

**FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM  
ADMINISTRATION**

**DENTON, TEXAS**

**Lee Jackson, Chancellor**

**For the fiscal year ended August 31, 2013**



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November 20, 2013

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

Dear Chancellor Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2013 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 Lee Miara at (940) 565-3231. Kellie Garrett –Ekeland may be contacted at (940) 565-3214 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Allen Clemson  
Interim Chief Financial Officer



**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION**

**ORGANIZATIONAL DATA**

**August 31, 2013**

**BOARD OF REGENTS**

Brint Ryan.....(Term expires 5-22-15)..... Dallas  
Michael R. Bradford .....(Term expires 5-22-15)..... Midland  
Steve Mitchell.....(Term expires 5-22-15)..... Richardson  
  
Donald Potts.....(Term expires 5-22-17)..... Dallas  
Al Silva .....(Term expires 5-22-17)..... San Antonio  
Milton B. Lee.....(Term expires 5-22-17)..... San Antonio  
  
Rusty Reid .....(Term expires 5-22-19)..... Ft. Worth  
Gwyn Shea.....(Term expires 5-22-19)..... Irving  
B. Glen Whitley.....(Term expires 5-22-19)..... Hurst

**STUDENT REGENT**

Rudy Reynoso.....(Term expires 5-31-14)..... Sherman

**OFFICERS OF THE BOARD**

Brint Ryan..... Chairman  
Donald Plotts ..... Vice Chairman  
Julia A. Boyce..... Secretary

**ADMINISTRATIVE OFFICERS**

Lee Jackson..... Chancellor  
Allen Clemson ..... Interim Chief Financial Officer  
Carlos Hernandez..... Interim System Controller

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Net Position**  
**For the Fiscal Year Ended August 31, 2013**

	<b>August 31, 2013</b>	<b>August 31, 2012</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets		
Cash and Cash Equivalents		
Cash in Bank	\$ 25,390.78	\$ (875,344.07)
Reimbursement Due from Treasury	1,071.89	3,132,042.09
Cash Equivalents	17,154,368.64	15,379,833.54
Restricted:		
Legislative Appropriations	711,493.73	4,038,434.16
Receivables from:		
Accounts Receivable	482,457.47	586,575.68
Other Receivables	10,032.96	14,244.71
Due From Other Components	1,480,246.71	-
Merchandise Inventories	6,160.00	-
Other Current Assets	1,000.00	1,000.00
<b>Total Current Assets</b>	<b>19,872,222.18</b>	<b>22,276,786.11</b>
Non-Current Assets		
Investments	139,558.09	687,272.71
Unrestricted Investments	7,380,800.72	4,602,503.76
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	3,211,500.00	3,211,500.00
Construction in Progress	20,992,520.21	5,277,469.56
Other Capital Assets	4,150.00	4,150.00
Depreciable or Amortizable		
Buildings and Building Improvements	10,349,255.17	10,349,255.17
Less Accumulated Depreciation	(2,686,216.55)	(2,239,316.99)
Furniture and Equipment	12,768,642.34	1,228,267.86
Less Accumulated Depreciation	(9,131,455.08)	(1,027,209.15)
Vehicles, Boats and Aircraft	167,902.14	40,082.21
Less Accumulated Depreciation	(105,841.06)	(19,026.28)
Computer Software - Intangible	12,058,575.20	12,166.85
Less Accumulated Amortization	(12,006,098.59)	(12,166.85)
<b>Total Non-Current Assets and Deferred Outflows</b>	<b>43,143,292.59</b>	<b>22,114,948.85</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 63,015,514.77</b>	<b>\$ 44,391,734.96</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities		
Payables From:		
Accounts Payable	2,410,004.12	1,172,263.19
Payroll Payable	1,865,910.35	4,363,031.08
Other Payables	655.00	616.00
Due to Other Components	-	13,755.70
Notes and Loans Payable	27,025,000.00	2,434,000.00
Revenue Bonds Payable	385,000.00	370,000.00
Employees Compensable Leave	179,727.13	111,564.69
Other Current Liabilities	275,516.04	281,189.38
<b>Total Current Liabilities</b>	<b>32,141,812.64</b>	<b>8,746,420.04</b>



## UNAUDITED

	<b>August 31, 2013</b>	<b>August 31, 2012</b>
Non-Current Liabilities and Deferred Inflows		
Notes and Loans Payable	29,497,000.00	39,198,000.00
Contra-Due to Other Components-CP	(43,462,000.00)	(41,632,000.00)
Revenue Bonds Payable	14,885,000.00	15,270,000.00
Employees Compensable Leave	1,873,523.64	2,038,218.48
Total Non-Current Liabilities and Deferred Inflows	<u>2,793,523.64</u>	<u>14,874,218.48</u>
<b>Total Liabilities and Deferred Inflows</b>	<b><u>34,935,336.28</u></b>	<b><u>23,620,638.52</u></b>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	7,292,933.78	1,098,924.38
Restricted for:		
Capital Projects	139,558.09	1,650,088.87
Other Restricted	-	10,484.00
Unrestricted	20,647,686.62	18,011,599.19
<b>Total Net Position</b>	<b><u>28,080,178.49</u></b>	<b><u>20,771,096.44</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 63,015,514.77</u></b>	<b><u>\$ 44,391,734.96</u></b>

