CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2015

UNIVERSITY OF
NORTH★TEXAS™
SYSTEM

CONSOLIDATED ANNUAL FINANCIAL REPORT

of the

UNIVERSITY OF NORTH TEXAS
SYSTEM

DALLAS, TEXAS

Lee Jackson, Chancellor

For the fiscal year ended August 31, 2015

UNIVERSITY OF NORTH TEXAS SYSTEM

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Office of the Chancellor

Lee F. Jackson – Chancellor

November 20, 2015

The Honorable Greg Abbott
Office of the Governor
P.O. Box 12428
Austin, TX 78711-2428

Ms. Ursula Parks
Director, Legislative Budget Board
P.O. Box 12666, Capitol Station
Austin, TX 78711

The Honorable Glenn Hegar
Texas Comptroller of Public Accounts
P.O. Box 13528, Capitol Station
Austin, TX 78711-3528

Mr. John Keel, CPA
Texas State Auditor's Office
P.O. Box 12067
Austin, TX 78711-2067

Dear Sirs and Madam:

I am pleased to submit the annual financial report of the University of North Texas System for the year ended August 31, 2015, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Jane-Anne Kanke at (940) 565-3214. Dan Stephens may be contacted at (940) 369-5551 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Lee F. Jackson

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Dallas, Texas 75201

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UNIVERSITY OF NORTH TEXAS™ SYSTEM

UNIVERSITY OF NORTH TEXAS SYSTEM ADMINISTRATION

ORGANIZATIONAL DATA

August 31, 2015

BOARD OF REGENTS

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

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

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

STUDENT REGENT

Courtny Haning .... (*Term expires 5-31-16)* .... Kaufman

OFFICERS OF THE BOARD

Brint Ryan .... Chairman
Donald Potts ………….. .... Vice Chairman
Rosemary R. Haggett .... Secretary

ADMINISTRATIVE OFFICERS

Lee F. Jackson .... Chancellor
Janet Waldron... Vice Chancellor for Finance

Introduction

The University of North Texas System (the "System") was established by the 76th Legislature and legislative funding was provided for the fiscal year beginning September 1, 1999. The System is an agency of the State of Texas and is currently comprised of the University of North Texas System Administration ("System Administration"), established 1999, and three academic institutions funded by the Legislature: the University of North Texas ("UNT"), established 1890; the University of North Texas Health Science Center at Fort Worth ("HSC"), established 1970; and the University of North Texas at Dallas ("UNTD"), established 1999.

The System serves the North Texas area, boosting economic activity in the region by over $5 billion annually. Approximately 41,000 students are enrolled in undergraduate, graduate and professional programs. The System awarded more than 9,300 degrees this past academic year, including the largest number of Master's and Doctoral degrees in the region. The System has a network of over 360,000 alumni with more than 237,000 alumni living in the Dallas-Fort Worth region. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a non-voting Student Regent for a one-year term.

Financial Highlights and Overview of the Financial Statements

The objective of Management's Discussion and Analysis (the "MD&A") is to provide an overview of the financial position and activities of the System for the year ended August 31, 2015, with selected comparative information for the year ended August 31, 2014. As discussed in Note 14, *Adjustments to Net Position*, in the Notes to the Consolidated Financial Statements, the beginning net position for the year ended August 31, 2015 was restated. The comparative information provided in the MD&A compares the year ended August 31, 2015 to the year ended August 31, 2014 as originally reported. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. The emphasis of discussion about these financial statements will focus on current year data. Unless otherwise indicated, years in this MD&A refer to the fiscal years ended August 31.

The System consolidated financial report includes three primary financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements of the System have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

In addition, the System consolidated financial report contains the Statement of Financial Position and the Statement of Activities for the University of North Texas Foundation, Inc. (the "Foundation"), a discretely presented component unit. The Foundation is a separate nonprofit organization which is an essential component of the University of North Texas program for university advancement and for the development of private sources of funding for capital acquisition, operations, endowments, and other purposes relating to the mission of the University of North Texas. The financial statements of the Foundation have been prepared in accordance with GAAP as prescribed by the Financial Accounting Standards Board ("FASB").

Financial Highlights

- In 2015, the System implemented GASB 68, *Accounting and Financial Reporting for Pensions,* which resulted in a restatement reducing the beginning balance of the unrestricted net position by $117.1 million; the establishment of $9.8 million in deferred outflows of resources, and $126.9 million in net pension liability as of August 31, 2014. As of August 31, 2015, the net pension liability is reported at $103.4 million. (See Note 14, *Adjustments to Net Position.)*

- Total assets and deferred outflows of resources of the System exceeded its total liabilities and deferred inflows of resources at August 31, 2015, resulting in a net position of $701.8 million. Unrestricted net position, which may be used to meet the System's future obligations, was $137.8 million, or 19.6% of total net position at year end.

- Net position decreased by $94.5 million, in comparison with fiscal year 2014. Major contributing factors related to this change included the $117.1 million reduction in unrestricted net position due to the initial recording of GASB 68, *Accounting and Financial Reporting for Pensions* in 2015, offset primarily by a net increase of $34.3 million in net investment in capital assets.

- Net investment in capital assets increased by $34.3 million, or 8.0%, reflecting significant capital project work to benefit the faculty, staff and students of the System. The "Capital Asset and Debt Administration" section of the MD&A provides more details pertaining to this increase.

- In 2015, the System concluded the fiscal year with a positive change in net position of $22.7 million, compared to a $50.6 million change in 2014. This $27.9 million reduction is accounted for primarily by a $21.0 million decrease in the fair value of investments due to unfavorable market conditions existing in 2015.

Overview of the Financial Statements

These statements are prepared applying the following principles and standards:

- Reporting is on the full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.

- Depreciation and amortization expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statement of Net Position.

- Revenues and expenses are categorized as operating or nonoperating. Revenues from state appropriations, gifts, and investment income are reported as nonoperating revenue in accordance with GASB Statement No. 35, as amended.

Statement of Net Position

The Statement of Net Position presents the financial position of the System at fiscal year-end. From the data presented, readers of this statement are able to determine the assets available to continue the operations of the System. They are also able to determine what the System owes to vendors, investors and lending institutions. Finally, the Statement of Net Position provides a picture of the net position and the availability of resources to cover the expenses of the System. The change in net position is one indicator of whether the financial condition has improved or worsened during the fiscal year when considered with nonfinancial facts, such as enrollment levels and the condition of facilities.

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the System as of the end of the year. The net position section of the statement is reported by three major categories: 1) Net Investment in Capital Assets, 2) Restricted, and 3) Unrestricted. The Net Investment in Capital Assets section represents the System's equity in property, plant, and equipment, net of accumulated depreciation and amortization, capital asset related bonds and other debt items. Restricted Net Position is reported for amounts subject to constraints that are either externally imposed or imposed by law. Amounts that are permanently held for investment are divided into two categories: 1) Non-Expendable and 2) Expendable. Unrestricted Net Position is available for any lawful purpose of the System.

The following table reflects the Condensed Comparative Statement of Net Position for the System as of August 31, 2015 and 2014:

Condensed Comparative Statement of Net Position
As of August 31, 2015 and 2014
(in thousands of dollars)

	2015	2014	% Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current Assets	$ 498,910	$ 464,237	7.5%
Non-Current Assets:			
Capital Assets, Net	1,010,589	930,893	8.6%
Other Non-Current Assets	223,978	244,426	(8.4%)
Deferred Outflows of Resources	22,298	4,768	367.7%
Total Assets and Deferred Outflows of Resources	**$ 1,755,775**	**$ 1,644,324**	**6.8%**
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 376,985	$ 419,221	(10.1%)
Non-Current Liabilities:			
Bonded Indebtedness	362,782	389,737	(6.9%)
Other Non-Current Liabilities	282,172	39,103	621.6%
Deferred Inflows of Resources	32,034	-	100.0%
Total Liabilities and Deferred Inflows of Resources	**1,053,973**	**848,061**	**24.3%**
Net Position			
Net Investment in Capital Assets	463,615	429,303	8.0%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	45,881	50,874	(9.8%)
Expendable	23,133	7,404	212.4%
Other Restricted	31,357	22,135	41.7%
Total Restricted	100,371	80,413	24.8%
Unrestricted	137,816	286,547	(51.9%)
Total Net Position	**701,802**	**796,263**	**(11.9%)**
Total Liabilities and Net Position	**$ 1,755,775**	**$ 1,644,324**	**6.8%**

The section below includes explanations and management's analysis of significant changes within the Statement of Net Position:

Total Assets and Deferred Outflows

Current Assets

The System's current assets increased $34.7 million, or 7.5%, in 2015 primarily as a result of an overall increase in total cash and cash equivalents of approximately $26.0 million being generated from positive operational results along with approximately $4.2 million increase in prepaid expenses associated with property insurance and scholarships.

Non-Current Assets: Net Capital Assets

Net capital assets increased $79.7 million, or 8.6%, in 2015 as a result of an increase in capital and intangible assets. This increase was attributable to approximately $141.8 million of capital improvements offset by depreciation and amortization expense of $56.2 million. Major capital projects include $51.6 million in renovation to the Student Union, $27.5 million for Rawlins Hall, $6.5 million for capitalized software costs, $5.9 million for renovation to Marquis Hall, $5.3 million in equipment, $5.1 million for the purchase of campus adjacent property facing I-35, and other additions to depreciable capital assets.

Other Non-Current Assets
The System's other non-current assets decreased by $20.4 million, or 8.4%, primarily due to a reduction in the fair market value of investments resulting from a significant decline in the equity and bond markets.

Deferred Outflows
Deferred outflows increased $17.5 million, or 367.7%, in 2015, primarily due to the recognition of $18.3 million of deferred outflows of resources related to pension obligations required under GASB 68, *Accounting and Financial Reporting for Pensions.*

Total Liabilities and Deferred Inflows
Current Liabilities
The System's current liabilities decreased $42.2 million, or 10.1%, in 2015 primarily due to $72.6 million of short-term commercial paper being reclassified to non-current notes and loans payable that were ultimately refinanced in the 2015 A&B Bond Series issued September 30, 2015. This decrease was offset by $15.3 million of increases in accounts payable related to various ongoing construction projects throughout the System and $16.9 million increase in unearned revenue associated with the rise in student enrollment and increases in tuition and fees. There was also a $2.9 million reduction in funds held for others.

Non-Current Liabilities
Non-current liabilities consist primarily of non-current portions of notes and loans payable; revenue bonds payable; net pension liability; employees' compensable leave payable; and capital lease obligations. In total, non-current liabilities increased $216.1 million, or 50.4%, primarily due to a $72.6 million reclassification of short-term commercial paper into non-current notes and loans payable as indicated above, combined with an increase of $66.5 million in private placement debt less $23.4 million in scheduled principle payments on existing revenue bonds. In addition, $103.4 million of net pension liability was recognized in 2015 as required under GASB 68, *Accounting and Financial Reporting for Pensions.*

Deferred Inflows
Deferred inflows increased $32.0 million, or 100%, in 2015 primarily due to the recognition of $31.6 million of deferred inflows of resources related to pension obligations required under GASB 68, *Accounting and Financial Reporting for Pensions*.

Total Net Position
Total net position represents the residual interest in the System's total assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position decreased by $94.5 million, or 11.9%, in 2015.

Net Investment in Capital Assets
Net investment in capital assets represents the System's capital and intangible assets, net of accumulated depreciation and amortization and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. The net $34.3 million, or 8.0%, increase in net investment in capital assets in 2015 primarily resulted from a net increase of approximately $141.8 million of capital additions reduced by $56.2 million of depreciation and amortization offset by approximately $51.3 million net increase in notes and bonds payable, capital lease obligations, and deferred outflows of resources for unamortized losses on refunded bonds.

Restricted Net Position
Restricted net position primarily includes the System's permanent investments subject to externally imposed restrictions governing their use. In total, restricted net position increased by $20.0 million, or 24.8%, in 2015 primarily due to $10.3 million being reclassified in 2015 from unrestricted net position resulting from 2014 external

audit findings, increased resources from grants and miscellaneous restricted funds, along with positive fundraising efforts across the System.

Unrestricted Net Position
Unrestricted net position decreased by $148.7 million, or 51.9%, primarily due to a $117.1 million negative restatement in net position resulting from the initial recording of GASB 68, *Accounting and Financial Reporting for Pensions*, in 2015 and a reduction of $10.3 million being reclassified in 2015 to restricted net position resulting from 2014 external audit findings.

Statement of Revenues, Expenses and Changes in Net Position
The Statement of Revenues, Expenses and Changes in Net Position presents the System's revenues earned and the expenses incurred during 2015, regardless of when cash is received or paid. Activities are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the System, including a provision for depreciation and amortization on capital assets. Certain revenue sources the System relies on for operations include state appropriations, gifts, grants and investment income which are required by GASB Statement No. 35 to be classified as nonoperating revenues. Revenues are reported by major source, and expenses are reported on the face of the statement by functional (programmatic) categories as defined by the National Association of College and University Business Officers ("NACUBO").

The following table reflects the System's Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2015 and 2014:

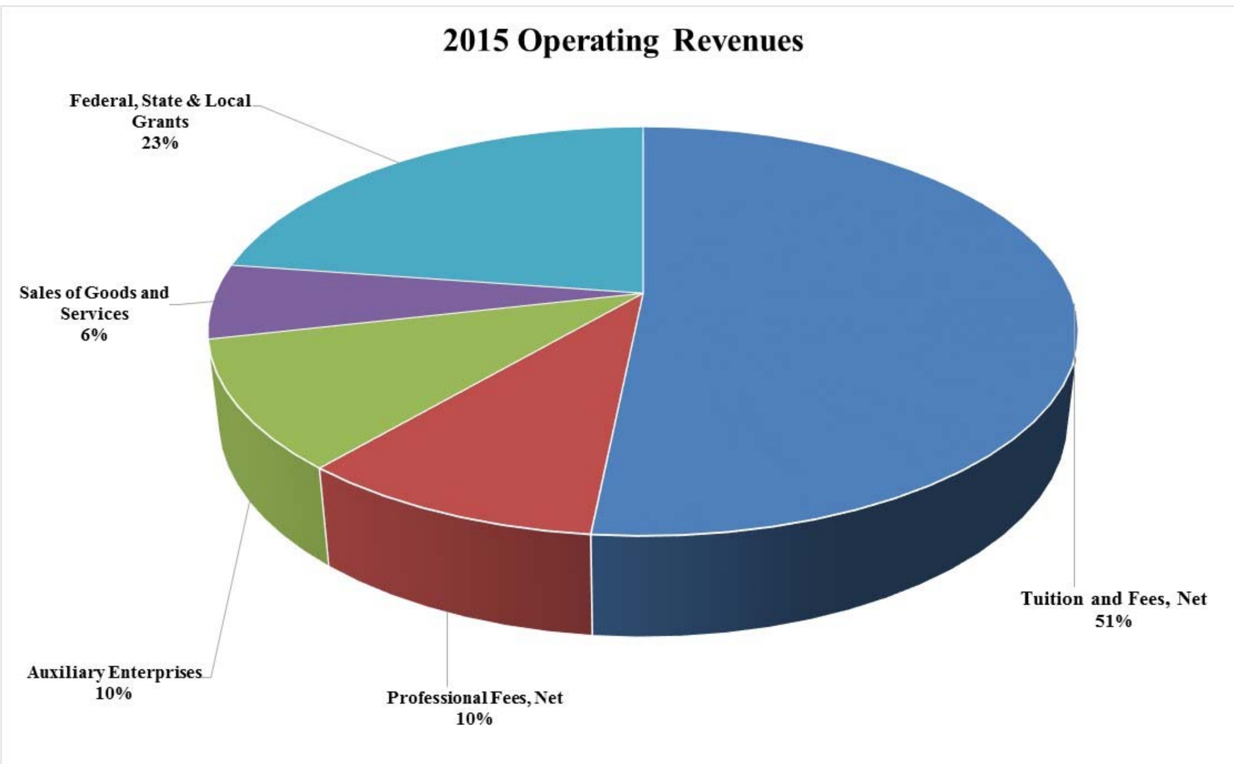
Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2015 and 2014
(in thousands of dollars)

	2015	2014	% Increase (Decrease)
Operating Revenues	$ 587,503	$ 560,906	4.7%
Operating Expenses	881,079	861,895	2.2%
Operating Income (Loss)	**(293,576)**	**(300,989)**	**(2.5%)**
Nonoperating Revenues (Expenses)	281,917	316,495	(10.9%)
Income (Loss) Before Other Revenues, Expenses and Transfers	**(11,659)**	**15,506**	**(175.2%)**
Other Revenues, Expenses and Transfers	34,333	35,132	(2.3%)
Change in Net Position	**22,674**	**50,638**	**(55.2%)**
Net Position, Beginning of Year	796,263	758,458	5.0%
Restatement	(117,135)	(12,833)	812.7%
Restated Net Position, Beginning of Year	679,128	745,625	(8.9%)
Net Position, End of Year	**$ 701,802**	**$ 796,263**	**(11.9%)**

Operating Revenues

Operating revenues totaled $587.5 million for the year ended August 31, 2015, an increase of $26.6 million, or 4.7%, over 2014. The System's primary sources of operating revenues are from tuition and fees, and federal, state, and local grants. Net tuition and fees, representing 51% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased $22.7 million, or 8.1%, as a result of increased enrollment and increased tuition rates throughout the System. Federal, state, and local grant revenues, representing 23% of operating revenues, are primarily from governmental and private sources and are related to research programs that normally provide for the recovery of direct and indirect costs. Federal, state, and local grants also include revenues from contracts with the Federal Bureau of Prisons for clinical activities.

