

UNTS Board of Regents

FY 2025 Q2 YTD Financial Update

Clayton Gibson, VP Finance & Administration

May 15, 2025

Key Financial Drivers

FY2025 Consolidated Year-End Forecast as of Q2

- Projected **revenue** performing above budget by \$45.3m
 - **Tuition and Fees** below budget due to UNT's decreased enrollment by \$45.2m
 - **Sale of Goods and Services** above budget by \$11.7m; Housing, dining, athletics, clinics, etc.
 - **Grants and Contracts** above budget by \$65.2m, including pass-through Pell of \$15m and grant timing of \$39m
- Projected **expenses** above budget by \$57.7m
 - **Personnel** above budget by \$17.2m
 - **Maintenance & Operating/Other Expenses** above budget by \$22.7m primarily due to Grant and project activity
 - **Scholarships/Financial Aid** above budget by \$19.9m, mostly funded by Pell and endowment revenue
- Anticipated enterprise-wide **deficit** of \$12.2m
 - Improved forecast from Q1, proactive measures to **close gap with discretionary spending** underway
 - Sufficiently strong **reserves and liquidity** available

FY 2025 Q2 Budget Performance



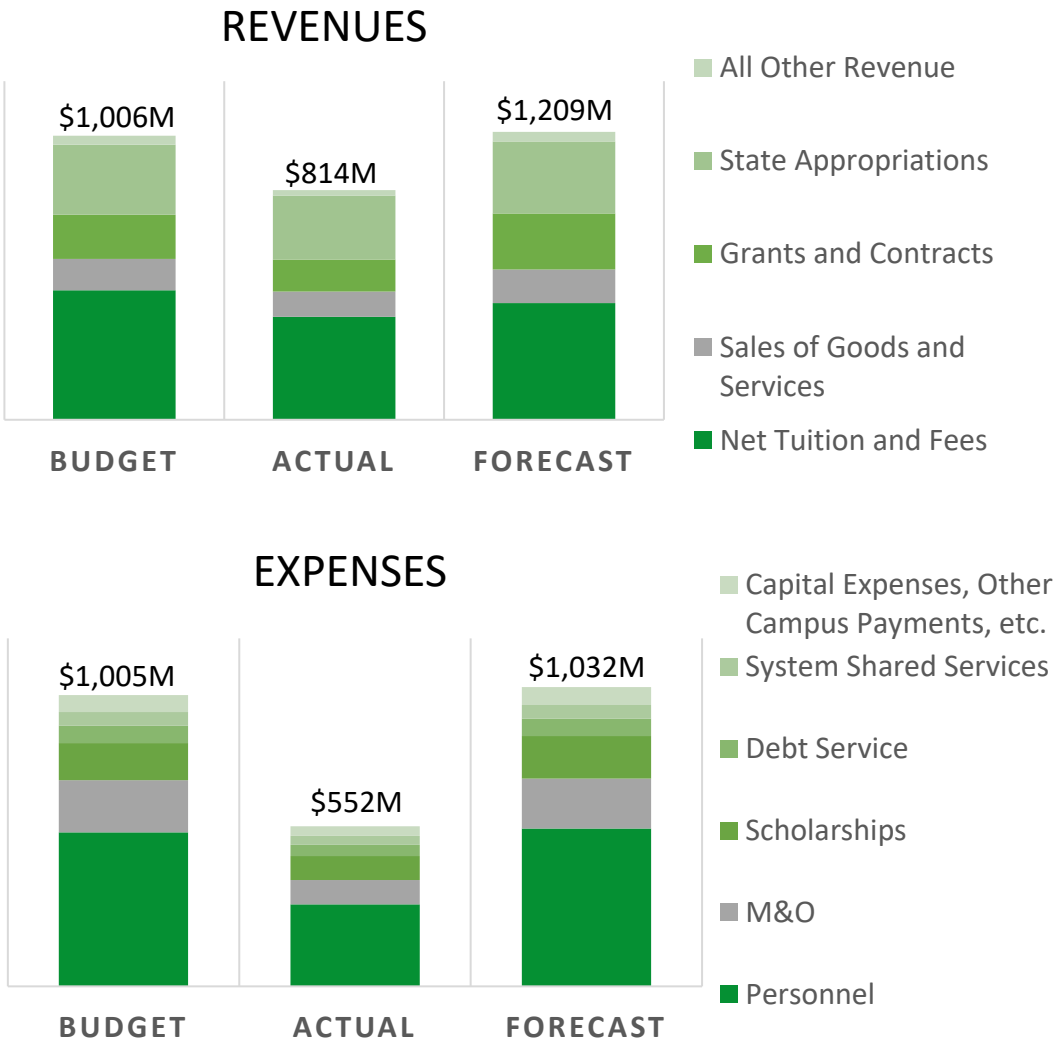
Revenues Drivers (forecast \$14m over budget):

- **Net Tuition and Fees** is forecasted to be \$46m below budget - decrease in non-resident graduate enrollment
- **Sales of Goods and Services** is projected to be up \$8m due to Housing, dining, athletics, clinics, etc.
- **Grants and Contracts** projected higher than budget by \$41m from Pell grants, TX grants, and a one-time grant received

Expenses Drivers (forecast \$28m over budget):

