

COMBINED FINANCIAL REPORT



FOR THE YEAR ENDED AUGUST 31, 2012

UNT | SYSTEM™



COMBINED FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
SYSTEM**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2012



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November 20, 2012

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

Dear Chancellor Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2012 in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

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

Sincerely,

Terry Pankratz
Vice Chancellor for Finance



UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2012

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

Brint Ryan.....(Term expires 5-22-15)..... Dallas
Michael R. Bradford.....(Term expires 5-22-15)..... Midland
Steve Mitchell.....(Term expires 5-22-15)..... Richardson

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

STUDENT REGENT

Alexandria C. Perez.....(Term expires 5-31-13)..... Dallas

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee Jackson.....Chancellor
Terry Pankratz.....Vice Chancellor for Finance
Andrew M. Harris.....Vice President for Finance & Administration
J. Carlos Hernandez.....Associate VP for Finance and Controller

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2012**

Introduction

The University of North Texas System (the System) was established by the 76th Legislature, and legislative funding was provided for the fiscal year beginning September 1, 1999. The System is currently comprised of four components funded by the Legislature: the University of North Texas System Administration (Est. 1999), the University of North Texas (Est. 1890), the University of North Texas Health Science Center (HSC) at Fort Worth (Est. 1970) and the University of North Texas at Dallas (Est. 1999). The UNT System components are agencies of the State of Texas.

The System serves the North Texas area, boosting economic activity in the region by nearly \$2 billion annually. Approximately 39,000 students are enrolled in undergraduate, graduate and professional programs. The System awarded more than 9,100 degrees this past academic year, including the largest number of master's and doctoral degrees in the region. More than 100,000 of its alumni live and work in the North Texas area. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a student Regent for a one-year term.

Overview of the Financial Analysis

The objective of Management's Discussion and Analysis (MD&A) is to provide an overview of the financial position and activities of the System for the year ended August 31, 2012, with selected comparative information for the year ended August 31, 2011. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on the current year data. Unless otherwise indicated, years in this MD&A refer to the fiscal years ended August 31. The System combined financial report includes three primary financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The financial statements of the System have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Highlights

- FY 2013 fall semester headcount enrollment at UNT, UNT at Dallas, and the HSC reflected an overall increase of approximately 0.5% compared to the previous fall semester. The enrollment growth experienced by the System is notable during a time of decreasing enrollments across higher education as a whole
- Approved tuition and fee increases coupled with increased effectiveness in auxiliary operations were the primary drivers of a 5.3% increase in Operating Revenues for a total of \$514.4 million. The aforementioned enrollment growth, additional tuition increases, and auxiliary operations are expected to continue upward growth in this area.
- The system recognized approximately \$15.6 million in cash contributions, non-cash capital donations, and pledged gifts as revenue in the 2012 fiscal year. This will be an area of increased focus in the new fiscal year as we move into the public phase of a multi-year capital campaign.
- Federal, state, and other grant revenues were a strong \$140.1 million. We anticipate that these activities will continue to increase.
- The Texas College of Osteopathic Medicine (TCOM) remains among the top 20 primary care medical schools in the nation and the very best in Texas as designated by *US News & World Report*. Overall, revenues for UNTHSC decreased approximately \$4.1 million from fiscal year 2011, primarily a result of reduced legislative appropriations, including American Recovery and Reinvestment Act (ARRA) funds,

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and a decrease in revenue generated by UNTH (UNTHSC's Practice Plan). Still, during the fiscal year, UNT Health generated more than \$78 million in revenue, while research awards to our scientists exceeded \$36.2 million and UNTHSC raised approximately \$4.4 million in pledges and philanthropic gifts.

Investments in capital asset additions were \$94.2 million in 2012. Major capital projects completed in 2012 include:

- Land Purchase UNT – 1100 Dallas Drive
- Land Improvements UNT-HSC – Annex 1 & 2 sites
- Building Purchases UNT – Woodhill Square Buildings 1-4
- Building Construction UNT – Discovery Park Zero Energy Lab and Discovery Park Greenhouse
- Building Improvements UNT – Art Building, Bruce Hall, College Inn, Discovery Park and Kerr Hall
- Building Improvements UNT-HSC – Carl E. Everett Education & Administration Building, Medical Education & Training Building, and Research & Education Building
- Infrastructure UNT – Energy Performance Improvements and Eagle Point Wind Turbines
- Vehicle Fleet UNT – replacement of shuttle buses for on-campus transportation

Overview of the Financial Statements

The System 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 GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public College and Universities; GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Omnibus, GASB Statement No. 38, Certain Financial Statement Disclosures; GASB Statement No. 40, Deposit and Investment Risk Disclosures; GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and GASB 51, Accounting and Financial Reporting for Intangible Assets. 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 are prepared applying the following principles and standards:

- Reporting is on a full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses, and Changes in Net Assets. The historical value of capital assets and the accumulated depreciation are reported on the Statement of Net Assets.
- Revenues and expenses are categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are reported as nonoperating revenue in accordance with GASB Statement No. 35.

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 Combined Financial Statements.

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The net assets section of the statement is reported by three major categories: 1) Invested in Capital Assets, Net of Related Debt; 2) Restricted Net Assets; and 3) Unrestricted Net Assets. The Invested in Capital Assets, Net of Related 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 four categories: 1) Restricted for Debt Retirement; 2) Restricted for Capital Projects; 3) Funds Held as Permanent Investments (endowment funds); and 4) Other Restricted.

Those funds held as permanent investments are further categorized by non-expendable and expendable. The non-expendable portion represents the corpus balance of the endowment funds that must continue in perpetuity. The Other Restricted category represents funds that have been restricted by bond covenants or an external donor/agency. Unrestricted net assets are available for any lawful purpose of the institution.

The following table reflects the Condensed Comparative Statement of Net Assets for the System as of August 31, 2012 and 2011:

Condensed Comparative Statement of Net Assets			
As of August 31, 2012 and 2011			
(\$ in millions)			
	2012	2011	% Incr/Decr
Assets			
Current Assets	\$ 538.5	\$ 589.6	
Noncurrent Assets			
Capital Assets, Net	853.7	809.9	
Other Noncurrent Assets	145.7	126.8	
Total Assets	\$ 1,537.8	\$ 1,526.3	0.75%
Liabilities			
Current Liabilities	271.5	313.9	
Noncurrent Liabilities			
Bonded Indebtedness	441.6	402.1	
Other Noncurrent Liabilities	60.5	56.8	
Total Liabilities	773.6	772.8	0.10%
Net Assets			
Invested in Capital Assets, Net of Related Debt	348.3	334.4	
Restricted			
Debt Retirement	0.5	0.2	
Capital Projects	45.9	48.7	
Funds Held as Permanent Investments			
Non-Expendable	46.4	44.7	
Expendable	3.0	2.7	
Other Restricted	53.9	49.5	
Total Restricted	149.8	145.7	
Unrestricted	266.1	273.4	
Total Net Assets	764.2	753.5	1.42%
Total Liabilities and Net Assets	\$ 1,537.8	\$ 1,526.3	0.75%

- Increase in total assets: \$11.5 million
 - \$59.1 million net decrease in cash and cash equivalents and investments
 - \$0.5 million decrease in legislative appropriations
 - \$27.4 million increase in receivables and other assets
 - \$43.8 million increase in capital assets-land, buildings and construction in progress

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- Increase in total liabilities: \$0.8 million
 - \$10.4 million increase in deferred revenues
 - \$42.7 million decrease in accounts payable and payroll payable
 - \$30.7 million increase in current and noncurrent revenue bonds/notes payable
- Increase in total net assets: \$10.7 million
 - \$13.8 million increase in invested in capital assets, net of related debt
 - \$1.8 million increase in nonexpendable funds held for permanent investment
 - \$4.4 million increase in other restricted
 - \$7.1 million decrease in unrestricted net assets
 - \$2.7 million decrease in restricted for capital projects

Unrestricted net assets of \$266.1 million represent funds that have not been designated for specific purposes by external parties; however, the System's administration has committed most of these funds to meet institutional initiatives and for future operating budgets related to academic programs, special activities, and capital projects.

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. A matrix immediately follows 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 System's Condensed Comparative Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended August 31, 2012 and 2011.

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Assets			
For the Fiscal Years Ended August 31, 2012 and 2011			
(\$ in millions)			
	2012	2011	%
			Incr/Decr
Operating Revenues	\$ 514.44	\$ 488.68	5.3%
Operating Expenses	794.56	760.87	4.4%
Operating Income/(Loss)	(280.1)	(272.2)	9.7%
Nonoperating Revenues/(Expenses)	256.38	286.13	-10.4%
Income/(Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	(23.7)	13.9	-270.4%
Other Revenues, Expenses, Gains, Losses and Funds Held as Permanent Investments	34.42	36.32	-5.2%
Change in Net Assets	10.7	50.3	-78.8%
Net Assets, Beginning of Year	753.48	703.31	
Restatements	-	(0.09)	
Restated Net Assets, Beginning of Year	753.5	703.2	7.1%
Net Assets, End of Year	\$ 764.2	\$ 753.5	1.4%

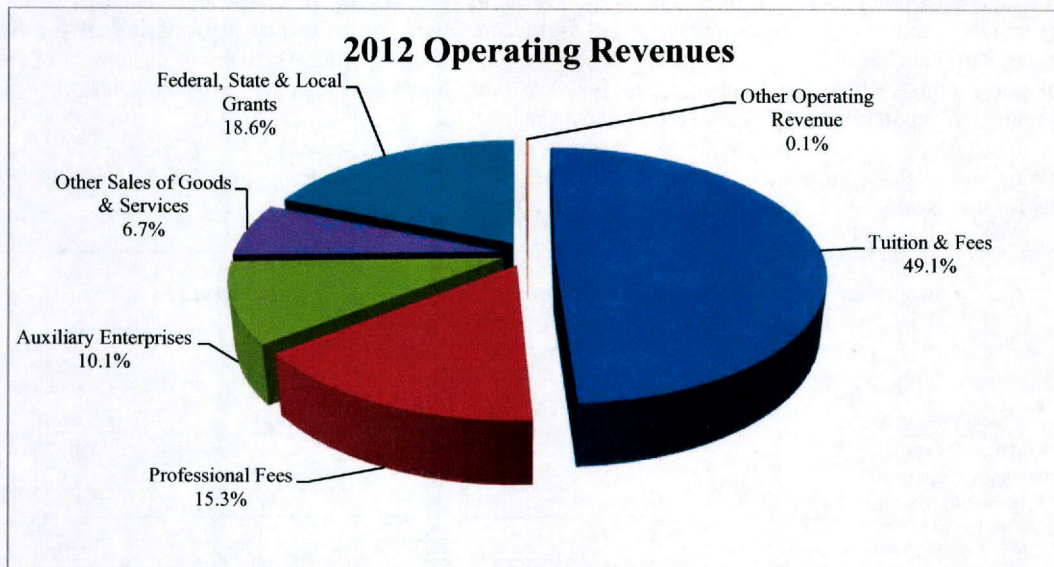
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The significant operating loss reported for the current and prior fiscal years on this statement is reflective of GASB Statement No. 35 reporting requirements, which stipulate that revenue from legislative appropriations is to be reported as nonoperating revenue, but the expenditure of these funds must be reported as operating expense.

Included in nonoperating revenue above are legislative appropriations for the current fiscal year totaling \$174.3 million, additional appropriated revenue for state-paid fringe benefits of \$40.7 million, and proceeds from federal non-exchange sponsored programs of \$44.2 million. Also, the System Higher Education Fund (HEF) annual revenue totaling \$35.8 million that is constitutionally-appropriated by the State for capital asset acquisitions and major improvements is reported as Other Revenue rather than operating revenue or nonoperating revenue, but the HEF expenditures are reported as operating expenses.

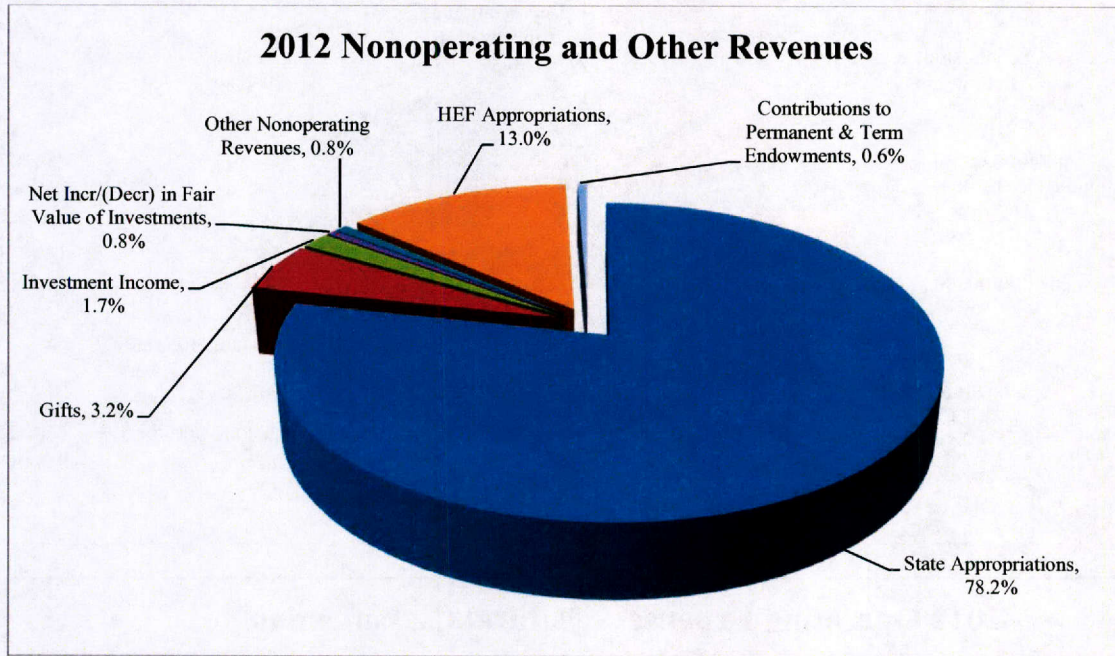
As the operating revenue pie chart below shows, 49.1% of the System operating revenue for this fiscal year was generated from student tuition and fees. The total tuition and fee revenue for the fiscal year amounted to \$252.5 million. This figure is net of the scholarship discounts that have been subtracted from the gross tuition and fee revenue in accordance with GASB 35 reporting requirements.

The System operating revenue from all federal, state, and private grants and contracts, including pass through grant revenue, increased by approximately 6.3% during this fiscal year. This increase is primarily due to increases in private grants and contracts. Total sponsored activities (both operating and non-operating) remained stable while efforts to increase extramural funding and advance the University's research initiatives continue to increase.



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State appropriations, which represent the largest percentage of other non-operating revenues, decreased by 10.2%.

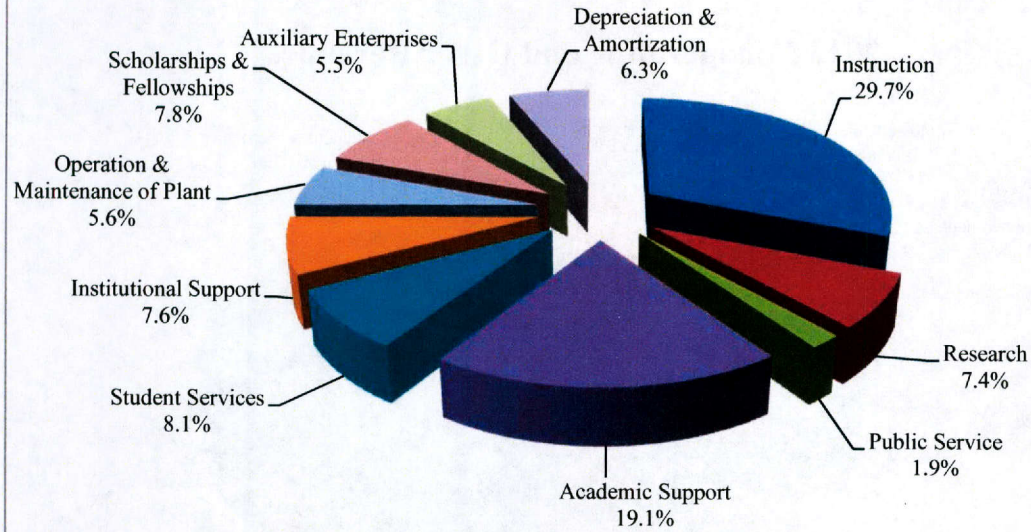


The System operating expenses reflect a 4.4% increase during the fiscal year. Increases are due primarily to increased investments in instructional and research activities of 7.9% and a 31.0% increase in depreciation expense as new facilities are placed in service.

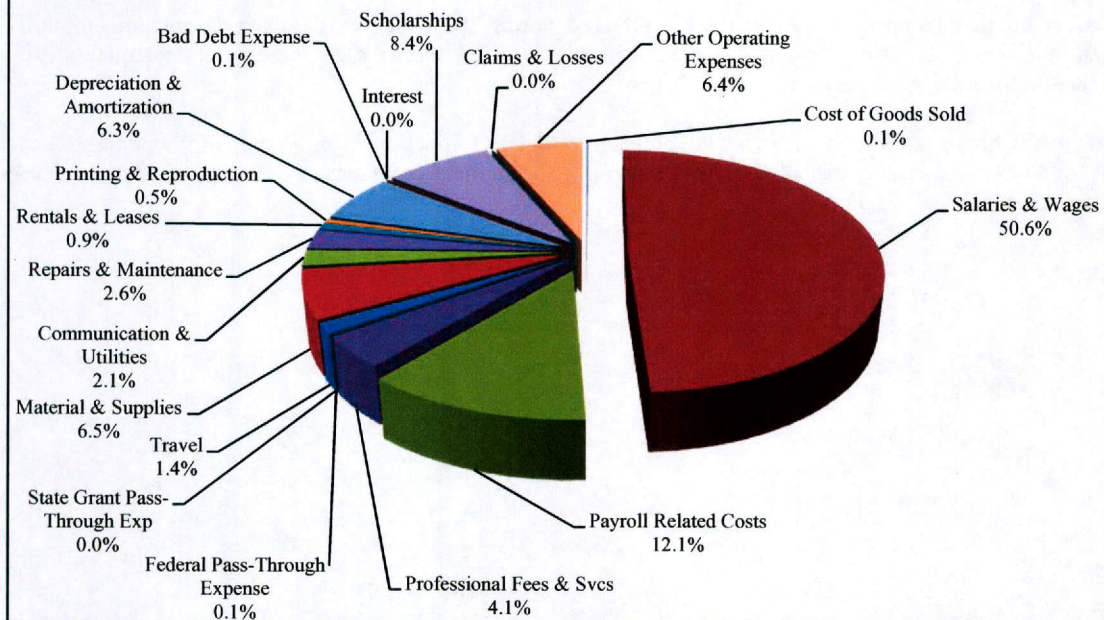
The first table below shows the percentage of each NACUBO functional (programmatic) operating expense classification of total operating expenses. The second table shows the percentages of each type of operating expense based on a natural classification.

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2012 Operating Expenses - NACUBO Functions



2012 Operating Expenses - Natural Classification



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Statement of Cash Flows

The Statement of Cash Flows reports the major sources and uses of the System 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 HEF 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 table below is a Condensed Comparative System Statement of Cash Flows.

Condensed Comparative Statement of Cash Flows			
For the Fiscal Years Ended August 31, 2012 and 2011			
(\$ in millions)			
	2012	2011	%
	_____	_____	Incr/Decr
Cash Provided (Used) by:			
Operating Activities	\$ (288.4)	\$ (199.9)	
Noncapital Financing Activities	286.6	283.9	
Capital and Related Financing Activities	(52.8)	(149.7)	
Investing Activities	(24.6)	90.1	
Net Change in Cash & Cash Equivalents	(79.3)	24.3	
Cash & Cash Equivalents, Beginning of Year	386.7	362.4	
Restatement to Beginning Cash & Cash Equivalents Balance	-	-	
Cash & Cash Equivalents, End of Year	\$ 307.4	\$ 386.7	-20.5%

It is important to note that state appropriations and federal revenues from Pell grants provide a significant portion of the cash used to fund operating activities related to academic programs, the administration of the System, and the debt service on tuition revenue bonds. The appropriations and Pell grants, however, are reported in the noncapital financing activities section of the Statement of Cash Flows in accordance with GASB Statement No. 35 guidelines.

Although operating revenues from sponsored projects and auxiliaries increased, operating expenses had a greater increase in the areas of salaries and wages and payroll benefits, payments to suppliers, and payments for other expenses; this resulted in a greater use of cash for operating activities in fiscal year 2012.

The net decline in overall cash was primarily driven by uses for capital and investing activities. This was the result of the completion of various projects where bond proceeds were invested until needed for construction payments.

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Capital Asset and Debt Administration

The System capital asset additions from acquisitions, donations, and construction during the fiscal year totaled \$94.2 million; included in the increase in capital assets are Land and Land improvement purchases at both UNT and UNTHSC, Zero Energy Lab, Energy Performance Improvements and the purchase of new Shuttle Buses.

Bond ratings remained constant in 2012. More detailed information regarding the System bonded indebtedness is provided in Note 6 of the accompanying Notes to the Combined Financial Statements.

The following table sets forth the Pledged Revenues under the Revenue Financing System for each of the three most recent fiscal years and an estimate of Pledged Revenues for fiscal year 2012-13:

	2010	2011	2012	2013 (Est.)
Available Pledged Revenues (not including Fund Balances) ⁽¹⁾⁽³⁾	\$ 240,586,318	\$ 261,130,698	\$ 309,907,458	\$ 319,204,682
Pledgeable Unappropriated Funds (Funds and Reserve Balances) ⁽²⁾⁽³⁾	239,963,590	178,746,394	313,438,470	303,438,470
Total Pledged Revenues ⁽³⁾	\$ 480,549,908	\$ 439,877,092	\$ 623,345,928	\$ 622,643,152

⁽¹⁾The Available Pledged Revenues include the gross revenues of the University Building System, the pledged student tuition (Skiles Act), the Student Union Fee, pledged general tuition (which includes general use fees), and investment income or moneys on deposit in the Interest and Sinking Fund, and the Reserve Fund.

⁽²⁾In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year end are available for payment of the subsequent year's debt service.

⁽³⁾Available Pledged Revenues and Pledgeable Unappropriated Funds do not include UNTHHealth and loan reserves at the Health Science Center.

Economic Outlook

Texas statutes set baseline, or statutory tuition and authorize the Board of Regents of each university/university system to set a rates for graduate (board authorized tuition—BAT) and designated (board designated tuition—BDT). Board authorized tuition (BAT) has been fixed at \$50 per SCH for several years. The Board of Regents has authorized increases in BDT each fall for several consecutive years. The table below provides BDT rates from fall 2007 to present:

Semester	BD Tuition	
Fall 2008	\$110.92/SCH UNT	\$90.50/SCH UNT Dallas
Fall 2009	\$128.67/SCH UNT	\$90.50/SCH UNT Dallas
Fall 2010	\$138.76/SCH UNT	\$155.00/SCH UNT Dallas*
Fall 2011	\$156.13/SCH UNT	\$160.00/SCH UNT Dallas*
Fall 2012	\$166.24/SCH UNT	\$185.00/SCH UNT Dallas*

*UNT Dallas BD Tuition includes course, laboratory and special services fees.

Expanding its research enterprise and soliciting external funds through grants and contracts continue to be priorities for the University. Research is a primary component of goal two of the four bold goals of the University of North Texas and as such has been identified as one of its highest priorities. UNT is ranked by the Carnegie Foundation as a Research University-High Research Activity University and by the Texas Higher Education Coordinating Board as an Emerging Research University. In 2008-2009, UNT made its initial commitment to invest substantially in multi-disciplinary collaborative research clusters in Bio/Nano-Photonics, Materials Modeling and Simulation, Developmental Physiology and Genetics, Signaling Mechanisms in Plants, and Advanced Research in Technology and the Arts. Recruitment of faculty into the clusters began immediately. In 2009, UNT chose two additional research clusters to build: one in Sub Antarctic Biocultural Conservation and Research and another in Renewable Bioproducts. In 2010, UNT expanded the program to build four additional research clusters in Computational Chemical Biology, Renewable Energy and Conservation, Knowledge Discovery from Massive Digital Information Sources, and Multi-Scale Surface Science and Engineering. Another component of this phase was the decision to

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expand the scope of two existing Phase I clusters (Plant Signaling and Renewable Bioproducts) to create synergies in biochemical engineering and production. Phase II will also involve focused investments in additional strategic areas for future growth. In 2011, four additional clusters were added: Hazards and Disaster Research to Respond to Global Crises; Human Security, Democracy, and Global Development; Consumer Experiences in Digital Environments; and Complex Logistics Systems. Including the new clusters just added, there are now a total of fifteen research clusters and six strategic areas of investment. To date, twenty-three senior and junior faculty have been successfully hired. Between research cluster hiring and regular faculty hiring, UNT now has three National Academy members on the faculty.

The University of North Texas is one of eight Emerging Research Universities (ERUs) designated by the state of Texas. As such, UNT is able to compete for special state funding to build up research programs, endowments and other efforts that define great research campuses. Funding programs provided by HB51 from the 81st Texas legislature include the Texas Research Incentive Program (\$50 million over 2 years) that will match private gifts and scholarships secured by a university; and the National Research University Fund which rewards a university if it crosses certain thresholds of excellence.

Expanding research infrastructure is a key component to UNT's research growth. In 2012, UNT's new Net Zero Energy Research Laboratory building was completed, construction continued and is now nearing completion on a \$6 million cleanroom facility at Discovery Park and a \$2.2 million consolidation and modernization of UNT's premier materials characterization and analysis facility, the Center for Advanced Research and Technology (CART). Approximately \$1 million of the CART renovation is from a grant from the National Science Foundation. These construction projects will bring the two facilities (CART and the cleanroom) together into a new Nanofabrication Analysis and Research Facility (NARF). New greenhouse facilities are being added as plant sciences research continues to excel. Renovation has begun on the Science Research Building on the main campus, and creation of new research space at Discovery Park has continued. Construction of a new \$98 million Science and Technology Research Building is planned and is being presented to the state legislature as a partnership project to create additional laboratory space in support of interdisciplinary research.

