

**FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM  
ADMINISTRATION**

**DENTON, TEXAS**

**Lee Jackson, Chancellor**

**For the year ended August 31, 2004**

## TABLE OF CONTENTS

Letter of Transmittal .....	1
Organizational Data .....	3
Statements	
Statement of Net Assets .....	4-5
Statement of Revenues, Expenses and Changes in Net Assets .....	6-9
Statement of Cash Flows.....	10-11
Schedules	
3 Reconciliation of Cash in State Treasury .....	12

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 Administration 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

**THIS PAGE LEFT BLANK INTENTIONALLY**

# UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

## 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

**Unaudited**

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

**Statement of Net Assets**

**August 31, 2004**

	<b>Current Year 2004</b>	<b>Prior Year 2003</b>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 250.00	\$ -
Cash in Bank	1,111,765.42	97,974.30
Reimbursement Due From Treasury	625,402.23	6,857.75
Cash in State Treasury	-	
Cash Equivalents	-	
Short Term Investments	-	
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	
Cash in Bank	-	
Cash in State Treasury	-	
Cash Equivalents	-	
Short Term Investments	-	
Legislative Appropriations	3,756,815.88	369,861.82
Receivables from:		
Federal	-	
Other Intergovernmental	-	
Interest and Dividends	-	
Accounts Receivable	142,550.00	
Gifts	-	
Other Receivables	15,641.40	
Due From Other Agencies	-	
Due From Other Components	5,244,716.16	2,003,953.90
Consumable Inventories	-	
Merchandise Inventories	-	
Loans and Contracts	-	
Other Current Assets	-	
Total Current Assets	10,897,141.09	2,478,647.77
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	
Cash in Bank	-	
Cash in State Treasury	-	
Cash Equivalents	-	
Investments	-	
Loans and Contracts	-	
Investments	-	
Gift Receivables	-	
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	-	
Construction in Progress	25,800.00	
Other Capital Assets	4,150.00	
Depreciable:		
Buildings and Building Improvements	-	
Less Accumulated Depreciation	-	

	<b>Current Year 2004</b>	<b>Prior Year 2003</b>
Infrastructure	-	
Less Accumulated Depreciation	-	
Facilities and Other Improvements	-	
Less Accumulated Depreciation	-	
Furniture and Equipment	10,018,348.05	4,984,399.52
Less Accumulated Depreciation	(2,074,667.26)	(643,117.92)
Vehicles, Boats and Aircraft	15,171.00	
Less Accumulated Depreciation	(3,287.05)	
Other Capital Assets	-	
Less Accumulated Depreciation	-	
Other Non-current Assets	-	
<b>Total Non-Current Assets</b>	<b>7,985,514.74</b>	<b>4,341,281.60</b>
<b>Total Assets</b>	<b>18,882,655.83</b>	<b>6,819,929.37</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables From:		
Accounts Payable	918,435.28	188,737.56
Payroll Payable	333,380.62	204,985.61
Other Payables	710.39	
Due to Other Agencies	-	
Due to Other Components	6,436,831.69	1,620,478.08
Deferred Revenues	-	
Notes and Loans Payable	4,000,000.00	
Revenue Bonds Payable	-	
Employees Compensable Leave	78,638.25	10,408.97
Capital Lease Obligations	-	
Liabilities Payable from Restricted Assets	-	
Funds Held for Others	150.00	
Other Current Liabilities	-	
<b>Total Current Liabilities</b>	<b>11,768,146.23</b>	<b>2,024,610.22</b>
<b>Non-Current Liabilities</b>		
Notes and Loans Payable	-	
Revenue Bonds Payable	-	
Employee's Compensable Leave	170,077.31	197,770.46
Capital Lease Obligations	-	
Funds Held for Others	-	
Other Non-Current Liabilities	-	
<b>Total Non-Current Liabilities</b>	<b>170,077.31</b>	<b>197,770.46</b>
<b>Total Liabilities</b>	<b>11,938,223.54</b>	<b>2,222,380.68</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	3,985,514.74	4,341,281.60
Restricted for:		
Debt Retirement	-	
Capital Projects	-	
Employee Benefit	-	
Funds Held as Permanent Investments		
Nonexpendable	-	
Expendable	-	
Other Restricted	250.00	
Unrestricted	2,958,667.55	256,267.12
<b>Total Net Assets</b>	<b>6,944,432.29</b>	<b>4,597,548.72</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 18,882,655.83</b>	<b>\$ 6,819,929.40</b>

