

FINANCIAL REPORT

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

ALFRED F. HURLEY, Chancellor

For the year ended August 31, 2001

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UNIVERSITY^{of} NORTH TEXAS SYSTEM

Office of the Associate Vice President for Finance and Business Affairs, and System Controller

November 20, 2001

Dr. Alfred F. Hurley
Chancellor
University of North Texas System
Denton, Texas

Dear Dr. Hurley:

Submitted herein is the Annual Financial Report of the University of North Texas System for the fiscal year ending August 31, 2001.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the Comptroller of Public Accounts.

The Annual Financial Report will be audited by the State Auditor as part of the audit of Statewide Annual Financial Reports; therefore an opinion has not been expressed on the statements and related information contained in the report.

Respectfully submitted,

Ginny Anderson
System Controller

Approved:

Phillip C. Diebel
Vice Chancellor for Finances

The leading university of the Dallas/Ft. Worth region
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UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2001

BOARD OF REGENTS

Marjorie Craft (Term expires 5-22-07)..... DeSoto
Burle Pettit (Term expires 5-22-07)..... Lubbock
John Robert "Bobby" Ray (Term expires 5-22-07)..... Plano

George W. Pepper..... (Term expires 5-22-03)..... Fort Worth
Gayle Strange..... (Term expires 5-22-03)..... Denton
Robert A. Nickell..... (Term expires 5-22-03)..... Irving

Roy Gene Evans..... (Term expires 5-22-05)..... Dallas
Richard Knight, Jr. (Term expires 5-22-05)..... Fort Worth
Tom Lazo, Sr. (Term expires 5-22-05)..... Dallas

OFFICERS OF THE BOARD

John Robert "Bobby" Ray Chairman
Burle Pettit Vice Chairman
Jana Dean Secretary

ADMINISTRATIVE OFFICERS

Alfred F. Hurley..... Chancellor
Phillip C. Diebel..... Vice Chancellor for Finances
Virginia E. Anderson..... System Controller

**EXHIBIT A
UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED BALANCE SHEET**

August 31, 2001
(With Comparative Totals August 31, 2000)
UNAUDITED

	CURRENT FUNDS					
	UNRESTRICTED FUNDS					
	AUXILIARY			TOTAL	RESTRICTED	LOAN FUNDS
	GENERAL	DESIGNATED	ENTERPRISES			
\$	\$	\$	\$	\$	\$	
ASSETS						
Cash & Temporary Investments	16,304,375.08	16,037,040.62	3,912,486.26	36,253,901.96	5,294,777.29	2,494,930.67
Balance in State Appropriations	12,743,609.61			12,743,609.61		
Accounts Receivable (net of allowance for doubtful accts of \$6,337,346.28)	340,875.81	8,207,413.74	36,655.98	8,584,945.53	2,117,878.58	53,299.96
Gift Pledge Receivable		3,735,022.92	3,529.76	3,738,552.68	1,561,935.25	
Due from Other Funds		2,550,857.87		2,550,857.87		
Due from Other State Agencies	2,800.00	2,095,289.63		2,098,089.63	306,611.83	
Investments (Sch A-2)	11,250,025.24	31,823,268.41	15,240,393.2	58,313,686.85	12,803,047.27	3,492,841.53
Accrued Interest Receivable	1,388,714.07			1,388,714.07		154,543.10
Prepaid Expenses	67,283.17	112,049.53		179,332.70	48,371.94	
Deferred Charges						
Federal Receivables					7,438,960.64	
Deposits	37,875.00			37,875.00		1,000.00
Notes Receivable (net of allowance for doubtful accts of \$418,534.98)						7,160,990.07
Consumable Inventories	2,866,267.14	809,480.55		3,675,747.69		
Resale Inventories, at cost	143,826.04		233,720.05	377,546.09	199.00	
Patents						
Land						
Buildings						
Improvements Other than Bldgs.						
Equipment						
Library Books						
Construction in Progress						
TOTAL ASSETS	45,145,651.16	65,370,423.27	19,426,785.25	129,942,859.68	29,571,781.80	13,357,605.33
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	11,324,145.15	2,876,996.17	1,604,671.08	15,805,812.40	92,104.68	2,094.48
Accrued Liabilities	3,121,367.45	1,719,821.11	4,309.26	4,845,497.82	343,783.85	
Deposits Payable	614,997.36		792,481.29	1,407,478.65		
Due to Other Funds					9,961,052.05	
Due to Other State Agencies		109,499.00		109,499.00	1,202,034.59	
Deferred Revenues	4,675,787.93	1,203,711.42	4,954,340.05	10,833,839.40		
Accrued Compensable Absences Payable	6,075,791.28	1,743,749.78	565,134.48	8,384,675.54	3,942.53	
Revenue Bonds Payable						
Less Deferred Interest						
Bond Interest Payable						
Master Lease Payable						
Lease-Purchase Agreements Payable						
Funds Held in Custody /Others						
Total Liabilities	25,812,089.17	7,653,777.48	7,920,936.16	41,386,802.81	11,602,917.70	2,094.48
Fund Equity:						
Unrestricted						
Reserved:						
Encumbrances	3,711,643.63	3,544,873.88	843,654.43	8,100,171.94		
State Appropriations to be Lapsed						

ENDOWMENT & SIMILAR FUNDS	P L A N T F U N D S				AGENCY FUNDS	TOTALS (MEMORANDUM)	
	UNEXPENDED	RENEWALS AND RETIREMENT OF		INVESTMENT IN PLANT		2001	2000
		REPLACEMENTS	INDEBTEDNESS				
\$	\$	\$	\$	\$	\$	\$	
2,289,985.65	9,495,197.58	509,702.19	3,264,510.92		5,845,720.10	65,448,726.36	86,983,140.14 *
	942,490.65	18,289,228.69				31,975,328.95	37,655,007.34
			210,010.00		20,035.57	10,986,169.64	19,530,364.67
		517,611.65			268,317.10	6,086,416.68	
			7,410,194.18			9,961,052.05	5,742,690.11
						2,404,701.46	1,460,559.48
32,030,048.03	2,245,662.23	2,109,412.37	8,205,864.64		21,852,012.69	141,052,575.61	133,967,145.51 *
						1,543,257.17	1,453,941.89
					2,600.00	230,304.64	393,166.10
						7,438,960.64	3,899,265.73
						38,875.00	38,875.00
						7,160,990.07	7,205,333.91
					5,131.52	3,680,879.21	3,881,146.51
						377,745.09	245,284.50
					2,007.30	2,007.30	2,007.30
				22,343,358.74	14,177.00	22,357,535.74	19,424,016.30
				312,187,875.30	77,823.00	312,265,698.30	291,068,895.89
				19,888,498.52		19,888,498.52	19,521,040.56
				119,326,497.01		119,326,497.01	109,608,819.79
				62,703,184.74		62,703,184.74	57,287,944.70
				10,025,964.59		10,025,964.59	3,720,996.91
<u>34,320,033.68</u>	<u>12,683,350.46</u>	<u>21,425,954.90</u>	<u>19,090,579.74</u>	<u>546,475,378.90</u>	<u>28,087,824.28</u>	<u>834,955,368.77</u>	<u>803,089,642.34</u>
	2,439,833.17	150,726.22			11,441.89	18,502,012.84	17,222,029.09
	14,843.04				10,654.96	5,214,779.67	6,604,358.31
	200.00					1,407,678.65	1,304,978.10
						9,961,052.05	5,742,690.11
						1,311,533.59	37,801.93
			210,010.00			11,043,849.40	25,201,752.19
	7,439,468.63	126,699.59		68,497,847.30	6,821.71	8,395,439.78	8,228,324.04
						76,064,015.52	80,732,244.24
							1,791,591.18
				285,109.07		285,109.07	116,465.67
					28,058,905.72	28,058,905.72	21,851,775.72
	9,894,344.84	277,425.81	210,010.00	68,782,956.37	28,087,824.28	160,244,376.29	168,834,010.58
		819,612.56				8,919,784.50	10,344,473.86

**EXHIBIT A
UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED BALANCE SHEET**

**August 31, 2001
(With Comparative Totals August 31, 2000)
UNAUDITED**

	CURRENT FUNDS					
	UNRESTRICTED FUNDS			TOTAL	RESTRICTED LOAN FUNDS	
	GENERAL	DESIGNATED	AUXILIARY ENTERPRISES		RESTRICTED	LOAN FUNDS
	\$	\$	\$	\$	\$	\$
Accounts Receivable	357,421.92	8,207,413.74	36,655.98	8,601,491.64		
Inventories - Consumable	2,866,267.14	809,480.55		3,675,747.69		
Inventories - Merchandise	143,826.04		233,720.05	377,546.09		
HEAF	8,878,798.89			8,878,798.89		
Other Specific Purposes	132,521.17	1,215,359.55	96,115.00	1,443,995.72		5,000.00
Unreserved						
Allocated	3,243,083.20	22,944,379.53	5,136,126.44	31,323,589.17	377,734.23	453,373.03
Unallocated		20,995,138.54	5,159,577.19	26,154,715.73		
Restricted						
Restricted - Encumbrances					5,715,374.13	
Restricted - Other					11,875,755.74	6,390,479.10
US Governmnt Grants Refundable						6,506,658.72
Endowment						
Funds Functioning as Endowment -						
Restricted						
Unrestricted						
Net Invested in Plant						
Total Fund Equity (Exh. B)	19,333,561.99	57,716,645.79	11,505,849.09	88,556,056.87	17,968,864.10	13,355,510.85
TOTAL LIAB. & EQUITY BALANCES	45,145,651.16	65,370,423.27	19,426,785.25	129,942,859.68	29,571,781.80	13,357,605.33

See accompanying Notes to the Combined Financial Statements.

* Amounts for FY 2000 in Totals (Memorandum) column represent reporting changes from the FY 2000 AFR for comparison purposes. This reporting difference is due to a UNT change in classification from short-term to long-term investments for marketable securities. Current investment policies typically result in these securities being held until the maturity dates which are longer than one year.

