

**FINANCIAL REPORT**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM  
ADMINISTRATION**

**DENTON, TEXAS**

**Lee Jackson, Chancellor**

**For the year ended August 31, 2005**

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November 20, 2005

Lee Jackson  
Chancellor  
University of North Texas  
Denton, Texas

Dear Mr. Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2005, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Ginny Anderson, at (940) 565-3231. Liz Linder may be contacted at (940) 565-3214 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 ADMINISTRATION

## ORGANIZATIONAL DATA

August 31, 2005

### BOARD OF REGENTS

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

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

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

### OFFICERS OF THE BOARD

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

### ADMINISTRATIVE OFFICERS

Lee Jackson ..... Chancellor  
Phillip C. Diebel ..... Vice Chancellor for Finance  
Virginia E. Anderson ..... System Controller

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Net Assets**  
**August 31, 2005**

	Current Year 2005	Prior Year 2004
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 250.00	\$ 250.00
Cash in Bank	2,854,818.57	1,111,765.42
Reimbursements Due from Treasury	351,232.04	625,402.23
Cash in State Treasury	-	-
Cash Equivalents	-	-
Short Term Investments		
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	-
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Short-term Investments	-	-
Legislative Appropriations	2,459,539.85	3,756,815.88
Receivables from:		
Federal	-	-
Other Intergovernmental	-	-
Interest and Dividends	-	-
Accounts Receivable	87,984.42	142,550.00
Gifts Receivable	14,760.09	-
Other Receivables	-	15,641.40
Due From Other Agencies	-	-
Due From Other Components	33,692,053.92	5,244,716.16
Consumable Inventories	-	-
Merchandise Inventories	-	-
Loans and Contracts	-	-
Other Current Assets	-	-
<b>Total Current Assets</b>	<b>39,460,638.89</b>	<b>10,897,141.09</b>
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	-
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Investments	-	-
Loans and Contracts	-	-
Investments	-	-
Gifts Receivable	-	-
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	-	-
Construction in Progress	2,129,628.35	25,800.00
Library Books	-	-
Other Capital Assets	4,150.00	4,150.00
Depreciable		
Buildings and Building Improvements	-	-
Less Accumulated Depreciation	-	-
Infrastructure	-	-
Less Accumulated Depreciation	-	-

	<b>Current Year</b>	<b>Prior Year</b>
	<b>2005</b>	<b>2004</b>
Facilities and Other Improvement	-	-
Less Accumulated Depreciation	-	-
Furniture and Equipment	10,803,692.04	10,018,348.05
Less Accumulated Depreciation	(3,816,602.73)	(2,074,667.26)
Vehicles, Boats and Aircraft	15,171.00	15,171.00
Less Accumulated Depreciation	(6,321.25)	(3,287.05)
Other Capital Assets	-	-
Less Accumulated Depreciation	-	-
Other Non-Current Assets	-	-
Total Non-Current Assets	<u>9,129,717.41</u>	<u>7,985,514.74</u>
Total Assets	<u>48,590,356.30</u>	<u>18,882,655.83</u>
<b>LIABILITIES</b>		
Current Liabilities		
Payables from:		
Accounts Payable	911,319.70	918,435.28
Payroll Payable	683,252.68	333,380.62
Other Payables	-	710.39
Due to Other Funds	-	-
Due to Other Agencies	-	-
Due to Other Components	13,015,954.15	6,436,831.69
Deferred Revenues	-	-
Notes and Loans Payable	28,858,000.00	4,000,000.00
Revenue Bonds Payable	-	-
Employees Compensable Leave	16,991.49	78,638.25
Capital Lease Obligations	-	-
Liabilities Paid from Restricted Assets	-	-
Funds Held for Others	150.00	150.00
Other Current Liabilities	-	-
Total Current Liabilities	<u>43,485,668.02</u>	<u>11,768,146.23</u>
Non-Current Liabilities		
Notes and Loans Payable	-	-
Revenue Bonds Payable	-	-
Employees Compensable Leave	303,216.73	170,077.31
Capital Lease Obligations	-	-
Liabilities Paid from Restricted Assets	-	-
Funds Held for Others	-	-
Other Non-Current Liabilities	-	-
Total Non-Current Liabilities	<u>303,216.73</u>	<u>170,077.31</u>
Total Liabilities	<u>43,788,884.75</u>	<u>11,938,223.54</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	2,041,628.94	3,985,514.74
Restricted for:		
Debt Retirement	-	-
Capital Projects	-	-
Employee Benefits	-	-
Funds Held as Permanent Investments		
Non-Expendable	-	-
Expendable	-	-
Other Restricted	250.00	250.00
Unrestricted	2,759,592.61	2,958,667.55
Total Net Assets	<u>4,801,471.55</u>	<u>6,944,432.29</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 48,590,356.30</u>	<u>\$ 18,882,655.83</u>

