

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DALLAS, TEXAS

Lee Jackson, Chancellor

For the fiscal year ended August 31, 2015



TABLE OF CONTENTS

Letter of Transmittal	5
Organizational Data	7
Statements	
Statement of Net Position	8-9
Statement of Revenues, Expenses and Changes in Net Position	10
Matrix of Operating Expenses Reported by Function	11
Statement of Cash Flows	12-13
Schedules	
2A Miscellaneous Bond Information	14
2B Changes in Bonded Indebtedness	15
2C Debt Service Requirements	16
2D Analysis of Funds Available for Debt Service	17
3 Reconciliation of Cash in State Treasury	19





November 18, 2015

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

Dear Chancellor Jackson:

We are pleased to submit the annual financial report of the University of North Texas System for the year ended August 31, 2015, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report* (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Jane-Anne Kanke (940) 565-3214.

Sincerely,

Jane-Anne Kanke, MBA
Senior Director, Financial Systems Support & Reporting
UNT System

Approved:

Janet Waldron
Vice Chancellor for Finance
System
Daniel Stephens, CPA, MBA
Associate Vice Chancellor for Finance & UNT
System Controller, UNT System



UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2015

BOARD OF REGENTS

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

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

Brint Ryan (*Term expires 5-22-21*) Dallas
A.K. Mago..... (*Term expires 5-22-21*) Dallas
Laura Wright (*Term expires 5-22-21*) Dallas

STUDENT REGENT

Courtney Haning (*Term expires 5-31-16*) Kaufman

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee F. Jackson Chancellor
Janet Waldron.....Vice Chancellor for Finance

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Net Position
As of August 31, 2015

	August 31, 2015
ASSETS	
Current Assets	
Cash and Cash Equivalents:	
Cash in Bank	\$ 715,150.30
Cash in State Treasury	162,818.71
Cash Equivalents	4,877,968.01
Restricted Cash and Cash Equivalents:	
Cash in Bank	172,191.97
Cash Equivalents	139,687.77
Legislative Appropriations	680,892.35
Receivables From:	
Accounts Receivable	1,434,264.54
Other Receivables	130,368.60
Due from Other Components	11,121,836.37
Consumable Inventories	7,882.95
Merchandise Inventories	15,449.50
Loans and Contracts	40,780.20
Other Current Assets	705,464.17
Total Current Assets	\$ 20,204,755.44
Non-Current Assets	
Investments (Note 3)	\$ 8,636,111.19
Capital Assets (Note 2):	
Non-Depreciable or Non-Amortizable	10,650,650.00
Depreciable or Amortizable, Net	43,173,907.79
Total Non-Current Assets	\$ 62,460,668.98
Total Assets	\$ 82,665,424.42
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	\$ 18,294,054.57
Total Deferred Outflows of Resources	\$ 18,294,054.57
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 100,959,478.99
LIABILITIES	
Current Liabilities	
Payables From:	
Accounts Payable	\$ 2,060,631.16
Payroll Payable	3,830,846.50
Other Payables	40,200.00
Interest	435,254.34
Unearned Revenue	1,610,548.41
Notes and Loans Payable (Note 4, 5)	2,412,000.00
Revenue Bonds Payable (Note 5, 6)	446,164.00
Employees' Compensable Leave (Note 5)	412,188.74
Capital Lease Obligations (Note 5, 8)	1,099,488.88
Total Current Liabilities	\$ 12,347,322.03

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UNAUDITED

	<u>August 31, 2015</u>
Non-Current Liabilities	
Notes and Loans Payable (Note 5)	\$ 19,205,000.00
Revenue Bonds Payable (Note 5, 6)	14,371,198.00
Employees' Compensable Leave (Note 5)	2,415,286.89
Capital Lease Obligations (Note 5, 8)	3,639,445.61
Net Pension Liability	103,405,818.19
Total Non-Current Liabilities	<u>\$ 143,036,748.69</u>
Total Liabilities	<u>\$ 155,384,070.72</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	\$ 31,607,639.09
Total Deferred Inflows of Resources	<u>\$ 31,607,639.09</u>
NET POSITION	
Net Investment in Capital Assets	\$ 14,597,949.07
Unrestricted	(100,630,179.89)
Total Net Position	<u>\$ (86,032,230.82)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 100,959,478.99</u>

