

**COMBINED FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS  
SYSTEM**

**DENTON, TEXAS**

**Lee Jackson, Chancellor**

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

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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 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

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# UNIVERSITY OF NORTH TEXAS SYSTEM

## 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.

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2003

#### Introduction

This section of the report represents management's discussion and analysis of the financial performance of the University of North Texas System (the System). It provides an overview of the System's financial activities for the fiscal year ended August 31, 2003 as compared to the prior fiscal year. The following discussion should be read in conjunction with the accompanying transmittal letter, financial statements and note disclosures.

The University of North Texas System (UNT System) was created by the 76th Legislature, and legislative funding was provided for the fiscal year beginning September 1, 1999. The UNT System is comprised of three components: the University of North Texas System Administration, the University of North Texas, and the University of North Texas Health Science Center (HSC) at Fort Worth. The UNT System components are agencies of the State of Texas. This report is prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements and the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies. The Combined System financial records comply with state statutes and regulations.

#### Financial Highlights

- During the 2003 fiscal year, the System had both opportunities and challenges. Due to a downturn in the economy, the Governor mandated that all state agencies, including institutions of higher education, reduce their appropriated general revenue budgets by 7%. This resulted in the System components returning a combined total of over \$9.4 million in general revenue to the State. Although general revenue budgets were decreased in mid-year, the 2002 fall semester headcount enrollment at both the University and the HSC increased significantly as compared to the previous fall (increases of over 8% at the University and over 18% at the HSC). The headcount enrollment for the 2003 fall semester continued to increase compared to the previous fall (increases of over 3% at the University and over 4% at the HSC).

The mid-year funding reductions were accomplished by instituting a hiring freeze, managing utilities expenses, reducing operating budgets, foregoing construction projects and land procurements, delaying some equipment purchases, reducing low-enrollment summer class offerings, and increasing the class sizes during summer sessions. Despite the budget cuts and the increasing enrollment, the System was able to meet the instructional and service needs of its students.

- Approximately \$5 million in cash contributions, non-cash capital donations, and pledged gifts were recognized as revenue in the System during the 2003 fiscal year. This figure is down from the approximately \$12 million reported in the previous fiscal year. In the 2002 fiscal year, the System received a donation of 259 acres of land from the City of Dallas and private developers valued at \$5.5 million for the future site of the University of North Texas at Dallas campus.
- Two bond issues were sold during the fiscal year. The Revenue Financing System Series 2002A Bonds, par value \$9,500,000, were sold in October 2002 to construct a 300-bed student residence hall at the University. The dorm was constructed during the fiscal year and opened at full capacity in the 2003 fall semester. The Revenue Financing System Series 2003 Bonds, par value \$31,180,000, were sold in May 2003 to construct a 600-bed student residence hall and dining facility at the University. Completion and occupancy is scheduled for the 2004 fall semester to accommodate the anticipated continuing growth in the student population. For additional details concerning these bond issues, see Note 12 in the Notes to the Combined Financial Statements.
- During the fiscal year the University and the HSC committed to the multi-year installation of a new Enterprise Information System (EIS). The incremental cost of the project is approximately \$20 million with over \$7 million of that amount spent in the 2003 fiscal year. Another \$7 million is projected to be spent in the 2004 fiscal year.

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#### Overview of the Financial Statements and Financial Analysis

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

These statements are prepared applying the following principles and standards:

- Reporting is on a full accrual basis of accounting. All current year's revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. The historical value of capital assets, and the accumulated depreciation are reported on the Statement of Net Assets.
- Revenues and expenses are categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are reported as nonoperating revenue in accordance with GASB Statement No. 35.

#### Statement of Net Assets

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

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

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

The table on the following page reflects the condensed Statement of Nets Assets for the System as of August 31, 2003, with comparative numbers for the 2002 fiscal year:

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For the Year Ended August 31, 2003**

<b>Comparative Statement of Net Assets (\$ in millions)</b>			
	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>% Inc.(Dec.)</u></b>
<b>Assets</b>			
Current Assets	\$258.2	\$227.5	
Noncurrent Assets			
Capital Assets, Net	342.1	284.9	
Other Noncurrent Assets	<u>112.0</u>	<u>135.1</u>	
<b>Total Assets</b>	<b><u>\$712.3</u></b>	<b><u>\$647.5</u></b>	<b><u>10.0%</u></b>
<b>Liabilities</b>			
Current Liabilities	126.0	102.4	
Noncurrent Liabilities			
Bonded Indebtedness	191.9	159.9	
Other Noncurrent Liabilities	<u>9.8</u>	<u>9.1</u>	
<b>Total Liabilities</b>	<b><u>327.7</u></b>	<b><u>271.4</u></b>	<b><u>20.7%</u></b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	<u>210.7</u>	<u>192.6</u>	
Restricted			
Debt Retirement	4.1	5.1	
Capital Projects	3.0	4.9	
Funds Held as Permanent Investments			
Non-Expendable	6.6	5.5	
Expendable	2.3	1.7	
Other Restricted	<u>28.5</u>	<u>27.8</u>	
Total Restricted	<u>44.5</u>	<u>45.0</u>	
Unrestricted	<u>129.4</u>	<u>138.5</u>	
<b>Total Net Assets</b>	<b><u>384.6</u></b>	<b><u>376.1</u></b>	<b><u>2.3%</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$712.3</u></b>	<b><u>\$647.5</u></b>	<b><u>10.0%</u></b>

The System's total assets increased \$64.8 million over the 2002 fiscal year. Of this increase, \$57.2 million was attributable to an increase in capital assets, net of accumulated depreciation. Additional details concerning the changes in capital assets are discussed in the Capital Assets and Debt Administration section of this analysis. The remainder of the \$7.6 million increase in total assets was the net result of two primary factors.

An additional accounting change was implemented in the 2003 fiscal year to further comply with GASB 35 requirements. Approximately \$7.3 million in student tuition and fees billed as of the end of the fiscal year for the upcoming 2003 fall semester (FY 2004) are reported as FY 2003 Accounts Receivables in Current Assets and also as Deferred Revenue in Current Liabilities on the Statement of Net Assets. It should also be noted that receivables from student tuition and fees and patient receivables are reported as Accounts Receivable in the current fiscal year rather than Other Receivables as they were reported in the 2002 fiscal year.

The second factor contributing to the increase in current assets was approximately \$2.7 million in prepaid expenses that were processed from the legacy payables system at fiscal year-end to facilitate vendor payments in anticipation of the implementation of a new system in September 2003.

There was a significant increase in Unrestricted Cash Equivalents and a decrease in Restricted Cash Equivalents under Current Assets in the current year compared to the 2002 fiscal year. This was the primary result of a change in classification between the two categories.



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The total liabilities for the System increased by \$56.3 million primarily as a result of the two additional revenue bond series sold during the fiscal year as previously discussed in the Financial Highlights section. The net increase in bond indebtedness was \$32.4 million. There was also a significant increase totaling \$12.5 million in deferred revenues in the Current Liabilities section. As discussed above, \$7.3 million represents amounts billed for the upcoming 2003 fall semester but not yet collected. The remaining increase in deferred revenues is the result of increases in the fall student enrollment (both headcount and full-time equivalent students) and increases in fees at both the University and the Health Sciences Center compared to the 2002 fiscal year. Also the liability for the Funds Held for Others increased by \$6.4 million, primarily as a result of state and federal student loan funds that are being held at fiscal year-end for students. These funds are not owned by the System; they are held by the System as the custodial or fiscal agent.

The System is reporting an \$8.5 million increase in total net assets. The largest percentage of this increase is attributable to the change in Invested in Capital Assets, Net of Related Debt shown above. The increase in the non-expendable (endowment) funds is primarily the result of an increase in the fair value of the endowment investments. A more detailed explanation of the various net asset sections is included in Note 1 of the accompanying notes to the financial statements.

Unrestricted net assets represent funds that have not been designated for specific purposes by external parties; however, the System's administration has committed most of these funds to meet institutional initiatives and for future operating budgets related to academic programs, special activities, and capital projects. In addition, the Permanent Health Fund endowment of \$22 million at the HSC established in 1999 from tobacco-related litigation funds received from the State is also included in unrestricted net assets at August 31, 2003, since the State is not considered an external source for financial reporting purposes. The statute governing these funds does restrict the corpus and requires that it remain in perpetuity. The earnings from this endowment are required to be utilized for public health activities.

The mandatory reductions in general revenue and the EIS implementation project discussed earlier resulted in the use of unrestricted net asset funds to cover some of the programs and initiatives that were priorities for the System during the fiscal year.

A comparison of current fiscal year reserves and allocations of the unrestricted net assets with the prior year are shown in the following table.

<b>Comparative Unrestricted Net Assets Reserves/Allocations (\$ in millions)</b>			
	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>% Inc. (Dec.)</u></b>
<b>Reserved (Encumbrances, HEAF, etc.)</b>	<b><u>\$ 35.7</u></b>	<b><u>\$ 39.9</u></b>	<b>(10.5%)</b>
<b>Unreserved:</b>			
Allocated –Special Programs/Activities	48.3	51.9	
Funds Functioning as Endowments	25.7	24.0	
Unallocated	<u>19.7</u>	<u>22.7</u>	
<b>Total Unreserved</b>	<u>93.7</u>	<u>98.6</u>	<b>(5.0%)</b>
<b>Total Unrestricted Net Assets</b>	<b><u>\$ 129.4</u></b>	<b><u>\$ 138.5</u></b>	<b><u>(6.6%)</u></b>

**Statement of Revenues, Expenses, and Changes in Net Assets**

The Statement of Revenues, Expenses, and Changes in Net Assets reports the System's operations for the fiscal year. Revenues are reported by major source and expenses are reported on the face of the statement by the National Association of College and University Business Officers' functional (programmatic) categories. A matrix

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immediately follows the statement showing the expenses by natural classifications. Both revenues and expenses on the statement are reported as either operating or nonoperating. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the primary mission of the System. Nonoperating activities are those activities not related to the provision of goods or services to customers. Examples of nonoperating items include the revenue appropriated to the System by the State Legislature and revenue and expenses related to capital financing and investing activities.

The following table reflects the combined System's condensed Statement of Revenues, Expenses and Changes in Net Assets for the fiscal year ended August 31, 2003.

<b>Comparative Statement of Revenues, Expenses and Changes in Net Assets (\$ in millions)</b>			
	<u>2003</u>	<u>2002</u>	<u>% Inc.(Dec.)</u>
Operating Revenues	\$239.4	\$223.2	7.3%
Operating Expenses	<u>421.1</u>	<u>417.4</u>	.9%
<b>Operating Income (Loss)</b>	<b><u>(181.7)</u></b>	<b><u>(194.2)</u></b>	<b>(6.4%)</b>
Nonoperating Revenues (Expenses)	<u>167.5</u>	<u>177.5</u>	(5.6%)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	(14.2)	( 16.7)	(15.0%)
Other Revenues, Expenses, Gains, Losses And Transfers	<u>24.9</u>	<u>30.2</u>	(17.5%)
<b>Change in Net Assets</b>	<b><u>10.7</u></b>	<b><u>13.5</u></b>	<b>(20.7%)</b>
Net Assets, Beginning of Year	376.1	674.7	
Restatements	<u>(2.2)</u>	<u>(312.1)</u>	
Restated Net Assets, Beginning of Year	<u>373.9</u>	<u>362.6</u>	3.1%
<b>Net Assets, End of Year</b>	<b><u>\$384.6</u></b>	<b><u>\$376.1</u></b>	<b>2.3%</b>

As the comparative statement above shows, operating revenues increased significantly more than the operating expenses, thereby, resulting in a lower operating loss compared to FY 2002. The System's significant operating loss reported for the current and prior fiscal years on this statement is reflective of the GASB Statement No. 35 reporting requirements, which stipulate that revenue from legislative appropriations is to be reported as nonoperating revenue, but the expenditure of these funds must be reported as operating expenses. It should be noted that all tuition and fee waivers/exemptions were included in the FY 2002 revenues and expenses. They were also used in the calculation of scholarship discounts in FY 2002. A correction has been made in FY 2003 to exclude the tuition and fee waivers from both revenues and expenses, as well as the scholarship discount calculation, in accordance with GASB 34/35 rules. The FY 2002 revenues and expenses would have been approximately \$6 million less than the amounts actually reported as shown above had the waivers/exemptions been excluded.

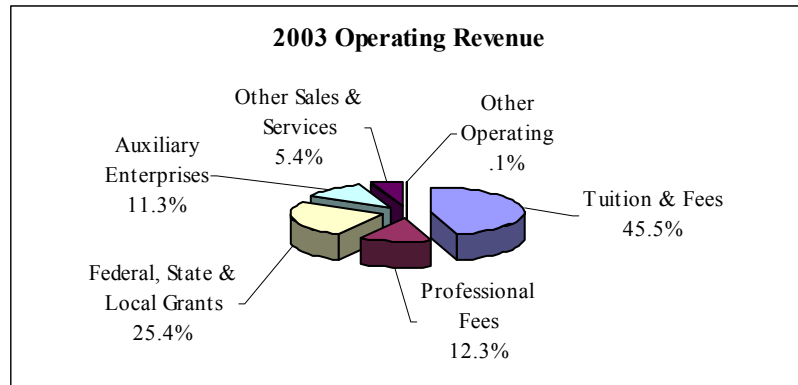
Included in nonoperating revenue above are legislative appropriations for the current fiscal year totaling \$130.4 million and additional appropriated revenue for state-paid fringe benefits of \$31.3 million. Also the System's Higher Education Assistance Fund (HEAF) annual revenue totaling \$21.7 million that is constitutionally-appropriated by the State for capital asset acquisitions and major improvements is reported as Other Revenue rather than operating revenue or nonoperating revenue, but the HEAF expenditures are reported as operating expenses.

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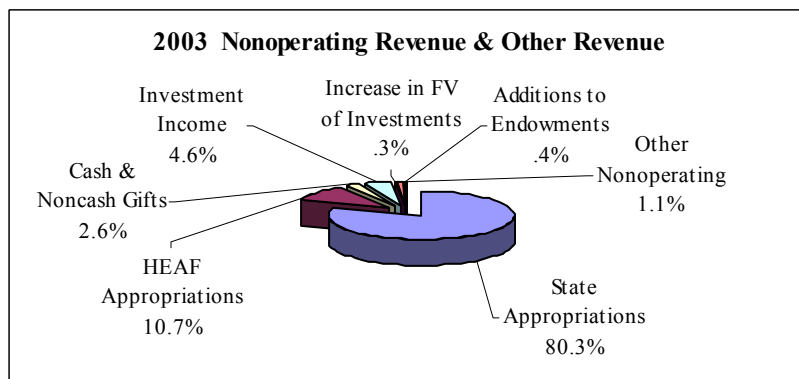
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As the operating revenue pie chart below shows, 45.5 percent of the System's operating revenue for this fiscal year was generated from student tuition and fees. The total tuition and fee revenue for the fiscal year amounted to \$109 million. This figure is net of the scholarship discounts that have been subtracted from the gross tuition and fee revenue in accordance with GASB 35 reporting requirements. Student tuition and fee revenues increased over the previous fiscal year as a result of fee increases and an increase in semester credit hours generated at both the University and the Health Science Center (2.7 percent at the University and 30.3 percent at the HSC). A growing population base in the Dallas/Fort Worth metropolplex combined with normal recruitment efforts and expanded academic programs have contributed to increasing student enrollments. In addition, weak economic conditions often result in more individuals returning to school.

