



# University of North Texas System

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## Board of Regents

### Schedule of Events for Board of Regents Meeting

University of North Texas at Dallas  
Student Center, Campus Hall – Room 1050  
7300 University Hills Blvd.  
Dallas, Texas 75241

February 13-14, 2020

The University of North Texas System Board of Regents will meet on February 13, 2020, from 8:30 am until approximately 6:00 pm and on Friday, February 14, 2020, from 9:30 am until approximately 12:00 pm.

Agenda items are scheduled to follow each other consecutively and may start earlier or later than the posted time depending on the length of the discussions and the reports of previous items. Please note that the estimated times given in the posting are only approximate and may be adjusted as required with no prior notice.

Any members of the Board may attend committee meetings. Because some Board members who are not committee members may attend committee meetings and thereby create a quorum of the full Board, committee meetings are also being posted as meetings of the full Board. Please contact the Office of the Board Secretary with any questions at 214.752.5545.

**8:30 am      CONVENE FULL BOARD**

**8:35 am      INTRODUCE NEW REGENTS**

**8:40 am      SPOTLIGHT ON STUDENTS**

**9:00 am      STRATEGIC AND OPERATIONAL EXCELLENCE COMMITTEE**

#### **Call to Order**

- Approval of minutes of November 14-15, 2019 meeting

**Briefing:**

*UNT System Strategic Plans Review*

- Lesa Roe, UNTS, Chancellor
- Bob Mong, UNTD, President
- Michael Williams, UNTHSC, President
- Neal Smatresk, UNT, President

**BACKGROUND MATERIAL**

- Quarterly Operations Report

Adjourn Strategic & Operational Excellence Committee.

**11:00 am ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE**

**Call to Order**

- Approval of Academic Affairs and Student Success Committee minutes of November 15, 2019 meeting

**Briefing:**

*Diversity and Inclusion Initiatives 2020*

- Lesa Roe, UNTS, Chancellor
- Bob Mong, UNTD, President
- Neal Smatresk, UNT, President
- Michael Williams, UNTHSC, President

*Recess for Lunch.*

**12:00 pm LUNCH** (Skytop Reading Room, Room 4009)

**1:00 pm ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE**

**Action Items:**

- 10. UNT Approval to Add the UNT Bachelor of Science Degree Program with a Major in Construction Engineering Management
- 11. UNT Approval to Add the UNT Bachelor of Science Degree Program with a Major in Geographic Information Systems & Computer Science
- 12. UNT Approval to Add the UNT Bachelor of Science Degree Program with a Major in Cybersecurity
- 13. UNT Approval to Add the UNT Master of Science Degree Program with a Major in Cybersecurity
- 14. UNT Approval to Add the UNT Master of Science Degree Program with a Major in Data Engineering
- 15. UNT Update of University of North Texas Mission Statement

**BACKGROUND MATERIAL**

- Quarterly Academic Measures Report

Adjourn Academic Affairs & Student Success Committee.

**1:30 pm FINANCE AND FACILITIES COMMITTEE**

**Call to Order**

- Approval of minutes of November 14, 2019 meeting

**Briefings:**

*UNT Dallas Campus Master Plan Update*

- Bob Mong, UNT Dallas, President
- Steve Maruszewski, UNT System, Vice Chancellor for Facilities

*UNTS Quarterly Financial Update*

- Dan Tenney, UNT System, Vice Chancellor for Finance

*Enterprise Risk Management*

- Dan Tenney, UNT System, Vice Chancellor for Finance

**Action Items:**

- |            |  |
|------------|--|
| 16. UNT    | Naming of New UNT Dining Hall  |
| 17. UNT    | Approval to Amend the UNT Save and Soar (Fixed Rate) Tuition Plan  |
| 18. UNTHSC | Approval of UNTHSC Professional Medical Malpractice Self-Insurance Plan Amendments                                 |
| 19. UNTHSC | Delegation of Authority to UNTHSC to Enter into Contracts Related to the Texas Child Mental Health Care Consortium |
| 20. UNTD   | UNT Dallas College of Law FY21 Tuition Increase  |
| 21. UNTD   | UNT Dallas Room and Board Rates for FY21   |
| 22. UNTD   | Approval of UNT Dallas Intercollegiate Athletics Fee   |
| 23. UNTS   | Approval and Delegation of Authority for the Sale of Historic Tax Credits  |

**BACKGROUND MATERIAL**

- Quarterly Operations Report

**4:00 pm RECESS TO EXECUTIVE SESSION (Community Suite, Room 4007)**

Government Code, Chapter 551, Section .074 - Personnel Matters Relating to Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees

- Consideration of individual personnel matters related to the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of System and Institution officers or employees
- Consideration of individual personnel matters related to the appointment of Vice Chancellor and General Counsel, and possible action
- Consideration of individual personnel matters related to the employment agreement with the UNT President, and possible action

- Consideration of individual personnel matters related to the performance objectives and performance evaluation of and the employment agreement with the UNT System Chancellor, and possible action

Government Code, Chapter 551, Section .072 - Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property

- Discussion regarding the exchange, lease or value of real property associated with the UNT Dallas campus

Government Code, Chapter 551, Section .071 - Consultation with Attorneys Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

- Consultation with counsel regarding confidential legal matters, including pending, threatened, and contemplated litigation or settlement offers
- Consultation with counsel regarding contemplated, ongoing and/or finalized investigations and any findings, conclusions or recommendations related to those investigations
- Consultation with counsel regarding audits and any findings, conclusions or recommendations related to those audits
- Consultation with counsel regarding a Collaboration Agreement between UNT Health Science Center and Texas Christian University for the purpose of furthering medical education in Fort Worth, including but not limited to legal obligations and duties and any and all related facts

**6:00 pm      Reconvene the Board in Open Session to consider action on Executive Session items, if any** (Campus Hall, Room 1050)

**6:10 pm      RECESS**

**Friday, February 14, 2020**

**9:00 am GRAND OPENING OF STUDENT HEALTH CLINIC** (Student Center, Basement)

**9:30 am CONVENE FULL BOARD**

Recess for Audit Committee meeting

**9:30 am AUDIT COMMITTEE**

**Call to Order**

- Approval of Audit Committee minutes of November 14, 2019, and December 19, 2019, meetings

**Briefing:**

*Quarterly Report of Audit Activities*

- Tracy Grunig, UNT System, Chief Audit Executive

**BACKGROUND MATERIAL**

- UNT System Consolidated FY20 Q1 Compliance Report
- Enterprise Audit Report Inventory

Adjourn Audit Committee.

**10:00 am RECONVENE FULL BOARD** (Campus Hall, Room 1050)

**CONSENT AGENDA**

1. UNTS Approval of the Minutes of the November 14-15, 2019, Board Meeting
2. UNT Approval of Tenure for New UNT Faculty Appointees
3. UNT Approval of UNT Emeritus Recommendations
4. UNT Approval of UNT Recommendations for Continued Regents Professor Designation
5. UNT Approval of UNT Faculty Development Leaves for 2020-2021
6. UNTD Approval of UNT Dallas Faculty Development Leave for 2020-2021 Academic Year
7. UNTHSC Approval of UNTHSC Regents' Professor Recommendation
8. UNTHSC Delegation of Authority to Extend Educational Services Agreement Between UNTHSC and Acclaim Physician Group

**ACTION ITEMS:**

9. UNTS Acceptance of the Externally Audited UNT System FY19 Comprehensive Annual Financial Report
10. UNT Approval to Add the UNT Bachelor of Science Degree Program with a Major in Construction Engineering Management

11. UNT Approval to Add the UNT Bachelor of Science Degree Program with a Major in Geographic Information Systems & Computer Science
12. UNT Approval to Add the UNT Bachelor of Science Degree Program with a Major in Cybersecurity
13. UNT Approval to Add the UNT Master of Science Degree Program with a Major in Cybersecurity
14. UNT Approval to Add the UNT Master of Science Degree Program with a Major in Data Engineering
15. UNT Update of University of North Texas Mission Statement
16. UNT Naming of New UNT Dining Hall
17. UNT Approval to Amend the UNT Save and Soar (Fixed Rate) Tuition Plan
18. UNTHSC Approval of UNTHSC Professional Medical Malpractice Self-Insurance Plan Amendments
19. UNTHSC Delegation of Authority to UNTHSC to Enter into Contracts Related to the Texas Child Mental Health Care Consortium
20. UNTD UNT Dallas College of Law FY21 Tuition Increase
21. UNTD UNT Dallas Room and Board Rates for FY21
22. UNTD Approval of UNT Dallas Intercollegiate Athletics Fee
23. UNTS Approval and Delegation of Authority for the Sale of Historic Tax Credits
24. UNTS Amendment to Regents Rule 03.400, *Committees*

**10:30 am RECESS TO EXECUTIVE SESSION (Community Suite, Room 4007)**

Government Code, Chapter 551, Section .074 - Personnel Matters Relating to Appointment, Employment, Evaluation, Reassignment, Duties, Discipline, or Dismissal of Officers or Employees

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- Consultation with counsel regarding a Collaboration Agreement between UNT Health Science Center and Texas Christian University for the purpose of furthering medical education in Fort Worth, including but not limited to legal obligations and duties and any and all related facts

**12:00 pm      Reconvene the Board in Open Session to consider action on Executive Session items, if any** (Campus Hall, Room 1050)

**12:05 pm      ADJOURNMENT**



## MINUTES

### **BOARD OF REGENTS Strategic and Operational Excellence Committee November 14-15, 2019**

#### **Thursday, November 14, 2019**

The Strategic and Operational Excellence Committee of the Board of Regents of the University of North Texas System convened on Thursday, November 14, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas, with the following committee members in attendance: Regents Milton Lee, Carlos Munguia, and Gwyn Shea.

There being a quorum present, the meeting was called to order by Committee Chairman, Regent Milton Lee, at 8:58 a.m.

The minutes of the August 15, 2019 Strategic and Operational Excellence Committee meeting were approved on a 3-0 vote following a motion by Regent Gwyn Shea seconded by Regent Carlos Munguia.

The Committee was briefed on the **UNT System Strategic Plans Review** by UNT System Chancellor Lesa Roe, UNT President Neal Smatresk, UNT Dallas President Bob Mong, and UNT Health Science Center President Michael Williams.

The Committee had one action item to consider, presented by UNTHSC President Michael Williams and UNTHSC Chief Brand Officer Monty Mohon.

#### **2019-72 UNTHSC Approval of The University of North Texas Health Science Center at Fort Worth Brand Identity and Enterprise Implementation**

Regent Carlos Munguia motioned for approval, but there was no second to the motion. After further discussion, there was a motion by Regent Carlos Munguia to postpone the item for consideration on Friday, November 15. Regent Gwyn Shea provided the second to the motion. The Committee voted 3-0 to postpone the item. It was later determined that the motion to postpone was unnecessary as the original motion died for lack of a second.

There being no further business, the Strategic and Operational Excellence Committee meeting recessed at 11:31 a.m.



**Friday, November 15, 2019**

The Strategic and Operational Excellence Committee of the Board of Regents of the University of North Texas System convened on Friday, November 15, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas, with the following committee members in attendance: Regents Milton Lee, Carlos Munguia, Gwyn Shea, and Glen Whitley. Regent Mary Denny served as an additional committee member at the Board Chair's request.

The Committee reopened consideration of the following action item from UNTHSC.

**2019-72 UNTHSC Approval of The University of North Texas Health Science Center at Fort Worth Brand Identity and Enterprise Implementation**

Following additional discussion, and pursuant to a motion for approval by Regent Gwyn Shea, seconded by Regent Mary Denny, the Committee approved the above action item 5-0.

There being no further business, the Strategic and Operational Excellence Committee meeting adjourned at 9:11 a.m.

Submitted By:

Rosemary R. Haggett  
Rosemary R. Haggett  
Board Secretary

Date: Feb 5, 2020



# 2020 UNT World Strategy



# UNT WORLD VISION & VALUES: Leading the Way in DFW

## UNT WORLD PURPOSE

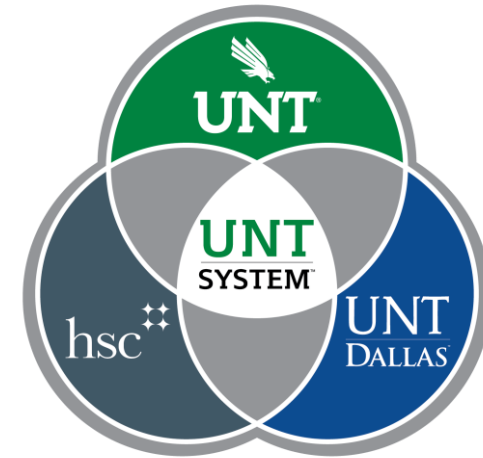
*With our heart in North Texas, we transform lives and create economic opportunity through education.*

## UNT WORLD VALUES

*Service. Teamwork. Trust. Excellence.*

## UNT WORLD VISION

*Transform the future of North Texas and beyond by being accessible, caring, innovative, community-focused and industry-connected — bringing out the full potential of those we serve.*



## UNT WORLD STRATEGY

- *Strengthen Our Core*
- *Drive Strategic Growth*
- *Create Value*



# UNT WORLD Strategy: “Strengthen Our Core”

## FOCUS ON STUDENT EXPERIENCE, PROGRAMS/ CURRICULUM, FACULTY AND STAFF

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### AREAS OF EMPHASIS

- Employee Engagement
- Diversity & Inclusion
- Student Experience & Retention
- Career-Readiness
- Student Services & Resources
- Faculty & Staff Well-Being
- Student Well-Being
- Priority Programs
- Training & Succession Planning
- Performance Accountability

### DESIRED OUTCOMES

- Increased Engagement
- Best Place to Work
- Increased Student Retention
- Increased Graduates/Degrees Awarded
- Affordable Higher Education
- Stronger Communities
- Stronger Reputation
- Stronger Brand Recognition



# UNT WORLD Strategy: “Drive Strategic Growth”

## FOCUS ON DIFFERENTIAL ACTIVITIES THAT DRIVE STRATEGIC GROWTH

### AREAS OF EMPHASIS

- New Programs Delivered in New Ways
- Affordability & Accessibility for Students
- Enrollment Systems & Approach
- Strategic Master Planning
- Innovation in Community & Start-ups
- Grants & Research
- Resources for Innovation & Research Faculty
- Industry Engagement
- Impactful Donor Events
- Licensing & Tech Transfer

### DESIRED OUTCOMES

- Entrepreneurial Culture
- Increased Enrollment
- Increased Endowments & Institutional Gifts
- Increased Research Expenditures
- Medical & Technological Discoveries
- Lead the Creative Economy
- Increased Graduates/Degrees Awarded
- Increased Grants, Tenure/Tenure-Track Faculty & Post-docs
- Stronger Reputation
- More Licenses & Patents
- Stronger Brand Recognition
- Strong Strategic Partner for growth in Dallas, Fort Worth, Denton and Frisco



# UNT WORLD Strategy: “Create Value”

## CREATE VALUE IN ALL WE DO

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### AREAS OF EMPHASIS

- Operate More Efficiently
- Strengthened Financial Insight, Data & Planning
- Enterprise Decision Making
- Modernized Procurement Processes & Optimized Use of Strategic Sourcing
- Strengthened Integration, Collaboration & Teamwork Across UNT World
- HSC Clinical Practice & Pharmacy Service For UNT Dallas/UNT/TCU
- Phase-Out Low-Priority Programs
- Refined Brand Presentation & Messaging

### DESIRED OUTCOMES

- Strengthen Financial Health
- Best Place to Work
- Extraordinary Service Experience
- Best Value
- Stronger Reputation
- Management Practices & Tools to Promote Success
- Stronger Brand Recognition



**UNT SYSTEM™**

Headquarters Strategy



# UNT System Headquarters: Purpose, Vision, Goals

## UNT System Headquarters Purpose

Lead, Serve, Inspire

## UNT System Headquarters Vision

A trusted partner of exceptional performance and service.

## Goals

People  
Service  
Strength


## Desired Results

- ✓ Best place to work
- ✓ Extraordinary service experience
- ✓ Create value
- ✓ Excellent reputation
- ✓ Exemplary management practices and tools promote mission success





# 2020 TARGETS: People

	= On Track
	= Concern
	= Off Track

<u>Initiative</u>	<u>2020 Initiative/Owner</u>
1. Recruit, Develop, and Retain Talent	<ul style="list-style-type: none"><li>● <b>Improve on-boarding employees and modernize performance planning (B. Abercrombie)</b><ul style="list-style-type: none"><li>• M: 90% of new full-time employees surveyed on a 5 point scale rate on-boarding as <math>\geq 4</math></li></ul></li><li>● <b>Develop compensation strategy for system administration (B. Abercrombie)</b><ul style="list-style-type: none"><li>• M: Complete expanded scope market study for system administration and overlapping positions with campuses June 2020 and plan in budgets for FY21/FY22 and beyond</li></ul></li><li>● <b>Create three-pillared well-being program for UNT World Faculty and Staff to include: Financial, Interpersonal and Physical. (B. Abercrombie)</b><ul style="list-style-type: none"><li>• M: Program developed in FY20</li></ul></li></ul>
2. Employee Engagement	<ul style="list-style-type: none"><li>● <b>Address organizational feedback from Gallup (Presidents; All Vice Chancellors)</b><ul style="list-style-type: none"><li>• M: System administration Gallup engagement <math>\geq 55\%</math></li><li>• M: Overall Gallup engagement <math>\geq 48\%</math></li></ul></li><li>● <b>Create HR Liaison program on all campuses that will ensure an avenue for communicating needs, ideas and process improvement across UNT World. (B. Abercrombie)</b><ul style="list-style-type: none"><li>• M: Program developed in FY20</li></ul></li></ul>



# 2020 TARGETS: Service

●	= On Track
●	= Concern
●	= Off Track

## Initiative

## 2020 Initiative/Owner

1. Services Improvement

- **Conduct external reviews of each System HQ organization with campus functions. (L. Roe)**
  - M: Implement IT improvements in governance, strategy, and cost (C. McCoy)
  - M: Implement findings from Legal Review (A. Stucky) and Audit Reviews (T. Grunig)
  - M: Initiate External Reviews of Government Relations and Human Resources (L. Roe)
- **Reengineer Human Resources website/links/information to deliver enhanced client self-service – on time and when needed. (B. Abercrombie/P. Corliss/C. McCoy)**
  - M: 50% of all questions provided on Human Resources Self Service (B. Abercrombie)
- **Modernize procurement processes, enhance contract management, and optimized use of strategic sourcing (D. Tenney)**
  - M: Assess end-to-end process with a cross-campus team and identify system-wide solutions

2. Align Services with University Initiatives

- **Strategic Master Planning (S. Maruszewski)**
  - M: Denton and Dallas Master Plans factoring in strategic planning in FY21
- **Create value (L. Roe, Presidents, VCs)**
  - M: Complete tax credits for municipal building and apply toward UNT Dallas endowment (S. Maruszewski)
  - M: Establish and execute Main Street leasing plan (S. Maruszewski)
  - M: Eliminate low priority items and review, refine, and lean out processes (L. Roe, VCs, Presidents)
  - M: Develop P3 contracts and process to support campus needs (S. Maruszewski)



# 2020 TARGETS: Strength

●	= On Track
●	= Concern
●	= Off Track

## Initiative

## 2020 Initiative/Owner

1. Strengthened Planning, Analysis, System Tools, and Collaboration

- **Multiyear planning in place (D. Tenney)**
  - M: FY21 will include multi-year budget and statements
- **Establish ERP implementation and financing plan. (D. Tenney)**
  - M: Decision on financing by March 2020
- **Collaboration across campuses on Student Success (R. Haggett)**
  - M: UNT World Convening for Student Mental and Behavioral Health and Well-Being
  - M: Explore data trends (retention/graduation) across different populations of students (transfer, race, ethnicity, gender)

2. Strengthen Brand Identity and Advocacy

- **Meet Dallas corporate clients' educational needs with for-credit employee education and credentials. (R. Haggett)**
  - M: Develop/pilot need areas
- **Enhance internal/external communications with strategic messaging. (P. Corliss)**
  - M: Success messaging in Town Halls, spotlight videos, social media, speeches, and websites.
  - M: Complete messaging campaign development
- **Work with internal/external stakeholders to design advocacy opportunities for State and Federal funding. (J. Morton/Presidents)**
  - M: Opportunities developed and communicated internally in FY20



# Strategic Goals for FY 20

- **Increase Revenues**
- **Be a Best Place to Work**
- **Take Care of our Students**
- **Strengthen Community Partnerships**
- **Increase Enrollment, Retention, Graduation**



- **Increase Revenues**
  - Increase fundraising
    - Competing for several state and federal grants
  - Grow enrollment and retention by 8%



# Strategic Goals for FY 20

- **Be a Best Place to Work**
  - Reduce employee turnover
  - Increase employee engagement
    - 2 Employee Recognition Town halls this Spring
  - Expand training and career planning opportunities
    - Career plans for all employees in 3 years
    - 100% training for new managers
    - Act on employee training survey
      - D&I Training (generational)
    - Training must be tied to strategic initiatives
    - Baseline built from current levels of training
  - Hire for mission (for all hires)



- **Take Care of Our Students**

- New Student Success Cohort (Trailblazer Elite) underway
- Start multi-semester registration in Fall 2020
- Meet goals set for advising, tutorial, and counseling levels
  - Mental health counseling needs have increased
- Start Study Abroad in Summer 2020 – March 1<sup>st</sup> deadline
- Introduce Sparkpoint financial services in Fall 2020
- Meet Second year Career Ready Education goals, 5 year plan





## ■ **Strengthen Community Partnerships**

- Collegiate Academy cohort classes start at UNTD in Fall 2020
- Expanded CPI partnership with prestigious advisory board
- Launch partnerships with two universities that closely match our demographics
- Grow enrollment by 8% at Dallas, Tarrant, and Navarro CC's
- Expand Principal Impact Collaborative and SERCH Institute
- Plans set to operate Conrad internship program
- Increased use of Thirdspace (Mindfulness studio)



# Strategic Goals for FY 20

- **Increase Enrollment, Retention, Graduation**
  - 8% enrollment and retention; 7.5% graduation
    - 347 December 2018 graduates and 370 December 2019 graduates, a 6.6% increase year-to-year
  - Plan for future growth through:
    - Legislative planning nearly complete
    - Updated master plan progressing
    - Keep tuition and fees lowest in North Texas by benchmarking
  - Complete plans for increased endowment (timing: Historic Tax Credits)
  - Surveying alumni



# HSC Strategic Plan Review

Dr. Michael R. Williams

February 13, 2020

# HSC FY20 Strategic Scorecard: People

2020 KEY RESULTS	MEASURES/ TARGETS	STATUS
<b>People (Be A Best Place For All)</b>		
<b>1. Build and extraordinary people system based on values, culture, and performance</b>		
1.1 Launch a new performance management system	1.1a Percentage of employees with three documented quarterly performance check-in conversations by end of FY20 T: 75%	
	1.1b Supervisor training completed by May 31, 2020 T: 95%	
	1.1c Implement performance management software by May 31, 2020	
1.2 Improve first-year team member experience	1.2a All positions filled using new values-based hiring and on-boarding by end of FY20 T: 100%	
	1.2b Percentage of new employees satisfied with their decision to work at HSC by end of FY20 T: 70%	
	1.2c Implement process to track first-year voluntary turnover by end of FY20	
1.3 Strengthen supervisor connection	1.3a Number of supervisors leveraging HSC's "Supervisor Development Network" opportunities by end of FY20 T: >250	
	1.3b Percentage of employees engaged or Gallup percentile ranking by end of FY20 T: 60% engaged or 90th percentile	

# HSC FY20 Strategic Scorecard: Programs

2020 KEY RESULTS	MEASURES/ TARGETS	STATUS
<b>Programs (Prepare future leaders to improve and transform human health)</b>		
<b>2. Enrich the health and wellbeing of our entire team</b>		
2.1 Implement at least four education initiatives to improve health and well-being <ul style="list-style-type: none"> <li>- Online well-being module</li> <li>- Emotional Intelligence and well-being integration</li> <li>- Resiliency program</li> <li>- Career-readiness program</li> </ul>	2.1 Number of education pilots completed and implemented by end of FY20 T: 4	
2.2 Launch solution to improve financial well-being of faculty, staff and students	2.2 Percentage of team members utilizing solution by end of FY20 T: 25% of employees and 25% of students	
<b>3. Make the population we serve healthier</b>		
3.1 Deploy a micro-credentialing program to enhance health education for our health-related workforce	3.1 Inventory of completed micro-credentials by end of FY20 T: 3 active micro-credentials completed and implemented	
3.2 Introduce virtual care and health outcomes research capabilities to address health disparities	3.2 Number of virtual healthcare pilots completed by end of FY20 T: 2	

# HSC FY20 Strategic Scorecard: Strengths

2020 KEY RESULTS	MEASURES/ TARGETS	STATUS
<b>Strengths (Focus/Purpose)</b>		
<b>4. Increase UNTHSC financial strength</b>		
4.1 Increase alumni giving and engagement	4.1a Increase in donors and receipts by end of FY20 T: 100% increase from FY19	
	4.1b Number of alumni recruited into volunteer advisory roles by end of FY20 T: Minimum 25 alumni recruited	
4.2 Increase total institutional and foundation endowment	4.2 Total institutional and foundation endowments by end of FY20 T: \$80.6M	
4.3 Increase corporate (for/non-profit) relationships	4.3 Number of new formalized corporate relationships by end of FY20 T: 5	



# 2020–2025 Strategic Plan

# University of North Texas Five-Year Strategic Plan



By embracing a culture of collaboration, UNT will solve important problems and make improvements within three priority areas.

## STUDENT EMPOWERMENT AND TRANSFORMATION

## PEOPLE AND PROCESSES

## SCHOLARLY ACTIVITY AND INNOVATION

GOALS

- ▶ We will empower and transform our students in their educational and social environments to set them up for lifelong learning success.

- ▶ We will attract, develop, and celebrate our campus community members to make UNT an outstanding environment in which to work and learn.

- ▶ We will support, communicate, and celebrate a dedicated culture of scholarly activity at UNT to expand UNT's innovative impact for our students and our community.

STRATEGIES

- ▶ Increase best practice curricular experiences for students
- ▶ Expand/develop student support services to encourage students' sense of belonging, growth mindset, well-being, and mental health
- ▶ Expand/develop inclusion and student success practices and policies

- ▶ Increase enrollment at the Denton and Frisco campuses
- ▶ Decrease time to graduation, and increase and improve services to aid at-risk, underrepresented, transfer, non-traditional, veteran, online and working students
- ▶ Become a best place to work by providing training, resources, and development

- ▶ Support, mentor, and highlight our student scholars
- ▶ Expand resources and revise procedures to facilitate innovation at UNT
- ▶ Support the development of "Tier One Our Way" through targeted innovation activities

KEY OVERALL COLLABORATIVE STRATEGY

- ▶ We will collaborate to create outstanding, inclusive student experiences from admission through graduation.

- ▶ We will collaborate to decrease barriers and market our campus community's accomplishments.

- ▶ We will collaborate to create a research and innovation community where all areas and all people can excel.



# Five-Year Strategic Plan Metrics



## STUDENT EMPOWERMENT AND TRANSFORMATION

- ▶ Student growth mindset beliefs increased to 55%
- ▶ Student engagement increased
  - Internships by 10%
  - Social-academic engagements by 2%
  - Corporate engagements by 10%
- ▶ Retention increased to 86%
- ▶ Decrease the six-year graduation achievement gap for underrepresented minorities
- ▶ Career placement increased to 65% in jobs paying above the median income

## PEOPLE AND PROCESSES

- ▶ Improve student pathways
  - Annual enrollment increased 1% for undergraduates and 4% for graduate students
  - Degrees awarded increased to 11,000
  - Frisco credit hours increased 300%
  - At-risk achievement increased to 65%
- ▶ Student debt limited to not exceed inflation
- ▶ Voluntary faculty/staff turnover decreased by 10%
- ▶ Annual giving increased to \$40M
- ▶ Gallup score increased to 4.0 and 45% participation

## SCHOLARLY ACTIVITY AND INNOVATION

- ▶ Research expenditures increased
  - HERD to \$100M
  - NRUF to \$45M
- ▶ Scholarly activity increased
  - Faculty
    - T/TT faculty to 894
    - Multi-institutional grants to 20
  - Student
    - Post-docs to 100
  - Innovation
    - Licenses to 12
    - Disclosures to 50

## MISSION

At the University of North Texas, our caring and creative community empowers our students to thrive in a rapidly changing world.

## VISION

We will become globally known for collaborative and imaginative educational innovation and scholarly activity that transforms our students and benefits the world around us.

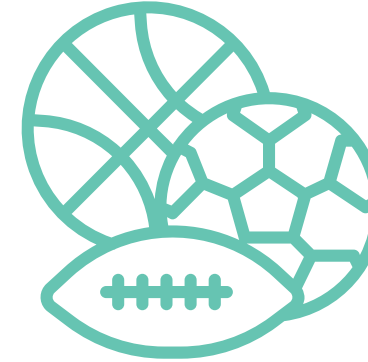
## PURPOSE

Our students will become the innovative leaders of tomorrow.

**UNT is  
CREATIVE  
CARING  
RESILIENT**



- Winter session enrollment up 68%
- Spring enrollment SCH up 4.6%
- Undergrad spring enrollment up 4.04%
- Grad spring enrollment up 9.5%
  
- Fall-spring FTIC retention nearing 94%



Athletics cumulative GPA exceeds 3.0 for the first time



Endowment tops \$200M



Licensing funding increases to \$286k



One of the top 10 universities on the rise!

# Collaboration is key



APLU First-Day Faculty Toolkit



Corporate partners



UNT System/UNT  
Chief Information Officer



# Google/Coursera partners for UNT BAAS degree





[Admissions](#)

[Academics](#)

[Student Life](#)

[About UNT](#)

[Research](#)

[Locations](#)

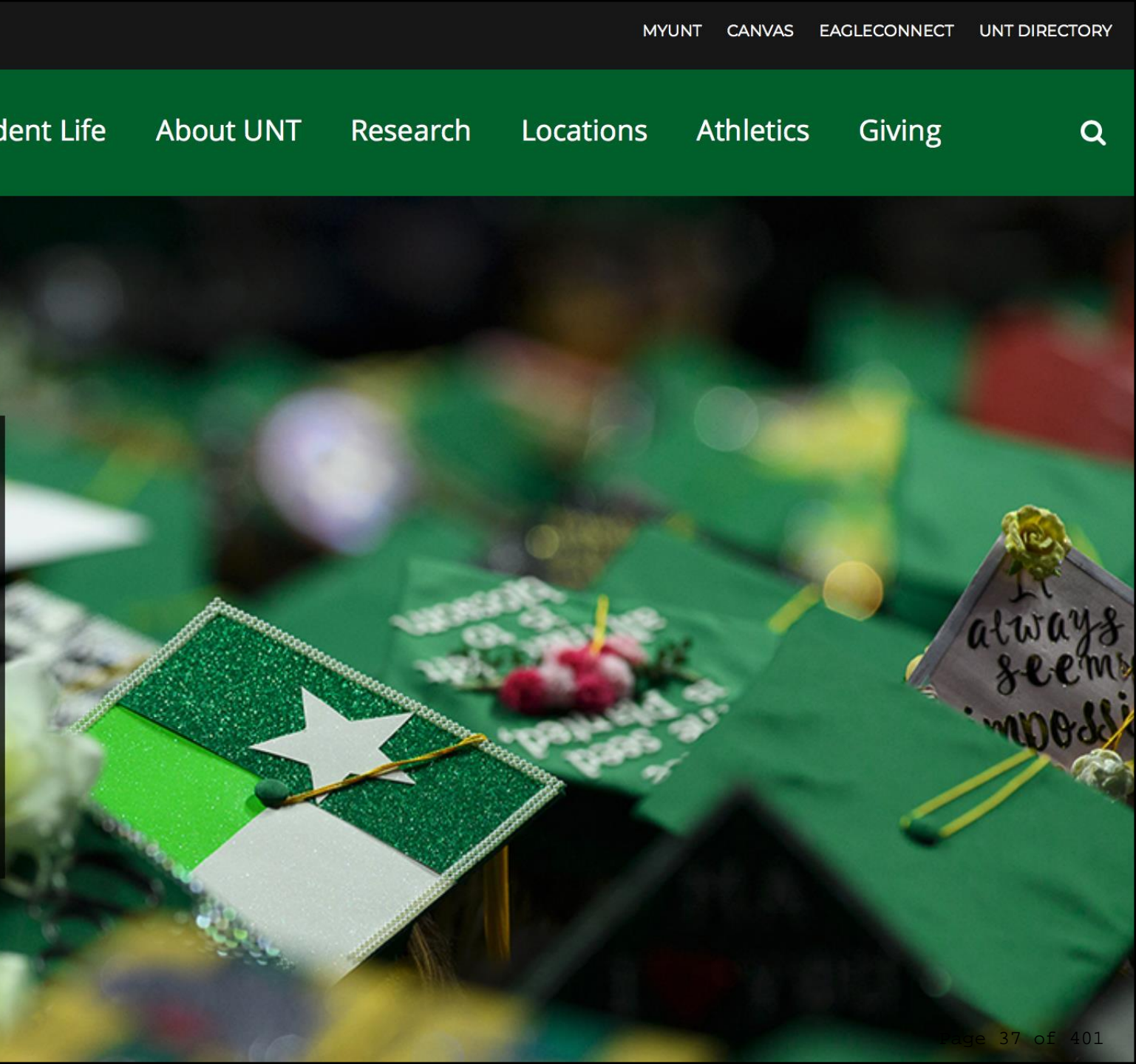
[Athletics](#)

[Giving](#)



**START  
GREEN  
STAY  
GREEN**

**You've got this. We've got you.**



# Ways we can help you NOW.

## Need help paying for college?

We can help answer your questions about financial aid and scholarships so your college costs are covered.



## Need tuition/fee payment options?

We can help you set up a payment plan or get a short-term loan to keep you from getting behind.



## Need emergency money?

We can help you explore emergency aid options.



## Need to see a doctor?

We can help treat injuries, illnesses and other medical issues right here on campus.



## No money for food?

We have a free food pantry for current UNT students.



## Need a place to stay?

We can help students who are homeless or dealing with housing insecurity.



# Ways we can help you stay ahead of the game.

## Need a job?

We can help you find job opportunities on campus.



## Need to dress sharp for an interview?

We can help you with free business clothing.



## Need to find the right career path?

We can help you explore career options and build a resume.



## Need help with a major or finding classes?

We can help you select a major or search for the right classes.



## Can't afford your cap and gown?

We can loan you a cap and gown for your special day.



## Need to talk to a lawyer?

We can provide you with access to legal services or referrals.



# Student Success



EAB Navigate  
predictive  
analytics pilot



First Year Experience  
pilot for high-risk students



Transfer scholarships





# People and Processes



Web support  
and design efforts



Bridge training platform  
expansion



Master Planning and 2035/2050 Visioning  
Project

# Scholarly Activity and Innovation



D.C. Research Fellows

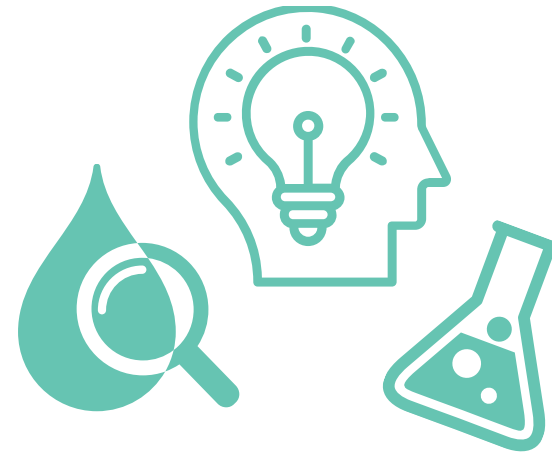


Grant writing workshops



College grant managers

# Other Activities



Student Innovation Center



## MINUTES

### BOARD OF REGENTS Academic Affairs and Student Success Committee November 15, 2019

**Friday, November 15, 2019**

The Academic Affairs and Student Success Committee of the Board of Regents of the University of North Texas System convened on Friday, November 15, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas, with the following committee members in attendance: Regents Mary Denny, A.K. Mago, and Gwyn Shea.

There being a quorum present, the meeting was called to order by Committee Chairman Regent Gwyn Shea at 9:11 a.m.

The minutes of the August 15, 2019 Academic Affairs and Student Success Committee meeting were approved on a 3-0 vote following a motion by Regent Mary Denny seconded by Regent A.K. Mago.

UNT Provost Jennifer Cowley, UNT Vice President for Research Mark McLellan, UNTHSC Provost Charles Taylor, and UNTHSC Vice President for Research Brian Gladue gave the Committee an **Update on Research at UNT and UNTHSC**.

Regent Shea noted that the Committee had seven action items to consider, all coming from UNT. The first was presented by Bob Brown and Jennifer Cowley.

**2019-83 UNT                      Approval to Establish the UNT at Frisco Branch Campus  
and Seek Branch Status**

Pursuant to a motion by Regent Mary Denny and seconded by Regent A.K. Mago, the Committee approved the above item on a 3-0 vote.

The next six items were presented by Provost Jennifer Cowley.

**2019-84 UNT                      Approval to Offer the UNT Doctor of Education and  
Doctor of Philosophy Degree Programs with a Major in  
Educational Leadership with a Hybrid Online Modality**

Pursuant to a motion by Regent A.K. Mago and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-85 UNT                      Approval to Offer UNT Doctor of Philosophy Degree Program with a Major in Information Science at UNT at Frisco - Hall Park and by Hybrid Online Modality**

Pursuant to a motion by Regent A.K. Mago and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-86 UNT                      Approval to Add the UNT Bachelor of Science Degree Program with a Major in Project Design and Analysis**

Pursuant to a motion by Regent Mary Denny and seconded by Regent A.K. Mago, the Committee approved the above item on a 3-0 vote.

**2019-87 UNT                      Approval to Add the UNT Master of Business Administration with a Major in Sports Entertainment Management**

Pursuant to a motion by Regent A.K. Mago and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-88 UNT                      Approval to Add the UNT Master of Science Degree Program with a Major in Artificial Intelligence**

Pursuant to a motion by Regent Mary Denny and seconded by Regent A.K. Mago, the Committee approved the above item on a 3-0 vote.

**2019-89 UNT                      Approval to Add the UNT Master of Science Degree Program with a Major in Engineering Management**

Pursuant to a motion by Regent A.K. Mago and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

Regent Shea noted one background report included in the appendix, the **Quarterly Academic Measures**.

There being no further business, the Committee meeting adjourned at 10:04 a.m.

Submitted By:

Rosemary R. Haggett  
Rosemary R. Haggett  
Board Secretary

Date: Feb 4, 2020



# Diversity & Inclusion: Initiatives for 2020



## UNT World Diversity and Inclusion (D&I) Initiatives:

- Create a shared vision that supports each campus D&I strategies and initiatives; incorporating each president's vision, campus cultures and best practices for training development
- Integrate value-added D&I training that supports the uniqueness of each campus and translates into all business practices
- Foster a culture of accountability for individual learning, application, and growth and development of D&I initiatives
- Develop and institute practices that ensure faculty diversity that reflects the diversity of students



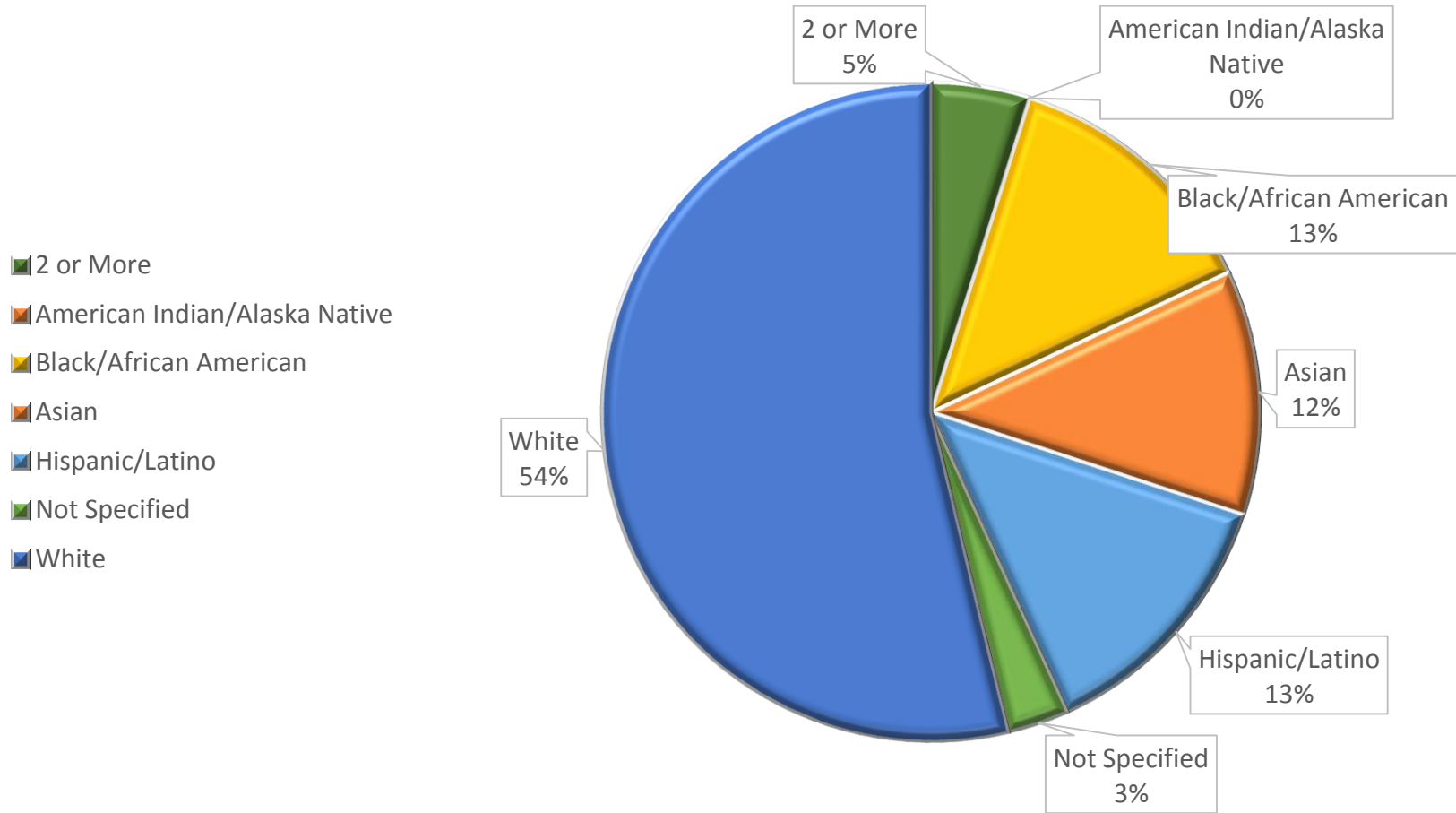
## Progress in System Administration toward UNT World Goals

- Institutional cabinets and system cabinets met with outside facilitator to learn to address unconscious bias, build shared practices and work together for more inclusion throughout our system
- Address equity in student success through a UNT World team with members from all institutions and system as part of NASH Leadership Academy
- Create value-add training based on equity, diversity and inclusion maturity index obtainment
  - Online training delivered through Bridge LMS for mandated training
  - Face-to-face training focused on broader understanding of Diversity & Inclusion awareness, better communication and stronger dialogue
- Establish a task-force for collaboration and support of UNT World D&I initiatives
  - Task force comprised of all institutions and system
  - Meets quarterly to review progress on D&I efforts and share learning and best practices
  - Review training and approach to hiring across our UNT World



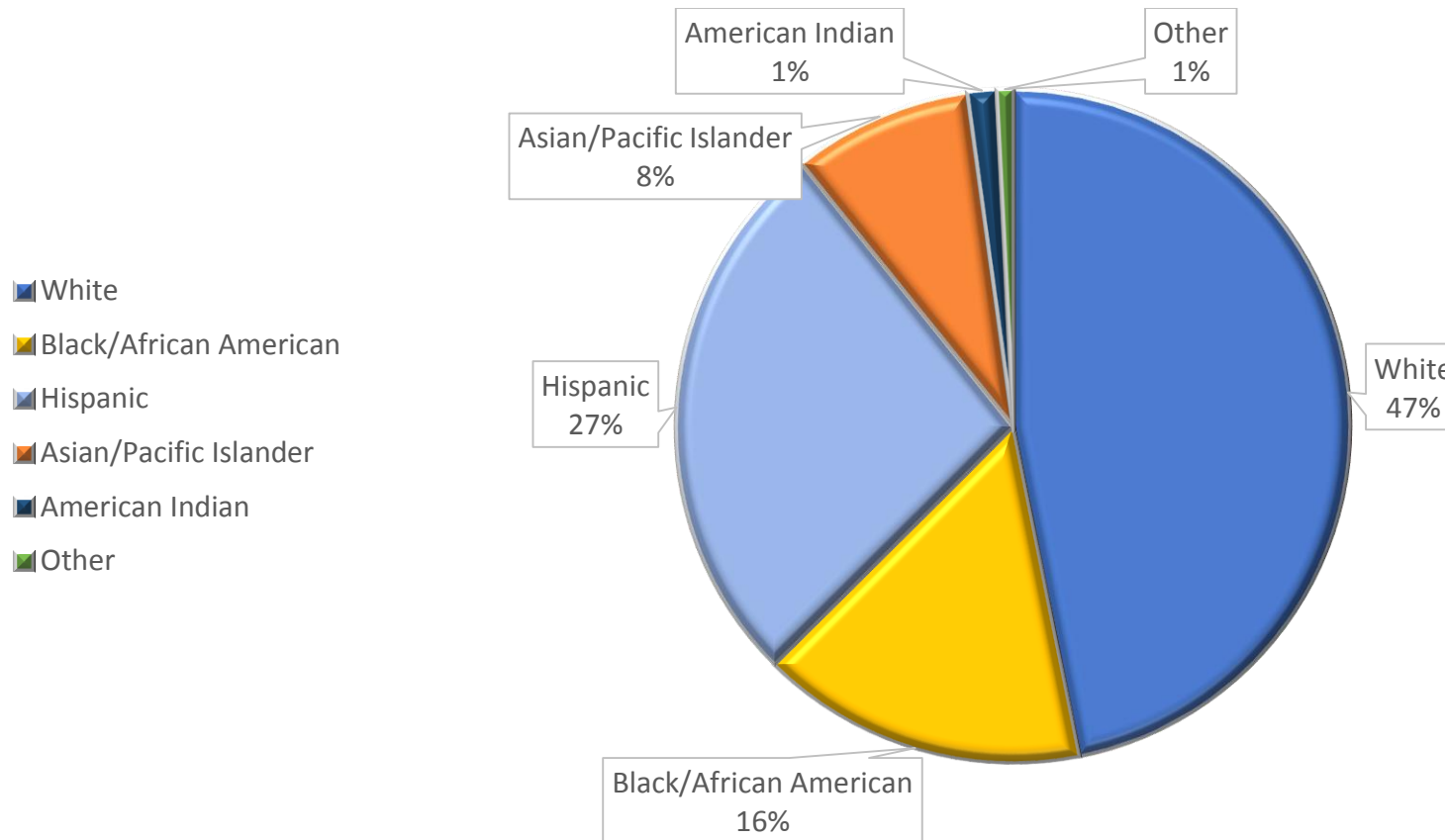


## Demographic Data – UNT World First Quarter FY2020 Faculty/Staff/Administration



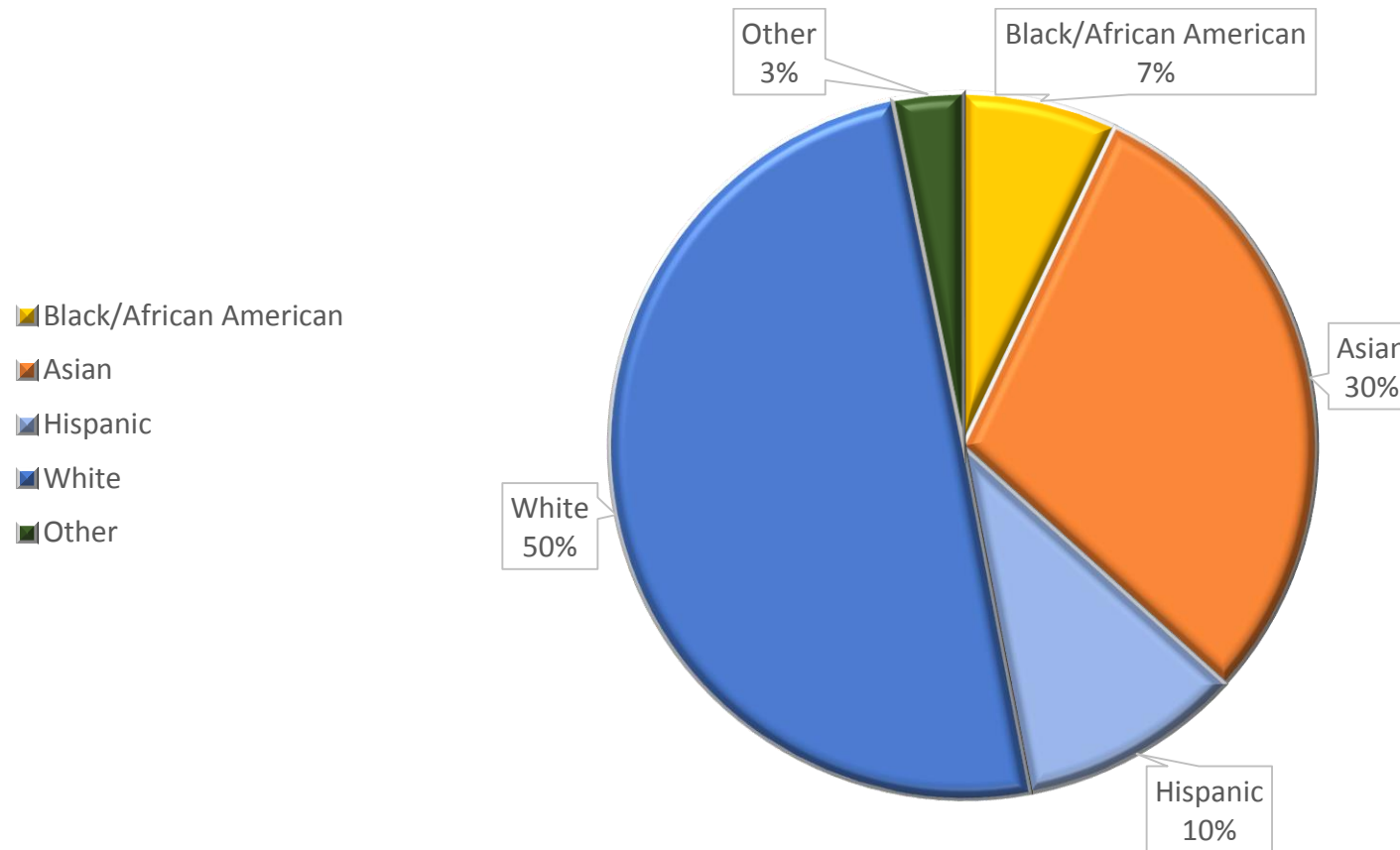


## Demographic Data – UNT Fall 2019 Students



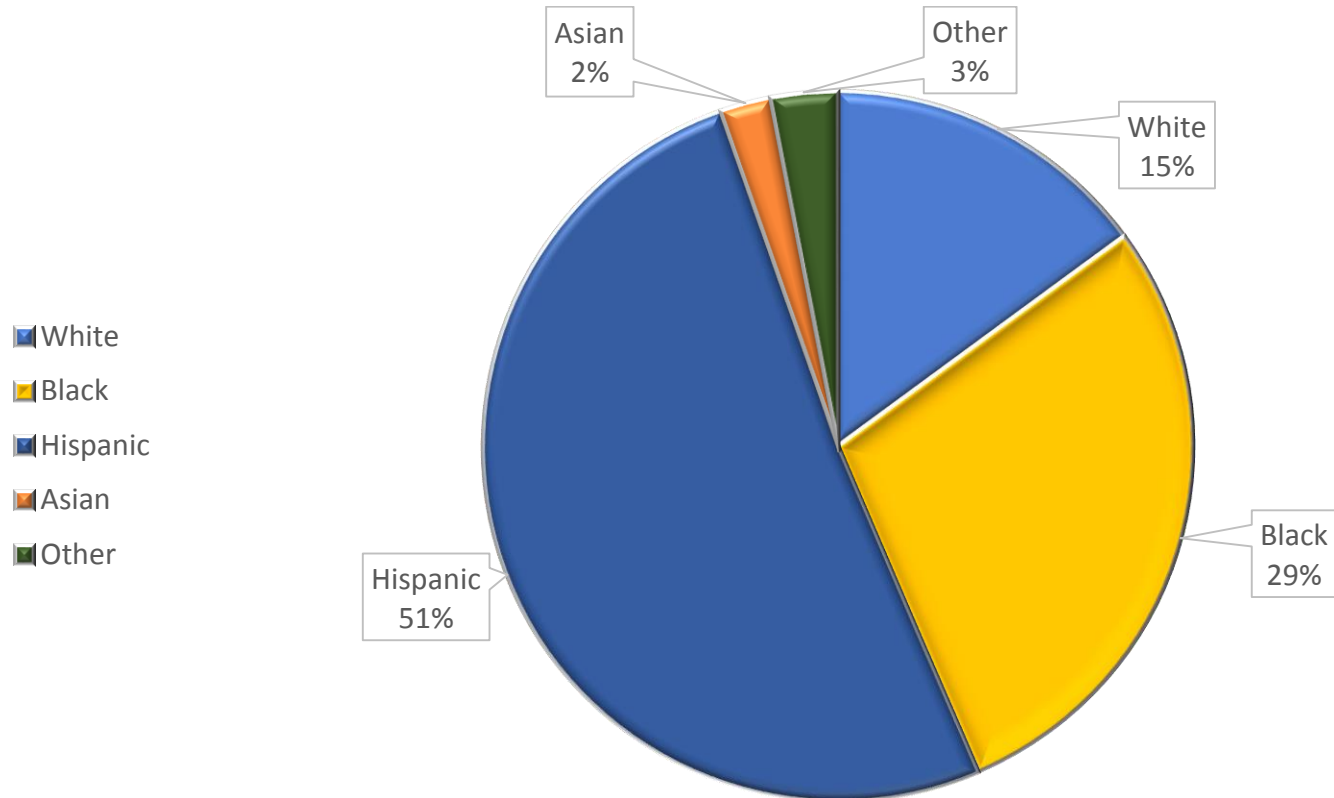


## Demographic Data – UNT Health Science Center Fall 2019 Students



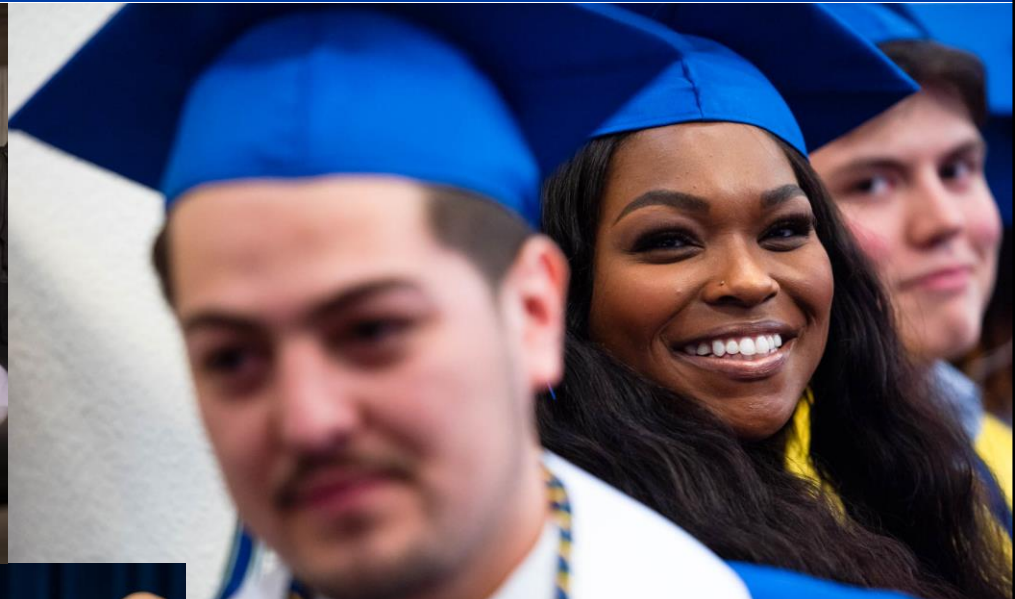


## Demographic Data – UNT Dallas Spring 2020 Students



# Diversity and Inclusion

February 13, 2020



# Generational Training



- **5 generations engage with one another on our campus**
- **5 generations. 1 University. 1 Mission. 1 Vision.**
- **Training scheduled this semester**
- **Partnership between UNT Dallas and UNT System**



# Celebrate our Diversity



- **Texas' most blended diverse campus**
- **An example of celebrating our diversity:**
  - **Our Business Dean, Dr. Karen Shumway recruited strong African-American professors**





# A Town Hall in the Heart of the Hispanic Community



- **UNT Dallas partners with philanthropist Jorge Baldor**
- **Feb. 4 Town Hall featuring town and gown interaction**
- **Event at Mercado 369 on Jefferson Blvd.**



## Diversity and Inclusions Steps at UNT

- Faculty and staff must at a minimum receive the bridge training we launched on diversity, inclusion and harassment, and anyone who has not completed the training will not be eligible for merit raises.
- Every VP area will come up with contextually relevant training for all the employees in each division.
- All new students and all new faculty and staff will be given trainings on cultural competence and diversity beginning this summer.
- Deans have all been part of some form of diversity training and conversations.

## Diversity and Inclusions Steps at UNT

- Cabinet members have been involved in the system diversity training and implicit bias training.
- Each dean is considering how we include cultural competence and discussion about diversity and inclusion into all departmental curricula in a way that is contextually relevant.
- We have highlighted and reinforced cultural issues more clearly in the strategic plan.
- We are assessing the multicultural center resources and utilization to determine if it adequately meets needs for black and LatinX students.

# HSC – Diversity, Equity and Inclusion Update

Dr. Michael R. Williams

February 13, 2020

# HSC – Diversity, Equity and Inclusion Accreditation

- **Specialized accreditation requirements** that incorporate specific DE&I standards.
- Woven **didactic, simulation, and experiential learning activities** to grow the learners' knowledge, skills, and behaviors (**cultural sensitivity, cultural fluency, etc**).
- **Assessment plans** to monitor and document learner growth in these areas is required.

# HSC – Diversity, Equity and Inclusion Career Readiness

- **Texas 60x30:** all schools and colleges have **6 career readiness skills** woven throughout all HSC programs which include:
  - Resiliency, Communication, Inter-professional Teamwork, Problem Solving, Leadership, and **Intercultural Fluency**.
- **We report these annually** to THECB.
- Using the microcredentials program to better **document student mastery of skills**.

# HSC – Diversity, Equity and Inclusion through our **Code of Culture**

- **DE&I is a key component of our HSC values.** Code of Culture (COC) launched to strengthen understanding of our values and behaviors align to policies and expectations.
- Our **Code of Culture** highlights examples of mutual respect, inclusivity and a safe campus.
- Student Code of Conduct & Discipline supports our **Code of Culture**.
- We believe **all people are responsible for holding one another accountable to the Code of Culture** and the behaviors associated with our values.
- Our **promotion and tenure guidelines connect to our Code of Culture**, strengthening our commitment to link performance to these values.

# HSC – Diversity, Equity and Inclusion Activities and Plans

- Unconscious Bias “Train-the-Trainer” program
- DEI sensitivity refresher for faculty and staff
- Implicit bias training for faculty
- Centers of Excellence in Minority Health and Health Disparities (one of only 12 in country)
- National Research Mentoring Network (NRMN)
- Various Cultural and Heritage Celebrations
- Annually hosted programs including Veterans Day Breakfast and LGBTQ+ Ally Trainings



# HSC – Diversity, Equity and Inclusion Through Team Education

- |  | Completion |
|--|------------|
| • Annually required education  |            |
| • Code of Conduct (contains DE&I elements)   | 97%        |
| • Business ethics, What is moral courage, Duty to report   |            |
| • Workplace conduct, Preferences and prejudice   |            |
| • Harassment and Discrimination Prevention   | 97%        |
| • Sexual Assault Prevention for Graduate Students  | 95%        |
| • UNTHSC Code of Culture; Our Values in Action   | 95%        |
| • Voluntary education  |            |
| • Variety of DE&I topics via LinkedIn Learning through “Learn HSC”<br>(our learning management system) |            |

# Diversity, Equity and Inclusion Program Research and Review

- Frank Dobbin and Alexandra Kalev (July-August 2016) Why Diversity Programs Fail: retrieved from <https://hbr.org/2016/07/why-diversity-programs-fail>
- Dr. Renee Mormile (February 23, 2018) No Meaningful Change. Why Most D&I Initiatives Fail and An Alternative Approach to Your Organization's D&I Efforts: retrieved from <https://www.linkedin.com/pulse/meaningful-change-why-most-diversity-inclusion-di-fail-mormile/>
- Janice Gassam (March 31, 2019) 5 Reasons Why Diversity Programs Fail: retrieved from <https://www.forbes.com/sites/janicegassam/2019/03/31/5-reasons-why-diversity-programs-fail/#427bdb6d637d>

# Diversity, Equity and Inclusion Review

## What we are Learning

- Drop the “diversity” label – “inclusive excellence”
- Leadership buy-in a must
- Proper implementation is key
  - Systemic look at culture (systems, processes, structures, behaviors) that support or inhibit diversity and inclusion
- Consistency and flexibility are essential
- Much less mandatory vs. more voluntary

# Diversity, Equity and Inclusion Review

## What we are Learning (cont.)

- Focus on similarities vs. differences
- Focus on inclusion not just diversity
- Mentoring programs
- Measure DE&I program effectiveness through established KPI's and OKR's
- Track workforce demographics for inclusion effectiveness

## Board Briefing

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**Committee:** Academic Affairs & Student Success

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**Date Filed:** January 3, 2020

**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Construction Engineering Management

---

### Background:

The University of North Texas is requesting to add a Bachelor of Science degree program with a major in Construction Engineering Management, effective August 15, 2020. This degree program will be housed within the Department of Engineering Technology within the College of Engineering.

The Construction Engineering Management (CEM) degree program prepares project managers who will serve in leadership positions in the ever-growing field of construction. Graduates will be able to manage projects as small as residential housing to heavy construction projects involving roads, stadia, etc. Program curriculum includes professionalism, leadership, and ethics. The Department of Engineering Technology is well equipped to offer the new program and will collaborate with area community colleges. In particular, a seamless transfer pathway was created for a similar program established in Collin County that will serve as a base for recruitment. Addition of the CEM program will open a door to a large number of students who are interested in technical programs that do not require the extensive mathematics requirements of other STEM degrees.

Steady and high growth in employer demand for bachelor's-level construction management professionals supports the development of a bachelor's-level construction management program. The Bureau of Labor Statistics (BLS) projects national employment of "construction managers" to increase 11% from 2016 to 2026, faster than the average of 7.5% projected across all occupations. The BLS attributes this growth to the expansion of construction activity driven by population and business growth and the need for additional facilities to accommodate this growth.

The CEM program will be offered at the UNT campus in parallel with the existing Construction Engineering Technology (CNET) program in the Department of Engineering Technology. Many of the required CEM courses are already offered as part of the CNET program and thus will require minimal additional resources. This program will be offered face-to-face at the main campus.

Engineering Technology faculty discussed and approved the new CEM program on February 15, 2019. The University Undergraduate Curriculum Committee passed the proposal in the December 2019 meeting. This program will be highly effective in boosting undergraduate enrollment in the College of Engineering, thereby increasing formula funding.

The proposed Bachelor of Science degree program with a major in Construction Engineering Management (CIP code 15.1501) will require a minimum of 120 semester credit hours.

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**Financial Analysis/History:** The costs and funding of the Bachelor of Science degree program with a major in Construction Engineering Management meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs.

The costs of this program are minimal as many of the courses are already offered as part of the Construction Engineering Technology bachelor's Degree program. The total anticipated cost over five years is \$126,000. The college will reallocate funds as needed to support the program.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

August 15, 2020

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**Recommendation:**

The Provost recommends that the Board of Regents approve adding the Bachelor of Science degree program with a major in Construction Engineering Management to the UNT degree program inventory.

**Recommended By:**

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Jennifer Cowley

Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

---

Chancellor

Attachments Filed Electronically:

- THECB Certification Form for New Degree Programs



## Board Order

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**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Construction Engineering Management

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

**Whereas**, the University of North Texas desires to add the Bachelor of Science degree program with a major in Construction Engineering Management, and

**Whereas**, there is strong student interest in this field and a strong job market for graduates, and

**Whereas**, costs and funding needed for the Bachelor of Science degree program with a major in Construction Engineering Management meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs,

**Now, Therefore, The Board of Regents** authorizes and approves the following:

1. The addition of the UNT Bachelor of Science Degree Program with a major in Construction Engineering Management.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents





Texas Higher Education Coordinating Board  
Texas Public General Academic and Health-Related Institutions

New Bachelor's and Master's Degree Program  
Request Form

**Directions:** Texas public universities and health-related institutions complete this form to add a new bachelor's or master's degree program, if the following criteria for approval are met, per [Texas Administrative Code \(TAC\), Title 19, Chapter 5, Subchapter C, Section 5.44 \(a\) \(3\)](#): (A) the proposed program has institutional and board of regents approval; (B) the institution certifies compliance with the [Standards for New Bachelor's and Master's Programs](#); (C) the institution certifies that adequate funds are available to cover the costs of the new program; (D) new costs to the program during the first five years of the program would not exceed \$2 million; (E) the proposed program is a non-engineering program; and (F) the proposed program would be offered by a public university or health-related institution.

