

FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
HEALTH SCIENCE CENTER**

FORT WORTH, TEXAS

Scott Ransom, DO, MBA, MPH, President

For the year ended August 31, 2008

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HEALTH SCIENCE CENTER *at Fort Worth*



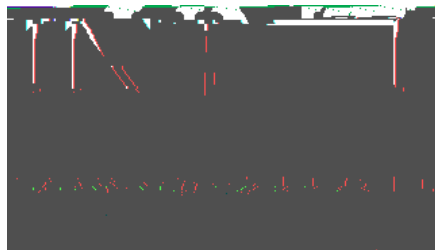
Education, Research,
Patient Care *and* Service

November 20, 2008

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

Dear Dr. Ransom:

We are pleased to submit the Annual Financial Report of the University of North Texas Health Science Center at Fort Worth for the year ended August 31, 2008, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements published by the Comptroller of Public Accounts



UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER

ORGANIZATIONAL DATA

August 31, 2008

BOARD OF REGENTS

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

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

Charles Mitchell.....(Term expires 5-22-11).....Mesquite
C. Dan Smith(Term expires 5-22-11)..... Plano
Al Silva(Term expires 5-22-11)..... San Antonio

OFFICERS OF THE BOARD

Don A. BuchholzChairman
Gayle Strange..... Vice Chairman

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Statement of Net Assets

	August 31, 2008		August 31, 2007
ASSETS			
Current Assets			
Cash and Cash Equivalents			
Cash on Hand	\$ 21,401.39	\$	19,045.83
Cash in Bank	(860,296.62)		(684,228.41)
Reimbursement Due from Treasury	426,946.95		91,472.14
Cash in State Treasury	3,205,553.68		3,502,763.75
Cash Equivalents	41,960,491.18		44,453,766.70
Short Term Investments	-		-
Restricted:			
Cash and Cash Equivalents			
Cash on Hand	500.00		-
Cash in Bank	527,361.40		(120,384.15)
Cash in State Treasury	-		-
Cash Equivalents	12,091,663.94		4,888,041.23
Short Term Investments	-		-
Legislative Appropriations	12,028,775.77		10,960,766.23

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended August 31, 2008

	August 31, 2008		August 31, 2007
OPERATING REVENUES			
Sales of Goods and Services:			
Tuition and Fees - Non-Pledged	\$ 10,621,465.63	\$	9,976,046.06
Tuition and Fees - Pledged	-		-
Discounts and Allowances	(361,255.84)		(238,102.00)
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	-		-
Auxiliary Enterprises - Pledged	-		-
Discounts and Allowances	-		-
Other Sales of Goods and Services - Non-Pledged	2,632,460.12		2,154,310.76
Other Sales of Goods and Services - Pledged			

2,460.12

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	August 31, 2008	August 31, 2007
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	56,385,726.00	48,461,018.00
Additional Appropriations (GR)	8,849,328.92	7,724,658.33
State Grant Pass Through Revenue	-	-
Gifts	105,500.00	124,855.00
Investment Income	4,171,953.73	4,287,379.00
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(2,009,817.02)	(2,131,005.78)
Borrower Rebates and Agent Fees	-	-
Gain/(Loss) on Sale of Capital Assets	(148,394.91)	(465,630.94)
Net Increase (Decrease) in Fair Value of Investments	(2,993,450.25)	2,767,664.49
Settlement of Claims	(455,679.50)	(199,965.18)
Other Nonoperating Revenues - Non-Pledged	-	9,291.63
Other Nonoperating Revenues - Pledged	-	-
Other Nonoperating Expenses	(40,308.90)	(37,673.89)
Total Nonoperating Revenues /(Expenses)	63,864,858.07	60,540,590.66
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	378,846.56	13,302,913.89
OTHER REVENUES, EXPENSES, GAINS LOSSES AND TRANSFERS		
Capital Contributions	1,810,677.10	1,892,868.91
Capital Appropriations - HEAF (GR)	8,139,391.00	5,426,261.00
Contributions to Permanent and Term Endowments	-	-
Special Items	-	-
Extraordinary Items	-	-
Interagency Transfers Cap Assets-Increase	42,341.89	-
Interagency Transfers Cap Assets-Decrease	(533,128.73)	(555,051.95)
Transfers-In	-	-
Transfers-Out	726,548.53	(1,494,465.73)
Legislative Transfers-In	-	-
Legislative Transfers-Out	(2,292,115.74)	-
Legislative Appropriation Lapses	(4,844.48)	(1,815.79)
Total Other Revenue, Expenses, Gain/Losses and Transfers	7,888,869.57	5,267,796.44
CHANGE IN NET ASSETS	8,267,716.13	18,570,710.33
Net Assets, Beginning	127,526,052.23	108,955,341.90
Restatements	-	-
Net Assets, Beginning, as Restated	127,526,052.23	108,955,341.90
NET ASSETS, ENDING	\$ 135,793,768.36	\$ 127,526,052.23