The System's operating revenue from all federal, state, and private grants and contracts, including pass through grant revenue, increased approximately 11.5 percent during this fiscal year. Faculty members of the University, in particular, have been strongly encouraged to pursue research funding in an effort to provide more funding and to more fully develop the University's image as a comprehensive graduate and research institution.



Although the UNT System components returned \$9.4 million in general revenue to the State as a result of the mid-year 7 percent mandated reduction, the System's net decrease in appropriations was only 2.6 percent due to a legislative rider that provided an additional \$4.1 million in general revenue appropriations to the University and the HSC for debt service on additional tuition revenue bonds that were sold. Other nonoperating revenues such as gift income and investment income declined in the current fiscal year. As discussed earlier, the significant decrease in gifts was directly related to the fact that in FY 2002 the UNT System received a large donation of property valued at over \$5.5 million.

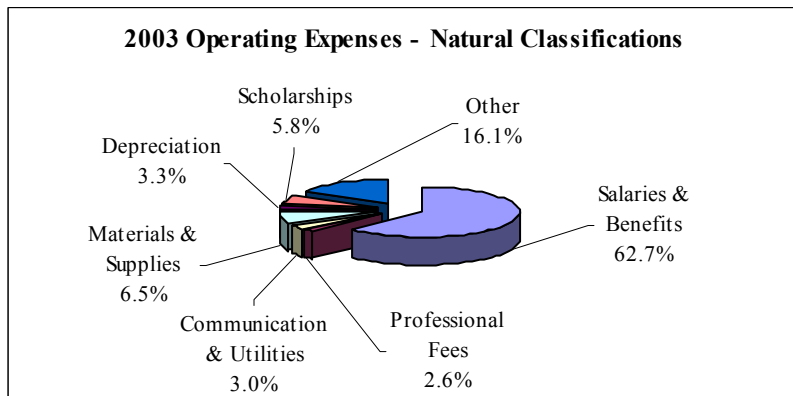
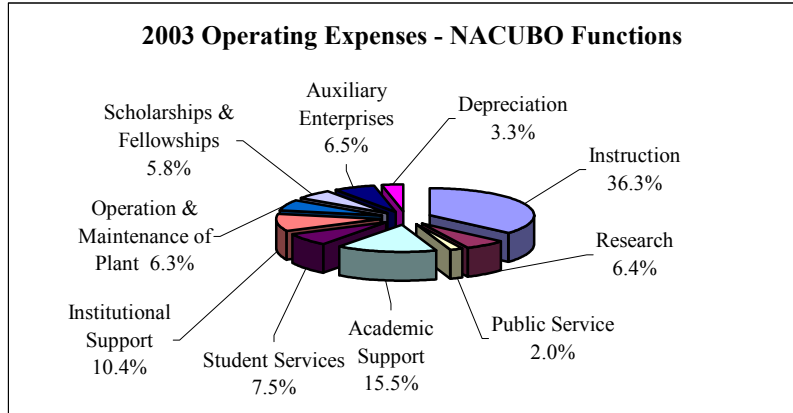


The System's operating expenses reflect a small increase during the fiscal year primarily as a result of state-mandated salary and longevity increases, higher medical insurance premium costs, and larger student enrollments.

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



**Statement of Cash Flows**

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

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

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<b>Comparative Statement of Cash Flows</b>			
(\$ in millions)			
	<u>2003</u>	<u>2002</u>	<u>% Inc.(Dec.)</u>
<b>Cash Provided (Used) by:</b>			
Operating Activities	\$(167.7)	\$(176.4)	
Noncapital Financing Activities	177.7	185.1	
Capital and Related Financing Activities	(20.9)	51.6	
Investing Activities	<u>27.1</u>	<u>22.8</u>	
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>16.2</b>	<b>83.1</b>	<b>(80.5%)</b>
<b>Cash &amp; Cash Equivalents, Begin. of Year</b>	178.5	95.4	
<b>Restatement to Beginning Cash &amp; Cash Equivalents Balance</b>	<u>2.1</u>	<u>0</u>	
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b><u>\$ 196.8</u></b>	<b><u>\$ 178.5</u></b>	<b><u>10.3%</u></b>

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

The large decrease in cash flow for capital and related financing activities reported in FY 2003 as compared to an increase in FY 2002 is the result of significant expenditures in FY 2003 related to major construction projects at the University and the HSC. The construction-related expenditures were funded from bond proceeds that were received in a prior fiscal year. The System had just closed on a \$63.5 million bond sale in August of the 2002 fiscal year resulting in the large increase in cash flow during the prior fiscal year. Also contributing to the decrease in cash flow from capital and related financing activities during the current fiscal year is a 61 percent increase in debt service payments compared to FY 2002. Despite the large decrease in cash flow from capital related activities, the System still ended the fiscal year with a positive change in cash flow.

The restatement to the September 1, 2002 cash and cash equivalent balance is the result of a reclassification of some items that were previously categorized as investments at the end of the prior fiscal year that should have been cash equivalents.

**Capital Asset and Debt Administration**

The System's net capital asset additions from acquisitions, donations, and construction during the fiscal year totaled \$57.2 million. Over half of this increase was attributable to the capitalization of major construction projects in progress at the end of the fiscal year. An additional \$3.1 million of the increase was due to land acquisitions

As discussed in the Financial Highlights section, two Revenue Financing System bond issues were sold during the 2003 fiscal year with a par value totaling \$40,680,000. Two additional Revenue Financing System bond series were sold in September 2003 just after the beginning of the 2004 fiscal year. Series 2003A Bonds refunding bonds with a par value of \$6,185,000 and Series 2003B taxable bonds with a par value of \$4,980,000 closed in September 2003 after the end of the fiscal year. The proceeds from the Series 2003A Bonds will provide an advance refunding for a portion of the University and Health Science Center tuition revenue bonds in order to reduce the debt service requirements for the 2004 and 2005 fiscal years. The proceeds from the Series 2003B Taxable Bonds will be used to construct five sorority houses for University student housing facilities. The projected completion and occupancy date is the 2004 fall semester. The sorority houses will be owned by the University.

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The Legislature has authorized the System to issue \$25.5 million in tuition revenue bonds, and has appropriated the first two years of debt service in the 2004-2005 biennium. It is anticipated that the bonds will be sold in the latter part of the 2004 fiscal year for the purpose of developing the campus and facilities at the new University of North Texas at Dallas campus located in the southern part of Dallas County. It will be built on 250 acres that were jointly donated to the System by the City of Dallas and private developers.

In addition to the construction of a 600-bed residence hall and dining facility discussed in the Financial Highlights section, Phase I construction of a new Athletic Center will begin in the 2004 fiscal year. Funding for the construction of the Athletic Center is to be provided by institutional funds and private donations.

Construction of a new \$29 million Student Recreation/Sports facility funded by proceeds from the Series 2001 bonds was completed and opened at the beginning of the 2003 fall semester. This facility has been a very positive addition to the campus and is supported by a \$75 per student fee paid each semester.

The construction of a new \$27.4 million chemistry building at the University funded by Series 2002 bonds tuition revenue bond proceeds is scheduled for completion in the 2004 fall semester. A new \$27.5 million HSC Biotechnology Center and Public Health Building, also funded with Series 2002 tuition revenue bond proceeds, is scheduled for completion in May 2004.

The first phase of an \$11 million renovation project at the University's Research Park is nearing completion. The Research Park facility was purchased from Texas Instruments in the 2002 fiscal year for approximately \$9 million for the purpose of establishing a research facility that will house the new College of Engineering as well as research activities and computing functions. An additional \$8.2 million in proceeds from tuition revenue bonds that were sold in the 2002 fiscal year are also being used for Phase II of the renovation at the Research Park.

There were no changes in bond credit ratings during fiscal year 2003 or debt limitations that may affect future financing for the System. More detailed information regarding the System's bonded indebtedness is provided in Note 12 of the accompanying Notes to the Combined Financial Statements.

#### **Economic Outlook**

The State Legislature of Texas passed several statutes in the 2003 session that will have a material impact on institutions of higher education in the 2004 fiscal year. Of particular significance was the reduction in the level of formula funding the State would provide. To offset the reduction, the Legislature removed the cap from Board Designated (BD) tuition that is set by the System's Board of Regents. The cap was previously set at the state-mandated tuition rate per semester credit hour. Although the BD tuition cap was eliminated, the statute provides that 20% of any increase in BD tuition must be set aside and used for financial aid to students. In response to the new legislation, the System's Board has approved an increase in BD tuition at the University of \$7 per semester credit hour (from \$46/SCH to \$53/SCH) beginning with the 2004 spring semester.

The new legislation also provides authority to the System's Board to set a different tuition rate for each program and course level offered by the institution. This will offer more opportunity for the University, in particular, to develop a tuition schedule that assists in meeting strategic objectives in terms of access, affordability, effective use of campus resources, and improvement of graduation rates.

Funding for research/sponsored grants and contracts continues to be a priority for the University. It is anticipated that the University's new College of Engineering that opened in the 2003 fall semester will enhance this funding as already evidenced by a very recent announcement by the System's congressional representative. The 2004 Defense Appropriations bill includes a \$3.1 million appropriation that will launch the first phase of a new, state-of-the-art Center for Advanced Research and Technology (known as CART). CART will be located at the University's Research Park north of the main campus. The funds will be used to acquire and develop specialized nanotechnology measuring equipment so the University's scientists can characterize materials and devices at the

**UNAUDITED**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)  
Management's Discussion and Analysis  
For the Year Ended August 31, 2003**

atomic level. Nanotechnology involves exploratory engineering at atomic and molecular levels, where the nanometer is a standard unit for measuring length.

The System is not currently aware of any facts or conditions that are expected to have a significant impact on the financial position or results of operations during the 2004 fiscal year, beyond the weak economy that is slowly beginning to recover. The improving market conditions have resulted in an increase in the fair value of the System's endowment funds in the 2003 fiscal year. Future positive results in operations are largely dependent upon the System's effective management of operating costs while striving to continue to maintain its high quality in recruiting the best faculty, staff and students, and the continued financial and political support from the State.

The System is committed to increasing its resources from endowed gifts and other contributions through ambitious development efforts. These contributions are an important supplement to the funding received from the state and a significant factor in the growth of academic and research programs. The continuing weakened economic conditions may affect the future level of support for the System from corporate and individual donors.

The two primary component institutions of the System, the University and the Health Science Center, have survived previous down cycles in the economy. Management believes that the System's financial condition is capable of adjusting to the current economic uncertainties.

## Unaudited

### UNIVERSITY OF NORTH TEXAS SYSTEM (794)

#### Combined Statement of Net Assets

August 31, 2003

	Current Year 2003	Prior Year 2002*
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents (Note 3)		
Cash on Hand	\$ 95,881.34	\$ 70,125.08
Cash in Bank	(9,337,328.15)	(2,491,834.27)
Reimbursement Due From Treasury	687,120.92	742,486.67
Cash in State Treasury	15,128,192.73	14,714,822.68
Cash Equivalents	131,712,235.87	78,703,530.67
Short Term Investments (Note 3)	2,228,854.69	-
Restricted:		
Cash and Cash Equivalents (Note 3)		
Cash on Hand	8,034.73	20,286.74
Cash in Bank	(3,796,712.25)	(62,972.84)
Cash in State Treasury	1,172,425.83	1,381,509.66
Cash Equivalents	39,963,556.26	60,643,953.79
Short Term Investments (Note 3)	807,154.06	-
Legislative Appropriations	20,332,211.84	24,192,813.15
Receivables from:	-	
Federal	5,521,092.14	4,655,733.31
Other Intergovernmental	1,833,896.91	2,507,804.37
Interest and Dividends	1,058,635.17	1,504,850.95
Accounts Receivable	30,235,086.98	23,276,870.47
Gifts Receivable	1,401,018.16	4,275,054.92
Other Receivables	6,774,687.61	4,127,138.65
Due From Other Agencies (Note 7)	2,763,508.59	2,734,473.17
Consumable Inventories	3,013,205.35	3,397,391.71
Merchandise Inventories	528,215.88	563,105.10
Loans and Contracts	3,063,150.63	2,288,158.30
Other Current Assets	2,987,494.93	282,880.77
Total Current Assets	258,181,620.22	227,528,183.05
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents (Note 3)		
Cash on Hand	-	-
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	834,637.48	607,940.12
Investments (Note 3)	58,724,949.69	63,231,915.99
Loans and Contracts	4,040,356.65	4,702,720.45
Investments (Note 3)	47,768,381.16	65,012,629.35
Gift Receivables	217,374.80	1,110,600.73
Capital Assets (Note 2):		
Non-Depreciable		
Land and Land Improvements	38,246,654.98	34,692,070.59
Construction in Progress	44,114,940.84	26,723,893.83
Other Capital Assets	74,790,168.69	69,117,880.02
Depreciable		
Buildings and Building Improvements	361,329,327.23	330,324,846.03
Less Accumulated Depreciation	(212,933,730.99)	(207,414,984.04)
Infrastructure	7,789,073.21	7,789,073.21
Less Accumulated Depreciation	(6,356,957.91)	(5,994,944.20)
Facilities and Other Improvement	9,896,118.37	9,447,506.45
Less Accumulated Depreciation	(6,840,540.61)	(6,587,575.94)
Furniture and Equipment	79,926,836.57	70,572,285.01
Less Accumulated Depreciation	(50,170,636.97)	(45,347,795.23)



	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
Vehicles, Boats and Aircraft	5,091,306.62	4,002,317.27
Less Accumulated Depreciation	(2,755,292.19)	(2,461,552.99)
Other Capital Assets	39,079.38	18,779.38
Less Accumulated Depreciation	(7,661.18)	(3,749.23)
Other Non-Current Assets	385,988.80	439,632.97
Total Non-Current Assets	<u>454,130,374.62</u>	<u>419,983,489.77</u>
Total Assets	<u>712,311,994.84</u>	<u>647,511,672.82</u>
<b>LIABILITIES</b>		
Current Liabilities		
Payables From:		
Accounts Payable	6,003,147.74	5,359,352.75
Payroll Payable	19,000,387.01	18,937,458.40
Other Payables	2,197,746.82	1,399,274.86
Due to Other Agencies (Note 7)	1,019,369.62	1,051,728.68
Deferred Revenues	42,715,523.37	30,163,725.12
Notes and Loans Payable	-	-
Revenue Bonds Payable (Notes 4 & 12)	8,790,000.00	8,430,000.00
Employees Compensable Leave	624,216.48	598,660.67
Capital Lease Obligations (Notes 5)	60,634.16	73,111.63
Liabilities Paid from Restricted Assets	-	-
Funds Held for Others	42,845,574.97	36,399,184.07
Other Current Liabilities	2,713,376.89	-
Total Current Liabilities	<u>125,969,977.06</u>	<u>102,412,496.18</u>
Non-Current Liabilities (Note 4)		
Notes and Loans Payable	-	-
Revenue Bonds Payable (Note 12)	191,930,000.00	159,923,554.01
Employee's Compensable Leave	9,746,295.26	8,929,838.30
Capital Lease Obligations (Note 5)	65,519.02	126,153.18
Funds Held for Others	-	-
Other Non-Current Liabilities	-	42,002.00
Total Non-Current Liabilities	<u>201,741,814.28</u>	<u>169,021,547.49</u>
Total Liabilities	<u>327,711,791.34</u>	<u>271,434,043.67</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	210,661,972.11	192,611,657.08
Restricted for:		
Debt Retirement	4,134,024.59	5,079,890.81
Capital Projects	2,984,083.12	2,733,993.40
Employee Benefits	-	-
Funds Held as Permanent Investments		
Non-Expendable	6,582,254.01	5,486,121.16
Expendable	2,289,722.91	1,693,248.97
Other Restricted	28,539,188.56	29,981,457.83
Unrestricted	129,408,958.20	138,491,259.90
Total Net Assets (Note 17)	<u>384,600,203.50</u>	<u>376,077,629.15</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 712,311,994.84</u>	<u>\$ 647,511,672.82</u>

\* 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.

