

**UNIVERSITY OF HOUSTON
SYSTEM**

**UNAUDITED COMBINED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2016

**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

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November 17, 2016

Honorable Greg Abbott, Governor
Honorable Glen Hegar, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
State Auditor's Office

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the University of Houston System for the year ended August 31, 2016, in compliance with Texas Government Code Annotated §2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No.34, 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 (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 Ms. Linda Klemm at 713-743-4407. Ms. Kärin Livingston may be contacted at 713-743-4415 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



David J. Ellis, CPA
Executive Director, Financial Reporting
University of Houston System

University of Houston System

Organizational Data
August 31, 2016

Board of Regents

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
Durga D. Agrawal, Houston	Term Expires August 31, 2019
Paula M. Mendoza, Houston	Term Expires August 31, 2019
Peter K. Taaffe, Houston	Term Expires August 31, 2019
Tilman J. Fertitta, Houston	Term Expires August 31, 2021
Beth Madison, Houston	Term Expires August 31, 2021
Gerald W. McElvy, Houston	Term Expires August 31, 2021
Joshua Freed (Student Regent), Houston	Term Expires May 31, 2017

Officers of the Board (Fiscal Year 2016):

Tilman J. Fertitta	Chairman
Welcome W. Wilson, Jr.	Vice Chairman
Spencer D. Armour, III	Secretary

Officers of the Board (Fiscal Year 2017):

Tilman J. Fertitta	Chairman
Welcome W. Wilson, Jr.	Vice Chairman
Spencer D. Armour, III	Secretary

Administrative Officers

Renu Khator	Chancellor
Paula Myrick Short	Senior Vice Chancellor for Academic Affairs
Jim McShan	Senior Vice Chancellor for Administration and Finance
Ramanan Krishnamoorti	Interim 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 and Enrollment Services
Jason Smith	Vice Chancellor for Governmental and Community Relations
Renu Khator	President – University of Houston
William A. Staples	President – UH - Clear Lake
Michael A. Olivas	Interim President – UH - Downtown
Raymond V. Morgan Jr.	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, 2016. 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 (797)
 Combined Statement of Net Position
 August 31, 2016

	<u>Total 2016</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 69,975.00
Cash in Bank	(186,577,971.73)
Cash in Transit/Reimburse From Treasury	3,642,602.43
Cash in State Treasury	64,056,115.64
Cash Equivalents	275,912,206.78
Short Term Investments	217,211,690.89
Restricted:	
Cash In Bank	204,655,978.74
Legislative Appropriation	124,408,394.41
Receivables:	
Federal Receivables	33,241,561.44
Interest and Dividends	751,913.31
Accounts Receivable	41,567,129.74
Gifts	53,319,478.97
Other	1,880,402.77
Due From Other Agencies	18,611,971.56
Consumable Inventories	443,126.58
Merchandise Inventories	1,351,017.02
Prepaid Costs	44,205,828.85
Loans and Contracts	18,479,971.29
Total Current Assets	<u>917,231,393.69</u>
Non-Current Assets	
Restricted:	
Receivables	47,463,848.81
Loans and Contracts	5,474,252.84
Investments	808,606,073.98
Capital Assets	
Non-Depreciable or Non-Amortizable	271,350,991.25
Depreciable or Amortizable, Net	1,153,954,641.63
Total Non-Current Assets	<u>2,286,849,808.51</u>
Total Assets	<u>3,204,081,202.20</u>
Deferred Outflow of Resources	
Loss on Bond Refunding	2,794,136.42
Pensions	32,591,587.00
Total Deferred Outflow of Resources	<u>35,385,723.42</u>
Total Assets and Deferred Outflow of Resources	<u><u>3,239,466,925.62</u></u>

Unaudited

University of Houston System (797)
 Combined Statement of Net Position
 August 31, 2016