The pie chart below shows operating revenues by major source for the year ended August 31, 2015:



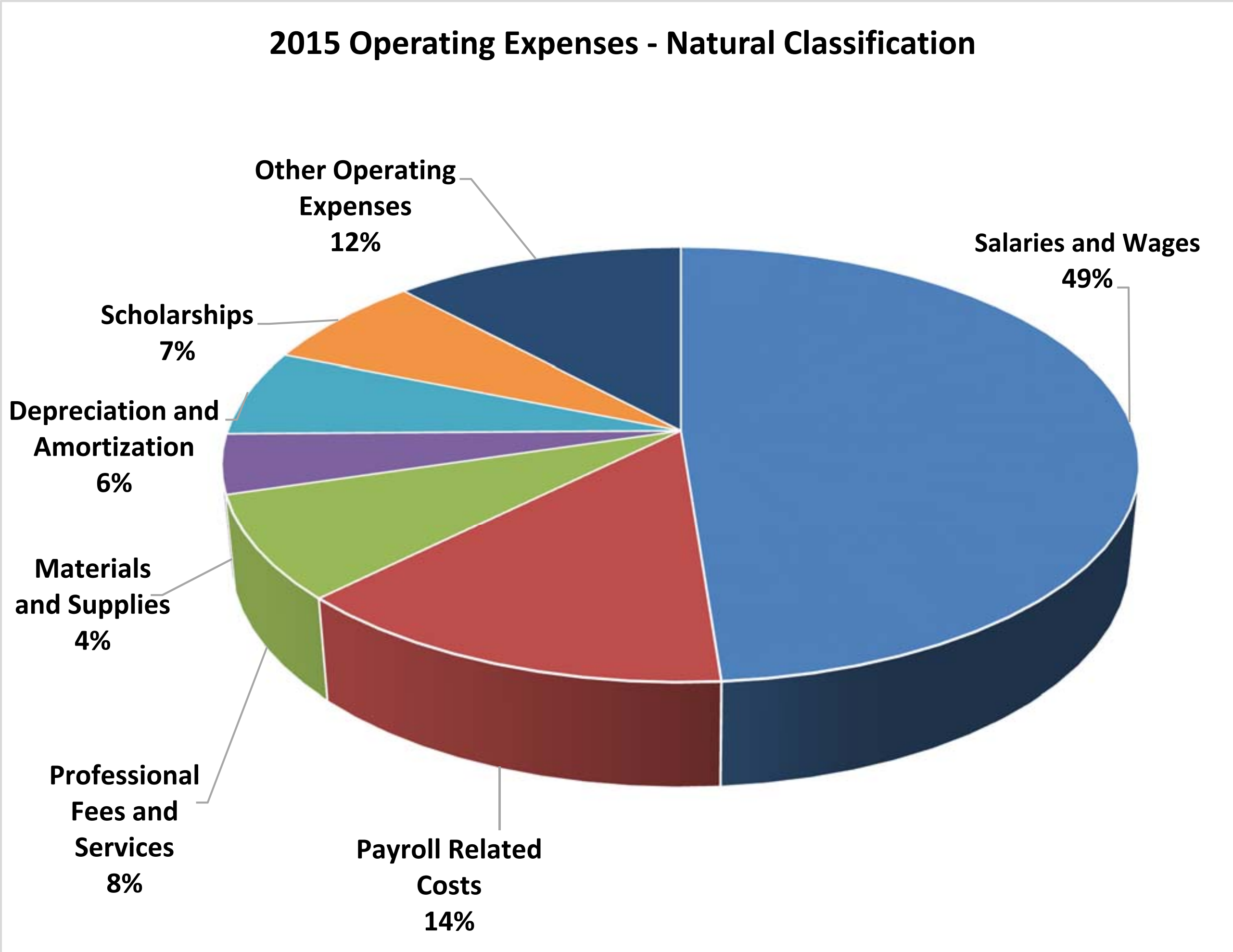
Operating Expenses

Operating expenses totaled $881.1 million for the year ended August 31, 2015, an increase of $19.2 million, or 2.2%, over 2014. The increase is primarily due to a combined $22.5 million increase in employee related compensation costs, including a $10.3 million increase in salaries and wages and a $12.2 million increase in payroll related benefit expenses. The remaining variance, a decrease of $3.3 million, represents an overall reduction in various other operating expense categories due to a concerted effort at the System level to reduce operating expenses where appropriate.

The table and pie chart below show the amount and percentage change, as well as the percentage of total operating expenses pertaining to each type of operating expense based on natural classification for the year ended August 31, 2015:

Operating Expenses - Natural Classification
For the Years Ended August 31, 2015 and 2014
(in thousands of dollars)

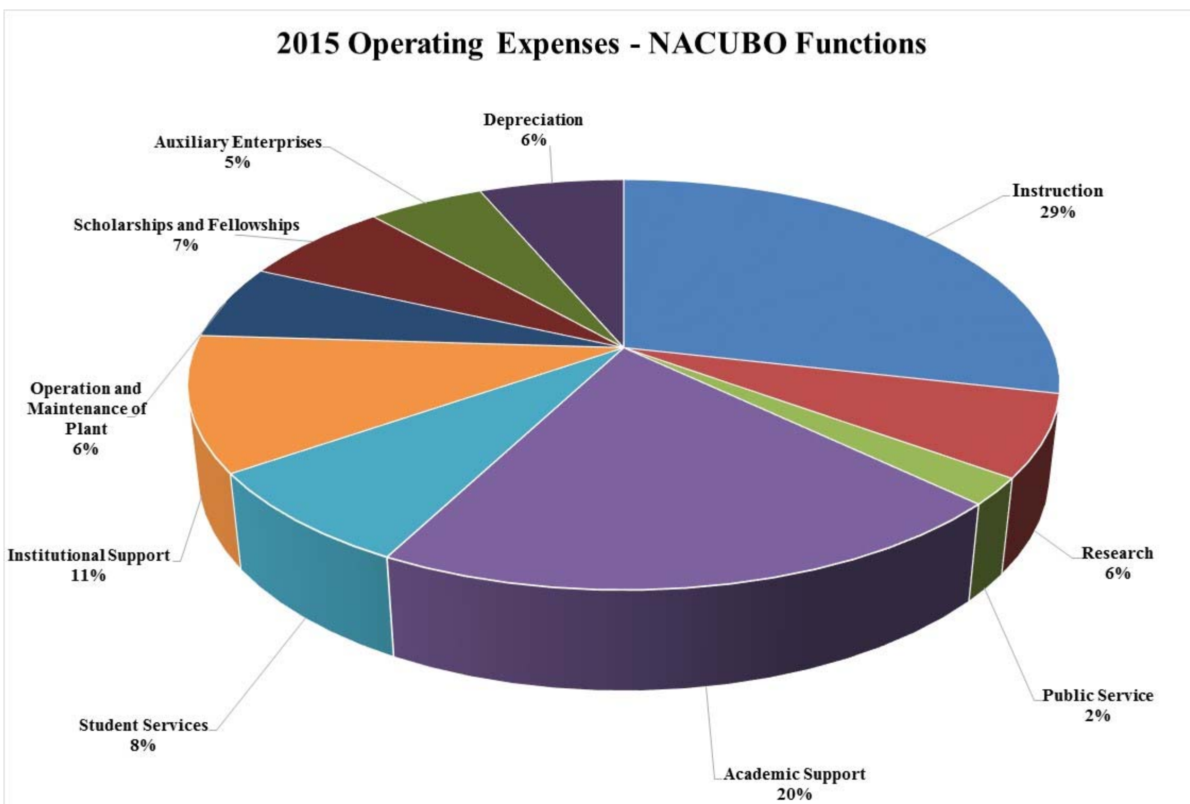
	2015	2014	% Increase (Decrease)
Operating Expenses			
Cost of Goods Sold	$ 5,994	$ 5,767	3.9%
Salaries and Wages	429,971	419,672	2.5%
Payroll Related Costs	121,118	108,912	11.2%
Professional Fees and Services	68,698	45,155	52.1%
Federal Pass-Through Expenses	487	341	42.9%
State Pass-Through Expenses	99	217	(54.4%)
Travel	11,193	12,098	(7.5%)
Materials and Supplies	39,037	46,766	(16.5%)
Communications and Utilities	19,234	18,747	2.6%
Repairs and Maintenance	27,564	21,059	30.9%
Rentals and Leases	11,082	8,644	28.2%
Printing and Reproduction	4,307	3,838	12.2%
Depreciation and Amortization	56,223	53,867	4.4%
Scholarships	61,004	66,325	(8.0%)
Claims and Losses	3,346	5,267	(36.5%)
Other Operating Expenses	21,722	45,220	(52.0%)
Total Operating Expenses	**$ 881,079**	**$ 861,895**	**2.2%**


2015 Operating Expenses - Natural Classification
Other Operating Expenses 12%
Salaries and Wages 49%
Scholarships 7%
Depreciation and Amortization 6%
Materials and Supplies 4%
Professional Fees and Services 8%
Payroll Related Costs 14%

The table and pie chart below show the amount and percentage change as well as the percentage of total operating expenses pertaining to each type of operating expense based on NACUBO functional (programmatic) classification for the year ended August 31, 2015:

Operating Expenses - NACUBO Function
For the Years Ended August 31, 2015 and 2014
(in thousands of dollars)

	2015	2014	% Increase (Decrease)
Operating Expenses			
Instruction	$ 251,692	$ 253,667	(0.8%)
Research	56,830	56,410	0.7%
Public Service	18,569	18,596	(0.1%)
Academic Support	180,992	169,169	7.0%
Student Services	67,672	66,767	1.4%
Institutional Support	93,716	87,632	6.9%
Operation and Maintenance of Plant	51,371	45,858	12.0%
Scholarships and Fellowships	58,799	66,962	(12.2%)
Auxiliary Enterprises	45,215	42,967	5.2%
Depreciation and Amortization	56,223	53,867	4.4%
Total Operating Expenses	**$ 881,079**	**$ 861,895**	**2.2%**



Nonoperating Revenues and Expenses
Certain significant recurring revenues and expenses are considered nonoperating. The System's primary nonoperating revenues come from legislative appropriations, additional appropriations, federal grants, and net increases in fair value of investments. The System's primary nonoperating expenses are interest expense and fiscal charges. Legislative and additional appropriations increased $3.2 million, or 1.4%, between 2014 and 2015. Federal revenues increased $6.0 million, or 10.3%, between 2014 and 2015. The majority of federal revenues is composed of Federal Pell grant revenues of $51.0 million. The fair value of the System's investments decreased by $21.0 million primarily due to unfavorable market conditions for the Foundation-managed long-term investment pool. Interest expense and fiscal charges on capital asset financings decreased by $1.2 million from $17.3 million in 2014 to $16.1 million in 2015 due to lower weighted-average outstanding debt balances and capitalized interest of $0.6 million in the current year.

Other Revenues, Expenses and Transfers
Other revenues, expenses and transfers is comprised of capital and endowment related additions and transfers. There were no significant changes from the prior year. Higher Education Assistance Funds ("HEAF") comprise the majority of the balance. Annual HEAF-related revenue totaling $36.6 million is reported as capital appropriations rather than operating or nonoperating revenue.

Capital Asset and Debt Administration
Investments in capital asset additions were $141.8 million in 2015. Major capital project activity included:

- Land and Building Acquisitions (UNT) – 1500 I-35E and 1002 Avenue C
- Building Improvements (System Administration) – 1900 Elm Majestic Lofts
- Building Improvements (UNT) – Student Union, Rawlins Hall, Marquis Hall, Bruce Hall, West Hall, Radio, TV, Film and Performing Arts Building, Sycamore Hall, Kerr Hall and Science Research Building
- Building Improvements (HSC) – Research and Education Building, Professional Building and Interdisciplinary Research Building
- Building Improvements (UNTD) – Residence Hall
- Infrastructure Improvements (UNT) – Chiller Addition at Highland Street Parking Garage and Outdoor Lighting System

The System has committed $297.9 million to capital asset additions and improvements which are in various stages of completion. More detailed information regarding the System's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 15, *Contingencies and Commitments*, in the Notes to the Consolidated Financial Statements.

Revenue bonds payable represents the largest portion of the System's liabilities. Current and non-current revenue bonds payable decreased $26.7 million to $389.4 million at August 31, 2015. All bonds related to financing of current and prior years' construction needs reflect "Aa2" and "AA" credit ratings from two major bond rating agencies, Moody's and Fitch, respectively. More detailed information regarding the System's bonded indebtedness is provided in Note 4, *Short-Term Debt,* and Note 5, *Long-Term Liabilities*, in the accompanying Notes to the Consolidated Financial Statements.

Economic Outlook

The System's primary sources of revenue are tuition and fees and legislative appropriations. Strong enrollment growth, program expansion, and a successful 84th legislative session contributed to a positive outlook for the System.

For 2016, net tuition and fees revenues are budgeted at an increase of $14.1 million, or 7.8%, over 2015. This revenue increase is the result of modest tuition rate increases and full-time student equivalent enrollment growth. Between fall 2014 and fall 2015, enrollment increased over 5.0% system-wide.

During the 84th Texas Legislative Session, the State renewed its commitment to higher education with $1.35 billion in new funding for 2016 and 2017. Significant investments in institutions included maintaining and enhancing formula rates, funding capital projects, and raising the amount of the constitutional capital appropriation (HEAF). This resulted in a two-year appropriations increase to System institutions of over $80 million.

Fiscal year 2016 budgeted legislative appropriation revenues for the System are $30.3 million, or 11.3%, higher than 2015. Budgeted amounts include new funding for specialized initiatives and unique programs recognized by the 84th Legislature as deserving state support. These areas of excellence include HSC's Institute for Patient Safety and Preventable Harm, HSC's Texas Missing Persons and Human Identification Program, and UNT's Texas Academy of Mathematics and Science. The merger between UNTD and the College of Law was also supported with operations funding to support the incoming second- and third-year law classes.

State appropriation increases will continue into 2017 with an influx of funding to support construction and renovation of facilities for each System institution and other capital expenditures. State-supported construction projects were selected to allow for continued growth, increased research capacity and excellent programs. Planning is underway for a third classroom building at UNTD, an interdisciplinary research building at HSC, a new College of Visual Arts and Design facility at UNT, and renovations of new facilities for the College of Law in downtown Dallas.

Financing for these projects should be more readily available after both Fitch and Moody's improved the System's outlook from 'negative' to 'stable' during 2015. Additionally, the System invested significant contributions toward improvements in financial accounting and reporting over the previous two fiscal years with the majority of expenses in 2015. These financial initiatives will start to be fully implemented in 2016, which will reduce cash outlays and free up additional resources to invest in academic initiatives.

Recently completed capital projects at UNT include Rawlins Hall, a 500-bed residence hall that opened in fall 2015, with demand for on-campus housing still exceeding bed capacity, and a new student union, while UNTD has begun construction planning efforts for its first residence hall. Other strategic initiatives for growth and revenue include UNT's plan to establish a footprint in Frisco, Texas, one of the fastest growing high-tech regions in the country. UNT's approximately 30,000 square foot Frisco campus will be able to seat about 500 students at a time, enabling UNT to deliver site-directed workforce development to the Fortune 1,000 companies in the region. Additionally, HSC plans to add a medical school in partnership with Texas Christian University ("TCU"). The joint HSC-TCU medical school plans to accept its first class in 2018 and is expected to increase educational and research opportunities at the two institutions.