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

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Combined 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	\$ 51,091,074.38	\$ 49,215,156.94
Tuition and Fees - Pledged	72,783,285.08	66,618,144.69
Discounts and Allowances	(14,884,922.86)	(13,546,646.65)
Professional Fees - Non-Pledged	29,770,337.16	28,504,930.20
Professional Fees - Pledged	-	-
Discounts and Allowances	(385,083.81)	(997,672.97)
Auxiliary Enterprises - Non-Pledged	1,799,219.82	1,853,218.25
Auxiliary Enterprises - Pledged	25,528,837.70	24,259,038.74
Discounts and Allowances	(180,028.18)	(200,477.37)
Other Sales of Goods and Services - Non-Pledged	12,798,600.23	12,870,464.56
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	36,177,275.31	32,746,000.39
Federal Pass Through Revenue	1,752,936.72	1,554,174.59
State Grant Revenue	1,561,327.96	4,005,092.55
State Grant Pass Through Revenue	10,783,061.68	7,229,342.45
Other Grants and Contracts - Operating	10,496,948.38	8,949,913.84
Other Operating Revenues	307,821.99	134,345.37
<b>Total Operating Revenues</b>	<b>239,400,691.56</b>	<b>223,195,025.58</b>
<b>OPERATING EXPENSES (1)</b>		
Instruction	153,032,033.95	149,838,071.93
Research	26,896,912.01	26,867,638.91
Public Service	8,563,962.00	8,699,709.55
Academic Support	65,309,183.20	71,961,896.96
Student Services	31,687,191.75	30,312,545.92
Institutional Support	43,638,128.76	37,875,844.48
Operations and Maintenance of Plant	26,545,159.22	25,454,718.17
Scholarships and Fellowships	24,202,646.42	26,315,965.03
Auxiliary Enterprises	27,366,171.63	27,742,476.85
Depreciation	13,850,020.63	12,374,642.41
<b>Total Operating Expenses</b>	<b>421,091,409.57</b>	<b>417,443,510.21</b>
Operating Income (Loss)	<b>(181,690,718.01)</b>	<b>(194,248,484.63)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations (GR)	130,412,822.00	133,864,163.00
Additional Appropriations (GR)	31,280,491.99	30,219,658.11
State Grant Pass Through Revenue	-	3,373,598.74
Gifts	4,377,660.12	5,614,549.82
Investment Income	9,241,356.83	10,905,431.82
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(8,645,426.80)	(4,131,167.59)
Borrower Rebates and Agent Fees	-	-
Gain (Loss) on Sale/Disposal of Capital Assets	(264,403.64)	(1,179,277.79)
Net Increase (Decrease) in Fair Value of Investments	666,910.06	(2,684,700.43)
Settlement of Claims	-	-
Other Nonoperating Revenues - Non-Pledged	2,202,368.04	1,831,068.57
Other Nonoperating Revenues - Pledged	84,004.00	-
Other Nonoperating (Expenses)	(1,887,258.18)	(324,834.38)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>167,468,524.42</b>	<b>177,488,489.87</b>

	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(14,222,193.59)	(16,759,994.76)
<b>OTHER REVENUES, EXPENSES, GAINS</b>		
<b>LOSSES AND TRANSFERS</b>		
Capital Contributions	785,487.16	6,359,950.21
Capital Appropriations - HEAF (GR)	21,661,033.00	21,661,033.00
Additions to Permanent and Term Endowments	656,789.00	516,552.51
Special Items	-	-
Extraordinary Items	-	-
Transfers-In (Note 7)	2,364,293.00	1,966,761.00
Transfers-Out (Note 7)	(1,103,727.10)	(1,206,155.90)
Legislative Transfers-In (Note 7)	592,876.57	982,132.53
Legislative Transfers-Out	-	-
Total Other Revenue, Expenses, Gain/Losses and Transfers	24,956,751.63	30,280,273.35
<b>CHANGE IN NET ASSETS</b>	10,734,558.04	13,520,278.59
Net Assets, Beginning	376,077,629.15	674,710,992.48
Restatements (Note 17)	(2,211,983.69)	(312,153,641.92)
Net Assets, Beginning, as Restated	373,865,645.46	362,557,350.56
<b>NET ASSETS, ENDING</b>	<b>\$ 384,600,203.50</b>	<b>\$ 376,077,629.15</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.

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

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**

**Note 1: Combined Matrix of Operating Expenses Reported by Function**

August 31, 2003

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ (24.00)	\$ 110.00	\$ 1,520.00
Salaries and Wages	106,846,957.64	14,376,630.43	4,371,706.94	38,066,816.48	14,201,127.02
Payroll Related Costs	22,913,128.47	3,188,286.80	988,956.77	8,593,015.68	2,960,776.30
Professional Fees and Services	950,424.98	789,699.12	138,383.67	4,557,747.42	679,465.21
Federal Pass-through Expenses	-	132,012.92	-	-	-
State Pass-through Expenses	-	-	-	-	-
Travel	1,487,754.26	662,261.00	249,500.04	699,047.69	956,247.98
Materials and Supplies	6,307,971.69	3,148,122.60	1,073,663.06	4,282,857.73	4,162,798.78
Communications and Utilities	503,398.62	120,831.16	62,166.83	352,788.40	317,278.49
Repairs and Maintenance	1,031,619.04	315,670.20	131,718.30	1,014,673.58	609,770.45
Rentals and Leases	2,174,144.41	347,397.54	151,809.41	534,839.22	721,079.08
Printing and Reproduction	516,417.49	143,768.76	92,753.22	234,971.69	356,695.34
Depreciation	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Interest	-	-	-	-	-
Scholarships	-	514,084.83	-	50,440.50	5,750.00
Claims and Losses	-	23,686.33	1,946.33	23,417.87	-
Other Operating Expenses	10,300,217.35	3,134,460.32	1,301,381.43	6,898,456.94	6,714,683.10
<b>Total Operating Expenses</b>	<b>\$ 153,032,033.95</b>	<b>\$ 26,896,912.01</b>	<b>\$ 8,563,962.00</b>	<b>\$ 65,309,183.20</b>	<b>\$ 31,687,191.75</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>
\$ 3,924.00	\$ -	\$ -	\$ 5,425,927.78	\$ -	\$ 5,431,457.78
19,672,930.75	7,700,779.99	263,322.44	11,748,523.48	-	217,248,795.17
4,454,819.42	1,682,694.51	-	2,406,116.46	-	47,187,794.41
1,081,665.78	87,575.61	-	179,075.29	-	8,464,037.08
-	-	-	-	-	132,012.92
-	-	-	-	-	-
1,098,133.47	152,548.09	-	298,631.86	-	5,604,124.39
4,969,695.46	2,648,240.27	94.95	1,065,237.72	-	27,658,682.26
689,429.47	8,375,405.28	-	2,298,988.69	-	12,720,286.94
1,033,739.87	3,681,395.50	-	1,451,431.59	-	9,270,018.53
1,021,405.11	204,723.85	-	244,177.73	-	5,399,576.35
356,328.31	52,348.25	-	113,142.69	-	1,866,425.75
-	-	-	-	13,850,020.63	13,850,020.63
2,722.37	-	-	-	-	2,722.37
42,321.85	-	-	-	-	42,321.85
-	-	24,066,332.19	-	-	24,636,607.52
145,458.28	-	-	-	-	194,508.81
9,065,554.62	1,959,447.87	(127,103.16)	2,134,918.34	-	41,382,016.81
<hr/>					
<b>\$ 43,638,128.76</b>	<b>\$ 26,545,159.22</b>	<b>\$ 24,202,646.42</b>	<b>\$ 27,366,171.63</b>	<b>\$ 13,850,020.63</b>	<b>\$ 421,091,409.57</b>

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Combined Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2003**

	<b>Current Year 2003</b>	<b>Prior Year 2002*</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds Received from Tuition and Fees	\$ 123,335,453.39	\$ 105,222,250.07
Proceeds Received from Customers	40,614,276.07	106,742,235.84
Proceeds from Sponsored Projects	58,970,918.06	18,415,842.25
Proceeds from Loan Programs	4,854,194.70	4,595,142.55
Proceeds from Auxiliaries	27,158,053.48	-
Proceeds from Other Revenues	4,113,513.77	1,632,642.49
Payments to Suppliers for Goods and Services	(130,568,246.88)	(145,855,661.08)
Payments to Employees for Salaries and Benefits	(249,471,815.40)	(207,737,849.42)
Payments for Loans Provided	(5,017,671.70)	(4,430,262.00)
Payments for Other Expenses	(41,669,734.05)	(55,007,630.68)
Net Cash Provided (Used) by Operating Activities	(167,681,058.56)	(176,423,289.98)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations	161,693,313.99	164,083,821.11
Proceeds from Debt Issuance	-	-
Proceeds from Gifts	7,828,287.04	-
Proceeds from Endowments	54,825.22	-
Proceeds of Transfers from Other Funds	2,917,439.93	12,457,791.85
Proceeds of Transfers from Other Components	(4,929,663.84)	(9,575,121.10)
Proceeds from Other Revenues	8,480,721.43	11,893,745.45
Proceeds from Contributed Capital	84,004.00	7,775,744.12
Payments of Principal on Debt Issuance	(160,376.83)	(950,897.03)
Payments of Interest	(29,732.43)	(210,027.55)
Payments of other Costs of Debt Issuance	(14,148.09)	(45,231.32)
Payments for Transfers to Other Funds	(899,469.75)	-
Payments for Transfers to Other Components	4,958,685.83	-
Payments for Other Uses	(2,326,487.13)	(324,834.38)
Net Cash Provided (Used) by Noncapital Financing Activities	177,657,399.37	185,104,991.15
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations - HEAF	21,661,033.00	21,661,033.00
Proceeds from Disposal of Capital Assets	27,232.13	71,034.12
Proceeds from Debt Issuance	41,057,994.54	98,343,721.35
Proceeds from Capital Contributions	63,821.25	107,045.35
Proceeds of Transfers from Other Components - HEAF	496,744.20	-
Payments for Additions to Fixed Assets	(67,502,509.93)	(59,333,804.61)
Payments of Principal on Debt Issuance	(8,503,111.63)	(5,415,844.26)
Payments of Interest on Debt Issuance	(7,101,014.29)	(3,027,003.28)
Payments of Other Costs of Debt Issuance	(614,457.10)	(814,625.82)
Payments for Transfers to Other Components - HEAF	(496,744.20)	-
Net Cash Provided (Used) From Capital and Related Financing Activities	(20,911,012.03)	51,591,555.85
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investements	47,526,897.44	34,046,082.91
Proceeds from Interest and Investment Income	9,411,539.95	10,702,391.31
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	(29,827,122.47)	(21,954,276.18)
Net Cash Provided (Used) by Investing Activities	27,111,314.92	22,794,198.04
Net Increase (Decrease)/ in Cash and Cash Equivalents	16,176,643.70	83,067,455.06
Cash and Cash Equivalents --September 1, 2002	178,522,661.45	95,455,206.39
Restatements to Beginning Cash and Cash Equivalents	2,100,951.45	-
Cash and Cash Equivalents --August 31, 2003	\$ 196,800,256.60	\$ 178,522,661.45

	<u>Current Year 2003</u>	<u>Prior Year 2002*</u>
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	138,286,102.71	91,739,130.83
Restricted Cash and Cash Equivalents (Statement of Net Assets)	38,181,942.05	62,590,717.47
Legislative Appropriations (Statement of Net Assets)	20,332,211.84	24,192,813.15
	<u>196,800,256.60</u>	<u>178,522,661.45</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	(181,690,718.01)	(194,248,484.63)
Depreciation	13,850,020.63	12,374,642.41
Bad Debt Expense	4,571.09	419,934.58
Operating Income and Cash Flow Categories Classification Differences	-	-
Changes in Assets and Liabilities:	-	(7,016,221.31)
(Increase) Decrease in Receivables	(8,831,971.49)	(12,256,796.92)
(Increase) Decrease in Inventories	430,717.75	(260,628.48)
(Increase) Decrease in Loans & Contracts	(294,792.71)	14,247.29
(Increase) Decrease in Other Assets	-	2,007.30
(Increase) Decrease in Prepaid Expenses	(2,702,677.64)	(52,576.13)
Increase (Decrease) in Payables	(1,020,385.28)	690,578.79
Increase (Decrease) in Due to Other Funds	(29,022.00)	(2,550,857.87)
Increase (Decrease) in Deferred Income	12,593,800.25	19,161,877.72
Increase (Decrease) in Other Liabilities	9,398.85	7,298,987.27
Total Adjustments	<u>14,009,659.45</u>	<u>17,825,194.65</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (167,681,058.56)</u>	<u>\$ (176,423,289.98)</u>
<b>Non Cash Transactions</b>		
Net Increase/(Decrease) in FMV of Investments	588,599.30	(2,926,519.18)
Amortization of Investment Premiums/(Discounts)	(194,981.16)	(241,446.73)
Donation of non-cash investment	(285,103.06)	-

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

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2003

#### Note 1: Summary of Significant Accounting Policies

##### Entity

The University of North Texas is the fourth-largest university in Texas and defines itself as a metropolitan research university and is viewed as a leader among its peers in the United States for its diverse degree programs, quality research and creative activities, leadership in the Coalition of Urban and Metropolitan Universities, and partnerships with the public and private sector. The UNT Health Science Center at Fort Worth serves the state by educating osteopathic physicians, biomedical scientists, public health professionals, physician assistants and other health professionals for careers in health care, teaching and research.

