

# UNTS Board of Regents

## FY 2023 Q4 Financial Update

Susan Alanis, Deputy Chancellor for Finance & Ops.  
November 6, 2023

# Enterprise Strategic Priority

- **Increase cash and investments** to maintain appropriate liquidity, preserve debt rating and maximize agility and growth potential.
  - Philanthropy
  - Research and Other Grants
  - Legislative Success – Texas University Fund
  - Effective budget management
  - Effective capital asset management

# Key Financial Drivers for FY2023 Year-End

- **Tuition & fees** increased 12.8% from prior year due to UNT enrollment growth
- **Investment Income** decreased by \$3m/14.2% and **market value of investments** increased 146% from prior year due to market conditions and focus on active management of liquidity needs to allow longer term investments

# FY 2023 Year-End Budget Performance Compared to Budget

## UNTS Consolidated

Revenue Drivers (net \$83M positive from budget; received 106% of budget):

- **Tuition, Fees** up due to UNT enrollment (\$22M)
- **Financial Aid Grants** up due to UNT enrollment
- Increased demand for **Dining/Housing**
- Other revenue up due to receipt of **CCAP allocations** after budget adoption
- **Investment income** substantially higher than budget due to investments performing better than expected

Expense Drivers (\$3M savings; spent 99.7% of budget)

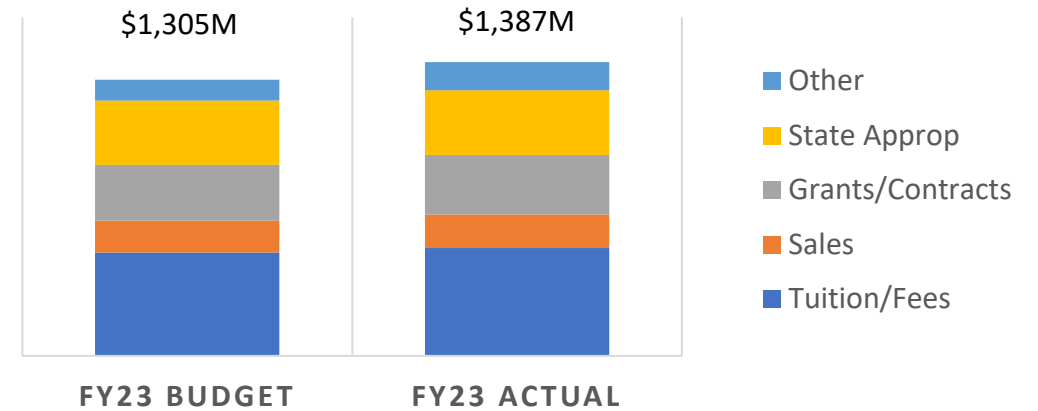
- Increased **cost of operations** for increased enrollment
- Offset by \$36M in **lagging sub-awards** for AIM-AHEAD grant

Transfers Out (\$21M over budget)

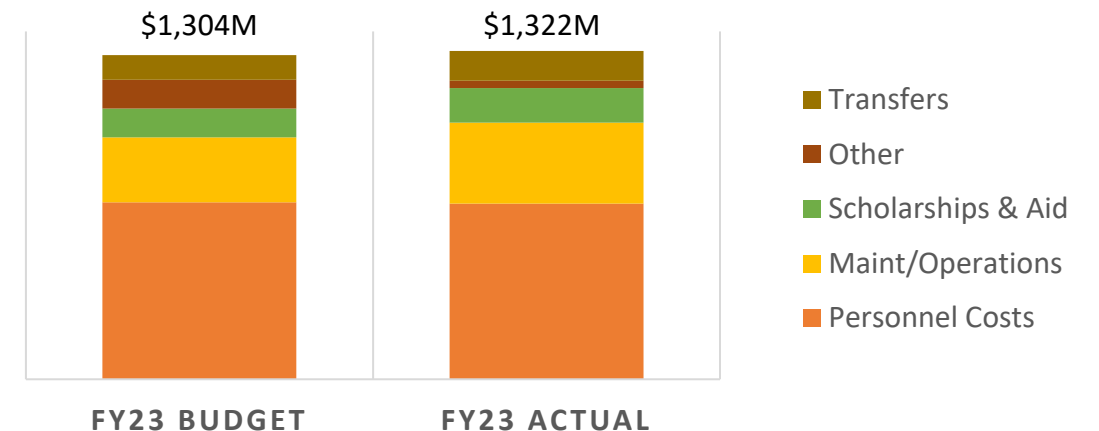
- Increased transfers for unbudgeted CCAP

Net budgetary contribution to fund balance of \$66M compared to planned \$1M.