- **Personnel** on track to be \$13m over budget for end of year, offset by lower M&O
- **Scholarships and Financial Aid** is projected to be \$19m over budget due to increase in Grants and Contracts revenue

Forecasted deficit of **-\$12.4M**



FY 2025 Q2 Budget Performance

Revenues Drivers (forecast \$28m over budget):

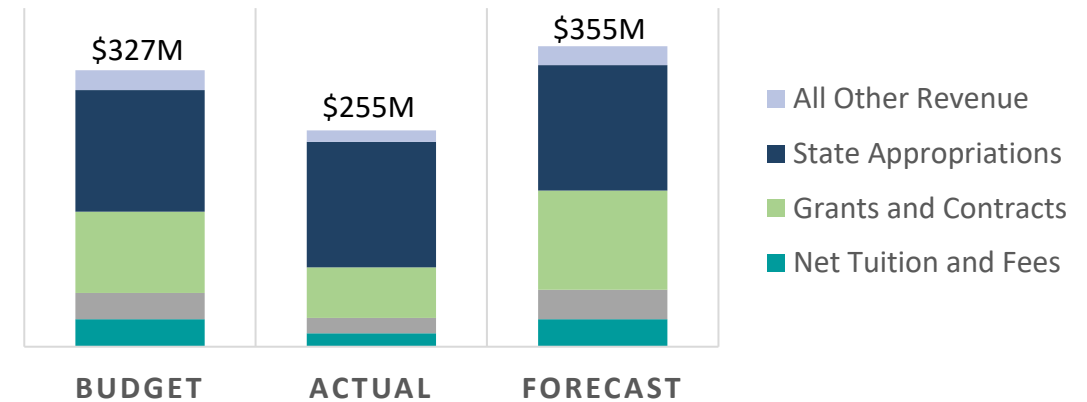
- **Sales of Goods and Services** is forecasted higher than budget due to Correctional Medicine and Pre-clinical revenue
- **Grants and Contracts** forecasted to be \$22m above budget from additional awards.
- **State Appropriations** higher than expected by \$4m

Expenses Drivers (forecast \$28m over budget):

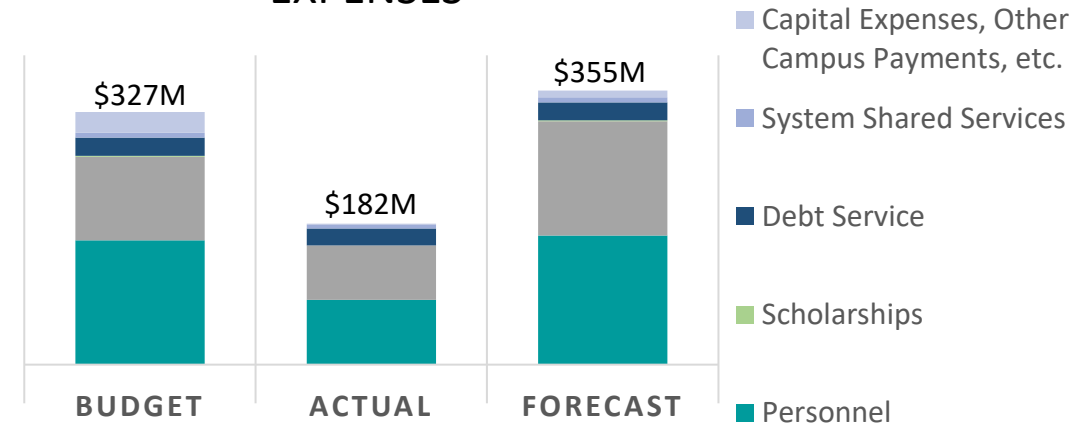
- **Personnel** forecasted to be \$6m over budget
- **Maintenance & Operation** projected to be \$40M higher than budget due to increased grant and contract activity; partly offset by reduction in Other Expenses of \$13m

Forecasted surplus of \$0.3M

REVENUES



EXPENSES



FY 2025 Q2 Budget Performance

Revenues Drivers (forecast \$2.4m over budget):

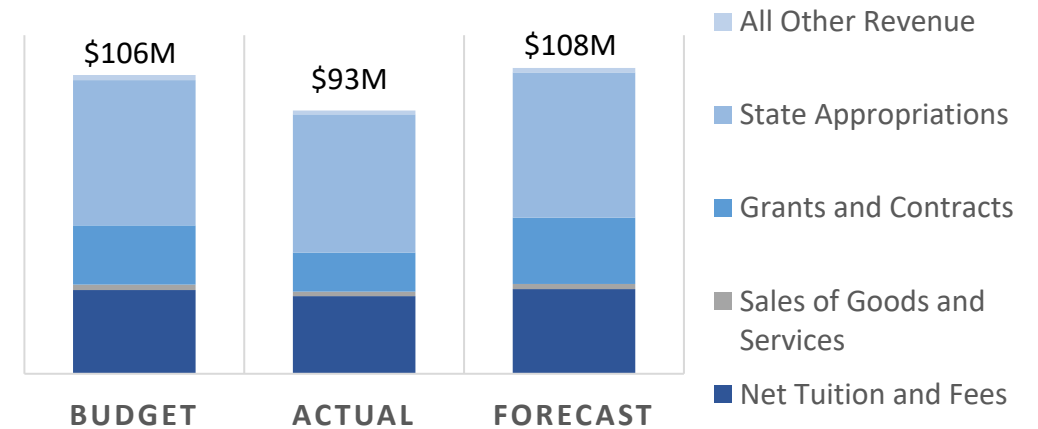
- **Tuition and Fees** are expected to end slightly higher than plan by \$347k
- **Grants and Contracts** projected \$2.5m higher than budget due to Pell and Sponsor Project activity