ENDOWMENT & SIMILAR FUNDS	PLANT FUNDS				AGENCY FUNDS	TOTALS (MEMORANDUM)	
	UNEXPENDED	RENEWALS AND RETIREMENT OF		INVESTMENT IN PLANT		2001	2000
		REPLACEMENTS	INDEBTEDNESS				
\$	\$	\$	\$	\$	\$	\$	
						8,601,491.64	4,371,381.70
						3,675,747.69	3,881,146.51
						377,546.09	245,073.50
	513,257.78	15,940,371.55				25,332,428.22	12,294,012.10
						1,448,995.72	1,169,238.43
27,065.20	535,326.47	1,745,450.25	2,713,861.77			37,176,400.12	52,797,934.93
	1,530,070.50		12,841,349.81			40,526,136.04	33,017,298.49
	82,461.83	2,639,672.31				8,437,508.27	6,508,233.57
	127,889.04	3,422.42	3,325,358.16			21,722,904.46	17,882,040.11
5,427,553.88						6,506,658.72	6,491,935.87
						5,427,553.88	3,981,727.50
1,842,682.18						1,842,682.18	1,259,193.79
27,022,732.42						27,022,732.42	29,572,408.05
				477,692,422.53		477,692,422.53	450,439,533.35
34,320,033.68	2,789,005.62	21,148,529.09	18,880,569.74	477,692,422.53		674,710,992.48	634,255,631.76
34,320,033.68	12,683,350.46	21,425,954.90	19,090,579.74	546,475,378.90	28,087,824.28	834,955,368.77	803,089,642.34

EXHIBIT B
UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED STATEMENT OF CHANGES IN FUND BALANCES

Year Ended August 31, 2001
(With Comparative Totals August 31, 2000)
UNAUDITED

	CURRENT FUNDS					
	UNRESTRICTED FUNDS			TOTAL	RESTRICTED	LOAN FUNDS
	GENERAL	DESIGNATED	AUXILIARY ENTERPRISES			
	\$	\$	\$	\$	\$	\$
FUND BALANCES, September 1, 2000	30,706,643.56	45,484,659.40	11,732,385.77	87,923,688.73	12,146,121.43	12,403,540.81
Restated Fund Balances, 9/1/2000	30,706,643.56	45,484,659.40	11,732,385.77	87,923,688.73	12,146,121.43	12,403,540.81
REVENUES AND OTHER ADDITIONS						
Unrestricted Current Funds Rev. (Exh. C)	226,689,313.42	101,426,532.47	38,673,955.82	366,789,801.71		
Federal Grants and Contracts				0.00	32,294,994.79	
Fed Pass-Thru Grants from Othr St. Agys				0.00	818,445.82	
State Grants and Contracts				0.00	934,236.18	
State Pass-Thru Grants from St Agys				0.00	2,098,781.00	
Private Grants and Contracts				0.00	12,449,721.35	25,000.00
Private Gifts				0.00	3,759,435.06	
Net Inc/(Dec) Fair Value of Inv.				0.00	510,709.08	278,759.41
Investment Income				0.00	107,562.20	82,040.09
Endowment Income				0.00	360,591.93	
Interest on Loans Receivable				0.00		198,837.38
Net Decrease in Bonds Payable				0.00		
Net Decrease in Lease Purchase Payables				0.00		
Bond Proceeds on Sale of Bonds				0.00		
Expended for Plant Facilities (Includes \$17,103,914.73 charged to Curr. Fund Expend)				0.00		
Other Interest Income				0.00	0.00	135,450.60
Other Additions	252,862.82	298,165.70	3,000.00	554,028.52	772,064.14	9,347.12
TOTAL REVENUES AND OTHER ADDITIONS	226,942,176.24	101,724,698.17	38,676,955.82	367,343,830.23	54,106,541.55	729,434.60
EXPENDITURES AND OTHER DEDUCTIONS						
Expenditures (Exh C)	214,309,213.63	82,107,078.36	38,195,475.24	334,611,767.23	43,265,899.14	
Expended for Plant Facilities				0.00		
Lapsed Appropriations	16,934.56			16,934.56		
Indirect Costs Recovered				0.00	3,033,201.17	
Refunded to Grantors				0.00	490,259.31	
Loan Cancellations and Write-Offs				0.00		20,317.45
Administrative and Collection Costs				0.00		8,973.01
Retirement of Indebtedness:				0.00		
Bonds				0.00		
Bonds (Defeased)				0.00		
Net Increase in Bonds Payable				0.00		
Net Increase in Lease Purchase Payable				0.00		
Int & Other Finan. Chgs/Fees on Indebtedness				0.00		
Disposal of Plant Facilities				0.00		
Write Offs of Plant Facilities				0.00		
Other Deductions		264,944.18	5,559.31	270,503.49	3,550,770.20	173,176.23
TOTAL EXPENDITURES AND OTHER DED.	214,326,148.19	82,372,022.54	38,201,034.55	334,899,205.28	50,340,129.82	202,466.69
TRANSFERS - (Additions/-Deductions)						
Mandatory Transfers						
Retirement of Indebtedness -				0.00		
Refunding of Bonds				0.00		
Designated Tuition		-113,030.22		-113,030.22		
Tuition (Debt Svc)	-5,802,277.52			-5,802,277.52		
Principal and Interest (Debt Svc)			-1,144,777.50	-1,144,777.50		
Skiles Act Funds from Tuition	-317,676.53			-317,676.53		
Loan Funds From Tuition				0.00		
Non-Mandatory Transfers	-17,869,155.57	-7,007,659.02	442,319.55	-24,434,495.04	2,056,330.94	425,002.13
TOTAL TRANSFERS AMONG FUNDS	-23,989,109.62	-7,120,689.24	-702,457.95	-31,812,256.81	2,056,330.94	425,002.13
Net Increase/-Decrease for the Year	-11,373,081.57	12,231,986.39	-226,536.68	632,368.14	5,822,742.67	951,970.04
FUND BALANCES, Aug 31, 2001 (Exh. A)	19,333,561.99	57,716,645.79	11,505,849.09	88,556,056.87	17,968,864.10	13,355,510.85

See accompanying Notes to the Combined Financial Statements.

P L A N T F U N D S					T O T A L S (M E M O R A N D U M)	
ENDOWMENT & SIMILAR FUNDS	UNEXPENDED	RENEWALS & REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	2001	2000
\$	\$	\$	\$	\$	\$	\$
38,592,702.66	2,139,652.85	13,698,198.24	16,912,193.69	450,439,533.35	634,255,631.76	578,699,263.22
38,592,702.66	2,139,652.85	13,698,198.24	16,912,193.69	450,439,533.35	0.00	4,579,598.08
					634,255,631.76	583,278,861.30
			159,786.00		366,789,801.71	345,906,039.84
		-			32,454,780.79	23,208,407.30
					818,445.82	1,277,483.44
					934,236.18	2,374,275.64
					2,098,781.00	344,087.22
	0.00	0.00		258,646.63	12,733,367.98	12,767,082.84
91,988.55	17,695.00				3,869,118.61	
-4,472,391.59	101,642.88	71,504.86	332,232.70		-3,177,542.66	2,213,157.70
	829,013.33		993,331.46		2,011,947.08	2,776,564.31
70.25					360,662.18	506,761.33
					198,837.38	201,977.41
	24,604,083.34	369,868.73		0.00	24,973,952.07	3,595,992.95
				1,791,591.18	1,791,591.18	19,367.56
	0.00		0.00		0.00	15,535,000.00
					0.00	0.00
				50,238,345.67	50,238,345.67	33,970,994.71
	507,634.39		24,042.26		667,127.25	1,135,460.51
	51,763.07	954,335.42		4,705,390.48	7,046,928.75	4,939,409.17
-4,380,332.79	26,111,832.01	1,395,709.01	1,509,392.42	56,993,973.96	503,810,380.99	450,772,061.93
					377,877,666.37	341,951,479.51
	26,180,018.10	11,724,720.38			37,904,738.48	22,975,954.22
					16,934.56	112,360.38
					3,033,201.17	2,617,245.72
					490,259.31	956,911.12
					20,317.45	14,072.39
					8,973.01	30,440.36
					0.00	0.00
			5,115,000.00		5,115,000.00	5,515,000.00
					0.00	5,690,000.00
				20,305,723.35	20,305,723.35	8,515,000.00
				168,643.40	168,643.40	1,791,591.18
			3,852,541.28		3,852,541.28	3,793,155.17
				4,943,741.61	4,943,741.61	1,245,538.72
					0.00	0.00
	715,850.31	249,024.37	334,979.26	4,322,976.42	9,617,280.28	4,586,542.70
0.00	26,895,868.41	11,973,744.75	9,302,520.54	29,741,084.78	463,355,020.27	399,795,291.47
					0.00	0.00
					0.00	0.00
			113,030.22		0.00	0.00
			5,802,277.52		0.00	0.00
			1,144,777.50		0.00	0.00
			317,676.53		0.00	0.00
					0.00	0.00
107,663.81	1,433,389.17	18,028,366.59	2,383,742.40		0.00	0.00
107,663.81	1,433,389.17	18,028,366.59	9,761,504.17	0.00	0.00	0.00
-4,272,668.98	649,352.77	7,450,330.85	1,968,376.05	27,252,889.18	40,455,360.72	50,976,770.46
34,320,033.68	2,789,005.62	21,148,529.09	18,880,569.74	477,692,422.53	674,710,992.48	634,255,631.76

EXHIBIT C
UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED STATEMENT OF CURRENT FUNDS REVENUES AND EXPENDITURES

Year Ended August 31, 2001
(With Comparative Totals - Year Ended August 31, 2000)
UNAUDITED

	UNRESTRICTED		
	GENERAL	DESIGNATED	AUXILIARY ENTERPRISES
	\$	\$	\$
REVENUES			
Tuition	38,458,923.35		
Designated Tuition		24,261,289.36	
Student Service Fees		161,119.29	6,290,014.27
Other Fees	317,285.66	20,621,988.77	3,917,750.00
Tuition Remissions and Exemptions	8,169,562.48		
State Appropriations - Gen Rev	150,019,308.84		
State Appropriations - HEAF	21,661,033.00		
Federal Grants and Contracts	1,142,453.19	1,168,567.85	
Federal PassThru Grants from Other St Agencies			
State Grants and Contracts		1,037,994.13	
State Pass Thru Grants from Other St Agencies	988,136.06	2,156,982.91	
Private Grants and Contracts	270,107.70	434,421.51	
Private Gifts		6,508,104.70	24,899.14
Net Inc./(Dec.) in Fair Value of Investments	559,696.12	1,900,795.03	681,857.69
Investment Income	2,500,277.85	3,779,914.55	1,105,230.12
Endowment Income		2,462,999.91	
Sales and Services:			
Educational Activities	2,566,866.51	7,072,436.37	
Auxiliary Enterprises			26,576,310.64
Professional Fees		29,857,951.84	
Other Sources	35,662.66	1,966.25	77,893.96
Total Current Fund Revenues	<u>226,689,313.42</u>	<u>101,426,532.47</u>	<u>38,673,955.82</u>
EXPENDITURES			
Educational and General:			
Instruction	113,494,311.72	17,521,612.72	
Research	4,617,985.42	1,968,352.13	
Public Service	812,171.32	1,239,792.38	
Academic Support	28,408,100.88	43,422,982.11	
Student Services	7,604,236.41	5,403,687.25	
Institutional Support	30,653,268.89	6,629,456.07	
Operation and Maintenance of Plant	19,263,478.00	205,551.17	
Scholarships and Fellowships	9,455,660.99	5,715,644.53	
Total Educational & General Expenditures	<u>214,309,213.63</u>	<u>82,107,078.36</u>	
Auxiliary Enterprises			
Expenditures			38,195,475.24
Total Current Fund Expenditures (Exh. B)	<u>214,309,213.63</u>	<u>82,107,078.36</u>	<u>38,195,475.24</u>

