

**FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM  
ADMINISTRATION**

**DENTON, TEXAS**

**Lee Jackson, Chancellor**

**For the year ended August 31, 2003**

## TABLE OF CONTENTS

Letter of Transmittal .....	1
Organizational Data .....	3
Statements	
Statement of Net Assets .....	4-5
Statement of Revenues, Expenses and Changes in Net Assets .....	6-9
Statement of Cash Flows.....	10-11
Schedules	
3 Reconciliation of Cash in State Treasury .....	13

November 20, 2003

Lee Jackson  
Chancellor  
University of North Texas  
Denton, Texas

Dear Mr. Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2003, 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 significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with GAAP. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Ginny Anderson, at (940) 565-3231. Marsha Pettit may be contacted at (940) 565-3231 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Phillip C. Diebel  
Vice Chancellor for Finance

**THIS PAGE LEFT BLANK INTENTIONALLY**

# UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

## ORGANIZATIONAL DATA

August 31, 2003

### 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

Charles Beatty ..... (Term expires 5-22-05) ..... Dallas  
C. Dan Smith ..... (Term expires 5-22-05) ..... Plano  
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

Lee Jackson ..... Chancellor  
Phillip C. Diebel ..... Vice Chancellor for Finance  
Virginia E. Anderson ..... System Controller

\* Members of the Board of Regents whose terms have expired continue to serve until their replacements are appointed by the Governor; or if they are reappointed, they will serve an additional six-year term.

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Net Assets**  
**August 31, 2003**

	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ -	\$ -
Cash in Bank	97,974.30	203,885.63
Reimbursement Due From Treasury	6,857.75	7,781.09
Cash in State Treasury	-	
Cash Equivalents	-	
Short Term Investments		
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	
Cash in Bank	-	
Cash in State Treasury	-	
Cash Equivalents	-	
Short Term Investments	-	
Legislative Appropriations	369,861.85	714,404.46
Receivables from:		
Federal	-	
Other Intergovernmental	-	
Interest and Dividends	-	
Accounts Receivable	-	
Gifts	-	
Other Receivables	-	
Due From Other Agencies	-	
Due From Other Components	2,003,953.90	186,827.66
Consumable Inventories	-	
Merchandise Inventories	-	
Loans and Contracts	-	
Other Current Assets	-	
Total Current Assets	2,478,647.80	1,112,898.84
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents		
Cash on Hand		
Cash in Bank	-	
Cash in State Treasury	-	
Cash Equivalents	-	
Investments	-	
Loans and Contracts	-	
Investments	-	
Gift Receivables	-	
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	-	
Construction in Progress	-	
Other Capital Assets	-	
Depreciable:		
Buildings and Building Improvements	-	
Less Accumulated Depreciation	-	
Infrastructure	-	
Less Accumulated Depreciation	-	
Facilities and Other Improvements	-	
Less Accumulated Depreciation	-	
Furniture and Equipment	4,984,399.52	2,715,523.00
Less Accumulated Depreciation	(643,117.92)	(75,431.20)
Vehicles, Boats and Aircraft	-	
Less Accumulated Depreciation	-	

	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
Other Capital Assets	-	-
Less Accumulated Depreciation	-	-
Other Non-current Assets	-	-
<b>Total Non-Current Assets</b>	<b>4,341,281.60</b>	<b>2,640,091.80</b>
<b>Total Assets</b>	<b>6,819,929.40</b>	<b>3,752,990.64</b>
<b>LIABILITIES</b>		
Current Liabilities		
Payables From:		
Accounts Payable	188,737.56	7,047.00
Payroll Payable	204,985.61	216,572.66
Other Payables	-	-
Due to Other Agencies	-	-
Due to Other Components	1,620,478.08	53,153.37
Deferred Revenues	-	-
Notes and Loans Payable	-	-
Revenue Bonds Payable	-	-
Employees Compensable Leave	10,408.97	11,926.83
Capital Lease Obligations	-	-
Liabilities Payable from Restricted Assets	-	-
Funds Held for Others	-	-
Other Current Liabilities	-	-
<b>Total Current Liabilities</b>	<b>2,024,610.22</b>	<b>288,699.86</b>
Non-Current Liabilities		
Notes and Loans Payable	-	-
Revenue Bonds Payable	-	-
Employee's Compensable Leave	197,770.46	186,853.75
Capital Lease Obligations	-	-
Funds Held for Others	-	-
Other Non-Current Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<b>197,770.46</b>	<b>186,853.75</b>
<b>Total Liabilities</b>	<b>2,222,380.68</b>	<b>475,553.61</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	4,341,281.60	2,640,091.80
Restricted for:		
Debt Retirement	-	-
Capital Projects	-	-
Employee Benefit	-	-
Funds Held as Permanent Investments		
Nonexpendable	-	-
Expendable	-	-
Other Restricted	-	-
Unrestricted	256,267.12	637,345.23
<b>Total Net Assets</b>	<b>4,597,548.72</b>	<b>3,277,437.03</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,819,929.40</b>	<b>\$ 3,752,990.64</b>

\* Some of the 2002 prior fiscal year amounts above have been changed from those reported last year in the published financial statements in an effort to provide more comparative information between the current and prior fiscal years. These changes were made due to formatting changes for the 2003 fiscal year report mandated by the State Comptroller and affected only the numbers within subcategories of major sections of the financial statements. The fiscal year 2002 totals for each major section of the financial statements did not change from amounts reported last year.

