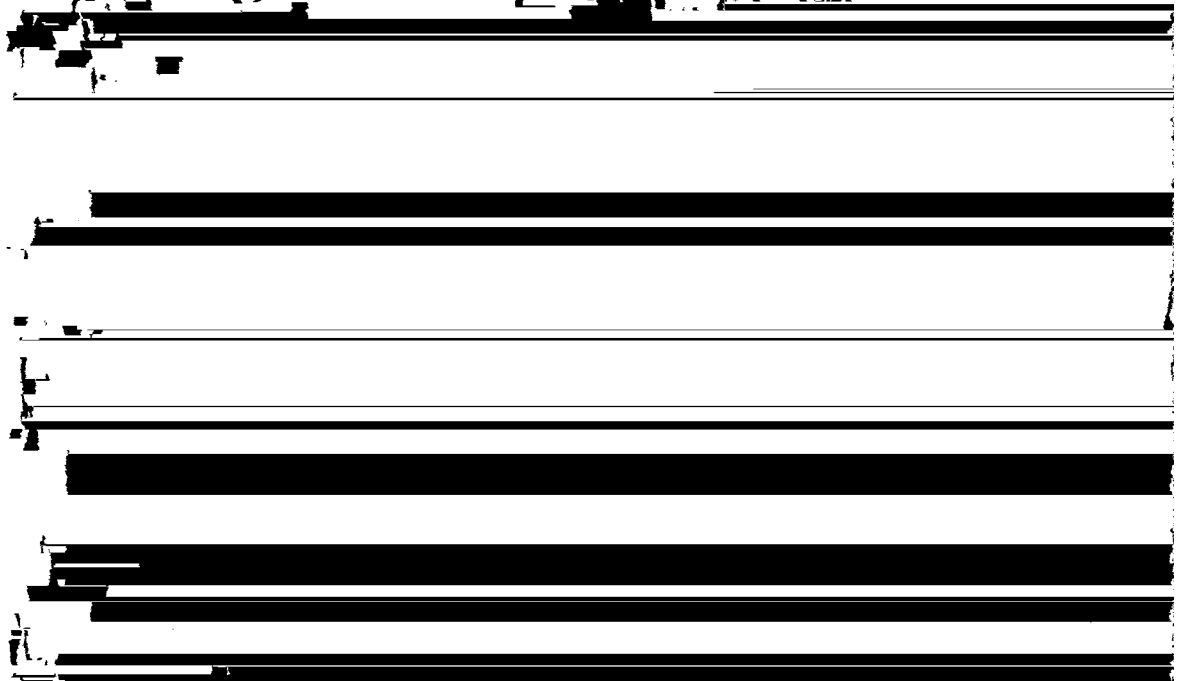


COMBINED FINANCIAL REPORT



COMBINED FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
SYSTEM**

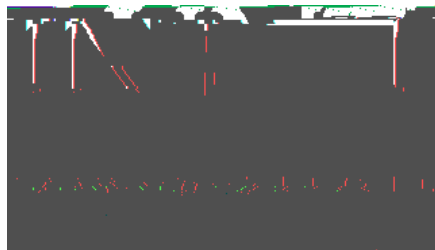
DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2008

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UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2008

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2008

Introduction

This section of the report represents management's discussion and analysis of the financial performance of the University of North Texas System (the System). It provides an overview of the System's financial activities for the fiscal year ended August 31, 2008 as compared to the prior fiscal year. The following discussion should be read in conjunction with the accompanying transmittal letter, financial statements and note disclosures.

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

Legislative appropriations for the University of North Texas System Administration in the 2006-2007 biennium included funding for the University of North Texas System Center at Dallas. Governor Rick Perry signed into law the creation of the University of North Texas at Dallas in May of 2001. The UNT System Center at Dallas will become the University of North Texas at Dallas when full-time equivalent enrollment at UNT-Dallas reaches 1,000. Full-time equivalent enrollment at the UNT Dallas System Center was 957 in the 2008 fall semester.

This report is prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements and the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies. The Combined System financial records comply with state statutes and regulations.

Financial Highlights

- The 2008 fall semester headcount enrollment at the University, the UNT System Center at Dallas, and the HSC continued to increase compared to the previous fall semester (increases of approximately 1.2% at the University, 24.6% at the System Center at Dallas, and 6.2% at UNTHSC). Even with the increasing enrollment, the System was able to meet the instructional and service needs of its students.
- Approximately \$13.1 million in cash contributions, non-cash capital donations, and pledged gifts were recognized as revenue in the System during the 2008 fiscal year.
- Commercial paper debt was increased during FY 2008. The outstanding balance at August 31, 2008 is

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2008

These statements are prepared applying the following principles and standards:

- Reporting is on a full accrual basis of accounting. All current year's revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation expense on capital assets is 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.

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.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2008**

The following table reflects the condensed Statement of Nets Assets for the System as of August 31, 2008, with comparative numbers for the 2007 fiscal year:

Comparative Statement of Net Assets			
(\$ in millions)			
	<u>2008</u>	<u>2007</u>	<u>% Incr/(Decr)</u>
Assets			
Current Assets	\$ 420.2	\$ 346.0	
Noncurrent Assets			
Capital Assets, net	512.6	496.6	
Other Noncurrent Assets	179.2	209.8	
Total Assets	<u>\$ 1,112.0</u>	<u>\$ 1,052.4</u>	5.66%
Liabilities			
Current Liabilities	201.1	194.0	
Noncurrent Liabilities			
Bonded Indebtedness	246.9	258.0	
Other Noncurrent Liabilities	39.1	37.2	
Total Liabilities	<u>487.1</u>	<u>489.2</u>	-0.42%
Net Assets			
Invested in Capital Assets, Net of Related Debt	232.7	206.8	
Restricted			
Debt Retirement	0.4	1.6	
Capital Projects	24.2	7.5	
Funds Held as Permanent Investments			
Non-Expendable	44.0	47.8	
Expendable	4.5	5.0	
Other Restricted	54.1	40.6	
Total Restricted	127.3	102.6	
Unrestricted	264.8	253.9	
Total Net Assets	<u>624.8</u>	<u>563.2</u>	10.95%
Total Liabilities and Net Assets	<u>\$ 1,112.0</u>	<u>\$ 1,052.4</u>	5.66%

- Increase in total assets: \$59.6 million
 - \$45.9 million attributable to a net increase in cash and cash equivalents and current investments
 - \$21.4 million increase in legislative appropriations
 - \$4.0 million increase in receivables
 - \$16.0 million increase in capital assets

- Decrease in total liabilities: \$2.0 million
 - \$6.9 million increase in deferred revenues
 - \$2.0 million decrease in accounts payable and payroll payable
 - \$10.6 million decrease in current and noncurrent revenue bonds payable; no new bonds were issued

- Increase in total net assets: \$61.6 million
 - \$25.9 million increase in invested in capital assets, net of related debt
 - \$13.5 million increase in other restricted net assets
 - \$10.9 million increase in unrestricted net assets
 - \$16.7 million increase in restricted for capital projects

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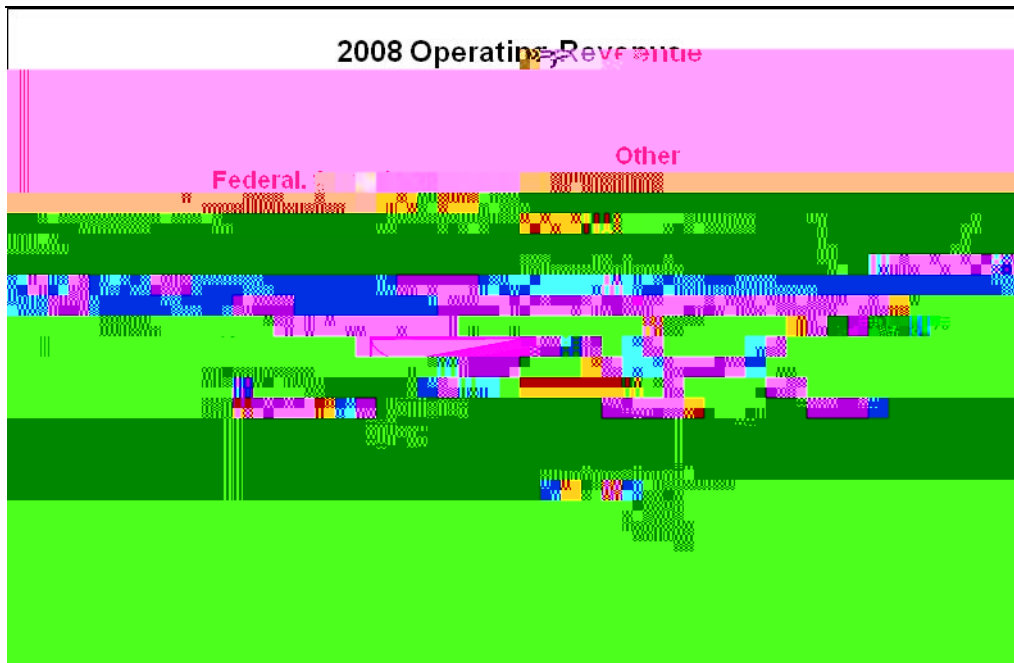
**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2008**

