OFFICIAL STATEMENT

NEW ISSUE – BOOK–ENTRY–ONLY **RATINGS: See “Ratings” Herein**

In the opinion of Ballard Spahr LLP, Phoenix, Arizona, Bond Counsel, interest on the Tax-Exempt Series 2015 Bonds is excludable from gross income for Federal income tax purposes, assuming continuing compliance by the Arizona Board of Regents and Arizona State University with the requirements of Federal tax laws. Interest on the Tax-Exempt Series 2015 Bonds is not a preference item for either individual or corporate Federal alternative minimum tax purposes; however, interest paid to corporate holders of the Tax-Exempt Series 2015 Bonds may be indirectly subject to alternative minimum tax under the circumstances described in “TAX MATTERS” herein. Interest on the Taxable Series 2015C Bonds is taxable as ordinary income for Federal income tax purposes. Interest on the Series 2015 Bonds is exempt from taxable income for State of Arizona income tax purposes. See “TAX MATTERS” herein.

ARIZONA BOARD OF REGENTS
ARIZONA STATE UNIVERSITY

$182,645,000 SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2015A (GREEN BONDS)	$164,615,000 SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2015B	$15,000,000 SYSTEM REVENUE BONDS, TAXABLE SERIES 2015C

Dated: Date of Delivery **Due: July 1, as shown on the inside front cover page**

The $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds) (the “Series 2015A Bonds”), $164,615,000 Arizona State University System Revenue and Refunding Bonds, Series 2015B (the “Series 2015B Bonds,” together with the Series 2015A Bonds, the “Tax-Exempt Series 2015 Bonds”) and $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C (the “Taxable Series 2015C Bonds” and, together with the Tax-Exempt Series 2015 Bonds, the “Series 2015 Bonds”), are being issued by the Arizona Board of Regents (the “Board”) acting for and on behalf of Arizona State University (the “University”) only in fully registered form without coupons and, when issued, will be available to purchasers in principal amounts of $5,000 or any integral multiple thereof due on specified maturity dates, only through the book-entry-only system maintained by The Depository Trust Company (“DTC”). The Series 2015 Bonds will be registered in the name of DTC or its nominee as described herein. As long as the book-entry-only system is maintained for the registration of the Series 2015 Bonds, no physical delivery of the Series 2015 Bonds will be made to the ultimate purchasers thereof, and all payments of principal of and interest on the Series 2015 Bonds will be made to such purchasers through DTC, as described herein. Interest on the Series 2015 Bonds is payable on July 1, 2015, and on each January 1 and July 1 thereafter until maturity or prior redemption at the rates set forth on the inside front cover page hereof. Principal of the Series 2015 Bonds at maturity or upon prior redemption will be paid at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., or any successor thereto, as trustee (the “Trustee”).

The Series 2015 Bonds are subject to redemption prior to their stated maturities as described under “THE SERIES 2015 BONDS - Redemption Provisions” herein.

The Series 2015 Bonds are being issued for the purpose of providing funds to (i) acquire, construct and equip the Series 2015 Project (as defined herein); (ii) capitalize interest on the Series 2015B Bonds through July 1, 2017; (iii) refund in advance of maturity certain outstanding bonds issued by the Board; and (iv) pay costs relating to the issuance of the Series 2015 Bonds. See “PLAN OF FINANCE” and “PLAN OF REFUNDING” herein.

The Series 2015 Bonds are limited obligations of the Board. The Series 2015 Bonds, together with the Outstanding Series 2005 Refunding Bonds, Series 2007 Bonds, Series 2008 Refunding Bonds, Series 2008C Bonds, Series 2009 Bonds, Series 2010 Bonds, Second Series 2010 Bonds, Series 2012 Bonds and Series 2013 Bonds (all as defined herein) and any bonds subsequently issued on a parity therewith, are payable solely from and secured solely by a pledge of and first lien on the Gross Revenues (as defined herein) of the University. See “SOURCES OF PAYMENT AND SECURITY” herein.

NEITHER THE FULL FAITH AND CREDIT OF THE BOARD, THE UNIVERSITY OR THE STATE OF ARIZONA (THE “STATE”) NOR THE TAXING POWER OF THE STATE IS PLEDGED FOR THE PAYMENT OF THE SERIES 2015 BONDS. THE SERIES 2015 BONDS DO NOT CONSTITUTE A DEBT OF THE BOARD, THE UNIVERSITY OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE BOARD HAS NO TAXING POWER.

SEE INSIDE FRONT COVER PAGE FOR MATURITY SCHEDULES

This cover page contains only a brief description of the Series 2015 Bonds and the security therefor. It is not a summary of all material information with respect to the Series 2015 Bonds. Investors should read this entire Official Statement to obtain information necessary to make an informed investment decision.

The Series 2015 Bonds are offered, when, as and if issued by the Board and received by the underwriters listed below (the “Underwriters”), subject to the approving opinion of Ballard Spahr LLP, Bond Counsel, as to validity and tax exemption, as applicable. In addition, certain legal matters will be passed upon for the Board by the Senior Vice President for Academic, Legal and External Affairs for the Arizona University System and for the Underwriters by Greenberg Traurig, LLP. It is expected that the Series 2015 Bonds will be available for delivery in book-entry-only form in New York, New York, on or about April 7, 2015.

Wells Fargo Securities

BofA Merrill Lynch **Barclays** **Citigroup**

Morgan Stanley **Wedbush**

March 4, 2015

ARIZONA BOARD OF REGENTS
ARIZONA STATE UNIVERSITY

MATURITY SCHEDULES

$182,645,000
SYSTEM REVENUE AND REFUNDING BONDS,
SERIES 2015A
(GREEN BONDS)

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[a] (04048R)	Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[a] (04048R)
2015	$1,610,000	2.00%	0.10%	KW5	2027	$12,850,000	5.00%	2.70%[b]	LF1
					2028	14,460,000	5.00	2.83[b]	LG9
2019	25,000	2.00	1.32	KX3	2029	3,305,000	5.00	2.91[b]	LH7
2020	7,345,000	5.00	1.58	KY1	2030	3,475,000	5.00	2.97[b]	LJ3
2021	8,100,000	5.00	1.74	KZ8	2031	3,645,000	5.00	3.02[b]	LK0
2022	10,065,000	5.00	2.00	LA2	2032	3,835,000	5.00	3.07[b]	LL8
2023	10,565,000	5.00	2.16	LB0	2033	4,025,000	5.00	3.11[b]	LM6
2024	11,105,000	5.00	2.34	LC8	2034	4,230,000	5.00	3.15[b]	LN4
2025	11,655,000	5.00	2.44	LD6	2035	4,435,000	5.00	3.19[b]	LP9
2026	12,230,000	5.00	2.59[b]	LE4	2036	4,655,000	5.00	3.22[b]	LQ7

$22,670,000 5.00% Term Bond due July 1, 2041 at a yield of 3.31%[b] CUSIP[a]: 04048RLR5

$28,360,000 4.00% Term Bond due July 1, 2046 at a yield of 3.80%[b] CUSIP[a]: 04048RLS3

$164,615,000
SYSTEM REVENUE AND REFUNDING BONDS,
SERIES 2015B

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[a] (04048R)	Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP[a] (04048R)
2015	$1,405,000	2.00%	0.10%	LT1	2026	11,640,000	5.00%	2.59%[b]	MB9
2016	185,000	3.00	0.40	MQ6	2027	9,545,000	5.00	2.70[b]	MC7
2017	220,000	3.00	0.75	MR4	2028	4,745,000	5.00	2.83[b]	MD5
2018	250,000	3.00	1.13	MS2	2029	4,930,000	5.00	2.91[b]	ME3
2019	8,475,000	5.00	1.32	LU8	2030	5,195,000	5.00	2.97[b]	MF0
2020	9,790,000	5.00	1.58	LV6	2031	5,505,000	5.00	3.02[b]	MG8
2021	11,515,000	5.00	1.74	LW4	2032	5,815,000	5.00	3.07[b]	MH6
2022	7,080,000	5.00	2.00	LX2	2033	6,140,000	5.00	3.11[b]	MJ2
2023	7,475,000	5.00	2.16	LY0	2034	6,485,000	5.00	3.15[b]	MK9
2024	7,860,000	5.00	2.34	LZ7	2035	6,830,000	5.00	3.19[b]	ML7
2025	8,305,000	5.00	2.44	MA1	2036	2,985,000	5.00	3.22[b]	MM5

$14,320,000 5.00% Term Bond due July 1, 2041 at a yield of 3.31%[b] CUSIP[a]: 04048RMN3

$17,920,000 4.00% Term Bond due July 1, 2046 at a yield of 3.80%[b] CUSIP[a]: 04048RMP8

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[b] Yield calculated to July 1, 2025 first optional redemption date.

$15,000,000
SYSTEM REVENUE BONDS,
TAXABLE SERIES 2015C

Maturity (July 1)	Principal Amount	Interest Rate	Yield	CUSIP [(a)] (04048R)
2016	$1,245,000	0.400%	0.400%	MT0
2017	3,025,000	1.119	1.119	MU7
2018	3,065,000	1.559	1.559	MV5
2019	3,115,000	2.048	2.048	MW3
2020	3,030,000	2.348	2.348	MX1
2021	1,520,000	2.580	2.580	MY9

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ARIZONA BOARD OF REGENTS

Ex Officio Members

Doug Ducey	Governor of Arizona
Diane Douglas	Superintendent of Public Instruction

Appointed Members

	Term Expires
Mark Killian, Chair	January 2018
Jay Heiler, Vice Chair	January 2020
Greg Patterson, Secretary	January 2020
Rick Myers, Treasurer	January 2018
Valerie Hanna, Assistant Treasurer, Student Regent	June 2015
Mark Naufel, Student Regent	June 2016
LuAnn Leonard	January 2016
Ram Krishna	January 2020
William Ridenour	January 2022
Ronald Shoopman	January 2022

Staff

Eileen Klein	President
Nancy Tribbensee, Esq.	Senior Vice President for Academic, Legal and External Affairs

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SPECIAL SERVICES

BOND COUNSEL

Ballard Spahr LLP
Phoenix, Arizona

FINANCIAL ADVISOR

RBC Capital Markets, LLC
Phoenix, Arizona

INDEPENDENT AUDITORS

State of Arizona
Office of the Auditor General
Phoenix, Arizona

TRUSTEE

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

ARIZONA STATE UNIVERSITY

ADMINISTRATION

Michael M. Crow	President
Robert E. Page, Jr.	Provost of the University and Foundation Chair of Life Sciences
Morgan R. Olsen	Executive Vice President, Treasurer and Chief Financial Officer
José A. Cárdenas	Senior Vice President and General Counsel
Daniel P. Dillon, Jr.	Senior Vice President for Enterprise Marketing and Chief Marketing Officer
James W. O’Brien	Senior Vice President for University Affairs and Chief of Staff
Sethuraman Panchanathan	Senior Vice President for the Office of Knowledge Enterprise Development
James A. Rund	Senior Vice President for Educational Outreach and Student Services
Richard H. Stanley	Senior Vice President and University Planner
Christine K. Wilkinson	Senior Vice President and Secretary of the University
Joanne M. Wamsley	Vice President for Finance and Deputy Treasurer

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, including the cover page, inside front cover page and the Appendices hereto (the "Official Statement"), in connection with the offering made hereby, and, if given or made, such information or representation must not be relied upon as having been authorized by the State of Arizona (the "State"), the Arizona Board of Regents (the "Board"), Arizona State University (the "University") or the underwriters identified on the cover page hereof (the "Underwriters"). This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities other than the original offering of the Board's $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds) (the "Series 2015A Bonds"), $164,615,000 Arizona State University System Revenue and Refunding Bonds, Series 2015B (the "Series 2015B Bonds," together with the Series 2015A Bonds, the "Tax-Exempt Series 2015 Bonds") and $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C (the "Taxable Series 2015C Bonds" and, together with the Tax-Exempt Series 2015 Bonds, the "Series 2015 Bonds"), or an offer to sell or solicitation of offers to buy, nor will there be any sale of the Series 2015 Bonds, by any person in any jurisdiction where such offer or solicitation or sale would be unlawful.

The information contained in this Official Statement has been provided by the Board, the University and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by any of the foregoing. The presentation of such information, including tables of receipts of revenues and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All estimates, projections, forecasts or matters of opinion are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the State, the Board or the University since the date hereof.

The information contained in Appendix F – "BOOK-ENTRY-ONLY SYSTEM" herein has been furnished by The Depository Trust Company and no representation is made by the Board, the University or the Underwriters, or any of their counsel or agents, as to the accuracy or completeness of such information.

A wide variety of other information, including financial information, concerning the Board and the University is available from publications and websites of the Board and the University and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

Reference to the University's website in Appendix A is intended solely to provide access to a more detailed description of the degree programs and colleges offered at the University's campuses and is not part of this Official Statement. Investors should not rely on information presented on the University's website in determining whether to purchase the Series 2015 Bonds.

The Series 2015 Bonds will not be registered pursuant to the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. None of the Securities and Exchange Commission or any other Federal, state or other governmental entity or agency has passed upon the accuracy of this Official Statement.

The Board has undertaken to provide continuing disclosure with respect to the Series 2015 Bonds to enable the Underwriters to comply with their obligations pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE UNDERTAKING" and Appendix E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2015 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors in accordance with Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the Appendices hereto (the "Official Statement"), provides certain information with respect to the issuance and sale by the Arizona Board of Regents (the "Board") acting for and on behalf of Arizona State University (the "University"), of its $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds) (the "Series 2015A Bonds"), $164,615,000 Arizona State University System Revenue and Refunding Bonds, Series 2015B (the "Series 2015B Bonds," together with the Series 2015A Bonds, the "Tax-Exempt Series 2015 Bonds") and $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C (the "Taxable Series 2015C Bonds" and, together with the Tax-Exempt Series 2015 Bonds, the "Series 2015 Bonds"), dated their date of initial delivery.

Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings given to such terms in Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" under the caption "Definitions."

The Board is issuing the Series 2015 Bonds to provide funds to (i) acquire, construct and equip the Series 2015 Project (as defined herein); (ii) capitalize interest on the Series 2015B Bonds through July 1, 2017; (iii) refund in advance of maturity certain Outstanding Bonds issued by the Board; and (iv) pay costs relating to the issuance of the Series 2015 Bonds. See "PLAN OF FINANCE" and "PLAN OF REFUNDING" herein.

The Series 2015 Bonds are limited obligations of the Board which, together with the Outstanding Series 2005 Refunding Bonds, Series 2007 Bonds, Series 2008 Refunding Bonds, Series 2008C Bonds, Series 2009 Bonds, Series 2010 Bonds, Second Series 2010 Bonds, Series 2012 Bonds and Series 2013 Bonds (collectively, the "Bonds") and any additional Parity Bonds that the Board subsequently issues pursuant to the Bond Resolution, are payable solely from and secured solely by a pledge of and first lien on the Gross Revenues of the University. See "SOURCES OF PAYMENT AND SECURITY" herein.

Unless and until such system is discontinued, the Series 2015 Bonds will be held in book-entry-only form by The Depository Trust Company, a registered securities depository ("DTC"), and beneficial interests therein may only be purchased and sold, and payments of principal of and interest on the Series 2015 Bonds will be made only to the beneficial owners of the Series 2015 Bonds, through participants in the DTC system. Beneficial interests in the Series 2015 Bonds will be offered and sold in principal amounts of $5,000 or any integral multiple thereof due on specified maturity dates. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

NEITHER THE FULL FAITH AND CREDIT OF THE BOARD, THE UNIVERSITY OR THE STATE OF ARIZONA (THE "STATE") NOR THE TAXING POWER OF THE STATE IS PLEDGED FOR THE PAYMENT OF THE SERIES 2015 BONDS. THE SERIES 2015 BONDS DO NOT CONSTITUTE A DEBT OF THE BOARD, THE UNIVERSITY OR THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE BOARD HAS NO TAXING POWER.

For a discussion of the University, its programs, campuses, students, faculty, sources of revenues and financial condition, see "ARIZONA STATE UNIVERSITY" in Appendix A. The audited financial statements of the University for the fiscal year ended June 30, 2014, are included as Appendix B.

The descriptions and summaries of various documents contained herein do not purport to be comprehensive or definitive and reference is made to each document for the complete details of all its terms and conditions. All statements herein are qualified by reference to each such document in its entirety and are further qualified in their entirety by reference to laws and principles of equity relating to or affecting the enforceability of creditors' rights.

Copies of the form of the Bond Resolution may be obtained, until the delivery of the Series 2015 Bonds, from the underwriters identified on the cover page hereof (collectively, the "Underwriters") upon request to: Wells Fargo Securities, 333 Market Street, 15th Floor, San Francisco, California 94105, Attn: Public Finance Department, and thereafter from the Vice President for Finance and Deputy Treasurer of the University.

THE BOARD

The Board is the governing body of the State's three public universities. In 1885, the Territorial Legislature created the Governing Board of The University of Arizona at Tucson, Arizona. Separate boards were later formed to govern the schools established in Tempe, which eventually became the University, and Flagstaff, which became Northern Arizona University. In 1945, the State Legislature placed all three State institutions of higher learning under the control of one body, known today as the Arizona Board of Regents. The Board is comprised of ten voting members, eight of whom are appointed by the Governor to serve eight-year terms, and two of whom, the Governor and the State Superintendent of Public Instruction, serve ex officio. In addition, two students selected from among the three State universities are appointed by the Governor to serve staggered two year terms, the first year as a non-voting member and the second year as a voting member.

The Constitution of the State provides that the State Legislature will appropriate moneys for the purpose of operating and maintaining all State institutions of higher learning. Such moneys are derived from taxation, as well as from other sources as determined by the State Legislature, to insure the proper maintenance of the institutions. The direction and control of all moneys appropriated for the use and benefit of State institutions is vested in the Board. Title 15, Chapter 13 of the Arizona Revised Statutes sets forth the general powers of the Board, which include the expenditure of State funds for the support and maintenance of State institutions of higher learning, their buildings and grounds, and for any other purpose the Board deems expedient, if not inconsistent with the provisions of any appropriations.

THE UNIVERSITY

The University was initially established in 1885 as the Arizona Territorial Normal School at Tempe, pursuant to the provisions of a bill passed by the 13th Arizona Territorial Legislature. The school was opened in a four-room building on February 8, 1886, with 33 students in the first class. As the State grew in population, the school's original mission of training teachers was steadily broadened and the institution passed through several changes in purpose and name. In 1945, it became Arizona State College at Tempe and was placed, along with the other two State public universities, under the authority of the Board. From an enrollment of less than 1,000 at the end of World War II, Arizona State College grew more than tenfold by November 1958, when the Arizona electorate voted to change the name to Arizona State University. In 1994, the University was awarded the prestigious Research I University status, recognizing the University as a premier research institution. The 2000 Carnegie Classification recognized the University as a Doctoral/Research-Extensive University.

Today the University is a fully-accredited, four-year degree-granting institution of higher learning, supported by the State and governed by the Board. Total enrollment for the 2014 fall semester was 83,301, including the students enrolled at the Tempe campus, West campus, Polytechnic campus, Downtown Phoenix campus and Lake Havasu College (each as defined in Appendix A), making the University the largest institution of higher learning in terms of enrollment in the State and ranking it among the largest of America's institutions of higher learning. The Tempe campus is in the City of Tempe, Arizona, a city with an estimated 2013 population of 165,158 and comprising a part of the greater Phoenix, Arizona metropolitan area. The Polytechnic campus, West campus and Downtown Phoenix campus are also located in the Phoenix, Arizona metropolitan area. The Phoenix, Arizona metropolitan area is the State's major economic, political and population center, located in Maricopa County, Arizona, with an estimated 2014 population of 4,008,651.

See Appendix A for more detailed information concerning the University, its programs, campuses, students, faculty, sources of revenue and financial condition.

AUTHORIZATION AND USE OF FUNDS

The Series 2015 Bonds are being issued and offered by the Board pursuant to Title 15, Chapter 13, Article 5 of the Arizona Revised Statutes, and the provisions of a resolution adopted by the Board on November 7, 1985, as thereafter supplemented and amended, through and including resolutions adopted on June 14, 2012, June 5, 2014 and November 21, 2014, authorizing the issuance of the Series 2015 Bonds (collectively, the "Bond Resolution"), the terms of which are summarized in Appendix C of this Official Statement. See Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

PLAN OF FINANCE

Proceeds of the Series 2015 Bonds will be used to (a) finance the acquisition and construction of various improvements on certain campuses of the University, (b) refund certain of the University's outstanding Bonds (see "PLAN OF REFUNDING"), (c) capitalize interest on the Series 2015B Bonds through July 1, 2017, and (d) pay the costs incurred in issuing the Series 2015 Bonds, all as more fully described below.

Green Bond Projects

Approximately $107.1 million of the proceeds of the Series 2015A Bonds will be expended by the Board for the construction of a new Arizona Center for Law and Society facility to be located at the Downtown Phoenix campus (the "Arizona Center for Law and Society Building Project").

The purpose of labeling the Series 2015A Bonds as Green Bonds is to allow investors to invest directly in projects which the University has identified as promoting environmental sustainability on the University's campuses. The University intends to pursue LEED® (Leadership in Energy & Environmental Design) certification for the Green Bond Project. LEED is a green building certification program offered by the U.S. Green Building Council. Projects submitted for LEED certification are reviewed by the Green Building Certification Institute, a third-party organization, and assigned points based on the project's implementation of strategies and solutions aimed at achieving high performance in: sustainable site development, water efficiency, energy efficiency, materials selection and indoor environmental quality, among other sustainable qualities.

The Arizona Center for Law and Society Building Project. Upon completion of the 280,000 gross square-foot Arizona Center for Law and Society Building Project in fall 2016, the Sandra Day O'Connor College of Law will relocate from the Tempe campus to the Downtown Phoenix campus, near the court system and many centers of government and public policy. The total project cost is estimated to be $129 million, with $114 million funded by the Series 2015 Bonds (of which approximately $107.1 million is from the Series 2015A Bonds) and $15 million funded by gifts.

The University is seeking a LEED Gold certification for the Arizona Center for Law and Society Building Project in part due to the following anticipated features:

- "Energy and atmosphere" strategies, including implementation of advanced HVAC strategies and energy recovery systems; connection to a district chilled water loop; and "future ready" design to accommodate rooftop solar at a later date.

- "Indoor and environmental quality" strategies, including energy efficient lighting with daylight dimming and occupancy controls.

- “Location and transportation” strategies, including readily available access to public transportation in a relatively dense urban area.

The proceeds of the Series 2015A Bonds that will be expended for the Arizona Center for Law and Society Building Project will be tracked by the University. The University plans to post periodic updates on the use of the proceeds of the Series 2015A Bonds for the Arizona Center for Law and Society Building Project on its website at https://cfo.asu.edu/fdm-law-building. Once all proceeds of the Series 2015A Bonds to be expended on the Arizona Center for Law and Society Building Project have been spent, no further updates will be provided.

Approximately $106.1 million of the proceeds of the Series 2015A Bonds will be used to refund, for debt service savings, Bonds previously issued to fund the construction of the Polytechnic Academic Complex facilities and the University’s Police Department Facility. The Polytechnic Academic Complex and the Police Department Facility both received LEED Gold certifications as further discussed below.

Academic Complex – Polytechnic campus. The Academic Complex at the Polytechnic campus is a five-building complex that collectively comprises 286,686 gross square feet. The complex, located in the core of the Polytechnic campus, serves as a social and academic hub for students, fosters student and faculty interaction, supports the University’s mission of intellectual fusion and acts as an energizing force for the Polytechnic campus. The Academic Complex was initially occupied in July 2008.

The Academic Complex received a LEED Gold certification in part due to the following:

- “Energy and atmosphere” strategies included providing readily available access to alternative transportation such as public transportation; use of natural light; and the implementation of advanced HVAC strategies and energy recovery systems.

- “Materials and resources” strategies included use of specific materials to reduce the heat island effect; use of native, water efficient landscaping; installation of water reduction products; on-site retention of storm water; diversion of construction waste from landfills; and use of recycled and regional building materials.

- “Indoor environmental quality” strategies included installation of high efficiency windows, occupancy sensors and low emitting materials.

The University Police Department Facility – Tempe campus. The University Police Department Facility consists of 43,681 gross square feet and includes spaces for administrative offices, conference rooms, central dispatching, centralized electronic security facilities, police training rooms, prisoner processing and detention and evidence storage. The facility was initially occupied in October 2007.

The building received a LEED Gold certification in part due to the following:

- “Sustainable site” strategies included site selection; access to alternative transportation; implementation of soil erosion and sedimentation control plans; water efficiency and reduction strategies; use of materials to reduce the heat island effect; and utilization of energy simulation and analysis throughout the design of the facility.

- “Energy and atmosphere” strategies included management and performance of energy-efficient mechanical systems; efficient lighting design; use of healthy, nontoxic materials; utilization of energy simulation and analysis throughout the design of the facility.

- “Materials and resources” strategies included intense management of construction waste, extensive use of recycled materials; and use of regionally manufactured materials.

- “Indoor and environmental quality” strategies included use of energy efficient lighting techniques, including daylight dimming and occupancy controls, and low emitting materials (adhesives & sealants, paints & coatings, carpet systems, composite wood and agrifiber products).

- “Innovation and design process” strategies included exemplary performance in recycled content and alternative transportation; inclusion of LEED accredited professionals in the design team; educational outreach; and green housekeeping.

The remaining proceeds of the Series 2015A Bonds will be used to pay the costs of issuing the Series 2015A Bonds.

Use of Series 2015B and Series 2015C Bonds

Approximately $123.2 million of the proceeds of the Series 2015B and the Series 2015C Bonds are expected to be expended by the Board for the following projects: (i) a portion of the cost of constructing the Arizona Center for Law and Society Building Project; (ii) renovation of the existing Psychology Building located on the Tempe campus; (iii) installation of new information technology infrastructure on various campuses of the University; (iv) Phase I renovations to Sun Devil Stadium, the University’s football stadium; and (v) acquiring an existing student housing facility at the West campus (collectively, the “Series 2015 Project”).

The remaining proceeds of the Series 2015B and the Series 2015C Bonds will be used to refund in advance of maturity certain outstanding Bonds issued by the Board (see “PLAN OF REFUNDING”), to capitalize interest on the Series 2015B Bonds through July 1, 2017 and to pay the costs of issuing the Series 2015B and the Series 2015C Bonds.

The University may allocate any portion of the proceeds of the Series 2015 Bonds not needed for the projects identified above to other projects that are not currently identified, subject to receiving all required approvals and reviews.

Completion of the projects described above or any other approved projects is not expected to have a significant impact on the collections of Gross Revenues pledged for payment of the Series 2015 Bonds.

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PLAN OF REFUNDING

A portion of the proceeds of the Series 2015 Bonds, together with other legally available funds, will be placed in a trust account (the "Depository Trust") with The Bank of New York Mellon Trust Company, N.A., as depository trustee (the "Depository Trustee") under a depository trust agreement (the "Depository Trust Agreement"), to be used to acquire United States Government Obligations (the "Government Obligations"), the maturing principal of and interest on which, together with other amounts in the Depository Trust, will be calculated to be sufficient to provide moneys to pay the principal of and interest on certain outstanding bonds of the University, as identified below (the "Bonds Being Refunded") to and on their redemption dates, as shown in the following table. See "MATHEMATICAL VERIFICATION."

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Bonds Being Refunded	Redemption Date	CUSIP®[a]
Series 2005 Refunding	2016	5.000%	$ 3,915,000	$ 3,915,000	07/01/2015	0406633G9
	2017	4.000	4,360,000	4,360,000	07/01/2015	0406633H7
	2018	5.000	4,450,000	4,450,000	07/01/2015	0406633J3
	2019	5.000	4,600,000	4,600,000	07/01/2015	0406633K0
	2020	5.000	5,005,000	5,005,000	07/01/2015	0406633L8
	2021	5.000	5,260,000	5,260,000	07/01/2015	0406633M6
	2022	4.375	920,000	920,000	07/01/2015	0406633N4
	2023	4.375	960,000	960,000	07/01/2015	0406633P9
	2024	4.500	1,000,000	1,000,000	07/01/2015	0406633Q7
	2025	4.500	1,050,000	1,050,000	07/01/2015	0406633R5
	2026	5.000	3,995,000	3,995,000	07/01/2015	0406633S3
	2027	5.000	4,120,000	4,120,000	07/01/2015	0406633T1
Series 2007-A	2018	5.000%	$ 3,630,000	$ 3,630,000	01/01/2017	0406634E3
	2019	5.000	3,810,000	3,810,000	01/01/2017	0406634F0
	2020	5.000	3,995,000	3,995,000	01/01/2017	0406634G8
	2021	5.000	4,205,000	4,205,000	01/01/2017	0406634H6
	2022	5.000	2,735,000	2,735,000	01/01/2017	0406634J2
	2023	5.000	2,880,000	2,880,000	01/01/2017	0406634K9
	2024	5.000	3,020,000	3,020,000	01/01/2017	0406634L7
	2026	5.000	6,505,000	6,505,000	01/01/2017	0406634M5
	2036	4.500	10,575,000	10,575,000	01/01/2017	0406634N3
Series 2008C	2020	5.750%	$ 7,160,000	$ 7,160,000	07/01/2018	04048RAN6
	2021	5.750	7,570,000	7,570,000	07/01/2018	04048RAP1
	2022	5.750	8,005,000	8,005,000	07/01/2018	04048RAQ9
	2023	5.750	8,465,000	8,465,000	07/01/2018	04048RAR7
	2024	5.875	8,955,000	8,955,000	07/01/2018	04048RAS5
	2025	6.000	9,480,000	9,480,000	07/01/2018	04048RAT3
	2026	6.000	10,045,000	10,045,000	07/01/2018	04048RAU0
	2027	6.000	10,650,000	10,650,000	07/01/2018	04048RAV8
	2028	6.000	11,290,000	11,290,000	07/01/2018	04048RAW6
			$162,610,000	$162,610,000		

Upon the issuance of the Series 2015 Bonds and the deposit of funds into the Depository Trust as described above, the Bonds Being Refunded will no longer be considered Outstanding under the Bond Resolution and will no longer be secured by Gross Revenues.

MATHEMATICAL VERIFICATION

Concurrently with the delivery of and payment for the Series 2015 Bonds, Grant Thornton LLP, a firm of independent certified public accountants, will deliver to the Board its verification report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of certain computations prepared using information provided by RBC Capital Markets, LLC (the "Financial Advisor"), on behalf of the Board, relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay interim interest payments and, when redeemed, the principal of, premium, where applicable, and accrued interest on the Bonds Being Refunded, and (b) the "yield" on the Government Obligations and the Tax-Exempt Series 2015 Bonds.

The report of Grant Thornton LLP will state that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in schedules provided to it by the Financial Advisor and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds for the Series 2015 Bonds.

Sources of Funds:

Principal Amount of the Series 2015 Bonds	$362,260,000.00
Original Issue Premium	56,244,667.55
Total Sources of Funds	$418,504,667.55

Uses of Funds:

Deposit to the Construction and Acquisition Fund	$214,511,000.00
Deposit to Debt Service Fund for Capitalized Interest	6,204,311.67
Deposit to Depository Trust	196,240,950.29
Payment of Costs of Issuance (including Underwriters' discount)	1,548,405.59
Total Uses of Funds	$418,504,667.55

THE SERIES 2015 BONDS

General Description

The Series 2015 Bonds will be dated their date of initial delivery and will bear interest from that date until maturity or prior redemption. Subject to prior redemption, the Series 2015 Bonds will mature in the amounts and on the dates, and bear interest at the rates, set forth on the inside front cover page hereof. Interest on the Series 2015 Bonds will be payable semiannually on each July 1 and January 1, commencing July 1, 2015 (each such date being referred to herein as an "Interest Payment Date").

The Series 2015 Bonds will be delivered in the form of fully-registered bonds without coupons registered in the name of Cede & Co., as registered owner and nominee for DTC. The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successor thereto, the "Trustee") will treat the registered owners as the absolute owners of the Series 2015 Bonds for all purposes, including making payments and sending notices.

Redemption Provisions

Optional Redemption of Series 2015A Bonds. The Series 2015A Bonds maturing on or after July 1, 2026 are subject to redemption at the option of the Board on July 1, 2025 or on any date thereafter, in whole or in part, in $5,000 increments, from such maturities as may be selected by the Board and by lot within a maturity, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, without premium.

Mandatory Redemption of the Series 2015A Bonds. The 2015A Bonds maturing on July 1, 2041 and July 1, 2046 are subject to mandatory redemption, by lot, on July 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount thereof (without premium) plus interest accrued to the date of redemption as follows:

Series 2015A Term Bond Maturing July 1, 2041

Year	Redemption Amount
2037	$4,100,000
2038	4,310,000
2039	4,525,000
2040	4,750,000
2041**	4,985,000

** Final Maturity

Series 2015A Term Bond Maturing July 1, 2046

Year	Redemption Amount
2042	$5,235,000
2043	5,445,000
2044	5,665,000
2045	5,890,000
2046**	6,125,000

** Final Maturity

Optional Redemption of Series 2015B Bonds. The Series 2015B Bonds maturing on or after July 1, 2026 are subject to redemption at the option of the Board on July 1, 2025 or on any date thereafter, in whole or in part, in $5,000 increments, from such maturities as may be selected by the Board and by lot within a maturity, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, without premium.

Mandatory Redemption of the Series 2015B Bonds. The 2015B Bonds maturing on July 1, 2041 and July 1, 2046 are subject to mandatory redemption, by lot, on July 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount thereof (without premium) plus interest accrued to the date of redemption as follows:

Series 2015B Term Bond Maturing July 1, 2041

Year	Redemption Amount
2037	$2,590,000
2038	2,720,000
2039	2,860,000
2040	3,000,000
2041**	3,150,000

** Final Maturity

Series 2015B Term Bond Maturing July 1, 2046

Year	Redemption Amount
2042	$3,310,000
2043	3,440,000
2044	3,580,000
2045	3,720,000
2046**	3,870,000

** Final Maturity

Taxable Series 2015C Bonds — Make Whole Optional Redemption. The Taxable Series 2015C Bonds are subject to redemption prior to their respective stated maturities at the option of the Board, in whole or in part, on any date at a redemption price equal to the greater of: (1) 100% of the principal amount of the Taxable Series 2015C Bonds to be redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity dates of the Taxable Series 2015C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Series 2015C Bonds are to be redeemed, discounted to the date on which such Taxable Series 2015C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted "Treasury Rate" (as defined herein) plus 25 basis points.

"Treasury Rate" means, as of the redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to maturity of the Taxable Series 2015C Bonds; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The redemption price will be determined by an independent accounting firm, investment banking firm or financial consultant retained by the Board at the Board's expense and such redemption price shall be conclusive and binding on the owners of the Taxable Series 2015C Bonds.

Notice of and Procedures for Redemption

For purposes of any redemption of less than all Series 2015 Bonds of a single series and maturity, the particular Series 2015 Bonds to be redeemed will be selected randomly by the Trustee by such method of lottery as the Trustee deems fair and appropriate.

So long as the Series 2015 Bonds are registered in book-entry-only form in the name of a nominee of DTC, a partial redemption of the Series 2015 Bonds of any series and maturity will be determined in accordance with DTC's procedures. While the Board intends that the foregoing random redemption provisions be implemented by DTC, the Direct Participants or such other intermediaries, selection of Series 2015 Bonds for redemption in the DTC book-entry-only system is subject to DTC's practices and procedures as in effect from time to time, currently by lot. The Board can provide no assurance that DTC or the Direct Participants or any other intermediaries will allocate redemptions among Beneficial Owners in accordance with the foregoing random redemption provisions.

Notice of any redemption, identifying the redemption date, the redemption price, the particular Series 2015 Bonds, or portions thereof, to be redeemed and the place where the Series 2015 Bonds to be redeemed are to be surrendered for payment (which place will be the designated office of the Trustee) will be sent by first-class mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the Registered Owner, initially DTC, of each Series 2015 Bond to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee or at such other address as may be furnished by such owners to the Trustee.

Any notice of redemption given as described in the preceding paragraph will also contain a statement that on the redemption date, the redemption price of the Series 2015 Bonds called for redemption will become due and payable and that, from and after such date, the Series 2015 Bonds being redeemed will cease to accrue interest;

provided, that in the case of an optional redemption of any Series 2015 Bonds, such redemption notice will also state that the call for optional redemption is conditioned upon the deposit with the Trustee of an amount sufficient to pay the principal of and premium (if any) due on the Series 2015 Bonds on the redemption date.

Failure to mail any such notice to a particular owner, or any defect therein, will not affect the validity of any proceedings for redemption of any other Series 2015 Bond for which notice was properly given. Such notice having been given and funds for such redemption having been timely deposited with the Trustee, the Series 2015 Bonds so called for redemption will, on the redemption date, become due and payable, and interest thereon will cease to accrue.

If a conditional redemption notice has been given and money sufficient to redeem all the Series 2015 Bonds or portions thereof called for redemption is not held by the Trustee on the day set for redemption, then such redemption shall be cancelled and be of no force or effect.

SOURCES OF PAYMENT AND SECURITY

Gross Revenue Pledge

The Series 2015 Bonds (together with any Parity Bonds Outstanding from time to time) are payable solely from and secured solely by a pledge of and first lien on the Gross Revenues of the University.

The Gross Revenues of the University, as defined in the Bond Resolution and used in this Official Statement, means and includes all: (1) Student Tuition and Fee Revenues, which means all tuition, registration, matriculation, laboratory, admission and other activities and service fees and charges paid by students matriculated, registered or otherwise enrolled at and attending the University, and (2) Facilities Revenues, which means all fees, rentals and other charges from students, faculty, staff members and others using or being served by, or having the right to use or the right to be served by, or to operate, any revenue producing facility, building or project within the System of Building Facilities, or any auxiliary enterprise, including indirect cost recoveries from externally-funded grants and contracts for research or other sponsored projects and interest received on and profits realized from the sale of investments made with moneys derived from (i) any revenue-producing facility, building or project within the System of Building Facilities; (ii) Student Tuition and Fee Revenues and (iii) other University operating funds.

During Fiscal Year 2013, the methodology for the apportionment of revenue and scholarship allowances among Resident Tuition, Non-Resident Tuition and Summer School was revised. To provide consistent historical data, the table below presents the adjusted breakdown of Gross Revenues of the University for each of the fiscal years indicated based on the revised methodology. The revised methodology did not change any of the amounts shown in the table for Receipts from Other Major Revenue Sources or Total Gross Revenues.

ARIZONA STATE UNIVERSITY
SCHEDULE OF HISTORICAL GROSS REVENUES
(Dollars in Thousands)

Fiscal Year	Resident Tuition [(1)]	Non-Resident Tuition [(1)]	Summer School & Other Fees [(2)]	Total Tuition and Fees	Receipts from other Major Sources (Facilities Revenues) [(3)]	Total Gross Revenues
2010	$229,288	$209,073	$127,958	$566,319	$216,408	$782,727
2011	270,286	231,793	137,245	639,324	237,446	876,770
2012	325,074	265,605	166,538	757,217	220,610	977,827
2013	328,269	294,437	180,259	802,965	244,696	1,047,661
2014	340,827	355,103	200,991	896,921	264,385	1,161,306

(1) Tuition is net of scholarship allowances. Scholarship allowances are the difference between the stated charge for services provided by the University, and the amount that is paid by the students (and/or third parties making payments on a student's behalf). To the extent that revenues from programs such as Pell Grants and University

funded scholarships are used to satisfy tuition and fees, and other student charges, the University has recorded a scholarship allowance.

(2) Consists of summer school tuition, fees charged by certain undergraduate and graduate school programs, student activity/recreation center fees, and certain other miscellaneous fees and charges not included in the tuition and registration fees columns. Miscellaneous fees include fees for admission applications, transcripts, graduation, late registration, course dropping, special fees for certain classroom activities, and non-credit courses and programs.

(3) For a further breakdown of receipts from other major revenue sources, see the table titled "ARIZONA STATE UNIVERSITY – RECEIPTS FROM OTHER MAJOR REVENUE SOURCES – UNIVERSITY WIDE" in Appendix A.

Source: Arizona State University, Financial Services.

Outstanding Obligations Payable from Gross Revenues

System Revenue Bonds

Pursuant to the laws of the State and the provisions of the Bond Resolution, the Board is authorized to issue system revenue bonds and other obligations which are payable solely from and secured solely by a pledge of and lien on the Gross Revenues of the University. The Board has issued and may in the future issue system revenue bonds secured by a first (or senior) lien on Gross Revenues ("Parity Bonds") and other bonds and obligations secured by a subordinate lien on Gross Revenues ("Subordinate Obligations"). The Board currently has $815,530,000 principal amount of Parity Bonds Outstanding and $149,355,000 principal amount of Subordinate Obligations Outstanding. After the issuance of the Series 2015 Bonds, the Board will have $1,015,180,000 principal amount of Parity Bonds Outstanding.

The following table sets forth the Outstanding Parity Bonds, including the effect of the issuance of the Series 2015 Bonds:

System Revenue Bonds	Original Principal Amount	Final Maturity Date	Outstanding Principal Amount
Series 2005 Refunding Bonds	$49,900,000	7-1-2027	$ 42,855,000
Series 2007 Bonds	76,260,000	7-1-2036	57,600,000
Series 2008 Refunding Bonds	103,680,000	7-1-2034	91,630,000
Series 2008C Bonds	104,100,000	7-1-2028	94,240,000
Series 2009 Bonds	36,250,000	7-1-2029	22,060,000
Series 2010 Bonds	178,350,000	7-1-2039	170,250,000
Second Series 2010 Bonds	51,890,000	7-1-2031	45,730,000
Series 2012 Bonds	213,370,000	7-1-2042	181,965,000
Series 2013 Bonds	110,950,000	7-1-2043	109,200,000
Subtotal			$815,530,000
Plus: Series 2015 Bonds			362,260,000
Less: Bonds Being Refunded			(162,610,000)
Total Outstanding Principal Amount of Parity Bonds			$1,015,180,000

Subordinate Obligations

The Board has also pledged the Gross Revenues of the University on a subordinate basis to secure various Subordinate Obligations.

In May 2006, the Board entered into a debt service assurance agreement (the "Debt Service Assurance Agreement") relating to $12,975,000 original principal amount of Arizona State University Research Park, Inc. Development Refunding Bonds, Series 2006 (referred to herein as the "2006 ASU Research Park Bonds") of which $7,000,000 remains Outstanding. Payments by the Board under the Debt Service Assurance Agreement, which are pledged to pay debt service on the 2006 ASU Research Park Bonds, constitute Subordinate Obligations.

The Board has issued, and may in the future issue, SPEED Revenue Bonds (Stimulus Plan for Economic and Educational Development) (the “SPEED Bonds”) secured by a pledge of and lien on certain revenues of the Arizona State Lottery that are received by the Board and from unrestricted monies of the University. To the extent that these amounts are insufficient to make the required debt service payments on the SPEED Bonds, such SPEED Bonds are further secured by a pledge of Gross Revenues of the University on a basis subordinate to the Parity Bonds. Accordingly, the SPEED Bonds constitute Subordinate Obligations.

The following table sets forth the Outstanding principal amount of Subordinate Obligations of the University.