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets**  
**For the Fiscal Year Ended August 31, 2005**

	<b>Current Year 2005</b>	<b>Prior Year 2004</b>
<b>OPERATING REVENUES</b>		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 1,200.00	\$ 12,075.00
Tuition and Fees - Pledged	-	-
Discounts and Allowances	-	-
Professional Fees - Non-Pledged	-	-
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	-	-
Auxiliary Enterprises - Pledged	-	-
Discounts and Allowances	-	-
Other Sales of Goods and Services - Non-Pledged	273,047.92	310,694.24
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	-	-
Federal Pass Through Revenue	-	-
State Grant Revenue	-	-
State Grant Pass Through Revenue	-	-
Other Grants and Contracts - Operating	-	-
Other Operating Revenues	-	-
Total Operating Revenues	274,247.92	322,769.24
<b>OPERATING EXPENSES (1)</b>		
Instruction	6,282,843.00	5,423,966.23
Research	-	-
Public Service	-	-
Academic Support	576,884.95	357,499.73
Student Services	-	-
Institutional Support	4,270,313.27	2,957,830.11
Operations and Maintenance of Plant	10,533.36	71,501.44
Scholarships and Fellowships	-	-
Auxiliary Enterprises	-	-
Depreciation	1,744,969.67	1,036,399.99
Total Operating Expenses	12,885,544.25	9,847,197.50
Operating Income (Loss)	(12,611,296.33)	(9,524,428.26)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations (GR)	4,556,352.00	4,556,428.00
Additional Appropriations (GR)	699,057.69	623,987.19
State Grant Pass Through Revenue	-	-
Gifts	64,760.09	-
Investment Income	11,674.60	7.54
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(16,548.08)	(11.04)
Borrower Rebates and Agent Fees	-	-
Gain (Loss) on Sale/Disposal of Capital Assets	-	-
Net Increase (Decrease) in Fair Value of Investments	-	-
Settlement of Claims	(3,583.28)	(2,008.89)



	<b>Current Year 2005</b>	<b>Prior Year 2004</b>
Other Nonoperating Revenues - Non-Pledged	-	-
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating (Expenses)	-	-
Total Nonoperating Revenues (Expenses)	<u>5,311,713.02</u>	<u>5,178,402.80</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(7,299,583.31)</u>	<u>(4,346,025.46)</u>
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS</b>		
Capital Contributions	-	-
Capital Appropriations - HEAF (GR)	-	-
Additions to Permanent and Term Endowments	-	-
Special Items	-	-
Extraordinary Items	-	-
Interagency Transfers Cap Assets - In	20,965.78	844,279.71
Interagency Transfers Cap Assets - Out	-	-
Transfers-In	3,927,703.85	5,848,629.32
Transfers-Out	(99,897.14)	-
Legislative Transfers-In	1,308,276.50	-
Legislative Transfers-Out	-	-
Lapsed Appropriations	(426.42)	-
Plant Additions	-	-
Capital Outlays	-	-
Change in Bonds Payable	-	-
Inter-Fund Allocations	-	-
Total Other Revenue, Expenses, Gains/Losses and Transfers	<u>5,156,622.57</u>	<u>6,692,909.03</u>
<b>CHANGE IN NET ASSETS</b>	<u>(2,142,960.74)</u>	<u>2,346,883.57</u>
Net Assets, Beginning	6,944,432.29	4,597,548.72
Restatements	-	-
Net Assets, Beginning, as Restated	<u>6,944,432.29</u>	<u>4,597,548.72</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 4,801,471.55</u>	<u>\$ 6,944,432.29</u>