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended August 31, 2013**

	<b>August 31, 2013</b>	<b>August 31, 2012</b>
<b>OPERATING REVENUES</b>		
Auxiliary Enterprises	\$ 1,700,051.51	\$ 1,722,626.78
Other Sales of Goods and Services	1,699,026.23	127,366.60
Other Operating Revenues	27,278,388.97	19,685,655.54
<b>Total Operating Revenues</b>	<b>30,677,466.71</b>	<b>21,535,648.92</b>
<b>OPERATING EXPENSES <sup>(1)</sup></b>		
Instruction	491,840.79	704,887.03
Public Service	406.03	3,762.24
Academic Support	165,703.50	7,524.50
Student Services	1,425.87	13,211.62
Institutional Support	37,606,485.97	24,393,630.17
Operations and Maintenance of Plant	1,849,318.77	3,593,050.37
Auxiliary Enterprises	1,576,845.45	1,582,491.30
Depreciation	1,617,645.99	498,791.83
<b>Total Operating Expenses</b>	<b>43,309,672.37</b>	<b>30,797,349.06</b>
<b>Operating Income (Loss)</b>	<b>(12,632,205.66)</b>	<b>(9,261,700.14)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations (GR)	3,366,113.00	3,366,113.00
Additional Appropriations (GR)	4,310,051.77	2,637,589.32
Investment Income	166,867.00	86,426.17
Interest Expense and Fiscal Charges	(732,500.10)	(721,934.59)
Gain/(Loss) on Sale of Capital Assets	(31,834.85)	-
Net Increase (Decrease) in Fair Market Value of Investments	322,343.99	(24,813.07)
Other Nonoperating Expenses	(355,159.54)	-
<b>Total Nonoperating Revenues /(Expenses)</b>	<b>7,045,881.27</b>	<b>5,343,380.83</b>
<b>Income/(Loss) before Other Revenues, Expenses, Gain/Losses and Transfers</b>	<b>(5,586,324.39)</b>	<b>(3,918,319.31)</b>
<b>OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS</b>		
Interagency Transfers Cap Assets-Increase	4,731,531.17	439,799.16
Interagency Transfers Cap Assets-Decrease	(32,094.76)	(235,641.40)
Transfers-In	5,979,974.18	9,329,465.39
Legislative Transfers-In	2,687,108.85	3,348,383.55
Legislative Transfers-Out	(471,113.00)	(2,655,330.67)
<b>Total Other Revenue, Expenses, Gain/Losses and Transfers</b>	<b>12,895,406.44</b>	<b>10,226,676.03</b>
<b>CHANGE IN NET POSITION</b>	<b>7,309,082.05</b>	<b>6,308,356.72</b>
Net Position, Beginning	20,771,096.44	14,462,739.72
Restatements	-	-
Net Position, Beginning, as Restated	20,771,096.44	14,462,739.72
<b>NET POSITION, ENDING</b>	<b>\$ 28,080,178.49</b>	<b>\$ 20,771,096.44</b>

<sup>(1)</sup> See Note 1: Matrix of Operating Expenses Reported by Function on Page 8.



**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Note 1: Matrix of Operating Expenses Reported by Function**  
**For the Fiscal Year Ended August 31, 2013**

<b>Operating Expenses</b>	<b>Instruction</b>	<b>Research</b>	<b>Public Service</b>	<b>Academic Support</b>	<b>Student Services</b>
Salaries and Wages	\$ 253,352.37	\$ -	\$ -	\$ -	\$ -
Payroll Related Costs	105,930.82	-	-	-	-
Professional Fees and Services	45,170.00	-	-	163,148.52	-
Travel	1,437.20	-	-	1,618.83	-
Materials and Supplies	3,587.74	-	-	124.06	-
Communications and Utilities	1,537.93	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Rentals and Leases	55,441.64	-	289.31	578.64	1,015.98
Printing and Reproduction	354.00	-	-	-	-
Depreciation	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Other Operating Expenses	25,029.09	-	116.72	233.45	409.89
<b>Total Operating Expenses</b>	<b>\$ 491,840.79</b>	<b>\$ -</b>	<b>\$ 406.03</b>	<b>\$ 165,703.50</b>	<b>\$ 1,425.87</b>

