

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2011

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November 20, 2011

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, 2011 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 J. Carlos Hernandez at (940) 565-3231. Kellie Garrett – Ekeland may be contacted at (940) 565-3214 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Terry Pankratz
Vice Chancellor for Finance



UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2011

BOARD OF REGENTS

Jack Wall (Term expires 5-22-13) Dallas
Gwyn Shea (Term expires 5-22-13) Irving
Don A. Buchholz (Term expires 5-22-13) Dallas

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

Don Potts (Term expires 5-22-17) Dallas
Al Silva (Term expires 5-22-17) San Antonio
Michael R. Williams (Term expires 5-22-17) Fredericksburg

STUDENT REGENT

Christian Dean (Term expires 5-31-11) Dallas

OFFICERS OF THE BOARD

Jack Wall Chairman
Brint Ryan Vice Chairman
Julia A. Boyce Secretary

ADMINISTRATIVE OFFICERS

Lee Jackson Chancellor
Terry Pankratz Vice Chancellor for Finance
J. Carlos Hernandez System Controller

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Net Assets
For the Year Ended August 31, 2011

	August 31, 2011	August 31, 2010
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ -	\$ 250.00
Cash in Bank	(305,031.71)	2,479,839.54
Reimbursement Due from Treasury	522,020.56	1,291,475.94
Cash Equivalents	12,185,765.88	9,485,840.92
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	18,005.96	152,361.01
Cash Equivalents	(719,323.61)	459,039.28
Legislative Appropriations	2,747,848.86	3,389,657.28
Receivables from:		
Other Intergovernmental	-	24,620.00
Accounts Receivable	(46,771.37)	704,191.53
Due From Other Agencies	1,729,427.50	166,914.74
Other Current Assets	1,000.00	7,810.00
Total Current Assets	16,132,942.07	18,162,000.24
Non-Current Assets and Deferred Outflows		
Restricted:		
Investments	(166,113.54)	1,017,482.38
Investments	2,814,061.13	16,291,448.59
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	3,211,500.00	8,764,723.65
Construction in Progress	2,106,639.14	33,051,183.17
Other Tangible Capital Assets	4,150.00	25,992.37
Depreciable or Amortizable		
Buildings and Building Improvements	10,349,255.17	31,186,655.43
Less Accumulated Depreciation	(1,792,417.43)	(4,539,745.26)
Furniture and Equipment	1,091,516.65	1,550,889.19
Less Accumulated Depreciation	(1,026,825.83)	(1,377,348.03)
Vehicles, Boats and Aircraft	34,379.00	89,947.50
Less Accumulated Depreciation	(34,379.00)	(63,719.42)
Other Capital Assets	-	81,815.70
Less Accumulated Depreciation	-	(10,058.00)
Computer Software	12,166.85	9,370,985.68
Less Accumulated Amortization	(12,166.85)	(9,279,386.89)
Total Non-Current Assets and Deferred Outflows	16,591,765.29	86,160,866.06
Total Assets and Deferred Outflows	\$ 32,724,707.36	\$ 104,322,866.30
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables From:		
Accounts Payable	\$ 708,919.87	\$ 5,409,669.04
Payroll Payable	113,515.52	1,733,572.84
Other Payables	8,547.41	-
Due to Other Components	702,059.89	2,249,122.66
Deferred Revenues	-	37,100.00
Notes and Loans Payable	20,902,800.00	2,093,000.00
Revenue Bonds Payable, Net	355,000.00	2,402,124.00
Employees' Compensable Leave	40,836.18	63,429.22
Other Current Liabilities	286,632.71	989,527.09
Total Current Liabilities	23,118,311.58	14,977,544.85

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	August 31, 2011	August 31, 2010
Non-Current Liabilities and Deferred Inflows		
Notes and Loans Payable	33,977,200.00	5,287,000.00
Contra Liability-Due From Other Components-CP	(54,880,000.00)	(7,380,000.00)
Revenue Bonds Payable, Net	15,640,000.00	63,897,128.75
Employees' Compensable Leave	406,753.72	558,316.28
Funds Held for Others	(297.66)	1,579.00
Total Non-Current Liabilities and Deferred Inflows	(4,856,343.94)	62,364,024.03
Total Liabilities and Deferred Inflows	18,261,967.64	77,341,568.88
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	(2,137,430.30)	7,896,356.31
Restricted for:		
Capital Projects	7,288,501.15	12,331,056.31
Other Restricted	(10,434.60)	1,058,242.81
Unrestricted	9,322,103.47	5,695,641.99
Total Net Assets	14,462,739.72	26,981,297.42
Total Liabilities and Net Assets	\$ 32,724,707.36	\$ 104,322,866.30

