

University of Northern Colorado Annual Debt Report

Summary of FY22 Debt Activity

Table 1 summarizes the overall changes in debt from FY21 to FY22, resulting in total debt outstanding on June 30, 2022 of \$141.2 million. Current year payments on the notes payable and right-to-use leases were \$1.1 million, the payments on the outstanding bonds were \$5.2 million and the current year amortization of bond discounts and premiums was \$0.4 million. In December 2021, the University issued Series 2021A and used the proceeds to refund a portion of the Series 2014A. These changes resulted in an overall net increase in debt of \$0.7 million.

Table 1. Fiscal Year 2021-22 Change in Total Debt Outstanding

Outstanding total debt, as of July 1, 2021	\$ 145,557,533
Right-to-use lease additions (GASB 87)	1,614,296
Notes payable payments	(561,633)
Right-to-use lease payments	(564,060)
Bond payments	(5,230,000)
Bonds payable increase due to refinancing	2,820,000
Noncash bond premium/premium change due to refinancing	(2,069,477)
Noncash bond premium/ discount amortization	(412,759)
Total decrease in outstanding debt	(4,403,633)
Outstanding total debt, as of June 30, 2022	\$ 141,153,900

Continuing Disclosure

In association with outstanding bonds, the University is required to provide annual updates of certain financial and operating information, and other materially important information. Of particular importance, the University must provide the fiscal year 2021-22 Audited Financial Statements within 270 days of the completion of our fiscal year. We anticipate the submission for FY22 to occur in January 2023, following final completion of the audit and approval by the State. The University has complied with all other continuing disclosure requirements during FY22 on all of the University's outstanding bond issues.

Current Debt Portfolio

The University's debt portfolio includes notes payable, right-to-use leases and fixed rate bonds.

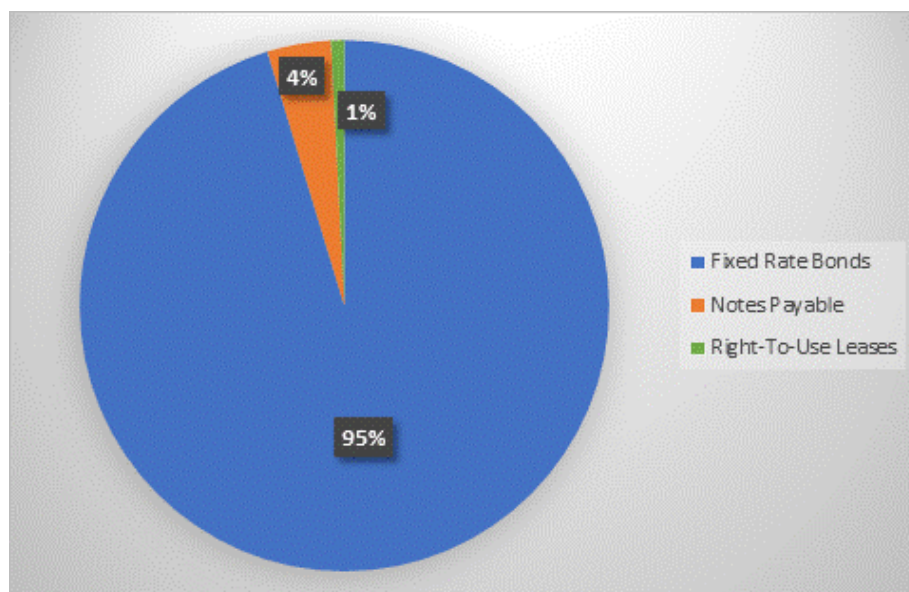
Notes Payable, Right-To-Use Leases & Bonds Payable

As shown in Table 2, the University has a variety of notes payable, right-to-use leases and bonds payable outstanding at June 30, 2022.

