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November 20, 2003

Dr. Norval F. Pohl
President
University of North Texas
Denton, Texas

Dear Dr. Pohl:

We are pleased to submit the Annual Financial Report of the University of North Texas for the year ended August 31, 2003, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the

UNIVERSITY OF NORTH TEXAS

ORGANIZATIONAL DATA

August 31, 2003

BOARD OF REGENTS

Marjorie Craft (Term expires 5-22-07) DeSoto
Burle Pettit (Term expires 5-22-07) Lubbock
John Robert "Bobby" Ray (Term expires 5-22-07) Plano

George W. Pepper* (Term expires 5-22-03) Fort Worth
Gayle Strange* (Term expires 5-22-03) Denton
Robert A. Nickell* (Term expires 5-22-03) Irving

Charles Beatty (Term expires 5-22-05) Dallas
C. Dan Smith (Term expires 5-22-05) Plano

Jana Dean Secretary

ADMINISTRATIVE OFFICERS

Unaudited

UNIVERSITY OF NORTH TEXAS (752)
Statement of Net Assets
August 31, 2003

	Current Year 2003	Prior Year 2002*
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 81,8801.00	\$
Cash in Bank	(6,289,223.45)	(2,070,743.26)
Reimbursement Due From Treasury	652,940.46	
Cash in State Treasury	12,237,994.85	12,260,000.07
Cash Equivalents	96,141,840.63	69,266,453.25
Short Term Investments	2,228,854.69	-
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	7,334.73	20,086.74
Cash in Bank	(1,964,929.12)	(177,389.69)
Cash in State Treasury	-	
Cash Equivalents	37,995,715.49	27,786,410.96
Short Term Investments	807,154.06	-
Legislative Appropriations	12,985,679.05	14,423,191.65
Receivables from:		
Federal	4,560,922.39	3,471,580.20
Other Intergovernmental	1,833,896.91	2,507,804.37
Interest and Dividends	1,058,635.17	1,504,850.95
Accounts Receivable	28,719,851.56	20,330,155.85
Gifts Receivable	584,083.16	2,943,792.22
Other Receivables	1,116,264.79	332,529.38
Due From Other Agencies	740,193.58	686,334.99
Due From Other Components	1,610,734.25	72,431.54
Consumable Inventories	2,675,605.31	3,017,835.33
Merchandise Inventories	418,746.72	438,085.26
Loans and Contracts	1,779,916.16	1,413,172.43
Other Current Assets	2,864,661.48	150,523.39
Total Current Assets	202,848,673.87	159,129,473.76
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents		
Cash on Hand	-	-
Cash in Bank	-	-
Cash in State Treasury	-	-
Cash Equivalents	834,637.48	607,940.12
Investments	32,892,850.99	36,725,301.49
Loans and Contracts	1,297,741.67	1,372,877.69
Investments	47,768,381.16	65,012,629.35
Gift Receivables	217,374.80	1,110,600.73
Capital Assets:		
Non-Depreciable		
Land and Land Improvements	32,212,971.42	28,658,387.03
Construction in Progress	17,902,903.95	15,402,913.93
Other Capital Assets	61,723,629.74	56,540,124.74
Depreciable		
Buildings and Building Improvements	294,674,208.13	264,378,754.54
Less Accumulated Depreciation	(180,243,758.22)	(176,699,737.90)
Infrastructure	7,789,073.21	7,789,073.21
Less Accumulated Depreciation	(6,356,957.91)	(5,994,944.20)

Current Year
2003

Prior Year
2002*

Unaudited

UNIVERSITY OF NORTH TEXAS (752)
Statement of Revenues, Expenses, and
Changes in Net Assets
For the Fiscal Year Ended August 31, 2003