If the proposed program does not meet the criteria listed above, the institution must submit a request using the [Full Request Form](#).

This form requires the signatures of: (1) the Chief Executive Officer, certifying adherence to the Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3) criteria, adequacy of funding for the new program, the notification of other Texas public institutions of higher education, and adherence to [Texas Education Code \(TEC\) Sections 61.822 through 61.823](#); and (2) a member of the Board of Regents (or designee) certifying Board approval.

**Contact:** Division of Academic Quality and Workforce, 512-427-6200.

Administrative Information

1. Institution Name and Coordinating Board Accountability Group:

University of North Texas; Emerging Research Group

2. Proposed Program:

Show how the proposed program would appear on the institution's Program Inventory (e.g., Bachelor of Business Administration with a major in accounting).

Bachelor of Science with a major in Construction Engineering Management

3. Proposed CIP Code:

15.1501

4. Semester Credit Hours Required:

Bachelor's degree programs should not exceed 120 semester credit hours (SCH). If the number of SCH exceeds 120 for a bachelor's degree program, the institution must submit documentation explaining the compelling academic reason). Master's degree programs do not have semester credit hour restrictions; however, 30 to 36 SCH is common.

120 SCH

5. Location and Delivery of the Proposed Program:

Instructed on the main campus in Denton, face-to-face

6. Administrative Unit:

Identify where the proposed program would fit within the organizational structure of the institution (e.g., Department of Biology within the College of Natural Sciences).

Department of Engineering Technology within College of Engineering

7. Proposed Implementation Date:

Provide the date that students would enter the proposed program (MM/DD/YYYY).

08/15/2020

8. Institutional and Department Contacts:

Provide contact information for the person(s) responsible for addressing any questions related to the proposed program.

1. Name: Elizabeth Vogt

Title: Assistant Vice Provost, Accreditation & Institutional Effectiveness

E-mail: Elizabeth.Vogt@unt.edu

Phone: 940-369-5288

2. Name: Nandika D'Souza

Title: Associate Dean, College of Engineering

E-mail: Nandika.D'Souza@unt.edu

Phone: 940.565.2979

## Signature Page

1. **Adequacy of Funding and Notification of Other Institutions** – The Chief Executive Officer shall sign the following statements:

*I certify that the institution has adequate funds to cover the costs of the proposed program. Furthermore, the proposed program will not reduce the effectiveness or quality of existing programs at the institution.*

*I certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the proposed program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this proposal.*

*I certify that my institution will adhere to Texas Education Code (TEC), Sections 61.822 through 61.823, requiring my institution to accept and apply to the proposed program Core Curriculum and Field of Study courses in transfer.*

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

2. **Accuracy of Financial Estimates** – The Chief Financial Officer shall sign the following statement:

*I certify that the estimated costs and sources of funding presented in the proposal are complete and accurate.*

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Date

3. **Board of Regents or Designee Approval** – A member of the Board of Regents or designee shall sign the following statement:

*On behalf of the Board of Regents, I hereby certify that the proposed program is appropriate for the mission of this institution and the Board of Regents has approved the proposed program.*

\_\_\_\_\_  
Board of Regents (Designee)

\_\_\_\_\_  
Date

## Board Briefing

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**Committee:** Academic Affairs & Student Success

**Date Filed:** January 3, 2020

---

**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Geographic Information Systems & Computer Science

---

### **Background:**

The University of North Texas is requesting to add a Bachelor of Science degree program with a Major in Geographic Information Systems & Computer Science (GIS+CS), effective August 15, 2020. This degree program will be housed in the Department of Geography & the Environment within the College of Liberal Arts and Social Sciences.

The GIS+CS degree program provides students with advanced, process based algorithmic approaches to problem solving, along with a firm understanding of geospatial processes. The changing nature of geospatial data and associated analytical methods requires professionals who can blend these two approaches to develop processes and algorithms while understanding the larger context in which they occur. The GIS+CS degree program will be offered with two concentrations. One will focus on the interaction of GIS with machine learning and artificial intelligence and the other concentration will focus on computational infrastructure and information technology (IT) project management.

The GIS+CS degree program will be the first of its type to be offered in Texas. The Geography and the Environment Department has offered a very popular certificate program in GIS and many of their graduates now work within the GIS industry. Feedback from alumni has emphasized the need to include a greater focus on computational tools and techniques. Employer feedback has confirmed the need for GIS trained individuals with CS/IT skills. A recent job market search indicated more than 900 openings for GIS professionals in Texas.

The GIS+CS degree program will be offered face to face at the main campus in Denton, Texas. Faculty from both Geography and Computer Science were involved in the design and development of the curriculum for this program. The proposal for this program was passed in the University Undergraduate Curriculum Committee on December 4, 2019.

The proposed Bachelor of Science degree program with a major in Geographic Information Systems & Computer Science (CIP code 45.0702) will require a minimum of 120 semester credit hours.

---

### **Financial Analysis/History:**

The costs and funding of the Bachelor of Science degree program with a major in Geographic Information Systems & Computer Science meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs.

There are no anticipated costs for this program as the courses are already offered. The college will reallocate funds as needed if the program exceeds anticipated enrollment.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

August 15, 2020

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**Recommendation:**

The Provost recommends that the Board of Regents approve adding the Bachelor of Science degree program with a major in Geographic Information Systems & Computer Science to the UNT degree program inventory.

**Recommended By:**

Jennifer Cowley

---

Provost and Vice President for  
Academic Affairs

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President

---

Vice Chancellor

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Chancellor

Attachments Filed Electronically:

- THECB Certification Form for New Degree Programs



## Board Order

---

**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Geographic Information Systems & Computer Science

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

**Whereas**, the University of North Texas desires to add Bachelor of Science degree program with a major in Geographic Information Systems & Computer Science, and

**Whereas**, there is both student interest and a strong job market for graduates of this program, and

**Whereas**, costs and funding needed for the Bachelor of Science degree program with a major in Geographic Information Systems & Computer Science meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs,

**Now, Therefore, The Board of Regents** authorizes and approves the following:

1. The addition of the UNT Bachelor of Science Degree Program with a major in Geographic Information Systems & Computer Science
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

---

Rosemary R. Haggett, Secretary  
Board of Regents

---

Laura Wright, Chair  
Board of Regents



Texas Higher Education Coordinating Board  
Texas Public General Academic and Health-Related Institutions

New Bachelor's and Master's Degree Program  
Request Form

**Directions:** Texas public universities and health-related institutions complete this form to add a new bachelor's or master's degree program, if the following criteria for approval are met, per [Texas Administrative Code \(TAC\), Title 19, Chapter 5, Subchapter C, Section 5.44 \(a\) \(3\)](#): (A) the proposed program has institutional and board of regents approval; (B) the institution certifies compliance with the [Standards for New Bachelor's and Master's Programs](#); (C) the institution certifies that adequate funds are available to cover the costs of the new program; (D) new costs to the program during the first five years of the program would not exceed \$2 million; (E) the proposed program is a non-engineering program; and (F) the proposed program would be offered by a public university or health-related institution.

If the proposed program does not meet the criteria listed above, the institution must submit a request using the [Full Request Form](#).

This form requires the signatures of: (1) the Chief Executive Officer, certifying adherence to the Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3) criteria, adequacy of funding for the new program, the notification of other Texas public institutions of higher education, and adherence to [Texas Education Code \(TEC\) Sections 61.822 through 61.823](#); and (2) a member of the Board of Regents (or designee) certifying Board approval.

**Contact:** Division of Academic Quality and Workforce, 512-427-6200.

Administrative Information

1. Institution Name and Coordinating Board Accountability Group:

University of North Texas; Emerging Research Group

2. Proposed Program:

Show how the proposed program would appear on the institution's Program Inventory (e.g., Bachelor of Business Administration with a major in accounting).

Bachelor of Science with a Major in Geographic Information Systems & Computer Science

3. Proposed CIP Code:

45.0702

4. Semester Credit Hours Required:

Bachelor's degree programs should not exceed 120 semester credit hours (SCH). If the number of SCH exceeds 120 for a bachelor's degree program, the institution must submit documentation explaining the compelling academic reason). Master's degree programs do not have semester credit hour restrictions; however, 30 to 36 SCH is common.

120 SCH

5. Location and Delivery of the Proposed Program:

Instructed on the main campus in Denton, face-to-face

6. Administrative Unit:

Identify where the proposed program would fit within the organizational structure of the institution (e.g., Department of Biology within the College of Natural Sciences).

Department of Geography & the Environment within the College of Liberal Arts and Social Sciences.

7. Proposed Implementation Date:

Provide the date that students would enter the proposed program (MM/DD/YYYY).

08/15/2020

8. Institutional and Department Contacts:

Provide contact information for the person(s) responsible for addressing any questions related to the proposed program.

1. Name: Elizabeth Vogt

Title: Assistant Vice Provost, Accreditation & Institutional Effectiveness

E-mail: Elizabeth.Vogt@unt.edu

Phone: 940-369-5288

2. Name: Chetan Tiwari

Title: Associate Professor

E-mail: chetan.tiwari@unt.edu

Phone: 940-369-8103



## Signature Page

**1. Chief Executive Officer Certification** – The Chief Executive Officer shall sign the following statements:

*I hereby certify that all of the following criteria have been met in accordance with the procedures outlined in Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3):*

- (A) The proposed program has institutional and governing board approval.
- (B) The institution certifies compliance with the *Standards for New Bachelor's and Master's Programs*.
- (C) The institution certifies that adequate funds are available to cover the costs of the new program.
- (D) New costs during the first five years of the program would not exceed \$2 million.
- (E) The proposed program is a non-engineering program.
- (F) The proposed program would be offered by a public university or health-related institution.

*I certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the proposed program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this request.*

*I certify that my institution will adhere to Texas Education Code (TEC), Sections 61.822 through 61.823, requiring my institution to accept and apply to the degree program Core Curriculum and Field of Study courses in transfer.*

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

**2. Board of Regents or Designee Approval** – A member of the Board of Regents or designee shall sign the following statement:

*On behalf of the Board of Regents, I hereby certify that the proposed program is appropriate for the mission of this institution, and the Board of Regents has approved the proposed program.*

Date of Board of Regents approval: \_\_\_\_\_

\_\_\_\_\_  
Board of Regents (Designee)

\_\_\_\_\_  
Date

## Board Briefing

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**Committee:** Academic Affairs & Student Success

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**Date Filed:** January 3, 2020

**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Cybersecurity

---

### **Background:**

The University of North Texas is requesting to add a Bachelor of Science degree program with a major in Cybersecurity, effective August 15, 2020. This degree program will be housed in the Department of Computer Science and Engineering within the College of Engineering.

The Bachelor of Science in Cybersecurity degree program will provide a high quality, academically challenging educational program that is responsive to industry trends, changing standards, and employer needs. Students in this program will learn to think critically about cybersecurity challenges with advanced problem solving skills. Graduates of this program will be prepared to defend critical infrastructures. This degree will align with the proposed Master of Science in Cybersecurity degree program.

The State of Texas passed Senate Bill 64 earlier this year which encouraged cybersecurity program development. Several of UNT's lower-division institutional partners have developed two year programs that will serve as the potential student pool for UNT's Cybersecurity BS program.

The Computer Science and Engineering Department has experienced increased student demand in cybersecurity courses. They currently offer an undergraduate Cybersecurity Certificate. The courses are very popular with students and often have enrollments of 100 or more students. The department also offers a Cybersecurity Club which has grown significantly over the last three years.

There are currently hundreds of job openings for entry level cybersecurity professionals in Texas and thousands across the United States. Many of these positions require a bachelor's degree. The Cybersecurity Jobs Report 2018-2021 predicts there could be as many as 3.5 million unfilled jobs in this field by 2021. Offering this degree program will help to prevent a critical shortfall of eligible candidates.

The Bachelor of Science in Cybersecurity degree program was proposed and passed at the December 2019 University Undergraduate Curriculum Committee.

The proposed Bachelor of Science in Cybersecurity degree program (CIP code 11.1003) will require a minimum of 120 semester credit hours.

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### **Financial Analysis/History:**

The costs and funding of the Bachelor of Science degree program with a major in Cybersecurity meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs.

There are no costs associated with this program at present because the courses are already offered as part of the Computer Science Bachelor of Science degree program.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

August 15, 2020.

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**Recommendation:**

The Provost recommends that the Board of Regents approve adding the Bachelor of Science degree program with a major in Cybersecurity to the UNT degree program inventory.

**Recommended By:**

Jennifer Cowley

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Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor

Attachments Filed Electronically:

- THECB Certification Form for New Degree Programs



## Board Order

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**Title:** Approval to Add the UNT Bachelor of Science Degree Program with a Major in Cybersecurity

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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**Whereas**, the University of North Texas desires to add the Bachelor of Science degree program with a major in Cybersecurity, and

**Whereas**, there is ample student demand for this degree and high employer demand for trained professionals in cybersecurity, and

**Whereas**, costs and funding needed for the Bachelor of Science degree program with a major in Cybersecurity meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs,

**Now, Therefore, The Board of Regents** authorizes and approves the following:

1. The addition of the UNT Bachelor of Science Degree Program with a major in Cybersecurity.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



Texas Higher Education Coordinating Board  
Texas Public General Academic and Health-Related Institutions

New Bachelor's and Master's Degree Program  
Request Form

**Directions:** Texas public universities and health-related institutions complete this form to add a new bachelor's or master's degree program, if the following criteria for approval are met, per [Texas Administrative Code \(TAC\), Title 19, Chapter 5, Subchapter C, Section 5.44 \(a\) \(3\)](#): (A) the proposed program has institutional and board of regents approval; (B) the institution certifies compliance with the [Standards for New Bachelor's and Master's Programs](#); (C) the institution certifies that adequate funds are available to cover the costs of the new program; (D) new costs to the program during the first five years of the program would not exceed \$2 million; (E) the proposed program is a non-engineering program; and (F) the proposed program would be offered by a public university or health-related institution.

If the proposed program does not meet the criteria listed above, the institution must submit a request using the [Full Request Form](#).

This form requires the signatures of: (1) the Chief Executive Officer, certifying adherence to the Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3) criteria, adequacy of funding for the new program, the notification of other Texas public institutions of higher education, and adherence to [Texas Education Code \(TEC\) Sections 61.822 through 61.823](#); and (2) a member of the Board of Regents (or designee) certifying Board approval.

**Contact:** Division of Academic Quality and Workforce, 512-427-6200.

Administrative Information

1. Institution Name and Coordinating Board Accountability Group:

University of North Texas; Emerging Research Group

2. Proposed Program:

Show how the proposed program would appear on the institution's Program Inventory (e.g., Bachelor of Business Administration with a major in accounting).

Bachelor of Science with a major in Cybersecurity

3. Proposed CIP Code:

11.1003

4. Semester Credit Hours Required:

Bachelor's degree programs should not exceed 120 semester credit hours (SCH). If the number of SCH exceeds 120 for a bachelor's degree program, the institution must submit documentation explaining the compelling academic reason). Master's degree programs do not have semester credit hour restrictions; however, 30 to 36 SCH is common.

120 SCH

5. Location and Delivery of the Proposed Program:

Instructed on the main campus in Denton, face-to-face

6. Administrative Unit:

Identify where the proposed program would fit within the organizational structure of the institution (e.g., Department of Biology within the College of Natural Sciences).

Department of Computer Science and Engineering within the College of Engineering

7. Proposed Implementation Date:

Provide the date that students would enter the proposed program (MM/DD/YYYY).

08/15/2020

8. Institutional and Department Contacts:

Provide contact information for the person(s) responsible for addressing any questions related to the proposed program.

1. Name: Elizabeth Vogt

Title: Assistant Vice Provost, Accreditation & Institutional Effectiveness

E-mail: Elizabeth.Vogt@unt.edu

Phone: 940-369-5288

2. Name: Nandika D'Souza

Title: Associate Dean, College of Engineering

E-mail: Nandika.D'Souza@UNT.edu

Phone: 940-565-2979

## Signature Page

**1. Chief Executive Officer Certification** – The Chief Executive Officer shall sign the following statements:

*I hereby certify that all of the following criteria have been met in accordance with the procedures outlined in Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3):*

- (A) The proposed program has institutional and governing board approval.
- (B) The institution certifies compliance with the *Standards for New Bachelor's and Master's Programs*.
- (C) The institution certifies that adequate funds are available to cover the costs of the new program.
- (D) New costs during the first five years of the program would not exceed \$2 million.
- (E) The proposed program is a non-engineering program.
- (F) The proposed program would be offered by a public university or health-related institution.

*I certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the proposed program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this request.*

*I certify that my institution will adhere to Texas Education Code (TEC), Sections 61.822 through 61.823, requiring my institution to accept and apply to the degree program Core Curriculum and Field of Study courses in transfer.*

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

**2. Board of Regents or Designee Approval** – A member of the Board of Regents or designee shall sign the following statement:

*On behalf of the Board of Regents, I hereby certify that the proposed program is appropriate for the mission of this institution, and the Board of Regents has approved the proposed program.*

Date of Board of Regents approval: \_\_\_\_\_

\_\_\_\_\_  
Board of Regents (Designee)

\_\_\_\_\_  
Date

## Board Briefing

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**Committee:** Academic Affairs & Student Success

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**Date Filed:** January 3, 2020

**Title:** Approval to Add the UNT Master of Science Degree Program with a Major in Cybersecurity

---

### **Background:**

The University of North Texas is requesting to add a Master of Science degree program with a major in Cybersecurity, effective August 15, 2020. This degree program will be housed in the Department of Computer Science and Engineering within the College of Engineering.

The Master of Science in Cybersecurity degree program will provide a high quality, academically challenging educational program that is responsive to industry trends, changing standards, and employer needs. Students in this program will be trained in the analysis and visualization of vulnerabilities. Graduates of the program will be prepared to defend critical infrastructures.

There are thousands of unfilled cybersecurity positions available in the United States with a \$100,000 median salary. Students graduating with the Master of Science in Cybersecurity will be able to enter the job market with advanced skills that will qualify them for positions beyond entry level. Currently, students completing a graduate degree with a cybersecurity concentration have secured positions three months prior to graduating because of the demand for trained professionals in this field.

The Master of Science in Cybersecurity degree program will support UNT research goals and elevate our national prominence. Several federal agencies have calls for proposals in the area of cybersecurity research, including the National Science Foundation, Department of Defense, and Department of Homeland Security. Funding in this area is expected to increase substantially over the next ten years.

The Master of Science in Cybersecurity degree program was proposed and passed at the UNT Graduate Council Curriculum Committee on October 17, 2019.

The proposed Master of Science in Cybersecurity degree program (CIP code 11.1003) will require a minimum of 33 semester credit hours.

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### **Financial Analysis/History:**

The costs and funding of the Master of Science degree program with a major in Cybersecurity meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs.

The costs of this program include funds for equipment, advertising and adjuncts. The total anticipated cost over five years is \$215,000. The college will support this program by using differential tuition funds and existing resources.



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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

August 15, 2020

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**Recommendation:**

The Provost recommends that the Board of Regents approve adding the Master of Science degree program with a major in Cybersecurity to the UNT degree program inventory.

**Recommended By:**

Jennifer Cowley

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Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor

Attachments Filed Electronically:

- THECB Certification Form for New Degree Programs



## Board Order

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**Title:** Approval to Add the UNT Master of Science Degree Program with a Major in Cybersecurity

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, the University of North Texas desires to add the Master of Science degree program with a major in Cybersecurity, and

Whereas, there is demand for professionals in this field, and

Whereas, costs and funding needed for the Master of Science degree program with a major in Cybersecurity meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The addition of the UNT Master of Science Degree Program with a major in Cybersecurity.
- 

VOTE: \_\_\_\_ ayes      \_\_\_\_ nays      \_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



Texas Higher Education Coordinating Board  
Texas Public General Academic and Health-Related Institutions

New Bachelor's and Master's Degree Program  
Request Form

**Directions:** Texas public universities and health-related institutions complete this form to add a new bachelor's or master's degree program, if the following criteria for approval are met, per [Texas Administrative Code \(TAC\), Title 19, Chapter 5, Subchapter C, Section 5.44 \(a\) \(3\)](#): (A) the proposed program has institutional and board of regents approval; (B) the institution certifies compliance with the [Standards for New Bachelor's and Master's Programs](#); (C) the institution certifies that adequate funds are available to cover the costs of the new program; (D) new costs to the program during the first five years of the program would not exceed \$2 million; (E) the proposed program is a non-engineering program; and (F) the proposed program would be offered by a public university or health-related institution.

If the proposed program does not meet the criteria listed above, the institution must submit a request using the [Full Request Form](#).

This form requires the signatures of: (1) the Chief Executive Officer, certifying adherence to the Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3) criteria, adequacy of funding for the new program, the notification of other Texas public institutions of higher education, and adherence to [Texas Education Code \(TEC\) Sections 61.822 through 61.823](#); and (2) a member of the Board of Regents (or designee) certifying Board approval.

**Contact:** Division of Academic Quality and Workforce, 512-427-6200.

**Administrative Information**

1. Institution Name and Coordinating Board Accountability Group:

University of North Texas; Emerging Research Group

2. Proposed Program:

Show how the proposed program would appear on the institution's Program Inventory (e.g., Bachelor of Business Administration with a major in accounting).

Master of Science degree program with a major in Cybersecurity

3. Proposed CIP Code:

11.1003

4. Semester Credit Hours Required:

Bachelor's degree programs should not exceed 120 semester credit hours (SCH). If the number of SCH exceeds 120 for a bachelor's degree program, the institution must submit documentation explaining the compelling academic reason). Master's degree programs do not have semester credit hour restrictions; however, 30 to 36 SCH is common.

33 SCH

5. Location and Delivery of the Proposed Program:

Instructed on the main campus in Denton, face-to-face

6. Administrative Unit:

Identify where the proposed program would fit within the organizational structure of the institution (e.g., Department of Biology within the College of Natural Sciences).

Department of Computer Science and Engineering within the College of Engineering

7. Proposed Implementation Date:

Provide the date that students would enter the proposed program (MM/DD/YYYY).

08/15/2020

8. Institutional and Department Contacts:

Provide contact information for the person(s) responsible for addressing any questions related to the proposed program.

1. Name: Elizabeth Vogt

Title: Assistant Vice Provost, Accreditation & Institutional Effectiveness

E-mail: Elizabeth.Vogt@unt.edu

Phone: 940-369-5288

2. Name: Yan Huang

Title: Associate Dean, College of Engineering

E-mail: Yan.Huang@unt.edu

Phone: 940-565-4302

## Signature Page

**1. Chief Executive Officer Certification** – The Chief Executive Officer shall sign the following statements:

*I hereby certify that all of the following criteria have been met in accordance with the procedures outlined in Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3):*

- (A) The proposed program has institutional and governing board approval.
- (B) The institution certifies compliance with the *Standards for New Bachelor's and Master's Programs*.
- (C) The institution certifies that adequate funds are available to cover the costs of the new program.
- (D) New costs during the first five years of the program would not exceed \$2 million.
- (E) The proposed program is a non-engineering program.
- (F) The proposed program would be offered by a public university or health-related institution.

*I certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the proposed program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this request.*

*I certify that my institution will adhere to Texas Education Code (TEC), Sections 61.822 through 61.823, requiring my institution to accept and apply to the degree program Core Curriculum and Field of Study courses in transfer.*

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

**2. Board of Regents or Designee Approval** – A member of the Board of Regents or designee shall sign the following statement:

*On behalf of the Board of Regents, I hereby certify that the proposed program is appropriate for the mission of this institution, and the Board of Regents has approved the proposed program.*

Date of Board of Regents approval: \_\_\_\_\_

\_\_\_\_\_  
Board of Regents (Designee)

\_\_\_\_\_  
Date

## Board Briefing

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**Committee:** Academic Affairs & Student Success

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**Date Filed:** January 3, 2020

**Title:** Approval to Add the UNT Master of Science Degree Program with a Major in Data Engineering

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### **Background:**

The University of North Texas is requesting to add a Master of Science degree program with a major in Data Engineering, effective August 15, 2020. This degree program will be housed in the College of Engineering.

The Master of Science program in Data Engineering is geared toward students with a STEM background to focus their analytical and programming skills to work with big data. Students will use programming languages, SQL, and other software to creatively solve data-related problems and optimize data pipelines. The degree will include a concentration in Biomedical Engineering, one of UNT's fastest growing programs. If approved, this program would be one of few in the country to focus on data engineering, putting UNT at the forefront of this high demand discipline.

There is a significant demand for Data Engineers. Local employer Peterbilt indicated their employees would benefit from a data engineering education. IT job websites have seen as much as an 88% increase in active postings for this career band. Many of these postings require the advanced skills that the Master of Science degree program with a major in Data Engineering will offer.

There is sufficient student demand for this program. Existing computer science courses with a big data focus always fill, and students from other departments often request permission to add these courses. Additionally, the college often receives inquiries about a data engineering program when recruiting at events.

The Master of Science in Data Engineering degree program was proposed and passed at the UNT Graduate Curriculum Committee on October 17, 2019.

The proposed Master of Science in Data Engineering degree program (CIP code 30.7001) will require a minimum of 33 semester credit hours.

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### **Financial Analysis/History:**

The costs and funding of the Master of Science degree program with a major in Data Engineering meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs.

The costs of this program include funds for a lecturer, adjuncts and advertising. The total anticipated cost over five years is \$670,790. The college will support this program by using differential tuition funds and existing resources.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

August 15, 2020.

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**Recommendation:**

The Provost recommends that the Board of Regents approve adding the Master of Science degree program with a major in Data Engineering to the UNT degree program inventory.

**Recommended By:**

Jennifer Cowley

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Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor

Attachments Filed Electronically:

- THECB Certification Form for New Degree Programs



## Board Order

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**Title:** Approval to Add the UNT Master of Science Degree Program with a Major in Data Engineering

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, the University of North Texas desires to add the Master of Science degree program with a major in Data Engineering, and

Whereas, there is both student and employer demand for graduates in this growing field, and

Whereas, costs and funding needed for the Master of Science degree program with a major in Data Engineering meets the Standards for Bachelor's and Master's Degree Programs established by the Coordinating Board Rules, Section 5.45, Criteria for New Baccalaureate and Master's Degree Programs,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The addition of the UNT Master of Science Degree Program with a major in Data Engineering.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents





Texas Higher Education Coordinating Board  
Texas Public General Academic and Health-Related Institutions

New Bachelor's and Master's Degree Program  
Request Form

**Directions:** Texas public universities and health-related institutions complete this form to add a new bachelor's or master's degree program, if the following criteria for approval are met, per [Texas Administrative Code \(TAC\), Title 19, Chapter 5, Subchapter C, Section 5.44 \(a\) \(3\)](#): (A) the proposed program has institutional and board of regents approval; (B) the institution certifies compliance with the [Standards for New Bachelor's and Master's Programs](#); (C) the institution certifies that adequate funds are available to cover the costs of the new program; (D) new costs to the program during the first five years of the program would not exceed \$2 million; (E) the proposed program is a non-engineering program; and (F) the proposed program would be offered by a public university or health-related institution.

If the proposed program does not meet the criteria listed above, the institution must submit a request using the [Full Request Form](#).

This form requires the signatures of: (1) the Chief Executive Officer, certifying adherence to the Texas Administrative Code (TAC), Title 19, Chapter 5, Subchapter C, Section 5.44 (a) (3) criteria, adequacy of funding for the new program, the notification of other Texas public institutions of higher education, and adherence to [Texas Education Code \(TEC\) Sections 61.822 through 61.823](#); and (2) a member of the Board of Regents (or designee) certifying Board approval.

**Contact:** Division of Academic Quality and Workforce, 512-427-6200.

Administrative Information

1. Institution Name and Coordinating Board Accountability Group:

University of North Texas; Emerging Research Group

2. Proposed Program:

Show how the proposed program would appear on the institution's Program Inventory (e.g., Bachelor of Business Administration with a major in accounting).

Master of Science degree program with a major in Data Engineering

3. Proposed CIP Code:

30.7001

4. Semester Credit Hours Required:

Bachelor's degree programs should not exceed 120 semester credit hours (SCH). If the number of SCH exceeds 120 for a bachelor's degree program, the institution must submit documentation explaining the compelling academic reason). Master's degree programs do not have semester credit hour restrictions; however, 30 to 36 SCH is common.

33 SCH

5. Location and Delivery of the Proposed Program:

Instructed on the main campus in Denton, face-to-face

6. Administrative Unit:

Identify where the proposed program would fit within the organizational structure of the institution (e.g., Department of Biology within the College of Natural Sciences).

College of Engineering

7. Proposed Implementation Date:

Provide the date that students would enter the proposed program (MM/DD/YYYY).

08/15/2020

8. Institutional and Department Contacts:

Provide contact information for the person(s) responsible for addressing any questions related to the proposed program.

1. Name: Elizabeth Vogt

Title: Assistant Vice Provost, Accreditation & Institutional Effectiveness

E-mail: Elizabeth.Vogt@unt.edu

Phone: 940-369-5288

2. Name: Yan Huang

Title: Associate Dean, College of Engineering

E-mail: Yan.Huang@unt.edu

Phone: 940-565-4302

## Signature Page

- 1. Adequacy of Funding and Notification of Other Institutions** – The Chief Executive Officer shall sign the following statements:

*I certify that the institution has adequate funds to cover the costs of the proposed program. Furthermore, the proposed program will not reduce the effectiveness or quality of existing programs at the institution.*

*I certify that my institution has notified all public institutions within 50 miles of the teaching site of our intention to offer the proposed program at least 30 days prior to submitting this request. I also certify that if any objections were received, those objections were resolved prior to the submission of this proposal.*

*I certify that my institution will adhere to Texas Education Code (TEC), Sections 61.822 through 61.823, requiring my institution to accept and apply to the proposed program Core Curriculum and Field of Study courses in transfer.*

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

- 2. Accuracy of Financial Estimates** – The Chief Financial Officer shall sign the following statement:

*I certify that the estimated costs and sources of funding presented in the proposal are complete and accurate.*

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Date

- 3. Board of Regents or Designee Approval** – A member of the Board of Regents or designee shall sign the following statement:

*On behalf of the Board of Regents, I hereby certify that the proposed program is appropriate for the mission of this institution and the Board of Regents has approved the proposed program.*

\_\_\_\_\_  
Board of Regents (Designee)

\_\_\_\_\_  
Date

## Board Briefing

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**Committee:** Academic Affairs & Student Success

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**Date Filed:** January 3, 2020

**Title:** Update of University of North Texas Mission Statement

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### **Background:**

As part of UNT's SACSCOC reaffirmation of accreditation, the Board of Regents is required to review the institution's mission (Standard 4.2.a). The revised mission statement highlights the essence of UNT as a university that is dedicated to student success.

UNT's current Mission Statement is: At the University of North Texas, our caring and creative community prepares students for careers in a rapidly changing world.

UNT's new proposed Mission Statement is: *At the University of North Texas, our caring and creative community empowers our students to thrive in a rapidly changing world.*

This proposed mission statement was developed through an extensive engagement process with tenure/tenure-track faculty, non-tenure track faculty, students, staff, and community members. Separate town halls were conducted with each of these groups to discuss why UNT exists, who are UNT's constituents, how UNT delivers results, and what value UNT provides. In addition, UNT solicited email and website responses to mission-guiding questions. From these sessions, themes were then vetted by the cabinet, deans, and chairs to formalize the new proposed mission statement.

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### **Financial Analysis/History:**

There are no financial implications related to changing the UNT Mission Statement.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

The revised Mission Statement is to be implemented upon approval of the Board of Regents.

---

**Recommendation:**

The President recommends that the Board of Regents approve the revised UNT Mission Statement.

**Recommended By:**

---

Neal Smatresk

President

---

Vice Chancellor

---

Chancellor



## Board Order

---

**Title:** Update of University of North Texas Mission Statement

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

Whereas, the UNT System Board of Regents adopted a mission statement tied to the UNT Strategic Plan at their Meeting on May 18, 2018, and

Whereas, President Neal Smatresk and the University's leadership determined that the Missions Statement needed to be revised,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The revised University of North Texas Mission Statement: *At the University of North Texas, our caring and creative community empowers our students to thrive in a rapidly changing world.*
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

---

Rosemary R. Haggett, Secretary  
Board of Regents

---

Laura Wright, Chair  
Board of Regents



## MINUTES

### BOARD OF REGENTS Finance and Facilities Committee November 14, 2019

**Thursday, November 14, 2019**

The Finance and Facilities Committee of the Board of Regents of the University of North Texas System convened on Thursday, November 14, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas, with the following committee members in attendance: Regents Milton Lee, Carlos Munguia, and Mary Denny serving as a committee member in Brint Ryan's absence.

There being a quorum present, the meeting was called to order by Regent Carlos Munguia serving as Chairman in Regent Rusty Reid's absence, at 11:32 a.m.

The minutes of the August 15, 2019 Finance and Facilities Committee meeting were approved on a 3-0 vote following a motion by Regent Mary Denny seconded by Regent Milton Lee.

The Committee received a **UNTS Quarterly Financial Update** from Vice Chancellor for Finance Dan Tenney. The **Annual Investment Updates** were shared by Steve Proffer of DiMeo Schneider & Associates, LLC, for UNTS investments, Alfred Lockwood and Brad Bourland of the UNT Foundation, and Kyle Hitchcock and Carrie Stevenson of J.P. Morgan Chase for UNTHSC investments.

Regent Munguia noted that the Committee had ten action items to consider. Vice Chancellor for Facilities, Steve Maruszewski, presented the first item.

**2019-73 UNTS      Authorization to Amend the UNTS FY20 Capital  
Improvement Plan to Add the UNT Frisco Branch  
Campus Development and the UNT Athletics Golf  
Practice Facility**

Pursuant to a motion by Regent Milton Lee and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

David Wolf, UNT Vice President for Advancement, presented the next item.

**2019-74 UNT      Naming of New UNT Golf Facility as "Bruzzy's UNT Golf  
Practice Facility"**

Pursuant to a motion by Regent Mary Denny and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.

Luke Lybrand, UNTS Associate Vice Chancellor for Treasury, presented the next item.

**2019-75 UNTS      Approval to Finance \$5 Million of Capital Items with Commercial Paper During FY20**

Pursuant to a motion by Regent Mary Denny and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.

UNT President, Neal Smatresk, and UNT Vice President for Digital Strategy and Innovation, Adam Fein, presented the next two items.

**2019-76 UNT      Delegation of Authority to the UNT President to Approve and Execute a Formal Agreement with a Partner to Provide At-Scale Online Services**

Pursuant to a motion by Regent Milton Lee and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-77 UNT      Approval of a New UNT Designated Tuition Rate, a New Out of State Teaching Fee (OSTF) and Waiving of All Mandatory Fees for the UNT At-Scale Bachelor of Applied Arts and Sciences (BAAS) Online Degree Program**

Pursuant to a motion by Regent Mary Denny and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.

UNT Provost Jennifer Cowley presented the next three items.

**2019-78 UNT      Approval of Increase to Undergraduate Differential Tuition Beginning Fall 2020**

Pursuant to a motion by Regent Milton Lee and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-79 UNT      Approval of New UNT Undergraduate Differential Tuition Beginning Fall 2020**

Pursuant to a motion by Regent Milton Lee and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-80 UNT      Approval of New UNT Graduate Differential Tuition Beginning Fall 2020**



Pursuant to a motion by Regent Mary Denny and seconded by Regent Milton Lee, the Committee approved the above item on a 3-0 vote.  
Elizabeth With, UNT Vice President for Student Affairs, presented the last two items.

**2019-81 UNT      Approval of UNT Room and Board Rates for FY21**

Pursuant to a motion by Regent Milton Lee and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

**2019-82 UNT      Approval of Increase to UNT Student Services Fee**

Pursuant to a motion by Regent Milton Lee and seconded by Regent Mary Denny, the Committee approved the above item on a 3-0 vote.

Regent Munguia noted that the **Quarterly Operations Report** was included as committee background material in the board meeting appendix.

There being no further business, the Committee meeting adjourned at 2:15 p.m.

Submitted By:

Rosemary R. Haggett

Rosemary R. Haggett  
Board Secretary

Date: Feb 5, 2020

# UNT Dallas Campus Master Plan Update

Presented by:

Bob Mong, President, UNT Dallas

Steve Maruszewski, Vice Chancellor for Facilities

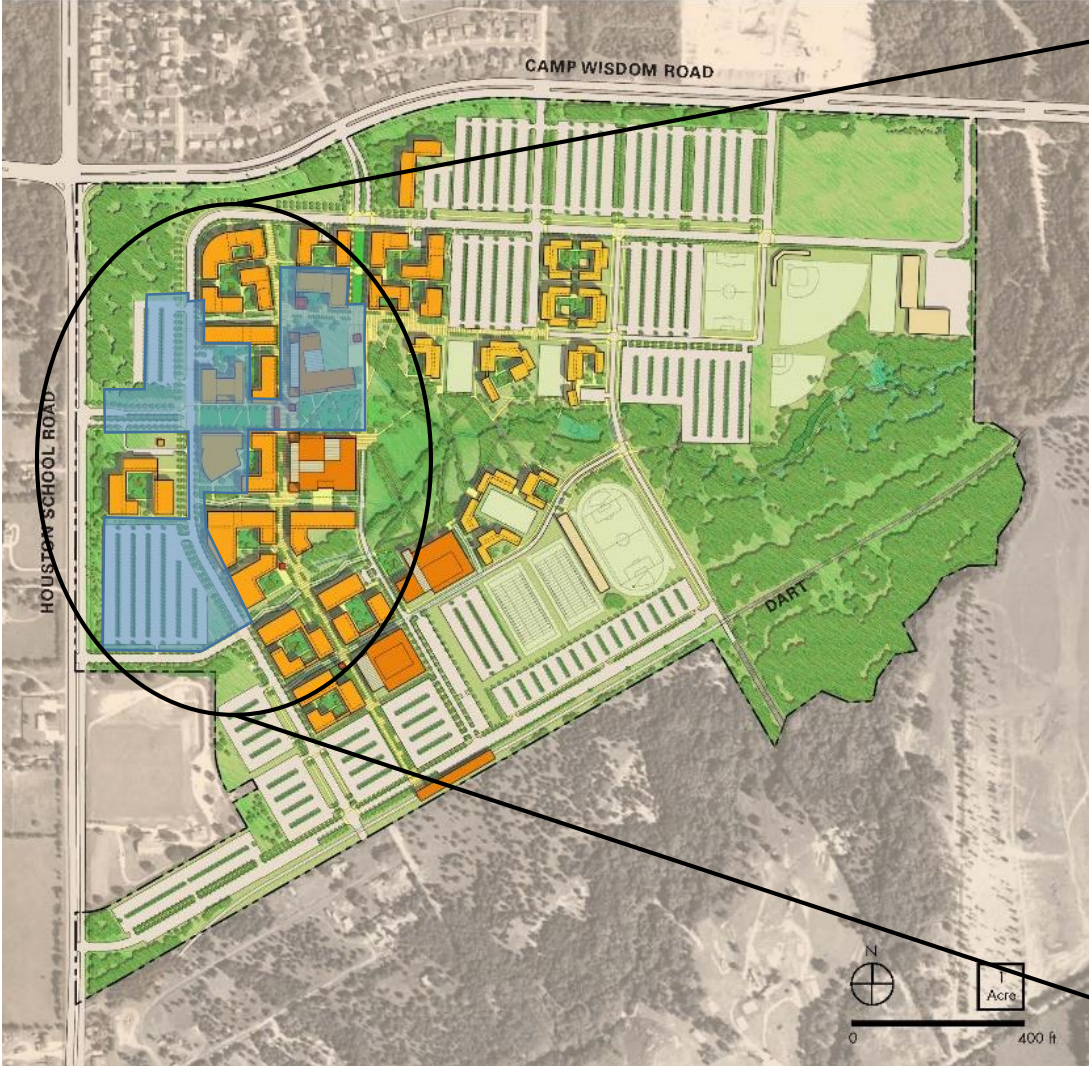
February 13, 2020



# Current Master Plan



# Current Master Plan



# New Facilities Added Since 2007

Founders Hall  
2010



Wisdom Hall  
2017



Student Center  
2019



Law Center  
2019



# New Facilities Added Since 2007

Founders Hall  
2010



Wisdom Hall  
2017



Additional 371,000 GSF  
**481% increase**

Student Center  
2019



Law Center  
2019

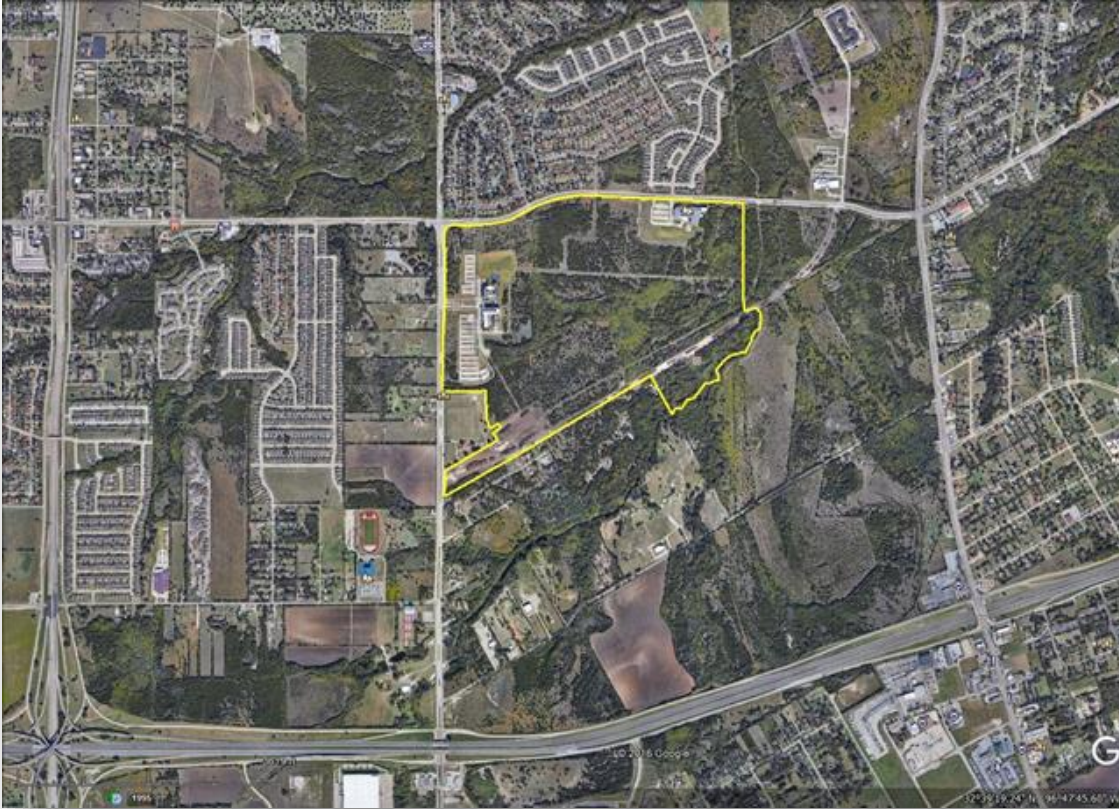


# Potential New Facilities

- STEM Education and Research
- Business Facility
- Housing
- Parking
- Dining
- Community Police Training
- Event Center



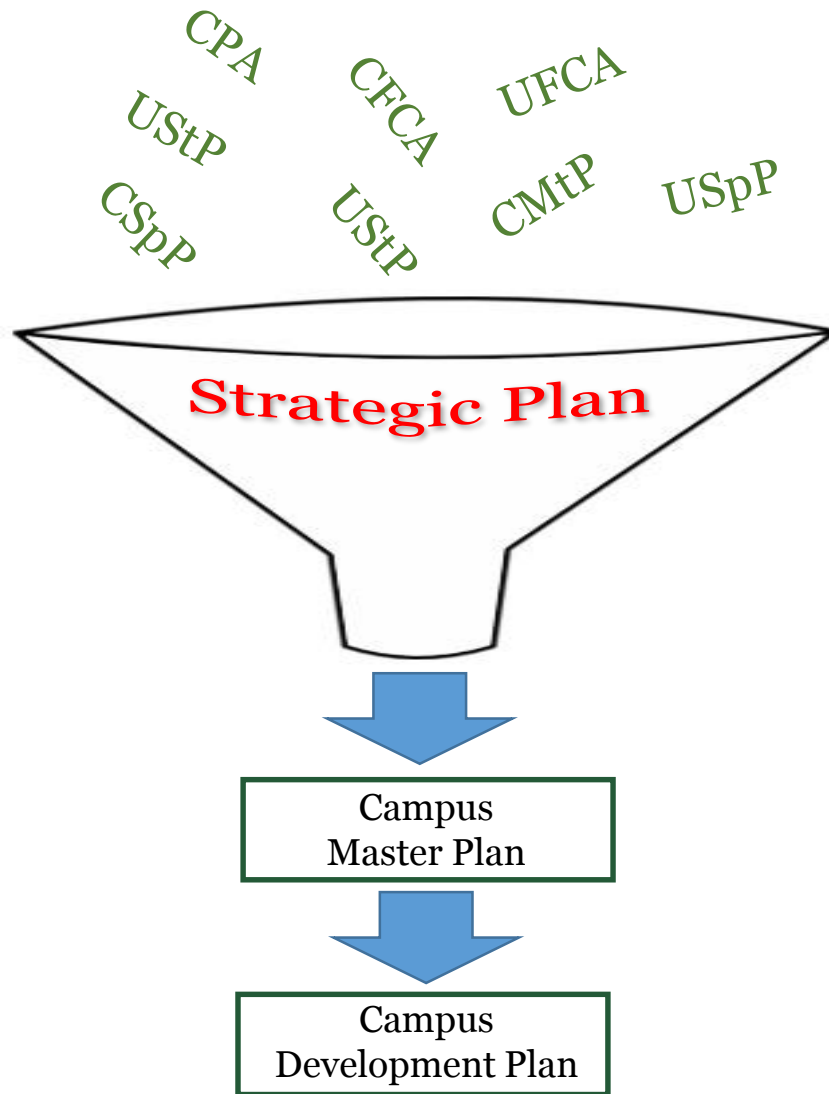
# Strategic Plan Informs the Master Plan



- Vision – Through education and community connectedness, UNT Dallas aspires to be the pathway to social mobility
- Values – Diversity, Creativity, Leadership & Integrity, Trailblazing, Lifelong Learning



# Master Planning Process



## Contributing Components

- Campus Strategic Plan – CStP
- Campus Facility Conditions Assessment - CFCA
- Campus Space Plan - CSpP
- Campus Maintenance Plan - CMtP
- Unit Strategic Plan - UStP
- Unit Facility Conditions Assessment - UFCA
- Unit Space Plan USpP
- Community Partnership Assessment - CPA

## Other Concurrent Efforts

- Outlining Development Strategies
  - Public Private Partnerships
  - Community and Corporate Partnerships
- Establishing Maintenance Management Process
- Developing Tuition Revenue Bond (TRB) Requests

# Facility Conditions



**UNT System – Dallas Campus  
Facility Condition Assessment  
Preliminary Requirement Findings  
January 2020**



# Facility Conditions

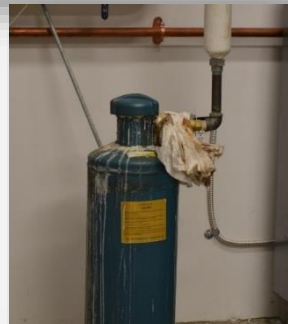


Abandoned Equipment

# Facility Conditions



Abandoned Equipment

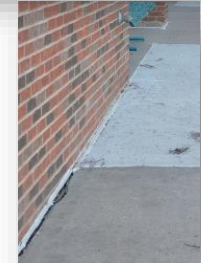


System Decay

# Facility Conditions



Abandoned Equipment



Current and Potential Water Damage



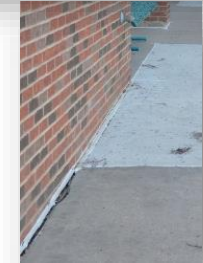
System Decay



# Facility Conditions



Abandoned Equipment



Current and Potential Water Damage

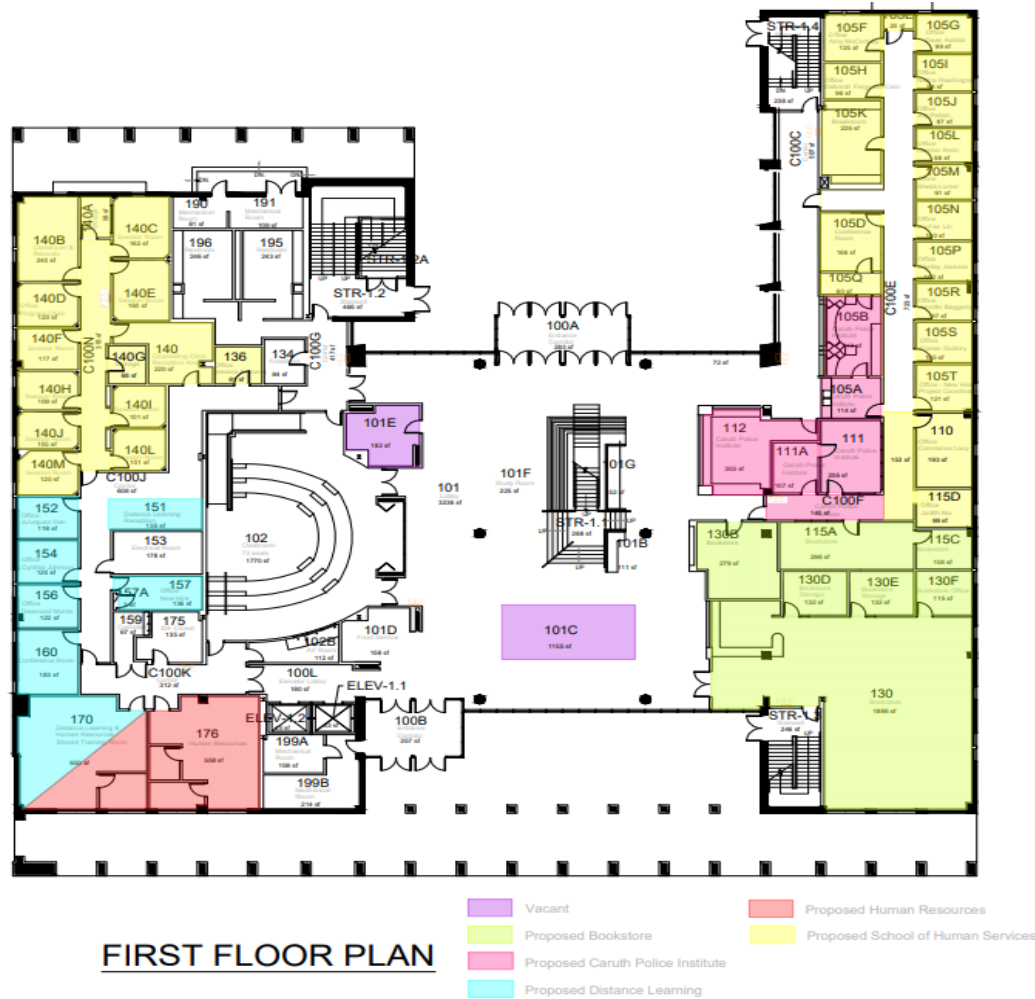


System Decay

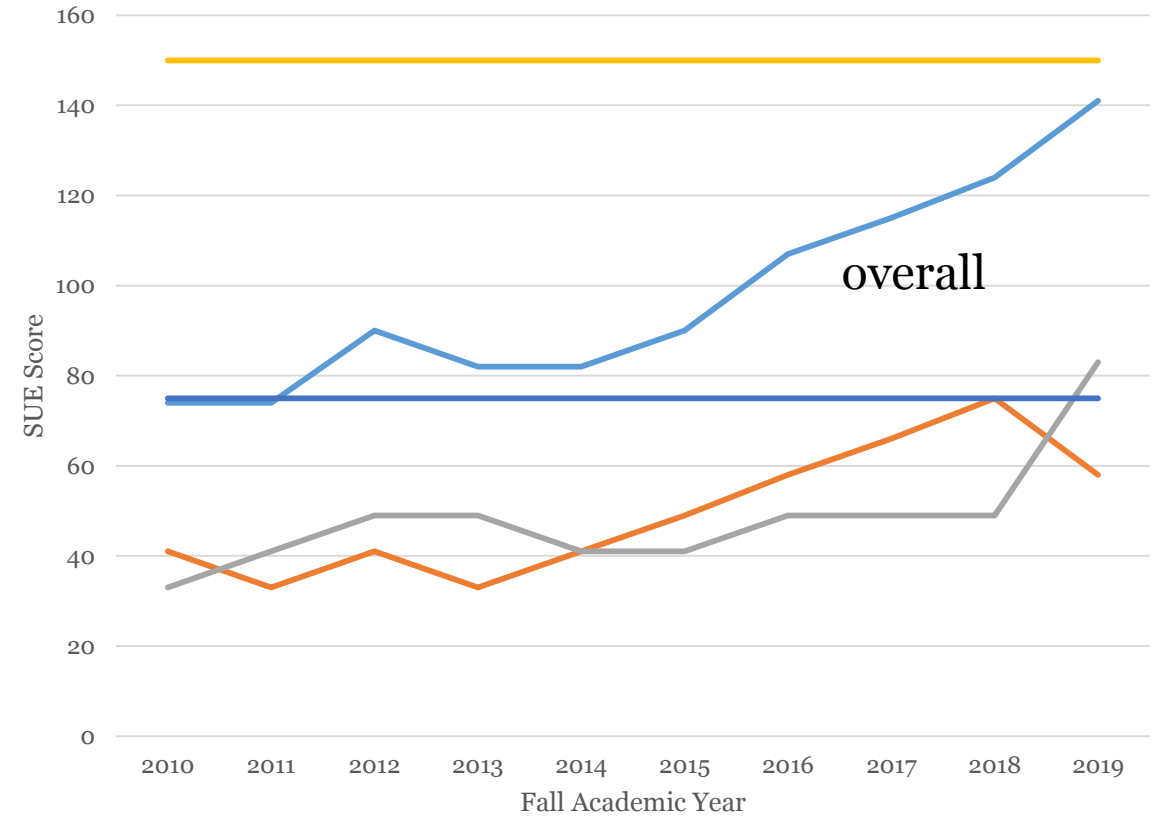


Road and Walkway Decay

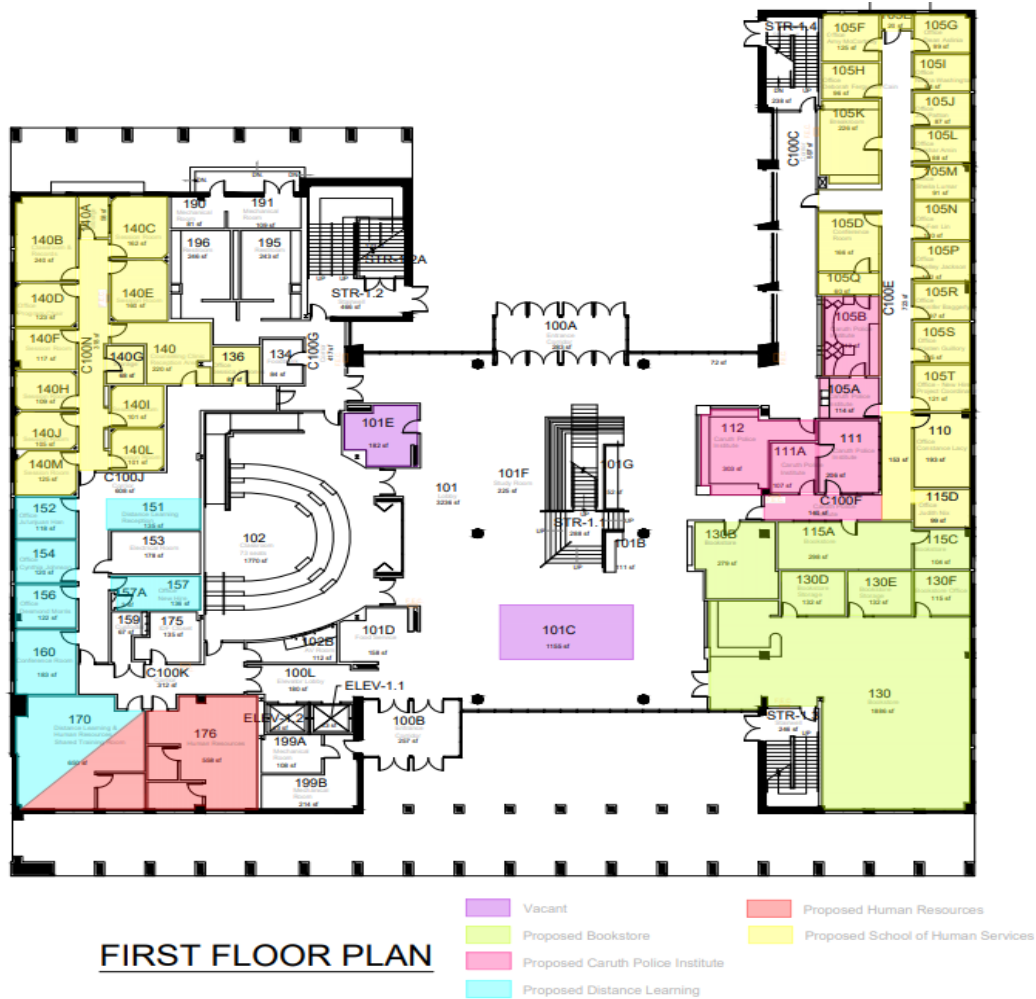
# Space Utilization



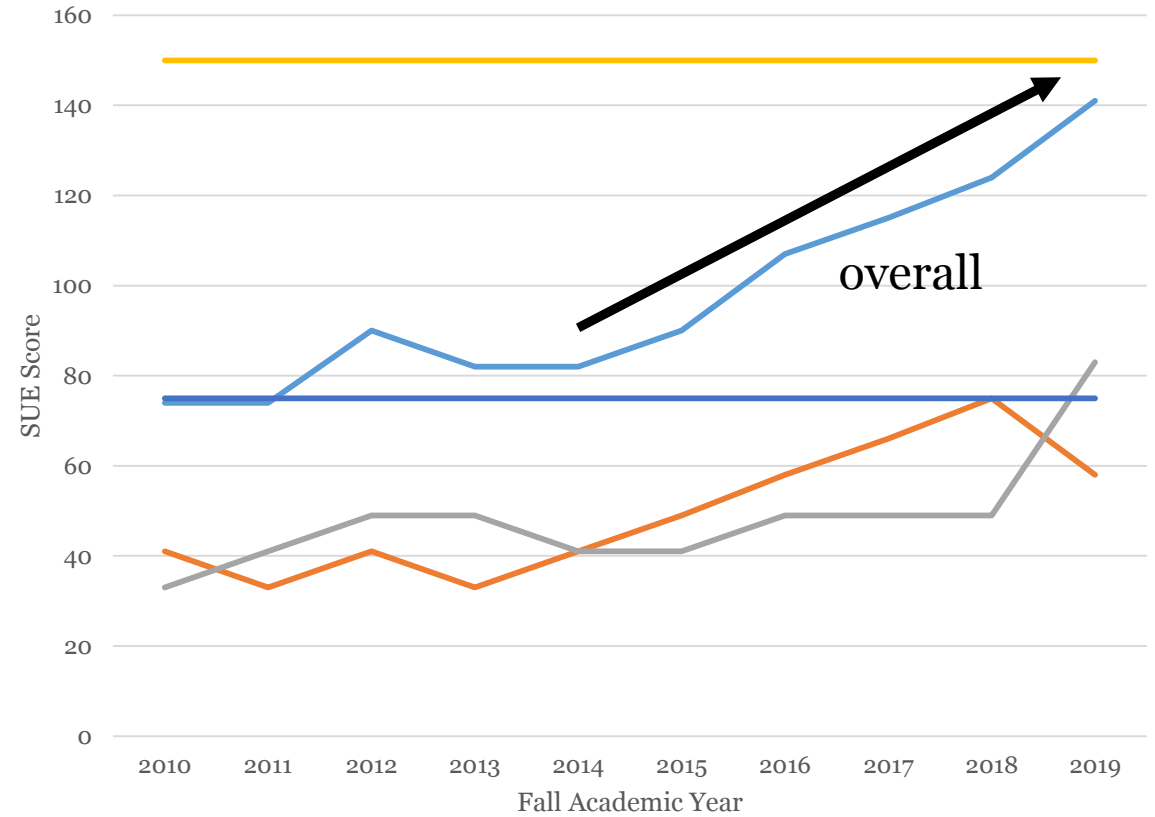
THECB Space Usage Efficiency (SUE) - Fall 2010-2019



# Space Utilization



THECB Space Usage Efficiency (SUE) - Fall 2010-2019





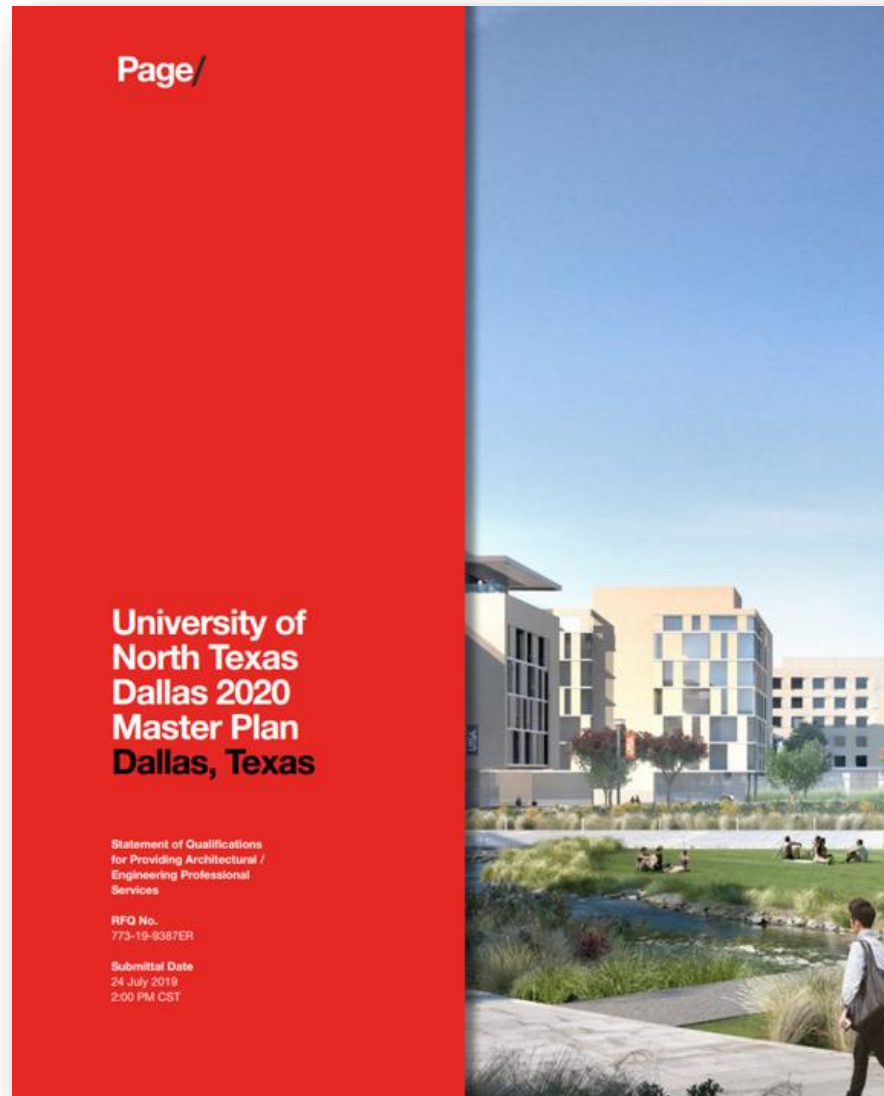
# Unit Level Facility Master Planning

## School of Liberal Arts and Sciences

School of Business  
School of Education  
School of Human Services  
College of Law  
Facilities  
Auxiliaries