Subordinate Obligations	**Original Principal Amount**	**Final Maturity Date**	**Outstanding Principal Amount**
Series 2006 ASU Research Park Bonds	$12,975,000	7-1-2021	$ 7,000,000
Series 2010 SPEED Bonds	33,820,000	8-1-2030	33,820,000
Series 2011 SPEED Bonds	30,915,000	8-1-2031	30,915,000
Series 2014 SPEED Bonds	77,620,000	8-1-2044	77,620,000
Total Principal Amount of Subordinate Obligations			$149,355,000

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ARIZONA STATE UNIVERSITY
SCHEDULE OF DEBT SERVICE REQUIREMENTS FOR PARITY BONDS AND SUBORDINATE OBLIGATIONS [1]

Fiscal Year	Outstanding Parity Bonds Debt Service Requirements [2]	Less: Bonds Being Refunded	Direct Payments [3]	Series 2015 Bonds Principal	Series 2015 Bonds Interest [4]	Total Parity Bonds Debt Service Requirements	Outstanding Subordinate Obligations Debt Service Requirements [5]	Direct Payments [3]	Total Debt Service Requirements [6]
2015	$82,976,778	($4,369,516)	($3,442,930)	$3,015,000	$3,979,889	$82,159,222	$8,070,254	($533,707)	$89,695,769
2016	81,224,184	(12,654,031)	(3,442,930)	1,430,000	16,996,369	83,553,591	13,594,174	(533,707)	96,614,058
2017	69,228,114	(12,903,281)	(3,379,952)	3,245,000	16,985,839	73,175,719	13,598,174	(533,707)	86,240,186
2018	68,804,325	(16,448,881)	(3,306,971)	3,315,000	16,945,389	69,308,862	13,599,014	(533,707)	82,374,169
2019	68,744,152	(16,374,881)	(3,226,045)	11,615,000	16,890,106	77,648,331	13,593,426	(533,707)	90,708,051
2020	68,682,942	(23,704,381)	(3,140,846)	20,165,000	16,402,060	78,404,775	13,597,126	(533,707)	91,468,195
2021	68,862,995	(23,717,681)	(3,050,298)	21,135,000	15,474,166	78,704,182	13,562,479	(498,970)	91,767,690
2022	67,162,066	(17,434,156)	(2,953,597)	17,145,000	14,454,200	78,373,513	12,344,669	(462,383)	90,255,799
2023	67,099,300	(17,441,869)	(2,851,102)	18,040,000	13,596,950	78,443,279	12,305,494	(421,284)	90,327,489
2024	67,024,832	(17,439,131)	(2,743,044)	18,965,000	12,694,950	78,502,607	12,269,919	(378,645)	90,393,881
2025	66,057,632	(17,447,025)	(2,629,091)	19,960,000	11,746,700	77,688,216	12,221,944	(334,467)	89,575,693
2026	64,859,349	(20,337,225)	(2,508,903)	23,870,000	10,748,700	76,631,921	12,171,319	(288,748)	88,514,492
2027	56,451,366	(17,633,275)	(2,373,842)	22,395,000	9,555,200	68,394,448	12,126,719	(235,461)	80,285,707
2028	50,179,869	(13,299,350)	(2,233,353)	19,205,000	8,435,450	62,287,617	12,062,781	(180,007)	74,170,391
2029	38,122,701	(1,336,675)	(2,087,217)	8,235,000	7,475,200	50,409,009	12,009,554	(122,387)	62,296,175
2030	37,015,051	(1,334,375)	(1,935,111)	8,670,000	7,063,450	49,479,015	11,947,456	(62,385)	61,364,086
2031	36,914,428	(1,335,275)	(1,776,924)	9,150,000	6,629,950	49,582,179	8,888,675		58,470,854
2032	35,994,973	(1,339,150)	(1,609,679)	9,650,000	6,172,450	48,868,594	6,169,250		55,037,844
2033	35,059,775	(1,335,775)	(1,435,594)	10,165,000	5,689,950	48,143,355	6,168,750		54,312,105
2034	34,090,043	(1,340,375)	(1,254,338)	10,715,000	5,181,700	47,392,030	6,165,750		53,557,780
2035	26,088,098	(1,337,500)	(1,065,691)	11,265,000	4,645,950	39,595,857	959,750		40,555,607
2036	24,946,319	(1,332,375)	(869,322)	7,640,000	4,082,700	34,467,322	955,250		35,422,572
2037	22,894,460		(664,899)	6,690,000	3,700,700	32,620,262	959,500		33,579,762
2038	22,680,690		(452,091)	7,030,000	3,366,200	32,624,798	957,000		33,581,798
2039	22,461,018		(230,569)	7,385,000	3,014,700	32,630,149	958,000		33,588,149
2040	11,348,500			7,750,000	2,645,450	21,743,950	957,250		22,701,200
2041	11,352,000			8,135,000	2,257,950	21,744,950	959,750		22,704,700
2042	11,356,250			8,545,000	1,851,200	21,752,450	955,250		22,707,700
2043	4,200,000			8,885,000	1,509,400	14,594,400	959,000		15,553,400
2044				9,245,000	1,154,000	10,399,000	955,500		11,354,500
2045				9,610,000	784,200	10,394,200			10,394,200
2046				9,995,000	399,800	10,394,800			10,394,800

(1) Figures may not total due to rounding.

(2) Outstanding Bonds include the Series 2005 Refunding Bonds, the Series 2007 Bonds, the Series 2008 Refunding Bonds (which bear interest at a variable rate, assumed to be 4.00% annually for purposes hereof), the Series 2008C Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Second Series 2010 Bonds, the Series 2012 Bonds and the Series 2013 Bonds.

(3) Direct Payments represent subsidy payments expected to be received by the University from the federal government with respect to its Build America Bonds. Such amounts are not pledged towards the repayment of any Parity Bonds and Subordinate Obligations, however, the University currently intends to expend the Direct Payments on debt service payments on such obligations. In addition, the amount of Direct Payments are subject to any reductions in such amounts made by the federal government. For Fiscal Year 2014-15, Direct Payments expected to be received by the University will be reduced by 7.3% or approximately $290,295 due to sequestration reductions imposed by the federal government. Direct Payments received by the University for Fiscal Year 2013-14 were reduced by 7.2% or approximately $286,318. Such reductions in Direct Payments to issuers of Build America Bonds are expected to continue.

(4) The first Interest Payment Date on the Series 2015 Bonds is July 1, 2015.

(5) Consists of $7,000,000 outstanding principal amount of Arizona State University Research Park, Inc. Development Refunding Bonds, Series 2006 and $142,355,000 outstanding principal amount of Arizona State University SPEED Revenue Bonds (Stimulus Plan for Economic and Educational Development) Taxable Series 2010A, Tax-Exempt Series 2010B, Series 2011 and Series 2014.

(6) The Gross Revenues of the University for fiscal year 2014, the most recently completed fiscal year, are 13.34 times greater than the highest aggregate annual debt service on the Parity Bonds, including the Series 2015 Bonds and net of the Bonds Being Refunded, and 11.54 times greater than the highest aggregate annual debt service on all Parity Bonds and Subordinate Obligations, in both cases not taking into consideration the Direct Payments expected to be received.

Rate Covenant

Bond Resolution Covenant. The Board has covenanted in the Bond Resolution to fix, revise and collect tuition, registration, matriculation, health services, laboratory, and admission fees from students matriculated, registered or enrolled at or attending the University, and to fix, revise and collect all other fees, admissions, rentals and other charges received from students, faculty, staff members and others using or being served by the System of Building Facilities, in an aggregate amount so the Gross Revenues of the University for each fiscal year will be at least 150% of the Maximum Annual Debt Service due in any fiscal year on the Series 2015 Bonds and any Parity Bonds, and sufficient at all times to continually operate and maintain the System of Building Facilities and to make the necessary deposits at the times and in the amounts specified in the Bond Resolution.

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

Additional Parity Bonds

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

Debt Service Assurance Agreement and SPEED Bond Resolution Requirement. In addition, pursuant to the Debt Service Assurance Agreement entered into in connection with the 2006 ASU Research Park Bonds and the bond resolution for the Board's SPEED Revenue Bonds, the Board may issue additional Parity Bonds on a basis senior to the Subordinate Obligations if: (i) no defaults exist and all payments and deposits have been made with respect to Outstanding Parity Bonds and Subordinate Obligations and (ii) the Gross Revenues of the University for the fiscal year preceding the issuance of any such Parity Bonds were at least equal to 200% of the Maximum Annual Debt Service on all Parity Bonds and Subordinate Obligations Outstanding, including the proposed Parity Bonds. The Board must also demonstrate that these tests have been met before it can issue additional Subordinate Obligations.

In addition, pursuant to State law, the Board has the power to issue bonds to acquire any project or projects, provided that: (i) as of the date of issuance of bonds for the benefit of any of the State's universities, projected debt service on the bonds and certificates of participation then outstanding and proposed to be issued by or for the benefit of such State university, as shown in each fiscal year in the most recent capital improvement plan for such university reported to and certified by the Board, may not exceed, in any fiscal year shown therein, more than eight percent (8%) of such university's total projected expenditures and mandatory transfers and (ii) the project to be acquired with the proceeds of the bonds is reviewed by the State Legislature's Joint Committee on Capital Review.

No Acceleration of Bonds

Under no circumstances is the payment of principal of or interest on the Bonds, including the Series 2015 Bonds, subject to acceleration upon the occurrence of an Event of Default described in the Bond Resolution.

FUTURE BORROWINGS

The Board, on behalf of the University, plans to issue approximately $143,500,000 in principal amount of Parity Bonds prior to the end of calendar year 2016.

LITIGATION

The Senior Vice President for Academic, Legal and External Affairs for the Arizona University System will render an opinion concurrently with delivery of the Series 2015 Bonds to the effect that there are no lawsuits pending or, to the best of such counsel's knowledge, threatened against the Board which question its right to adopt or comply with the provisions of the Bond Resolution with respect to the Series 2015 Bonds or the validity or enforceability thereof or to consummate the transactions described therein or herein; nor are there lawsuits pending or, to the best of such counsel's knowledge, threatened against the Board which are reasonably expected to be determined adversely to the Board and, if decided adversely to the Board, would, individually or in the aggregate, impair the Board's ability to comply with all the requirements set forth in the Bond Resolution with respect to the Series 2015 Bonds or have a material adverse effect upon the financial condition of the Board or the University.

Notwithstanding the previous paragraph, the University is subject at any time to a number of other legal actions, some of which are disclosed in the financial statements included in Appendix B, which collectively are not reasonably expected to have a material adverse financial effect on the University.

TAX MATTERS

Tax-Exempt Series 2015 Bonds

In the opinion of Ballard Spahr LLP, Phoenix, Arizona, Bond Counsel, interest on the Tax-Exempt Series 2015 Bonds is excludable from gross income for purposes of Federal income tax under existing laws as enacted and construed on the date of initial delivery of the Tax-Exempt Series 2015 Bonds, assuming the accuracy of the certifications of the Board and the University and continuing compliance by the Board and the University with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Tax-Exempt Series 2015 Bonds is not an item of tax preference for either individual or corporate Federal alternative minimum tax purposes; however, interest on the Tax-Exempt Series 2015 Bonds held by certain corporations (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to Federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Interest on the Tax-Exempt Series 2015 Bonds is exempt from taxable income for State of Arizona income tax purposes. Bond Counsel will express no opinion regarding any other tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Tax-Exempt Series 2015 Bonds.

The Code sets forth certain requirements that must be met subsequent to the issuance and delivery of the Tax-Exempt Series 2015 Bonds for the interest to be and remain excludable from gross income of the owners of the Tax-Exempt Series 2015 Bonds for Federal income tax purposes. The Board and the University have covenanted to comply with such requirements in the Bond Resolution and in a tax certificate delivered concurrently with the issuance and delivery of the Tax-Exempt Series 2015 Bonds. Noncompliance with such requirements may cause the interest on the Tax-Exempt Series 2015 Bonds to be includable in the gross income of the owners of the Tax-Exempt Series 2015 Bonds for Federal income tax purposes, retroactive to the date of issuance and delivery of the Tax-Exempt Series 2015 Bonds.

Original Issue Premium

The Tax-Exempt Series 2015 Bonds being offered at a premium ("original issue premium") over their principal amount are referred to herein as the "Tax-Exempt 2015 Premium Bonds". For Federal income tax purposes, original issue premium on any of the Tax-Exempt 2015 Premium Bonds is amortizable periodically over the term of such Tax-Exempt 2015 Premium Bond through reductions in the owner's tax basis for such Tax-Exempt 2015 Premium Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Owners should consult their tax advisors for an explanation of the amortization rules.

Taxable Series 2015C Bonds

Interest on the Taxable Series 2015C Bonds is taxable as ordinary income for Federal income tax purposes at the time that the interest accrues or is received in accordance with a bondholder's method of accounting for Federal income tax purposes. However, interest on the Taxable Series 2015C Bonds is exempt from taxable income for State income tax purposes.

Any of the Taxable Series 2015C Bonds issued at an issue price less than their principal amount will have "original issue discount," which will accrue annually, in addition to stated interest, as taxable income to the holders in each taxable year, subject to a de minimis exception based on the amount of original issue discount in relation to the maturity of the particular bond. Owners should consult their tax advisors regarding the annual accrual of original issue discount or amortization of any original issue premium and the effect of annual accruals or amortization on the tax basis of their Taxable Series 2015C Bonds.

Owners who are not United States persons, as defined for Federal tax purposes, may be subject to special rules and should consult their tax advisors.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in state legislatures that, if enacted, could alter or amend the treatment of the Series 2015 Bonds for Federal and state tax purposes or adversely affect the market value or marketability of the Tax-Exempt Series 2015 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, from time to time regulatory actions are announced or proposed, and litigation is threatened or commenced, which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Tax-Exempt Series 2015 Bonds. It cannot be predicted whether any such regulatory action will be implemented, whether any particular litigation or judicial action will be commenced or, if commenced, how it will be resolved, or whether the Tax-Exempt Series 2015 Bonds or the market value or marketability thereof would be affected thereby. Purchasers of the Tax-Exempt Series 2015 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2015 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; purchasers of the Series 2015 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See Appendix D hereto for the proposed Form of Approving Opinion of Bond Counsel.

FINANCIAL ADVISOR

RBC Capital Markets, LLC is employed as the Financial Advisor to the Board in connection with the issuance of the Series 2015 Bonds. The fees for Financial Advisor are contingent upon the issuance, sale and delivery of the Series 2015 Bonds.

The Financial Advisor will receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of Series 2015 Bonds.

The Financial Advisor is engaged by the Board to, among other things, coordinate the preparation of the Official Statement, but is not obligated to undertake, and has not undertaken, an independent verification, and does not guarantee or assume responsibility for the accuracy, completeness, or fairness, of the information in this Official Statement.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2015 Bonds are subject to the approving opinion of Ballard Spahr LLP, Bond Counsel. The proposed form of the opinion of Bond Counsel is set forth in Appendix D. Fees of Bond Counsel will be paid from Series 2015 Bond proceeds only upon issuance of the Series 2015 Bonds. Certain legal matters will be passed upon for the Board by the General Counsel for the Arizona University System and for the University by its General Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Greenberg Traurig LLP.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 2015 Bonds from the Board at a price of $417,961,532.45 (representing the par amount of the Series 2015 Bonds less Underwriters' discount of $543,135.10 plus original issue premium of $56,244,667.55). The public offering prices may be changed from time to time by the Underwriters. The Underwriters may subsequently offer and sell the Series 2015 Bonds to dealers (including dealers depositing the Series 2015 Bonds into investment trusts) and others at prices lower than such initial public offering prices. The Underwriters will be obligated to purchase all of the Series 2015 Bonds if any are purchased.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association ("WFBNA"), the senior underwriter of the Series 2015 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2015 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2015 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Series 2015 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2015 Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2015 Bonds.

INDEPENDENT AUDITORS

The financial statements of the University as of June 30, 2014, and for its fiscal year then ended have been audited by the State Office of the Auditor General (the "Auditor General"), independent auditors, as indicated in its report thereon, and are included in Appendix B to this Official Statement. The University has advised the Auditor General of the inclusion of such audited financial statements, together with the Auditor General's report thereon, in this Official Statement but has not requested or received the consent of the Auditor General to do so since such request and consent would have required the Auditor General to review all of the information contained herein. Therefore, the Auditor General has not reviewed this Official Statement, or performed any procedures with respect to the University's audited financial statements subsequent to the date of its report thereon.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Financial Services LLC, a division of McGraw-Hill Companies, Inc. ("S&P"), have assigned the Series 2015 Bonds ratings of "Aa3" and "AA" respectively.

Such ratings reflect only the views of Moody's and S&P, respectively. An explanation of the significance of such ratings may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and S&P at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Series 2015 Bonds, and there is no assurance that such ratings will continue for any given period of time or that either will not be revised downward or withdrawn entirely by either Moody's or S&P, or both, if, in their judgment, circumstances so warrant.

The Board expects to furnish the rating agencies with any information and materials they may request. The Board, however, assumes no obligation to furnish requested information or materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2015 Bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price or marketability of the Series 2015 Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The Board has undertaken for the benefit of the owners of the Series 2015 Bonds and to assist the Underwriters in complying with Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended, to provide certain financial information and operating data relating to the University from time to time pursuant to a Continuing Disclosure Undertaking in substantially the form set forth in Appendix E hereto. The Board has complied in all material respects with the provisions of its prior continuing disclosure undertakings relating to the University.

ADDITIONAL INFORMATION

All of the summaries of the Series 2015 Bonds, the Bond Resolution, opinions, contracts, agreements, and other related documents described in this Official Statement are only brief descriptions of certain provisions thereof and do not constitute complete statements of such documents or provisions. Reference is hereby made to the complete documents, copies of which are available as set forth under "INTRODUCTION" herein. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing.

The Board has approved and authorized the distribution of this Official Statement.

ARIZONA BOARD OF REGENTS

By: /s/ *Joanne M. Wamsley*
Vice President for Finance and Deputy Treasurer
Arizona State University

APPENDIX A

ARIZONA STATE UNIVERSITY

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ARIZONA STATE UNIVERSITY

General Description

The University (also referred to herein as "ASU") is a fully-accredited, four-year degree-granting institution of higher learning, supported by the State and governed by the Board. Total enrollment for the 2014 fall semester was 83,301, including enrollment at the Tempe campus, West campus, Polytechnic campus, Downtown Phoenix campus and Lake Havasu College (each as defined herein), making the University the largest institution of higher learning in terms of enrollment in the State and ranking it among the largest of America's institutions of higher learning. The Tempe campus lies within the City of Tempe, Arizona, a city with an estimated 2013 population of 165,158 that comprises a part of the greater Phoenix metropolitan area. This metropolitan area is the State's major economic, political and population center, with an estimated 2013 population of 3,944,859.

The University was initially established in 1885 as the Arizona Territorial Normal School at Tempe, pursuant to the provisions of a bill passed by the 13th Arizona Territorial Legislature. The school was opened in a four-room building on February 8, 1886, with 33 students in the first class. As the State grew in population, the school's original mission of training teachers steadily broadened and the institution passed through several changes in purpose and name. In 1945, it became Arizona State College at Tempe and was placed, along with the other two State public universities, under the authority of the Board. From an enrollment of less than 1,000 at the end of World War II, the University grew more than tenfold by November 1958, when the State electorate voted to change its name to Arizona State University. In 1994, the University was awarded the prestigious Research I University status, recognizing the University as a premier research institution. Pursuant to the 2000 Carnegie Classification, the University has been recognized as a Doctoral/Research-Extensive University.

Organization and Administration

The University is governed by the Board. The general administrative powers of the Board include the enactment of ordinances for the governance of the institutions under its control, the setting of tuitions and fees, the appointment and employment of university administrative officers and faculty members, and the establishment of curricula. The administrative offices of the University are responsible for its operation and maintenance in accordance with the rules and policies established by the Board. The following table lists the names of principal administrators of the University followed by brief resumes.

Name	Position
Michael M. Crow	President
Robert E. Page, Jr.	Provost of the University and Foundation Chair of Life Sciences
Morgan R. Olsen	Executive Vice President, Treasurer and Chief Financial Officer
José A. Cárdenas	Senior Vice President and General Counsel
Daniel P. Dillon, Jr.	Senior Vice President for Enterprise Marketing and Chief Marketing Officer
James W. O'Brien	Senior Vice President for University Affairs and Chief of Staff
Sethuraman Panchanathan	Senior Vice President for the Office of Knowledge Enterprise Development
James A. Rund	Senior Vice President for Educational Outreach and Student Services
Richard H. Stanley	Senior Vice President and University Planner
Christine K. Wilkinson	Senior Vice President and Secretary of the University
Joanne M. Wamsley	Vice President for Finance and Deputy Treasurer

Dr. Michael M. Crow became the 16th president of the University on July 1, 2002. An academic leader and educator, designer of knowledge enterprises, and science and technology policy scholar, he is guiding the transformation of the University into one of the nation's leading public metropolitan research universities, an institution that combines the highest levels of academic excellence, inclusiveness to a broad demographic, and maximum societal impact—a model he terms the "New American University." Under his direction the nation's youngest major research institution and largest university governed by a single administration pursues teaching, research, and creative excellence focused on the major challenges of our time, as well as those central to the quality of life, sustainable development, and economic competitiveness of Arizona and the nation. He has committed the University to academic enterprise, transdisciplinarity, sustainability, social embeddedness, and global engagement, and championed initiatives leading to record levels of diversity in the student body. Under his leadership, the University has established more than a dozen new transdisciplinary schools and large-scale research initiatives such as the Biodesign Institute; Global Institute of Sustainability (GIOS), incorporating the School of Sustainability (SOS); Complex Adaptive Systems Initiative (CASI); Flexible Display Center; LightWorks; and initiatives in the humanities and social sciences, including the Center for the Study of Religion and Conflict. During his tenure, the University has nearly tripled research expenditures, completed an unprecedented infrastructure expansion, and announced the eight largest gifts in the history of the institution, including three $50 million gifts, endowing the W. P. Carey School of Business; Ira A. Fulton Schools of Engineering; and Mary Lou Fulton Teachers College. Prior to joining the University, Dr. Crow was executive vice provost of Columbia University, where he also was professor of science and technology policy in the School of International and Public Affairs. As chief strategist of Columbia's research enterprise, he led technology and innovation transfer operations, establishing Columbia Innovation Enterprises (renamed Science and Technology Ventures), the Columbia Strategic Initiative Program, and Columbia Digital Media Initiative, as well as advancing interdisciplinary program development. He played the lead role in the creation of and served as the founding director of the Earth Institute at Columbia University, and in 1998 founded the Center for Science, Policy, and Outcomes (CSPO) in Washington, D.C., a consortium of scholars and policymakers dedicated to linking science and technology to optimal social, economic, and environmental outcomes. In 2003, CSPO was reconstituted at the University as the Consortium for Science, Policy, and Outcomes, based in both Phoenix and Washington, DC. In national service, Dr. Crow has been an adviser to the U.S. Departments of State, Commerce, and Energy, and various defense and intelligence agencies on matters of science and technology policy related to intelligence and national security. A fellow of the National Academy of Public Administration, and member of the National Advisory Council on Innovation and Entrepreneurship and Council on Foreign Relations, he is the author of books and articles relating to the design and analysis of knowledge enterprises, technology transfer, sustainable development, and science and technology policy.

Dr. Robert E. Page, Jr. became Provost for the University and Foundation Chair of Life Sciences in November 2013. He was the Vice Provost and Dean of the College of Liberal Arts and Sciences (2011-2013) and the Founding Director of the School of Life Sciences at the University (2004-2011). He joined the University in 2004 after spending 15 years on the faculty of the University of California Davis where he served as Chair of Entomology from 1999-2004. His background is in behavior and population genetics and the focus of his current research is on the evolution of complex social behavior. Using the honey bee as a model, Dr. Page has dissected their complex foraging division of labor at all levels of biological organization from gene networks to complex social interactions. Dr. Page has published more than 230 research papers and articles, five books, and is listed as a "highly-cited author" by the ISI Web of Knowledge, representing the top half of one percent of publishing scientists. He received the Alexander von Humboldt Senior Scientist Award (the Humboldt Prize) in 1995, the highest honor given by the German government to foreign scientists. In 2010, he was elected to the Leopoldina – the German National Academy of Science, the longest continuing academy in the world. Dr. Page is also an Elected Foreign Member of the Brazilian Academy of Science (1999), a Fellow of the American Association for the Advancement of Science (1991), Elected Member of the American Academy of Arts and Sciences (2006), and a Fellow of the Wissenschaftskolleg zu Berlin (2009-2010).

Dr. Morgan R. Olsen became the Executive Vice President, Treasurer and Chief Financial Officer of the University in November 2008. He came to the University from Purdue University, where he served as Executive Vice President and Treasurer. Before he joined Purdue University, Dr. Olsen served as the business and financial vice president at three other higher education institutions, Southern Methodist University, Eastern Illinois University and Emporia State University (Kansas). His responsibilities at the University include treasury and financial functions, internal audit, capital projects, real estate, facility operations, business services, human resources, environmental health and safety, ASU Police and auxiliary services. He also serves on the ASU Foundation Board and holds an appointment as Professor of Practice in the Mary Lou Fulton Teachers College. He has over two decades of experience in higher education, and holds several leadership positions. He is on the board of directors of the United Educators insurance company, and is a past chair of the board of directors for the National Association of College and University Business Officers (NACUBO). He is also a past president of the Central Association of College and University Business Officers (CACUBO). Dr. Olsen earned a bachelor's degree, summa cum laude, and a master's degree in public administration from the University of North Dakota, where he was inducted into Phi Beta Kappa, and holds a Ph.D. in higher education from the University of Kansas. He served as acting executive budget analyst for the North Dakota Office of Management and Budget before entering university administration in 1985.

Mr. José A. Cárdenas was named Senior Vice President and General Counsel effective January 2009. In addition he serves as a University representative on and to the boards of directors of the University affiliated and related entities such as the ASU Foundation, the Sun Angel Foundation, and the ASU Alumni Association. Mr. Cárdenas also advances and supports the public service and outreach mission of the University by participating in community organizations, representing the University in the business community and before local, regional and state constituencies. Mr. Cárdenas received his B.A. from the University of Nevada at Las Vegas in 1974. In 1977, he graduated from Stanford University Law School, where he served as an articles editor on the Stanford Law Review. He joined Lewis and Roca in 1978, following a one-year federal district court clerkship. After becoming a partner in the firm in 1982, Mr. Cárdenas served in numerous management roles, including as the firm's managing partner (CEO) from 1999 to 2003, at which point he was named the firm's first chairman. Mr. Cárdenas has an AV ("Preeminent Attorney") rating from Martindale-Hubbell. He is listed in the 2007, 2008 and 2009 editions of Southwest Super Lawyers in the business litigation category, and in the 2009 edition of The Best Lawyers in America®, by Woodward/White, Aiken, S.C. in the category of commercial litigation. In 1995, he was elected to membership in the prestigious American Law Institute, and he is a member of The Fellows of the American Bar Foundation. Mr. Cárdenas has also been recognized for his many community activities including his selection in 2000 as the recipient of the Mexican government's Ohtli award given to U.S. residents of Mexican descent in recognition of their service to Mexican communities in the United States. He has been admitted to practice law in Arizona, California, the Ninth Circuit Court of Appeals, and the United States Supreme Court. In addition, he is a member of various bar associations including the Hispanic National Bar Association. He has been a member of Los Abogados Hispanic Bar Association since 1978, having served for many years on its board of directors and as president from 1985 to 1988.

Mr. Daniel P. Dillon, Jr. was appointed Senior Vice President for Enterprise Marketing and Chief Marketing Officer in September 2013. In this role, he is responsible for branding and marketing activities across the University. Mr. Dillon is a seasoned executive with more than 25 years in domestic and global general management roles in both the consumer packaged goods and restaurant industries. He has worked for well-known companies including General Mills, Keebler, Nabisco, Heinz, Con Agra, and the Coca Cola Company. Prior to joining the University, Mr. Dillon served as Chief Marketing Officer for Outback Steakhouse, and most recently as Executive VP Brand Development Officer for Ruby Tuesday, Inc. He received a Bachelor of Arts from St. Anselm College and an MBA from Bentley College.

Mr. James O'Brien became the Senior Vice President for University Affairs and Chief of Staff for the Office of the President in April 2013. He is responsible for implementing complicated strategic and tactical objectives of the Office of the President. He also works across the institution to identify, facilitate and coordinate opportunities and initiatives which involve multiple units within the institution and affiliates. This includes advancing opportunities and initiatives with University public affairs, State and federal policy affairs, global engagement, corporate relations, and University athletics. Prior to his role as Senior Vice President, Mr. O'Brien was the Vice President and Chief of Staff (2008-2013) and Senior Advisor to the President and Chief of Staff (2003-2008). He joined the University in July 2003 after working as corporate counsel to several publicly traded and private companies as well as working in public affairs at the State and federal levels. He received a Bachelor of Arts from Iowa State University and Juris Doctor from Drake University.

Dr. Sethuraman Panchanathan was appointed Senior Vice President for the Office of Knowledge Enterprise Development for Advancing Research, Entrepreneurship and Economic Development in October 2011. He is a foundation chair in Computing and Informatics and Director of the Center for Cognitive Ubiquitous Computing (CUbiC). Dr. Panchanathan was the founding director of the School of Computing and Informatics and was instrumental in founding the Biomedical Informatics Department at the University. He was also the chair of the Computer Science and Engineering Department. His research interests are in the areas of Human-centered Multimedia Computing; Face/Gait Analysis and Recognition; Haptic User Interfaces; Medical Image Processing; Media Processor Designs and Ubiquitous Computing Environments for enhancing quality of life for individuals with disabilities. CUbiC's flagship project iCARE for individuals who are blind and visually impaired won the Governor's Innovator of the Year-Academia Award in November 2004. Dr. Panchanathan has published over 400 papers in refereed journals and conferences and has mentored over 100 graduate students, post-docs, research engineers and research scientists who occupy leading positions in academia and industry. He has been a chair of many conferences, program committee member of numerous conferences, organizer of special sessions in several conferences, and an invited speaker, panel member at conferences, universities, and industry programs. Dr. Panchanathan is a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), Society of Optical Engineering (SPIE) and a member of the Canadian Academy of Engineering.

Dr. James A. Rund is the Senior Vice President for Educational Outreach and Student Services at the University. His responsibilities include oversight of student services at all four University campuses and university outreach efforts including educational partnerships. Dr. Rund has served in various administrative capacities at the University including Dean of Student Development, Associate Vice President for Student Affairs, and Vice President for University Undergraduate Initiatives, and Interim Dean and Director of the Mary Lou Fulton Institute and Graduate School of Education. He is associate professor in Higher Education, Division of Educational Leadership and Innovation in the Mary Lou Fulton Teachers College at the University. Dr. Rund holds his Doctor of Education in Higher and Adult Education from the University, a Master of Science in Counseling and Student Personnel Services from North Dakota State University, and a Bachelor of Arts in English from Moorhead State University.

Mr. Richard H. Stanley was appointed as Senior Vice President and University Planner in February 2004. In this position, working with the existing academic and administrative units, he coordinates the interaction of program, facility, and financial planning activities across the University's four campuses. The focus of the work is medium-term and long-term planning to implement the vision of the New American University. He is a member of the University's Executive Committee and one of the five members of the University Budget Committee which coordinates budget planning for the University. Prior to joining the University, Mr. Stanley spent 24 years at New York University ("NYU"), most recently as Executive Vice Provost. During his tenure at NYU he had planning responsibilities in the areas of space and facilities, academic budgeting, enrollment management, and faculty resources and support. He also had operational responsibility for admissions and financial aid and for information technology services. Earlier in his career, he held positions in internal auditing and in the publishing industry. Mr. Stanley earned a Bachelor of Arts degree in Economics from Yale University.

Dr. Christine K. Wilkinson was appointed Senior Vice President and Secretary of the University in 2002 and is the first person to hold this title. She also holds the position of President of the ASU Alumni Association. Prior to these appointments she served as the Vice President for Student Affairs for 13 years. Among her other administrative assignments, Dr. Wilkinson has served as the University's interim athletic director on three separate occasions. She is a tenured faculty member in the Division of Educational Leadership & Innovation, Mary Lou Fulton Teachers College. Dr. Wilkinson's current involvement in the community includes serving on the Community Advisory Council for Wells Fargo Bank, Valley of the Sun United Way Board, as board chair for Big Brothers Big Sisters of Central Arizona, and also serves the Arizona Educational Foundation Advisory Board, US Airways Education Foundation Board, and the Governance Committee for the Southwest Autism Research and Resource Center. In addition, she is a member of the Arizona Business Leadership Association, Arizona Women's Forum, ASU Women & Philanthropy, and East Valley Women. She has received the University's Award of Merit, the Alumni Achievement Award, the CASE Crystal Apple Award, the Valley Leadership 2009 Woman of the Year Award, was selected in 2012 as one of Arizona's 48 Most Intriguing Women for the Arizona Centennial Legacy Project, and has received additional community awards for leadership and service. Her educational background includes: Bachelor of Arts in Education with distinction from the University, a Master of Arts in Education, Counseling Psychology from the University of California at Berkeley, and a Doctor of Philosophy in Higher Education Administration from the University.

Ms. Joanne M. Wamsley is the Vice President for Finance and Deputy Treasurer. Serving as the University's chief accounting officer, she directs the Financial Services office, which is responsible for the accounting operations of the University, including issuance of the audit financial report, maintenance of accounting records, and establishing a comprehensive set of controls designed to mitigate risk and ensure compliance with generally accepted accounting principles. Financial Services is also responsible for treasury and investment management, capital finance, plant funds, capital asset management, student business services, tax compliance, administrative information systems support, and operational areas including accounts payable, travel and payroll. Ms. Wamsley earned a bachelor's degree in economics and accounting, as well as an MBA, from the University.

She began her professional career in Denver, Colorado with KPMG, formerly Peat, Marwick, Mitchell & Co., prior to joining the Arizona State University Financial Services office in 1983. Since that time she has held progressively more responsible leadership positions within Financial Services. Ms. Wamsley is a certified public accountant, certified government financial manager, and chartered global management accountant. She is a member of the American Institute of Certified Public Accountants, the Arizona Society of Certified Public Accountants and the Association of Government Accountants.

Faculty and Staff

The full-time faculty of the University totaled 3,009 during the fall semester 2013, of which 46.0% were tenured. Part-time faculty at the University totaled 143 during the fall semester 2013. Approximately 6,078 persons were employed on a full-time basis in a wide variety of staff support positions. Part-time and temporary staff employment consisted of approximately 108 persons.

Colleges and Degrees

The University is home to more than 600 accredited undergraduate and graduate degree options across all campuses led by expert faculty and highly ranked colleges and schools. Each distinctive academic program exemplifies the hallmark of ASU: an exceptional education inspired by vision, scholarship and creativity. The University is organized into 17 Colleges, Schools and Institutes that operate various programs on all or some of the University's campuses, as shown below:

1. Business, W.P. Carey School of
2. Design and the Arts, Herberger Institute for
3. Teachers College, Mary Lou Fulton
4. Engineering, Ira A. Fulton Schools of
5. Graduate College
6. Health Solutions, College of
7. Barrett, The Honors College
8. Journalism and Mass Communication, Walter Cronkite School of
9. Law, Sandra Day O'Connor College of
10. Letters and Sciences, College of
11. Liberal Arts and Sciences, College of
12. Interdisciplinary Arts and Sciences, New College of
13. Nursing and Health Innovation, College of
14. Public Programs, College of
15. Sustainability, School of
16. University College
17. Thunderbird School of Global Management, a unit of Arizona State University Knowledge Enterprise

A more detailed description of the colleges and schools can be found on the ASU website at http://www.asu.edu/. A list of undergraduate and graduate degree programs and certificates may be found at http://www.asu.edu/programs/.

The Campuses

Arizona State University at the Tempe campus: Arizona State University at the Tempe campus, located in Tempe, Arizona (the "Tempe campus"), encompasses 700 acres and offers outstanding physical facilities to support the University's educational programs. Buildings are modern and attractively designed, providing almost 11.7 million gross square feet of space. Broad pedestrian malls laid out in an easy-to-follow grid plan and spacious lawns and sub-tropical landscaping serve the physical, aesthetic, and educational needs of students, faculty, and staff. One particular building at the Tempe campus that has won acclaim for its design and acoustics is the Grady Gammage Auditorium. This hall, with a seating capacity of approximately 3,000, was designed by Frank Lloyd Wright and named for the late University President Grady Gammage. In 2007, the University established the world's first School of Sustainability with a mission to develop practical solutions to pressing environmental, economic and social challenges of sustainability. Since 2007, the University's Tempe campus has received two

Platinum, seven Gold and three Silver LEED (Leadership and Energy and Environmental Design) certifications for newly constructed facilities from the U.S. Green Building Council. In 2014, the Center for World-Class Universities at Shanghai Jiao Tong University included the University in the Top 100 world universities and top 50 U.S. universities. The University was ranked fifth by the *Wall Street Journal* for producing the best prepared and most highly recruited students for the job market. The Princeton Review ranked the University as one of the country's top universities for undergraduate education in its 2015 edition of "The Best 379 Colleges" and the Fiske Guide to Colleges named the University as one of the best buy public colleges in the U.S., Canada and the United Kingdom for 2015. *U.S. News and World Report's* 2015 edition named the University #2 in the list of Up-and-Coming Schools and their list of the Best Graduate Schools listed the University's graduate programs among the best in the country such as programs in the W.P. Carey School of Business, Mary Lou Fulton Teachers College, ASU's School of Criminology and Criminal Justice, and the College of Nursing and Health Innovation.

Arizona State University at the West campus: Arizona State University at the West campus (the "West campus") was established in 1984 to serve the educational needs of residents in western Maricopa County, Arizona. Located on 300 acres in northwest Phoenix, the comprehensive campus offers 48 degrees in undergraduate, graduate and doctoral programs with a broad spectrum of professional and academic programs that share a liberal arts foundation and an interdisciplinary emphasis. Students can choose degree opportunities in high-demand areas such as applied computing, natural sciences and teacher education and each year academic program offerings expand to meet increased work force and marketplace demands. Construction of the West campus began in 1986 with the core campus being completed in 1991. In 2008, the campus was designated a Phoenix "Point of Pride," and in 2013 the living learning community was expanded with the completion of the Verde Dining Pavilion which received a LEED-Gold certification, the new student housing community of Casa de Oro, and the new Sun Devil Fitness Complex which received a LEED-Silver certification.

Arizona State University at the Polytechnic campus: Arizona State University at the Polytechnic campus (the "Polytechnic campus") was created in 1994 to meet the growing demand in the State for additional university-level educational opportunities. The Polytechnic campus is home to programs in aviation, business, education, engineering, math, science and technology, complemented by arts, humanities and social sciences curricula. Students can earn ASU bachelor's, master's and doctoral degrees, in an environment characterized by intimate class sizes, an integrated curriculum and accessible faculty. The degrees incorporate practical and theoretical exercises throughout the programs. The Polytechnic campus has state-of-the-art facilities such as the Laboratory for Algae Research and Biotechnology where researchers are converting algae into biofuels, food supplements, and using algae in wastewater and air emission remediation. The Polytechnic campus is located on approximately 600 acres at the former Williams Air Force Base in southeast Mesa and has 86 buildings in use for academic programs and student services. Three buildings received LEED-Gold certification and one LEED-Silver; and in 2012, the American Society of Landscape Architects named the New Academic Complex an Honor Award winner. In 2013, the living learning community was expanded with the completion of the new Citrus Dining Pavilion, the new residence building, Century Hall and the new Sun Devil Fitness complex which received LEED-Gold certification in 2014.

Arizona State University at the Downtown Phoenix campus: In partnership with the City of Phoenix, the University opened this fourth campus in the heart of downtown Phoenix, Arizona in August 2006. The campus provides an academically rigorous university experience that integrates academic, public, private and residential development in a diverse and dynamic living/learning environment for students. To support academic programs at the campus, the City of Phoenix financed construction of the Walter Cronkite School of Journalism and Mass Communication facility, which opened in fall 2008, and the College of Nursing & Health Innovations Building 2, which opened in fall 2009, providing new state-of-the art buildings that house classrooms, research labs and student facilities. The Nursing and Health Innovations Building 2 and Arizona Biomedical Collaborative buildings have received LEED-Gold certification, and the Cronkite Building the LEED-Silver certification from the U.S. Green Building Council. In July 2010, the Cronkite School facility was awarded the International Architecture Award by The Chicago Athenaeum: Museum of Architecture, an award conferred on the world's most significant new buildings.

Thunderbird School of Global Management, a unit of Arizona State University Knowledge Enterprise, offers masters programs with a focus on global management, in addition to a large international executive education program and, beginning fall 2015, undergraduate programs. The Thunderbird School of Global Management ("Thunderbird") was acquired by the University in December, 2014. Thunderbird, located on 148 acres in

Glendale, Arizona, not far from the University's West campus, was founded in 1946 and enjoys a reputation for excellence and leadership. The integration of Thunderbird with the University as of spring 2015 creates new opportunities for University students and will provide a platform for showcasing the University's strengths to a new set of partners around the world.

Arizona State University Colleges at Lake Havasu City (the "Lake Havasu College") opened in the fall of 2012 in Lake Havasu City, Arizona. Designed to meet the demand for lower-cost higher education in Arizona, and to broaden the availability of an ASU education to geographically diverse students, the Lake Havasu College focuses exclusively on instruction in high-demand undergraduate degrees with lower tuition than at traditional research universities. Infrastructure for the Lake Havasu College was provided by the University's partners in this endeavor, Lake Havasu City, the Lake Havasu Unified School District, and the Lake Havasu Foundation for Higher Education.

ASU Online

ASU Online is headquartered at SkySong and offers more than 90 undergraduate and graduate degree programs entirely online. The online program holds the same accreditation as the University's traditional programs. In 2015, *U.S. News and World Report* ranked the University eighth in the nation for the best online bachelor's degree programs, third in the nation for online bachelor's programs for veterans, and second in the nation for online master's degree programs in business.

Research Park

Arizona State University Research Park, Inc. (formerly known as Price-Elliott Research Park, Inc.), an independent nonprofit corporation and a financially-interrelated organization of the University, was formed in 1984 to develop a research park (the "Research Park") on University-owned property consisting of approximately 324 (gross) acres southeast of the Tempe campus. The Research Park currently has ground leases in effect for 211 acres of the Research Park's total net leasable 237 acres, with 26 acres remaining available for lease. The Research Park's mission is to enhance the State's technology-based economic development, and to build the University's capacity to educate and advance knowledge.

Accreditation and Affiliations

The University is accredited by the North Central Association of Colleges and Secondary Schools. Programs in the University's various colleges, schools, divisions and departments are accredited by or affiliated with appropriate national bodies. The University is a member of the National Association of State Universities and Land Grant Colleges, and is affiliated with the American Council on Education and other international, national and regional associations.

Research at the University

During fiscal year 2014, total research expenditures reported to the National Science Foundation's Higher Education Research and Development (HERD) Survey reached a record $425 million, representing a 5 percent growth over fiscal year 2013. In fiscal year 2014, the University submitted more than $1.68 billion in proposals and received more than $329 million in awards.

According to the most recently published HERD Survey data the University ranks:

- 15th for total research expenditures among institutions without a medical school
- 8th for total research expenditures in the social sciences
- 13th for total research expenditures in the humanities

Additionally, the University ranks 32nd among U.S. universities in total research expenditures funded by the National Science Foundation and the Department of Defense, 27th for expenditures funded by the Department of Energy, and 12th in NASA-funded expenditures.

The University is one of the fastest growing research enterprises among U.S. universities, built on the principles of conducting transdisciplinary, use-inspired, and socially embedded research.