In recent years, UNT has made a significant progress in expanding its funded research portfolio. For example, the total external grants and contracts have increased from \$23.5 million in FY 2007 to \$35 million in FY 2012, a 49% increase. Base competitive funding (which does not include the now-nonexistent earmark and stimulus funds) has risen 74% over that same period, from \$20.1 million in FY 2007 to \$35 million in FY 2012.

Expanding the research enterprise and soliciting external funds through grants and contracts continue to be a priority for UNTHSC as well. Research awards reached more than \$36.1 million in fiscal year 2012. Our research efforts are primarily funded by federal support from the National Institutes of Health (NIH), considered the gold standard when judging quality of biomedical research. Our growth in research funding from the NIH dramatically exceeds the overall national average. Last fiscal year alone, faculty submitted grant proposals totaling more than \$237 million.

Although the System was challenged by an uncertain external environment, campuses continued to experience student growth. UNTHSC was home to 1949 students at the end of the fiscal year 2012, an increase of 10.7 percent since fiscal year 2011. Enrollments at UNT and UNT at Dallas have also continued to increase during this same time period. Incremental revenues from this enrollment growth, approved tuition increases and significant University-wide austerity measures were critical in mitigating the effects of State funding reductions. Further, the University has contracted external consultants in an effort to identify additional efficiency and effectiveness initiatives that will facilitate ongoing fiscal stability.

UNTHSC remains committed to its role in primary care delivery, and has built our patient care network to bring much-needed physician services to the North Texas region. UNT Health (UNTHSC's Practice Plan) is one of the largest multi-specialty physician groups in Tarrant County with more than 230 providers. Our physicians were able to see approximately 553,000 patients last year in our 29 clinical locations across the county. As a result, UNT Health generated \$78.2 million in revenue from both its clinical and correctional medicine operations. We are confident that this area of activity will expand and generate additional income in future periods.

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The UNT System and its components continue to explore and adopt cost containment alternatives to increase operational efficiency and effectiveness. In FY 2012 the Information Technology Shared Services, Business Services Center and Human Resource administration have been established to centralize these functions for all components. These initiatives have already generated savings across the organization and are expected to continue this trend as process automation and efficiency efforts currently under development are implemented in these areas. These redundancy mitigation efforts along with efficiency and effectiveness efforts on each campus will serve to advance organizational priorities and ensure that we achieve our core missions.

The System is committed to increasing its resources from endowed gifts and other contributions through ambitious development efforts. UNT in particular will be entering the public phase of an eight year Capital Campaign to sustain the institution's Four Bold Goals. As the institution continues its progress to achieving National Research University status, these contributions will be a critical supplement to the funding received from the State and a significant factor in the growth of academic and research programs.



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Statement of Net Assets

For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 151,352.13	\$ 142,753.10
Cash in Bank	51,588,707.66	(7,009,901.81)
Reimbursement Due from Treasury	4,786,580.20	15,445,901.83
Cash in State Treasury	10,120,025.02	29,005,506.98
Cash Equivalents	202,349,839.89	309,876,667.08
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	15,956.98	10,270.85
Cash in Bank	1,070,636.41	(538,863.15)
Cash in State Treasury	-	-
Cash Equivalents	36,902,195.27	39,761,806.39
Legislative Appropriations	79,608,485.14	80,139,055.27
Receivables from:		
Federal	31,612,680.30	28,059,400.71
Other Intergovernmental	524,364.72	936,167.08
Interest and Dividends	463,857.47	802,812.06
Accounts Receivable	62,061,727.73	47,964,807.95
Gifts Receivable	3,944,774.90	719,176.34
Other Receivables	8,053,457.55	7,380,256.25
Due From Other Agencies	6,215,315.24	6,977,885.57
Consumable Inventories	454,690.79	1,662,793.35
Merchandise Inventories	1,759,885.25	339,512.77
Loans and Contracts	7,235,618.45	7,794,895.41
Other Current Assets	29,554,535.24	20,145,936.39
Total Current Assets	538,474,686.34	589,616,840.42
Non-Current Assets		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Investments	25,934,106.10	64,658,670.81
Loans and Contracts	5,038,670.89	6,209,658.47
Investments	113,130,447.45	53,823,103.71
Gift Receivables	1,335,196.49	1,832,852.08
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	70,471,362.35	67,533,344.87
Construction in Progress	22,060,168.56	11,827,610.08
Other Capital Assets	23,877,048.89	23,728,836.44
Depreciable or Amortizable		
Buildings and Building Improvements	820,645,899.97	788,183,741.69
Less Accumulated Depreciation	(342,902,108.67)	(317,281,798.19)
Infrastructure	56,362,657.69	39,315,566.58
Less Accumulated Depreciation	(9,548,115.98)	(8,142,715.84)
Facilities and Other Improvement	120,155,967.10	117,488,640.67
Less Accumulated Depreciation	(13,924,753.35)	(10,527,855.60)

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	<u>August 31,</u> <u>2012</u>	<u>August 31,</u> <u>2011</u>
Furniture and Equipment	125,537,894.07	118,184,137.85
Less Accumulated Depreciation	(80,442,554.78)	(74,391,600.53)
Vehicles, Boats and Aircraft	11,995,059.42	8,534,859.09
Less Accumulated Depreciation	(6,399,361.30)	(6,160,153.54)
Computer Software - Intangible	23,080,771.14	22,057,453.64
Less Accumulated Amortization	(21,248,873.13)	(20,605,475.91)
Other Capital Assets	107,786,626.91	98,483,362.11
Less Accumulated Depreciation	(53,853,024.26)	(48,347,677.32)
Other Non-Current Assets	230,066.42	303,032.21
Total Non-Current Assets and Deferred Outflows	<u>999,323,151.98</u>	<u>936,707,593.37</u>
Total Assets and Deferred Outflows	<u>\$ 1,537,797,838.32</u>	<u>\$ 1,526,324,433.79</u>
 LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables From:		
Accounts Payable	23,224,678.54	58,050,060.36
Payroll Payable	29,962,800.42	37,931,759.32
Other Payables	3,278,016.03	1,699,480.85
Due to Other Agencies	130,721.89	20,517.24
Deferred Revenues	166,139,991.51	155,693,832.99
Notes and Loans Payable	2,434,000.00	20,902,800.00
Revenue Bonds Payable, Net	23,488,044.00	18,919,204.00
Pollution Remediation Obligation	-	-
Employees Compensable Leave	2,737,142.60	2,380,290.62
Capital Lease Obligations	6,986.76	6,986.76
Funds Held for Others	13,804,481.42	11,947,276.38
Other Current Liabilities	6,320,107.27	6,324,777.68
Total Current Liabilities	<u>271,526,970.44</u>	<u>313,876,986.20</u>
 Non-Current Liabilities and Deferred Inflows		
Notes and Loans Payable	39,198,000.00	33,977,200.00
Revenue Bonds Payable	441,576,038.08	402,136,626.90
Pollution Remediation Obligation	-	-
Employees Compensable Leave	18,082,738.68	18,574,797.68
Capital Lease Obligations	2,911.15	9,897.91
Funds Held for Others	1,701,615.67	2,490,688.15
Other Non-Current Liabilities	1,555,303.35	1,779,057.37
Total Non-Current Liabilities and Deferred Inflows	<u>502,116,606.93</u>	<u>458,968,268.01</u>
Total Liabilities and Deferred Inflows	<u>773,643,577.37</u>	<u>772,845,254.21</u>
 NET ASSETS		
Invested in Capital Assets, Net of Related Debt	348,265,998.54	334,393,162.33
Restricted for:		
Debt Retirement	516,354.82	220,340.53
Capital Projects	45,916,536.76	48,651,824.24
Funds Held as Permanent Investments		
Non-Expendable	46,439,677.10	44,661,951.94
Expendable	3,010,569.73	2,672,530.88
Other Restricted	53,947,435.63	49,522,094.40
Unrestricted	266,057,688.37	273,357,275.26
Total Net Assets	<u>764,154,260.95</u>	<u>753,479,179.58</u>
 Total Liabilities and Net Assets	 <u>\$ 1,537,797,838.32</u>	 <u>\$ 1,526,324,433.79</u>

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

	<u>August 31,</u> <u>2012</u>	<u>August 31,</u> <u>2011</u>
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 6,626,882.72	\$ 8,275,985.27
Tuition and Fees - Pledged	310,109,202.01	287,461,711.77
Discounts and Allowances	(64,211,055.42)	(60,145,128.46)
Professional Fees - Non-Pledged	78,726,571.02	86,069,912.02
Auxiliary Enterprises - Non-Pledged	1,275,288.17	1,050,493.61
Auxiliary Enterprises - Pledged	51,135,785.05	48,288,368.24
Discounts and Allowances	(273,484.46)	(217,861.78)
Other Sales of Goods and Services - Pledged	34,551,458.58	27,485,114.54
Federal Revenue - Operating	49,701,513.64	50,088,824.04
Federal Pass Through Revenue	5,681,984.42	4,502,053.62
State Grant Revenue	2,701,791.35	3,327,560.31
State Grant Pass Through Revenue	20,941,336.89	22,616,601.61
Other Grants and Contracts - Operating	16,913,389.22	9,747,010.38
Other Operating Revenues	559,184.12	134,345.71
Total Operating Revenues	<u>514,439,847.31</u>	<u>488,684,990.88</u>
OPERATING EXPENSES ⁽¹⁾		
Instruction	244,641,958.97	226,517,570.10
Research	58,906,603.32	54,873,719.02
Public Service	14,870,109.31	14,187,145.28
Academic Support	151,818,863.53	152,240,839.39
Student Services	64,019,605.52	58,503,476.65
Institutional Support	60,533,562.12	69,672,650.72
Operations and Maintenance of Plant	44,704,805.88	39,466,241.65
Scholarships and Fellowships	61,679,831.84	62,393,919.08
Auxiliary Enterprises	43,620,394.52	45,018,178.73
Depreciation and Amortization	49,768,580.05	38,000,828.76
Total Operating Expenses	<u>794,564,315.07</u>	<u>760,874,569.38</u>
Operating Income (Loss)	<u>(280,124,467.76)</u>	<u>(272,189,578.50)</u>
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	174,347,605.00	179,084,296.00
Additional Appropriations (GR)	40,745,178.91	46,617,856.86
Federal Revenue	44,179,907.83	48,846,495.45
Federal Grant Pass Through Revenue	-	12,316,674.80
Gifts	12,283,883.94	6,008,369.64
Investment Income	4,615,800.18	5,440,359.37
Investing Activities Expense	(148,446.63)	-
Interest Expense and Fiscal Charges	(21,587,263.83)	(9,697,926.80)
Gain/(Loss) on Sale of Capital Assets	(582,753.16)	(2,331,757.18)
Net Increase (Decrease) in Fair Market Value of Investments	1,718,476.75	2,327,766.73
Settlement of Claims	(263,623.02)	(2,004,180.09)
Other Nonoperating Revenues	2,062,563.95	1,039,434.60
Other Nonoperating Expenses	(988,311.50)	(1,521,498.10)
Total Nonoperating Revenues /(Expenses)	<u>256,383,018.42</u>	<u>286,125,891.28</u>
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(23,741,449.34)</u>	<u>13,936,312.78</u>

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	August 31, 2012	August 31, 2011
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	1,617,468.19	3,045,631.80
Capital Appropriations - HEF (GR)	35,837,741.00	36,617,741.00
Additions to Permanent and Term Endowments	1,687,686.03	568,893.10
Interagency Transfers Cap Assets-Increase	-	176,339.72
Transfers-Out	(4,726,364.51)	(4,087,518.32)
Legislative Transfers-In	-	-
Legislative Transfers-Out	-	-
Total Other Revenue, Expenses, Gain/Losses and Transfers	34,416,530.71	36,321,087.30
 CHANGE IN NET ASSETS	 10,675,081.37	 50,257,400.08
Net Assets, Beginning	753,479,179.58	703,312,816.58
Restatements	-	(91,037.08)
Net Assets, Beginning, as Restated	753,479,179.58	703,221,779.50
 NET ASSETS, ENDING	 \$ 764,154,260.95	 \$ 753,479,179.58

⁽¹⁾ See Note 1: Matrix of Operating Expenses Reported by Function on Page 20.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Note 1: Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 14,233.89	\$ -	\$ -	\$ 55,487.30	\$ 150,154.50
Salaries and Wages	169,417,681.82	30,365,776.22	7,063,630.85	87,288,507.33	31,886,309.93
Payroll Related Costs	43,399,006.52	7,107,995.34	1,588,276.62	16,513,270.09	5,177,213.11
Professional Fees and Services	2,001,543.81	5,646,625.41	942,713.22	18,364,333.76	689,054.95
Federal Pass-Through Expenses	-	760,405.12	95,699.02	-	-
State Pass-through Expenses	-	94,059.30	-	-	-
Travel	2,584,613.90	1,771,137.87	292,471.88	2,520,556.91	2,739,664.49
Materials and Supplies	9,042,773.13	6,553,368.44	1,104,190.52	12,148,136.51	7,393,925.01
Communications and Utilities	814,531.51	101,930.96	67,889.48	687,450.94	1,112,249.00
Repairs and Maintenance	1,032,834.38	1,315,994.08	404,545.45	2,722,877.24	1,036,098.70
Rentals and Leases	1,446,428.65	318,100.25	667,707.05	1,148,207.98	1,228,463.16
Printing and Reproduction	1,034,690.76	209,434.70	139,889.88	530,871.54	801,195.38
Depreciation	-	-	-	-	-
Bad Debt Expense	12,148.04	42,466.37	2,896.97	(407,083.23)	398,860.42
Interest	-	-	-	-	-
Scholarships	1,706,544.62	977,255.94	465,007.74	49,040.33	45,539.82
Claims and Losses	-	-	-	-	-
Other Operating Expenses	12,134,927.94	3,642,053.32	2,035,190.63	10,197,206.82	11,360,877.05
Total Operating Expenses	\$ 244,641,958.97	\$ 58,906,603.32	\$ 14,870,109.31	\$ 151,818,863.53	\$ 64,019,605.52

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2012 Total Expenditures
\$ 520,180.22	\$ 6,948.28	\$ -	\$ (29,710.19)	\$ -	\$ 717,294.00
35,618,590.78	10,811,846.87	439,484.91	17,265,667.61	-	390,157,496.33
10,752,963.73	4,684,062.14	67,169.87	4,964,324.05	-	94,254,281.47
1,904,035.00	2,351,521.48	77,721.34	707,759.63	-	32,685,308.60
-	-	-	-	-	856,104.14
-	-	-	-	-	94,059.30
769,449.24	70,460.55	38,652.04	88,852.35	-	10,875,859.23
1,155,095.60	4,042,302.85	21,522.80	10,194,640.82	-	51,655,955.68
(1,065,029.75)	10,106,313.11	-	4,717,912.09	-	16,543,247.34
4,898,282.14	6,179,001.19	2,288.45	2,882,692.37	-	20,474,614.00
977,155.71	271,804.27	2,682.25	1,017,242.35	-	7,077,791.67
1,006,811.69	17,224.22	2,811.17	300,503.37	-	4,043,432.71
-	-	-	-	49,768,580.05	49,768,580.05
306,445.08	9,000.00	92,423.04	(37,366.24)	-	419,790.45
844.47	-	-	-	-	844.47
37.89	-	60,733,745.32	-	-	63,977,171.66
-	-	-	-	-	-
3,688,700.32	6,154,320.92	201,330.65	1,547,876.31	-	50,962,483.97
\$ 60,533,562.12	\$ 44,704,805.88	\$ 61,679,831.84	\$ 43,620,394.52	\$ 49,768,580.05	\$ 794,564,315.07

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 256,321,874.53	\$ 242,746,073.16
Proceeds Received from Customers	123,341,964.35	119,424,127.49
Proceeds from Sponsored Projects	97,122,436.92	90,255,756.58
Proceeds from Loan Programs	8,201,461.31	5,595,255.13
Proceeds from Auxiliaries	52,137,588.76	49,121,000.07
Proceeds from Other Revenues	551,673.33	711,691.61
Payments to Suppliers for Goods and Services	(236,280,218.76)	(143,647,203.80)
Payments to Employees for Salaries and Benefits	(499,160,277.73)	(473,766,400.71)
Payments for Loans Provided	(6,193,174.76)	(6,665,967.78)
Payments for Other Expenses	(84,449,985.87)	(83,680,647.31)
Net Cash Provided (Used) by Operating Activities	(288,406,657.92)	(199,906,315.56)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	224,225,605.24	227,641,582.82
Proceeds from Legislative Transfers	1,806,301.56	-
Proceeds from Gifts	10,831,573.22	7,750,061.43
Proceeds from Endowments	1,687,686.03	568,893.10
Proceeds of Transfers from Other Agencies	2,742,586.51	1,123,498.07
Proceeds from Grant Receipts	44,179,907.83	60,039,672.18
Proceeds from Other Revenues	3,647,194.68	1,054,576.94
Payments of Interest	(171.91)	(17,806.28)
Payments for Transfers to Other Agencies	(389,491.03)	(9,286,456.18)
Payments for Transfers to Other Components	(1,207,233.88)	-
Payments for Other Uses	(968,446.00)	(4,983,970.40)
Net Cash Provided (Used) by Noncapital Financing Activities	286,555,512.25	283,890,051.68
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations	25,153,248.96	32,626,108.74
Proceeds from Disposal of Capital Assets	-	34,709.50
Proceeds from Debt Issuance	55,997,173.60	90,230,652.66
Proceeds from Capital Contributions	1,444,072.68	-
Payments for Additions to Fixed Assets	(89,309,483.02)	(216,357,147.09)
Payments of Principal on Debt Issuance	(19,708,082.76)	(47,891,341.03)
Payments of Interest on Debt Issuance	(25,557,243.22)	(7,510,174.55)
Payments of Other Costs of Debt Issuance	(743,329.26)	(6,062.34)
Payments for Transfers to Other Components	-	(554,938.56)
Payments for Disposal of Capital Assets	(81,636.00)	(315,818.93)
Net Cash Provided (Used) From Capital & Related Financing Activities	(52,805,279.02)	(149,744,011.60)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	39,414,128.65	135,773,920.46
Proceeds from Interest and Investment Income	4,519,517.16	6,300,212.10
Payments to Acquire Investments	(68,555,655.42)	(51,972,461.63)
Net Cash Provided (Used) by Investing Activities	(24,622,009.61)	90,101,670.93
Net Increase/(Decrease) in Cash and Cash Equivalents	(79,278,434.30)	24,341,395.45

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	August 31, 2012	August 31, 2011
Cash and Cash Equivalents - September 1, 2011 and 2010	386,694,141.27	362,352,745.82
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - August 31, 2012 and 2011	\$ 307,415,706.97	\$ 386,694,141.27

Displayed as:

Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 264,137,141.84	\$ 347,460,927.18
Short-term Investments (Statement of Net Assets)	4,602,503.76	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	37,988,788.66	39,233,214.09
Restricted Short-term Investments (Statement of Net Assets)	687,272.71	-
	\$ 307,415,706.97	\$ 386,694,141.27

**Reconciliation of Operating Income to
Net Cash Provided by Operating Activities**

Operating Income/(Loss)	\$ (280,124,467.76)	\$ (272,189,578.50)
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**Adjustments to Reconcile Operating Income to
Net Cash Provided by Operating Activities**

Depreciation and Amortization	49,768,580.05	38,000,828.76
Bad Debt Expense	419,790.45	4,244,203.17
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(16,034,997.66)	7,118,427.76
(Increase) Decrease in Inventories	(477,611.84)	228,349.22
(Increase) Decrease in Loans & Contracts	1,209,455.20	(239,122.51)
(Increase) Decrease in Other Assets	(853,405.10)	(7,292,438.52)
(Increase) Decrease in Prepaid Expenses	(9,396,229.15)	396,335.79
Increase (Decrease) in Payables	(42,325,370.81)	20,934,551.79
Increase (Decrease) in Due to Other Components	(82,622.80)	-
Increase (Decrease) in Deferred Income	9,490,221.50	8,892,127.48
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	(8,282,190.16)	72,283,262.94

Net Cash Provided by Operating Activities	\$ (288,406,657.92)	\$ (199,906,315.56)
	\$ -	

Non Cash Transactions

Net Increase (Decrease) in FMV of Investments	\$ 1,743,289.82	\$ 2,327,766.73
Amortization of Investment Premiums/(Discounts)	\$ 440,635.70	\$ 845,875.52
Amortization of Bond Premiums/(Discounts)	\$ 1,224,879.68	\$ 971,352.00
Gain/(Loss) on disposal of Capital Assets	\$ (581,618.16)	\$ (281,109.43)

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

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2012

Note 1: Summary of Significant Accounting Policies

General Introduction

The University of North Texas System is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

The University of North Texas is the fourth-largest university in Texas and defines itself as a recognized student-centered public research university where the power of ideas is harnessed through a culture of learning based on diverse viewpoints, interdisciplinary endeavors, creativity and disciplined excellence. The University of North Texas Health Science Center at Fort Worth's mission is to improve the health and quality of life for the people of Texas and beyond through excellence in education, research, clinical care, community engagement and to provide national leadership in primary care.

The UNT System has no blended component units. The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit. Financial activity for the University of North Texas Health Science Center at Fort Worth Texas College of Osteopathic Medicine Foundation, Inc. (Foundation) is reported in UNTHSC's agency funds. The Foundation is a non-profit organization with the sole purpose of supporting the educational and other activities of UNTHSC. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The financial operations of the Foundation are overseen by a 27 member board of community business leaders, elected for a three-year term. The Executive Director, who is appointed by the Board and approved by the President of UNTHSC, is also the Vice President of Development.

Due to the statewide requirements embedded in 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 comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; 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

Enterprise Funds

Enterprise funds are used to account for any activity where 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.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2012

Component Units

The UNT System has no blended component units. The University of North Texas Foundation, Inc. is reported as a discrete component unit because the Foundation's governing body is not substantively the same as the governing body of the UNT System. Additional information may be found in Note 19.

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 fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Restricted Net Assets

When both restricted and unrestricted net assets are available for use, restricted resources are used first, and then unrestricted resources are used as they are needed.

Budgets 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 Fund Balances/Net Assets

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments that are both readily convertible to known amounts of cash and having an original maturity of three months or less are considered cash equivalents.

Securities Lending Collateral

The UNT System had no securities lending collateral transactions during the fiscal year.

Derivatives

The UNT System had no investments in derivatives at August 31, 2012.

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 and Prepaid Items

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 and prepaid items that appear in the proprietary fund types. The cost of these items is expensed when the items are consumed.

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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. These assets are capitalized at cost or, if not purchased, at appraised fair value as of the date of acquisition. 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.

Current Receivables – Other

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

Non-Current Receivables – Other

There are no Non-Current Receivables – Other reported for fiscal year 2012.

LIABILITIES

Accounts Payable

Accounts Payable represent 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

Employees' Compensable Leave represents 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 non-current 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 value. Bond discounts and premiums are not amortized over the life of the bonds in proprietary funds if they are not individually greater than 5 percent of the par value of the bond issue. Revenue Bonds Payable is reported separately as either current or non-current in the statement of net assets.

FUND BALANCE/NET ASSETS

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.

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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

Not Applicable to proprietary funds.

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Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2012, is presented below:

BUSINESS-TYPE ACT.	Balance 9/1/2011	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2012
			Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers			
	\$	\$	\$	\$	\$	\$	\$	\$
Non-Depreciable or Non-Amortizable Assets:								
Land and Land Improvements	67,533,344.87		332,356.25			2,605,661.23		70,471,362.35
Construction-in-Progress	11,827,610.08		(15,965,946.86)			26,198,505.34		22,060,168.56
Other Tangible Capital Assets	23,728,836.44					148,952.34	(739.89)	23,877,048.89
Total Non-Depreciable or Non-Amortizable Assets:	103,089,791.39		(15,633,590.61)			28,953,118.91	(739.89)	116,408,579.80
Depreciable Assets:								
Buildings and Building Improvements	788,183,741.69		13,148,298.24			21,238,469.40	(1,924,609.36)	820,645,899.97
Infrastructure	39,315,566.58		1,864,624.33			15,182,466.78		56,362,657.69
Facilities and Other Improvements	117,488,640.67		597,868.04			2,069,458.39		120,155,967.10
Furniture and Equipment	118,184,137.85	(78,411.30)	22,800.00	720,885.89	(720,885.89)	12,119,663.51	(4,710,295.99)	125,537,894.07
Vehicles, Boats and Aircraft	8,534,859.09			24,911.21	(24,911.21)	4,077,196.20	(616,995.87)	11,995,059.42
Other Capital Assets	98,483,362.11					9,543,667.06	(240,402.26)	107,786,626.91
Total Depreciable Assets:	1,170,190,307.99	(78,411.30)	15,633,590.61	745,797.10	(745,797.10)	64,230,921.34	(7,492,303.48)	1,242,484,105.16
Less Accumulated Depreciation for:								
Buildings and Improvements	(317,281,798.19)	18,694.00				(27,268,872.76)	1,629,868.28	(342,902,108.67)
Infrastructure	(8,142,715.84)					(1,405,400.14)		(9,548,115.98)
Facilities and Other Improvements	(10,527,855.60)					(3,396,897.75)		(13,924,753.35)
Furniture and Equipment	(74,391,600.53)	29,236.17		(69,763.42)	69,763.42	(10,681,028.27)	4,600,837.85	(80,442,554.78)
Vehicles, Boats and Aircraft	(6,160,153.54)			(593.12)	593.12	(813,100.49)	573,892.73	(6,399,361.30)
Other Capital Assets	(48,347,677.32)					(5,622,274.16)	116,927.22	(53,853,024.26)
Total Accumulated Depreciation	(464,851,801.02)	47,930.17		(70,356.54)	70,356.54	(49,187,573.57)	6,921,526.08	(507,069,918.34)
Depreciable Assets, Net	705,338,506.97	(30,481.13)	15,633,590.61	675,440.56	(675,440.56)	15,043,347.77	(570,777.40)	735,414,186.82
Amortizable Assets - Intangible:								
Computer Software	22,057,453.64					1,023,317.50		23,080,771.14
Total Amortizable Assets - Intangibles	22,057,453.64					1,023,317.50		23,080,771.14
Less Accumulated Amortization for:								
Computers Software	(20,605,475.91)					(643,397.22)		(21,248,873.13)
Total Accumulated Amortization	(20,605,475.91)					(643,397.22)		(21,248,873.13)
Amortizable Assets, Intangible, Net	1,451,977.73					379,920.28		1,831,898.01
Business-Type Activities Capital Assets, Net:	809,880,276.09	(30,481.13)		675,440.56	(675,440.56)	44,376,386.96	(571,517.29)	853,654,664.63

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Note 3: Deposits, Investments and Repurchase Agreements

The Texas Education Code, Title III, Chapter 51.0031 grants authority for a governing board to invest funds under prudent person standards "if a governing board has under its control at least \$25 million in book value of endowment funds."

