

UNTS Board of Regents

FY 2024 Q1 Financial Update

Susan Alanis, Deputy Chancellor for Finance & Operations
February 22, 2024

Enterprise Strategic Priority

Previous – Increase cash and investments

- Projected loss of future debt capacity in 2026 without damage to credit rating (Moody's)
- Award of TUF resolves with ~\$480m corpus to be reflected on UNT balance sheet
 - Held and managed by State Comptroller for investment purposes
 - Initial annual distribution of ~\$20m annually for investment in research activities

Revised

- Establish/update **financial policies and practices** to:
 - Manage risk (reserve policy; fiscal health ratios) and maintain appropriate liquidity
 - Support operations (effective/efficient resource management and forecasting)
 - Invest in capital renewal (deferred maintenance strategy and master planning of built environment)
 - Preserve credit rating and flexibility to pursue strategic initiatives
- Establish **financial strategies and objectives** for:
 - Philanthropy
 - Research and Other Grants

Key Financial Drivers

FY2024 Year-End Forecast as of Q1

- Actual revenue performing above budget with anticipated enterprise-wide **contributions to fund balance of \$26.6m**
 - **Tuition revenue increases** driven by UNT's enrollment growth
 - **Investment returns** strong with growing long-term pool

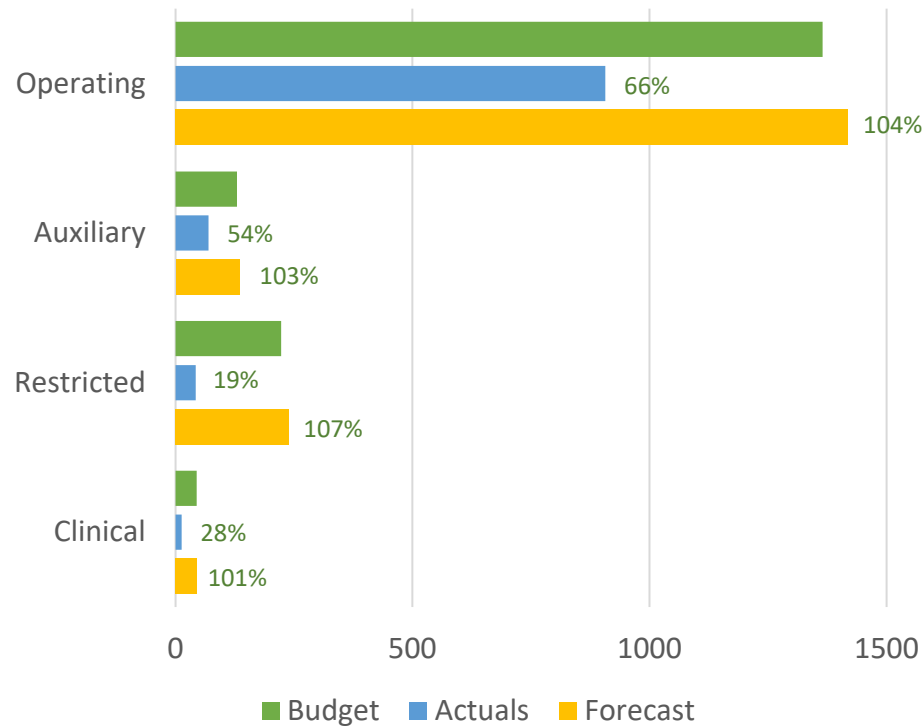
FY2024 Base Budget Attributes

- Budgeted **State Appropriations** increased by \$45m from prior year due to biennium increase
 - Affordability Compact and Enrollment Growth (\$27m)
 - Non-Formula Funds (Optometry and Nursing, Healthcare and Workforce Readiness, Classroom to Career, B-On-Time)
 - CCAP
- Budgeted **increased cost of doing business** for personnel costs by \$45m due to demands of serving more students and market pressures on pay

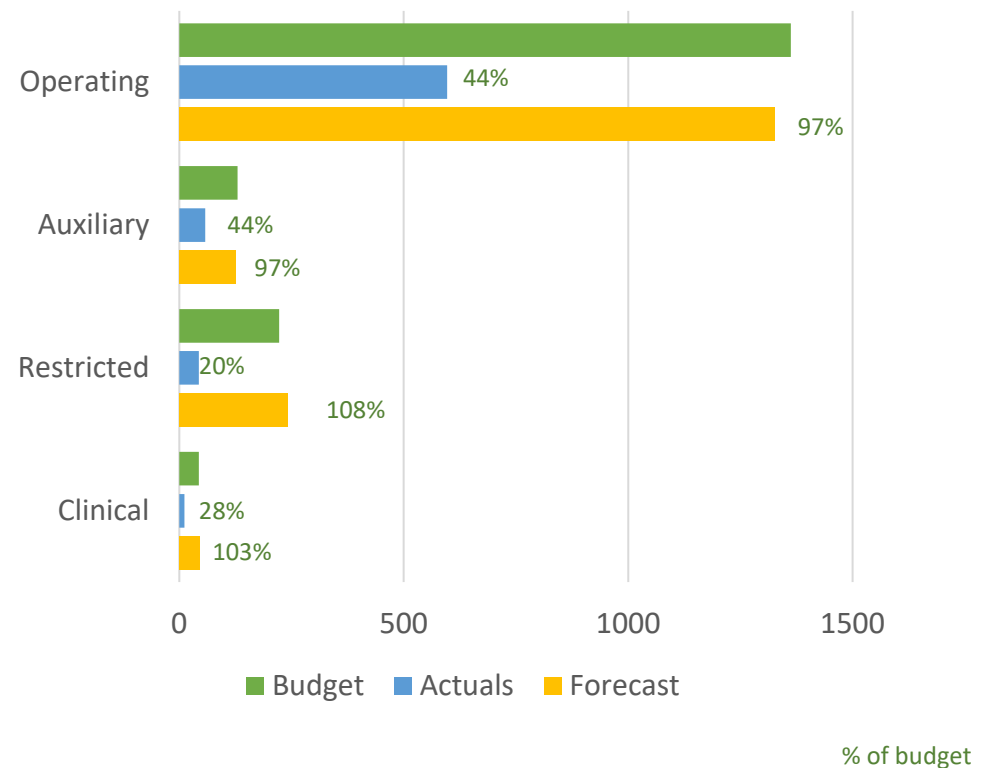
FY 2024 Q1 Budget Performance

UNTS Consolidated

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



Forecasted Net Impact to Fund Balance

Operating \$27.4m + Auxiliary \$1.3m + Restricted -\$1.8m + Clinical -\$0.3m = \$26.6m

