

ANNUAL FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS SYSTEM
ADMINISTRATION**

DALLAS, TEXAS

Lesa Roe, Chancellor

For the Year Ended August 31, 2017



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November 17, 2017

Ms. Lesa Roe, Chancellor
University of North Texas System
1901 Main Street
Dallas, Texas 75201

Dear Chancellor Roe:

We are pleased to submit the annual financial report of the University of North Texas System for the year ended August 31, 2017, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Melanie Ramirez at (940) 565-3214.

Sincerely,

Melanie Ramirez, MBA
Director of UNT System Accounting

Approved:

Janet Waldron
Vice Chancellor for Finance

C. Aaron LeMay, JD, CPA, M.S. Ed
Associate Vice Chancellor for Finance & System
Controller



UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2017

BOARD OF REGENTS

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

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

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

STUDENT REGENT

Haley Leverett..... (Term expires 5-31-18)North Richland Hills

OFFICERS OF THE BOARD

Brint Ryan Chairman
Laura Wright Vice Chairman
Rosemary R. Haggett Secretary

ADMINISTRATIVE OFFICERS

Lesa Roe Chancellor
Janet Waldron..... Vice Chancellor for Finance

** As of the time of print, the Governor of Texas had not yet made new Regent appointments.*

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Net Position
As of August 31, 2017

	August 31,
	2017
ASSETS	
Current Assets	
Cash and Cash Equivalents:	
Cash on Hand	\$ 250.00
Cash in Bank	603,095.09
Cash Equivalents	6,609,342.54
Restricted Cash and Cash Equivalents:	
Cash Equivalents	92,277,513.60
Short Term Investments	113,501,019.96
Legislative Appropriations	598,917.67
Receivables From:	
Interest and Dividends	703,894.14
Other Receivables	317,768.80
Due from Other Components	28,658,865.42
Consumable Inventories	16,964.78
Merchandise Inventories	15,625.24
Prepaid Items	524,639.96
Total Current Assets	\$ 243,827,897.20
Non-Current Assets	
Restricted Investments	\$ 8,246,397.58
Investments	66,158,418.11
Capital Assets:	
Non-Depreciable or Non-Amortizable	8,065,610.13
Depreciable or Amortizable, Net	49,567,590.46
Total Non-Current Assets	\$ 132,038,016.28
Total Assets	\$ 375,865,913.48
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	\$ 35,756,542.00
Total Deferred Outflows of Resources	\$ 35,756,542.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 411,622,455.48

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UNAUDITED

	August 31, 2017
LIABILITIES	
Current Liabilities	
Payables From:	
Accounts Payable	\$ 2,000,317.48
Payroll Payable	3,009,787.42
Interest	1,296,182.93
Due to Other Components	224,108,189.22
Notes and Loans Payable	25,275,000.00
Revenue Bonds Payable	4,641,378.11
Employees' Compensable Leave	517,901.57
Capital Lease Obligations	1,212,186.49
Total Current Liabilities	\$ 262,060,943.22
Non-Current Liabilities	
Notes and Loans Payable	
Revenue Bonds Payable	\$ 78,662,097.42
Employees' Compensable Leave	2,532,698.50
Capital Lease Obligations	1,272,795.80
Net Pension Liability	119,709,644.00
Total Non-Current Liabilities	\$ 202,177,235.72
Total Liabilities	\$ 464,238,178.94
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	\$ 33,619,154.83
Total Deferred Inflows of Resources	\$ 33,619,154.83
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 497,857,333.77
NET POSITION	
Net Investment in Capital Assets	\$ 20,938,743.63
Unrestricted	(107,173,621.92)
Total Net Position	\$ (86,234,878.29)

