



COMBINED FINANCIAL REPORT

of the

**UNIVERSITY OF NORTH TEXAS
SYSTEM**

DENTON, TEXAS

Lee Jackson, Chancellor

For the year ended August 31, 2011

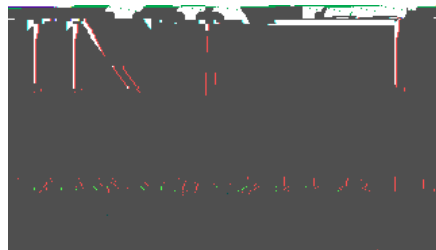
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UNIT | Student Council

Erp & Business - The Chancellor

November 20 2011

Lee Jackson
Chancellor

University of North Carolina

Dear Mr. Jackson:

My name is [redacted] and I am a student at the University of North Carolina. I am writing to you because I am interested in [redacted] and I would like to know more about it.

I am currently a [redacted] student and I am looking for a [redacted] position. I have a strong background in [redacted] and I am confident that I can contribute to your organization.

I have completed several courses in [redacted] and I have received a [redacted] grade. I am also a member of [redacted] and I have been active in [redacted] activities.

I am a hardworking and motivated individual who is committed to [redacted] and I believe that I would be a valuable asset to your organization.

I would appreciate the opportunity to discuss my qualifications with you and I am available for an interview at any time.

Sincerely,

[redacted]
Student Council Member
Department of Social Science

Sincerely,

[Handwritten Signature]

Chancellor for Finance

UNIVERSITY OF NORTH TEXAS SYSTEM

ORGANIZATIONAL DATA

August 31, 2011

BOARD OF REGENTS

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

Brint Ryan (Term expires 5-22-15) Dallas
Michael R. Bradford (Term expires 5-22-15) Midland
Steve Mitchell (Term expires 5-22-15) Richardson

Don Potts (Term expires 5-22-17) Dallas
Al Silva (Term expires 5-22-17) San Antonio
Michael R. Williams (Term expires 5-22-17) Fredericksburg

STUDENT REGENT

Christian Dean (Term expires 5-31-11) Dallas

OFFICERS OF THE BOARD

Jack Wall Chairman
Brint Ryan Vice Chairman
Julia A. Boyce Secretary

ADMINISTRATIVE OFFICERS

Lee Jackson Chancellor
Terry Pankratz Vice Chancellor for Finance
J. Carlos Hernandez System Controller

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) Management's Discussion and Analysis For the Year Ended August 31, 2011

Investments in capital asset additions were \$314.9 million in 2011. Major capital projects completed in 2011 include:

- Apogee Stadium
- Business Leadership Building
- Life Sciences Complex
- Highland Street Parking Garage
- Medical Education and Training (MET) Building
- Energy Performance Contract (multi-year project/partial completion)

All of the aforementioned projects have been developed in a sustainable manner to meet or exceed a LEED gold rating. The Apogee Stadium, in particular was awarded a LEED platinum rating and is currently the only one of its kind.

Overview of the Financial Statements and Financial Analysis

The System's combined financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. This report has been prepared in accordance with GASB Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis—for Public College and Universities; GASB Statement No. 34, Basic Financial Statements

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2011**

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.

The following table reflects the Condensed Comparative Statement of Nets Assets for the System as of August 31, 2011 and 2010:

Condensed Comparative Statement of Net Assets			
As of August 31, 2011 and 2010			
(\$ in millions)			
	<u>2011</u>	<u>2010</u>	<u>% Incr/Decr</u>
Assets			
Current Assets	\$ 589.6	\$ 550.3	
Noncurrent Assets			
Capital Assets, Net	808.4	629.2	
Other Noncurrent Assets	128.3	225.1	
Total Assets	<u>\$ 1,526.3</u>	<u>\$ 1,404.6</u>	<u>8.67%</u>
Liabilities			
Current Liabilities	313.9	253.7	
Noncurrent Liabilities			
Bonded Indebtedness	402.1	421.1	
Other Noncurrent Liabilities	56.8	26.5	
Total Liabilities	<u>772.8</u>	<u>701.3</u>	<u>10.21%</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	334.4	190.2	
Restricted			
Debt Retirement	0.2	0.0	
Capital Projects	48.7	146.5	
Funds Held as Permanent Investments			
Non-Expendable	44.7	40.6	
Expendable	2.7	3.4	
Other Restricted	49.5	57.4	
Total Restricted	145.7	247.8	
Unrestricted	273.4	265.3	
Total Net Assets	<u>753.5</u>	<u>703.3</u>	<u>7.13%</u>
Total Liabilities and Net Assets	<u>\$ 1,526.3</u>	<u>\$ 1,404.6</u>	<u>8.67%</u>

Increase in total assets: \$121.7 million

- \$72.1 million net decrease in cash and cash equivalents and investments
- \$15.1 million increase in legislative appropriations
- \$0.5 million decrease in receivables
-