The Biodesign Institute

The Biodesign Institute at Arizona State University is the State's largest research infrastructure investment in biosciences, and reflects a significant expansion of the University's state-of-the-art research capacity. The University's efforts are designed to feed into and harmonize with a statewide initiative, Arizona's Bioscience Roadmap, to build a robust bioscience economy in Arizona. The Biodesign Institute is grounded on the premise that scientists can solve complex problems by emulating nature's design rules. Researchers at the Biodesign Institute combine expertise in the biosciences, engineering and computing to spur scientific breakthroughs designed to improve health, protect lives and sustain our planet.

The 350,000 square-foot Biodesign Institute facility was named 2006 Lab of the Year by R&D Magazine in an international competition and, in 2007, received Arizona's first platinum-level LEED certification from the U.S. Green Building Council for environmental excellence. The Biodesign Institute plays a vital role in the University's educational program as a training ground for more than 300 undergraduate and graduate students annually. The Institute's 65 tenured research faculty includes one Nobel Laureate and four National Academy members. The annual direct economic impact of Biodesign is the highest for any single bioscience research institute in the State, according to a recent report by the Siedman Research Institute. Annually, Biodesign Institute operations have contributed an average of $135.5 million in direct impacts on Arizona's economy, created and supported more than 1,600 higher-paying jobs and generated $10.5 million in State and local tax revenues.

Since inception in fiscal year 2003, the Biodesign Institute has:

- generated extramural research funding of more than $481 million, including $50 million in fiscal year 2014;
- won Arizona's Excellence in Economic Development, contributed $1.5 billion to the State's economy in its first decade and supported more than 1,600 jobs annually;
- filed more than 550 invention disclosures via Arizona Technology Enterprises, with 42 new patents issued to date; and
- founded 12 spinoff companies including NanoBiomics, Arizona Engineered Therapeutics, HealthTell, TF Health, Inc. and Agilent AFM.

Some highlights from the Biodesign Institute include:

- producing vaccines in tobacco plants, bacteria and viruses, including a key role in the experimental ZMapp treatment to combat the Ebola epidemic;
- ushering into clinical trials a vaccine to protect against pneumonia in newborns;
- identifying the links between microbial gut composition and autism;
- developing Breezing, the world's first mobile metabolism tracker;
- discovering the environmental and human health risks associated with antimicrobial ingredients in personal care products;
- using DNA origami to build 3-D nanostructures for future biomedical and energy applications;
- developing new methods for high-energy, renewable biofuels;
- improving technology to read a person's DNA profile;
- detecting cancer and other medical conditions earlier based on a person's immune system profile; and
- developing the fastest, most powerful next-generation laser technology to make molecular movies of molecules important for bioenergy and medical applications.

The Julie Ann Wrigley Global Institute of Sustainability

The Julie Ann Wrigley Global Institute of Sustainability (the "Institute") (formerly the Global Institute of Sustainability) was created to take on global and regional ecological, economic and societal issues in an effort to ensure that humans maintain a sustainable quality of life on earth. The Institute promotes sustainability focused research, builds global partnerships, helps public decision-makers deal with sustainability challenges, prioritizes University-wide efforts toward sustainable practices, and manages a comprehensive School of Sustainability.

The Institute was launched in 2004 with a $15 million gift from Julie A. Wrigley, president and chief executive officer of Wrigley Investments LLC, member of the ASU Foundation Board of Directors, and co-chair of the Board of Directors for Sustainability at ASU. A subsequent commitment of $10 million by Ms. Wrigley supports four distinguished scholars and practitioners, the "Wrigley Fellows." A $25 million contribution by Ms. Wrigley in 2014 led the University to rename the Institute in her honor. A contribution in 2008 came from Brian Swette, former Chairman of Burger King, Inc., in the amount of $10 million to conduct research on renewable fuels. Mr. Swette also serves on the Board of Directors for Sustainability at ASU. In 2012, the Rob and Melani Walton Fund of the Walton Family Foundation invested $27.5 million in the Institute, launching the Walton Sustainability Solutions Initiatives. This grant is enabling the Institute to implement eight new sustainability programs over 5 years. Mr. Walton is a co-chair of ASU's Board of Directors for Sustainability.

The Institute works with numerous research centers, institutes and academic departments at the University and in partnership with leading academic institutions around the world. In 2011, the University and Mexico's Instituto Tecnológico de Monterrey jointly launched the Latin America Office of the Institute. This extension of the Institute will conduct applied transdisciplinary research, offer an innovative curriculum, and endeavor to develop business solutions that accelerate the adoption of a sustainable culture. Other academic partners of the Institute include Stanford University, Michigan State University, University of California at Berkeley, Universidad Nacional Autonoma de Mexico, City University of Hong Kong, Leuphana University (Germany), Lund University (Sweden), and the University of Tokyo.

The Institute regularly receives grants, contracts and fees from public and private organizations to help them meet their sustainability goals. Global industrial partners include Henkel, Intel, Disney, Waste Management, Pepsico, TUV Rheinland and Walmart. Governmental partners or sponsors include the United Nations Environment Programme, U.S. Environmental Protection Agency, National Oceanic and Atmospheric Administration, U.S. Department of Energy, National Science Foundation, NASA and the U.S. Agency for International Development. In addition, the Institute works with cities throughout the world ranging from local, Arizona cities such as Phoenix, Mesa and Tempe to the Municipality of Haarlemmermeer, Netherlands, and Tbilisi, Georgia.

Decision Theater Network

The Decision Theater Network ("DTN") actively engages researchers and leaders to visualize solutions to complex problems. DTN provides the latest expertise in collaborative computing and display technologies for data visualization, modeling and simulation. The DTN addresses cross-disciplinary local, national and international issues by drawing on the University's diverse academic and research capabilities.

The DTN facility in Tempe, Arizona houses 260-degree faceted screens, accommodates up to 25 people, and provides a set of tools for science-based analysis. Here policy-makers attempt to visualize the future through alternate scenarios, collaborate more effectively and make policy decisions in new ways. The Decision Theater was initially funded by a $3 million gift from Ira A. Fulton, an Arizona businessman and the University's largest individual financial donor.

The DTN's current areas of focus include health solutions, education, sustainability, entrepreneurship and innovation, and security and defense. These challenge areas were chosen because they cross-cut many traditional focus areas of the University and needs of outside organizations.

In 2013, the University launched a second decision theater at the McCain Institute for International Leadership in Washington, D.C. This node of the DTN acts as a gateway between the University and policy makers at the national and international level.

The DTN facilitates rapid, cross-disciplinary collaboration by providing venues and access to tools and expertise at multiple connected locations. In its current form, decision makers can convene at the McCain Institute location while interfacing with expertise at the University's Tempe Campus.

Flexible Electronics and Display Center

The Flexible Electronics and Display Center at Arizona State University (FEDC, formerly the Flexible Display Center) is a partnership in which academia, industry, and government collaborate on technology development, innovation and integration to create a new generation of displays with multifunctional electronics that will be flexible, lightweight, low power, and rugged. These displays are expected to usher in a new era of real-time information sharing through applications in portable human-borne devices, displays for vehicles, and permanent or temporary conferencing and command/control rooms.

The mission of the FEDC is to accelerate the commercialization of revolutionary, high-functionality flexible display and electronics technologies through execution of a strategic plan that simultaneously advances display technology in the dimensions of form, resolution and degree of flexibility, with additional functionality including portable power, sensors and wireless communications, and develops the manufacturing toolsets and processes to fabricate high-quality, advanced-technology demonstration models. Full integration of an education and training dimension positions the FEDC to provide industry with engineers and scientists skilled in emerging technology development.

The FEDC was formed through a $100 million, 10-year cooperative agreement with the United States Army Research Laboratory. Industrial partners invest in the FEDC to support development projects and collaborate directly with the FEDC and its partners.

In 2013, the FEDC announced two new breakthroughs. First, scientists at the center successfully manufactured the world's largest flexible x-ray detector prototype, measuring 7.9 diagonal inches. They also produced the largest flexible color organic light emitting display using advanced mixed oxide thin film transistors. This display measures 14.7 diagonal inches. In December, 2013, CNN lauded work at the FEDC on its list of "The CNN 10: Ideas."

LightWorks

LightWorks unites resources and researchers across the University to confront global energy challenges. With a proven track record of swiftly and strategically partnering with a diverse set of institutions, LightWorks meets these challenges in the fields of solar energy, sustainable fuels and energy policy development.

LightWorks' portfolio includes work being conducted by the University's Biodesign Institute; Center for Bio-Inspired Solar Fuel Production; Center for Bioenergy and Photosynthesis; Center for Computational Nanoscience; Center for Nanophotonics; Center for Renewable Energy Electrochemistry; Consortium for Science, Policy and Outcomes; Decision Theater; Energy Innovation Network; Global Institute of Sustainability; Power Systems Engineering Research Center (PSERC); Solar Power Laboratory; Sustainability and Energy in the Built Environment; and TUV Rheinland Photovoltaics Test Lab. Some current projects include: Arizona Center for Algae Technology and Innovation, Quantum Energy Sustainable Solar Technologies, Arizona Solar Summit, and Algae Testbed Public-Private Partnership (ATP^3).

Admission Policy

Undergraduate Admissions:

Residents of the State may be admitted to the University as freshmen if they:

- rank in the top quarter of their graduation class from a recognized State high school, or
- have a cumulative grade point average of 3.0 or higher, or
- score 22 on the composite of the American College Testing Program ("ACT")**, or
- score 1040 on the Scholastic Aptitude Test ("SAT")**, and
- meet the basic academic competency requirements in high school of four years of English, four years of mathematics, two years of social sciences, one year in each of three laboratory sciences, two years of the same foreign language, and one year of fine arts.

Out-of-state residents may be admitted as freshmen to the University if they meet the following:

- rank in the top quarter of their graduation class from a recognized high school, or
- have a cumulative grade point average of 3.0 or higher, or
- score 24 on the composite of the ACT**, or
- score 1110 on the SAT**, and
- meet the basic academic competency requirements in high school listed above.

** The University does not require the writing portion of these tests.

Student Enrollments

The following tables set forth the fall semester enrollment for the past five years at the University:

Arizona State University
Student Enrollment
Total Headcount
University Wide

Fall Semester	Undergraduate Students	Graduate Students	Total Student Enrollments
2010	56,562	13,878	70,440
2011	58,404	13,850	72,254
2012	59,382	13,996	73,378
2013	62,089	14,682	76,771
2014	67,507	15,794	83,301

Source: Arizona State University Office of Institutional Analysis.

Arizona State University
Student Enrollment
Full Time Equivalent (FTE)
University Wide

Fall Semester	Undergraduate Students	Graduate Students	Total Student Enrollments (FTE)
2010	57,000	12,459	69,459
2011	60,223	12,335	72,558
2012	60,819	12,243	73,062
2013	63,529	12,847	76,376
2014	67,649	13,605	81,254

Source: Arizona State University Office of Institutional Analysis.

The following tables set forth the University wide undergraduate (freshman and transfer) and graduate new student application, admission and enrollment figures:

Arizona State University
First Time Freshman Applications, Admissions and Enrollments
University Wide

Fall Semester	Applications	Admissions	Enrollments
2010(1)	35,449	25,795	9,544
2011(1)	37,225	26,425	9,254
2012(1)	37,982	26,986	9,265
2013(2)	35,294	26,915	10,232
2014(2)	38,280	30,028	11,079

(1) Includes all submitted applications.
(2) Includes completed applications only. Applicants applying to multiple campuses are counted more than once.

Source: Arizona State University Office of Institutional Analysis.

Arizona State University
Transfer Applications, Admissions and Enrollments
University Wide

Fall Semester	Applications	Admissions	Enrollments
2010(1)	15,679	9,634	6,158
2011(1)	17,830	10,943	6,776
2012(1)	18,456	11,815	7,228
2013(2)	14,707	12,681	7,992
2014(2)	16,961	14,806	9,363

(1) Includes all submitted applications.
(2) Includes completed applications only. Applicants applying to multiple campuses are counted more than once.

Source: Arizona State University Office of Institutional Analysis.

Arizona State University
Graduate Applications, Admissions and Enrollments
University Wide

Fall Semester	Applications	Admissions	Enrollments
2010	15,522	8,237	4,396
2011	15,327	8,069	4,169
2012	16,564	8,370	4,451
2013	17,531	9,335	5,003
2014	20,418	10,342	5,534

Source: Arizona State University Office of Institutional Analysis.

Degrees Conferred

Below is a history of the degrees conferred by the University:

Arizona State University
Degrees Conferred
University Wide

Academic Year	Undergraduate	Graduate	Total Degrees Conferred
2009-10	11,810	4,570	16,380
2010-11	12,194	4,896	17,090
2011-12	13,210	4,835	18,045
2012-13	13,913	5,003	18,916
2013-14	14,381	5,380	19,761

Source: Arizona State University Office of Institutional Analysis.

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FINANCIAL CONDITION OF THE UNIVERSITY

Introduction

The audited financial statements of the University are presented in Appendix B as "Arizona State University Audited Financial Statements." The statements provide audited information for the fiscal year ended June 30, 2014.

The University's Audited Financial Statements presented in Appendix B include three financial statements, (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position and (3) the Statement of Cash Flows. These statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. GASB statements require that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into three net asset categories (restricted, unrestricted and invested in capital assets). During the fiscal year ended June 30, 2004, the University implemented the provisions of GASB No. 39, which requires reporting as component units those organizations that raise and hold economic resources for the direct benefit of the University.

Combined University and Component Units

In reviewing and analyzing the overall financial status of the University, it is important to include the component units (such as ASU Foundation) due to their significant assets and annual revenues used in support of the University and/or its students. It is also important to know whether the combined net assets of the University and its component units are increasing or decreasing and to know the composition of the net assets in order to determine the discretion available by the University or its component units in the use of these funds. A summary of fiscal years 2012, 2013 and 2014 financial activity of the University and its component units on a combined basis follows (dollars in millions):

	2012			2013 Restated			2014		
	University	University Component Units	Combined	University	University Component Units	Combined	University	University Component Units	Combined
Net assets at beginning of the year	$1,130.4	$538.0	$1,668.4	$1,244.0	$535.0	$1,779.0	$1,329.0	$598.2	$1,927.2
Increase/(decrease) in net assets	121.2	(3.0)	118.2	85.0	63.2	148.2	103.3	60.7	164.0
Net assets at end of year, as restated	$1,251.6	$535.0	$1,786.6	$1,329.0	$ 598.2	$1,927.2	$1,432.3	$ 658.9	$2,091.2

Source: Arizona State University, Financial Services.

At the combined net assets (fund balance) level, there should be no significant accounting eliminations between the University and its component units. Eliminations would primarily be at the revenues/expenses and assets/liabilities level.

The University had an increase of $103.3 million in net assets for fiscal year 2014. The University's component units (principally the ASU Foundation) had a $60.7 million increase in net assets. On a combined basis of the University and its component units, there was a $164.0 million increase in net assets, equating to approximately 8.5% of total University and component unit revenues.

End of the year net assets for the fiscal years ended June 30, 2012, 2013 and 2014 consisted of the following (dollars in millions):

	2012			2013 Restated			2014		
	University	University Component Units	Combined	University	University Component Units	Combined	University	University Component Units	Combined
Invested in capital assets	$643.0	$ -	$643.0	$657.3	$ -	$657.3	$695.6	$ -	$695.6
Restricted net assets:									
Nonexpendable/ Permanently	52.9	365.6	418.5	55.5	390.1	445.6	59.5	400.7	460.2
Expendable/ Temporarily	92.7	232.3	325.0	104.9	260.1	365.0	113.9	286.6	400.5
Unrestricted net assets	463.0	(62.9)	400.1	511.3	(52.0)	459.3	563.3	(28.4)	534.9
Net assets at end of year, as restated	$1,251.6	$535.0	$1,786.6	$1,329.0	$598.2	$1,927.2	$1,432.3	$658.9	$2,091.2

Source: Arizona State University, Financial Services.

Statement of Revenues, Expenses and Changes in Net Position

The table on the following page provides a summary of actual Revenues, Expenses and Changes in Net Position for the University for fiscal years 2010 through 2014, based on audited financial statements. The next subsequent page provides a Statement of Activities for the University's Component Units for fiscal years 2010 through 2014, based on audited financial statements. The tables have not been subject to any audit procedures and should be read in conjunction with Appendix B.

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ARIZONA STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION [1]
(Dollars in Thousands)

	Audited				
	2010	2011	2012	2013	2014
OPERATING REVENUES					
Student tuition and fees, net of scholarship allowances	$ 566,319	$ 639,324	$ 757,217	$ 802,965	$ 896,921
Research grants and contracts -	199,901	217,012	229,801	238,031	244,293
Sales and services -					
Auxiliary enterprises, net of scholarship allowances	134,899	136,540	105,510	122,453	140,535
Educational departments	37,625	43,514	53,866	56,006	58,449
Other Revenues	10,295	9,093	8,947	8,018	8,447
Total Operating Revenues	$ 949,039	$1,045,483	$1,155,341	$1,227,473	$1,348,645
OPERATING EXPENSES					
Educational and general -					
Instruction	472,979	495,815	519,117	548,998	617,091
Research	189,599	201,255	211,569	225,453	235,720
Public service	41,196	48,208	46,938	44,860	40,209
Academic support	176,213	187,435	185,890	204,831	225,853
Student services	49,078	55,244	60,737	65,908	72,409
Institutional support	122,706	124,893	120,491	124,546	136,334
Operation and maintenance of plant	77,598	83,939	86,750	91,077	98,901
Scholarships and fellowships	109,404	120,428	113,171	112,363	127,468
Auxiliary enterprises	135,141	142,492	115,799	119,509	130,550
Depreciation	95,745	97,202	98,005	106,992	112,270
Total Operating Expenses	$1,469,659	$1,556,911	$1,558,467	$1,644,537	$1,796,805
Operating Income/(Loss)	(520,620)	(511,428)	(403,126)	(417,064)	(448,160)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	380,914	380,914	307,765	297,402	314,493
Federal fiscal stabilization funds	32,502	867	-	-	-
Share of state sales tax/technology and research initiatives fund	21,303	21,770	23,799	25,225	27,785
Financial aid grants including Federal	84,998	104,498	110,222	104,415	106,855
Grants and contracts including Federal	48,390	50,133	49,237	42,195	35,863
Private gifts	45,847	50,584	55,329	59,807	64,928
Financial aid trust funds	9,249	9,279	11,027	11,114	12,393
Net investment return	7,510	17,130	(1,629)	9,494	20,263
Interest on debt	(42,740)	(47,505)	(48,101)	(53,331)	(52,674)
Other expenses	(10,002)	(6,980)	(8,358)	(10,995)	(9,642)
Net Nonoperating Revenues	$ 577,971	$ 580,690	$ 499,291	$ 485,326	$ 520,264
Income Before Other Revenues, Expenses, Gains, or Losses	57,351	69,262	96,165	68,262	72,104
OTHER REVENUE/(EXPENSES):					
Capital appropriation – research infrastructure capital financing	14,472	14,472	14,472	14,472	14,471
Capital commitment including Arizona Lottery revenues	-	990	1,646	4,268	2,733
Capital grants including federal grants	2,086	1,371	1,636	761	893
Capital private gifts	3,351	3,567	7,206	2,503	8,308
Additions to permanent endowments	443	99	3	77	904
Extraordinary items –					
Loss on Sale of Property	-	-	-	(5,294)	-
Insurance recovery, net of impairment loss	7,080	3,884	-	-	-3,900
Net Other Revenues/(Expenses)	$ 27,432	$ 24,383	$ 24,963	$ 16,787	$ 31,209
Increase/(Decrease) in Net Position	84,783	93,645	121,128	85,049	103,313
NET POSITION:					
Net Position at Beginning of Year	952,012	1,036,795	1,130,440	1,251,568	1,329,009 [2]
Net Position at End of Year	$1,036,795	$1,130,440	$1,251,568	$1,336,617 [2]	$1,432,322

[1] Based on audited financial statements of the University.

[2] The difference between the prior end of year net assets and the subsequent beginning of the year net asset amount is due to the implementation of GASB No. 65, *Items Previously Reported as Assets and Liabilities*, which required recognizing an expense for debt issuance costs, excluding bond insurance premiums, which were previously amortized as a component of interest expense and included on the statement of net position as capital assets, net or as long-term debt. The recognition of prior year expenses resulted in a restatement of net position as of July 1, 2013.

Source: Arizona State University, Financial Services.

ARIZONA STATE UNIVERSITY
COMPONENT UNITS'
STATEMENT OF ACTIVITIES [1]
(Dollars in Thousands)

	Fiscal Year Ended June 30				
	Audited				
	2010	2011	2012	2013	2014
REVENUES					
Contributions	$ 50,415	$ 66,305	$106,414	$ 98,438	$ 80,545
Rental revenue	36,171	38,915	37,896	31,468	34,608
Sales and services	38,530	39,614	36,802	32,314	34,656
Net investment return	35,839	84,283	(6,607)	58,599	80,185
Grants and aid	5,969	5,160	7,205	9,104	11,846
Other revenues	13,874	14,129	15,949	17,015	20,569
Total Revenues	$180,798	$248,406	$197,659	$246,938	$262,409
EXPENSES					
Payments to the benefit of ASU -					
Cash donation transfers to ASU	$ 43,000	$ 52,740	$ 58,818	$ 62,210	68,062
Scholarship funds transfers to ASU	4,137	4,969	5,324	5,409	7,305
Vendor Payments	-	5,305	5,828	5,355	6,767
Rent payments to ASU	3,377	2,458	5,333	2,982	2,070
Management and general	60,475	62,780	66,938	60,333	59,988
Interest expense	25,383	25,997	25,210	23,466	22,804
Depreciation/amortization	19,848	20,889	21,582	20,139	18,672
Other expenses	14,954	7,845	13,442	6,629	16,070
Total Expenses	$171,174	$182,983	$202,475	$186,523	$204,738
Increase in Net Assets, before Transfers and Losses	9,624	65,423	(4,816)	60,415	60,671
Net assets and equity transfers	-	-	-	3,448	-
Gain/(Loss) on lease revaluation due to bond refunding	-	-	-	(214)	-
Cost of bond refunding	-	-	-	(386)	(15)
Extraordinary Items (Primarily early debt extinguishment)	-	-	1,890	-	-
Increase/(Decrease) in Net Assets, after Transfers and Losses	9,624	65,423	(2,926)	63,263	60,656
Net Assets at Beginning of Year	462,924	472,548	537,971	535,045	598,191[2]
Net Assets at End of Year	$472,548	$537,971	$535,045	$598,308 [2]	$658,847
The breakdown of Net Assets is as follows:					
Unrestricted	($ 57,636)	($ 34,119)	($ 62,932)	($ 51,915)	($ 28,470)
Temporarily Restricted	182,878	214,130	232,312	260,101	286,599
Permanently Restricted	347,306	357,960	365,665	390,122	400,718
	$472,548	$537,971	$535,045	$598,308	$658,847

(1) Based on audited financial statements of the University's component units as presented in the University's Financial Report.
(2) Fiscal year 2013 was restated, resulting in a decrease of the beginning balance of unrestricted net assets by $117,000.

Source: Arizona State University, Financial Services.

Tuition and Fees

Resident and non-resident tuition collections are a significant source of revenue to the University. These amounts are included in both "Current Operating Revenues", as reflected in the preceding pages and in Gross Revenues described under "Outstanding Indebtedness of the University – System Revenue Bonds."

The following table summarizes undergraduate and graduate tuition charges for the fiscal years from 2010 through 2015.

ARIZONA STATE UNIVERSITY
SCHEDULE OF TUITION PER STUDENT (1)

	Resident Tuition				
	Undergraduate			Graduate	
	Full-Time (Per Semester)(2)		Part-Time	Full-Time (Per Semester)(2)	Part-Time
Fiscal Year	New Students	Continuing Students	(Per Credit Hour)(2)	New and Continuing Students	(Per Credit Hour)(2)
2010 (3,4)	$3,254	$2,913	$464	$3,819	$545
2011 (3)	3,897	3,304	557	4,255	608
2012 (3)	4,604	3,924	658	4,855	694
2013 (3)	4,604	3,924	658	5,001	714
2014 (3)(5)	4,742	4,410	677	5,150	736
2015 (3)(6)	4,742	4,652	677	5,305	758

	Nonresident Tuition			
	Undergraduate		Graduate	
	Full-Time (Per Semester)(2)	Part-Time	Full-Time (Per Semester)(2)	Part-Time
Fiscal Year	New and Continuing Students	(Per Credit Hour)(2)	New and Continuing Students	(Per Credit Hour)(2)
2010 (4)	$9,646	$804	$10,516	$877
2011	10,129	844	11,029	919
2012	10,904	909	11,917	993
2013	11,231	936	12,275	1,023
2014 (5)	11,568	964	12,643	1,054
2015 (6)	11,915	993	13,022	1,085

(1) Certain graduate and undergraduate programs assess differential tuition or program tuition. Additionally, all students pay registration fees, such as a technology fee, financial aid trust fee, student program and facility fees, recreation fee, associated student fee and health and wellness fees.

(2) Resident students carrying seven or more hours pay full-time tuition. Nonresident students carrying 12 or more hours pay full-time tuition.

(3) Tuition rates vary for undergraduate resident students, depending upon whether the student is new or continuing. Tuition rates are set by the Board and whether a student is classified as a new student or continuing student is determined at the time of admission or readmission. The tuition rates shown above for undergraduate resident students are the highest undergraduate resident tuition rate (captioned as New Students) and the lowest undergraduate resident tuition rate (captioned Continuing Student) charged at the University. All undergraduate resident students pay a tuition rate that is equal to or between the two tuition rates shown above.

(4) For fiscal year 2010, an economic recovery surcharge of $255 per semester for resident students and $355 per semester for non-resident students is added to the base tuition.

(5) For fiscal year 2014, undergraduate and graduate tuition rates for ASU Online students were $460 per credit hour.

(6) For fiscal year 2015, ASU Online tuition is $480 per credit hour for undergraduate students and $482 per credit hour for graduate students.

Source: Arizona State University, Financial Services.

The following table summarizes tuition collections for the University for fiscal years 2010 through 2014.

ARIZONA STATE UNIVERSITY
TOTAL COLLECTED TUITION (1)
UNIVERSITY WIDE
(Dollars in Thousands)

Fiscal	Resident		Nonresident		Total	
Year	Enrollment (2)	Tuition	Enrollment (2)	Tuition	Enrollment (2)	Tuition
2010	50,374	$229,288	17,690	$209,073	68,064	$438,361
2011	51,128	270,286	19,312	231,793	70,440	502,079
2012	51,235	325,074	21,019	265,605	72,254	590,679
2013	50,400	328,269	22,978	294,437	73,378	622,706
2014	49,537	340,827	27,234	355,103	76,771	695,930

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

(2) Fall semester enrollment.

Source: Arizona State University, Office of the Registrar and Financial Services.

The following table summarizes fees received by the University for summer school and various other programs for fiscal years 2010 through 2014.

ARIZONA STATE UNIVERSITY
SUMMER SCHOOL & OTHER FEES (1)
UNIVERSITY WIDE
(Dollars in Thousands)

Fiscal Year	Summer School & Other Fees
2010	$127,958
2011	137,245
2012	166,538
2013	180,259
2014	200,991

(1) Consists of summer school registration, fees charged by certain undergraduate and graduate school programs, student activity/recreation center fees, and certain other miscellaneous fees and charges not included in tuition. Miscellaneous fees include fees for admission application, transcripts, graduation, late registration, course dropping, special fees for certain classroom activities, and non-credit courses and programs.

Source: Arizona State University, Financial Services.

State Budgeting and Appropriations Process

The State Constitution provides that the State Legislature shall appropriate moneys for the purpose of operating and maintaining all State universities. Such moneys are derived from taxation, as well as from other sources as determined by the State Legislature to insure the proper maintenance of the State universities. The direction and control of all moneys appropriated for the use and benefit of State universities is vested in the Board. Arizona Revised Statutes, Title 15, Chapter 13, sets forth the general powers of the Board, which include the expending of State funds for the support and maintenance of State universities, their buildings and grounds and for any other purpose the Board deems expedient, if not inconsistent with provisions of any appropriations.

The University derives its financial support primarily from tuition and fees, State-appropriated general funds, governmental and private grants and contracts, private gifts and income from the operation of auxiliary enterprises. The existing constitutional provisions relating to State support of educational institutions and the policies of the Board have ensured that the State universities have continued to be recipients of State appropriated general funds.

The University prepares its annual budget in two steps. A budget consisting of State General Fund monies and a portion of tuition revenues collected by the University is submitted through the Board to the Governor's Office of Strategic Planning and Budgeting with a copy concurrently submitted to the State Legislature's Joint Legislative Budget Committee. The State Legislature and the Governor subsequently enact an appropriation to the University of State General Fund monies in support of the University. While the approval of such appropriation is vested in the State Legislature and the Governor, once the appropriation has been enacted, the responsibility and authority for its allocation and expenditure is vested in the Board. Specifically, Section 35-173 of the Arizona Revised Statutes exempts State universities from the appropriation allocation and budget transfer process, thereby effectively converting the State's appropriation to a "lump sum" appropriation to the University. The remainder of the University's budget, consisting of Auxiliary, Unrestricted and Restricted revenues as well as the Non-Current Operating Budget for Plant Funds, is approved solely by the Board. The approval and allocation of expenditures of this portion of the budget is approved solely by the Board.

State appropriated funds represent a significant percentage of the University's total revenues. In the five completed fiscal years 2010 through 2014, this funding has represented 25%, 23%, 19%, 17% and 17% of the University's total revenues. The table below indicates State appropriations to the University for the fiscal years 2010 through 2015.

STATE APPROPRIATIONS TO THE UNIVERSITY
UNIVERSITY WIDE
(Dollars in Millions)

Fiscal Year	Operations Appropriation	Research Infrastructure	Total Appropriation
2010 (1)(2)	$380.9	$14.5	$395.4
2011 (1)(2)	380.9	14.5	395.4
2012 (1)(2)(3)	307.8	14.5	322.3
2013 (1)(2)	297.4	14.5	311.9
2014 (1)(2)	314.5	14.5	329.0
2015 (2)(4)(5)	338.0	14.0	352.0

(1) Figures shown for fiscal years 2010 through 2014 are from audited financial information.
(2) State legislation deferred distribution of a portion of the University's appropriation until the first quarter of the following fiscal year, with $45.3 million deferred in fiscal year 2009 and $90.6 million deferred in each of fiscal years 2010 through 2015.
(3) Includes $20.6 million for a one-time technical funding adjustment for fiscal year 2012 only.
(4) Reflects the appropriation amount enacted by the State Legislature and signed by the Governor, which can be adjusted during the fiscal year by action of the State Legislature and the Governor.
(5) The Research Infrastructure appropriation has been reduced to reflect debt service savings resulting from refinancing certain Research Infrastructure Certificates of Participation.

Source: Arizona State University, Financial Services.

NO ASSURANCES CAN BE GIVEN THAT THE AMOUNT OF STATE APPROPRIATIONS TO THE UNIVERSITY WILL NOT BE REDUCED BY THE STATE LEGISLATURE IN THE FUTURE, ESPECIALLY DURING PERIODS OF ECONOMIC UNCERTAINTY. ANY SUCH REDUCTIONS MAY BE SUBSTANTIAL.

The State has reported that it is facing budgetary shortfalls for fiscal years 2016 and 2017, absent legislative action. Specifically, the Governor's Office of Strategic Planning and Budgeting has reported an estimated budget deficiency of $533.7 million for fiscal year 2016 and $929.0 million for fiscal year 2017. To address the fiscal year 2016 situation, the Legislature recently enacted a budget for the State for fiscal year 2016 that includes, among other measures, various expenditure reductions and the reallocation of monies from certain separate agency funds to the State's general fund. Included in the enacted fiscal year 2016 budget is a reduction of $99 million in the appropriations to the State's universities (including the University, Northern Arizona University and The University of Arizona). Of this expenditure reduction amount, approximately $53.2 million is reductions to State appropriations to the University, which amounts to approximately 2.4% of the University's overall operating budget from all sources.

Gifts, Grants and Contracts

Gifts, grants and contracts are an important source of revenues to the University and direct revenues therefrom are reflected in the foregoing tables and in the Audited Financial Statements. A significant portion of the University's research programs (including graduate student participation therein) is supported by Federal grants and contracts. Agreements are principally with Federal government agencies but significant support of the University's research laboratories, students and faculty also comes in the form of research and education agreements with state and local government agencies, and private foundations and corporations.

The following summarizes the University's receipts from gifts, grants and contracts during fiscal years 2010 through 2014.

ARIZONA STATE UNIVERSITY
SUMMARY OF GIFTS, GRANTS & CONTRACTS
UNIVERSITY WIDE
(Dollars in Thousands)[(1)]

Fiscal Year	Grants & Contracts	Financial Aid Grants[(2)]	Gifts	Total
2010	$248,291	$ 84,998	$49,198	$382,487
2011	267,145	104,498	54,151	425,794
2012	279,038	110,222	62,535	451,795
2013	280,226	104,415	62,310	446,951
2014	280,156	106,855	73,236	460,247

(1) See Appendix B for additional detailed information.
(2) Includes Pell grants.

Source: Arizona State University, Financial Services.

Gross Revenues

Certain of the University's revenues, consisting primarily of tuition and facilities revenues, constitute "Gross Revenues" of the University, which have been pledged to the payment of the University's bonds and other obligations. The information below presents the Gross Revenues for the years indicated. The University apportions tuition and fee revenue and scholarship allowances among Resident Tuition, Non-Resident Tuition, and Summer School and Other Fees as shown in the table based on methodologies that are reviewed and modified periodically.

During Fiscal Year 2013, the methodology for the apportionment of revenue and scholarship allowances among Resident Tuition, Non-Resident Tuition and Summer School was revised. To provide consistent historical data, the table below presents the adjusted breakdown of Gross Revenues of the University for each of the fiscal years indicated based on the revised methodology. The revised methodology did not change any of the amounts shown in the table for Receipts from Other Major Revenue Sources or Total Gross Revenues.

ARIZONA STATE UNIVERSITY
SCHEDULE OF HISTORICAL GROSS REVENUES
(Dollars in Thousands)

Fiscal Year	Resident Tuition (1)	Non-Resident Tuition (1)	Summer School & Other Fees (2)	Total Tuition and Fees	Receipts from other Major Sources (Facilities Revenues) (3)	Total Gross Revenues
2010	$229,288	$209,073	$127,958	$566,319	$216,408	$ 782,727
2011	270,286	231,793	137,245	639,324	237,446	876,770
2012	325,074	265,605	166,538	757,217	220,610	977,827
2013	328,269	294,437	180,259	802,965	244,696	1,047,661
2014	340,827	355,103	200,991	896,921	264,385	1,161,306

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

(2) Consists of summer school tuition, fees charged by certain undergraduate and graduate school programs, student activity/recreation center fees, and certain other miscellaneous fees and charges not included in the tuition and registration fees columns. Miscellaneous fees include fees for admission applications, transcripts, graduation, late registration, course dropping, special fees for certain classroom activities, and non-credit courses and programs.

(3) For a further breakdown of receipts from other major revenue sources, see the schedule titled "Receipts from Other Major Revenue Sources" below.

Source: Arizona State University, Financial Services.

Receipts from Other Major Revenue Sources

A significant component of Gross Revenues are derived from a variety of revenue producing facilities and other activities, including enterprises which provide goods and services to the faculty, staff and students.

ARIZONA STATE UNIVERSITY
RECEIPTS FROM OTHER MAJOR REVENUE SOURCES
UNIVERSITY WIDE
(Dollars in Thousands)

Fiscal Year	Inter-collegiate Athletics (1)	Residential Life (2)	Memorial Union/Food Service (3)	Bookstore (4)	Parking Operations (5)	Conferences/ Seminars/ Facility Rentals	Indirect Cost Recovery (6)	Investment Income (7)	Other(8)	Total
2010	$32,827	$14,815	$25,388	$34,005	$17,591	$16,648	$50,973	$3,268	$20,893	$216,408
2011	28,943	13,504	29,897	34,959	18,517	16,041	55,325	2,066	38,194	237,446
2012	32,525	11,575	28,824	3,875	19,280	17,667	58,937	2,297	45,630	220,610
2013	36,804	16,482	32,544	3,502	19,378	17,925	62,445	3,792	51,824	244,696
2014	44,402	18,214	39,030	3,514	21,201	18,301	62,569	2,831	54,323	264,385

(1) Inter-collegiate Athletics is comprised primarily of football related revenues. The fiscal year 2014 increase is due primarily to an increase in funding from the PAC-12 conference revenue sharing, including the initial PAC-12 Network (television) revenue.

(2) Residential Life revenues include revenues from facilities included in the System of Building Facilities. The fiscal year 2014 increase in Residential Life revenue is due to higher rates and an increase in occupancy.

(3) Memorial Union revenues consist primarily of revenues from the University's food service contract. The increase in fiscal year 2014 is due to higher occupancy and meal plan rates and students selecting the higher cost meal options.

(4) In May 2011, the University outsourced management of its Bookstore. Beginning in fiscal year 2012, Bookstore revenues reflect contractual payments from the vendor.

(5) Parking revenues include parking permit sales, pay lot and parking meter fees, and fines from parking violations. The fiscal year 2014 increase in Parking Revenues is due to an increase in visitor parking.
(6) Indirect Cost Recovery reflects amounts received as indirect cost reimbursements in conjunction with Federal, State, and other externally funded grants and contracts. The reimbursement rate is negotiated with Federal and State agencies and is based on audited allowable costs.
(7) Investment income is generated on working capital cash balances invested on a short-term basis.
(8) Other revenue producing facilities include the Student Health Center, Student Publications, Student Recreation Center, Public Events, and other sales and services. Other sales and services revenues are the largest component and are comprised of a large number of individual cost centers. Beginning in fiscal year 2011, other sales and services revenues are reported on a financial statement basis rather than specific cost center identification.

Source: Arizona State University, Financial Services.

Arizona State University Pension and Retirement Plans

Substantially all permanent employees of the University are covered either by the State-administered retirement program, the Arizona State Retirement System, or by one of two private plans approved by the Board. The two private plans are sponsored by the Teachers Insurance and Annuity Association – College Retirement Equities Fund and Fidelity Investments. A brief description of the various retirement programs in which University employees participate is located in Footnote K – Retirement Plans in the 2014 Audited Financial Statements in Appendix B.

The Arizona State Retirement System ("ASRS"), a cost-sharing, multiple employer defined benefit plan in which the University participates, has reported increases in its unfunded liabilities. The most recent annual reports for ASRS may be accessed at: https://www.azasrs.gov/. The increase in the ASRS' unfunded liabilities may result in increases in the University's and its employees' annual contribution to the ASRS. For the year ended June 30, 2014, active plan members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll. The University was also required by statute to contribute at the actuarially determined rate of 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll. For fiscal year 2015 (starting July 1, 2014), the rate, including retirement and long-term disability, was increased to 11.60 percent for the University and to 11.60 percent for employees. For fiscal year 2016 (starting July 1, 2015), the rate, including retirement and long-term disability, was decreased to 11.47 percent for both the University and its employees. The University's contributions to ASRS for fiscal years 2013 and 2014 were $28.6 million and $31.3 million, respectively, both of which were equal to the required contributions for the year.

Enacted State legislation made changes to how the ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired members of the ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a study committee that will review the feasibility and cost to changing the current defined benefit plan to a defined contribution plan.

New Reporting Requirements. Government Accounting Standards Board adopted Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their proportionate share of the plan's net pension liability and pension expense in their government-wide financial statements and pension expense. The new reporting requirements imposed by GASB 68 will change the financial statements of the University, but the specific impact is unknown at this time.

Health Care Benefits for Retired Employees

Beginning with the fiscal year that commenced on July 1, 2008, the University implemented Governmental Accounting Standards Board – Statement Number 45, *Accounting by Employers for Other Post Employment Benefits* ("GASB 45"), which requires reporting the actuarially accrued cost of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees ("OPEB"), GASB 45 requires that such benefits be recognized as current costs over the working lifetime of employees and, to the extent such costs are not pre-funded, the reporting of such costs as a financial statement liability.

University employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided through the State. Employees on long-term disability and their spouses may also qualify for retiree health care benefits through the State. It is expected that substantially all University employees that reach normal or early retirement age while working for the University will become eligible for such benefits. Currently, a retiree may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium available to all participants, whether retired or not, in the State's health care program. The University makes no payments for OPEB costs for such retirees. Even though the retiree's are paying 100% of the insurance premiums there is, however, according to GASB 45 an implicit rate subsidy because the retirees are paying a lower premium than what would be paid if the insurance premiums were based on the retiree's age.

The State has commissioned actuarial valuations of the OPEB costs associated with the health care programs available to retirees through the State in order to meet the requirements of GASB 45. The actuarial firm has allocated the financial impacts to the State agencies having separately audited financial statements. The amount allocated to the University for fiscal years 2012, 2013 and 2014 were, however, not deemed to be material to the University's financial statements, and therefore, no amounts were allocated to the University for inclusion in its financial statements. The post-employment benefits beyond the health care programs are administered at the University level and include such benefits as reduced tuition, which are not material to the overall financial statements of the University.

Outstanding Indebtedness of the University

The following information sets forth the outstanding bonds payable and capitalized lease obligations of the University.

System Revenue Bonds

Pursuant to the laws of the State and the provisions of the Bond Resolution adopted by the Board, the Board is authorized to issue system revenue bonds (also referred to herein as the Parity Bonds) which are payable from and secured by a pledge of and a lien on the Gross Revenues of the University. The Gross Revenues, as defined in the Bond Resolution and used in this Official Statement, means and includes all: (1) Student Tuition and Fee Revenues, which means all tuition, registration, matriculation, laboratory, admission and other activities and service fees and charges paid by students matriculated, registered or otherwise enrolled at and attending the University, and (2) Facilities Revenues which means all fees, rentals and other charges from students, faculty, staff members and others using or being served by, or having the right to use or the right to be served by, or to operate, any revenue producing facility, building or project within the System of Building Facilities, or any auxiliary enterprise, including indirect cost recoveries from externally-funded grants and contracts for research or other sponsored projects and interest received on and profits realized from the sale of investments made with moneys derived from (i) any revenue-producing facility, building or project within the System of Building Facilities; (ii) Student Tuition and Fee Revenues and (iii) other University operating funds. The University has outstanding System Revenue Bonds secured by a first (or senior) lien on Gross Revenues and other obligations secured by a subordinate lien on Gross Revenues as shown below.

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Parity Bonds

The following table sets forth the outstanding Parity Bonds of the Board:

System Revenue Bonds	Original Principal Amount	Final Maturity Date	Outstanding Principal Amount
Series 2005 Refunding Bonds	$49,900,000	7-1-2027	$ 42,855,000
Series 2007 Bonds	76,260,000	7-1-2036	57,600,000
Series 2008 Refunding Bonds	103,680,000	7-1-2034	91,630,000
Series 2008C Bonds	104,100,000	7-1-2028	94,240,000
Series 2009 Bonds	36,250,000	7-1-2029	22,060,000
Series 2010 Bonds	178,350,000	7-1-2039	170,250,000
Second Series 2010 Bonds	51,890,000	7-1-2031	45,730,000
Series 2012 Bonds	213,370,000	7-1-2042	181,965,000
Series 2013 Bonds	110,950,000	7-1-2043	109,200,000
Subtotal			$815,530,000
Plus: Series 2015 Bonds			362,260,000
Less: Bonds Being Refunded			(162,610,000)
Total Outstanding Principal Amount of Parity Bonds			$1,015,180,000

Subordinate Obligations

The Board has also pledged the Gross Revenues of the University on a subordinate basis to secure various Subordinate Obligations.

