



ANNUAL COMPREHENSIVE FINANCIAL REPORT & INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED **AUGUST 31, 2025**

**UNIVERSITY OF NORTH TEXAS
SYSTEM**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
AND INDEPENDENT AUDITOR'S REPORT**

For the Fiscal Year Ended August 31, 2025

DALLAS, TEXAS

Dr. Michael R. Williams, Chancellor

UNT System™

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UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2025

BOARD OF REGENTS

Melisa Denis	(Term expires May 2025)*	Southlake
Daniel Feehan	(Term expires May 2025)*	Fort Worth
John Scott, Jr., D.O.	(Term expires May 2025)*	Keller
Ashok (A.K.) Mago	(Term expires May 2027)	Dallas
Lindy Rydman	(Term expires May 2027)	Houston
Laura Wright	(Term expires May 2027)	Dallas
Cathy Bryce	(Term expires May 2029)	Argyle
Carlos Munguia	(Term expires May 2029)	University Park
Terry West	(Term expires May 2029)	Lucas

STUDENT REGENT

Hayden Wochele	(Term expires May 2026)	Waxahachie
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OFFICERS OF THE BOARD

Carlos Munguia	Chair
Melisa Denis	Vice Chair

ADMINISTRATIVE OFFICERS

Michael R. Williams	Chancellor
Gregory R. Anderson	Deputy Chancellor

* As of the time of print, the Governor of Texas had not yet made new Regent appointments.



University of North Texas System
1901 Main Street
Dallas, Texas 75201

December 11, 2025

Carlos Munguia, Chair, UNT System Board of Regents
Cathy Bryce, Finance Committee Chair, UNT System Board of Regents
Terri West, Audit Committee Chair, UNT System Board of Regents
Board of Regent Members

Dear Chair Munguia, Chair Bryce, Chair West, and Board of Regents,

We are pleased to submit the audited Annual Comprehensive Financial Report (ACFR) of the University of North Texas System (UNTS) for the fiscal year ended August 31, 2025. This report is in compliance with Texas Government Code Annotated, Section 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts and Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Responsibility for the accuracy of the data presented as well as the completeness and fairness of the presentation rests with the management and those charged with governance of each UNT System member institution. To the best of our knowledge, the information presented is accurate in all material respects, and all disclosures necessary for a reasonable understanding of the System’s financial activities are included. The management’s discussion and analysis in the financial section provides an overview of the System’s financial activities reported in the comprehensive financial statements.

At the University of North Texas System, our vision is one team, values-driven and customer-focused with an emphasis on excellence, curiosity and innovation. We strive to elevate the North Texas region and entire state of Texas by delivering high performing leadership, an emphasis on student success, innovation driven discovery, systems of excellence and a unified culture. We creatively implement innovative solutions that elevate the North Texas region and entire state of Texas.

Positioned as the primary hub for higher education in the Dallas-Fort Worth region, the UNT System is geographically located in the fastest growing area of the country in terms of both population and corporate headquarters. We offer a unique academic ecosystem of the largest public university in the Denton area, a leading health science center in Fort Worth, a law school in downtown Dallas and a community centered campus in southern Dallas county. Our focus is on generating opportunities and addressing workforce requirements through degree programs tailored to industry needs, innovative educational approaches, and pioneering research and discoveries.

The UNT System includes the University of North Texas in Denton, the University of North Texas Health Science Center at Fort Worth, and the University of North Texas at Dallas. Our flagship institution is now the largest and most comprehensive university in North Texas and the fourth largest in our state.

Under the leadership of Chancellor Michael R. Williams, momentum across the UNT System is stronger than ever and our institutions are synergized around a unified vision to deliver solutions for Texas – particularly through leveraging emerging technology, public-private partnerships, engaging community leaders and stakeholders, and above all, service to our students, faculty, and staff. Dedicated to innovative research that helps transform the world around us, UNT is an Emerging Research University and has achieved and maintains Carnegie-classified tier one research institution designation.

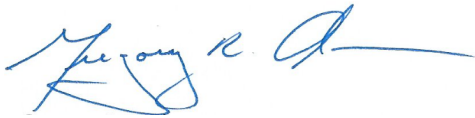
UNT SystemTM

With campuses in Dallas, Denton, Fort Worth, and Frisco, we are committed to our business community through trusted partnerships with the many globally recognized companies based in North Texas. As entrepreneurial-minded innovators, scholars, and solution-oriented problem-solvers, the UNT System is ready to help build the workforce Texas needs to meet the demands of our new economy.

Now more than ever, Texas needs institutions of higher education to develop and train its high-skilled workforce for a prosperous future, and the UNT System is committed to growing this educated workforce and creating economic opportunity for Texans and their families.

The preparation of the System's externally audited ACFR is overseen by the System Controller team but requires the collective efforts of financial personnel throughout each institution. Without all financial personnel and the hundreds of hours that were spent, this report would not be possible. We are committed to being good stewards of the resources entrusted to us by the State of Texas and by students and their families, and we hold ourselves accountable for the wise and appropriate use of those resources. This financial report serves as a testament to the work we have done to ensure that our stewardship, accountability, and financial viability are just as strong and as important to us as our academic services themselves.

Respectfully,



Gregory R. Anderson
Deputy Chancellor, UNT System

cc: Dr. Michael R. Williams, Chancellor
Dr. Harrison Keller, President, UNT
Dr. Kirk Calhoun, President, UNT Health
Dr. Warren von Eschenbach, President, UNT Dallas
Clayton Gibson, Vice President for Finance and Administration & CFO, UNT
Kempton Louis, CFO, UNT Health
April Barnes, CFO, UNT Dallas
Ninette Caruso, Chief Audit Executive, UNT System
Alan Stucky, Vice Chancellor and General Counsel, UNT System

INDEPENDENT AUDITOR'S REPORT

Board of Regents
University of North Texas System
Dallas, Texas

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities, and the aggregate discretely presented component units of the University of North Texas System (System), an agency of the State of Texas, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of the System as of August 31, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of University of North Texas Foundation, Inc. or University of North Texas Health Foundation (Foundations) which represent 100 percent of the assets and net position of the aggregate discretely presented component units of the System as of August 31, 2025 and 100 percent of the revenues of the aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundations, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundations were not audited in accordance with *Government Auditing Standards*.

(Continued)

Emphasis of Matters

As discussed in Note 1, the financial statements of the System, an agency of the State of Texas, are intended to present the financial position, and the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the aggregate discretely presented component units of the State of Texas that is attributable to the transactions of the System. The financial statements do not purport to, and do not, present fairly the financial position of the State of Texas, as of August 31, 2025 and the changes in its financial position, and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 11 to the financial statements, during the year ended August 31, 2025, the System adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, which resulted in a restatement of the System's September 1, 2024, net position in the amount of \$3,471,212. Our opinions were not modified with respect to this matter.

Report on Partial Comparative Information

The partial comparative information presented herein for the University of North Texas Foundation, Inc. as of and for the year ended August 31, 2024, was derived from financial statements that were audited by another auditor. We do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

(Continued)

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the organizational data and letter of transmittal but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of the System'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Client name's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering System's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Dallas, Texas
December 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DALLAS, TEXAS

For the Fiscal Year Ended August 31, 2025

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Introduction

The University of North Texas System (the "System") was established by the 76th Legislature with legislative funding provided for the fiscal year beginning September 1, 1999. The System is an agency of the State of Texas and is currently comprised of the University of North Texas System Administration ("System Administration"), established 1999, and three academic institutions funded by the Legislature: the University of North Texas ("UNT"), established 1890; the University of North Texas Health Science Center at Fort Worth ("UNTH"), established 1970; and the University of North Texas at Dallas ("UNTD"), established 2010.

The System has a \$1.6 billion annual consolidated budget and employs roughly 15,000 people at its various locations within the robust North Texas Region. In Fall 2024, over 52,000 students enrolled in undergraduate, graduate, and professional programs at System institutions. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor annually appoints a non-voting Student Regent for a one-year term.

Financial Highlights and Overview of Financial Statements

The objective of Management's Discussion and Analysis (the "MD&A") is to provide an overview of the financial position and activities of the System as of and for the fiscal year ended August 31, 2025, with selected comparative information as of and for the fiscal year ended August 31, 2024. The MD&A is prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on current year data. Unless otherwise indicated, years in the MD&A refer to the fiscal years ended August 31.

The System Annual Comprehensive Financial Report ("ACFR") includes three primary financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The financial statements of the System have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

In addition, the System ACFR contains the Statement of Financial Position and the Statement of Activities for the following discretely presented component units: the University of North Texas Foundation, Inc. ("UNT Foundation"); and the UNT Health Foundation ("UNT Health Foundation"). Each foundation is a separate nonprofit organization. The foundations are essential components of the UNT and UNTH programs for university advancement and development of private sources of funding for capital acquisition, operations, endowments, and other purposes relating to the mission of each university. The financial statements of the foundations have been prepared in accordance with GAAP as prescribed by the Financial Accounting Standards Board ("FASB").

Financial Highlights

- Total assets and deferred outflows of resources of the System exceeded its total liabilities and deferred inflows of resources in 2025, resulting in a net position of \$1.1 billion. Unrestricted net position, which may be used to meet the System's future obligations, was \$129.7 million, or 11.9% of total net position as of August 31, 2025.
- The System concluded the 2025 fiscal year with an increase in net position of \$173.5 million, compared to an increase of \$141.9 million in 2024. Operating revenues increased \$57.4 million, or 6.4%, due primarily to an increase in research related grants and contracts of \$91.3 million, offset by a \$44.4 million decrease in tuition and fees revenue as a result of implementing new tuition discounts and allowances methodology. Funds received for Pell grants increased \$15.2 million. Investment income and gains in the fair market value of investments decreased \$22.7 million.
- The System continues to make significant investments in capital additions, \$177.0 million in 2025, consisting of numerous capital projects across all institutions to strategically benefit students, faculty, and staff. The System has committed \$180.7 million to fund, with assistance from State supported debt financing and Higher Education Fund ("HEF") capital appropriations, future capital asset additions and improvements over the next several years. These projects are currently in various stages of completion. The "Capital Asset and Debt Administration" section of the MD&A provides more details pertaining to these strategic investments.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Overview of Financial Statements

These statements are prepared applying the following principles and standards:

- Reporting is on the full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation and amortization expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statement of Net Position.
- Revenues and expenses are categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are reported as nonoperating revenue in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended.

Statement of Net Position

The Statement of Net Position presents the financial position of the System as of the end of the fiscal year. From the data presented, readers of this statement can determine the assets available to continue the operations of the System, and what the System owes to vendors, investors, and lending institutions. The Statement of Net Position provides a point-in-time view of the net position and availability of resources to cover the expenses of the System. The change in net position is one indicator of whether the financial condition has improved or worsened during the fiscal year when considered with other nonfinancial indicators, such as the enrollment levels and the condition of the facilities.

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the System as of the end of the fiscal year. The net position section of the statement is reported by three major categories:

- *Net Investment in Capital Assets* represents the System's equity in property, plant, equipment, leases, and subscription assets, net of accumulated depreciation and amortization, capital asset related bonds and other debt items.
- *Restricted Net Position* represents the amounts subject to constraints that are either externally imposed or imposed by law, with amounts that are permanently held for investment divided into two categories: Nonexpendable and Expendable.
- *Unrestricted Net Position* represents the amounts available for any other lawful purpose of the System.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

The following table reflects the Condensed Comparative Statement of Net Position for the System as of August 31, 2025 and 2024:

Statement of Net Position		
Table MDA 1		
August 31, 2025 and 2024 (Amounts in Thousands)		
	2025	2024
Assets and Deferred Outflows of Resources		
Current Assets	\$ 895,101	\$ 740,778
Capital Assets, Net	1,546,257	1,493,591
Other Noncurrent Assets	791,326	718,887
Total Assets	\$ 3,232,684	\$ 2,953,256
Deferred Outflows of Resources	109,479	161,396
Total Assets and Deferred Outflows of Resources	\$ 3,342,163	\$ 3,114,652
Liabilities and Deferred Inflows of Resources		
Current Liabilities	\$ 540,116	\$ 621,564
Noncurrent Liabilities	1,543,843	1,378,957
Total Liabilities	\$ 2,083,959	\$ 2,000,521
Deferred Inflows of Resources	165,234	191,167
Total Liabilities and Deferred Inflows of Resources	\$ 2,249,193	\$ 2,191,688
Net Position		
Net Investment in Capital Assets	\$ 707,559	\$ 674,631
Restricted for:		
Funds Held as Permanent Investments:		
Nonexpendable	81,591	65,957
Expendable	66,367	56,759
Other Restricted	107,785	92,125
Total Restricted	\$ 255,743	\$ 214,841
Unrestricted	129,668	33,492
Total Net Position	\$ 1,092,970	\$ 922,964

Total Assets and Deferred Outflows of Revenues

Current Assets

Current assets increased \$154.3 million, or 20.8%, in 2025. The increase in current assets is primarily attributable to an increase in cash and cash equivalents and short term investments of \$170.9 million, reflecting proceeds from the Series 2025A and 2025B debt issuance and favorable short-term investment performance. During the year, short-term investments achieved a total return of 4.8% for the fiscal year, reflecting disciplined duration positioning amid a shifting interest rate environment. In addition, a \$46.0 million increase is attributed to Texas Research Incentive Program ("TRIP") funding, which provides state matching funds to encourage attraction of private gifts for research. These increases were partially offset by a \$17.5 million decrease in student and federal receivables, largely due to timing differences.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Noncurrent Assets

Noncurrent assets consist primarily of investments and capital assets, net of accumulated depreciation and amortization. In total, noncurrent assets increased \$125.1 million, or 5.7%. The increase in noncurrent assets is primarily attributable to investment gains and capital assets. Investments increased \$71.0 million, comprised of increase of \$46.6 million in unrestricted investments and \$24.4 million in restricted investments, reflecting disciplined diversification and favorable U.S. and global market conditions. The U.S. economy experienced a controlled slowdown as inflation moved closer to the Federal Reserve's 2% target and monetary policy shifted from restrictive to cautiously accommodative through selective rate cuts and a subsequent pause. U.S. equities advanced broadly led by technology, communication, and industrial sectors while declining yields boosted fixed-income performance. Global markets mirrored this trend as major central banks eased policy, fueling gains across developed and emerging markets. Within this environment, the System's Long Term Pool earned 10.7%, including \$35.0 million in additions from net operating cash flow increases, while the UNT Foundation and UNT Health Foundation achieved 10.2% and 11.7% returns, respectively.

Capital assets increased \$52.7 million due to an increase in non-depreciable capital and intangible assets of \$80.3 million, offset by a decrease of \$27.6 million in depreciable or amortizable assets net of accumulated depreciation. Major capital improvements included \$54.5 million for the Dallas Science, Technology, Engineering, and Math ("STEM") Building, \$24.4 million for the UNT Science and Research Building, \$8.5 million for the UNT Inspire Park renovation, and \$7.4 million for the UNTH library renovation. Other capital expenses include \$24.0 million in equipment, vehicle, and library purchases. In addition, \$56.4 million of non-depreciable construction in progress was placed into service in depreciable asset categories.

Deferred Outflows of Resources

Deferred outflows of resources decreased \$51.9 million, or 32.2%, primarily attributable to a \$44.7 million decrease related to pensions and a \$6.8 million reduction related to other postemployment benefits ("OPEB").

Total Liabilities and Deferred Inflows of Resources

Current Liabilities

Current liabilities decreased \$81.4 million, or 13.1%. The decrease in current liabilities is primarily attributable to a \$81.8 million decrease in commercial paper, offset by a \$16.3 million increase in revenue bonds payable as a result of the debt issuance in the current fiscal year. Unearned revenue also decreased \$21.9 million due to decreased enrollment.

Noncurrent Liabilities

Noncurrent liabilities consist primarily of the noncurrent portion of revenue bonds payable, net pension and OPEB liabilities, and employees' compensable leave liability. In total, noncurrent liabilities increased \$164.9 million, or 12.0%. The increase in noncurrent liabilities is primarily attributable to \$173.5 million increase in Bonds Payable from the Series 2025A and 2025B debt issuance, offset by scheduled 2025 debt service payments and premium amortization. Noncurrent OPEB liability increased \$14.6 million due to changes in actuarial assumptions. These increases were offset by a \$28.0 million decrease in net pension liability due to positive performance of investment returns as compared to the expected rate of return for the measurement period ending August 31, 2024.

Deferred Inflows of Resources

Deferred inflows of resources decreased \$25.9 million, or 13.6%. The decrease in deferred inflows of resources is primarily attributable to a \$31.6 million decrease related to the pension and OPEB plans, due to changes in proportionate share and contributions and changes in actuarial assumptions, offset by a \$6.3 million increase in the unamortized gains on refunding of debt due to the 2025 debt issuance.

Total Net Position

Net Investment in Capital Assets

Net investment in capital assets increased \$32.9 million, or 4.9%. The increase in net investment in capital assets is primarily attributable to the \$52.7 million increase in net capital assets, driven by capital improvements in progress, accordingly offset by an increase of \$8.8 million in capital-related liabilities. Net investment in capital assets consists of the System's capital assets, right to use leases, and subscription leases, net of accumulated depreciation or amortization, and unspent bond proceeds reduced by outstanding balances for bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Restricted Net Position

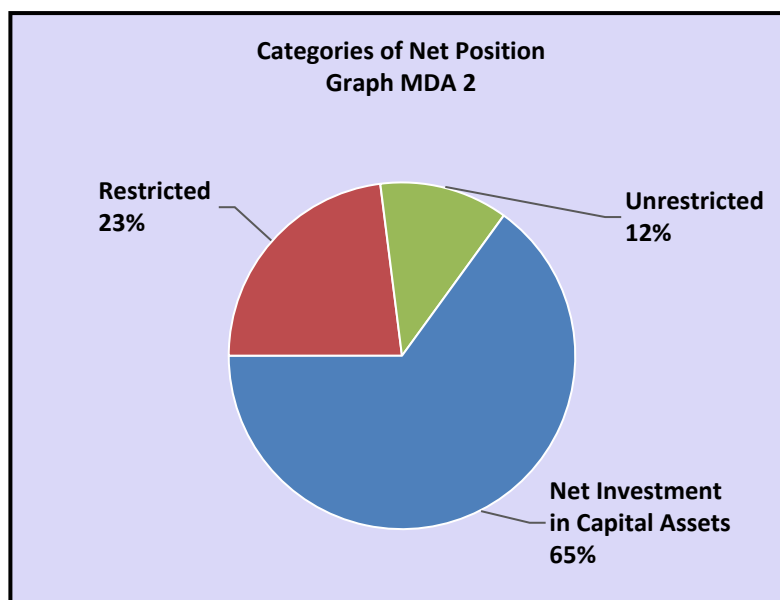
Restricted net position increased by \$40.9 million, or 19.0%. The increase in restricted net position is primarily attributable to endowment activities. Restricted net position primarily consists of the System's permanent investments subject to restrictions externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position increased by \$96.2 million, or 287.2%. The increase in unrestricted net position is primarily attributable to activities not reported in net investment in capital assets or restricted net position.

Total net position represents the residual interest in the System's total assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Total net position increased \$170.0 million, or 18.4% (excluding restatement) in 2025.

The following chart reflects the total net position by major categories as of August 31, 2025:



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the System's revenues earned and the expenses incurred during 2025, regardless of when cash is received or paid, and provides a period-of-time view of the activities that are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operations of the System, including a provision for depreciation and amortization on capital assets. Certain revenue sources the System relies on for operations include state appropriations, gifts, grants, and investment income which are required by GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended, to be classified as nonoperating revenues. Revenues are reported by major source, and expenses are reported on the face of the statement by functional (programmatic) categories as defined by the National Association of College and University Business Officers ("NACUBO").

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

The following table reflects the Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended August 31, 2025 and 2024:

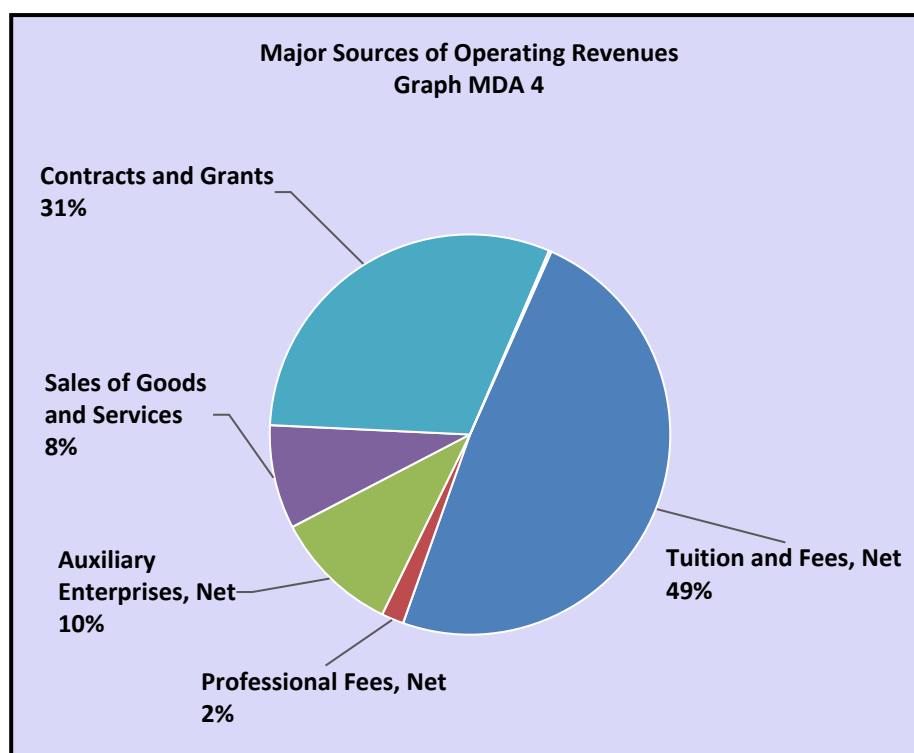
Statement of Revenues, Expenses and Changes in Net Position		
Table MDA 3		
For the Fiscal Years Ended August 31, 2025 and 2024 (Amounts in Thousands)		
	2025	2024
Operating Revenues		
Tuition and Fees, Net	\$ 467,476	\$ 511,865
Contracts and Grants	294,477	203,206
Other Operating Revenues	187,130	176,646
Total Operating Revenues	\$ 949,083	\$ 891,717
Operating Expenses	\$ 1,444,848	\$ 1,454,994
Operating Loss	\$ (495,765)	\$ (563,277)
Nonoperating Revenues (Expenses)		
Investment Income	\$ 91,260	\$ 113,931
Interest on Capital Asset Related Debt	(30,702)	(29,121)
Noncapital Grants and Contracts	114,216	101,005
Other Nonoperating Revenues and Expenses, net	395,825	387,411
Total Nonoperating Revenues (Expenses)	\$ 570,599	\$ 573,226
Capital Contributions, Endowments and Transfers		
Capital Contributions	\$ 367	\$ 36,002
Capital Appropriations	57,511	57,511
Contributions to Permanent and Term Endowments	15,223	2,153
Transfers	25,543	36,255
Total Capital Contributions, Endowments and Transfers	\$ 98,644	\$ 131,921
Change in Net Position	\$ 173,478	\$ 141,870
Net Position, Beginning Balance	\$ 922,964	\$ 794,036
Restatements	(3,472)	(12,942)
Net Position, Beginning Balance, as Restated	\$ 919,492	\$ 781,094
Net Position, Ending Balance	\$ 1,092,970	\$ 922,964

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Operating Revenues

Operating revenues totaled \$949.1 million in 2025, an increase of \$57.4 million, or 6.4%, over 2024. The System's primary sources of operating revenues are tuition and fees, and federal, state, local, and private grants. Net tuition and fees, representing 49.3% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees decreased \$44.4 million as a result of implementation of a new tuition and discounts and allowances methodology in the current fiscal year. Federal, state, local, and private grants and contract revenues, represents 31.0% of operating revenues, and are primarily from governmental and private sources and are related to research programs that normally provide for the recovery of direct and indirect costs. Grant and contract related revenues increased by \$91.3 million primarily as a result of increased research activities on all campuses. Auxiliary enterprise revenue increased \$3.5 million from an increase in campus operations including housing, meal plans, and parking.

