COMBINED FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2009

UNIVERSITY OF
NORTH TEXAS™
SYSTEM

COMBINED FINANCIAL REPORT

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2009

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UNT
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Office of the Vice Chancellor for Finance

University of North Texas | University of North Texas Health Science Center at Fort Worth | University of North Texas Dallas Campus

November 20, 2009

Lee Jackson
Chancellor
University of North Texas System
1901 Main St.
Dallas, TX 75201

Dear Chancellor Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System for the year ended August 31, 2009, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the 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 Comprehensive Annual Financial Report (CAFR); 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 Ginny Anderson at (940) 565-3231. Liz Linder may be contacted at (940) 565-3214 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

L M. H

Andrew M. Harris
Vice Chancellor for Finance

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Denton, Texas 76203-0500

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ORGANIZATIONAL DATA

August 31, 2009

BOARD OF REGENTS

Charles Mitchell	(Term expires 5-22-11)	Mesquite
C. Dan Smith	(Term expires 5-22-11)	Plano
Al Silva	(Term expires 5-22-11)	San Antonio
Gwyn Shea	(Term expires 5-22-13)	Irving
Jack A. Wall	(Term expires 5-22-13)	Dallas
Don A. Buchholz	(Term expires 5-22-13)	Dallas
Michael R. Bradford	(Term expires 5-22-15)	Midland
Steve Mitchell	(Term expires 5-22-15)	Mesquite
Brint Ryan	(Term expires 5-22-15)	Dallas

STUDENT REGENT

Jennifer Ozan	(Term expires 5-31-10)	Fort Worth

OFFICERS OF THE BOARD

C. Dan Smith	Chairman
Jack Wall	Vice Chairman
Nancy Footer	Secretary

ADMINISTRATIVE OFFICERS

Lee Jackson	Chancellor
Andrew M. Harris	Vice Chancellor for Finance
Virginia E. Anderson	System Controller

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2009

Introduction

This section of the report represents management's discussion and analysis of the financial performance of the University of North Texas System (the System). It provides an overview of the System's financial activities for the fiscal year ended August 31, 2009 as compared to the prior fiscal year. The following discussion should be read in conjunction with the accompanying transmittal letter, financial statements and note disclosures.

The University of North Texas System (UNT System) was created by the 76th Legislature, and legislative funding was provided for the fiscal year beginning September 1, 1999. The UNT System is currently comprised of three components funded by the Legislature: the University of North Texas System Administration, the University of North Texas, and the University of North Texas Health Science Center (HSC) at Fort Worth. The UNT System components are agencies of the State of Texas.

Legislative appropriations for the University of North Texas System Administration in the 2006-2007 biennium included funding for the University of North Texas System Center at Dallas. Governor Rick Perry signed into law the creation of the University of North Texas at Dallas in May of 2001. In April, 2009, Texas Higher Education Coordinating Board certified that the Spring 2009 enrollment satisfied the enrollment requirements of Section 105.501(d) of the Texas Education Code, allowing UNT at Dallas to begin operations as a general academic teaching institution. It is anticipated that student enrollment in UNT at Dallas will begin with the Fall 2010 semester.

This report is prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements and the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies. The Combined System financial records comply with state statutes and regulations.

Financial Highlights

- The 2009 fall semester headcount enrollment at the University, the UNT System Center at Dallas, and the HSC continued to increase compared to the previous fall semester (increases of approximately 3.9% at the University, 11.5% at the System Center at Dallas, and 13.9% at UNTHSC). Even with the increasing enrollment, the System was able to meet the instructional and service needs of its students.

- Approximately $9.3 million in cash contributions, non-cash capital donations, and pledged gifts were recognized as revenue in the System during the 2009 fiscal year.

- Commercial paper debt of $18,175,000 was replaced with long-term debt in fiscal year 2009. The outstanding balance of Commercial paper at August 31, 2009 is $4,381,000 with interest rates of 0.35% for each of the three outstanding issues. For additional information about the commercial paper program, see Note 5 in the Notes to the Combined Financial Statements.

Overview of the Financial Statements and Financial Analysis

The System's combined financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. This report has been prepared in accordance with the GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis–for Public College and Universities, GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Disclosures and GASB Statement No. 40, Deposit and Investment Risk Disclosures. These reporting standards were established to make financial statements presented by public colleges and universities more comparable to those issued by the private sector. GASB 35 reporting format was implemented with the fiscal year ended August 31, 2002. GASB 40 reporting was implemented with the fiscal year ended August 31, 2005.

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For the Year Ended August 31, 2009

These statements are prepared applying the following principles and standards:

- Reporting is on a full accrual basis of accounting. All current year's revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.

- Depreciation expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. The historical value of capital assets and the accumulated depreciation are reported on the Statement of Net Assets.

- 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.

Statement of Net Assets

The Statement of Net Assets reports all financial and capital resources (assets, liabilities, and net assets) of the System as of the end of the fiscal year using the accrual basis of accounting. This is consistent with the accounting method used by private-sector institutions. The statement reports the difference between the assets and liabilities as net assets rather than fund balances or equity. This statement represents the System's financial health or position. Nonfinancial factors such as student enrollment trends and the condition of the campus buildings are also important considerations. Definitions of the various categories of assets, liabilities and net assets reported on the Statement of Net Assets are included in Note 1 of the accompanying Notes to the Combined Financial Statements.

The net assets section of the statement is reported by three major categories: 1) Invested in Capital Assets, Net of Related Debt; 2) Restricted Net Assets; and 3) Unrestricted Net Assets. The Invested in Capital Assets, Net of Related Debt section, represents the System's equity in property, plant, and equipment, net of accumulated depreciation, and reduced by outstanding balances for bonds and other debt that are attributed to the acquisition, construction or improvement of those assets. Restricted Net Assets are divided into four categories: 1) Restricted for Debt Retirement; 2) Restricted for Capital Projects; 3) Funds Held as Permanent Investments (endowment funds); and 4) Other Restricted.

Those funds held as permanent investments are further categorized by non-expendable and expendable. The non-expendable portion represents the corpus balance of the endowment funds that must continue in perpetuity. The Other Restricted category represents funds that have been restricted by bond covenants or an external donor/agency. Unrestricted net assets are available for any lawful purpose of the institution.

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Management's Discussion and Analysis
For the Year Ended August 31, 2009

The following table reflects the Condensed Comparative Statement of Nets Assets for the System as of August 31, 2009 and 2008:

Condensed Comparative Statement of Net Assets
As of August 31, 2009 and 2008
($ in millions)

	2009	2008	% Incr/Decr
Assets			
Current Assets	$ 483.9	$ 420.2	
Noncurrent Assets			
Capital Assets, Net	545.1	512.6	
Other Noncurrent Assets	156.1	179.2	
Total Assets	**$ 1,185.1**	**$ 1,112.0**	**6.58%**
Liabilities			
Current Liabilities	220.8	201.1	
Noncurrent Liabilities			
Bonded Indebtedness	269.4	246.9	
Other Noncurrent Liabilities	23.3	39.1	
Total Liabilities	**513.5**	**487.1**	**5.40%**
Net Assets			
Invested in Capital Assets, Net of Related Debt	267.3	232.7	
Restricted			
Debt Retirement	0.5	0.4	
Capital Projects	28.2	24.2	
Funds Held as Permanent Investments			
Non-Expendable	38.8	44.0	
Expendable	3.7	4.5	
Other Restricted	53.8	54.1	
Total Restricted	125.0	127.3	
Unrestricted	279.2	264.8	
Total Net Assets	**671.6**	**624.8**	**7.48%**
Total Liabilities and Net Assets	**$ 1,185.1**	**$ 1,112.0**	**6.58%**

- Increase in total assets: $73.1 million
  - o $12.6 million net increase in cash and cash equivalents and investments
  - o $10.1 million increase in legislative appropriations
  - o $9.3 million increase in receivables
  - o $45.4 million increase in capital assets-buildings and construction in progress

- Increase in total liabilities: $26.4 million
  - o $14.3 million increase in deferred revenues
  - o $4.5 million increase in accounts payable and payroll payable
  - o $6.6 million increase in current and noncurrent revenue bonds/notes payable

- Increase in total net assets: $46.8 million
  - o $34.6 million increase in invested in capital assets, net of related debt
  - o $5.2 million decrease in nonexpendable funds held for permanent investment $6.6 million increase in unrestricted net assets
  - o $4.0 million increase in restricted for capital projects

Unrestricted net assets of $279.2 represent funds that have not been designated for specific purposes by external parties; however, the System's administration has committed most of these funds to meet institutional initiatives and for future operating budgets related to academic programs, special activities, and capital projects.

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For the Year Ended August 31, 2009

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets reports the System's operations for the fiscal year. Revenues are reported by major source and expenses are reported on the face of the statement by the National Association of College and University Business Officers' functional (programmatic) categories. A matrix immediately follows the statement showing the expenses by natural classifications. Both revenues and expenses on the statement are reported as either operating or nonoperating. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the primary mission of the System. Nonoperating activities are those activities not related to the provision of goods or services to customers. Examples of nonoperating items include the revenue appropriated to the System by the State Legislature and revenue and expenses related to capital financing and investing activities.

The following table reflects the System's Condensed Comparative Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended August 31, 2009 and 2008.

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended August 31, 2009 and 2008
($ in millions)

	2009	2008	% Incr/Decr
Operating Revenues	$ 463.1	$ 428.2	8.2%
Operating Expenses	667.9	615.9	8.4%
Operating Income/(Loss)	**(204.7)**	**(187.8)**	**16.6%**
Nonoperating Revenues/(Expenses)	217.9	211.9	2.8%
Income/(Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	13.2	24.1	-45.4%
Other Revenues, Expenses, Gains, Losses and Funds Held as Permanent Investments	34.3	37.5	-8.6%
Change in Net Assets	**47.4**	**61.7**	**-23.0%**
Net Assets, Beginning of Year	624.8	563.2	
Restatements	(0.7)	-	
Restated Net Assets, Beginning of Year	624.1	563.2	10.8%
Net Assets, End of Year	**$ 671.6**	**$ 624.8**	**7.5%**

The System's significant operating loss reported for the current and prior fiscal years on this statement is reflective of GASB Statement No. 35 reporting requirements, which stipulate that revenue from legislative appropriations is to be reported as nonoperating revenue, but the expenditure of these funds must be reported as operating expense.

Included in nonoperating revenue above are legislative appropriations for the current fiscal year totaling $176.5 million and additional appropriated revenue for state-paid fringe benefits of $41.8 million. Also, the System's Higher Education Fund (HEF) annual revenue totaling $35.1 million that is constitutionally-appropriated by the State for capital asset acquisitions and major improvements is reported as Other Revenue rather than operating revenue or nonoperating revenue, but the HEF expenditures are reported as operating expenses.

As the operating revenue pie chart below shows, 45.1 percent of the System's operating revenue for this fiscal year was generated from student tuition and fees. The total tuition and fee revenue for the fiscal year amounted to $208.7 million. This figure is net of the scholarship discounts that have been subtracted from the gross tuition and fee revenue in accordance with GASB 35 reporting requirements.