### REVENUES



### EXPENSES & TRANSFERS



# FY 2023 Q4: Performance Compared to Budget

## Summary by Institution

<p><b>University of North Texas</b></p> <p><b>10.9% ahead</b></p> <p><u>Revenue:</u></p> <ul style="list-style-type: none"> <li>Up \$93.9m; <b>Tuition &amp; Fees and Texas Grants.</b></li> </ul> <p><u>Expenses &amp; Transfers:</u></p> <ul style="list-style-type: none"> <li>Higher than plan by \$34.5m to support <b>higher enrollment</b>, increased recruiting expenses and scholarships</li> <li>Transfers out higher than plan by \$11.9m; <b>unbudgeted CCAP.</b></li> </ul> <p><b>5.4% ahead</b></p>	<p><b>UNT Health Science Center</b></p> <p><b>7.3% behind</b></p> <p><u>Revenue:</u></p> <ul style="list-style-type: none"> <li>Lower than plan by \$25.6m; <b>AIM-AHEAD grant deferred to FY2024.</b></li> </ul> <p><u>Expenses &amp; Transfers:</u></p> <ul style="list-style-type: none"> <li>Lower than plan by \$38.9m; <b>AIM-AHEAD deferred to FY2024.</b></li> </ul> <p><b>11% behind</b></p>
<p><b>University of North Texas Dallas</b></p> <p><b>15.9% ahead</b></p> <p><u>Revenue:</u></p> <ul style="list-style-type: none"> <li>Ahead of plan by \$13.4m for <b>CCAP and Texas Grants.</b></li> </ul> <p><u>Expenses &amp; Transfers:</u></p> <ul style="list-style-type: none"> <li>Higher than plan by \$3.2m for <b>recruiting and CIP</b></li> <li>Transfers out higher than plan by \$10.7m for <b>unbudgeted CCAP.</b></li> </ul> <p><b>16.4% ahead</b></p>	<p><b>UNT System Administration</b></p> <p><b>8.4% ahead</b></p> <p><u>Revenue:</u></p> <ul style="list-style-type: none"> <li>Ahead of plan by \$1.0M for robust <b>investment income.</b></li> <li>Unbudgeted reimbursements of \$1.9M for <b>certain campus IT services</b></li> </ul> <p><u>Expenses &amp; Transfers:</u></p> <ul style="list-style-type: none"> <li>Lower than planned expenses by \$1.9M due to <b>vacancies.</b></li> </ul> <p><b>33.2% behind</b></p>

# FY 2023 Year-End Budget Performance Compared to Last Year

## UNTS Consolidated

Revenue Drivers (net \$71M positive from FY2022; +5.4%):

- **Tuition, Fees** up due to UNT enrollment (\$58M)
- Other Income increased by \$11m due to CCAP distributions

Expense Drivers (\$102M increase; +9.3%)

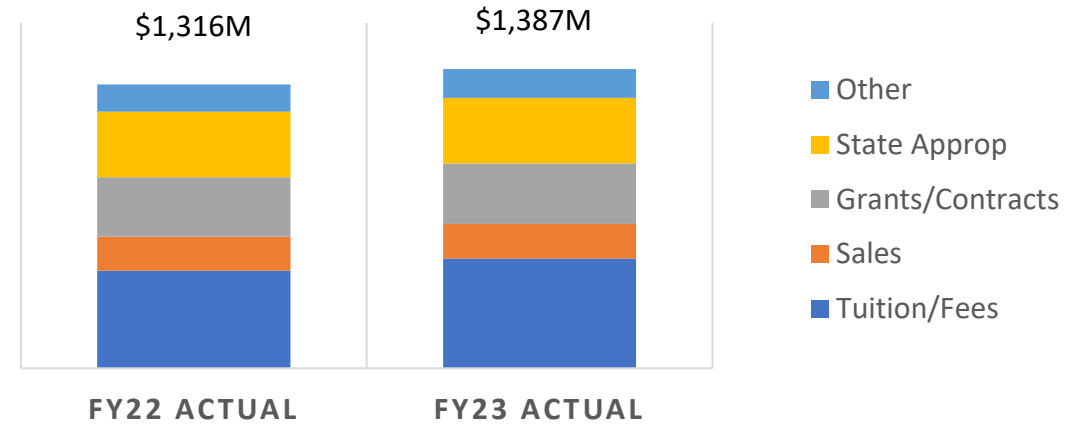
- Increased **cost of operations** for increased enrollment
  - Payroll
  - Housing/Dining/Campus Activity Demand
  - Student Services
  - Utilities
- **Professional Fees & Services** increased due to HSC's AIM Ahead grant – offset by grant revenue
- **Research**
- **Travel** restoration

Transfers Out (\$13.6M decrease; -10%)

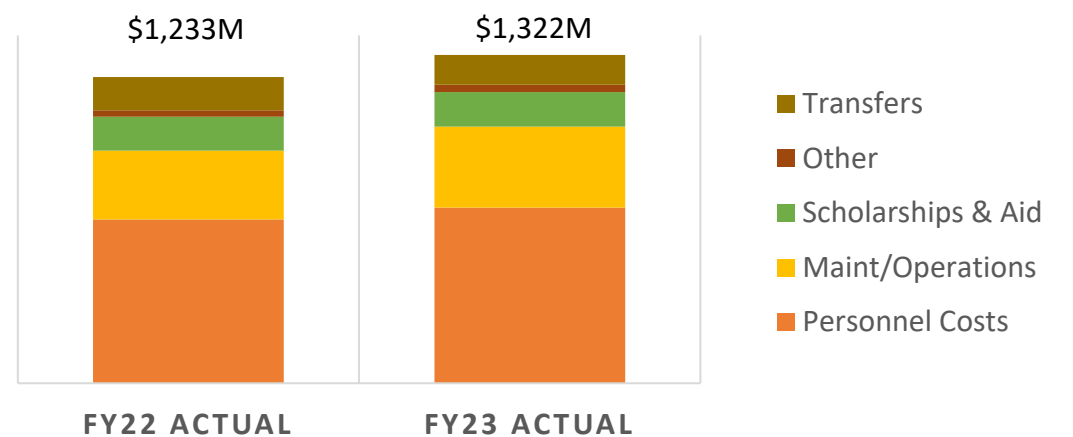
- Fewer transfers for HEF projects at UNT

Net budgetary contribution to fund balance of \$66M compared to \$83M in FY2022.