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

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

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

For the Fiscal Year Ended August 31, 2005

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	3,379,593.88	-	-	43,653.52	-
Payroll Related Costs	301,706.86	-	-	5,583.07	-
Professional Fees and Services	18,998.72	-	-	1,132.20	-
Federal Pass-Through Expenses	-	-	-	-	-
State Govt. Pass-Through	-	-	-	-	-
Travel	1,781.32	-	-	28,424.68	-
Material and Supplies	234,501.87	-	-	355,256.67	-
Communication and Utilities	232,860.33	-	-	-	-
Repairs and Maintenance	62,781.04	-	-	10,250.25	-
Rentals and Leases	1,587,113.81	-	-	281.16	-
Printing and Reproduction	27,853.30	-	-	293.17	-
Depreciation	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Interest	-	-	-	-	-
Scholarships	-	-	-	76,000.00	-
Claims and Losses	-	-	-	-	-
Other Operating Expenses	435,651.87	-	-	56,010.23	-
<b>Total Operating Expenses</b>	<b>\$ 6,282,843.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 576,884.95</b>	<b>\$ -</b>

<b>Institutional Support</b>	<b>Operation and Maintenance of Plant</b>	<b>Scholarships and Fellowships</b>	<b>Auxiliary Enterprises</b>	<b>Depreciation</b>	<b>Total Expenditures</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,250,396.71	-	-	-	-	6,673,644.11
527,006.59	-	-	-	-	834,296.52
679,436.00	8,060.36	-	-	-	707,627.28
-	-	-	-	-	-
-	-	-	-	-	-
59,337.10	-	-	-	-	89,543.10
(526,100.79)	127.40	-	-	-	63,785.15
29,592.92	-	-	-	-	262,453.25
7,136.25	-	-	-	-	80,167.54
39,802.42	-	-	-	-	1,627,197.39
14,258.64	-	-	-	-	42,405.11
-	-	-	-	1,744,969.67	1,744,969.67
(24.35)	-	-	-	-	(24.35)
31.01	-	-	-	-	31.01
-	-	-	-	-	76,000.00
-	-	-	-	-	-
189,440.77	2,345.60	-	-	-	683,448.47
<b>\$ 4,270,313.27</b>	<b>\$ 10,533.36</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,744,969.67</b>	<b>\$ 12,885,544.25</b>