FY 2024 Q1 Budget Performance

UNT

Revenues and Transfers-In Drivers (received 61% of budget, forecast 3% over budget):

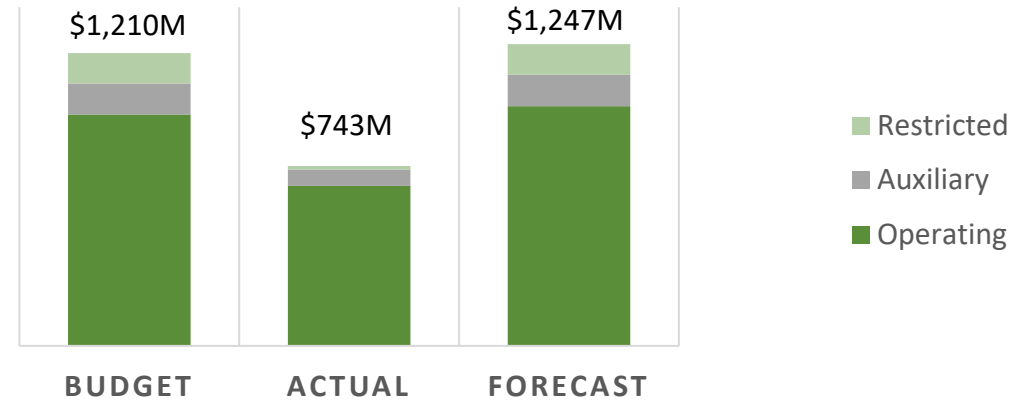
- **Tuition and Fees** forecasted to be 1% over budget due to Fall enrollment; increased 5.8% compared to prior year
- **State Appropriations** projected to be 9% over budget due to Texas University Fund approved in current biennium

Expenses and Transfers-Out Drivers (spent 43% of budget, forecast 1% over budget):

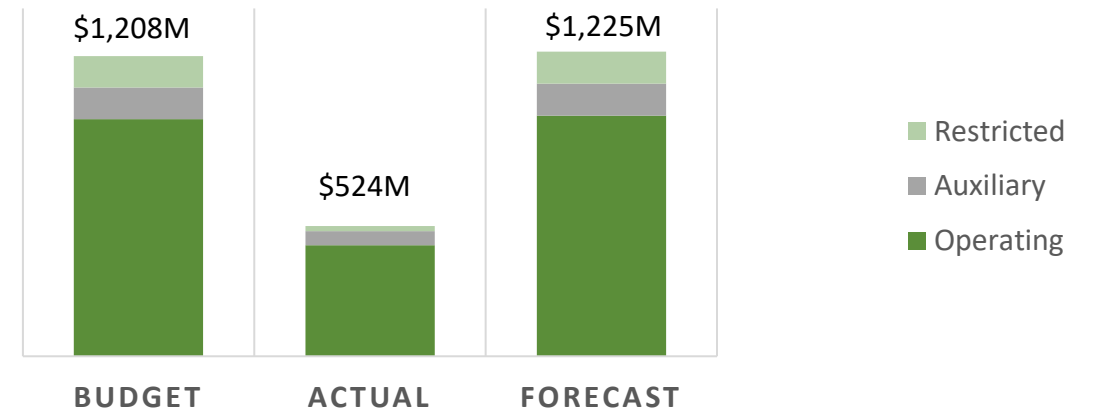
- **Personnel Costs** expended 26% of budget, on track to be 3% over budget at end of year
- **Maintenance & Operation Costs** forecasted to be 3% over budget due to increases in subcontracts

Forecasted impact to fund balance +\$22M;
 \$23M operating, \$1M auxiliary and -\$2M restricted.

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q1 Budget Performance

UNT HSC

Revenues and Transfers-In Drivers (received 42% of budget, forecast 11% over budget):

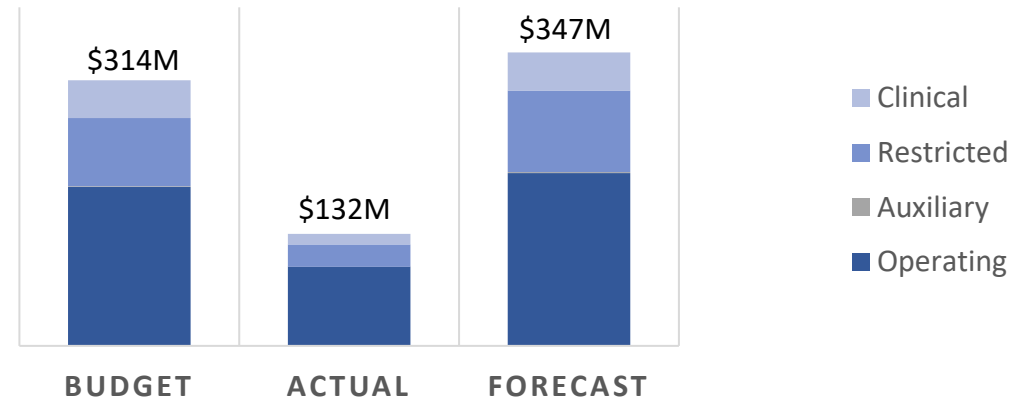
- **Tuition and Fees** received 33% of budget, on track to be flat to end of year budget
- **Grants and Contracts** forecasted to be 21% over budget due to AIM-Ahead carryover revenue from FY23

Expenses and Transfers-Out Drivers (spent 35% of budget, forecast 10% over budget):