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2003**

	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
<b>OPERATING REVENUES</b>		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ -	\$ -
Tuition and Fees - Pledged	-	-
Discounts and Allowances	-	-
Professional Fees - Non-Pledged	-	-
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	-	-
Auxiliary Enterprises - Pledged	-	-
Discounts and Allowances	-	-
Other Sales of Goods and Services - Non-Pledged	-	-
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	-	-
Federal Pass Through Revenue	-	-
State Grant Revenue	-	-
State Grant Pass Through Revenue	-	-
Other Grants and Contracts - Operating	-	-
Other Operating Revenues	-	-
Total Operating Revenues	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES (1)</b>		
Instruction	-	-
Research	-	-
Public Service	-	-
Academic Support	-	-
Student Services	-	-
Institutional Support	4,471,554.46	6,823,622.13
Operations and Maintenance of Plant	-	-
Scholarships and Fellowships	-	-
Auxiliary Enterprises	-	-
Depreciation	567,686.72	75,431.20
Total Operating Expenses	<u>5,039,241.18</u>	<u>6,899,053.33</u>
Operating Income (Loss)	<u>(5,039,241.18)</u>	<u>(6,899,053.33)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations (GR)	93,000.00	100,000.00
Additional Appropriations (GR)	405,960.24	367,694.97
State Grant Pass Through Revenue	-	-
Gifts	-	-
Investment Income	-	-
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	-	-
Borrower Rebates and Agent Fees	-	-
Gain /(Loss) on Sale of Capital Assets	-	-
Net Increase (Decrease) in Fair Value of Investment:	-	-
Settlement of Claims	-	-
Other Nonoperating Revenues - Non-Pledged	-	-
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	-	-
Total Nonoperating Revenues/(Expenses)	<u>498,960.24</u>	<u>467,694.97</u>



	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(4,540,280.94)	(6,431,358.36)
<b>OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS</b>		
Capital Contributions	-	
Capital Appropriations - HEAF (GR)	-	
Additions to Permanent and Term Endowments	-	
Special Items	-	
Extraordinary Items	-	
Transfers-In	5,860,392.63	9,708,795.39
Transfers-Out	-	
Legislative Transfers-In	-	
Legislative Transfers-Out	-	
Total Other Revenue, Expenses, Gain/Losses and Transfers	5,860,392.63	9,708,795.39
<b>CHANGE IN NET ASSETS</b>	1,320,111.69	3,277,437.03
Net Assets, Beginning	3,277,437.03	-
Restatements	-	-
Net Assets, Beginning, as Restated	3,277,437.03	
<b>NET ASSETS, ENDING</b>	<b>\$ 4,597,548.72</b>	<b>\$ 3,277,437.03</b>

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

\* Some of the 2002 prior fiscal year amounts above have been changed from those reported last year in the published financial statements in an effort to provide more comparative information between the current and prior fiscal years. These changes were made due to formatting changes for the 2003 fiscal year report mandated by the State Comptroller and affected only the numbers within subcategories of major sections of the financial statements. The fiscal year 2002 totals for each major section of the financial statements did not change from amounts reported last year.

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Note 1: Matrix of Operating Expenses Reported by Function

August 31, 2003

Operating Expenses	Instruction	Research	Public Service	Academic Support
Cost of Goods Sold	\$	-	\$	-
Salaries and Wages				
Payroll Related Costs				
Professional Fees and Services				
Federal Pass-through Expenses				
State Pass-through Expenses				
Travel				
Materials and Supplies				
Communications and Utilities				
Repairs and Maintenance				
Rentals and Leases				
Printing and Reproduction				
Depreciation				
Bad Debt Expense				
Interest				
Scholarships				
Claims and Losses				
Other Operating Expenses				
<b>Total Operating Expenses</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