The UNT System adopted regulation 10.100, Investment Management, of the University of North Texas System Regulations in 2012. The investment policy stipulates that the investment policy of each member institution must be reviewed and approved by the UNT System Board of Regents annually, serves to standardize the investment approach across the member campuses, to document the investment strategy of the UNT System and replace the four existing institution policies. The UNT System's policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, corporate asset and mortgage backed securities, equity, international obligations, international equity, certificates of deposit, banker's acceptances, money market mutual funds, mutual funds, repurchase agreements, private equity, hedge funds, Real Estate Investment Trusts (REITs), derivatives, energy and real estate.

There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$52,659,344.07 for Proprietary Funds and \$8,118,472.00 for University of North Texas Foundation, Inc. as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING VALUE	\$52,659,344.07
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalents	
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	
Cash in Bank per AFR	\$52,659,344.07
Proprietary Funds Current Assets Cash in Bank	\$51,588,707.66
Proprietary Funds Current Assets Restricted Cash in Bank	\$1,070,636.41
Cash in Bank per AFR	\$52,659,344.07

Discrete Component Unit	
CASH IN BANK – CARRYING VALUE	\$8,118,472.00
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalents	
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	
Cash in Bank per AFR	\$8,118,472.00
Discrete Component Unit Current Assets Cash in Bank	\$8,118,472.00
Discrete Component Unit Current Assets Restricted Cash in Bank	
Discrete Component Unit Non-Current Restricted Cash in Bank	
Cash in Bank per AFR	\$8,118,472.00

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These amounts consist of all cash in local banks and a portion of short-term investments. These amounts are included on the Combined Statement of Net Assets as part of the Cash and Cash Equivalents accounts.

As of August 31, 2012, the total bank balance was as follows:

Business-Type Activities	\$62,654,098.24
Discrete Component Unit	\$5,309,519.00

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The University of North Texas Foundation, Inc., presented as a discrete component unit, maintains cash balances at times in excess of \$250,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 (effective October 3, 2008). The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of \$3,696,770 at December 31, 2011 to secure Foundation deposits in excess of \$250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at December 31, 2011 was \$4,041,008. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2011 was \$120,005. In addition to the checking account balance, the Foundation had cash balances of \$5,309,519 at December 31, 2011 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement. The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was \$1,611,034 and \$2,685,275 at December 31, 2011 and 2010 respectively.

Investments

The University of North Texas System's investment portfolio is invested pursuant to Section 51.0032 of the Texas Education Code; Public Funds Collateral Act, Chapter 2257 of the Texas Government Code; the Public Funds Investment Act (PFIA); and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 163 of the Texas Property Code. Under the PFIA the University of North Texas' governing board is required to adopt a written investment policy and strategy, review the policy and strategy not less than annually, appoint an investment office, and adopt internal controls to safeguard the University's funds. Chapter 2257, Government Code, The Public Funds Collateral Act sets the standards for collateralization of public funds in Texas.

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As of August 31, 2012, the carrying values of investments are presented below. The fair value is equivalent to the carrying value.

Business-Type Activities	Carrying Value
U.S. Government	
U.S. Treasury Securities	
U.S. Treasury Strips	
U.S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	12,848,787.69
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	2,902,538.39
Endowment Funds- collective	
International Obligations (Govt. and Corp.)	2,564,439.53
International Equity	1,427,468.59
Repurchase Agreement	69,365,271.23
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	
Fixed Income Money Market and Bond Mutual Fund	36,200,859.00
Other Commingled Funds	83,441,913.13
Other Commingled Funds (Texpool)	51,865,375.85
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Externally Managed Investments-Domestic	69,389,557.01
Externally Managed Investments-Foreign	19,947,934.57
Misc (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	28,362,443.72
Total	\$ 378,316,588.71

Discrete Component Unit	Fair Value
U.S. Government	
U.S. Treasury Securities	
U.S. Treasury Strips	
U.S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	\$ 37,561,844
Endowment Funds- collective	
International Obligations (Govt. and Corp.)	
International Equity	
Repurchase Agreement	
Repurchase Agreement (Texas Treasury Safekeeping Trust Co.)	
Fixed Income Money Market and Bond Mutual Fund	25,526,018
Other Commingled Funds	
Other Commingled Funds (Texpool)	
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Alternative Investments-Domestic	
Alternative Investments-Foreign	
Misc (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	12,058,993
Total	\$ 75,146,855

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The exposure to foreign risk at August 31, 2012, was as follows:

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Fund Type	GAAP Fund	Currency	Balance
5	0001	Euro	\$ 829,682.48
5	0001	US\$	\$23,110,160.21

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. As of August 31, 2012, UNT System's credit quality distribution for securities with credit risk exposure was as follows:

Standard and Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AAAm	AA	A	BBB	BB	B	CCC	Unrated
			\$	\$	\$	\$	\$	\$	\$	\$	\$
5	0001	U.S. Government Agency Obligations	12,834,320								
		Corporate Obligations									
		International Obligations									2,564,440
		Repurchase Agreement			69,365,271						
		Fixed Income Money Market and Bond Mutual Fund		33,765,929							79,205
		Externally Managed Investments									83,504,534
		Miscellaneous	221,751								3,395,602

In February of 2012 the Board of Regents of the UNT System approved the creation of the UNT System Long Term Investment Pool to create a standardized investment approach across the member campuses. Authority to invest funds is granted to the Board of Regents as established in the Public Funds Investment act (Texas Government Code, Chapter 2256) Section 51.0031 and rule 10.100 of the Rules of the Board of Regents of the University of North Texas System investment policy. No violations of applicable law, Board policy or contract provisions occurred during fiscal year 2012.

The UNT System Long Term Investment Pool funds are invested with external investment managers who invest in equity and fixed income funds both domestic and international. The policy allows for the asset allocation to be maintained within the following parameters (+/- 2%); 18% US All-Cap Stocks, 10% US Large-Cap Quality Stocks, 19% International Large-Cap Stocks, 5% Emerging Market Stocks, 23% US/Global Fixed Income, 3% US inflation Protected Bonds, 12% Hedge Funds and 10% Real Assets. As of August 31, 2012, the UNT System's externally managed Long Term Pool investment was \$83,504,534,28.

Hedge funds within the externally managed Long Term Investment Pool are invested with external investment managers who invest in equity and fixed income funds both domestic and international. These investment managers may invest both long and short in securities and may utilize leverage in their portfolios. They may also utilize credit default swaps and total return swaps as part of their investment strategies. The funds invested may be subject to a lock-up restriction of one or more years before the investment may be withdrawn from the manager without significant penalty. There are certain risks associated with these investments, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. When credit default swaps or total return swaps are used, there is additional risk of counterparty non-performance and unanticipated movements in the fair value of the underlying securities. As of August 31, 2012, the UNT System's investment in hedge funds was \$9,240,830.15.

International and emerging market funds within the externally managed Long Term Investment Pool are invested with external investment managers who may employ the use of forward currency exchange contracts as a hedge in connection with portfolio purchases and sales of securities denominated in foreign currencies. These instruments are subject to market, credit and counterparty risk. The contracts are valued at the prevailing forward exchange rate of the underlying currencies and the unrealized gain (loss) is recorded daily. Unrealized gains and losses that represent the difference between the value of the forward contract to buy and the forward contract to sell are

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included in the net realized gain (loss) from the forward contracts. As of August 31, 2012, the UNT System's investment in international funds that may employ forward currency exchange contracts was \$19,118,252.08.

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 Transactions

The UNT System did not participate in any securities-lending program.

Derivatives

The UNT System did not participate in any derivatives. Investment managers in invested vehicles such as hedge funds may employ derivatives, the value of which is reflected in those securities.

Note 4: Short-Term Debt

University of North Texas System issues commercial paper with the intent and ability to treat it as long-term debt (reported in Note 5 Notes & Loans Payable). The commercial paper debt service requirement due within one year includes \$2,434,000.00 principal and \$115,528.80 interest.

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09-01-11	Additions	Reductions	Balance 08-31-12	Amounts Due Within One Year
Notes & Loans Payable	\$ 54,880,000.00	\$ 32,675,000.00	\$ (45,923,000.00)	\$ 41,632,000.00	\$ 2,434,000.00
Revenue Bonds Payable	421,055,830.90	92,973,130.86	(48,964,879.68)	465,064,082.08	23,488,044.00
Claims & Judgments	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	16,884.67	0.00	(6,986.76)	9,897.91	6,986.76
Compensable Leave	20,955,088.30	1,677,155.25	(1,812,362.27)	20,819,881.28	2,737,142.60
Pollution Remediation Obligation	0.00	0.00	0.00	0.00	0.00
Total Business-Type Activities	\$ 496,907,803.87	\$ 127,325,286.11	\$ (96,707,228.71)	\$ 527,525,861.27	\$ 28,666,173.36

Notes & Loans Payable

The University of North Texas System increased the commercial paper program in fiscal year 2009. The issuance of commercial paper notes may not exceed, in aggregate, the principal amount of \$100,000,000 of which \$25,000,000 may be used as taxable notes. Additionally, University of North Texas System Revenue Financing System Commercial Paper Notes, Series A in the amount of \$32,675,000 were issued during the fiscal year to finance various capital projects and notes in the amount of \$45,923,000 matured. The outstanding balance at August 31, 2012, is \$41,632,000 with interest rates of 0.17%, 0.18%, 0.20%, 0.21%, 0.28%, 0.52%, and 0.55%, for the outstanding issues. The University of North Texas System will provide liquidity support for \$100,000,000 in

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commercial paper notes by utilizing available funds of The University of North Texas System in lieu of or in addition to bank liquidity support.

The maximum maturity for commercial paper is 270 days. In practice, UNT System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts are received to retire the commercial paper debt.

Long-Term Liabilities are presented for each component with an offsetting contra-account representing the amount due from/to other components.

The debt service requirements for Commercial Paper are as follows:

Year	Principal	Interest	Total
2013	\$ 2,434,000.00	\$ 115,528.80	\$ 2,549,528.80
2014	1,200,000.00	108,774.45	1,308,774.45
2015	1,200,000.00	105,444.45	1,305,444.45
2016	1,205,000.00	102,114.45	1,307,114.45
2017	103,000.00	98,770.58	201,770.58
2018-2019	\$ 35,490,000.00	\$ 196,969.50	\$ 35,686,969.50

The average variable interest rate for 2012 of 0.28% was used to estimate interest in future years. The actual rate will fluctuate based upon market conditions in each year.

Claims and Judgments

There are no outstanding material judgments as of August 31, 2012. There is one material claim that remains unresolved and therefore has not been paid.

The University of North Texas has a conditional settlement agreement with the City of Denton pending the outcome of a declaratory judgment action regarding a statutory discount rate for utilities provided to institutions of higher education. The declaratory judgment action is City of Denton, Texas, Acting by and Through its Electric Utility Department, Denton Municipal Electric v. University of North Texas, which is currently pending in the 158th State District Court, Denton County, Texas. Payment under the settlement agreement by the University is not due unless and until the University loses upon final appeal in this matter. It is reasonably possible that the University could lose on appeal. In the event the University loses on final appeal, it will owe the City of Denton One Million Seventy One Thousand Two Hundred Forty-five and 49/100 (\$1,071,245.49) plus statutory interest of 9.25% per year, and attorney's fees of up to Forty-five Thousand Five Hundred and no/100 Dollars (\$45,500.00).

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time and 1.5 compensatory 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 is 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.

Pollution Remediation Obligations

As of August 31, 2012, the UNT System did not have any pollution remediation obligations.

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Note 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in the Combined Schedule 2A, Miscellaneous Bond Information; Combined Schedule 2B, Changes in Bonded Indebtedness; Combined Schedule 2C, Debt Service Requirements; Combined Schedule 2D, Analysis of Funds Available for Debt Service; Combined Schedule 2E, Defeased Bonds Outstanding; Combined Schedule 2F, Early Extinguishment and Refunding.

General information related to bonds is summarized below:

University of North Texas System Administration

Revenue Financing System Bonds, Series 2007

- To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes; and acquiring, renovating and equipping property in Dallas for academic and administrative purposes
- Issued 01-01-2007
- \$16,980,000; all authorized bonds have been issued
- Source of revenue for debt service – all pledged revenues of the participants of the University of North Texas System Revenue Financing System

University of North Texas

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 \$78 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 Discovery Park; the acquisition and renovation of two existing private housing facilities; and pay the costs of issuance
- Issued 08-01-2002
- \$36,340,000; 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 2002A

- To provide funds for the purposes of constructing a 300-bed student residence hall for University students and pay the costs of issuance
- Issued 11-01-2002
- \$9,500,000; all authorized bonds have been issued
- Source of revenue for debt service – all pledged revenues of the participants of the University of North Texas System Revenue Financing System

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Revenue Financing System Bonds, Series 2003

- To provide funds for the purposes of constructing a 600-bed student residence hall and dining facility for University students and pay the costs of issuance
- Issued 05-01-2003
- \$31,180,000; all authorized bonds have been issued
- Source of revenue for debt service – all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding Bonds, Series 2003A

- To provide funds sufficient to refund certain of the University's outstanding Consolidated University Revenue Bonds, Series 1994, Health Science Center Tuition Revenue Bonds, Series 1994, Consolidated University Revenue Bonds, Series 1996, Revenue Financing System Tuition Revenue Bonds, Series 1999, and Revenue Financing System Tuition Revenue Bonds, Series 2002; and to pay the costs of issuance
- Issued 09-01-2003
- \$3,270,000; 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, Taxable Series 2003B

- To provide funds for the purposes of constructing and equipping student housing facilities, to wit, five sorority houses to be owned by the University; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 09-01-2003
- \$4,980,000; all authorized bonds have been issued
- Source of revenue for debt service – fees charged for occupying the sorority facilities and also the pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, Series 2005

- To provide funds for the purposes of advance refunding a portion (\$37.7 million par value) of the Board's outstanding bonds; refunding a portion of the Board's outstanding commercial paper notes; constructing and equipping a student wellness and career center; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 10-01-2005
- \$42,890,000; all authorized bonds have been issued
- Source of revenue for debt service – pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2007

- To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes; constructing and equipping two residence halls; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 01-01-2007
- \$39,070,000; all authorized bonds have been issued
- Source of revenue for debt service – pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Bonds, Series 2009A

- To provide funds for the purposes of constructing and equipping the Business Leadership Building, football stadium; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 12-02-2009
- \$132,190,000; all authorized bonds have been issued

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- 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 Bonds, Series 2009B

- To provide funds for the purposes of refunding the University's outstanding Consolidated University Revenue Bonds, Series 1994, Revenue Financing System Bonds, Series 1999A, and Revenue Financing System Bonds, Series 2001; and to pay the costs of issuance
- Issued 12-02-2009
- \$12,345,000; all authorized bonds have been issued
- Source of revenue for debt service – pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding Bonds, Series 2010

- To provide funds for the purposes of refunding the Revenue Financing System Bonds, Series 2001, Revenue Financing System Bonds, Series 2002, and Revenue Financing System Bonds, Series 2002A
- Issued 07-23-2010
- \$42,085,000; 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 Bonds, Series 2012A

- To provide funds for the purposes of advance refunding a portion (\$26 million par value) of the Revenue Financing System Bonds, Series 2003A; refunding a portion of the Board's outstanding commercial paper notes; and acquiring, purchasing, constructing, improving, renovating, enlarging, or equipping property, buildings, structures, facilities, roads, or related infrastructure for the UNT ESCO project and UNT Woodhill.
- Issued 06-01-2012
- \$56,210,000; 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 Financial System

Revenue Financing System Refunding Bonds, Series 2012B

- To provide funds for the purposes of advance refunding of the Revenue Financing System Bonds, Series 2003B
- Issued 06-01-2012
- \$4,820,000; 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 Financial System

University of North Texas Health Science Center

Revenue Financing System Bonds, Series 2002

- To provide funds for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging, or equipping property, buildings, structures, facilities, roads, or related infrastructure for the Health Science Center; paying the municipal bond insurance premium for the bonds; and paying certain costs of issuing the bonds
- Issued 08-01-02
- \$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

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Revenue Financing System Refunding Bonds, Series 2003A

- To advance refund a portion of the Board's outstanding bonds in order to reduce debt service requirements of the Board in certain years
- Issued 09-01-03
- \$2,915,000; 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 Bonds, Series 2005

- To provide funds for the purposes of advance refunding a portion (\$11.43 million par value) of the Board's outstanding bonds; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 10-01-05
- \$11,250,000; 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 Bonds, Series 2009

- To provide funds for the purposes of refunding a portion (\$18.175 million par value) of the Board's outstanding commercial paper notes; constructing and equipping a Public Health Education Building; paying a portion of the interest accruing on the bonds; and paying certain costs of issuing the bonds
- Issued 02-19-09
- \$38,650,000; 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 Bonds, Series 2009B

- To provide funds for the purposes of refunding the currently outstanding UNTHSC General Tuition Revenue Bonds, Series 1999A; paying a portion of the accrued interest; and paying certain costs of issuing the bonds
- Issued 11-15-09
- \$3,455,000; 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 Bonds, Series 2010

- To provide funds for the purposes of refunding the Board's outstanding Tuition Revenue Bonds, Series 2002; and paying certain costs of issuing the bonds
- Issued 7-23-10
- \$15,540,000; 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 Bonds, Series 2012A

- To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes, building completions and renovations and paying certain costs of issuing the bonds
- Issued 06-01-12
- \$19,680,000; 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

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University of North Texas at Dallas

Revenue Financing System Refunding and Improvement Bonds, Series 2005

- To provide funds for constructing and equipping a building for the UNT-Dallas campus including a library, classrooms, offices and related parking
- Issued 10-01-2005
- \$22,655,000; 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 2009A

- To provide funds for constructing and equipping the second academic building for the UNT-Dallas campus
- Issued 12-02-2009
- \$27,120,000; 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

Pledged Future Revenues

GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for UNT System’s revenue bonds:

	Government Activities	Business – Type Activities	Component Units
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	N/A	\$ 670,595,603.00	N/A
Term of Commitment Year Ending 08/31		2040	
Percentage of Pledged Revenue		93.0%	
Current Year Pledged Revenue		623,345,928.00	
Current Year Principal and Interest Paid		\$ 41,929,438.62	
Pledged revenue sources: Government activities.			
Business type activities include income from tuition and fees, operating income from residential housing, dining services. Component Units			

Note 7: Derivatives

Not applicable.

Note 8: Leases

The UNT System does not have any non-cancelable operating leases.

Leases that are purchases in substance are reported as capital lease obligations. The capital assets are recorded at full value of the lease payments.

For governmental and business-type activities, the assets and liabilities are recorded in the government-wide financial statements.

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The table below is a summary of the future minimum lease payments for capital leases.

Business-Type Activities			
	Principal	Interest	Total Future Minimum Lease Payments
2013 (Future Year 1)	\$ 6,986.76	\$ 0.00	\$ 6,986.76
2014 (Future Year 2)	\$ 2,911.15	\$ 0.00	\$ 2,911.15
Total Lease Payments	\$9,897.91	\$0.00	\$ 9,897.91

The following table represents an analysis of the property recorded under capital leases by asset category at August 31, 2012.

Business-Type Activities		
Type	Assets Under Capital Lease	Accumulated Depreciation
Furniture and Equipment	\$ 20,960.28	\$3,742.80
Total	\$ 20,960.28	\$3,742.80

Note 9: Pension Plans

The state has established an optional retirement program for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The contributions made by plan members and employers for the fiscal year ended August 31, 2012 are:

ORP Participation	
Member Contributions	\$ 9,171,113.55
Employer Contributions	9,961,048.86
Total	\$ 19,132,164.41

Note 10: Deferred Compensation

Not Applicable.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable.

Note 12: Interfund Activity and Transactions

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, 2012, follows:

Current Portion	Current Interfund Receivable	Current Interfund Payable
ENTERPRISE FUND (05)	\$ 0.00	\$ 0.00
Total Interfund Receivable/Payable	\$ 0.00	\$ 0.00

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Non-Current Portion	Non-Current Interfund Receivable	Non-Current Interfund Payable
ENTERPRISE FUND (05)	\$ 0.00	\$ 0.00
Total Interfund Receivable/Payable	\$ 0.00	\$ 0.00

	Legislative Transfers In	Legislative Transfers Out
ENTERPRISE FUND (05)	\$ 0.00	\$ 0.00
Total Legislative Transfers	\$ 0.00	\$ 0.00

The detailed State Grant Pass Through information is listed on Schedule 1B – Schedule of State Grant Pass Throughs From/To State Agencies.

Note 13: Continuance Subject to Review

Not Applicable.

Note 14: Adjustments to Fund Balances and Net Assets

Not Applicable

Note 15: Contingencies and Commitments

The UNT System receives several grants for specific purposes that are subject to review and audit by the federal, state, private and non-profit grant sponsors. Such audits could lead to a request for reimbursements to grant sponsors for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

As of August 31, 2012, there are no known contingent liabilities that are likely to have a material effect on the System.

Note 16: Subsequent Events

Not Applicable.

Note 17: Risk Management

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 System-wide 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. General liability policies are purchased only on an as-needed basis to address unique exposures.

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 insured and self-insured arrangements for coverage of employees in the areas of liability and workers' compensation. There are no claims pending or significant nonaccrued liabilities, as stated in Note 5.

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

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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 amounts. No material outstanding claims are pending at August 31, 2012.

UNT System maintains reserves for unemployment compensation and workers' compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending at August 31, 2012. Health benefits are provided through the various state contracts administered by the Employee Retirement System (ERS).

The University of North Texas (UNT) and the Health Science Center (UNTHSC) 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:

Standard Fire and Extended Coverage (Property) – \$1,000,000,000 shared limit through the state-wide property program. Limit of liability exceeds bond requirements. Carriers: Lexington Insurance Company and several other Carriers.

The Texas Motor Vehicle Safety Responsibility Act requires that vehicles operated on a state highway be insured for minimum limits of liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. In addition, UNT System has chosen to carry liability insurance on its licensed vehicles in the amount of \$1,000,000 combined single limit for bodily injury and property damage. Carrier: The Hartford Insurance Company.

Medical Professional Liability - The UNT Student Health and Wellness Center has medical professional liability coverage with Columbia Casualty Company for a maximum per incident limit of \$250,000 and an aggregate of \$500,000 with a \$10,000 deductible.

UNTHSC manages a self-insurance plan for its physicians. As of August 31, 2012, UNTHSC had sufficient self-insurance reserves for known claims against its health care professionals. Medical professional liability coverage is purchased for allied health care professionals and medical students with a maximum per incident of \$1,000,000 and an aggregate limit of \$3,000,000 with no deductible. Carrier: Columbia Insurance Company.

Directors and Officers (D&O)/Employment Practices Liability (EPL) insures all UNT System and its component institution employees and volunteers including coverage for the entity. The policy provides for a maximum limit of \$5,000,000 with a \$100,000 deductible per insured individual for EPL and \$50,000 deductible per insured individual for D&O, a \$50,000 deductible for the entity, and a \$25,000 deductible for volunteers. For nonindemnifiable D&O claims there is no deductible. Carrier: Westchester Fire Insurance Company.

Other lines of insurance purchased include: athletic accident/medical, camp and day care accident/medical, commercial crime, fine arts, inland marine, foreign liability, global medical, kidnap and extortion, specialized general liability and property insurance for the Elm Fork Education Center, and student intern professional liability. A workers' compensation policy is purchased as required to address a unique exposure out of state employees.

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Note 18: Management Discussion and Analysis

Refer to the separate Management Discussion and Analysis section of this report.

Note 19: The Financial Reporting Entity

Component Units

The University of North Texas Foundation, Inc. is reported as a discrete component unit. The Foundation is a separate nonprofit organization that 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 direction and management of the affairs of the Foundation and the control and disposition of its assets are vested in the directors of the Foundation. The University has no liability with regard to the Foundation's liabilities. The majority of endowments supporting University scholarships and other University programs are owned by the Foundation; therefore, it would be misleading to exclude the Foundation's financial reports. The Foundation is a necessary and beneficial component of the UNT System's overall program for university advancement and for the development of private sources of funding for capital acquisition operations, endowments, and other purposes relating to the mission of the UNT System.

In August of 2003, the University of North Texas entered into an agreement with the University of North Texas Foundation, Inc. to better define the relationship between the two entities and to comply with the statutory requirements of Chapters 2255 and 2260 of the Texas Government Code. The 2003 agreement provided that the development leadership for the University would be provided by the Foundation's Chief Executive Officer.

An amended agreement was approved by the UNT Foundation Board of Directors in their June 2009 meeting, and was subsequently approved by the UNT Board of Regents in August 2009. Under the amended agreement, the University's Vice President for Advancement will serve as the Foundation's Director of Development and will oversee, coordinate and have decision making authority over the fundraising activities of both the University and the Foundation. In this dual position, the University's Vice President for Advancement/Foundation's Director of Development (VPA/FDD) shall not have any decision making authority in regard to governance of the Foundation or expenditure of funds by the Foundation. The person in the VPA/FDD position will be an employee of the University, and compensation for the position is the sole obligation of the University. Based on this amended agreement, UNT System continues to report UNT Foundation, Inc. as a discrete component unit in the UNT System Financial Reports.

The Foundation has a fiscal year end of December 31. The Foundation issued scholarships totaling \$1,184,655 to the University, made direct cash transfers totaling \$4,865,535 and made payments of \$1,008,120 on the University's behalf as of June 30, 2011. The Foundation has changed its fiscal year end to August 31 effective September 1, 2012.

Note 20: Stewardship, Compliance and Accountability

Not Applicable.

Note 21: Not Applicable

Not Applicable for AFR reporting purposes.

Note 22: 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.

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The target distribution of spendable income to each unit of the endowment fund will be between 3 and 6 percent of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the 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. The amount of net appreciation on University donor-restricted endowments that was available for distribution and expenditure during the fiscal year was \$913,689.59. All distributions had been made as of the end of the fiscal year; therefore, none of this appreciation amount is reflected in the Net Assets section.