The following chart reflects the operating revenues by major source for the fiscal year ended August 31, 2025:



Operating Expenses

Operating expenses totaled \$1.4 billion in 2025, a decrease of \$10.1 million, or 0.7%, over 2024. The decrease in operating expenses is primarily attributable to decreased OPEB expense of \$41.6 million, decreased pension expense of \$13.9 million, offset by expanded operations driving increases of \$16.4 million in salaries and wages, \$3.6 million in materials and supplies, and \$3.0 million in communication and utilities. Scholarships increased \$6.0 million as a result of increased federal Pell Grant awards in 2025, and federal pass-through expense also increased \$3.0 million concurrent with the 2025 increase in federal revenues. Investments in both non-capitalized and capitalized subscription based IT arrangements drove increases of \$6.0 million and \$3.9 million in rentals and leases and depreciation expense, respectively.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

The following table reflects the operating expenses based on natural classification for the fiscal years ended August 31, 2025 and 2024:

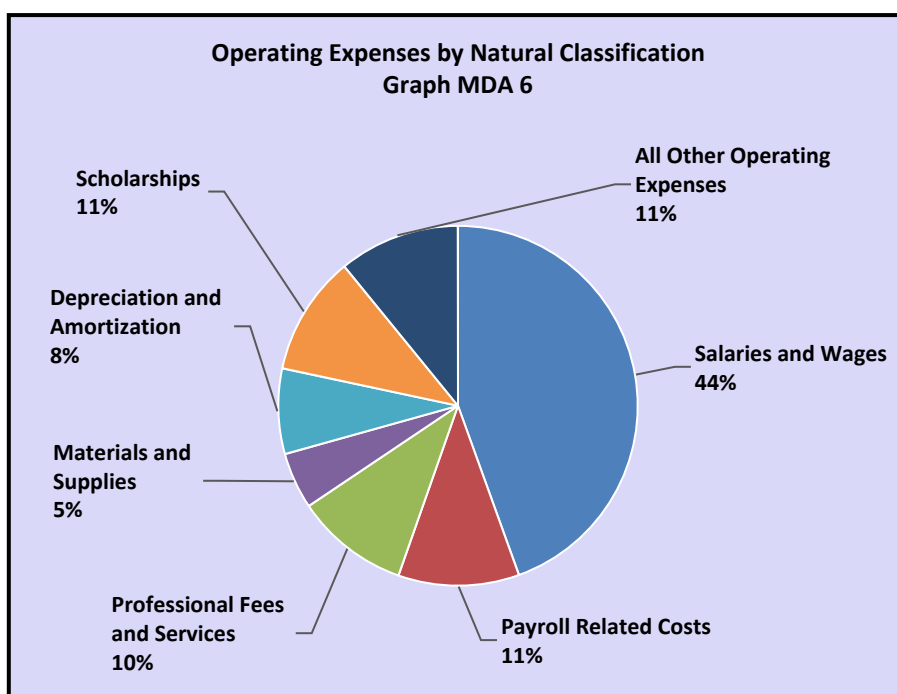
Operating Expenses by Natural Classification

Table MDA 5

For the Fiscal Years Ended August 31, 2025 and 2024 (Amounts in Thousands)

	2025	2024
Operating Expenses		
Cost of Goods Sold	\$ 13,247	\$ 12,787
Salaries and Wages	629,959	613,571
Payroll Related Costs	168,743	221,585
Professional Fees and Services	144,654	145,770
Federal Pass-Through Expenses	9,325	6,311
State Pass-Through Expenses	98	31
Travel	19,854	17,758
Materials and Supplies	71,956	68,360
Communications and Utilities	28,383	25,361
Repairs and Maintenance	28,047	28,666
Rentals and Leases	17,534	11,572
Printing and Reproduction	2,877	4,054
Depreciation and Amortization	122,907	118,960
Scholarships	152,382	146,371
Asset Retirement Obligation	204	128
Claims and Losses	879	545
Other Operating Expenses	33,799	33,164
Total Operating Expenses	\$ 1,444,848	\$ 1,454,994

The following chart reflects the percentage of operating expenses based on natural classification for the fiscal year ended August 31, 2025:



UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

The following table reflects the operating expenses based on NACUBO functional (programmatic) classification for the fiscal years ended August 31, 2025 and 2024:

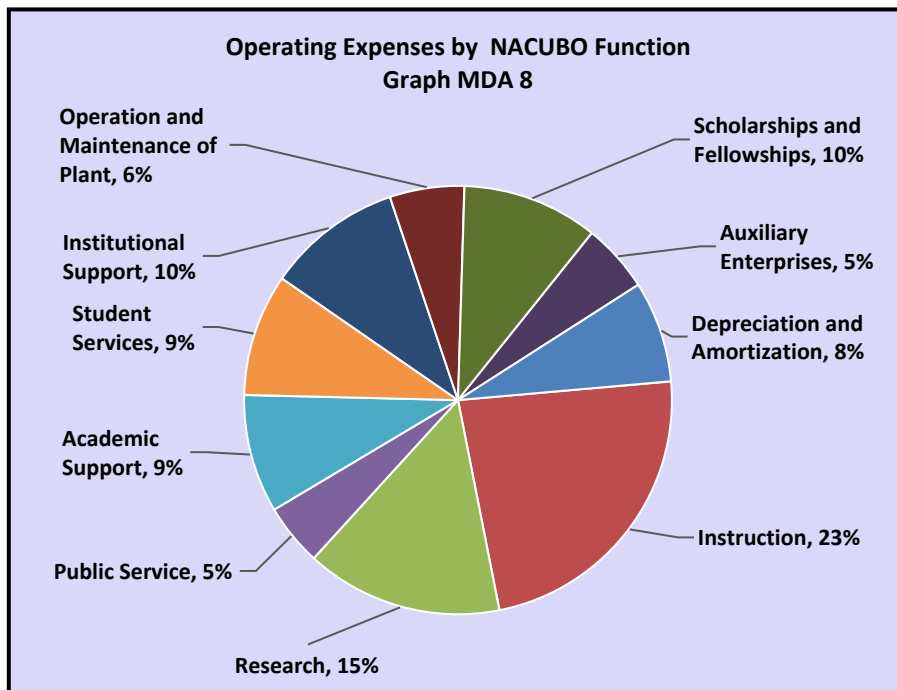
Operating Expenses by NACUBO Function

Table MDA 7

For the Fiscal Years Ended August 31, 2025 and 2024 (Amounts in Thousands)

	2025	2024
Operating Expenses		
Instruction	\$ 329,845	\$ 354,339
Research	210,570	186,505
Public Service	66,332	70,642
Academic Support	126,441	119,759
Student Services	130,563	132,356
Institutional Support	144,973	162,401
Operation and Maintenance of Plant	94,321	90,102
Scholarships and Fellowships	145,418	141,648
Auxiliary Enterprises	73,478	78,282
Depreciation and Amortization	122,907	118,960
Total Operating Expenses	\$ 1,444,848	\$ 1,454,994

The following chart reflects the percentage of total operating expenses based on NACUBO functional (programmatic) classification for the fiscal year ended August 31, 2025:



UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Nonoperating Revenues and Expenses

Certain significant recurring revenues and expenses are considered nonoperating. The System's primary nonoperating revenues come from state appropriations, federal Pell Grant revenue, gifts, and net increase in fair market value of investments. The System's primary nonoperating expenses are interest expense and fiscal charges, and other nonoperating expenses. Total nonoperating revenues and expenses decreased \$2.6 million, or 0.5%, over the prior year. The decrease in nonoperating revenue and expenses is primarily attributable to a \$38.9 million decrease in change in fair value of investments due to market performance compared to prior year, offset by a \$16.2 million increase in investment income. In addition, Federal Pell Grant funding increased \$15.2 million, and gifts increased \$11.8 million in 2025.

Capital Contributions, Endowments and Transfers

Capital contributions, endowments and transfers, comprised of capital and endowment related additions and transfers, decreased \$33.3 million, or 25.2%, in 2025. The \$35.6 million decrease in capital contributions is primarily due to land deeded to UNT for Phase II of the Frisco campus in the prior year. Contributions to permanent endowments increased from a \$15.0 million gift to UNTD offset by a \$2.0 million gift to UNTH in 2024. Other transfer activity decreased \$10.7 million compared to the prior year, primarily due to a shared cash transfer adjustment at UNT required by the State of Texas for UNT's appropriated funds held within the state treasury where UNT is not the administering agency of the fund.

Statement of Cash Flows

The Statement of Cash Flows presents the System's financial results by reporting the major sources and uses of cash and cash equivalents during 2025. The statement assists in evaluating the System's ability to generate net cash flows to meet its financial obligations as they come due and to determine its need for external financing.

The Statement of Cash Flows consists of the following four major activities:

- Cash flows from operating activities show the net cash used by the operating activities of the System.
- Cash flows from noncapital financing activities include proceeds from state appropriations, gifts, endowments, and those activities not covered in other sections.
- Cash flows from capital and related financing activities include capital assets and related debt activities.
- Cash flows from investing activities include purchasing investments, selling investments, and earning income on those investments.

In 2025, cash and cash equivalents decreased \$71.3 million. The decrease in cash and cash equivalents is primarily attributable to a \$337.4 million decrease in operating activities, which included cash inflows from proceeds from tuition and fees, research grants and contracts, and auxiliary operations, offset by payments to suppliers for goods and services, employees, and other expenses. The System also had a \$221.6 million decrease in investing activities, which included cash inflows related to proceeds from the sale of investments offset by payments to acquire investments. There was also a \$27.7 million decrease in capital and related financing activities, which included cash inflows from state appropriations and debt issuance, offset by payments for additions to capital assets and principal on debt issuance. The decrease was offset by \$515.3 million provided by noncapital financing activities, which included cash inflows related to state appropriations and grant receipts offset by payments for legislative transfers and other uses.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

The following table reflects the Condensed Statement of Cash Flows for the fiscal years ended August 31, 2025 and 2024:

Statement of Cash Flows		
Table MDA 9		
For the Fiscal Years Ended August 31, 2025 and 2024 (Amounts in Thousands)		
	2025	2024
Cash Flows from:		
Operating Activities	\$ (337,406)	\$ (343,621)
Noncapital Financing Activities	515,332	483,807
Capital and Related Financing Activities	(27,705)	(141,002)
Investing Activities	(221,569)	15,137
Net Increase in Cash and Cash Equivalents	\$ (71,348)	\$ 14,321
Cash and Cash Equivalents, Beginning of Year	\$ 337,908	\$ 328,208
Restatements	-	(4,621)
Cash and Cash Equivalents, Beginning of Year, as Restated	\$ 337,908	\$ 323,587
Cash and Cash Equivalents, End of Year	\$ 266,560	\$ 337,908

Capital Asset and Debt Administration

Capital Asset

Investments in capital asset additions were \$177.0 million in 2025. Major capital project activity included:

- Building Improvements (System Administration) – Dallas STEM Building
- Building Improvements (System Administration) – UNT Science and Research Building
- Building Improvements (System Administration) – UNT Inspire Park Renovation
- Building Improvements (UNTH) – Library Renovation

The System has committed \$180.7 million to capital asset additions and improvements that are currently in various stages of completion. These additions and improvements primarily consist of new buildings or renovations to existing buildings, including the UNT Science and Research building, the UNTD STEM building, UNT Pohl Recreation Center, UNT Hurley Administration Building renovation, and UNTH renovations for campus space optimization. More detailed information regarding the System's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 12, *Contingencies and Commitments*, in the Notes to the Comprehensive Financial Statements.

Debt Administration

Revenue bonds payable represents the largest portion of the System's liabilities. Current and noncurrent revenue bonds payable increased \$189.8 million to a balance of \$930.8 million in 2025. All bonds related to financing of current and prior years' construction needs reflect "Aa2" and "AA" credit ratings from two major bond rating agencies, Moody's and Fitch, respectively. More detailed information regarding the System's bonded indebtedness is provided in Note 5, *Long-Term Liabilities*, and Note 6, *Bonded Indebtedness*, in the accompanying Notes to the Comprehensive Financial Statements.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2025

Economic Outlook

The System's primary sources of revenue are tuition and fees, legislative appropriations, and grants and contracts. Research growth and program expansion contributed to a positive outlook for the System in 2025.

The 89th Texas legislative session passed a budget that included a 20.0% increase for UNT System institutions compared to the previous biennium. This is in large part due a \$46.0 million increase in TRIP funding, which provides state matching funds to encourage attraction of private gifts for research. The increases for specialized initiatives and unique programs include the following non-formula support items: \$10.0 million for UNT Texas Talent Pipeline, \$5.0 million for UNTH Operation Enduring Brain Health, and \$7.0 million for the UNTD Classroom to Career Initiative. These programs have been supported with State funds to continue growth, educational excellence, and research capacity at System institutions. The System continues to maintain a stable outlook from Moody's and Fitch for debt financing.

UNT had enrollment in Fall 2025 of 43,567 students. UNT is the fourth largest university in Texas and the most comprehensive institution in the North Texas region. With increased funding related to the Texas Talent Pipeline, UNT is uniquely situated to connect employers, institutions, and collaborative partners to identify specific workforce needs and create specific pathways, through training and education, for students to gain the required skills needed for direct placement in industry. UNT is an Emerging Research University and has achieved and maintains Carnegie-classified tier one research institution designation, the highest designation available. Capitalizing on this success, UNT received a \$46.0 million increase in TRIP funding to further research in the private sector.

UNTH had enrollment in Fall 2025 of 2,446 students. UNT Health has continuously endeavored to strengthen and grow its prominent academic reputation, and UNT Health continues to expand its most recent initiatives. Among those initiatives is Operation Enduring Brain Health, part of the institution's larger commitment to advancing brain health, which includes research studies, programs, and centers focused on Alzheimer's disease and other neurodegenerative conditions. UNT Health is expanding pipelines of critical frontline health professions, deploying alternative micro-credentials to strengthen the existing health workforce and partner with innovative entrepreneurial care models through the Healthcare and Workforce Readiness Initiative.

UNTD had enrollment in Fall 2025 of 3,580 students. UNTD is the only public four-year university in Dallas, with a mission to empower students, transform lives, and strengthen communities. The Classroom to Career Initiative is allowing UNTD to address learning loss and creating college ready students through an academic bridge program and increase competitive credential programs that prepare students to enter the workforce into successful careers. The STEM building construction is on track to open in Spring 2026. This facility will train students and help meet the region's healthcare workforce requirements.

Contacting the System's Financial Management

This financial report is designed to provide the System's stakeholders, including students, governing boards, state agencies, investors, and creditors with a general overview of the System's financial position and to demonstrate the System's accountability for the resources it receives. For questions about this report additional financial information, contact the office of the UNT System Controller at 1112 Dallas Drive, Ste 4200, Denton, Texas 76205.

**COMPREHENSIVE
FINANCIAL STATEMENTS**

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DALLAS, TEXAS

For the Fiscal Year Ended August 31, 2025

UNIVERSITY OF NORTH TEXAS SYSTEM

Statement of Net Position

August 31, 2025

	August 31, 2025
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash on Hand	\$ 63,630.09
Cash in Bank	6,237,951.96
Cash in State Treasury	42,482,105.14
Cash Equivalents	75,651,844.36
Short Term Investments	242,228,285.95
Restricted Cash and Cash Equivalents:	
Cash in Bank	927,260.39
Cash Equivalents	141,197,479.14
Legislative Appropriations	151,113,370.56
Receivables From:	
Accounts	98,923,828.31
Federal	27,845,723.34
Other Intergovernmental	2,667,884.05
Clinical Practice	3,959,105.59
Gifts, Pledges and Donations	602,706.88
Interest and Dividends	3,882,989.89
Leases	2,897,408.01
Public-Private Partnerships	286,249.46
Other	2,663,207.35
Due from Other Agencies	4,135,597.86
Consumable Inventories	993,737.07
Merchandise Inventories	1,862,548.24
Prepaid Items	79,979,238.45
Loans and Contracts	4,420,306.74
Other Current Assets	78,881.69
Total Current Assets	\$ 895,101,340.52
Noncurrent Assets:	
Restricted Investments	\$ 139,520,064.26
Loans and Contracts	1,370,904.08
Investments	633,557,696.12
Gifts, Pledges and Donations	6,510,812.93
Leases Receivable	10,366,432.99
Capital Assets:	
Non-Depreciable or Non-Amortizable	376,890,282.74
Depreciable or Amortizable, Net	1,169,366,803.08
Total Noncurrent Assets	\$ 2,337,582,996.20
Total Assets	\$ 3,232,684,336.72
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	\$ 109,478,800.45
Total Deferred Outflows of Resources	\$ 109,478,800.45
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,342,163,137.17

Concluded on the following page

UNIVERSITY OF NORTH TEXAS SYSTEM

Statement of Net Position (concluded)

August 31, 2025

	August 31, 2025
LIABILITIES	
Current Liabilities:	
Payables From:	
Accounts	\$ 53,426,889.09
Payroll	58,953,773.55
Other	4,574,442.83
Interest	14,627,206.77
Due to Other Agencies	1,821,779.48
Unearned Revenue	292,907,535.05
Notes and Loans Payable	2,163,918.91
Revenue Bonds Payable	67,840,910.93
Claims and Judgments	563,815.00
Employees' Compensable Leave	4,508,370.04
Lease Obligations	849,653.14
Subscription Obligations	9,008,330.30
Net OPEB Liability	20,937,398.00
Funds Held for Others	7,932,319.04
Total Current Liabilities	\$ 540,116,342.13
Noncurrent Liabilities:	
Notes and Loans Payable	\$ 83,756.70
Revenue Bonds Payable	862,909,651.36
Claims and Judgments	458,817.00
Employees' Compensable Leave	31,415,438.01
Lease Obligations	2,684,825.43
Subscription Obligations	9,632,658.92
Asset Retirement Obligation	3,089,250.00
Net Pension Liability	208,237,670.00
Net OPEB Liability	423,553,286.00
Other Noncurrent Liabilities	1,777,696.01
Total Noncurrent Liabilities	\$ 1,543,843,049.43
Total Liabilities	\$ 2,083,959,391.56
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	\$ 165,233,560.68
Total Deferred Inflows of Resources	\$ 165,233,560.68
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 2,249,192,952.24
NET POSITION	
Net Investment in Capital Assets	\$ 707,559,566.37
Restricted For:	
Funds Held as Permanent Investments:	
Nonexpendable	81,591,289.47
Expendable	66,366,895.21
Other Restricted	107,784,809.65
Unrestricted	129,667,624.23
TOTAL NET POSITION	\$ 1,092,970,184.93

See Accompanying Notes to the Annual Comprehensive Financial Statements.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**Statement of Financial Position**

August 31, 2025

	August 31, 2025
ASSETS	
Cash and Cash Equivalents	\$ 17,685,817
Investments	386,250,318
Contributions and Other Receivables, Net	5,161,496
Other Assets	24,064
Cash Value of Life Insurance Policies	503,683
Assets Held Under Split-Interest Agreements	5,876,275
TOTAL ASSETS	\$ 415,501,653
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 30,459
Agency Funds	1,537
Liabilities Under Split-Interest Agreements	2,859,688
Assets Held for Others	112,330,681
TOTAL LIABILITIES	\$ 115,222,365
NET ASSETS	
Without Donor Restrictions:	
Undesignated	\$ 2,779,103
Board Designated Named Funds	2,652,852
Board Designated for Reserves	6,734,567
Total Without Donor Restrictions	\$ 12,166,522
With Donor Restrictions:	
Purpose Restrictions	\$ 5,819,716
Perpetual in Nature	282,293,050
Total With Donor Restrictions	\$ 288,112,766
TOTAL NET ASSETS	\$ 300,279,288
TOTAL LIABILITIES AND NET ASSETS	\$ 415,501,653

See Accompanying Notes to the Financial Statements.

UNT HEALTH FOUNDATION**Statement of Financial Position**

August 31, 2025

	August 31, 2025	
ASSETS		
Cash	\$	1,045,659
Investments, including \$131,456,322 held on behalf of others		167,897,800
Pledges Receivable, net of discount		1,899,984
Other Receivables		151,241
Prepaid Expenses		179,638
TOTAL ASSETS	\$	171,174,322
LIABILITIES AND NET ASSETS:		
Liabilities		
Accrued Expenses	\$	101,606
Due to Related Party		131,456,322
Deferred Revenue		62,300
Total Liabilities	\$	131,620,228
Net Assets		
Without Donor Restrictions	\$	2,391,622
With Donor Restrictions		37,162,472
Total Net Assets	\$	39,554,094
TOTAL LIABILITIES AND NET ASSETS	\$	171,174,322

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF NORTH TEXAS SYSTEM

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended August 31, 2025

	August 31, 2025
OPERATING REVENUES	
Tuition and Fees	\$ 651,312,151.67
Discounts and Allowances	(183,835,783.86)
Professional Fees	35,270,950.30
Discounts and Allowances	(18,104,666.86)
Auxiliary Enterprises	97,430,447.87
Discounts and Allowances	(254,619.75)
Sales of Goods and Services	70,936,410.69
Federal Grant Revenue	164,382,025.02
Federal Pass-Through Revenue	4,825,364.60
State Grant Revenue	3,825,908.68
State Grant Pass-Through Revenue	110,204,839.80
Other Contracts and Grants	11,238,968.69
Other Operating Revenues	1,851,464.42
Total Operating Revenues	\$ 949,083,461.27
OPERATING EXPENSES ⁽¹⁾	
Instruction	\$ 329,845,430.79
Research	210,570,371.98
Public Service	66,332,447.34
Academic Support	126,441,474.06
Student Services	130,563,322.69
Institutional Support	144,972,566.06
Operation and Maintenance of Plant	94,320,539.83
Scholarships and Fellowships	145,417,734.74
Auxiliary Enterprises	73,477,720.62
Depreciation and Amortization	122,906,828.43
Total Operating Expenses	\$ 1,444,848,436.54
OPERATING LOSS	\$ (495,764,975.27)
NONOPERATING REVENUES (EXPENSES)	
Legislative Appropriations (GR)	\$ 304,680,149.00
Additional Appropriations (GR)	61,121,101.34
Federal Revenue	114,216,196.06
Gifts	33,229,343.90
Investment Income	42,004,563.38
Interest Expense and Fiscal Charges	(30,702,463.43)
Loss on Sale of Capital Assets	(248,560.45)
Loss on Other Financial Activity	(663.77)
Net Increase in Fair Value of Investments	49,255,162.67
Other Nonoperating Revenues	1,247,789.95
Other Nonoperating Expenses	(4,203,630.14)
Total Nonoperating Revenues (Expenses)	\$ 570,598,988.51
Gain Before Capital Contributions, Endowments and Transfers	\$ 74,834,013.24

Concluded on the following page

UNIVERSITY OF NORTH TEXAS SYSTEM**Statement of Revenues, Expenses and Changes in Net Position (concluded)**

For the Fiscal Year Ended August 31, 2025

	August 31, 2025
CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS	
Capital Contributions	\$ 367,265.79
Capital Appropriations (HEF)	57,510,785.00
Contributions To Permanent and Term Endowments	15,223,117.33
Interagency Transfers of Capital Assets (Decrease)	(4,417.01)
Transfers From Other State Agencies	30,793,306.40
Transfers To Other State Agencies	(22,791,369.19)
Legislative Transfers In	17,545,143.16
Total Capital Contributions, Endowments and Transfers	\$ 98,643,831.48
CHANGE IN NET POSITION	\$ 173,477,844.72
Net Position, September 1, 2024	\$ 922,963,552.50
Restatements	(3,471,212.29)
Net Position, September 1, 2024, as Restated	\$ 919,492,340.21
NET POSITION, AUGUST 31, 2025	\$ 1,092,970,184.93

⁽¹⁾ See Matrix of Operating Expenses Reported by Function.

See Accompanying Notes to the Annual Comprehensive Financial Statements.