The UNT System has no blended component units and has no discrete component units that would have been reported in separate columns.

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 generally accepted accounting principles (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.

##### Fund Structure

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

##### Proprietary Fund Types

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###### Enterprise Funds

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

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

###### Agency Funds

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

###### Component Units

The UNT System has no component units.

##### Basis of Accounting

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

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are



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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2003

incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

#### **Budget and Budgetary Accounting**

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

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

#### **Assets, Liabilities, and Net Assets**

##### **ASSETS**

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##### Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

##### Securities Lending Collateral

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

##### Restricted Assets

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

##### Inventories and Prepaid Items

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

##### Capital Assets

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

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

##### Current Receivables – Other

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

##### Non-Current Receivables – Other

There are no Non-Current Receivables – Other reported this year.

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2003

#### **LIABILITIES**

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##### Accounts Payable

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

##### Other Payables

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

##### Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

##### Capital Lease Obligations

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

##### Bonds Payable – Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. The bonds payable are reported at par. Bond discounts and premiums are not amortized over the life of the bonds in proprietary funds if they are not individually greater than 10 percent of the par value of the bond issue. Revenue Bonds Payable is reported separately as either current or noncurrent in the statement of net assets.

#### **NET ASSETS**

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

##### Invested in Capital Assets, Net of Related Debt

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

##### Restricted Net Assets

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

##### Unrestricted Net Assets

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

#### **INTERFUND TRANSACTIONS AND BALANCES**

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Not Applicable to proprietary funds.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
AUGUST 31, 2003**

**Note 2: Capital Assets**

A summary of changes in Capital Assets for the year ended August 31, 2003, is presented below:

<b>BUSINESS-TYPE ACT.</b>	<b>Balance 9/1/2002</b>	<b>* Adjustments</b>	<b>*** Reclassifications</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 8/31/2003**</b>
<b>Non-depreciable assets:</b>						
Land & Land Improvements	34,692,070.59		280,000.00	3,278,146.89	(3,562.50)	38,246,654.98
Construction in Progress	26,723,893.83	(45,750.00)	(30,913,717.08)	48,551,330.10	(200,816.01)	44,114,940.84
Other Capital Assets	69,117,880.02		2,275,178.70	3,397,109.97	-	74,790,168.69
<b>Total non-depreciable assets:</b>	<b>130,533,844.44</b>	<b>(45,750.00)</b>	<b>(28,358,538.38)</b>	<b>55,226,586.96</b>	<b>(204,378.51)</b>	<b>157,151,764.51</b>
<b>Depreciable assets:</b>						
Buildings & Building Improvements	330,324,846.03	(84,686.00)	30,295,453.59	974,097.96	(180,384.35)	361,329,327.23
Infrastructure Facilities & Other Improvements	7,789,073.21			-	-	7,789,073.21
Furniture & Equipment	9,447,506.45		338,263.49	110,348.43	-	9,896,118.37
Vehicles, Boats & Aircraft	70,572,285.01	45,519.23	(3,333,350.16)	15,267,132.52	(2,624,750.03)	79,926,836.57
Other Capital Assets	4,002,317.27	(37,026.45)	-	1,254,324.00	(128,308.20)	5,091,306.62
<b>Total depreciable assets at historical costs:</b>	<b>422,154,807.35</b>	<b>(76,193.22)</b>	<b>27,300,366.92</b>	<b>17,626,202.91</b>	<b>(2,933,442.58)</b>	<b>464,071,741.38</b>
<b>Less Accum. Deprec. for:</b>						
Buildings & Building Improvements	(207,414,984.04)	1.15		(5,607,595.81)	88,847.71	(212,933,730.99)
Infrastructure Facilities & Other Improvements	(5,994,944.20)			(362,013.71)	-	(6,356,957.91)
Furniture & Equipment	(6,587,575.94)	38,364.61	(38,361.70)	(252,967.58)	-	(6,840,540.61)
Vehicles, Boats & Aircraft	(45,347,795.23)	(3,039.69)	33,312.53	(7,258,252.75)	2,405,138.17	(50,170,636.97)
Other Capital Assets	(2,461,552.99)			(422,052.41)	128,313.21	(2,755,292.19)
<b>Total Accum. Depreciation</b>	<b>(267,810,601.63)</b>	<b>35,326.07</b>	<b>(5,049.17)</b>	<b>(13,906,794.21)</b>	<b>2,622,299.09</b>	<b>(279,064,819.85)</b>
<b>Depreciable assets, net</b>	<b>154,344,205.72</b>	<b>(40,867.15)</b>	<b>27,295,317.75</b>	<b>3,719,408.70</b>	<b>(311,143.49)</b>	<b>185,006,921.53</b>
<b>Business-type activities capital assets, net:</b>	<b>284,878,050.16</b>	<b>(86,617.15)</b>	<b>(1,063,220.63)</b>	<b>58,945,995.66</b>	<b>(515,522.00)</b>	<b>342,158,686.04</b>

\* Adjustment column includes beginning balance adjustments and other adjustments made by State Property Accounting, assets that were not previously reported, and accumulated depreciation on those assets.

\*\* These balances at August 31, 2003 tie to the Statement of Net Assets.

\*\*\* Asset type corrections and the net book value of Interagency transfers are reported.

**Note 3: Deposits, Investments, & Repurchase Agreements**

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

**Deposits of Cash in Bank**

- A. The carrying amount of (\$13,134,040.40) for Cash in Bank (including restricted assets) is presented below. The UNT System has no discrete component units.
- B. The bank balance of the combined UNT System has been classified according to the following risk categories.
  1. Category 1--Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity
  2. Category 2--Collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name
  3. 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).

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<b>Bank Balance</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Category 3</b>	<b>Carrying Amount</b>
\$2,417,605.07	\$2,417,605.07	\$0.00	\$0.00	(\$13,134,040.40)

Consisting of the following:		
Proprietary Funds Current Demand Deposits		(\$13,193,548.79)
Proprietary Funds Current Restricted Money Market Account		12,095.77
Proprietary Funds Texas Treasury Safekeeping Trust Company		47,412.62
<b>Total Cash in Bank per Financial Statements</b>		<b>(\$13,134,040.40)</b>
Proprietary Funds CD's disclosed as Deposits but reported as Current Short-Term Investments on Financial Statement		2,228,854.69
Proprietary Funds CD's disclosed as Deposits but reported as Current Restricted Short-Term Investments on Financial Statement		807,154.06
Proprietary Funds CD's disclosed as Deposits but report as Non-Current Restricted Investments on Financial Statement		15,366.11
<b>Total Deposits Carrying Amounts</b>		<b>(\$10,082,665.54)</b>

The UNT System has no discrete component units.

**Investments**

The fair values of investments as of the balance sheet date (including both short-term and long-term) are shown below. Investments are categorized to give an indication of the level of risk assumed by the agency at year-end. The three categories are:

- **Category 1:** Investments that are insured or registered or for which the securities are held by the UNT System component agency or their agent in the component's name.
- **Category 2:** Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the component's name.
- **Category 3:** Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the component's name.

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Type of Security	Category			Fair Value
	1	2	3	
	\$	\$	\$	\$
U.S. Government and Agency Obligations	33,583,340.35	0.00	0.00	33,583,340.35
U.S. Government Agency Mortgage Obligations	22,442,100.00	0.00	0.00	22,442,100.00
Corporate Bonds	8,840,960.70	0.00	0.00	8,840,960.70
Municipal Bonds	5,895,679.96	0.00	0.00	5,895,679.96
Repurchase Agreements	6,403,790.04	0.00	0.00	6,403,790.04
Texas Treasury Safekeeping Trust Co.	21,517,722.57	0.00	0.00	21,517,722.57
Corporate Stock	14,824.67	0.00	0.00	14,824.67
<b>Totals</b>	<b>\$98,698,418.29</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$98,698,418.29</b>

Uncategorized Investments:

Money Market Mutual Funds	4,299,551.46
Common Fund	9,602,596.14
Texpool and Texpool Prime	166,106,639.57
Other Investments	281,188.89
<b>Total Investments</b>	<b>\$278,988,394.35</b>

Consisting of the following:	
Proprietary Funds Current Cash Equivalents	131,712,235.87
Proprietary Funds Current Restricted Cash Equivalents	39,963,556.26
Proprietary Funds Non-Current Restricted Cash Equivalents	834,637.48
Proprietary Funds Non-Current Restricted Investments	58,709,583.58
Proprietary Funds Non-Current Investments	47,768,381.16
<b>Total, as above</b>	<b>\$278,988,394.35</b>
Proprietary Funds CD's disclosed as Deposits but reported as Current Short-Term Investments on Financial Statement	2,228,854.69
Proprietary Funds CD's disclosed as Deposits but reported as Current Restricted Short-Term Investments on Financial Statement	807,154.06
Proprietary Funds CD's disclosed as Deposits but reported as Non-Current Restricted Investments on Financial Statement	15,366.11
<b>Total Investments per Financial Statements</b>	<b>\$282,039,769.21</b>

The UNT System has no discrete component units.

**Reverse Repurchase Agreements**

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

**Securities Lending**

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

**Derivative Investing**

The UNT System did not hold any collateralized mortgaged obligations during the current fiscal year.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
AUGUST 31, 2003**

**Note 4: Summary of Long Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2003 the following changes occurred in liabilities.

<b>Business-Type Activities</b>	<b>Balance 09-01-02</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 08-31-03</b>	<b>Amounts Due Within One Year</b>
Notes & Loans Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Revenue Bonds Payable	168,353,554.01	40,796,445.99	(8,430,000.00)	200,720,000.00	8,790,000.00
Claims & Judgments	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	199,264.81	0.00	(73,111.63)	126,153.18	60,634.16
Other Non-Current Liabilities	41,948.30		(41,948.30)	0.00	0.00
Compensable Leave	9,528,552.67	1,518,785.37	(676,826.30)	10,370,511.74	624,216.48
<b>Total Business-Type Activities</b>	<b>\$ 178,123,319.79</b>	<b>\$42,315,231.36</b>	<b>\$(9,221,886.23)</b>	<b>\$211,216,664.92</b>	<b>\$9,474,850.64</b>

**Notes and Loans Payable**

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

**Claims & Judgments**

As of August 31, 2003, the UNT System did not have any material claims or judgments that were settled and unpaid.

**Employees' Compensable Leave**

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

**Note 5: Capital Leases**

The UNT System has entered into long-term leases for financing the purchase of certain fixed assets. Such leases are classified as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payment at the inception of the lease. The following is a summary of original capitalized costs of all such property under lease as well as the accumulated depreciation as of August 31, 2003:

<b>Assets Under Capital Leases</b>	<b>Business-Type Activities</b>
Furniture & Equipment	\$ 335,732.42
Less: Accumulated Depreciation	142,762.47
Vehicles	0.00
Less: Accumulated Depreciation	0.00
<b>Total</b>	<b>\$ 192,969.95</b>

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AUGUST 31, 2003**

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at fiscal year-end, are as follows:

Future minimum lease payments	Business-Type Activities	
	Principal	Interest
2004 (Future Year 1)	\$60,634.16	\$6,989.84
2005 (Future Year 2)	52,276.91	3,610.10
2006 (Future Year 3)	13,242.11	729.64
2007 (Future Year 4)	0.00	0.00
2008 (Future Year 5)	0.00	0.00
2009-2013 (Future Year 6-10)	0.00	0.00
2014-2018 (Future Year 11-15)	0.00	0.00
2019-2022 (Future Year 16-20)	0.00	0.00
Total Minimum Lease Payments	\$126,153.18	\$11,329.58
Less: Amount Representing Interest at Various Rates	0.00	0.00
<b>Present Value of Net Minimum Lease Payments</b>	<b>\$126,153.18</b>	<b>\$11,329.58</b>

**Note 6: Operating Lease Obligations**

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Year Ended August 31, 2003	
2004 (Future Year 1)	\$1,246,658.80
2005 (Future Year 2)	1,086,722.56
2006 (Future Year 3)	1,045,850.37
2007 (Future Year 4)	374,760.12
2008 (Future Year 5)	40,800.00
2009-13 (Future Years 6-10)	0.00
2014-18 (Future Years 11-15)	0.00
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$3,794,791.85</b>

**Note 7: Interfund Balances/Activities**

As explained in Note 1 regarding Interfund Activities and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due To Other Agencies
- Due from Other Funds or Due to Other Funds
- Transfers in or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

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

Individual balances and activity at August 31, 2003, follows:

Current Portion	Current Interfund Receivable	Current Interfund Payable
ENTERPRISE FUND (05)	\$ 0.00	\$ 0.00
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

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<b>Non-Current Portion</b>	<b>Non-Current Interfund Receivable</b>	<b>Non-Current Interfund Payable</b>	<b>Purpose (Disclosure required)</b>
ENTERPRISE FUND (05)	\$	\$	
<b>Total Interfund Receivable/Payable</b>	\$ <b>0.00</b>	\$ <b>0.00</b>	

	<b>Due From Other Agencies</b>	<b>Due To Other Agencies</b>	<b>Source</b>
ENTERPRISE FUND (05)	\$	\$	
Appd Fund 0001, D23 Fund 5015			
(Agency 601, D23 Fund 5015)	2,719.00		State P-T
Appd Fund 0347, D23 Fund 0347			
(Agency 902, D23 Fund 0347)	105,952.43		State P-T
Appd Fund 5079, D23 Fund 5079			
(Agency 781, D23 Fund 5079)	42,963.97		State P-T
Appd Fund 9999, D23 Fund 7999)			
(Agency 320, D23 Fund 5026)	167,367.65		Federal P-T
(Agency 324, D23 Fund 0001)	321.69		Federal P-T
(Agency 367, D23 Fund 2345)		752,605.73	State P-T
(Agency 501, D23 Fund 0273)	54,053.70		Federal P-T
(Agency 501, D23 Fund 0001)	540.00		State P-T
(Agency 530, D23 Fund 0001)	38,501.46		Federal P-T
(Agency 701, D23 Fund 0148)	162,327.95	266,763.89	Federal P-T
(Agency 701, D23 Fund 0193)	142,971.64		State P-T
(Agency 736, D23 Fund 7999)	22,474.09		Federal P-T
(Agency 720, D23 Fund 0810)	2,023,315.01		State P-T
<b>Total Due From/To Other Agencies</b>	\$ <b>2,763,508.59</b>	\$ <b>1,019,369.62</b>	

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>	<b>Source</b>
ENTERPRISE FUND (05)			
Appd Fund 0001, D23 Fund 0001	0.00	0.00	
<b>Total Due From/To Other Funds</b>	\$ <b>0.00</b>	\$ <b>0.00</b>	

	<b>Transfers In</b>	<b>Transfers Out</b>
ENTERPRISE FUND (05)	\$	\$
Appd. Fund 0507, D23 Fund 0507		
Agency 347, D23 Fund 0507		1,064,050.75
<b>Total Transfers for Fund 0507</b>	\$ 0.00	\$ 1,064,050.75
Appd. Fund 0735, D23 Fund 0735		
Agency 347, D23 Fund 0735		39,676.35
<b>Total Transfers for Fund 0735</b>	\$ 0.00	\$ 39,676.35
Appd Fund 0347, D23 Fund 0001		
Agency 902, D23 Fund 0001 (Shared Fund Transfers)	2,364,293.00	0.00
<b>Total Transfers for Fund 0347</b>	\$ 2,364,293.00	\$ 0.00
<b>Total Transfers</b>	\$ <b>2,364,293.00</b>	\$ <b>1,103,727.10</b>

	<b>Legislative Transfers In</b>	<b>Legislative Transfers Out</b>
ENTERPRISE FUND (05)	\$	\$
Appd Fund 0001, D23 Fund 0001	0.00	0.00
Agency 479, D23 Fund 0001	592,876.57	0.00
<b>Total Legislative Transfers</b>	\$ <b>592,876.57</b>	\$ <b>0.00</b>

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

**Note 8: Contingent Liabilities**

The UNT System has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial. In accordance with the bond covenants for the Revenue Financing System bonds, reserve



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funds for estimated arbitrage rebate liability have been established. The UNT System balance for these reserve funds as of August 31, 2003 is \$146,682.63.

