

**UNIVERSITY OF HOUSTON
SYSTEM**

**UNAUDITED COMBINED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2012

**Includes Primary Financial Statements for
UHS Campuses and Administration:**

*University of Houston
University of Houston – Clear Lake
University of Houston – Downtown
University of Houston – Victoria
University of Houston – System Administration*

UNIVERSITY OF HOUSTON SYSTEM

TABLE OF CONTENTS

MISCELLANEOUS DATA	SECTION
Letter of Transmittal	I
Organizational Data	II
Statement of Procedure Regarding Annual Financial Report	III
PRIMARY STATEMENTS	
Combined Balance Sheet / Statement of Net Assets – Proprietary Funds	1
Combined Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	2
Combined Matrix of Operating Expenses Reported by Function – Proprietary Funds	3
Combined Statement of Cash Flows – Proprietary Funds	4
Notes to the Financial Statements	5
SUPPORTING STATEMENTS	
SCHEDULE	
2-A Combined Miscellaneous Bond Information	6
2-B Combined Changes in Bonded Indebtedness	7
2-C Combined Debt Service Requirements.....	8
2-D Combined Analysis of Funds Available for Debt Service.....	9
2-E Combined Defeased Bonds Outstanding.....	10
2-F Combined Early Extinguishment and Refunding	11
3 Combined Reconciliation of Cash in State Treasury	12
UHS CAMPUS PRIMARY STATEMENTS	
University of Houston.....	13
University of Houston - Clear Lake	14
University of Houston - Downtown.....	15
University of Houston - Victoria	16
University of Houston - System Administration	17



UNIVERSITY OF HOUSTON SYSTEM
UNIVERSITY OF HOUSTON

DR. CARL CARLUCCI

Executive Vice Chancellor, Administration and Finance
UH System
Executive Vice President, Administration and Finance
University of Houston

November 16, 2012

Honorable Rick Perry, Governor
Honorable Susan Combs, Texas Comptroller
Ursula Parks, Acting Director, Legislative Budget Board
John Keel, CPA, State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the University of Houston System for the year ended August 31, 2012, in compliance with Texas Government Code Annotated §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact Mr. David Ellis at (713)743-8754. Mr. Kevin Draper may be contacted at (713)743-8726 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Carl Carlucci, Ph.D.

University of Houston System

Organizational Data
August 31, 2012

Board of Regents

Nelda Luce Blair, The Woodlands	Term Expires August 31, 2013
Jacob M. Monty, Houston	Term Expires August 31, 2013
Michele "Mica" Mosbacher, Austin	Term Expires August 31, 2013
Nandita V. Berry, Houston	Term Expires August 31, 2015
Tilman J. Fertitta, Houston	Term Expires August 31, 2015
Jarvis V. Hollingsworth, Houston	Term Expires August 31, 2015
Spencer D. Armour, III, Midland	Term Expires August 31, 2017
Roger F. Welder, Victoria	Term Expires August 31, 2017
Welcome W. Wilson, Jr., Houston	Term Expires August 31, 2017
Gage A. Raba (Student Regent), Houston	Term Expires May 31, 2013

Officers of the Board (Fiscal Year 2012):

Nelda Luce Blair	Chairman
Michele "Mica" Mosbacher	Vice Chairman
Jarvis V. Hollingsworth	Secretary

Officers of the Board (Fiscal Year 2013):

Nelda Luce Blair	Chairman
Jarvis V. Hollingsworth	Vice Chairman
Tilman J. Fertitta	Secretary

Administrative Officers

Renu Khator	Chancellor
John J. Antel	Senior Vice Chancellor for Academic Affairs and Provost
Carl P. Carlucci	Executive Vice Chancellor for Administration and Finance
Rathindra N. Bose	Vice Chancellor for Research and Technology Transfer
Dona H. Cornell	Vice Chancellor for Legal Affairs and General Counsel
Eloise Dunn Stuhr	Vice Chancellor for University Advancement
J. Richard Walker	Vice Chancellor for Student Affairs
Renu Khator	President – University of Houston
William A. Staples	President – UH Clear Lake
William V. Flores	President – UH Downtown
Philip D. Castille	President – UH Victoria

University of Houston System
Financial Statements
(With Detailed Supportive Schedules)
Statement of Procedure Regarding
Annual Financial Report

Present herein are the financial statements with detailed supportive schedules for the University of Houston System for the fiscal year ended August 31, 2012. These statements and detailed supportive schedules are in compliance with the guidelines in *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*, published by the Texas Comptroller of Public Accounts. Additionally, this report has been prepared in accordance with the requirements in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The State Auditor has not audited the accompanying annual financial statements and, therefore, an opinion has not been nor will be expressed on the financial statements and related information contained in this report. The information contained in the combined financial statements of the University of Houston System, and its related components, is part of and included in the State of Texas Comprehensive Annual Report. The Annual Financial Report of the University of Houston System is reviewed by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report, upon which an opinion is expressed.

UNIVERSITY OF HOUSTON SYSTEM
PRIMARY STATEMENTS

Unaudited

University of Houston System
 Combined Statement of Net Assets
 August 31, 2012

	Total 2012
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 164,121.00
Cash in Bank	(42,431,532.28)
Cash in Transit/Reimburse From Treasury	24,322,792.10
Cash in State Treasury	19,081,847.30
Cash Equivalents	330,091,252.10
Short Term Investments	249,721,437.55
Restricted:	
Cash in Bank	42,779,529.96
Legislative Appropriations	83,182,727.73
Receivables:	
Federal Receivable	44,937,130.63
Interest Receivable	373,631.84
Accounts Receivable	17,143,933.68
Gifts/Pledges Receivable	17,099,019.14
Other Receivable	5,046,765.59
Due From Other Agencies	10,488,245.64
Consumable Inventories	653,544.73
Merchandise Inventories	1,365,094.25
Prepaid Items	27,231,773.12
Loans and Contracts	14,400,435.30
<u>Total Current Assets</u>	<u>845,651,749.38</u>
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	9,881,290.91
Receivables	30,090,015.41
Loans and Contracts	14,914,218.90
Investments	638,584,140.20
Capital Assets	
Non-Depreciable or Non-Amortizable	268,112,708.84
Depreciable or Amortizable, Net	806,336,708.47
Deferred Charges	48,393,844.21
<u>Total Non-Current Assets</u>	<u>1,816,312,926.94</u>
<u>Total Assets</u>	<u>2,661,964,676.32</u>

Unaudited

University of Houston System
 Combined Statement of Net Assets
 August 31, 2012

	<u>Total 2012</u>
Liabilities	
Current Liabilities	
Payables:	
Accounts Payable	42,351,537.54
Federal Payable	118,580.13
Payroll Payable	40,415,187.32
Other Payable	1,881,674.88
Due to Other Agencies	595,593.16
Unearned Revenues	186,194,740.00
Notes and Loans Payable	25,123,000.00
Revenue Bonds Payable	34,705,939.39
Claims and Judgments Payable	328,795.24
Employees' Compensable Leave	11,324,349.30
Capital Lease Obligations	374,630.46
Funds Held for Others	9,009,255.09
	<hr/>
Total Current Liabilities	352,423,282.51
	<hr/>
Non-Current Liabilities	
Revenue Bonds Payable	842,329,906.52
Claims and Judgments Payable	4,913.36
Employees' Compensable Leave	12,063,402.24
Capital Lease Obligations	6,632,187.92
	<hr/>
Total Non-Current Liabilities	861,030,410.04
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Total Liabilities	1,213,453,692.55
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Net Assets	
Invested in Capital Assets, Net of Related Debt	450,813,215.72
Restricted for:	
Debt Retirement	55,229,164.15
Capital Projects	2,219,178.48
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	370,402,463.00
Expendable	
Term Endowments	511,512.28
Funds Functioning as Endowments	42,213,694.87
Other Restricted	156,605,409.80
Unrestricted	370,516,345.47
	<hr/>
Total Net Assets	\$ 1,448,510,983.77
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Unaudited

University of Houston System
 Combined Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 529,722,857.12
Discounts and Allowances	(87,461,405.52)
Auxiliary Enterprise-Pledged	68,546,445.90
Other Sales of Goods and Services-Pledged	37,866,275.85
Federal Revenue-Operating (PR-OP Grants/Contributions)	60,407,951.12
Federal Pass Through Revenue (PR-OP Grants/Contributions)	7,687,703.62
State Grant Revenue (PR-OP Grants/Contributions)	9,515,244.12
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	41,713,369.12
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	19,298,095.17
Other Operating Revenues (PR-Chgs for Services)	893,612.77
<u>Total Operating Revenues</u>	<u>688,190,149.27</u>
Operating Expenses	
Instruction	290,881,984.14
Research	97,794,818.96
Public Service	44,697,818.50
Academic Support	168,312,892.99
Student Services	38,417,287.35
Institutional Support	97,461,355.25
Physical Plant	54,490,663.83
Scholarships & Fellowships	72,390,395.72
Auxiliary Enterprises	91,819,800.28
Depreciation and Amortization	78,675,740.96
<u>Total Operating Expenses</u>	<u>1,034,942,757.98</u>
<u>Operating Income (Loss)</u>	<u>(346,752,608.71)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	212,268,917.00
Additional Appropriations (GR)	46,663,898.89
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	78,355,764.71
Federal Pass Through Revenue (PR-OP Grants/Contributions)	24,307.95
Gifts (PR-OP Grants/Contributions)	78,122,390.01
Interest and Investment Income (PR-Chgs for Services)	15,521,016.10
Interest Expense and Fiscal Charges	(38,013,587.03)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	16,096,585.73
Other Non-Operating Revenues	48,733,553.08
Other Non-Operating Expenses	(38,989,919.99)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>418,782,926.45</u>

Unaudited

University of Houston System
 Combined Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>72,030,317.74</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	50,929,094.00
Additions to Permanent and Term Endowments	8,313,139.45
Transfers-In	7,877,932.04
Transfers-Out	(6,344,802.14)
Legislative Appropriations Lapsed	(58,819.59)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>60,716,543.76</u>
<u>Change In Net Assets</u>	<u>132,746,861.50</u>
Net Assets, Beginning	1,315,995,481.41
Restatements	(231,359.14)
<u>Net Assets Beginning, as Restated</u>	<u>1,315,764,122.27</u>
<u>Net Assets, Ending</u>	<u>\$ 1,448,510,983.77</u>

Unaudited

University of Houston System
 Combined Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$ 1,119,550.86	\$ 3,583.34	\$
Salaries and Wages	222,034,442.32	50,803,000.17	19,142,305.66	96,431,924.63	20,920,834.86
Payroll Related Costs	48,437,470.85	9,360,210.48	4,744,088.11	20,951,778.61	5,527,914.37
Professional Fees and Services	2,936,124.51	6,742,938.83	5,043,469.60	7,898,660.55	2,477,500.48
Federal Pass-Through Expenses		2,027,225.27	416,134.88		
State Pass-Through Expenses		303,635.02			
Travel	1,696,098.73	3,430,614.83	1,025,771.83	3,306,169.14	446,315.00
Materials and Supplies	5,598,544.82	7,856,181.54	1,754,139.97	10,898,315.58	1,908,829.07
Communication and Utilities	1,224,530.94	1,033,814.23	1,621,200.78	11,069,548.21	1,195,966.58
Repairs and Maintenance	523,209.99	926,470.95	275,791.12	3,833,500.12	749,696.91
Rentals and Leases	1,238,451.45	1,043,768.48	4,857,940.06	4,867,858.30	1,174,215.36
Printing and Reproduction	523,064.38	220,339.55	571,435.41	958,384.40	709,459.61
Depreciation and Amortization					
Interest	1,405.97	2,705.06	10,877.45	11,644.14	2,773.28
Scholarships	3,065,464.37	2,280,183.11	516,359.05	2,909,729.76	822,246.89
Claims and Judgments		92.00	500.00		2,635.24
Other Operating Expenses	3,603,175.81	11,763,639.44	3,598,253.72	5,171,796.21	2,478,899.70
Total Operating Expenses	\$ 290,881,984.14	\$ 97,794,818.96	\$ 44,697,818.50	\$ 168,312,892.99	\$ 38,417,287.35

Unaudited

University of Houston System
 Combined Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2012
\$	\$	\$	\$	\$	\$
51,465,815.32	15,042,765.36	773,986.11	1,344,021.95		2,467,156.15
13,930,946.97	5,437,461.65	31,610.39	33,324,430.58		509,939,505.01
5,640,161.48	5,154,903.24	649,232.62	7,001,174.79		115,422,656.22
			20,979,066.98		57,522,058.29
					2,443,360.15
					303,635.02
415,218.22	21,024.73	52,946.92	3,534,202.20		13,928,361.60
2,401,796.26	2,669,680.15	90,625.59	5,076,721.97		38,254,834.95
1,490,001.34	19,213,905.72	6,437.27	9,581,082.93		46,436,488.00
2,828,499.31	2,490,593.13	698.24	3,283,741.71		14,912,201.48
7,294,020.54	2,270,374.88	5,710.00	1,284,855.26		24,037,194.33
569,746.24	17,831.45	15,421.18	543,215.20		4,128,897.42
				78,675,740.96	78,675,740.96
25,282.77	1,891,803.57	62.00	11,322.09		1,957,876.33
6,945,348.10		70,660,887.01	790,564.29		87,990,782.58
1,386,037.17			101.00		1,389,365.41
3,068,481.53	280,319.95	102,778.39	5,065,299.33		35,132,644.08
<u>\$ 97,461,355.25</u>	<u>\$ 54,490,663.83</u>	<u>\$ 72,390,395.72</u>	<u>\$ 91,819,800.28</u>	<u>\$ 78,675,740.96</u>	<u>\$ 1,034,942,757.98</u>

Unaudited

University of Houston System
 Combined Statement of Cash Flows
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 37,607,408.77
Proceeds from Tuition & Fees	440,122,591.91
Proceeds from Research Grants & Contracts	173,269,019.34
Proceeds from Loan Programs	148,142,262.17
Proceeds from Auxiliaries	67,639,532.66
Proceeds from Other Revenues	931,264.46
Payments to Suppliers for Goods and Services	(213,675,809.93)
Payments to Employees for Salaries	(509,644,982.46)
Payments to Employees for Benefits	(115,254,561.77)
Payments for Loans Provided	(154,798,477.84)
Payments for Other Expenses	(110,565,742.36)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(236,227,495.05)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	264,910,697.27
Proceeds from Gifts	53,416,814.00
Proceeds from Endowments	8,313,139.45
Proceeds of Transfers from Other Funds	53,631,313.30
Proceeds from Grant Receipts	78,380,072.66
Payments for Transfers to Other Funds	(43,994,338.08)
Payments for Other Uses	(862,910.90)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>413,794,787.70</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt Issuance	287,111,592.52
Proceeds from Other Financing Activities	114,509,169.60
Proceeds from Capital Contributions	50,929,094.00
Payments for Additions to Capital Assets	(189,342,761.95)
Payments of Principal on Debt	(99,515,411.23)
Payments for Capital Lease	(366,159.65)
Payments of Interest on Debt Issuance	(38,013,587.03)
Payments of Other Costs on Debt Issuance	(143,802,975.92)
<u>Net Cash Provided by Capital and Related Financing Activities</u>	<u>(18,491,039.66)</u>
Cash Flows from Investing Activities	
Proceeds from Sales of Investments	577,781,731.15
Proceeds from Interest Income	3,272,273.71
Proceeds from Investment Income	10,597,644.71
Payments to Acquire Investments	(690,494,881.89)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(98,843,232.32)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	60,233,020.67
<u>Cash and Cash Equivalents, September 1</u>	<u>323,656,280.42</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 383,889,301.09</u>

Unaudited

University of Houston System
 Combined Statement of Cash Flows
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (346,752,608.71)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	78,675,740.96
Operating Income and Cash Flow Categories: Classification Differences	(6,656,215.67)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	28,786,009.38
(Increase) Decrease in Inventories	61,258.24
(Increase) Decrease in Prepaid Expenses	1,623,940.03
(Increase) Decrease in Other Assets	(7,892,353.27)
Increase (Decrease) in Payables	10,790,923.68
Increase (Decrease) in Deferred Income	4,361,999.27
Increase (Decrease) in Compensated Absence Liability	(544,316.07)
Increase (Decrease) in Benefits Payable	1,006,933.07
Increase (Decrease) in Other Liabilities	311,194.04
<u>Total Adjustments</u>	<u>110,525,113.66</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (236,227,495.05)</u>
Non-Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ 16,096,585.73</u>
<u>Non-Cash Transactions</u>	<u>\$ 16,096,585.73</u>

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**UNIVERSITY OF HOUSTON SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**

NOTE 1: Summary of Significant Accounting Policies

Entity

The University of Houston System (the System) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

The System serves the state as the primary provider of educational and cultural opportunities, skilled employers and leaders, technical knowledge, and innovative research to the Houston metropolitan area and the Gulf Coast region. Houston and the upper Gulf Coast region represent approximately one fourth of the state's population and economy.

The System includes within this report all components as determined by an analysis of their relationship to the System as listed below.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

The accompanying financial statements and related information have been prepared in conformity with the instructions contained in the State Comptroller's manual, *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*. The instructions and the accompanying report are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing a Comprehensive Annual Financial Report for the State of Texas. Since the System's annual financial report is not subject to a separate financial audit, certain information, such as a Management Discussion and Analysis and a complete set of Government-Wide Financial Statements, are not included in the accompanying report. The System's financial statements are considered to be materially accurate in all respects.