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2011

	August 31,	August 31,
	2011	2010
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Pledged	\$ 301,705.00	\$ 274,820.00
Auxiliary Enterprises - Pledged	1,389,708.63	1,392,388.61
Other Sales of Goods and Services - Pledged	65,453.19	617,921.66
State Grant Revenue	(58,201.54)	309,836.52
State Grant Pass Through Revenue	-	18,096.17
Other Grants and Contracts - Operating	-	1,491,260.48
Total Operating Revenues	1,698,665.28	4,104,323.44
OPERATING EXPENSES ⁽¹⁾		
Instruction	1,167,157.62	3,497,007.28
Research	15,284.38	3,705.37
Public Service	-	849,730.56
Academic Support	85,844.48	4,267,730.69
Student Services	571.24	1,327,696.34
Institutional Support	7,762,846.37	14,320,050.39
Operations and Maintenance of Plant	(1,957,221.78)	380,083.42
Scholarships and Fellowships	-	18,066.93
Auxiliary Enterprises	1,141,867.16	1,057,921.48
Depreciation and Amortization	563,193.23	2,233,125.27
Total Operating Expenses	8,779,542.70	27,955,117.73
Operating Income/(Loss)	(7,080,877.42)	(23,850,794.29)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	14,791,839.00	13,326,352.69
Additional Appropriations (GR)	1,204,199.28	2,308,109.49
Federal Grant Pass Through Revenue	3,418,992.42	1,581,007.58
Gifts	-	(568,430.00)
Investment Income	12,988.91	55,167.78
Interest Expense and Fiscal Charges	(9,353.25)	(2,550,501.85)
Gain/(Loss) on Sale of Capital Assets	10.00	(1,041.38)
Settlement of Claims	(13,856.54)	(11,498.68)
Other Nonoperating Revenues - Non-Pledged	-	212,205.09
Other Nonoperating Expenses	(697,691.05)	-
Total Nonoperating Revenues /(Expenses)	18,707,128.77	14,351,370.72
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	11,626,251.35	(9,499,423.57)

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	August 31, 2011	August 31, 2010
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Interagency Transfers Cap Assets-Increase	-	8,212.13
Interagency Transfers Cap Assets-Decrease	(55,708,215.10)	-
Transfers-In	40,251,605.97	10,447,678.49
Legislative Transfers-In	4,142,562.08	6,622,001.26
Legislative Transfers-Out	(12,830,762.00)	(2,313,531.00)
Total Other Revenue, Expenses, Gain/Losses and Transfers	(24,144,809.05)	14,764,360.88
CHANGE IN NET ASSETS	(12,518,557.70)	5,264,937.31
Net Assets, Beginning	26,981,297.42	12,183,740.36
Restatements	-	9,532,619.75
Net Assets, Beginning, as Restated	26,981,297.42	21,716,360.11
NET ASSETS, ENDING	\$ 14,462,739.72	\$ 26,981,297.42

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

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Note 1: Matrix of Operating Expenses Reported by Function

For the Fiscal Year Ended August 31, 2011

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	310,518.61	-	-	-	39.22
Payroll Related Costs	79,422.20	15,284.38	-	(586.69)	532.02
Professional Fees & Svcs	25,151.41	-	-	83,994.90	-
Travel	7,578.30	-	-	1,590.98	-
Material and Supplies	64,030.27	-	-	942.39	-
Communication & Utilities	67,143.92	-	-	-	-
Repairs and Maintenance	(9,960.99)	-	-	-	-
Rentals and Leases	490,605.57	-	-	-	-
Printing and Reproduction	8,464.52	-	-	-	-
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Other Operating Expenses	124,203.81	-	-	(97.10)	-
Total Operating Expenses	\$ 1,167,157.62	\$ 15,284.38	\$ -	\$ 85,844.48	\$ 571.24

