

UNTS Board of Regents

FY 2024 Q2 Financial Update

Susan Alanis, Deputy Chancellor for Finance & Operations
May 16, 2024

Enterprise Strategic Priority

- 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

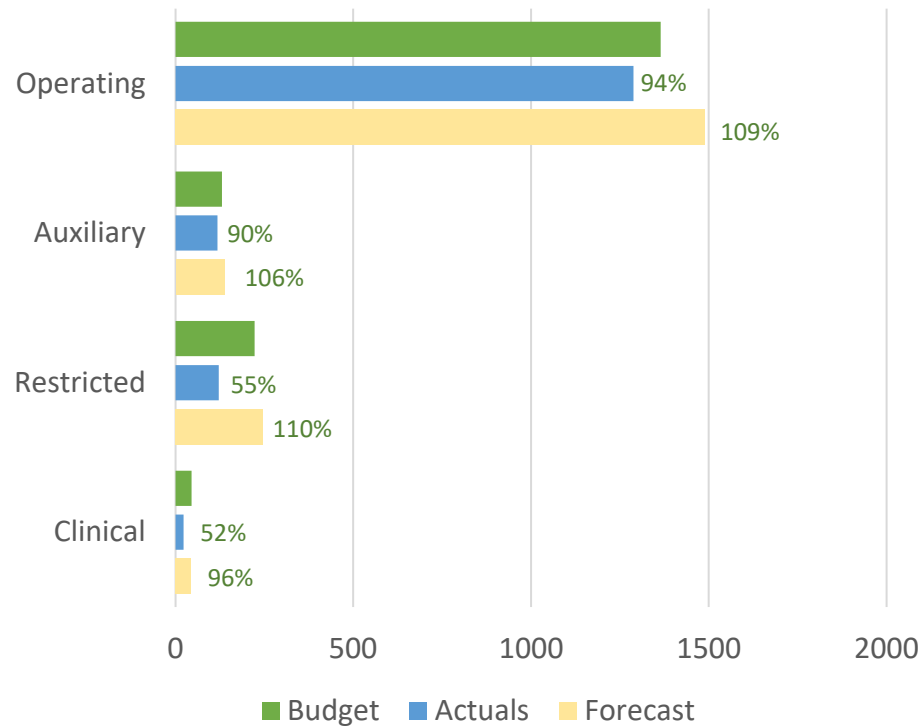
FY2024 Year-End Forecast as of Q2

- Actual revenue performing above budget with anticipated enterprise-wide **contributions to fund balance of \$29.3m**
 - **Tuition revenue increases** driven by UNT and UNTD's enrollment growth
 - Increased **Grants and Contracts** from Pell, Texas Grants and AIM-AHEAD

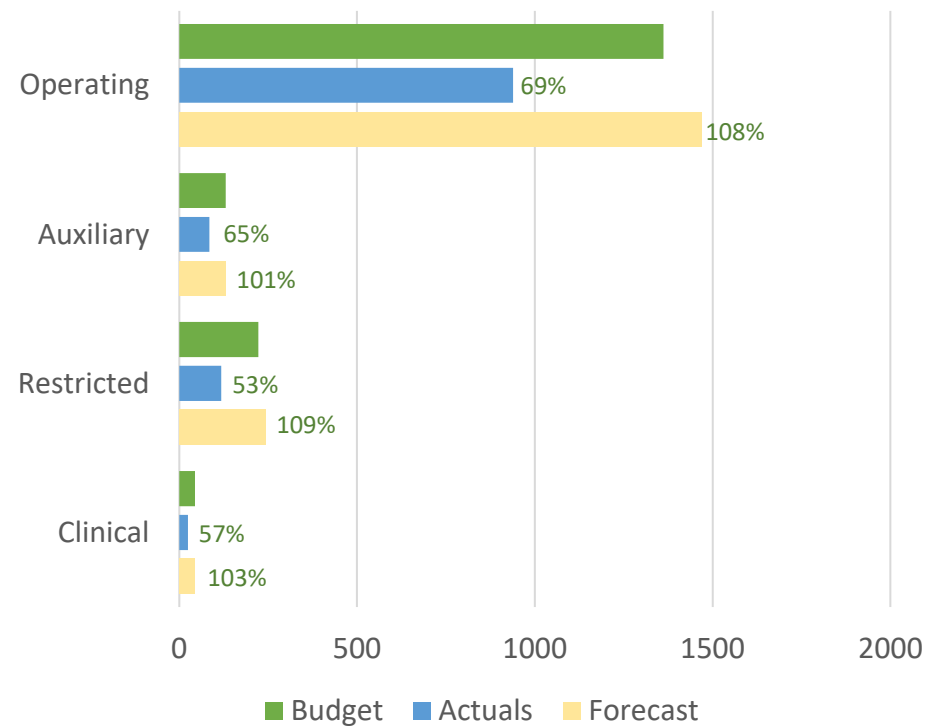
FY 2024 Q2 Budget Performance

UNTS Consolidated

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



% of budget

Forecasted Net Impact to Fund Balance

Operating \$22.5m + Auxiliary \$6.9m + Restricted \$2.2m + **Clinical -\$2.3m** = **\$29.3m**

FY 2024 Q2 Budget Performance



Revenues and Transfers-In Drivers (received 94% of budget, forecast 9% over budget):