### REVENUES



### EXPENSES & TRANSFERS



# FY 2023 Statement of Revenues, Expenses & Changes in Net Position Compared to Prior Year

## Net Position increased by \$57m (8%)

### Operating Revenues increased by \$119m (16%)

- Tuition, Auxiliary Enterprises - \$69M
- Grants and Contracts - \$61M
- Sale of Goods and Services – (\$10M)

### Non-operating Revenues increased by \$65M (16%)

- FMV of Investments – \$107M
- CCAP Funds – \$26M
- Capital Contributions - \$9M
- Federal Revenue (HEERF) - (\$57M)

### Operating Expenses increased by \$120M (10%)

- Current Budgetary Expenses
- Depreciation and Amortization

	2023	2022	% Increase (Decrease)
Operating Revenues	\$ 877,432	\$ 758,462	15.7%
Operating Expenses	1,368,977	1,248,159	9.7%
<b>Operating Income (Loss)</b>	<b>\$ (491,545)</b>	<b>\$ (489,697)</b>	<b>0.4%</b>
Nonoperating Revenues (Expenses)	474,305	408,997	16.0%
<b>Income (Loss) Before Other Revenues, Expenses and Transfers</b>	<b>\$ (17,240)</b>	<b>\$ (80,700)</b>	<b>(78.6%)</b>
Other Revenues, Expenses and Transfers	76,467	60,785	25.8%
<b>Change in Net Position</b>	<b>\$ 59,227</b>	<b>\$ (19,915)</b>	<b>(397.4%)</b>
Net Position, Beginning of Year	\$ 737,436	\$ 765,679	(3.7%)
Restatement	(2,627)	(8,328)	(68.5%)
Restated Net Position, Beginning of Year	734,809	757,351	(3.0%)
<b>Net Position, End of Year</b>	<b>\$ 794,036</b>	<b>\$ 737,436</b>	<b>7.7%</b>

# FY 2023 Statement of Net Position (Assets, Liabilities & Net Position)

## Significant Changes from FY2022

**Net Position increased by \$57m (8%)**

**Assets & Deferred Outflows: increased \$76m (2.5%)**

- Investments – \$104m
- Prepaid Expense (Tuition & Fees) – \$12m
- Deferred Outflows for OPEB and Pensions – (\$54m)

**Liabilities & Deferred Inflows: increased \$13m (0.6%)**

- Lease/Subscription Liability - \$10m
- Bonded Debt decrease (\$50m)
- Commercial Paper increase \$39M
- Pension liability increase \$105M
- OPEB liability decrease (\$82M)

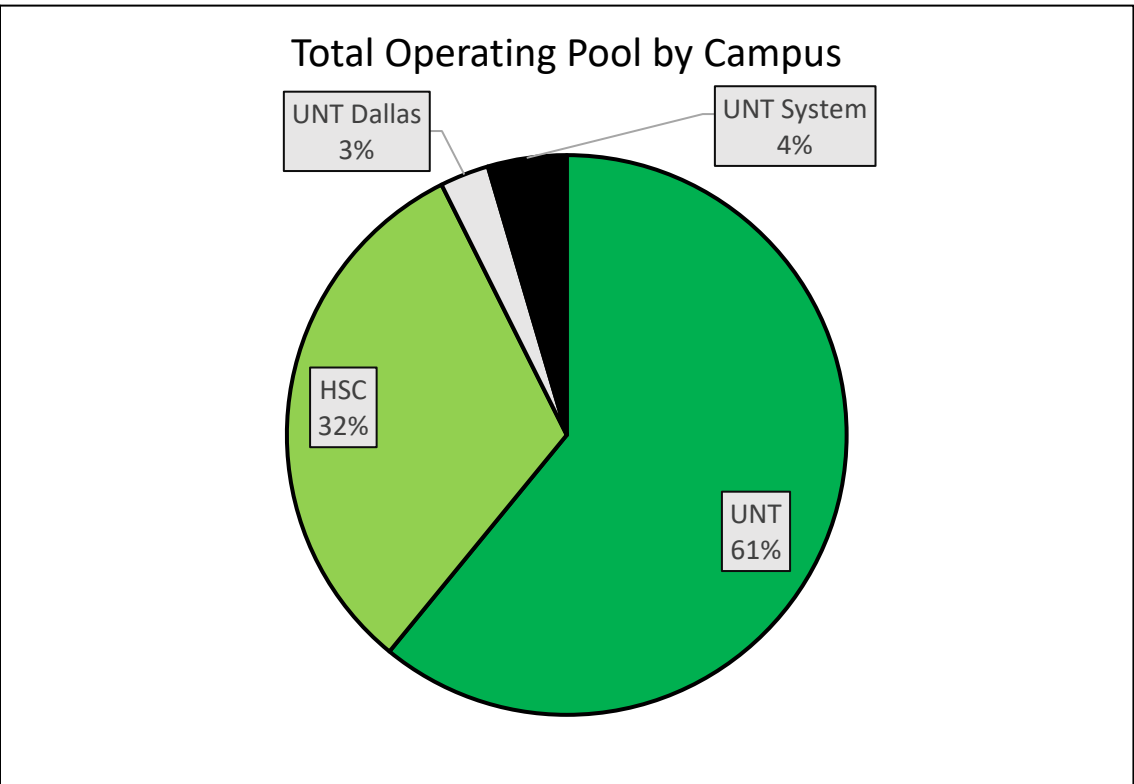
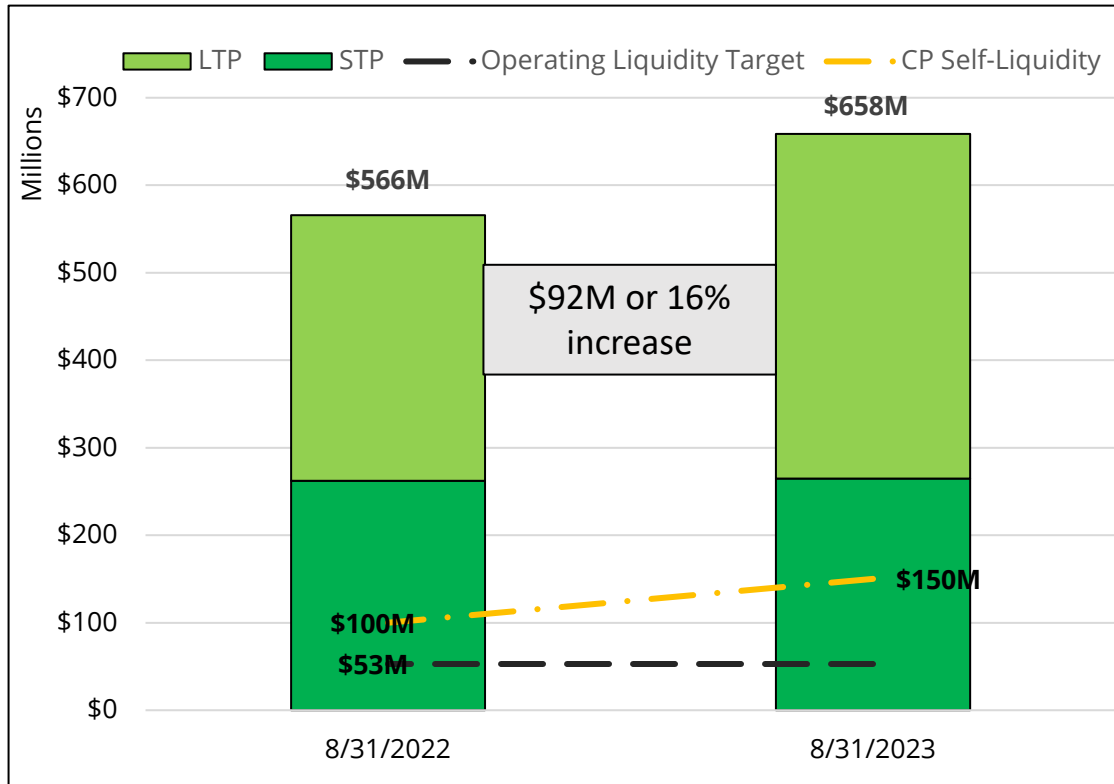
Condensed Comparative Statement of Net Position  
As of August 31, 2023 and 2022  
(in thousands of dollars)

