

FY 2025

ANNUAL

FINANCIAL

REVIEW

ABOUT THIS REVIEW

The purpose of this analysis is to assist the board in evaluating the financial position of Arizona's three public universities: Arizona State University (ASU), Northern Arizona University (NAU), and University of Arizona (U of A). The analysis uses general credit factors used by Moody's to assess an institution's financial health. The ratios used look at relationship with the state, balance sheet position, operating performance, debt position, and market position. The analysis addresses the following questions through the presentation of relevant financial ratios covering a five-year period from FY 2021–FY 2025 (FY 2024 for national data).

1. How has the composition of revenue changed over time?
 - a. University revenues by source
 - b. State general fund appropriations as a percent of total revenues
 - c. Net tuition and fee revenues as a percent of total revenues
2. Is spending per student increasing or decreasing over time?
 - a. Education and General (E&G) expenses per FTE student
3. Has the University's net financial result (change in net position) kept pace with expenses and cash outflows?
 - a. Spendable Cash and Investments to Operating Expenses
 - b. Operating Margin Ratio
4. Are there enough financial resources to cover obligations as they come due?
 - a. Debt Service Coverage Ratio
5. Given the increasing reliance on tuition and fee revenues as a major revenue source, will demand for attending universities remain steady?
 - a. Primary Market Selectivity
 - b. Primary Market Matriculation

KEY INDICATORS

STATE GENERAL FUND AS A PERCENT OF TOTAL REVENUES (GF/Total Rev)

- Measures the percentage of state appropriations to total revenues, reflecting the level of direct state investment in higher education over time.

EDUCATION AND GENERAL (E&G) EXPENSE PER FTE STUDENT (E&G/FTE)

- Measures institutional spending on all activities except for self-supporting enterprises (auxiliaries such as intercollegiate athletics, housing and dining, parking, etc.), research, depreciation and scholarship allowances and expenses. E&G expenses per student FTE reflect direct investment in instruction and related activities by the institution. This metric is often used in conjunction with outcome measures such as graduation rates, retention rates, etc.

SPENDABLE CASH AND INVESTMENTS/OPERATING EXPENSES

- Measures the extent to which a university can meet operating expenses with existing liquid cash and investments. An indicator of financial health of the university to meet its current obligations. If the ratio is low, the university lacks liquid resources to cover temporary cash shortages, an emergency, or potential deficit situation. If the ratio is 1.0 the university can meet 100 percent of its annual operating expenses. The median of all public universities (Moody's) between 2021 and 2024 ranged from 0.82 to 0.88.

OPERATING MARGIN RATIO (operating surplus (deficit)/total operating revenue)

- Measures yearly operating performance and reflects a university's ability to balance operations. A university with a higher operating margin ratio has greater financial strength and can more easily pay its fixed costs and interest on debt. In addition, a university with a higher operating ratio can better withstand an economic downturn, maintain lower tuition rates, and fund quasi-endowments to support educational, research and public service activities. The median of all public universities (Moody's) between 2021 and 2024 ranged from 79 percent to 80 percent.

DAYS CASH ON HAND

- Measures the number of days that the university can continue to pay its operating expenses given the amount of liquid cash and investments available. Moody's views the ability to maintain an adequate days cash a credit positive using it to assess credit risk for higher education institutions. The ABOR established guidelines is to maintain the Monthly Days Cash on Hand ratio within plus or minus 25 percent of Moody's most currently published median among rated public colleges and

universities. For 2025, the board's range is between 132 and 220 days, with 176 days as median.

DEBT SERVICE COVERAGE RATIO (DSCR; operating cash flows/debt service)

- Measures the university's ability to cover debt service requirements with operating revenues. In general, a ratio of one or above indicates that there are enough funds to cover debt service payments, while a ratio of below one warns of the potential inability to fully repay outstanding debt. The higher the ratio, the easier it is to obtain favorable financing rates. Most importantly, creditors use the DSCR when deciding whether and how much to lend. The median of all public universities (Moody's) between 2021 and 2024 ranged from 2.65 to 3.54.

PRIMARY MARKET SELECTIVITY (Student Demand: number of acceptances/number of applicants)

- Measures initial student demand. A low selectivity rate and a high yield indicate strong demand: the university has more applicants than places in the entering class. As a sector, public colleges and universities have become slightly less selective over time as institutions sought to increase revenues, especially those from out-of-state who often pay higher tuition rates; and as the pipeline for in-state students declines. The median of all public universities (Moody's) between 2021 and 2024 ranged from 79 percent to 80 percent.

PRIMARY MARKET MATRICULATION (Enrollment Ratio: number of admissions/number of acceptances)

- Measures final student demand, measuring the percent of students admitted who attend the university. This ratio helps with enrollment management and in estimating enrollment growth and subsequent tuition and fee revenues. The median of all public universities (Moody's) between 2021 and 2024 ranged from 22 percent to 25 percent.

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TOTAL REVENUE BY SOURCE

Between FY 2021 and FY 2025:

- ASU's revenues grew 31 percent from \$3.4 billion to \$4.4 billion. ASU has maintained a compound average growth rate in revenues of nearly 7 percent per year.
 - ASU received a total of \$549.7 million in federal COVID-19 funding either directly or by way of the Arizona Governor's Office, with the bulk of that funding received in FY 2021 and FY 2022.
- State investment increased 30 percent over the period, although state support as a percentage of total revenues has remained within 1-2 percentage points of the average 11 percent between FY 2021 and FY 2025. A sizable portion of new funding was appropriated as one-time only monies, and therefore not guaranteed to be part of ongoing base-level funding. In recent years, the legislature has appropriated nearly all new funding as one-time. Between FY 2024 and FY 2025 state support was reduced by \$17 million or about 4 percent.
- Net tuition and fees increased 37 percent from \$1.6 billion to \$2.2 billion. Net tuition and fees as a percentage of total revenues remained constant, averaging approximately 49 percent over the past five years. Gross tuition and fee revenues increased 35 percent, reflective of year-over-year increases in FTE student enrollment while maintaining the pledge to not increase resident tuition greater than 3 percent per year (although it also includes the tuition surcharge due to the FY 2025 state budget reduction). Scholarship allowances have averaged 24 percent of gross tuition and fees over the past five years.
- Gifts, Grants and Contracts (GG&C) increased slightly over 13 percent, from \$1.1 billion to \$1.2 billion, reflecting strong research award and philanthropic gift activity. Some of the variability between FY 2021 and FY 2023 is attributable to COVID-19 relief funding. GG&C as percentage of total revenues have averaged about 28 percent over the past five years.
- Other revenues represent activities distributed throughout the University and include a variety of revenue sources, such as revenues from auxiliary operations, investment income and academic revenue-generating activities. Other revenues have increased significantly over the five-year period, increasing 60 percent from \$365 million to \$584 million primarily driven by investment returns, housing and meal plan participation, parking revenue and other auxiliaries. Other revenues have remained constant as a percentage of total revenues, averaging about 12 percent over the five years.

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UNIVERSITY NET POSITION

- Net position is shown in four categories: Capital Assets, Restricted Nonexpendable, Restricted Expendable and Unrestricted. ASU's net position increased 58 percent between FY 2021 and FY 2025, from \$1.6 billion to \$2.5 billion.
- Capital Assets increased 28 percent from \$1.1 billion to \$1.4 billion.
- Restricted net position (nonexpendable and expendable) increased 28 percent from \$267.6 million to \$343.5 million.
- Unrestricted net position has more than tripled from \$235.3 million to \$777.8 million. Between FY 2021 and FY 2025, Governmental Accounting Standards Board (GASB) adjustments for public pension liability and Other Post-Employment Benefits (OPEB) increased about 3 percent from \$780.5 million to \$805.5 million. Excluding these GASB adjustments ASU's unrestricted net position increased 40 percent, from \$2.4 billion to \$3.3 billion. On average, ASU's unrestricted net position (excluding GASB adjustments) grew at a compound annual rate of 9 percent per year between FY 2021 and FY 2025.
 - GASB requires governments that provide defined benefit pensions to recognize the long-term obligation for pension benefits and post-employment benefits as a liability, which reduces net position. OPEB includes retiree medical and other insurance.

KEY INDICATORS

ENROLLMENT

- From FY 2021 to FY 2025, ASU's overall FTE enrollment across all students, on-campus and online, increased almost 17 percent from 116,997 to 136,649. This latter figure represents a 5 percent increase over the prior year.
- The largest FTE growth was in online students, which increased by 35 percent from FY 2021 to FY 2025 and increased by 11 percent over the last year. For Fall 2024 (FY 2025), online students represented 37 percent of total student FTE, up from 35 percent the year before.
- Among all students the largest increase was in non-residents, rising to 74,920 in FY 2025. This represents a 31 percent increase since FY 2021 and a 6 percent increase over the last year. Resident students rose to 61,729 in FY 2025, a 3 percent increase over the period and a 4 percent increase in the last year.

EDUCATION AND GENERAL (E&G) EXPENSES PER FTE STUDENT

- ASU's E&G expenses per student increased 10 percent from \$17,215 in FY 2021 to \$18,976 in FY 2025, an annual average of over 2 percent. The FY 2025 figure is 1 percent lower than the previous year, due largely to cost containment measures

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implemented during the fiscal year. In contrast, between 2021 and 2025, the Higher Education Price Index (HEPI) averaged just under 4 percent and the Consumer Price Index (CPI) averaged just over 4 percent.

SPENDABLE CASH AND INVESTMENTS/OPERATING EXPENSES (SCI/OE) RATIO

- ASU's SCI/OE ratio increased slightly between FY 2021 and FY 2025, from 0.79 to 0.83, remaining relatively constant for the whole period. If the ratio is low, the university lacks the necessary liquidity to fulfill short-term obligations, navigate an emergency or have the resources to invest in programmatic expansion. If the ratio is 1.0 the university can meet 100 percent of its annual operating expenses with existing resources. ASU has remained close to the public universities peer median value that has a similar range for the five-year period.

OPERATING MARGIN RATIO (OMR)

- ASU's OMR has consistently outpaced the median of all public universities. OMR was robust in FY 2021 and FY 2022 (pandemic years) and returned closer to peer levels beginning in FY 2023, although still significantly above them. In FY 2025, ASU's OMR is 5 percent against a national median of 2 percent. A university with a higher operating margin ratio illustrates efficiency in its operations and has greater financial strength; OMR is an important measure of overall bottom line and scalability of operations over time.

MONTHLY DAYS CASH ON HAND

- At 176 days in FY 2025, ASU is within the board's established range of 132 to 220 days for the prior year. The median of all public universities was 176 days in FY 2024. Peer medians for public universities are updated by Moody's in late July or early August in the year following the close of a particular fiscal year.

DEBT SERVICE COVERAGE (DSC) RATIO

- ASU's DSC ratio decreased between FY 2021 and FY 2025 from 3.45 to 2.68, closer to its typical level after the pandemic years of FY 2021 and FY 2022. In FY 2024, the median of public universities was 2.78. This measure indicates that ASU could cover its debt service obligations with its annual operating cash flow.

PRIMARY MARKET SELECTIVITY AND MATRICULATION

- ASU saw a slight decrease in the share of students accepted to the University from 87 percent in FY 2021 to 85 percent in FY 2025, somewhat above the public

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university median of 80 percent. However, the proportion of students admitted and who enrolled dipped from 30 percent in FY 2021 to 26 percent in FY 2025. The decline aligns with the trend of all public universities median matriculation which decreased from 25 percent in FY 2021 to 22 percent in FY 2024 and is largely the consequence of adopting the common application that significantly increased applications industry-wide.

CREDIT RATINGS

- ASU's credit ratings are Aa2 with Moody's and AA with Standard & Poor (S&P) and it has maintained these ratings for the past six years. Aa2 and AA are each the third highest rating for Moody's and S&P. Both ratings are considered investment grade, i.e., high quality and subject to very low credit risk. Both Moody's and S&P have indicated a stable outlook for ASU's rating. Ratings outlooks fall into four categories: Positive, Negative, Stable and Developing.