# New Master Plan

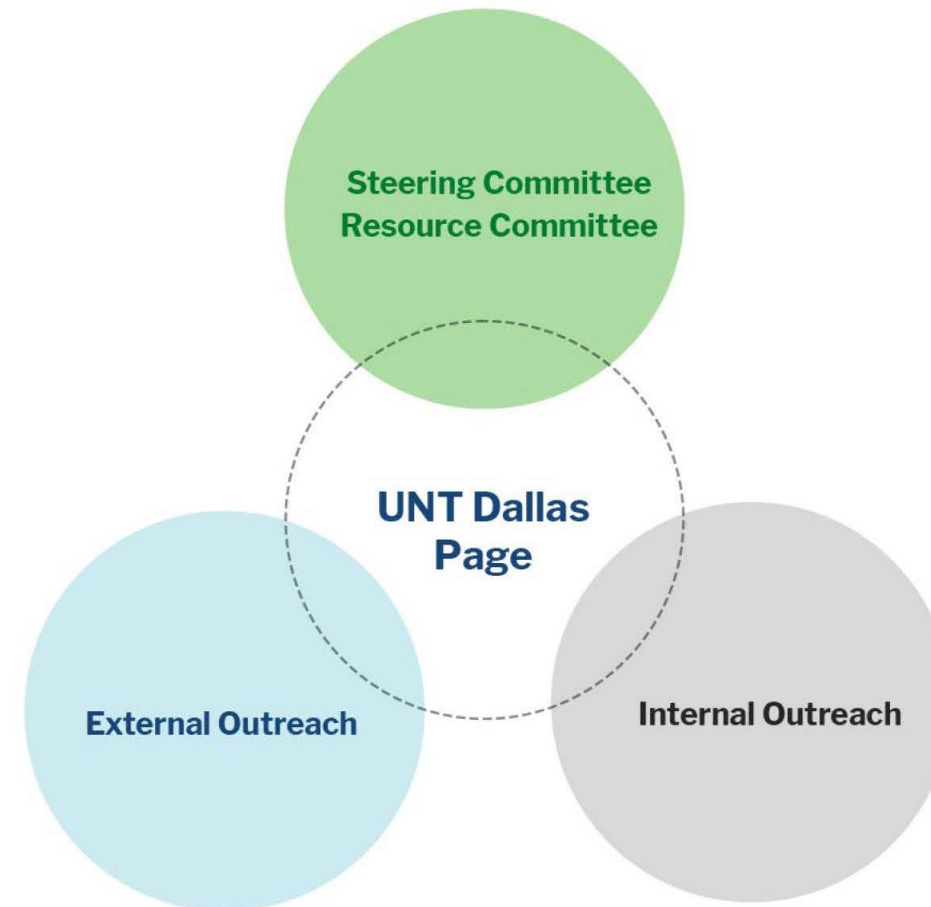


# New Master Plan

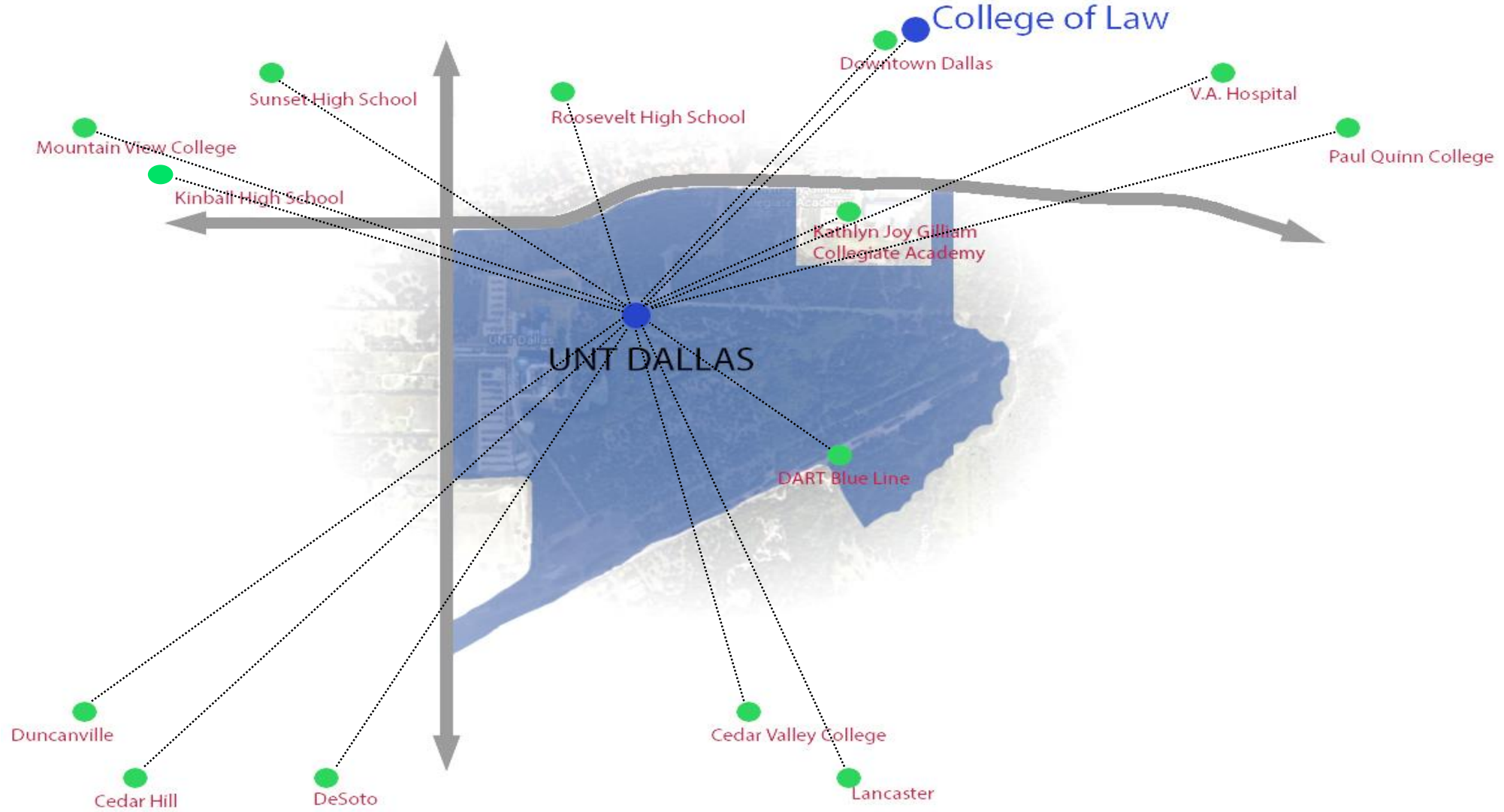
## Engagement Structure

A process intended to reflect the needs and voices of the campus:

- **Executive Steering Committee**
- **Resource Committee**
- **Internal Outreach**
  - Academic
  - Athletics, Health, and Wellness
  - Campus Community
  - Facilities Management
  - Public Safety
  - Student Life
  - Students
  - Staff
- **External Outreach**
  - DART
  - City of Dallas



# New Master Plan



# Master Plan Schedule

## Proposed Process



### Phase 1 Discovery

- Data Collection
- Visioning
- Campus Outreach Strategy
- Site Tour & Analysis
- Stakeholder Interviews
- Surveys
- Space Needs Assessment
- Civil/MEP/Infrastructure Analysis
- Planning Framework

### Phase 2 Exploration

- Plan Alternatives
- Preferred Plan Documentation

### Phase 3 Synthesis

- Preliminary Draft Master Plan
- Phasing Plan
- Guidelines: Open Space & Landscape
- Guidelines: Signage & Wayfinding
- Final Draft Master Plan
- Final Master Plan

● Steering & Resource Committee Meeting

● Stakeholder Interviews

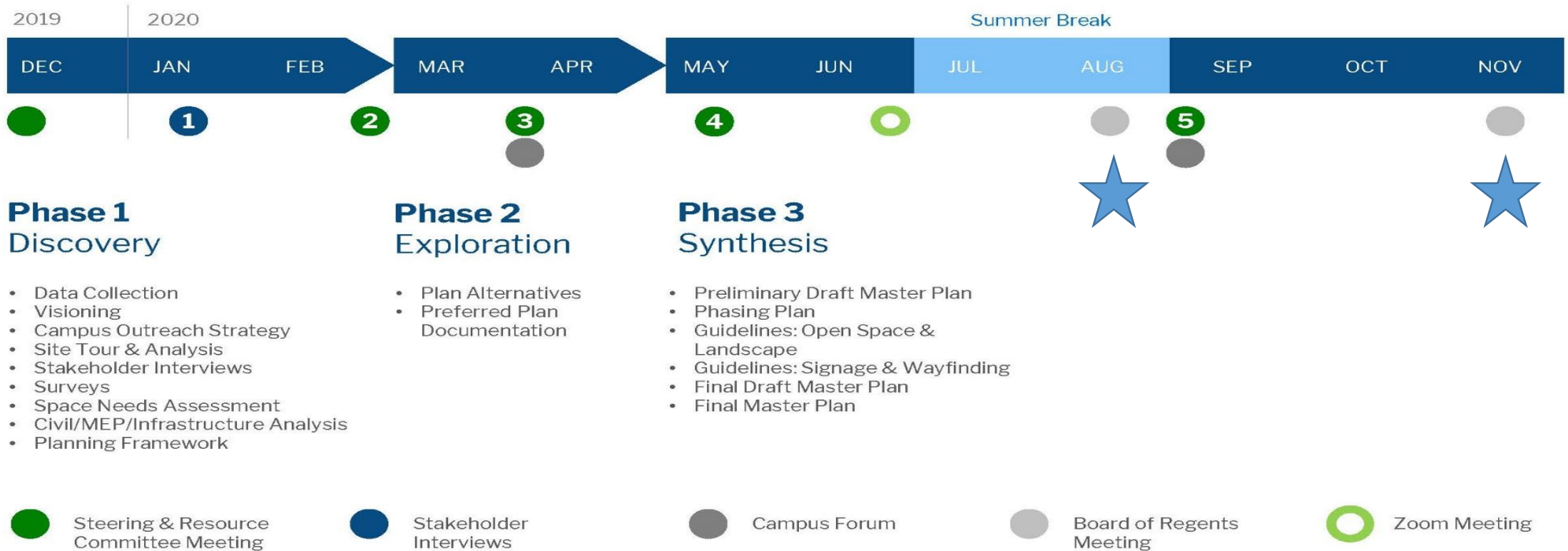
● Campus Forum

● Board of Regents Meeting

○ Zoom Meeting

# Master Plan Schedule

## Proposed Process



Thank You



# Board of Regents Q1'2020 Financial Highlights

Dan Tenney, Vice Chancellor for Finance & CFO  
February 13-14, 2020





# Synopsis

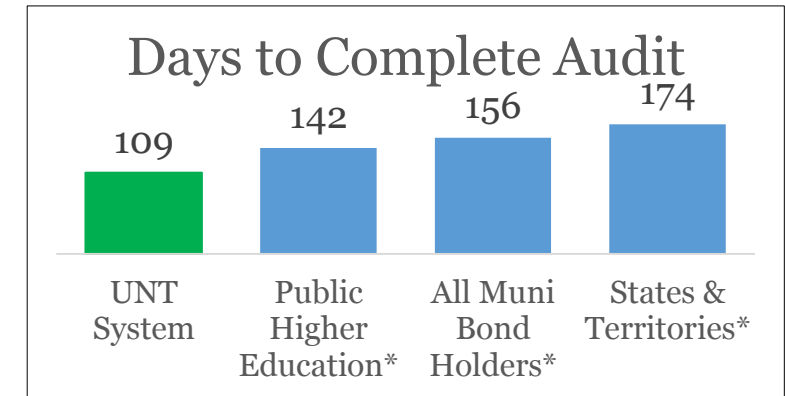
Major Accomplishments	Q1 2020 major financial accomplishments
Financial Audit	Summary results from 2019 financial statement audit
Quarterly Update	Q1 fiscal year 2020 budget to actual variance analysis and end of year financial projections
Financial Statements	Q1 fiscal year 2020 financial statements with projected end of year financial position
Summary	Continue progress toward successful accomplishment of strategic goals and objectives

# Q1 2020 major accomplishments

- Major accomplishments this past quarter
  - Completed annual financial statements and audits in the shortest time in UNT System history with no posted audit adjustments
  - Received an unmodified ‘clean’ audit opinion
  - Implemented new Axiom tool last year enabling long-range planning
  - Developed first-ever quarterly financial statements to improve insight
  - Established new financial projections based on performance & plans
  - Initiated a comprehensive assessment of procurement and payables
  - Established a payroll improvement initiative to improve timeliness & accuracy
  - Enacted new multi-year budget formulation process
  - Completed ERM training and identification of major risks

# FY 2020 Financial Statements

- On 12/19, our external auditor, Grant Thornton, presented 2019 financial statement audit results
  - The results of the audit were very positive
- Summary audit findings from Grant Thornton
  - Unmodified 'clean' opinion
  - No scope limitations
  - Open and effective communication with management
  - No unresolved audit issues
- Summary statements on quality of audit practices
  - Accounting Policies: Appropriate in all material respects
  - Accounting Estimates: Amounts were free from material misstatement
  - Disclosures: Appear to be neutral, consistent and clear



\* Median time in days for audits to be completed by the Municipal Bond Sector in FY2018. Source: Merritt Research Services, an Investortools, Inc. Company

# FY 2020 Q1 Performance: UNTS Consolidated

8%  
behind

## Q1 Revenue

- Quarterly revenue behind plan by \$43m/8%
  - Tuition and Fees behind plan by 4%; accounting change in 2020 to recognize spring tuition in Q2 vs. Q1
  - Sale of Goods and Services on track
  - Grants and Contracts ahead of plan by \$14m mostly due to accelerated receipt of Texas Grant Funds (historically occurred in Q2 vs. Q1)
  - All Other Revenue behind due to delay in receipt of state appropriations to future quarters

3%  
behind

## Q1 Expenses

- Total expenses less than planned by \$8.5m/3%
  - Personnel costs slightly below budget plan
  - Maintenance & Operations less than planned due to delay of some non-essential expenses
  - Capital expenses less than planned due to deferred expenses for Datacom infrastructure improvements
  - Scholarships, exemptions and financial aid slightly below budget plan

	FY20 Q1 Budget	FY20 Q1 Actuals	Actual vs. Budget Variance B/(W)	
			\$000's	%
<b>REVENUES</b>				
Net Tuition and Fees	185,770	178,507	-7,263	-3.9%
Sales of Goods and Services	51,976	52,868	892	1.7%
Grants and Contracts	16,655	31,158	14,503	87.1%
All Other Revenue	279,099	227,736	-51,363	-18.4%
<b>Total Revenues</b>	<b>533,500</b>	<b>490,269</b>	<b>-43,231</b>	<b>-8.1%</b>
<b>EXPENSES</b>				
Personnel Costs	167,156	163,432	-3,724	-2.2%
Maintenance & Operation Costs	53,661	52,150	-1,511	-2.8%
Capital Expenses	8,016	5,595	-2,421	-30.2%
Scholarships, Exemptions and Financial Aid	21,182	20,444	-737	-3.5%
<b>Total Expenses</b>	<b>250,092</b>	<b>241,624</b>	<b>-8,468</b>	<b>-3.4%</b>
<b>TRANSFERS</b>				
<b>Total Net Transfers</b>	<b>-63,314</b>	<b>-41,684</b>	<b>21,630</b>	<b>-34.2%</b>
<b>Estimated Budgeted Impact on Fund Balances</b>	<b>251,954</b>	<b>237,974</b>	<b>-13,980</b>	<b>-5.5%</b>

# FY 2020 Q1 Performance for Institutions

## University of North Texas (UNT)

2%  
ahead

### Revenue:

- Ahead of plan by \$9m/2.4%

6%  
behind

### Expenses:

- Lower than planned by \$9.7m/5.8%

Major issues: no major issues at this point

## UNT Health Science Center

40%  
behind

### Revenue:

- Below plan by \$58.5m/40.3%; accounting change in recognition of revenue

3%  
ahead

### Expenses:

- More than planned by \$1.4m/2.7%

Major issues: no major issues at this point

## University of North Texas Dallas (UNTD)

<1%  
ahead

### Revenue:

- Ahead of plan by \$.3m/.8%

<1%  
ahead

### Expenses

- Expenses on plan with less than 0.2% delta

Major issues: no major issues at this point

## University of North Texas System (UNTS)

179%  
ahead

### Revenue:

- Ahead of plan by \$5m; earlier than expected receipt of appropriation benefits

<1%  
ahead

### Expenses

- Expenses on plan (less than 1% under)

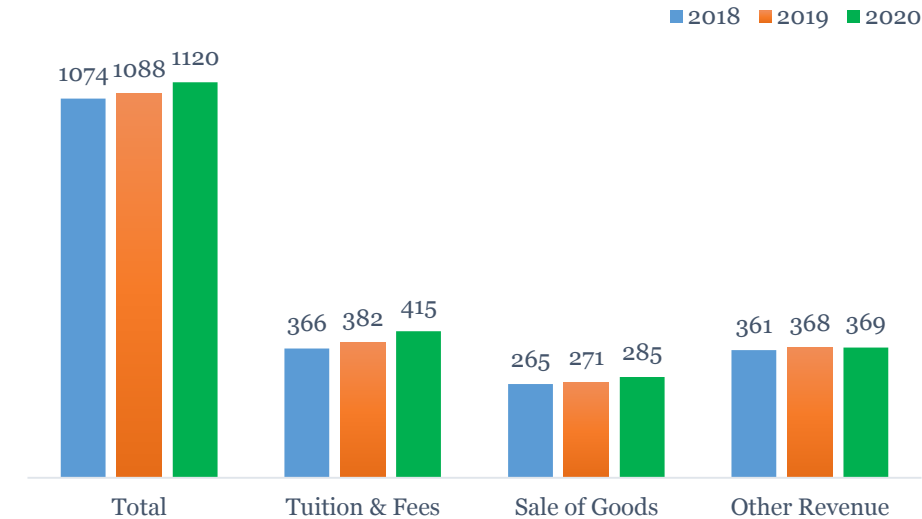
Major issues: no major issues at this point

Note: Detailed performance for each institution found in backup materials

# FY 2020 Projections: UNTS Consolidated

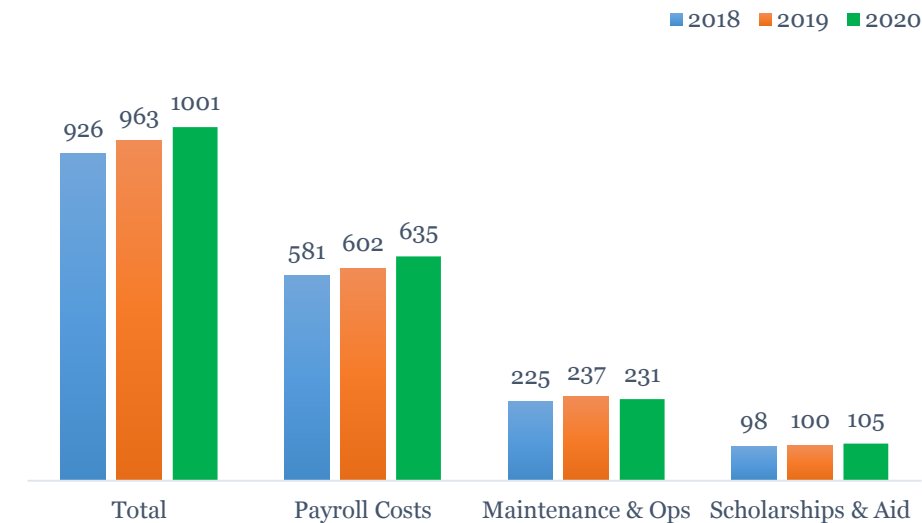
- Projected Revenue:

- Revenue projected higher by \$32m/3%
- Tuition and fees higher from strong enrollment
- Sale of goods projected to be slightly higher
- Other revenue stable/flat with prior year



- Projected Expenses:

- Expenses projected higher by \$38m/4%
- Payroll costs increasing due to salary/benefits
- Maintenance & Operations decrease slightly due to lower outfitting costs than 2019
- Scholarships & Aid slightly up



# Q1 2020 Statement of Revenues, Expenses & Changes in Net Position

- Overall Financial Statement:
  - Quarterly “income” statement on track with projected increase to net position by end of fiscal year
- Operating position projected to improve in 2020
  - Operating revenues increase (5%) due strong student enrollment
  - Operating expenses less (-3%) with lower outfitting and operational costs
- Non-operating revenues increase by \$26m/8%
  - Projected increase due largely to state appropriations
- Net Position projected to improve by \$93m/112%

	Unaudited QTD November 30, 2019	Forecasted YTD August 31, 2020	Audited YTD August 31, 2019	% Increase (Decrease)
Operating Revenues	\$ 262,385	\$ 692,662	\$ 657,617	5%
Operating Expenses	272,368	1,111,064	1,143,705	-3%
<b>Operating Income (Loss)</b>	<b>\$ (9,983)</b>	<b>\$ (418,402)</b>	<b>\$ (486,088)</b>	<b>-14%</b>
Nonoperating Revenues (Expenses)	203,595	365,832	339,252	8%
<b>Income (Loss) Before Other Revenues, Expenses and Transfers</b>	<b>\$ 193,612</b>	<b>\$ (52,570)</b>	<b>\$ (146,836)</b>	<b>-64%</b>
Other Revenues, Expenses and Transfers	54,187	62,419	63,752	-2%
<b>Change in Net Position</b>	<b>\$ 247,799</b>	<b>\$ 9,849</b>	<b>\$ (83,084)</b>	<b>-112%</b>
Net Position, Beginning of Year	\$ 719,585	\$ 719,585	\$ 804,664	-11%
Restatement	-	-	(1,995)	0%
Restated Net Position, Beginning of Year	719,585	719,585	802,669	-10%
<b>Net Position, End of Year/Qtr</b>	<b>\$ 967,384</b>	<b>\$ 729,434</b>	<b>\$ 719,585</b>	<b>1%</b>

Plan to compare quarter over quarter financial statement positions in the future (delayed due to lack of quarterly data from prior years)

# Q1 2020 Statement of Net Position (Quarter over Quarter)

- **Assets and Deferred Outflows:**
  - Current Assets lower due to spending debt proceeds on projects, maturity of short term investments
  - Capital Assets higher due to 8 new buildings placed into service in 2019
- **Liabilities and Deferred Inflows:**
  - Current Liabilities increased due to implementation of quarterly reporting processes (implementing 2020)
- **Net Position**
  - Variance primarily due to timing of revenue recognition in Q1'19

UNAUDITED				
Condensed Comparative Statement of Net Position				
As of November 30, 2019 and 2018				
(in thousands of dollars)				
	Q1 FY 2020	UNADJUSTED Q1 FY 2019	ADJUSTED* Q1 FY 2019	ADJUSTED* % Increase (Decrease)
<b>Assets and Deferred Outflows of Resources</b>				
Current Assets	\$ 833,075	\$ 911,696	\$ 911,696	-8.6%
Non-Current Assets:				
Capital Assets, Net	1,379,794	1,263,295	1,263,295	9.2%
Other Non-Current Assets	373,735	332,268	332,268	12.5%
Deferred Outflows of Resources	490,921	46,275	489,903	0.2%
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 3,077,525</u></b>	<b><u>\$ 2,553,534</u></b>	<b><u>\$ 2,997,162</u></b>	<b><u>2.7%</u></b>
<b>Liabilities and Deferred Inflows of Resources</b>				
Current Liabilities	\$ 483,284	\$ 160,398	\$ 171,253	182.2%
Non-Current Liabilities:				
Bonded Indebtedness	819,475	870,475	870,475	-5.9%
Other Non-Current Liabilities	615,153	216,045	607,235	1.3%
Deferred Inflows of Resources	192,229	62,868	192,334	-0.1%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>\$ 2,110,141</u></b>	<b><u>\$ 1,309,786</u></b>	<b><u>\$ 1,841,297</u></b>	<b><u>14.6%</u></b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 457,859	\$ 460,670	\$ 460,670	-0.6%
Restricted:				
Funds Held as Permanent Investments:				
Non-Expendable	55,359	53,248	53,248	4.0%
Expendable	32,475	32,610	32,610	-0.4%
Other Restricted	53,265	47,593	47,593	11.9%
Total Restricted	141,099	133,451	133,451	5.7%
Unrestricted	368,426	649,627	561,744	-34.4%
<b>Total Net Position</b>	<b><u>\$ 967,384</u></b>	<b><u>\$ 1,243,748</u></b>	<b><u>\$ 1,155,865</u></b>	<b><u>-16.3%</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 3,077,525</u></b>	<b><u>\$ 2,553,534</u></b>	<b><u>\$ 2,997,162</u></b>	<b><u>2.7%</u></b>

\* Adjusted Q1'19 to reflect the annual FY19 Pension/OPEB entry for comparative purposes to Q1'20. The annual Pension/OPEB entry has not yet been made for FY20.



# Financial Summary

- Positive audit results with 2019 ‘clean’ audit opinion
  - Most timely audit completion in our history
  - No unresolved audit issues
- Positive financial performance in Q1 2020
  - Quarterly performance and end-of-year projections on track
  - First time-ever quarterly financial statements provide new insights
- Upcoming initiatives support major financial goals & objectives
  - Enable effective and efficient customer services
  - Enact strategies to enable growth & create value
  - Provide value-added analysis and advice
  - Implement strong professional growth & development



# Backup materials

# FY 2020 Q1 Performance: UNT

2%  
ahead

## Q1 Revenue

- Total revenue ahead of plan by \$9m/2.4%
  - Tuition and Fees behind plan by 4.3%; accounting change in 2020 to recognize spring tuition in Q2 vs. Q1
  - Sale of Goods and Services on track
  - Grants and Contracts ahead of plan by \$14m mostly due to accelerated receipt of Texas Grant Funds (historically occurred in Q2 vs. Q1)

6%  
behind

## Q1 Expenses

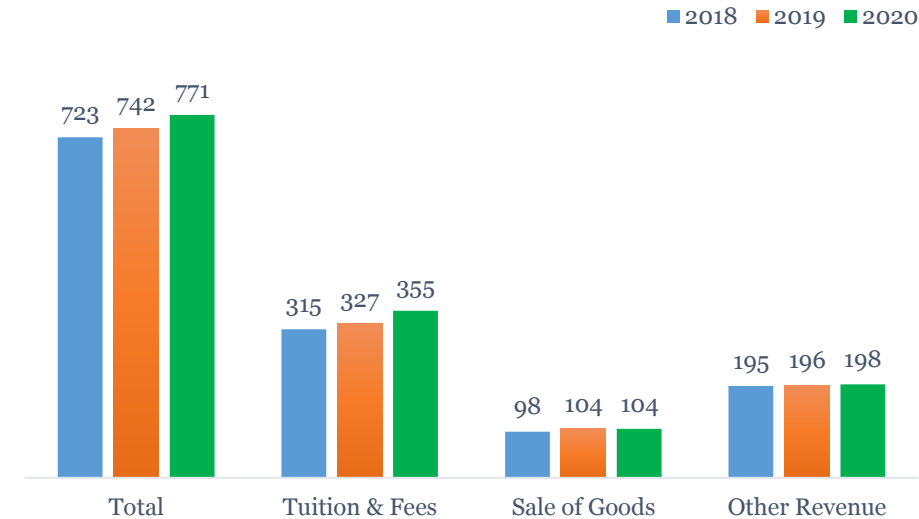
- Total expenses less than planned by \$9.7m/5.8%
  - Maintenance & Operations less than planned due to delay of some non-essential expenses
  - Capital expenses less than planned due to deferred expenses for Datacom infrastructure improvements

	FY20 Q1 Budget	FY20 Q1 Actuals	Actual vs. Budget Variance B/(W)	
			\$000's	%
<b>REVENUES</b>				
Net Tuition and Fees	161,492	154,587	-6,905	-4.3%
Sales of Goods and Services	42,784	42,296	-488	-1.1%
Grants and Contracts	7,165	20,711	13,546	189.1%
All Other Revenue	162,656	165,636	2,980	1.8%
<b>Total Revenues</b>	<b>374,097</b>	<b>383,230</b>	<b>9,133</b>	<b>2.4%</b>
<b>EXPENSES</b>				
Personnel Costs	110,655	108,527	2,127	1.9%
Maintenance & Operation Costs	32,684	27,896	4,788	14.6%
Capital Expenses	6,729	4,340	2,390	35.5%
Scholarships, Exemptions and Financial Aid	17,508	17,199	309	1.8%
<b>Total Expenses</b>	<b>167,653</b>	<b>157,965</b>	<b>9,688</b>	<b>5.8%</b>
<b>TRANSFERS</b>				
<b>Total Net Transfers</b>	<b>(55,093)</b>	<b>(58,756)</b>	<b>(3,663)</b>	<b>-6.6%</b>
<b>Estimated Budgeted Impact on Fund Balances</b>	<b>151,352</b>	<b>166,509</b>	<b>15,157</b>	<b>10.0%</b>

# FY 2020 Projections: UNT

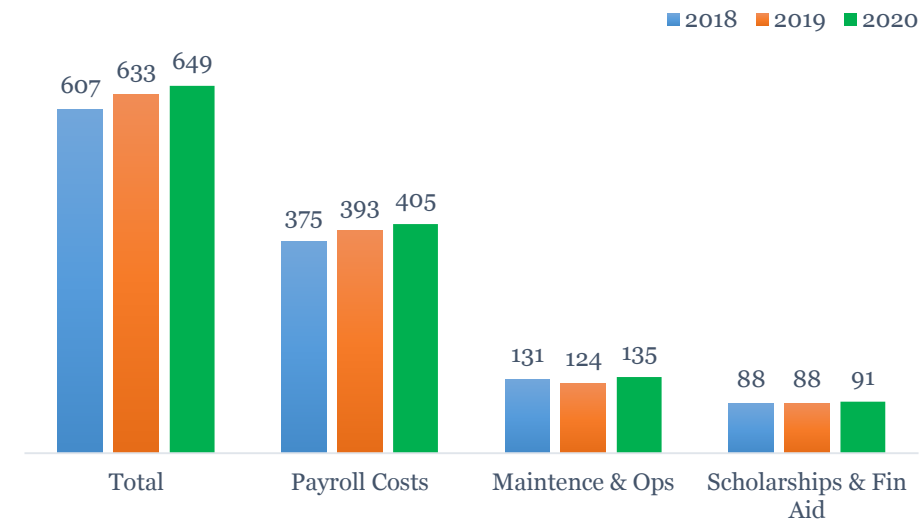
- Projected Revenue:

- Revenue projected to be higher by \$29m/4%
- Tuition and fees higher from strong enrollment
- Sale of goods projected to be slightly higher
- Other revenue stable with prior years



- Projected Expenses:

- Expenses projected higher by \$16m/2.5%
- Payroll costs increasing due to salary/benefits
- Maintenance & Operations increase due to recent capital investments
- Scholarships & Aid slightly up



# FY 2020 Q1 Performance: UNTHSC

40%  
behind

## Q1 Revenue

- Total revenue behind plan by \$58.5m/40.3%
  - Tuition and Fees on track
  - Sale of Goods and Services ahead of plan by \$1.2m/ 15.6% mostly due to correctional medicine revenue
  - All Other Revenue behind plan by \$59.3m/ 40.3%; accounting change in 2020 to recognize State Appropriation revenue quarterly instead of all in Q1 caused misalignment with quarterly spread

3%  
ahead

## Q1 Expenses

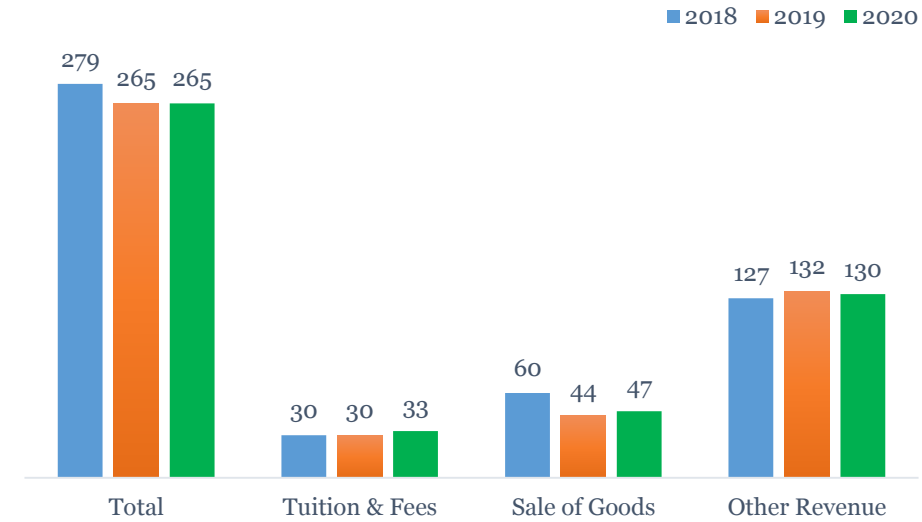
- Total expenses more than planned by \$1.4m/2.7%
  - Maintenance & Operations more than planned due to correctional medicine services increasing
  - Scholarships less than planned but should catch up by yearend

		FY20 Q1	FY20 Q1	Actual vs. Budget	
		Estimate	Actuals	\$000's	Variance B/(W)
					%
<b>REVENUES</b>					
	Net Tuition and Fees	11,700	11,735	35	0.3%
	Sales of Goods and Services	8,000	9,248	1,248	15.6%
	Grants and Contracts	7,500	7,960	460	6.1%
	Net Professional Fees	4,000	3,051	(949)	-23.7%
	All Other Revenue	114,192	54,855	(59,337)	-52.0%
	<b>Total Revenues</b>	<b>145,392</b>	<b>86,848</b>	<b>(58,544)</b>	<b>-40.3%</b>
<b>EXPENSES</b>					
	Personnel Costs	35,500	34,435	1,065	3.0%
	Maintenance & Operation Costs	13,450	16,134	(2,684)	-20.0%
	Capital Expenses	1,000	942	58	5.8%
	Scholarships, Exemptions and Financial Aid	200	0	200	100.0%
	<b>Total Expenses</b>	<b>50,150</b>	<b>51,511</b>	<b>(1,361)</b>	<b>-2.7%</b>
<b>TRANSFERS</b>					
	<b>Total Net Transfers</b>	<b>(14,644)</b>	<b>(13,751)</b>	<b>893</b>	<b>6.1%</b>
<b>Estimated Budgeted Impact on Fund Balances</b>					
		<b>80,597</b>	<b>21,586</b>	<b>(59,012)</b>	<b>-73.2%</b>

# FY 2020 Projections: UNTHSC

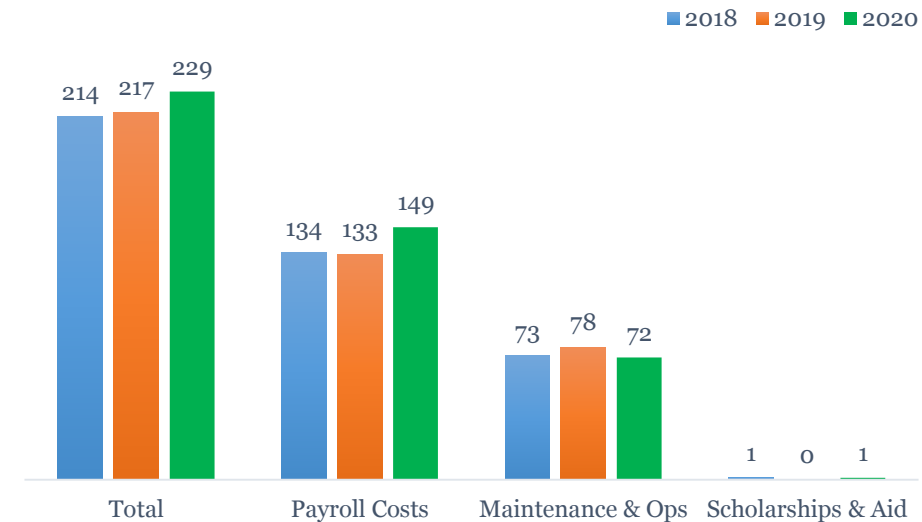
- Projected Revenue:

- Revenue projected flat from 2019 to 2020
- Tuition and fees slightly increasing
- Sale of goods projected higher by \$2.9/6.6%
- Other revenue down due to change in how State Appropriations are recorded, resulting in overestimated budget



- Projected Expenses:

- Expenses projected higher by \$12m/6%
- Payroll costs projected higher by \$16m due to salary increases and filling vacancies
- Maintenance & Operations lower by \$5.7m/7.3%



# FY 2020 Q1 Performance: UNTD

<1%  
ahead

## Q1 Revenue

- Total revenue ahead of plan by \$.3m/.8%
  - Tuition and Fees behind due to accounting change in 2020 to recognize spring tuition in Q2 vs. Q1
  - Sale of Goods and Services ahead by 23% due to timing of recognition of revenues
  - Grants and Contracts ahead of plan by \$.5m mostly due to accelerated receipt of Texas Grant Funds (historically occurred in Q2 vs. Q1)

## Q1 Expenses

<1%  
behind

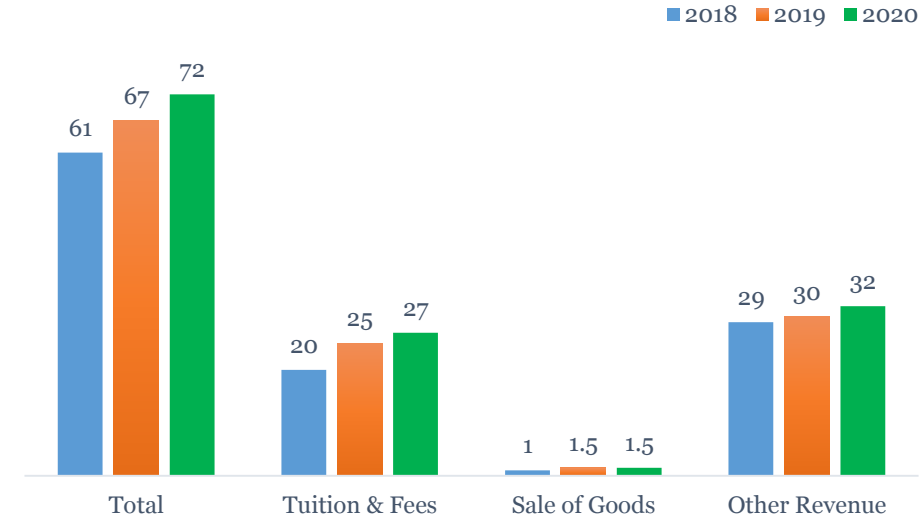
- Total expenses flat to Q1 estimate
  - Maintenance & Operations slightly more than planned by 7% due to timing of contracts and purchases
  - Scholarships, Exemptions, and Financial Aid under plan by 6.6% related to timing recognition of expenses, and waiver/exemption calculations.

				Actual vs. Budget	
		FY20 Q1	FY20 Q1	Variance	Variance
		Estimate	Actuals	(\$000's)	(%)
<b>REVENUES</b>					
	Net Tuition and Fees	12,578	12,184	(394)	-3.1%
	Sales of Goods and Services	642	792	150	23.3%
	Grants and Contracts	1,990	2,487	497	25.0%
	Net Professional Fees	0	0	0	0.0%
	All Other Revenue	27,873	27,963	90	0.3%
	<b>Total Revenues</b>	<b>43,083</b>	<b>43,426</b>	<b>343</b>	<b>0.8%</b>
<b>EXPENSES</b>					
	Personnel Costs	9,389	9,428	(39)	-0.4%
	Maintenance & Operation Costs	2,556	2,735	(179)	-7.0%
	Capital Expenses	197	212	(16)	-8.1%
	Scholarships, Exemptions and Financial Aid	3,474	3,246	229	6.6%
	<b>Total Expenses</b>	<b>15,616</b>	<b>15,621</b>	<b>(4)</b>	<b>0.0%</b>
<b>TRANSFERS</b>					
	<b>Total Net Transfers</b>	<b>(9,263)</b>	<b>(9,248)</b>	<b>15</b>	<b>0.2%</b>
<b>Estimated Budgeted Impact on Fund Balances</b>		<b>18,204</b>	<b>18,558</b>	<b>354</b>	<b>1.9%</b>

# FY 2020 Projections: UNTD

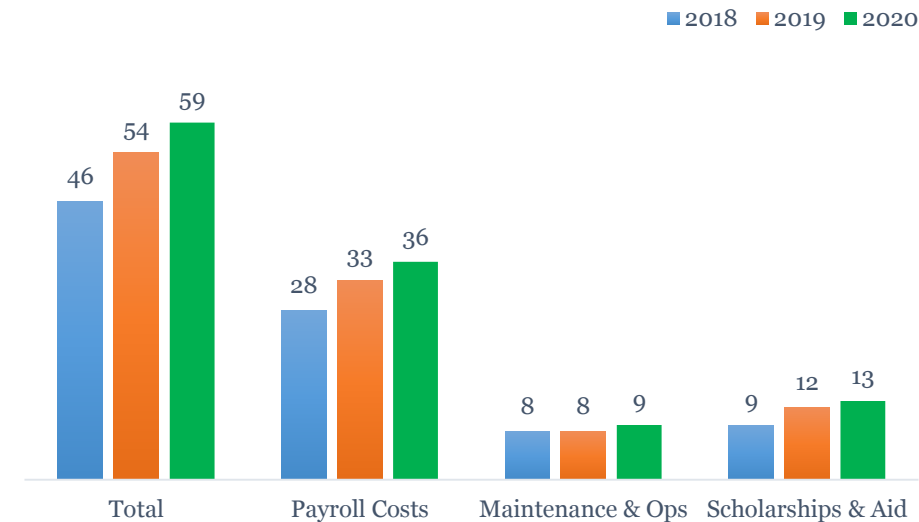
- Projected Revenue:

- Revenue projected increase year over year by 9%
- Tuition & Fees projected to increased by 11%
- Contracts & Grants revenues expected to approach or exceed FY19 (forecast assumes flat to plan)



- Projected Expenses:

- Expenses projected at 10% increase year over year
- Payroll costs up by 11% due to salary & benefit increases due to rapid growth
- Maintenance & Operations projected higher by 12.6% due to rapid growth
- Scholarships & Aid slightly up





# FY 2020 Q1 Performance: UNTS

179%  
ahead

## Q1 Revenue

- Total revenue ahead of plan by \$5m
  - Sale of Goods and Services slightly behind Q1 budget due to lag in recognition of Rent Revenues (Lofts & Restaurants)
  - All other revenues ahead of plan by \$5m due to timing of recognition of appropriated benefits revenues.

<1%  
behind

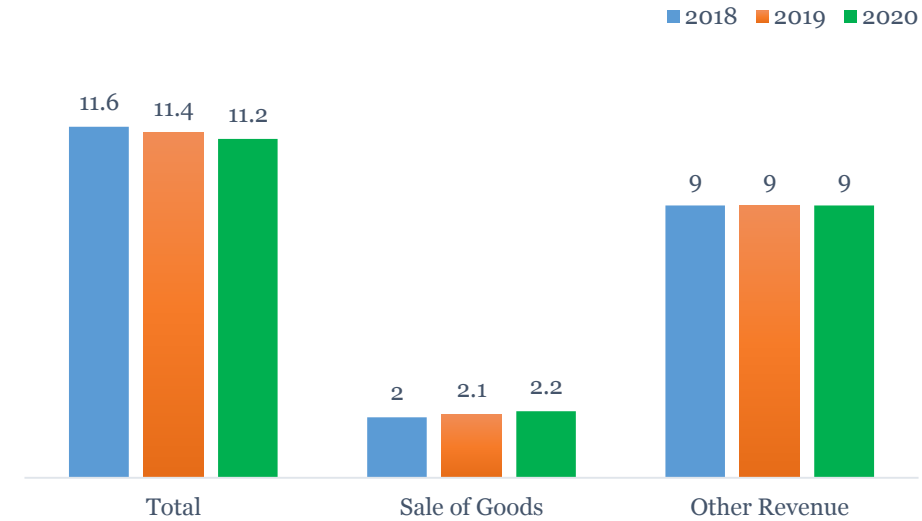
## Q1 Expenses

- Total expenses on plan (less than 1% under)
  - Personnel costs under Q1 plan by 5% due to more vacant positions remaining than expected
  - Maintenance & Operations costs ahead of plan by \$.4m/8% - predominantly driven by front-loaded subscriptions and contract renewals

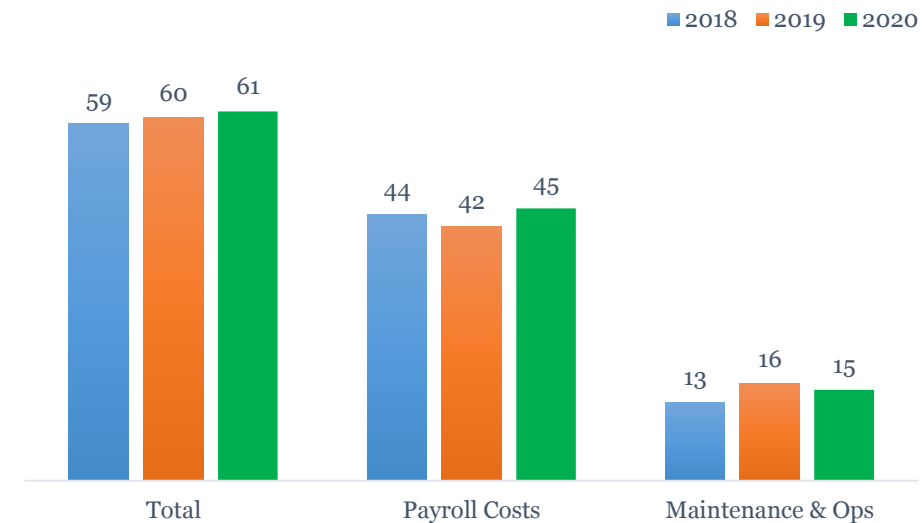
	FY20 Q1 Estimate	FY20 Q1 Actuals	Actual vs. Budget Variance B/(W)	
			\$000's	%
<b>REVENUES</b>				
Net Tuition and Fees	0	0	0	0.0%
Sales of Goods and Services	550	533	(17)	-3.1%
Grants and Contracts	0	0	0	0.0%
Net Professional Fees	0	0	0	0.0%
All Other Revenue	2,238	7,245	5,006	223.7%
<b>Total Revenues</b>	<b>2,788</b>	<b>7,778</b>	<b>4,989</b>	<b>178.9%</b>
<b>EXPENSES</b>				
Personnel Costs	11,612	11,041	570	4.9%
Maintenance & Operation Costs	4,971	5,385	(414)	-8.3%
Capital Expenses	90	101	(10)	-11.5%
Scholarships, Exemptions and Financial Aid	0	0	0	0.0%
<b>Total Expenses</b>	<b>16,673</b>	<b>16,527</b>	<b>146</b>	<b>0.88%</b>
<b>TRANSFERS</b>				
<b>Total Net Transfers</b>	<b>15,686</b>	<b>40,071</b>	<b>24,385</b>	<b>155.5%</b>
<b>Estimated Budgeted Impact on Fund Balances</b>	<b>1,802</b>	<b>31,322</b>	<b>29,520</b>	<b>1638.6%</b>

# FY 2020 Projections: UNTS

- Projected Revenue:
  - Revenue projected to track to plan



- Projected Expenses:
  - Expenses projected to be roughly flat
  - Payroll costs projected to increase slightly
  - Maintenance & Operations decrease slightly





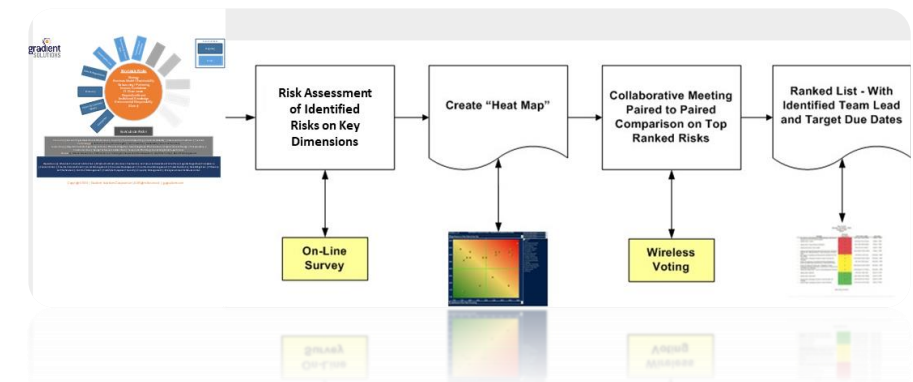
# UNT System Board of Regents Enterprise Risk Management (ERM)

# Summary

- Process Overview      Establishing strong ERM program across UNTS
- General Observations      Enterprise Risk very important across all areas
- Risk Heat Map      Disciplined approach to identify major risks
- Consolidated Risks      Major consolidated risks across institutions
- Next Steps      Analyze, mitigate, measure and report on risks

# ERM Process Overview

- UNTS recently led an effort, supported by Gradient Solutions, to establish an Enterprise Risk Management (ERM) strategy
  - Deployed ERM training across UNT World (over 156 trainees)
  - Completed surveys at each institution (80%+ response rate)
  - Each institution identified risks, impacts, likelihood and ranking
  - Gradient helped established a comprehensive risk register for all risks as well as potential impacts
  - UNT System integrated risks and developed an integrated set of overall risks across the UNT World



# General Observations

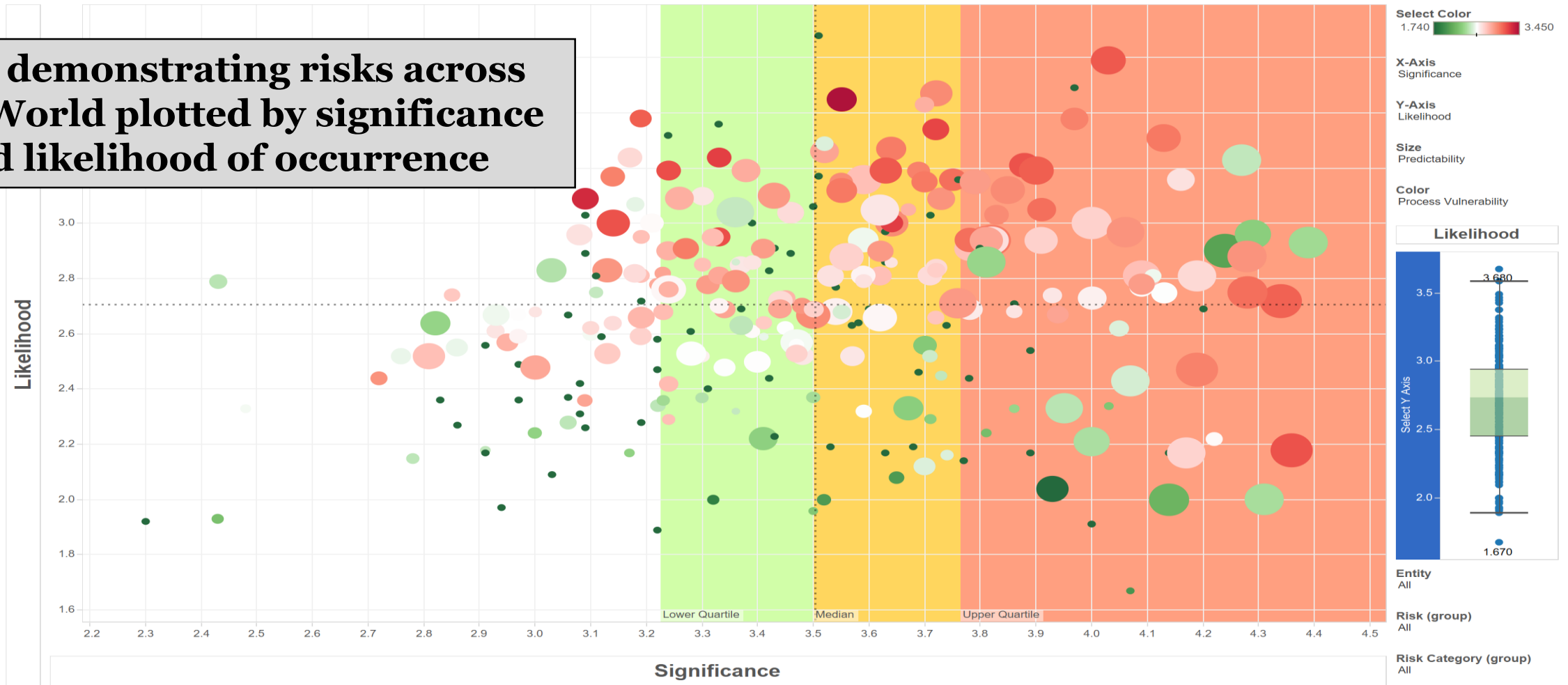
- Risk management practices exist today at each institution
  - Various levels of risk management, compliance, and audit exist today
  - Pockets of expertise on risk management at each institution
  - Various processes leveraged to identify and mitigate risks across institutions
- Further benefits are possible with a more integrated framework
  - Individual institutional rankings identified some unique areas, but many identified risks were found to be common across institutions
  - An enterprise risk management framework working across institutions will help enable further integration and optimize results for common risks

# UNTS Risk Heat Map



The Heat Map allows you create the plots, sizes, and colors based on significance, likelihood, predictability, and process vulnerability. Use the drop-down boxes to the right to modify the graphic as appropriate. The information includes all risks for all entities. UNTHSC did not rate predictability or process vulnerability.

**Heat demonstrating risks across UNT World plotted by significance and likelihood of occurrence**



# Consolidated Survey Risks

Risk Area	Summary of Risk
1. Human Resources	Risks associated with ability to attract, develop, and retain valued employees with the requisite knowledge, skills and experience could hinder ability to accomplish goals
2. Business Model/Competition/Resources	Risks associated with ability to sustain a sound business model with appropriate resources, as well as increasing competition from others could result in loss of students and resources
3. Student Needs	Risks associated with lack of ability to identify and successfully address the expectation of diverse and dynamic students could result in organizational breakdown and mission failure
4. Reputation & Brand	Risks associated with damage to reputation and/or brand where operations are perceived as inefficient and/or ineffective could result in loss of students and employees
5. Legal & Regulatory Compliance	Risks associated with failure to comply with external regulatory requirements could result in penalties, and/or loss of capabilities or future funding (e.g., grants and contracts)
6. Technology Innovation	Risks associated with lack of innovation (e.g., processes, hardware, software, people and processes) could inhibit the ability to deliver solutions in an efficient and controlled manner
7. Data Integrity & Security	Risks associated with failure to secure and monitor data could result in unauthorized changes, downtime, and exposure of confidential information, theft or loss of information
8. Succession Planning/ Concentration-Single Point Failure	Risks associated with failure to develop talent for orderly succession; potential over-reliance on a few employees or suppliers could result in disruption to operations and loss of capability
9. Business Continuity & Disaster Recovery	Risks associated with the failure to sustain and recover operations from a disruption in service could result in damaged reputation and ineffective solutions
10. Collaboration & Communication	Risks associated with failure to leverage internal strengths/resources collaboratively and communicate effectively could result in sub-optimization and inefficient use of resources



# Next Steps

- Analyze Results
  - Continue to analyze results and review risks across institutions
- Integrate Objectives
  - Ensure risks are tied to operational and strategic objectives
- Establish/Review Mitigations
  - Establish necessary actions to mitigate risks
- Implement Measures
  - Establish measures and metrics for regular evaluation of performance
- Evaluate Performance
  - Implement a new quarterly performance review process to evaluate progress, plans, risks, and proactively address issues/challenges
- Reporting Progress
  - Report risk evaluation and progress to the Board of Regents annually



## Board Briefing

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**Committee:** Finance & Facilities

**Date Filed:** December 3, 2019

**Title:** Naming of New UNT Dining Hall

---

### **Background:**

Regents Rule 09.200, Naming of Property, Programs and Academic Positions, requires approval of the Board of Regents for the naming of all buildings.

UNT is currently constructing a new dining hall (Capital Improvement Plan [CIP] project #18-01-0007) that will be located on the northwest corner of Avenue A and Maple Drive. This new dining hall is a critical component of the new Welcome Center corner as thousands of visitors to campus each year will dine in the new facility. When completed for opening in the fall 2020 semester, the new dining hall will replace Kerr Café. Given the proximity to this vibrant area, UNT seeks approval to name the new dining hall located at 1416 Maple Street in Denton, Texas as "Eagle Landing." This name has been vetted through student & staff groups by Housing and Dining Services.

---

### **Financial Analysis/History:**

There are no financial implications in the naming of this structure.

**Bob Brown** Digitally signed by Bob Brown  
Date: 2020.01.27 11:18:11 -06'00'

Institution Chief Financial Officer

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Vice Chancellor for Finance

### **Legal Review:**

This item has been reviewed by General Counsel.

---

Vice Chancellor/General Counsel

### **Schedule:**

If approved, the naming will become effective upon completion prior to the fall 2020 semester.

---

**Recommendation:**

It is recommended that the Board of Regents approve the naming of the new dining hall as “Eagle Landing.”

**Recommended By:**

Elizabeth With

---

Vice President for Student Affairs

Neal Smatresk Digitally signed by Neal Smatresk  
Date: 2020.01.24 09:02:28 -06'00'

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President

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Chancellor



## Board Order

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**Title:** Naming of New UNT Dining Hall

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

Whereas, Regents Rule 09.200, Naming of Property, Programs and Academic Positions, requires approval of the Board of Regents for the naming of buildings, and

Whereas, UNT is building a new state of the art dining hall (CIP #18-01-0007), and

Whereas, it is located in a critical location with proximity to student housing and the new Welcome Center, and

Whereas, the recommended name has been vetted through student and staff groups,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The naming of the new dining hall located at 1416 Maple Street in Denton, Texas, as "Eagle Landing"
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

---

Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



---

**Title:** Approval to Amend the UNT Save and Soar (Fixed Rate) Tuition Plan

---

**Background:**

In its November 2018 meeting, the Board of Regents approved the Save and Soar Tuition Plan effective with the Fall 2019 semester. The tuition plan allows new undergraduate students to lock in Board Designated Tuition and any applicable Differential Tuition for 12 consecutive semesters at a rate 2% higher than the current Traditional Tuition Plan. The Save and Soar Tuition Plan includes discount opportunities to encourage continuous enrollment and timely graduation.

A discount of \$100 per semester credit hour (SCH) in Board Designated Tuition in the Winter Session was established for Save and Soar Tuition plan participants enrolled in 15 or more SCH in the previous Fall semester. The participants are eligible to receive a discount of \$100 per SCH in Board Designated Tuition for the Summer semester if they are enrolled in 15 or more SCH in the previous Spring semester.

Participants who are first-time freshmen living in UNT Housing and enrolled in at least 15 semester credit hours during the previous Spring semester can receive a 40% discount in the housing rates during their first Summer semester.

The minimum enrollment requirement of 15 semester credit hours for the discount opportunities negatively impacts certain Save and Soar Tuition Plan participants in academic programs structured for students to enroll in 14 SCH.

By lowering the minimum enrollment requirement to 14 SCH, the University can encourage additional students to enroll in the Winter Session and Summer semester. The proposed change would increase the number of Save and Soar Tuition Plan participants that would be eligible for the discounts.

---

**Financial Analysis/History:**

The estimated financial impact of this change based on the current participation rate in the Save and Soar Tuition Plan among new undergraduate students includes the following:

Winter Session discount: \$15,000 annually  
Summer semester discount: \$37,000 annually

---

Institution Chief Financial Officer

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Vice Chancellor for Finance

---

**Legal Review:**

This item has been reviewed by General Counsel.

---

Vice Chancellor/General Counsel

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**Schedule:**

To be effective beginning with the Fall 2020 semester.

---

**Recommendation:**

It is recommended that the Board of Regents authorize and approve lowering the minimum enrollment requirement for the Save and Soar Tuition Plan discount opportunities from 15 to 14 semester credit hours.

**Recommended By:**

Bob Brown  
\_\_\_\_\_  
Sr. VP for Finance & Administration

\_\_\_\_\_  
President

\_\_\_\_\_  
Chancellor



## Board Order

---

**Title:** Approval to Amend the UNT Save and Soar (Fixed Rate) Tuition Plan

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

Whereas, in its November 2018 meeting, the Board of Regents approved the Save and Soar Tuition Plan effective with the Fall 2019 semester, and

Whereas, the minimum enrollment requirement of 15 semester credit hours (SCH) for the discount opportunities negatively impacts certain Save and Soar Tuition Plan participants in academic programs structured for students to enroll in 14 SCH, and

Whereas, the University of North Texas' strategic plan sets a path for targeted growth and increased student success, and

Whereas, UNT wishes to encourage students to complete a timely graduation, and

Whereas, Section 54.017 of the Texas Education Code requires general academic teaching institutions to offer entering undergraduate students the opportunity to participate in a fixed tuition price plan,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. A reduction in the minimum SCH enrollment requirement for the Save and Soar Tuition Plan discount opportunities from 15 semester credit hours to 14 semester credit hours.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

**Title:** Approval of UNTHSC Professional Medical Malpractice Self-Insurance Plan Amendments

---

**Background:**

UNTHSC established a Plan for Medical Malpractice Self-Insurance (“Plan”) in 2002 which provides occurrence-based coverage for the UNTHSC Clinical Practice Group. Historically, Texas Law permitted only physicians at UNTHSC on the Plan. On September 1, 2019, Texas H.B. No. 1592 went into effect. This bill allows all licensed and certified health care professionals and students within the UNT System to receive malpractice coverage via the Plan. This requires the current plan document to be amended.

The UNT System currently contracts with Columbia Casualty Company (“Columbia”) to provide medical malpractice coverage for non-physician health care professionals and all health care students at each campus under one contract. UNTHSC would like to remove all non-physician health care professionals at the UNTHSC campus from the Columbia policy and begin providing coverage by the Plan. Additionally, the Plan would expand coverage eligibility to any health care professional within the UNT System, but remain optional outside of UNTHSC Clinical Practice Group. Due to currently contracted liability limit minimums, students will remain on Columbia for now.

---

**Financial Analysis/History:**

Each year, an independent actuary evaluates the adequacy of the Plan and its reserves, considers asserted claims, and analyzes perceived risk. The actuary considers the liability environment in Texas and makes recommendations regarding the premium structure for the forthcoming year. In recent years, the Plan has benefited from the preservation of state tort reform legislation and the resulting favorable claims history. In his April 11, 2019, report for FY 2019, the actuary (Fred White) indicates the reserve balance in the Plan is sufficient to cover liabilities and projected contingencies. As of August 31, 2019, the Plan fund balance was \$10,950,460.10. The actuary is in support of the proposed changes to the Plan and states it will remain solvent if implemented.

By eliminating the need to procure coverage through a commercial policy, the current net result of this amendment to the Plan is a savings to UNTHSC of approximately \$32,000.

This amendment will decrease the premium costs to the institution while enabling a more efficient method of managing claims information for all providers (physicians and non-physicians) within one system. There is potential for additional savings if other health care professionals within the UNT System transition from Columbia to the Plan.



Gregory R. Anderson  
Digitally signed by Gregory R. Anderson  
Date: 2020.01.27 11:57:50 -06'00'

---

Institution Chief Financial Officer

Dan Tenney  
Digitally signed by Dan Tenney  
Date: 2020.01.28 20:37:52 -06'00'

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

Alan Stucky  
Digitally signed by Alan Stucky  
Date: 2020.01.29 17:15:38 -06'00'

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Vice Chancellor/General Counsel

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**Schedule:**

The Plan, as amended herein, shall be effective September 1, 2020.

---

**Recommendation:**

The Plan Administrator recommends the approval of the attached amendment to the Plan.

**Recommended By:**

Charles Taylor  
Provost and Executive Vice President  
for Academic Affairs

Michael R. Williams  
Digitally signed by Michael R. Williams  
DN: cn=Michael R. Williams,  
o=UNTHSC, ou=President,  
email=michael.williams@unthsc.edu, c=US  
Date: 2020.01.27 12:50:55 -06'00'

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President

Lesa B. Roe  
Digitally signed by Lesa B. Roe  
Date: 2020.01.29 15:51:30 -06'00'

---

Chancellor

**Attachments Filed Electronically:**

- FY20 Premium Rates
- Proposed Amended Self-Insurance Plan Document



## Board Order

---

**Title:** Approval of UNTHSC Professional Medical Malpractice Self-Insurance Plan Amendments

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

**Whereas**, UNTHSC established a Plan for Medical Malpractice Self-Insurance (“Plan”) in 2002 which provides occurrence-based coverage for the UNTHSC Clinical Practice Group. Historically, Texas Law permitted only physicians at UNTHSC on the Plan, and

**Whereas**, The UNT System currently contracts with Columbia Casualty Company (“Columbia”) to provide medical malpractice coverage for non-physician health care professionals and all health care students at each campus under one contract, and

**Whereas**, on September 1, 2019, Texas HB01592 went into effect. This bill allows all licensed and certified health care professionals and students within the UNT System to receive malpractice coverage via the Plan,

**Now, Therefore, The Board of Regents** authorizes and approves the following:

1. The amended Plan document as set forth in the attached list.
  2. The removal of all non-physician health care professionals at the UNTHSC campus from the Columbia policy and begin providing coverage by the Plan on September 1, 2020.
  3. The reinstatement of Risk Class 0 Premium Rate as set forth in the attached list.
  4. Expand Plan coverage eligibility to any health care professional within the UNT System, but remain optional outside of UNTHSC Clinical Practice Group.
- 

VOTE: \_\_\_\_ ayes      \_\_\_\_ nays      \_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

---

Rosemary R. Haggett, Secretary  
Board of Regents

---

Laura Wright, Chair  
Board of Regents

**FY 2020 Premium Rates  
(September 1, 2019 through August 31, 2020)**

Risk Class	Faculty Rate (Year/Month)	Resident Rate (Year/Month)	Fed Faculty Rate (Year/Month)
0	\$709.50 / \$59.13	\$355.00 / \$29.58	\$2412.00 / \$201.00
1	\$1,419.00 / \$118.25	\$709.50 / \$59.13	\$4,823.00 / \$401.92
2	\$1,806.00 / \$150.50	\$903.00 / \$75.25	\$6,138.00 / \$511.50
3	\$3,999.00 / \$333.25	\$1,999.50 / \$166.63	\$13,592.00 / \$1,132.67
4	\$5,289.00 / \$440.75	\$2,644.50 / \$220.38	\$17,976.00 / \$1,498.00
5	\$8,184.00 / \$682.00	\$4,092.00 / \$341.00	\$27,817.00 / \$2,318.08

**NOTE:** Physicians that are not or may not be considered state employees should at least pay “Fed Faculty Rate” premiums.