See accompanying Notes to the Combined Financial Statements

Note 1:			
Legislative Appropriation - General Revenue	123,773,148.00		
Art. IX, Sec. 9-11.06, \$100/Mo. & Fac. Merit Increases	2,601,803.67		
Employee Benefits:			
OASI Tax	7,534,226.99		
State Insurance Contribution	9,927,287.20		
Retirement Plans	6,023,904.21		
Unemployment Compensation Insurance	13,222.04		
Worker's Compensation	145,716.73		
Subtotal	<u>150,019,308.84</u>	(Sch. C-1)	
Legislative Approp. - HEAF	<u>21,661,033.00</u>	(Sch. C-1)	
Total Legislative Appropriation	<u>\$171,680,341.84</u>	(Sch. C-1)	

		TOTALS (MEMORANDUM)	
TOTAL	RESTRICTED	2001	2000
\$	\$	\$	\$
38,458,923.35		38,458,923.35	36,074,365.63
24,261,289.36		24,261,289.36	20,315,470.54
6,451,133.56		6,451,133.56	6,005,286.33
24,857,024.43		24,857,024.43	19,156,062.69
8,169,562.48		8,169,562.48	7,733,063.30
150,019,308.84		150,019,308.84	150,849,798.44
21,661,033.00		21,661,033.00	23,857,740.00
2,311,021.04	24,089,010.01	26,400,031.05	22,546,481.15
	1,231,838.35	1,231,838.35	1,113,037.44
1,037,994.13	1,511,498.47	2,549,492.60	2,445,058.34
3,145,118.97	1,149,442.86	4,294,561.83	4,066,087.65
704,529.21	12,581,094.48	13,285,623.69	15,455,991.65
6,533,003.84	3,363,240.57	9,896,244.41	
3,142,348.84	449,402.07	3,591,750.91	-961,526.23
7,385,422.52	107,562.20	7,492,984.72	6,219,842.68
2,462,999.91	344,745.38	2,807,745.29	2,779,194.08
9,639,302.88		9,639,302.88	11,130,206.91
26,576,310.64		26,576,310.64	25,255,689.52
29,857,951.84		29,857,951.84	28,913,090.20
115,522.87		115,522.87	42,398.98
<u>366,789,801.71</u>	<u>44,827,834.39</u>	<u>411,617,636.10</u>	<u>382,997,339.30</u>
131,015,924.44	3,034,199.91	134,050,124.35	123,422,438.89
6,586,337.55	18,647,103.31	25,233,440.86	22,178,726.62
2,051,963.70	4,708,551.20	6,760,514.90	5,867,819.49
71,831,082.99	983,376.38	72,814,459.37	69,010,328.65
13,007,923.66	1,246,446.06	14,254,369.72	13,232,670.34
37,282,724.96	103,254.20	37,385,979.16	29,634,203.91
19,469,029.17	220,437.37	19,689,466.54	17,472,329.97
15,171,305.52	14,322,530.71	29,493,836.23	26,109,301.65
<u>296,416,291.99</u>	<u>43,265,899.14</u>	<u>339,682,191.13</u>	<u>306,927,819.52</u>
38,195,475.24		38,195,475.24	35,023,659.99
<u>334,611,767.23</u>	<u>43,265,899.14</u>	<u>377,877,666.37</u>	<u>341,951,479.51</u>

UNIVERSITY OF NORTH TEXAS SYSTEM
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2001
UNAUDITED

General Introduction

The University of North Texas System (the System) was created by the 76th Legislature and became effective on September 1, 1999. The two component institutions comprising the System are the University of North Texas and the University of North Texas Health Science Center. There is not currently a separate University of North Texas System Administration agency created and funded by the Legislature. The System is an agency of the State of Texas and its financial records reflect compliance with applicable State statutes and regulations. This report covers all financial operations of the component institutions within the System. Amounts due between component institutions in the same fund and other duplications in reporting are eliminated in combining the individual financial statements of each component.

The significant accounting policies followed by the System in maintaining accounts and in the preparation of the preceding statements are in accordance with Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. These requirements follow, as near as practicable, the AICPA Industry Audit Guide, *Audits of Colleges and Universities*, 1996 Edition, as amended by AICPA Statement of Position (SOP) 74-8, *Financial Accounting and Reporting by Colleges and Universities*, and as modified by applicable Financial Accounting Standards Board (FASB) pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements cited in Codification Section Co5, "Colleges and Universities." The requirements are also in substantial conformity with the *Financial Accounting and Reporting Manual for Higher Education* published by the National Association of College and University Business Officers (NACUBO).

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The combined financial statements of the System have been prepared on the accrual basis of accounting except depreciation expense related to plant fund assets is not recorded. The statement of current funds revenues and expenditures is a statement of financial activities of current funds related to the reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of equipment, and library holdings; (2) mandatory transfers, in the case of required provisions for retirement of indebtedness and renewal and replacement of institutional properties; and (3) transfers of a nonmandatory nature for all other cases.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the System, accounts are maintained in accordance with the principals of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statement, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

Endowment and Similar Funds are subject to the restrictions of gift instruments requiring in perpetuity that the

principal be invested and only the income by utilized. Term endowment funds are like endowment funds, except that all or part of the principal may be utilized after a stated period of time or upon the occurrence of a certain event. Quasi-Endowment funds are funds that the governing board has approved to be used as endowments.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund that owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investment of Endowment and Similar Funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the appropriate unrestricted fund. Restricted gifts, grants, appropriation, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Contract and grant awards funds received, but unexpended, during the current reporting period are shown as additions to fund balances in Restricted Current Funds.

The different fund groups used at the System are as follows:

Current Funds

Funds available for current operating and maintenance purposes as well as those restricted by donors and other outside agencies for specific operating purposes. Current funds are segregated into separate balanced fund groups as follows:

Educational and General

Funds for administration, institutional expense, instruction and departmental research, physical plant operation, libraries, and other items relating to instruction. Service department funds, revolving and clearing accounts are also included in this fund group.

Designated

Funds arising from sources that have been internally designated by the governing board or management. This fund distinguishes such internally designated funds from externally restricted funds as well as other current funds.

Auxiliary Enterprises

Funds for activities which furnish services to students, faculty, or staff for which charges are made that are directly related to, although not necessarily equal to the cost of the service, such as residence halls and food services.

Restricted

Funds available for current purposes, the use of which has been restricted by outside agencies or persons.

Loan Funds

Funds are available for loans to students, faculty, and staff.

Endowment and Similar Funds

Funds subject to restrictions of endowment and trust instruments requiring that principal be maintained and that only the income be utilized. Quasi-endowments are funds established by the governing board to function as endowment funds but which may be expended at the discretion of the governing board, subject to any donor-imposed restriction.

Annuity and Life Income Funds

The System has no annuity and life income funds.

Plant Funds

Plant funds are segregated into the following separate balanced fund groups:

Unexpended

Funds to be used for the construction, rehabilitation, and acquisition of physical properties for institutional purposes.

Renewals and Replacements

Funds accumulated for the renewal and replacement of physical plant properties.

Retirement of Indebtedness

Funds accumulated to meet debt service charges and the retirement of indebtedness.

Investment in Plant

Funds already expended for plant properties. Physical properties are stated at cost at date of acquisition or fair market value at date of donation for gifts. Depreciation on physical plant and equipment is not recorded. Plant Fund bonded indebtedness represented by expended proceeds is reported as a liability of the Investment in Plant fund group.

Agency Funds

Funds held by the System as custodial or fiscal agent for students, faculty members, and/or others.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash and cash equivalents.

Other Receivables

Other receivables result from various transactions not related to Student Receivables. GASB 33, Accounting and Financial Reporting for Non-Exchange Transactions, became effective at the beginning of the current fiscal year. In accordance with GASB 33, unconditional pledges for contributions are recorded as receivables and revenues. Multi-year pledges are recorded at discount present value.

Investments

The System reports investments at fair value in the balance sheet with some exceptions. Fair value is the amount at which an investment could be exchanged in a current transaction between parties, other than in a forced or liquidation sale. The exceptions are as follows: (1) Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the financial institution's credit standing or other relevant factors. (2) Money market investments and participating interest-earning investment contracts that mature within one year or less of the date of their acquisition may be reported at amortized cost, assuming that the investment is not affected by the financial institution's credit standing or other relevant factors.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard and Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard and Poors, as well as the office of the Comptroller of Public Accounts or review.

Texpool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

Memorandum Totals

The Combined Balance Sheet in columnar form, the Combined Statement of Changes in Fund Balances, and the Combined Statement of Current Funds Revenues and Expenditures show memorandum totals for only the current year since this is the first year for a System report . Interfund borrowing has not been eliminated, but has been offset in the assets and liability sections.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the notes.

Note 2: Deposits and Investments

Authorized Investments

The System is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Governmental Code) and for the Endowment Fund, the Uniform Management of Institutional Act. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivision rated no less than A by a national investments rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

Deposits of Cash in Bank

- A. At August 31, 2001, the carrying amount of -\$1,912,775.06 or Cash in Bank (including restricted assets) is presented below.
- B. The bank balance of the System has been classified according to the following risk categories:

Category 1: Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity

Category 2: Collateralized with securities held by the pledging financial institution’s trust department or agent in the governmental entity’s name

Category 3: Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity’s name).

<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
-\$1,912,775.06	-\$42,003.90	-\$42,003.90	\$0.00	\$0.00
 <u>Cash and Deposits</u>				
Bank Deposits			\$	
Demand Deposits			-1,912,775.06	
Cash and Cash Equivalents				
Petty Cash on Hand			79,692.26	
Local Funds in State Treasury			16,283,578.85	
Reimbursements in Transit			<u>1,197,369.92</u>	
			\$	
Total Cash and Deposits			<u><u>15,647,865.97</u></u>	

Investments

To comply with the reporting requirements of GASB Statement No. 3, *Investments, (including Repurchase Agreements), and Reverse Repurchase Agreements*, the System's investments are categorized in the tabulation titled "Investment Categories" to give an indication of credit risk assumed by the System at year-end.

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk which is the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement will decline. Market risk is not depicted in this note. The following category of credit risk is included:

Category 1: Investments that are insured or registered or for which the securities are held by the System or its agent in the System's name.