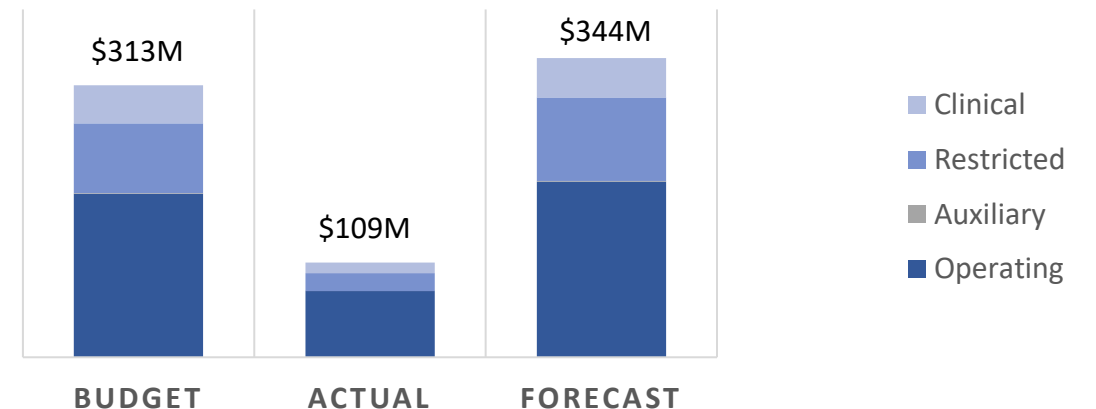
- **Personnel Costs** expended 27% of budget
- **Maintenance & Operation Costs** projected to be 27% above budget because AIM-Ahead carryover expenses and TCMHCC payments

Forecasted impact to fund balance +\$2.6M
 \$2.3M operating, \$0M auxiliary, \$0.6M restricted, and **-\$0.3M clinical.**

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q1 Budget Performance

UNT Dallas

Revenues and Transfers In Drivers (received 67% of budget, forecast 1% over budget):

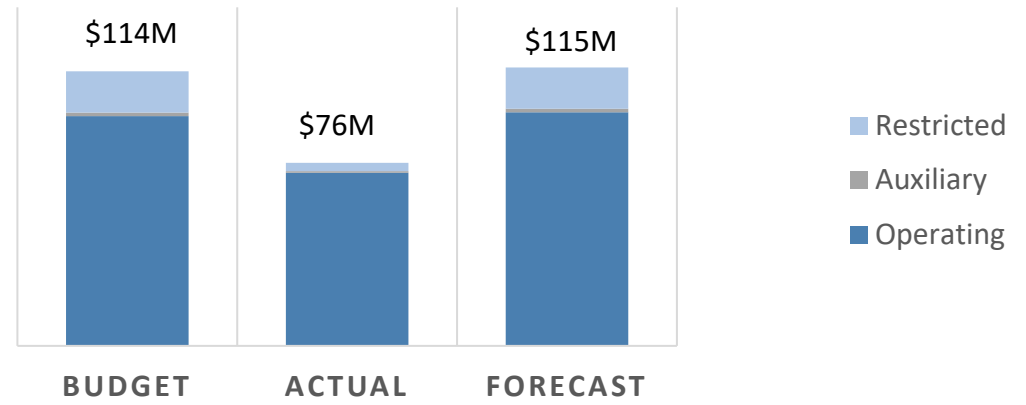
- **Tuition and Fees** forecasted to be 2% over budget because Fall enrollment increased 5.6% compared to prior year
- **Sales of Good and Services** lower than expected due to Principal Impact Collaborative (PIC) revenue collection timing

Expenses and Transfers Out Drivers (spent 45% of budget, forecast 1% over budget):

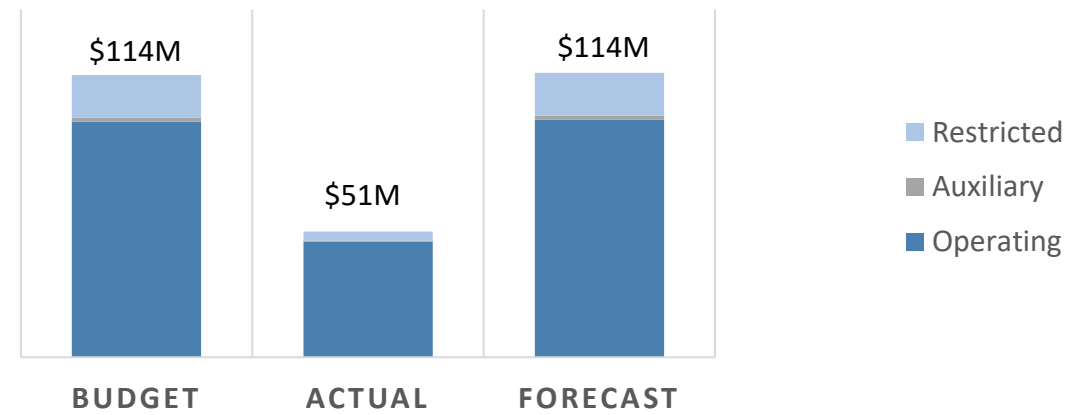
- **Personnel Costs** are 25% expended of budget

Forecasted impact to fund balance +\$0.7M
 \$0.9M operating, -\$0.1M auxiliary and **-\$0.1M restricted.**

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q1 Budget Performance

UNT System Administration

Revenues and Transfers-In Drivers (received 65% of budget, forecast 3% over budget):

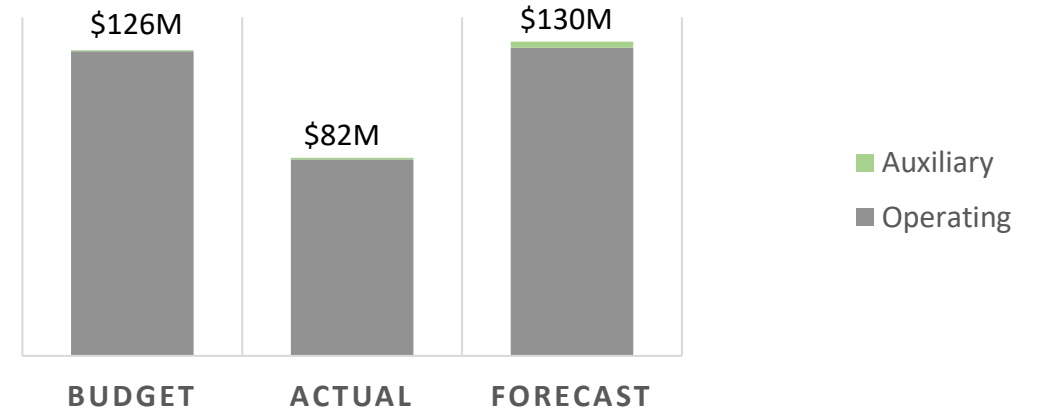
- **Sales of Good and Services** expected to be higher than budget due to building related revenue not included in the FY24 Budget