Blended Component Units

No component units have been identified which should have been blended into an appropriated fund.

Discretely Presented Component Units

These component units are legally separate from the state, but are financially accountable to the state, or have a relationship with the state; such that exclusion would cause the financial statements to be misleading or incomplete. The component unit columns of the financial statements include the financial data of these entities.

No component units have been identified which should have been discretely presented in the financial statements.

Fund Structure

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Governmental Fund Types & Government-wide Adjustment Fund Types

General Fund

The General Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds

Capital Project funds are used to account for financial resources used for the acquisition, repair, renovation or construction of major capital facilities (other than those financed by proprietary or similar trust funds).

Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state's programs.

Capital Asset Adjustment Fund Type

The Capital Asset Adjustment fund type will be used to convert governmental fund type capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment fund type will be used to convert governmental fund type debt from modified accrual to full accrual.

Other Adjustments Fund Type

The Other Adjustments fund type will be used to convert all other governmental fund type activity from modified accrual to full accrual.

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Internal Service Funds

Internal Service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a governmental unit, or to other governmental units, within the state, on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund, or a private purpose trust fund is used.

Pension Trust Funds

Pension trust funds are used to account for resources held in trust for the member and beneficiaries of defined benefit pension plans. A separate pension trust fund is used for each separate pension plan. Separate pension trust funds also may be established to account for supplemental pension benefits.

External Investment Trust Funds

External investment trust funds are used to account for the state's external portion of investment pools reported by the sponsoring government.

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments.

Component Units

The fund types of individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

Governmental Component Units are used to account for discretely presented component units that follow governmental fund accounting principles.

Proprietary Component Units are used to account for the discretely presented component units which follow proprietary fund measurement focus and accounting principles.

Business-Type Activities

The operations of universities are considered to be a Business-Type Activity. The System charges fees to external users for goods and services. Consequently the accompanying financial statements are presented using the proprietary fund type structure.

Basis of Accounting

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

Governmental fund types that build the fund financial statements, are accounted for by using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements, are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments and full accrual revenues and expenses. The activity will be recognized in these fund types.

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

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Additionally the System prepares an annual budget which represents anticipated sources of revenues and authorized uses. This budget is approved by the System's Board of Regents.

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

Assets, Liabilities, and Fund Balances/Net Assets

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Securities Lending Collateral

Investments are stated at fair value in all funds except pension trust funds in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

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

Inventories and Prepaid Items

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

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all exhaustible assets. Inexhaustible assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is

reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

Current Receivables - Other

Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types.

Non-Current Receivables - Other

Receivable balances not expected to be collected within one year of fiscal year end.

LIABILITIES

Accounts Payable

Accounts payable represent the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Current Payables - Other

Payables are the accrual at year-end of expenditure transactions. Payables may be included in either the governmental or proprietary fund types.

Non-Current Payables - Other

Payable balances not expected to be paid within one year of fiscal year end.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the Statement of Net Assets.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or non-current in the Statement of Net Assets.

Bonds Payable - General Obligation Bonds

The unmatured principal of general obligations bonds is accounted for in the Long-term Liabilities column. Payables are reported separately as either current or non-current in the Statement of Net Assets.

Bonds Payable are recorded at par. The bond proceeds are accounted for as an Other Financing Source in the governmental funds when received, and expenditures for payment of principal and interest are recorded in debt service funds when paid. These amounts are adjusted in the Long-Term Liabilities column.

Bonds Payable - Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. The Bonds Payable are reported at par, less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or non-current in the Statement of Net Assets.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is Net Assets on the government-wide, proprietary, and fiduciary fund statements, and the Fund Balance is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use and are not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

Invested In Capital Assets, Net Of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets

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

Unrestricted Net Assets

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

INTERFUND ACTIVITIES AND BALANCES

The System has the following types of transactions between funds:

Transfers

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, it is classified as Current. Repayment for two (or more) years is classified as Non-Current.

Interfund Sales and Purchases

Charges or collections for services rendered by one fund to another are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the System's interfund activities and balances are presented in Note 12.

NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ending August 31, 2012 is presented in Table 2.

Table 2 - Capital Assets

Business-Type Activities:	University of Houston System							Balance 08/31/12
	Balance 09/01/11	Adjustments	Completed CIP	Incr-Int'gty Trans	Dec-Int'gty Trans	Additions	Deletions	
Non-Depreciable/Non-Amortizable Assets								
Land & Land Improvements	\$ 101,348,853.62	\$ -	\$ -	\$ -	\$ -	\$ 65,789.24	\$ -	\$ 101,414,642.86
Construction in Progress	174,591,701.02	(12,133,477.78)	(152,932,161.35)	-	-	154,640,250.56	(283,421.70)	163,882,890.75
Other Tangible Capital Assets	2,805,210.23	-	-	-	-	10,000.00	(35.00)	2,815,175.23
Other Intangible Capital Assets	7,213,397.53	(7,213,397.53)	-	-	-	-	-	-
Total Non-Depreciable and Non-Amortizable Assets	285,959,162.40	(19,346,875.31)	(152,932,161.35)	-	-	154,716,039.80	(283,456.70)	268,112,708.84
Depreciable Assets								
Buildings & Building Improvements	1,007,777,381.89	11,982,594.33	142,852,678.24	-	-	4,135,536.05	-	1,166,748,190.51
Infrastructure	43,297,217.46	-	-	-	-	-	-	43,297,217.46
Facilities & Other Improvements	94,684,548.52	-	8,118,042.17	-	-	-	-	102,802,590.69
Furniture & Equipment	181,714,529.41	208,708.92	1,941,440.94	5,520.00	(41,453.62)	22,002,332.19	(6,146,988.42)	199,684,089.42
Vehicle, Boats & Aircraft	5,227,728.75	-	-	20,154.00	-	231,722.13	(148,400.96)	5,331,203.92
Other Capital Assets	135,400,091.79	-	20,000.00	-	-	7,476,990.92	(2,354,796.50)	140,542,286.21
Total Depreciable Assets	1,468,101,497.82	12,191,303.25	152,932,161.35	25,674.00	(41,453.62)	33,846,581.29	(8,650,185.88)	1,658,405,578.21
Less Accumulated Depreciation For:								
Buildings & Building Improvements	(549,171,603.44)	-	-	-	-	(34,312,678.61)	-	(583,484,282.05)
Infrastructure	(37,951,624.13)	-	-	-	-	(542,327.35)	-	(38,493,951.48)
Facilities & Other Improvements	(44,644,539.78)	-	-	-	-	(8,543,019.87)	-	(53,187,559.65)
Furniture & Equipment	(123,413,473.24)	(78,793.83)	-	(5,520.00)	41,453.62	(14,375,726.17)	4,651,025.35	(133,181,034.27)
Vehicle, Boats & Aircraft	(3,058,081.76)	-	-	(14,107.80)	-	(477,418.54)	146,067.52	(3,403,540.58)
Other Capital Assets	(82,521,972.03)	-	-	-	-	(6,390,172.35)	1,545,302.15	(87,366,842.23)
Total Accumulated Depreciation	(840,761,294.38)	(78,793.83)	-	(19,627.80)	41,453.62	(64,641,342.89)	6,342,395.02	(899,117,210.26)
Depreciable Assets, Net	627,340,203.44	12,112,509.42	152,932,161.35	6,046.20	-	(30,794,761.60)	(2,307,790.86)	759,288,367.95
Amortizable Assets-Intangible								
Computer Software	82,832,296.78	-	-	-	-	3,385,822.45	(920,903.01)	85,297,216.22
Other Intangible Capital Assets	2,359,368.34	7,213,397.53	-	-	-	-	-	9,572,765.87
Total Amortizable Assets-Intangible	85,191,665.12	7,213,397.53	-	-	-	3,385,822.45	(920,903.01)	94,869,982.09
Less Accumulated Amortization For:								
Computer Software	(34,418,291.30)	-	-	-	-	(13,079,051.62)	900,422.78	(46,596,920.14)
Other Intangible Capital Assets	(58,984.20)	(210,390.78)	-	-	-	(955,346.45)	-	(1,224,721.43)
Total Accumulated Amortization	(34,477,275.50)	(210,390.78)	-	-	-	(14,034,398.07)	900,422.78	(47,821,641.57)
Amortizable Assets-Intangible, Net	50,714,389.62	7,003,006.75	-	-	-	(10,648,575.62)	(20,480.23)	47,048,340.52
Total Business-Type Activities - Capital Assets, Net	\$ 964,013,755.46	\$ (231,359.14)	\$ -	\$ 6,046.20	\$ -	\$ 113,272,702.58	\$ (2,611,727.79)	\$ 1,074,449,417.31

NOTE 3: Deposits, Investments, & Repurchase Agreements

The University of Houston System is authorized by statute to make investments following the “prudent person rule”. There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2012, the carrying amount of deposits was \$10,229,288.59 as presented below.

<u>Governmental and Business-Type Activities</u>	
Cash in Bank-Carrying Amount	\$ 10,229,288.59
Total Cash in Bank per Annual Financial Report	<u>\$ 10,229,288.59</u>
 <u>Reconciliation of Cash per Annual Financial Report</u>	
Proprietary Funds, Current Assets, Cash in Bank	\$ (42,431,532.28)
Proprietary Funds, Current Assets, Restricted Cash in Bank	42,779,529.96
Proprietary Funds, Non-Current Assets, Restricted Cash in Bank	<u>9,881,290.91</u>
Cash in Bank per Annual Financial Report	<u>\$ 10,229,288.59</u>

These amounts consist of all cash in local banks. These amounts are included on the Statement of Net Assets as part of the “Cash and Cash Equivalents” accounts.

As of August 31, 2012, the total bank balance was as follows:

Governmental and Business-Type Activities	\$ 1,868,001.16
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Custodial Credit Risk – The System has no deposits that are at risk of recovery due to the failure of a depository financial institution.

Foreign Currency Risk – The System maintains no foreign bank accounts.

Investments

As of August 31, 2012, fair value of investments were:

<u>Governmental and Business-Type Activities</u>	<u>Fair Value</u>
U.S. Government Agency Obligations	\$ 29,596,879.70
U.S. Treasury Securities	122,557,512.23
Corporate Obligations	33,728,653.01
Equities	107,127,312.52
International Equities	107,530,556.47
Fixed Income Money Market and Bond Mutual Funds	330,091,252.10
Other Commingled Funds (TexPool)	249,721,437.55
Other Commingled Funds	1,851,290.57
Externally Managed Investments-Domestic	35,142,404.27
Externally Managed Investments-International	186,800,247.68
Real Estate	11,098,292.00
Miscellaneous Investments	<u>3,150,991.75</u>
Total Investments	<u>\$ 1,218,396,829.85</u>

Reconciliation of Investments per Annual Financial Statements

Proprietary Funds, Current Assets, Short Term Investments	\$	579,812,689.65
Proprietary Funds, Non-Current Assets, Investments		638,584,140.20
Investments per Annual Financial Statements	\$	1,218,396,829.85

Custodial Credit Risk (Investments) – The System has no direct investments held by its custodians that are not covered by insurance.

Foreign Currency Risk (Investments) – The System has no direct investments subject to foreign currency risk, nor any denominated in a foreign currency.

Credit Risk (Investments) – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the System limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% of total investments. As of August 31, 2012, the System had no direct investment in securities with credit risk exposure that exceeded its policy limit. As of August 31, 2012, the System's credit quality distribution for securities with credit risk exposure was:

Investments as Rated by Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AAAm	AA	A	BBB	NR
05	9999	US Govt Agency Obligations	779,501.44		16,592,016.23			12,225,362.03
		Corporate Obligations	5,489,169.39		17,308,785.75	2,888,418.95	6,956,141.40	1,086,137.52
		Fixed Inc MM & Bond Mutual Funds		330,091,252.10				
		Miscellaneous Investments			1,244,331.55	1,906,660.20		

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2012, the System's concentration of credit risk in any single issuer did not exceed 5% of total investment assets as reported on the Statement of Net Assets.

Reverse Repurchase Agreements

The System has no investments in reverse repurchase agreements.

Securities Lending

The System does not participate in a security-lending program.

NOTE 4: Short-Term Debt

In the prior fiscal year, the System issued commercial paper (Consolidated Revenue Commercial Paper Program, Series A) to facilitate renovation and construction projects at the University of Houston and UH-Victoria. The balance remaining from the prior year issuance was redeemed during fiscal year 2012. Additional commercial paper was issued during fiscal year 2012, the proceeds of which were used to provide interim financing for renovation and construction projects at UH and at UHV. Additional information about the System's long-term debt liabilities can be found in Note 5.

Table 4 – Commercial Paper Activity

Business Type Activities	Balance 9/01/11	Additions	Reductions	Balance 8/31/12
Commercial Paper	\$ 42,141,000.00	\$ 51,762,000.00	\$ 68,780,000.00	\$ 25,123,000.00

NOTE 5: Long-Term Liabilities**Changes in Long-Term Liabilities**

During the year ended August 31, 2012, the following changes, presented in Table 5.1, occurred in liabilities:

Table 5.1 – Long Term Liabilities

Business- Type Activities	Balance 9/1/11	Additions	Reductions	Balance 8/31/12	Due Within 1 Year	Due Thereafter
Claims and Judgments	\$ 320,408.86	\$ 2,660,315.33	\$ 2,647,015.59	\$ 333,708.60	\$ 328,795.24	\$ 4,913.36
Capital Lease Obligations	7,372,978.03	0.00	366,159.65	7,006,818.38	374,630.46	6,632,187.92
Employee Compensable Leave	23,932,067.61	12,135,863.78	12,680,179.85	23,387,751.54	11,324,349.30	12,063,402.24
Notes & Loans Payable	42,141,000.00	51,762,000.00	68,780,000.00	25,123,000.00	25,123,000.00	0.00
Revenue Bonds Payable	674,970,492.46	321,653,596.65	119,588,243.20	877,035,845.91	34,705,939.39	842,329,906.52
Total	<u>\$ 748,736,946.96</u>	<u>\$ 388,211,775.76</u>	<u>\$ 204,061,598.29</u>	<u>\$ 932,887,124.43</u>	<u>\$ 71,856,714.39</u>	<u>\$ 861,030,410.04</u>

Claims and Judgments

At August 31, 2012, various lawsuits and claims involving the System were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against the System cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not expected to have a material effect on System accounts.

Capital Lease Obligations

See Note 8 for detailed capital lease note disclosure requirements.

Notes and Loans Payable

The Board of Regents has established a program to issue commercial paper notes payable from pledged revenues; the general purpose and function of which is to finance System project costs of eligible projects and to refinance, renew, or refund notes, any prior encumbered obligations, and parity debt obligations, including interest thereon. The System is authorized to issue commercial paper (Consolidated Revenue Commercial Paper Program, Series A) in the form of notes which may not exceed, in the aggregate, a principal amount which was initially established at \$50,000,000 at any one time, and was increased in March 2009 to \$125,000,000 at any one time. The maximum maturity for the commercial paper is 270 days and is issued at tax exempt and taxable interest rates. During the 2012 fiscal year the System issued \$51,762,000.00 of commercial paper notes. As of the date of the issuance of this financial report, the System had outstanding commercial paper liabilities of \$25,123,000.00, which will be redeemed during fiscal year 2013, and which the System anticipates refinancing with long-term debt. The System's debt service requirements for long-term notes and loans payable as of August 31, 2012 are presented in Table 5.2.

Table 5.2 – Long Term Notes and Loans Payable

Business-Type Activities	Year	Principal	Interest	Total
Commercial Paper	2013	\$ 25,123,000.00	\$ 25,398.41	\$ 25,148,398.41
Total		<u>\$ 25,123,000.00</u>	<u>\$ 25,398.41</u>	<u>\$ 25,148,398.41</u>

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Full-time state employees earn annual leave from eight to twenty-one hours per month depending on the respective employees' years of state employment. The state's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Accrued leave in excess of the normal maximum was converted to sick leave at the conclusion of fiscal year 2012. Employees with at least six months of state service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed.

Non-debt liability obligations are usually paid from the same funding source from which the employee's salary or wage compensation was paid.

Lump sum payments made to employees, who separated from state service during the 2012 fiscal year, for accrued vacation and compensatory leave, totaled \$2,613,091.27.

Revenue Bonds Payable

See Note 6 for required Revenue Bond disclosures.

**NOTE 6: Bonded Indebtedness
Bonds Payable**

Detailed supplemental bond information is disclosed in Schedule 2-A, Miscellaneous Bond Information, Schedule 2-B, Changes in Bonded Indebtedness, Schedule 2-C Debt Service Requirements, Schedule 2-D, Analysis of Funds Available for Debt Service, Schedule 2-E, Defeased Bonds Outstanding, and Schedule 2-F, Early Extinguishment and Refunding.