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Financial Highlights (\$ in 1,000s)

University Revenues, Expenditures and Changes in Net Position	2021	2022	2023	2024	2025	2025 Budget
State	332,186	411,512	485,286	450,286	433,253	449,100
Tuition and Fees, Net	1,598,180	1,689,832	1,889,421	2,028,283	2,184,492	2,138,000
Gifts, Grants & Contracts	1,072,576	1,029,127	957,826	1,092,266	1,216,775	1,090,500
Other Revenue	365,395	356,740	470,333	516,322	583,670	492,100
Total Revenue	3,368,337	3,487,211	3,802,866	4,087,157	4,418,190	4,169,700
Total Expenses	3,120,385	3,243,265	3,612,963	3,893,068	4,175,411	4,104,100
Net Increase	247,952	243,946	189,903	194,089	242,779	65,600
State as a % of total	10%	12%	13%	11%	10%	11%
T&F as % of total	47%	48%	50%	50%	49%	51%

University Tuition and Fees	2021	2022	2023	2024	2025	2025 Budget
Gross Tuition and Fees	2,134,308	2,276,313	2,492,825	2,655,779	2,873,878	2,818,000
Scholarship Allowance Applied to T&F	536,128	586,481	603,404	627,496	689,386	680,000
Net Tuition and Fees	1,598,180	1,689,832	1,889,421	2,028,283	2,184,492	2,138,000

University Net Position	2021	2022	2023	2024	2025
Capital Assets	1,107,148	1,147,404	1,205,931	1,340,722	1,418,962
Restricted Nonexpendable	91,623	104,729	109,039	114,261	120,156
Restricted Expendable	175,937	203,211	209,011	216,436	223,393
Unrestricted	235,307	437,294	579,506	626,157	777,844
Total Net Position	1,610,015	1,892,638	2,103,487	2,297,576	2,540,355
Total Net Position excluding GASB 68 & 75 (Pension and OPEB liability adjustments)	2,390,523	2,700,388	2,905,493	3,114,856	3,345,851

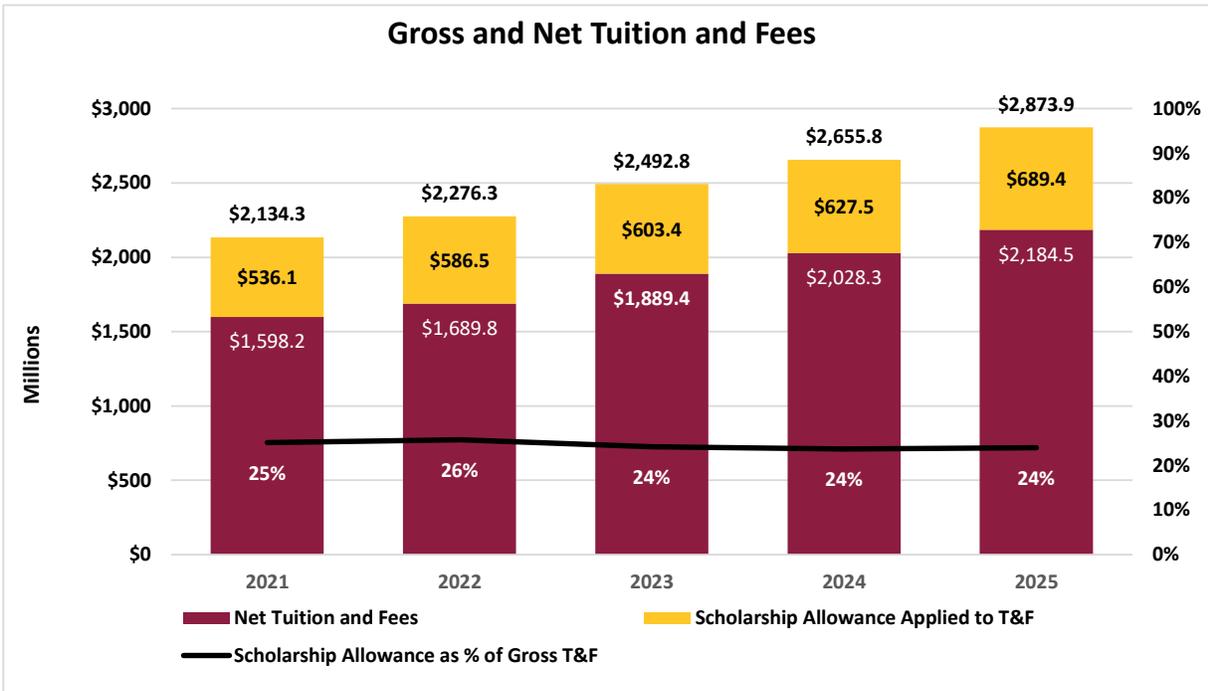
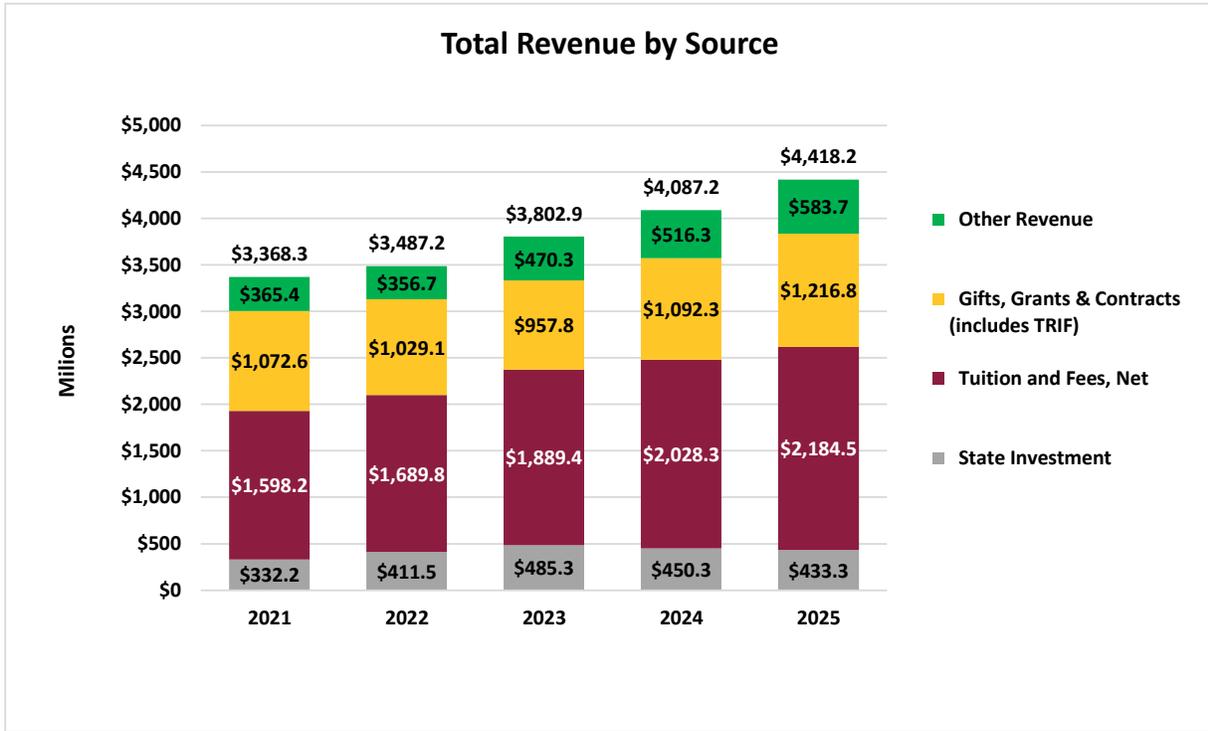
University Unrestricted Net Position	2021	2022	2023	2024	2025
Unrestricted (with GASB)	235,307	437,294	579,506	626,157	777,844
Pension & OPEB	780,508	807,740	802,006	817,280	805,496
Unrestricted Net Position (unadjusted)	1,015,815	1,245,034	1,381,512	1,443,437	1,583,340

	2021	2022	2023	2024	2025
Total Fall FTE Enrollment	116,997	121,763	127,191	130,053	136,649
State General Fund As a Percent of Total Revenues	10%	12%	13%	11%	10%
Tuition and Fee Revenues as a Percent of Total Revenues	47%	48%	50%	50%	49%
E&G Expenses per Student	17,215	16,636	18,208	19,168	18,976
Spendable Cash & Investments/Operating Expenses	0.79	0.84	0.80	0.78	0.83
SCI/OE All public universities median (Moody's)	0.88	0.83	0.82	0.82	*
Operating Margin Ratio (OMR)	9.1%	10.0%	3.9%	4.5%	5.0%
OMR All public universities median (Moody's)	5.7%	5.2%	1.8%	2.0%	*
Days Cash on Hand (DCOH)	163	182	171	165	176
DCOH All public universities median (Moody's)	191	187	174	176	*
Debt Service Coverage Ratio (DSCR)	3.45	3.88	2.63	2.73	2.68
DSCR All public universities median (Moody's)	3.33	3.54	2.65	2.78	*
Primary Market Selectivity (PMS)	87%	86%	87%	87%	85%
PMS All public universities median (Moody's)	80%	80%	79%	80%	*
Primary Market Matriculation (PMM)	30%	28%	25%	25%	26%
PMM All public universities median (Moody's)	25%	24%	23%	22%	*
Credit Ratings	2021	2022	2023	2024	2025
Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
	Stable	Stable	Stable	Stable	Stable
Standard & Poor (S&P)	AA	AA	AA	AA	AA
	Stable	Stable	Stable	Stable	Stable

* Not yet available

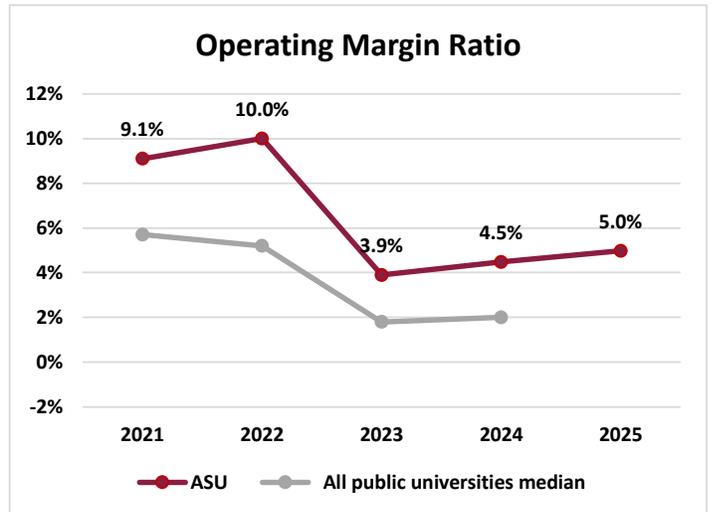
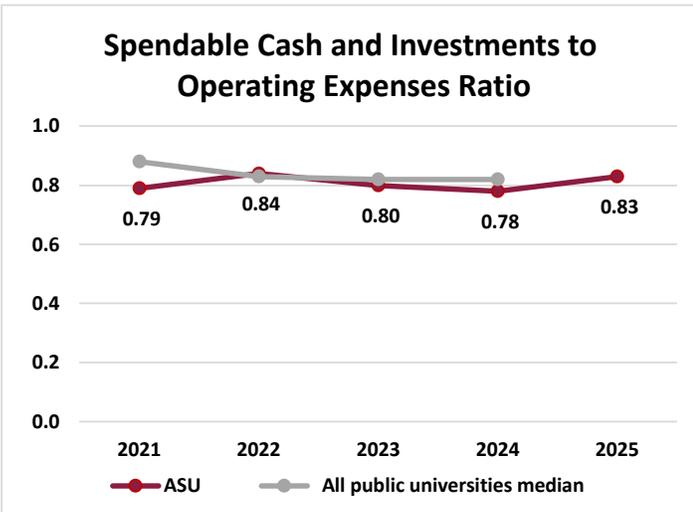
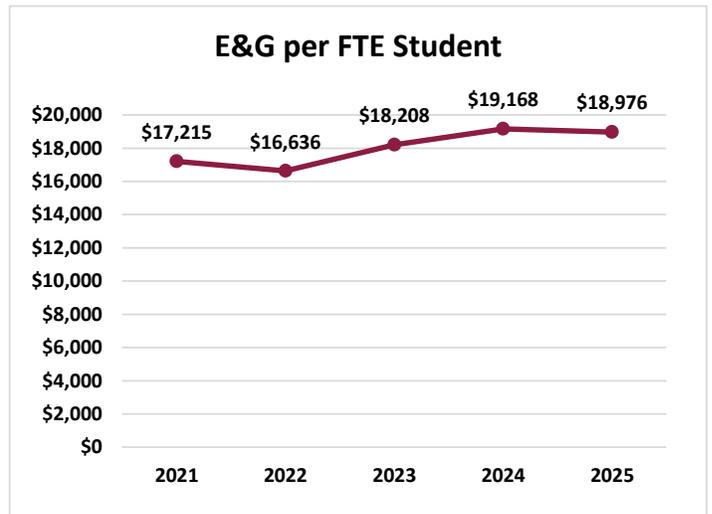
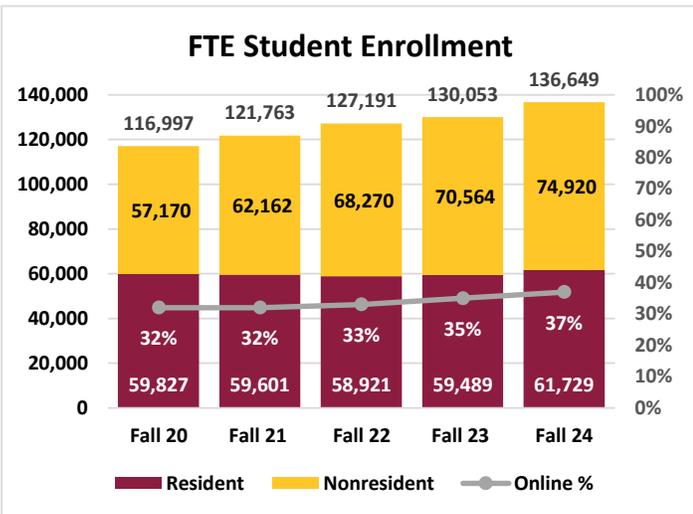
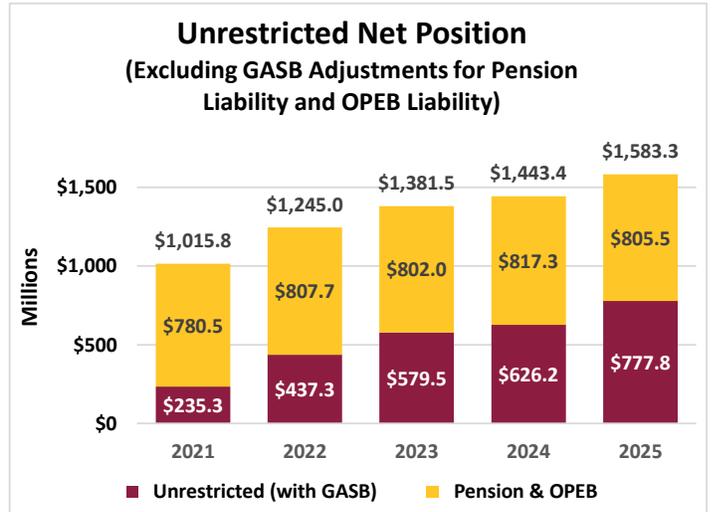
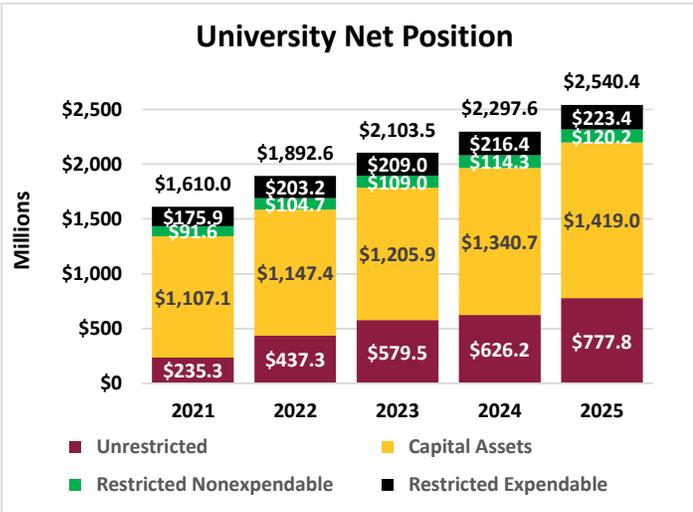
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FINANCIAL HIGHLIGHTS