	<u>Total 2016</u>
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	45,870,629.82
Federal Payable	59,255.60
Payroll Payable	65,191,279.35
Other Payable	2,870,345.23
Due to Other Agencies	831,404.17
Unearned Revenues	239,210,494.68
Notes and Loans Payable	54,472,000.00
Revenue Bonds Payable	59,890,461.99
Claims and Judgments Payable	256,111.40
Employees' Compensable Leave	13,054,097.23
Capital Lease Obligations	537,658.77
Funds Held for Others	26,639,981.58
<hr/> Total Current Liabilities	<hr/> 508,883,719.82
Non-Current Liabilities	
Revenue Bonds Payable	995,462,540.90
Net Pension Liability	177,321,437.00
Employees' Compensable Leave	13,254,201.79
Capital Lease Obligations	6,759,887.32
<hr/> Total Non-Current Liabilities	<hr/> 1,192,798,067.01
<hr/> Total Liabilities	<hr/> 1,701,681,786.83
Deferred Inflow of Resources	
Pensions	27,738,489.00
<hr/> Total Deferred Inflows of Resources	<hr/> 27,738,489.00
<hr/> Total Liabilities and Deferred Inflow of Resources	<hr/> <hr/> 1,729,420,275.83
Net Position	
Invested in Capital Assets, Net of Related Debt	552,445,363.52
Restricted for:	
Debt Retirement	2,621,984.39
Capital Projects	27,859,604.58
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	415,235,601.62
Expendable	
Term Endowments	1,240,679.53
Funds Functioning as Endowments	44,326,073.56
Other Restricted	221,105,088.35
Unrestricted	245,212,254.24
<hr/> Total Net Position	<hr/> <hr/> \$ 1,510,046,649.79

Unaudited

University of Houston System (797)
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Total 2016</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 658,508,627.16
Discounts and Allowances	(132,391,764.45)
Auxiliary Enterprise-Pledged	107,017,933.25
Discounts and Allowances	(12,458,204.32)
Other Sales of Goods and Services-Pledged	59,951,367.44
Federal Revenue-Operating (PR-OP Grants/Contributions)	68,998,055.02
Federal Pass Through Revenue (PR-OP Grants/Contributions)	5,322,109.88
State Grant Revenue (PR-OP Grants/Contributions)	11,125,170.15
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	55,307,308.31
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	26,286,983.59
Other Operating Revenues (PR-Chgs for Services)	1,266,872.42
<u>Total Operating Revenues</u>	<u>848,934,458.45</u>
Operating Expenses	
Instruction	319,313,774.29
Research	143,554,823.27
Public Service	50,050,199.60
Academic Support	213,241,150.46
Student Services	50,503,322.54
Institutional Support	115,971,261.45
Physical Plant	64,971,626.16
Scholarships & Fellowships	95,350,880.01
Auxiliary Enterprises	124,720,875.88
Depreciation and Amortization	97,313,523.34
<u>Total Operating Expenses</u>	<u>1,274,991,437.00</u>
<u>Operating Income (Loss)</u>	<u>(426,056,978.55)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	248,454,126.00
Additional Appropriations (GR)	18,873,775.04
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	102,907,878.95
State Pass Through Revenues Non-Operating	1,540,221.00
Gifts (PR-OP Grants/Contributions)	62,275,633.19
Interest and Investment Income (PR-Chgs for Services)	25,875,581.44
Interest Expense and Fiscal Charges	(39,009,046.97)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(4,532,928.06)
Other Nonoperating Revenues	11,011,775.78
Other Nonoperating Expenses	(21,276,081.51)
<u>Total Nonoperating Revenues (Expenses)</u>	<u>406,120,934.86</u>

Unaudited

University of Houston System (797)
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Total 2016</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(19,936,043.69)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	51,202,606.00
Additions to Permanent and Term Endowments	18,316,902.98
Transfers-In	10,050,400.11
Transfers-Out	7,396.30
Legislative Transfers-In	784,855.00
Legislative Appropriations Lapsed	(243,163.88)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>80,118,996.51</u>
<u>Changes in Net Position</u>	<u>60,182,952.82</u>
Net Position, Beginning	1,448,966,032.79
Restatements	897,664.18
<u>Net Position, Beginning, as Restated</u>	<u>1,449,863,696.97</u>
<u>Net Position, Ending</u>	<u>\$ 1,510,046,649.79</u>