	<b>Student Services</b>	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarships and Fellowships</b>	<b>Auxillary Enterprises</b>	<b>Depreciation</b>	<b>Total Expenditures</b>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		2,369,462.86					2,369,462.86
		422,996.20					422,996.20
		974.50					974.50
		-					-
		-					-
		44,971.93					44,971.93
		45,029.61					45,029.61
		78,187.62					78,187.62
		33,522.29					33,522.29
		12,315.32					12,315.32
		8,352.16					8,352.16
		-				567,686.72	567,686.72
		-					-
		4.88					4.88
		-					-
		-					-
		1,455,737.09					1,455,737.09
<hr/>							
\$	-	\$ 4,471,554.46	\$ -	\$ -	\$ -	\$ 567,686.72	\$ 5,039,241.18

## Unaudited

### UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

#### Statement of Cash Flows

For the Fiscal Year Ended August 31, 2003

	Current Year 2003	Prior Year 2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from Tuition and Fees	\$ -	\$ -
Proceeds Received from Customers	-	
Proceeds from Sponsored Projects		
Proceeds from Loan Programs	-	
Proceeds from Auxiliaries		
Proceeds from Other Revenues	-	
Payments to Suppliers for Goods and Services	(1,651,256.76)	(4,098,211.05)
Payments to Employees for Salaries and Benefits	(2,832,882.99)	(2,088,727.49)
Payments for Loans Provided	-	
Payments for Other Expenses	9,398.85	(214,283.36)
Net Cash Provided (Used) by Operating Activities	(4,474,740.90)	(6,401,221.90)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations	498,960.24	467,694.97
Proceeds from Debt Issuance	-	
Proceeds from Gifts		
Proceeds from Endowments		
Proceeds of Transfers from Other Funds		9,575,121.11
Proceeds of Transfers from Other Components	2,469,031.50	
Proceeds from Other Revenues	-	
Proceeds from Contributed Capital	-	
Payments of Principal on Debt Issuance	-	
Payments of Interest	-	
Payments of other Costs of Debt Issuance	-	
Payments for Transfers to Other Funds	-	
Payments for Transfers to Other Components	1,555,371.78	
Payments for Other Uses	-	
Net Cash Provided (Used) by Noncapital Financing Activities	4,523,363.52	10,042,816.08
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations - HEAF	-	
Proceeds from Disposal of Capital Assets	-	
Proceeds from Debt Issuance	-	
Proceeds from Capital Contributions	-	
Proceeds of Transfers from Other Components - HEAF	496,744.20	
Payments for Additions to Fixed Assets	(996,744.10)	(2,715,523.00)
Payments of Principal on Debt Issuance	-	
Payments of Interest on Debt Issuance	-	
Payments of Other Costs of Debt Issuance	-	
Payments for Transfers to Other Components - HEAF		
Net Cash Provided (Used) by Capital and Related Financing Activities	(499,999.90)	(2,715,523.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	-	
Proceeds from Interest Income	-	
Proceeds from Principal Payments on Loans	-	
Payments to Acquire Investments	-	
Net Cash Provided (Used) by Investing Activities	0.00	0.00
Net Increase (Decrease) in Cash and Cash Equivalents	(451,377.28)	926,071.18
Cash and Cash Equivalents --September 1, 2002	926,071.18	0.00
Restatements to Beginning Cash and Cash Equivalents	0.00	0.00
Cash and Cash Equivalents --August 31, 2003	\$ 474,693.90	\$ 926,071.18

	<u>Current Year 2003</u>	<u>Prior Year 2002</u>
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 104,832.05	\$ 211,666.72
Restricted Cash and Cash Equivalents (Statement of Net Assets)	-	-
Legislative Appropriations (Statement of Net Assets)	<u>369,861.85</u>	<u>714,404.46</u>
	<u>474,693.90</u>	<u>926,071.18</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ (5,039,241.18)	\$ (6,899,053.33)
Amortization and Depreciation	567,686.72	75,431.20
Bad Debt Expense	-	-
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	-	-
(Increase) Decrease in Inventories	-	-
(Increase) Decrease in Loans & Contracts	-	-
(Increase) Decrease in Other Assets	-	-
(Increase) Decrease in Prepaid Expenses	-	-
Increase (Decrease) in Payables	(12,585.29)	422,400.23
Increase (Decrease) in Due to Other Funds	-	-
Increase (Decrease) in Deferred Income	-	-
Increase (Decrease) in Other Liabilities	9,398.85	-
Total Adjustments	<u>564,500.28</u>	<u>497,831.43</u>
Net Cash Provided ( Used) by Operating Activities	<u>\$ (4,474,740.90)</u>	<u>\$ (6,401,221.90)</u>
<b>Non Cash Transactions</b>		
Net Increase (Decrease) in FMV of Investments	-	-

**THIS PAGE LEFT BLANK INTENTIONALLY**

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**

**SCHEDULE 3 - RECONCILIATION of CASH in STATE TREASURY**

**August 31, 2003**

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
	\$ 0.00	\$ 0.00	\$ 0.00
			-
<b>Total Cash in State Treasury (Stmt of Net Assets)</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
			-