

# COMPTROLLER POLICY MANUAL

	<b>POLICY: CMP 132</b>
	Section: 100 General
	Page 1 of 1
	Responsible office: Comptroller
	Origination date: 01/01/2000
<b>Subject: Debt Policy</b>	Effective date: 09/01/2008
	Revision date: 04/26/2024

## PURPOSE

To establish policies, procedures and guidelines for debt issuance according to Arizona State law and Arizona Board of Regents Policy.

## SOURCE

University Policy, ABOR, ARS

## BACKGROUND

Debt financing allows NAU to purchase capital assets over time, which better matches the use of the facility or asset over its depreciable life therefore matching expense with revenues. Debt financing may also be financially beneficial if borrowing rates are below investment returns or if the University invests in capital assets which provide investment returns or construction cost savings which are larger than the cost of borrowing. Debt financing also allows the University to provide needed infrastructure more quickly than a pay-as-you go approach may permit, thereby allowing the University to better meet the educational and social needs of its constituent students, as well as the broader community. The ability to fund capital needs with the proceeds of debt issuances is a critically important function of the University as State funding of capital projects on a pay-as-you go basis has not been available since the mid 1980's.

## CMP 132: Debt Policy

[NAU Debt Management Policy](#)

[Build America Bonds](#) – The University has issued Build America Bonds. Procedures for application of the subsidy payments are available in the Comptroller's Office.

**Debt Capacity.** The University, according to Arizona Board of Regents Policy, issues an annual Debt Capacity Report in conjunction with the Capital Improvement Plan.

[Arizona Board of Regents - Policy Manual](#)

[CMP 131 Use of Bond Proceeds](#)

[CMP 133 Continuing Disclosure Annual Report](#)

[CMP 134 Build America Bonds Subsidy Policy](#)