

ANNUAL FINANCIAL REPORT

of the

UNIVERSITY OF NORTH TEXAS

DENTON, TEXAS

Neal J. Smatresk, President

For the Years Ended August 31, 2023 and 2022



TABLE OF CONTENTS

Organizational Data	5
Letter of Transmittal	7
Accountant's Review Report	9-10
Management's Discussion and Analysis	11-23
Statements	
Statement of Net Position	26-27
Statement of Revenues, Expenses, and Changes in Net Position	28
Matrix of Operating Expenses Reported by Function	29
Statement of Cash Flows	30-31
Notes to the Annual Financial Statements	32-60



UNIVERSITY OF NORTH TEXAS

ORGANIZATIONAL DATA

August 31, 2023 and 2022

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
Carlos Munguia	(Term expires May 2029)	University Park
Terry West	(Term expires May 2029)	Lucas

STUDENT REGENT

Adebola “Serah” Sulaiman.....	(Term expires May 2024)	Mesquite
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OFFICERS OF THE BOARD

Laura Wright	Chair
Carlos Munguia	Vice Chair

ADMINISTRATIVE OFFICERS

Michael R. Williams	Chancellor
Neal J. Smatresk	President
Clayton Gibson.....	Vice President for Finance and Administration & CFO

As of the time of print, the System is pending one additional Regent appointment by the Governor of Texas.





February 22, 2024

Dr. Neal J. Smatresk
President
University of North Texas
Denton, Texas

Dear Dr. Smatresk:

We are pleased to submit the annual financial report of the University of North Texas for the year ended August 31, 2023 and 2022, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas Annual Comprehensive Financial Report (ACFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Rafiu Fashina at (940) 369-5518.

Sincerely,

A handwritten signature in black ink that reads "Rafiu Fashina".

Rafiu Fashina
Associate Controller

Approved:

A handwritten signature in blue ink, appearing to be "Clayton Gibson".

Clayton Gibson, CPA
Vice President for Finance and Administration & CFO

Controller's Office
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Independent Accountant's Review Report

Board of Regents
University of North Texas
Denton, Texas

We have reviewed the accompanying financial statements of University of North Texas, which comprise the statements of net position as of August 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, matrix of operating expenses reported by function, and statements of cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of University management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of University of North Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

These financial statements only include the balances and activity of the University of North Texas as a unit of the University of North Texas System. These financial statements are not intended to be general purpose financial statements and should be read in conjunction with the University of North Texas Systems Annual Comprehensive Financial Report.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it.

Other Information

The organizational data and letter of transmittal are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

FORVIS, LLP

**Fort Worth, Texas
February 22, 2024**

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

Introduction

The University of North Texas ("UNT") is a Tier One public research institution located near Dallas and Fort Worth, Texas. Founded in 1890, UNT is home to nearly 47,000 students and 244 degree programs across its 950-acre campus. From its humble origins above a Denton hardware store, the University has grown into an internationally recognized institution, with 106 academic programs ranked among the nation's Top 100.

UNT has a \$858.5 million in 2023 and \$838.5 million in 2022 annual budget and employs roughly 12,000 people at its various locations within the robust North Texas Region as of Fall 2023.

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 UNT as of and for the year ended August 31, 2023, and 2022. 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.

UNT Annual Financial Report 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 UNT have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Financial Highlights

- Total assets and deferred outflows of resources of UNT exceeded its total liabilities and deferred inflows of resources in 2023, resulting in a net position of \$1.45 billion. Unrestricted net position, which may be used to meet UNT's future obligations, was \$371.7 million, or 26% of total net position as of August 31, 2023.
- UNT concluded the 2023 fiscal year with an increase in net position of \$172.7 million after restatement, compared to an increase of \$9.9 million in 2022. Operating revenues increased \$96.8 million, or 17.4%, due to increases in tuition and fees of \$59.7 million, and research related grants and contracts of \$30 million. Funds received from the Federal Higher Education Emergency Relief Funds ("HEERF") decreased \$60.3 million over prior year, offset by a \$8.4 million increase in Pell grants. Investment income and gains in the fair market value of investments increased \$50.5 million. UNT also received \$11 million in Capital Construction Assistance Projects ("CCAP") state funding for capital construction projects on all campuses.
- UNT continues to make significant investments in capital additions, \$69.04 million in 2023, consisting of numerous capital projects to strategically benefit students, faculty, and staff. UNT has also committed \$57.2 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.

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 Statements of Revenues, Expenses, and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statements of Net Position.

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

- 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.

Statements of Net Position

The Statements of Net Position present the financial position of UNT as of the end of the year. From the data presented, readers of this statements can determine the assets available to continue the operations of UNT, and what UNT owes to vendors, investors, and lending institutions. The Statements of Net Position provide a point-in-time view of the net position and availability of resources to cover the expenses of UNT. 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 Statements of Net Position present the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of UNT as of the end of the year. The net position section of the statements is reported by three major categories:

- *Net Investment in Capital Assets* that represents UNT'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* that 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: *Non-Expendable* and *Expendable*, and
- *Unrestricted net position* that represents the amounts available for any lawful purpose of UNT.

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

The following table reflects the Condensed Comparative Statements of Net Position for UNT as of August 31, 2023, 2022 and 2021:

Condensed Comparative Statements of Net Position			
As of August 31, 2023, 2022 and 2021			
(in thousands of dollars)			
	2023	2022	2021
Assets and Deferred Outflows of Resources			
Current Assets	\$ 542,437	\$ 525,312	\$ 431,566
Capital Assets, Net	984,328	885,635	915,648
Other Non-Current Assets	333,236	261,994	260,500
Total Assets	\$ 1,860,001	\$ 1,672,941	\$ 1,607,714
Deferred Outflows of Resources	1,048	1,052	988
Total Assets and Deferred Outflows of Resources	<u>\$ 1,861,049</u>	<u>\$ 1,673,993</u>	<u>\$ 1,608,702</u>
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 383,010	\$ 369,326	\$ 327,703
Non-Current Liabilities	21,351	19,062	15,745
Total Liabilities	\$ 404,361	\$ 388,388	\$ 343,448
Deferred Inflows of Resources	8,799	10,405	-
Total Liabilities and Deferred Inflows of Resources	<u>\$ 413,160</u>	<u>\$ 398,793</u>	<u>\$ 343,448</u>
Net Position			
Net Investment in Capital Assets	\$ 970,109	\$ 875,283	\$ 907,002
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	24,754	23,477	23,727
Expendable	31,660	30,291	37,612
Other Restricted	49,662	46,209	40,014
Total Restricted	\$ 106,076	\$ 99,977	\$ 101,353
Unrestricted	371,704	299,939	256,899
Total Net Position	<u>\$ 1,447,889</u>	<u>\$ 1,275,199</u>	<u>\$ 1,265,254</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,861,049</u>	<u>\$ 1,673,993</u>	<u>\$ 1,608,702</u>

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

Condensed Comparative Statements of Net Position As of August 31, 2023 and 2022 (in thousands of dollars)			
	2023	2022	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	\$ 542,437	\$ 525,312	3.3%
Non-Current Assets:			
Capital Assets, Net	984,328	885,635	11.1%
Other Non-Current Assets	333,236	261,994	27.2%
Deferred Outflows of Resources	1,048	1,052	(0.4%)
Total Assets and Deferred Outflows of Resources	\$ 1,861,049	\$ 1,673,993	11.2%
Liabilities and Deferred Inflows of Resources			
Current Liabilities	\$ 383,010	\$ 369,326	3.7%
Non-Current Liabilities:			
Other Non-Current Liabilities	21,351	19,062	12.0%
Deferred Inflows of Resources	8,799	10,405	(15.4%)
Total Liabilities and Deferred Inflows of Resources	\$ 413,160	\$ 398,793	3.6%
Net Position			
Net Investment in Capital Assets	\$ 970,109	\$ 875,283	10.8%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	24,754	23,477	5.4%
Expendable	31,660	30,291	4.5%
Other Restricted	49,662	46,209	7.5%
Total Restricted	106,076	99,977	6.1%
Unrestricted	371,704	299,939	23.9%
Total Net Position	\$ 1,447,889	\$ 1,275,199	13.5%
Total Liabilities and Net Position	\$ 1,861,049	\$ 1,673,993	11.2%

Total Assets and Deferred Outflows of Revenues

Current Assets

Current assets increased \$17.1 million, or 3.3%, in 2023. The increase in current assets is primarily attributable to cash and cash equivalents and short-term investments increase of \$4.9 million as a result of increased liquidity stemming from investment activities. Legislative appropriations increased \$2.2 million as a result of increased accruals on state funds for August payroll. Pre-paid items increased \$9.5 million due to an increase in prepaid scholarships.

Non-Current Assets

Non-current assets consist primarily of investments and capital assets, net of accumulated depreciation and amortization. In total, non-current assets increased \$170 million, or 14.8%. The increase in non-current assets is primarily attributable to investments increase of \$72.7 million, comprised of increases of \$70.2 million in unrestricted investments and \$2.5 million in restricted investments. The Federal Reserve and international banks have held overnight rates at a 20-year high to curb inflation despite strong economic signals. The US Consumer Price Index for the fiscal year was tempered but still elevated at 3.67% as compared to the Fed Policy recommendation of 2.0%. The long-only trends from the previous cycle have outperformed with strong equity returns but were muffled by the secondary bonds price declines. Newly issued 10-Year US Treasuries are returning to near record highs around 5% as of August, raising the hurdle for equity inflows. Thus, the Long Term Pool and endowment investment returns were up 8.8% and 11.3% respectively for the year.

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

Capital assets increased by \$98.7 million due to an increase in non-depreciable capital and intangible assets of \$27.9 million and an increase of \$70.8 million in depreciable or amortizable assets net of accumulated depreciation. Major capital improvements included \$10 million as a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements ("SBITAs")*, \$62.8 million in building and building improvements, \$3.5 million for UNT Science and Research Building, and \$1.9 million for UNT Integrated Student Services Center renovation. Other capital expenses include \$6.7 million in equipment, vehicle, and library purchases.

Deferred Outflows of Resources

There is no significant change in deferred outflows of resources between fiscal year 2023 and 2022.

Total Liabilities and Deferred Inflows of Resources

Current Liabilities

Current liabilities increased \$13.7 million, or 3.7%. The increase in current liabilities is due to increase of \$7.7 million in unearned revenue as a result of increased enrollment. \$2.9 million was recorded as subscription obligations related to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Non-Current Liabilities

Non-current liabilities increased by \$2.3 million primarily attributed to implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Deferred Inflows of Resources

Deferred inflows of resources decreased by \$1.6 million, or 15.4%. The decrease in deferred inflows of resources is primarily attributable to decrease for lessor leases under GASB 87.

Total Net Position

Net Investment in Capital Assets

Net investment in capital assets consists of UNT's capital assets, leases and subscriptions, 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. Net investment in capital assets increased \$94.8 million, or 11%. This is primarily due to addition of \$97 million in capital net of accumulated depreciation and \$1.5 million liabilities attributed to construction and acquisition of capital assets.

Restricted Net Position

Restricted net position increased by \$6.1 million, or 6.1%. The increase in restricted net position is primarily attributable to endowment activities. Restricted net position primarily consists of UNT'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.

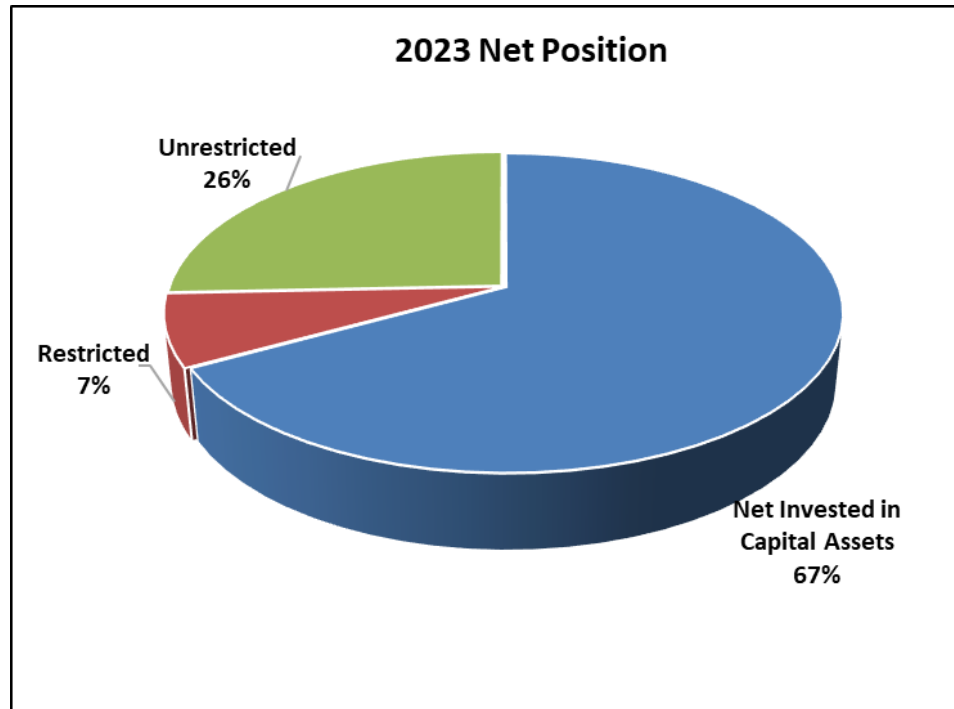
Unrestricted Net Position

Unrestricted net position increased by \$71.8 million, or 23.9%. The increase in unrestricted net position is primarily attributable to activities not reported in net investment in capital assets or restricted net position. Unrestricted net position primarily consists of UNT's net position that does not meet the definition of net investment in capital assets or restricted net position.