Revenue Bonds

- **Consolidated Revenue Bonds, Series 2002-A**

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, building, structure, activity, service, operation, or facility of the University of Houston System.
- Proceeds were used to renovate and expand the M.D. Anderson Library and build the Science and Engineering Research Center (UH), to build the Commerce Street Building (UHD), to build the Student Services and Classroom Building (UHCL) and the renovation of the University West Building (UHV).
- \$130,955,000; all bonds authorized have been issued.
- Issued 09-01-2002.
- Source of revenue for debt service – Tuition and various other fees, and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriation-Tuition Revenue Bonds.)

- **Consolidated Revenue Variable Rate Demand Bonds, Series 2004**

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston System, including the individual campuses of the System.
Proceeds were used to repair damage from Tropical Storm Allison (UH).
\$25,000,000: all bonds authorized have been issued.
- Issued 06-16-2004.
- Source of revenue for debt service – Tuition and various other fees, and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 fully from Legislative Appropriation-Tuition Revenue Bonds.)
- The bonds bear interest at a variable rate, which is determined on a weekly basis on each Wednesday, and the rate is effective for a seven-day period commencing on the immediately following Thursday. The variable rate in effect on August 31, 2012 was 0.16%.
- Bondholders have the option to tender their bonds for purchase at a price equal to the principal amount thereof, plus accrued interest, at the times and subject to the conditions described in the bond resolution. Tendered bonds may be remarketed and remain outstanding. Bonds tendered for purchase will be paid first from the proceeds of remarketing, if any, and then from legally available money advanced by the Board of Regents. In order to provide for the payment of the purchase price of tendered bonds, the Board has agreed to provide self-liquidity. The Board has not entered into an agreement with an outside entity to provide liquidity in the event that the remarketing agent is unable to remarket the bonds on an optional tender date. Liquidity support for the bonds will be provided by the System's funds and is expected to be provided first from funds invested in the System's non-endowed investment pool and money market accounts.
- Outstanding bonds maturing subsequent to 02-15-2011, totaling \$860,000 were extinguished early by using existing assets.

- **Consolidated Revenue Bonds, Series 2005**

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston System, including the individual campuses of the System.
- Proceeds were used to finance the construction of the Welcome Center Garage (UH).
- \$25,800,000; all bonds authorized have been issued.
- Issued 04-01-2005.
- Source of revenue for debt service – Designated tuition and various other fees, and revenues and balances that may be legally available for payment of debt obligations.

- **Consolidated Revenue Bonds, Series 2006**

- To finance the acquisition, purchase, construction, improvement, enlargement and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the University of Houston System and the individual campuses of the System.
- Proceeds were used to finance the construction of the Shea Street Academic Building and Parking Facility (UHD).
- \$35,140,000; all bonds authorized have been issued.
- Issued 02-01-2006.
- Source of revenue for debt service – Designated tuition and various other fees that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriation-Tuition Revenue Bonds.)

General Obligation Bonds

At August 31, 2012, the System had no bonds payable classified as General Obligation Bonds.

Refunding Bonds

- **Consolidated Revenue Refunding Bonds, Series 2002-B**

- To refund \$27,415,000 of Consolidated Revenue Refunding Bonds, Series 1993 and \$19,385,000 of Consolidated Revenue Bonds, Series 1993-A.
- \$45,425,000; all bonds authorized have been issued.
- Issued 11-01-2002.

- Source of revenue for debt service - Designated tuition and various other revenues and balances that may be legally available for payment of debt obligations.
 - Average rate of bonds refunded - 5.4% (1993) and 5.5% (1993-A).
 - Net proceeds from refunding series - \$47,871,000, after receipt of bond premium of \$2,888,998 and payment of \$442,998 in underwriting fees, insurance, and other issuance costs.
 - Funds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1993 and 1993-A series bonds, when the bonds were called for early redemption on 02-15-03.
 - The 1993 and 1993-A series bonds are considered fully defeased, and the liability for those bonds has been removed from the Investment in Plant fund group.
 - Refunding of the 1993 and 1993-A series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$3,228,503.
 - Economic gain - \$2,733,595; the difference between the net present value of the old and new debt service payments.
- **Consolidated Revenue Refunding Bonds, Series 2003**
 - To refund \$15,975,000 of Consolidated Revenue Refunding Bonds, Series 1995.
 - \$16,490,000; all bonds authorized have been issued.
 - Issued 12-01-2003.
 - Source of revenue for debt service – Tuition and various other revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 fully from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average rate of bonds refunded - 5.92%.
 - Net proceeds from refunding series - \$17,419,961 after receipt of bond premium of \$896,716 and payment of \$266,453 in underwriting fees, insurance, and other issuance costs.
 - Funds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1995 series bonds, when the bonds were called for early redemption on 02-15-05.
 - The 1995 series bonds are considered fully defeased, and the liability for those bonds has been removed from the Investment in Plant fund group.
 - Refunding of the 1995 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$1,377,275.
 - Economic gain - \$1,292,003; the difference between the net present value of the old and new debt service payments.
- **Consolidated Revenue Refunding Bonds, Series 2006**
 - To refund \$3,295,000 of Consolidated Revenue Refunding Bonds, Series 1997 (UHV) and \$44,430,000 of Consolidated Revenue Bonds, Series 2000 (UH).
 - \$48,450,000; all bonds authorized have been issued.
 - Issued 02-01-2006.
 - Source of revenue for debt service – Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average rate of bonds refunded - 5.45% (1997) and 5.45% (2000).
 - Net proceeds from refunding series - \$49,799,345, after receipt of bond premium of \$1,823,210 and payment of \$473,865 in underwriting fees, insurance, and other issuance costs.
 - Funds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1997 and 2000 series bonds. The refunded 1997 series will be called for early redemption on 08-15-2007, and the 2000 series bonds will be called for early redemption on 02-15-2010.
 - The 1997 series bonds maturing subsequent to 08-15-2007 and the 2000 series bonds maturing subsequent to 02-15-2010 are considered fully defeased, and the liability for those bonds has been removed from the Investment in Plant Fund Group.
 - Refunding of the 1997 and 2000 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$4,841,586.
 - Economic gain - \$3,013,573; the difference between the net present value of the old and new debt service payments.

• **Consolidated Revenue and Refunding Bonds, Series 2008**

- To (a) refund and defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, improvement, enlargement and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on the behalf of the System, including individual campuses of the System.
- In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the construction of the Calhoun Lofts, East Parking Garage Part 1, and MacGregor Land purchase (UH), the Allied Health Facility, The Regional Center for Economic Development, and Building 2, Sugarland (UHV).
- \$175,030,000: all bonds have been issued.
- Issued 07-01-2008.
- Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriations–Tuition Revenue Bonds.)

• **Consolidated Revenue and Refunding Bonds, Series 2009**

- To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
- In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the Science Lab renovations, the purchase of Bayou Oaks, the construction of the Stadium Parking Garage Part 1 and East Garage Part 2 (UH) and the renovation of the Arbor Building (UHCL).
- Issued 02-04-2009.
- \$108,395,000; all bonds authorized have been issued (UH – \$98,230,000 and UHCL – \$10,165,000).
- Source of revenue for debt service – Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriation-Tuition Revenue Bonds.)

• **Consolidated Revenue and Refunding Bonds, Series 2009-A**

- To (a) refund and defease \$20,515,000 of outstanding Consolidated Revenue Bonds, Series 1999 and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
- In addition to the defeasement of the bonds noted above, the proceeds were used to finance the construction of Cougar Village Part 1 (UH).
- Issued 07-02-2009.
- \$71,175,000; all bonds authorized have been issued (\$52,200,000 revenue bonds: UH; and \$18,975,000 refunding bonds: UH – \$6,829,102.50, UHD – \$4,267,477.50, and UHV – \$7,878,420.00).
- Source of revenue for debt service – Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriation-Tuition Revenue Bonds.)
- Average interest rate of bonds refunded - 4.885%.
- Net proceeds from refunding series - \$20,892,799.63, after receipt of bond premium of \$1,719,638.50 and additional available funds of \$377,640.50 and payment of \$179,479.37 in underwriting fees, insurance, and other issuance costs.
- Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 1999 series bonds, after they were called for early redemption.
- The 1999 series bonds maturing subsequent to 02-15-2009 are considered fully defeased, and the obligation for those bonds has been removed from the reported liabilities of the System.
- Refunding of the 1999 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$2,023,239.08.
- Economic gain - \$1,742,552.43; the difference between the net present value of the old and new debt service payments.

- **Consolidated Revenue and Refunding Bonds, Series 2010-A**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance construction costs related to the renovation of UH Moody Towers Dining Hall and the purchase of UH Energy Research Park.
 - Issued 04-15-2010.
 - \$23,305,000; all bonds authorized have been issued (UH – \$23,305,000).
 - Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations.

- **Consolidated Revenue and Refunding Bonds, Series 2010-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance costs related to the construction of a classroom/business building and the Health and Biomedical Sciences building (UH), the renovation of certain facilities at the UH Energy Research Park (UH) and construction costs related to Jaguar Residence Hall (UHV),.
 - This bond issue is a qualified Build America Bond (BAB) as defined within Sections 54AA and 6431 of the Internal Revenue Code of 1986, as amended.
 - Issued 04-15-2010.
 - \$79,975,000; all bonds authorized have been issued (UH – \$74,686,469 and UHV – \$5,288,531).
 - Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. The System will receive interest subsidy payments from the U.S. Treasury equal to 35 percent of the interest payable on related qualified Build America Bonds contemporaneously with the interest payment dates of the qualified Build America Bonds.

- **Consolidated Revenue and Refunding Bonds, Series 2010-C**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance construction costs for Stadium Parking Garage Part 2, and renovation of certain facilities at the UH Energy Research Park (UH) and at construction costs related to Jaguar Residence Hall (UHV).
 - Issued 04-15-2010.
 - \$18,255,000; all bonds authorized have been issued (UH – \$16,698,745 and UHV – \$1,556,255).
 - Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations.

- **Consolidated Revenue and Refunding Bonds, Series 2011-A**
 - To (a) refund and defease \$78,195,000 of outstanding Consolidated Revenue Bonds, Series 2002-A and \$9,255,000 of Consolidated Revenue Refunding Bonds, Series 2002-B and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of the University Center, Quadrangle, Moody Towers, Cougar Place, Cougar Village 2, Radio Station, Parking Garage 1A, and various buildings at UH Energy Research Park (UH) and Residential Housing (UHV).
 - Issued 12-29-2011.
 - \$265,500,000; all bonds authorized have been issued (\$75,640,000 refunding bonds: UH - \$35,921,187.96, UHCL – \$18,691,900.89, UHD – \$9,487,588.77, and UHV – \$11,539,322.38; and \$189,860,000 revenue bonds: UH – \$179,785,000 and UHV – \$10,075,000).

- Source of revenue for debt service – Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2012 partially from Legislative Appropriation-Tuition Revenue Bonds.)
- Average interest rate of bonds refunded - 4.464013%.
- Net proceeds from refunding series - \$89,366,528.00, after receipt of bond premium of \$12,525,317.05 and additional available funds of \$1,427,621.11 and payment of \$226,410.16 in underwriting fees, insurance, and other issuance costs.
- Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2002-A and 2002-B series bonds, after they were called for early redemption on 02-15-2012.
- The 2002-A and 2002-B series bonds maturing subsequent to 02-15-2012 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
- Refunding of the 2002-A and 2002-B series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$12,683,166.71.
- Economic gain - \$11,417,870.29; the difference between the net present value of the old and new debt service payments.

• **Consolidated Revenue and Refunding Bonds, Series 2011-B**

- To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
- In addition to the defeasement of the commercial paper note above, the proceeds were used to finance construction costs for West Dining Hall and renovation of the University Center (UH).
- Issued 12-29-2011.
- \$21,310,000; all bonds authorized have been issued.
- Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations.

Pledged Future Revenues

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

	Government Activities	Business-Type Activities	Component Units
Pledged revenue required for future principal and interest on existing revenue bonds	\$ NA	\$ 1,322,258,225.77	\$ NA
Term of commitment year ending 08/31	NA	2043	NA
Percentage of revenue pledged	NA	100%	NA
Current year pledged revenue	\$ NA	\$ 737,897,859.29	\$ NA
Current year principal and interest paid	\$ NA	\$ 153,164,595.81	\$ NA

Pledged revenue sources:

Governmental activities – None.

Business-type activities – Operating income from tuition and fees, and sales and service revenue from auxiliary and non-auxiliary activities including intercollegiate athletics, residential life, parking, rental of facilities, continuing education, royalties, publications, clinics, bookstores, and vending commissions.

Component Units – None.

Build America Bonds

Build America Bonds (BABs) were created as part of the federal American Recovery and Reinvestment Act of 2009 (ARRA). Taxable bonds may be issued by governmental entities, including state agencies and state universities, as Tax Credit BABs or as Direct Payment BABs. Tax Credit BABs provide a federal tax credit to investors equal to 35 percent of the interest received from the bond issuer. Direct Payment BABs provide a direct

federal reimbursement to state and local governmental issuers equal to 35 percent of the interest paid on the bonds.

During the 2010 fiscal year the University of Houston System issued \$79,975,000 of Consolidated Revenue and Refunding Bonds, Series 2010-B, taxable revenue bonds under the Direct Payment BABs program. A balance of \$79,975,000 remained outstanding at August 31, 2012. No Tax Credit BABs were issued.

NOTE 7: Derivative Instruments

Derivatives are financial instruments the value of which is derived, in whole or part, from the value of any one or more underlying assets or index of asset values. Derivatives include swap contracts, futures contracts, options, options on futures contracts and forward contracts.

Hedging derivative contracts are entered into for the purpose of reducing the overall cost of borrowing long-term capital and to protect the agency against the risk of rising interest rates. The hedging derivatives primarily consist of interest rate swap agreements entered into, in connection with long-term bonds. The derivative contracts enable the agency to issue bonds at a cost less than what the agency would have paid to issue conventional fixed-rate debt.

Investment derivatives are entered into, with the intention of managing transaction or currency exchange risk in purchasing, selling or holding investments. Ineffective hedges are also reported as investment derivatives.

As of August 31, 2012 the System has no investments in Derivative Instruments.

NOTE 8: Leases

Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating lease obligations:

<u>Fund Type</u>	<u>Amount</u>
Proprietary Fund	\$ 6,430,093.62

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2013	\$ 5,144,074.90
2014	3,858,056.17
2015	2,572,037.45
2016	1,286,018.72
2017	643,009.36
2018-2022	1,607,523.41
<u>2023-2027</u>	<u>803,761.70</u>
Total Minimum Future Lease Rental Payments	<u>\$ 15,914,481.71</u>

Capital Leases

The System has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and are recorded at the present value of the future minimum lease payments at the inception of the lease. A summary of the original capitalized costs of all such property under lease in addition to the accumulated depreciation as of August 31, 2012 is as follows:

Assets Under Capital Leases
Year Ended August 31, 2012

Primary Government Business-Type Activities			
<u>Class of Property</u>	<u>Assets under Capital Lease</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Buildings	\$ 7,769,869.94	\$ (763,051.56)	\$ 7,006,818.38
Total	\$ 7,769,869.94	\$ (763,051.56)	\$ 7,006,818.38

Future Capital Lease payments
Year Ending August 31, 2012

Primary Government Business-Type Activities			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Future Minimum Lease Payments</u>
2013	\$ 374,630.46	\$ 298,816.74	\$ 673,447.20
2014	382,928.44	281,455.64	664,384.08
2015	390,700.61	263,554.03	654,254.64
2016	397,875.30	245,183.70	643,059.00
2017	402,324.88	225,273.56	627,598.44
2018-2022	2,066,906.26	833,461.22	2,900,367.48
2023-2027	2,138,403.99	376,170.69	2,514,574.68
2028-2032	853,048.43	32,164.45	885,212.88

NOTE 9: Pension Plans

The State has joint contributory retirement plans for substantially all its employees. The System participates in the plans administered by the Teachers Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The Retirement System does not account for each State agency separately. Annual financial reports prepared by the Retirement System include audited financial statements and actuarial assumptions and conclusions.

The state has also established an Optional Retirement Program for institutions of higher education. Participation in the Optional Retirement Program is available to certain eligible employees and is in lieu of participation in the Teacher Retirement System.

The contributions made by plan members and employers for the fiscal year ended August 31, 2012 are:

	<u>TRS Participants</u>	<u>ORP Participants</u>	<u>Total Contributions</u>
Member Contributions	\$ 16,391,761.41	\$ 14,130,112.00	\$ 30,521,873.41
Employer Contributions	15,396,066.62	14,839,568.00	30,235,634.62
Total	\$ 31,787,828.03	\$ 28,969,680.00	\$ 60,757,508.03

NOTE 10: Deferred Compensation (Administering Agencies Only)

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code Annotated, Section 609.001. Multiple plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

The State's 457 plan complies with the Internal Revenue Code Section 457. The State also administers another plan; "TexaSaver" created in accordance with Internal Revenue Code Sec. 401(k). The assets of this plan do not belong to the state. The state has no liability related to this plan.

The tax deferred investment program permits benefits-eligible employees of the System to purchase qualified tax deferred investments with a portion of their salaries. Participation in the program is voluntary and is a supplement to the Teacher Retirement System or the Optional Retirement Program. It is however, separate and apart from either.

NOTE 11: Post Employment Health Care and Life Insurance Benefits (UT, A&M, TRS, and ERS)

Provisions of this requirement apply only to University of Texas, Texas A&M University, Teacher Retirement System, and Employee Retirement System.