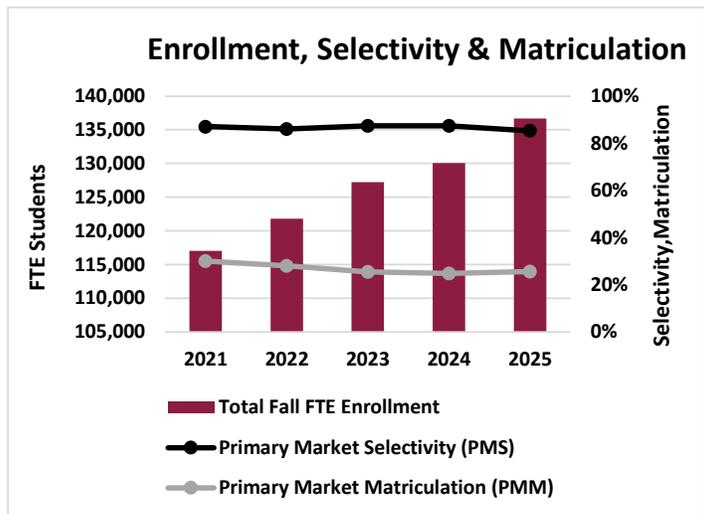
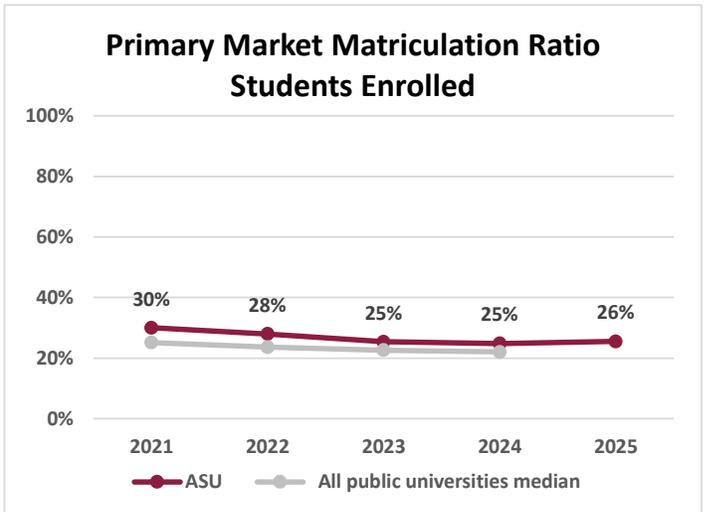
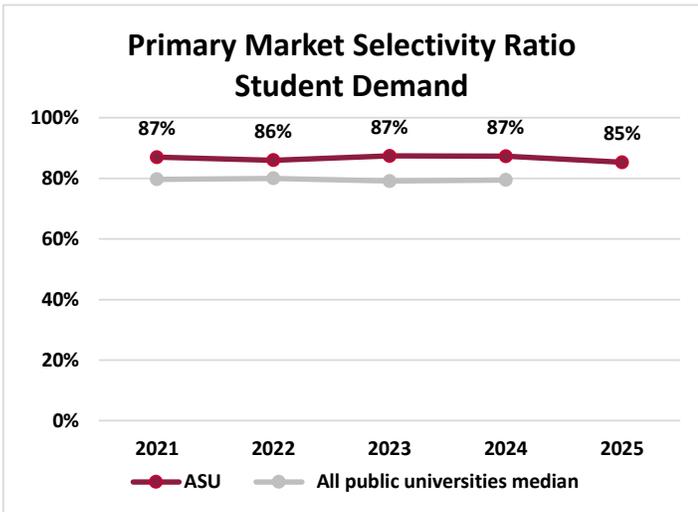
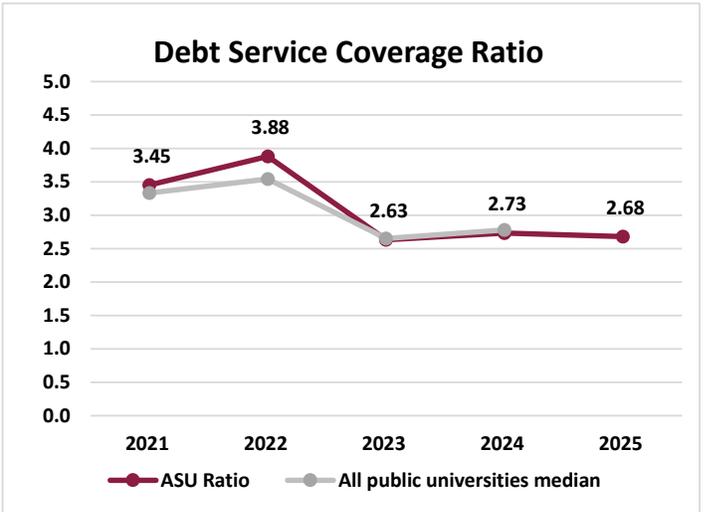
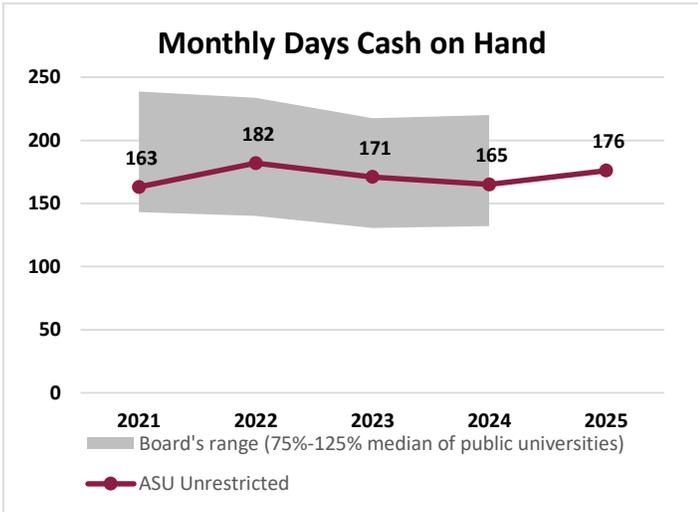
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KEY INDICATORS



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KEY INDICATORS



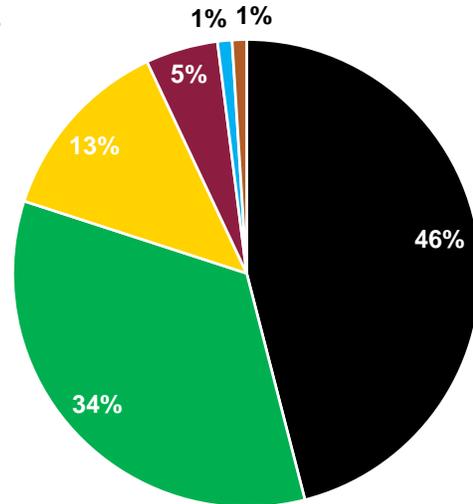
ARIZONA STATE UNIVERSITY - INVESTMENT REPORT

(Dollars in Thousands)

OPERATING FUND INVESTMENTS	Market Value and Returns			
	6/30/2025	6/30/2024	6/30/2023	3-yr Average
Year-end Market Value	\$ 1,651,853	\$ 1,407,854	\$ 1,381,176	\$ 1,480,294
Net Return	6.1%	5.2%	2.3%	4.5%

OPERATING FUND BREAKDOWN BY TYPE OF INVESTMENT (June 30, 2025)

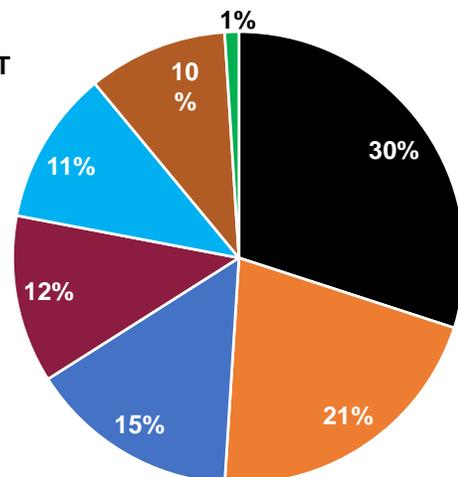
Corporate Notes/Bonds	46%
US Treasury	34%
Money Market	13%
Agency Bonds	5%
Municipal Bonds	1%
Other Investments	1%



ENDOWMENT FUNDS INVESTMENTS	Market Value and Returns			
	6/30/2025	6/30/2024	6/30/2023	3-yr Average
Pooled Endowments:				
Year-end Market Value	\$ 338,131	\$ 322,543	\$ 297,650	\$ 319,441
Net Return	7.8%	11.3%	4.3%	7.8%
FA Trust Fund:				
Year-end Value	\$ 133,996	\$ 122,647	\$ 108,346	\$ 121,663
Net Return	7.8%	11.3%	4.3%	7.8%

ENDOWMENT FUND BREAKDOWN BY TYPE OF INVESTMENT (June 30, 2025)

Private Capital	30%
US Equities	21%
Fixed Income	15%
Absolute Return	12%
International Equities	11%
Real Assets	10%
Cash/Cash Equivalents	1%



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TOTAL REVENUE BY SOURCE

Between FY 2021 and FY 2025:

- NAU's revenues grew 17 percent from \$628.4 million to \$734.0 million. NAU has maintained a compound average growth rate in revenues of just under 7 percent per year.
 - Between FY 2021 and FY 2024, NAU received approximately \$132.5 million in federal COVID-19 funding either directly or by way of the Arizona Governor's Office, with the bulk of that funding received in FY 2021 and FY 2022.
- State investment is 30 percent larger (although decreasing in the last two years) and, as a percentage of total revenues, state support averaged about 20 percent in FY 2025 fluctuating by a few percentage points. Most new funding was appropriated as one-time only monies, and therefore not guaranteed to be part of ongoing base-level funding. In recent years, the legislature has appropriated nearly all new funding as one-time. Between FY 2024 and FY 2025 state support was reduced by \$4.6 million or about 3 percent.
- Net tuition and fees decreased 10 percent from \$218 million to \$197 million. As a percentage of total revenues, net tuition and fee revenues decreased from 35 percent to 27 percent. The decrease is largely due to an increase in scholarship allowances, which include Arizona Promise and Teachers Academy Awards, that are applied to tuition and fee revenues – they increased 30 percent from \$161 million to \$210 million. Scholarship allowances have risen from 42 percent of gross tuition and fees to 52 percent over the five-year period.
- Gifts, Grants and Contracts increased 16 percent, from \$179 million to \$208 million reflecting strong award activity, increases in indirect cost revenue and philanthropic gifts. GG&C makes up about 28 percent of total revenues in FY 2025, consistent with 29 percent in FY 2021.
- Other revenues represent hundreds of local accounts that are supported by a variety of revenue sources, such as revenues from auxiliary operations, investment income and self-supporting designated activities. Other revenues rebounded from the pandemic-related downturn increasing 53 percent from \$123 million to \$189 million, due mainly to increases in sales and services, investment income and auxiliary enterprises, the latter primarily related to residence life with increases in housing and dining revenues. Other revenues increased as a percentage of total revenues from 20 percent in FY 2021 to 26 percent in FY 2025.