Total net position represents the residual interest in UNT's total assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Total net position increased \$172.7 million (after restatement), or 13.5%, in 2023.

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

The following chart reflects the total net position by major categories as of August 31, 2023:



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents UNT's revenues earned and the expenses incurred during 2023, 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 UNT, including a provision for depreciation and amortization on capital assets. Certain revenue sources UNT 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
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

The following table reflects the Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2023, 2022 and 2021:

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position			
For the Years Ended August 31, 2023, 2022 and 2021			
(in thousands of dollars)			
	2023	2022	2021
Operating Revenues			
Tuition and Fees, Net	\$ 449,281	\$ 389,540	\$ 363,525
Contracts and Grants	89,188	64,212	65,908
Other Operating Revenues	114,635	102,492	77,698
Total Operating Revenues	\$ 653,104	\$ 556,244	\$ 507,131
Operating Expenses	\$ 840,259	\$ 762,143	\$ 719,147
Operating Income (Loss)	\$ (187,155)	\$ (205,899)	\$ (212,016)
Nonoperating Revenues (Expenses)			
Investment Income	\$ 31,405	\$ (19,187)	\$ 41,214
Interest on Capital Asset-Related Debt	(188)	(27)	(18)
Noncapital Grants and Contracts	78,137	126,662	135,800
Other Non Operating Revenues and Expenses, net	182,205	172,391	142,848
Total Nonoperating Revenues (Expenses)	\$ 291,559	\$ 279,840	\$ 319,844
Other Revenues, Expenses, and Transfers			
Capital Contributions	\$ 9,649	\$ 372	\$ 2,647
Capital Appropriations	37,347	37,347	37,347
Contributions to Permanent and Term Endowments	1,129	63	167
Transfers	21,280	(95,323)	(83,433)
Total Other Revenues, Expenses, and Transfers	\$ 69,405	\$ (57,541)	\$ (43,979)
Change in Net Position	\$ 173,809	\$ 16,400	\$ 63,849
Net Position, Beginning of Year	\$ 1,275,199	\$ 1,265,254	\$ 1,201,405
Restatement	(1,119)	(6,455)	-
Restated Net Position, Beginning of Year	1,274,080	1,258,800	1,201,405
Net Position, End of Year	\$ 1,447,889	\$ 1,275,199	\$ 1,265,254

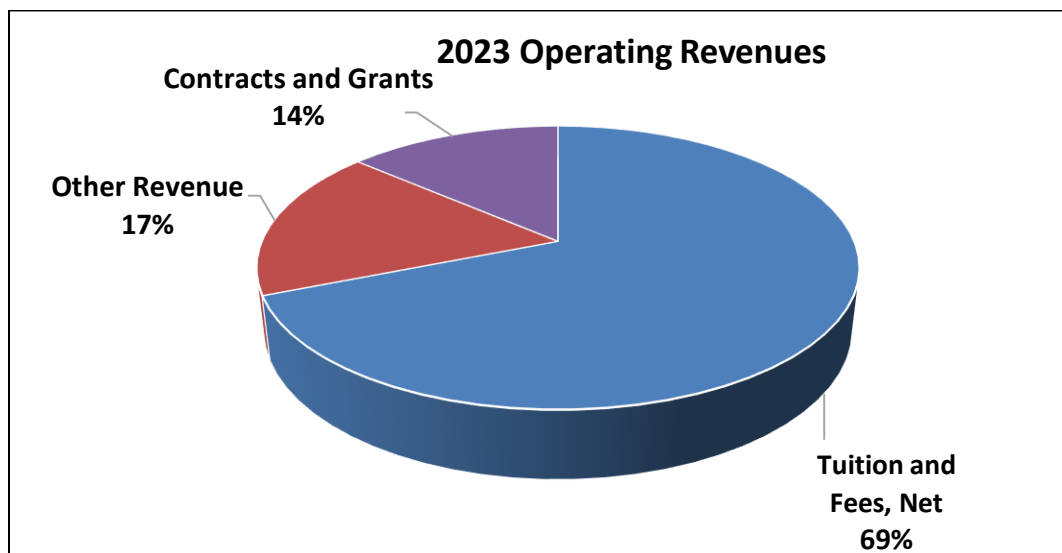
UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position For the Years Ended August 31, 2023 and 2022 (in thousands of dollars)			
	<u>2023</u>	<u>2022</u>	<u>% Increase (Decrease)</u>
Operating Revenues	\$ 653,104	\$ 556,244	17.4%
Operating Expenses	840,259	762,143	10.2%
Operating Income (Loss)	\$ (187,155)	\$ (205,899)	(9.1%)
Nonoperating Revenues (Expenses)	291,559	279,840	4.2%
Income (Loss) Before Other Revenues, Expenses and Transfers	\$ 104,404	\$ 73,941	41.2%
Other Revenues, Expenses and Transfers	69,405	(57,541)	(220.6%)
Change in Net Position	\$ 173,809	\$ 16,400	959.8%
Net Position, Beginning of Year	\$ 1,275,199	\$ 1,265,254	0.8%
Restatement	(1,119)	(6,455)	(82.7%)
Restated Net Position, Beginning of Year	1,274,080	1,258,800	1.2%
Net Position, End of Year	\$ 1,447,889	\$ 1,275,199	13.5%

Operating Revenues

Operating revenues totaled \$653.1 million in 2023, an increase of \$96.8 million, or 17.4%, over 2022. UNT's primary sources of operating revenues are tuition and fees, and federal, state, local, and private grants. Net tuition and fees, representing 69.0% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased by \$59.7 million as a result of increased enrollment. Federal, state, local, and private grant, and contract revenues, representing 14.0% of operating revenues, 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 \$24.9 million primarily as a result of increased research activities. Auxiliary enterprise revenue increased by \$9.8 million as a result of increased enrollment and expanded campus operations including housing, meal plans, and parking.

The following chart reflects the operating revenues by major source for the year ended August 31, 2023:



UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

Operating Expenses

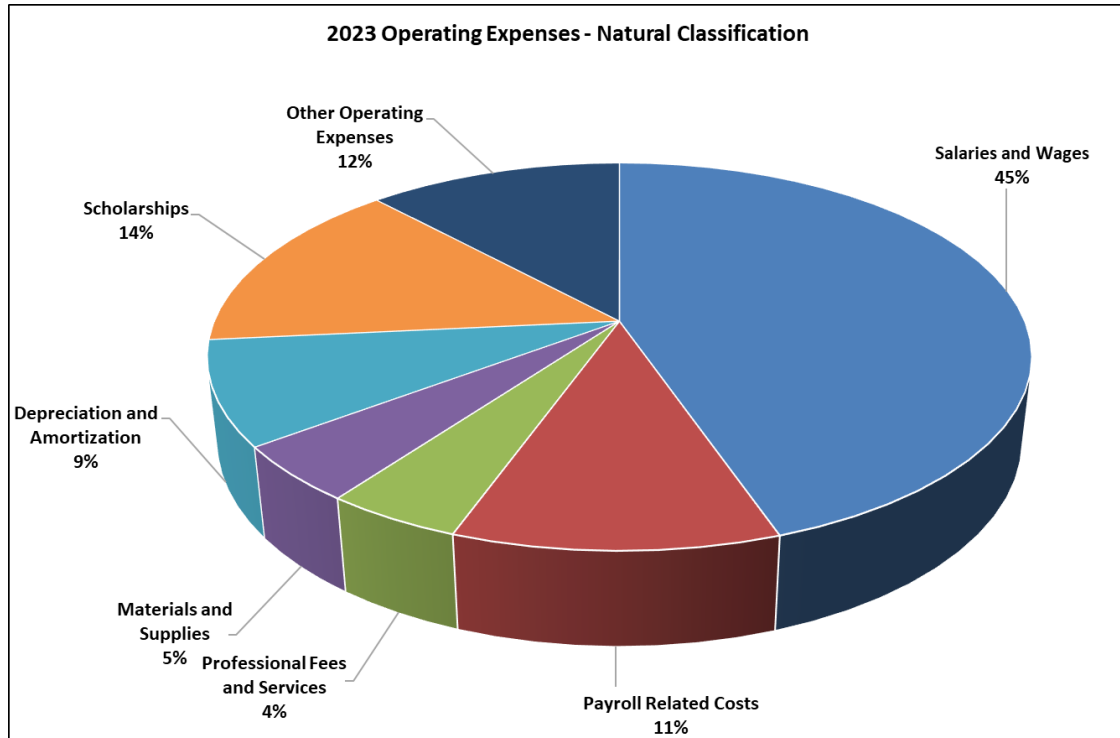
Operating expenses totaled \$840.3 million in 2023, an increase of \$78.1 million, or 10.2%, over 2022. The increase in operating expenses is primarily attributable to salaries and wages increase of \$35.7 million and payroll related costs increased of \$6.7 million due to record enrollment and expanded campus operations. Professional fees and services increased \$4.6 million primarily due to increase in foreign student recruitment. Travel increased by \$5.0 million due to the removal of travel restrictions in 2023. Materials and supplies increased \$1.7 million due to furnishings and computers. Other operating expenses increased \$3.1 million due to increased enrollment and expanded campus operations.

The following table reflects the operating expenses based on natural classification for the years ended August 31, 2023 and 2022:

Operating Expenses - Natural Classification For the Years Ended August 31, 2023 and 2022 (in thousands of dollars)			
	2023	2022	% Increase (Decrease)
Operating Expenses			
Cost of Goods Sold	\$ 12,220	\$ 9,501	28.6%
Salaries and Wages	375,614	339,872	10.5%
Payroll Related Costs	90,921	84,151	8.0%
Professional Fees and Services	38,376	33,784	13.6%
Federal Pass-Through Expenses	369	180	104.9%
State Pass-Through Expenses	27	8	
Travel	13,412	8,366	60.3%
Materials and Supplies	39,372	37,697	4.4%
Communications and Utilities	17,928	14,920	20.2%
Repairs and Maintenance	24,422	21,642	12.8%
Rentals and Leases	6,042	6,436	(6.1%)
Printing and Reproduction	4,948	4,725	4.7%
Depreciation and Amortization	72,944	66,280	10.1%
Scholarships	123,116	116,965	5.3%
Asset Retirement Obligation	55	53	3.6%
Claims and Losses	99	275	(64.1%)
Other Operating Expenses	20,393	17,287	18.0%
Total Operating Expenses	\$ 840,259	\$ 762,143	10.2%

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

The following chart reflects the percentage of operating expenses based on natural classification for the year ended August 31, 2023:

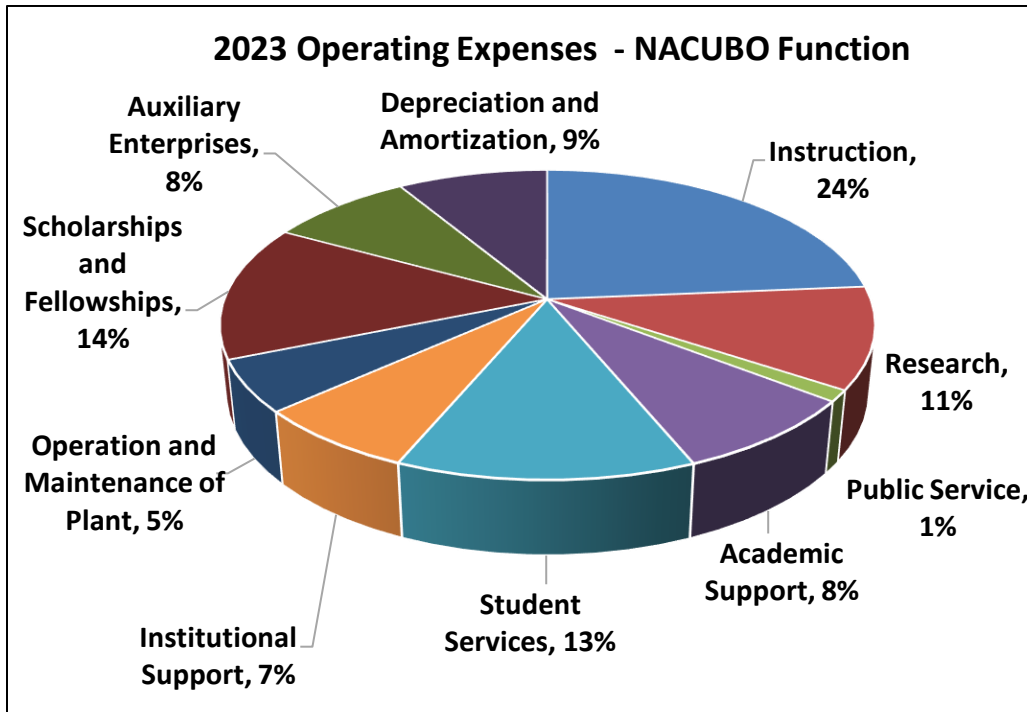


The following table reflects the amount operating expenses based on NACUBO functional (programmatic) classification for the years ended August 31, 2023, 2022 and 2021:

Operating Expenses - NACUBO Function For the Years Ended August 31, 2023, 2022 and 2021 (in thousands of dollars)			
	2023	2022	2021
Operating Expenses			
Instruction	\$ 198,758	\$ 184,260	\$ 174,635
Research	89,180	80,406	70,216
Public Service	10,009	8,951	7,491
Academic Support	69,600	62,019	56,259
Student Services	106,253	96,325	77,645
Institutional Support	58,970	52,283	50,738
Operation and Maintenance of Plant	45,628	38,326	41,696
Scholarships and Fellowships	118,715	112,924	131,956
Auxiliary Enterprises	70,202	60,368	43,346
Depreciation and Amortization	72,944	66,280	65,164
Total Operating Expenses	\$ 840,259	\$ 762,143	\$ 719,147

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

The following chart reflects the percentage of total operating expenses based on NACUBO functional (programmatic) classification for the year ended August 31, 2023:



Nonoperating Revenues and Expenses

Certain significant recurring revenues and expenses are considered nonoperating. UNT's primary nonoperating revenues come from state appropriations, federal Pell Grant revenue, gifts, and net increase in fair market value of investments. UNT's primary nonoperating expenses are interest expense and fiscal charges, and other nonoperating expenses. Total nonoperating revenues and expenses increased \$11.7 million, or 4.2%, over the prior year. The increase in nonoperating revenue and expenses is primarily attributable to an increase \$50.6 million in investment income and change in fair value of investments, due to market performance. Nonoperating revenues were impacted by a \$11 million increase due to construction related CCAP funds received through the THECB. Pell Grant funding increased \$8.4 million as a result of increased enrollment. These increases were offset by decreased HEERF funding of \$60.3 million.