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2004**

	<b>Current Year 2004</b>	<b>Prior Year 2003</b>
<b>OPERATING REVENUES</b>		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 12,075.00	\$ -
Tuition and Fees - Pledged	-	-
Discounts and Allowances	-	-
Professional Fees - Non-Pledged	-	-
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	-	-
Auxiliary Enterprises - Pledged	-	-
Discounts and Allowances	-	-
Other Sales of Goods and Services - Non-Pledged	310,694.24	-
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	-	-
Federal Pass Through Revenue	-	-
State Grant Revenue	-	-
State Grant Pass Through Revenue	-	-
Other Grants and Contracts - Operating	-	-
Other Operating Revenues	-	-
Total Operating Revenues	322,769.24	-
<b>OPERATING EXPENSES (1)</b>		
Instruction	5,423,966.23	-
Research	-	-
Public Service	-	-
Academic Support	357,499.73	-
Student Services	-	-
Institutional Support	2,957,830.11	4,471,554.46
Operations and Maintenance of Plant	71,501.44	-
Scholarships and Fellowships	-	-
Auxiliary Enterprises	-	-
Depreciation	1,036,399.99	567,686.72
Total Operating Expenses	9,847,197.50	5,039,241.18
Operating Income (Loss)	(9,524,428.26)	(5,039,241.18)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations (GR)	4,556,428.00	93,000.00
Additional Appropriations (GR)	623,987.19	405,960.24
State Grant Pass Through Revenue	-	-
Gifts	-	-
Investment Income	7.54	-
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(11.04)	-
Borrower Rebates and Agent Fees	-	-
Gain/(Loss) on Sale of Capital Assets	-	-
Net Increase (Decrease) in Fair Value of Investments	-	-



	<b>Current Year 2004</b>	<b>Prior Year 2003</b>
Settlement of Claims	(2,008.89)	-
Other Nonoperating Revenues - Non-Pledged	-	-
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	-	-
Total Nonoperating Revenues/(Expenses)	<u>5,178,402.80</u>	<u>498,960.24</u>
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(4,346,025.46)</u>	<u>(4,540,280.94)</u>
<b>OTHER REVENUES, EXPENSES, GAINS</b>		
<b>LOSSES AND TRANSFERS</b>		
Capital Contributions	-	
Capital Appropriations - HEAF (GR)	-	
Additions to Permanent and Term Endowments	-	
Special Items	-	
Extraordinary Items	-	
Interagency Transfers Cap Assets-In	844,279.71	
Interagency Transfers Cap Assets-Out		
Transfers-In	5,848,629.32	5,860,392.63
Transfers-Out	-	
Legislative Transfers-In	-	
Legislative Transfers-Out	-	
Total Other Revenue, Expenses, Gain/Losses and Transfers	<u>6,692,909.03</u>	<u>5,860,392.63</u>
<b>CHANGE IN NET ASSETS</b>	<u>2,346,883.57</u>	<u>1,320,111.69</u>
Net Assets, Beginning	4,597,548.72	3,277,437.03
Restatements	-	-
Net Assets, Beginning, as Restated	<u>4,597,548.72</u>	<u>3,277,437.03</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 6,944,432.29</u>	<u>\$ 4,597,548.72</u>

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

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

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

For the Fiscal Year Ended August 31, 2004

Operating Expenses	Instruction	Research	Public Service	Academic Support
<b>Cost of Goods Sold</b>				
<b>Salaries and Wages</b>	1,225,590.42			28,096.06
<b>Payroll Related Costs</b>	248,917.83			1,046.78
<b>Professional Fees and Services</b>	17,747.95			645.00
<b>Federal Pass-through Expenses</b>				
<b>State Pass-through Expenses</b>				
<b>Travel</b>	17.16			14,597.99
<b>Materials and Supplies</b>	1,933,869.74			247,047.08
<b>Communications and Utilities</b>	126,602.65			
<b>Repairs and Maintenance</b>	5,379.50			250.00
<b>Rentals and Leases</b>	1,131,318.27			1,651.15
<b>Printing and Reproduction</b>	16,147.24			230.00
<b>Depreciation and Amortization</b>				
<b>Bad Debt Expense</b>				
<b>Interest</b>	-			
<b>Scholarships</b>				
<b>Claims and Losses</b>				
<b>Other Operating Expenses</b>	718,375.47			63,935.67
<b>Total Operating Expenses</b>	\$ 5,423,966.23	\$ -	\$ -	\$ 357,499.73

