

**COMBINED FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS  
SYSTEM**

**DENTON, TEXAS**

**Alfred F. Hurley, Chancellor**

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

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November 20, 2002

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

Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the University of North Texas System for the year ended August 31, 2002, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with GAAP. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Ginny Anderson, at (940) 565-3231. Marsha Pettit may be contacted at (940) 565-3231 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Phillip C. Diebel  
Vice Chancellor for Finance

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# UNIVERSITY OF NORTH TEXAS SYSTEM

## ORGANIZATIONAL DATA

August 31, 2002

### BOARD OF REGENTS

Marjorie Craft ..... (Term expires 5-22-07)..... DeSoto  
Burle Pettit ..... (Term expires 5-22-07)..... Lubbock  
John Robert "Bobby" Ray ..... (Term expires 5-22-07)..... Plano

George W. Pepper..... (Term expires 5-22-03)..... Fort Worth  
Gayle Strange..... (Term expires 5-22-03)..... Denton  
Robert A. Nickell..... (Term expires 5-22-03)..... Irving

Charles Beatty ..... (Term expires 5-22-05)..... Dallas  
C. Dan Smith ..... (Term expires 5-22-05)..... Plano  
Tom Lazo, Sr. .... (Term expires 5-22-05)..... Dallas

### OFFICERS OF THE BOARD

John Robert "Bobby" Ray ..... Chairman  
Burle Pettit ..... Vice Chairman  
Jana Dean ..... Secretary

### ADMINISTRATIVE OFFICERS

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

# UNIVERSITY OF NORTH TEXAS SYSTEM

## Management's Discussion and Analysis For the Year Ended August 31, 2002

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, 2002. The following discussion should be read in conjunction with the accompanying transmittal letter, financial statements and note disclosures. Since this is a transition year for the new reporting format, the System has elected not to include prior year comparative data in these financial statements. The prior year comparative information will be included in future reporting years.

### 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 Governmental Accounting Standards Board (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.

These statements differ significantly, in both form and the accounting principles applied, from prior financial statements presented. Prior years' statements focused on the accountability of individual fund groups rather than the financial condition of the consolidated System as a whole. The primary changes to these financial statements include the following:

- A switch from a modified accrual basis of accounting to a full accrual basis. 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 now reported. The value of capital assets, including those purchased in prior years, are now reported net of accumulated depreciation on the Statement of Net Assets. The accumulated depreciation for capital assets acquired in prior fiscal years is reflected as a restatement to net assets, and current year depreciation is reported as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. Prior years' statements reflected capital assets at full historical costs with no reduction in value to reflect the use of the asset over time.
- Revenues and expenses are now categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are now reported as nonoperating revenue under GASB Statement No. 35.
- Previously all scholarships/fellowships and other student financial aid applied directly to student accounts in the student billing and receivable systems were reported as expenditures in a restricted fund group. The single column presentation of financial information under GASB Statement No. 35 now requires that these amounts be reflected as a reduction of student tuition and fee revenues. Scholarships/fellowships and other financial aid payments paid directly to students continue to be reported as scholarship and fellowship expense.

### Financial Highlights

- Two significant property acquisitions occurred during the fiscal year. The former Texas Instruments facility just north of the University was purchased for approximately \$9 million for the purpose of establishing a University Research Park that will house the recently approved University College of Engineering as well as research activities and computing functions. This property includes an estimated 285 acres with over 550,000 square feet of buildings. The City of Dallas purchased over 202 acres of land located in south Dallas County from private developers for the sole purpose of donating the land to the University of North Texas System Center at Dallas, currently a branch campus of the University. The land was purchased by the City for \$3 million and immediately donated to the System Center at Dallas for the

purpose of a future building site for the Center once it becomes an established freestanding university. The private developers who owned the 57 adjoining acres to the property also donated this land to the System Center for campus development. Under current rules, the new university that will be called UNT at Dallas cannot be launched until enrollment equals 2,500 full-time equivalent students.

- During the current fiscal year, the University successfully concluded the first phase of its capital campaign exceeding the \$150 million fundraising goal almost two years ahead of schedule. The University raised from current contributions and deferred gifts, \$154.7 million for scholarship endowments, endowed chairs and professorships, and funding for centers and institutes. Approximately \$12 million in contributions and non-cash capital donations were recognized as gift revenue in the System during the current fiscal year. This figure includes approximately \$5.4 million in pledged revenue for which gifts will be received in future fiscal years.

### 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 Financial Statements.

The net assets section of the statement is reported in three major categories: Invested in Capital Assets, Net of Debt, Restricted Net Assets, and 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 two categories, expendable and nonexpendable. Expendable restricted net assets are available for expenditure by the System but must be spent only for purposes as determined by donors and/or other external entities that have placed time or purpose restrictions on the use of the assets. The nonexpendable portion of restricted net assets represents the corpus of the assets that must remain intact and are available only for investment purposes. Unrestricted net assets are available for any lawful purpose of the institution. The following table reflects the condensed Statement of Nets Assets for the System as of August 31, 2002:

<b>Statement of Net Assets</b>	
<b>(\$ in millions)</b>	
	<b><u>2002</u></b>
<b>Assets</b>	
Current Assets	\$227.5
Noncurrent Assets	
Capital Assets, Net	419.6
Other Noncurrent Assets	<u>4</u>
<b>Total Assets</b>	<b><u>647.5</u></b>
<b>Liabilities</b>	
Current Liabilities	102.4
Noncurrent Liabilities	
Bonded Indebtedness	159.9
Other Noncurrent Liabilities	<u>9.1</u>
<b>Total Liabilities</b>	<b><u>271.4</u></b>
<b>Net Assets</b>	
Invested in Capital Assets Net of Related Debt	192.6
Restricted	
Expendable	39.5
Nonexpendable	5.5
Unrestricted	<u>138.5</u>
<b>Total Net Assets</b>	<b><u>376.1</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>647.5</u></b>

The System's total reported assets decreased \$187.4 million during the fiscal year. This significant change in assets was a combination of three factors. Compliance with the GASB Statement No. 35 requirement resulted in the System reporting capital assets reduced by accumulated depreciation totaling \$267.8 million. Approximately \$53 million of the System's capital assets were written off as an adjustment for the increase in statewide capitalization threshold levels. The most significant capitalization threshold change was in the category of furniture and equipment. The capitalization level increased from \$1,000 to \$5,000. The impact of these significant decreases in assets was diminished, however, by the balance of unexpended proceeds from two bond sales for major construction and renovation projects that remained invested at the end of the fiscal year. These large investment balances reported on the Statement of Net Assets as cash equivalents reduced the effect of the large decrease resulting from the change in the reported value for capital assets.

The total liabilities for the System increased by \$95.8 million primarily as a result of the additional bonds sold during the fiscal year. The net increase in bond indebtedness was \$92.3 million. Deferred revenues representing tuition and fees collected in advance in the current fiscal year for the upcoming Fall 2002 semester increased by approximately \$3.8 million as a result of an 8 percent increase in the fall student enrollment at the University and increases in fees at both the University and the Health Sciences Center.

The effect of a larger decrease in total assets than the increase in total liabilities resulted in a \$298.6 million decrease in total net assets. Unrestricted net assets are available for any lawful purpose of the System. Management has designated some of the System's unrestricted net assets totaling \$138.5 million for specific purposes as shown in the following table.

<b>Unrestricted Net Assets Reserves/Allocations (\$ in millions)</b>	
	<b><u>2002</u></b>
<b>Reserves:</b>	
Encumbrances	\$ 7.7
Accounts Receivable	9.5
Inventories – Consumable	4.1
Inventories – Merchandise	.2
Higher Education Assistance Funds	16.7
Other Reserves	1.7
<b>Unreserved:</b>	
Allocated –Special Programs/Activities	57.1
Funds Functioning as Endowments	24.0
Unallocated	<u>17.5</u>
<b>Total Unrestricted Net Assets</b>	<b><u>138.5</u></b>

### **Statement of Revenues, Expenses, and Changes in Net Assets**

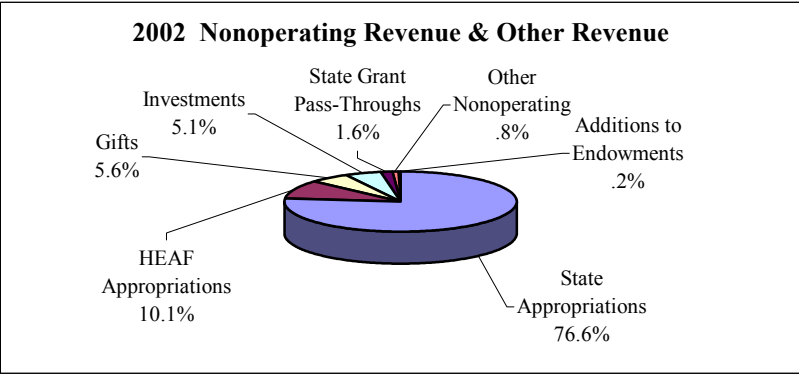
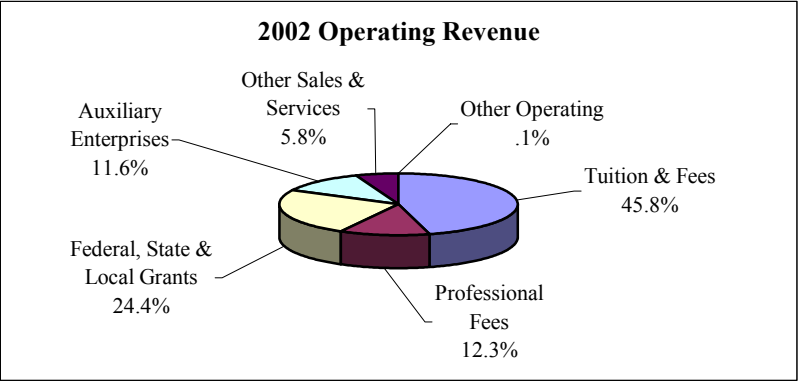
The Statement of Revenues, Expenses, and Changes in Net Assets reports the System's operations for the fiscal year. Revenues are reported by major source and expenses are reported on the face of the statement by the National Association of College and University Business Officers' functional (programmatic) categories with a matrix immediately following 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.

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, 2002.



<b>Statement of Revenues, Expenses and Changes in Net Assets</b> (\$ in millions)	
	<b><u>2002</u></b>
Operating Revenues	\$223.2
Operating Expenses	<u>417.4</u>
<b>Operating Income (Loss)</b>	<b><u>(194.2)</u></b>
Nonoperating Revenues (Expenses)	<u>177.5</u>
Income (Loss) before Other Revenues, Expenses, Gains, Gains, Losses and	( 16.7)
Other Revenues, Expenses, Gains, Losses And Transfers	<u>30.2</u>
<b>Change in Net Assets</b>	<b><u>13.5</u></b>
Net Assets, Beginning of Year	674.7
Restatements for Depreciation/Capitalization Threshold Changes	<u>(312.1)</u>
Restated Net Assets, Beginning of Year	<u>362.6</u>
<b>Net Assets, End of Year</b>	<b><u>376.1</u></b>

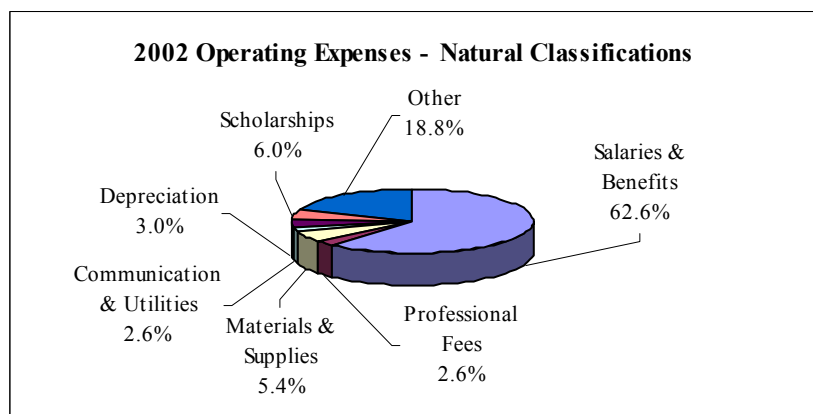
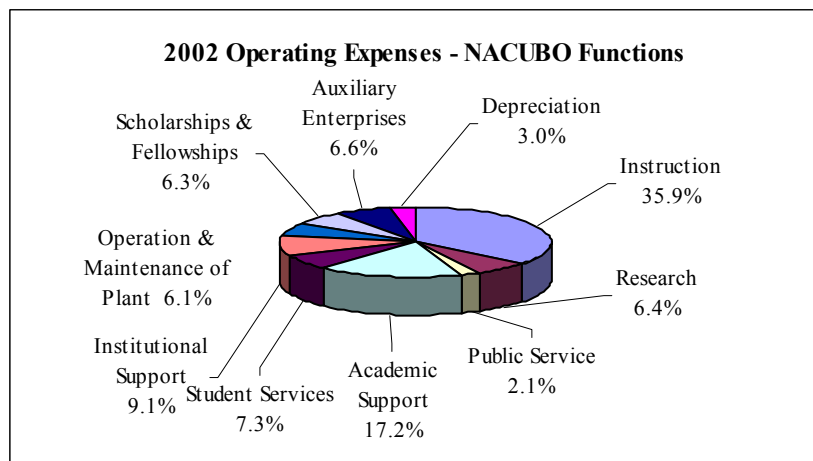
The System's significant operating loss reported for the fiscal year on this statement is reflective of the GASB Statement No. 35 reporting changes requiring revenue from legislative appropriations to be reported as nonoperating revenue but the expenditure of these funds must be reported as operating expenses. Legislative appropriations totaled \$133.9 million and additional appropriated revenue for state-paid fringe benefits totaled \$30.2 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 now reported as Other Revenue rather than operating revenue or nonoperating revenue, but the HEAF expenditures are reported as operating expenses.