In May 2006, the Board entered into a debt service assurance agreement (the "Debt Service Assurance Agreement") relating to $12,975,000 original principal amount of Arizona State University Research Park, Inc. Development Refunding Bonds, Series 2006 (referred to herein as the "2006 ASU Research Park Bonds") of which $7,000,000 remains Outstanding. Payments by the Board under the Debt Service Assurance Agreement, which are pledged to pay debt service on the 2006 ASU Research Park Bonds, constitute Subordinate Obligations.

The Board has issued, and may in the future issue, SPEED Revenue Bonds (Stimulus Plan for Economic and Educational Development) (the "SPEED Bonds") secured by a pledge of and lien on certain revenues of the Arizona State Lottery that are received by the Board and from unrestricted monies of the University. To the extent that these amounts are insufficient to make the required debt service payments on the SPEED Bonds, such SPEED Bonds are further secured by a pledge of Gross Revenues of the University on a basis subordinate to the Parity Bonds. Accordingly, the SPEED Bonds constitute Subordinate Obligations.

The following table sets forth the Outstanding principal amount of Subordinate Obligations of the University.

Subordinate Obligations	Original Principal Amount	Final Maturity Date	Outstanding Principal Amount
Series 2006 ASU Research Park Bonds	$12,975,000	7-1-2021	$ 7,000,000
Series 2010 SPEED Bonds	33,820,000	8-1-2030	33,820,000
Series 2011 SPEED Bonds	30,915,000	8-1-2031	30,915,000
Series 2014 SPEED Bonds	77,620,000	8-1-2044	77,620,000
Total Principal Amount of Subordinate Obligations			$149,355,000

Certificates of Participation

The following table sets forth the outstanding certificates of participation of the Board, which are payable from annually appropriated unrestricted monies of the University, which may include payments from Gross Revenues:

Certificates of Participation	Original Principal Amount	Final Maturity Date	Outstanding Principal Amount
2002 Certificates	$103,800,000	7-1-2018	$430,000
2006 Certificates	15,810,000	6-1-2031	12,525,000
2006 Refunding Certificates	65,890,000	7-1-2026	60,250,000
2011A Refunding Certificates	8,465,000	7-1-2024	6,800,000
2013 Refunding Certificates	64,780,000	9-1-2026	63,340,000
2014 Refunding Certificates (Private Placement)	84,525,000	9-1-2030	84,525,000
Total Outstanding Principal Amount			$227,870,000

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The following table sets forth the Board's total annual debt service requirements on its outstanding bonds and certificates of participation issued on behalf of the University, including the Series 2015 Bonds.

ARIZONA STATE UNIVERSITY
DEBT SERVICE REQUIREMENTS (1)

Fiscal Year	Outstanding Parity Bonds (2)	Less: Bonds Being Refunded	Direct Payments (3)	Series 2015 Bonds Principal	Series 2015 Bonds Interest (4)	Outstanding Subordinate Obligations (5)	Direct Payments (3)	Outstanding Certificates of Participation (6)	Combined Total
2015	$82,976,778	($4,369,516)	($3,442,930)	$3,015,000	$3,979,889	$8,070,254	($533,707)	$22,929,659	$112,625,428
2016	81,224,184	(12,654,031)	(3,442,930)	1,430,000	16,996,369	13,594,174	(533,707)	20,407,669	117,021,727
2017	69,228,114	(12,903,281)	(3,379,952)	3,245,000	16,985,839	13,598,174	(533,707)	20,170,935	106,411,121
2018	68,804,325	(16,448,881)	(3,306,971)	3,315,000	16,945,389	13,599,014	(533,707)	22,470,940	104,845,109
2019	68,744,152	(16,374,881)	(3,226,045)	11,615,000	16,890,106	13,593,426	(533,707)	22,460,097	113,168,148
2020	68,682,942	(23,704,381)	(3,140,846)	20,165,000	16,402,060	13,597,126	(533,707)	22,451,666	113,919,860
2021	68,862,995	(23,717,681)	(3,050,298)	21,135,000	15,474,166	13,562,479	(498,970)	22,444,180	114,211,870
2022	67,162,066	(17,434,156)	(2,953,597)	17,145,000	14,454,200	12,344,669	(462,383)	18,723,688	108,979,486
2023	67,099,300	(17,441,869)	(2,851,102)	18,040,000	13,596,950	12,305,494	(421,284)	18,737,355	109,064,843
2024	67,024,832	(17,439,131)	(2,743,044)	18,965,000	12,694,950	12,269,919	(378,645)	18,744,639	109,138,519
2025	66,057,632	(17,447,025)	(2,629,091)	19,960,000	11,746,700	12,221,944	(334,467)	17,891,038	107,466,731
2026	64,859,349	(20,337,225)	(2,508,903)	23,870,000	10,748,700	12,171,319	(288,748)	17,879,673	106,394,165
2027	56,451,366	(17,633,275)	(2,373,842)	22,395,000	9,555,200	12,126,719	(235,461)	13,450,074	93,735,781
2028	50,179,869	(13,299,350)	(2,233,353)	19,205,000	8,435,450	12,062,781	(180,007)	13,436,233	87,606,624
2029	38,122,701	(1,336,675)	(2,087,217)	8,235,000	7,475,200	12,009,554	(122,387)	13,430,827	75,727,001
2030	37,015,051	(1,334,375)	(1,935,111)	8,670,000	7,063,450	11,947,456	(62,385)	13,423,536	74,787,622
2031	36,914,428	(1,335,275)	(1,776,924)	9,150,000	6,629,950	8,888,675		13,428,760	71,899,614
2032	35,994,973	(1,339,150)	(1,609,679)	9,650,000	6,172,450	6,169,250			55,037,844
2033	35,059,775	(1,335,775)	(1,435,594)	10,165,000	5,689,950	6,168,750			54,312,105
2034	34,090,043	(1,340,375)	(1,254,338)	10,715,000	5,181,700	6,165,750			53,557,780
2035	26,088,098	(1,337,500)	(1,065,691)	11,265,000	4,645,950	959,750			40,555,607
2036	24,946,319	(1,332,375)	(869,322)	7,640,000	4,082,700	955,250			35,422,572
2037	22,894,460		(664,899)	6,690,000	3,700,700	959,500			33,579,762
2038	22,680,690		(452,091)	7,030,000	3,366,200	957,000			33,581,798
2039	22,461,018		(230,569)	7,385,000	3,014,700	958,000			33,588,149
2040	11,348,500			7,750,000	2,645,450	957,250			22,701,200
2041	11,352,000			8,135,000	2,257,950	959,750			22,704,700
2042	11,356,250			8,545,000	1,851,200	955,250			22,707,700
2043	4,200,000			8,885,000	1,509,400	959,000			15,553,400
2044				9,245,000	1,154,000	955,500			11,354,500
2045				9,610,000	784,200				10,394,200
2046				9,995,000	399,800				10,394,800

(1) Figures may not total due to rounding.
(2) Outstanding Bonds include the Series 2005 Refunding Bonds, the Series 2007 Bonds, the Series 2008 Refunding Bonds (which bear interest at a variable rate, assumed to be 4.00% annually for purposes hereof), the Series 2008C Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Second Series 2010 Bonds, the Series 2012 Bonds and the Series 2013 Bonds.
(3) Direct Payments represent subsidy payments expected to be received by the University from the federal government with respect to its Build America Bonds. Such amounts are not pledged towards the repayment of any Parity Bonds and Subordinate Obligations, however, the University currently intends to expend the Direct Payments on debt service payments on such obligations. In addition, the amount of Direct Payments are subject to any reductions in such amounts made by the federal government. For Fiscal Year 2014-15, Direct Payments expected to be received by the University will be reduced by 7.3% or approximately $290,295 due to sequestration reductions imposed by the federal government. Direct Payments received by the University for Fiscal Year 2013-14 were reduced by 7.2% or approximately $286,318. Such reductions in Direct Payments to issuers of Build America Bonds are expected to continue.
(4) The first Interest Payment Date on the Series 2015 Bonds is July 1, 2015.
(5) Consists of $7,000,000 outstanding principal amount of Arizona State University Research Park, Inc. Development Refunding Bonds, Series 2006 and $142,355,000 outstanding principal amount of Arizona State University SPEED Revenue Bonds (Stimulus Plan for Economic and Educational Development) Taxable Series 2010A, Tax-Exempt Series 2010B, Series 2011 and Series 2014.
(6) Includes payments on the University's Series 2002 Certificates, Series 2006 Certificates, Series 2006 Refunding Certificates, Series 2011A Refunding Certificates, Series 2013 Refunding Certificates and Series 2014 Refunding Certificates.

Component Units

For a description of bonds and other obligations of the University's component units, see footnote O in the June 30, 2014 audited financial statements in Appendix B.

Future Financing Transactions

System Revenue Bonds

The Board, on behalf of the University, plans to issue approximately $143,500,000 in principal amount of Parity Bonds prior to the end of calendar year 2016.

Component Units

The Board does not currently anticipate that any of its Component Units will issue any additional, new money obligations prior to the end of calendar year 2016.

APPENDIX B

ARIZONA STATE UNIVERSITY
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Arizona State University

Comprehensive Annual Financial Report

Year Ended June 30, 2014

An Enterprise Fund of the State of Arizona

Front Cover (clockwise from the top)**.** College Avenue Commons opened in fall 2014 and houses the Del E. Webb School of Construction and various student programs. ASU's research enterprise has state, national and global impacts. Pat's Run, created to honor the life and legacy of ASU alumnus Pat Tillman, directly benefits the Tillman Military Scholars program. In March 2014, ASU hosted over 1,000 students attending the Clinton Global Initiatives University. ASU's fall 2013 enrollment exceeded 76,000 students.

Back Cover. Solar power plants at ASU also double as pedestrian shade structures.

Right. The ASU football team enters Sun Devil Stadium through the Tillman Tunnel which serves as an inspirational reminder to sacrifice. Tillman Tunnel is a tribute to the values Pat Tillman represented and the tradition he built upon to bridge the gap between the football field and the community.

Comprehensive Annual Financial Report

Year Ended June 30, 2014

Prepared by the ASU Financial Services Office

Included as an Enterprise Fund
of the State of Arizona

Starbucks College Achievement Plan, ASU Online

ASU's partnership with Starbucks reinforces the University's goal to expand access to higher education.

ARIZONA STATE UNIVERSITY

TABLE OF CONTENTS

In March 2014, ASU hosted over 1,000 student attendees of the Clinton Global Initiatives University at ASU. Here, they had the opportunity to gain the skills and knowledge needed to take action in education, environment and climate change, peace and human rights, poverty alleviation and public health.

MESSAGE FROM THE PRESIDENT

ARIZONA STATE UNIVERSITY

At Arizona State University, we pride ourselves on doing things differently than other universities. ASU isn't interested in replicating what others have done, but rather we are innovating and adapting in order to redefine and transform higher education. ASU is committed to expanding access to higher education across racial, ethnic and socioeconomic barriers. By focusing on student-centric education initiatives we are providing all academically qualified students the opportunity to earn a quality education, the single most significant predictor of social mobility in American society.

ASU's fall 2014 enrollment exceeded 82,000 students, a new record and nearly an eight percent increase from last year. More than half of ASU's new freshman class received academic scholarships based solely on academic excellence exhibited in high school. The student body is more diverse than ever, with growth in the number of transfer, international, and veteran and veteran-dependent students. ASU also continues to record improvements in freshmen persistence and four year graduation rates, with close to 90 percent of Arizona freshmen now persisting.

ASU is pioneering a new university model focused on inclusivity and degree completion.

Michael Crow

The University this year announced a unique partnership with Starbucks Corporation. Through the *Starbucks College Achievement Plan*, the first of its kind, based on the belief that everyone should have the opportunity to pursue their dreams, Starbucks will provide tuition assistance to its partners (employees) to complete their higher education journey and earn a degree from ASU's top-ranked programs. ASU is also a founding member of the newly established University Innovation Alliance, a coalition of 11 public universities that will share innovative educational tools and programs to boost the number of students from all economic backgrounds who earn a college degree. Students nationwide will benefit as universities share, adapt and scale up ideas that have been proven to help students succeed.

The research enterprise at ASU continues on its trajectory of strong growth and far-reaching impact. In the past year, our faculty have secured prestigious new funding awards such as $20 million from the National Geospatial-Intelligence Agency to launch the Foresight Initiative, an interdisciplinary effort to explore the national security risks associated with climate change. This cross-campus collaborative effort will draw on our research strengths in security and defense, decision-making and sustainability. Faculty and students are highly engaged in research projects such as this that are focused on solutions that address grand challenges.

ASU looks to its past for the core values of public education – academic excellence, inclusiveness to a broad demographic, and maximum societal impact. ASU looks to the future as it continues to define a new model for the American research university and emerge to national and international prominence.

ARIZONA STATE UNIVERSITY

October 17, 2014

To President Crow, Members of the Arizona Board of Regents, and Citizens of Arizona:

We are pleased to present the Arizona State University *Comprehensive Annual Financial Report* (CAFR) for the year ended June 30, 2014. The report includes the annual financial statements, Management's Discussion and Analysis (MD&A) and supplemental information to assist the reader in clearly understanding the University's financial activities and outcomes.

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

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

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. The University's annual audit is performed by the State of Arizona Office of the Auditor General. The reports resulting from the audit are shared with University management and the Arizona Board of Regents. The audit of the University's federal assistance programs is performed by the Office of the Auditor General in conjunction with the statewide Single Audit. For the year ended June 30, 2014, the State of Arizona Office of the Auditor General has issued an unmodified opinion of Arizona State University's financial statements, the most favorable outcome possible of the audit process. The independent auditors' report is displayed in the front of the financial section of these statements.

ASU remains committed to effective budgetary planning and sound financial management as it pursues excellence in teaching, research and public service. MD&A provides a narrative introduction, overview and analysis of the basic financial statements, and information regarding the University's financial position and results of operations for the year ended June 30, 2014. MD&A is located immediately following the independent auditors' report and complements this letter of transmittal and should be read in conjunction with it.

Profile of the University

Arizona State University (ASU) operates under a transformational model as a New American University, combining the highest levels of academic excellence, inclusiveness for a broad demographic, and maximum societal impact. ASU is classified by the Carnegie Foundation as a Research University (very high research activity), the highest category given to research universities. Research partnerships and collaborations with local, national, and global industries, as well as medical and non-profit organizations, continue to be essential to ASU in achieving research excellence and productivity.

The University's academic portfolio includes approximately 160 bachelor degrees, 150 master's degrees, and 80 doctoral degrees. This breadth of degree programs, including an increasing number of interdisciplinary degree programs, enriches the comprehensive nature of ASU's academic platform for its students.

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

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

The University is classified as a state instrumentality per Internal Revenue Code Section 115. Fiscal responsibility for the University remains with the State of Arizona. The University is considered a part of the reporting entity for the State's financial reporting purposes and is included in the State's *Comprehensive Annual Financial Report*. The financial reporting entity for ASU's financial statements is comprised of the University and eight component units. The University's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) reporting requirements. Separate financial statements for the eight component units are reported based upon GASB Statement Nos. 39 and 61. The component units include the ASU Foundation for A New American University; Arizona Capital Facilities Finance Corporation; ASU Alumni Association; Arizona State University Research Park, Inc.; Downtown Phoenix Student Housing, LLC; Sun Angel Endowment; Sun Angel Foundation; and ASU Preparatory Academy, Inc. The component units are non-profit, tax-exempt organizations and are discretely presented component units based on the nature and significance of their relationship to the University.

The University is responsible for using its resources to fulfill its educational, research and public service mission. It also is responsible for planning, developing and controlling budgets and expenses within authorized allocations in accordance with University, Arizona Board of Regents, state, and federal policies and procedures.

The University submits its annual budget, which includes revenue from state appropriations, student tuition and fees, auxiliary enterprises, grants and contracts, private gifts and other income, to ABOR for approval. The state Legislature reviews the University's local funds budget and adopts and appropriates the general purpose budget through legislation. The University monitors budgets with controls incorporated into its financial enterprise system. In addition, colleges and departments utilize financial reports to review financial transactions and monitor budgets. The University also prepares a quarterly financial status report for the Arizona Board of Regents. The report includes a comparison of budget to actual, projections for revenues, expenses and net position for the fiscal year end, and variance explanations.

Arizona Economy

The following economic summary is based on the Arizona Department of Administration Employment Forecast, released on May 1, 2014.

The Office of Employment and Population Statistics within the Arizona Department of Administration is projecting approximately 114,000 nonfarm jobs will be added during 2014 and 2015, representing growth across the state of Arizona of 2.1 percent in 2014 and 2.4 percent in 2015. Economic fundamentals continue to improve, and the Arizona economy is expected to gradually gain momentum in 2015.

Risk factors that could dampen the growth of the Arizona economy are constrained budgets for a large majority of households, employment insecurity, lower wages and benefits, rising prices for essentials that limit the amount of funds available for discretionary spending, and uncertainty in commercial real estate markets.

However, the following positive factors supporting Arizona's economic growth continue to show improvement, including real Gross Domestic Product (GDP), real personal income at the state and national levels, employment, and retail sales. Household net worth resulting from paying down of debts and accumulation of assets either through cash savings or through their homes show improvement. Residential real estate markets in Arizona and the metropolitan area of Phoenix are also showing improvement. In private residential real estate, a majority of the growth has been in the construction of multi-family structures, or apartments. Commercial real estate is gradually improving with lower vacancy rates, higher rental rates and lower rates of default and delinquency in mortgage loans. Industrial real estate sectors are also improving with increasing levels of construction activity across the nation for building of warehouses and distribution centers to support online commerce.

Planning and Initiatives

As part of the Arizona Board of Regents' long-term strategic plan, the Arizona Higher Education Enterprise (AHEE) plan, key performance metrics are used to measure the success of ASU and the other state universities in achieving goals for the year 2020. AHEE goals measure progress in educational excellence and access, research achievements, workforce and community development, and productivity. Key measures of progress toward achieving these goals are continually reviewed and monitored by ABOR and the universities. Specific ASU goals include demonstrating leadership in academic excellence and accessibility; achieving national standing in academic quality and impactful colleges and schools in every field; obtaining recognition as a global center for interdisciplinary research, discovery and development; and enhancing local impact and social embeddedness.

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

1) Leverage our place – ASU embraces its cultural, socioeconomic and physical setting
2) Transform society – ASU catalyzes social change by being connected to social needs
3) Value entrepreneurship – ASU uses its knowledge and encourages innovation
4) Conduct use-inspired research – ASU research has purpose and impact
5) Enable student success – ASU is committed to the success of each unique student
6) Fuse intellectual disciplines – ASU creates knowledge by transcending academic disciplines
7) Be socially embedded – ASU connects with communities through mutually beneficial partnerships
8) Engage globally – ASU engages with people and issues locally, nationally and internationally

Recent achievements and ongoing initiatives demonstrate advancement of the design aspirations, including the following:

- The *Arizona Center for Law and Society* (ACLS), currently under construction at the Downtown Phoenix campus. When completed in fall 2016, ASU law students will be just steps away from the judicial, political and economic center of the state. Through its location, programming and architecture, ACLS will serve as a community centerpiece, where ideas from some of the best law students in the country will contribute to our justice system and make Phoenix and Arizona a better place to live. ACLS' three-pronged mission is to amplify the connection between society and law, improve access to justice, and ensure law graduates can launch meaningful and sustainable careers.
- The *Starbucks College Achievement Plan*, the combined vision of the leadership of Starbucks, one of the world's most trusted, innovative, and socially-conscious companies, and ASU. The program offers Starbucks partners (employees) the opportunity to pursue a top-rated degree from world-class faculty, delivered online through personalized instruction. Starbucks partners admitted to ASU as a junior or senior will earn full tuition reimbursement for each semester of full-time coursework they complete toward a bachelor's degree. Freshmen and sophomores will be eligible for a partial tuition scholarship and need-based financial aid for two years of full-time study.
- The *appointment by President Obama of Sethuraman Panchanathan*, ASU Senior Vice President for Knowledge Enterprise Development, to the U.S. National Science Board. Exemplifying the excellence of University faculty

and leadership, National Science Board members are selected for their eminence and distinguished service in research, education or public service. Members of the 25-member board establish the policies of the National Science Foundation (NSF) within the framework set forth by the President and Congress.

- The *Clinton Global Initiative University* hosted at ASU in March of 2014. ASU welcomed former President Clinton, topic experts and more than 1,000 students, hailing from nearly 300 colleges and universities, all 50 states and more than 80 countries to discuss and develop innovative solutions to pressing global challenges. Students developed specific and measurable new initiatives to address challenges on their university campus, local communities or around the world.
- The *Higher Engineering Education Alliance Program* (HEEAP), founded through a partnership with the United States Agency for International Development (USAID), Intel Corporation and ASU's Ira A. Fulton Schools of Engineering. HEEAP will collaborate on the modernization of higher education in Vietnam and preparation of a more highly-trained workforce to meet the increasing needs of global high-tech industry.
- *New educational and research facilities* currently being planned near the Mayo Clinic Hospital in Phoenix. The new facilities will enrich ASU's partnership with Mayo and provide students with exposure to clinical activities and translational work as well as provide clinical research facilities for programs that will benefit from interactions between ASU researchers and Mayo clinicians and researchers.

As noted in this financial report, the University continued to strengthen its financial foundation during FY 2014, with a $103 million increase in net position, and readers may wish to review the MD&A for additional information on ASU's financial performance. Financial performance, however, is only one measure to be considered in determining the University's success and should be viewed in conjunction with the quality and diversity of incoming students, the teaching and research standards and outcomes of the faculty, and student progress toward graduation. Across all these metrics, ASU continues to improve as it makes great strides in transforming higher education through its commitment to excellence, access and impact.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its CAFR for the fiscal year ended June 30, 2013. The fiscal year ended June 30, 2013 was the first year the University participated in the GFOA program and was honored to earn this prestigious award. To receive a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, and must satisfy both generally accepted accounting principles and applicable legal requirements. The University will submit its CAFR for the fiscal year ended June 30, 2014 to the GFOA and anticipates this year's report will continue to meet the requirements to receive the Certificate of Achievement.

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

Sincerely,

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arizona State University

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

ASU ORGANIZATIONAL CHART

- Arizona Board of Regents
  - President — *Michael M. Crow*
    - Provost of the University — *Robert E. Page*
    - Senior Vice President for Enterprise Marketing and Chief Marketing Officer — *Daniel P. Dillon, Jr*
    - Senior Vice President for Educational Outreach and Student Services — *James A. Rund*
    - Vice President for University Athletics — *Raymond E. Anderson*
    - Executive Vice President, Treasurer and Chief Financial Officer — *Morgan R. Olsen*
    - Senior Vice President for University Affairs and Chief of Staff — *James W. O'Brien*
    - Senior Vice President and University Planner — *Richard H. Stanley*
    - Senior Vice President and General Counsel — *José A. Cárdenas*
    - Senior Vice President for Knowledge Enterprise Development — *Sethuraman Panchanathan*
    - Senior Vice President and Secretary of the University — *Christine K. Wilkinson*
    - Vice President for Media Relations and Strategic Communications — *Kevin D. Galvin*

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Independent Auditors' Report

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Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Arizona State University as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of Arizona State University as of June 30, 2014, 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.

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Emphasis of Matter

As discussed in Note A, the University's financial statements are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only those portions of the business-type activities, major fund, and aggregate discretely presented component units of the State of Arizona that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of Arizona as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The combining statements and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

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

Debbie Davenport
Auditor General

October 17, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Arizona State University (ASU, University) is a comprehensive public institution of higher learning with approximately 76,000 students as of fall 2013. The University offers a wide range of academic programs through its colleges and schools; and through its research enterprise has Arizona, national, and global impacts.

The following discussion and analysis provides an overview of ASU's financial position and activities for the year ended June 30, 2014, with comparative totals for the year ended June 30, 2013. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and notes.

The University's financial report includes three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Financial information for FY 2013 is included in Management's Discussion and Analysis (MD&A) in order to illustrate increases and decreases with FY 2014 data. The financial statements and notes along with MD&A have been prepared in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) for public colleges and universities.

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

ASU is an agency of the State of Arizona and is included in the State's *Comprehensive Annual Financial Report* (CAFR).

FINANCIAL HIGHLIGHTS FOR FY 2014

The University strengthened its financial foundation in FY 2014 with an increase in net position of $103 million, compared to an $85 million increase in FY 2013. FY 2014 was the ninth straight year the University experienced an increase in net position. At June 30, 2014 the University had total assets of over $3.0 billion and net position of over $1.4 billion. Overall FY 2014 funding sources increased $163 million or nine percent from FY 2013. As the largest U.S. university governed by a single administration, tuition and fees are ASU's primary revenue source (46 percent), supplemented by support from the State of Arizona through state appropriations, grants and contracts revenue and auxiliary enterprise activities. ASU continues to gain global recognition as a major research university, with grants and contracts comprising 14 percent of University revenue sources in FY 2014. The most significant FY 2014 expense categories were those directly related to the University's academic, research and public service missions.

STATEMENT OF NET POSITION

The statement of net position presents the financial position of the University at the end of the fiscal year and reports all assets, deferred outflows and liabilities, and segregates assets and liabilities into current and non-current categories. A deferred outflow of resources is a consumption of net position that is applicable to future reporting periods. The change in net position between years is one indicator of whether the overall financial condition of the University has improved or worsened during the fiscal year. FY 2013 was restated due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Additional information about the restatement is presented in *Note A – Basis of Presentation and Significant Accounting Policies*. A summary comparison of the University's assets, deferred outflows of resources, liabilities, and net position as of June 30, 2014 and June 30, 2013 follows.

Condensed Summary of Net Position *(Dollars in millions)*

	FY 2014	**FY 2013** (as restated)
Assets		
Current assets	$ 297.3	$ 333.5
Noncurrent assets	766.0	618.4
Noncurrent capital assets, net	1,945.5	1,870.5
Total assets	**$ 3,008.8**	**$ 2,822.4**
Deferred outflows of resources	**$ 31.9**	**$ 32.2**
Liabilities		
Current liabilities	$ 224.8	$ 184.0
Noncurrent liabilities	77.8	50.5
Noncurrent long-term debt	1,305.8	1,291.1
Total liabilities	**$ 1,608.4**	**$ 1,525.6**
Net position		
Net investment in capital assets	$ 695.6	$ 657.3
Restricted:		
Nonexpendable	59.5	55.5
Expendable	113.9	104.9
Unrestricted	563.3	511.3
Total net position	**$ 1,432.3**	**$ 1,329.0**

The University's net position at June 30, 2014 increased by $103 million over June 30, 2013 with the most significant increase occurring in unrestricted net position. Unrestricted net position is funding under the control of the University's academic and research areas which has been internally designated or committed for programs and initiatives. At June 30, 2014, ASU held total assets of $3.0 billion, reflecting a $186 million (seven percent) increase from June 30, 2013. Current assets include those used to support operations such as cash and cash equivalents, short-term investments and accounts receivables. Current assets decreased by $36 million between years primarily due to a shift in investments to longer maturities to improve investment yields.

Noncurrent assets increased by $223 million with other investments increasing by $141 million due to the change in investment strategy noted above. There was also a $75 million increase in noncurrent capital assets, net of accumulated depreciation, primarily related to construction of College Avenue Commons, a mixed-use building on the Tempe campus which will house the Del E. Webb School of Construction programs as well as the Sun Devil Welcome Center and student programs.

Total liabilities increased $82.8 million for the year ended June 30, 2014, to $1.6 billion. There was a $19 million increase in unearned revenues between years primarily related to grants and contract revenues and tuition received but not earned as of June 30, 2014. Other liabilities increased $27 million between years due to the receipt of prepaid lease revenue related to approximately 20 acres of University land leased for commercial development purposes. The land is classified by the University as investment property (*Note E – Land Investment Property*) in the University's master plan.

Net position, the difference between total assets plus deferred outflows of resources less total liabilities, increased $103 million in FY 2014. Net position is reported as follows:

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the financial results of operations. A summary comparison of the University's activities for FY 2014 and FY 2013 follows. FY 2013 was restated due to the implementation of GASB Statement No. 65. Additional information about the restatement is presented in *Note A – Basis of Presentation and Significant Accounting Policies*. A combined sources and uses schedule is presented below.

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

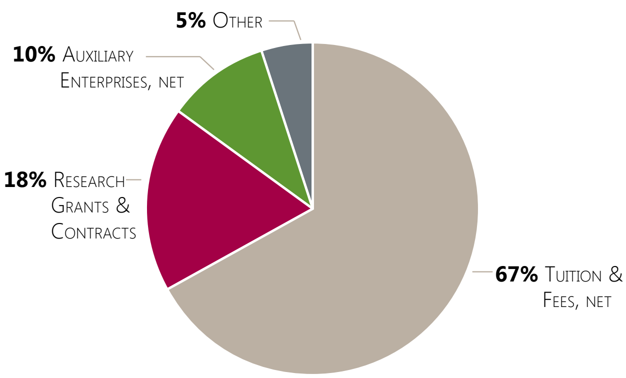
	FY 2014	FY 2013 (as restated)
Operating revenues		
Tuition and fees, net	$ 896.9	$ 803.0
Research grants and contracts	244.3	238.0
Auxiliary enterprises, net	140.5	122.5
Other operating revenues	66.9	64.0
Total operating revenues	$ 1,348.6	$ 1,227.5
Operating expenses	1,796.8	1,644.6
Operating loss	**$ (448.2)**	**$ (417.1)**
Net nonoperating revenues (expenses)		
State appropriations	$ 314.5	$ 297.4
Other nonoperating revenues	268.1	252.3
Nonoperating expenses	(62.3)	(64.3)
Income before other revenues, expenses, gains, or losses	$ 72.1	$ 68.3
Capital appropriations and other revenues	27.3	22.0
Extraordinary and Special items	3.9	(5.3)
Increase in net position	**$ 103.3**	**$ 85.0**
Net position at beginning of year	1,329.0	1,244.0
Net position at end of year	**$ 1,432.3**	**$ 1,329.0**

Operating Revenues

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

Operating revenues increased $121 million, or ten percent, to $1.3 billion in FY 2014 with increases occurring in all major revenue categories. The most significant increases occurred in net tuition and fees and auxiliary enterprise revenues. Increased tuition and fee revenues were primarily the result of a 19 percent increase in nonresident enrollment and slight across-the-board tuition rate increases. Auxiliary enterprise revenues include the revenues of campus auxiliary operations such as student housing and dining, parking and transit, Sun Devil Athletics (SDA) and student health services. FY 2014 revenues increased in several auxiliary activities with the most significant increases occurring in SDA and student housing and dining. The growth in SDA revenues was primarily due to increased Pac-12 revenue sharing including the initial Pac-12 Network (television) revenue. Growth in student housing and dining was due to increased freshman enrollment and students choosing higher valued meal plan options. Operating grants and contracts revenues, which is primarily funded by federal agencies, also reflected a modest increase between years. Grants and contracts revenues may vary from year to year for many reasons, including availability of funding from specific sponsors, the close-out of particularly large projects and the start-up process for new projects.

OPERATING REVENUES
FY 2014

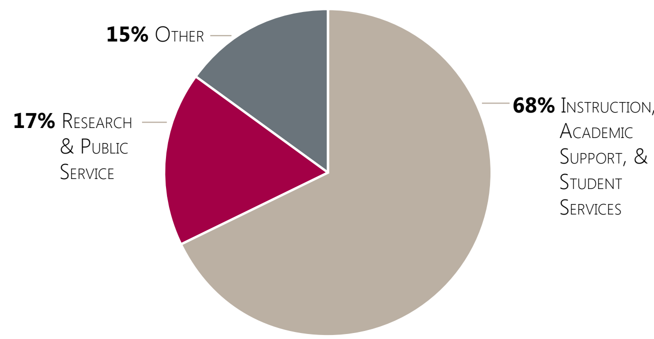


Operating Expenses

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

Operating expenses increased $152 million or nine percent in FY 2014 with increases occurring in most functional categories. The largest percentage increases occurred in instruction (12 percent), academic support (10 percent) and scholarship and fellowship expenses (13 percent), with increases of $68 million, $21 million, and $15 million, respectively. Tuition and state appropriations revenues are the primary funding sources for instruction and academic support expenses. Tuition, financial aid grants and private gifts typically fund scholarship and fellowships expenses. All natural classifications of expenses increased in FY 2014, with personal services and benefits increasing by $82 million and supplies and services increasing by $50 million. Instruction and academic support expenses increased across most areas with ASU Online reflecting the most notable increase due to increased online enrollment.

PERSONAL SERVICES AND BENEFITS EXPENSES
FY 2014



Nonoperating Revenues and Expenses

ASU, and other public universities, depend on state appropriations, gifts, and financial aid grants, which are prescribed by GASB as nonoperating revenues, to support core operations. Due to the required classification of these key funding sources as nonoperating, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Total nonoperating revenues increased by $33 million between years with state appropriations increasing by $17 million and net investment return by $11 million. Included in state appropriations was a $12 million increase in parity funding, received by ASU to address long standing differences in state investment among the three state universities. Net return earned on investments increased $11 million between years due to stronger financial markets performance.

Combined Sources and Uses *(Dollars in millions)*					
	FY 2014		FY 2013		Percentage Change
SOURCES					
Tuition and fees, net	$ 896.9	46%	$ 803.0	45%	12%
State appropriations (includes capital appropriations)	329.0	17%	311.9	17%	5%
Grants and contracts	281.1	14%	281.0	16%	-
Financial aid grants	106.9	5%	104.4	6%	2%
Auxiliary enterprises, net	140.5	7%	122.5	7%	15%
Private and capital gifts	74.1	4%	62.3	3%	19%
Sales and services	58.4	3%	56.0	3%	4%
Share of state sales tax (TRIF)	27.8	1%	25.2	1%	10%
Other sources	47.7	3%	32.9	2%	45%
Total sources	**$ 1,962.4**	**100%**	**$ 1,799.2**	**100%**	**9%**
USES					
Instruction and academic support	$ 842.9	45%	$ 753.8	44%	12%
Research and public service	275.9	15%	270.4	16%	2%
Scholarships and fellowships and student services	199.9	11%	178.3	11%	12%
Institutional support and operation of plant	235.2	13%	215.6	12%	9%
Auxiliary enterprises	130.6	7%	119.5	7%	9%
Depreciation	112.3	6%	107.0	6%	5%
Interest on debt and other expenses	62.3	3%	69.6	4%	(10%)
Total uses	**$ 1,859.1**	**100%**	**$ 1,714.2**	**100%**	**8%**

STATEMENT OF CASH FLOWS

A summary comparison of cash flows for the University's FY 2014 and FY 2013 activities follows.

Condensed Summary of Cash Flows *(Dollars in millions)*		
	FY 2014	FY 2013
Cash provided by/(used for):		
Operating activities	$ (319.1)	$ (322.9)
Noncapital financing activities	580.0	542.7
Capital and related financing activities	(191.5)	(225.9)
Investing activities	(88.6)	(163.4)
Net decrease in cash and cash equivalents	**$ (19.2)**	**$ (169.5)**
Cash and cash equivalents at beginning of year	190.1	359.6
Cash and cash equivalents at end of year	**$ 170.9**	**$ 190.1**

The statement of cash flows provides additional information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. Cash flows from operating activities present the net cash generated or used by the operating activities of the University. Due to the categorization of operating and nonoperating revenues and expenses by GASB, cash flows from operating expenses are typically a net cash use. Major operating funding sources include student tuition and fees, governmental grants and contracts, and auxiliary enterprises revenues. Operating expenses include employee salaries and benefits and vendor payments for supplies. Net cash flows from noncapital financing activities is a major funding source for operating expenses and includes cash from state appropriations, financial aid grants, and private gifts. Cash flows from capital financing activities include all capital assets and related long-term debt activities, including proceeds from the issuance of debt, capital asset purchases, and principal and interest paid on long-term debt. Cash flows from investing activities show the net sources and uses of cash related to purchasing or selling investments and income earned on those investments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

In addition to $25 million in final construction costs for McCord Hall and Sun Devil Fitness Complexes on the Tempe and Downtown Phoenix campuses, major capital initiatives for FY 2014 included $36 million in construction costs for College Avenue Commons, $6 million in initial construction and related costs for the Arizona Center for Law and Society, and $5 million for solar power plants near the center of the Tempe campus that also double as pedestrian shade structures. McCord Hall opened in fall 2013 and houses the highly ranked W.P. Carey School of Business graduate programs in a four-story facility featuring classrooms, breakout rooms, a graduate career center and common areas to spur communication and collaboration. The Tempe Sun Devil Fitness facility, which also opened in fall 2013, was an expansion of the existing fitness center, while the Phoenix facility was a newly built structure. Amenities provided by the fitness facilities include large gyms and multi-purpose spaces, as well as a leisure pool at the Phoenix facility.

Completed in summer 2014, College Avenue Commons is the newest academic building at ASU. The five-story, 137,000 square foot multi-use facility and collaborative learning space is the new home of ASU's nationally recognized Del E. Webb School of Construction programs. The building also houses a bookstore and the Sun Devil Welcome Center which through its *Experience ASU* program annually welcomes over 10,000 high school and community college students to campus tours and information sessions. The building was designed with many sustainable features, including increased use of daylight in classrooms, reduced water use, diversion of construction waste and use of recycled and low-emitting building materials. The University is seeking a LEED-Gold certification for the building in keeping with its goal to achieve campus-wide carbon neutrality and zero waste. The $54 million project was funded by revenue bonds and private gifts. The student services portion of the facility was funded by system revenue bonds, while the School of Construction portion was funded by Stimulus Plan for Economic and Educational Development (SPEED) bonds and private gifts. The SPEED program allocates Arizona State Lottery revenues to help fund critical construction and deferred maintenance projects at the three state universities.

When completed in summer 2016, the Arizona Center for Law and Society will allow the Sandra Day O'Connor College of Law to relocate from the Tempe campus to downtown Phoenix and expand its enrollment. The facility will include classrooms, an auditorium, faculty offices, conference spaces, student collaboration areas, a law library, and retail space, and will house public policy think tanks to collaborate on issues of justice, public discourse, social policy and personal freedom. The $129 million, 294,000 square-foot facility will primarily be funded by system revenue bonds, along with City of Phoenix support and private gifts.

A summary of the University's outstanding debt including average interest rates, final maturity and outstanding balances for its bonds, certificates of participation and capital leases, is presented in *Note F – Long-Term Debt and Lease Obligations*. In April 2014, the University issued $78 million in revenue bonds to fund classroom and laboratory renovations, infrastructure improvements and the Del E. Webb School of Construction portion of the College Avenue Commons facility. These bonds are part of the SPEED program with up to 80 percent of the debt service paid from Arizona Lottery proceeds, with the balance being the responsibility of the University.

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

Additional information about the University's capital assets is presented in *Note D – Capital Assets*. Overall the university's capital assets, net of accumulated depreciation and deletions, increased by $75 million in FY 2014, a four percent increase over FY 2013.

ASU'S COMPONENT UNITS

Included in this financial report are the financial statements of the University's component units discretely presented on separate pages from the financial statements of the University. The component units are reported in distinct financial statements due to their use of different financial reporting models than the University and to emphasize their separation from the University. ASU component units included in these statements are the ASU Foundation for A New American University (ASU Foundation), Arizona Capital Facilities Finance Corporation (ACFFC), ASU Alumni Association, Arizona State University Research Park, Inc., Downtown Phoenix Student Housing, LLC, Sun Angel Endowment, Sun Angel Foundation, and ASU Preparatory Academy, Inc. Even though the component units support the University, they are not subsidiaries, nor are they directly controlled by the University. For more information on these component units, please refer to *Note B – ASU Component Units* and *Note O – Summary Financial Information for ASU Component Units*. FY 13 restatement was related to ASU Preparatory Academy, Inc. Refer to *Note O – Summary Financial Information for ASU Component Units* for additional information.

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

	FY 2014	FY 2013 (as restated)
Assets		
Cash and investments	$ 840.9	$ 752.4
Capital assets, net	293.0	310.3
Receivables, net	132.4	140.5
Other assets	105.6	99.3
Total assets	**$ 1,371.9**	**$ 1,302.5**
Liabilities		
Long-term debt	$ 509.3	$ 521.1
Other liabilities	203.7	183.2
Total liabilities	**$ 713.0**	**$ 704.3**
Net assets		
Unrestricted	$ (28.4)	$ (52.0)
Temporarily restricted	286.6	260.1
Permanently restricted	400.7	390.1
Total net assets	**$ 658.9**	**$ 598.2**

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

	FY 2014	FY 2013 (as restated)
Revenues		
Contributions	$ 80.5	$ 98.4
Other revenues	181.9	148.4
Total revenues	**$ 262.4**	**$ 246.8**
Expenses		
Payments to the benefit of ASU	$ 84.2	$ 76.0
Other expenses	117.5	110.5
Total expenses	**$ 201.7**	**$ 186.5**
Transfers and losses		2.9
Increase in net assets	$ 60.7	$ 63.2
Net assets at beginning of year	598.2	535.0
Net assets at end of year	**$ 658.9**	**$ 598.2**

COMBINED ASU AND ASU COMPONENT UNITS

ASU and its component units combined for an increase in net position/net assets of $164 million in FY 2014, compared to a $148 million increase in FY 2013, as restated. University net position increased $103 million in FY 2014 and $85 million in FY 2013, while component unit net assets increased $61 million in FY 2014 compared to $63 million in FY 2013. The most notable increase in net revenues for the component units was a $22 million increase in net investment return between years due to stronger financial markets. Overall, restricted net assets of the component units increased by $37 million between years, while component unit unrestricted net assets increased by $24 million. Restricted net position/net assets must be spent in compliance with donor directions, and are typically restricted for use by a specific academic department or program.

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

	FY 2014			FY 2013		
	ASU	**ASU Component Units**	**Combined**	**ASU** (as restated)	**ASU Component Units** (as restated)	**Combined** (as restated)
Net investment in capital assets	$ 695.6		$ 695.6	$ 657.3		$ 657.3
Unrestricted net position/net assets	563.3	$ (28.4)	534.9	511.3	$ (52.0)	459.3
Restricted net position/net assets:						
Nonexpendable/Permanently	59.5	400.7	460.2	55.5	390.1	445.6
Expendable/Temporarily	113.9	286.6	400.5	104.9	260.1	365.0
Net position/net assets at end of year	**$ 1,432.3**	**$ 658.9**	**$ 2,091.2**	**$ 1,329.0**	**$ 598.2**	**$ 1,927.2**

ECONOMIC OUTLOOK

ASU continues its mission to influence the change of society and the Arizona and global economy by its evolution as an egalitarian university. ASU is gaining national attention for its efforts to increase access to high-quality, rigorous higher education with a focus on inclusion and impact, drawing record numbers of academically qualified students. ASU's fall 2014 preliminary enrollment estimate is for 82,000 students comprised of 66,000 undergraduate and 16,000 graduate students. Freshman enrollment grew to more than 11,000 with an average high school GPA of 3.4 and average SAT scores of 1113. More than half of these freshmen are New American University Scholars at the Dean, Provost and President Scholarship levels, the most prestigious ASU sponsored scholarships for first-time freshmen. International campus-based enrollment increased over 33 percent to 8,700 students coming from diverse homelands including, China, India, Saudi Arabia, Korea and Canada. Also of note is ASU's continued commitment to support military veterans and their dependents as shown by a 25 percent increase in overall enrollment for veterans and veteran dependents, including a 52 percent increase in new graduate enrollment.