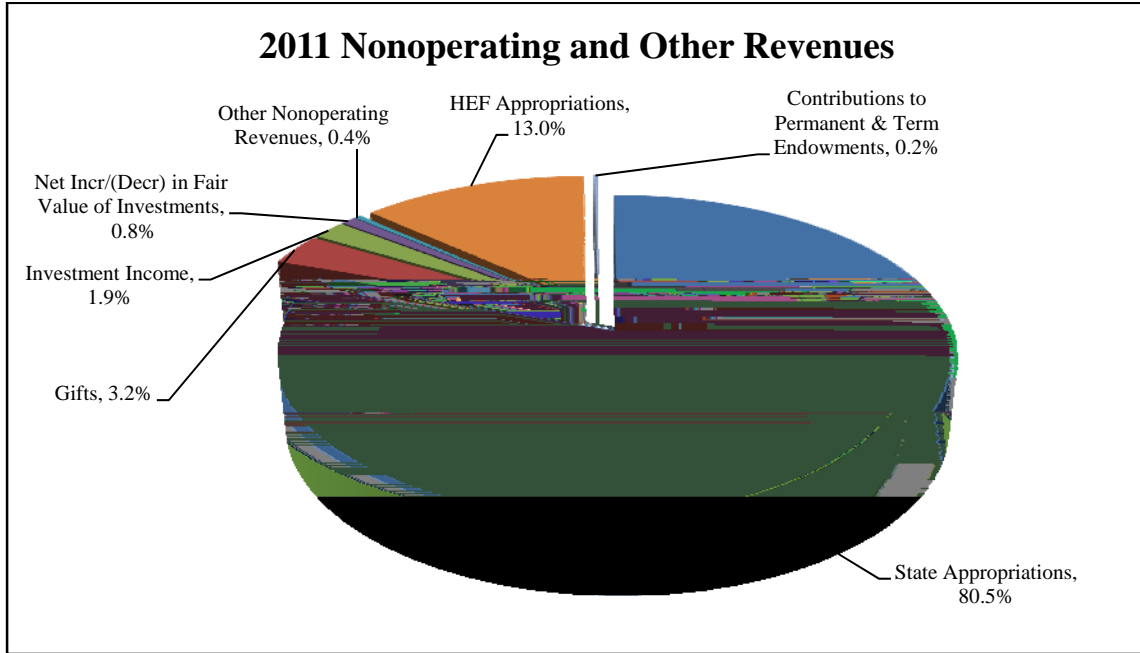
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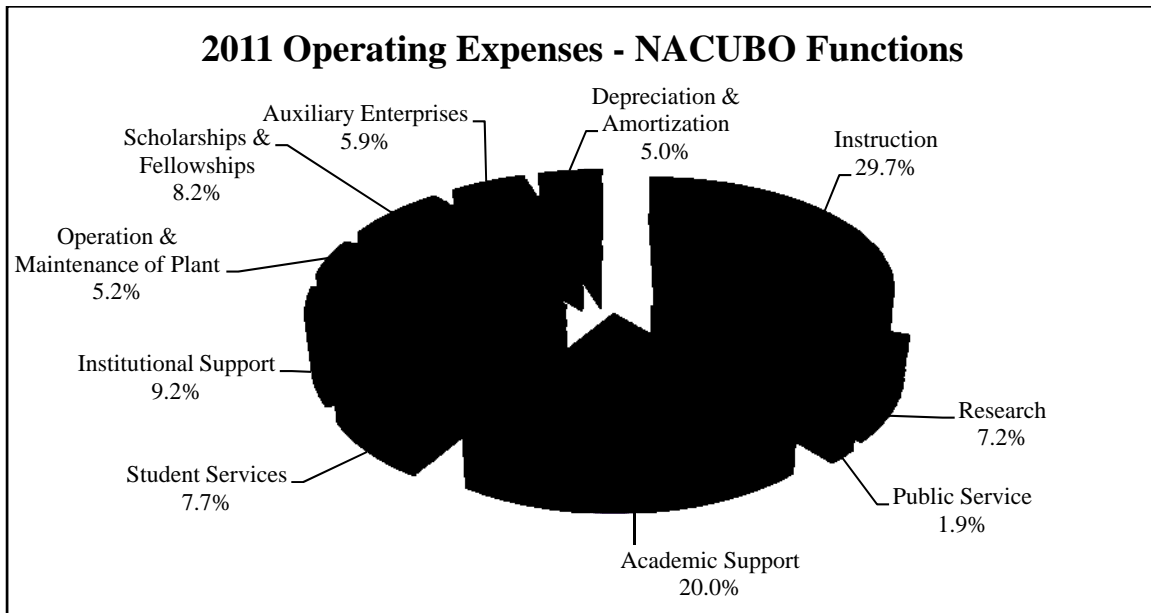
**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Management's Discussion and Analysis
For the Year Ended August 31, 2011**

State appropriations, which represent the largest percentage of other nonoperating revenues, increased by 6.43%.



The System's operating expenses reflect a 5.9% increase during the fiscal year. Increases are due primarily to additional faculty and staff to support additional teaching and research initiatives, and a 13.9% increase in depreciation expense as new facilities are placed in service.

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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Management's Discussion and Analysis
For the Year Ended August 31, 2011**

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.

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For the Year Ended August 31, 2011**

The following table sets forth the Pledged Revenues under the Revenue Financing System for each of the three most recent fiscal years and an estimate of Pledged Revenues for fiscal year 2011-12:

	2009	2010	2011	2012 (Est.)
Available Pledged Revenues (not including Fund Balances) ⁽¹⁾⁽³⁾	\$ 214,199,887	\$ 240,586,318	\$ 261,130,698	\$ 266,353,312
Pledgeable Unappropriated Funds (Funds and Reserve Balances) ⁽²⁾⁽³⁾	235,646,977	239,963,590	178,746,394	182,321,322
Total Pledged Revenues ⁽³⁾	\$ 449,846,864	\$ 480,549,908	\$ 439,877,092	\$ 448,674,634

⁽¹⁾The Available Pledged Revenues include the gross revenues of the University Building System, the pledged student tuition (Skiles Act), the Student Union Fee, pledged general tuition (which includes general use fees), and investment income or moneys on deposit in the Interest and Sinking Fund, and the Reserve Fund.

⁽²⁾In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year end are available for payment of the subsequent year's debt service.

⁽³⁾Available Pledged Revenues and Pledgeable Unappropriated Funds do not include UNTHHealth and loan reserves at the Health Science Center.

Economic Outlook

Texas statutes set baseline, or statutory tuition and authorize the Board of Regents of each university/university system to set a rates for graduate (board authorized tuition—BAT) and designated (board designated tuition—BDT).