Category 1 Type of Security	Reported Value
	\$
U.S. Government Securities	82,903,612.92
Corporate Bonds	13,912,169.31
Municipal Bonds	10,240,985.41
Corporate Stock	13,274.70
Repurchase Agreements	4,883,172.13
Total Category 1	<u>111,953,214.47</u>
Other Investments Not Categorized:	
Certificates of Deposit	14,218.64 *
Bank One Trust Services	1,283,403.33
Texas Commercial Bank Trust Services	1,983,893.79
Money Market Mutual Funds	12,879.99
Common Fund	7,776,406.44
UTIMCO	22,924,611.07
Texpool	<u>44,904,808.27</u>
Total Investments Not Categorized	<u>78,900,221.53</u>
	\$
TOTAL INVESTMENTS	<u><u>190,853,436.00</u></u>

* In accordance with GASB Statement 31, the Reported Value of investments represents fair value with the exception noted by asterisk. The Reported Value of this investment represents cost.

Reconciliation of deposits and investments to balance sheet amounts for Cash, Temporary Investments, and Investments is as follows:

	\$
Total Cash and Deposits	15,647,865.97
Total Investments	<u>190,853,436.00</u>
Total Deposits and Investments	<u><u>206,501,301.97</u></u>
Cash and Temporary Investments (Exh. A)	65,448,726.36
Investments (Exh. A)	<u>141,052,575.61</u>
	\$
TOTAL DEPOSITS AND INVESTMENTS	<u><u>206,501,301.97</u></u>

Securities Lending

The System does not participate in any securities lending program.

Derivative Investing

Derivatives are financial instruments (securities or contracts) whose value is linked to, or “derived” from, changes in interest rates, currency rates, and stock and commodity prices. Derivatives cover a broad range of financial instruments, such as forwards, futures, options, swaps, and mortgage derivatives. These mortgage derivatives are influenced by changes in interest rates, the current economic climate, and the geographic make-up of underlying mortgage loans. There are varying degrees of risk associated with mortgage derivatives. For example, Planned Amortization Class (PACs) and Collateralized Mortgage Obligations (CMO’s) are considered a more conservative lower risk investment. In contrast, principal only and interest only strips are considered higher risk investments.

The System held investments in Collateralized Mortgage-Backed Securities during the current fiscal year in part to maximize yields and diversify the portfolio. There are no interest-only, principal-only, or inverse-floating instruments contained in the portfolio. The System’s investments in derivatives comprise approximately 1.76% of total investments as of August 31, 2001, with a carrying value and market value of \$1,977,898.62 and \$1,779,884.70 respectively.

The majority of these investments were purchased prior to fiscal year 1995. In 1995, the Texas Legislature took steps to limit state entities’ and local governments’ ability to invest in high risk derivatives by amending the Public Funds Investment Act. The System is in compliance with the Public Funds Investment Act.

Note 3: Bonds Payable

General Information

The University of North Texas Revenue Financing System was established by the Board of Regents in mid-1997. The University was the only Participant until 1999 when the University of North Texas Health Science Center became a Participant in the Revenue Financing System. Pledged Revenues of both the University and the Health Science Center constitute Pledged Revenues for all Revenue Financing System Bonds at both institutions. The Master Resolution creating the Revenue Financing System provides that once an institution becomes a Participant, all lawfully available revenues and fees attributable to that entity and pledged by the Board become part of the Pledged Revenues; provided, however, that any outstanding Prior Encumbered Obligations of the entity secured by such sources as Pledged Revenues will have the first lien and the Pledged Revenues of the Revenue Financing System will be subject and subordinate to such Prior Encumbered Obligations.

General information related to bonds outstanding is summarized below:

University of North Texas

CONSOLIDATED UNIVERSITY REVENUE REFUNDING & IMPROVEMENT BOND – CAPITAL APPRECIATION BONDS, SERIES 1985

- To provide funds sufficient to finance the expansion, renovation and equipping of certain athletic, student housing, dining services, student union and bookstore facilities and to be used, together with available funds of the University, to refund all of the Board’s outstanding bonds.
- Issued October 30, 1985
- \$1,709,903.40; all authorized bonds have been issued. These bonds accrete in value over the life of the bonds to a total of \$7,965,000.
- Source or revenue for debt service – Gross revenues of the University Building System, the General Fee (now called Designated Tuition), Pledged Student Tuition, Student Union Fee, and certain investment income

CONSOLIDATED UNIVERSITY REVENUE BONDS, SERIES 1994

- To provide funds sufficient to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for the University, and for paying costs of issuing the bonds.
- Issued February 1, 1994
- \$10,000,000; all authorized bonds have been issued.

- Source of revenue for debt service – legislative appropriation and revenues described in Series 1985 above

CONSOLIDATED UNIVERSITY REVENUE BONDS, SERIES 1996

- To provide funds sufficient to acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for the University of North Texas, and for paying costs of issuing the bonds.
- Issued February 1, 1996
- \$15,000,000; all authorized bonds have been issued.
- Source of revenue for debt service – legislative appropriation and revenue described in Series 1985 above

CONSOLIDATED UNIVERSITY REVENUE REFUNDING BONDS, SERIES 1997

- To provide funds sufficient to refund the University's outstanding Consolidated University Revenue Refunding Bonds, Series 1987.
- Issued March 15, 1997
- \$8,230,000; All authorized bonds have been issued.
- Source of revenue for debt service – same as Series 1985

University of North Texas Health Science Center

GENERAL FEE REVENUE BONDS, SERIES 1978

- To refund the \$500,000 Series 1975 General Fee Revenue Bonds and to acquire property for and on behalf of the Health Science Center
- Issued June 1, 1978
- \$1,025,000; all authorized bonds have been issued.
- Source of revenue for debt service – General Fee (now called Designated Tuition)

GENERAL TUITION REVENUE BONDS, SERIES 1994

- To acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure, and to pay costs of issuing the bonds
- Issued September 15, 1994
- \$10,000,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and revenues described in Series 1985 above

University of North Texas Revenue Financing System Bonds

REVENUE FINANCING SYSTEM BONDS, SERIES 1997

- To provide funds sufficient to finance renovations and repairs to dormitories and the University's football stadium, and for paying costs of issuing the bonds.
- Issued August 15, 1997
- \$4,380,000; all authorized bonds have been issued.
- Source of revenue – all Pledged Revenues as described in the General Information section above

REVENUE FINANCING SYSTEM BONDS, SERIES 1999

- To provide funds sufficient to finance construction of a conference facility, two major wiring projects for dormitories and other buildings at the University, to complete a patient care facility, adjoining parking lot, and facilities management building at the Health Science Center, and to pay costs of issuing the bonds.
- Issued June 15, 1999
- \$32,540,000 (University portion \$23,040,000 --\$9,500,000 Health Science Center portion); all authorized bonds have been issued
- Source of revenue – all Pledged Revenues as described in the General Information section above

REVENUE FINANCING SYSTEM BONDS, SERIES 1999A

- To provide funds sufficient to purchase property and construct a parking garage on the property at the Health Science Center, to refund a portion of Health Science Center Series 1978 and Series 1994 bonds, and to pay costs of issuing the bonds. \$6,035,000 was the par value of refunded bonds.
- Issued September 1, 1999
- \$15,535,000; all authorized bonds have been issued
- Source of revenue - all Pledged Revenues as described in the General Information section above

Bonds payable are due in annual installments varying from \$281,220 to \$2,293,065 with interest rates from 4% to 10% with the final installment due in 2019. The principal and interest expense during the next five years and beyond is summarized below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2002	5,330,000.00	3,683,611.28	9,013,611.28
2003	5,485,000.00	3,508,766.28	8,993,766.28
2004	5,700,000.00	3,328,101.28	9,028,101.28
2005	5,845,000.00	3,047,022.54	8,892,022.54
2006	3,900,000.00	2,765,426.28	6,665,426.28
beyond 5 years	<u>50,210,000.00</u>	<u>17,303,311.52</u>	<u>67,513,311.52</u>
	\$	\$	\$
TOTAL	<u>76,470,000.00</u>	<u>33,636,239.18</u>	<u>110,106,239.18</u>

Advance Refunding Bonds

In prior fiscal years the System defeased certain bond issues by placing the proceeds of new bond issues in irrevocable trusts to provide for all future debt service payments on the issues. Accordingly, the liability for the bonds is not included in the financial statements. At August 31, 2001, the principal balance outstanding for the defeased bonds is \$18,275,000 (see Consolidated Schedule D-3).

Note 4: Notes and Loans Payable

Non Applicable

Note 5: Employees' Retirement System

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the System participates is administered by the Teacher Retirement System of Texas (TRS). The contributory percentages of participant salaries currently provided by the State and by each participant are 6.0% and 6.4%, respectively, of annual compensation. The Teacher Retirement System does not separately account for each of its component government agencies, since the Retirement System itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in the Retirement System's annual financial report.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts. The contributory percentages on salaries for participants entering the program prior to September 1995 are 8.5% and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.00% from the ORP's appropriation and 2.50% from other funding sources. The 6.00% contribution is mandatory with the 2.50% being at the discretion of the board. The board has approved the additional contribution for the employees of the System. The contributory percentages on salaries for participants entering the program after August 31, 1995 are 6.00% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

Note 6: Deferred Compensation Program

System employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX.GOV'T. CODE ANN., sec. 609.001. Two plans are available for employees' deferred compensation plan. The 457 plan is administered by the Employees Retirement System, and the 403(b) plan is administered by each System component.

The State's 457 Plan complies with the Internal Revenue Code Sec. 457. GASB Statement 32, effective for financial statements for periods beginning after December 31, 1998, rescinds GASB Statement No. 2 and amends GASB Statement No. 31. GASB Statement No. 2, *Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457*, established accounting and financial reporting standards for the IRC Section 457 deferred compensation plans.

The System also provides a Tax-Deferred Compensation Plan (TDA) created in accordance with Internal Revenue Code Section 403(b). All employees are who work 20 hours per week and who are not in positions requiring student status eligible to participate. The TDA is a private plan; and the deductions, purchased investments and earning attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks, or approved non-bank trustees such as mutual fund companies. The assets of this plan do not belong to the System nor the State and thus do not have a liability related to this plan.

Note 7: Compensated Absences

Full-time state employees earn annual leave from seven to twenty hours per month depending on the respective employees' years of state employment. The State's policy is that an employee may carry his/her accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 520 for those employees with 35 or more years of state service. Employees with at least six months of state service who terminate their employment are entitled to payment for all accumulated leave up to the maximum allowed. The System recognizes the accrued liability for the unpaid annual leave in Current Funds. For the year ended August 31, 2001, the accrued liability for the System totaled \$8,388,618.07. The System made lump sum payments totaling \$750,076.75 for accrued vacation (and/or compensatory time) to employees who separated from state service during fiscal year ending August 31, 2001.

