

CONSOLIDATED ANNUAL FINANCIAL REPORT

the

UNIVERSITY OF NORTH TEXAS
SYSTEM

DALLAS, TEXAS

Lee Jackson, Chancellor

For the Year Ended August 31, 2016

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UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

Introduction

The University of North Texas System (the System) is a public institution of higher education. The System is organized into three main operating units: the University of North Texas, the University of North Texas Health Science Center, and the University of North Texas System. The System's primary purpose is to provide a high-quality education and to conduct research and scholarship. The System's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and are intended to provide information about the System's financial position, results of operations, and cash flows.

The System's financial statements are prepared on a consolidated basis and include the financial statements of the University of North Texas, the University of North Texas Health Science Center, and the University of North Texas System. The System's financial statements are prepared on a historical cost basis and are not audited. The System's financial statements are prepared in accordance with GAAP and are intended to provide information about the System's financial position, results of operations, and cash flows.

Financial Highlights and Overview of the Financial Statements

The System's financial statements are prepared on a consolidated basis and include the financial statements of the University of North Texas, the University of North Texas Health Science Center, and the University of North Texas System. The System's financial statements are prepared on a historical cost basis and are not audited. The System's financial statements are prepared in accordance with GAAP and are intended to provide information about the System's financial position, results of operations, and cash flows.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

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UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

Other Non Current Assets

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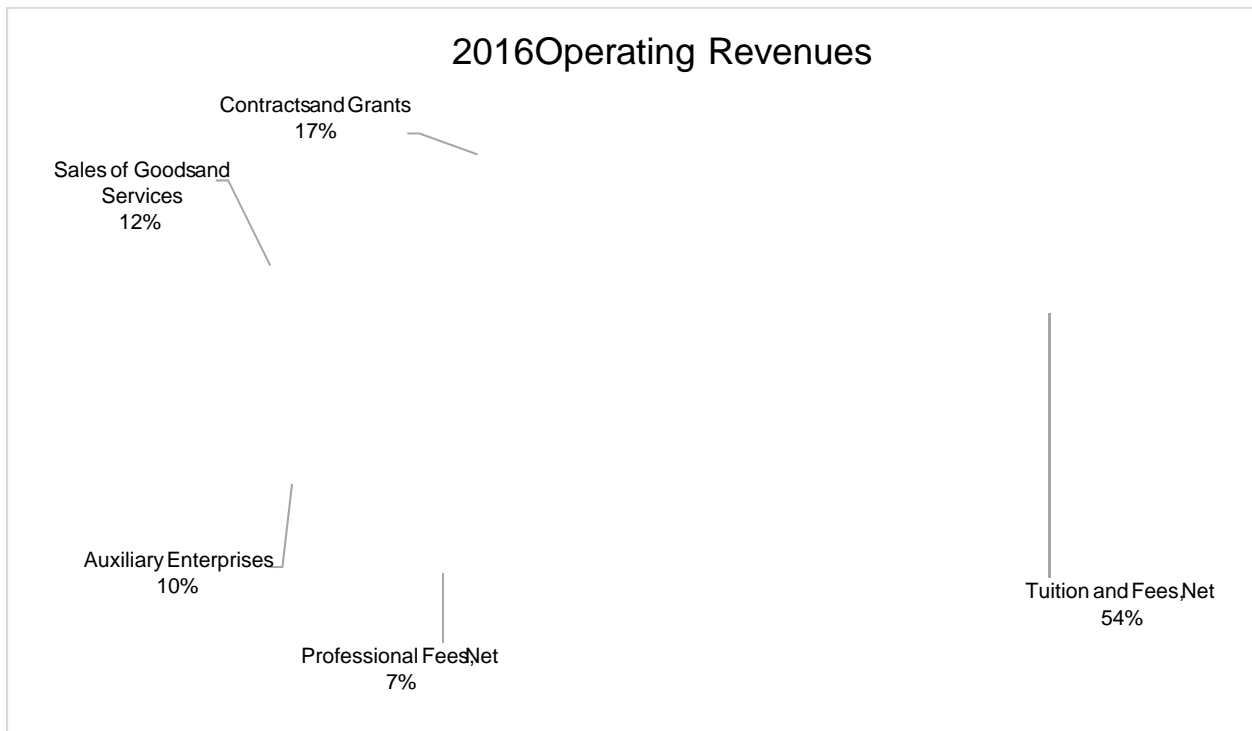
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UNIVERSITY OF NORTH TEXAS SYSTEM
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended August 31, 2016

Operating Revenues

Operating revenues are derived from various sources, including tuition and fees, contracts and grants, sales of goods and services, auxiliary enterprises, and professional fees. The following table provides a breakdown of the components of operating revenues for the year ended August 31, 2016.

Operating revenues for the year ended August 31, 2016, totaled \$1,000,000,000.



Operating Expenses

Operating expenses consist of salaries and benefits, depreciation and amortization, supplies, and other direct costs. The following table provides a breakdown of the components of operating expenses for the year ended August 31, 2016.

UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

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UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

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UNIVERSITY OF NORTH TEXAS SYSTEM
Management's Discussion and Analysis (Unaudited)
For the Year Ended August 31, 2016

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CONSOLIDATED
FINANCIAL STATEMENTS
of the
UNIVERSITY OF NORTH TEXAS SYSTEM
DENTON, TEXAS
For the Year Ended August 31, 2016

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED
Statement of Net Position

August 31,
2016

ASSETS

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UNIVERSITY OF NORTH TEXAS FOUNDATION,

	August 31, 2016	Audited August 31, 2015
ASSETS:		
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Total ASSETS	\$ 303,419,426	\$ 296,286,578
LIABILITIES:		
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•• š•o (}CE šZ CE•	íòìUíñòUóóò	íòóUóóòUóóò
Total LIABILITIES	\$ 184,942,115	\$ 171,593,302
NETASSETS:		
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Total NETASSETS	\$ 118,477,311	\$ 124,693,276
Total LIABILITIES & NETASSETS	\$ 303,419,426	\$ 296,286,578

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEMS CONSOLIDATED (794)
 Statement of Revenues, Expenses and Changes in Position
 For the Year Ended August 31, 2016

	August 31, 2016
OPERATING REVENUES	
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Total Operating Revenues	\$ 631,993,579.0
OPERATING EXPENSES	
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UNIVERSITY OF NORTH TEXAS SYSTEMS CONSOLIDATED (794)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarship and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold											
Salaries and Wages											
Payroll Related Costs											
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											
Printing and Reproduction											
Depreciation and Amortization											
Scholarships											
Claims and Losses											
Other Operating Expenses											
Total Operating Expenses	\$ 307,061,961.54	\$ 56,796,046.42	\$ 44,302,218.73	\$ 90,220,550.05	\$ 66,490,677.74	\$ 118,618,719.72	\$ 55,655,357.05	\$ 74,233,990.42	\$ 55,023,485.67	\$ 65,900,269.08	\$ 934,303,276.42

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
 Statement Of Activities
 For the Twelve Months Ended August 31, 2021

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REVENUES, GAINS AND OTHER SUPPORT:				
Gifts and contributions	1,562,929	(4,430,472)	6,314,579	3,447,036
Net sales of goods and services				
Net investment income				
Net other income				
Total REVENUES, GAINS AND OTHER SUPPORT	\$ 1,562,929	\$ (4,430,472)	\$ 6,314,579	\$ 3,447,036
Depreciation and amortization				
Net gain on disposal of assets				
Net loss on disposal of assets				
Net change in net assets				
PROGRAM SERVICES:				
Instructional services	8,296,610			8,296,610
Student services				
Administrative services				
Other services				
Total PROGRAM SERVICE	\$ 8,296,610			\$ 8,296,610
MANAGEMENT AND GENERAL EXPENSES:				
Salaries and benefits	1,366,391			1,366,391
Travel				
Printing and reproduction				
Telephone				
Postage				
Office supplies				
Professional fees				
Depreciation and amortization				
Net loss on disposal of assets				
Net gain on disposal of assets				
Net change in net assets				
Total MANAGEMENT AND GENERAL EXPENSES	\$ 1,366,391			\$ 1,366,391
Total SERVICES AND EXPENSES	\$ 9,663,001			\$ 9,663,001
NET CHANGE IN ASSETS	\$ (2,565,913)	\$ (8,814,158)	\$ 5,164,106	\$ (6,215,965)
NET ASSETS BEGINNING OF YEAR	\$ 3,059,682	\$ 34,796,568	\$ 86,837,026	\$ 124,693,276
NET ASSETS END OF YEAR	\$ 493,769	\$ 25,982,410	\$ 92,001,132	\$ 118,477,311

See Accompanying Notes to the Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM CONSOLIDATED (794)
 Statement of Cash Flows
 For the Year Ended August 31, 2016

August 31,
 2016

CASH FLOWS FROM OPERATING ACTIVITIES

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Net Cash Provided (Used) by Operating Activities	..	~ííôUôóñUîôíXíí•

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

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Net Cash Provided (Used) by Noncapital Financing Activities	..	îôôUôôñUîôñXíô

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

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Net Cash Provided (Used) by Capital and Related Financing Activities	..	~ííUííiUóôíXíô•

CASH FLOWS FROM INVESTING ACTIVITIES

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Net Cash Provided (Used) by Investing Activities	..	~ôíUííñUôôôXôí•

Net Increase (Decrease) Cash and Cash Equivalents .. ~ôíUôôôUôíôXñí•

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Cash and Cash Equivalents, 7/20/16 530 à 17 3ó U Á7ô

UNIVERSITY OF NORTH TEXAS SYSTEMS CONSOLIDATED (794)
 Statement of Cash Flows
 For the Year Ended August 31, 2016

August 31,
 2016

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

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NOTES TO THE

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Note 1: Summary of Significant Accounting Policies

Introduction

The University of North Texas System (the "System") is a public institution of higher education. The System's financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America. The System's financial statements are prepared on a consolidated basis and include the accounts of the System and its component units. The System's financial statements are prepared on a historical cost basis and are not audited.