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The University of North Texas is one of seven "emerging research" universities selected for inclusion in the Tier One bill enacted by the 81st legislature. This bill will allow universities a chance to compete for extra state funding to build up research programs, endowments and other efforts that define great research campuses. Funding for the Tier One bill includes Texas Research Incentive Program (\$50 million over 2 years) that will match private gifts and scholarships secured by a university; the National Research University Fund which rewards a university if it crosses a national threshold of excellence.

Expanding research infrastructure is a key component to UNT's research growth. In 2011, a new 180,000 sq. ft. \$70 million Business Leadership Building was completed and occupied. The building includes space for teaching and research for a variety of areas related to business, including interdisciplinary research in logistics and in entrepreneurship. Construction began in 2011 on the \$6 million cleanroom at Discovery Park. Construction also began on a \$2.2 million consolidation and modernization of UNT's premier materials characterization and analysis facility, the Center for Advanced Research and Technology (CART). Approximately \$1 million of the CART renovation is from a grant from the National Science Foundation. These construction projects will bring the two facilities together into a new Nanofabrication Analysis and Research Facility (NARF). Ground was broken this year on UNT's new Net Zero Energy Research Laboratory building. A new greenhouse facility is scheduled to begin construction soon. Plans have also begun for remodeling of the Science Research Building on main campus and creation of new research space at Discovery Park, with a total estimated cost for the two projects of \$27 million. Construction of phase I (about \$50 million) of a new Science and Technology Research Building at Discovery Park to create additional upscale laboratory space to support interdisciplinary research is under consideration.

In recent years, UNT has made a significant progress in expanding its funded research portfolio. For example, the total external grants and contracts have increased from \$23.5 million in FY 2007 to \$36.4 million in FY 2011, a 55% increase and the federally-reported research expenditures are up from \$15.9 million in FY 2007 to \$37.5 million (estimated) in FY 2011, an increase of about 135%.

Expanding the research enterprise and soliciting external funds through grants and contracts continue to be a priority for UNTHSC as well. Research awards reached more than \$37.3 million in fiscal year 2011. Since fiscal year 2005, our research award funding has increased by more than 85 percent. Our research efforts are primarily funded by federal support from the National Institutes of Health (NIH), considered the gold standard when judging quality of biomedical research. Our growth in research funding from the NIH dramatically exceeds the overall national average. Last fiscal year alone, faculty submitted grant proposals totaling more than \$213 million.

Although the economic climate in 2009 and 2010 was uncertain, state fiscal stabilization funds provided by the American Recovery and Reinvestment Act 2009 (ARRA) provided stabilization for 2010-11 appropriations. The 2011 appropriation from ARRA as follows: the University received \$75,000 for Texas State Historical Association and \$3,962,021 for Higher Education Performance Incentive. 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.

Although the System was challenged by an uncertain external environment, campuses continued to experience student growth. UNTHSC was home to 1760 students at the end of the fiscal year 2011, an increase of 26.2 percent since fiscal year 2010. Enrollments at UNT and UNT at Dallas have also increased by approximately 10.9% over this same time periods. Incremental revenues from this enrollment growth were critical in mitigating the effects of State funding reductions during the 2011 fiscal year.

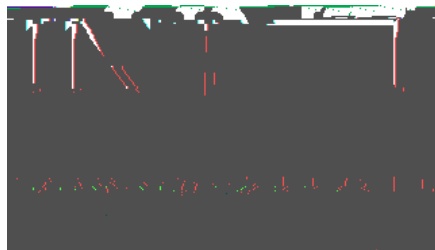
UNTHSC remains committed to its role in primary care delivery, and has built our patient care network to bring much-needed physician services to the North Texas region. UNT Health (UNTHSC's Practice Plan) is one of the largest multi-specialty physician groups in Tarrant County with more than 230 providers. Our physicians were able to see approximately 600,000 patients last year in our 35 clinical locations across the county. As a result, UNT Health generated \$83.2 million in revenue from both its clinical and correctional medicine operations. We are confident that this area of activity will continue to expand and generate additional income in future periods.

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Management's Discussion and Analysis
For the Year Ended August 31, 2011**

A state mandate during fiscal years 2010 and 2011 required that certain agencies return five percent of previously granted appropriations. Five percent total general revenue returned to the state from UNT System was \$8.26 million for 2011. In January 2011, state agencies and institutions of higher education were required to an additional two and one-half percent reduction of general revenue appropriations. This additional reduction totaled \$3.7 for UNT System. UNT System and its components mitigated these cuts during FY2011 by setting revenue expectations for growth as well as extramural research, contract, and philanthropic funding; continuing to improve efficiency and reduce unnecessary expenses and duplication of services throughout UNT System; and continuing to evaluate the effectiveness and efficiency in all areas of the UNT System participants to ensure that they achieve their core missions.

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, 2011**

**August 31,
2011**

**August 31,
2010**

ASSETS AND DEFERRED OUTFLOWS

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**August 31,
2011**

**August 31,
2010**

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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, 2011

	August 31, 2011	August 31, 2010
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 8,275,985.27	\$ 6,301,879.88
Tuition and Fees - Pledged	287,461,711.77	269,227,967.14
Discounts and Allowances	(60,145,128.46)	(48,594,039.75)
Professional Fees - Non-Pledged	86,069,912.02	85,036,620.86
Auxiliary Enterprises - Non-Pledged	1,050,493.61	1,074,368.35
Auxiliary Enterprises - Pledged	48,288,368.24	44,520,377.17
Discounts and Allowances	(217,861.78)	(196,133.09)
Other Sales of Goods and Services - Pledged	27,485,114.54	27,213,533.29
Federal Revenue - Operating ⁽²⁾	50,088,824.04	89,129,741.81
Federal Pass Through Revenue	4,502,053.62	4,031,932.89
State Grant Revenue	3,327,560.31	3,464,429.94
State Grant Pass Through Revenue	22,616,601.61	17,749,991.44
Other Grants and ContraTlowancesPoeE/42.-87129,7,(20.3831)T28.547 0 Td[)-83()-14139,830,58928.94	
9-83()-14137,48281.1.35	9-83(5)Ts/TT0 1 TJ42.92 -1.373 Td	TotaancesPoeEof Revenuee