Approximately 46 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 \$102.3 million. This figure is net of the scholarship discounts that have been subtracted from the gross tuition and fee revenue in accordance with the new GASB Statement No. 35 reporting requirements. Student fee revenue increased during the fiscal year as a result of fee increases and an increase in semester credit hours generated at both the University and the Health Science Center. The University experienced a 5.1 percent increase in semester credit hours generated during the fiscal year. The semester credit hours generated at the Health Science Center for the fall and spring semesters of fiscal year 2002 increased 5.5 percent as compared to fiscal year 2001. A growing population base in the Dallas/Fort Worth metroplex combined with normal recruitment efforts have contributed to increasing student enrollments. In addition, weak economic conditions often result in more individuals returning to school.

The System’s operating revenue from both federal and state grants and contracts, including pass through grant revenue from other state agencies, increased significantly during this fiscal year. Federal grant and contract revenue increased approximately 35.5 percent in this fiscal year as compared to last year. State grant and contract revenue increased even more significantly-- over 65 percent. 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 System’s operating expenses generally increased during the fiscal year as a result of state-mandated salary and longevity increases, higher medical insurance premium costs, larger student enrollments, and increased research activities. The System’s average full-time equivalent employees increased approximately 5 percent from 4,826.8 in 2001 to 5,090.5 in 2002. The tables below show the percentage of expenses by NACUBO functional (programmatic) classifications versus the natural classifications.



## 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.

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 following table is a condensed Combined System Statement of Cash Flows.

<b>Statement of Cash Flows</b> <b>(\$ in millions)</b>	
	<b><u>2002</u></b>
<b>Cash Provided (Used) by:</b>	
Operating Activities	(176.4)
Noncapital Financing Activities	185.1
Capital and Related Financing Activities	51.6
Investing Activities	<u>22.8</u>
<b>Net Change in Cash</b>	83.1
<b>Cash, Beginning of Year</b>	<u>95.4</u>
<b>Cash, End of Year</b>	<u>178.5</u>

It is important to note that state appropriations provide a significant portion of the cash used to fund operating activities, but they are reported in the noncapital financing activities section of the Statement of Cash Flows in accordance with GASB Statement No. 35 guidelines. Cash flow of approximately \$7.8 million provided from noncapital-related gifts and approximately \$8.5 million in investment earnings were also used to fund operating activities, although they are also reported in nonoperating sections of the statement. The System's cash flows increased \$83.1 million during fiscal year 2002 due to a positive flow of funds totaling \$207.9 million in the noncapital financing and investing activities and to the significant unexpended balances of bond proceeds for construction projects remaining at the end of the fiscal year.

## Capital Asset and Debt Administration

The System's capital asset additions from acquisitions, donations, and construction during the fiscal year totaled \$64.4 million. Approximately half of these additions were related to purchases and donation of land and purchases and construction of buildings. Construction of the University's Gateway Center was completed and the new facility was opened during the fiscal year. This facility will provide student classrooms, office space for the System Administration staff, and a conference center for meetings hosted by campus and by external groups. As discussed previously, the statewide capitalization threshold levels increased at the beginning of the 2002 fiscal year. The capitalization threshold for furniture and equipment increased from \$1,000 in previous fiscal years to \$5,000 in fiscal year 2002.

Two Revenue Financing System bond issues were sold during the fiscal year with a par value totaling \$97,330,000. The Series 2001 with a par value of \$33,860,000 sold in December 2001 for the purpose of constructing a University student recreation facility. The Series 2002 issue with a par value of \$63,470,000 sold in August 2002 for the purposes of constructing a new science building at the University; renovation of the existing space at the University's Research Park; the acquisition and renovation of two existing private housing facilities for student residential housing at the University; and the construction of a new Biotechnology Center and School of Public Health at the Health Science Center in Fort Worth. An additional bond issue with a par value of \$9.5 million closed in September 2002 after the end of the fiscal year. The bond proceeds will be used for the construction of a student

dormitory at the University. There were no changes in bond credit ratings during fiscal year 2002 or debt limitations that may affect future financing for the System. More detailed information regarding the System's bonded indebtedness is provided in Note 14 of the accompanying notes.

### **Economic Outlook**

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 2003 fiscal year, beyond the weak economy that has been slow to recover. The unstable market conditions have negatively impacted the fair value of the System's endowment funds as well as the interest revenue generated from these and other investments. 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. The current weakened economic conditions may affect the future level of support for the System from corporate and individual donors.

The two primary component institutions of the System, the University and the Health Science Center, have survived previous down cycles in the economy. Management believes that the System's financial condition is capable of adjusting to the current economic uncertainties.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Combined Statement of Net Assets**  
**August 31, 2002**

	<u>Total</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 70,125.08
Cash in Bank	(2,491,834.27)
Cash in State Treasury	14,714,822.68
Reimbursement Due From Treasury	742,486.67
Cash Equivalents	78,703,530.67
Restricted Cash and Cash Equivalents	-
Cash on Hand	20,286.74
Cash in Bank	(62,972.84)
Cash in State Treasury	1,381,509.66
Cash Equivalents	60,643,953.79
Short-term Investments	-
Legislative Appropriations	24,192,813.15
Net Receivables:	
Intergovernmental Receivables	
Federal Receivables	4,655,733.31
Other Intergovernmental Receivables	2,507,804.37
Interest and Dividends	1,504,850.95
Accounts Receivable	23,276,870.47
Gifts Receivable	4,275,054.92
Other Receivables	4,127,138.65
Due From Other Agencies	2,734,473.17
Consumable Inventories	3,397,391.71
Merchandise Inventories	563,105.10
Loans and Contracts	2,288,158.30
Other Current Assets	282,880.77
Total Current Assets	<u>227,528,183.05</u>
Non-Current Assets:	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	-
Cash in State Treasury	-
Cash Equivalents	607,940.12
Investments	63,231,915.99
Loans and Contracts	4,702,720.45
Investments	65,012,629.35
Gift Receivables	1,110,600.73
Capital Assets, non-depreciable	-
Land and Land Improvements	34,692,070.59
Construction in Progress	26,723,893.83
Other Capital Assets	69,117,880.02

	<u>Total</u>
Capital Assets, net of accumulated depreciation *	
Buildings and Building Improvements	122,909,861.99
Facilities and Other Improvement	2,859,930.51
Infrastructure	1,794,129.01
Furniture and Equipment	25,224,489.78
Vehicles, Boats and Aircraft	1,540,764.28
Other Capital Assets	15,030.15
Other Non-current Assets	439,632.97
Total Non-Current Assets	<u>419,983,489.77</u>
<b>Total Assets</b>	<u>\$ 647,511,672.82</u>
<b>LIABILITIES</b>	
Current Liabilities	
Payables:	
Accounts Payable	\$ 5,359,352.75
Payroll Payable	18,937,458.40
Other Payables	1,399,274.86
Due to Other Agencies	1,051,728.68
Deferred Revenues	30,163,725.12
Employees Compensable Leave	598,660.67
Capital Lease Obligations	73,111.63
Notes and Loans Payable	-
Revenue Bonds Payable	8,430,000.00
Funds Held for Others	36,399,184.07
Other Current Liabilities	-
Total Current Liabilities	<u>102,412,496.18</u>
Non-Current Liabilities	
Employee's Compensable Leave	8,929,838.30
Funds Held for Others	-
Capital Lease Obligations	126,153.18
Notes and Loans Payable	-
Revenue Bonds Payable	159,923,554.01
Other Non-Current Liabilities	42,002.00
Total Non-Current Liabilities	<u>169,021,547.49</u>
Total Liabilities	<u>271,434,043.67</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	192,611,657.08
Restricted for:	
Debt Retirement	5,079,890.81
Other Restricted	32,715,451.23
Nonexpendable	
Permanent Endowments	5,486,121.16
Expendable	
Quasi-Endowment Restricted	1,693,248.97
Other Expendable	-
Unrestricted	138,491,259.90
Total Net Assets	<u>376,077,629.15</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 647,511,672.82</u>

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

Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Combined Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2002**

	<u>Total</u>
<b>OPERATING REVENUES</b>	
Sales of Goods and Services:	
Net Tuition and Fees	\$ 102,286,654.98
Net Professional Fees	27,507,257.23
Net Auxiliary Enterprises	25,911,779.62
Net Other	12,870,464.56
Federal Revenue - Operating	32,746,000.39
Federal Pass Through Revenue	1,554,174.59
State Grant Revenue	4,005,092.55
State Grant Pass Through Revenue	7,229,342.45
Other Grants and Contracts - Operating	8,949,913.84
Other Operating Revenues	134,345.37
Total Operating Revenues	<u>223,195,025.58</u>
<b>OPERATING EXPENSES *</b>	
Instruction	149,838,071.93
Research	26,867,638.91
Public Service	8,699,709.55
Academic Support	71,961,896.96
Student Services	30,312,545.92
Institutional Support	37,875,844.48
Operations and Maintenance of Plant	25,454,718.17
Scholarships and Fellowships	26,315,965.03
Auxiliary Enterprises	27,742,476.85
Depreciation	12,374,642.41
Total Operating Expenses	<u>417,443,510.21</u>
Operating Income (Loss)	<u>(194,248,484.63)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Legislative Appropriations (GR)	133,864,163.00
Additional Appropriations (GR)	30,219,658.11
State Grant Pass Through Revenue	3,373,598.74
Investment Income	10,905,431.82
Net Increase (Decrease) in Fair Value of Investments	(2,684,700.43)
Loan Premium/Fees on Securities Lending	-
Investing Activities Expense	-
Interest Expense and Fiscal Charges	(4,131,167.59)
Borrower Rebates and Agent Fees	-



	<b>Total</b>
Gain (Loss) on Sale/Disposal of Capital Assets	(1,179,277.79)
Settlement of Claims	-
Gifts	5,614,549.82
Other Nonoperating Revenues	1,831,068.57
Other Nonoperating (Expenses)	(324,834.38)
Total Nonoperating Revenues (Expenses)	<u>177,488,489.87</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(16,759,994.76)
<b>OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS</b>	
Capital Appropriations - HEAF (GR)	21,661,033.00
Capital Contributions	6,359,950.21
Additions to Permanent and Term Endowments	516,552.51
Special Items	-
Extraordinary Items	-
Transfers-In	1,966,761.00
Transfers-Out	(1,206,155.90)
Legislative Transfers-In	982,132.53
Legislative Transfers-Out	-
<b>CHANGE IN NET ASSETS</b>	<u>13,520,278.59</u>
Net Assets, Beginning	674,710,992.48
Restatements	(312,153,641.92)
Net Assets, Beginning, as Restated	<u>362,557,350.56</u>
<b>NET ASSETS, ENDING</b>	<u><u>\$ 376,077,629.15</u></u>

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

UNIVERSITY OF NORTH TEXAS SYSTEM (794)