Concluded

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2015

	August 31, 2015
OPERATING REVENUES	
Tuition and Fees	\$ 1,884,334.66
Discounts and Allowances	(142,941.70)
Auxiliary Enterprises	1,719,316.78
Sales of Goods and Services	427,524.21
Total Operating Revenues	\$ 3,888,233.95
OPERATING EXPENSES (1)	
Instruction	\$ 1,641,271.72
Research	(18,997.82)
Public Service	(7,861.92)
Academic Support	1,267,903.08
Student Services	730,589.75
Institutional Support	35,018,096.04
Operation and Maintenance of Plant	2,243,972.72
Scholarships and Fellowships	100,505.93
Auxiliary Enterprises	387,458.05
Depreciation and Amortization	4,131,279.85
Total Operating Expenses	\$ 45,494,217.40
Operating Income (Loss)	\$ (41,605,983.45)
NONOPERATING REVENUES (EXPENSES)	
Legislative Appropriations (GR)	\$ 3,366,113.00
Additional Appropriations (GR)	4,563,320.99
Gifts	108,500.00
Investment Income	237,193.87
Interest Expense and Fiscal Charges	(883,424.65)
Gain (Loss) on Sale of Capital Assets	(5,914.27)
Net Increase (Decrease) in Fair Value of Investments	(968,447.24)
Other Nonoperating Expenses	(381,875.50)
Total Nonoperating Revenues (Expenses)	\$ 6,035,466.20
Income (Loss) Before Other Revenues, Expenses and Transfers	\$ (35,570,517.25)
OTHER REVENUES, EXPENSES AND TRANSFERS	
Interagency Transfers of Capital Assets-Increase	\$ 1,181,124.85
Transfers To Other State Agencies	(3,019.20)
Legislative Transfers In	15,950,603.60
Legislative Transfers Out	(471,113.00)
Transfers Between Components	23,718,121.63
Total Other Revenues, Expenses and Transfers	\$ 40,375,717.88
CHANGE IN NET POSITION	\$ 4,805,200.63
Beginning Net Position	\$ 26,297,895.43
Restatement	(117,135,326.88)
Beginning Net Position, as Restated	\$ (90,837,431.45)
ENDING NET POSITION	\$ (86,032,230.82)

(1) See Matrix of Operating Expenses Reported by Function.

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2015

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,338.69)	\$ -	\$ -	\$ -	\$ -	\$ (4,338.69)
Salaries and Wages	1,385,698.61	-	-	29,335.52	528,744.93	27,573,712.47	1,574,764.89	-	99,420.29	-	31,191,676.71
Payroll Related Costs	213,128.33	(18,997.82)	(7,861.92)	(62,940.23)	118,812.15	7,589,446.59	359,149.08	(154.41)	10,789.43	-	8,201,371.20
Professional Fees and Services	3,453.92	-	-	202,665.39	14,613.83	(5,229,404.08)	200,847.40	-	434,927.01	-	(4,372,896.53)
Travel	2,827.21	-	-	32,173.74	11,846.13	341,733.05	14,948.28	-	34.93	-	403,563.34
Materials and Supplies	11,466.99	-	-	183,281.09	37,477.86	567,410.16	22,338.12	-	49,173.30	-	871,147.52
Communications and Utilities	22,992.48	-	-	30,875.71	-	49,747.78	10,780.67	-	54,220.41	-	168,617.05
Repairs and Maintenance	-	-	-	31,605.85	-	2,636,101.14	26,258.74	-	462,619.53	-	3,156,585.26
Rentals and Leases	(539.68)	-	-	670,529.48	2,431.75	658,013.05	1,693.44	-	(953,534.85)	-	378,593.19
Printing and Reproduction	-	-	-	15,751.84	3,181.16	37,159.56	6,353.43	-	1,833.29	-	64,279.28
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	4,131,279.85	4,131,279.85
Scholarships	-	-	-	-	-	-	-	100,660.34	-	-	100,660.34
Other Operating Expenses	2,243.86	-	-	134,624.69	13,481.94	798,515.01	26,838.67	-	227,974.71	-	1,203,678.88
Total Operating Expenses	\$ 1,641,271.72	\$ (18,997.82)	\$ (7,861.92)	\$ 1,267,903.08	\$ 730,589.75	\$ 35,018,096.04	\$ 2,243,972.72	\$ 100,505.93	\$ 387,458.05	\$ 4,131,279.85	\$ 45,494,217.40

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Cash Flows
For the Year Ended August 31, 2015

