

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DALLAS, TEXAS

Lee Jackson, Chancellor

For the fiscal year ended August 31, 2014



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November 20, 2014

Lee Jackson
Chancellor
University of North Texas System
1901 Main Street
Dallas, TX 75201

Dear Chancellor Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2014 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 statewide requirements embedded in Governmental Accounting Standards Board (GASB) 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 comply with all the requirements in this statement. 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 (CAFR); 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 Jane-Anne Kanke at (940) 565-3214. Susan Carine may be contacted at (940) 369-5560 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Janet Waldron
Vice Chancellor for Finance



UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2014

BOARD OF REGENTS

Brint Ryan(Term expires 5-22-15)..... Dallas
Michael R. Bradford(Term expires 5-22-15)..... Midland
Steve Mitchell(Term expires 5-22-15)..... Richardson

Donald Potts.....(Term expires 5-22-17)..... Dallas
Al Silva(Term expires 5-22-17)..... San Antonio
Milton B. Lee.....(Term expires 5-22-17)..... San Antonio

Rusty Reid(Term expires 5-22-19)..... Ft. Worth
Gwyn Shea.....(Term expires 5-22-19)..... Irving
B. Glen Whitley.....(Term expires 5-22-19)..... Hurst

STUDENT REGENT

Christopher D. Vera.....(Term expires 5-31-14)..... Victoria

OFFICERS OF THE BOARD

Brint Ryan.....Chairman
Donald Potts..... Vice Chairman
Rosemary R. Haggett..... Secretary

ADMINISTRATIVE OFFICERS

Lee F. Jackson Chancellor
Janet Waldron Vice Chancellor for Finance

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Net Position
As of August 31, 2014

	August 31, 2014
ASSETS	
Current Assets:	
Cash and Cash Equivalents (Note 3)	
Cash in Bank	\$ 2,908,659.58
Cash in Transit/Reimburse from Treasury	34,984.85
Cash Equivalents	6,623,230.96
Legislative Appropriations	1,647,735.49
Receivables from:	
Accounts Receivable	291,379.16
Other Receivables	477,302.50
Due From Other Components (Note 12)	4,332,816.29
Merchandise Inventories	18,993.76
Other Current Assets	41,297.51
Total Current Assets	16,376,400.10
Non-Current Assets:	
Investments (Note 3)	9,809,945.49
Capital Assets (Note 2):	
Non-Depreciable or Non-Amortizable	3,215,650.00
Depreciable or Amortizable, Net	39,370,580.98
Total Non-Current Assets	52,396,176.47
TOTAL ASSETS	\$ 68,772,576.57
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payables	\$ 1,380,093.67
Payroll Payables	2,829,020.11
Due To Other Components (Note 12)	(71,257,000.00)
Unearned Revenues	737,643.62
Notes and Loans Payable (Note 5)	76,067,000.00
Revenue Bonds Payable (Note 5, 6)	426,887.00
Employees' Compensable Leave (Note 5)	192,865.56
Other Current Liabilities	273,031.75
Total Current Liabilities	10,649,541.71

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Non-Current Liabilities:

Notes and Loans Payable (Note 5)	15,000,000.00
Revenue Bonds Payable (Note 5, 6)	14,817,362.00
Employees' Compensable Leave (Note 5)	<u>2,007,777.43</u>
Total Non-Current Liabilities	<u>31,825,139.43</u>

Total Liabilities

42,474,681.14

NET POSITION

Net Investment in Capital Assets	7,613,925.97
Unrestricted	<u>18,683,969.46</u>
Total Net Position	<u>26,297,895.43</u>