Note 1: Combined Matrix of Operating Expenses Reported by Function

August 31, 2002

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ 15,452.80	\$ 200.00	\$ 110.29
Salaries and Wages	103,455,505.97	13,550,647.13	4,214,130.17	37,747,666.37	12,818,648.85
Payroll Related Costs	23,658,898.65	2,976,699.85	966,665.11	8,942,882.08	2,883,543.59
Professional Fees and Services	1,011,902.08	801,292.99	283,876.86	6,997,900.02	617,519.64
Federal Pass-through Expenses	-	152,405.68	-	-	-
State Pass-through Expenses	-	-	-	-	-
Travel	1,461,529.81	704,064.49	227,234.73	880,657.21	999,707.91
Materials and Supplies	5,122,442.63	2,815,018.98	902,656.67	4,252,355.42	3,612,629.78
Communications and Utilities	562,694.50	185,587.59	65,619.43	420,005.82	385,348.94
Repairs and Maintenance	511,585.26	223,056.57	53,418.24	547,331.48	301,806.36
Rentals and Leases	2,270,377.33	424,155.75	159,199.09	639,421.33	849,911.43
Printing and Reproduction	525,953.07	208,822.73	174,151.97	335,418.58	383,167.46
Depreciation	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Interest	-	-	-	-	-
Scholarships	-	-	-	-	-
Other Operating Expenses	11,257,182.63	4,825,887.15	1,637,304.48	11,198,058.65	7,460,151.67
<b>Total Operating Expenses</b>	<b>\$ 149,838,071.93</b>	<b>\$ 26,867,638.91</b>	<b>\$ 8,699,709.55</b>	<b>\$ 71,961,896.96</b>	<b>\$ 30,312,545.92</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>
\$ 2,595.00	\$ -	\$ -	\$ 5,501,412.10	\$ -	\$ 5,519,770.19
18,540,381.33	7,359,120.49	128,080.66	11,285,745.67	-	209,099,926.64
4,549,430.88	1,704,787.00	-	2,505,236.71	-	48,188,143.87
859,261.42	124,019.31	-	227,880.17	-	10,923,652.49
-	-	-	-	-	152,405.68
-	-	-	-	-	-
668,685.45	211,179.75	4,876.50	357,847.42	-	5,515,783.27
2,491,528.93	1,780,779.01	(298.99)	1,433,208.79	-	22,410,321.22
536,319.65	6,539,916.97	-	2,145,966.69	-	10,841,459.59
2,516,079.31	3,107,736.53	-	1,083,226.06	-	8,344,239.81
692,453.99	246,456.84	-	325,651.51	-	5,607,627.27
211,873.47	73,314.87	-	139,401.91	-	2,052,104.06
-	-	-	-	12,374,642.41	12,374,642.41
419,934.58	-	-	-	-	419,934.58
138,164.44	1,319,280.02	-	-	-	1,457,444.46
-	-	25,029,012.73	-	-	25,029,012.73
6,249,136.03	2,988,127.38	1,154,294.13	2,736,899.82	-	49,507,041.94
<hr/>					
<u>\$ 37,875,844.48</u>	<u>\$ 25,454,718.17</u>	<u>\$ 26,315,965.03</u>	<u>\$ 27,742,476.85</u>	<u>\$ 12,374,642.41</u>	<u>\$ 417,443,510.21</u>

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Combined Statement of Cash Flows**  
For the Fiscal Year Ended August 31, 2002

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds Received from Students	\$ 105,222,250.07
Proceeds Received from Customers	106,742,235.84
Proceeds from Loan Programs	4,595,142.55
Proceeds from Other Revenues	20,048,484.74
Payments to Suppliers for Goods and Services	(145,855,661.08)
Payments to Employees	(207,737,849.42)
Payments for Loans Provided	(4,430,262.00)
Payments for Other Expenses	(55,007,630.68)
Net Cash Provided (Used) by Operating Activities	<u>(176,423,289.98)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from State Appropriations	164,083,821.11
Proceeds from Debt Issuance	-
Proceeds of Transfers from Other Funds	2,882,670.75
Proceeds from Other Revenues	11,893,745.45
Proceeds from Contributed Capital	7,775,744.12
Payments of Principal on Debt Issuance	(950,897.03)
Payments of Interest	(210,027.55)
Payments of other Costs of Debt Issuance	(45,231.32)
Payments for Transfers to Other Funds	-
Payments for Transfers to Other Components	-
Payments for Other Uses	(324,834.38)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>185,104,991.15</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from State Appropriations - HEAF	21,661,033.00
Proceeds from Disposal of Capital Assets	71,034.12
Proceeds from Debt Issuance	98,343,721.35
Proceeds from Capital Contributions	107,045.35
Payments for Additions to Fixed Assets	(59,333,804.61)
Payments of Principal on Debt Issuance	(5,415,844.26)
Payments of Interest on Debt Issuance	(3,027,003.28)
Payments of Other Costs of Debt Issuance	(814,625.82)
Net Cash Provided (Used) From Capital and Related Financing Activities	<u>51,591,555.85</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sale of Investments	34,046,082.91
Proceeds from Interest and Investment Income	10,702,391.31
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	(21,954,276.18)
Net Cash Provided (Used) by Investing Activities	<u>22,794,198.04</u>
Net Increase (Decrease) in Cash and Cash Equivalents	83,067,455.06
Cash and Cash Equivalents --September 1, 2001	95,455,206.39
Restatements to Beginning Cash and Cash Equivalents	-
Cash and Cash Equivalents --August 31, 2002	<u>\$ 178,522,661.45</u>

Displayed as:

Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$	91,739,130.83
Restricted Cash and Cash Equivalents (Statement of Net Assets)		62,590,717.47
Legislative Appropriations (Statement of Net Assets)		24,192,813.15
		<u>178,522,661.45</u>

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

<b>Operating Income (Loss)</b>	\$	(194,248,484.63)
Depreciation		12,374,642.41
Bad Debt Expense		419,934.58
Operating Income and Cash Flow Categories Classification Differences		-
Changes in Assets and Liabilities:		-
(Increase) Decrease in Receivables		(12,256,796.92)
(Increase) Decrease in Inventories		(260,628.48)
(Increase) Decrease in Loans & Contracts		14,247.29
(Increase) Decrease in Other Assets		2,007.30
(Increase) Decrease in Prepaid Expenses		(52,576.13)
Increase (Decrease) in Payables		690,578.79
Increase (Decrease) in Due to Other Funds		(2,550,857.87)
Increase (Decrease) in Deferred Income		19,161,877.72
Increase (Decrease) in Other Liabilities		7,298,987.27
Total Adjustments		<u>17,825,194.65</u>
Net Cash Provided (Used) by Operating Activities	\$	<u>(176,423,289.98)</u>
<b>Non Cash Transactions</b>		
Net Increase/(Decrease) in FMV of Investments		(2,926,519.18)
Amortization of Investment Premiums/(Discounts)		(241,446.73)

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**August 31, 2002**

**UNAUDITED**

**Note 1: Summary of Significant Accounting Policies**

**Entity**

The University of North Texas System (UNT System) was created by the 76<sup>th</sup> Legislature and became effective on 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 at Fort Worth. The UNT System components are agencies of the State of Texas and the combined System financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

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 and has no discrete component units that would have been reported in separate columns.

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**

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Enterprise Funds

Enterprise funds are used to account for any activity for when 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.

## **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.

## **Budget 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.

Investments are stated at fair value in all funds in accordance with GASB Statement 31-*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

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**

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 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. Depreciation is reported on all "exhaustible" assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated.

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.

#### **Other Receivables**

Other Receivables include year-end revenue accruals not included in any other receivable category.

## **LIABILITIES**

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### 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 are reported separately as either current or noncurrent in the statement of net assets.

## **NET ASSETS**

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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.

### 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**

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Not Applicable to proprietary funds.



## Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2002, is presented below:

	Primary Government					Balance 08/31/02
	Balance 09/01/01	Adjustments*	Reclassifications	Additions	Deletions	
<b>Business-type activities</b>						
Non-depreciable Assets:	\$	\$	\$	\$	\$	\$
Land & Land Improvements	22,343,358.74	0.00	0.00	12,358,461.85	(9,750.00)	34,692,070.59
Construction in Progress	10,025,964.59	0.00	0.00	17,313,516.75	(615,587.51)	26,723,893.83
Other Capital Assets	62,703,184.74	0.00	834,258.74	5,593,011.49	-12,574.95	69,117,880.02
Total Non-depreciable Assets**	95,072,508.07	0.00	834,258.74	35,264,990.09	(637,912.46)	130,533,844.44
Depreciable Assets:						
Buildings & Building Improvements	312,187,875.30	(990,363.40)	0.00	19,127,334.13	0.00	330,324,846.03
Infrastructure	0.00	(1,840,223.24)	10,232,432.54	0.00	(603,136.09)	7,789,073.21
Facilities & Other Improvements	19,888,498.52	(584,503.32)	(10,232,432.54)	541,260.80	(165,317.01)	9,447,506.45
Furniture & Equipment	119,326,497.01	(49,387,883.98)	(4,547,826.54)	8,902,418.62	(3,720,920.10)	70,572,285.01
Vehicles, Boats & Aircraft	0.00	(133,170.73)	3,650,694.45	595,281.43	(110,487.88)	4,002,317.27
Other Capital Assets	0.00	(54,093.97)	62,873.35	10,000.00	0.00	18,779.38
Total deprec. assets at hist. costs:	451,402,870.83	(52,990,238.64)	(834,258.74)	29,176,294.98	(4,599,861.08)	422,154,807.35
Less accum. depreciation for:						
Buildings & Building Improvements		(202,550,293.87)	0.00	(5,236,310.25)	371,620.08	(207,414,984.04)
Infrastructure		(5,635,441.63)	0.00	(389,659.41)	30,156.84	(5,994,944.20)
Facilities & Other Improvements		(6,371,284.63)	0.00	(228,136.03)	11,844.72	(6,587,575.94)
Furniture & Equipment		(42,616,960.17)	0.00	(6,164,125.90)	3,433,290.84	(45,347,795.23)
Vehicles, Boats & Aircraft		(2,254,129.67)	0.00	(354,937.65)	147,514.33	(2,461,552.99)
Other Capital Assets		(2,276.06)	0.00	(1,473.17)	0.00	(3,749.23)
Total accum. depreciation	0.00	(259,430,386.03)	0.00	(12,374,642.41)	3,994,426.81	(267,810,601.63)
Depreciable assets, net**	451,402,870.83	(312,420,624.67)	(834,258.74)	16,801,652.57	(605,434.27)	154,344,205.72
Bus.type act cap. assets, net:	\$ 546,475,378.90	\$ (312,420,624.67)	\$ -	\$ 52,066,642.66	\$ (1,243,346.73)	\$ 284,878,050.16
<b>Adjustment Column Worksheet</b>						
Fund Type Changes***	Infrastructure ***	Capitalization Changes	Threshold Changes	Accumulated Depreciation	Other Adjustments	Total Adjustments
Business-type activities						
Non-depreciable Assets:	\$	\$	\$	\$	\$	\$
Land & Land Improvements						0.00
Construction in Progress						0.00
Other Capital Assets						0.00
Total Non-depreciable Assets	0.00	0.00	0.00	0.00	0.00	0.00
Depreciable Assets:						
Buildings & Building Improvements			(850,018.65)	0.00	0.00	(850,018.65)
Infrastructure			(1,980,567.99)	0.00	0.00	(1,980,567.99)
Facilities & Other Imprvmts.			(467,843.73)	0.00	0.00	(467,843.73)
Furniture & Equipment			(35,932,764.71)	0.00	0.00	(35,932,764.71)
Vehicles, Boats & Aircraft			(13,696,026.41)	0.00	0.00	(13,696,026.41)
Other Capital Assets			(63,017.15)	0.00	0.00	(63,017.15)
Total. deprec. assets at hist. costs:	0.00	0.00	(52,990,238.64)	0.00	0.00	(52,990,238.64)
Less accum. depreciation for:						
Buildings & Building Improvements			0.00	(202,550,293.87)	0.00	(202,550,293.87)
Infrastructure			0.00	(5,635,441.63)	0.00	(5,635,441.63)
Facilities & Other Imprvmts.			0.00	(6,371,284.63)	0.00	(6,371,284.63)
Furniture & Equipment			0.00	(42,616,960.17)	0.00	(42,616,960.17)
Vehicles, Boats & Aircraft			0.00	(2,254,129.67)	0.00	(2,254,129.67)
Other Capital Assets			0.00	(2,276.06)	0.00	(2,276.06)
Total accumulated depreciation	0.00	0.00	0.00	(259,430,386.03)	0.00	(259,430,386.03)
Depreciable assets, net	0.00	0.00	(52,990,238.64)	(259,430,386.03)	0.00	(312,420,624.67)
Bus.-type act. Cap. assets, net:	\$ -	\$ -	\$ (52,990,238.64)	\$ (259,430,386.03)	\$ -	\$ (312,420,624.67)

\*Adjustment column includes capitalization threshold changes, assets that were not previously reported and accumulated depreciation.