CONSOLIDATED

FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

August 31, 2015

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Net Position
As of August 31, 2015

		August 31, 2015
ASSETS		
Current Assets		
Cash and Cash Equivalents:		
Cash on Hand	$	110,776.10
Cash in Bank		42,997,877.66
Cash in Transit/Reimburse from Treasury		1,441,475.19
Cash in State Treasury		11,523,248.61
Cash Equivalents		178,613,267.04
Restricted Cash and Cash Equivalents:		
Cash on Hand		11,059.70
Cash in Bank		10,055,368.50
Cash Equivalents		2,587,690.13
Legislative Appropriations		76,272,672.68
Receivables From:		
Accounts Receivable		76,970,716.13
Federal		31,768,043.68
Other Intergovernmental		1,490,965.42
Interest and Dividends		1,598,723.71
Gifts, Pledges and Donations		2,277,547.37
Clinical Practice		12,337,157.95
Other Receivables		158,044.34
Due From Other Agencies		7,299,754.12
Consumable Inventories		621,125.57
Merchandise Inventories		2,051,892.40
Loans and Contracts		2,056,394.93
Other Current Assets		36,666,273.70
Total Current Assets	**$**	**498,910,074.93**
Non-Current Assets		
Restricted Investments (Note 3)	$	80,770,325.70
Loans and Contracts		5,449,914.98
Investments (Note 3)		135,366,663.87
Gifts, Pledges and Donations		2,391,768.82
Capital Assets (Note 2):		
Non-Depreciable or Non-Amortizable		226,584,102.03
Depreciable or Amortizable, Net		784,004,521.69
Total Non-Current Assets	**$**	**1,234,567,297.09**
Total Assets	**$**	**1,733,477,372.02**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	$	22,298,024.40
Total Deferred Outflows of Resources	**$**	**22,298,024.40**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$**	**1,755,775,396.42**

Continued on Next Page

		August 31, 2015
LIABILITIES		
Current Liabilities		
Payables From:		
Accounts Payable	$	55,155,059.07
Payroll Payable		45,333,486.93
Other Payables		4,062,488.07
Interest		6,505,108.67
Due To Other Agencies		88,385.06
Unearned Revenue		210,750,445.63
Notes and Loans Payable (Note 4, 5)		5,282,000.00
Revenue Bonds Payable (Note 5, 6)		26,609,803.59
Claims and Judgments (Note 5)		2,760,768.00
Employees' Compensable Leave (Note 5)		4,199,443.80
Capital Lease Obligations (Note 5, 8)		1,179,712.18
Funds Held for Others		15,058,519.01
Total Current Liabilities	**$**	**376,985,220.01**
Non-Current Liabilities		
Notes and Loans Payable (Note 5)	$	152,285,000.00
Revenue Bonds Payable (Note 5, 6)		362,782,145.84
Claims and Judgments (Note 5)		817,464.00
Employees' Compensable Leave (Note 5)		21,941,593.01
Capital Lease Obligations (Note 5, 8)		3,721,487.04
Net Pension Liability (Note 9)		103,405,818.19
Other Non-Current Liabilities		1,361.47
Total Non-Current Liabilities	**$**	**644,954,869.55**
Total Liabilities	**$**	**1,021,940,089.56**
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	$	32,033,745.17
Total Deferred Inflows of Resources	**$**	**32,033,745.17**
NET POSITION		
Net Investment in Capital Assets	$	463,614,605.95
Restricted For:		
Funds Held as Permanent Investments		
Non-Expendable		45,880,800.38
Expendable		23,132,979.98
Other Restricted		31,356,902.20
Unrestricted		137,816,273.18
Total Net Position	**$**	**701,801,561.69**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$**	**1,755,775,396.42**

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UNAUDITED

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement of Financial Position
As of August 31, 2015

	August 31, 2015	Audited August 31, 2014
ASSETS:		
Cash	$ 13,074,006	$ 9,494,511
Investments	258,792,772	287,443,272
Trust Investments	5,050,677	5,096,164
Annuity Investments	1,320,105	1,478,264
Accounts Receivable	2,855	2,423
Contributions Receivable, Net	17,031,072	17,249,305
Prepaid Expenses	1,096	1,941
Real Estate	112,183	297,362
Trust Property	157,177	157,177
Inventory	7,500	7,500
Cash Value of Life Insurance Policies	512,137	468,248
Total ASSETS	$ 296,061,580	$ 321,696,167
LIABILITIES:		
Accounts Payable	$ 1,495,346	$ 1,197,991
Agency Funds	149,050	148,907
Trust and Annuity Obligations	2,361,819	2,171,340
Assets Held for Others	167,796,746	187,384,849
Total LIABILITIES	$ 171,802,961	$ 190,903,087
NET ASSETS:		
Unrestricted-Undesignated	$ 2,875,518	$ 2,409,400
Unrestricted-Market Loss Over Historical Cost	(1,088,028)	(234,307)
Unrestricted Board-Designated	1,272,517	1,271,885
Temporarily Restricted	35,777,095	46,280,764
Permanently Restricted	85,421,517	81,065,338
Total NET ASSETS	$ 124,258,619	$ 130,793,080
Total LIABILITIES & NET ASSETS	$ 296,061,580	$ 321,696,167

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended August 31, 2015

		August 31, 2015
OPERATING REVENUES		
Tuition and Fees	$	399,290,978.88
Discounts and Allowances		(96,780,937.91)
Professional Fees		129,483,562.69
Discounts and Allowances		(72,872,321.42)
Auxiliary Enterprises		59,620,232.74
Sales of Goods and Services		34,480,841.68
Federal Grant Revenue		76,281,622.58
Federal Pass-Through Revenue		2,709,666.84
State Grant Revenue		3,955,204.06
State Grant Pass-Through Revenue		26,382,084.78
Other Contracts and Grants		24,397,902.80
Other Operating Revenues		553,906.02
Total Operating Revenues	**$**	**587,502,743.74**
OPERATING EXPENSES (1)		
Instruction	$	251,692,526.70
Research		56,829,943.05
Public Service		18,568,670.84
Academic Support		180,991,899.61
Student Services		67,672,555.53
Institutional Support		93,716,060.32
Operation and Maintenance of Plant		51,370,570.67
Scholarships and Fellowships		58,798,897.55
Auxiliary Enterprises		45,215,195.44
Depreciation and Amortization		56,222,595.14
Total Operating Expenses	**$**	**881,078,914.85**
Operating Income (Loss)	**$**	**(293,576,171.11)**
NONOPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	$	188,377,894.00
Additional Appropriations (GR)		49,837,010.56
Federal Revenue		63,693,710.88
Gifts		15,818,247.42
Investment Income		7,744,080.02
Interest Expense and Fiscal Charges		(16,091,748.65)
Gain (Loss) on Sale of Capital Assets		(3,935,259.98)
Net Increase (Decrease) in Fair Value of Investments		(20,988,158.80)
Other Nonoperating Revenues		104,694.59
Other Nonoperating Expenses		(2,643,254.60)
Total Nonoperating Revenues (Expenses)	**$**	**281,917,215.44**
Income (Loss) Before Other Revenues, Expenses and Transfers	**$**	**(11,658,955.67)**
OTHER REVENUES, EXPENSES AND TRANSFERS		
Capital Contributions	$	534,771.32
Capital Appropriations (HEAF)		36,617,741.00
Contributions To Permanent and Term Endowments		75,255.75
Interagency Transfers of Capital Assets-Decrease		(1,181,124.85)
Interagency Transfers of Capital Assets-Increase		1,181,124.85
Transfers To Other State Agencies		(6,309,213.92)
Transfers From Other State Agencies		714,504.00
Legislative Transfers In		2,700,000.00
Legislative Appropriation Lapses		(6.38)
Total Other Revenues, Expenses and Transfers	**$**	**34,333,051.77**
CHANGE IN NET POSITION	**$**	**22,674,096.10**
Beginning Net Position	$	796,262,792.47
Restatement		(117,135,326.88)
Beginning Net Position, as Restated	**$**	**679,127,465.59**
ENDING NET POSITION	**$**	**701,801,561.69**

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

See Accompanying Notes to the Consolidated Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2015

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenditures
Cost of Goods Sold	$ 26,694.31	$ -	$ -	$ 274,729.85	$ 194,389.66	$ 499,819.10	$ (12,026.03)	$ -	$ 5,010,173.83	$ -	$ 5,993,780.72
Salaries and Wages	176,077,190.13	28,720,941.29	9,875,035.33	94,673,267.18	32,700,621.85	53,907,730.60	15,387,386.31	654,864.08	17,973,469.70	-	429,970,506.47
Payroll Related Costs	54,933,785.69	6,677,701.49	2,571,966.61	22,315,908.54	8,739,664.05	13,819,516.48	5,724,083.45	125,088.40	6,210,705.01	-	121,118,419.72
Professional Fees and Services	2,391,183.44	7,917,182.73	3,855,994.81	34,818,207.29	4,829,541.99	10,241,259.93	3,012,673.94	53,653.86	1,578,521.61	-	68,698,219.60
Federal Pass-Through Expenses	10,071.88	477,083.67	-	-	-	-	-	-	-	-	487,155.55
State Pass-Through Expenses	-	88,731.86	10,137.03	-	-	-	-	-	-	-	98,868.89
Travel	2,162,293.93	1,781,694.08	328,352.56	2,816,663.94	2,995,744.08	810,869.49	78,623.29	97,247.43	121,243.55	-	11,192,732.35
Materials and Supplies	6,463,173.37	6,827,704.54	937,387.08	8,717,893.16	6,029,014.01	4,077,295.15	4,116,580.16	24,843.53	1,842,834.68	-	39,036,725.68
Communications and Utilities	1,315,440.47	163,236.81	43,466.84	92,227.25	1,639,864.59	461,025.67	10,555,459.56	186.70	4,963,263.80	-	19,234,171.69
Repairs and Maintenance	600,990.19	909,162.54	75,104.66	4,432,271.93	1,313,743.19	3,675,436.93	11,612,882.48	2,729.99	4,941,863.16	-	27,564,185.07
Rentals and Leases	2,376,457.53	377,209.87	364,062.23	3,768,036.07	1,673,367.21	1,839,821.26	186,935.53	3,118.18	493,395.58	-	11,082,403.46
Printing and Reproduction	1,017,303.65	123,132.21	121,079.76	791,666.88	845,828.70	1,063,205.42	18,372.12	40,940.24	285,568.07	-	4,307,097.05
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	56,222,595.14	56,222,595.14
Scholarships	1,637,796.76	935,750.64	196,164.69	28,494.87	41,301.70	344,967.37	153,502.78	57,664,942.80	1,172.15	-	61,004,093.76
Claims and Losses	-	-	-	3,333,118.00	4,950.00	8,365.17	-	-	-	-	3,346,433.17
Other Operating Expenses	2,680,145.35	1,830,411.32	189,919.24	4,929,414.65	6,664,524.50	2,966,747.75	536,097.08	131,282.34	1,792,984.30	-	21,721,526.53
Total Operating Expenses	**$ 251,692,526.70**	**$ 56,829,943.05**	**$ 18,568,670.84**	**$ 180,991,899.61**	**$ 67,672,555.53**	**$ 93,716,060.32**	**$ 51,370,570.67**	**$ 58,798,897.55**	**$ 45,215,195.44**	**$ 56,222,595.14**	**$ 881,078,914.85**

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UNAUDITED

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
Statement Of Activities
For the Twelve Months Ended August 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT:				
Gifts	$ (20,163)	$ 3,476,429	$ 3,243,002	$ 6,699,268
Gifts in Kind	-	615,684	981,148	1,596,832
Investment Income/(Loss)	(49,413)	(7,618,569)	-	(7,667,982)
Royalty Income	-	3,701	-	3,701
FMV of Goods Received and Other	-	337,863	-	337,863
Actuarial Gain/(Loss) on Annuity/Trust Agreements	-	-	(486,058)	(486,058)
Revenue from Life Insurance Policies	-	-	47,879	47,879
Internal Management Fee Income	1,203,984	-	-	1,203,984
External Management Fee Income	474,340	-	-	474,340
Total REVENUES, GAINS AND OTHER SUPPORT	$ 1,608,748	$ (3,184,892)	$ 3,785,971	$ 2,209,827
Interfund Transfers	$ (652,029)	$ 26,526	$ 625,503	$ -
Release of Donor Restrictions	7,400,598	(7,345,303)	(55,295)	-
PROGRAM SERVICES:				
Scholarships and Awards	$ 1,467,374			$ 1,467,374
Distributions to UNT	4,290,547			4,290,547
Distributions to Other Institutions	29,900			29,900
Services Purchased	331,911			331,911
Expense Reimbursements	5,643			5,643
Internal Management Fee	1,203,984			1,203,984
Life Insurance Premiums	29,804			29,804
Board Designated Grant to University	41,110			41,110
Total PROGRAM SERVICES	$ 7,400,273			$ 7,400,273
MANAGEMENT and GENERAL EXPENSES:				
Payroll and Benefits	$ 943,015			$ 943,015
Administrative Expense	180,991			180,991
Travel, Telephone and Internet	21,446			21,446
Professional Development	13,838			13,838
Consulting Services	33,741			33,741
Annual Audit and Tax Preparation	26,000			26,000
Attorney Fees	11,607			11,607
Office and Computer Equipment and Software	7,312			7,312
Bank Charges and Credit Card Discount	6,460			6,460
Insurance - Property and Liability	19,534			19,534
Uses of Operating Reserves	80,071			80,071
Total MANAGEMENT and GENERAL EXPENSES	$ 1,344,015			$ 1,344,015
Total SERVICES and EXPENSES	$ 8,744,288			$ 8,744,288
NET CHANGE IN ASSETS	$ (386,971)	$ (10,503,669)	$ 4,356,179	$ (6,534,461)
NET ASSETS BEGINNING OF YEAR	$ 3,446,978	$ 46,280,764	$ 81,065,338	$ 130,793,080
NET ASSETS END OF YEAR	$ 3,060,007	$ 35,777,095	$ 85,421,517	$ 124,258,619

See Accompanying Notes to the Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Cash Flows
For the Year Ended August 31, 2015

		August 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Customers	$	90,610,306.75
Proceeds from Tuition and Fees		317,732,470.90
Proceeds from Research Grants and Contracts		135,176,617.54
Proceeds from Auxiliaries		59,861,973.41
Proceeds from Other Revenues		1,092,446.46
Payments to Suppliers for Goods and Services		(220,428,598.81)
Payments to Employees		(484,810,515.97)
Payments for Loans Provided		(814,153.15)
Payments for Other Expenses		(68,049,135.98)
Net Cash Provided (Used) by Operating Activities	$	(169,628,588.85)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	$	177,012,186.34
Proceeds from Gifts		16,189,420.14
Proceeds from Endowments		454,687.37
Proceeds from Legislative Transfers		2,700,000.00
Proceeds from Grant Receipts		63,693,710.88
Payments for Transfers to Other Agencies		(6,475,134.25)
Payments for Transfers to Other Components		(35,411.96)
Payments for Other Uses		(2,917,991.63)
Net Cash Provided (Used) by Noncapital Financing Activities	$	249,939,765.42
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	$	113,499.04
Proceeds from State Appropriations		37,275,067.19
Proceeds from Debt Issuance		104,765,000.00
Payments for Additions to Capital Assets		(121,727,357.76)
Payments of Principal on Debt Issuance		(61,280,000.00)
Payments of Other Costs of Debt Issuance		(2,616,762.64)
Payments for Capital Leases		(1,463,670.15)
Payments of Interest on Debt Issuance		(16,722,525.71)
Net Cash Provided (Used) by Capital and Related Financing Activities	$	(61,656,750.03)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	$	3,460,372.63
Proceeds from Interest and Investment Income		7,584,466.44
Payments to Acquire Investments		(3,719,825.33)
Net Cash Provided (Used) by Investing Activities	$	7,325,013.74
Net Increase (Decrease) in Cash and Cash Equivalents	$	25,979,440.28
Cash and Cash Equivalents, September 1, 2014	$	221,361,322.65
Cash and Cash Equivalents, August 31, 2015	$	247,340,762.93

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Statement of Cash Flows
For the Year Ended August 31, 2015

		August 31, 2015
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$	(293,576,171.11)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization		56,222,595.14
Pension Expense		(415,924.17)
Employee Benefits Paid by State		61,289,520.49
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables		79,815.86
(Increase) Decrease in Inventories		(234,263.77)
(Increase) Decrease in Loans and Contracts		(814,153.15)
(Increase) Decrease in Prepaid Expenses		(8,284,359.41)
Increase (Decrease) in Payables		3,181,756.39
Increase (Decrease) in Unearned Revenue		16,863,243.49
Increase (Decrease) in Other Liabilities		(3,940,648.61)
Total Adjustments	$	123,947,582.26
Net Cash Provided (Used) by Operating Activities	$	(169,628,588.85)
NON-CASH TRANSACTIONS		
Net Change in Fair Value of Investments	$	(20,988,158.80)
Donation of Capital Assets		534,771.32
Borrowing Under Capital Lease Purchase		6,186,401.44
Gain (Loss) on Sales/Disposals of Capital Assets		(3,935,259.98)
Amortization of Bond Premiums		3,705,783.39
Amortization of Deferred Outflows from Refunding Bonds		(867,143.66)
Capital Assets Acquired with Payables		20,471,110.43

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NOTES TO THE

FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

For the year ended August 31, 2015

Note 1: Summary of Significant Accounting Policies

Introduction
The University of North Texas System (the "System") is an agency of the State of Texas (the "State") 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 and with Generally Accepted Accounting Principles ("GAAP").