	Current Year 2003	Prior Year 2002*
OPERATING REVENUES		
Sales of Goods and Services:		
Tuition and Fees - Non-Pledged	\$ 47,149,919.34	\$ 45,996,850.92
Tuition and Fees - Pledged	71,154,585.06	64,448,760.91
Discounts and Allowances	(14,753,240.86)	(13,461,682.65)
Professional Fees - Non-Pledged	-	-
Professional Fees - Pledged	-	-
Discounts and Allowances	-	-
Auxiliary Enterprises - Non-Pledged	1,631,612.82	1,688,378.32
Auxiliary Enterprises - Pledged	25,528,837.70	24,259,038.74
Discounts and Allowances	(180,028.18)	(200,477.37)
Other Sales of Goods and Services - Non-Pledged	10,499,539.05	10,052,567.01
Other Sales of Goods and Services - Pledged	-	-
Discounts and Allowances	-	-
Federal Revenue - Operating	28,550,116.56	25,551,374.57
Federal Pass Through Revenue	1,462,185.34	1,326,438.70
State Grant Revenue	1,506,929.74	2,048,878.88
State Grant Pass Through Revenue	9,524,544.16	5,000,724.93
Other Grants and Contracts - Operating	4,129,201.41	3,654,440.62
Other Operating Revenues	304,844.85	130,479.36
Total Operating Revenues	186,509,046.99	170,495,772.94
OPERATING EXPENSES (1)		
Instruction	128,927,224.83	124,646,242.85
Research	14,746,176.71	16,184,801.76
Public Service	6,039,402.64	5,755,515.94
Academic Support	29,638,917.16	29,920,703.30
Student Services	29,860,545.10	28,848,732.88
Institutional Support	26,034,284.50	18,499,424.46
Operations and Maintenance of Plant	20,954,576.37	18,842,439.43
Scholarships and Fellowships	23,394,344.37	25,157,093.39
Auxiliary Enterprises	27,135,232.30	27,549,347.40
Depreciation	9,387,146.64	8,546,601.79
Total Operating Expenses	316,117,850.62	303,950,903.20
Operating Income (Loss)	(129,608,803.63)	(133,455,130.26)
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	89,266,884.00	91,940,725.00
Additional Appropriations (GR)	23,312,281.78	22,499,378.77
State Grant Pass Through Revenue	-	3,370,700.74
Gifts	4,202,660.12	5,496,109.98
Investment Income	6,228,744.32	7,521,756.69
Loan Premium/Fees on Securities Lending	-	-
Investing Activities Expense	-	-
Interest Expense and Fiscal Charges	(6,268,151.94)	(4,131,167.59)
Borrower Rebates and Agent Fees	-	-
Gain (Loss) on Sale/Disposal of Capital Assets	(27,301.60)	(1,092,063.36)
Net Increase (Decrease) in Fair Value of Investments	(791,863.40)	(29,877.32)
Settlement of Claims	-	-

	Current Year 2003	Prior Year 2002*
Other Nonoperating Revenues - Non-Pledged	1,146,725.04	1,068,668.75
Other Nonoperating Revenues - Pledged	84,004.00	-
Other Nonoperating (Expenses)	(623,845.92)	-
Total Nonoperating Revenues (Expenses)	<u>116,530,136.40</u>	<u>126,644,231.66</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(13,078,667.23)</u>	<u>(6,810,898.60)</u>
OTHER REVENUES, EXPENSES, GAINS		
LOSSES AND TRANSFERS		
Capital Contributions	651,874.36	6,359,950.21
Capital Appropriations - HEAF (GR)	18,021,033.00	18,021,033.00
Additions to Permanent and Term Endowments	656,789.00	516,552.51
Special Items	-	-
Extraordinary Items	-	-
Transfers-In	2,364,293.00	1,966,761.00
Transfers-Out	(4,502,645.68)	(8,715,505.79)
Legislative Transfers-In	371,282.57	493,505.06
Legislative Transfers-Out	-	-
Total Other Revenue, Expenses, Gain/Losses and Transfers	<u>17,562,626.25</u>	<u>18,642,295.99</u>
CHANGE IN NET ASSETS	<u>4,483,959.02</u>	<u>11,831,397.39</u>
Net Assets, Beginning	276,073,674.46	522,424,403.34
Restatements	(1,616,601.11)	(258,182,126.27)
Net Assets, Beginning, as Restated	<u>274,457,073.35</u>	<u>264,242,277.07</u>
NET ASSETS, ENDING	<u><u>\$ 278,941,032.37</u></u>	<u><u>\$ 276,073,674.46</u></u>

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

* Some of the 2002 prior fiscal year amounts above have been changed from those reported last year in the published financial statements in an effort to provide more comparative information between the current and prior fiscal years. These changes were made due to formatting changes for the 2003 fiscal year report mandated by the State Comptroller and affected only the numbers within subcategories of major sections of the financial statements. The fiscal year 2002 totals for each major section of the financial statements did not change from amounts reported last year.