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Management's Discussion and Analysis
For the Year Ended August 31, 2008

As the operating revenue pie chart below shows, 46.5 percent of the System's operating revenue for this fiscal year was generated from student tuition and fees. The total tuition and fee revenue for the fiscal year amounted to \$199.0 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's operating revenue from all federal, state, and private grants and contracts, including pass through grant revenue, increased approximately 8.0 percent during this fiscal year. Faculty members of the University, in particular, have been strongly encouraged to pursue research funding in an effort to provide more funding and to more fully develop the University's image as a comprehensive graduate and research institution.

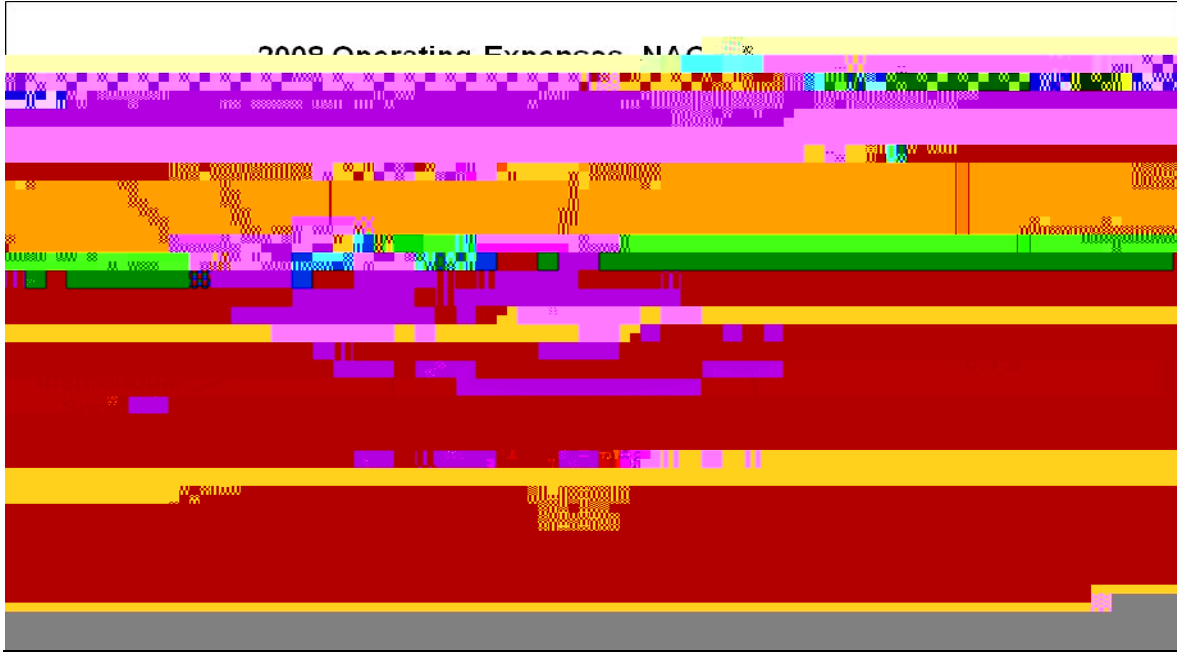


State appropriations, which represent the largest percentage of other nonoperating revenues, increased by 11 percent in the first year of the 2008-2009 biennium. Other nonoperating revenues such as gift income increased 39% in the current fiscal year.

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For the Year Ended August 31, 2008

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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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2008**

Statement of Cash Flows

The Statement of Cash Flows reports the major sources and uses of the System's cash and cash equivalents during the fiscal year. Cash equivalents are short-term highly liquid investments with an original maturity of three months or less. When used with the information provided on the two statements previously discussed, the information from the cash flow statement should assist the financial statement user in evaluating the System's ability to generate future cash flows, its ability to meet obligations as they come due, its needs for external financing, and the reasons for the differences between the operating income/(loss) and associated cash receipts and payments.

The statement consists of five sections. The first section reports cash receipts and payments from operating activities. The second section reflects the cash flows from non-capital financing activities, including such items as receipts from state appropriations and gifts. The third section shows cash flows related to capital and related financing activities, including 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 Combined System Statement of Cash Flows.

Comparative Statement of Cash Flows			
(\$ in millions)			
	<u>2008</u>	<u>2007</u>	<u>% Incr/(Decr)</u>
Cash Provided (Used) by:			
Operating Activities	\$ (153.6)	\$ (119.3)	
Noncapital Financing Activities	202.8	198.1	
Capital and Related Financing Activities	(46.5)	(7.6)	
Investing Activities	<u>48.1</u>	<u>(19.9)</u>	
Net Change in Cash & Cash Equivalents	50.9	51.3	-0.8%
Cash & Cash Equivalents, Beginning of Year	211.0	160.1	
Restatement to Beginning Cash & Cash Equivalents Balance	<u>0.1</u>	<u>(0.4)</u>	
Cash & Cash Equivalents, End of Year	<u>\$ 261.9</u>	<u>\$ 211.0</u>	<u>24.1%</u>

It is important to note that state appropriations 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, 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 tuition, fees, and other sources increased, operating expenses had a greater increase in the areas of salaries and wages and payroll benefits; this resulted in a greater use of cash for operating activities in fiscal year 2008.

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2008**

Capital Asset and Debt Administration

The System's net capital asset additions from acquisitions, donations, and construction during the fiscal year totaled \$7.2 million. Included in the increase in capital assets were the purchase of the University Center at Dallas and Radisson Hotel in Denton, and the donation of a parking garage to UNT.

UNT System Administration received funding for debt service for a general academic building at the UNT Dallas Campus beginning in FY09, contingent upon meeting enrollment criteria. The debt service appropriation is \$2,133,333 beginning in fiscal year 2009.

Additionally, UNT received funding for debt service on a \$50,000,000 bond authorization for the construction of the UNT Business Leadership building. The debt service appropriation is \$4,226,667 in fiscal year 2008 and \$4,223,400 in fiscal year 2009.

Of the \$22.0 million of commercial paper outstanding as of August 31, 2008, \$14.0 million is due within one year. The remaining \$8.0 million is due in 2009. The interest rate on the commercial paper is 0.001mp8oh cscaugustgustg2 31(1)4iroanam4(a)2 ge Analysis oh i

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2008**

Economic Outlook

The State Legislature of Texas passed several statutes in the 2003 session that had a material impact on institutions of higher education in the 2004 fiscal year. Of particular significance was the reduction in the level of formula funding the State would provide. To offset the reduction, the Legislature removed the cap from Board Designated (BD) tuition that is set by the System's Board of Regents. The cap was previously set at the state-mandated tuition rate per semester credit hour. Although the BD tuition cap was eliminated, the statute provides that 20% of any increase in BD tuition must be set aside and used for financial aid to students. In response to the new legislation, the System's Board approved incremental increases in BD tuition at the University. BD Tuition increases are as follows:

Semester	BD Tuition
Fall 2004	\$75.00/SCH UNT
Fall 2005	\$81.00/SCH UNT
Fall 2006	\$90.50/SCH UNT
Fall 2007	\$94.50/SCH UNT / \$90.50/SCH (n)]TUan3-0.0ion

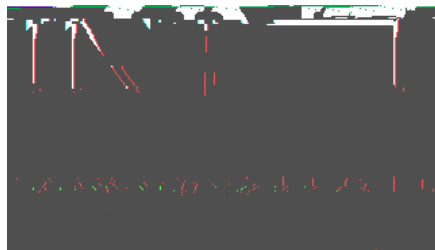
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UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2008

The University of North Texas received accreditation reaffirmation from the Southern Association of Colleges and Schools in fiscal year 2007. Accreditation granted by a recognized regional accrediting body provides assurance of quality within higher education, and signifies that a university or college meets a prescribed set of rigorous standards in its operations. UNT is accredited by the commission on Colleges of SACS to award baccalaureate, master and doctoral degrees. To remain an accredited institution, UNT will need to undergo the reaffirmation review again in 9 years.