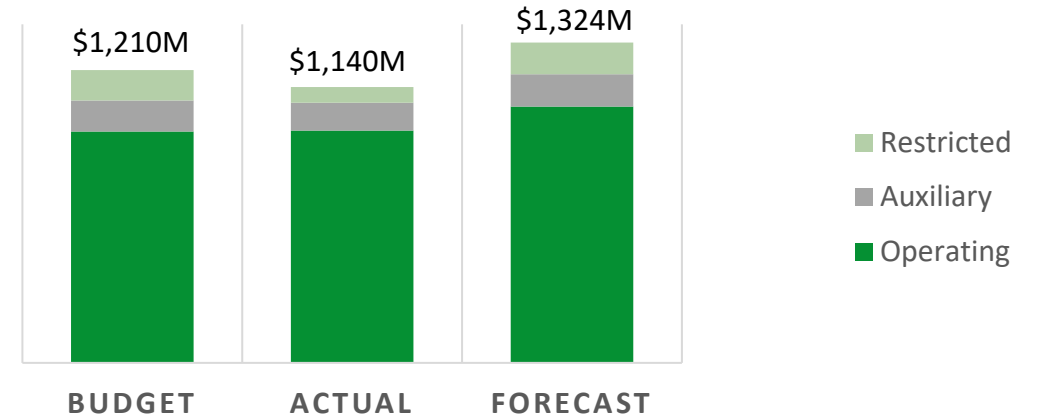
- **Tuition and Fees** forecasted to be 1% over budget due to Fall and Spring enrollment; increased 2.7% compared to prior year
- **State Appropriations** projected to be 9% over budget due to Texas University Fund approved in current biennium

Expenses and Transfers-Out Drivers (spent 71% of budget, forecast 8% over budget):

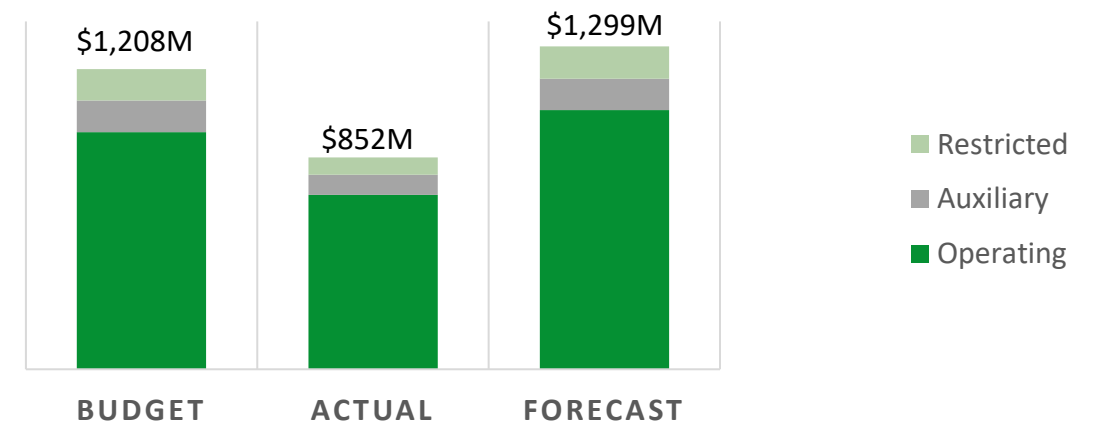
- **Personnel Costs** expended 53% of budget, on track to be 2% over budget at end of year
- **Transfers Out** increased over prior due to CCAP funding and a transfer of HEF funding additional projects

Forecasted impact to fund balance \$24M;
\$16M operating, \$7M auxiliary and \$1M restricted.

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q2 Budget Performance

Revenues and Transfers-In Drivers (received 67% of budget, forecast 11% over budget):

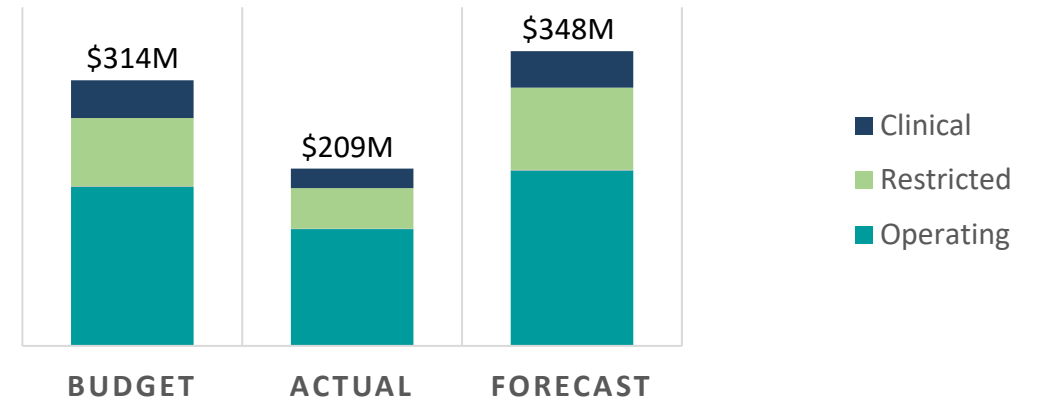
- **Tuition and Fees** received 50% of budget, on track to be flat to end of year budget
- **Grants and Contracts** forecasted to be 22% over budget due to AIM-Ahead carryover revenue from FY23

Expenses and Transfers-Out Drivers (spent 62% of budget, forecast 11% over budget):