UNIVERSITY OF NORTH TEXAS (752)

Note 1: Matrix of Operating Expenses Reported by Function

August 31, 2003

Operating Expenses	Instruction	Research	Public Service	Academic Support
Cost of Goods Sold	\$ -	\$ -	\$ (24.00)	\$ -
Salaries and Wages	88,530,820.58			

Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxillary Enterprises	Depreciation	2003 Total Expenditures
\$ -	\$ -	\$ -	\$ -	\$ 5,418,595.53	\$ -	\$ 5,418,571.53
13,117,734.85	10,139,798.80	6,019,458.93	260,427.44	11,612,617.46	-	159,300,596.40
2,667,701.15	2,062,090.23	1,224,153.23		2,361,611.46		32,343,361.57
559,009.21	540,918.66	87,543.61		179,145.29		2,794,270.19
						132,012.92
						-
929,868.36	899,776.14	145,621.98		297,994.26		4,648,051.25
3,958,065.88	3,829,975.71	2,334,221.99		1,055,710.66		21,286,477.34
317,440.72	307,167.76	6,459,880.34		2,295,724.33		10,190,924.89
608,461.19	588,770.28	3,477,483.71		1,445,497.23		7,674,161.22
708,078.99	685,164.28	110,888.67		226,917.58		4,634,363.90
334,269.43	323,451.86	52,348.25		107,123.09		1,670,883.20
					9,387,146.64	9,387,146.64
	3,185.01					3,185.01
	42,217.38					42,217.38
			23,133,916.93			23,133,916.93
	167,379.96					167,379.96
6,659,915.32	6,444,388.42	1,042,975.67		2,134,295.41		33,290,330.29
\$ 29,860,545.10	\$ 26,034,284.50	\$ 20,954,576.37	\$ 23,394,344.37	\$ 27,135,232.30	\$ 9,387,146.64	\$ 316,117,850.62

Unaudited

UNIVERSITY OF NORTH TEXAS (752)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2003