The System is not currently aware of any facts or conditions that are expected to have a significant impact on the financial position or results of operations during the 2008 fiscal year. Subsequent to the close of fiscal year 2008, world financial markets experienced an intense level of turmoil. Once highly-regarded Wall Street firms have failed or been acquired. The Federal Open Market Committee states that "the intensification of financial market turmoil is likely to exert additional restraint on spending, partly by further reducing the ability of households and businesses to obtain credit". The Federal Open Market Committee will monitor economic and financial developments carefully and will act as needed to promote sustainable economic growth and price stability. Future positive results in operations are largely dependent upon the System's effective management of operating costs while striving to continue to maintain its high quality in recruiting the best faculty, staff and students, and the continued financial and political support from the State.

The System is committed to increasing its resources from endowed gifts and other contributions through ambitious development efforts. These contributions are an important supplement to the funding received from the state and a significant factor in the growth of academic and research programs.



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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Statement of Net Assets
For the Year Ended August 31, 2008

	August 31, 2008	August 31, 2007
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 130,856.28	\$ 142,591.28
Cash in Bank	(15,791,424.26)	(11,763,809.68)
Reimbursement Due from Treasury	14,018,374.15	13,069,106.02
Cash in State Treasury	18,957,009.01	38,331,141.18
Cash Equivalents	209,984,477.98	157,738,844.60
Short Term Investments	-	400,054.22
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	7,319.96	10,814.30
Cash in Bank	(1,261,025.90)	(585,379.88)
Cash in State Treasury	-	-
Cash Equivalents	35,864,096.77	14,042,042.58
Short Term Investments	100,156.25	4,724,289.58
Legislative Appropriations	65,491,670.38	44,027,151.49
Receivables from:		
Federal	17,431,894.91	15,594,962.01
Other Intergovernmental	367,379.33	130,086.30
Interest and Dividends	1,752,452.66	1,934,668.97
Accounts Receivable	39,801,424.00	40,358,095.41
Gifts Receivable	2,474,767.86	1,140,481.40
Other Receivables	-	-
Due From Other Agencies	4,276,623.65	2,923,483.89
Due From Other Components	0.00	-
Consumable Inventories	1,785,417.51	2,098,804.74
Merchandise Inventories	289,570.40	635,902.19
Loans and Contracts	8,386,908.97	7,457,346.60
Other Current Assets	16,153,609.49	13,609,441.62
Total Current Assets	420,221,559.40	346,020,118.82
Non-Current Assets		
Restricted:		
Cash and Cash Equivalents		
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	-	-
Investments	68,845,792.07	66,214,298.96
Loans and Contracts	5,722,826.02	6,023,067.87
Investments	103,366,585.36	136,124,854.30
Gift Receivables	902,292.57	1,151,823.46
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	64,366,861.51	63,719,495.63
Construction in Progress	12,578,559.43	4,517,429.26
Other Capital Assets	23,349,569.27	23,274,430.32
Depreciable		
Buildings and Building Improvements	583,337,574.01	575,681,802.01
Less Accumulated Depreciation	(263,250,020.12)	(254,277,069.19)
Infrastructure	8,822,468.21	8,822,468.21
Less Accumulated Depreciation	(7,831,929.92)	(7,779,244.64)

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	August 31, 2008	August 31, 2007
Facilities and Other Improvement	16,907,597.78	15,411,080.82
Less Accumulated Depreciation	(8,478,388.16)	(7,959,720.17)
Furniture and Equipment	118,361,325.54	109,465,142.71
Less Accumulated Depreciation	(76,949,971.47)	(72,078,340.49)
Vehicles, Boats and Aircraft	7,201,217.38	7,029,176.33
Less Accumulated Depreciation	(4,852,422.02)	(4,490,519.28)
Other Capital Assets	86,321,487.00	78,854,916.52
Less Accumulated Depreciation	(47,290,958.49)	(43,615,384.00)
Other Non-201,H,0.0052 TcR2bA,0.0 Assets		331,177.56 271,383.87
Total Non-201,H,020052 TcR2bA,0.0 Assets		691,761,643.68 683,361,092.50
Total Assets	\$ 1,111,983,202.93	\$ 1,052,381,211.32
LIABILITIES		
Curre.0 Liabilities		
Payables FTcR2om:		
Accounts Payable	\$ 15,830,010.57	\$ 15,347,403.81
Payayble	31,925,679.43	32,460,071.20
Other Payables	1,162,060.67	3,124,542.40
DH,0.0e to Other Funds	-	-

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2008

	August 31,		August 31,
	2008		2007
OPERATING REVENUES			
Sales of Goods and Services:			
Tuition and Fees - Non-Pledged	\$ 84,578,478.50	\$	77,370,456.94
Tuition and Fees - Pledged	142,086,289.32		131,786,767.75
Discounts and Allowances	(27,678,216.70)		(25,523,495.13)
Professional Fees - Non-Pledged	79,625,226.54		74,249,456.13
Professional Fees - Pledged	-		-
Discounts and Allowances	-		(67,496.00)
Auxiliary Enterprises - Non-Pledged	1,161,778.37		1,220,439.97

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	August 31, 2008	August 31, 2007
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	169,699,399.00	150,289,999.00
Additional Appropriations (GR)	35,076,301.30	33,412,610.62
State Grant Pass Through Revenue	-	-
Gifts	7,704,136.63	5,550,335.52
Investment Income	16,293,656.57	18,086,311.03
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(12,701,282.04)	(12,608,566.26)
Borrower Rebates and Agent Fees	-	-
Gain/(Loss) on Sale of Capital Assets	(129,843.91)	(242,570.27)
Net Increase (Decrease) in Fair Value of Investments	(2,828,429.72)	6,390,514.24
Settlement of Claims	(967,092.68)	(567,526.38)
Other Nonoperating Revenues - Non-Pledged	30,281.90	1,486,545.30
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	(295,817.64)	(53,518.15)
Total Nonoperating Revenues /(Expenses)	211,881,309.41	201,744,134.65
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	24,118,410.61	56,714,140.28
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	5,429,551.10	1,892,868.91
Capital Appropriations - HEAF (GR)	34,276,624.00	22,851,083.00
Contributions to Permanent and Term Endowments	176,584.63	139,537.67
Special Items	-	-
Extraordinary Items	-	-
Interagency Transfers Cap Assets-Increase	196,335.08	1,550.82
Interagency Transfers Cap Assets-Decrease	-	-
Transfers-In	-	-
Transfers-Out	(2,537,558.83)	(3,024,125.25)
Legislative Transfers-In	-	-
Legislative Transfers-Out	-	-
Legislative Appropriation Lapses	(4,844.48)	

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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, 2008