## Unaudited

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

#### Statement of Cash Flows

For the Fiscal Year Ended August 31, 2005

	Current Year 2005	Prior Year 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from Tuition and Fees	\$ 1,200.00	\$ 107,918.60
Proceeds Received from Customers	-	-
Proceeds from Sponsored Projects	-	-
Proceeds from Loan Programs	-	-
Proceeds from Auxiliaries	-	-
Proceeds from Other Revenues	343,254.90	56,659.24
Payments to Suppliers for Goods and Services	(3,563,749.53)	(2,140,605.71)
Payments to Employees for Salaries and Benefits	(7,086,575.91)	(4,235,273.31)
Payments for Loans Provided	-	-
Payments for Other Expenses	(76,000.00)	40,012.11
Net Cash Provided (Used) by Operating Activities	(10,381,870.54)	(6,171,289.07)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations	6,552,685.72	1,793,461.16
Proceeds from Debt Issuance	-	4,000,000.00
Proceeds from Legislative Transfers	-	-
Proceeds from Gifts	50,000.00	-
Proceeds from Endowments	-	-
Proceeds of Transfers from Other Agencies	-	-
Proceeds of Transfers from Other Components	7,234,094.93	6,897,287.82
Proceeds from Other Revenues	-	150.00
Proceeds from Contributed Capital	-	-
Payments of Principal on Debt Issuance	-	-
Payments of Interest	-	(11.04)
Payments of Other Costs of Debt Issuance	-	-
Payments for Transfers to Other Agencies	-	-
Payments for Transfers to Other Components	(99,897.14)	(3,827,851.00)
Payments for Other Uses	(4,009.70)	(2,008.89)
Net Cash Provided (Used) by Noncapital Financing Activities	13,732,873.81	8,861,028.05
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from State Appropriations - HEAF	-	-
Proceeds from Disposal of Capital Assets	-	-
Proceeds from Debt Issuance	27,195,149.00	-
Proceeds from Capital Contributions	-	-
Proceeds of Transfers from Other Components - HEAF	-	2,779,192.50
Payments for Additions to Fixed Assets	(2,868,206.56)	(3,836,353.42)
Payments of Principal on Debt Issuance	(2,337,149.00)	-
Payments of Interest on Debt Issuance	(17,258.47)	-
Payments of Other Costs of Debt Issuance	-	-
Payments for Transfers to Other Components-Commercial Paper	(16,550,000.00)	-
Payments for Transfers to Other Components	(7,316,329.88)	-
Net Cash Provided (Used) From Capital & Related Financing Activities	(1,893,794.91)	(1,057,160.92)

	<b>Current Year 2005</b>	<b>Prior Year 2004</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	-	-
Proceeds from Interest and Investment Income	11,674.60	7.54
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	-	-
Net Cash Provided (Used) by Investing Activities	<u>11,674.60</u>	<u>7.54</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,468,882.96	1,632,585.60
Cash and Cash Equivalents --September 1, 2004 and 2003	1,737,417.65	104,832.05
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents --August 31, 2005 and 2004	<u>\$ 3,206,300.61</u>	<u>\$ 1,737,417.65</u>
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 3,206,300.61	\$ 1,737,417.65
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	-	-
Restricted Short-term Investments (Statement of Net Assets)	-	-
	<u>\$ 3,206,300.61</u>	<u>\$ 1,737,417.65</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income /Loss(-)	(12,611,296.33)	(9,524,428.26)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	\$ 1,744,969.67	\$ 1,036,399.99
Bad Debt Expense	-	-
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	70,206.98	(158,191.40)
(Increase) Decrease in Inventories	-	-
(Increase) Decrease in Loans & Contracts	-	-
(Increase) Decrease in Other Assets	-	-
(Increase) Decrease in Prepaid Expenses	-	-
Increase (Decrease) in Payables	342,756.48	858,803.12
Increase (Decrease) in Due to Other Components	-	1,575,591.35
Increase (Decrease) in Deferred Income	-	-
Increase (Decrease) in Other Liabilities	71,492.66	40,536.13
Total Adjustments	<u>\$ 2,229,425.79</u>	<u>\$ 3,353,139.19</u>
Net Cash Provided by Operating Activities	<u>\$ (10,381,870.54)</u>	<u>\$ (6,171,289.07)</u>
<b>Non Cash Transactions</b>		
Net Increase (Decrease) in FMV of Investments	-	-
Amortization of Investment Premiums/(Discounts)	-	-
Donation of non-cash investment	-	-

\* Please see Note 1 to the NOTES TO THE FINANCIAL STATEMENTS regarding Cash and Cash Equivalents.

## Unaudited

**UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)**  
**Schedule 3 - Reconciliation of Cash in State Treasury**  
**August 31, 2005**

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
	\$ -	\$ -	\$ -
			-
	-----	-----	-----
<b>Total Cash in State Treasury (Stmnt of Net Assets)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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