

COMBINED FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
SYSTEM**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2004

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November 20, 2004

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, 2004, 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. Liz Linder may be contacted at (940) 565-4081 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, 2004

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

Rice Tilley (Term expires 5-22-09) Fort Worth
Gayle Strange (Term expires 5-22-09) Denton
Robert A. Nickell (Term expires 5-22-09) Dallas

Charles Beatty (Term expires 5-22-05) Waxahachie
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

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2004

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, 2004 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

- The 2003 fall semester headcount enrollment at both the University and the HSC continued to increase compared to the previous fall (increases of approximately 3% at the University and 2% at the HSC). Despite the increasing enrollment, the System was able to meet the instructional and service needs of its students.
- Approximately \$12.5 million in cash contributions, non-cash capital donations, and pledged gifts were recognized as revenue in the System during the 2004 fiscal year. This figure is up from the approximately \$5 million reported in the previous fiscal year.
- Two bond issues were sold during the fiscal year. The UNT System Revenue Financing System Refunding Series 2003A Bonds, par value \$6,185,000, were issued in September 2003 for the purposes of advance refunding a portion of outstanding bonds in order to reduce debt service requirements in certain years and paying certain costs of issuing the tax-exempt bonds. The UNT System Revenue Financing System Bonds, Taxable Series 2003B Bonds, par value \$4,980,000, were sold in September 2003 to provide funds for the purposes of constructing and equipping five sorority houses to be owned by the University, paying a portion of the accrued interest, and paying certain costs of issuing the bonds. For additional details concerning these bond issues, see Note 13 in the Notes to the Combined Financial Statements.
- The University of North Texas System established a commercial paper program in fiscal year 2004 and issued The University of North Texas System Revenue Financing System Commercial Paper Notes, Series A to finance various projects. The outstanding balance at August 31, 2004 is \$4,000,000 with an interest rate of 1.3%. The General Appropriations Act (GAA) includes \$2,103,750 for Tuition Revenue Bond Retirement to be paid during the biennium. Commercial paper will be used as interim funding until construction of the UNT Dallas campus, and at the appropriate time bonds will be sold. For additional information about commercial paper, see Note 4 in the Notes to the Combined Financial Statements.
- During the fiscal year work continued on the multi-year installation of a new Enterprise Information System (EIS), with Student, HR, Payroll, Financials and Contributor Relations modules going live. The incremental cost of the project is approximately \$20.8 million.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2004

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.

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Management's Discussion and Analysis
For the Year Ended August 31, 2004**

The following table reflects the condensed Statement of Nets Assets for the System as of August 31, 2004, with comparative numbers for the 2003 fiscal year:

| Comparative Statement of Net Assets | | | |
|---|-----------------------|-----------------------|--------------------------------|
| (\$ in millions) | | | |
| | <u>2004</u> | <u>2003</u> | <u>% Inc.(Dec.)</u> |
| Assets | | | |
| Current Assets | \$262.2 | \$258.2 | |
| Noncurrent Assets | | | |
| Capital Assets, Net | 415.3 | 342.1 | |
| Other Noncurrent Assets | <u>121.4</u> | <u>112.0</u> | |
| Total Assets | <u>\$798.9</u> | <u>\$712.3</u> | <u>12.2%</u> |
| Liabilities | | | |
| Current Liabilities | 165.1 | 126.0 | |
| Noncurrent Liabilities | | | |
| Bonded Indebtedness | 193.6 | 191.9 | |
| Other Noncurrent Liabilities | <u>9.8</u> | <u>9.8</u> | |
| Total Liabilities | <u>368.5</u> | <u>327.7</u> | <u>12.5%</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | <u>212.2</u> | <u>210.7</u> | |
| Restricted | | | |
| Debt Retirement | 2.4 | 4.1 | |
| Capital Projects | 0.0 | 3.0 | |
| Funds Held as Permanent Investments | | | |
| Non-Expendable | 14.6 | 6.6 | |
| Expendable | 0.0 | 2.3 | |
| Other Restricted | <u>11.8</u> | <u>28.5</u> | |
| Total Restricted | <u>28.7</u> | <u>44.5</u> | |
| Unrestricted | <u>189.5</u> | <u>129.4</u> | |
| Total Net Assets | <u>430.4</u> | <u>384.6</u> | <u>12.0%</u> |
| Total Liabilities and Net Assets | <u>\$798.9</u> | <u>\$712.3</u> | <u>12.2%</u> |

The System's total assets increased \$86.6 million over the 2004 fiscal year. Of this increase, \$73.2 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 remaining \$13.4 million increase in total assets was the net result of the items discussed in the paragraph below.

Legislative appropriations increased by \$14.5 million. This was due to a \$4.5 million increase in funding for UNT System Administration, as well as a \$4.4 million increase in Article III Section 56 income for the Health Science Center. Additionally, the remaining balance for HEAF funds increased by \$7.4 million in FY 2004.

The total liabilities for the System increased by \$40.8 million primarily as a result of significant increases in Payables and Deferred Revenues and a significant decrease in Funds Held for Others in the Current Liabilities section. Additionally, as discussed in the Financial Highlights section, the System issued \$4 million in commercial paper during the fiscal year.

The \$35.6 million increase in deferred revenues is primarily the result of an accounting change where we now account for all assessed tuition and fee charges related to the upcoming fiscal year as deferred revenues, whereas in FY 2003, only collected tuition and fees related to FY 2004 at year-end were reported as deferred revenues. The

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Management's Discussion and Analysis
For the Year Ended August 31, 2004**

increase in deferred revenues was also due in part to increases in the fall student enrollment (both headcount and full-time equivalent students) and increases in fees at both the University and the Health Science Center compared to the 2003 fiscal year.

The increases in Accounts Payable and Payroll Payable are due to the fact that the EIS system implemented during the fiscal year now accrues all payables as vouchers are entered, whereas in previous fiscal years, only those payables greater than \$5000 were manually accrued at year-end.

The \$29.1 million decrease in Funds Held for Others was also due to an accounting change allowed by the new EIS system. In the EIS system, student scholarships were applied to student accounts in August 2004, whereas in previous fiscal years, the scholarships were not applied until September and therefore were accounted for in Funds Held for Others at year-end.

The System is reporting a \$45.8 million increase in total net assets. The largest percentage of this increase is attributable to the change in Invested in Unrestricted Net Assets 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 Combined 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, 2004, 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.

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 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.

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Management's Discussion and Analysis
For the Year Ended August 31, 2004**

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, 2004.

| Comparative Statement of Revenues, Expenses and Changes in Net Assets (\$ in millions) | | | |
|---|-----------------------|-----------------------|-------------------------|
| | <u>2004</u> | <u>2003</u> | <u>% Inc.(Dec.)</u> |
| Operating Revenues | \$288.0 | \$239.4 | 20.3% |
| Operating Expenses | <u>439.4</u> | <u>421.1</u> | <u>4.3%</u> |
| Operating Income (Loss) | <u>(151.4)</u> | <u>(181.7)</u> | <u>(16.7)%</u> |
| Nonoperating Revenues (Expenses) | <u>176.6</u> | <u>167.5</u> | 5.3% |
| Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers | 25.2 | (14.2) | (276.1%) |
| Other Revenues, Expenses, Gains, Losses And Transfers | <u>20.7</u> | <u>24.9</u> | (16.5%) |
| Change in Net Assets | <u>45.8</u> | <u>10.7</u> | <u>328.0%</u> |
| Net Assets, Beginning of Year | 384.6 | 376.1 | |
| Restatements | <u>0</u> | <u>(2.2)</u> | |
| Restated Net Assets, Beginning of Year | <u>384.6</u> | <u>373.9</u> | <u>2.9%</u> |
| Net Assets, End of Year | <u>\$430.4</u> | <u>\$384.6</u> | <u>11.9%</u> |

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 2003. 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. The significant improvement in Operating Income (Loss) is due primarily to the accounting changes previously mentioned.

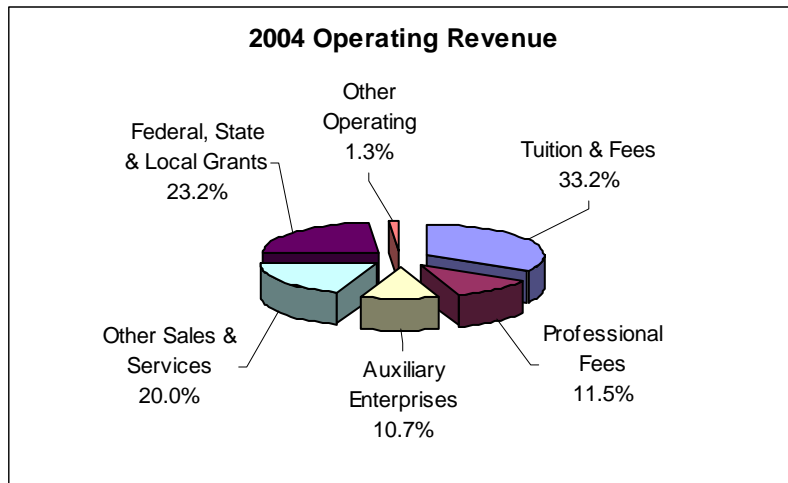
Included in nonoperating revenue above are legislative appropriations for the current fiscal year totaling \$139.3 million and additional appropriated revenue for state-paid fringe benefits of \$29.0 million. Also the System's Higher Education Assistance Fund (HEAF) annual revenue totaling \$21.7 million 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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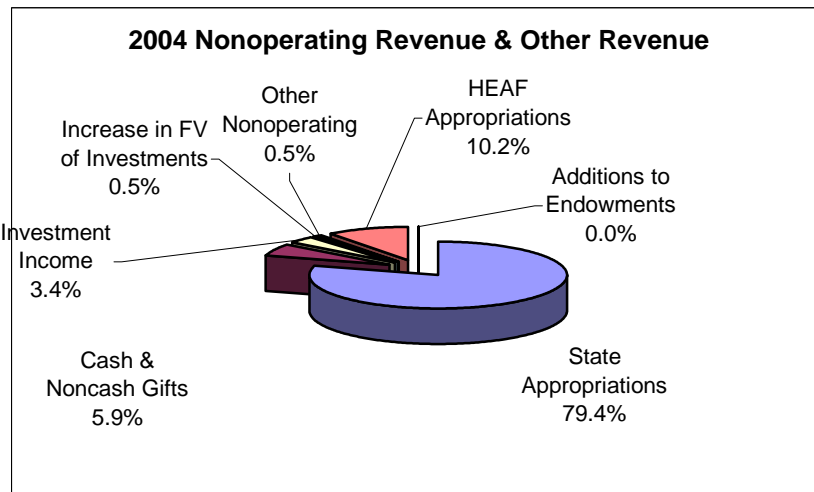
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Management's Discussion and Analysis
For the Year Ended August 31, 2004

As the operating revenue pie chart below shows, 33.2 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 \$95.7 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.

The System's operating revenue from all federal, state, and private grants and contracts, including pass through grant revenue, increased approximately 10.0 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.



The UNT System had a 4.0% increase in state appropriations in FY 2004. This increase was primarily due to a \$4.5 million increase in funding for UNT System Administration, as well as a \$4.4 million increase in Article III Section 56 income in FY 2004. Other nonoperating revenues such as gift income increased in the current fiscal year.

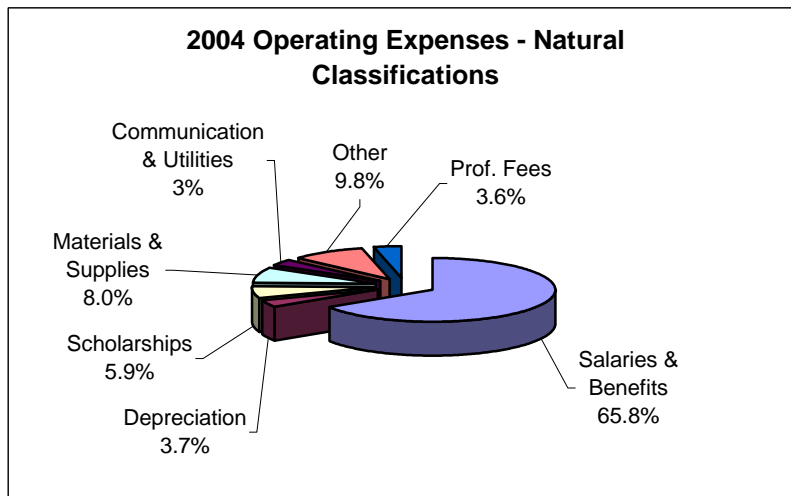
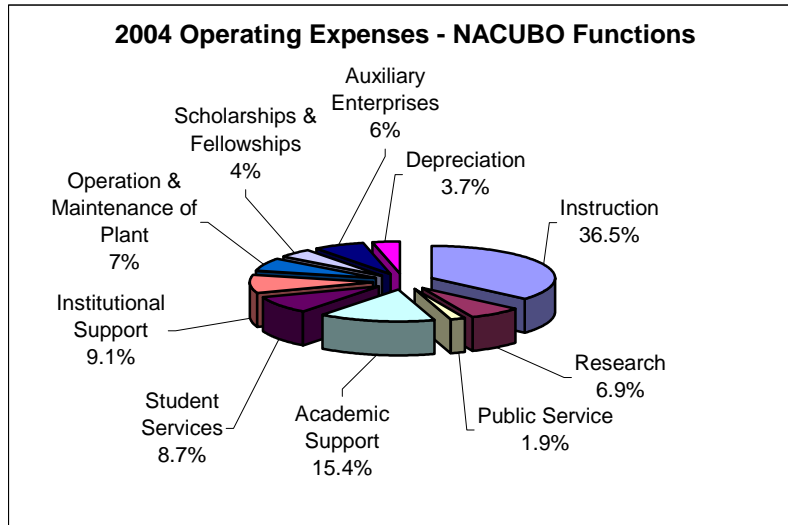


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For the Year Ended August 31, 2004

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. Additionally, with the increase in capital assets, there was a corresponding increase in depreciation expense.

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.

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Management's Discussion and Analysis
For the Year Ended August 31, 2004**

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 below is a condensed Combined System Statement of Cash Flows.

| Comparative Statement of Cash Flows | | | |
|---|------------------------|------------------------|-----------------------|
| (\$ in millions) | | | |
| | <u>2004</u> | <u>2003</u> | % |
| | | | <u>Inc.(Dec.)</u> |
| Cash Provided (Used) by: | | | |
| Operating Activities | \$(90.6) | \$(167.7) | |
| Noncapital Financing Activities | 134.6 | 177.7 | |
| Capital and Related Financing Activities | (71.5) | (20.9) | |
| Investing Activities | <u>(4.0)</u> | <u>27.1</u> | |
| Net Change in Cash & Cash Equivalents | (31.5) | 16.2 | (294.4%) |
| Cash & Cash Equivalents, Begin. of Year | 176.5 | 178.5 | |
| Restatement to Beginning Cash & Cash Equivalents Balance | <u>3.0</u> | <u>2.1</u> | |
| Cash & Cash Equivalents, End of Year | <u>\$ 148.0</u> | <u>\$ 196.8</u> | <u>(24.8%)</u> |

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 decrease in net cash used by operating activities in FY 2004 was due to increased tuition and fees and an increase in loans collected as compared to loans made. Additionally, an accounting change allowed by EIS resulted in increased cash inflows for tuition and fees and dorm rentals.

The large decrease in cash flow for capital and related financing activities reported in FY 2004 is the result of significant expenditures in FY 2004 related to major construction projects at the University and the HSC. For more information on these projects, please see the Capital Asset and Debt Administration section below.

In the current year, UNT System was informed by our financial analyst (State Comptroller's office) that legislative appropriations were incorrectly reported as cash and cash equivalents on the Statement of Cash Flows for fiscal years 2002 and 2003. Adjustments were made to the statements by State Comptroller staff during the preparation of the CAFR in those fiscal years, but UNT was not informed of the change until FY04. As a result, UNT System was required to reduce the fiscal year 2004 beginning balance for cash and cash equivalents by the amount of FY 2002 and FY 2003 legislative appropriations. The restated balance for cash and cash equivalents as shown in the FY 2004 Statement of Cash Flows correctly matches the beginning balance in the CAFR. This reduction is also the primary reason for the decrease in cash provided by noncapital financing activities.