Other Revenues, Expenses, and Transfers

Other revenues, expenses, and transfers, comprised of capital and endowment related additions and transfers, increased by \$126.9 million, or 220.6%, in 2023. The increase is due to a \$9.3 million increase in capital contributions in land deeded to UNT for Phase I of UNT Frisco campus. Contributions to permanent endowments increased \$1 million and a \$105.6 million capital assets transfer from UNT System.

Statement of Cash Flows

The Statement of Cash Flows presents UNT's financial results by reporting the major sources and uses of cash and cash equivalents during 2023. The statement assists in evaluating UNT's ability to generate net cash flows, to meet its financial obligations as they come due, and to determine its need for external financing.

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

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

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

In 2023, cash and cash equivalents increased \$8.3 million. The increase in cash and cash equivalents is primarily attributable to an increase of \$146.6 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. The increase was offset by a \$82.3 million decrease in operating activities, which included cash inflows from proceeds from tuition and fees and research grants and contracts offset by payments to suppliers for goods and services, employees, and other expenses; by a \$17.5 million decrease in capital and related financing activities, which included cash inflows from state appropriations offset by payments for additions to capital assets. and by a \$38.6 million decrease in investing activities, which included cash inflows related to proceeds from the sale of investments offset by payments to acquire investments.

The following table reflects the Condensed Statement of Cash Flows for the years ended August 31, 2023, 2022 and 2021:

Condensed Comparative Statement of Cash Flows For the Years Ended August 31, 2023, 2022 and 2021 (in thousands of dollars)			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from:			
Operating Activities	\$ (82,229)	\$ (105,596)	\$ (129,011)
Noncapital Financing Activities	146,648	175,368	179,025
Capital and Related Financing Activities	(17,530)	(261)	(1,538)
Investing Activities	(38,552)	(18,146)	13,836
Net Increase in Cash and Cash Equivalents	\$ 8,337	\$ 51,365	\$ 62,312
Cash and Cash Equivalents, Beginning of Year	\$ 211,699	\$ 160,334	\$ 98,022
Cash and Cash Equivalents, End of Year	\$ 220,036	\$ 211,699	\$ 160,334

Capital Asset Administration

Capital Asset

Investments in capital asset additions were \$112.9 million in 2023. Major capital project activity included:

- Building Improvements (UNT) – Integrated Student Service Center Renovation

UNT has committed \$57.2 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 UNT Science and Research building and the Frisco Branch campus. More detailed information regarding UNT's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 8, *Contingencies and Commitments*, in the Notes to the Financial Statements.

UNIVERSITY OF NORTH TEXAS
Management's Discussion and Analysis
For the Years Ended August 31, 2023 and 2022

Economic Outlook

UNT's primary sources of revenue are tuition and fees, legislative appropriations, and grants and contracts. Enrollment growth and program expansion contributed to a positive outlook for UNT in 2023.

UNT is one of the state's largest public universities and one of the nation's 115 top-tier research universities by the Carnegie Classification. UNT had record enrollment in Fall 2023 of 46,940 students, which is a 5.8% increase from 2022. Strategic initiatives for growth and revenue include continued increase in grants & contracts due to investments made in supporting grant application workshops in the colleges and the success of researchers in obtaining funding. Student housing is anticipating a 99% occupancy rate with design underway for a new residence hall, targeting a 2026 opening. Planning is progressing on the Science and Technology Research building that will meet critical space needs and allow UNT to meaningfully grow the research and teaching capabilities in applied biosciences, biomedical engineering, physics, and chemistry. The Texas University Fund is expected to be funded in a lump-sum in January 2024.

ANNUAL FINANCIAL STATEMENT

of the

UNIVERSITY OF NORTH TEXAS

DENTON, TEXAS

For the Years Ended August 31, 2023 and 2022



UNIVERSITY OF NORTH TEXAS (752)
Statements of Net Position
As of August 31, 2023 and 2022

	August 31, 2023	August 31, 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 81,705.00	\$ 87,720.00
Cash in Bank	4,709,689.29	2,576,488.09
Cash in State Treasury	23,334,860.01	34,723,344.34
Cash Equivalents	191,906,810.57	149,024,382.89
Short Term Investments	2,326,206.62	5,725,545.30
Restricted Cash and Cash Equivalents:		
Cash on Hand	-	1,539.52
Cash in Bank	3,309.59	593,814.74
Cash Equivalents	-	24,691,374.23
Legislative Appropriations	110,791,139.73	108,612,222.05
Receivables From:		
Accounts	104,543,191.97	113,376,156.63
Federal	12,743,484.00	14,154,259.20
Other Intergovernmental	823,925.23	732,143.57
Gifts, Pledges and Donations	1,519,539.13	1,298,693.12
Interest and Dividends	3,406,178.53	3,126,366.92
Leases	1,564,604.55	1,600,554.38
Other	5,953,225.50	7,132,401.88
Due From Other Agencies	329,933.66	466,676.95
Due from Other Components	12,644,149.58	550,878.72
Consumable Inventories	519,880.31	418,662.82
Merchandise Inventories	2,119,059.37	2,086,853.82
Prepaid Items	61,734,269.91	52,221,287.53
Loans and Contracts	1,381,977.09	2,110,991.04
Total Current Assets	\$ 542,437,139.64	\$ 525,312,357.74
Non-Current Assets		
Restricted Investments	\$ 50,663,133.09	\$ 48,124,934.49
Loans and Contracts	110,457.60	138,663.84
Investments	271,185,534.11	201,026,391.28
Gifts, Pledges and Donations	4,159,625.19	3,854,893.92
Leases Receivable	7,117,276.51	8,848,820.19
Capital Assets:		
Non-Depreciable or Non-Amortizable	158,633,812.15	130,741,561.54
Depreciable or Amortizable, Net	825,694,468.67	754,893,079.86
Total Non-Current Assets	\$ 1,317,564,307.32	\$ 1,147,628,345.12
Total Assets	\$ 1,860,001,446.96	\$ 1,672,940,702.86
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	\$ 1,047,725.23	\$ 1,052,076.65
Total Deferred Outflows of Resources	\$ 1,047,725.23	\$ 1,052,076.65
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,861,049,172.19	\$ 1,673,992,779.51

Continued on Next Page

UNIVERSITY OF NORTH TEXAS (752)
Statements of Net Position
As of August 31, 2023 and 2022

	August 31, 2023	August 31, 2022
LIABILITIES		
Current Liabilities		
Payables From:		
Accounts	\$ 30,463,000.45	\$ 30,074,491.09
Payroll	34,170,463.14	31,831,277.94
Other	3,982,446.36	4,230,663.92
Interest	131,093.74	1,976.87
Due To Other Agencies	236,869.78	701,379.32
Due to Other Components	9,826,352.24	8,857,378.44
Unearned Revenue	291,356,812.07	283,681,637.00
Claims and Judgments	-	506,000.00
Employees' Compensable Leave	2,592,350.60	2,350,587.91
Lease Obligations	1,581,704.99	1,623,999.43
Subscription Obligations	2,950,707.12	-
Funds Held for Others	4,287,470.75	3,780,365.66
Other Current Liabilities	1,430,578.30	1,686,585.10
Total Current Liabilities	\$ 383,009,849.54	\$ 369,326,342.68
Non-Current Liabilities		
Employees' Compensable Leave	\$ 12,515,280.67	\$ 12,731,603.74
Lease Obligations	2,212,947.90	3,647,674.44
Subscription Obligations	3,818,364.03	-
Asset Retirement Obligation	1,456,875.00	1,406,250.00
Other Non-Current Liabilities	1,347,920.84	1,276,150.91
Total Non-Current Liabilities	\$ 21,351,388.44	\$ 19,061,679.09
Total Liabilities	\$ 404,361,237.98	\$ 388,388,021.77
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	\$ 8,798,951.23	\$ 10,405,300.03
Total Deferred Inflows of Resources	\$ 8,798,951.23	\$ 10,405,300.03
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 413,160,189.21	\$ 398,793,321.80
NET POSITION		
Net Investment in Capital Assets	\$ 970,109,140.62	\$ 875,282,945.01
Restricted For:		
Funds Held as Permanent Investments		
Non-Expendable	24,753,853.92	23,477,275.29
Expendable	31,660,060.47	30,290,875.85
Other Restricted	49,662,099.22	46,209,035.29
Unrestricted	371,703,828.75	299,939,326.27
Total Net Position	\$ 1,447,888,982.98	\$ 1,275,199,457.71

UNIVERSITY OF NORTH TEXAS (752)
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	August 31, 2023	August 31, 2022
OPERATING REVENUES		
Tuition and Fees	\$ 581,453,202.01	\$ 519,244,566.43
Discounts and Allowances	(132,171,838.39)	(129,705,004.78)
Auxiliary Enterprises	87,104,013.06	77,309,361.68
Discounts and Allowances	(193,812.00)	(219,748.00)
Sales of Goods and Services	26,119,189.13	23,454,949.89
Federal Grant Revenue	40,490,084.14	29,948,892.32
Federal Pass-Through Revenue	3,186,284.54	1,749,216.36
State Grant Revenue	805,927.55	647,757.24
State Grant Pass-Through Revenue	39,011,949.86	26,610,773.03
Other Contracts and Grants	5,693,376.95	5,255,295.50
Other Operating Revenues	1,605,721.43	1,947,910.63
Total Operating Revenues	\$ 653,104,098.28	\$ 556,243,970.30
OPERATING EXPENSES ⁽¹⁾		
Instruction	\$ 198,757,798.81	\$ 184,259,545.26
Research	89,180,219.86	80,406,064.85
Public Service	10,009,450.45	8,951,460.40
Academic Support	69,600,428.47	62,019,375.06
Student Services	106,253,125.87	96,324,965.22
Institutional Support	58,970,122.89	52,282,531.28
Operation and Maintenance of Plant	45,627,729.67	38,326,491.57
Scholarships and Fellowships	118,714,716.29	112,924,267.85
Auxiliary Enterprises	70,202,107.67	60,368,319.77
Depreciation and Amortization	72,943,711.15	66,279,646.74
Total Operating Expenses	\$ 840,259,411.13	\$ 762,142,668.00
Operating Loss	\$ (187,155,312.85)	\$ (205,898,697.70)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	\$ 124,819,522.00	\$ 126,586,530.00
Additional Appropriations (GR)	28,121,388.49	25,593,643.49
Federal Revenue	78,136,922.46	126,662,383.52
Gifts	17,713,483.42	20,034,375.12
Investment Income	14,377,191.17	16,148,801.44
Interest Expense and Fiscal Charges	(187,681.02)	(26,990.99)
Loss on Sale of Capital Assets	(1,709,258.63)	(729,984.72)
Net Increase (Decrease) in Fair Value of Investments	17,027,720.08	(35,335,355.36)
Other Nonoperating Revenues	13,403,949.01	1,541,716.75
Other Nonoperating Expenses	(144,217.28)	(635,239.32)
Total Nonoperating Revenues (Expenses)	\$ 291,559,019.70	\$ 279,839,879.93
Income Before Other Revenues, Expenses and Transfers	\$ 104,403,706.85	\$ 73,941,182.23
OTHER REVENUES, EXPENSES AND TRANSFERS		
Capital Contributions	\$ 9,649,166.16	\$ 372,053.95
Capital Appropriations (HEF)	37,346,563.00	37,346,563.00
Contributions To Permanent and Term Endowments	1,129,115.41	63,049.58
Interagency Transfers of Capital Assets-Increase	105,624,943.16	-
Interagency Transfers of Capital Assets-Decrease	(5,567.62)	-
Transfers From Other State Agencies	639,459.82	603,577.49
Legislative Transfers In	953,633.00	984,541.00
Legislative Transfers Out	(8,069,147.00)	(9,823,512.00)
Legislative Appropriation Lapses	(0.61)	-
Transfers From Other Components	16,494,824.65	35,867,407.46
Transfers To Other Components	(94,357,976.70)	(122,954,977.36)
Total Other Revenues, Expenses and Transfers	\$ 69,405,013.27	\$ (57,541,296.88)
CHANGE IN NET POSITION	\$ 173,808,720.12	\$ 16,399,885.35
Beginning Net Position	\$ 1,275,199,457.71	\$ 1,265,254,295.90
Restatement (Note 7)	(1,119,194.85)	(6,454,723.54)
Beginning Net Position, as Restated	\$ 1,274,080,262.86	\$ 1,258,799,572.36
ENDING NET POSITION	\$ 1,447,888,982.98	\$ 1,275,199,457.71