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Legislative Appropriations

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Accounts and Other Payables

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Revenue Bonds Payable

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Concentration of Credit Risk

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Quoted Prices in Active Markets for Identical Assets

Quoted Prices in
Active Markets for
Identical Assets

8/31/2016

U.S. dollars. The University's financial statements are prepared in U.S. dollars. The University's financial statements are prepared in U.S. dollars.

The University's financial statements are prepared in U.S. dollars. The University's financial statements are prepared in U.S. dollars.

The University's financial statements are prepared in U.S. dollars. The University's financial statements are prepared in U.S. dollars.

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Note 5: Long Term Liabilities

Changes in Long Term Liabilities

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Claims and Judgments

The University of North Texas System (UNTS) is a public institution of higher education. As a public institution, UNTS is subject to various state and federal laws, regulations, and court decisions. The University maintains a robust legal and risk management program to identify, assess, and manage legal risks. The University's legal and risk management program includes a variety of measures, including the following:

- The University maintains a comprehensive legal and risk management program.
- The University maintains a robust legal and risk management program.
- The University maintains a robust legal and risk management program.

Contingencies and Commitments

The University has various contingencies and commitments, including the following:

- The University has various contingencies and commitments.
- The University has various contingencies and commitments.
- The University has various contingencies and commitments.

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Notes to the

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Optional Retirement Program

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

Jessica Jimenez, Jennifer Galo, Catherine Frank, in Their Individual Capacities and William Tyler, II, As Independent Administrator of the Estate of Pamela J. Knight, Deceased. University of North Texas Health Science Center

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Note 17: Risk Management

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Unemployment Compensation

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UNIVERSITY OF NORTH TEXAS SYSTEM
Notes to the Consolidated Financial Statements
For the Year Ended August 31, 2016

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Discretely Presented Component Unit

University of North Texas Foundation

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UNIVERSITY OF NORTH TEXAS SYSTEM
Required Supplementary Information
For the Year Ended August 31, 2016

Required NORTH TEXAS SYSTEM

UNAUDITED

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Notes to the Financial Statements

For the Year Ended August 31, 2016

Trust Property

As of August 31, 2016, the University of North Texas Foundation, Inc. (the "Foundation") holds trust property for the benefit of the University of North Texas. The trust property consists of the following:

Inventory

The inventory consists of the following items:

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Notes to the Financial Statements

For the Year Ended August 31, 2016

Note 7: Life Insurance Policies

As of August 31, 2016, the University of North Texas Foundation, Inc. (the "Foundation") has the following life insurance policies:

Policy Number	Policy Type	Face Amount	Beneficiary
123456789	Term	\$1,000,000	University of North Texas
987654321	Term	\$500,000	University of North Texas

Note 8: Income Tax Status

The University of North Texas Foundation, Inc. is a non-profit organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation has not been audited by the Internal Revenue Service for the year ended August 31, 2016.

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UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Notes to the Financial Statements

For the Year Ended August 31, 2015

CONSOLIDATED
SUPPLEMENTAL SCHEDULES
of the
UNIVERSITY OF NORTH TEXAS SYSTEM
DENTON, TEXAS
For the Year Ended August 31, 2016

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
Schedule 2C r Consolidated Debt Service Requirements
For the Fiscal Year Ended August - Year Year

UNAUDITED

Description of Issue

Year

Principal

UNAUDITED

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
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Total		\$ 515,305,000.00	\$ 268,810,234.68

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEMS CONSOLIDATED (794)

Schedule 2D r Analysis of Funds Available for Debt Service

For the Year Ended August 31, 2016

Description of Issue	Pledged and Other Sources and Related Expenditures			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Debt Service	
			Principal	Interest *
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Total	<u>\$ 773,097,217.61</u>	<u>\$ 8,812,543.82</u>	<u>\$ 27,485,000.00</u>	<u>\$ 20,421,159.96</u>

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM
 Schedule 2E r Defeased Bonds Outstanding
 For the Fiscal Year Ended August 31, 2016

Description of Issue	Category	Year Defeased	Par Value Outstanding
Revenue Bonds			
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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEMS CONSOLIDATED (794)
 Schedule 2F r Early Extinguishment and Refunding
 For the Year Ended August 31, 2011

Description of Issue	Category	Amount Extinguished or Refunded	For Refundings Only		
			Refunding Issued Par Value	Cash Flow Increase (Decrease)	Economic Gain (Loss)
Revenue Bonds					
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Total		\$ 50,140,000.00	\$ 45,865,000.00	\$ 8,902,792.24	\$ 4,469,507.99

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UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM CONSOLIDATED (794)
 Schedule 3 r Reconciliation of Cash in State Treasury
 For the Year Ended August 31, 2016

Cash in State Treasury	Unrestricted	Current Year Total
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Total Cash in State Treasury (Statement of Net Position)	"	í ò U ô ò ò U ô ô ô X ò ñ