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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, 2011

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ 23,376.45	\$ -	\$ -	\$ 198,431.95	\$ 60,976.76
Salaries and Wages	163,267,133.57	29,329,712.79	7,421,764.46	88,344,211.29	30,611,376.04
Payroll Related Costs	41,339,549.81	5,492,421.58	1,671,958.50	17,268,485.36	5,521,837.74
Professional Fees & Svcs	1,585,783.35	5,810,391.30	1,080,676.99	19,170,197.91	840,781.51
Federal Pass-Through Expense	-	751,080.34	44,130.34	-	-
State Grant Pass-Through Exp	-	54,279.62	-	-	-
Travel	1,611,372.56	1,568,511.52	265,074.01	2,326,134.90	2,642,437.02
Material and Supplies	8,385,215.01	6,680,689.69	922,353.53	10,724,622.55	6,575,336.20
Communication & Utilities	802,190.54	91,124.54	70,460.32	716,082.69	1,012,049.50
Repairs and Maintenance	712,707.65	814,874.31	48,530.75	3,854,359.50	790,863.39
Rentals and Leases	1,529,678.17	341,251.39	316,974.61	1,817,915.67	1,256,317.07
Printing and Reproduction	898,102.89	184,622.02	85,330.65	499,040.38	738,477.61
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	612,029.34	-	-	630,410.00	256.19
Interest	-	-	-	-	-
Scholarships	1,431,720.81	1,065,073.66	262,691.60	30,550.00	90.00
Other Operating Expenses	4,318,709.95	2,689,686.26	1,997,199.52	6,660,397.19	8,452,677.62
Total Operating Expenses	\$ 226,517,570.10	\$ 54,873,719.02	\$ 14,187,145.28	\$ 152,240,839.39	\$ 58,503,476.65

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Combined Statement of Cash Flows
For the Fiscal Year Ended August 31, 2011

	August 31, 2011	August 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Tuition and Fees	\$ 242,746,073.16	\$ 224,610,872.26
Proceeds Received from Customers	119,424,127.49	118,745,890.25
Proceeds from Sponsored Projects	90,255,756.58	114,703,836.83
Proceeds from Loan Programs	5,595,255.13	9,921,003.14
Proceeds from Auxiliaries	49,121,000.07	43,946,574.20
Proceeds from Other Revenues	711,691.61	1,225,023.58
Payments to Suppliers for Goods and Services	(143,647,203.80)	(154,120,874.25)
Payments to Employees for Salaries and Benefits	(473,766,400.71)	(453,256,086.04)
Payments for Loans Provided	(6,665,967.78)	(9,796,151.41)
Payments for Other Expenses	(83,680,647.31)	(58,131,488.45)
Net Cash Provided (Used) by Operating Activities	43,611,613.16	43,611,613.16

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

Note 1: Summary of Significant Accounting Policies

General Introduction

The University of North Texas System is an agency of the state of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities.

The University of North Texas is the fourth-largest university in Texas and defines itself as a recognized student-centered public research university where the power of ideas is harnessed through a culture of learning based on diverse viewpoints, interdisciplinary endeavors, creativity and disciplined excellence. The University of North Texas Health Science Center at Fort Worth's mission is to improve the health and quality of life for the people of Texas and beyond through excellence in education, research, clinical care, community engagement and to provide national leadership in primary care.

The UNT System has no blended component units. The UNT System is reporting The University of North Texas Foundation, Inc. as a discrete component unit. Financial activity for the University of North Texas Health Science

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UNIVERSITY OF NORTH TEXAS SYSTEM (794) NOTES TO THE COMBINED FINANCIAL STATEMENTS AUGUST 31, 2011

Component Units

The UNT System has no blended component units. The University of North Texas Foundation, Inc. is reported as a discrete component unit because the Foundation's governing body is not substantively the same as the governing body of the UNT System. Additional information may be found in Note 19.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Restricted Net Assets

When both restricted and unrestricted net assets are available for use, restricted resources are used first, and then unrestricted resources are used as they are needed.

Budgets and Budgetary Accounting

The UNT System component institutions' budgets are prepared annually and approved by the Board of Regents. The budgets for appropriated funds are prepared biennially and represent appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they are appropriated.

Assets, Liabilities, and Fund Balances/Net Assets

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments that are both readily convertible to known amounts of cash and having an original maturity of three months or less are considered cash equivalents.

Securities Lending Collateral

The UNT System had no securities lending collateral transactions during the fiscal year.

Derivatives

The UNT System had no investments in derivatives at August 31, 2011.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the first-in-, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the proprietary fund types. The cost of

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

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 not 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 are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

Current Receivables – Other

Other Receivables include year-end revenue accruals not included in any other receivable category.

Non-Current Receivables – Other

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

Restricted Net Assets

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted Net Assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

INTERFUND TRANSACTIONS AND BALANCES

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2011, is presented below:

		Reclassifications	
		Increase	Decrease

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 3: Deposits, Investments and Repurchase Agreements

The UNT System component institutions are authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2011, deposits of cash in bank were \$1,000,000.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

Bank N.A., has pledged government backed securities with a par value of \$4,619,044 at December 31, 2010 to secure Foundation deposits in excess of \$250,000. The pledged securities are held by a third-party safekeeping bank under a pledged collateral agreement. The market value of the pledged securities at December 31, 2010 was \$5,058,039. The total amount of checking account deposits with Wells Fargo Bank N.A. as of December 31, 2010 was \$100,004. In addition to the checking account balance, the Foundation had cash balances of \$4,282,207 at December 31, 2010 invested with Wells Fargo Bank N.A. under a fully collateralized repurchase agreement. The Foundation also maintains short-term cash investments in money-market mutual funds, which are not insured. The amount held in money market mutual funds was \$2,685,275 at December 31, 2010.