Concluded

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2017

	<u>August 31,</u> <u>2017</u>
OPERATING REVENUES	
Auxiliary Enterprises	\$ 1,995,490.56
Sales of Goods and Services	22,249.80
Other Operating Revenues	82,190.85
Total Operating Revenues	<u>\$ 2,099,931.21</u>
OPERATING EXPENSES (1)	
Instruction	\$ 189,217.93
Research	32,594.20
Public Service	27,772.58
Academic Support	67,329.78
Student Services	76,071.29
Institutional Support	52,711,862.18
Operation and Maintenance of Plant	2,244,552.15
Auxiliary Enterprises	2,893,805.64
Depreciation and Amortization	4,304,426.63
Total Operating Expenses	<u>\$ 62,547,632.38</u>
Operating Loss	<u>\$ (60,447,701.17)</u>
NONOPERATING REVENUES (EXPENSES)	
Legislative Appropriations (GR)	\$ 6,101,854.00
Additional Appropriations (GR)	2,886,118.17
Investment Income	586,336.96
Interest Expense and Fiscal Charges	(1,500,896.32)
Loss on Sale of Capital Assets	(215,053.49)
Net Increase in Fair Value of Investments	353,743.91
Other Nonoperating Revenues	150,882.55
Other Nonoperating Expenses	(297,313.96)
Total Nonoperating Revenues (Expenses)	<u>\$ 8,065,671.82</u>
Loss Before Other Revenues, Expenses and Transfers	<u>\$ (52,382,029.35)</u>
OTHER REVENUES, EXPENSES AND TRANSFERS	
Interagency Transfers of Capital Assets-Increase	\$ 2,776,777.80
Legislative Transfers In	11,129,005.00
Legislative Transfers Out	(4,464,071.00)
Legislative Appropriation Lapses	(569,505.00)
Transfers Between Components	46,570,666.82
Total Other Revenues, Expenses and Transfers	<u>\$ 55,442,873.62</u>
CHANGE IN NET POSITION	<u>\$ 3,060,844.27</u>
Beginning Net Position	\$ (89,295,722.56)
ENDING NET POSITION	<u><u>\$ (86,234,878.29)</u></u>

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

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2017

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,937,790.97	\$ 1,732,655.94	\$ -	\$ 139,946.42	\$ -	\$ 37,810,393.33
Payroll Related Costs	198,122.50	34,128.07	29,079.55	70,498.31	79,651.19	8,427,396.15	503,986.76	-	78,293.45	-	9,421,155.98
Professional Fees and Services	-	-	-	-	-	2,227,874.00	149.62	-	619,937.71	-	2,847,961.33
Travel	-	-	-	-	-	167,403.13	-	-	-	-	167,403.13
Materials and Supplies	-	-	-	-	-	219,560.82	474.00	-	100,070.17	-	320,104.99
Communications and Utilities	-	-	-	-	-	575,960.24	-	-	295,789.20	-	871,749.44
Repairs and Maintenance	-	-	-	-	-	3,160,953.05	26.10	-	972,616.84	-	4,133,595.99
Rentals and Leases	-	-	-	-	-	1,014,477.95	9,290.85	-	120,398.04	-	1,144,166.84
Printing and Reproduction	-	-	-	-	-	37,537.32	-	-	941.74	-	38,479.06
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	4,304,426.63	4,304,426.63
Claims and Losses	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
Other Operating Expenses	(8,904.57)	(1,533.87)	(1,306.97)	(3,168.53)	(3,579.90)	942,908.55	(2,031.12)	-	555,812.07	-	1,478,195.66
Total Operating Expenses	\$ 189,217.93	\$ 32,594.20	\$ 27,772.58	\$ 67,329.78	\$ 76,071.29	\$ 52,711,862.18	\$ 2,244,552.15	\$ -	\$ 2,893,805.64	\$ 4,304,426.63	\$ 62,547,632.38

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Cash Flows
For the Year Ended August 31, 2017