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS (752)

Matrix of Operating Expenses Reported by Function

For the Year Ended August 31, 2023

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	\$ 198,481.26	\$ -	\$ 29,599.15	\$ 80,428.55	\$ 164,105.22	\$ 1,221,681.94	\$ -	\$ -	\$ 10,525,748.16	\$ -	\$ 12,220,044.28
Salaries and Wages	146,340,567.59	60,314,755.72	5,940,659.00	39,507,868.87	57,153,400.61	25,945,005.59	12,016,024.61	-	28,396,128.99	-	375,614,410.98
Payroll Related Costs	36,453,243.37	10,652,818.33	1,209,068.03	9,583,781.08	13,826,291.20	8,137,952.67	3,875,118.86	-	7,182,863.76	-	90,921,137.30
Professional Fees and Services	1,930,449.29	4,975,857.42	522,123.48	5,337,784.18	9,750,551.49	10,847,644.00	3,008,634.05	-	2,002,894.95	-	38,375,938.86
Federal Pass-Through Expenses	39,241.65	195,099.87	134,921.90	-	-	-	-	-	-	-	369,263.42
State Pass-Through Expenses	-	26,657.36	-	-	-	-	-	-	-	-	26,657.36
Travel	2,168,062.77	1,901,094.61	134,117.08	2,454,086.07	6,192,624.50	348,934.67	30,847.96	-	182,655.24	-	13,412,422.90
Materials and Supplies	7,251,751.61	4,994,103.24	582,649.66	8,045,718.11	6,020,419.71	2,887,464.29	3,984,455.76	-	5,605,743.21	-	39,372,305.59
Communications and Utilities	79,717.43	7,625.90	3,805.57	24,308.67	1,450,500.38	490,539.29	12,118,748.98	-	3,752,650.39	-	17,927,896.61
Repairs and Maintenance	725,928.46	1,143,227.07	18,403.70	370,237.75	2,699,899.07	1,820,955.19	9,866,170.02	-	7,777,594.90	-	24,422,416.16
Rentals and Leases	701,003.78	368,834.33	79,760.21	938,637.00	1,710,539.04	1,124,143.69	277,179.98	-	842,079.28	-	6,042,177.31
Printing and Reproduction	389,072.67	217,461.51	143,283.03	772,850.72	1,697,039.61	1,272,759.59	24,205.13	-	431,281.25	-	4,947,953.51
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	72,943,711.15	72,943,711.15
Scholarships	471,548.84	3,302,808.42	626,604.97	-	-	-	-	118,714,716.29	-	-	123,115,678.52
Asset Retirement Obligation	-	-	-	-	-	-	54,976.42	-	-	-	54,976.42
Claims and Losses	-	-	-	16,725.00	-	82,227.93	-	-	-	-	98,952.93
Other Operating Expenses	2,008,730.09	1,079,876.08	584,454.67	2,468,002.47	5,587,755.04	4,790,814.04	371,367.90	-	3,502,467.54	-	20,393,467.83
Total Operating Expenses	<u>\$ 198,757,798.81</u>	<u>\$ 89,180,219.86</u>	<u>\$ 10,009,450.45</u>	<u>\$ 69,600,428.47</u>	<u>\$ 106,253,125.87</u>	<u>\$ 58,970,122.89</u>	<u>\$ 45,627,729.67</u>	<u>\$ 118,714,716.29</u>	<u>\$ 70,202,107.67</u>	<u>\$ 72,943,711.15</u>	<u>\$ 840,259,411.13</u>

UNIVERSITY OF NORTH TEXAS (752)

Matrix of Operating Expenses Reported by Function

For the Year Ended August 31, 2022

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	\$ 23,147.28	\$ 47.96	\$ 187,667.02	\$ 42,730.33	\$ 204,319.84	\$ 999,723.39	\$ 51,694.95	\$ -	\$ 7,991,547.79	\$ -	\$ 9,500,878.56
Salaries and Wages	134,529,457.59	55,335,409.27	5,154,430.36	37,074,468.28	49,611,881.45	23,032,298.56	11,271,045.49	-	23,863,107.87	-	339,872,098.87
Payroll Related Costs	36,789,282.91	9,407,153.92	1,240,282.00	9,081,837.66	11,855,490.42	5,320,331.55	3,621,274.07	-	6,834,872.71	-	84,150,525.24
Professional Fees and Services	1,797,603.02	5,166,374.96	695,648.51	3,639,418.21	10,801,246.75	6,224,588.07	3,512,822.20	-	1,946,244.74	-	33,783,946.46
Federal Pass-Through Expenses	-	31,578.42	148,625.43	-	-	-	-	-	-	-	180,203.85
State Pass-Through Expenses	-	7,998.40	-	-	-	-	-	-	-	-	7,998.40
Travel	1,249,167.85	1,029,205.58	157,354.52	1,318,881.65	4,321,704.35	152,534.99	20,131.79	-	117,468.64	-	8,366,449.37
Materials and Supplies	5,982,048.27	4,349,929.59	206,835.19	6,407,408.45	7,005,300.52	6,723,402.73	2,687,155.59	-	4,335,316.31	-	37,697,396.65
Communications and Utilities	114,916.02	7,987.82	5,049.71	52,411.12	1,213,144.32	437,420.18	8,425,819.30	-	4,662,917.07	-	14,919,665.54
Repairs and Maintenance	578,684.45	1,001,270.19	17,863.48	299,491.55	2,101,485.67	3,289,407.68	8,189,269.99	-	6,164,751.05	-	21,642,224.06
Rentals and Leases	674,931.10	242,145.29	53,610.69	1,446,802.69	1,839,144.44	1,065,127.87	281,594.94	-	832,586.25	-	6,435,943.27
Printing and Reproduction	314,650.56	207,957.85	146,801.76	930,506.51	1,717,808.02	998,578.40	38,525.77	-	369,898.76	-	4,724,727.63
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	66,279,646.74	66,279,646.74
Scholarships	661,048.86	2,690,316.17	689,537.79	-	-	-	-	112,924,267.85	-	-	116,965,170.67
Asset Retirement Obligation	-	-	-	-	-	-	53,066.04	-	-	-	53,066.04
Claims and Losses	39,529.75	-	-	-	-	235,795.59	-	-	-	-	275,325.34
Other Operating Expenses	1,505,077.60	928,689.43	247,753.94	1,725,418.61	5,653,439.44	3,803,322.27	174,091.44	-	3,249,608.58	-	17,287,401.31
Total Operating Expenses	<u>\$ 184,259,545.26</u>	<u>\$ 80,406,064.85</u>	<u>\$ 8,951,460.40</u>	<u>\$ 62,019,375.06</u>	<u>\$ 96,324,965.22</u>	<u>\$ 52,282,531.28</u>	<u>\$ 38,326,491.57</u>	<u>\$ 112,924,267.85</u>	<u>\$ 60,368,319.77</u>	<u>\$ 66,279,646.74</u>	<u>\$ 762,142,668.00</u>

UNIVERSITY OF NORTH TEXAS (752)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	August 31, 2023	August 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Customers	\$ 27,406,319.15	\$ 19,205,746.53
Proceeds from Tuition and Fees	460,802,462.13	405,584,618.80
Proceeds from Research Grants and Contracts	91,414,512.36	74,530,846.02
Proceeds from Loan Programs	757,220.19	1,590,358.37
Proceeds from Auxiliaries	86,910,201.06	77,089,613.68
Proceeds from Other Revenues	5,304,258.17	721,192.49
Payments to Suppliers for Goods and Services	(157,742,226.68)	(134,450,619.63)
Payments to Employees	(446,050,210.98)	(406,060,204.29)
Payments for Other Expenses	(151,031,849.02)	(143,807,178.43)
Net Cash Used by Operating Activities	\$ (82,229,313.62)	\$ (105,595,626.46)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	\$ 132,670,138.33	\$ 124,500,574.60
Proceeds from Gifts	17,713,483.42	18,915,828.10
Proceeds from Endowments	1,129,115.41	63,049.58
Proceeds from Transfers from Other Agencies	639,459.82	603,577.49
Proceeds from Transfers from Other Components	16,494,824.65	35,867,407.46
Proceeds from Legislative Transfers	953,633.00	984,541.00
Proceeds from Grant Receipts	78,136,922.46	126,662,383.52
Proceeds from Other Revenues	13,403,949.01	1,541,716.75
Payments for Legislative Transfers	(8,069,147.00)	(9,823,512.00)
Payments for Transfers to Other Components	(106,345,938.91)	(123,312,401.00)
Payments for Legislative Appropriation Lapses	(0.61)	-
Payments for Other Uses	(77,795.87)	(635,239.32)
Net Cash Provided by Noncapital Financing Activities	\$ 146,648,643.71	\$ 175,367,926.18
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	\$ 42,897.85	\$ 209,614.12
Proceeds from State Appropriations	37,346,563.00	37,346,563.00
Proceeds of Transfers from Other Components for Debt Issuance	863,665.15	352.63
Proceeds from Capital Contributions	70,000.00	70,000.00
Payments for Additions to Capital Assets	(50,082,683.78)	(36,288,314.35)
Payments for Leases/SBITAs	(5,711,932.14)	(1,574,764.00)
Payments of Interest on Debt Issuance	(58,564.15)	(25,014.12)
Net Cash Used by Capital and Related Financing Activities	\$ (17,530,054.07)	\$ (261,562.72)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	\$ 469,005,275.51	\$ 269,243,401.51
Proceeds from Interest and Investment Income	13,718,717.30	15,682,383.41
Payments to Acquire Investments	(521,275,558.18)	(303,072,324.52)
Net Cash Used by Investing Activities	\$ (38,551,565.37)	\$ (18,146,539.60)
Net Increase in Cash and Cash Equivalents	\$ 8,337,710.65	\$ 51,364,197.40
Cash and Cash Equivalents, September 1, 2022	\$ 211,698,663.81	\$ 160,334,466.41
Cash and Cash Equivalents, August 31, 2023	\$ 220,036,374.46	\$ 211,698,663.81

UNIVERSITY OF NORTH TEXAS (752)
Statement of Cash Flows
For the Year Ended August 31, 2023 and 2022

	August 31, 2023	August 31, 2022
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED)		
BY OPERATING ACTIVITIES		
Operating Loss	\$ (187,155,312.85)	\$ (205,898,697.70)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used)		
by Operating Activities:		
Depreciation and Amortization Expense	\$ 72,943,711.15	\$ 66,279,646.74
Asset Retirement Obligation Expense	54,976.42	53,066.04
Cash Flow Classification Differences from GASB 87	107,953.64	37,835.72
Employee Benefits Paid by State	18,091,854.48	16,575,776.50
Changes in Assets and Liabilities:		
Decrease in Receivables	11,003,368.33	(14,352,695.84)
Increase in Inventories	(133,423.04)	(94,431.05)
Increase in Prepaid Expenses	(9,512,982.38)	(8,666,532.90)
Decrease in Loans and Contracts	757,220.19	1,590,358.37
Increase in Payables	4,095,837.53	385,737.28
Increase in Unearned Revenue	7,675,175.07	35,202,907.34
Increase (Decrease) in Employees' Compensable Leave	25,439.62	(326,769.38)
Increase (Decrease) in Other Liabilities	(183,131.78)	3,618,172.42
Total Adjustments	\$ 104,925,999.23	\$ 100,303,071.24
Net Cash Used by Operating Activities	\$ (82,229,313.62)	\$ (105,595,626.46)
NON-CASH TRANSACTIONS		
Net Change in Fair Value of Investments	\$ 17,027,720.08	\$ (35,335,355.36)
Donation of Capital Assets	9,579,166.16	302,053.95
Borrowing Under Lease Purchase	10,994,560.41	6,846,437.87
Loss on Sale of Capital Assets	(1,709,258.63)	(729,984.72)
Capital Assets Acquired with Payables	3,412,170.60	5,028,531.13
Interagency Transfer of Capital Assets	105,619,375.54	-

**NOTES TO THE
ANNUAL FINANCIAL REPORT
of the
UNIVERSITY OF NORTH TEXAS
DENTON, TEXAS
Neal J. Smatresk, President**

For the Years Ended August 31, 2023 and 2022



UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

Introduction

The University of North Texas ("UNT" or "University") 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").