UNIVERSITY NET POSITION

- Net position is shown in four categories: Capital Assets, Restricted Nonexpendable, Restricted Expendable and Unrestricted. NAU's net position increased 45 percent

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averaging an annual increase of nearly 10 percent between FY 2021 and FY 2025. NAU's FY 2025 net position is \$445.6 million up from \$307.4 million in FY 2021.

- Capital Assets increased 9 percent from \$262.5 million to \$286.5 million.
- Restricted net position (nonexpendable and expendable) increased 61 percent from \$85.9 million to \$138.3 million. Restricted net position primarily represents the university's permanent endowment funds received from donors for the purpose of creating permanent funding streams for specific programs and activities.
- NAU reported negative unrestricted net asset balances for several years through FY 2021 due to Governmental Accounting Standards Board (GASB) regulations and Other Post-Employment Benefits (OPEB) adjustments but has reported positive balances in each of the last four years. Excluding these GASB adjustments, unrestricted net position has been positive each year increasing 17 percent between FY 2021 and FY 2025, from \$520 million to \$608 million. On average, NAU's unrestricted net position (excluding GASB adjustments) grew at a compound annual rate of 4 percent per year between FY 2021 and FY 2025.
 - GASB requires governments that provide defined benefit pensions to recognize the long-term obligation for pension benefits and post-employment benefits as a liability, which reduces net position. OPEB includes retiree medical and other insurance.

ENROLLMENT

- From FY 2021 to FY 2025, NAU's overall FTE enrollment across all students, on-campus and online, increased slightly by almost 1 percent from 28,078 to 28,268. After decreasing through FY 2023 (Fall 2022), total enrollment increased in the last two years, with FY 2025 representing a 3 percent increase over the prior year.
- The largest proportional enrollment growth was in online students, which increased by almost 11 percent from FY 2021 to FY 2025 and increased by almost 18 percent over the last year. However, while just under 4,000 enrolled in Fall 2024 (FY 2025), online students represented just under 14 percent of total student FTE, although that share is up from slightly over 12 percent the year before.
- Among all students the largest increase was in Arizona residents, rising to 19,058 in FY 2025. This represents a nearly 3 percent increase since FY 2021 and a 2 percent increase over the last year. Non-resident students rose to 9,210 in FY 2025, a 3 percent decrease over the period but an almost 6 percent increase in the last year. The proportion of resident students has stayed constant at 67 percent over the five-year period.

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EDUCATION AND GENERAL (E&G) EXPENSES per FTE Student

- NAU's E&G expenses per student increased 29 percent from \$12,910 to \$16,691 between FY 2021 and FY 2025. The rise results primarily from an increase in state appropriation funding for one-time operating funds, primarily for New Economy Initiatives/Healthy Tomorrow earlier in the period; it has stabilized near \$16,700 over the last two years.

SPENDABLE CASH AND INVESTMENTS/OPERATING EXPENSE (SCI/OE) RATIO

- NAU's SCI/OE ratio averaged 0.56 between FY 2021 and FY 2025, declining from a high of 0.62 in FY 2021 to 0.5 in FY 2025. The slightly higher values in FY 2021 and FY 2022 are primarily from COVID-19 relief funding, operational expenditure adjustments, and increases in the market valuation of investments. FY 2025 is in line with pre-pandemic levels. NAU's ratio is below the median for public universities which is about 0.8. If the ratio is low, the university lacks spendable funds to meet temporary cash shortages, an emergency, or potential deficit situation. If the ratio is 1.0 the university can meet 100 percent of its annual operating expenses.

OPERATING MARGIN RATIO (OMR)

- OMR can fluctuate from year to year due to irregular timing of when revenues and expenditures are incurred. NAU has maintained a positive ratio each year, above the national median for public universities. At just under 1 percent the value in FY 2025 is the lowest since the pandemic years of FY 2021 and FY 2022, with the last three years averaging closer to pre-pandemic levels. A university with a higher operating margin ratio illustrates efficiency in its operations and has greater financial strength; OMR is an important measure of overall bottom line.

MONTHLY DAYS CASH ON HAND

- At 167 days in FY 2025, NAU is within the board's established range of 132 to 220 days for the prior year. The median of all public universities was 176 days in FY 2024. Peer medians for public universities are updated by Moody's in late July or early August in the year following the close of a particular fiscal year.

DEBT SERVICE COVERAGE (DSC) RATIO

- After several slightly higher years near 2.5, NAU's DSC ratio dipped slightly to 1.78 in FY 2025. The median of all public universities was 2.65 in FY 2023. This measure

NORTHERN ARIZONA UNIVERSITY

indicates that NAU could more than cover 100 percent of its debt service payments with annual operating cash flow.

PRIMARY MARKET SELECTIVITY AND MATRICULATION

- NAU saw an increase in the share of students accepted to the university from 78 percent in FY 2020, similar to many prior years, to around 90 percent in the last three years. The proportion of students who enrolled remained consistent at 16 percent from FY 2021 to FY 2024 but decreased to 13 percent in FY 2025. This is slightly below the median matriculation rate for all public universities of 22 percent in FY 2024.

CREDIT RATINGS

- NAU's credit ratings with Moody's (A1 Stable), and Standard & Poor (A+ Stable) have been maintained at that level for over a decade. Both A1 and A+ ratings fall in the middle of the investment-grade category indicating some but low credit risk. Ratings outlooks fall into four categories: Positive, Negative, Stable and Developing.

NORTHERN ARIZONA UNIVERSITY

Financial Highlights (\$ in 1,000s)

University Revenues, Expenditures and Changes in Net Position	2021	2022	2023	2024	2025	2025 BGT
State	107,396	138,737	165,322	144,555	139,922	150,100
Tuition and Fees, Net	218,452	200,933	195,450	201,626	197,033	212,000
Gifts, Grants & Contracts	179,149	207,467	196,276	198,455	207,943	193,000
Other Revenue	123,442	134,742	147,522	193,436	189,125	158,500
Total Revenue	628,439	681,879	704,570	738,072	734,022	713,600
Total Expenses	571,925	635,251	649,971	700,049	728,264	706,100
Net Increase/(Decrease)	56,514	46,628	54,599	38,023	5,757	7,500
State as a % of total	17%	20%	23%	20%	19%	21%
T&F as % of total	35%	29%	28%	27%	27%	30%

University Tuition and Fees	2021	2022	2023	2024	2025	2025 BGT
Gross Tuition and Fees	379,351	367,759	374,836	398,194	406,902	404,400
Scholarship Allowance Applied to T&F	160,899	166,826	179,386	196,568	209,869	189,000
Net Tuition and Fees	218,452	200,933	195,450	201,626	197,033	215,400

University Net Position	2021	2022	2023	2024	2025
Capital Assets	262,474	234,713	269,975	277,524	286,463
Restricted Nonexpendable	17,969	17,039	23,481	24,610	25,725
Restricted Expendable	67,904	71,905	72,347	105,041	112,542
Unrestricted	(40,935)	26,352	38,806	35,455	20,908
Total Net Position	307,412	350,009	404,608	442,631	445,638
Total Net Position excluding GASB 68 & 75 (Pension and OPEB liability adjustments)	520,452	545,565	581,179	612,228	608,061

University Unrestricted Net Position	2021	2022	2023	2024	2025
Unrestricted (with GASB)	(40,935)	26,352	38,806	35,455	20,908
Pension & OPEB	213,040	195,557	176,571	169,597	162,423
Unrestricted Net Position (unadjusted)	172,105	221,908	215,377	205,052	183,331

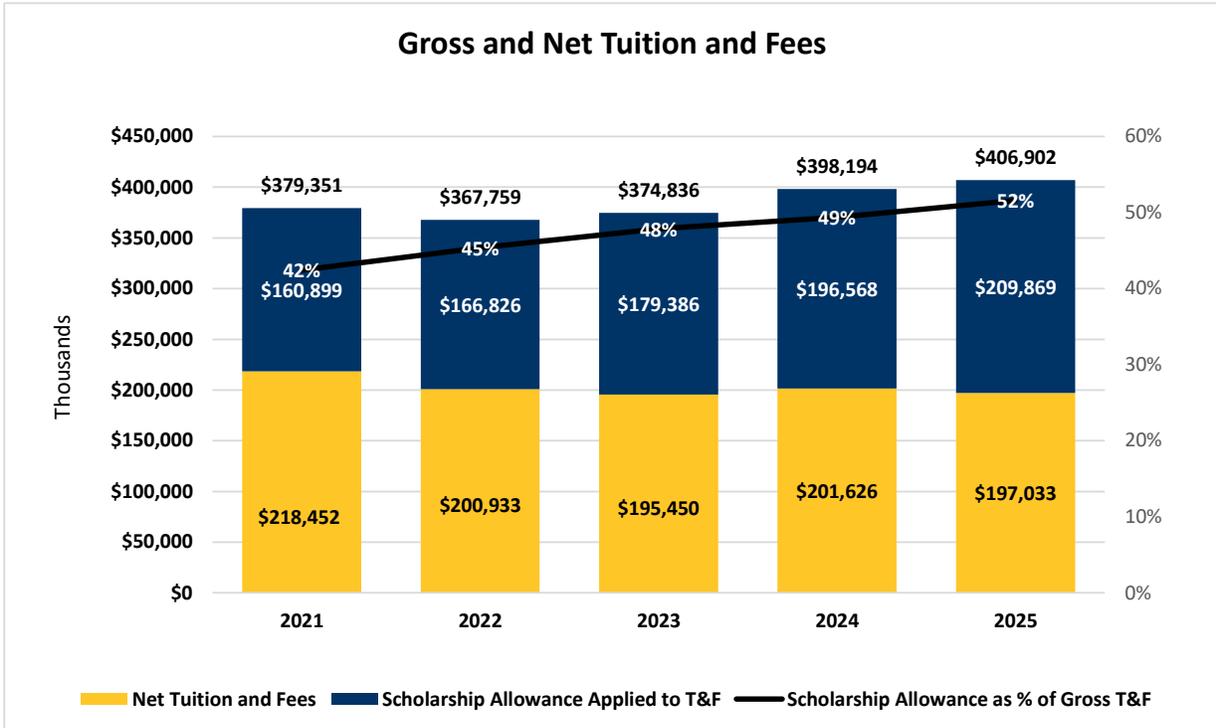
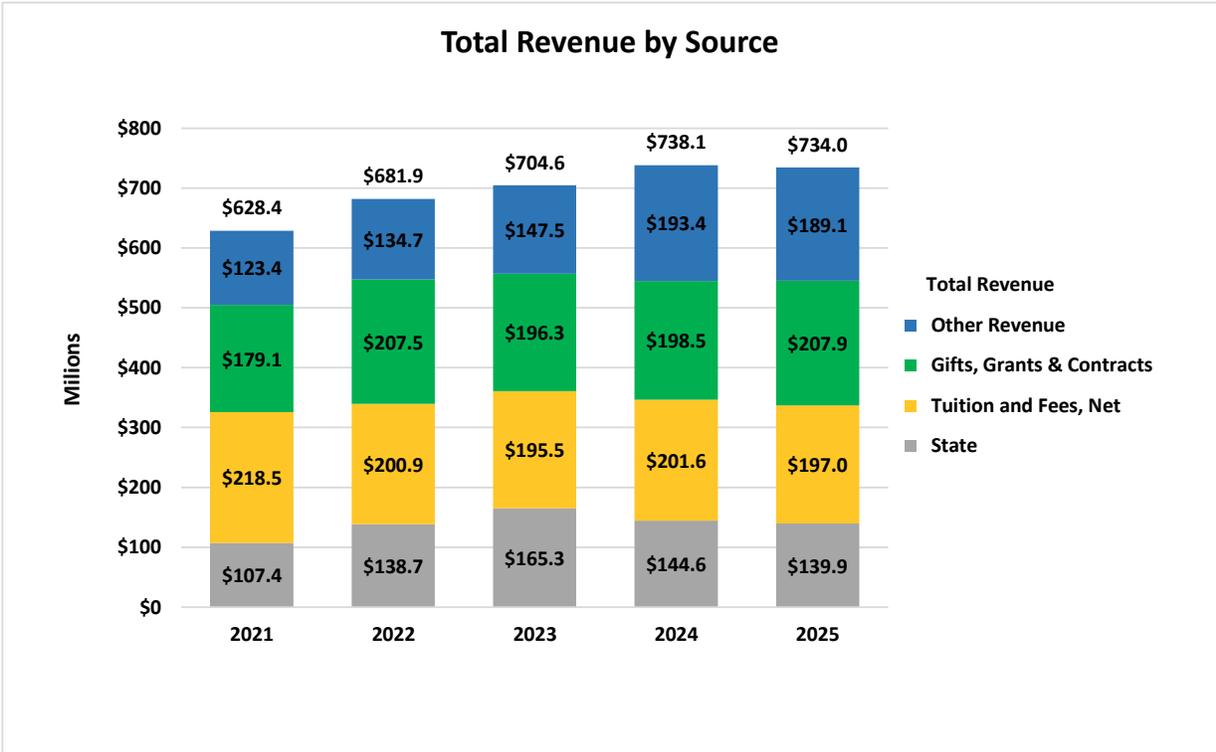
Key Indicators	2021	2022	2023	2024	2025
Total FTE Enrollment	28,078	27,123	26,918	27,415	28,268
State General Fund As a Percent of Total Revenues	17%	20%	23%	20%	19%
Tuition and Fee Revenues as a Percent of Total Revenues	35%	29%	28%	27%	27%
E&G Expenses per Student	12,910	14,372	16,068	16,668	16,691
Spendable Cash & Investments/Operating Expenses	0.62	0.59	0.53	0.54	0.50
SC&I/OE All public universities median (Moody's)	0.88	0.83	0.82	0.82	*
Operating Margin Ratio (OMR)	8.7%	7.4%	3.9%	5.3%	0.8%
OMR All public universities median (Moody's)	5.7%	5.2%	1.8%	2.0%	*
Days Cash on Hand (DCOH)	188	200	180	181	167
DCOH All public universities median (Moody's)	191	187	174	176	*
Debt Service Coverage Ratio (DSCR)	1.93	2.57	2.41	2.38	1.78
DSCR All public universities median (Moody's)	3.33	3.54	2.65	2.78	*
Primary Market Selectivity (PMS)	82%	78%	80%	90%	90%
PMS All public universities median (Moody's)	80%	80%	79%	80%	*
Primary Market Matriculation (PMM)	16%	16%	16%	16%	13%
PMM All public universities median (Moody's)	25%	24%	23%	22%	*