Unaudited

University of Houston System (797)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$ 1,225,218.51	\$ 4,691.23	\$
Salaries and Wages	263,091,248.93	63,625,843.63	18,197,394.46	122,050,536.99	26,346,963.73
Payroll Related Costs	40,021,551.52	12,132,040.27	4,871,822.71	27,613,726.82	7,206,274.55
Professional Fees and Services	2,592,440.09	12,401,458.15	11,046,087.19	12,834,179.51	4,689,913.59
Federal Pass Through Expenses		1,186,144.48	1,362,441.19	24,350.03	
State Pass Through Expenses		372,207.90			
Travel	1,703,058.72	4,000,753.79	492,683.66	4,341,118.23	1,101,470.68
Materials and Supplies	3,674,035.57	10,461,656.30	1,680,385.34	10,773,648.72	2,544,432.25
Communication and Utilities	901,435.54	925,634.22	1,374,432.94	12,817,493.11	1,130,361.77
Repairs and Maintenance	242,940.26	1,563,823.00	707,818.80	5,091,148.65	180,051.20
Rentals and Leases	741,905.85	17,914,624.51	5,600,581.40	6,501,289.95	1,198,855.47
Printing and Reproduction	247,103.72	229,485.66	512,291.96	1,262,001.35	572,265.63
Depreciation and Amortization					
Interest	4,979.82	5,832.66	5,481.43	8,990.56	47,285.23
Scholarships	2,469,293.60	514,518.09	51,522.63	1,165,624.96	277,629.98
Claims and Judgments		30.89			
Other Operating Expenses	3,623,780.67	18,220,769.72	2,922,037.38	8,752,350.35	5,207,818.46
Total Operating Expenses	\$ 319,313,774.29	\$ 143,554,823.27	\$ 50,050,199.60	\$ 213,241,150.46	\$ 50,503,322.54

Unaudited

University of Houston System (797)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$	\$	\$	\$	\$	\$
68,364,211.96	19,050,800.53	1,394,136.98	1,433,735.11		2,663,644.85
17,769,978.21	6,352,270.89	36,176.77	42,402,519.95		624,523,657.16
6,259,952.34	10,520,289.12	304,681.88	10,052,901.42		126,056,743.16
			32,840,695.91		93,489,697.78
					2,572,935.70
					372,207.90
679,392.73	22,312.00	66,744.23	4,979,297.89		17,386,831.93
6,612,299.06	1,627,783.03	72,682.22	5,934,492.88		43,381,415.37
1,819,222.79	17,886,681.40	1,782.73	10,635,524.79		47,492,569.29
3,703,369.16	3,616,799.67	10,001.27	3,162,703.55		18,278,655.56
1,660,115.50	4,860,813.51	2,454.26	1,391,386.75		39,872,027.20
701,878.88	85,593.39	461.00	626,645.95		4,237,727.54
				97,313,523.34	97,313,523.34
45,973.66	2,934.88	197.47	12,561.54		134,237.25
3,917,549.90		93,348,222.84	805,505.18		102,549,867.18
985,063.10			380.00		985,473.99
3,452,254.16	945,347.74	113,338.36	10,442,524.96		53,680,221.80
<u>\$ 115,971,261.45</u>	<u>\$ 64,971,626.16</u>	<u>\$ 95,350,880.01</u>	<u>\$ 124,720,875.88</u>	<u>\$ 97,313,523.34</u>	<u>\$ 1,274,991,437.00</u>

Unaudited

University of Houston System (797)
 Combined Statement of Cash Flows
 For the Year Ended August 31, 2016

	Total 2016
Cash Flows From Operating Activities	
Receipts from Customers	\$ 81,716,743.05
Proceeds from Tuition and Fees	534,640,038.05
Proceeds from Research Grants and Contracts	169,610,462.93
Proceeds from Loan Programs	146,430,338.94
Proceeds from Auxiliaries	99,558,113.01
Proceeds from Other Revenues	1,266,872.42
Payments to Suppliers for Goods and Services	(275,234,163.22)
Payments to Employees for Salaries	(592,478,586.06)
Payments to Employees for Benefits	(122,476,586.03)
Payments for Loans Provided	(143,710,149.03)
Payments for Other Expenses	(161,561,676.68)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(262,238,592.62)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	278,838,620.21
Proceeds from Gifts	67,900,665.17
Proceeds from Endowments	18,316,902.98
Proceeds of Transfers from Other Funds	23,304,799.21
Proceeds from Grants	104,417,285.44
Payments for Transfers to Other Funds	(8,139,150.07)
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>484,639,122.94</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Capital Assets	
Proceeds from Debt Issuance	285,000,000.00
Proceeds from Other Financing Activities	32,307,471.59
Proceeds from Capital Contributions	51,202,606.00
Payments for Additions to Capital Assets	(160,316,399.79)
Payments of Principal on Debt Issuance	(117,540,000.00)
Payments of Interest on Debt Issuance	(41,803,183.39)
Payments of Other Costs on Debt Issuance	(47,666,589.22)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>1,183,905.19</u>
Cash Flows From Investing Activities	
Proceeds from Sales of Investments	633,063,279.93
Proceeds from Interest Income	(75,286.25)
Proceeds from Investment Income	25,875,581.44
Payments to Acquire Investments	(846,962,136.25)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(188,098,561.13)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,485,874.38
Cash and Cash Equivalents, September 1	326,273,032.48
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 361,758,906.86</u>