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 2,786.22	\$ 2,634.44	\$ -	\$ 293,961.87	\$ 125,335.04
Salaries and Wages	133,439,074.81	21,638,630.90	5,951,931.75	66,096,053.75	24,490,731.77
Payroll Related Costs	30,753,484.98	4,080,221.89	1,226,944.74	12,456,560.93	4,318,940.77
Professional Fees & Svcs	1,285,002.55	3,332,392.39	977,465.49	18,820,982.55	622,612.19
Federal Pass-Thru Expense	-	217,018.46	91,568.35	-	-
State Grant Pass-Thru Exp	-	-	-	-	-
Travel	1,348,247.94	961,283.18	272,747.68	2,298,284.36	2,173,999.51
Material and Supplies	7,992,039.68	4,613,179.33	1,084,273.76	11,453,594.00	6,469,620.88
Communication & Utilities	1,050,318.45	47,202.22	57,220.99	529,234.21	1,142,263.95
Repairs and Maintenance	1,086,081.91	787,704.66	20,170.58	1,191,635.78	862,013.39
Rentals and Leases	1,133,040.92	103,789.92	195,407.54	1,596,780.53	926,234.10
Printing and Reproduction	1,087,317.06	81,594.62	167,332.57	608,007.04	688,831.52
Depreciation	-	-	-	-	-
Bad Debt Expense	27,849.24	-	-	4,930,647.95	224,122.36
Interest	-	-	-	-	-
Scholarships	1,135,829.51	503,729.77	155,103.00	(26,511.56)	19,400.00
Claims and Losses	-	-	-	-	-
Other Operating Expenses	3,430,773.13	1,476,347.37	137,107.88	15,101,808.64	7,153,465.86
Total Operating Expenses	\$ 183,771,846.40	\$ 37,845,729.15	\$ 10,337,274.33	\$ 135,351,040.05	\$ 49,217,571.34

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2008 Total Expenditures
\$ 769,282.50	\$ 360,606.53	\$ -	\$ 40,577.23	\$ -	\$ 1,595,183.83
30,527,647.62	9,908,945.61	535,193.06	14,896,507.72	-	307,484,716.99
10,994,666.50	2,839,025.18	45,046.21	4,170,548.24	-	70,885,439.44
1,263,427.32	(20,810.78)	43,401.08	721,336.20	-	27,045,808.99
-	-	-	-	-	308,586.81
-	-	-	-	-	-
730,896.61	62,965.19	4,989.71	70,158.51	-	7,923,572.69
2,236,372.93	5,168,743.60	21,297.87	6,806,828.94	-	45,845,950.99
(357,181.10)	10,867,777.59	385.45	4,889,791.82	-	18,227,013.58
2,596,405.08	4,988,481.82	6,636.10	2,186,258.61	-	13,725,387.93
760,716.37	268,165.05	352.50	1,183,171.91	-	6,167,658.84
1,019,219.99	64,023.07	1,762.83	265,824.37	-	3,983,913.07
-	-	-	-	31,415,062.54	31,415,062.54
704,935.57	-	-	96,596.90	-	5,984,152.02
287.66	-	-	-	-	287.66
-	-	37,520,617.89	-	-	39,308,168.61
-	-	-	-	-	-
5,016,852.70	1,817,880.52	877,744.21	1,024,025.61	-	36,036,005.92
\$ 56,263,529.75	\$ 36,325,803.38	\$ 39,057,426.91	\$ 36,351,626.06	\$ 31,415,062.54	\$ 615,936,909.91

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)

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	August 31, 2008	August 31, 2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	49,537,929.80	190,847,686.71
Proceeds from Interest and Investment Income	16,515,504.35	17,665,929.59
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	(17,939,652.69)	(228,417,166.57)
Net Cash Provided (Used) by Investing Activities	48,113,781.46	(19,903,550.27)
Net Increase/(Decrease) in Cash and Cash Equivalents	50,852,678.48	51,265,317.82
Cash and Cash Equivalents --September 1, 2007 and 2006	210,985,350.40	160,098,676.56
Restatements to Beginning Cash and Cash Equivalents	71,655.11	(378,643.98)
Cash and Cash Equivalents --August 31, 2008 and 2007	\$ 261,909,683.99	\$ 210,985,350.40
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 227,299,293.16	\$ 197,517,873.40
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	34,610,390.83	13,467,477.00
Restricted Short-term Investments (Statement of Net Assets)	-	-
	\$ 261,909,683.99	\$ 210,985,350.40
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (187,762,898.80)	\$ (145,029,994.37)
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities		
Depreciation	31,415,062.54	26,869,772.11
Bad Debt Expense	5,984,152.02	3,699,370.19
Operating Income and 30051.48NC826 0 0 9 97.68 418.2 Tm57 0 0 9.96 462 0 0.96 462 0 0.96 462 0 0.96 462 ad 1.96 Opsta88 r		Provide m

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Note 1: Summary of Significant Accounting Policies

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

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 any 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

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008

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.

Restricted Net Assets

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2008, is presented below:

BUSINESS-TYPE ACT.	Balance 9/1/2007	Adjustments	Reclassifications			Additions	Deletions	Balance 8/31/2008
			Completed CIP	Increase Interagency Transfers	Decrease Interagency Transfers			
Non-depreciable assets:								
Land & Land Improvements	63,719,495.63	(1,016,395.00)				1,663,760.88		64,366,861.51
Construction in Progress	4,517,429.26		(3,399,669.64)			11,460,799.81		12,578,559.43
Other Capital Assets	23,274,430.32					75,138.95		23,349,569.27
Total non-depreciable assets:	91,511,355.21	(1,016,395.00)	(3,399,669.64)			13,199,699.64		100,294,990.21
Depreciable assets:								
Buildings & Building Improvements	575,681,802.01		1,002,519.91			15,005,108.49	(8,351,856.40)	583,337,574.01
Infrastructure	8,822,468.21							8,822,468.21
Facilities & Other Improvements	15,411,080.82		1,063,941.02			432,575.94		16,907,597.78
Furniture & Equipment	109,465,142.71	(65,557.73)	1,333,208.71	1,023,634.51	(601,150.53)	12,602,056.59	(5,396,008.72)	118,361,325.54
Vehicles, Boats & Aircraft	7,029,176.33					443,248.13	(271,207.08)	7,201,217.38
Other Capital Assets	78,854,916.52					7,474,070.48	(7,500.00)	86,321,487.00
Total depreciable assets at historical costs:	795,264,582.48	(65,557.73)	2,399,669.64	1,023,634.51	(601,150.53)	18,555,570.59	(13,921,069.10)	803,611,196.90

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Deposits of Cash in Bank

As of August 31, 2008, the carrying amount of deposits was \$(17,052,450.16) for Proprietary Funds and \$4,696,304.00 for University of North Texas Foundation, Inc. as presented below.

Business-Type Activities	
CASH IN BANK – CARRYING VALUE	\$(17,052,450.16)
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	\$(17,052,450.16)
Proprietary Funds Current Assets Cash in Bank	\$(15,791,424.26)
Proprietary Funds Current Assets Restricted Cash in Bank	\$(1,261,025.90)
Cash in Bank per AFR	\$(17,052,450.16)

Discrete Component Unit	
CASH IN BANK – CARRYING VALUE	\$4,696,304.00
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	\$4,696,304.00
Discrete Component Unit Current Assets Cash in Bank	\$4,696,304.00
Discrete Component Unit Current Assets Restricted Cash in Bank	
Discrete Component Unit Non-Current Restricted Cash in Bank	
Cash in Bank per AFR	\$4,696,304.00

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, 2008, the total bank balance was as follows:

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

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.)	
Certificate of Deposit	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	35,548,769
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	19,169,318
Other Commingled Funds	
Other Commingled Funds (Texpool)	
Commercial Paper	
Securities Lending Collateral Investment Pool	
Real Estate	
Misc (alternative investments, limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	12,805,182
Total	\$67,523,269

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, 2008, was as follows:

Fund Type	GAAP Fund	Currency	Balance
05	0001	Euro	\$518,221.60

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. As of August 31, 2008, the university's credit quality distribution for securities with credit risk exposure was as follows:

Standard and Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	B	C	Unrated
05	0001	U.S. Government Agency Obligations	\$100,801,360	\$	\$	\$	\$	\$	\$	\$4,460,744
		U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)								43,231
		Corporate Obligations	6,123,180	425,064	399,223	56,065	319,384	412,477	3,498	13,450
		Corporate Asset and Mortgage Backed Securities								
		International Obligations				64,269	16,928			
		Repurchase Agreement	14,760,287							
		Fixed Income Money Market and Bond Mutual Fund	11,527,457							3,412,977
		Miscellaneous								1,279,143

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.

Note 4: Short-Term Debt

During the year ended August 31, 2008, there was no reportable activity for short term debt.