Expenses Drivers (forecast \$1.7m over budget):

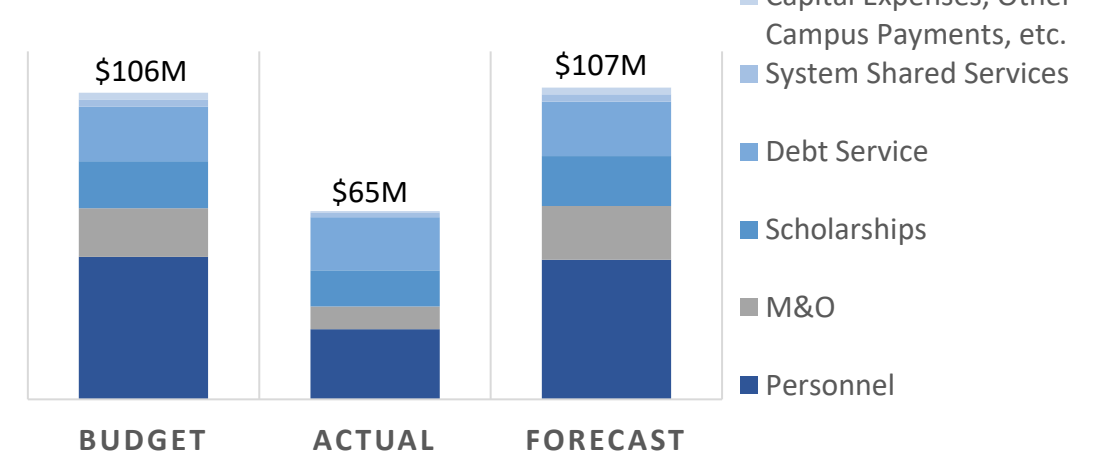
- **Personnel** projected to be \$1m below budget
- **Maintenance & Operation** and **Scholarships** projected higher than budget by \$2.8m due to increased Sponsored Project activity

Forecasted surplus of \$0.9M

REVENUES



EXPENSES



FY 2025 Q2 Budget Performance

Revenues Drivers (forecast flat to budget):

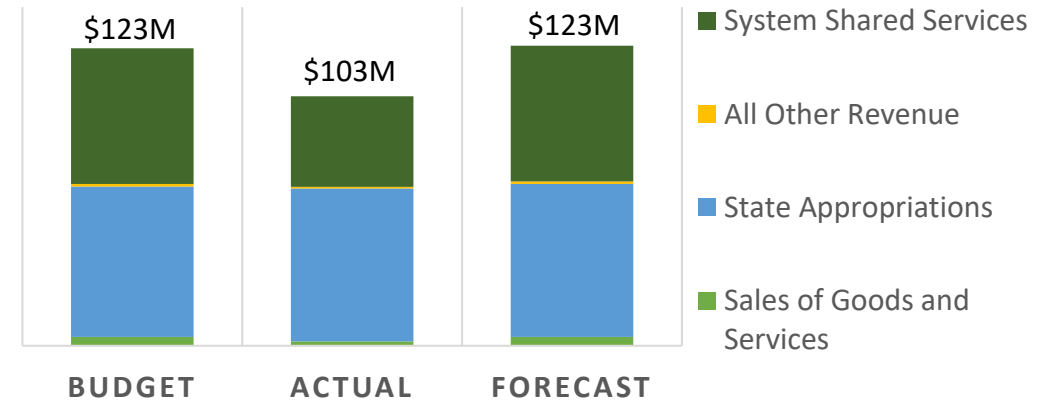
- **State Appropriations** projected to be slightly higher than budget due to benefits reimbursements

Expenses Drivers (forecast flat to budget):

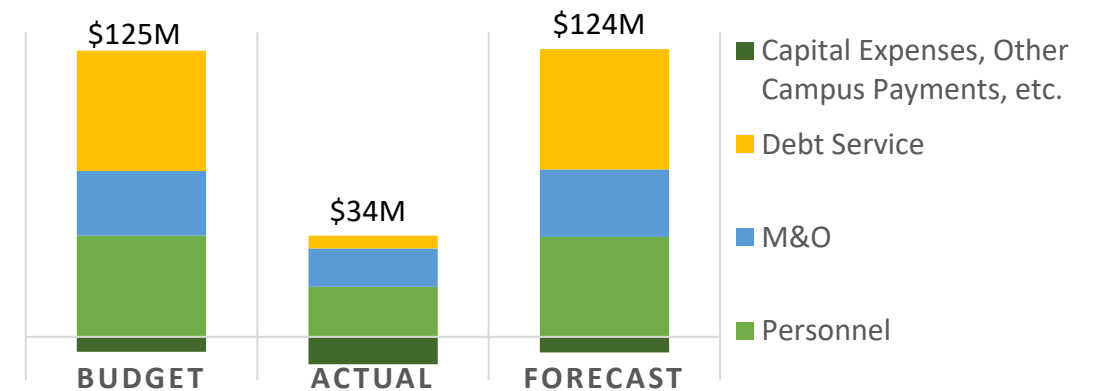
- **Personnel Costs** forecasted lower than budget by \$0.6m
- **Maintenance & Operation** projected to be \$1m over budget due to the Lofts and higher professional fees, offset by decrease in personnel due to vacancies