Unaudited

University of Houston System (797)
 Combined Statement of Cash Flows
 For the Year Ended August 31, 2016

	Total 2016
	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (426,056,978.55)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Pension Expense	15,698,248.00
Depreciation and Amortization Expense	97,313,523.34
Operating Income and Cash Flow Categories: Classification Differences	2,720,189.91
Changes in Assets and Liabilities:	
(Increase) Decrease In Receivables	30,668,746.86
(Increase) Decrease in Inventories	(87,551.84)
(Increase) Decrease in Prepaid Expenses	(23,873.57)
(Increase) Decrease in Other Assets	(2,214,678.31)
Increase (Decrease) in Payables	(8,333,058.08)
Increase (Decrease) in Deferred Income	9,723,684.37
Increase (Decrease) in Compensated Absences	1,317,868.13
Increase (Decrease) in Benefits Payable	18,609,112.10
Increase (Decrease) in Other Liabilities	(1,573,824.98)
<u>Total Adjustments</u>	<u>163,818,385.93</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (262,238,592.62)</u>
Non Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ (4,532,928.06)</u>
<u>Non Cash Transactions</u>	<u>\$ (4,532,928.06)</u>

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**UNIVERSITY OF HOUSTON SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016**

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 Position

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.

For the System, the balance in Other Receivables consists of \$24,188,439.02 in miscellaneous receivables, which resulted from sales of investments related to the System Endowment and Consolidated Intermediate Investment Funds at or near the balance sheet date.

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 Position.

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 Position.

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 Position.

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 Position.

FUND BALANCE/NET POSITION

The difference between fund assets and liabilities is Net Position 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, 2016 is presented in Table 2.

Table 2 - Capital Assets

	University of Houston System							
	Balance 09/01/15	Adjustments	Completed CIP	Inc-Int'ngy Trans	Dec-Int'ngy Trans	Additions	Deletions	Balance 08/31/16
Business-Type Activities:								
Non-Depreciable/Non-Amortizable Assets								
Land & Land Improvements	\$ 108,443,539.31	\$ -	\$ -	\$ -	\$ -	\$ 12,872,001.10	\$ (673,680.32)	\$ 120,641,860.09
Construction in Progress	135,016,987.02	-	(101,756,156.92)	-	-	114,396,462.18	(38,091.35)	147,618,200.93
Other Tangible Capital Assets	3,043,730.23	-	-	-	-	47,200.00	-	3,090,930.23
Total Non-Depreciable and Non-Amortizable Assets	246,504,256.56	-	(101,756,156.92)	-	-	127,314,663.28	(711,771.67)	271,350,991.25
Depreciable Assets								
Buildings & Building Improvements	1,512,134,908.42	(355,186.56)	87,056,559.06	-	-	8,884,932.98	-	1,607,721,213.90
Infrastructure	43,297,217.46	-	-	-	-	-	-	43,297,217.46
Facilities & Other Improvements	245,334,515.15	(592,586.00)	14,620,125.25	-	-	-	-	259,362,054.40
Furniture & Equipment	236,422,676.02	663,012.16	79,472.61	650,773.27	(686,048.27)	18,744,205.38	(5,569,339.65)	250,304,751.52
Vehicle, Boats & Aircraft	6,669,753.05	-	-	-	-	740,107.64	(176,949.83)	7,232,910.86
Other Capital Assets	158,981,737.48	(16,212.68)	-	-	-	6,631,304.77	(1,822,428.93)	163,774,400.64
Total Depreciable Assets	2,202,840,807.58	(300,973.08)	101,756,156.92	650,773.27	(686,048.27)	35,000,550.77	(7,568,718.41)	2,331,692,548.78
Less Accumulated Depreciation For:								
Buildings & Building Improvements	(726,190,106.37)	1,748,614.34	-	-	-	(58,385,731.72)	-	(782,827,223.75)
Infrastructure	(40,049,976.87)	-	-	-	-	(492,303.08)	-	(40,542,279.95)
Facilities & Other Improvements	(54,450,726.52)	2,709.32	-	-	-	(8,140,001.52)	-	(62,588,018.72)
Furniture & Equipment	(162,629,479.19)	(579,274.47)	-	(497,283.42)	532,558.42	(19,662,247.51)	4,821,360.32	(178,014,365.85)
Vehicle, Boats & Aircraft	(4,894,037.69)	1.10	-	-	-	(582,932.49)	175,165.09	(5,301,803.99)
Other Capital Assets	(103,461,519.50)	26,586.97	-	-	-	(6,957,956.12)	1,811,990.03	(108,580,898.62)
Total Accumulated Depreciation	(1,091,675,846.14)	1,198,637.26	-	(497,283.42)	532,558.42	(94,221,172.44)	6,808,515.44	(1,177,854,590.88)
Depreciable Assets, Net	1,111,164,961.44	897,684.18	101,756,156.92	153,489.85	(153,489.85)	(59,220,621.67)	(760,202.97)	1,153,837,957.90
Amortizable Assets-Intangible								
Computer Software	84,095,942.59	55,455.19	-	-	-	-	(107,273.29)	84,044,124.49
Other Intangible Capital Assets	9,578,225.18	-	-	-	-	-	(9,578,225.18)	-
Total Amortizable Assets-Intangible	93,674,167.77	55,455.19	-	-	-	-	(9,685,498.47)	84,044,124.49
Less Accumulated Amortization For:								
Computer Software	(81,665,899.36)	(55,455.19)	-	-	-	(2,313,369.50)	107,273.29	(83,927,440.76)
Other Intangible Capital Assets	(4,028,471.35)	-	-	-	-	(778,991.40)	4,807,462.75	-
Total Accumulated Amortization	(85,694,370.71)	(55,455.19)	-	-	-	(3,092,350.90)	4,914,736.04	(83,927,440.76)
Amortizable Assets-Intangible, Net	7,979,797.06	-	-	-	-	(3,092,350.90)	(4,770,762.43)	116,683.73
Total Business-Type Activities - Capital Assets, Net	\$ 1,365,649,015.06	\$ 897,664.18	\$ -	\$ 153,489.85	\$ (153,489.85)	\$ 65,001,690.71	\$ (6,242,737.07)	\$ 1,425,305,632.88