NOTE 12: Interfund Activity and Transactions

The System experienced routine transfers with other state agencies that were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity as of August 31, 2012, is as follows:

Table 12 – Interfund Receivable/Payable

	Interfund Receivable	Interfund Payable	Purpose
<i>Current Portion</i> GENERAL REVENUE (01)			
Total Current Interfund Receivable/Payable	\$ 0.00	\$ 0.00	
<i>Non-Current Portion</i> GENERAL REVENUE (01)			
Total Non-Current Interfund Receivable/Payable	\$ 0.00	\$ 0.00	

NOTE 13: Continuance Subject to Review

The System is not subject to the provisions of the Texas Sunset Act (Chapter 325, Texas Government Code Annotated). The Act provides for the regular assessment of the continuing need for state agencies to exist. Certain agencies, such as institutions of higher education and courts, are not subject to the Sunset Act.

NOTE 14: Adjustments to Fund Balances/Net Assets

During fiscal year 2012, a restatement of the prior year's net assets/fund equity balance was required. The restatements represent prior period adjustments to beginning net assets related to capital assets and accumulated depreciation/amortization changes. The changes and restatements are shown in Table 14.

Table 14 – Restatement of Net Assets

Description		
Net Assets, as Reported, August 31, 2011		\$ 1,315,995,481.41
Restatements		
Capital Asset Valuation Corrections:		
Non-Depreciable/Non-Amortizable Assets	\$ (19,346,875.31)	
Depreciable Assets	12,191,303.25	
Accumulated Depreciation	(78,793.83)	
Amortizable Assets	7,213,397.53	
Accumulated Amortization	<u>(210,390.78)</u>	
Total Restatements		<u>(231,359.14)</u>
Net Assets, September 1, 2011, as Restated		<u>\$ 1,315,764,122.27</u>

NOTE 15: Contingent Liabilities**Unpaid Claims and Lawsuits**

As mentioned in Note 5, various lawsuits and claims involving the System were pending. While the ultimate liability, if any, remains uncertain, management does not expect any possible adverse ruling to have a material effect on System accounts.

Federal Assistance

The System has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

The System monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. The System estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial conditions.

Construction Commitments

The System has several contractual agreements with various external housing management entities to construct, maintain, and manage off-campus student housing complexes. Under certain circumstances, the System may have contingent liabilities to these entities. Based on prior experience, previous years' liabilities have been immaterial, and management believes no such liabilities currently exist. Additional information is provided in Note 19.

Investment Funds

The System has entered into contractual commitments to fund private investments made by external investment managers. Investments in which a public market does not exist have an inherent uncertainty of valuation. Because of this uncertainty, the estimate of fair value for alternative investments may differ from the values that would have been used had a ready market existed. As displayed in Note 3, the fair value of Externally Managed Investments is: Domestic – \$35,142,404.27 and International – \$186,800,247.68. The total amount of unfunded commitment is: \$31,071,164.00, composed of Domestic – \$10,629,585.00 and International – \$20,441,579.00.

NOTE 16: Subsequent Events

No events occurred between August 31, 2012 and the statement completion date that materially affect the financial condition of the System.

NOTE 17: Risk Management

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

The System assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently there is the purchase of some commercial insurance, and the System is not involved in any risk pools with other government entities.

The System's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of the agency's claims liabilities during fiscal 2011 and 2012 were:

Table 17.1 – Balance of Claims Activity

	Beginning Balance	Increase	Decrease	Ending Balance
2011	\$ 402,235.29	\$ 2,527,390.68	\$ 2,609,217.11	\$ 320,408.86
2012	\$ 320,408.86	\$ 2,660,315.33	\$ 2,647,015.59	\$ 333,708.60

Liabilities include an amount for estimated future workers' compensation and unemployment claims that have been incurred as of the fiscal year end, but that have not been reported.

NOTE 18: Management Discussion and Analysis

The System's financial condition and position are stable and are adequately structured to function within the current national and global economic environment. The System's administrative and management teams realize that universities must be good stewards of the dollars and resources with which they are entrusted. Management strives to make sound financial decisions.

NOTE 19: The Financial Reporting Entity

The System is an agency of the State of Texas. While it is affiliated with several separate legal entities these organizations are not considered component units as defined by generally accepted accounting principles. The System has no affiliations classified as related organizations, joint ventures or jointly governed organizations.

Privatized Student Housing Facilities

Several student housing facility projects have been constructed by private external entities in order to enhance the residential life experience of students at various System campuses. The participating entities have financed and constructed housing complexes on System owned property adjacent to the university campuses. These facilities are operated under ground leases and management agreements with the System for extended time periods. Under the terms of the agreements, cash revenues from rental income, net of operating expenses, are shared with the System. If cash revenues do not attain certain contractually defined thresholds, the System may be liable to the external management entity for the deficiency. In prior fiscal years, contingent liability payments were made by University of Houston. During the 2011 and 2012 fiscal years net cash flows were sufficiently adequate so as not to generate a liability payment. System management believes that current financial and occupancy performance indicates that future years' net cash flows for each residential facility will be sufficient and that future contingent liabilities for the remaining properties will not occur. Repayment of project financing is serviced from revenues generated by the housing projects, and is the sole responsibility of the external entity. The related loans and bonds are not liabilities of the System or component universities, and are not contained in the

financial statements of the System. American Campus Communities operates the Cullen Oaks residential facilities at the University of Houston. Century Development operates the Cambridge Oaks facility at the University of Houston campus and the University Forest facility at the University of Houston - Clear Lake.

NOTE 20: Stewardship, Compliance and Accountability

These statements are prepared in compliance with the guidelines provided by the Texas Comptroller of Public Accounts. There were no material violations of finance related legal or contractual provisions, no deficit net assets, no changes in reporting of loans, and no changes in accounting principles.

NOTE 21: N/A

Note 21 is not applicable to the AFR reporting requirements process.

NOTE 22: Donor-Restricted Endowments

Expenditure of endowed funds is not permitted without the express consent of the donor. The majority of the System’s Endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as specified by the donor. In other cases endowment earnings are reinvested.

The Regents of the University of Houston System have established an endowment policy which attempts to balance the long term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable and sustainable level of income to support current needs. Payout is derived from interest, dividends and realized gains net of portfolio management fees. The historical rate of payout has been 4 to 5 percent, with any change to this range to be approved by the Board.

The net appreciation (cumulative and unexpended) on donor-restricted endowments, presented below in Table 22, is available for authorization and expenditure by the System.

Table 22 – Net Appreciation of Endowments

Donor-Restricted Endowments	Amount of Net Appreciation/(Depreciation)	Reported in Net Assets
True Endowments	\$ 92,347,933.96	Restricted Expendable
Term Endowments	273,098.02	Restricted Expendable
Total	<u>\$ 92,621,031.98</u>	

(A fair market value increase of \$5,657,175.91 was recognized for endowments at or above historical cost. A fair market value increase of \$ 4,247,834.40 was recognized for endowments below historical cost.)

NOTE 23: Extraordinary and Special Items

No items have been identified which should have been presented in the financial statements.

NOTE 24: Disaggregation of Receivable & Payable Balances

Balances of receivables and payables reported on the Statement of Net Assets may be aggregations of different components. GASB Statement 38, *Certain Financial Statement Note Disclosures*, requires that the System provide details in the notes to the financial statements when significant components have been obscured by aggregation. The Statement of Net Assets is presented in the classified format, and therefore, the current and non-current portions of receivables and payables are separately disclosed. Significant balances in various classifications of receivables and payables are disclosed below.

A. Taxes Receivable

No reportable balances for this classification.

B. Federal Receivable

Balances by category type for Federal Receivable are shown in Table 24.1.

Table 24.1 – Federal Receivables

Federal Receivable Program	Net Receivable
Department of Agriculture	\$ 21,076.18
Department of Commerce	110,665.14
Department of Defense	2,904,766.61
Department of Education	31,141,015.71
Department of Energy	1,665,385.72
Department of Health and Human Services	3,374,266.56
Department of Homeland Security	150,761.04
Department of the Interior	59,639.42
Department of Justice	102,715.83
Department of Labor	167,672.56
Department of Transportation	3,990.47
Department of Veterans Affairs	15,738.29
Environmental Protection Agency	579,611.45
National Aeronautics and Space Administration	698,183.47
National Endowment for the Humanities	103,027.50
National Science Foundation	2,064,713.38
Small Business Administration	1,617,535.87
U.S. Agency for International Development	152,407.78
U.S. Nuclear Regulatory Commission	3,957.65
Total Net Federal Receivable	\$ 44,937,130.63
<u>As Reported on the Financial Statements</u>	
Current Federal Receivable	\$ 44,937,130.63
Total Net Federal Receivable	\$ 44,937,130.63

C. Tax Refunds Payable

No reportable balances for this classification.

D. Other Receivables - Current

Net other receivables at August 31, 2012 are detailed by type in Table 24.2.

Table 24.2 – Other Receivables – Current

Type	Net Receivable
Receivables Related to Gifts, Grants and Other Programs	\$ 1,771,321.75
Receivables Related to Auxiliary Enterprises	283,595.12
Receivables Related to Loans and Financial Aid	2,991,848.72
Total Other Receivables - Current	\$ 5,046,765.59

E. Other Payables – Current

No reportable balances for this classification.

F. Other Receivables – Non-Current

No reportable balances for this classification.

G. Other Payables – Non-Current

No reportable balances for this classification.

NOTE 25: Termination Benefits

The System has no retiring members of the Employees Retirement System of Texas (ERS) eligible for a temporary retirement incentive payment.

NOTE 26: Segment Information

The System has no segment activity that requires separate disclosure in the notes to the financial statements. A segment is an identifiable activity, or group of activities, reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately.

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UNIVERSITY OF HOUSTON SYSTEM
SUPPORTING SCHEDULES

Unaudited

Schedule 2 - A
University of Houston System
Combined Schedule Of Miscellaneous Bond Information
For The Year Ended August 31, 2012

Business-Type Activities Revenue Bonds	Description of Issue	Issued Year	Bonds Issued to Date	Range of Interest Rates	Terms Of Variable Interest Rate	Scheduled Maturities		First Call Date
						First Year	Last Year	
Consolidated Revenue Refunding Bonds Self-supporting Revenue Bonds								
Consolidated Revenue Refunding Bonds Series		2002-B	\$ 45,425,000.00	3.0000% - 5.2500%		2003	2018	2/15/2012
Consolidated Revenue Refunding Bonds Series		2003	16,490,000.00	2.0000% - 5.0000%		2006	2017	2/15/2013
Consolidated Revenue Refunding Bonds Series		2006	48,450,000.00	3.5000% - 5.0000%		2007	2030	2/15/2015
Consolidated Revenue & Refunding Bonds Series		2008	175,030,000.00	4.0000% - 5.2500%		2008	2038	2/15/2019
Consolidated Revenue & Refunding Bonds Series		2009	108,395,000.00	3.0000% - 5.0000%		2009	2033	2/15/2019
Consolidated Revenue & Refunding Bonds Series		2009-A	71,175,000.00	4.0000% - 5.0000%		2010	2034	2/15/2019
Consolidated Revenue & Refunding Bonds Series		2010-A	23,305,000.00	4.2500% - 6.1250%		2011	2035	2/15/2020
Consolidated Revenue & Refunding Bonds Series		2010-B	79,975,000.00	4.4500% - 6.3100%		2017	2035	2/15/2020
Consolidated Revenue & Refunding Bonds Series		2010-C	18,255,000.00	2.0000% - 4.0000%		2011	2016	N/A
Consolidated Revenue & Refunding Bonds Series		2011-A	265,500,000.00	2.0000% - 5.0000%		2013	2043	2/15/2021
Consolidated Revenue & Refunding Bonds Series		2011-B	21,310,000.00	2.7500% - 4.8500%		2013	2037	N/A
Consolidated Revenue Bonds Self-supporting Revenue Bonds								
Consolidated Revenue Bonds Series		2002-A	130,955,000.00	2.5000% - 4.7500%		2003	2022	2/15/2012
Consolidated Revenue Bonds Series		2005	25,800,000.00	4.0000% - 5.0000%		2006	2025	2/15/2015
Consolidated Revenue Bonds Series		2006	35,140,000.00	3.5000% - 5.0000%		2007	2026	2/15/2015
Consolidated Revenue Variable Rate Demand Bonds Series		2004	25,000,000.00	VAR - VAR	Weekly	2006	2024	8/15/2004
			<u>\$ 1,090,205,000.00</u>					

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Unaudited

Schedule 2-B
University of Houston System
Combined Schedule Of Changes In Bonded Indebtedness
For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2011	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2012
General Obligation Bonds					
None					
Revenue Bonds					
Consolidated Revenue Refunding Bonds Series 2002-B	\$ 10,540,000.00	\$	\$ 1,285,000.00	\$ 9,255,000.00	\$ 8,215,000.00
Consolidated Revenue Refunding Bonds Series 2003	9,625,000.00		1,410,000.00		43,895,000.00
Consolidated Revenue Refunding Bonds Series 2006	45,625,000.00		1,730,000.00		158,555,000.00
Consolidated Revenue & Refunding Bonds Series 2008	162,605,000.00		4,050,000.00		94,410,000.00
Consolidated Revenue & Refunding Bonds Series 2009	97,935,000.00		3,525,000.00		63,985,000.00
Consolidated Revenue & Refunding Bonds Series 2009-A	66,935,000.00		2,850,000.00		22,130,000.00
Consolidated Revenue & Refunding Bonds Series 2010-A	22,725,000.00		595,000.00		79,975,000.00
Consolidated Revenue & Refunding Bonds Series 2010-B	79,975,000.00		2,030,000.00		14,620,000.00
Consolidated Revenue & Refunding Bonds Series 2010-C	16,650,000.00	265,500,000.00			265,500,000.00
Consolidated Revenue & Refunding Bonds Series 2011-A		21,310,000.00			21,310,000.00
Consolidated Revenue & Refunding Bonds Series 2011-B					
Consolidated Revenue Bonds Series 2002-A	84,295,000.00		6,100,000.00	78,195,000.00	
Consolidated Revenue Variable Rate Demand Bonds Series 2004	10,385,000.00		1,115,000.00	880,000.00	8,390,000.00
Consolidated Revenue Bonds Series 2005	20,925,000.00		1,060,000.00		19,865,000.00
Consolidated Revenue Bonds Series 2006	29,175,000.00		1,345,000.00		27,830,000.00
Total Revenue Bonds	\$ 657,395,000.00	\$ 286,810,000.00	\$ 27,195,000.00	\$ 88,330,000.00	\$ 828,680,000.00
Revenue Bonds					
Consolidated Revenue Refunding Bonds Series 2002-B	\$ 304,545.11	\$	\$	\$	\$ 1,547,676.69
Consolidated Revenue Refunding Bonds Series 2003	1,280,616.19				1,902,419.30
Consolidated Revenue & Refunding Bonds Series 2006	4,850,209.38				4,483,653.96
Consolidated Revenue & Refunding Bonds Series 2009	4,045,212.56				3,899,687.03
Consolidated Revenue & Refunding Bonds Series 2009-A	2,051,411.50				3,314,526.33
Consolidated Revenue & Refunding Bonds Series 2010-A	140,663.84				621,251.73
Consolidated Revenue & Refunding Bonds Series 2010-B	515,109.99				22,893.77
Consolidated Revenue & Refunding Bonds Series 2010-C	539,570.17				3,644,162.91
Consolidated Revenue & Refunding Bonds Series 2011-A	33,155,206.88				10,805,269.42
Consolidated Revenue & Refunding Bonds Series 2011-B	173,489.35				672,081.20
Consolidated Revenue Bonds Series 2002-A	53,424.05				1,174,645.57
Consolidated Revenue Variable Rate Demand Bonds Series 2004	58,476.12				1,114,678.09
Consolidated Revenue Bonds Series 2005	1,187,910.77				29,017,910.77
Total Revenue Bonds	\$ 48,355,845.91	\$	\$	\$ 877,035,845.91	\$ 34,705,939.39