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	2011 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,055,475.09	(2,464,948.72)	-	-	-	2,901,084.20
1,079,575.86	281,547.91	-	-	-	1,455,775.68
328,650.88	67,080.19	-	282,044.61	-	786,921.99
145,548.65	-	-	-	-	154,717.93
290,468.68	1,963.18	-	13,582.72	-	370,987.24
90,129.83	30,700.89	-	175,234.89	-	363,209.53
34,579.98	146,875.44	-	182,482.89	-	353,977.32
(393,874.41)	-	-	39,186.50	-	135,917.66
6,625.15	-	-	1,240.70	-	16,330.37
-	-	-	-	563,193.23	563,193.23
-	-	-	(8,307.80)	-	(8,307.80)
1,125,666.66	(20,440.67)	-	456,402.65	-	1,685,735.35
\$ 7,762,846.37	\$ (1,957,221.78)	\$ -	\$ 1,141,867.16	\$ 563,193.23	\$ 8,779,542.70

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2011

	August 31, 2011	August 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 301,705.00	\$ 274,820.00
Proceeds Received from Customers	65,453.19	617,921.66
Proceeds from Sponsored Projects	(33,581.54)	1,661,609.82
Proceeds from Auxiliaries	1,389,708.63	1,391,793.83
Proceeds from Other Revenues	10,968.52	(14,581.97)
Payments to Suppliers for Goods and Services	(8,546,758.01)	(6,524,606.25)
Payments to Employees for Salaries and Benefits	(6,151,072.80)	(14,314,902.91)
Payments for Other Expenses	(1,562,512.76)	-
Net Cash Provided (Used) by Operating Activities	(14,526,089.77)	(16,907,945.82)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	16,637,846.70	16,900,055.01
Proceeds from Gifts	-	(568,430.00)
Proceeds of Transfers from Other Components	38,704,543.20	7,041,438.60
Proceeds from Grant Receipts	3,418,992.42	1,581,007.58
Payments of Interest	-	(59,243.89)
Payments for Transfers to Other Components	(8,688,199.92)	(2,313,531.00)
Payments for Other Uses	(13,856.54)	(11,498.68)
Net Cash Provided (Used) by Noncapital Financing Activities	50,059,325.86	22,569,797.62
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Disposal of Capital Assets	10.00	-
Proceeds from Debt Issuance	42,731,854.96	37,991,469.17
Proceeds of Transfers from Other Components - Commercial Paper	-	850,000.00
Payments for Additions to Fixed Assets	(1,363,290.94)	(28,732,007.81)
Payments of Principal on Debt Issuance	(31,494,452.75)	(3,755,000.00)
Payments of Interest on Debt Issuance	(756,134.17)	(2,150,220.55)
Payments of Other Costs of Debt Issuance	49,089.87	(52,048.74)
Payments for Transfers to Other Components - Commercial Paper	(47,500,000.00)	(3,849,000.00)
Payments for Transfers to Other Components	-	-
Net Cash Provided (Used) From Capital & Related Financing Activities	(38,332,923.03)	303,192.07
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	15,284,589.01	20,917,171.72
Proceeds from Interest and Investment Income	12,988.91	55,167.79
Payments to Acquire Investments	(14,665,260.59)	(34,123,992.92)
Net Cash Provided (Used) by Investing Activities	632,317.33	(13,151,653.41)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,167,369.61)	(7,186,609.54)
Cash and Cash Equivalents --September 1, 2010 and 2009	13,868,806.69	11,522,796.48
Restatements to Beginning Cash and Cash Equivalents	-	9,532,619.75
Cash and Cash Equivalents --August 31, 2011 and 2010	\$ 11,701,437.08	\$ 13,868,806.69
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 12,402,754.73	\$ 13,257,406.40
Restricted Cash and Cash Equivalents (Statement of Net Assets)	(701,317.65)	611,400.29
	\$ 11,701,437.08	\$ 13,868,806.69