Investments

The University of North Texas System's investment portfolio is invested pursuant to Section 51.0032 of the Texas Education Code; Public Funds Collateral Act, Chapter 2257 of the Texas Government Code; the Public Funds Investment Act (PFIA); and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 163 of the Texas Property Code. Under the PFIA the University of North Texas' governing board is required to adopt a written investment policy and strategy, review the policy and strategy not less than annually, appoint an investment office, and adopt internal controls to safeguard the University's funds. Chapter 2257, Government Code, The Public Funds Collateral Act sets the standards for collateralization of public funds in Texas.

As of August 31, 2011, the carrying values of investments are presented below. The fair value is equivalent to the carrying value.

Business-Type Activities	Carrying Value
U.S. Government	
U.S. Treasury Securities	\$ 71,345.31
U.S. Treasury Strips	
U.S. Treasury TIPS	
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	48,783,149.85
U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	
Corporate Obligations	
Corporate Asset and Mortgage Backed Securities	
Equity	2,437,749.11
Endowment Funds- collective	25,015,732.67
International Obligations (Govt. and Corp.)	
International Equity	

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

Discrete Component Unit	Fair Value
U.S. Government	
U.S. Treasury Securities	
U.S. Treasury Strips	
U.S. Treasury TIPS	

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 4: Short-Term Debt

University of North Texas System issues commercial paper with the intent and ability to treat it as long term debt (reported in Note 5 Notes & Loans Payable). The commercial paper debt service requirement due within one year

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

The debt service requirements for Commercial Paper are as follows:

Year	Principal	Interest	Total
2012	\$ 20,902,800.00	\$ 136,514.00	\$ 21,039,314.00
2013	1,294,800.00	84,518.29	1,379,318.29
2014	859,800.00	81,297.47	941,097.47
2015	859,800.00	79,158.72	938,958.72
2016	859,800.00	77,019.97	936,819.97
2017-2019	\$ 30,103,000.00	\$ 224,131.21	\$ 30,327,131.21

Average variable interest rate for 2011 of 0.249% was used

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

Revenue Financing System Refunding Bonds, Series 2009B

To provide funds for the purposes of refunding certain of the University's outstanding Consolidated University Revenue Bonds, Series 1994, Revenue Financing System Bonds, Series 1999A, and Revenue Financing System Bonds, Series 2001; and to pay the costs of issuance

Issued 12-02-2009

\$12,345,000; all authorized bonds have been issued

Source of revenue for debt service – pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding Bonds, Series 2010

To provide funds for the purposes of refunding certain of the Revenue Financing System Bonds, Series 2001, Revenue Financing System Bonds, Series 2002, and Revenue Financing System Bonds, Series 2002A

Issued 07-23-2010

\$42,085,000; all authorized bonds have been issued

Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

University of North Texas Health Science Center

Revenue Financing System Bonds, Series 2002

To provide funds for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging, or equipping property, buildings, structures, facilities, roads, or related infrastructure for the Health Science Center; paying the municipal bond insurance premium for the bonds; and paying certain costs of issuing the bonds

Issued 08-01-02

\$27,130,000; all authorized bonds have been issued

Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding Bonds, Series 2003A

To advance refund a portion of the Board's outstanding bonds in order to reduce debt service requirements of the Board in certain years

Issued 09-01-03

\$2,915,000; all authorized bonds have been issued

Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, Series 2005

To provide funds for the purposes of advance refunding a portion (\$11.43 million par value) of the Board's outstanding bonds; paying a portion of the accrued interest; and paying certain costs of issuing the bonds

Issued 10-01-05

\$11,250,000; all authorized bonds have been issued

Source of revenue for debt service – legislative appropriation and all pledged revenues of the participants of the University of North Texas System Revenue Financing System

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

Revenue Financing System Refunding and Improvement Bonds, Series 2009

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NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

Pledged Future Revenues

GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for UNT System’s revenue bonds:

	Government Activities	Business – Type Activities	Component Units
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	N/A	\$ 636,088,193.00	N/A
Term of Commitment Year Ending 08/31		2040	
Percentage of Pledged Revenue			
Current Year Pledged Revenue		439,877,092.88	
Current Year Principal and Interest Paid		37,691,641.69	
Pledged revenue sources:			
Government activities -			
Business – type activities – tuition and fees, operating income from residential housing, dining services			
Component Units -			

Note 7: Derivatives

Not applicable.

Note 8: Leases

The UNT System does not have any non-cancelable operating leases.

Leases that are purchases in substance are reported as capital lease obligations. The capital assets are recorded at full value of the lease payments.

For governmental and business-type activities, the assets and liabilities are recorded in the government-wide financial statements.

The table below is a summary of the future minimum lease payments for capital leases.

Business-Type Activities			
	Principal	Interest	Total Future Minimum Lease Payments
2012 (Future Year 1)	\$ 6,986.76	\$ 0.00	\$ 6,986.76
2013 (Future Year 2)	\$ 6,986.76	\$ 0.00	\$ 6,986.76
2014 (Future Year 3)	\$ 2,911.15	\$ 0.00	\$ 2,911.15
Total Lease Payments	\$16,884.67	\$0.00	\$16,884.67

The following table represents an analysis of the property recorded under capital leases by asset category at August 31, 2011.

Business-Type Activities		
Type	Assets Under Capital Lease	Accumulated Depreciation
Furniture and Equipment	\$ 20,960.28	\$748.56
Total	\$ 20,960.28	\$748.56

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

Note 9: Pension Plans

The state has established an optional retirement program for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System and is available to certain eligible employees. The contributions made by plan members and employers for the fiscal year ended August 31, 2011 are:

ORP Participation	
Member Contributions	\$9,515,811.00
Employer Contributions	10,540,000.00
Total	\$20,055,811.00

Note 10: Deferred Compensation

Not Applicable.

Note 11: Post Employment Health Care and Life Insurance Benefits

Not Applicable.