Credit Ratings	2021	2022	2023	2024	2025
Moody's	A1	A1	A1	A1	A1
	Stable	Stable	Stable	Stable	Stable
Standard & Poor (S&P)	A+	A+	A+	A+	A+
	Stable	Stable	Stable	Stable	Stable

* Not yet available

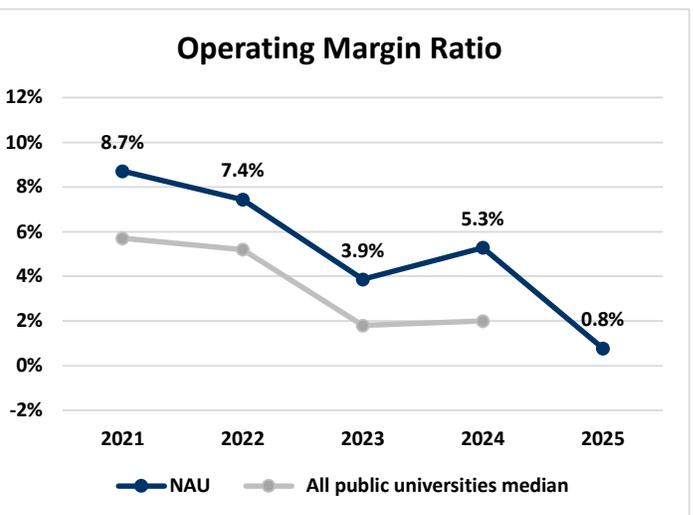
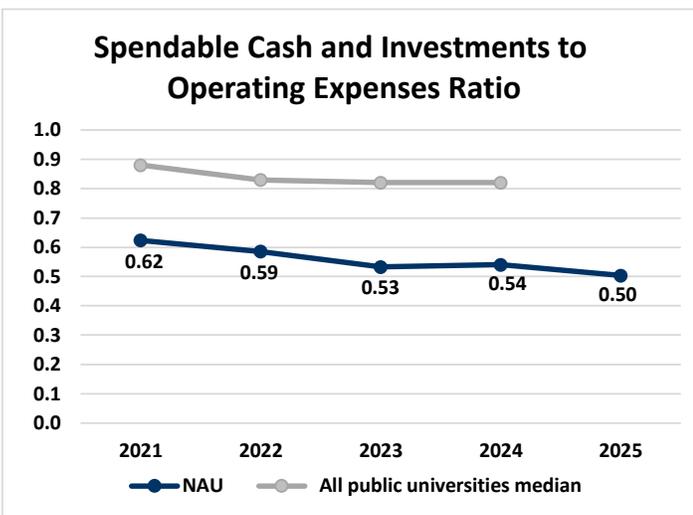
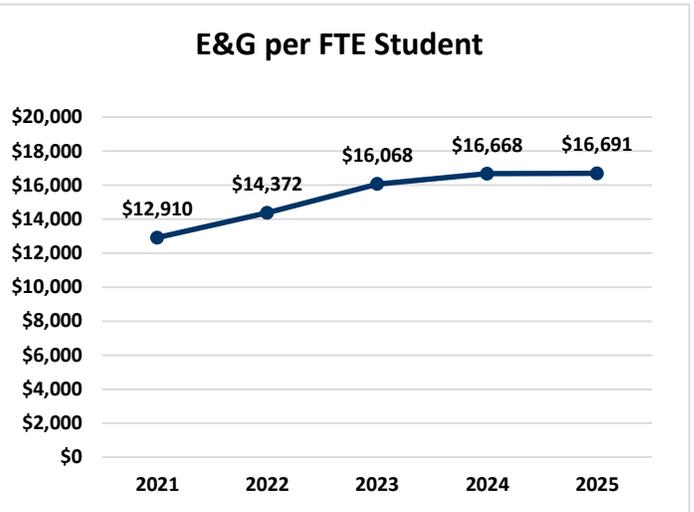
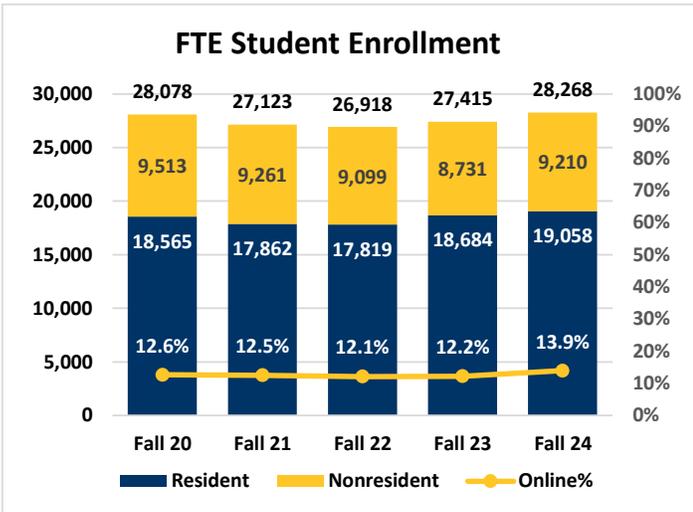
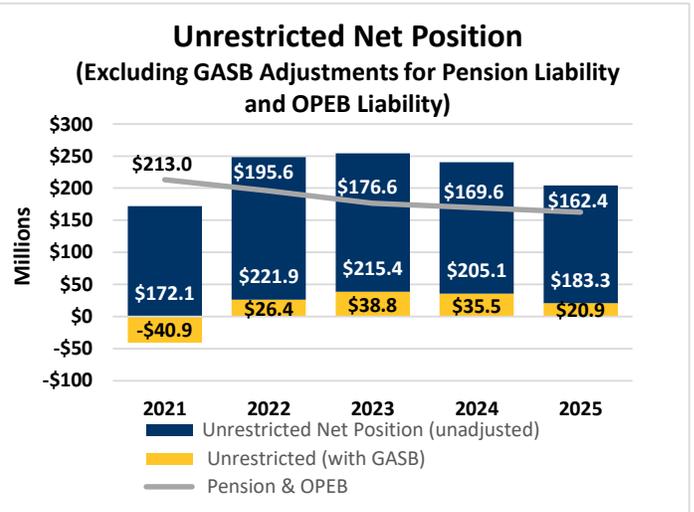
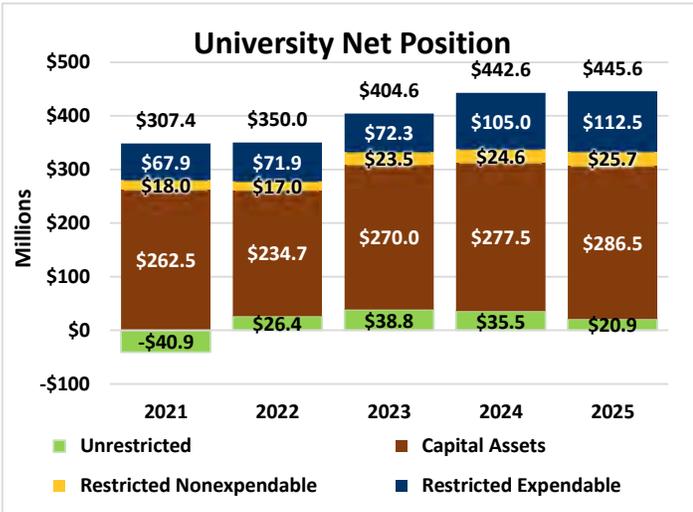
NORTHERN ARIZONA UNIVERSITY

FINANCIAL HIGHLIGHTS



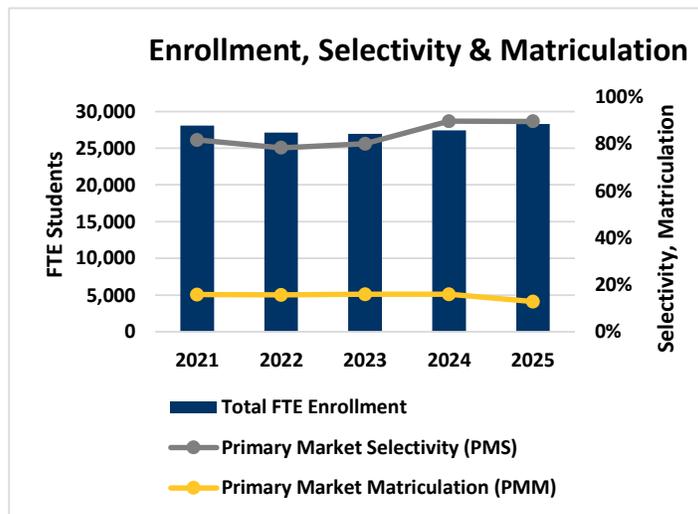
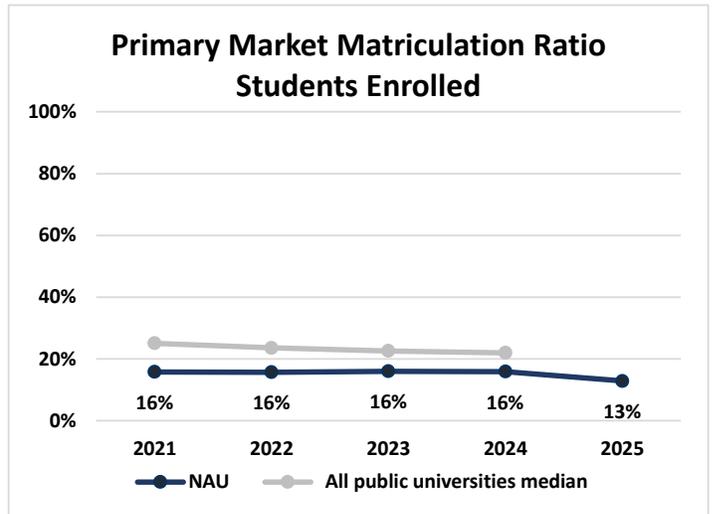
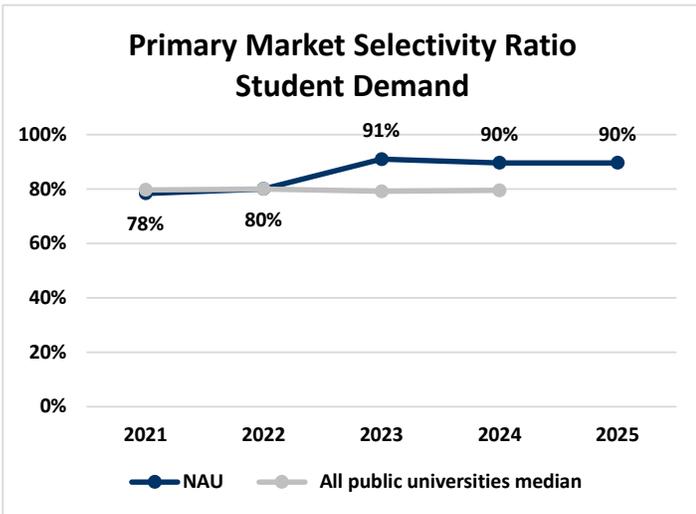
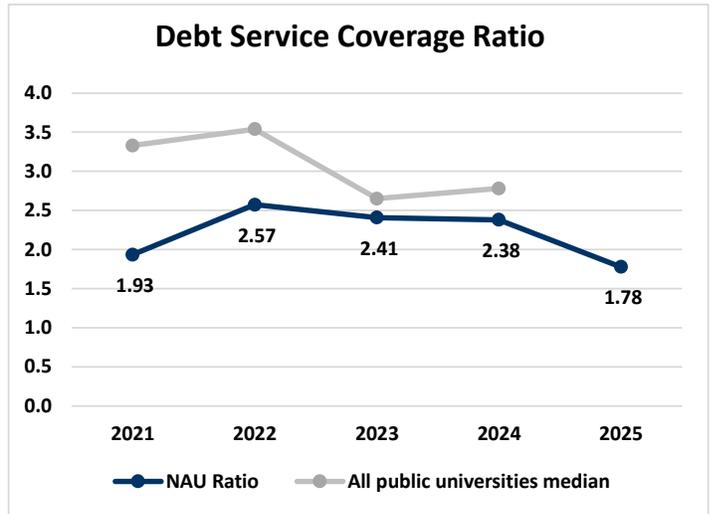
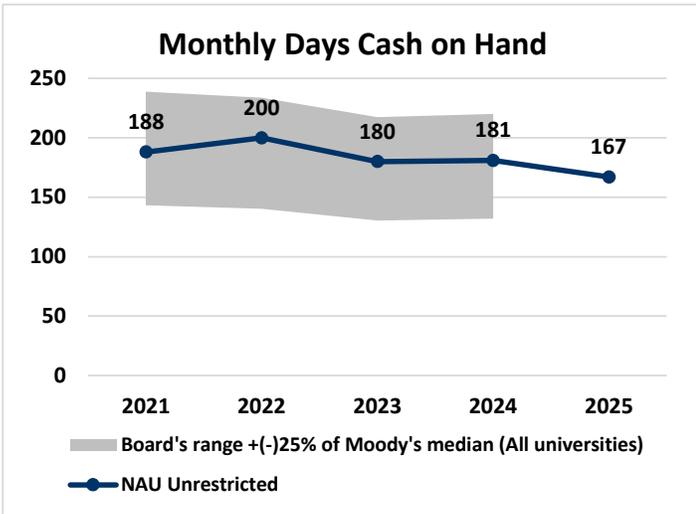
NORTHERN ARIZONA UNIVERSITY