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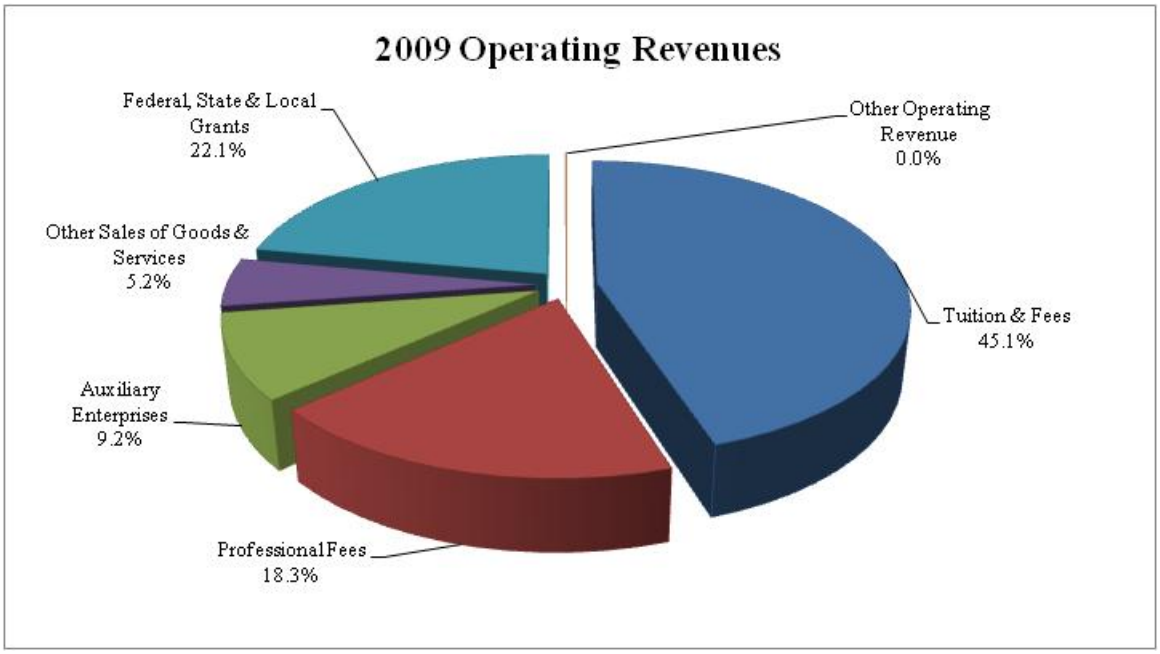
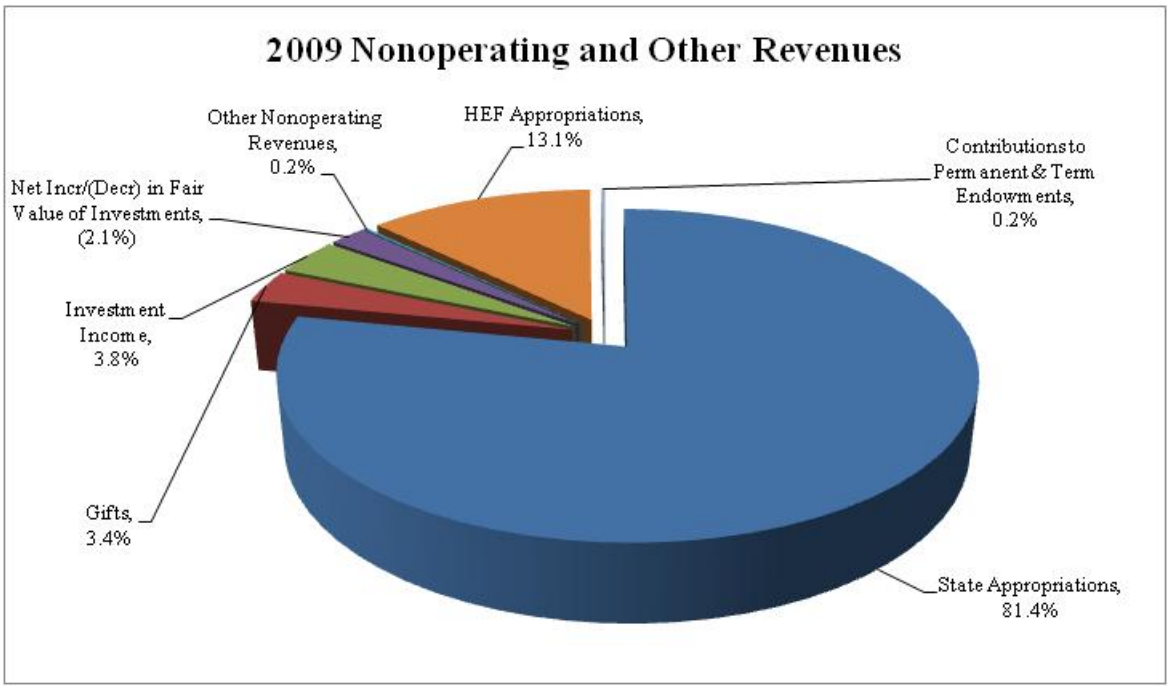
The System's operating revenue from all federal, state, and private grants and contracts, including pass through grant revenue, increased approximately 20.6 percent during this fiscal year. Faculty members of the University, in particular, have been strongly encouraged to pursue research funding in an effort to provide more funding and to more fully develop the University's image as a comprehensive graduate and research institution.



State appropriations, which represent the largest percentage of other nonoperating revenues, increased by 6.6% percent in the first year of the 2009-2010 biennium. Other nonoperating revenues such as gift income increased 3.9% in the current fiscal year.



The System's operating expenses reflect an 8.3% increase during the fiscal year. Increases are due primarily to additional faculty and staff to support additional teaching and research initiatives, and a 19.62% increase in expenses for scholarships to students.

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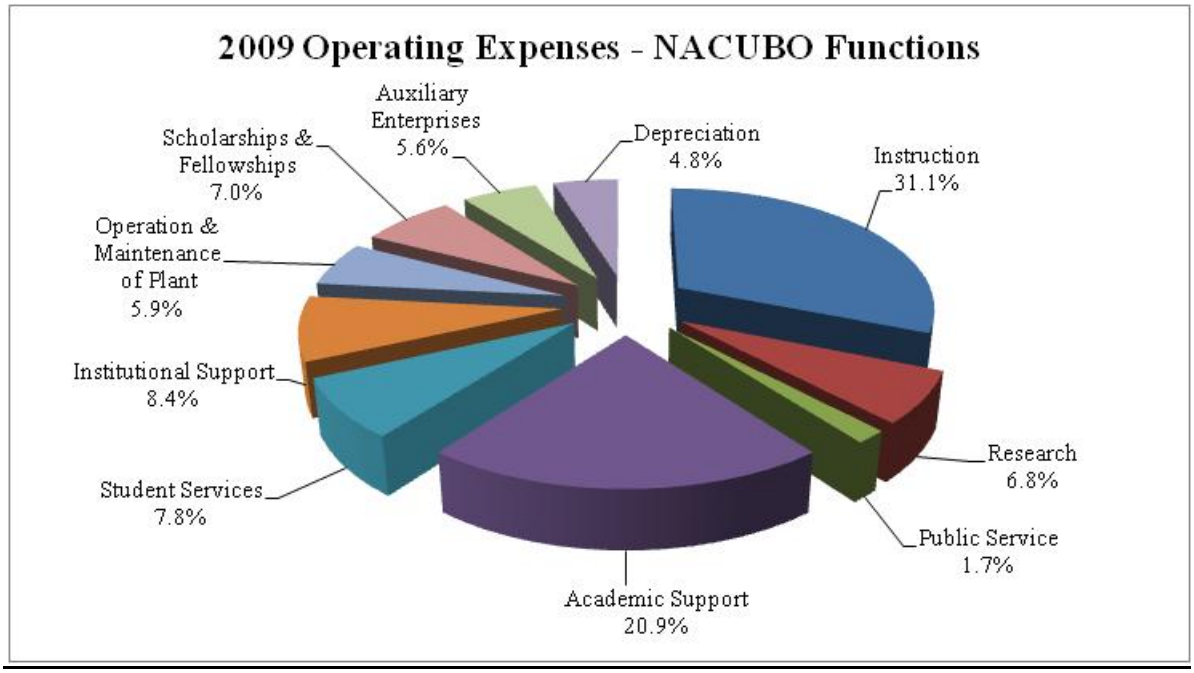
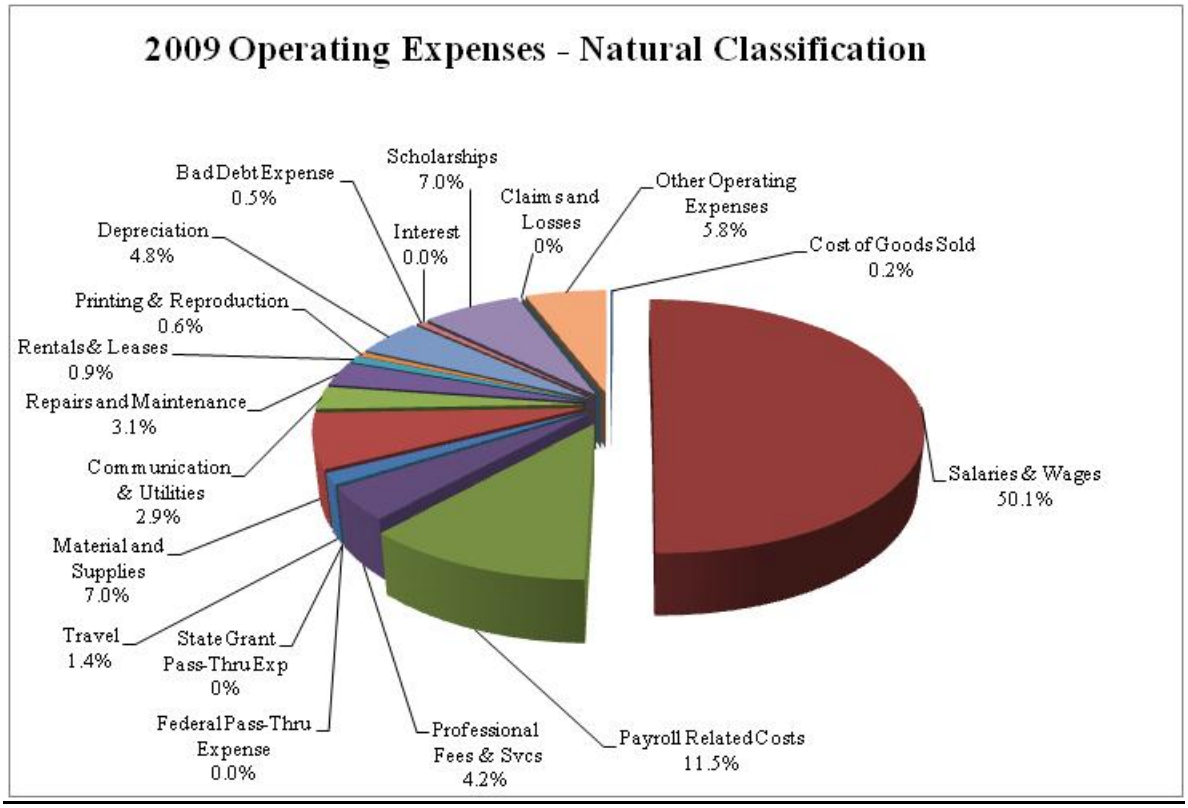
For the Year Ended August 31, 2009

The first table below shows the percentage of each NACUBO functional (programmatic) operating expense classification of total operating expenses. The second table shows the percentages of each type of operating expense based on a natural classification.





UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2009

Statement of Cash Flows

The Statement of Cash Flows reports the major sources and uses of the System's cash and cash equivalents during the fiscal year. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less. When used with the information provided on the two statements previously discussed, the information from the cash flow statement should assist the financial statement user in evaluating the System's ability to generate future cash flows, its ability to meet obligations as they come due, its needs for external financing, and the reasons for the differences between the operating income/(loss) and associated cash receipts and payments.

The statement consists of five sections. The first section reports cash receipts and payments from operating activities. The second section reflects the cash flows from non-capital financing activities, including such items as receipts from state appropriations and gifts. The third section shows cash flows related to capital and related financing activities, including HEF appropriations, gift receipts designated for capital-related items, all payments for capital-related acquisitions, and receipts and payments associated with capital-related debt financing. The fourth section reports cash flows from investing activities and shows the purchases, proceeds, and interest received from investing. The fifth section is a reconciliation of the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. The table below is a Condensed Comparative System Statement of Cash Flows.

Condensed Comparative Statement of Cash Flows
For the Fiscal Years Ended August 31, 2009 and 2008
($ in millions)

	2009	2008	% Incr/Decr
Cash Provided (Used) by:			
Operating Activities	$ (172.8)	$ (153.6)	
Noncapital Financing Activities	218.1	202.9	
Capital and Related Financing Activities	(36.4)	(46.5)	
Investing Activities	28.9	48.1	
Net Change in Cash & Cash Equivalents	**37.8**	**50.9**	
Cash & Cash Equivalents, Beginning of Year	**261.9**	**211.0**	
Restatement to Beginning Cash & Cash Equivalents Balance	-	0.1	
Cash & Cash Equivalents, End of Year	**$ 299.7**	**$ 261.9**	**14.4%**

It is important to note that state appropriations provide a significant portion of the cash used to fund operating activities related to academic programs, the administration of the System, and the debt service on tuition revenue bonds. The appropriations, however, are reported in the noncapital financing activities section of the Statement of Cash Flows in accordance with GASB Statement No. 35 guidelines.

Although operating revenues from tuition, fees, and sponsored projects increased, operating expenses had a greater increase in the areas of salaries and wages and payroll benefits, payments to suppliers, and payments for other expenses; this resulted in a greater use of cash for operating activities in fiscal year 2009.

The change in cash provided/used by investing activities was a result of cash management during the fiscal year. Investment purchases decreased, with a corresponding increase in cash held in investment pools classified as cash equivalents.

Capital Asset and Debt Administration

The System's net capital asset additions from acquisitions, donations, and construction during the fiscal year totaled $32.5 million. Included in the increase in capital assets were construction in progress on UNT's Life Sciences Complex, two sorority houses, and new football stadium; and construction in progress on HSC's Public Health Education building.

UNT System Administration received funding for debt service for a general academic building at the UNT Dallas Campus beginning in fiscal year 2009.The debt service appropriation was $2,133,333 in fiscal year 2009.

Additionally, UNT received funding for debt service on a $50,000,000 bond authorization for the construction of the UNT Business Leadership building. The debt service appropriation was $4,223,400 in fiscal year 2009.

Tuition Revenue Bonds RFS Series 2009 was issued in January 2009 to repay $18.175 million of commercial paper outstanding and fund an additional $17.9 for UNTHSC campus expansion and construction of a public health education building.

Moody's Investors Service upgraded University of North Texas System's rating to Aa3 from A1 in fiscal year 2008. There are no debt limitations that may affect future financing for the System. More detailed information regarding the System's bonded indebtedness is provided in Note 6 of the accompanying Notes to the Combined Financial Statements.

The following table sets forth the Pledged Revenues under the Revenue Financing System for each of the three most recent fiscal years and an estimate of Pledged Revenues for fiscal year 2009-10:

	2007	2008	2009	2010 (Est.)
Available Pledged Revenues (not including Fund Balances) [(1)(3)]	$ 180,626,897	$ 196,159,526	$ 214,199,887	$ 218,483,884
Pledgeable Unappropriated Funds (Funds and Reserve Balances) [(2)(3)]	220,599,976	229,454,838	235,646,977	240,359,916
Total Pledged Revenues [(3)]	$ 401,226,873	$ 425,614,364	$ 449,846,864	$ 458,843,800

[(1)]The Available Pledged Revenues include the gross revenues of the University Building System, the pledged student tuition (Skiles Act), the Student Union Fee, pledged general tuition (which includes general use fees), and investment income or moneys on deposit in the Interest and Sinking Fund, and the Reserve Fund.
[(2)]In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year end are available for payment of the subsequent year's debt service.
[(3)]Available Pledged Revenues and Pledgeable Unappropriated Funds do not include Medical Services, Research and Development Plan funds at the Health Science Center.