UNIVERSITY OF NORTH TEXAS SYSTEM

Matrix of Operating Expenses Reported by Function

For the Fiscal Year Ended August 31, 2025

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 42,826.74	\$ -	\$ -	\$ 7,566.54	\$ 302,168.80
Salaries and Wages	234,477,599.02	88,006,336.59	20,907,689.30	72,161,214.31	73,135,295.12
Payroll Related Costs	63,899,872.78	17,051,171.34	5,997,687.64	20,202,863.04	19,497,561.52
Professional Fees and Services	10,163,567.75	58,240,478.58	32,663,194.09	8,790,856.00	10,337,008.32
Federal Pass-Through Expenses	32,015.49	9,084,873.11	208,058.70	-	-
State Pass-Through Expenses	-	97,903.34	-	-	-
Travel	3,190,721.39	3,032,041.88	468,015.63	3,392,785.49	8,319,696.53
Materials and Supplies	8,651,067.57	22,661,788.56	3,421,791.58	13,615,632.80	5,250,133.95
Communications and Utilities	1,401,842.59	186,264.32	12,307.46	169,662.99	117,451.71
Repairs and Maintenance	1,373,681.30	1,415,906.48	309,825.68	1,045,609.37	2,309,984.71
Rentals and Leases	1,159,735.43	589,314.30	776,281.76	2,859,364.29	3,228,672.71
Printing and Reproduction	191,135.29	428,311.41	77,027.89	676,804.68	733,322.56
Depreciation and Amortization	-	-	-	-	-
Scholarships	1,149,730.50	5,749,807.22	303,365.24	-	-
Asset Retirement Obligation	-	-	-	-	-
Claims and Losses	(600,585.00)	21,000	-	165,223	7,626
Other Operating Expenses	4,712,219.94	4,005,174.85	1,187,202.37	3,353,891.32	7,324,400.68
Total Operating Expenses	\$ 329,845,430.79	\$ 210,570,371.98	\$ 66,332,447.34	\$ 126,441,474.06	\$ 130,563,322.69

Concluded on the following page

UNIVERSITY OF NORTH TEXAS SYSTEM

Matrix of Operating Expenses Reported by Function (concluded)

For the Fiscal Year Ended August 31, 2025

Operating Expenses	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
Cost of Goods Sold	\$ 1,994,829.41	\$ 24,954.95	\$ -	\$ 10,874,761.51	\$ -	\$ 13,247,107.95
Salaries and Wages	78,312,735.81	29,659,416.03	239,021.75	33,059,400.77	-	629,958,708.70
Payroll Related Costs	23,441,686.05	9,791,893.08	-	8,860,840.49	-	168,743,575.94
Professional Fees and Services	14,951,032.91	6,754,981.85	-	2,753,148.84	-	144,654,268.34
Federal Pass-Through Expenses	-	-	-	-	-	9,324,947.30
State Pass-Through Expenses	-	-	-	-	-	97,903.34
Travel	1,068,902.76	81,027.68	-	301,127.08	-	19,854,318.44
Materials and Supplies	3,835,377.19	9,453,842.05	-	5,065,974.01	-	71,955,607.71
Communications and Utilities	1,469,315.11	22,930,284.26	-	2,095,692.16	-	28,382,820.60
Repairs and Maintenance	4,274,075.66	12,402,625.67	-	4,915,455.43	-	28,047,164.30
Rentals and Leases	7,160,884.89	720,763.66	-	1,038,624.82	-	17,533,641.86
Printing and Reproduction	601,254.18	67,281.46	-	101,832.84	-	2,876,970.31
Depreciation and Amortization	-	-	-	-	122,906,828.43	122,906,828.43
Scholarships	-	-	145,178,712.99	-	-	152,381,615.95
Asset Retirement Obligation	-	204,425.36	-	-	-	204,425.36
Claims and Losses	782,313.61	503,840.00	-	-	-	879,417.92
Other Operating Expenses	7,080,158.48	1,725,203.78	-	4,410,862.67	-	33,799,114.09
Total Operating Expenses	\$ 144,972,566.06	\$ 94,320,539.83	\$ 145,417,734.74	\$ 73,477,720.62	\$ 122,906,828.43	\$1,444,848,436.54

See Accompanying Notes to the Annual Comprehensive Financial Statements.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Activities

For the Fiscal Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Gifts	\$ 62,457	\$ 8,485,456	\$ 8,547,913
Grant Revenue	-	1,808,473	1,808,473
Net Investment Return	437,137	26,235,630	26,672,767
Other Income	373	930	1,303
Change in Value of Split-Interest Agreements	-	336,605	336,605
Gains/Income From Life Insurance Policies	-	108,189	108,189
Asset Management Fee Income	3,376,020	-	3,376,020
Transfers/Changes in Donor Restrictions	(1,000)	1,000	-
Release of Donor Restrictions	14,517,825	(14,517,825)	-
Total Revenues, Gains, and Other Support	\$ 18,392,812	\$ 22,458,458	\$ 40,851,270
EXPENSES:			
PROGRAM SERVICES:			
Support of UNT:			
Distributions to UNT	\$ 5,168,337	\$ -	\$ 5,168,337
Scholarships and Awards	4,004,693	-	4,004,693
Grant Support to UNT	1,808,473	-	1,808,473
Board Designated Grants to University	92,790	-	92,790
Services/Expenses for Programs	1,281,129	-	1,281,129
Internal Management Fees	2,485,053	-	2,485,053
Other Support Provided	7,443	-	7,443
Distributions to Other Institutions	9,000	-	9,000
Total Program Services	\$ 14,856,918	\$ -	\$ 14,856,918
MANAGEMENT AND GENERAL EXPENSES:			
Salaries and Benefits	\$ 1,331,120	\$ -	\$ 1,331,120
Events and Sponsorships	12,000	-	12,000
Professional Fees	45,051	-	45,051
Professional Development and Travel	29,004	-	29,004
Professional Dues and Memberships	6,122	-	6,122
Technology Costs	44,944	-	44,944
Administrative Expenses	17,923	-	17,923
Marketing & Communications	20,811	-	20,811
Bank Charges and Credit Card Discount	24,453	-	24,453
Business Insurance	28,136	-	28,136
Total Management and General Expenses	\$ 1,559,564	\$ -	\$ 1,559,564
Total Expenses	\$ 16,416,482	\$ -	\$ 16,416,482
CHANGE IN NET ASSETS	\$ 1,976,330	\$ 22,458,458	\$ 24,434,788
Net Assets, Beginning of Year	\$ 10,190,192	\$ 265,654,308	\$ 275,844,500
NET ASSETS, END OF YEAR	\$ 12,166,522	\$ 288,112,766	\$ 300,279,288

See Accompanying Notes to the Financial Statements.

UNT HEALTH FOUNDATION

Statement of Activities

For the Fiscal Year Ended August 31, 2025

	Without Donor Restrictions	Subject to Purpose or Use Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 2,626	\$ 3,673,069	\$ 3,675,695
Special Events	-	1,038,162	1,038,162
Management Fee Income	285,551	-	285,551
Realized Gain on Investments	39,721	875,951	915,672
Unrealized Gain on Investments	93,769	2,093,309	2,187,078
Investment Income (Loss), Net of Direct Expenses	89,558	596,263	685,821
Other Income	20,610	2,775	23,385
Net Assets Released from Restrictions	3,946,154	(3,946,154)	-
Total Revenue and Other Support	\$ 4,477,989	\$ 4,333,375	\$ 8,811,364
EXPENSES			
Program Expenses			
Program and Scholarship Distributions	\$ 3,156,483	\$ -	\$ 3,156,483
Supporting Services			
Management and General			
Professional Fees	465,288	-	465,288
Meals and Entertainment	6,891	-	6,891
Other Expenses	4,824	-	4,824
Pledge Write-Offs	304,035	-	304,035
Fundraising Expenses	525,664	-	525,664
Total Expenses	\$ 4,463,185	\$ -	\$ 4,463,185
CHANGE IN NET ASSETS	\$ 14,804	\$ 4,333,375	\$ 4,348,179
Net Assets, Beginning of Year	\$ 2,376,818	\$ 32,829,097	\$ 35,205,915
NET ASSETS, END OF YEAR	\$ 2,391,622	\$ 37,162,472	\$ 39,554,094

See Accompanying Notes to the Financial Statements.

UNIVERSITY OF NORTH TEXAS SYSTEM

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2025

	August 31, 2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Customers	\$ 88,781,713.84
Proceeds from Tuition and Fees	455,835,127.71
Proceeds from Research Grants and Contracts	299,373,855.73
Proceeds from Loan Programs	755,131.01
Proceeds from Auxiliaries	97,175,828.12
Proceeds from Other Operating Revenues	1,774,965.64
Payments to Suppliers for Goods and Services	(338,146,703.06)
Payments to Employees	(750,381,278.31)
Payments for Other Operating Expenses	(192,574,816.60)
Net Cash Used by Operating Activities	\$ (337,406,175.92)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	\$ 329,819,914.19
Proceeds from Gifts	31,294,759.54
Proceeds from Endowments	15,223,117.33
Proceeds from Transfers from Other Agencies	30,793,306.40
Proceeds from Legislative Transfers	17,545,143.16
Proceeds from Grant Receipts	114,216,196.06
Proceeds from Other Noncapital Financing Activities	1,222,022.95
Payments for Transfers to Other Agencies	(22,791,369.19)
Payments for Other Noncapital Financing Uses	(1,991,192.48)
Net Cash Provided by Noncapital Financing Activities	\$ 515,331,897.96
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	\$ 109,615.68
Proceeds from State Appropriations	57,510,785.00
Proceeds from Debt Issuance	200,933,765.37
Proceeds from Capital Contributions	451,531.58
Payments for Additions to Capital Assets	(157,549,110.38)
Payments for Right to Use Leases/SBITA	(13,228,347.39)
Payments of Principal on Debt Issuance	(80,756,959.49)
Payments of Other Costs on Debt Issuance	(2,205,198.36)
Payments of Interest on Debt Issuance	(32,970,743.63)
Net Cash Used by Capital and Related Financing Activities	\$ (27,704,661.62)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Investments	\$ 1,904,305,724.13
Proceeds from Interest and Investment Income	42,389,742.72
Payments to Acquire Investments	(2,168,264,343.99)
Net Cash Used by Investing Activities	\$ (221,568,877.14)
Net Decrease in Cash and Cash Equivalents	\$ (71,347,816.72)
Cash and Cash Equivalents, September 1, 2024	\$ 337,908,087.80
Cash and Cash Equivalents, August 31, 2025	\$ 266,560,271.08
Cash and Cash Equivalents	\$ 124,435,531.55
Restricted Cash and Cash Equivalents	142,124,739.53
Cash and Cash Equivalents, August 31, 2025	\$ 266,560,271.08

Concluded on the following page

UNIVERSITY OF NORTH TEXAS SYSTEM

Statement of Cash Flows (concluded)

For the Fiscal Year Ended August 31, 2025

	August 31, 2025
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (495,764,975.27)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation and Amortization Expense	\$ 122,906,828.43
Pension Expense	29,073,891.00
OPEB Expense	5,862,794.00
Asset Retirement Obligation Expense	204,425.36
Cash Flow Classification Differences from GASB Statement No. 87	78,280.55
Employee Benefits Paid by State	39,742,777.29
Impairment Loss Expense	503,840.00
Changes in Assets and Liabilities:	
Decrease in Receivables	15,715,551.40
Decrease in Inventories	171,060.89
Increase in Prepaid Expenses	(5,343,331.09)
Decrease in Loans and Contracts	755,131.01
Decrease in Other Assets	4,429.00
Decrease in Deferred Outflows of Resources - Pension	44,682,226.00
Decrease in Deferred Outflows of Resources - OPEB	6,772,442.00
Decrease in Payables	(8,224,722.00)
Decrease in Unearned Revenue	(21,935,802.18)
Increase in Employees' Compensable Leave	1,514,674.95
Decrease in Liabilities to Employees for Defined Benefit Pensions	(57,063,106.00)
Increase in Liabilities to Employees for Defined Benefit OPEB	11,725,668.00
Increase in Other Liabilities	2,796,141.74
Decrease in Deferred Inflows of Resources - Pension	(7,408,935.00)
Decrease in Deferred Inflows of Resources - OPEB	(24,175,466.00)
Total Adjustments	\$ 158,358,799.35
Net Cash Used by Operating Activities	\$ (337,406,175.92)
NONCASH TRANSACTIONS	
Net Change in Fair Value of Investments	\$ 49,255,162.67
Donation of Capital Assets	141,500.00
Borrowing Under Lease Purchase	14,053,926.74
Loss on Sale of Capital Assets	(248,560.45)
Amortization of Bond Premiums	5,275,959.49
Amortization of Deferred Inflows/Outflows from Refunding Bonds	231,017.27
Capital Assets Acquired with Payables	15,051,832.70
Interagency Transfer of Capital Assets	(4,417.01)
Deferred Inflows of Resources (ARO, Leases, SBITA, P3)	(557,580.44)
Refunding Bond Proceeds Delivered to Escrow	92,345,972.15

See Accompanying Notes to the Annual Comprehensive Financial Statements.

NOTES TO THE
COMPREHENSIVE FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DALLAS, TEXAS

For the Fiscal Year Ended August 31, 2025

Note 1: Summary of Significant Accounting Policies

Introduction

The University of North Texas System (the “System”) is an agency of the State of Texas (the “State”) and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts’ Reporting Requirements for Annual Financial Reports of State Agencies and Universities and with Generally Accepted Accounting Principles (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”).

The comprehensive financial statements include the University of North Texas System Administration (“System Administration”) and all institutions within the System. Amounts due between and among institutions, amounts held for institutions by the System Administration and other duplications in reporting are eliminated in consolidating the financial statements.

The System is composed of the System Administration and three academic institutions as follows: The University of North Texas (“UNT”), the University of North Texas Health Science Center at Fort Worth (“UNTH”), and the University of North Texas at Dallas (“UNTDD”). The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term. The System has two discrete component units. Information on the component units can be found in Note 15, *Financial Reporting Entity*.

Basis of Accounting

The comprehensive financial statements of the System have been prepared using the economic resources measurement focus and the full accrual basis of accounting. The System reports as a business-type activity, as defined by the GASB. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Under the full accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended. The Statement of Revenues, Expenses and Changes in Net Position is segregated into operating and nonoperating sections. Operating activities consist of transactions that are the direct result of providing goods and services to customers or directly related to the System’s principal ongoing operations.

The basic financial statements include certain prior-year summarized comparative information presented in total rather than at the level of detail required by GAAP. Accordingly, the summarized information should be read in conjunction with the government’s financial statements for the year ended August 31, 2024, from which the prior-year data were derived.

The System follows the requirements and guidelines provided in GASB pronouncements. Standards newly effective for fiscal year 2025 are listed below:

GASB Statement No. 101, *Compensated Absences*, aligns recognition and measurement guidance for all types of compensated absences under a unified model and eliminates certain previously required disclosures.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a governmental entity to assess, report and disclose when an event associated with concentration or constraint causes vulnerability of risk with a substantial impact potentially resulting in revenue debt. The governmental entity is also required in its disclosures to state the actions taken to mitigate the risk prior to the issuance of the financial statements impacted.

GASB Statement No. 101 and GASB Statement No. 102 have minimal impact to the System Annual Comprehensive Financial Report (“ACFR”).

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Assets

Assets relate to cash and cash equivalents, legislative appropriations, accounts and other receivables, prepaid items, loans and contracts, investments and capital and intangible assets.

Cash and Cash Equivalents

Short-term highly liquid investments that are both readily convertible to known amounts of cash and having an original maturity of three months or less are considered cash equivalents. It is the System's policy to exclude items that meet this definition if they are part of an investment pool, which has an investment horizon of one year or greater. Therefore, highly liquid investments that are part of the long-term investment pool are not considered cash and cash equivalents. Additionally, endowments invested in money market accounts are also excluded from cash and cash equivalents, as the intent is to invest these funds for more than one year. Cash held in the State Treasury is considered cash and cash equivalents. Restricted cash and cash equivalents include restricted sources of funds used for construction of capital assets as well as funds held for debt service. The System holds bond proceeds in restricted investment accounts to be disbursed to its institutions to support capital projects.

Legislative Appropriations

The appropriation of revenues by the Texas Legislature (the "Legislature") is in the form of general revenue held in the state treasury until spent. When the Legislature meets during the odd-numbered years, they approve a two-year (biennial) budget for all State agencies. The general revenue appropriation to the System supports the instruction, research and operation of the System. Appropriations also include payments made by the State on behalf of the System for benefits related to salaries funded by state appropriations. There is no assurance that the Legislature will continue its state appropriations to the System in future years; however, the System expects that the Legislature will continue to do so. Higher Education Funds ("HEF") are general revenue appropriations received from the State designated for the acquisition of certain capital assets and capital projects. The unexpended HEF balance was approximately \$115.5 million at August 31, 2025.

Accounts and Other Receivables

Accounts receivable mainly consists of tuition and fee charges to students. Accounts receivable is shown net of an allowance for doubtful accounts. The allowance for doubtful accounts on student receivables was approximately \$72.3 million at August 31, 2025. The allowance for doubtful accounts on other receivables was approximately \$5.9 million at August 31, 2025. The System has a policy of reserving for account receivables based on collections history over the previous five years. Any amount outstanding after five years is reserved at 100% per state requirements.

Federal receivables include federal grants and education scholarships. The allowance for doubtful accounts on federal receivables was approximately \$0.3 million at August 31, 2025.

Intergovernmental receivables include amounts due from state government or private sources in connection with reimbursement of allowable expenditures made pursuant to the System's grants and contracts.

Clinical Practice receivables are presented net of allowances for contractual discounts and bad debts. The contractual and bad debt allowances on clinical receivables were approximately \$3.3 million and \$0.2 million, respectively, as of August 31, 2025. Clinical account receivables are subject to concentrations of patient accounts receivable credit risk.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

The mix of receivables from patients and third parties as of August 31, 2025 was as follows:

Clinical Practice Receivables		
Table 1A		
August 31, 2025		
	Net	Gross
Medicaid	18%	37%
Medicare	41%	31%
Commercial	31%	22%
Self-pay	6%	7%
County Hospital	4%	2%
Other	0%	1%
Total	100%	100%

Gift receivables include amounts pledged to the System by donors, net of allowances. The allowance for gift pledges was approximately \$3.2 million at August 31, 2025. Multiyear gift pledges are reported at the discounted present value. At the beginning of each fiscal year, the System re-establishes the scale of discount rates applicable for present valuing multiyear gift pledges that are received during the new fiscal year.

Lease receivable is calculated as the present value of the lease receipts expected during the lease term. The lessor records a lease receivable and a deferred inflow of resources on its financial statements.

Prepaid Items

Prepaid items include prepaid scholarship expenses that pertain to the fall term of the following fiscal year and other various prepaid expenses.

Loans and Contracts

Current and noncurrent loans and contracts receivables, related to student loans, are shown net of allowances. The net allowance on loans and contracts was approximately \$5.3 million at August 31, 2025.

Investments

The System accounts for its investments at fair value in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 72, *Fair Value Measurement and Application*, and No. 79, *Certain External Investment Pools and Pool Participants*, as amended. Changes in realized gain or loss on the carrying value of investments are reported as a component of investment income. Restricted investments include investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

Capital, Intangible, and Right to Use Assets

The System follows the State's capitalization policy, which requires capitalization of assets with an initial individual cost of more than \$10,000 for equipment items, \$100,000 for buildings, building improvements and improvements other than buildings, and \$500,000 for infrastructure items, and an estimated useful life of greater than one year. These assets are capitalized at cost or, if not purchased, at fair value as of the date of acquisition. For leased assets, the System capitalizes in accordance with GASB Statement No. 87, *Leases*, all lease agreements with a net present value of future lease payment per unit exceeding \$100,000. For SBITAs, the System capitalizes in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, all SBITA agreements with a net present value of future subscription payments per contract exceeding \$200,000.

Purchases of library books are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Outlays for construction in progress are capitalized as incurred. Interest expense related to construction is expensed in accordance with the requirements of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Depreciation is reported on all exhaustible assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally, 10 to 30 years for buildings and improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, as amended, requires all intangible assets not specifically excluded by scope provisions to be classified as capital assets. The System has computer software that meets the criteria. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets is applied to computer software, as applicable.

GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, established accounting and financial reporting standards for right to use assets. Right to use assets, and the related accumulated amortization, are disclosed separately from other capital assets.

Deferred Outflows of Resources

Deferred outflows of resources relate to unamortized losses on the refunding of debt, and certain amounts related to asset retirement obligations, pensions, and other postemployment benefits ("OPEB").

Deferred Outflows of Resources Related to Debt Refunding

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Outflows of Resources Related to Asset Retirement Obligations

When an asset retirement obligation ("ARO") is recognized, the System must also recognize a corresponding deferred outflow of resources. At initial measurement of an ARO, the deferred outflows associated with an ARO is recorded at the amount of the corresponding liability. For subsequent measurement and recognition, the reduction of deferred outflows is recognized and expensed over the useful life of the asset.

Deferred Outflows of Resources Related to Pensions

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas ("TRS") Plan (the "TRS Plan") are reported as deferred outflows or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred outflows of resources related to pensions and their respective accounting treatments are discussed below.

- System contributions subsequent to the measurement date of the collective net pension liability are recognized as a reduction in the net pension liability in the following year.
- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- Increases in the System's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are greater than its proportionate share of total contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the collective net pension liability of the difference between expected and actual earnings on investments is amortized as a component of pension expense using the straight-line method over a period of five years.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Deferred Outflows of Resources Related to OPEB

Certain changes in the net OPEB liability of the Employees Retirement System of Texas ("ERS") Plan (the "ERS Plan") are reported as deferred outflows or as deferred inflows of resources related to OPEB, depending on the type of change. The types of deferred outflows of resources related to OPEB and their respective accounting treatments are discussed below.

- System contributions for retirees subsequent to the measurement date of the net OPEB liability are recognized as a reduction in the OPEB liability in the following year.
- The effect on the System's proportionate share of the total OPEB liability of changes of economic and demographic assumptions or of other inputs that increase the total OPEB liability is amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- Increases in the System's proportion of the collective net OPEB liability are amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are greater than its proportionate share of total contributions are amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

Liabilities

Liabilities relate to accounts and other payables, unearned revenue, revenue bonds payable, claims and judgments, employees' compensable leave, lease obligations, subscription obligations, funds held for others, asset retirement obligation, net pension liability, and net OPEB liability.

Accounts and Other Payables

Accounts and other payables represent the liability for the value of assets or services received at the Statement of Net Position date for which payment is pending.

Unearned Revenue

Unearned revenue represents assets received in advance of an exchange taking place in an exchange transaction or assets received prior to eligibility requirements (other than time requirements) being met in a nonexchange transaction. Unearned revenue includes \$276.2 million of tuition revenue related to the semesters that have not been completed as of August 31, 2025. Tuition revenue is recognized based on the number of class days as a percentage of total class days that fall within the fiscal year.

Notes and Loans Payable

Notes and loans payable include short-term commercial paper issued for operating and capital liquidity needs and financed purchases of computer equipment. These obligations are recorded at outstanding principal amounts, with interest expense recognized as incurred. Additional information about these obligations is presented in Note 4, *Short-Term Debt* and Note 5, *Long-Term Liabilities*.

Revenue Bonds Payable

Revenue bonds payable are reported at par value. Bond discounts and premiums are amortized over the life of the bonds using the effective interest method. Revenue bonds payable is reported separately as either current or non-current in the Statement of Net Position.

Claims and Judgments

Claims and judgments are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that were incurred but not reported. See Note 12, *Contingencies and Commitments*, and Note 14 *Risk Management*, for information on risk management, claims and judgments.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements and uses of leave balances by covered employees, in conformance with State policy and practice. For compensable leave that does not have a specific policy or practice, the System assumes the most recent leave earned is used first. See Note 5, *Long-Term Liabilities* for information on employees' compensable leave.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Lease Obligations

Lease obligations represent the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change in lease payments or lease modification. Lease liabilities are reported separately as either current or noncurrent.

Subscription Obligations

Subscription obligations represent the amount recognized by the System on its financial statements regarding its right to use another party's (a SBITA vendor's) information technology software as specified in a contract per a period of time in an exchange or exchange-like transaction. It is initially measured at the present value of subscription payments and is remeasured whenever there is a change in payments or a contract modification. Subscription obligations are reported separately as either current or noncurrent.

Funds Held for Others

Funds held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations and others.

Asset Retirement Obligation

An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. An ARO must be recognized when the liability is incurred and reasonably estimable. Incurrence of a liability is manifested by the occurrence of both an external obligating event and an internal obligating event resulting from normal operations.

Net Pension Liability

The fiduciary net position of the TRS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the TRS Plan, and additions to/deductions from the TRS Plan's fiduciary net position have been determined on the same basis as they are reported by TRS. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach.

Net OPEB Liability

The fiduciary net position of the ERS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments of the Other Employee Benefit Trust Fund are reported at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings.

Deferred Inflows of Resources

Deferred inflows of resources relate to unamortized gains on refunding of debt and certain amounts related to leases, pensions, OPEB and PPP.

Deferred Inflows of Resources Related to Debt Refunding

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Inflows of Resources Related to Leases

The System recognizes a deferred inflow of resources for lessor leases, equal to the lease receivable's initial measurement, plus lease payments received from the lessee at or before lease commencement that relate to future periods. The deferred inflow is systematically reduced over the lease term, corresponding with the recognition of lease revenue.

UNIVERSITY OF NORTH TEXAS SYSTEM
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For the Year Ended August 31, 2025

Deferred Inflows of Resources Related to Pensions

Certain changes in the collective net pension liability of the TRS Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred inflows of resources related to pensions and their respective accounting treatments are discussed below.

- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- Decreases in the System's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are less than its proportionate share of total contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

Deferred Inflows of Resources Related to OPEB

Certain changes in the net OPEB liability of the ERS Plan are reported as deferred outflows of resources related to OPEB or as deferred inflows of resources related to OPEB, depending on the type of change. The types of deferred inflows of resources related to OPEB and their respective accounting treatments are discussed below.

- The effect on the System's proportionate share of the total OPEB liability of changes of economic and demographic assumptions or of other inputs that decrease the total OPEB liability is amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total OPEB liability of differences between expected and actual experience that decrease the total OPEB liability is amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- Decreases in the System's proportion of the total OPEB liability are amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are less than its proportionate share of total contributions are amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the net OPEB liability of the difference between expected and actual earnings on investments is amortized as a component of OPEB expense using the straight-line method over a period of five years.

Deferred Inflows of Resources Related to PPP

The System establishes a deferred inflow of resources related to PPP transactions as the sum of the amount of the initial measurement of the receivable for installment payments, plus PPP payments received from the operator at or before the commencement of the PPP term, plus the amounts for all of the initial measurements of the underlying PPP asset, improvements to the underlying PPP asset, and receivable for the underlying PPP asset.

Net Position

Net Position relates to net investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets

Net investment in capital assets consists of capital, leased, and right to use assets, net of accumulated depreciation or amortization, and unspent bond proceeds reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restricted net position primarily consists of permanent investments subject to restrictions externally imposed by creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

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Restricted nonexpendable net position is subject to externally imposed stipulations that require the amounts be maintained in perpetuity by the System. Such assets include the System's permanent endowment funds.

Restricted expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire with the passage of time.