Table 2. Long Term Debt Schedule

	Interest Rate/ Coupon Rate	Effective Rate	Final Maturity	Original Amount	Outstanding Balance FY22
Notes Payable (per GASB 87)					
Energy Performance Contract Lease with payments of \$717,672 annually, issued January 29, 2016	2.69%	-	1/29/2031	\$8,850,000	\$5,495,079
Total Notes Payable Outstanding					\$5,495,079
Right-To-Use Leases (per GASB 87)					
Jetz Service Company, Inc. Equipment Lease (laundry equipment in residence halls) with payments of \$143,592 annually, issued January 1, 2017	Not Provided	-	6/30/2024	\$428,996	\$286,339
BTT, LLC Building Lease (Extended Campus Loveland) with payments of \$340,320 annually, issued December 18, 2019	Not Provided	-	12/31/2024	\$1,185,300	\$847,654
Total Right-To-Use Leases Outstanding					\$1,133,993
Bonds Payable					
Series 2014A - Institutional Enterprise Revenue Refunding Bonds, issued April 2, 2014, call date June 1, 2024	2.00% - 5.00%	4.38%	6/1/2035	\$52,465,000	\$9,100,000
Series 2015A - Institutional Enterprise Revenue Refunding Bonds, issued June 3, 2015, call date June 1, 2025	4.00% - 5.00%	4.25%	6/1/2025	\$21,510,000	\$21,510,000
Series 2016A - Institutional Enterprise Revenue Refunding Bonds, issued November 9, 2016, call date June 1, 2026	3.00% - 5.00%	4.00%	6/1/2026	\$23,470,000	\$22,045,000
Series 2018A - Institutional Enterprise Revenue Refunding Bonds, issued July 18, 2018, call date June 1, 2041	3.60% - 5.00%	3.67%	6/1/2041	\$7,110,000	\$5,120,000
Series 2018B - Institutional Enterprise Revenue Refunding Bonds, issued July 18, 2018, call date June 1, 2036	4.00% - 5.00%	3.30%	6/1/2036	\$12,020,000	\$12,020,000
Series 2019A - Institutional Enterprise Revenue Refunding Bonds, issued August 29, 2019, call date June 1, 2031	1.97 - 2.64%	2.48%	6/1/2031	\$32,855,000	\$26,370,000
Series 2021A - Institutional Enterprise Revenue Refunding Bonds Taxable Convertible to Tax-Exempt, issued August 29, 2019, call date June 1, 2035	1.77 - 2.29%	2.29%	6/1/2035	\$33,035,000	\$32,950,000
Unamortized Premium for Fixed Rate Bonds					\$5,409,828
Total Bonds Payable Outstanding					\$134,524,828
Total Long-Term Debt					\$141,153,900

Figure 1. Long Term Debt (\$141.2 million)



Ratio Analysis and Comparisons

Consistent with the proposed debt policy, the following ratios provide an indication of our liquidity, leverage, and risk relative to other institutions.

Table 3. Debt Portfolio Financial Ratio in Comparison to Peers

Financial Ratios	UNC FY17 (a)	UNC FY18 (a)	UNC FY19 (a)	UNC FY20 (a)	UNC FY21 (a)	UNC FY22	A3 Institutions (b)	A2 Institutions (b)	A1 Institutions (b)
<u>Reserves and Liquidity</u>									
Monthly Days Cash on Hand	98.0	71.9	76.5	98.9	123.2	150.3	150.0	183.0	205.0
Total Cash & Investments	\$170,311	\$169,711	\$170,637	\$200,218	\$210,694	\$216,079	\$137,100	\$191,351	\$348,045
<u>Operating Performance</u>									
Operating Cash Flow Margin	6.30%	7.30%	9.40%	14.00%	15.40%	18.30%	16.00%	13.90%	16.20%
<u>Debt & Leverage</u>									
Financial Leverage (Spendable Cash & Investments to Total Debt)	0.54x	0.53x	0.53x	0.76x	0.70x	0.83x	0.97x	1.16x	1.80x
Debt Service Coverage by Operating Cash Flow	1.10x	1.60x	1.80x	2.80x	2.60x	3.50x	3.1x	2.7x	3.9x

(a) Moody's Calculated Ratios as published. Source: MFRA as of 01/24/2022

(b) Moody's Median Report for Public Higher Education Institutions (FY21 data and financial information). Published June 30, 2022

Ratio Definitions

Monthly Days Cash on Hand measures the number of days a university is able to operate (cover its cash operating expenses) from unrestricted cash and investments that can be liquidated within one month.

Operating Cash Flow Margin measures net income (before non-cash expenses) relative to operating revenue to indicate the amount of cash a university generates to support its strategic and capital investments.

Financial Leverage (Spendable Cash & Investments to Total Debt) measures the university's ability to repay bondholders from spendable cash and investments that can be accessed over time or for a specific purpose.

Debt Service Coverage measures annual debt service burden on the annual operating budget.

Debt Service Requirements

Table 4 shows the future debt service requirements for notes payable, right-to-use leases and bonds.

Table 4. Future Minimum Debt Service Requirements (Principal and Interest)

	2023	2024	2025	2026	2027	Thereafter
Notes Payable Debt Service	717,668	717,668	717,668	717,668	717,668	2,571,643
Right-To-Use Leases Debt Service	484,225	483,918	170,160	0	0	0
Fixed Rate Bonds Debt Service	10,165,372	10,850,765	10,884,439	10,879,702	10,887,954	123,798,498
Total Debt Service	11,367,265	12,052,351	11,772,267	11,597,370	11,605,622	126,370,141