\*\* These amounts tie to the Statement of Net Assets

\*\*\* Not applicable to higher education agencies.

**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 (\$2,554,807.11) for Cash in Bank (including restricted assets) is presented below. The UNT System has no discrete component units.
- 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).

Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
\$2,417,605.07	\$0.00	\$0.00	\$2,417,605.07	(\$2,554,807.11)

Consisting of the following:	
Demand Deposits	(2,554,807.11)
Proprietary Funds Certificates of Deposit	0.00
Proprietary Funds Uninvested Securities Lending Cash Collateral	0.00
<b>Total Deposits Carrying Amounts</b>	<b>(\$2,554,807.11)</b>

The UNT System has no discrete component units.

**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	46,999,604.50	0.00	0.00	46,999,604.50
U.S. Government Agency Mortgage Obligations	23,012,906.00	0.00	0.00	23,012,906.00
Corporate Bonds	12,098,995.61	0.00	0.00	12,098,995.61
Municipal Bonds	11,630,386.65	0.00	0.00	11,630,386.65
Repurchase Agreements	441,199.69	0.00	0.00	441,199.69
Texas Treasury Safekeeping Trust Co.	20,106,361.73	0.00	0.00	20,106,361.73
Corporate Stock	9,768.28	0.00	0.00	9,768.28
<b>Totals</b>	<b>\$ 114,299,222.46</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 114,299,222.46</b>

Uncategorized Investments:

Investments held by broker-dealers under reverse repurchase agreements:	0.00
Investments held by broker-dealers under securities lending agreements:	0.00
Certificates of Deposit	14,795.81
Money Market Mutual Funds	4,434,640.14
Common Fund	7,981,242.27
Texas Commercial Bank Trust Services	0.00
Texpool	141,470,069.24
<b>Total Investments</b>	<b>\$268,199,969.92</b>

Consisting of the following:	
Proprietary Funds Current Unrestricted Short Term Investments	78,703,530.67
Proprietary Funds Current Unrestricted Investments	0.00
Proprietary Funds Non-Current Unrestricted Short Term Investments	0.00
Proprietary Funds Non-Current Unrestricted Investments	65,012,629.35
Proprietary Funds Current Restricted Short Term Investments	60,643,953.79
Proprietary Funds Non-Current Restricted Short Term Investments	607,940.12
Proprietary Funds Non-Current Restricted Investments	63,231,915.99
<b>Total, as above</b>	<b>\$268,199,969.92</b>
Proprietary Funds CD's disclosed as Deposits but reported as Non-Current Restricted	0.00
<b>Total Investments per Financial Statements</b>	<b>\$268,199,969.92</b>

The UNT System has no discrete component units.

### 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.

### Derivative Investing

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

**Note 4: Summary of Long Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2002 the following changes occurred in liabilities.

Business-Type Activities	Balance 09-01-01	Additions	Reductions	Balance 08-31-02	Amounts Due Within One Year
Notes & Loans Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Revenue Bonds Payable	76,064,015.52	97,619,538.49	(5,330,000.00)	168,353,554.01	8,430,000.00
Claims & Judgments	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	285,109.07	0.00	(85,844.26)	199,264.81	73,111.63
Compensable Leave	8,395,439.78	1,768,123.70	(635,064.51)	9,528,498.97	598,660.67
<b>Total Business-Type Activities</b>	<b>\$ 84,744,564.37</b>	<b>\$ 99,387,662.19</b>	<b>\$ (6,050,908.77)</b>	<b>\$ 178,081,317.79</b>	<b>\$ 9,101,772.30</b>

**Notes and Loans Payable**

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

**Claims & Judgments**

As of August 31, 2002, 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 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 proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Note 5: 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, 2002:

Assets Under Capital Leases	Business-Type Activities
Furniture & Equipment	\$336,776.09
Less: Accumulated Depreciation	94,633.59
Vehicles	0.00
Less: Accumulated Depreciation	0.00
<b>Total</b>	<b>\$242,142.50</b>

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
2003 (Future Year 1)	\$73,111.63	\$11,109.62
2004 (Future Year 2)	60,634.16	6,989.84
2005 (Future Year 3)	52,276.91	3,610.10
2006 (Future Year 4)	13,242.11	729.64
2007 (Future Year 5)	0.00	0.00
2008 -2012(Future Year 6-10)	0.00	0.00
2013-2017 (Future Year 11-15)	0.00	0.00
2018-2022 (Future Year 16-20)	0.00	0.00
Total Minimum Lease Payments	199,264.81	22,439.20
Less: Amount Representing Interest at Various Rates	0.00	0.00
Present Value of Net Minimum Lease Payments	\$ -	\$ 22,439.20

**Note 6: 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, 2002	
2003 (Future Year 1)	\$1,091,759.45
2004 (Future Year 2)	1,045,371.96
2005 (Future Year 3)	1,032,993.62
2006 (Future Year 4)	1,001,880.36
2007 (Future Year 5)	333,960.12
2008-12 (Future Years 6-10)	
2013-17 (Future Years 11-15)	
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$4,505,965.51</b>

**Note 7: Interfund Balances/Activities**

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, 2002, follows:

Current Portion	Current Interfund Receivable	Current Interfund Payable
ENTERPRISE (05)	\$ 0.00	\$ 0.00
<b>Total Interfund Receivable/Payable</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

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

	Due From Other Agencies	Due To Other Agencies	Source
ENTERPRISE (05)	\$	\$	
Appd Fund 0001, D23 Fund 0001			
(Agency 601, D23 Fund 5015)	3,725.00		State P-T
Appd Fund 0347, D23 Fund 0347			
(Agency 902, D23 Fund 0347)	117,171.99		State P-T
(Agency 902, D23 Fund 0347)		50,949.20	State P-T
Appd Fund 5079, D23 Fund 5079			
(Agency 781, D23 Fund 5079)	45,582.22		State P-T
Appd Fund 9999, D23 Fund 7999			
(Agency 320, D23 Fund 5026)	258,313.24		Federal P-T
(Agency 324, D23 Fund 0001)		3,803.91	Federal P-T
(Agency 367, D23 Fund 2345)		919,112.57	State P-T
(Agency 501, D23 Fund 0273)	18,810.66		Federal P-T
(Agency 501, D23 Fund 0273)	13,386.67		State P-T
(Agency 501, D23 Fund 0273)		13,850.85	
(Agency 530, D23 Fund 0001)	66,070.02		Federal P-T
(Agency 701, D23 Fund 0148)	108,340.55		Federal P-T
(Agency 701, D23 Fund 0193)	54,934.64		State P-T
(Agency 701, D23 Fund 0148)		64,012.15	Federal P-T
(Agency 720, D23 Fund 0810)	2,048,138.18		State
<b>Total Due From/To Other Agencies</b>	\$ 2,734,473.17	\$ 1,051,728.68	

	Due From Other Funds	Due To Other Funds	Source
ENTERPRISE (05)			
Appd Fund 0001, D23 Fund 0001	0.00	0.00	
<b>Total Due From/To Other Funds</b>	\$ 0.00	\$ 0.00	

	Transfers In	Transfers Out
ENTERPRISE (05)	\$	\$
Appd. Fund 0507, D23 Fund 0507		
Agency 347, D23 Fund 0507		(1,161,150.26)
<b>Total Transfers for Fund 0507</b>		(1,161,150.26)
Appd. Fund 0735, D23 Fund 0735		
Agency 347, D23 Fund 0735		(45,005.64)
<b>Total Transfers for Fund 0735</b>		(45,005.64)
Appd Fund 0347, D23 Fund 0001		
Agency 902, D23 Fund 0001 (Shared Fnd.Trs)	1,966,761.00	0.00
<b>Total Transfers for Fund 0347</b>	1,966,761.00	0.00
<b>Total Transfers</b>	\$ 1,966,761.00	\$ (1,206,155.90)

	Legislative Transfers In	Legislative Transfers Out
ENTERPRISE (05)	\$	\$
Appd Fund 0001, D23 Fund 0001	0.00	0.00
Agency 479, D23 Fund 0001	982,132.53	0.00
<b>Total Legislative Transfers</b>	982,132.53	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 8: Employees' Retirement Plans**

The State has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the UNT System participates is administered by the Teacher Retirement System of Texas (TRS). TRS does not separately account for each of its component government agencies since it bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Annual financial reports prepared by TRS include audited financial statements and actuarial assumptions and conclusions.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in TRS. The optional program provides for the purchase of annuity contracts. The contributory percentages on salaries for participants entering the program prior to September 1995 are 8.5%, and 6.65% by the State and each participant, respectively. The State's contribution is comprised of 6.00% from the ORP appropriation and 2.50% from other funding sources. The 6.00% contribution is mandatory with the 2.50% contribution being at the discretion of the Board of Regents. The Board has approved the additional contribution for the employees of the UNT System. The contributory percentages on salaries for participants entering the program after August 31, 1995 are 6.00% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

#### **Note 9: Deferred Compensation Program**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX.GOV'T. CODE ANN., sec. 609.001. Two plans are available for employees' deferred compensation. The 457 plan is administered by the Employees Retirement System, and the 403(b) plan is administered by the carrier selected by the employee from the list of vendors.

The UNT System also provides a Tax-Deferred Compensation Plan (TDA) created in accordance with Internal Revenue Code Section 403(b). All employees who work 20 hours per week and who are not in positions requiring student status are eligible to participate. The TDA is a private plan; and the deduction, purchased investments and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks, or approved non-bank trustees such as mutual fund companies. The assets of this plan do not belong to the UNT System or the State and thus do not have a liability related to this plan.

#### **Note 10: 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. In accordance with the bond covenants for the Revenue Financing System bonds, reserve funds for estimated arbitrage rebate liability have been established. The UNT System balance for these reserve funds as of August 31, 2002 is \$239,494.35.

#### **Note 11: Continuance Subject to Review**

Not Applicable.

#### **Note 12: 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 4.

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, 2002.

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 2001 and 2002 are shown below. No material outstanding claims were pending at August 31, 2002.

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2001	\$986,815.10	\$560,027.33	(\$293,287.82)	\$1,253,554.61
2002	\$1,253,554.61	\$605,084.51	(\$463,295.85)	\$1,395,343.27

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, Traveler's 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 with Crum & Forster Insurance Company as the primary carrier and Royal Indemnity as the excess carrier;

Vehicle Liability and Property Damage – Limit of liability, bodily injury \$250,000/\$500,000; property damage \$100,000, exceeds bond 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 extent of the waivers of state sovereign immunity specified in the tort claims act. The HSC has chosen to carry liability insurance on its licensed vehicles in the amount of \$100,000/\$300,000 bodily injury and \$100,000 property damage.



The University's Health Center has malpractice insurance with the CHUBB Insurance Company for a maximum per incident limit of \$500,000 and an aggregate of \$1,500,000 with no deductible.

The HSC maintains a Healthcare Liability Insurance policy for its clinical operations. The limits of this policy are \$1,000,000 per occurrence with an annual aggregate of \$3,000,000. In addition, a Medical Professional Liability policy for the pharmaceutical area is held. The limit for this policy is \$2,000,000 per occurrence with an annual aggregate of \$4,000,000.

A Directors, Officers and Trustees insurance reimbursement policy is maintained with Kemper that covers employees of all UNT System employees. The policy provides for a maximum liability of \$10,000,000 with a \$100,000 deductible.

### **Note 13: Segment Information**

Not Applicable.

### **Note 14: 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 Refunding and Improvement Bonds, Series 1985-Capital Appreciation Bonds

- To provide funds sufficient to finance the expansion, renovation and equipping of certain athletic, student housing, dining services, student union and bookstore facilities and to be used, together with available funds of the University, to refund all of the Board's outstanding bonds (see Advance Refunding Bonds section below), and pay the costs of issuance
- Issued 10-01-1985
- \$1,709,903.40; all authorized bonds have been issued. These bonds accrete in value over the life of the bonds to a total of \$7,965,000
- Source or revenue for debt service – 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 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 Pledged Revenues described in Series 1985 above

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 1985

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 Series 1985

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
- \$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

**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) acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure 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 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 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 8-01-02
- \$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

#### **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, 2002, the principal balance outstanding for the defeased bonds is \$16,275,000.

#### **Note 15: Subsequent Events**

Additional University revenue bonds in the amount of \$9,500,000 will be sold in October 2002 for the purpose of constructing a new residence hall. Anticipated occupancy date is Fall 2003.