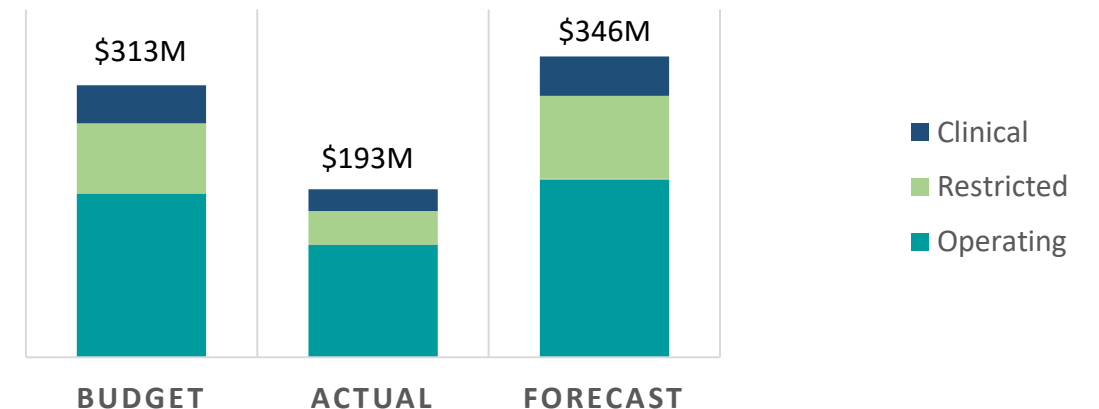
- **Personnel Costs** expended 52% of budget
- **Maintenance & Operation Costs** projected to be 24% above budget because AIM-Ahead carryover expenses and TCMHCC payments

Forecasted impact to fund balance \$2.0M
\$2.7M operating, \$0M auxiliary, \$1.6M restricted, and **-\$2.3M clinical.**

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q2 Budget Performance

Revenues and Transfers In Drivers (received 87% of budget, forecast 1% over budget):

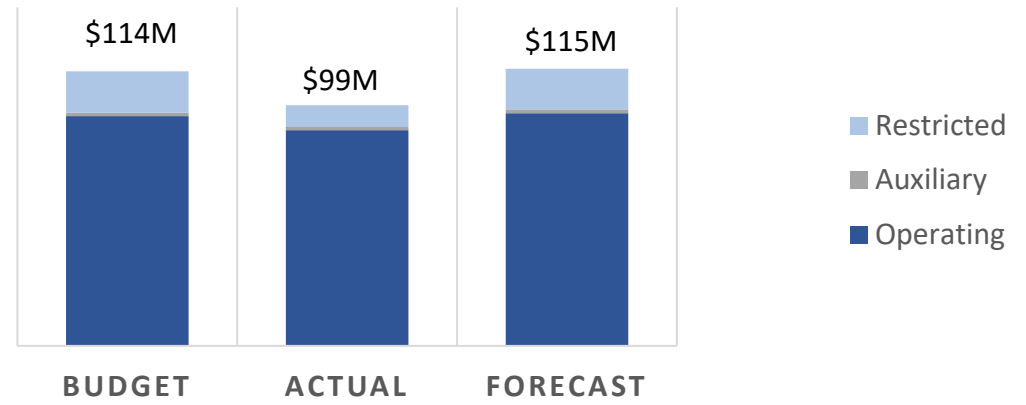
- **Tuition and Fees** forecasted to be 4% over budget because Fall and Spring enrollment increased, 5.6% and 2.5% respectively, compared to prior year

Expenses and Transfers Out Drivers (spent 67% of budget, forecast flat to budget):

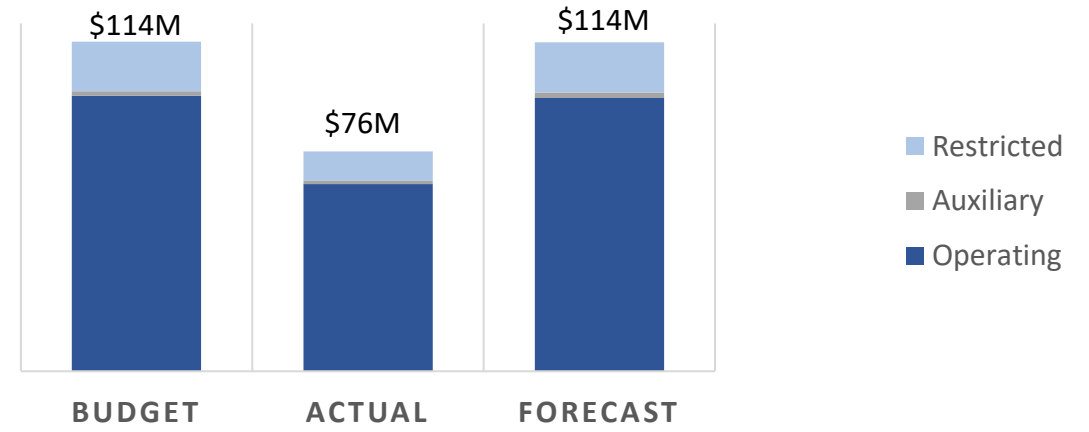
- **Personnel Costs** are 52% expended of budget
- **Scholarships** are projecting 3% over budget due to additional spend on endowed and sponsor project scholarships

Forecasted impact to fund balance \$1M
 \$1.9M operating, **-\$0.3M auxiliary** and **-\$0.6M restricted**.