Expenses and Transfers-Out Drivers (spent 22% of budget, forecast 2% over budget):

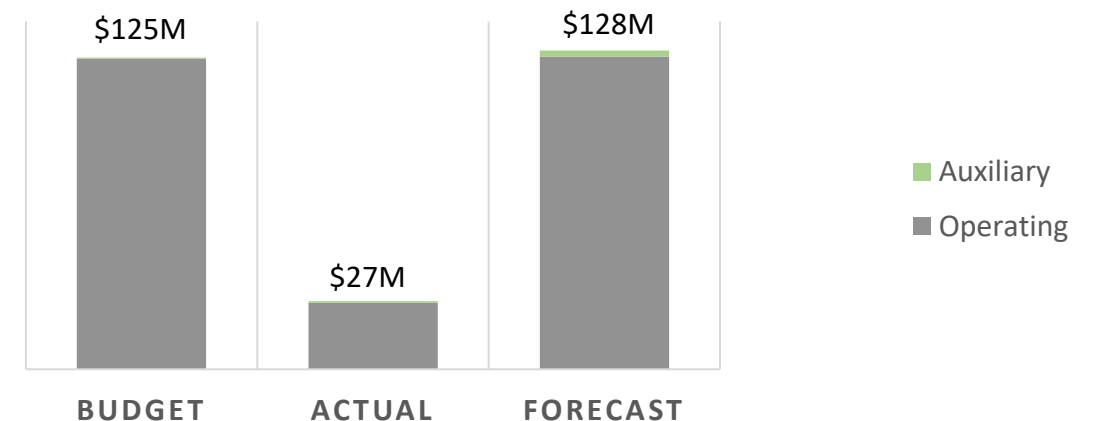
- **Personnel Costs** expended 24% of budget
- **Maintenance & Operation Costs** forecasted to be 10% above budget related to the delay in the sale of the System Building

Forecasted impact to fund balance \$1.7M
\$1.5M operating and \$0.2M auxiliary.

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q1 Statement of Revenues, Expenses & Changes in Net Position Compared to Prior Year Q1

Net Position increased by \$52M (5%)

Operating Revenues increased by \$20M (6%)

- Tuition and Fees – \$6M
- Grants and Contracts – \$11M
- Sale of Goods and Services – \$4M

Non-operating Revenues increased by \$3M (1%)

- Legislative Appropriations – \$18M
- Investment Income – \$4M
- Investment Fair Market Value decrease – (\$13M)
- Federal Revenue decrease – (\$4M)

Operating Expenses increased by \$30M (10%)

- FY24 Planned Expenses
- Depreciation and Amortization

UNAUDITED			
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position			
For the Three Months Ended November 30, 2023 and 2022			
(in thousands of dollars)			
	2024	2023	% Increase (Decrease)
Operating Revenues	\$ 342,634	\$ 322,287	6.3%
Operating Expenses	337,322	307,770	9.6%
Operating Income (Loss)	\$ 5,312	\$ 14,517	(63.4%)
Nonoperating Revenues (Expenses)	228,208	225,103	1.4%
Income (Loss) Before Other Revenues, Expenses and Transfers	\$ 233,520	\$ 239,620	(2.5%)
Other Revenues, Expenses and Transfers	66,451	61,464	8.1%
Change in Net Position	\$ 299,971	\$ 301,084	(0.4%)
Net Position, Beginning of Year	\$ 794,037	\$ 737,436	7.7%
Restatement	(3,670)	-	N/A
Restated Net Position, Beginning of Year	790,367	737,436	7.2%
Net Position, End of Year	\$ 1,090,338	\$ 1,038,520	5.0%

FY 2024 Q1 Statement of Net Position (Assets, Liabilities & Net Position)

Significant Changes from Prior Year Q1

Net Position increased by \$52M (5%)

Assets & Deferred Outflows: increased \$110M (3%)

- Investments – \$111M
- Accounts Receivable (Student Debt) – \$39M
- Lease Receivable – \$7M
- Deferred Outflows for OPEB and Pensions – (\$54M)

Liabilities & Deferred Inflows: increased \$58M (3%)

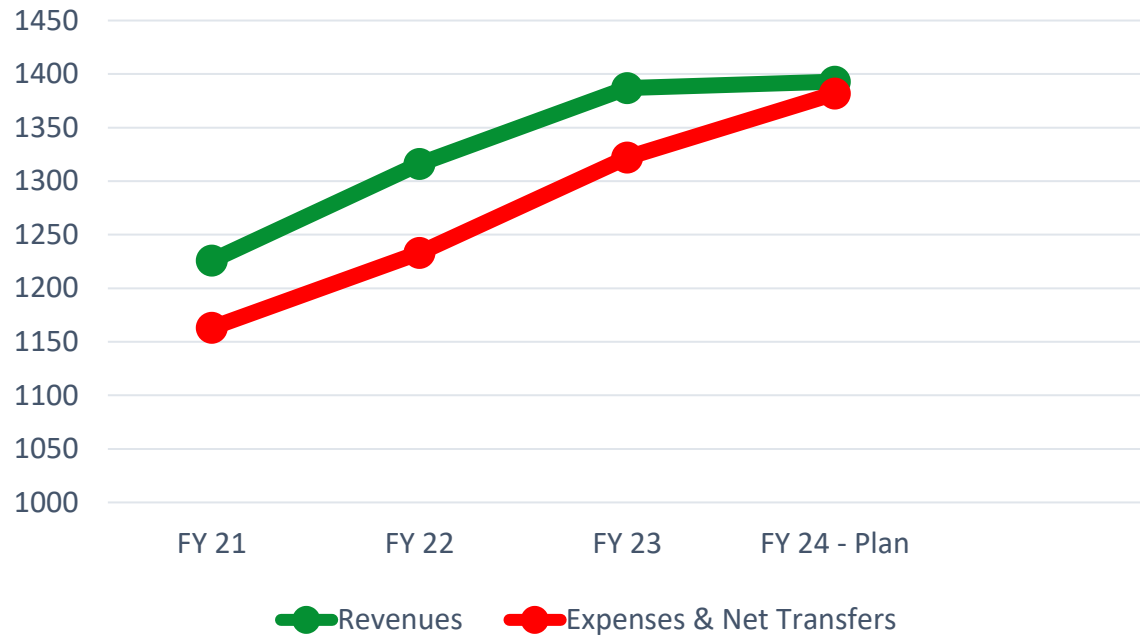
- Lease/Subscription Liability – \$9M
- Bonded Debt decrease – (\$50M)
- Commercial Paper increase – \$14M
- Unearned Revenue increase – \$63M
- Pension liability increase – \$105M
- OPEB liability decrease – (\$80M)