	<u>August 31,</u> <u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Customers	\$ (131,257.50)
Proceeds from Auxiliaries	1,995,490.56
Proceeds from Other Revenues	82,190.85
Payments to Suppliers for Goods and Services	(13,107,335.77)
Payments to Employees	(45,609,235.60)
Payments for Other Expenses	(10,000.00)
Net Cash Provided (Used) by Operating Activities	<u>\$ (56,780,147.46)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from State Appropriations	\$ 8,068,708.72
Proceeds from Transfers from Other Components	113,139,584.07
Proceeds from Legislative Transfers	11,129,005.00
Proceeds from Other Revenues	150,882.55
Payments for Legislative Transfers	(4,464,071.00)
Payments for Legislative Appropriation Lapses	(569,505.00)
Payments for Other Uses	(2,139.29)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ 127,452,465.05</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Debt Issuance	\$ 57,092,068.95
Proceeds of Transfers from Other Components for Debt Issuance	161,961,595.11
Payments for Additions to Capital Assets	(3,078,365.23)
Payments for Capital Leases	(1,154,463.32)
Payments of Principal on Debt Issuance	(6,829,241.00)
Payments of Other Costs of Debt Issuance	(295,174.67)
Payments of Interest on Debt Issuance	(1,651,394.21)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ 206,045,025.63</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Investments	\$ 130,114,341.58
Proceeds from Interest and Investment Income	(117,557.18)
Payments to Acquire Investments	(312,269,801.28)
Net Cash Provided (Used) by Investing Activities	<u>\$ (182,273,016.88)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>\$ 94,444,326.34</u>
Cash and Cash Equivalents, September 1, 2016	\$ 5,045,874.89
Cash and Cash Equivalents, August 31, 2017	<u><u>\$ 99,490,201.23</u></u>

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
Statement of Cash Flows
For the Year Ended August 31, 2017

	August 31, 2017
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED)	
BY OPERATING ACTIVITIES	
Operating Loss	\$ (60,447,701.17)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used)	
by Operating Activities:	
Depreciation and Amortization	\$ 4,304,426.63
Pension Expense	11,267,960.00
Cash Flow Classification Differences from GASB68	(10,659,862.00)
Employee Benefits Paid by State	2,403,883.77
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(153,507.30)
(Increase) Decrease in Inventories	25,737.87
(Increase) Decrease in Prepaid Expenses	54,113.92
Increase (Decrease) in Payables	(3,371,376.00)
Increase (Decrease) in Other Liabilities	(203,823.18)
Total Adjustments	\$ 3,667,553.71
Net Cash Provided (Used) by Operating Activities	\$ (56,780,147.46)
 NON-CASH TRANSACTIONS	
Net Change in Fair Value of Investments	\$ 353,743.91
Gain (Loss) on Sales/Disposals of Capital Assets	(215,053.49)
Amortization of Bond Premiums (Discounts)	865,031.57
Amortization of Deferred Inflows/Outflows from Refunding Bonds	18,781.18
Capital Assets Acquired with Payables	880,544.27
Interagency Transfer of Capital Assets	2,776,777.80

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)

Schedule 2A - Miscellaneous Bond Information

For the Year Ended August 31, 2017

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rate	Scheduled Maturities		First Call Date
				First Year	Last Year	
RFS Bonds, Series 2015A	\$ 12,580,000.00	5.0000%	N/A	2021	2035	4/15/2025
RFS Bonds, Series 2015B	5,030,000.00	4.0000% - 5.0000%	N/A	2016	2021	N/A
RFS Bonds, Series 2015C	14,140,000.00	2.4460% - 10.0000%	N/A	2016	2033	12/1/2018
RFS Refunding Bonds, Series 2017A	40,764,538.00	1.0000% - 5.0000%	N/A	2017	2033	4/15/2027
RFS Refunding Bonds, Series 2017B	5,278,929.00	0.9000% - 4.1220%	N/A	2017	2033	4/15/2027
Total	\$ 77,793,467.00					