#### **Note 16: Related Parties**

**The University of North Texas Foundation, Inc.**, a separate nonprofit organization, 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 University has no liability with regard to the Foundation’s liabilities. The Foundation issued scholarships totaling \$769,532 to the University and transferred \$1,210,563 during the year

ended August 31, 2002. The majority of endowments supporting University scholarships and other University programs are owned by the Foundation. The market value of the Foundation's endowments at August 31, 2002 was \$27,551,167.

**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 \$56,851.79 that were recorded as revenue to the University during the year ended August 31, 2002. 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 \$23,072.68 for the fiscal year ended August 31, 2002.

**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 or any expenditures made on behalf of the University during the current fiscal year.

**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.

**Note 17: Stewardship, Compliance and Accountability**

Not Applicable.

**Note 18: The Financial Reporting Entity and Joint Ventures**

Not Applicable.

**Note 19: Restatement of Fund Balances**

During FY 2002, only GASB 34/35 adjustments required restatement of the amounts in net assets as shown below:

	<b>Enterprise Fund</b>
Net Assets August 31, 2001	\$674,710,992.48
GASB 34/35 Fund Type Changes	0.00
Net Assets August 31, 2001	674,710,992.48
Restatements:	
a. Accumulated Depreciation August 31, 2001	(259,430,386.03)
b. Capitalization Threshold Increases	(52,990,238.64)
c. Change to full accrual basis for receivables	266,982.75
Net Assets Sept. 1, 2001, as Restated	\$ 362,557,350.56

**Note 20: 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.

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.

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 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 HSC does not unitize any of its endowments.

<b>Donor- Restricted Endowment</b>	<b>Amounts of Net Appreciation</b>	<b>Reported in Net Assets</b>
Endowments	*	Restricted for Nonexpendable
Term Endowments	0.00	Restricted for Nonexpendable
Endowments	0.00	Restricted for Expendable
	<u>\$0.00</u>	

\* There was no appreciation in the fair value of donor-restricted endowments during the current fiscal year. There was a negative fair value adjustment totaling (\$454,106.54).

### **Note 21: Pledged/Non-Pledged Revenues and Discounts and Allowances**

The State of Texas reports revenues used as security for revenue bonds as pledged revenues for its Proprietary Funds. It also reports revenues net of discounts and allowances in Proprietary Funds. Allowances for accounts and notes receivable are calculated based on historical experience. Scholarship discounts and allowances to tuition and other fee revenues are calculated using the NACUBO Alternate Method allocation process described in NACUBO Advisory Report 2000-05. The classification of pledged and non-pledged revenues and discounts and allowances that relate to each major source of revenue are shown below:

<b>Revenue</b>	<b>Gross Receipts Pledged</b>	<b>Gross Receipts Non-Pledged</b>	<b>Discounts and Allowances</b>	<b>Net Receipts</b>
Tuition and Fees	\$68,675,181.55	\$47,158,120.08	(\$13,546,646.65)	\$102,286,654.98
Professional Fees	0.00	27,507,257.23	0.00	27,507,257.23
Auxiliary Enterprises	24,259,038.74	1,853,218.25	(200,477.37)	25,911,779.62
Other Sales of Goods and Services	0.00	12,870,464.56	0.00	12,870,464.56
	<u>\$92,934,220.29</u>	<u>\$89,389,060.12</u>	<u>(\$13,747,124.02)</u>	<u>\$168,576,156.39</u>

## Note 22: Management Discussion and Analysis

- Two new bond issues sold last year –
  1. Revenue Financing System, Series 2001 - \$33,860,000 - Bonds sold December 2001  
the Bonds are being issued for the purposes of (1) acquiring, purchasing, constructing, improving and equipping a student-oriented recreation facility (the "Recreation Center") at the University of North Texas, (2) paying the municipal bond insurance premium for the Bonds, (3) paying capitalized interest on the Bonds, and (4) paying certain costs of issuing the Bonds.

Upon completion of the building before the Fall of 2003, the students will be charged a Recreational Sports Fee each semester that will pay the debt service and most of the operating costs of the building. Debt service is also covered by the Pledged Revenues of the Participants of the University of North Texas Revenue Financing System

2. Revenue Financing System Series 2002 - \$63,470,000 – Bonds sold August 2002

The Bonds are being issued for the purpose of (1) acquiring, purchasing, constructing, improving, renovating, enlarging and equipping a new science building for the University and the renovation of existing space at the University's Research Park and the acquisition and renovation of two existing private housing facilities, and a new Biotechnology Center and School of Public Health at the Health Science Center at Fort Worth (2) paying the municipal bond insurance premium for the Bonds, (3) paying capitalized interest on the Bonds and (4) paying certain costs of issuing the Bonds.

Funds to cover the debt service on this bond issue are appropriated by the Legislature and also include Pledged Revenues of the Participants of the University of North Texas System Revenue Financing System

- Gift of land to the University for the System Center at Dallas – 260.5 acres valued at \$5,536,728
- Major purchase of property at the University – purchase of former Texas Instruments property now known as the University's Research Park. The purchase price was just under \$9,000,000. The property includes an estimated 285 acres with 553,000 square feet of buildings.
- Currently known subsequent facts that may have a significant effect on financial position:
  1. An additional bond issue was sold after the end of the current fiscal year in October 2002, Revenue Financing Series, 2002A, \$9,500,000

The Bonds are being issued for the purposes of (1) acquiring, purchasing, constructing, improving and equipping a dormitory at the University of North Texas, (2) paying the municipal bond insurance premium for the Bonds, (3) paying capitalized interest on the Bonds, and (4) paying certain costs of issuing the Bonds.

Debt service on this bond issue is to be paid from University Housing revenues collected from the newly constructed dormitory and the Pledged Revenues of the Participants of the University of North Texas Revenue Financing System.

2. The University has a contractual commitment extending over three fiscal years to purchase property from a private school in Denton. The initial payment of \$50,000 was made in the current fiscal year, and the remaining payments totaling \$5,100,000 will be made over the next two fiscal years. All contractual payments will be made from University operating funds. Title to the property will not pass to the University until fiscal year 2004. The long-term liability is not recorded on the University's books as title will not pass and full possession of the property does not occur until the last payment is made in fiscal year 2004.

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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, 2002**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
<b>U.S. Department of Agriculture</b>					
Direct Programs:				\$ -	\$ -
Forestry Incentives Program	10.064				
Pass Through From:					
Texas Department of Human Services					
Summer Food Services Program for Children	10.559		324	832.96	
Total Department of Agriculture				<u>832.96</u>	<u>-</u>
<b>U.S. Department of Housing &amp; Urban Development</b>					
Direct Programs:					
Office of Policy Development & Research					
Interest Subsidy for College Housing					
Debt Service Grant	14.000	CH TEX 293			-
Total Department of Housing & Urban Development				<u>-</u>	<u>-</u>
<b>U.S. Department of Defense-U.S. Army</b>					
Direct Programs:					
High Density Lipoprotein Complexes	12.420				
Neuroprotection from Brain Injury	12.420				
Total U.S. Department of Defense-U.S. Army				<u>-</u>	<u>-</u>
<b>U.S. Department of Justice</b>					
Direct Programs:					
Office of Justice Programs					
Bulletproof Vest Partnership Program	16.607				
Spermatozoa Capture	16.560				
Office of Community-Oriented Policing Services					
Troops to COPS	16.711				
Total Department of Justice				<u>-</u>	<u>-</u>
<b>National Foundation on the Arts &amp; Humanities</b>					
Direct Programs:					
Institute of Museum and Library Services					
National Leadership Grants	45.312				
Total National Foundation on the Arts & Humanities				<u>-</u>	<u>-</u>
<b>National Science Foundation</b>					
Pass Through From:					
Collin County Community College District					
Engineering Grants	47.041	75-2037156			25,919.29
Mathematical Science Research					
Mathematical and Physical Sciences	47.049	94-2650833			18,868.95
Total National Science Foundation				<u>-</u>	<u>44,788.24</u>
<b>U.S. Department of Veteran's Affairs</b>					
Pass Through From:					
Datatrac Information Service					
Contract: Cybersecurity Program Support	64.000	31-0721568			105,967.92
Total Department of Veteran's Affairs				<u>-</u>	<u>105,967.92</u>
<b>Federal Emergency Management Agency</b>					
Direct Programs:					
First Responder Counter-Terrorism Training					
Assistance	83.547				
Total Federal Emergency Management Agency				<u>-</u>	<u>-</u>
<b>U.S. Department of Education</b>					
Direct Programs:					
TRIO-Student Support Services	84.042				
TRIO-Talent Search	84.044				
TRIO-Upward Bound	84.047				
Rehabilitation Long-Term Training	84.129				
Fund for the Improvement of Education	84.215				
TRIO: McNair Post-Baccalaureate Achievement	84.217				
Rehabilitation Training: Continuing Education	84.264				



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		
\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
13,735.73	13,735.73			13,735.73	13,735.73	13,735.73
	832.96			832.96	832.96	832.96
13,735.73	14,568.69		-	14,568.69	14,568.69	14,568.69
84,004.00	84,004.00			84,004.00	84,004.00	84,004.00
84,004.00	84,004.00		-	84,004.00	84,004.00	84,004.00
34,795.07	34,795.07			34,795.07	34,795.07	34,795.07
178,375.25	178,375.25			178,375.25	178,375.25	178,375.25
213,170.32	213,170.32		-	213,170.32	213,170.32	213,170.32
1,637.49	1,637.49			1,637.49	1,637.49	1,637.49
66,687.34	66,687.34			66,687.34	66,687.34	66,687.34
35,045.70	35,045.70			35,045.70	35,045.70	35,045.70
103,370.53	103,370.53		-	103,370.53	103,370.53	103,370.53
158,496.41	158,496.41			158,496.41	158,496.41	158,496.41
158,496.41	158,496.41		-	158,496.41	158,496.41	158,496.41
	25,919.29			25,919.29	25,919.29	25,919.29
	18,868.95			18,868.95	18,868.95	18,868.95
-	44,788.24		-	44,788.24	44,788.24	44,788.24
	105,967.92			105,967.92	105,967.92	105,967.92
-	105,967.92		-	105,967.92	105,967.92	105,967.92
18,231.52	18,231.52			18,231.52	18,231.52	18,231.52
18,231.52	18,231.52		-	18,231.52	18,231.52	18,231.52
318,850.39	318,850.39			318,850.39	318,850.39	318,850.39
347,529.18	347,529.18			347,529.18	347,529.18	347,529.18
602,377.45	602,377.45			602,377.45	602,377.45	602,377.45
145,528.74	145,528.74			145,528.74	145,528.74	145,528.74
1,688.22	1,688.22			1,688.22	1,688.22	1,688.22
470,816.54	470,816.54			470,816.54	470,816.54	470,816.54
501,730.63	501,730.63			501,730.63	501,730.63	501,730.63

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Special Education-Personnel preparation to Improve Services and Results for Children with Disabilities	84.325				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334				
Pass Through From:					
Texas Education Agency					
Vocational Education: Basic Grants to States	84.048		701	309,115.02	
American String Teachers					
Fund for the Improvement of Postsecondary Educ.	84.116	32-2676115			10,338.57
Western Illinois University					
Star Schools	84.203	37-0910458			6,480.00
Texas Higher Education Coordinating Board					
Eisenhower Professional Development State Grants	84.281		781	8,107.13	
University of Texas at Austin					
Eisenhower Professional Development State Grants	84.281		721	22,832.63	
SW Educational Development Lab					
Regional Technology in Education Consortium	84.302	74-1545918			244,352.27
Allen ISD					
Technology Innovation Challenge Grants	84.303	74-6001932			21,750.37
Int'l Society/Technology in Education					
Preparing Tomorrow's Teachers to Use Technology	84.342	93-0746782			212,667.60
Total Department of Education				340,054.78	495,588.81
<b>U.S. Department of Health &amp; Human Services</b>					
Direct Programs:					
Maternal and Child Health Federal Consolidated Program	93.110				
Administration for Children and Families					
Pass Through From:					
Texas Department of Health					
Immunization Grants	93.268		501	139,745.18	
Nat'l Youth Sports Program					
Community Services Block Grant-Discretionary	93.570	44-0567264			66,533.03
Texas Dept. of Protective & Regulatory Services					
Community-Based Family Resource & Support Grants	93.590		530	29,344.73	
Foster Care: Title IV-E	93.658		530	140,795.45	
Baylor College of Medicine					
Geriatric Education Center	93.969	74-1613878			22,099.15
Texas Department of Health					
Maternal and Child Health Services Block Grant to the States	93.994		501	799.69	
Total Department of Health & Human Services				310,685.05	88,632.18
<b>Corporation for National &amp; Community Service</b>					
Direct Programs:					
Volunteers in Service to America (VISTA)	94.013				
Pass Through From:					
Texas Workforce Commission					
AmeriCorps	94.006		320	270,883.20	
Total Corporation for National & Community Service				270,883.20	-
<b>Student Financial Assistance Cluster:</b>					
<b>U.S. Department of Commerce</b>					
Direct Programs:					
Department of Commerce					
Special Amer. Business Internship Training Program	11.114				
<b>National Science Foundation</b>					
Direct Programs:					
Biological Sciences	47.074				
Education and Human Resources	47.076				
<b>U. S. Department of Education</b>					
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				