Note 5: Summary of Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2008, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 09-01-07	Additions	Reductions	Balance 08-31-08	Amounts Due Within One Year
Notes & Loans Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Revenue Bonds Payable	268,625,000.00	0.00	(10,610,000.00)	258,015,000.00	11,090,000.00
Claims & Judgments	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	620,903.89	0.00	(620,903.89)	0.00	0.00
Commercial Paper	20,783,000.00	8,829,000.00	(7,541,000.00)	22,071,000.00	0.00
Compensable Leave	14,827,867.20	3,091,281.92	(1,549,961.05)	16,369,188.07	1,984,848.72
Total Business-Type Activities	\$304,856,771.09	\$11,920,281.92	\$(20,321,864.94)	\$296,455,188.07	\$13,074,848.72

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Commercial Paper

The University of North Texas System

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Note 7: Operating Lease Obligations

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases:

Fund Type	Amount
General Fund	\$ 503,777.15

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Year Ended August 31, 2008	
2009 (Future Year 1)	\$242,642.30
2010 (Future Year 2)	61,400.00
2011 (Future Year 3)	60,000.00
2012 (Future Year 4)	0.00
2013 (Future Year 5)	0.00
2014-18 (Future Years 6-10)	0.00
2019-23 (Future Years 11-15)	0.00
Total Minimum Future Lease Rental Payments	\$ 364,042.30

Note 8: Interfund Balances/Activity

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, 2008, follows:

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

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 9: Contingent Liabilities

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

As of August 31, 2008, there are no known contingent liabilities that are likely to have a material effect on the System.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

The Texas Motor Vehicle Safety Responsibility Act requires that every non-governmental vehicle operated on a

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

University of North Texas

Consolidated University Revenue Bonds, Series 1994

- To provide funds sufficient to purchase and renovate a facility for the purpose of storing library materials

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

Revenue Financing System Bonds, Series 2003

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

University of North Texas Health Science Center

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008

Note 14: Subsequent Events

UNT System Administration received funding for debt service for a general academic building at the UNT Dallas Campus beginning in FY09, contingent upon meeting enrollment criteria. The debt service appropriation is \$2,133,333 beginning in fiscal year 2009.

Additionally, UNT received funding for debt service on a \$50,000,000 bond authorization for the construction of the UNT Business Leadership building. The debt service appropriation is \$4,226,667 in fiscal year 2008 and \$4,223,400 in fiscal year 2009.

UNTHSC has received authority from the Texas Legislature to issue Tuition Revenue Bonds for campus expansion and construction of a public health education building. UNTHSC will issue bonds in fiscal year 2009.

Note 15: Related Parties

The Professional Development Institute Inc. (PDI) is a non-profit corporation whose purpose is to provide continuing education for the business and governmental community through seminars, workshops, conferences and the establishment of ongoing programs of study designed to further professionalize certain areas of specialization within the total business and governmental community and to assist in maintaining and enhancing, through financial support, the University as a leading academic institution. PDI, Inc. remitted gifts of \$48,100 that were recorded as revenue to the University during the year ended August 31, 2008. PDI maintains an agency account on the books of the University from which incidental expenses such as postage, telephone, printing, and office supplies are paid. These expenditures totaled \$13,088.19 for the fiscal year ended August 31, 2008.

The North Texas Research Institute, Inc. (NTRI) is a separate non-profit corporation. The purposes of the Research Institute are: to perform research, development and service activities, alone and cooperatively with other institutions, government agencies, and business organizations; to provide research facilities, expertise and services for business and government organizations; and to assist in maintaining and enhancing, through financial support, the University of North Texas as a leading academic institution. In fiscal year 1996, the NTRI Board adopted a resolution to deactivate, but not dissolve NTRI. In accordance with this resolution, all research projects were closed the following fiscal year. During the current fiscal year there were no active projects in NTRI. No project income was generated during the fiscal year. There were no transfers to the University from NTRI.

Note 16: Stewardship, Compliance and Accountability

Not Applicable.

Note 17: The Financial Reporting Entity

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 Fono liabe s svth(rda6s5n(ent) 0.135245-5(n. s

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

An amended agreement was approved by the UNT Foundation Board of Directors in their September 2004 meeting, and was subsequently approved by the UNT Board of Regents in October 2004. Under the amended agreement, a dual reporting position was created. The position of Senior Vice President for Advancement and President of the UNT Foundation (Senior VP/President) has the responsibility for integrating development, endowment

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2008**

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 \$894,655.09. 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 does not unitize its endowments. UNTHSC returns all investment earnings to their corresponding operation accounts unless directed otherwise by the donor. Currently, only one endowment requires a portion of earnings to be returned to the corpus. The operations accounts are only limited to the present available balance for spending authority. This authority cannot be exceeded based on future projections. The fair value of these endowments did not change during fiscal year 2008.

Note 22: Management Discussion and Analysis

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

FINANCIAL STATEMENTS

of the

**UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC.**

DENTON, TEXAS

For the years ended December 31, 2006 and 2007

<u>Permanently Restricted</u>	<u>2007 Total</u>
8,588	8,588
-	1,146,329
-	806,271
10,062	229,065
2,350	3,997,028
(17,009)	(17,009)
<u>2,296</u>	<u>2,296</u>
<u>11,965,545</u>	<u>20,558,233</u>
(22,469)	-
<u>463,734</u>	<u>-</u>
<u>441,265</u>	<u>-</u>

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

[REDACTED]

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Management and General Expenses		
Salaries and benefits	\$ 393,538	\$ -
Consulting fees	19,860	-
Professional services	19,430	-
Travel	6,913	-
Administrative	8,220	-
Bank and credit card charges	5,590	-
Office and computer equipment	7,515	-
Insurance	13,459	-
Professional development	<u>8,045</u>	<u>-</u>

<u>Permanently Restricted</u>	<u>2007 Total</u>
\$ -	\$ 393,538
-	19,860
-	19,430
-	6,913
-	8,220
-	5,590
-	7,515
-	13,459
-	<u>8,045</u>
-	<u>482,570</u>
-	<u>5,065,088</u>
12,406,810	15,493,145
<u>41,795,827</u>	<u>60,919,146</u>
<u>\$54,202,637</u>	<u>\$76,412,291</u>

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Revenues, Gains, and Other Support		
Contributions	\$ 315	\$ 3,133,053
Life insurance premiums	-	-
Investment income	27,638	720,520
[REDACTED]		
Internal management fee	629,324	-
Other income	175	247,252
[REDACTED]		
[REDACTED]		
[REDACTED]		
[REDACTED]		
[REDACTED]		
on market value of investments	-	4,847,219
Actuarial gain (loss) on annuity obligations	-	-
Increase in cash value - life insurance	-	-
Total Revenues, Gains, And Other Support	<u>667,452</u>	<u>9,058,164</u>
Net Assets Released from Restrictions	4,322,116	(4,322,116)
Transfers/Changes in Donor Restrictions	5,951	(46,443)
[REDACTED]		
[REDACTED]		
[REDACTED]		
[REDACTED]		
[REDACTED]		

<u>Permanently Restricted</u>	<u>2006 Total</u>
\$ 5,778,472	\$ 8,911,840
8,352	8,352
-	768,177
-	629,324
2,484	350,012
103,482	4,950,701
(65,842)	(65,842)

<u>20,673</u>	<u>20,673</u>
<u>5,847,550</u>	<u>15,573,166</u>
-	-
<u>40,492</u>	<u>-</u>
<u>40,492</u>	<u>-</u>
-	629,324
	768,177

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Management and General Expenses		
Salaries and benefits	\$ 363,127	\$ -
Consulting fees	37,693	-
Professional services	13,500	-
Travel	4,326	-
Administrative	7,557	-
Bank and credit card charges	5,173	-
Office and computer equipment	7,400	-
Insurance	10,420	-
Professional development	9,048	-
Total Management and General Expenses	<u>458,244</u>	-
Total Program Services and Expenses	<u>4,780,360</u>	-
Net Assets - Beginning of Year	<u>712,881</u>	<u>13,505,674</u>

<u>Permanently Restricted</u>	<u>2006 Total</u>
\$ -	\$ 363,127
-	37,693
-	13,500
-	4,326
-	<u>5,173</u>
-	7,400
-	10,420
-	<u>9,048</u>
-	<u>458,244</u>
-	<u>4,780,360</u>
5,888,042	10,792,806
<u>35,907,785</u>	<u>50,126,340</u>
<u>\$41,795,827</u>	<u>\$60,919,146</u>