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



FY 2024 Q2 Budget Performance

Revenues and Transfers-In Drivers (received 81% of budget, forecast 3% over budget):

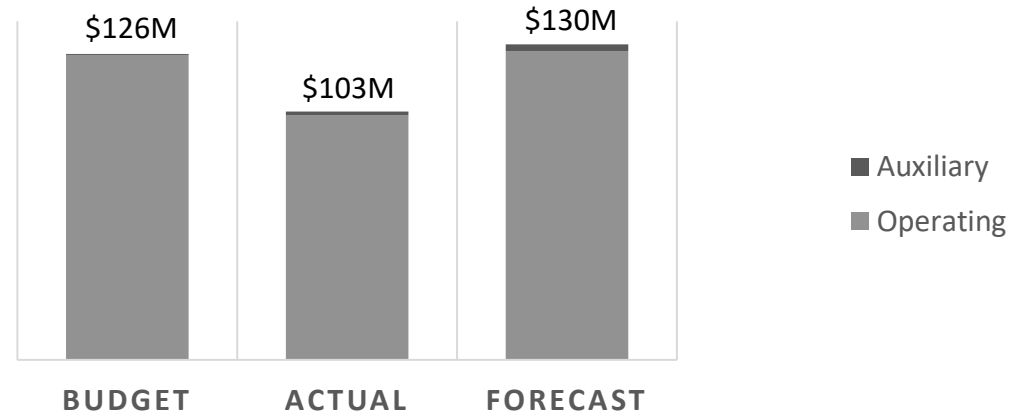
- **Sales of Good and Services** expected to be higher than budget due to building related revenue not included in the FY24 Budget

Expenses and Transfers-Out Drivers (spent 35% of budget, forecast 2% over budget):

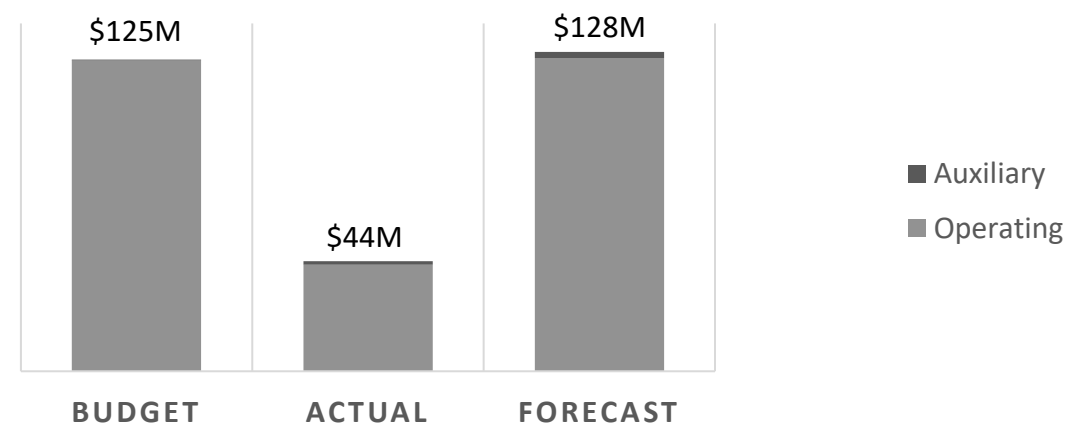
- **Personnel Costs** expended 49% of budget
- **Maintenance & Operation Costs** forecasted to be 10% above budget related to the delay in the sale of the System Building

Forecasted impact to fund balance \$1.9M
 \$1.6M operating and \$0.4M auxiliary.

REVENUES & TRANSFERS IN



EXPENSES & TRANSFERS OUT



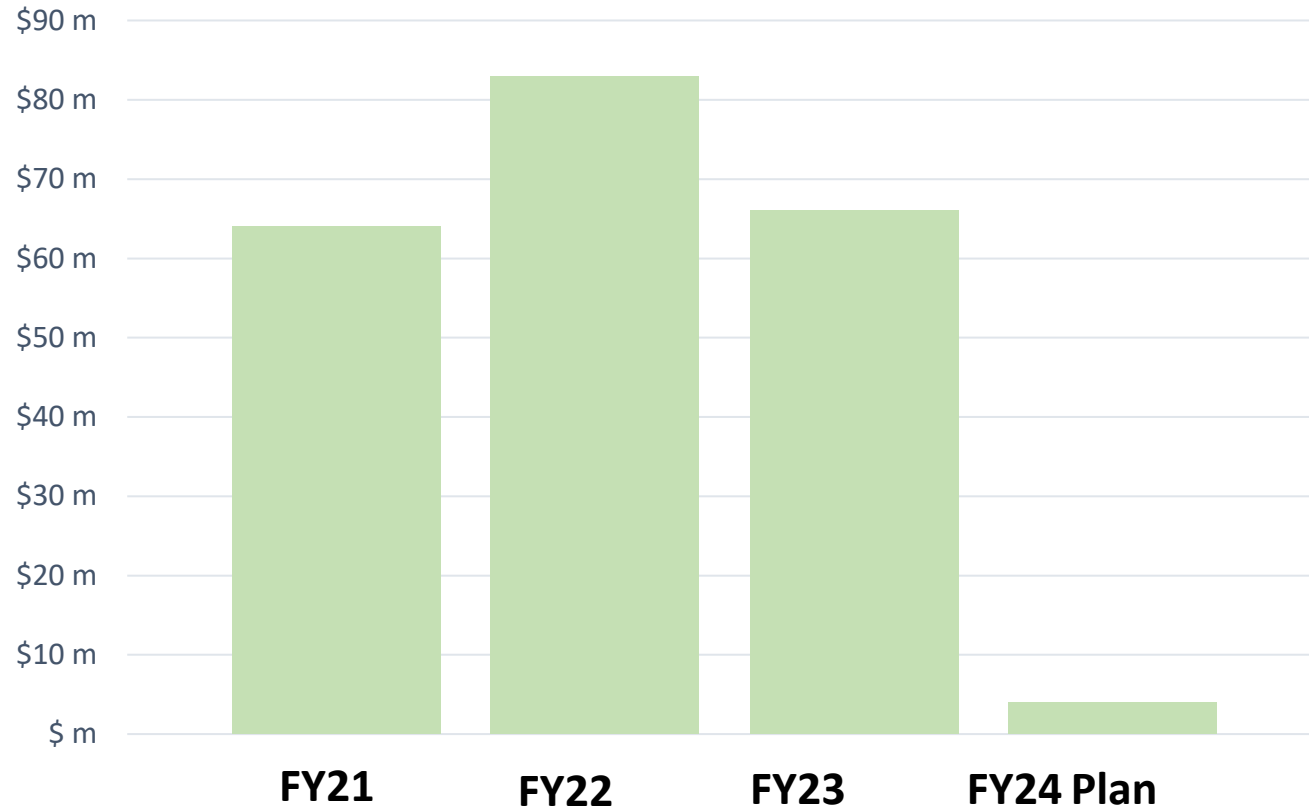
Net Position Q2 2024 over Q2 2023

Increased **\$116m** due to:

- Increased enrollment (\$12m)
- Increased tuition and State appropriation (\$40m)
- Frisco Phase II Land (\$33m)
- Increased research activity (\$16m)
- Increase in Fair Market Value of Assets (\$11m)

Condensed Comparative Statement of Net Position As of February 29, 2024 and February 28, 2023 (in thousands of dollars)		
	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets	\$ 813,443	\$ 796,207
Capital Assets, Net	1,475,865	1,429,726
Other Non-Current Assets	703,464	595,318
Total Assets	\$ 2,992,772	\$ 2,821,251
Deferred Outflows of Resources	223,343	277,826
Total Assets and Deferred Outflows of Resources	\$ 3,216,115	\$ 3,099,077
Liabilities and Deferred Inflows of Resources		
Current Liabilities	\$ 361,806	\$ 323,766
Non-Current Liabilities	1,404,522	1,428,879
Total Liabilities	\$ 1,766,328	\$ 1,752,645
Deferred Inflows of Resources	214,183	227,248
Total Liabilities and Deferred Inflows of Resources	\$ 1,980,511	\$ 1,979,893
Net Position		
Net Investment in Capital Assets	\$ 623,860	\$ 593,916
Restricted:		
Funds Held as Permanent Investments:		
Non-Expendable	68,193	65,518
Expendable	41,751	41,124
Other Restricted	82,146	72,947
Total Restricted	\$ 192,090	\$ 179,589
Unrestricted	419,654	345,679
Total Net Position	\$ 1,235,604	\$ 1,119,184
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 3,216,115	\$ 3,099,077

Budgetary Contributions to Fund Balance

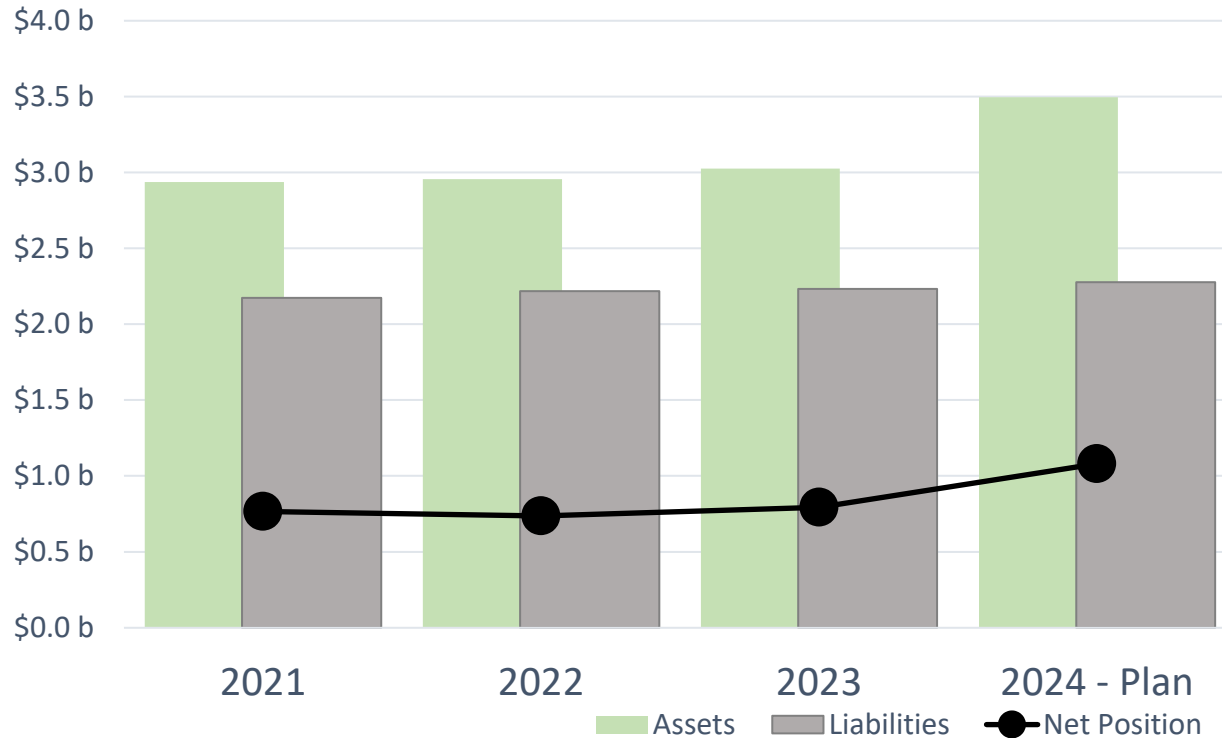


- FY23 decrease due to Fair Market Value change
- FY24 plan conservative; Q2 forecasting \$29M contribution to fund balance

(in millions)

Sources: FY21-FY23 actuals & FY24 plan

Balance Sheet Trends (FY21 – FY24)