In June 2014, the *Starbucks College Achievement Plan* was announced by Starbucks chairman, President and CEO Howard Schultz, ASU President Michael Crow, and U.S. Secretary of Education Arne Duncan. Starbucks partners (employees) admitted to ASU as a junior or senior will earn full tuition reimbursement for each semester of full-time coursework they complete towards a bachelor's degree. Freshmen and sophomores will be eligible for a partial tuition scholarship and need-based financial aid for two years of full-time study. Partners have no commitment to remain at Starbucks past graduation.

Revenue diversification is an important component of the University's strategy to achieve long term financial stability. Support from the State of Arizona continues to be of importance to ASU, comprising 17 percent of the University's revenues in FY 2014, however tuition and fees are expected to remain the University's primary funding source. Expansion of degrees offered completely online will continue to provide students with flexible enrollment options without exerting pressure on the University's physical infrastructure of buildings, classroom equipment, streets, and sidewalks. The University also continues to focus efforts to expand research grant and contract funding.

The University's administration continues to manage university resources to maximize efficiency while improving services to ASU students. With the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27* the University, as well as most public colleges and universities and state and local governments, will be required to record a net pension liability effective for FY 2015. This will have a significant accounting impact on the University's net position as reported in its FY 2015 financial report. The University is working to ensure the liability recorded is a fair and reasonable allocation. The University has also worked to ensure compliance with the Affordable Care Act, and will continue to monitor and comply with new regulatory requirements. Exclusive of the impact of GASB 68, the University expects FY 2015 to be its tenth consecutive year of increases in net position.

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STATEMENT OF NET POSITION

June 30, 2014 *(Dollars in thousands)*

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 33,551
Short-term investments	71,760
Receivables:	
State appropriations	90,575
Accounts receivable, net	91,438
Student loans receivable, net	1,116
Other assets	8,863
Total Current Assets	$ 297,303
Noncurrent Assets:	
Restricted cash and cash equivalents	$ 137,343
Endowment investments	114,146
Other investments	501,779
Prepaid expenses	1,473
Student loans receivable, net	11,262
Capital assets, net (Note D)	1,945,532
Total Noncurrent Assets	$ 2,711,535
Total Assets	**$ 3,008,838**
DEFERRED OUTFLOWS OF RESOURCES	
Interest rate swap (Note G)	$ 14,135
Unamortized loss on refunding debt	17,763
Total Deferred Outflows of Resources	**$ 31,898**
LIABILITIES	
Current Liabilities:	
Accounts payable	$ 80,259
Compensated absences (Note I)	3,297
Unearned revenues	61,964
Funds held for others	12,476
Current portion of long-term debt (Note F) - Funded by:	
University operating revenues	53,246
State appropriations and other State monies	13,598
Total Current Liabilities	$ 224,840
Noncurrent Liabilities:	
Compensated absences (Note I)	$ 24,476
Other liabilities	39,158
Derivative instrument - Interest rate swap (Note G)	14,135
Long-term debt (Note F) - Funded by:	
University operating revenues	891,081
State appropriations and other State monies	414,724
Total Noncurrent Liabilities	$ 1,383,574
Total Liabilities	**$ 1,608,414**
NET POSITION	
Net investment in capital assets	$ 695,591
Restricted (Total of $173,424):	
Nonexpendable:	
Student aid	54,858
Academic department uses	4,618
Expendable:	
Student aid	46,498
Academic department uses	66,852
Debt service	598
Unrestricted (Note H)	563,307
Total Net Position	**$ 1,432,322**

See Notes to Financial Statements.

STATEMENT OF FINANCIAL POSITION

June 30, 2014 *(Dollars in thousands)*

ASSETS		
Cash and cash equivalents	$	22,551
Pledges receivables, net		110,627
Other receivables, net		21,713
Investments in securities		771,886
Other investments		46,502
Net direct financing leases		67,585
Property and equipment, net		292,971
Other assets		38,015
Total Assets	**$**	**1,371,850**
LIABILITIES		
Accounts payable and accrued liabilities	$	31,025
Deferred revenue		14,890
ASU endowment trust liability		114,146
Other liabilities		43,603
Long-term debt		509,339
Total Liabilities	**$**	**713,003**
NET ASSETS		
Unrestricted	$	(28,470)
Temporarily restricted		286,599
Permanently restricted		400,718
Total Net Assets	**$**	**658,847**

See Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended June 30, 2014 *(Dollars in thousands)*

OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of $220,936	$ 896,921
Research grants and contracts, including $213,478 in federal funding and $28,539 in nongovernmental funding	244,293
Sales and services -	
Auxiliary enterprises, net of scholarship allowances of $10,188	140,535
Educational departments	58,449
Other revenues	8,447
Total Operating Revenues	$ 1,348,645
OPERATING EXPENSES (Note J)	
Educational and general -	
Instruction	$ 617,091
Research	235,720
Public service	40,209
Academic support	225,853
Student services	72,409
Institutional support	136,334
Operation and maintenance of plant	98,901
Scholarships and fellowships	127,468
Auxiliary enterprises	130,550
Depreciation	112,270
Total Operating Expenses	$ 1,796,805
Operating Loss	$ (448,160)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	$ 314,493
Share of state sales tax - technology and research initiatives fund	27,785
Financial aid grants, including $106,360 in federal funding	106,855
Grants and contracts, including $33,537 in federal funding	35,863
Private gifts	64,928
Financial aid trust funds, including $5,350 in state trust fund appropriations	12,393
Net investment return	20,263
Interest on debt	(52,674)
Other expenses	(9,642)
Net Nonoperating Revenues	$ 520,264
Income Before Other Revenues, Expenses, Gains, or Losses	$ 72,104
Capital appropriations - Research Infrastructure Capital Financing	$ 14,471
Capital commitment - Arizona Lottery revenues (Note F)	2,733
Capital grants, including $859 in federal funding	893
Capital private gifts	8,308
Additions to permanent endowments	904
Extraordinary item - Insurance recovery	3,900
Increase in Net Position	$ 103,313
Net Position at Beginning of Year, restated (Note A)	1,329,009
Net Position at End of Year	**$ 1,432,322**

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES

Year ended June 30, 2014 *(Dollars in thousands)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES				
Contributions	$ 19,068	$ 52,029	$ 9,448	$ 80,545
Rental revenues	34,608			34,608
Sales and services	34,526	130		34,656
Net investment return	24,339	55,863	(17)	80,185
Net assets released from restrictions	80,359	(81,524)	1,165	
Grants and aid	11,846			11,846
Other revenues	20,569			20,569
Total Revenues	$ 225,315	$ 26,498	$ 10,596	$ 262,409
EXPENSES				
Payments to the benefit of ASU -				
Cash donation transfers to ASU	$ 68,062			$ 68,062
Scholarship fund transfers to ASU	7,305			7,305
Vendor payments	6,767			6,767
Rent payments to ASU	2,070			2,070
Management and general	59,988			59,988
Interest expense	22,804			22,804
Depreciation/amortization	18,672			18,672
Other expenses	16,070			16,070
Total Expenses	$ 201,738			$ 201,738
Increase in Net Assets, before Transfers and Losses	23,577	26,498	10,596	60,671
Cost of bond refunding	(15)			(15)
Increase in Net Assets, after Transfers and Losses	23,562	26,498	10,596	60,656
Net Assets at Beginning of Year, restated (Note O)	(52,032)	260,101	390,122	598,191
Net Assets at End of Year	**$ (28,470)**	**$ 286,599**	**$ 400,718**	**$ 658,847**

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS

Year ended June 30, 2014 *(Dollars in thousands)*

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 873,182
Research grants and contracts	230,989
Sales and services of auxiliary enterprises	141,330
Sales and services of educational activities	59,491
Payments for employees' salaries and benefits	(1,004,395)
Payments to vendors for supplies and services	(516,254)
Payments for scholarships and fellowships	(143,755)
Student loans issued	(1,897)
Student loans collected	1,996
Other receipts	40,261
Net cash used for operating activities	$ (319,052)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	$ 314,493
Share of state sales tax - technology and research initiatives fund	29,034
Grants and contracts (primarily financial aid)	151,673
Private gifts for other than capital purposes	65,891
Financial aid trust funds	12,402
Direct lending program receipts	475,395
Direct lending program disbursements	(475,555)
Funds held for others received	163,354
Funds held for others disbursed	(156,660)
Net cash provided by noncapital financing activities	$ 580,027
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations - Research Infrastructure Capital Financing	$ 14,471
Build America Bonds - federal subsidy	3,686
Capital commitments, including Arizona Lottery revenue	2,082
Capital gifts and grants	6,540
Proceeds from issuance of capital debt	87,108
Purchases of capital assets	(196,296)
Principal paid on capital debt and leases	(50,596)
Interest paid on capital debt and leases	(58,551)
Net cash used for capital and related financing activities	$ (191,556)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments, net	$ (98,428)
Interest received on investments	9,829
Net cash used for investing activities	$ (88,599)
Net decrease in cash and cash equivalents	(19,180)
Cash and cash equivalents at beginning of year	190,074
Cash and cash equivalents at end of year	**$ 170,894**
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	$ (448,160)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	112,270
Other receipts	25,538
Increases in assets and liabilities:	
Receivables, net	(22,581)
Accounts payable and accrued liabilities	12,590
Compensated absences	891
Unearned revenues	546
Prepaid expenses	(108)
Other assets	(38)
Net cash used for operating activities	$ (319,052)
SIGNIFICANT NONCASH TRANSACTIONS	
State appropriations receivable	$ 90,575
Amortization of bond premium	6,605

See Notes to Financial Statements.

June 30, 2014

Note A - Basis of Presentation and Significant Accounting Policies

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

Reporting Entity

Arizona State University is the largest public research university in the United States under a single administration. Located on four campuses across metropolitan Phoenix, ASU had fall 2013 enrollment of 76,771 students. The accompanying statements of the University include the activity of the Tempe campus, West campus (located in northwest Phoenix adjacent to Glendale), Polytechnic campus (located in Mesa), the Downtown Phoenix campus, and the University's extensive online programs, as well as its discretely presented component units. Information on component units can be found in *Note B - ASU Component Units*. Also included is activity for the ASU Colleges at Lake Havasu City, which focuses on instruction in high-demand undergraduate degrees.

For financial reporting purposes, the University's portion of the statements includes those funds directly controlled by the University. Control by the University is determined on the basis of financial accountability. The University is classified as a state instrumentality per Internal Revenue Code Section 115. Since fiscal responsibility for the University remains with the State of Arizona, the University is considered a part of the reporting entity for the State's financial reporting purposes.

ASU's Basis of Presentation and Accounting

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

For the year ended June 30, 2014, the University implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* GASB Statement No. 66, *Technical Corrections—2012 an amendment of GASB Statements No. 10 and No. 62,* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

GASB Statement No. 65 reclassifies, as deferred inflows and deferred outflows of resources, items that were previously reported as assets and liabilities. As required by the pronouncement, deferred net effect on refunding of debt which was previously reflected as a component of liabilities long-term debt is now reflected on the statement of net position as deferred outflows of resources. GASB Statement No. 65 also requires recognizing an expense for debt issuance costs, excluding bond insurance premiums, which were previously amortized as a component of interest expense and included on the statement of net position as capital assets, net or as long-term debt. The recognition of prior year expenses resulted in a restatement of net position as of July 1, 2013.

GASB Statement No. 66 resolves conflicting guidance in previous GASB pronouncements related to risk financing activities, operating leases, purchases of loans, and servicing fees. GASB Statement No. 70 creates accounting requirements for extending and receiving nonexchange financial guarantees. The implementation of these standards has no effect on the financial statements.

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

Restatement of Net Position

The implementation of GASB Statement No. 65 required the reduction of previously amortized debt issuance costs, excluding bond insurance premium, reported as capital assets, net or long-term debt which resulted in the following restatement to the University's net position reported as of June 30, 2013 (*Dollars in thousands*):

Net position at June 30, 2013, as previously reported	$ 1,336,617
GASB 65 adjustments	(7,608)
Net position at July 1, 2013, as restated	$ 1,329,009

Summary of Significant Accounting Policies

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

Endowment Spending Rate Policy. Arizona State law permits the University to expend the entire net appreciation of endowment fund investments. When determining the spending rate for endowment funds, the University administration considers long and short-term needs, total investment return and price level trends, and general economic conditions. For FY 2014, the spending rate utilized the constant growth spending methodology which increases spending distributions by the trailing one-year inflation rate (as measured by CPI-U) annually, as long as distributions do not exceed 4.00 percent or fall below 3.00 percent of the trailing 12 quarter average market value of each endowment fund. Donor restricted endowments that are available for expenditure are reported as restricted expendable on the statement of net position.

Investments. Short-term, endowment, and other investments are stated at fair value at June 30, 2014. Fair value typically is the quoted market price for investments. Investment returns include realized and unrealized gains and losses on investments.

Receivables. Total receivables at June 30, 2014 were $194.4 million, including $90.6 million in FY 2014 State of Arizona general fund appropriations. Other significant amounts included in the receivable balance are $53.2 million related to tuition and fee payments due from students and others making payments on behalf of students. Additionally, there are $13.9 million in receivables from Federal grant sponsors, primarily for the reimbursement of allowable expenses made pursuant to the University's grants and contracts.

The State of Arizona deferred payment of $90.6 million in FY 2014 general fund rollover appropriations until FY 2015. The State is required to fund the rollover appropriations no later than October 1, 2014. The University received the funding on September 19, 2014. The revenue associated with these deferred appropriations was recorded as FY 2014 state appropriations in accordance with the authorized FY 2014 ASU expenditure authority funded by general fund appropriations, a portion of the University's tuition collections, and a portion of the University's technology and research initiative fund (TRIF) allocation.

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

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

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

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

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

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

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

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

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

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

Revenues/Expenses. Revenues and expenses are classified as operating or nonoperating. Operating expenses are those incurred in conducting the primary programs and services of the University. Operating revenues generally result from exchange transactions. Accordingly, revenues such as tuition, and residential life charges are considered to be operating revenues. In addition, grants and contracts for the purposes of providing research are considered operating revenues because of the exchange aspects commonly associated with this type of activity (i.e., financial assistance is provided to acquire property or activity for the government's direct benefit). Other revenues, such as state appropriations, gifts and non-research grants and contracts not generally generated from exchange transactions, are considered to be nonoperating revenues. Nonexchange grants and contracts include those for the purpose of student financial aid, primarily Pell financial aid grants, and those for purposes other than organized research, since the providers of these grants and contracts do not typically receive direct benefits, of equal or significant value, for those grants and contracts. Operating expenses, in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, include salaries, wages, benefits, supplies, services, and depreciation on capital assets, irrespective as to whether the revenues associated with these expenses are operating or nonoperating revenues. Other expenses, such as interest expense on debt, are considered to be nonoperating expenses.

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

Not included in scholarship allowances is $18.8 million in faculty and staff tuition waivers that are recorded as program expenses on the statement of revenues, expenses, and changes in net position and as personal services and benefits expenses, in *Note J - Operating Expenses by Natural Classification*.

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

Note B - ASU Component Units

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

ASU's component units are nonprofit corporations controlled and governed by separate boards of directors whose goals are to support the University or have a close affiliation with the University. Even though these organizations support the University or have a close affiliation with the University, they are not subsidiaries of the University, nor are they directly or indirectly controlled by the University. The University does not have ownership of the financial and capital resources or assets of the component units and does not have the authority to mortgage, pledge, or encumber the assets of these organizations.

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

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

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

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

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

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

- Downtown Phoenix Student Housing, LLC - provides housing facilities for use by students of the University.
- ASU Preparatory Academy, Inc. (ASU Prep), formerly University Public Schools, Inc. - prepares Arizona K-12 students for success with a university-embedded academic program that empowers them to complete college, compete globally and contribute to their communities.

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

For financial reporting purposes at the University level, only the component units' statement of financial position and statement of activities are included in the University's financial statements as required by generally accepted accounting principles for public colleges and universities. In FY 2014, the ASU Foundation distributed $57.2 million in cash donation transfers to the University for both restricted and unrestricted purposes.

Financial statements of these component unit organizations are audited by independent auditors. All of the component units have a fiscal year end of June 30, 2014. Because the University's component units use a nongovernmental generally accepted accounting principles (GAAP) reporting model, the University has chosen to present their aggregated financial information on pages separate from the financial statements of the University. To obtain individual audited financial statements for any of the University's component units, please contact ASU Financial Services at (480) 965-3601.

Note C - Cash and Investments

General

At year end, the University's deposits and investments total $858.6 million and are discussed below in our analysis of deposit and investment risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3*.

Included in the University's deposits and investments are capital projects and bond debt service funds totaling $137.3 million, which are held in trust and invested by various trustee banks. In addition, endowment funds totaling $114.1 million managed by the ASU Foundation, make up a portion of the deposits and investments. These funds are primarily held in a pooled endowment fund managed under a service contract with the ASU Foundation (ASU Foundation) and invested in the ASU Foundation's Endowment Pool (Pool). The University's endowment assets are maintained separately on the financial system of the ASU Foundation, and receive a proportional share of the Pool activity.

As such, the ASU Foundation owns the assets of the Pool; the University has an interest in the Pool, which is considered an external investment pool to the University. The ASU Foundation Pool invests in a variety of asset classes, including common stocks, fixed-income, foreign investments, private equity and hedge funds. The ASU Foundation's Endowment Pool is not registered with the Securities and Exchange Commission as an investment company. The ASU Foundation's Board of Directors appointed Investment Committee is responsible for oversight of the Pool in accordance with ASU Foundation policies. The fair value of the University's position in the Pool is based on the University's proportionate share of the Pool, which is marked-to-market monthly. The University also participates in the Arizona Student Financial Aid Trust, which was established by the Arizona Board of Regents and is funded by the Arizona State Legislature and student fees.

Statutory and Board of Regents' Policies

For nonendowment (operating) funds, Arizona Revised Statutes (Statutes) require that deposits of the University not covered by federal deposit insurance be secured by government securities or by a safekeeping receipt of the institution accepting the deposit. Further policy regarding deposits is provided by the Arizona Board of Regents (ABOR). Deposits can be made only at depository banks approved by ABOR.

The Statutes do not specifically address investment policy of the universities, rather ABOR policy governs in this area. ABOR policy requires that each university arrange for the safekeeping of securities by a bank or other financial institutions approved by ABOR. ABOR and University investment policies applicable to University investments are consistent with the scope of the Arizona State Treasurer's authorizing statutes and investment policy. Investment of capital project funds are governed by the financing indenture agreements. With regard to endowments, ABOR policy dictates that these funds are to be invested under the direction of an investment committee designated by the president of each university.

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

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

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

Deposit and Investment Risk

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

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

The University does not have a formal policy that specifically addresses credit risk over endowment funds. The University's endowment funds are invested in an unrated external investment pool managed by the ASU Foundation, subject to the ASU Foundation's investment policy. For endowment funds, the investment committee that directs the investments held in the Pool manages the credit risk associated with the Pool by following the credit quality and guideline restrictions stated in the investment policy.

Credit Quality Rating for Debt Securities at June 30, 2014 *(Dollars in thousands)*							
			Standard and Poor's				
Investment Description	**Fair Value**	**Not Rated**	**AAA / AAAm / AAAf**	**AA**	**A-1**	**A**	**BBB**
Money market mutual funds	$ 138,755		$ 138,755				
Federal agency securities	130,928			$ 130,928			
Corporate bonds	189,804		4,115	43,401		$ 88,181	$ 54,107
Asset backed securities	11,813	$ 3,999	6,089		$ 1,725		
Municipal bonds	11,090		4,812	3,265		3,013	
Commercial paper	5,999				5,999		
Certificates of deposit	100					100	
State of Arizona LGIP (Pool 5)	1,451		1,451				
Total	**$ 489,940**	**$ 3,999**	**$155,222**	**$ 177,594**	**$ 7,724**	**$ 91,294**	**$ 54,107**

Concentration of Credit Risk. Other than United States Treasury securities and other federal agency securities, which can represent greater than five percent of total investments, University policy limits investment in a single issuer to five percent or less of the fair value of the total portfolio. Except for those issuers allowed by policy, the University does not have an investment in any single issuer that exceeds five percent of the overall portfolio. At June 30, 2014, the University had investments in the Federal National Mortgage Association with a fair value of $73.5 million or 8.5 percent of total investments.

Interest Rate Risk. ABOR and University policies for the operating funds limit the final maturity of any fixed-rate or variable-rate security to five years from the settlement date of purchase. The endowment funds portfolio has no such limitations. The capital projects funds portfolio is not limited as to the overall maturity of its investments, with the funds invested per the financing indentures to coincide with capital spending needs and debt service requirements, which are typically less than three years, with the additional limitation that certificates of deposit and commercial paper have maximum maturities of 360 days and 270 days, respectively.

Interest Rate Risk for the University's Debt Investments at June 30, 2014 - utilizing the weighted average maturity methods *(Dollars in thousands)*		
Investment Description	**Fair Value**	**Weighted Average Maturity (Years)**
Money market mutual funds	$ 138,755	0.1
Federal agency securities	130,928	1.7
Corporate bonds	189,804	2.9
Asset backed securities	11,813	2.7
Municipal bonds	11,090	2.0
Commercial paper	5,999	0.1
Certificates of deposit	100	1.2
State of Arizona LGIP (Pool 5)	1,451	0.2
Subtotal, before U.S. Treasury securities	$ 489,940	
U.S. Treasury securities	264,702	1.7
Total	**$ 754,642**	

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

NOTES TO FINANCIAL STATEMENTS

Note D - Capital Assets

Capital asset activity for the year ended June 30, 2014 follows:

Capital asset activity for the year ended June 30, 2014 *(Dollars in thousands)*	Balance 07/01/2013 *(as restated)*	Additions/ Increases	Retirements/ Decreases	Balance 06/30/2014
Non-depreciated capital assets				
Land -				
University operations	$ 81,187	$ 631		$ 81,818
Investment property	20,857	17,123		37,980
Construction in progress -				
Buildings	53,053	6,363	$ (52,854)	6,562
Works of art and historical treasures	19,738	397	(21)	20,114
Total	$ 174,835	$ 24,514	$ (52,875)	$ 146,474
Depreciated capital assets				
Infrastructure	$ 123,334	$ 4,062	$ (3)	$ 127,393
Buildings	2,165,185	166,189	(224)	2,331,150
Equipment	385,917	34,869	(20,460)	400,326
Software	25,031			25,031
Library books	266,567	12,178	(588)	278,157
Less accumulated depreciation				
Infrastructure	(46,584)	(3,125)	1	(49,708)
Buildings	(749,252)	(63,955)	100	(813,107)
Equipment	(250,441)	(30,476)	18,985	(261,932)
Software	(15,132)	(3,249)		(18,381)
Library books	(208,994)	(11,465)	588	(219,871)
Total	$ 1,695,631	$ 105,028	$ (1,601)	$ 1,799,058
Capital assets, net	**$ 1,870,466**	**$ 129,542**	**$ (54,476)**	**$ 1,945,532**

Due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the balance at July 1, 2013 has been restated. This restatement is the result of the write-off of debt issuance costs that had previously been capitalized and depreciated.

Construction in progress additions reflected above represent expenses for new projects net of capital assets placed in service. It is estimated $123.0 million in additional expenses will be required to complete projects under construction at June 30, 2014. Construction in progress encumbrances committed through purchase orders at June 30, 2014, totaled $1.9 million.

Note E - Land Investment Property

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

The University's investment property includes the following:

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

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

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

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

ASU Research Park (Park). The Park consists of 237 leasable acres that are ground leased to the ASU Research Park, Inc., a component unit of the University. Other than one University facility occupying less than 10 percent of the leasable Park acres, the Park land is either occupied by or presently available for occupancy by commercial firms, with approximately 89 percent of the Park's leasable acres being presently leased. The primary present purpose of the Park is to generate revenue for the University with over $2.5 million, after all costs, annually being generated for ASU.

Other Investment Property consists of:

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

Note F - Long-Term Debt and Lease Obligations

As of June 30, 2014 the University had issued a combination of fixed and variable rate bonds, fixed rate certificates of participation (COPs), and other lease obligations, of which $1.4 billion is outstanding. The University's long-term obligations generally are structured with level debt service, semi-annual interest, and call options at a prescribed date. Certain revenue bonds and COPs of the University have been defeased through advance refundings by depositing sufficient U.S. Government securities in an irrevocable trust to pay all future debt service. Accordingly, the liabilities for these defeased bonds and COPs are not included in the University's financial statements. The principal amount of defeased bonds and COPs outstanding at June 30, 2014 totaled $16.5 million and $67.4 million, respectively.

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2014 *(Dollars in thousands)*

	Average Interest Rate	Final Maturity	Balance 07/01/2013	Additions	Reductions	Balance 06/30/2014	Current Portion
Bonds:							
2004 System Revenue and Refunding Bonds	4.45%	07/01/14	$ 6,385		$ (3,115)	$ 3,270	$ 3,270
2005 System Revenue Refunding Bonds	4.38%	07/01/27	47,245		(790)	46,455	3,600
2007 A/B System Revenue Bonds	4.46%	07/01/36	63,915		(3,090)	60,825	3,225
2008 A/B Variable Rate Demand System Revenue Refunding Bonds	0.06%	07/01/34	96,805		(2,525)	94,280	2,650
2008C System Revenue Bonds	5.89%	07/01/28	98,455		(2,055)	96,400	2,160
2009A System Revenue Bonds	3.76%	07/01/29	28,135		(3,000)	25,135	3,075
2010 A/B System Revenue Bonds	5.99% [1]	07/01/39	178,350		(3,990)	174,360	4,110
2010 A/B SPEED Revenue Bonds	5.48% [2]	08/01/30	33,820			33,820	
2010C System Revenue Bonds	4.51%	07/01/31	50,655		(2,405)	48,250	2,520
2011 SPEED Revenue Bonds	3.93%	08/01/31	30,915			30,915	
2012 A/B System Revenue and Refunding Bonds	3.64%	07/01/42	213,370		(12,995)	200,375	18,410
2013 A/B System Revenue and Refunding Bonds	3.47%	07/01/43	110,950			110,950	1,750
2014 SPEED Revenue Bonds	3.72%	08/01/44		$ 77,620		77,620	
Subtotal: Par Amount of Bonds			$ 959,000	$ 77,620	$ (33,965)	$ 1,002,655	$ 44,770
Certificates of Participation:							
2002 Certificates of Participation	4.76%	07/01/18	$ 5,545		$ (4,610)	$ 935	$ 505
2004 Certificates of Participation	4.89%	09/01/30	25,690		(2,360)	23,330	2,470
2005A Certificates of Participation	4.36%	09/01/30	66,835		(3,405)	63,430	3,560
2006 Certificates of Participation	4.53%	06/01/31	13,035		(510)	12,525	540
2006 Refunding Certificates of Participation	4.15%	07/01/26	64,580			64,580	4,330
2011A Mercado Refunding Certificates of Participation	4.27%	07/01/24	7,920		(555)	7,365	565
2013 Refunding Certificates of Participation	3.09%	09/01/26	64,780		(1,440)	63,340	
Subtotal: Par Amount of COPs			$ 248,385		$ (12,880)	$ 235,505	$ 11,970
Capital Leases/Lease Purchases:							
Fulton Center	4.01%	06/15/34	$ 24,960	$ 705	$ (1,120)	$ 24,545	$ 855
Flexible Display Center	5.27%	02/15/34	31,836		(869)	30,967	913
Hassayampa Academic Village	5.36%	06/10/39	12,175		(102)	12,073	119
Nursing and Health Innovation	4.84%	01/01/36	10,070			10,070	285
Other Lease Purchases	3.30% - 6%	02/07/22	5,758		(1,660)	4,098	1,292
Subtotal: Capital Leases/Other Lease Purchases			$ 84,799	$ 705	$ (3,751)	$ 81,753	$ 3,464
Total Par Amount of Bonds, COPs, Capital Leases and Other Lease Purchases			$ 1,292,184	$ 78,325	$ (50,596)	$ 1,319,913	$ 60,204
Premium/(Discount) on Sale of Bonds and COPs			49,148	10,193	(6,605)	52,736	6,640
Total Bonds Payable/COPs/ Capital Leases/ Other Lease Purchases			**$ 1,341,332**	**$ 88,518**	**$ (57,201)**	**$ 1,372,649**	**$ 66,844**

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

System Revenue Bonds

The University has pledged gross revenues as defined in the bond indentures towards the payment of debt related to various senior lien system revenue bonds outstanding at June 30, 2014. These related system revenue bonds are primarily for new academic and research facilities, academic and laboratory renovations, and infrastructure improvements. The pledged revenues include student tuition and fees, certain auxiliary enterprises revenue, net investment income, and indirect cost recovery revenue. Pledged revenues do not include state appropriations, gifts, endowment income, or other restricted revenues. For the year ended June 30, 2014, pledged revenues totaled $1.16 billion of which 7.3 percent ($84.4 million, net of federal direct payments) was required to cover current year debt service.

SPEED Revenue Bonds

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

In April 2014, the University issued $77.6 million in SPEED revenue bonds, Series 2014, with an average maturity of 13.9 years and an average interest rate of 3.72 percent. The bonds were issued to fund classroom and laboratory renovations, building and infrastructure enhancements and modifications, and a portion of the construction costs for the College Avenue Commons, a new Tempe campus mixed-use facility.

Variable Rate Bonds

The University has two series of variable rate demand system revenue refunding bonds outstanding, Series 2008A and Series 2008B, totaling $94.3 million with final maturities of July 1, 2034. The interest rate in effect on June 30, 2014 was 0.04 percent for the Series 2008A bonds and 0.07 percent for the Series 2008B bonds. To provide credit and liquidity support for the bonds, on March 1, 2012, the University entered into an Irrevocable Transferable Direct-Pay Letter of Credit (LOC) with JPMorgan Chase Bank, N.A. (JPMorgan), under which the University has agreed to a commitment fee for the LOC of 0.38 percent per annum. Should the Series 2008A/B bond rating change, the commitment fee could increase according to the fee agreement. Assuming all of the $47.14 million Series 2008A and $47.14 million Series 2008B bonds are not resold within 365 days, the University would be responsible to make quarterly installment principal payments, with the last payment being on the 4th anniversary of JPMorgan acquiring the bonds, plus interest to be calculated as established in the LOC.

Capital Leases

In October 2003, the University entered into a 30-year lease agreement with Arizona State University Foundation, LLC, an Arizona limited liability company, of which the sole member is the ASU Foundation for A New American University (ASU Foundation), an Arizona non-profit corporation and component unit of the University, to lease four floors of office space in the Fulton Center and the related parking structure. In April 2014, the ASU Foundation refunded the 2003 Bonds for savings. The issuance of the refunding bonds resulted in a $2.8 million reduction in the University's future lease payments. In April 2004, the University entered into a 30-year sublease agreement with Nanotechnology Research, LLC, an Arizona limited liability company, whose sole member is Arizona Capital Facilities Finance Corporation (ACFFC), to lease the Flexible Display Center located at the ASU Research Park. In July 2005, the University entered into a 34-year lease with McAllister Academic Village, LLC, an Arizona limited liability company, whose sole member is ACFFC, to lease the nonresidential portion of the McAllister Academic Village (MAV), which operates under the name of Hassayampa Academic Village. ACFFC has overall responsibility for the residential portion, comprising approximately 92 percent of the facility, with the University leasing the non-residential portion of the facility. In November 2008, the University committed to a capital lease with the City of Phoenix related to construction of the fourth and fifth floors of the Nursing and Health Innovation building at ASU's Downtown Phoenix campus. In June 2011, the City of Phoenix issued subordinated excise tax revenue bonds, a portion of which was used to fund the project. The University's lease payments are based on the City's actual borrowing cost of the bonds. Buildings under capital lease are shown below.

Capital lease book value as of June 30, 2014
(Dollars in thousands)

	Book Value	Accumulated Depreciation	Net Book Value
Fulton Center	$ 29,551	$ (7,774)	$ 21,777
Flexible Display Center	37,314	(9,232)	28,082
Hassayampa Academic Village	12,451	(2,434)	10,017
Nursing and Health Innovation	11,788	(1,222)	10,566

Future Payments

Future pledged revenues required to pay all remaining debt service for the University's senior and subordinate revenue bonds through final maturity of July 1, 2043 is $1.6 billion. In addition to a senior pledge of revenues for ASU system revenue bonds, the University has pledged the same revenues on a subordinated basis to secure the ASU SPEED revenue bonds and the Series 2006 Arizona State University Research Park, Inc. Development Refunding Bonds. Research Park bonds outstanding at June 30, 2014 were $7.0 million with annual debt service payments of approximately $1.2 million through July 1, 2021.

The Taxable Series 2010A System Revenue Bonds and the Taxable Series 2010A SPEED Revenue Bonds were issued as Build America Bonds under the provisions of the American Recovery and Reinvestment Act (ARRA). As such, the University is eligible to receive Federal Direct Payments from the United States Treasury equal to 35 percent of the interest owed on each interest payment date. The amount paid to the University by the Federal government may be reduced or limited due to such issues as failure by the University to submit the required information, offsets to reflect any amounts owed by the University to the Federal government, or changes in the law that would reduce or eliminate such payments. During FY 2014, the Federal government reduced federal direct payment claims by 7.2 percent due to the federal budget sequestration resulting in a $0.3 million reduction in direct payments to the University. For accounting purposes, any direct payments received from the U.S. Treasury are recorded as nonoperating revenue. Securities and cash restricted for bonds and COPs debt service held by the trustee at June 30, 2014 totaled $63.6 million and $7.2 million, respectively. Payment commitments to investors, including interest, for bonds, COPs and other lease obligations, using the interest rate in effect at June 30, 2014 for variable rate issues, are shown below:

Bonds Payable, Certificates of Participation and Other Lease Obligations at June 30, 2014 *(Dollars in thousands)*

	System Revenue Bonds				SPEED Revenue Bonds			Certificates of Participation		Capital Leases / Lease Purchases	
FY	Principal	Interest	Net Payments on Swap Agreement	Federal Direct Payments	Principal	Interest	Federal Direct Payments	Principal	Interest	Principal	Interest
2015	$ 44,770	$ 36,727	$ 3,507	$ (3,443)		$ 6,896	$ (531)	$ 11,970	$ 10,600	$ 3,464	$ 3,855
2016	42,635	35,079	3,401	(3,443)		6,896	(534)	9,945	10,141	2,964	3,703
2017	42,640	33,468	3,290	(3,380)	$ 5,520	6,728	(534)	11,115	9,671	3,033	3,569
2018	32,370	32,245	3,173	(3,307)	5,710	6,516	(533)	13,905	9,135	3,202	3,414
2019	33,290	30,932	3,050	(3,226)	5,925	6,312	(533)	14,470	8,554	3,365	3,249
2020-2024	187,070	130,954	13,181	(14,739)	33,450	26,906	(2,308)	75,685	31,711	15,629	13,952
2025-2029	200,765	83,995	9,048	(11,832)	41,750	17,145	(1,182)	71,000	13,596	19,752	10,127
2030-2034	122,250	50,696	3,773	(8,012)	37,085	6,395	(73)	27,415	940	24,422	5,043
2035-2039	100,515	24,671		(3,282)	8,055	1,573				5,922	821
2040-2044	53,995	3,887			3,950	658					
2045					910	4					
Total	**$ 860,300**	**$ 462,654**	**$ 42,423**	**$ (54,664)**	**$ 142,355**	**$ 86,029**	**$ (6,228)**	**$ 235,505**	**$ 94,348**	**$ 81,753**	**$ 47,733**

Funding responsibility for the June 30, 2014 outstanding debt *(Dollars in thousands)*

	Current Portion	Noncurrent Portion	Total
From Arizona State University operating revenues	$ 53,246	$ 891,081	$ 944,327
From State of Arizona appropriations and other State monies	13,598	414,724	428,322
	$ 66,844	**$ 1,305,805**	**$ 1,372,649**

Subsequent Events

In July 2014, the University issued $84.5 million of refunding Certificates of Participation (COPs) to refund the outstanding 2004 and 2005A COPs. The 2014 COPs mature on September 1, 2030.

The University presently plans to issue up to $170.4 million in system revenue bonds prior to calendar year end 2015.

Operating Leases

Brickyard. In July 2004, the ASUF Brickyard, LLC, an Arizona limited liability company of the ASU Foundation, purchased the Brickyard office building and parking facility in downtown Tempe for $34.5 million, and is master leasing the entire facility to the University pursuant to a 15-year lease. This lease has no purchase options for the University. The majority of the facility is being used by the University for classrooms, offices, and research areas, with the remaining portion being leased by the University to various firms for retail and restaurant operations.

SkySong. In June 2006, the University entered into a fifteen-year lease, for approximately 80,000 square feet of office space within a development known as SkySong. SkySong is being developed by the ASU Foundation and its partners as a home for activities and organizations that co-mingle and stimulate new forms of global commerce, research, technology, art, education and economic development. The University's use of the leased space focuses on supporting entrepreneurial activities and interdisciplinary research programs in engineering-related fields and education technology.

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

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

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

	Operating Lease Payments				
FY	**Brickyard**	**SkySong**	**ACC**	**Other**	**Total**
2015	$ 2,823	$ 2,309	$ 8,782	$ 4,993	$ 18,907
2016	2,833	2,360	31	4,054	9,278
2017	2,827	2,413	31	3,580	8,851
2018	2,835	2,467	6	1,848	7,156
2019	2,837	2,522		481	5,840
2020-2024		8,370		523	8,893
Total	**$ 14,155**	**$ 20,441**	**$ 8,850**	**$ 15,479**	**$ 58,925**

Note G - Interest Rate Swap Agreement

Effective January 1, 2007, the University entered into a $103.0 million notional amount swap agreement (hedging derivative instrument) expiring on July 1, 2034, in conjunction with the 2008 variable rate demand system revenue refunding bonds (2008 Bonds). The $103.0 million notional amount is not exchanged; it is only the basis on which the interest payments are calculated and it decreases as principal payments are made on the 2008 Bonds. The intention of the swap is to effectively convert the variable rate interest on the 2008 Bonds to a synthetic fixed rate. Under the terms of the swap agreement, the University pays the counterparty interest calculated at a fixed rate of 3.91 percent and receives payments from the counterparty based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index set weekly. The SIFMA rate at June 30, 2014 was 0.06 percent. At June 30, 2014, the synthetic fixed interest rate on the bonds was:

Interest Rate Swap:	**Terms**	**Rates (%)**
Fixed payment to counterparty	Fixed	3.91
Variable payment from the counterparty	SIFMA	(0.06)
Net interest rate swap payments		3.85
Variable rate bond coupon payments	Spread to SIFMA	0.06
Synthetic fixed interest rate on bonds		3.91

The University continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the University effectively pays a fixed rate on the debt. If the counterparty defaults or if the swap is terminated, the University will revert to paying a variable rate. A termination of the swap agreement may also result in the University making or receiving a termination payment. The University is exposed to interest rate risk based on the SIFMA indexed variable payment received from the counterparty versus the variable rate paid to bondholders. The swap exposes the University to basis risk should the weekly SIFMA rate paid by the counterparty fall below the weekly interest rate due on the bonds. As of June 30, 2014, the University was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the University would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated A by Fitch, A by Standard & Poor's and A2 by Moody's Investor Services as of June 30, 2014. Based on current ratings, the counterparty was not required to provide collateral. In the event a rating downgrade occurs, the counterparty may be required to provide collateral if the University's overall exposure exceeds predetermined levels.

Collateral may be held by the University or a third party custodian. As of June 30, 2014, the swap had a fair value of $(14.1) million, which represents the cost to the University to terminate the swap. The June 30, 2013 fair value was $(14.1) million. The fair value was developed by an independent third party, with no vested interest in the transaction, using the zero coupon discounting method. This method calculates the future payments required by the swap, assuming the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. In accordance with GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, the fair value of the University's hedging derivative instrument is reported on the statement of net position as a deferred outflows of resources and a liability (derivative instrument).

Note H - Unrestricted Net Position

As discussed in the Summary of Significant Accounting Policies, the University follows accounting standards for external reporting purposes that require net position to be classified for accounting and reporting purposes into one of three net position categories according to externally imposed restrictions. Unrestricted net position, as defined by GASB, is not subject to externally imposed stipulations; however, it is subject to internal designations. For example, unrestricted net position may be designated for specific purposes by actions of management or may otherwise be limited by contractual purchase obligation agreements with outside parties. As of June 30, 2014, substantially all of the University's unrestricted net position was from University-generated revenues and was internally designated for academic and research programs and initiatives, and capital projects.

Note I - Compensated Absences

The University has recorded a liability for accruals of vacation leave earned, but not taken at fiscal year end. At fiscal year end the University accrued up to the maximum 22 days allowed by University policy for which an employee can be paid upon termination of employment. Changes in accrued compensated absences for the year ended June 30, 2014 consisted of the following (Dollars in thousands):

Beginning Balance	$ 26,882
Additions	36,188
Reductions	(35,297)
Ending Balance	$ 27,773
Current Portion	$ 3,297

Note J - Operating Expenses by Natural Classification

Operating expenses by functional and natural classification for the year ended June 30, 2014, are summarized as follows (Dollars in thousands):

	Year ended June 30, 2014				
	Personal Services and Benefits	Supplies and Services	Student Aid	Depreciation	Total
Instruction	$ 502,923	$ 111,285	$ 2,883		$ 617,091
Research	154,883	77,068	3,769		235,720
Public service	20,809	19,001	399		40,209
Academic support	147,702	77,563	588		225,853
Student services	51,626	20,436	347		72,409
Institutional support	80,823	54,133	1,378		136,334
Operation and maintenance of plant	24,022	74,879			98,901
Scholarships and fellowships	1,515	969	124,984		127,468
Auxiliary enterprises	45,500	79,021	6,029		130,550
Depreciation				$ 112,270	112,270
Total Operating Expenses	**$ 1,029,803**	**$ 514,355**	**$ 140,377**	**$ 112,270**	**$ 1,796,805**

Note K - Retirement Plans

At June 30, 2014 the University is participating in one cost-sharing, multiple-employer defined benefit pension, health, and long-term disability plan and two defined contribution pension plans. The following disclosures are required by Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)*. In addition to the plans described below, certain university employees participate in two additional retirement plans with $1.5 million in total University and employee contributions for the year ended June 30, 2014.

Defined Benefit Plan

Plan Description. The Arizona State Retirement System (ASRS) administers a cost-sharing, multiple-employer defined benefit plan that covers employees of the University. Benefits are established by State statute and provide retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. ASRS is governed by the Arizona State Retirement System Board according to the provisions of Arizona Revised Statues Title 38, Chapter 5, Article 2.

ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910, by calling (602) 240-2000 or (800) 621-3778, or visiting www.azasrs.gov.

Funding Policy. The Arizona State Legislature establishes and may amend active plan members' and the University's contribution rates. For the year ended June 30, 2014, active plan members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the University was required by statute to contribute at the actuarially determined rate of 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll. The University's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows (Dollars in thousands):

FY	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund	Total University Contributions
2014	$ 29,026	$ 1,628	$ 654	$ 31,308
2013	26,276	1,666	617	28,559
2012	24,826	1,671	603	27,100

Defined Contribution Plans

Plan Description. In accordance with A.R.S. § 15-1628, University faculty, academic professionals, certain university staff, and administrative staff have the option to participate in defined contribution pension plans. These plans are administered by independent insurance and annuity companies approved by the Arizona Board of Regents. For the year ended June 30, 2014, 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 the investment of those contributions. Contributions made by employees vest immediately and University contributions vest no later than after five years of full-time employment. Employee and University contributions and associated returns earned on investments may be withdrawn upon termination of employment, death, or retirement. The distribution of contributions and associated investment earnings are made in accordance with the employee's contract with the applicable insurance and annuity company.