Condensed Comparative Statement of Net Position
As of November 30, 2023 and 2022
(in thousands of dollars)

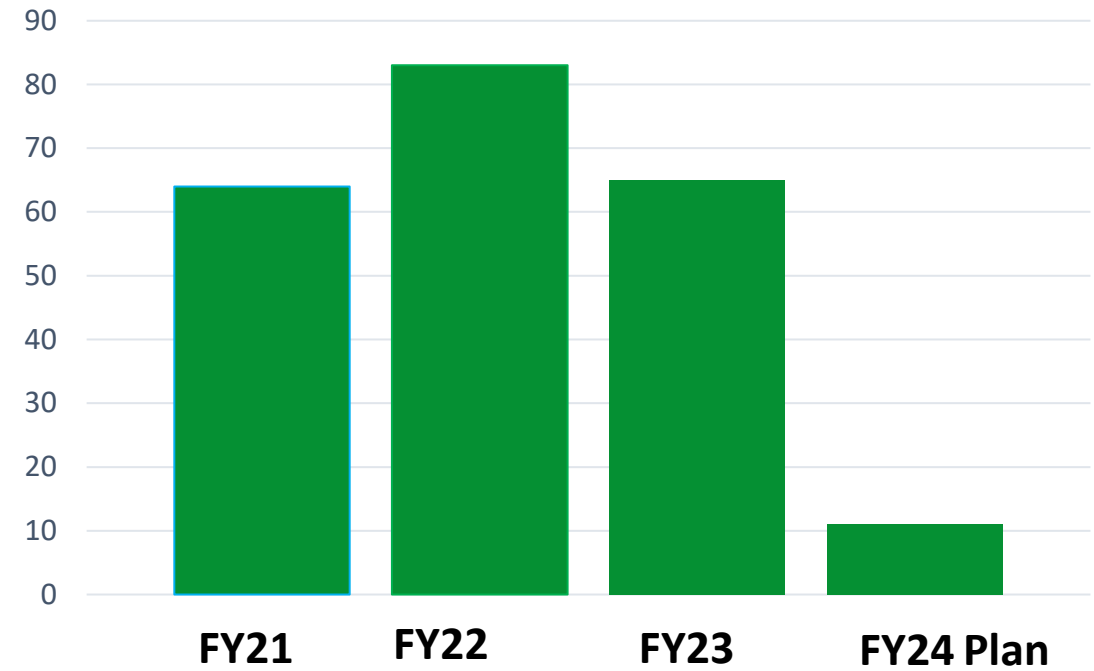
	2024	2023	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	\$ 1,046,321	\$ 991,167	5.6%
Non-Current Assets:			
Capital Assets, Net	1,435,750	1,435,744	0.0%
Other Non-Current Assets	622,002	512,955	21.3%
Deferred Outflows of Resources	223,446	277,929	(19.6%)
Total Assets and Deferred Outflows of Resources	\$ 3,327,519	\$ 3,217,795	3.4%
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 616,986	\$ 535,290	15.3%
Non-Current Liabilities:			
Bonded Indebtedness	739,529	781,205	(5.3%)
Other Non-Current Liabilities	665,418	635,505	4.7%
Deferred Inflows of Resources	215,248	227,275	(5.3%)
Total Liabilities and Deferred Inflows of Resources	\$ 2,237,181	\$ 2,179,275	2.7%
Net Position			
Net Investment in Capital Assets	\$ 595,548	\$ 599,367	(0.6%)
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	68,172	65,463	4.1%
Expendable	32,261	28,892	11.7%
Other Restricted	82,146	72,947	12.6%
Total Restricted	182,579	167,302	9.1%
Unrestricted	312,211	271,851	14.8%
Total Net Position	\$ 1,090,338	\$ 1,038,520	5.0%
Total Liabilities and Net Position	\$ 3,327,519	\$ 3,217,795	3.4%