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Unaudited
Schedule 2 - C
University of Houston System
Combined Schedule Of Debt Service Requirements
For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
General Obligations Bonds				
Self-Supporting Bonds				
None		\$	\$	\$
Not Self-Supporting Bonds				
None		\$	\$	\$
Revenue Bonds				
Self-Supporting Bonds				
Consolidated Revenue Refunding Bonds Series 2003	2013	\$ 1,480,000.00	\$ 373,750.00	\$ 1,853,750.00
	2014	1,560,000.00	297,750.00	1,857,750.00
	2015	1,640,000.00	217,750.00	1,857,750.00
	2016	1,725,000.00	133,625.00	1,858,625.00
	2017	1,810,000.00	45,250.00	1,855,250.00
	2018 - 2022			
	2023 - 2027			
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
		<u>\$ 8,215,000.00</u>	<u>\$ 1,068,125.00</u>	<u>\$ 9,283,125.00</u>
Consolidated Revenue Refunding Bonds Series 2006	2013	\$ 1,820,000.00	\$ 2,047,768.76	\$ 3,867,768.76
	2014	1,915,000.00	1,954,393.76	3,869,393.76
	2015	2,015,000.00	1,856,143.76	3,871,143.76
	2016	2,120,000.00	1,752,768.76	3,872,768.76
	2017	2,235,000.00	1,643,893.76	3,878,893.76
	2018 - 2022	10,595,000.00	6,668,968.80	17,263,968.80
	2023 - 2027	13,460,000.00	3,821,253.14	17,281,253.14
	2028 - 2032	9,735,000.00	670,387.50	10,405,387.50
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
		<u>\$ 43,895,000.00</u>	<u>\$ 20,415,578.24</u>	<u>\$ 64,310,578.24</u>
Consolidated Revenue & Refunding Bonds Series 2008	2013	\$ 4,250,000.00	\$ 7,863,712.50	\$ 12,113,712.50
	2014	4,480,000.00	7,645,462.50	12,125,462.50
	2015	4,700,000.00	7,415,962.50	12,115,962.50
	2016	4,945,000.00	7,174,837.50	12,119,837.50
	2017	5,170,000.00	6,947,812.50	12,117,812.50
	2018 - 2022	29,875,000.00	30,710,862.50	60,585,862.50
	2023 - 2027	38,815,000.00	21,775,406.25	60,590,406.25
	2028 - 2032	28,590,000.00	12,640,950.00	41,230,950.00
	2033 - 2037	30,630,000.00	5,757,000.00	36,387,000.00
	2038 - 2042	7,100,000.00	177,500.00	7,277,500.00
	2043 - 2047			
		<u>\$ 158,555,000.00</u>	<u>\$ 108,109,506.25</u>	<u>\$ 266,664,506.25</u>

Unaudited

Schedule 2 - C
University of Houston System
Combined Schedule Of Debt Service Requirements
For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2009	2013	\$ 3,655,000.00	\$ 4,491,850.00	\$ 8,146,850.00
	2014	3,810,000.00	4,342,550.00	8,152,550.00
	2015	3,965,000.00	4,187,050.00	8,152,050.00
	2016	4,125,000.00	4,025,250.00	8,150,250.00
	2017	4,310,000.00	3,835,000.00	8,145,000.00
	2018 - 2022	25,095,000.00	15,624,875.00	40,719,875.00
	2023 - 2027	32,235,000.00	8,493,625.00	40,728,625.00
	2028 - 2032	16,045,000.00	1,639,875.00	17,684,875.00
	2033 - 2037	1,170,000.00	29,250.00	1,199,250.00
	2038 - 2042			
	2043 - 2047			
			<u>\$ 94,410,000.00</u>	<u>\$ 46,669,325.00</u>
Consolidated Revenue & Refunding Bonds Series 2009-A	2013	\$ 3,095,000.00	\$ 2,926,993.76	\$ 6,021,993.76
	2014	3,250,000.00	2,768,368.76	6,018,368.76
	2015	3,415,000.00	2,601,743.76	6,016,743.76
	2016	3,590,000.00	2,426,618.76	6,016,618.76
	2017	3,775,000.00	2,242,493.76	6,017,493.76
	2018 - 2022	13,955,000.00	8,924,893.71	22,879,893.71
	2023 - 2027	11,510,000.00	6,595,890.66	18,105,890.66
	2028 - 2032	14,500,000.00	3,603,337.50	18,103,337.50
	2033 - 2037	6,895,000.00	349,125.00	7,244,125.00
	2038 - 2042			
	2043 - 2047			
			<u>\$ 63,985,000.00</u>	<u>\$ 32,439,465.67</u>
Consolidated Revenue & Refunding Bonds Series 2010-A	2013	\$ 615,000.00	\$ 1,192,739.01	\$ 1,807,739.01
	2014	650,000.00	1,165,857.76	1,815,857.76
	2015	680,000.00	1,137,595.26	1,817,595.26
	2016	715,000.00	1,107,951.51	1,822,951.51
	2017	745,000.00	1,076,926.51	1,821,926.51
	2018 - 2022	4,285,000.00	4,796,863.80	9,081,863.80
	2023 - 2027	5,580,000.00	3,495,539.30	9,075,539.30
	2028 - 2032	5,885,000.00	1,715,641.29	7,600,641.29
	2033 - 2037	2,975,000.00	280,984.40	3,255,984.40
	2038 - 2042			
	2043 - 2047			
			<u>\$ 22,130,000.00</u>	<u>\$ 15,970,098.84</u>

Unaudited
Schedule 2 - C
University of Houston System
Combined Schedule Of Debt Service Requirements
For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2010-B	2013	\$	\$ 4,480,960.00	\$ 4,480,960.00
	2014		4,480,960.00	4,480,960.00
	2015		4,480,960.00	4,480,960.00
	2016		4,480,960.00	4,480,960.00
	2017	3,980,000.00	4,392,405.00	8,372,405.00
	2018 - 2022	21,920,000.00	18,907,654.25	40,827,654.25
	2023 - 2027	26,075,000.00	12,535,445.75	38,610,445.75
	2028 - 2032	25,750,000.00	4,315,803.00	30,065,803.00
	2033 - 2037	2,250,000.00	216,748.50	2,466,748.50
	2038 - 2042			
	2043 - 2047			
			<u>\$ 79,975,000.00</u>	<u>\$ 58,291,896.50</u>
Consolidated Revenue & Refunding Bonds Series 2010-C	2013	\$ 3,490,000.00	\$ 444,300.00	\$ 3,934,300.00
	2014	3,580,000.00	355,700.00	3,935,700.00
	2015	3,705,000.00	227,900.00	3,932,900.00
	2016	3,845,000.00	76,900.00	3,921,900.00
	2017			
	2018 - 2022			
	2023 - 2027			
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
			<u>\$ 14,620,000.00</u>	<u>\$ 1,104,800.00</u>
Consolidated Revenue & Refunding Bonds Series 2011-A	2013	\$ 8,540,000.00	\$ 12,933,400.00	\$ 21,473,400.00
	2014	11,180,000.00	12,568,500.00	23,748,500.00
	2015	11,780,000.00	11,994,500.00	23,774,500.00
	2016	12,415,000.00	11,389,625.00	23,804,625.00
	2017	13,055,000.00	10,752,875.00	23,807,875.00
	2018 - 2022	63,635,000.00	44,259,625.00	107,894,625.00
	2023 - 2027	30,330,000.00	32,583,500.00	62,913,500.00
	2028 - 2032	38,960,000.00	23,964,500.00	62,924,500.00
	2033 - 2037	42,935,000.00	13,599,375.00	56,534,375.00
	2038 - 2042	26,760,000.00	4,820,750.00	31,580,750.00
	2043 - 2047	5,910,000.00	147,750.00	6,057,750.00
			<u>\$ 265,500,000.00</u>	<u>\$ 179,014,400.00</u>

Unaudited

Schedule 2 - C
 University of Houston System
 Combined Schedule Of Debt Service Requirements
 For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total	
Consolidated Revenue & Refunding Bonds Series 2011-B	2013	\$ 665,000.00	\$ 849,092.51	\$ 1,514,092.51	
	2014	690,000.00	827,073.76	1,517,073.76	
	2015	715,000.00	804,242.51	1,519,242.51	
	2016	740,000.00	780,598.76	1,520,598.76	
	2017	755,000.00	758,192.51	1,513,192.51	
	2018 - 2022	4,165,000.00	3,409,031.30	7,574,031.30	
	2023 - 2027	4,990,000.00	2,589,934.43	7,579,934.43	
	2028 - 2032	3,785,000.00	1,627,476.25	5,412,476.25	
	2033 - 2037	4,805,000.00	604,916.25	5,409,916.25	
	2038 - 2042				
	2043 - 2047				
			<u>\$ 21,310,000.00</u>	<u>\$ 12,250,558.28</u>	<u>\$ 33,560,558.28</u>
	Consolidated Revenue Variable Rate Demand Bonds Series 2004	2013	\$ 1,170,000.00	\$ 351,225.00	\$ 1,521,225.00
2014		1,220,000.00	297,450.00	1,517,450.00	
2015		1,275,000.00	241,312.50	1,516,312.50	
2016		1,335,000.00	182,587.50	1,517,587.50	
2017		1,395,000.00	121,162.50	1,516,162.50	
2018 - 2022		1,995,000.00	68,962.50	2,063,962.50	
2023 - 2027					
2028 - 2032					
2033 - 2037					
2038 - 2042					
2043 - 2047					
			<u>\$ 8,390,000.00</u>	<u>\$ 1,262,700.00</u>	<u>\$ 9,652,700.00</u>
Consolidated Revenue Bonds Series 2005		2013	\$ 1,110,000.00	\$ 848,612.50	\$ 1,958,612.50
	2014	1,170,000.00	800,087.50	1,970,087.50	
	2015	1,230,000.00	749,162.50	1,979,162.50	
	2016	1,290,000.00	698,762.50	1,988,762.50	
	2017	1,360,000.00	645,762.50	2,005,762.50	
	2018 - 2022	7,915,000.00	2,314,631.25	10,229,631.25	
	2023 - 2027	5,790,000.00	443,750.00	6,233,750.00	
	2028 - 2032				
	2033 - 2037				
	2038 - 2042				
	2043 - 2047				
			<u>\$ 19,865,000.00</u>	<u>\$ 6,500,768.75</u>	<u>\$ 26,365,768.75</u>

Unaudited
Schedule 2 - C
University of Houston System
Combined Schedule Of Debt Service Requirements
For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue Bonds Series 2006	2013	\$ 1,415,000.00	\$ 1,323,568.76	\$ 2,738,568.76
	2014	1,485,000.00	1,251,068.76	2,736,068.76
	2015	1,560,000.00	1,174,943.76	2,734,943.76
	2016	1,640,000.00	1,094,943.76	2,734,943.76
	2017	1,725,000.00	1,010,818.76	2,735,818.76
	2018 - 2022	10,050,000.00	3,632,468.80	13,682,468.80
	2023 - 2027	9,955,000.00	993,190.64	10,948,190.64
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
			<u>\$ 27,830,000.00</u>	<u>\$ 10,481,003.24</u>
Not Self-Supporting Bonds None		\$	\$	\$
Total		<u>\$ 828,680,000.00</u>	<u>\$ 493,578,225.77</u>	<u>\$ 1,322,258,225.77</u>
Summary				
All Bonds Issues, All Series	2013	\$ 31,305,000.00	\$ 40,127,972.80	\$ 71,432,972.80
	2014	34,990,000.00	38,755,222.80	73,745,222.80
	2015	36,680,000.00	37,089,266.55	73,769,266.55
	2016	38,485,000.00	35,325,429.05	73,810,429.05
	2017	40,315,000.00	33,472,592.80	73,787,592.80
	2018 - 2022	193,485,000.00	139,318,836.91	332,803,836.91
	2023 - 2027	178,740,000.00	93,327,535.17	272,067,535.17
	2028 - 2032	143,250,000.00	50,177,970.54	193,427,970.54
	2033 - 2037	91,660,000.00	20,837,399.15	112,497,399.15
	2038 - 2042	33,860,000.00	4,998,250.00	38,858,250.00
	2043 - 2047	5,910,000.00	147,750.00	6,057,750.00
Total as shown above		<u>\$ 828,680,000.00</u>	<u>\$ 493,578,225.77</u>	<u>\$ 1,322,258,225.77</u>

Unaudited

Schedule 2-D
 University of Houston System
 Combined Analysis of Funds Available for Debt Service
 For The Year Ended August 31, 2012

Business-Type Activities
 General Obligation Bonds

Description of Issue	Beginning Balance Available for Debt Service 09/01/2011	Sources of Funds				Total Sources Available
		Pledged Sources		Other Sources		
		Interest Earned on Investments	Other Pledged Sources	Operating Transfers	State's General Revenue	
Total	\$	\$	\$	\$	\$	\$

Principal	Application of Funds			Total Application of Funds
	Interest	Refunded or Extinguished	Other Application of Funds	
\$	\$	\$	\$	\$
Total	\$	\$	\$	\$

Ending Balance Available for Debt Service at 08/31/2012	
Required	Actual
\$	\$
Total	\$

Unaudited

Schedule 2-D
University of Houston System
Combined Analysis of Funds Available for Debt Service
For The Year Ended August 31, 2012

Business-Type Activities
Revenue Bonds

Pledged and Other Sources and Related Expenditure for FY 2012

Description of Issue	a				b		c		d	(a+b-c-d) Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Sources	Other Sources	Operating Expenses & Expenditures	Capital Outlay			
Consolidated Revenue Refunding Bonds and Consolidated Revenue Bonds (A)	\$	\$ 491.20	\$ 737,897,368.09	\$ 737,897,859.29	\$	\$	\$	\$	\$ 737,897,859.29	
Total	\$	\$ 491.20	\$ 737,897,368.09	\$ 737,897,859.29	\$	\$	\$	\$	\$ 737,897,859.29	
(A) Other Pledged Revenues Consist of										
Tuition and Fees			\$ 529,722,857.12							
Investment Income			3,422,608.23							
Sales and Service			105,148,719.74							
Legislative Appropriations			23,963,183.00							
Proceeds from Refunding Bonds			75,640,000.00							
Total as shown above			\$ 737,897,368.09							

(B) Expenditures associated with pledged sources were approximately \$ 514,647,219.49

Description of Issue	Debt Service		Refunded or Extinguished	Interest & Sinking Fund		Reserve Fund	
	Principal	Interest		Minimum	Actual	Minimum	Actual
Consolidated Revenue Refunding Bonds Series 2002-B	\$ 1,285,000.00	\$ 217,485.26	\$ 9,255,000.00	\$	\$	\$	\$
Consolidated Revenue Refunding Bonds Series 2003	1,410,000.00	446,000.00					
Consolidated Revenue Refunding Bonds Series 2006	1,730,000.00	2,136,518.76					
Consolidated Revenue & Refunding Bonds Series 2008	4,050,000.00	8,071,212.50					
Consolidated Revenue & Refunding Bonds Series 2009	3,525,000.00	4,626,637.50					
Consolidated Revenue & Refunding Bonds Series 2009-A	2,950,000.00	3,078,118.75					
Consolidated Revenue & Refunding Bonds Series 2010-A	595,000.00	1,218,451.50					
Consolidated Revenue & Refunding Bonds Series 2010-B	2,030,000.00	4,480,960.00					
Consolidated Revenue & Refunding Bonds Series 2010-C		499,500.00					
Consolidated Revenue & Refunding Bonds Series 2011-A		8,172,913.34					
Consolidated Revenue & Refunding Bonds Series 2011-B		539,825.36					
Consolidated Revenue Bonds Series 2002-A	6,100,000.00	1,854,764.00	78,195,000.00				
Consolidated Revenue Variable Rate Demand Bonds Series 2004	1,115,000.00	12,617.60	880,000.00				
Consolidated Revenue Bonds Series 2005	1,060,000.00	892,012.50					
Consolidated Revenue Bonds Series 2006	1,345,000.00	1,392,568.74					
Total	\$ 27,195,000.00	\$ 37,639,595.81	\$ 88,330,000.00	\$	\$	\$	\$

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Unaudited

Schedule 2-E
University of Houston System
Combined Schedule Of Defeased Bonds Outstanding
For The Year Ended August 31, 2012

Business-Type Activities			
Description of Issue	Year Refunded	Par Value Outstanding	
General Obligations Bonds Schedule not used.		\$	
Total		\$	
Revenue Bonds Schedule not used.		\$	
Total		\$	

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Unaudited

Schedule 2-F
 University of Houston System
 Combined Schedule Of Early Extinguishment and Refunding
 For The Year Ended August 31, 2012

Business-Type Activities

Description of Issue	Category	Amount Extinguished Or Refunded	Refunding Issue Par Value	For Refunding Only		Economic Gain / (Loss)
				Increase / (Decrease)	Cash Flow	
General Obligations Bonds Schedule not used.		\$	\$	\$		\$
Total		\$	\$	\$		\$
Revenue Bonds						
Consolidated Revenue Bonds Series 2002-A	Current Refunding	\$ 78,195,000.00	\$ 69,418,450.25	\$ 11,639,342.09		\$ 10,478,179.57
Consolidated Revenue Refunding Bonds Series 2002-B	Current Refunding	9,255,000.00	6,221,549.75	1,043,824.62		939,690.72
Consolidated Revenue Variable Rate Demand Bonds Series 2004	Early Extinguishment	880,000.00				
Total		\$ 88,330,000.00	\$ 75,640,000.00	\$ 12,683,166.71		\$ 11,417,870.29

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Unaudited
Schedule 3
University of Houston System
Combined Reconciliation Of Cash In State Treasury
For The Year Ended August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund No. 0225 (UH - 730)	\$ 8,812,883.01	\$	\$ 8,812,883.01
Local Revenue Fund No. 0229 (UHCL - 759)	7,680,570.13		7,680,570.13
Local Revenue Fund No. 0233 (UHV - 765)	2,343,061.19		2,343,061.19
Local Revenue Fund No. 0268 (UHD - 784)	245,332.97		245,332.97
<u>Total Cash in State Treasury</u>	<u>\$ 19,081,847.30</u>	<u>\$</u>	<u>\$ 19,081,847.30</u>