Forecasted deficit of **-\$1.0M**

REVENUES



EXPENSES



Net Position Q2 2025 over Q2 2024

Increased \$114m

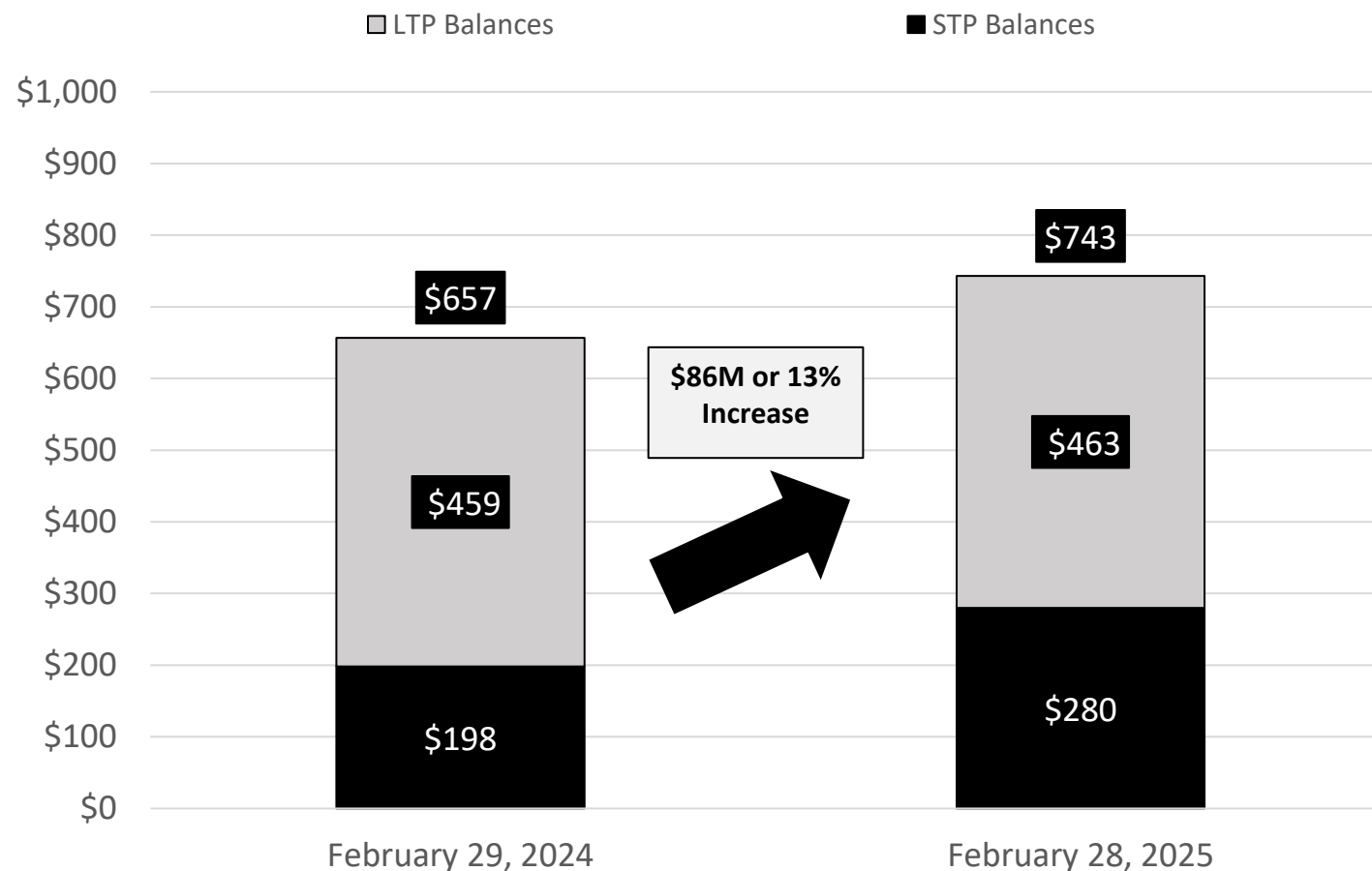
- Cash and investments increased by \$86m
- Decrease of \$53m in outstanding bonds, offset by increase in commercial paper of \$62.5m
- Decrease in unearned revenue of \$48m due to timing of tuition
- Net increase of Pension/ OPEB liabilities \$25m