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Economic Outlook

The State Legislature of Texas passed several statutes in the 2003 session that had a material impact on institutions of higher education in the 2004 fiscal year. Of particular significance was the reduction in the level of formula funding the State would provide. To offset the reduction, the Legislature removed the cap from Board Designated (BD) tuition that is set by the System's Board of Regents. The cap was previously set at the state-mandated tuition rate per semester credit hour. Although the BD tuition cap was eliminated, the statute provides that 20% of any increase in BD tuition must be set aside and used for financial aid to students. In response to the new legislation, the System's Board approved incremental increases in BD tuition at the University. BD Tuition increases are as follows:

Semester	BD Tuition
Fall 2005	$81.00/SCH UNT
Fall 2006	$90.50/SCH UNT
Fall 2007	$94.50/SCH UNT / $90.50/SCH UNT Dallas
Fall 2008	$110.92/SCH UNT / $90.50/SCH UNT Dallas
Fall 2009	$128.67/SCH UNT / $90.50/SCH UNT Dallas

Funding for research/sponsored grants and contracts continues to be a priority for the University. Research is a fundamental value of the University of North Texas. UNT is ranked by the Carnegie Foundation as a Doctoral Research-Extensive University and by the Texas Higher Education Coordinating Board as an Emerging Research University. In fiscal year 2008 UNT set aside $25 million to support multi-disciplinary collaborative research efforts. Recruitment of world-renowned faculty is underway and six research clusters have been developed to align common research efforts: Bio/Nano-Photonics, Computational Modeling and Simulation Materials, Developmental Physiology and Genetics, Signaling Mechanisms in Plants, Autism Spectrum Disorders, and Advanced Research in Technology and the Arts.

Research awards and expenditures are up over 60% since 2007, indicating that innovative research is attracting more external funding. The University of North Texas is one of seven "emerging research" universities selected for inclusion in the Tier One bill enacted by the 81st legislature. This bill will allow universities a chance to compete for extra state funding to build up research programs, endowments and other efforts that define great research campuses. Funding for the Tier One bill includes Texas Research Incentive Program ($50 million over 2 years) that will match private gifts and scholarships secured by a university; National Research University Fund which rewards a university if it crosses a national threshold of excellence; and Research University Development Fund which provides grants to universities that conduct at least $50 million in research.

Construction began in 2009 on UNT's 81,000-square-foot Life Sciences Complex. UNT has also begun construction of a $2.5 million centralized high-performance computing facility that will provide a 10-fold increase in the university's computational power, placing it among the premier facilities of its kind in the country. The facility will provide scientists and researchers with the tools needed to perform research in a wide range of fields. The new facility will not only support research by current faculty, but will serve as a recruitment tool as UNT hires recognized experts in research fields as part of the $25 million commitment made in 2008. UNT's graduate enrollment in the Fall 2009 semester increased 12.2%, which is important to the university's continued development as a national research university.

UNT will receive $8.56 million in 2009-2010 from the U.S. Air Force Research Laboratory in Ohio to fund the new Institute for Science and Engineering Simulation (ISES). This project was made possible through congressional appropriations and will study the causes of engine failure and how to develop stronger, more durable engines.

The Osteopathic Research Center at UNTHSC received a four-year Research Education Project Partnership Grant from the National Institutes of Health's National Center for Complementary and Alternative Medicine. The $758,000 grant will support the integration of biomedical research competencies into the osteopathic medical school curriculum.

H.B. 51 approved increases in the HEF allocations. The HEF allocation for fiscal years 2009 and 2010 are $27,122,687 for UNT and $7,994,676 for UNTHSC (in each year); in fiscal year 2011, UNT will receive $27,846,476 and UNTHSC will receive $8,771,265.

The University of North Texas received accreditation reaffirmation from the Southern Association of Colleges and Schools in fiscal year 2007. Accreditation granted by a recognized regional accrediting body provides assurance of quality within higher education, and signifies that a university or college meets a prescribed set of rigorous standards in its operations. UNT is accredited by the commission on Colleges of SACS to award baccalaureate, master and doctoral degrees. To remain an accredited institution, UNT will need to undergo the reaffirmation review again in 8 years.

The System is not currently aware of any facts or conditions that are expected to have a significant impact on the financial position or results of operations during the 2010 fiscal year. Although the economic climate in 2009 and 2010 has been uncertain, state fiscal stabilization funds provided by the American Recovery and Reinvestment Act 2009 (ARRA) provided stabilization for 2010 appropriations as follows: University of North Texas System received $5,000,000 for a public law school to be located in Dallas; the University received $4,722,705 for operations support, $2,000,000 for institutional enhancement and $75,000 for Texas State Historical Association; the Health Science Center received $2,899,981 for Medical Education Project and $538,073 for Graduate Medical Education Project. Included in the 2011 appropriation were funds received from ARRA as follows: the University received $75,000 for Texas State Historical Association. Future positive results in operations are largely dependent upon the System's effective management of operating costs while striving to continue to maintain its high quality in recruiting the best faculty, staff and students, and the continued financial and political support from the State.

The System is committed to increasing its resources from endowed gifts and other contributions through ambitious development efforts. These contributions are an important supplement to the funding received from the state and a significant factor in the growth of academic and research programs.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)

Combined Statement of Net Assets

For the Year Ended August 31, 2009

	August 31, 2009	August 31, 2008
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$ 115,469.05	$ 130,856.28
Cash in Bank	(9,632,624.94)	(15,791,424.26)
Reimbursement Due from Treasury	13,978,460.55	14,018,374.15
Cash in State Treasury	17,605,469.97	18,957,009.01
Cash Equivalents	225,825,379.29	209,984,477.98
Short Term Investments	-	-
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	8,025.30	7,319.96
Cash in Bank	(1,664,558.33)	(1,261,025.90)
Cash in State Treasury	-	-
Cash Equivalents	53,471,821.68	35,864,096.77
Short Term Investments	-	100,156.25
Legislative Appropriations	75,596,814.54	65,491,670.38
Receivables from:		
Federal	20,871,238.67	17,431,894.91
Other Intergovernmental	305,335.25	367,379.33
Interest and Dividends	1,469,602.27	1,752,452.66
Accounts Receivable*	37,083,729.28	39,801,424.00
Gifts Receivable	2,623,357.63	2,474,767.86
Other Receivables*	12,039,852.05	-
Due From Other Agencies	5,124,803.68	4,276,623.65
Due From Other Components	-	-
Consumable Inventories	1,792,674.47	1,785,417.51
Merchandise Inventories	379,077.74	289,570.40
Loans and Contracts	6,568,463.46	8,386,908.97
Other Current Assets	20,428,023.41	16,153,609.49
Total Current Assets	483,990,415.02	420,221,559.40
Non-Current Assets		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Investments	62,320,613.79	68,845,792.07
Loans and Contracts	6,334,998.33	5,722,826.02
Investments	84,839,483.88	103,366,585.36
Gift Receivables	2,281,477.67	902,292.57
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	63,706,944.97	64,366,861.51
Construction in Progress	44,914,656.26	12,578,559.43
Other Capital Assets	23,414,123.72	23,349,569.27
Depreciable		
Buildings and Building Improvements	596,444,451.68	583,337,574.01
Less Accumulated Depreciation	(280,387,258.68)	(263,250,020.12)
Infrastructure	9,348,550.11	8,822,468.21
Less Accumulated Depreciation	(7,886,807.20)	(7,831,929.92)

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	August 31, 2009	August 31, 2008
Facilities and Other Improvement	16,907,597.78	16,907,597.78
Less Accumulated Depreciation	(9,098,266.16)	(8,478,388.16)
Furniture and Equipment	125,508,572.60	118,361,325.54
Less Accumulated Depreciation	(83,458,262.60)	(76,949,971.47)
Vehicles, Boats and Aircraft	7,682,241.91	7,201,217.38
Less Accumulated Depreciation	(5,225,987.64)	(4,852,422.02)
Other Capital Assets	91,717,856.47	86,321,487.00
Less Accumulated Depreciation	(48,497,811.63)	(47,290,958.49)
Other Non-Current Assets	335,417.53	331,177.56
Total Non-Current Assets	701,202,592.79	691,761,643.53
Total Assets	**$ 1,185,193,007.81**	**$ 1,111,983,202.93**
LIABILITIES		
Current Liabilities		
Payables From:		
Accounts Payable	$ 18,327,586.59	$ 15,830,010.57
Payroll Payable	33,884,897.15	31,925,679.43
Other Payables	1,691,336.07	1,162,060.67
Due to Other Funds	-	-
Due to Other Agencies	76,573.03	3,071.47
Due to Other Components	-	-
Deferred Revenues	131,238,302.94	118,545,243.47
Notes and Loans Payable	-	-
Revenue Bonds Payable	12,945,000.00	11,090,000.00
Employees Compensable Leave	1,878,479.85	1,984,848.72
Capital Lease Obligations	-	-
Liabilities Paid from Restricted Assets	-	-
Funds Held for Others	16,656,502.90	16,566,061.40
Other Current Liabilities	4,204,523.10	4,008,030.81
Total Current Liabilities	220,903,201.63	201,115,006.54
Non-Current Liabilities		
Notes and Loans Payable	4,381,000.00	22,071,000.00
Contra Liability-Due From Other Components-CP	-	-
Revenue Bonds Payable	269,375,000.00	246,925,000.00
Employee's Compensable Leave	15,809,032.93	14,384,339.35
Capital Lease Obligations	-	-
Funds Held for Others	1,005,478.04	474,220.37
Other Non-Current Liabilities	2,146,006.25	2,167,106.38
Total Non-Current Liabilities	292,716,517.22	286,021,666.10
Total Liabilities	**513,619,718.85**	**487,136,672.64**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	267,336,796.81	232,719,586.06
Restricted for:		
Debt Retirement	463,324.64	425,412.75
Capital Projects	28,245,000.83	24,203,165.12
Employee Benefits	-	-
Funds Held as Permanent Investments		
Non-Expendable	38,836,996.92	44,038,665.43
Expendable	3,700,601.93	4,525,826.99
Other Restricted	53,806,659.48	54,147,029.88
Unrestricted	279,183,908.35	264,786,844.06
Total Net Assets	**671,573,288.96**	**624,846,530.29**
Total Liabilities and Net Assets	**$ 1,185,193,007.81**	**$ 1,111,983,202.93**

*UNTHealth receivables are presented in Other Receivables in FY 2009. They were presented in Accounts Receivable in FY 2008

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)

Combined Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2009

	August 31, 2009	August 31, 2008
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	$ 87,758,487.77	$ 84,578,478.50
Tuition and Fees - Pledged	158,566,282.93	142,086,289.32
Discounts and Allowances	(37,602,700.00)	(27,678,216.70)
Professional Fees - Non-Pledged	84,963,888.59	79,625,226.54
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	1,047,048.48	1,161,778.37
Auxiliary Enterprises - Pledged	41,944,296.13	40,525,128.31
Discounts and Allowances	(171,692.88)	(116,338.85)
Other Sales of Goods and Services - Non-Pledged	24,295,916.90	23,054,114.98
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	69,115,089.70	58,956,532.79
Federal Pass Through Revenue	2,879,786.19	2,363,508.53
State Grant Revenue	1,564,160.44	2,856,408.95
State Grant Pass Through Revenue	19,190,826.23	12,617,578.85
Other Grants and Contracts - Operating	9,449,290.22	7,944,782.30
Other Operating Revenues	208,568.59	198,739.22
Total Operating Revenues	**463,209,249.29**	**428,174,011.11**
OPERATING EXPENSES [(1)]		
Instruction	207,841,701.70	183,771,846.40
Research	45,307,519.59	37,845,729.15
Public Service	11,283,335.02	10,337,274.33
Academic Support	139,437,216.08	135,351,040.05
Student Services	51,893,631.94	49,217,571.34
Institutional Support	56,426,560.61	56,263,529.75
Operations and Maintenance of Plant	39,203,866.43	36,325,803.38
Scholarships and Fellowships	46,718,751.90	39,057,426.91
Auxiliary Enterprises	37,788,424.19	36,351,626.06
Depreciation	32,042,076.50	31,415,062.54
Total Operating Expenses	**667,943,083.96**	**615,936,909.91**
Operating Income/(Loss)	**(204,733,834.67)**	**(187,762,898.80)**

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	August 31, 2009	August 31, 2008
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	176,476,592.00	169,699,399.00
Additional Appropriations (GR)	41,785,403.76	35,076,301.30
State Grant Pass Through Revenue	-	-
Gifts	8,001,810.99	7,704,136.63
Investment Income	10,187,083.71	16,293,656.57
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(12,304,112.90)	(12,701,282.04)
Borrower Rebates and Agent Fees	-	-
Gain/(Loss) on Sale of Capital Assets	(221,416.34)	(129,843.91)
Net Increase (Decrease) in Fair Value of Investments	(5,672,685.52)	(2,828,429.72)
Settlement of Claims	(757,677.01)	(967,092.68)
Other Nonoperating Revenues - Non-Pledged	573,211.24	30,281.90
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	(177,414.50)	(295,817.64)
Total Nonoperating Revenues /(Expenses)	**217,890,795.43**	**211,881,309.41**
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	**13,156,960.76**	**24,118,410.61**
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	1,183,479.83	5,429,551.10
Capital Appropriations - HEF (GR)	35,117,363.00	34,276,624.00
Contributions to Permanent and Term Endowments	560,948.39	176,584.63
Special Items	-	-
Extraordinary Items	-	-
Interagency Transfers Cap Assets-Increase	160,555.01	196,335.08
Interagency Transfers Cap Assets-Decrease	-	-
Transfers-In	-	-
Transfers-Out	(2,731,076.83)	(2,537,558.83)
Legislative Transfers-In	-	-
Legislative Transfers-Out	-	-
Legislative Appropriation Lapses	(1,049.41)	(4,844.48)
Total Other Revenue, Expenses, Gain/Losses and Transfers	**34,290,219.99**	**37,536,691.50**
CHANGE IN NET ASSETS	**47,447,180.75**	**61,655,102.11**
Net Assets, Beginning	624,846,530.29	563,191,428.18
Restatements	(720,422.08)	-
Net Assets, Beginning, as Restated	624,126,108.21	563,191,428.18
NET ASSETS, ENDING	**$ 671,573,288.96**	**$ 624,846,530.29**