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

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)

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	\$ -	\$ -	\$ -	\$ -	\$ -	
Salaries and Wages	21,670,096.17	14,235,738.64	2,750,560.09	39,314,847.17	1,254,680.13	
Payroll Related Costs	4,727,575.18	2,727,799.26	583,446.35	6,719,872.49	279,263.03	
Professional Fees & Svcs	344,832.37	2,807,387.07	342,282.16	17,699,599.54	181,066.90	
Federal Pass-Thru Expense	-	71,742.83	-	-	-	
State Grant Pass-Thru Exp	-	-	-	-	-	
Travel	164,548.94	366,995.17	94,093.61	447,200.07	75,498.75	
Material and Supplies	626,872.88	2,652,968.64	522,383.69	4,511,022.40	193,025.03	
Communication & Utilities	952.30	8,296.86	(7.00)	224,393.88	(5.03)	13,323T7-3

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Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation	2008 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,547,165.63	2,867,282.89	8,235.00	173,034.37	-	93,821,640.09
2,679,651.59	576,779.07	24.80	39,541.88	-	18,333,953.65
313,644.39	(51,238.37)	-	8,548.06	-	21,646,122.12
-	-	-	-	-	71,742.83
-	-	-	-	-	-
231,744.21	8,151.44	-	-	-	1,388,232.19
1,950,737.72	806,571.98	-	30,954.66	-	11,294,537.00
347,004.35	3,303,043.60	-	-	-	3,883,678.96
435,902.21	179,068.46	-	17,395.12	-	-

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2008

	August 31, 2008	August 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 10,679,284.50	\$ 9,429,035.73
Proceeds Received from Customers	81,657,004.07	73,710,562.42
Proceeds from Sponsored Projects	24,305,668.29	26,372,844.46
Proceeds from Loan Programs	243,941.85	246,030.73
Proceeds from Auxiliaries	-	-

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	August 31, 2008	August 31, 2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	403,641.00	1,115,659.84
Proceeds from Interest and Investment Income	4,211,585.20	3,780,361.63
Proceeds from Principal Payments on Loans	-	-
Payments to Acquire Investments	(289,304.28)	(33,902.94)
Net Cash Provided (Used) by Investing Activities	4,325,921.92	4,862,118.53
Net Increase/(Decrease) in Cash and Cash Equivalents	5,223,144.83	15,858,954.98
Cash and Cash Equivalents --September 1, 2007 and 2006	52,150,477.09	36,291,522.11
Restatements to Beginning Cash and Cash Equivalents	-	-
Cash and Cash Equivalents --August 31, 2008 and 2007	\$ 57,373,621.92	\$ 52,150,477.09
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 44,754,096.58	\$ 47,382,820.01
Short-term Investments (Statement of Net Assets)	-	-
Restricted Cash and Cash Equivalents (Statement of Net Assets)	12,619,525.34	4,767,657.08
Restricted Short-term Investments (Statement of Net Assets)	-	-
	\$ 57,373,621.92	\$ 52,150,477.09
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income/(Loss)	\$ (63,486,011.51)	\$ (47,237,676.77)
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities		
Depreciation	7,221,109.37	6,905,536.76
Bad Debt Expense	5,156,548.34	2,704,620.35
Operating Income and Cash Flow Categories		
Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(3,449,544.51)	656,626.41
(Increase) Decrease in Inventories	78,280.57	(7,502.55)
(Increase) Decrease in Loans & Contracts	-	-
(Increase) Decrease in Other Assets	(1,015,586.65)	(602,791.17)
(Increase) Decrease in Prepaid Expenses	-	-
Increase (Decrease) in Payables	3,007,189.67	(903,996.71)
Increase (Decrease) in Due to Other Components	-	-
Increase (Decrease) in Deferred Income	154,173.93	(1,996,845.99)
Increase (Decrease) in Other Liabilities	-	-
Total Adjustments	11,152,170.72	6,755,647.10
Net Cash Provided by Operating Activities	\$ (52,333,840.79)	\$ (40,482,029.67)
Non Cash Transactions		
Net Increase (Decrease) in FMV of Investments	\$ (2,993,450.25)	\$ 2,767,664.49
Amortization of Investment Premiums/(Discounts)	\$ -	\$ -
Donation of non-cash investment	\$ -	\$ -

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

UNAUDITED

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Notes to Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 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		\$ 20,466,173.75
Federal Pass-Through Grants from Other State Agencies/Universities		168,579.90
Subtotal		\$ 20,634,753.65
Reconciling Items:		
New Loans Processed:		
Disadvantaged Student Loans		\$ 7,500.00
Federal Perkins Loan Program		361,242.00
Federal Family Education Loans		22,579,525.57
Total Pass - Through & Expenditures per Federal Schedule		\$ 43,583,021.22