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**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-INSURANCE**

---

**UNIVERSITY OF NORTH TEXAS SYSTEM  
 PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
 INSURANCE**

TABLE OF CONTENTS

ARTICLE I	PURPOSE .....	1
ARTICLE II	DEFINITIONS.....	1
2.1	Plan .....	1
2.2	Defined Terms .....	1
ARTICLE III	APPLICABILITY OF PLAN PROVISION .....	3
ARTICLE IV	CONDITIONS FOR PARTICIPATION.....	3
4.1	Participation .....	3
4.2	Application for Participation.....	3
4.3	Enrollment.....	3
ARTICLE V	COVERAGE OF PARTICIPANTS.....	3
5.1	Payments on Behalf of Participants .....	3
5.2	Defense of Lawsuits.....	4
5.3	Supplementary Payments .....	4
5.4	Exclusions .....	4
ARTICLE VI	LIMITS OF LIABILITY .....	6
6.1	Legal Limits and Plan Limits.....	6
6.2	Per Incident Limits.....	6
6.3	Aggregate Limits.....	7
6.4	Limits of Liability Schedule .....	7
ARTICLE VII	FUNDING.....	7
7.1	Contributions to the Fund .....	7
7.2	Insurance .....	8
ARTICLE VIII	OTHER COVERAGE.....	8
8.1	Primary Coverage .....	8
8.2	Other Insurance .....	8
ARTICLE IX	PARTICIPANT’S DUTIES IN THE EVENT OF INCIDENT, CLAIM, OR SUIT .....	8
9.1	Notice of Incident .....	8
9.2	Notice of Claim or Suit or Disciplinary and Licensing Action.....	9
9.3	Cooperation by Participant .....	9

ARTICLE X	MODIFICATION AND TERMINATION .....	9
10.1	Rights of Participants .....	9
10.2	Termination in Event of Mandatory Participation in Other Indemnity or Insurance Programs .....	9
10.3	Termination of Plan Participation .....	10
10.4	Benefits Terminable .....	10
ARTICLE XI	ACTION AGAINST UNTHSC .....	10
11.1	Conditions Precedent .....	10
11.2	Third-Party Actions .....	10
11.3	Dispute .....	10
ARTICLE XII	ADMINISTRATION OF PLAN .....	11
12.1	Administration .....	11
12.2	Administrative Regulations .....	11
12.3	Legal Interpretation .....	11
12.4	Counsel and Settlement Authority .....	11
ARTICLE XIII	GENERAL PROVISIONS .....	11
13.1	Subrogation .....	11
13.2	Changes .....	11
13.3	Declaration .....	11
13.4	Non-Assignable Interest in Plan .....	12
13.5	Employment Non-Contractual .....	12
13.6	Actions Against Participant .....	12
13.7	Concealment or Misrepresentation .....	12
13.8	Notices .....	12
13.9	Entirety of Agreement .....	12
13.10	Effective Date .....	1

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

Effective: September 1, 2020  
Prior Versions: Effective - September 1, 2002  
Amended - September 1, 2003  
Amended - September 1, 2009  
Effective – September 1, 2010  
Amended – November 15, 2012

**ARTICLE I  
PURPOSE**

The purpose of this Plan is to provide Health Care Professional Staff Members of the University of North Texas System with health care professional malpractice liability indemnity from and against Health Care Liability Claims pursuant to the authority granted to the Board of Regents of University of North Texas System by Texas Education Code Section 59.02, as amended.

**ARTICLE II  
DEFINITIONS**

2.1 Plan. This Plan shall be known as the Plan for Health Care Professional Malpractice Self-Insurance (“Plan”).

2.2 Defined Terms. Unless otherwise required by the context, the following terms shall control:

- (a) “Annual Enrollment Period” – September 1 through August 31 of each twelve-month period (or part thereof terminating with the termination of this Plan).
- (b) “Board” – the Board of Regents of the University of North Texas System.
- (c) “Coverage” – the health care professional malpractice liability indemnity afforded by this Plan.
- (d) “Damages” – all damages, including damages for death, which are payable because of injury for a Health Care Liability Claim to which this Plan applies, but does not include exemplary or punitive damages.
- (e) “Disciplinary and Licensing Actions” – any disciplinary, licensing, or similar administrative proceeding brought against a Participant by the respective licensing or certifying authority that arises from professional services, except those excluded pursuant to Section 5.01 and Subsection 5.03(c) below.

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

- (f) “Fund” – the Health Care Professional Liability Fund established by the Board.
- (g) “General Counsel” – the Vice Chancellor and General Counsel of University of North Texas System.
- (h) “Health Care Liability Claim” – a claim, lawsuit, or alleged cause of action against a physician or health care professional arising within the Plan Territory based upon treatment, lack of treatment, or other claimed departure from accepted standards of medical care, health care, or veterinary care, or safety or professional or administrative services directly related to health care, which proximately results in injury to or death of a patient, whether the claim, lawsuit, or cause of action sounds in tort or contract, subject to the exclusions described in ARTICLE V below.
- (i) “Health Care Professional Staff Members” –
  - (1) Physicians, dentists, veterinarians, podiatrists, physician assistants, nurses, pharmacists, and other health care providers who are appointed to the faculty or employed by the University of North Texas System on a full-time basis or are appointed or volunteer on a part-time basis and devote their total professional service to providing health services or provide services to patients by assignment from the department chair;
  - (2) University of North Texas System interns, residents, and fellows who are duly licensed and registered to practice their profession and are participating in a University of North Texas System sponsored patient-care program in the University of North Texas System.
- (j) “Participant” – (1) any Health Care Professional Medical Staff Member qualified for participation and enrolled and accepted in this Plan as set forth in ARTICLE IV below; and (2) the University of North Texas System with respect to liability for the acts or omissions of a Participant. The coverage afforded applies separately to each Participant against whom claim is made or suit is brought, except with respect to the limits of the University of North Texas System’s or the Participant’s liability.
- (k) “Plan Administrator” – the UNTHSC Clinical Practice Group Chief Medical Officer or his/her designee.
- (l) “Plan Territory” – the United States of America, its territories, or possessions, and provided further that the original suit for damages is brought within the United States of America, its territories, or possessions.
- (m) “University of North Texas System” – the University of North Texas System is composed of the University of North Texas, the University of North Texas Health Science Center, the University of North Texas at Dallas.
- (n) “UNTHSC” – University of North Texas Health Science Center at Fort Worth.



ARTICLE III  
APPLICABILITY OF PLAN PROVISION

The coverage afforded by this Plan is subject to the particulars, terms, conditions, and limitations (including, but not limited to limits of liability) of this Plan and the interpretations thereof by the Board or its authorized representative. Notwithstanding any other language of the Plan, the coverage afforded by the Plan as amended effective September 1, 2020, applies only to Health Care Liability Claims and Disciplinary and Licensing Actions arising out of incidents, transactions, or events occurring on or after September 1, 2020. All Health Care Liability Claims and Disciplinary and Licensing Actions arising out of incidents, transactions, or events occurring prior to September 1, 2020, shall continue to be covered under the terms and conditions of this Plan as amended September 1, 2010.

ARTICLE IV  
CONDITIONS FOR PARTICIPATION

4.1 Participation. Each Health Care Professional Staff Member is eligible to be enrolled in this Plan.

4.2 Application for Participation. Each person who is a Health Care Professional Staff Member on the effective date of the Plan, and each person expected to receive appointment as a faculty member to become a Health Care Professional Staff Member thereafter, shall be offered a copy of this Plan and, as a condition of participation, shall complete and provide documentation and information in such form and manner as prescribed by the Plan Administrator evidencing the fact such person is qualified under applicable credentialing policies, procedures, and guidelines.

4.3 Enrollment. A UNTHSC Health Care Professional Staff Member shall be enrolled in the Plan and become a Participant upon being credentialed. All other University of North Texas System Health Care Professional Staff Members shall be enrolled in the Plan and become Participants by request after being credentialed.

ARTICLE V  
COVERAGE OF PARTICIPANTS

5.1 Payments on Behalf of Participants. The Plan provides occurrence Coverage for Health Care Liability Claims and Disciplinary and Licensing Actions for Participants. The Plan will pay on behalf of each Participant, from monies in the Fund, all sums which the Participant shall become legally obligated to pay as Damages covered under this Plan because of a Health Care Liability Claim arising from the exercise of the Participant's employment, duties, or training at the University of North Texas System while practicing Participant's profession, provided that the incident giving rise to the claim occurred while the Participant was qualified to participate in the Plan. Coverage for Participants for Disciplinary and Licensing actions shall be limited to legal representation of the Participant by an attorney in a proceeding brought by the respective licensing or certifying authority against the Participant while employed by the University of North Texas System for those acts or omissions by the Participant while the Participant is within the course and scope of employment at the University of North Texas System and that arise from a covered activity, subject to the limitation in Subsection 5.03(c) below and exclusions set forth in Section 5.04 below.

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

5.2 Defense of Lawsuits. The University of North Texas System shall have the right and duty to defend any suit seeking Damages against a Participant or the University of North Texas System even if any of the allegations of the suit are groundless, false, or fraudulent. The University of North Texas System may make such investigation and settlement of any claim or suit as it deems appropriate. The University of North Texas System shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the University of North Texas System's liability has been exhausted by payment of judgments or settlements, or monies in the Fund have been exhausted. The University of North Texas System has no duty to defend claims not covered by the Plan.

5.3 Supplementary Payments. The Plan Administrator will pay from the Fund, in addition to the applicable limit of liability:

- (a) All expenses incurred by the University of North Texas System in investigating and defending any lawsuit (including deposition costs), all costs taxed against any Participant in any suit defended by the University of North Texas System, and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Plan Administrator has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the University of North Texas System's liability thereon;
- (b) Premiums on appeal bonds required in any such suit, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this Plan, but the University of North Texas System shall have no obligation to apply for or furnish any such bonds.
- (c) Costs and expenses incurred in connection with the investigation and defense of a Disciplinary and Licensing action brought by the respective licensing or certifying authority against the Participant while employed by the University of North Texas System for acts or omissions by the Participant within the course and scope of employment at the University of North Texas System; however the Plan will not pay more than \$25,000 in costs and expenses of legal representation on behalf of a Participant for any single proceeding.

5.4 Exclusions. The University of North Texas System will not defend or indemnify a Participant for:

- (a) Injury arising out of the performance by the Participant of any illegal, dishonest, fraudulent, criminal, or malicious act or omission by the Participant;
- (b) Any claims or lawsuits alleging violation of state or federal laws relating to antitrust, fraud and abuse, anti-kickback, and illegal remuneration;
- (c) Injury arising out of any sexual conduct of the Participant, including but not limited to sexual harassment and sexual relations, and including, without limitation, when intentionally or negligently done in connection with any professional service, act, or omission, and regardless of whether such conduct is alleged to constitute negligence;
- (d) Any injury caused while the Participant is acting under the influence of alcohol or controlled substances or as a result of excessive use of therapeutic drugs;

- (e) Any use, administration, or prescription of any drug or pharmaceutical disapproved or not yet approved by the United States Food and Drug Administration for treatment for human beings; unless such use, administration, or prescription has been approved by the Institutional Review Board of the health care institution where such drug or pharmaceutical was used, administered, or prescribed;
- (f) Any liability arising out of any professional or licensed service, act, or omission outside the scope of Participant's employment with the University of North Texas System;
- (g) Injury for which the Participant may be held liable as a proprietor, stockholder, owner, member of the board of directors, governors, or trustees, superintendent, executive officer, department head, or medical director of any non-University of North Texas System owned or managed hospital, sanitarium, laboratory, clinic with bed and board facilities, infirmary, nursing home, foundation, surgical center, blood bank, or any other business enterprise whether or not related to patient care and/or treatment; but, this exclusion shall not be applied to responsibilities which require the special expertise or training of a physician or surgeon and which are not principally executive or administrative in nature;
- (h) Injury arising out of the rendering of or failure to render professional services by any other person for whose acts or omissions the Participant may be held liable as a member, partner, officer, director, or stockholder of any professional partnership, association, or corporation;
- (i) Injury to any employee of the Participant arising out of and in the course of that person's employment by the Participant;
- (j) Any obligation for which the Participant or any carrier acting as insurer may be liable under any workers' compensation, unemployment compensation, or disability benefits law, or under any similar law;
- (k) Any liability or indemnity obligation assumed by the Participant under contract or agreement, except to the extent endorsed hereto;
- (l) Injury to any University of North Texas System employee (past or present), applicant for employment, or patient of the Participant based upon actual or alleged discrimination based on race, religion, color, sex, national origin, age, veteran status, or disability;
- (m) Damage to property:
  - (1) owned, occupied, or rented by a Participant;
  - (2) used by a Participant;
  - (3) in any Participant's care, custody, or control; or
  - (4) over which a Participant is exercising physical control for any reason;

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

- (n) Any fines, penalties, the return or withdrawal of fees or government payments, including any fines, penalties, or costs assessed against a Participant by the respective licensing or certifying authority as a result of a Disciplinary and Licensing Action;
- (o) Any award of punitive or exemplary damages, treble or multiple damages;
- (p) Any claim arising out of professional services which occurred prior to the date of this Plan;
- (q) Any claim arising out of professional services which occurred after the termination of faculty appointment or residency status with the University of North Texas System;
- (r) Any claim arising out of professional services where the professional services were billed for by the Participant and were not deposited in a University of North Texas System health component practice plan trust or affiliated foundation or certified not-for-profit corporation as approved by the Board;
- (s) Any claim arising out of professional services performed for professional fees, salaries, or other compensation by a Participant that is not part of the Participant's employment or training program with the University of North Texas System; or
- (t) Legal representation of a Participant before the respective licensing or certifying authority in a Disciplinary and Licensing Action arising out of any activity that is excluded under this Plan.

**ARTICLE VI  
LIMITS OF LIABILITY**

6.1 Legal Limits and Plan Limits. The limits of liability stated in the schedule below or the limits of liability as specified by the current laws of the State of Texas, whichever is less, as applicable to "Each Claim" is the limit of the University of North Texas System's liability for all Damages because of each Health Care Liability Claim or suit against a Participant covered by the Plan. The limit of liability stated in the schedule below as applicable to "Each Health Care Incident" is, subject to any limits of liability specified by the current laws of the State of Texas, the limit of the University of North Texas System's liability for all Damages because of all Health Care Liability Claims or suits from a single health care incident. The limit of liability stated in the schedule below as "Annual Aggregate" is, subject to the above provision respecting "Each Claim", the total limit of the University of North Texas System's liability under this Plan for all Damages because of all Health Care Liability Claims against any one Participant in any one Annual Enrollment Period. The limit of liability stated in the schedule below as "General Aggregate" is, subject to the above provisions respecting "Each Claim" and "Annual Aggregate", the total limit of the University of North Texas System's liability under this Plan for each Annual Enrollment Period. The Plan's limits of liability in all circumstances shall never exceed any limits of liability specified by the current laws of the State of Texas.

6.2 Per Incident Limits. A single "Per Incident" (claim) limit of liability shall be applicable to a Health Care Liability Claim regardless of the number of claimants of Plan Participants involved.

- (a) A single “Per Incident” (claim) limit of liability shall apply to Health Care Liability Claims involving injuries to more than one patient such as in obstetrical services to the mother and fetus/child or children.
- (b) A single “Per Incident” (claim) limit of liability shall apply to all claims by both the patient and by the family members, heirs and devisees, or estate of such patient, including derivative claims, claims for loss of consortium, claims of beneficiaries under the Texas Wrongful Death Statutes, and claims for mental anguish and related injuries associated with bystander perception or reaction to injuries sustained by the patient.
- (c) Plan coverage limits of liability will not be stacked, added or combined in any manner to increase liability under this Plan even though multiple claimants, multiple claims or injures, multiple lawsuits, or Annual Enrollment Periods may be involved within a Health Care Liability Claim.

6.3 Aggregate Limits. The “General Aggregate” is the maximum amount of money the Plan will pay to indemnify all Participants for all Health Care Liability Claims arising during any one Annual Enrollment Period.

6.4 Limits of Liability Schedule.

General Aggregate .....	\$3,000,000
Each medical incident .....	\$1,000,000
University of North Texas System:	
Each claim.....	\$500,000
Annual Aggregate .....	\$1,500,000
Physician (per Participant):	
Each claim.....	\$500,000
Annual Aggregate .....	\$1,500,000
Other Licensed Health Care Professionals (per Participant):	
Each claim.....	\$500,000
Annual Aggregate .....	\$1,500,000
UNTHSC employed resident, intern or fellow (per Participant):	
Each claim.....	\$150,000
Annual Aggregate .....	\$300,000

ARTICLE VII  
FUNDING

7.1 Contributions to the Fund. Contributions shall be made to the Fund as often and in such amounts as shall be required by the Board. The amounts of such contributions shall be set by the Board based upon recommendations by a professional actuary. The Plan shall be reviewed by a professional actuary at least once in each Annual Enrollment Period. Contributions shall include amounts for the annual premium for both retained losses and purchased insurance and Plan administration.

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

8.2 Insurance. The Board may, but shall not be obligated to, authorize the purchase of insurance to fund any or all of the University of North Texas System's liability under this Plan and to provide excess liability insurance when the Board deems it appropriate. Premiums for such insurance, when purchased, shall be paid from the Fund.

**ARTICLE VIII  
OTHER COVERAGE**

8.1 Primary Coverage. The coverage afforded by this Plan is primary coverage, except when expressly stated to apply in excess of or contingent upon the absence of other insurance. When this coverage is primary and any Participant has other coverage which is stated to be applicable to the loss on an excess or contingent basis, the amount of the University of North Texas System's liability under this Plan shall not be reduced by the existence of such other coverage.

8.2 Other Insurance. When both this Plan and other insurance apply to the loss on the same basis, whether primary, excess, or contingent, the University of North Texas System shall not be liable under this Plan for a greater proportion of the loss than that stated in the applicable contribution provision below:

- (a) Contribution by Equal Shares. If all of such other valid and collectible insurance provides for contribution by equal shares, the University of North Texas System, subject to the limits of this Plan and liability specified by the current laws of the State of Texas, shall not be liable for a greater proportion of such loss than would be payable if such insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid, the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each insurer has paid its limit in full or the full amount of the loss is paid.
- (b) Contribution by Limits. If any of such other insurance does not provide for contribution by equal shares, the University of North Texas System, subject to the limits of this Plan and liability specified by the current laws of the State of Texas, shall not be liable for a greater proportion of such loss than the applicable limit of liability under this Plan bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

**ARTICLE IX  
PARTICIPANT'S DUTIES IN THE EVENT OF INCIDENT, CLAIM, OR SUIT**

9.1 Notice of Incident. Upon the Participant becoming aware of an incident involving an injury or death, or an alleged injury or death, to which this Plan applies, or may apply, written notice containing particulars sufficient to identify the Participant and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the patient and of available witnesses, shall be given by or for the Participant to the Plan Administrator and UNTHSC Office of Clinical Risk Management as soon as practicable. Failure to timely notify the Plan Administrator and UNTHSC Clinical Office of Risk Management

may jeopardize the Participant's coverage if the failure to notify prejudices the defense of any suit involving the incident.

9.2 Notice of Claim or Suit or Disciplinary and Licensing Action.

- (a) The Participant shall give written notice to the Plan Administrator and UNTHSC Clinical Office of Risk Management as soon as the Participant is or becomes aware of any Health Care Liability Claim or Disciplinary and Licensing Action filed or taken against the Participant for which the Participant seeks coverage.
- (b) If claims are made or suit is brought against the Participant, the Participant shall immediately forward to the UNT System Office of General Counsel and the UNTHSC Office of Clinical Risk Management every demand, notice, summons, or other process received by Participant or Participant's representative, in accordance with administrative regulations for the Plan prescribed or approved by the Plan Administrator. Failure to timely notify the Office of General Counsel and the UNTHSC Office of Clinical Risk Management may jeopardize the Participant's coverage if the failure to notify prejudices the defense of any demand, notice, summons, other process, or suit.

9.3 Cooperation by Participant. The Participant shall cooperate with the University of North Texas System and, upon the request of the Plan Administrator, UNTHSC Office of Clinical Risk Management, or Office of General Counsel, respond to discovery requests, attend meetings with Plan representatives or defense counsel, and attend hearings, mediations, and trials, and assist in securing and giving evidence and obtaining the attendance of witnesses. Further, the Participant shall cooperate with the University of North Texas System in enforcing any right of contribution or indemnity against any person or organization who may be liable to the University of North Texas System or Participant because of injury or damage with respect to which coverage is afforded under this Plan. The Participant shall not voluntarily make any payment, assume any obligation or incur any expense. The Participant shall not take any affirmative act or omission which reasonably prejudices the defense of the claim or lawsuit. The taking of any affirmative act or omission which prejudices the defense of the claim or lawsuit shall entitle the University of North Texas System, but not obligate the University of North Texas System, to deny indemnity for any or all claims or lawsuits so prejudiced.

ARTICLE X

MODIFICATION AND TERMINATION

10.1 Rights of Participants. The Board may terminate this Plan at any time, or may from time to time amend, alter, or suspend this Plan, in whole or in part, as to all persons eligible to participate hereunder, or any class or group of such persons, provided such action shall not impair any rights accrued prior to the effective date of such termination, amendment, modification, alteration, or suspension. Any such termination, amendment, alteration, or suspension shall be effective at such date as the Board may determine, but not earlier than sixty (60) days prior to the date on which the Board shall have given notice of such termination, amendment, alteration, or suspension to all Participants affected thereby.

10.2 Termination in Event of Mandatory Participation in Other Indemnity or Insurance Programs. It is an express condition of this Plan that if the University of North Texas System is required by law, or by a collective bargaining or other agreement, to contribute toward another

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

plan, program, or scheme providing professional liability insurance or indemnity benefits for a class or group of Plan Participants, this Plan will terminate forthwith as to such class or group of Plan Participants.

10.3 Termination of Plan Participation. This Plan shall apply to and provide Coverage for a Participant only so long as such Participant remains qualified to participate in this Plan, provided that cessation of such participation shall not impair any rights accrued under this Plan prior to the effective date of such cessation of qualification.

10.4 Benefits Terminable. All Coverage of a Participant under this Plan shall cease at once if the Participant engages in any business or performs any act which in the sole judgment of the Plan Administrator is prejudicial to the interest of the University of North Texas System.

**ARTICLE XI  
ACTION AGAINST THE UNIVERSITY OF  
NORTH TEXAS SYSTEM**

11.1 Conditions Precedent. No action by a Participant shall lie against the University of North Texas System unless, as a condition precedent thereto, there shall have been full compliance with all terms of the Plan, nor until the amount of any Participant's obligation to pay shall have been finally determined either by judgment against the Participant after actual trial, or by written agreement of the claimant and the Plan Administrator.

11.2 Third-Party Actions. Any person or organization, or the legal representative thereof, who has secured such judgment or written agreement against Participant or the University of North Texas System shall thereafter be entitled to recover under this Plan to the extent of the Coverage afforded by this Plan. No person or organization shall have any right under this Plan to join the University of North Texas System as a party to any action against the Participant to determine the Participant's liability, nor shall the University of North Texas System be impleaded by the Participant or Participant's legal representative. Bankruptcy or insolvency of the Participant or the Participant's estate shall not relieve the University of North Texas System of any of its obligations hereunder.

11.3 Dispute.

- (a) The parties to this Plan will encourage the prompt and equitable settlement of all disputes or claims between the parties. The parties shall negotiate their differences directly and in good faith for a period of no less than thirty (30) days after receiving written notification of the existence of a dispute.
- (b) If the dispute is not resolved within thirty (30) days after written notification of the existence of a dispute, the parties shall submit their dispute to a licensed attorney that is an experienced mediator and is located in Tarrant County, Texas, to work with them to resolve their differences utilizing non-binding mediation. The parties shall select a mutually acceptable mediator. Neither party shall unreasonably withhold consent to the selection of a mediator. The parties shall share equally the costs of mediation. This mediation is a compromise negotiation for purposes of Rule 408 of the Federal Rules of Evidence and Texas Rules of Evidence and is an alternative dispute resolution procedure subject to Section 154.073 of the Texas Civil Practice & Remedies Code. If after non-binding mediation occurs, the dispute is not resolved, the parties are free to exercise all



other legal and equitable right. Nothing herein shall be construed as a waiver of any and all legal rights and defenses the State of Texas has as a sovereign, including but not limited to the Texas Tort Claims Act.

- (c) In addition, the use of mediation will not be construed by either party in a manner that would adversely affect the other's rights in court. Nothing in this section will prevent one party from resorting to judicial proceedings, once good faith efforts to resolve a dispute by mediation has been unsuccessful.

## ARTICLE XII ADMINISTRATION OF PLAN

12.1 Administration. The Plan shall be administered by the Plan Administrator under the direction of the Board.

12.2 Administrative Regulations. The Plan Administrator may from time to time prescribe regulations for the administration of this Plan provided that such regulations shall, in the opinion of the General Counsel, be consistent with the provisions of this Plan as amended from time to time.

12.3 Legal Interpretation. The text of the Plan shall control and the headings to the Articles, Sections, and Subsections are for reference purposes only, and do not limit or extend the meaning of any of the Plan's provisions. The Plan shall be governed by and construed in accordance with the laws of the State of Texas. Any interpretation of the Plan by the General Counsel shall be conclusive as between the University of North Texas System and Participants and former Participants, and may be relied upon by the University of North Texas System and all parties in interest.

12.4 Counsel and Settlement Authority. Authority to employ counsel, approve attorney fees and expenses, and approve settlement of all claims, including litigation, shall rest with the General Counsel, or her delegate, subject to concurrence or approval of the Plan Administrator, as required by the administrative regulations for the Plan.

## ARTICLE XIII GENERAL PROVISIONS

13.1 Subrogation. In the event of any payment under this Plan, the University of North Texas System shall be subrogated to all of the Participant's rights of recovery thereof against any person or organization and the Participant shall execute and deliver such instruments and papers and do whatever else is necessary to secure such rights. The Participant shall do nothing after loss to prejudice such rights.

13.2 Changes. Notice to any agent or knowledge possessed by an agent of or by any other person shall not effect a waiver or a change in any part of this Plan, or estop the University of North Texas System from asserting any right under the terms of this Plan; nor shall the terms of this Plan be waived or changed, except by written waiver or amendment duly approved by the Board.

13.3 Declaration. By acceptance of this Plan, the Participant agrees that the statements in Participant's application to participate are true and correct agreements and representations,

**UNIVERSITY OF NORTH TEXAS SYSTEM  
PLAN FOR HEALTH CARE PROFESSIONAL MALPRACTICE SELF-  
INSURANCE**

that the application has been accepted by the University of North Texas System in reliance upon the truth of such representations, and that this Plan and the application to participate embody all agreements existing between Participant and the University of North Texas System relating to this Plan and the Coverage afforded hereunder.

13.4 Non-Assignable Interest in Plan. The Participant's interest under this Plan is non-assignable, and it is an express condition of this Plan that any right or interest of any Participant under this Plan shall not be assignable in whole or in part. Provided, however, that if any Participant dies or is adjudged incompetent, this Plan shall thereupon terminate automatically as to such Participant but shall indemnify and defend the legal representative of such Participant's estate as a Participant with respect to liability previously incurred and covered by this Plan.

13.5 Employment Non-Contractual. The University of North Texas System may terminate the employment, internship, residency, or fellowship, of any Participant as freely and with the same effect as if this Plan were not in operation.

13.6 Actions Against Participant. This Plan or its operation shall not in any way affect any claim or cause of action by the University of North Texas System against a Participant for indemnity or contribution arising out of or incident to any Health Care Liability Claim.

13.7 Concealment or Misrepresentation. This Plan shall be void as to any Participant, if, whether before or after a claim or cause of action is asserted, such Participant has willfully concealed or misrepresented any material fact or circumstance concerning any claim or cause of action covered by this Plan, or otherwise concerning this Plan, or the subject thereof, or the interest of the Participant therein, or in the case of any fraud or false swearing by the Participant relating thereto.

13.8 Notices. All notices, reports and statements given, made, delivered or transmitted to a Participant shall be deemed given, made, delivered, or transmitted when delivered to Participant, or when mailed by first-class mail, postage prepaid, and addressed to the Participant at the address last appearing on the books of the University of North Texas System. A Participant shall provide timely written notice to the University of North Texas System of any address change. Written directions, notices, and other communications from a Participant to the University of North Texas System shall be mailed by first-class mail, postage prepaid, or delivered as follows:

To: Office of Clinical Risk Management UNT Health Science Center 855 Montgomery Street Fort Worth, Texas 76107-2553	Cc: Office of General Counsel UNT System 1901 Main Street Dallas, Texas 75201
--	--

13.9 Entirety of Agreement. This Plan embodies all agreements existing between any and all persons and the Board and the University of North Texas System relating to this Plan and Coverage afforded hereunder and is not intended to confer upon any person or entity other than the Participants to this Plan any rights or remedies hereunder.

13.10 Effective Date. The Plan, as amended herein, shall be effective September 1, 2020.



**Title:** Delegation of Authority to UNTHSC to Enter into Contracts Related to the Texas Child Mental Health Care Consortium

---

**Background:**

The Texas Child Mental Health Care Consortium (the TCMHCC or the Consortium) was created by the 86<sup>th</sup> Texas Legislature in Senate Bill (SB) 11 to address gaps in mental health care for children and adolescents in Texas. Under SB 11, the TCMHCC is administratively attached to the Texas Higher Education Coordinating Board (THECB), for the purpose of receiving and administering appropriations and other funds pertaining to this initiative.

On January 16, 2020, UNTHSC received a draft Participating Institution Agreement with the University of Texas (UT) System who is acting as the Administrator of the TCMHCC. The purpose of the agreement is to provide the terms and conditions for the transfer of the funds appropriated by the Texas Legislature to implement three mental health initiatives through UNTHSC. The term of the agreement commences on the date of last signature and expires on August 31, 2021.

UNTHSC would like to ensure the transfer of funds can occur as soon as UT System is prepared to do so. Recent correspondence suggests this would be at the end of February. In order to allow the transfer to occur, a Participating Institution Agreement needs to be in place.

UNTHSC will also review their current resources to determine if any services will need to be subcontracted out to those with the necessary skill sets. A contract or contracts will need to be created and executed with the subcontractor or subcontractors.

---

**Financial Analysis/History:**

Financial Impact:

UNTHSC submitted three scopes of work for specific services and deliverables for three mental health initiatives. Below is the approximate funding to be received under Senate Bill 11 through the Administrator.

Child Psychiatry Access Network (CPAN)

Year 1            \$908,291

Year 2            \$1,218,524

Texas Child Health Access Through Telemedicine (TCHATT)

Year 1            \$1,332,240

Year 2            \$2,139,700

Community Psychiatry Workforce Expansion (CPWE)

Year 1 \$69,604

Year 2 \$505,625

The total transfer of funds to UNTHSC for Year 1 and Year 2 would be approximately \$2,310,135 and \$3,863,849, respectively, with total transfers not to exceed approximately \$6,173,984.

Gregory R. Anderson Digitally signed by Gregory R. Anderson Date: 2020.01.31 12:17:25 -06'00' Institution Chief Financial Officer

Dan Tenney Digitally signed by Dan Tenney Date: 2020.01.31 16:38:28 -06'00' Vice Chancellor for Finance

Legal Review:

This item has been reviewed by General Counsel.

Alan Stucky Digitally signed by Alan Stucky Date: 2020.01.31 15:32:04 -06'00' Vice Chancellor/General Counsel

Schedule:

The term of the agreement commences on the date of last signature and expires on August 31, 2021.

Recommendation:

It is recommended that the Board of Regents approve the Delegation of Authority to enter into the Texas Child Mental Health Care Consortium Participating Institution Agreement between The University of Texas UT System Administration and the University of North Texas Health Science Center and contracts associated with the services to be provided under such agreement.

Recommended By:

Charles Taylor Provost and Executive Vice President for Academic Affairs

Michael R. Williams Digitally signed by Michael R. Williams DN: cn=Michael R. Williams, o=UNTHSC, ou=President, email=michaelwilliams@unthsc.edu, c=US Date: 2020.01.31 12:35:57 -06'00' President

Lesa B. Roe Digitally signed by Lesa B. Roe Date: 2020.02.04 15:20:09 -06'00' Chancellor



## Board Order

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**Title:** Delegation of Authority to UNTHSC to Enter into Contracts Related to the Texas Child Mental Health Care Consortium

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

Whereas, The University of Texas UT System Administration will serve as the Administrator for the Consortium through a contract with the THECB, and

Whereas, UNTHSC would like to participate in the consortium and assist in the implementation of mental health initiatives, and

Whereas, UNTHSC desires to enter into a participation agreement with The University of Texas UT System Administration as well as contracts for services to be provided under such agreement.

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Delegation of authority to the UNTHSC President to sign the Texas Child Mental Health Care Consortium participation agreement with the UT System Administration as well as contracts for services to be provided under such participation agreement.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

---

Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



**Title:** UNT Dallas College of Law FY21 Tuition Increase

**Background:**

Action 1: UNT Dallas requests that total tuition and fees for resident College of Law students be increased by 2.9% for FY21. This equates to a Board-Designated Tuition rate per semester credit hour of \$242.23. This increase will only apply to incoming students as the tuition rates for current students are frozen for the entirety of their degree (as long as they maintain satisfactory progress towards their degree).

Action 2: UNT Dallas requests all College of Law entering classes beginning Fall 2020 will be subject to future tuition increases as approved by the Board of Regents, thereby removing the frozen/fixed rate tuition model going forward.

The breakdown of proposed UNT Dallas College of Law tuition charges is as follows:

**Full Time 30 SCH/Yr. Course load**

	Statutory Tuition	Board Designated Tuition	Board Designated Tuition Rate	Graduate Differential Tuition	Est. Total Fees	Total Tuition & Fees	% Incr.
<b>Resident</b>							
2019-2020	\$2,400	\$6,736	\$224.54	\$7,200	\$1,936	\$18,272	
2020-2021	\$2,400	\$7,267	\$242.23	\$7,200	\$1,936	\$18,803	2.9%
<b>Non-Resident</b>							
2019-2020	\$14,160	\$8,448	\$281.60	\$7,200	\$1,936	\$31,744	
2020-2021	\$13,770	\$8,448	\$281.60	\$7,200	\$1,936	\$31,354	

The proposed tuition increase and the removal of fixed rate tuition model is necessary to ensure the continued financial sustainability of UNT Dallas College of Law. In addition, this increase will better assure permanent accreditation from the American Bar Association and increase bar passage rates.

**Financial Analysis/History:**

History of College of Law Resident Board Designated Tuition Rates:

FY15	FY16	FY17	FY18	FY19	FY20	FY21 Proposed
\$148.00	\$165.50	\$184.43	\$204.10	\$224.54	\$224.54	\$242.23

The proposed tuition is projected to generate gross tuition of \$54K for FY 2021. The following tuition comparison chart shows that even with this increase in tuition, the FY21 tuition and fees

proposed by UNT Dallas College of Law (\$18,803 resident/\$31,354 non-resident) remains substantially lower than tuition and fees charged by other Texas law schools.

Texas Law School Tuition and Fees Comparison\*

	<b>Institution</b>	<b>Location</b>	<b>Texas Resident 2019-2020</b>	<b>Non-Resident 2019-2020</b>
Public	TSU	Houston	\$22,254	\$29,454
	Texas Tech	Lubbock	\$26,904	\$38,664
	U. Houston	Houston	\$34,464	\$49,716
	Texas A&M	Fort Worth	\$31,256	\$39,250
	UT Austin	Austin	\$36,428	\$54,096
Private	South Texas	Houston	\$34,050	N/A
	St. Mary's U.	San Antonio	\$38,510	N/A
	Baylor U	Waco	\$43,296	N/A
	SMU	Dallas	\$55,808	N/A

*\*Tuition and Fees data retrieved from each institution's 2019 standard 509 report posted to the ABA required disclosure website (as of 12/16/19). Amounts are based on 1<sup>st</sup> year credit hour requirements which range between 30 to 31 credit hours, except Baylor which is on the quarter system and requires 41 credit hours in the first year curriculum. All amounts are gross not net of discounting.*

**James E. Main**  
Digitally signed by James E. Main  
 DN: cn=James E. Main, o=UNT Dallas, ou=Finance & Administration,  
 email=James.Main@untdallas.edu, c=US  
 Date: 2020.01.24 13:14:04 -06'00'

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Institution Chief Financial Officer

**Dan Tenney**  
Digitally signed by Dan Tenney  
 Date: 2020.01.28 20:38:58 -06'00'

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

---

Vice Chancellor/General Counsel

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**Schedule:**

If approved, the increased Board-Designated tuition rate for the UNT Dallas College of Law students will be effective beginning in the fall 2020 semester.

---

**Recommendation:**

It is recommended that the Board of Regents authorize and approve a Board-Authorized designated tuition rate of \$242.23 per semester credit hour for College of Law resident students.

**Recommended By:**

Jim Main

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Institution Chief Financial Officer

Digitally signed by Bob  
Mong  
Date: 2020.01.27  
14:37:22 -06'00'

**Bob Mong**

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President

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Chancellor





## Board Order

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**Title:** UNT Dallas College of Law FY21 Tuition Increase

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

Whereas, Board-Designated tuition revenue is required to ensure the quality education of UNT Dallas College of Law students, and

Whereas, the UNT Dallas College of Law seeks a model that will be financially sustainable into the future

Now, Therefore, The Board of Regents authorizes and approves the following:

1. A \$242.23 Board-Designated tuition rate per semester credit hour for resident College of Law students beginning the Fall 2020 semester.
  2. The removal of the frozen/fixed tuition rate per entering class model beginning with the Fall 2020 entering class.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

**Title:** UNT Dallas Room and Board Rates for FY21**Background:**

Action: UNT Dallas requests a room and board rate increase of 2.9% beginning FY21. The requested room and board rates brought forward to the Board are competitive among benchmarked institutions as well as those within the North Texas region.

**Financial Analysis/History:**

This increase will support rising food costs, increased cable and internet rates and increased utility rates. UNT Dallas requests a 2.9% room and board increase for FY21, as follows:

<b>Charge Item Type</b>	<b>Rate per Semester</b>	<b>Proposed Rate</b>	<b>Increase Amt/%</b>
Single Room	\$3,071	\$3,160	\$89/2.9%
Double Room	\$2,599	\$2,674	\$75/2.9%
Cable & Internet	\$225	\$232	\$7/2.9%
Meal Plan – 10/Week	\$989	\$1,018	\$29/2.9%
Meal Plan – 14/Week	\$1,294	\$1,332	\$38/2.9%
Meal Plan – 19/Week	\$1,600	\$1,646	\$46/2.9%
Commuter Meal Plan - 3/Week	\$216	\$222	\$6/2.9%
Commuter Meal plan - 5/Week	\$360	\$370	\$10/2.9%

The requested room and board rates brought forward to the Board are competitive among benchmarked institutions as well as those within the North Texas region.

Benchmark Institution Increases from FY20 in Texas, Missouri, Arkansas, Oklahoma

- Texas Christian University-3%
- Texas A&M University- 3%
- Texas A&M University-Commerce- 2%
- University of Texas at Dallas- 2.8%
- Sam Houston State University-3%
- Texas Tech University- 1.13%
- Blinn College- 2%
- Henderson State University- 3%
- Arkansas Tech University- 3.2%
- University of Tulsa- 3%
- Rose State College- 2%
- Southeastern Oklahoma State University- 6%

**James E. Main**  
Digitally signed by James E. Main  
DN: cn=James E. Main, o=UNT  
Dallas, ou=Finance &  
Administration,  
email=James.Main@untdallas.ed  
u, c=US  
Date: 2020.01.27 08:38:36 -06'00'

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

The requested increase to UNT Dallas room and board will be effective beginning in the Fall 2020 semester.

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**Recommendation:**

It is recommended that the Board of Regents approve a 2.9% increase to UNT Dallas room and board rates beginning in FY21.

**Recommended By:**

Jim Main

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Institution Chief Financial Officer

**Bob Mong**  
Digitally signed by  
Bob Mong  
Date: 2020.01.27  
16:06:10 -06'00'

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President

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Chancellor



## Board Order

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**Title:** UNT Dallas Room and Board Rates for FY21

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

---

Whereas, UNT Dallas requests a Room and Board rate increase of 2.9% beginning in FY21, and

Now, Therefore, The Board of Regents authorizes and approves the following:

<b>Charge Item Type</b>	<b>Rate per Semester</b>	<b>Proposed Rate</b>	<b>Increase Amt/%</b>
Single Room	\$3,071	\$3,160	\$89/2.9%
Double Room	\$2,599	\$2,674	\$75/2.9%
Cable & Internet	\$225	\$232	\$7/2.9%
Meal Plan – 10/Week	\$989	\$1,018	\$29/2.9%
Meal Plan – 14/Week	\$1,294	\$1,332	\$38/2.9%
Meal Plan – 19/Week	\$1,600	\$1,646	\$46/2.9%
Commuter Meal Plan - 3/Week	\$216	\$222	\$6/2.9%
Commuter Meal plan - 5/Week	\$360	\$370	\$10/2.9%

---

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

**Title:** Approval of UNT Dallas Intercollegiate Athletics Fee

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**Background:**

In spring 2019, the Texas Legislature passed a law that allows the Board to assess a UNT Dallas Intercollegiate Athletics Fee not to exceed \$10 per semester credit hour for each regular or summer session provided the fee has first been approved by a majority vote of the students enrolled at the university who participate in a general student election for that purpose. Revenue collected from this fee may be used only to develop and maintain an intercollegiate athletics program at the university.

In the Spring of 2020, the UNT Dallas Student Government Association conducted an election for the purpose of approving an intercollegiate athletics fee. The election was held open from January 13 through 27, 2020. There were a total of 1058 votes cast with 63% of the votes in favor of approving the establishment of a fee. The student body voted to institute an intercollegiate athletics fee for use to develop and maintain an intercollegiate athletics program at the university. The majority vote approved a fee of \$7.00 per semester credit hour, capped at 12 semester credit hours (SCH).

At this time, it is recommended that the Board approve a UNT Dallas Intercollegiate Athletics Fee not to exceed \$7.00 per SCH, capped at 12 SCH. This fee will apply to UNT Dallas undergraduate and graduate students and exclude College of Law students. The fee will not be increased in the next three (3) academic years.

The Board has authority to adopt this fee under Texas Education Code sections 54.5192 and 54.003, which grants the Board the power to collect student fees as permitted by law.

---

**Financial Analysis/History:**

The recommended fee of \$7.00 per SCH, effective in the Fall 2020 semester, will generate approximately \$618,000 in additional revenue in FY 2021. The funds will be used to defray the costs associated with developing and maintaining an intercollegiate athletics program.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

To be effective beginning with the Fall 2020 semester.

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**Recommendation:**

It is recommended that the Board of Regents authorize and approve the following Board Order.

**Recommended By:**

James E. Main  
Chief Financial Officer

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President

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Chancellor



## Board Order

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**Title:** Approval of UNT Dallas Intercollegiate Athletics Fee

---

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, in Spring 2019, the Texas Legislature passed section 54.5192 of the Education Code authorizing the Board of Regents to charge a UNT Dallas Intercollegiate Athletics fee, and

Whereas, section 54.5192 of the Education Code provides the Board may assess each student enrolled at UNT Dallas an intercollegiate athletics fee in an initial amount not to exceed \$10 per SCH provided the fee is approved by a majority vote of the students who participate in a general student election held for that purpose, and

Whereas, in Spring 2020, the UNT Dallas Student Government Association held an election and the student body voted to approve an Intercollegiate Athletics Fee in the amount of \$7.00 per SCH, capped at 12 SCH, and

Whereas, the funds generated from the Intercollegiate Athletics Fee will only be used to develop and maintain an intercollegiate athletics program at the university,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. A UNT Dallas Intercollegiate Athletics Fee in the amount of \$7.00 per semester credit hours, capped at 12 semester credit hours beginning in the Fall 2020 semester. This fee will apply to UNT Dallas undergraduate and graduate students and exclude College of Law students.

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VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



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**Title:** Approval and Delegation of Authority for the Sale of Historic Tax Credits

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**Background:**

The 85<sup>th</sup> Texas Legislature passed a bill expanding financial incentives for historic preservation work to public universities as the revitalization of these historic buildings benefits local and state economies, generates investment in the area's construction industry, and provides better places to work, interact with the community, educate, and learn. This legislation enables public universities to take advantage of a 25% preservation tax credit to assist in financing capital projects or maintenance work on their historic buildings.

The program provides for a tax credit against Texas franchise tax or insurance premium tax equal to 25% of qualified costs expended on a project. Universities incurring the cost of the project can sell the earned credits to companies that owe either of these taxes to the Texas Comptroller of Public Accounts. Eligible projects must involve buildings at least 50 years old, determined eligible and/or listed on the National Register of Historic Places, or designated as a Recorded Texas Historic Landmark or State Antiquities Landmark (SAL).

On January 13, 2020, the University of North Texas System received notification from the Texas Historical Commission confirming that the renovation of the Old Municipal Building, now known as the UNT Dallas Law Center, meets the criteria for the purposes of the Texas Historical Preservation Tax Credit program.

The University of North Texas System anticipates receiving a Historic Structure Credit Certificate related to the Old Municipal Building rehabilitation project on or before March 6<sup>th</sup>, 2020. Upon receipt of the Historic Structure Credit, the University of North Texas System desires to market and award the tax credit to the best offer or offers from companies that owe either Texas franchise or insurance premium tax.

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**Financial Analysis/History:**

The sale of these historic tax credits is expected to generate more than \$10 million of replacement bond proceeds for the System.

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Effective immediately upon Board approval.

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**Recommendation:**

It is recommended that the Board approve the sale of the historic tax credits and delegate to the Vice Chancellor for Finance, with the concurrence of the Board Chair and the Chancellor, the authority to sell the historic tax credits resulting from historic renovations of the Old Municipal Building for the UNT Dallas Law Center.

**Recommended By:**

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Chancellor



## Board Order

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**Title:** Approval and Delegation of Authority for the Sale of Historic Tax Credits

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, the Board of Regents has authority to direct, govern, and manage the system;

Whereas, the Board of Regents has specific authority to approve contracts with the system, and may delegate to a representative of the board or an employee of the system the authority to negotiate, execute, and approve a contract with the system; and

Whereas, the sale of historic tax credits resulting from renovation of the Old Municipal Building for the UNT Dallas Law Center will generate replacement proceeds that will benefit the system.

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Sale of the historic tax credits resulting from renovation of the Old Municipal Building for the UNT Dallas Law Center.
2. Delegation to the Vice Chancellor for Finance, with the concurrence of the Board Chair and the Chancellor, the authority to receive and evaluate bids, make an award to the best offer or offers, and sell the historic tax credits to one or more purchasers.
3. The Vice Chancellor for Finance to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take any and all further action necessary or advisable to carry out the purpose and intent of the foregoing authorization.

---

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



## MINUTES

### BOARD OF REGENTS Audit Committee November 14, 2019

The Audit Committee of the Board of Regents of the University of North Texas System convened on Thursday, November 14, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas, with the following committee members in attendance: Regents Mary Denny and A.K. Mago. Regent Milton Lee served as an interim committee member in Regent Brint Ryan's absence.

There being a quorum present, the meeting was called to order by Regent Mary Denny, serving as Committee Chairman in Regent Glen Whitley's absence, at 2:15 p.m.

The minutes of the Aug 16, 2019 Audit Committee meeting were approved on a 3-0 vote following a motion by Regent A.K. Mago seconded by Regent Milton Lee.

There was one briefing for the Committee's consideration. Mickie Tate, UNT System Senior Audit Director, presented the briefing entitled **Quarterly Report of Audit Activities**.

Regent Denny noted that there were two background reports, **UNT System Enterprise Audit Report Inventory** and the **UNT System Consolidated FY19 Q4 Compliance Report**, for the Committee's information, located in the meeting appendix.

There being no further business, the Audit Committee meeting adjourned at 2:32 p.m.

Submitted By:

Rosemary R. Haggett  
Rosemary R. Haggett  
Board Secretary

Date: Feb 5, 2020



## MINUTES

### BOARD OF REGENTS Audit Committee December 19, 2019

The Audit Committee of the Board of Regents of the University of North Texas System convened on Friday, December 19, 2019 in Room 712, UNT System Lee F. Jackson Building, 1901 Main St, Dallas, TX with the following committee members in attendance: Regents Mary Denny, Brint Ryan, and Laura Wright.

There being a quorum present, the meeting was called to order by Committee Chair, Regent Mary Denny, at 10:36 a.m.

Ben Kohnle of Grant Thornton presented a briefing regarding the External Audit of the UNT System FY19 Comprehensive Annual Financial Report. Following his presentation and discussion by the committee, Tracy Grunig, UNTS Chief Audit Executive, presented the request for action.

#### **UNTS                      Acceptance of the Externally Audited UNT System FY19 Comprehensive Annual Financial Report**

Pursuant to a motion by Regent Brint Ryan and seconded by Regent Laura Wright, the Committee approved the above item on a 3-0 vote.

There being no further business, Regent Wright made a motion for adjournment, which Regent Ryan seconded. The motion was approved and the Audit Committee meeting adjourned at 11:54 a.m.

Submitted By:

Rosemary R. Haggett

Rosemary R. Haggett  
Board Secretary

Date: Jan 9, 2020

# Quarterly Report of Audit Activities

Presented by Tracy Grunig  
February 13-14, 2020

Activities reflected within are as of December 31, 2019



# Key Internal Audit Highlights

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- Executive Summary
- FY19 and FY20 Audits Completed During Q2 FY20
  - Significant Issues Identified
- Audits in Process
- Approved FY20 Audit Plan
  - Proposed Changes to FY20 Audit Plan
- Recommendations Follow-Up
- Investigations

# Executive Summary

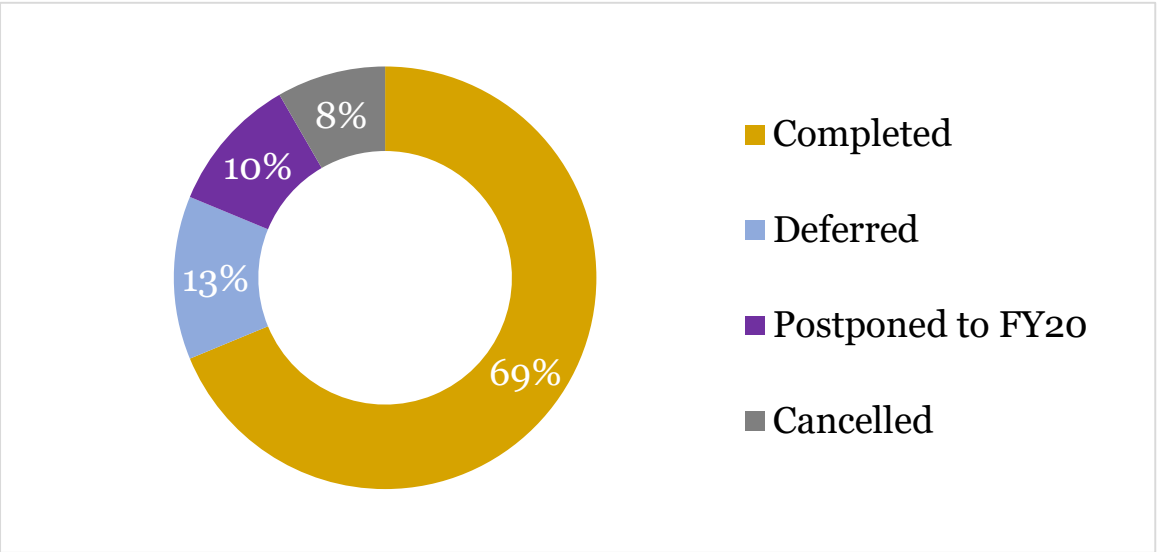
**3** audits have been completed since November 2019 AC meeting.

Management has agreed with all findings, has taken ownership, and has developed management action plans to remediate the risks identified.

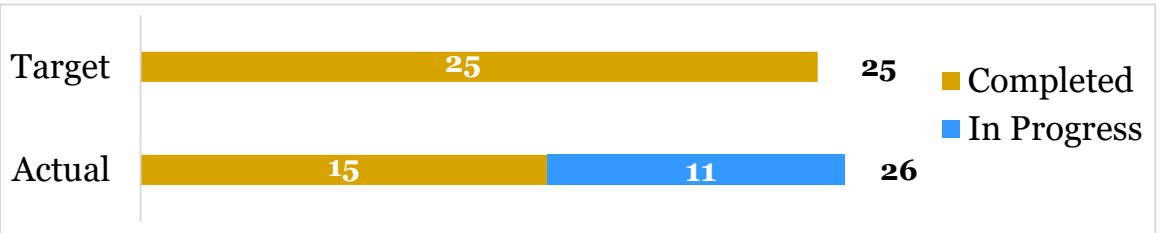
**4** new cases for investigation received during Q2 FY20.

<u>Status</u>		<u>Sources</u>	
<b>0</b>	Closed	<b>1</b>	Trust Line
<b>3</b>	Triaged	<b>2</b>	SAO
<b>1</b>	Open	<b>1</b>	Independent
<b>4</b>		<b>4</b>	

## FY19 Audit Status



## FY20 Audits Status - Q2 Planned Audit Status



## Open Recommendations

<b>Past Due</b>	<b>14</b>
<b>Not Yet Due</b>	<b>52</b>
	<b>66</b>

# FY19 Audits Completed During Q2 FY20

Category	Entity	Audit Name	Audit Scope
Financial Resources	UNT Dallas	Caruth Police Institute Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.
Financial Resources	UNT Dallas	College of Law Business Processes	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.



# FY20 Audits Completed During Q2 FY20

Category	Entity	Audit Name	Audit Scope
Compliance	UNTS/UNT/ UNTHSC/ UNT Dallas	Investments	Evaluate controls surrounding the investing activities are effective; as well as adherence with System Regulation 08.2000, UNT System Board of Regents Rule 10.100, and Public Funds Investment Act (PFIA) including State Auditor's Office (SAO) Article III, Rider 5 reporting requirements.
Financial	UNTS	External Audit Fieldwork Assistance	Internal Audit assistance with annual audit of UNTS financial statements for FY19.

# Significant Issues Identified (observations within the audit report were rated high risk)

Audit Name	Original Objectives	Issues Identified
UNT Dallas - College of Law Business Processes	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.	<p><b><i>University assets in the College of Law (COL) were not managed in compliance with UNT Dallas Policy 11.005.</i></b> - Asset Management inventory records were incomplete and not up-to-date. As a result, Internal Audit was not able to verify assets or locations due to the condition of the asset listings in EIS.</p> <p>Assets under review at the COL totaled \$1,956,244. The EIS listing contained several reconciling classes of assets that were not under the mutual care and custody of UNT Dallas and the COL. They were Building, Lease, and Maintenance Contract. Additionally, the COL Book Library inventory was not separately tracked by individual item.</p>

# Audits in Process

## FY20 Audits in Process

Entity	Audit Status	Audit Name	Audit Scope
UNTS/UNT/ UNTHSC/ UNT Dallas	Reporting	Workstation Cybersecurity Preparedness	Assess whether the mechanisms in place are functioning as intended to protect workstations against malware attacks; if education is being provided to promote awareness of methods to avoid malware; and confirm policies and procedures are in place to address incident response to cyberattacks, including ransomware, should they occur on UNT owned workstations.
UNT	Reporting	College of Liberal Arts and Social Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.
UNT	Reporting	Mayborn School of Journalism Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.
UNT	Fieldwork	Parking Services	To assess whether departmental activities are helping accomplish the department's goals/objectives and whether revenue resources obtained are used appropriately.
UNT	Planning	Dining Services	Review financial and management controls over UNT Dining Services for operational efficiency, effectiveness, and compliance with University policies, state laws, and best practices.
UNT	Planning	NCAA Compliance (Recruiting, Eligibility)	Review athletic compliance areas.
UNTHSC	Reporting	INCEDO	Review and evaluate payments for development and delivery of continuing education courses; and evaluate departmental expenditures using funds to assess compliance with University policy and state law. Additionally, determine whether revenue rates are appropriate and financial resources obtained are utilized correctly.
UNTHSC	Planning	Grants and Contracts Compliance	Review grants and contracts for compliance with grant conditions, System/University policies, and state and federal laws.
UNTHSC	Planning	Effort Reporting Process	Review effort reporting process for grants for compliance with grant conditions, System/University policies, and state and federal laws.
UNT Dallas	Planning	School of Education Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.
UNT Dallas	Planning	School of Liberal Arts & Sciences Dean Transition	Review processes, procedures and controls for cash handling, purchasing, travel expenses, and asset inventory for compliance with University/System policies and regulations.
UNT Dallas	Reporting	Student Fees	Determine whether fees are charged, authorized, recorded, and expended in compliance with University policies and State laws.

# Approved FY20 Audit Plan

## Fieldwork Planned in Q1

Entity	Audit Name	Hours	Status
UNT/UNTHSC	Grants and Contracts Compliance ( <i>FY19 Carry over</i> )	350	Completed
UNT/UNTHSC	Effort Reporting Process ( <i>FY19 Carry over</i> )	350	Completed
UNT	College of Engineering Dean Transition ( <i>FY19 Carry over</i> )	150	Completed
UNT Dallas	Caruth Police Institute Transition ( <i>FY19 Carry over</i> )	100	Completed
UNT Dallas	College of Law Business Processes Audit ( <i>FY19 Carry over</i> )	250	Completed
UNTS/UNT/UNTHSC/UNT Dallas	Chancellor's/Presidents' Expenditure Reviews	775	Completed
UNTHSC	Family Medicine Residency	200	Completed
UNTHSC	Faculty Development	200	Completed
UNT	Mayborn School of Journalism Dean Transition	250	In Process - Reporting
UNT	College of Liberal Arts and Social Sciences Dean Transition	250	In Process - Reporting
UNTS	External Audit Fieldwork Assistance - Grant Thornton	500	Completed
		<b>3,375</b>	

# Approved FY20 Audit Plan

## Fieldwork Planned in Q2

Entity	Audit Name	Hours	Status
UNTS/UNT/UNTHSC/UNT Dallas	Investments	300	Completed
UNT Dallas	Student Fees	350	In Process - Reporting
UNTS/UNT/UNTHSC/UNT Dallas	Software Post Implementation Review (Concur)	320	Cancelled at the Nov AC
UNT	Dining Services	550	In Process - Planning
UNT	NCAA Compliance (Recruiting, Eligibility)	400	In Process - Planning
UNT	Parking Services	200	In Process - Fieldwork
UNTHSC	INCEDO	350	In Process - Reporting
UNTHSC	School of Medicine Financial Processes	(400)	Proposing to move to Q4
UNTS/UNT/UNTHSC/UNT Dallas	Workstation Cybersecurity Preparedness ( <i>Unallocated Hours</i> )	970	In Process - Reporting
UNT Dallas	School of Liberal Arts & Sciences Dean Transition	250	In Process - Planning
		<b>3,290</b>	

# Approved FY20 Audit Plan

## Fieldwork Planned in Q3

Entity	Audit Name	Hours	Status
UNTS	Contract Processes	450	Deferred to FY21 at the Nov AC
UNTS	IT Shared Services Disaster Recovery	400	
UNTS	Senate Bill 20 Mandated Internal Audit	300	
UNTS/UNT/UNTHSC/UNT Dallas	IT Application Project Prioritization	320	
UNT	Student-Managed Investment Fund (SMIF)	150	
UNT	Incidental Fees	(300)	Proposing to cancel at the Feb AC
UNT	Review of the Professional Development Institute (PDI) Program	300	Proposing to add to in place of Incidental fees audit at the Feb AC
UNTHSC	Grants and Contracts Compliance	300	In Process - Planning
UNTHSC	Effort Reporting Process	350	In Process - Planning
UNT Dallas	School of Education Dean Transition	250	In Process - Planning
		<b>2,520</b>	

# Approved FY20 Audit Plan

## Fieldwork Planned in Q4

Entity	Audit Name	Hours	Status
UNTS	Benefits Proportionality	200	
UNTS	External Audit Fieldwork Assistance - Grant Thornton	140	
UNT/UNT Dallas	Minors on Campus	600	
UNT/UNT Dallas	Grants and Contracts Compliance	600	
UNT/UNT Dallas	Effort Reporting Process	700	
UNTHSC	Physician Compensation Model	(350)	Deferred to FY21 at the Nov AC
UNTHSC	School of Medicine Financial Processes	400	Proposing to move to from Q2 to Q4
		<b>2,290</b>	

# Approved FY20 Audit Plan

## Special Projects & Unallocated Hours

Entity	Audit Name	Hours	Status
UNTS/UNT/UNTHSC/UNT Dallas	Facilitation of Co-Sourcing IT & Internal IT Projects	240	Continuous
UNTS/UNT/UNTHSC/UNT Dallas	Training and Education Outreach Services - New Business Manager Orientation	100	
UNTS/UNT/UNTHSC/UNT Dallas	Enterprise Risk Management	300	Continuous
UNTS	Internal Process Improvement Training	200	Continuous
UNTS	Control Self-Assessment	500	
UNTS/UNT/UNTHSC/UNT Dallas	Self Audits	400	
UNTS/UNT/UNTHSC/UNT Dallas	Investigations	300	Continuous
UNTS/UNT/UNTHSC/UNT Dallas	Unallocated Hours – IT	3,322	Reduced hours by 500 at the Nov AC
UNTS/UNT/UNTHSC/UNT Dallas	Unallocated Hours – Special Projects	1,494	
UNTS	Unallocated Hours	306	
UNT	Unallocated Hours	1,323	
UNTHSC	Unallocated Hours	711	
UNT Dallas	Unallocated Hours	805	
UNTS/UNT/UNTHSC/UNT Dallas	Follow-Up of Prior Audits	1070	Continuous
UNTS/UNT/UNTHSC/UNT Dallas	Value-Added Management Services	1401	Continuous
		<b>12,472</b>	

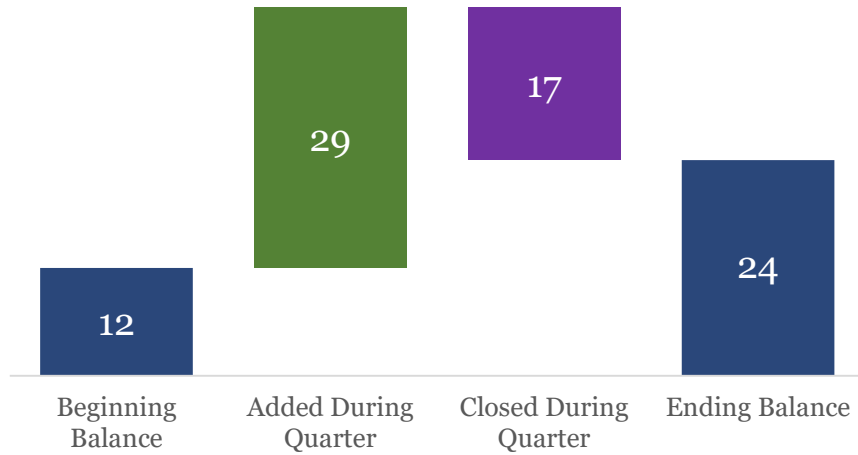


# Proposed Changes to the FY20 Audit Plan

Audit Name	Modify Scope/Defer to FY21/Cancel/Reduce Hours	Change in FY20 Audit Plan Hours	Explanation
UNT - Incidental Fees	Replace	-	Due to reprioritization based on risk, replaced by Review of the Professional Development Institute (PDI) Program.
UNTHSC - School of Medicine Financial Processes	Move from Q2 to Q4	-	Due to staffing changes impacting staff availability.
Total		-	

# Recommendations Follow-Up

## UNTS



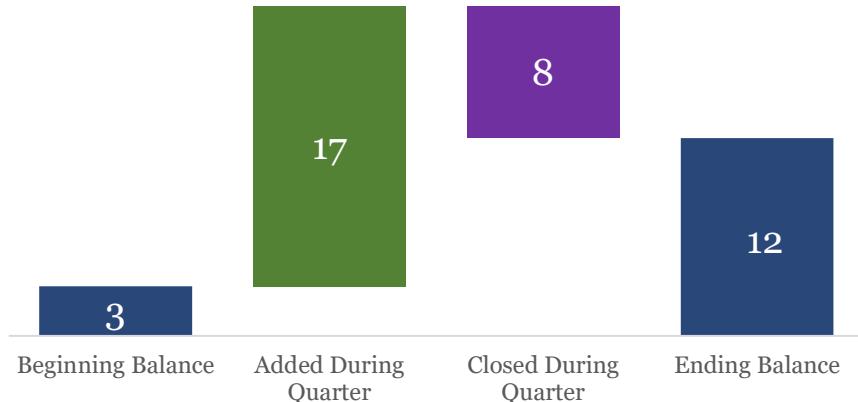
3 Past Due  
21 Not Yet Due

Past Due:

### ***EIS Roles Based Access Audit***

- 1.1.b. Document what constitutes SOD for EIS FS processes.
- 1.1.d. Establish a procedure to evaluate the output of the SOD automated solution, and take appropriate action to mitigate or accept any conflicts identified.
- 5.1.c. Establish procedures whereby persons who transfer to another position, within or across UNT entities, have their EIS FS access removed and access appropriate to their new role granted.