	2023	2022
<b>Assets and Deferred Outflows of Resources</b>		
Current Assets	\$ 741,692	\$ 718,513
Capital Assets, Net	1,437,935	1,442,298
Other Non-Current Assets	622,616	517,016
<b>Total Assets</b>	<b>\$ 2,802,243</b>	<b>\$ 2,677,827</b>
Deferred Outflows of Resources	223,549	278,032
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,025,792</b>	<b>\$ 2,955,859</b>
<b>Liabilities and Deferred Inflows of Resources</b>		
Current Liabilities	\$ 610,912	\$ 560,920
Non-Current Liabilities	1,404,611	1,430,201
<b>Total Liabilities</b>	<b>\$ 2,015,523</b>	<b>\$ 1,991,121</b>
Deferred Inflows of Resources	216,232	227,302
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 2,231,755</b>	<b>\$ 2,218,423</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 590,710	\$ 554,929
Restricted:		
Funds Held as Permanent Investments:		
Non-Expendable	67,504	64,227
Expendable	44,147	39,735
Other Restricted	82,146	72,947
Total Restricted	\$ 193,797	\$ 176,909
Unrestricted	9,530	5,598
<b>Total Net Position</b>	<b>\$ 794,036</b>	<b>\$ 737,436</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 3,025,792</b>	<b>\$ 2,955,859</b>



# FY 2023 Q4 Operating Funds YoY Balance Comparison

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

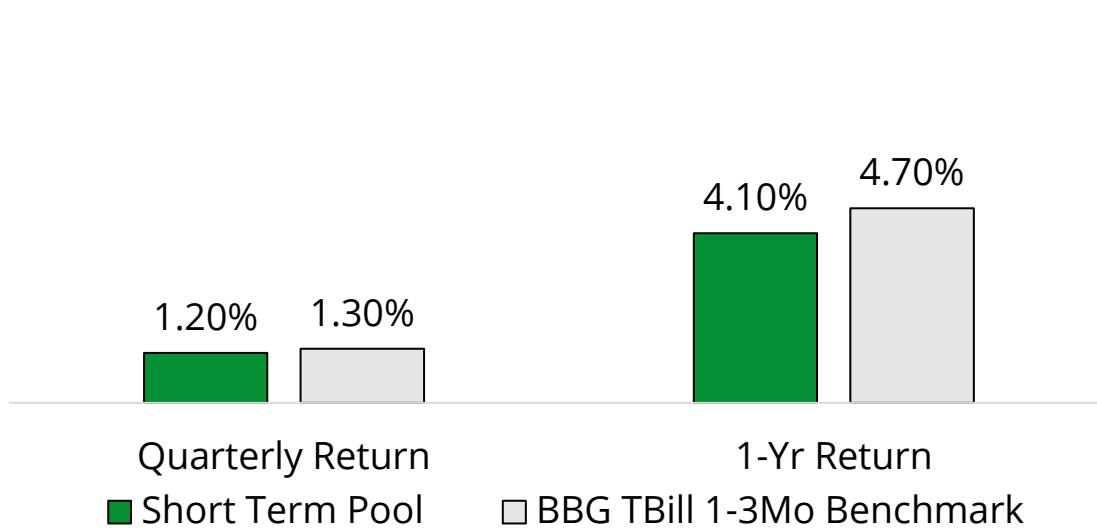


- Treasury focus on monitoring operations and Commercial Paper Self-Liquidity needs to shift excess to LTP to increase returns

