

**FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM  
ADMINISTRATION**

**DENTON, TEXAS**

**Alfred F. Hurley, Chancellor**

**For the year ended August 31, 2002**

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November 20, 2002

Honorable Rick Perry, Governor  
Honorable Carole Keeton Rylander, State Comptroller  
John Keel, Director, Legislative Budget Board  
Lawrence F. Alwin, CPA, State Auditor

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2002, 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 ADMINISTRATION

## ORGANIZATIONAL DATA

August 31, 2002

### 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

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

Unaudited

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

**Statement of Net Assets**

**August 31, 2002**

	<b>Total</b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ -
Cash in Bank	203,885.63
Cash in State Treasury	-
Reimbursement Due From Treasury	7,781.09
Cash Equivalents	-
Restricted Cash and Cash Equivalents	
Cash on Hand	-
Cash in Bank	-
Cash in State Treasury	-
Cash Equivalents	-
Short-term Investments	-
Legislative Appropriations	714,404.46
Net Receivables:	
Intergovernmental Receivables	
Federal Receivables	-
Other Intergovernmental Receivables	-
Interest and Dividends	-
Accounts Receivable	-
Gifts Receivable	-
Other Receivables	-
Due From Other Agencies	-
Due From Other Components	186,827.66
Consumable Inventories	-
Merchandise Inventories	-
Loans and Contracts	-
Other Current Assets	-
Total Current Assets	1,112,898.84
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	-
Cash in State Treasury	-
Cash Equivalents	-
Investments	-
Loans and Contracts	-
Investments	-
Gift Receivables	-
Capital Assets, non-depreciable	
Land and Land Improvements	-
Construction in Progress	-
Other Capital Assets	-
Capital Assets, net of accumulated depreciation *	
Buildings and Building Improvements	-
Facilities and Other Improvement	-
Infrastructure	-
Furniture and Equipment	2,640,091.80
Vehicles, Boats and Aircraft	-
Other Capital Assets	-
Other Non-current Assets	-
Total Non-Current Assets	2,640,091.80
<b>Total Assets</b>	<b>\$ 3,752,990.64</b>
<b>LIABILITIES</b>	
Current Liabilities	
Payables:	
Accounts Payable	\$ 7,047.00

	<b>Total</b>
Payroll Payable	216,572.66
Other Payables	-
Due to Other Agencies	-
Due to Other Components	53,153.37
Deferred Revenues	-
Employees Compensable Leave	11,926.83
Capital Lease Obligations	-
Notes and Loans Payable	-
Revenue Bonds Payable	-
Funds Held for Others	-
Other Current Liabilities	-
<b>Total Current Liabilities</b>	<b>288,699.86</b>
<b>Non-Current Liabilities</b>	
Employee's Compensable Leave	186,853.75
Funds Held for Others	-
Capital Lease Obligations	-
Notes and Loans Payable	-
Revenue Bonds Payable	-
Other Non-Current Liabilities	-
<b>Total Non-Current Liabilities</b>	<b>186,853.75</b>
<b>Total Liabilities</b>	<b>475,553.61</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	2,640,091.80
Restricted for:	
Debt Retirement	-
Other Restricted	-
Nonexpendable	
Permanent Endowments	-
Expendable	
Quasi-Endowment Restricted	-
Other Expendable	-
Unrestricted	637,345.23
<b>Total Net Assets</b>	<b>3,277,437.03</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,752,990.64</b>

\* Detail of Capital Assets shown in Note 2, Notes to the Financial Statements.

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**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2002**

	<b>Totals</b>
<b>OPERATING REVENUES</b>	
Sales of Goods and Services:	
Net Tuition and Fees	\$ -
Net Professional Fees	-
Net Auxiliary Enterprises	-
Net Other	-
Federal Revenue - Operating	-
Federal Pass Through Revenue	-
State Grant Revenue	-
State Grant Pass Through Revenue	-
Other Grants and Contracts - Operating	-
Other Operating Revenues	-
Total Operating Revenues	-
<b>OPERATING EXPENSES *</b>	
Instruction	-
Research	-
Public Service	-
Academic Support	-
Student Services	-
Institutional Support	6,823,622.13
Operations and Maintenance of Plant	-
Scholarships and Fellowships	-
Auxiliary Enterprises	-
Depreciation	75,431.20
Total Operating Expenses	6,899,053.33
Operating Income (Loss)	(6,899,053.33)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Legislative Appropriations (GR)	100,000.00
Additional Appropriations (GR)	367,694.97
State Grant Pass Through Revenue	-
Investment Income	-
Net Increase (Decrease) in Fair Value of Investments	-
Loan Premium/Fees on Securities Lending	-
Investing Activities Expense	-
Interest Expense and Fiscal Charges	-
Borrower Rebates and Agent Fees	-
Gain /(Loss) on Sale/Disposal of Capital Assets	-
Settlement of Claims	-
Gifts	-
Other Nonoperating Revenues	-
Other Nonoperating Expenses	-
Total Nonoperating Revenues (Expenses)	467,694.97
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(6,431,358.36)

**OTHER REVENUES, EXPENSES, GAINS**



	<u>Totals</u>
<b>LOSSES AND TRANSFERS</b>	
Capital Appropriations - HEAF (GR)	-
Capital Contributions	-
Additions to Permanent and Term Endowments	-
Special Items	-
Extraordinary Items	-
Transfers-In	9,708,795.39
Transfers-Out	-
Legislative Transfers-In	-
Legislative Transfers-Out	-
<b>CHANGE IN NET ASSETS</b>	<u>3,277,437.03</u>
Net Assets, Beginning **	-
Restatements	-
Net Assets, Beginning, as Restated	-
<b>NET ASSETS, ENDING</b>	<u><u>\$ 3,277,437.03</u></u>

\* See Note 1: Matrix of Operating Expenses Reported by Function

\*\* The University of North Texas System Administration was initially funded on September 1, 2001; therefore, there were no balances from the prior fiscal year.