The consolidated financial statements include the University of North Texas System Administration ("System Administration") and all institutions of the System. Amounts due between and among institutions, amounts held for institutions by the System Administration and other duplications in reporting are eliminated in consolidating the financial statements.

The System is composed of the System Administration and three academic institutions as follows: the University of North Texas ("UNT"), the University of North Texas Health Science Center at Fort Worth ("HSC"), and the University of North Texas at Dallas ("UNTD"). The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Basis of Accounting
The financial statements of the System have been prepared using the economic resources measurement focus and the full accrual basis of accounting. The System reports as a business-type activity, as defined by the Governmental Accounting Standards Board ("GASB"). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Under the full accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement of Revenues, Expenses and Changes in Net Position is segregated into operating and nonoperating sections. Operating activities consist of transactions that are the direct result of providing goods and services to customers or directly related to the System's principal ongoing operations.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position
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.

It is the System's policy to exclude items that meet this definition if they are part of an investment pool, which has an investment horizon of one year or greater. Therefore, highly liquid investments that are part of the Foundation-managed long-term investment pool are not considered cash and cash equivalents. Additionally, endowments invested in money market accounts are also excluded from cash and cash equivalents as the intent is to invest these funds for more than one year. Cash held in the State Treasury is considered cash and cash equivalents. Restricted cash and cash equivalents include restricted sources of funds used for construction of capital assets as well as funds held for debt service. The System holds bond proceeds in restricted investment accounts to be disbursed to its institutions to support capital projects.

Legislative Appropriations
The appropriation of revenues by the Texas Legislature (the "Legislature") is in the form of general revenue. The Legislature meets every odd-numbered year and approves a two-year budget (biennial) for all State agencies. The general revenue appropriation to the System supports the instruction, research and operation of the System. Appropriations also include payments made by the State on behalf of the System for benefits related to salaries funded by state appropriations. There is no assurance that the Legislature will continue its state appropriations to the System in future years; however, the System expects that the Legislature will continue to do so. Higher Education Assistance Funds ("HEAF funds") are general revenue appropriations received from the State designated for the acquisition of certain capital assets and capital projects. As of August 31, 2015, the unexpended amount was $66,513,933.31.

Accounts and Other Receivables
Accounts receivable mainly consists of tuition and fee charges to students. Accounts receivable is shown net of an allowance for doubtful accounts, which is approximately $28.4 million of the outstanding accounts receivable balance at August 31, 2015, or 6.65% on average of each year's billings. The System has adopted a policy of reserving for account receivables based on collections history over the previous five years. Any amount outstanding after five years is reserved at 100% per state requirements.

Gift receivables include amounts pledged to the university by donors, net of allowances. The allowance for gift pledges is approximately $125 thousand at August 31, 2015.

Intergovernmental receivables include amounts due from state government or private sources in connection with reimbursement of allowable expenditures made pursuant to the System's grants and contracts.

Clinical practice accounts receivable are subject to concentrations of patient accounts receivable credit risk. The mix of receivables (gross) from patients and third parties as of August 31, 2015 was as follows:

	August 31, 2015 (Gross)
County Hospital	14%
Medicaid	28%
Medicare	20%
Commercial	14%
Self-Pay	14%
Other	10%
Total	**100%**

Loans and Contracts
Current and noncurrent loans and contracts are receivables, net of allowances, related to student loans. The net allowance on loans and contracts at August 31, 2015 is approximately $4.7 million.

Restricted Assets
Restricted assets include monies or other resources restricted by legal or contractual requirements, including those related to sponsored programs, donors, constitutional restrictions, bond covenants, and loan agreements. These assets include proceeds of general obligation and revenue bonds, revenues set aside for statutory or contractual requirements, and assets held in reserve for guaranteed student loan defaults.

Investments
The System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in realized gain (loss) on the carrying value of investments are reported as a component of investment income. Restricted investments include

investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

Capital and Intangible Assets
The System follows the State's capitalization policy, which requires capitalization of assets with an initial individual cost of more than $5,000 for equipment items, $100,000 for buildings, building improvements and improvements other than buildings, and $500,000 for infrastructure items, and an estimated useful life of greater than one year. These assets are capitalized at cost or, if not purchased, at fair value as of the date of acquisition.

Purchases of library books are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Outlays for construction in progress are capitalized as incurred. Interest expense related to construction is capitalized in accordance with the requirements of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Depreciation is reported on all exhaustible assets. Inexhaustible assets such as land, works of art and historical treasures are not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally, 10 to 30 years for buildings and improvements, 10 to 45 years for infrastructure, 4 to 15 years for equipment, and 15 years for library books.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires all intangible assets not specifically excluded by scope provisions to be classified as capital assets. The System has computer software that meets the criteria. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets is applied to computer software, as applicable.

Deferred Outflows of Resources
Deferred outflows of resources relate to unamortized losses on refunding of debt and pensions.

Deferred Outflows of Resources Related to Debt Refunding
For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Outflows of Resources Related to Pensions
Certain changes in the collective net pension liability of the Teacher Retirement System of Texas Plan (the "TRS Plan") are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred outflows of resources related to pensions and their respective accounting treatments are discussed below.

- System contributions subsequent to the measurement date of the collective net pension liability are recognized as a reduction in the net pension liability in the following year.
- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that increase the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

- Increases in the System's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are greater than its proportionate share of total of contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the collective net pension liability of less actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

Liabilities

Accounts and Other Payables

Accounts and other payables represent the liability for the value of assets or services received at the Statement of Net Position date for which payment is pending.

Unearned Revenue

Unearned revenue represents assets received in advance of an exchange taking place in an exchange transaction or assets received prior to eligibility requirements (other than time requirements) being met in a nonexchange transaction. Unearned revenue includes $199 million of tuition revenue related to the semesters that have not been completed as of August 31, 2015. Tuition revenue is recognized based on the number of class days as a percentage of total class days that fall within the fiscal year.

Revenue Bonds Payable

Revenue bonds payable are reported at par value. Bond discounts and premiums are amortized over the life of the bonds using the interest method. Revenue bonds payable is reported separately as either current or non-current in the Statement of Net Position.

Claims and Judgments

Claims and judgments are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that were incurred but not reported. See Note 15, *Contingencies and Commitments*, and Note 17, *Risk Management*, for information on risk management, claims and judgments.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements and uses of leave balances by covered employees, in conformance with state policy and practice. Liabilities are reported separately as either current or non-current in the Statement of Net Position. These obligations generally are paid from the same funding source from which each employee's salary or wage compensation is paid.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts. Liabilities are reported separately as either current or non-current in the Statement of Net Position.

Funds Held for Others

Funds held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations and others.

Net Pension Liability

The fiduciary net position of the TRS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the TRS Plan, and additions to/deductions from the TRS Plan's fiduciary net position have been determined on the same basis as they are reported by TRS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources
Deferred inflows of resources relate to unamortized gains on refunding of debt and pensions.

Deferred Inflows of Resources Related to Debt Refunding
For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Inflows of Resources Related to Pensions
Certain changes in the collective net pension liability of the TRS Plan are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change. The types of deferred inflows of resources related to pensions and their respective accounting treatments are discussed below.

- The effect on the System's proportionate share of the total pension liability of changes of economic and demographic assumptions or of other inputs that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the total pension liability of differences between expected and actual experience that decrease the total pension liability is amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- Decreases in the System's proportion of the collective net pension liability are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- System contributions during the measurement period that are less than its proportionate share of total of contributions are amortized as a component of pension expense using the straight-line method over the expected average remaining service lives of active and inactive employees.
- The effect on the System's proportionate share of the collective net pension liability of more actual earnings on pension plan investments than projected is amortized as a component of pension expense using the straight-line method over a period of five years.

Net Position
Net Investment in Capital Assets
Net investment in capital assets consists of capital assets, net of accumulated depreciation, and unspent bond proceeds reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

Restricted Net Position
Restricted net position primarily consists of permanent investments subject to restrictions externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Restricted nonexpendable net position is subject to externally imposed stipulations that require the amounts be maintained in perpetuity by the System. Such assets include the System's permanent endowment funds.

Restricted expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire with the passage of time.

Unrestricted Net Position
Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified. Because the System is an agency of the State, constraints on the use of resources imposed by the State are not considered external restrictions.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Revenues and Expenses

Operating Revenues and Expenses
Operating revenues include activities such as net student tuition and fees; net professional fees for hospital clinical services; net sales and services by auxiliary enterprises; and most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and supplies, depreciation, and scholarships and fellowships. In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating.

Professional Fees Revenue
HSC has agreements with third parties that provide for reimbursement to HSC at amounts different from its established rates. Contractual adjustments under third party reimbursement programs represent the difference between HSC's established rates for services and the amounts reimbursed by third parties. HSC's more significant third parties are the Medicare and Medicaid programs.

Medicare outpatient services are reimbursed on a prospective basis through ambulatory payment classifications, which are based on clinical resources used in performing the procedure. Medicaid outpatient services are paid based on a fee schedule or blended rates.

Scholarship Allowances and Student Aid
Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers ("NACUBO"). Certain aid (student loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account and reported as revenue as if the student made the payment). All other aid is reflected in the financial statements as operating expense or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. The allowance is computed on an institution-wide basis by allocating cash payments to students, excluding payments for services, using the ratio of total aid to the aid not considered to be third party aid.

Nonoperating Revenues and Expenses
Nonoperating revenues include activities such as gifts and contributions, insurance recoveries received in years subsequent to the associated loss, state appropriations, investment income and other revenue sources that are defined as nonoperating revenues by GASB. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies; however, the System does not recognize these potential refunds, gifts, and

contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings and other expenses that are defined as nonoperating expenses by GASB.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The statement defines fair value, provides guidance for determining a fair value measurement, and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement will be implemented in 2016. System management has not yet evaluated the effect it will have on the financial statements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, is intended to aid in decision making by improving the usefulness of information about pensions included in financial statements of state and local governments. The standard is the result of a review of all existing standards related to postemployment benefits with a focus on the effectiveness of providing useful decision-making information, supporting accountability, and improving transparency. This statement will be implemented in 2017. System management expects minimal impact to the financial statements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, has the same objective as GASB Statement No. 73, but as it relates to other postemployment benefit plans ("OPEB plans"). Since the System is not an administrator of any such plans, this statement will have no impact to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* also has the same objective as Statement No's. 73 and 74; however, this statement specifically replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Because this statement addresses the employer's portion of OPEB, System management does anticipate a significant impact to the financial statements. The statement will be implemented in 2018. System management will await guidance from the State Comptroller's Office as to how to implement and at what agency level this will be reported.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is meant to reduce variations in reporting of state and local governments, which will improve the usefulness and comparability of financial statements. This statement identifies the hierarchy of GAAP, supersedes GASB Statement No.55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and will be implemented in 2016. System management has not yet evaluated the effect it will have on the financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2015

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2015 is presented below:

	Balance September 1, 2014	Adjustments (1)	Reclassification of Completed Construction In Progress	Additions	Deletions	Balance August 31, 2015
Non-Depreciable or Non-Amortizable Assets:						
Land and Land Improvements	$ 72,471,338.11	$ (457,229.63)	$ 198,201.02	$ 5,611,115.39	$ -	$ 77,823,424.89
Infrastructure	-	-	-	-	-	-
Construction in Progress	89,416,911.70	-	(78,189,391.82)	112,461,391.65	-	123,688,911.53
Other Tangible Capital Assets	24,948,021.89	-	-	123,743.72	-	25,071,765.61
Land Use Rights	-	-	-	-	-	-
Other Intangible Capital Assets	-	-	-	-	-	-
Total Non-Depreciable or Non-Amortizable Assets:	**$ 186,836,271.70**	**(457,229.63)**	**$ (77,991,190.80)**	**$ 118,196,250.76**	**$ -**	**$ 226,584,102.03**
Depreciable Assets:						
Buildings and Building Improvements	$ 903,513,274.17	457,229.63	$ 76,067,920.62	$ 2,418,965.50	$ (14,043,086.13)	$ 968,414,303.79
Infrastructure	64,291,450.07	-	928,066.54	-	-	65,219,516.61
Facilities and Other Improvements	125,838,581.01	(410,199.12)	287,602.95	89,203.58	-	125,805,188.42
Furniture and Equipment	135,345,406.78	(11,266.30)	707,600.69	13,127,127.97	(4,947,737.60)	144,229,026.54
Vehicles, Boats and Aircraft	12,269,068.64	-	-	866,067.59	(533,334.88)	12,601,801.35
Other Capital Assets	91,407,942.89	11,266.30	-	5,127,638.08	(3,437,326.23)	93,109,521.04
Total Depreciable Assets:	**$ 1,332,665,723.56**	**47,030.51**	**$ 77,991,190.80**	**$ 21,629,002.72**	**$ (22,961,484.84)**	**$ 1,409,379,357.75**
Less Accumulated Depreciation for:						
Buildings and Building Improvements	$ (402,640,207.35)	(1,057.45)	$ -	$ (33,023,671.81)	$ 11,972,477.51	$ (423,692,459.10)
Infrastructure	(13,817,299.48)	-	-	(2,283,820.68)	-	(16,101,120.16)
Facilities and Other Improvements	(20,606,370.90)	-	-	(3,716,969.25)	-	(24,323,340.15)
Furniture and Equipment	(93,166,609.30)	8,370.09	-	(11,614,956.71)	4,677,665.50	(100,103,425.42)
Vehicles, Boats and Aircraft	(7,264,765.99)	-	-	(979,296.19)	470,271.85	(7,773,790.33)
Other Capital Assets	(51,881,407.43)	58,727.43	-	(4,243,754.28)	1,736,165.44	(54,330,268.84)
Total Accumulated Depreciation	**$ (589,376,660.45)**	**66,040.07**	**$ -**	**$ (55,862,468.92)**	**$ 18,856,580.30**	**$ (626,324,404.00)**
Depreciable Assets, Net	**$ 743,289,063.11**	**113,070.58**	**$ 77,991,190.80**	**$ (34,233,466.20)**	**$ (4,104,904.54)**	**$ 783,054,953.75**
Amortizable Assets - Intangible:						
Land Use Rights	-	-	-	-	-	-
Computer Software	$ 22,792,786.98	-	$ -	$ 507,368.60	$ (2,733,274.82)	$ 20,566,880.76
Other Intangible Capital Assets	-	-	-	-	-	-
Total Amortizable Assets - Intangibles	**$ 22,792,786.98**	**-**	**$ -**	**$ 507,368.60**	**$ (2,733,274.82)**	**$ 20,566,880.76**
Less Accumulated Amortization for:						
Land Use Rights	-	-	-	-	-	-
Computer Software	$ (22,024,912.36)	-	$ -	$ (325,675.28)	$ 2,733,274.82	$ (19,617,312.82)
Other Intangible Capital Assets	-	-	-	-	-	-
Total Accumulated Amortization	**$ (22,024,912.36)**	**-**	**$ -**	**$ (325,675.28)**	**$ 2,733,274.82**	**$ (19,617,312.82)**
Amortizable Assets - Intangibles, Net	**$ 767,874.62**	**-**	**$ -**	**$ 181,693.32**	**$ -**	**$ 949,567.94**
Total	**$ 930,893,209.43**	**$ (344,159.05)**	**$ 0.00**	**$ 84,144,477.88**	**$ (4,104,904.54)**	**$ 1,010,588,623.72**

Note 3: Cash, Cash Equivalents and Investments

Deposits of Cash in Bank

As of August 31, 2015, the carrying amount of deposits was $53,053,246.16 as presented below.

Cash In Bank- Carrying Value	$	53,053,246.16
Cash in Bank per Statement of Net Position	**$**	**53,053,246.16**
Proprietary Funds Current Assets Cash in Bank	$	42,997,877.66
Proprietary Funds Current Assets Restricted Cash in Bank		10,055,368.50
Cash in Bank per Statement of Net Position	**$**	**53,053,246.16**

The carrying amount consists of all cash in local banks and is included on the Statement of Net Position as a portion of cash and cash equivalents. Assets classified as cash and cash equivalents include $181,200,957.17 that is invested in cash equivalents. The remainder of the cash and cash equivalent balance of $13,806,559.60 is comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury.

As of August 31, 2015, the total bank balance was $57,667,830.67.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System's policy is that all deposits are governed by a bank depository agreement between the System and the respective banking institution. This agreement provides that the System's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation (the "FDIC"), shall at all times be collateralized with government securities.