Basis of Accounting

The annual financial statements of UNT have been prepared using the economic resources measurement focus and the full accrual basis of accounting. UNT 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 UNT's principal ongoing operations.

UNT follows the requirements and guidelines provided in GASB pronouncements. Standards newly effective for fiscal year 2023 and 2022 are listed below:

GASB Statement No. 87, *Leases*, creates a single model for lease accounting, eliminating long-term operating leases. It requires lessee recognition of certain lease liabilities and an intangible right-to-use lease asset and requires lessor recognition of a lease receivable and deferred inflows of resources. The statement also requires additional disclosures for both lessee and lessor. This statement has moderate impact to the comprehensive financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, paragraphs 11b, 13, and 14, assists governments to define the appropriate benchmark interest rates, related to the interbank offered rate ("IBOR"), the London Interbank Offered Rate ("LIBOR"), and other reference rates. This statement has minimal impact to the comprehensive financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, defines and establishes criteria for public-private and public-public partnerships ("PPPs"), availability payment arrangements (APA), and certain criteria where service concession arrangements are considered PPPs. This statement has minimal impact to the comprehensive financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines and establishes criteria for subscription-based information technology arrangements ("SBITAs") where it results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability, and provides the capitalization criteria for outlays other than subscription payments, including implementation costs associated with SBITAs. This statement has moderate impact to the comprehensive financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, other than paragraph 4, increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of employee benefit plans as fiduciary component units in fiduciary fund financial statements, and enhances the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code ("IRC")

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Section 457 deferred compensation plans. This statement has minimal impact to the comprehensive financial statements.

GASB Statement No. 99, *Omnibus 2022 (partial implementation)*, provides additional updates on leases, PPPs, and SBITAs.

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 UNT'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.

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 budget (biennial) for all State agencies. The general revenue appropriation to UNT supports the instruction, research and operation of UNT. Appropriations also include payments made by the State on behalf of UNT for benefits related to salaries funded by state appropriations. There is no assurance that the Legislature will continue its state appropriations to UNT in future years; however, UNT 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 \$99.7 million and \$95.3 million as of August 31, 2023 and 2022, respectively

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 \$57.3 million and \$53.5 million as of August 31, 2023 and 2022. The allowance for doubtful accounts on other receivables was approximately \$4.7 million and \$4.5 million as of August 31, 2023 and 2022. UNT 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 \$112 thousand and \$54 thousand as of August 31, 2023 and 2022, respectively.

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

Gift receivables include amounts pledged to UNT by donors, net of allowances. The allowance for gift pledges was approximately \$2.8 million and \$1.6 million as of August 31, 2023 and 2022, respectively. Multiyear gift pledges are reported at the discounted present value. At the beginning of each fiscal year, UNT re-establishes the scale of discount rates applicable for present valuing multiyear gift pledges that are received during the new fiscal year.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

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 and \$5.2 million as of August 31, 2023 and 2022, respectively.

Investments

UNT 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 and unrealized gain (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 and Intangible Assets

UNT follows the State's capitalization policy, which requires capitalization of assets with an initial individual cost of more than \$5,000 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, UNT capitalizes in accordance with GASB Statement No. 87, *Leases*, for all lease agreements with a net present value of future lease payment per unit exceeding \$100,000. For SBITAs, UNT capitalizes in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for 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*.

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. UNT 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.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Deferred Outflows of Resources

Deferred outflows of resources relate to unamortized losses related to asset retirement obligations.

Deferred Outflows of Resources Related to Asset Retirement Obligations

When an asset retirement obligation ("ARO") is recognized, UNT 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.

Liabilities

Liabilities relate to accounts and other payables, unearned revenue, revenue bonds payable, claims and judgments, employees' compensable leave, lease liabilities, 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 \$275.8 million and \$273.2 million of tuition revenue related to the semesters that have not been completed as of August 31, 2023 and 2022, respectively. Tuition revenue is recognized based on the number of class days as a percentage of total class days that fall within the fiscal year.

Claims and Judgments

Claims and judgments are reported when it is probable 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 8, *Contingencies and Commitments*, and Note 10, *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. Liabilities are reported separately as either current or non-current in the Statements of Net Position. These obligations generally are paid from the same funding source from which each employee's salary or wage compensation is paid.

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 UNT 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 UNT as custodial or fiscal agent for students, faculty members, foundations and others.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

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.

Deferred Inflows of Resources

Deferred inflows of resources relate to certain amounts related to leases.

Deferred Inflows of Resources Related to Leases

UNT 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.

Deferred Inflows of Resources Related to PPP

UNT 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.

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

Restricted expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of UNT 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 UNT 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, UNT addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, UNT's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

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 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 obligations. Operating expenses also includes the expenses related to scholarships, exemptions, and COVID-19 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.

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 grants, and other revenue sources that are defined as nonoperating revenues by GASB. UNT's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies; however, UNT does not recognize these potential refunds, gifts, and contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings, payments for student loan relief utilizing HEERF funds, and other expenses that are defined as nonoperating expenses by GASB.

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. 99, *Omnibus 2022 (partial implementation)*, provides updates to financial guarantees and derivative classification and reporting, and is effective for fiscal year 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement addresses display of accounting changes and error corrections in the financial statements, disclosures in the notes to the financial statements, and presentation in required supplementary information and supplementary information. This statement will be implemented in fiscal year 2024.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

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. This statement will be implemented in fiscal year 2025.

UNT anticipates minimal impact to the annual financial statements for GASB Statement No. 99 and GASB Statement No. 100, while GASB Statement No. 101 is still undergoing evaluation.

Note 2: Capital Assets

A summary of changes in capital assets for the years ended August 31, 2023 and 2022 are presented below:

	Balance September 1, 2022	Adjustments	Reclassification of Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2023
Non-Depreciable or Non-Amortizable Assets:								
Land and Land Improvements	\$ 53,060,914.53	\$ -	\$ -	-	-	\$ 9,562,517.44	\$ -	\$ 62,623,431.97
Construction in Progress	49,300,420.74	(1,262,170.92)	(8,520,825.06)	396,856.48	-	27,416,381.73	-	67,330,662.97
Other Tangible Capital Assets	28,380,226.27	-	-	-	-	302,690.94	(3,200.00)	28,679,717.21
Total Non-Depreciable or Non-Amortizable Assets:	\$ 130,741,561.54	\$ (1,262,170.92)	\$ (8,520,825.06)	\$ 396,856.48	\$ -	\$ 37,281,590.11	\$ (3,200.00)	\$ 158,633,812.15
Depreciable Assets:								
Buildings and Building Improvements	\$ 1,126,172,611.99	\$ -	\$ 6,675,050.21	103,694,740.18	-	-	\$ (8,917,598.75)	\$ 1,227,624,803.63
Infrastructure	70,649,728.97	-	545,635.00	-	-	-	-	71,195,363.97
Facilities and Other Improvements	138,243,394.81	-	1,068,199.09	1,533,346.50	-	-	-	140,844,940.40
Furniture and Equipment	126,772,267.04	-	231,940.76	-	(5,920.00)	15,328,845.84	(5,369,158.04)	136,957,975.60
Vehicles, Boats and Aircraft	8,343,018.72	-	-	-	-	822,278.54	(86,192.88)	9,079,104.38
Other Capital Assets	116,432,073.18	-	-	-	-	4,612,774.92	(3,098,545.00)	117,946,303.10
Total Depreciable Assets:	\$ 1,586,613,094.71	\$ -	\$ 8,520,825.06	\$ 105,228,086.68	\$ (5,920.00)	\$ 20,763,899.30	\$ (17,471,494.67)	\$ 1,703,648,491.08
Less Accumulated Depreciation for:								
Buildings and Building Improvements	\$ (571,575,723.38)	\$ -	\$ -	-	-	\$ (46,381,186.27)	\$ 7,714,681.18	\$ (610,242,228.47)
Infrastructure	(33,153,387.57)	-	-	-	-	(2,581,169.74)	-	(35,734,557.31)
Facilities and Other Improvements	(47,594,394.81)	-	-	-	-	(4,519,968.50)	-	(52,114,363.31)
Furniture and Equipment	(96,586,155.51)	-	-	-	352.38	(8,892,835.86)	5,003,095.13	(100,475,543.86)
Vehicles, Boats and Aircraft	(7,601,149.25)	-	-	-	-	(411,067.61)	86,192.88	(7,926,023.98)
Other Capital Assets	(80,863,218.29)	-	-	-	-	(4,697,067.21)	3,098,545.00	(82,461,740.50)
Total Accumulated Depreciation	\$ (837,374,028.81)	\$ -	\$ -	\$ -	\$ 352.38	\$ (67,483,295.19)	\$ 15,902,514.19	\$ (888,954,457.43)
Total Depreciable Assets, Net	\$ 749,239,065.90	\$ -	\$ 8,520,825.06	\$ 105,228,086.68	\$ (5,567.62)	\$ (46,719,395.89)	\$ (1,568,980.48)	\$ 814,694,033.65
Amortizable Assets - Intangibles:								
Computer Software	\$ 3,295,009.90	\$ -	\$ -	-	-	\$ -	\$ (539,986.00)	\$ 2,755,023.90
Total Amortizable Assets - Intangibles	\$ 3,295,009.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (539,986.00)	\$ 2,755,023.90
Less Accumulated Amortization for:								
Computer Software	\$ (2,803,147.51)	\$ -	\$ -	-	-	\$ (2,715.63)	\$ 340,462.00	\$ (2,465,401.14)
Total Accumulated Amortization	\$ (2,803,147.51)	\$ -	\$ -	\$ -	\$ -	\$ (2,715.63)	\$ 340,462.00	\$ (2,465,401.14)
Amortizable Assets - Intangibles, Net	\$ 491,862.39	\$ -	\$ -	\$ -	\$ -	\$ (2,715.63)	\$ (199,524.00)	\$ 289,622.76
Total Capital Assets, Net	\$ 880,472,489.83	\$ (1,262,170.92)	\$ -	\$ 105,624,943.16	\$ (5,567.62)	\$ (9,440,521.41)	\$ (1,771,704.48)	\$ 973,617,468.56

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

	Balance September 1, 2021	Adjustments	Reclassification of Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2022
Non-Depreciable or Non-Amortizable Assets:								
Land and Land Improvements	\$ 53,060,914.53	\$ -	\$ -	-	-	\$ -	\$ -	\$ 53,060,914.53
Construction in Progress	38,435,045.05	(6,533,306.27)	(5,386,322.09)	-	-	22,785,004.05	-	49,300,420.74
Other Tangible Capital Assets	27,949,069.55	-	-	-	-	436,506.72	(5,350.00)	28,380,226.27
Total Non-Depreciable or Non-Amortizable Assets:	\$ 119,445,029.13	\$ (6,533,306.27)	\$ (5,386,322.09)	\$ -	\$ -	\$ 23,221,510.77	\$ (5,350.00)	\$ 130,741,561.54
Depreciable Assets:								
Buildings and Building Improvements	\$ 1,124,019,781.67	\$ -	\$ 2,152,830.35	-	-	\$ -	\$ (0.03)	\$ 1,126,172,611.99
Infrastructure	70,649,728.97	-	-	-	-	-	-	70,649,728.97
Facilities and Other Improvements	136,880,304.58	-	1,363,090.23	-	-	-	-	138,243,394.81
Furniture and Equipment	123,809,010.97	54,343.54	1,870,401.51	49,719.66	-	8,475,403.91	(7,486,612.55)	126,772,267.04
Vehicles, Boats and Aircraft	8,819,088.14	-	-	-	(18,944.00)	264,156.81	(721,282.23)	8,343,018.72
Other Capital Assets	112,999,695.48	-	-	-	-	4,920,530.70	(1,488,153.00)	116,432,073.18
Total Depreciable Assets:	\$ 1,577,177,609.81	\$ 54,343.54	\$ 5,386,322.09	\$ 49,719.66	\$ (18,944.00)	\$ 13,660,091.42	\$ (9,696,047.81)	\$ 1,586,613,094.71
Less Accumulated Depreciation for:								
Buildings and Building Improvements	\$ (527,858,550.30)	\$ -	\$ -	-	-	\$ (43,717,173.08)	\$ -	\$ (571,575,723.38)
Infrastructure	(30,601,773.05)	-	-	-	-	(2,551,614.52)	-	(33,153,387.57)
Facilities and Other Improvements	(43,232,004.14)	-	-	-	-	(4,362,390.67)	-	(47,594,394.81)
Furniture and Equipment	(94,730,779.41)	-	-	(49,719.66)	-	(8,526,244.99)	6,720,588.55	(96,586,155.51)
Vehicles, Boats and Aircraft	(7,659,356.38)	-	-	-	18,944.00	(508,492.28)	547,755.41	(7,601,149.25)
Other Capital Assets	(77,670,772.54)	-	-	-	-	(4,643,110.75)	1,450,665.00	(80,863,218.29)
Total Accumulated Depreciation	\$ (781,753,235.82)	\$ -	\$ -	\$ (49,719.66)	\$ 18,944.00	\$ (64,309,026.29)	\$ 8,719,008.96	\$ (837,374,028.81)
Total Depreciable Assets, Net	\$ 795,424,373.99	\$ 54,343.54	\$ 5,386,322.09	\$ -	\$ -	\$ (50,648,934.87)	\$ (977,038.85)	\$ 749,239,065.90
Amortizable Assets - Intangibles:								
Computer Software	\$ 3,444,609.90	\$ -	\$ -	-	-	\$ -	\$ (149,600.00)	\$ 3,295,009.90
Total Amortizable Assets - Intangibles	\$ 3,444,609.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (149,600.00)	\$ 3,295,009.90
Less Accumulated Amortization for:								
Computer Software	\$ (2,666,413.37)	\$ -	\$ -	-	-	\$ (286,334.14)	\$ 149,600.00	\$ (2,803,147.51)
Total Accumulated Amortization	\$ (2,666,413.37)	\$ -	\$ -	\$ -	\$ -	\$ (286,334.14)	\$ 149,600.00	\$ (2,803,147.51)
Amortizable Assets - Intangibles, Net	\$ 778,196.53	\$ -	\$ -	\$ -	\$ -	\$ (286,334.14)	\$ -	\$ 491,862.39
Total Capital Assets, Net	\$ 915,647,599.65	\$ (6,478,962.73)	\$ -	\$ -	\$ -	\$ (27,713,758.24)	\$ (982,388.85)	\$ 880,472,489.83