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee's estate is one-half of the employee's accumulated entitlement or 336 hours, whichever is less. The System's policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

Note 8: Pending Lawsuits and Claims

As of August 31, 2001, various lawsuits and claims involving the System were pending. While the ultimate liability with respect to litigation and other claims asserted against the System cannot be reasonably estimated at this time, such liability, to the extent not covered by insurance or otherwise, is not likely to have a material effect on the System.

Note 9: Rebtable Arbitrage

Rebtable arbitrage is defined by Internal Revenue Code Section 148 as earnings on investment purchase with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. This rebtable arbitrage must be paid to the federal government. The System is entitled to invest its bond proceeds at an unrestricted yield for various temporary periods ranging from six month to three years. This unrestricted earnings period begins on the date of delivery of the bond issue. Earnings on any fund held by the System after this must be restricted to a yield less than the yield of the System's bond issue. The amount of rebates due the federal government is determined and payable during each five-year period and upon final payment of the tax-exempt bonds. The estimated arbitrage rebate liability for the System at August 31, 2001 is \$374,329. The first arbitrage rebate installment payment on the University's Series 1996 bonds totaling \$328,519 was paid to the IRS during the current fiscal year.

Note 10: Capital Lease Obligations

Certain leases to finance the purchase of property are capitalized at the present value of future minimum lease payments. The original capitalized cost of all such property under capital lease as of August 31, 2001 is

The original capitalized cost of all such property under capital lease as of August 31, 2001 is \$456,046.47.

The following is a schedule of the future minimum lease payments for leased property and the present value of the net minimum lease payments at August 31, 2001.

<u>Description of Property</u>	<u>Original</u>
Vehicles	78,300.00
Equipment	<u>377,746.47</u>
	\$
Total Original Cost	<u><u>456,046.47</u></u>

The following is a schedule of the future minimum lease payments for leased property and the present value of the net minimum lease at August 31, 2001.

<u>Fiscal Year</u>	<u>Minimum Lease Payments</u>
	\$
2002	101,959.76
2003	84,221.25
2004	67,624.00
2005	55,887.01
2006	13,971.75
2007 and beyond	<u>0.00</u>
	\$
Subtotal	323,663.77
Less:	
Interest	<u>-38,554.70</u>
	\$
Present Value of Net Minimum Lease Payments	<u><u>285,109.07</u></u>

Note 11: Operating Lease Obligations and Rental Agreements

The System has included in current expenditures the following amounts of rent paid or due under operating leases:

<u>Fund Group</u>	<u>Year Ended August 31</u>	
	<u>2000</u>	<u>2001</u>
	\$	\$
Educational and General	563,579.86	678,077.75
Designated	423,678	273,608.95
Restricted	<u>5,045.00</u>	<u>358,826.12</u>
	\$	\$
Totals	<u><u>992,302.50</u></u>	<u><u>1,310,512.82</u></u>

Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2001 are as follows:

<u>Fiscal Year</u>	<u>Minimum Future Lease Payments</u>
	\$
2002	1,087,047.56
2003	1,043,314.88
2004	1,041,181.32
2005	1,032,993.62
2006	1,001,880.00
2007 and beyond	<u>333,960.00</u>
	\$
Total	<u><u>5,540,376.38</u></u>

Note 12: Funds Held in Trust by Others

Non Applicable

Note 13: Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Funds received, but not expended during the reporting period, are shown as additions to fund balance on Exhibit B. Revenues are recognized on Exhibit C as funds are actually expended. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit A. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit A. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g. multi-year awards or funds awarded during the current fiscal year for which monies have not been received nor funds expended totaled \$27,113,928.92. Of this amount, \$21,960,209.49 is from Federal Contract and Grant Awards, \$680,770.21 was from State Contract and Grant Awards, and \$4,472,949.22 from Private Contract and Grant Awards.

Note 14: Risk Financing and Related Insurance

All state employees are insured by the State of Texas. The System has various self-insured arrangements for coverage of local employees in the areas of workers' compensation and liability. Self-insured plans are reported in the Designated Funds under Unrestricted Current. There are no claims pending or significant nonaccrued liability, as stated in Note 8.

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other state agencies for System employees. The current General Appropriations Act provides that the System must reimburse General Revenue Fund – Consolidated, from University appropriations, one-half of the unemployment benefits and 25% of the workers' compensation benefits paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The System must reimburse the General Revenue Fund 100% of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the state treasury.

Workers' compensation and unemployment plans are on a pay-as-you-go basis through the State of Texas, with the exception of locally funded enterprises which have funds expenses and set aside based on a percentage of payroll as detailed below. This information is reported in the fund balance reserve section of the Combined Exhibit A. No material outstanding claims are pending at August 31, 2001.

Present claims liability reconciliation:

	\$
Beginning Balance	986,815.10
Current year set aside	389,190.30
Current year payments	<u>-135,341.52</u>
	\$
Ending Balance	<u>1,240,663.88</u>

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

The patient clinics, Medical Services, Research and Development Plan funds (MSRDP), at the Health Science Center have chosen not to participate in the percentage of payroll method. Individually, the clinics paid workers' compensation claims of \$18,060.11 and unemployment claims of \$16,390.23.

The Health Science Center maintains a Healthcare Providers Liability Insurance policy for its clinical operations. The limits of this policy are \$1,000,000 per occurrence with an annual aggregate of \$3,000,000. In addition, a Medical Professional Liability policy for the pharmaceutical area is held. The limit for this policy is \$2,000,000 per occurrence with an annual aggregate of \$4,000,000.

The University's Health Center has malpractice insurance with the PHICO Insurance Company for a maximum per incident limit of \$500,000 and an aggregate of \$1,500,000 with no deductible.

The University is required by certain bond covenants to carry fire and 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:

Boiler and Machinery Insurance – Limit of liability exceeds bond requirements. Carrier, United National Insurance Company;

Standard Fire and Extended Coverage (Property) – Limit of liability exceeds bond requirements. Carrier, United National Insurance Company;

Vehicle Liability and Property Damage – Limit of liability, bodily injury \$250,000/\$500,000; Property damage \$100,000, exceeds bond requirements. Carrier, United National 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 \$20,000/\$40,000 bodily injury and \$15,000 property damage. In addition, the University of North Texas has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000/500,000 bodily injury and \$100,000 property damage, the extent of the waivers of state sovereign immunity specified in the tort claims act.

A Directors, Officers and Trustees insurance reimbursement policy is maintained for employees of both the University and the Health Science Center. The policy provides for a maximum liability of \$10,000,000 with a \$100,000 deductible.

Note 15: Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provided certain health care and life insurance benefits for retired employees, in accordance with State statutes. Substantially all of the employees may become eligible for those benefits if they reach normal retirement age while working for the State. The University of North Texas participates in the ERS insurance plans. The information regarding the State's contribution, the number of eligible retirees and the cost of providing those benefits is included in the notes to the annual financial report of the ERS.

Note 16: Related Parties

The component institutions of the System are affiliated with several separate non-profit organizations that benefit and support educational and other activities of the components. The governing boards of these organizations are not

appointed by the System's governing board or administrators.

University of North Texas Foundation, Inc.

A 501(c)(3) 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's governing board. The University has no liability with regard to the Foundation's liabilities. The Foundation issued scholarships totaling \$791,144 to the University and transferred \$975,167 during the year ended August 31, 2001. The majority of endowments supporting University scholarships and other University programs are owned by the Foundation. The market value of the Foundation's endowments at August 31, 2001 was \$32,184,710.

Professional Development Institute Inc. (PDI)

A nonprofit corporation whose purpose is to provide continuing education for the business and governmental community through seminars, workshops, conferences and the establishment of ongoing programs of study designed to further professionalize certain areas of specialization within the total business and governmental community and to assist in maintaining and enhancing through financial support the University of North Texas as a leading academic institution. PDI, Inc. remitted gifts of \$23,700 which was recorded as revenue to the University during the year ended August 31, 2001. PDI maintains an agency account on the books of UNT from which incidental expenses such as postage, telephone, printing, and office supplies are paid. These expenditures totaled \$51,355.12 for the fiscal year ended August 31, 2001.

North Texas Research Institute, Inc. (NTRI)

The purposes of NTRI are to perform research, development and service activities, alone and cooperatively with other institutions, government agencies, and business organizations; to provide research facilities, expertise and services for business and government organizations; and to assist in maintaining and enhancing through financial support the University of North Texas as a leading academic institution. In fiscal year 1996, the NTRI Board adopted a resolution to deactivate, but not dissolve NTRI. In accordance with this resolution, all research projects were closed the following fiscal year. At the beginning of the current fiscal year, there was only one active NTRI project account. The lease associated with this project expired during the fiscal year. No project income was generated during the fiscal year. There were no transfers to the University during the current fiscal year. NTRI expenditures on behalf of the University totaled \$1,000 for the fiscal year ended August 31, 2001

University of North Texas Health Science Center at Fort Worth/Texas College of Osteopathic Medicine Foundation, Inc.

The UNTHSC Foundation is a non-profit organization with the sole purpose of supporting educational and other activities of the Health Science Center. The Foundation solicits donations and acts as a coordinator of gifts made by other parties. The books and accounts of the Foundation are maintained by the Health Science Center and are reported as Agency Funds in these financial statements.

The UNTHSC Foundation has been named beneficiary to the Carl Everett Charitable Remainder Trust. This trust is managed by an external party and is not included in these financial statements. Upon the death of the donor, all property belonging to the trust estate, both principal and interest will be distributed to the Foundation. The Foundation currently receives the unitrust amount which is equal to five percent of the net fair market value of the trust property determined as of the first business day of the year. The amount is paid in four equal installments.

Note 17: Reporting Entity

Not Applicable

Note 18: Interfund Borrowing

All interfund borrowing has been made from unrestricted funds and is payable within one year without interest.

Note 19: Subsequent Events

Non Applicable

Note 20: Fund Balance Restatement

Non Applicable.