Budgetary Impact to Fund Balance Trend

Revenues/Expenses



Contributions to Fund Balance

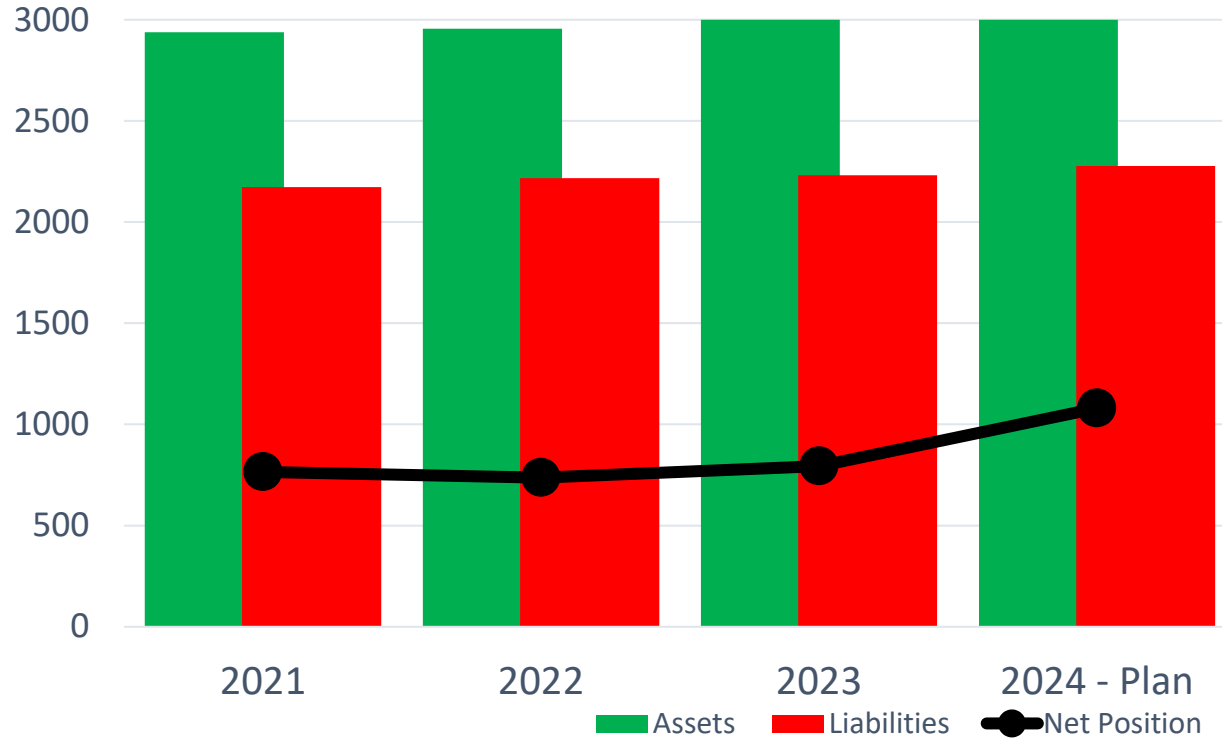


- FY23 decrease due to Fair Market Value change
- FY24 plan conservative; forecasted \$18M contribution to fund balance

(in millions)

Sources: FY21-FY23 actuals & FY24 plan

Balance Sheet Trends (FY21 – FY24)

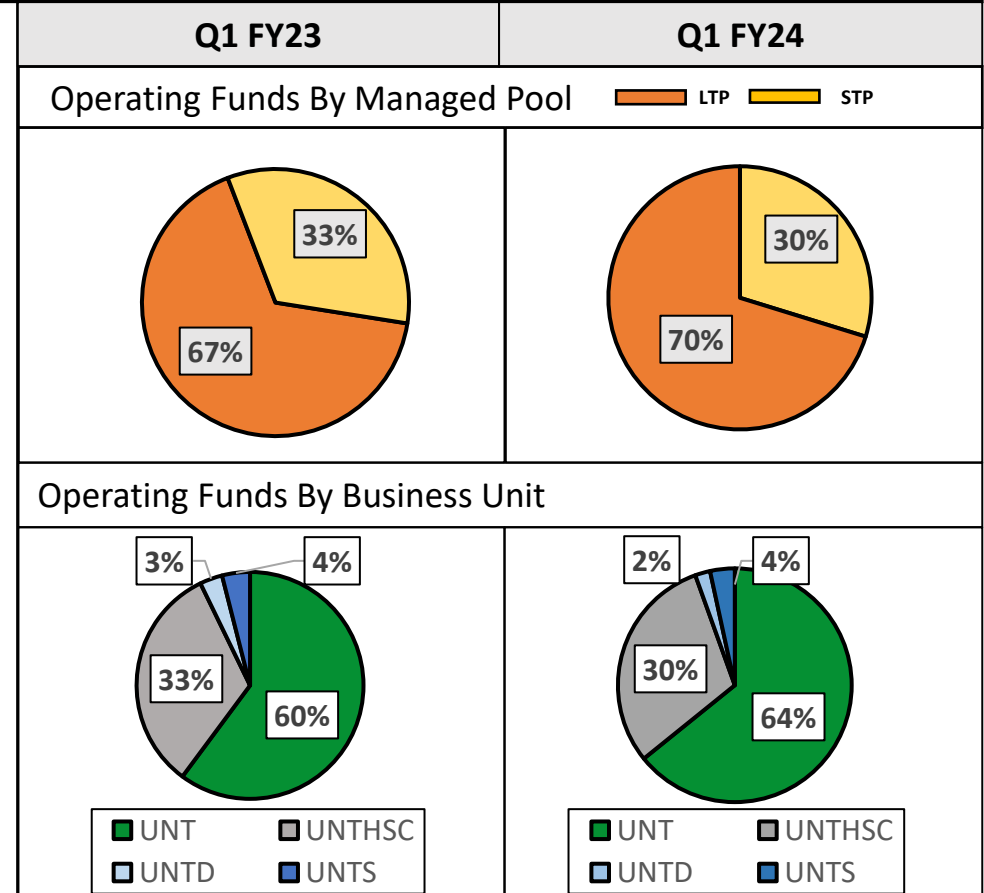
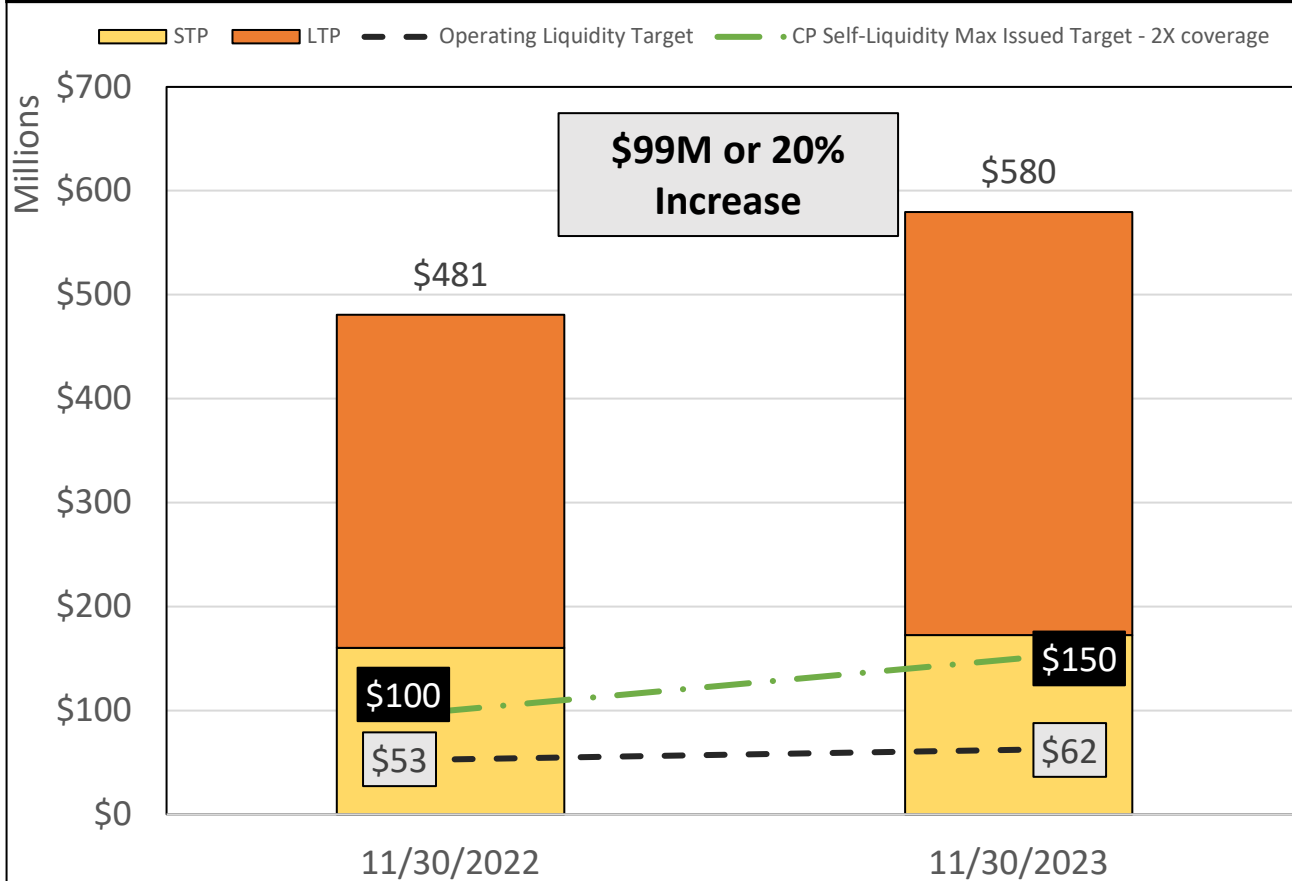