	Current Year 2003	Prior Year 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Tuition and Fees	\$ 117,897,103.33	\$ 99,835,560.27
Proceeds Received from Customers	10,640,980.49	74,621,881.36
Proceeds from Sponsored Projects	44,901,596.81	
Proceeds from Loan Programs	4,851,217.56	4,591,976.54
Proceeds from Auxiliaries	27,158,053.48	
Proceeds from Other Revenues	36,571.47	6,717.64
Payments to Suppliers for Goods and Services	(102,317,109.20)	(110,438,325.60)
Payments to Employees for Salaries and Benefits	(190,913,253.69)	(149,826,361.74)
Payments for Loans Provided	(5,017,671.70)	(4,430,262.00)
Payments for Other Expenses	(26,780,707.09)	(37,206,806.30)
Net Cash Provided (Used) by Operating Activities	<u>(119,543,218.54)</u>	<u>(122,845,619.83)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	112,579,165.78	114,440,103.77
Proceeds from Debt Issuance	-	
Proceeds from Gifts	7,828,287.04	
Proceeds from Endowments	54,825.22	
Proceeds of Transfers from Other Funds	2,695,845.93	2,394,043.27
Proceeds of Transfers from Other Components	-1,538,302.71	
Proceeds from Other Revenues	6,276,768.57	9,680,400.67
Proceeds from Contributed Capital	84,004.00	7,775,744.12
Payments of Principal on Debt Issuance	-	(793,789.82)
Payments of Interest	-	(132,144.18)
Payments of other Costs of Debt Issuance	-	(29,747.72)
Payments for Transfers to Other Funds	(899,469.75)	
Payments for Transfers to Other Components	(1,289,305.49)	(7,645,427.95)
Payments for Other Uses	-	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>125,791,818.59</u>	<u>125,689,182.16</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from State Appropriations - HEAF	18,021,033.00	18,021,033.00
Proceeds from Disposal of Capital Assets	27,232.13	19,145.52
Proceeds from Debt Issuance	41,057,994.54	71,213,721.35
Proceeds from Capital Contributions	63,821.25	107,045.35
Proceeds of Transfers from Other Components - HEAF	-	
Payments for Additions to Fixed Assets	(47,153,243.84)	(48,439,358.42)
Payments of Principal on Debt Issuance	(6,083,111.63)	(4,300,844.26)
Payments of Interest on Debt Issuance	(5,047,945.87)	(3,027,003.28)
Payments of Other Costs of Debt Issuance	(614,457.10)	(814,625.82)
Payments for Transfers to Other Components - HEAF	(496,744.20)	
Net Cash Provided (Used) From Capital and Related Financing Activities	<u>(225,421.72)</u>	<u>32,779,113.44</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	47,022,483.15	31,017,919.92
Proceeds from Interest and Investment Income	6,425,153.72	7,318,716.18
Proceeds from Principal Payments on Loans	-	
Payments to Acquire Investments	(29,655,342.05)	(19,308,066.67)
Net Cash Provided (Used) by Investing Activities	<u>23,792,294.82</u>	<u>19,028,569.43</u>
Net Increase (Decrease)/ in Cash and Cash Equivalents	29,815,473.15	54,651,245.20
Cash and Cash Equivalents --September 1, 2002	122,868,317.97	68,217,072.77
Restatements to Beginning Cash and Cash Equivalents		
Cash and Cash Equivalents --August 31, 2003	<u>\$ 152,683,791.12</u>	<u>\$ 122,868,317.97</u>

	Current Year 2003	Prior Year 2002
Displayed as:		
Unrestricted Cash and Cash Equivalents (Statement of Net Assets)	\$ 102,825,353.49	\$ 80,208,078.19
Restricted Cash and Cash Equivalents (Statement of Net Assets)	36,872,758.58	28,237,048.13
Legislative Appropriations (Statement of Net Assets)	12,985,679.05	14,423,191.65
	<u>152,683,791.12</u>	<u>122,868,317.97</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (129,608,803.63)	\$ (133,455,130.26)
Depreciation	9,387,146.64	8,546,601.79
Bad Debt Expense	5,033.73	435,137.71
Operating Income and Cash Flow Categories		
Classification Differences		(7,016,221.31)
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(8,638,443.67)	(17,109,521.67)
(Increase) Decrease in Inventories	373,210.73	(259,598.22)
(Increase) Decrease in Loans & Contracts	(294,792.71)	14,247.29
(Increase) Decrease in Other Assets	-	2,007.30
(Increase) Decrease in Prepaid Expenses	(2,714,138.09)	(134,181.46)
Increase (Decrease) in Payables	(520,458.65)	(18,624.20)
Increase (Decrease) in Due to Other Funds	-	
Increase (Decrease) in Deferred Income	12,468,027.11	18,850,675.93
Increase (Decrease) in Other Liabilities		7,298,987.27
Total Adjustments	<u>10,065,585.09</u>	<u>10,609,510.43</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (119,543,218.54)</u>	<u>\$ (122,845,619.83)</u>
Non Cash Transactions		
Net Increase/(Decrease) in FMV of Investments	(1,144,243.94)	138,829.35
Amortization of Investment Premiums/(Discounts)	(194,981.16)	(241,446.73)
Donation of non-cash investment	(285,103.06)	

Unaudited

UNIVERSITY OF NORTH TEXAS (752)
Schedule 1A - Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2003