Note 12: Interfund Activity and Transactions

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, 2011, 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 13: Continuance Subject to Review

Not Applicable.

Note 14: Adjustments to Fund Balances and Net Assets

A restatement decrease of \$91,037.08 in beginning net assets resulted from corrections for prior year accounting errors in the recording of capital equipment. Procedures have been corrected and due diligence completed to confirm that the same error was not made in fiscal year 2011.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011

Note 15: Contingencies and Commitments

The UNT System receives several grants for specific purposes that are subject to review and audit by the federal, state, private and non-profit grant sponsors. Such audits could lead to a request for reimbursements to grant sponsors 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, 2011, there are no known contingent liabilities that are likely to have a material effect on the System.

Note 16: Subsequent Events

UNT System anticipates issuing Revenue Financing System Bonds Series 2012 in the spring of 2012 in the amount of \$100,000,000 for the purpose of refunding a portion of outstanding bonds; acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure.

Note 17: Risk Management

The UNT System is exposed to a variety of civil claims resulting from the performance of its duties. It is the UNT System policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

The UNT System assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is no purchase of System-wide commercial general liability insurance for any of the UNT System components as an entity, nor is the UNT System involved in any risk pools with other government entities. General liability policies are purchased only on an as-needed basis to address unique exposures.

The UNT System's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

All state employees are insured by the State. The UNT System has various insured and self-insured arrangements for coverage of employees in the areas of liability and workers' compensation. There are no claims pending or significant nonaccrued liabilities, as stated in Note 5.

The State provides coverage for unemployment benefits from appropriations made to other state agencies for UNT System employees. The current General Appropriations Act provides that the UNT System components must reimburse General Revenue Fund – Consolidated, from UNT System appropriations, one-half of the unemployment benefits for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The UNT System Administration component has only one appropriated fund type. The UNT System components must reimburse the General Revenue Fund 100% of the cost for unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the state treasury.

Unemployment compensation is on a pay-as-you-go basis through the State of Texas, with the exception of locally funded enterprises that have fund expenses and set-aside amounts based on a percentage of payroll amounts. No material outstanding claims are pending at August 31, 2011.

UNT System maintains reserves for unemployment compensation and workers' compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending at August 31, 2011. Health benefits are provided through the various state contracts administered by the Employee Retirement System (ERS).

The University of North Texas (UNT) and the Health Science Center (UNTHSC) are required by certain bond covenants to carry fire and/or extended coverage and boiler insurance on buildings financed through the issuance of

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

bonds using pledged Auxiliary or other non-Educational and General Funds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. The following insurance coverage was in force and all premium payments paid in full at the close of the fiscal year:

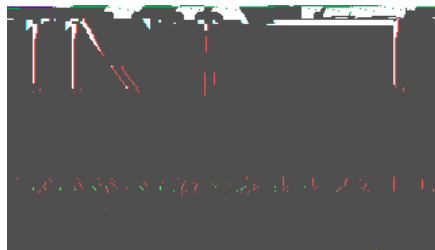
UNAUDITED

**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2011**

requirements of Chapters 2255 and 2260 of the Texas Government Code. The 2003 agreement provided that the development leadership for the University would be provided by the Foundation's Chief Executive Officer.

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)



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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Notes to Schedule 1A - Combined Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2011

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 - Operating	\$ 50,088,824.04
Federal Grants and Contracts - Nonoperating	48,846,495.45
Federal Pass-Through Grants from Other State Agencies/Universities - Operating	4,502,053.62
Federal Pass-Through Grants from Other State Agencies/Universities - Nonoperating	12,316,674.80
Subtotal	\$ 115,754,047.91
Reconciling Items:	
New Loans Processed:	
Disadvantaged Student Loans	\$ 311,268.00
Federal Perkins Loan Program	184,190.00
Federal Direct Student Loans (Direct Loans)	217,083,568.00
Federal Grants from Texas A&M Research Foundation	(34,649.94)
Total Pass - Through & Expenditures per Federal Schedule	\$ 333,298,423.97

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	\$ 311,268.00	\$ -	\$ 311,268.00	\$ 2,923,054.05
<i>Total U.S. Dept. of Health and Human Services</i>	\$ 311,268.00	\$ -	\$ 311,268.00	\$ 2,923,054.05
<i>U.S. Department of Education</i>				
84.038 Federal Perkins Loan Program	\$ 184,190.00	\$ 118,492.00	\$ 302,682.00	\$ 4,609,172.11
84.268 Federal Direct Student Loans	217,083,568.00	-	217,083,568.00	-
<i>Total U.S. Department of Education</i>	217,267,758.00	118,492.00	217,386,250.00	4,609,172.11
TOTAL LOANS AND RECOVERIES	\$ 217,579,026.00	\$ 118,492.00	\$ 217,697,518.00	\$ 7,532,226.16

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

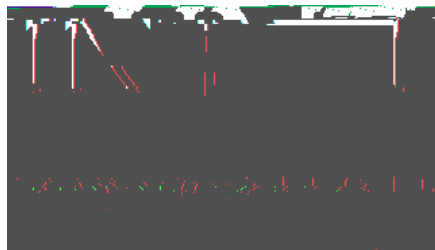
The University of North Texas does not report any Federal Deferred Revenue

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Parks and Wildlife Department (Agency 802)	
Habitat Requirements for <i>Quadrula aurea</i> (Golden Orb) in the lower San Antonio and Guadalupe River drainages	8,021.02
Texas Commission of the Arts (Agency 813)	
Arts Create	8,500.00
Comptroller - State Energy Conservation Office (Agency 907)	
State Energy Plan (SEP)	281,252.38
 Total Pass-Through From Other Agencies	
(Statement of Revenues, Expenses, and Changes in Net Assets)	<u>\$ 22,616,601.61</u>

Pass-Through To Other Agencies:

Texas A&M University - Kingsville (Agency 732)	
Ozone Near Non-Attainment	54,279.62
Total Pass-Through To Other Agencies	<u>\$ 54,279.62</u>