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Year Ended August 31, 2017

Description of Issue	Bonds Outstanding 09/01/16	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/17	Unamortized Premium	Net Bonds Outstanding 08/31/17	Amounts Due Within One Year
RFS Refunding Bonds, Series 2015A	\$ 12,580,000.00	\$ -	\$ -	\$ -	\$ 12,580,000.00	\$ 1,964,416.40	\$ 14,544,416.40	\$ 171,262.75
RFS Refunding Bonds, Series 2015B	4,425,000.00	-	895,000.00	-	3,530,000.00	-	3,530,000.00	895,000.00
RFS Refunding Bonds, Series 2015C	14,140,000.00	-	640,000.00	-	13,500,000.00	-	13,500,000.00	700,000.00
RFS Refunding Bonds, Series 2017A	-	40,764,538.00	326,311.00	-	40,438,227.00	6,061,833.13	46,500,060.13	2,597,277.36
RFS Refunding Bonds, Series 2017B	-	5,278,929.00	49,930.00	-	5,228,999.00	-	5,228,999.00	277,838.00
Total	\$ 31,145,000.00	\$ 46,043,467.00	\$ 1,911,241.00	\$ -	\$ 75,277,226.00	\$ 8,026,249.53	\$ 83,303,475.53	\$ 4,641,378.11

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2017

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Bonds, Series 2015A	2018	\$ -	\$ 629,000.00
	2019	-	629,000.00
	2020	-	629,000.00
	2021	50,000.00	629,000.00
	2022	895,000.00	626,500.00
	2023-2027	4,475,000.00	2,461,250.00
	2028-2032	4,475,000.00	1,342,500.00
	2033-2037	2,685,000.00	268,500.00
			<u>\$ 12,580,000.00</u>
RFS Bonds, Series 2015B	2018	\$ 895,000.00	\$ 67,932.10
	2019	895,000.00	55,625.86
	2020	895,000.00	39,668.00
	2021	845,000.00	20,846.16
			<u>\$ 3,530,000.00</u>
RFS Bonds, Series 2015C	2018	\$ 700,000.00	\$ 325,929.50
	2019	720,000.00	308,685.20
	2020	740,000.00	290,951.70
	2021	750,000.00	272,790.15
	2022	770,000.00	254,322.85
	2023-2027	4,140,000.00	1,456,695.90
	2028-2032	4,670,000.00	1,811,500.00
	2033	1,010,000.00	75,750.00
			<u>\$ 13,500,000.00</u>
RFS Bonds, Series 2017A	2018	\$ 1,909,062.00	\$ 2,021,911.36
	2019	2,003,165.00	1,926,458.26
	2020	2,095,000.00	1,826,300.00
	2021	2,205,000.00	1,721,550.00
	2022	2,310,000.00	1,611,300.00
	2023-2027	13,416,000.00	6,202,700.00
	2028-2032	16,465,000.00	2,497,650.00
	2033	35,000.00	1,750.00
			<u>\$ 40,438,227.00</u>

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Description of Issue	Year	Principal	Interest*
RFS Bonds, Series 2017B	2018	\$ 277,838.00	\$ 158,936.12
	2019	281,161.00	155,463.16
	2020	285,000.00	150,897.10
	2021	290,000.00	145,294.00
	2022	295,000.00	138,615.30
	2023-2027	1,605,000.00	565,031.86
	2028-2032	1,890,000.00	278,540.38
	2033	305,000.00	12,267.10
			<u>\$ 5,228,999.00</u>
Total		<u>\$ 75,277,226.00</u>	<u>\$ 31,610,112.06</u>

Concluded

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

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UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION (769)
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2017

Description of Issue	Pledged and Other Sources and Related Expenditures			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures & Capital Outlay	Debt Service	
			Principal	Interest ^(B)
RFS Bonds Series '15A, '15B, '15C, '17A & '17B	\$ 12,159,704.26		\$ 1,911,241.00	\$ 1,545,588.83
Total	\$ 12,159,704.26	(A)	\$ 1,911,241.00	\$ 1,545,588.83

(A) Expenditures associated with pledged sources were approximately \$61,977,998.79.

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