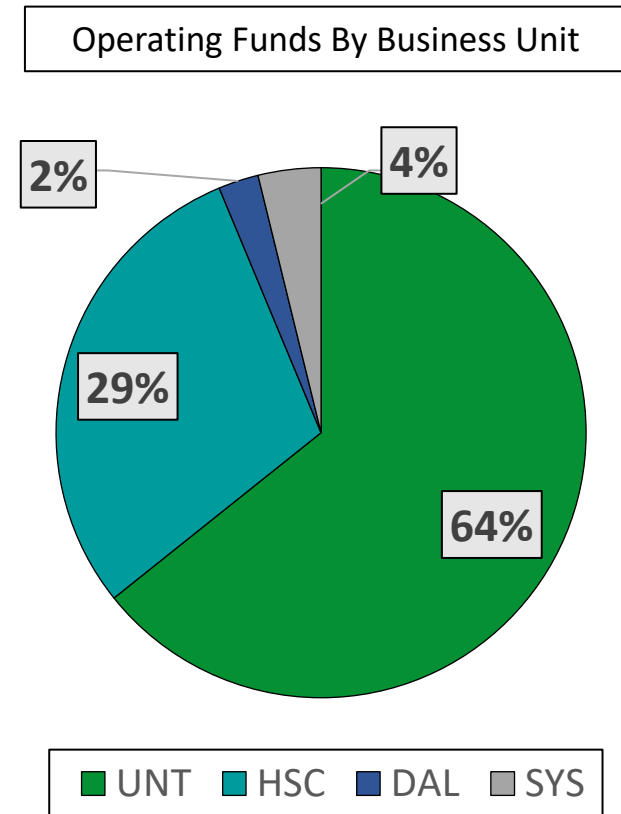
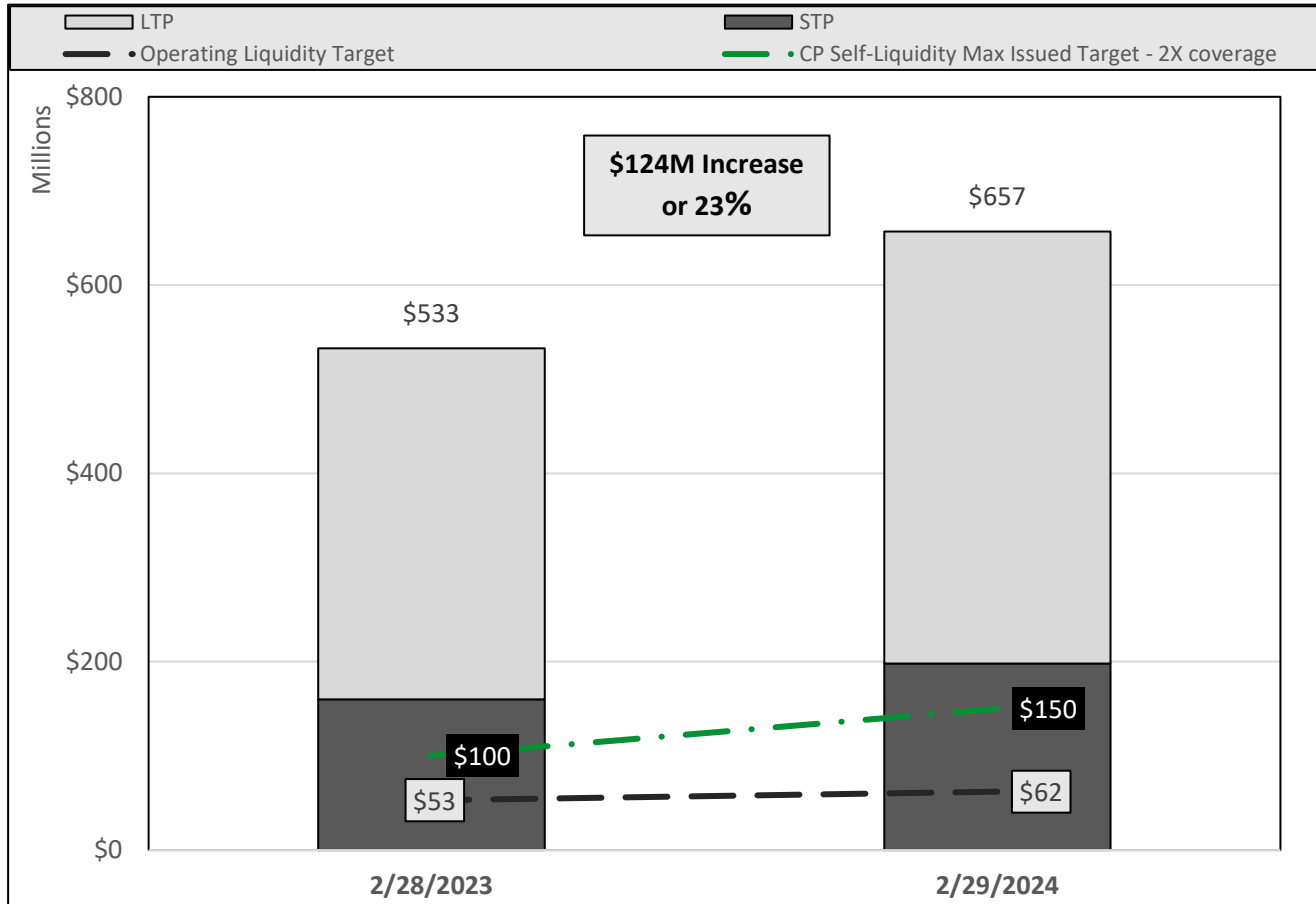


- Assets increased by 19% while liabilities increase by 4%
- Net Position forecasted to grow **41%** due to TUF allocation for FY2024 (excluded from Plan)