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	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarships and Fellowships</b>	<b>Auxiliary Enterprises</b>	<b>Depreciation</b>	<b>2013 Total Expenditures</b>
\$	22,216,009.98	\$ 534,095.98	\$ -	\$ 120,187.92	\$ -	\$ 23,123,646.25
	5,521,643.21	223,831.89	-	20,682.55	-	5,872,088.47
	1,474,758.98	148,440.51	-	320,942.09	-	2,152,460.10
	265,941.47	-	-	-	-	268,997.50
	784,568.54	139,550.37	-	11,220.78	-	939,051.49
	1,866,131.09	380,882.24	-	263,772.90	-	2,512,324.16
	4,454,978.23	20,927.00	-	203,934.78	-	4,679,840.01
	123,920.02	276,666.25	-	312,583.74	-	770,495.58
	37,898.87	-	-	892.58	-	39,145.45
	-	-	-	-	1,617,645.99	1,617,645.99
	-	-	-	(9,556.61)	-	(9,556.61)
	860,635.58	124,924.53	-	332,184.72	-	1,343,533.98
<b>\$</b>	<b>37,606,485.97</b>	<b>\$ 1,849,318.77</b>	<b>\$ -</b>	<b>\$ 1,576,845.45</b>	<b>\$ 1,617,645.99</b>	<b>\$ 43,309,672.37</b>

**UNIVERSITY OF NORTH TEXAS SYSTEM (769)**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2013**

	<b>August 31, 2013</b>	<b>August 31, 2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds Received from Customers	\$ 27,278,388.97	\$ 19,685,655.54
Proceeds from Sponsored Projects	-	1,729,427.50
Proceeds from Auxiliaries	1,700,051.51	1,722,626.78
Proceeds from Other Revenues	1,803,144.44	127,366.60
Payments to Suppliers for Goods and Services	(11,371,515.83)	(3,974,802.47)
Payments to Employees for Salaries and Benefits	(31,687,888.60)	(19,804,437.92)
Payments for Other Expenses	-	(633,347.05)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(12,277,819.51)</b>	<b>(1,147,511.02)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations	11,003,105.20	4,713,117.02
Proceeds from Legislative Transfers	2,215,995.85	693,052.88
Proceeds of Transfers from Other Components	4,499,727.47	8,641,161.20
Proceeds from Other Revenues	6,261.61	-
Payments for Transfers to Other Agencies	(13,755.70)	-
Payments for Other Uses	(355,159.54)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>17,356,174.89</b>	<b>14,047,331.10</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Disposal of Capital Assets	31,834.85	-
Proceeds from Debt Issuance	15,000.00	20,359.58
Proceeds of Transfers from Other Components	13,060,000.00	13,248,000.00
Payments for Additions to Fixed Assets	(14,481,815.75)	(3,092,414.94)
Payments of Principal on Debt Issuance	(385,000.00)	(13,603,000.00)
Payments of Interest on Debt Issuance	(925,119.05)	(747,737.50)
Payments of Other Costs of Debt Issuance	(4,447.39)	-
<b>Net Cash Provided (Used) From Capital &amp; Related Financing Activities</b>	<b>(2,689,547.34)</b>	<b>(4,174,792.86)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	130,950.99	12,767,141.63
Proceeds from Interest and Investment Income	166,867.00	86,426.17
Payments to Acquire Investments	(3,142,326.28)	(15,643,500.54)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(2,844,508.29)</b>	<b>(2,789,932.74)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(455,700.25)</b>	<b>5,935,094.48</b>
<b>Cash and Cash Equivalents--September 1, 2012 and 2011</b>	<b>17,636,531.56</b>	<b>11,701,437.08</b>
<b>Restatements to Beginning Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents--August 31, 2013 and 2012</b>	<b>\$ 17,180,831.31</b>	<b>\$ 17,636,531.56</b>
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Position)	\$ 17,180,831.31	\$ 17,636,531.56
	<b>\$ 17,180,831.31</b>	<b>\$ 17,636,531.56</b>

## UNAUDITED

	<u>August 31, 2013</u>	<u>August 31, 2012</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
<b>Operating Income/(Loss)</b>	<b>\$ (12,632,205.66)</b>	<b>\$ (9,261,700.14)</b>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Depreciation	1,617,645.99	498,791.83
Bad Debt Expense	(9,556.61)	126,143.15
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	104,118.22	1,096,080.45
(Increase) Decrease in Inventories	(6,160.00)	-
Increase (Decrease) in Payables	(1,351,661.45)	6,393,173.69
<b>Total Adjustments</b>	<b>354,386.15</b>	<b>8,114,189.12</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (12,277,819.51)</u></b>	<b><u>\$ (1,147,511.02)</u></b>
<b>Non Cash Transactions</b>		-
Net Increase (Decrease) in FMV of Investments	\$ 172,636.32	\$ -
Gain/(Loss) on disposal of Capital Assets	\$ (31,834.85)	\$ -