UNIVERSITY OF HOUSTON

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2012

UNIVERSITY OF HOUSTON
PRIMARY STATEMENTS

Unaudited

University of Houston
Statement of Net Assets
August 31, 2012

	Total 2012
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 127,346.00
Cash in Bank	(177,275,002.06)
Cash in Transit/Reimburse From Treasury	1,273.66
Cash in State Treasury	8,812,883.01
Cash Equivalents	244,613,756.38
Short Term Investments	17,878,881.37
Restricted:	
Cash in Bank	52,829,874.49
Legislative Appropriations	63,704,988.16
Receivables:	
Federal Receivable	26,892,002.01
UHS Intercampus Receivable	131,573,375.35
Accounts Receivable	8,064,460.05
Gifts/Pledges Receivable	16,880,498.60
Other Receivable	200,093.30
Due From Other Agencies	10,020,831.16
Consumable Inventories	620,544.51
Merchandise Inventories	1,365,094.25
Prepaid Items	20,049,617.23
Loans and Contracts	10,403,140.70
Total Current Assets	436,763,658.17
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	145,363,481.95
Receivables	29,905,246.39
UHS Intercampus Receivable	485,461,984.28
Loans and Contracts	14,320,001.34
Investments	442,550.18
UHS Intercampus Receivables	79,403,980.71
Capital Assets	
Non-Depreciable or Non-Amortizable	234,084,814.82
Depreciable or Amortizable, Net	593,112,285.44
Deferred Charges	39,773,010.00
Total Non-Current Assets	1,621,867,355.11
Total Assets	2,058,631,013.28

Unaudited

University of Houston
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Liabilities	
Current Liabilities	
Payables:	
Accounts Payable	30,392,382.06
Federal Payable	14,719.40
Payroll Payable	30,371,617.84
Intercampus Payable	13,326,918.56
Other Payable	1,436,139.56
Due to Other Agencies	512,873.13
Unearned Revenues	130,223,529.99
Revenue Bonds Payable	25,495,828.19
Claims and Judgments Payable	246,444.80
Employees' Compensable Leave	8,495,337.13
Funds Held for Others	8,739,407.65
<u>Total Current Liabilities</u>	<u>249,255,198.31</u>
Non-Current Liabilities	
Revenue Bonds Payable	717,625,942.27
Claims and Judgments Payable	1,473.95
Employees' Compensable Leave	9,049,762.26
<u>Total Non-Current Liabilities</u>	<u>726,677,178.48</u>
<u>Total Liabilities</u>	<u>975,932,376.79</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	315,614,470.63
Restricted for:	
Debt Retirement	43,289,779.85
Capital Projects	1,899,116.40
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	294,099,688.73
Expendable	
Term Endowments	511,512.28
Funds Functioning as Endowments	28,895,380.52
Other Restricted	142,562,812.37
Unrestricted	255,825,875.71
<u>Total Net Assets</u>	<u>\$ 1,082,698,636.49</u>

Unaudited

University of Houston
Statement of Revenues, Expenses, And Changes In Net Assets
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 392,270,839.53
Discounts and Allowances	(66,881,277.72)
Auxiliary Enterprise-Pledged	63,360,867.40
Other Sales of Goods and Services-Pledged	31,188,117.10
Federal Revenue-Operating (PR-OP Grants/Contributions)	55,151,155.79
Federal Pass Through Revenue (PR-OP Grants/Contributions)	6,350,120.72
State Grant Revenue (PR-OP Grants/Contributions)	8,954,087.26
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	32,811,851.12
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	18,085,226.68
Other Operating Revenues (PR-Chgs for Services)	893,612.77
<u>Total Operating Revenues</u>	<u>542,184,600.65</u>
Operating Expenses	
Instruction	198,130,743.93
Research	92,779,250.89
Public Service	39,421,973.21
Academic Support	129,279,558.08
Student Services	24,914,261.11
Institutional Support	59,247,274.47
Physical Plant	36,727,412.10
Scholarships & Fellowships	30,484,981.42
Auxiliary Enterprises	77,944,016.30
Depreciation and Amortization	56,455,700.47
<u>Total Operating Expenses</u>	<u>745,385,171.98</u>
<u>Operating Income (Loss)</u>	<u>(203,200,571.33)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	129,132,679.00
Additional Appropriations (GR)	31,242,141.31
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	36,029,821.24
Federal Pass Through Revenue (PR-OP Grants/Contributions)	24,307.95
Gifts (PR-OP Grants/Contributions)	75,988,604.22
Interest and Investment Income (PR-Chgs for Services)	10,846,370.37
Interest Expense and Fiscal Charges	(31,402,706.20)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	32,438,718.93
Other Non-Operating Revenues	41,472,275.32
Other Non-Operating Expenses	(35,684,762.37)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>290,087,449.77</u>

Unaudited

University of Houston
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>86,886,878.44</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	35,885,768.00
Additions to Permanent and Term Endowments	7,802,308.40
UHS Intercampus Transfers-In	19,966,775.85
UHS Intercampus Transfers-Out	(3,886,386.16)
Transfers-In	7,877,932.04
Transfers-Out	(4,818,291.76)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>62,828,106.37</u>
<u>Change In Net Assets</u>	<u>149,714,984.81</u>
Net Assets, Beginning	933,064,554.87
Restatements	(80,903.19)
<u>Net Assets Beginning, as Restated</u>	<u>932,983,651.68</u>
<u>Net Assets, Ending</u>	<u>\$ 1,082,698,636.49</u>

Unaudited

University of Houston
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$ 1,119,550.86	\$ 3,583.34	\$
Salaries and Wages	151,518,738.58	48,691,372.06	16,613,388.59	74,169,997.48	14,230,153.93
Payroll Related Costs	32,469,724.77	8,947,955.62	4,201,576.67	15,417,815.99	3,758,081.47
Professional Fees and Services	1,875,314.32	6,134,273.17	4,100,336.90	5,776,222.35	1,428,002.68
Federal Pass-Through Expenses		2,084,790.00	416,134.88		
State Pass-Through Expenses		303,635.02			
Travel	1,220,676.21	3,175,414.80	865,031.95	2,546,967.45	214,033.32
Materials and Supplies	3,690,110.50	7,590,553.77	1,417,111.51	7,707,300.35	914,463.64
Communication and Utilities	867,911.63	1,022,787.42	1,576,451.14	9,594,828.80	830,499.88
Repairs and Maintenance	253,106.85	908,675.62	309,710.18	2,242,613.55	419,962.52
Rentals and Leases	805,430.39	1,024,033.36	4,797,669.56	3,937,795.54	429,993.96
Printing and Reproduction	423,554.03	216,423.25	557,455.61	816,387.96	541,421.17
Depreciation and Amortization					
Interest	1,152.68	2,701.81	10,808.92	10,760.62	2,158.25
Scholarships	2,167,366.69	1,550,579.31	508,744.05	2,801,594.15	517,298.28
Claims and Judgments		92.00	500.00		
Other Operating Expenses	2,837,657.28	11,125,963.68	2,927,502.39	4,253,690.50	1,628,192.01
Total Operating Expenses	\$ 198,130,743.93	\$ 92,779,250.89	\$ 39,421,973.21	\$ 129,279,558.08	\$ 24,914,261.11

Unaudited

University of Houston
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2012
\$	\$	\$	\$	\$	\$
28,359,269.17	10,466,970.62	499,721.70	1,339,213.38		2,462,347.58
8,491,095.08	4,019,458.81	28,913.45	27,561,484.80		372,111,096.93
4,052,544.95	2,834,300.99	599,780.93	5,604,042.76		82,938,664.62
			17,548,678.42		44,349,454.71
					2,500,924.88
					303,635.02
191,164.46	9,368.35	52,946.92	3,387,059.36		11,662,662.82
605,688.18	1,811,493.17	69,765.30	4,459,915.31		28,266,401.73
978,707.71	14,858,161.22	6,208.80	8,719,572.57		38,455,129.17
2,350,931.78	557,147.19	239.00	2,658,158.46		9,700,545.15
6,714,132.13	1,969,010.85	5,710.00	1,148,358.58		20,832,134.37
326,069.59	15,167.87	15,077.44	439,560.08		3,351,117.00
				56,455,700.47	56,455,700.47
1,316.81	5,255.87	62.00	4,798.88		39,015.84
4,418,438.19		29,135,747.88	713,661.09		41,813,429.64
1,158,622.69			101.00		1,159,315.69
1,599,293.73	181,077.16	70,808.00	4,359,411.61		28,983,596.36
<u>\$ 59,247,274.47</u>	<u>\$ 36,727,412.10</u>	<u>\$ 30,484,981.42</u>	<u>\$ 77,944,016.30</u>	<u>\$ 56,455,700.47</u>	<u>\$ 745,385,171.98</u>

Unaudited
University of Houston
Statement of Cash Flows
For The Year Ended August 31, 2012

	Total 2012
Cash Flows from Operating Activities	
Receipts from Customers	\$ 30,782,866.91
Proceeds from Tuition & Fees	322,511,315.44
Proceeds from Research Grants & Contracts	156,330,269.35
Proceeds from Loan Programs	137,966,390.74
Proceeds from Auxiliaries	62,537,572.96
Proceeds from Other Revenues	931,264.46
Payments to Suppliers for Goods and Services	(162,837,282.09)
Payments to Employees for Salaries	(370,643,747.69)
Payments to Employees for Benefits	(82,905,908.21)
Payments for Loans Provided	(145,447,047.96)
Payments for Other Expenses	(56,858,208.44)
Net Cash Provided (Used) by Operating Activities	(107,632,514.53)
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	167,403,771.80
Proceeds from Gifts	50,793,154.04
Proceeds from Endowments	7,802,308.40
Proceeds of Transfers from Other Funds	30,060,682.53
Proceeds from Grant Receipts	36,054,129.19
Payments for Transfers to Other Funds	(8,704,677.92)
Payments for Other Uses	(250,538.66)
Net Cash Provided by Noncapital Financing Activities	283,158,829.38
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt Issuance	275,786,719.49
Proceeds from Other Financing Activities	3,701,050.65
Proceeds from Capital Contributions	35,885,768.00
Payments for Additions to Capital Assets	(176,000,451.53)
Payments of Principal on Debt	(72,892,832.50)
Payments of Interest on Debt Issuance	(31,402,706.20)
Payments of Other Costs on Debt Issuance	(124,997,188.50)
Net Cash Provided by Capital and Related Financing Activities	(89,919,640.59)
Cash Flows from Investing Activities	
Proceeds from Interest Income	2,363,660.38
Proceeds from Investment Income	8,482,709.99
Payments to Acquire Investments	(26,039,748.24)
Net Cash Provided (Used) by Investing Activities	(15,193,377.87)
Net Increase (Decrease) in Cash and Cash Equivalents	70,413,296.39
Cash and Cash Equivalents, September 1	204,060,317.04
Cash and Cash Equivalents, August 31	\$ 274,473,613.43

Unaudited
University of Houston
Statement of Cash Flows
For The Year Ended August 31, 2012

	Total 2012
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (203,200,571.33)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	56,455,700.47
Operating Income and Cash Flow Categories: Classification Differences	(7,480,657.22)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	37,334,329.58
(Increase) Decrease in Inventories	62,199.66
(Increase) Decrease in Prepaid Expenses	1,699,429.70
(Increase) Decrease in Other Assets	(7,772,646.76)
Increase (Decrease) in Payables	13,834,893.05
Increase (Decrease) in Deferred Income	1,349,779.99
Increase (Decrease) in Compensated Absence Liability	(332,510.40)
Increase (Decrease) in Benefits Payable	179,720.71
Increase (Decrease) in Other Liabilities	237,818.02
Total Adjustments	95,568,056.80
Net Cash Provided (Used) by Operating Activities	\$ (107,632,514.53)
Non-Cash Transactions	
Net Change in Fair Value of Investments	\$ 32,438,718.93
Non-Cash Transactions	\$ 32,438,718.93

**UNIVERSITY OF HOUSTON
CLEAR LAKE**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2012

UNIVERSITY OF HOUSTON – CLEAR LAKE
PRIMARY STATEMENTS

Unaudited

University of Houston - Clear Lake
Statement of Net Assets
August 31, 2012

	Total 2012
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 23,450.00
Cash in Bank	4,859,640.49
Cash in State Treasury	7,680,570.13
Cash Equivalents	10,258,121.28
Restricted:	
Cash in Bank	(2,934,867.56)
Legislative Appropriations	4,948,005.08
Receivables:	
Federal Receivable	4,191,571.79
UHS Intercampus Receivable	16,341,004.18
Accounts Receivable	6,020,809.20
Gifts/Pledges Receivable	58,049.34
Other Receivable	7,515.03
Due From Other Agencies	371,052.26
Consumable Inventories	17,184.42
Prepaid Items	2,087,357.25
Loans and Contracts	1,494,500.32
<hr/>	
Total Current Assets	<hr/> 55,423,963.21
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	1,072,698.83
Receivables	9,636.99
UHS Intercampus Receivable	13,355,528.65
Loans and Contracts	594,217.56
UHS Intercampus Receivables	9,628,186.70
Capital Assets	
Non-Depreciable or Non-Amortizable	11,449,338.89
Depreciable or Amortizable, Net	62,706,299.15
Deferred Charges	3,317,588.75
<hr/>	
Total Non-Current Assets	<hr/> 102,133,495.52
<hr/>	
Total Assets	<hr/> <hr/> 157,557,458.73

Unaudited

University of Houston - Clear Lake
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Liabilities	
Current Liabilities	
Payables:	
Accounts Payable	1,332,728.14
Federal Payable	84,135.86
Payroll Payable	3,179,526.82
Intercampus Payable	139,467.07
Other Payable	60,155.06
Due to Other Agencies	70,782.24
Unearned Revenues	22,698,789.05
Revenue Bonds Payable	2,207,199.23
Claims and Judgments Payable	27,462.43
Employees' Compensable Leave	965,960.98
Capital Lease Obligations	374,630.46
Funds Held for Others	339,410.16
	<hr/>
Total Current Liabilities	31,480,247.50
	<hr/>
Non-Current Liabilities	
Revenue Bonds Payable	28,222,290.41
Claims and Judgments Payable	2,226.89
Employees' Compensable Leave	1,029,001.80
Capital Lease Obligations	6,632,187.92
	<hr/>
Total Non-Current Liabilities	35,885,707.02
	<hr/>
Total Liabilities	67,365,954.52
	<hr/> <hr/>
Net Assets	
Invested in Capital Assets, Net of Related Debt	40,176,388.60
Restricted for:	
Debt Retirement	3,317,588.75
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	8,366,879.13
Expendable	
Funds Functioning as Endowments	4,788,489.95
Other Restricted	1,920,172.63
Unrestricted	31,621,985.15
	<hr/>
Total Net Assets	\$ 90,191,504.21
	<hr/> <hr/>

Unaudited

University of Houston - Clear Lake
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 50,951,212.13
Discounts and Allowances	(7,447,576.56)
Auxiliary Enterprise-Pledged	1,442,175.41
Other Sales of Goods and Services-Pledged	1,166,798.19
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,100,781.28
Federal Pass Through Revenue (PR-OP Grants/Contributions)	677,908.27
State Grant Revenue (PR-OP Grants/Contributions)	335,054.28
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	1,477,796.91
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	498,413.19
<u>Total Operating Revenues</u>	<u>51,202,563.10</u>
Operating Expenses	
Instruction	36,789,197.63
Research	1,769,700.00
Public Service	113,471.48
Academic Support	12,041,362.55
Student Services	4,371,913.51
Institutional Support	14,584,606.22
Physical Plant	7,342,125.75
Scholarships & Fellowships	7,776,536.51
Auxiliary Enterprises	5,089,830.90
Depreciation and Amortization	4,780,625.35
<u>Total Operating Expenses</u>	<u>94,659,369.90</u>
<u>Operating Income (Loss)</u>	<u>(43,456,806.80)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	23,313,520.00
Additional Appropriations (GR)	5,844,875.56
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	8,494,968.81
Gifts (PR-OP Grants/Contributions)	411,124.02
Interest and Investment Income (PR-Chgs for Services)	946,175.32
Interest Expense and Fiscal Charges	(1,615,553.32)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	1,722,673.48
Other Non-Operating Revenues	3,139,646.37
Other Non-Operating Expenses	(833,507.60)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>41,423,922.64</u>

Unaudited

University of Houston - Clear Lake
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(2,032,884.16)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	5,214,167.00
Additions to Permanent and Term Endowments	160,590.62
UHS Intercampus Transfers-In	3,076,089.80
UHS Intercampus Transfers-Out	(2,894,248.87)
Transfers-Out	(524,050.77)
Legislative Appropriations Lapsed	(456.91)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>5,032,090.87</u>
<u>Change In Net Assets</u>	<u>2,999,206.71</u>
<u>Net Assets, Beginning</u>	<u>87,192,297.50</u>
<u>Net Assets, Ending</u>	<u>\$ 90,191,504.21</u>