KEY INDICATORS



NORTHERN ARIZONA UNIVERSITY

KEY INDICATORS



NORTHERN ARIZONA UNIVERSITY - INVESTMENT REPORT

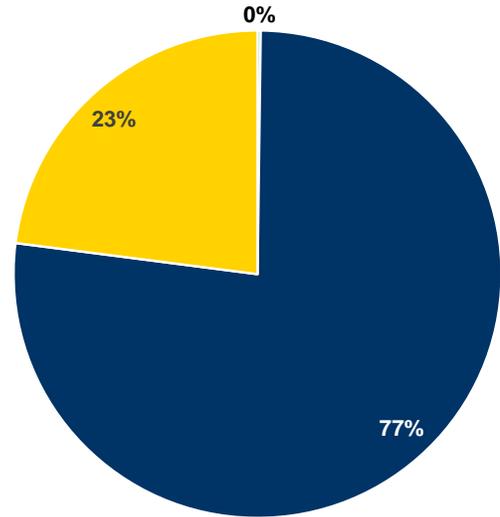
(Dollars in Thousands)

OPERATING FUND INVESTMENTS	Market Value and Returns			
	6/30/2025	6/30/2024	6/30/2023	3-yr Average
Year-end Market Value	\$283,042	\$301,014	\$271,447	\$285,168
Net Return	5.1%	5.0%	3.5%	4.5%

OPERATING FUND BREAKDOWN BY TYPE OF INVESTMENT (June 30, 2025)

Cash/Cash Equivalents (Savings)	0%
Local Governmental Investment Pools	77%
Agency Bonds	23%

(may not equal 100% due to rounding)

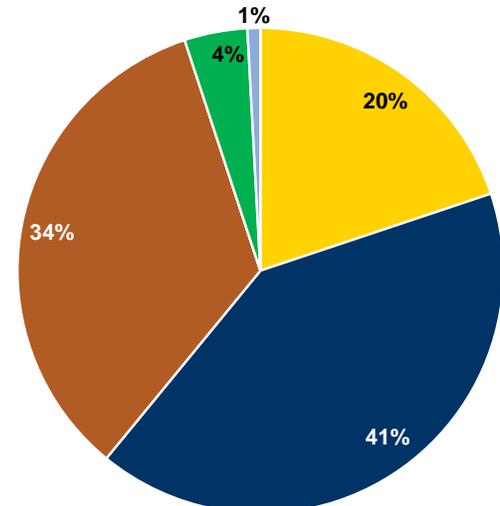


ENDOWMENT FUNDS INVESTMENTS	Market Value and Returns			
	6/30/2025	6/30/2024	6/30/2023	3-yr Average
Pooled Endowments:				
Year-end Market Value	\$9,832	\$9,097	\$8,283	\$9,071
Net Return	7.5%	9.0%	6.7%	9.1%
FA Trust Fund:				
Year-end Market Value	\$41,883	\$36,408	\$33,261	\$35,445
Net Return	13.1%	8.6%	9.1%	12.9%

ENDOWMENT FUND BREAKDOWN BY TYPE OF INVESTMENT (June 30, 2025)

Bonds	20%
US Equity	41%
Global Ex US Equity	34%
Real Estate	0%
Cash/Cash Equivalents	4%
Other	1%

(may not equal 100% due to rounding)



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UNIVERSITY OF ARIZONA

TOTAL REVENUE BY SOURCE

Between FY 2021 and FY 2025:

- The U of A's revenues grew 42 percent from \$2.3 billion to \$3.2 billion. The U of A has maintained a compound average growth rate in revenues of over 9 percent per year.
 - Between FY 2021 and FY 2024, U of A received \$232.2 million in federal COVID-19 funding either directly or by way of the Arizona Governor's Office, with the bulk of that funding received in FY 2021 and FY 2022.
- State investment increased 30 percent and state support as a percent of total revenues dropped slightly to 12 percent. A sizable portion of new funding was appropriated as one-time only monies, and therefore not guaranteed to be part of ongoing base-level funding. In recent years, the legislature appropriates nearly all new funding as one-time. Between FY 2024 and FY 2025 state support was reduced by \$12 million or about 3 percent.
- Net tuition and fees increased 54 percent from \$634 million to \$978 million. As a percentage of total operating revenues, net tuition and fee revenues increased from 28 percent to 30 percent. In comparison, gross tuition and fee revenues increased 69 percent, with scholarship allowances (largely institutional financial aid) more than doubling between FY 2021 and FY 2025. As a percentage of gross tuition and fees, scholarship allowances rose from 31 to 39 percent through FY 2024 and then decreased to 37 percent in FY 2025.
- Gifts, Grants and Contracts (GG&C) increased 27 percent from \$1.0 billion to \$1.3 billion. GG&C as a percentage of total revenues remained relatively flat at 40 percent. GG&C have consistently ranged between 40 percent and 44 percent of total revenues over the past five years, averaging 41 percent of total revenues.
- Other revenues represent hundreds of local accounts and are supported by a variety of revenue sources, such as revenues from auxiliary operations, investment income and self-supporting designated activities. Other revenues have rebounded from the pandemic-related downturn in FY 2021 and FY 2022, increasing 72 percent from \$347 million to \$597 million. Other revenues have remained between 17 and 18 percent of total revenues in the three years since the pandemic. The biggest gains in other revenues are from auxiliary operations, primarily from an increase in student housing and dining.

UNIVERSITY NET POSITION

- Net position is shown in four categories: Capital Assets, Restricted Nonexpendable, Restricted Expendable and Unrestricted. The U of A's net position increased 32 percent between FY 2021 and FY 2025, from \$1.0 billion to \$1.4 billion, a compound annual growth rate of over 7 percent for the period.

UNIVERSITY OF ARIZONA

- Capital Assets increased 37 percent from \$888 million to \$1.2 billion.
- Restricted net position (nonexpendable and expendable) increased 19 percent from \$429.0 million to \$510 million.
- The U of A has reported negative unrestricted net assets for many years due to Governmental Accounting Standards Board (GASB) regulations and Other Post-Employment Benefits (OPEB) adjustments that reduce net position. Excluding these GASB adjustments, the unrestricted net position increased 16 percent between FY 2021 and FY 2025, from \$1.9 billion to \$2.2 billion. On average, the U of A's unrestricted net position (excluding GASB adjustments) grew at a compound annual rate of almost 4 percent per year between FY 2021 and FY 2025.
 - GASB requires governments that provide defined benefit pensions to recognize the long-term obligation for pension benefits and post-employment benefits as a liability, which reduces net position. OPEB includes retiree medical and other insurance.

ENROLLMENT

- From FY 2021 to FY 2025, the U of A's overall FTE enrollment across all students, on-campus and online, increased dramatically by over 66 percent from 45,518 to 75,604, due in large part to the addition of UAGC in FY 2024. Omitting UAGC, the increase was just over 22 percent, to 55,649. Over the last year, from FY 2024 to FY 2025, UAGC enrollment declined by 1,749 or 8 percent while the remaining enrollment increased by 3,235 or 6 percent, resulting in an overall one-year increase of 1,486 or 2 percent.
- Online students at the U of A include those in Arizona Online as well as those in UAGC. From FY 2021 to FY 2023 the percentage of all online students rose from 9 percent to 11 percent, reflecting only Arizona Online enrollments. That share jumped to 37 percent in FY 2024 with the addition of UAGC and then dipped to 35 percent in FY 2025 with a decrease in UAGC enrollment.
- Excluding UAGC, among all other students the largest increase was in non-residents, rising to 27,556 in FY 2025. This represents a nearly 58 percent increase since FY 2021 and a 12 percent increase over the last year. Arizona resident students totaled 29,903 in FY 2025, just over a 4 percent increase since FY 2021 and an increase between 4 and 5 percent in the last year. While the total number of resident students has stayed essentially flat over the five-year period, their relative proportion has declined steadily from 61 percent to 52 percent when excluding UAGC, and to 38 percent when including UAGC.

EDUCATION AND GENERAL (E&G) EXPENSES PER FTE STUDENT

- The U of A's E&G expenses per student decreased 14 percent over the five-year period due to the integration of UAGC, from \$28,401 in FY 2021 to \$24,504 in FY 2025. Excluding UAGC, the U of A's E&G per student increased over 4 percent to \$29,613 in FY 2025.
- Excluding College of Medicine, College of Veterinary Medicine, Agriculture Extension and UAGC, the U of A's E&G expenses per student increased nearly 9 percent from \$20,183 in FY 2021 to \$21,921 in FY 2025. This represents a compound annual growth rate of over 2 percent over the period. In contrast, the Higher Education Price Index (HEPI) averaged just under 4 percent and the Consumer Price Index (CPI) averaged just over 4 percent between 2021 and 2025.

SPENDABLE CASH AND INVESTMENTS/OPERATING EXPENSES (SCI/OE) RATIO

- The U of A's SCI/OE ratio has varied near 0.5 over the last five years, with a dip to 0.43 in FY 2023 and a rise to 0.53 in FY 2025. These values are significantly below the median of all public universities, which have been just above 0.8 in recent years. If the ratio is low, the university lacks spendable funds to meet temporary cash shortages, an emergency, or potential deficit situation. If the ratio is 1.0 the university can meet 100 percent of its annual operating expenses.

OPERATING MARGIN RATIO (OMR)

- OMR can fluctuate from year to year, due to irregular timing of when revenues and expenditures are incurred. The U of A is no exception with an OMR of nearly 2 percent in FY 2021, increasing to almost 5 percent in FY 2022, then below -1 percent in FY 2024 with an increase to nearly 2 percent in FY 2025. A negative OMR is typically a sign of early financial difficulty, which for U of A started in FY 2019 and FY 2020 followed by increases in FY 2021 and then in FY 2022 is due to reimbursement of COVID-19 related expenses and increases in tuition and fee revenues. The ratios from FY 2023 forward represent the current picture of the university's financial health. Since the pandemic years the median OMR of all public universities has been near 2 percent with the U of A at slightly under 2 percent in FY 2025.

MONTHLY DAYS CASH ON HAND

- At 77 days in FY 2025, the U of A is well below the board's established range of 132 to 220 days for the prior year. This value measures the number of days that the university can continue to pay its operating expenses given the amount of cash available, and it has been consistently below the median of all public universities since FY 2022 and below the board's minimum range beginning in FY 2023. In FY

UNIVERSITY OF ARIZONA

2024 the university implemented a financial action plan to address the level of reserve funds. The median of all public universities was 176 days in FY 2024. Peer medians for public universities are updated by Moody's in late July or early August in the year following the close of a particular fiscal year.

DEBT SERVICE COVERAGE (DSC) RATIO

- The U of A's DSC ratio fluctuated in the pandemic years of FY 2021 and FY 2022 and subsequently increased from 1.81 in FY 2023 to 2.57 in FY 2025. The median of all public universities has been above 2.5 since FY 2021. A ratio of one or above indicates that there are enough funds to cover upcoming debt payments with operating cash flow.