The restatement to the September 1, 2002 cash and cash equivalent balance is due to a reclassification of items made by the Health Science Center that were previously categorized as investments and should have been reported as cash equivalents. The restatement to the September 1, 2003 cash and cash equivalent balance is due to a reclassification of items made by the University of North Texas that were previously categorized as investments and should have been reported as cash equivalents.

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Capital Asset and Debt Administration

The System's net capital asset additions from acquisitions, donations, and construction during the fiscal year totaled \$73.1 million. Over half of this increase was attributable to buildings and building improvements as a result of construction of new residence halls at the University and a new Biotechnology Center and Public Health Building at the Health Science Center. Construction in Progress increased by \$17.2 million due to major construction projects in progress at the end of the fiscal year, the largest of which was the construction of a new Chemistry Building. An additional \$8.6 million of the increase was due to purchases of furniture and equipment.

As discussed in the Financial Highlights section, two Revenue Financing System bond issues were sold during 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. The proceeds from the Series 2003A Bonds provided 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 were used to construct five sorority houses for University student housing facilities. The sorority houses were completed during the fiscal year and were occupied beginning with the 2004 fall semester. The sorority houses are owned by the University.

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 may be sold in the latter part of the 2005 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.

Phase I construction of a new Athletic Center began during the 2004 fiscal year. Funding for the construction of the Athletic Center is to be provided by institutional funds and private donations.

Renovation of the Research Park facility continued in fiscal year 2004. 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. Proceeds of \$8.2 million from tuition revenue bonds sold in the 2002 fiscal year are being used for Phase II of the renovation at the Research Park.

There were no changes in bond credit ratings during fiscal year 2004 or debt limitations that may affect future financing for the System. More detailed information regarding the System's bonded indebtedness is provided in Note 13 of the accompanying Notes to the Combined Financial Statements.

Economic Outlook

The State Legislature of Texas passed several statutes in the 2003 session that had 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 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. An additional increase of \$22 per semester credit hour (from \$53/SCH to \$75/SCH) was approved beginning with the 2004 fall semester.

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 significant federal funding for 2004 and 2005. The 2004 Defense Appropriations bill included a \$3.1 million appropriation for the new, state-of-the-art Center for Advanced Research and Technology (known as

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CART). Additional funding of \$4.8 million for CART was included in the 2005 Defense Appropriations bill. The \$4.8 will be used to fund a new laboratory for Micro and Nano Electro Mechanical Systems. The lab's first focus will be on sensor devices that will play important roles in homeland security.

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 2005 fiscal year. Improving market conditions have resulted in an increase in the fair value of the System's endowment funds in the 2004 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.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Statement of Net Assets
August 31, 2004

| | <u>Current Year</u> | <u>Prior Year</u> |
|-------------------------------------|-----------------------|-----------------------|
| | <u>2004</u> | <u>2003</u> |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | | |
| Cash on Hand | \$ 108,284.75 | 95,881.34 |
| Cash in Bank | (1,173,997.35) | (9,337,328.15) |
| Reimbursement Due From Treasury | 1,384,826.38 | 687,120.92 |
| Cash in State Treasury | 16,273,554.61 | 15,128,192.73 |
| Cash Equivalents | 105,181,067.10 | 131,712,235.87 |
| Short Term Investments | 2,747,922.98 | 2,228,854.69 |
| Restricted: | | |
| Cash and Cash Equivalents | | |
| Cash on Hand | 14,315.00 | 8,034.73 |
| Cash in Bank | 8,595,339.18 | (3,796,712.25) |
| Cash in State Treasury | - | 1,172,425.83 |
| Cash Equivalents | 17,637,990.68 | 39,963,556.26 |
| Short Term Investments | 593,329.15 | 807,154.06 |
| Legislative Appropriations | 36,660,570.12 | 20,332,211.81 |
| Receivables from: | | |
| Federal | 9,079,548.71 | 5,521,092.14 |
| Other Intergovernmental | 907,882.86 | 1,833,896.91 |
| Interest and Dividends | 713,718.77 | 1,058,635.17 |
| Accounts Receivable | 24,922,171.80 | 30,235,086.98 |
| Gifts Receivable | 1,381,512.34 | 1,401,018.16 |
| Other Receivables | 9,362,214.74 | 6,774,687.61 |
| Due From Other Agencies | 2,481,624.00 | 2,763,508.59 |
| Consumable Inventories | 2,258,950.22 | 3,013,205.35 |
| Merchandise Inventories | 1,004,988.72 | 528,215.88 |
| Loans and Contracts | 5,955,070.84 | 3,063,150.63 |
| Other Current Assets | 16,110,404.04 | 2,987,494.93 |
| Total Current Assets | <u>262,201,289.64</u> | <u>258,181,620.19</u> |
| Non-Current Assets: | | |
| Restricted: | | |
| Cash and Cash Equivalents | | |
| Cash on Hand | - | - |
| Cash in Bank | - | - |
| Cash in State Treasury | - | - |
| Cash Equivalents | - | 834,637.48 |
| Investments | 52,546,175.70 | 58,724,949.69 |
| Loans and Contracts | 3,754,036.20 | 4,040,356.65 |
| Investments | 63,320,933.56 | 47,768,381.16 |
| Gift Receivables | 1,467,509.83 | 217,374.80 |
| Capital Assets | | |
| Non-Depreciable | | |
| Land and Land Improvements | 40,503,231.98 | 38,246,654.98 |
| Construction in Progress | 35,166,526.42 | 44,114,940.84 |
| Other Capital Assets | 80,990,351.69 | 74,790,168.69 |
| Depreciable | | |
| Buildings and Building Improvements | 438,962,468.81 | 361,329,327.23 |
| Less Accumulated Depreciation | (220,145,018.17) | (212,933,730.99) |
| Infrastructure | 7,789,073.21 | 7,789,073.21 |
| Less Accumulated Depreciation | (6,718,973.43) | (6,356,957.91) |
| Facilities and Other Improvement | 10,297,289.37 | 9,896,118.37 |

| | Current Year | Prior Year |
|---|--------------------------|-----------------------|
| | 2004 | 2003 |
| Less Accumulated Depreciation | (7,108,570.75) | (6,840,540.61) |
| Furniture and Equipment | 89,454,197.08 | 79,926,836.57 |
| Less Accumulated Depreciation | (57,039,967.88) | (50,170,636.97) |
| Vehicles, Boats and Aircraft | 6,289,997.50 | 5,091,306.62 |
| Less Accumulated Depreciation | (3,169,880.74) | (2,755,292.19) |
| Other Capital Assets | 29,079.38 | 39,079.38 |
| Less Accumulated Depreciation | (8,532.82) | (7,661.18) |
| Other Non-Current Assets | 338,279.96 | 385,988.80 |
| Total Non-Current Assets | <u>536,718,206.90</u> | <u>454,130,374.62</u> |
| Total Assets | <u>798,919,496.54</u> | <u>712,311,994.81</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Payables From: | | |
| Accounts Payable | 20,386,809.94 | 6,003,147.74 |
| Payroll Payable | 31,119,056.54 | 19,000,387.01 |
| Other Payables | 1,786,765.58 | 2,197,746.82 |
| Due to Other Agencies | 1,087,555.67 | 1,019,369.62 |
| Deferred Revenues | 82,180,418.53 | 42,715,523.37 |
| Notes and Loans Payable | 4,000,000.00 | - |
| Revenue Bonds Payable | 6,310,000.00 | 8,790,000.00 |
| Employees Compensable Leave | 978,267.82 | 624,216.48 |
| Capital Lease Obligations | 52,276.91 | 60,634.16 |
| Liabilities Paid from Restricted Assets | - | - |
| Funds Held for Others | 13,739,043.63 | 42,845,574.97 |
| Other Current Liabilities | 3,415,101.59 | 2,713,376.89 |
| Total Current Liabilities | <u>165,055,296.21</u> | <u>125,969,977.06</u> |
| Non-Current Liabilities | | |
| Notes and Loans Payable | - | - |
| Revenue Bonds Payable | 193,585,000.00 | 191,930,000.00 |
| Employee's Compensable Leave | 9,839,658.96 | 9,746,295.26 |
| Capital Lease Obligations | 13,242.11 | 65,519.02 |
| Funds Held for Others | - | - |
| Other Non-Current Liabilities | (5,795.00) | - |
| Total Non-Current Liabilities | <u>203,432,106.07</u> | <u>201,741,814.28</u> |
| Total Liabilities | <u>368,487,402.28</u> | <u>327,711,791.34</u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 212,230,617.46 | 210,661,972.11 |
| Restricted for: | | |
| Debt Retirement | 2,365,294.65 | 4,134,024.59 |
| Capital Projects | (12,858.58) | 2,984,083.12 |
| Employee Benefits | - | - |
| Funds Held as Permanent Investments | | |
| Non-Expendable | 14,562,610.79 | 6,582,254.01 |
| Expendable | - | 2,289,722.91 |
| Other Restricted | 11,795,976.58 | 28,539,188.56 |
| Unrestricted | 189,490,453.36 | 129,408,958.20 |
| Total Net Assets | <u>430,432,094.26</u> | <u>384,600,203.50</u> |
| Total Liabilities and Net Assets | <u>\$ 798,919,496.54</u> | <u>712,311,994.84</u> |

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

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003

ASSETS

| | |
|--------------------------------------|-------------------------|
| Cash and cash equivalents | \$ 2,680,714 |
| Investments | 37,140,258 |
| Contributions and other receivables | 3,308,695 |
| Prepaid expenses | 7,030 |
| Real property | 272,498 |
| Inventory | 12,350 |
| Cash value - life insurance policies | 277,385 |
| Assets held under trust agreements | <u>4,297,051</u> |
| Total Assets | <u>\$47,995,981</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|-------------------------|--|
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 131,469 | |
| Agency funds | 168,323 | |
| Annuity obligations | 1,681,487 | |
| Refundable advances | <u>1,819,829</u> | |
| Total Liabilities | <u>3,801,108</u> | |
| Net Assets: | | |
| Unrestricted: | | |
| Board designated for reserves | \$ 392,291 | |
| Fair value of endowments below historical cost | (507,290) | |
| Undesignated | <u>359,866</u> | |
| Total Unrestricted | 244,867 | |
| Temporarily restricted | 11,153,080 | |
| Permanently restricted | <u>32,796,926</u> | |
| Total Net Assets | <u>44,194,873</u> | |
| Total Liabilities and Net Assets | <u>\$47,995,981</u> | |

See accompanying notes to financial statements.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Year Ended August 31, 2004**

| | Current Year 2004 | Prior Year 2003 |
|--|------------------------------|----------------------------|
| OPERATING REVENUES | | |
| Sales of Goods and Services: | | |
| Tuition and Fees - Non-Pledged | \$ 26,790,859.52 | \$ 51,091,074.38 |
| Tuition and Fees - Pledged | 87,136,258.58 | 72,783,285.08 |
| Discounts and Allowances | (18,180,636.01) | (14,884,922.86) |
| Professional Fees - Non-Pledged | 34,098,933.91 | 29,770,337.16 |
| Professional Fees - Pledged | - | - |
| Discounts and Allowances | (850,415.39) | (385,083.81) |
| Auxiliary Enterprises - Non-Pledged | 1,788,410.60 | 1,799,219.82 |
| Auxiliary Enterprises - Pledged | 28,927,451.71 | 25,528,837.70 |
| Discounts and Allowances | - | (180,028.18) |
| Other Sales of Goods and Services - Non-Pledged | 57,627,254.06 | 12,798,600.23 |
| Other Sales of Goods and Services - Pledged | - | - |
| Discounts and Allowances | - | - |
| Federal Revenue - Operating | 44,272,482.74 | 36,177,275.31 |
| Federal Pass Through Revenue | 1,666,278.33 | 1,752,936.72 |
| State Grant Revenue | 2,032,967.75 | 1,561,327.96 |
| State Grant Pass Through Revenue | 6,811,233.99 | 10,783,061.68 |
| Other Grants and Contracts - Operating | 12,046,062.62 | 10,496,948.38 |
| Other Operating Revenues | 3,823,479.14 | 307,821.99 |
| Total Operating Revenues | 287,990,621.55 | 239,400,691.56 |
| OPERATING EXPENSES (1) | | |
| Instruction | 160,283,350.88 | 153,032,033.95 |
| Research | 30,323,910.08 | 26,896,912.01 |
| Public Service | 8,404,960.67 | 8,563,962.00 |
| Academic Support | 67,665,648.23 | 65,309,183.20 |
| Student Services | 38,180,532.04 | 31,687,191.75 |
| Institutional Support | 39,990,924.83 | 43,638,128.76 |
| Operations and Maintenance of Plant | 30,253,023.26 | 26,545,159.22 |
| Scholarships and Fellowships | 19,349,527.13 | 24,202,646.42 |
| Auxiliary Enterprises | 28,592,084.32 | 27,366,171.63 |
| Depreciation | 16,349,980.19 | 13,850,020.63 |
| Total Operating Expenses | 439,393,941.63 | 421,091,409.57 |
| Operating Income (Loss) | (151,403,320.08) | (181,690,718.01) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Legislative Appropriations (GR) | 139,255,439.00 | 130,412,822.00 |
| Additional Appropriations (GR) | 28,950,222.26 | 31,280,491.99 |
| State Grant Pass Through Revenue | - | - |
| Gifts | 11,908,186.67 | 4,377,660.12 |
| Investment Income | 7,278,162.49 | 9,241,356.83 |
| Loan Premium/Fees on Securities Lending | - | - |
| Investing Activities Expense | - | - |
| Interest Expense and Fiscal Charges | (9,791,511.20) | (8,645,426.80) |
| Borrower Rebates and Agent Fees | - | - |
| Gain (Loss) on Sale/Disposal of Capital Assets | 59,354.97 | (264,403.64) |
| Net Increase (Decrease) in Fair Value of Investments | 1,010,273.43 | 666,910.06 |
| Settlement of Claims | (992,949.80) | - |
| Other Nonoperating Revenues - Non-Pledged | (1,118,806.61) | 2,202,368.04 |
| Other Nonoperating Revenues - Pledged | 42,002.00 | 84,004.00 |

| | Current Year | Prior Year |
|---|--------------------------|--------------------------|
| | 2004 | 2003 |
| Other Nonoperating (Expenses) | (42,450.19) | (1,887,258.18) |
| Total Nonoperating Revenues (Expenses) | <u>176,557,923.02</u> | <u>167,468,524.42</u> |
| Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers | <u>25,154,602.94</u> | <u>(14,222,193.59)</u> |
| OTHER REVENUES, EXPENSES, GAINS | | |
| LOSSES AND TRANSFERS | | |
| Capital Contributions | 591,543.62 | 785,487.16 |
| Capital Appropriations - HEAF (GR) | 21,661,033.00 | 21,661,033.00 |
| Additions to Permanent and Term Endowments | 57,150.00 | 656,789.00 |
| Special Items | - | - |
| Extraordinary Items | - | - |
| Interagency Transfers Cap Assets-In | 844,279.71 | - |
| Interagency Transfers Cap Assets-Out | (862,558.87) | - |
| Transfers-In | - | 8,224,685.63 |
| Transfers-Out | (1,526,860.00) | (6,964,119.73) |
| Legislative Transfers-In | - | 592,876.57 |
| Legislative Transfers-Out | - | - |
| Lapsed Appropriations | (74,720.02) | - |
| Total Other Revenue, Expenses, Gain/Losses and Transfers | <u>20,689,867.44</u> | <u>24,956,751.63</u> |
| CHANGE IN NET ASSETS | <u>45,844,470.38</u> | <u>10,734,558.04</u> |
| Net Assets, Beginning | 384,600,203.50 | 376,077,629.15 |
| Restatements (Note 18) | (12,579.62) | (2,211,983.69) |
| Net Assets, Beginning, as Restated | <u>384,587,623.88</u> | <u>373,865,645.46</u> |
| NET ASSETS, ENDING | <u>\$ 430,432,094.26</u> | <u>\$ 384,600,203.50</u> |

(1) See Note 1: Matrix of Operating Expenses Reported by Function on Page 20.

