

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2004

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November 20, 2004

Lee Jackson
Chancellor
University of North Texas
Denton, Texas

Dear Mr. Jackson:

We are pleased to submit the Annual Financial Report of the University of North Texas System Administration for the year ended August 31, 2004, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Ginny Anderson, at (940) 565-3231. Liz Linder may be contacted at (940) 565-4081 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Phillip C. Diebel
Vice Chancellor for Finance

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2004

BOARD OF REGENTS

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

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

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

OFFICERS OF THE BOARD

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

ADMINISTRATIVE OFFICERS

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

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Statement of Net Assets

August 31, 2004

**Current Year
2004**

**Prior Year
2003**

ASSETS

Current Assets

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Year Ended August 31, 2004

	Current Year 2004	Prior Year 2003
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 12,075.00	\$ -
Tuition and Fees - Pledged	-	-
Discounts and Allowances	-	-
Professional Fees - Non-Pledged	-	-
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	-	-
Auxiliary Enterprises - Pledged	-	-
Discounts and Allowances	-	-
Other Sales of Goods and Services - Non-Pledged	310,694.24	-
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	-	-
Federal Pass Through Revenue	-	-
State Grant Revenue	-	-
State Grant Pass Through Revenue	-	-
Other Grants and Contracts - Operating	-	-
Other Operating Revenues	-	-
Total Operating Revenues	322,769.24	-
OPERATING EXPENSES (1)		
Instruction	5,423,966.23	-
Research	-	-
Public Service	-	-
Academic Support	357,499.73	-
Student Services	-	-
Institutional Support	2,957,830.11	4,471,554.46
Operations and Maintenance of Plant	71,501.44	-
Scholarships and Fellowships	-	-
Auxiliary Enterprises	-	-
Depreciation	1,036,399.99	567,686.72
Total Operating Expenses	9,847,197.50	5,039,241.18
Operating Income (Loss)	(9,524,428.26)	(5,039,241.18)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	4,556,428.00	93,000.00
Additional Appropriations (GR)	623,987.19	405,960.24
State Grant Pass Through Revenue	-	-
Gifts	-	-
Investment Income	7.54	-
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(11.04)	-
Borrower Rebates and Agent Fees	-	-
Gain/(Loss) on Sale of Capital Assets	-	-
Net Increase (Decrease) in Fair Value of Investments	-	-

	Current Year 2004	Prior Year 2003
Settlement of Claims	(2,008.89)	-
Other Nonoperating Revenues - Non-Pledged	-	-
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	-	-
Total Nonoperating Revenues/(Expenses)	<u>5,178,402.80</u>	<u>498,960.24</u>
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(4,346,025.46)</u>	<u>(4,540,280.94)</u>
OTHER REVENUES, EXPENSES, GAINS		
LOSSES AND TRANSFERS		
Capital Contributions	-	
Capital Appropriations - HEAF (GR)	-	
Additions to Permanent and Term Endowments	-	
Special Items	-	
Extraordinary Items	-	
Interagency Transfers Cap Assets-In	844,279.71	
Interagency Transfers Cap Assets-Out		
Transfers-In	5,848,629.32	5,860,392.63
Transfers-Out	-	
Legislative Transfers-In	-	
Legislative Transfers-Out	-	
Total Other Revenue, Expenses, Gain/Losses and Transfers	<u>6,692,909.03</u>	<u>5,860,392.63</u>
CHANGE IN NET ASSETS	<u>2,346,883.57</u>	<u>1,320,111.69</u>
Net Assets, Beginning	4,597,548.72	3,277,437.03
Restatements	-	-
Net Assets, Beginning, as Restated	<u>4,597,548.72</u>	<u>3,277,437.03</u>
NET ASSETS, ENDING	<u>\$ 6,944,432.29</u>	<u>\$ 4,597,548.72</u>

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

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Note 1: Matrix of Operating Expenses Reported by Function