Funding Policy. The Arizona State Legislature establishes and may amend active plan members' and the University's contribution rates. For the year ended June 30, 2014, plan members and the University were each required by statute to contribute an amount equal to 7.00 percent of an employee's compensation. Contributions to these plans for the year ended June 30, 2014, were as follows (Dollars in thousands):

	Contribution Rates (Each)	University Contributions	Employee Contributions	Total Contributions
TIAA/CREF	7.00%	$ 14,033	$ 14,033	$ 28,066
Fidelity	7.00%	9,690	9,690	19,380

Note L - ASU at the Downtown Phoenix Campus

In June 2005, the University and the City of Phoenix (City) entered into an intergovernmental agreement related to the development of an ASU campus in downtown Phoenix. The ongoing development of the campus is seen as a partnership between the University, the City, and area neighborhoods and businesses to help with the revitalization of the historic urban core of Phoenix. Per the terms of the agreement, the City has acquired land and existing buildings which have been identified by the University as being within the boundaries of the Downtown Phoenix campus. All property, except the residential life facility and the fitness center, will be owned by the City, until the property is conveyed to the University. ASU is responsible for all operating costs at the campus as well as maintaining a reserve and replacement fund. The Downtown Phoenix campus is the University's fourth and newest campus and provides an academically-rigorous university experience which integrates academic, public, private, and residential development in a diverse and dynamic living/learning environment for students.

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

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

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

Note M - Insurance Programs

Risk Management Insurance. Pursuant to A.R.S. § 41-621, the University participates in a self-insurance program administered by the State of Arizona, Department of Administration, Risk Management Section. The State's Risk Management Program covers the University, subject to certain deductibles, for risks of loss related to such situations as theft, damage and destruction of property, buildings, and equipment; errors and omissions; injuries to employees; natural disasters; and liability for acts or omissions of any nature while acting in authorized governmental or proprietary capacities and in the course and scope of employment or authorization, except as prescribed in A.R.S. § 41-621. Loss risks not covered by the Risk Management Section and where the University has no insurance coverage are losses arising from contractual breaches and losses that arise out of and are directly attributable to an act or omission determined by a court to be a felony. From time to time, various claims and lawsuits associated with the normal conduct of University business are pending or may arise against the University.

In the opinion of University management, any losses from the resolution of any other pending claims or litigation not covered by the Risk Management Section should not have a material effect on the University's financial statements. Also, in accordance with the disclosure requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, all estimated losses for unsettled claims and actions of the State are determined on an actuarial basis and are included in the State of Arizona *Comprehensive Annual Financial Report*.

Note N - Privatized Student Housing

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

- Vista del Sol, opened August 2008 on the Tempe campus, consists of approximately 1,800 apartment-style beds, with amenities such as a pool, community center, parking garage, and retail space. In FY 2014, the University leased 385 beds to accommodate overflow from Barrett Honors College. In FY 2014, the University entered into a three-year lease for retail space within Vista del Sol to be used as tutoring, study and meeting space to support the Barrett Honors College students living at Vista del Sol. In FY 2015, the University entered into an agreement to lease 601 beds to continue to accommodate overflow from Barrett Honors College, with an option for four one-year renewals.

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

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

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

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

Inland American Communities. ASU entered into a ground lease with Inland American Communities (IAC) for development of student housing on the Polytechnic campus. Century Hall opened in August 2012 and includes 321 double occupancy suite-style beds. During the term of the ground lease, 65 years with two ten-year options to renew, IAC is responsible for all costs and expenses of operating and maintaining the housing project. The University has no obligation to support the facility financially or to guarantee occupancy.

Note O - Summary Financial Information for ASU Component Units

Arizona State University's discretely presented component units are comprised of two major component units, the ASU Foundation for A New American University (ASU Foundation) and Arizona Capital Facilities Finance Corporation (ACFFC), and several smaller component units consisting of the ASU Alumni Association, Arizona State University Research Park, Inc., Downtown Phoenix Student Housing, LLC, Sun Angel Endowment, Sun Angel Foundation, and ASU Preparatory Academy, Inc. For additional information refer to Note B – *ASU Component Units*.

Summary of Significant Accounting Policies

Basis of presentation. The component unit financial statements have been prepared on the accrual basis of accounting according to generally accepted accounting principles (GAAP). Information regarding their financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

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

Contributions. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished), temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Name Change

ASU Preparatory Academy, Inc. In July 2013, University Public Schools Inc. changed its name from University Public Schools Inc. to ASU Preparatory Academy, Inc. ASU Preparatory Academy, Inc. derives program funding primarily from state educational aid and governmental grants.

Prior Period Adjustment

The accompanying financial information for ASU Preparatory Academy, Inc., for FY 2013, has been restated due to an overstatement of due from federal and accrued payroll and related liabilities and an understatement of deferred revenue as of June 30, 2013. These adjustments decrease the beginning balance of unrestricted net assets by $117 thousand.

Prior period adjustment *(Dollars in thousands)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at June 30, 2013, as previously reported	$ (51,915)	$ 260,101	$ 390,122	$ 598,308
Changes in net assets due to prior period adjustment	(117)			(117)
Net assets at July 1, 2013, as restated	**$ (52,032)**	**$ 260,101**	**$ 390,122**	**$ 598,191**

Pledges Receivable

The ASU Foundation's pledges receivable (unconditional promises to give) are recorded at their net realizable value, which is net of a discount and loss allowance. Pledges are discounted using the applicable risk free rate at the date the pledge was recognized. The discount rates range from 1.20 percent to 10.90 percent. An allowance for uncollectible pledges is estimated based on the ASU Foundation's collection history and is recorded as a reduction to contribution support and revenue and an increase in the allowance for uncollectible pledges.

The Sun Angel Foundation's pledges receivable are recorded at their net realizable value using a 5.14 percent discount rate for the year ended June 30, 2014.

Pledges receivable consist of *(Dollars in thousands)*

	ASU Foundation	Sun Angel Foundation	Other Component Units	Total
Gross pledges receivable	$ 155,621	$ 6,608	$ 219	$ 162,448
Present value discount	(10,289)	(493)	(1)	(10,783)
Allowance for uncollectible pledges	(39,808)	(1,090)	(140)	(41,038)
Net pledges receivable	**$ 105,524**	**$ 5,025**	**$ 78**	**$ 110,627**

Members of the ASU Foundation's Board of Directors and Board of Trustees have made contributions and pledges to the Foundation in the current and prior years. At June 30, 2014 and 2013, net unconditional pledges receivable from these members included approximately $120 thousand and $368 thousand, respectively. The Foundation had conditional pledges receivable totaling $1.1 million at June 30, 2014; none are included in pledges receivable. Conditional pledges receivable are recorded when the conditions are substantially met.

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

	ASU Foundation	Sun Angel Foundation	Other Component Units	Total
Receivable in one year	$ 37,874	$ 2,124	$ 196	$ 40,194
Receivable in two to five years	49,604	3,971	23	53,598
Receivable after five years	68,143	513		68,656
Total gross pledges to be received	**$ 155,621**	**$ 6,608**	**$ 219**	**$ 162,448**

Direct Financing Lease Agreements

ASU Foundation. ASU Foundation leases a portion of the Fulton Center building (ASU Foundation's headquarters) to the University under a direct financing lease. At the end of the lease, ASU Foundation and Affiliates will gift their portion of the building to the University and the University will receive title to the building. ASU Foundation's net investment in this direct financing lease at June 30, 2014 is $24.5 million.

Arizona Capital Facilities Finance Corporation (ACFFC). Pursuant to a sublease agreement, dated April 7, 2004 and amended on April 1, 2009 (the Sublease), Nanotechnology Research, LLC (Nano), a wholly-owned subsidiary of ACFFC, leases its interest in the ASU Research Park to the University. The University will make lease payments at times in amounts sufficient to pay all principal and interest on the Series 2009A and 2009B Bonds. The Sublease has successive annual renewals without action from either party through March 31, 2034. The Sublease is subject to early termination by Nano or the University upon the payment in full of the Series 2009A and 2009B Bonds. Upon termination or expiration of the Sublease, the ACFFC's interest in the premises, including all buildings and improvements on the leased premises, transfers to the University without further consideration. ACFFC's net investment in the Nanotechnology facility direct financing lease is $31 million at June 30, 2014.

Pursuant to a University lease agreement, dated July 1, 2005, McAllister Academic Village, LLC, a wholly-owned subsidiary of ACFFC, leases its interest in the non-residential portion of Hassayampa Academic Village (Hassayampa, HAV) to the University which consists of the academic, tutorial, retail and food service facilities. The lease was amended effective September 1, 2008 to change the annual renewal period through June 30, 2039 to correspond with the maturity of the Hassayampa 2008 Bonds. Any right, title or interest of Hassayampa in and to the academic portions of the Hassayampa Project will pass to the University without further cost upon the payment in full of the Hassayampa 2008 Bonds. Lease payments are based on the fixed interest rates determined by the Hassayampa 2008 Bonds maturity schedule. ACFFC's net investment in the McAllister (HAV) direct financing lease is $12.1 million at June 30, 2014.

Contingent Agreements

In order to ensure the success of the component unit student housing facilities, the University entered into various contingent agreements which allow the University to contribute funding to the extent a funding shortfall occurs during the fiscal year. The agreements for Hassayampa Academic Village (ACFFC) and West Campus Student Housing/Las Casas (ACFFC) allow the University to fund deficiencies for debt service and operating expense shortfalls.

On December 9, 2011 the Sun Angel Endowment executed an agreement with the Sun Angel Foundation and the Arizona Board of Regents for and on behalf of Arizona State University. The agreement provides for the merger of the Sun Angel Endowment into the Sun Angel Foundation upon satisfaction of certain conditions. The conditions to the merger were met in the fiscal year ending June 30, 2013; however the legal process of merging Sun Angel Endowment into the Sun Angel Foundation is expected to occur in the fiscal year ending June 30, 2015.

Power Plant Agreements

Sun Devil Energy Center. In November 2004, the University entered into a privatized/third party agreement with ACFFC for the construction and operation by a third party energy management firm of a co-generation power plant on the University's Tempe campus with the power plant providing to the University a portion of its energy (electrical, chilled water and steam) needs. The contract with ACFFC is for 25 years, along with the related ground lease, and calls for minimum annual energy purchase obligations on the part of the University of approximately $7.5 million to cover ACFFC's fixed management services and capital costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily natural gas.

Polytechnic Central Plant. In December 2008, the University entered into a privatized/third party agreement with ACFFC for the construction and operation by a third party energy management firm of a central plant on the University's Polytechnic campus to provide chilled water and emergency power for certain buildings on that campus. The contract with ACFFC is for 20 years, along with the related ground lease, and calls for minimum annual purchase obligations by the University of approximately $2 million to cover ACFFC's fixed capital and management services costs. Additional billing amounts will be based on a pass through to the University of the service provider's variable costs, primarily electricity.

Investments in Securities

The ASU Foundation reports investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The fair values of publicly traded securities are based on quoted market prices and exchange rates, if applicable. The fair values of nonmarketable securities are based on valuations provided by external investment managers. The ASU Foundation exercises due diligence in assessing the policies, procedures and controls implemented by external investment managers. Investment income is recorded on an accrual basis, and purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using the average cost for securities sold. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility.

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

- The current spending policy is based on a constant growth formula, in which the amount available for spending is based on the prior year spending amount plus an inflation factor (1.5 percent for 2014), collared by a cap and floor of 4.00 percent and 3.00 percent, respectively, of a 12-quarter moving average calculated mid-year.
- In the event the current market value of the endowment is less than the historical gift value, spending will continue, unless the gift agreement does not permit spending in this circumstance.

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

Foundation Endowment and Net Asset Classification

Management of the ASU Foundation's endowment is governed by laws in the State of Arizona based on the Uniform Prudent Management of Institutional Funds Act. The ASU Foundation has interpreted the statute as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the ASU Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ (949)	$ 55,911	$ 361,521	$ 416,483
Quasi-endowments		60,670		60,670
Board-designated endowments	12,000			12,000
Total funds	**$ 11,051**	**$ 116,581**	**$ 361,521**	**$ 489,153**

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

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level required to be held in perpetuity. Deficits of this nature are reported in unrestricted net assets at approximately $1.0 million and $8.2 million at June 30, 2014 and 2013, respectively.

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2013	$ 3,830	$ 83,386	$ 348,067	$ 435,283
Contributions and other additions		1,586	12,306	13,892
Investment Return:				
Interest and dividends		8,305	439	8,744
Net realized and unrealized gains/(losses)	7,221	56,990	750	64,961
Changes in assets due to other entities		(18,502)		(18,502)
Total Investment Return	7,221	46,793	1,189	55,203
Appropriation for expenditure		(14,439)	(1,205)	(15,644)
Reclassification of donor intent		(745)	1,164	419
Endowment net assets, June 30, 2014	**$ 11,051**	**$ 116,581**	**$361,521**	**$ 489,153**

Investment Summary

Investments consist of *(Dollars in thousands)*

	ASU Foundation	ACFFC	Other Component Units	Total
Money market funds and cash equivalents	$ 40,526	$ 16,426	$ 16,030	$ 72,982
Equities:				
International	333,198			333,198
Total equities	333,198			333,198
Fixed Income	107,687			107,687
Mutual funds:				
Equity mutual funds			6,715	6,715
Inflation hedge	209,231			209,231
Total mutual funds	209,231		6,715	215,946
Other securities	23,950		18,123	42,073
Other investments	45,838		664	46,502
Total investments	**$ 760,430**	**$ 16,426**	**$ 41,532**	**$ 818,388**

Property and Equipment

Property and equipment consist of *(Dollars in thousands)*	ASU Foundation	ACFFC	Other Component Units	Total
Cost or donated value:				
Buildings and improvements	$ 17,397	$ 185,011	$ 114,469	$ 316,877
Furniture, fixtures, and equipment	8,155	80,768	11,799	100,722
Leasehold improvements			13,755	13,755
Total cost or donated value	25,552	265,779	140,023	431,354
Accumulated depreciation	(11,493)	(90,355)	(36,535)	(138,383)
Net property and equipment	**$ 14,059**	**$ 175,424**	**$ 103,488**	**$ 292,971**

Bonds and Obligations under Capital lease

Bonds payable consist of *(Dollars in thousands)*	Final Maturity	ASU Foundation	ACFFC	Downtown Phoenix Student Housing, LLC	Other Component Units	Total
Series 2014A Revenue Refunding Bonds (Fulton)	2034	$ 39,050				$ 39,050
Series 2014B Revenue Refunding Bonds (Fulton)	2016	4,360				4,360
Series 2011 Tax-Exempt Revenue Refunding Bonds (Energy Management Services)	2018		$ 13,475			13,475
Series 2009 Revenue Bonds (Energy Management Services)	2024		34,475			34,475
Series 2009A Lease Revenue Refunding Bonds (Nanotechnology Research)	2034		22,955			22,955
Series 2009B Lease Revenue Refunding Bonds (Nanotechnology Research)	2022		8,310			8,310
Series 2008 Revenue Bonds (ASU Energy Center)	2028		14,010			14,010
Series 2008 Revenue Refunding Bonds (Hassayampa Academic Village)	2039		142,125			142,125
Series 2008 Variable Rate Demand Revenue Refunding Bonds (Sun Devil Energy Center)	2030		37,095			37,095
Series 2007 A&C Revenue Bonds	2042			$ 118,140		118,140
Series 2007 D Tax-Exempt Revenue Bonds	2042			22,700		22,700
Series 2006 Development Refunding Bonds (ASU Research Park)	2021				$ 7,000	7,000
Series 2005 Tax-Exempt Refunding Bonds (West Campus Housing)	2035		15,580			15,580
Series 2004A Variable Rate Revenue Bonds (Brickyard)	2034	22,420				22,420
Series 2004B Variable Rate Revenue Bonds (Brickyard)	2022	7,460				7,460
Capital Lease	2015				181	181
Deferred Cost of Refunding			(299)			(299)
Unamortized bond premium (discount)			1,359	(1,057)		302
		$ 73,290	**$ 289,085**	**$ 139,783**	**$ 7,181**	**$ 509,339**

NOTES TO FINANCIAL STATEMENTS

The following schedule reflects future principal payment commitments to investors:

Future principal commitments consist of *(Dollars in thousands)*					
Year Ending June 30	**ASU Foundation**	**ACFFC**	**Downtown Phoenix Student Housing, LLC**	**Other Component Units**	**Total**
2015	$ 2,600	$ 9,300	$ 610	$ 1,021	$ 13,531
2016	2,195	9,865	810	960	13,830
2017	2,275	10,555	1,025	955	14,810
2018	2,365	11,275	1,245	995	15,880
2019	2,480	12,040	1,480	1,040	17,040
Thereafter	61,375	236,050	134,613	2,210	434,248
	$ 73,290	**$ 289,085**	**$ 139,783**	**$ 7,181**	**$ 509,339**

Financial Statement Information

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

Component Units **Statement of Financial Position** **June 30, 2014** *(Dollars in thousands)*				
	ASU Foundation	**ACFFC**	**Nonmajor Component Units**	**Total**
Assets				
Cash and cash equivalents	$ 9,326	$ 3,157	$ 10,068	$ 22,551
Pledges receivables, net	105,524		5,103	110,627
Other receivables, net	3,125	101	18,487	21,713
Investments in securities	714,592	16,426	40,868	771,886
Other investments	45,838		664	46,502
Net direct financing leases	24,545	43,040		67,585
Property and equipment, net	14,059	175,424	103,488	292,971
Other assets	25,248	4,190	8,577	38,015
Total assets	$ 942,257	$ 242,338	$ 187,255	$ 1,371,850
Liabilities				
Accounts payable and accrued liabilities	$ 5,768	$ 7,689	$ 17,568	$ 31,025
Deferred revenue			14,890	14,890
ASU endowment trust liability	114,146			114,146
Other liabilities	35,584		8,019	43,603
Long-term debt	73,290	289,085	146,964	509,339
Total liabilities	$ 228,788	$ 296,774	$ 187,441	$ 713,003
Net Assets				
Unrestricted	$ 36,424	$ (54,436)	$ (10,458)	$ (28,470)
Temporarily restricted	278,169		8,430	286,599
Permanently restricted	398,876		1,842	400,718
Total net assets (deficit)	**$ 713,469**	**$ (54,436)**	**$ (186)**	**$ 658,847**

Component Units
Statement of Activities
Year ended June 30, 2014
(Dollars in thousands)

	ASU Foundation	ACFFC	Nonmajor Component Units	Total
Revenues				
Contributions	$ 59,971		$ 20,574	$ 80,545
Rental revenues	1,036	$ 14,701	18,871	34,608
Sales and services	21,276	9,470	3,910	34,656
Net investment return	77,321	1	2,863	80,185
Grant and aid			11,846	11,846
Other revenues	11,190	8,642	737	20,569
Total revenues	$ 170,794	$ 32,814	$ 58,801	$ 262,409
Expenses				
Payments to the benefit of ASU -				
Cash and transfers to ASU	$ 57,191		$ 10,871	$ 68,062
Scholarship fund transfers to ASU	7,305			7,305
Vendor payments	6,767			6,767
Rent payments to ASU		$ 24	2,046	2,070
Management and general	25,521	9,070	25,397	59,988
Interest expense	1,970	13,098	7,736	22,804
Depreciation/amortization	867	12,587	5,218	18,672
Other expenses	13,518	46	2,506	16,070
Total expenses	$ 113,139	$ 34,825	$ 53,774	$ 201,738
Increase/(Decrease) in net assets, before losses	57,655	(2,011)	5,027	60,671
Losses		(15)		(15)
Increase/(Decrease) in net assets, after losses	57,655	(2,026)	5,027	60,656
Net assets (deficit), beginning of year, restated	655,814	(52,410)	(5,213)	598,191
Net assets (deficit), end of year	**$ 713,469**	**$ (54,436)**	**$ (186)**	**$ 658,847**

Supplementary Information

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

Nonmajor Component Units
Combining Statement of Financial Position
June 30, 2014
(Dollars in thousands)

	ASU Alumni Association	Arizona State University Research Park, Inc.	Downtown Phoenix Student Housing, LLC	Sun Angel Endowment	Sun Angel Foundation	ASU Preparatory Academy, Inc.	Total
Assets							
Cash and cash equivalents	$ 253	$ 1,817	$ 1,398	$ 396	$ 2,849	$ 3,355	$ 10,068
Pledges reveivables, net	78				5,025		5,103
Other receivables, net	108	17,535	107		183	554	18,487
Investments in securities	16,357	1,291	14,675	8,545			40,868
Other investments				664			664
Property and equipment, net		5,029	98,163		10	286	103,488
Other assets	41	2,554	5,762	31	172	17	8,577
Total assets	$ 16,837	$ 28,226	$ 120,105	$ 9,636	$ 8,239	$ 4,212	$ 187,255
Liabilities							
Accounts payable and accrued liabilities	$ 105	$ 130	$ 16,026	$ 5	$ 443	$ 859	$ 17,568
Deferred revenue	33	13,303	11		20	1,523	14,890
Other liabilities	12	1,546	1,961	4,000		500	8,019
Long-term debt		7,000	139,783			181	146,964
Total liabilities	$ 150	$ 21,979	$ 157,781	$ 4,005	$ 463	$ 3,063	$ 187,441
Net Assets							
Unrestricted	$ 16,385	$ 6,247	$ (37,676)	$ 2,948	$ 489	$ 1,149	$ (10,458)
Temporarily restricted	302			841	7,287		8,430
Permanently restricted				1,842			1,842
Total net assets (deficit)	**$ 16,687**	**$ 6,247**	**$ (37,676)**	**$ 5,631**	**$ 7,776**	**$ 1,149**	**$ (186)**

Nonmajor Component Units
Combining Statement of Activities
Year ended June 30, 2014
(Dollars in thousands)

	ASU Alumni Association	Arizona State University Research Park, Inc.	Downtown Phoenix Student Housing, LLC	Sun Angel Endowment	Sun Angel Foundation	ASU Preparatory Academy, Inc.	Total
Revenues							
Contributions	$ 2,649				$ 15,069	$ 2,856	$ 20,574
Rental revenues		$ 8,854	$ 10,017				18,871
Sales and services	2,321				506	1,083	3,910
Net investment return	2,174	5	18	$ 655	10	1	2,863
Grant and aid						11,846	11,846
Other revenues	71	67	152	1	29	417	737
Total revenues	$ 7,215	$ 8,926	$ 10,187	$ 656	$ 15,614	$ 16,203	$ 58,801
Expenses							
Payments to the benefit of ASU -							
Cash donation transfers to ASU					$ 10,871		$ 10,871
Rent payments to ASU		$ 2,046					2,046
Management and general	$ 5,339	1,023	$ 2,797	$ 113	1,426	$ 14,699	25,397
Interest expense		328	7,234	174			7,736
Depreciation/amortization		412	4,806				5,218
Other expenses	196	150	817		1,343		2,506
Total expenses	$ 5,535	$ 3,959	$ 15,654	$ 287	$ 13,640	$ 14,699	$ 53,774
Increase/(Decrease) in net assets	1,680	4,967	(5,467)	369	1,974	1,504	5,027
Net assets (deficit), beginning of year, restated	15,007	1,280	(32,209)	5,262	5,802	(355)	(5,213)
Net assets (deficit), end of year	**$ 16,687**	**$ 6,247**	**$ (37,676)**	**$ 5,631**	**$ 7,776**	**$ 1,149**	**$ (186)**

Polytechnic campus

A study by ASU researchers and the City of Phoenix explored the beneficial impacts of urban forestry in reducing extreme surface heat.

Statistical Section

NARRATIVE TO THE STATISTICAL SECTION

Net Position by Component										
Fiscal year ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
(Dollars in thousands)										
Net investment in capital assets [1]	$ 695,591	$ 664,867	$ 643,008	$ 634,253	$ 661,691	$ 665,895	$ 725,527	$ 595,819	$ 580,333	$ 572,551
Restricted, Non-expendable	59,476	55,572	52,941	49,513	46,883	44,819	42,279	62,035	54,767	48,668
Restricted, Expendable	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854	55,914
Unrestricted	563,307	511,298	462,958	359,430	235,290	165,914	27,368	155,702	145,128	160,275
Total Net Position	**$1,432,322**	**$1,336,617**	**$1,251,568**	**$1,130,440**	**$1,036,795**	**$952,012**	**$894,388**	**$890,464**	**$843,082**	**$837,408**
Expressed as a percent of the total										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	48.5	49.7	51.4	56.1	63.8	70.0	81.1	66.9	68.8	68.4
Restricted, Non-expendable	4.2	4.2	4.2	4.4	4.5	4.7	4.7	7.0	6.5	5.8
Restricted, Expendable	8.0	7.8	7.4	7.7	9.0	7.9	11.1	8.6	7.5	6.7
Unrestricted	39.3	38.3	37.0	31.8	22.7	17.4	3.1	17.5	17.2	19.1
Total Net Position	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage increase/(decrease) from prior year										
	%	%	%	%	%	%	%	%	%	%
Net investment in capital assets	4.6	3.4	1.4	(4.1)	(0.6)	(8.2)	21.8	2.7	1.4	n/a
Restricted, Non-expendable	7.0	5.0	6.9	5.6	4.6	6.0	(31.8)	13.3	12.5	n/a
Restricted, Expendable	8.6	13.2	6.2	(6.1)	23.3	(24.0)	29.0	22.4	12.4	n/a
Unrestricted	10.2	10.4	28.8	52.8	41.8	506.2	(82.4)	7.3	(9.5)	n/a
Total Net Position	**7.2**	**6.8**	**10.7**	**9.0**	**8.9**	**6.4**	**0.4**	**5.6**	**0.7**	**n/a**

[1] Balances prior to FY 2014 have not been adjusted for the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

CHANGES IN NET POSITION

Changes in Net Position *(Dollars in thousands)*

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
Revenues										
Operating Revenues										
Student tuition and fees, net	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319	$ 499,467	$ 436,657	$ 399,890	$ 349,414	$ 302,090
Research grants and contracts	244,293	238,031	229,801	217,012	199,901	168,557	162,178	145,851	133,207	110,734
Sales and services										
Auxiliary enterprises	140,535	122,453	105,510	136,540	134,899	131,010	135,590	118,237	106,707	99,679
Educational departments	58,449	56,006	53,866	43,514	37,625	37,094	49,007	45,517	37,098	28,230
Other revenues	8,447	8,018	8,947	9,093	10,295	12,226	10,645	7,230	7,033	5,675
Total Operating Revenues	**$1,348,645**	**$1,227,473**	**$1,155,341**	**$1,045,483**	**$ 949,039**	**$ 848,354**	**$ 794,077**	**$ 716,725**	**$ 633,459**	**$ 546,408**
Expenses										
Operating Expenses										
Educational and general										
Instruction	$ 617,091	$ 548,998	$ 519,117	$ 495,815	$ 472,979	$ 454,929	$ 461,082	$ 425,744	$ 383,553	$ 358,907
Research	235,720	225,453	211,569	201,255	189,599	180,901	166,271	144,781	127,343	108,213
Public service	40,209	44,860	46,938	48,208	41,196	43,121	43,071	42,992	40,038	36,155
Academic support	225,853	204,831	185,890	187,435	176,213	171,546	166,778	149,280	135,635	121,118
Student services	72,409	65,908	60,737	55,244	49,078	51,412	53,959	49,823	45,333	40,171
Institutional support	136,334	124,546	120,491	124,893	122,706	126,920	129,104	113,072	99,286	84,921
Operation and maintenance of plant	98,901	91,077	86,750	83,939	77,598	87,530	94,582	83,265	64,665	53,823
Scholarships and fellowships	127,468	112,363	113,171	120,428	109,404	88,335	68,006	63,223	56,726	47,429
Auxiliary enterprises	130,550	119,509	115,799	142,492	135,141	121,467	127,229	113,434	97,068	91,314
Depreciation	112,270	106,992	98,005	97,202	95,745	93,768	83,448	78,085	66,121	71,520
Total Operating Expenses	**$1,796,805**	**$1,644,537**	**$1,558,467**	**$1,556,911**	**$1,469,659**	**$1,419,929**	**$1,393,530**	**$1,263,699**	**$1,115,768**	**$1,013,571**
Operating Loss	**$ (448,160)**	**$ (417,064)**	**$ (403,126)**	**$ (511,428)**	**$ (520,620)**	**$ (571,575)**	**$ (599,453)**	**$ (546,974)**	**$ (482,309)**	**$ (467,163)**
Nonoperating Revenues (Expenses)										
State appropriations	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914	$ 402,452	$ 468,406	$ 423,120	$ 368,568	$ 335,874
Federal fiscal stabilization funds				867	32,502	69,822				
Share of state tax - TRIF	27,785	25,225	23,799	21,770	21,303	23,735	28,161	31,566	22,113	22,609
Financial aid grants	106,855	104,415	110,222	104,498	84,998	49,969	42,198	36,176	36,310	36,759
Grants and contracts	35,863	42,195	49,237	50,133	48,390	50,892	34,905	34,741	40,392	40,090
Private gifts	64,928	59,807	55,329	50,584	45,847	49,211	42,620	39,222	40,155	31,748
Financial aid trust funds	12,393	11,114	11,027	9,279	9,249	8,812	8,680	6,606	3,754	3,448
Net investment return (loss)	20,263	9,494	(1,629)	17,130	7,510	(10,930)	11,387	28,700	20,383	14,989
Interest on debt	(52,674)	(53,331)	(48,101)	(47,505)	(42,740)	(39,451)	(36,929)	(33,283)	(28,805)	(22,818)
Other expenses	(9,642)	(10,995)	(8,358)	(6,980)	(10,002)	(6,186)	(16,492)	(13,540)	(13,983)	(12,217)
Net Nonoperating Revenues	**$ 520,264**	**$ 485,326**	**$ 499,291**	**$ 580,690**	**$ 577,971**	**$ 598,326**	**$ 582,936**	**$ 553,308**	**$ 488,887**	**$ 450,482**
Income (loss) before other revenues, expenses, gains, or losses	**$ 72,104**	**$ 68,262**	**$ 96,165**	**$ 69,262**	**$ 57,351**	**$ 26,751**	**$ (16,517)**	**$ 6,334**	**$ 6,578**	**$ (16,681)**
Capital appropriations	$ 14,471	$ 14,472	$ 14,472	$ 14,472	$ 14,472	$ 14,472	$ 14,472	$ 6,452		
Capital commitments	2,733	4,268	1,646	990						
Capital grants	893	761	1,636	1,371	2,086	1,432	2,283	2,190	1,548	1,767
Capital private gifts	8,308	2,503	7,206	3,567	3,351	4,961	7,576	9,614	4,447	10,005
Additions to permanent endowments	904	77	3	99	443	48	735	368	975	489
Property additions								22,424		
Special Items		(5,294)				7,240	(20,100)		(7,874)	
Extraordinary Item - insurance recovery	3,900			3,884	7,080	2,720	15,475			
Increase (Decrease) in Net Position	**$ 103,313**	**$ 85,049**	**$ 121,128**	**$ 93,645**	**$ 84,783**	**$ 57,624**	**$ 3,924**	**$ 47,382**	**$ 5,674**	**$ (4,420)**
Total Revenues	$ 1,962,434	$ 1,799,206	$ 1,736,054	$ 1,705,041	$ 1,607,184	$ 1,523,190	$ 1,470,975	$ 1,357,904	$ 1,172,104	$ 1,044,186
Total Expenses	1,859,121	1,714,157	1,614,926	1,611,396	1,522,401	1,465,566	1,467,051	1,310,522	1,166,430	1,048,606
Increase (Decrease) in Net Position	**$ 103,313**	**$ 85,049**	**$ 121,128**	**$ 93,645**	**$ 84,783**	**$ 57,624**	**$ 3,924**	**$ 47,382**	**$ 5,674**	**$ (4,420)**

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

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

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating Revenues										
Student tuition and fees, net	45.7	44.6	43.6	37.5	35.2	32.8	29.7	29.4	29.8	28.9
Research grants and contracts	12.4	13.2	13.2	12.7	12.4	11.1	11.0	10.7	11.4	10.6
Sales and services										
Auxiliary enterprises	7.2	6.8	6.1	8.0	8.4	8.6	9.2	8.7	9.1	9.5
Educational departments	3.0	3.1	3.1	2.6	2.3	2.4	3.3	3.4	3.2	2.7
Other revenues	0.4	0.4	0.5	0.5	0.6	0.8	0.7	0.5	0.6	0.5
Total Operating Revenues	**68.7**	**68.1**	**66.5**	**61.3**	**58.9**	**55.7**	**53.9**	**52.7**	**54.1**	**52.2**
Expenses										
Operating Expenses										
Educational and general										
Instruction	*33.2*	*32.0*	*32.1*	*30.8*	*31.1*	*31.0*	*31.4*	*32.5*	*32.9*	*34.2*
Research	*12.7*	*13.2*	*13.1*	*12.5*	*12.5*	*12.3*	*11.3*	*11.0*	*10.9*	*10.3*
Public service	*2.2*	*2.6*	*2.9*	*3.0*	*2.7*	*2.9*	*2.9*	*3.3*	*3.4*	*3.4*
Academic support	*12.1*	*11.9*	*11.5*	*11.6*	*11.6*	*11.7*	*11.4*	*11.4*	*11.6*	*11.6*
Student services	*3.9*	*3.8*	*3.8*	*3.4*	*3.2*	*3.5*	*3.7*	*3.8*	*3.9*	*3.8*
Institutional support	*7.3*	*7.3*	*7.5*	*7.8*	*8.1*	*8.7*	*8.8*	*8.6*	*8.5*	*8.1*
Operation and maintenance of plant	*5.3*	*5.3*	*5.4*	*5.2*	*5.1*	*6.0*	*6.4*	*6.4*	*5.5*	*5.1*
Scholarships and fellowships	*6.9*	*6.6*	*7.0*	*7.5*	*7.2*	*6.0*	*4.6*	*4.8*	*4.9*	*4.5*
Auxiliary enterprises	*7.0*	*7.0*	*7.2*	*8.8*	*8.9*	*8.3*	*8.7*	*8.7*	*8.3*	*8.7*
Depreciation	*6.0*	*6.2*	*6.1*	*6.0*	*6.3*	*6.4*	*5.7*	*6.0*	*5.7*	*6.8*
Total Operating Expenses	**91.5**	**91.4**	**89.8**	**91.3**	**91.4**	**93.2**	**94.7**	**93.1**	**95.2**	**97.1**
Operating Loss	**(22.8)**	**(23.3)**	**(23.3)**	**(30.0)**	**(32.5)**	**(37.5)**	**(40.8)**	**(40.4)**	**(41.1)**	**(44.9)**
Nonoperating Revenues (Expenses)										
State appropriations	16.0	16.5	17.7	22.3	23.7	26.4	31.8	31.2	31.4	32.2
Federal fiscal stabilization funds	0.0	0.0	0.0	0.1	2.0	4.6	0.0	0.0	0.0	0.0
Share of state tax - TRIF	1.4	1.4	1.4	1.3	1.3	1.6	1.9	2.3	1.9	2.2
Financial aid grants	5.4	5.8	6.3	6.1	5.3	3.3	2.9	2.7	3.1	3.5
Grants and contracts	1.8	2.3	2.8	2.9	3.0	3.3	2.4	2.6	3.4	3.8
Private gifts	3.3	3.3	3.2	3.0	2.9	3.2	2.9	2.9	3.4	3.0
Financial aid trust funds	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.5	0.3	0.3
Net investment return (loss)	1.0	0.5	(0.1)	1.0	0.5	(0.7)	0.8	2.1	1.7	1.4
Interest on debt	*(2.8)*	*(3.1)*	*(3.0)*	*(2.9)*	*(2.8)*	*(2.7)*	*(2.5)*	*(2.5)*	*(2.5)*	*(2.2)*
Other expenses	*(0.5)*	*(0.6)*	*(0.5)*	*(0.4)*	*(0.7)*	*(0.4)*	*(1.1)*	*(1.0)*	*(1.2)*	*(1.2)*
Net Nonoperating Revenues	**26.5**	**27.0**	**28.8**	**34.1**	**36.0**	**39.3**	**39.6**	**40.7**	**41.7**	**43.1**
Income (loss) before other revenues, expenses, gains, or losses	**3.7**	**3.7**	**5.5**	**4.1**	**3.5**	**1.8**	**(1.2)**	**0.3**	**0.6**	**(1.8)**
Capital appropriations	0.7	0.8	0.8	0.8	0.9	1.0	1.0	0.5	0.0	0.0
Capital commitment	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Capital grants	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.2
Capital private gifts	0.4	0.1	0.4	0.2	0.2	0.3	0.5	0.7	0.4	1.0
Additions to permanent endowments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Property additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0
Special Items	0.0	*(0.3)*	0.0	0.0	0.0	0.5	*(1.4)*	0.0	*(0.7)*	0.0
Extraordinary Item - insurance recovery	0.2	0.0	0.0	0.2	0.4	0.2	1.1	0.0	0.0	0.0
Increase (Decrease) in Net Position	**5.3**	**4.7**	**7.0**	**5.5**	**5.3**	**3.8**	**0.3**	**3.5**	**0.5**	**(0.4)**

Percent of Total Expense is italicized.