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, 2004

| Operating Expenses | Instruction | Research | Public Service | Academic Support |
|---------------------------------------|--------------------------|-------------------------|------------------------|-------------------------|
| Cost of Goods Sold | \$ 418.67 | \$ - | \$ - | \$ 117,731.47 |
| Salaries and Wages | 113,683,817.35 | 15,243,820.43 | 4,365,314.09 | 39,422,288.74 |
| Payroll Related Costs | 25,524,256.84 | 2,975,778.23 | 987,235.06 | 8,352,844.66 |
| Professional Fees and Services | 1,183,782.92 | 2,716,007.35 | 835,145.52 | 7,160,030.62 |
| Federal Pass-through Expenses | - | 74,071.19 | - | - |
| State Pass-through Expenses | - | - | - | - |
| Travel | 992,849.73 | 739,305.62 | 257,867.44 | 1,365,531.07 |
| Materials and Supplies | 9,299,590.87 | 4,720,615.97 | 1,163,617.54 | 5,148,468.48 |
| Communications and Utilities | 137,856.86 | 37,135.06 | 8,558.90 | 298,481.50 |
| Repairs and Maintenance | 176,653.76 | 248,863.22 | 30,844.93 | 1,487,871.28 |
| Rentals and Leases | 1,972,087.20 | 128,529.83 | 283,840.67 | 707,645.98 |
| Printing and Reproduction | 638,414.84 | 17,004.50 | 48,645.72 | 245,315.89 |
| Depreciation | - | - | - | - |
| Bad Debt Expense | 1,445.38 | - | - | - |
| Interest | 26.20 | 66.51 | - | 26.84 |
| Scholarships | 3,364,659.36 | 396,962.15 | 41,813.58 | 240,718.04 |
| Claims and Losses | - | - | - | - |
| Other Operating Expenses | 3,307,490.90 | 3,025,750.02 | 382,077.22 | 3,118,693.66 |
| | | | | |
| Total Operating Expenses | <u>\$ 160,283,350.88</u> | <u>\$ 30,323,910.08</u> | <u>\$ 8,404,960.67</u> | <u>\$ 67,665,648.23</u> |

| Student Services | Institutional Support | Operation and Maintenance of Plant | Scholarships and Fellowships | Auxillary Enterprises | Depreciation | Total Expenditures |
|-------------------------|------------------------------|---|-------------------------------------|------------------------------|-------------------------|---------------------------|
| \$ 13,604.07 | \$ 80,954.10 | \$ 25,360.87 | \$ - | \$ 115,284.68 | \$ - | \$ 353,353.86 |
| 19,793,999.13 | 19,576,890.30 | 8,941,446.11 | 140,802.04 | 13,583,217.73 | - | 234,751,595.92 |
| 3,155,981.90 | 7,766,658.26 | 2,290,988.77 | - | 3,380,990.71 | - | 54,434,734.43 |
| 534,773.72 | 766,871.28 | 372,036.85 | 1,283.00 | 280,703.56 | - | 13,850,634.82 |
| - | - | - | - | - | - | 74,071.19 |
| - | - | - | - | - | - | - |
| 1,306,104.60 | 484,988.78 | 36,476.56 | 3,075.64 | 68,353.53 | - | 5,254,552.97 |
| 3,360,489.50 | 1,667,268.39 | 3,843,768.63 | 18,626.43 | 5,935,962.41 | - | 35,158,408.22 |
| 540,885.11 | 2,243,733.35 | 7,752,504.43 | - | 2,816,096.04 | - | 13,835,251.25 |
| 516,525.66 | 2,273,756.12 | 2,103,635.66 | - | 989,855.43 | - | 7,828,006.06 |
| 1,963,961.72 | 1,702,788.87 | 1,908,727.17 | 772.47 | 75,206.28 | - | 8,743,560.19 |
| 112,299.51 | 506,581.68 | 514.45 | - | 234,371.17 | - | 1,803,147.76 |
| - | - | - | - | - | 16,349,980.19 | 16,349,980.19 |
| 11,342.13 | 140,960.57 | - | - | (26,849.92) | - | 126,898.16 |
| - | 10,794.17 | 100.01 | - | - | - | 11,013.73 |
| 2,645,319.36 | 6,820.00 | - | 19,286,759.53 | 50.00 | - | 25,983,102.02 |
| - | - | - | - | - | - | - |
| 4,225,245.63 | 2,761,858.96 | 2,977,463.75 | (101,791.98) | 1,138,842.70 | - | 20,835,630.86 |
| <hr/> | | | | | | |
| \$ 38,180,532.04 | \$ 39,990,924.83 | \$ 30,253,023.26 | \$ 19,349,527.13 | \$ 28,592,084.32 | \$ 16,349,980.19 | \$ 439,393,941.63 |

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> |
|---|----------------------|-----------------------------------|
| Revenues, Gains, and Other Support | | |
| Contributions | \$ - | \$ 4,186,883 |
| Life insurance premiums | - | - |
| Investment income | 14,122 | 386,785 |
| Internal management fee | 406,669 | - |
| Other income | 9,542 | 80,820 |
| Realized and unrealized gain (loss) on market value of investments | - | 7,873,789 |
| Actuarial gain (loss) on annuity obligations | - | - |
| Increase in cash value - life insurance | - | - |
| | <u>430,333</u> | <u>12,528,277</u> |
| Total Revenues, Gains, And Other Support | <u>430,333</u> | <u>12,528,277</u> |
| Net Assets Released from Restrictions | 2,656,117 | (2,418,314) |
| Transfers/Changes in Donor Restrictions | <u>2,596,670</u> | <u>(2,240,497)</u> |
| Total Net Assets Released From Restrictions | <u>5,252,787</u> | <u>(4,658,811)</u> |
| Program Expenses | | |
| Internal management fee | 406,669 | - |
| Scholarships | 614,401 | - |
| Expense reimbursements | 10,142 | - |
| Services for programs | 253,686 | - |
| Distributions to UNT | 988,280 | - |
| Distributions to other Institutions | 340,148 | - |
| Life insurance premiums | 11,515 | - |
| Maintenance and repairs | 31,276 | - |
| | <u>2,656,117</u> | <u>-</u> |
| Total Program Expenses | <u>2,656,117</u> | <u>-</u> |

See accompanying notes to financial statements.

| <u>Permanently Restricted</u> | <u>Total</u> |
|-----------------------------------|-----------------------|
| \$ 2,759,340 | \$ 6,946,223 |
| 6,884 | 6,884 |
| - | 400,907 |
| - | 406,669 |
| 3,008 | 93,370 |
| - | 7,873,789 |
| 209,464 | 209,464 |
| <u>12,444</u> | <u>12,444</u> |
| <u>2,991,140</u> | <u>15,949,750</u> |
| (237,803) | - |
| <u>(356,173)</u> | <u>-</u> |
| <u>(593,976)</u> | <u>-</u> |
| - | 406,669 |
| - | 614,401 |
| - | 10,142 |
| - | 253,686 |
| - | 988,280 |
| - | 340,148 |
| - | 11,515 |
| - | <u>31,276</u> |
| <u>-</u> | <u>2,656,117</u> |

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED DECEMBER 31, 2003

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> |
|---------------------------------|---------------------|-----------------------------------|
| Management and General Expenses | | |
| Salaries and benefits | \$ 341,823 | \$ - |
| Consulting fees | 26,737 | - |
| Professional services | 12,594 | - |
| Travel | 8,261 | - |
| Administrative | 4,974 | - |
| Bank and credit card charges | 1,917 | - |
| Office and computer equipment | 4,663 | - |
| Insurance | 10,660 | - |
| Professional development | <u>6,985</u> | <u>-</u> |
| Total Management and General | <u>418,614</u> | <u>-</u> |
| TOTAL EXPENSES | <u>3,074,731</u> | <u>-</u> |
| Change in Net Assets | 2,608,389 | 7,869,466 |
| Net Assets - Beginning of Year | <u>(2,363,522)</u> | <u>3,283,614</u> |
| Net Assets - End of Year | <u>\$ 244,867</u> | <u>\$11,153,080</u> |

See accompanying notes to financial statements.

| <u>Permanently Restricted</u> | <u>Total</u> |
|-----------------------------------|---------------------|
| \$ - | \$ 341,823 |
| - | 26,737 |
| - | 12,594 |
| - | 8,261 |
| - | 4,974 |
| - | 1,917 |
| - | 4,663 |
| - | 10,660 |
| - | <u>6,985</u> |
| <u>-</u> | <u>418,614</u> |
| <u>-</u> | <u>3,074,731</u> |
| 2,397,164 | 12,875,019 |
| <u>30,399,762</u> | <u>31,319,854</u> |
| <u>\$32,796,926</u> | <u>\$44,194,873</u> |

Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Statement of Cash Flows
For the Fiscal Year Ended August 31, 2004**

| | <u>Total</u> |
|--|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Proceeds Received from Tuition and Fees | \$ 162,545,766.66 |
| Proceeds Received from Customers | 80,370,833.23 |
| Proceeds from Sponsored Projects | 65,894,135.44 |
| Proceeds from Loan Programs | 9,543,084.87 |
| Proceeds from Auxiliaries | 30,645,821.20 |
| Proceeds from Other Revenues | 187,542.25 |
| Payments to Suppliers for Goods and Services | (100,264,974.08) |
| Payments to Employees for Salaries and Benefits | (285,954,065.31) |
| Payments for Loans Provided | (8,513,215.82) |
| Payments for Other Expenses | (45,037,485.62) |
| Net Cash Provided (Used) by Operating Activities | <u>(90,582,557.18)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Proceeds from State Appropriations | 141,432,002.63 |
| Proceeds from Debt Issuance | 4,000,000.00 |
| Proceeds from Gifts | 10,439,346.96 |
| Proceeds from Endowments | 57,150.00 |
| Proceeds of Transfers from Other Funds | - |
| Proceeds of Transfers from Other Components | - |
| Proceeds from Other Revenues | 11,239,539.86 |
| Proceeds from Contributed Capital | 42,002.00 |
| Payments of Principal on Debt Issuance | (191,833.47) |
| Payments of Interest | (60,683.03) |
| Payments of other Costs of Debt Issuance | (13,543.96) |
| Payments for Transfers to Other Funds | (1,134,860.30) |
| Payments for Transfers to Other Agencies | (125,950.28) |
| Payments for Transfers to Other Components | - |
| Payments for Other Uses | (31,080,494.98) |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>134,602,675.43</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from State Appropriations - HEAF | 21,661,033.00 |
| Proceeds from Disposal of Capital Assets | 70,059.88 |
| Proceeds from Debt Issuance | 11,406,417.71 |
| Proceeds from Capital Contributions | - |
| Proceeds of Transfers from Other Components - HEAF | - |
| Payments for Additions to Fixed Assets | (82,618,310.15) |
| Payments of Principal on Debt Issuance | (12,050,634.16) |
| Payments of Interest on Debt Issuance | (9,761,480.80) |
| Payments of Other Costs of Debt Issuance | (180,882.56) |
| Payments for Transfers to Other Components - HEAF | - |
| Net Cash Provided (Used) From Capital and Related Financing Activities | <u>(71,473,797.08)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | Total |
|---|---------------------|
| Proceeds from Sale of Investements | 55,733,047.76 |
| Proceeds from Interest and Investment Income | 7,586,880.88 |
| Proceeds from Principal Payments on Loans | - |
| Payments to Acquire Investments | (67,348,922.97) |
| Net Cash Provided (Used) by Investing Activities | (4,028,994.33) |
| Net Increase (Decrease)/ in Cash and Cash Equivalents | (31,482,673.16) |
| Cash and Cash Equivalents --September 1, 2003 | 176,468,044.76 |
| Restatements to Beginning Cash and Cash Equivalents | 3,036,008.75 |
| Cash and Cash Equivalents, September 1, 2003 Restated | 179,504,053.51 |
| Cash and Cash Equivalents --August 31, 2004 | \$ 148,021,380.35 |
| Displayed as: | |
| Unrestricted Cash and Cash Equivalents (Statement of Net Assets) | \$ 121,773,735.49 |
| Restricted Cash and Cash Equivalents (Statement of Net Assets) | 26,247,644.86 |
| | 148,021,380.35 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | |
| Operating Income (Loss) | \$ (151,403,320.08) |
| Depreciation | 16,349,980.19 |
| Bad Debt Expense | (134,770.64) |
| Operating Income and Cash Flow Categories Classification Differences | |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Receivables | 236,433.84 |
| (Increase) Decrease in Inventories | 275,366.79 |
| (Increase) Decrease in Loans & Contracts | (2,720,549.90) |
| (Increase) Decrease in Other Assets | 39,466.94 |
| (Increase) Decrease in Prepaid Expenses | (13,134,116.86) |
| Increase (Decrease) in Payables | 20,385,732.29 |
| Increase (Decrease) in Due to Other Funds | - |
| Increase (Decrease) in Deferred Income | 39,482,684.12 |
| Increase (Decrease) in Other Liabilities | 40,536.13 |
| Total Adjustments | 60,820,762.90 |
| Net Cash Provided (Used) by Operating Activities | \$ (90,582,557.18) |
| Non Cash Transactions | |
| Net Increase/(Decrease) in FMV of Investments | 1,088,631.78 |
| Amortization of Investment Premiums/(Discounts) | (36,198.01) |
| Donation of non-cash investment | - |

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

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

| | |
|---|---------------------|
| Cash Flows From Operating Activities | |
| Change in net assets | \$ 12,875,019 |
| Adjustments to reconcile change in net assets to net cash provided by Operating activities: | |
| Realized and unrealized gain on market value of investments | (7,873,789) |
| Decrease in contributions and other receivables | 317,738 |
| Actuarial gain on annuity obligations | (209,464) |
| (Increase) in cash value – life insurance | (12,444) |
| (Increase) in prepaid expense | (4,697) |
| Increase in accounts payable and accrued expenses | 35,134 |
| Increase in agency funds | 41,166 |
| Increase in annuity obligations | 879,823 |
| Decrease in inventory | 450 |
| Noncash contributions | <u>(1,834,413)</u> |
| Net Cash Provided By Operating Activities | <u>4,214,523</u> |
| | |
| Cash Flows From Investing Activities | |
| Proceeds from sale of investments | 4,325,225 |
| Purchases of investments | <u>(8,301,561)</u> |
| Net Cash Provided (Used) By Investing Activities | <u>(3,976,336)</u> |
| | |
| Cash Flows From Financing Activities | |
| Repayment of note payable | <u>(50,000)</u> |
| | |
| Net Increase in Cash and Cash Equivalents | 188,187 |
| | |
| Cash and Cash Equivalents- Beginning of Year | <u>2,492,527</u> |
| | |
| Cash and Cash Equivalents- End of Year | <u>\$ 2,680,714</u> |
| | |
| Supplemental Data: | |
| Gifts of securities | \$ 1,834,413 |
| Interest paid | - |
| Income taxes paid | - |

See accompanying notes to financial statements.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2004

Note 1: Summary of Significant Accounting Policies

General Introduction

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. The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit.

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

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 blended component units. The University of North Texas Foundation, Inc. is reported as a discrete component unit because the Foundation’s governing body is not substantively the same as the governing body of the UNT System. An agreement entered into as of August 21, 2003 between the University of North Texas and the Foundation provides that UNT may approve the appointment of the CEO of the Foundation and will reimburse the Foundation for an annual sum covering salary, benefits, travel and other compensation. The Foundation, whose operations are proprietary in nature, is a separate nonprofit organization that has as its central purpose the advancement and support of the University of North Texas System.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2004

Basis of Accounting

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 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.

Restricted Net Assets

When both restricted and unrestricted net assets are available for use, restricted resources are used first, and then unrestricted resources are used as they are needed.

Budgets 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

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.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2004

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.

LIABILITIES

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

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.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

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

Not Applicable to proprietary funds.