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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2A - Combined Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2011

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 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
RFS Bonds, Series 2009	38,650,000.00	3.00% - 5.25%	N/A	2009	2028	04/15/18
RFS Bonds, Series 2009A	159,310,000.00	3.00% - 5.00%	N/A	2010	2029	04/15/19
RFS Refunding Bonds, Series 2009B	15,800,000.00	3.00% - 4.75%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	57,625,000.00	3.00% - 5.00%	N/A	2011	2024	04/15/20
Total	<u>\$ 553,405,000.00</u>					

*RFS - Revenue Financing System

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2B - Combined Changes in Bonded Indebtedness

Description of Issue	Bonds Outstanding 9/1/2010	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2011
RFS Bonds, Series 2001	\$ 2,700,000.00	\$ -	\$ 1,280,000.00	\$ -	\$ 1,420,000.00
RFS Bonds, Series 2002	5,705,000.00	-	2,800,000.00	-	2,905,000.00
RFS Bonds, Series 2002A	930,000.00	-	455,000.00	-	475,000.00
RFS Bonds, Series 2003	27,500,000.00	-	680,000.00	-	26,820,000.00
RFS Refunding Bonds, Series 2003A	6,185,000.00	-	-	-	6,185,000.00
2003B	4,735,000.00	-	75,000.00	-	4,660,000.00
RFS Refunding and Improvement Bonds, Series 2005	59,750,000.00	-	5,385,000.00	-	54,365,000.00
RFS Bonds, Series 2007	52,975,000.00	-	1,115,000.00	-	51,860,000.00
RFS Bonds, Series 2009	34,110,000.00	-	1,320,000.00	-	

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Unamortized Premium	Unamortized Discount	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 8/31/2011	Amounts Due Within One Year
\$ -	\$ -	\$ -	\$ 1,420,000.00	\$ 1,420,000.00
-	-	-	2,905,000.00	2,905,000.00
-	-	-	475,000.00	475,000.00
-	-	-	26,820,000.00	705,000.00
-	-	-	6,185,000.00	-
-	-	-	4,660,000.00	80,000.00
-	-	-	54,365,000.00	4,970,000.00
-	-	-	51,860,000.00	1,155,000.00
-	-	-	32,790,000.00	1,360,000.00
10,040,877.75	-	-	159,955,877.75	3,940,256.00
888,825.15	-	-	15,563,825.15	1,315,968.00
7,151,128.00	-	-	64,056,128.00	592,980.00
<u>\$ 18,080,830.90</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,055,830.90</u>	<u>\$ 18,919,204.00</u>

Net Bonds Payable per Statement of Net Assets

\$ 421,055,830.90

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UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2C - Combined Debt Service Requirements

Description of Issue	Year	Principal	Interest
Revenue Bonds			
RFS Bonds, Series 2001	2012	1,420,000.00	71,000.00
		1,420,000.00	71,000.00
RFS Bonds, Series 2002	2012	2,905,000.00	116,200.00
		2,905,000.00	116,200.00
RFS Bonds, Series 2002A	2012	475,000.00	19,000.00
		475,000.00	19,000.00
RFS Bonds, Series 2003	2012	705,000.00	1,251,302.50
	2013	730,000.00	1,226,627.50
	2014	760,000.00	1,198,887.50
	2015	785,000.00	1,170,387.50
	2016	820,000.00	1,139,968.76
			170,387.50

UNAUDITED

<u>Description of Issue</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>
Revenue Bonds			
RFS Bonds, Series 2007	2012	1,155,000.00	2,424,162.50
	2013	1,200,000.00	2,377,962.50
	2014	1,245,000.00	2,329,962.50
	2015	1,300,000.00	2,280,162.50
	2016	1,355,000.00	2,221,662.50
	2017-2021	7,720,000.00	10,177,700.00
	2022-2026	9,740,000.00	8,152,250.00
	2027-2031	12,435,000.00	5,460,500.00
	2032-2036	15,710,000.00	2,183,400.00
		<u>51,860,000.00</u>	<u>37,607,762.50</u>
RFS Bonds, Series 2009	2012	1,360,000.00	1,527,737.50
	2013	1,410,000.00	1,480,137.50
	2014	1,460,000.00	1,430,787.50
	2015	1,510,000.00	1,379,687.50
	2016	1,555,000.00	1,334,387.50
	2017-2021	8,830,000.00	5,614,150.00
	2022-2026	11,295,000.00	3,150,650.00
	2027-2028	5,370,000.00	406,000.00
		<u>32,790,000.00</u>	<u>16,323,537.50</u>
RFS Bonds, Series 2009A	2012	3,590,000.00	7,495,750.00
	2013	3,770,000.00	7,316,250.00
	2014	3,970,000.00	7,127,750.00
	2015	4,160,000.00	6,929,250.00
	2016	4,375,000.00	6,721,250.00
	2017-2021	25,330,000.00	30,102,500.00
	2022-2026	32,340,000.00	23,103,500.00
	2027-2031	30,610,000.00	14,426,750.00
	2032-2036	20,935,000.00	8,451,750.00
	2037-2040	20,835,000.00	2,667,750.00
		<u>149,915,000.00</u>	<u>114,342,500.00</u>
RFS Refunding Bonds, Series 2009B	2012	1,200,000.00	604,625.00
	2013	1,260,000.00	556,625.00
	2014	1,330,000.00	506,225.00
	2015	2,005,000.00	453,025.00
	2016	2,090,000.00	372,825.00
	2017-2019	6,790,000.00	603,075.00
		<u>14,675,000.00</u>	<u>3,096,400.00</u>
RFS Refunding Bonds, Series 2010	2012	-	2,691,800.00
	2013	4,895,000.00	2,691,800.00
	2014	5,160,000.00	2,447,050.00
	2015	3,660,000.00	2,189,050.00
	2016	3,855,000.00	2,006,050.00
	2017-2021	26,705,000.00	7,160,500.00
	2022-2024	12,630,000.00	1,018,000.00
		<u>56,905,000.00</u>	<u>20,204,250.00</u>
Less Accretion:		-	-
Total:		<u>\$ 402,975,000.00</u>	<u>\$ 233,113,192.54</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 SYSTEM (794)