PRIMARY MARKET SELECTIVITY (PMS) AND PRIMARY MARKET MATRICULATION (PMM)

- The U of A's acceptance rate (PMS) has remained close to 86 percent over the five years, with a subtle rise in FY 2025. However, the proportion of students who enrolled (PMR) has declined from about 20 percent in FY 2021 to near 18 percent in FY 2025. This is close to the national PMM median for all public universities, which has also trended slightly downward from 25 percent in FY 2021 to 22 percent in FY 2024.

CREDIT RATINGS

- The U of A's credit ratings between 2021 and 2023 with Moody's were Aa2 and with Standard & Poor (S&P) were AA-. Aa2 is the third highest rating for Moody's and AA- is the fourth highest rating for S&P. Both ratings are considered investment grade, i.e., high quality and subject to very low credit risk. However, both Moody's and S&P have varied between stable and negative outlooks over the five years. In FY 2025 the Moody's outlook was stable and the S&P outlook was negative. Ratings outlooks fall into four categories: Positive, Negative, Stable and Developing.

THE UNIVERSITY OF ARIZONA

Financial Highlights (\$ in 1,000s)

University Revenues, Expenditures and Changes in Net Position	2021	2022	2023	2024	2025	2025 BGT
State	284,620	335,635	376,321	383,295	371,342	378,400
Tuition and Fees, Net	634,092	677,550	717,928	926,461	978,165	1,055,300
Gifts, Grants & Contracts	1,010,509	1,039,332	1,081,356	1,211,283	1,280,209	1,096,700
Other Revenue	347,186	377,605	487,546	505,044	596,789	456,100
Total Revenue	2,276,407	2,430,122	2,663,151	3,026,083	3,226,505	2,986,500
Total Expenses	2,220,898	2,376,133	2,583,810	3,030,795	3,047,662	2,979,600
Net Increase (Decrease)	55,509	53,989	79,341	(4,712)	178,843	6,900
State as a % of total	13%	14%	14%	13%	12%	13%
T&F as % of total	28%	28%	27%	31%	30%	35%

University Tuition and Fees	2021	2022	2023	2024	2025
Gross Tuition and Fees	921,637	1,007,277	1,086,200	1,516,020	1,558,577
Scholarship Allowance Applied to T&F	287,545	329,727	368,272	589,559	580,412
Net Tuition and Fees	634,092	677,550	717,928	926,461	978,165
	31%	33%	34%	39%	37%

University Net Position	2021	2022	2023	2024	2025
Capital Assets	888,422	959,468	1,044,572	1,115,109	1,218,725
Restricted Nonexpendable	189,845	179,033	191,107	208,588	234,839
Restricted Expendable	239,189	270,661	291,609	252,828	274,711
Unrestricted	(269,494)	(307,211)	(345,996)	(399,945)	(345,646)
Total Net Position	1,047,962	1,101,951	1,181,292	1,176,580	1,382,629
Total Net Position excluding GASB 68 & 75 (Pension and OPEB liability adjustments)	1,903,790	1,946,793	1,993,540	1,978,781	2,202,738

University Unrestricted Net Position	2021	2022	2023	2024	2025
Unrestricted (with GASB)	(269,494)	(307,211)	(345,996)	(399,945)	(345,646)
Pension & OPEB	855,828	844,842	812,248	802,201	820,109
Unrestricted Net Position (unadjusted)	586,334	537,631	466,252	402,256	474,463

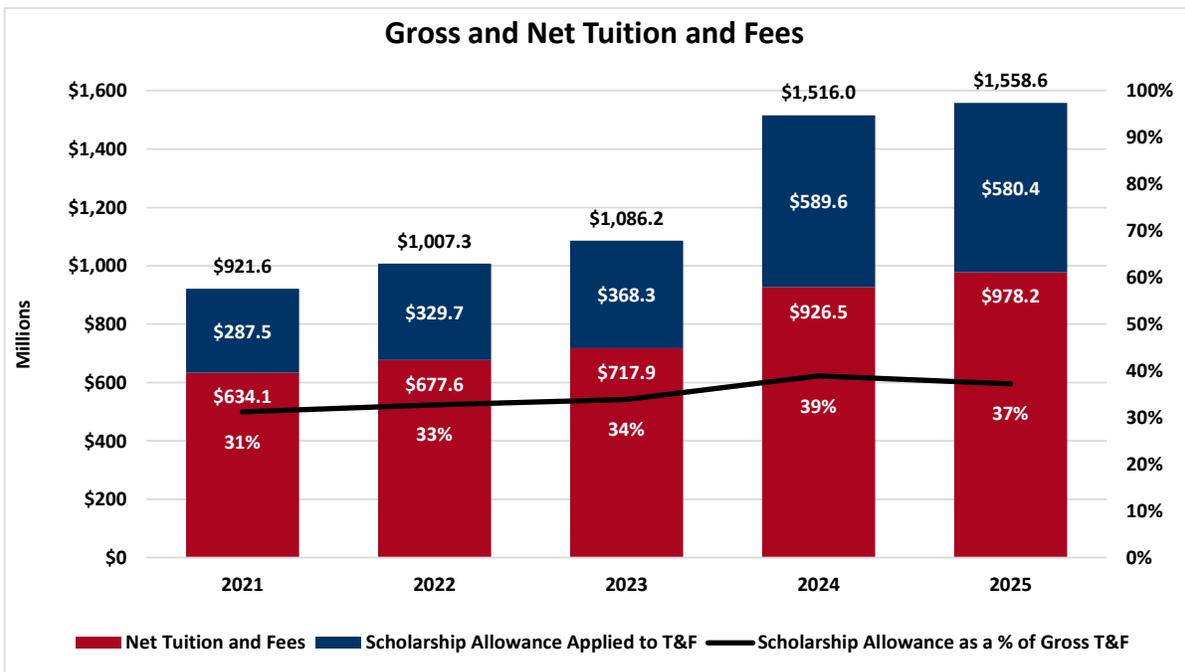
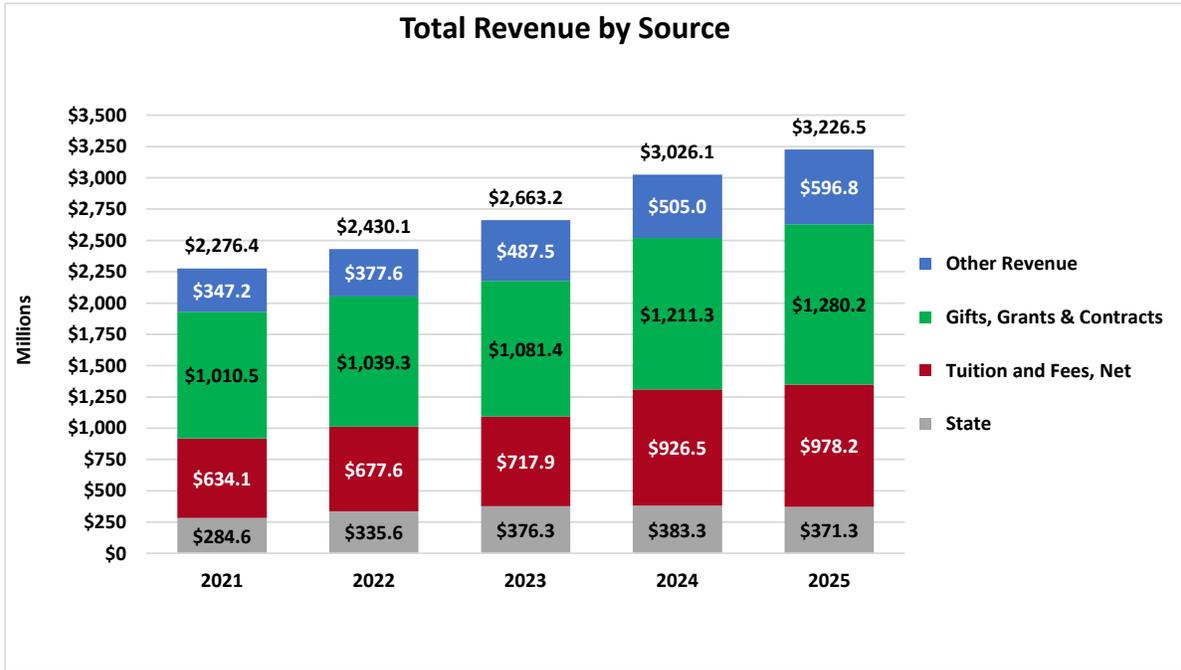
	2021	2022	2023	2024	2025
Total Fall FTE Enrollment	45,518	46,829	47,926	74,118	75,604
Total Fall FTE Enrollment (Excluding UAGC)	45,518	46,829	47,926	52,414	55,649
State General Fund As a Percent of Total Revenues	13%	14%	14%	13%	12%
Tuition and Fee Revenues as a Percent of Total Revenues	28%	28%	27%	31%	30%
E&G Expenses per Student	28,401	28,347	30,745	24,482	24,504
E&G Expenses per Student (Excluding UAGC)	28,401	28,347	30,745	30,571	29,613
E&G Expenses per Student (Excluding COM, CVM, Ag. Ext. UAGC)	20,183	20,565	22,639	23,380	21,921
E&G Expenses per Student compared to Peer Median	93%	94%	124%	*	*
Spendable Cash & Investments/Operating Expenses	0.50	0.54	0.43	0.51	0.53
SCI/OE All public universities median (Moody's)	0.88	0.83	0.82	0.82	*
Operating Margin Ratio (OMR)	1.7%	4.7%	-0.6%	-1.4%	1.8%
OMR All public universities median (Moody's)	5.7%	5.2%	1.8%	2.0%	*
Days Cash on Hand (DCOH)	173	149	110	86	77
DCOH All public universities median (Moody's)	191	187	174	176	*
Debt Service Coverage Ratio (DSCR)	1.00	2.56	1.81	1.64	2.57
DSCR All public universities median (Moody's)	3.33	3.54	2.65	2.78	*
Primary Market Selectivity (PMS)	85%	87%	87%	86%	86%
PMS All public universities median (Moody's)	80%	80%	79%	80%	*
Primary Market Matriculation (PMM)	20%	21%	20%	19%	18%
PMM All public universities median (Moody's)	25%	24%	23%	22%	*

Credit Ratings	2021	2022	2023	2024	2025
Moody's	Aa2	Aa2	Aa2	Aa2	Aa3
	Negative	Negative	Stable	Negative	Stable
Standard & Poor (S&P)	AA-	AA-	AA-	AA-	AA-
	Stable	Stable	Stable	Negative	Negative