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		
892,557.13	892,557.13				892,557.13	892,557.13
944,235.29	944,235.29				944,235.29	944,235.29
	309,115.02				309,115.02	309,115.02
	10,338.57				10,338.57	10,338.57
	6,480.00				6,480.00	6,480.00
	8,107.13				8,107.13	8,107.13
	22,832.63				22,832.63	22,832.63
	244,352.27				244,352.27	244,352.27
	21,750.37				21,750.37	21,750.37
	212,667.60				212,667.60	212,667.60
<u>4,225,313.57</u>	<u>5,060,957.16</u>		<u>-</u>	<u>-</u>	<u>5,060,957.16</u>	<u>5,060,957.16</u>
7,536.92	7,536.92				7,536.92	7,536.92
	139,745.18				139,745.18	139,745.18
	66,533.03				66,533.03	66,533.03
	29,344.73				29,344.73	29,344.73
	140,795.45				140,795.45	140,795.45
	22,099.15				22,099.15	22,099.15
	799.69				799.69	799.69
<u>7,536.92</u>	<u>406,854.15</u>		<u>-</u>	<u>-</u>	<u>406,854.15</u>	<u>406,854.15</u>
11,986.12	11,986.12				11,986.12	11,986.12
	270,883.20				270,883.20	270,883.20
<u>11,986.12</u>	<u>282,869.32</u>		<u>-</u>	<u>-</u>	<u>282,869.32</u>	<u>282,869.32</u>
26,450.00	26,450.00				26,450.00	26,450.00
3,423.66	3,423.66				3,423.66	3,423.66
44,365.15	44,365.15				44,365.15	44,365.15
1,552,686.67	1,552,686.67				1,552,686.67	1,552,686.67
73,390,662.96	73,390,662.96				73,390,662.96	73,390,662.96
844,115.36	844,115.36				844,115.36	844,115.36

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Federal Perkins Loan Program					
New Loans Processed	84.038				
Administrative Costs Recovered	84.038				
Federal Pell Grant Program	84.063				
National Institute on Postsecondary Education, Libraries, and Lifelong Learning	84.309				
<b>U.S. Dept. of Health and Human Services</b>					
Direct Programs:					
Health Professions/Disadvantaged Student Loans	93.342				
Scholarships for Students of Exceptional Financial Need	93.82				
Total Student Financial Assistance Cluster				-	-
<b>Research and Development Cluster:</b>					
<b>U.S. Department of Agriculture</b>					
Direct Programs:					
Grants for Agriculture Research-Competitive Research Grants	10.206				
Pass Through From:					
Texas Department of Human Services Summer Food Service Program for Children	10.559		324	11,311.25	
<b>U.S. Department of Commerce</b>					
Direct Programs:					
National Institute for Standards & Technology Measurement & Engineering Res & Stds	11.609				
Pass Through From:					
Zyvez Corporation	11.612	75-2704601			17,100.44
<b>U.S. Department of Defense</b>					
Direct Programs:					
Collaborative Research and Development	12.114				
Basic & Applied Scientific Research	12.300				
Basic Scientific Research	12.431				
Mathematical Sciences Grants Program	12.901				
Research and Technology Development	12.910				
Pass Through From:					
Wendy Lopez & Associates					
Collaborative Research and Development Southern University	12.114	75-2249945			7,311.00
Basic and Applied Scientific Research	12.300	32-2722901			10,815.04
<b>U.S. Department of Housing &amp; Urban Development</b>					
Office of Policy Development & Research					
Direct Programs:					
Community Outreach Partnership Center Program	14.511				
Community Planning and Development					
Pass Through From:					
City of Dallas Community Development Block Grants/ State's Program	14.228	75-6000508			1,181.45
<b>U.S. Department of Interior</b>					
Bureau of Land Management					
Direct Programs:					
Historic Preservation Fund Grants-In-Aid	15.904				
Pass Through From:					
Northern Arizona University Cooperative Inspection Agreements with States and Tribes	15.222	86-6004791			7,832.02
<b>Fish and Wildlife Service</b>					
Pass Through From:					
Arkansas Game & Fish Commission					
Fish & Wildlife Management Assistance	15.608	71-6006567			3,464.85
Texas Agricultural Experiment Station Assistance to State Water Resources Research					

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		
675,501.00	675,501.00				675,501.00	675,501.00
13,842.39	13,842.39				13,842.39	13,842.39
11,476,383.18	11,476,383.18				11,476,383.18	11,476,383.18
6,042.60	6,042.60				6,042.60	6,042.60
80,000.00	80,000.00				80,000.00	80,000.00
3,782.00	3,782.00				3,782.00	3,782.00
<u>88,117,254.97</u>	<u>88,117,254.97</u>		<u>-</u>	<u>-</u>	<u>88,117,254.97</u>	<u>88,117,254.97</u>

146,626.99	146,626.99				146,626.99	146,626.99
	11,311.25				11,311.25	11,311.25
493.56	493.56				493.56	493.56
	17,100.44				17,100.44	17,100.44
571,614.64	571,614.64				571,614.64	571,614.64
41,731.16	41,731.16				41,731.16	41,731.16
651,780.53	651,780.53				651,780.53	651,780.53
12,665.90	12,665.90				12,665.90	12,665.90
704,877.03	704,877.03				704,877.03	704,877.03
	7,311.00				7,311.00	7,311.00
	10,815.04				10,815.04	10,815.04
9.37	9.37				9.37	9.37
	1,181.45				1,181.45	1,181.45
1,690.69	1,690.69				1,690.69	1,690.69
	7,832.02				7,832.02	7,832.02
	3,464.85				3,464.85	3,464.85

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	15.805		556	4,571.65	
<b>U.S. Department of Justice</b>					
Office of Justice Programs					
Direct Programs:					
Criminal Justice Research & Development:					
Graduate Research Fellowships	16.562				
<b>U.S. Department of Labor</b>					
Pass Through From:					
Tarrant County Workforce Development Board					
WIA Adult Program	17.258	75-2681216			8,622.92
<b>U.S. Department of State</b>					
Bureau of Educational and Cultural Affairs					
Direct Programs:					
Professional Development-Teacher Training	19.419				
<b>Federal Mediation and Conciliation</b>					
Direct Programs:					
Labor Mediation and Conciliation	34.001				
<b>National Aeronautics &amp; Space Administration</b>					
Direct Programs:					
Aerospace Education Services Program	43.001				
Pass Through From:					
California Institute/Technology					
Contract: Measurement of Isotopic Composition of Iron Oxides	43.000	32-2682089			4,960.12
<b>National Foundation on the Arts &amp; the Humanities</b>					
Direct Programs:					
National Endowment for the Humanities					
Promotion of the Humanities: Fellowships and Stipends	45.160				
Office of Museum Services					
Institute of Museum & Library Services	45.301				
<b>National Science Foundation</b>					
Direct Programs:					
Engineering Grants	47.041				
Mathematical and Physical Sciences	47.049				
Geosciences	47.050				
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 Alaska					
Biological Sciences	47.074	92-60000147			4,270.48
Washington University					
Computer and Information Science and Engineering	47.070	43-0653611			45,550.71
University of Puerto Rico					
Biological Sciences	47.074	66-0433760			27,976.97
US Civilian Research and Development					
Social, Behavioral, and Economic Sciences	47.075	54-1773406			2,984.50
<b>Environmental Protection Agency</b>					
Direct Programs:					
Office of Administration					
Surveys, Studies, Investigations & Special Purpose	66.606				
Office of Grants and Debarment					
Training and Fellowships for the Environmental Protection Agency	66.607				
Office of Prevention, Pesticides, and Toxic Substances					
Environmental Justice through Pollution Prevention Grants	66.711				
Pass Through From:					
Parsons Engineering					
Water Quality Cooperative Agreements	66.463	95-3047593			6,781.48
IT Corporation					
Great Lakes Program	66.469	94-1259053			1,155.64
City of Denton					
Environmental Protection Consolidated Research	66.500	75-6000514			40,761.21
University of Dayton Research Institute					
Pollution Prevention Grants Program	66.708	31-0536715			41,963.86
<b>U.S. Department of Energy</b>					
Direct Programs:					
Office of Energy Efficiency & Renewable Energy					
State Energy Program	81.041				

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		
	4,571.65				4,571.65	4,571.65
144,925.00	144,925.00				144,925.00	144,925.00
	8,622.92				8,622.92	8,622.92
285,429.54	285,429.54				285,429.54	285,429.54
59,559.22	59,559.22				59,559.22	59,559.22
169,136.32	169,136.32				169,136.32	169,136.32
	4,960.12				4,960.12	4,960.12
35,000.00	35,000.00				35,000.00	35,000.00
57,678.60	57,678.60				57,678.60	57,678.60
227,545.39	227,545.39				227,545.39	227,545.39
595,712.44	595,712.44				595,712.44	595,712.44
61,585.25	61,585.25				61,585.25	61,585.25
241,088.70	241,088.70				241,088.70	241,088.70
246,487.33	246,487.33				246,487.33	246,487.33
145,727.58	145,727.58				145,727.58	145,727.58
400,411.13	400,411.13				400,411.13	400,411.13
	4,270.48				4,270.48	4,270.48
	45,550.71				45,550.71	45,550.71
	27,976.97				27,976.97	27,976.97
	2,984.50				2,984.50	2,984.50
3,911.33	3,911.33				3,911.33	3,911.33
6,891.68	6,891.68				6,891.68	6,891.68
257.18	257.18				257.18	257.18
	6,781.48				6,781.48	6,781.48
	1,155.64				1,155.64	1,155.64
	40,761.21				40,761.21	40,761.21
	41,963.86				41,963.86	41,963.86
84,977.88	84,977.88				84,977.88	84,977.88

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Office of Science					
Office of Science Financial Assistance Program	81.049				
<b>U.S. Department of Education</b>					
Direct Programs:					
Office of Special Education & Rehabilitative Services					
Special Education: Grants to States	84.027				
Rehabilitation Long-Term Training	84.129				
Rehabilitation Training: Continuing Education	84.264				
Special Education: Personnel Preparation to Improve Services & Results for Children with Disabilities	84.325				
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				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334				
Preparing Tomorrow's Teachers to Use Technology	84.342				
Pass Through From:					
Texas Education Agency					
Vocational Education-Basic Grants to States	84.048		701	1,351.79	
Western Illinois University					
Star Schools	84.203	37-0910458			402,245.23
University of Arkansas					
Rehabilitation Training-Continuing Education	84.264	69-0710428			0.73
Port Neches					
Goals 2000-State & Local Education Systematic Improvement Grants	84.276	74-6001932			0.50
University of Texas at Austin					
Goals 2000-State & Local Education Systematic Improvement Grants	84.276		721	20,238.69	
Allen ISD					
Technology Innovation Grants	84.303	74-6001932			209,937.80
Denton ISD					
Technology Literacy Challenge Fund Grants	84.318	75-6001316			14,912.16
Educational Service Center (Region IX)					
Technology Literacy Challenge Fund Grants	84.318	75-1246742			6,003.97
Educational Service Center (Region XX)					
Technology Literacy Challenge Fund Grants	84.318	74-1587461			5,778.96
Educational Service Center (Region I)					
Technology Literacy Challenge Fund Grants	84.318	74-1588186			15,100.10
Educational Service Center (Region XIV)					
Technology Literacy Challenge Fund Grants	84.318	75-1247834			8,520.00
Educational Service Center (Region VIII)					
Technology Literacy Challenge Fund Grants	84.318	75-1246741			17,410.86
Texas Education Agency					
Technology Literacy Challenge Fund Grants	84.318		701	187,300.68	
McAllen ISD					
Technology Literacy Challenge Fund Grants	84.318	74-6001658			10,597.03
Coolidge ISD					
Technology Literacy Challenge Fund Grants	84.318	74-6005634			12,732.98
Educational Service Center (Region XIII)					
Technology Literacy Challenge Fund Grants	84.318	74-1590208			12,347.28
Crandall ISD					
Technology Literacy Challenge Fund Grants	84.318	75-6012258			564.42
Liberty Eylan ISD					
Technology Literacy Challenge Fund Grants	84.318	75-1424165			66.35
New Braunfels ISD					
Technology Literacy Challenge Fund Grants	84.318	74-6017811			325.57
Groesbeck ISD					
Technology Literacy Challenge Fund Grants	84.318	74-6010162			1,321.40
Cal Allen ISD					
Technology Literacy Challenge Fund Grants	84.318	74-6000464			(0.50)
University of Texas at San Antonio					
Preparing Tomorrow's Teachers to Use Technology	84.342		743	12,049.05	
University of Texas at Austin					
Preparing Tomorrow's Teachers to Use Technology	84.342		721	14,793.73	
Pass Through To:					
University of Texas at Austin					
Preparing Tomorrow's Teachers to Use Technology	84.342				
<b>U.S. Department of Health &amp; Human Services</b>					