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2004, is presented below:

| BUSINESS-TYPE ACT. | Balance 9/1/2003 | * Adjustments | *** Reclassifications | | | Additions | Deletions | Balance 8/31/2004** |
|--|-------------------------|--------------------|------------------------|--------------------------------|--------------------------------|------------------------|-----------------------|-------------------------|
| | | | Completed CIP | Increase Interagency Transfers | Decrease Interagency Transfers | | | |
| Non-depreciable assets: | | | | | | | | |
| Land & Land Improvements | 38,246,654.98 | | 114,199.82 | | | 2,146,527.18 | (4,150.00) | 40,503,231.98 |
| Construction in Progress | 44,114,940.84 | | (52,025,608.32) | | | 43,105,976.33 | (28,782.43) | 35,166,526.42 |
| Other Capital Assets | 74,790,168.69 | | | 4,150.00 | (4,150.00) | 6,200,183.00 | | 80,990,351.69 |
| Total non-depreciable assets: | 157,151,764.51 | 0.00 | (51,911,408.50) | 4,150.00 | (4,150.00) | 51,452,686.51 | (32,932.43) | 156,660,110.09 |
| Depreciable assets: | | | | | | | | |
| Buildings & Building Improvements | 361,329,327.23 | | 50,927,417.85 | | | 26,705,723.73 | | 438,962,468.81 |
| Infrastructure | 7,789,073.21 | | | | | | | 7,789,073.21 |
| Facilities & Other Improvements | 9,896,118.37 | | 37,050.00 | | | 364,121.00 | | 10,297,289.37 |
| Furniture & Equipment | 79,926,836.57 | | | 1,223,395.11 | (1,248,513.46) | 10,732,121.87 | (1,179,643.01) | 89,454,197.08 |
| Vehicles, Boats & Aircraft | 5,091,306.62 | | 946,940.65 | 15,171.00 | (15,171.00) | 380,109.96 | (128,359.73) | 6,289,997.50 |
| Other Capital Assets | 39,079.38 | | | | | | (10,000.00) | 29,079.38 |
| Total depreciable assets at historical costs: | 464,071,741.38 | 0.00 | 51,911,408.50 | 1,238,566.11 | (1,263,684.46) | 38,182,076.56 | (1,318,002.74) | 552,822,105.35 |
| Less Accum. Deprec. for: | | | | | | | | |
| Buildings & Building Improvements | (212,933,730.99) | | | | | (7,211,287.18) | | (220,145,018.17) |
| Infrastructure | (6,356,957.91) | | | | | (362,015.52) | | (6,718,973.43) |
| Facilities & Other Improvements | (6,840,540.61) | | | | | (268,030.14) | | (7,108,570.75) |
| Furniture & Equipment | (50,170,636.97) | (13,247.58) | | (396,160.75) | 402,999.94 | (7,980,500.26) | 1,117,577.74 | (57,039,967.88) |
| Vehicles, Boats & Aircraft | (2,755,292.19) | | | (2,275.65) | 2,275.65 | (523,274.37) | 108,685.82 | (3,169,880.74) |
| Other Capital Assets | (7,661.18) | 667.96 | | | | (4,872.72) | 3,333.12 | (8,532.82) |
| Total Accum. Depreciation | (279,064,819.85) | (12,579.62) | 0.00 | (398,436.40) | 405,275.59 | (16,349,980.19) | 1,229,596.68 | (294,190,943.79) |
| Depreciable assets, net | 185,006,921.53 | (12,579.62) | 51,911,408.50 | 840,129.71 | (858,408.87) | 21,832,096.37 | (88,406.06) | 258,631,161.56 |
| Business-type activities capital assets, net: | 342,158,686.04 | (12,579.62) | 0.00 | 844,279.71 | (862,558.87) | 73,284,782.88 | (121,338.49) | 415,291,271.65 |

* Adjustment column includes beginning balance adjustments made by State Property Accounting.

** These balances at August 31, 2004 tie to the Statement of Net Assets.

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

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

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 \$7,421,341.83 for Cash in Bank (including restricted assets) is presented below. The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit.
- 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).

| Bank Balance | Category 1 | Category 2 | Category 3 | Carrying Amount |
|---------------------|-------------------|-------------------|-------------------|------------------------|
| \$2,600,050.00 | \$2,600,050.00 | \$0.00 | \$0.00 | \$7,421,341.83 |

| | |
|---|------------------------|
| Consisting of the following: | |
| Proprietary Funds Current Demand Deposits | \$7,378,833.29 |
| Proprietary Funds Current Restricted Money Market Account | 12,128.71 |
| Proprietary Funds Texas Treasury Safekeeping Trust Company | 30,379.83 |
| Total Cash in Bank per Financial Statements | \$7,421,341.83 |
| Proprietary Funds CD’s disclosed as Deposits but reported as Current Short-Term Investments on Financial Statement | 2,537,773.19 |
| Proprietary Funds CD’s disclosed as Deposits but reported as Current Restricted Short-Term Investments on Financial Statement | 547,953.80 |
| Proprietary Funds CD’s disclosed as Deposits but report as Non-Current Restricted Investments on Financial Statement | 16,013.25 |
| Total Deposits Carrying Amounts | \$10,523,082.07 |

The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

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.

| Type of Security | Category | | | Fair Value |
|---|-------------------------|----------------|----------------|-------------------------|
| | 1 | 2 | 3 | |
| | \$ | \$ | \$ | \$ |
| U.S. Government and Agency Obligations | 42,945,775.97 | 0.00 | 0.00 | 42,945,775.97 |
| U.S. Government Agency Mortgage Obligations | 25,238,664.40 | 0.00 | 0.00 | 25,238,664.40 |
| Corporate Bonds | 5,396,635.57 | 0.00 | 0.00 | 5,396,635.57 |
| Municipal Bonds | 3,667,584.04 | 0.00 | 0.00 | 3,667,584.04 |
| Repurchase Agreements | 22,705,289.21 | 0.00 | 0.00 | 22,705,289.21 |
| Texas Treasury Safekeeping Trust Co. | 23,192,798.88 | 0.00 | 0.00 | 23,192,798.88 |
| Corporate Stock | 17,267.00 | 0.00 | 0.00 | 17,267.00 |
| Totals | \$123,164,015.07 | \$ 0.00 | \$ 0.00 | \$123,164,015.07 |

Uncategorized Investments:

| | |
|---------------------------|-------------------------|
| Money Market Mutual Funds | 4,202,792.82 |
| Common Fund | 11,171,123.50 |
| Texpool and Texpool Prime | 100,101,639.86 |
| Other Investments | 286,107.68 |
| Total Investments | \$238,925,678.93 |

| | |
|---|-------------------------|
| Consisting of the following: | |
| Proprietary Funds Current Cash Equivalents | 105,181,067.10 |
| Proprietary Funds Current Short Term Investments | 210,149.79 |
| Proprietary Funds Current Restricted Cash Equivalents | 17,637,990.68 |
| Proprietary Funds Current Restricted Short Term Investments | 45,375.35 |
| Proprietary Funds Non-Current Restricted Investments | 52,530,162.45 |
| Proprietary Funds Non-Current Investments | 63,320,933.56 |
| Total, as above | \$238,925,678.93 |
| Proprietary Funds CD's disclosed as Deposits but reported as Current Short-Term Investments on Financial Statement | 2,537,773.19 |
| Proprietary Funds CD's disclosed as Deposits but reported as Current Restricted Short-Term Investments on Financial Statement | 547,953.80 |
| Proprietary Funds CD's disclosed as Deposits but reported as Non-Current Restricted Investments on Financial Statement | 16,013.25 |
| Total Investments per Financial Statements | \$242,027,419.17 |

The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit.

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.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

Derivative Investing

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

Note 4: Short-Term Debt

The University of North Texas System established a commercial paper program and permits the issuance of commercial paper notes from time to time in an amount at any one time outstanding not to exceed in aggregate principal amount \$50,000,000. The University of North Texas System Revenue Financing System Commercial Paper Notes, Series A was issued during the fiscal year to finance various projects. The outstanding balance at August 31, 2004 is \$4,000,000 with an interest rate of 1.3%.

The University of North Texas System will provide liquidity support for the initial \$30,000,000 in commercial paper notes by utilizing available funds of The University of North Texas System in lieu of or in addition to bank liquidity support.

During the year ended August 31, 2004, the following changes occurred in short-term debt:

| | Balance 09-01-03 | Additions | Reductions | Balance 08-31-04 |
|------|-----------------------------|------------------|-------------------|-----------------------------|
| 2004 | \$0.00 | \$4,000,000 | \$0.00 | \$4,000,000 |

Note 5: Summary of Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2004 the following changes occurred in long-term liabilities:

| Business-Type Activities | Balance 09-01-03 | Additions | Reductions | Balance 08-31-04 | Amounts Due Within One Year |
|---------------------------------------|-----------------------------|------------------------|--------------------------|-----------------------------|--|
| | \$ | \$ | \$ | \$ | \$ |
| Notes & Loans Payable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Revenue Bonds Payable | 200,720,000.00 | 11,165,000.00 | (11,990,000.00) | 199,895,000.00 | 6,310,000.00 |
| Claims & Judgments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Capital Lease Obligations | 126,153.18 | 0.00 | (60,634.16) | 65,519.02 | 52,276.91 |
| Compensable Leave | 10,370,511.74 | 1,212,629.00 | (765,213.96) | 10,817,926.78 | 978,267.82 |
| | | | | | |
| Total Business-Type Activities | \$211,216,664.92 | \$12,377,629.00 | \$(12,815,848.12) | \$210,778,445.80 | \$7,340,544.73 |

Notes and Loans Payable

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

Claims & Judgments

As of August 31, 2004, 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 and 1.5 comp 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

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

proprietary funds as the benefits accrue to employees. Fiscal year 2004 included compensable leave balances for time and one-half (1.5) comp time for the first time. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 6: 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, 2004:

| Assets Under Capital Leases | Business-Type Activities |
|--------------------------------|--------------------------|
| Furniture & Equipment | \$ 238,587.98 |
| Less: Accumulated Depreciation | 128,443.05 |
| Vehicles | 0.00 |
| Less: Accumulated Depreciation | 0.00 |
| Total | \$ 110,144.93 |

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 |
| 2005 (Future Year 1) | \$52,276.91 | \$3,610.10 |
| 2006 (Future Year 2) | 13,242.11 | 729.64 |
| 2007 (Future Year 3) | 0.00 | 0.00 |
| 2008 (Future Year 4) | 0.00 | 0.00 |
| 2009 (Future Year 5) | 0.00 | 0.00 |
| 2010 –2014(Future Years 6-10) | 0.00 | 0.00 |
| 2015-2019 (Future Years 11-15) | 0.00 | 0.00 |
| 2020-2024 (Future Years 16-20) | 0.00 | 0.00 |
| Total Minimum Lease Payments | \$65,519.02 | \$4,339.74 |
| Less: Amount Representing Interest at Various Rates | 0.00 | 0.00 |
| Present Value of Net Minimum Lease Payments | \$65,519.02 | \$4,339.74 |

Note 7: 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, 2004 | |
|---|-----------------------|
| 2005 (Future Year 1) | \$1,483,202.62 |
| 2006 (Future Year 2) | 1,261,764.57 |
| 2007 (Future Year 3) | 562,372.44 |
| 2008 (Future Year 4) | 228,412.32 |
| 2009 (Future Year 5) | |
| 2010-14 (Future Years 6-10) | |
| 2015-19 (Future Years 11-15) | |
| Total Minimum Future Lease Rental Payments | \$3,535,751.95 |

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

Note 8: Interfund Balances/Activity

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, 2004, follows:

| Current Portion | Current Interfund Receivable | Current Interfund Payable |
|---|-------------------------------------|----------------------------------|
| ENTERPRISE FUND (05) | \$ 0.00 | \$ 0.00 |
| Total Interfund Receivable/Payable | \$ 0.00 | \$ 0.00 |

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

| | Due From Other Agencies | Due To Other Agencies | Source |
|---|--------------------------------|------------------------------|---------------|
| ENTERPRISE FUND (05) | \$ | \$ | |
| Appd Fund 0001, D23 Fund 5015 | | | |
| (Agency 601, D23 Fund 5015) | 9,385.00 | | State P-T |
| Appd Fund 0347, D23 Fund 0347 | | | |
| (Agency 902, D23 Fund 0347) | 210.20 | | State P-T |
| Appd Fund 5079, D23 Fund 5079 | | | |
| (Agency 781, D23 Fund 5079) | 462.42 | | State P-T |
| Appd Fund 9999, D23 Fund 7999 | | | |
| (Agency 501, D23 Fund 0273) | 18,176.97 | | Federal P-T |
| (Agency 501, D23 Fund 0001) | 11,619.70 | | State P-T |
| (Agency 530, D23 Fund 0001) | 122,758.23 | | Federal P-T |
| (Agency 701, D23 Fund 0148) | 100,114.36 | | Federal P-T |
| (Agency 701, D23 Fund 0193) | | 1,087,555.67 | State P-T |
| (Agency 720, D23 Fund 0810) | 2,218,897.12 | | State P-T |
| Total Due From/To Other Agencies | \$ 2,481,624.00 | \$ 1,087,555.67 | |

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

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| | Transfers In | Transfers Out |
|--------------------------------------|----------------|------------------------|
| ENTERPRISE FUND (05) | \$ | \$ |
| Appd. Fund 0507, D23 Fund 0507 | | |
| Agency 347, D23 Fund 0507 | | 1,320,282.04 |
| Total Transfers for Fund 0507 | \$ 0.00 | \$ 1,320,282.04 |
| Appd. Fund 0735, D23 Fund 0735 | | |
| Agency 347, D23 Fund 0735 | | 35,938.68 |
| Total Transfers for Fund 0735 | \$ 0.00 | \$ 35,938.68 |
| Appd Fund 9999, D23 Fund 7999 | | |
| Agency 781, D23 Fund 0001 | | 29,831.00 |
| Agency 781, D23 Fund 5103 | | 14,858.00 |
| Agency 902, D23 Fund 0900 | | 125,950.28 |
| Total Transfers for Fund 9999 | \$ 0.00 | \$ 170,639.28 |
| Total Transfers | \$ 0.00 | \$ 1,526,860.00 |

| | Legislative Transfers In | Legislative Transfers Out |
|------------------------------------|--------------------------|---------------------------|
| ENTERPRISE FUND (05) | \$ | \$ |
| Appd Fund 0001, D23 Fund 0001 | | |
| Agency 479, D23 Fund 0001 | 0.00 | 0.00 |
| Total Legislative Transfers | \$ 0.00 | \$ 0.00 |

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

Note 9: 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.

As of August 31, 2004, there are no known contingent liabilities that are likely to have a material effect on the System.

Note 10: Continuance Subject to Review

Not Applicable.

Note 11: 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 5.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
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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, 2004.

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 2003 and 2004 are shown below. No material outstanding claims were pending at August 31, 2004.

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claims Payments | Balance at Fiscal Year-End |
|------|---|---|------------------------|-----------------------------------|
| 2003 | \$ 1,395,343.27 | \$ 585,090.33 | (\$272,123.55) | \$ 1,708,310.05 |
| 2004 | \$ 1,708,310.05 | \$ 1,590,846.98 | (\$499,891.91) | \$ 2,799,265.12 |

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 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, Lexington 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. Carrier, Lexington Insurance Company.

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 University’s Health Center has malpractice insurance with Steadfast Insurance Company for a maximum per incident limit of \$500,000 and an aggregate of \$1,500,000 with a \$25,000 deductible.

The HSC manages 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 \$5,000,000 with a \$100,000 deductible.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

Note 12: Segment Information

Not Applicable.