Unrestricted Net Position

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified. Because the System is an agency of the State, constraints on the use of resources imposed by the State are not considered external restrictions. When an expense is incurred that can be paid using either restricted or unrestricted resources, the System addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Revenues and Expenses

Revenues and expenses relate to operating revenues and expenses, professional fees revenue, scholarship allowances and student aid, and nonoperating revenues and expenses.

Operating Revenues and Expenses

Operating revenues include activities such as net student tuition and fees, net professional fees for hospital clinical services, net sales and services by auxiliary enterprises, and most federal, state and local grants and contracts. Operating expenses include cost of goods sold, salaries and wages, payroll related costs, professional fees and services, federal and state pass-through expense, travel, materials and supplies, communications and utilities, repairs and maintenance, rentals and leases, printing and reproduction, depreciation and amortization, scholarships and fellowships, and asset retirement obligation. Operating expenses also includes the expenses related to scholarships, exemptions, and expenses paid with the Higher Education Emergency Relief Fund ("HEERF"). In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating expenses.

Professional Fees Revenue

UNTH has agreements with third parties that provide for reimbursement to UNTH at amounts different from its established rates. Contractual adjustments under third party reimbursement programs represent the difference between UNTH's established rates for services and the amounts reimbursed by third parties. UNTH's more significant third parties are the Medicare and Medicaid programs. Medicare outpatient services are reimbursed on a prospective basis through ambulatory payment classifications, which are based on clinical resources used in performing the procedure. Medicaid outpatient services are paid based on a fee schedule or blended rates.

Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers ("NACUBO"). Certain aid (student loans, funds provided to students as awarded by third parties, and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account and reported as revenue as if the student made the payment). All other aid is reflected in the financial statements either as operating expense or as scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. The allowance is computed on an institution-wide basis by allocating cash payments to students, excluding payments for services, using the ratio of total aid to the aid not considered to be third party aid.

Nonoperating Revenues and Expenses

Nonoperating revenues include activities such as gifts and contributions, insurance recoveries received in years subsequent to the associated loss, state appropriations, investment income, federal HEERF and Pell grants, and other revenue sources that are defined as nonoperating revenues by GASB. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies; however, the System does not recognize these potential refunds, gifts, and contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings, and other expenses that are defined as nonoperating expenses by GASB.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the comprehensive financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, clarifies key components of the financial reporting model to enhance effectiveness and accountability of governmental entities. The Management's Discussion and Analysis ("MD&A") is limited to topics in five sections: overview of the financial statements, financial summary, detailed analyses, significant capital asset and long term financing activity, and currently known facts, decisions, or conditions. The statement also requires inflows and outflows related to unusual or infrequent items. In addition, the statement requires updated presentation of: (1) The Statement of Revenues, Expenses and Changes in Net Position to include a subtotal for *operating income (loss) and noncapital subsidies*, (2) each major component unit separately in the reporting entity's financial statements or as combining statements presented after the fund financial statements, and (3) budgetary comparison information using a single method of communication to present variances between original and final budget amounts and variances between final budget and actual amounts with an explanation of significant variances. This statement will be implemented in fiscal year 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, enhances clarity in capital asset financial reporting by requiring separate disclosure of major capital asset classes and introduces additional disclosure requirements for capital assets held for sale. This statement will be implemented in fiscal year 2026.

The System anticipates moderate impact on financial statement presentation for GASB Statement No. 103, while GASB Statement No. 104 will have a minimal impact.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Note 2: Capital, Intangible, and Right to Use Assets

A summary of changes in capital assets for the fiscal year ended August 31, 2025 is presented below:

Capital Asset Activity								
Table 2A								
August 31, 2025								
	Balance September 1, 2024	Adjustments	Reclassification of Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2025
Non-Depreciable or Non-Amortizable Assets:								
Land and Land Improvements	\$ 132,495,748.22	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,495,748.22
Construction in Progress	134,973,136.70	-	(56,410,989.00)	-	-	137,239,225.60	(940,784.29)	214,860,589.01
Other Tangible Capital Assets	29,119,892.53	-	-	-	-	437,686.48	(23,633.50)	29,533,945.51
Total Non-Depreciable or Non-Amortizable Assets:	\$ 296,588,777.45	\$ -	\$ (56,410,989.00)	\$ -	\$ -	\$ 137,676,912.08	\$ (964,417.79)	\$ 376,890,282.74
Depreciable Assets:								
Buildings and Building Improvements	\$ 1,887,285,004.33	\$ -	\$ 49,598,478.38	\$ -	\$ -	533,374.18	\$ -	\$ 1,937,416,856.89
Infrastructure	72,679,185.81	-	4,130,271.93	-	-	-	-	76,809,457.74
Facilities and Other Improvements	156,601,390.29	-	1,014,462.10	-	-	-	-	157,615,852.39
Furniture and Equipment	222,299,997.90	2,669,620.65	1,667,776.59	39,843.44	(89,483.50)	17,364,677.09	(3,942,789.66)	240,009,642.51
Vehicles, Boats and Aircraft	12,662,637.51	-	-	-	-	796,650.86	(272,659.02)	13,186,629.35
Other Capital Assets	137,540,477.65	-	-	-	-	5,804,501.65	(226,576.09)	143,118,403.21
Total Depreciable Assets:	\$ 2,489,068,693.49	\$ 2,669,620.65	\$ 56,410,989.00	\$ 39,843.44	\$ (89,483.50)	\$ 24,499,203.78	\$ (4,442,024.77)	\$ 2,568,156,842.09
Less Accumulated Depreciation for:								
Buildings and Building Improvements	\$ (953,799,148.33)	\$ -	\$ -	\$ -	\$ -	(78,236,706.18)	\$ -	\$ (1,032,035,854.51)
Infrastructure	(38,708,188.23)	-	-	-	-	(3,083,412.46)	-	(41,791,600.69)
Facilities and Other Improvements	(62,313,602.88)	-	-	-	-	(5,135,702.81)	-	(67,449,305.69)
Furniture and Equipment	(155,806,244.03)	(2,669,620.65)	-	(39,843.44)	85,066.49	(17,683,336.98)	3,648,327.54	(172,465,651.07)
Vehicles, Boats and Aircraft	(9,972,924.04)	-	-	-	-	(650,612.17)	232,980.58	(10,390,555.63)
Other Capital Assets	(94,722,313.20)	-	-	-	-	(5,820,383.53)	226,472.05	(100,316,224.68)
Total Accumulated Depreciation	\$ (1,315,322,420.71)	\$ (2,669,620.65)	\$ -	\$ (39,843.44)	\$ 85,066.49	\$ (110,610,154.13)	\$ 4,107,780.17	\$ (1,424,449,192.27)
Total Depreciable Assets, Net	\$ 1,173,746,272.78	\$ -	\$ 56,410,989.00	\$ -	\$ (4,417.01)	\$ (86,110,950.35)	\$ (334,244.60)	\$ 1,143,707,649.82
Amortizable Assets - Intangibles:								
Computer Software	\$ 20,413,227.58	\$ -	\$ -	\$ -	\$ -	287,470.95	(758,955.96)	\$ 19,941,742.57
Total Amortizable Assets - Intangibles	\$ 20,413,227.58	\$ -	\$ -	\$ -	\$ -	\$ 287,470.95	\$ (758,955.96)	\$ 19,941,742.57
Less Accumulated Amortization for:								
Computer Software	\$ (19,837,079.03)	\$ -	\$ -	\$ -	\$ -	(238,866.09)	758,955.96	\$ (19,316,989.16)
Total Accumulated Amortization	\$ (19,837,079.03)	\$ -	\$ -	\$ -	\$ -	\$ (238,866.09)	\$ 758,955.96	\$ (19,316,989.16)
Amortizable Assets - Intangibles, Net	\$ 576,148.55	\$ -	\$ -	\$ -	\$ -	\$ 48,604.86	\$ -	\$ 624,753.41
Total Capital Assets, Net	\$ 1,470,911,198.78	\$ -	\$ -	\$ -	\$ (4,417.01)	\$ 51,614,566.59	\$ (1,298,662.39)	\$ 1,521,222,685.97

During fiscal year 2025, the System recognized a \$503,840.00 impairment loss due to the cancellation of a construction in progress project for the Multi-Cultural Center at UNT campus. The project was permanently halted, and no alternative use for the asset was identified, resulting in a total loss of service utility. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the carrying value of \$503,840.00 was written down to a recoverable amount, which was determined to be zero. The impairment loss is reported as Claims and Losses Expense on the Matrix of Operating Expenses Reported by Function, and within the Operation and Maintenance of Plant line item on the Statement of Revenues, Expenses and Changes in Net Position.

UNIVERSITY OF NORTH TEXAS SYSTEM
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A summary of changes in leased and subscription capital assets for the fiscal year ended August 31, 2025 is presented below:

Leased and Subscription Capital Asset Activity					
Table 2B					
August 31, 2025					
	Balance				Balance
	September 1, 2024	Adjustments	Additions	Deletions	August 31, 2025
Amortizable Assets - Intangible Right to Use:					
Building and Building Improvements	\$ 7,123,721.76	\$ -	\$ -	\$ (241,628.92)	\$ 6,882,092.84
Land and Other Improvements	2,996,581.86	-	-	-	2,996,581.86
Equipment	3,356,931.00	(2,669,620.65)	-	-	687,310.35
Subscriptions	31,365,782.81	-	14,555,067.07	(1,986,604.46)	43,934,245.42
Total Amortizable Assets - Intangible Right to Use	\$ 44,843,017.43	\$(2,669,620.65)	\$ 14,555,067.07	\$(2,228,233.38)	\$ 54,500,230.47
Less Accumulated Amortization for:					
Building and Building Improvements	\$ (4,859,453.15)	\$ -	\$ (1,560,057.71)	\$ 241,628.92	\$ (6,177,881.94)
Land and Other Improvements	(240,644.79)	-	(80,214.93)	-	(320,859.72)
Equipment	(3,239,522.35)	2,669,620.65	(82,876.70)	-	(652,778.40)
Subscriptions	(13,823,755.37)	-	(10,334,658.87)	1,844,103.68	(22,314,310.56)
Total Accumulated Amortization - Intangible Right to Use	\$ (22,163,375.66)	\$ 2,669,620.65	\$(12,057,808.21)	\$ 2,085,732.60	\$ (29,465,830.62)
Total Amortizable Assets - Intangible Right to Use, Net	\$ 22,679,641.77	\$ -	\$ 2,497,258.86	\$ (142,500.78)	\$ 25,034,399.85

Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

As of August 31, 2025, the carrying amount of deposits was \$7,165,212.35 as presented below:

Cash in Bank	
Table 3A	
August 31, 2025	
Cash in Bank Carrying Value	\$ 7,165,212.35
Cash in Bank per Statement of Net Position	\$ 7,165,212.35
Current Assets Cash in Bank	\$ 6,237,951.96
Current Assets Restricted Cash in Bank	927,260.39
Cash in Bank per Statement of Net Position	\$ 7,165,212.35

The carrying amount consists of all cash in local banks and is included on the Statement of Net Position as a portion of cash and cash equivalents. The cash and cash equivalents balance also includes \$216,849,323.50 that is invested in cash equivalents and \$42,545,735.23, comprised of cash on hand and cash in the State Treasury. As of August 31, 2025, the total bank balance was \$1,274,900.30.

The carrying amount of deposits for the System's discretely presented component unit, UNT Foundation, reported on the UNT Foundation Statement of Financial Position as of August 31, 2025 was \$17,685,817.00. As of August 31, 2025, the total UNT Foundation bank balance was \$61,429.40.

The carrying amount of deposits for the System's discretely presented component unit, UNT Health Foundation, reported on the UNT Health Foundation Statement of Financial Position as of August 31, 2025 was \$1,045,659.00. As of August 31, 2025, the total UNT Health Foundation bank balance was \$1,045,659.00.

UNIVERSITY OF NORTH TEXAS SYSTEM
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For the Year Ended August 31, 2025

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System's policy is that all deposits are governed by a bank depository agreement between the System and the respective banking institution. This agreement provides that the System's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation (the "FDIC"), shall at all times be collateralized with government securities. As of August 31, 2025, the System had no bank balances that were exposed to custodial credit risk.

Investments

The System's operating funds management objective is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through an appropriately diversified long-term investment portfolio. The System investment funds under its control are held and managed by the System under Texas Education Code, Section 51.0031(c) which authorizes the System's Board of Regents, subject to procedures and restrictions it establishes, to invest System funds in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent person standard described in the Texas Constitution, Article VII, Section 11b. This standard provides that the System's Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment. All System funds subject to Board of Regents control, System endowment funds, and UNTH medical professional liability self-insurance plan funds shall be invested pursuant to a prudent person standard. Each institution of the System adopts an endowment investment policy. The policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, corporate asset-backed and mortgage-backed securities, equity, international obligations, international equity, certificates of deposit, banker's acceptances, money market mutual funds, mutual funds, repurchase agreements, private equity, hedge funds, Real Estate Investment Trusts ("REITs"), derivatives, energy and real estate.

As of August 31, 2025, the System's investments are presented below. Included in this amount is \$216,849,323.50 classified as cash equivalents.

Investments and Cash Equivalents	
Table 3B	
August 31, 2025	
Investments and Cash Equivalents	Total
Alternative Investments:	
Private Debt/Equity	\$ 4,137,808.53
Commercial Paper	20,663,022.00
Corporate Obligations	120,349,838.08
Domestic Mutual Funds	250,745,742.55
Equity	75,832,371.22
Fixed Income Money Market and Mutual Funds	137,105,827.58
Hedge Funds	20,793,814.19
International Commingled Funds	17,106,996.92
International Equity	41,534,826.69
International Mutual Funds	46,268,638.03
International Obligations	4,282,346.96
Miscellaneous	53,594,597.21
Other Commingled Funds	65,522,682.11
Other Commingled Funds (TexasCLASS)	141,297,479.14
U.S. Government Agency Obligations	3,701,071.60
U.S. Treasury Securities	229,218,307.02
Total Investments and Cash Equivalents	\$ 1,232,155,369.83

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Credit Risk – Investments

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The System utilizes ratings assigned by Standard & Poor's for this purpose. The System's investment policy does not provide specific requirements and limitations regarding investment ratings. According to the authoritative literature from the GASB, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As of August 31, 2025, the System's credit quality distribution for securities with credit risk exposure was as follows:

Investments Exposed to Credit Risk							
Table 3C							
August 31, 2025							
Investment Type	Standard and Poor's						Total
	AAA	AA	A	BBB	A-1	Unrated	
Alternative Investments:							
Private Debt/Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,137,808.53	\$ 4,137,808.53
Commercial Paper	-	-	-	-	20,663,022.00	-	20,663,022.00
Corporate Obligations	16,808,864.00	2,557,177.83	40,065,864.88	33,787,566.86	-	27,130,364.51	120,349,838.08
Domestic Mutual Funds	-	-	-	-	-	250,745,742.55	250,745,742.55
Equity	-	-	-	-	-	75,832,371.22	75,832,371.22
Fixed Income Money Market and Bond Mutual Funds	75,738,391.73	-	-	-	-	61,367,435.85	137,105,827.58
Hedge Funds	-	-	-	-	-	20,793,814.19	20,793,814.19
International Commingled Funds	-	-	-	-	-	17,106,996.92	17,106,996.92
International Equity	-	-	-	-	-	41,534,826.69	41,534,826.69
International Mutual Funds	-	-	-	-	-	46,268,638.03	46,268,638.03
International Obligations	-	1,048,119.06	3,234,227.90	-	-	-	4,282,346.96
Miscellaneous	-	-	-	-	-	53,594,597.21	53,594,597.21
Other Commingled Funds	-	-	-	-	-	65,522,682.11	65,522,682.11
Other Commingled Funds (TexasCLASS)	141,297,479.14	-	-	-	-	-	141,297,479.14
U.S. Government Agency Obligations	-	1,731,436.85	561,419.69	-	-	1,408,215.06	3,701,071.60
U.S. Treasury Securities	-	229,218,307.02	-	-	-	-	229,218,307.02
Total	\$233,844,734.87	\$234,555,040.76	\$ 43,861,512.47	\$ 33,787,566.86	\$ 20,663,022.00	\$665,443,492.87	\$1,232,155,369.83

Concentration of Credit Risk

Concentration of credit risk is the risk that, in the event of the failure of one issuer, the System will not be able to recover the value of its investment. The System's investment regulation does not provide specific requirements and limitations regarding concentration of credit. As of August 31, 2025, the System did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the System's fixed income investments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. State statutes and the System's investment regulation do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of August 31, 2025, the System did not have investments that are exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of August 31, 2025, the System investments subject to interest rate risk – commingled funds, certificates of deposit, repurchase agreements and fixed income money market – have an average maturity of less than one year. The

UNIVERSITY OF NORTH TEXAS SYSTEM
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For the Year Ended August 31, 2025

System's investments in U.S. Government Agency Obligations have an average maturity of approximately three years and corporate obligations have an average maturity of approximately four years. Fixed income investments held would be subject to credit risk, price risk, and interest rate risk; moreover, pools may invest in securities whose fair values would be sensitive to changes in interest rates.

Foreign Currency Risk

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The System's investment policy does not provide specific requirements and limitations regarding investments in foreign currency. As of August 31, 2025, the System's investments were all denominated in U.S. dollars.

Internal Investment Pools

UNT Foundation Internal Investment Pool

The UNT Foundation holds and invests certain funds in trust on behalf of UNT and UNTD. For UNT, pursuant to an investment management agreement dated August 24, 2012, certain UNT endowment assets have been placed with the UNT Foundation and invested in the UNT Foundation's Consolidated Investment Pool ("UNT Foundation Pool"). The initial term of the agreement ended August 31, 2013, with a provision to automatically renew annually thereafter. On September 11, 2019, the agreement was re-written with an effective date of September 1, 2019 and the initial term ending date of August 31, 2027, with a provision to automatically renew and extend for additional five-year terms. Effective December 1, 2020, the UNT Foundation entered into an investment management agreement with the UNTD to manage certain of its endowment assets in the UNT Foundation Pool. The initial term of the agreement ends August 31, 2030, with a provision to automatically renew and extend for additional five-year terms. UNTD may terminate the agreement with 90 days' notice if it determines that its own foundation is operationally capable of performing the investment and management of the UNTD endowments prior to expiration of the agreement.

The UNT Foundation Pool is invested with external investment managers who invest in equity, fixed income, and alternative investment funds, both domestic and international. The UNT Foundation's investment policy allows for the asset allocation to be maintained within the following tactical ranges: 65-85% growth assets (U.S. and international equities as well as inflation protection assets including real assets) and 15-35% income-oriented assets (U.S. and global fixed income funds and cash). The UNT Foundation's investment committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio's specific underlying assets. Complete audited financial statements of the UNT Foundation can be obtained from <https://endow.unt.edu/>.

As of August 31, 2025, total investments held by the UNT Foundation, including the System portion of \$112,319,996.45, consisted of the following investment types:

Investments and Cash Equivalents	
Table 3D: UNT Foundation	
August 31, 2025	
Investment	Total
Fixed Income Money Market and Bond Mutual Funds	\$ 77,587,270.00
Domestic Mutual Funds	100,631,384.00
International Mutual Funds	53,982,423.00
International Other Commingled Funds	58,732,175.00
Other Commingled Funds	40,898,264.00
Alternative Investments:	
Private Debt/Equity	40,292,708.00
Miscellaneous	14,126,094.00
Total Investments	\$ 386,250,318.00

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The UNT Foundation Pool's investments are not rated by Standard & Poor's. As of August 31, 2025, the UNT Foundation Pool did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the UNT Foundation Pool's investments. The UNT Foundation Pool did not have investments exposed to custodial credit risk. The UNT Foundation Pool's investments subject to interest rate risk – fixed income money market and bond mutual funds – have a weighted average maturity of less than one year and approximately seven years, respectively.

As of August 31, 2025, the System's investments in the UNT Foundation Pool consisted of the following investment types:

Equity

Equity consists of direct ownership of equity securities in publicly-held corporations. Equity securities are typically managed by an external investment advisor.

Domestic Mutual Funds

Domestic mutual funds are mutual funds that, by policy, invest primarily in U.S. equity or debt securities of publicly-held corporations.

International Other Commingled Funds

International other commingled funds include ownership of unit interests in commingled pools which invest primarily in international equity securities of publicly held corporations.

International Mutual Funds

International mutual funds are mutual funds that, by policy, invest primarily in international equity securities of publicly-held corporations.

Fixed Income Money Market & Bond Mutual Funds

Money market mutual funds ("MMF") are open-end mutual funds registered with the U.S. Securities and Exchange Commission ("SEC") under SEC's "Rule 2a-7," which enforces specific restrictions to enhance liquidity and credit quality. MMFs may have either a stable net asset value ("NAV"), typically maintaining a \$1.00 per share value or a floating NAV that fluctuates based on the market value of underlying assets. SEC's "Rule 2a-7" imposes limits on the maximum maturity of individual securities, as well as weighted-average maturity and life for the fund's portfolio. Bond mutual funds, also publicly traded and open-end, primarily invest in fixed income securities from U.S. Government entities, corporations and international issuers.

Alternative Investments

Alternative investments consist of hedge funds, real estate, private debt, and other pooled funds that employ various investment strategies that are typically less correlated to the publicly traded investment markets. Investments may be held through a combination of unit interests in limited partnerships, publicly-traded open-end mutual fund vehicles, or unit ownership in other commingled pooled funds.

UNT Health Foundation Internal Investment Pool

Certain investments of the System are managed by the UNT Health Foundation in its internal long-term investment pool ("UNT Health Foundation Pool"). The UNT Health Foundation Pool is invested with external investment managers who invest in equity, mutual funds, and alternative investment funds, both domestic and international. The primary investment objective of the UNT Health Foundation is long-term growth of capital. It is recognized that short-term fluctuations in the capital markets may result in the loss of capital on occasion (i.e., negative rates of return). However, the total asset value of the UNT Health Foundation Pool, exclusive of contributions or withdrawals, should grow in the long-run. It should earn, through a combination of investment income and capital appreciation, a rate of return in excess of a balanced market index while incurring less risk than such index. The Board and/or the Investment Committee of the UNT Health Foundation intends to maximize the portfolio's total return comprising income and net realized and unrealized gains and losses. This objective is to be accomplished by assuming a prudent level of risk in the investment of the UNT Health Foundation assets. Complete audited financial statements of the UNT Health Foundation can be obtained by writing to UNT Health Foundation at 3500 Camp Bowie Boulevard Suite 802, Fort Worth, Texas, 76107.

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As of August 31, 2025, total investments held by the UNT Health Foundation, including the System portion of \$131,451,608.63, consisted of the following investment types:

Investments and Cash Equivalents	
Table 3E: UNT Health Foundation	
August 31, 2025	
Investment	Total
Domestic Mutual Funds	\$ 29,062,905.00
Equity	91,157,367.00
International Equity	33,339,625.00
Alternative Investments:	
Miscellaneous	14,337,903.00
Total Investments	\$ 167,897,800.00

The UNT Health Foundation Pool's investments are not rated by Standard & Poor's. As of August 31, 2025, the UNT Health Foundation Pool did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the UNT Health Foundation Pool's investments. The UNT Health Foundation Pool did not have investments exposed to custodial credit risk. The UNT Health Foundation Pool's investments subject to interest rate risk – fixed income money market and bond mutual funds – have a weighted average maturity of less than one year and approximately eight years, respectively.

As of August 31, 2025, the System's investments in the UNT Health Foundation Pool consisted of the following investment types:

Equity

Equity consists of direct ownership of equity securities in publicly-held corporations. Equity securities are typically managed by an external investment advisor.

International Equity

International equity consists of direct ownership of international equity securities in publicly-held corporations. Equity securities are typically managed by an external investment advisor.

Domestic Mutual Funds

Domestic mutual funds are mutual funds that, by policy, invest primarily in U.S. equity securities of publicly-held corporations.

Alternative Investments

Alternative investments consist of hedge funds, real estate, and other pooled funds that employ various investment strategies that are typically less correlated to the publicly traded investment markets. Investments may be held through a combination of unit interests in limited partnerships, publicly-traded open-end mutual fund vehicles, or unit ownership in other commingled pooled funds.