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.

UNTHSC credits all investment earnings to corresponding operation accounts of the endowments unless directed otherwise by the donor. Currently, only one endowment requires a portion of earnings to be returned to the corpus. Spending authority of the operations accounts is limited to the present available balance. This authority cannot be exceeded based on future projections. The net appreciation for authorization for expenditure was \$220,430 at August 31, 2012.

Note 23: Extraordinary and Special Items

Not Applicable.

Note 24: Disaggregation of Receivable and Payable Balances

A summary of net accounts receivable and net other receivables for the year ended August 31, 2012 is presented below:

Accounts Receivable:	Net Balance
Current Accounts Receivable:	
Federal	\$ 31,612,680.30
Other Intergovernmental	524,364.72
Interest and Dividends	463,857.47
Accounts Receivable	62,061,727.73
Gifts Receivable	3,944,774.90
Notes/Loans and Contracts Receivable	7,235,618.45
Other Receivables	8,053,457.55
Total Current Accounts Receivable:	\$ 113,896,481.12
Non-Current Accounts Receivable:	
Gifts Receivable	\$ 1,335,196.49
Loans and Contracts	5,038,670.89
Total Non-Current Accounts Receivable:	\$ 6,373,867.38
Other Receivables:	
ERS Overpayments	\$ 966,679.93
Health Receivable	7,086,777.62
Total Other Receivables:	\$ 8,053,457.55

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Note 25: Termination Benefits

Not Applicable.

Note 26: Segment Information

Not Applicable.

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Notes to Schedule 1A - Combined Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2012

Note 1: Nonmonetary Assistance

N/A

Note 2: Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of Federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenues - per Statement of Changes in Revenues, Expenses and Net Assets	
Federal Grants and Contracts - Operating	\$ 49,701,513.64
Federal Grants and Contracts - Nonoperating	44,179,907.83
Federal Pass-Through Grants from Other State Agencies/Universities - Operating	5,681,984.42
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating	-
Subtotal	<u>\$ 99,563,405.89</u>
Reconciling Items:	
New Loans Processed:	
Disadvantaged Student Loans	\$ 94,018.00
Federal Perkins Loan Program	407,665.00
Federal Direct Student Loans	224,340,680.00
Federal Grants from Texas A&M Research Foundation	(50,630.35)
Total Pass - Through & Expenditures per Federal Schedule	<u>\$ 324,355,138.54</u>

Note 3a: Student Loans Processed & Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Adm. Costs Recovered	Ending Balances of Previous Year's Loans
<i>U.S. Department of Health and Human Services</i>				
93.342 Health Professions Student Loans, including Primary	\$ 94,018.00	\$ -	\$ 94,018.00	\$ 2,923,054.05
Total U.S. Department of Health and Human Services	<u>\$ 94,018.00</u>	<u>\$ -</u>	<u>\$ 94,018.00</u>	<u>\$ 2,923,054.05</u>
<i>U.S. Department of Education</i>				
84.038 Federal Perkins Loan Program	\$ 407,665.00	\$ -	\$ 407,665.00	\$ 4,041,111.27
84.268 Federal Direct Student Loans	224,340,680.00	-	224,340,680.00	-
Total U.S. Department of Education	<u>224,748,345.00</u>	<u>-</u>	<u>224,748,345.00</u>	<u>4,041,111.27</u>
TOTAL LOANS AND RECOVERIES	<u>\$ 224,842,363.00</u>	<u>\$ -</u>	<u>\$ 224,842,363.00</u>	<u>\$ 6,964,165.32</u>

The University of North Texas' general ledger reporting, billing and receiving, and some aspects of collections of the Perkins Loan program are outsourced to Campus Partners. Promissory note generation, final collection efforts, forbearance and deferment decisions are performed by UNT Financial Aid.

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

N/A

Note 4: 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 Publications Program, CFDA #40.001. The university is the legal custodian of governmental publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5: Unemployment Insurance Funds

N/A (Agency 320 only)

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

N/A (Agency 537 only)

Note 7: Deferred Federal Revenue

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

Note 8: Supplemental Nutrition Assistance Program (SNAP)

N/A

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Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2012

Pass-Through From: State Agencies

To University of North Texas (794)

Texas State Board of Public Accountancy (Agency 457)		
Fifth Year Accounting Student Scholarship Program	\$	5,000.00
Cancer Prevention and Research Institute of Texas (Agency 542)		
Prostate Cancer Model in Zebrafish		79,236.94
Dallas Cancer Disparities Community Coalition: Breast Cancer Prevention Education		93,390.12
Culturally sensitive HPV Vaccine Education in Tarrant County		172,725.29
Cellular Targets of Salinomycin: Novel Cancer Stem-Cell Specific Drug Studied in Yeast		49,171.12
The Rural Texas Physician Cancer Screening Education Program in High-Risk Cancer Cluster Regions		61,692.46
PP110190 - Comprehensive breast cancer prevention for high-risk women in Dallas County		142,013.08
Texas Commission on Environmental Quality (Agency 582)		
TEHI Asthma Study		85,470.85
Radioactive Waste Study		121,696.89
Texas Education Agency (Agency 701)		
Available School Fund - Per Capita		91,266.00
Foundation School Program (FSP) - Formula		2,207,750.00
Texas A&M University (Agency 711)		
More Than A Picnic Its A Family Affair for Lifestyle Change		17,909.69
University of Texas System (Agency 720)		
Joint Admission Medical Program (JAMP)		143,813.18
University of Texas at Austin (Agency 721)		
Teacher Mentoring Program		66,325.33
Texas Woman's University (Agency 731)		
College Readiness Initiative		30,762.87
Texas Tech University (Agency 733)		
CPRIT Beam Scanning Radar for Tumor Tracking in Lung Cancer Radiotherapy		29,247.12
University of North Texas (Agency 752)		
Texas Environmental Health Institute (TEHI) Asthma Study		4,334.93
Radioactive Waste Study - Health Surveillance Survey		15,948.56
Texas Higher Education Coordinating Board (Agency 781)		
TEXAS Grant Program		13,907,720.00
Promote Participation & Success		1,211.84
Engineering Recruitment Program		(33.35)
Texas Research Incentive Program - HB51		925,382.16
College Work Study Program		191,127.23
College Readiness Initiative		224,854.51
Top 10% Scholarships		1,418,000.00
Work Study Mentorship Program		205,806.63
Early High School Program HB1479		162,046.44
Outreach and Success		(1,000.00)
Armed Services Scholarships		300,000.00
Family Practice Residency Program		63,272.76
Parks and Wildlife Department (Agency 802)		
Habitat Requirements for <i>Quadrula aurea</i> (Golden Orb) in the lower San Antonio and Guadalupe River drainages		13,791.97
Texas Commission on the Arts (Agency 813)		
Arts Create		3,793.00
Comptroller - State Energy Conservation Office (Agency 907)		
State Energy Plan (SEP)		107,609.27
Total Pass-Through From Other Agencies		
(Statement of Revenues, Expenses, and Changes in Net Assets)	\$	<u>20,941,336.89</u>

Pass-Through To Other Agencies:

Texas A&M University - Kingsville (Agency 732)		
Ozone Near Non-Attainment		73,775.81
University of North Texas Health Science Center at Fort Worth (Agency 763)		
Texas Environmental Health Institute (TEHI) Asthma Study		4,334.93
Radioactive Waste Study - Health Surveillance Survey		15,948.56
Total Pass-Through to Other Agencies	\$	<u>94,059.30</u>



UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2A - Combined Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2001	\$ 33,860,000.00	4.0000% - 5.5000%	N/A	2002	2012	04/15/12
RFS Bonds, Series 2002	63,470,000.00	2.0000% - 5.0000%	N/A	2003	2012	04/15/12
RFS Bonds, Series 2002A	9,500,000.00	4.0000% - 5.0000%	N/A	2004	2012	04/15/12
RFS Bonds, Series 2003	31,180,000.00	3.0000% - 5.0000%	N/A	2005	2013	04/15/13
RFS Refunding Bonds, Series 2003A	6,185,000.00	5.3750% - 5.5000%	N/A	2003	2017	04/15/13
RFS Bonds, Taxable Series 2003B	4,980,000.00	2.5000% - 6.2000%	N/A	2003	2013	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	76,795,000.00	3.2500% - 5.2500%	N/A	2006	2025	04/15/15
RFS Bonds, Series 2007	56,050,000.00	4.0000% - 5.0000%	N/A	2008	2036	04/15/16
RFS Bonds, Series 2009	38,650,000.00	3.0000% - 5.2500%	N/A	2009	2028	04/15/18
RFS Bonds, Series 2009A	159,310,000.00	3.0000% - 5.0000%	N/A	2010	2029	04/15/19
RFS Refunding Bonds, Series 2009B	15,800,000.00	3.0000% - 4.7500%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	57,625,000.00	3.0000% - 5.0000%	N/A	2011	2024	04/15/20
RFS Refunding and Improvement Bonds, Series 2012A	75,890,000.00	2.0000% - 5.0000%	N/A	2013	2034	04/15/22
RFS Refunding Bonds, Taxable Series 2012B	4,820,000.00	0.5500% - 3.2000%	N/A	2013	2023	N/A
Total	<u>\$ 634,115,000.00</u>					

RFS - Revenue Financing System

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2B - Combined Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/12
RFS Bonds, Series 2001	\$ 1,420,000.00	\$ -	\$ 1,420,000.00	\$ -	\$ -
RFS Bonds, Series 2002	2,905,000.00	-	2,905,000.00	-	-
RFS Bonds, Series 2002A	475,000.00	-	475,000.00	-	-
RFS Bonds, Series 2003	26,820,000.00	-	705,000.00	25,385,000.00	730,000.00
RFS Refunding Bonds, Series 2003A	6,185,000.00	-	-	-	6,185,000.00
RFS Bonds, Taxable Series 2003B	4,660,000.00	-	80,000.00	4,495,000.00	85,000.00
RFS Refunding and Improvement Bonds, Series 2005	54,365,000.00	-	4,970,000.00	-	49,395,000.00
RFS Bonds, Series 2007	51,860,000.00	-	1,155,000.00	-	50,705,000.00
RFS Bonds, Series 2009	32,790,000.00	-	1,360,000.00	-	31,430,000.00
RFS Bonds, Series 2009A	149,915,000.00	-	3,590,000.00	-	146,325,000.00
RFS Refunding Bonds, Series 2009B	14,675,000.00	-	1,200,000.00	-	13,475,000.00
RFS Refunding Bonds, Series 2010	56,905,000.00	-	-	-	56,905,000.00
RFS Refunding and Improvement Bonds, Series 2012A	-	75,890,000.00	-	-	75,890,000.00
RFS Refunding Bonds, Taxable Series 2012B	-	4,820,000.00	-	-	4,820,000.00
Total	\$ 402,975,000.00	\$ 80,710,000.00	\$ 17,860,000.00	\$ 29,880,000.00	\$ 435,945,000.00

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

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Unamortized Premium *	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/12	Amounts Due Within One Year
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	730,000.00	730,000.00
-	-	-	6,185,000.00	-
-	-	-	85,000.00	85,000.00
-	-	-	49,395,000.00	5,225,000.00
-	-	-	50,705,000.00	1,200,000.00
-	-	-	31,430,000.00	1,410,000.00
9,690,621.75	-	-	156,015,621.75	4,120,256.00
772,857.15	-	-	14,247,857.15	1,375,968.00
6,558,148.00	-	-	63,463,148.00	5,487,980.00
12,097,455.18	-	-	87,987,455.18	3,773,840.00
-	-	-	4,820,000.00	80,000.00
<u>\$ 29,119,082.08</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 465,064,082.08</u>	<u>\$ 23,488,044.00</u>

Net Bonds Payable per Statement of Net Assets

\$ 465,064,082.08

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest*</u>
Revenue Bonds			
RFS Bonds, Series 2003	2013	\$ 730,000.00	\$ 27,740.00
		<u>730,000.00</u>	<u>27,740.00</u>
RFS Refunding Bonds, Series 2003A	2013	-	337,912.50
	2014	-	337,912.50
	2015	1,810,000.00	337,912.50
	2016	2,130,000.00	240,625.00
	2017	2,245,000.00	123,475.00
		<u>6,185,000.00</u>	<u>1,377,837.50</u>
RFS Bonds, Taxable Series 2003B	2013	85,000.00	4,335.00
		<u>85,000.00</u>	<u>4,335.00</u>
RFS Refunding and Improvement Bonds, Series 2005	2013	5,225,000.00	2,426,912.50
	2014	5,470,000.00	2,165,662.50
	2015	5,190,000.00	1,919,512.50
	2016	4,170,000.00	1,685,962.50
	2017	4,390,000.00	1,467,037.50
	2018 - 2022	16,655,000.00	4,102,912.50
	2023 - 2025	8,295,000.00	771,200.00
		<u>49,395,000.00</u>	<u>14,539,200.00</u>
RFS Bonds, Series 2007	2013	1,200,000.00	2,377,962.50
	2014	1,245,000.00	2,329,962.50
	2015	1,300,000.00	2,280,162.50
	2016	1,355,000.00	2,221,662.50
	2017	1,420,000.00	2,160,687.50
	2018 - 2022	8,060,000.00	9,832,712.50
	2023 - 2027	10,230,000.00	7,665,250.00
	2028 - 2032	13,055,000.00	4,838,750.00
	2033 - 2036	12,840,000.00	1,476,450.00
		<u>50,705,000.00</u>	<u>35,183,600.00</u>
RFS Bonds, Series 2009	2013	1,410,000.00	1,480,137.50
	2014	1,460,000.00	1,430,787.50
	2015	1,510,000.00	1,379,687.50
	2016	1,555,000.00	1,334,387.50
	2017	1,635,000.00	1,256,637.50
	2018 - 2022	9,230,000.00	5,212,762.50
	2023 - 2027	11,880,000.00	2,563,900.00
	2028	2,750,000.00	137,500.00
		<u>31,430,000.00</u>	<u>14,795,800.00</u>
RFS Bonds, Series 2009A	2013	3,770,000.00	7,316,250.00
	2014	3,970,000.00	7,127,750.00
	2015	4,160,000.00	6,929,250.00
	2016	4,375,000.00	6,721,250.00
RFS Bonds, Series 2009A (Continued)	2017	4,585,000.00	6,502,500.00
	2018 - 2022	26,600,000.00	28,836,000.00

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Description of Issue	Year	Principal	Interest*
Revenue Bonds			
	2023 - 2027	33,960,000.00	21,486,500.00
	2028 - 2032	26,920,000.00	12,896,250.00
	2033 - 2037	21,985,000.00	7,405,000.00
	2038 - 2040	16,000,000.00	1,626,000.00
		<u>146,325,000.00</u>	<u>106,846,750.00</u>
RFS Refunding Bonds, Series 2009B			
	2013	1,260,000.00	556,625.00
	2014	1,330,000.00	506,225.00
	2015	2,005,000.00	453,025.00
	2016	2,090,000.00	372,825.00
	2017	2,175,000.00	289,225.00
	2018 - 2019	4,615,000.00	313,850.00
		<u>13,475,000.00</u>	<u>2,491,775.00</u>
RFS Refunding Bonds, Series 2010			
	2013	4,895,000.00	2,691,800.00
	2014	5,160,000.00	2,447,050.00
	2015	3,660,000.00	2,189,050.00
	2016	3,855,000.00	2,006,050.00
	2017	4,045,000.00	1,813,300.00
	2018 - 2022	30,180,000.00	5,978,700.00
	2023 - 2024	5,110,000.00	386,500.00
		<u>56,905,000.00</u>	<u>17,512,450.00</u>
RFS Refunding and Improvement Bonds, Series 2012A			
	2013	3,110,000.00	3,096,497.92
	2014	3,480,000.00	3,487,925.00
	2015	3,580,000.00	3,383,525.00
	2016	3,765,000.00	3,204,525.00
	2017	3,940,000.00	3,016,275.00
	2018 - 2022	22,675,000.00	12,140,775.00
	2023 - 2027	14,100,000.00	7,449,275.00
	2028 - 2032	17,945,000.00	3,603,000.00
	2033 - 2034	3,295,000.00	249,250.00
		<u>75,890,000.00</u>	<u>39,631,047.92</u>
RFS Refunding Bonds, Taxable Series 2012B			
	2013	80,000.00	131,452.61
	2014	150,000.00	150,270.00
	2015	180,000.00	149,145.00
	2016	175,000.00	147,435.00
	2017	180,000.00	145,335.00
	2018 - 2022	975,000.00	671,225.00
	2023 - 2027	1,120,000.00	516,332.50
	2028 - 2032	1,345,000.00	291,207.50
	2033 - 2034	615,000.00	37,665.00
		<u>4,820,000.00</u>	<u>2,240,067.61</u>
Total		<u>\$ 435,945,000.00</u>	<u>\$ 234,650,603.03 *</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 (794)
Schedule 2D - Combined Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Pledged and Other Sources and Related Expenditures for FY 2012</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/ Expenditures & Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest *</u>
RFS Bonds Series 01, '02, '02A, '03, '03A, '03B, '05, '07, '09 '09A, '09B, '10, '12A & '12B	\$ 623,345,927.68	\$ 364,016.47	\$ 17,860,000.00	\$ 19,497,082.50
Total	<u>\$ 623,345,927.68</u>	<u>\$ 364,016.47</u>	<u>\$ 17,860,000.00</u>	<u>\$ 19,497,082.50</u>

* 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.

Pledged revenues for the RFS Parity Obligations include all revenues, funds and balances lawfully available and derived from or attributable to any participant of the Revenue Financing System, subject to the lien on the pledged revenues securing Prior Encumbered Obligations.

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
RFS Bonds, Series 2003	2012	\$ 25,385,000.00
RFS Bonds, Taxable Series 2003B	2012	4,495,000.00
Total		<u>\$ 29,880,000.00</u>

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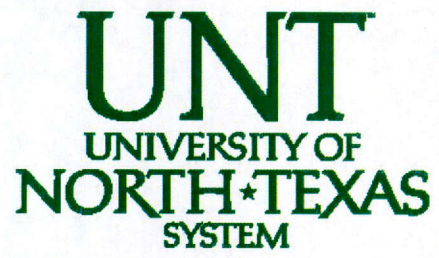
UNIVERSITY OF NORTH TEXAS SYSTEM (794)
 Schedule 2F - Early Extinguishment and Refunding
 For the Fiscal Year Ended August 31, 2012

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Financing System Bonds					
RFS Bonds, Series 2003	Advance Refunding	\$ 25,385,000.00	\$ 22,965,000.00	\$ (4,088,336.28)	\$ 2,864,033.69
RFS Bonds, Taxable Series 2003B	Advance Refunding	4,495,000.00	4,820,000.00	(1,354,498.65)	931,894.00
Total		<u>\$ 29,880,000.00</u>	<u>\$ 27,785,000.00</u>	<u>\$ (5,442,834.93)</u>	<u>\$ 3,795,927.69</u>

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0258	\$ 1,787,348.12	\$ -	\$ 1,787,348.12
Local Revenue Fund 0280	3,937,832.39	-	3,937,832.39
Local Revenue Fund 0292	3,291,342.95	-	3,291,342.95
Local Revenue Fund 0819	1,103,501.56	-	1,103,501.56
Total Cash in State Treasury (Statement of Net Assets)	\$ 10,120,025.02	\$ -	\$ 10,120,025.02



FINANCIAL STATEMENTS

of the

**UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC**

DENTON, TEXAS

For the years ended December 31, 2011 and 2010



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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Financial Position
For Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 8,118,472	\$ 8,088,710
Investments	75,146,855	74,017,609
Contributions and other receivables	21,538,931	5,518,201
Prepaid Expenses	3,119	49,598
Real Property	111,735	111,735
Other Assets	7,500	7,500
Cash Value of Life Insurance Policies	417,724	422,134
Assets held under trust agreements	3,756,451	3,933,188
Total Assets	<u>\$ 109,100,787</u>	<u>\$ 92,148,675</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable and accrued expenses	79,763	57,568
Agency Funds	220,316	281,575
Annuity Obligations	1,832,881	1,615,795
Refundable Advances	1,797,048	1,824,431
Total Liabilities	<u>3,930,008</u>	<u>3,779,369</u>
Net Assets:		
Unrestricted		
Board designated for reserves	1,282,342	1,248,443
Fair value of endowments below historical cost	(3,820,815)	(2,163,772)
Undesignated	371,380	589,709
Total Unrestricted	<u>(2,167,093)</u>	<u>(325,620)</u>
Temporarily Restricted	38,619,538	23,306,269
Permanently Restricted	68,718,334	65,388,657
Total Net Assets	<u>105,170,779</u>	<u>88,369,306</u>
Total Liabilities and Net Assets	<u>\$ 109,100,787</u>	<u>\$ 92,148,675</u>

See accompanying notes to financial statements

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Statement of Activities

For the year ended December 31, 2011

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2011 TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	\$ -	\$ 19,173,022	\$ 3,410,085	\$ 22,583,107
Investment Income/(Loss)	(82,003)	1,463,386	-	1,381,383
Internal Management Fee	839,975	-	-	839,975
Other income	287	328,334	-	328,621
Realized and unrealized gain (loss) on market value of investments	115	(1,896,027)	-	(1,895,912)
Actuarial gain (loss) on annuity obligations	-	-	(320,345)	(320,345)
Increase in cash value-life insurance	-	-	(4,411)	(4,411)
Total Revenues, Gains, and Other Support	758,374	19,068,715	3,085,329	22,916,829
Net Assets Released from Restrictions	5,270,527	(5,242,962)	(27,565)	-
Transfers/Changes in Donor Restrictions	(1,759,429)	1,487,516	271,913	-
Total Net Assets Released from Restrictions/Transfer	3,511,098	(3,755,446)	244,348	-
PROGRAM SERVICES:				
Internal Management Fee	839,975	-	-	839,975
Scholarships & Awards	1,101,896	-	-	1,101,896
Expense Reimbursements	5,839	-	-	5,839
Services for programs	1,030,578	-	-	1,030,578
Distributions to UNT	2,256,993	-	-	2,256,993
Grant to University President	64,932	-	-	64,932
Distributions to Other Institutions	21,500	-	-	21,500
Life Insurance Premiums	13,746	-	-	13,746
Total Program Services	5,335,459	-	-	5,335,459
MANAGEMENT & GENERAL EXPENSES:				
Salaries & Benefits	576,629	-	-	576,629
Consulting fees	19,345	-	-	19,345
Professional services	21,000	-	-	21,000
Travel	9,055	-	-	9,055
Administrative and other	18,364	-	-	18,364
Bank & Credit card charges	21,360	-	-	21,360
Office & Computer Equipment	2,343	-	-	2,343
Insurance	11,932	-	-	11,932
Professional Development	10,140	-	-	10,140
Website Design	85,318	-	-	85,318
Total Management & General Expenses	775,486	-	-	775,486
Total Program Services & Expenses	6,110,945	-	-	6,110,945
Change in Net Assets	(1,841,473)	15,313,269	3,329,677	16,801,473
Net Assets - Beginning of Year	(325,620)	23,306,269	65,388,657	88,369,306
Net Assets - End of Year	\$ (2,167,093)	\$ 38,619,538	\$ 68,718,334	\$ 105,170,779

See accompanying notes to financial statements

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Activities
For the year ended December 31, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2010 TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT:				
Contributions	\$ -	\$ 3,708,007	\$ 3,477,370	\$ 7,185,377
Investment Income/(Loss)	(86,237)	931,804	-	845,567
Internal Management Fee	887,689	-	-	887,689
Other income	-	364,376	3,423.00	367,799
Realized and unrealized gain (loss)	33,201	6,837,598	(4,620.00)	6,866,179
Actuarial gain (loss) on annuity obligations	-	-	96,101.00	96,101
Increase in cash value-life insurance	-	-	43,464.00	43,464
Total Revenues, Gains, and Other Support	<u>834,653</u>	<u>11,841,785</u>	<u>3,615,738.00</u>	<u>16,292,176</u>
Net Assets Released from Restrictions	5,801,337	(5,770,093)	(31,244)	-
Transfers/Changes in Donor Restrictions	1,476,916	(1,476,716)	(200)	-
Total Net Assets Released from Restrictions/Transfers	<u>7,278,253</u>	<u>(7,246,809)</u>	<u>(31,444)</u>	<u>-</u>
PROGRAM SERVICES:				
Internal Management Fee	887,689	-	-	887,689
Scholarships & Awards	1,092,799	-	-	1,092,799
Expense Reimbursements	2,595	-	-	2,595
Services for programs	706,034	-	-	706,034
Distributions to UNT	3,103,728	-	-	3,103,728
Grant to University President	-	-	-	-
Distributions to Other Institutions	25,000	-	-	25,000
Life Insurance Premiums	11,734	-	-	11,734
Total Program Services	<u>5,829,579</u>	<u>-</u>	<u>-</u>	<u>5,829,579</u>
MANAGEMENT & GENERAL EXPENSES:				
Salaries & Benefits	522,981	-	-	522,981
Consulting fees	26,633	-	-	26,633
Professional services	20,000	-	-	20,000
Travel	8,881	-	-	8,881
Administrative and other	23,119	-	-	23,119
Bank & Credit card charges	9,897	-	-	9,897
Office & Computer Equipment	3,156	-	-	3,156
Insurance	11,885	-	-	11,885
Professional Development	10,027	-	-	10,027
Website Design	-	-	-	-
Total Management & General Expenses	<u>636,579</u>	<u>-</u>	<u>-</u>	<u>636,579</u>
Total Program Services & Expenses	<u>6,466,158</u>	<u>-</u>	<u>-</u>	<u>6,466,158</u>
Change in Net Assets	1,646,748	4,594,976	3,584,294	9,826,018
Net Assets - Beginning of Year	(1,972,368)	18,711,293	61,804,363	78,543,288
Net Assets - End of Year	<u>\$ (325,620)</u>	<u>\$ 23,306,269</u>	<u>\$ 65,388,657</u>	<u>\$ 88,369,306</u>

See accompanying notes to financial statements

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Cash Flow
For the Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 16,801,473	\$ 9,826,018
Adjustments to reconcile change in net assets to net cash provided by Operating activities:		
Realized and unrealized (gain)/loss on market value of investments	1,895,912	(6,866,179)
(Increase)/Decrease in contributions and other receivables	(16,020,730)	(1,481,762)
Actuarial (gain)/loss on annuity obligations	320,345	(96,101)
(Increase)/Decrease in cash value - life insurance	4,411	(43,464)
(Increase)/Decrease in prepaid expense	46,479	(45,598)
Increase/(Decrease) in accounts payable and accrued expenses	22,195	26,032
Increase/(Decrease) in agency funds	(61,259)	241,072
Increase/(Decrease) in annuity obligations	217,086	(6,393)
Noncash contributions	(345,178)	(563,939)
Net Cash Provided (Used) By Operating Activities	<u>2,880,734</u>	<u>989,686</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	9,855,014	8,109,908
Purchases of investments	(12,705,986)	(10,600,476)
Net Cash Provided (Used) By Investing Activities	<u>(2,850,972)</u>	<u>(2,490,568)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	29,762	(1,500,882)
Cash and Cash Equivalents - Beginning of Year	8,088,710	9,589,592
Cash and Cash Equivalents - End of Year	<u>\$ 8,118,472</u>	<u>\$ 8,088,710</u>
Supplemental Cash Flow Information:		
Gifts of securities	\$ 345,178	\$ 563,939
Interest paid	-	-
Income taxes paid	-	-

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 1: Purpose and Summary of Significant Accounting Policies

Purpose

The University of North Texas Foundation, Inc. (Foundation) is a nonprofit organization with the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

Contributions

Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their estimated net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their estimated net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at year end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment income available for distribution is recorded in temporarily restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less.