Note 13: 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 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 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 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 1994

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 Pledged Revenues described in Series 1994

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

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2004

- \$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
- 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

Revenue Financing System Refunding Bonds, Series 2003A

- To provide funds sufficient to refund certain of the University’s outstanding Consolidated University Revenue Bonds, Series 1994, Health Science Center Tuition Revenue Bonds, Series 1994, Consolidated University Revenue Bonds, Series 1996, Revenue Financing System Tuition Revenue Bonds, Series 1999, and Revenue Financing System Tuition Revenue Bonds, Series 2002, and to pay the costs of issuance.
- Issued 09-01-03
- \$6,185,000; 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

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2004

Revenue Financing System Bonds, Taxable Series 2003B

- To provide funds 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.
- Issued 09-01-03
- \$4,980,000; all authorized bonds have been issued
- Source of revenue for debt service – fees charged for occupying the sorority facilities and also the Pledged Revenues of the Participants of the University of North Texas 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, 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 08-01-02
- \$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

UNT Revenue Financing System Refunding Bonds, Series 2003A

- To advance refund a portion of the Board’s outstanding bonds in order to reduce debt service requirements of the Board in certain years.
- Issued 09-01-03
- \$2,915,000: all authorized bonds have been issued.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2004

- Source of revenue for debt service – Pledged university revenue including all funds and balances lawfully available to the Board.

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, 2004, the principal balance outstanding for the defeased bonds is \$9,905,000.

Note 14: Subsequent Events

It is anticipated that \$25.5 million of authorized tuition revenue bonds may be sold in the latter part of the 2005 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 15: Related Parties

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 \$20,950 that were recorded as revenue to the University during the year ended August 31, 2004. 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 \$21,489.20 for the fiscal year ended August 31, 2004.

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.

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. The activity for the Foundation is reported in Health Science Center's agency funds.

Note 16: Stewardship, Compliance and Accountability

Not Applicable.

Note 17: The Financial Reporting Entity

The University of North Texas Foundation, Inc. is reported as a discrete component unit because the Foundation's governing body is not substantively the same as the governing body of the UNT System. An agreement entered into as of August 21, 2003 between the University of North Texas and the Foundation provides that UNT may approve

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2004**

the appointment of the CEO of the Foundation and will reimburse the Foundation for an annual sum covering salary, benefits, travel and other compensation.

The Foundation is a separate nonprofit organization that has as its central purpose the advancement and support of the University of North Texas. The governing board is comprised of elected members separate from the University Regents. The direction and management of the affairs of the Foundation and the control and disposition of its assets are vested in the directors of the Foundation. The University has no liability with regard to the Foundation's liabilities. The majority of endowments supporting University scholarships and other University programs are owned by the Foundation; therefore, it would be misleading to exclude the Foundation's financial reports. The Foundation is a necessary and beneficial component of the UNT System's overall program for university advancement and for the development of private sources of funding for capital acquisition operations, endowments, and other purposes relating to the mission of the UNT System.

The Foundation has a fiscal year end of December 31. The Foundation issued scholarships totaling \$520,377 to the University, made direct cash transfers totaling \$2,157,602, and made payments of \$314,472 on the University's behalf during the year ended August 31, 2004.

Note 18: Restatement of Fund Balances and Net Assets

During FY 2004, an adjustment was made which required the restatement of the amounts in net assets as shown below:

| | Enterprise Fund |
|--|--------------------------------|
| Net Assets August 31, 2003 | \$384,600,203.50 |
| Restatements: | |
| a. Texas State Property Accounting changes | (12,579.62) |
| Net Assets September 1, 2003, as Restated | <u>\$384,587,623.88</u> |

Note 19: Employees Retirement Plans

Not Applicable.

Note 20: Deferred Compensation

Not Applicable.

Note 21: 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.

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AUGUST 31, 2004**

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 \$159,540.23. 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. The fair value of these endowments did not change during fiscal year 2004.

Note 22: Management Discussion and Analysis

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

Note 23: Post Employment Health Care and Life Insurance Benefits

Not Applicable.

Note 24: Special or Extraordinary Items

Not Applicable.

Note 25: Disaggregation of Receivable and Payable Balances

The current and non-current portions of receivable and payable balances are separately disclosed on the Statement of Net Assets.

The components of Other Payables as of August 31, 2004 are shown below:

| | Other Payables Balance 08/31/2004 |
|-----------------------------------|--------------------------------------|
| Commercial Paper Interest Payable | 710.39 |
| Student Refunds/Deposits Payable | 1,769,653.07 |
| Taxes Payable | 16,402.12 |
| Total Other Payables | 1,786,765.58 |

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The University of North Texas Foundation, Inc. (Foundation) is a nonprofit organization with the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. No allowance for uncollectible promises to give is provided based on management's evaluation of contributions receivable at year end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in temporarily restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES (Continued)

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Real Estate

Real estate consists of property that has been purchased by or donated to the Foundation. The property is stated at cost or the estimated fair value at the time of the donation.

Inventory

Inventory consists of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of the donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

NOTE 2 – INVESTMENTS

Investment securities consist of the following at December 31, 2003:

| | <u>Cost</u> | <u>Fair Value</u> |
|---------------------------|---------------------|-----------------------|
| Fixed income mutual funds | \$ 4,538,444 | \$ 4,688,580 |
| Marketable stocks | 11,871,969 | 14,099,877 |
| Equity mutual funds | <u>16,649,817</u> | <u>18,351,801</u> |
| | <u>\$33,060,230</u> | <u>\$37,140,258</u> |

Investment income consists of interest and dividends on investment securities and is shown net of investment fees and expenses.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 3 – CONTRIBUTIONS AND OTHER RECEIVABLES

Contributions and other receivables as of December 31, 2003 are as follows:

| | |
|--|--------------------|
| Contributions receivable in less than one year | \$1,715,111 |
| Contributions receivable in one to five years | 1,630,337 |
| Contributions receivable in six to ten years | <u>155,800</u> |
| Total Contributions Receivables | 3,501,248 |
| Less discounts to net present value | <u>(202,166)</u> |
| Net Contributions Receivable | 3,299,082 |
| Other amounts receivable | <u>9,613</u> |
| Total Contributions and Other Receivables | <u>\$3,308,695</u> |

NOTE 4 – UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2003 include \$392,291 which has been designated by the Foundation's Board of Directors as a reserve for future operations.

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions from donors who have specified certain programs or scholarships within the University of North Texas for use of the contributions. Temporarily restricted net assets also includes income from endowment funds that are available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

Net assets were permanently restricted for the following purposes at December 31, 2003:

| | |
|--|---------------------|
| Endowments to support various programs, scholarships and other activities of the University of North Texas | \$32,519,541 |
| Cash value of life insurance policies that will provide proceeds upon death of insured for endowments | <u>277,385</u> |
| Total | <u>\$32,796,926</u> |

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 7 – REAL PROPERTY

Real property donated to the Foundation is recorded at fair value at the date of the donation. Real estate purchased by the Foundation is recorded at cost. Real property consists of the following at December 31, 2003:

| | <u>Fair Value Recorded</u> | <u>Current Fair Value</u> |
|---|--------------------------------|-------------------------------|
| Mineral rights 1/4 undivided interest 34 acres – Loop 288 | \$ 12,860 | Not Determined |
| 5 acres – Dallas County, Texas | 98,875 | Not Determined |
| Club Casa Dorada Timeshare | 150,613 | Not Determined |
| | <u>10,150</u> | Not Determined |
| | <u>\$272,498</u> | |

NOTE 8 – LIFE INSURANCE POLICIES

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by donors of the policies. As of December 31, 2003, there were a total of 26 such policies with death benefits totaling \$1,804,403 and cash values totaling \$277,385.

NOTE 9 – INCOME TAX STATUS

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

NOTE 10 – RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. The expense to the Foundation for retirement plan contributions for 2003 was \$20,996.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 11 – ASSETS HELD UNDER SPLIT INTEREST AGREEMENTS AND REFUNDABLE ADVANCES

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers several gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The Foundation has recorded the present value of the annuity payments as annuity obligations.

Two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as refundable advances.

The assets held under these agreements are included in the statement of financial position at fair value. The annuity obligations are recorded at the present value of the expected future cash payments based on published life expectancy tables using a discount rate of eight percent.

NOTE 12 – DEFERRED GIFTS

The Foundation has been advised by many donors of bequests and other deferred gifts to the Foundation to be made in the future. The total of such deferred gifts that the Foundation has been informed of is approximately \$94 million.

The Foundation has also received a conditional pledge in support of the University of North Texas Club Management Program. The pledge consists of stock to be transferred to the Foundation in 2005. The fair value of the stock at the time of the pledge was approximately \$900,000. The fair value at December 31, 2003 was approximately \$924,255.

These gifts do not meet the requirements of unconditional promises to give, therefore have not been recorded in the financial statements of the Foundation.

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at times in excess of \$100,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of \$544,005 to secure Foundation deposits in excess of \$100,000. The pledged security is held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged security at December 31, 2003 was \$562,571. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2003 was \$100,004. In addition to the checking account balance, the Foundation had cash balances of \$890,587 at December 31, 2003 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured.

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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, 2004

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE | CFDA Number | Identifying Number | Pass Through From | | |
|---|----------------|-----------------------|---------------------|--------------------------------|---------------------------------|
| | | | Agy./ Univ. # | Agencies Or Univ. Amount | Non-State Entities Amount |
| Direct Programs: | | | | \$ - | \$ - |
| Peace Corps | 08.000 | G72305 09/04 | | | |
| Total Peace Corps | | | | - | - |
| U.S. Department of Agriculture | | | | | |
| Direct Programs: | | | | | |
| Higher Education Challenge Grants | 10.217 | | | | |
| Pass Through From: | | | | | |
| Texas Department of Human Services | | | | | |
| Summer Food Services Program for Children | 10.559 | G74050 04-384 | | - | 4,972.80 |
| Total U.S. Department of Agriculture | | | | - | 4,972.80 |
| U.S. Department of Defense-U.S. Army | | | | | |
| Direct Programs: | | | | | |
| High Density Lipoprotein Complexes | 12.420 | | | | |
| Neuroprotection from Brain Injury | 12.420 | | | | |
| Total U.S. Department of Defense-U.S. Army | | | | - | - |
| Department of Housing & Urban Development | | | | | |
| 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 | | | | - | - |
| Department of Justice | | | | | |
| Direct Programs: | | | | | |
| Community Pros & Project Safe Neighborhoods | 16.609 | | | | |
| Pass Through From: | | | | | |
| Office of the Governor | | | | | |
| NIJR Evaluation and Project Grants | 16.560 | | 300 | 10,309.81 | |
| Bulletproof Vest Partnership Program | 16.607 | | 300 | 1,042.50 | |
| Total Department of Justice | | | | 11,352.31 | - |
| Department of Labor | | | | | |
| Direct Programs: | | | | | |
| WIA Incentive Grants | 17.267 | G72290 04-281 | | | 4,300.00 |
| Total Department of Labor | | | | - | 4,300.00 |
| National Foundation on the Arts & Humanities | | | | | |
| Direct Programs: | | | | | |
| Promotion of the Arts-Grants to Organizations and Individuals | 45.024 | | | | |
| Institute of Museum and Library Services | | | | | |
| National Leadership Grants | 45.312 | | | | |
| Librarians for the 21st Century | 45.313 | | | | |
| Total National Foundation on the Arts & Humanities | | | | - | - |
| National Science Foundation | | | | | |
| Direct Programs: | | | | | |
| Engineering Grants | 47.041 | | | | |
| Pass Through From: | | | | | |
| Collin Co Community College | 47.076 | G72002 03-186 | | | 4,496.76 |
| Total National Science Foundation | | | | - | 4,496.76 |
| Department of Education | | | | | |
| Direct Programs: | | | | | |
| Undergraduate Int'l Studies | 84.016 | | | | |
| TRIO-Upward Bound | 84.047 | | | | |
| Fund for the Improv of Post-Secondary Educ | 84.116 | | | | |
| 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 | | | | |

| 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 | | |
| \$ - | \$ - | | \$ - | \$ - | \$ - | \$ - |
| 10,617.07 | 10,617.07 | | | | 10,617.07 | 10,617.07 |
| <u>10,617.07</u> | <u>10,617.07</u> | | <u>-</u> | <u>-</u> | <u>10,617.07</u> | <u>10,617.07</u> |
| 5,005.40 | 5,005.40 | | | | 5,005.40 | 5,005.40 |
| | 4,972.80 | | | | 4,972.80 | 4,972.80 |
| <u>5,005.40</u> | <u>9,978.20</u> | | <u>-</u> | <u>-</u> | <u>9,978.20</u> | <u>9,978.20</u> |
| 6,813.01 | 6,813.01 | | | | 6,813.01 | 6,813.01 |
| 292.00 | 292.00 | | | | 292.00 | 292.00 |
| <u>7,105.01</u> | <u>7,105.01</u> | | <u>-</u> | <u>-</u> | <u>7,105.01</u> | <u>7,105.01</u> |
| 42,002.00 | 42,002.00 | | | | 42,002.00 | 42,002.00 |
| 78,658.81 | 78,658.81 | | | | 78,658.81 | 78,658.81 |
| <u>120,660.81</u> | <u>120,660.81</u> | | <u>-</u> | <u>-</u> | <u>120,660.81</u> | <u>120,660.81</u> |
| 101,859.99 | 101,859.99 | 405 | 4,729.15 | | 97,130.84 | 101,859.99 |
| (10,309.81) | - | | | | - | - |
| | 1,042.50 | | | | 1,042.50 | 1,042.50 |
| <u>91,550.18</u> | <u>102,902.49</u> | | <u>4,729.15</u> | <u>-</u> | <u>98,173.34</u> | <u>102,902.49</u> |
| | 4,300.00 | | | | 4,300.00 | 4,300.00 |
| <u>-</u> | <u>4,300.00</u> | | <u>-</u> | <u>-</u> | <u>4,300.00</u> | <u>4,300.00</u> |
| 3,347.70 | 3,347.70 | | | | 3,347.70 | 3,347.70 |
| 104,593.45 | 104,593.45 | | | | 104,593.45 | 104,593.45 |
| 38.72 | 38.72 | | | | 38.72 | 38.72 |
| <u>107,979.87</u> | <u>107,979.87</u> | | <u>-</u> | <u>-</u> | <u>107,979.87</u> | <u>107,979.87</u> |
| 61,693.61 | 61,693.61 | | | | 61,693.61 | 61,693.61 |
| | 4,496.76 | | | | 4,496.76 | 4,496.76 |
| <u>61,693.61</u> | <u>66,190.37</u> | | <u>-</u> | <u>-</u> | <u>66,190.37</u> | <u>66,190.37</u> |
| 13,208.79 | 13,208.79 | | | | 13,208.79 | 13,208.79 |
| 716,847.79 | 716,847.79 | | | | 716,847.79 | 716,847.79 |
| 332,382.75 | 332,382.75 | 724 | 16,462.35 | | 315,920.40 | 332,382.75 |
| 572,159.50 | 572,159.50 | | | | 572,159.50 | 572,159.50 |
| 76,167.06 | 76,167.06 | | | | 76,167.06 | 76,167.06 |
| 294,230.09 | 294,230.09 | | | | 294,230.09 | 294,230.09 |
| 295,752.37 | 295,752.37 | | | | 295,752.37 | 295,752.37 |