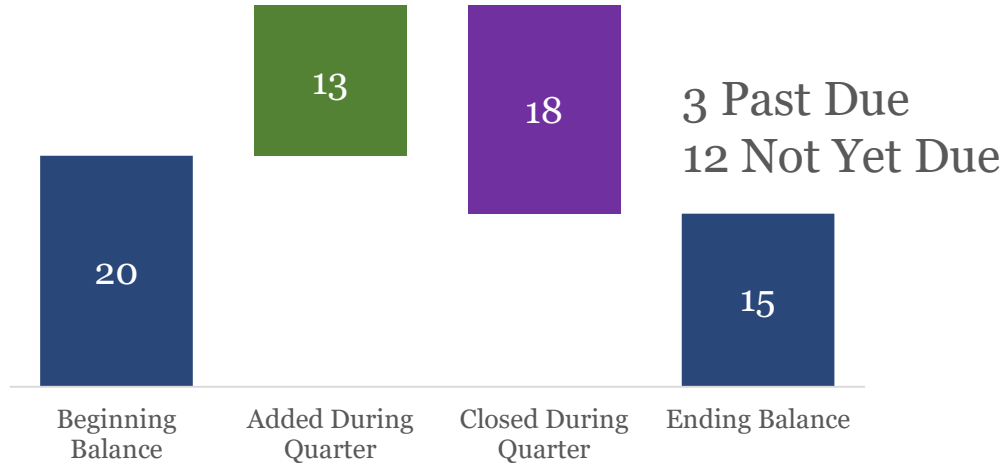
## UNT



0 Past Due  
12 Not Yet Due

# Recommendations Follow-Up

## UNTHSC



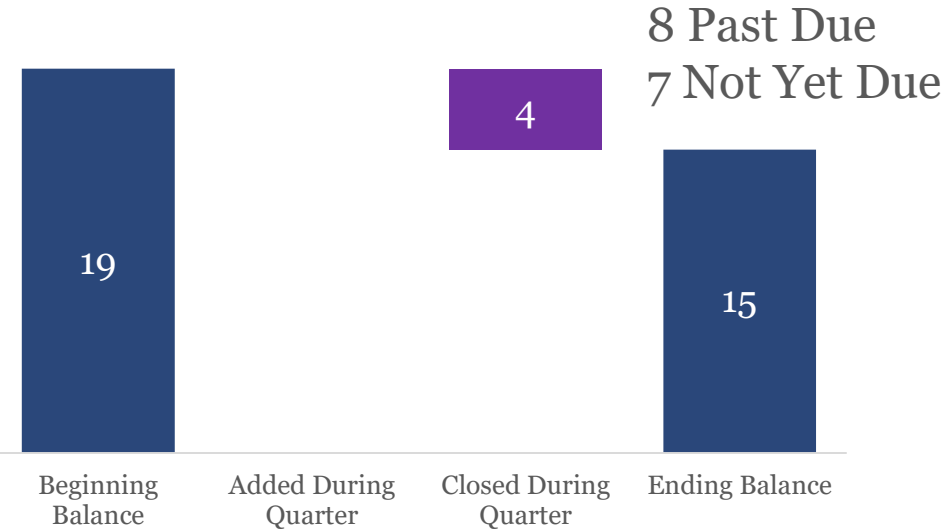
### Past Due:

#### ***Security Camera Audit***

- 3.1.a. Convene a committee of UNTHSC senior leadership to determine and implement the most effective and most feasible method to improve nighttime surveillance of GSB Parking Lot 2.
- 3.1.b. Convene a committee of UNTHSC senior leadership to determine and implement the most effective and most feasible method to improve nighttime surveillance of 3416 Darcy Street.
- 6.1.a. Work with UNTHSC Information Technology Services (ITS) to develop and implement a Disaster Recovery Plan and Service Level Agreements (SLA) to support the system. The SLA should also be included in the contract with the outside vendor supporting the system.

# Recommendations Follow-Up

## UNT Dallas



### Past Due:

#### **Community Counseling Clinic Audit**

- 1.1.b. Require that all patient PHI to be stored on encrypted University issued devices. Create a log to document all University devices provided to employees/students. Once the semester ends, retrieve all issued devices and reconcile what it is documented on the log to ensure all devices have been returned.
- 1.1.i. Develop a University policy regarding PHI privacy regulations and submit to the Office of General Council for review and approval.
- 2.1.a. Develop procedures to help ensure that all PII is appropriately protected against inappropriate access and use in compliance with applicable laws and regulations.

#### **Security Camera Audit**

- 7.1.a. Work with the UNT Dallas Chief of Police to develop a BCP for the Camera Security system.
- 7.1.b. Work with the CFO, Chief of Police and OIT Director to develop and implement a Disaster Recovery Plan (including Service Level Agreements) to address the needs established in the BCP.

#### **Residence Hall Key Card Access Audit**

- 3.1.a. Establish a service-level agreement with the vendor supporting the door access system that outlines uptime expectations, updates, patches, and a maintenance schedule and submit for contract approval.
- 4.1.a. Create a direct feed from EIS to populate users in the door access software system or train and establish procedures for the ID Center staff to manually populate users in the door access system with data that parallels EIS.

#### **Financial Aid Processes Audit**

- 7.1.a. Develop a written Business Continuity Plan (BCP) for mission critical resources.

# Investigations

## Investigation Activity During Q2 FY20

Open Investigations at the Beginning of Q2	<b>16</b>
New Investigations	<b>4</b>
Closed Investigations	<b>(2)</b>
Investigations handled by Others Parties*	<b>(14)</b>
Open Investigations at the end of of Q2	<b>4</b>

\*Other Parties ( UNTS Compliance-4, UNT Compliance-4, UNTHSC Compliance-1, UNT Dallas Compliance-5)

## Location of New Investigation Cases

UNTS	<b>1</b>
UNT	<b>1</b>
UNTHSC	<b>0</b>
UNT Dallas	<b>2</b>
	<b>4</b>

## 4 New Investigation Cases (with 4 allegations)

Allegation Category	
<b>1</b>	Theft
<b>3</b>	Waste, Abuse or Misuse
<b>4</b>	

## 2 Closed Investigations – Allegation Determination

No. of Allegations	
<b>0</b>	Substantiated
<b>3</b>	Substantiated with no improper activity
<b>1</b>	Unsubstantiated
<b>4</b>	



## Board Order

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**Title:** Approval of the Minutes of the November 14- 15, 2019, Board Meeting

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, the minutes of the November 14-15, 2019, Board Meeting have been prepared by the Board Secretary and are attached here for Board approval,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The minutes of the November 14- 15, 2019, Board meeting
- 

VOTE: \_\_\_\_\_ ayes    \_\_\_\_\_ nays    \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



**MINUTES  
BOARD OF REGENTS MEETING  
November 14-15, 2019**

**Thursday, November 14, 2019**

The University of North Texas System Board of Regents convened on Thursday, November 14, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas, with the following Regents in attendance: Laura Wright, Mary Denny, Milton Lee, A.K. Mago, Carlos Munguia, Gwyn Shea, and Alexandra Harrel. In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chair Laura Wright called the meeting to order at 8:35 a.m.

Chair Wright recognized Rosemary Haggett, Vice Chancellor and Secretary to the Board, who provided an executive summary of the Board's agenda.

For **Spotlight on Students**, President Smatresk introduced Pam Padilla, Associate Vice President for Research and Innovation, and Associate Dean of Research and Graduate Studies. Dr. Padilla introduced three students, Steven Gore (Ph.D. candidate Biology/Bioinformatics), Elizabeth Ahrens, (undergraduate student, Accounting), and Matthew Morton (Ph.D. candidate, English). Each student shared their area of research, special educational opportunities provided to them as a UNT student, and their accomplishments as a result of their educational experience and hard work. The students then entertained questions and comments from the Regents.

Chair Wright recessed the Board at 8:58 a.m. for the meetings of the Strategic and Operational Excellence, Finance and Facilities, and Audit Committees.

Following the Committee meetings, the Board reconvened at 2:33 p.m. and Chair Wright moved the Board into Executive Session to consider matters noted on the Executive Session agenda in accordance with Texas Education Code Sections 551.071 and .074.

Chair Wright reconvened the Board into open session at 5:40 p.m. There was no action item to consider from Executive Session.

There being no further business, the Board meeting recessed at 5:40 p.m. on Thursday, November 14, 2019, to be reconvened at 9:00 am on Friday, November 15, 2019, in the same room.

**Friday, November 15, 2019**

The University of North Texas System Board of Regents convened on Friday, November 15, 2019, in Room 333 of the University Union, University of North Texas, 1155 Union Circle, Denton, Texas with the following Regents in attendance: Laura Wright, Mary Denny, Milton Lee, A.K. Mago,

Carlos Munguia, Gwyn Shea, Glen Whitley, and Alexandra Harrel. In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chair Laura Wright, called the meeting to order at 9:05 a.m.

Chair Wright recessed the Board for the meetings of the Strategic and Operational Excellence and Academic Affairs and Student Success Committees.

Following the Committee meetings, Chair Wright reconvened the full Board at 10:05 a.m.

The Board considered the following items on the Consent Agenda:

- |                       |  |
|-----------------------|--|
| <b>2019-61 UNTS</b>   | <b>Approval of the Minutes of the August 15-16, 2019 Board Meeting</b>   |
| <b>2019-62 UNTS</b>   | <b>Approval to Report that UNT Dallas Exceeded the Full-time Equivalent Limitation for FY19</b>  |
| <b>2019-63 UNTS</b>   | <b>Approval of Broker/Dealer List for FY20</b>   |
| <b>2019-64 UNTS</b>   | <b>Approval of Revisions to Regents Rule 10.100, <i>Investments</i></b>  |
| <b>2019-65 UNTS</b>   | <b>Amendment to Regents Rules 03.300, <i>Board Ethics and Standards of Conduct</i>, and 05.700, <i>System Administration and Institution Ethics and Standards of Conduct</i></b> |
| <b>2019-66 UNT</b>    | <b>Approval of UNT Emeritus Recommendations</b>  |
| <b>2019-67 UNT</b>    | <b>Approval of Tenure for New UNT Faculty Appointee</b>  |
| <b>2019-68 UNT</b>    | <b>UNT Naming of Bus Transfer Station</b>  |
| <b>2019-69 UNTHSC</b> | <b>Approval of UNTHSC Endowment Policy Revisions</b>   |
| <b>2019-70 UNTHSC</b> | <b>Authorization to Enter into Interlocal Agreement with Tarrant County for Disposition of Certain Decedents</b>   |
| <b>2019-71 UNTHSC</b> | <b>Authorization for UNTHSC to Enter into Agreement with Tarrant County Medical Examiner's Office for Joint Providership of Continuing Education</b>                             |

Regent Glen Whitley recused himself from items 2019-70 and 2019-71. Therefore, the consent agenda was considered in two motions. Pursuant to a motion by Regent Glen Whitley seconded by Regent A.K. Mago, the Board approved action items 2019-61 through 2019-69 on the Consent Agenda. The motion was approved on a 7-0 vote. Pursuant to a motion by Regent A.K. Mago seconded by Regent Mary Denny, the Board approved action items 2019-70 and 2019-71 on the Consent Agenda, on a 6-0 vote with Regent Glen Whitley recused.

The Board recognized Ms. Yolian Ogbu who had requested to make public comment about action item 2019-82 noted as item #22 on the agenda. Ms. Ogbu was granted five minutes by Chair Wright rather than the three minutes allowed by Regents Rules as she was representing many



students on the UNT campus. Following her address, Ms. Ogbu was allowed to distribute a document entitled “Strategic Plan for Improving the Experience for Students of Color at UNT,” from which her comments were drawn.

Chair Wright thanked Ms. Ogbu for addressing the Board and spoke to UNT’s commitment to diversity and inclusion.

The Board then considered the following action items coming out of committees:

***Strategic and Operational Excellence Committee Item***

**2019-72 UNTHSC                      Approval of The University of North Texas Health Science Center at Fort Worth Brand Identity and Enterprise Implementation**

Pursuant to a motion by Regent Milton Lee seconded by Regent Glen Whitley, the Board approved the above Strategic and Operational Excellence Committee action item. The motion was approved on a 7-0 vote.

***Finance and Facilities Committee Items***

**2019-73 UNTS                      Authorization to Amend the UNTS FY20 Capital Improvement Plan to Add the UNT Frisco Branch Campus Development and the UNT Athletics Golf Practice Facility**

**2019-74 UNT                      Naming of New UNT Golf Facility as “Bruzzy’s UNT Golf Practice Facility”**

**2019-75 UNTS                      Approval to Finance \$5 Million of Capital Items with Commercial Paper During FY20**

**2019-76 UNT                      Delegation of Authority to the UNT President to Approve and Execute a Formal Agreement with a Partner to Provide At-Scale Online Services**

**2019-77 UNT                      Approval of a New UNT Designated Tuition Rate, a New Out of State Teaching Fee (OSTF) and Waiving of All Mandatory Fees for the UNT At-Scale Bachelor of Applied Arts and Sciences (BAAS) Online Degree Program**

**2019-78 UNT                      Approval of Increase to Undergraduate Differential Tuition Beginning Fall 2020**

**2019-79 UNT                      Approval of New UNT Undergraduate Differential Tuition Beginning Fall 2020**

**2019-80 UNT                      Approval of New UNT Graduate Differential Tuition Beginning Fall 2020**

**2019-81 UNT                      Approval of UNT Room and Board Rates for FY21**

**2019-82 UNT                      Approval of Increase to UNT Student Services Fee**

Pursuant to a motion by Regent Carlos Munguia seconded by Regent Glen Whitley, the Board approved the above Finance and Facilities Committee action items. The motion was approved on a 7-0 vote.

***Academic Affairs and Student Success Committee Items***

**2019-83 UNT                      Approval to Establish the UNT at Frisco Branch Campus and Seek Branch Status**

**2019-84 UNT                      Approval to Offer the UNT Doctor of Education and Doctor of Philosophy Degree Programs with a Major in Educational Leadership with a Hybrid Online Modality**

**2019-85 UNT                      Approval to Offer UNT Doctor of Philosophy Degree Program with a Major in Information Science at UNT at Frisco - Hall Park and by Hybrid Online Modality**

**2019-86 UNT                      Approval to Add the UNT Bachelor of Science Degree Program with a Major in Project Design and Analysis**

**2019-87 UNT                      Approval to Add the UNT Master of Business Administration with a Major in Sports Entertainment Management**

**2019-88 UNT                      Approval to Add the UNT Master of Science Degree Program with a Major in Artificial Intelligence**

**2019-89 UNT                      Approval to Add the UNT Master of Science Degree Program with a Major in Engineering Management**

Pursuant to a motion by Regent Gwyn Shea seconded by Regent Milton Lee, the Board approved the above Academic Affairs and Student Success Committee action items. The motion was approved on a 7-0 vote.

The following Background Material was shared with the Board through its committees:

- Quarterly Operations Report
- Quarterly Academic Measures Report
- UNT System Consolidated FY19 Q4 Compliance Report
- UNT Enterprise Report Inventory

There being no further business, the Board meeting was adjourned at 10:32 a.m. on Friday, November 15, 2019.

Submitted By:

Rosemary R. Haggett  
Rosemary R. Haggett, Board Secretary  
Board of Regents

Date: Feb 4, 2020

Approved By:

\_\_\_\_\_  
Laura Wright, Chair  
Board of Regents

Date: \_\_\_\_\_



**Title:** Approval of Tenure for New UNT Faculty Appointees

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**Background:**

In accordance with UNT Policy 06.004, *Faculty Reappointment, Tenure, and Promotion, I.B.*, Maximum Probationary Period:

“The maximum probationary period for a faculty member appointed as an assistant professor is the equivalent of six (6) years of full-time service. This period shall be specified for each individual at the time of his or her initial appointment, and these provisions do not preclude a recommendation for the granting of tenure at any time prior to the expiration of the maximum probationary period.”

And 06.004, V.I., Review of Dossier by the Provost:

“The provost’s recommendation is sent to the president. The president’s recommendations regarding the candidates for tenure are then sent to the Board of Regents for final approval.”

**Dr. Casey Schwab** will join the G. Brint Ryan College of Business as the G. Brint Ryan Endowed Chair in the Department of Accounting on June 1, 2020 as professor. Dr. Schwab received his Ph.D. from the University of Texas in 2009. He has an impressive research record by publishing in the highest quality premier journals in the accounting discipline. His research focus on taxation and accounting supports the mission and direction of the Department of Accounting. Dr. Schwab has demonstrated excellence in the classroom by receiving very good to excellent teaching evaluations. His dedication to service is evidenced by his service to multiple university committees, participation on three doctoral committees, and as a reviewer for several premier journals at the professional level. Dr. Schwab currently holds the position of associate professor with tenure, (2016), at Indiana University Kelley School of Business.

**Dr. Rhonda Reger** will join the G. Brint Ryan College of Business, Department of Management on September 1, 2020 as professor. Dr. Reger received her Ph.D. from the University of Illinois, Champaign, in Strategic Management. She has held tenured faculty positions at Arizona State University, University of Maryland, University of Tennessee, and University of Missouri. She was awarded the rank of professor at the University of Tennessee and the University of Missouri. Dr. Reger has participated on a \$3.45 million multi-university NSF research grant and has received 15 research awards and published 85 conference proceedings with many involving doctoral students. In addition to an exceptional research record, Dr. Reger’s teaching contributions are exceptional. She has taught a wide range of courses at the doctoral, masters, and undergraduate levels. She has received three teaching awards at the University of Maryland, and one at the university of Illinois, Urbana-Champaign. Currently, Dr. Reger is a member of the editorial board at Strategic Management Journal and has prior editorial board memberships at several premiere outlets for the Department of Management.

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**Financial Analysis/History:**

In general, the award of tenure carries with it the assurance of continued employment absent the showing of good cause for termination.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Tenure will be effective upon Board approval or on the first day of employment if after the date of Board approval for the following individuals:

Dr. Casey Schwab  
Dr. Rhonda Reger

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**Recommendation:**

The president recommends that the Board of Regents authorize and approve the award of tenure for the above mentioned individuals.

**Recommended By:**

Jennifer Cowley

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Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor



## Board Order

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**Title:** Approval of Tenure for New UNT Faculty Appointees

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, in accordance with UNT Policy 06.004, *Faculty Reappointment, Tenure, and Promotion*:

“The maximum probationary period is defined as the maximum amount of time a faculty member may be appointed in probationary ranks in the university,” and

Whereas, “this period shall be specified for each individual at the time of his or her initial appointment,” and

Whereas, “these provisions do not preclude a recommendation for the granting of tenure at any time prior to the expiration of the maximum probationary period,” and

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The conferring of tenure will be effective upon Board approval or on the first day of employment if after the date of Board Approval for the following individuals:

Dr. Casey Schwab  
Dr. Rhonda Reger

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VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

**Title:** Approval of UNT Emeritus Recommendations

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**Background:**

In accordance with UNT Policy 06.013, *Conferring Emeritus Status*,

The title “Emeritus” may be conferred by the Board of Regents to a faculty member or librarian at the time of retirement, upon the recommendation of the department/unit, and with administrative approval.

A university administrator, to be eligible for emeritus status, must hold a faculty or librarian appointment, have served in a position at the dean level or higher, and have a record of distinguished service. The emeritus title for an administrator will be commensurate with the position held at the time of retirement (e.g., dean emeritus, president emeritus, etc.). For faculty or librarians recruited directly to administrative positions, the ten-year employment requirement is waived.

**Emeritus status is recommended for the following individual:****John Murphy – Professor, College of Music**

Dr. John Murphy is an alumnus of UNT, having earned a Bachelor of Music in Jazz Studies and a Master of Music in Music Theory. He later earned a Master of Arts degree and Ph.D. in Ethnomusicology from Columbia University. Dr. Murphy joined the UNT Jazz Studies faculty in 2001 and served as Chair of Jazz Studies from 2008-2019. He was an expert in Brazilian music and the author of *Music in Brazil* (Oxford University Press), and he published many articles on jazz improvisation and Brazilian traditional and popular music. He also held Fulbright and National Endowment for the Humanities fellowships for research. The jazz program at UNT is internationally acclaimed, and under Dr. Murphy’s leadership the program has grown and flourished, attracting top-tier students from all over the world. It is a highly complex program that Dr. Murphy led with impeccable ethics, extraordinary leadership and a clear vision for the future. Dr. Murphy retired from UNT on January 1, 2020.

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**Financial Analysis/History:**

There are no financial implications.

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Institution Chief Financial Officer

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Vice Chancellor for Finance



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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Effective upon approval by the Board of Regents.

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**Recommendation:**

The President recommends that the Board of Regents grant Emeritus status to this distinguished retired individual.

**Recommended By:**

Jennifer Cowley

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Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor



## Board Order

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**Title:** Approval of UNT Emeritus Recommendations

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, UNT Policy 06.013, *Conferring of Emeritus Status*, states that the title “Emeritus” may be conferred by the Board of Regents to a faculty member or librarian at the time of retirement, upon the recommendation of the department/unit, and with administrative approval, and

Whereas, a university administrator, to be eligible for emeritus status, must hold a faculty or librarian appointment, have served in a position at the dean level or higher, and have a record of distinguished service. The emeritus title for an administrator will be commensurate with the position held at the time of retirement (e.g., dean emeritus, president emeritus, etc.). For faculty or librarians recruited directly to administrative positions, the ten-year employment requirement is waived, and

Now, Therefore, The Board of Regents authorizes and approves the following:

1. John Murphy, Professor Emeritus
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VOTE: \_\_\_\_ ayes      \_\_\_\_ nays      \_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



**Title:** Approval of UNT Recommendations for Continued Regents Professor Designation

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**Background:**

In accordance with Regents Rule 06.304, Regents' Professors:

"The Institution shall review Regents Professors as required by Institution policy to determine continued eligibility for the position.

As outlined in UNT Policy 06.017, Regents Professorship, "Faculty who hold the designation of Regents Professor shall be reviewed by the Regents Professor Selection and Review Committee pursuant to Regents Rule (06.300) and criteria established by this policy. The reviews will occur in the seventh year after the designation has been awarded and every seven years thereafter as long as the designation is held. Continued eligibility for the designation shall be based on ongoing productivity and excellence. The committee shall recommend to the Provost and Vice President for Academic Affairs whether the designation should continue. In the event the determination is made by both the Regents' Professor Selection and Review Committee and the Provost and Vice President for Academic Affairs that a person should not continue to be a Regents Professor, the salary supplement that accompanied the initial designation shall be retained by the faculty member."

**Faculty being recommended for the continued designation of Regents' Professor:**

The Regents' Professor listed below was reviewed by the Regents' Professor Selection and Review Committee under the Regents Rule adopted by the UNT System Board of Regents. The Regents' Professor Selection and Review Committee, as required by institution policy, examined his credentials in light of the Regents Rule adopted February 7, 2008, to determine continued eligibility for the position.

**Miguel F. Acevedo, Regents Professor of Electrical Engineering.** Dr. Miguel F. Acevedo was appointed as a Regents' Professor in 2006 and has continued his career as a highly respected faculty member in the UNT College of Engineering. He is affiliated with the Institute of Applied Sciences, Department of Biological Sciences and the Advanced Environmental Research Institute, which is one of UNT's Centers of Excellence. Since his last re-appointment evaluation period, (2013), he has mentored 20 teams of undergraduate students to conduct their Electrical Engineering senior design project. He has a proven track record of excellence in teaching as evidenced by having had the highest score of three, (except one year of 2.8), when evaluated by his college Personnel Affairs Committee and a nine out of ten when his teaching performance was evaluated by the department chair. During this evaluation period, he has published eight journal articles, three single-authored authoritative textbooks and participated in several national and international conferences. His research and grant funding totals \$3.5 million. Dr. Acevedo has served on many faculty governance committees in the department, college and university level. He has co-authored papers and collaborated in grants with faculty and researchers from 11 different countries. Dr. Acevedo has also served as a reviewer and member of the editorial board of one journal, and promoter and coordinator of the Texas Environmental Observatory, to provide real-time environmental conditions to the North Texas population. Dr. Acevedo's reputation and

contributions continue to bring national and international acclaim to his department and the UNT College of Engineering.

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**Financial Analysis/History:**

The recommendations for reappointments require no additional funds for the faculty to continue to carry the designation of Regents Professor.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

September 1, 2020

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**Recommendation:**

The president recommends that the Board of Regents approve the continuation of the designation of Regents Professor for Miguel F. Acevedo.

**Recommended By:**

Jennifer Cowley  
Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor



## Board Order

**Title:** Approval of UNT Recommendations for Continued Regents Professor Designation

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

Whereas, in accordance with Regents Rule, 06.304, *Regents Professors*,

“The Institution shall review Regents Professors as required by Institution policy to determine continued eligibility for the position,” and

Whereas, the faculty member was reviewed by the Regents Professor Selection and Review Committee in light of the Regents Rule adopted by the UNT System Board of Regents on February 7, 2008, and

Whereas, faculty recommended for continuation of the designation of Regents Professor have achieved a high level of national and international recognition as stated in the Regents Rules,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The continuation of the designation of Regents Professor effective September 1, 2020.

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

\_\_\_\_\_  
Rosemary R. Haggett, Secretary  
Board of Regents

\_\_\_\_\_  
Laura Wright, Chair  
Board of Regents

**Title:** Approval of UNT Faculty Development Leaves for 2020-2021

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**Background:**

In accordance with UNT Policy O6.010, Development Leave:

“Development leaves are authorized for the primary purpose of increasing the value of the recipient’s sustained contribution to the university by providing the individual an opportunity for professional growth. Such developmental leaves are not to be understood as deferred compensation, nor are they to be anticipated simply on the basis of longevity at the university, alone. Development leave may be granted, upon application, for study, research, writing, field observations, or other suitable purposes.

Opportunities for additional training, for improving skills, and for maintaining currency is understood to be included as a purpose of development leave.”

In 1984, the University of North Texas (UNT) began granting faculty development leaves, recognizing the need for faculty to have an opportunity to pursue major research or creative projects in order to contribute to the body of knowledge in their fields and better serve their students by remaining current in their disciplines. In 1987, the 70<sup>th</sup> Texas Legislature similarly encouraged universities to expand faculty development programs through a series of measures that increased flexibility in accounting for faculty activities.

In the ensuing years, the faculty development leave program proved vital in maintaining discipline mastery for faculty as UNT pushed forward toward national research status. These development leaves contribute greatly to the increase in research funding, research publications, and national recognition for UNT.

After careful review of proposals at the department and college levels, by a Faculty Senate committee and by the provost, UNT plans to award a total of 36 (3.24 % of the full-time faculty) developmental leaves for the upcoming academic year.

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**Financial Analysis/History:**

The cost incurred as a result of the recommended faculty development leaves will be covered by existing college and school budgeted funds and will total approximately \$303,087.00. The total estimate for the costs incurred as a result of the recommended faculty development leaves was calculated from replacement costs submitted by colleges and estimated average costs for covering individual faculty leaves.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

2020-21 Academic Year

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**Recommendation:**

The president recommends that the Board of Regents approve the faculty development leaves for the individuals named on the attached list.

**Recommended By:**

Jennifer Cowley

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Provost and Vice President for  
Academic Affairs

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President

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Vice Chancellor

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Chancellor

Attachments Filed Electronically:

- UNT 2020-21 FDLs





## Board Order

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**Title:** Approval of UNT Faculty Development Leaves for 2020-2021

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, in 1984, UNT began granting faculty development leaves, recognizing the need for faculty to have an opportunity to pursue major research or creative projects in order to contribute to the body of knowledge in their fields and better serve their students by remaining current in their disciplines, and

Whereas, in 1987 the 70<sup>th</sup> Texas Legislature similarly encouraged universities to expand faculty development programs through a series of measures that increased flexibility in accounting for faculty activities,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Faculty development leave for academic year 2020-21 for the UNT faculty as set forth in the attached list.
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VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

First Name	Last Name	Department	Leave Period Requested	Faculty Development Leave (FDL) Focus	FDL Objective(s)
Shahla	Ala'i-Rosales	Behavior Analysis	Fall 2020	The FDL will focus on carrying out the final stages of research and writing as well as completing focus group activities for a second book, <i>Love and Science in the Treatment of Autism</i> .	The primary objectives of the FDL are: 1) to complete the formal research review on parent empowerment, family risk and protective factors, and social validity as they relate to autism interventions; 2) to complete the final writing of 18 chapters and finish writing the last 6 chapters for a book; 3) to complete a purposeful sampling of parent and professional reactions to the content of the book.
Jeff	Allen	Information Science	Fall 2020	The FDL will focus on research of workforce wisdom, at the national and international level.	The primary objective of the FDL is the completion of the book entitled <i>Wisdom at Work</i> with the Taylor and Francis Group, along with university lecture series in three separate countries.
Harry	Benshoff	Media Arts	Fall 2020	The FDL will focus on performing (online) archival research into the papers of Mary Roberts Rinehart, a prolific early-twentieth century writer of best-selling mystery-thriller novels and plays.	The primary objective of the FDL is contribute to the growing scholarship surrounding the horror film in America in the years before it was recognized as a coherent film genre and to publish this work in scholarly journal.
Eduardo	Blanco	Computer Science and Engineering	Fall 2020/Spring 2021	The FDL will focus on investing and developing algorithms and computational models to understand negation in Spanish.	The primary objectives of the FDL are to create the first corpus of negations in Spanish and their positive interpretations, to design computational models to generate positive interpretation from negation, and to incorporate negation into the task of natural language inference.
Kirsten	Broberg	Composition Studies	Fall 2020	The FDL will focus on completion of the composing of "From the Ends of the Earth" cyclean evening-length modular cycle of extractable works for chorus and full orchestra.	The primary objectives of the FDL are to: 1) create recordings from nature to inspire the pitch/harmonic content and gestural language for the first module, "Creation," for full orchestra and analyze texts and memorize the meaning, pronunciation and natural syllabic stresses of the Latin texts in preparation for setting modules iii v and vi; 2) compose modules i, iii, iv, v and ix; 3) prepare the scores and parts for live performance, publish the scores on a digital publishing platform and market the works for live performance and commercial recording to musicians and ensembles locally, nationally and internationally.
Sheri	Broyles	Mayborn School of Journalism	Fall 2020	The FDL will focus on the collection of compelling stories about Junebug Clark.	The primary objective of the FDL is to record Junebug Clark's stories that will be the basis for a book for submission to UNT Press.
Julia	Bushkova	Instrumental Studies	Spring 2021	The FDL will focus on creating a comprehensive anthology of important violin exercises, in carefully graded order, to help violinists progress from beginning to advanced levels in the fastest and most efficient way.	The primary objective of the FDL is to produce <i>A Comprehensive Violin Guide to the Left-Hand Exercises in Dexterity and Shifting</i> , which will help violin teachers and students.
Shobhana	Chelliah	Linguistics	Fall 2020	The FDL will focus on building on existing relationships with three institutions in India and partners at UNT to: 1) create a structured searchable repository of South Asian language datasets to be housed at the UNT digital library; 2) provide training in language data collection and curation methods for Indian scholars and UNT students; 3) complete work with UNT Information Science and Linguistics faculty to create a graduate certificate.	The primary objective of the FDL is to set into motion the rapid creation of a searchable repository of South Asian language datasets to be housed at the UNT digital library.

First Name	Last Name	Department	Leave Period Requested	Faculty Development Leave (FDL) Focus	FDL Objective(s)
G. Andres	Cisneros	Chemistry	Fall 2020	The FDL will focus on the advancement of a project funded by the National Science Foundation for a collaboration with Prof. Pengyu Ren to develop computer software for the advanced simulations of enzymatic reactions.	The primary objective of the FDL is the development of software for advanced computational simulations of enzyme reactions and writing of peer reviewed articles related to the National Science Foundation-funded project to investigate solvent effects in enzyme catalysis.
Richard	DeRosa	Jazz Studies	Fall 2020	The FDL will focus on the creation of a composition in seven movements.	The primary objectives of the FDL are: 1) to complete a large-scale work in seven movements for full orchestra, female choir, and jazz quintet to feature a solo vocalist; 2) to create manuscripts in the form of a conductor's score and individual parts for the performers; 3) to create a computer-generated sonic simulation of the music; 4) to schedule a performance (or two) with the WDR Funkhaus Orchestra in Cologne, Germany; 5) to acquire the artistic license to create a CD recording and release it professionally via Zoho Records; 6) to schedule a possible performance of the work at UNT with one of the orchestras and selected jazz students; 7) to schedule possible future performances with other professional orchestras in the US and abroad.
Kelly	Donahue-Wallace	Art Education and Art History	Fall 2020	The FDL will focus on visiting print collections and archives in Mexico City and Madrid, and to complete three chapters of the book manuscript, <i>A Culture of Prints in Eighteenth-Century Mexico</i> .	The primary objectives of the FDL are to produce a book manuscript titled, <i>A Culture of Prints in Eighteenth-Century Mexico City</i> , an exhibition of Mexican colonial prints in collaboration with US, Mexican, and Spanish collections and research presentations at scholarly venues including the College Art Association, Latin American Studies Association, and Eighteenth-Century Studies.
Andrew	Enterline	Political Science	Fall 2020	The FDL will focus on addressing questions regarding the causes and consequences of cooperation in international relations, by examination of diplomatic histories for the European state system and the coding of cooperative interactions on security issues observed in the period 1800-1913.	The primary objectives of the FDL are: 1) the development of a uniform set of case studies and a companion quantitative empirical database of cooperation between European states, two peer review caliber scholarly articles analyzing the causes and consequences of security cooperation; 2) a grant application for external funding for a similar endeavor on security issues in the period 1914-2000.
Guohua	Feng	Economics	Spring 2021	The FDL will focus on the investigation of the effects of carbon pricing on productivity at the industry level within a framework that allows international comparisons.	The primary objective of the FDL is to produce several high-quality research papers that will be submitted for publication to top-tier economics journals.
Mark	Ford	Instrumental Studies	Spring 2021	The FDL will focus on composing a new marimba concerto for wind ensemble.	The primary objective of the FDL is to compose a marimba concerto for wind ensemble. The resulting composition will enjoy multiple performances by the Melbourne Conservatory Wind Ensemble, and hopefully performances by many other similar university/professional ensembles in the United States.
Steven	Friedson	Music History, Theory, and Ethnomusicology	Spring 2021	The FDL will focus on research on the weaponization of music.	The primary objectives of the FDL are to provide historical data to be included in a book-length manuscript, and at least one more article based on a chapter in the book.

First Name	Last Name	Department	Leave Period Requested	Faculty Development Leave (FDL) Focus	FDL Objective(s)
Christopher	Fuhrmann	History	Fall 2020	The FDL will focus on working at a research library to finish an ambitious book project on ancient religion and social order.	The primary objectives of the FDL are to: 1) publish a second research monograph; 2) attain promotion to full professor and thereby help grow the department's graduate program and its standing as one of the largest ancient history graduate programs in the nation; 3) bring credit to UNT through building the same kind of international readership as a previous monograph, a goal which would be advanced in the determined pursuit of a high-profile fellowship.
Ricardo	Gonzalez-Carriedo	Teacher Education and Administration	Fall 2020	The FDL will focus on the collection of data in three contrasting locations for the purpose of identifying elements that potentially contribute to inequality in bilingual education programs.	The primary objectives of the FDL are: 1) to produce three articles in top tier journals in bilingual education and teacher preparation; 2) presentation at professional conferences; 3) the formation of a research team for further investigation.
George	James	Philosophy and Religion	Fall 2020	The FDL will focus on the study of a grassroots environmental movement in South India known as the Appiko Movement.	The primary objective of the FDL is to research the diverse facets of the Appiko movement, produce a monograph that will provide a narrative of the activities and achievements of the Appiko movement and to engender conversation between this and other environmental movements especially in South America, and particularly in Chile.
Kuruville	John	Mechanical and Energy Engineering	Spring 2021	The FDL will focus on research collaborations in Kuwait, India and S. Korea to address new global and regional air quality problems.	The primary objectives of the FDL are: 1) to visit and initiate research collaborations with scientists at Kuwait Institute of Scientific Research, the Indian Institute of Technology Bombay, Mumbai, the Indian Institute of Technology Madras, Chennai, Konkuk University, Seoul and Pusan National University, Busan; 2) to develop two major research proposals, facilitate and organize an international conference on air quality in one of the host nations; 3) to develop a special edition of topical papers from the conference on air quality research in an archival journal.
Jiyoung	Kim	Merchandising and Digital Retailing	Fall 2020	The FDL will focus on visiting Cotton Incorporated World Headquarters and Research Center to study new technology and sustainable strategies in the cotton industry.	The primary objectives of the FDL is to submit an external grant application to Cotton Inc. for continued funding for 2021, and to produce research publications and host a workshop/seminar with the area experts in cotton and raw material science.
Lin	Lin	Learning Technologies	Fall 2020	The FDL will focus on using new technologies to connect the training of students' executive functions with their STEM learning, and by integrating research with the agenda of The Texas Center for Educational Technology (TCET).	The primary objectives of the FDL are: 1) to submit two grant proposals during Fall 2020, one to the NSF Education and Human Resources (EHR) core program (due in October 2020) and another to the NSF Discovery Research PreK-12 (DRK12) program (due in November 2020); 2) to submit two manuscripts to top-tier journals; 3) to complete a 5-year research plan in order to advance to the next level of research and leadership.
Janelle	Mathis	Teacher Education and Administration	Fall 2020	The FDL will focus on engaging in research around the significance of music as a multimodal system within literacy through engagements with local and international scholars in music and literacy.	The primary objectives of the FDL are: 1) the research and dissemination of current insights regarding music and literacy/language learning that serves as a basis for instruction, interviews/discussions with varied musicians and music scholars at UNT, other US universities, and international sites (Canada, Great Britain, and 2 others to be decided); 2) identification of individuals currently doing research or teaching in ways that point to the significance and complexity of music in literacy/language learning.

First Name	Last Name	Department	Leave Period Requested	Faculty Development Leave (FDL) Focus	FDL Objective(s)
Richard	McCaslin	History	Spring 2021	The FDL will focus on the completion of research on Coppini in the archives at the University of Texas, where there are 42 shelf feet of his papers, as well as at Baylor University, which has many photographs, and related archives in the twelve states where his works have been installed.	The primary objective of the FDL is to complete research in the Coppini-Tauch Papers in order to publish a book-length scholarly biography of Coppini.
Sundeep	Mukherjee	Materials Science and Engineering	Spring 2021	The FDL will focus on collaborative research with partnering institutions in India and the USA for development of high performance structural metals for superlative performance in bio-implant applications.	The primary objectives of the FDL are the design and development of bio-compatible alloys with superior strength-to-weight ratio together with good bio-corrosion resistance and tailoring of the surface morphology to improve cell adhesion, mechanical characterization of the metals for understanding structure-property correlation, cell-interface behavior and its influence on biophysical signals to determine their suitability for implant applications and to produce several joint publications in peer reviewed international journals and conference presentations.
Lisa	Owen	Art Education and Art History	Fall 2020	The FDL will focus on the completion of the book entitled <i>Rocks, Caves, and Divinity in Early Medieval Southern India</i> .	The primary objective of the FDL is to submit the completed manuscript of a book in January 2021.
Sean	Powell	Music Education	Fall 2020	The FDL will focus on conducting empirical research for a solo-authored book, <i>First Division: The Ideology of Competition in School Music</i> .	The primary objectives of the FDL are to: 1) complete a new book published with IU Press; 2) co-edit a book already in progress with IU Press; 3) pursue scholar-in-residence opportunities at other institutions.
Brian	Richardson	Communication Studies	Spring 2021	The FDL will focus on the collection of interview data from family members of individuals who were external whistleblowers to understand the impact of this act on the individual and the family unit.	The three primary objectives of the FDL are: 1) to allow uninterrupted time to collect data from participants including the possibility of conducting face-to-face interviews in areas outside Dallas-Fort Worth metroplex; 2) to utilize NVivo Qualitative Analysis Software to organize and code data; 3) to initiate writing of either scholarly articles or a book proposal depending upon findings.
Dorian	Roehrs	World Languages, Literatures, and Cultures	Fall 2020	This FDL will focus on investigation of the social and structural aspects of an understudied German dialect spoken in eastern France, Alsatian German, and compare it to Standard German.	The primary objective of the FDL is to produce a co-authored research monograph published by the reputable and peer-reviewed <i>Linguistik Aktuell/Linguistics Today</i> Series of John Benjamin Publishing Company, Amsterdam, the Netherlands.
Gustavo	Romero	Keyboard Studies	Fall 2020	The FDL will focus on the study of Ludwig van Beethoven including solo variations by Beethoven, and the Concerto- Op.61 a.	The primary objective of the FDL is to celebrate the 250th anniversary of the birth of the composer, Ludwig van Beethoven, through concerts both here and abroad. The second outcome is to specifically present the complete 32 piano sonatas of Beethoven in seven recitals on four continents and bring to the forefront music of Beethoven rarely heard. Also in Europe, Asia, South Africa, and USA.
John	Ross	Linguistics	Fall 2020	The FDL will focus on finishing a book on poetics – an interfield that links the science of language and the art of literature.	The primary objective of the FDL is the publication of a book which will distill 25 years of teaching poetics.
Brian	Sausser	Marketing, Logistics, & Operations Management	Spring 2021	The FDL will focus on developing a method for capturing a problem through systemic diagrams and then directly translating the diagrams into systems engineering methods and building a bridge between soft and hard systems methodologies.	The primary objectives of the FDL are: 1) to develop a concurrent systems methodology for managing and engineering complex systems; 2) analyze and verify the methodology against government, industry and academic leaders; 3) create efficient transfer of knowledge, skills and abilities.

First Name	Last Name	Department	Leave Period Requested	Faculty Development Leave (FDL) Focus	FDL Objective(s)
Kai-Sheng	Song	Mathematics	Fall 2020	The FDL will focus on the development of new statistical theory and methods for high-dimensional compositional data with a large number of structural zeros resulting from making choices and for testing and estimating the generalized autoregressive conditional heteroskedasticity (GARCH) models under heavy-tailed stable distributions.	The primary objectives of the FDL are to: 1) produce at least two major research papers completed and submitted for peer-review publication in top tier journals; 2) produce at least one research grant proposal to submit to external funding agencies such as National Science Foundation; 3) present one to two presentations of research findings at national and international statistical meetings and conferences.
Susan	Squires	Anthropology	Fall 2020	The FDL will focus on additional research for a book studying the traditional fishery of Newfoundland.	The primary objectives of the FDL are: 1) to collect additional data necessary to write a book chapter on the current status of fishing in the Bay de Verde peninsula of Newfoundland; 2) Provide UNT students the opportunity to earn credit hours while engaging in a hands-on learning experience in qualitative research methods.
Tandra	Tyler-Wood	Learning Technologies	Fall 2020	The FDL will focus on the exploration of data related to the National Science Foundation sponsored "American Innovations in an Age of Inventions" grant.	The primary objectives of the FDL are: 1) to analyze data and write an article that compares and contrasts the STEM career interests of middle school males and females; 2) to analyze data and write an article that will determine if students with special needs differ in their STEM career aspiration when compared to the general 7th grade population; 3) use the above analyses to prepare a grant submission to the National Science Foundation-DRK12 funding opportunity.
Jennifer	Way	Art Education and Art History	Spring 2021	The FDL will focus on travel to research, write parts of three chapters, and begin and finish the most archive-dependent chapter for a monograph book.	The primary objective of the FDL is to travel for completing research and writing for the book <i>Deploying Craft: Crafting Healing and Wellness in War Contexts</i> .
Marcus	Young	Materials Science and Engineering	Fall 2020/Spring 2021	The FDL will focus on performing research through mentorship and interaction with German institutions on processing, development, and characterization of alloys and other materials for various applications in many fields including aerospace, automotive, archaeological, art historical, biomedical, electronic, engineering, petrochemical, and technological industries.	The primary objectives of the FDL are to create more opportunities for collaboration with cutting edge researchers and facilitate student research exchanges, create several joint publications, presentations, and proposals with collaborating German institutions and student research exchanges.



**Title:** Approval of UNT Dallas Faculty Development Leave for 2020-2021 Academic Year

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**Background:**

In accordance with UNT Dallas *Policy 6.014, Faculty Development Leave*, “Faculty development leave is authorized for the primary purpose of increasing value of the recipient’s sustained contribution to the University by providing the individual an opportunity for professional growth. Such development leave is not to be understood as deferred compensation, nor anticipated simply on the basis of longevity at the University alone. Development leave may be granted, upon application, for study, research, writing, filed observations or other suitable purposes.”

The purpose of Faculty Development Leave at the University of North Texas at Dallas is to facilitate the faculty’s professional growth and development and may be approved for purposes of research scholarly and creative activity, and professional renewal, service, or any other suitable purpose.

Ellen Pryor, J.D., Professor of Law, has requested faculty development leave for spring 2021. Professor Pryor served as Academic Associate Dean of the College of Law from January 2013-June 2018, when she was recruited from Southern Methodist University Law School. She led the development of the legal education curriculum and hired all of the faculty to teach that curriculum at UNT Dallas’ Law School. She is a highly respected legal scholar in the area of torts and played an integral role in helping the College of Law receive provisional accreditation from the American Bar Association. She returned to the faculty full-time in fall 2018 and wishes to spend concentrated time working on her professional and scholarly activities, after spending five years in a highly demanding administrative role.

During this leave, Professor Pryor will pursue the following scholarly and training and skills-development activities:

1. Creating 1L doctrinal and skills material for use by faculty and students
2. Developing a library of online skills-related modules for use in any number of classes with a focus on 1L courses
3. Working with *AccessLex* to develop a non-profit bar review program
4. Deepening knowledge of and involvement in the new Restatement Third, Torts project relating to *Remedies* with colleagues at the University of Virginia and UCLA Law Schools
5. Learn more about online learning and using that learning in the extensive study materials that she constantly creates for law students

Her dean supports this request and believes these activities will support quality legal education at the College of Law as well as Professor Pryor’s scholarly activities centered on torts.

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**Financial Analysis/History:**

The cost incurred as a result of the recommended faculty development leave will be covered by existing budgeted funds and will total approximately \$75,000. The total estimate for the cost incurred as a result of the recommended faculty development leave was calculated from replacement costs submitted by the College of Law as well as one-half of faculty salary to cover spring 2021.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

2020-21 Academic year

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**Recommendation:**

The President recommends that the Board of Regents approve Faculty Developmental Leave for Professor Ellen Pryor.

**Recommended By:**

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Betty H. Stewart

Provost

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President



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Vice Chancellor

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Chancellor



## Board Order

**Title:** Approval of UNT Dallas Faculty Development Leave for 2020-2021 Academic Year

At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020 pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

**Whereas**, Faculty development leave is authorized for the primary purpose of increasing the value of the recipient's sustained contribution to the University by providing the individual an opportunity for professional growth, and

**Whereas**, the purpose of Faculty development leave at the University of North Texas at Dallas is to facilitate the faculty's professional growth and development and may be approved for the purposes of research, scholarly and creative activity, and professional renewal, service or any other suitable purpose

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Faculty development leave for spring 2021 for UNT Dallas College of Law faculty member, Professor Ellen Pryor.

VOTE: \_\_\_\_ ayes      \_\_\_\_ nays      \_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

\_\_\_\_\_  
Rosemary R. Haggett, Secretary  
Board of Regents

\_\_\_\_\_  
Laura Wright, Chair  
Board of Regents



### Title: Approval of UNTHSC Regents' Professor Recommendation

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#### Background:

In accordance with Regents Rule 06.304, *Regents' Professors*:

The Board may award the designation of "Regents' Professor" to provide recognition and salary support to a tenured full professor who has performed outstanding teaching, research and service to the profession, and who has achieved a high level of national and international recognition. To be considered, a candidate must meet the eligibility requirements set by the Institution and be recommended to the Board following the Institution's selection procedures. The Institution shall review Regents' Professors as required by Institution policy to determine continued eligibility for the position.

In accordance with UNTHSC Policy 6.002, *Faculty Appointment Reappointment and Probationary Period*, 3. *Honorary Appointments*, a. *Regents' Professor*,

"Regents' Professor" recognizes excellence in the faculty member's field of study and outstanding contributions in teaching, scholarship and service. This honorary appointment is awarded only by the UNT System Board of Regents after recommendation by the school/college Promotion and Tenure Committee, Chair, Dean, Provost and President. Full-time tenured faculty at the rank of Professor are eligible.

In accordance with UNTHSC Policy 6.102, *Regents' Professor, Emeritus Professor, Emeritus Regents' Professor, and Emeritus Administrator Designations*,

The purpose of the Regents' Professor award at UNTHSC is to provide recognition and salary support for individuals at the rank of professor who have performed outstanding teaching, research and service to the profession, and who have achieved a high level of national and international recognition. To be eligible for this award, an individual must: 1) be a full-time, tenured professor; 2) have a distinguished record of teaching, research, and service to UNTHSC and to the profession, and a high level of national and international recognition; and 3) demonstrate evidence of the potential for continued distinguished performance. Candidates must submit, or have submitted on their behalf, at least four letters of support from full professors at the UNTHSC and two letters from scholars outside UNTHSC attesting to their national and international reputation. Nominations for the designation of Regents' Professor shall be made by the department chair to the appropriate school/college promotion and tenure committee. The promotion and tenure committee will conduct its review of the Regents' Professor candidate utilizing the promotion/tenure criteria for full professors within that school/college and submit their recommendation to the appropriate dean. The dean will then review the Regents' Professor candidate's packet and forward his/her recommendation to the Provost and Executive Vice President for Academic Affairs (Provost). Pending his/her review and support to continue the nomination, the Provost will forward his/her recommendation to the President for recommendation to the UNT System Board of Regents for approval. Only the Board of Regents may award the designation of Regents' Professor. Review of continued eligibility shall occur in the sixth year following the year of a Regents' Professor's appointment to the designation.

Having met the above eligibility requirements and selection procedures, the designation of “Regents’ Professor” is recommended for the following individual:

**Dr. Janice Knebl**

Dr. Janice Knebl, a full-time tenured professor in the UNTHSC Texas College of Osteopathic Medicine (TCOM), has demonstrated exemplary performance at UNTHSC for over 31 years. Dr. Knebl has a long list of teaching accomplishments at UNTHSC focused on developing competencies among interprofessional learners and care for the elderly. She is the recipient of the M.L.Coleman DO clinical faculty award for excellence in clinical teaching for establishing one of only a few required core clinical clerkships in geriatric medicine in the country. She has demonstrated innovation in interprofessional education developing the Seniors Assisting in Geriatrics Education (SAGE) program.

Dr. Knebl clearly stands out for her outstanding accomplishments in the area of scholarly activity receiving well over \$19 million in external funding from the Health Resources and Services Administration (HRSA), the Reynolds Foundation, Centers for Medicare and Medicaid Services, the Alzheimer’s Association, and the American Foundation for Aging Research and Care Consortium. Her HRSA supported WE HAIL program has received numerous local, state, and national recognitions since its creation in 2015.

Her service commitments as the Chair of the National Board of Osteopathic Medical Examiners and Chair of the American Osteopathic Association Commission on Osteopathic Colleges Accreditation (COCA) have brought significant national recognition to TCOM. Additionally, she was selected by the USDA as an alternate negotiator for the 2019 Negotiated Rulemaking Committee to review the United States Department of Education (USDE) Standards for Accreditation Bodies for Higher Education. She has served on numerous local and state advisory boards for her expertise in geriatric medicine. For her clinical care activity, Dr. Knebl has received the honor on numerous occasions of being named “Top Doc” and “Texas Super DOC”.

Dr. Knebl is an exceptional and well respected faculty member that has contributed significantly throughout her career to the success of UNTHSC and therefore is highly deserving of the distinction of Regents’ Professor.

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**Financial Analysis/History:**

The designation of Regents’ Professor carries with it a one-time salary adjustment of \$10,000 to base compensation for the term of the appointment.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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**Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Effective September 1, 2020.

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**Recommendation:**

The President recommends that the Board of Regents approve the awarding of “Regents’ Professor” designation to Dr. Janice Knebl.

**Recommended By:**

Charles Taylor  
\_\_\_\_\_  
Provost and Executive Vice President  
for Academic Affairs

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice Chancellor

\_\_\_\_\_  
Chancellor



## Board Order

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**Title:** Approval of UNTHSC Regents' Professor Recommendation

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, in accordance with Regents Rule 06.304, *Regents' Professors*:

The Board may award the designation of "Regents' Professor" to provide recognition and salary support for individuals at the rank of professor who have performed outstanding teaching, research and service to the profession, and who have achieved a high level of national and international recognition, and

Whereas, in accordance with UNTHSC Policy 6.002, 3. *Honorary Appointments, a. Regents' Professor*:

"Regents' Professor" recognizes excellence in the faculty member's field of study and outstanding contributions in teaching, scholarship and service. This honorary appointment is awarded only by the UNT System Board of Regents after recommendation by the school/college Promotion and Tenure Committee, Chair, Dean, Provost and President. Full-time tenured faculty at the rank of Professor are eligible, and

Whereas, the eligibility requirements and selection process was followed in accordance with UNTHSC Policy 06.102, *Regents' Professor, Emeritus Professor, Emeritus Regents' Professor, and Emeritus Administrator Designations*,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The awarding of "Regents' Professor" designation effective September 1, 2020 for Dr. Janice Knebl.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

## Board Briefing

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**Committee:** Consent

**Date Filed:** January 2, 2020

**Title:** Delegation of Authority to Extend Educational Services Agreement Between UNTHSC and Acclaim Physician Group

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### **Background:**

In March, 2017, UNTHSC and Acclaim Physician Group (Acclaim) entered into a three-year agreement for Acclaim to provide educational services to UNTHSC students. Acclaim provides physicians and allied health professionals to deliver teaching services in both clinical and classroom settings as well as various administrative services (e.g. clerkship director, candidate interviews, admissions committee service, etc.) needed to achieve its educational objectives.

As this agreement has proven mutually beneficial for both organization, UNTHSC wishes to extend this agreement for a period of five years.

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### **Financial Analysis/History:**

The details and dollar amounts associated with the above transaction is dependent on the curricular needs of the UNTHSC educational program and the availability of Acclaim physicians and allied health professionals. The annual cost to UNTHSC is approximately \$1,137,150 with a five-year total estimated to be \$5,700,000.

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Institution Chief Financial Officer

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Vice Chancellor for Finance

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### **Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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**Schedule:**

Extension of existing contract from March 1, 2020 through February 28, 2025.

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**Recommendation:**

It is recommended that the Board of Regents approve the Delegation of Authority to Extend the Educational Services Agreement between UNTHSC and Acclaim Physician Group

**Recommended By:**

\_\_\_\_\_  
Charles Taylor  
Provost and Executive Vice President  
for Academic Affairs

\_\_\_\_\_  
President

\_\_\_\_\_  
Chancellor





## Board Order

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**Title:** Delegation of Authority to Extend Educational Services Agreement Between UNTHSC and Acclaim Physician Group

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, Acclaim Physician Group (Acclaim) employs physicians and allied health professionals who provide medical and education services to the community; and

Whereas, UNTHSC began purchasing educational services from Acclaim in March 2017; and

Whereas, UNTHSC desires to extend the existing agreement with Acclaim for educational services.

Now, Therefore, The Board of Regents authorizes and approves the following:

1. The President of HSC to extend the existing agreement with Acclaim Physician Group.
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

## Board Briefing

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Committee: Audit

Date Filed: February 13, 2020

**Title:** Acceptance of the Externally Audited UNT System FY19 Comprehensive Annual Financial Report

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### Background:

Grant Thornton will present results of the External Audit of the UNT System FY2019 Comprehensive Annual Financial Report. The UNT System Audit Committee Charter, adopted February 19, 2015 established a responsibility for the Audit Committee to recommend to the Board of Regents that the externally audited financial statements, including opinion letter, be included in the System's annual report.

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### Financial Analysis/History:

The Board of Regents directed management to obtain an external audit of the FY2019 Comprehensive Annual Financial Report.

**Dan Tenney** Digitally signed by Dan Tenney  
Date: 2019.12.11 12:23:33 -06'00'

Vice Chancellor for Finance

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### Legal Review:

This item has been reviewed by General Counsel.

*Alan Stucky*

Vice Chancellor/General Counsel

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### Schedule:

The External Audit Opinion of UNT System's FY2019 Comprehensive Annual Financial Report will be included in the System's annual report upon approval.

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### Recommendation:

It is recommended that the Board of Regents accept the Externally Audited UNT System FY2019 Comprehensive Annual Financial Report, and direct that the External Audit Opinion Letter be included in the System's Annual Report.

**Recommended By:**

Tracy Grunig

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UNTS Chief Audit Executive

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Chancellor

Attachments Filed Electronically:

- Grant Thornton Presentation on the External Audit of UNT System FY2019 Comprehensive Annual Financial Report.
- Final External Audit Opinion of UNT System FY2019 Comprehensive Annual Financial Report (Grant Thornton)
- Management Representation Letter



## Board Order

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**Title:** Acceptance of the Externally Audited UNT System FY19 Comprehensive Annual Financial Report

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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**Whereas**, the UNT System Audit Committee Charter, adopted February 19, 2015 established a responsibility for the Audit Committee to recommend to the Board of Regents that the UNT System Comprehensive Annual Financial Report be externally audited, and

**Whereas**, the external audit firm, Grant Thornton, LLP, conducted an audit of UNT System FY2019 Comprehensive Annual Financial Statements, and provided an unmodified opinion, which is the best possible opinion, and

**Whereas**, the Board of Regents has reviewed the FY2019 Comprehensive Annual Financial Report and the final audit opinion of the UNT System FY2019 Comprehensive Annual Financial Report,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Acceptance of the Externally Audited UNT System FY2019 Comprehensive Annual Financial Report
  2. Inclusion of the Audit Opinion letter in the final UNT System FY2019 Comprehensive Annual Financial Report
- 

VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

**BOARD ACTION:**

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents



# 2019 Audit Wrap up Presentation and Discussion

## University of North Texas System (“System”)

Attendee: Ben Kohnle – Partner

December 19, 2019



# Our Values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



# Our Responsibilities

We are responsible for:

- Performing an audit under US GAAS and *Government Auditing Standards* of the financial statements prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose
- Reading other information and considering whether it is materially inconsistent with the financial statements

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.

# Those Charged With Governance and Management Responsibilities

## Those Charged with Governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the System's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
  - Entity strategies and related business risks that may result in heightened risks of material misstatement
  - Matters warranting particular audit attention
  - Significant communications with regulators
  - Matters related to the effectiveness of internal control and your oversight responsibilities
  - Your views regarding our current communications and your actions regarding previous communications

## Management is responsible for:

- Preparing and fairly presenting the financial statements in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting and compliance with federal and state grant requirements
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with written representations



# Materiality

Materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is ordinarily evaluated against relevant financial statement benchmark(s).

- We believe that total assets is the appropriate benchmark for the System.

Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships or significant unusual transactions).

# Views of those charged with governance

## Discussion points

- Risks of fraud
- Awareness of fraud
- Awareness of related party transactions; understanding of purpose of related party transactions
- Awareness of whistleblower tips or complaints
- Oversight of management's risk assessment process
- Views about the System's objectives and strategies and related risks of material misstatement
- Awareness of any internal control matters and views about management's response
- Oversight of financial reporting process
- Actions taken in response to developments in law, accounting standards and corporate governance matters
- Actions in response to our previous communications, if any

# Areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	
Cash and cash equivalents	Tuition and fee revenue, discounts and allowances
Investments and investment return	Federal, State and other grant revenue
Accounts receivable and other assets	Legislative appropriations
Capital assets, depreciation and amortization	Other revenues
Notes, loans and revenue bonds payable	Operating expenses
Accounts payable and other liabilities	Inter-component transfers
Payroll and related liabilities	
Net pension liabilities	
Other postemployment benefit liabilities	
Net position classification	

# Results of Financial Statement Audit

- Unmodified 'clean' opinion
- No scope limitations
- Open and effective communication with management
- No unresolved audit issues

# Summary of Misstatements

The below entries were identified during the FY19 audit. The financial statements were not revised for these proposed entries. The magnitude of the unrecorded adjustments by financial statement category are as follows:

Description	Increase (Decrease) to:			
	Assets	Liabilities	Net Assets	Net Income
<b><u>Uncorrected misstatements</u></b>				
Accounts Payable		(1,127,636)		
Utilities Expense				1,127,636
Contributions				(541,892)
Rentals				94,257
Refundable Deposits		87,871		
Accounts Payable		359,764		
Buildings and Other	1,449,137			
Accumulated depreciation	(59,234)			
Architectural/ Engineering Expense				823,892
Renovation Expense				625,245
Depreciation Expense				(59,234)
Net Impact	\$1,389,903	(\$680,001)	\$0	\$2,069,904
Report Balance	\$2,366,403,698	\$1,945,659,397	\$719,584,712	\$486,087,755
% impact on report balance	0.1%	0.0%	0.0%	0.4%

Management believes the uncorrected misstatements are immaterial to the financial statements. Uncorrected misstatements could be potentially material to future financial statements. As such, we request that these uncorrected misstatements be corrected.

# Outflow Data Analysis – Computer Data Acquisition and Analysis

## Suggested Action Items Resulting From Computer Data Acquisition and Analysis Work

Our audit included data analysis which focuses on the outflow side of the System's operations and involved the following data files:

- Vendor Data Information
- Disbursement Data Information
- Human Resources and Payroll Data Information

A summary of suggested actions from the data analyses, which was shared with System management personnel on October 24, 2019 is presented below:

### Suggested Action Item – Vendor Data

- Review the categories as to why there is blank information.
- Review and understand the duplication patterns and evaluate the processes as to why duplicate vendors are established and paid. Cleanse the vendor file and evaluate for potential inappropriately established vendors. Evaluate the functionality of the system to restrict the entering of duplicate information.
- Review and gain an understanding as to why vendor names do not match the vendor payee names.

# Outflow Data Analysis – Computer Data Acquisition and Analysis (cont'd)

## Suggested Action Item – Vendor Data (cont'd)

- Review report to understand why multiple payments were made to single payment vendors based on names. In addition, understand the process of complying with the applicable IRS rules and regulations.

## Suggested Action Item – Disbursements Data

- Gain an understanding as to why blank information exists.
- Review and understand the operational reasons as to why invoice date or invoice receipt date could occur prior to the date of a purchase order. Potential indication of noncompliance with the System's procurement policy.
- Review report to understand which vendors are receiving same payment amounts and relate such patterns to operational information and agreements, potential duplicate payments, etc.
- Review report to understand which vendors are receiving recurring payments in the same amounts and relate such patterns to operational information and agreements, etc.

# Outflow Data Analysis – Computer Data Acquisition and Analysis (cont'd)

## Suggested Action Item – Disbursements Data (cont'd)

- Review and gain a general understanding as to why payment patterns might not comply with the State of Texas Prompt Payment Act.
- Review the payment patterns for reasonableness and disbursements based on operational activities.
- Review the patterns of payments to vendors with no Tax ID Number for general compliance with IRS rules and regulations.
- Review for potential duplicate payments based on invoice numbers, focusing on overpayments or double payment of invoices.

## Suggested Action Item – Vendor and Human Resources Data

- Review reports to understand the relationships between the Vendor Master File and the Human Resource File with emphasis where vendor names do not match the employee last name potentially identifying employees conducting business with the System in possible violation of System policy.



# Outflow Data Analysis – Computer Data Acquisition and Analysis (cont'd)

## Suggested Action Item – Human Resource and Payroll Data

- Review the categories as to why there is blank information.
- Review report to understand the information for family and reporting relationships within the operations of the System.
- Review and understand the overtime patterns by employee, department, position and title and whether patterns are expected.
- Review the checks paid after termination date for appropriateness.
- Review report to understand the information for family and reporting relationships within the operations of the System.
- Evaluate payment patterns to employees such as paid regular salary compared to expected base salary, number of checks paid to each employee, etc.
- Review report to understand why duplicate check numbers are present.

# Other Required Communications

Professional standards require that we communicate the following matters to you, as applicable.

Going concern matters
Fraud and noncompliance with laws and regulations
Significant deficiencies and material weaknesses in internal control over financial reporting
Use of other auditors
Use of internal audit
Related parties and related party transactions



# Other Required Communications

(continued)

Disagreements with management
Management's consultations with other accountants
Significant issues discussed with management
Significant difficulties encountered during the audit
Other significant findings or issues that are relevant to you and your oversight responsibilities
Modifications to the auditor's report
Other information in documents containing audited financial statements



# Quality of Accounting Practices

Accounting policies	Appropriate in all material respects
Accounting estimates	Amounts were free from material misstatement <ul style="list-style-type: none"><li>• Valuation of investments</li><li>• Contributions receivable</li><li>• Allowance for doubtful accounts</li><li>• Accruals for self-insurance, pension and other postemployment benefit plans based on actuarial assumptions</li></ul>
Disclosures	Appear to be neutral, consistent and clear



# Internal Controls Matters

## Responsibility

We are responsible for obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. Control deficiencies that are of a lesser magnitude than a significant deficiency are communicated to management.

## Definitions

- A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect, misstatements on a timely basis.
- A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the System's financial reporting.

# Internal Controls Matters

**Status of Prior Year Recommendation:** GT notes similar control findings were identified in testing items dated prior to the presentation to the Board for the Significant Deficiency noted below. GT's testing of payroll verifications noted no errors subsequent to discussion with the Board. GT believes the deficiency to be remediated at the end of the fiscal year 2019.

## Significant Deficiency

## Recommendation

## Management's Response

During our testing of payroll controls, we noted instances in which the System had failed to perform the verification process between the payroll run and the bank confirmation. We additionally noted that no verifications were performed for off-cycle payroll runs.

We recommend the System management ensure that processes are in place to perform verification procedures for both on-cycle and off-cycle payroll runs. We additionally recommend that System management has a plan in place when an individual charged with completing the verification, is unable to do so.

Management corrected this control deficiency during fiscal year 2019 when they became aware of the deficiency. This included training staff to properly handle the verification procedures and adding a verification process for off-cycle payroll runs. Management also updated the procedural documentation related to payroll processing to include backup processes when staff are unable to perform the procedure. These measures should prevent future control deficiencies.

# Use of Other Auditors

Component	Other auditor	Type	Response
<b>Other unaffiliated auditor</b>			
University of North Texas Foundation, Inc.	Hankins, Eastup, Deaton, Tonn & Seay, P.C.	Discretely Presented Component Unit	Audit
UNTHSC Foundation	Weaver	Discretely Present Component Unit	Audit

In our auditor's report on the System, we make reference to the audits performed by the other unaffiliated auditors.