TOTAL LIABILITIES AND NET POSITION

\$ 68,772,576.57

Concluded

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2014

	August 31, 2014
OPERATING REVENUES	
Sales of Goods and Services	
Tuition and Fees	\$ 137,499.38
Auxiliary Enterprises	2,254,826.82
Other Sales of Goods and Services	16,221,217.28
Total Operating Revenues	18,613,543.48
OPERATING EXPENSES ⁽¹⁾	
Instruction	1,710,997.24
Academic Support	1,017,784.72
Institutional Support	43,274,551.89
Operations and Maintenance of Plant	1,779,581.91
Scholarships and Fellowships	2,000.00
Auxiliary Enterprises	1,400,495.59
Depreciation and Amortization	2,467,424.54
Total Operating Expenses	51,652,835.89
Operating Income (Loss)	(33,039,292.41)
NONOPERATING REVENUE (EXPENSES)	
Legislative Revenue (GR)	3,366,113.00
Additional Appropriations (GR)	4,670,849.56
Gifts	283.00
Investment Income	220,759.40
Interest Expenses and Fiscal Charges	(535,723.31)
Gain (Loss) on Sale of Capital Assets	(16,061.26)
Net Increase (Decrease) in Fair Value of Investments	1,012,080.22
Other Nonoperating Expenses	(367,949.49)
Total Nonoperating Revenues (Expenses)	8,350,351.12
Income (Loss) Before Other Revenues, Expenses and Transfers	(24,688,941.29)
OTHER REVENUES, EXPENSES AND TRANSFERS	
Interagency Transfers Cap Assets-Increase	392,350.60
Interagency Transfers Cap Assets-Decrease	(18,681.96)
Transfer From Other Components	4,721,669.27
Legislative Transfer In	18,450,000.00
Legislative Transfer Out	(471,113.00)
Total Other Revenues, Expenses and Transfers	23,074,224.91
CHANGE IN NET POSITION	
Net Position, Beginning	28,080,178.49
Restatements	(167,566.68)
Net Position, Beginning, as Restated	27,912,611.81
NET POSITION ENDING	\$ 26,297,895.43

(1) See Matrix of Operating Expenses Reported by Function

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UNIVERSITY OF NORTH TEXAS SYSTEM (769)
Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2014

Operating Expenses	Instruction	Academic Support	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2014 Total Expenditures
Cost of Goods Sold	\$ -	\$ -	\$ 23,784.46	\$ -	\$ -	\$ -	\$ -	\$ 23,784.46
Salaries and Wages	1,195,789.34	896.40	22,713,190.88	1,286,045.35	-	62,530.96	-	25,258,452.93
Payroll Related Costs	461,212.49	77.55	6,108,781.52	318,115.58	-	27,999.34	-	6,916,186.48
Professional Fees and Services	-	218,157.27	3,962,875.50	15,470.22	-	356,440.74	-	4,552,943.73
Travel	-	34,151.15	315,116.91	9,463.35	-	-	-	358,731.41
Materials and Supplies	3,511.00	242,144.61	929,612.23	41,863.24	-	38,539.51	-	1,255,670.59
Communications and Utilities	9,440.74	49,138.80	995,563.65	42,973.65	-	332,323.52	-	1,429,440.36
Repairs and Maintenance	-	23,000.00	3,201,114.57	13,254.59	-	238,108.89	-	3,475,478.05
Rentals and Leases	5,744.67	29,697.49	531,319.50	1,214.96	-	117,894.84	-	685,871.46
Printing and Reproduction	8,299.00	23,576.20	23,002.72	1,076.69	-	1,007.40	-	56,962.01
Depreciation	-	-	-	-	-	-	2,467,424.54	2,467,424.54
Scholarships	-	-	-	-	2,000.00	-	-	2,000.00
Other Operating Expenses	27,000.00	396,945.25	4,470,189.95	50,104.28	-	225,650.39	-	5,169,889.87
Total Operating Expenses	\$ 1,710,997.24	\$ 1,017,784.72	\$ 43,274,551.89	\$ 1,779,581.91	\$ 2,000.00	\$ 1,400,495.59	\$ 2,467,424.54	\$ 51,652,835.89

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Cash Flows
For the Year Ended August 31, 2014