CHANGES IN NET POSITION *(continued)*

Changes in Net Position (Percentage increase (decrease) from prior year)

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
	%	%	%	%	%	%	%	%	%	%
Revenues										
Operating Revenues										
Student tuition and fees, net	11.7	6.0	18.4	12.9	13.4	14.4	9.2	14.4	15.7	n/a
Research grants and contracts	2.6	3.6	5.9	8.6	18.6	3.9	11.2	9.5	20.3	n/a
Sales and services										
Auxiliary enterprises	14.8	16.1	(22.7)	1.2	3.0	(3.4)	14.7	10.8	7.1	n/a
Educational departments	4.4	4.0	23.8	15.7	1.4	(24.3)	7.7	22.7	31.4	n/a
Other revenues	5.4	(10.4)	(1.6)	(11.7)	(15.8)	14.9	47.2	2.8	23.9	n/a
Total Operating Revenues	9.9	6.2	10.5	10.2	11.9	6.8	10.8	13.1	15.9	n/a
Expenses										
Operating Expenses										
Educational and general										
Instruction	12.4	5.8	4.7	4.8	4.0	(1.3)	8.3	11.0	6.9	n/a
Research	4.6	6.6	5.1	6.1	4.8	8.8	14.8	13.7	17.7	n/a
Public service	(10.4)	(4.4)	(2.6)	17.0	(4.5)	0.1	0.2	7.4	10.7	n/a
Academic support	10.3	10.2	(0.8)	6.4	2.7	2.9	11.7	10.1	12.0	n/a
Student services	9.9	8.5	9.9	12.6	(4.5)	(4.7)	8.3	9.9	12.9	n/a
Institutional support	9.5	3.4	(3.5)	1.8	(3.3)	(1.7)	14.2	13.9	16.9	n/a
Operation and maintenance of plant	8.6	5.0	3.3	8.2	(11.3)	(7.5)	13.6	28.8	20.1	n/a
Scholarships and fellowships	13.4	(0.7)	(6.0)	10.1	23.9	29.9	7.6	11.5	19.6	n/a
Auxiliary enterprises	9.2	3.2	(18.7)	5.4	11.3	(4.5)	12.2	16.9	6.3	n/a
Depreciation	4.9	9.2	0.8	1.5	2.1	12.4	6.9	18.1	(7.5)	n/a
Total Operating Expenses	9.3	5.5	0.1	5.9	3.5	1.9	10.3	13.3	10.1	n/a
Operating Loss	7.5	3.5	(21.2)	(1.8)	(8.9)	(4.7)	9.6	13.4	3.2	n/a
Nonoperating Revenues (Expenses)										
State appropriations	5.7	(3.4)	(19.2)	0.0	(5.4)	(14.1)	10.7	14.8	9.7	n/a
Federal fiscal stabilization funds	n/a	n/a	n/a	(97.3)	(53.5)	n/a	n/a	n/a	n/a	n/a
Share of state tax - TRIF	10.1	6.0	9.3	2.2	(10.2)	(15.7)	(10.8)	42.7	(2.2)	n/a
Financial aid grants	2.3	(5.3)	5.5	22.9	70.1	18.4	16.6	(0.4)	(1.2)	n/a
Grants and contracts	(15.0)	(14.3)	(1.8)	3.6	(4.9)	45.8	0.5	(14.0)	0.8	n/a
Private gifts	8.6	8.1	9.4	10.3	(6.8)	15.5	8.7	(2.3)	26.5	n/a
Financial aid trust funds	11.5	0.8	18.8	0.3	5.0	1.5	31.4	76.0	8.9	n/a
Net investment return (loss)	113.4	(682.8)	(109.5)	128.1	(168.7)	(196.0)	(60.3)	40.8	36.0	n/a
Interest on debt	(1.2)	10.9	1.3	11.1	8.3	6.8	11.0	15.5	26.2	n/a
Other expenses	(12.3)	31.6	19.7	(30.2)	61.7	(62.5)	21.8	(3.2)	14.5	n/a
Net Nonoperating Revenues	7.2	(2.8)	(14.0)	0.5	(3.4)	2.6	5.4	13.2	8.5	n/a
Income (loss) before other revenues, expenses, gains, or losses	5.6	(29.0)	38.8	20.8	114.4	(262.0)	(360.8)	(3.7)	(139.4)	n/a
Capital appropriations	0.0	0.0	0.0	0.0	0.0	0.0	124.3	n/a	n/a	n/a
Capital commitment	(36.0)	159.3	66.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Capital grants	17.3	(53.5)	19.3	(34.3)	45.7	(37.3)	4.2	41.5	(12.4)	n/a
Capital private gifts	231.9	(65.3)	102.0	6.4	(32.5)	(34.5)	(21.2)	116.2	(55.6)	n/a
Additions to permanent endowments	1,074.0	2,466.7	(97.0)	(77.7)	822.9	(93.5)	99.7	(62.3)	99.4	n/a
Property additions	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Items	n/a	n/a	n/a	n/a	n/a	(136.0)	n/a	n/a	n/a	n/a
Extraordinary Item - insurance recovery	n/a	n/a	n/a	(45.1)	160.3	(82.4)	n/a	n/a	n/a	n/a
Increase (Decrease) in Net Position	21.5	(29.8)	29.3	10.5	47.1	1,368.5	(91.7)	735.1	(228.4)	n/a

OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating Expenses by Natural Classification										
Fiscal year ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
(Dollars in thousands)										
Personal services	$ 761,778	$ 711,641	$ 679,715	$ 692,246	$ 664,755	$ 666,331	$ 666,673	$ 617,620	$ 567,723	$ 518,707
Benefits	268,025	236,380	231,295	226,400	216,684	206,828	194,583	174,682	149,472	128,739
Personal services and benefits	1,029,803	948,021	911,010	918,646	881,439	873,159	861,256	792,302	717,195	647,446
Supplies and services	514,355	464,452	423,693	407,826	371,588	352,567	368,370	319,301	266,418	241,698
Student aid, net scholarship allowance	140,377	125,072	125,759	133,237	120,887	100,435	80,456	74,011	66,034	52,907
Depreciation	112,270	106,992	98,005	97,202	95,745	93,768	83,448	78,085	66,121	71,520
Total Operating Expenses by Natural Classification	**$1,796,805**	**$1,644,537**	**$1,558,467**	**$1,556,911**	**$1,469,659**	**$1,419,929**	**$1,393,530**	**$1,263,699**	**$1,115,768**	**$1,013,571**
Expressed as a percent of the total										
	%	%	%	%	%	%	%	%	%	%
Personal services	42.4	43.3	43.6	44.5	45.2	46.9	47.8	48.9	50.9	51.2
Benefits	14.9	14.4	14.8	14.5	14.8	14.6	14.0	13.8	13.4	12.7
Personal services and benefits	57.3	57.7	58.4	59.0	60.0	61.5	61.8	62.7	64.3	63.9
Supplies and services	28.6	28.2	27.2	26.2	25.3	24.8	26.4	25.3	23.9	23.8
Student aid, net scholarship allowance	7.8	7.6	8.1	8.6	8.2	7.1	5.8	5.8	5.9	5.2
Depreciation	6.3	6.5	6.3	6.2	6.5	6.6	6.0	6.2	5.9	7.1
Total Operating Expenses by Natural Classification	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Percentage increase/(decrease) from prior year										
	%	%	%	%	%	%	%	%	%	%
Personal services	7.0	4.7	(1.8)	4.1	(0.2)	(0.1)	7.9	8.8	9.4	n/a
Benefits	13.4	2.2	2.2	4.5	4.8	6.3	11.4	16.9	16.1	n/a
Personal services and benefits	8.6	4.1	(0.8)	4.2	0.9	1.4	8.7	10.5	10.8	n/a
Supplies and services	10.7	9.6	3.9	9.8	5.4	(4.3)	15.4	19.8	10.2	n/a
Student aid, net scholarship allowance	12.2	(0.5)	(5.6)	10.2	20.4	24.8	8.7	12.1	24.8	n/a
Depreciation	4.9	9.2	0.8	1.5	2.1	12.4	6.9	18.1	(7.5)	n/a
Total Operating Expenses by Natural Classification	**9.3**	**5.5**	**0.1**	**5.9**	**3.5**	**1.9**	**10.3**	**13.3**	**10.1**	**n/a**
Scholarship allowance	$ 231,124	$ 211,919	$ 203,501	$ 180,646	$ 155,161	$ 113,874	$ 95,315	$ 83,665	$ 75,919	$ 70,499

COMBINED SOURCES AND USES

Combined Sources and Uses *(Dollars in millions)*

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
Sources										
Student Tuition and Fees, net	$ 896.9	$ 803.0	$ 757.2	$ 639.3	$ 566.3	$ 499.5	$ 436.7	$ 399.9	$ 349.4	$ 302.1
Gross Tuition and Fees	*1,117.8*	*1,005.8*	*952.5*	*811.4*	*711.1*	*608.5*	*526.3*	*479.6*	*422.6*	*371.0*
Scholarship Allowance	*220.9*	*202.8*	*195.3*	*172.1*	*144.8*	*109.0*	*89.6*	*79.7*	*73.2*	*68.9*
State Appropriation	329.0	311.9	322.2	395.4	395.4	416.9	482.9	429.6	368.6	335.9
Capital Appropriation	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*	*14.5*	*6.5*		
Federal Fiscal Stabilization Funds				0.8	32.5	69.8				
Grants and Contracts	281.1	281.0	280.7	268.5	250.4	220.9	199.4	182.8	175.3	153.4
Federally Funded	*247.9*	*225.4*	*232.3*	*219.8*	*191.9*	*151.8*	*148.6*	*150.0*	*139.8*	*126.5*
Financial Aid Grants	106.9	104.4	110.2	104.5	85.0	50.0	42.2	36.2	36.1	36.0
Federally Funded	*106.4*	*104.0*	*109.8*	*104.1*	*84.6*	*49.6*	*40.4*	*36.2*	*36.1*	*36.0*
Auxiliary Enterprises, net	140.5	122.5	105.5	136.6	134.9	131.0	135.6	118.2	106.7	99.7
Private and Capital Gifts	74.1	62.3	62.6	54.2	49.6	54.2	50.9	49.2	45.6	42.2
Capital Gifts	*8.3*	*2.5*	*7.2*	*3.6*	*3.4*	*5.0*	*7.6*	*9.6*	*4.4*	*10.0*
Sales and Services	58.4	56.0	53.9	43.5	37.6	37.1	49.0	45.5	37.1	28.2
Technology and Research Initiatives Funds (TRIF)	27.8	25.2	23.8	21.8	21.3	23.7	28.1	31.6	22.1	22.6
Other Sources	47.7	32.9	20.0	40.4	34.2	20.1	46.1	64.9	31.2	24.1
Total Sources	**$ 1,962.4**	**$ 1,799.2**	**$ 1,736.1**	**$ 1,705.0**	**$ 1,607.2**	**$ 1,523.2**	**$ 1,470.9**	**$ 1,357.9**	**$ 1,172.1**	**$ 1,044.2**
Uses										
Instruction	$ 617.1	$ 549.0	$ 519.1	$ 495.8	$ 473.0	$ 454.9	$ 461.1	$ 425.7	$ 383.6	$ 358.9
Organized Research	235.7	225.5	211.6	201.3	189.6	180.9	166.3	144.8	127.3	108.2
Public Service	40.2	44.9	46.9	48.2	41.2	43.1	43.1	43.0	40.0	36.2
Academic Support	225.8	204.8	185.9	187.4	176.2	171.6	166.8	149.3	135.6	121.1
Student Services	72.4	65.9	60.7	55.2	49.1	51.5	54.0	49.8	45.3	40.2
Institutional Support	136.3	124.5	120.5	124.9	122.7	126.9	129.1	113.1	99.3	84.9
Operation and Maintenance of Plant	98.9	91.1	86.7	83.9	77.6	87.5	94.5	83.3	64.7	53.8
Scholarships and Fellowships	127.5	112.4	113.2	120.5	109.4	88.3	68.0	63.2	56.7	47.4
Auxiliary Enterprises	130.6	119.5	115.8	142.5	135.1	121.5	127.2	113.4	97.1	91.3
Depreciation	112.3	107.0	98.0	97.2	95.7	93.8	83.4	78.1	66.1	71.5
Academic and Research Buildings	*63.9*	*60.0*	*52.1*	*50.3*	*50.1*	*48.7*	*45.7*	*44.4*	*39.7*	*43.5*
Other Expenses	62.3	69.6	56.5	54.5	52.8	45.6	73.5	46.8	50.7	35.1
Total Uses	**$ 1,859.1**	**$ 1,714.2**	**$ 1,614.9**	**$ 1,611.4**	**$ 1,522.4**	**$ 1,465.6**	**$ 1,467.0**	**$ 1,310.5**	**$ 1,166.4**	**$ 1,048.6**

Principal Revenue Sources *(Dollars in thousands)*

Fiscal year ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and Fees, net of scholarship allowance	**$ 896,921**	**$ 802,965**	**$ 757,217**	**$ 639,324**	**$ 566,319**	**$ 499,467**	**$ 436,657**	**$ 399,890**	**$349,414**	**$302,090**
percent of total revenue	46%	45%	44%	37%	35%	33%	30%	29%	30%	29%
percent increase from prior year	12%	6%	18%	13%	13%	14%	9%	14%	16%	n/a
State of Arizona Government										
State appropriations	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914	$ 402,452	$ 468,406	$ 423,120	$ 368,568	$ 335,874
Technology and research initiative fund	27,785	25,225	23,799	21,770	21,303	23,735	28,161	31,566	22,113	22,609
Capital appropriations and capital commitments	17,204	16,642	16,118	15,462	14,472	14,472	14,472	6,452		
Financial aid trust fund	5,350	4,920	5,242	5,322	5,569	5,412	5,322	3,723	1,102	1,081
State grants and contracts	3,055	1,514	9,136	6,386	10,800	11,143	7,958	3,267	7,033	1,329
Capital grants								150		35
State of Arizona Government	**$ 367,887**	**$ 345,703**	**$ 362,060**	**$ 429,854**	**$ 433,058**	**$ 457,214**	**$ 524,319**	**$ 468,278**	**$398,816**	**$360,928**
percent of total revenue	19%	19%	21%	25%	27%	30%	36%	34%	34%	35%
percent increase (decrease) from prior year	6%	(5%)	(16%)	(1%)	(5%)	(13%)	12%	17%	10%	n/a
Federal Government										
Federal grants and contracts	$ 247,015	$ 224,603	$ 230,747	$ 218,704	$ 189,909	$ 150,683	$ 146,758	$ 147,798	$ 138,278	$ 124,846
Financial aid grants	106,360	103,965	109,779	104,057	84,574	49,588	40,397	36,176	36,101	36,506
Capital grants	859	761	1,517	1,142	2,031	1,067	1,826	1,752	1,548	1,150
Federal fiscal stabilization funds				867	32,502	69,822				
Federal Government	**$ 354,234**	**$ 329,329**	**$ 342,043**	**$ 324,770**	**$ 309,016**	**$ 271,160**	**$ 188,981**	**$ 185,726**	**$175,927**	**$162,502**
percent of total revenue	18%	18%	20%	19%	19%	18%	13%	14%	15%	16%
percent increase (decrease) from prior year	8%	(4%)	5%	5%	14%	43%	2%	6%	8%	n/a
Total from principal revenue sources	**$1,619,042**	**$1,477,997**	**$1,461,320**	**$1,393,948**	**$1,308,393**	**$1,227,841**	**$1,149,957**	**$1,053,894**	**$924,157**	**$825,520**
percent of total revenue	83%	82%	85%	81%	81%	81%	79%	77%	79%	80%
percent increase from prior year	10%	1%	5%	7%	7%	7%	9%	14%	12%	n/a

Due to the economic downturn in FY 2009, state appropriation funding decreased and tuition rates were increased to offset the decrease in state appropriations.

ACADEMIC YEAR TUITION AND REQUIRED FEES

Academic Year Tuition and Required Fees										
Fiscal year ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
RESIDENT UNDERGRADUATE										
Arizona State University	$ 9,861	$ 9,724	$ 9,720	$ 8,132	$ 6,334	$ 5,661	$ 4,971	$ 4,688	$ 4,406	$ 4,064
percent increase from prior year	1.4%	0.0%	19.5%	28.4%	11.8%	13.9%	6.0%	6.4%	8.4%	n/a
PAC-12 Public Average	$10,729	$10,484	$ 9,831	$ 8,990	$ 7,803	$ 6,811	$ 6,322	$ 5,809	$ 5,539	$ 5,238
percent increase from prior year	2.3%	6.6%	9.4%	15.2%	14.6%	7.7%	8.8%	4.9%	5.7%	n/a
ABOR Peers Average	$11,675	$11,440	$10,846	$10,146	$ 9,443	$ 8,904	$ 8,356	$ 7,902	$ 7,418	$ 6,905
percent increase from prior year	2.1%	5.5%	6.9%	7.4%	6.1%	6.6%	5.7%	6.5%	7.4%	n/a
NON-RESIDENT UNDERGRADUATE										
Arizona State University	$23,654	$22,977	$22,319	$20,596	$18,919	$17,949	$17,003	$15,847	$15,095	$12,919
percent increase from prior year	2.9%	2.9%	8.4%	8.9%	5.4%	5.6%	7.3%	5.0%	16.8%	n/a
PAC-12 Public Average	$29,436	$28,653	$27,510	$26,753	$25,123	$22,812	$21,357	$20,100	$19,008	$18,019
percent increase from prior year	2.7%	4.2%	2.8%	6.5%	10.1%	6.8%	6.3%	5.7%	5.5%	n/a
ABOR Peers Average	$29,146	$28,297	$27,066	$25,665	$24,436	$23,068	$22,192	$20,904	$19,666	$18,462
percent increase from prior year	3.0%	4.5%	5.5%	5.0%	5.9%	3.9%	6.2%	6.3%	6.5%	n/a
RESIDENT GRADUATE										
Arizona State University	$10,818	$10,517	$10,220	$8,848	$ 7,465	$ 7,041	$ 6,377	$ 6,027	$ 5,561	$ 5,129
percent increase from prior year	2.9%	2.9%	15.5%	18.5%	6.0%	10.4%	5.8%	8.4%	8.4%	n/a
PAC-12 Public Average	$12,374	$12,039	$11,494	$10,321	$ 9,824	$ 9,093	$ 8,516	$ 7,725	$ 7,255	$ 6,869
percent increase from prior year	2.8%	4.7%	11.4%	5.1%	8.0%	6.8%	10.2%	6.5%	5.6%	n/a
ABOR Peers Average	$13,598	$13,207	$12,603	$11,843	$11,022	$10,472	$ 9,708	$ 9,066	$ 8,488	$ 7,980
percent increase from prior year	3.0%	4.8%	6.4%	7.4%	5.3%	7.9%	7.1%	6.8%	6.4%	n/a
NON-RESIDENT GRADUATE										
Arizona State University	$25,804	$25,066	$24,345	$22,397	$20,659	$19,606	$18,070	$16,613	$15,825	$13,649
percent increase from prior year	2.9%	3.0%	8.7%	8.4%	5.4%	8.5%	8.8%	5.0%	15.9%	n/a
PAC-12 Public Average	$25,597	$24,952	$24,051	$22,722	$21,823	$20,513	$19,002	$17,936	$17,625	$17,019
percent increase from prior year	2.6%	3.7%	5.8%	4.1%	6.4%	8.0%	5.9%	1.8%	3.6%	n/a
ABOR Peers Average	$27,206	$26,485	$25,552	$24,435	$23,437	$22,457	$21,292	$20,268	$19,289	$18,184
percent increase from prior year	2.7%	3.7%	4.6%	4.3%	4.4%	5.5%	5.1%	5.1%	6.1%	n/a

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

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

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

Summary of Composite Financial Index Ratios										
Fiscal year ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007** *(as restated)*	**2006** *(as restated)*	**2005** *(as restated)*
COMPOSITE FINANCIAL INDEX										
+ Primary Reserve Ratio	**0.45**	**0.43**	**0.40**	**0.35**	**0.27**	**0.22**	**0.23**	**0.33**	**0.29**	**0.30**
/ 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	3.38	3.23	3.01	2.63	2.03	1.65	1.73	2.48	2.18	2.26
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	1.18	1.13	1.05	0.92	0.71	0.58	0.61	0.87	0.76	0.79
+ Return on Net Position/Net Assets	**8.5%**	**8.3%**	**7.1%**	**10.5%**	**6.7%**	**(4.8%)**	**2.6%**	**11.8%**	**11.2%**	**3.4%**
/ 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	4.25	4.15	3.55	5.25	3.35	(1.00)	1.30	5.90	5.60	1.70
* Weighting Factor	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
= Ratio Subtotal	0.85	0.83	0.71	1.05	0.67	(0.20)	0.26	1.18	1.12	0.34
+ Net Operating Revenues Ratio	**4.4%**	**3.9%**	**3.5%**	**4.9%**	**3.3%**	**(2.2%)**	**(2.7%)**	**0.0%**	**1.4%**	**0.5%**
/ 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	3.38	3.00	2.69	3.77	2.54	(1.00)	(1.00)	0.00	1.08	0.38
* Weighting Factor	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
= Ratio Subtotal	0.34	0.30	0.27	0.38	0.25	(0.10)	(0.10)	0.00	0.11	0.04
+ Viability Ratio	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**	**0.2**	**0.3**	**0.4**	**0.3**	**0.3**
/ Strength Factor	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417	0.417
= Ratio / Strength Factor	1.20	1.20	0.96	0.96	0.72	0.48	0.72	0.96	0.72	0.72
* Weighting Factor	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
= Ratio Subtotal	0.42	0.42	0.34	0.34	0.25	0.17	0.25	0.34	0.25	0.25
Composite Financial Index	**2.79**	**2.68**	**2.37**	**2.69**	**1.88**	**0.45**	**1.02**	**2.39**	**2.24**	**1.42**

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)*

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

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
PRIMARY RESERVE RATIO										
Unrestricted Net Position	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128	$ 160,275
Unrestricted Net Assets - Component Units	(28,470)	(51,915)	(62,932)	(34,119)	(57,636)	(57,447)	6,512	32,802	38,154	27,250
Expendable Restricted Net Position	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854	55,914
Temporarily Restricted Net Assets - Component Units	286,599	260,101	232,312	214,130	182,878	174,586	233,668	219,495	115,184	94,275
Expendable Net Position/Net Assets	**$ 935,384**	**$ 824,364**	**$ 724,999**	**$ 626,685**	**$ 453,463**	**$ 358,437**	**$ 366,762**	**$ 484,907**	**$ 361,320**	**$ 337,714**
Operating Expenses	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659	$ 1,419,929	$ 1,393,530	$ 1,263,699	$ 1,115,768	$ 1,013,571
Nonoperating Expenses	62,316	64,326	56,459	54,485	52,742	45,637	53,421	46,823	42,788	35,035
Component Unit Total Expenses	201,738	186,523	202,475	182,983	171,174	163,219	158,433	137,843	103,421	92,676
Total Expenses	**$2,060,859**	**$1,895,386**	**$1,817,401**	**$1,794,379**	**$1,693,575**	**$1,628,785**	**$1,605,384**	**$1,448,365**	**$1,261,977**	**$1,141,282**
Expendable Net Position/Net Assets	$ 935,384	$ 824,364	$ 724,999	$ 626,685	$ 453,463	$ 358,437	$ 366,762	$ 484,907	$ 361,320	$ 337,714
Total Expenses	$ 2,060,859	$ 1,895,386	$ 1,817,401	$ 1,794,379	$ 1,693,575	$ 1,628,785	$ 1,605,384	$ 1,448,365	$ 1,261,977	$ 1,141,282
Ratio	**0.45**	**0.43**	**0.40**	**0.35**	**0.27**	**0.22**	**0.23**	**0.33**	**0.29**	**0.30**

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

RETURN ON NET POSITION/NET ASSETS RATIO	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Change in Total Net Position/Net Assets	$ 163,969	$ 148,312	$ 118,202	$ 159,068	$ 94,407	$ (72,049)	$ 37,286	$ 153,438	$ 130,457	$ 37,817
Total Net Position/Net Assets (Beginning of Year)	$ 1,927,200	$ 1,786,613	$ 1,668,411	$ 1,509,343	$ 1,414,936	$ 1,486,985	$ 1,449,699	$ 1,296,682	$ 1,165,922	$ 1,128,105
Ratio	**8.5%**	**8.3%**	**7.1%**	**10.5%**	**6.7%**	**(4.8%)**	**2.6%**	**11.8%**	**11.2%**	**3.4%**

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

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

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

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
NET OPERATING REVENUES RATIO										
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$ 72,104	$ 68,262	$ 96,165	$ 69,262	$ 57,351	$ 26,751	$ (16,517)	$ 6,334	$ 6,578	$ (16,681)
Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	23,577	8,169	(30,703)	23,517	(189)	(61,911)	(25,750)	(5,655)	10,904	22,653
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	**$ 95,681**	**$ 76,431**	**$ 65,462**	**$ 92,779**	**$ 57,162**	**$ (35,160)**	**$ (42,267)**	**$ 679**	**$ 17,482**	**$ 5,972**
Total Operating Revenues	$ 1,348,645	$ 1,227,473	$ 1,155,341	$ 1,045,483	$ 949,039	$ 848,354	$ 794,077	$ 716,725	$ 633,459	$ 546,408
State Appropriations and State Related Revenues	342,278	322,627	331,564	403,551	434,719	496,009	496,567	454,686	390,681	358,483
Non-capital Gifts and Grants, net	207,646	206,417	214,788	205,215	179,235	150,072	119,723	110,139	116,857	108,597
Financial aid trust	12,393	11,114	11,027	9,279	9,249	8,812	8,680	6,606	3,754	3,448
Investment Income (Loss), net	20,263	9,494	(1,629)	17,130	7,510	(10,930)	11,387	28,700	20,383	14,989
Component Units Total Unrestricted Revenue	225,315	194,692	171,772	206,500	170,985	101,308	132,683	132,188	114,325	115,329
Adjusted Net Operating Revenue	**$2,156,540**	**$1,971,817**	**$1,882,863**	**$1,887,158**	**$1,750,737**	**$1,593,625**	**$1,563,117**	**$1,449,044**	**$1,279,459**	**$1,147,254**
Adjusted Income (Loss) Before Other Revenues, Expenses, Gains or Losses and Component Units Change in Unrestricted Net Assets Before Extraordinary or Special Items	$ 95,681	$ 76,431	$ 65,462	$ 92,779	$ 57,162	$ (35,160)	$ (42,267)	$ 679	$ 17,482	$ 5,972
Adjusted Net Operating Revenue	$ 2,156,540	$ 1,971,817	$ 1,882,863	$ 1,887,158	$ 1,750,737	$ 1,593,625	$ 1,563,117	$ 1,449,044	$ 1,279,459	$ 1,147,254
Ratio	**4.4%**	**3.9%**	**3.5%**	**4.9%**	**3.3%**	**(2.2%)**	**(2.7%)**	**0.0%**	**1.4%**	**0.5%**

Measures whether the institution is living within available resources. A positive ratio and an increase in the ratio over time, generally reflects strength; a decline may be appropriate and even warranted if it represents a strategy on the part of the institution to fulfill its mission.

VIABILITY RATIO	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Unrestricted Net Position	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128	$ 160,275
Unrestricted Net Assets - Component Units	(28,470)	(51,915)	(62,932)	(34,119)	(57,636)	(57,447)	6,512	32,802	38,154	27,250
Expendable Restricted Net Position	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854	55,914
Temporarily Restricted Net Assets - Component Units	286,599	260,101	232,312	214,130	182,878	174,586	233,668	219,495	115,184	94,275
Expendable Net Position/Net Assets	**$ 935,384**	**$ 824,364**	**$ 724,999**	**$ 626,685**	**$ 453,463**	**$ 358,437**	**$ 366,762**	**$ 484,907**	**$ 361,320**	**$ 337,714**
University Long-Term Debt, net capital leases with Component Units	$ 1,319,199	$ 1,266,524	$ 1,227,702	$ 1,078,340	$ 1,032,441	$ 874,100	$ 765,272	$ 796,474	$ 742,714	$ 743,805
Component Unit Long-Term Debt	509,339	521,101	546,488	586,851	596,104	603,843	540,121	416,703	417,311	279,212
Total Adjusted University Debt	**$ 1,828,538**	**$ 1,787,625**	**$1,774,190**	**$1,665,191**	**$1,628,545**	**$1,477,943**	**$1,305,393**	**$1,213,177**	**$1,160,025**	**$1,023,017**
Expendable Net Position/Net Assets	$ 935,384	$ 824,364	$ 724,999	$ 626,685	$ 453,463	$ 358,437	$ 366,762	$ 484,907	$ 361,320	$ 337,714
Total Adjusted University Debt	$ 1,828,538	$ 1,787,625	$ 1,774,190	$ 1,665,191	$ 1,628,545	$ 1,477,943	$ 1,305,393	$ 1,213,177	$ 1,160,025	$ 1,023,017
Ratio	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**	**0.2**	**0.3**	**0.4**	**0.3**	**0.3**

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

SUMMARY OF RATIOS *(continued)*

Summary of Ratios *(Dollars in thousands)*

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
EXPENDABLE RESOURCES TO DEBT										
Unrestricted Net Position	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128	$ 160,275
Expendable Restricted Net Position	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854	55,914
Expendable Net Position	**$ 677,255**	**$ 616,178**	**$ 555,619**	**$ 446,674**	**$ 328,221**	**$ 241,298**	**$ 126,582**	**$ 232,610**	**$ 207,982**	**$ 216,189**
Expendable Net Position	$ 677,255	$ 616,178	$ 555,619	$ 446,674	$ 328,221	$ 241,298	$ 126,582	$ 232,610	$ 207,982	$ 216,189
Total Bonds, COPS, and Capital Leases	$ 1,354,886	$ 1,321,417	$ 1,275,403	$ 1,140,423	$ 1,094,882	$ 949,063	$ 840,228	$ 872,278	$ 807,109	$ 808,200
Ratio	**0.5**	**0.5**	**0.4**	**0.4**	**0.3**	**0.3**	**0.2**	**0.3**	**0.3**	**0.3**

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

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
TOTAL FINANCIAL RESOURCES TO DIRECT DEBT										
Unrestricted Net Position	$ 563,307	$ 511,298	$ 462,958	$ 359,430	$ 235,290	$ 165,914	$ 27,368	$ 155,702	$ 145,128	$ 160,275
Expendable Restricted Net Position	113,948	104,880	92,661	87,244	92,931	75,384	99,214	76,908	62,854	55,914
Non-expendable Restricted Net Position	59,476	55,572	52,941	49,513	46,883	44,819	42,279	62,035	54,767	48,668
Total Financial Resources	**$ 736,731**	**$ 671,750**	**$ 608,560**	**$ 496,187**	**$ 375,104**	**$ 286,117**	**$ 168,861**	**$ 294,645**	**$ 262,749**	**$ 264,857**
Total Financial Resources	$ 736,731	$ 671,750	$ 608,850	$ 496,187	$ 375,104	$ 286,117	$ 168,861	$ 294,645	$ 262,749	$ 264,857
Total Bonds, COPS, and Capital Leases	$ 1,354,886	$ 1,321,417	$ 1,275,403	$ 1,140,423	$ 1,094,882	$ 949,063	$ 840,228	$ 872,278	$ 807,109	$ 808,200
Ratio	**0.5**	**0.5**	**0.5**	**0.4**	**0.3**	**0.3**	**0.2**	**0.3**	**0.3**	**0.3**

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

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
DIRECT DEBT TO ADJUSTED CASH FLOW										
Net Cash Used by Operating Activities	$ (319,052)	$ (322,858)	$ (346,453)	$ (420,160)	$ (441,550)	$ (470,853)	$ (482,720)	$ (461,252)	$ (417,216)	$ (413,571)
State Appropriations and Federal Stabilization Funds	314,493	297,402	307,765	381,781	413,416	472,274	468,406	423,120	368,568	335,874
Share of State Sales Tax - TRIF	27,785	25,225	23,799	21,770	21,303	23,735	28,161	31,566	22,113	22,609
Non-capital Grants and Contracts, Gifts, Other [1]	220,039	217,531	225,815	214,494	188,484	158,884	128,403	116,745	120,611	112,045
Adjusted Cash Flow from Operations	**$ 243,265**	**$ 217,300**	**$ 210,926**	**$ 197,885**	**$ 181,653**	**$ 184,040**	**$ 142,250**	**$ 110,179**	**$ 94,076**	**$ 56,957**
Total Bonds, COPS, and Capital Leases	$ 1,354,886	$ 1,321,417	$ 1,275,403	$ 1,140,423	$ 1,094,882	$ 949,063	$ 840,228	$ 872,278	$ 807,109	$ 808,200
Adjusted Cash Flow from Operations	$ 243,265	$ 217,300	$ 210,926	$ 197,885	$ 181,653	$ 184,040	$ 142,250	$ 110,179	$ 94,076	$ 56,957
Ratio	**5.6**	**6.1**	**6.0**	**5.8**	**6.0**	**5.2**	**5.9**	**7.9**	**8.6**	**14.2**

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

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

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
DEBT SERVICE TO OPERATIONS										
Interest and Fees Paid on Debt and Leases	$ 52,674	$ 53,331	$ 48,101	$ 47,505	$ 42,740	$ 39,451	$ 36,929	$ 33,283	$ 28,805	$ 22,818
Principal Paid on Debt and Leases [1]	50,596	137,349	124,871	50,626	43,097	39,889	140,357	91,172	19,836	57,252
Principal Paid from Refinancing Activities [2]		(90,955)	(82,130)	(8,090)			(103,000)	(65,385)		(46,910)
Debt Service	**$ 103,270**	**$ 99,725**	**$ 90,842**	**$ 90,041**	**$ 85,837**	**$ 79,340**	**$ 74,286**	**$ 59,070**	**$ 48,641**	**$ 33,160**
Debt Service	$ 103,270	$ 99,725	$ 90,842	$ 90,041	$ 85,837	$ 79,340	$ 74,286	$ 59,070	$ 48,641	$ 33,160
Operating Expenses	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659	$ 1,419,929	$ 1,393,530	$ 1,263,699	$ 1,115,768	$ 1,013,571
Ratio	**5.7%**	**6.1%**	**5.8%**	**5.8%**	**5.8%**	**5.6%**	**5.3%**	**4.7%**	**4.4%**	**3.3%**

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

[2] Obtained amount from refunding bonds official statements.

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

Summary of Ratios *(Dollars in thousands)*										
Fiscal Year Ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
RESEARCH EXPENSES TO TOTAL OPERATING EXPENSES										
Operating Expenses	$ 1,796,805	$ 1,644,537	$ 1,558,467	$ 1,556,911	$ 1,469,659	$ 1,419,929	$ 1,393,530	$ 1,263,699	$ 1,115,768	$ 1,013,571
Scholarships and Fellowships	(127,468)	(112,363)	(113,171)	(120,428)	(109,404)	(88,335)	(68,006)	(63,223)	(56,726)	(47,429)
Interest on Debt	52,674	53,331	48,101	47,505	42,740	39,451	36,929	33,283	28,805	22,818
Total Adjusted Operating Expenses	**$1,722,011**	**$1,585,505**	**$1,493,397**	**$1,483,988**	**$1,402,995**	**$1,371,045**	**$1,362,453**	**$1,233,759**	**$1,087,847**	**$ 988,960**
Research Expenses	$ 235,720	$ 225,453	$ 211,569	$ 201,255	$ 189,599	$ 180,901	$ 166,271	$ 144,781	$ 127,343	$ 108,213
Total Adjusted Operating Expenses	$ 1,722,011	$ 1,585,505	$ 1,493,397	$ 1,483,988	$ 1,402,995	$ 1,371,045	$ 1,362,453	$ 1,233,759	$ 1,087,847	$ 988,960
Ratio	**13.7%**	**14.2%**	**14.2%**	**13.6%**	**13.5%**	**13.2%**	**12.2%**	**11.7%**	**11.7%**	**10.9%**
Measures the institution's research expense to the total operating expenses.										
NET TUITION PER STUDENT										
Student Tuition and Fees, net	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319	$ 499,467	$ 436,657	$ 399,890	$ 349,414	$ 302,090
Financial Aid Grants	106,855	104,415	110,222	104,498	84,998	49,969	42,198	36,176	36,310	36,759
Scholarships and Fellowships	(127,468)	(112,363)	(113,171)	(120,428)	(109,404)	(88,335)	(68,006)	(63,223)	(56,726)	(47,429)
Net Tuition and Fees	**$ 876,308**	**$ 795,017**	**$ 754,268**	**$ 623,394**	**$ 541,913**	**$ 461,101**	**$ 410,849**	**$ 372,843**	**$ 328,998**	**$ 291,420**
Net Tuition and Fees	$ 876,308	$ 795,017	$ 754,268	$ 623,394	$ 541,913	$ 461,101	$ 410,849	$ 372,843	$ 328,998	$ 291,420
Student FTE	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900	53,873
Net Tuition per Student (whole dollars)	**$ 11,474**	**$ 10,881**	**$ 10,395**	**$ 8,975**	**$ 8,090**	**$ 7,203**	**$ 6,786**	**$ 6,312**	**$ 5,782**	**$ 5,409**
Measures the institution's net student tuition and fees received per student.										
STATE APPROPRIATIONS PER STUDENT										
State Appropriations	$ 314,493	$ 297,402	$ 307,765	$ 380,914	$ 380,914	$ 402,452	$ 468,406	$ 423,120	$ 368,568	$ 335,874
Capital State Appropriations	14,471	14,472	14,472	14,472	14,472	14,472	14,472	6,452		
Adjusted State Appropriations	**$ 328,964**	**$ 311,874**	**$ 322,237**	**$ 395,386**	**$ 395,386**	**$ 416,924**	**$ 482,878**	**$ 429,572**	**$ 368,568**	**$ 335,874**
Adjusted State Appropriations	$ 328,964	$ 311,874	$ 322,237	$ 395,386	$ 395,386	$ 416,924	$ 482,878	$ 429,572	$ 368,568	$ 335,874
Student FTE	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900	53,873
Adjusted State Appropriations per Student (whole dollars)	**$ 4,307**	**$ 4,269**	**$ 4,441**	**$ 5,692**	**$ 5,902**	**$ 6,513**	**$ 7,976**	**$ 7,272**	**$ 6,477**	**$ 6,235**
Measures the institution's dependency on state appropriations.										

DEBT COVERAGE FOR SENIOR AND SUBORDINATE LIEN BONDS

Summary of Ratios *(Dollars in thousands)*

Fiscal Year Ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007 *(as restated)*	2006 *(as restated)*	2005 *(as restated)*
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.										
REVENUES AVAILABLE FOR DEBT SERVICE										
Tuition and Fees, net of scholarship allowance	$ 896,921	$ 802,965	$ 757,217	$ 639,324	$ 566,319	$ 499,467	$ 436,657	$ 399,890	$ 349,414	$ 302,090
Receipts from Other Major Revenue Sources (Facilities Revenue)	264,385	244,696	220,610	237,446	216,408	203,329	202,050	180,212	156,476	142,451
Net Revenues Available for Debt Service	**$1,161,306**	**$1,047,661**	**$ 977,827**	**$ 876,770**	**$ 782,727**	**$ 702,796**	**$ 638,707**	**$ 580,102**	**$ 505,890**	**$ 444,541**
SENIOR LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 40,342	$ 42,079	$ 38,702	$ 32,895	$ 30,405	$ 20,190	$ 13,551	$ 13,527	$ 10,583	$ 10,583
Principal Paid on Debt	42,635	44,770	43,020	39,670	37,150	33,040	27,805	27,780	24,555	24,555
Senior Lien Bonds Debt Service Requirement [(1)]	**$ 82,977**	**$ 86,849**	**$ 81,722**	**$ 72,565**	**$ 67,555**	**$ 53,230**	**$ 41,356**	**$ 41,307**	**$ 35,138**	**$ 35,138**
Coverage	**14.00**	**12.06**	**11.97**	**12.08**	**11.59**	**13.20**	**15.44**	**14.04**	**14.40**	**12.65**
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.										
SENIOR LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 38,584	$ 42,079	$ 38,702	$ 32,895	$ 30,405	$ 20,190	$ 13,551	$ 13,527	$ 10,583	$ 10,583
Principal Paid on Debt	42,640	44,770	43,020	39,670	37,150	33,040	27,805	27,780	24,555	24,555
Senior Lien Bonds Debt Service Requirement	**$ 81,224**	**$ 86,849**	**$ 81,722**	**$ 72,565**	**$ 67,555**	**$ 53,230**	**$ 41,356**	**$ 41,307**	**$ 35,138**	**$ 35,138**
SUBORDINATE LIEN BONDS DEBT SERVICE										
Interest on Debt	$ 7,154	$ 3,441	$ 3,441	$ 2,110	$ 328	$ 328	$ 328	$ 328	$ 328	$ 515
Principal Paid on Debt	6,440	845	845	845	845	845	845	845	845	1,075
Subordinate Lien Bonds Debt Service Requirements	**$ 13,594**	**$ 4,286**	**$ 4,286**	**$ 2,955**	**$ 1,173**	**$ 1,173**	**$ 1,173**	**$ 1,173**	**$ 1,173**	**$ 1,590**
Combined Senior/Subordinate Lien Debt Service [(1)]	**$ 94,818**	**$ 91,135**	**$ 86,008**	**$ 75,520**	**$ 68,728**	**$ 54,403**	**$ 42,529**	**$ 42,480**	**$ 36,311**	**$ 36,728**
Coverage	**12.25**	**11.50**	**11.37**	**11.61**	**11.39**	**12.92**	**15.02**	**13.66**	**13.93**	**12.10**

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

Long-Term Debt *(Dollars in thousands)*

Fiscal year ended June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
System Revenue Bonds	$ 1,002,655	$ 959,000	$ 902,845	$ 769,285	$ 710,550	$553,755	$432,540	$448,985	$387,350	$398,555
Unamortized Premium	42,844	37,946	29,399	8,585	7,265	7,825	8,537	10,082	8,798	10,276
Deferred Amount on Refundings	(10,094)	(11,829)	(8,880)	(3,724)	(4,017)	(4,284)	(4,546)	(4,161)	(4,401)	(4,644)
Net System Revenue Bonds	**$1,035,405**	**$ 985,117**	**$ 923,364**	**$ 774,146**	**$ 713,798**	**$557,296**	**$436,531**	**$454,906**	**$391,747**	**$404,187**
Certificates of Participation	$ 235,505	$ 248,385	$ 261,910	$ 271,920	$ 281,965	$297,265	$312,090	$327,835	$335,595	$326,655
Unamortized Premium	9,892	11,202	4,582	5,458	6,372	7,254	8,258	9,318	5,773	6,593
Deferred Amount on Refundings	(6,971)	(8,086)	(3,501)	(3,793)	(3,863)	(4,133)	(4,631)	(5,129)	(680)	(906)
Net Certificates of Participation	**$ 238,426**	**$ 251,501**	**$ 262,991**	**$ 273,585**	**$ 284,474**	**$300,386**	**$315,717**	**$332,024**	**$340,688**	**$332,342**
Total Bonds Payable	$ 1,035,405	$ 985,117	$ 923,364	$ 774,146	$ 713,798	$557,296	$436,531	$454,906	$391,747	$404,187
COPS Payable	238,426	251,501	262,991	273,585	284,474	300,386	315,717	332,024	340,688	332,342
Capital and Operating Leases Payable	81,055	84,799	89,048	92,692	96,610	91,381	87,980	85,348	74,674	71,671
Total	**$1,354,886**	**$1,321,417**	**$1,275,403**	**$1,140,423**	**$1,094,882**	**$949,063**	**$840,228**	**$872,278**	**$807,109**	**$808,200**
Long-Term Debt										
per Student FTE *(whole dollars)*	$ 17,740	$ 18,086	$ 17,578	$ 16,419	$ 16,344	$ 14,827	$ 13,878	$ 14,767	$ 14,185	$ 15,002
per Dollar of State Appropriations and State Capital Appropriations	$ 4.12	$ 4.24	$ 3.96	$ 2.88	$ 2.77	$ 2.28	$ 1.74	$ 2.03	$ 2.19	$ 2.41
per Dollar of Total Grants and Contracts	$ 4.82	$ 4.70	$ 4.54	$ 4.25	$ 4.37	$ 4.30	$ 4.21	$ 4.77	$ 4.60	$ 5.27
Data Used in Above Calculations										
Total Student FTE	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900	53,873
State Appropriations and State Capital Appropriations	$ 328,964	$ 311,874	$ 322,237	$ 395,386	$ 395,386	$416,924	$482,878	$429,572	$368,568	$335,874
Grants and Contracts	$ 281,049	$ 280,987	$ 280,674	$ 268,516	$ 250,377	$220,881	$199,366	$182,782	$175,356	$153,378

Student FTE based on fall enrollment of the fiscal year.

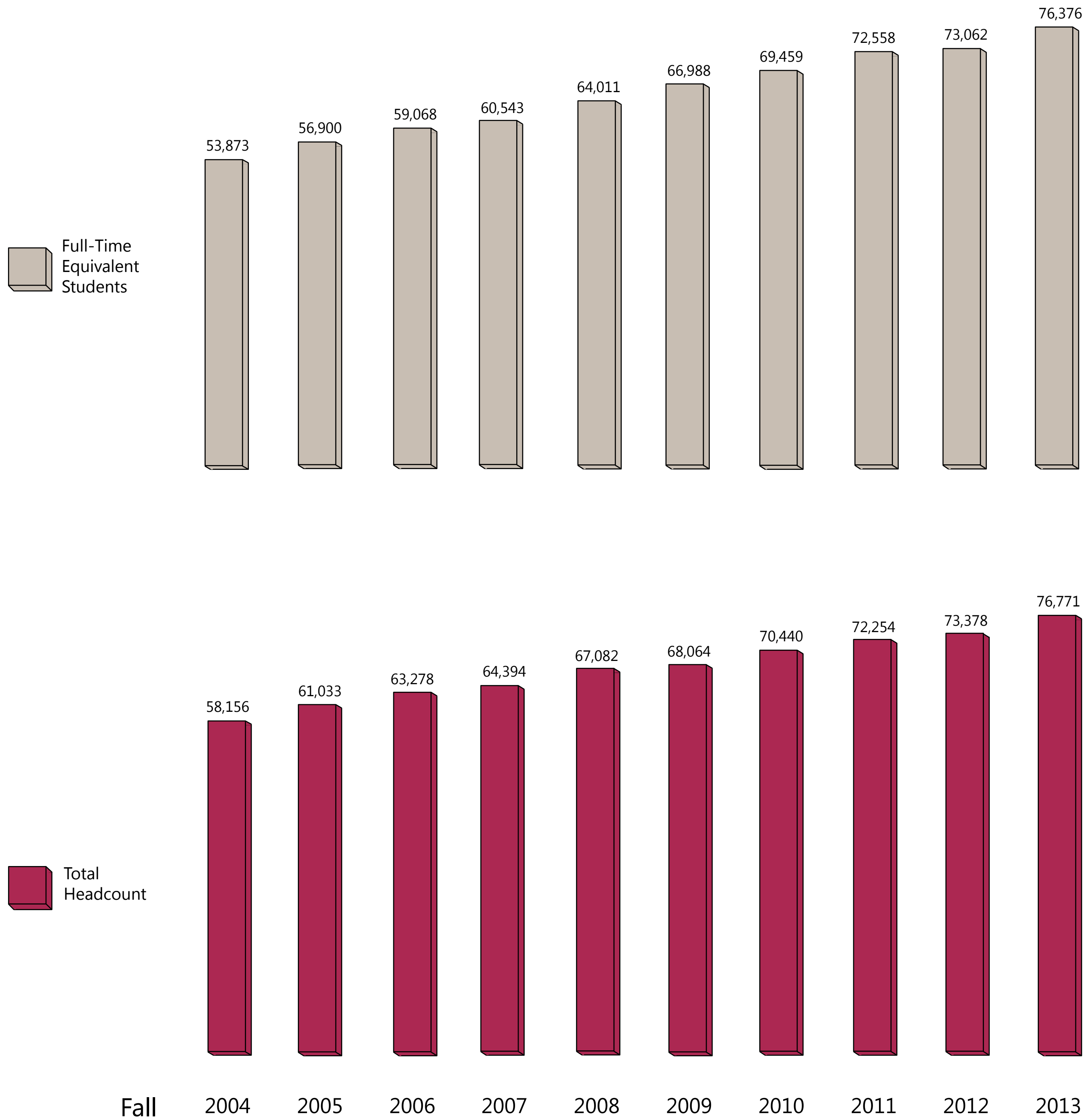
ADMISSIONS, ENROLLMENT, AND DEGREES EARNED

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

Fall enrollment of fiscal year	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
ADMISSIONS - FRESHMEN										
Applications [1]	35,294	37,982	37,225	35,449	32,188	30,809	28,644	27,877	24,727	26,194
Accepted	26,915	26,986	26,425	25,795	25,616	24,473	23,504	22,226	19,791	19,132
Enrolled	10,232	9,265	9,254	9,544	9,344	9,707	9,274	9,052	8,467	7,719
Accepted as Percentage of Application	76%	71%	71%	73%	80%	79%	82%	80%	80%	73%
Enrolled as Percentage of Accepted	38%	34%	35%	37%	36%	40%	39%	41%	43%	40%
Average SAT scores - Total	1108	1111	1107	1100	1083	1082	1077	1083	1103	1102
Verbal	546	547	546	542	535	534	532	534	547	545
Math	562	564	561	557	547	548	545	549	556	557
ENROLLMENT										
Student FTE	76,376	73,062	72,558	69,459	66,988	64,011	60,543	59,068	56,900	53,873
Student Headcount	76,771	73,378	72,254	70,440	68,064	67,082	64,394	63,278	61,033	58,156
Men (Headcount)	38,580	36,401	35,758	34,491	33,005	32,318	30,856	29,899	28,735	27,233
Percentage of Total	50.3%	49.6%	49.5%	49.0%	48.5%	48.2%	47.9%	47.3%	47.1%	46.8%
Women (Headcount)	38,191	36,977	36,496	35,949	35,059	34,764	33,538	33,379	32,298	30,923
Percentage of Total	49.7%	50.4%	50.5%	51.0%	51.5%	51.8%	52.1%	52.7%	52.9%	53.2%
African American (Headcount)	3,663	3,491	3,521	3,452	3,257	2,914	2,489	2,391	2,211	2,045
Percentage of Total	4.8%	4.8%	4.9%	4.9%	4.8%	4.4%	3.9%	3.8%	3.6%	3.5%
White (Headcount)	43,713	43,494	43,774	43,291	42,728	42,742	40,709	40,430	39,537	38,904
Percentage of Total	56.9%	59.3%	60.6%	61.5%	62.8%	63.7%	63.2%	63.9%	64.8%	66.9%
Other (Headcount)	29,395	26,393	24,959	23,697	22,079	21,426	21,196	20,457	19,285	17,207
Percentage of Total	38.3%	35.9%	34.5%	33.6%	32.4%	31.9%	32.9%	32.3%	31.6%	29.6%
DEGREES EARNED										
Bachelor's	14,381	13,913	13,210	12,194	11,810	11,229	10,706	10,137	9,855	9,729
Master's	4,584	4,163	4,007	4,150	3,914	3,615	3,082	2,900	2,631	2,614
Doctoral	596	636	611	545	490	587	418	394	389	314
Professional	200	204	217	201	166	179	238	198	180	164
Total Degrees Earned	**19,761**	**18,916**	**18,045**	**17,090**	**16,380**	**15,610**	**14,444**	**13,629**	**13,055**	**12,821**

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

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



Enrollment *(Fall Enrollment)*										
Fall enrollment of fiscal year	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
ENROLLMENT (Headcount)										
Undergraduate	62,089	59,382	58,404	56,562	54,277	53,298	51,311	50,755	48,955	46,670
Graduate	14,682	13,996	13,850	13,878	13,787	13,784	13,083	12,523	12,078	11,486
Resident (Arizona)	49,537	50,400	51,235	51,128	50,374	49,055	46,217	46,538	45,046	43,645
Non-Resident	27,234	22,978	21,019	19,312	17,690	18,027	18,177	16,740	15,987	14,511

DEMOGRAPHIC DATA

Demographic Data										
Fiscal Year Ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Arizona Population	6,626,624	6,553,255	6,482,505	6,413,158	6,343,154	6,280,362	6,167,681	6,029,141	5,839,077	5,652,404
Arizona Personal Income *(in millions)*	244,011	235,781	227,287	216,590	212,873	226,465	218,588	206,958	188,152	170,026
Arizona Per Capita Personal Income	36,823	35,979	35,062	33,773	33,560	36,059	35,441	34,326	32,223	30,080
Arizona Unemployment Rate	8.00%	8.30%	9.50%	10.50%	9.90%	6.00%	3.70%	4.10%	4.70%	5.00%

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

Principal Employers						
	Calendar Year Ended December 31, 2013			Calendar Year Ended December 31, 2004		
Employer	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment	Full-Time Equivalent Employees	Rank	Percentage of Total State Employment
State of Arizona	49,278	1	1.64%	49,147	1	1.76%
Wal-Mart Stores, Inc	32,169	2	1.06%	19,510	2	0.70%
Banner Health	25,270	3	0.84%	14,447	4	0.52%
City of Phoenix	14,983	4	0.50%	13,617	5	0.49%
Wells Fargo	14,713	5	0.49%	11,000	8	0.39%
Maricopa County	12,698	6	0.42%	15,218	3	0.55%
Arizona State University	12,222	7	0.40%	10,530	9	0.38%
Intel Corp	11,900	8	0.39%			
JPMorgan Chase & Co.	11,042	9	0.37%			
Bank of America	11,000	10	0.37%			
Honeywell International				12,000	6	0.43%
U.S. Postal Service				11,406	7	0.41%
Raytheon Co.				10,300	10	0.37%
	195,275		6.48%	167,175		6.00%

Sources: Phoenix Business Journal, Book of Lists 2014 and 2005 for employers; Arizona Department of Administration website, www.workforce.az.gov for annual state employment.