# Use of the Work of Others

## Specialists

The audit team utilized the following internal and external specialists to assist with the audit:

- Actuary within our Compensation and Benefits Consulting Practice to review the work of actuaries used by the Teachers' Retirement System (TRS) for pensions and the Employees' Retirement System (ERS) for other postemployment benefits.
- Actuary within our Compensation and Benefits Consulting Practice to review the work of actuary used by the System for its self-insurance liabilities.
- Internal valuation specialists within our New York Pricing Group and an external valuation specialist, Harvest Investments, Ltd. to provide an independent estimate of the fair value of investments.

## Subcontractors

Additionally, the audit team received direct assistance from two independent subcontractors during our audit testing: JJ Williams P.C. and Gradient Solutions Corporation. This work was reviewed and managed by the Grant Thornton engagement team.

Assistance was provided by Juliet Williams of J.J. Williams P.C. related to the testing of identified balances using procedures provided and reviewed by Grant Thornton personnel.

Gradient Solutions Corporation specializes in the use of computer data acquisition analysis primarily for governmental entities. Assistance was provided by Gradient Solutions related to the performance of computer data acquisition and analysis in the areas of vendor disbursements, human resources, and payroll.



# Use of Internal Audit

## Areas of the audit where we utilized the work of internal audit

Investments

Capital assets

Grant revenues

Contributions revenues

State appropriations

Debt

Cash

Controls testing

# Commitment to Promote Ethical and Professional Excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link can be accessed from our external website or through this link:

[https://secure.ethicspoint.com/domain/en/report\\_custom.asp?clientid=15191](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191)

Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.

Audit Wrap Up Presentation

# Technical Updates – GASB

# Selected pronouncements effective for the year ending June 30, 2020

Title	Effective date
GASB 84- <i>Fiduciary Activities</i>	2020
GASB 87- <i>Leases</i>	2021

# GASB Statement 84, *Fiduciary Activities*

Summary	Potential impact
<ul style="list-style-type: none"><li>• Guidance addresses the following:<ul style="list-style-type: none"><li>- The categorization of fiduciary activities for financial reporting</li><li>- How fiduciary activities are to be reported</li><li>- When liabilities to beneficiaries must be disclosed</li></ul></li><li>• Types of fiduciary funds that must be reported include the following:<ul style="list-style-type: none"><li>- Pension (and other employee benefit) trust funds</li><li>- Investment trust funds</li><li>- Private-purpose trust funds</li><li>- Custodial funds</li></ul></li><li>• A government controls the assets of an activity if it holds the assets or "has the ability to direct the use, exchange or employment of the assets in a manner that provides benefits to the specified or intended recipients"</li><li>• Fiduciary activities must be disclosed in the basic financial statements of the government entity and a statement of fiduciary net position and changes in fiduciary net position should be presented (unless the period of custody is less than three months).</li><li>• Effective for periods beginning after December 15, 2018, with early adoption encouraged.</li></ul>	<p>Universities often will agree to act as a fiduciary for certain third party organizations that might be somehow affiliated to the university (such as student clubs, alumni clubs, or other such organizations). Under this new requirement, the University must report the fiduciary activity on its financial statements, where it may not have done so in the past. Management should identify which fiduciary activities it is engaged in to inventory the relationships which may need to be reported. Management may want to consider changing the terms of the relationships such that they are not subject to reporting on the financial statements of the University when the requirement becomes effective.</p>

# GASB Statement 87, Leases

## Summary

- The GASB recently issued guidance which resembles the recently issued FASB guidance on leases.
- To determine whether a lease exists, a government should assess whether it has both:
  - 1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
  - 2) The right to determine the nature and manner of use of the underlying asset as specified in the contract
- For Lessees:
  - In general, all leases will be reported on the statement of net position (the distinction between operating and capital leases is no longer relevant) as a "right of use" intangible asset and a corresponding lease liability within long term debt
  - On the statement of changes, rent expense will be replaced by amortization expense of the right-of-use asset as well as interest expense on the lease liability (thus accelerating expenses in the beginning years of the lease term)
  - There is an exemption for short term leases (those with a term of 12 months or less, including extension options) as well as leases that transfer ownership at the end of the term
  - Disclosures regarding matters such as total leased assets by major class of underlying assets and related accumulated amortization (in total), principal and interest payments for each of the five subsequent fiscal years and in five year increments thereafter and commitments under leases before a lease commencement period, among other items

# GASB Statement 87, Leases (continued)

## Summary, continued

- For Lessors:
  - Record a lease receivable and a deferred inflow of resources equal to the present value of future lease payments (which should generally equal the amount recorded as a liability by the lessee), and also continue to report the leased asset
  - The receivable will be reduced as cash is received, the asset will be depreciated (generally) and the deferred inflow will be recognized over the lease term
  - Disclosures regarding matters such as general description of leasing arrangements, total amount of inflows of resources, and those related to variable payments, residual guarantees, etc., and the existence, terms and conditions of options by the lessee to terminate the lease or abate payments in certain circumstances, among other disclosures
- Effective for periods beginning after December 15, 2019, with early adoption encouraged. Existing leases will be adjusted based on the remaining lease payments as of the beginning of the period of adoption or beginning of any earlier periods restated (for example, for June 30 year ends, adoption is June 30, 2021 so the beginning period is July 1, 2020).

## Potential Impact

For those universities which use operating leases to finance certain capital activities, this standard could have a significant impact on the financial statements of the University upon adoption. Management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing leases that will be subject to the new accounting and disclosures.

This communication is intended solely for the information and use of management and those charged with governance of University of North Texas System and is not intended to be and should not be used by anyone other than these specified parties.



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# COMPREHENSIVE ANNUAL FINANCIAL REPORT & INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED AUGUST 31, 2019



**UNIVERSITY OF NORTH TEXAS  
SYSTEM**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT**

**For the fiscal year ended August 31, 2019**

**DALLAS, TEXAS**

**Lesa Roe, Chancellor**

# UNT | SYSTEM™

## TABLE OF CONTENTS

Organizational Data .....	5
Letter of Transmittal .....	7-8
Independent Auditors' Report .....	9-11
Management's Discussion and Analysis .....	13-22
Statements	
Statement of Net Position .....	24-25
Statements of Financial Position - UNT Foundation, Inc. ....	26
Statements of Financial Position - UNTHSC Foundation .....	27
Statement of Revenues, Expenses and Changes in Net Position .....	28
Matrix of Operating Expenses Reported by Function .....	29
Statements of Activities - UNT Foundation, Inc. ....	30-31
Statements of Activities - UNTHSC Foundation .....	32-33
Statement of Cash Flows .....	34-35
Notes to the Comprehensive Financial Statements .....	37-77
Required Supplementary Information .....	78-79
Notes to the Financial Statements - UNT Foundation, Inc. ....	81-90
Notes to the Financial Statements - UNTHSC Foundation .....	91-101

UNT | SYSTEM™

**UNIVERSITY OF NORTH TEXAS SYSTEM**

**ORGANIZATIONAL DATA**

**August 31, 2019**

**BOARD OF REGENTS**

Rusty Reid ..... (Term expired 5-22-19)\* ..... Fort Worth  
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  
Mary Denny ..... (Term expires 5-22-23) ..... Aubrey  
Milton B. Lee..... (Term expires 5-22-23) ..... San Antonio  
Carlos Munguia ..... (Term expires 5-22-23) ..... University Park  
Daniel Feehan ..... (Term expires 5-22-25) ..... Fort Worth  
John Scott, Jr., D.O..... (Term expires 5-22-25) ..... Keller

**STUDENT REGENT**

Alexandra Harrel..... (Term expires 5-31-20) ..... Corpus Christi

**OFFICERS OF THE BOARD**

Laura Wright ..... Chairman  
Milton B. Lee ..... Vice Chairman  
Rosemary R. Haggett ..... Secretary

**ADMINISTRATIVE OFFICERS**

Lesa Roe ..... Chancellor  
Daniel Tenney ..... Vice Chancellor for Finance

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

# UNT | SYSTEM™



December 19, 2019

Laura Wright, Chairman, UNT System Board of Regents  
Milton B. Lee, Vice Chairman, UNT System Board of Regents  
Mary Denny, Chairman, Audit Committee  
Board of Regent Members  
University of North Texas System  
1901 Main Street  
Dallas, Texas 75201

Dear Chairman Ryan, Vice Chairman Wright, Chairman Denny and Board of Regents,

We are pleased to submit the audited Comprehensive Annual Financial Report (CAFR) of the University of North Texas System (UNTS) for the fiscal year ended August 31, 2019. This report is in compliance with TEX. GOV'T CODE ANN 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts and Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Responsibility for both the accuracy of the data presented, as well as the completeness and fairness of the presentation, rests with the management and those charged with governance of each UNT System member institution. To the best of our knowledge, the information presented is accurate in all material respects, and all disclosures necessary for a reasonable understanding of the system's financial activities are included. The management's discussion and analysis (MD&A) in the financial section provides an overview of the System's financial activities reported in the comprehensive financial statements.

The UNT System is reaching new heights as we collectively strive to transform the future of North Texas and beyond. We are setting records in almost every critical measurement of success including enrollment, fundraising, research, legislative funding, academic excellence and athletic excellence. Strategic efforts have yielded impressive results and many firsts for UNT World:

- More than 45,000 students attended UNT System institutions last Fall, a record for UNT World enrollment.
- In the last academic year, UNT System institutions awarded more than 11,000 degrees.
- UNT World combined research expenditures in fiscal year 2019 eclipsed \$120 million for the first time.
- Philanthropic dollars raised via foundation and institutional gifts eclipsed a combined record total of \$71.5 million in fiscal year 2019. Combined endowments have also reached a record high of \$300 million.

At UNT, we now have 77 programs ranked among the nation's Top 100 by various publications and services, including 19 programs ranked in the Top 100 by US New and World Report. The Carnegie Classification of Institutions of Higher Education™ reaffirmed UNT's standing as a Tier One research university in February 2019, an achievement recognizing the university's efforts to grow its research enterprise and commitment to rise in national prominence. UNT's Center for Agile & Adaptive Additive Manufacturing is transforming manufacturing technologies to better develop complex 3-D objects to create viable market-based solutions that impact almost every industry from operating rooms to oil fields. The 86th Texas Legislature recognized the impact this program can make on our region and state by awarding \$10 million in funding to the center. Our flagship is also bringing the power of a UNT degree to new populations through its expansion in Frisco. A master plan has been approved

for what will eventually become a 100-acre campus in fast-growing Collin County, and provide practical experience into each of our degree programs at UNT Frisco.

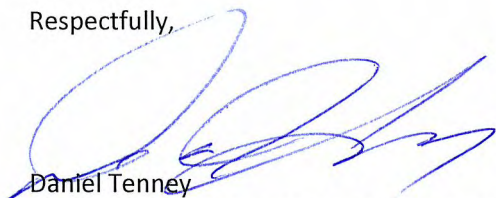
In Fort Worth, the UNT Health Science Center is committed to improving the human condition through a shared passion for innovation and teamwork. The TCU and UNTHSC School of Medicine is now open and has been lauded for its creative private/public partnerships between universities. Fort Worth's new MD school achieved preliminary accreditation and welcomed its first class of students this summer for classes and research initiatives held in our new state-of-the-art Integrated Research Education Building, with added commitments for almost 700 new residency slots with health systems. The HSC Physician's Assistant Program ranks among the nation's Top 20 in US News and World Report and its Texas College of Osteopathic Medicine produces more primary care physicians than any medical school in Texas.

Our youngest institution, UNT Dallas, has become the state's fastest-growing public university, achieving record enrollment three years running. UNT Dallas is designated as a Minority Serving Institution by the U.S. Department of Education and offers the lowest tuition costs in DFW. UNT Dallas has grown programs based on industry needs across urban Dallas. This includes bilingual K-12 teaching, logistics, criminal justice, law, business analytics, mental health, and public health. We are working with foundational partners, businesses and the Dallas County Promise to reach more urban students than ever before and provide a pathway to social mobility.

The 86th Texas Legislature committed more special item support to the collective UNT System than ever before. In addition, the 86th Texas Legislature maintained or increased formula funding rates for the UNT System – this especially benefitted UNT Dallas, which had the biggest percent increase in formula funding among all universities in Texas. New initiatives funded by the Texas Legislature include UNT's Center for Agile & Adaptive Additive Manufacturing, UNT Dallas' student success initiative, and UNT Health Science Center's forensic genetics research program, which included additional funding to reduce the backlog of rape kit evidence for local Texas communities. UNT Dallas will also benefit from a small institution supplement of \$2.6 million over the next two fiscal years.

The preparation of the System's externally audited CAFR is overseen by the System Controller team but requires the collective efforts of financial personnel throughout each institution. Without all financial personnel and the hundreds of hours that were spent, this report would not be possible. We are committed to being good stewards of the resources entrusted to us by the State of Texas and by students and their families, and we hold ourselves accountable for the wise and appropriate use of those resources. This financial report serves as a testament to the work we have done to ensure that our stewardship, accountability, and financial viability are just as strong and as important to us as our academic services themselves.

Respectfully,



Daniel Tenney  
Vice Chancellor for Finance, UNT System

- cc: Lesa B. Roe, Chancellor
- Dr. Neal Smatresk, President, UNT
- Dr. Michael Williams, President, UNT Health Science Center
- Robert Mong, President, UNT Dallas
- Bob Brown, Senior Vice President for Finance and Administration, UNT
- Greg Anderson, Executive Vice President for Finance and Operations, UNT Health Science Center
- Jim Main, Executive Vice President of Administration and CFO, UNT Dallas
- Tracy Grunig, Chief Audit Executive, UNT System
- Alan Stucky, Interim Vice Chancellor and General Counsel, UNT System

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**GRANT THORNTON LLP**1717 Main Street, Suite 1800  
Dallas, Texas 75201**D** +1 214-561-2300**F** +1 214-561-2370**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**Board of Regents  
University of North Texas System**Report on the financial statements**

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of the University of North Texas System (the "System") as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of North Texas Foundation, Inc. or the University of North Texas Health Science Center Foundation, Inc. (collectively the "Foundations"), which collectively represents 100% of the assets, net assets, and revenues of the discretely presented component units of the System. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundations were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of the System as of August 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other matters**

#### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 13 through 22, and the Required Supplementary Information on pages 78 through 79 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other information*

The Introductory Section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 19, 2019, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion

on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Dallas, Texas  
December 19, 2019

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**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

## **Introduction**

The University of North Texas System (the "System") was established by the 76th Legislature with legislative funding 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 2010.

The System serves the North Texas area, boosting economic activity in the region by over \$5.2 billion annually. The UNT System has a \$1.1 billion annual consolidated budget and employs roughly 10,000 people at its various locations within the robust North Texas Region. In Fall 2018, over 46,000 students enrolled in undergraduate, graduate, and professional programs at UNT System institutions. 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 annually 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 as of and for the year ended August 31, 2019, with selected comparative information as of and for the year ended August 31, 2018. The MD&A is 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 the MD&A refer to the fiscal years ended August 31.

The System Comprehensive Annual 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 Comprehensive Annual Financial Report contains the Statement of Financial Position and the Statement of Activities for the following discretely presented component units: the University of North Texas Foundation, Inc. ("UNT Foundation"); and the University of North Texas Health Science Center Foundation ("UNTHSC Foundation"). Each foundation is a separate nonprofit organization. The foundations are essential components of the UNT and HSC programs for university advancement and development of private sources of funding for capital acquisition, operations, endowments, and other purposes relating to the mission of each university. The financial statements of the foundations have been prepared in accordance with GAAP as prescribed by the Financial Accounting Standards Board ("FASB").

## **Financial Highlights**

- Total assets and deferred outflows of resources of the System exceeded its total liabilities and deferred inflows of resources in 2019, resulting in a net position of \$719.6 million. Unrestricted net position, which may be used to meet the System's future obligations, was \$106.1 million, or 14.8% of total net position as of August 31, 2019.
- The System concluded the 2019 fiscal year with a reduction in net position of \$85.1 million, compared to a \$21.1 million reduction in 2018. The primary cause for the decrease is a change in accounting methodology used to calculate Other Postemployment Benefits ("OPEB"). Employees Retirement System of Texas ("ERS"), which provides the System's health insurance benefits, changed their method to calculate OPEB proportionate share by including both active and retired employee contributions for fiscal year 2019

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management’s Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

reporting. In fiscal year 2018, OPEB proportionate share was calculated using retiree contributions only. The total impact of OPEB reporting was a \$76.5 million increase in payroll related costs over prior year.

- The 2019 change in net position before restatements was a reduction of net position of \$83.1 million, a decrease of \$162.8 million over the prior year. The decrease is primarily attributable to a \$139.9 million increase in operating expenses, comprised of salary and wages and payroll related costs due to increased faculty and staff to support enrollment growth, OPEB, and pensions. In addition, increased materials, utilities, and depreciation costs are due to multiple major construction projects placed in service in 2019. The System also had a \$25.2 million decrease in nonoperating revenue and expenses which contributed to the net position reduction, due primarily to increased interest expense and fiscal charges related to the issuance of Series 2018A & 2018B bonds in September 2018. The System also had a net decrease in the fair value of investments in fiscal year 2019.
- The System continues to make significant investments, \$236.4 million in 2019 alone, in numerous capital projects across all institutions to strategically benefit students, faculty, and staff. The System has also committed \$414.2 million to fund, with assistance from State supported debt financing and Higher Education Fund (“HEF”) capital appropriations, future capital asset additions and improvements over the next several years. These projects are currently in various stages of completion. The “Capital Asset and Debt Administration” section of the MD&A provides more details pertaining to these strategic investments.

### **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, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*, 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 of resources, liabilities, deferred inflows of resources 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.



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

The following table reflects the condensed Comparative Statement of Net Position for the System as of August 31, 2019 and 2018:

<b>Condensed Comparative Statement of Net Position</b>			
<b>As of August 31, 2019 and 2018</b>			
<b>(in thousands of dollars)</b>			
	<b>2019</b>	<b>2018</b>	<b>% Increase (Decrease)</b>
<b>Assets and Deferred Outflows of Resources</b>			
Current Assets	\$ 603,004	\$ 643,213	(6.3%)
Non-Current Assets:			
Capital Assets, Net	1,393,139	1,245,030	11.9%
Other Non-Current Assets	370,261	341,753	8.3%
Deferred Outflows of Resources	491,095	46,494	956.3%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,857,499</b>	<b>\$ 2,276,490</b>	<b>25.5%</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$ 511,031	\$ 429,499	19.0%
Non-Current Liabilities:			
Bonded Indebtedness	819,475	682,832	20.0%
Other Non-Current Liabilities	615,153	296,601	107.4%
Deferred Inflows of Resources	192,255	62,894	205.7%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 2,137,914</b>	<b>\$ 1,471,826</b>	<b>45.3%</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 472,338	\$ 438,058	7.8%
Restricted:			
Funds Held as Permanent Investments:			
Non-Expendable	55,359	53,248	4.0%
Expendable	32,475	32,610	(0.4%)
Other Restricted	53,265	47,593	11.9%
Total Restricted	141,099	133,451	5.7%
Unrestricted	106,148	233,155	(54.5%)
<b>Total Net Position</b>	<b>\$ 719,585</b>	<b>\$ 804,664</b>	<b>(10.6%)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,857,499</b>	<b>\$ 2,276,490</b>	<b>25.5%</b>

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 decreased \$40.2 million, or 6.3%, in 2019 primarily as a result of a \$45.4 million decrease in cash, cash equivalents and short-term investments from spending bond proceeds received in 2018, and offset by a \$3.3 million increase in legislative appropriation receivables.

*Non-Current Assets: Net Capital Assets*

Net capital assets increased \$148.1 million, or 11.9%, in 2019 as a result of an increase in capital and intangible assets. This increase is primarily attributable to \$236.4 million of capital improvements offset by depreciation and amortization expense of \$84.7 million. Major capital improvements included \$27.6 million for the new UNT Residence Hall, \$13.7 million for the UNT College of Visual Arts & Design Building, \$12.3 million for the Athletics Indoor Practice Facility, \$10.8 million for the Discovery Park Bio Medical Addition, \$6.7 million for the HSC Interdisciplinary Research and Education Building, \$30.5 million for the UNT Dallas Student Learning and Success Center, \$20.5 million for renovating the Dallas Municipal Building, \$28.7 million in equipment, vehicle and library purchases, and \$25.0 million for capitalized Building and Software cost additions to depreciable capital assets.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

*Other Non-Current Assets*

The System's other non-current assets increased by \$28.5 million, or 8.3%, primarily due to a \$27.7 million increase in investments related to increases in the long-term investment pool over the prior year. Additionally, restricted investments increased by \$1.6 million due to new investments from growth in permanent endowment contributions.

*Deferred Outflows of Resources*

Deferred outflows of resources increased \$444.6 million, or 956.3%, in 2019, primarily due to the recognition of deferred outflows of resources related to OPEB and pensions of \$375.1 million and \$68.6 million, respectively.

**Total Liabilities and Deferred Inflows**

*Current Liabilities*

The System's current liabilities increased \$81.5 million, or 19.0%, in 2019 primarily due to a \$47.1 million increase in short-term commercial paper, a \$10.9 million increase in OPEB liability, and a \$12.8 million increase in unearned revenues related to increased tuition coupled with higher enrollment.

*Non-Current Liabilities*

Non-current liabilities consist primarily of the non-current portion of revenue bonds payable, net pension and other postemployment benefits liability, and employees' compensable leave liability. In total, non-current liabilities increased \$455.2 million, or 46.5%, primarily due to a \$306.6 million increase in the net OPEB obligation and an \$84.6 million increase in net pension liability. The primary cause for the increase in OPEB liability is due to the ERS change in accounting methodology to include both active and retired employee contributions in the calculation of proportionate share for fiscal year 2019 reporting. The primary reason for the increase in the net pension liability was due to a decrease in the long term assumed rate of return from 8.00% to 7.25%. In addition, the discount rate for pensions decreased from 8.000% to 6.907% for fiscal year 2019 reporting. Revenue bonds payable increased \$136.6 million as a result of issuing \$172.1 million for Series 2018A & 2018B revenue bonds offset by 2019 debt service payments of \$44.5 million. In addition, there was a decrease of \$80.5 million in notes and loans payable related to commercial paper refunded for the 2018A & 2018B bond series.

*Deferred Inflows of Resources*

Deferred inflows of resources increased \$129.4 million, or 205.7%, in 2019 primarily due to a \$137.2 million increase related to OPEB, offset by a \$7.8 million decrease related to 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 \$85.1 million, or 10.6%, in 2019.

*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 7.8%, increase in net investment in capital assets in 2019 primarily resulted from a \$148.1 million increase in net capital assets. This increase was offset by activity related to notes and bonds payable, capital lease obligations, and deferred outflows and inflows of resources related to unamortized gains and 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 \$7.6 million, or 5.7%, in 2019 primarily due to continued positive growth in restricted investments, investment income, and fundraising efforts resulting in an increase in restricted contributions across the System.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

*Unrestricted Net Position*

Unrestricted net position decreased by \$127.0 million, or 54.5%, primarily due to an \$87.9 increase in OPEB and pension payroll related costs over prior year. In addition, increased materials, repairs and maintenance, utilities, and depreciation costs of \$27.5 million were incurred related to multiple major construction projects in 2019.

**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 2019, 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, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended, 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, 2019 and 2018:

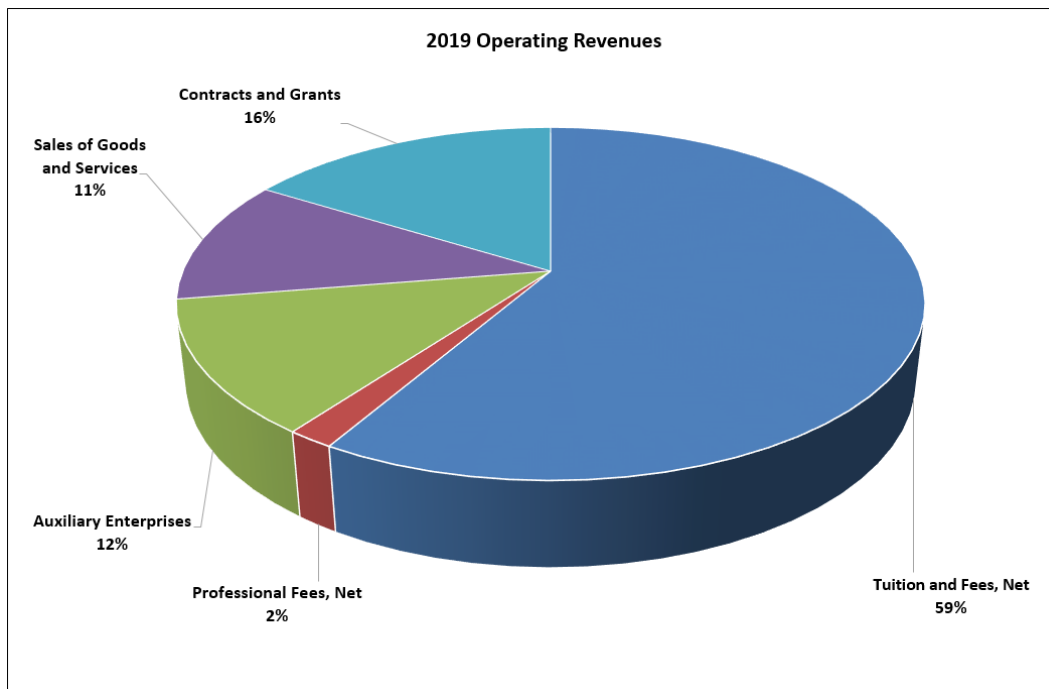
<b>Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position</b>			
<b>For the Years Ended August 31, 2019 and 2018</b>			
<b>(in thousands of dollars)</b>			
	<u>2019</u>	<u>2018</u>	<u>% Increase (Decrease)</u>
Operating Revenues	\$ 657,617	\$ 654,363	0.5%
Operating Expenses	1,143,705	1,003,806	13.9%
<b>Operating Income (Loss)</b>	<b>\$ (486,088)</b>	<b>\$ (349,443)</b>	<b>39.1%</b>
Nonoperating Revenues (Expenses)	339,252	364,447	(6.9%)
<b>Income (Loss) Before Other Revenues, Expenses and Transfers</b>	<b>\$ (146,836)</b>	<b>\$ 15,004</b>	<b>(1,078.7%)</b>
Other Revenues, Expenses and Transfers	63,752	64,676	(1.4%)
<b>Change in Net Position</b>	<b>\$ (83,084)</b>	<b>\$ 79,680</b>	<b>(204.3%)</b>
Net Position, Beginning of Year	\$ 804,664	\$ 825,805	(2.6%)
Restatement	(1,995)	(100,821)	(98.0%)
Restated Net Position, Beginning of Year	802,669	724,984	10.7%
<b>Net Position, End of Year</b>	<b>\$ 719,585</b>	<b>\$ 804,664</b>	<b>(10.6%)</b>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

**Operating Revenues**

Operating revenues totaled \$657.6 million in 2019, an increase of \$3.3 million, or 0.5%, over 2018. The System's primary sources of operating revenues are tuition and fees, and federal, state, local, and private grants. Net tuition and fees, representing 58.1% of operating revenues, are reflected in the financial statements with associated discounts and allowances shown separately. Net tuition and fees increased \$16.6 million as a result of increased enrollment and increased tuition rates throughout the System. Federal, state, local, and private grant revenues, representing 16.1% 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. Grant related revenues decreased by \$3.6 million due to agreements that expired and were not renewed or replaced with similar agreements in 2019. Net professional fees revenue and other sales of goods and services revenue decreased \$13.9 million due to decreased medical and correctional services provided by HSC. Auxiliary enterprise revenue increased \$3.1 million as a result of increased parking, housing, and food service activity.

The chart below shows total operating revenues by major source for the year ended August 31, 2019:



**Operating Expenses**

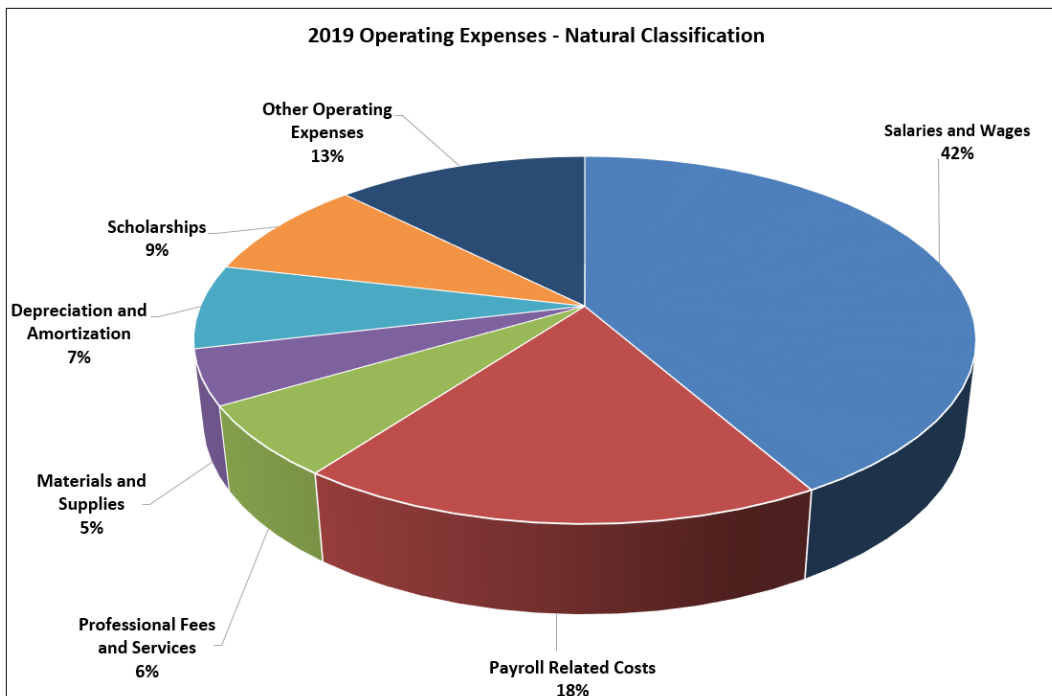
Operating expenses totaled \$1,143.7 million in 2019, an increase of \$139.9 million, or 13.9%, over 2018, primarily due to an \$87.9 million increase in OPEB and pension payroll related costs. There was also an increase of \$20.8 million in salaries, wages, and payroll related costs to provide qualified faculty and staff to meet enrollment growth and support System strategic goals. In addition, there were increased materials and supplies, repairs and maintenance, utilities, and depreciation costs of \$27.5 million incurred related to multiple major construction projects and new buildings placed in service during 2019.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

The table below shows the amount and percentage change of operating expenses based on natural classification for the year ended August 31, 2019:

<b>Operating Expenses - Natural Classification</b> <b>For the Years Ended August 31, 2019 and 2018</b> <b>(in thousands of dollars)</b>			
<b>Operating Expenses</b>	<b>2019</b>	<b>2018</b>	<b>% Increase (Decrease)</b>
Cost of Goods Sold	\$ 8,712	\$ 9,020	(3.4%)
Salaries and Wages	477,638	461,421	3.5%
Payroll Related Costs	210,694	118,204	78.2%
Professional Fees and Services	71,917	66,305	8.5%
Federal Pass-Through Expenses	677	1,259	(46.3%)
State Pass-Through Expenses	-	107	(100.0%)
Travel	14,060	14,006	0.4%
Materials and Supplies	55,148	47,416	16.3%
Communications and Utilities	23,554	20,332	15.8%
Repairs and Maintenance	44,597	39,515	12.9%
Rentals and Leases	14,297	14,727	(2.9%)
Printing and Reproduction	6,201	5,932	4.5%
Depreciation and Amortization	84,678	73,218	15.7%
Scholarships	101,366	100,982	0.4%
Asset Retirement Obligation	103	-	
Claims and Losses	(611)	(145)	321.4%
Other Operating Expenses	30,674	31,507	(2.6%)
<b>Total Operating Expenses</b>	<b>\$ 1,143,705</b>	<b>\$ 1,003,806</b>	<b>13.9%</b>

The chart below shows the percentage of total operating expenses pertaining to each type of major operating expense based on natural classification for the year ended August 31, 2019:

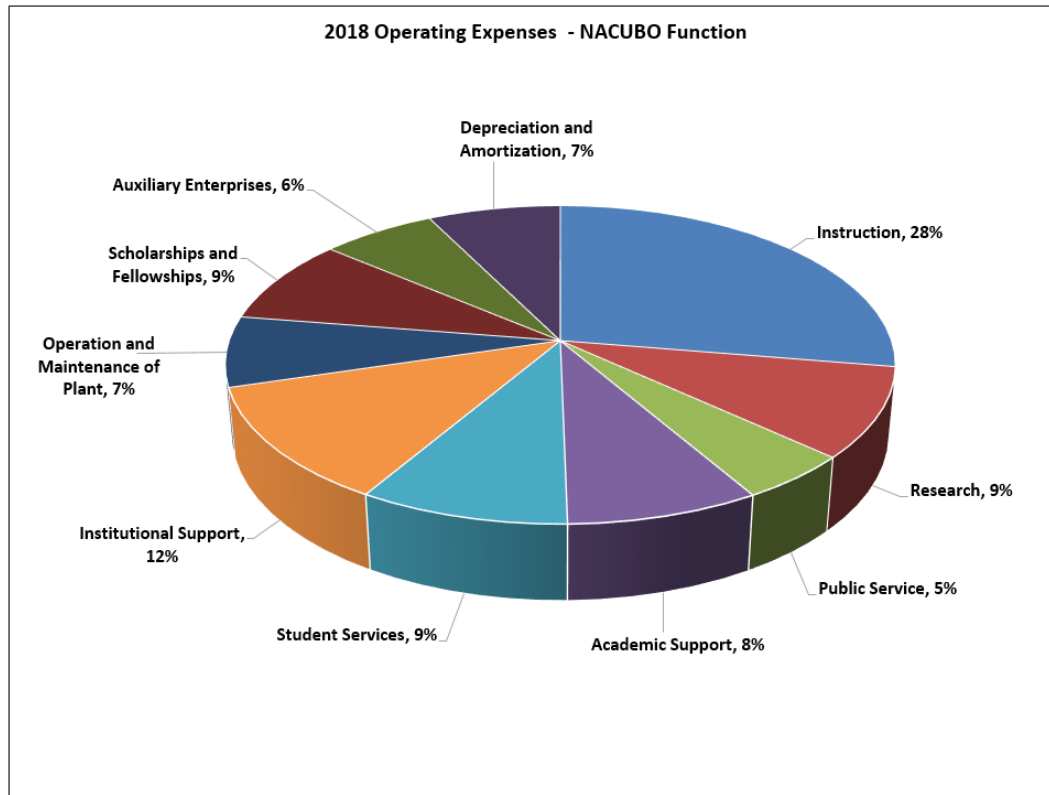


**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

The table below shows the amount and percentage change of operating expenses based on NACUBO functional (programmatic) classification for the year ended August 31, 2019:

<b>Operating Expenses - NACUBO Function</b>			
<b>For the Years Ended August 31, 2019 and 2018</b>			
<b>(in thousands of dollars)</b>			
	<u>2019</u>	<u>2018</u>	<u>% Increase (Decrease)</u>
<b>Operating Expenses</b>			
Instruction	\$ 315,778	\$ 289,077	9.2%
Research	104,918	63,170	66.1%
Public Service	54,771	56,755	(3.5%)
Academic Support	92,996	84,313	10.3%
Student Services	100,969	90,460	11.6%
Institutional Support	135,028	114,148	18.3%
Operation and Maintenance of Plant	81,927	62,011	32.1%
Scholarships and Fellowships	99,279	98,362	0.9%
Auxiliary Enterprises	73,361	72,292	1.5%
Depreciation and Amortization	84,678	73,218	15.7%
<b>Total Operating Expenses</b>	<u><b>\$ 1,143,705</b></u>	<u><b>\$ 1,003,806</b></u>	<u><b>13.9%</b></u>

The chart below shows 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, 2019:



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

**Nonoperating Revenues and Expenses**

Certain significant recurring revenues and expenses are considered nonoperating. The System's primary nonoperating revenues come from state appropriations, federal Pell Grant revenue, gifts, investment income, and net increase in fair market value of investments. The System's primary nonoperating expenses are interest expense and fiscal charges and other nonoperating expenses. The total nonoperating revenues and expenses decreased \$25.2 million, or 6.9%, over the prior year. The variance is primarily due to an \$11.6 million increase in interest expense and fiscal charges related to Series 2018A & 2018B bonds issued early in the fiscal year and an \$8.8 million increase in the net decrease in fair market value of investments. The System recognized a \$2.1 million increase in loss on sale of capital assets related to the retirement and transfer of shuttle buses to the Denton County Transit Authority. Additionally, other nonoperating expenses increased by \$2.9 million over the prior year due to an increase in debt issuance costs and recognition of expense related to the wind down of the Perkins loan program.

**Other Revenues, Expenses, and Transfers**

Other revenues, expenses, and transfers comprised of capital and endowment related additions and transfers decreased \$900 thousand, or 1.4%, in 2019. HEF comprises the majority of the activity in this category. Annual HEF-related revenue totaled \$56.8 million, no change from 2018, and is reported as capital appropriations rather than operating or nonoperating revenue. Capital contributions increased \$1.6 million due to increased gifts for capital construction projects. Contributions to permanent endowments decreased \$2.7 million, primarily the result of a planned reduction in the second year of an endowment contract.

**Capital Asset and Debt Administration**

Investments in capital asset additions were \$236.4 million in 2019. Major capital project activity included:

- Building Improvements (UNT) – College of Visual Arts and Design Building and UNT Residence Hall
- Building Improvements (HSC) – Interdisciplinary Research and Education Building
- Building Improvements (UNTDD) – Dallas Student Learning and Success Center
- Building Improvements (System Administration) – Dallas Municipal Building

The System has committed \$414.2 million to capital asset additions and improvements that are currently in various stages of completion. These additions and improvements primarily consist of new buildings or renovations to existing buildings, including the Interdisciplinary Research Building at HSC, the College of Visual Arts and Design at UNT, residence and dining halls at UNT, the Dallas Municipal Building for the future use by UNT Dallas College of Law, and the Student Learning and Success Center at UNT Dallas. More detailed information regarding the System's capital additions and commitments is provided in Note 2, *Capital Assets*, and Note 12, *Contingencies and Commitments*, in the Notes to the Comprehensive Financial Statements.

Revenue bonds payable represents the largest portion of the System's liabilities. Current and non-current revenue bonds payable increased \$139.0 million to \$870.5 million in 2019. 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 5, *Long-Term Liabilities*, and Note 6, *Bonded Indebtedness*, in the accompanying Notes to the Comprehensive Financial Statements.

**Economic Outlook**

The System's primary sources of revenue are tuition and fees and legislative appropriations. Enrollment growth, program expansion, and new campus buildings contributed to a positive outlook for the System.

For 2020, net tuition and fees revenues are budgeted at an increase of \$11.5 million, or 2.8%, over 2019. This revenue increase is the result of full-time student equivalent enrollment growth, nominal tuition rate increases, and the implementation of differential tuition plans. Between fall 2015 and fall 2019, enrollment increased 8.5% system-wide.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended August 31, 2019**

In the recently concluded session, the 86<sup>th</sup> Texas Legislature passed a budget that included \$15.85 billion in funding for higher education for the 2020-2021 biennium, a \$942 million (6.3%) increase over the 2018-2019 biennium. Much of the increase is attributable to growth in formula funding, non-formula items (formerly special items), and research funding. Formula funding for General Academic Institutions was increased by \$201.4 million from prior biennium levels. Non-formula support items were again a topic of discussion and the state allocated more than \$200 million in new non-formula support items for 2020-2021. The session culminated in a two-year appropriations increase to the System institutions of \$34.1 million from 2018-2019 levels.

Fiscal year 2020 budgeted legislative appropriation revenues for the System are \$22.6 million higher than 2019. Budgeted amounts include continued funding for specialized initiatives and unique programs recognized as deserving state support. These areas of excellence include the University of North Texas Health Science Center's Institute for Patient Safety and Preventable Harm, HSC's Texas Missing Persons and Human Identification Program, University of North Texas' Texas Academy of Mathematics and Science, and the University of North Texas Dallas College of Law ("College of Law").

Construction projects at System institutions supported by the 84<sup>th</sup> Legislature have been completed and are open for their intended use. These include the Interdisciplinary Research Building at the HSC, Student Success and Learning Center at UNTD, College of Visual Arts and Design facility at UNT, and the renovation of the historic Dallas Municipal Building in downtown Dallas for the College of Law. These projects have all been supported with State funds to continue growth, educational excellence, and research capacity at System institutions. The System continues to maintain a 'stable' outlook from Fitch and Moody's for debt financing which has enabled these construction projects to progress on schedule.

UNT is one of the state's largest public universities and one of the nation's 115 top-tier research universities by the Carnegie Classification. UNT awarded a record 9,628 degrees in fiscal year 2019 and anticipates exceeding that number in 2020. Strategic initiatives for growth and revenue include expanding off-site educational opportunities for working professionals—delivering UNT degrees in new locations and modalities. UNT's New College at Frisco is progressing in its efforts to build a \$100 million facility near the heart of Frisco, one of the fastest growing cities in the country. This new campus will house 5,000 students able to receive full or partial degrees in a number of different disciplines without the need to commute to the main campus Frisco and the surrounding area is home to many corporations including Toyota, the Dallas Cowboys, Texas Instruments, and many more, offering opportunities for collaboration and employment for UNT students.

UNTD had record enrollment in Fall 2019 of 4,059 students and its record growth is expected to continue its current pace. Construction on the new Student Learning and Success Center ("SLSC") completed and it now serves as a one-stop-shop for student support services. The SLSC houses such services as advising, registration, financial aid, and tutoring, as well as providing additional space for large events and a modern library. The UNTD College of Law continues efforts in its bid for full accreditation and recently welcomed the first class into the historic Dallas Municipal Building after completing a \$72 million renovation.

The HSC continues to expand some of its most recent initiatives, including achieving preliminary accreditation for and welcoming the first class into the Fort Worth M.D. School, an innovative partnership with Texas Christian University ("TCU"); launching a first-of-its-kind national clinical trial aimed at determining if a simple blood test could be used to diagnose Alzheimer's disease; and expanded DNA work for the state, which is focused on reducing the sexual assault case backlog and increasing efforts to identify victims of human trafficking. The Interdisciplinary Research and Education Building has completed construction and is now home to the UNT System College of Pharmacy, the North Texas Eye Research Institute, and the TCU and UNTHSC School of Medicine. Additionally, UNTHSC plans to create even more residency positions through partnerships with regional health care systems.



**COMPREHENSIVE  
FINANCIAL STATEMENTS**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM**

**DALLAS, TEXAS**

**For the Year Ended August 31, 2019**

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Statement of Net Position**  
**As of August 31, 2019**

	<b>August 31,</b>
	<b>2019</b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents:	
Cash on Hand	\$ 105,603.94
Cash in Bank	20,585,662.70
Cash in State Treasury	15,465,629.67
Cash Equivalents	183,272,500.93
Restricted Cash and Cash Equivalents:	
Cash on Hand	13,238.52
Cash in Bank	4,804,521.87
Cash Equivalents	49,640,087.48
Legislative Appropriations	133,751,333.17
Receivables From:	
Accounts Receivable, net	100,048,055.32
Federal, net	10,318,786.12
Other Intergovernmental	858,127.37
Clinical Practice, net	2,937,821.08
Gifts, Pledges and Donations, net	435,663.81
Interest and Dividends	2,036,912.54
Other Receivables, net	6,300,403.31
Due From Other Agencies	7,934,508.76
Consumable Inventories	580,029.30
Merchandise Inventories	2,554,071.53
Prepaid Items	54,187,402.55
Loans and Contracts	6,918,965.05
Other Current Assets	254,790.00
<b>Total Current Assets</b>	<b>\$ 603,004,115.02</b>
Non-Current Assets	
Restricted Investments	\$ 80,799,617.16
Loans and Contracts	3,394,495.41
Investments	282,295,861.37
Gifts, Pledges and Donations	3,771,118.00
Capital Assets:	
Non-Depreciable or Non-Amortizable	160,007,733.41
Depreciable or Amortizable, Net	1,233,130,757.26
<b>Total Non-Current Assets</b>	<b>\$ 1,763,399,582.61</b>
<b>Total Assets</b>	<b>\$ 2,366,403,697.63</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources	\$ 491,094,948.02
<b>Total Deferred Outflows of Resources</b>	<b>\$ 491,094,948.02</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 2,857,498,645.65</b>

*Continued on Next Page*

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Statement of Net Position**  
**As of August 31, 2019**

**August 31,**  
**2019**

**LIABILITIES**

Current Liabilities

Payables From:

Accounts Payable	\$ 66,750,959.86
Payroll Payable	44,296,837.67
Other Payables	4,957,686.67
Interest	12,995,522.14
Due To Other Agencies	50,171.27
Unearned Revenue	261,062,994.38
Notes and Loans Payable	49,180,000.00
Revenue Bonds Payable	51,000,223.18
Claims and Judgments	511,259.00
Employees' Compensable Leave	4,853,883.62
Capital Lease Obligations	1,879,301.53
Net OPEB Liability	11,293,670.00
Funds Held for Others	2,198,068.54

**Total Current Liabilities** **\$ 511,030,577.86**

Non-Current Liabilities

Revenue Bonds Payable	\$ 819,475,043.75
Claims and Judgments	323,284.00
Employees' Compensable Leave	21,420,449.54
Capital Lease Obligations	4,830,517.07
Asset Retirement Obligation	2,427,750.00
Net Pension Liability	191,696,519.00
Net OPEB Liability	392,589,832.00
Other Non-Current Liabilities	1,865,423.54

**Total Non-Current Liabilities** **\$ 1,434,628,818.90**

**Total Liabilities** **\$ 1,945,659,396.76**

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources	\$ 192,254,537.12
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**Total Deferred Inflows of Resources** **\$ 192,254,537.12**

**TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** **\$ 2,137,913,933.88**

**NET POSITION**

Net Investment in Capital Assets	\$ 472,337,888.32
Restricted For:	
Funds Held as Permanent Investments	
Non-Expendable	55,359,275.49
Expendable	32,475,438.18
Other Restricted	53,264,612.71
Unrestricted	106,147,497.07

**Total Net Position** **\$ 719,584,711.77**

*See Accompanying Notes to the Comprehensive Financial Statements*

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**  
**Statements of Financial Position**  
**As of August 31, 2019 and 2018**

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 16,105,036	\$ 13,206,667
Investments	223,221,634	355,984,317
Contributions Receivable, Net	11,315,540	6,718,043
Real Property	31,623	33,164
Other Assets	8,198	7,500
Cash Value - Life Insurance Policies	559,217	551,315
Assets Held Under Split-Interest Agreements	5,786,927	5,589,186
<b>Total ASSETS</b>	<b><u>\$ 257,028,175</u></b>	<b><u>\$ 382,090,192</u></b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 154,602	\$ 2,001,924
Agency Funds	397,555	460,317
Liabilities Under Split-Interest Agreements	2,287,548	2,477,704
Assets Held for Others	58,798,098	217,024,679
<b>Total LIABILITIES</b>	<b><u>\$ 61,637,803</u></b>	<b><u>\$ 221,964,624</u></b>
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	\$ 1,334,283	\$ 942,704
Board Designated Endowments	608,078	390,000
Board Designated for Reserves	2,008,584	1,869,728
Total Without Donor Restrictions	<b><u>\$ 3,950,945</u></b>	<b><u>\$ 3,202,432</u></b>
With Donor Restrictions:		
Purpose Restrictions	\$ 12,600,877	\$ 9,782,376
Perpetual in Nature	179,137,259	147,321,025
Fair value of Endowments Below Historical Cost	(298,709)	(180,265)
Total With Donor Restrictions	<b><u>\$ 191,439,427</u></b>	<b><u>\$ 156,923,136</u></b>
<b>Total NET ASSETS</b>	<b><u>\$ 195,390,372</u></b>	<b><u>\$ 160,125,568</u></b>
<b>Total LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 257,028,175</u></b>	<b><u>\$ 382,090,192</u></b>

See Accompanying Notes to the Financial Statements

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Statements of Financial Position**  
**As of August 31, 2019 and 2018**

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
<b>ASSETS</b>		
Cash	\$ 1,305,137	\$ 1,037,018
Investments, including \$54,258,416 and \$36,962,213 held on behalf of others as of August 31, 2019 and 2018	74,752,266	55,697,352
Pledges Receivable	6,001,198	4,826,228
Prepays	144,299	100,000
<b>Total ASSETS</b>	<b><u>\$ 82,202,900</u></b>	<b><u>\$ 61,660,598</u></b>
<b>LIABILITIES</b>		
Due to Related Party	\$ 54,258,743	\$ 36,962,213
Pledge Payable	-	75,000
Unearned Revenue	200,000	-
<b>Total LIABILITIES</b>	<b><u>\$ 54,458,743</u></b>	<b><u>\$ 37,037,213</u></b>
<b>NET ASSETS</b>		
Net Assets without Donor Restrictions	\$ 2,953,668	\$ 2,513,275
Net Assets with Donor Restrictions	24,790,489	22,110,110
<b>Total NET ASSETS</b>	<b><u>\$ 27,744,157</u></b>	<b><u>\$ 24,623,385</u></b>
<b>Total LIABILITIES &amp; NET ASSETS</b>	<b><u>\$ 82,202,900</u></b>	<b><u>\$ 61,660,598</u></b>

See Accompanying Notes to the Financial Statements

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended August 31, 2019**

	<u>August 31,</u> <u>2019</u>
<b>OPERATING REVENUES</b>	
Tuition and Fees	\$ 500,762,381.66
Discounts and Allowances	(118,490,709.11)
Professional Fees	25,430,549.34
Discounts and Allowances	(14,012,392.80)
Auxiliary Enterprises	80,314,772.07
Sales of Goods and Services	74,251,110.52
Federal Grant Revenue	61,065,611.93
Federal Pass-Through Revenue	1,593,216.10
State Grant Revenue	2,175,603.91
State Grant Pass-Through Revenue	31,002,310.92
Other Contracts and Grants	10,110,224.47
Other Operating Revenues	3,414,748.64
<b>Total Operating Revenues</b>	<b><u>\$ 657,617,427.65</u></b>
<b>OPERATING EXPENSES <sup>(1)</sup></b>	
Instruction	\$ 315,778,027.47
Research	104,917,404.44
Public Service	54,771,124.98
Academic Support	92,996,011.60
Student Services	100,968,889.88
Institutional Support	135,027,705.61
Operation and Maintenance of Plant	81,927,237.65
Scholarships and Fellowships	99,279,170.99
Auxiliary Enterprises	73,361,219.05
Depreciation and Amortization	84,678,390.86
<b>Total Operating Expenses</b>	<b><u>\$ 1,143,705,182.53</u></b>
<b>Operating Loss</b>	<b><u>\$ (486,087,754.88)</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Legislative Appropriations (GR)	\$ 222,116,175.00
Additional Appropriations (GR)	48,920,108.59
Federal Revenue	65,868,749.08
Gifts	18,947,681.79
Investment Income	22,136,002.53
Interest Expense and Fiscal Charges	(29,983,896.01)
Loss on Sale of Capital Assets	(2,188,613.59)
Net Decrease in Fair Value of Investments	(4,235,573.76)
Other Nonoperating Revenues	812,476.86
Other Nonoperating Expenses	(3,141,282.00)
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>\$ 339,251,828.49</u></b>
<b>Loss Before Other Revenues, Expenses and Transfers</b>	<b><u>\$ (146,835,926.39)</u></b>
<b>OTHER REVENUES, EXPENSES AND TRANSFERS</b>	
Capital Contributions	\$ 3,068,530.66
Capital Appropriations (HEF)	56,766,916.00
Contributions To Permanent and Term Endowments	2,225,871.45
Interagency Transfers of Capital Assets-Decrease	(7,517.16)
Transfers From Other State Agencies	631,224.00
Transfers To Other State Agencies	(12,706.07)
Legislative Transfers In	1,083,604.00
Legislative Appropriation Lapses	(3,895.82)
<b>Total Other Revenues, Expenses and Transfers</b>	<b><u>\$ 63,752,027.06</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>\$ (83,083,899.33)</u></b>
Beginning Net Position	\$ 804,663,888.39
Restatement	(1,995,277.29)
<b>Beginning Net Position, as Restated</b>	<b><u>\$ 802,668,611.10</u></b>
<b>ENDING NET POSITION</b>	<b><u>\$ 719,584,711.77</u></b>

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

See Accompanying Notes to the Comprehensive Financial Statements

UNIVERSITY OF NORTH TEXAS SYSTEM  
Matrix of Operating Expenses Reported by Function  
For the Year Ended August 31, 2019

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	\$ 188,795.19	\$ -	\$ 149,060.27	\$ 9,721.52	\$ 22,804.72	\$ 628,596.39	\$ -	\$ -	\$ 7,713,293.98	\$ -	\$ 8,712,272.07
Salaries and Wages	184,888,614.97	63,117,669.15	18,909,556.46	48,384,998.32	53,338,062.17	66,886,984.59	17,472,886.90	388,938.44	24,249,900.70	-	477,637,611.70
Payroll Related Costs	102,704,762.15	17,463,970.77	5,275,871.90	17,526,408.65	17,047,840.24	31,118,173.78	6,856,008.69	2,782.28	12,698,512.87	-	210,694,331.33
Professional Fees and Services	5,297,894.69	8,716,851.99	26,987,725.30	5,690,282.15	6,914,392.21	11,275,894.69	3,377,459.34	-	3,656,562.81	-	71,917,063.18
Federal Pass-Through Expenses	22,235.20	654,361.35	-	-	-	-	-	-	-	-	676,596.55
Travel	2,977,891.44	2,040,379.58	478,093.53	2,343,531.78	5,166,776.93	890,037.52	67,574.94	-	96,275.69	-	14,060,561.41
Materials and Supplies	9,179,874.16	7,588,075.97	1,058,169.92	9,668,755.21	4,689,561.40	5,480,380.35	13,278,950.27	-	4,204,306.76	-	55,148,074.04
Communications and Utilities	579,967.44	61,083.14	49,959.64	464,248.68	1,611,102.82	1,691,842.44	13,074,067.51	-	6,021,541.92	-	23,553,813.59
Repairs and Maintenance	1,400,257.78	949,113.78	292,544.68	1,989,917.37	1,774,783.70	5,694,845.68	23,609,161.70	-	8,886,192.02	-	44,596,816.71
Rentals and Leases	1,662,176.64	438,391.60	264,549.78	1,340,909.41	2,607,065.59	3,475,102.95	3,609,259.29	-	899,505.44	-	14,296,960.70
Printing and Reproduction	650,321.67	235,598.20	86,764.56	1,144,435.83	1,994,296.70	1,589,328.69	32,574.51	-	467,291.65	-	6,200,611.81
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	84,678,390.86	84,678,390.86
Scholarships	1,017,297.35	1,207,098.32	259,515.99	-	-	-	-	98,882,255.34	-	-	101,366,167.00
Asset Retirement Obligation	-	-	-	-	-	-	103,139.90	-	-	-	103,139.90
Claims and Losses	(630,434.00)	-	-	-	-	18,718.17	600.00	-	-	-	(611,115.83)
Other Operating Expenses	5,838,372.79	2,444,810.59	959,312.95	4,432,802.68	5,802,203.40	6,277,800.36	445,554.60	5,194.93	4,467,835.21	-	30,673,887.51
<b>Total Operating Expenses</b>	<b>\$ 315,778,027.47</b>	<b>\$ 104,917,404.44</b>	<b>\$ 54,771,124.98</b>	<b>\$ 92,996,011.60</b>	<b>\$ 100,968,889.88</b>	<b>\$ 135,027,705.61</b>	<b>\$ 81,927,237.65</b>	<b>\$ 99,279,170.99</b>	<b>\$ 73,361,219.05</b>	<b>\$ 84,678,390.86</b>	<b>\$ 1,143,705,182.53</b>

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**  
**Statements Of Activities**  
**For the Years Ended August 31, 2019 and 2018**

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Gifts	\$ 45,198	\$ 40,626,375	\$ 40,671,573
Grant Revenue	-	597,917	597,917
Net Investment Return	(68,389)	1,253,781	1,185,392
Other Income	-	191,408	191,408
Change in Value of Split-Interest Agreements	-	152,072	152,072
Change in Cash Value of Life Insurance Policies	-	7,902	7,902
Asset Management Fee Income	2,132,223	-	2,132,223
Release of Donor Restrictions	8,314,214	(8,314,214)	-
Transfers/Changes in Donor Restrictions	(1,050)	1,050	-
<b>Total REVENUES, GAINS AND OTHER SUPPORT</b>	<b>\$ 10,422,196</b>	<b>\$ 34,516,291</b>	<b>\$ 44,938,487</b>
<b>EXPENSES:</b>			
<b>PROGRAM SERVICES:</b>			
Support of UNT:			
Distributions to UNT	\$ 3,232,601		\$ 3,232,601
Scholarships & Awards	2,307,249		2,307,249
Grant Support to UNT	597,917		597,917
Board Designated Grants to University	173,250		173,250
Services/Expenses for Programs	599,331		599,331
Internal Mangement Fees	1,559,067		1,559,067
Other Support Provided	15,550		15,550
Distributions to Other Institutions	17,000		17,000
<b>Total PROGRAM SERVICES</b>	<b>\$ 8,501,965</b>		<b>\$ 8,501,965</b>
<b>MANAGEMENT and GENERAL EXPENSES:</b>			
Salaries and Benefits	\$ 953,690		\$ 953,690
Administrative Expenses	20,197		20,197
Professional Development & Travel	36,112		36,112
Consulting Services	51,794		51,794
Professional Fees	58,037		58,037
Office, Computer Equipment and Software	17,341		17,341
Bank Charges and Credit Card Discount	5,953		5,953
Insurance	20,719		20,719
Strategic Planning	7,875		7,875
<b>Total MANAGEMENT and GENERAL EXPENSES</b>	<b>\$ 1,171,718</b>		<b>\$ 1,171,718</b>
<b>Total EXPENSES</b>	<b>\$ 9,673,683</b>		<b>\$ 9,673,683</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 748,513</b>	<b>\$ 34,516,291</b>	<b>\$ 35,264,804</b>
<b>Net Assets, Beginning of Year</b>	<b>3,202,432</b>	<b>156,923,136</b>	<b>160,125,568</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,950,945</b>	<b>\$ 191,439,427</b>	<b>\$ 195,390,372</b>

See Accompanying Notes to the Financial Statements



**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**  
**Statements Of Activities**  
**For the Years Ended August 31, 2019 and 2018**

	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Gifts	\$ 42,200	\$ 19,665,397	\$ 19,707,597
Grant Revenue	-	605,000	605,000
Net Investment Return	(108,168)	11,535,833	11,427,665
Other Income	-	166,803	166,803
Change in Value of Split-Interest Agreements	-	151,232	151,232
Change in Cash Value of Life Insurance Policies	-	100,406	100,406
Asset Management Fee Income	2,166,936	-	2,166,936
Release of Donor Restrictions	7,739,224	(7,739,224)	-
Transfers/Changes in Donor Restrictions	(462,461)	462,461	-
<b>Total REVENUES, GAINS AND OTHER SUPPORT</b>	<b>\$ 9,377,731</b>	<b>\$ 24,947,908</b>	<b>\$ 34,325,639</b>
<b>EXPENSES:</b>			
<b>PROGRAM SERVICES:</b>			
Support of UNT:			
Distributions to UNT	\$ 3,133,414		\$ 3,133,414
Scholarships & Awards	2,245,036		2,245,036
Grant Support to UNT	605,000		605,000
Board Designated Grants to University	133,000		133,000
Services/Expenses for Programs	278,827		278,827
Internal Mangement Fees	1,457,578		1,457,578
Other Support Provided	10,816		10,816
Distributions to Other Institutions	16,500		16,500
<b>Total PROGRAM SERVICES</b>	<b>\$ 7,880,171</b>		<b>\$ 7,880,171</b>
<b>MANAGEMENT and GENERAL EXPENSES:</b>			
Salaries and Benefits	\$ 938,639		\$ 938,639
Administrative Expenses	20,643		20,643
Professional Development & Travel	46,304		46,304
Consulting Services	56,469		56,469
Professional Fees	41,569		41,569
Office, Computer Equipment and Software	14,683		14,683
Bank Charges and Credit Card Discount	156		156
Insurance	20,670		20,670
Strategic Planning	14,490		14,490
<b>Total MANAGEMENT and GENERAL EXPENSES</b>	<b>\$ 1,153,623</b>		<b>\$ 1,153,623</b>
<b>Total EXPENSES</b>	<b>\$ 9,033,794</b>		<b>\$ 9,033,794</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 343,937</b>	<b>\$ 24,947,908</b>	<b>\$ 25,291,845</b>
<b>Net Assets, Beginning of Year</b>	<b>2,858,495</b>	<b>131,975,228</b>	<b>134,833,723</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,202,432</b>	<b>\$ 156,923,136</b>	<b>\$ 160,125,568</b>

See Accompanying Notes to the Financial Statements

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION  
 Statements of Activities  
 Years Ended August 31, 2019 and 2018

	2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ -	\$ 7,291,694	\$ 7,291,694
Fundraising	-	493,060	493,060
Realized Gain on Investments	-	141,944	141,944
Unrealized Gain (Loss) on Investments	-	(226,337)	(226,337)
Investment Income, Net of Direct Expenses	(22,407)	504,920	482,513
Releases from Restriction	5,524,902	(5,524,902)	-
<b>Total SUPPORT AND REVENUE</b>	<b>\$ 5,502,495</b>	<b>\$ 2,680,379</b>	<b>\$ 8,182,874</b>
<b>EXPENSES</b>			
Program Expenses			
Gifts and Scholarships	\$ 4,591,883	\$ -	\$ 4,591,883
Supporting Services			
Management and General			
Professional Fees	93,912	-	93,912
Alumni & Student Expenses	52,333	-	52,333
Fundraising Expenses	323,974	-	323,974
<b>Total EXPENSES</b>	<b>\$ 5,062,102</b>	<b>\$ -</b>	<b>\$ 5,062,102</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 440,393</b>	<b>\$ 2,680,379</b>	<b>\$ 3,120,772</b>
<b>Net Assets, Beginning of Year, as Previously Reported</b>	\$ 2,513,275	\$ 22,110,110	\$ 24,623,385
Prior Period Adjustment	-	-	-
<b>Net Assets, Beginning of Year, as Restated</b>	<b>\$ 2,513,275</b>	<b>\$ 22,110,110</b>	<b>\$ 24,623,385</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,953,668</b>	<b>\$ 24,790,489</b>	<b>\$ 27,744,157</b>

See Accompanying Notes to the Financial Statements

UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION  
 Statements of Activities  
 Years Ended August 31, 2019 and 2018

	2018 (As Restated)		
	Net Assets	Net Assets With	Total
	Without Donor	Donor	
Restrictions	Restrictions		
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ -	\$ 10,146,158	\$ 10,146,158
Fundraising	-	670,064	670,064
Realized Gain on Investments	-	1,759,867	1,759,867
Unrealized Gain (Loss) on Investments	-	(658,662)	(658,662)
Investment Income, Net of Direct Expenses	(91,702)	116,499	24,797
Releases from Restriction	5,829,655	(5,829,655)	-
<b>Total SUPPORT AND REVENUE</b>	<b>\$ 5,737,953</b>	<b>\$ 6,204,271</b>	<b>\$ 11,942,224</b>
<b>EXPENSES</b>			
Program Expenses			
Gifts and Scholarships	\$ 5,152,555	\$ -	\$ 5,152,555
Supporting Services			
Management and General			
Professional Fees	120,545	-	120,545
Alumni & Student Expenses	54,433	-	54,433
Fundraising Expenses	189,852	-	189,852
<b>Total EXPENSES</b>	<b>\$ 5,517,385</b>	<b>\$ -</b>	<b>\$ 5,517,385</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 220,568</b>	<b>\$ 6,204,271</b>	<b>\$ 6,424,839</b>
<b>Net Assets, Beginning of Year, as Previously Reported</b>	\$ 2,292,707	\$ 15,475,572	\$ 17,768,279
Prior Period Adjustment	-	430,267	430,267
<b>Net Assets, Beginning of Year, as Restated</b>	<b>\$ 2,292,707</b>	<b>\$ 15,905,839</b>	<b>\$ 18,198,546</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,513,275</b>	<b>\$ 22,110,110</b>	<b>\$ 24,623,385</b>

See Accompanying Notes to the Financial Statements

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2019**

	<b>August 31, 2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Proceeds from Customers	\$ 88,625,335.88
Proceeds from Tuition and Fees	385,900,429.77
Proceeds from Research Grants and Contracts	114,808,128.43
Proceeds from Loan Programs	5,773.01
Proceeds from Auxiliaries	80,314,772.07
Proceeds from Other Revenues	3,192,316.91
Payments to Suppliers for Goods and Services	(257,477,878.94)
Payments to Employees	(568,128,987.07)
Payments for Loans Provided	(474,747.65)
Payments for Other Expenses	(136,151,473.79)
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (289,386,331.38)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from State Appropriations	\$ 235,063,937.69
Proceeds from Gifts	20,551,512.50
Proceeds from Endowments	2,514,883.36
Proceeds from Transfers from Other Agencies	631,224.00
Proceeds from Legislative Transfers	1,083,604.00
Proceeds from Grant Receipts	65,868,749.08
Proceeds from Other Revenues	812,476.86
Payments for Transfers to Other Agencies	(12,706.07)
Payments for Legislative Appropriation Lapses	(3,895.82)
Payments for Other Uses	(135,432.60)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b><u>\$ 326,374,353.00</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Sale of Capital Assets	\$ 110,032.16
Proceeds from State Appropriations	56,766,916.00
Proceeds from Debt Issuance	236,728,943.70
Proceeds from Capital Contributions	1,985,981.40
Payments for Additions to Capital Assets	(212,813,584.53)
Payments for Capital Leases	(2,115,934.28)
Payments of Principal on Debt Issuance	(123,910,000.00)
Payments of Other Costs of Debt Issuance	(1,156,437.77)
Payments of Interest on Debt Issuance	(27,607,872.30)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b><u>\$ (72,011,955.62)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sale of Investments	\$ 874,667,905.69
Proceeds from Interest and Investment Income	22,850,601.90
Payments to Acquire Investments	(890,505,351.18)
<b>Net Cash Provided by Investing Activities</b>	<b><u>\$ 7,013,156.41</u></b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b><u>\$ (28,010,777.59)</u></b>
Cash and Cash Equivalents, September 1, 2018	\$ 301,898,022.70
<b>Cash and Cash Equivalents, August 31, 2019</b>	<b><u>\$ 273,887,245.11</u></b>
Cash and Cash Equivalents	\$ 219,429,397.24
Restricted Cash and Cash Equivalents	54,457,847.87
<b>Cash and Cash Equivalents, August 31, 2019</b>	<b><u>\$ 273,887,245.11</u></b>

See Accompanying Notes to the Comprehensive Financial Statements

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2019**

	<u>August 31,</u> <u>2019</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED</b>	
<b>BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (486,087,754.88)
Adjustments to Reconcile Operating Loss to Net Cash Used	
by Operating Activities:	
Depreciation and Amortization Expense	\$ 84,678,390.86
Pension Expense	20,381,349.00
OPEB Expense	79,462,900.00
Asset Retirement Obligation Expense	103,139.90
Employee Benefits Paid by State	32,682,637.41
Changes in Assets and Liabilities:	
Decrease in Receivables	2,453,068.76
Increase in Inventories	(17,592.44)
Increase in Prepaid Expenses	(5,313,728.69)
Increase in Loans and Contracts	(468,974.64)
Increase in Other Assets	(178,765.00)
Increase in Deferred Outflows of Resources - Pensions	(68,555,919.00)
Increase in Deferred Outflows of Resources - OPEB	(375,071,797.00)
Decrease in Payables	(14,608,365.79)
Increase in Unearned Revenue	12,754,313.45
Decrease in Benefits Payable	(102,862,978.00)
Increase in Liabilities to Employees for Defined Benefit Pensions	84,552,669.00
Increase in Liabilities to Employees for Defined Benefit OPEB	317,491,473.00
Decrease in Other Liabilities	(246,590.32)
Decrease in Deferred Inflows of Resources - Pensions	(7,760,926.00)
Increase in Deferred Inflows of Resources - OPEB	137,227,119.00
Total Adjustments	<u>\$ 196,701,423.50</u>
Net Cash Used by Operating Activities	<u>\$ (289,386,331.38)</u>
<b>NON-CASH TRANSACTIONS</b>	
Net Change in Fair Value of Investments	\$ (4,235,573.76)
Donation of Capital Assets	1,082,549.26
Borrowing Under Capital Lease Purchase	5,365,029.84
Loss on Sale of Capital Assets	(2,188,613.59)
Amortization of Bond Premiums	6,208,161.35
Amortization of Deferred Inflows/Outflows from Refunding Bonds	(768,924.68)
Capital Assets Acquired with Payables	22,481,520.13
Interagency Transfer of Capital Assets	(7,517.16)

See Accompanying Notes to the Comprehensive Financial Statements

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**NOTES TO THE  
COMPREHENSIVE FINANCIAL STATEMENTS**

**of the**

**UNIVERSITY OF NORTH TEXAS SYSTEM**

**DALLAS, TEXAS**

**For the Year Ended August 31, 2019**

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**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") as prescribed by the Governmental Accounting Standards Board ("GASB").