- Assets increased by 19% while liabilities increase by 4%
- Net Position forecasted to grow 41% due to TUF allocation for FY2024 (excluded from Plan)

(in millions)
Based on Audited Financial Statements (including pension & OPEB) and FY24 Plan

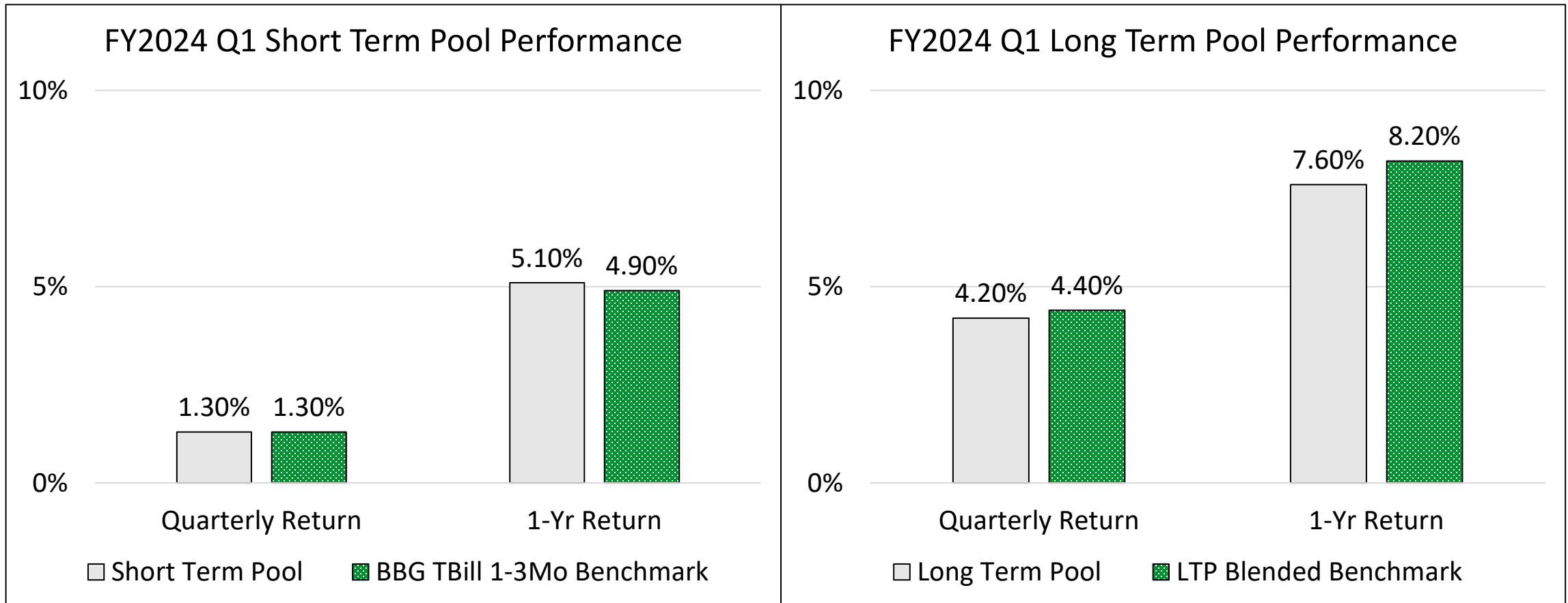
FY 2024 Q1 Operating Funds Balances

Operating funds consists of Cash and Investments in the Short-Term Pool (STP) and the Long-Term Pool (LTP)