A summary of changes in leased and subscription assets for the years ended August 31, 2023 and 2022 are presented below:

	Balance September 1, 2022	Adjustments	Additions	Balance August 31, 2023
Amortizable Assets - Intangible Right to Use:				
Building and Building Improvements	\$ 6,314,761.05	\$ 14,031.19	\$ 148,979.88	\$ 6,477,772.12
Equipment	531,676.83	1,737.91	-	533,414.74
Subscriptions	-	-	10,845,580.53	10,845,580.53
Total Amortizable Assets - Intangible Right to Use	\$ 6,846,437.88	\$ 15,769.10	\$ 10,994,560.41	\$ 17,856,767.39
Less Accumulated Amortization for:				
Building and Building Improvements	\$ (1,464,282.10)	\$ (3,249.38)	\$ (1,464,141.24)	\$ (2,931,672.72)
Equipment	(220,004.21)	(719.11)	(220,723.36)	(441,446.68)
Subscriptions	-	-	(3,772,835.73)	(3,772,835.73)
Total Accumulated Amortization - Intangible Right to Use	\$ (1,684,286.31)	\$ (3,968.49)	\$ (5,457,700.33)	\$ (7,145,955.13)
Total Amortizable Assets - Intangible Right to Use, Net	\$ 5,162,151.57	\$ 11,800.61	\$ 5,536,860.08	\$ 10,710,812.26

	Balance September 1, 2021	Additions	Balance August 31, 2022
Amortizable Assets - Intangible Right to Use:			
Building and Building Improvements	\$ -	\$ 6,314,761.05	\$ 6,314,761.05
Equipment	-	531,676.83	531,676.83
Total Amortizable Assets - Intangible Right to Use	\$ -	\$ 6,846,437.88	\$ 6,846,437.88
Less Accumulated Amortization for:			
Building and Building Improvements	\$ -	\$ (1,464,282.10)	\$ (1,464,282.10)
Equipment	-	(220,004.21)	(220,004.21)
Total Accumulated Amortization - Intangible Right to Use	\$ -	\$ (1,684,286.31)	\$ (1,684,286.31)
Total Amortizable Assets - Intangible Right to Use, Net	\$ -	\$ 5,162,151.57	\$ 5,162,151.57

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

As of August 31, 2023 and 2022, the carrying amount of deposits were \$4,712,998.88 and \$3,170,302.83, respectively, as presented below:

	2023	2022
Cash in Bank Carrying Value	\$ 4,712,998.88	\$ 3,170,302.83
Cash in Bank per Statement of Net Position	\$ 4,712,998.88	\$ 3,170,302.83
Proprietary Funds Current Assets Cash in Bank	\$ 4,709,689.29	\$ 2,576,488.09
Proprietary Funds Current Assets Restricted Cash in Bank	3,309.59	593,814.74
Cash in Bank per Statement of Net Position	\$ 4,712,998.88	\$ 3,170,302.83

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. As of August 31, 2023 and 2022, The cash and cash equivalents balance also includes \$191,906,810.57 and \$173,715,757.12 respectively that were invested in cash equivalents and \$23,416,565.01 and \$34,812,603.86 respectively, comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury. As of August 31, 2023, and 2022 the total bank balances were \$739,052.77 and 24,819,230.47, respectively.

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. UNT's policy is that all deposits are governed by a bank depository agreement between UNT and the respective banking institution. This agreement provides that UNT'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, 2023, and 2022 UNT had no bank balances that were exposed to custodial credit risk.

Investments

UNT'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. UNT investment funds under its control are held and managed by UNT under Texas Education Code, Section 51.0031(c) which authorizes UNT System's Board of Regents, subject to procedures and restrictions it establishes, to invest UNT 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 UNT 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 UNT funds subject to Board of Regents control, UNT endowment funds shall be invested pursuant to a prudent person standard.

UNT 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.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

As of August 31, 2023 and 2022, UNT's investments are presented below. Included in this amount is \$191,906,810.57 and \$173,715,757.12, respectively, classified as cash equivalents.

Investments and Cash Equivalents	As of August 31, 2023	As of August 31, 2022
U.S. Government U.S. Treasury Securities	\$ 19,989,574.65	\$ 15,370,417.20
U.S. Government Agency Obligations	9,296,734.54	9,056,611.61
Corporate Obligations	30,544,694.85	22,653,267.49
Equity	876,096.82	854,608.12
Repurchase Accounts	326,854.44	24,938,839.27
Hedge Funds	16,245,137.92	11,814,745.33
Domestic Mutual Funds	92,410,989.49	66,556,128.46
International Mutual Funds	27,836,336.07	19,876,342.01
Fixed Income Money Market and Mutual Funds	94,306,924.93	85,211,049.69
Other Commingled Funds	133,951,095.92	46,879,739.97
Other Commingled Funds (TexPool)	-	43,817,553.31
Real Estate Index Fund	7,103,036.76	5,187,955.93
Alternative Investments	1,142,082.29	-
Externally Managed Investments	69,315,859.26	65,897,075.13
Private Equity	12,736,266.44	10,478,294.66
Total Investments and Cash Equivalents	\$ 516,081,684.38	\$ 428,592,628.19

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. UNT utilizes ratings assigned by Standard & Poor's for this purpose. UNT'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, 2023 and 2022, UNT's credit quality distribution for securities with credit risk exposure was as follows:

Fund Type	GAAP Fund	Investment Type	Standard and Poor's				
			AAA	AA	A	BBB	Unrated
05	0001	U.S. Government U.S. Treasury Securities	-	\$19,989,574.65	-	-	-
05	0001	U.S. Government Agency Obligations	-	9,296,734.54	-	-	-
05	0001	Corporate Obligations	519,459.77	810,142.59	15,155,269.98	13,561,144.36	498,678.15
05	0001	Equity	-	-	-	-	876,096.82
05	0001	Repurchase Accounts	-	-	-	-	326,854.44
05	0001	Hedge Funds	-	-	-	-	16,245,137.92
05	0001	Domestic Mutual Funds	-	-	-	-	92,410,989.49
05	0001	International Mutual Funds	-	-	-	-	27,836,336.07
05	0001	Fixed Income Money Market and Bond Mutual Fund	69,807,952.19	-	-	-	24,498,972.74
05	0001	Other Commingled Funds	133,951,095.92	-	-	-	-
05	0001	Commingled Funds (TEXPOOL)	-	-	-	-	-
05	0001	Real Estate Index Fund	-	-	-	-	7,103,036.76
05	0001	Alternative Investments	-	-	-	-	1,142,082.29
05	0001	Externally Managed Investments (1)	-	-	-	-	69,315,859.26
05	0001	Private Equity	-	-	-	-	12,736,266.44
05	0001	Total	204,278,507.88	30,096,451.78	15,155,269.98	13,561,144.36	252,990,310.38

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Fund Type	GAAP Fund	Investment Type	Standard and Poor's					
			AAA	AA	A	BBB	BB	Unrated
05	0001	U.S. Government U.S. Treasury Securities	-	15,370,417.20	-	-	-	-
05	0001	U.S. Government Agency Obligations	-	9,056,611.61	-	-	-	-
05	0001	Corporate Obligations	118,587.84	626,699.12	10,203,889.47	9,749,746.05	1,153,001.99	801,343.01
05	0001	Equity	-	-	-	-	-	854,608.12
05	0001	Repurchase Accounts	-	-	-	-	-	24,938,839.27
05	0001	Hedge Funds	-	-	-	-	-	11,814,745.33
05	0001	Domestic Mutual Funds	-	-	-	-	-	66,556,128.46
05	0001	International Mutual Funds	-	-	-	-	-	19,876,342.01
05	0001	Fixed Income Money Market and Bond Mutual Fund	66,878,083.48	-	-	-	-	18,332,966.21
05	0001	Other Commingled Funds	46,879,739.97	-	-	-	-	-
05	0001	Commingled Funds (TEXPOOL)	43,817,553.31	-	-	-	-	-
05	0001	Real Estate Index Fund	-	-	-	-	-	5,187,955.93
05	0001	Alternative Investments	-	-	-	-	-	-
05	0001	Externally Managed Investments (1)	-	-	-	-	-	65,897,075.13
05	0001	Private Equity	-	-	-	-	-	10,478,294.66
05	0001	Total	157,693,964.61	25,053,727.93	10,203,889.47	9,749,746.05	1,153,001.99	224,738,298.13
								428,592,628.19

Concentration of Credit Risk

Concentration of credit risk is the risk that, in the event of the failure of one issuer, UNT will not be able to recover the value of its investment. UNT's investment regulation does not provide specific requirements and limitations regarding concentration of credit. As of August 31, 2023 and 2022, UNT 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 UNT'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, UNT 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 UNT's investment regulation does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of August 31, 2023 and 2022, UNT 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, 2023 and 2022, UNT 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. UNT'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. UNT's investment policy does not provide specific requirements and limitations regarding investments in foreign currency. As of August 31, 2023 and 2022, UNT'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. 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.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

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: 55-75% growth assets (U.S. and international equities), 15-35% risk reduction assets (U.S. and global fixed income funds and cash), and 5-15% inflation protection assets (real assets). 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, 2023 and 2022, total investments held by the UNT Foundation, including UNT portion of \$69,315,859.26 and \$65,897,075.13, respectively, consisted of the following investment types:

Investment	Fair Value	
	2023	2022
Equity	\$ 12,437,770.59	\$ 35,660,382.51
Domestic Mutual Funds	107,830,186.21	78,370,944.83
International Other Commingled Funds	18,379,742.00	16,110,612.00
International Mutual Funds	61,098,828.70	57,519,429.06
Fixed Income Money Market and Bond Mutual Funds	43,296,663.35	44,999,537.83
Hedge Funds	18,202,534.64	17,634,194.50
Private Debt/Equity	24,349,911.46	28,078,951.27
Miscellaneous	7,559,322.05	4,703,169.00
Total investments	\$ 293,154,959.00	\$ 283,077,221.00

The UNT Foundation Pool's investments are not rated by Standard & Poor's. As of August 31, 2023 and 2022, 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 six years, respectively.

As of August 31, 2023 and 2022, UNT'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.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Fixed Income Money Market & Bond Mutual Funds

Money market mutual funds are open-end mutual funds registered with the U.S. Securities and Exchange Commission ("SEC") that must comply with the SEC's "Rule 2a-7," which imposes certain restrictions, such as a requirement that the fund's board must attempt to maintain a stable net asset value per share or stable price per share, limits on the maximum maturity of any individual security in the fund's portfolio, and limits on the maximum weighted-average portfolio maturity and life. Money market funds typically attempt to maintain a net asset value or price of \$1.00 per share. Bond mutual funds are publicly-traded open-end mutual funds that primarily invest in fixed income securities of the U.S. government and agencies, U.S. corporations, and international fixed income securities.

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.

Fair Value Measurements

UNT's investments are recorded at fair value as of August 31, 2023 and 2022, 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. UNT 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.