Note 21: Due From/Due To Other State Agencies

Due From Other State Agencies

<u>Agency Name</u>	<u>Agency #</u>	<u>D23 Fund</u>	<u>Amount</u>	<u>Subfund</u>	<u>Source</u>
<u>To UNT Health Science Center</u>					
Univ. of Texas System	720	0810	\$ <u>1,919,206.59</u>	Designated	State
<u>To University of North Texas</u>					
Tx State Library Archives	306	0001	2,607.13	Restricted	State
Tx Workforce Commission	320	5026	25,309.74	Restricted	Federal
Tx Dept. of Human Services	324	0001	18,014.56	Restricted	Federal
Tx. Dept. of Transportation	601	5015	2,800.00	E&G	State
Tx Protective & Regulatory	530	0001	57,328.36	Restricted	Federal
Texas Education Agency	701	0148	180,434.39	Restricted	Federal
Texas Education Agency	701	0193	176,083.04	Designated	State
Tx Dept. of Health	501	0273	<u>22,917.65</u>	Restricted	Federal
Total to UNT			<u>485,494.87</u>		
			\$		
<i>Total Due from Other State Agencies</i>			<u>2,404,701.46</u>		
			(Exh. A)		

Due to Other State Agencies:

<u>Agency Name</u>	<u>Agy #</u>	<u>D23 Fund</u>	<u>Amount</u>	<u>Subfund</u>	<u>Source</u>
<u>From University of North Texas</u>					
Telecommunications Infrastructure Board	367	2345	1,195,779.82	Restricted	State
Tx. Dept. of Protective & Reg. Services	530	0001	6,254.77	Restricted	Federal
Texas Education Agency	701	0002	98,764.00	Designated	State
Texas Education Agency	701	0003	10,735.00	Designated	State
<i>Total Due to Other State Agencies</i>			<u>\$ 1,311,533.59</u>		
			(Exh. A)		

Note 22: Federal Pass-Through Grants From Other State Agencies

<u>Agency Name</u>	<u>Agy.#</u>	<u>CFDA</u>	<u>D23 Fund</u>	<u>Exb. B Amount</u>	<u>Exb. C Amount</u>	<u>Diff.</u>	<u>Subfund</u>
<u>To University of North Texas</u>				\$	\$	\$	
Tx Workforce Commission	320	94.006	5026	137,100.15	207,292.09	-70,191.94	Restricted
Tx Dept. of Human Services	324	10.559	0001	0.00	18,014.56	-18,014.56	Restricted
Tx Protective & Regulatory	530	93.590	0001	90,384.65	128,005.81	-37,621.16	Restricted
Tx Protective & Regulatory	530	93.658	0001	0.00	57,328.36	-57,328.36	Restricted
TX Dept. of Health	501	93.268	0273	152,463.71	145,905.52	6,558.19	Restricted
TX Dept. of Health	501	93.994	0273	48,285.55	49,431.76	-1,146.21	Restricted
Texas Education Agency	701	84.318	0148	19,641.51	195,958.19	-176,316.68	Restricted
Texas Education Agency	701	84.048	0148	231,429.51	308,154.65	-76,725.14	Restricted
Tx. H.E. Coordinating Bd.	781	84.281	0001	139,140.74	121,747.41	17,393.33	Restricted
Total Federal Pass-Through Grants Fr. Other State Agencies				<u>\$ 818,445.82</u>	<u>\$ 1,231,838.35</u>	<u>\$ -413,392.53</u>	

Note 23: State Pass-Through Grants from Other State Agencies

<u>Agency Name</u>	<u>Agy.#</u>	<u>D23 Fund</u>	<u>Exb. B Amount</u>	<u>Exb. C Amount</u>	<u>Diff.</u>	<u>Subfund</u>
<u>To UNT Health Science Center</u>				\$	\$	\$
CB-Family Practice Residency	781	0001	0.00	1,479,848.87	-1,479,848.87	Designated
CB-Advanced Tech. Program	781	0001	0.00	-186.11	186.11	Designated
Total to UNT HSC			<u>0.00</u>	<u>1,479,662.76</u>	<u>-1,479,662.76</u>	

To University of North Texas

<u>Agency Name</u>	<u>Agy.#</u>	<u>D23 Fund</u>	<u>Exb. B Amount</u>	<u>Exb. C Amount</u>	<u>Diff.</u>	<u>Subfund</u>	
				\$	\$	\$	
TX State Library Archives	306	0001	12,085.87	14,693.00	-2,607.13	Restricted	
TX Infrastructure Board	367	7999	2,064,017.58	868,237.76	1,195,779.82	Restricted	
Texas Education Agency	701	0193	0.00	677,134.04	-677,134.04	Designated	
State Energy Commission	907	0515	12,677.55	33,968.10	-21,290.55	Restricted	
UT Arlington	714	7999	10,000.00	10,000.00	0.00	Restricted	
CB-Performance Retention Fund	781	0001	0.00	23,385.00	-23,385.00	Restricted	
CB-Developmental Education	781	0001	0.00	90,155.00	-90,155.00	E&G	
CB-5th Year Accounting	781	0106	0.00	36,500.00	-36,500.00	E&G	
CB-Adv. Research Program	781	0001	0.00	-105,095.68	105,095.68	E&G	
CB-Adv. Technology Program	781	0001	0.00	-92,986.04	92,986.04	E&G	
CB-Tx. College Work Study	781	0001	0.00	59,651.89	-59,651.89	E&G	
CB-Texas Grants	781	0001	0.00	1,000,097.00	-1,000,097.00	E&G	
CB-Nursing & Allied Health	781	0824	0.00	199,159.00	-199,159.00	Restricted	
Total State Pass-Through Grts. Fr. Other St. Agy.				<u>\$ 2,098,781.00</u>	<u>\$ 2,814,899.07</u>	<u>\$ -716,118.07</u>	
Total State Pass-Throughs From Other State Agy's				<u>2,098,781.00</u>	<u>4,294,561.83</u>	<u>-2,195,780.83</u>	

Note 24: Interfund Receivable/Interfund Payable

Non Applicable

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UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED SCHEDULE OF CASH AND TEMPORARY INVESTMENTS
 August 31, 2001
 UNAUDITED

	Current Funds				
	Totals	Unrestricted			Restricted
		Educational and General	Designated	Auxiliary Enterprises	
\$	\$	\$	\$	\$	
Cash on Hand					
Petty Cash	79,692.26	27,363.00	15,764.26	29,115.00	2,050.00
Subtotal	<u>79,692.26</u>	<u>27,363.00</u>	<u>15,764.26</u>	<u>29,115.00</u>	<u>2,050.00</u>
Cash in Bank					
Local Funds - Demand	-2,634,375.06	-2,512,282.58	-616,298.56	52,755.11	-272,275.22
Reserve Deposit - Bank of NYC	721,600.00				
Subtotal	<u>-1,912,775.06</u>	<u>-2,512,282.58</u>	<u>-616,298.56</u>	<u>52,755.11</u>	<u>-272,275.22</u>
Cash in State Treasury					
Local Revenue Fund 0258	12,005,086.01	12,005,086.01			
Local Revenue Fund 0280	2,868,750.11	2,868,750.11			
Local Revenue Fund 0819	1,409,742.73		1,409,742.73		
Subtotal	<u>16,283,578.85</u>	<u>14,873,836.12</u>	<u>1,409,742.73</u>	<u>0.00</u>	<u>0.00</u>
Reim Due From State Treasury	<u>1,197,369.92</u>	<u>1,197,088.92</u>	<u>281.00</u>	<u>0.00</u>	<u>0.00</u>
Short Term Investments					
Flexible Repo & Money Market	4,415,005.80				
Texpool/Repo	45,385,854.59	2,718,369.62	15,227,551.19	3,830,616.15	5,565,002.51
Subtotal	<u>49,800,860.39</u>	<u>2,718,369.62</u>	<u>15,227,551.19</u>	<u>3,830,616.15</u>	<u>5,565,002.51</u>
Total Cash & Temporary Investments	<u>65,448,726.36</u>	<u>16,304,375.08</u>	<u>16,037,040.62</u>	<u>3,912,486.26</u>	<u>5,294,777.29</u>
	(Exh. A)				
Balances in Depositories:					
Ambac Capital Funding Inc.	4,402,125.81				
Bank One	-2,861,038.01				
Bank of NYC	721,600.00				
FSB - Denton - Demand & Investments	560,931.31				
State Treasury	17,480,948.77				
Texpool	44,904,808.27				
Wachovia Bank & Trust	74,579.13				
Wells Fargo	85,078.82				
Total	<u>65,369,034.10</u>				
Other Balances:					
Petty Cash	79,692.26				
Net Other Balances	<u>79,692.26</u>				
Total Depository and Other Balances	<u>65,448,726.36</u>				

Loan Funds	Endowment and Similar Funds	Plant Funds			Agency Funds
		Unexpended	Renewals and Replacements	Retirement of Indebtedness	
\$	\$	\$	\$	\$	\$
5,000.00					400.00
<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>400.00</u>
-119,410.99		999,576.53		500.00 721,600.00	-166,939.35
<u>-119,410.99</u>	<u>0.00</u>	<u>999,576.53</u>	<u>0.00</u>	<u>722,100.00</u>	<u>-166,939.35</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
2,609,341.66	2,289,985.65	4,402,125.81 4,093,495.24	509,702.19	2,542,410.92	12,879.99 5,999,379.46
<u>2,609,341.66</u>	<u>2,289,985.65</u>	<u>8,495,621.05</u>	<u>509,702.19</u>	<u>2,542,410.92</u>	<u>6,012,259.45</u>
<u>2,494,930.67</u>	<u>2,289,985.65</u>	<u>9,495,197.58</u>	<u>509,702.19</u>	<u>3,264,510.92</u>	<u>5,845,720.10</u>

UNIVERSITY OF NORTH TEXAS SYSTEM
 COMBINED SCHEDULE OF INVESTMENTS BY FUND GROUP
 August 31, 2001
 UNAUDITED

	Current Funds				
	Total	Unrestricted			Restricted
		Educational and General	Designated	Auxiliary Enterprises	
\$	\$	\$	\$	\$	
Bank of America	1,983,893.79				
Bank One Trust Services	1,283,403.33				
Common Fund	7,776,406.44				
Corporate Bonds	13,912,169.31	1,486,672.59	4,130,079.42	2,009,981.75	1,624,937.49
Corporate Stock - Common	13,274.70				
Long Term Certificates of Dep.	14,218.64				
Municipal Bonds	10,240,985.41	1,094,365.08	3,040,221.99	1,479,581.89	1,196,144.24
Mutual Funds					
SBA's	166,317.27	17,772.88	49,374.29	24,028.94	19,425.81
U.S. Government and Agency Sec.	82,737,295.65	8,651,214.69	24,603,592.71	11,726,800.62	9,962,539.73
UTIMCO	22,924,611.07				
Total	141,052,575.61	11,250,025.24	31,823,268.41	15,240,393.20	12,803,047.27
	(Exh A)				

Note: All investments are recorded at cost or market value at date of donation.