Investments

The Foundation carries investments in marketable securities, actively traded mutual funds, and other common stocks with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statements of financial position. Investments in non-publicly traded Real Estate Investment Trust and Hedge Funds of Funds are carried at their fair value as determined using significant unobservable inputs (Level 3 measurements). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Real Property

Real property consists of property that has been donated to the Foundation. The property is stated at the estimated fair value at the time of the donation.

Other Assets

Other assets consist of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair market value as of the date of the donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

Date of Management's Review

Subsequent events were evaluated through May 22, 2012, which is the date the financial statements were available to be issued.

Note 2: Investments

Investment securities consisted of the following at December 31, 2011 and 2010:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
U.S. and International Stocks and Equity Mutual Funds	\$ 34,515,404	\$ 37,561,844	\$ 34,557,451	\$ 40,731,582
U.S. and International Fixed Income Securities and Mutual Funds	23,204,120.00	25,526,018.00	18,995,641.00	20,844,540.00
Real Estate Investment Trust and REIT Exchange Traded Funds	1,750,000.00	553,768.00	1,750,000.00	499,646.00
Natural Resource Exchange Traded Fund/Global Hard Assets Mutual Fund	3,017,819.00	3,634,769.00	3,017,819.00	4,343,154.00
Hedge Funds of Funds	7,194,763.00	7,870,456.00	7,194,763.00	7,598,436.00
Non-Registered Common Stocks	33,500.00	-	33,500.00	251.00
	<u>\$ 69,715,606</u>	<u>\$ 75,146,855</u>	<u>\$ 65,549,174</u>	<u>\$ 74,017,609</u>

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

The investment in non-registered common stocks represents shares in companies that are not registered (restricted) shares of publicly traded companies.

Investment income consists of interest and dividends on investment securities and is shown net of investment fees and expenses of \$119,400 and \$131,833 in 2011 and 2010, respectively.

Note 3: Fair Value of Financial Instruments

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions and other receivables, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 4: Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2011 and 2010 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>		
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
December 31, 2011:			
Securities	\$ 66,722,631	\$ 66,722,631	\$ -
Real Estate Investment Trust	553,768	-	553,768
Hedge Funds of Funds	7,870,456	-	7,870,456
Total	<u>\$ 75,146,855</u>	<u>\$ 66,722,631</u>	<u>\$ 8,424,224</u>
December 31, 2010:			
Securities	\$ 65,919,527	\$ 65,919,527	\$ -
Real Estate Investment Trust	499,646	-	499,646
Hedge Funds of Funds	7,598,436	-	7,598,436
Total	<u>\$ 74,017,609</u>	<u>\$ 65,919,527</u>	<u>\$ 8,098,082</u>

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Real Estate Investment Trust</u>	<u>Hedge Funds Mutual Funds</u>	<u>Total</u>
January 1, 2010	\$ 443,561	\$ 7,476,771	\$ 7,920,332
Total (gains/losses) (realized/unrealized)	56,085	121,665	177,750
Purchases, issuance, and settlements	-	-	-
December 31, 2010	499,646	7,598,436	8,098,082
Total (gains/losses) (realized/unrealized)	54,122	272,020	326,142
Purchases, issuance, and settlements	-	-	-
December 31, 2011	<u>\$ 553,768</u>	<u>\$ 7,870,456</u>	<u>\$ 8,424,224</u>

The gains and losses for each year are included in the statements of activities under realized and unrealized gain (loss) on market value of investments

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for the Real Estate Investment and Hedge Funds of funds are determined by third-party valuations of the investments. There were no changes in valuation methods during 2010 or 2011.

Note 5: Contributions and Other Receivables

Contributions and other receivables as of December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Contributions receivable in less than one year	\$ 2,641,579	\$ 2,632,838
Contributions receivable in one to five years	25,745,471	3,571,890
Contributions receivable in six to ten years	427,724	803,022
Contributions receivable in over ten years	-	-
Total Contributions Receivables	<u>28,814,774</u>	<u>7,007,750</u>
Less allowance for uncollectible amounts	(668,768)	(606,057)
Less discounts to net present value	(6,643,931)	(947,176)
Net Contributions Receivable	<u>21,502,075</u>	<u>5,454,517</u>
Other amounts receivable	36,856	63,684
Total Contributions and Other Receivables	<u>\$ 21,538,931</u>	<u>\$ 5,518,201</u>

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Contributions receivable in more than one year have been discounted to net present value using an interest rate of eight percent. Contributions receivable in one to five years include one promise to give of \$22,000,000 from Mr. Cham Uwachoke. The contribution is expected to be collected by December 31, 2015 and has been recorded at net present value of \$16,167,248.

Note 6: Unrestricted Net Assets

Unrestricted net assets at December 31, 2011 and 2010 include \$1,282,342 and \$1,248,443 respectively, which has been designated by the Foundation's Board of Directors as a reserve for future operations.

Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions from donors to specified programs or scholarships within the University of North Texas. Temporarily restricted net assets also include income from endowment funds that are available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

Included in temporarily restricted net assets is \$16,167,248 resulting from the 2011 promise to give from Mr. Cham Uwachoke (see Note 5). As of December 31, 2011, the Foundation, the University of North Texas, and the donor were working to determine the wishes of the donor as to the various ways the donor's gift will be used. It is anticipated that some portion of the gift will be designated for several permanent endowments to support programs within the University of North Texas. As these designations are finalized, these net assets will be reclassified as permanently restricted.

Note 8: Permanently Restricted Net Assets

Net assets were permanently restricted for the following purposes at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Endowments to support various programs, scholarships and other activities of the University of North Texas	\$ 68,300,610	\$ 64,966,523
Cash value of life insurance policies that will provide proceeds upon death of insured for endowments	417,724	422,134
Total	<u>\$ 68,718,334</u>	<u>\$ 65,388,657</u>

Note 9: Real Property

Real property donated to the Foundation is recorded at fair value at the date of the donation. Real estate purchased by the Foundation is recorded at cost. Real property consists of the following at December 31, 2011 and 2010:

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Fair Value Recorded</u>		<u>Current Fair Value</u>
	<u>2011</u>	<u>2010</u>	
Mineral rights			
11/4 undivided interest	\$ 12,860	\$ 12,860	Not Determined
34 acres - Loop 288	98,875	98,875	Not Determined
Total	<u>\$ 111,735</u>	<u>\$ 111,735</u>	

Note 10: Life Insurance Policies

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Premium payments made by the Foundation are reimbursed by the donors of the policies. As of December 31, 2011 and 2010, there were a total of 24 such policies with death benefits totaling \$1,731,660 and \$1,737,006 respectively, and cash values totaling \$417,724 and \$422,134 respectively.

Note 11: Income Tax Status

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

Note 12: Retirement Plan

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. All employer and employee contributions are fully vested when made. The expense to the Foundation for retirement plan contributions for 2011 and 2010 were \$34,731 and \$32,146 respectively.

Note 13: Assets Held under Split Interest Agreements and Refundable Advances

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers several gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The annuity obligations are recorded at the present value of the expected future cash payments to the beneficiaries based on published life expectancy tables using a discount rate of eight percent.

Two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as refundable advances.

The assets held under these agreements are included in the statement of financial position at fair value.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Note 14: Concentrations of Credit Risk

The Foundation maintains cash balances at times in excess of \$250,000 in its depository bank, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation's depository bank, Wells Fargo Bank N.A., has pledged government backed securities with a par value of \$3,696,770 at December 31, 2011 to secure 31, 2011 to secure Foundation deposits in excess of \$250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at December 31, 2011 was \$4,041,008.00. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2011 was \$120,005. In addition to the checking account balance, the Foundation had cash balances of \$5,309,519 at December 31, 2011 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was \$1,611,034 and \$2,685,275 at December 31, 2011 and 2010, respectively.

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2012



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UNT
UNIVERSITY OF
NORTH*TEXAS
SYSTEM



November 20, 2012

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

Dear Chancellor Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2012 in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

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

Sincerely,

Terry Pankratz
Vice Chancellor for Finance

UNT
UNIVERSITY OF
NORTH*TEXAS
SYSTEM

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2012

BOARD OF REGENTS

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

Brint Ryan.....(Term expires 5-22-15)..... Dallas
Michael R. Bradford.....(Term expires 5-22-15)..... Midland
Steve Mitchell.....(Term expires 5-22-15)..... Richardson

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

STUDENT REGENT

Alexandria C. Perez.....(Term expires 5-31-13)..... Dallas

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee Jackson.....Chancellor
Terry Pankratz..... Vice Chancellor for Finance
Andrew M. Harris.....Vice President for Finance & Administration
J. Carlos Hernandez..... Associate VP for Finance and Controller

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Net Assets
For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ -	\$ -
Cash in Bank	(875,344.07)	(305,031.71)
Reimbursement Due from Treasury	3,132,042.09	522,020.56
Cash Equivalents	15,379,833.54	12,185,765.88
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	18,005.96
Cash Equivalents	-	(719,323.61)
Legislative Appropriations	4,038,434.16	2,747,848.86
Receivables from:		
Other Intergovernmental	-	-
Accounts Receivable	586,575.68	(46,771.37)
Other Receivables	14,244.71	-
Due From Other Agencies	-	1,729,427.50
Other Current Assets	1,000.00	1,000.00
Total Current Assets	22,276,786.11	16,132,942.07
Non-Current Assets		
Restricted:		
Investments	687,272.71	(166,113.54)
Investments	4,602,503.76	2,814,061.13
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	3,211,500.00	3,211,500.00
Construction in Progress	5,277,469.56	2,106,639.14
Other Capital Assets	4,150.00	4,150.00
Depreciable or Amortizable		
Buildings and Building Improvements	10,349,255.17	10,349,255.17
Less Accumulated Depreciation	(2,239,316.99)	(1,792,417.43)
Furniture and Equipment	1,228,267.86	1,091,516.65
Less Accumulated Depreciation	(1,027,209.15)	(1,026,825.83)
Vehicles, Boats and Aircraft	40,082.21	34,379.00
Less Accumulated Depreciation	(19,026.28)	(34,379.00)
Land Use Rights - Term	-	-
Less Accumulated Amortization	-	-
Computer Software - Intangible	12,166.85	12,166.85
Less Accumulated Amortization	(12,166.85)	(12,166.85)
Other Capital Assets	-	-
Less Accumulated Depreciation	-	-
Other Non-Current Assets	-	-
Total Non-Current Assets and Deferred Outflows	22,114,948.85	16,591,765.29
Total Assets and Deferred Outflows	\$ 44,391,734.96	\$ 32,724,707.36

UNAUDITED

	August 31, 2012	August 31, 2011
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables From:		
Accounts Payable	1,172,263.19	708,919.87
Payroll Payable	4,363,031.08	113,515.52
Other Payables	616.00	8,547.41
Due to Other Components	13,755.70	702,059.89
Notes and Loans Payable	2,434,000.00	20,902,800.00
Revenue Bonds Payable, Net	370,000.00	355,000.00
Employees Compensable Leave	111,564.69	40,836.18
Other Current Liabilities	281,189.38	286,632.71
Total Current Liabilities	8,746,420.04	23,118,311.58
Non-Current Liabilities and Deferred Inflows		
Notes and Loans Payable	39,198,000.00	33,977,200.00
Contra-Due to Other Components-CP	(41,632,000.00)	(54,880,000.00)
Revenue Bonds Payable	15,270,000.00	15,640,000.00
Employees Compensable Leave	2,038,218.48	406,753.72
Funds Held for Others	-	(297.66)
Other Non-Current Liabilities	-	-
Total Non-Current Liabilities and Deferred Inflows	14,874,218.48	(4,856,343.94)
Total Liabilities and Deferred Inflows	23,620,638.52	18,261,967.64
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,098,924.38	(2,137,430.30)
Restricted for:		
Capital Projects	1,650,088.87	7,288,501.15
Other Restricted	10,484.00	(10,434.60)
Unrestricted	18,011,599.19	9,322,103.47
Total Net Assets	20,771,096.44	14,462,739.72
Total Liabilities and Net Assets	\$ 44,391,734.96	\$ 32,724,707.36

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ -	\$ -
Tuition and Fees - Pledged	-	301,705.00
Auxiliary Enterprises - Pledged	1,722,626.78	1,389,708.63
Other Sales of Goods and Services - Pledged	127,366.60	65,453.19
State Grant Revenue	-	(58,201.54)
State Grant Pass Through Revenue	-	-
Other Grants and Contracts - Operating	-	-
Other Operating Revenues	19,685,655.54	-
Total Operating Revenues	21,535,648.92	1,698,665.28
OPERATING EXPENSES ⁽¹⁾		
Instruction	704,887.03	1,167,157.62
Research	-	15,284.38
Public Service	3,762.24	-
Academic Support	7,524.50	85,844.48
Student Services	13,211.62	571.24
Institutional Support	24,393,630.17	7,762,846.37
Operations and Maintenance of Plant	3,593,050.37	(1,957,221.78)
Scholarships and Fellowships	-	-
Auxiliary Enterprises	1,582,491.30	1,141,867.16
Depreciation and Amortization	498,791.83	563,193.23
Total Operating Expenses	30,797,349.06	8,779,542.70
Operating Income (Loss)	(9,261,700.14)	(7,080,877.42)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	3,366,113.00	14,791,839.00
Additional Appropriations (GR)	2,637,589.32	1,204,199.28
Federal Grant Pass Through Revenue	-	3,418,992.42
Gifts	-	-
Investment Income	86,426.17	12,988.91
Interest Expense and Fiscal Charges	(721,934.59)	(9,353.25)
Gain/(Loss) on Sale of Capital Assets	-	10.00
Net Increase (Decrease) in Fair Market Value of Investments	(24,813.07)	-
Settlement of Claims	-	(13,856.54)
Other Nonoperating Expenses	-	(697,691.05)
Total Nonoperating Revenues /(Expenses)	5,343,380.83	18,707,128.77
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(3,918,319.31)	11,626,251.35
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Interagency Transfers Cap Assets-Increase	439,799.16	-
Interagency Transfers Cap Assets-Decrease	(235,641.40)	(55,708,215.10)
Transfers-In	9,329,465.39	40,251,605.97
Transfers-Out	-	-
Legislative Transfers-In	3,348,383.55	4,142,562.08
Legislative Transfers-Out	(2,655,330.67)	(12,830,762.00)
Total Other Revenue, Expenses, Gain/Losses and Transfers	10,226,676.03	(24,144,809.05)
CHANGE IN NET ASSETS	6,308,356.72	(12,518,557.70)

UNAUDITED

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Net Assets, Beginning	14,462,739.72	26,981,297.42
Restatements	-	-
Net Assets, Beginning, as Restated	<u>14,462,739.72</u>	<u>26,981,297.42</u>
NET ASSETS, ENDING	<u>\$ 20,771,096.44</u>	<u>\$ 14,462,739.72</u>

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Note 1: Matrix of Operating Expenses Reported by Function

For the Fiscal Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	531,841.71	-	-	-	7,325.10
Payroll Related Costs	154,234.09	-	-	-	2,124.28
Professional Fees and Services	-	-	-	-	-
Federal Pass-Through Expenses	-	-	-	-	-
State Pass-through Expenses	-	-	-	-	-
Travel	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Communications and Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Rentals and Leases	10,362.56	-	2,072.51	4,145.03	2,072.51
Printing and Reproduction	-	-	-	-	-
Depreciation	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Interest	-	-	-	-	-
Scholarships	-	-	-	-	-
Claims and Losses	-	-	-	-	-
Other Operating Expenses	8,448.67	-	1,689.73	3,379.47	1,689.73
Total Operating Expenses	\$ 704,887.03	\$ -	\$ 3,762.24	\$ 7,524.50	\$ 13,211.62

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2012 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,676,309.14	2,255,267.59	-	28,665.05	-	19,499,408.59
5,455,526.49	709,154.27	-	24,681.37	-	6,345,720.50
709,394.79	303,562.97	-	297,417.47	-	1,310,375.23
-	-	-	-	-	-
-	-	-	-	-	-
215,030.08	-	-	-	-	215,030.08
275,876.30	254,764.10	-	19,944.20	-	550,584.60
75,904.27	5,196.88	-	229,743.65	-	310,844.80
114,595.26	2,012.50	-	195,551.29	-	312,159.05
152,956.48	62,175.40	-	-	-	233,784.49
20,543.84	-	-	1,088.34	-	21,632.18
-	-	-	-	498,791.83	498,791.83
-	-	-	126,143.15	-	126,143.15
-	-	-	-	-	-
-	-	-	-	-	-
697,493.52	916.66	-	659,256.78	-	1,372,874.56
\$ 24,393,630.17	\$ 3,593,050.37	\$ -	\$ 1,582,491.30	\$ 498,791.83	\$ 30,797,349.06

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (769)
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

	<u>August 31,</u> <u>2012</u>	<u>August 31,</u> <u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ -	\$ 301,705.00
Proceeds Received from Customers	19,685,655.54	65,453.19
Proceeds from Sponsored Projects	1,729,427.50	(33,581.54)
Proceeds from Loan Programs	-	-
Proceeds from Auxiliaries	1,722,626.78	1,389,708.63
Proceeds from Other Revenues	127,366.60	10,968.52
Payments to Suppliers for Goods and Services	(3,974,802.47)	(8,546,758.01)
Payments to Employees for Salaries and Benefits	(19,804,437.92)	(6,151,072.80)
Payments for Loans Provided	-	-
Payments for Other Expenses	(633,347.05)	(1,562,512.76)
Net Cash Provided (Used) by Operating Activities	(1,147,511.02)	(14,526,089.77)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	4,713,117.02	16,637,846.70
Proceeds from Legislative Transfers	693,052.88	-
Proceeds of Transfers from Other Components	8,641,161.20	38,704,543.20
Proceeds from Grant Receipts	-	3,418,992.42
Payments for Transfers to Other Components	-	(8,688,199.92)
Payments for Other Uses	-	(13,856.54)
Net Cash Provided (Used) by Noncapital Financing Activities	14,047,331.10	50,059,325.86
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Disposal of Capital Assets	-	10.00
Proceeds from Debt Issuance	20,359.58	42,731,854.96
Proceeds of Transfers from Other Components - Commercial Paper	13,248,000.00	-
Payments for Additions to Fixed Assets	(3,092,414.94)	(1,363,290.94)
Payments of Principal on Debt Issuance	(13,603,000.00)	(31,494,452.75)
Payments of Interest on Debt Issuance	(747,737.50)	(756,134.17)
Payments of Other Costs of Debt Issuance	-	49,089.87
Payments for Transfers to Other Components - Commercial Paper	-	(47,500,000.00)
Net Cash Provided (Used) From Capital & Related Financing Activities	(4,174,792.86)	(38,332,923.03)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	18,056,918.10	15,284,589.01
Proceeds from Interest and Investment Income	86,426.17	12,988.91
Payments to Acquire Investments	(18,775,542.63)	(14,665,260.59)
Net Cash Provided (Used) by Investing Activities	(632,198.36)	632,317.33
Net Increase/(Decrease) in Cash and Cash Equivalents	8,092,828.86	(2,167,369.61)
Cash and Cash Equivalents - September 1, 2011 and 2010	11,701,437.08	13,868,806.69
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - August 31, 2012 and 2011	\$ 19,794,265.94	\$ 11,701,437.08

UNAUDITED

	<u>August 31,</u> <u>2012</u>		<u>August 31,</u> <u>2011</u>
Displayed as:			
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 14,504,489.47	\$	12,402,754.73
Short-term Investments (Statement of Net Assets)	4,602,503.76		
Restricted Cash and Cash Equivalents (Statement of Net Assets)	-		(701,317.65)
Restricted Short-term Investments (Statement of Net Assets)	687,272.71		
	<u>\$ 19,794,265.94</u>	<u>\$</u>	<u>11,701,437.08</u>
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income/(Loss)	\$ (9,261,700.14)	\$	(7,080,877.42)
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Depreciation and Amortization	498,791.83		563,193.23
Bad Debt Expense	126,143.15		(8,307.80)
Operating Income and Cash Flow Categories			
Classification Differences			
Changes in Assets and Liabilities:			
(Increase) Decrease in Receivables	1,096,080.45		(786,929.86)
(Increase) Decrease in Prepaid Expenses	-		6,810.00
Increase (Decrease) in Payables	6,393,173.69		(7,182,877.92)
Increase (Decrease) in Deferred Income	-		(37,100.00)
Increase (Decrease) in Other Liabilities	-		-
Total Adjustments	<u>8,114,189.12</u>		<u>(14,526,089.77)</u>
Net Cash Provided by Operating Activities	<u>\$ (1,147,511.02)</u>	<u>\$</u>	<u>(16,907,945.82)</u>
Non Cash Transactions			
Amortization of Bond Premiums/(Discounts)	\$ -	\$	92,124.00
Gain/(Loss) on disposal of Capital Assets	\$ 1,135.00	\$	10.00

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Notes to Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2012

Note 1: Nonmonetary Assistance
 N/A

Note 2: Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenues - per Statement of Revenues, Expenses, and Changes in Net Assets	\$	-
Federal Grants and Contracts - Operating		-
Federal Grants and Contracts - Nonoperating		-
Federal Pass-Through Grants from Other State Agencies/Universities - Operating		-
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating		-
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets	\$	-
Reconciling Items:		
New Loans Processed:		
Federal Perkins Loan Program	\$	-
Federal Direct Student Loans (Direct Loans)		-
Federal Grants from Texas A&M Research Foundation		-
Total Pass Through and Expenditures per Federal Schedule	\$	-

Note 3a: 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>Department of Education</i>				
84.032 Federal Family Education Loans	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loan Program	-	-	-	-
84.268 Federal Direct Student Loans	-	-	-	-
Total Department of Education	\$ -	\$ -	\$ -	\$ -

General ledger reporting, billing and receiving, and some aspects of collections of the Perkins Loan program are outsourced to Campus Partners. Promissory note generation, final collection efforts, forbearance and deferment decisions are performed by UNT Financial Aid.

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

Note 4: Depository Libraries for Government Publications

The University of North Texas System participates as a depository library in the Government Printing Office's Depository Libraries for Government Publications 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 5: Unemployment Insurance Funds
 N/A (Agency 320 only)

Note 6: Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)
 N/A (Agency 537 only)

Note 7: Deferred Federal Revenue
 The University of North Texas System does not report any Federal Deferred Revenue.