(1) See Note 1: Matrix of Operating Expenses Reported by Function on Page 20.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)

Note 1: Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2009

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	$ 23,901.10	$ -	$ 699.84	$ 79,454.63	$ 111,303.71
Salaries and Wages	146,593,968.44	24,427,845.54	6,243,541.44	73,869,872.34	25,567,373.51
Payroll Related Costs	36,013,242.07	4,550,820.33	1,288,524.25	12,614,747.20	4,809,700.86
Professional Fees & Svcs	1,929,006.97	4,614,618.94	1,040,377.32	16,713,113.79	868,130.00
Federal Pass-Thru Expense	-	359,534.88	7,696.30	-	-
State Grant Pass-Thru Exp	-	-	-	-	-
Travel	1,553,092.84	1,193,344.08	283,411.24	2,912,440.72	2,699,981.73
Material and Supplies	10,624,314.30	6,413,887.32	917,711.77	10,163,418.17	6,691,917.18
Communication & Utilities	1,131,683.13	69,209.26	63,454.23	244,876.64	1,104,759.20
Repairs and Maintenance	2,150,013.61	874,126.21	35,581.09	2,814,100.06	1,078,519.58
Rentals and Leases	1,017,771.32	192,864.76	501,298.11	1,502,259.76	969,876.01
Printing and Reproduction	916,800.04	82,699.78	127,331.50	589,929.06	721,231.38
Depreciation	-	-	-	-	-
Bad Debt Expense	(44,411.90)	-	-	2,457,428.30	42,946.00
Interest	-	-	-	-	-
Scholarships	1,077,625.21	531,710.85	158,333.44	86,066.02	-
Claims and Losses	-	-	-	-	-
Other Operating Expenses	4,854,694.57	1,996,857.64	615,374.49	15,389,509.39	7,227,892.78
Total Operating Expenses	**$ 207,841,701.70**	**$ 45,307,519.59**	**$ 11,283,335.02**	**$ 139,437,216.08**	**$ 51,893,631.94**

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2009 Total Expenditures
$ 698,022.16	$ 371,131.42	$ -	$ (117,123.98)	$ -	$ 1,167,388.88
34,417,439.96	7,510,548.89	691,605.84	15,490,908.22	-	334,813,104.18
9,863,034.84	3,070,410.95	69,439.18	4,362,679.16	-	76,642,598.84
1,663,120.58	569,641.09	40,331.26	620,251.37	-	28,058,591.32
-	-	-	-	-	367,231.18
-	-	-	-	-	-
701,477.17	65,808.52	6,626.66	65,454.73	-	9,481,637.69
509,505.84	4,086,721.99	30,689.20	7,010,316.07	-	46,448,481.84
(487,835.21)	11,827,774.90	267.47	5,534,157.07	-	19,488,346.69
3,772,219.91	7,883,940.64	1,011.54	2,116,888.36	-	20,726,401.00
542,192.43	253,068.95	-	1,151,054.71	-	6,130,386.05
981,262.31	30,962.65	-	310,047.04	-	3,760,263.76
-	-	-	-	32,042,076.50	32,042,076.50
903,670.66	-	-	33,912.81	-	3,393,545.87
64.71	-	-	-	-	64.71
-	-	45,020,518.40	-	-	46,874,253.92
-	-	-	-	-	-
2,862,385.25	3,533,856.43	858,262.35	1,209,878.63	-	38,548,711.53
$ 56,426,560.61	**$ 39,203,866.43**	**$ 46,718,751.90**	**$ 37,788,424.19**	**$ 32,042,076.50**	**$ 667,943,083.96**

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)

Combined Statement of Cash Flows
For the Fiscal Year Ended August 31, 2009

	August 31, 2009	August 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	$ 214,343,454.12	$ 197,548,301.92
Proceeds Received from Customers	103,609,349.02	104,832,882.12
Proceeds from Sponsored Projects	98,033,766.31	81,820,678.13
Proceeds from Loan Programs	7,154,695.67	8,119,863.94
Proceeds from Auxiliaries	41,609,376.89	42,804,410.39
Proceeds from Other Revenues	205,154.22	826,543.45
Payments to Suppliers for Goods and Services	(160,592,655.74)	(147,264,760.70)
Payments to Employees for Salaries and Benefits	(408,129,743.13)	(377,502,868.36)
Payments for Loans Provided	(5,848,495.86)	(8,710,880.77)
Payments for Other Expenses	(63,214,356.65)	(56,082,091.78)
Net Cash Provided (Used) by Operating Activities	**(172,829,455.15)**	**(153,607,921.66)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	212,428,078.50	198,249,899.70
Proceeds from Debt Issuance	-	-
Proceeds from Legislative Transfers	-	-
Proceeds from Gifts	6,159,536.12	7,525,983.00
Proceeds from Endowments	560,948.39	176,584.63
Proceeds of Transfers from Other Agencies	-	-
Proceeds of Transfers from Other Components	-	-
Proceeds from Other Revenues	1,940,101.25	2,646,063.45
Proceeds from Contributed Capital	-	-
Payments of Principal on Debt Issuance	-	(218,146.86)
Payments of Interest	(54,222.65)	(117,345.32)
Payments of Other Costs of Debt Issuance	-	(9,511.00)
Payments for Transfers to Other Agencies	(2,731,076.83)	(2,235,119.92)
Payments for Transfers to Other Components	-	-
Payments for Other Uses	(177,373.61)	(3,156,441.11)
Net Cash Provided (Used) by Noncapital Financing Activities	**218,125,991.17**	**202,861,966.57**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations - HEF	34,447,345.50	20,405,915.25
Proceeds from Disposal of Capital Assets	-	-
Proceeds from Debt Issuance	47,100,892.50	8,885,328.43
Proceeds from Capital Contributions	-	-
Proceeds of Transfers from Other Components - Commercial Paper	-	-
Payments for Additions to Fixed Assets	(64,249,043.06)	(44,878,523.29)
Payments of Principal on Debt Issuance	(40,471,000.00)	(18,151,000.00)
Payments of Interest on Debt Issuance	(12,899,696.96)	(12,773,768.28)
Payments of Other Costs of Debt Issuance	(23,751.84)	(3,100.00)
Payments for Transfers to Other Components - Commercial Paper	-	-
Payments for Transfers to Other Components	-	-
Payments for Disposal of Capital Assets	(348,544.81)	-
Net Cash Provided (Used) From Capital & Related Financing Activites	**(36,443,798.67)**	**(46,515,147.89)**

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	August 31, 2009	August 31, 2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	33,531,024.98	49,537,929.80
Proceeds from Interest and Investment Income	10,728,035.38	16,515,504.35
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	(15,314,039.13)	(17,939,652.69)
Net Cash Provided (Used) by Investing Activities	**28,945,021.23**	**48,113,781.46**
Net Increase/(Decrease) in Cash and Cash Equivalents	**37,797,758.58**	**50,852,678.48**
Cash and Cash Equivalents --September 1, 2008 and 2007	261,909,683.99	210,985,350.40
Restatements to Beginning Cash and Cash Equivalents	-	71,655.11
Cash and Cash Equivalents --August 31, 2009 and 2008	**$ 299,707,442.57**	**$ 261,909,683.99**
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	$ 247,892,153.92	$ 227,299,293.16
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	51,815,288.65	34,610,390.83
Restricted Short-term Investments (Statement of Net Assets)	-	-
	$ 299,707,442.57	**$ 261,909,683.99**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income/(Loss)	**$ (204,733,834.67)**	**$ (187,762,898.80)**
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	32,042,076.50	31,415,062.54
Bad Debt Expense	3,393,545.87	5,984,152.02
Operating Income and Cash Flow Categories		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(15,727,820.22)	(7,877,065.07)
(Increase) Decrease in Inventories	(101,004.27)	599,925.33
(Increase) Decrease in Loans & Contracts	1,075,613.16	(834,958.68)
(Increase) Decrease in Other Assets	(3,599,555.65)	(1,015,586.65)
(Increase) Decrease in Prepaid Expenses	(4,277,117.08)	(2,596,590.76)
Increase (Decrease) in Payables	6,405,581.74	1,456,506.61
Increase (Decrease) in Due to Other Components	(2,893.38)	-
Increase (Decrease) in Deferred Income	12,695,952.85	6,981,567.27
Increase (Decrease) in Other Liablities	-	41,964.53
Total Adjustments	**31,904,379.52**	**34,154,977.14**
Net Cash Provided by Operating Activities	**$ (172,829,455.15)**	**$ (153,607,921.66)**
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	$ (5,672,685.52)	$ (2,828,429.72)
Amortization of Investment Premiums/(Discounts)	$ 148,702.43	$ (99,250.95)
Donation of non-cash investment	$ -	$ -

The accompanying Notes to the Combined Financial Statements are an integral part of the financial statements.

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2009

Note 1: Summary of Significant Accounting Policies

General Introduction

The University of North Texas System is an agency of the state of Texas 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.

The University of North Texas is the fourth-largest university in Texas and defines itself as a recognized student-centered public research university where the power of ideas is harnessed through a culture of learning based on diverse viewpoints, interdisciplinary endeavors, creativity and disciplined excellence. The UNT Health Science Center at Fort Worth's mission is to improve the health and quality of life for the people of Texas and beyond through excellence in education, research, clinical care, community engagement and to provide national leadership in primary care.

The UNT System has no blended component units. The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit. Financial activity for the University of North Texas Health Science Center at Fort Worth Texas College of Osteopathic Medicine Foundation, Inc. (Foundation) is reported in UNTHSC's agency funds. The Foundation is a non-profit organization with the sole purpose of supporting the educational and other activities of UNTHSC. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The financial operations of the Foundation are overseen by a 25 member board of community business leaders, elected for a three-year term, which includes the four Alumni Association/Society presidents during their respective terms of office. The Executive Director, who is appointed by the Board and approved by the President of UNTHSC, is also the Vice President of Development.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the 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 Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to account for any activity where a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met.

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services, including capital costs such as depreciation or debt service, be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds in institutions of higher education are reported in the proprietary funds.

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2009

Component Units

The UNT System has no blended component units. The University of North Texas Foundation, Inc. is reported as a discrete component unit because the Foundation's governing body is not substantively the same as the governing body of the UNT System. Additional information may be found in Note 19.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Restricted Net Assets

When both restricted and unrestricted net assets are available for use, restricted resources are used first, and then unrestricted resources are used as they are needed.

Budgets and Budgetary Accounting

The UNT System component institutions' budgets are prepared annually and approved by the Board of Regents. The budgets for appropriated funds are prepared biennially and represent appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they are appropriated.

Assets, Liabilities, and Fund Balances/Net Assets

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.

Securities Lending Collateral

The UNT System had no securities lending collateral transactions during the fiscal year.

Derivatives

The UNT System had no investments in derivatives at August 31, 2009.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the first-in-, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the proprietary fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

Current Receivables – Other
Other Receivables include year-end revenue accruals not included in any other receivable category.

Non-Current Receivables – Other
There are no Non-Current Receivables – Other reported for fiscal year 2009.

LIABILITIES

Accounts Payable
Accounts Payable represents the liability for the value of assets or services received at the statement of net assets date for which payment is pending.

Other Payables
Other Payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions.

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. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Capital Lease Obligations
Capital Lease Obligations represent the liability for future lease payments under capital lease contracts. Liabilities are reported separately as either current or non-current in the statement of net assets.

Bonds Payable – Revenue Bonds
Revenue bonds are generally accounted for in the proprietary funds. The bonds payable are reported at par. Bond discounts and premiums are not amortized over the life of the bonds in proprietary funds if they are not individually greater than 5 percent of the par value of the bond issue. Revenue Bonds Payable is reported separately as either current or non-current in the statement of net assets.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is 'Net Assets' on the proprietary fund statements.

Invested in Capital Assets, Net of Related Debt
Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted Net Assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

INTERFUND TRANSACTIONS AND BALANCES

Not Applicable to proprietary funds.