*marked to market for Q2 so reflects unrealized gains/losses

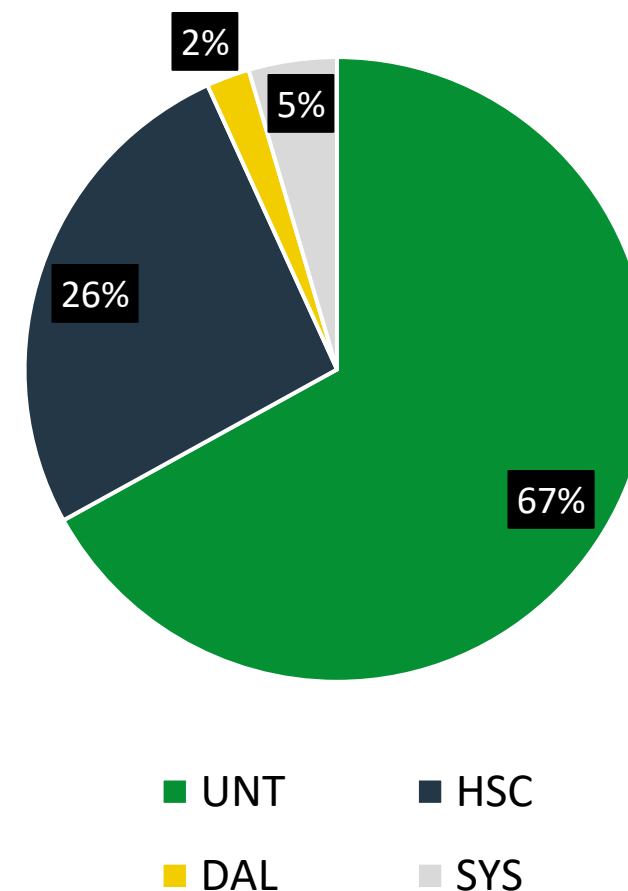
Condensed Comparative Statement of Net Position			
As of February 28, 2025 and February 29, 2024			
(in thousands of dollars)			
	2025	2024	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	\$ 945,659	\$ 813,443	16.3 %
Non-Current Assets:			
Capital Assets, Net	1,510,158	1,475,865	2.3 %
Other Non-Current Assets	701,130	703,464	(0.3)%
Deferred Outflows of Resources	161,227	223,343	(27.8)%
Total Assets and Deferred Outflows of Resources	\$ 3,318,174	\$ 3,216,115	3.2 %
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 398,610	\$ 361,806	10.2 %
Noncurrent Liabilities:			
Bonded Indebtedness	686,843	738,138	(6.9)%
Other Non-Current Liabilities	691,133	666,384	3.7 %
Deferred Inflows of Resources	191,887	214,183	(10.4)%
Total Liabilities and Deferred Inflows of Resources	\$ 1,968,473	\$ 1,980,511	(0.6)%
Net Position			
Net Investment in Capital Assets	\$ 653,387	\$ 623,860	4.7 %
Restricted for:			
Funds Held as Permanent Investments:			
Nonexpendable	66,484	68,193	(2.5)%
Expendable	57,403	41,751	37.5 %
Other Restricted	92,124	82,146	12.1 %
Total Restricted	\$ 216,011	\$ 192,090	12.5 %
Unrestricted	480,303	419,654	14.5 %
Total Net Position	\$ 1,349,701	\$ 1,235,604	9.2 %
Total Liabilities, Deferred Inflows and Net Position	\$ 3,318,174	\$ 3,216,115	3.2 %

FY 2025 Q2 Operating Cash and Investments

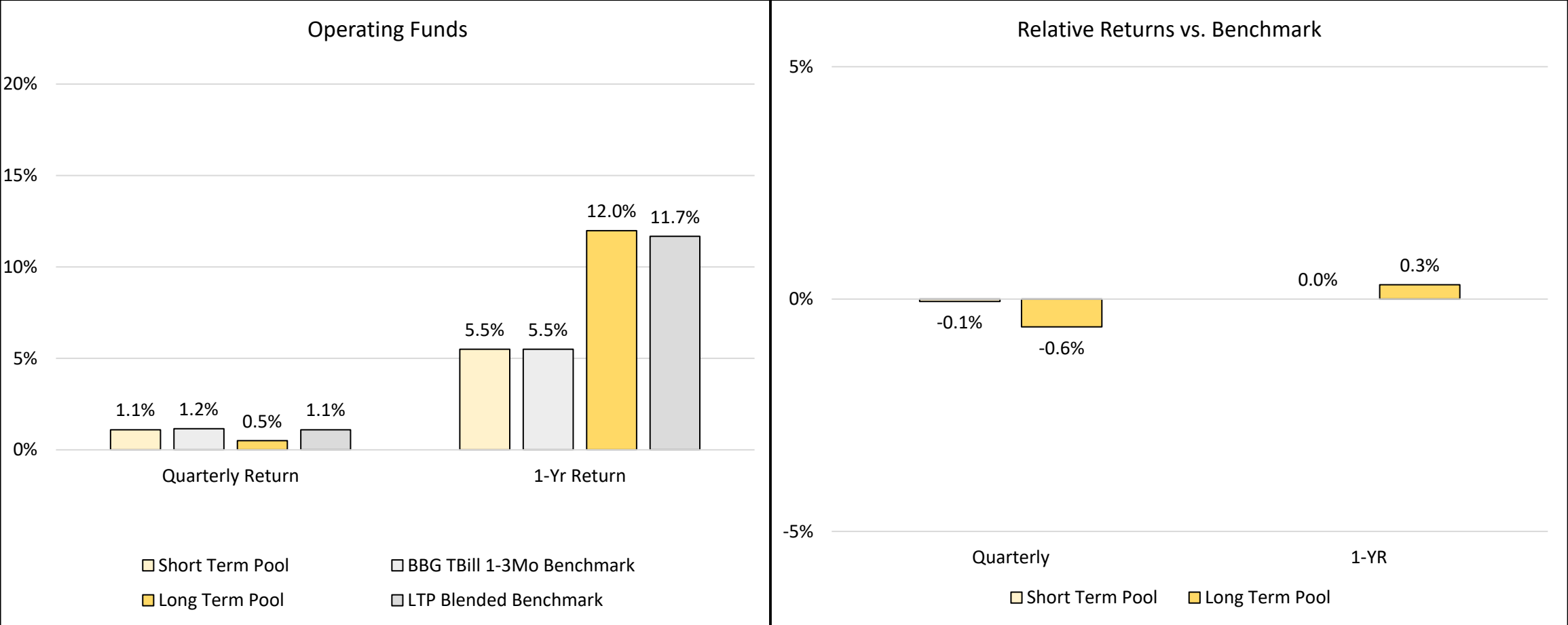
Short-Term Pool (STP) and the Long-Term Pool (LTP)