Fair Value Measurements

The System's investments are recorded at fair value as of August 31, 2025, and have been categorized based upon a fair value hierarchy in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The System categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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The following describes the hierarchy of inputs used to measure fair value on a recurring basis:

Level 1	Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
Level 2	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information)
Level 3	Unobservable inputs for an asset or liability

The System has the following recurring fair value measurements as of August 31, 2025:

Investments Fair Value				
Table 3F				
August 31, 2025				
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments by Fair Value Level				
Alternative Investments:				
Private Debt/Equity	\$ 4,137,808.53	\$ -	\$ -	\$ 4,137,808.53
Commercial Paper	20,663,022.00	20,663,022.00	-	-
Corporate Obligations	120,349,838.08	120,349,838.08	-	-
Domestic Mutual Funds	227,709,071.17	227,709,071.17	-	-
Equity	4,462,868.28	4,462,868.28	-	-
Fixed Income Money Market and Bond Mutual Funds	114,648,131.30	114,648,131.30	-	-
Hedge Funds	20,793,814.19	-	20,793,814.19	-
International Equity	15,432,356.39	15,432,356.39	-	-
International Mutual Funds	30,545,107.56	30,545,107.56	-	-
International Obligations	4,282,346.96	4,282,346.96	-	-
Miscellaneous	26,518,440.26	-	-	26,518,440.26
Other Commingled Funds	24,624,102.27	-	24,624,102.27	-
U.S. Government Agency Obligations	3,701,071.60	3,701,071.60	-	-
U.S. Treasury Securities	229,218,307.02	229,218,307.02	-	-
Total Investments at Fair Value	\$ 847,086,285.61	\$ 771,012,120.36	\$ 45,417,916.46	\$ 30,656,248.79
Investments and Cash Equivalents Measured at NAV				
Externally Managed Investments - Foundation Managed Pools	\$ 243,771,605.08			
Total Investments at NAV	\$ 243,771,605.08			
Total Investments at Fair Value and NAV	\$1,090,857,890.69			
Investments and Cash Equivalents not Measured at Fair Value				
Other Commingled Funds (TexasCLASS)	\$ 141,297,479.14			
Total Investments not Measured at Fair Value	\$ 141,297,479.14			
Total Investments	\$1,232,155,369.83			

Investments classified in Level 1 of the fair value hierarchy, totaling \$771,012,120.36 for the fiscal year ended August 31, 2025, are valued using quoted prices in active markets. Fair values for hedge funds using level 2 inputs are based on daily valuations of assets and reported to investors on a monthly basis. Investments may include less liquid securities, direct loans or debt securities, and distressed debt combined with the use of derivatives and leverage. Valuations not directly observable may be determined by pricing and performance models. Fair values for private equity funds using level 3 inputs are often not directly observable. Fair valuations published by general partners for the use of limited partner investors are often determined by the best information available and audited by outside third-party auditors. Investments are typically valued on a quarterly basis.

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The UNT Foundation Pool has the following recurring fair value measurements as of August 31, 2025, which includes \$112,319,996.45 of the System's externally managed investments:

Investments Fair Value				
Table 3G: UNT Foundation				
August 31, 2025				
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments by Fair Value Level				
Fixed Income Money Market and Bond Mutual Funds	\$ 77,587,270.00	\$ 73,195,366.00	\$ 4,391,904.00	\$ -
Domestic Mutual Funds	100,631,384.00	100,631,384.00	-	-
International Mutual Funds	53,982,423.00	53,982,423.00	-	-
International Other Commingled Funds	22,611,370.00	22,611,370.00	-	-
Other Commingled Funds	40,898,264.00	40,898,264.00	-	-
Total Investments at Fair Value	\$ 295,710,711.00	\$ 291,318,807.00	\$ 4,391,904.00	\$ -
Investments Measured at NAV				
International Other Commingled Funds	\$ 36,120,805.00			
Private Debt/Equity	40,292,708.00			
Miscellaneous	14,126,094.00			
Total Investments at NAV	\$ 90,539,607.00			
Total Investments	\$ 386,250,318.00			

The UNT Health Foundation Pool has the following recurring fair value measurements as of August 31, 2025, which includes \$131,451,608.63 of the System's externally managed investments:

Investments Fair Value				
Table 3H: UNT Health Foundation				
August 31, 2025				
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments by Fair Value Level				
Domestic Mutual Funds	\$ 29,062,905.00	\$ 29,062,905.00	\$ -	\$ -
Equity	91,157,367.00	91,157,367.00	-	-
International Equity	33,339,625.00	33,339,625.00	-	-
Total Investments at Fair Value	\$ 153,559,897.00	\$ 153,559,897.00	\$ -	\$ -
Investments and Cash Equivalents Measured at NAV				
Cash Equivalents	\$ 2,798,271.00			
Alternative Investments	11,539,632.00			
Total Investments at NAV	\$ 14,337,903.00			
Total Investments	\$ 167,897,800.00			

Within the pools, financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for mutual funds valued using Level 2 inputs are based on published daily valuations. Fair values for the Hedge Funds and REITs are determined by third-party valuations.

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Other Commingled Funds consists of funds invested with TexasCLASS. These commingled funds were established in conformity with the Texas Government Code, Interlocal Cooperation Act, Chapter 791, and the Texas Government Code, Public Funds Investment Act, Chapter 2256. They are structured somewhat like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are also adjusted on a daily basis and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. The System reports its investment with TexasCLASS of \$141,297,479.14 at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Please refer to the Investments Reported at Net Asset Value section below for further information regarding commingled funds reported at fair value. For commingled funds reported at amortized cost, there are no limitations or restrictions on withdrawals and maximum transaction amounts.

Investments Reported at Net Asset Value

Externally Managed Investments – UNT Foundation and UNT Health Foundation managed endowments

The System records its unitized portion of investments held with the UNT Foundation and the UNT Health Foundation using NAV. As of August 31, 2025, \$243,771,605.08 of the System's externally managed investments are managed by the UNT Foundation and the UNT Health Foundation, as follows:

Externally Managed Investments at Net Asset Value						
Table 31						
August 31, 2025						
Fair Value	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Range - Low	Notice Range - High	Unfunded Commitment
Equity Funds	\$ 97,471,973.24	Daily	N/A	1 Day	N/A	\$ -
Mutual Funds	61,217,898.13	Daily	Daily	1 Day	1 Day	-
Commingled Funds	58,005,576.76	Daily	Quarterly	1 Day	30 Days	-
Private Debt/Equity	11,736,109.40	N/A	N/A	N/A	N/A	7,931,422.98
Miscellaneous	15,340,047.55	N/A	N/A	N/A	N/A	6,660,902.35
Total	\$ 243,771,605.08					\$ 14,592,325.33

Texas University Fund

The Texas University Fund ("TUF") was created by the 88th Texas Legislature, Regular Session, and became effective January 1, 2024, after voter approval of the constitutional amendments establishing the TUF and certain constitutionally dedicated appropriations from the state's Economic Stabilization Fund. The TUF was created to enable qualifying general academic teaching institutions, including UNT, to achieve national prominence as major research universities. The TUF is administered by the Texas Treasury Safekeeping Trust Company and is not reflected in the basic financial statements of the System. The net position of TUF as of August 31, 2025 was \$5,316,500,319.18, of which UNT's allocation was \$569,625,034.20. For fiscal year 2025, the System's share of the TUF distribution was \$29,122,890.00.

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Note 4: Short-Term Debt

Commercial Paper

The University of North Texas Board of Regents approved resolutions limiting the principal amount of Series A Commercial Paper Notes that may be outstanding at any one time to \$75,000,000.00. Similarly, the issuance of Series B Commercial Paper Notes may not exceed, in aggregate, the principal amount of \$75,000,000.00 at any one time. Outstanding commercial paper proceeds may be used for the purpose of financing project costs of eligible projects and to refinance, renew, or refund commercial paper notes, prior encumbered obligations, and parity obligations, including interest. Commercial paper notes may not be issued to refinance or refund prior encumbered obligations or parity bonds without the approval of the System Board of Regents. Commercial paper activity for the System for the fiscal year ended August 31, 2025 is as follows:

Commercial Paper				
Table 4A				
August 31, 2025				
	September 1, 2024	Additions	Reductions	August 31, 2025
Series A Commercial Paper	\$ 47,485,000.00	\$ 10,237,000.00	\$ 57,722,000.00	\$ -
Series B Commercial Paper	36,483,000.00	38,517,000.00	72,864,000.00	2,136,000.00
Total Commercial Paper	\$ 83,968,000.00	\$ 48,754,000.00	\$ 130,586,000.00	\$ 2,136,000.00

The outstanding balance of commercial paper at August 31, 2025 was \$2,136,000.00 at an average interest rate of 3.07%. Average commercial paper maturity during the fiscal year ended August 31, 2025 was approximately 57 days. The System will provide liquidity support for \$75,000,000.00 in Series A Commercial Paper Notes by utilizing available funds of the System in lieu of or in addition to bank liquidity support. The maximum maturity for commercial paper is 270 days. In practice, the System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts or institutional funds are received to retire the commercial paper debt. The commercial paper programs do not have (1) unused lines of credit, (2) assets pledged as collateral, or (3) terms specified in debt agreements related to significant (i) events of default with finance-related consequences, (ii) termination events with finance-related consequences, and (iii) subjective acceleration clauses.

The System adheres to the requirements of the Federal Securities Act of 1933, which precludes proceeds from commercial paper issues to be used for financing fixed assets, such as plant and equipment, on a permanent basis. The System, working with bond counsel and its financial advisor, routinely determines alternative long-term funding to ensure that commercial paper is used as interim financing only and will be paid off after completion of construction or equipment acquisition.

Direct Borrowing Notes and Loans Payable

Direct borrowing notes and loans payable consists of amounts used to finance the acquisition of computer equipment. See Note 5, *Long-Term Liabilities* for more information.

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Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the fiscal year ended August 31, 2025:

Long-Term Liabilities Activity								
Table 5A								
August 31, 2025								
	September 1, 2024	Restatement	Additions	Reductions	August 31, 2025	Amounts Due Within One Year	Amounts Due Thereafter	
Bonds Payable:								
Revenue Bonds Payable	\$ 684,320,000.00	\$ -	\$ 322,445,000.00	\$ 133,800,000.00	\$ 872,965,000.00	\$ 58,525,000.00	\$ 814,440,000.00	
Unamortized Net Premiums	49,259,323.72	-	16,478,789.80	12,582,551.23	53,155,562.29	6,540,910.93	46,614,651.36	
Direct Placement Revenue Bonds Payable	7,340,000.00	-	-	2,710,000.00	4,630,000.00	2,775,000.00	1,855,000.00	
Total Revenue Bonds Payable	\$ 740,919,323.72	\$ -	\$ 338,923,789.80	\$ 149,092,551.23	\$ 930,750,562.29	\$ 67,840,910.93	\$ 862,909,651.36	
Direct Borrowing Notes and Loans Payable	\$ -	\$ -	\$ 139,594.52	\$ 27,918.91	\$ 111,675.61	\$ 27,918.91	\$ 83,756.70	
Claims and Judgments	1,703,367.00	-	-	680,735.00	1,022,632.00	563,815.00	458,817.00	
Employees' Compensable Leave	30,937,920.81	3,471,212.29	1,514,674.95	-	35,923,808.05	4,508,370.04	31,415,438.01	
Lease Obligations	5,319,391.97	-	-	1,784,913.40	3,534,478.57	849,653.14	2,684,825.43	
Subscription Obligations	15,454,727.61	-	13,914,332.22	10,728,070.61	18,640,989.22	9,008,330.30	9,632,658.92	
Asset Retirement Obligation	3,009,375.00	-	79,875.00	-	3,089,250.00	-	3,089,250.00	
Net Pension Liability	236,226,885.00	-	22,102,302.00	50,091,517.00	208,237,670.00	-	208,237,670.00	
Net OPEB Liability	426,927,989.00	-	53,262,014.00	35,699,319.00	444,490,684.00	20,937,398.00	423,553,286.00	
Other Noncurrent Liabilities	1,770,456.71	-	7,239.30	-	1,777,696.01	-	1,777,696.01	
Total Long-Term Liabilities	\$ 1,462,269,436.82	\$ 3,471,212.29	\$ 429,943,821.79	\$ 248,105,025.15	\$ 1,647,579,445.75	\$ 103,736,396.32	\$ 1,543,843,049.43	

Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2025 are as follows:

Revenue Bonds Payable			
Table 5B			
August 31, 2025			
Year	Principal	Interest	Total
2026	\$ 58,525,000.00	\$ 38,650,730.55	\$ 97,175,730.55
2027	59,485,000.00	37,440,743.26	96,925,743.26
2028	61,790,000.00	34,901,437.56	96,691,437.56
2029	64,070,000.00	32,217,744.10	96,287,744.10
2030	61,635,000.00	29,390,431.96	91,025,431.96
2031-2035	268,430,000.00	105,664,936.62	374,094,936.62
2036-2040	137,780,000.00	55,591,705.72	193,371,705.72
2041-2045	87,425,000.00	28,469,959.60	115,894,959.60
2046-2050	63,605,000.00	9,748,788.80	73,353,788.80
2051-2052	10,220,000.00	617,200.00	10,837,200.00
Total	\$ 872,965,000.00	\$ 372,693,678.17	\$ 1,245,658,678.17

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Direct Placement Revenue Bonds Payable

Scheduled principal and interest payments for direct placement revenue bonds issued and outstanding as of August 31, 2025 are as follows:

Direct Placement Revenue Bonds Payable			
Table 5C			
August 31, 2025			
Year	Principal	Interest	Total
2026	\$ 2,775,000.00	\$ 111,120.00	\$ 2,886,120.00
2027	1,855,000.00	44,520.00	1,899,520.00
Total	\$ 4,630,000.00	\$ 155,640.00	\$ 4,785,640.00

At August 31, 2025, the System had outstanding revenue bonds payable from direct placements of \$4,630,000.00. The direct placement revenue bonds do not have existing provisions related to early terminations or payment accelerations. As of August 31, 2025, the System has no unused lines of credit. The Series 2018 Bond includes the following provision: For so long as this bond is outstanding, if the issuer defaults in the timely payment of principal or interest on this bond when due, this bond shall bear interest at the rate of 8.00% per annum, until such time as the payment default is cured.

Total interest expense and fiscal charges of \$30,702,463.43 was reported for the fiscal year ended August 31, 2025. Total interest and fiscal charges incurred for the fiscal year ended August 31, 2025 was \$36,209,440.19, which was offset by \$5,275,959.49 and \$231,017.27 for the amortization of premiums (including \$685,669.31 premium write-off due to refunding in fiscal year 2025) and deferred inflows and outflows of resources from bond refundings, respectively. Of the total interest expense and fiscal charges, \$30,698,451.66 of interest was paid for revenue bonds and direct placement revenue bonds.

Funds Available for Debt Service

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, as amended, makes a basic distinction between the sales of receivables and future revenues, versus the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing).

Total pledged revenues consist of available pledged revenues, which include the gross revenues of the Revenue Financing System ("RFS"), the Student Union Fee, pledged general tuition (which includes general use fees), investment income, and funds held for payment of debt service. In addition to current year pledged revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year debt service. System HEF reserves cannot be included in total pledged revenues. The following table provides the pledged revenue information for the System's revenue bonds:

Pledged Future Revenue			
Table 5D			
August 31, 2025			
	Revenue Bonds	Direct Placement Revenue Bonds	
Pledged Revenue Required for Future Principal and Interest on Existing Debt	\$ 1,245,658,678.17	\$ 4,785,640.00	
Term of Commitment Year Ending 8/31	2052	2027	
Percentage of Pledged Revenue	100.0%	100.0%	
Current Year Pledged Revenue	\$ 1,498,832,764.55	\$ 1,498,832,764.55	
Current Year Principal and Interest Paid	\$ 73,772,291.66	\$ 2,886,160.00	

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Direct Borrowing Notes and Loans Payable

Direct borrowing notes and loans payable consists of amounts used to finance the acquisition of computer equipment. Scheduled principal and interest payments for direct borrowing notes and loans payable outstanding as of August 31, 2025 are as follows:

Direct Borrowing Notes and Loans Payable			
Table 5E			
August 31, 2025			
Year	Principal	Interest	Total
2026	\$ 27,918.91	\$ 22,411.48	\$ 50,330.39
2027	27,918.90	22,411.48	50,330.38
2028	27,918.90	22,411.48	50,330.38
2029	27,918.90	22,411.47	50,330.37
Total	<u>\$ 111,675.61</u>	<u>\$ 89,645.91</u>	<u>\$ 201,321.52</u>

Claims and Judgments

As of August 31, 2025, the Claims and Judgments liability accrual is comprised of incurred but not reported ("IBNR") activity associated with UNTH. According to authoritative GASB guidance, liabilities should be recognized when the possibility of loss is probable and the amount of loss is reasonably estimable. See Note 12, *Contingencies and Commitments*, and Note 14, *Risk Management*, for more information on the claims and judgments against the System.

Employees' Compensable Leave

Effective for fiscal year 2025, the System implemented GASB Statement No. 101, *Compensated Absences*. This standard requires for leave benefits that are earned, attributable to services already rendered, and more likely than not to be used or paid. The net change in the compensated absences liability for fiscal year 2025 are presented in Table 5A. The liability is calculated using current pay rates as of the financial statement date and includes applicable salary-related employer costs.

Lease Obligations and Subscription Obligations

See Note 7, *Leases and SBITAs*, for more information on right to use obligations.

Asset Retirement Obligation

As of August 31, 2025, the System held two radioactive material licenses associated with facilities at UNT and UNTH. The estimated remaining useful life of the associated tangible capital assets is 189 months and 105 months, respectively. Licensing of Radioactive Materials is regulated by the State of Texas via Texas Administrative Code Title 25 Health Services, Part 289 Radiation Control, Subpart 252 Licensing of Radioactive Materials. The System estimated the obligation amount using best-estimate current value based on settlement amount and recorded the initial measurement as a deferred outflow of resources and a noncurrent liability. The System will assess the ARO account balances annually for any significant changes in current value and make all necessary adjustments. ARO balances are reduced annually by the amount of actual expenditures to retire the asset. In accordance with Texas Administrative Code, Title 25, Part 1, Chapter 289, Subchapter D, Rule 289.201(c), the System is exempted from posting the financial instruments specifically based upon being a state funded academic facility actively working to reduce the amount of radioactive material authorized on its licenses.

Net Pension Liability

See Note 1, *Summary of Significant Accounting Policies*, and Note 8, *Defined Benefit Pension Plan and Defined Contribution Plan*, for more information on the Net Pension Liability.

Net OPEB Liability

See Note 1, *Summary of Significant Accounting Policies*, and Note 9, *Postemployment Benefits Other Than Pensions*, for more information on the Net OPEB Liability.

Other Noncurrent Liabilities

The System reported balances in Other Noncurrent Liabilities in fiscal year 2025 related to other liabilities, including the wind down of the Perkins Loan Program. Specifically, the federal share to be returned in proportion to the total excess liquid capital of the Perkins Loan Program was recorded as an other noncurrent liability in 2025.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Note 6: Bonded Indebtedness

At August 31, 2025, the System had revenue bonds principal outstanding of \$877,595,000.00. RFS debt is secured by and payable from pledged revenues as defined in the Master Resolution establishing the RFS. Pledged revenues consist of all lawfully available revenues, funds and balances, with certain exceptions, pledged to secure revenue-supported indebtedness issued under the Master Resolution as set forth by the State. General information related to revenue bonds outstanding as of August 31, 2025 is summarized in the table below:

Bonded Indebtedness					
Table 6A					
August 31, 2025					
Bond	Purpose	Issue Date	Interest Rates	Amount Issued	Total Principal Outstanding
Public Offerings					
RFS Refunding Bonds, Series 2015A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2014 Private Placement Arrangement, for refunding a portion of the commercial paper notes and provide funding for constructing and equipping buildings, and paying certain costs of issuing the bonds	10/21/2015	2.0000% - 5.0000%	\$ 105,130,000.00	\$ -
RFS Refunding Bonds, Series 2015B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2014 Private Placement Arrangement, for refunding a portion of the commercial paper notes, provide funding for constructing and equipping buildings, and paying certain costs of issuing the bonds	10/21/2015	0.3000% - 4.8380%	73,035,000.00	32,825,000.00
RFS Refunding Bonds, Series 2017A	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009A; a portion of the outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	1/31/2017	1.0000% - 5.0000%	196,165,000.00	119,690,000.00
RFS Refunding Bonds, Series 2017B	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009A; a portion of the outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	1/31/2017	0.9000% - 4.1220%	164,305,000.00	89,850,000.00
RFS Refunding Bonds, Series 2018A	To provide funds for the purposes of constructing, improving, renovating, and equipping property; refunding a portion of the outstanding commercial paper notes; and paying certain costs of issuing the bonds	9/11/2018	3.0000% - 5.0000%	149,425,000.00	143,020,000.00
RFS Refunding Bonds, Series 2018B	To provide funds for the purposes of constructing, improving, renovating, and equipping property; refunding a portion of the outstanding commercial paper notes; and paying certain costs of issuing the bonds	9/11/2018	2.3000% - 3.5500%	22,685,000.00	2,580,000.00
RFS Refunding Bonds, Series 2020A	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2010, 2015, and 2015C for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	7/2/2020	2.0000% - 5.0000%	59,475,000.00	21,460,000.00
RFS Refunding Bonds, Series 2020B	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2012A and 2012B; a portion of the outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	7/2/2020	0.6450% - 3.0020%	55,240,000.00	43,315,000.00
RFS Refunding Bonds, Series 2022	To provide funds for the purposes of refunding a portion of the outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	3/29/2022	4.0000% - 5.0000%	101,555,000.00	97,780,000.00
RFS Refunding Bonds, Series 2025A	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2015A; for the purposes of refunding a portion of the outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	5/14/2025	5.0000% - 5.0000%	213,850,000.00	213,850,000.00
RFS Refunding Bonds, Series 2025B	To provide funds for the purposes of refunding a portion of the outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	5/14/2025	4.0560% - 5.6220%	108,595,000.00	108,595,000.00
Total Public Offerings				<u>\$ 1,249,460,000.00</u>	<u>\$ 872,965,000.00</u>
Direct Borrowings					
RFS Refunding Bonds, Series 2018	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009; and paying certain costs of issuing the bonds	3/14/2018	2.4000% - 2.4000%	\$ 22,845,000.00	\$ 4,630,000.00
Total Direct Placements				<u>\$ 22,845,000.00</u>	<u>\$ 4,630,000.00</u>
Total Bonded Indebtedness				<u>\$ 1,272,305,000.00</u>	<u>\$ 877,595,000.00</u>

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Early Extinguishments in 2025

The System refunded \$90,550,000.00 of the RFS Refunding Series 2015A bonds with the RFS Refunding Bonds, Series 2025A:

- RFS Refunding Bonds, Series 2025A, was issued on May 14, 2025 to refund \$90,550,000.00 of the RFS Series, 2015A bonds, issue new money proceeds, and pay certain costs of issuing the bonds.
- Series 2025A Bonds were issued at a premium of \$16,478,789.80 and par value of \$213,850,000.00.
- Net proceeds of \$90,954,983.92, after payment of \$1,390,988.23 in issuance cost and underwriting fees, were used to purchase U.S. Government Securities. The proceeds and cash were deposited in an irrevocable trust with an escrow agent to provide future debt payments on the 2015A bond.
- Refunding the Series 2015A bond with the Series 2025A bond reduced the System's debt service payments over the next 20 years by approximately \$8,224,864.58.
- Economic gain of \$6,212,510.18 is the difference between the net present value of the old and new debt service payments. In addition, the deferred amount of \$6,901,607.82 as deferred inflows from the Series 2025A portion of the refunding.

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Note 7: Leases and SBITAs

The System has entered into agreements to lease (as lessee) certain buildings and building improvements, land and other improvements, and equipment. The agreements to lease qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and, therefore, have been recorded at the present value of the future minimum lease payment as of the date of their inception.

The agreements to lease terms will expire in various years through 2093. In 2025, the total lease payment was \$1,855,777.00, comprised of \$1,784,913.40 principal and \$70,863.60 interest expense. The lease liability was measured based upon the incremental borrowing rate as of the contract start date. The incremental borrowing rate is calculated using the quarterly average of Treasury Constant Maturities as reported by the Federal Reserve. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. For the fiscal year ended August 31, 2025, there were no variable payments. There were no residual value guarantees as part of the lease agreements. At August 31, 2025, as a result of the agreements to lease, the System recorded lease assets with a gross asset balance of \$10.6 million and \$7.2 million in accumulated amortization, ending in a net book value of \$3.4 million. More detailed information regarding the System's lease assets is provided in Note 2, *Capital Assets*.

The future minimum lease payments under non-cancelable leases having an initial term in excess of one year as of August 31, 2025 are as follows:

Right to Use Lease Future Obligations			
Table 7A			
August 31, 2025			
Fiscal Year	Principal	Interest	Total Future Min. Lease Payments
2026	\$ 849,653.14	\$ 61,528.97	\$ 911,182.11
2027	59,394.49	58,081.46	117,475.95
2028	60,618.46	56,857.50	117,475.96
2029	61,946.85	55,529.12	117,475.97
2030	63,383.06	54,092.90	117,475.96
2031 - 2035	338,226.14	249,153.67	587,379.81
2036 - 2040	376,936.38	210,443.41	587,379.79
2041 - 2045	420,105.32	167,274.47	587,379.79
2046 - 2050	267,747.31	124,632.57	392,379.88
2051 - 2055	77,034.23	110,345.78	187,380.01
2056 - 2060	85,857.56	101,522.44	187,380.00
2061 - 2065	95,643.33	91,736.67	187,380.00
2066 - 2070	106,656.58	80,723.42	187,380.00
2071 - 2075	118,873.77	68,506.23	187,380.00
2076 - 2080	132,490.61	54,889.39	187,380.00
2081 - 2085	147,649.07	39,730.93	187,380.00
2086 - 2090	164,590.54	22,789.46	187,380.00
2091 - 2093	107,671.73	4,756.27	112,428.00
Total	\$ 3,534,478.57	\$ 1,612,594.66	\$ 5,147,073.23

In addition, the System has entered into agreements to lease (as lessor) certain buildings and other capital assets to outside parties. The agreements to lease terms will expire in various years through 2039. In 2025, the total right to use lease income was \$3,732,816.24, comprised of \$3,446,599.25 principal and \$286,216.99 interest income.