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		
64,579.56	64,579.56				64,579.56	64,579.56
(0.01)	(0.01)				(0.01)	(0.01)
876,963.85	876,963.85				876,963.85	876,963.85
126,127.76	126,127.76				126,127.76	126,127.76
(1,381.03)	(1,381.03)				(1,381.03)	(1,381.03)
135.19	135.19				135.19	135.19
15,959.98	15,959.98				15,959.98	15,959.98
89,804.27	89,804.27				89,804.27	89,804.27
91,919.47	91,919.47				91,919.47	91,919.47
899,606.99	899,606.99				899,606.99	899,606.99
	1,351.79				1,351.79	1,351.79
	402,245.23				402,245.23	402,245.23
	0.73				0.73	0.73
	0.50				0.50	0.50
	20,238.69				20,238.69	20,238.69
	209,937.80				209,937.80	209,937.80
	14,912.16				14,912.16	14,912.16
	6,003.97				6,003.97	6,003.97
	5,778.96				5,778.96	5,778.96
	15,100.10				15,100.10	15,100.10
	8,520.00				8,520.00	8,520.00
	17,410.86				17,410.86	17,410.86
	187,300.68				187,300.68	187,300.68
	10,597.03				10,597.03	10,597.03
	12,732.98				12,732.98	12,732.98
	12,347.28				12,347.28	12,347.28
	564.42				564.42	564.42
	66.35				66.35	66.35
	325.57				325.57	325.57
	1,321.40				1,321.40	1,321.40
	(0.50)				(0.50)	(0.50)
	12,049.05				12,049.05	12,049.05
	14,793.73				14,793.73	14,793.73
142,198.76	142,198.76	721	142,198.76		-	142,198.76

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:					
IPA Mobility Program	27.011				
Biological Response to Environmental Health Hazards	93.113				
Centers for Disease Control and Prevention					
CDC - Task Orders	93.000	100-2001-00084			
Injury Prevention and Control Research and State and Community Based Programs	93.136				
Grants for Faculty Training Projects in Geriatric Medicine	93.156				
Research and Training in Complementary and Alternative Medicine	93.213				
Research on Healthcare Costs, Quality & Outcomes	93.226				
Alcohol Research Programs	93.273				
Drug Abuse Research Programs	93.279				
CDC Investigations and Technocal Assistance	93.283				
Grants for Graduate Training in Family Medicine	93.379				
Cancer Detection & Diagnosis Research	93.394				
Cancer Treatment Research	93.395				
Cancer Biology Research	93.396				
Cancer Research Manpower	93.398				
Cell Biology and Biophysics Research	93.821				
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853				
Arthritis, Musculoskeletal and Skin Diseases Research	93.846				
Diabetes, Endocrinology and Metabolism Research	93.847				
Academic Research Enhancement Award	93.390				
Microbiology and Infectious Diseases Research	93.856				
Pharmacological Sciences	93.859				
Aging Research	93.866				
Vision Research	93.867				
Grants for Physician Assistance Training Program	93.886				
Grants for Predoctoral Training in Family Medicine	93.896				
School for Hlth. Prof. Students from Disadvantaged Backgrounds	93.925				
Special Minority Initiatives	93.960				
Academic Administrative Units in Primary Care	93.984				
Pass Through From:					
Texas Department of Health					
Abstinence Education	93.235		501	52,744.34	
Immunization Grants	93.268		501	24,091.58	
UT Health Science Center at Houston					
Public Health Training Centers	93.249	D20HP00011	744	145,928.01	
Texas Dept. of Protective & Regulatory Services					
Community-Based Family Resource and Support Grant	93.590		530	76,026.62	
Foster Care: Title IV-E	93.658		530	(708.73)	
Baylor College of Medicine					
Grants for Geriatric Education Centers	93.969	74-1613878			(66.39)
UT Southwest-Dallas					
Heart and Vascular Diseases Research	93.837	GMO 0-0976	729	68,529.60	
Allergy Research	93.855	GMO 0-00004	729	13,278.28	
<b>Corporation for National and Community Svcs.</b>					
Pass Through From:					
Texas Workforce Commission					
AmeriCorps	94.006		320	212.06	
Total R&D Cluster Programs				631,718.60	950,531.14
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<u>\$ 1,554,174.59</u>	<u>\$ 1,685,508.29</u>

Note 1: Nonmonetary Assistance  
There were no programs involving non-monetary assistance.

Note 2: Reconciliation  
Federal Revenues - per SCRECNA  
Federal Grants and Contracts 32,746,000.39  
Federal Pass-Through Grants from Other State Agencies/Universities 1,554,174.59  
Less Reconciling Items:  
Non-Monetary Programs -  
Total Federal Pass-Through Grants from other State Agencies 1,554,174.59  
Total Federal Revenues per SCRECNA 34,300,174.98

Reconciling Items:

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		
15,892.84	15,892.84				15,892.84	15,892.84
229,738.19	229,738.19				229,738.19	229,738.19
73,577.70	73,577.70				73,577.70	73,577.70
346,652.22	346,652.22				346,652.22	346,652.22
331,146.76	331,146.76				331,146.76	331,146.76
406,878.69	406,878.69				406,878.69	406,878.69
5,001.18	5,001.18				5,001.18	5,001.18
103,262.73	103,262.73				103,262.73	103,262.73
932,564.77	932,564.77				932,564.77	932,564.77
525,531.02	525,531.02				525,531.02	525,531.02
481.76	481.76				481.76	481.76
690.12	690.12				690.12	690.12
63,736.58	63,736.58				63,736.58	63,736.58
228,460.26	228,460.26				228,460.26	228,460.26
3,420.63	3,420.63				3,420.63	3,420.63
252,718.73	252,718.73				252,718.73	252,718.73
40,287.18	40,287.18				40,287.18	40,287.18
69,510.02	69,510.02				69,510.02	69,510.02
42,256.38	42,256.38				42,256.38	42,256.38
26,266.47	26,266.47				26,266.47	26,266.47
860,497.41	860,497.41				860,497.41	860,497.41
(6,631.82)	(6,631.82)				(6,631.82)	(6,631.82)
82,895.69	82,895.69				82,895.69	82,895.69
301,875.02	301,875.02				301,875.02	301,875.02
12,277.79	12,277.79				12,277.79	12,277.79
84,221.87	84,221.87				84,221.87	84,221.87
77,182.00	77,182.00				77,182.00	77,182.00
70,194.81	70,194.81				70,194.81	70,194.81
23,175.27	23,175.27				23,175.27	23,175.27
	52,744.34				52,744.34	52,744.34
	24,091.58				24,091.58	24,091.58
4,109.49	150,037.50				150,037.50	150,037.50
	76,026.62				76,026.62	76,026.62
	(708.73)				(708.73)	(708.73)
	(66.39)				(66.39)	(66.39)
1,721,341.76	1,789,871.36	714	10,206.92		1,779,664.44	1,789,871.36
(7,724.65)	5,553.63				5,553.63	5,553.63
	212.06				212.06	212.06
14,125,218.10	15,707,467.84		152,405.68	-	15,555,062.16	15,707,467.84
\$ 107,078,318.19	\$ 110,318,001.07		\$ 152,405.68	\$ -	\$ 110,165,595.39	\$ 110,318,001.07

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>U.S. Department of Education</i>				
84.032 Fed Fam Ed Loan Prg	73,390,662.96	0.00	73,390,662.96	0.00
84.038 Federal Perkins Loan	675,501.00	13,842.39	689,343.39	4,722,557.10
<i>Total U.S. Dept. of Education</i>	<u>74,066,163.96</u>	<u>13,842.39</u>	<u>74,080,006.35</u>	<u>4,722,557.10</u>
<i>U.S. Department of Health and Human Services</i>				
93.342 Health Professions/ Disadvantaged Student Loans	80,000.00	0.00	80,000.00	820,365.38

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Identifying Number	Pass Through From		
			Agy./ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Federal Grants and Contracts (Indirect/Administrative Cost Recoveries)					1,635,252.45
Pass Through to State Entities					152,405.68
Pass Through to Other Entities					-
Non-Monetary Assistance:					-
Interest Subsidy HUD Grant					84,004.00
Disadvantaged Student Loans					80,000.00
New Loans Processed:					
Federal Family Education Loan Program					73,390,662.96
Federal Perkins Loan Program					675,501.00
<b>Total Pass-Through and Expenditures Per Federal Schedule</b>					<b>110,318,001.07</b>

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		
	<i>Total U.S. Dept. of Health/Human Svcs.</i>		80,000.00	0.00	80,000.00	820,365.38

Note 4: PVE Funds  
Not Applicable

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 Public 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  
Not Applicable

Note 7: Rebates from Special Supplemental Food Program for WIC  
Not Applicable

**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, 2002**

**Pass Through From State Agencies**

**To University of North Texas**

TX Infrastructure Board (Agy. # 367)	\$ -
HE3 Technology Advancement Grant	723,126.94
TIF University Libraries	595,653.18
TX Computer-Based Testing	178,952.63
TIF Intel Teach to the Future in Texas	542,082.64
Senior Technology Applications Academy	753,320.33
Needs Assessment: Study of TX Academic, Public & School	107,247.45
Texas Department of Health (Agy. # 501)	
BCH/GEA-Core	48,383.68
Bureau of Children's Health	460.00
TX Education Agency (Agy. #701)	
Texas Academy of Math and Science	341,595.60
THECB (Agy. # 781) - Developmental Education	55,363.00
THECB (Agy. # 781) - 5th Year Accounting	16,480.00
THECB (Agy. # 781) - Adv. Research Program	
Physics of Kinetic Confinement	16,447.00
Mujeras sanas: Virtual Bridges for the 21st Century	100,000.00
Synchronization Protocols for Wireless Multimedia Systems	98,400.00
Galaxy Evolution Templates	83,928.00
Three-Dimensional Electric Confinement of a Thermal Ion Plasma	40,000.00
Adjustment of prior years' allocation	2,392.62
THECB (Agy. # 781) - Adv. Technology Program	
Integration of Molecular Electronics with Scaled Silicon CMOS	199,666.00
Metal Gate Electrodes for High-K Dielectric Stacks	180,392.00
The Development of Nanostructured Hydrogels for Controlled Delivery of Bioactive Compounds	134,303.00
Self-assembled Silicide Nanostructures for Integrated Optoelectronics	239,000.00
Developing a New Ruthenium-based Diffusion Arier for Copper Interconnects	264,890.00
Single Event Upset in Integrated Circuits	200,000.00
Adjustment of prior years' allocation	(11,712.89)
THECB (Agy. # 781) - TX College Work Study	57,385.74
CB-Texas Grants	3,145,062.00
THECB (Agy. # 781) - Nursing & Allied Health	
A Texas Middle School Smoking Prevention and Cessation Program	55,132.00
A Texas Middle School Smoking Prevention and Cessation Program: A Continuation	51,706.50
Participating and Training in Health	55,358.25
THECB (Agy. # 781) - General Academic Enrollment Growth	96,410.00
	<hr/>
Total Pass Through From Other Agencies to UNT	\$ 8,371,425.67

**To UNT Health Science Center**

Texas Higher Education Coordinating Board (Agy. #781)	\$ -
Advanced Research Program	748,660.00
Advanced Tech Program	479,137.32
College Work Study Program	2,898.00
Family Practice Residency	500,767.74
Rural & Public Health Rotation	18,426.48
Res Phy Comp Program	170,176.12
Graduate Medical Education	<u>311,449.86</u>