The \$86M increase is attributable to LTP \$53M Net Unrealized/Realized GLs & \$33M Op CFs



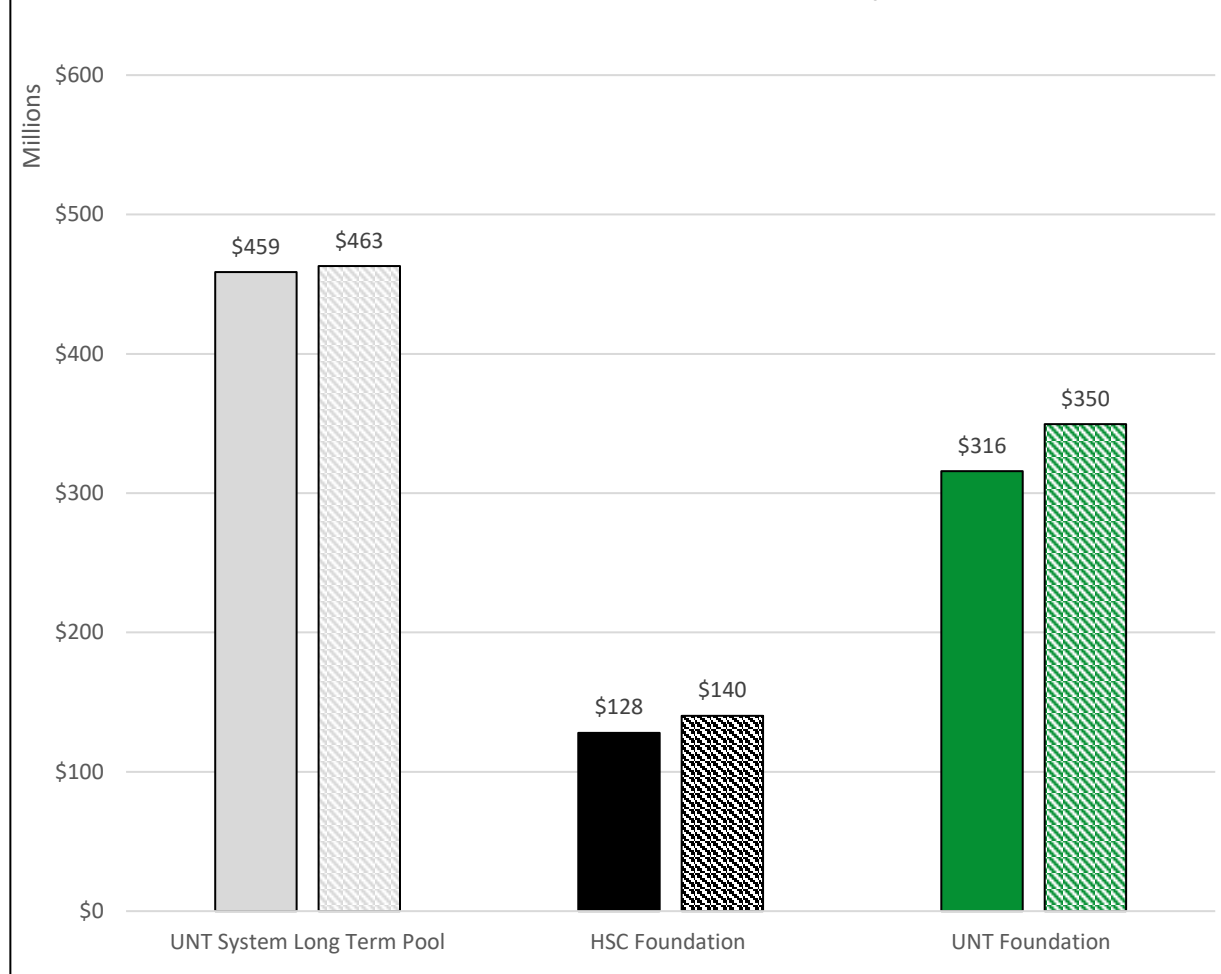
FY 2025 Q2 Operating Funds Investment Performance