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

UNT has the following recurring fair value measurements as of August 31, 2023 and 2022:

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

	8/31/2023	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)
Investments by Fair Value Level				
U.S. Treasury Securities	\$ 19,989,574.65	\$ 19,989,574.65	\$ -	\$ -
U.S. Government Agency Obligations	9,296,734.54	9,296,734.54	-	-
Corporate Obligations	30,544,694.85	30,544,694.85	-	-
Equity	876,096.82	876,096.82	-	-
Domestic Mutual Funds	92,410,989.49	92,410,989.49	-	-
International Mutual Funds	27,836,336.07	27,836,336.07	-	-
Fixed Income Money Market and Bond Mutual Funds	94,161,380.56	94,161,380.56	-	-
Other Commingled Funds	12,179,091.98	-	12,179,091.98	-
Real Estate Index Fund	7,103,036.76	7,103,036.76	-	-
Miscellaneous	30,123,486.65	-	16,245,137.92	13,878,348.73
Total Investments at Fair Value	<u>\$ 324,521,422.37</u>	<u>\$ 282,218,843.74</u>	<u>\$ 28,424,229.90</u>	<u>\$ 13,878,348.73</u>
Investments and Cash Equivalents Measured at NAV				
Other Commingled Funds (TexStar)	\$ 28,669,471.98			
Externally Managed Investments - Foundation Managed Pools	69,315,859.26			
Fixed Income Money Market and Bond Mutual Funds (Cash Deposits)	145,544.37			
Total Investments at NAV	<u>\$ 98,130,875.61</u>			
Total Investments at Fair Value	<u>\$ 422,652,297.98</u>			
Investments and Cash Equivalents not Measured at Fair Value				
Repurchase Accounts	\$ 326,854.44			
Other Commingled Funds (TexRange)	46,478,384.38			
Other Commingled Funds (TexasCLASS)	46,624,147.58			
Total Investments not Measured at Fair Value	<u>\$ 93,429,386.40</u>			
Total Investments	<u>\$ 516,081,684.38</u>			

	8/31/2022	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)
Investments by Fair Value Level				
U.S. Treasury Securities	\$ 15,370,417.20	\$ 15,370,417.20	\$ -	\$ -
U.S. Government Agency Obligations	9,056,611.61	9,056,611.61	-	-
Corporate Obligations	22,653,267.49	22,653,267.49	-	-
Equity	854,608.12	854,608.12	-	-
Domestic Mutual Funds	66,556,128.46	66,556,128.46	-	-
International Mutual Funds	19,876,342.01	19,876,342.01	-	-
Fixed Income Money Market and Bond Mutual Funds	85,122,852.19	85,122,852.19	-	-
Other Commingled Funds	8,798,458.91	-	8,798,458.91	-
Real Estate Index Fund	5,187,955.93	5,187,955.93	-	-
Externally Managed Investments - Other	-	-	-	-
Miscellaneous	22,293,039.99	-	11,814,745.33	10,478,294.66
Total Investments at Fair Value	<u>\$ 255,769,681.92</u>	<u>224,678,183.01</u>	<u>20,613,204.25</u>	<u>10,478,294.66</u>
Investments and Cash Equivalents Measured at NAV				
Other Commingled Funds (TexStar)	\$ 20,302,514.81			
Externally Managed Investments - Foundation Managed Pools	65,897,075.13			
Fixed Income Money Market and Bond Mutual Funds (Cash Deposits)	88,197.50			
Total Investments at NAV	<u>\$ 86,287,787.44</u>			
Total Investments at Fair Value	<u>\$ 342,057,469.36</u>			
Investments and Cash Equivalents not Measured at Fair Value				
Repurchase Accounts	\$ 24,938,839.27			
Other Commingled Funds (TexRange)	11,244,469.19			
Other Commingled Funds (TexPool)	43,817,553.31			
Other Commingled Funds (TexasCLASS)	6,534,297.06			
Total Investments not Measured at Fair Value	<u>\$ 86,535,158.83</u>			
Total Investments	<u>\$ 428,592,628.19</u>			

Investments classified in Level 1 of the fair value hierarchy, totaling \$282,218,843.74 and \$224,678,183.01 for the year ended August 31, 2023 and 2022, respectively, 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

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

best information available and audited by outside third-party auditors. Investments are typically valued on a quarterly basis.

The UNT Foundation Pool has the following recurring fair value measurements as of August 31, 2023, and 2022 which includes \$69,315,859.26 and \$65,897,075.13, respectively, of UNT's externally managed investments:

	8/31/2023	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)
Investments by Fair Value Level				
Equity	\$ 12,437,770.59	\$ 12,437,770.59	\$ -	\$ -
Domestic Mutual Funds	107,830,186.21	107,830,186.21	-	-
International Mutual Funds	61,098,828.70	61,098,828.70	-	-
Fixed Income Money Market and Bond Mutual Funds	43,296,663.35	41,598,693.05	1,697,970.30	-
Total Investments at Fair Value	\$ 224,663,448.85	\$ 222,965,478.55	\$ 1,697,970.30	\$ -
Investments and Cash Equivalents Measured at NAV				
International Other Commingled Funds	\$ 18,379,742.00			
Hedge Funds	18,202,534.64			
Private Debt/Equity	24,349,911.46			
Miscellaneous	7,559,322.05			
Total Investments at NAV	\$ 68,491,510.15			
Total Investments	\$ 293,154,959.00			

	8/31/2022	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)
Investments by Fair Value Level				
Equity	\$ 35,660,382.51	\$ 35,660,382.51	\$ -	\$ -
Domestic Mutual Funds	78,370,944.83	78,370,944.83	-	-
International Mutual Funds	57,519,429.06	57,519,429.06	-	-
Fixed Income Money Market and Bond Mutual Funds	44,999,537.83	44,999,537.83	-	-
US Private Company Common Stock	7,132,297.00	-	-	7,132,297.00
Total Investments at Fair Value	\$ 223,682,591.23	\$ 216,550,294.23	\$ -	\$ 7,132,297.00
Investments and Cash Equivalents Measured at NAV				
International Other Commingled Funds	\$ 16,110,612.00			
Hedge Funds	17,634,194.50			
Private Debt/Equity	20,946,654.27			
Miscellaneous	4,703,169.00			
Total Investments at NAV	\$ 59,394,629.77			
Total Investments	\$ 283,077,221.00			

Other Commingled Funds consists of funds invested with TexStar, TexasRange, and 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. As of August 31, 2023 and 2022, UNT reports its investment with TexStar of \$28,669,471.98 and \$20,302,514.81, respectively, at fair value and reports its investment with TexasRange, TexPool, and TexasCLASS of \$93,102,531.96 and \$61,596,319.56, respectively, 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 ("NAV") 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.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Investments Reported at NAV

Other Commingled funds

UNT invests excess working capital in TexStar, TexasRange, and TexasCLASS to maintain sufficient liquidity and increase yields. There are no unfunded commitments. No limitations or restrictions on redemptions exist. Redemptions can occur at any time.

Externally Managed Investments – UNT Foundation

UNT records its unitized portion of investments held with the UNT Foundation using NAV. As of August 31, 2023 and 2022, \$69,315,859.26 and \$65,897,075.13 of UNT's externally managed investments are managed by the UNT Foundation, as follows:

8/31/2023						
Fair Value	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Range - Low	Notice Range - High	Unfunded Commitment
Hedge Funds	\$ 4,169,825.23	Quarterly	Quarterly	45 Days	180 Days	\$ -
Equity Funds	\$ 5,122,560.33	Daily	Monthly	1 Day	60 Days	-
Mutual Funds	\$ 48,503,306.70	Daily	Monthly	1 Day	60 Days	-
Commingled Funds	\$ 4,210,419.78	Monthly	Monthly	10 Day	30 Days	-
Private Debt	\$ 5,578,062.46	Quarterly	Quarterly	45 Days	180 Days	10,436,277.08
Miscellaneous	\$ 1,731,684.76	N/A	N/A	N/A	N/A	10,455,473.81
Total	\$ 69,315,859.26					\$ 20,891,750.89

8/31/2022						
Fair Value	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Range - Low	Notice Range - High	Unfunded Commitment
Hedge Funds	\$ 4,143,108.52	Quarterly	Quarterly	45 Days	180 Days	\$ -
Equity Funds	9,175,854.13	Daily	Monthly	1 Day	60 Days	-
Mutual Funds	42,766,605.90	Daily	Monthly	1 Day	60 Days	-
Commingled Funds	3,785,146.74	Monthly	Monthly	10 Day	30 Days	-
Private Debt	4,921,362.40	Quarterly	Quarterly	45 Days	180 Days	-
Miscellaneous	1,104,997.43	N/A	N/A	N/A	N/A	-
Total	\$ 65,897,075.13					\$ -

Fixed Income Money Market and Bond Mutual Funds (Cash Deposits)

UNT maintains excess working capital in Goldman Sachs as cash deposits to maintain sufficient liquidity and for reinvestment purposes. There are no unfunded commitments. No limitations or restrictions on redemptions exist. Redemptions can occur at any time.

Note 4: Long-Term Liabilities

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended August 31, 2023 and 2022:

	September 1, 2022	Additions	Reductions	Restatement	August 31, 2023	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	\$ 506,000.00	\$ -	\$ 506,000.00	\$ -	\$ -	\$ -	\$ -
Employees' Compensable Leave	15,082,191.65	1,638,097.71	1,612,658.09	-	15,107,631.27	2,592,350.60	12,515,280.67
Lease Obligations	5,271,673.87	148,979.88	1,635,422.70	9,421.84	3,794,652.89	1,581,704.99	2,212,947.90
Subscription Obligations	-	10,845,580.53	4,076,509.38	-	6,769,071.15	2,950,707.12	3,818,364.03
Asset Retirement Obligation	1,406,250.00	50,625.00	-	-	1,456,875.00	-	1,456,875.00
Other Non-Current Liabilities	2,962,736.01	71,769.93	256,006.80	-	2,778,499.14	1,430,578.30	1,347,920.84
Total Long-Term Liabilities	\$ 25,228,851.53	\$ 12,755,053.05	\$ 8,086,596.97	\$ 9,421.84	\$ 29,906,729.45	\$ 8,555,341.01	\$ 21,351,388.44

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

	September 1, 2021	Additions	Reductions	Other Adjustments (1)	Restatement	August 31, 2022	Amounts Due Within One Year	Amounts Due Thereafter
Claims and Judgments	\$ 521,000.00	\$ 165,000.00	\$ 180,000.00	\$ -	\$ -	\$ 506,000.00	\$ 506,000.00	\$ -
Employees' Compensable Leave	15,408,961.03	1,570,783.05	1,897,552.43	-	-	15,082,191.65	2,350,587.91	12,731,603.74
Lease Obligations	-	6,846,437.87	1,574,764.00	✚	-	5,271,673.87	1,623,999.43	3,647,674.44
Asset Retirement Obligation	1,289,250.00	117,000.00	-	-	-	1,406,250.00	-	1,406,250.00
Other Non-Current Liabilities	1,957,222.28	1,005,513.73	-	-	-	2,962,736.01	1,686,585.10	1,276,150.91
Total Long-Term Liabilities	\$ 19,176,433.31	\$ 9,704,734.65	\$ 3,652,316.43	\$ -	\$ -	\$ 25,228,851.53	\$ 6,167,172.44	\$ 19,061,679.09

Claims and Judgments

As of August 31, 2022, the Claims and Judgments liability accrual is comprised of a legal contingency. 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 8, *Contingencies and Commitments*, and Note 10, *Risk Management*, for more information on the claims and judgments against UNT. There was no Claims and Judgments liability accrual at August 31, 2023.

Employees' Compensable Leave

According to the Texas Human Resources Management Statutes Inventory provided by the State Auditor's Office, state agency employees who have accrued six months of continuous state employment are entitled to be paid for the accrued balance of the employee's vacation leave as of the date of separation if the employee is not reemployed by a state agency or institution of higher education with no break in state service to a position which accrues vacation leave. Substantially all full-time UNT employees earn between eight and twenty-one hours of annual leave per month depending upon the respective employee's years of state employment. State law permits employees to carry accrued leave forward from one fiscal year to another, up to a maximum of 532 hours for those employees with 35 or more years of state service. Eligible part-time employees' annual leave accrual rate and maximum carryover are proportional to the number of hours appointed to work. Employees with at least six months of continuous State service who terminate their employment are entitled to payment for all accumulated vacation leave. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to personal or family illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated sick leave or 336 hours, whichever is less. Eligible part-time employees' sick leave accrual rate is proportional to the number of hours they are appointed to work. This obligation is generally paid from the same funding source as the employee's salary or wage compensation is paid. An expense and a liability are recorded as the benefits accrue to employees, and the liability is reduced as the accrued leave is taken. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Lease Obligations and Subscription Obligations

See Note 5, *Leases and SBITAs*, for more information on right to use obligations.

Asset Retirement Obligation

As of August 31, 2023, UNT held one radioactive material licenses associated with facilities at UNT. The estimated remaining useful life of the associated tangible capital assets is 214 months. 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. UNT 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 non-current liability. UNT 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), UNT 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.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Other Non-Current Liabilities

UNT reported balances in Other Non-Current Liabilities in fiscal year 2023 and 2022 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 non-current liability in 2023 and 2022.