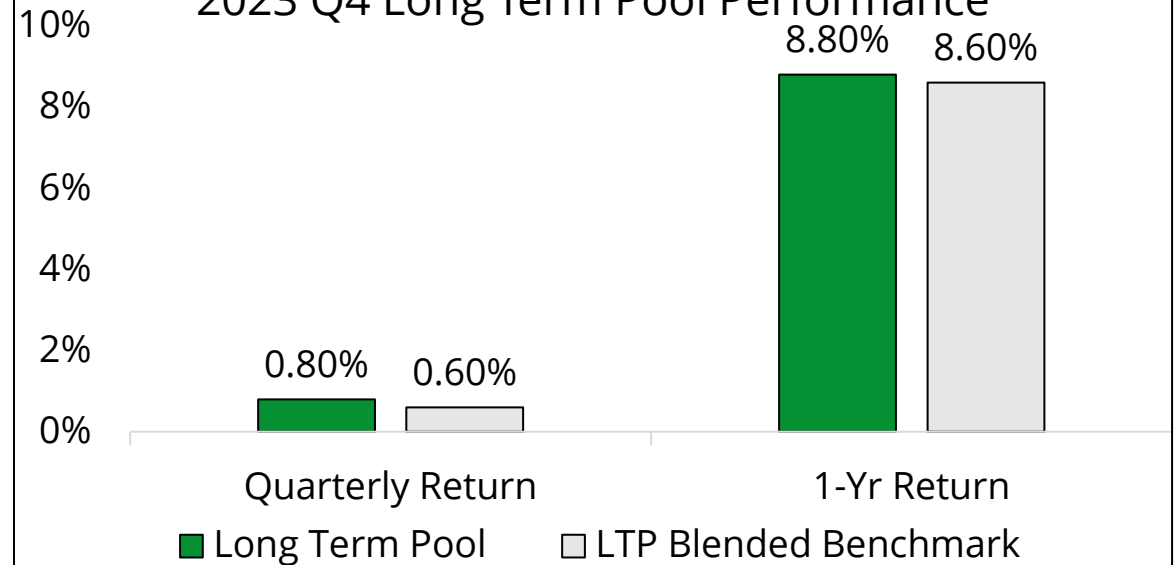
# FY 2023 Q4 Operating Funds Investment Performance