Pass Through From

U.S. Department of Agriculture

Department of Housing & Urban Development

Department of Justice

Federal Mediation & Conciliation Service

General Services Administration

National Foundation on the Arts & Humanities

National Science Foundation

Department of Veteran's Affairs

Department of Education

Pass Through To

Pass Through To

U.S. Department of Justice

U.S. Department of Labor

U.S. Department of State

Federal Mediation and Conciliation

National Aeronautics & Space Administration

National Foundation on the Arts & the Humanities

National Science Foundation

Pass Through To

Pass Through From

U.S. Department of Energy

Pass Through To

Pass Through From

TOTAL FEDERAL FINANCIAL ASSISTANCE

Pass Through To

Department of Education

Total Dept of Education

UNIVERSITY OF NORTH TEXAS (752)

**Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Fiscal Year Ended August 31, 2003**

Pass-Through From:

TX State Library & Archives (Agency 306)

From Republic to State: Debates & Documents

\$ 10,926.00

TX Infrastructure Board (Agency 367)

Unaudited

UNIVERSITY OF NORTH TEXAS (752)
Schedule 2A - Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2003

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	
Cons Univ Rev Ref & Imp Bonds, Ser '85(B)	\$ 31,135,000.00	6.25% - 10.00%	N/A	1987	2003	04/15/95
Cons Univ Rev Bonds, Ser '94	10,000,000.00	4.00% - 7.00%	N/A	1995	2014	04/15/04
Cons Univ Rev Bonds, Ser '96	15,000,000.00	4.30% - 7.30%	N/A	1996	2015	04/15/06
Cons Univ Rev Ref Bonds, Ser '97	8,230,000.00	3.70% - 4.85%	N/A	1998	2005	-
Revenue Financing Sys Bonds, Ser '97	4,380,000.00	4.50% - 6.00%	N/A	1998	2007	04/15/03
Revenue Financing Sys Bonds, Ser '99	23,040,000.00	4.25% - 5.40%	N/A	1999	2019	04/15/09
Revenue Financing Sys Bonds, Ser '01	33,860,000.00	4.00% - 5.50%	N/A	2002	2024	04/15/12
Revenue Financing Sys Bonds, Ser '02	36,340,000.00	2.00% - 5.00%	N/A	2003	2022	04/15/12
Revenue Financing Sys Bonds, Ser '02A	9,500,000.00	4.00% - 5.00%	N/A	2004	2022	04/15/12
Revenue Financing Sys Bonds, Ser '03	31,180,000.00	3.00% - 5.00%	N/A	2005	2034	04/15/13
Total	<u>\$ 202,665,000.00</u>					

Unaudited

2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	Total Requirements
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
=====	=====	=====	=====	=====	=====	=====

Unaudited

UNIVERSITY OF NORTH TEXAS (752)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2003

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2003				
	Total Pledged and Other Sources	Operating Expenses & Expenditures	Capital Outlay	Debt Service	
				Principal	Interest *
Cons Univ Rev Ref & Imp Bonds, Ser '85(B), Cons Univ Rev Bonds, Ser '94 & '96 & Cons Univ Rev Ref Bonds, Ser '97	\$ 65,450,998.68	\$ 23,326,594.73	\$ 476,130.03	\$ 3,105,000.00	\$ 1,087,395.00
Rev Fin Sys Bonds, Ser '97, '99, '01, '02, 02A & 03	39,717,256.54	612,247.10	-	2,905,000.00	3,970,666.26
Total	\$ 105,168,255.22	\$ 23,938,841.83	\$ 476,130.03	\$ 6,010,000.00	\$ 5,058,061.26

* 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.

Unaudited

UNIVERSITY OF NORTH TEXAS (752)
Schedule 2E - Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2003

Description of Issue	Year Refunded	Par Value Outstanding
Student General Fee Building Bonds, Series 1973	1985	\$ 1,025,000.00
Combined Fee Revenue Refunding Bonds, Series 1978	1985	3,435,000.00
Consolidated University Revenue Refunding Bonds, Series 1987	1997	4,250,000.00
		<hr/>
		<u>\$ 8,710,000.00</u>

Local Revenue Fund 0258	\$ 12,237,994.85	\$ -	\$ 12,237,994.85
	<u>\$ 12,237,994.85</u>	<u>\$ -</u>	<u>\$ 12,237,994.85</u>