Unaudited

University of Houston - Clear Lake
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	27,369,178.12	905,440.97	52,739.16	6,812,526.46	1,946,411.05
Payroll Related Costs	6,375,257.45	158,509.10	8,629.89	1,715,236.72	535,421.97
Professional Fees and Services	559,349.02	161,548.17	7,435.54	365,123.27	712,720.38
Travel	151,367.07	46,412.11	8,936.12	318,731.17	31,294.66
Materials and Supplies	913,157.14	211,787.69	18,269.26	1,222,577.16	528,476.80
Communication and Utilities	224,469.53	10,253.75	386.51	333,614.83	78,920.79
Repairs and Maintenance	63,825.75	13,818.95		593,380.88	2,784.99
Rentals and Leases	222,194.32	5,815.96	180.00	311,723.54	87,106.22
Printing and Reproduction	74,299.60	241.80	122.37	65,306.80	72,017.67
Depreciation and Amortization					
Interest	67.92	3.25		127.53	186.97
Scholarships	479,226.46	2,000.00		36,972.90	123,930.61
Claims and Judgments					
Other Operating Expenses	356,805.25	253,868.25	16,772.63	266,041.29	252,641.40
Total Operating Expenses	\$ 36,789,197.63	\$ 1,769,700.00	\$ 113,471.48	\$ 12,041,362.55	\$ 4,371,913.51

Unaudited

University of Houston - Clear Lake
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2012
\$	\$	\$	\$ 2,830.03	\$	\$ 2,830.03
7,894,029.85	2,285,777.56	135,025.30	2,780,466.65		50,181,595.12
1,989,991.99	747,054.27	1,343.74	691,553.02		12,222,998.15
2,401,404.18	949,199.44	23,418.30	613,628.86		5,793,827.16
51,979.65	4,377.90		43,389.74		656,488.42
353,224.84	411,134.10	3,871.20	226,791.80		3,889,289.99
221,190.66	1,720,051.60	228.47	445,179.72		3,034,295.86
79,474.40	820,204.47	459.24	52,159.11		1,626,107.79
95,562.45	5,951.64		41,603.39		770,137.52
88,643.24	1,313.47		31,778.50		333,723.45
				4,780,625.35	4,780,625.35
9.90	315,846.67		43.97		316,286.21
948,648.29		7,584,353.03	50,547.15		9,225,678.44
83,937.71					83,937.71
376,509.06	81,214.63	27,837.23	109,858.96		1,741,548.70
<u>\$ 14,584,606.22</u>	<u>\$ 7,342,125.75</u>	<u>\$ 7,776,536.51</u>	<u>\$ 5,089,830.90</u>	<u>\$ 4,780,625.35</u>	<u>\$ 94,659,369.90</u>

Unaudited

University of Houston - Clear Lake
Statement of Cash Flows
For The Year Ended August 31, 2012

	Total 2012
Cash Flows from Operating Activities	
Receipts from Customers	\$ 1,110,046.06
Proceeds from Tuition & Fees	41,839,004.93
Proceeds from Research Grants & Contracts	5,081,597.22
Proceeds from Loan Programs	5,102,926.17
Proceeds from Auxiliaries	1,372,029.15
Payments to Suppliers for Goods and Services	(17,911,883.25)
Payments to Employees for Salaries	(50,482,980.71)
Payments to Employees for Benefits	(12,216,972.79)
Payments for Loans Provided	(4,203,210.88)
Payments for Other Expenses	(10,244,499.63)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(40,553,943.73)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	29,967,352.01
Proceeds from Gifts	655,146.43
Proceeds from Endowments	160,590.62
Proceeds of Transfers from Other Funds	3,326,075.73
Proceeds from Grant Receipts	8,494,968.81
Payments for Transfers to Other Funds	(3,418,299.64)
Payments for Other Uses	(26,455.69)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>39,159,378.27</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Other Financing Activities	4,913,388.95
Proceeds from Capital Contributions	5,214,167.00
Payments for Additions to Capital Assets	(6,704,830.08)
Payments of Principal on Debt	(1,610,000.00)
Payments for Capital Lease	(366,159.65)
Payments of Interest on Debt Issuance	(1,615,553.32)
Payments of Other Costs on Debt Issuance	(3,168,099.11)
<u>Net Cash Provided by Capital and Related Financing Activities</u>	<u>(3,337,086.21)</u>
Cash Flows from Investing Activities	
Proceeds from Interest Income	438,831.26
Proceeds from Investment Income	507,344.06
Payments to Acquire Investments	(761,072.32)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>185,103.00</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,546,548.67)
Cash and Cash Equivalents, September 1	25,506,161.84
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 20,959,613.17</u>

Unaudited

University of Houston - Clear Lake
Statement of Cash Flows
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (43,456,806.80)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	4,780,625.35
Operating Income and Cash Flow Categories: Classification Differences	899,715.29
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(2,196,222.09)
(Increase) Decrease in Inventories	(1,730.17)
(Increase) Decrease in Prepaid Expenses	(105,184.78)
(Increase) Decrease in Other Assets	(139,436.88)
Increase (Decrease) in Payables	(788,642.22)
Increase (Decrease) in Deferred Income	451,351.35
Increase (Decrease) in Compensated Absence Liability	(91,813.54)
Increase (Decrease) in Benefits Payable	30,762.53
Increase (Decrease) in Other Liabilities	63,438.23
<u>Total Adjustments</u>	<u>2,902,863.07</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (40,553,943.73)</u>
Non-Cash Transactions	
Net Change in Fair Value of Investments	\$ 1,722,673.48
<u>Non-Cash Transactions</u>	<u>\$ 1,722,673.48</u>

**UNIVERSITY OF HOUSTON
DOWNTOWN**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2012

UNIVERSITY OF HOUSTON – DOWNTOWN
PRIMARY STATEMENTS

Unaudited

University of Houston - Downtown
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 11,450.00
Cash in Bank	14,012,663.15
Cash in Transit/Reimburse From Treasury	669,015.45
Cash in State Treasury	245,332.97
Cash Equivalents	28,747,663.30
Restricted:	
Cash in Bank	(12,313,343.96)
Legislative Appropriations	10,391,598.87
Receivables:	
Federal Receivable	11,849,911.03
UHS Intercampus Receivable	12,870,287.05
Accounts Receivable	1,856,891.61
Gifts/Pledges Receivable	61,610.99
Other Receivable	2,469,970.20
Due From Other Agencies	48,756.91
Consumable Inventories	15,815.80
Prepaid Items	3,886,207.42
Loans and Contracts	545,991.61
<hr/>	
Total Current Assets	<hr/> 75,369,822.40 <hr/>
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	1,119,575.88
Receivables	175,132.03
UHS Intercampus Receivable	18,441,318.70
Investments	178,206.44
UHS Intercampus Receivables	7,007,123.36
Capital Assets	
Non-Depreciable or Non-Amortizable	14,016,591.67
Depreciable or Amortizable, Net	80,154,794.35
Deferred Charges	3,263,656.42
<hr/>	
Total Non-Current Assets	<hr/> 124,356,398.85 <hr/>
<hr/> Total Assets <hr/>	<hr/> 199,726,221.25 <hr/>

Unaudited

University of Houston - Downtown
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Liabilities	
Current Liabilities	
Payables:	
Accounts Payable	2,730,344.84
Federal Payable	16,823.00
Payroll Payable	3,244,559.42
Intercampus Payable	3,324,992.92
Other Payable	98,105.88
Due to Other Agencies	9,937.79
Unearned Revenues	23,548,320.29
Revenue Bonds Payable	4,406,837.67
Claims and Judgments Payable	31,672.95
Employees' Compensable Leave	1,117,983.55
Funds Held for Others	(479,013.28)
<u>Total Current Liabilities</u>	<u>38,050,565.03</u>
Non-Current Liabilities	
Revenue Bonds Payable	47,561,856.72
Claims and Judgments Payable	262.37
Employees' Compensable Leave	1,190,945.72
<u>Total Non-Current Liabilities</u>	<u>48,753,064.81</u>
<u>Total Liabilities</u>	<u>86,803,629.84</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	45,428,349.75
Restricted for:	
Debt Retirement	3,242,776.41
Capital Projects	45,416.73
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	16,465,426.01
Expendable	
Funds Functioning as Endowments	1,975,892.69
Other Restricted	3,962,675.05
Unrestricted	41,802,054.77
<u>Total Net Assets</u>	<u>\$ 112,922,591.41</u>

Unaudited

University of Houston - Downtown
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 64,823,726.04
Discounts and Allowances	(8,190,566.39)
Auxiliary Enterprise-Pledged	2,457,948.15
Other Sales of Goods and Services-Pledged	3,820,166.12
Federal Revenue-Operating (PR-OP Grants/Contributions)	3,128,558.10
Federal Pass Through Revenue (PR-OP Grants/Contributions)	590,729.15
State Grant Revenue (PR-OP Grants/Contributions)	21,601.93
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	6,917,874.64
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	317,612.04
<u>Total Operating Revenues</u>	<u>73,887,649.78</u>
Operating Expenses	
Instruction	37,671,874.62
Research	2,217,056.97
Public Service	4,256,532.27
Academic Support	16,794,912.32
Student Services	3,423,337.51
Institutional Support	15,933,769.88
Physical Plant	6,189,453.20
Scholarships & Fellowships	31,251,118.89
Auxiliary Enterprises	6,906,402.89
Depreciation and Amortization	7,070,094.92
<u>Total Operating Expenses</u>	<u>131,714,553.47</u>
<u>Operating Income (Loss)</u>	<u>(57,826,903.69)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	20,020,006.00
Additional Appropriations (GR)	4,876,486.65
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	27,362,174.18
Gifts (PR-OP Grants/Contributions)	1,229,312.25
Interest and Investment Income (PR-Chgs for Services)	785,172.34
Interest Expense and Fiscal Charges	(2,608,029.45)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	2,204,734.00
Other Non-Operating Revenues	1,644,516.45
Other Non-Operating Expenses	(691,572.55)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>54,822,799.87</u>

Unaudited

University of Houston - Downtown
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(3,004,103.82)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	7,435,238.00
Additions to Permanent and Term Endowments	290,510.73
UHS Intercampus Transfers-In	6,582,767.11
UHS Intercampus Transfers-Out	(158,480.00)
Transfers-Out	(823,131.33)
Legislative Appropriations Lapsed	(6.92)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>13,326,897.59</u>
<u>Change In Net Assets</u>	<u>10,322,793.77</u>
Net Assets, Beginning	102,750,681.09
Restatements	(150,883.45)
<u>Net Assets Beginning, as Restated</u>	<u>102,599,797.64</u>
<u>Net Assets, Ending</u>	<u>\$ 112,922,591.41</u>

Unaudited

University of Houston - Downtown
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	29,659,017.94	796,573.43	2,020,144.35	10,608,583.79	2,261,815.54
Payroll Related Costs	6,542,781.48	183,274.62	407,947.23	2,627,359.61	522,122.65
Professional Fees and Services	228,695.41	323,810.28	819,869.11	183,935.63	99,047.46
Federal Pass-Through Expenses		8,820.00			
Travel	193,423.19	203,330.59	132,946.38	274,141.46	45,354.27
Materials and Supplies	318,777.65	51,158.60	261,410.25	1,573,013.24	191,201.23
Communication and Utilities	87,215.70	279.65	30,058.75	255,874.29	105,564.68
Repairs and Maintenance	90,017.67	3,974.13	(38,666.37)	413,491.40	5,858.16
Rentals and Leases	116,366.84	3,519.16	44,157.73	456,175.62	16,581.29
Printing and Reproduction	14,163.10	1,413.00	7,699.79	32,215.40	27,661.75
Depreciation and Amortization					
Interest	120.35		68.53	695.71	14.85
Scholarships	223,416.00	258,035.00	7,615.00	48,357.96	
Claims and Judgments					
Other Operating Expenses	197,879.29	382,868.51	563,281.52	321,068.21	148,115.63
Total Operating Expenses	\$ 37,671,874.62	\$ 2,217,056.97	\$ 4,256,532.27	\$ 16,794,912.32	\$ 3,423,337.51

Unaudited

University of Houston - Downtown
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2012
\$	\$	\$	\$	\$	\$
7,572,478.83	1,584,079.19	61,598.41	1,978.54		1,978.54
1,892,585.30	441,643.55		2,967,035.79		57,531,327.27
2,287,094.50	749,603.19	18,490.00	703,896.59		13,321,611.03
			1,590,631.17		6,301,176.75
					8,820.00
56,896.79	3,800.06		103,753.10		1,013,645.84
1,185,447.12	358,310.47	16,989.09	291,659.72		4,247,967.37
142,111.53	2,104,134.57		333,786.21		3,059,025.38
297,925.60	923,313.84		214,449.71		1,910,364.14
232,842.11	6,546.72		28,640.21		904,829.68
123,409.24	432.47	343.74	54,936.85		262,275.34
				7,070,094.92	7,070,094.92
452.29	2,365.03		6,446.01		10,162.77
1,142,730.44		31,149,564.49	26,356.05		32,856,074.94
81,856.79					81,856.79
917,939.34	15,224.11	4,133.16	582,832.94		3,133,342.71
<u>\$ 15,933,769.88</u>	<u>\$ 6,189,453.20</u>	<u>\$ 31,251,118.89</u>	<u>\$ 6,906,402.89</u>	<u>\$ 7,070,094.92</u>	<u>\$ 131,714,553.47</u>

Unaudited

University of Houston - Downtown
Statement of Cash Flows
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 3,823,078.79
Proceeds from Tuition & Fees	58,673,606.24
Proceeds from Research Grants & Contracts	10,234,954.71
Proceeds from Loan Programs	1,647,757.66
Proceeds from Auxiliaries	2,459,822.20
Payments to Suppliers for Goods and Services	(20,117,970.35)
Payments to Employees for Salaries	(57,200,648.51)
Payments to Employees for Benefits	(13,410,926.08)
Payments for Loans Provided	(1,749,118.08)
Payments for Other Expenses	(33,767,960.74)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(49,407,404.16)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	23,679,467.18
Proceeds from Gifts	1,456,232.57
Proceeds from Endowments	290,510.73
Proceeds of Transfers from Other Funds	7,102,601.55
Proceeds from Grant Receipts	27,362,174.18
Payments for Transfers to Other Funds	(981,611.33)
Payments for Other Uses	(310,497.14)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>58,598,877.74</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Other Financing Activities	2,824,971.01
Proceeds from Capital Contributions	7,435,238.00
Payments for Additions to Capital Assets	(5,450,767.25)
Payments of Principal on Debt	(5,379,118.73)
Payments of Interest on Debt Issuance	(2,608,029.45)
Payments of Other Costs on Debt Issuance	(1,233,538.65)
<u>Net Cash Provided by Capital and Related Financing Activities</u>	<u>(4,411,245.07)</u>
Cash Flows from Investing Activities	
Proceeds from Interest Income	254,906.19
Proceeds from Investment Income	530,266.15
Payments to Acquire Investments	(585,406.34)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>199,766.00</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,979,994.51
<u>Cash and Cash Equivalents, September 1</u>	<u>27,512,362.28</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 32,492,356.79</u>

Unaudited

University of Houston - Downtown
Statement of Cash Flows
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (57,826,903.69)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	7,070,094.92
Operating Income and Cash Flow Categories: Classification Differences	(101,360.42)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(767,044.77)
(Increase) Decrease in Inventories	788.75
(Increase) Decrease in Prepaid Expenses	204,327.33
(Increase) Decrease in Other Assets	(19,046.00)
Increase (Decrease) in Payables	523,410.82
Increase (Decrease) in Deferred Income	1,997,266.91
Increase (Decrease) in Compensated Absence Liability	(23,840.63)
Increase (Decrease) in Benefits Payable	(475,035.17)
Increase (Decrease) in Other Liabilities	9,937.79
<u>Total Adjustments</u>	<u>8,419,499.53</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (49,407,404.16)</u>
Non-Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ 2,204,734.00</u>
<u>Non-Cash Transactions</u>	<u>\$ 2,204,734.00</u>

**UNIVERSITY OF HOUSTON
VICTORIA**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2012

UNIVERSITY OF HOUSTON – VICTORIA
PRIMARY STATEMENTS

Unaudited

University of Houston - Victoria
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 1,825.00
Cash in Bank	2,971,589.48
Cash in State Treasury	2,343,061.19
Cash Equivalents	1,193,814.71
Restricted:	
Cash in Bank	(704,950.66)
Legislative Appropriations	3,372,746.48
Receivables:	
Federal Receivable	2,003,645.80
UHS Intercampus Receivable	2,537,092.39
Accounts Receivable	1,200,521.55
Gifts/Pledges Receivable	98,860.21
Other Receivable	266,241.01
Due From Other Agencies	47,214.82
Prepaid Items	1,150,629.11
Loans and Contracts	1,956,802.67
<u>Total Current Assets</u>	<u>18,439,093.76</u>
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	329,713.02
Receivables	
UHS Intercampus Receivable	27,195,834.80
Investments	38,008.76
UHS Intercampus Receivables	2,365,484.25
Capital Assets	
Non-Depreciable or Non-Amortizable	2,162,212.71
Depreciable or Amortizable, Net	20,228,108.85
Deferred Charges	20,787,036.54
<u>Total Non-Current Assets</u>	<u>73,106,398.93</u>
<u>Total Assets</u>	<u>91,545,492.69</u>