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2009, is presented below:

			Reclassifications					
BUSINESS-TYPE ACT.	**Balance 9/1/2008**	**Adjustments**	**Completed CIP**	**Increase Interagency Transfers**	**Decrease Interagency Transfers**	**Additions**	**Deletions**	**Balance 8/31/2009**
Non-depreciable assets:	$	$	$	$	$	$	$	$
Land & Land Improvements	64,366,861.51	(938,204.00)				278,287.46		63,706,944.97
Construction in Progress	12,578,559.43		(5,432,397.38)			37,768,494.21		44,914,656.26
Other Capital Assets	23,349,569.27					64,554.45		23,414,123.72
Total non-depreciable assets:	**100,294,990.21**	**(938,204.00)**	**(5,432,397.38)**			**38,111,336.12**		**132,035,724.95**
Depreciable assets:								
Buildings & Building Improvements	583,337,574.01		4,946,711.48			8,160,166.19		596,444,451.68
Infrastructure	8,822,468.21		485,685.90			40,396.00		9,348,550.11
Facilities & Other Improvements	16,907,597.78							16,907,597.78
Furniture & Equipment	118,361,325.54	(296,786.12)		962,730.25	(445,015.78)	10,552,083.76	(3,625,765.05)	125,508,572.60
Vehicles, Boats & Aircraft	7,201,217.38					743,422.25	(262,397.72)	7,682,241.91
Other Capital Assets	86,321,487.00					8,267,957.47	(2,871,588.00)	91,717,856.47
Total depreciable assets at historical costs:	**820,951,669.92**	**(296,786.12)**	**5,432,397.38**	**962,730.25**	**(445,015.78)**	**27,764,025.67**	**(6,759,750.77)**	**847,609,270.55**
Less Accum. Deprec. for:								
Buildings & Building Improvements	(263,250,020.12)					(17,137,238.56)		(280,387,258.68)
Infrastructure	(7,831,929.92)					(54,877.28)		(7,886,807.20)
Facilities & Other Improvements	(8,478,388.16)					(619,878.00)		(9,098,266.16)
Furniture & Equipment	(76,949,971.47)			(375,284.15)	18,124.69	(9,523,681.63)	3,372,549.96	(83,458,262.60)
Vehicles, Boats & Aircraft	(4,852,422.02)					(627,959.89)	254,394.27	(5,225,987.64)
Other Capital Assets	(47,290,958.49)					(4,078,441.14)	2,871,588.00	(48,497,811.63)
Total Accum. Depreciation	**(408,653,690.18)**			**(375,284.15)**	**18,124.69**	**(32,042,076.50)**	**6,498,532.23**	**(434,554,393.91)**
Depreciable assets, net	**412,297,979.74**	**(296,786.12)**	**5,432,397.38**	**587,446.10**	**(426,891.09)**	**(4,278,050.83)**	**(261,218.54)**	**413,054,876.64**
Business-type activities capital assets, net:	**512,592,969.95**	**(1,234,990.12)**	**0.00**	**587,446.10**	**(426,891.09)**	**33,833,285.29**	**(261,218.54)**	**545,090,601.59**

Note 3: Deposits, Investments and Repurchase Agreements

The UNT System component institutions are authorized by statute to make investments following the "prudent person rule." There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2009, the carrying amount of deposits was $(11,297,183.27) for Proprietary Funds and $9,195,019.00 for University of North Texas Foundation, Inc. as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING VALUE	**$(11,297,183.27)**
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalents	
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	
Cash in Bank per AFR	**$(11,297,183.27)**
Proprietary Funds Current Assets Cash in Bank	$(9,632,624.94)
Proprietary Funds Current Assets Restricted Cash in Bank	$(1,664,558.33)
Cash in Bank per AFR	**$(11,297,183.27**

Discrete Component Unit	
CASH IN BANK – CARRYING VALUE	**$9,195,019**
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalents	
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	
Cash in Bank per AFR	**$9,195,019**
Discrete Component Unit Current Assets Cash in Bank	$9,195,019
Discrete Component Unit Current Assets Restricted Cash in Bank	
Discrete Component Unit Non-Current Restricted Cash in Bank	
Cash in Bank per AFR	**$9,195,019**

These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Assets as part of the Cash and Cash Equivalents accounts.

As of August 31, 2009, the total bank balance was as follows:

Business-Type Activities	$1,381,672.50
Discrete Component Unit	$7,560,067.00

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. The University of North Texas Foundation, Inc., presented as a discrete component unit, maintains cash balances at times in excess of $250,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to $250,000 (effective October 3, 2008). The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of $7,918,296 to secure Foundation deposits

in excess of $250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged security at December 31, 2008 was $8,161,131. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2008 was $100,004. In addition to the checking account balance, the Foundation had cash balances of $7,560,067 at December 31, 2008 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement. The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was $1,534,948 at December 31, 2008.

Investments

The University of North Texas System's investment portfolio is invested pursuant to Section 51.0032 of the Texas Education Code; Public Funds Collateral Act, Chapter 2257 of the Texas Government Code; the Public Funds Investment Act (PFIA); and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 163 of the Texas Property Code. Under the PFIA the University of North Texas' governing board is required to adopt a written investment policy and strategy, review the policy and strategy not less than annually, appoint an investment office, and adopt internal controls to safeguard the University's funds. Chapter 2257, Government Code, The Public Funds Collateral Act sets the standards for collateralization of public funds in Texas.

As of August 31, 2009, the carrying values of investments are presented below. The fair value is equivalent to the carrying value.

Business-Type Activities	**Carrying Value**
U.S. Government	
U.S. Treasury Securities	$ 75,173.44
U.S. Treasury Strips	
U.S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	84,497,181.47
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	
Corporate Obligations	4,569,460.43
Corporate Asset and Mortgage Backed Securities	
Equity	6,056,028.58
Endowment Funds- collective	20,817,334.31
International Obligations (Govt. and Corp.)	106,712.81
International Equity	2,728975.28
Repurchase Agreement	10,093,376.51
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	
Fixed Income Money Market and Bond Mutual Fund	35,011,408.82
Other Commingled Funds	37,608,014.64
Other Commingled Funds (Texpool)	209,506,736.57
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Alternative Investments-Domestic	
Alternative Investments-Foreign	
Misc (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	15,386,895.78
Total	**$ 426,457,298.64**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2009

Discrete Component Unit	Fair Value
U.S. Government	
U.S. Treasury Securities	
U.S. Treasury Strips	
U.S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	$ 22,082,373
Endowment Funds- collective	
International Obligations (Govt. and Corp.)	
International Equity	
Repurchase Agreement	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	
Fixed Income Money Market and Bond Mutual Fund	17,945,046
Other Commingled Funds	
Other Commingled Funds (Texpool)	
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Alternative Investments-Domestic	
Alternative Investments-Foreign	
Misc (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	9,331,293
Total	**$ 49,358,712**

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The exposure to foreign risk at August 31, 2009, was as follows:

Fund Type	GAAP Fund	Currency	Balance
05	0001	Euro	$447,867.63

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. As of August 31, 2009, UNT System's credit quality distribution for securities with credit risk exposure was as follows:

Standard and Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	B	CCC	C	Unrated
5	0001	U.S. Government Agency Obligations	$ 65,961,070	$	$	$	$	$	$	$	$ 18,490,922
		Corporate Obligations	3,094,680		430,313	44,145	315,856	433,908	66,847	12,122	460,450
		International Obligations					42,570	46,362			17,781
		Repurchase Agreement	10,093,377								
		Fixed Income Money Market and Bond Mutual Fund	29,873,579								4,649,686
		Miscellaneous	1,500,000		1,500,000						3,308,645

Reverse Repurchase Agreements

The UNT System components, by statute, are authorized to enter into reverse repurchase agreements. The UNT System did not enter into any reverse repurchase agreements during the current fiscal year.

Securities Lending Transactions

The UNT System did not participate in any securities-lending program.

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Note 4: Short-Term Debt

University of North Texas System issues commercial paper with the intent and ability to treat it as long term debt (reported in Note 5 Notes & Loans Payable). The commercial paper debt service requirement due within one year includes $800,000 principal and $30,718.12 interest.

Note 5: Summary of Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2009, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09-01-08	Additions	Reductions	Balance 08-31-09	Amounts Due Within One Year
Notes & Loans Payable	$ 22,071,000.00	$ 8,436,000.00	$(26,126,000.00)	$ 4,381,000.00	$ 0.00
Revenue Bonds Payable	258,015,000.00	38,650,000.00	(14,345,000.00)	282,320,000.00	12,945,000.00
Claims & Judgments	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00
Compensable Leave	16,369,188.07	2,571,620.63	(1,253,295.92)	17,687,512.78	1,878,479.85
Pollution Remediation Obligation	0.00	325,000.00	0.00	325,000.00	325,000.00
Total Business-Type Activities	**$ 296,455,188.07**	**$ 49,982,620.63**	**$ (41,724,295.92)**	**$ 304,713,512.78**	**$ 15,148,479.85**

Commercial Paper

The University of North Texas System increased the commercial paper program in fiscal year 2009. The issuance of commercial paper notes may not exceed, in aggregate, the principal amount of $100,000,000 of which $25,000,000 may be used as taxable notes. Additional University of North Texas System Revenue Financing System Commercial Paper Notes, Series A in the amount of $8,436,000 were issued during the fiscal year to finance various capital projects and notes in the amount of $26,126,000 matured. The outstanding balance at August 31, 2009, is $4,381,000 with interest rates of 0.35% for each of three outstanding issues. The University of North Texas System will provide liquidity support for $100,000,000 in commercial paper notes by utilizing available funds of The University of North Texas System in lieu of or in addition to bank liquidity support.

The maximum maturity for commercial paper is 270 days. In practice, UNT System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts are received to retire the commercial paper debt.

Long-Term Liabilities are presented for each component with an offsetting contra-account representing the amount due from/to other components.

The debt service requirements for Commercial Paper are as follows:

Year	Principal	Interest	Total
2011	$ 800,000.00	$ 24,386.12	$ 824,386.12
2012	678,000.00	18,054.12	696,054.12
2013	500,000.00	12,687.75	512,687.75
2014	500,000.00	8,730.25	508,730.25
2015-2018	$ 1,103,000.00	$ 5,587.99	$ 1,108,587.99

Average variable interest rate for 2009 of 0.79% was used to estimate interest in future years. Actual rate will fluctuate based upon market conditions in each year.

Notes and Loans Payable

The UNT System did not have any long-term notes and loans payable during the current fiscal year.

Claims and Judgments

As of August 31, 2009, the UNT System did not have any material claims or judgments that were settled and unpaid. There is one unresolved material claim that has not been paid. The University of North Texas has a conditional settlement agreement with the City of Denton pending the outcome of a declaratory judgment action regarding a statutory discount rate for utilities provided to institutions of higher education. The declaratory judgment action is City of Denton, Texas, Acting by and through its Electric Utility Department. Denton Municipal Electric v. University of North Texas, which is currently on appeal. Payment under the settlement agreement by the university is not due unless and until the University loses its appeal(s) in this matter. It is reasonably possible that the University could lose its appeal(s). In the event the University loses on final appeal, it will owe the City of Denton $1,071,245.49 plus statutory interest of 9.25%, and attorney's fees up to $45,500.

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time and 1.5 compensatory time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types is recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Pollution Remediation Obligations

UNT Risk Management/Facilities identified two properties in fiscal year 2009 that will require asbestos abatement in the next fiscal year under the Texas Asbestos Health Protection Act (TAHPA) Article 4477-3A V.T.C.S. and rules 25 TAC 295.31-295.70; and National Emission Standards for Hazardous Air Pollutants (NESHAP), 40CFR Part 61, Subpart M. No restatement of prior year liability was required; however UNT recorded an expense and liability in 2009 in the amount of $325,000 (based on contractor estimates) for the following properties: Kendall Hall $255,000 and Highland Hall $70,000. Abatement is expected to be completed by August 31, 2010. No insurance recoveries are anticipated.

Note 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in the Combined Schedule 2A, Miscellaneous Bond Information; Combined Schedule 2B, Changes in Bonded Indebtedness; Combined Schedule 2C, Debt Service Requirements; Combined Schedule 2D, Analysis of Funds Available for Debt Service.

General information related to bonds is summarized below:

University of North Texas System Administration

Revenue Financing System Refunding and Improvement Bonds, Series 2005

- To provide funds for constructing and equipping a building for the UNT-Dallas campus including a library, classrooms, offices and related parking
- Issued 10-01-2005
- $22,655,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas Revenue Financing System

Revenue Financing System Bonds, Series 2007

- To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes; and acquiring, renovating and equipping property in Dallas for academic and administrative purposes
- Issued 01-01-2007
- $16,980,000; all authorized bonds have been issued
- Source of revenue for debt service – all pledged revenues of the participants of the Revenue Financing System

University of North Texas

Consolidated University Revenue Bonds, Series 1994

- To provide funds sufficient to purchase and renovate a facility for the purpose of storing library materials and surplus property, and provide work area for certain library staff; to construct an Advanced Learning and Student Service Center; to renovate the University Library; and pay the costs of issuance
- Issued 02-01-1994
- $10,000,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and Gross Revenues of the University Building System, the General Fee (now called Designated Tuition), Pledged Student Tuition, Student Union Fee, and certain investment income

Revenue Financing System Bonds, Series 2001

- To provide funds for the construction and equipping of a student-oriented recreation facility (the "Recreation Center") and pay the costs of issuance
- Issued 12-01-2001
- $33,860,000; all authorized bonds have been issued
- Source of revenue for debt service – Student Recreational Facility Fee of $78 per student per semester approved by the Texas Legislature to be charged beginning with the first semester the facility is occupied and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2002

- To provide funds for the purposes of constructing and equipping a new science building; the renovation of existing space at the University's Discovery Park; the acquisition and renovation of two existing private housing facilities; and pay the costs of issuance
- Issued 08-01-2002
- $36,340,000; (total issue $63,470,000 – $27,130,000 Health Science Center portion); all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2002A

- To provide funds for the purposes of constructing a 300-bed student residence hall for University students and pay the costs of issuance
- Issued 11-01-2002
- $9,500,000; all authorized bonds have been issued
- Source of revenue for debt service – all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2003

- To provide funds for the purposes of constructing a 600-bed student residence hall and dining facility for University students and pay the costs of issuance
- Issued 05-01-2003
- $31,180,000; all authorized bonds have been issued
- Source of revenue for debt service – all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding Bonds, Series 2003A