For the Fiscal Year Ended August 31, 2004

Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxillary Enterprises	Depreciation	Total Expenditures
	\$ -					\$ -
	2,417,951.69					3,671,638.17
	442,589.56					692,554.17
	163,783.99	71,501.44				253,678.38
	-					-
	-					-
	61,375.93					75,991.08
	294,347.17					2,475,263.99
	4,236.79					130,839.44
	38,748.86					44,378.36
	125,452.40					1,258,421.82
	1,548.12					17,925.36
	-				1,036,399.99	1,036,399.99
	-					-
	178.28					178.28
	-					-
	-					-
	(592,382.68)					189,928.46
\$ -	\$ 2,957,830.11	\$ 71,501.44	\$ -	\$ -	\$ 1,036,399.99	\$ 9,847,197.50

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2004

	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds Received from Tuition and Fees	\$ 107,918.60
Proceeds Received from Customers	-
Proceeds from Sponsored Projects	-
Proceeds from Loan Programs	-
Proceeds from Auxiliaries	-
Proceeds from Other Revenues	56,659.24
Payments to Suppliers for Goods and Services	(2,140,605.71)
Payments to Employees for Salaries and Benefits	(4,235,273.31)
Payments for Loans Provided	-
Payments for Other Expenses	40,012.11
Net Cash Provided (Used) by Operating Activities	<u>(6,171,289.07)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	1,793,461.16
Proceeds from Debt Issuance	4,000,000.00
Proceeds from Gifts	-
Proceeds from Endowments	-
Proceeds of Transfers from Other Funds	-
Proceeds of Transfers from Other Components	6,897,287.82
Proceeds from Other Revenues	150.00
Proceeds from Contributed Capital	-
Payments of Principal on Debt Issuance	-
Payments of Interest	(11.04)
Payments of other Costs of Debt Issuance	-
Payments for Transfers to Other Funds	-
Payments for Transfers to Other Agencies	-
Payments for Transfers to Other Components	(3,827,851.00)
Payments for Other Uses	(2,008.89)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>8,861,028.05</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from State Appropriations - HEAF	-
Proceeds from Disposal of Capital Assets	-
Proceeds from Debt Issuance	-
Proceeds from Capital Contributions	-
Proceeds of Transfers from Other Components - HEAF	2,779,192.50
Payments for Additions to Fixed Assets	(3,836,353.42)
Payments of Principal on Debt Issuance	-
Payments of Interest on Debt Issuance	-
Payments of Other Costs of Debt Issuance	-
Payments for Transfers to Other Components - HEAF	-
Net Cash Provided (Used) From Capital and Related Financing Activities	<u>(1,057,160.92)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Investements	-
Proceeds from Interest and Investment Income	7.54
Proceeds from Principal Payments on Loans	-
Payments to Acquire Investments	-
Net Cash Provided (Used) by Investing Activities	<u>7.54</u>
Net Increase (Decrease)/ in Cash and Cash Equivalents	1,632,585.60
Cash and Cash Equivalents --September 1, 2003	104,832.05
Restatements to Beginning Cash and Cash Equivalents	-
Cash and Cash Equivalents --August 31, 2004	<u>\$ 1,737,417.65</u>

Displayed as:

Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 1,737,417.65
Restricted Cash and Cash Equivalents (Statement of Net Assets)	-
	<u>1,737,417.65</u>

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

Operating Income (Loss)	\$ (9,524,428.26)
Depreciation	1,036,399.99
Bad Debt Expense	-
Operating Income and Cash Flow Categories Classification Differences	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(158,191.40)
(Increase) Decrease in Inventories	-
(Increase) Decrease in Loans & Contracts	-
(Increase) Decrease in Other Assets	-
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Payables	858,803.12
Increase (Decrease) in Due to Other Components	1,575,591.35
Increase (Decrease) in Deferred Income	-
Increase (Decrease) in Other Liabilities	40,536.13
Total Adjustments	<u>3,353,139.19</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,171,289.07)</u>

Non Cash Transactions

Net Increase/(Decrease) in FMV of Investments
Amortization of Investment Premiums/(Discounts)
Donation of non-cash investment

Unaudited

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 3 - Reconciliation of Cash in State Treasury

August 31, 2004

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