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

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

August 31, 2002

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

<b>Student Services</b>	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarships and Fellowships</b>	<b>Auxillary Enterprises</b>	<b>Depreciation</b>	<b>Total Expenditures</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2,305,300.15					2,305,300.15
	386,720.43					386,720.43
	6,316.97					6,316.97
						-
	88,388.24					88,388.24
	79,436.31					79,436.31
	26,195.71					26,195.71
	2,251,772.52					2,251,772.52
	7,435.79					7,435.79
	7,164.69					7,164.69
					75,431.20	75,431.20
						-
						-
						-
	1,664,891.32					1,664,891.32
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ 6,823,622.13	\$ -	\$ -	\$ -	\$ 75,431.20	\$ 6,899,053.33

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

**Statement of Cash Flows**

For the Fiscal Year Ended August 31, 2002

**CASH FLOWS FROM OPERATING ACTIVITIES**

Proceeds Received from Students	\$ -
Proceeds Received from Customers	-
Proceeds from Loan Programs	-
Proceeds from Other Revenues	-
Payments to Suppliers for Goods and Services	(4,098,211.05)
Payments to Employees	(2,088,727.49)
Payments for Loans Provided	-
Payments for Other Expenses	(214,283.36)
Net Cash Provided (Used) by Operating Activities	<u>(6,401,221.90)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from State Appropriations	467,694.97
Proceeds from Debt Issuance	-
Proceeds of Transfers from Other Funds	9,575,121.11
Proceeds from Other Revenues	-
Proceeds from Contributed Capital	-
Payments of Principal on Debt Issuance	-
Payments of Interest	-
Payments of other Costs of Debt Issuance	-
Payments for Transfers to Other Funds	-
Payments for Other Uses	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,042,816.08</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from State Appropriations - HEAF	-
Proceeds from Disposal of Capital Assets	-
Proceeds from Debt Issuance	-
Proceeds from Capital Contributions	-
Payments for Additions to Fixed Assets	(2,715,523.00)
Payments of Principal on Debt Issuance	-
Payments of Interest on Debt Issuance	-
Payments of Other Costs of Debt Issuance	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,715,523.00)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Investments	-
Proceeds from Interest and Investment Income	-
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	-
Net Cash Provided (Used) by Investing Activities	<u>0.00</u>

Net Increase (Decrease) in Cash and Cash Equivalents	926,071.18
Cash and Cash Equivalents --September 1, 2001 *	0.00
Restatements to Beginning Cash and Cash Equivalents	<u>0.00</u>
Cash and Cash Equivalents --August 31, 2002	<u>\$ 926,071.18</u>

Displayed as:	
Cash and Cash Equivalents (Statement of Net Assets)	\$ 211,666.72
Legislative Appropriations (Statement of Net Assets)	714,404.46
	<u>926,071.18</u>

**Reconciliation of Operating Income (Loss) to  
Net Cash Provided by Operating Activities**

Operating Income (Loss)	\$ (6,899,053.33)
Depreciation	75,431.20
Bad Debt Expense	-
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	-
(Increase) Decrease in Inventories	-
(Increase) Decrease in Loans & Contracts	-
(Increase) Decrease in Other Assets	-
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Payables	422,400.23
Increase (Decrease) in Due to Other Funds	-
Increase (Decrease) in Deferred Income	-
Increase (Decrease) in Other Liabilities	-
Total Adjustments	<u>497,831.43</u>
Net Cash Provided ( Used) by Operating Activities	<u>\$ (6,401,221.90)</u>

**Non Cash Transactions**

Net Increase (Decrease) in FMV of Investments	-
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\* The University of North Texas System Administration was initially funded on September 1, 2001; therefore, there were no balances from the prior fiscal year.

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**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Schedule 4 - Higher Education Assistance Fund**  
**For the Fiscal Year Ended August 31, 2002**

	Totals
<b>Balance September 1, 2001</b>	<u>\$ -</u>
<b>REVENUES</b>	
HEAF Appropriation	-
Other Revenues	-
Total Revenues	<u>-</u>
<b>EXPENSES</b>	
Salaries and Wages	-
Payroll Related Costs	-
Professional Fees and Services	-
Materials and Supplies	-
Communication and Utilities	-
Repairs and Maintenance	1,789,228.00
Rentals and Leases	-
Printing and Reproduction	-
Interest	-
Other Expenses	-
Total Expenses	<u>1,789,228.00</u>
<b>OTHER REVENUES(EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Purchase of Capital Assets	(2,715,523.00)
Special Items	-
Extraordinary Items	-
Transfers In	5,004,751.00
Transfers Out	-
Legislative Transfers	-
Legislative Transfers Out	-
Legislative Appropriations Lapsed	-
Total Other Revenues(Expenses), Gains/(Losses) and Transfers	<u>2,289,228.00</u>
<b>BALANCE AT AUGUST 31, 2002</b>	<u>\$ 500,000.00</u>