Note 8: Supplemental Nutrition Assistance Program (SNAP)
 N/A

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	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	04/15/16
Total	<u>\$ 16,980,000.00</u>					

RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Bonds Outstanding 09/01/11</u>	<u>Bonds Issued</u>	<u>Bonds Matured or Retired</u>	<u>Bonds Refunded or Extinguished</u>
RFS Bonds, Series 2007	\$ 15,995,000.00	\$ -	\$ 355,000.00	\$ -
Total	<u>\$ 15,995,000.00</u>	<u>\$ -</u>	<u>\$ 355,000.00</u>	<u>\$ -</u>

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

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Bonds Outstanding 08/31/12	Unamortized Premium *	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/12	Amounts Due Within One Year
\$ 15,640,000.00	\$ -	\$ -	\$ -	\$ 15,640,000.00	\$ 370,000.00
<u>\$ 15,640,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,640,000.00</u>	<u>\$ 370,000.00</u>
Net Bonds Payable per Statement of Net Assets				<u>\$ 15,640,000.00</u>	

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2012

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Bonds, Series 2007	2013	\$ 370,000.00	\$ 733,537.50
	2014	385,000.00	718,737.50
	2015	400,000.00	703,337.50
	2016	420,000.00	685,337.50
	2017	435,000.00	666,437.50
	2018 - 2022	2,490,000.00	3,033,062.50
	2023 - 2027	3,155,000.00	2,364,000.00
	2028 - 2032	4,030,000.00	1,491,750.00
	2033 - 2036	3,955,000.00	454,725.00
		<u>15,640,000.00</u>	<u>10,850,925.00</u>
Total		<u>\$ 15,640,000.00</u>	<u>\$ 10,850,925.00</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 Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Pledged and Other Sources and Related Expenditures for FY 2012</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/ Expenditures & Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest *</u>
RFS Bonds, Series 2007	\$ 9,346,515.09	\$ 20,359.58	\$ 355,000.00	\$ 747,737.50
Total	<u>\$ 9,346,515.09</u>	<u>\$ 20,359.58</u>	<u>\$ 355,000.00</u>	<u>\$ 747,737.50</u>

* 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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FINANCIAL REPORT

of the

UNIVERSITY OF NORTH TEXAS

DENTON, TEXAS

V. Lane Rawlins, President

For the year ended August 31, 2012



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OFFICE OF THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION
Finance and Administration

November 20, 2012

Dr. V. Lane Rawlins
President
University of North Texas
Denton, Texas

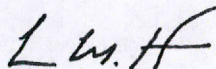
Dear Dr. Rawlins:

We are pleased to submit the Annual Financial Report of the University of North Texas for the year ended August 31, 2012, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact J. Carlos Hernandez at (940) 565-3231. Kellie Garrett-Ekeland may be contacted at (940) 565-3214 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



Andrew Harris
Vice President for Finance and Administration



UNIVERSITY OF NORTH TEXAS

ORGANIZATIONAL DATA

August 31, 2012

BOARD OF REGENTS

Jack A. Wall.....	(Term expires 5-22-13).....	Dallas
Gwyn Shea.....	(Term expires 5-22-13).....	Irving
Don A. Buchholz	(Term expires 5-22-13).....	Dallas
Brint Ryan.....	(Term expires 5-22-15).....	Dallas
Michael R. Bradford	(Term expires 5-22-15).....	Midland
Steve Mitchell.....	(Term expires 5-22-15).....	Richardson
Donald Potts.....	(Term expires 5-22-17).....	Dallas
Al Silva.....	(Term expires 5-22-17).....	San Antonio
Michael R. Williams.....	(Term expires 5-22-17).....	Fredericksburg

STUDENT REGENT

Alexandria C. Perez.....	(Term expires 5-31-13).....	Dallas
--------------------------	-----------------------------	--------

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee Jackson.....	Chancellor
V. Lane Rawlins	President
Andrew M. Harris	Vice President for Finance & Administration
J. Carlos Hernandez.....	Associate VP for Finance and Controller

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UNIVERSITY OF NORTH TEXAS (752)
Statement of Net Assets
For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 141,359.25	\$ 131,235.00
Cash in Bank	(5,587,727.58)	(6,287,496.90)
Reimbursement Due from Treasury	226,405.46	14,263,814.65
Cash in State Treasury	1,787,348.12	24,287,342.76
Cash Equivalents	171,099,373.17	205,858,789.64
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	15,956.98	10,270.85
Cash in Bank	-	(1,231,973.51)
Cash Equivalents	36,693,904.27	40,336,016.11
Legislative Appropriations	50,607,166.82	50,572,486.87
Receivables from:		
Federal	26,919,068.52	25,410,360.28
Other Intergovernmental	154,940.66	722,009.14
Interest and Dividends	463,857.47	802,812.06
Accounts Receivable	58,244,538.33	42,716,025.23
Gifts Receivable	2,170,637.98	719,176.34
Other Receivables	952,435.22	-
Due From Other Agencies	1,158,862.33	663,244.39
Due From Other Components	-	317,584.80
Consumable Inventories	215,468.65	1,470,556.53
Merchandise Inventories	1,738,081.38	317,708.90
Loans and Contracts	6,780,768.00	7,336,131.96
Other Current Assets	28,875,046.77	19,701,031.62
Total Current Assets	382,657,491.80	428,117,126.72
Non-Current Assets		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Short Term Investments	25,246,833.39	-
Investments	60,393,909.62	86,423,025.82
Loans and Contracts	1,670,088.14	2,358,000.72
Gift Receivables	1,335,196.49	1,334,347.41
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	38,648,700.95	35,781,653.47
Construction in Progress	16,782,699.00	9,720,970.94
Other Capital Assets	23,693,337.17	23,546,795.17
Depreciable		
Buildings and Building Improvements	589,754,790.58	560,167,590.36
Less Accumulated Depreciation	(262,331,929.67)	(244,691,490.13)
Infrastructure	56,362,657.69	39,315,566.58
Less Accumulated Depreciation	(9,548,115.98)	(8,142,715.84)
Facilities and Other Improvement	118,833,711.46	116,166,385.03
Less Accumulated Depreciation	(12,912,890.60)	(9,558,463.65)

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	August 31, 2012	August 31, 2011
Furniture and Equipment	84,896,015.87	80,565,567.94
Less Accumulated Depreciation	(54,551,282.45)	(50,585,436.21)
Vehicles, Boats and Aircraft	11,305,004.15	7,884,938.03
Less Accumulated Depreciation	(5,899,654.41)	(5,688,968.16)
Computer Software - Intangible	22,399,168.10	21,523,950.60
Less Accumulated Amortization	(20,969,176.84)	(20,423,760.50)
Other Capital Assets	100,460,771.04	92,532,520.37
Less Accumulated Depreciation	(52,531,982.28)	(47,346,122.69)
Other Non-Current Assets	230,066.42	303,032.21
Total Non-Current Assets	733,267,917.84	691,187,387.47
Total Assets and Deferred Outflows	\$ 1,115,925,409.64	\$ 1,119,304,514.19
 LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables From:		
Accounts Payable	18,009,866.74	48,963,468.64
Payroll Payable	13,661,969.28	24,737,326.82
Other Payables	845,459.53	553,612.60
Due to Other Agencies	66,232.97	20,517.24
Due to Other Components	-	688,423.00
Deferred Revenues	150,383,450.41	141,646,324.52
Notes and Loans Payable	-	-
Revenue Bonds Payable, Net	15,106,928.00	12,286,132.00
Employees Compensable Leave	1,576,418.72	1,222,690.01
Capital Lease Obligations	6,986.76	6,986.76
Funds Held for Others	2,251,168.61	2,287,800.55
Other Current Liabilities	5,294,752.89	5,177,446.63
Total Current Liabilities	207,203,233.91	237,590,728.77
Non-Current Liabilities		
Notes and Loans Payable	-	-
Contra-Due to Other Components-CP	41,632,000.00	46,350,000.00
Revenue Bonds Payable	308,975,804.38	284,096,157.20
Pollution Remediation Obligation	-	-
Employees Compensable Leave	8,485,038.96	9,943,668.13
Capital Lease Obligations	2,911.15	9,897.91
Funds Held for Others	1,701,615.67	2,490,985.81
Other Non-Current Liabilities	1,538,816.95	1,779,057.37
Total Non-Current Liabilities	362,336,187.11	344,669,766.42
Total Liabilities and Deferred Inflows	569,539,421.02	582,260,495.19
 NET ASSETS		
Invested in Capital Assets, Net of Related Debt	275,670,946.34	256,730,009.25
Restricted for:		
Debt Retirement	-	201,249.22
Capital Projects	44,266,447.89	41,320,959.25
Funds Held as Permanent Investments		
Non-Expendable	20,296,794.49	17,951,366.56
Expendable	3,409,289.75	3,054,541.69
Other Restricted	40,998,163.75	43,760,137.75
Unrestricted	161,744,346.40	174,025,755.28
Total Net Assets	546,385,988.62	537,044,019.00
Total Liabilities and Net Assets	\$ 1,115,925,409.64	\$ 1,119,304,514.19

UNAUDITED

UNIVERSITY OF NORTH TEXAS (752)
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 4,178,535.22	\$ 7,972,574.72
Tuition and Fees - Pledged	281,965,723.80	262,668,516.80
Discounts and Allowances	(62,226,741.61)	(58,170,883.21)
Auxiliary Enterprises - Non-Pledged	1,275,288.17	1,050,318.61
Auxiliary Enterprises - Pledged	49,315,945.32	46,847,134.45
Discounts and Allowances	(273,484.46)	(217,861.78)
Other Sales of Goods and Services - Pledged	30,858,222.87	21,365,764.18
Federal Revenue - Operating	23,108,589.63	23,754,643.83
Federal Pass Through Revenue	4,412,651.55	3,842,702.59
State Grant Revenue	428,242.98	804,357.53
State Grant Pass Through Revenue	20,164,480.40	21,946,859.26
Other Grants and Contracts - Operating	7,270,846.96	4,633,447.96
Other Operating Revenues	463,371.60	51,158.78
Total Operating Revenues	360,941,672.43	336,548,733.72
OPERATING EXPENSES ⁽¹⁾		
Instruction	202,366,669.08	187,984,345.61
Research	23,759,542.10	20,459,233.80
Public Service	7,708,612.04	7,165,580.06
Academic Support	55,657,209.82	56,079,549.93
Student Services	57,423,055.36	53,343,556.95
Institutional Support	26,145,164.69	38,053,076.17
Operations and Maintenance of Plant	29,118,452.75	26,394,062.42
Scholarships and Fellowships	60,090,959.81	61,130,796.50
Auxiliary Enterprises	41,652,836.06	43,375,164.03
Depreciation	36,983,539.64	25,850,349.28
Total Operating Expenses	540,906,041.35	519,835,714.75
Operating Income (Loss)	(179,964,368.92)	(183,286,981.03)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	95,956,315.00	101,685,916.00
Additional Appropriations (GR)	27,813,234.99	34,504,469.46
Federal Revenue	44,179,907.83	48,846,495.45
Federal Grant Pass Through Revenue	-	7,774,184.31
Gifts	11,294,085.72	5,668,918.57
Investment Income	1,665,089.15	2,599,068.16
Interest Expense and Fiscal Charges	(14,945,273.79)	(4,758,899.30)
Gain/(Loss) on Sale of Capital Assets	(60,364.61)	(281,119.43)
Net Increase (Decrease) in Fair Value of Investments	2,373,277.88	1,115,546.04
Settlement of Claims	(1,572.41)	(704,515.33)
Other Nonoperating Revenues	1,418,318.12	173,829.08
Other Nonoperating Expenses	(988,311.50)	(823,807.05)
Total Nonoperating Revenues /(Expenses)	168,704,706.38	195,800,085.96
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(11,259,662.54)	12,513,104.93

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	August 31, 2012	August 31, 2011
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	1,444,072.68	1,540,766.98
Capital Appropriations - HEF (GR)	27,066,476.00	27,846,476.00
Contributions to Permanent and Term Endowments	1,687,686.03	568,893.10
Interagency Transfers Cap Assets-Increase	235,641.40	627,279.61
Interagency Transfers Cap Assets-Decrease	(30,221.70)	(30,178.90)
Transfers-In	-	-
Transfers-Out	(13,878,445.60)	(12,027,707.95)
Legislative Transfers-In	5,618,505.34	-
Legislative Transfers-Out	(1,542,081.99)	(7,196,837.97)
Total Other Revenue, Expenses, Gain/Losses and Transfers	20,601,632.16	11,328,690.87
CHANGE IN NET ASSETS	9,341,969.62	23,841,795.80
Net Assets, Beginning	537,044,019.00	513,293,260.28
Restatements	-	(91,037.08)
Net Assets, Beginning, as Restated	537,044,019.00	513,202,223.20
NET ASSETS, ENDING	\$ 546,385,988.62	\$ 537,044,019.00

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

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UNIVERSITY OF NORTH TEXAS (752)
Note 1: Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 14,233.89	\$ -	\$ -	\$ 55,487.30	\$ 150,154.50
Salaries and Wages	139,073,594.56	12,051,611.39	2,990,150.82	31,704,940.23	28,215,005.63
Payroll Related Costs	36,932,176.49	3,180,305.84	657,410.31	6,293,983.21	4,449,500.96
Professional Fees and Services	1,368,555.40	2,222,461.16	650,070.39	948,623.77	609,306.23
Federal Pass-Through Expenses	-	184,144.86	95,699.02	-	-
State Pass-through Expenses	-	94,059.30	-	-	-
Travel	2,332,761.92	1,116,700.01	215,251.99	1,785,856.44	2,573,505.83
Materials and Supplies	7,291,562.03	2,185,548.82	752,921.57	7,277,033.00	6,682,109.04
Communications and Utilities	664,234.52	72,385.78	43,552.11	335,250.48	1,101,256.00
Repairs and Maintenance	786,701.54	761,042.92	353,990.74	1,780,426.52	965,448.15
Rentals and Leases	1,298,811.71	120,494.57	575,382.92	173,517.01	1,163,807.26
Printing and Reproduction	945,208.67	66,658.45	50,775.43	446,647.19	697,191.51
Depreciation	-	-	-	-	-
Bad Debt Expense	11,438.04	42,466.37	2,896.97	93,651.42	113,254.52
Interest	-	-	-	-	-
Scholarships	1,371,033.62	797,026.37	463,507.74	-	-
Claims and Losses	-	-	-	-	-
Other Operating Expenses	10,276,356.69	864,636.26	857,002.03	4,761,793.25	10,702,515.73
Total Operating Expenses	\$ 202,366,669.08	\$ 23,759,542.10	\$ 7,708,612.04	\$ 55,657,209.82	\$ 57,423,055.36

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2012 Total Expenditures
\$ 520,180.22	\$ 6,948.28	\$ -	\$ (29,710.19)	\$ -	\$ 717,294.00
12,217,894.07	7,595,064.56	416,928.98	17,096,411.23	-	251,361,601.47
2,603,565.42	3,187,284.18	65,041.89	4,901,188.15	-	62,270,456.45
877,277.26	775,639.60	77,721.34	396,027.71	-	7,925,682.86
-	-	-	-	-	279,843.88
-	-	-	-	-	94,059.30
473,319.83	64,454.70	38,652.04	87,934.66	-	8,688,437.42
(669,483.37)	1,602,437.72	20,724.91	10,076,434.95	-	35,219,288.67
(1,332,026.71)	7,723,025.34	-	4,485,432.51	-	13,093,110.03
4,287,378.59	4,446,927.61	2,248.45	2,685,754.83	-	16,069,919.35
541,319.18	40,977.00	2,682.25	1,008,276.65	-	4,925,268.55
878,344.13	5,410.64	2,811.17	294,323.96	-	3,387,371.15
-	-	-	-	36,983,539.64	36,983,539.64
241,950.22	9,000.00	92,423.04	(165,563.82)	-	441,516.76
840.86	-	-	-	-	840.86
-	-	59,324,013.09	-	-	61,955,580.82
-	-	-	-	-	-
5,504,604.99	3,661,283.12	47,712.65	816,325.42	-	37,492,230.13
\$ 26,145,164.69	\$ 29,118,452.75	\$ 60,090,959.81	\$ 41,652,836.06	\$ 36,983,539.64	\$ 540,906,041.35

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UNIVERSITY OF NORTH TEXAS (752)
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 224,991,621.34	\$ 217,334,433.65
Proceeds Received from Customers	23,508,061.74	22,202,152.55
Proceeds from Sponsored Projects	53,981,362.82	56,842,617.31
Proceeds from Loan Programs	7,458,194.83	5,296,783.96
Proceeds from Auxiliaries	50,317,749.03	47,679,591.28
Proceeds from Other Revenues	407,806.73	617,536.16
Payments to Suppliers for Goods and Services	(173,266,577.81)	(84,455,181.03)
Payments to Employees for Salaries and Benefits	(322,702,804.50)	(316,636,691.90)
Payments for Loans Provided	(6,159,353.42)	(6,275,762.55)
Payments for Other Expenses	(61,955,580.82)	(62,071,810.94)
Net Cash Provided (Used) by Operating Activities	(203,419,520.06)	(119,466,331.51)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	134,192,956.62	137,488,007.00
Proceeds from Legislative Transfers	4,076,423.35	-
Proceeds from Gifts	9,841,775.00	7,410,610.36
Proceeds from Endowments	1,687,686.03	568,893.10
Proceeds of Transfers from Other Agencies	45,715.73	-
Proceeds of Transfers from Other Components	317,584.80	2,703,753.22
Proceeds from Grant Receipts	44,179,907.83	56,620,679.76
Proceeds from Other Revenues	278,115.42	28,277.86
Payments of Interest	(171.91)	(17,806.28)
Payments for Transfers to Other Agencies	-	(3,718,339.71)
Payments for Transfers to Other Components	(9,730,842.55)	(15,663,396.77)
Payments for Other Uses	(40,779.75)	(1,528,322.38)
Net Cash Provided (Used) by Noncapital Financing Activities	184,848,370.57	183,892,356.16
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations	16,381,983.96	23,854,843.74
Proceeds from Disposal of Capital Assets	-	34,699.50
Proceeds from Debt Issuance	32,995,196.07	4,365,000.00
Proceeds from Capital Contributions	1,444,072.68	-
Proceeds of Transfers from Other Components - Commercial Paper	-	40,905,000.00
Payments for Additions to Fixed Assets	(75,728,662.10)	(190,193,742.01)
Payments of Principal on Debt Issuance	(6,986.76)	(12,026,888.28)
Payments of Interest on Debt Issuance	(18,109,347.76)	(3,361,641.19)
Payments of Other Costs of Debt Issuance	(594,882.63)	(42,144.66)
Payments for Transfers to Other Components - Commercial Paper	(4,718,000.00)	(1,935,000.00)
Payments for Disposal of Capital Assets	(81,636.00)	(315,818.93)
Net Cash Provided (Used) From Capital & Related Financing Activities	(48,418,262.54)	(138,715,691.83)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	21,186,071.98	120,245,462.43
Proceeds from Interest and Investment Income	2,004,043.74	3,021,995.46
Payments to Acquire Investments	(30,979,430.74)	(36,749,393.79)
Net Cash Provided (Used) by Investing Activities	(7,789,315.02)	86,518,064.10
Net Increase/(Decrease) in Cash and Cash Equivalents	(74,778,727.05)	12,228,396.92

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	August 31, 2012	August 31, 2011
Cash and Cash Equivalents - September 1, 2011 and 2010	277,367,998.60	265,139,601.68
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - August 31, 2012 and 2011	\$ 202,589,271.55	\$ 277,367,998.60
 Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 165,879,410.30	\$ 238,253,685.15
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	36,709,861.25	39,114,313.45
Restricted Short-term Investments (Statement of Net Assets)	-	-
	\$ 202,589,271.55	\$ 277,367,998.60
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (179,964,368.92)	\$ (183,286,981.03)
 Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	36,983,539.64	25,850,349.28
Bad Debt Expense	441,516.76	3,738,557.47
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(16,416,631.79)	6,132,238.42
(Increase) Decrease in Inventories	(430,626.52)	119,028.12
(Increase) Decrease in Loans & Contracts	1,243,276.54	-
(Increase) Decrease in Other Assets	-	-
(Increase) Decrease in Prepaid Expenses	(9,174,015.15)	812,174.75
Increase (Decrease) in Payables	(44,839,336.51)	20,456,006.33
Increase (Decrease) in Due to Other Components	-	-
Increase (Decrease) in Deferred Income	8,737,125.89	6,712,295.15
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	(23,455,151.14)	63,820,649.52
Net Cash Provided by Operating Activities	\$ (203,419,520.06)	\$ (119,466,331.51)
 Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ 2,373,277.88	\$ 1,115,546.04
Amortization of Investment Premiums/(Discounts)	\$ 440,635.70	\$ 845,875.52
Amortization of Bond Premiums/(Discounts)	\$ 926,069.73	\$ 801,132.00
Gain/(Loss) on disposal of Capital Assets	\$ (60,364.61)	\$ (281,119.43)

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

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UNIVERSITY OF NORTH TEXAS (752)
Notes to Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2012

Note 1: Nonmonetary Assistance
 N/A

Note 2: Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenues - per Statement of Revenues, Expenses, and Changes in Net Assets	
Federal Grants and Contracts - Operating	\$ 23,108,589.63
Federal Grants and Contracts - Nonoperating	44,179,907.83
Federal Pass-Through Grants from Other State Agencies/Universities - Operating	4,412,651.55
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating	-
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets	<u>\$ 71,701,149.01</u>
 Reconciling Items:	
New Loans Processed:	
Federal Perkins Loan Program	\$ 36,303.00
Federal Direct Student Loans (Direct Loans)	187,795,910.00
Federal Grants from Texas A&M Research Foundation	(50,630.35)
Total Pass Through and Expenditures per Federal Schedule	<u>\$ 259,482,731.66</u>

Note 3a: 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>Department of Education</i>				
84.032 Federal Family Education Loan	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loan Program	36,303.00	-	36,303.00	1,416,505.20
84.268 Federal Direct Student Loans	187,795,910.00	-	187,795,910.00	-
<i>Total Department of Education</i>	<u>\$ 187,832,213.00</u>	<u>\$ -</u>	<u>\$ 187,832,213.00</u>	<u>\$ 1,416,505.20</u>

General ledger reporting, billing and receiving, and some aspects of collections of the Perkins Loan program are outsourced to Campus Partners. Promissory note generation, final collection efforts, forbearance and deferment decisions are performed by UNT Financial Aid.

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

Note 4: 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 Publications Program, CFDA #40.001. The university is the legal custodian of governmental publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5: Unemployment Insurance Funds
 N/A (Agency 320 only)

Note 6: Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)
 N/A (Agency 537 only)

Note 7: Deferred Federal Revenue
 The University of North Texas does not report any Federal Deferred Revenue.

Note 8: Supplemental Nutrition Assistance Program (SNAP)
 N/A

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UNIVERSITY OF NORTH TEXAS (752)
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2012

Pass-Through From: State Agencies

To University of North Texas (752)

Texas State Board of Public Accountancy (Agency 457)	
Fifth Year Accounting Student Scholarship Program	\$ 5,000.00
Cancer Prevention and Research Institute of Texas (Agency 542)	
Prostate Cancer Model in Zebrafish	79,236.94
Texas Commission on Environmental Quality (Agency 582)	
TEHI Asthma Study	85,470.85
Radioactive Waste Study	121,696.89
Texas Education Agency (Agency 701)	
Available School Fund - Per Capita	91,266.00
Foundation School Program (FSP) - Formula	2,207,750.00
University of Texas System (Agency 720)	
Joint Admission Medical Program (JAMP)	15,137.78
University of Texas at Austin (Agency 721)	
Teacher Mentoring Program	66,325.33
Texas Woman's University (Agency 731)	
College Readiness Initiative	30,762.87
Texas Tech University (Agency 733)	
CPRIT Beam Scanning Radar for Tumor Tracking in Lung Cancer Radiotherapy	29,247.12
Texas Higher Education Coordinating Board (Agency 781)	
TEXAS Grant Program	13,907,720.00
Promote Participation & Success	1,211.84
Engineering Recruitment Program	(33.35)
Texas Research Incentive Program - HB51	925,382.16
College Work Study Program	184,456.58
College Readiness Initiative	224,854.51
Top 10% Scholarships	1,418,000.00
Work Study Mentorship Program	186,462.20
Early High School Program HB1479	160,338.44
Outreach and Success	(1,000.00)
Armed Services Scholarships	300,000.00
Parks and Wildlife Department (Agency 802)	
Habitat Requirements for <i>Quadrula aurea</i> (Golden Orb) in the lower San Antonio and Guadalupe River drainages	13,791.97
Texas Commission on the Arts (Agency 813)	
Arts Create	3,793.00
Comptroller - State Energy Conservation Office (Agency 907)	
State Energy Plan (SEP)	107,609.27
Total Pass-Through From Other Agencies	
(Statement of Revenues, Expenses, and Changes in Net Assets)	<u>\$ 20,164,480.40</u>

Pass-Through To Other Agencies:

Texas A&M University - Kingsville (Agency 732)	
Ozone Near Non-Attainment	73,775.81
University of North Texas Health Science Center at Fort Worth (Agency 763)	
Texas Environmental Health Institute (TEHI) Asthma Study	4,334.93
Radioactive Waste Study - Health Surveillance Survey	15,948.56
Total Pass-Through to Other Agencies	<u>\$ 94,059.30</u>



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UNIVERSITY OF NORTH TEXAS (752)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2001	\$ 33,860,000.00	4.0000% - 5.5000%	N/A	2002	2012	04/15/12
RFS Bonds, Series 2002	36,340,000.00	2.0000% - 5.0000%	N/A	2003	2012	04/15/12
RFS Bonds, Series 2002A	9,500,000.00	4.0000% - 5.0000%	N/A	2004	2012	04/15/12
RFS Bonds, Series 2003	31,180,000.00	3.0000% - 5.0000%	N/A	2005	2013	04/15/13
RFS Refunding Bonds, Series 2003A	3,270,000.00	5.3750% - 5.5000%	N/A	2003	2017	04/15/13
RFS Bonds, Taxable Series 2003B	4,980,000.00	2.5000% - 6.2000%	N/A	2003	2013	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	42,890,000.00	3.2500% - 5.2500%	N/A	2006	2025	04/15/15
RFS Bonds, Series 2007	39,070,000.00	4.0000% - 5.0000%	N/A	2008	2036	04/15/16
RFS Bonds, Series 2009A	132,190,000.00	3.0000% - 5.0000%	N/A	2010	2029	04/15/19
RFS Refunding Bonds, Series 2009B	12,345,000.00	3.0000% - 4.7500%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	42,085,000.00	3.0000% - 5.0000%	N/A	2011	2024	04/15/20
RFS Refunding and Improvement Bonds, Series 2012A	56,210,000.00	2.0000% - 5.0000%	N/A	2013	2034	04/15/22
RFS Refunding Bonds, Taxable Series 2012B	4,820,000.00	0.5500% - 3.2000%	N/A	2013	2023	N/A
Total	<u>\$ 448,740,000.00</u>					

RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS (752)
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/12
RFS Bonds, Series 2001	\$ 1,420,000.00	\$ -	\$ 1,420,000.00	\$ -	\$ -
RFS Bonds, Series 2002	1,665,000.00	-	1,665,000.00	-	-
RFS Bonds, Series 2002A	475,000.00	-	475,000.00	-	-
RFS Bonds, Series 2003	26,820,000.00	-	705,000.00	25,385,000.00	730,000.00
RFS Refunding Bonds, Series 2003A	3,270,000.00	-	-	-	3,270,000.00
RFS Bonds, Taxable Series 2003B	4,660,000.00	-	80,000.00	4,495,000.00	85,000.00
RFS Refunding and Improvement Bonds, Series 2005	28,805,000.00	-	2,870,000.00	-	25,935,000.00
RFS Bonds, Series 2007	35,865,000.00	-	800,000.00	-	35,065,000.00
RFS Bonds, Series 2009A	125,745,000.00	-	2,730,000.00	-	123,015,000.00
RFS Refunding Bonds, Series 2009B	12,190,000.00	-	740,000.00	-	11,450,000.00
RFS Refunding Bonds, Series 2010	41,545,000.00	-	-	-	41,545,000.00
RFS Refunding and Improvement Bonds, Series 2012A	-	56,210,000.00	-	-	56,210,000.00
RFS Refunding Bonds, Taxable Series 2012B	-	4,820,000.00	-	-	4,820,000.00
Total	\$ 282,460,000.00	\$ 61,030,000.00	\$ 11,485,000.00	\$ 29,880,000.00	\$ 302,125,000.00