- To provide funds sufficient to refund certain of the University's outstanding Consolidated University Revenue Bonds, Series 1994, Health Science Center Tuition Revenue Bonds, Series 1994, Consolidated University Revenue Bonds, Series 1996, Revenue Financing System Tuition Revenue Bonds, Series 1999, and Revenue Financing System Tuition Revenue Bonds, Series 2002; and to pay the costs of issuance
- Issued 09-01-2003
- $3,270,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Taxable Series 2003B

- To provide funds for the purposes of constructing and equipping student housing facilities, to wit, five sorority houses to be owned by the University; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 09-01-2003
- $4,980,000; all authorized bonds have been issued
- Source of revenue for debt service – fees charged for occupying the sorority facilities and also the pledged revenues of the participants of the University of North Texas Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, Series 2005

- To provide funds for the purposes of advance refunding a portion ($37.7 million par value) of the Board's outstanding bonds; refunding a portion of the Board's outstanding commercial paper notes; constructing and equipping a student wellness and career center; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 10-01-2005
- $42,890,000; all authorized bonds have been issued
- Source of revenue for debt service – pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2007

- To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes; constructing and equipping two residence halls; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 01-01-2007
- $39,070,000; all authorized bonds have been issued
- Source of revenue for debt service – pledged revenues of the participants of the University of North Texas System Revenue Financing System

University of North Texas Health Science Center

Revenue Financing System Refunding and Improvement Bond Series 1999A

- To provide funds for the purposes of constructing a parking garage at the University of North Texas Health Science Center at Fort Worth; refunding a portion of the currently outstanding Health Science Center General Tuition Revenue Bonds, Series 1994; paying the municipal bond insurance premium for the bonds; and paying certain costs of issuing the bonds
- Issued 09-01-1999
- $15,535,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2002

- To provide funds for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging, or equipping property, buildings, structures, facilities, roads, or related infrastructure for the Health Science Center; paying the municipal bond insurance premium for the bonds; and paying certain costs of issuing the bonds
- Issued 08-01-02
- $27,130,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding Bonds, Series 2003A

- To advance refund a portion of the Board's outstanding bonds in order to reduce debt service requirements of the Board in certain years
- Issued 09-01-03
- $2,915,000: all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, Series 2005

- To provide funds for the purposes of advance refunding a portion ($11.43 million par value) of the Board's outstanding bonds; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 10-01-05
- $11,250,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2009

- To provide funds for the purposes of advance refunding a portion ($18.175 million par value) of the Board's outstanding commercial paper notes; constructing and equipping a Public Health Education Building; paying a portion of the interest accruing on the bonds; and paying certain costs of issuing the bonds
- Issued 02-19-09
- $38,650,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Note 7: Capital Leases

Not Applicable.

Note 8: Operating Leases

The UNT System does not have any non-cancelable operating leases.

Note 9: Retirement Plans

The state has established an optional retirement program for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The contributions made by plan members and employers for the fiscal year ended August 31, 2009 are:

ORP Participation	
Member Contributions	$8,614,015.00
Employer Contributions	9,615,712.00
Total	**$18,229,727.00**

Note 10: Deferred Compensation

Not Applicable.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable.

Note 12: Interfund Activity and Transactions

The UNT System experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2009, follows:

Current Portion	Current Interfund Receivable	Current Interfund Payable
ENTERPRISE FUND (05)	$ 0.00	**$** 0.00
Total Interfund Receivable/Payable	**$ 0.00**	**$ 0.00**

Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable
ENTERPRISE FUND (05)	$ 0.00	**$** 0.00
Total Interfund Receivable/Payable	**$ 0.00**	**$ 0.00**

	Legislative Transfers In	Legislative Transfers Out
ENTERPRISE FUND (05)	$ 0.00	**$** 0.00
Total Legislative Transfers	**$ 0.00**	**$ 0.00**

The detailed State Grant Pass Through information is listed on Schedule 1B – Schedule of State Grant Pass Throughs From/To State Agencies.

Note 13: Continuance Subject to Review

Not Applicable.

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2009

Note 14: Adjustments to Fund Balances and Net Assets

A restatement for a decrease of $720,422.08 in beginning net assets was needed to correct prior year accounting errors in the recording of equipment replacement/reserves. Procedures have been corrected and due diligence completed to confirm that the same error was not made in fiscal year 2009.

Note 15: Contingent Liabilities

The UNT System receives several grants for specific purposes that are subject to review and audit by the federal, state, private and non-profit grant sponsors. Such audits could lead to a request for reimbursements to grant sponsors for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

As of August 31, 2009, there are no known contingent liabilities that are likely to have a material effect on the System.

Note 16: Subsequent Events

UNT System anticipates issuing Revenue Financing System Bond Series 2009A in November, 2009 in the amount of $204,140,000 for the purpose of refunding a portion of outstanding bonds; acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads, or related infrastructure for the second academic building for the UNT-Dallas campus; constructing a new business leadership building and a football stadium for UNT.

UNT System Administration's appropriation for debt service is $2,133,333 for 2009, $2,133,333 for 2010, and $2,114,200 for 2011. UNT's appropriation for debt service is $4,223,400 in 2009, $4,215,336 in 2010, and $4,200,698 in 2011. Additional funding of $2.8 million for the UNT-Dallas building was provided by HB 4586 approved in the 81st Texas Legislature.

Note 17: Risk Management

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

The UNT System assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of commercial general liability insurance for any of the UNT System components as an entity, nor is the UNT System involved in any risk pools with other government entities.

The UNT System's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

All state employees are insured by the State. The UNT System has various self-insured arrangements for coverage of local employees in the areas of workers' compensation and liability. There are no claims pending or significant nonaccrued liabilities, as stated in Note 5.

The State provides coverage for unemployment benefits from appropriations made to other state agencies for UNT System employees. The current General Appropriations Act provides that the UNT System components must reimburse General Revenue Fund – Consolidated, from UNT System appropriations, one-half of the unemployment benefits for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The UNT System Administration component has only one appropriated fund type. The UNT System components 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 of Texas, 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 are pending at August 31, 2009.

UNT System's maintains reserves for unemployment compensation and workers' compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending at August 31, 2009.

Health benefits are provided through the various state contracts administered by the Employee Retirement System (ERS).

The University of North Texas (University) and the Health Science Center (HSC) are required by certain bond covenants to carry fire and/or extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary or other non-Educational and General Funds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. The following insurance coverage was in force and all premium payments paid in full at the close of the fiscal year:

Standard Fire and Extended Coverage (Property) – Limit of liability exceeds bond requirements. Property Carriers: National Union Fire Insurance Company and Lexington Insurance Company.

Vehicle Liability and Property Damage – Combined single limit of $1,000,000 for liability, bodily injury and property damage, exceeds requirements. Carrier: The Hartford Insurance Company.

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a state highway be insured for minimum limits of liability in the amount of $25,000/$50,000 bodily injury and $25,000 property damage. In addition, the University has chosen to carry liability insurance on its licensed vehicles in the amount of $1,000,000 combined single limit for bodily injury and property damage.

The University's Student Health and Wellness Center has medical professional liability coverage with Columbia Casualty Company for a maximum per incident limit of $250,000 and an aggregate of $500,000 with a $10,000 deductible.

UNTHSC manages a self-insurance plan for its clinical operations. At August 31, 2009, UNTHSC had sufficient self-insurance reserves for known claims against its health care professionals. A Directors and Officers Liability policy is maintained with National Union Fire Insurance Company of Pittsburgh, PA that covers all UNT System and all of its component institution employees and volunteers and also, entity coverage. The policy provides for a maximum limit of $5,000,000 with a $100,000 deductible per insured individual, a $50,000 deductible for entity, and a $25,000 deductible for volunteers. Commercial crime insurance is purchased for all UNT System and all of its institution employees.

Note 18: Management Discussion and Analysis

Refer to the separate Management Discussion and Analysis section of this report.

Note 19: The Financial Reporting Entity

Component Units

The University of North Texas Foundation, Inc. is reported as a discrete component unit. The Foundation is a separate nonprofit organization that has as its central purpose the advancement and support of the University of North Texas. The governing board is comprised of elected members separate from the University Regents. The direction and management of the affairs of the Foundation and the control and disposition of its assets are vested in the directors of the Foundation. The University has no liability with regard to the Foundation's liabilities. The

majority of endowments supporting University scholarships and other University programs are owned by the Foundation; therefore, it would be misleading to exclude the Foundation's financial reports. The Foundation is a necessary and beneficial component of the UNT System's overall program for university advancement and for the development of private sources of funding for capital acquisition operations, endowments, and other purposes relating to the mission of the UNT System.

In August of 2003, the University of North Texas entered into an agreement with the University of North Texas Foundation, Inc. to better define the relationship between the two entities and to comply with the statutory requirements of Chapters 2255 and 2260 of the Texas Government Code. The 2003 agreement provided that the development leadership for the University would be provided by the Foundation's Chief Executive Officer.

An amended agreement was approved by the UNT Foundation Board of Directors in their June 2009 meeting, and was subsequently approved by the UNT Board of Regents in August 2009. Under the amended agreement, the University's Vice President for Advancement will serve as the Foundation's Director of Development and will oversee, coordinate and have decision making authority over the fundraising activities of both the University and the Foundation. In this dual position, the University's Vice President for Advancement/Foundation's Director of Development (VPA/FDD) shall not have any decision making authority in regard to governance of the Foundation or expenditure of funds by the Foundation. The person in the VPA/FDD position will be an employee of the University, and compensation for the position is the sole obligation of the University. Based on this amended agreement, UNT System continues to report UNT Foundation, Inc. as a discrete component unit in the UNT System Financial Reports.

The Foundation has a fiscal year end of December 31. The Foundation issued scholarships totaling $1,067,353 to the University, made direct cash transfers totaling $2,321,496 and made payments of $434,609 on the University's behalf as of June 30, 2009.

Note 20: Stewardship, Compliance and Accountability

Not Applicable.

Note 21: Not Applicable

Not Applicable for AFR reporting purposes.

Note 22: Donor Restricted Assets

The University'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 year.

The target distribution of spendable income to each unit of the endowment fund will be between 3 and 6 percent 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 4 percent 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 distribution shall be net current yield.

If, in any given fiscal year, the total return, excluding the net unrealized appreciation, shall be less than the target annual distribution, the actual distribution shall be limited to the net current yield, not to exceed the target distribution rate. The amount of net appreciation on University donor-restricted endowments that was available for distribution and expenditure during the fiscal year was $729,978.52. All distributions had been made as of the end of the fiscal year; therefore, none of this appreciation amount is reflected in the Net Assets section.

University endowments that do not provide for investments in equities will not be unitized, and they will receive interest and dividends on their funds invested in fixed income securities.

UNTHSC does not unitize its endowments. UNTHSC returns all investment earnings to their corresponding operation accounts unless directed otherwise by the donor. Currently, only one endowment requires a portion of earnings to be returned to the corpus. The operations accounts are only limited to the present available balance for spending authority. This authority cannot be exceeded based on future projections. The fair value of these endowments did not change during fiscal year 2009.

Note 23: Extraordinary and Special Items

Not Applicable.

Note 24: Disaggregation of Receivable and Payable Balances

The components of Other Receivables as of August 31, 2009 are shown below:

Other Receivables Balance as of 8/31/09	
UNTHealth Receivables	$11,689,865.31
Receivables for payroll corrections	$349,986.74
Total	**$12,039,852.05**

Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Notes to Schedule 1A - Combined Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2009

Note 1: Nonmonetary Assistance
N/A

Note 2: Reconciliation
Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of Federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenues - per Statement of Changes in Revenues, Expenses and Net Assets	
Federal Grants and Contracts	$ 69,115,089.70
Federal Pass-Through Grants from Other State Agencies/Universities	2,879,786.19
Subtotal	$ 71,994,875.89
Reconciling Items:	
New Loans Processed:	
Disadvantaged Student Loans	$ 134,389.00
Federal Perkins Loan Program	123,098.00
Federal Family Education Loans	174,667,423.99
Total Pass - Through & Expenditures per Federal Schedule	$ 246,919,786.88

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin Costs Recovered	Ending Balances of Previous Year's Loans
U.S. Dept. of Health and Human Services				
93.342 Health Professions/Disadvantaged Student Lo	$ 134,389.00	$ -	$ 134,389.00	$ 369,513.69
Total U.S. Dept. of Health and Human Services	$ 134,389.00	$ -	$ 134,389.00	$ 369,513.69
U.S. Department of Education				
84.032 Federal Family Education Loans	$ 174,667,423.99	$ -	$ 174,667,423.99	$ -
84.038 Federal Perkins Loan Program	123,098.00	-	123,098.00	5,320,820.29
Total U.S. Department of Education	174,790,521.99	-	174,790,521.99	5,320,820.29
TOTAL LOANS AND RECOVERIES	$ 174,924,910.99	$ -	$ 174,924,910.99	$ 5,690,333.98

The University of North Texas' general ledger reporting, billing and receiving, and some aspects of collections of the Perkins Loan program are outsourced to Campus Partners. Promissory note generation, final collections efforts, forbearance and deferment decisions are performed by UNT Financial Aid.