**Note 9: Continuance Subject to Review**

Not Applicable.

**Note 10: Risk Financing and Related Insurance**

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

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

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

All state employees are insured by the State. The UNT System has various self-insured arrangements for coverage of local employees in the areas of workers' compensation and liability. There are no claims pending or significant nonaccrued liabilities, as stated in Note 4.

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

Unemployment compensation is on a pay-as-you-go basis through the State of Texas, with the exception of locally funded enterprises that have fund expenses and set-aside amounts based on a percentage of payroll as detailed below. No material outstanding claims are pending at August 31, 2003.

Changes in the balances of the UNT System's reserves for unemployment compensation for locally funded enterprises and payments made for all claims and settlements, including unemployment compensation, for fiscal years 2002 and 2003 are shown below. No material outstanding claims were pending at August 31, 2003.

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2002	\$ 1,253,554.61	\$ 605,084.51	(\$463,295.85)	\$ 1,395,343.27
2003	\$ 1,395,343.27	\$ 585,090.33	(\$272,123.55)	\$ 1,708,310.05

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

The University of North Texas (University) and the Health Science Center (HSC) are required by certain bond covenants to carry fire and/or extended coverage and boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary or other non-Educational and General Funds. The insurance protects the

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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 for the University. Carrier, Traveler's Insurance Company; the carrier for the HSC boiler insurance is Hartford Steam Boiler Inspection and Insurance Company;

Standard Fire and Extended Coverage (Property) – Limit of liability exceeds bond requirements with Crum & Forster Insurance Company as the primary carrier and Royal Indemnity as the excess carrier;

Vehicle Liability and Property Damage – Limit of liability, bodily injury \$250,000/\$500,000; property damage \$100,000, exceeds requirements. Carrier, Crum & Forster 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 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 HSC has chosen to carry liability insurance on its licensed vehicles in the amount of \$100,000/\$300,000 bodily injury and \$100,000 property damage.

The University's Health Center has malpractice insurance with the CHUBB Insurance Company for a maximum per incident limit of \$500,000 and an aggregate of \$1,500,000 with a \$50,000 deductible.

The HSC maintains a self-insurance plan for its clinical operations.

A Directors, Officers and Trustees insurance reimbursement policy is maintained with AXIS that covers all UNT System employees. The policy provides for a maximum liability of \$10,000,000 with a \$100,000 deductible.

#### **Note 11: Segment Information**

Not Applicable.

#### **Note 12: Bonded Indebtedness**

##### **Bonds Payable**

Detailed supplemental bond information is disclosed in the Combined Schedule 2-A, Combined Supplementary Bond Information and Summary of Debt Service Requirements, Combined Schedule 2-B, Analysis of Funds Available for Debt Service, and Combined Schedule 2-C, Defeased Bonds Outstanding.

General information related to bonds is summarized below:

##### **University of North Texas**

Consolidated University Revenue Refunding and Improvement Bonds, Series 1985-Capital Appreciation Bonds

- 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 (see Advance Refunding Bonds section below), and pay the costs of issuance
- Issued 10-01-1985
- \$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; final maturity April 15, 2003

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2003

- Source of 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 purchase and renovate a facility for the purpose of storing library materials and surplus property, and provide work area for certain library staff; to construct an Advanced Learning and Student Service Center; to renovate the University Library, and pay the costs of issuance
- Issued 02-01-1994
- \$10,000,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and Pledged Revenues described in Series 1985 above

#### Consolidated University Revenue Bonds, Series 1996

- To provide funds sufficient to construct and equip a Music and Fine Arts Education facility; and acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads or related infrastructure for the University; and pay the costs of issuance
- Issued 02-01-1996
- \$15,000,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and Pledged Revenues described in Series 1985

#### Consolidated University Revenue & Refunding Bonds, Series 1997

- To provide funds sufficient to refund certain of the University's outstanding Consolidated University Revenue Refunding Bonds, Series 1987.
- Issued 03-15-1997
- \$8,230,000; all authorized bonds have been issued.
- Source of revenue for debt service – same as Series 1985

#### Revenue Financing System Bonds, Series 1997

- To provide funds to finance renovations and repairs to dormitories and the University's football stadium and pay the costs of issuance
- Issued 08-15-1997
- \$4,380,000; all authorized bonds have been issued
- Source of revenue for debt service – all Pledged Revenues of the Participants of the University of North Texas Revenue Financing System

#### 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 University buildings, and pay the costs of issuance
- Issued 06-15-1999
- \$23,040,000 (total issue \$32,540,000; \$9,500,000 Health Science Center portion); all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all Pledged Revenues of the Participants of the University of North Texas Revenue Financing System

#### Revenue Financing System Bonds, Series 2001

- To provide funds for the construction and equipping of a student-oriented recreation facility (the "Recreation Center") and pay the costs of issuance
- Issued 12-01-2001
- \$33,860,000; all authorized bonds have been issued

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2003

- Source of revenue for debt service – Student Recreational Facility Fee of \$75 per student per semester approved by the Texas Legislature to be charged beginning with the first semester the facility is occupied and all Pledged Revenues of the Participants of the University of North Texas System Revenue Financing System

#### Revenue Financing System Bonds, Series 2002

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

#### Revenue Financing System Bonds, Series 2002A

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

#### Revenue Financing System Bonds, Series 2003

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

### University of North Texas Health Science Center

#### General Tuition Revenue Bonds, Series 1994

- To construct additional facilities to carry out the functions of The Health Science Center
- Issued 09-15-1994
- \$10,000,000; all authorized bonds have been issued
- Source of revenue for debt service – Tuition, investment earnings from the Interest and Sinking Fund, and any other revenue subsequently pledged

#### Revenue Financing System Bonds, Series 1999

- To acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the Health Science Center, pay the municipal bond insurance premium for the bonds, and to pay costs of issuing the bonds
- Issued 06-15-1999
- \$9,500,000; all authorized bonds have been issued.
- Source of revenue for debt service – legislative appropriation and all Pledged Revenues of the Participants of the University of North Texas System Revenue Financing System

#### Revenue Financing System Refunding and Improvement bond Series 1999A

- Proceeds from the sale of the bonds will be used for the purposes of (i) constructing a parking garage at the University of North Texas Health Science Center at Fort Worth (the "Health Science Center"), (ii) refunding certain of the currently outstanding Health Science Center General Tuition Revenue Bonds,

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2003

Series 1994, and (iii) paying the municipal bond insurance premium for the bonds, and (iv) paying certain costs of issuing the Bonds

- Issued 09-01-1999
- \$15,535,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all Pledged Revenues of the Participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2002

- To acquire, purchase, construct, improve renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the Health Science Center, pay the municipal bond insurance premium for the bonds, and to pay costs of issuing the bonds.
- Issued 8-01-02
- \$27,130,000; all authorized bonds have been issued
- Source of revenue for debt service – legislative appropriation and all Pledged Revenues of the Participants of the University of North Texas System Revenue Financing System

#### **Advance Refunding Bonds**

In prior years, the UNT System has defeased certain revenue 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, 2003, the principal balance outstanding for the defeased bonds is \$14,165,000.

#### **Note 13: Subsequent Events**

- Two additional bond issues were sold in September shortly after the end of the 2003 fiscal year-- Revenue Financing System Bonds, Series 2003A, \$6,185,000 par value, and Taxable Series 2003B, \$4,980,000 par value

The Series 2003A Bonds are being issued for the purposes of advance refunding a portion of the University and Health Science Center tuition revenue bonds in order to reduce debt service requirements in certain years, and to pay certain costs of issuing the Bonds. Funds to cover the debt service on this bond series are appropriated by the Legislature, and also include Pledged Revenues of the Participants of the University of North Texas Revenue Financing System.

The Series 2003B Taxable Bonds are being issued for the purposes of (1) constructing and equipping student housing facilities, to wit, five sorority houses to be owned by the University, (2) paying a portion of the accrued interest, and (3) paying certain costs of issuing the bonds. Funds to cover the debt service on this bond issue will include the fees charged for occupying the sorority facilities and also the Pledged Revenues of the Participants of the University of North Texas Revenue Financing System.

- It is anticipated that \$25.5 million of authorized tuition revenue bonds will be sold in the latter part of the 2004 fiscal year to fund the construction of the facilities at the University of North Texas at Dallas. The debt service to fund these bonds was appropriated for the 2004-2005 biennium.

#### **Note 14: Related Parties**

**The University of North Texas Foundation, Inc.**, a separate nonprofit organization, has as its central purpose the advancement and support of the University of North Texas. The governing board is comprised of elected members separate from the University Regents. The University has no liability with regard to the Foundation's liabilities. The Foundation issued scholarships totaling \$570,181 to the University and transferred \$1,309,100 during the year

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ended August 31, 2003. 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, 2003 was \$30,867,936.

**The Professional Development Institute Inc. (PDI)** is a non-profit 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 as a leading academic institution. PDI, Inc. remitted gifts of \$38,990 that were recorded as revenue to the University during the year ended August 31, 2003. PDI maintains an agency account on the books of the University from which incidental expenses such as postage, telephone, printing, and office supplies are paid. These expenditures totaled \$23,954.84 for the fiscal year ended August 31, 2003.

**The North Texas Research Institute, Inc. (NTRI)** is a separate non-profit corporation. The purposes of the Research Institute 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. During the current fiscal year there were no active projects in NTRI. No project income was generated during the fiscal year. There were no transfers to the University from NTRI. There was \$1,000 in expenditures made on behalf of the University during the current fiscal year.

**The University of North Texas Health Science Center at Fort Worth Texas College of Osteopathic Medicine Foundation, Inc.** is a non-profit organization with the sole purpose of supporting the educational and other activities of the Health Science Center. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Senior Vice President for Finance and Administration of the University of North Texas Health Science Center also oversees the financial operations of the Foundation. The books and accounts of the Foundation are maintained by the Health Science Center.

**Note 15: Stewardship, Compliance and Accountability**

Not Applicable.

**Note 16: The Financial Reporting Entity and Joint Ventures**

Not Applicable.

**Note 17: Restatement of Fund Balances**

During FY 2003, two adjustments were made which required the restatement of the amounts in net assets as shown and below:

	<b>Enterprise Fund</b>
Net Assets August 31, 2002	\$376,077,629.15
Restatements:	
a. Texas State Property Accounting changes	(63, 803.74)
b. Additional accounting changes to full accrual basis	(2,148,179.95)
<b>Net Assets September 1, 2002, as Restated</b>	<b>\$373,865,645.46</b>

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**Note 18: Employees Retirement Plans**

Not Applicable.

**Note 19: Deferred Compensation**

Not Applicable.

**Note 20: Donor-Restricted Endowments**

The University's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one year.

The target distribution of spendable income to each unit of the endowment fund will be between 3 to 6 percent of the average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the Budget and Finance Committee of the Board of Regents the target annual distribution rate shall be 4 percent of the average unit market value. Distribution shall be made quarterly, as soon as practicable, after the last calendar day of November, February, May and August. This distribution amount shall be recalculated each quarter based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment the distribution shall be net current yield.

If, in any given fiscal year, the total return, excluding the net unrealized appreciation, shall be less than the target annual distribution, the actual distribution shall be limited to the net current yield, not to exceed the target distribution rate. The amount of net appreciation on University donor-restricted endowments that was available for distribution and expenditure during the fiscal year was \$146,513.34. All distributions had been made as of the end of the fiscal year; therefore, none of this appreciation amount is reflected in the Net Assets section .

University endowments that do not provide for investments in equities will not be unitized, and they will receive interest and dividends on their funds invested in fixed income securities. The HSC does not unitize its endowments. The HSC returns all investment earnings to their corresponding operation accounts unless directed otherwise by the donor. Currently, only one endowment requires a portion of earnings to be returned to the corpus. The operations accounts are only limited to the present available balance for spending authority. This authority cannot be exceeded based on future projections.

**Note 21: Management Discussion and Analysis**

Refer to the separate Management Discussion and Analysis section on Page 4 of this report.