Loan Funds	Endowment and Similar Funds	Plant Funds			Agency Funds
		Unexpended	Renewals and Replacements	Retirement of Indebtedness	
\$	\$	\$	\$	\$	\$
					1,983,893.79
					1,283,403.33
413,738.91	7,776,406.44 175,629.23	296,760.62	278,755.42	1,084,391.70	2,411,222.18
					13,274.70
					14,218.64
304,560.28	129,283.67	218,450.56	205,196.63	798,239.25	1,774,941.82
4,946.17	2,099.61	3,547.72	3,332.47	12,963.69	28,825.69
2,769,596.17	1,022,018.01 22,924,611.07	1,726,903.33	1,622,127.85	6,310,270.00	14,342,232.54
<u>3,492,841.53</u>	<u>32,030,048.03</u>	<u>2,245,662.23</u>	<u>2,109,412.37</u>	<u>8,205,864.64</u>	<u>21,852,012.69</u>

UNIVERSITY OF NORTH TEXAS SYSTEM
 COMBINED SCHEDULE OF CURRENT FUNDS REVENUES
 Year Ended August 31, 2001
 UNAUDITED

	UNRESTRICTED					
	General	Designated	Auxiliary Enterprises	Unrestricted Total	Restricted	Total
	\$	\$	\$	\$	\$	\$
TUITION AND FEES						
Tuition	36,150,523.84			36,150,523.84		36,150,523.84
EHSG, AFDC, & License Plate	63,249.69			63,249.69		63,249.69
Graduate Tuition	2,245,149.82			2,245,149.82		2,245,149.82
Designated Tuition		24,261,289.36		24,261,289.36		24,261,289.36
Other Fees	8,946.00	20,621,988.77	56,814.86	20,687,749.63		20,687,749.63
Student Service Fees		161,119.29	6,290,014.27	6,451,133.56		6,451,133.56
Student Union Fee			2,343,008.80	2,343,008.80		2,343,008.80
Student Medical Service Fees			1,517,926.34	1,517,926.34		1,517,926.34
Laboratory	154,861.66			154,861.66		154,861.66
Music	153,478.00			153,478.00		153,478.00
Remissions and Exemptions						
Highest Ranking High School Graduate	25,536.00			25,536.00		25,536.00
Veterans, Dependents, Etc.	276,752.92			276,752.92		276,752.92
Stdnts from Other Nations/Amer. Hemisph	95,466.00			95,466.00		95,466.00
Children of Disabled Peace Officers	19,437.33			19,437.33		19,437.33
Blind and Deaf Students	162,779.98			162,779.98		162,779.98
Statutory Waiver of Non-Resident Status	7,548,484.00			7,548,484.00		7,548,484.00
Graduate Final Hours	2,160.00			2,160.00		2,160.00
Senior Citizens Auditing a Course	7,662.50			7,662.50		7,662.50
Shared-Institutional Enrollment	360.00			360.00		360.00
Individuals in Foster Care	30,923.75			30,923.75		30,923.75
Total Tuition and Fees	46,945,771.49	45,044,397.42	10,207,764.27	102,197,933.18	0.00	102,197,933.18
STATE APPROPRIATION						
General Revenue	150,019,308.84			150,019,308.84		150,019,308.84
Higher Educ Assistance Funds	21,661,033.00			21,661,033.00		21,661,033.00
Total State Appropriations	171,680,341.84	0.00	0.00	171,680,341.84	0.00	171,680,341.84
FEDERAL GRANTS AND CONTRACTS						
Research				0.00	11,318,473.47	11,318,473.47
Other Programs				0.00	12,770,536.54	12,770,536.54
Recovery of Indirect Costs	1,142,453.19	1,168,567.85		2,311,021.04		2,311,021.04
Total Federal Grants and Contracts	1,142,453.19	1,168,567.85	0.00	2,311,021.04	24,089,010.01	26,400,031.05
FEDERAL PASS-THROUGH GRANTS						
Research				0.00	856,738.29	856,738.29
Other Programs				0.00	375,100.06	375,100.06
Recovery of Indirect Costs				0.00		0.00
Total Fed Pass-Through Grants	0.00	0.00	0.00	0.00	1,231,838.35	1,231,838.35
STATE GRANTS AND CONTRACTS						
Research				0.00	766,876.59	766,876.59
Other Programs		981,767.00		981,767.00	744,621.88	1,726,388.88
Recovery of Indirect Costs		56,227.13		56,227.13		56,227.13
Total State Grants and Contracts	0.00	1,037,994.13	0.00	1,037,994.13	1,511,498.47	2,549,492.60
STATE PASS-THROUGH GRANTS						
Research	-198,081.72			-198,081.72	1,149,442.86	951,361.14
Other Programs	1,186,217.78	1,479,848.87		2,666,066.65		2,666,066.65
TAMS - Texas Educ Agency		677,134.04		677,134.04		677,134.04
Total State Pass-Through Grants	988,136.06	2,156,982.91	0.00	3,145,118.97	1,149,442.86	4,294,561.83
PRIVATE GIFTS, GRANTS AND CONTRACTS						
Research				0.00	4,555,572.10	4,555,572.10
Other Programs		48,291.09		48,291.09	8,009,675.83	8,057,966.92
Recovery of Indirect Costs	270,107.70	386,130.42		656,238.12		656,238.12
Gifts		6,508,104.70	24,899.14	6,533,003.84	3,363,240.57	9,896,244.41
Other				0.00		0.00
Total Private Gifts, Grants and Contracts	270,107.70	6,942,526.21	24,899.14	7,237,533.05	15,928,488.50	23,166,021.55

UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED SCHEDULE OF CURRENT FUNDS REVENUES
Year Ended August 31, 2001
UNAUDITED

	UNRESTRICTED					
	General	Designated	Auxiliary Enterprises	Unrestricted Total	Restricted	Total
	\$	\$	\$	\$	\$	\$
ENDOWMENT INCOME		2,462,999.91	0.00	2,462,999.91	360,591.93	2,823,591.84
SALES & SVCS OF EDUC ACTIVITIES	2,011,077.19	7,072,436.37	0.00	9,083,513.56		9,083,513.56
SALES & SVCS OF AUX ENTERPRISES			26,576,310.64	26,576,310.64		26,576,310.64
SALES & SVCS OF SVC DEPT	555,789.32		0.00	555,789.32		555,789.32
PROFESSIONAL FEES		29,857,951.84	0.00	29,857,951.84		29,857,951.84
OTHER SOURCES						
Cash Over/Short	-26.71			-26.71		-26.71
Commission	2,516.70			2,516.70		2,516.70
Interest Income	2,391,160.38	3,276,400.48	1,102,154.29	6,769,715.15	107,562.20	6,877,277.35
Investment Income	109,117.47	503,514.07	3,075.83	615,707.37		615,707.37
Miscellaneous	146.45	1,966.25		2,112.70		2,112.70
Net Inc/-Dec in Fair Value of Inv.	559,696.12	1,900,795.03	681,857.69	3,142,348.84	449,402.07	3,591,750.91
Other	1,037.43			1,037.43		1,037.43
Property Rental	475.00		77,893.96	78,368.96		78,368.96
Sale of Discarded Equipment	27,614.79			27,614.79		27,614.79
V.A. Handling Fees	3,899.00			3,899.00		3,899.00
Total Other Sources	3,095,636.63	5,682,675.83	1,864,981.77	10,643,294.23	556,964.27	11,200,258.50
Total Current Funds Rev (Exh.C)	226,689,313.42	101,426,532.47	38,673,955.82	366,789,801.71	44,827,834.39	411,617,636.10

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UNIVERSITY OF NORTH TEXAS SYSTEM

COMBINED SCHEDULE OF CURRENT FUNDS EXPENDITURES BY OBJECT

For the Year Ended August 31, 2001

UNAUDITED

	SALARIES AND WAGES	OTHER EXPENSES	CAPITAL OUTLAY	TOTAL
	\$	\$	\$	\$
EDUCATIONAL and GENERAL				
Instruction	88,893,304.67	23,256,901.10	1,344,105.95	113,494,311.72
Research	2,392,247.61	1,271,233.72	954,504.09	4,617,985.42
Public Service	701,588.85	108,258.47	2,324.00	812,171.32
Academic Support	17,610,185.96	6,075,441.14	4,722,473.78	28,408,100.88
Student Services	4,976,127.17	2,412,799.24	215,310.00	7,604,236.41
Institutional Support	15,243,400.53	12,264,683.68	3,145,184.68	30,653,268.89
Operation and Maintenance of Plant	7,074,782.05	11,821,657.47	367,038.48	19,263,478.00
Scholarships and Fellowships	59,651.89	9,396,009.10	0.00	9,455,660.99
Total Educational and General	136,951,288.73	66,606,983.92	10,750,940.98	214,309,213.63
DESIGNATED				
Instruction	5,925,857.45	10,996,980.60	598,774.67	17,521,612.72
Research	468,902.67	1,393,816.76	105,632.70	1,968,352.13
Public Service	367,992.73	850,233.95	21,565.70	1,239,792.38
Academic Support	17,492,280.62	22,451,962.07	3,478,739.42	43,422,982.11
Student Services	1,011,600.47	4,296,857.49	95,229.29	5,403,687.25
Institutional Support	1,183,075.36	5,315,964.61	130,416.10	6,629,456.07
Operation and Maintenance of Plant	0.00	205,551.17	0.00	205,551.17
Scholarships and Fellowships	0.00	5,715,644.53	0.00	5,715,644.53
Total Designated	26,449,709.30	51,227,011.18	4,430,357.88	82,107,078.36
AUXILIARY ENTERPRISES				
Auxiliary Enterprises	15,235,257.36	22,472,398.28	487,819.60	38,195,475.24
Total Auxiliary Enterprises	15,235,257.36	22,472,398.28	487,819.60	38,195,475.24
RESTRICTED				
Instruction	1,177,437.02	1,800,135.53	56,627.36	3,034,199.91
Research	9,548,222.02	8,120,475.50	978,405.79	18,647,103.31
Public Service	1,571,051.85	3,088,573.95	48,925.40	4,708,551.20
Academic Support	210,997.76	662,547.19	109,831.43	983,376.38
Student Services	873,153.28	371,920.45	1,372.33	1,246,446.06
Institutional Support	82,695.08	20,559.12	0.00	103,254.20
Operation and Maintenance of Plant	0.00	14,718.87	205,718.50	220,437.37
Scholarships and Fellowships	172,306.86	14,145,744.85	4,479.00	14,322,530.71
Total Restricted	13,635,863.87	28,224,675.46	1,405,359.81	43,265,899.14
Total Current Fund Exp (Exh. C)	192,272,119.26	168,531,068.84	17,074,478.27	377,877,666.37