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE | CFDA Number | Identifying Number | Pass Through From | | |
|---|----------------|-----------------------|---------------------|--------------------------------|---------------------------------|
| | | | Agy./ Univ. # | Agencies Or Univ. Amount | Non-State Entities Amount |
| TRIO: McNair Post-Baccalaureate Achievement | 84.217 | | | | |
| Rehabilitation Training: Continuing Education | 84.264 | | | | |
| Services and Results for Children with Disabilities | 84.325 | | | | |
| Mathematics and Science Partnerships | 84.366 | | | | |
| Pass Through From: | | | | | |
| Texas Education Agency | | | | | |
| Vocational Education: Basic Grants to States | 84.048 | | 701 | 330,786.72 | |
| San Diego State University | | | | | |
| Rehabilitation Long-Term Training | 84.129 | 50936DPI | | | 5,677.44 |
| Texas Higher Education Coordinating Board | | | | | |
| Improving Teacher Quality State Grants | 84.281 | | 781 | 367,868.25 | |
| Texas Education Agency | | | | | |
| Tech-Prep Education | 84.243 | | 701 | 28,289.90 | |
| SW Educational Development Lab | | | | | |
| Regional Technology in Education Consortia | 84.302 | 48487-49279 | | | 148,384.90 |
| National Writing Project | | | | | |
| Capacity Building for Trad Underserved Pop. | 84.315 | 03TX12Amend1 | | | 27,650.74 |
| Marquette University | | | | | |
| Preparing Tomorrow's Teachers-Technology | 84.342 | P342A000086-02 | | | 9,485.88 |
| Texas Higher Education Coordinating Board | | | | | |
| Improving Teacher Quality State Grants | 84.367 | | 781 | 47,830.00 | |
| Total Department of Education | | | | <u>774,774.87</u> | <u>191,198.96</u> |
| Department of Health & Human Services | | | | | |
| Pass Through From: | | | | | |
| UTMB-Galveston | | | | | |
| Model State-Supported Health Education | 93.107 | G72022 04-042 | | | 88,859.96 |
| Texas Department of Health | | | | | |
| Immunization Grants | 93.268 | | 501 | 121,329.09 | |
| UTMB-Galveston | | | | | |
| Nurse Education | 93.359 | G72075 04-209 | | | 7,341.11 |
| Nat'l Youth Sports Program | | | | | |
| Community Services Block Grant-Discretionary | 93.570 | NYSPPF 03-208 | | | 1,026.40 |
| Texas Dept. of Protective & Regulatory Services | | | | | |
| Community-Based Family Resource & Support Grants | 93.590 | | 530 | 44,223.21 | |
| Foster Care: Title IV-E | 93.658 | | 530 | 112,392.84 | |
| UTMB-Galveston | | | | | |
| Federal Reimb of Emer Health Services | 93.824 | G72225 03-003 | | | 48,140.71 |
| Baylor College of Medicine | | | | | |
| Geriatric Education Centers | 93.969 | 5D31HP70112-02 | | | 12,926.93 |
| Texas Department of Health | | | | | |
| Maternal and Child Health Services Block Grant to the State | 93.994 | | 501 | 3,468.77 | |
| Total Department of Health & Human Services | | | | <u>281,413.91</u> | <u>158,295.11</u> |
| Corporation for National & Community Service | | | | | |
| Direct Programs | | | | | |
| One Star Foundation | 94.006 | | | | |
| Pass Through From: | | | | | |
| Texas Workforce Commission | | | | | |
| AmeriCorps | 94.006 | 04/AMC 0040 | | | 10,463.97 |
| Total Corporation for National & Community Service | | | | <u>-</u> | <u>10,463.97</u> |
| Student Financial Assistance Cluster: | | | | | |
| National Science Foundation | | | | | |
| Direct Programs: | | | | | |
| Education and Human Resources | 47.076 | | | | |
| Environmental Protection Agency | | | | | |
| Direct Programs: | | | | | |
| Training and Fellowships for the EPA | 66.607 | | | | |
| U. S. Department of Education | | | | | |
| 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 | | | | | |

| 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 | | |
| 470,355.62 | 470,355.62 | | | | 470,355.62 | 470,355.62 |
| 550,421.71 | 550,421.71 | | | | 550,421.71 | 550,421.71 |
| 2,515,128.88 | 2,515,128.88 | | | | 2,515,128.88 | 2,515,128.88 |
| 26,430.68 | 26,430.68 | | | | 26,430.68 | 26,430.68 |
| (18,982.13) | 311,804.59 | | | | 311,804.59 | 311,804.59 |
| | 5,677.44 | | | | 5,677.44 | 5,677.44 |
| (11,010.77) | 356,857.48 | | | | 356,857.48 | 356,857.48 |
| | 28,289.90 | | | | 28,289.90 | 28,289.90 |
| | 148,384.90 | | | | 148,384.90 | 148,384.90 |
| | 27,650.74 | | | | 27,650.74 | 27,650.74 |
| | 9,485.88 | | | | 9,485.88 | 9,485.88 |
| (26,524.30) | 21,305.70 | | | | 21,305.70 | 21,305.70 |
| <u>5,806,568.04</u> | <u>6,772,541.87</u> | | <u>16,462.35</u> | <u>-</u> | <u>6,756,079.52</u> | <u>6,772,541.87</u> |
| | 88,859.96 | | | | 88,859.96 | 88,859.96 |
| (366.02) | 120,963.07 | | | | 120,963.07 | 120,963.07 |
| | 7,341.11 | | | | 7,341.11 | 7,341.11 |
| | 1,026.40 | | | | 1,026.40 | 1,026.40 |
| (201.95) | 44,021.26 | | | | 44,021.26 | 44,021.26 |
| (1,414.64) | 110,978.20 | | | | 110,978.20 | 110,978.20 |
| | 48,140.71 | | | | 48,140.71 | 48,140.71 |
| | 12,926.93 | | | | 12,926.93 | 12,926.93 |
| | 3,468.77 | | | | 3,468.77 | 3,468.77 |
| <u>(1,982.61)</u> | <u>437,726.41</u> | | <u>-</u> | <u>-</u> | <u>437,726.41</u> | <u>437,726.41</u> |
| 147,667.05 | 147,667.05 | | | | 147,667.05 | 147,667.05 |
| | 10,463.97 | | | | 10,463.97 | 10,463.97 |
| <u>147,667.05</u> | <u>158,131.02</u> | | <u>-</u> | <u>-</u> | <u>158,131.02</u> | <u>158,131.02</u> |
| 43,517.10 | 43,517.10 | | | | 43,517.10 | 43,517.10 |
| 4,634.30 | 4,634.30 | | | | 4,634.30 | 4,634.30 |
| 1,832,927.22 | 1,832,927.22 | | | | 1,832,927.22 | 1,832,927.22 |
| 105,461,474.62 | 105,461,474.62 | | | | 105,461,474.62 | 105,461,474.62 |
| 1,051,369.10 | 1,051,369.10 | | | | 1,051,369.10 | 1,051,369.10 |
| 1,165,732.00 | 1,165,732.00 | | | | 1,165,732.00 | 1,165,732.00 |
| 38,953.22 | 38,953.22 | | | | 38,953.22 | 38,953.22 |

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE | CFDA Number | Identifying Number | Pass Through From | | |
|---|----------------|-----------------------|---------------------|--------------------------------|---------------------------------|
| | | | Agy./ Univ. # | Agencies Or Univ. Amount | Non-State Entities Amount |
| 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 | | | | |
| Learning Anytime Anywhere Partnership | 84.339 | | | | |
| Total Student Financial Assistance Cluster | | | | - | - |
| Research and Development Cluster: | | | | | |
| U.S. Department of Agriculture | | | | | |
| Direct Programs: | | | | | |
| Grants for Agriculture Research-Competitive Research Grants | 10.206 | | | | |
| Pass Through From: | | | | | |
| Texas Woman's University Integrated Programs | 10.303 | PO B0011849 | | | 23,040.93 |
| University of Southern Mississippi Nutrition Services Incentive | 10.570 | USM-GR-01513-A10 | | | 26,973.72 |
| U.S. Department of Commerce | | | | | |
| Pass Through From: | | | | | |
| Zyvez Corporation Advanced Technology Program | 11.612 | 17527046001 | | | 24,444.64 |
| U.S. Department of Defense | | | | | |
| Direct Programs: | | | | | |
| Contract: Intergovernmental Personnel Agreement Protection, Clearing & Straightening Channels | 12.000 | W81EWF91192322 | | | |
| Collaborative Research and Development | 12.109 | | | | |
| Basic & Applied Scientific Research | 12.114 | | | | |
| Basic Scientific Research | 12.300 | | | | |
| Basic and Applied Research in Science Science and Engineering | 12.431 | | | | |
| Mathematical Sciences Grants Program | 12.630 | | | | |
| Research and Technology Development | 12.901 | | | | |
| Pass Through From: | | | | | |
| City of Lewisville Ecosystem Research at Lake Lewisville | 12.910 | Tsk Ordr FY02-01 | | | 183,213.35 |
| US Army Corp of Engineers Contract: Intergovernmental Personnel Agrmt Office of Naval Research (TEES) | 12.000 | W81EWF91192322 | | | 16,752.67 |
| Basic and Applied Scientific Research Rice University | 12.300 | | 712 | 4,917.48 | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | 01110201-03 | | | 603.79 |
| U.S. Department of Justice | | | | | |
| Office of Justice Programs | | | | | |
| Direct Programs: | | | | | |
| Criminal Justice Research & Development: FBI Contract-DNA Research | 16.000 | #J-FBI-02-133 | | | |
| Graduate Research Fellowships | 16.562 | | | | |
| Office of Personnel Management | | | | | |
| Direct Programs: | | | | | |
| IPA Mobility Program | 27.011 | | | | |
| Federal Mediation and Conciliation | | | | | |
| Direct Programs: | | | | | |
| Contract: Youth Initiative Program Evaluation | 34.000 | G73174 04-359 | | | |
| National Aeronautics & Space Administration | | | | | |
| 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 | | | 10,207.56 |
| National Foundation on the Arts & the Humanities | | | | | |
| Direct Programs: | | | | | |
| Office of Museum Services | | | | | |

| 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 | | |
| 261,404.55 | 261,404.55 | | | | 261,404.55 | 261,404.55 |
| 15,455,862.95 | 15,455,862.95 | | | | 15,455,862.95 | 15,455,862.95 |
| 13,088,191.57 | 13,088,191.57 | | | | 13,088,191.57 | 13,088,191.57 |
| 5,303.71 | 5,303.71 | | | | 5,303.71 | 5,303.71 |
| 13,693.06 | 13,693.06 | | | | 13,693.06 | 13,693.06 |
| <u>138,423,063.40</u> | <u>138,423,063.40</u> | | <u>-</u> | <u>-</u> | <u>138,423,063.40</u> | <u>138,423,063.40</u> |

| | | | | | | |
|------------|------------|--|--|--|------------|------------|
| 251,179.44 | 251,179.44 | | | | 251,179.44 | 251,179.44 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 23,040.93 | | | | 23,040.93 | 23,040.93 |
| | - | | | | - | - |
| | 26,973.72 | | | | 26,973.72 | 26,973.72 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | 24,444.64 | | | | 24,444.64 | 24,444.64 |
| | - | | | | - | - |
| | - | | | | - | - |
| 900,003.72 | 900,003.72 | | | | 900,003.72 | 900,003.72 |
| 55,701.65 | 55,701.65 | | | | 55,701.65 | 55,701.65 |
| 313,465.85 | 313,465.85 | | | | 313,465.85 | 313,465.85 |
| 338,564.30 | 338,564.30 | | | | 338,564.30 | 338,564.30 |
| 353,020.50 | 353,020.50 | | | | 353,020.50 | 353,020.50 |
| | - | | | | - | - |
| 261,745.40 | 261,745.40 | | | | 261,745.40 | 261,745.40 |
| 64,828.32 | 64,828.32 | | | | 64,828.32 | 64,828.32 |
| 132,177.35 | 132,177.35 | | | | 132,177.35 | 132,177.35 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 183,213.35 | | | | 183,213.35 | 183,213.35 |
| | - | | | | - | - |
| | 16,752.67 | | | | 16,752.67 | 16,752.67 |
| | - | | | | - | - |
| 17.28 | 4,934.76 | | | | 4,934.76 | 4,934.76 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 603.79 | | | | 603.79 | 603.79 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| 232,684.64 | 232,684.64 | | | | 232,684.64 | 232,684.64 |
| 76,217.97 | 76,217.97 | | | | 76,217.97 | 76,217.97 |
| | - | | | | - | - |
| | - | | | | - | - |
| 17,324.79 | 17,324.79 | | | | 17,324.79 | 17,324.79 |
| | - | | | | - | - |
| | - | | | | - | - |
| 12,721.41 | 12,721.41 | | | | 12,721.41 | 12,721.41 |
| | - | | | | - | - |
| | - | | | | - | - |
| 135,644.30 | 135,644.30 | | | | 135,644.30 | 135,644.30 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 10,207.56 | | | | 10,207.56 | 10,207.56 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE | CFDA Number | Identifying Number | Pass Through From | | |
|---|----------------|-----------------------|---------------------|--------------------------------|---------------------------------|
| | | | Agy./ Univ. # | Agencies Or Univ. Amount | Non-State Entities Amount |
| Institute of Museum & Library Services | 45.301 | | | | |
| National Leadership Grants | 45.312 | | | | |
| National Science Foundation | | | | | |
| Direct Programs: | | | | | |
| Contract | 47.000 | | | | |
| Engineering Grants | 47.041 | | | | |
| Mathematical and Physical Sciences | 47.049 | | | | |
| 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 Urbana-Champaign | | | | | |
| Mathematical and Physical Sciences | 47.049 | G72210 04-389 | | | 12,604.79 |
| American Assn for the Adv of Science | | | | | |
| Mathematical and Physical Sciences | 47.074 | G72033 03-184 | | | 5,000.00 |
| Washington University | | | | | |
| Computer and Information Science and Engineering | 47.070 | WUHT-02-02 | | | 44,205.01 |
| Civilian Research and Development | | | | | |
| Social, Behavioral, & Economic Sciences | 47.075 | UE2-2448-KH-02 | | | 2,203.86 |
| University of Michigan | | | | | |
| Education and Human Resources | 47.076 | F003426 | | | 1,233.23 |
| University of Alaska | | | | | |
| Polar Programs | 47.078 | G72195 01-202 | | | 2,511.57 |
| Environmental Protection Agency | | | | | |
| Direct Programs: | | | | | |
| Surveys, Studies, Investigations & Special Grants | 66.606 | | | | |
| Pass Through From: | | | | | |
| IT Corporation | | | | | |
| Great Lakes Program | 66.469 | 189948 | | | 266.33 |
| Environmental Protection Agency | | | | | |
| ORD Consolidated Research | 66.511 | | | | |
| U.S. Department of Energy | | | | | |
| Direct Programs: | | | | | |
| Office of Science | | | | | |
| Office of Science Financial Assistance Program | 81.049 | | | | |
| Renewable Energy Research and Development | 81.087 | | | | |
| U.S. Department of Education | | | | | |
| Direct Programs: | | | | | |
| Office of Special Education & Rehabilitative Services | | | | | |
| Rehabilitation Long-Term Training | 84.129 | | | | |
| 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 | | | 31,835.35 |
| Texas Education Agency | | | | | |
| Vocational Education-Basic Grants to States | 84.048 | | 701 | 4,939.40 | |
| Sandia National Laboratory | | | | | |
| Impact Aid | 84.041 | G73216 03-140 | | | 7,476.41 |
| Western Illinois University | | | | | |
| Star Schools | 84.203 | 5-28131 | | | 7,311.48 |
| Irving ISD | | | | | |
| Fund for the Improvement of Education | 84.215 | G72041 04-377 | | | 1,907.00 |
| Allen ISD | | | | | |
| Technology Innovation Grants | 84.303 | R303A990301 | | | 184,764.49 |
| University of Texas-Pan American | | | | | |
| Capacity Building for Traditionally Underserved Populations | 84.315 | | 736 | 138,105.72 | |
| Texas Education Agency | | | | | |
| Technology Literacy Challenge Fund Grants | 84.318 | | 701 | 50,856.15 | |
| TX Higher Education Coordinating Board | | | | | |
| Improving Teacher Quality State Grants | 84.367 | Grant 92 | | | 9,792.10 |