**Note 22: Post Employment Health Care and Life Insurance Benefits**

Not Applicable.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 1A - Combined Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended August 31, 2003**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
<b>U.S. Department of Agriculture</b>					
Direct Programs:				\$ -	\$ -
Forestry Incentives Program	10.064				
Pass Through From:					
Texas Department of Human Services					
Summer Food Services Program for Children	10.559		324	24,574.45	
Total U.S. Department of Agriculture				24,574.45	-
<b>U.S. Department of Defense-U.S. Army</b>					
Military Medical Research Development					
High Density Lipoprotein Complexes	12.420				
Neuroprotection from Brain Injury	12.420				
Total U.S. Department of Defense-U.S. Army				-	-
<b>Department of Housing &amp; Urban Development</b>					
Direct Programs:					
Office of Policy Development & Research					
Interest Subsidy for College Housing					
Debt Service Grant	14.000	CH TEX 293			-
Community Outreach Partnership Center	14.511				
Total Department of Housing & Urban Development				-	-
<b>Department of Justice</b>					
Pass Through From:					
Office of the Governor					
Bulletproof Vest Partnership Program	16.607		300	1,312.50	
Office of Community-Oriented Policing Services					
Troops to COPS	16.711				
Total Department of Justice				1,312.50	-
<b>Federal Mediation &amp; Conciliation Service</b>					
Direct Programs:					
Labor Mediation & Conciliation	34.001				
Total Federal Mediation & Conciliation Services				-	-
<b>General Services Administration</b>					
Pass Through From:					
Texas Building and Procurement Commission					
Federal Surplus Property Program (Non-Monetary)	39.003		303	7,544.31	
Total General Services Administration				7,544.31	-
<b>National Foundation on the Arts &amp; Humanities</b>					
Direct Programs:					
Promotion of the Arts-Grants to Organizations and Individuals	45.024				
Institute of Museum and Library Services					
National Leadership Grants	45.312				
Pass Through From:					
Texas State Library and Archives Commission					
Promotion of Humanities Challenge Grants	45.130		306	8,963.94	
Total National Foundation on the Arts & Humanities				8,963.94	-
<b>National Science Foundation</b>					
Direct Programs:					
Mathematical and Physical Sciences	47.049				
Pass Through From:					
Ohio State Univ. Research Foundation					
Social, Behavioral and Economic Sciences	47.075	740750			2,000.00
Collin County Community College District					
Education and Human Resources	47.076	752037156			18,434.28
Total National Science Foundation				-	20,434.28



Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		
\$ - 87.30	\$ - 87.30		\$ -	\$ -	\$ - 87.30	\$ - 87.30
	24,574.45				24,574.45	24,574.45
87.30	24,661.75		-	-	24,661.75	24,661.75
25,949.72	25,949.72				25,949.72	25,949.72
71,342.23	71,342.23				71,342.23	71,342.23
97,291.95	97,291.95		-	-	97,291.95	97,291.95
84,004.00	84,004.00				84,004.00	84,004.00
53,620.20	53,620.20				53,620.20	53,620.20
137,624.20	137,624.20		-	-	137,624.20	137,624.20
	1,312.50				1,312.50	1,312.50
101,780.59	101,780.59				101,780.59	101,780.59
101,780.59	103,093.09		-	-	103,093.09	103,093.09
48,495.22	48,495.22				48,495.22	48,495.22
48,495.22	48,495.22		-	-	48,495.22	48,495.22
	7,544.31				7,544.31	7,544.31
-	7,544.31		-	-	7,544.31	7,544.31
21,152.60	21,152.60				21,152.60	21,152.60
32,683.06	32,683.06				32,683.06	32,683.06
	8,963.94				8,963.94	8,963.94
53,835.66	62,799.60		-	-	62,799.60	62,799.60
23,000.00	23,000.00				23,000.00	23,000.00
	2,000.00				2,000.00	2,000.00
	18,434.28				18,434.28	18,434.28
23,000.00	43,434.28		-	-	43,434.28	43,434.28

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
<b>Department of Veteran's Affairs</b>					
Pass Through From:					
Datatrac Information Service					
Contract: Cybersecurity Program Support	64.000	30010721568			55,389.29
Total Department of Veteran's Affairs				-	55,389.29
<b>Department of Education</b>					
Direct Programs:					
TRIO-Talent Search	84.044				
TRIO-Upward Bound	84.047				
Rehabilitation Long-Term Training	84.129				
Business and International Education Projects	84.153				
Bilingual Education Professional Development	84.195				
Fund for the Improvement of Education	84.215				
TRIO: McNair Post-Baccalaureate Achievement	84.217				
Rehabilitation Training: Continuing Education	84.264				
Special Education-Personnel Preparation to Improve Eisenhower Professional Development State Grants	84.281				
Services and Results for Children with Disabilities	84.325				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334				
Pass Through From:					
Texas Education Agency					
Vocational Education: Basic Grants to States	84.048		701	100,782.11	
American String Teachers					
Fund for the Improvement of Postsecondary Educ.	84.116	32002676115			10,554.15
Texas Higher Education Coordinating Board					
Improving Teacher Quality State Grants	84.281		781	22,887.61	
University of Texas at Austin					
Eisenhower Professional Development State Grants	84.281		721	9,736.35	
Texas Education Agency					
Tech-Prep Education	84.243		701	178,698.38	
National Writing Project					
Innovative Education Program Strategies	84.298	03-TX12			18,140.00
SW Educational Development Lab					
Regional Technology in Education Consortia	84.302	48487-49279			190,877.70
University of Texas at Austin					
Improving Teacher Quality State Grants	84.367		721	20,812.07	
Texas Higher Education Coordinating Board					
Improving Teacher Quality State Grants	84.367		781	155,927.50	
Total Department of Education				488,844.02	219,571.85
<b>Department of Health &amp; Human Services</b>					
Direct Programs:					
Maternal and Child Health Federal Consolidated Program					
	93.110				
Administration for Children and Families					
Direct Programs:					
University of Texas Medical Branch-Galveston					
Basic/Core Area Health Education Centers	93.824				
Pass Through From:					
Texas Department of Health					
Immunization Grants	93.268		501	159,332.72	
Nat'l Youth Sports Program					
Community Services Block Grant-Discretionary	93.570	NYSPF 03-208			59,366.51
Texas Dept. of Protective & Regulatory Services					
Community-Based Family Resource & Support Grants	93.590		530	58,630.75	
Foster Care: Title IV-E	93.658		530	177,380.38	
Baylor College of Medicine					
Geriatric Education Centers	93.969	5D31HP70112-02			15,725.39
Texas Department of Health					
Maternal and Child Health Services Block Grant to the States	93.994		501	41,531.23	
Total Department of Health & Human Services				436,875.08	75,091.90
<b>Corporation for National &amp; Community Service</b>					
Direct Programs:					
Volunteers in Service to America (VISTA)					
	94.013				
Pass Through From:					
Texas Workforce Commission					
AmeriCorps	94.006		320	236,395.60	
Pass Through To:					
Texas State University-San Marcos					
	94.006				
Total Corporation for National & Community Service				236,395.60	-

Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		
	55,389.29				55,389.29	55,389.29
-	55,389.29		-	-	55,389.29	55,389.29
4,670.93	4,670.93				4,670.93	4,670.93
653,784.41	653,784.41				653,784.41	653,784.41
455,518.90	455,518.90				455,518.90	455,518.90
9.47	9.47				9.47	9.47
208,206.62	208,206.62				208,206.62	208,206.62
90,111.97	90,111.97				90,111.97	90,111.97
522,424.12	522,424.12				522,424.12	522,424.12
484,888.41	484,888.41				484,888.41	484,888.41
2,268.00	2,268.00				2,268.00	2,268.00
1,254,720.13	1,254,720.13				1,254,720.13	1,254,720.13
965,932.82	965,932.82				965,932.82	965,932.82
	100,782.11				100,782.11	100,782.11
	10,554.15				10,554.15	10,554.15
11,465.93	34,353.54				34,353.54	34,353.54
	9,736.35				9,736.35	9,736.35
	178,698.38				178,698.38	178,698.38
	18,140.00				18,140.00	18,140.00
	190,877.70				190,877.70	190,877.70
	20,812.07				20,812.07	20,812.07
(24,123.86)	131,803.64				131,803.64	131,803.64
4,629,877.85	5,338,293.72		-	-	5,338,293.72	5,338,293.72
14,732.08	14,732.08				14,732.08	14,732.08
27,425.16	27,425.16				27,425.16	27,425.16
	159,332.72				159,332.72	159,332.72
	59,366.51				59,366.51	59,366.51
	58,630.75				58,630.75	58,630.75
	177,380.38				177,380.38	177,380.38
	15,725.39				15,725.39	15,725.39
	41,531.23				41,531.23	41,531.23
42,157.24	554,124.22		-	-	554,124.22	554,124.22
4,670.96	4,670.96				4,670.96	4,670.96
(2.00)	236,393.60				236,393.60	236,393.60
24,019.56	24,019.56	754	24,019.56	-	-	24,019.56
28,688.52	265,084.12		24,019.56	-	241,064.56	265,084.12

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From			
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount	
<b>Student Financial Assistance Cluster:</b>						
<b>National Science Foundation</b>						
Direct Programs:						
Mathematical and Physical Sciences	47.049					
Biological Sciences	47.074					
Education and Human Resources	47.076					
<b>Environmental Protection Agency</b>						
Training and Fellowships for the EPA	66.607					
<b>U. S. Department of Education</b>						
Direct Programs:						
Office of Student Financial Assistance						
Federal Supplemental Educational Opportunity Grants	84.007					
Federal Family Education Loan Program						
New Loans Processed (Stafford Loans)	84.032					
Federal Work-Study Program	84.033					
Federal Perkins Loan Program						
New Loans Processed	84.038					
Administrative Costs Recovered	84.038					
Office of Assistant Secretary for Postsecondary Education						
TRIO: Student Support Services	84.042					
Federal Student Aid						
Federal Pell Grant Program	84.063					
Parent Loan for Students (PLUS)	84.268					
Office of Education Research and Improvement						
National Institute on Postsecondary Education, Libraries, and Lifelong Learning	84.309					
<b>U.S. Department of Health and Human Services</b>						
Scholarships for Students of Exceptional Financial Need	93.820					
Total Student Financial Assistance Cluster				-		-
<b>Research and Development Cluster:</b>						
<b>U.S. Department of Agriculture</b>						
Direct Programs:						
Grants for Agriculture Research-Competitive Research Grants	10.206					
Pass Through From:						
Texas Woman's University						
Integrated Programs	10.303		731	29,290.47		
<b>U.S. Department of Commerce</b>						
Pass Through From:						
Zyvez Corporation						
Advanced Technology Program	11.612	17527046001				53,910.23
<b>U.S. Department of Defense</b>						
Direct Programs:						
Contract: Intergovernmental Personnel Agreement	12.000	W81EWF91192322				
Navigation Projects	12.107					
Collaborative Research and Development	12.114					
Basic & Applied Scientific Research	12.300					
Basic, Applied, and Advanced Research in Science and Engineering	12.431					
Mathematical Sciences Grants Program	12.630					
Research and Technology Development	12.901					
Research and Technology Development	12.910					
Pass Through From:						
City of Lewisville						
Ecosystem Research at Lake Lewisville	12.000	Tsk Ord# FY02-01				98,186.20
Wendy Lopez & Associates						
Collaborative Research and Development	12.114	DACW56-98-D-006				(0.09)
Office of Naval Research						
Basic and Applied Scientific Research	12.300	N00014-03-1-0639				32,897.30
Rice University						
Basic, Applied, and Advanced Research in Science and Engineering	12.630	01110201-03				12,564.71
<b>U.S. Department of Housing &amp; Urban Development</b>						
Community Planning and Development						
Pass Through From:						
City of Dallas						
Community Development Block Grants/ State's Program	14.228	98-2224				1,544.36

Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		
5,000.00	5,000.00				5,000.00	5,000.00
1,534.93	1,534.93				1,534.93	1,534.93
70,003.00	70,003.00				70,003.00	70,003.00
13,224.90	13,224.90				13,224.90	13,224.90
1,776,988.37	1,776,988.37				1,776,988.37	1,776,988.37
85,938,870.30	85,938,870.30				85,938,870.30	85,938,870.30
1,018,293.45	1,018,293.45				1,018,293.45	1,018,293.45
1,300,700.00	1,300,700.00				1,300,700.00	1,300,700.00
47,296.62	47,296.62				47,296.62	47,296.62
327,961.76	327,961.76				327,961.76	327,961.76
13,502,019.70	13,502,019.70				13,502,019.70	13,502,019.70
9,145,430.63	9,145,430.63				9,145,430.63	9,145,430.63
7,198.88	7,198.88				7,198.88	7,198.88
16,334.00	16,334.00				16,334.00	16,334.00
113,170,856.54	113,170,856.54		-	-	113,170,856.54	113,170,856.54
152,819.00	152,819.00				152,819.00	152,819.00
	29,290.47				29,290.47	29,290.47
	53,910.23				53,910.23	53,910.23
122,580.13	122,580.13				122,580.13	122,580.13
10,610.62	10,610.62				10,610.62	10,610.62
849,334.01	849,334.01				849,334.01	849,334.01
18,942.28	18,942.28				18,942.28	18,942.28
703,241.26	703,241.26				703,241.26	703,241.26
136,071.73	136,071.73				136,071.73	136,071.73
59,160.39	59,160.39				59,160.39	59,160.39
610,203.32	610,203.32				610,203.32	610,203.32
	98,186.20				98,186.20	98,186.20
	(0.09)				(0.09)	(0.09)
	32,897.30				32,897.30	32,897.30
	12,564.71				12,564.71	12,564.71
	1,544.36				1,544.36	1,544.36

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
<b>U.S. Department of Interior</b>					
Bureau of Land Management					
Pass Through From:					
Northern Arizona University					
Cooperative Inspection Agreements with States and Tribes	15.222	PAA 01 7002			(0.40)
Fish and Wildlife Service					
Pass Through From:					
Arkansas Game & Fish Commission					
Fish & Wildlife Management Assistance	15.608	716006567			3,806.01
<b>U.S. Department of Justice</b>					
Office of Justice Programs					
Direct Programs:					
Criminal Justice Research & Development:					
Graduate Research Fellowships	16.562				
<b>U.S. Department of Labor</b>					
Pass Through From:					
Tarrant County Workforce Development Board					
WIA Adult Program	17.258	02-FUS-WIA-001			62,545.97
<b>U.S. Department of State</b>					
Bureau of Educational and Cultural Affairs					
Direct Programs:					
Professional Development-Teacher Training					
	19.419				
<b>Office of Personnel Management</b>					
Federal Civil Service Employment					
IPA Mobility Program	27.011				
<b>Federal Mediation and Conciliation</b>					
Direct Programs:					
Labor Mediation and Conciliation					
	34.001				
<b>National Aeronautics &amp; Space Administration</b>					
Direct Programs:					
Aerospace Education Services Program					
	43.001				
Pass Through From:					
California Institute/Technology					
Contract: Measurement of Isotopic Composition of Iron Oxides	43.000	1241927			24,658.68
<b>National Foundation on the Arts &amp; the Humanities</b>					
Direct Programs:					
Office of Museum Services					
Institute of Museum & Library Services	45.301				
<b>National Science Foundation</b>					
Direct Programs:					
Engineering Grants					
	47.041				
Mathematical and Physical Sciences					
	47.049				
Geosciences					
	47.050				
Computer & Information Science & Engineering					
	47.070				
Biological Sciences					
	47.074				
Social, Behavioral, & Economic Sciences					
	47.075				
Education and Human Resources					
	47.076				
Pass Through From:					
University of Puerto Rico					
Biological Sciences	47.074	SS66-0433760			60.12
University of Alaska					
Biological Sciences	47.074	PO#FP103792			13,226.94
Washington University					
Computer and Information Science and Engineering	47.070	WUHT-02-02			64,877.42
Civilian Research and Development					
Social, Behavioral, & Economic Sciences	47.075	UE2-2448-KH-02			6,740.09
University of Michigan					
Education and Human Resources	47.076	F003426			27,532.82
<b>U.S. Department of Veterans Affairs</b>					
Direct Programs:					
Contract: Intergov't Personnel Agreement					
	64.000	73115			
Contract: Intergov't Personnel Agreement					
	64.000	73116			
Contract: Intergov't Personnel Agreement					
	64.000	73117			
<b>Environmental Protection Agency</b>					
Direct Programs:					
Office of Administration					
Surveys, Studies, Investigations & Special Purpose	66.606				
Office of Prevention, Pesticides, and Toxic Substances					

Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		
	(0.40)				(0.40)	(0.40)
	3,806.01				3,806.01	3,806.01
259,389.99	259,389.99				259,389.99	259,389.99
	62,545.97				62,545.97	62,545.97
15,510.13	15,510.13				15,510.13	15,510.13
19,967.01	19,967.01				19,967.01	19,967.01
10,440.78	10,440.78				10,440.78	10,440.78
122,713.56	122,713.56				122,713.56	122,713.56
	24,658.68				24,658.68	24,658.68
74,560.38	74,560.38				74,560.38	74,560.38
158,499.45	158,499.45				158,499.45	158,499.45
612,724.84	612,724.84				612,724.84	612,724.84
53,724.88	53,724.88				53,724.88	53,724.88
322,197.27	322,197.27				322,197.27	322,197.27
368,743.55	368,743.55				368,743.55	368,743.55
387,233.19	387,233.19				387,233.19	387,233.19
772,772.52	772,772.52				772,772.52	772,772.52
	60.12				60.12	60.12
	13,226.94				13,226.94	13,226.94
	64,877.42				64,877.42	64,877.42
	6,740.09				6,740.09	6,740.09
	27,532.82				27,532.82	27,532.82
146,170.48	146,170.48				146,170.48	146,170.48
194,337.12	194,337.12				194,337.12	194,337.12
116,641.79	116,641.79				116,641.79	116,641.79
16,033.05	16,033.05				16,033.05	16,033.05

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Pass Through From:					
Parsons Engineering					
Water Quality Cooperative Agreements	66.463	953047593			10,288.41
IT Corporation					
Great Lakes Program	66.469	189948			3,906.27
University of Dayton Research Institute					
Pollution Prevention Grants Program	66.708	RSC00028			(0.02)
<b>U.S. Department of Energy</b>					
Direct Programs:					
Office of Science					
Office of Science Financial Assistance Program	81.049				
<b>U.S. Department of Education</b>					
Direct Programs:					
Office of Special Education & Rehabilitative Services					
Rehabilitation Long-Term Training	84.129				
Rehabilitation Training: Continuing Education	84.264				
Office of Elementary and Secondary Education					
Impact Aid	84.041				
Office of Assistant Secretary for Postsecondary Education					
TRIO: Talent Search	84.044				
Business and International Education Projects	84.153				
TRIO: McNair Post-Baccalaureate Achievement	84.217				
Preparing Tomorrow's Teachers to Use Technology	84.342				
Pass Through From:					
Argonne National Laboratory					
A Collective Framework for Chemical Tables	81.000	3F-00181			41,942.46
Texas Education Agency					
Vocational Education-Basic Grants to States	84.048		701	45,627.00	
Western Illinois University					
Star Schools	84.203	5-28131			183,866.70
Allen ISD					
Technology Innovation Grants	84.303	R303A990301			212,359.56
University of Texas-Pan American					
Capacity Building for Traditionally Underserved Populations	84.315		736	22,474.09	
Denton ISD					
Technology Literacy Challenge Fund Grants	84.318	7560013116			(749.67)
Educational Service Center (Region IX)					
Technology Literacy Challenge Fund Grants	84.318	751246742			11.20
Educational Service Center (Region XX)					
Technology Literacy Challenge Fund Grants	84.318	17415874613			89.59
Educational Service Center (Region I)					
Technology Literacy Challenge Fund Grants	84.318	17415881865			2,796.10
Educational Service Center (Region XIV)					
Technology Literacy Challenge Fund Grants	84.318	17512478334			3,627.37
Educational Service Center (Region VIII)					
Technology Literacy Challenge Fund Grants	84.318	17512467410			1,477.17
McAllen ISD					
Technology Literacy Challenge Fund Grants	84.318	411262192p8131990J			500.62
Coolidge ISD					
Technology Literacy Challenge Fund Grants	84.318	17460005634			1,711.92
Liberty Eylan ISD					
Technology Literacy Challenge Fund Grants	84.318	1751424165			11,733.22
University of Texas at San Antonio					
Preparing Tomorrow's Teachers to Use Technology	84.342		743	11,776.94	
University of Texas at Austin					
Preparing Tomorrow's Teachers to Use Technology	84.342		721	14,254.39	
Pass Through To:					
University of Texas at Austin					
Preparing Tomorrow's Teachers to Use Technology	84.342				
<b>U.S. Department of Health &amp; Human Services</b>					
Direct Programs:					
Centers for Disease Control and Prevention					
Task Orders	93.000	200-2001-00084			
Injury Prevention and Control Research and State and Community Based Programs	93.136				
Investigations and Technical Assistance	93.283				
National Institute of Health					
Biological Response to Environmental Health Hazards	93.113				
Cancer Detection & Diagnosis Research	93.394				
Cancer Treatment Research	93.395				



Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		
	10,288.41				10,288.41	10,288.41
	3,906.27				3,906.27	3,906.27
	(0.02)				(0.02)	(0.02)
88,314.61	88,314.61				88,314.61	88,314.61
61,610.49	61,610.49				61,610.49	61,610.49
1,576.72	1,576.72				1,576.72	1,576.72
39,747.44	39,747.44				39,747.44	39,747.44
389,103.97	389,103.97				389,103.97	389,103.97
55,866.38	55,866.38				55,866.38	55,866.38
57,633.68	57,633.68				57,633.68	57,633.68
605,667.98	605,667.98				605,667.98	605,667.98
	41,942.46				41,942.46	41,942.46
48.00	45,675.00				45,675.00	45,675.00
	183,866.70				183,866.70	183,866.70
	212,359.56				212,359.56	212,359.56
	22,474.09				22,474.09	22,474.09
	(749.67)				(749.67)	(749.67)
	11.20				11.20	11.20
	89.59				89.59	89.59
	2,796.10				2,796.10	2,796.10
	3,627.37				3,627.37	3,627.37
	1,477.17				1,477.17	1,477.17
	500.62				500.62	500.62
	1,711.92				1,711.92	1,711.92
	11,733.22				11,733.22	11,733.22
	11,776.94				11,776.94	11,776.94
	14,254.39				14,254.39	14,254.39
107,993.36	107,993.36	721	107,993.36	-		107,993.36
124,966.78	124,966.78				124,966.78	124,966.78
571.80	571.80				571.80	571.80
673,538.84	673,538.84				673,538.84	673,538.84
217,323.38	217,323.38				217,323.38	217,323.38
206,078.57	206,078.57				206,078.57	206,078.57
190,219.60	190,219.60				190,219.60	190,219.60

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Cancer Biology Research	93.396				
Cancer Research Manpower	93.398				
Cell Biology and Biophysics Research	93.821				
Microbiology and Infectious Diseases Research	93.856				
Aging Research	93.866				
Vision Research	93.867				
Health Resources and Services Administration					
Grants for Faculty Training Projects in Geriatric Medicine	93.156				
Health Education and Training Centers	93.189		739	3,882.48	
Research and Training in Complementary and Alternative Medicine	93.213				
Alcohol Research Programs	93.273		739	41,025.43	
Drug Abuse Research Programs	93.279				
Arthritis, Musculoskeletal & Skin Diseases Research	93.846				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853				
Academic Research Enhancement Award	93.390				
Grants for Faculty Development In Family Medicine	93.895				
Grants for Predoctoral Training in Family Medicine	93.896				
School for Health Professional Students from Disadvantaged Backgrounds	93.925				
Special Minority Initiatives	93.960				
Public Health Traineeships	93.964				
Academic Administrative Units In Primary Care Center for Disease Control	93.984				
Health Resources and Services Administration					
Direct Programs:					
University of Texas Medical Branch-Galveston Basic/Core Area Health Education Centers	93.824				
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884				
Pass Through From:					
Texas Department of Health					
Abstinence Education	93.235		501	141,870.97	
CDC-Investigations & Technical Assistance	93.283		501	89,987.27	
UT Health Science Center at Houston					
Public Health Training Centers	93.249		744	146,690.40	
Texas Dept. of Protective & Regulatory Services Community-Based Family Resource and Support Grant	93.590		530	(74.11)	
UT Southwest-Dallas					
Heart and Vascular Diseases Research	93.837		729	3,612.17	
Allergy Research	93.855		729	5,553.63	
Total R&D Cluster Programs				555,971.13	876,111.26
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>\$ 1,760,481.03</b>	<b>\$ 1,246,598.58</b>

Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		
116,365.80	116,365.80				116,365.80	116,365.80
4,512.75	4,512.75				4,512.75	4,512.75
18,161.98	18,161.98				18,161.98	18,161.98
789,567.82	789,567.82				789,567.82	789,567.82
146,484.80	146,484.80				146,484.80	146,484.80
468,192.30	468,192.30				468,192.30	468,192.30
290,620.24	290,620.24				290,620.24	290,620.24
	3,882.48				3,882.48	3,882.48
446,915.82	446,915.82				446,915.82	446,915.82
6,662.70	47,688.13				47,688.13	47,688.13
125,907.93	125,907.93				125,907.93	125,907.93
44,092.75	44,092.75				44,092.75	44,092.75
32,156.21	32,156.21				32,156.21	32,156.21
22,159.37	22,159.37				22,159.37	22,159.37
45,619.08	45,619.08				45,619.08	45,619.08
5,656.12	5,656.12				5,656.12	5,656.12
131,682.00	131,682.00				131,682.00	131,682.00
156,279.18	156,279.18				156,279.18	156,279.18
9,006.00	9,006.00				9,006.00	9,006.00
39.52	39.52				39.52	39.52
217,011.85	217,011.85				217,011.85	217,011.85
1,296.00	1,296.00				1,296.00	1,296.00
	141,870.97				141,870.97	141,870.97
204,246.75	294,234.02				294,234.02	294,234.02
(28,229.46)	118,460.94				118,460.94	118,460.94
	(74.11)				(74.11)	(74.11)
2,462,816.25	2,466,428.42				2,466,428.42	2,466,428.42
(6,144.73)	(591.10)				(591.10)	(591.10)
<u>14,845,963.36</u>	<u>16,278,045.75</u>		<u>107,993.36</u>	<u>-</u>	<u>16,170,052.39</u>	<u>16,278,045.75</u>
<u>\$ 133,179,658.43</u>	<u>\$ 136,186,738.04</u>		<u>\$ 132,012.92</u>	<u>\$ -</u>	<u>\$ 136,054,725.12</u>	<u>\$ 136,186,738.04</u>

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount

Note 1: Nonmonetary Assistance

The "Donation of Federal Surplus Personal Property" is presented at 23.3 percent of the original federal acquisition cost of \$32,379.00. The surplus property is passed through from the Texas Building and Procurement Commission. The federal grantor agency is the General Services Administration (GSA), and the federal CFDA number is 39.003. The estimated fair value at date of receipt was \$7,544.31.

Note 2: Reconciliation

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

Federal Revenues - per Statement of Revenues, Expenses, and Changes in Net Assets		
Federal Grants and Contracts		36,177,275.31
Federal Pass-Through Grants from Other State Agencies/Universities		<u>1,752,936.72</u>
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets		<u>37,930,212.03</u>
Reconciling Items:		
Federal Grants and Contracts (Indirect/Administrative Cost Recoveries)		1,650,696.39
Pass Through to State Entities		132,012.92
Pass Through to Other Entities		-
Non-Monetary Assistance:		
Donation of Federal Surplus Property		7,544.31
Federal Revenue on SCRECNA but not considered to be Federal Revenue for the Schedule:		
TEES (556)		(232.00)
TX Commission on the Arts (813)		(2,500.54)
Interest Subsidy HUD Grant		84,004.00
New Loans Processed:		
Federal Family Education Loan Program		85,938,870.30
Federal Perkins Loan Program		1,300,700.00
Federal Parent Loan for Students		<u>9,145,430.63</u>
Total Pass-Through and Expenditures Per Federal Schedule		<u><u>\$ 136,186,738.04</u></u>

Direct Program Amount	Total PT From & Direct Program	Pass Through To			Expenditures Amount	Total PT To & Expenditures
		Agy./ Univ. #	State Agy. Univ. Amount	Non-State Entities Amount		

Note 3: Student Loans Processed & Administrative Costs Recovered

Federal Grantor/ CFDA Number/ Program Name	New Loans Processed	Admin Costs Recovered	Processed & Admin Costs Recovered	Ending Balance of Previous Years' Loans
<i>U.S. Department of Education</i>				
84.032 Fed Fam Ed Loan Prg	\$ 85,938,870.30	\$ -	\$ 85,938,870.30	\$ -
84.038 Federal Perkins Loan	1,300,700.00	47,296.62	1,347,996.62	4,731,685.96
84.268 Parent Loan for Students	9,145,430.63	-	9,145,430.63	-
<i>Total U.S. Dept. of Education</i>	<u>\$ 96,385,000.93</u>	<u>\$ 47,296.62</u>	<u>\$ 96,432,297.55</u>	<u>\$ 4,731,685.96</u>
<i>U.S. Dept. of Health and Human Services</i>				
93.342 Health Professions/ Disadvantaged Student Loans	-	-	-	640,383.14
<i>Total U.S. Dept. of Health and Human Services</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,383.14</u>

Note 4: PVE Funds  
Not Applicable

Note 5: Depository Libraries for Government Publications  
The University of North Texas participates as a depository library in the Government Printing Office's Depository Libraries for Government Public program, CFDA #40.001. The university is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 6: Unemployment Insurance  
Not Applicable

Note 7: Rebates from Special Supplemental Food Program for WIC  
Not Applicable

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### UNIVERSITY OF NORTH TEXAS SYSTEM (794)