Unaudited

University of Houston - Victoria
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Liabilities	
Current Liabilities	
Payables:	
Accounts Payable	198,191.90
Federal Payable	2,901.87
Payroll Payable	1,765,952.98
Intercampus Payable	1,284,943.00
Other Payable	103,672.66
Due to Other Agencies	2,000.00
Unearned Revenues	9,719,698.59
Revenue Bonds Payable	2,596,074.30
Claims and Judgments Payable	9,398.92
Employees' Compensable Leave	381,029.40
Funds Held for Others	389,093.82
<u>Total Current Liabilities</u>	<u>16,452,957.44</u>
Non-Current Liabilities	
Revenue Bonds Payable	48,919,817.12
Claims and Judgments Payable	669.64
Employees' Compensable Leave	405,896.24
<u>Total Non-Current Liabilities</u>	<u>49,326,383.00</u>
<u>Total Liabilities</u>	<u>65,779,340.44</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	10,013,585.54
Restricted for:	
Debt Retirement	2,291,464.04
Capital Projects	258,678.53
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	6,908,061.13
Expendable	
Funds Functioning as Endowments	892,178.56
Other Restricted	1,707,657.46
Unrestricted	3,694,526.99
<u>Total Net Assets</u>	<u>\$ 25,766,152.25</u>

Unaudited

University of Houston - Victoria
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 21,677,079.42
Discounts and Allowances	(4,941,984.85)
Auxiliary Enterprise-Pledged	1,285,454.94
Other Sales of Goods and Services-Pledged	427,192.43
Federal Revenue-Operating (PR-OP Grants/Contributions)	27,455.95
Federal Pass Through Revenue (PR-OP Grants/Contributions)	135,330.21
State Grant Revenue (PR-OP Grants/Contributions)	204,110.16
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	480,764.24
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	396,843.26
<u>Total Operating Revenues</u>	<u>19,692,245.76</u>
Operating Expenses	
Instruction	19,763,371.96
Research	118,884.26
Public Service	804,473.16
Academic Support	6,331,207.79
Student Services	5,571,448.79
Institutional Support	4,858,240.59
Physical Plant	2,041,560.30
Scholarships & Fellowships	2,823,888.95
Auxiliary Enterprises	2,087,484.19
Depreciation and Amortization	1,763,424.51
<u>Total Operating Expenses</u>	<u>46,163,984.50</u>
<u>Operating Income (Loss)</u>	<u>(26,471,738.74)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	13,827,568.00
Additional Appropriations (GR)	3,146,224.92
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	4,900,464.48
Gifts (PR-OP Grants/Contributions)	394,798.32
Interest and Investment Income (PR-Chgs for Services)	236,546.11
Interest Expense and Fiscal Charges	(2,387,298.06)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	899,768.26
Other Non-Operating Revenues	1,573,099.78
Other Non-Operating Expenses	(1,136,273.83)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>21,454,897.98</u>

Unaudited

University of Houston - Victoria
 Statement of Revenues, Expenses, And Changes In Net Assets
 For The Year Ended August 31, 2012

	<u>Total 2012</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(5,016,840.76)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	2,393,921.00
Additions to Permanent and Term Endowments	49,729.70
UHS Intercampus Transfers-In	4,166,926.89
UHS Intercampus Transfers-Out	(87,592.92)
Transfers-Out	(179,328.28)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>6,343,656.39</u>
<u>Change In Net Assets</u>	<u>1,326,815.63</u>
Net Assets, Beginning	24,438,909.12
Restatements	427.50
<u> Net Assets Beginning, as Restated</u>	<u>24,439,336.62</u>
<u>Net Assets, Ending</u>	<u>\$ 25,766,152.25</u>

Unaudited

University of Houston - Victoria
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$ 13,487,507.68	\$ 81,280.29	\$ 456,033.56	\$ 2,512,044.48	\$ 2,272,454.31
Payroll Related Costs	3,049,707.15	19,853.99	125,898.15	571,925.26	676,617.88
Professional Fees and Services	1,745,969.76	5,915.01	39,578.05	1,872,179.26	356,865.96
Travel	130,632.26	5,457.33	18,857.38	148,277.92	155,632.75
Materials and Supplies	676,499.53	2,681.48	57,348.95	143,045.46	274,687.40
Communication and Utilities	44,934.08	493.41	14,304.38	371,024.18	180,981.23
Repairs and Maintenance	116,259.72	2.25	4,747.31	354,549.36	321,091.24
Rentals and Leases	94,459.90		15,932.77	66,304.53	631,413.89
Printing and Reproduction	11,047.65	2,261.50	6,157.64	25,524.65	68,359.02
Depreciation and Amortization					
Interest	65.02			60.28	413.21
Scholarships	195,455.22			22,804.75	181,018.00
Claims and Judgments					2,635.24
Other Operating Expenses	210,833.99	939.00	65,614.97	243,467.66	449,278.66
Total Operating Expenses	\$ 19,763,371.96	\$ 118,884.26	\$ 804,473.16	\$ 6,331,207.79	\$ 5,571,448.79

Unaudited

University of Houston - Victoria
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2012
\$ 2,720,645.56	\$ 644,319.22	\$ 77,640.70	\$ 15,443.34	\$	\$ 22,267,369.14
656,284.46	207,387.65	1,353.20	1,682.42		5,310,710.16
479,997.88	204,426.76	7,543.39	1,434,062.53		6,146,538.60
62,749.13	3,478.42				525,085.19
167,876.31	80,381.90		98,355.14		1,500,876.17
54,228.01	453,083.68		82,544.43		1,201,593.40
71,039.52	156,203.20		358,974.43		1,382,867.03
100,725.22	288,865.67		66,253.08		1,263,955.06
9,712.17	609.75		16,939.77		140,612.15
				1,763,424.51	1,763,424.51
59.19			33.23		630.93
435,531.18		2,737,351.66			3,572,160.81
31,419.97					34,055.21
67,971.99	2,804.05		13,195.82		1,054,106.14
<u>\$ 4,858,240.59</u>	<u>\$ 2,041,560.30</u>	<u>\$ 2,823,888.95</u>	<u>\$ 2,087,484.19</u>	<u>\$ 1,763,424.51</u>	<u>\$ 46,163,984.50</u>

Unaudited

University of Houston - Victoria
Statement of Cash Flows
For The Year Ended August 31, 2012

	Total 2012
Cash Flows from Operating Activities	
Receipts from Customers	\$ 422,092.33
Proceeds from Tuition & Fees	17,098,665.30
Proceeds from Research Grants & Contracts	1,663,434.58
Proceeds from Loan Programs	3,425,187.60
Proceeds from Auxiliaries	1,270,108.35
Payments to Suppliers for Goods and Services	(13,307,494.94)
Payments to Employees for Salaries	(22,315,476.72)
Payments to Employees for Benefits	(5,309,673.63)
Payments for Loans Provided	(3,399,100.92)
Payments for Other Expenses	(4,484,791.93)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(24,937,049.98)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	16,347,553.20
Proceeds from Gifts	413,729.76
Proceeds from Endowments	49,729.70
Proceeds of Transfers from Other Funds	4,416,097.01
Proceeds from Grant Receipts	4,900,464.48
Payments for Transfers to Other Funds	(266,921.20)
Payments for Other Uses	(241,748.11)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>25,618,904.84</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt Issuance	11,324,873.03
Proceeds from Other Financing Activities	231,035.28
Proceeds from Capital Contributions	2,393,921.00
Payments for Additions to Capital Assets	(976,337.06)
Payments of Principal on Debt	(2,615,460.00)
Payments of Interest on Debt Issuance	(2,387,298.06)
Payments of Other Costs on Debt Issuance	(11,336,432.45)
<u>Net Cash Provided by Capital and Related Financing Activities</u>	<u>(3,365,698.26)</u>
Cash Flows from Investing Activities	
Proceeds from Interest Income	58,989.86
Proceeds from Investment Income	1,077,324.51
Payments to Acquire Investments	(871,854.51)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>264,459.86</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,419,383.54)
Cash and Cash Equivalents, September 1	8,554,436.28
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 6,135,052.74</u>

Unaudited

University of Houston - Victoria
Statement of Cash Flows
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (26,471,738.74)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	1,763,424.51
Operating Income and Cash Flow Categories: Classification Differences	26,086.68
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(67,148.02)
(Increase) Decrease in Prepaid Expenses	(159,678.17)
(Increase) Decrease in Other Assets	39,100.86
Increase (Decrease) in Payables	(589,654.71)
Increase (Decrease) in Deferred Income	563,365.13
Increase (Decrease) in Compensated Absence Liability	(46,190.14)
Increase (Decrease) in Benefits Payable	5,382.62
<u>Total Adjustments</u>	<u>1,534,688.76</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (24,937,049.98)</u>
Non-Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ 899,768.26</u>
<u>Non-Cash Transactions</u>	<u>\$ 899,768.26</u>

**UNIVERSITY OF HOUSTON
SYSTEM ADMINISTRATION**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2012

UNIVERSITY OF HOUSTON – SYSTEM ADMINISTRATION
PRIMARY STATEMENTS

Unaudited

University of Houston - System Administration
Statement of Net Assets
August 31, 2012

	<u>Total 2012</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 50.00
Cash in Bank	112,999,576.66
Cash in Transit/Reimburse From Treasury	23,652,502.99
Cash Equivalents	45,277,896.43
Short Term Investments	231,842,556.18
Restricted:	
Cash in Bank	5,902,817.65
Legislative Appropriations	765,389.14
Receivables:	
UHS Intercampus Receivable	11,077,335.78
Interest Receivable	373,631.84
Accounts Receivable	1,251.27
Other Receivable	2,102,946.05
Due From Other Agencies	390.49
Prepaid Items	57,962.11
<u>Total Current Assets</u>	<u>434,054,306.59</u>
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	(138,004,178.77)
Receivables	
UHS Intercampus Receivable	6,565,310.17
Investments	637,925,374.82
Capital Assets	
Non-Depreciable or Non-Amortizable	6,399,750.75
Depreciable or Amortizable, Net	50,135,220.68
<u>Total Non-Current Assets</u>	<u>563,021,477.65</u>
<u>Total Assets</u>	<u>997,075,784.24</u>

Unaudited

University of Houston - System Administration
 Statement of Net Assets
 August 31, 2012

	<u>Total 2012</u>
Liabilities	
Current Liabilities	
Payables:	
Accounts Payable	7,697,890.60
Payroll Payable	1,853,530.26
Intercampus Payable	805,747,524.82
Other Payable	18,931,049.22
Unearned Revenues	4,402.08
Notes and Loans Payable	25,123,000.00
Claims and Judgments Payable	13,816.14
Employees' Compensable Leave	364,038.24
Funds Held for Others	20,356.74
	<hr/>
Total Current Liabilities	<hr/> 859,755,608.10 <hr/>
Non-Current Liabilities	
Claims and Judgments Payable	280.51
Employees' Compensable Leave	387,796.22
	<hr/>
Total Non-Current Liabilities	<hr/> 388,076.73 <hr/>
Total Liabilities	<hr/> 860,143,684.83 <hr/>
Net Assets	
Invested in Capital Assets, Net of Related Debt	39,580,421.20
Restricted for:	
Debt Retirement	3,087,555.10
Capital Projects	15,966.82
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	44,562,408.00
Expendable	
Funds Functioning as Endowments	5,661,753.15
Other Restricted	6,452,092.29
Unrestricted	37,571,902.85
	<hr/>
Total Net Assets	<hr/> \$ 136,932,099.41 <hr/>

Unaudited

University of Houston - System Administration
Statement of Revenues, Expenses, And Changes In Net Assets
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Other Sales of Goods and Services-Pledged	\$ 1,264,002.01
State Grant Revenue (PR-OP Grants/Contributions)	390.49
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	25,082.21
<u>Total Operating Revenues</u>	<u>1,289,474.71</u>
Operating Expenses	
Research	976,311.57
Public Service	101,368.38
Academic Support	5,317,855.25
Student Services	255,462.43
Institutional Support	6,996,487.09
Physical Plant	2,190,112.48
Scholarships & Fellowships	53,869.95
Depreciation and Amortization	8,605,895.71
<u>Total Operating Expenses</u>	<u>24,497,362.86</u>
<u>Operating Income (Loss)</u>	<u>(23,207,888.15)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	25,975,144.00
Additional Appropriations (GR)	1,554,170.45
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	1,568,336.00
Gifts (PR-OP Grants/Contributions)	98,551.20
Interest and Investment Income (PR-Chgs for Services)	2,706,751.96
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(21,169,308.94)
Other Non-Operating Revenues	8,315,315.16
Other Non-Operating Expenses	(643,803.64)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>18,405,156.19</u>

Unaudited

University of Houston - System Administration
Statement of Revenues, Expenses, And Changes In Net Assets
For The Year Ended August 31, 2012

	<u>Total 2012</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(4,802,731.96)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Additions to Permanent and Term Endowments	10,000.00
UHS Intercampus Transfers-In	3,856,976.29
UHS Intercampus Transfers-Out	(30,622,827.99)
Legislative Appropriations Lapsed	(58,355.76)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>(26,814,207.46)</u>
<u>Change In Net Assets</u>	<u>(31,616,939.42)</u>
<u>Net Assets Beginning</u>	<u>168,549,038.83</u>
<u>Net Assets, Ending</u>	<u>\$ 136,932,099.41</u>

Unaudited

University of Houston - System Administration
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$	\$ 328,333.42	\$	\$ 2,328,772.42	\$ 210,000.03
Payroll Related Costs		50,617.15	36.17	619,441.03	35,670.40
Professional Fees and Services		117,392.20	76,250.00	1,153,203.04	
Travel				18,051.14	
Materials and Supplies				252,379.37	
Communication and Utilities				514,206.11	
Repairs and Maintenance				229,464.93	
Rentals and Leases		10,400.00		95,859.07	9,120.00
Printing and Reproduction				18,949.59	
Depreciation and Amortization					
Interest					
Scholarships		469,568.80			
Claims and Judgments					
Other Operating Expenses			25,082.21	87,528.55	672.00
Total Operating Expenses	\$	\$ 976,311.57	\$ 101,368.38	\$ 5,317,855.25	\$ 255,462.43

Unaudited

University of Houston - System Administration
 Matrix of Operating Expenses Reported by Function
 For The Year Ended August 31, 2012

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2012
\$ 4,919,391.91	\$ 61,618.77	\$	\$	\$	\$ 7,848,116.55
900,990.14	21,917.37				1,628,672.26
578,142.97	417,372.86				2,342,361.07
52,428.19					70,479.33
89,559.81	8,360.51				350,299.69
93,763.43	78,474.65				686,444.19
29,128.01	33,724.43				292,317.37
150,758.63					266,137.70
21,912.00	307.89				41,169.48
				8,605,895.71	8,605,895.71
23,444.58	1,568,336.00				1,591,780.58
		53,869.95			523,438.75
30,200.01					30,200.01
106,767.41					220,050.17
<u>\$ 6,996,487.09</u>	<u>\$ 2,190,112.48</u>	<u>\$ 53,869.95</u>	<u>\$</u>	<u>\$ 8,605,895.71</u>	<u>\$ 24,497,362.86</u>

Unaudited

University of Houston - System Administration
Statement of Cash Flows
For The Year Ended August 31, 2012

	Total 2012
Cash Flows from Operating Activities	
Receipts from Customers	\$ 1,469,324.68
Proceeds from Research Grants & Contracts	25,148.21
Payments to Suppliers for Goods and Services	(6,912,479.30)
Payments to Employees for Salaries	(9,002,128.83)
Payments to Employees for Benefits	(1,411,081.06)
Payments for Other Expenses	(5,276,666.35)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(21,107,882.65)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	27,512,553.08
Proceeds from Gifts	98,551.20
Proceeds from Endowments	10,000.00
Proceeds of Transfers from Other Funds	16,137,156.48
Proceeds from Grant Receipts	1,568,336.00
Payments for Transfers to Other Funds	(30,622,827.99)
Payments for Other Uses	(33,671.30)
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>14,670,097.47</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Other Financing Activities	102,838,723.71
Payments for Additions to Capital Assets	(210,376.03)
Payments of Principal on Debt	(17,018,000.00)
Payments of Other Costs on Debt Issuance	(3,067,717.21)
<u>Net Cash Provided by Capital and Related Financing Activities</u>	<u>82,542,630.47</u>
Cash Flows from Investing Activities	
Proceeds from Sales of Investments	577,781,731.15
Proceeds from Interest Income	155,886.02
Proceeds from Investment Income	
Payments to Acquire Investments	(662,236,800.48)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(84,299,183.31)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,194,338.02)
<u>Cash and Cash Equivalents, September 1</u>	<u>58,023,002.98</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 49,828,664.96</u>

Unaudited

University of Houston - System Administration
Statement of Cash Flows
For The Year Ended August 31, 2012

	<u>Total 2012</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (23,207,888.15)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	8,605,895.71
Operating Income and Cash Flow Categories:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(5,517,905.32)
(Increase) Decrease in Prepaid Expenses	(14,954.05)
(Increase) Decrease in Other Assets	(324.49)
Increase (Decrease) in Payables	(2,189,083.26)
Increase (Decrease) in Deferred Income	235.89
Increase (Decrease) in Compensated Absence Liability	(49,961.36)
Increase (Decrease) in Benefits Payable	1,266,102.38
<u>Total Adjustments</u>	<u>2,100,005.50</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (21,107,882.65)</u>
Non-Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ (21,169,308.94)</u>
<u>Non-Cash Transactions</u>	<u>\$ (21,169,308.94)</u>