Note 5: Leases and SBITAs

UNT 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 2026. In 2023, the total lease payment was \$1,653,392.01, comprised of \$1,635,422.75 principal and \$17,969.26 interest expense. For 2022, the total lease payment was \$1,601,754.99, comprised of \$1,574,764.00 principal and \$26,990.99 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 year ended August 31, 2023 and 2022, there were no variable payments. There were no residual value guarantees as part of the lease agreements. At August 31, 2023 and 2022, as a result of the agreements to lease, UNT recorded lease assets with a gross asset balance of \$7.0 million and \$6.9 million respectively, \$3.4 million and \$1.7 million in accumulated amortization respectively, ending in a net book value of \$3.6 million and \$5.2 million respectively. More detailed information regarding UNT'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, 2023 and 2022 are as follows:

August 31, 2023

Fiscal Year	Principal	Interest	Total Future Min. Lease Payments
2024	\$ 1,581,704.94	\$ 16,225.86	\$ 1,597,930.80
2025	1,539,578.68	8,589.49	1,548,168.17
2026	673,369.20	1,559.84	674,929.04
Total	\$ 3,794,652.82	\$ 26,375.19	\$ 3,821,028.01

August 31, 2022

Fiscal Year	Principal	Interest	Total Future Min. Lease Payments
2023	\$ 1,623,999.43	\$ 19,783.59	\$ 1,643,783.02
2024	1,530,768.67	12,588.09	1,543,356.76
2025	1,487,684.77	5,925.52	1,493,610.29
2026	629,221.00	472.09	629,693.09
Total	\$ 5,271,673.87	\$ 38,769.29	\$ 5,310,443.16

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

In addition, UNT 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 2023 and 2022, the total right to use lease income was \$1,730,026.15 and \$1,565,738.17 respectively. This was comprised of \$1,600,696.13 and \$1,461,783.15 in principle for 2023 and 2022 respectively and \$129,330.02 and \$103,955.02 interest income for 2023 and 2022 respectively.

The payments to be received under non-cancelable leases having an initial term in excess of one year as of August 31, 2023 and 2022 are as follows:

August 31, 2023

Fiscal Year	Principal	Interest	Total Future Min. Lease Income
2024	\$ 1,564,604.55	\$ 114,024.80	\$ 1,678,629.35
2025	1,054,357.45	100,593.45	1,154,950.90
2026	868,117.45	89,996.55	958,114.00
2027	556,386.45	80,386.60	636,773.05
2028	534,460.78	72,095.94	606,556.72
2029-2033	2,835,023.37	227,426.75	3,062,450.12
2034-2038	1,168,167.01	52,579.39	1,220,746.40
2039-2043	100,764.00	810.62	101,574.62
Total	\$ 8,681,881.06	\$ 737,914.10	\$ 9,419,795.16

August 31, 2022

Fiscal Year	Principal	Interest	Total Future Min. Lease Income
2,023.00	\$ 1,600,554.38	\$ 134,678.87	\$ 1,735,233.25
2,024.00	1,515,883.96	120,907.70	1,636,791.66
2,025.00	1,045,012.78	108,290.94	1,153,303.72
2,026.00	866,200.46	97,352.01	963,552.47
2,027.00	547,921.89	87,400.15	635,322.04
2028 - 2032	2,743,271.96	305,087.72	3,048,359.68
2033 - 2037	1,733,694.10	97,066.16	1,830,760.26
2038 - 2042	396,835.04	8,181.90	405,016.94
Total	\$ 10,449,374.57	\$ 958,965.45	\$ 11,408,340.02

UNT 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*, and, 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 2028. In 2023, the total subscription payment was \$4,116,595.65, comprised of \$4,076,509.39 principal and \$40,086.26 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 year ended August 31, 2023, there were no variable payments. There were no changes in the manner or

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

duration of use of the right-to-use SBITA assets for the year ended August 31, 2023 and thus no impairment loss to disclose.

At August 31, 2023, as a result of these agreements, UNT recorded right-to-use subscription assets with a gross asset balance of \$10.8 million and \$3.8 million in accumulated amortization, ending in a net book value of \$7.0 million. More detailed information regarding UNT'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, 2023 are as follows:

Fiscal Year	Principal	Interest	Total Future Min. Lease Income
2024	\$ 2,950,707.12	\$ 204,218.41	\$ 3,154,925.53
2025	2,028,057.84	126,197.27	2,154,255.11
2026	744,333.08	62,187.53	806,520.61
2027	540,435.65	36,245.24	576,680.89
2028	505,537.49	17,844.35	523,381.84
Total	\$ 6,769,071.18	\$ 446,692.80	\$ 7,215,763.98

Note 6: 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 UNT 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 UNT 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

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

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 UNT 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 2022 for fiscal 2023 reporting and 2021 for fiscal 2022 reporting, the amount of UNT's contributions recognized by the plan were \$9,638,072 and \$9,677,110, respectively. The contribution rates are based on a percentage of the monthly gross compensation for each member. Contributions by employees were 8.0% and 7.7% of gross earnings during the measurement period of 2022 and 2021, respectively. Depending upon the source of funding for the employee's compensation, the State or UNT contributes a percentage of participant salaries totaling 7.75% and 7.5% of annual compensation for during the measurement period of 2022 and 2021, respectively.

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, UNT may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and UNT 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. UNT 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 2023 and 2022, plus any local supplement for a maximum 8.50% of annual compensation) for the years ended August 31, 2023 and 2022, is provided in the following table:

ORP Participation	2023	2022
Member Contributions	6,588,349.43	6,365,582.73
Employer Contributions	6,883,734.48	6,669,004.28
Total	13,472,083.91	13,034,587.01

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Note 7: Adjustments to Net Position

During fiscal year 2023 and 2022, certain accounting changes and adjustments were made that required a restatement to net position. The restatement of beginning net position for fiscal year 2023 and 2022 is as follows:

	<u>Total</u>
Net Position at August 31, 2022 as Previously Reported	\$ 1,275,199,457.71
GASB 87, update subledger to LeaseQuery	142,976.07
Correction of error, Construction in Progress	<u>(1,262,170.92)</u>
Total Restatement	<u>(1,119,194.85)</u>
Net Position at August 31, 2022 as Restated	<u>\$ 1,274,080,262.86</u>
Net Position at August 31, 2021 as Previously Reported	\$ 1,265,254,295.90
GASB 87 Implementation, Leases	24,239.19
Correction of error, Construction in Progress	<u>(6,478,962.73)</u>
Total Restatement	<u>(6,454,723.54)</u>
Net Position at August 31, 2021 as Restated	<u>\$ 1,258,799,572.36</u>

Note 8: Contingencies and Commitments

UNT 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 UNT's legal counsel and management, should not materially affect UNT'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 UNT. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although UNT expects any such amounts to be immaterial.

Contingencies

Eminent Domain Matters. Probate Court, Denton County, Texas. In February 2019, the Board of Regents authorized eminent domain action for four parcels of land generally described as UNT Gateway properties. As the last step prior to initiating eminent domain litigation, final offer letters were sent to the owners in late June 2019 offering the following amounts: (1) 1000 Avenue C, \$500,000; (2) 906 Avenue C, \$700,000; (3) 902 Avenue C, \$800,000; and (4) 903 Kendolph Street, \$500,000. The purchase of 906 Avenue C was concluded for a negotiated purchase price of \$1,400,000 in April 2020. On October 18, 2023, the parties reached a mediation agreement, pending court order, to settle the litigation and acquire the property at 902 Avenue C for \$1,600,000. Negotiations with the two remaining property owners have not been successful.

Commitments

UNT continues to implement capital improvements to upgrade facilities. Approximately \$57.2 million in capital commitments have been entered into for the construction and renovation of various facilities across its campuses. These projects are in various stages of completion. The estimated breakdown of funding sources available for this commitment is as follows: 35% HEF, 26% Revenue Financing System Bonds, 20% Capital Construction Assistance Project Bonds, 8% annual operating budget, 6% Auxiliary Reserves, 3% from housing revenue, and 2% from student fees. Approximately \$45.2 million of the commitment, or roughly 79.1%, is expected to be spent in 2024.

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

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. As of August 31, 2023, and 2022 UNT has committed \$49,536,760.00 and \$39,792,640.00 respectively to various private investments, including \$16,670,560.00 and \$13,744,840.00 respectively committed to hedge funds. Of this total commitment, \$22,658,545.93 and \$18,852,275.53 are unfunded.

Note 9: Subsequent Events

Texas University Fund

In November 2023, Texas citizens voted in favor of a constitutional amendment to create the Texas University Fund ("TUF"), a permanent endowment that will generate more than \$22 million per year for the University of North Texas to fund vital research, elevate national rankings, and create more career-ready graduates to help drive the Texas economy.

Frisco Land Donation

On October 13, 2023, UNT and the Frisco Community Development Corporation ("FCDC") closed on a donation by the FCDC of 48.505 acres to support UNT Frisco campus. UNT paid closing costs of \$51,846. The appraised value of the donated land is \$32,645,000.

Note 10: Risk Management

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

UNT 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 UNT'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 UNT does not carry commercial general liability insurance; commercial general liability policies are purchased on an as needed basis to address unique exposures. UNT is not 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.

UNT 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 8, *Contingencies and Commitments*. UNT did not have any losses or settlements that exceeded insurance policy limits within the last three years.

Self-Insurance Arrangements

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 2023 and 2022 was \$500,000. For the years ended August 31, 2023 and 2022, claims paid out were not material.

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Incurred But Not Reported Self-Insurance Claims

UNT 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. UNT, 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 UNT, 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 years ended August 31, 2023 and 2022, claims against UNT were below the liability limits established by the Texas Tort Claims Act, and thus immaterial.

Commercial Insurance Arrangements

Directors and Officers/Employment Practices Liability

Directors and Officers ("D&O")/Employment Practices Liability ("EPL") coverage insures UNT 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 \$100,000 deductible per insured entity for D&O; and \$150,000 deductible per insured individual, \$150,000 deductible for the entity, and a \$50,000 deductible for volunteers for EPL.

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. UNT 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 HSC 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, 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

UNT 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 state-wide property insurance program.

Workers' Compensation

UNT 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, 2023 and 2022, UNT 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 UNT employees. The current General Appropriations Act provides that UNT must reimburse the General Revenue Fund one-half of the unemployment benefits for former and current employees from UNT appropriations. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

fund type. UNT has only one appropriated fund type. UNT 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, 2023. UNT maintains reserves for unemployment compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending as of August 31, 2023 and 2022. 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 medical, kidnap and extortion, and professional liability for North Texas Regional Institutional Review Board.

Note 11: Financial Reporting Entity

University of North Texas is a Tier I public research institution located near Dallas and Fort Worth, Texas. Founded in 1890, UNT is home to over 47,000 students and 244 degree programs across its 950-acre campus. From its humble origins above a Denton hardware store, the University has grown into an internationally recognized institution, with 88 academic programs ranked among the nation's Top 100.

UNT is one of three academic institutions under the University of North Texas System which 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, UNT.

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.

UNT has defined significance as 3% of its net position. As of August 31, 2023, no organization met the criteria for inclusion in UNT's financial statements.

Related Parties

Through the normal course of operations, UNT both receives funds from and provides funds to other state agencies in support of sponsored research programs. Funds received and provided during the year ended August 31, 2023 related to state pass-through grants were \$39,011,949.86 and \$26,657.36 respectively. Funds received and provided during the year ended August 31, 2022 related to state pass-through grants were \$26,610,773.03 and \$7,998.40 respectively. Other related-party transactions identified in the financial statements include Due From/To Other

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Agencies, Legislative Appropriations, Capital Appropriations, Legislative Transfers In/Out and Transfers From/To Other State Agencies.

Note 12: Donor Restricted Endowments

UNT'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. The distribution is 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 UNT.

<u>Year</u>	<u>Endowment Type</u>	<u>Amount of Cumulative Net Appreciation (1)</u>	<u>Reported in Net Position</u>
FY2023	True Endowments	\$ 9,074,096.10	Restricted Expendable
FY2022	True Endowments	\$ 8,456,344.19	Restricted Expendable

- (1) There was a positive fair value adjustment totaling \$763,200.59 for fiscal year 2023 and a negative fair value adjustment totaling \$5,825,654.04 for fiscal year 2022. As of August 31, 2023, UNT did not have any term endowments to report.

Note 13: 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. UNT does not administer the COBRA plan as it is managed through ERS.

Note 14: Public-Private Partnership

UNT has entered into a bookstore services agreement with Barnes & Noble College Booksellers, LLC ("B&N") in 2013. This agreement is valid until June 30, 2025. B&N operates a full-service bookstore on UNT campus located in Denton. In this agreement, UNT is the transferor, granting B&N the right to operate in 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 contract payment terms require B&N to pay UNT 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. As of August 31, 2023, the balance of deferred inflows of resources from the agreement totaled \$319,033.58. At the conclusion of this agreement, UNT will retain the rights to UNT Student Union space

UNIVERSITY OF NORTH TEXAS
Notes to the Annual Financial Statements
For the Years Ended August 31, 2023 and 2022

Note 15: Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of UNT's deferred outflows of resources and deferred inflows of resources as of August 31, 2023 and 2022 are presented below:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to Asset Retirement Obligation	\$ 1,047,725.23	\$ 1,052,076.65
Total Deferred Outflows of Resources	<u><u>\$ 1,047,725.23</u></u>	<u><u>\$ 1,052,076.65</u></u>
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to Leases	\$(8,479,917.65)	\$ (10,405,300.03)
Deferred Inflows of Resources Related to PPP	(319,033.58)	-
Total Deferred Inflows of Resources	<u><u>\$(8,798,951.23)</u></u>	<u><u>\$ (10,405,300.03)</u></u>

See Note 1, *Summary of Significant Accounting Policies*, Note 4, *Long Term Liabilities*, Note 5, *Leases and SBITAs*, and Note 14, *Public-Private Partnership*, for more information regarding deferred outflows of resources and deferred inflows of resources.