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The payments to be received under non-cancelable leases having an initial term in excess of one year as of August 31, 2025 are as follows:

Right to Use Lease Future Income			
Table 7B			
August 31, 2025			
Fiscal Year	Principal	Interest	Total Future Min. Lease Income
2026	\$ 2,897,408.01	\$ 245,731.37	\$ 3,143,139.38
2027	2,438,948.52	182,610.43	2,621,558.95
2028	1,913,544.51	128,130.79	2,041,675.30
2029	1,490,996.36	93,275.57	1,584,271.93
2030	1,189,709.80	69,601.99	1,259,311.79
2031 - 2035	2,644,423.14	154,896.87	2,799,320.01
2036 - 2039	688,810.66	22,211.80	711,022.46
Total	\$ 13,263,841.00	\$ 896,458.82	\$ 14,160,299.82

The System has entered into SBITAs for the right to use external party's information technology software, platform, and/or infrastructure. These agreements qualify as other than short-term subscriptions or agreements under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Therefore, a right to use subscription asset and corresponding subscription liability have been recorded at the commencement of the subscription terms.

These agreements will expire in various years through 2030. In 2025, the total subscription payment was \$11,325,045.36, comprised of \$10,585,569.81 principal and \$739,475.55 interest expense. The subscription liability was measured based upon the incremental borrowing rate as of the contract start date. The incremental borrowing rate is calculated using the quarterly average of Treasury Constant Maturities as reported by the Federal Reserve. Variable payments that are not fixed in substance are not included in the measurement of the subscription liability. For the fiscal year ended August 31, 2025, there were no variable payments. There were no changes in the manner or duration of use of the right-to-use SBITA assets for the fiscal year ended August 31, 2025 and thus no impairment loss to disclose.

At August 31, 2025, as a result of these agreements, the System recorded right-to-use subscription assets with a gross asset balance of \$43.9 million and \$22.3 million in accumulated amortization, ending in a net book value of \$21.6 million. More detailed information regarding the System's right-to-use subscription assets is provided in Note 2, *Capital Assets*.

The future minimum lease payments remaining under non-cancelable lease terms with an initial term in excess of one year as of August 31, 2025 are as follows:

Right to Use Subscription Future Obligations			
Table 7C			
August 31, 2025			
Fiscal Year	Principal	Interest	Total Future Min. Payments
2026	\$ 9,008,330.30	\$ 689,222.23	\$ 9,697,552.53
2027	5,952,041.21	415,345.20	6,367,386.41
2028	2,155,658.61	152,263.38	2,307,921.99
2029	889,491.16	64,487.43	953,978.59
2030	635,467.94	26,753.80	662,221.74
Total	\$ 18,640,989.22	\$ 1,348,072.04	\$ 19,989,061.26

Note 8: Defined Benefit Pension Plan and Defined Contribution Plan

Teacher Retirement System

Plan Description

The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is the TRS Plan. The TRS Plan is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by TRS. The TRS Plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The TRS Plan is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Legislature has the authority to establish and amend benefits and contribution rates within the guidelines of the Texas Constitution. The TRS Plan's Board of Trustees does not have the authority to establish or amend benefit terms.

The employers in the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the TRS Plan. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS Plan.

Detailed information about the TRS Plan's fiduciary net position is available in a separately issued ACFR that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes, including automatic cost of living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Legislature.

All System personnel working on a half-time or greater basis that is projected to last for 4.5 months or more are eligible for membership in the TRS Plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began participation in the TRS Plan on or after September 1, 2007 must be age 60 to retire and members who were not vested in the TRS Plan on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

Contributions

Contribution requirements are established or amended pursuant to the Texas Constitution, Article XVI, Section 67, which requires the Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of the System during the year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

During the measurement period of 2024 for fiscal 2025 reporting, the amount of the System's contributions recognized by the plan was \$19,211,079.00. The contribution rates are based on a percentage of the monthly gross compensation for each member. Contributions by employees were 8.25% of gross earnings during the measurement period of 2024. Depending

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upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 8.25% of annual compensation for the measurement period of 2024.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2024 Annual Comprehensive Financial Report.

At August 31, 2025, the System reported a liability of \$208,237,670.00 for its proportionate share of the collective net pension liability of the TRS Plan. The collective net pension liability was measured as of August 31, 2024 (the "measurement date"), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the collective net pension liability at the measurement date was 0.3409028081%, which was a decrease of (0.0029983086)% from the 0.3439011167% measured at the prior measurement date. The System's proportionate share was based on its contributions to the pension plan, excluding State on-behalf contributions, relative to the contributions of all employers and non-employer contributing entities to the TRS Plan for the period September 1, 2023 through August 31, 2024 (the "measurement period"). During the measurement period, the amount of the System's contributions reported by the State was \$7,556,079.99. The State's proportionate share for those contributions was 0.1340835061%. The amount of net pension liability related to the System reported by the State was \$81,903,804.62. The amount reported by the state is related to on-behalf contributions, which are recognized as State appropriation general revenue on the System's financial statements in the fiscal year that the State contributed the amounts to TRS on the System's behalf.

For the fiscal year ended August 31, 2025, the System recognized pension expense of \$29,073,891.00. At August 31, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows/Inflows of Resources		
Table 8A: TRS Plan		
August 31, 2025		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 18,582,188.00	\$ -
Changes of assumptions	10,751,757.00	1,441,443.00
Difference between expected and actual experience	11,477,776.00	1,625,819.00
Change in proportion and contribution difference	10,584,530.00	11,454,971.00
Net difference between projected and actual investment return	1,265,805.00	-
Total	\$ 52,662,056.00	\$ 14,522,233.00

The \$18,582,188.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending August 31, 2026.

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization Impact of Deferred Outflows/ Inflows of Resources on Pension Expense	
Table 8B: TRS Plan	
August 31, 2025	
Year	Expense
2026	\$ 319,908.00
2027	21,325,628.00
2028	2,041,468.00
2029	(4,652,062.00)
2030	522,693.00
Total	\$ 19,557,635.00

Actuarial Assumptions

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2024 measurement date:

Actuarial Methods and Assumptions	
Table 8C: TRS Plan	
For the Fiscal Year Ended August 31, 2025	
<u>Actuarial Methods and Assumptions</u>	TRS Plan
Actuarial Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	7.00%
Long-term Expected Rate of Return	7.00%
Municipal Bond Rate	3.87%
Inflation	2.30%
Salary Increase	2.95% to 8.95% including inflation
Mortality	
Active	PUB 2010 Mortality Tables for Teachers, below median, with full generational mortality
Post-Retirement	2021 TRS Healthy Pensioner Mortality Tables with full generational projection using Scale U-MP
Ad Hoc Post-Employment Benefit Changes	None

The source for the municipal bond rate is the Bond Buyers 20 Index, which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders. The rate used is as of August 30, 2024, the rate closest to but not later than the measurement date.

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The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024. The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the four year period ended August 31, 2021 and adopted in July 2022. The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2019 through 2024. In addition, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc COLA.

The stipend was paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- One-time stipend of \$7,500 to eligible annuitants 75 years of age or older
- One-time stipend of \$2,400 to eligible annuitants age 70 to 74

The COLA, which needed (and received) voter approval, was applied to eligible annuitant payments beginning with the January 2024 payment. The COLA was based on retirement date:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013
- 6% COLA for eligible retirees who retired on or before August 31, 2001

Otherwise, there have been no changes to the benefit provisions of the plan since the prior measurement date. Due to the timing of the one-time stipend and ad hoc COLA, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

The discount rate of 7.00% was applied to measure the total net pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projected cash flows into and out of the TRS Plan assumed that active members, employers, and the non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the TRS Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan's investment portfolio are presented below:

Target Allocations		
Table 8D: TRS Plan		
August 31, 2025		
Asset Class	Target Allocation⁽²⁾	Long-Term Expected Geometric Real Rate of Return⁽³⁾
Global Equity		
USA	18.00%	4.40%
Non-U.S. Developed	13.00%	4.20%
Emerging Markets	9.00%	5.20%
Private Equity ⁽¹⁾	14.00%	6.70%
Stable Value		
Government Bonds	16.00%	1.90%
Absolute Return ⁽¹⁾	0.00%	4.00%
Stable Value Hedge Funds	5.00%	3.00%
Real Return		
Real Estate	15.00%	6.60%
Energy, Natural Resources & Infrastructure	6.00%	5.60%
Commodities	0.00%	2.50%
Risk Parity		
	8.00%	4.00%
Asset Allocation Leverage		
Cash	2.00%	1.00%
Asset Allocation Leverage	(6.00)%	1.30%
Total	100.00%	
⁽¹⁾ Absolute Return includes Credit Sensitive Investments.		
⁽²⁾ Target allocations are based on a fiscal year 2024 policy model.		
⁽³⁾ Capital Market assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023).		

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the System's net pension liability. The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Sensitivity of Net Pension Liability to Changes in Discount Rate			
Table 8E: TRS Plan			
August 31, 2025			
1.0% Decrease	Current Discount Rate	1.0% Increase	
6.00%	7.00%	8.00%	
\$ 332,608,325.00	\$ 208,237,670.00	\$ 105,187,742.00	

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Optional Retirement Program

The State has also established the Optional Retirement Program (the "ORP"), a defined contribution plan, for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS Plan and is available to certain eligible employees who hold faculty positions and other professional positions including but not limited to director-level and above, librarians, and coaches. The ORP provides for the purchase of annuity contracts and mutual funds and is administered by a variety of investment firms. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the employer contributions after one year and one day of participation.

The employee and employer contribution rates are established by the Legislature each biennium. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program. The State provides an option for a local supplement in addition to the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65% of annual compensation) and the employer (6.60% state base rate for 2025 plus any local supplement for a maximum 8.50% of annual compensation) for the fiscal year ended August 31, 2025, is provided in the following table:

Participant Contributions	
Table 8F: ORP	
For the Fiscal Year Ended August 31, 2025	
ORP Participation	
Member Contributions	\$ 9,406,956.57
Employer Contributions	9,714,970.81
Total	<u>\$ 19,121,927.38</u>

Note 9: Postemployment Benefits Other Than Pensions

Employees Retirement System

Plan Description

The state of Texas currently participates in two types of defined benefit OPEB plans. The System participates in the ERS Plan. The ERS Plan is a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation administered by ERS. The Legislature has the authority to establish and amend benefits and contribution rates within the guidelines of the Texas Constitution. The ERS Plan's Board of Trustees does not have the authority to establish or amend benefit terms. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551. The employers in the ERS Plan include the state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Employees of state of Texas agencies, colleges, universities and medical schools are members of the ERS Plan. Detailed information about the ERS Plan's fiduciary net position is available in a separately issued ACFR that includes financial statements and required supplementary information. That report may be obtained by writing to ERS at 200 E. 18th Street, Austin, TX, 78701-1400.

Benefits Provided

The ERS Plan provides postemployment health care, life, vision and dental insurance benefits to eligible retirees. The benefit and contribution provisions of the ERS Plan are authorized by state law and may be amended by the Legislature. All System employees that work at least 20 hours but less than 30 hours per week for an expected period of 4.5 months or more are eligible for partial health benefits under ERS. System employees that work 30 or more hours for an expected period of 4.5 months or more are eligible for full health benefits under ERS. Employees may retire at age 65 with 10 years of service with an employer who participated in the ERS Plan or any combination of age plus 10 years of service with an employer who participated in the ERS Plan that is equal to or greater than 80. The premium provisions are determined by the Texas Legislature and require monthly contributions by the State, System, and System employees. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

Contributions

During the measurement period of 2024 for fiscal 2025 reporting, the amount of the System's contributions recognized by the plan for retirees was \$12,796,054.00. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. Contributions to ERS for the fiscal year ended August 31, 2025 for active and retired employees were as follows:

Participant Contributions		
Table 9A: ERS Plan		
For the Fiscal Year Ended August 31, 2025		
ERS Participation		
Member Contributions	\$	18,590,886.38
State On-Behalf Contributions		26,125,951.74
Employer Contributions		47,527,958.81
Total	\$	92,244,796.93

The contribution requirements for the state and the members in the measurement period are presented below:

Required Contribution Rates	
Table 9B: ERS Plan	
For the Fiscal Year Ended August 31, 2025	
Retiree Only	\$ 624.82
Retiree & Spouse	\$ 1,340.82
Retiree & Children	\$ 1,104.22
Retiree & Family	\$ 1,820.22

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OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The OPEB plan's fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2024 ACFR.

At August 31, 2025, the System reported a liability of \$444,490,684.00 for its proportionate share of the collective net OPEB liability of the ERS Plan. The non-current portion of the liability was \$423,553,286.00 and the current portion was \$20,937,398.00. The collective net OPEB liability was measured as of August 31, 2024 (the "measurement date"), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the collective net OPEB liability at the measurement date was 1.51674369%, which was a decrease of (0.08118844)% from the 1.59793213% measured at the prior measurement date. The System's proportionate share was based on its contributions to the OPEB plan, excluding State on-behalf contributions, relative to the contributions of all employers and non-employer contributing entity to the ERS Plan for the period September 1, 2023 through August 31, 2024 (the "measurement period"). For the fiscal year ended August 31, 2025, the System recognized OPEB expense of \$5,862,794.00. At August 31, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources		
Table 9C: ERS Plan		
August 31, 2025		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 5,677,356.00	\$ -
Changes of assumptions	24,335,656.00	88,545,912.00
Difference between expected and actual experience	-	7,333,576.00
Change in proportion and contribution difference	21,907,065.00	34,282,435.00
Net difference between projected and actual investment return	-	16,991.00
Total	\$ 51,920,077.00	\$ 130,178,914.00

The \$5,677,356.00 reported as deferred outflows of resources from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the fiscal year ending August 31, 2026. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Impact of Deferred Outflows/ Inflows of Resources on OPEB Expense	
Table 9D: ERS Plan	
August 31, 2025	
Year	Expense
2026	\$ (27,518,380.00)
2027	(28,826,487.00)
2028	(20,196,013.00)
2029	(5,945,150.00)
2030	(1,450,163.00)
Total	\$ (83,936,193.00)

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Actuarial Assumptions

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2024 measurement date:

Actuarial Methods and Assumptions	
Table 9E: ERS Plan	
For the Fiscal Year Ended August 31, 2025	
Actuarial Methods and Assumptions	ERS Plan
Actuarial Valuation Date	August 31, 2024
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.87%
Inflation	2.30%
Salary Increase	2.30% to 8.95% including inflation
Healthcare Cost and Trend Rate	
HealthSelect	5.60% for FY 2026, 5.60% for FY 2027, 5.25% for FY 2028, 5.00% for FY 2029, 4.75% for FY 2030, 4.50% for FY 2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2033 and later years
HealthSelect Medicare Advantage	36.00% for FY 2026, 8.00% for FY 2027, 5.25% for FY 2028, 5.00% for FY 2029, 4.75% for FY 2030, 4.50% for FY 2031 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2033 and later years
Pharmacy	11.50% for FY 2026, 11.00% for FY 2027, 10.00% for FY 2028, 8.50% for FY 2029, 7.00% for FY 2030 decreasing 100 basis points per year to 5.00% for FY 2032, and 4.30% for FY 2033 and later years
Aggregate Payroll Growth	2.70%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality	
State Agency Members	
Service Retirees, Survivors and Other Inactive Members (Regular, Elected, and CPO/CO Employee Classes)	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2021 Projection Scale are projected from the year 2020
Service Retirees, Survivors and Other Inactive Members (JRS I and II Employee Classes)	2020 State Retirees of Texas Mortality table with a 2 year setback. Generational mortality improvements in accordance with the Ultimate MP-2020 Projection Scale are projected from the year 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2021 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2021 Projection Scale are projected from the year 2010
Higher Education Members	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021
Disabled Retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010
Ad Hoc Post-Employment Benefit Changes	None

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The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the five year period ending August 31, 2023 for state agency members and for the seven year period ending August 31, 2021 for higher education members. The mortality rates were based on the tables identified in the above table titled Actuarial Methods and Assumptions.

The following assumptions have been changed since the previous OPEB valuation:

- a. Demographic assumptions (including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class, Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members);
- b. The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- c. The proportion of future retirees assumed to be married and electing coverage for their spouse;
- d. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- e. Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- f. The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee have been updated to reflect the most recent plan experience and expected trends; and,
- g. The discount rate was changed from 3.81% as of Aug. 31, 2023 to 3.87% as of Aug. 31, 2024 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Minor benefit revisions have been adopted since the prior valuation. These changes are not expected to have a significant impact on plan costs for fiscal year 2025 and are provided for in the 2025 Assumed Per Capita Health Benefit Costs.

The discount rate used to measure the total net OPEB liability is the municipal bond rate of 3.87%, an increase of 0.06% from the 3.81% used in the prior year. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate funds in advance of retirement, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.81%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the System's net OPEB liability. The following presents the System's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

Sensitivity of Net OPEB Liability to Changes in Discount Rate		
Table 9F: ERS Plan		
August 31, 2025		
1.0% Decrease	Current Discount Rate	1.0% Increase
2.87%	3.87%	4.87%
\$ 517,167,473.00	\$ 444,490,684.00	\$ 386,166,751.00

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Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of the System's net OPEB liability. The following presents the System's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates one percentage point lower or one percentage point higher than the current rates:

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates Table 9G: ERS Plan August 31, 2025		
1.0% Decrease HS/HSMA/Pharmacy 4.60/35.00/10.50% decreasing to 3.30%	Current Healthcare Cost Trend Rates HS/HSMA/Pharmacy 5.60/36.00/11.50% decreasing to 4.30%	1.0% Increase HS/HSMA/Pharmacy 6.60/37.00/12.50% decreasing to 5.30%
\$ 381,395,360.00	\$ 444,490,684.00	\$ 524,920,216.00

Note 10: Interagency Activity and Transactions

The System experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statements. There were no balances in interfund receivables and payables at August 31, 2025.

Note 11: Adjustments to Beginning Net Position

During fiscal year 2025, a change in accounting principle resulted in adjustments to and restatements of beginning net position as follows:

Adjustments to Beginning Net Position Table 11A August 31, 2025			
	September 1, 2024 Net Position as Previously Reported	Change in Accounting Principle	September 1, 2024 Net Position as Restated
Business-Type Activities	\$ 922,963,552.50	\$ (3,471,212.29)	\$ 919,492,340.21

The following table presents detail of the types of Adjustments to Beginning Net Position:

Detail of Adjustments to Beginning Net Position Table 11B August 31, 2025	
	Total
September 1, 2024 Net Position as Previously Reported	\$ 922,963,552.50
Change in Accounting Principle: GASB Statement No. 101 ¹	(3,471,212.29)
Total Adjustments and Restatements	\$ (3,471,212.29)
September 1, 2024 Net Position as Restated	\$ 919,492,340.21

1. GASB Statement No. 101, *Compensated Absences*, implementation

Note 12: Contingencies and Commitments

The System is involved in several pending and threatened legal actions. Unless otherwise disclosed in this note, the range of potential loss from all such claims and actions, as estimated by the System's legal counsel and management, should not materially affect the System's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the U.S. government. Any disallowed claims may constitute a liability of the System. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the System expects any such amounts to be immaterial.

Commitments

The System continues to implement capital improvements to upgrade facilities. Approximately \$180.7 million in capital commitments have been entered into for the construction and renovation of various facilities across all of its campuses. These projects are in various stages of completion. The estimated breakdown of funding sources available for this commitment is as follows: 80% Capital Construction Assistance Project bonds, 9% HEF, 4% auxiliary reserves, 3% student fees, 2% Revenue Financing System bonds, and 2% from the annual operating budget and gifts. Approximately \$103.4 million of the commitment, or roughly 57.2%, is expected to be spent in 2026.

Private investments are invested in limited partnerships with external investment managers or general partners who invest primarily in private equity transactions. These investments, both domestic and international, are illiquid and may not be realized for a period of several years after the investments are made. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. As of August 31, 2025, the System has committed \$99,738,000.00 to various private investments, including \$24,128,000.00 committed to hedge funds. Of this total commitment, \$49,893,550.53 is unfunded.

Note 13: Subsequent Events

Texas University Fund Allocation

On October 10, 2025, UNT received notice from the Texas Higher Education Coordinating Board that it expects to satisfy the criteria for Level 1 Base Funding in the Texas University Fund ("TUF"), qualifying for a distribution under Education Code 62.1481(a)(1) effective fiscal year 2026. Eligibility is based on research expenditures for fiscal years 2024 and 2025 that are anticipated to exceed the thresholds pursuant to Texas Administrative Code Title 19, Part 1, Chapter 15, Subchapter B, Rule 15.25. The 89th Legislature, House Bill 500, Section 3.19, appropriated \$650 million in General Revenue Funds to the State of Texas Comptroller of Public Accounts for each institution of higher education that becomes eligible to receive a distribution, with such amounts designated for deposit into the TUF to ensure stable funding distributions for qualifying institutions. Achievement of Level 1 status will provide UNT with the maximum base funding allocation available in the TUF, representing twice the funding share of its Level 2 classification held during fiscal year 2025.

Note 14: Risk Management

The System is exposed to a variety of civil claims resulting from the performance of its duties. It is System policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The System assumes substantially all risks associated with torts, theft, damage or destruction of assets, business interruption, errors or omissions, and job-related illness or injuries to employees arising out of the performance of the System's mission. Financial risks are transferred through contracts or financed through commercial insurance or self-insurance plans. Financial exposure from lawsuits for damages and injunctive relief arising from torts and contracts is mitigated by the function of sovereign, Eleventh Amendment and individual immunities and statutory limits on the amount of recovery. In addition, state law limits financial exposure for state law claims made against individual employees and officials. Currently, the System does not carry System-wide commercial general liability insurance for any of the institutions; commercial general liability policies are purchased on an as needed basis to address unique exposures. The System is not

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involved in any risk pools with other government entities. Liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The System has various insurance and self-insurance arrangements to manage risks of loss that are within the scope of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended. There are no claims pending or significant non-accrued liabilities, except as stated in Note 12, *Contingencies and Commitments*. The System did not have any losses or settlements that exceeded insurance policy limits within the last three years.

Self-Insurance Arrangements

Health Care Professional Malpractice Self-Insurance Plan

UNTH manages a health care malpractice self-insurance plan for its licensed or certified health care professionals. As of August 31, 2025, UNTH had sufficient self-insurance reserves for known claims against its health care professionals. The policy limits for this plan are \$500,000/\$1,500,000. Health care professional liability coverage is purchased for health care students with entity coverage, which provides a maximum per incident of \$1,000,000 and an aggregate limit of \$3,000,000 with no deductible for legal expenses but a \$5,000 deductible per claim for professional liability coverage damages only.

The following claims, judgments, and Incurred But Not Reported ("IBNR") activity was determined for the fiscal year ended August 31, 2025 and August 31, 2024, respectively:

Changes in Claims and Judgments and IBNR Liability Balances				
Table 14A				
August 31, 2025 and August 31, 2024				
	September 1, 2024	Additions	Reductions	August 31, 2025
Incurred But Not Reported Self-Insurance Claims (UNTH) ⁽¹⁾	\$ 1,623,367.00	\$ -	\$ 600,735.00	\$ 1,022,632.00
Claims and Judgments	\$ 80,000.00	\$ 1,480,152.92	\$ 1,560,152.92	\$ -
	September 1, 2023	Additions	Reductions	August 31, 2024
Incurred But Not Reported Self-Insurance Claims (UNTH) ⁽¹⁾	\$ 1,121,775.00	\$ 501,592.00	\$ -	\$ 1,623,367.00
Claims and Judgments	\$ 100,000.00	\$ 143,563.34	\$ 163,563.34	\$ 80,000.00

⁽¹⁾ The estimated claims payable for medical malpractice IBNR includes estimates of allocated loss adjustment expenses.

Student-Athlete Accident Medical Self-Insurance Plan

The National Collegiate Athletic Association (the "NCAA") requires its member institutions to certify coverage for medical expenses resulting from injuries sustained by student-athletes and certain prospective student-athletes while participating in qualifying NCAA-sanctioned activities. UNT finances this plan to an actuarially determined attachment point and purchases commercial insurance for claims in excess of the attachment point. The attachment point for 2024 was \$650,000. For the fiscal year ended August 31, 2025, claims paid out were not material.

Incurred But Not Reported Self-Insurance Claims

The System self-insures some physical injury and property damage claims that are not financed through commercial insurance, or are below the retention amounts for claims covered by commercial insurance. The System, as an agency of the State, is protected from risk of loss arising from these tort claims by sovereign immunity, except as such claims are permitted under the Texas Tort Claims Act. In addition to limiting the type of personal injury and damage claims that can be brought against the System, the Texas Tort Claims Act limits the loss that can result from claims that can be made to \$250,000 for each person, \$500,000 for each single occurrence of bodily injury or death, and \$100,000 for each single occurrence of damage or destruction of property. For the fiscal year ended August 31, 2025, claims against the System were below the liability limits established by the Texas Tort Claims Act, and thus immaterial.