<b>Student Services</b>	<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarships and Fellowships</b>	<b>Auxillary Enterprises</b>	<b>Depreciation</b>	<b>Total Expenditures</b>
	\$ -					\$ -
	2,417,951.69					3,671,638.17
	442,589.56					692,554.17
	163,783.99	71,501.44				253,678.38
	-					-
	-					-
	61,375.93					75,991.08
	294,347.17					2,475,263.99
	4,236.79					130,839.44
	38,748.86					44,378.36
	125,452.40					1,258,421.82
	1,548.12					17,925.36
	-				1,036,399.99	1,036,399.99
	-					-
	178.28					178.28
	-					-
	-					-
	(592,382.68)					189,928.46
<b>\$ -</b>	<b>\$ 2,957,830.11</b>	<b>\$ 71,501.44</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,036,399.99</b>	<b>\$ 9,847,197.50</b>

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended August 31, 2004**

	<u><b>TOTAL</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds Received from Tuition and Fees	\$ 107,918.60
Proceeds Received from Customers	-
Proceeds from Sponsored Projects	-
Proceeds from Loan Programs	-
Proceeds from Auxiliaries	-
Proceeds from Other Revenues	56,659.24
Payments to Suppliers for Goods and Services	(2,140,605.71)
Payments to Employees for Salaries and Benefits	(4,235,273.31)
Payments for Loans Provided	-
Payments for Other Expenses	40,012.11
Net Cash Provided (Used) by Operating Activities	<u>(6,171,289.07)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from State Appropriations	1,793,461.16
Proceeds from Debt Issuance	4,000,000.00
Proceeds from Gifts	-
Proceeds from Endowments	-
Proceeds of Transfers from Other Funds	-
Proceeds of Transfers from Other Components	6,897,287.82
Proceeds from Other Revenues	150.00
Proceeds from Contributed Capital	-
Payments of Principal on Debt Issuance	-
Payments of Interest	(11.04)
Payments of other Costs of Debt Issuance	-
Payments for Transfers to Other Funds	-
Payments for Transfers to Other Agencies	-
Payments for Transfers to Other Components	(3,827,851.00)
Payments for Other Uses	(2,008.89)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>8,861,028.05</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from State Appropriations - HEAF	-
Proceeds from Disposal of Capital Assets	-
Proceeds from Debt Issuance	-
Proceeds from Capital Contributions	-
Proceeds of Transfers from Other Components - HEAF	2,779,192.50
Payments for Additions to Fixed Assets	(3,836,353.42)
Payments of Principal on Debt Issuance	-
Payments of Interest on Debt Issuance	-
Payments of Other Costs of Debt Issuance	-
Payments for Transfers to Other Components - HEAF	-
Net Cash Provided (Used) From Capital and Related Financing Activities	<u>(1,057,160.92)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Investements	-
Proceeds from Interest and Investment Income	7.54
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	-
Net Cash Provided (Used) by Investing Activities	<u>7.54</u>
Net Increase (Decrease)/ in Cash and Cash Equivalents	1,632,585.60
Cash and Cash Equivalents --September 1, 2003	104,832.05
Restatements to Beginning Cash and Cash Equivalents	-
Cash and Cash Equivalents --August 31, 2004	<u>\$ 1,737,417.65</u>

Displayed as:

Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 1,737,417.65
Restricted Cash and Cash Equivalents (Statement of Net Assets)	-
	<u>1,737,417.65</u>

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

Operating Income (Loss)	\$ (9,524,428.26)
Depreciation	1,036,399.99
Bad Debt Expense	-
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(158,191.40)
(Increase) Decrease in Inventories	-
(Increase) Decrease in Loans & Contracts	-
(Increase) Decrease in Other Assets	-
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Payables	858,803.12
Increase (Decrease) in Due to Other Components	1,575,591.35
Increase (Decrease) in Deferred Income	-
Increase (Decrease) in Other Liabilities	40,536.13
Total Adjustments	<u>3,353,139.19</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,171,289.07)</u>

**Non Cash Transactions**

Net Increase/(Decrease) in FMV of Investments  
Amortization of Investment Premiums/(Discounts)  
Donation of non-cash investment

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 3 - 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>
	\$ -	\$ -	\$ -
			-
<b>Total Cash in State Treasury (Stmt of Net Assets)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**