As of August 31, 2015, the System had no bank balances that were exposed to custodial credit risk.

Investments

Each institution of the System adopts an endowment investment policy that must be reviewed and approved by the System Board of Regents annually. The policy authorizes the following types of investments: U.S. Government obligations, U.S. Government Agency obligations, other government obligations, corporate obligations, corporate asset-backed and mortgage-backed securities, equity, international obligations, international equity, certificates of deposit, banker's acceptances, money market mutual funds, mutual funds, repurchase agreements, private equity, hedge funds, Real Estate Investment Trusts ("REITs"), derivatives, energy and real estate.

The System's cash management objective is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through an appropriately diversified long-term investment portfolio. The System obtained permission from the Attorney General's office for the Board of Regents of the System to invest funds under its control that are held and managed by the System's institutions under section 51.0031(c) of the Texas Education Code. Section 51.0031 of the Texas Education Code authorizes the System Board of Regents, subject to procedures and restrictions it establishes, to invest System funds in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent person standard described in Article VII, Section 11b, of the Texas Constitution. This standard provides that the System Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment. All System funds subject to Board of Regents control, System endowment funds, and HSC medical professional liability self-insurance plan funds shall be invested pursuant to a prudent person standard. All other System funds shall be deposited in an approved depository bank, invested pursuant to the Public Funds Investment Act in authorized investments such as FDIC insured money market funds and approved local government investment pools, or deposited in the State Treasury.

As of August 31, 2015, the fair values of investments are presented below. Included in this amount is $181,200,957.17 classified as cash equivalents.

Investment	Fair Value
Repurchase Agreement	$ 18,116,848.32
Fixed Income Money Market and Bond Mutual Funds	71,803,889.65
Other Commingled Funds	61,400,549.36
Other Commingled Funds (TexPool)	29,967,121.92
Externally Managed Investments – Domestic (1)	215,693,897.65
Miscellaneous (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	355,639.84
Total Investments	**$ 397,337,946.74**

(1) Fair values of investments that are not managed by the University of North Texas Foundation are primarily based on market valuations provided by external managers.

Credit Risk – Investments

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The System utilizes ratings assigned by Standard & Poor's for this purpose. The System's investment policy does not provide specific requirements and limitations regarding investment ratings. According to the authoritative literature from the GASB, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As of August 31, 2015, the System's credit quality distribution for securities with credit risk exposure was as follows:

			Standard and Poor's		
Fund Type	**GAAP Fund**	**Investment Type**	**AAA**	**Unrated**	**Total**
05	0001	Repurchase Agreement	$ -	$ 18,116,848.32	$ 18,116,848.32
05	0001	Fixed Income Money Market and Bond Mutual Funds	-	71,803,889.65	71,803,889.65
05	0001	Other Commingled Funds	61,400,549.36	-	61,400,549.36
05	0001	Other Commingled Funds (TexPool)	29,967,121.92	-	29,967,121.92
05	0001	Externally Managed Investments - Domestic	-	215,693,897.65	215,693,897.65
05	0001	Miscellaneous	-	355,639.84	355,639.84
05	0001	**Total**	**$ 91,367,671.28**	**$ 305,970,275.46**	**$ 397,337,946.74**

Concentration of Credit Risk

As of August 31, 2015, the System did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the System's fixed income investments. The System's investment regulation does not provide specific requirements and limitations regarding concentration of credit.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. State statutes and the System's investment regulation does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. As of August 31, 2015, the System did not have investments that are exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of August 31, 2015, the System investments subject to interest rate risk – commingled funds, repurchase agreements, fixed income money market and bond mutual funds – have an average maturity of less than one year. The System is also exposed to certain redemption risks pertaining to its investments in the Foundation-managed long-term investment pool. See the “Alternative Investments” discussion below for information regarding those redemption risks.

Foreign Currency Risk

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. As of August 31, 2015, the System’s investments were all denominated in U.S. dollars. The System’s investment policy does not provide specific requirements and limitations regarding investments in foreign currency.

Internal Investment Pool

Certain investments of the System are managed by the Foundation in its internal long-term investment pool (the “Pool”). The Pool is invested with external investment managers who invest in equity and fixed income funds both domestic and international. The Foundation’s investment policy allows for the asset allocation to be maintained within the following tactical ranges: 50-70% growth assets (U.S. and international equities), 20-40% risk reduction assets (U.S. and global fixed income funds and cash), and 5-15% inflation protection assets (real assets). The Foundation’s investment committee is responsible for monitoring and rebalancing to the strategic target allocation ranges, and within the tactical ranges, has discretionary authority for setting, monitoring, and making reallocations to the portfolio’s specific underlying assets. Complete audited financial statements of the Foundation can be obtained from https://endow.unt.edu/.

As of August 31, 2015, total investments in the Pool, including the System portion, consisted of the following investment types:

Investment	Fair Value
Common Stock	$ 12,143,419.46
Hedge Funds	24,385,039.82
Domestic Mutual Funds	65,274,831.96
International Mutual Funds	75,521,520.24
Fixed Income Money Market and Bond Mutual Funds	57,798,800.81
Real Estate	23,669,159.71
Total Investments	**$ 258,792,772.00**

The System’s unitized portion of the Pool’s investments as of August 31, 2015 is $165,100,031.84.

As of August 31, 2015, the System’s investments in the Pool consisted of the following investment types:

Common Stock

Common stocks are units of ownership in publicly-held corporations. Shareholders typically have rights to vote and to receive dividends. Claims of common stock holders are subordinate to claims of creditors, bond holders, and preferred stock holders.

Equity
Equity and stock mutual funds are mutual funds that invest primarily in stocks, although at times they might hold some fixed-income and money market securities.

Alternative Investments
Alternative investments consist of hedge funds, real estate, private equity, and other pooled funds that are not registered with the Securities and Exchange Commission (the "SEC").

Fixed Income and Bond Mutual Funds
Fixed income and bond mutual funds are mutual funds that, by policy, invest in the fixed-income sector.

Fixed Income Money Market Mutual Funds
Money market mutual funds are open-end mutual funds registered with the SEC that must comply with the SEC's "Rule 2a-7," which imposes certain restrictions, such as a requirement that the fund's board must attempt to maintain a stable net asset value per share or stable price per share, limits on the maximum maturity of any individual security in the fund's portfolio, and limits on the maximum weighted-average portfolio maturity and life. Money market funds typically attempt to maintain a net asset value or price of $1.00 per share.

The Pool's investments are not rated by Standard & Poor's. As of August 31, 2015, the Pool did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the Pool's investments. The Pool did not have investments exposed to custodial credit risk. The Pool's investments subject to interest rate risk – commingled funds and fixed income money market and bond mutual funds – have an average maturity of less than one year.

Note 4: Short-Term Debt

Commercial Paper
According to the Master Resolution establishing the UNT System Revenue Financing System Commercial Paper Program, the issuance of commercial paper notes may not exceed, in aggregate, the principal amount of $100,000,000 of which $25,000,000 may be used as taxable notes. Outstanding commercial paper proceeds may be used for the purpose of financing project costs of eligible projects and to refinance, renew or refund commercial paper notes, prior encumbered obligations, and parity obligations, including interest. Commercial paper notes may not be issued to refinance or refund prior encumbered obligations or parity bonds without the approval of the Board of Regents. Commercial paper activity for the System for the year ended August 31, 2015 is as follows:

	September 1, 2014	Additions	Reductions	Other Adjustments (1)	August 31, 2015
Commercial Paper	$ 76,067,000.00	$ -	$ -	$(74,260,000.00)	$ 1,807,000.00

(1) This amount was reclassified to long-term liabilities.

The outstanding balance of commercial paper at August 31, 2015 was $76,067,000. In September 2015, the System refunded $74,260,000 of commercial paper into long-term bonds. See Note 16, *Subsequent Events,* for more information on this refunding. As a result of the refunding, the System considers $74,260,000 of the commercial paper balance to be long-term debt as of August 31, 2015, and the remaining balance of $1,807,000 to be short-term debt. Interest rates range from .05% to .30% with an average interest rate of .22% for the outstanding issues. Interest rates are determined by the investor and broker in the arrangement, where the investor dictates the maturity. Average commercial paper maturity during the year ended August 31, 2015 was approximately 31 days. The System will provide liquidity support for $100,000,000 in commercial paper notes by utilizing available funds of the System in lieu of or in addition to bank liquidity support. The maximum maturity for commercial paper is 270 days. In practice, the System rolls, pays off, and/or issues new commercial paper at each maturity. Commercial paper will continue to be used as interim funding until long-term bonds are approved and issued or gifts are received to retire the commercial paper debt.

The System adheres to the requirements of the Federal Securities Act of 1933, which precludes proceeds from commercial paper issues to be used for financing fixed assets, such as plant and equipment, on a permanent basis. The System, working with bond counsel and its financial advisor, routinely determines alternative long-term funding to ensure that commercial paper is used as interim financing only and will be paid off after completion of construction or equipment acquisition.

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended August 31, 2015:

	September 1, 2014	Additions	Reductions	Other Adjustments (1)	August 31, 2015	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable:							
Revenue Bonds Payable	$ 391,915,000.00	$ 38,265,000.00	$ 61,280,000.00	$ -	$ 368,900,000.00	$ 24,010,000.00	$ 344,890,000.00
Unamortized Net Premiums	24,197,732.82	-	3,705,783.39	-	20,491,949.43	2,599,803.59	17,892,145.84
Total Bonds Payable	416,112,732.82	38,265,000.00	64,985,783.39	-	389,391,949.43	26,609,803.59	362,782,145.84
Loans Payable	15,000,000.00	66,500,000.00	-	74,260,000.00	155,760,000.00	3,475,000.00	152,285,000.00
Capital Lease Obligations	178,467.93	6,186,401.44	1,463,670.15	-	4,901,199.22	1,179,712.18	3,721,487.04
Claims and Judgments	5,845,946.84	3,578,232.00	5,845,946.84	-	3,578,232.00	2,760,768.00	817,464.00
Net Pension Liability	-	117,135,326.88	13,729,508.69	-	103,405,818.19	-	103,405,818.19
Compensable Leave	22,722,323.12	5,917,842.94	2,499,129.25	-	26,141,036.81	4,199,443.80	21,941,593.01
Total Long-Term Liabilities	**$ 459,859,470.71**	**$ 237,582,803.26**	**$ 88,524,038.32**	**$ 74,260,000.00**	**$ 683,178,235.65**	**$ 38,224,727.57**	**$ 644,953,508.08**

(1) This amount was reclassified from short-term liabilities.

Revenue Bonds Payable

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2015 are as follows:

Year	Principal	Interest	Total
2016	$ 24,010,000.00	$ 16,723,212.20	$ 40,733,212.20
2017	24,910,000.00	15,796,747.50	40,706,747.50
2018	23,560,000.00	14,873,925.00	38,433,925.00
2019	24,510,000.00	13,930,532.50	38,440,532.50
2020	22,685,000.00	12,948,357.50	35,633,357.50
2021-2025	101,870,000.00	49,407,290.00	151,277,290.00
2026-2030	71,345,000.00	28,645,237.50	99,990,237.50
2031-2035	47,145,000.00	13,605,285.00	60,750,285.00
2036-2040	28,865,000.00	4,093,875.00	32,958,875.00
Total	**$368,900,000.00**	**$170,024,462.20**	**$538,924,462.20**

Total interest and fiscal charges incurred for the year ended August 31, 2015 was $19,024,909.91. Of this total, the System capitalized $583,722.31 associated with financing capital projects during the construction phase. In addition, the System recorded $2,349,432.57 as a reduction to this balance relating to the amortization of premiums and deferred outflows of resources resulting from losses on bond refundings. The remaining amount of $16,091,755.03 was reported as interest expense and fiscal charges for the year ended August 31, 2015.

Notes and Loans Payable

On June 18, 2014, the System entered into a Private Placement Bond Purchase Agreement (the "Bond Purchase Agreement") with J.P. Morgan for installment deliveries of bonds ("Authorized Installments") up to $120 million that matures in 2016. Draw requests are submitted to the bond purchaser and the System's bond counsel, and the bond purchaser's obligation to purchase each Authorized Installment is conditioned upon fulfillment of specified conditions, which include that all of the opinions, letters, certificates, instruments and other documents described in the Bond Purchase Agreement are deemed to be in compliance with the provisions set forth therein and that they are in form and substance satisfactory to the bond purchaser and bond counsel. Such provisions include the requirement for the System to maintain a debt-to-capitalization ratio of sixty percent (60%) or less.

As of August 31, 2015, the System had arranged for $81.5 million in Authorized Installment deliveries and made total interest payments of $263,793.56. The bonds are secured by the System's pledged revenues. Principal is not due until maturity on June 30, 2016. Interest is at a variable rate and is calculated using a formula rate of 67% of the one month London Interbank Offered Rate ("LIBOR") on the reset date plus .48%. The variable interest rate at August 31, 2015 was .6063%. Interest is reset monthly. In September 2015, the System refunded the entire outstanding amount into long-term bonds. See Note 16, *Subsequent Events* for more information on this refunding.

Capital Lease Obligations

See Note 8, *Leases,* for more information on capital lease obligations.

Claims and Judgments

As of August 31, 2015, there was one outstanding material claim for which a liability accrual has been recognized. According to authoritative GASB guidance, liabilities should be recognized when the possibility of loss is probable and the amount of loss is reasonably estimable. See Note 15, *Contingencies and Commitments*, for more information on the claims and judgments against the System.

Net Pension Liability

The net pension liability addition relates to the 2015 restatement for GASB Statement No. 68. Refer to Notes 1, 9 and 14.

Employees' Compensable Leave

According to the Texas Human Resources Management Statutes Inventory provided by the State Auditor's Office, state agency employees who have accrued six months of continuous state employment are entitled to be paid for the accrued balance of the employee's vacation leave as of the date of separation if the employee is not reemployed by a state agency or institution of higher education in a position which accrues vacation leave during the 30-day period immediately following the date of separation from state employment. Substantially all full-time System employees earn between eight and twenty-one hours of annual leave per month depending upon the respective employee's years of state employment. State law permits employees to carry accrued leave forward from one fiscal year to another, up to a maximum of 532 hours for those employees with 35 or more years of state service. Eligible part-time employees' annual leave accrual rate and maximum carryover are proportional to the number of hours appointed to work. Employees with at least six months of continuous State service who terminate their employment are entitled to payment for all accumulated annual leave. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to personal or family illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated sick leave or 336 hours, whichever is less. Eligible part-time employees' sick leave accrual rate is proportional to the number of hours they are appointed to work. This obligation is generally paid from the same funding source as the employee's salary or wage compensation is paid. An expense and a liability are recorded as the benefits accrue to employees, and the liability is reduced as the accrued leave is taken. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Note 6: Bonded Indebtedness

At August 31, 2015, the System had principal outstanding related to revenue bonds of $368,900,000. Revenue Financing System ("RFS") debt is secured by and payable from pledged revenues as defined in the Master Resolution establishing the RFS. Pledged revenues consist of all lawfully available revenues, funds and balances, with certain exceptions, pledged to secure revenue-supported indebtedness issued under the Master Resolution as set forth by the State.

General information related to revenue bonds outstanding as of August 31, 2015, is summarized in the following table:

Bond	Purpose	Issue Date	Interest Rate	Amount Issued	Total Principal Outstanding as of 8/31/15
RFS Bonds, Series 2007	To provide funds for the purposes of refunding a portion of the Board's outstanding commercial paper notes, for constructing and equipping two residence halls, for paying a portion of accrued interest, and for paying certain costs of bond issuance	1/1/2007	4.0000% - 5.0000%	$ 56,050,000.00	$ 46,960,000.00
RFS Bonds, Series 2009	To provide funds for the purposes of refunding a portion ($18.175 million par value) of the Board's outstanding commercial paper notes; constructing and equipping a Public Health Education Building; paying a portion of the interest accruing on the bonds; and paying certain costs of issuing the bonds	2/19/2009	3.0000% - 5.2500%	38,650,000.00	27,050,000.00
RFS Bonds, Series 2009A	To provide funds for the purposes of constructing and equipping the Business Leadership Building, for constructing and equipping Apogee Stadium, for paying a portion of accrued interest and for paying certain costs of bond issuance	12/2/2009	3.0000% - 5.0000%	159,310,000.00	134,425,000.00
RFS Refunding Bonds, Series 2009B	To provide funds for the purposes of refunding outstanding Consolidated University Revenue Bonds Series 1994, Revenue Financing System Bonds Series 1999A, and Revenue Financing System Bonds Series 2001 and for paying costs of bond issuance	12/2/2009	3.0000% - 4.7500%	15,800,000.00	8,880,000.00
RFS Refunding Bonds, Series 2010	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2001, Revenue Financing System Bonds Series 2002, and Revenue Financing System Bonds Series 2002A	7/23/2010	3.0000% - 5.0000%	57,625,000.00	43,190,000.00
RFS Refunding and Improvement Bonds, Series 2012A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003A, for refunding a portion of the Board's outstanding commercial paper notes and for purchasing, constructing, improving, renovating, enlarging, and equipping property, buildings, structures, facilities, roads, or infrastructure related to the UNT ESCO project and the Woodhill Square acquisition	6/1/2012	2.0000% - 5.0000%	75,890,000.00	65,720,000.00
RFS Refunding Bonds, Taxable Series 2012B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003B	6/1/2012	0.5500% - 3.2000%	4,820,000.00	4,410,000.00
RFS Refunding Bonds, Series 2015	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003A, Revenue Financing System Bonds Series 2005, and for paying costs of bond issuance	4/30/2015	1.9500% - 1.9500%	38,265,000.00	38,265,000.00
			Total	$446,410,000.00	$ 368,900,000.00

Early Extinguishments in 2015

RFS Refunding Bonds, Series 2015 were issued on April 30, 2015 to current refund the RFS Refunding Bonds, Series 2003A principal amount of $4,375,000, the RFS Refunding and Improvement Bonds, Series 2005 principal amount of $33,510,000, and to pay the related costs of issuance.