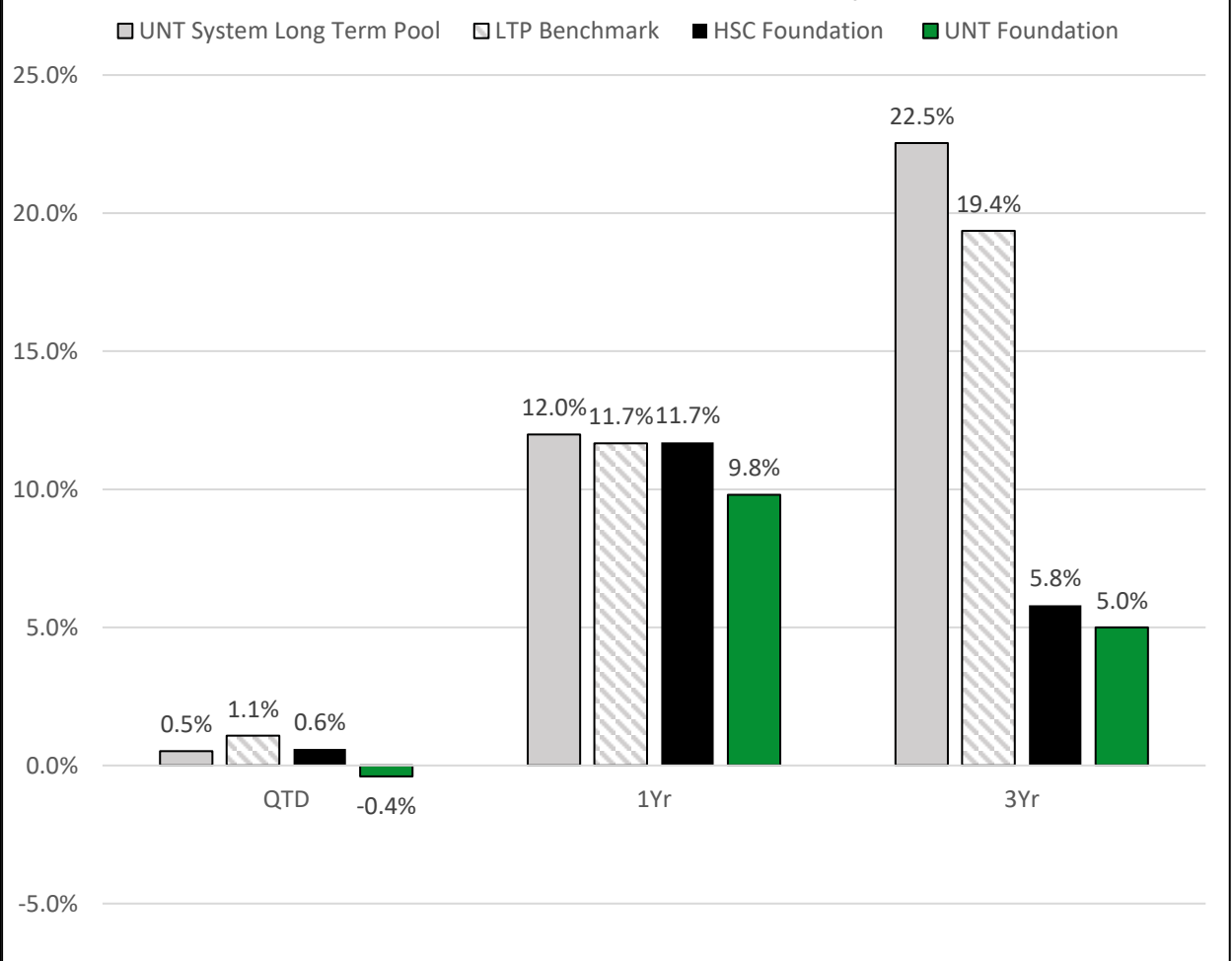
Performance remains on trend with market rates. Fed Funds cuts totaled .75%, lowering the rate to 4.50%-4.75%. Long Term Pool maintains a conservative allocation to non-U.S. equities which are underperforming relative to other asset classes.

FY 2025 Q2 Investments - Long Term Pool and Foundations

Investment Balances YoY as of Feb 28, 2025



Investment Performance as of Feb 28, 2025



Note: Includes private investments except LTP QTD

Series 2025A&B Bond Issuance

May 15, 2025



Series 2025A&B Bond - Credit Ratings Review

Rating Agency	Rating	Rating Status	Outlook
Moody's	Aa2	Affirmed	Stable
Fitch	AA	Affirmed	Stable
Kroll Bond Rating Agency, LLC ("KBRA")	AA	First-time rated	Stable

"...UNTS' very good financial management has ensured solid operating results through various credit cycles, and the outlook anticipates that strong management will act swiftly to address operating challenges" – Moody's

"The rating is supported by UNTS's history of strong demand and demographic trends in a competitive Texas market." - Fitch