Note 3b: Federally Funded Loans Processed and Administrative Cost Recovered
N/A

Note 4: Depository Libraries for Government Publications
The University of North Texas participates as a depository library in the Government Printing Office's Depository Libraries for Government Publications Program, CFDA #40.001. The university is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5: Unemployment Insurance Funds
N/A (Agency 320 only)

Note 6: Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)
N/A (Agency 537 only)

Note 7: Deferred Federal Revenue
The University of North Texas does not report any Federal Deferred Revenue

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 1B - Combined Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2009

Pass-Through From: State Agencies		
To University of North Texas System (794):		
Texas Department of Public Safety (Agency 405)	$	825,000.00
Texas Dept. of State Health Services (Agency 537)		311,081.00
Texas Teratogen Information Service		69,556.79
Texas Water Board (Agency 580)		
Survey of Distribution and Habitat Requirements of Freshwater Mussels on the Sabine and Brazos Rivers		33,059.82
Texas Education Agency (Agency 701)		
FSP-Foundation Formula		1,649,934.00
FSP-Foundation Formula - Prior Year		56,401.00
School Fd Per Capital		96,076.00
Technology Allotment		11,076.00
University of Texas - Arlington (Agency 714)		
Implantable Wireless Oxygen/Pressure Sensor		13,965.53
Integrated Wireless Body Networking for Long -Term Therapeutic		5,085.05
A MEMS Microreactor Device for Substrates		22,578.36
Pressure Sensors on Flexiable Substrates		11,979.07
Nanoporous Membranes for Defense and Medical Applications		5,578.49
Teachers for New Era		34,949.33
University of Texas Medical Board - Galvaston (Agency 723)		
The Prairie Area Health Education Center - 2007		25,121.41
Stephen F Austin State University (Agency 755)		
Texas Educational Research Center for Educator Preparation		5,000.00
Texas Higher Education Coordinating Board (Agency 781)		
Texas Grant Program		10,053,120.00
Family Practice Residency		88,781.00
Advanced Research Program		(4,860.46)
Advanced Tech Program		(147,182.28)
Teach for Texas		150,000.00
Higher Education Performance Incentive		4,951,360.00
Engineering Recruitment Program		31,111.11
College Workstudy Program		192,125.34
Work Study Mentorship Program		232,000.00
Professional Service Grant		(249,278.94)
College Read-Texas Governors School		387,500.00
College Readiness Outreach		47,706.32
College Read-Acad Aff & Res		260,000.00
5th Year Accounting		15,000.00
Technology Workforce Development		(1,692.94)
Texas Parks & Wildlife Department (Agency 802)		
Interagency Cooperative Contract		7,789.23
Texas Commission of the Arts (Agency 813)		
2008-2009 Art Exhibitions		723.00
Cultural connections- Texas Association of Museums		183.00
Total Pass-Through From Other Agencies (Statement of Revenues, Expenses, and Changes in Net Assets)	$	19,190,826.23

Pass-Through To:
N/A

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2A - Combined Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2009

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
Consolidated University Revenue Bonds, Series 1994	$ 10,000,000.00	4.00% - 7.00%	N/A	1995	2014	04/15/04
RFS Bonds, Series 1999	32,540,000.00	4.25% - 5.40%	N/A	1999	2019	04/15/09
RFS Refunding and Improvement Bonds, Series 1999A	15,535,000.00	5.00% - 5.75%	N/A	2000	2019	04/15/09
RFS Bonds, Series 2001	33,860,000.00	4.00% - 5.50%	N/A	2002	2024	04/15/12
RFS Bonds, Series 2002	63,470,000.00	2.00% - 5.00%	N/A	2003	2022	04/15/12
RFS Bonds, Series 2002A	9,500,000.00	4.00% - 5.00%	N/A	2004	2022	04/15/12
RFS Bonds, Series 2003	31,180,000.00	3.00% - 5.00%	N/A	2005	2034	04/15/13
RFS Refunding Bonds, Series 2003A	6,185,000.00	5.375% - 5.500%	N/A	2003	2017	04/15/13
RFS Bonds, Taxable Series 2003B	4,980,000.00	2.50% - 6.20%	N/A	2003	2034	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	76,795,000.00	3.25% - 5.25%	N/A	2006	2025	04/15/15
RFS Bonds, Series 2007	56,050,000.00	4.00% - 5.00%	N/A	2008	2036	04/15/16
RFS Bonds, Series 2009	38,650,000.00	3.00% - 5.25%	N/A	2009	2028	04/15/18
Total	$ 378,745,000.00					

*RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2B - Combined Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2009

Description of Issue	Bonds Outstanding 9/1/2008	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2009	Amounts Due Within One Year
Consolidated University Revenue Bonds, Series 1994	$ 2,295,000.00	$ -	$ -	$ -	$ 2,295,000.00	$ -
RFS Bonds, Series 1999	1,435,000.00	-	1,435,000.00	-	-	-
RFS Refunding and Improvement Bonds, Series 1999A	4,655,000.00	-	1,070,000.00	-	3,585,000.00	425,000.00
RFS Bonds, Series 2001	30,500,000.00	-	1,030,000.00	-	29,470,000.00	1,155,000.00
RFS Bonds, Series 2002	48,640,000.00	-	2,605,000.00	-	46,035,000.00	2,700,000.00
RFS Bonds, Series 2002A	7,865,000.00	-	415,000.00	-	7,450,000.00	435,000.00
RFS Bonds, Series 2003	28,800,000.00	-	640,000.00	-	28,160,000.00	660,000.00
RFS Refunding Bonds, Series 2003A	6,185,000.00	-	-	-	6,185,000.00	-
RFS Bonds, Taxable Series 2003B	4,845,000.00	-	35,000.00	-	4,810,000.00	75,000.00
RFS Refunding and Improvement Bonds, Series 2005	67,730,000.00	-	2,835,000.00	-	64,895,000.00	5,145,000.00
RFS Bonds, Series 2007	55,065,000.00	-	1,025,000.00	-	54,040,000.00	1,065,000.00
RFS Bonds, Series 2009	-	38,650,000.00	3,255,000.00	-	35,395,000.00	1,285,000.00
Total	$ 258,015,000.00	$ 38,650,000.00	$ 14,345,000.00	$ -	$ 282,320,000.00 *	$ 12,945,000.00

Footnotes:

* Bond premiums, discounts and issuance costs were not individually greater that 5% of the par value of the bond issue; therefore, they are not capitalized and amortized over the life of the bonds. They were expensed at the time of the bond issue.

Bonds Payable per Statement of Net Assets	$ 282,320,000.00

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2C - Combined Debt Service Requirements
For the Fiscal Year Ended August 31, 2009

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Consolidated University Revenue Bonds, Series 1994	2010	$ -	$ 91,800.00
	2011	-	91,800.00
	2012	725,000.00	91,800.00
	2013	765,000.00	62,800.00
	2014	805,000.00	32,200.00
		2,295,000.00	370,400.00
RFS Refunding and Improvement Bonds, Series 1999A	2010	425,000.00	191,393.74
	2011	445,000.00	170,143.75
	2012	465,000.00	147,337.50
	2013	495,000.00	122,925.00
	2014	520,000.00	96,937.50
	2015-2019	1,235,000.00	216,962.50
		3,585,000.00	945,699.99
RFS Bonds, Series 2001	2010	1,155,000.00	1,538,425.00
	2011	1,280,000.00	1,480,675.00
	2012	1,420,000.00	1,416,675.00
	2013	1,565,000.00	1,345,675.00
	2014	1,660,000.00	1,259,600.00
	2015-2019	9,760,000.00	4,825,100.00
	2020-2024	12,630,000.00	1,956,250.00
		29,470,000.00	13,822,400.00
RFS Bonds, Series 2002	2010	2,700,000.00	2,158,600.02
	2011	2,800,000.00	2,060,725.02
	2012	2,905,000.00	1,952,225.02
	2013	3,020,000.00	1,836,025.02
	2014	3,145,000.00	1,715,225.02
	2015-2019	18,225,000.00	6,056,625.10
	2020-2022	13,240,000.00	1,340,250.02
		46,035,000.00	17,119,675.22
RFS Bonds, Series 2002A	2010	435,000.00	340,193.76
	2011	455,000.00	322,793.76
	2012	475,000.00	304,593.76
	2013	495,000.00	285,593.76
	2014	515,000.00	265,175.00
	2015-2019	2,945,000.00	968,137.50
	2020-2022	2,130,000.00	216,500.00
		7,450,000.00	2,702,987.54
RFS Bonds, Series 2003	2010	660,000.00	1,298,202.50
	2011	680,000.00	1,275,102.50
	2012	705,000.00	1,251,302.50
	2013	730,000.00	1,226,627.50
	2014	760,000.00	1,198,887.50
	2015-2019	4,260,000.00	5,525,231.28
	2020-2024	5,255,000.00	4,535,050.00
	2025-2029	6,635,000.00	3,146,500.00
	2030-2034	8,475,000.00	1,312,500.00
		28,160,000.00	20,769,403.78

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Description of Issue	Year	Principal	Interest
Revenue Bonds			
RFS Refunding Bonds, Series 2003A	2010	-	337,912.50
	2011	-	337,912.50
	2012	-	337,912.50
	2013	-	337,912.50
	2014	-	337,912.50
	2015-2017	6,185,000.00	702,012.50
		6,185,000.00	2,391,575.00
RFS Bonds, Taxable Series 2003B	2010	75,000.00	289,455.00
	2011	75,000.00	286,005.00
	2012	80,000.00	282,180.00
	2013	85,000.00	278,100.00
	2014	90,000.00	273,765.00
	2015-2019	670,000.00	1,272,356.26
	2020-2024	900,000.00	1,047,812.50
	2025-2029	1,205,000.00	736,907.50
	2030-2034	1,630,000.00	314,960.00
		4,810,000.00	4,781,541.26
RFS Refunding and Improvement Bonds, Series 2005	2010	5,145,000.00	3,189,650.00
	2011	5,385,000.00	2,958,125.00
	2012	4,970,000.00	2,675,412.50
	2013	5,225,000.00	2,426,912.50
	2014	5,470,000.00	2,165,662.50
	2015-2019	23,210,000.00	7,303,612.50
	2020-2024	12,600,000.00	2,512,962.50
	2025	2,890,000.00	130,050.00
		64,895,000.00	23,362,387.50
RFS Bonds, Series 2007	2010	1,065,000.00	2,511,362.50
	2011	1,115,000.00	2,468,762.50
	2012	1,155,000.00	2,424,162.50
	2013	1,200,000.00	2,377,962.50
	2014	1,245,000.00	2,329,962.50
	2015-2019	7,080,000.00	10,811,487.50
	2020-2024	8,850,000.00	9,046,637.50
	2025-2029	11,280,000.00	6,616,500.00
	2030-2034	14,345,000.00	3,545,200.00
	2035-2036	6,705,000.00	455,850.00
		54,040,000.00	42,587,887.50
RFS Bonds, Series 2009	2010	1,285,000.00	1,605,887.50
	2011	1,320,000.00	1,567,337.50
	2012	1,360,000.00	1,527,737.50
	2013	1,410,000.00	1,480,137.50
	2014	1,460,000.00	1,430,787.50
	2015-2019	8,130,000.00	6,318,737.50
	2020-2024	10,195,000.00	4,249,212.50
	2025-2028	10,235,000.00	1,316,925.00
		35,395,000.00	19,496,762.50
Less Accretion:		-	-
Total:		$ 282,320,000.00	$ 148,350,720.29 *

* In accordance with the State Comptroller's reporting requirements, the interest amounts on this schedule represent interest per the bonds amortization schedules rather than interst on a full accrual basis.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2009

	Pledged and other Sources and Related Expenditures for FY 2009			
	Total Pledged and Other	Operating Expenses/ Expenditures &	Debt Service	
Description of Issue	**Sources**	**Capital Outlay**	**Principal**	**Interest***
Consolidated University Revenue Bonds, Series 1994	$ 2,295,000.00	$ 34,959,129.21	$ -	$ 91,800.00
Revenue Financing System Bonds, Series '99, '99A, '01, 02, '02A, '03, '03A, '03B, '05, '07 & '09	447,551,863.17	1,006,928.35	14,345,000.00	12,569,214.74
Total	$ 449,846,863.17	$ 35,966,057.56	$ 14,345,000.00	$ 12,661,014.74

* In accordance with the State Comptroller's reporting requirements, the interest amounts on this schedule represent interest per the bonds amortization schedules rather than interest on a full accrual basis.

** UNT Cons Univ Rev Bonds, Ser'94 (Curr '94) were issued prior to the creation of the Revenue Financing System (RFS) and are classified as Prior Encumbered Obligations under the current RFS Master Resolution. Pledged revenues for the Curr '94 bonds consist of those fees in effect at the time the bonds were issued.

Pledged revenues for the RFS Parity Obligations include all revenues, funds and balances lawfully available and derived from or attributable to any participant of the Revenue Financing System, subject to the lien on the pledged revenues securing Prior Encumbered Obligations.