| 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 | | |
| 16,715.58 | 16,715.58 | | | | 16,715.58 | 16,715.58 |
| 69,633.27 | 69,633.27 | | | | 69,633.27 | 69,633.27 |
| | - | | | | - | - |
| 36,735.61 | 36,735.61 | | | | 36,735.61 | 36,735.61 |
| 275,590.06 | 275,590.06 | | | | 275,590.06 | 275,590.06 |
| 620,315.43 | 620,315.43 | | | | 620,315.43 | 620,315.43 |
| 210,393.46 | 210,393.46 | 738 | 17,976.97 | | 192,416.49 | 210,393.46 |
| 418,055.34 | 418,055.34 | | | | 418,055.34 | 418,055.34 |
| 485,767.81 | 485,767.81 | | | | 485,767.81 | 485,767.81 |
| 834,443.47 | 834,443.47 | | | | 834,443.47 | 834,443.47 |
| | - | | | | - | - |
| | 12,604.79 | | | | 12,604.79 | 12,604.79 |
| | - | | | | - | - |
| | 5,000.00 | | | | 5,000.00 | 5,000.00 |
| | - | | | | - | - |
| | 44,205.01 | | | | 44,205.01 | 44,205.01 |
| | - | | | | - | - |
| | 2,203.86 | | | | 2,203.86 | 2,203.86 |
| | - | | | | - | - |
| | 1,233.23 | | | | 1,233.23 | 1,233.23 |
| | - | | | | - | - |
| | 2,511.57 | | | | 2,511.57 | 2,511.57 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| 18,801.20 | 18,801.20 | | | | 18,801.20 | 18,801.20 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 266.33 | | | | 266.33 | 266.33 |
| | - | | | | - | - |
| 5,144.55 | 5,144.55 | | | | 5,144.55 | 5,144.55 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| 83,799.01 | 83,799.01 | | | | 83,799.01 | 83,799.01 |
| 17,880.57 | 17,880.57 | | | | 17,880.57 | 17,880.57 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| 14,675.15 | 14,675.15 | | | | 14,675.15 | 14,675.15 |
| | - | | | | - | - |
| | - | | | | - | - |
| 401,791.15 | 401,791.15 | | | | 401,791.15 | 401,791.15 |
| 8,716.19 | 8,716.19 | | | | 8,716.19 | 8,716.19 |
| 67,659.56 | 67,659.56 | | | | 67,659.56 | 67,659.56 |
| 23,984.28 | 23,984.28 | | | | 23,984.28 | 23,984.28 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 31,835.35 | | | | 31,835.35 | 31,835.35 |
| | - | | | | - | - |
| | 4,939.40 | | | | 4,939.40 | 4,939.40 |
| | - | | | | - | - |
| | 7,476.41 | | | | 7,476.41 | 7,476.41 |
| | - | | | | - | - |
| | 7,311.48 | | | | 7,311.48 | 7,311.48 |
| | - | | | | - | - |
| | 1,907.00 | | | | 1,907.00 | 1,907.00 |
| | - | | | | - | - |
| | 184,764.49 | | | | 184,764.49 | 184,764.49 |
| | - | | | | - | - |
| | - | | | | - | - |
| (100,930.75) | 37,174.97 | | | | 37,174.97 | 37,174.97 |
| | - | | | | - | - |
| (50,856.15) | - | | | | - | - |
| | - | | | | - | - |
| | 9,792.10 | | | | 9,792.10 | 9,792.10 |

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE | CFDA Number | Identifying Number | Pass Through From | | |
|--|----------------|------------------------------|---------------------|--------------------------------|---------------------------------|
| | | | Agy./ Univ. # | Agencies Or Univ. Amount | Non-State Entities Amount |
| University of Texas at San Antonio Preparing Tomorrow's Teachers to Use Technology | 84.342 | G72032 01-560 | | | 9,670.38 |
| University of Texas at Austin Preparing Tomorrow's Teachers to Use Technology | 84.342 | | 721 | (79.54) | |
| Improving Teacher Quality State Grants | 84.367 | G72096 05/04 | | | 2,910.81 |
| University of Nevada - Reno Preparing Tomorrow's Teachers to Use Technology | 84.342 | G72201 03-484 | | | 73,565.11 |
| U.S. Department of Health & Human Services | | | | | |
| Direct Programs: | | | | | |
| Centers for Disease Control and Prevention | | | | | |
| Contract: Training in Health Sciences | 93.000 | G71000 03-028 | | | |
| NIDA Contract | 93.000 | NIH/NIDA NOIDA-2-8822 | | | |
| Peptide Hormone & Enzyme Analysis | 93.000 | NIH#263-MA-015148 | | | |
| NT Alud Para Corazon | 93.000 | NIH/NHLBI#NOIHO_99230 | | | |
| Public Health Information | 93.000 | NOI-LM-3515 | | | |
| Alzheimer's Disease Promotora | 93.000 | Title III-Older American Act | | | |
| CDC - Task Orders | 93.000 | 200-2001-00084 | | | |
| Biological Response to Environmental Health Hazards | 93.113 | | | | |
| Grants for Faculty Training Projects in Geriatric Medicine | 93.156 | | | | |
| Health Education & Training Centers | 93.189 | | | | |
| Research and Training in Complementary and Alternative Medicine | 93.213 | | | | |
| Mental Health Research Grants | 93.242 | | | | |
| Alcohol Research Programs | 93.273 | | | | |
| Drug Abuse Research Programs | 93.279 | | | | |
| CDC Investigations and Technical Assistance | 93.283 | | | | |
| President's Council on Physical Fitness & Sports | 93.289 | | | | |
| National Center for Research Resources | 93.389 | | | | |
| Cancer Detection & Diagnosis Research | 93.394 | | | | |
| Cancer Treatment Research | 93.395 | | | | |
| Cancer Biology Research | 93.396 | | | | |
| Cancer Control | 93.399 | | | | |
| Lung Diseases Research | 93.838 | | | | |
| Blood Diseases & Resources Research | 93.839 | | | | |
| Arthritis, Musculoskeletal & Skin Diseases Research | 93.846 | | | | |
| Kidney Diseases, Urology & Hematology Research | 93.849 | | | | |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | | | | |
| Microbiology and Infectious Diseases Research | 93.856 | | | | |
| Biomedical Research and Research Training | 93.859 | | | | |
| Aging Research | 93.866 | | | | |
| Vision Research | 93.867 | | | | |
| Grants for Residency Training in General Internal Medicine and/or General Pediatrics | 93.884 | | | | |
| School for Hlth. Prof. Students from Disadv. Backgrounds | 93.925 | | | | |
| HRSA-Healthy Start Initiative | 93.926 | | | | |
| CDC-Tuberculosis Demonstration, Research, Edu | 93.947 | | | | |
| Grants for Faculty Development in Family Medicine | 93.964 | | | | |
| Pass Through From: | | | | | |
| Battelle Memorial Institute Contract: Intra/Inter Atomic Model Computations | 93.000 | 700-9604 | | | 14,139.78 |
| Texas Department of Health Abstinence Education | 93.235 | | 501 | 42,433.96 | |
| Texas Dept. of Protective & Regulatory Services Community-Based Family Resource and Support | | | | | |
| Southern Methodist University Mental Health Research Grants | 93.242 | | | | 110,649.09 |
| UT Health Science Center at Houston Public Health Training Centers | 93.249 | D2OHP00011 | 744 | 110,323.50 | |
| Texas Department of Health National Youth Sports Program | 93.283 | | 501 | 234,793.50 | |
| Community Services Block Grant-Discretionary | 93.570 | | | | 72,284.15 |
| UT Southwest-Dallas Heart and Vascular Diseases Research | 93.837 | GMO 0-00976 | 729 | 12,447.07 | |
| Total R&D Cluster Programs | | | | 598,737.24 | 879,567.60 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | | \$ 1,666,278.33 | \$ 1,253,295.20 |

| 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 | | |
| - | - | | | | - | - |
| | 9,670.38 | | | | 9,670.38 | 9,670.38 |
| - | - | | | | - | - |
| 18,425.93 | 18,346.39 | | | | 18,346.39 | 18,346.39 |
| | 2,910.81 | | | | 2,910.81 | 2,910.81 |
| - | - | | | | - | - |
| | 73,565.11 | | | | 73,565.11 | 73,565.11 |
| - | - | | | | - | - |
| - | - | | | | - | - |
| 81,668.34 | 81,668.34 | | | | 81,668.34 | 81,668.34 |
| 746,980.38 | 746,980.38 | | | | 746,980.38 | 746,980.38 |
| (6,036.46) | (6,036.46) | | | | (6,036.46) | (6,036.46) |
| 102,909.25 | 102,909.25 | | | | 102,909.25 | 102,909.25 |
| 104.23 | 104.23 | | | | 104.23 | 104.23 |
| 1,919.47 | 1,919.47 | | | | 1,919.47 | 1,919.47 |
| 258,805.06 | 258,805.06 | | | | 258,805.06 | 258,805.06 |
| 319,272.28 | 319,272.28 | | | | 319,272.28 | 319,272.28 |
| 176,969.86 | 176,969.86 | | | | 176,969.86 | 176,969.86 |
| 4,909.19 | 4,909.19 | | | | 4,909.19 | 4,909.19 |
| - | - | | | | - | - |
| 346,267.25 | 346,267.25 | | | | 346,267.25 | 346,267.25 |
| 411,313.81 | 411,313.81 | | | | 411,313.81 | 411,313.81 |
| 389,541.19 | 389,541.19 | | | | 389,541.19 | 389,541.19 |
| 133,606.84 | 133,606.84 | | | | 133,606.84 | 133,606.84 |
| 841,989.99 | 841,989.99 | | | | 841,989.99 | 841,989.99 |
| 31,626.18 | 31,626.18 | | | | 31,626.18 | 31,626.18 |
| 189,438.10 | 189,438.10 | | | | 189,438.10 | 189,438.10 |
| 35,058.72 | 35,058.72 | | | | 35,058.72 | 35,058.72 |
| 539,463.53 | 539,463.53 | | | | 539,463.53 | 539,463.53 |
| 139,695.07 | 139,695.07 | | | | 139,695.07 | 139,695.07 |
| 3,240.00 | 3,240.00 | | | | 3,240.00 | 3,240.00 |
| 14,958.58 | 14,958.58 | | | | 14,958.58 | 14,958.58 |
| 120,864.48 | 120,864.48 | | | | 120,864.48 | 120,864.48 |
| 219,703.91 | 219,703.91 | | | | 219,703.91 | 219,703.91 |
| 66,350.17 | 66,350.17 | | | | 66,350.17 | 66,350.17 |
| - | - | | | | - | - |
| 332,666.47 | 332,666.47 | 739 | 34,902.72 | | 297,763.75 | 332,666.47 |
| 605,840.77 | 605,840.77 | | | | 605,840.77 | 605,840.77 |
| 185,266.54 | 185,266.54 | | | | 185,266.54 | 185,266.54 |
| 2,395,832.85 | 2,395,832.85 | | | | 2,395,832.85 | 2,395,832.85 |
| 942,400.41 | 942,400.41 | | | | 942,400.41 | 942,400.41 |
| - | - | | | | - | - |
| 122,422.41 | 122,422.41 | | | | 122,422.41 | 122,422.41 |
| 100,649.00 | 100,649.00 | | | | 100,649.00 | 100,649.00 |
| 9,663.11 | 9,663.11 | | | | 9,663.11 | 9,663.11 |
| 191,309.65 | 191,309.65 | | | | 191,309.65 | 191,309.65 |
| 166,557.92 | 166,557.92 | | | | 166,557.92 | 166,557.92 |
| - | - | | | | - | - |
| - | - | | | | - | - |
| | 14,139.78 | | | | 14,139.78 | 14,139.78 |
| - | - | | | | - | - |
| (31,629.64) | 10,804.32 | | | | 10,804.32 | 10,804.32 |
| - | - | | | | - | - |
| - | - | | | | - | - |
| - | - | | | | - | - |
| | 110,649.09 | | | | 110,649.09 | 110,649.09 |
| 10,104.10 | 120,427.60 | | | | 120,427.60 | 120,427.60 |
| (76,995.60) | 157,797.90 | | | | 157,797.90 | 157,797.90 |
| - | - | | | | - | - |
| | 72,284.15 | | | | 72,284.15 | 72,284.15 |
| 2,941,856.34 | 2,954,303.41 | | | | 2,954,303.41 | 2,954,303.41 |
| <u>19,688,601.39</u> | <u>21,166,906.23</u> | | <u>52,879.69</u> | <u>-</u> | <u>21,114,026.54</u> | <u>21,166,906.23</u> |
| <u>\$ 164,468,529.22</u> | <u>\$ 167,388,102.75</u> | | <u>\$ 74,071.19</u> | <u>\$ -</u> | <u>\$ 167,314,031.56</u> | <u>\$ 167,388,102.75</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
N/A

Note 2: Reconciliation
Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

| | | | | |
|--|--|--|----|------------------------------|
| Federal Revenues - per Statement of Revenues, Expenses, and Changes in Net Assets | | | | |
| Federal Grants and Contracts | | | \$ | 44,272,482.74 |
| Federal Pass-Through Grants from Other State Agencies/Universities | | | | 1,666,278.33 |
| Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets | | | \$ | <u>45,938,761.07</u> |
| Reconciling Items: | | | | |
| Federal Grants and Contracts (Indirect/Administrative Cost Recoveries) | | | | 1,625,098.80 |
| Pass Through to State Entities | | | | 39,168.47 |
| Pass Through to Other Entities | | | | - |
| Non-Monetary Assistance: | | | | |
| Donation of Federal Surplus Property | | | | - |
| Federal Revenue on SCRECNA but not considered to be Federal Revenue for the Schedule: | | | | |
| TCEQ (582) | | | | (7,181.50) |
| TX Commission on the Arts (813) | | | | (3,590.00) |
| TEES (712) | | | | (1,550.00) |
| Revenue recorded in Auxiliary Funds that is considered to be Federal by Originating Agency : | | | | |
| Office of the Governor (300) | | | | 1,042.50 |
| Interest Subsidy HUD Grant | | | | 42,002.00 |
| New Loans Processed: | | | | |
| Federal Family Education Loan Program | | | | 105,461,474.62 |
| Federal Perkins Loan Program | | | | 1,165,732.00 |
| Federal Perkins Loan Program Administrative Costs Recovered | | | | 38,953.22 |
| Federal Parent Loan for Students | | | | 13,088,191.57 |
| Total Pass-Through and Expenditures Per Federal Schedule | | | \$ | <u><u>167,388,102.75</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>Department of Education</i> | | | | |
| 84.032 Fed Fam Ed Loan Prg | \$ 119,093,628.62 | \$ - | \$ 119,093,628.62 | \$ - |
| 84.038 Federal Perkins Loan | 1,982,336.00 | 38,953.22 | 2,021,289.22 | 1,793,197.61 |
| 84.268 Parent Loan for Students | 13,088,191.57 | - | 13,088,191.57 | - |
| <i>Total Dept of Education</i> | <u>\$ 134,164,156.19</u> | <u>\$ 38,953.22</u> | <u>\$ 134,203,109.41</u> | <u>\$ 1,793,197.61</u> |
| <i>Department of Health and Human Services</i> | | | | |
| 93.342 Health Prof/Disad Stdnt Lns | - | - | - | 574,849.87 |
| <i>Total Dept of Health and Human Services</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 574,849.87</u> |
| TOTAL LOANS/RECOVERIES | \$ 134,164,156.19 | \$ 38,953.22 | \$ 134,203,109.41 | \$ 2,368,047.48 |

Note 4: Petroleum violation Escros (PVE) Funds

N/A

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 Publications program, CFDA #40.001. The university is the legal custodian of government publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 6: Unemployment Insurance Funds

N/A (Agency 320 only)

Note 7: Rebates from the Special supplemental Food Program for Women, Infant and Children (WIC)

N/A (Agency 501 only)

Note 8: Federal Deferred Revenue

The University of North Texas does not report any Federal Deferred Revenue.