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

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Unamortized Premium *	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/12	Amounts Due Within One Year
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	730,000.00	730,000.00
-	-	-	3,270,000.00	-
-	-	-	85,000.00	85,000.00
-	-	-	25,935,000.00	3,020,000.00
-	-	-	35,065,000.00	830,000.00
7,529,920.05	-	-	130,544,920.05	3,142,160.00
772,857.15	-	-	12,222,857.15	895,968.00
4,818,380.00	-	-	46,363,380.00	4,078,004.00
8,836,575.18	-	-	65,046,575.18	2,245,796.00
-	-	-	4,820,000.00	80,000.00
<u>\$ 21,957,732.38</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,082,732.38</u>	<u>\$ 15,106,928.00</u>

Net Bonds Payable per Statement of Net Assets

\$ 324,082,732.38

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UNIVERSITY OF NORTH TEXAS (752)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2012

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Bonds, Series 2003	2013	\$ 730,000.00	\$ 27,740.00
		<u>730,000.00</u>	<u>27,740.00</u>
RFS Refunding Bonds, Series 2003A	2013	-	178,737.50
	2014	-	178,737.50
	2015	890,000.00	178,737.50
	2016	1,160,000.00	130,900.00
	2017	1,220,000.00	67,100.00
		<u>3,270,000.00</u>	<u>734,212.50</u>
RFS Bonds, Taxable Series 2003B	2013	85,000.00	4,335.00
		<u>85,000.00</u>	<u>4,335.00</u>
RFS Refunding and Improvement Bonds, Series 2005	2013	3,020,000.00	1,272,850.00
	2014	3,155,000.00	1,121,850.00
	2015	3,315,000.00	979,875.00
	2016	2,210,000.00	830,700.00
	2017	2,325,000.00	714,675.00
	2018 - 2022	8,215,000.00	1,891,425.00
2023 - 2025	3,695,000.00	343,375.00	
		<u>25,935,000.00</u>	<u>7,154,750.00</u>
RFS Bonds, Series 2007	2013	830,000.00	1,644,425.00
	2014	860,000.00	1,611,225.00
	2015	900,000.00	1,576,825.00
	2016	935,000.00	1,536,325.00
	2017	985,000.00	1,494,250.00
	2018 - 2022	5,570,000.00	6,799,650.00
	2023 - 2027	7,075,000.00	5,301,250.00
	2028 - 2032	9,025,000.00	3,347,000.00
	2033 - 2036	8,885,000.00	1,021,725.00
		<u>35,065,000.00</u>	<u>24,332,675.00</u>
RFS Bonds, Series 2009A	2013	2,870,000.00	6,150,750.00
	2014	3,025,000.00	6,007,250.00
	2015	3,165,000.00	5,856,000.00
	2016	3,330,000.00	5,697,750.00
	2017	3,490,000.00	5,531,250.00
	2018 - 2022	20,240,000.00	24,858,750.00
	2023 - 2027	25,840,000.00	19,266,250.00
	2028 - 2032	23,070,000.00	12,605,250.00
	2033 - 2037	21,985,000.00	7,405,000.00
2038 - 2040	16,000,000.00	1,626,000.00	
		<u>123,015,000.00</u>	<u>95,004,250.00</u>
RFS Refunding Bonds, Series 2009B	2013	780,000.00	473,937.50
	2014	830,000.00	442,737.50
	2015	1,815,000.00	409,537.50
	2016	1,890,000.00	336,937.50
	2017	1,965,000.00	261,337.50
2018 - 2019	4,170,000.00	283,675.00	
		<u>11,450,000.00</u>	<u>2,208,162.50</u>
RFS Refunding Bonds, Series 2010	2013	3,665,000.00	1,972,250.00
	2014	3,865,000.00	1,789,000.00
	2015	2,300,000.00	1,595,750.00
	2016	2,425,000.00	1,480,750.00
	2017	2,545,000.00	1,359,500.00
	2018 - 2022	21,635,000.00	4,743,650.00
2023 - 2024	5,110,000.00	386,500.00	
		<u>41,545,000.00</u>	<u>13,327,400.00</u>
RFS Refunding and Improvement Bonds, Series 2012A	2013	1,745,000.00	2,314,201.80
	2014	2,205,000.00	2,618,325.00

UNAUDITED

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
	2015	2,265,000.00	2,552,175.00
	2016	2,385,000.00	2,438,925.00
	2017	2,495,000.00	2,319,675.00
	2018 - 2022	14,330,000.00	9,758,825.00
	2023 - 2027	12,095,000.00	6,507,525.00
	2028 - 2032	15,395,000.00	3,208,000.00
	2033 - 2034	3,295,000.00	249,250.00
		<u>56,210,000.00</u>	<u>31,966,901.80</u>
RFS Refunding Bonds, Taxable Series 2012B			
	2013	80,000.00	131,452.61
	2014	150,000.00	150,270.00
	2015	180,000.00	149,145.00
	2016	175,000.00	147,435.00
	2017	180,000.00	145,335.00
	2018 - 2022	975,000.00	671,225.00
	2023 - 2027	1,120,000.00	516,332.50
	2028 - 2032	1,345,000.00	291,207.50
	2033 - 2034	615,000.00	37,665.00
		<u>4,820,000.00</u>	<u>2,240,067.61</u>
Total		<u>\$ 302,125,000.00</u>	<u>\$ 177,000,494.41 *</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.

UNAUDITED

UNIVERSITY OF NORTH TEXAS (752)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Pledged and Other Sources and Related Expenditures for FY 2012</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/ Expenditures & Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest *</u>
RFS Bonds Series '01, '02, '02A, '03, '03A, '03B, '05, '07 '09A, '09B, '10, '12A & '12B	\$ 533,459,462.10	\$ 343,656.89	\$ 11,485,000.00	\$ 13,724,632.50
Total	<u>\$ 533,459,462.10</u>	<u>\$ 343,656.89</u>	<u>\$ 11,485,000.00</u>	<u>\$ 13,724,632.50</u>

* 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.

UNAUDITED

UNIVERSITY OF NORTH TEXAS (752)
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
RFS Bonds, Series 2003	2012	\$ 25,385,000.00
RFS Bonds, Taxable Series 2003B	2012	4,495,000.00
		<hr/>
Total		<u>\$ 29,880,000.00</u>

UNAUDITED

UNIVERSITY OF NORTH TEXAS (752)
Schedule 2F - Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Category</u>	<u>Amount Extinguished or Refunded</u>	<u>For Refunding Only</u>		
			<u>Refunding Issue Par Value</u>	<u>Cash Flow Increase (Decrease)</u>	<u>Economic Gain/ (Loss)</u>
Revenue Financing System Bonds					
RFS Bonds, Series 2003	Advance Refunding	\$ 25,385,000.00	\$ 22,965,000.00	\$ (4,088,336.28)	\$ 2,864,033.69
RFS Bonds, Taxable Series 2003B	Advance Refunding	4,495,000.00	4,820,000.00	(1,354,498.65)	931,894.00
Total		\$ 29,880,000.00	\$ 27,785,000.00	\$ (5,442,834.93)	\$ 3,795,927.69

UNAUDITED

UNIVERSITY OF NORTH TEXAS (752)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0258	\$ 1,787,348.12	\$ -	\$ 1,787,348.12
Total Cash in State Treasury (Statement of Net Assets)	<u>\$ 1,787,348.12</u>	<u>\$ -</u>	<u>\$ 1,787,348.12</u>



FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
HEALTH SCIENCE CENTER**

FORT WORTH, TEXAS

Scott Ransom, DO, MBA, MPH, President

For the year ended August 31, 2012



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UNT
UNIVERSITY OF
NORTH*TEXAS
SYSTEM

November 20, 2012

Scott Ransom DO, MBA, MPH
President
University of North Texas Health Science Center at Fort Worth
Fort Worth, Texas 76107

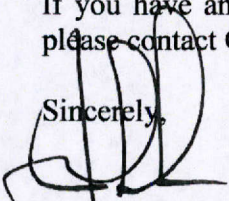
Dear Dr. Ransom:

We are pleased to submit the Annual Financial Report of the University of North Texas Health Science Center at Fort Worth for the year ended August 31, 2012, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions related to the Schedule of Expenditures of Federal Awards, please contact Geoffrey Scarpelli, Comptroller & Chief Budget Officer, at 817-735-5030.

Sincerely,



John A Harman, MBA, CPA, CGMA, CMPE
Senior Vice President for Finance and CFO



Geoffrey Scarpelli
Controller, Chief Budget Officer



UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

ORGANIZATIONAL DATA

August 31, 2012

BOARD OF REGENTS

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

Brint Ryan (Term expires 5-22-15) Dallas
Michael R. Bradford (Term expires 5-22-15) Midland
Steve Mitchell (Term expires 5-22-15) Richardson

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

STUDENT REGENT

Christian Dean (Term expires 5-31-12) Dallas

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee Jackson Chancellor
Scott B. Ransom President
John A. Harman Senior Vice President for Finance and CFO

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Statement of Net Assets
For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 9,992.88	\$ 11,518.10
Cash in Bank	59,074,225.49	(360,103.67)
Reimbursement Due from Treasury	437,164.97	653,554.85
Cash in State Treasury	5,041,333.95	4,168,165.46
Cash Equivalents	9,805,704.75	86,462,325.85
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	-
Cash in Bank	1,070,636.41	690,362.79
Cash in State Treasury	-	-
Cash Equivalents	208,291.00	(1,285,565.85)
Short Term Investments	-	-
Legislative Appropriations	21,905,878.52	21,064,843.12
Receivables from:		
Federal	4,532,718.85	2,606,800.44
Other Intergovernmental	369,424.06	213,398.43
Accounts Receivable	1,895,648.70	3,503,352.43
Gifts Receivable	925,000.00	-
Other Receivables	7,086,777.62	7,380,256.25
Due From Other Agencies	5,049,503.79	4,567,921.37
Due From Other Components	77,298.00	77,298.00
Consumable Inventories	239,222.14	192,236.82
Merchandise Inventories	21,803.87	21,803.87
Loans and Contracts	181,906.60	219,640.94
Other Current Assets	33,625.51	21,255.81
Total Current Assets	117,966,157.11	130,209,065.01
Non-Current Assets and Deferred Outflows		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Short Term Investments	-	-
Loans and Contracts	3,368,582.75	3,851,657.75
Investments	48,048,109.82	29,385,764.72
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	23,057,937.75	22,986,967.75
Construction in Progress	-	-
Other Tangible Capital Assets	179,561.72	177,891.27
Depreciable or Amortizable		
Buildings and Building Improvements	161,879,900.67	159,004,942.61
Less Accumulated Depreciation	(69,326,382.32)	(64,679,843.09)

UNAUDITED

	August 31, 2012	August 31, 2011
Facilities and Other Improvement	1,322,255.64	1,322,255.64
Less Accumulated Depreciation	(1,011,862.75)	(969,391.95)
Furniture and Equipment	38,912,504.18	36,112,979.53
Less Accumulated Depreciation	(24,610,219.28)	(22,572,843.22)
Vehicles, Boats and Aircraft	579,190.34	544,759.34
Less Accumulated Depreciation	(441,628.84)	(406,344.35)
Other Capital Assets	7,203,865.38	5,835,319.78
Less Accumulated Depreciation	(1,295,542.05)	(984,156.14)
Computer Software	669,436.19	521,336.19
Less Accumulated Amortization	(267,529.44)	(169,548.56)
Other Non-Current Assets	-	-
Total Non-Current Assets and Deferred Outflows	188,268,179.76	169,961,747.27
Total Assets and Deferred Outflows	\$ 306,234,336.87	\$ 300,170,812.28
 LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables From:		
Accounts Payable	\$ 3,501,603.50	\$ 7,831,921.59
Payroll Payable	10,893,825.73	10,762,129.38
Other Payables	2,431,940.50	1,137,320.84
Due to Other Agencies	64,488.92	-
Due to Other Components	63,542.30	146,165.10
Deferred Revenues	10,908,623.08	10,155,527.47
Revenue Bonds Payable, Net	6,133,020.00	4,484,976.00
Pollution Remediation Obligation	-	-
Employees Compensable Leave	946,159.19	1,013,764.43
Funds Held for Others	11,553,312.81	9,659,475.83
Other Current Liabilities	-	-
Total Current Liabilities	46,496,516.03	45,191,280.64
Non-Current Liabilities and Deferred Inflows		
Notes and Loans Payable	-	-
Contra Liability-Due From Other Components-CP	-	8,530,000.00
Revenue Bonds Payable, Net	77,867,628.00	61,059,768.00
Employee's Compensable Leave	7,315,205.81	7,965,856.57
Other Non-Current Liabilities	16,486.40	-
Total Non-Current Liabilities and Deferred Inflows	85,199,320.21	77,555,624.57
Total Liabilities and Deferred Inflows	131,695,836.24	122,746,905.21
 NET ASSETS		
Invested in Capital Assets, Net of Related Debt	54,549,869.24	64,569,324.80
Restricted for:		
Debt Retirement	19,091.31	19,091.31
Funds Held as Permanent Investments	-	-
Non-Expendable	25,329,916.58	25,897,619.35
Expendable	-	16,709.21
Other Restricted	12,075,192.01	4,908,795.38
Unrestricted	82,564,431.49	82,012,367.02
Total Net Assets	174,538,500.63	177,423,907.07
Total Liabilities and Net Assets	\$ 306,234,336.87	\$ 300,170,812.28

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended August 31, 2012

	<u>August 31,</u> <u>2012</u>	<u>August 31,</u> <u>2011</u>
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ -	\$ -
Tuition and Fees - Pledged	21,634,988.49	16,538,693.20
Discounts and Allowances	(669,712.04)	(199,680.82)
Professional Fees - Non-Pledged	78,726,571.02	86,069,912.02
Other Sales of Goods and Services - Pledged	3,375,842.53	5,703,939.25
Federal Revenue - Operating	26,125,086.87	26,291,940.22
Federal Pass Through Revenue	1,269,332.87	659,351.03
State Grant Revenue	2,059,751.58	2,383,394.28
State Grant Pass Through Revenue	756,304.06	597,838.52
Other Grants and Contracts - Operating	9,203,542.26	5,067,182.42
Other Operating Revenues	79,312.52	83,186.93
Total Operating Revenues	<u>142,561,020.16</u>	<u>143,195,757.05</u>
OPERATING EXPENSES ⁽¹⁾		
Instruction	36,216,930.81	31,186,154.27
Research	35,091,597.39	34,364,039.68
Public Service	6,376,912.06	6,227,589.11
Academic Support	94,338,522.05	93,901,239.31
Student Services	4,081,085.98	2,894,866.03
Institutional Support	15,230,742.04	15,770,117.82
Operations and Maintenance of Plant	16,689,619.95	13,456,106.28
Scholarships and Fellowships	1,272,715.83	1,173,007.67
Auxiliary Enterprises	356,135.19	484,042.04
Depreciation and Amortization	9,335,776.62	8,627,793.13
Total Operating Expenses	<u>218,990,037.92</u>	<u>208,084,955.34</u>
Operating Income/(Loss)	<u>(76,429,017.76)</u>	<u>(64,889,198.29)</u>
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	59,235,376.00	62,606,541.00
Additional Appropriations (GR)	9,404,914.33	9,588,242.07
Federal Grant Pass Through Revenue	-	1,123,498.07
Gifts	36,042.49	23,865.00
Investment Income	2,857,059.51	2,812,966.21
Investing Activities Expense	(148,446.63)	-
Interest Expense and Fiscal Charges	(4,084,763.55)	(2,943,389.27)
Gain/(Loss) on Sale/Disposal of Capital Assets	(522,388.55)	(2,050,647.75)
Net Increase (Decrease) in Fair Value of Investments	(630,848.77)	1,186,029.87
Settlement of Claims	(250,438.97)	(1,269,229.20)
Other Nonoperating Revenues - Non-Pledged	1,307,815.00	202,036.35
Other Nonoperating Expenses	-	-
Total Nonoperating Revenues /(Expenses)	<u>67,204,320.86</u>	<u>71,279,912.35</u>
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(9,224,696.90)</u>	<u>6,390,714.06</u>

UNAUDITED

	August 31, 2012	August 31, 2011
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	173,395.51	1,504,864.82
Capital Appropriations - HEF (GR)	8,771,265.00	8,771,265.00
Interagency Transfers Cap Assets-Increase	-	102,329.70
Interagency Transfers Cap Assets-Decrease	(409,577.46)	(506,191.38)
Transfers-In	-	-
Transfers-Out	(389,491.03)	(369,178.61)
Legislative Transfers-In	-	-
Legislative Transfers-Out	(1,806,301.56)	(1,508,155.40)
Legislative Appropriation Lapses	-	-
Total Other Revenue, Expenses, Gain/Losses and Transfers	6,339,290.46	7,994,934.13
 CHANGE IN NET ASSETS	 (2,885,406.44)	 14,385,648.19
Net Assets, Beginning	177,423,907.07	163,038,258.88
Restatements	-	-
Net Assets, Beginning, as Restated	177,423,907.07	163,038,258.88
 NET ASSETS, ENDING	 \$ 174,538,500.63	 \$ 177,423,907.07

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)

Note 1: Matrix of Operating Expenses Reported by Function

For the Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	25,348,222.87	18,281,930.80	3,688,140.81	54,432,016.18	2,138,721.79
Payroll Related Costs	5,247,329.10	3,925,797.72	829,715.37	9,936,432.44	378,631.99
Professional Fees & Svcs	620,558.16	3,424,126.09	123,826.58	17,383,435.53	61,105.21
Federal Pass-Thru Expense	-	576,260.26	-	-	-
State Grant Pass-Thru Exp	-	-	-	-	-
Travel	220,196.41	644,645.55	45,511.46	667,900.67	101,718.69
Material and Supplies	1,699,399.60	4,362,638.67	252,457.08	4,519,263.86	458,438.01
Communication & Utilities	150,296.99	29,545.18	19,813.52	337,200.46	10,993.00
Repairs and Maintenance	245,636.84	554,475.16	42,904.32	941,523.11	64,975.55
Rentals and Leases	133,654.38	197,605.68	39,471.92	950,916.44	53,883.44
Printing and Reproduction	86,139.37	142,776.25	82,036.22	77,800.44	31,306.18
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	(500,772.00)	282,335.33
Interest	-	-	-	-	-
Scholarships	174,376.00	180,229.57	-	49,040.33	45,539.82
Claims and Losses	-	-	-	-	-
Other Operating Expenses	2,291,121.09	2,771,566.46	1,253,034.78	5,543,764.59	453,436.97
Total Operating Expenses	\$ 36,216,930.81	\$ 35,091,597.39	\$ 6,376,912.06	\$ 94,338,522.05	\$ 4,081,085.98

UNAUDITED

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	2012 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,184,183.24	3,779,215.59	21,555.93	118,369.37	-	117,992,356.58
2,165,771.02	760,414.47	2,110.01	33,798.95	-	23,280,001.07
171,279.43	1,272,318.91	-	14,314.45	-	23,070,964.36
-	-	-	-	-	576,260.26
-	-	-	-	-	-
46,286.12	5,210.78	-	917.69	-	1,732,387.37
1,095,567.54	2,023,585.49	797.89	98,261.67	-	14,510,409.81
128,589.21	1,982,857.04	-	2,735.93	-	2,662,031.33
483,874.29	1,530,056.78	40.00	1,386.25	-	3,864,872.30
57,517.10	148,306.80	-	8,965.70	-	1,590,321.46
42,065.33	11,813.58	-	5,091.07	-	479,028.44
-	-	-	-	9,335,776.62	9,335,776.62
-	-	-	-	-	(218,436.67)
3.61	-	-	-	-	3.61
-	-	1,246,962.00	-	-	1,696,147.72
-	-	-	-	-	-
855,605.15	5,175,840.51	1,250.00	72,294.11	-	18,417,913.66
\$ 15,230,742.04	\$ 16,689,619.95	\$ 1,272,715.83	\$ 356,135.19	\$ 9,335,776.62	\$ 218,990,037.92

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)

Statement of Cash Flows

For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 22,281,793.20	\$ 18,628,291.62
Proceeds Received from Customers	79,958,220.49	92,914,582.83
Proceeds from Sponsored Projects	40,738,985.92	33,148,478.76
Proceeds from Loan Programs	743,266.48	147,388.45
Proceeds from Other Revenues	-	83,186.93
Payments to Suppliers for Goods and Services	(52,258,467.04)	(43,389,299.22)
Payments to Employees for Salaries and Benefits	(141,858,917.30)	(139,843,369.80)
Payments for Other Expenses	(21,313,400.88)	(18,233,898.39)
Net Cash Provided (Used) by Operating Activities	(71,708,519.13)	(56,544,638.82)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	68,640,290.33	72,194,783.07
Proceeds from Gifts	36,042.49	23,865.00
Proceeds of Transfers from Other Agencies	-	1,123,498.07
Proceeds from Other Revenues	3,369,079.26	1,026,299.08
Payments for Transfers to Other Agencies	(389,491.03)	(369,178.61)
Payments for Transfers to Other Components	(1,806,301.56)	(1,365,890.10)
Payments for Other Uses	(916,054.61)	(2,926,707.79)
Net Cash Provided (Used) by Noncapital Financing Activities	68,933,564.88	69,706,668.72
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations	8,771,265.00	8,771,265.00
Proceeds from Debt Issuance	22,981,617.95	-
Proceeds of Transfers from Other Components - Commercial Paper	4,301,000.00	8,530,000.00
Payments for Additions to Fixed Assets	(10,394,905.02)	(19,088,784.53)
Payments of Principal on Debt Issuance	(4,305,000.00)	(4,370,000.00)
Payments of Interest on Debt Issuance	(4,084,763.55)	(2,940,137.86)
Payments of Other Costs of Debt Issuance	(148,446.63)	(3,251.41)
Payments for Transfers to Other Components - Commercial Paper	(12,831,000.00)	-
Net Cash Provided (Used) From Capital & Related Financing Activities	4,289,767.75	(9,100,908.80)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	171,138.57	242,714.59
Proceeds from Interest and Investment Income	2,421,821.90	3,249,891.64
Payments to Acquire Investments	(18,800,682.05)	(557,807.25)
Net Cash Provided (Used) by Investing Activities	(16,207,721.58)	2,934,798.98
Net Increase/(Decrease) in Cash and Cash Equivalents	(14,692,908.08)	6,995,920.08
Cash and Cash Equivalents--September 1, 2011 and 2010	90,340,257.53	83,344,337.45
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents--August 31, 2012 and 2011	\$ 75,647,349.45	\$ 90,340,257.53

UNAUDITED

	August 31, 2012	August 31, 2011
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 74,368,422.04	\$ 90,935,460.59
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	1,278,927.41	(595,203.06)
Restricted Short-term Investments (Statement of Net Assets)	-	-
	\$ 75,647,349.45	\$ 90,340,257.53
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (76,429,017.76)	\$ (64,889,198.29)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	9,335,776.62	8,627,793.13
Bad Debt Expense	(218,436.67)	472,200.55
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(625,640.95)	(266,368.33)
(Increase) Decrease in Inventories	(46,985.32)	109,321.10
(Increase) Decrease in Loans & Contracts	-	-
(Increase) Decrease in Other Assets	(853,405.10)	(7,292,438.52)
(Increase) Decrease in Prepaid Expenses	-	-
Increase (Decrease) in Payables	(3,541,282.76)	4,477,119.21
Increase (Decrease) in Due to Other Components	(82,622.80)	-
Increase (Decrease) in Deferred Income	753,095.61	2,216,932.33
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	4,720,498.63	8,344,559.47
Net Cash Provided by Operating Activities	\$ (71,708,519.13)	\$ (56,544,638.82)
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ (630,848.77)	\$ 1,186,029.87
Amortization of Investment Premiums/(Discounts)	\$ -	\$ -
Amortization of Bond Premiums/(Discounts)	\$ 220,713.95	\$ -
Gain/(Loss) on disposal of Capital Assets	\$ (522,388.55)	\$ -

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)

Notes to Schedule 1A - Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended August 31, 2012

Note 1: Nonmonetary Assistance

N/A

Note 2: Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of Federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenues - per Statement of Changes in Revenues, Expenses and Net Assets		
Federal Grants and Contracts		26,125,086.87
Federal Pass-Through Grants from Other State Agencies/Universities - Operating		1,269,332.87
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating		-
Subtotal		27,394,419.74
Reconciling Items:		
Health Professions Student Loans, Including Primary Care Loans/ Loans for Disadvantaged Students - New Loans Processed		94,018.00
Federal Perkins Loan Program		371,362.00
Direct Student Loans		36,544,770.00
Total Pass - Through & Expenditures per Federal Schedule		64,404,569.74

Note 3: Student Loans

Federal Grantor/ <u>CFDA Number/Program Name</u>	<u>New Loans Processed</u>	<u>Admin. Costs Recovered</u>	<u>Total Loans Processed & Adm. Costs Recovered</u>	<u>Ending Balances of Previous Year's Loans</u>
U.S. Department of Health and Human Services				
93.342 Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students	94,018.00	-	94,018.00	2,923,054.05
Total U.S. Department of Health and Human Services	94,018.00	-	94,018.00	2,923,054.05
U.S. Department of Education				
84.038 Federal Perkins Loan Program	371,362.00	-	371,362.00	2,624,606.07
84.268 Federal Direct Student Loans	36,544,770.00	-	36,544,770.00	-
Total U.S. Department of Education	36,916,132.00	-	36,916,132.00	2,624,606.07
Total Loans and Recoveries	37,010,150.00	-	37,010,150.00	5,547,660.12

Note 4: Depository Libraries for Government Publications

N/A

Note 5: Unemployment Insurance Funds (Agency 320 only)

N/A

Note 6: Rebates from the Special Supplemental Food Program for Women, Infant and Children (WIC)(Agency 537 only)

N/A

Note 7: Deferred Federal Income

N/A

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2012

Pass-Through From: State Agencies

To University of North Texas Health Science Center (763)