* Not yet available

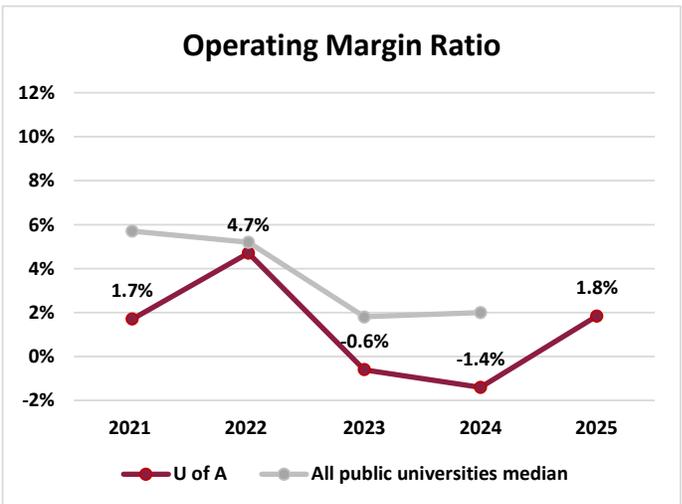
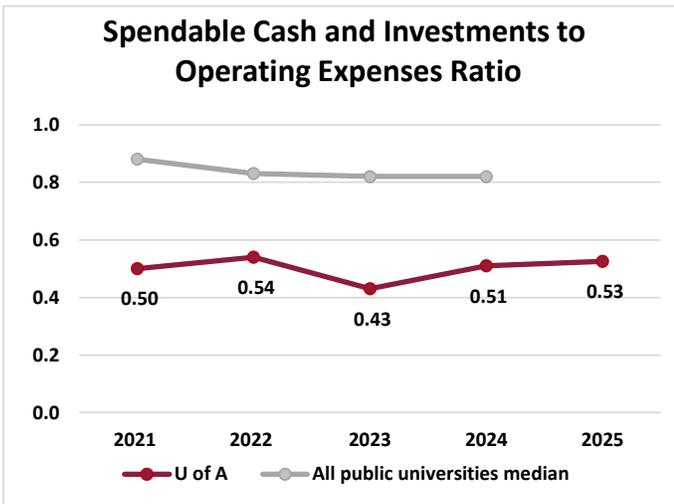
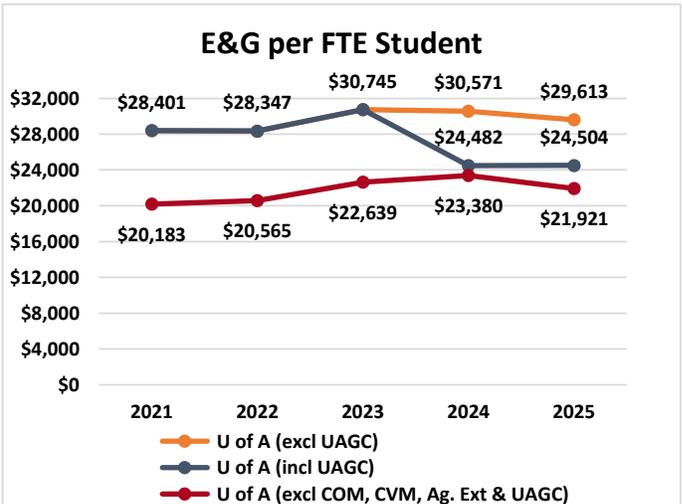
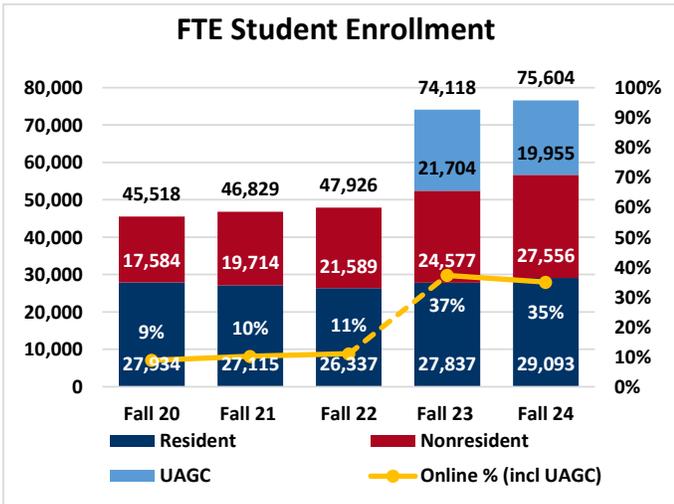
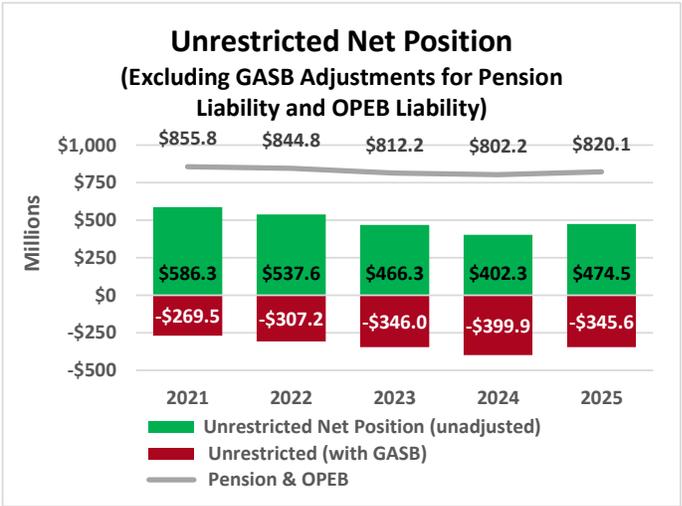
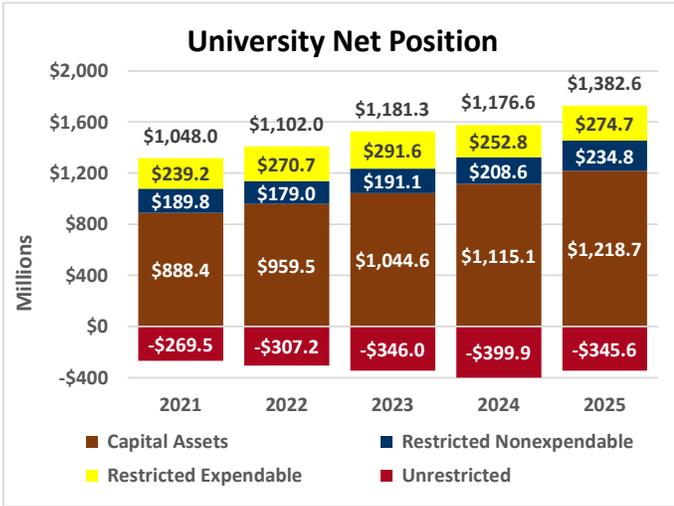
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FINANCIAL HIGHLIGHTS



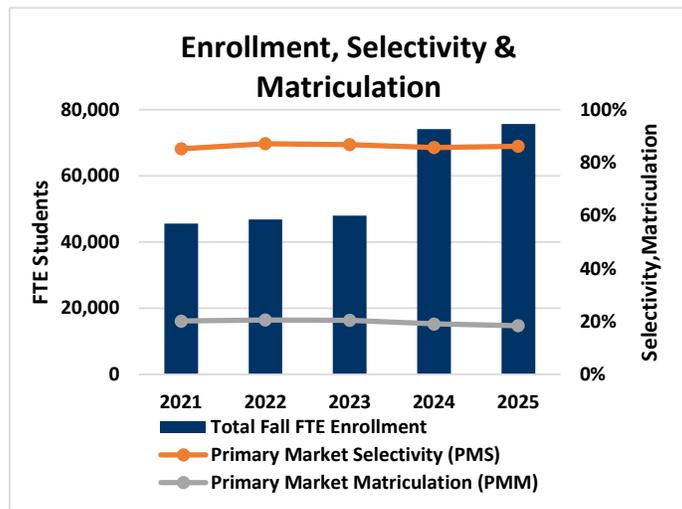
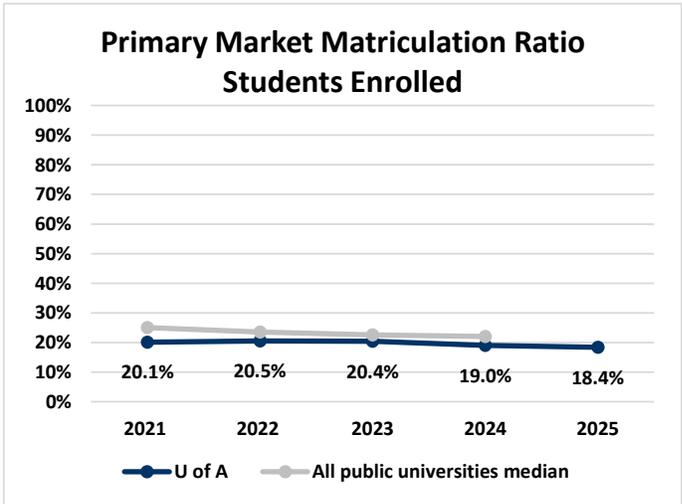
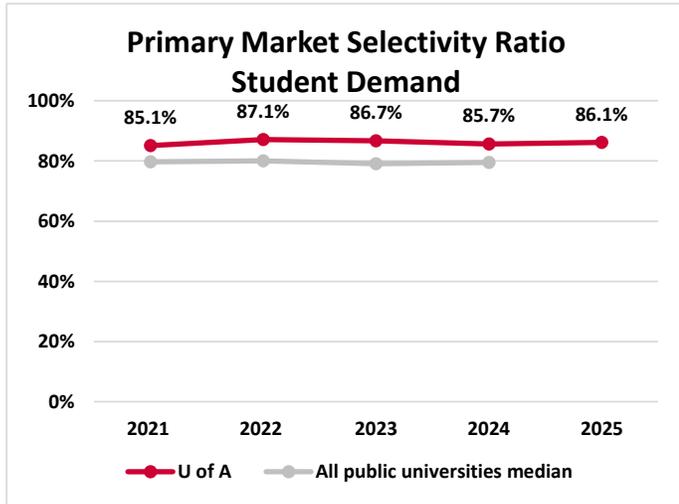
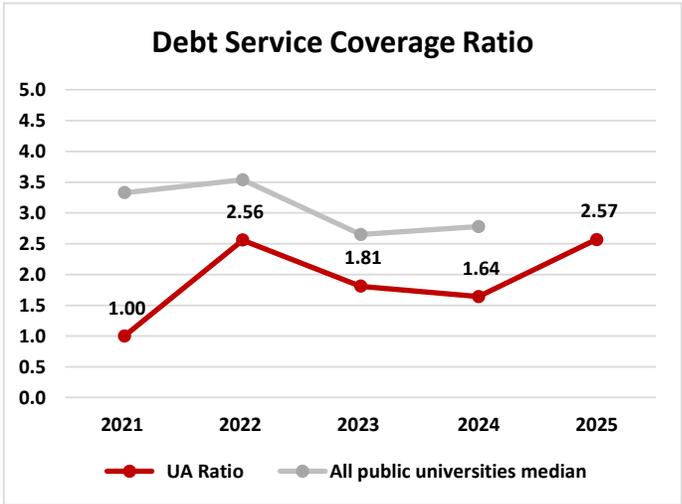
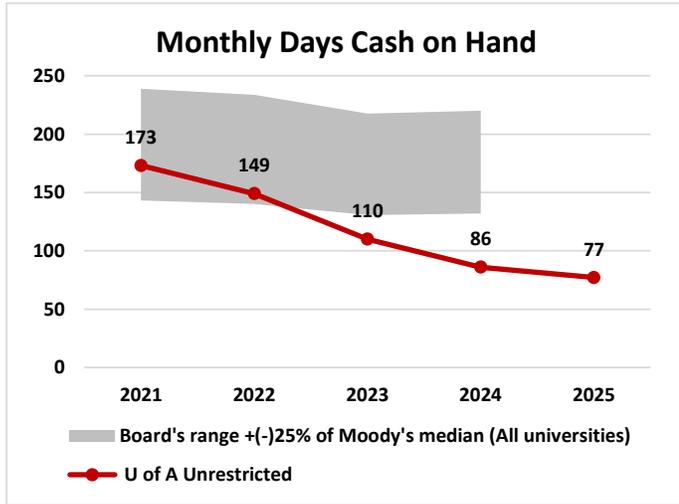
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KEY INDICATORS



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KEY INDICATORS



Note: 2024 and 2025 enrollment increased due to UAGC students being included in enrollment totals but other enrollment data (applied, admitted) are not applicable to UAGC.

UNIVERSITY OF ARIZONA - INVESTMENT REPORT

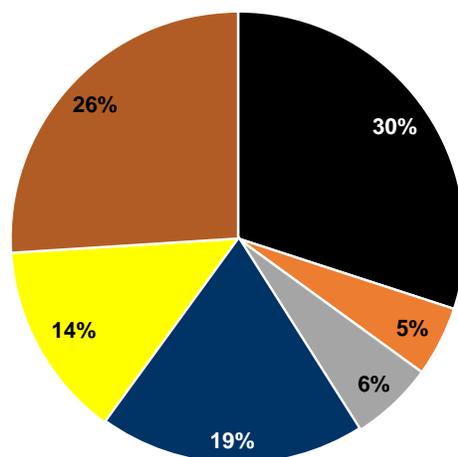
(Dollars in Thousands)

OPERATING FUND INVESTMENTS	Market Value and Returns			
	6/30/2025	6/30/2024	6/30/2023	3-yr Average
Year-end Value	\$486,829	\$553,212	\$620,512	\$553,518
Net Return	6.6%	5.6%	1.5%	4.5%

OPERATING FUND BREAKDOWN BY TYPE OF INVESTMENT (June 30, 2025)

■ Cash and Cash Equivalents	30%
■ Commercial Paper	5%
■ Equity Mutual Funds	6%
■ International Bonds	19%
■ Treasury Bonds	14%
■ US Corporate Bonds	26%

(may not equal 100% due to rounding)

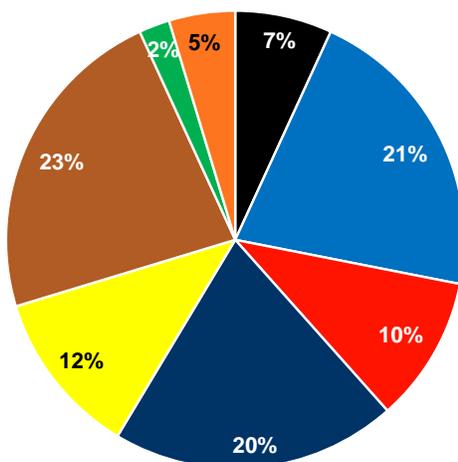


ENDOWMENT FUNDS INVESTMENTS	Market Value and Returns			
	6/30/2025	6/30/2024	6/30/2023	3-yr Average
Pooled Endowments:				
Year-end Market Value	\$354,615	\$327,793	\$312,012	\$331,473
Net Return*	8.2%	7.7%	6.6%	7.5%
FA Trust Fund:				
Year-end Value	\$55,000	\$51,300	\$48,200	\$51,500
Net Return	9.0%	7.8%	7.1%	8.0%

ENDOWMENT FUND BREAKDOWN BY TYPE OF INVESTMENT (June 30, 2025)

■ Commodities & Managed Futures	7%
■ Domestic Equities	21%
■ Fixed Income	10%
■ International Equities	20%
■ Marketable Alternative Strategies	12%
■ Private Equity	23%
■ Private Real Estate	2%
■ Short-Term Securities /Cash	5%

(may not equal 100% due to rounding)



*Institutional endowments performance

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