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 3 - Combined Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2009

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0258	$ 13,254,772.38	$ -	$ 13,254,772.38
Local Revenue Fund 0280	3,583,334.98	-	3,583,334.98
Local Revenue Fund 0819	767,362.61	-	767,362.61
Total Cash in State Treasury (Statement of Net Assets)	$ 17,605,469.97	$ -	$ 17,605,469.97

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UNIVERSITY OF
NORTH TEXAS
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FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

DENTON, TEXAS

For the years ended December 31, 2007 and 2008

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

ASSETS

	2008	2007
Cash and cash equivalents	$ 9,195,019	$ 4,696,304
Investments	49,358,712	67,523,269
Contributions and other receivables	3,024,290	3,372,226
Prepaid expenses	31,293	28,400
Real property	111,735	111,735
Other assets	8,400	8,400
Cash value - life insurance policies	366,685	332,578
Assets held under trust agreements	3,167,839	4,125,217
Total Assets	$65,263,973	$80,198,129

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	$ 710,866	$ 54,285
Agency funds	245,325	131,231
Annuity obligations	1,544,272	1,590,788
Refundable advances	1,432,310	2,009,534
Total Liabilities	3,932,773	3,785,838
Net Assets:		
Unrestricted:		
Board designated for reserves	1,078,959	1,120,118
Fair value of endowments below historical cost	(10,595,471)	(30,017)
Undesignated	469,620	244,413
Total Unrestricted	(9,046,892)	1,334,514
Temporarily restricted	13,648,727	20,875,140
Permanently restricted	56,729,365	54,202,637
Total Net Assets	61,331,200	76,412,291
Total Liabilities and Net Assets	$65,263,973	$80,198,129

See accompanying notes to financial statements.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Unrestricted	Temporarily Restricted
Revenues, Gains, and Other Support		
Contributions	$ -	$ 5,088,542
Life insurance premiums	-	-
Investment income	(18,023)	1,052,923
Internal management fee	824,163	-
Other income	(2,139)	227,722
Realized and unrealized gain (loss) on market value of investments	(18,894)	(19,191,354)
Actuarial gain (loss) on annuity obligations	-	-
Increase in cash value - life insurance	-	-
Total Revenues, Gains, And Other Support	785,107	(12,822,167)
Net Assets Released from Restrictions	4,964,612	(4,939,415)
Transfers/Changes in Donor Restrictions	(10,565,454)	10,535,169
Total Net Assets Released From Restrictions/Transfers	(5,600,842)	5,595,754
Program Services		
Internal management fee	824,163	-
Scholarships and awards	1,066,132	-
Expense reimbursements	16,727	-
Services for programs	396,679	-
Distributions to UNT	2,630,280	-
Distributions to other Institutions	44,000	-
Life insurance premiums	11,734	-
Total Program Services	4,989,715	-

See accompanying notes to financial statements.

Permanently Restricted	2008 Total
$ 2,702,427	$ 7,790,969
10,820	10,820
-	1,034,900
-	824,163
35,590	261,173
23,875	(19,186,373)
(272,385)	(272,385)
21,313	21,313
2,521,640	(9,515,420)
(25,197)	-
30,285	-
5,088	-
-	824,163
-	1,066,132
-	16,727
-	396,679
-	2,630,280
-	44,000
-	11,734
-	4,989,715

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Unrestricted	Temporarily Restricted
Management and General Expenses		
Salaries and benefits	$ 464,958	$ -
Consulting fees	23,510	-
Professional services	34,825	-
Travel	4,353	-
Administrative	13,193	-
Bank and credit card charges	6,867	-
Office and computer equipment	5,946	-
Insurance	13,913	-
Professional development	8,391	-
Total Management and General Expenses	575,956	-
Total Program Services and Expenses	5,565,671	-
Change in Net Assets	(10,381,406)	(7,226,413)
Net Assets - Beginning of Year	1,334,514	20,875,140
Net Assets - End of Year	$(9,046,892)	$13,648,727

See accompanying notes to financial statements.

Permanently Restricted	2008 Total
$ -	$ 464,958
-	23,510
-	34,825
-	4,353
-	13,193
	6,867
-	5,946
-	13,913
-	8,391
-	575,956
-	5,565,671
2,526,728	(15,081,091)
54,202,637	76,412,291
$56,729,365	$61,331,200

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Unrestricted	Temporarily Restricted
Revenues, Gains, and Other Support		
Contributions	$ 1,000	$ 2,425,407
Life insurance premiums	-	-
Investment income	89,980	1,056,349
Internal management fee	806,271	-
Other income	3	219,000
Realized and unrealized gain (loss) on market value of investments	-	3,994,678
Actuarial gain (loss) on annuity obligations	-	-
Increase in cash value - life insurance	-	-
Total Revenues, Gains, And Other Support	897,254	7,695,434
Net Assets Released from Restrictions	4,582,518	(4,560,049)
Transfers/Changes in Donor Restrictions	(8,210)	(455,524)
Total Net Assets Released From Restrictions/Transfers	4,574,308	(5,015,573)
Program Services		
Internal management fee	806,271	-
Scholarships and awards	1,006,933	-
Expense reimbursements	13,740	-
Services for programs	574,497	-
Distributions to UNT	2,147,248	-
Distributions to other Institutions	24,600	-
Life insurance premiums	9,229	-
Total Program Services	4,582,518	-

See accompanying notes to financial statements.

Permanently Restricted	2007 Total
$11,959,258	$14,385,665
8,588	8,588
-	1,146,329
-	806,271
10,062	229,065
2,350	3,997,028
(17,009)	(17,009)
2,296	2,296
11,965,545	20,558,233
(22,469)	-
463,734	-
441,265	-
-	806,271
-	1,006,933
-	13,740
-	574,497
-	2,147,248
-	24,600
-	9,229
-	4,582,518

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	Unrestricted	Temporarily Restricted
Management and General Expenses		
Salaries and benefits	$ 393,538	$ -
Consulting fees	19,860	-
Professional services	19,430	-
Travel	6,913	-
Administrative	8,220	-
Bank and credit card charges	5,590	-
Office and computer equipment	7,515	-
Insurance	13,459	-
Professional development	8,045	-
Total Management and General Expenses	482,570	-
Total Program Services and Expenses	5,065,088	-
Change in Net Assets	406,474	2,679,861
Net Assets - Beginning of Year	928,040	18,195,279
Net Assets - End of Year	$ 1,334,514	$20,875,140

See accompanying notes to financial statements.

Permanently Restricted	2007 Total
$ -	$ 393,538
-	19,860
-	19,430
-	6,913
-	8,220
	5,590
-	7,515
-	13,459
-	8,045
-	482,570
-	5,065,088
12,406,810	15,493,145
41,795,827	60,919,146
$54,202,637	$76,412,291

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Cash Flows From Operating Activities		
Change in net assets	$(15,081,091)	$15,493,145
Adjustments to reconcile change in net assets to net cash provided by Operating activities:		
Realized and unrealized gain on market value of investments	19,186,373	(3,997,028)
(Increase)/Decrease in contributions and other receivables	347,936	579,168
Actuarial (gain)/loss on annuity obligations	272,385	17,009
(Increase) in cash value – life insurance	(34,107)	(2,296)
(Increase)/Decrease in prepaid expense	(2,893)	(4,337)
Increase/(Decrease) in accounts payable and accrued expenses	656,581	11,762
Increase/(Decrease) in agency funds	114,094	(27,428)
Increase/(Decrease) in annuity obligations	(46,516)	76,416
Noncash contributions	(348,193)	(613,689)
Net Cash Provided (Used) By Operating Activities	5,064,569	11,532,722
Cash Flows From Investing Activities		
Proceeds from sale of investments	11,970,632	21,465,027
Purchases of investments	(12,536,486)	(34,238,852)
Net Cash Provided (Used) By Investing Activities	(565,854)	(12,773,825)
Net Increase (Decrease) in Cash and Cash Equivalents	4,498,715	(1,241,103)
Cash and Cash Equivalents- Beginning of Year	4,696,304	5,937,407
Cash and Cash Equivalents- End of Year	$ 9,195,019	$ 4,696,304
Supplemental Cash Flow Information:		
Gifts of securities	$ 348,193	$ 613,689
Interest paid	-	-
Income taxes paid	-	-

See accompanying notes to financial statements.

NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The University of North Texas Foundation, Inc. (Foundation) is a nonprofit organization with the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at year end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment income available for distribution is recorded in temporarily restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (Continued)

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less.

Investments

The Foundation carries investments in marketable securities and other common stocks with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of financial position. Investments in non-publicly traded Real Estate Investment Trust and Hedge Funds Mutual Funds are carried at their fair value as determined using significant unobservable inputs (Level 3 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Real Property

Real property consists of property that has been donated to the Foundation. The property is stated at the estimated fair value at the time of the donation.

Other Assets

Other assets consists of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of the donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

NOTE 2 – INVESTMENTS

Investment securities consisted of the following at December 31, 2008 and 2007:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
U.S. and International Stocks and Equity Mutual Funds	$34,278,051	$22,082,373	$33,135,805	$35,548,769
U.S. and International Fixed Income Securities and Mutual Funds	17,909,207	17,945,046	17,888,781	19,169,318
Real Estate Investment Trust and REIT Exchange Traded Funds	3,409,144	2,223,343	2,572,711	2,493,537
Natural Resource Exchange Traded Fund	2,215,022	1,704,694	2,215,022	3,015,756
Hedge Funds Mutual Funds	5,446,623	5,399,906	6,271,782	7,274,114
Non-Publicly Traded Common Stocks	33,500	3,350	33,500	21,775
	$63,291,547	$49,358,712	$62,117,601	$67,523,269

The investment in non-publicly traded common stocks represent shares in companies that are not publicly traded or non-registered (restricted) shares of publicly traded companies.

Investment income consists of interest and dividends on investment securities and is shown net of investment fees and expenses of $116,201 and $106,732 in 2008 and 2007, respectively.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2008 and 2007 are as follows:

		Fair Value Measurements at Reporting Date Using	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2008:			
Securities	$ 42,642,849	$ 42,642,849	$ -
Real Estate Investment Trust	1,315,957	-	1,315,957
Hedge Funds Mutual Funds	5,399,906	-	5,399,906
Total	$ 49,358,712	$ 42,642,849	$ 6,715,863
December 31, 2007:			
Securities	$ 59,010,710	$ 59,010,710	$ -
Real Estate Investment Trust	1,238,445	-	1,238,445
Hedge Funds Mutual Funds	7,274,114	-	7,274,114
Total	$ 67,523,269	$ 59,010,710	$ 8,512,559

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Real Estate Investment Trust	Hedge Funds Mutual Funds	Total
January 1, 2007	$ -	$ 4,684,456	$ 4,684,456
Total gains/(losses) (realized/unrealized)	49,974	820,306	870,280
Purchases, issuance, and settlements	1,188,471	1,769,352	2,957,823
December 31, 2007	1,238,445	7,274,114	8,512,559
Total gains/(losses) (realized/unrealized)	(484,017)	(1,049,049)	(1,533,066)
Purchases, issuance, and settlements	561,529	(825,159)	(263,630)
December 31, 2008	$ 1,315,957	$ 5,399,906	$ 6,715,863

The gains and losses for each year are included in the statement of activities under realized and unrealized gain (loss) on market value of investments.

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for the Real Estate Investment Trust and Hedge Funds Mutual Funds are determined by third-party valuations of the investments. There were no changes in valuation methods during 2007 or 2008.

NOTE 5 – CONTRIBUTIONS AND OTHER RECEIVABLES

Contributions and other receivables as of December 31, 2008 and 2007 are as follows:

	2008	2007
Contributions receivable in less than one year	$1,367,826	$1,497,349
Contributions receivable in one to five years	1,411,514	2,110,992
Contributions receivable in six to ten years	1,252,950	1,078,500
Contributions receivable in over ten years	17,200	29,000
Total Contributions Receivables	4,049,490	4,715,841
Less allowance for uncollectible amounts	(325,830)	(363,408)
Less discounts to net present value	(791,188)	(1,081,762)
Net Contributions Receivable	2,932,472	3,270,671
Other amounts receivable	91,818	101,555
Total Contributions and Other Receivables	$3,024,290	$3,372,226

NOTE 6 – UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2008 and 2007 include $1,078,959 and $1,120,118 respectively, which has been designated by the Foundation's Board of Directors as a reserve for future operations.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions from donors who have specified certain programs or scholarships within the University of North Texas for use of the contributions. Temporarily restricted net assets also includes income from endowment funds that are available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

NOTE 8 – PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes at December 31, 2008 and 2007:

	2008	2007
Endowments to support various programs, scholarships and other activities of the University of North Texas	$56,362,680	$53,870,059
Cash value of life insurance policies that will provide proceeds upon death of insured for endowments	366,685	332,578
Total	$56,729,365	$54,202,637

NOTE 9 – REAL PROPERTY

Real property donated to the Foundation is recorded at fair value at the date of the donation. Real estate purchased by the Foundation is recorded at cost. Real property consists of the following at December 31, 2008 and 2007:

	Fair Value Recorded		Current Fair Value
	2008	2007	
Mineral rights	$ 12,860	$ 12,860	Not Determined
1/4 undivided interest 34 acres – Loop 288	98,875	98,875	Not Determined
	$111,735	$111,735	

NOTE 10 – LIFE INSURANCE POLICIES

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by the donors of the policies. As of December 31, 2008 and 2007, there were a total of 24 such policies with death benefits totaling $1,738,279 and $1,687,906 respectively, and cash values totaling $366,685 and $332,578 respectively.

NOTE 11 – INCOME TAX STATUS

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

NOTE 12 – RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. The expense to the Foundation for retirement plan contributions for 2008 and 2007 were $29,793 and $25,755 respectively.

NOTE 13 – ASSETS HELD UNDER SPLIT INTEREST AGREEMENTS AND REFUNDABLE ADVANCES

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers several gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The annuity obligations are recorded at the present value of the expected future cash payments to the beneficiaries based on published life expectancy tables using a discount rate of eight percent.

Two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as refundable advances.

The assets held under these agreements are included in the statement of financial position at fair value.

NOTE 14 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at times in excess of $250,000 in its depository bank, which are insured by the Federal Deposit Insurance Corporation up to $250,000 (effective October 3, 2008). The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of $7,918,296 at December 31, 2008 to secure Foundation deposits in excess of $250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at December 31, 2008 was $8,161,131. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2008 was $100,004. In addition to the checking account balance, the Foundation had cash balances of $7,560,067 at December 31, 2008 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was $1,534,948 and $821,237 at December 31, 2008 and 2007, respectively.

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