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**UNIVERSITY OF NORTH TEXAS SYSTEM (794)
Schedule 2E - Combined Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2011**

Description of Issue	Year Refunded	Par Value Outstanding
RFS Bonds Series, 2001	2010	\$ 25,615,000.00
RFS Bonds Series, 2002	2010	37,630,000.00
RFS Bonds Series, 2002A	2010	6,085,000.00
		\$ 69,330,000.00

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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, 2011

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0258	\$ 24,287,342.76	\$ -	\$ 24,287,342.76
Local Revenue Fund 0280	3,480,744.29	-	3,480,744.29
Local Revenue Fund 0292	549,998.76	-	549,998.76
Local Revenue Fund 0819	687,421.17	-	687,421.17
Total Cash in State Treasury (Statement of Net Assets)	<u>\$ 29,005,506.98</u>	<u>\$ -</u>	<u>\$ 29,005,506.98</u>

FINANCIAL STATEMENTS

of the

**UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC**

DENTON, TEXAS

For the years ended December 31, 2010 and 2009

Cash and c
Investments
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Assets held

Total Assets

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Permanently Restricted	20 To
\$ 4,921,676	\$ 7,98
-	1,00
-	74
-	33
4,324	11,87
154,767	15
<u>24,779</u>	<u>2</u>
<u>5,105,546</u>	<u>22,12</u>
(29,718)	
<u>(830)</u>	
<u>(30,548)</u>	
-	74
-	91
-	1
-	46
-	2,19
-	1
-	1
<u>-</u>	<u>4,36</u>

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<u>Permanently Restricted</u>	<u>2009 Total</u>
\$ -	\$ 387,38
-	86,12
-	18,30
-	3,50
-	12,54
-	9,90
-	5,58
-	13,73
-	<u>8,99</u>
-	<u>546,08</u>
-	<u>4,909,16</u>
5,074,998	17,212,08
<u>56,729,365</u>	<u>61,331,20</u>
<u>\$61,804,363</u>	<u>\$78,543,28</u>

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UNIVERSITY OF NORTH TEXAS

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDING

NOTE 1 – PURPOSE AND SUMMARY

Purpose

The University of North Texas Foundation's primary purpose is to provide financial support for the programs and activities of the University of North Texas. The Foundation's purpose is to provide financial support for the programs and activities of the University of North Texas. The Foundation's purpose is to provide financial support for the programs and activities of the University of North Texas.

The Foundation is a nonprofit organization organized under the laws of the State of Texas. The Foundation is a nonprofit organization organized under the laws of the State of Texas. The Foundation is a nonprofit organization organized under the laws of the State of Texas.

Basis of Presentation

The financial statements have been prepared on the basis of the records of the Foundation.

Contributions

Contributions are generally temporarily restricted contributions for specific programs within the University of North Texas. Contributions are generally temporarily restricted contributions for specific programs within the University of North Texas. Contributions are generally temporarily restricted contributions for specific programs within the University of North Texas.

Contributions of cash and other assets are recorded at fair value at the time received with donor stipulations that limit their use.

Endowment contributions and investment income available for distribution is recorded net of program restrictions. The portion of the endowment fund's historical cost is recorded at the time of contribution.

Contributions of donated noncash assets are recorded at fair value at the time of contribution.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and judgments about the amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – INV

Investment sect

U.S. and Internati
Equity Mutu:

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Securities ar

Real Estate Inves
Exchange T

Natural Resource
Fund/Globa
Mutual Func

Hedge Funds of F

Non-Registered C

The investment
registered (restr

Investment incor
investment fees

NOTE 3 – FAIF

Generally accep
certain financial
investments are
short-term asse:
fair value.

NOTE 4 – FAIR VALU

Fair values of assets r
follows:

December 31, 2010:

Securities
Real Estate Investm
Hedge Funds of Fur

Total

December 31, 2009:

Securities :
Real Estate Investm
Hedge Funds of Fur

Total

Assets measured at fa
(Level 3):

January 1, 2009

Total gains/(losses)
Purchases, issuance

December 31, 2009

Total gains/(losses)
Purchases, issuance

December 31, 2010

The gains and losses fo
and unrealized gain (los

NOTE 4

Financial
within ac
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valuation

NOTE 5

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NOTE 6

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NOTE 7

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NOTE 12 – RETIREMENT PLAN

The Foundation sponsors a defined con
the Foundation. The Foundation contr
plan, and employees are required to cor
Employees may make voluntary contrik
limits prescribed by the Internal Revenue
vested when made. The expense to the
2009 were \$32,146 and \$23,063 respect

**NOTE 13 – ASSETS HELD UNDER
REFUNDABLE ADVAN**

The Foundation is the Trustee or C
administers several gift annuity contr
income beneficiaries for life, with the
endowments upon the death of the incc
the present value of the expected future
life expectancy tables using a discount r

Two trusts for which the Foundation se
remainder beneficiary, however, the dc
beneficiary to other charitable organizati
held under these trusts as refundable ad

The assets held under these agreement
value.

NOTE 14 – CONCENTRATIONS OF

The Foundation maintains cash balance
which are insured by the Federal D
Foundation's depository bank, Wells Far
with a par value of \$4,619,044 at Decem
\$250,000. The pledged securities are l
collateral agreement. The market valu
\$5,058,039. The total amount of check
December 31, 2010 was \$100,004. In a
had cash balances of \$4,282,207 at De
under a fully collateralized repurchase ag

The Foundation also maintains short-terr
are not insured. The amount held in mor
at December 31, 2010 and 2009, respect

NOTE 15 -

Management
which is the
were identified