#### Schedule 1B - Combined Schedule of State Grant Pass Throughs From/To State Agencies

For the Fiscal Year Ended August 31, 2003

#### Pass Through From State Agencies

##### To University of North Texas (752)

TX State Library & Archives (Agency 306)	
From Republic to State: Debates & Documents	\$ 10,926.00
TX Infrastructure Board (Agency 367)	
QE-2001-HTA2S-5428 HE3 Technology Advancement Grant	15,553.08
QE-2002-HE4C-7233	616,687.00
QE-2002-LB9C-6941	194,736.76
QE-2000-D13C-4281	22,987.96
TIF Intel Teach to the Future	989,052.47
Senior Tech Applications Academy	1,367,203.08
QE-2002-D15C-7229	368,110.81
QE-2001-SPECS-5615	20,188.56
Texas Department of Health (Agency 501)	
BEA/GCH Core (7560021499B2002)	1,351.85
Bureau of Children's Health	80.00
Texas Education Agency (Agency 701)	
Texas Academy of Math and Science	468,595.00
Texas Higher Education Coordinating Board (Agency 781)	
Developmental Education	49,423.00
5th Year Accounting Scholarship	36,513.00
Advanced Research Program	(68,220.48)
Advanced Technology Program	8,099.97
Texas College Work Study Program	57,314.49
Texas Grants Program	4,984,390.00
Nursing and Allied Health	134,308.21
General Academic Enrollment Growth	209,504.00
Texas Technology Workforce Grant	37,739.40
Total Pass Through From Other Agencies to UNT	<u>\$ 9,524,544.16</u>

##### To UNT Health Science Center (763)

Texas Higher Education Coordinating Board (Agency 781)	
Advanced Research Program	6,535.61
Advanced Technology Program	(175.15)
Texas College Work Study Program	2,850.29
Family Practice Residency	405,947.23
Rural & Public Health Rotation	26,032.77
Res Phy Comp Program	157,936.31
Graduate Medical Education	258,320.46
Office of Attorney General (Agency 302)	401,070.00
Total Pass Through From Other Agencies to UNT Health Science Center	<u>\$ 1,258,517.52</u>

Total Pass Through From Other Agencies	<u>\$ 10,783,061.68</u>
(Statement of Revenues, Expenses, and Changes in Net Assets)	

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**

**Schedule 2A - Combined Miscellaneous Bond Information**

**For the Fiscal Year Ended August 31, 2003**

<b>Description of Issue</b>	<b>Bonds Issued to Date</b>	<b>Range of Interest Rates</b>	<b>Scheduled Maturities</b>		<b>First Call Date</b>
			<b>First Year</b>	<b>Last Year</b>	
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	\$ 31,135,000.00	6.25% - 10.00%	1987	2003	04/15/95
UNT Cons Univ Rev Bonds, Ser '94	10,000,000.00	4.00% - 7.00%	1995	2014	04/15/04
UNTHSC Gen Tuition Rev Bonds, Ser '94	10,000,000.00	5.30% - 8.25%	1995	2014	06/15/04
UNT Cons Univ Rev Bonds, Ser '96	15,000,000.00	4.30% - 7.30%	1996	2015	04/15/06
UNT Cons Univ Rev Ref Bonds, Ser '97	8,230,000.00	3.70% - 4.85%	1998	2005	-
Rev Fin Sys Bonds, Ser '97 (UNT)	4,380,000.00	4.50% - 6.00%	1998	2007	04/15/03
Rev Fin Sys Bonds, Ser '99	32,540,000.00	4.25% - 5.40%	1999	2019	04/15/09
Rev Fin Ref & Imp Bonds, Ser '99A (UNTHSC)	15,535,000.00	5.00% - 5.75%	2000	2019	04/15/09
Rev Fin Sys Bonds, Ser '01 (UNT)	33,860,000.00	4.00% - 5.50%	2002	2024	04/15/12
Rev Fin Sys Bonds, Ser '02	63,470,000.00	2.00% - 5.00%	2003	2022	04/15/12
Rev Fin Sys Bonds, Ser '02A (UNT)	9,500,000.00	4.00% - 5.00%	2004	2022	04/15/12
Rev Fin Sys Bonds, Ser '03 (UNT)	31,180,000.00	3.00% - 5.00%	2005	2034	04/15/13
Total	<u>\$ 264,830,000.00</u>				



**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2B - Combined Changes in Bonded Indebtedness**  
**For the Fiscal Year Ended August 31, 2003**

Description of Issue	Bonds Outstanding 09/01/02	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/03	Amounts Due Within One Year
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	\$ 1,858,554.01	\$ 116,445.99	\$ 1,975,000.00	\$ -	\$ -	\$ -
UNT Cons Univ Rev Bonds, Ser '94	7,320,000.00	-	445,000.00	-	6,875,000.00	470,000.00
UNTHSC Gen Tuition Rev Bonds, Ser '94	1,895,000.00	-	435,000.00	-	1,460,000.00	460,000.00
UNT Cons Univ Rev Bonds, Ser '96	10,920,000.00	-	605,000.00	-	10,315,000.00	640,000.00
UNT Cons Univ Rev Ref Bonds, Ser '97	4,310,000.00	-	80,000.00	-	4,230,000.00	2,090,000.00
Rev Fin Sys Bonds, Ser '97 (UNT)	2,425,000.00	-	440,000.00	-	1,985,000.00	460,000.00
Rev Fin Sys Bonds, Ser '99	28,020,000.00	-	1,080,000.00	-	26,940,000.00	1,135,000.00
Rev Fin Ref & Imp Bonds, Ser '99A (UNTHSC)	14,275,000.00	-	425,000.00	-	13,850,000.00	445,000.00
Rev Fin Sys Bonds, Ser '01 (UNT)	33,860,000.00	-	-	-	33,860,000.00	700,000.00
Rev Fin Sys Bonds, Ser '02	63,470,000.00	-	2,945,000.00	-	60,525,000.00	2,250,000.00
Rev Fin Sys Bonds, Ser '02A (UNT)	-	9,500,000.00	-	-	9,500,000.00	140,000.00
Rev Fin Sys Bonds, Ser '03 (UNT)	-	31,180,000.00	-	-	31,180,000.00	-
<b>Total</b>	<b>\$ 168,353,554.01</b>	<b>\$ 40,796,445.99</b>	<b>\$ 8,430,000.00</b>	<b>\$ -</b>	<b>\$ 200,720,000.00</b>	<b>\$ 8,790,000.00</b>

\*

**Footnotes:**

\* Bonds premiums, discounts and issuance costs were not individually greater than 10% of the par value of the bond issue; therefore, they are not capitalized and amortized over the life of the bonds. They were expensed at the time of the bond issue.

Bonds Payable per Statement of Net Assets

\$ 200,720,000.00

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2C - Combined Debt Service Requirements**  
**For the Fiscal Year Ended August 31, 2003**

Description of Issue	2004	2005	2006	2007	2008
<b>Revenue Bonds</b>					
UNT Cons Univ Rev Bonds, Ser '94					
Principal	\$ 470,000.00	\$ 495,000.00	\$ 525,000.00	\$ 555,000.00	\$ 585,000.00
Interest	322,280.00	289,380.00	266,610.00	241,935.00	215,295.00
UNTHSC Gen Tuition Rev Bonds, Ser '94					
Principal	460,000.00	485,000.00	515,000.00	-	-
Interest	82,193.76	56,893.76	29,612.50	-	-
UNT Cons Univ Rev Bonds, Ser '96					
Principal	640,000.00	670,000.00	705,000.00	745,000.00	780,000.00
Interest	501,125.00	472,965.00	442,815.00	410,385.00	375,370.00
UNT Cons Univ Rev Ref Bonds, Ser '97					
Principal	2,090,000.00	2,140,000.00	-	-	-
Interest	203,065.00	103,790.00	-	-	-
Revenue Financing Sys Bonds, Ser '97 (UNT)					
Principal	460,000.00	485,000.00	510,000.00	530,000.00	-
Interest	91,392.50	70,692.50	48,625.00	24,910.00	-
Revenue Financing Sys Bonds, Ser '99					
Principal	1,135,000.00	1,185,000.00	1,240,000.00	1,300,000.00	1,365,000.00
Interest	1,403,132.52	1,350,638.78	1,294,351.28	1,235,451.28	1,170,451.28
Rev Fin Sys Ref & Imp Bonds, Ser '99A (UNTHSC)					
Principal	445,000.00	385,000.00	405,000.00	965,000.00	1,020,000.00
Interest	724,912.50	702,662.50	683,412.50	663,162.50	614,912.50
Revenue Financing Sys Bonds, Ser '01 (UNT)					
Principal	700,000.00	425,000.00	575,000.00	740,000.00	920,000.00
Interest	1,733,525.00	1,705,525.00	1,688,525.00	1,665,525.00	1,635,925.00
Revenue Financing Sys Bonds, Ser '02					
Principal	2,250,000.00	2,290,000.00	2,375,000.00	2,445,000.00	2,525,000.00
Interest	2,610,468.76	2,565,468.76	2,479,593.76	2,408,343.76	2,334,993.76
Revenue Financing Sys Bonds, Ser '02A (UNT)					
Principal	140,000.00	350,000.00	365,000.00	380,000.00	400,000.00
Interest	614,526.46	416,593.76	402,593.76	387,993.76	372,793.76
Revenue Financing Sys Bonds, Ser '03 (UNT)					
Principal	-	570,000.00	585,000.00	605,000.00	620,000.00
Interest	1,219,059.97	1,388,802.50	1,371,702.50	1,354,152.50	1,336,002.50
<b>Total</b>	<b>18,295,681.47</b>	<b>18,603,412.56</b>	<b>16,507,841.30</b>	<b>16,656,858.80</b>	<b>16,270,743.80</b>
Less Interest	<b>9,505,681.47</b>	<b>9,123,412.56</b>	<b>8,707,841.30</b>	<b>8,391,858.80</b>	<b>8,055,743.80</b>
<b>Total Principal</b>	<b>\$ 8,790,000.00</b>	<b>\$ 9,480,000.00</b>	<b>\$ 7,800,000.00</b>	<b>\$ 8,265,000.00</b>	<b>\$ 8,215,000.00</b>

<u>2009-13</u>	<u>2014-18</u>	<u>2019-23</u>	<u>2024-28</u>	<u>2029-33</u>	<u>2034-38</u>	<u>Total Requirements</u>
\$ 3,440,000.00	\$ 805,000.00	\$ -	\$ -	\$ -	\$ -	\$ 6,875,000.00
621,720.00	32,200.00	-	-	-	-	1,989,420.00
-	-	-	-	-	-	1,460,000.00
-	-	-	-	-	-	168,700.02
4,575,000.00	2,200,000.00	-	-	-	-	10,315,000.00
1,259,680.00	166,500.00	-	-	-	-	3,628,840.00
-	-	-	-	-	-	4,230,000.00
-	-	-	-	-	-	306,855.00
-	-	-	-	-	-	1,985,000.00
-	-	-	-	-	-	235,620.00
7,970,000.00	10,340,000.00	2,405,000.00	-	-	-	26,940,000.00
4,711,931.36	2,341,818.82	129,870.00	-	-	-	13,637,645.32
5,945,000.00	3,950,000.00	735,000.00	-	-	-	13,850,000.00
2,249,237.52	796,218.76	42,262.50	-	-	-	6,476,781.28
6,450,000.00	9,255,000.00	12,015,000.00	2,780,000.00	-	-	33,860,000.00
7,371,375.00	5,334,125.00	2,567,825.00	139,000.00	-	-	23,841,350.00
14,030,000.00	17,360,000.00	17,250,000.00	-	-	-	60,525,000.00
10,257,350.10	6,924,625.10	2,187,475.04	-	-	-	31,768,319.04
2,275,000.00	2,815,000.00	2,775,000.00	-	-	-	9,500,000.00
1,609,968.80	1,094,562.50	355,250.00	-	-	-	5,254,282.80
3,415,000.00	4,100,000.00	5,030,000.00	6,320,000.00	8,070,000.00	1,865,000.00	31,180,000.00
6,368,637.50	5,688,518.78	4,757,900.00	3,462,500.00	1,716,000.00	93,250.00	28,756,526.25
82,549,900.28	73,203,568.96	50,250,582.54	12,701,500.00	9,786,000.00	1,958,250.00	316,784,339.71
34,449,900.28	22,378,568.96	10,040,582.54	3,601,500.00	1,716,000.00	93,250.00	116,064,339.71
<u>\$ 48,100,000.00</u>	<u>\$ 50,825,000.00</u>	<u>\$ 40,210,000.00</u>	<u>\$ 9,100,000.00</u>	<u>\$ 8,070,000.00</u>	<u>\$ 1,865,000.00</u>	<u>\$ 200,720,000.00</u>

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2D - Analysis of Funds Available for Debt Service**  
**For the Fiscal Year Ended August 31, 2003**

Description of Issue	Pledged and Other Sources and Related Expenditures for FY2003				
	Total Pledged Sources	Operating Expenses & Expenditures	Capital Outlay	Debt Service	
				Principal	Interest *
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B), Cons Univ Rev Bonds, Ser '94 & '96 & Cons Univ Rev Ref Bonds, Ser '97	65,450,998.68	23,326,594.73	476,130.03	3,105,000.00	1,087,395.00
Rev Fin Sys Bonds, Ser '97, '99, '01, '02, '02A & '03.	47,748,617.88	612,847.10	-	4,890,000.00	5,932,600.50
UNTHSC Gen Tuition Rev Bonds, Ser '94	1,100,202.41	-	-	435,000.00	105,683.75
<b>Total</b>	<b>\$ 114,299,818.97</b>	<b>\$ 23,939,441.83</b>	<b>\$ 476,130.03</b>	<b>\$ 8,430,000.00</b>	<b>\$ 7,125,679.25</b>

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

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2E - Combined Defeased Bonds Outstanding**  
**For the Fiscal Year Ended August 31, 2003**

<b>Description of Issue</b>	<b>Year Refunded</b>	<b>Par Value Outstanding</b>
UNT Student General Fee Building Bonds, Series 1973	1985	\$ 1,025,000.00
UNT Combined Fee Revenue Refunding Bonds, Series 1978	1985	3,435,000.00
UNT Consolidated Univ Revenue Refunding Bonds, Series 1987	1997	4,250,000.00
UNTHSC General Tuition Revenue Bonds, Series 1994	1999	5,455,000.00
		<hr/> <u>\$ 14,165,000.00</u>

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## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 3 - Combined 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>
UNT Local Revenue Fund 0258	\$ 12,237,994.85	\$ -	\$ 12,237,994.85
UNTHSC Fund 0280	2,890,197.88	-	2,890,197.88
UNTHSC Fund 0819	-	1,172,425.83	1,172,425.83
<b>Total Cash in State Treasury (Stmnt of Net Assets)</b>	<b><u><u>\$ 15,128,192.73</u></u></b>	<b><u><u>\$ 1,172,425.83</u></u></b>	<b><u><u>\$ 16,300,618.56</u></u></b>