- The Series 2015 Bonds were issued at par with a face value of $38,265,000. The proceeds were used to pay the costs of issuance of $125,496.42 and to deposit $38,131,175.07 in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded bonds are considered fully defeased and are no longer outstanding, and the liability for these bonds has been removed from the Statement of Net Position.
- An economic gain from the transaction resulted in a net present value savings of $4,387,934.75 between the old and new debt service payments.
- An accounting loss of $135,442.86 resulted from the transaction, as the reacquisition price of $38,131,175.07 exceeded the net carrying amount of $37,995,732.21 on the refunded bonds. The carrying value on the refunded debt consisted of $37,885,000 par value, $80,274.49 accrued interest, $791,086.06 unamortized premiums, less $760,628.34 unamortized deferred losses.

Funds Available for Debt Service

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.

Total pledged revenues consist of available pledged revenues, which include the gross revenues of the RFS, the Student Union Fee, pledged general tuition (which includes general use fees), investment income, and funds on deposit in the Interest and Sinking Fund and the Reserve Fund. 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 debt service. System HEAF reserves and Health and Loan Reserves at HSC cannot be included in total pledged revenues. The following table provides the pledged revenue information for the System's revenue bonds:

Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	$ 538,924,462.20
Term of Commitment Year Ending 8/31	2040
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	$ 744,097,458.40
Current Year Principal and Interest Paid	$ 42,416,270.00

Note 8: Leases

Operating Leases

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were $3,649,048.20 in 2015. The lease terms typically range from 12 to 60 months, where some lease terms contain optional renewals. Future minimum lease payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2015 were as follows:

Year	Lease Payments
2016	$ 2,881,092.46
2017	1,590,192.36
2018	1,052,843.88
2019	548,875.05
2020	352,193.26
2021 and beyond	1,789,613.10
Total Minimum Lease Payments	**$ 8,214,810.11**

The System has also leased buildings, and other capital assets to outside parties under various operating leases. The cost, carrying value and accumulated depreciation of these leased assets as of August 31, 2015 were as follows:

Assets Leased	2015
Buildings:	
Cost	$ 10,736,710.54
Less: Accumulated Depreciation	(2,688,127.05)
Carrying Value	8,048,583.49
Parking Garage:	
Cost	10,655,156.80
Less: Accumulated Depreciation	(5,223,149.54)
Carrying Value	5,432,007.26
Total Carrying Value	**$ 13,480,590.75**

There were no contingent rentals for the period ended August 31, 2015. Future minimum lease income under non-cancelable operating leases as of August 31, 2015, was as follows:

Year	Lease Income
2016	$ 248,571.10
2017	175,933.52
2018	128,861.00
2019	73,187.26
2020	15,580.00
2021 and beyond	15,580.00
Total Minimum Lease Income	**$ 657,712.88**

Capital Leases

Leases that are purchases in substance are reported as capital lease obligations. The System has entered into long-term leases for financing the purchase of certain capital assets where lease terms contain bargain purchase options. Such leases are classified as capital leases for accounting purposes, and the asset and liability are recorded at the present value of the future minimum lease payments at the inception of the lease. Amortization of the leased assets is included in depreciation expense. A summary of original capitalized costs and accumulated depreciation of all assets under capital lease as of August 31, 2015, is presented below:

Assets Under Capital Lease	August 31, 2015
Equipment:	
Cost	$ 6,653,349.24
Less: Accumulated Depreciation	(1,215,359.20)
Carrying Value	5,437,990.04
Vehicles:	
Cost	111,031.30
Less: Accumulated Depreciation	(7,402.00)
Carrying Value	103,629.30
Total Carrying Value	**$ 5,541,619.34**

Capital lease obligations are due in monthly, quarterly or annual installments through 2020. Future minimum lease payments for assets under capital lease at August 31, 2015 were as follows:

Year	Principal	Interest
2016	$ 1,179,712.18	$ 247,844.58
2017	1,175,973.87	185,900.89
2018	1,234,969.00	126,905.76
2019	1,296,850.27	65,024.49
2020	13,693.90	220.34
Total Minimum Lease Payments	**$4,901,199.22**	**$625,896.06**

Note 9: Pension Plans

Teacher Retirement System

Plan Description

The State has joint contributory retirement plans for the majority of its employees. One of the primary plans in which the System participates is the Teacher Retirement System of Texas ("TRS") Plan (the "TRS Plan"). The TRS Plan is a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation administered by TRS. The TRS Plan is established and administered in accordance with the Texas Constitution, Article 16, Section 67 and Texas Government Code, Title 8, Subtitle C. The TRS Plan is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Legislature has the authority to establish and amend benefits and contribution rates within the guidelines of the Texas Constitution. The TRS Plan's Board of Trustees does not have the authority to establish or amend benefit terms.

The employers in the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS Plan.

Detailed information about the TRS Plan's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3% of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic post-employment benefit changes, including automatic cost of living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Legislature.

All System personnel employed in a TRS-eligible position on a half time or greater basis that is projected to last for 4½ months or more are eligible for membership in the TRS Plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began participation in the TRS Plan on or after September 1, 2007 must be age 60 to retire and members who were not vested in the TRS Plan on August 31, 2014, must be age 62 to retire under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule.

Contributions
Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution, which requires the Legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation paid to members of the System during the year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contributions by employees were 6.7% of gross earnings for 2015. Depending upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 6.8% of annual compensation for 2015.

The System's contributions to TRS for the year ended August 31, 2015, were as follows:

TRS Participation		
Member Contributions	$	15,780,905.34
State On-Behalf Contributions	$	6,088,340.86
Employer Contributions		9,928,242.40
Total	**$**	**31,797,488.60**

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At August 31, 2015, the System reported a liability of $103,405,818.19 for its proportionate share of the collective net pension liability of the TRS Plan. The collective net pension liability was measured as of August 31, 2014 (the "measurement date"), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the collective net pension liability at the measurement date was 0.3870437%. The System's proportionate share was based on its contributions to the pension plan, excluding State on-behalf contributions, relative to the contributions of all employers and non-employer contributing entities to the TRS Plan for the period September 1, 2013 through August 31, 2014 (the "measurement period"). During the measurement period, the amount of the System's contributions recognized by the TRS Plan, including State on-behalf contributions, was $13,508,261.87. The State recognized $40,082,328.32 for its proportionate share of the net pension liability related to its contributions to TRS on behalf of the System. The State's proportionate share for those contributions was 0.1500265%.

For the year ended August 31, 2015, the System recognized pension expense of $9,559,130.10. At August 31, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,598,878.21	$ -
Changes of assumptions	6,720,122.05	-
Net difference between projected and actual investment return	-	31,598,593.71
Change in proportion and contribution difference	-	9,045.38
Contributions subsequent to the measurement date	9,975,054.31	-
Total	**$ 18,294,054.57**	**$ 31,607,639.09**

The $9,975,054.31 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Expense
2016	$ (6,500,807.43)
2017	(6,500,807.43)
2018	(6,500,807.43)
2019	(6,500,807.43)
2020	1,398,841.00
Thereafter	1,315,749.89
Total	$ (23,288,638.83)

Actuarial Assumptions

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2014 measurement date:

Actuarial Methods and Assumptions	**TRS Plan**
Actuarial Valuation Date	August 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	3.00%
Salary Increase	4.25% to 7.25% including inflation
Mortality:	
Active	1994 Group Annuity Mortality Table set back 6 years for males and females
Post-Retirement	Client specific tables multiplied by 80%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the methods and assumptions are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18.0%	4.6%
Non-U.S. Developed	13.0%	5.1%
Emerging Markets	9.0%	5.9%
Directional Hedge Funds	4.0%	3.2%
Private Equity	13.0%	7.0%
Stable Value		
U.S. Treasury	11.0%	0.7%
Absolute Return	0.0%	1.8%
Stable Value Hedge Funds	4.0%	3.0%
Cash	1.0%	-0.2%
Real Return		
Global Inflation Linked Bonds	3.0%	0.9%
Real Assets	16.0%	5.1%
Energy and Natural Resources	3.0%	6.6%
Commodities	0.0%	1.2%
Risk Parity		
Risk Parity	5.0%	6.7%
Total	**100.0%**	

There have been no changes to the benefit and contribution provisions of the TRS Plan since the prior measurement date. The discount rate used to measure the total net pension liability was 8.0%. There has been no change in the discount rate since the measurement period. The projected cash flows into and out of the TRS Plan assumed that members, employers, and non-employer contributing entities make their contributions at the statutorily required rates. Under this assumption, the TRS Plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current active and inactive plan members. Therefore, the 8.0% long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 8.0%, as well as what the System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current rate:

1.0% Decrease (7.0%)	Current Discount Rate (8.0%)	1.0% Increase (9.0%)
$ 184,763,328.67	$ 103,405,818.19	$ 42,565,553.33

Optional Retirement Program

The State has also established the Optional Retirement Program (the "ORP"), a defined contribution plan, for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS Plan and is available to certain eligible employees who hold faculty positions and other professional positions including but not limited to director-level and above, librarians and coaches. The ORP provides for the purchase of annuity contracts and mutual funds and is administered by a variety of investment firms. Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the employer contributions after one year and one day of service.

The employee and employer contribution rates are established by the Legislature each biennium. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program. The State provides an option for a local supplement in addition to the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65% of annual compensation) and the employer (6.60% state base rate for 2015 plus any local supplement for a maximum 8.50% of annual compensation) for the year ended August 31, 2015, is provided in the following table:

ORP Participation	
Member Contributions	$ 9,382,385.11
Employer Contributions	10,101,785.18
Total	**$ 19,484,170.29**

Note 12: Interagency Activity and Transactions

The System experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interagency balances will occur within one year from the date of the financial statement. There were no balances in interagency receivable and payable at August 31, 2015.

Note 14: Adjustments to Net Position

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was effective for the System in 2015. The implementation of Statements No. 68 and 71 resulted in a restatement of beginning net position for fiscal year 2015, as follows:

	Total
Net Position at August 31, 2014 as Previously Reported	$ 796,262,792.47
Adjustments due to implementation of GASB 68 and 71 (1)	(117,135,326.88)
Total Restatement	**(117,135,326.88)**
Net Position at August 31, 2014 as Restated	**$ 679,127,465.59**

(1) Includes recognition of deferred outflows of resources related to pensions of $9,812,632.74 and recognition of net pension liability of $126,947,959.62, as of August 31, 2014.

Note 15: Contingencies and Commitments

The System is involved in several pending and threatened legal actions. Unless otherwise disclosed in this note, the range of potential loss from all such claims and actions, as estimated by the System's legal counsel and management, should not materially affect the System's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the U.S. government. Any disallowed claims may constitute a liability of the System. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the System expects any such amounts to be immaterial.

Contingencies

Medicaid Immunization Program

The System's Office of General Counsel is currently conducting a healthcare compliance investigation regarding whether medical record documentation was sufficient to support billing for professional fees in connection with a Medicaid vaccination program. HSC will voluntarily refund to Medicaid any reimbursement received without sufficient medical record documentation to support the payment. The initial sampling period covers claims paid from June 2012 through August 2014. Incurrence of a loss is probable. The amount of loss for the System is estimated to be a minimum of $1,910,248. Additional loss is reasonably possible, and the additional amount of loss for the System is estimated to be within a range of $0 to $619,387; however, no best estimate of loss within this range can be determined at this time. Further sampling of claims from August 2014 to the present is being conducted. Incurrence of a loss is reasonably possible. The amount of additional loss for the System would be within a range of $283,068 to $1,006,466; however, no best estimate of loss within this range can be determined at this time.

Upper Payment Limits Audit

The U.S. Department of Health and Human Services, Office of Inspector General (the "OIG") conducted an audit of the Texas Upper Payment Limits ("UPL") program and the methodology Texas Health and Human Services Commission ("Texas HHSC") used for calculating reimbursements to Texas medical schools' clinical practices under the UPL program. In completing this audit, the OIG recommended to the federal Centers for Medicare and Medicaid Services (the "CMS") that HSC refund a federal share of UPL payments in the total amount of $746,461. This amount is attributable to two separate issues: (1) billing for which OIG did not have documentation of the providers' eligibility; and (2) the methodology used to calculate reimbursements to HSC under the UPL program. Texas HHSC and HSC have responded to each of these issues as explained below.

As part of its response to the OIG audit, the Texas HHSC, with HSC's concurrence, agreed that any fees paid for services performed by ineligible providers should be refunded and the Texas HHSC and HSC will work together to determine what amounts are attributable to eligible providers or to ineligible providers. The CMS accepted the OIG's determination of amount attributable to ineligible providers, and Texas HHSC requested that HSC refund the overpayment amount of $261,738. This amount was accrued as a liability by HSC in 2014 and refunded in 2015.

As part of its response to the OIG audit, the Texas HHSC, with HSC's concurrence, disagreed with the OIG finding related to methodology and asserted that reimbursements were calculated in accordance with the methodology approved by CMS at the time the billing was submitted. Texas HHSC and HSC will work with CMS to resolve the issue. Incurrence of a loss is reasonably possible. The amount of loss for the System would be within a range of $0 to $484,723; however, no best estimate of loss within this range can be determined at this time.

Commitments

The System continues to implement capital improvements to upgrade facilities. Approximately $297.9 million in capital commitments have been entered into for the construction and renovation of various facilities. These projects are in various stages of completion.

Note 16: Subsequent Events

On September 2, 2015, the System drew an additional $15 million under the Bond Purchase Agreement. On September 30, 2015, the System issued the $105,130,000 RFS Refunding and Improvement Bonds, Series 2015A and the $73,035,000 RFS Refunding Bonds, Taxable Series 2015B. Proceeds from the debt were used to refund the outstanding balance of the Series 2014 Bond Purchase Agreement, refund outstanding commercial paper, and fund construction and renovation of the Student Union building and Rawlins Hall. See Note 4, *Short-Term Debt* and Note 5, *Long-Term Liabilities*, for more information about the Bond Purchase Agreement. In addition, on October 6, 2015, the Board of Regents approved the issuance of the $45,865,000 RFS Refunding Bonds, Series 2015C. Proceeds from the Series 2015C bonds will be used to refund the Series 2007 bonds. The refunding is scheduled to close March 1, 2016.

Note 17: Risk Management

The System is exposed to a variety of civil claims resulting from the performance of its duties. It is 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 System assumes substantially all risks associated with torts, theft, damage or destruction of assets, business interruption, errors or omissions, and job-related illness or injuries to employees arising out of the performance of the System's mission. Financial risks are transferred through contracts, or financed through commercial insurance or self-insurance plans. Financial exposure from lawsuits for damages and injunctive relief arising from torts and contracts is mitigated by the function of sovereign, Eleventh Amendment and individual immunities and statutory limits on the amount of recovery. In addition, state law limits financial exposure for state law claims made against individual employees and officials. Currently the System does not carry System-wide commercial general liability insurance for any of the institutions; commercial general liability policies are purchased on an as needed basis to address unique exposures. The System is not involved in any risk pools with other government entities.

Liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The System has various insurance and self-insurance arrangements to manage risks of loss that are within the scope of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues.* There are no claims pending or significant non-accrued liabilities, except as stated in Note 15, *Contingencies and Commitments*. The System did not have any losses or settlements that exceeded insurance policy limits within the last three years.