	<u>August 31,</u> <u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Tuition and Fees	\$ 1,471,412.37
Proceeds from Auxiliaries	2,066,250.68
Proceeds from Other Revenues	427,524.21
Payments to Suppliers for Goods and Services	(1,892,890.57)
Payments to Employees	(33,616,992.06)
Payments for Loans Provided	(40,780.20)
Payments for Other Expenses	(100,660.34)
Net Cash Provided (Used) by Operating Activities	<u>\$ (31,686,135.91)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	\$ 4,332,956.14
Proceeds from Gifts	108,500.00
Proceeds from Transfers from Other Components	23,718,121.63
Proceeds from Legislative Transfers	15,479,490.60
Payments for Transfers to Other Agencies	(3,019.20)
Payments for Transfers to Other Components	(4,982,020.08)
Payments for Other Uses	(381,875.50)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ 38,272,153.59</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	\$ 1,474.75
Payments for Additions to Capital Assets	(7,882,384.74)
Payments of Principal on Debt Issuance	(400,000.00)
Payments of Other Costs of Debt Issuance	(26,887.00)
Payments for Capital Leases	(1,336,435.60)
Payments of Interest on Debt Issuance	(883,424.65)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (10,527,657.24)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Investments	\$ 205,387.06
Proceeds from Interest and Investment Income	237,193.87
Net Cash Provided (Used) by Investing Activities	<u>\$ 442,580.93</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$ (3,499,058.63)</u>
Cash and Cash Equivalents, September 1, 2014	\$ 9,566,875.39
Cash and Cash Equivalents, August 31, 2015	<u><u>\$ 6,067,816.76</u></u>

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Cash Flows
For the Year Ended August 31, 2015

	August 31, 2015
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED)	
BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (41,605,983.45)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used)	
by Operating Activities:	
Depreciation and Amortization	4,131,279.85
Pension Expense	(415,924.17)
Employee Benefits Paid by State	4,563,320.99
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(795,951.48)
(Increase) Decrease in Inventories	(4,338.69)
(Increase) Decrease in Loans and Contracts	(40,780.20)
(Increase) Decrease in Prepaid Expenses	(664,166.66)
Increase (Decrease) in Payables	1,484,447.88
Increase (Decrease) in Unearned Revenue	872,904.79
Increase (Decrease) in Other Liabilities	789,055.23
Total Adjustments	\$ 9,919,847.54
Net Cash Provided (Used) by Operating Activities	\$ (31,686,135.91)
 NON-CASH TRANSACTIONS	
Net Change in Fair Value of Investments	\$ (968,447.24)
Borrowing Under Capital Lease Purchase	6,075,370.09
Gain (Loss) on Sales/Disposals of Capital Assets	(5,914.27)
Amortization of Bond Premiums	26,887.00
Capital Assets Acquired with Payables	238,116.00
Interagency Transfer of Capital Assets	1,181,124.85
Transfers of Short-Term and Long-Term Debt Liabilities	69,450,000.00

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Schedule 2A - Miscellaneous Bond Information
 For the Year Ended August 31, 2015

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2B - Changes in Bonded Indebtedness

For the Year Ended August 31, 2015

Description of Issue	Bonds Outstanding 09/01/14	Bonds Matured or Retired	Bonds Outstanding 08/31/15	Unamortized Premium	Net Bonds Outstanding 08/31/15	Amounts Due Within One Year
RFS Bonds, Series 2007	\$ 14,885,000.00	\$ 400,000.00	\$ 14,485,000.00	\$ 332,362.00	\$ 14,817,362.00	\$ 446,164.00
Total	\$ 14,885,000.00	\$ 400,000.00	\$ 14,485,000.00	\$ 332,362.00	\$ 14,817,362.00	\$ 446,164.00

Net Bonds Payable per Statement of Net Position	\$ 14,817,362.00
Deferred Outflows of Resources from Refunding per Statement of Net Position	-
Net Bonds Outstanding per Schedule 2B	\$ 14,817,362.00

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2C - Debt Service Requirements

For the Year Ended August 31, 2015

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest*</u>
Revenue Bonds			
RFS Bonds, Series 2007	2016	\$ 420,000.00	\$ 685,337.50
	2017	435,000.00	666,437.50
	2018	455,000.00	649,037.50
	2019	475,000.00	630,837.50
	2020	495,000.00	607,087.50
	2021-2025	2,865,000.00	2,657,500.00
	2026-2030	3,655,000.00	1,866,500.00
	2031-2035	4,630,000.00	885,100.00
	2036	1,055,000.00	47,475.00
		<u>\$ 14,485,000.00</u>	<u>\$ 8,695,312.50</u>
Total		<u>\$ 14,485,000.00</u>	<u>\$ 8,695,312.50</u>

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

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2015

Description of Issue	Pledged and Other Sources and Related Expenditures			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Debt Service	
			Principal	Interest *
RFS Bonds Series '07	\$ 22,512,138.16	\$ 408,628.53	\$ 400,000.00	\$ 703,337.50
Total	\$ 22,512,138.16	\$ 408,628.53	\$ 400,000.00	\$ 703,337.50

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

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UNIVERSITY OF NORTH TEXAS SYSTEM (COLLEGE OF LAW)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2015

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0288	\$ 162,818.71	\$ 162,818.71
Total Cash in State Treasury (Statement of Net Position)	<u>\$ 162,818.71</u>	<u>\$ 162,818.71</u>