Cancer Prevention and Research Institute of Texas (Agency 542)	
Dallas Cancer Disparities Community Coalition: Breast Cancer Prevention Education	\$ 93,390.12
Culturally sensitive HPV Vaccine Education in Tarrant County	172,725.29
Cellular Targets of Salinomycin: Novel Cancer Stem-Cell Specific Drug Studied in Yeast	49,171.12
The Rural Texas Physician Cancer Screening Education Program in High-Risk Cancer Cluster Regions	61,692.46
PP110190 - Comprehensive breast cancer prevention for high-risk women in Dallas County	142,013.08
Texas A&M University (Agency 711)	
More Than A Picnic Its A Family Affair for Lifestyle Change	17,909.69
University of Texas System (Agency 720)	
Joint Admission Medical Program (JAMP)	128,675.40
University of North Texas (Agency 752)	
Texas Environmental Health Institute (TEHI) Asthma Study	4,334.93
Radioactive Waste Study - Health Surveillance Survey	15,948.56
Texas Higher Education Coordinating Board (Agency 781)	
Family Practice Residency Program	63,272.76
College Work Study Program	6,670.65
Early High School Program HB1479	500.00
Total Pass-Through From Other Agencies	
(Statement of Revenues, Expenses and Changes in Net Assets)	<u>\$ 756,304.06</u>

Pass-Through To Other Agencies:

N/A



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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2002	\$ 27,130,000.00	2.0000% - 5.0000%	N/A	2003	2012	04/15/12
RFS Refunding Bonds, Series 2003A	2,915,000.00	5.3750% - 5.5000%	N/A	2015	2017	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	11,250,000.00	3.2500% - 5.2500%	N/A	2006	2019	04/15/15
RFS Bonds, Series 2009	38,650,000.00	3.0000% - 5.2500%	N/A	2009	2028	04/15/18
RFS Refunding Bonds, Series 2009B	3,455,000.00	3.0000% - 4.7500%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	15,540,000.00	3.0000% - 5.0000%	N/A	2011	2022	04/15/20
RFS Refunding and Improvement Bonds, Series 2012A	19,680,000.00	2.0000% - 5.0000%	N/A	2013	2034	04/15/22
Total	<u>\$ 118,620,000.00</u>					

RFS - Revenue Financing System

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Outstanding 09/01/11	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished
RFS Bonds, Series 2002	\$ 1,240,000.00	\$ -	\$ 1,240,000.00	\$ -
RFS Refunding Bonds, Series 2003A	2,915,000.00	-	-	-
RFS Refunding and Improvement Bonds, Series 2005	8,835,000.00	-	1,245,000.00	-
RFS Bonds, Series 2009	32,790,000.00	-	1,360,000.00	-
RFS Refunding Bonds, Series 2009B	2,485,000.00	-	460,000.00	-
RFS Refunding Bonds, Series 2010	15,360,000.00	-	-	-
RFS Refunding and Improvement Bonds, Series 2012A	-	19,680,000.00	-	-
Total	\$ 63,625,000.00	\$ 19,680,000.00	\$ 4,305,000.00	\$ -

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

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Bonds Outstanding 08/31/12	Unamortized Premium *	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/12	Amounts Due Within One Year
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,915,000.00	-	-	-	2,915,000.00	-
7,590,000.00	-	-	-	7,590,000.00	1,305,000.00
31,430,000.00	-	-	-	31,430,000.00	1,410,000.00
2,025,000.00	-	-	-	2,025,000.00	480,000.00
15,360,000.00	1,739,768.00	-	-	17,099,768.00	1,409,976.00
19,680,000.00	3,260,880.00	-	-	22,940,880.00	1,528,044.00
\$ 79,000,000.00	\$ 5,000,648.00	\$ -	\$ -	\$ 84,000,648.00	\$ 6,133,020.00
Net Bonds Payable per Statement of Net Assets				\$ 84,000,648.00	

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2012

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Refunding Bonds, Series 2003A	2013	\$ -	\$ 159,175.00
	2014	-	159,175.00
	2015	920,000.00	159,175.00
	2016	970,000.00	109,725.00
	2017	1,025,000.00	56,375.00
		<u>2,915,000.00</u>	<u>643,625.00</u>
RFS Refunding and Improvement Bonds, Series 2005	2013	1,305,000.00	378,262.50
	2014	1,370,000.00	313,012.50
	2015	890,000.00	251,362.50
	2016	930,000.00	211,312.50
	2017	980,000.00	162,487.50
	2018-2019	2,115,000.00	168,000.00
		<u>7,590,000.00</u>	<u>1,484,437.50</u>
RFS Bonds, Series 2009	2013	1,410,000.00	1,480,137.50
	2014	1,460,000.00	1,430,787.50
	2015	1,510,000.00	1,379,687.50
	2016	1,555,000.00	1,334,387.50
	2017	1,635,000.00	1,256,637.50
	2018-2022	9,230,000.00	5,212,762.50
	2023-2027	11,880,000.00	2,563,900.00
	2028	2,750,000.00	137,500.00
		<u>31,430,000.00</u>	<u>14,795,800.00</u>
RFS Refunding Bonds, Series 2009B	2013	480,000.00	82,687.50
	2014	500,000.00	63,487.50
	2015	190,000.00	43,487.50
	2016	200,000.00	35,887.50
	2017	210,000.00	27,887.50
	2018-2019	445,000.00	30,175.00
		<u>2,025,000.00</u>	<u>283,612.50</u>
RFS Refunding Bonds, Series 2010	2013	1,230,000.00	719,550.00
	2014	1,295,000.00	658,050.00
	2015	1,360,000.00	593,300.00
	2016	1,430,000.00	525,300.00
	2017	1,500,000.00	453,800.00
	2018-2022	8,545,000.00	1,235,050.00
		<u>15,360,000.00</u>	<u>4,185,050.00</u>
RFS Refunding and Improvement Bonds, Series 2012A	2013	1,365,000.00	782,296.12
	2014	1,275,000.00	869,600.00
	2015	1,315,000.00	831,350.00
	2016	1,380,000.00	765,600.00
	2017	1,445,000.00	696,600.00
	2018-2022	8,345,000.00	2,381,950.00
	2023-2027	2,005,000.00	941,750.00
	2028-2032	2,550,000.00	395,000.00
		<u>19,680,000.00</u>	<u>7,664,146.12</u>
Total		<u>\$ 79,000,000.00</u>	<u>\$ 29,056,671.12</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.

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Pledged and Other Sources and Related Expenditures for FY 2012</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/ Expenditures & Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest *</u>
RFS Bonds Series '03A, '05, '09, '09B, '10 & 12A	\$ 65,777,868.55	\$ -	\$ 4,305,000.00	\$ 2,997,662.50
Total	<u>\$ 65,777,868.55</u>	<u>\$ -</u>	<u>\$ 4,305,000.00</u>	<u>\$ 2,997,662.50</u>

* 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.

UNAUDITED

UNIVERSITY OF NORTH HEALTH SCIENCE CENTER (763)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0280	3,937,832.39	-	3,937,832.39
Local Revenue Fund 0819	1,103,501.56	-	1,103,501.56
Total Cash in State Treasury (Statement of Net Assets)	\$ 5,041,333.95	\$ -	\$ 5,041,333.95

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
AT DALLAS**

DALLAS, TEXAS

John Ellis Price, President

For the year ended August 31, 2012



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SYSTEM

November 8, 2012

John Ellis Price
President
University of North Texas at Dallas
Denton, Texas

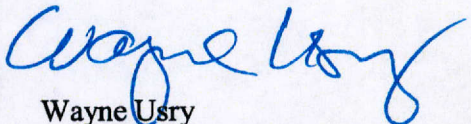
Dear Dr. Price:

We are pleased to submit the Annual Financial Report (AFR) of the University of North Texas at Dallas for the year ended August 31, 2012, in compliance with Tex. Gov't Code Ann. §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

The financial report is unaudited, and subject to audit by the state auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report.

If you have any questions pertaining to the Dallas AFR or related to the Schedule of Expenditures of Federal Awards please contact Controller Barry Lewis, or me.

Sincerely,



Wayne Usry
CFO/VP Finance & Administration

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NORTH*TEXAS
SYSTEM

UNIVERSITY OF NORTH TEXAS AT DALLAS

ORGANIZATIONAL DATA

August 31, 2012

BOARD OF REGENTS

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

Brint Ryan (Term expires 5-22-15) Dallas
Michael R. Bradford (Term expires 5-22-15) Midland
Steve Mitchell (Term expires 5-22-15) Richardson

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

STUDENT REGENT

Alexandria C. Perez (Term expires 5-31-13) Dallas

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

Lee Jackson Chancellor
John Ellis Price President & Vice Chancellor
Wayne Usry CFO V/P Finance & Administration
Barry Lewis Controller

UNAUDITED

UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Statement of Net Assets
For the Year Ended August 31, 2012

	August 31, 2012	August 31, 2011
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ -	\$ -
Cash in Bank	(1,022,446.18)	(57,269.53)
Reimbursement Due from Treasury	990,967.68	6,511.77
Cash in State Treasury	3,291,342.95	549,998.76
Cash Equivalents	6,064,928.43	5,369,785.71
Short Term Investments	-	-
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	-
Cash in Bank	-	(15,258.39)
Cash in State Treasury	-	-
Cash Equivalents	-	1,430,679.74
Short Term Investments	-	-
Legislative Appropriations	3,057,005.64	5,753,876.42
Receivables from:		
Federal	160,892.93	42,239.99
Other Intergovernmental	-	759.51
Accounts Receivable	1,334,965.02	1,792,201.66
Gifts Receivable	849,136.92	-
Due From Other Agencies	6,949.12	17,292.31
Due From Other Components	-	1,141,765.19
Loans and Contracts	272,943.85	239,122.51
Other Current Assets	644,862.96	422,648.96
Total Current Assets	15,651,549.32	16,694,354.61
Non-Current Assets and Deferred Outflows		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Short Term Investments	-	5,267.14
Investments	85,924.25	19,769.25
Gift Receivables	-	498,504.67
Capital Assets:		
Non-Depreciable or Non-Amortizable		
Land and Land Improvements	5,553,223.65	5,553,223.65
Depreciable or Amortizable		
Buildings and Building Improvements	58,661,953.55	58,661,953.55
Less Accumulated Depreciation	(9,004,479.69)	(6,118,047.54)
Furniture and Equipment	501,106.16	414,073.73
Less Accumulated Depreciation	(253,843.90)	(206,495.27)
Vehicles, Boats and Aircraft	70,782.72	70,782.72
Less Accumulated Depreciation	(39,051.77)	(30,462.03)
Other Capital Assets	121,990.49	115,521.96
Less Accumulated Depreciation	(25,499.93)	(17,398.49)
Other Non-Current Assets	-	-
Total Non-Current Assets and Deferred Outflows	55,672,105.53	58,966,693.34
Total Assets and Deferred Outflows	\$ 71,323,654.85	\$ 75,661,047.95

UNAUDITED

	August 31, 2012	August 31, 2011
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities		
Payables From:		
Accounts Payable	\$ 540,945.11	\$ 545,750.26
Payroll Payable	1,043,974.33	2,318,787.60
Deferred Revenues	4,847,918.02	3,891,981.00
Notes and Loans Payable	-	-
Revenue Bonds Payable, Net	1,878,096.00	1,793,096.00
Employees Compensable Leave	103,000.00	103,000.00
Other Current Liabilities	744,165.00	860,698.34
Total Current Liabilities	9,158,098.46	9,513,313.20
Non-Current Liabilities and Deferred Inflows		
Notes and Loans Payable	-	-
Contra Liability-Due From Other Components-CP	-	-
Revenue Bonds Payable, Net	39,462,605.70	41,340,701.70
Employee's Compensable Leave	244,275.43	258,519.26
Other Non-Current Liabilities	-	-
Total Non-Current Liabilities and Deferred Inflows	39,706,881.13	41,599,220.96
Total Liabilities and Deferred Inflows	48,864,979.59	51,112,534.16
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	16,946,258.58	15,231,258.58
Restricted for:		
Debt Retirement	497,263.51	-
Capital Projects	-	42,363.84
Funds Held as Permanent Investments		
Non-Expendable	812,966.03	812,966.03
Expendable	(398,720.02)	(398,720.02)
Other Restricted	863,595.87	863,595.87
Unrestricted	3,737,311.29	7,997,049.49
Total Net Assets	22,458,675.26	24,548,513.79
Total Liabilities and Net Assets	\$ 71,323,654.85	\$ 75,661,047.95

UNAUDITED

UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2012

	August 31,	August 31,
	2012	2011
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 2,448,347.50	\$ 303,410.55
Tuition and Fees - Pledged	6,508,489.72	7,952,796.77
Discounts and Allowances	(1,314,601.77)	(1,774,564.43)
Auxiliary Enterprises - Non-Pledged	-	175.00
Auxiliary Enterprises - Pledged	97,212.95	51,525.16
Other Sales of Goods and Services - Pledged	190,026.58	349,957.92
Federal Revenue - Operating	467,837.14	42,239.99
State Grant Revenue	213,796.79	198,010.04
State Grant Pass Through Revenue	20,552.43	71,903.83
Other Grants and Contracts - Operating	439,000.00	46,380.00
Other Operating Revenues	16,500.00	-
Total Operating Revenues	9,087,161.34	7,241,834.83
OPERATING EXPENSES ⁽¹⁾		
Instruction	6,337,754.83	6,179,912.60
Research	55,463.83	35,161.16
Public Service	977,679.53	793,976.11
Academic Support	2,209,320.27	2,174,205.67
Student Services	2,699,109.12	2,264,482.43
Institutional Support	6,772,275.10	8,086,610.36
Operations and Maintenance of Plant	1,209,379.47	1,573,294.73
Scholarships and Fellowships	316,156.20	90,114.91
Auxiliary Enterprises	28,931.97	17,105.50
Depreciation and Amortization	2,950,471.96	2,959,493.12
Total Operating Expenses	23,556,542.28	24,174,356.59
Operating Income/(Loss)	(14,469,380.94)	(16,932,521.76)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	15,789,801.00	-
Additional Appropriations (GR)	889,440.27	1,320,946.05
Gifts	953,755.73	315,586.07
Investment Income	7,225.35	15,336.09
Interest Expense and Fiscal Charges	(1,835,291.90)	(1,986,284.98)
Net Increase (Decrease) in Fair Value of Investments	860.71	26,190.82
Settlement of Claims	(11,611.64)	(16,579.02)
Other Nonoperating Revenues - Non-Pledged	(663,569.17)	663,569.17
Other Nonoperating Expenses	-	-
Total Nonoperating Revenues /(Expenses)	15,130,610.35	338,764.20
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	661,229.41	(16,593,757.56)

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	August 31, 2012	August 31, 2011
OTHER REVENUES, EXPENSES, GAINS		
LOSSES AND TRANSFERS		
Interagency Transfers Cap Assets-Increase	-	55,691,315.79
Transfers-In	758,112.16	-
Transfers-Out	(546,005.43)	(31,942,237.73)
Legislative Transfers-In	-	17,670,514.00
Legislative Transfers-Out	(2,963,174.67)	(277,320.71)
Total Other Revenue, Expenses, Gain/Losses and Transfers	(2,751,067.94)	41,142,271.35
 CHANGE IN NET ASSETS	 (2,089,838.53)	 24,548,513.79
Net Assets, Beginning	24,548,513.79	-
Restatements	-	-
Net Assets, Beginning, as Restated	-	-
 NET ASSETS, ENDING	 \$ 22,458,675.26	 \$ 24,548,513.79

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

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UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Note 1: Matrix of Operating Expenses Reported by Function
For the Fiscal Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	4,956,164.07	32,234.03	483,767.50	1,348,407.48	1,623,685.69
Payroll Related Costs	1,065,266.84	1,891.78	101,150.94	282,854.44	346,955.88
Professional Fees and Services	12,430.25	38.16	168,816.25	32,274.46	18,643.51
Federal Pass-Through Expenses	-	-	-	-	-
State Pass-through Expenses	-	-	-	-	-
Travel	31,655.57	9,792.31	31,708.43	66,799.80	64,439.97
Materials and Supplies	51,811.50	5,180.95	98,811.87	351,839.65	253,377.96
Communications and Utilities	-	-	4,523.85	15,000.00	-
Repairs and Maintenance	496.00	476.00	7,650.39	927.61	5,675.00
Rentals and Leases	3,600.00	-	50,779.70	19,629.50	8,699.95
Printing and Reproduction	3,342.72	-	7,078.23	6,423.91	72,697.69
Depreciation	-	-	-	-	-
Bad Debt Expense	710.00	-	-	37.35	3,270.57
Interest	-	-	-	-	-
Scholarships	161,135.00	-	1,500.00	-	-
Claims and Losses	-	-	-	-	-
Other Operating Expenses	51,142.88	5,850.60	21,892.37	85,126.07	301,662.90
Total Operating Expenses	\$ 6,337,754.83	\$ 55,463.83	\$ 977,679.53	\$ 2,209,320.27	\$ 2,699,109.12

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2012 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,544,329.27	135,147.46	1,000.00	22,221.96	-	11,146,957.46
528,100.80	27,209.22	17.97	4,655.58	-	2,358,103.45
146,083.52	-	-	-	-	378,286.15
-	-	-	-	-	-
-	-	-	-	-	-
34,813.21	795.07	-	-	-	240,004.36
453,135.13	161,515.54	-	-	-	1,375,672.60
62,503.48	395,233.85	-	-	-	477,261.18
12,434.00	200,004.30	-	-	-	227,663.30
225,362.95	20,345.07	-	-	-	328,417.17
65,858.39	-	-	-	-	155,400.94
-	-	-	-	2,950,471.96	2,950,471.96
64,494.86	-	-	2,054.43	-	70,567.21
-	-	-	-	-	-
37.89	-	162,770.23	-	-	325,443.12
-	-	-	-	-	-
2,635,121.60	269,128.96	152,368.00	-	-	3,522,293.38
\$ 6,772,275.10	\$ 1,209,379.47	\$ 316,156.20	\$ 28,931.97	\$ 2,950,471.96	\$ 23,556,542.28

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UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2012

	<u>August 31,</u> <u>2012</u>	<u>August 31,</u> <u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 9,048,459.99	\$ 6,481,642.89
Proceeds Received from Customers	190,026.58	4,241,938.92
Proceeds from Sponsored Projects	672,660.68	298,242.05
Proceeds from Loan Programs	-	151,082.72
Proceeds from Auxiliaries	97,212.95	51,700.16
Proceeds from Other Revenues	16,500.00	-
Payments to Suppliers for Goods and Services	(6,780,371.44)	(7,255,965.54)
Payments to Employees for Salaries and Benefits	(14,794,118.01)	(11,135,266.21)
Payments for Loans Provided	(33,821.34)	(390,205.23)
Payments for Other Expenses	(547,657.12)	(1,812,425.22)
Net Cash Provided (Used) by Operating Activities	(12,131,107.71)	(9,369,255.46)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	16,679,241.27	1,320,946.05
Proceeds from Legislative Transfers	(2,963,174.67)	-
Proceeds from Gifts	953,755.73	315,586.07
Proceeds of Transfers from Other Agencies	2,696,870.78	-
Proceeds of Transfers from Other Components	1,371,164.23	17,393,193.29
Payments for Transfers to Other Agencies	-	(5,198,937.86)
Payments for Transfers to Other Components	-	(33,084,002.92)
Payments for Other Uses	(11,611.64)	(515,083.69)
Net Cash Provided (Used) by Noncapital Financing Activities	18,726,245.70	(19,768,299.06)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Debt Issuance	-	43,133,797.70
Payments for Additions to Fixed Assets	(93,500.96)	(5,711,329.61)
Payments of Principal on Debt Issuance	(1,793,096.00)	-
Payments of Interest on Debt Issuance	(2,615,394.41)	(452,261.33)
Payments of Other Costs of Debt Issuance	-	(9,756.14)
Payments for Transfers to Other Components	-	(554,938.56)
Net Cash Provided (Used) From Capital & Related Financing Activities	(4,501,991.37)	36,405,512.06
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	-	1,154.43
Proceeds from Interest and Investment Income	7,225.35	15,336.09
Net Cash Provided (Used) by Investing Activities	7,225.35	16,490.52
Net Increase/(Decrease) in Cash and Cash Equivalents	2,100,371.97	7,284,448.06
Cash and Cash Equivalents - September 1, 2011 and 2010	7,284,448.06	-
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - August 31, 2012 and 2011	\$ 9,384,820.03	\$ 7,284,448.06
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 9,384,820.03	\$ 5,869,026.71
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	-	1,415,421.35
Restricted Short-term Investments (Statement of Net Assets)	-	-
	\$ 9,384,820.03	\$ 7,284,448.06

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	August 31, 2012	August 31, 2011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (14,469,380.94)	\$ (16,932,521.76)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	2,950,471.96	2,959,493.12
Bad Debt Expense	70,567.21	41,752.95
Operating Income and Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(88,805.37)	2,039,487.53
(Increase) Decrease in Loans & Contracts	(33,821.34)	(239,122.51)
(Increase) Decrease in Prepaid Expenses	(222,214.00)	(422,648.96)
Increase (Decrease) in Payables	(337,925.23)	3,184,304.17
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	2,338,273.23	7,563,266.30
Net Cash Provided by Operating Activities	\$ (12,131,107.71)	\$ (9,369,255.46)
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ 860.71	\$ 26,190.82
Amortization of Investment Premiums/(Discounts)	\$ -	\$ -
Amortization of Bond Premiums/(Discounts)	\$ 78,096.00	\$ 78,096.00
Gain/(Loss) on disposal of Capital Assets	\$ -	\$ -

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

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UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Notes to Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2012

Note 1: Nonmonetary Assistance

N/A

Note 2: Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Federal Revenues - per Statement of Revenues, Expenses, and Changes in Net Assets		
Federal Grants and Contracts - Operating	\$	467,837.14
Federal Grants and Contracts - Nonoperating		
Federal Pass-Through Grants from Other State Agencies/Universities - Operating		
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating		-
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Assets	<u>\$</u>	<u>467,837.14</u>
Reconciling Items:		
New Loans Processed:		
Federal Perkins Loan Program	\$	-
Federal Direct Student Loans (Direct Loans)		-
Federal Grants from Texas A&M Research Foundation		-
Total Pass Through and Expenditures per Federal Schedule	<u>\$</u>	<u>467,837.14</u>

Note 3a: 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>Department of Education</i>				
84.032 Federal Family Education Loan	\$ -	\$ -	\$ -	\$ -
84.038 Federal Perkins Loan Program	-	-	-	-
84.268 Federal Direct Student Loans	-	-	-	-
<i>Total Department of Education</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General ledger reporting, billing and receiving, and some aspects of collections of the Perkins Loan program are outsourced to Campus Partners. Promissory note generation, final collection efforts, forbearance and deferment decisions are performed by UNT Financial Aid.

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

N/A

Note 4: 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 Publications Program, CFDA #40.001. The university is the legal custodian of governmental publications, which remain the property of the federal government. The publications are not assigned a value by the Government Printing Office.

Note 5: Unemployment Insurance Funds

N/A (Agency 320 only)

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

N/A (Agency 537 only)

Note 7: Deferred Federal Revenue

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

Note 8: Supplemental Nutrition Assistance Program (SNAP)

N/A

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UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2012

Pass-Through From: State Agencies

To University of North Texas at Dallas (773)

Texas Higher Education Coordinating Board (Agency 781)

Work Study Mentorship Program

\$ 19,344.43

Early High School Program HB1479

1,208.00

Total Pass-Through From Other Agencies

(Statement of Revenues, Expenses, and Changes in Net Assets)

\$ 20,552.43

Pass-Through To Other Agencies:

N/A



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UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2005	\$ 22,655,000.00	3.2500% - 5.2500%	N/A	2006	2025	04/15/15
RFS Bonds, Series 2009A	27,120,000.00	3.0000% - 5.0000%	N/A	2010	2029	04/15/19
Total	<u>\$ 49,775,000.00</u>					

RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS at DALLAS (773)
Schedule 2B - Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Bonds Outstanding 09/01/11</u>	<u>Bonds Issued</u>	<u>Bonds Matured or Retired</u>	<u>Bonds Refunded or Extinguished</u>
RFS Bonds, Series 2005	\$ 16,725,000.00	\$ -	\$ 855,000.00	\$ -
RFS Bonds, Series 2009A	24,170,000.00	-	860,000.00	-
Total	<u>\$ 40,895,000.00</u>	<u>\$ -</u>	<u>\$ 1,715,000.00</u>	<u>\$ -</u>

*Bonds premiums and issuance costs greater than 5% of the par value of the bond issue are capitalized and amortized over the life of the bond

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Bonds Outstanding 08/31/12	Unamortized Premium *	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/12	Amounts Due Within One Year
\$ 15,870,000.00	\$ -	\$ -	\$ -	\$ 15,870,000.00	\$ 900,000.00
23,310,000.00	2,160,701.70	-	-	25,470,701.70	978,096.00
<u>\$ 39,180,000.00</u>	<u>\$ 2,160,701.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,340,701.70</u>	<u>\$ 1,878,096.00</u>
l: Net Bonds Payable per Statement of Net Assets				<u>\$ 41,340,701.70</u>	

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UNIVERSITY OF NORTH TEXAS AT DALLAS (773)
Schedule 2C - Debt Service Requirements
For the Fiscal Year Ended August 31, 2012

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Bonds, Series 2005	2013	\$ 900,000.00	\$ 775,800.00
	2014	945,000.00	730,800.00
	2015	985,000.00	688,275.00
	2016	1,030,000.00	643,950.00
	2017	1,085,000.00	589,875.00
	2018 - 2022	6,325,000.00	2,043,487.50
	2023 - 2025	4,600,000.00	427,825.00
		<u>15,870,000.00</u>	<u>5,900,012.50</u>
RFS Bonds, Series 2009A	2013	900,000.00	1,165,500.00
	2014	945,000.00	1,120,500.00
	2015	995,000.00	1,073,250.00
	2016	1,045,000.00	1,023,500.00
	2017	1,095,000.00	971,250.00
	2018 - 2022	6,360,000.00	3,977,250.00
	2023 - 2027	8,120,000.00	2,220,250.00
	2028 - 2029	3,850,000.00	291,000.00
		<u>23,310,000.00</u>	<u>11,842,500.00</u>
Total		<u>\$ 39,180,000.00</u>	<u>\$ 17,742,512.50 *</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 AT DALLAS (773)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2012

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2012			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Debt Service	
			Principal	Interest *
RFS Bonds Series '05 & 09A	\$ 14,762,081.94	\$ -	\$ 1,715,000.00	\$ 2,027,050.00
Total	\$ 14,762,081.94	\$ -	\$ 1,715,000.00	\$ 2,027,050.00

* 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 AT DALLAS (773)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0292	3,291,342.95	-	3,291,342.95
Total Cash in State Treasury (Statement of Net Assets)	\$ 3,291,342.95	\$ -	\$ 3,291,342.95