Self-Insurance Arrangements

Medical Professional Liability Self-Insurance Plan

HSC manages a medical malpractice self-insurance plan for its physicians. As of August 31, 2015, HSC had sufficient self-insurance reserves for known claims against its health care professionals. Medical professional liability coverage is purchased for allied health care professionals and medical students with entity coverage, which provides a maximum per incident of $1,000,000 and an aggregate limit of $3,000,000 with no deductible.

The following contingencies and Incurred But Not Reported ("IBNR") activity was determined for the year ended August 31, 2015:

	August 31, 2014	Additions	Reductions	August 31, 2015
Incurred But Not Reported Self-Insurance Claims (HSC) (1)	$ 918,046.00	867,786.00	117,848.00	$ 1,667,984.00
Contingent Liabilities	$ 5,845,946.84	3,578,232.00	5,845,946.84	$ 3,578,232.00

(1) The estimated claims payable for medical malpractice IBNR includes estimates of allocated loss adjustment expenses.

Student-Athlete Accident Medical Self-Insurance Plan
The National Collegiate Athletic Association (the "NCAA") requires its member institutions to certify coverage for medical expenses resulting from injuries sustained by student-athletes and certain prospective student-athletes while participating in qualifying NCAA-sanctioned activities. UNT finances this plan to an actuarially determined attachment point and purchases commercial insurance for claims in excess of the attachment point. The attachment point for 2015 was $320,000. For the year ended August 31, 2015, claims paid out were not material.

Incurred But Not Reported Self-Insurance Claims
The System self-insures some physical injury and property damage claims that are not financed through commercial insurance, or are below the retention amounts for claims covered by commercial insurance. The System, as an agency of the State, is protected from risk of loss arising from these tort claims by sovereign immunity, except as such claims are permitted under the Texas Tort Claims Act. In addition to limiting the type of personal injury and damage claims that can be brought against the System, the Texas Tort Claims Act limits the loss that can result from claims that can be made to $250,000 for each person, $500,000 for each single occurrence of bodily injury or death, and $100,000 for each single occurrence of damage or destruction of property.

For the year ended August 31, 2015, claims against the System were below the liability limits established by the Texas Tort Claims Act, and thus immaterial.

Commercial Insurance Arrangements

Directors and Officers/Employment Practices Liability
Directors and Officers ("D&O")/Employment Practices Liability ("EPL") coverage insures all institutions in the System as well as all officers, employees and volunteers. The policy provides for a maximum limit of $10,000,000 with a $100,000 deductible per insured individual for EPL, a $50,000 deductible per insured individual for D&O, a $50,000 deductible for the entity, and a $25,000 deductible for volunteers.

Automobile
The Texas Motor Vehicle Safety Responsibility Act requires that vehicles operated on a state highway be insured for minimum limits of liability in the amount of $30,000/$60,000 for bodily injury and $25,000 for property damage. The System carries liability insurance on its licensed vehicles in the amount of $1,000,000 combined single limit for bodily injury and property damage.

Medical Professional Liability
UNT has medical professional liability insurance coverage for professionals at the Student Health and Wellness Center, Athletic Training and Rehabilitation Center, and the Kristin Farmer Autism Center. Under the coverage, professionals are defined as physicians, nurses, nurse practitioners, physician assistants, pharmacists, and athletic trainers. There is a maximum per incident limit of $250,000 and an aggregate limit of $500,000 with a $5,000 deductible.

Property
The System carries property insurance to finance losses arising from damage to or destruction of capital assets. The insurance also covers business interruption, which protects against losses resulting from disruption to revenue streams. At the close of the fiscal year, all premium payments had been made and an insurance policy was in effect that carried a $1,000,000,000 shared limit through the State's state-wide property insurance program.

A property claim was filed in 2014 for hail damage to most buildings at UNT, including the Discovery Park campus. Currently, the estimated loss is between $7.0 million and $9.0 million, all of which is covered under the policy.

Workers' Compensation
The System is required by state law to participate in the State's workers' compensation insurance program administered through the State Office of Risk Management. This program covers risks of loss resulting from job-related illness or injuries to employees while in the course and scope of their work responsibilities. Following a work-related illness or injury, employees enter into a return-to-work program, if necessary, thus reducing indemnity payments for loss compensation.

Separate workers' compensation policies are purchased to cover out-of-state employees as required by the laws of the state in which an employee works. As of August 31, 2015, the System maintains one policy for an out-of-state employee.

Unemployment Compensation
The State provides coverage for unemployment benefits from appropriations made to other state agencies for System employees. The current General Appropriations Act provides that the System must reimburse the General Revenue Fund – Consolidated one-half of the unemployment benefits for former and current employees from System appropriations. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. The System has only one appropriated fund type. The System 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, 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 were pending at August 31, 2015.

The 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 as of August 31, 2015. Health benefits are provided through the various state contracts administered by the Employee Retirement System.

Miscellaneous
Other lines of insurance purchased include: contractual bonuses, camp accident/medical, commercial crime, fine arts, inland marine, foreign liability, global medical, kidnap and extortion, specialized general liability and property insurance for the Elm Fork Education Center, and student professional liability.

Note 19: Financial Reporting Entity

The System is composed of the University of North Texas System Administration and three academic institutions as follows: the University of North Texas, the University of North Texas Health Science Center at Fort Worth, and the University of North Texas at Dallas. The System is governed by a nine-member Board of Regents appointed by the Governor of Texas and confirmed by the Texas State Senate. Three members are appointed every odd-numbered year for six-year terms. In addition, the Governor appoints a nonvoting student Regent for a one-year term.

Assets Held By Affiliated Organizations

GASB authoritative guidance provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the primary government, the System. This guidance states that a legally separate tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The System has defined significance as 3% of its net position. As of August 31, 2015, only the University of North Texas Foundation met the criteria for inclusion in the System's financial statements.

Discretely Presented Component Unit

University of North Texas Foundation

The University of North Texas Foundation, Inc. (the "Foundation") is reported as a discrete component unit. The Foundation is a separate nonprofit organization that is organized for various purposes, including transferring or using all or any part of the corpus or income for the benefit of the University of North Texas. Such uses are made in accordance with the general or specific purposes stipulated by the donors, grantors or testators, or in the absence of such stipulations, for such uses as may be determined by the Board of Directors of the Foundation; furthermore, the Foundation promptly distributes all net income in excess of operating requirements to promote the educational advancement of UNT. The governing board is self-perpetuating, comprised of elected members separate from the System's Board of Regents. The direction and management of the affairs of the Foundation and the control and disposition of its assets are vested in the Board of Directors of the Foundation. The System has no liability with regard to the Foundation, its operations or liabilities. The majority of endowments supporting university scholarships and other System programs are owned by the Foundation; therefore, including the Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

The Foundation is an essential component of UNT's program for university advancement and for the development of private sources of funding for capital acquisitions, operations, endowments, and other purposes relating to the mission of UNT.

In August 2003, UNT entered into an agreement with the Foundation to better define the relationship between the two entities and to comply with the statutory requirements of Chapters 2255 and 2260 of the Texas Government Code. The 2003 agreement provided that the development leadership for UNT would be provided by the Foundation's Chief Executive Officer.

An amended agreement was approved by the Foundation's Board of Directors in their June 2009 meeting, and subsequently approved by the System Board of Regents in August 2009. Under the amended agreement, UNT's Vice President for Advancement will serve as the Foundation's Director of Development and will oversee, coordinate and exercise decision making authority over the fundraising activities of both UNT and the Foundation. In this dual position, the Vice President for Advancement/Foundation's Director of Development (the "VPA/FDD") shall have no decision making authority in regard to governance of the Foundation or expenditure of funds by the Foundation. The VPA/FDD is an employee of UNT, and compensation for the position is the sole obligation of UNT. In consideration of this amended agreement, UNT has consistently reported the Foundation as a discrete component unit in the System's financial statements.

Related Parties

Through the normal course of operations, the System both receives funds from and provides funds to other state agencies in support of sponsored research programs. Funds received and provided during the year ended August 31, 2015 related to pass-through grants were $26,410,096.75 and $126,880.86 respectively.

Other related-party transactions identified in the financial statements include Due From/To Other Agencies, Legislative Appropriations, Capital Appropriations, Legislative Transfers In and Transfers From/To Other State Agencies.

Note 22: Donor Restricted Endowments

The System's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one year.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 6% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the Finance Committee of the Board of Regents, the target annual distribution rate shall be 4% of the average unit market value. Distribution shall be made quarterly, as soon as practicable, after the last calendar day of November, February, May and August. This distribution amount shall be recalculated each quarter based on a 12-quarter rolling average. If, at any point of distribution, the fair market value of the endowment is below the corpus of the endowment, the distribution shall be determined on a sliding scale basis. The distribution is made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The quarterly distribution is based on an endowment management model developed by the AICPA. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System.

Endowment Type	Amount of Cumulative Net Appreciation (1)	Reported in Net Position
True Endowments	$ 6,317,834.45	Restricted Expendable

(1) There was a negative fair value adjustment totaling ($4,288,036.95) for 2015 related to true endowments. As of August 31, 2015, the System did not have any term endowments to report.

Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of the System's deferred outflows of resources and deferred inflows of resources as of August 31, 2015 is presented below:

	Total
Deferred Outflows of Resources	
Unamortized Losses on Refunding of Debt	$ 4,003,969.83
Deferred Outflows of Resources Related to Pensions (1)	18,294,054.57
Total Deferred Outflows of Resources	**$ 22,298,024.40**
Deferred Inflows of Resources	
Unamortized Gains on Refunding of Debt	$ 426,106.08
Deferred Inflows of Resources Related to Pensions (1)	31,607,639.09
Total Deferred Inflows of Resources	**$ 32,033,745.17**

(1) See Note 9, *Pension Plans,* for more information regarding deferred outflows of resources and deferred inflows of resources related to pensions.

When debt is refunded, the difference between the reacquisition price of the new debt and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

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REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2015

Required Supplementary Information (RSI)

Schedule of the System's Proportionate Share of the Net Pension Liability

RSI - Pension Proportionate Share

	2015
System's proportion of the net pension liability	0.39%
System's proportionate share of the net pension liability	$ 103,405,818.19
System's covered payroll (1)	$ 222,501,101.49
System's proportionate share of the net pension liability as a % of its covered payroll	46.47%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

(1) Covered payroll is for 2014 because the System's net pension liability as of August 31, 2015 is based on a measurement date of August 31, 2014.

Schedule of the System's Contributions

RSI - Pension Contributions

	2015	2014
Statutorily required contributions	$ 16,016,583.26	$ 15,130,074.90
Contributions in relation to the statutorily required contributions	9,975,054.31	9,812,632.74
Contribution deficiency (excess)	$ 6,041,528.95	$ 5,317,442.16
System's covered-employee payroll	$ 235,537,989.10	$ 222,501,101.49
Contributions as a percentage of covered-employee payroll	4.24%	4.41%

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NOTES TO THE

FINANCIAL STATEMENTS

of the

UNIVERSITY OF NORTH TEXAS
FOUNDATION, INC.

DENTON, TEXAS

For the years ended August 31, 2014 and 2015

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015

Note 1: Purpose and Summary of Significant Accounting Policies

Purpose
The University of North Texas Foundation, Inc. (Foundation) is a not-for-profit organization established for the purpose of providing financial support to the University of North Texas. This purpose is accomplished by the Foundation's receipt and management of donations (cash and non-cash) from individuals and organizations.

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Presentation
The financial statements have been prepared on the accrual basis of accounting.

Contributions
Contributions are generally temporarily or permanently restricted by the donor to support specific programs within the University of North Texas. Unconditional promises to give are recorded as received. Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for un-collectible promises is provided, based on management's evaluation of contributions receivable at the end of each quarter.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in temporarily restricted net assets because of program restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments
The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses for the Foundation's pro-rata share of the investments are included in the change in net assets in the accompanying Statement of Activities

Real Estate
Real estate consists of property that has been donated to the Foundation. The property is stated at the estimated fair value at the time of the donation.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015

Trust Property

Trust Property consists of property that is held in a Charitable Remainder Trust. Periodically the property is appraised and the property is carried at the most current appraised value.

Inventory

Inventory consists of paintings donated to the Foundation and held for sale. The paintings are recorded at their fair value as of the date of donation.

Agency Funds

Agency funds consist of resources held by the Foundation as an agent for resource providers and will be transferred to third-party recipients specified by the resource provider.

Note 2: Investments

Investment Income consists of interest and dividends earned, realized gains and losses plus changes in unrealized appreciation and depreciation.

				Audited
		August 31, 2015		August 31, 2014
	Book Value	Fair Value	Book Value	Fair Value
Equities	$ 134,841,162	$ 152,760,713	$ 120,890,626	$ 152,515,697
Bonds	56,916,305	55,425,305	59,581,840	60,843,565
Alternatives	53,987,417	48,054,200	55,668,215	63,723,212
Cash & equivalents	230,603	230,603	7,266,539	7,266,539
DFA	2,463,059	2,321,951	2,425,274	3,094,259
	$ 248,438,546	**$ 258,792,772**	**$ 245,832,494**	**$ 287,443,272**

Note: 3 Contributions and Other Receivables

Contributions and other receivables were as follows:

		Audited
	August 31, 2015	August 31, 2014
Contributions Receivable in less than one year	$ 23,611,550	$ 1,781,869
Contributions Receivable in one to five years	1,924,875	23,644,108
Contributions Receivable in six to ten years	291,245	410,850
Contributions Receivable in over ten years	-	55,000
Total Contributions Receivable	25,827,670	25,891,827
Less discounts to net present value (8% discount rate)	(423,421)	(2,630,602)
Less Allowance for uncollectible pledges		
(10% of discounted pledge receivables – plus specific reserves)	(8,373,177)	(6,011,920)
Net Contributions Receivable	17,031,072	17,249,305
Other amounts receivable	2,855	2,423
Total Contributions and Other Receivables	**$ 17,033,927**	**$ 17,251,728**

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2015

Note 4: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions from donors who have specified certain programs or scholarships within the University of North Texas for use of the contributions. Temporarily restricted net assets also include income from endowment funds that is available for distribution upon satisfaction of the specific program restriction stated in the endowment agreement.

Note 5: Permanently Restricted Net Assets

Net assets were permanently restricted for the following purposes:

	August 31, 2015	Audited August 31, 2014
Endowments and other permanently restricted funds to support various programs, scholarships, and other activities of the University of North Texas	$ 84,909,380	$ 80,597,090
Cash value of life insurance policies that will provide proceeds, upon the death of the insured, for endowments	512,137	468,248
Total	**$ 85,421,517**	**$ 81,065,338**

Note 6: Real Property

Real property donated to the Foundation is recorded at fair value at the date of the donation. Real property consists of the following at August 31, 2015:

	Fair Value Recorded	Fair Value Current
Mineral Rights	$ 12,860	Not Determined
Minahan Estate Property	99,323	Comparative Estimate
Total	**$ 112,183**	

Note 7: Life Insurance Policies

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the Foundation has been named owner and beneficiary. Donors of the policies reimburse premium payments made by the Foundation. As of the end of the period, there were a total of 24 such policies with death benefits totaling $3,372,722 and cash values totaling $512,137.

Note 8: Income Tax Status

The Foundation has received a letter of determination from the Internal Revenue Service advising that it qualifies as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Note 9: Retirement Plan

The Foundation sponsors a defined contribution retirement plan covering all full time employees of the Foundation. The Foundation contributes 8.5% of eligible employees' compensation to the plan, and employees are required to contribute a minimum of 6.65% of eligible compensation to the plan. Employees may make voluntary contributions in addition to the required contribution, up to the limits prescribed by the Internal Revenue Code. The year to date expense for the current year is $60,898.

Note 10: Assets Held Under Split Interest Agreements

The Foundation is the Trustee or Co-Trustee of various charitable remainder trusts and administers numerous gift annuity contracts. The agreements require annuity payments to the income beneficiaries for life, with the remaining assets of the trusts or agreements creating endowments upon the death of the income beneficiary. The Foundation has recorded the present value of the annuity payments as annuity obligations.

The annuity obligations are recorded at the present value of the expected future cash payments based on published life expectancy tables using a discount rate of six percent.

Note 11: Assets Held For Others

The Foundation holds and invests certain funds in trust on behalf of the University of North Texas System (UNTS). Pursuant to an investment agreement dated March 15, 2012 and amended and restated on August 16, 2012, certain UNTS long-term assets have been placed with the Foundation and invested in the Foundation's Consolidated Investment Pool. The UNTS investment funds are subject to the same investment management policy as the Foundation's investments, but receive monthly distributions of interest, dividends, and realized gains/losses. The initial term of the agreement ended February 28, 2013, with a provision to automatically renew annually thereafter.