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	August 31, 2011	August 31, 2010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (7,080,877.42)	\$ (23,850,794.29)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	563,193.23	2,233,125.27
Bad Debt Expense	(8,307.80)	594.78
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(786,929.86)	(209,860.10)
(Increase) Decrease in Prepaid Expenses	6,810.00	(7,810.00)
Increase (Decrease) in Payables	(7,182,877.92)	4,889,698.52
Increase (Decrease) in Deferred Income	(37,100.00)	37,100.00
Total Adjustments	(7,445,212.35)	6,942,848.47
Net Cash Provided by Operating Activities	\$ (14,526,089.77)	\$ (16,907,945.82)
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ -	\$ -
Amortization of Investment Premiums/(Discounts)	\$ -	\$ -
Amortization of Bond Premiums/(Discounts)	\$ 92,124.00	\$ 59,998.00
Gain/(Loss) on disposal of Capital Assets	\$ 10.00	\$ (1,041.38)

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

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Notes to Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2011

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 Changes in Revenues, Expenses and Net Assets	\$ 3,418,992.42
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating	<u>\$ 3,418,992.42</u>
Total Pass - Through & Expenditures per Federal Schedule	<u><u>\$ 3,418,992.42</u></u>

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin Costs Recovered	Ending Balances of Previous Year's Loans
TOTAL LOANS AND RECOVERIES	\$ -	\$ -	\$ -	\$ -

Note 3b: Federally Funded Loans Processed and Administrative Cost Recovered

N/A

Note 4: Depository Libraries for Government Publications

N/A

Note 5: Unemployment Insurance Funds

N/A (Agency 320 only)

Note 6: Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)

N/A (Agency 537 only)

Note 7: Deferred Federal Revenue

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

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2011

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2007	\$ 16,980,000.00	4.00% - 5.00%	N/A	2008	2036	04/15/16
Total	<u>\$ 16,980,000.00</u>					

*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, 2011

<u>Description of Issue</u>	<u>Bonds Outstanding 9/1/2010</u>	<u>Bonds Issued</u>	<u>Bonds Matured or Retired</u>	<u>Bonds Refunded or Extinguished</u>	<u>Bonds Outstanding 8/31/2011</u>
RFS Refunding and Improvement Bonds, Series 2005	\$ 17,540,000.00	\$ (17,540,000.00)	\$ -	\$ -	\$ -
RFS Bonds, Series 2007	16,335,000.00	-	340,000.00	-	15,995,000.00
RFS Bonds, Series 2009A	* 29,690,000.00	(29,690,000.00)	-	-	-
Total	<u>\$ 63,565,000.00</u>	<u>\$ (47,230,000.00)</u>	<u>\$ 340,000.00</u>	<u>\$ -</u>	<u>\$ 15,995,000.00</u>

Footnotes:

* Bond premiums greater than 5% of the par value of the bond issue are capitalized and amortized over the life of the bonds.

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<u>Unamortized Premium</u>	<u>Unamortized Discount</u>	<u>Unamortized Gain/(Loss) on Refunding</u>	<u>Net Bonds Outstanding 8/31/2011</u>	<u>Amounts Due Within One Year</u>
-	-	-	\$ -	\$ -
-	-	-	15,995,000.00	355,000.00
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,995,000.00</u>	<u>\$ 355,000.00</u>

Net Bonds Payable per Statement of Net Assets

\$ 15,995,000.00

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2011

Description of Issue	Year	Principal	Interest
Revenue Bonds			
RFS Bonds, Series 2007	2012	355,000.00	747,737.50
	2013	370,000.00	733,537.50
	2014	385,000.00	718,737.50
	2015	400,000.00	703,337.50
	2016	420,000.00	685,337.50
	2017-2021	2,380,000.00	3,139,450.00
	2022-2026	3,005,000.00	2,514,250.00
	2027-2031	3,840,000.00	1,683,750.00
	2032-2036	4,840,000.00	672,525.00
		<u>15,995,000.00</u>	<u>11,598,662.50</u>
Less Accretion:		-	-
Total:		<u>\$ 15,995,000.00</u>	<u>\$ 11,598,662.50</u> *

* In accordance with the State Comptroller's reporting requirements, the interest amounts on this schedule represent interest per the bonds 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, 2011

<u>Description of Issue</u>	<u>Pledged and other Sources and Related Expenditures for FY 2011</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>
Revenue Financing System Bonds, Series '07	\$ 8,804,256.90	\$ (47,972.15)	\$ 340,000.00	\$ 761,337.50
Total	<u>\$ 8,804,256.90</u>	<u>\$ (47,972.15)</u>	<u>\$ 340,000.00</u>	<u>\$ 761,337.50</u>

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