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Change in net assets	\$15,493,145	\$10,792,806
Adjustments to reconcile change in net assets to net cash provided by		
Operating Activities		
Depreciation and amortization		
Provision for doubtful accounts		
Gain on sale of equipment		
Gain on sale of investments		
Change in prepaid expenses		
Change in accounts payable		
Change in other liabilities		
Change in other assets		
Net cash provided by operating activities	(2,007,029)	(1,050,704)

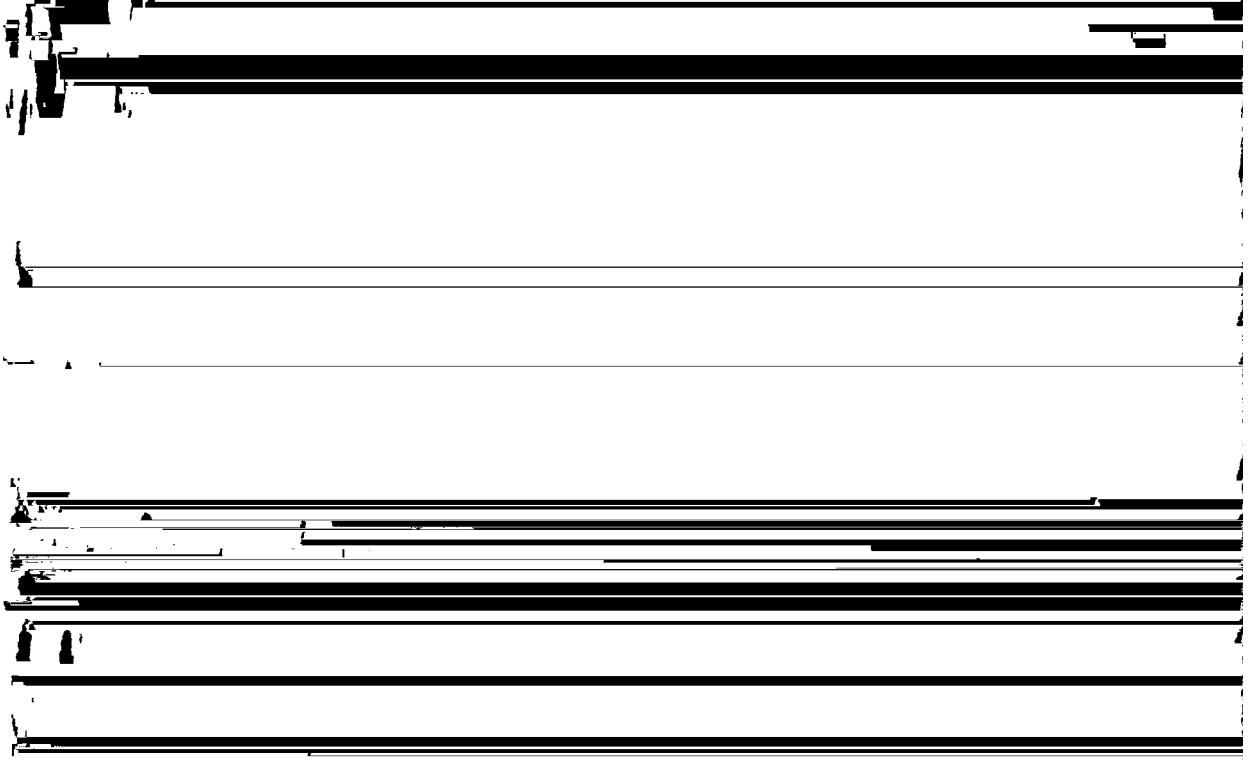
UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 1 – PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES
(Continued)**

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of the time of



UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

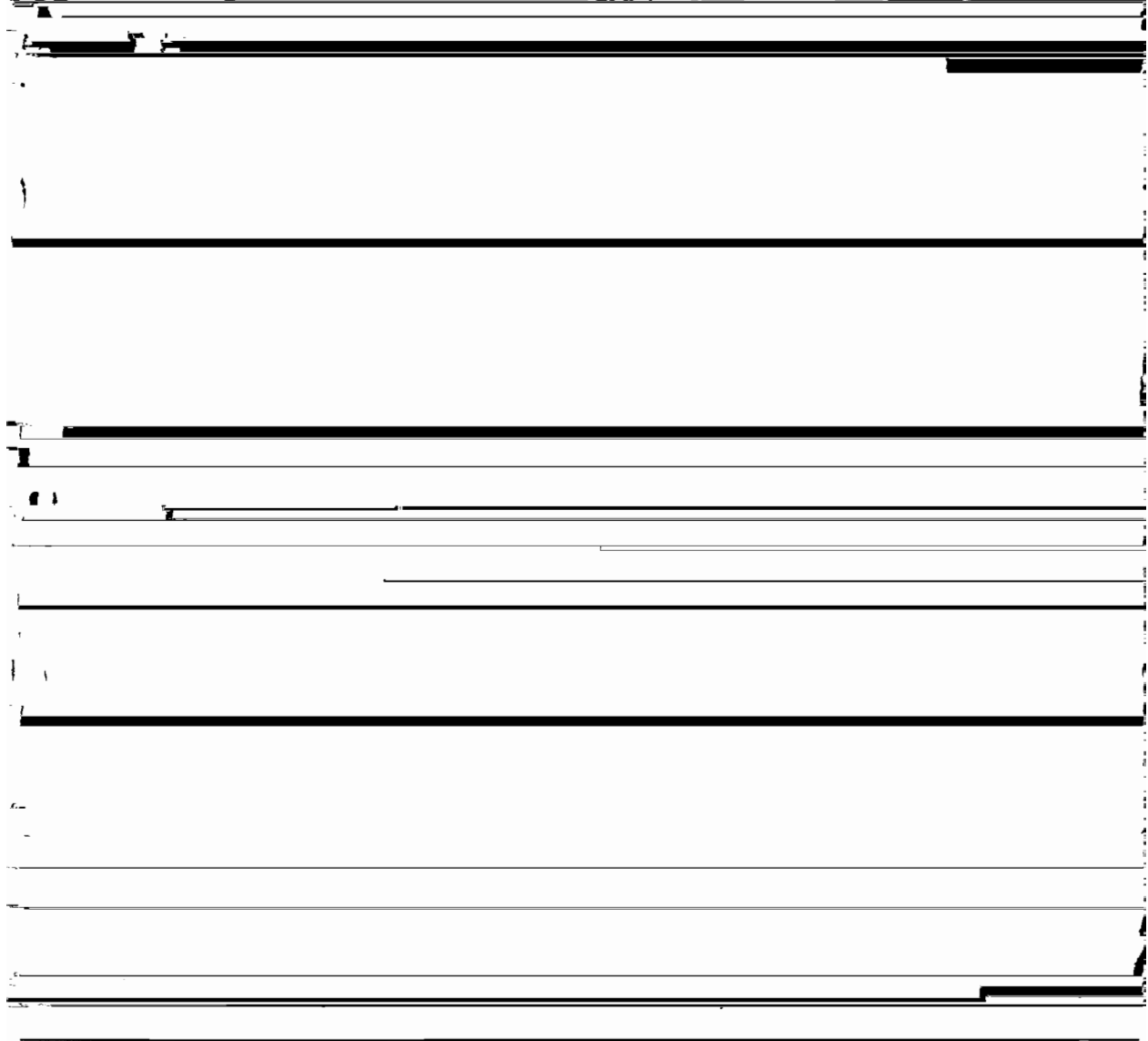
NOTE 2 – INVESTMENTS

Investment securities consisted of the following at December 31, 2007 and 2006:

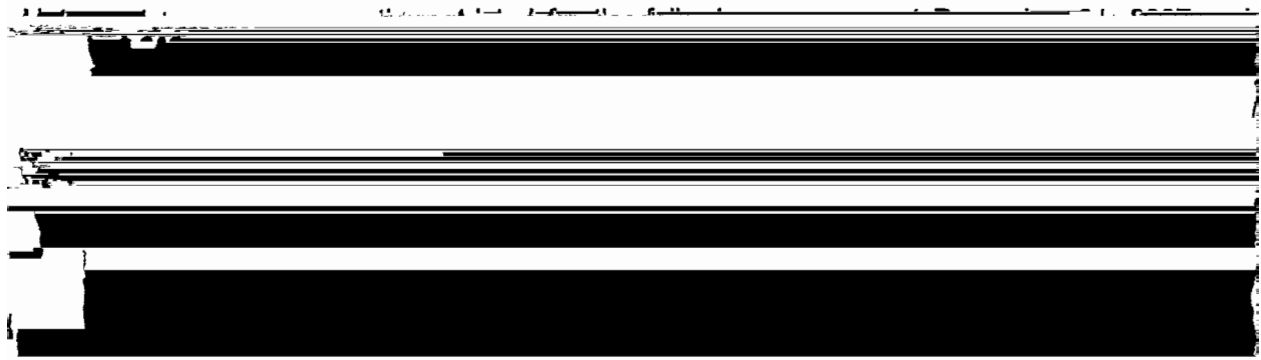
	2007		2006	
	Cost	Fair Value	Cost	Fair Value
U.S. and International Stocks and				
Equity Mutual Funds	\$33,135,805	\$35,548,769	\$23,810,571	\$27,042,887
U.S. and International Fixed Income				
Real Estate Investment Trust Exchange				

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS



NOTE 6 – PERMANENTLY RESTRICTED NET ASSETS

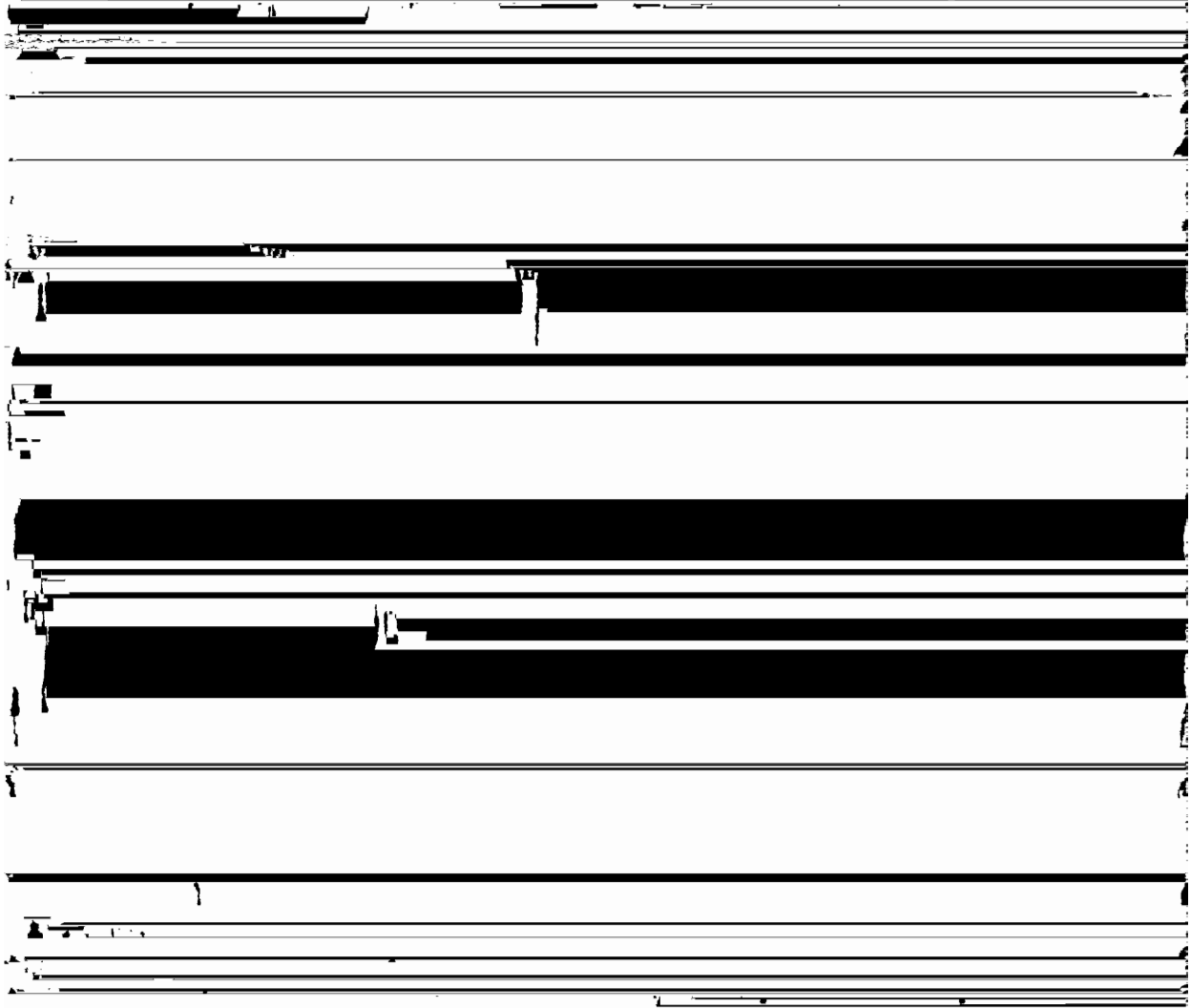


UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 10 – 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.



limits prescribed by the Internal Revenue Code. The expense to the Foundation for retirement

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances at times in excess of \$100,000 in its depository bank, which are insured by the Federal Deposit Insurance Corporation up to \$100,000. The

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Foundation's depository bank, Wells Fargo Bank N.A., has pledged government-backed securities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Notes to Schedule 1A - Combined Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2008

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	\$ 58,956,532.79
Federal Pass-Through Grants from Other State Agencies/Universities	2,363,508.53
Subtotal	<u>\$ 61,320,041.32</u>
Reconciling Items:	
New Loans Processed:	
Disadvantaged Student Loans	\$ 7,500.00
Federal Perkins Loan Program	482,462.00
Federal Family Education Loans	156,744,998.58
Total Pass - Through & Expenditures per Federal Schedule	<u><u>\$ 218,555,001.90</u></u>

Note 3a: Student Loans Processed and Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Admin Costs Recovered	Ending Balances of Previous Year's Loans
<i>U.S. Dept. of Health and Human Services</i>				
93.342 Health Professions/Disadvantaged Student Lo	\$ 7,500.00	\$ -	\$ 7,500.00	\$ 415,117.53
<i>Total U.S. Dept. of Health and Human Services</i>	<u>\$ 7,500.00</u>	<u>\$ -</u>	<u>\$ 7,500.00</u>	<u>\$ 415,117.53</u>
<i>U.S. Department of Education</i>				
84.032 Federal Family Education Loans	\$ 156,744,998.58	\$ -	\$ 156,744,998.58	\$ -
84.038 Federal Perkins Loan Program	482,462.00	-	482,462.00	5,445,854.67
<i>Total U.S. Department of Education</i>	<u>157,227,460.58</u>	<u>-</u>	<u>157,227,460.58</u>	<u>5,445,854.67</u>
TOTAL LOANS AND RECOVERIES	<u><u>\$ 157,234,960.58</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 157,234,960.58</u></u>	<u><u>\$ 5,860,972.20</u></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 collections 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 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 does not report any Federal Deferred Revenue

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 1B - Combined Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2008

Pass-Through From: State Agencies
To University of North Texas (752)

Texas Comptroller of Public Accounts (Agency 304)		
Fiscal Effectiveness of the Film Incentive Program in the State	\$	2,061.59
Texas Dept. of State Health Services (Agency 537)		
Texas Teratogen Information Service		70,813.46
Texas Water Board (Agency 580)		
Survey of Distribution and Habitat Requirements of Freshwater Mussels on the Sabine and Brazos Rivers		10,012.00
Texas Education Agency (Agency 701)		-
Texas Academy of Math and Science		1,708,590.00
Texas High School INIT Pilot Principle		47,508.15
University of Texas - Arlington (Agency 714)		-
Implantable Wireless Oxygen/Pressure Sensor		12,188.46
Texas Higher Education Coordinating Board (Agency 781)		
Texas Grant Program		7,886,835.00
Advanced Research Program		925,669.34
Texas College Work Study Program		153,029.85
5th Year Accounting Scholarship		13,013.00
Family Practice Residency		88,858.00
Work Study Mentorship Program		99,000.00
Texas Department of Public Safety (Agency 405)		825,000.00
Office of the Governor (Agency 300)		775,000.00