Unaudited

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, 2004

Pass-Through From State Agencies

To University of North Texas (752)

| | |
|---|------------------------|
| TX Infrastructure Board (Agency 367) | |
| QE-2002-DI5C-7229 | \$ 29,213.89 |
| Texas Department of Health/State Health Services (Agency 501) | |
| BCH/GEN-CORE | 43,638.07 |
| Texas Education Agency (Agency 701) | |
| Texas Academy of Math and Science | 172,291.69 |
| Texas Higher Education Coordinating Board (Agency 781) | |
| GO Center Grants | 5,052.82 |
| 5th Year Accounting Scholarship | 37,500.00 |
| Advanced Research Program | (54,923.49) |
| Advanced Technology Program | 260,962.00 |
| Texas College Work Study Program | 150,059.00 |
| Texas Grants Program | 5,136,133.50 |
| Nursing and Allied Health | (7,324.13) |
| Minority Health Research/Education | 93,019.83 |
| Total Pass-Through From Other Agencies to UNT | <u>\$ 5,865,623.18</u> |

To UNT Health Science Center (763)

| | |
|---|----------------------|
| Office of Attorney General (Agency 302) | \$ 423,970.00 |
| Texas Higher Education Coordinating Board (Agency 781) | |
| Advanced Research Program | (84,152.69) |
| Advanced Tech Program | 207,200.00 |
| College Work Study Program | 7,213.00 |
| Family Practice Residency | 319,250.00 |
| Rural & Public Health Rotation | 2,500.00 |
| Graduate Medical Education | 69,630.50 |
| Total Pass-Through From Other Agencies to UNT Health Science Center | <u>\$ 945,610.81</u> |

Total Pass-Through From Other Agencies

(Statement of Revenues, Expenses, and Changes in Net Assets) \$ 6,811,233.99

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Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM (794)

Schedule 2A - Combined Miscellaneous Bond Information

For the Fiscal Year Ended August 31, 2004

| Description of Issue | Bonds Issued to Date | Range of Interest Rates | Scheduled Maturities | | First Call Date |
|--|----------------------------|----------------------------|----------------------|--------------|-----------------------|
| | | | First Year | Last Year | |
| 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 |
| Revenue Financing Sys Bonds, Ser '03A | 6,185,000.00 | 5.375% - 5.500% | 2003 | 2017 | 04/15/13 |
| Revenue Financing Sys Bonds, Ser '03B | 4,980,000.00 | 2.50% - 6.20% | 2003 | 2034 | 04/15/13 |
| Total | <u>\$ 244,860,000.00</u> | | | | |

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2B - Combined Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2004

| Description of Issue | Bonds Outstanding 09/01/03 | Bonds Issued | Bonds Matured or Retired | Bonds Refunded or Extinguished | Bonds Outstanding 08/31/04 | Amounts Due Within One Year |
|--|----------------------------------|-------------------------|--------------------------------|--------------------------------------|----------------------------------|-----------------------------------|
| UNT Cons Univ Rev Bonds, Ser '94 | 6,875,000.00 | - | - | 965,000.00 | 5,910,000.00 | - |
| UNTHSC Gen Tuition Rev Bonds, Ser ' 94 | 1,460,000.00 | - | - | 945,000.00 | 515,000.00 | - |
| UNT Cons Univ Rev Bonds, Ser '96 | 10,315,000.00 | - | - | 1,310,000.00 | 9,005,000.00 | - |
| UNT Cons Univ Rev Ref Bonds, Ser '97 | 4,230,000.00 | - | 2,090,000.00 | - | 2,140,000.00 | 2,140,000.00 |
| Rev Fin Sys Bonds, Ser '97 (UNT) | 1,985,000.00 | - | 460,000.00 | - | 1,525,000.00 | 485,000.00 |
| Rev Fin Sys Bonds, Ser '99 | 26,940,000.00 | - | 365,000.00 | 1,645,000.00 | 24,930,000.00 | 310,000.00 |
| Rev Fin Ref & Imp Bonds, Ser '99A (UNTHSC) | 13,850,000.00 | - | 445,000.00 | - | 13,405,000.00 | 385,000.00 |
| Rev Fin Sys Bonds, Ser '01 (UNT) | 33,860,000.00 | - | 700,000.00 | - | 33,160,000.00 | 425,000.00 |
| Rev Fin Sys Bonds, Ser '02 | 60,525,000.00 | - | 1,575,000.00 | 1,350,000.00 | 57,600,000.00 | 1,615,000.00 |
| Rev Fin Sys Bonds, Ser '02A (UNT) | 9,500,000.00 | - | 140,000.00 | - | 9,360,000.00 | 350,000.00 |
| Rev Fin Sys Bonds, Ser '03 (UNT) | 31,180,000.00 | - | - | - | 31,180,000.00 | 570,000.00 |
| Rev Fin Sys Bonds, Ser '03A | - | 6,185,000.00 | - | - | 6,185,000.00 | - |
| Rev Fin Sys Bonds, Ser '03B | - | 4,980,000.00 | - | - | 4,980,000.00 | 30,000.00 |
| Total | <u>\$ 200,720,000.00</u> | <u>\$ 11,165,000.00</u> | <u>\$ 5,775,000.00</u> | <u>\$ 6,215,000.00</u> | <u>\$ 199,895,000.00</u> | <u>\$ 6,310,000.00</u> |

*

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

\$ 199,895,000.00

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2004

| <u>Description of Issue</u> | <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------------|---------------|----------------------|----------------------|
| Revenue Bonds | | | |
| Gen Tuition Rev Bonds, Ser '94 | 2005 | \$ - | \$ 29,612.50 |
| | 2006 | 515,000.00 | 29,612.50 |
| | 2007 | - | - |
| | 2008 | - | - |
| | 2009 | - | - |
| | 2010 - 2014 | - | - |
| | | <u>515,000.00</u> | <u>59,225.00</u> |
| Cons Univ Rev Bonds, Ser '94 | 2005 | \$ - | \$ 266,610.00 |
| | 2006 | 525,000.00 | 266,610.00 |
| | 2007 | 555,000.00 | 241,935.00 |
| | 2008 | 585,000.00 | 215,295.00 |
| | 2009 | 615,000.00 | 186,630.00 |
| | 2010 - 2014 | 3,630,000.00 | 467,290.00 |
| | | <u>5,910,000.00</u> | <u>1,644,370.00</u> |
| Cons Univ Rev Bonds, Ser '96 | 2005 | - | 442,815.00 |
| | 2006 | 705,000.00 | 442,815.00 |
| | 2007 | 745,000.00 | 410,385.00 |
| | 2008 | 780,000.00 | 375,370.00 |
| | 2009 | 820,000.00 | 337,930.00 |
| | 2010 - 2014 | 4,825,000.00 | 1,031,750.00 |
| | 2015 - 2018 | 1,130,000.00 | 56,500.00 |
| | | <u>9,005,000.00</u> | <u>3,097,565.00</u> |
| Cons Univ Rev Ref Bonds, Ser '97 | 2005 | 2,140,000.00 | 103,790.00 |
| | | <u>2,140,000.00</u> | <u>103,790.00</u> |
| Revenue Financing Sys Bonds, Ser '97 | 2005 | 485,000.00 | 70,692.50 |
| | 2006 | 510,000.00 | 48,625.00 |
| | 2007 | 530,000.00 | 24,910.00 |
| | | <u>1,525,000.00</u> | <u>144,227.50</u> |
| Revenue Financing Sys Bonds, Ser '99 | 2005 | 310,000.00 | 1,309,076.28 |
| | 2006 | 1,240,000.00 | 1,294,351.28 |
| | 2007 | 1,300,000.00 | 1,235,451.28 |
| | 2008 | 1,365,000.00 | 1,170,451.28 |
| | 2009 | 1,435,000.00 | 1,102,201.28 |
| | 2010 - 2014 | 8,390,000.00 | 4,287,218.86 |
| 2015 - 2019 | 10,890,000.00 | 1,794,200.04 | |
| | | <u>24,930,000.00</u> | <u>12,192,950.30</u> |
| Rev Fin Sys Bonds, Ser '99A | 2005 | 385,000.00 | 702,662.50 |
| | 2006 | 405,000.00 | 683,412.50 |
| | 2007 | 965,000.00 | 663,162.50 |
| | 2008 | 1,020,000.00 | 614,912.50 |
| | 2009 | 1,070,000.00 | 563,912.50 |
| | 2010 - 2014 | 6,260,000.00 | 1,944,106.28 |
| 2015 - 2019 | 3,300,000.00 | 579,700.00 | |
| | | <u>13,405,000.00</u> | <u>5,751,868.78</u> |

| <u>Description of Issue</u> | <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------------|-------------|--------------------------|----------------------------|
| Revenue Bonds | | | |
| Revenue Financing Sys Bonds, Ser '01 | 2005 | 425,000.00 | 1,705,525.00 |
| | 2006 | 575,000.00 | 1,688,525.00 |
| | 2007 | 740,000.00 | 1,665,525.00 |
| | 2008 | 920,000.00 | 1,635,925.00 |
| | 2009 | 1,030,000.00 | 1,589,925.00 |
| | 2010 - 2014 | 7,080,000.00 | 7,041,050.00 |
| | 2015 - 2019 | 9,760,000.00 | 4,825,100.00 |
| | 2020 - 2024 | 12,630,000.00 | 1,956,250.00 |
| | | <u>33,160,000.00</u> | <u>22,107,825.00</u> |
| Revenue Financing Sys Bonds, Ser '02 | 2005 | 1,615,000.00 | 2,540,156.26 |
| | 2006 | 2,375,000.00 | 2,479,593.76 |
| | 2007 | 2,445,000.00 | 2,408,343.76 |
| | 2008 | 2,525,000.00 | 2,334,993.76 |
| | 2009 | 2,605,000.00 | 2,249,775.02 |
| | 2010 - 2014 | 14,570,000.00 | 9,722,800.10 |
| | 2015 - 2019 | 18,225,000.00 | 6,056,625.10 |
| | 2020 - 2024 | 13,240,000.00 | 1,340,250.02 |
| | | <u>57,600,000.00</u> | <u>29,132,537.78</u> |
| Revenue Financing Sys Bonds, Ser '02A | 2005 | 350,000.00 | 416,593.76 |
| | 2006 | 365,000.00 | 402,593.76 |
| | 2007 | 380,000.00 | 387,993.76 |
| | 2008 | 400,000.00 | 372,793.76 |
| | 2009 | 415,000.00 | 356,793.76 |
| | 2010 - 2014 | 2,375,000.00 | 1,518,350.04 |
| | 2015 - 2019 | 2,945,000.00 | 968,137.50 |
| | 2020 - 2024 | 2,130,000.00 | 216,500.00 |
| | | <u>9,360,000.00</u> | <u>4,639,756.34</u> |
| Revenue Financing Sys Bonds, Ser '03 | 2005 | 570,000.00 | 1,388,802.50 |
| | 2006 | 585,000.00 | 1,371,702.50 |
| | 2007 | 605,000.00 | 1,354,152.50 |
| | 2008 | 620,000.00 | 1,336,002.50 |
| | 2009 | 640,000.00 | 1,317,402.50 |
| | 2010 - 2014 | 3,535,000.00 | 6,250,122.50 |
| | 2015 - 2019 | 4,260,000.00 | 5,525,231.28 |
| | 2020 - 2024 | 5,255,000.00 | 4,535,050.00 |
| | 2025 - 2029 | 6,635,000.00 | 3,146,500.00 |
| | 2030 - 2034 | 8,475,000.00 | 1,312,500.00 |
| | | <u>31,180,000.00</u> | <u>27,537,466.28</u> |
| Revenue Financing Sys Bonds, Ser '03A | 2005 | - | 337,912.50 |
| | 2006 | - | 337,912.50 |
| | 2007 | - | 337,912.50 |
| | 2008 | - | 337,912.50 |
| | 2009 | - | 337,912.50 |
| | 2010 - 2014 | - | 1,689,562.50 |
| | 2015 - 2019 | 6,185,000.00 | 702,012.50 |
| | | <u>6,185,000.00</u> | <u>4,081,137.50</u> |
| Revenue Financing Sys Bonds, Ser '03B | 2005 | 30,000.00 | 295,367.50 |
| | 2006 | 35,000.00 | 294,617.50 |
| | 2007 | 35,000.00 | 293,567.50 |
| | 2008 | 35,000.00 | 292,342.50 |
| | 2009 | 35,000.00 | 290,942.50 |
| | 2010 - 2014 | 405,000.00 | 1,409,505.00 |
| | 2015 - 2019 | 670,000.00 | 1,272,356.26 |
| | 2020 - 2024 | 900,000.00 | 1,047,812.50 |
| | 2025 - 2029 | 1,205,000.00 | 736,907.50 |
| | 2030 - 2034 | 1,630,000.00 | 314,960.00 |
| | | <u>4,980,000.00</u> | <u>6,248,378.76</u> |
| Less Accretion: | | - | - |
| Total: | | <u>\$ 199,895,000.00</u> | <u>\$ 116,741,098.24 *</u> |

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

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2004

| <u>Description of Issue</u> | <u>Pledged and Other Sources and Related Expenditures for FY 2004</u> | | | |
|--|---|--|------------------------|------------------------|
| | <u>Total Pledged and Other Sources</u> | <u>Operating Expenses/ Expenditures & Capital Outlay</u> | <u>Debt Service</u> | |
| | | | <u>Principal</u> | <u>Interest *</u> |
| Cons Univ Rev Ref & Imp Bonds, Ser '85(B), Cons Univ Rev Bonds, Ser '94 & '96 & Cons Univ Rev Ref Bonds, Ser '97 | \$ 72,189,912.66 | \$ 27,400,985.93 | \$ 4,365,000.00 | \$ 954,976.87 |
| Rev Fin Sys Bonds, Ser '97, '99, '99A, '01, '02, '02A, '03, '03A & '03B | 46,556,082.47 | 262,800.69 | 4,675,000.00 | 8,809,248.94 |
| UNTHSC Gen Tuition Rev Bonds Ser '94 | 29,612.50 | - | - | 29,612.50 |
| Total | <u>\$ 118,775,607.63</u> | <u>\$ 27,663,786.62</u> | <u>\$ 9,040,000.00</u> | <u>\$ 9,793,838.31</u> |

* 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

| <u>Description of Issue</u> | <u>Year Refunded</u> | <u>Par Value Outstanding</u> |
|--|--------------------------|----------------------------------|
| UNT Combined Fee Revenue Refunding Bonds, Series 1978 | 1985 | \$ 2,275,000.00 |
| UNT Consolidated Univ Revenue Refunding Bonds, Series 1987 | 1985 | 2,175,000.00 |
| UNTHSC General Tuition Revenue Bonds, Series 1994 | 1999 | 5,455,000.00 |
| | | <hr/> |
| | | <u>\$ 9,905,000.00</u> |

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2004

| Description of Issue | Category | Amount Extinguished or Refunded | For Refunding Only | | |
|--|-------------------|---------------------------------------|---------------------------------|-------------------------------------|-----------------------------|
| | | | Refunding Issue Par Value | Cash Flow Increase (Decrease) | Economic Gain/ (Loss) |
| General Tuition Revenue Bonds Ser ' 94 | | 945,000.00 | 945,000.00 | 581,241.35 | (20,804.00) |
| Cons Univ Rev Ref & Imp Bonds, Ser ' 94 | Advance Refunding | 965,000.00 | 965,000.00 | 604,766.64 | (20,389.00) |
| Ser '96 | Advance Refunding | 1,310,000.00 | 1,310,000.00 | 810,532.43 | (48,453.00) |
| Ser '02 | Advance Refunding | 1,350,000.00 | 1,350,000.00 | 802,007.98 | (48,960.00) |
| Rev Fin Sys Bonds Ser ' 99 | Advance Refunding | 1,645,000.00 | 1,645,000.00 | 1,013,509.18 | (62,129.00) |
| Total | \$ - | \$ 6,215,000.00 | \$ 6,215,000.00 | \$ 3,812,057.58 | \$ (200,735.00) |

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 3 - Combined Reconciliation of Cash in State Treasury
August 31, 2004

| <u>Cash in State Treasury</u> | <u>Unrestricted</u> | <u>Restricted</u> | <u>Current Year Total</u> |
|---|---------------------------------------|--------------------------------------|---------------------------------------|
| UNT Local Revenue Fund 0258 | \$ 13,825,205.15 | \$ - | \$ 13,825,205.15 |
| UNTHSC Fund 0280 | 1,258,588.20 | - | 1,258,588.20 |
| UNTHSC Fund 0819 | - | 1,189,761.26 | 1,189,761.26 |
| Total Cash in State Treasury (Stmnt of Net Assets) | <u><u>\$ 15,083,793.35</u></u> | <u><u>\$ 1,189,761.26</u></u> | <u><u>\$ 16,273,554.61</u></u> |