Both Short Term Pool and Long Term Pool outpaced inflation - 1-Year CPI of 3.67%

### 2023 Q4 Short Term Pool Performance



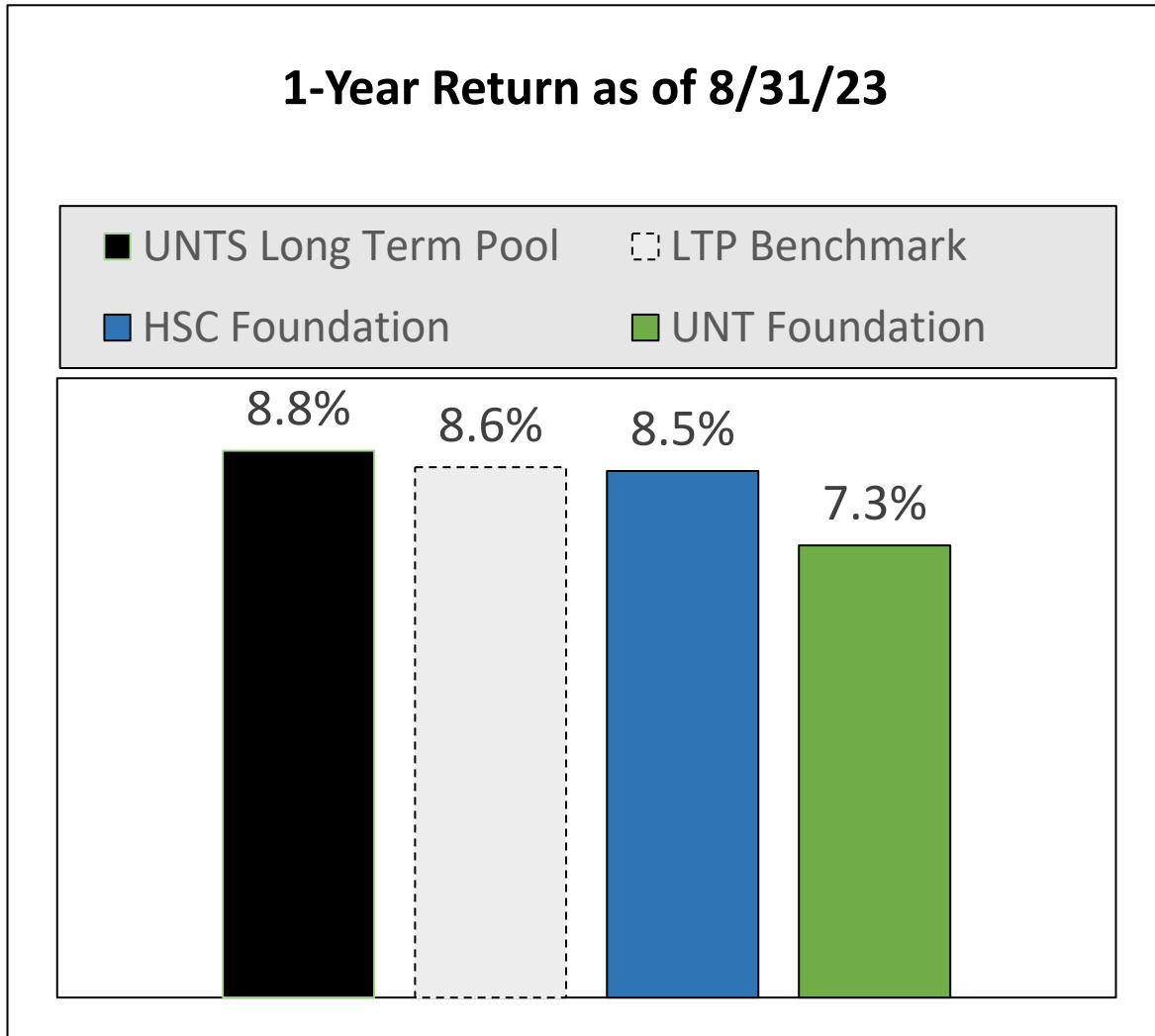
### 2023 Q4 Long Term Pool Performance



- Ending Balance \$265M
- Fed Funds Rate at 5.25%-5.50%
- Inverted Treasury yield curve favorable to earn
- Hedging imminent short term rate decline by extending duration

- Ending Balance \$393M
- During FY23
  - \$65M additions from Short Term Pool rebalancing
  - \$21M Market Value increase

# UNTS Managed and Foundation-Managed Funds Performance



*During fiscal year 2023, Operating Funds and Endowments have performed positively with the financial markets.*