The comprehensive 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 ("UNT-D"). 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. The System has two discrete component units. Information on the component units can be found in Note 14, *Financial Reporting Entity*.

**Basis of Accounting**

The comprehensive 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 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*, as amended. 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.

The System follows the requirements and guidelines provided in GASB pronouncements. Standards newly effective for fiscal year 2019 are listed below:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, determines the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations ("ARO") and requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This statement has minimal impact to the comprehensive financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires additional note disclosures relating to direct borrowings and direct placements and clarifies which liabilities governments should include when disclosing information related to such. Additional disclosures include unused lines of credit, assets pledged as collateral, and terms specified in debt agreements for significant events of default, termination, or subjective acceleration clauses with finance-related consequences. This statement has no impact to the comprehensive financial statement balances, as it is a disclosure only standard.



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, established accounting requirements for interest costs incurred before the end of a construction period. An interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred and is no longer capitalized as part of the historical cost of a capital asset. The statement will result in increased nonoperating expenses on the Statement of Revenues, Expenses, and Changes in Net Position.

**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 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. When the Legislature meets during the odd-numbered years, they approve 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 Funds ("HEF") are general revenue appropriations received from the State designated for the acquisition of certain capital assets and capital projects. As of August 31, 2019, the unexpended amount was approximately \$116.4 million.

*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 \$41.8 million of the outstanding accounts receivable balance at August 31, 2019. The allowance for doubtful accounts on other receivables was approximately \$300 thousand at August 31, 2019. 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.

Federal receivables include federal grants and education scholarships. The allowance for doubtful accounts on federal receivables was approximately \$300 thousand at August 31, 2019.

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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

Clinical Practice receivables are presented net of allowances for contractual discounts and bad debts. The contractual and bad debt allowances on clinical receivables were approximately \$2.0 million and \$900 thousand as of August 31, 2019. Clinical 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, 2019 was as follows:

	Net	Gross
Medicaid	23%	27%
Medicare	39%	32%
Commercial	27%	28%
Self-pay	4%	8%
Other	7%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Gift receivables include amounts pledged to the System by donors, net of allowances. The allowance for gift pledges is approximately \$1.9 million at August 31, 2019. Multiyear gift pledges are reported at the discounted present value. At the beginning of each fiscal year, the System re-establishes the scale of discount rates applicable for present valuing multi-year gift pledges that are received during the new fiscal year.

*Prepaid Items*

Prepaid items include prepaid scholarship expenses that pertain to the fall term of the following fiscal year and other various prepaid expenses.

*Loans and Contracts*

Current and noncurrent loans and contracts receivables, related to student loans, are shown net of allowances. The net allowance on loans and contracts at August 31, 2019 is approximately \$4.9 million.

*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*, as amended. 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. GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was implemented during fiscal year 2019. The statement established accounting requirements for interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred. Interest costs are no longer capitalized as part of the historical cost of a capital asset.

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*, as amended, requires all intangible assets not specifically excluded by scope provisions to be classified as capital assets. The System has computer

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

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 the refunding of debt, and certain amounts related to asset retirement obligation, pensions, and OPEB.

*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 Asset Retirement Obligation*

When an asset retirement obligation is recognized, the System must also recognize a corresponding deferred outflow of resources. At initial measurement of an ARO, the deferred outflows associated with an ARO is recorded at the amount of the corresponding liability. For subsequent measurement and recognition, the reduction of deferred outflows must be recognized and expensed in a systematic and rational manner over a period of time, such as over the useful life of the asset.

*Deferred Outflows of Resources Related to Pensions*

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas ("TRS") Plan (the "TRS Plan") are reported as deferred outflows 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 contributions 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 collective net pension liability of the difference between expected and actual earnings on investments is amortized as a component of pension expense using the straight-line method over a period of five years.

*Deferred Outflows of Resources Related to OPEB*

Certain changes in the net OPEB liability of the Employees Retirement System of Texas ("ERS") Plan (the "ERS Plan") are reported as deferred outflows or as deferred inflows of resources related to OPEB, depending on the type of change. The types of deferred outflows of resources related to OPEB and their respective accounting treatments are discussed below.

- System contributions for retirees subsequent to the measurement date of the net OPEB liability are recognized as a reduction in the OPEB liability in the following year.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

- Increases in the System's proportion of the collective net OPEB liability are amortized as a component of OPEB 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 contributions is amortized as a component of OPEB 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 net OPEB liability of the difference between expected and actual earnings on investments is amortized as a component of OPEB 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 \$250.6 million of tuition revenue related to the semesters that have not been completed as of August 31, 2019. 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 effective 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 12, *Contingencies and Commitments*, and Note 13, *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.

*Asset Retirement Obligation*

An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. An ARO must be recognized when the liability is incurred and reasonably estimable. Incurrence of a liability is manifested by the occurrence of both an external obligating event and an internal obligating event resulting from normal operations.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

*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. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach.

*Net OPEB Liability*

The fiduciary net position of the ERS Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the Other Employee Benefit Trust Fund are reported at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings.

**Deferred Inflows of Resources**

Deferred inflows of resources relate to unamortized gains on refunding of debt and certain amounts related to pensions and OPEB.

*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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

*Deferred Inflows of Resources Related to OPEB*

Certain changes in the net OPEB liability of the ERS Plan are reported as deferred outflows of resources related to OPEB or as deferred inflows of resources related to OPEB, depending on the type of change. The types of deferred inflows of resources related to OPEB and their respective accounting treatments are discussed below.

- The effect on the System's proportionate share of the total OPEB liability of changes of economic and demographic assumptions or of other inputs that decrease the total OPEB liability is amortized as a component of OPEB 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 OPEB liability of differences between expected and actual experience that decrease the total OPEB liability is amortized as a component of OPEB expense using the straight-line method over the expected average remaining service lives of active and inactive employees.

**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 cost of goods sold, salaries and wages, payroll related costs, professional fees and services, federal and state pass-through expense, travel, materials and supplies, communications and utilities, repairs and maintenance, rentals and leases, printing and reproduction, depreciation and amortization, scholarships and fellowships, and asset retirement obligation. In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating expenses.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

*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 either as operating expense or as 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 comprehensive 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. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. This statement will be implemented in fiscal year 2020. The System is in the process of evaluating the impact this will have to the comprehensive financial statements.

GASB Statement No. 87, *Leases*, creates a single model for lease accounting. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement will be implemented in fiscal year 2021. The System is in the process of analyzing current operating leases to assess the impact of this statement. The System anticipates moderate impact to the comprehensive financial statements.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 2: Capital Assets**

A summary of changes in capital assets for the year ended August 31, 2019 is presented below:

	Balance September 1, 2018	Reclassification of Completed Construction In Progress	Increase Interagency Transfers	Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2019
<b>Non-Depreciable or Non-Amortizable Assets:</b>							
Land and Land Improvements	\$ 81,129,302.51	\$ 5,300.00	\$ -	\$ -	\$ 13,902,678.17	\$ -	\$ 95,037,280.68
Construction in Progress	293,151,433.07	(422,204,644.38)	-	-	168,673,818.23	-	39,620,606.92
Other Tangible Capital Assets	25,224,945.81	-	-	-	124,900.00	-	25,349,845.81
<b>Total Non-Depreciable or Non-Amortizable Assets:</b>	<b>\$ 399,505,681.39</b>	<b>\$ (422,199,344.38)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 182,701,396.40</b>	<b>\$ -</b>	<b>\$ 160,007,733.41</b>
<b>Depreciable Assets:</b>							
Buildings and Building Improvements	\$ 1,157,556,509.38	\$ 408,761,080.54	\$ -	\$ -	\$ 24,530,960.76	\$ (1,487,159.86)	\$ 1,589,361,390.82
Infrastructure	67,744,818.74	1,969,704.86	-	-	-	-	69,714,523.60
Facilities and Other Improvements	128,036,992.05	10,220,691.25	-	-	-	(984,163.26)	137,273,520.04
Furniture and Equipment	169,384,329.39	847,295.06	59,738.00	(90,205.92)	21,843,889.87	(13,711,333.63)	178,333,712.77
Vehicles, Boats and Aircraft	13,718,438.23	-	-	-	868,191.26	(3,732,352.49)	10,854,277.00
Other Capital Assets	109,745,719.10	-	-	-	5,999,506.06	(784,888.90)	114,960,336.26
<b>Total Depreciable Assets:</b>	<b>\$ 1,646,186,806.89</b>	<b>\$ 421,798,771.71</b>	<b>\$ 59,738.00</b>	<b>\$ (90,205.92)</b>	<b>\$ 53,242,547.95</b>	<b>\$ (20,699,898.14)</b>	<b>\$ 2,100,497,760.49</b>
<b>Less Accumulated Depreciation for:</b>							
Buildings and Building Improvements	\$ (552,369,787.21)	\$ -	\$ -	\$ -	\$ (55,205,708.70)	\$ 1,429,643.97	\$ (606,145,851.94)
Infrastructure	(23,090,815.22)	-	-	-	(2,413,549.50)	-	(25,504,364.72)
Facilities and Other Improvements	(34,670,676.66)	-	-	-	(3,942,842.19)	761,299.19	(37,852,219.66)
Furniture and Equipment	(123,856,232.38)	-	(59,738.00)	82,688.76	(13,838,053.73)	11,640,777.56	(126,030,557.79)
Vehicles, Boats and Aircraft	(9,670,908.40)	-	-	-	(1,055,311.33)	2,473,943.54	(8,252,276.19)
Other Capital Assets	(67,784,279.36)	-	-	-	(4,927,712.58)	749,624.74	(71,962,367.20)
<b>Total Accumulated Depreciation</b>	<b>\$ (811,442,699.23)</b>	<b>\$ -</b>	<b>\$ (59,738.00)</b>	<b>\$ 82,688.76</b>	<b>\$ (81,383,178.03)</b>	<b>\$ 17,055,289.00</b>	<b>\$ (875,747,637.50)</b>
<b>Total Depreciable Assets, Net</b>	<b>\$ 834,744,107.66</b>	<b>\$ 421,798,771.71</b>	<b>\$ -</b>	<b>\$ (7,517.16)</b>	<b>\$ (28,140,630.08)</b>	<b>\$ (3,644,609.14)</b>	<b>\$ 1,224,750,122.99</b>
<b>Amortizable Assets - Intangibles:</b>							
Computer Software	\$ 33,505,813.82	\$ 400,572.67	\$ -	\$ -	\$ 495,249.43	\$ (88,830.00)	\$ 34,312,805.92
<b>Total Amortizable Assets - Intangibles</b>	<b>\$ 33,505,813.82</b>	<b>\$ 400,572.67</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 495,249.43</b>	<b>\$ (88,830.00)</b>	<b>\$ 34,312,805.92</b>
<b>Less Accumulated Amortization for:</b>							
Computer Software	\$ (22,725,788.82)	\$ -	\$ -	\$ -	\$ (3,295,212.83)	\$ 88,830.00	\$ (25,932,171.65)
<b>Total Accumulated Amortization</b>	<b>\$ (22,725,788.82)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,295,212.83)</b>	<b>\$ 88,830.00</b>	<b>\$ (25,932,171.65)</b>
<b>Amortizable Assets - Intangibles, Net</b>	<b>\$ 10,780,025.00</b>	<b>\$ 400,572.67</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,799,963.40)</b>	<b>\$ -</b>	<b>\$ 8,380,634.27</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,245,029,814.05</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,517.16)</b>	<b>\$ 151,760,802.92</b>	<b>\$ (3,644,609.14)</b>	<b>\$ 1,393,138,490.67</b>

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was implemented during fiscal year 2019. The statement established accounting requirements for interest costs incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred. Interest costs are no longer capitalized as part of the historical cost of a capital asset.

**Note 3: Cash, Cash Equivalents and Investments**

**Deposits of Cash in Bank**

As of August 31, 2019, the carrying amount of deposits was \$25,390,184.57 as presented below:

Cash in Bank Carrying Value	\$ 25,390,184.57
<b>Cash in Bank per Statement of Net Position</b>	<b>\$ 25,390,184.57</b>
Proprietary Funds Current Assets Cash in Bank	\$ 20,585,662.70
Proprietary Funds Current Assets Restricted Cash in Bank	4,804,521.87
<b>Cash in Bank per Statement of Net Position</b>	<b>\$ 25,390,184.57</b>

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 \$232,912,588.41 that is invested in cash equivalents. The remainder of the cash and cash equivalents balance of \$15,584,472.13 is comprised of cash on hand, cash in transit or reimbursement from the Treasury, and cash in the State Treasury.



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

As of August 31, 2019, the total bank balance was \$79,724,070.05.

The carrying amount of deposits for the System's discretely presented component unit, UNT Foundation, reported on the UNT Foundation Statement of Net Position as of August 31, 2019 was \$16,105,036. As of August 31, 2019, the total bank balance was \$987,633.72.

The carrying amount of deposits for the System's discretely presented component unit, UNTHSC Foundation, reported on the UNTHSC Foundation Statement of Net Position as of August 31, 2019 was \$1,305,137. As of August 31, 2019, the total bank balance was \$1,260,137.00.

**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, 2019, 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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

As of August 31, 2019, the System's investments are presented below. Included in this amount is \$232,912,588.41 classified as cash equivalents.

<b>Investments and Cash Equivalents</b>	<b>As of August 31, 2019</b>
U.S. Government Agency Obligations	\$ 5,006,599.17
Equity	82,263,665.07
Repurchase Accounts	55,744,342.97
Hedge Funds	31,644,281.31
Domestic Mutual Funds	76,921,047.91
International Mutual Funds	49,532,561.47
Fixed Income Money Market and Bond Mutual Funds	214,512,159.67
Other Commingled Funds	62,699,462.54
Other Commingled Funds (TexPool)	2,550,512.34
Real Estate Index Fund	11,232,793.61
Miscellaneous (limited partnerships, guaranteed investment contract, political subdivision, bankers' acceptance, negotiable CD)	3,900,640.88
<b>Total Investments and Cash Equivalents</b>	<b>\$ 596,008,066.94</b>

**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, 2019, the System's credit quality distribution for securities with credit risk exposure was as follows:

Fund Type	GAAP Fund	Investment Type	Standard and Poor's		
			AAA	Unrated	Total
05	0001	U.S. Government Agency Obligations	\$ 5,006,599.17	\$ -	\$ 5,006,599.17
05	0001	Equity	-	82,263,665.07	82,263,665.07
05	0001	Repurchase Accounts	-	55,744,342.97	55,744,342.97
05	0001	Hedge Funds	-	31,644,281.31	31,644,281.31
05	0001	Domestic Mutual Funds	-	76,921,047.91	76,921,047.91
05	0001	International Mutual Funds	-	49,532,561.47	49,532,561.47
05	0001	Fixed Income Money Market and Bond Mutual Funds	111,918,270.56	102,593,889.11	214,512,159.67
05	0001	Other Commingled Funds	62,699,462.54	-	62,699,462.54
05	0001	Commingled Funds (TEXPOOL)	2,550,512.34	-	2,550,512.34
05	0001	Real Estate Index Fund	-	11,232,793.61	11,232,793.61
05	0001	Private Equity	-	3,900,640.88	3,900,640.88
05	0001	<b>Total</b>	<b>\$ 182,174,844.61</b>	<b>\$ 413,833,222.33</b>	<b>\$ 596,008,066.94</b>

**Concentration of Credit Risk**

As of August 31, 2019, 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

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

requirements that would limit the exposure to custodial credit risk for investments. As of August 31, 2019, 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, 2019, the System investments subject to interest rate risk – commingled funds, certificates of deposit, repurchase agreements and fixed income money market – have an average maturity of less than one year. The System’s investments in U.S. Government Agency Obligations have an average maturity of approximately three years and the investments in bond mutual funds have an average maturity of less than three years.

**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, 2019, 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 Pools**

*UNT Foundation Internal Investment Pool*

Prior to fiscal year 2019, certain System long-term assets were placed with the UNT Foundation and invested in the UNT Foundation's Consolidated Investment Pool (“UNT Foundation Pool”). The initial term of the agreement effective November 1, 2014 ended August 31, 2016, and contained a provision to automatically renew annually thereafter, as well as a provision for early termination as agreed by the parties. The System elected not to renew this agreement as of August 31, 2018, and the majority of funds have been transferred back to the System. Redemption instructions have been submitted for illiquid investments and remaining balances will be transferred to the System as they are liquidated.

The UNT Foundation Pool is invested with external investment managers who invest in equity, fixed income and alternative investment funds, both domestic and international. The UNT 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 UNT 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 UNT Foundation can be obtained from <https://endow.unt.edu/>.

As of August 31, 2019, total investments held by the UNT Foundation, including the System portion, consisted of the following investment types:

<b>Investment</b>	<b>Fair Value</b>
Equity	\$ 9,465,938.61
Domestic Mutual Funds	67,374,174.00
International Other Commingled Funds	21,016,500.56
International Mutual Funds	41,773,490.68
Fixed Income Money Market and Bond Mutual Funds	38,988,984.45
Hedge Funds	25,642,345.88
Private Debt/Equity	18,824,623.28
Miscellaneous	135,576.54
<b>Total Investments</b>	<b>\$ 223,221,634.00</b>

The System’s portion of the UNT Foundation Pool of investments as of August 31, 2019 is \$57,422,468.37.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

The UNT Foundation Pool's investments are not rated by Standard & Poor's. As of August 31, 2019, the UNT Foundation 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 UNT Foundation Pool's investments. The UNT Foundation Pool did not have investments exposed to custodial credit risk. The UNT Foundation Pool's investments subject to interest rate risk – fixed income money market and bond mutual funds – have a weighted average maturity of less than one year and approximately eight years, respectively.

As of August 31, 2019, the System's investments in the UNT Foundation Pool consisted of the following investment types:

**Equity**

Equity consists of direct ownership of equity securities in publicly-held corporations. Equity securities are typically managed by an external investment advisor.

**Domestic Mutual Funds**

Domestic mutual funds are mutual funds that, by policy, invest primarily in U.S. equity securities of publicly-held corporations.

**International Other Commingled Funds**

International other commingled funds include ownership of unit interests in commingled pools which invest primarily in international equity securities of publicly held corporations.

**International Mutual Funds**

International mutual funds are mutual funds that, by policy, invest primarily in international equity securities of publicly-held corporations.

**Fixed Income Money Market & Bond 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. Bond mutual funds are publicly-traded open-end mutual funds that primarily invest in fixed income securities of the U.S. government and agencies, U.S. corporations, and international fixed income securities.

**Alternative Investments**

Alternative investments consist of hedge funds, real estate, private debt and other pooled funds that employ various investment strategies that are typically less correlated to the publicly traded investment markets. Investments may be held through a combination of unit interests in limited partnerships, publicly-traded open-end mutual fund vehicles, or unit ownership in other commingled pooled funds.

*UNTHSC Foundation Internal Investment Pool*

Certain investments of the System are managed by the UNTHSC Foundation in its internal long-term investment pool (the "UNTHSC Foundation Pool"). The UNTHSC Foundation Pool is invested with external investment managers who invest in equity, mutual funds and alternative investment funds, both domestic and international. The primary investment objective of the UNTHSC Foundation is long-term growth of capital. It is recognized that short-term fluctuations in the capital markets may result in the loss of capital on occasion (i.e., negative rates of return). However, the total asset value of the UNTHSC Foundation Pool, exclusive of contributions or withdrawals, should grow in the long-run. It should earn, through a combination of investment income and capital appreciation, a rate of return in excess of a balanced market index while incurring less risk than such index. The Board and/or the Investment Committee of the UNTHSC Foundation intends to maximize the portfolio's total return comprising income and net realized and unrealized gains and losses. This objective is to be accomplished by assuming a prudent level of risk in the investment of the UNTHSC Foundation assets. Complete audited financial statements of the

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

UNTHSC Foundation can be obtained by writing to UNTHSC Foundation at 3500 Camp Bowie Boulevard Suite 802, Fort Worth, Texas, 76107.

As of August 31, 2019, total investments held by the UNTHSC Foundation, including the System portion, consisted of the following investment types:

<b>Investment</b>	<b>Fair Value</b>
Equity	\$ 43,765,350.80
Domestic Mutual Funds	28,647,718.75
Miscellaneous	2,339,197.00
<b>Total Investments</b>	<b>\$ 74,752,266.55</b>

The System's portion of the UNTHSC Foundation Pool of investments as of August 31, 2019 is \$54,258,416.30.

The UNTHSC Foundation Pool's investments are not rated by Standard & Poor's. As of August 31, 2019, the UNTHSC Foundation 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 UNTHSC Foundation Pool's investments. The UNTHSC Foundation Pool did not have investments exposed to custodial credit risk. The UNTHSC Foundation Pool's investments subject to interest rate risk – fixed income money market and bond mutual funds – have a weighted average maturity of less than one year and approximately eight years, respectively.

As of August 31, 2019, the System's investments in the UNTHSC Foundation Pool consisted of the following investment types:

**Equity**

Equity consists of direct ownership of equity securities in publicly-held corporations. Equity securities are typically managed by an external investment advisor.

**Domestic Mutual Funds**

Domestic mutual funds are mutual funds that, by policy, invest primarily in U.S. equity securities of publicly-held corporations.

**Alternative Investments**

Alternative investments consist of hedge funds, real estate, and other pooled funds that employ various investment strategies that are typically less correlated to the publicly traded investment markets. Investments may be held through a combination of unit interests in limited partnerships, publicly-traded open-end mutual fund vehicles, or unit ownership in other commingled pooled funds.

**Fair Value Measurements**

The System's investments are recorded at fair value as of August 31, 2019, and have been categorized based upon a fair value hierarchy in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The System categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure fair value of the assets. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value on a recurring basis:

- Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information)
- Level 3 Unobservable inputs for an asset or liability

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

The System has the following recurring fair value measurements as of August 31, 2019:

	8/31/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
U.S. Government Agency Obligations	\$ 5,006,599.17	\$ -	\$ 5,006,599.17	\$ -
Equity	47,890,694.89	22,925,832.30	24,964,862.59	-
Domestic Mutual Funds	37,736,997.20	37,736,997.20	-	-
International Mutual Funds	32,245,019.39	32,245,019.39	-	-
Fixed Income Money Market and Bond Mutual Funds	203,389,114.58	203,389,114.58	-	-
Real Estate Index Fund	11,232,793.61	11,232,793.61	-	-
Total Investments at Fair Value	<u>\$ 337,501,218.84</u>	<u>\$ 307,529,757.08</u>	<u>\$ 29,971,461.76</u>	<u>\$ -</u>
<b>Investments and Cash Equivalents Measured at NAV</b>				
Other Commingled Funds (TexStar)	\$ 9,460,792.69			
Externally Managed Investments - Foundation Managed Pools	111,680,884.67			
Total Investments at NAV	<u>\$ 121,141,677.36</u>			
Total Investments at Fair Value	<u>\$ 458,642,896.20</u>			
<b>Investments and Cash Equivalents not Measured at Fair Value</b>				
Repurchase Accounts	\$ 55,744,342.97			
Other Commingled Funds (TexTERM)	33,065,350.77			
Other Commingled Funds (TexPool)	2,550,512.34			
Other Commingled Funds	20,173,319.08			
Miscellaneous	25,831,645.58			
Total Investments not Measured at Fair Value	<u>\$ 137,365,170.74</u>			
<b>Total Investments</b>	<u>\$ 596,008,066.94</u>			

Investments classified in Level 1 of the fair value hierarchy, totaling \$307,529,757.08 for the year ended August 31, 2019, are valued using quoted prices in active markets.

U.S. government agency obligations totaling \$5,006,599.17 classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by pricing vendors. Matrix pricing is used to value securities based on benchmark quoted prices of assets with similar attributes. These prices are obtained from pricing sources by the System's custodial bank.

\$57,422,468.37 of the System's externally managed investments are managed by the UNT Foundation. The UNT Foundation Pool has the following recurring fair value measurements as of August 31, 2019:

	8/31/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Equity	\$ 9,465,938.61	\$ 8,910,082.56	\$ 555,856.05	\$ -
Domestic Mutual Funds	67,374,174.00	67,374,174.00	-	-
International Other Commingled Funds	21,016,500.56	-	21,016,500.56	-
International Mutual Funds	41,773,490.68	41,773,490.68	-	-
Fixed Income Money Market and Bond Mutual Funds	38,988,984.45	-	38,988,984.45	-
Hedge Funds	25,642,345.88	-	13,233,385.35	12,408,960.53
Private Debt/Equity	18,824,623.28	-	-	18,824,623.28
Miscellaneous	135,576.54	-	135,576.54	-
Total Investments at Fair Value	<u>\$ 223,221,634.00</u>	<u>\$ 118,057,747.24</u>	<u>\$ 73,930,302.95</u>	<u>\$ 31,233,583.81</u>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

\$54,258,416.30 of the System's externally managed investments are managed by the UNTHSC Foundation. The UNTHSC Foundation Pool has assets with the following recurring fair value measurements as of August 31, 2019:

	8/31/2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Equity - US Large Cap	\$ 20,479,543.44	\$ 20,479,543.44	\$ -	\$ -
Equity - US Mid Cap	6,585,944.51	6,585,944.51	-	-
Emerging Markets	3,162,997.65	3,162,997.65	-	-
Equity - Foreign	2,633,561.30	2,633,561.30	-	-
Equity - Global	10,903,303.90	10,903,303.90	-	-
Mutual Funds - Bonds	28,647,718.75	28,647,718.75	-	-
Total Investments at Fair Value	<u>\$ 72,413,069.55</u>	<u>\$ 72,413,069.55</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments and Cash Equivalents not Measured at Fair Value</b>				
Cash Equivalents	\$ 1,402,134.00			
Alternative Investments	937,063.00			
Total Investments not Measured at Fair Value	<u>\$ 2,339,197.00</u>			
<b>Total Investments</b>	<u>\$ 74,752,266.55</u>			

Within the pool, financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Fair values for mutual funds valued using Level 2 inputs are based on published daily valuations. Fair values for the Hedge Funds and Real Estate Funds (REITs) are determined by third-party valuations of the investments.

Other Commingled Funds consists of funds invested with TexPool, TexStar, and TexTERM. These commingled funds were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. They are structured somewhat like money market mutual funds and allow shareholders the ability to deposit or withdraw funds on a daily basis. In addition, interest rates are also adjusted on a daily basis and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. The System reports its investment with TexStar of \$9,460,792.69 at fair value and reports its investment with TexPool and TexTERM of \$35,615,863.11 at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Please refer to *the Investments Reported at NAV* section below for further information regarding commingled funds reported at fair value. For commingled funds reported at amortized cost, there are no limitations or restrictions on withdrawals and maximum transaction amounts.

**Investments Reported at NAV**

*Other Commingled funds*

The System invests excess working capital in TexStar to maintain sufficient liquidity and increase yields. There are no unfunded commitments. No limitations or restrictions on redemptions exist. Redemptions can occur at any time.

*Externally Managed Investments – UNT Foundation and UNTHSC Foundation managed endowments*

The System records its unitized portion of the UNT Foundation and UNTHSC Foundation-held investments using NAV. As of August 31, 2019, \$111,680,884.67 of the System's externally managed investments are managed by the UNT Foundation and the UNTHSC Foundation.

Fair Value	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Range - Low	Notice Range - High	Unfunded Commitment
Hedge Funds	\$ 7,169,738.73	Quarterly	Quarterly	45 Days	180 Days	\$0
Equity Funds	34,372,970.18	Daily	Monthly	1 Day	60 Days	0
Mutual Funds	67,594,637.88	Daily	Monthly	1 Day	60 Days	0
Private Debt	845,647.89	N/A	N/A	N/A	N/A	0
Miscellaneous	1,697,889.99	N/A	N/A	N/A	N/A	0
<b>Total</b>	<u>\$ 111,680,884.67</u>					

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 4: Short-Term Debt**

**Commercial Paper**

At the May 19, 2018 meeting, the University of North Texas System Board of Regents approved a resolution limiting the principal amount of Series A Commercial Paper Notes that may be outstanding at any one time to \$50,000,000.00. The Twenty-Fourth Resolution established the UNT System Revenue Financing System Commercial Paper Program Series B (Extendible Commercial Paper). The issuance of Series B Commercial Paper Notes may not exceed, in aggregate, the principal amount of \$75,000,000.00 at any one time. 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, 2019 is as follows:

	<u>September 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31, 2019</u>
Series A Commercial Paper	\$ 2,080,000.00	\$ 9,200,000.00	\$ -	\$ 11,280,000.00
Series B Commercial Paper	-	37,900,000.00	-	37,900,000.00
<b>Total Commercial Paper</b>	<b>\$ 2,080,000.00</b>	<b>\$ 47,100,000.00</b>	<b>\$ -</b>	<b>\$ 49,180,000.00</b>

The outstanding balance of commercial paper at August 31, 2019 was \$49,180,000.00 at an average interest rate of 1.74%. Average commercial paper maturity during the year ended August 31, 2019 was approximately 35 days. The System will provide liquidity support for \$50,000,000.00 in Series A 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 or institutional funds 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.



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

The following changes occurred in long-term liabilities during the year ended August 31, 2019:

	September 1, 2018	Additions	Reductions	Other Adjustments <sup>(1)</sup>	August 31, 2019	Amounts Due Within One Year	Amounts Due Thereafter
Bonds Payable:							
Revenue Bonds Payable	\$ 684,030,000.00	\$ 172,110,000.00	\$ 34,910,000.00	\$ (83,545,000.00)	\$ 737,685,000.00	\$ 37,940,000.00	\$ 699,745,000.00
Unamortized Net Premiums	47,494,484.58	17,518,943.70	6,208,161.35	-	58,805,266.93	5,920,223.18	52,885,043.75
Direct Placement Revenue Bonds Payable	-	-	9,560,000.00	83,545,000.00	73,985,000.00	7,140,000.00	66,845,000.00
<b>Total Revenue Bonds Payable</b>	<b>\$ 731,524,484.58</b>	<b>\$ 189,628,943.70</b>	<b>\$ 50,678,161.35</b>	<b>\$ -</b>	<b>\$ 870,475,266.93</b>	<b>\$ 51,000,223.18</b>	<b>\$ 819,475,043.75</b>
Capital Lease Obligations:							
Capital Lease Obligations	\$ 3,460,723.04	-	\$ 793,977.25	\$ (1,272,796.00)	\$ 1,393,949.79	\$ 554,546.36	\$ 839,403.43
Direct Borrowing Capital Leases	-	5,365,029.84	1,321,957.03	1,272,796.00	5,315,868.81	1,324,755.17	3,991,113.64
<b>Total Capital Lease Obligations</b>	<b>\$ 3,460,723.04</b>	<b>\$ 5,365,029.84</b>	<b>\$ 2,115,934.28</b>	<b>\$ -</b>	<b>\$ 6,709,818.60</b>	<b>\$ 1,879,301.53</b>	<b>\$ 4,830,517.07</b>
Notes and Loans Payable							
Notes and Loans Payable	\$ 81,520,000.00	-	\$ 81,520,000.00	-	-	-	-
Claims and Judgments	1,464,977.00	-	630,434.00	-	834,543.00	511,259.00	323,284.00
Employees' Compensable Leave	25,767,064.24	3,355,055.57	2,847,786.65	-	26,274,333.16	4,853,883.62	21,420,449.54
Asset Retirement Obligation	-	2,427,750.00	-	-	2,427,750.00	-	2,427,750.00
Net Pension Liability	107,143,850.00	96,285,020.00	11,732,351.00	-	191,696,519.00	-	191,696,519.00
Net OPEB Liability	86,392,029.00	415,400,684.00	97,909,211.00	-	403,883,502.00	11,293,670.00	392,589,832.00
Other Non-Current Liabilities	-	1,865,423.54	-	-	1,865,423.54	-	1,865,423.54
<b>Total Long-Term Liabilities</b>	<b>\$ 1,037,273,127.86</b>	<b>\$ 714,327,906.65</b>	<b>\$ 247,433,878.28</b>	<b>\$ -</b>	<b>\$ 1,504,167,156.23</b>	<b>\$ 69,538,337.33</b>	<b>\$ 1,434,628,818.90</b>

<sup>(1)</sup> Amount reclassified per GASB 88 implementation.

**Revenue Bonds Payable**

Scheduled principal and interest payments for revenue bonds issued and outstanding as of August 31, 2019 are as follows:

Year	Principal	Interest	Total
2020	\$ 37,940,000.00	\$ 32,605,562.46	\$ 70,545,562.46
2021	40,550,000.00	31,278,406.34	71,828,406.34
2022	42,075,000.00	29,732,552.38	71,807,552.38
2023	37,055,000.00	28,065,497.84	65,120,497.84
2024	37,600,000.00	26,616,429.18	64,216,429.18
2025-2029	193,350,000.00	109,073,930.32	302,423,930.32
2030-2034	160,800,000.00	64,599,042.40	225,399,042.40
2035-2039	95,235,000.00	35,496,751.50	130,731,751.50
2040-2044	56,740,000.00	15,342,778.30	72,082,778.30
2045-2049	33,130,000.00	4,269,581.70	37,399,581.70
2050	3,210,000.00	128,400.00	3,338,400.00
<b>Total</b>	<b>\$ 737,685,000.00</b>	<b>\$ 377,208,932.42</b>	<b>\$ 1,114,893,932.42</b>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Direct Placement Revenue Bonds Payable**

Scheduled principal and interest payments for direct placement revenue bonds issued and outstanding as of August 31, 2019 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 7,140,000.00	\$ 1,712,389.65	\$ 8,852,389.65
2021	7,295,000.00	1,550,201.80	8,845,201.80
2022	7,465,000.00	1,384,448.65	8,849,448.65
2023	7,635,000.00	1,214,776.55	8,849,776.55
2024	7,820,000.00	1,041,099.55	8,861,099.55
2025-2029	24,040,000.00	6,897,656.00	30,937,656.00
2030-2034	12,590,000.00	2,870,000.00	15,460,000.00
<b>Total</b>	<b>\$ 73,985,000.00</b>	<b>\$ 16,670,572.20</b>	<b>\$ 90,655,572.20</b>

At August 31, 2019, the System had outstanding revenue bonds payable from direct placements of \$73,985,000.00. The bondholders have a security interest in the pledged revenues lawfully available to the Board of Regents of the System. For more information on total pledged revenues of \$1,045,865,065.65 as of August 31, 2019, refer to Note 6, *Bonded Indebtedness*. The direct placement revenue bonds do not have existing provisions related to early terminations or payment accelerations. As of August 31, 2019, the System has no unused lines of credit. The Series 2018 Bond includes the following provision: For so long as this bond is outstanding, if the issuer defaults in the timely payment of principal or interest on this bond when due, this bond shall bear interest at the rate of 8.00% per annum, until such time as the payment default is cured.

Total interest paid during 2019 for revenue bonds and direct placement revenue bonds amounted to \$32,667,444.89. Total interest and fiscal charges incurred for the year ended August 31, 2019 was \$35,423,132.68. In addition, the System recorded \$6,208,161.35 and (\$768,924.68) relating to the amortization of premiums and deferred outflows of resources from bond refundings, respectively. The remaining amount of \$29,983,896.01 was reported as interest expense and fiscal charges for the year ended August 31, 2019.

**Capital Lease Obligations**

See Note 7, *Leases*, for more information on capital lease obligations.

**Direct Borrowing Capital Lease Obligations**

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the reclassification of certain capital leases as direct borrowings. Capital leases with a transfer of ownership or bargain purchase option are considered financed purchases, and are subject to this statement. For fiscal year 2019, the System has one lease that qualifies as a financed purchase, which is reclassified as a direct borrowing capital lease obligation for fiscal year 2019. See Note 7, *Leases*, for more information on direct borrowing capital lease obligations.

**Notes and Loans Payable**

In September 2018, the System refunded \$81,520,000.00 of commercial paper into long-term bonds. For fiscal year 2018 reporting, the System considered \$81,520,000.00 of commercial paper balance to be long-term debt, resulting in a beginning notes payable balance of that amount.

**Claims and Judgments**

As of August 31, 2019, the Claims and Judgments liability accrual is comprised of incurred but not reported (“IBNR”) activity associated with HSC. 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 12, *Contingencies and Commitments*, and Note 13, *Risk Management*, for more information on the claims and judgments against the System.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**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 with no break in state service to a position which accrues vacation leave. 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 vacation 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.

**Asset Retirement Obligation**

As of August 31, 2019, the System held two radioactive material licenses associated with facilities at UNT and HSC. The estimated remaining useful life of the associated tangible capital assets is 263 months and 178 months, respectively. Licensing of Radioactive Materials is regulated by the State of Texas (Texas Administrative Code Title 25 Health Services, Part 289 Radiation Control, Subpart 252 Licensing of Radioactive Materials). The System estimated the obligation amount using best-estimate current value based on settlement amount and recorded the initial measurement as a deferred outflow and a non-current liability. The System will assess the ARO account balances annually for any significant changes in current value and make all necessary adjustments. ARO balances are reduced annually by the amount of actual expenditures to retire the asset. In accordance with TAX Title 25, Part 289, subpart 201(c), the System is exempted from posting the financial instruments specifically based upon being a state funded academic facility actively working to reduce the amount of radioactive material authorized on its licenses.

**Net Pension Liability**

See Note 1, *Summary of Significant Accounting Policies*, and Note 8, *Defined Benefit Pension Plan and Defined Contribution Plan*, for more information on the Net Pension Liability.

**Net OPEB Liability**

See Note 1, *Summary of Significant Accounting Policies*, and Note 9, *Postemployment Benefits Other Than Pensions*, for more information on the Net Pension Liability.

**Other Non-Current Liabilities**

The System reported balances in Other Non-Current Liabilities in fiscal year 2019 related to the wind down of the Perkins Loan Program. Specifically, the federal share to be returned in proportion to the total excess liquid capital of the Perkins Loan Program was recorded as an other non-current liability in 2019.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 6: Bonded Indebtedness**

At August 31, 2019, the System had revenue bonds principal outstanding of \$811,670,000.00. 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, 2019 is summarized in the table below:

Bond	Purpose	Issue Date	Interest Rates	Amount Issued	Total Principal Outstanding as of 8/31/19
<b>Public Offerings</b>					
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, Revenue Financing System Bonds Series 2002A, and paying certain costs of issuing the bonds	7/23/2010	3.0000% - 5.0000%	\$ 57,625,000.00	\$ 26,670,000.00
RFS Refunding and Improvement Bonds, Series 2012A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003; a portion of the Board’s outstanding commercial paper notes; for purchasing, constructing, improving, renovating, enlarging, and equipping property and infrastructure; and paying certain costs of issuing the bonds	6/1/2012	2.0000% - 5.0000%	75,890,000.00	46,005,000.00
RFS Refunding Bonds, Taxable Series 2012B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003B and paying certain costs of issuing the bonds	6/1/2012	0.5500% - 4.0500%	4,820,000.00	3,680,000.00
RFS Refunding Bonds, Series 2015A	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2014 Private Placement Arrangement, for refunding a portion of the Board’s commercial paper notes and provide funding for constructing and equipping buildings, and paying certain costs of issuing the bonds	10/21/2015	2.0000%-5.0000%	105,130,000.00	102,510,000.00
RFS Refunding Bonds, Series 2015B	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2014 Private Placement Arrangement, for refunding a portion of the Board’s commercial paper notes, provide funding for constructing and equipping buildings, and paying certain costs of issuing the bonds	10/21/2015	0.3000%-4.8380%	73,035,000.00	56,620,000.00
RFS Refunding Bonds, Series 2017A	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009A; a portion of the Board’s outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	1/31/2017	1.0000%-5.0000%	196,165,000.00	180,825,000.00
RFS Refunding Bonds, Series 2017B	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009A; a portion of the Board’s outstanding commercial paper notes; for constructing, improving, renovating, and equipping property; and paying certain costs of issuing the bonds	1/31/2017	0.9000%-4.1220%	164,305,000.00	150,240,000.00
RFS Refunding Bonds, Series 2018A	To provide funds for the purposes of constructing, improving, renovating, and equipping property; refunding a portion of the Board’s outstanding commercial paper notes; and paying certain costs of issuing the bonds	9/11/2018	3.0000%-5.0000%	149,425,000.00	149,425,000.00
RFS Forward Refunding Bonds, Series 2018B	To provide funds for the purposes of constructing, improving, renovating, and equipping property; refunding a portion of the Board’s outstanding commercial paper notes; and paying certain costs of issuing the bonds	9/11/2018	2.3000%-3.5500%	22,685,000.00	21,710,000.00
<b>Total Public Offerings</b>				<u>\$ 849,080,000.00</u>	<u>\$ 737,685,000.00</u>
<b>Direct Borrowings</b>					
RFS Refunding Bonds, Series 2015	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2003A and 2005 Bonds and paying certain costs of issuing the bonds	4/30/2015	1.9500% - 1.9500%	\$ 38,265,000.00	\$ 14,815,000.00
RFS Refunding Bonds, Series 2015C	To provide funds for the purposes of refunding Revenue Financing System Bonds Series 2007 Bonds and and paying certain costs of issuing the bonds	3/1/2016	2.4460%-10.0000%	45,865,000.00	39,200,000.00
RFS Forward Refunding Bonds, Series 2018	To provide funds for the purposes of refunding a portion of the Revenue Financing System Bonds Series 2009; and paying certain costs of issuing the bonds	3/14/2018	2.4000% - 2.4000%	22,845,000.00	19,970,000.00
<b>Total Direct Placements</b>				<u>\$ 106,975,000.00</u>	<u>\$ 73,985,000.00</u>
<b>Total Bonded Indebtedness</b>				<u>\$ 956,055,000.00</u>	<u>\$ 811,670,000.00</u>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Defeased Bonds Outstanding**

A portion of RFS Refunding Bonds, Series 2012A, were defeased during 2016. Funds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As of August 31, 2019, the par value outstanding on cash defeased bonds was \$3,535,000.00.

**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*, as amended, 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 held for payment of debt service. 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 HEF reserves 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	\$ 1,205,549,504.62
Term of Commitment Year Ending 8/31	2050
Percentage of Pledged Revenue	100%
Current Year Pledged Revenue	\$ 1,045,865,065.65
Current Year Principal and Interest Paid	\$ 77,137,444.89

**Note 7: Leases**

**Operating Leases**

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were \$8,142,345.66 in 2019. 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, 2019, were as follows:

Fiscal Year	Lease Payments
2020	\$ 5,454,463.59
2021	3,605,972.90
2022	687,453.95
2023	431,998.56
2024	139,839.09
2025 – 2029	587,499.20
2030 – 2034	587,499.20
2035 – 2039	587,499.20
2040 – 2044	587,499.20
2045 – 2049	469,999.36
<b>Total Future Minimum Operating Lease Payments</b>	<b><u><u>\$ 13,139,724.25</u></u></b>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

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, 2019, were as follows:

<u>Assets Leased</u>	<u>2019</u>
Buildings:	
Cost	\$ 35,218,081.72
Less: Accumulated Depreciation	(6,694,757.30)
Carrying Value	<u>\$ 28,523,324.42</u>
Parking Garage:	
Cost	\$ 10,655,156.80
Less: Accumulated Depreciation	(6,694,279.89)
Carrying Value	<u>\$ 3,960,876.91</u>
<b>Total Carrying Value</b>	<b><u><u>\$ 32,484,201.33</u></u></b>

There were no contingent rentals for the period ended August 31, 2019. Rental income for operating leases was \$4,225,729.89 in 2019. Future minimum lease income under non-cancelable operating leases as of August 31, 2019, was as follows:

<u>Year</u>	<u>Lease Income</u>
2020	\$ 3,966,997.71
2021	1,300,333.51
2022	1,013,875.16
2023	864,950.74
2024	648,842.77
2025 and beyond	1,649,147.37
<b>Total Minimum Lease Income</b>	<b><u><u>\$ 9,444,147.26</u></u></b>

**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. GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the reclassification of certain capital leases as direct borrowings. For fiscal year 2019, the System has one lease that qualifies as a financed purchase, which is presented as a direct borrowing capital lease obligation herein. A summary of original capitalized costs and accumulated depreciation of all assets under capital lease as of August 31, 2019, is presented below:

<u>Assets Under Capital Lease or Direct Borrowing</u>	<u>Capital Lease</u>	<u>Direct Borrowing</u>
Equipment:		
Cost	\$ 3,064,488.82	\$ 6,637,825.84
Less: Accumulated Depreciation	(1,191,713.46)	(995,673.88)
Carrying Value	<u>\$ 1,872,775.36</u>	<u>\$ 5,642,151.96</u>
Vehicles:		
Cost	\$ 450,594.26	\$ -
Less: Accumulated Depreciation	(197,465.38)	-
Carrying Value	<u>\$ 253,128.88</u>	<u>\$ -</u>
<b>Total Carrying Value as of August 31, 2019</b>	<b><u><u>\$ 2,125,904.24</u></u></b>	<b><u><u>\$ 5,642,151.96</u></u></b>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

Capital lease obligations are due in monthly, quarterly or annual installments. Future minimum lease payments for assets under capital lease at August 31, 2019, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 554,546.36	\$ 19,932.47
2021	278,394.15	14,236.90
2022	252,348.37	8,741.13
2023	216,969.45	4,191.51
2024	91,691.46	458.97
<b>Total Future Minimum Lease Payments</b>	<b>\$ 1,393,949.79</b>	<b>\$ 47,560.98</b>

The direct borrowing capital lease obligation is due in annual installments. Future minimum lease payments for the asset under direct borrowing capital lease obligations at August 31, 2019, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,324,755.17	\$ 11,251.92
2021	1,327,559.23	8,447.86
2022	1,330,369.23	5,637.86
2023	1,333,185.18	2,821.91
<b>Total Future Minimum Lease Payments</b>	<b>\$ 5,315,868.81</b>	<b>\$ 28,159.55</b>

**Note 8: Defined Benefit Pension Plan and Defined Contribution Plan**

**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 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 XVI, 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 by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

*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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

All System personnel working 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 XVI, 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.

During the measurement period of 2018 for fiscal 2019 reporting, the amount of the System's contributions recognized by the plan was \$11,732,351.00. The contribution rates are based on a percentage of the monthly gross compensation for each member. Contributions by employees were 7.7% of gross earnings during the measurement period of 2018. 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 during the measurement period of 2018.

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

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by Teacher Retirement System. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2018 Comprehensive Annual Financial Report.

At August 31, 2019, the System reported a liability of \$191,696,519.00 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, 2018 (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 0.3482704688%, which was an increase of 0.0131800934% from the 0.3350903754% measured at the prior measurement date. 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, 2017 through August 31, 2018 (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 \$14,965,183.93. The State recognized \$52,821,707.83 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 0.0959654411%.



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

For the year ended August 31, 2019, the System recognized pension expense of \$20,381,349.00. At August 31, 2019, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 12,006,673.00	\$ -
Changes of assumptions	69,115,829.00	2,159,872.00
Difference between expected and actual experience	1,194,879.00	4,703,476.00
Change in proportion and contribution difference	22,175,309.00	24,316,340.00
Net difference between projected and actual investment return	-	3,637,303.00
<b>Total</b>	<u>\$ 104,492,690.00</u>	<u>\$ 34,816,991.00</u>

The \$12,006,673.00 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 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Expense</u>
2020	\$ 13,686,030.00
2021	6,031,704.00
2022	4,541,603.00
2023	12,528,000.00
2024	12,852,682.00
Thereafter	8,029,007.00
<b>Total</b>	<u>\$ 57,669,026.00</u>

**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, 2018 measurement date:

<b>Actuarial Methods and Assumptions</b>	<b>TRS Plan</b>
Actuarial Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	6.907%
Investment Rate of Return	8.00%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2018	3.69%
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality using Scale BB
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale BB
Ad Hoc Post-Employment Benefit Changes	None

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

The assumptions used to determine the actuarially determined contributions are those in effect for the Aug. 31, 2017 actuarial valuation. Due to the lag between valuation data and the measurement date, they may not be the same assumptions used to measure the Net Pension Liability. The source for the municipal bond rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the three-year period ended August 31, 2017 and adopted in July 2018. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for males and females. The Post-retirement mortality rates were based on 2018 TRS Healthy Pensioner Mortality Tables.

Furthermore, assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following assumptions:

- The total pension liability as of Aug. 31, 2018 was developed using a roll forward method from the Aug. 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending Aug. 31, 2017.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate changed from 8.000% as of Aug. 31, 2017 to 6.907% as of Aug. 31, 2018.
- The long term assumed rate of return changed from 8.00% to 7.25%.
- The change in the long term assumed rate of return combined with the change in the discount rate was the primary reason for the increase in the net pension liability.

There have been no changes to the benefit provisions of the TRS Plan since the prior measurement date. The discount rate used to measure the total net pension liability was 6.907%, a decrease of 1.093% from the 8.0% rate used in the prior year. The discount rate was based on the long-term expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projected cash flows into and out of the TRS Plan assumed that active members, employers, and non-employer contributing entities make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 7.76% of payroll. This includes a factor for the rehired retirees and the Non-OASDI surcharge. Based on these assumptions, the TRS Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan 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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

The target allocation and best estimates of arithmetic 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
<b>Global Equity</b>		
U.S.	18.00%	5.70%
Non-U.S. Developed	13.00%	6.90%
Emerging Markets	9.00%	8.95%
Directional Hedge Funds	4.00%	3.53%
Private Equity	13.00%	10.18%
<b>Stable Value</b>		
U.S. Treasury	11.00%	1.11%
Absolute Return	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%
Cash	1.00%	-0.30%
<b>Real Return</b>		
Global Inflation Linked Bonds	3.00%	0.70%
Real Assets	14.00%	5.21%
Energy and Natural Resources	5.00%	7.48%
Commodities	0.00%	0.00%
<b>Risk Parity</b>		
Risk Parity	5.00%	3.70%
<b>Total</b>	<b>100.00%</b>	

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 6.907%, 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 one percentage point lower (5.907%) or one percentage point higher (7.907%) than the current rate:

1.0% Decrease (5.907%)	Current Discount Rate (6.907%)	1.0% Increase (7.907%)
\$ 289,316,014.00	\$ 191,696,519.00	\$ 112,667,748.00

**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 participation.

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

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

base rate for 2019 plus any local supplement for a maximum 8.50% of annual compensation) for the year ended August 31, 2019, is provided in the following table:

<b>ORP Participation</b>	
Member Contributions	\$ 8,638,208.14
Employer Contributions	9,166,495.47
<b>Total</b>	<b>\$ 17,804,703.61</b>

**Note 9: Postemployment Benefits Other Than Pensions**

**Employees Retirement System**

*Plan Description*

The state of Texas currently participates in two types of defined benefit OPEB plans. The System participates in the ERS Plan. The ERS Plan is a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation administered by ERS.

The Legislature has the authority to establish and amend benefits and contribution rates within the guidelines of the Texas Constitution. The ERS Plan's Board of Trustees does not have the authority to establish or amend benefit terms. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The employers in the ERS Plan include the state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Employees of state of Texas agencies, colleges, universities and medical schools are members of the ERS Plan.

Detailed information about the ERS 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 by writing to ERS at 200 E. 18<sup>th</sup> Street, Austin, TX, 78701-1400.

*Benefits Provided*

The ERS Plan provides postemployment health care, life and dental insurance benefits to eligible retirees. The benefit and contribution provisions of the ERS Plan are authorized by state law and may be amended by the Legislature. All System employees that work at least 20 hours but less than 30 hours per week for an expected period of 4.5 months or more are eligible for partial health benefits under ERS. UNTS employees that work 30 or more hours for an expected period of 4.5 months or more are eligible for full health benefits under ERS. Employees may retire at age 65 with 10 years of service with an employer who participated in the ERS Plan or any combination of age plus 10 years of service with an employer who participated in the ERS Plan that is equal to or greater than 80. The premium provisions are determined by the Texas Legislature and require monthly contributions by the State, UNTS, and UNTS employees. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments.

*Contributions*

During the measurement period of 2018 for fiscal 2019 reporting, the amount of the System's contributions recognized by the plan for retirees was \$4,409,993.00. Contributions to ERS for the year ended August 31, 2019 for active and retired employees were as follows:

<b>ERS Participation</b>	
Member Contributions	\$ 18,034,052.90
State On-Behalf Contributions	25,406,258.36
Employer Contributions	38,727,084.95
<b>Total</b>	<b>\$ 82,167,396.21</b>

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

<b>Employer Contribution Rates</b>	
<b>Retiree Health and Basic Life Premium</b>	
Retiree Only	\$ 621.90
Retiree & Spouse	\$ 1,334.54
Retiree & Children	\$ 1,099.06
Retiree & Family	\$ 1,811.70

**OPEB Liabilities, OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2018 Comprehensive Annual Financial Report.

At August 31, 2019, the System reported a restatement to decrease fiscal year 2019 beginning net position of \$1,519,025.00 related to OPEB due to timing differences in receipt of the fiscal year 2018 contributions subsequent to the measurement date information.

At August 31, 2019, the System reported a liability of \$403,883,502.00 for its proportionate share of the collective net OPEB liability of the ERS Plan. The non-current portion of the liability was \$392,589,832.00 and the current portion was \$11,293,670.00. The collective net OPEB liability was measured as of August 31, 2018 (the "measurement date"), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the collective net OPEB liability at the measurement date was 1.36273369%, which was an increase of 1.10918396% from the 0.25354973% measured at the prior measurement date. The System's proportionate share was based on its contributions to the OPEB plan, excluding State on-behalf contributions, relative to the contributions of all employers and non-employer contributing entities to the ERS Plan for the period September 1, 2017 through August 31, 2018 (the "measurement period").

For the year ended August 31, 2019, the System recognized OPEB expense of \$79,462,900.00. At August 31, 2019, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to the measurement date	\$ 1,315,809.00	\$ -
Changes of assumptions	-	141,531,819.00
Difference between expected and actual experience	-	14,796,992.00
Change in proportion and contribution difference	376,573,612.00	-
Net difference between projected and actual investment return	191,261.00	-
<b>Total</b>	<b>\$ 378,080,682.00</b>	<b>\$ 156,328,811.00</b>

The \$1,315,809.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for 2020. Amounts reported as deferred

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	Expense
2020	\$ 42,104,794.00
2021	42,104,794.00
2022	42,104,794.00
2023	55,019,084.00
2024	39,102,596.00
<b>Total</b>	<b>\$ 220,436,062.00</b>

**Actuarial Assumptions**

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2018 measurement date:

<b>Actuarial Methods and Assumptions</b>	<b><u>ERS Plan</u></b>
Actuarial Valuation Date	August 31, 2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.96%
Inflation	2.50%
Salary Increase	2.50% to 9.50% including inflation
Healthcare Cost and Trend Rate	7.30% for FY 2020, 7.40% for FY 2021, 7.00% for FY 2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY 2027 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experience-based tables of rates that are specific to the class of employee
Mortality	
State Agency Members	
Service Retirees, Survivors and Other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disabled Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Higher Education Members	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None

The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. The actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2011 to August 31, 2016 for state agency members and for the period September 1, 2010 to August

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

31, 2017 for higher education members. The mortality rates were based on the tables identified in the above table titled *Actuarial Methods and Assumptions*.

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- a. Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the Trustees from TRS;
- b. Assumed expenses, assumed Per Capita Health Benefit Costs, and assumed Health Benefit Cost, Retiree Contribution and expense trends have been updated to reflect recent experience and its effects on short-term expectations;
- c. Percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- d. Percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends; and,
- e. Discount rate assumption was increased from 3.51% to 3.96% to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation for retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect plans.

The discount rate used to measure the total net OPEB liability was the municipal bond rate of 3.96%, an increase of 0.45% from the 3.51% used in the prior year. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.51%.

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the System's net OPEB liability. The following presents the System's proportionate share of the net OPEB liability calculated using the discount rate of 3.96%, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.96%) or one percentage point higher (4.96%) than the current rate:

<b>1.0% Decrease (2.96%)</b>	<b>Current Discount Rate (3.96%)</b>	<b>1.0% Increase (4.96%)</b>
\$ 479,503,686.00	\$ 403,883,502.00	\$ 346,647,522.00

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of the System's net OPEB liability. The following presents the System's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates one percentage point lower or one percentage point higher than the current rates:

<b>1.0% Decrease (6.30% decreasing to 3.50%)</b>	<b>Current Healthcare Cost Trend Rates (7.30% decreasing to 4.50%)</b>	<b>1.0% Increase (8.30% decreasing to 5.50%)</b>
\$ 342,037,094.00	\$ 403,883,502.00	\$ 483,665,489.00

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 10: 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 statements. There were no balances in interfund receivables and payables at August 31, 2019.

**Note 11: Adjustments to Net Position**

During fiscal year 2019, certain accounting changes and adjustments were made that required a restatement to net position. The restatement of beginning net position for fiscal year 2019 is as follows:

	<b>Total</b>
<b>Net Position at August 31, 2018 as Previously Reported</b>	\$ 804,663,888.39
GASB 83 implementation, ARO	(476,252.29)
GASB 75 OPEB Adjustment, timing difference	(1,519,025.00)
<b>Total Restatement</b>	<b>\$ (1,995,277.29)</b>
<b>Net Position at August 31, 2018 as Restated</b>	<b>\$ 802,668,611.10</b>

**Note 12: 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**

**Litigation**

*Caitlyn Sewell v. UNT System, et al.* UNT System has been informed that a former UNT System employee claims that she was constructively discharged from her employment as a UNT System attorney in violation of her First Amendment rights. No lawsuit has been filed, nor have claimed damages been specified. The likelihood of an unfavorable outcome is reasonably possible and the amount of possible loss or range of loss cannot be reasonably estimated.

**Healthcare Litigation**

*Robyn Walton v. University of North Texas Health Science Center.* Case No. 236-290069-17, 236th Judicial District Court, Tarrant County, Texas. Health care liability claim alleging that doctor negligently removed the wrong rib during surgery. HSC moved to dismiss due to lack of timely notice of the claim. HSC’s motion to dismiss was denied and the case is now stayed while on appeal. Plaintiff seeks damages in excess of \$1,000,000. HSC’s damages are capped at \$250,000. The likelihood of an unfavorable outcome is reasonably possible and the range of loss is estimated to be \$0 to \$250,000.

**Commitments**

The System continues to implement capital improvements to upgrade facilities. Approximately \$414.2 million in capital commitments have been entered into for the construction and renovation of various facilities across all of its campuses. These projects are in various stages of completion. The estimated breakdown of funding sources available for this commitment is as follows: 41% Revenue Financing System Bonds, 29% HEF, 15% from commercial paper, 11% auxiliary revenues, 3% from gifts/donations, and 1% HEF reserves. Approximately \$178.5 million of the commitment, or roughly 43%, is expected to be spent in 2020.



**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

Private investments are invested in limited partnerships with external investment managers or general partners who invest primarily in private equity transactions. These investments, both domestic and international, are illiquid and may not be realized for a period of several years after the investments are made. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. As of August 31, 2019, the University of North Texas System has committed \$33,940,000.00 to various private investments, including \$23,940,000.00 committed to hedge funds. Of this amount, \$8,544,117.00 is unfunded.

**Note 13: 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*, as amended. There are no claims pending or significant non-accrued liabilities, except as stated in Note 12, *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, 2019, HSC had sufficient self-insurance reserves for known claims against its health care professionals. The policy limits for this plan are \$500,000/\$1,500,000. 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 for legal expenses but a \$5,000 deductible per claim for professional liability coverage damages only.

The following contingencies and Incurred But Not Reported (“IBNR”) activity was determined for the year ended August 31, 2019 and August 31, 2018, respectively:

	<u>August 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31, 2019</u>
Incurred But Not Reported Self-Insurance Claims (HSC) <sup>(1)</sup>	\$ 1,464,977.00	\$ -	\$ 630,434.00	\$ 834,543.00
Contingent Liabilities	\$ -	\$ 19,318.17	\$ 19,318.17	\$ -
	<u>August 31, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>August 31, 2018</u>
Incurred But Not Reported Self-Insurance Claims (HSC) <sup>(1)</sup>	\$ 1,729,924.00	\$ -	\$ 264,947.00	\$ 1,464,977.00
Contingent Liabilities	\$ -	\$ 119,535.94	\$ 119,535.94	\$ -

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

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

*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 2019 was \$500,000. For the year ended August 31, 2019, 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, 2019, 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 zero deductible per insured individual and \$50,000 deductible per insured entity for D&O; and \$100,000 deductible per insured individual, \$50,000 deductible for the entity, and a \$25,000 deductible for volunteers for EPL.

*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 \$250,000/\$500,000 for bodily injury and \$100,000 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. This coverage also extends to Allied Health Care professionals and medical students at HSC. There is a maximum per incident limit of \$1,000,000 and an aggregate of \$3,000,000 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 \$570,000,000 shared limit through the State's state-wide property insurance program.

*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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

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, 2019, the System maintains one policy for out-of-state employees who reside in Alabama, Arizona, California, Kentucky, New Mexico, New York, Pennsylvania, South Carolina, Virginia and Wyoming.

*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, 2019.

The System maintains reserves for unemployment compensation payments made for all claims and settlements not eligible for state funding. There were no material outstanding claims pending as of August 31, 2019. Health benefits are provided through the various state contracts administered by the Employee Retirement System.

*Miscellaneous*

Other lines of insurance purchased include: 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, errors and omissions, and professional liability for students and North Texas Regional Institutional Review Board.

**Note 14: 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.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

The System has defined significance as 3% of its net position. As of August 31, 2019, the University of North Texas Foundation and the University of North Texas Health Sciences Center Foundation met the criteria for inclusion in the System's financial statements.

**Discretely Presented Component Units**

*University of North Texas Foundation*

The University of North Texas Foundation, Inc. is reported as a discrete component unit. The UNT Foundation's fiscal year end is August 31, consistent with the System. The UNT 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 from endowments for the benefit of UNT. 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 UNT Foundation; furthermore, the UNT 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 UNT Foundation and the control and disposition of its assets are vested in the Board of Directors of the UNT Foundation. The System has no liability with regard to the UNT Foundation, its operations or liabilities. The majority of endowments supporting university scholarships and other System programs are owned by the UNT Foundation; therefore, including the UNT Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

The UNT 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 UNT 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 UNT Foundation's Chief Executive Officer.