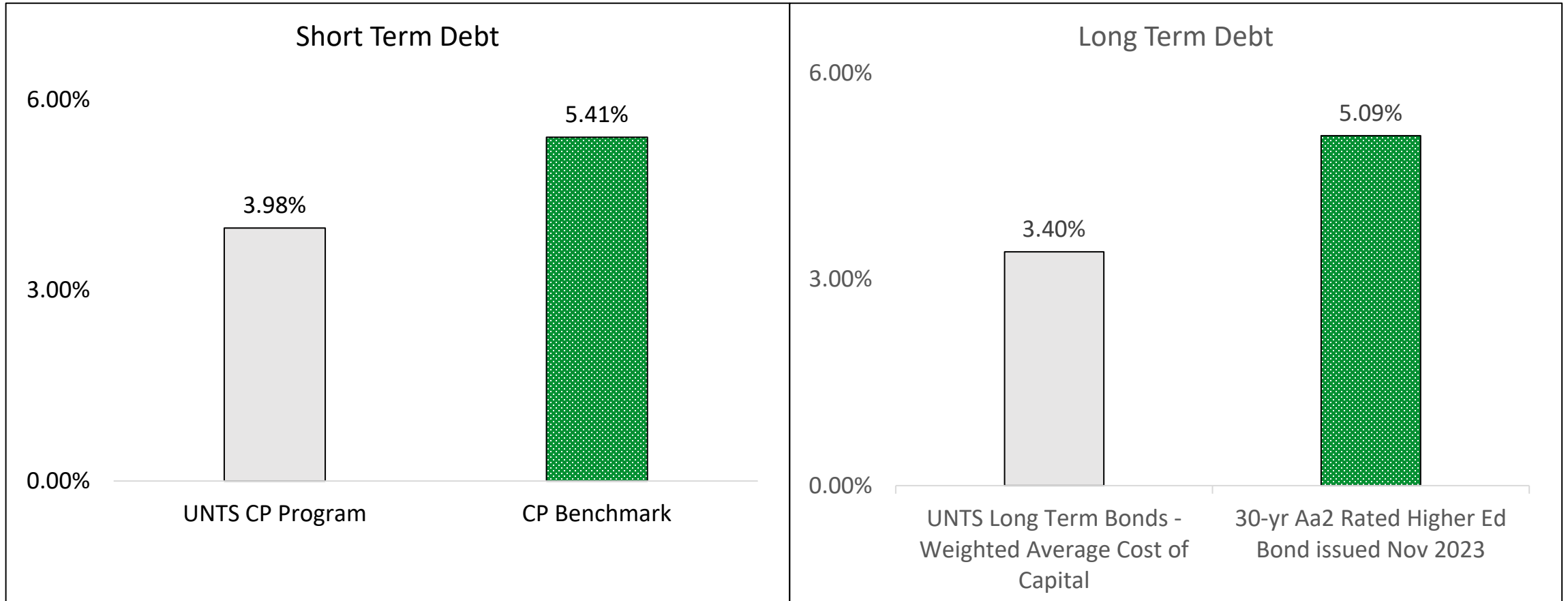
Notes: Total operating funds have increased \$99M over one year mostly due to positive cashflow of \$68M from tuition and fees and investment growth in the operating funds of \$31M.

FY 2024 Q1 Operating Funds Performance Review



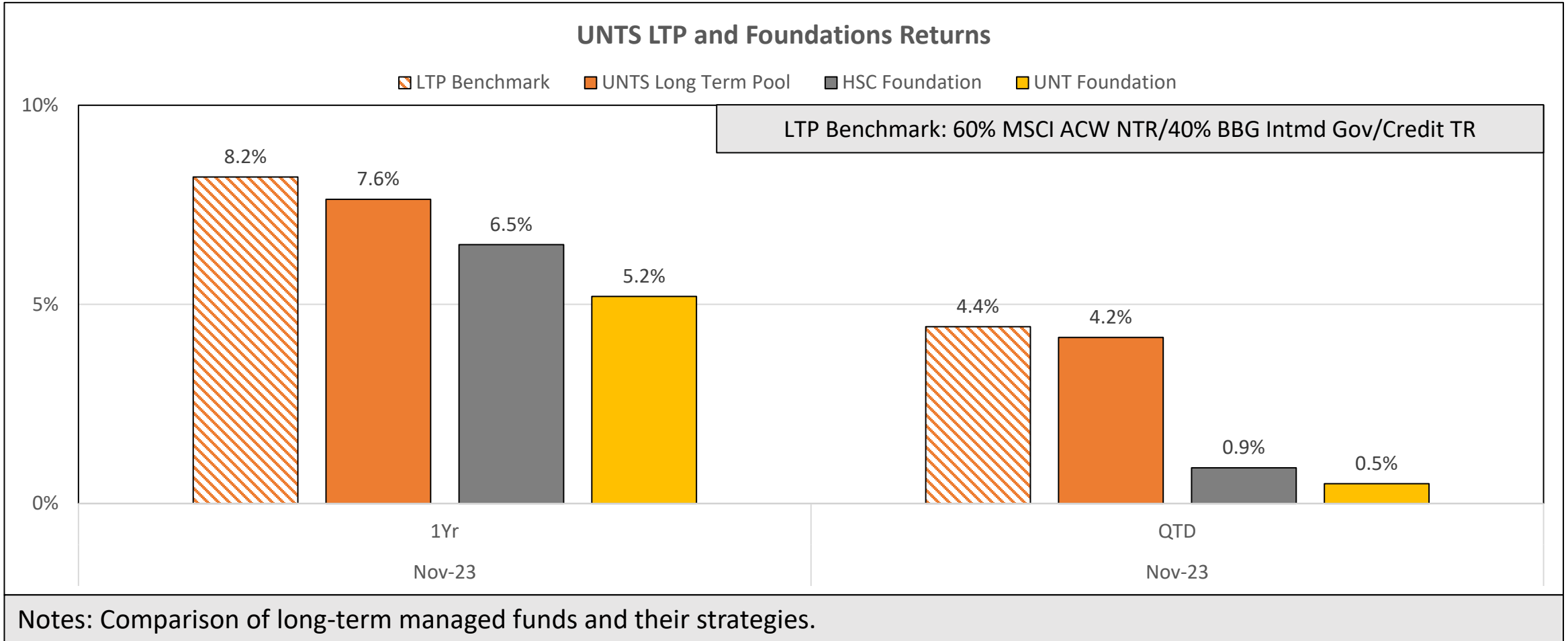
Short term and long term pool performance remains on trend with market rates.
 Long term pool investment of REITs usually play the role of hedging inflation but has not performed as such recently.

FY 2024 Q1 Debt Program Cost Review



Short term debt market rate volatility leading to an inflated short-term rate environment.
UNTS long term debt rates remain low compared to current market; watching Fed rates in preparation for bond issue this fiscal year.

FY 2024 Q1 Long Term Pool and Foundations



Questions