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)****Notes to Schedule 1A - Schedule of Expenditures of Federal Awards****For the Fiscal Year Ended August 31, 2013****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 Revenues, Expenses, and Changes in Net Assets	
Federal Grants and Contracts - Operating	\$ -
Federal Grants and Contracts - Nonoperating	-
Federal Pass-Through Grants from Other State Agencies/Universities - Operating	
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating	
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets	<u>\$ -</u>
Reconciling Items:	
New Loans Processed:	
Federal Perkins Loan Program	\$ -
Federal Direct Student Loans (Direct Loans)	-
Federal Grants from Texas A&M Research Foundation	-
Total Pass Through and Expenditures per Federal Schedule	<u><u>\$ -</u></u>

**Note 3a: Student Loans Processed & Administrative Costs Recovered**

Federal Grantor/ CFDA Number/ Program Name	New Loans Processed	Admin Costs Recovered	Processed & Admin Costs Recovered	Ending Balance of Previous Years' Loans
<i>Department of Education</i>				
84.032 Federal Family Education Loans	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loan Program	-	-	-	-
84.268 Federal Direct Student Loans	-	-	-	-
<i>Total Department of Education</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 collection 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 System 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 System does not report any Federal Deferred Revenue.

**Note 8: Supplemental Nutrition Assistance Program (SNAP)**

N/A



**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Schedule 2A - Miscellaneous Bond Information**  
**For the Fiscal Year Ended August 31, 2013**

<b>Description of Issue</b>	<b>Bonds Issued to Date</b>	<b>Range of Interest Rates</b>	<b>Terms of Variable Interest Rate</b>	<b>Scheduled Maturities</b>		<b>First Call Date</b>
				<b>First Year</b>	<b>Last Year</b>	
RFS Bonds, Series 2007	\$ 16,980,000.00	4.0000% - 5.0000%	N/A	2008	2036	4/15/2016
Total	<u>\$ 16,980,000.00</u>					

RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)  
 Schedule 2B - Changes in Bonded Indebtedness  
 For the Fiscal Year Ended August 31, 2013

Description of Issue	Bonds Outstanding 09/01/12	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/13
RFS Bonds, Series 2007	\$ 15,640,000.00	\$ -	\$ 370,000.00	\$ -	\$ 15,270,000.00
Total	\$ 15,640,000.00	\$ -	\$ 370,000.00	\$ -	\$ 15,270,000.00

\*Bonds premiums and issuance costs greater than 5% of the par value of the bond issue are capitalized and amortized over the life of the bonds.

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<b>Unamortized Premium *</b>	<b>Unamortized Discount</b>	<b>Unamortized Gain/(Loss) on Refunding</b>	<b>Net Bonds Outstanding 08/31/13</b>	<b>Amounts Due Within One Year</b>
\$ -	\$ -	\$ -	\$ 15,270,000.00	\$ 385,000.00
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,270,000.00</u>	<u>\$ 385,000.00</u>
Net Bonds Payable per Statement of Net Position			<u>\$ 15,270,000.00</u>	

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2C - Debt Service Requirements

For the Fiscal Year Ended August 31, 2013

Description of Issue	Year	Principal	Interest*
<b>Revenue Bonds</b>			
RFS Bonds, Series 2007	2014	\$ 385,000.00	\$ 718,737.50
	2015	400,000.00	703,337.50
	2016	420,000.00	685,337.50
	2017	435,000.00	666,437.50
	2018	455,000.00	649,037.50
	2019-2023	2,605,000.00	2,916,825.00
	2024-2028	3,315,000.00	2,206,250.00
	2029-2033	4,225,000.00	1,294,675.00
	2034-2036	3,030,000.00	276,750.00
		15,270,000.00	10,117,387.50
 Total		\$ 15,270,000.00	\$ 10,117,387.50

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

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Schedule 2D - Analysis of Funds Available for Debt Service**  
**For the Fiscal Year Ended August 31, 2013**

<b>Description of Issue</b>	<b>Pledged and Other Sources and Related Expenditures for FY 2013</b>			
	<b>Total Pledged and Other Sources</b>	<b>Operating Expenses/ Expenditures &amp; Capital Outlay</b>	<b>Debt Service</b>	
			<b>Principal</b>	<b>Interest *</b>
RFS Bonds, Series 2007	\$ 18,054,548.42	\$ (3,977.05)	\$ 370,000.00	\$ 733,537.50
<b>Total</b>	<b>\$ 18,054,548.42</b>	<b>\$ (3,977.05)</b>	<b>\$ 370,000.00</b>	<b>\$ 733,537.50</b>

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