The Foundation also holds and invests certain funds in trust on behalf of the University of North Texas (UNT). Pursuant to an investment management agreement dated August 24, 2012, certain UNT endowment assets have been placed with the Foundation and invested in the Foundation's Consolidated Investment Pool or the Foundation's DFA Short-Term Government fund. The UNT endowment funds residing in the Foundation's Consolidated Investment Pool are subject to the same investment management and distribution policies as the Foundation's investments. The initial term of the agreement ended August 31, 2013, with a provision to automatically renew annually thereafter.

UNTS and UNT are independent of the Foundation in all respects. UNTS and UNT are not subsidiaries or affiliates of the Foundation and are not directly or indirectly controlled by the Foundation. The Board of Regents of UNTS makes all decisions regarding the business and affairs of UNTS and UNT, and their long-term assets and endowment assets managed by the Foundation are the exclusive property of UNTS and UNT respectively. Since the Foundation does not have ownership of any of the UNTS or UNT assets, neither the principal nor income generated by these assets is included in the amount of net assets of the Foundation.

Also, two trusts for which the Foundation serves as Trustee currently name the Foundation as the remainder beneficiary, however, the donors have retained the right to change the remainder beneficiary to other charitable organizations. As a result, the Foundation has recorded the assets held under these trusts as assets held for others.

	August 31, 2015	Audited August 31, 2014
UNTS long-term assets managed by Foundation	125,423,568	140,443,804
UNT endowment assets managed by Foundation	39,676,464	44,253,072
Trusts for which beneficiary can be changed	2,696,714	2,687,973
Assets Held for Others	**$ 167,796,746**	**$ 187,384,849**

The assets held under these agreements are included in the Statement of Financial Position at fair value.

Note 12: Deferred Gifts

The Foundation has been advised by many donors of bequests and other deferred gifts to the Foundation and/or the University to be made in the future. The total of such deferred gifts of which the Foundation has been informed was approximately $104.3 million at August 31, 2015.

These gifts do not meet the requirements of unconditional promises to give; therefore they are not recorded in the financial statements of the Foundation.

Note 13: Concentrations of Credit Risk

The Foundation maintains cash balances in excess of $100,000 in banks, which are insured by Federal Deposit Insurance Corporation up to $250,000. The total amount of checking account deposits with Wells Fargo Bank as of August 31, 2015 was $222,175. In addition to the checking account balance, the Foundation had cash balances of $4,162,649 at August 31, 2015 invested with Wells Fargo Bank under a sweep agreement collateralized by Treasury-backed money market funds and Security Repurchase Agreement of $4,000,861 with Texas Capital Bank.

The Foundation also maintains short-term cash investments in money-market mutual funds, which are not FDIC insured. The amount held in money market mutual funds was $4,903,668 at August 31, 2015.

CONSOLIDATED

SUPPLEMENTAL SCHEDULES

of the

UNIVERSITY OF NORTH TEXAS SYSTEM

DENTON, TEXAS

August 31, 2015

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Notes to Schedule 1A - Combined Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2015

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 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 Position	
Federal Grants and Contracts - Operating	$ 76,281,622.58
Federal Grants and Contracts - Nonoperating	63,693,710.88
Federal Pass-Through Grants from Other State Agencies/Universities - Operating	2,709,666.84
Total Federal Revenues per Statement of Revenues, Expenses, and Changes in Net Position	$ 142,685,000.30
Reconciling Items:	
New Loans Processed:	
Federal Work Study	$ 332,953.01
DSRIP Payments	(12,719,836.04)
Waiver 1115 not to be reported in SEFA	(30,398,903.36)
New Loans Processed:	
Disadvantaged Student Loans	308,150.42
Federal Perkins Loan Program	2,583,664.88
Federal Direct Student Loans	235,000,893.00
Total Pass - Through and Expenditures per Federal Schedule	$ 337,791,922.21

Note 3a: Student Loans Processed & Administrative Costs Recovered

Federal Grantor/ CFDA Number/Program Name	New Loans Processed	Admin. Costs Recovered	Total Loans Processed & Adm. Costs Recovered	Ending Balances of Previous Year's Loans
U.S. Department of Health and Human Services				
93.342 Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students	$ 203,560.00		$ 203,560.00	$ 3,482,170.05
Total U.S. Department of Health and Human Services	$ 203,560.00	$ -	$ 203,560.00	$ 3,482,170.05
U.S. Department of Education				
84.038 Federal Perkins Loan Program	$ 939,576.00	$ 66,005.00	$ 1,005,581.00	$ 3,178,828.20
84.268 Federal Direct Student Loans	235,000,893.00		235,000,893.00	
Total U.S. Department of Education	235,940,469.00	66,005.00	236,006,474.00	3,178,828.20
TOTAL LOANS AND RECOVERIES	$ 236,144,029.00	$ 66,005.00	$ 236,210,034.00	$ 6,660,998.25

The University of North Texas System's 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 collection 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 System 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 governmental 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 System does not have any Federal Deferred Revenue to report.

Note 8: Supplemental Nutrition Assistance Program (SNAP)
N/A

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 1B - Schedule of State Grant Pass-Through From/To State Agencies
For the Year Ended August 31, 2015

Pass-Through From State Agencies:
To University of North Texas System (794)

Texas State Board of Public Accountancy (457)	
Fifth Year Accounting Student Scholarship Program	$ 27,000.00
Cancer Prevention and Research Institute of Texas (542)	
RP130597--High-Impact/High-Risk Research Awards	106,393.57
PP110190--Evidence-Based Cancer Prevention Services	183,836.39
PP120213--Evidence-Based Cancer Prevention Services	487,096.35
PP130074--Evidence-Based Cancer Prevention Services	293,111.49
Texas A&M AgriLife Extension Service (555)	
Quail Education and Research Initiative	141,764.31
Texas A&M AgriLife Research (556)	
Fire Ant Model	13,140.00
Texas Education Agency (701)	
Available School Fund - Per Capita	95,551.00
Foundation School Program (FSP) - Formula	2,501,221.00
Texas A&M Engineering Experiment Station (712)	
Nuclear Power Institute - TSTC	49,078.89
University of Texas System (720)	
Joint Admission Medical Program (JAMP)	200,426.85
Texas Higher Education Coordinating Board (781)	
Minority Health Research and Education	287,049.89
TEXAS Grant Program	19,890,000.00
Engineering Summer Program	13,614.68
College Work Study Program	179,794.21
College Readiness Initiative	210,000.00
Top 10% Scholarships	657,600.00
Work Study Mentorship Program	215,309.88
Armed Services Scholarships	150,000.00
Family Practice Residency Program	34,102.66
GME Expansion HB1025	130,000.00
Family Practice HB1025	90,363.36
Primary Care Innovation	356,258.00
Parks and Wildlife Department (802)	
447273 HEG Clay County Habitat Corridor	61,372.25
Texas Commission on the Arts (813)	
Arts Create	8,000.00
Total Pass-Through from State Agencies	**$ 26,382,084.78**

Pass-Through To State Agencies:
From University of North Texas System (794)

Texas A&M University - Kingsville (732)	
Ozone Near Non-Attainment	$ 88,731.86
University of Texas-Pan American (736)	
AVATAR-Vertical Alighment Training Grant	10,137.03
Total Pass-Through to State Agencies	**$ 98,868.89**

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2A - Combined Miscellaneous Bond Information
For the Year Ended August 31, 2015

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities First Year	Scheduled Maturities Last Year	First Call Date
RFS Bonds, Series 2007	$ 56,050,000.00	4.0000% - 5.0000%	N/A	2008	2036	4/15/2016
RFS Bonds, Series 2009	38,650,000.00	3.0000% - 5.2500%	N/A	2009	2028	4/15/2018
RFS Bonds, Series 2009A	159,310,000.00	3.0000% - 5.0000%	N/A	2010	2040	4/15/2019
RFS Refunding Bonds, Series 2009B	15,800,000.00	3.0000% - 4.7500%	N/A	2010	2019	N/A
RFS Refunding Bonds, Series 2010	57,625,000.00	3.0000% - 5.0000%	N/A	2011	2024	4/15/2020
RFS Refunding and Improvement Bonds, Series 2012A	75,890,000.00	2.0000% - 5.0000%	N/A	2013	2034	4/15/2022
RFS Refunding Bonds, Taxable Series 2012B	4,820,000.00	0.5500% - 3.2000%	N/A	2013	2034	4/15/2022
RFS Refunding Bonds, Series 2015	38,265,000.00	1.9500% - 1.9500%	N/A	2016	2025	4/15/2020
Total	**$ 446,410,000.00**					

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2B - Combined Changes in Bonded Indebtedness
For the Year Ended August 31, 2015

Description of Issue	Bonds Outstanding 09/01/14	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/15	Unamortized Premium	Unamortized Gain/(Loss) on Refunding	Net Bonds Outstanding 08/31/15	Amounts Due Within One Year
RFS Refunding Bonds, Series 2003A	$ 6,185,000.00	$ -	$ 1,810,000.00	$ 4,375,000.00	$ -	$ -	$ -	$ -	$ -
RFS Refunding and Improvement Bonds, Series 2005	38,700,000.00	-	5,190,000.00	33,510,000.00	-	-	-	-	-
RFS Bonds, Series 2007	48,260,000.00	-	1,300,000.00	-	46,960,000.00	1,078,304.00	-	48,038,304.00	1,439,863.00
RFS Bonds, Series 2009	28,560,000.00	-	1,510,000.00	-	27,050,000.00	-	-	27,050,000.00	1,555,000.00
RFS Bonds, Series 2009A	138,585,000.00	-	4,160,000.00	-	134,425,000.00	6,869,682.32	-	141,294,682.32	5,003,671.61
RFS Refunding Bonds, Series 2009B	10,885,000.00	-	2,005,000.00	-	8,880,000.00	261,771.05	(196,927.00)	8,944,844.05	2,192,695.09
RFS Refunding Bonds, Series 2010	46,850,000.00	-	3,660,000.00	-	43,190,000.00	3,330,838.06	(2,590,684.00)	43,930,154.06	4,528,822.89
RFS Refunding and Improvement Bonds, Series 2012A	69,300,000.00	-	3,580,000.00	-	65,720,000.00	8,951,354.00	(539,254.00)	74,132,100.00	4,874,751.00
RFS Refunding Bonds, Taxable Series 2012B	4,590,000.00	-	180,000.00	-	4,410,000.00	-	(141,775.00)	4,268,225.00	175,000.00
RFS Refunding Bonds, Series 2015	-	38,265,000.00	-	-	38,265,000.00	-	(109,223.75)	38,155,776.25	6,840,000.00
Total	**$ 391,915,000.00**	**$ 38,265,000.00**	**$ 23,395,000.00**	**$ 37,885,000.00**	**$ 368,900,000.00**	**$ 20,491,949.43**	**$ (3,577,863.75)**	**$ 385,814,085.68**	**$ 26,609,803.59**

Net Bonds Payable per Statement of Net Position	$ 389,391,949.43
Deferred Outflows and Inflows of Resources from Refunding per Statement of Net Position	(3,577,863.75)
Net Bonds Outstanding per Schedule 2B	**$ 385,814,085.68**

UNAUDITED

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2C - Combined Debt Service Requirements
For the Year Ended August 31, 2015

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Bonds, Series 2007	2016	$ 1,355,000.00	$ 2,221,662.50
	2017	1,420,000.00	2,160,687.50
	2018	1,470,000.00	2,103,887.50
	2019	1,535,000.00	2,045,087.50
	2020	1,615,000.00	1,968,337.50
	2021-2025	9,280,000.00	8,616,250.00
	2026-2030	11,840,000.00	6,052,500.00
	2031-2035	15,020,000.00	2,872,975.00
	2036	3,425,000.00	154,125.00
		$ 46,960,000.00	$ 28,195,512.50
RFS Bonds, Series 2009	2016	$ 1,555,000.00	$ 1,334,387.50
	2017	1,635,000.00	1,256,637.50
	2018	1,685,000.00	1,203,500.00
	2019	1,745,000.00	1,144,525.00
	2020	1,835,000.00	1,052,912.50
	2021-2025	10,730,000.00	3,713,975.00
	2026-2028	7,865,000.00	799,250.00
		$ 27,050,000.00	$ 10,505,187.50
RFS Bonds, Series 2009A	2016	$ 4,375,000.00	$ 6,721,250.00
	2017	4,585,000.00	6,502,500.00
	2018	4,815,000.00	6,273,250.00
	2019	5,055,000.00	6,032,500.00
	2020	5,305,000.00	5,779,750.00
	2021-2025	30,795,000.00	24,643,250.00
	2026-2030	34,115,000.00	16,132,500.00
	2031-2035	19,940,000.00	9,448,750.00
	2036-2040	25,440,000.00	3,939,750.00
		$ 134,425,000.00	$ 85,473,500.00
RFS Refunding Bonds, Series 2009B	2016	$ 2,090,000.00	$ 372,825.00
	2017	2,175,000.00	289,225.00
	2018	2,265,000.00	202,225.00
	2019	2,350,000.00	111,625.00
		$ 8,880,000.00	$ 975,900.00

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UNAUDITED

Description of Issue	Year	Principal	Interest*
Revenue Bonds			
RFS Refunding Bonds, Series 2010	2016	$ 3,855,000.00	$ 2,006,050.00
	2017	4,045,000.00	1,813,300.00
	2018	4,200,000.00	1,651,500.00
	2019	4,420,000.00	1,441,500.00
	2020	6,880,000.00	1,264,700.00
	2021-2024	19,790,000.00	2,007,500.00
		$ 43,190,000.00	$ 10,184,550.00
RFS Refunding and Improvement Bonds, Series 2012A	2016	$ 3,765,000.00	$ 3,204,525.00
	2017	3,940,000.00	3,016,275.00
	2018	4,145,000.00	2,819,275.00
	2019	4,330,000.00	2,632,025.00
	2020	4,505,000.00	2,458,825.00
	2021-2025	17,755,000.00	9,099,175.00
	2026-2030	16,280,000.00	5,271,750.00
	2031-2034	11,000,000.00	1,161,250.00
		$ 65,720,000.00	$ 29,663,100.00
RFS Refunding Bonds, Taxable Series 2012B	2016	$ 175,000.00	$ 147,435.00
	2017	180,000.00	145,335.00
	2018	185,000.00	142,635.00
	2019	190,000.00	139,120.00
	2020	195,000.00	134,940.00
	2021-2025	1,055,000.00	588,187.50
	2026-2030	1,245,000.00	389,237.50
	2031-2034	1,185,000.00	122,310.00
		$ 4,410,000.00	$ 1,809,200.00
RFS Refunding Bonds, Series 2015	2016	$ 6,840,000.00	$ 715,077.20
	2017	6,930,000.00	612,787.50
	2018	4,795,000.00	477,652.50
	2019	4,885,000.00	384,150.00
	2020	2,350,000.00	288,892.50
	2021-2025	12,465,000.00	738,952.50
		$ 38,265,000.00	$ 3,217,512.20
Total		**$ 368,900,000.00**	**$ 170,024,462.20**

Concluded

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

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2015

	Pledged and Other Sources and Related Expenditures			
	Total Pledged and Other	Operating Expenses/ Expenditures &	Debt Service	
Description of Issue	**Sources**	**Capital Outlay**	**Principal**	**Interest ***
RFS Bonds Series				
'07, '09, '09A, '09B, '10, '12A, '12B, '15	$ 744,097,458.40	$ 1,242,436.94	$ 23,395,000.00	$ 19,021,270.00
Total	**$ 744,097,458.40**	**$ 1,242,436.94**	**$ 23,395,000.00**	**$ 19,021,270.00**

* 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.

UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2015

			For Refundings Only		
Description of Issue	**Category**	**Amount Extinguished or Refunded**	**Refunding Issued Par Value**	**Cash Flow Increase (Decrease)**	**Economic Gain/ (Loss)**
Revenue Bonds					
RFS Refunding Bonds, Series 2003A	Current Refunding	$ 4,375,000.00	$ 4,425,000.00	$ 187,922.81	$ 187,546.44
RFS Refunding and Improvement Bonds, Series 2005	Current Refunding	33,510,000.00	33,840,000.00	4,605,777.49	4,200,388.31
Total Revenue Bonds		**$ 37,885,000.00**	**$ 38,265,000.00**	**$ 4,793,700.30**	**$ 4,387,934.75**

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UNIVERSITY OF NORTH TEXAS SYSTEM - CONSOLIDATED (794)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2015

Cash in State Treasury	Unrestricted	Current Year Total
Local Revenue Fund 0258	$ 4,165,615.57	$ 4,165,615.57
Local Revenue Fund 0280	5,901,757.68	5,901,757.68
Local Revenue Fund 0292	1,293,056.65	1,293,056.65
Local Revenue Fund 0288	162,818.71	162,818.71
Total Cash in State Treasury (Statement of Net Position)	$ 11,523,248.61	$ 11,523,248.61