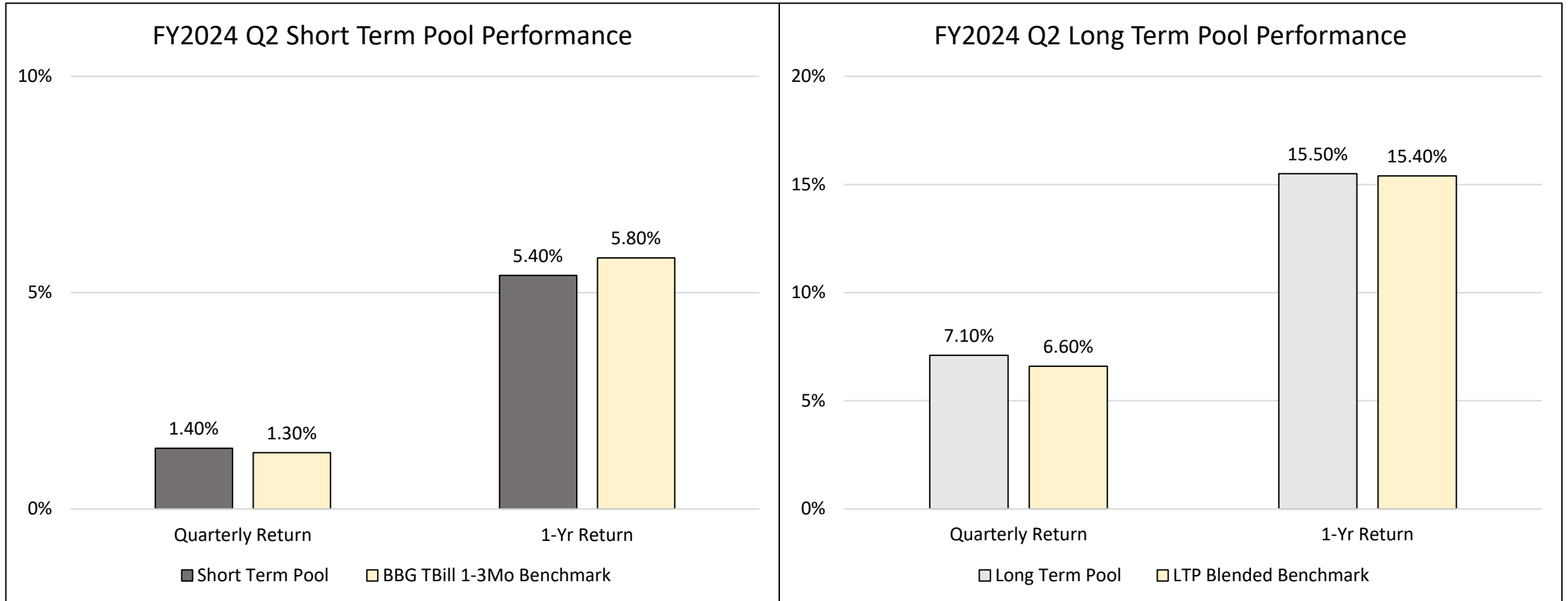
(in billions)
Based on Audited Financial Statements (including pension & OPEB) and FY24 Plan