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Commercial Insurance Arrangements

Educators Legal Liability

Educators Legal Liability coverage insures all institutions in the System as well as all officers, employees, and volunteers. The policy provides for a maximum limit of \$10,000,000 with a zero deductible per insured individual and a \$500,000 deductible per insured entity.

Automobile

The Texas Motor Vehicle Safety Responsibility Act requires that vehicles operated on a state highway be insured for minimum limits of liability in the amount of \$250,000/\$500,000 for bodily injury and \$100,000 for property damage. The System carries liability insurance on its licensed vehicles in the amount of \$1,000,000 combined single limit for bodily injury and property damage.

Medical Professional Liability

UNT has medical professional liability insurance coverage for professionals at the Student Health and Wellness Center, the Kristin Farmer Autism Center, and the Audiology & Speech-Language Pathology department. Under the coverage, professionals are defined as physicians, nurses, nurse practitioners, physician assistants, pharmacists, and athletic trainers. This coverage also extends to UNTH medical students, UNT Dallas students in the counseling program, and UNT students enrolled in various programs, such as social work, counseling, rehabilitation assistants/rehabilitation counseling, health education, audiology, and speech-language pathology. There is a maximum per incident limit of \$1,000,000 and an aggregate of \$3,000,000 with a \$5,000 deductible.

Property

The System carries property insurance to finance losses arising from damage to or destruction of capital assets. The insurance also covers business interruption, which protects against losses resulting from disruption to revenue streams. At the close of the fiscal year, all premium payments had been made and an insurance policy was in effect that carried a \$500,000,000 shared limit through the State's statewide property insurance program.

Workers' Compensation

The System is required by state law to participate in the State's workers' compensation insurance program administered through the State Office of Risk Management. This program covers risks of loss resulting from job-related illness or injuries to employees while in the course and scope of their work responsibilities. Following a work-related illness or injury, employees enter into a return-to-work program, if necessary, thus reducing indemnity payments for lost compensation. Separate workers' compensation policies are purchased to cover out-of-state employees as required by the laws of the state in which an employee works. As of August 31, 2025, the System does maintain policies for out-of-state employees who reside in other states outside of Texas.

Unemployment Compensation

The State provides coverage for unemployment benefits from appropriations made to other state agencies for System employees. The current General Appropriations Act provides that the System must reimburse the General Revenue Fund one-half of the unemployment benefits for former and current employees from System appropriations. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The System has only one appropriated fund type. The System must reimburse the General Revenue Fund 100% of the cost for unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the State Treasury.

Unemployment compensation is on a pay-as-you-go basis through the State, with the exception of locally funded enterprises that have fund expenses and set-aside amounts based on a percentage of payroll amounts. No material outstanding claims were pending at August 31, 2025. The System maintains reserves for unemployment compensation payments made for all claims and settlements not eligible for state funding. Health benefits are provided through the various state contracts administered by ERS.

Miscellaneous

Other lines of insurance purchased include: camp accident/medical, commercial crime, fine arts, inland marine, foreign liability, global travel accident, crisis response, and professional liability for the North Texas Regional Institutional Review Board.

Note 15: Financial Reporting Entity

The System is an agency of the State of Texas and is comprised of the University of North Texas System Administration and three academic institutions as follows: the University of North Texas, the University of North Texas Health Science Center at Fort Worth, and the University of North Texas at Dallas. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Assets Held By Affiliated Organizations

GASB authoritative guidance provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the primary government, the System.

This guidance states that a legally separate tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The System has defined significance as 3% of its net position. As of August 31, 2025, the University of North Texas Foundation and the University of North Texas Health Sciences Center Foundation met the criteria for inclusion in the System's financial statements.

Discretely Presented Component Units

University of North Texas Foundation

The UNT Foundation is reported as a discrete component unit. The UNT Foundation's fiscal year end is August 31, consistent with the System. The UNT Foundation is a separate nonprofit organization that is organized for various purposes, including transferring or using all or any part of the corpus or income from endowments for the benefit of UNT. Such uses are made in accordance with the general or specific purposes stipulated by the donors, grantors or testators, or in the absence of such stipulations, for such uses as may be determined by the Board of Directors of the UNT Foundation; furthermore, the UNT Foundation promptly distributes all net income in excess of operating requirements to promote the educational advancement of UNT. The governing board is self-perpetuating, comprised of elected members separate from the System's Board of Regents. The direction and management of the affairs of the UNT Foundation and the control and disposition of its assets are vested in the Board of Directors of the UNT Foundation. The System has no liability with regard to the UNT Foundation, its operations or liabilities. The majority of endowments supporting university scholarships and other System programs are owned by the UNT Foundation; therefore, including the UNT Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

The UNT Foundation is an essential component of UNT's program for university advancement and for the development of private sources of funding for capital acquisitions, operations, endowments, and other purposes relating to the mission of UNT.

In August 2003, UNT entered into an agreement with the UNT Foundation to better define the relationship between the two entities and to comply with the statutory requirements of the Texas Government Code, Chapters 2255 and 2260. The 2003 agreement provided that the development leadership for UNT would be provided by the UNT Foundation's Chief Executive Officer. An amended agreement was approved by the UNT Foundation's Board of Directors in their June 2009 meeting, and subsequently approved by the System Board of Regents in August 2009. Under the amended agreement, UNT's Vice President for Advancement serves as the UNT Foundation's Director of Development and oversees, coordinates and exercises decision-making authority over the fundraising activities of both UNT and the UNT Foundation. In this dual position, the Vice President for Advancement/Foundation's Director of Development (the "VPA/FDD") shall have no decision-making authority in regard to governance of the UNT Foundation or expenditure of funds by the UNT Foundation. The VPA/FDD is an employee of UNT, and compensation for the position is the sole obligation of UNT. In consideration of

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this amended agreement, UNT has consistently reported the UNT Foundation as a discrete component unit in the System's financial statements.

UNT Health Foundation

The UNT Health Foundation is reported as a discrete component unit. The UNT Health Foundation's fiscal year end is August 31, consistent with the System. The UNT Health Foundation is a separate nonprofit organization that is organized for various purposes, including transferring or using all or any part of the corpus or income from endowments for the benefit of UNTH. Such uses are made in accordance with the general or specific purposes stipulated by the donors, grantors or testators, or in the absence of such stipulations, for such uses as may be determined by the Board of Directors of the UNT Health Foundation. The governing board is self-perpetuating, comprised of elected members separate from the System's Board of Regents. The direction and management of the affairs of the UNT Health Foundation and the control and disposition of its assets are vested in the Board of Directors of the UNT Health Foundation. The System has no liability with regard to the UNT Health Foundation, its operations or liabilities. A portion of the endowments supporting scholarships or programs/operations of UNTH is owned by the UNT Health Foundation, while another portion of the endowments is owned by UNTH and placed with the UNT Health Foundation for investment under terms of Management Agreements. Therefore, including the UNT Health Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

The UNT Health Foundation is an essential component of UNTH's program for institutional advancement and for the development of private sources of funding for capital acquisitions, operations, endowments, and other purposes relating to the mission of UNTH.

Related Parties

Through the normal course of operations, the System both receives funds from and provides funds to other state agencies in support of sponsored research programs. Funds received and provided during the fiscal year ended August 31, 2025 related to state pass-through grants were \$110,204,839.80 and \$97,903.34 respectively.

Other related-party transactions identified in the financial statements include Due From/To Other Agencies, Legislative Appropriations, Capital Appropriations, Legislative Transfers In/Out and Transfers From/To Other State Agencies.

Note 16: Donor Restricted Endowments

The System's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one complete quarter.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 6% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the Finance Committee of the Board of Regents, the target annual distribution rate shall be 3.75% of the average unit market value. Distribution shall be made quarterly, as soon as practicable, after the last calendar day of November, February, May and August. This distribution amount shall be recalculated each quarter based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment, the real value of the endowment principal will be protected.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Distributions are made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System.

Donor Restricted Endowments

Table 16A

August 31, 2025

Endowment Type	Amount of Cumulative Net Appreciation ⁽¹⁾	Reported in Net Position
True Endowments	\$ 35,311,898.48	Restricted Expendable

⁽¹⁾ There was a positive fair value adjustment totaling \$6,833,985.88 for fiscal year 2025 related to true endowments. As of August 31, 2025, the System did not have any term endowments to report.

Discretely Presented Component Units

University of North Texas Foundation

The UNT Foundation's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives and intergenerational equity, while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one quarter.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 5% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the UNT Foundation's Board of Directors, the target annual distribution rate shall be 4% of the average unit market value: for fiscal year 2025 the distribution rate was 3.75%. Distribution shall be made quarterly, as soon as practicable, after the last calendar day of November, February, May and August. This distribution amount shall be recalculated each quarter based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment, the distributions shall be determined on a sliding scale basis.

Distributions are made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the UNT Foundation, a discrete component unit of the System.

Donor Restricted Endowments

Table 16B: UNT Foundation

August 31, 2025

Endowment Type	Amount of Cumulative Net Appreciation ⁽¹⁾	Reported in Net Assets
True Endowments	\$ 61,866,074.75	Net Assets with Donor Restrictions

⁽¹⁾ There was a positive fair value adjustment totaling \$15,199,827.97 for fiscal year 2025 related to true endowments. As of August 31, 2025, the UNT Foundation did not have any term endowments to report.

UNT Health Foundation

The UNT Health Foundation's spending policy for endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives and intergenerational equity, while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one year.

The target distribution of spendable income to each unit of the endowment fund will be 4% of the moving average market value of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the UNT Health Foundation's

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

Board of Directors, the target annual distribution rate shall be 4% of the average unit market value. For fiscal year 2025, the distribution rate was 4%. Distribution shall be made annually. This distribution amount shall be recalculated each year based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment, the distributions shall be determined on a sliding scale basis.

Distributions are made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the UNT Health Foundation, a discrete component unit of the System.

Donor Restricted Endowments

Table 16C: UNT Health Foundation

August 31, 2025

Endowment Type	Amount of Cumulative Net Appreciation ⁽¹⁾	Reported in Net Assets
True Endowments	\$ 9,556,804.00	Net Assets with Donor Restrictions

⁽¹⁾ There was a positive fair value adjustment totaling \$2,919,901.00 for fiscal year 2025 related to true endowments. As of August 31, 2025, the UNT Health Foundation did not have any term endowments to report.

Note 17: Termination Benefits

Health Care Related Termination Benefits

If a benefits-eligible employee is enrolled in the ERS health plan, he or she is eligible for Consolidated Omnibus Budget Reconciliation Act ("COBRA") upon termination of employment. The System does not administer the COBRA plan as it is managed through ERS.

Note 18: Public-Private Partnership

The System entered into a bookstore services agreement with Barnes & Noble College Booksellers, LLC ("B&N") in 2013. This agreement is valid until June 30, 2028. B&N operates a full-service bookstore on the UNT campus located in Denton. In this agreement, the System is the transferor, granting B&N the right to operate in the UNT Student Union, and the agreement is classified as a Service Concession Arrangement per GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The nature and extent of the rights retained by the System as a transferor under this arrangement include, but are not limited to, maintaining residual interest in the utility of the assets, setting prices and hours of operations and purchasing inventory on hand at termination. Rights granted to operators in this agreement may include the ability to make improvements to the space with written permission from the System.

The contract payment terms require B&N to pay the System a percentage of gross sales of 12.5% up to the first \$8,000,000 in sales and then 14.5% thereafter annually or an annual guaranteed minimum of \$1,100,000. This is considered a variable payment per GASB Statement No. 94. During the fiscal year, the contract was extended from June 30, 2025 to June 30, 2028 triggering a remeasurement annually. In this remeasurement, the deferred inflows of resources increased and an installment receivable was created to collect variable amounts earned based on the proportion of sales described above with a discount rate of 4.03%. As of August 31, 2025, the balance of installment receivable and deferred inflows of resources from the agreement totaled \$286,249.46 and \$777,363.62, respectively. At the conclusion of this agreement, the System will retain the rights to the UNT Student Union space.

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Comprehensive Financial Statements
For the Year Ended August 31, 2025

In 2025, the total Public-Private Partnership ("PPP") installment payments received totaled \$364,083.89, comprised of \$355,946.46 principal and \$8,137.43 interest. The future PPP installment payments as of August 31, 2025 are as follows:

Public-Private Partnership Agreement Future Income			
Table 18A			
August 31, 2025			
Fiscal Year	Principal	Interest	Total Future PPP Income
2026	\$ 286,249.46	\$ 5,313.86	\$ 291,563.32
Total	\$ 286,249.46	\$ 5,313.86	\$ 291,563.32

Note 19: Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of the System's deferred outflows of resources and deferred inflows of resources as of August 31, 2025 is presented below:

Deferred Outflows of Resources and Deferred Inflows of Resources	
Table 19A	
August 31, 2025	
	Total
Deferred Outflows of Resources	
Unamortized Losses on Refunding of Debt	\$ 3,058,316.00
Unamortized Losses on Refunding of Direct Placement Debt	121,007.08
Deferred Outflows of Resources Related to Asset Retirement Obligation	1,717,344.37
Deferred Outflows of Resources Related to Pensions	52,662,056.00
Deferred Outflows of Resources Related to OPEB	51,920,077.00
Total Deferred Outflows of Resources	\$ 109,478,800.45
Deferred Inflows of Resources	
Unamortized Gains on Refunding of Debt	\$ 7,061,132.39
Deferred Inflows of Resources Related to Leases	12,693,917.67
Deferred Inflows of Resources Related to Pensions	14,522,233.00
Deferred Inflows of Resources Related to OPEB	130,178,914.00
Deferred Inflows of Resources Related to PPP	777,363.62
Total Deferred Inflows of Resources	\$ 165,233,560.68

See Note 1, *Summary of Significant Accounting Policies*, Note 5, *Long-Term Liabilities*, Note 7, *Leases and SBITAs*, Note 8, *Defined Benefit Pension Plan and Defined Contribution Plan*, Note 9, *Postemployment Benefits Other Than Pensions*, and Note 18, *Public-Private Partnership*, for more information regarding deferred outflows of resources and deferred inflows of resources related to debt refunding, asset retirement obligations, lease obligations, pensions, OPEB, and PPP.

**NOTES TO THE
FINANCIAL STATEMENTS**

of the

**UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC.**

DENTON, TEXAS

For the Fiscal Year Ended August 31, 2025

Note 1: Principal Activity and Significant Accounting Policies

Organization

The University of North Texas Foundation, Inc. ("UNT Foundation") is a nonprofit organization established to provide financial support to the University of North Texas community. This purpose is accomplished by the UNT Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally restricted by the donor to support specific programs within the University of North Texas community. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their estimated net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their estimated net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at year end.

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions are permanently restricted by the donor. Investment income available for distribution is recorded as donor-restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in net assets with donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for strategic/operating reserves and board-designated endowments.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of program and supporting services activities have been reported on a functional basis in the statements of activities in order to present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less. At August 31, 2025 and 2024, there was \$9,935,849 and \$10,934,081, respectively, of cash and cash equivalents in the UNT Foundation's investment accounts awaiting investment.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Other Assets

Other assets consists of real property that has been donated to the UNT Foundation. The property is stated at estimated fair value. Other assets also include prepaid expenses as well as photographs donated to the UNT Foundation and held for sale. The photographs are recorded at their fair value as of the date of the donation.

Agency Funds

Agency funds consist of resources held by the UNT Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts of 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, and those differences could be material.

Subsequent Events

Subsequent events were evaluated through November 5, 2025, the date the financial statements were available to be issued.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts

The UNT Foundation acts as trustee for various irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to us, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace us as the beneficiary of the trust, we record the assets placed in trust at fair value, with an equal and offsetting liability until such time that we receive distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities

Under charitable gift annuity contracts, we receive immediate title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques. The excess of contributed assets over the annuity liability is recorded as a contribution with donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

Note 2: Liquidity and Availability

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Liquidity and Availability	
Table UNTF 2A	
August 31, 2025	
	August 31, 2025
Cash and cash equivalents	\$ 17,685,816
Operating investments	4,391,904
Less cash and cash equivalents included in the investment pool	(7,644,408)
Less cash and cash equivalents included in donor restricted funds	(6,618,850)
Less Board designated reserves	(6,734,567)
	\$ 1,079,895

UNT Foundation endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Our board-designated endowments of \$2,652,852 provide for annual distributions to the University of North Texas community and other reserves as designated by the Board. Although we do not intend to spend from these board-designated endowments for general expenditures, these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds.

Note 3: Fair Value Measurements and Disclosures

UNT Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
Level 3	Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. We invest in CDs traded in the financial markets. Those CDs are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The fair value of the private company stock is based on the fair value determined by the company based on a specific valuation methodology and formula. This is considered to be a Level 3 measurement.

We use net asset value ("NAV") per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity/debt funds and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents investments measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at August 31, 2025.

Investments Fair Value				
Table UNTF 3A				
August 31, 2025				
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Commingled Funds and ETFs	\$ 40,898,264	\$ 40,898,264	\$ -	\$ -
Domestic Mutual Funds	100,631,384	100,631,384	-	-
International Other Commingled Funds	22,611,370	22,611,370	-	-
International Mutual Funds	53,982,423	53,982,423	-	-
Fixed Income Money Market and Bond Mutual Funds	77,587,270	73,195,366	4,391,904	-
Total Investments at Fair Value	\$ 295,710,711	\$ 291,318,807	\$ 4,391,904	\$ -
Investments Measured at NAV				
International Other Commingled Funds	\$ 36,120,805			
Private Debt/Equity	40,292,708			
Miscellaneous	14,126,094			
Total Investments at NAV	\$ 90,539,607			
Total Investments	\$ 386,250,318			

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

The following table presents investments measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at August 31, 2024.

Investments Fair Value				
Table UNTF 3B				
August 31, 2024				
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments by Fair Value Level				
Commingled Funds and ETFs	\$ 34,284,151	\$ 34,284,151	\$ -	\$ -
Domestic Mutual Funds	93,733,996	93,733,996	-	-
International Other Commingled Funds	20,834,662	20,834,662	-	-
International Mutual Funds	53,098,127	53,098,127	-	-
Fixed Income Money Market and Bond Mutual Funds	65,378,368	63,268,269	2,110,099	-
Total Investments at Fair Value	\$ 267,329,304	\$ 265,219,205	\$ 2,110,099	\$ -
Investments Measured at NAV				
International Other Commingled Funds	\$ 24,670,941			
Hedge Funds	5,488,114			
Private Debt/Equity	28,262,911			
Miscellaneous	10,337,971			
Total Investments at NAV	\$ 68,759,937			
Total Investments	\$ 336,089,241			

In addition, the UNT Foundation has entered into investment agreements with several private equity, private debt, and private real estate funds that provide for capital calls in the future. The total amount of future capital committed to these investments by the UNT Foundation is \$27.3 million and \$36.5 million as of August 31, 2025 and August 31, 2024, respectively.

Note 4: Fair Value of Financial Instruments

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The UNT Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

Note 5: Contributions Receivables

Contributions and other receivables as of August 31, 2025 and August 31, 2024 are as follows:

Contributions and Other Receivables		
Table UNTF 5A		
August 31, 2025		
	August 31, 2025	August 31, 2024
Contributions receivable within one year	\$ 2,459,120	\$ 2,872,734
Contributions receivable in one to five years	3,460,740	4,462,707
Contributions receivable in more than five years	535,000	707,500
Total Contributions Receivable	\$ 6,454,860	\$ 8,042,941
Less allowance for uncollectible pledges	\$ (573,333)	\$ (707,056)
Less discounts to net present value	(721,531)	(972,377)
Net Contributions Receivable	\$ 5,159,996	\$ 6,363,508
Other accounts receivable	\$ 1,500	\$ 1,500
Total Contributions and Other Receivable, Net	\$ 5,161,496	\$ 6,365,008

Contributions receivable in more than one year have been discounted to net present value using an interest rate of eight percent.

Note 6: Net Assets without Donor Restrictions

The UNT Foundation's Board of Directors has designated \$2,652,852 and \$1,234,001 of net assets without donor restrictions as of August 31, 2025 and 2024 respectively, to fund 21 board-designated endowment funds and an expendable fund. The funds will be used for scholarships in the degree-granting institutions and other purposes for the University of North Texas community.

Although the Board retains the right to re-designate these funds for another purpose, the intent is to offer multigenerational scholarship support to UNT students. Pursuant to FASB requirements, these endowments are included in Net Assets Without Donor Restrictions.

Net assets without donor restrictions at August 31, 2025 and 2024 also include \$6,734,567 and \$6,559,995 respectively, which have been designated by the UNT Foundation's Board of Directors as a reserve for future operations.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

Note 7: Net Assets with Donor Restrictions

Net assets were restricted for the following:

Net Assets with Donor Restrictions		
Table UNTF 7A		
August 31, 2025		
	August 31, 2025	August 31, 2024
UNT department gift & fundraising accounts	\$ 5,819,716	\$ 6,672,745
True endowments according to donor agreement		
Endowments under board distribution policy	256,136,054	230,570,241
Endowments with donor defined distribution	3,530,354	3,369,001
Quasi endowments according to donor agreement	19,093,899	21,830,246
Split-interest agreements net of liabilities	3,016,587	2,716,242
Cash value of life insurance policies, net of agency funds liability	516,156	495,833
Total Net Assets with Donor Restrictions	\$ 288,112,766	\$ 265,654,308

Note 8: Underwater Endowments

Of the 1,184 total endowments at August 31, 2025, 2 endowments have a market value that has fallen below historical cost, by \$198 collectively. This compares to 26 endowments below historical cost by an amount of \$57,958 collectively at August 31, 2024.

Note 9: Life Insurance Policies

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the UNT Foundation has been named owner and beneficiary. Premium payments made by the UNT Foundation are reimbursed by the donors of the policies. As of August 31, 2025 and 2024, there were a total of 17 and 21 such policies, respectively, with death benefits totaling \$1,449,705 and \$2,464,437 respectively, and cash values totaling \$503,683 and \$898,002 respectively.

Note 10: Income Taxes

The UNT Foundation is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The UNT Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. We have determined that the UNT Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Tax Return (Form 990-T) with the IRS.

Note 11: Retirement Plan

The UNT Foundation sponsors a defined contribution 403(b) retirement plan covering all full-time employees of the UNT Foundation. Under the terms of the plan, the UNT Foundation contributes a full matching contribution of up to 6.0% of compensation for employees who make an elective contribution. An additional discretionary non-elective contribution may be allocated on the basis of compensation, as budgeted and approved by the Board in advance of the fiscal year. Employees may make voluntary contributions up to the limits prescribed by the Internal Revenue Code. The UNT Foundation contributions to the plan were \$141,629 and \$106,279 for the years ended August 31, 2025 and 2024, respectively.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Notes to the Financial Statements
For the Year Ended August 31, 2025

Note 12: Assets Held For Others

The UNT Foundation holds and invests certain funds in trust on behalf of the University of North Texas ("UNT"). Pursuant to an investment management agreement dated August 24, 2012, certain UNT endowment assets have been placed with the UNT Foundation and invested in the UNT Foundation's Consolidated Investment Pool or the UNT Foundation's DFA Short-Term Government fund. The UNT endowment funds residing in the UNT Foundation's Consolidated Investment Pool are subject to the same investment management and distribution policies as the UNT Foundation's investments. The initial term of the agreement ended August 31, 2013, with a provision to automatically renew annually thereafter. On September 11, 2019 the agreement was re-written with an effective date of September 1, 2019, with the initial term ending on August 31, 2027 and a provision to automatically renew and extend for additional five-year terms.

Effective December 1, 2020, the UNT Foundation entered into a substantially similar investment management agreement with the University of North Texas at Dallas ("UNTDD") to manage certain of its endowment assets in the UNT Foundation's Consolidated Investment Pool. The UNTDD endowment funds are subject to the same investment management and distribution policies as the UNT Foundation's investments. The initial term of the agreement ends August 31, 2030, with a provision to automatically renew and extend for additional five-year terms. Additionally, if at some point, UNTDD determines that its own foundation is operationally capable of performing the investment and management of the UNTDD endowments prior to expiration of the agreement, it may terminate the agreement with 90 days' notice to the UNT Foundation.

UNT and UNTDD are independent of the UNT Foundation in all respects. Neither is a subsidiary or affiliate of the UNT Foundation, and they are not directly or indirectly controlled by the UNT Foundation. The UNT System Board of Regents makes all decisions regarding the business and affairs of UNT and UNTDD, respectively. Since the UNT Foundation does not have ownership of any of the UNT or UNTDD assets, neither the principal or income generated by these assets, except for management fees paid from these assets, are included in the amount of net assets of the UNT Foundation.

Assets held under these arrangements are included in the Statement of Financial Position at fair value, and the UNT Foundation realized net management fee income of \$890,967 and \$804,104, respectively, during the years ended August 31, 2025 and 2024 for its services.