An amended agreement was approved by the UNT 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 UNT Foundation's Director of Development and will oversee, coordinate and exercise decision-making authority over the fundraising activities of both UNT and the UNT 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 UNT Foundation or expenditure of funds by the UNT 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 UNT Foundation as a discrete component unit in the System's financial statements.

*University of North Texas Health Science Center Foundation*

The UNTHSC Foundation is reported as a discrete component unit. The UNTHSC Foundation's fiscal year end is August 31, consistent with the System. The UNTHSC 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 from endowments for the benefit of UNT Health Science Center. 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 UNTHSC Foundation. 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 UNTHSC Foundation and the control and disposition of its assets are vested in the Board of Directors of the UNTHSC Foundation. The System has no liability with regard to the UNTHSC Foundation, its operations or liabilities. A portion of the endowments supporting scholarships or programs/operations of the Health Science Center is owned by the UNTHSC Foundation, while another portion of the endowments is owned by the Health Science Center and placed with the UNTHSC Foundation for investment under terms of Management

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

Agreements. Therefore, including the UNTHSC Foundation's financial reports is important to obtain a full understanding of the System's financial position and resources.

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

In February 2017, UNT Health Science Center updated its affiliation agreement with the UNTHSC Foundation to better define the relationship between the two entities and to comply with the statutory requirements of Chapter 2255 of the Texas Governance Code. The 2017 agreement provided clarity as to the relationships between the two parties, and the mutual responsibilities of each, separately and jointly, to advance the mission and work of the UNT Health Science Center.

**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, 2019 related to pass-through grants were \$31,002,310.92 and \$0.00 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 15: 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 complete quarter.

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 3.75% 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 real value of the endowment principal will be protected. The distribution is made in accordance with the Texas Uniform Prudent Management of Institutional Funds Act. The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System.

<b>Endowment Type</b>	<b>Amount of Cumulative Net Appreciation <sup>(1)</sup></b>	<b>Reported in Net Position</b>
True Endowments	\$ 8,100,317.18	Restricted Expendable

(1) There was a negative fair value adjustment totaling \$386,589.45 for fiscal year 2019 related to true endowments. As of August 31, 2019, the System did not have any term endowments to report.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Discretely Presented Component Units**

*University of North Texas Foundation*

The University of North Texas Foundation's spending policy for unitized endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives and intergenerational equity, while protecting the real value of the endowment principal. An endowment is excluded from target distribution until the endowment has been established for one quarter.

The target distribution of spendable income to each unit of the endowment fund will be between 3% and 5% of the moving average market value of a unit of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the UNT Foundation's Board of Directors, the target annual distribution rate shall be 4% of the average unit market value: for fiscal year 2019 the distribution rate was 3.75%. 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 distributions 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 net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the UNT Foundation, a discrete component unit of the University of North Texas System.

<u>Endowment Type</u>	<u>Amount of Cumulative Net Appreciation <sup>(1)</sup></u>	<u>Reported in Net Assets</u>
True Endowments	\$ 12,352,584.81	Net Assets with Donor Restrictions Held in Perpetuity

(1) There was a positive fair value adjustment totaling \$792,215.74 for fiscal year 2019 related to true endowments. As of August 31, 2019, the UNT Foundation did not have any term endowments to report.

*University of North Texas Health Science Center Foundation*

The University of North Texas Health Science Center Foundation's spending policy for endowments reflects an objective to distribute as much total return as is consistent with overall investment objectives and intergenerational equity, 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 4% of the moving average market value of the endowment fund for the preceding 12 quarters. Unless otherwise determined by the UNTHSC Foundation's Board of Directors, the target annual distribution rate shall be 4% of the average unit market value. For fiscal year 2019, the distribution rate was 4%. Distribution shall be made annually. This distribution amount shall be recalculated each year 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 distributions 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 net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the UNTHSC Foundation, a discrete component unit of the University of North Texas System.

<u>Endowment Type</u>	<u>Amount of Cumulative Net Appreciation <sup>(1)</sup></u>	<u>Reported in Net Assets</u>
True Endowments	\$ 14,788,989.00	Net Assets with Donor Restrictions Held in Perpetuity

(1) There was a positive fair value adjustment totaling \$366,391.00 for fiscal year 2019 related to true endowments. As of August 31, 2019, the UNTHSC Foundation did not have any term endowments to report.

**UNIVERSITY OF NORTH TEXAS SYSTEM**  
**Notes to the Comprehensive Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 16: Disaggregation of Receivable Balances**

Net other receivables at August 31, 2019 are detailed by type as follows:

<b>Net Other Receivables</b>	<b>Total</b>
Receivables related to various other activities	\$ 5,345,035.75
Receivables related to auxiliary enterprises, parking	955,367.56
<b>Total Net Other Receivables</b>	<b>\$ 6,300,403.31</b>

**Note 17: 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, 2019 is presented below:

	<b>Total</b>
<b>Deferred Outflows of Resources</b>	
Unamortized Losses on Refunding of Debt	\$ 6,189,190.01
Unamortized Losses on Refunding of Direct Placement Debt	484,028.20
Deferred Outflows of Resources Related to Asset Retirement Obligation	1,848,357.81
Deferred Outflows of Resources Related to Pensions	104,492,690.00
Deferred Outflows of Resources Related to OPEB	378,080,682.00
<b>Total Deferred Outflows of Resources</b>	<b>\$ 491,094,948.02</b>
 <b>Deferred Inflows of Resources</b>	
Unamortized Gains on Refunding of Direct Placement Debt	\$ 1,108,735.12
Deferred Inflows of Resources Related to Pensions	34,816,991.00
Deferred Inflows of Resources Related to OPEB	156,328,811.00
<b>Total Deferred Inflows of Resources</b>	<b>\$ 192,254,537.12</b>

See Note 1, *Summary of Significant Accounting Policies*, Note 5, *Long Term Liabilities*, Note 8, *Defined Benefit Pension Plan and Defined Contribution Plan*, and Note 9, *Postemployment Benefits Other Than Pensions*, for more information regarding deferred outflows of resources and deferred inflows of resources related to debt refunding, asset retirement obligation, pensions, and OPEB.

**UNIVERSITY OF NORTH TEXAS SYSTEM  
Required Supplementary Information  
For the Year Ended August 31, 2019**

**Required Supplementary Information (RSI)**

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

**RSI - Pension Proportionate Share**

	2019	2018	2017	2016	2015
System's proportion of the net pension liability	0.3482704688%	0.3350903754%	0.3167884475%	0.3348771000%	0.3870437000%
System's proportionate share of the net pension liability	\$ 191,696,519.00	\$ 107,143,850.00	\$ 119,709,644.00	\$ 118,374,598.00	\$ 103,405,818.19
System's covered payroll <sup>(1)</sup>	\$ 266,991,392.49	\$ 252,852,119.73	\$ 248,934,340.22	\$ 235,537,989.10	\$ 222,501,101.49
System's proportionate share of the net pension liability as a percentage of its covered payroll	71.80%	42.37%	48.09%	50.26%	46.47%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

<sup>(1)</sup> Covered payroll is for the year prior, because the System's net pension liability as of August 31 current year is based on a measurement date of August 31 of the previous year.

**Schedule of the System's Pension Contributions**

**RSI - Pension Contributions**

	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ 12,006,673.00	\$ 11,732,351.00	\$ 10,961,110.00	\$ 10,085,190.00	\$ 9,916,773.00	\$ 9,870,977.18
Contributions in relation to the statutorily required contributions	12,006,673.00	11,732,351.00	10,961,110.00	10,085,190.00	9,916,773.00	9,870,977.18
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
System's covered payroll	\$ 282,536,645.37	\$ 266,991,392.49	\$ 252,852,119.73	\$ 248,934,340.22	\$ 235,537,989.10	\$ 222,501,101.49
Contributions as a percentage of covered payroll	4.25%	4.39%	4.33%	4.05%	4.21%	4.44%



**UNIVERSITY OF NORTH TEXAS SYSTEM  
Required Supplementary Information  
For the Year Ended August 31, 2019**

**Schedule of the System's Proportionate Share of the Net OPEB Liability**

**RSI - OPEB Proportionate Share**

	<b>2019 <sup>(2)</sup></b>	<b>2018</b>
System's proportion of the net OPEB liability	1.36273369%	0.25354973%
System's proportionate share of the net OPEB liability	\$ 403,883,502.00	\$ 86,392,029.00
System's covered-employee payroll <sup>(1)</sup>	\$ 164,170,798.74	\$ 29,780,201.94
System's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	246.01%	290.10%
Plan fiduciary net position as a percentage of the total OPEB liability	1.27%	2.04%

<sup>(1)</sup> Covered-employee payroll is for the year prior, because the System's net pension liability as of August 31 current year is based on a measurement date of August 31 of the previous year.

<sup>(2)</sup> For fiscal year 2019 reporting, ERS had a change in accounting methodology to include both active and retired employee contributions in the calculation of proportionate share.

**Schedule of the System's OPEB Contributions**

**RSI - OPEB Contributions**

	<b>2019</b>	<b>2018</b>
Statutorily required contributions	\$ 1,315,809.00	\$ 1,464,282.00
Contributions in relation to the statutorily required contributions	1,315,809.00	1,464,282.00
Contribution deficiency (excess)	\$ -	\$ -
System's covered-employee payroll	\$ 167,889,174.41	\$ 164,170,798.94
Contributions as a percentage of covered-employee payroll	0.78%	0.89%

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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, 2018 and 2019**

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

**Notes to the Financial Statements**

**For the Year Ended August 31, 2019**

**Note 1: Principal Activity and Significant Accounting Policies**

**Organization**

The University of North Texas Foundation, Inc. ("UNT Foundation") is a nonprofit organization established to provide financial support to the University of North Texas. This purpose is accomplished by the UNT Foundation receiving and managing donations (cash and non-cash) from individuals and organizations.

**Basis of Presentation**

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

**Contributions**

Contributions are generally 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 estimated net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their estimated net realizable value, using interest rates applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises to give has been provided based on management's evaluation of contributions receivable at year end.

Contributions of cash and other assets are reported as 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 income available for distribution is recorded as donor restricted net assets because of program restrictions. The portion of the fair value of endowment funds which is below the endowment fund's historical cost is recorded as a reduction in net assets with donor restrictions.

Contributions of donated noncash 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.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein area classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves and board-designated endowments.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been reported on a functional basis in the statements of activities in order to present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

**Notes to the Financial Statements**

**For the Year Ended August 31, 2019**

**Cash and Cash Equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity at the time of purchase of three months or less. At August 31, 2019 and 2018, there was \$4,869,289 and \$1,918,559, respectively, of cash and cash equivalents in the UNT Foundation's investment accounts awaiting investment.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Real Property**

Real property consists of property that has been donated to the UNT Foundation. The property is stated at the estimated fair value.

**Other Assets**

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

**Agency Funds**

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

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Subsequent Events**

Subsequent events were evaluated through November 20, 2019, the date the financial statements were available to be issued.

**Assets Held and Liabilities Under Split-Interest Agreements**

*Charitable Trusts*

We act as trustee for various irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to us, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace us as the beneficiary of the trust, we record the assets placed in trust at fair value, with an equal and offsetting liability until such time that we receive distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.

Notes to the Financial Statements

For the Year Ended August 31, 2019

*Charitable Gift Annuities*

Under charitable gift annuity contracts, we receive immediate title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques. The excess of contributed assets over the annuity liability is recorded as a contribution with donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

*Change in Accounting Principle*

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which increased net assets without donor restriction by \$466,529 and decreased net assets with donor restrictions by \$466,529 as of September 1, 2017 (the date the new accounting principle was adopted), resulting from the reclassifications of underwater endowment funds as required under ASU 2016-14.

**Note 2: Liquidity and Availability**

Financial assets available for general expenditure without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$	16,105,036
Less cash and cash equivalents included in the investment pool		(4,869,289)
Operating investments		1,630,030
Cash and cash equivalents included in donor restricted funds		(7,542,283)
Board designated reserves		(2,008,584)
<b>Total Contributions and Other Receivables</b>	<b>\$</b>	<b><u>3,314,910</u></b>

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Our board-designated endowments of \$608,078 provide for annual distributions to the University of North Texas. Although we do not intend to spend from these board-designated endowments for general expenditures, these amounts could be made available if necessary.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 3: Fair Value Measurements and Disclosures**

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. We invest in CDs traded in the financial markets. Those CDs are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The fair value of the private company stock is based on the fair value determined by the company based on a specific valuation methodology and formula. This is considered to be a Level 3 measurement.

We use net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity/debt funds and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

**Notes to the Financial Statements**

**For the Year Ended August 31, 2019**

The following table presents investments measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at August 31, 2019.

**Fair Value Measurements at August 31, 2019 Using**

<b>Investments</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Investments Measured at NAV</b>
U.S. and International Equities					
Securities and mutual funds	\$ 105,985,163	\$ 105,985,163	\$ -	\$ -	\$ -
Equity funds	20,875,136	-	-	-	20,875,136
	<u>\$ 126,860,299</u>	<u>\$ 105,985,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,875,136</u>
U.S. and International Fixed Income					
Mutual Funds	\$ 37,788,165	\$ 37,788,165	\$ -	\$ -	\$ -
Certificates of deposit	1,630,030	-	1,630,030	-	-
	<u>\$ 39,418,195</u>	<u>\$ 37,788,165</u>	<u>\$ 1,630,030</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Balanced Fund	<u>\$ 11,519,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,519,778</u>
Global Real Assets and Infrastructure Mutual Funds	<u>\$ 14,038,288</u>	<u>\$ 14,038,288</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hedge Funds	<u>\$ 12,560,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,560,451</u>
Private Equity/Debt Funds	<u>\$ 3,071,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,071,473</u>
U.S. Private Company Common Stock	<u>\$ 15,753,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,753,150</u>	<u>\$ -</u>
<b>Total Investments</b>	<u><b>\$ 223,221,634</b></u>	<u><b>\$ 157,811,616</b></u>	<u><b>\$ 1,630,030</b></u>	<u><b>\$ 15,753,150</b></u>	<u><b>\$ 48,026,838</b></u>

The following table presents investments measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at August 31, 2018.

**Fair Value Measurements at August 31, 2018 Using**

<b>Investments</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Investments Measured at NAV</b>
U.S. and International Equities					
Securities and mutual funds	\$ 177,071,958	\$ 177,071,958	\$ -	\$ -	\$ -
Equity funds	37,930,516	-	-	-	37,930,516
	<u>\$ 215,002,474</u>	<u>\$ 177,071,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,930,516</u>
U.S. and International Fixed Income					
Mutual Funds	\$ 63,509,225	\$ 63,509,225	\$ -	\$ -	\$ -
Certificates of deposit	1,610,123	-	1,610,123	-	-
	<u>\$ 65,119,348</u>	<u>\$ 63,509,225</u>	<u>\$ 1,610,123</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Balanced Fund	<u>\$ 21,065,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,065,941</u>
Global Real Assets and Infrastructure Mutual Funds	<u>\$ 23,455,262</u>	<u>\$ 23,455,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hedge Funds	<u>\$ 31,341,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,341,292</u>
Private Equity/Debt Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
U.S. Private Company Common Stock	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Investments</b>	<u><b>\$ 355,984,317</b></u>	<u><b>\$ 264,036,445</b></u>	<u><b>\$ 1,610,123</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 90,337,749</b></u>



**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant observable input (Level 3) for the years ended August 31, 2019 and 2018.

	<b>Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)</b>	
	<b>Investments</b>	
	<b>US Private Company</b>	
	<b>Common Stock</b>	
<b><u>Year ended August 31, 2019</u></b>		
Balance at August 31, 2018	\$	-
Purchases/contributions of investments		24,999,988
Investment return, net		(3,246,754)
Sales		(6,000,084)
Balance at August 31, 2019	<b>\$</b>	<b><u>15,753,150</u></b>
<b><u>Year ended August 31, 2018</u></b>		
Balance at August 31, 2017	\$	-
Purchases/contributions of investments		-
Investment return, net		-
Sales		-
Balance at August 31, 2018	<b>\$</b>	<b><u>-</u></b>

In addition, the UNT Foundation has entered into investment agreements with several private equity, private debt, and private real estate funds that provide for capital calls in the future. The total amount of future capital committed to these investments by the UNT Foundation is \$12.52 million as of August 31, 2019.

**Note 4: Fair Value of Financial Instruments**

Generally accepted accounting principles requires disclosure of an estimate of fair value of certain financial instruments. The UNT Foundation's significant financial instruments other than investments are cash and cash equivalents, contributions receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**Note 5: Contributions Receivables**

Contributions and other receivables as of August 31, 2019 and August 31, 2018 are as follows:

	<b>August 31, 2019</b>	<b>August 31, 2018</b>
Contributions receivable in less than one year	\$ 2,086,967	\$ 2,340,805
Contributions receivable in one to five years	8,870,245	4,657,733
Contributions receivable in six to ten years	5,439,286	2,051,426
Contributions receivable in over ten years	-	-
Total Contributions Receivable	\$ 16,396,498	\$ 9,049,964
Less allowance for uncollectible amounts	(1,257,282)	(746,449)
Less discounts to net present value	(3,823,676)	(1,585,472)
<b>Net Contributions Receivables</b>	<b>\$ 11,315,540</b>	<b>\$ 6,718,043</b>

Contributions receivable in more than one year have been discounted to net present value using an interest rate of eight percent.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

Contributions receivable include a \$5.04 million receivable (net) related to a major gift received during the fiscal year ended August 31, 2019. The donor of this gift committed to a total gift to the UNT Foundation of \$30.0 million to be funded over a seven year period. The donor contributed common stock in a privately held company valued at \$25.0 million on the date of the gift (see Note 3). The gift agreement provides that a portion of the stock can be sold under a series of put options to fund the annual gift amounts. \$6.0 million worth of the stock was sold in April 2019, and \$4.0 million of stock will be sold each year for the next six years or until all of the stock has been sold. The donor has committed to make cash contributions to the UNT Foundation for any amount up to \$30.0 million that is not provided by the sale of the stock. The contribution receivable recorded is the current estimate of cash donations that will be required based on the current fair value of the stock.

**Note 6: Net Assets without Donor Restrictions**

During the year ended August 31, 2018, the UNT Foundation's Board of Directors designated \$390,000 of net assets without donor restrictions to fund 13 board-designated endowment funds. The funds will be used for scholarships in thirteen degree-granting institutions within the University of North Texas. During the year ended August 31, 2019, the UNT Foundation's Board of Directors designated \$65,000 to add \$5,000 each to the original 13 funds and \$155,000 to establish 4 additional board designated endowment funds.

Although the Board retains the right to re-designate these funds for another purpose, the intent is to offer multigenerational scholarship support to UNT students. Pursuant to FASB requirements, these endowments are included in Net Assets Without Donor Restrictions, however, these funds are not available for operating expenses.

Net assets without donor restrictions at August 31, 2019 and 2018 also include \$2,008,584 and \$1,869,728 respectively, which has been designated by the UNT Foundation's Board of Directors as a reserve for future operations.

**Note 7: Net Assets with Donor Restrictions**

Net assets were restricted for the following:

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
UNT Department Gift & Fundraising Accounts	\$ 12,600,877	\$ 9,782,376
True Endowments according to Donor agreement		
Endowments under Board Distribution Policy	151,680,482	135,355,281
Endowments with Donor defined distribution	1,652,801	1,692,109
Quasi Endowments according to Donor agreement	7,345,896	6,430,573
Split-interest agreements net of liabilities	1,847,004	3,111,482
Restricted Stock	15,753,150	-
Cash value of life insurance policies	559,217	551,315
<b>Total Net Assets with Donor Restrictions</b>	<b><u>\$ 191,439,427</u></b>	<b><u>\$ 156,923,136</u></b>

**Note 8: Underwater Endowments**

Of the 956 total endowments at August 31, 2019, 82 have a market value that has fallen below historical cost. The amount that the market value is below historical cost of these 82 endowments is \$298,709 collectively. This compares to 65 endowments below historical cost by an amount of \$180,265 collectively at August 31, 2018.

**Note 9: Life Insurance Policies**

Several endowments have been established which are to be funded or partially funded by life insurance policies for which the UNT Foundation has been named owner and beneficiary. Premium payments made by the UNT

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

**Notes to the Financial Statements**

**For the Year Ended August 31, 2019**

Foundation are reimbursed by the donors of the policies. As of August 31, 2019 and 2018, there were a total of 23 and 24 such policies, respectively, with death benefits totaling \$1,831,879 and \$1,889,703 respectively, and cash values totaling \$559,217 and \$551,315 respectively.

**Note 10: Income Taxes**

The UNT Foundation is organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501 (a) as an organization described in IRC Section 501 (c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The UNT Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the UNT Foundation is not subject to unrelated business income tax and has not filed an Exempt Organization Business Tax Return (Form 990-T) with the IRS.

**Note 11: Retirement Plan**

The UNT Foundation sponsors a defined contribution 403(b) retirement plan covering all full time employees of the UNT Foundation. Under the terms of the plan, the UNT Foundation contributes a full matching contribution of up to 6.0% of compensation for employees who make an elective contribution. An additional discretionary non-elective contribution may be allocated on the basis of compensation, as budgeted and approved by the Board in advance of the fiscal year. Employees may make voluntary contributions up to the limits prescribed by the Internal Revenue Code. The UNT Foundation contributions to the plan were \$75,901 and \$68,553 for the years ended August 31, 2019 and 2018, respectively.

**Note 12: Assets Held For Others**

The UNT Foundation 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 UNT Foundation and invested in the UNT Foundation's Consolidated Investment Pool or the UNT Foundation's DFA Short-Term Government fund. The UNT endowment funds residing in the UNT Foundation's Consolidated Investment Pool are subject to the same investment management and distribution policies as the UNT Foundation's investments. The initial term of the agreement ended August 31, 2013, with a provision to automatically renew annually thereafter. On September 11, 2019 the agreement was re-written with an effective date of September 1, 2019, with the initial term ending on August 31, 2027 and a provision to automatically renew and extend for additional five-year terms.

The UNT Foundation also formerly held and invested 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 November 1, 2014, certain UNTS long-term assets had been placed with the UNT Foundation and invested in the UNT Foundation's Consolidated Investment Pool. The UNTS investment funds were subject to the same investment management policy as the UNT Foundation's investments, but received monthly distributions. The initial term of the agreement effective on November 1, 2014 ended August 31, 2016 and contained a provision to automatically renew annually thereafter, as well as a provision for early termination as agreed by the parties. UNTS elected to not renew the agreement at August 31, 2018, and the majority of funds have been transferred back to UNTS. Redemption instructions have been submitted for illiquid investments, and remaining balances will be transferred to UNTS as they are liquidated.

UNTS and UNT are independent of the UNT Foundation in all respects. UNTS and UNT are not subsidiaries or affiliates of the UNT Foundation and are not directly or indirectly controlled by the UNT 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 UNT Foundation are the exclusive property of UNTS and UNT.

**UNIVERSITY OF NORTH TEXAS FOUNDATION, INC.**

**Notes to the Financial Statements**

**For the Year Ended August 31, 2019**

respectively. Since the UNT Foundation does not have ownership of any of the UNTS or UNT assets, neither the principal nor income generated by these assets, except for management fees paid from these assets, are included in the amount of net assets of the UNT Foundation.

Also, a trust for which the UNT Foundation serves as Trustee currently names the UNT Foundation as the remainder beneficiary, however, the donor has retained the right to change the remainder beneficiary to other charitable organizations. As a result, the UNT Foundation has recorded the assets held under this trust as assets held for others.

Assets held under these arrangements are included in the Statement of Financial Position at fair value, and the UNT Foundation realized net management fee income of \$573,156 and \$709,358, respectively, during the years ended August 31, 2019 and 2018 for its services.

A summary of the assets held for others is as follows:

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
Trust for which beneficiary can be changed	\$ 1,375,630	\$ 1,382,875
UNTS assets managed by UNT Foundation	151,514	158,548,191
UNT endowment assets managed by UNT Foundation	57,270,954	57,093,613
<b>Total Assets Held for Others</b>	<u><u>\$ 58,798,098</u></u>	<u><u>\$ 217,024,679</u></u>

**Note 13: Finance Instruments and Credit Risk**

The UNT Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

**NOTES TO THE  
FINANCIAL STATEMENTS**

**of the**

**UNIVERSITY OF NORTH TEXAS  
HEALTH SCIENCE CENTER FOUNDATION**

**FORT WORTH, TEXAS**

**For the Years Ended August 31, 2018 and 2019**

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 1: Summary of Significant Accounting Policies**

The University of North Texas Health Science Center Foundation (“UNTHSC Foundation”) was organized for charitable, educational, and scientific purposes, and to advance the mission and vision of the University of North Texas Health Science Center (“UNTHSC”) through financial support of its education, discovery and health care priorities. All income received by the UNTHSC Foundation is to be used for the future benefit of the UNT Health Science Center at the discretion of the Board of Directors.

**Nature of Activities**

The management of the UNTHSC Foundation is vested in the Board of Directors (“the Board”) who have discretionary authority to determine the amount, manner and times for payment of any distributions from the UNTHSC Foundation. The UNTHSC Foundation is subject to a pay-out policy which dictates scholarships and other payments made in current year. During 2019 and 2018, the UNTHSC Foundation paid \$4,591,883 and \$5,152,555 in scholarships, grants and other expenses to UNTHSC and other not-for-profit organizations.

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting, which recognizes support and revenue when earned, and expenses when incurred.

**Financial Statement Presentation**

The financial statements of the UNTHSC Foundation are presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Financial position and activities are reported according to two classes of net assets: (i) net assets without donor restrictions, and (ii) net assets with donor restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, but are not limited to, the fair value of investments and the discounts applied to unconditional promises to give. It is at least reasonably possible that these estimates will change in the near term.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the UNTHSC Foundation considers cash available in the demand deposit accounts and all highly liquid short-term investments with original maturities of three months or less to be cash equivalents.

The UNTHSC Foundation maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The UNTHSC Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

**Investments**

Investments are carried at fair value or net asset value. Appreciation or depreciation in fair value is reported in support and revenue.

**Contributions**

Conditional promises to give received by the UNTHSC Foundation, which stipulate the occurrence of some specified event before payment will be made, are recognized when the specified future event takes place and the promise to give becomes unconditional.

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

Unconditional promises to give are recorded as contributions when received and classified as net assets without donor restrictions, or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

**Donor Restrictions**

The UNTHSC Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Income Taxes**

The UNTHSC Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the UNTHSC Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

**Uncertain Tax Positions**

The UNTHSC Foundation recognizes in its financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position.

Tax positions taken related to the UNTHSC Foundation's tax exempt status for federal tax purposes and state filing requirements have been reviewed, and management is of the opinion that material positions taken by the UNTHSC Foundation would more likely than not be sustained by examination. Accordingly, the UNTHSC Foundation has not recorded an income tax liability for uncertain tax benefits.

**New Accounting Standard Adopted**

In fiscal year 2018, the UNTHSC Foundation adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*.

The requirements of ASU 2016-14 apply to the financial statements of all not-for-profit entities. This update reduced the net asset classifications from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). In addition, this statement added a liquidity disclosure (Note 8) to show the amount of financial assets available within one year from the balance sheet date and added disclosures related to cost allocation methodologies.

Accounts recognized in net assets related to the prior period have been reclassified to conform to the presentation requirements under ASU 2016-14. The reclassifications, including reclassifying investment expenses to investment income, have no effect on total net assets or change in net assets.

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services of the UNTHSC Foundation have been summarized on a functional basis in the statements of activities. Functional expenses have been categorized as program expenses and supporting services based on the nature of the activity performed, and, as such, no costs have been allocated across the functional expense categories.

**Subsequent Events**

The UNTHSC Foundation evaluated all events or transactions that occurred after August 31, 2019 through November 20, 2019, the date these financial statements were available to be issued.

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 2: Fair Value Measurements**

A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value of hierarchy are described below:

- Level 1 inputs: Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 inputs: Inputs (other than quoted market prices included within level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and fair value is determined through the use of models or other valuation techniques.
- Level 3 inputs: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Fair value for these investments are determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

Following is a description of the valuation methodologies used for assets measured at fair value. The valuation techniques used to determine fair value have been consistently applied during the years ended August 31, 2019 and 2018.

Equity securities and mutual funds traded on active markets are carried at a value consistent with traded prices on the valuation date, representing level 1 inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the UNTHSC Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the UNTHSC Foundation's investments at fair value as of August 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities				
US Large Cap	\$ 20,479,544	\$ -	\$ -	\$ 20,479,544
US Mid and Small Cap	6,585,945	-	-	6,585,945
Global	3,162,998	-	-	3,162,998
Foreign	2,633,561	-	-	2,633,561
Emerging Markets	10,903,304	-	-	10,903,304
Mutual Funds	28,647,719	-	-	28,647,719
<b>Total investments in the fair value hierarchy</b>	<b>\$ 72,413,071</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,413,071</b>



**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

The following table sets forth, by level, within the fair value hierarchy, the UNTHSC Foundation's investments at fair value as of August 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Securities				
US Large Cap	\$ 18,186,072	\$ -	\$ -	\$ 18,186,072
US Mid and Small Cap	6,674,660	-	-	6,674,660
Global	1,111,571	-	-	1,111,571
Foreign	1,784,224	-	-	1,784,224
Emerging Markets	8,391,369	-	-	8,391,369
Mutual Funds	17,813,707	-	-	17,813,707
<b>Total investments in the fair value hierarchy</b>	<b><u>\$ 53,961,603</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 53,961,603</u></b>

The UNTHSC Foundation also invests in investment companies that are reported at net asset value. Investments reported at net asset value are excluded from the fair value hierarchy. The following table reconciles investments reported in fair value hierarchy to investments reported on the statement of financial position as of August 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total investments in the fair value hierarchy	\$ 72,413,071	\$ 53,961,603
Cash equivalents	1,402,132	1,315,423
Investment in investment companies	937,063	420,326
<b>Total investments at fair value</b>	<b><u>\$ 74,752,266</u></b>	<b><u>\$ 55,697,352</u></b>

Investments in investment companies consisting of off-shore investments are subject to the following redemption frequency and capital commitment at August 31, 2019:

<u>Investment Strategy</u>	<u>Redemption Frequency</u>	<u>Remaining Capital Commitment</u>
Off-shore investments	Monthly, quarterly, or semi-annually	\$ 576,220
Off-shore investments	Monthly, quarterly, or semi-annually	632,226
Off-shore investments	Monthly, quarterly, or semi-annually	905,237
Off-shore investments	Monthly, quarterly, or semi-annually	1,000,000

Investments in investment companies consisting of off-shore investments are subject to the following redemption frequency and capital commitment at August 31, 2018:

<u>Investment Strategy</u>	<u>Redemption Frequency</u>	<u>Remaining Capital Commitment</u>
Off-shore investments	Monthly, quarterly, or semi-annually	\$ 757,170
Off-shore investments	Monthly, quarterly, or semi-annually	837,618
Off-shore investments	Monthly, quarterly, or semi-annually	984,992

No redemption restrictions or redemption notice period noted.

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 3: Net Assets with Donor Restrictions**

Net assets with donor restrictions are made up of the following as of August 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>
Purpose	\$ 10,001,500	\$ 8,928,416
Perpetuity	14,788,989	13,181,694
<b>Total Net Assets</b>	<b><u>\$ 24,790,489</u></b>	<b><u>\$ 22,110,110</u></b>

Net assets with donor restrictions – time and purpose are restricted for the following as of August 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>
MD Program and related support	\$ 3,403,208	\$ 4,023,596
Departmental programs	1,255,601	1,336,577
Research	500,384	806,080
Education	568,274	600,291
Scholarships	1,875,130	1,919,100
Special events	107,017	59,926
Other	2,291,886	182,846
<b>Total</b>	<b><u>\$ 10,001,500</u></b>	<b><u>\$ 8,928,416</u></b>

Net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes during the years ended August 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investment fees and related fees	\$ -	\$ 223,140
Distributions	28,834	61,489
Endowment scholarships	236,495	555,329
Gifts and other related expenses	5,259,573	4,989,697
<b>Total</b>	<b><u>\$ 5,524,902</u></b>	<b><u>\$ 5,829,655</u></b>

**Note 4: Due to Related Party**

At August 31, 2019 and 2018, the UNTHSC Foundation held investments of \$54,258,416 and \$36,962,213 (as restated), respectively, on behalf of UNTHSC. The investment account, in the name of the UNTHSC Foundation, was established prior to the formation of the UNTHSC Foundation. In order to maximize the benefits received from pooling investments and for simplicity, UNTHSC's portion is being held by the UNTHSC Foundation. These investments are included in investments and due to related party on the Statement of Financial Position.

**Note 5: Promises to Give**

Unconditional promises to give to be received by the UNTHSC Foundation for each of the years subsequent to August 31, 2019 is as follows:

	<u>2019</u>	<u>2018 (As Restated)</u>
Due in less than 1 year	\$ 1,851,783	\$ 1,307,147
Due within 1 to 5 years	4,236,667	3,584,000
Due in more than 5 years	-	50,000
Less discount	(87,252)	(114,919)
<b>Total</b>	<b><u>\$ 6,001,198</u></b>	<b><u>\$ 4,826,228</u></b>

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

Unconditional promises to give that are expected to be collected after one year are discounted and are reported net of the discount in pledges receivable on the statement of financial position. Amortization of the discount on long-term pledges receivable is included with contributions revenue in the statement of activities. Pledges receivable are also reported net of any anticipated losses due to uncollectible accounts. The UNTHSC Foundation's policy for determining when pledges receivable are past due or delinquent is when all efforts to collect a pledged amount have been exhausted. An allowance for doubtful accounts is estimated by management based on information received by pledged donors and pledge receivable aging schedules. No allowance was considered necessary as of August 31, 2019 and 2018.

As of August 31, 2019, conditional promises to give to be received by the UNTHSC Foundation are \$2,500,000, which are due within 1 to 5 years. The conditional promises to give have not met the criteria for recognition in the financial statements as established by GAAP.

**Note 6: Pledges Payable**

During the year ended August 31, 2017, the UNTHSC Foundation pledged \$200,000 to a not-for-profit organization. Payments are due at annual payment intervals. As of August 31, 2018, \$75,000 was still outstanding and is shown as pledge payable on the statement of financial position. Payment of the remaining amount due of \$75,000 was paid in November 2018.

**Note 7: Uniform Prudent Management of Institutional Funds Act**

Net assets with donor restrictions held in perpetuity were \$14,788,989 and \$13,181,694 as of August 31, 2019 and 2018, respectively. The UNTHSC Foundation's endowment funds consist of equity securities, cash and cash equivalents and investments in investment companies. These funds consist of contributions made to establish an endowment, the earnings from which are to be used to support different restricted purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The investment policy is issued by the Board of the UNTHSC Foundation. It articulates the principles by which the UNTHSC Foundation governs the management of its investment assets. The Board is responsible for adopting investment objectives and policies, hiring and evaluating investment managers, establishing a controlled environment, and monitoring policy implementation and investment performance. The Board exercises its responsibility according to applicable fiduciary standards and in the exclusive interest of the UNTHSC Foundation.

A reconciliation of the endowment funds' beginning and ending balances for the years ended August 31, 2019 and 2018 is as follows. There was no cumulative effect of any amounts by which permanently restricted funds have been reduced, or increased that were not specified by the donor, or in the absence of a donor stipulation, approved by the Board.

	<b>Endowment Net Assets with Donor Restrictions - Purpose</b>	<b>Endowment Net Assets with Donor Restrictions Held in Perpetuity</b>	<b>Total Endowment Net Assets</b>
Endowment net assets, September 1, 2018 (as restated)	\$ 2,409,702	\$ 13,181,694	\$ 15,591,396
Interest and dividends	-	-	-
Net appreciation (realized and unrealized)	366,391	-	366,391
	<b>\$ 2,776,093</b>	<b>\$ 13,181,694</b>	<b>\$ 15,957,787</b>
Contributions	26,341	1,607,295	1,633,636
Appropriation of endowment assets for expenditure	(152,745)	-	(152,745)
<b>Endowment net assets, August 31, 2019</b>	<b>\$ 2,649,689</b>	<b>\$ 14,788,989</b>	<b>\$ 17,438,678</b>

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

	Endowment Net Assets with Donor Restrictions - Purpose	Endowment Net Assets with Donor Restrictions Held in Perpetuity	Total Endowment Net Assets
Endowment net assets, September 1, 2017 (as restated)	\$ 2,568,172	\$ 8,793,844	\$ 11,362,016
Interest and dividends	-	-	-
Net appreciation (realized and unrealized)	1,026,458	-	1,026,458
	<u>\$ 3,594,630</u>	<u>\$ 8,793,844</u>	<u>\$ 12,388,474</u>
Contributions	62,455	4,387,850	4,450,305
Appropriation of endowment assets for expenditure	(1,247,383)	-	(1,247,383)
<b>Endowment net assets, August 31, 2018 (as restated)</b>	<b><u>\$ 2,409,702</u></b>	<b><u>\$ 13,181,694</u></b>	<b><u>\$ 15,591,396</u></b>

Endowment net asset composition by type of fund as of August 31, 2019 was as follows:

	Endowment Net Assets with Donor Restrictions Purpose	Endowment Net Assets with Donor Restrictions Held in Perpetuity	Total Endowment Net Assets
Donor-restricted	\$ 2,649,689	\$ 14,788,989	\$ 17,438,678
<b>Total funds</b>	<b><u>\$ 2,649,689</u></b>	<b><u>\$ 14,788,989</u></b>	<b><u>\$ 17,438,678</u></b>

Endowment net asset composition by type of fund as of August 31, 2018 was as follows:

	Net Assets with Donor Restrictions Purpose	Net Assets with Donor Restrictions Held in Perpetuity	Total Endowment Net Assets
Donor-restricted	\$ 2,409,702	\$ 13,181,694	\$ 15,591,396
<b>Total funds</b>	<b><u>\$ 2,409,702</u></b>	<b><u>\$ 13,181,694</u></b>	<b><u>\$ 15,591,396</u></b>

### Investment Objectives

The UNTHSC Foundation assets are to be invested in a balanced portfolio composed of equity, fixed-income and cash equivalent securities. As such, it is intended to be more aggressive than fixed-income-oriented portfolios and less aggressive than equity-only-oriented portfolios. In this context, "aggressive" relates to such issues as expected long-term rates of return and return volatility, investment vehicles, diversification among economic and industry sectors and individual securities. Within this framework, the principal investment objectives are stated below. These objectives recognize the nature of the UNTHSC Foundation, its purpose and its beneficiaries. The basic investment objective is long-term growth of capital and preservation of capital. In pursuing the investment objective, the UNTHSC Foundation endeavors, over time, to outperform the investment return objectives. Returns must be sufficient to meet or exceed the minimum required investment rate of return for the UNTHSC Foundation as established in the spending policy plus fee of 1% of the invested accounts for services in direct connection to the UNTHSC Foundation. Returns must meet or exceed the inflation rate plus 2%, meet or exceed the rate of return of a balanced market index, and meet or exceed the Sharpe Ratio of the market index while limiting portfolio risk.

### Investment Philosophy

The primary investment objective of the UNTHSC Foundation is long-term growth of capital. It is recognized that short-term fluctuations in the capital markets may result in the loss of capital on occasion (i.e., negative rates of return). However, the total asset value of the UNTHSC Foundation, exclusive of contributions or withdrawals, should grow in the long-run. It should earn, through a combination of investment income and capital appreciation, a rate of return in excess

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

of a balanced market index while incurring less risk than such index. The long-term growth of capital should also be greater than the spending policy plus the fee for services in direct connection to the UNTHSC Foundation.

The Board and/or the Investment Committee intends to maximize the portfolio's total return comprising income and net realized and unrealized gains and losses. This objective is to be accomplished by assuming a prudent level of risk in the investment of the UNTHSC Foundation assets.

The UNTHSC Foundation will engage well-qualified investment managers registered under the Investment Advisors Act of 1940. The investment manager will perform duties with the care, skill, prudence and diligence under the prevailing circumstance that a prudent expert acting in a like capacity and familiar with such matter would use in the conduct of an enterprise of a like character and of like aims.

**Underwater Endowments**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the UNTHSC Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in 6 endowment funds with donor restrictions, which together have an original gift value of \$1,173,673, a current fair value of \$1,144,778, and a deficiency of \$28,895 as of August 31, 2019. Deficiencies of this nature exist in 5 endowment funds with donor restrictions, which together have an original gift value of \$169,673, a current fair value of \$146,833, and a deficiency of \$22,840 as of August 31, 2018. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

The UNTHSC Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

**Note 8: Liquidity**

As a not-for-profit entity, UNTHSC Foundation receives significant funding in the form of contributions each year from donors, which are restricted to be used in a particular manner. UNTHSC Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of managing the financial assets, UNTHSC Foundation ensures these become available when obligations come due.

The following reflects UNTHSC Foundation's financial assets as of the balance sheet date, including amounts not available within one year of the balance sheet date. Amounts not available include donor-imposed restricted contributions.

Cash	\$	1,305,137
Investments		20,493,850
Pledges receivable		6,001,198
<b>Total financial assets</b>	<b>\$</b>	<b>27,800,185</b>
Less donor restrictions		
Net assets with donor restrictions time and purpose	\$	(10,001,500)
Net assets with donor restrictions – held in perpetuity		(14,788,989)
<b>Total financial assets not available to be used within one year</b>	<b>\$</b>	<b>(24,790,489)</b>
<b>Total financial assets available to meet general expenditures within one year</b>	<b>\$</b>	<b>3,009,696</b>

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

**Note 9: Prior Period Restatement**

During the year ended August 31, 2019, the UNTHSC Foundation reassessed accounting principles generally accepted in the United States related to unconditional promises to give. As a result of this review, the UNTHSC Foundation determined that \$500,000 of a \$2,500,000 promise to give was not recorded as revenue when received in year ended August 31, 2016.

Additionally, as a result of this review, the UNTHSC Foundation determined that \$543,504 of investments held on behalf of a related party were not recorded as a liability as of August 31, 2018. In addition, \$473,771 was recorded as contributions and investment income in the statement of activities when the amounts should have been recorded as changes in due to related party as of August 31, 2018.

The accompanying financial statements as of and for the year ended August 31, 2018 have been restated to reflect the above corrections.

The effect on the UNTHSC Foundation 2018 financial statements are summarized as follows:

	As Previously Reported	Due to Related Party Adjustment	Contributions Receivable Adjustment	Restated
<b>Statement of financial position</b>				
Pledges receivable	\$ 4,326,228	\$ -	\$ 500,000	\$ 4,826,228
Total assets	61,160,598	-	500,000	61,660,598
Due to related party	(36,418,709)	(543,504)	-	(36,962,213)
Total liabilities	(36,493,709)	(543,504)	-	(37,037,213)
Temporarily restricted net assets	8,537,895	(109,479)	500,000	8,928,416
Permanently restricted net assets	13,615,719	(434,025)	-	13,181,694
Total net assets	24,666,889	(543,504)	500,000	24,623,385
<b>Statement of activities</b>				
Contributions	\$ 10,599,195	\$ (453,037)	\$ -	\$ 10,146,158
Investment income	45,531	(20,734)	-	24,797
Total support and revenue	12,686,635	(473,771)	-	12,212,864
Change in net assets	6,898,610	(473,771)	-	6,424,839
Temporarily restricted net assets, beginning of year	6,614,739	(2,744)	500,000	7,111,995
Temporarily restricted net assets, end of year	8,537,895	(109,479)	500,000	8,928,416
Permanently restricted net assets, beginning of year	8,860,833	(66,989)	-	8,793,844
Permanently restricted net assets, end of year	13,615,719	(434,025)	-	13,181,694
Net assets, beginning of year	17,768,279	(69,733)	500,000	18,198,546
Net assets, end of year	24,666,889	(543,504)	500,000	24,623,385
<b>Statement of cash flows</b>				
Change in net assets	\$ 10,599,195	\$ (453,037)	\$ -	\$ 10,146,158
Changes in operating assets and liabilities	3,418,404	453,037	-	3,871,441
Due to related party				

**UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER FOUNDATION**  
**Notes to the Financial Statements**  
**For the Year Ended August 31, 2019**

Upon implementation of ASU 2016-14, net assets classifications went from three classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions), and direct investment expenses are now required to be shown with investment return. The effect on the UNTHSC Foundation 2018 financial statements, upon implementation of ASU 2016-14, are summarized as follows:

	As Previously Reported	Due to Related Party Adjustment	Contributions Receivable Adjustment	Restated
Statement of financial position				
Pledges receivable	\$ 4,326,228	\$ -	\$ 500,000	\$ 4,826,228
Total assets	61,160,598	-	500,000	61,660,598
Due to related party	(36,418,709)	(543,504)	-	(36,962,213)
Total liabilities	(36,493,709)	(543,504)	-	(37,037,213)
Net assets with donor restrictions	22,153,614	(543,504)	500,000	22,110,110
Total net assets	24,666,889	(543,504)	500,000	24,623,385
Statement of activities				
Contributions	\$ 10,599,195	\$ (453,037)	\$ -	\$ 10,146,158
Investment income	45,531	(20,734)	-	24,797
Total support and revenue	12,686,635	(473,771)	-	12,212,864
Change in net assets	6,898,610	(473,771)	-	6,424,839
Net assets with donor restrictions, beginning of year	15,475,572	(69,733)	500,000	15,905,839
Net assets with donor restrictions, end of year	22,153,614	(543,504)	500,000	22,110,110
Net assets, beginning of year	17,768,279	(69,733)	500,000	18,198,546
Net assets, end of year	24,666,889	(543,504)	500,000	24,623,385
Statement of cash flows				
Change in net assets	\$ 10,599,195	\$ (453,037)	\$ -	\$ 10,146,158
Changes in operating assets and liabilities	3,418,404	453,037	-	3,871,441
Due to related party				

December 19, 2019

Grant Thornton LLP  
1717 Main Street, Suite 1800  
Dallas, Texas 75201

Dear Sir or Madam:

We are providing this letter in connection with your audit of the comprehensive financial statements of the business-type activities and discretely presented component units of the University of North Texas System ("System"), which collectively comprise the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows as of August 31, 2019, and for the year then ended, and the related notes to the comprehensive financial statements. We understand that your audit was made for the purpose of expressing an opinion as to whether the comprehensive financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

We have fulfilled our responsibility, as set out in the terms of the Engagement Letter, for the preparation and fair presentation in the comprehensive financial statements of the respective financial position of the System, its discretely presented component units, and the respective changes in financial position and cash flows, where applicable, in accordance with US GAAP. We acknowledge our responsibility for understanding and complying with the laws, regulations, and provisions of contracts and grant agreements and other matters applicable to the System. We further acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud, including programs and controls to prevent and detect fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of the surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of December 19, 2019, the following representations made to you during your audit.

1. The comprehensive financial statements referred to above, including the related notes, have been prepared and are fairly presented in conformity with US GAAP.
2. The comprehensive financial statements include all component units as well as joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations.
3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the comprehensive financial statements, including all financial records, documentation of internal control over financial reporting, and related information.
  - b. Additional information you have requested for audit purposes.
  - c. Unrestricted access to persons from whom you determined it was necessary to obtain audit evidence.
  - d. Minutes of the meetings of Board of Regents and committees of Regents or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
4. There have been no communications, written or oral, from regulatory agencies or others concerning noncompliance with, or deficiencies in, financial reporting practices.



5. All transactions have been recorded in the accounting records and are reflected in the comprehensive financial statements. The adjusting journal entries for the period ended August 31, 2019, which have been proposed by you, are approved by us and will also be recorded in the System's accounting records.
6. We believe that the effects of the uncorrected comprehensive financial statements in the accompanying schedule are immaterial, both individually and in the aggregate, to the comprehensive financial statements taken as a whole. Refer to attachment A at the end of this letter.
7. There are no side agreements or other arrangements (either written or oral) that have not been disclosed to you.
8. We have disclosed to you all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting of which we are aware.
9. We have disclosed to you the results of our assessment of the risk that the comprehensive financial statements may be materially misstated as a result of fraud. Except as disclosed to you, we have no knowledge of abuse, fraud or suspected fraud affecting the System involving:
  - a. Management
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
10. We have no knowledge of any allegations of fraud or suspected fraud affecting the System's comprehensive financial statements received in communications from employees, former employees, analysts, regulators, or others.
11. We have identified and disclosed all instances of abuse that have occurred or are likely to have occurred that could be quantitatively or qualitatively material to the financial statements.
12. Except as disclosed to you, there are no known violations or possible violations of, or no known instances of noncompliance or suspected noncompliance with, provisions of laws, regulations, contracts, or grant agreements, or other matters whose effects should be considered by management when preparing the comprehensive financial statements (for example, debt limits and debt covenants), as a basis for recording a loss contingency or for disclosure or for auditor reporting on noncompliance. We have complied with all provisions of laws, regulations, contracts, and grant agreements, and other matters, including all laws and regulations in adopting, approving, and amending budgets.
13. We have identified and disclosed to you all instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements and other matters that have a direct and material effect on the determination of financial statement amounts.
14. We have established and maintained a process to address and track the status of audit findings, conclusions, and recommendations. We have provided to you our views on such matters, as well as planned corrective actions to be included in the report. We have also identified and informed you of findings and recommendations from previous audits, attestation engagements, or other studies that could have a material effect on the financial statements and whether any related recommendations were implemented or corrective actions taken.
15. The System has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
16. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Events or changes in circumstances may include a significant decrease in the market price, change in the use of an asset, adverse changes in the business or legal climate, loss of customers, operating or cash flow losses, an expectation to sell assets before the end of the previously estimated life, and costs in excess of amounts to acquire or build an asset.
17. We have disclosed to you the identity of the System's related parties and all related party relationships and transactions of which we are aware. Related party relationships and transactions and related amounts receivable from or payable to related parties (including sales, purchases, loans, transfers, leasing arrangements, and

guarantees) have been properly accounted for and disclosed in the financial statements in accordance with US GAAP.

We understand that “related parties” include (1) affiliates of the System; (2) entities for which investments in their equity securities would be required to be accounted for by the equity method by the investing entity; (3) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (4) the Board of Regents and members of their immediate families; and (5) management of the System and members of their immediate families.

Related parties also include (1) other parties with which the System may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (2) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

18. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (*GASB-62*), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, are properly disclosed in the financial statements.

Significant estimates are estimates at the date of the statement of financial position that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

19. The methods and significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable, consistently applied, and result in a measurement appropriate for financial statement and disclosure purposes. Disclosures related to these estimates and fair value measurements are adequate, complete, and accurate. No events have occurred subsequent to the date of the comprehensive financial statements through the date of this letter that would require adjustment to these estimates and fair value measurements, or the related disclosures included in the financial statements.
20. In accordance with GASB Statement No. 72, *Fair Value Measurements and Application*, the System has categorized its financial instruments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs that are used to measure the securities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.
21. There are no financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.
22. There are no guarantees, whether written or oral, under which the System is contingently liable.
23. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
24. Investments, derivative transactions, and land and other real estate held by endowments are properly valued.
25. Provisions for uncollectible receivables have been properly identified and recorded.
26. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
27. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
28. Interfund, internal, and intra-system activity and balances have been appropriately classified and reported.
29. Amounts due to and due from related components are valid payables/receivables and will be paid to/by respective System components.

30. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
31. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
32. The accounting practice regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available is appropriately disclosed and that net position is properly recognized under the practice.
33. The System's ability to continue as a going concern was evaluated and appropriate disclosures are made in the financial statements, as necessary, under GASB requirements.
34. There are no known actual or possible litigation, claims, or assessments that our legal counsel has advised us are probable of assertion whose effects should be considered by management when preparing the comprehensive financial statements and that should be accounted for and disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification (ASC) 450, Contingencies), except as disclosed in the financial statements.
35. There are no other liabilities or gain or loss contingencies that are required to be accounted for or disclosed in accordance with GASB-62.
36. The System has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed in the financial statements.
37. We acknowledge our responsibility for the Management Discussion and Analysis, the Schedule of the System's Proportionate Share of the Net Pension Liability, the Schedule of the System's Proportionate Share of the Net OPEB Liability, and the Schedule of the System's OPEB Contributions, which the Governmental Accounting Standards Board considers to be an essential part of financial reporting for placing the comprehensive financial statements in an appropriate operational, economic, or historical context. Such required supplementary information is measured and presented in accordance with U.S. GAAP. The methods of measurement and presentation of the required supplementary information are consistent with those used in the prior period. We have disclosed to you the significant assumptions and interpretations underlying the measurement and presentation of the supplementary information.
38. Except as disclosed to you, we believe any grant expenditures that could potentially be disallowed and not reimbursed by the grantor, would be immaterial.
39. There were no material outstanding unemployment or workers' compensation claims pending at August 31, 2019.
40. There are no other receivables or payables that are greater than or equal to 5% of total receivables or payables and must be disclosed separately.
41. We believe that all information obtained from the Teachers' Retirement System (TRS) to include the audited comprehensive financial statements, actuary reports, and disclosures related to pension and post-retirement liabilities and costs are appropriate in the circumstances, in accordance with GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The System has complied with all accounting and disclosure requirements of GASB 68.
42. We believe that all information obtained from the Employees' Retirement System (ERS) to include the audited comprehensive financial statements, actuary reports, and disclosures related to other postemployment benefit liabilities and costs are appropriate in the circumstances, in accordance with GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The System has complied with all accounting and disclosure requirements of GASB 75.
43. The System invests in certain external investment pools that meet the requirements outlined in GASB Statement No. 79, *Certain External Pools and Pool Participants*, to measure their investments at amortized cost for financial reporting purposes. According to this Statement, if an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pools at amortized cost for financial reporting purposes. As a result, we believe these investment pool are appropriately excluded from the tiering requirements of GASB Statement 72.

44. Bonuses in the amount of \$1,175,389 accrued at August 31, 2019 represent amounts earned in the period ending August 31, 2019. \$1,175,389 was paid subsequent to year end.
45. There are no known split-interest agreements or trusts held by third parties.
46. We believe that the contributions made for active employees do not represent a post-employment benefit but rather a current period expense. Accordingly, contributions made subsequent to the measurement date by the System for active employees have been recorded as an expense for the year ended August 31, 2019 and contributions made subsequent to the measurement date by the System for retirees have been recorded as a deferred outflow of resources as of August 31, 2019.
47. We agree with the findings of specialists in evaluating the System's net pension liability, postemployment benefit obligations, self-insurance liability, investment valuations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the comprehensive financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
48. We believe that the actuarial assumptions and methods used to measure net pension liabilities, postemployment benefit obligations, self-insurance liability and costs for financial accounting purposes are appropriate in the circumstances.
49. We have not invested in unallowable securities as outlined by the Public Funds Investment Act.
50. All events subsequent to the date of the financial statements through the date of this letter and for which US GAAP requires recognition or disclosure have been recognized or disclosed.

Very truly yours,

UNIVERSITY OF NORTH TEXAS SYSTEM

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Lesa Roe, UNT System Chancellor

*Daniel Tenney*

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Daniel Tenney, Vice Chancellor for Finance

**Attachment A**

**Schedule of Uncorrected Misstatements as of and for the year ended August 31, 2019**

PAJE 1 – Construction and retainage accrual for Bailey St. property.

<u>Account Description</u>	<u>Amount DR (CR)</u>
Contributions – Capital, NonCash	541,892.44
UR-Other Unearned Revenue	(82,383.63)
Refundable Deposits	(87,871.43)
Rentals – Space – Lease	(11,873.30)
AP – Property Tax	(221,989.26)
AP Other	(132,765.00)
AP Other	(5,009.82)

PAJE 2 – To put assets into service and reclass architectural/engineering service to CIP.

<u>Account Description</u>	<u>Amount DR (CR)</u>
Construction in Progress – Non-Depreciable	605,908.22
Building/Building Improvements - Depreciable	207,004.73
Facility/ Other Improvements - Depreciable	10,979.52
Accumulated Depreciation – Building Improvements	(7,038.81)
Accumulated Depreciation – Facility/ Other Improvements	(91.50)
Architectural / Engineering Svc	(823,892.47)
Depreciation – Building	7,038.81
Depreciation – Facilities and Other Improvements	91.50
Construction in Progress – Capitalized	823,892.47
Capital Contra Expense – Manual	(823,892.47)

PAJE 3 – To put turf replacement into service.

<u>Account Description</u>	<u>Amount DR (CR)</u>
Facilities Alt and Renov	(593,982.75)
Facilities Alt and Renov	(31,262.25)
Construction in Progress - Capitalized	593,982.75
Construction in Progress - Capitalized	31,262.25
Facility/Other Improvements - Depreciable	625,245.00
Accumulated Depreciation – Facility / Other Improvements	(52,103.75)
Depreciation – Facilities and Other Improvements	52,103.75
Capital Contra Expense – Manual	(625,245.00)

PAJE 4 – August Utilities Over Accrual

<b>Account Description</b>	<b>Amount DR (CR)</b>
AP – Accounts Payable – Manual	1,127,636.49
Utilities – Electric	(722,673.98)
Utilities - Water	(346,078.74)
Utilities – Waste Disposal – Non-Haz	(58,883.77)

## Board Briefing

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**Committee:** Full Board

**Date Filed:** January 30, 2020

**Title:** Amendment to Regents Rule 03.400, *Committees*

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### **Background:**

In order to increase efficiency, approval is requested to revise Regents Rule 03.400, *Committees*. The recommended changes will:

- Revise the four standing committees of the Board to include Audit and Finance, Strategic Infrastructure, Strategic and Operational Excellence, and Student Success, Academic and Clinical Affairs; and
- Make some technical corrections to the Rule.

The Board has the authority to adopt these amendments under Texas Education Code §105.101, which grants to the Board the power to adopt rules and policies for the administration of the Board's powers and duties.

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### **Financial Analysis/History:**

There are no fiscal implications related to the revision of this Regents Rule.

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Vice Chancellor for Finance

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### **Legal Review:**

This item has been reviewed by General Counsel.

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Vice Chancellor/General Counsel

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### **Schedule:**

Effective immediately upon Board approval.

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### **Recommendation:**

It is recommended that the Board adopt the amendments to Regents Rule 03.400, *Committees*, as set forth in the attachment.

**Recommended By:**

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Chancellor

Attachments Filed Electronically:

- Proposed amendment to Regents Rule 03.400, *Committees*
- Amended Regents Rule 03.400, *Committees*





## Board Order

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**Title:** Amendment to Regents Rule 03.400, *Committees*

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At an official meeting of the Board of Regents of the University of North Texas System properly posted and held on February 13-14, 2020, pursuant to a motion made by Regent \_\_\_\_\_ and seconded by Regent \_\_\_\_\_, the Board approved the motion presented below:

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Whereas, revision of Regents Rule 03.400, *Committees*, is recommended in order to increase efficiency,

Now, Therefore, The Board of Regents authorizes and approves the following:

1. Amendment to Regents Rule 03.400, *Committees*, as set forth in the attachment to this briefing and order.
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VOTE: \_\_\_\_\_ ayes      \_\_\_\_\_ nays      \_\_\_\_\_ abstentions

### BOARD ACTION:

Attested By:

Approved By:

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Rosemary R. Haggett, Secretary  
Board of Regents

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Laura Wright, Chair  
Board of Regents

03.400 Committees

- 03.401 Standing Committees. The four standing committees of the Board shall be Audit and Finance, Strategic Infrastructure, Strategic and Operational Excellence, and Student Success, Academic and Clinical Affairs.
- 03.402 Composition of Standing Committees. Each standing committee shall be composed of not fewer than four members of the Board appointed by the Chairman of the Board.
- 03.403 Advisory Members. No more than three individuals may be appointed as advisory members to a standing or other committee. Advisory members may be appointed by the Chairman with the approval of the Committee Chairman and the Chancellor. Advisory members shall serve a one-year term commencing on September 1 and terminating the following year on August 31. Advisory members may be reappointed. Advisory members may not vote on any matter before a committee or make or second any motion before a committee.
- 03.404 Quorum. Three members of a standing committee shall constitute a quorum for the transaction of business at a meeting. Advisory members are not counted in determining whether a quorum exists for a meeting of a committee or determining the outcome of any committee vote.
- 03.405 Appointment of Committee Chairman. The chairman of each standing committee shall be appointed by the Chairman of the Board, unless otherwise ordered by the Board. The chairman of a standing committee shall serve until such time as the Chairman of the Board reconstitutes the committee and appoints a new chairman.
- 03.406 Vacancy by Committee Chairman. If a vacancy occurs in the chairmanship of a standing committee, the Chairman of the Board shall appoint another member to serve as the chairman of the committee.
- 03.407 Authority of Standing Committees. The authority of standing committees shall be subject to action by the whole Board. The committees' actions must be authorized and approved by the Board before becoming effective unless the Board delegates to the committee the authority to act on its behalf.

- 03.408 Duties of the Audit and Finance Committee. The Audit and Finance Committee oversees the fiscal stability and long-term economic health of the UNT System. The Committee monitors the System's and Institutions' financial operations, debt level and investment performance, requires the maintenance of accurate and complete financial records, approves budgets, and maintains open lines of communication with the Board about the System's and Institutions' financial conditions. The Committee shall assist the Board in its oversight of the quality and integrity of the accounting and financial reporting practices and financial statements, the internal auditing function and the internal control environment, legal and regulatory compliance disclosure controls and procedures, and compliance with ethical standards. The Committee initiates System and institution audit and compliance activities as deemed necessary to establish appropriate control processes within the system and ensures that the Board maintains direct access to all audit and compliance reports of the System. The Committee recommends for approval by the Board the hiring, retention, removal, and evaluation of the chief audit executive who shall report to the Board through the Committee. The Committee shall approve the internal audit mission statement, charter, and other governance documents related to internal audit activities. The Committee will establish a charter that outlines the scope of the Committee's responsibilities and a timeline each year that provides a scheduled review of all major topics in its scope.
- 03.409 Duties of the Strategic Infrastructure Committee. The Strategic Infrastructure Committee shall recommend to the Board any required actions concerning facility namings, acquisition or disposition of real property and mineral interests, design and construction of major projects, the adoption or modification of capital improvement plans and master plans, and approval of contracts as required by the Regents Rules. The Committee will establish a charter that outlines the scope of the Committee's responsibilities and a timeline each year that provides a scheduled review of all major topics in its scope.
- 03.410 Duties of the Strategic and Operational Excellence Committee. The Strategic and Operational Excellence Committee is responsible for reviewing and making recommendations to the Board regarding System strategic planning, execution and progress, financial support of the strategic plan, and the evaluation of customer satisfaction and the effectiveness, efficiency and quality of system wide shared services and other key System and institution operational activities. The Committee shall establish a charter that outlines the scope of the Committee's responsibilities and a timeline each year that provides a scheduled review of all major topics in its scope.
- 03.411 Duties of the Student Success, Academic and Clinical Affairs Committee. The Student Success, Academic and Clinical Affairs Committee shall make recommendations to the Board regarding the academic and clinical missions of the UNT System and institutions, as well as policies and resources needed to realize its mission, execute academic strategic priorities, evaluate the quality and integrity of each institution's programs and instructional staff, and promote the welfare of students attending any UNT System institution. The Committee shall establish a charter that

outlines the scope of the Committee's responsibilities and a timeline each year that provides a scheduled review of all major topics on its scope.

03.412 Other Committees. The Chairman may appoint, or a majority of the members of the Board may vote to create, such other standing and special committees as are necessary for conducting Board business.

Adopted: November 15, 2007

Effective: November 15, 2007

Revised: August 21, 2008, February 20, 2015, August 28, 2015



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03.400 Committees

- 03.401 Standing Committees. The four standing committees of the Board shall be Audit and Finance, Strategic Infrastructure, Academic Affairs and Student Success, Audit, Finance and Facilities, and Strategic and Operational Excellence, and Student Success, Academic and Clinical Affairs.
- 03.402 Composition of Standing Committees. Each standing committee shall be composed of not fewer than four members of the Board appointed by the Chairman of the Board. The chairman of the Finance and Facilities Committee shall serve as an ex officio voting member of the Audit Committee.
- 03.403 Advisory Members. No more than three individuals may be appointed as advisory members to a standing or other committee. Advisory members may be appointed by the Chairman with the approval of the Committee Chairman and the Chancellor. Advisory members shall serve a one year~~one-year~~ term commencing on September 1 and terminating the following year on August 31. Advisory members may be reappointed. Advisory members may not vote on any matter before a ~~committee,~~ committee or make or second any motion before a committee.
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03.40903.411 Duties of the Student Success, Academic and Clinical Affairs Committee. The Student Success, Academic and Clinical Affairs Committee shall make recommendations to the Board regarding the academic and clinical missions of the UNT System and institutions, as well as policies and resources needed to realize its mission, execute academic strategic

priorities, evaluate the quality and integrity of each institution's programs and instructional staff, and promote the welfare of students attending any UNT System institution. The Committee shall establish a charter that outlines the scope of the Committee's responsibilities and a timeline each year that provides a scheduled review of all major topics on its scope.

03.4103.412 Other Committees. The Chairman may appoint, or a majority of the members of the Board may vote to create, such other standing and special committees as are necessary for conducting Board business.

Adopted: November 15, 2007

Effective: November 15, 2007

Revised: August 21, 2008, February 20, 2015, August 28, 2015

~~03.411 Duties of the Academic Affairs and Student Success Committee. The Academic Affairs and Student Success Committee shall make recommendations to the Board regarding the academic mission of the UNT System and institutions, as well as policies and resources needed to realize its mission, execute academic strategic priorities, evaluate the quality and integrity of each institution's programs and instructional staff and promote the welfare of students attending any UNT System institution. The Committee shall establish a charter that outlines the scope of the Committee's responsibilities and a timeline each year that provides a scheduled review of all major topics in its scope.~~

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