FY 2024 Q2 Operating Cash and Investments

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

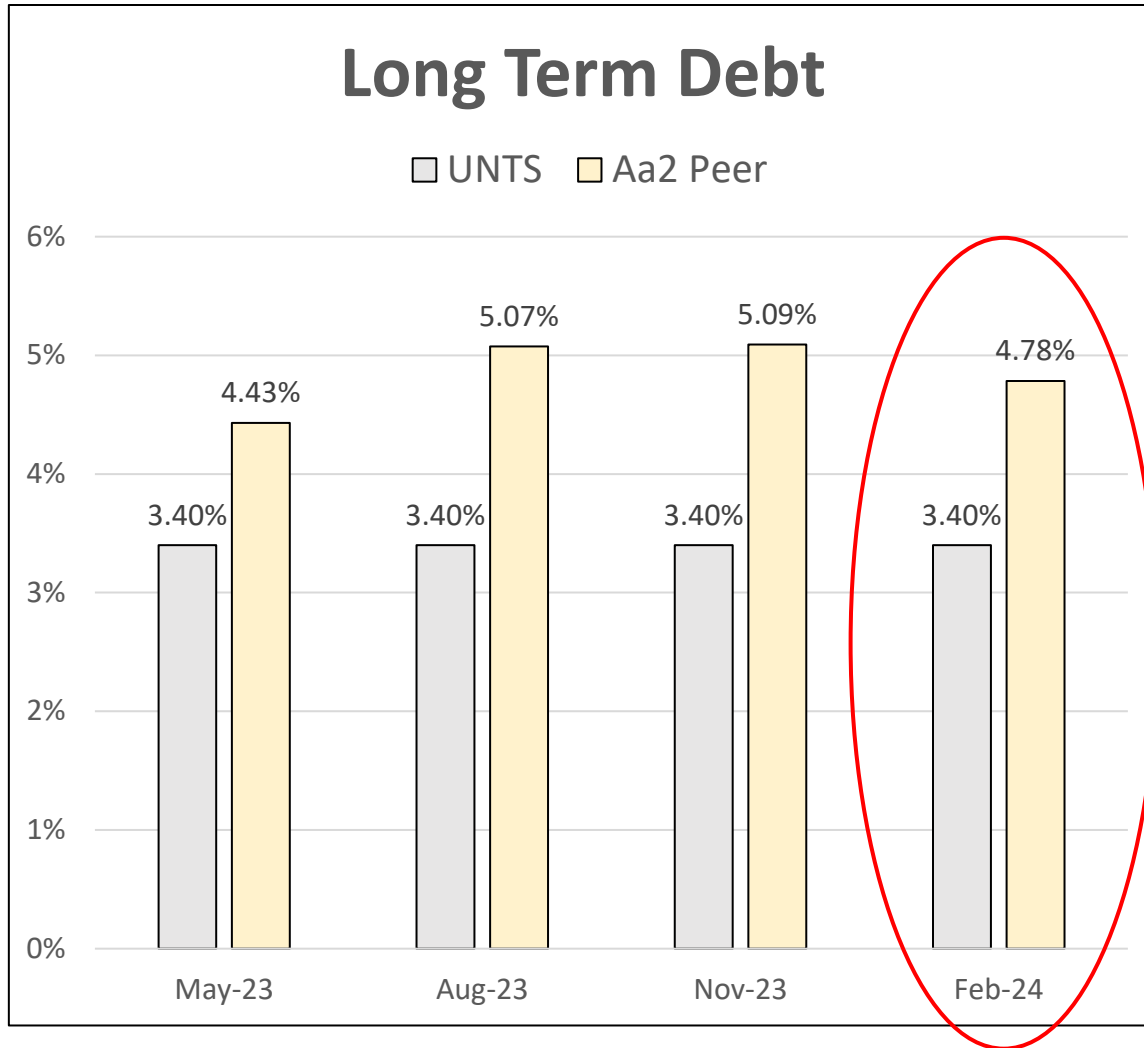


FY 2024 Q2 Investment Performance – Operating Funds



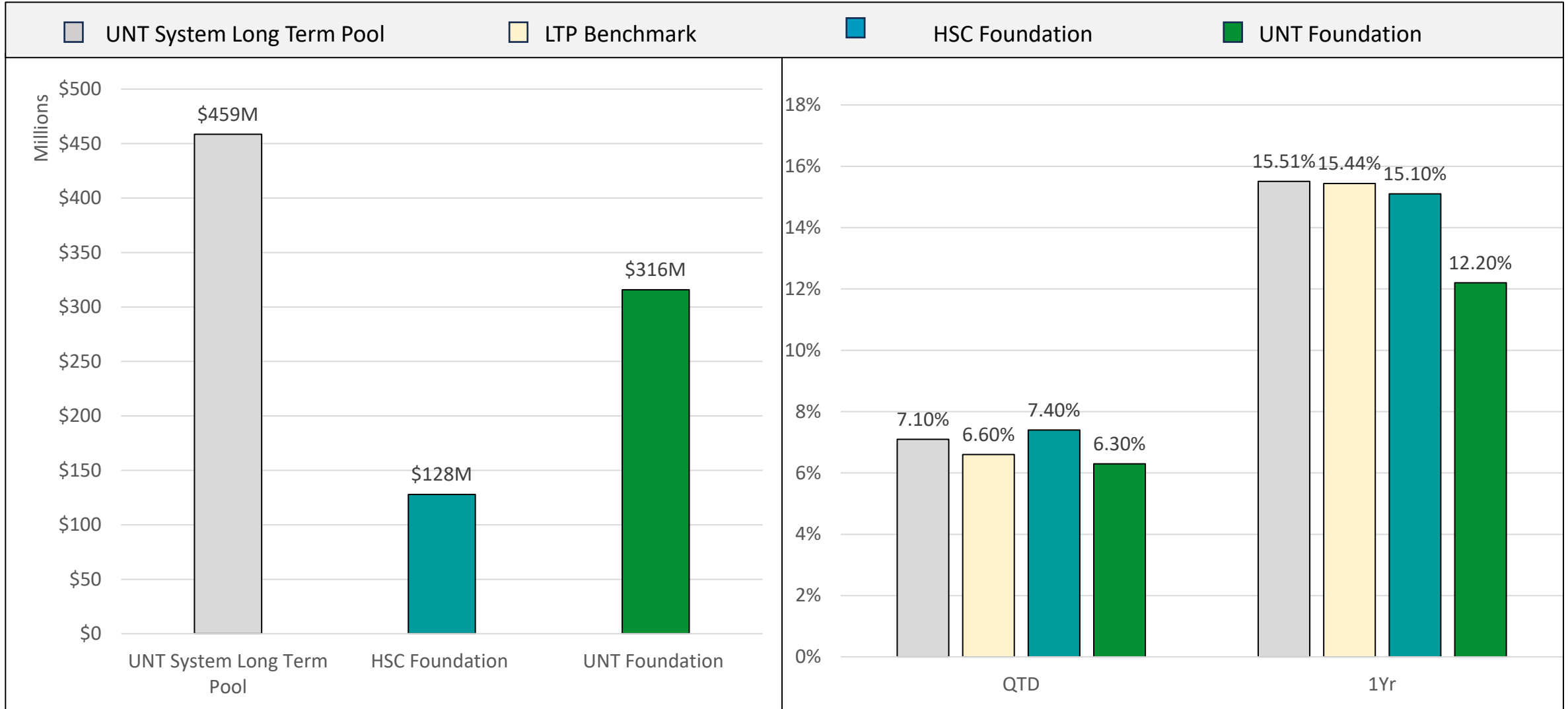
Short term and long term pool performance remains on trend with market rates.
 Long term pool investment of REITs usually play the role of hedging inflation but has not performed as such recently.

Debt Program Cost



- **Next debt sale** planned in early Fall
- Watching upcoming peer credit rating to determine **impact of Texas University Fund**
- Commercial Paper Rate (short-term financing) is 3.43%

FY 2024 Q2 Long Term Pool and Foundations



Questions