A summary of the assets held for others is as follows:

Assets Held for Others		
Table UNTF 12A		
August 31, 2025		
	August 31, 2025	August 31, 2024
UNT endowment assets managed by UNT Foundation	\$ 80,634,022	\$ 77,334,776
UNT Dallas endowment assets managed by UNT Foundation	29,685,974	13,437,484
UNT Dallas operating assets managed by UNT Foundation	2,010,685	-
Total Assets Held for Others	\$ 112,330,681	\$ 90,772,260

Note 13: Finance Instruments and Credit Risk

The UNT Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

**NOTES TO THE
FINANCIAL STATEMENTS**

of the

UNT HEALTH FOUNDATION

FORT WORTH, TEXAS

For the Fiscal Year Ended August 31, 2025

Note 1: Summary of Significant Accounting Policies

Organization

The UNT Health Foundation was organized for charitable, educational, and scientific purposes, and to advance the mission and vision of the University of North Texas Health Science Center ("UNTH") through financial support of its education, discovery and health care priorities. All income received by the UNT Health Foundation is to be used for the future benefit of the UNTH at the discretion of the Board of Directors.

The management of the UNT Health Foundation is vested in the Board of Directors ("the Board") who have discretionary authority to determine the amount, manner and times for payment of any distributions from the UNT Health Foundation. The UNT Health Foundation is subject to a pay-out policy which dictates scholarships and other payments made in the current year. During the year ended August 31, 2025, the UNT Health Foundation paid \$3,156,483 in scholarships, grants and other expenses to UNTH and other not-for-profit organizations.

Effective October 15, 2025, the UNT Health Foundation changed its name from UNTHSC Foundation to UNT Health Foundation. The change had no impact on the Foundation's legal status, governance, or operations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the UNT Health Foundation and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Subject to purpose or use restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the UNT Health Foundation and/or the passage of time. When a restriction expires, net assets subject to purpose or use restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The UNT Health Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the UNT Health Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Uncertain Tax Positions

The UNT Health Foundation recognizes in its financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position.

Tax positions taken related to the UNT Health Foundation's tax-exempt status for federal tax purposes and state filing requirements have been reviewed, and management is of the opinion that material positions taken by the UNT Health Foundation would more likely than not be sustained by examination. Accordingly, the UNT Health Foundation has not recorded an income tax liability for uncertain tax benefits.

Cash Equivalents

For purposes of the statement of cash flows, the UNT Health Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

The UNT Health Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The UNT Health Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

Investments

Investments are carried at fair value or net asset value. Appreciation or depreciation in fair value is reported in support and revenue.

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

Contributions

Conditional promises to give received by the UNT Health Foundation, which stipulate the occurrence of some specified event before payment is made, are recognized when the specified future event takes place and the promise to give becomes unconditional. As of August 31, 2025, the Foundation had received no conditional promises to give.

Unconditional promises to give are recorded as contributions when received and classified as net assets without donor restrictions, or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

Management Fee

Management fees are recognized as revenue when earned by the UNT Health Foundation and are charged to investments held on behalf of others based on a percentage of total investments specified in the management agreement. The UNT Health Foundation evaluates the adequacy of its allowances for credit losses by analyzing the aging of receivables, historical collections and the value of the underlying investments held. All management fee receivables are expected to be collectible and will be collected in the first quarter of year ended August 31, 2026. Thus, no allowance for credit losses was recorded as of August 31, 2025.

Fundraising

Fundraising revenues are recognized as revenue when all conditions are met, and the specified event has occurred.

Donor Restrictions

The UNT Health Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the programs and supporting services of the UNT Health Foundation have been summarized on a functional basis in the statements of activities. Functional expenses have been categorized as program expenses and supporting services based on the nature of the activity performed, and, as such, no costs have been allocated across the functional expense categories.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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. Significant estimates include, but are not limited to, the fair value of investments and the discounts applied to unconditional promises to give. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaced the current incurred loss impairment methodology for measurement of credit losses on financial instruments with a methodology (the "current expected credit losses model" or "CECL model") that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the CECL model, the allowance for losses on financial assets, measured at amortized cost, reflects management's estimate of credit losses over the remaining expected life of such assets. The UNT Health Foundation adopted the standard effective September 1, 2023, which primarily resulted in enhanced disclosures.

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

Note 2: Fair Value Measurements

A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value of hierarchy are described below:

<u>Level 1:</u>	Inputs to the valuation methodology are unadjusted quoted priced for identical assets or liabilities in active markets the plan can access.
<u>Level 2:</u>	Inputs to the methodology include: Quoted prices for similar assets or liabilities in active market; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
<u>Level 3:</u>	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. The valuation techniques used to determine fair value have been consistently applied during the year ended August 31, 2025.

Equity securities and mutual funds traded on active markets are carried at a value consistent with traded prices on the valuation date, representing level 1 inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the UNT Health Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the UNT Health Foundation's investments at fair value as of August 31, 2025:

Investments Fair Value Hierarchy				
Table UNTHF 2A				
For the Fiscal Year Ended August 31, 2025				
	Level 1	Level 2	Level 3	Total
Equity Securities				
US Large Cap	\$ 78,926,320	\$ -	\$ -	\$ 78,926,320
Global Equity	13,885,571	-	-	13,885,571
Foreign Equity	19,454,054	-	-	19,454,054
Emerging Markets	12,231,047	-	-	12,231,047
Mutual Funds - bonds	29,062,905	-	-	29,062,905
Total Investments in the Fair Value Hierarchy	\$ 153,559,897	\$ -	\$ -	\$ 153,559,897

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

The UNT Health Foundation also invests in investment companies that are reported at net asset value. Investments reported at net asset value are excluded from the fair value hierarchy. The following table reconciles investments reported in fair value hierarchy to investments reported on the statement of financial position as of August 31, 2025:

Total Investments at Fair Value	
Table UNTHF 2B	
August 31, 2025	
	Total
Total investments in the fair value hierarchy	\$ 153,559,897
Cash equivalents	2,798,271
Investment in investment companies	11,539,632
Total Investments at Fair Value	\$ 167,897,800

Investments in investment companies consisting of offshore investments are subject to monthly, quarterly, or semi-annually redemption frequency. The balance of capital commitments in offshore investment companies was \$8,507,700 at August 31, 2025. No redemption restrictions or redemption notice period noted.

Note 3: Net Assets with Donor Restrictions

Net assets with donor restrictions are made up of the following as of August 31, 2025:

Net Assets with Donor Restrictions	
Table UNTHF 3A	
August 31, 2025	
	Total
Net assets with donor restrictions – time and purpose	\$ 13,431,533
Net assets with donor restrictions – held in perpetuity	23,730,939
Total Net Assets	\$ 37,162,472

Net assets with donor restrictions – time and purpose are restricted for the following as of August 31, 2025:

Net Assets with Donor Restrictions - Time and Purpose	
Table UNTHF 3B	
August 31, 2025	
	Total
Academic programs	\$ 4,628,150
Research	858,755
Education	1,367,102
Scholarships	4,525,844
Time	1,495,028
Professorship	534,180
Other	22,474
Total	\$ 13,431,533

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes during the year ended August 31, 2025:

Net Assets Released from Restriction	
Table UNTHF 3C	
August 31, 2025	
	Total
Program and scholarship distributions	\$ 745,249
Program and other related expenses	3,200,905
Total	\$ 3,946,154

Note 4: Due to Related Party

At August 31, 2025, the UNT Health Foundation held investments of \$131,456,322, on behalf of UNTH. The investment account, in the name of the UNT Health Foundation, was established prior to the formation of the UNT Health Foundation. UNTH's portion is being held by the UNT Health Foundation to maximize the benefits received from pooling investments. These investments are included in investments and due to related party on the Statement of Financial Position.

Note 5: Promises to Give

Unconditional promises to give to be received by the UNT Health Foundation for each of the years subsequent to August 31 are as follows:

Unconditional Promises to Give	
Table UNTHF 5A	
August 31, 2025	
	Total
Due in less than 1 year	\$ 404,886
Due within 1 to 5 years	958,000
Due in more than 5 years	1,500,000
Less discount	(962,902)
Total	\$ 1,899,984

Unconditional promises to give that are expected to be collected after one year are discounted and are reported net of the discount rate in pledges receivable on the statement of financial position. Amortization of the discount on long-term pledges receivable is included with contributions revenue in the statement of activities. Pledges receivable are also reported net of any anticipated losses due to uncollectible accounts. The UNT Health Foundation's policy for determining when pledges receivable are past due or delinquent is when all efforts to collect a pledged amount have been exhausted. An allowance for doubtful accounts is estimated by management based on information received by pledged donors and pledge receivable aging schedules. No allowance was considered necessary as of August 31, 2025.

Note 6: Uniform Prudent Management of Institutional Funds Act

Net assets with donor restrictions held in perpetuity were \$23,730,939 as of August 31, 2025. The UNT Health Foundation's endowment funds consist of equity securities, cash and cash equivalents and investments in investment companies. These funds consist of contributions made to establish an endowment, the earnings from which are to be used to support different restricted purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

The investment policy is issued by the Board. It articulates the principles by which the UNT Health Foundation governs the management of its investment assets. The Board is responsible for adopting investment objectives and policies, hiring and evaluating investment managers, establishing a controlled environment, and monitoring policy implementation and investment performance. The Board exercises its responsibility according to applicable fiduciary standards and in the exclusive interest of the UNT Health Foundation.

A reconciliation of the endowment funds' beginning and ending balances for the year ended August 31, 2025 is as follows. There was no cumulative effect of any amounts by which net assets with donor restrictions – held in perpetuity have been reduced, or increased that were not specified by the donor, or in the absence of a donor stipulation, approved by the Board.

Reconciliation of Endowment Fund			
Table UNTHF 6A			
For the Fiscal Year Ended August 31, 2025			
	Retained Earnings with Donor Restrictions - Purpose	Endowment Principal Held in Perpetuity	Total Endowment Assets
Endowment assets, September 1, 2024	\$ 7,334,567	\$ 22,967,555	\$ 30,302,122
Interest and dividends	677,282	-	677,282
Net appreciation (realized and unrealized)	2,919,901	-	2,919,901
	<u>\$ 10,931,750</u>	<u>\$ 22,967,555</u>	<u>\$ 33,899,305</u>
Contributions	\$ 5,652	\$ 1,139,483	\$ 1,145,135
Distribution of endowment assets for expenditure	(1,380,598)	(376,099)	(1,756,697)
Endowment assets, August 31, 2025	<u>\$ 9,556,804</u>	<u>\$ 23,730,939</u>	<u>\$ 33,287,743</u>

Endowment asset composition by type of fund as of August 31, 2025 was as follows:

Endowment Asset Composition by Type			
Table UNTHF 6B			
August 31, 2025			
	Endowment Retained Earnings with Donor Restrictions Purpose	Endowment Principal Held in Perpetuity	Total Endowment Assets
Donor-restricted	\$ 9,556,804	\$ 23,730,939	\$ 33,287,743
Total funds	<u>\$ 9,556,804</u>	<u>\$ 23,730,939</u>	<u>\$ 33,287,743</u>

Investment Objectives

The UNT Health Foundation assets are to be invested in a balanced portfolio composed of equity, fixed-income and cash equivalent securities. As such, it is intended to be more aggressive than fixed-income-oriented portfolios and less aggressive than equity-only-oriented portfolios. In this context, "aggressive" relates to such issues as expected long-term rates of return and return volatility, investment vehicles, diversification among economic and industry sectors and individual securities. Within this framework, the principal investment objectives are stated below. These objectives recognize the nature of the UNT Health Foundation, its purpose and its beneficiaries. The basic investment objective is long-term growth of capital and preservation of capital. In pursuing the investment objective, the UNT Health Foundation endeavors, over time, to outperform the investment return objectives. Returns must be sufficient to meet or exceed the minimum required investment rate of return for the UNT Health Foundation as established in the spending policy plus fee of 1% of the invested accounts for services in direct connection to the UNT Health Foundation. Returns must meet or exceed the inflation rate

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

plus 2%, meet or exceed the rate of return of a balanced market index, and meet or exceed the Sharpe Ratio of the market index while limiting portfolio risk.

Investment Philosophy

The primary investment objective of the UNT Health Foundation is long-term growth of capital. It is recognized that short-term fluctuations in the capital markets may result in the loss of capital on occasion (i.e., negative rates of return). However, the total asset value of the UNT Health Foundation, exclusive of contributions or withdrawals, should grow in the long-run. It should earn, through a combination of investment income and capital appreciation, a rate of return in excess of a balanced market index while incurring less risk than such index. The long-term growth of capital should also be greater than the spending policy plus the fee for services in direct connection to the UNT Health Foundation.

The Board and/or the Investment Committee intends to maximize the portfolio's total return comprising income and net realized and unrealized gains and losses. This objective is to be accomplished by assuming a prudent level of risk in the investment of the UNT Health Foundation assets.

The UNT Health Foundation will engage well-qualified investment managers registered under the Investment Advisors Act of 1940. The investment manager will perform duties with the care, skill, prudence and diligence under the prevailing circumstances that a prudent expert acting in a like capacity and familiar with such matter would use in the conduct of an enterprise of a like character and of like aims.

Underwater Endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the UNT Health Foundation to retain as a fund of perpetual duration. There are no deficiencies of this nature in endowment funds with donor restrictions as of August 31, 2025.

The UNT Health Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

Note 7: Liquidity

As a not-for-profit entity, UNT Health Foundation receives significant funding in the form of contributions each year from donors, which are restricted to be used in a particular manner. UNT Health Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of managing the financial assets, UNT Health Foundation ensures these become available when obligations come due.

UNT HEALTH FOUNDATION
Notes to the Financial Statements
For the Year Ended August 31, 2025

The following reflects UNT Health Foundation's financial assets as of the balance sheet date, including amounts not available within one year of the balance sheet date. Amounts not available include donor-imposed restricted contributions.

Financial Assets by Liquidity	
Table UNTHF 7A	
August 31, 2025	
	Total
Cash	\$ 1,045,659
Investments, excluding amounts held on behalf of others	36,441,478
Pledges receivable, net of discount	1,899,984
Other receivables	151,241
Total financial assets	\$ 39,538,362
Less donor restrictions	
Net assets with donor restrictions – time and purpose	\$ (13,431,533)
Net assets with donor restrictions – held in perpetuity	(23,730,939)
Total financial assets not available to be used within one year	\$ (37,162,472)
Total financial assets available to meet general expenditures within one year	\$ 2,375,890

Note 8: Subsequent Events

The UNT Health Foundation has evaluated subsequent events that occurred after August 31, 2025, through November 11, 2025, the date which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION FOR THE
COMPREHENSIVE FINANCIAL STATEMENTS**

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DALLAS, TEXAS

For the Fiscal Year Ended August 31, 2025

UNIVERSITY OF NORTH TEXAS SYSTEM
Required Supplementary Information (Unaudited)
For the Year Ended August 31, 2025

Required Supplementary Information (RSI)

Schedule of the System's Proportionate Share of the Net Pension Liability

Schedule of Proportionate Share of Net Pension Liability					
Table RSI 1: TRS Plan					
For the Fiscal Year Ended August 31, 2025					
	2025	2024	2023	2022	2021
System's proportion of the net pension liability	0.3409028081%	0.3439011167%	0.3259602779%	0.3475256756%	0.3532394693%
System's proportionate share of the net pension liability	\$ 208,237,670.00	\$ 236,226,885.00	\$ 193,514,233.00	\$ 88,502,491.00	\$ 189,187,853.00
State's proportionate share of the net pension liability related to System	81,903,804.62	90,795,902.29	75,812,895.18	28,078,475.01	62,518,691.27
Total net pension liability related to System	\$ 290,141,474.62	\$ 327,022,787.29	\$ 269,327,128.18	\$ 116,580,966.01	\$ 251,706,544.27
System's covered payroll ⁽¹⁾	\$ 382,060,454.90	\$ 346,688,381.67	\$ 316,426,267.11	\$ 298,594,048.48	\$ 297,401,404.17
System's proportionate share of the net pension liability as a percentage of its covered payroll	54.50%	68.14%	61.16%	29.64%	63.61%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.24%
<i>Concluded Below</i>					

Schedule of Proportionate Share of Net Pension Liability					
Table RSI 1: TRS Plan (Concluded)					
For the Fiscal Year Ended August 31, 2025					
	2020	2019	2018	2017	2016
System's proportion of the net pension liability	0.3471858160%	0.3482704688%	0.3350903754%	0.3167884475%	0.3348771000%
System's proportionate share of the net pension liability	\$ 180,478,041.00	\$ 191,696,519.00	\$ 107,143,850.00	\$ 119,709,644.00	\$ 118,374,598.00
State's proportionate share of the net pension liability related to System	75,864,069.56	52,821,707.83	36,183,350.73	34,118,016.24	33,917,826.43
Total net pension liability related to System	\$ 256,342,110.56	\$ 244,518,226.83	\$ 143,327,200.73	\$ 153,827,660.24	\$ 152,292,424.43
System's covered payroll ⁽¹⁾	\$ 282,536,645.37	\$ 266,991,392.49	\$ 252,852,119.73	\$ 248,934,340.22	\$ 235,537,989.10
System's proportionate share of the net pension liability as a percentage of its covered payroll	63.88%	71.80%	42.37%	48.09%	50.26%
Plan fiduciary net position as a percentage of the total pension liability	75.24%	73.74%	82.17%	78.00%	78.43%

⁽¹⁾ Covered-employee payroll is for the year prior, because the System's net pension liability as of August 31 of the current year is based on a measurement date of August 31 of the previous year.

UNIVERSITY OF NORTH TEXAS SYSTEM
Required Supplementary Information (Unaudited)
For the Year Ended August 31, 2025

Schedule of the System's Pension Contributions

Schedule of Employer Contributions

Table RSI 2: TRS Plan

For the Fiscal Year Ended August 31, 2025

	2025	2024	2023	2022	2021
Statutorily required contributions	\$ 18,582,188.00	\$ 18,003,453.00	\$ 17,534,707.00	\$ 15,210,270.00	\$ 14,830,572.00
Contributions in relation to the statutorily required contributions	18,582,188.00	18,003,453.00	17,534,707.00	15,210,270.00	14,830,572.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
System's covered payroll	\$393,008,054.63	\$382,060,454.90	\$346,688,381.67	\$316,426,267.11	\$298,594,048.48
Contributions as a percentage of covered payroll	4.73%	4.71%	5.06%	4.81%	4.97%
					<i>Concluded Below</i>

Schedule of Employer Contributions

Table RSI 2: TRS Plan (Concluded)

For the Fiscal Year Ended August 31, 2025

	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 14,574,757.00	\$ 12,151,922.00	\$ 11,732,351.00	\$ 10,961,110.00	\$ 10,085,190.00
Contributions in relation to the statutorily required contributions	14,574,757.00	12,151,922.00	11,732,351.00	10,961,110.00	10,085,190.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
System's covered payroll	\$297,401,404.17	\$282,536,645.37	\$266,991,392.49	\$252,852,119.73	\$248,934,340.22
Contributions as a percentage of covered payroll	4.90%	4.30%	4.39%	4.33%	4.05%

UNIVERSITY OF NORTH TEXAS SYSTEM
Required Supplementary Information (Unaudited)
For the Year Ended August 31, 2025

Schedule of the System's Proportionate Share of the Net OPEB Liability

Schedule of Proportionate Share of Net OPEB Liability

Table RSI 3: ERS Plan

For the Fiscal Year Ended August 31, 2025

	2025 ⁽¹⁰⁾	2024 ⁽⁹⁾	2023 ⁽⁸⁾	2022 ⁽⁷⁾	2021 ⁽⁶⁾
System's proportion of the net OPEB liability	1.51674369%	1.59793213%	1.56149763%	1.46176037%	1.48049403%
System's proportionate share of the net OPEB liability	\$ 444,490,684.00	\$ 426,927,989.00	\$ 444,823,293.00	\$ 524,413,950.00	\$ 489,223,801.00
System's covered-employee payroll ⁽¹⁾	\$ 232,918,118.71	\$ 219,957,771.29	\$ 198,843,136.71	\$ 183,982,862.98	\$ 187,360,172.19
System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	190.84%	194.10%	223.71%	285.03%	261.11%
Plan fiduciary net position as a percentage of the total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%
					<i>Concluded Below</i>

Schedule of Proportionate Share of Net OPEB Liability

Table RSI 3: ERS Plan (Concluded)

For the Fiscal Year Ended August 31, 2025

	2020 ⁽⁵⁾	2019 ^{(2),(4)}	2018 ⁽³⁾
System's proportion of the net OPEB liability	1.30685578%	1.36273369%	0.25354973%
System's proportionate share of the net OPEB liability	\$ 451,684,314.00	\$ 403,883,502.00	\$ 86,392,029.00
System's covered-employee payroll ⁽¹⁾	\$ 161,005,000.16	\$ 164,170,798.74	\$ 29,780,201.94
System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	280.54%	246.01%	290.10%
Plan fiduciary net position as a percentage of the total OPEB liability	0.17%	1.27%	2.04%

⁽¹⁾ Covered-employee payroll is for the year prior, because the System's net OPEB liability as of August 31 of the current year is based on a measurement date of August 31 of the previous year.

⁽²⁾ For fiscal year 2019 reporting, ERS had a change in accounting methodology to include both active and retiree employee contributions in the calculation of proportionate share.

⁽³⁾ Changes in assumptions for measurement year ended Aug. 31, 2017 include (a) assumed aggregate payroll increases and rate of general inflation, (b) discount rate increased from 2.84% to 3.51%, (c) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (d) proportion of future retirees covering dependent children, (e) percentage of members assumed to be married and electing coverage for their spouse, and (f) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.

⁽⁴⁾ Changes in assumptions for measurement year ended Aug. 31, 2018 include (a) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (b) discount rate increased from 3.51% to 3.96%, (c) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (d) percentage of members assumed to be married and electing coverage for their spouse, and (e) assumptions for Expenses, Assumed Per Capita Health Benefit Costs and Health Benefit Cost Retiree Contribution, and Expense trends.

⁽⁵⁾ Changes in assumptions for measurement year ended Aug. 31, 2019 include (a) discount rate decreased from 3.96% to 2.97%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) percentage of male members assumed to be married and electing coverage for their spouse, (d) percentage of future retirees and future retiree spouses assumed to use tobacco, and (e) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.

⁽⁶⁾ Changes in assumptions for measurement year ended Aug. 31, 2020 include (a) assumed aggregate payroll increases and rate of general inflation, (b) discount rate decreased from 2.97% to 2.20%, (c) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can

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commence, (d) percentage of female members assumed to be married and electing coverage for their spouse, (e) proportion of future retirees assumed to cover dependent children, (f) assumed PCORI fees and (h) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.

- ⁽⁷⁾ Changes in assumptions for measurement year ended Aug. 31, 2021 include (a) discount rate decreased from 2.20% to 2.14%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) percentage of members assumed to be married and electing coverage for their spouse, (d) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (e) the percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date, (f) the annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and (g) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends. In addition, the assumption for expenses directly related to the payment of GBP HealthSelect medical benefits has been updated to reflect recent contract revisions.
- ⁽⁸⁾ Changes in assumptions for measurement year ended Aug. 31, 2022 include (a) discount rate increased from 2.14% to 3.59%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (e) proportion of future retirees assumed to cover dependent children, (f) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and (g) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.
- ⁽⁹⁾ Changes in assumptions and other inputs for measurement year ended August 31, 2023 include (a) discount rate increased from 3.59% to 3.81%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) proportion of future retirees assumed to cover dependent children, (e) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee and (f) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends. Changes in benefit terms for measurement year ended August 31, 2023 represent the elimination of liability attributable to members from Stephen F. Austin State University.
- ⁽¹⁰⁾ Changes in assumptions and other inputs for measurement year ended August 31, 2024 include (a) demographic assumptions (including rates of retirement, termination, disability and mortality for select classes of State Agency members), (b) discount rate increased from 3.81% to 3.87%, (c) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) proportion of future retirees assumed to be married and electing coverage for their spouse, (e) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee and (f) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.

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Schedule of the System's OPEB Contributions

Schedule of Employer Contributions

Table RSI 4: ERS Plan

For the Fiscal Year Ended August 31, 2025

	2025	2024	2023	2022	2021
Statutorily required contributions	\$ 5,677,356.00	\$ 4,753,134.00	\$ 4,491,771.00	\$ 3,689,016.00	\$ 3,617,598.00
Contributions in relation to the statutorily required contributions	5,677,356.00	4,753,134.00	4,491,771.00	3,689,016.00	3,617,598.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
System's covered-employee payroll	\$251,559,820.38	\$232,918,118.71	\$219,957,771.29	\$198,843,136.71	\$183,982,862.98
Contributions as a percentage of covered-employee payroll	2.26%	2.04%	2.04%	1.86%	1.97%
					<i>Concluded Below</i>

Schedule of Employer Contributions

Table RSI 4: ERS Plan (Concluded)

For the Fiscal Year Ended August 31, 2025

	2020	2019	2018
Statutorily required contributions	\$ 3,578,563.00	\$ 1,315,809.00	\$ 1,464,282.00
Contributions in relation to the statutorily required contributions	3,578,563.00	1,315,809.00	1,464,282.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -
System's covered-employee payroll	\$ 187,360,172.19	\$ 161,005,000.16	\$ 164,170,798.74
Contributions as a percentage of covered-employee payroll	1.91%	0.82%	0.89%