Credit Ratings Surveillance Takeaways: UNT System

<u>Agency</u>	<u>Challenges</u>	<u>Positives</u>
Moody's	<ul style="list-style-type: none">- growth strategies for various campuses require disciplined fiscal and operational oversight controls to maintain financial and demand stability- Future capital expansion, debt plans and pension funding requirement will increase fixed costs- Weak philanthropic support relative to Aa2 rated peers	<ul style="list-style-type: none">- Large public university in the economically vibrant DFW region- History of strong operating and state support for capital/research (TUF) from State of Texas- Strong treasury management and liquidity for CP program- Proactive financial management across cycles
Fitch	<ul style="list-style-type: none">- Enrollment pressures and tuition freezes- Debt expansion without matching revenue growth	<ul style="list-style-type: none">- Strengthening balance sheet- Strong cash flow margins- Consistent state capital support- Strong, diverse market position
KBRA	<ul style="list-style-type: none">- Ongoing debt plans driven by capital needs may pressure leverage	<ul style="list-style-type: none">- Solid financials with sufficient liquidity- Diverse funding and balanced operations- Strong student demand with growing out-of-state interest

Series 2025A&B Anticipated Structure

Sources	Series 2025A	Taxable Series 2025B	Total
Par Amount	\$215,050,000	\$108,615,000	\$323,665,000
Premium	15,269,749		15,269,749
Total	\$230,319,749	\$108,615,000	\$338,934,749

All-In TIC	4.21%
Average Life (years)	7.6
Weighted Average Maturity (years)	8.3
Duration of Issue (years)	6.2

Plan of Finance

\$215,050,000 Series 2025A (Tax-Exempt)

\$108,615,000 Series 2025B (Taxable)

Use of Proceeds:

- (i) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads, or related infrastructure throughout the University System;
- (ii) refunding of Series 2015A to achieve debt service savings;
- (iii) refunding of the outstanding Commercial Paper Notes; and
- (iv) paying certain costs of issuing

Maturities: 2025-2050 (25 years)

Series 2025A&B Use of Proceeds / Projects Funded

Funding Source	Tax Status	Component	Project Name	Financed Amount
CCAP	Taxable	UNT	UNT Science & Technology Building	\$ 75,324,864
CCAP	Tax-Exempt	UNT	UNT Inspire Park and MEP Reno	7,284,804
CCAP	Tax-Exempt	DAL	STEM Building	72,900,403
CCAP	Tax-Exempt	HSC	HSC Campus Realignment	27,447,611
CCAP	Taxable	HSC	HSC Campus Realignment	21,180,000
AUX	Tax-Exempt	UNT	Coliseum Phase I - MEP Upgrade	4,833,857
OPS	Tax-Exempt	UNT	Frisco Branch Campus	21,156,807
HEF	Taxable	HSC	ESCO – various facilities	6,970,000
HEF	Taxable	HSC	Renovation on RES 4th Floor	4,277,000
HEF	Tax-Exempt	HSC	Gibson Library Level 1 Renovation	4,359,336

Total New Proceeds **\$ 245,734,682**

Refunding Series2015A anticipated to result in \$6.2M Net PV savings or 6.86%

Refunding of 2015A Proceeds 90,927,292

Total All Proceeds **\$ 336,661,974**

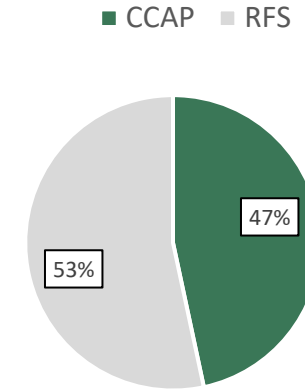
Tax-Exempt Allocation 234,080,500

Taxable Allocation 102,581,474

Impact of Series 2025A&B Issuance

Debt Outstanding	Before New Issuance	After New Issuance
Bond Series	Par Amount (\$000)	Par Amount (\$000)
Bonds, Series 2015A	\$90,550,000	\$0
Taxable Series 2015B	\$32,825,000	\$32,825,000
Bonds, Series 2017A	\$119,690,000	\$119,690,000
Bonds, Taxable Series 2017B	\$89,850,000	\$89,850,000
Delivery Series 2018	\$4,630,000	\$4,630,000
Bonds, Series 2018A	\$143,020,000	\$143,020,000
Bonds, Taxable Series 2018B	\$2,580,000	\$2,580,000
Series 2020A	\$21,460,000	\$21,460,000
Taxable Series 2020B	\$43,315,000	\$43,315,000
Series 2022	\$97,780,000	\$97,780,000
Anticipated Series 2025A&B		\$323,665,000
Sub-total Bonds Outstanding	\$645,700,000	\$878,815,000
Series A Commercial Paper Notes	\$28,201,000	\$0
Series B Commercial Paper Notes	\$75,000,000	\$2,136,000
Sub-total Commercial Paper Notes	\$103,201,000	\$2,136,000
Grand Total of Debt Outstanding	\$748,901,000	\$880,951,000
	Net Increase:	\$132,050,000

FY26 Debt Service by Repayment Source



- The CCAP appropriations will cover 47% of the total FY26 debt service following the 2025A&B issuance, totaling \$51.7 million.
- RFS or local supported debt represents the remaining 53%, with a total FY26 debt service of \$61.9 million.

UNT SYSTEM |  | hsc  | UNT DALLAS