Total Pass-Through From Other Agencies	\$	12,617,578.85
(Statement of Revenues, Expenses, and Changes in Net Assets)		

Pass-Through To:
N/A

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2A - Combined Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2008

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities		First Call Date
				First Year	Last Year	
Consolidated University Revenue Bonds, Series 1994	\$ 10,000,000.00	4.00% - 7.00%	N/A	1995	2014	04/15/04
RFS Bonds, Series 1999	32,540,000.00	4.25% - 5.40%	N/A	1999	2019	04/15/09
RFS Refunding and Improvement Bonds, Series 1999A	15,535,000.00	5.00% - 5.75%	N/A	2000	2019	04/15/09
RFS Bonds, Series 2001	33,860,000.00	4.00% - 5.50%	N/A	2002	2024	04/15/12
RFS Bonds, Series 2002	63,470,000.00	2.00% - 5.00%	N/A	2003	2022	04/15/12
RFS Bonds, Series 2002A	9,500,000.00	4.00% - 5.00%	N/A	2004	2022	04/15/12
RFS Bonds, Series 2003	31,180,000.00	3.00% - 5.00%	N/A	2005	2034	04/15/13
RFS Refunding Bonds, Series 2003A	6,185,000.00	5.375% - 5.500%	N/A	2003	2017	04/15/13
RFS Bonds, Taxable Series 2003B	4,980,000.00	2.50% - 6.20%	N/A	2003	2034	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	76,795,000.00	3.25% - 5.25%	N/A	2006	2025	04/15/15
RFS Bonds, Series 2007	56,050,000.00	4.00% - 5.00%	N/A	2008	2036	04/15/16
Total	<u>\$ 340,095,000.00</u>					

*RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2C - Combined Debt Service Requirements
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds			
Consolidated University Revenue Bonds, Series 1994	2009	\$ -	\$ 91,800.00
	2010	-	91,800.00
	2011	-	91,800.00
	2012	725,000.00	91,800.00
	2013	765,000.00	62,800.00
	2014	805,000.00	32,200.00
		<u>2,295,000.00</u>	<u>462,200.00</u>
RFS Bonds, Series 1999	2009	1,435,000.00	75,337.50
		<u>1,435,000.00</u>	<u>75,337.50</u>
RFS Refunding and Improvement Bonds, Series 1999A	2009	1,070,000.00	244,893.74
	2010	425,000.00	191,393.74
	2011	445,000.00	170,143.75
	2012	465,000.00	147,337.50
	2013	495,000.00	122,925.00
	2014-2018	1,480,000.00	298,087.50
	2019-2021	275,000.00	15,812.50
		<u>4,655,000.00</u>	<u>1,190,593.73</u>
RFS Bonds, Series 2001	2009	1,030,000.00	1,589,925.00
	2010	1,155,000.00	1,538,425.00
	2011	1,280,000.00	1,480,675.00
	2012	1,420,000.00	1,416,675.00
	2013	1,565,000.00	1,345,675.00
	2014-2018	9,255,000.00	5,334,125.00
	2019-2023	12,015,000.00	2,567,825.00
	2024	2,780,000.00	139,000.00
		<u>30,500,000.00</u>	<u>15,412,325.00</u>
RFS Bonds, Series 2002	2009	2,605,000.00	2,249,775.02
	2010	2,700,000.00	2,158,600.02
	2011	2,800,000.00	2,060,725.02
	2012	2,905,000.00	1,952,225.02
	2013	3,020,000.00	1,836,025.02
	2014-2018	17,360,000.00	6,924,625.10
	2019-2022	17,250,000.00	2,187,475.04
			<u>48,640,000.00</u>
RFS Bonds, Series 2002A	2009	415,000.00	356,793.76
	2010	435,000.00	340,193.76
	2011	455,000.00	322,793.76
	2012	475,000.00	304,593.76
	2013	495,000.00	285,593.76
	2014-2018	2,815,000.00	1,094,562.50
	2019-2022	2,775,000.00	355,250.00
		<u>7,865,000.00</u>	<u>3,059,781.30</u>

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<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds			
RFS Bonds, Series 2003	2009	640,000.00	1,317,402.50
	2010	660,000.00	1,298,202.50
	2011	680,000.00	1,275,102.50
	2012	705,000.00	1,251,302.50
	2013	730,000.00	1,226,627.50
	2014-2018	4,100,000.00	5,688,518.78
	2019-2023	5,030,000.00	4,757,900.00
	2024-2028	6,320,000.00	3,462,500.00
	2029-2033	8,070,000.00	1,716,000.00
	2034	<u>1,865,000.00</u>	<u>93,250.00</u>
		<u>28,800,000.00</u>	<u>22,086,806.28</u>
RFS Refunding Bonds, Series 2003A	2009	-	337,912.50
	2010	-	337,912.50
	2011	-	337,912.50
	2012	-	337,912.50
	2013	-	337,912.50
	2014-2017	<u>6,185,000.00</u>	<u>1,039,925.00</u>
		<u>6,185,000.00</u>	<u>2,729,487.50</u>
RFS Bonds, Taxable Series 2003B	2009	35,000.00	290,942.50
	2010	75,000.00	289,455.00
	2011	75,000.00	286,005.00
	2012	80,000.00	282,180.00
	2013	85,000.00	278,100.00
	2014-2018	610,000.00	1,306,668.76
	2019-2023	850,000.00	1,099,662.50
	2024-2028	1,135,000.00	806,710.00
	2029-2033	1,535,000.00	410,130.00
	2034	<u>365,000.00</u>	<u>22,630.00</u>
		<u>4,845,000.00</u>	<u>5,072,483.76</u>
RFS Refunding and Improvement Bonds, Series 2005	2009	2,835,000.00	3,288,875.00
	2010	5,145,000.00	3,189,650.00
	2011	5,385,000.00	2,958,125.00
	2012	4,970,000.00	2,675,412.50
	2013	5,225,000.00	2,426,912.50
	2014-2018	23,830,000.00	8,474,737.50
	2019-2023	14,680,000.00	3,252,800.00
	2024-2025	<u>5,660,000.00</u>	<u>384,750.00</u>
		<u>67,730,000.00</u>	<u>26,651,262.50</u>
RFS Bonds, Series 2007	2009	1,025,000.00	2,552,362.50
	2010	1,065,000.00	2,511,362.50
	2011	1,115,000.00	2,468,762.50
	2012	1,155,000.00	2,424,162.50
	2013	1,200,000.00	2,377,962.50
	2014-2018	6,790,000.00	11,096,362.50
	2019-2023	8,440,000.00	9,456,525.00
	2024-2028	10,745,000.00	7,153,750.00
	2029-2033	13,690,000.00	4,200,350.00
	2034-2036	<u>9,840,000.00</u>	<u>898,650.00</u>
		<u>55,065,000.00</u>	<u>45,140,250.00</u>
Less Accretion:		-	-
Total:		<u>\$ 258,015,000.00</u>	<u>\$ 141,249,977.81</u> *

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

UNAUDITED

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2D - Analysis of Funds Available for Debt Service**

Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Principal	Interest*
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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2E - Combined Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
RFS Bonds, Series 1999	2005	\$ 19,280,000.00
RFS Refunding and Improvement Bonds, Series 1999A	2005	<u>5,975,000.00</u>
		<u>\$ 25,255,000.00</u>

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2F - Combined Early Extinguishment and Refunding
For the Fiscal Year Ended August 31, 2008

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ Loss
		\$ -	\$ -	\$ -	\$ -
Total		\$ -	\$ -	\$ -	\$ -

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 3 - Combined Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2008

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0258	\$ 15,751,455.33	\$ -	\$ 15,751,455.33
Local Revenue Fund 0280	2,773,165.66	-	2,773,165.66
Local Revenue Fund 0819	432,388.02	-	432,388.02
Total Cash in State Treasury (Statement of Net Assets)	\$ 18,957,009.01	\$ -	\$ 18,957,009.01