Note 3: 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 Loan	\$ 7,500.00	\$ -	\$ 7,500.00	\$ 415,117.53
<i>Total U.S. Dept. of Health and Human Services</i>	\$ 7,500.00	\$ -	\$ 7,500.00	\$ 415,117.53
<i>U.S. Department of Education</i>				
84.032 Federal Family Education Loans	\$ 22,579,525.57	\$ -	\$ 22,579,525.57	\$ -
84.038 Federal Perkins Loan Program	361,242.00	-	361,242.00	3,857,246.43
<i>Total U.S. Department of Education</i>	22,940,767.57	-	22,940,767.57	3,857,246.43
TOTAL LOANS AND RECOVERIES	\$ 22,948,267.57	\$ -	\$ 22,948,267.57	\$ 4,272,363.96

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

N/A

Note 4: Depository Libraries for Government Publications

N/A

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 Health Science Center does not report any Federal Deferred Revenue\$ 6eno.Note 4: De()d51e 4:no.Note 4: De()d09.84 n

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2008

Pass-Through From: State Agencies

To University of North Texas Health Science Center (763)

Texas Higher Education Coordinating Board (Agency 781)	
Family Practice Residency	\$ 88,858.00
Advanced Research Program	546,256.34
Texas College Work Study Program	8,235.00
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	<u>\$ 2,342,349.34</u>
(Statement of Revenues, Expenses, and Changes in Net Assets)	

Pass-Through To:

N/A

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 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	
RFS Bonds, Series 1999	\$ 9,500,000.00	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 2002	27,130,000.00	2.00% - 5.00%	N/A	2003	2022	04/15/12
RFS Refunding Bonds, Series 2003A	2,915,000.00	5.375% - 5.500%	N/A	2003	2017	04/15/13
RFS Refunding and Improvement Bonds, Series 2005	11,250,000.00	3.25% - 5.25%	N/A	2006	2025	04/15/15
Total	<u>\$ 66,330,000.00</u>					

*RFS - Revenue Financing System

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**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2B - Changes in Bonded Indebtedness**

Bonds Outstanding	Bonds	Bonds Matured	Bonds Refunded or	Bonds Outstanding	Amounts Due Within
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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2C - 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			
RFS Bonds, Series 1999	2009	\$ 405,000.00	\$ 21,262.50
		<u>405,000.00</u>	<u>21,262.50</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	275,000.00	15,812.50
		<u>4,655,000.00</u>	<u>1,190,593.73</u>
RFS Bonds, Series 2002	2009	1,115,000.00	961,868.76
	2010	1,155,000.00	922,843.76
	2011	1,195,000.00	880,975.00
	2012	1,240,000.00	834,668.76
	2013	1,290,000.00	785,068.76
	2014-2018	7,425,000.00	2,961,093.80
	2019-2022	7,375,000.00	935,225.02
		<u>20,795,000.00</u>	<u>8,281,743.86</u>
RFS Refunding Bonds, Series 2003A	2009	-	159,175.00
	2010	-	159,175.00
	2011	-	159,175.00
	2012	-	159,175.00
	2013	-	159,175.00
	2014-2017	2,915,000.00	484,450.00
		<u>2,915,000.00</u>	<u>1,280,325.00</u>
RFS Refunding and Improvement Bonds, Series 2005	2009	-	553,087.50
	2010	1,125,000.00	553,087.50
	2011	1,180,000.00	502,462.50
	2012	1,245,000.00	440,512.50
	2013	1,305,000.00	378,262.50
	2014-2018	5,200,000.00	1,049,212.50
	2019	1,085,000.00	56,962.50
		<u>-</u>	<u>-</u>
		<u>11,140,000.00</u>	<u>3,533,587.50</u>
Less Accretion:		<u>-</u>	<u>-</u>
Total:		<u>\$ 39,910,000.00</u>	<u>\$ 14,307,512.59</u> *

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

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Pledged and other Sources and Related Expenditures for FY 2008</u>			
	<u>Total Pledged and Other Sources</u>	<u>Operating Expenses/ Expenditures & Capital Outlay</u>	<u>Debt Service</u>	
			<u>Principal</u>	<u>Interest*</u>
Revenue Financing System Bonds, Series '99, '99A, '02, '03A & '05	\$ 35,486,577.91	\$ 600.00	\$ 2,485,000.00	\$ 2,046,987.52
Total	<u>\$ 35,486,577.91</u>	<u>\$ 600.00</u>	<u>\$ 2,485,000.00</u>	<u>\$ 2,046,987.52</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.

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 2E - 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	\$ 5,455,000.00
RFS Refunding and Improvement Bonds, Series 1999A	2005	<u>5,975,000.00</u>
		<u>\$ 11,430,000.00</u>

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UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER (763)
Schedule 3 - 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 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)	<u><u>\$ 3,205,553.68</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,205,553.68</u></u>