Total Pass Through From Other Agencies to UNTHSC \$ 2,231,515.52

Total Pass Through From Other Agencies \$ 10,602,941.19

**Pass Through to State Agencies**

N/A \$ -

Total Pass Through To Other Agencies \$ -

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**

**Schedule 2A - Combined Miscellaneous Bond Information**

For the Fiscal Year Ended August 31, 2002

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	\$ 31,018,554.01	6.25% - 10.00%	1987	2003	04/15/95
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	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	15,535,000.00	5.00% - 5.75%	2000	2019	04/15/09
Rev Fin Sys Bonds, Ser '01	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
Total	<u>\$ 224,033,554.01</u>				

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**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2B - Combined Changes in Bonded Indebtedness**  
**For the Fiscal Year Ended August 31, 2002**

<b>Description of Issue</b>	<b>Bonds Outstanding 09/01/01</b>	<b>Bonds Issued</b>	<b>Bonds Matured or Retired</b>	<b>Bonds Refunded or Extinguished</b>	<b>Bonds Outstanding 08/31/02</b>	<b>Amounts Due Within One Year</b>
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	\$ 3,549,015.52	\$ 289,538.49	\$ 1,980,000.00	\$ -	\$ 1,858,554.01	\$ 1,975,000.00
UNT Cons Univ Rev Bonds, Ser '94	7,745,000.00	-	425,000.00	-	7,320,000.00	445,000.00
UNTHSC Gen Tuition Rev Bonds, Ser ' 94	2,310,000.00	-	415,000.00	-	1,895,000.00	435,000.00
UNT Cons Univ Rev Bonds, Ser '96	11,495,000.00	-	575,000.00	-	10,920,000.00	605,000.00
UNT Cons Univ Rev Ref Bonds, Ser '97	4,385,000.00	-	75,000.00	-	4,310,000.00	80,000.00
Rev Fin Sys Bonds, Ser '97	2,840,000.00	-	415,000.00	-	2,425,000.00	440,000.00
Rev Fin Sys Bonds, Ser '99	29,060,000.00	-	1,040,000.00	-	28,020,000.00	1,080,000.00
Rev Fin Ref & Imp Bonds, Ser '99A	14,680,000.00	-	405,000.00	-	14,275,000.00	425,000.00
Rev Fin Sys Bonds, Ser '01	-	33,860,000.00	-	-	33,860,000.00	-
Rev Fin Sys Bonds, Ser '02	-	63,470,000.00	-	-	63,470,000.00	2,945,000.00
<b>Total</b>	<b>\$ 76,064,015.52</b>	<b>\$ 97,619,538.49</b>	<b>\$ 5,330,000.00</b>	<b>\$ -</b>	<b>\$ 168,353,554.01</b>	<b>\$ 8,430,000.00</b>

\*

**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

\$ 168,353,554.01

**Unaudited**

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2C - Combined Debt Service Requirements**  
**For the Fiscal Year Ended August 31, 2002**

<b>Description of Issue</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Revenue Bonds</b>				
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B)				
Principal	\$ 1,975,000.00	\$ -	\$ -	\$ -
Interest	-	-	-	-
UNT Cons Univ Rev Bonds, Ser '94				
Principal	445,000.00	470,000.00	495,000.00	525,000.00
Interest	353,430.00	322,280.00	289,380.00	266,610.00
UNTHSC Gen Tuition Rev Bonds, Ser '94				
Principal	435,000.00	460,000.00	485,000.00	515,000.00
Interest	105,683.76	82,193.76	56,893.76	29,612.50
UNT Cons Univ Rev Bonds, Ser '96				
Principal	605,000.00	640,000.00	670,000.00	705,000.00
Interest	527,140.00	501,125.00	472,965.00	442,815.00
UNT Cons Univ Rev Ref Bonds, Ser '97				
Principal	80,000.00	2,090,000.00	2,140,000.00	-
Interest	206,825.00	203,065.00	103,790.00	-
Revenue Financing Sys Bonds, Ser '97				
Principal	440,000.00	460,000.00	485,000.00	510,000.00
Interest	117,792.50	91,392.50	70,692.50	48,625.00
Revenue Financing Sys Bonds, Ser '99				
Principal	1,080,000.00	1,135,000.00	1,185,000.00	1,240,000.00
Interest	1,451,732.52	1,403,132.52	1,350,638.78	1,294,351.28
Rev Fin Sys Ref & Imp Bonds, Ser '99A				
Principal	425,000.00	445,000.00	385,000.00	405,000.00
Interest	746,162.50	724,912.50	702,662.50	683,412.50
Revenue Financing Sys Bonds, Ser '01				
Principal	-	700,000.00	425,000.00	575,000.00
Interest	1,733,525.00	1,733,525.00	1,705,525.00	1,688,525.00
Revenue Financing Sys Bonds, Ser '02				
Principal	2,945,000.00	2,250,000.00	2,290,000.00	2,375,000.00
Interest	1,883,387.96	2,610,468.76	2,565,468.76	2,479,593.76
<b>Total</b>	<b>15,555,679.24</b>	<b>16,322,095.04</b>	<b>15,878,016.30</b>	<b>13,783,545.04</b>
Less Interest	7,125,679.24	7,672,095.04	7,318,016.30	6,933,545.04
<b>Total Principal</b>	<b>\$ 8,430,000.00</b>	<b>\$ 8,650,000.00</b>	<b>\$ 8,560,000.00</b>	<b>\$ 6,850,000.00</b>

<u>2007</u>	<u>2008-12</u>	<u>2013-17</u>	<u>2018-22</u>	<u>2023-27</u>	<u>Total Requirements</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,975,000.00
-	-	-	-	-	-
555,000.00	3,260,000.00	1,570,000.00	-	-	7,320,000.00
241,935.00	774,215.00	95,000.00	-	-	2,342,850.00
-	-	-	-	-	1,895,000.00
-	-	-	-	-	274,383.78
745,000.00	4,340,000.00	3,215,000.00	-	-	10,920,000.00
410,385.00	1,474,300.00	327,250.00	-	-	4,155,980.00
-	-	-	-	-	4,310,000.00
-	-	-	-	-	513,680.00
530,000.00	-	-	-	-	2,425,000.00
24,910.00	-	-	-	-	353,412.50
1,300,000.00	7,570,000.00	9,815,000.00	4,695,000.00	-	28,020,000.00
1,235,451.28	5,110,025.14	2,864,081.32	379,965.00	-	15,089,377.84
965,000.00	5,650,000.00	4,570,000.00	1,430,000.00	-	14,275,000.00
663,162.50	2,536,331.26	1,041,812.52	124,487.50	-	7,222,943.78
740,000.00	5,805,000.00	8,765,000.00	11,425,000.00	5,425,000.00	33,860,000.00
1,665,525.00	7,661,625.00	5,816,200.00	3,160,175.00	410,250.00	25,574,875.00
2,445,000.00	13,535,000.00	16,560,000.00	21,070,000.00	-	63,470,000.00
2,408,343.76	10,756,318.84	7,722,425.10	3,225,700.06	-	33,651,707.00
<u>13,929,712.54</u>	<u>68,472,815.24</u>	<u>62,361,768.94</u>	<u>45,510,327.56</u>	<u>5,835,250.00</u>	<u>257,649,209.90</u>
<u>6,649,712.54</u>	<u>28,312,815.24</u>	<u>17,866,768.94</u>	<u>6,890,327.56</u>	<u>410,250.00</u>	<u>89,179,209.90</u>
<u>\$ 7,280,000.00</u>	<u>\$40,160,000.00</u>	<u>\$44,495,000.00</u>	<u>\$38,620,000.00</u>	<u>\$ 5,425,000.00</u>	<u>\$ 168,470,000.00</u>

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2D - Combined Analysis of Funds Available for Debt Service**  
**For the Fiscal Year Ended August 31, 2002**

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2002							(a+b-c-d) Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	a Total Pledged Sources	b Other Sources	c Operating Expenses & Expenditures	d Capital Outlay	
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B), Cons Univ Rev Bonds, Ser '94 & '96 & Cons Univ Rev Ref Bonds, Ser '97	26,738,369.85	3,163,512.41	29,424,046.14	59,325,928.40	1,945,445.00	23,803,744.55	200,144.50	37,267,484.35
UNTHSC Gen Tuit Rev Bonds, Ser '94	-	-	4,099,411.86	4,099,411.86	542,678.74	-	-	4,642,090.60
Rev Fin Sys Bonds, Ser '97, '99, '99A '01 & '02	-	87,243.92	32,757,442.98	32,844,686.90	3,354,564.57	806,708.46	-	35,392,543.01
<b>Total</b>	<b>\$26,738,369.85</b>	<b>\$ 3,250,756.33</b>	<b>\$66,280,900.98</b>	<b>\$96,270,027.16</b>	<b>\$ 5,842,688.31</b>	<b>\$24,610,453.01</b>	<b>\$ 200,144.50</b>	<b>\$77,302,117.96</b>

Description of Issue	Debt Service		Refunded or Extinguished	Interest and Sinking Fund		Reserve Fund	
	Principal	Interest		Minimum	Actual	Minimum	Actual
UNT Cons Univ Rev Ref & Imp Bonds, Ser '85(B), Cons Univ Rev Bonds, Ser '94 & '96 & Cons Univ Rev Ref Bonds, Ser '97	3,055,000.00	1,154,520.00	-	N/A	N/A	2,425,962.31	2,425,962.31
UNTHSC Gen Tuit Rev Bonds, Ser '94	415,000.00	127,678.74	-	N/A	N/A	N/A	N/A
Rev Fin Sys Bonds, Ser '97, '99, '99A '01 & '02	1,860,000.00	3,046,669.06	-	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 5,330,000.00</b>	<b>\$ 4,328,867.80</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,425,962.31</b>	<b>\$ 2,425,962.31</b>

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 2E - Combined Defeased Bonds Outstanding**  
**For the Fiscal Year Ended August 31, 2002**

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
UNT Student General Fee Building Bonds, Series 1973	1985	\$ 1,995,000.00
UNT Combined Fee Revenue Refunding Bonds, Series 1978	1985	4,510,000.00
UNT Consolidated Univ Revenue Refunding Bonds, Series 1987	1997	4,315,000.00
UNTHSC General Tuition Revenue Bonds, Series 1994	1999	5,455,000.00
		<hr/> <u>\$ 16,275,000.00</u>

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 3 - Combined Reconciliation of Cash in State Treasury**  
**August 31, 2002**

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
UNT Local Revenue Fund 0258	\$ 12,258,025.07	\$ -	\$ 12,258,025.07
UNTHSC Fund 0280	2,454,822.61	-	2,454,822.61
UNTHSC Fund 0819	-	1,381,509.66	1,381,509.66
UNT Corr Acct for Dir Dep Fund 0980	1,975.00	-	1,975.00
<b>Total Cash in State Treasury (Stmt of Net Assets)</b>	<b><u>\$ 14,714,822.68</u></b>	<b><u>\$ 1,381,509.66</u></b>	<b><u>\$ 16,096,332.34</u></b>

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)**  
**Schedule 4 - Combined Higher Education Assistance Fund**  
**For the Fiscal Year Ended August 31, 2002**

	<u>Totals</u>
<b>Balance September 1, 2001</b>	<u>\$ 30,148,467.85</u>
<b>REVENUES</b>	
HEAF Appropriation	21,661,033.00
Other Revenues	(353,973.48)
Total Revenues	<u>21,307,059.52</u>
<b>EXPENSES</b>	
Salaries and Wages	530,893.88
Payroll Related Costs	25.08
Professional Fees and Services	660,984.02
Materials and Supplies	6,355,453.59
Communication and Utilities	65,183.33
Repairs and Maintenance	3,073,971.47
Rentals and Leases	252,913.58
Printing and Reproduction	3,261.12
Interest	-
Claims & Losses	866.52
Other Expenses	702,783.17
Total Expenses	<u>11,646,335.76</u>
<b>OTHER REVENUES(EXPENSES), GAINS/ (LOSSES) AND TRANSFERS</b>	
Purchase of Capital Assets	(20,167,326.49)
Special Items	-
Extraordinary Items	-
Transfers In	617,921.90
Transfers Out	-
Legislative Transfers	-
Legislative Transfers Out	-
Legislative Appropriations Lapsed	-
Total Other Revenues(Expenses), Gains/(Losses) and Transfers	<u>(19,549,404.59)</u>
<b>BALANCE AT AUGUST 31, 2002</b>	<u><u>\$ 20,259,787.02</u></u>