UNIVERSITY OF NORTH TEXAS SYSTEM

COMBINED SCHEDULE OF BONDS PAYABLE AND DEBT SERVICE REQUIREMENTS

Outstanding at August 31, 2001

UNAUDITED

(a) Miscellaneous Bond Information

DESCRIPTION	Bonds Issued to Date	Range of Interest Rates	Maturities	
			First	Last
			Year	Year
UNTHSC Gen Fee Rev Bonds, Ser '78	\$1,025,000.00	6.50% - 6.50%	1979	2003
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	30,729,015.52	6.25% - 10.00%	1987	2003
UNT Cons Univ Rev Bonds, Ser '94	10,000,000.00	4.00% - 7.00%	1995	2014
UNTHSC Gen Tuition Rev Bonds, Ser '94	10,000,000.00	5.30% - 8.25%	1995	2014
UNT Cons Univ Rev Bonds, Ser '96	15,000,000.00	4.30% - 7.30%	1996	2015
UNT Cons Univ Rev Ref Bonds, Ser '97	8,230,000.00	3.70% - 4.85%	1998	2005
Rev Financing System Bonds, Ser '97	4,380,000.00	4.50% - 6.00%	1998	2007
Rev Fin System Bonds, Ser '99	32,540,000.00	4.25% - 5.40%	1999	2019
Rev Fin Ref & Imp Bonds, Ser '99 - A	15,535,000.00	5.00% - 5.75%	2000	2019
Total	127,439,015.52			

(b) Changes in Bonded Indebtedness

DESCRIPTION	Bonds	Bonds	Bonds	Bonds
	Outstanding 09/01/00	Issued	Matured	Refunded or Extinguished
UNTHSC Gen Fee Rev Bonds, Ser '78	\$70,000.00	\$	\$70,000.00	\$
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	5,102,244.24	446,771.28	2,000,000.00	
UNT Cons Univ Rev Bonds, Ser '94	8,145,000.00		400,000.00	
UNTHSC Gen Tuition Rev Bonds, Ser '94	2,695,000.00		385,000.00	
UNT Cons Univ Rev Bonds, Ser '96	12,040,000.00		545,000.00	
UNT Cons Univ Rev Ref Bonds, Ser '97	4,455,000.00		70,000.00	
Rev Financing System Bonds, Ser '97	3,235,000.00		395,000.00	
Rev Fin System Bonds, Ser '99	30,020,000.00		960,000.00	
Rev Fin Ref & Imp Bonds, Ser '99 - A	14,970,000.00		290,000.00	
Total	80,732,244.24	446,771.28	5,115,000.00	0.00

(c) Debt Service Requirements

DESCRIPTION	Year Ending August 31			
	2002	2003	2004	2005
UNTHSC Gen Fee Rev Bonds, Ser '78	\$0.00	\$0.00	\$0.00	\$0.00
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85 (B)	1,980,000.00	1,975,000.00	0.00	0.00
UNT Cons Univ Rev Bonds, Ser '94	808,180.00	798,430.00	792,280.00	784,380.00
UNTHSC Gen Tuition Rev Bonds, Ser '94	542,678.76	540,683.76	542,193.76	541,893.76
UNT Cons Univ Rev Bonds, Ser '96	1,136,065.00	1,132,140.00	1,141,125.00	1,142,965.00
UNT Cons Univ Rev Ref Bonds, Ser '97	285,275.00	286,825.00	2,293,065.00	2,243,790.00
Rev Financing System Bonds, Ser '97	551,467.50	557,792.50	551,392.50	555,692.50
Rev Fin System Bonds, Ser '99	2,538,532.52	2,531,732.52	2,538,132.52	2,535,638.78
Rev Fin Ref & Imp Bonds, Ser '99 - A	1,171,412.50	1,171,162.50	1,169,912.50	1,087,662.50
Total	9,013,611.28	8,993,766.28	9,028,101.28	8,892,022.54

Schedule D-1

First Call Date
12/01/88
04/15/95
04/15/04
06/15/04
04/15/06
-
04/15/03
04/15/09
04/15/09

Bonds Outstanding 08/31/01
\$0.00
3,549,015.52
7,745,000.00
2,310,000.00
11,495,000.00
4,385,000.00
2,840,000.00
29,060,000.00
14,680,000.00
76,064,015.52

2006	All Other Years	Total Requirements
\$0.00	\$0.00	\$0.00
0.00	0.00	3,955,000.00
791,610.00	6,496,150.00	10,471,030.00
544,612.50	0.00	2,712,062.54
1,147,815.00	10,511,935.00	16,212,045.00
0.00	0.00	5,108,955.00
558,625.00	554,910.00	3,329,880.00
2,534,351.28	32,969,522.74	45,647,910.36
1,088,412.50	16,980,793.78	22,669,356.28
6,665,426.28	67,513,311.52	110,106,239.18

UNIVERSITY OF NORTH TEXAS SYSTEM

COMBINED SCHEDULE OF ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE FOR REVENUE BONDS OUTSTANDING
For the Year Ended August 31, 2001
UNAUDITED

DESCRIPTION	PLEGGED AND OTHER SOURCES & RELATED EXPENDITURES FOR FISCAL YEAR 2001							A
	OPERATING REVENUES	INTEREST EARNED ON PLEDGED SOURCES*	OTHER PLEDGED SOURCES*	(a) TOTAL PLEDGED SOURCES*	(b) OTHER SOURCES	(c) OPERATING EXPENSES	(d) CAPITAL OUTLAY	
	\$	\$	\$	\$	\$	\$	\$	
UNTHSC Gen Fee Rev Bonds, Ser '78	0.00	24,042.26	113,030.22	137,072.48	0.00	700.00	0.00	
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B), Cons Univ Rev Bonds, Ser '94 & '96, and Cons Univ Rev Ref Bonds, Ser '97	25,277,264.01	3,504,007.79	24,625,721.67	53,406,993.47	1,958,230.00	21,917,457.25	146,147.70	
UNTHSC Gen Tuit Rev Bonds, Ser '94	0.00	0.00	3,832,749.06	3,832,749.06	534,623.74	0.00	0.00	
Rev Fin Sys Bonds, Ser '97, Ser '99, & Ser '99 - A	0.00	0.00	30,190,143.22	30,190,143.22	3,321,173.36	1,200.00	0.00	
Total	25,277,264.01	3,528,050.05	58,761,644.17	87,566,958.23	5,814,027.10	21,919,357.25	146,147.70	

* See Note 3 in Notes to the Combined Financial Statements for more information concerning Pledged Revenues.

** Basis for calculation of reserve is market value as of August 31, 2001 per bond resolution.

(a + b - c - d) NET AVAILABLE FOR DEBT SERVICE	RESTRICTED ACCOUNT BALANCES AT AUGUST 31, 2001							
	DEBT SERVICE		REFUNDED OR EXTINGUISHED	INTEREST & SINKING FUND		BOND RESERVE FUND		
	PRINCIPAL	INTEREST		MINIMUM REQUIRED	ACTUAL BALANCE	MINIMUM REQUIRED**	ACTUAL BALANCE	
\$	\$	\$	\$	\$	\$	\$	\$	
136,372.48	70,000.00	2,275.00	0.00	N/A	N/A	85,000.00	498,950.18	
33,301,618.52	3,015,000.00	1,225,455.00	0.00	N/A	N/A	2,553,359.29	2,553,359.29	
4,367,372.80	385,000.00	149,623.74	0.00	N/A	N/A	N/A	N/A	
33,510,116.58	1,645,000.00	2,474,487.54	0.00	N/A	N/A	N/A	N/A	
<u>71,315,480.38</u>	<u>5,115,000.00</u>	<u>3,851,841.28</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,638,359.29</u>	<u>3,052,309.47</u>	

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UNIVERSITY OF NORTH TEXAS SYSTEM
COMBINED SCHEDULE OF DEFEASED BONDS OUTSTANDING
Outstanding at August 31, 2001
UNAUDITED

Description of Issues	Year Refunded	Par Value Outstanding
		\$
UNT Student General Fee Building Bonds, Series 1973	1985	2,910,000.00
UNT Combined Fee Revenue Refunding Bonds, Series 1978	1985	5,535,000.00
UNT Consolidated University Revenue Refunding Bonds, Series 1987	1997	4,375,000.00
UNTHSC General Tuition Revenue Bonds, Series 1994	1999	5,455,000.00
Total Defeased Bonds Outstanding		18,275,000.00

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UNIVERSITY OF NORTH TEXAS SYSTEM
 COMBINED SCHEDULE OF HIGHER EDUCATION ASSISTANCE FUNDS
 For the Year Ended August 31, 2001
 UNAUDITED

	CURRENT FUNDS	PLANT FUNDS		TOTAL
	Educational and General	Unexpended	Renewals & Replacements	
	\$	\$	\$	\$
Balances - September 1, 2000	14,847,400.46	769,414.95	12,999,978.12	28,616,793.53
REVENUES				
Appropriations	21,661,033.00			21,661,033.00
Receipts	12,557.00	4,833.97	941,756.89	959,147.86
Total Revenues	<u>21,673,590.00</u>	<u>4,833.97</u>	<u>941,756.89</u>	<u>22,620,180.86</u>
EXPENDITURES				
Salaries and Wages	81,071.18	216,386.94		297,458.12
Operating Expense				
General Operating Expenses	1,507,318.39	98,632.40	689,484.17	2,295,434.96
Architectural/Engineering Svcs			285,914.79	285,914.79
Maintenance & Repair - Bldgs	75,360.99		628,098.07	703,459.06
Computer Supplies/Software	1,338,185.62			1,338,185.62
Rental of Computer Software	190,712.95			190,712.95
Capital Outlay				
Land		1,650,601.10		1,650,601.10
Buildings	168,625.19	139,212.61	4,840,133.02	5,147,970.82
Improvements Other Than Buildings			115,608.45	115,608.45
Equipment	4,737,406.71		244,316.78	4,981,723.49
Library Books	4,145,872.15			4,145,872.15
Construction in Progress				0.00
Total Expenditures	<u>12,244,553.18</u>	<u>2,104,833.05</u>	<u>6,803,555.28</u>	<u>21,152,941.51</u>
TRANSFERS				
Mandatory Transfers				0.00
Non-mandatory Transfers	-13,359,688.77	2,273,074.78	11,151,048.96	64,434.97
Total Transfers	<u>-13,359,688.77</u>	<u>2,273,074.78</u>	<u>11,151,048.96</u>	<u>64,434.97</u>
Balances - August 31, 2001	<u>10,916,748.51</u>	<u>942,490.65</u>	<u>18,289,228.69</u>	<u>30,148,467.85</u>
BALANCES CONSIST OF:				
Allocated for HEAF Projects	188,671.82	107,534.83	1,072,833.37	1,369,040.02
Encumbrances and Inventories	2,078,217.92	760,352.21	15,687,150.74	18,525,720.87
Unencumbered	8,649,858.77	74,603.61	1,529,244.58	10,253,706.96
Total Balances - August 31, 2001	<u>10,916,748.51</u>	<u>942,490.65</u>	<u>18,289,228.69</u>	<u>30,148,467.85</u>