FACULTY AND STAFF

Faculty and Staff										
Fall employment of fiscal year	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
FACULTY										
Full-time	2,777	2,635	2,612	2,644	2,611	2,671	2,529	2,471	2,419	2,268
Part-time	375	276	253	231	380	424	441	391	159	201
Total Faculty	**3,152**	**2,911**	**2,865**	**2,875**	**2,991**	**3,095**	**2,970**	**2,862**	**2,578**	**2,469**
Percentage Tenured	58.0%	61.1%	61.2%	63.7%	61.6%	60.3%	61.4%	63.2%	63.0%	62.5%
STAFF										
Full-time	5,693	5,487	5,485	5,561	5,523	5,957	5,690	5,416	5,872	5,642
Part-time	3,565	3,684	3,699	3,838	3,628	3,624	3,776	3,940	1,600	1,668
Total Staff	**9,258**	**9,171**	**9,184**	**9,399**	**9,151**	**9,581**	**9,466**	**9,356**	**7,472**	**7,310**
Total Faculty and Staff	**12,410**	**12,082**	**12,049**	**12,274**	**12,142**	**12,676**	**12,436**	**12,218**	**10,050**	**9,779**

Source: Arizona State University Fact Book and Institutional Analysis.

Percentage Tenured includes tenured and tenure track faculty.

Capital Assets										
Fiscal Year Ended June 30,	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
CAPITAL ASSETS *(Number of Facilities)*										
Academic/Support Facilities	224	223	221	235	240	239	235	237	219	253
Auxiliary Facilities	153	153	149	152	157	133	111	112	117	84
Total	**377**	**376**	**370**	**387**	**397**	**372**	**346**	**349**	**336**	**337**

Source: Arizona State University Capital Improvement Plans

Beginning in FY 2014, facility count includes ASU partnership facilities to align with the Capital Improvement Plan submitted to the Arizona Board of Regents. FY 2007 - 2013 have been restated to include ASU partnership facilities.

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ASU

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following are certain definitions and a summary of certain provisions contained in the Bond Resolution, but do not purport to be complete and reference is made to the Bond Resolution for the complete definitions and provisions thereof.

Definitions. The following words and terms have the meanings set forth below when used in the Bond Resolution and in the summary thereof which follows.

"Assumed Interest Rate" means, with respect to Variable Rate Indebtedness, 110% of the greater of (i) the rate per annum which was in effect with respect to such obligations on the last business day of the preceding calendar month or, if no rate was in effect on such date, the rate per annum which was in effect on the date of issuance or (ii) the weighted average rate per annum for the most recent twelve full calendar months or for such lesser period as such obligations have been Outstanding; provided, however, that for the purpose of computing Maximum Annual Debt Service in connection with the issuance of Parity Bonds and in connection with the determination of the Required Reserve, the Assumed Interest Rate shall not be less than the yield specified in the "Twenty-Five Revenue Bond Index", published in The Bond Buyer, or any comparable successor index, on the last business day of the immediately preceding calendar month.

"Board" means the Arizona Board of Regents.

"Bond" means any one of the Bonds.

"Bond Register" means the registration books of the Board kept by the Trustee or the Trustee's agent to evidence the registration and transfer of the Bonds.

"Bond Registrar" means The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, or any successor appointed and acting in such capacity with respect to any Bonds or Parity Bonds.

"Bond Resolution" means, collectively, the Master Resolution, as thereafter supplemented and amended through and including a standing resolution of the Board adopted on June 14, 2012, the Twenty-Seventh Supplemental Resolution adopted on June 5, 2014, the Twenty-Eighth Supplemental Resolution adopted on November 21, 2014 and the Twenty-Ninth Supplemental Resolution adopted on February 5, 2015, together with any amendatory or supplementary resolution hereafter adopted pursuant to Article XI of the Master Resolution.

"Bonds" means the Series 2005 Refunding Bonds, the Series 2007 Bonds, the Series 2008 Refunding Bonds, the Series 2008C Bonds, the Series 2009 Bonds, the Series 2010 Bonds, the Second Series 2010 Bonds, the Series 2012 Bonds, the Series 2013 Bonds and the Series 2015 Bonds.

"Bonds Being Refunded" means those portions of the Series 2005 Refunding, Series 2007A and Series 2008C Bonds being refunded with proceeds from the sale of the Series 2015 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and any references to specific sections of the Internal Revenue Code of 1954, as amended, or the Internal Revenue Code of 1986, as amended, shall mean and include the corresponding or counterpart sections of the other.

"Construction Fund" means the fund of that name established pursuant to the Bond Resolution and the accounts therein.

“Depository Trustee” means The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, or any successor appointed and acting in such capacity with respect to any Bonds.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Enhanced Indebtedness” means any series of Parity Bonds the debt service on which is fully secured by an irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement or any series of Parity Bonds which provides an option on the part of the holders thereof to tender all or a portion of such Parity Bonds for purchase or payment prior to their specified maturity date.

“Escrow Obligations” means obligations issued or guaranteed by the United States of America, or any department, agency or instrumentality thereof, and evidences of ownership of proportionate interests therein, or certain municipal obligations which have been advance refunded by an escrow of obligations of the United States of America or which are insured by a policy of municipal bond insurance or a surety bond and are rated in the highest investment grade rating by S&P or Moody’s.

“Facilities Revenues” means all fees, rentals and other charges from students, faculty, staff members and others using or being served by, or having the right to use or the right to be served by, or to operate, any revenue producing facility, building or project within the System of Building Facilities or any auxiliary enterprise, including indirect cost recoveries from externally-funded grants and contracts for research or other sponsored projects and interest received on and profits realized from the sale of investments made with moneys derived from (i) any revenue producing facility, building or project within the System of Building Facilities, (ii) Student Tuition and Fee Revenues and (iii) other University operating funds.

“Fiscal Year” means each annual period commencing on July 1 and ending on June 30 of the succeeding calendar year.

“Interest Payment Date” with respect to the Series 2015 Bonds means each January 1 and July 1 until maturity or prior redemption of the Series 2015 Bonds, commencing July 1, 2015.

“Master Resolution” means the resolution of the Board adopted on November 7, 1985, as amended and restated December 13, 1985, together with any amendment thereto.

“Maximum Annual Debt Service” means, at the time of computation, the greatest amount required to be paid in any Fiscal Year ending then or thereafter for payment of principal of and interest on the Parity Bonds. Certain provisions are made for computing Maximum Annual Debt Service on Variable Rate Indebtedness, Enhanced Indebtedness and Parity Bonds having term maturities with mandatory scheduled sinking fund redemptions.

“Outstanding,” when used with reference to the Parity Bonds, means Parity Bonds which are outstanding and unpaid; provided, however, that such term shall not include Parity Bonds (a) which have matured and for which moneys are on deposit with the Trustee or Paying Agent, or are otherwise properly available, in an amount sufficient to pay all principal and interest then due and payable thereon, or (b) provisions for the payment of which have been made by the Board in accordance with Article X of the Master Resolution.

“Parity Bonds” means and includes all Bonds authorized, issued and Outstanding pursuant to the Bond Resolution, including the Series 2015 Bonds, and any other bonds or other obligations hereafter issued meeting the requirements of Section 5.02(b) of the Master Resolution, which share equally and ratably in the pledge of, lien on and security interest in the Gross Revenues of the University.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, or any successor appointed and acting in such capacity with respect to any Bonds or Parity Bonds.

“Redemption Fund” means the fund of that name established pursuant to the Master Resolution.

"Registered Owner" means the Registered Owner of any Bonds as shown on the Bond Register.

"Regulations" means regulations issued by the United States Department of the Treasury, as in effect from time to time, interpreting Sections 103, 54 through 54F, 141 through 149, 1391 through 1400U-3 and 6431 of the Code

"Revenue Fund" means the fund of that name established pursuant to the Master Resolution.

"Second Series 2010 Bonds" means the $51,890,000 Arizona State University System Revenue Bonds, Series 2010C, authorized pursuant to the Twenty-Third Supplemental Resolution.

"Series 2005 Refunding Bonds" means the Arizona State University System Revenue Refunding Bonds, Series 2005, in the original aggregate principal amount of $49,900,000, authorized pursuant to the Sixteenth Supplemental Resolution.

"Series 2007 Bonds" means collectively the Arizona State University System Revenue Bonds, Series 2007-A, in the aggregate principal amount of $69,235,000 and the Arizona State University System Revenue Bonds, Taxable Series 2007-B, in the aggregate principal amount of $7,025,000, authorized pursuant to the Seventeenth Supplemental Resolution.

"Series 2008 Refunding Bonds" means collectively the Arizona State University Variable Rate Demand System Revenue Refunding Bonds, Series 2008A, in the aggregate principal amount of $51,840,000 and the Arizona State University Variable Rate Demand System Revenue Refunding Bonds, Taxable Series 2008B, in the aggregate principal amount of $51,840,000, authorized pursuant to the Nineteenth Supplemental Resolution.

"Series 2008C Bonds" means the Arizona State University System Revenue Bonds (Polytechnic Campus Project), Series 2008C, in the original aggregate principal amount of $104,100,000 authorized pursuant to the Twentieth Supplemental Resolution.

"Series 2009 Bonds" means the Arizona State University System Revenue Bonds (Tempe Campus Projects), Series 2009A, in the original aggregate principal amount of $36,250,000 authorized pursuant to the Twenty-First Supplemental Resolution.

"Series 2010 Bonds" means the $165,980,000 Arizona State University System Revenue Bonds, Taxable Series 2010A (Federally Taxable – Build America Bonds – Direct Payment), and $12,370,000 Arizona State University System Revenue Bonds, Tax-Exempt Series 2010B authorized pursuant to the Twenty-First Supplemental Resolution and Twenty-Second Supplemental Resolution.

"Series 2012 Bonds" means the $207,130,000 Arizona State University System Revenue and Refunding Bonds, Tax-Exempt Series 2012A and $6,240,000 Arizona State University System Revenue and Refunding Bonds, Taxable Series 2012B authorized pursuant to the Twenty-Fourth Supplemental Resolution and Twenty-Fifth Supplemental Resolution.

"Series 2013 Bonds" means the $84,855,000 Arizona State University System Revenue and Refunding Bonds, Tax-Exempt Series 2013A and the $26,095,000 Arizona State University System Revenue Bonds, Taxable Series 2013B authorized pursuant to the Twenty-Sixth Supplemental Resolution

"Series 2015 Bonds" means the $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds), the $164,615,000 Arizona State University System Revenue and Refunding Bonds, Series 2015B and the $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C authorized pursuant to the Twenty-Seventh Supplemental Resolution, Twenty-Eighth Supplemental Resolution and Twenty-Ninth Supplement Resolution.

"Series 2015 Project" means: (i) construction of the Arizona Center for Law and Society facility at the Downtown Phoenix campus; (ii) renovation of the existing Psychology Building at the Tempe campus; (iii) installation of new information technology infrastructure on various campuses of the University; (iv) Phase I renovations to Sun Devil Stadium, the University's football stadium; and (v) acquisition of an existing student housing facility at the West campus.

"State" means the State of Arizona.

"Student Tuition and Fees Revenues" means all tuition, registration, matriculation, health services, laboratory, admission and other activities and service fees and charges from students matriculated, registered or otherwise enrolled at and attending the University.

"System of Building Facilities" means, collectively, the projects, buildings, structures and facilities of any university under the jurisdiction and control of the Board, including administrative offices, exhibition and lecture halls, dormitories and residence facilities that generate revenues that are not subject to a pledge to secure payment of any bonds of the Board other than the Parity Bonds, classrooms, auditoriums, libraries, infirmaries, laboratories, museums, observatories, gymnasiums, activity centers, parking facilities, dining halls, stadiums, student unions and any and all improvements thereto, together with any building, structure or facility hereinafter authorized and designated for inclusion in the System of Building Facilities by the Arizona Legislature or the Board.

"Treasurer" means the Treasurer of the Board from time to time duly appointed by the Board and holding such office.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, or any successor appointed and acting in such capacity with respect to such Bonds.

"University" means Arizona State University.

"Variable Rate Indebtedness" means any series of Parity Bonds as to which a fixed rate or rates of interest applicable throughout the term thereof are not established at the time of issuance.

Pledge. The Bonds and all Parity Bonds are payable from a pledge of and secured by a lien on the Gross Revenues of the University to the extent necessary for the prompt and punctual payment of the Parity Bonds.

Application of Proceeds. The Treasurer shall transfer certain portions of the proceeds from the sale of the Series 2015 Bonds, net of Underwriters' compensation and any amounts paid to a Credit Enhancer by the Underwriter, to: (i) the Trustee which will deposit the proceeds in the Construction Account to be used to pay the costs of the Series 2015 Project and costs of issuance of the Series 2015 Bonds; and (ii) to the Depository Trustee which will deposit the proceeds in the Depository Trust to provide for the payment of the Bonds Being Refunded.

Flow of Funds. The following funds and accounts have been established by the Treasurer with the Trustee and shall be maintained so long as any of the Parity Bonds are Outstanding:

(a) Revenue Fund. The Treasurer shall remit to the Trustee at or before the end of each six month period for deposit into the Revenue Fund such amounts of the Gross Revenues of the University received in each such period as are available and necessary to maintain the funds and accounts established in the Bond Resolution and to make the payments required with respect to the Bonds and any Parity Bonds. To the extent sufficient amounts of the Gross Revenues of the University have been deposited with the Trustee to satisfy the requirement set forth at the end of each six month period, the remaining Gross Revenues of the University that have been collected in any such period shall be surplus revenues and shall be available to the Board for any lawful purposes.

(b) Redemption Fund. Prior to each January 1st and July 1st, the Trustee shall transfer from the Revenue Fund to the Redemption Fund an amount which, together with any monies on deposit in the Redemption Fund, is equal to the next ensuing interest payment on the Bonds and any other Parity Bonds plus an amount equal to one-half of the principal amount coming due in the next ensuing Fiscal Year with respect to the Bonds and any other Parity Bonds.

(c) Construction Fund. Monies in the Construction Fund, and any income or gain realized from the investment thereof shall be utilized solely to construct or acquire improvements, expansions and replacements of the System of Building Facilities, to pay interest on the applicable series of Parity Bonds during the period of construction, or any combination of such purposes. Any proceeds deposited in any account within the Construction Account, and investment proceeds therefrom, that exceed the cost of constructing and acquiring the corresponding project may be used by the Board for the payment of the costs of constructing and/or acquiring any other project or, at the direction of the Board, deposited in the Redemption Fund.

(d) Investments. Any money held by the Trustee in any account established pursuant to the Bond Resolution shall be invested and reinvested by the Trustee, except as otherwise permitted by law and directed by the Board, in obligations issued or guaranteed by the United States of America, or any department, agency or instrumentality thereof, or any other obligations in which the Board may lawfully invest in accordance with State law.

General Covenants. The Board covenants and agrees with the holders of any Parity Bonds as follows:

(a) That it holds title to the sites of the System of Building Facilities and that it will not sell, lease, mortgage, pledge or otherwise dispose of or encumber the System of Building Facilities of the University, or the sites thereof, or any part or facility necessary to the operation or use thereof, nor voluntarily cause or permit to be created any debt, lien, pledge, assignment or any other charge against the Gross Revenues of the University pledged for payment of the Parity Bonds. The Board reserves the right to dispose of any building or facility comprising a part of the System of Building Facilities of the University; provided, however, that if any such building or facility and related site to be disposed of has a fair market value equal to or greater than five percent (5%) of the principal amount of the Outstanding Parity Bonds (i) the Board must determine that such building or facility and related site is not necessary to the efficient operation of the System of Building Facilities of the University and will not adversely affect the production of revenues to meet the requirements of the Bond Resolution or (ii) the Board must simultaneously lease back such building or facility and related site from the purchaser or transferee pursuant to a lease treated as a capital lease in accordance with generally accepted accounting principles;

(b) That it will maintain, preserve and keep the System of Building Facilities of the University in good repair, working order and usable condition such that the System of Building Facilities of the University will at all times be available for maximum use and occupancy;

(c) That it will keep the System of Building Facilities of the University continuously insured against loss;

(d) That it will at all times fix, revise from time to time and collect tuition, registration, matriculation, health services, laboratory and admission fees from students matriculated, registered or enrolled at or attending the University, and fix, revise from time to time and collect all fees, admissions, rentals and other charges received from students, faculty, staff members and others using or being served by, or having the right to use or be served by the System of Building Facilities of the University in the aggregate amounts such that the Gross Revenues of the University for each fiscal year shall at least be equal to one hundred fifty percent (150%) of the Maximum Annual Debt Service on the Parity Bonds then Outstanding, and shall be sufficient at all times continually to operate and maintain the System of Building Facilities of the University;

(e) That it will not use or permit at any time or times any of the proceeds of the Parity Bonds or any monies of the Board to be used directly, or indirectly, to acquire any securities or obligations, the acquisition of which, or manner thereof, will cause any of the Parity Bonds to be "arbitrage bonds," as defined in the Code and the Regulations; and

(f) That it will take all actions permitted by law and necessary at any time hereafter in order to assure that interest paid on any Parity Bonds, which was exempt from Federal income taxation as of the date of issuance, shall remain exempt from Federal income taxation under any valid provision of law.

Issuance of Parity Bonds. The Board shall have the right to issue Parity Bonds which shall be on complete equality with, and shall have a pledge of and a lien on Gross Revenues of the University equal to the Parity Bonds previously issued and shall share ratably and equally in the Gross Revenues of the University with any Parity Bonds now or hereafter Outstanding, provided the following conditions are met:

(a) All deposits in or obligations with respect to all funds and accounts created pursuant to the Bond Resolution are current;

(b) The aggregate amount of Gross Revenues of the University received by the Board during the fiscal year next preceding the date of issuance of any such Parity Bonds was at least equal to three hundred percent (300%) of the Maximum Annual Debt Service on all Outstanding Parity Bonds and on the Parity Bonds proposed to be issued; and

(c) If the Parity Bonds proposed to be issued constitute Variable Rate Indebtedness, as defined in the Bond Resolution, the resolution or other proceedings authorizing the issuance of such Parity Bonds shall specify a maximum interest rate which may be borne by such Parity Bonds.

Events of Default and Remedies. The following constitute Events of Default pursuant to the Bond Resolution:

(a) Default in payment of the principal of, interest on, or redemption premiums, if any, applicable to any Parity Bond as and when the same becomes due and payable;

(b) Default in remittance to the Trustee of any amounts required to be placed in the Revenue Fund pursuant to the Bond Resolution, which failure continues for a period of ten (10) days following receipt of written notice thereof by designated representatives of the University;

(c) Default in performance or observance of the terms of any of the covenants and agreements which are contained in the Bond Resolution, which default continues for a period of thirty (30) days following receipt of written notice thereof; provided, however, that such default shall not constitute an Event of Default thereunder, if and so long as, in the judgment of the Trustee, the Board and the University have initiated and are diligently pursuing appropriate corrective action.

Upon the occurrence and continuance of an Event of Default under the Bond Resolution, the Trustee may, and upon request of registered owners of twenty-five percent (25%) of the aggregate principal amount of Parity Bonds then Outstanding, and upon receipt of indemnity as provided in the Bond Resolution, shall proceed to protect and enforce the rights of the registered owners of the Parity Bonds then Outstanding by suit, action or proceeding, at law or in equity, either for the specific performance of any covenant or agreement therein contained, or for the execution of any power herein granted or for the enforcement of any legal or equitable remedy, including application to any court of competent jurisdiction for the appointment of a receiver, who may be the trustee, with respect to the Gross Revenues of the University securing the Parity Bonds then Outstanding and having such powers and authority as the court may direct. No registered owner of any Parity Bonds shall have any right to institute or defend any such action, suit or proceeding unless written demand therefor and reasonable indemnity shall have been provided to the Trustee pursuant to the Bond Resolution and the Trustee shall have refused to institute or defend such action.

Defeasance. Any Parity Bonds, and the pledge of and lien on Gross Revenues securing such Parity Bonds, as the case may be, may be defeased and discharged as follows:

(a) by payment of the principal thereof and interest thereon when due, either at maturity or upon redemption prior to maturity, or

(b) by irrevocably depositing in trust with the Trustee moneys sufficient to make all payments of principal of and interest on such Parity Bonds, as the case may be, and/or Escrow Obligations maturing at such times and payable in such amounts as necessary to make such payments.

Trustee. The Board may appoint as trustee for any series of Parity Bonds a trust company or a bank having trust powers, which is a member of the Federal Deposit Insurance Corporation and of the Federal Reserve System with an officially-reported combined capital stock account, paid-in surplus and undivided profits of not less than $100 million. The Trustee is required to exercise the rights and duties vested in it by the Bond Resolution and to demonstrate the degree of skill and care in their exercise as a prudent person would employ in the conduct of his or her own affairs, with no liability in connection therewith except for its own negligence or willful misconduct.

The Trustee may resign or may be removed by holders of sixty-five percent (65%) or more of the aggregate principal amount of Outstanding Parity Bonds or by action of the Board, provided the Board is current in all deposits and payments required, and not in default, pursuant to the Bond Resolution. The holders of a majority of the aggregate principal amount of Outstanding Parity Bonds may appoint a successor Trustee, pending which the Board covenants to appoint an interim Trustee, in either case meeting the requirements set forth above, and each successor Trustee shall accept in writing, and thereupon become fully vested with, the rights, powers, duties and obligations of the predecessor Trustee.

Amendments and Supplements to the Bond Resolution. The Board may adopt, and the Trustee may accept, subject to restrictions and conditions contained in the Bond Resolution, without notice to or the consent of any registered owners of the Parity Bonds, but, in certain cases, with the consent of any credit facility provider, bond insurer, and any Reserve Fund Guarantor, a resolution amending or supplementing the Bond Resolution for any one or more of the following purposes:

(a) To cure any ambiguity, formal defect or omission or correct any inconsistent provisions in the Bond Resolution or make any other provisions which do not materially and adversely affect the interests of the registered owners of the Parity Bonds then Outstanding, or to confer ratably upon all the bondholders any additional rights or remedies or add to the Board's covenants such further covenants, restrictions or conditions as the Board and the Trustee may consider necessary for the protection of the registered owners of the Parity Bonds or to add additional Events of Default and conditions thereof;

(b) To qualify the Bond Resolution under applicable Federal securities laws from time to time in effect; and

(c) To authorize and provide for the issuance of a series of Parity Bonds as provided in the Bond Resolution.

Otherwise, the registered owners of not less than sixty-five percent (65%) in aggregate principal amount of the Parity Bonds then Outstanding, and any bond insurer or credit facility provider, shall jointly have the right, from time to time, to consent to and approve the adoption by the Board and acceptance by the Trustee of such supplementary or amendatory resolutions as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to, or rescinding any of the particular terms or provisions contained in the Bond Resolution, with the exception of extending the date of maturity of or time for paying interest or reducing the rate of interest on any Parity Bond without the consent of the required owner of such Parity Bond, permitting the preference or priority of any Parity Bond over any other without the consent of the registered owner of such Parity Bond, or reducing the aggregate principal amount of Parity Bonds the consent of the registered owners of which is required to authorize such supplementary or amendatory resolution without the consent of the registered owners of all Parity Bonds then Outstanding.

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APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

[Closing Date]

Arizona Board of Regents
Phoenix, Arizona

Re: $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds), $164,615,000Arizona State University System Revenue and Refunding Bonds, Series 2015B and $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C

Ladies and Gentlemen:

We are members of the Arizona Bar and have acted as Bond Counsel in connection with the authorization, issuance and sale, and the initial delivery on the date hereof, by the Arizona Board of Regents, acting for and on behalf of Arizona State University (the "*Board*"), of $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds) (the "*Series 2015A Bonds*"), $164,615,000 Arizona State University System Revenue and Refunding Bonds, Series 2015B (the *"Series 2015B Bonds,"* and together with the Series 2015A Bonds, collectively, the "*Tax-Exempt Series 2015 Bonds*"*)* and $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C (the "*Taxable Series 2015C Bonds*" and, together with the Tax-Exempt Series 2015 Bonds, the "*Series 2015 Bonds*"), dated [closing date], pursuant to the laws of the State of Arizona, and a resolution adopted by the Board on November 7, 1985, as thereafter supplemented and amended, including by resolutions adopted by the Board on June 5, 2014, November 21, 2014 and February 5, 2015 (collectively, the "*Bond Resolution*").

Capitalized terms used, and not otherwise defined, herein have the respective meanings set forth in the Bond Resolution.

In connection with our engagement, we have examined the law, the Bond Resolution and such certified proceedings and other documents and matters as we deemed necessary to render this opinion. We have assumed and have not verified (i) the genuineness of the signatures on all documents, the authenticity of documents submitted to us as originals and the conformity to the originals of documents submitted to us as copies, and (ii) the legal capacity of each individual signing the documents and the Series 2015 Bonds. As to questions of fact material to our opinion, we have relied upon and assumed compliance with the provisions of the documents and have assumed the accuracy of the certified proceedings and other certifications and representations of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, it is our opinion, and we herewith advise you, as follows:

1. The Series 2015 Bonds have been duly authorized, issued, sold and delivered by the Board and are valid and binding special obligations of the Board, payable, together with any bonds issued and outstanding on a parity therewith, solely from and secured solely by a pledge of, a lien on and a security interest in the Gross Revenues (as defined in the Bond Resolution), consisting generally of student tuition and fees and fees, rents and charges from the operation of the System of Building Facilities (as defined in the Bond Resolution) at Arizona State University.

2. Interest on the Tax-Exempt Series 2015 Bonds is excludable from the gross income of the owners for Federal income tax purposes under existing laws as enacted and construed on the date of initial delivery of the

Tax-Exempt Series 2015 Bonds. Interest on the Tax-Exempt Series 2015 Bonds is not an item of tax preference for either individual or corporate Federal alternative minimum tax purposes; however, interest on the Tax-Exempt Series 2015 Bonds held by certain corporations (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to Federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

The opinions set forth in paragraph 2 above assume the accuracy of the certifications of the Board relating to the Tax-Exempt Series 2015 Bonds and are subject to the condition that the Board comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied in order for interest on the Tax-Exempt Series 2015 Bonds to be, or continue to be, excludable from the gross income of the owners thereof for Federal income tax purposes. The Board has covenanted to comply with such requirements. Failure to comply with such requirements may cause the interest on the Tax-Exempt Series 2015 Bonds to be included in the gross income of the owners for Federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Series 2015 Bonds.

3. Interest on the Series 2015 Bonds is exempt from taxable income for State of Arizona tax purposes.

Interest on the Taxable Series 2015C Bonds is not excludable from gross income for Federal income tax purposes. Bond Counsel does not express any opinion regarding any other tax consequences of ownership or disposition of, or the accrual or receipt of interest, on the Series 2015 Bonds.

The rights of the holders of the Series 2015 Bonds and the enforceability thereof is subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally and general principles of equity.

Certain terms, requirements and procedures contained or referred to in the Bond Resolution may be changed and certain actions may be taken under the circumstances and subject to the terms and conditions set forth in the Bond Resolution. The opinions set forth above are qualified to the extent that we express no opinion as to whether, following any such change or the taking of any such action, interest on the Tax-Exempt Series 2015 Bonds will continue to be excludable from the gross income of the owners of the Tax-Exempt Series 2015 Bonds for Federal income tax purposes.

The opinions set forth above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory or administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or any such events do occur. Our engagement with respect to the Series 2015 Bonds and the opinions set forth herein concludes with the delivery of this opinion, and we disclaim any obligation to update this letter.

This opinion is addressed to and is solely for the benefit of the Board and may not be relied upon by any other person without our express written consent.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

ARIZONA BOARD OF REGENTS
ARIZONA STATE UNIVERSITY

$182,645,000 SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2015A (GREEN BONDS)	$164,615,000 SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2015B	$15,000,000 SYSTEM REVENUE BONDS, TAXABLE SERIES 2015C

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "*Disclosure Undertaking*") is executed and delivered by the Arizona Board of Regents (the "*Board*"), in connection with the issuance, sale and delivery by the Board of its $182,645,000 Arizona State University System Revenue and Refunding Bonds, Series 2015A (Green Bonds) (the "*Series 2015A Bonds*"), $164,615,000 Arizona State University System Revenue and Refunding Bonds, Series 2015B (the "*Series 2015B Bonds,*" and together with the Series 2015A Bonds, the "*Tax-Exempt Series 2015 Bonds*"*)* and $15,000,000 Arizona State University System Revenue Bonds, Taxable Series 2015C (the "*Taxable Series 2015C Bonds*" and, together with the Tax-Exempt Series 2015 Bonds, the "*Series 2015 Bonds*"), for and on behalf of Arizona State University (the "*University*"). The Series 2015 Bonds are issued pursuant to a resolution of the Board adopted on November 7, 1985, as thereafter amended and supplemented, including by resolutions adopted by the Board on June 5, 2014, November 21, 2014 and February 5, 2015 (collectively, the "*Bond Resolution*"). Certain other terms are defined in Section 10 hereof.

The Board undertakes and agrees as follows:

SECTION 1 <u>Purpose of the Disclosure Undertaking</u>. This Disclosure Undertaking is being executed and delivered by the Board for the benefit of the Bondholders and in order to assist each Participating Underwriter in complying with the Rule.

SECTION 2 <u>Annual Information and Audited Financial Statements</u>. Subject to the provisions of Section 12 hereof, the Board agrees to provide or cause to be provided to the MSRB through its Electronic Municipal Market Access (EMMA) system at http://emma.msrb.org in a format required by the MSRB:

(a) Annual Information for the preceding Fiscal Year not later than the Filing Date for each Fiscal Year; and

(b) Audited Financial Statements for the preceding Fiscal Year not later than the later of the Filing Date for each Fiscal Year or promptly after becoming available to the Board.

Any or all of the items listed above may be included by specific reference to other documents; provided that if the document included by reference is not a final official statement, it must have been provided previously to the MSRB or the Securities and Exchange Commission, and if the document included by reference is a final official statement, it must be available from the MSRB.

SECTION 3 Notice of Listed Events and Failure to Provide Annual Information. The Board agrees to provide or cause to be provided to the MSRB, in a timely manner:

(a) notice of the occurrence of any of the Listed Events with respect to the Series 2015 Bonds within ten (10) business days of the occurrence of such Listed Event; and

(b) notice of its failure to provide or cause to be provided the Annual Information on or before the applicable Filing Date.

Notwithstanding the foregoing, notice of Listed Events consisting of bond calls or defeasances need not be given pursuant to this subsection any earlier than the date on which notice of the underlying event is given to the registered owners of affected Series 2015 Bonds pursuant to the Bond Resolution, and notice of the occurrence of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, is not required if the terms of the redemption pursuant to which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Series 2015 Bonds will be redeemed in the case of a partial redemption.

SECTION 4 Termination of Reporting Obligation. The obligations of the Board pursuant to this Disclosure Undertaking will terminate at such time as no Series 2015 Bonds remain Outstanding (within the meaning of the Bond Resolution), all of the Series 2015 Bonds have been legally defeased, redeemed or paid in full or the Rule is no longer applicable to the Series 2015 Bonds. The Board will give prompt notice to the MSRB if this Section becomes applicable.

SECTION 5 Dissemination Agent. The Board may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations pursuant to this Disclosure Undertaking, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

SECTION 6 Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Board may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived; if:

(a) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (within the meaning of the Rule) with respect to the Series 2015 Bonds, or the type of business conducted;

(b) this Disclosure Undertaking, as amended or taking into account such waiver, would, in the opinion of counsel of national reputation selected by the Board and experienced in bond or Federal securities law selected by the Board, have complied with the requirements of the Rule at the time of the original issuance of the Series 2015 Bonds, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver either (i) is approved by the registered owners of the Series 2015 Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of registered owners of the Series 2015 Bonds, or (ii) does not materially impair the interests of the Bondholders as determined by the opinion of counsel of national reputation experienced in bond or Federal securities law unaffiliated with the Board but which may be selected by the Board, or as determined by another party unaffiliated with the Board but which may be selected by the Board.

SECTION 7 Additional Information. Nothing in this Disclosure Undertaking will be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Information or notice of the occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Board chooses to include any such other information in any Annual Information or notice of the occurrence of any Listed Event or any other event, in addition to that which is specifically required by this Disclosure Undertaking, the Board will have no obligation pursuant to this Disclosure Undertaking to update the information or include it in any future Annual Information or notice of the occurrence of any Listed Event.

SECTION 8 Failure to Perform. Any Bondholder may enforce the Board's obligation to provide or cause to be provided information or notice pursuant to this Disclosure Undertaking by commencing an action for specific performance in a court of competent jurisdiction to compel the Board to provide or cause to be provided such information or notice; provided, however, that as a condition precedent to commencing any such action, a Bondholder must first provide at least thirty (30) days prior written notice to the Board of its failure to perform, giving reasonable detail of such failure, following which notice the Board will have 30 days to perform. Failure by the Board to perform its obligations pursuant to this Disclosure Undertaking will not be deemed an event of default with respect to the Series 2015 Bonds or the Bond Resolution or any other agreement or document and the sole remedy pursuant to this Disclosure Undertaking in the event of any failure of the Board to comply with this Disclosure Undertaking will be an action to compel performance.

SECTION 9 Beneficiaries. This Disclosure Undertaking is solely for the benefit of the Board and the Bondholders from time to time, and will create no rights in any other person or entity.

SECTION 10 Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Disclosure Undertaking, the following capitalized terms will have the following meanings:

(a) "*Annual Information*" means:

(1) quantitative financial information and operating data concerning the operations of the University of the type set forth in Appendix A to the Official Statement under the headings:

(i) "Arizona State University – Student Enrollment
– Total Headcount – University Wide";
– Full Time Equivalent – University Wide"; and

(ii) "FINANCIAL CONDITION OF THE UNIVERSITY
– ARIZONA STATE UNIVERSITY – Statement of Revenues, Expenses and Changes in Net Position";
– ARIZONA STATE UNIVERSITY – Schedule of Historical Gross Revenues";
– ARIZONA STATE UNIVERSITY – Receipts from Other Major Revenue Sources – University Wide"; and
– ARIZONA STATE UNIVERSITY – Debt Service Requirements".

(2) unaudited annual Financial Statements of the University unless Audited Financial Statements are provided at the same time.

In addition to the information described above, (A) if any part of the Annual Information described in (1) can no longer be generated because the operations to which it relates have been materially changed or discontinued, the Board will include a statement to that effect as part of the Annual Information for the year in which the change or discontinuation occurs, and (B) the Annual Information for the year in which any amendment or waiver of a provision of this Disclosure Undertaking occurs will describe and explain the amendment or waiver, the reason for it and its impact on the type of information being provided, and if the amendment relates to the accounting principles to be followed in preparing financial statements, the Annual Information for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(b) "*Audited Financial Statements*" means audited annual Financial Statements of the University.

(c) "*Bondholder*" means a beneficial owner of a Series 2015 Bond, with beneficial ownership determined on a basis consistent with the provisions of Rule 13d-3 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, or, if those provisions do not adequately address the situation in question (in the opinion of counsel of national reputation experienced in bond or Federal securities law selected by the Board), with beneficial ownership determined on the basis of ownership for

Federal income tax purposes. Any assertion of beneficial ownership must be established by evidence in writing with full documentary support filed with the Board.

(d) "*Filing Date*" means the first business day of the eighth month following the end of each Fiscal Year, beginning February 1, 2016.

(e) "*Financial Statements*" means annual financial statements of the University prepared in conformity with generally accepted accounting principles as reflected in the governmental accounting standards promulgated from time to time by the Government Accounting Standards Board of the American Institute of Certified Public Accountants.

(f) "*Fiscal Year*" means each fiscal year of the University, commencing with the fiscal year that began July 1, 2014, and ends on June 30, 2015.

(g) "*Listed Events*" means any of the following events:

i) principal and interest payment delinquencies;

ii) non-payment related defaults, if material*;

iii) unscheduled draws on debt service reserves reflecting financial difficulties**;

iv) unscheduled draws on credit enhancements reflecting financial difficulties;

v) substitution of credit or liquidity providers, or their failure to perform;

vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material* notices or determinations with respect to the tax status of the Tax-Exempt Series 2015 Bonds, or other material* events affecting the tax status of the Tax-Exempt Series 2015 Bonds;

vii) modifications to rights of holders of the Series 2015 Bonds, if material*;

viii) bond calls, if material*, and tender offers;

ix) defeasances;

x) release, substitution, or sale of property securing repayment of the Series 2015 Bonds, if material*;

xi) rating changes;

xii) bankruptcy, insolvency, receivership or a similar event of the Board;

xiii) the consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board other than in the ordinary course of business, the entry into a definitive agreement to undertake any such action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material*; and

xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material*.

** "Materiality" will be determined in accordance with the applicable Federal securities laws.*

*** As of the date of this Disclosure Undertaking, there exists no, and the Board has no obligation or intention to provide, obtain or maintain any, debt service reserves with respect to the Series 2015 Bonds.*

(h) "*MSRB*" means the Municipal Securities Rulemaking Board.

(i) "*Official Statement*" means the final Official Statement dated March 4, 2015, with respect to the initial offering of the Series 2015 Bonds.

(j) "*Participating Underwriter*" means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Series 2015 Bonds, including, Wells Fargo Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Citigroup Global Markets, Morgan Stanley & Co. LLC and Wedbush Securities Inc.

(k) "*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, as applicable to the Series 2015 Bonds.

(l) "*State*" means the State of Arizona.

SECTION 11 Governing Law; Forum. This Disclosure Undertaking will be governed by the law of the State. Any action to enforce this Disclosure Undertaking against the Board may be brought only in a State court located in Maricopa County, Arizona.

SECTION 12 Budget Requirement. In accordance with the law of the State, no expenditures may be made by the Board in any Fiscal Year for a purpose not included in the budget, and no expenditure may be made or obligation or liability incurred or created by the Board in any Fiscal Year in excess of the amount specified for each purpose in the budget, for that Fiscal Year, except as otherwise provided by law, and the Board's undertaking in this Disclosure Undertaking is subject to this limitation of State law on expenditures by the Board for costs of performing its obligations in accordance with this Disclosure Undertaking. In the event of non-compliance by the Board with its covenants herein due to a failure to budget for and appropriate the necessary funds, the Board agrees to provide prompt notice of such fact to the MSRB.

Dated: ________, 2015.

ARIZONA BOARD OF REGENTS

By: ____________________________________

Joanne Wamsley
Vice President for Finance and Deputy Treasurer,
Arizona State University

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE FOLLOWING INFORMATION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE BOARD OR THE UNIVERSITY AS TO THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC, New York, New York, will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2015 Bond certificate will be issued for each maturity of each series of the Series 2015 Bonds, each in the principal amount of such maturity of the Series 2015 Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 Bonds, except in the event that use of the book-entry-only system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2015 Bonds of a single maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2015 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct or Indirect Participant and not of DTC, the Board, the University or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Board and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2015 Bond certificates are required to be printed and delivered.

The Board or the Trustee may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2015 Bond certificates will be printed and delivered.

THE BOARD AND UNIVERSITY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC DIRECT PARTICIPANTS OR TO INDIRECT PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2015 BONDS PURSUANT TO THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2015 BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2015 BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF SERIES 2015 BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Series 2015 Bonds, as nominee for DTC, references herein to "Owner" or registered owners of the Series 2015 Bonds (other than under the caption "TAX MATTERS" herein) will mean Cede & Co., as aforesaid, not the Beneficial Owners of such Series 2015 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Board or the Trustee to DTC only.