	August 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Tuition & Fees	\$ 1,089,320.72
Proceeds from Auxiliaries	1,813,471.75
Proceeds from Other Revenues	16,221,217.28
Payments to Suppliers for Goods and Services	(20,262,972.31)
Payments to Employees	(28,204,679.25)
Payments for Other Expenses	(2,000.00)
Net Cash Provided (Used) by Operating Activities	<u>(29,345,641.81)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	4,161,681.38
Proceeds from Gifts	283.00
Proceeds from Legislative Transfers	17,978,887.00
Proceeds from Transfers to Other Components	4,721,669.27
Payments for Transfers to Other Components	(2,837,499.45)
Payments for Other Uses	(367,949.49)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>23,657,071.71</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Debt Issuance	44,510,000.00
Payments for Additions to Capital Assets	(6,642,867.42)
Payments of Principal on Debt Issuance	(10,350,000.00)
Payments of Interest on Debt Issuance	(563,305.31)
Payments for Receivables from Other Components	(27,795,000.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(841,172.73)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	220,759.40
Payments to Acquire Investments	(1,277,506.46)
Net Cash Provided (Used) by Investing Activities	<u>(1,056,747.06)</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(7,586,489.89)</u>
Cash and Cash Equivalents, Beginning	17,180,831.31
Restatement to Beginning Cash and Cash Equivalents	(27,466.03)
Cash and Cash Equivalents, Beginning, as Restated	17,153,365.28
Cash and Cash Equivalents, Ending	<u>\$ 9,566,875.39</u>

See Accompanying Notes to the Consolidated Financial Statements

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Cash Flows - Reconciliation to Net Income (Loss)
For the Year Ended August 31, 2014

	August 31, 2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (33,039,292.41)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	2,467,424.54
Employee Benefits paid by the State	2,939,039.42
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(227,177.35)
(Increase) Decrease in Inventories	(12,833.76)
(Increase) Decrease in Prepaid Expenses	174,639.21
Increase (Decrease) in Payables	(2,385,085.08)
Increase (Decrease) in Unearned Revenue	737,643.62
Total Adjustments	3,693,650.60
Net Cash Provided (Used) by Operating Activities	\$ (29,345,641.81)
 NON CASH TRANSACTIONS	
Net Change in Fair Value of Investments	\$ 1,012,080.22
Loss on Disposals of Capital Assets	357,607.38
Amortization of Bond Premium	27,581.74

See Accompanying Notes to the Consolidated Financial Statements

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2A - Miscellaneous Bond Information

For the Fiscal Year Ended August 31, 2014

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2007	\$ 16,980,000.00	4.0000% - 5.0000%	N/A	2008	2036	4/15/2016
Total	\$ 16,980,000.00					

RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Fiscal Year Ended August 31, 2014

Description of Issue	Bonds Outstanding 09/01/13	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/14	Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/14	Amounts Due Within One Year
RFS Bonds, Series 2007	\$ 15,270,000.00	\$ -	\$ 385,000.00	\$ -	\$ 14,885,000.00	\$ 359,249.00	\$ -	\$ -	\$ 15,244,249.00	\$ 426,887.00
Total	\$ 15,270,000.00	\$ -	\$ 385,000.00	\$ -	\$ 14,885,000.00	\$ 359,249.00	\$ -	\$ -	\$ 15,244,249.00	\$ 426,887.00

Net Bonds Payable per Statement of Net Position	\$ 15,244,249.00
Deferred Outflows of Resources from Refunding per Statement of Net Position	-
Net Bonds Outstanding per Schedule 2B	\$ 15,244,249.00

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2C - Debt Service Requirements

For the Fiscal Year Ended August 31, 2014

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest*</u>
Revenue Bonds			
RFS Bonds, Series 2007	2015	\$ 400,000.00	\$ 703,337.50
	2016	420,000.00	685,337.50
	2017	435,000.00	666,437.50
	2018	455,000.00	649,037.50
	2019	475,000.00	630,837.50
	2020-2024	2,730,000.00	2,790,287.50
	2025-2029	3,480,000.00	2,040,500.00
	2030-2034	4,425,000.00	1,092,475.00
	2035-2036	2,065,000.00	140,400.00
		<u>14,885,000.00</u>	<u>9,398,650.00</u>
Total		<u>\$ 14,885,000.00</u>	<u>\$ 9,398,650.00</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.

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2D - Analysis of Funds Available for Debt Service

For the Fiscal Year Ended August 31, 2014

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2014			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Debt Service	
			Principal	Interest *
RFS Bonds, Series 2007	\$ 18,484,670.59	\$ -	\$ 385,000.00	\$ 718,737.50
Total	\$ 18,484,670.59	\$ -	\$ 385,000.00	\$ 718,737.50

* 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.