## UNTS Long Term Pool

- \$ 393M portion of System Operating Funds managed by Goldman Sachs

## HSC Foundation Portfolio

- \$ 119M HSC Endowment
- \$ 14M HSC Medical Malpractice Fund

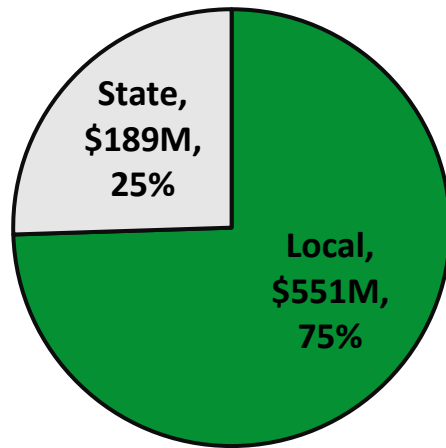
## UNT Foundation Portfolio

- \$ 287M Foundation Endowments and UNT & UNT Dallas Endowments

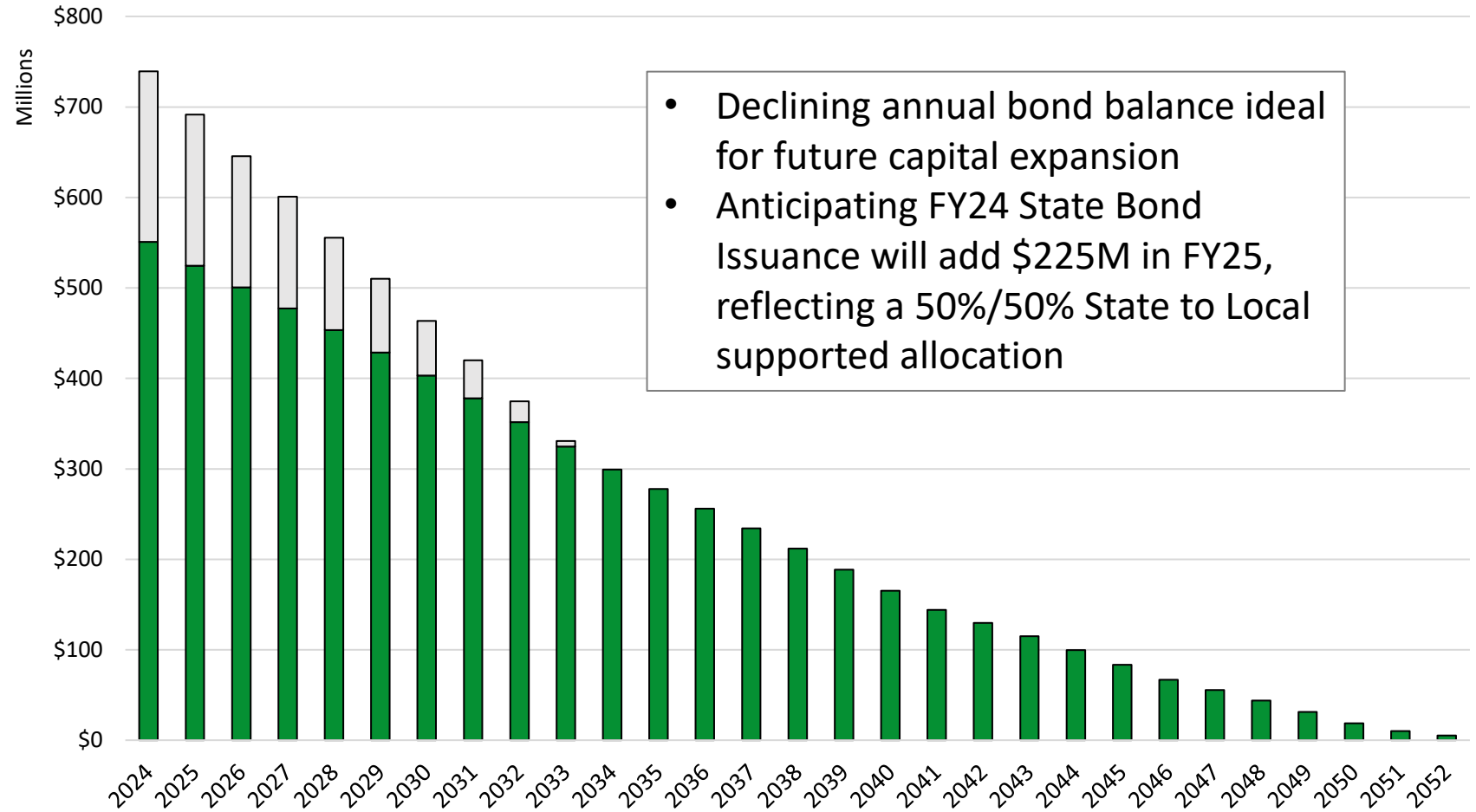
# Outstanding Bonds by Repayment

Legend:  State  Local

## FY24 Outstanding Principal



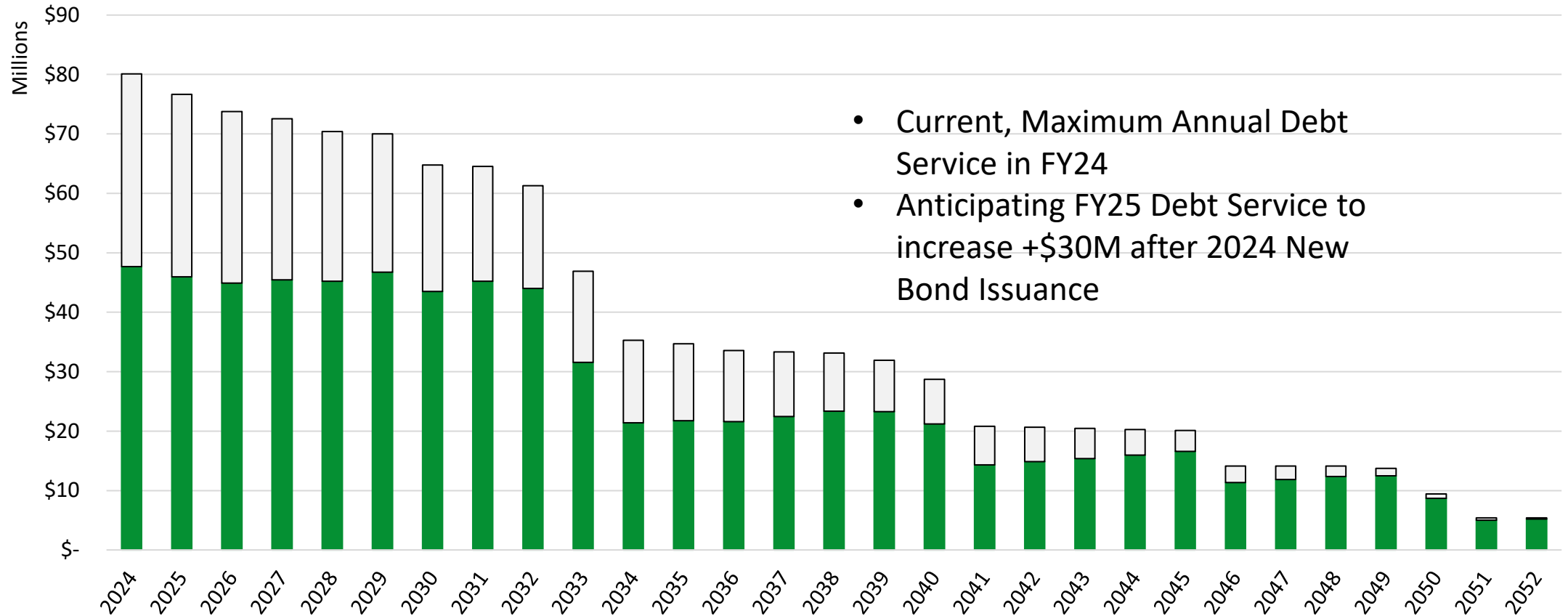
## Annual Amortization Schedule



# Bonds Annual Debt Service

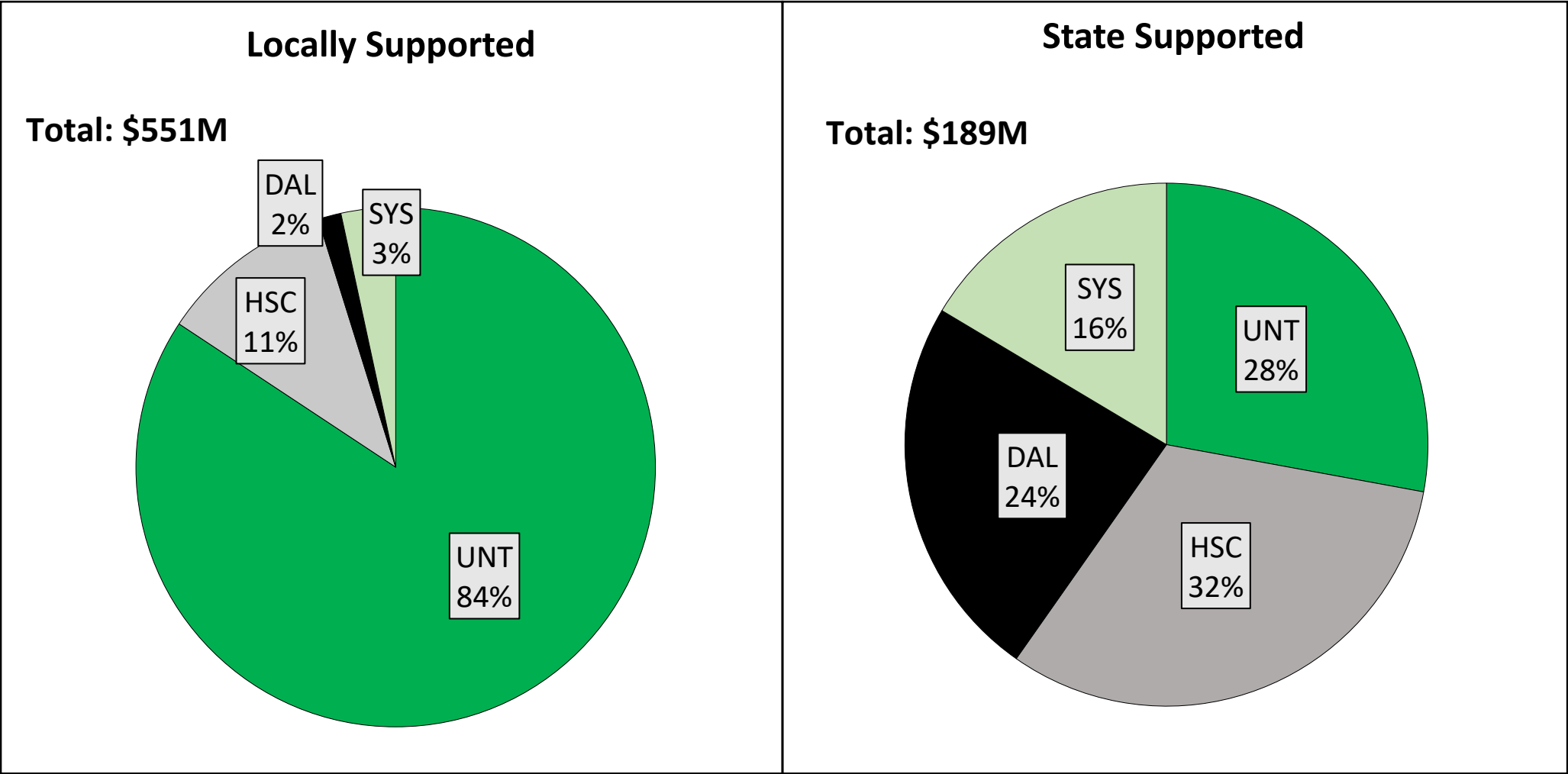
Legend:  Interest  Principal

## Annual Debt Service

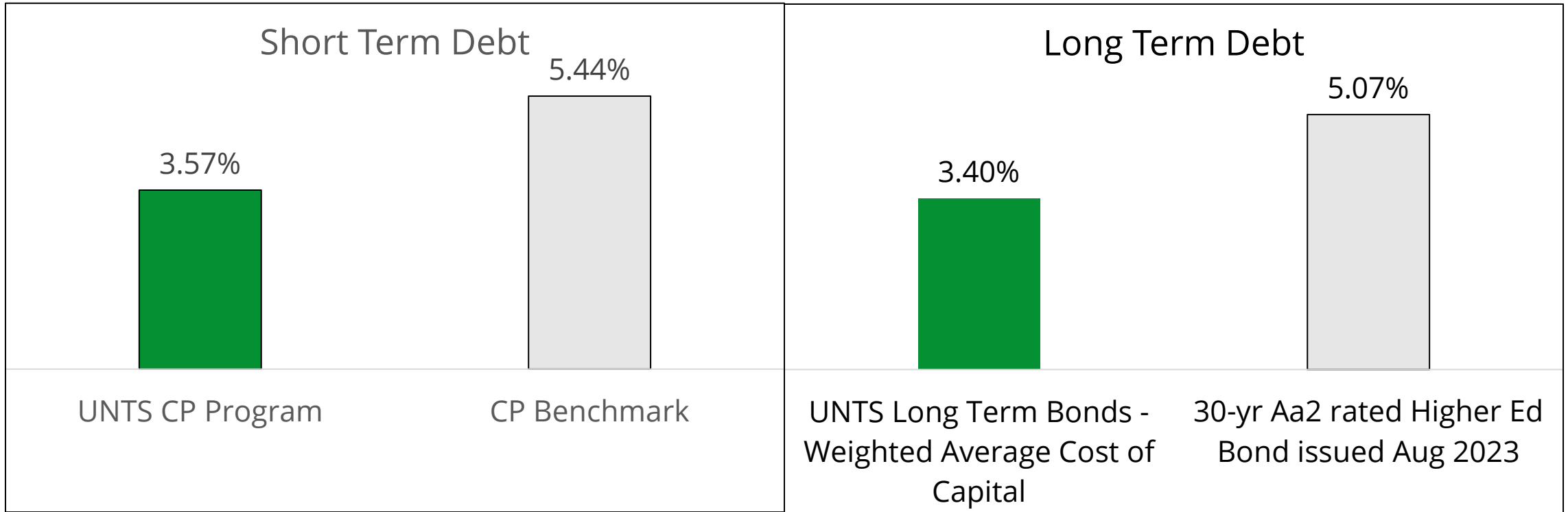


- Current, Maximum Annual Debt Service in FY24
- Anticipating FY25 Debt Service to increase +\$30M after 2024 New Bond Issuance

# FY 2023 Outstanding Bonds by Repayment by Campus



# FY 2023 Q4 Debt Program Cost



- CP as interim financing - **\$60M outstanding** of \$150M maximum authority
- Current **cost of borrowing** continues to rise
- Combined UNT System portfolio of **average cost over time compares favorably**
- Anticipate **Long-Term Bond Issuance in Spring 2024 ~\$300M**

# Questions