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, 2016, the carrying amount of deposits was \$18,078,007.01 as presented below:

<u>Governmental and Business-Type Activities</u>	
Cash in Bank-Carrying Amount	\$ 18,078,007.01
Total Cash in Bank per Annual Financial Report	<u>\$ 18,078,007.01</u>
<u>Reconciliation of Cash per Annual Financial Report</u>	
Proprietary Funds, Current Assets, Cash in Bank	(186,577,971.73)
Proprietary Funds, Current Assets, Restricted Cash in Bank	<u>\$ 204,655,978.74</u>
Cash in Bank per Annual Financial Report	<u>\$ 18,078,007.01</u>

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

As of August 31, 2016, the total bank balance was as follows:

Governmental and Business-Type Activities	\$ 1,598,728.65
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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, 2016, fair value of investments were:

<u>Governmental and Business-Type Activities</u>	<u>Fair Value</u>
U.S. Government Agency Obligations	\$ 25,615,150.10
U.S. Treasury Securities	154,841,542.11
Corporate Obligations	61,146,188.41
Equities	71,585,759.92
International Equities	127,007,428.06
Fixed Income Money Market and Bond Mutual Funds	275,912,206.78
Other Commingled Funds (TexPool)	216,387,919.90
Other Commingled Funds	22,942,072.48
Externally Managed Investments-Domestic	109,746,450.43
Externally Managed Investments-International	232,451,751.31
Real Estate	110,749.00
Miscellaneous Investments	<u>3,982,753.15</u>
Total Investments	<u>\$ 1,301,729,971.65</u>

Reconciliation of Investments per Annual Financial Statements

Proprietary Funds, Current Assets, Cash Equivalents	\$ 275,912,206.78
Proprietary Funds, Current Assets, Short Term Investments	217,211,690.89
Proprietary Funds, Non-Current Assets, Investments	<u>808,606,073.98</u>
Investments per Annual Financial Statements	<u>\$ 1,301,729,971.65</u>

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, 2016, the System had no direct investment in securities with credit risk exposure that exceeded its policy limit. As of August 31, 2016, 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	AAAf	AAAm	AAf	Af	BBBf	NR
05	9999	US Govt Agency Obligations	25,615,150.10					
		Corporate Obligations			43,810,242.36	15,996,238.45		1,339,707.60
		Fixed Inc MM & Bond Mutual Funds		275,912,206.78				
		Miscellaneous Investments	3,982,753.15					

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2016, 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 Position.

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. The balance remaining from the prior year issuance was redeemed during fiscal year 2016. Additional commercial paper was issued during fiscal year 2016, the proceeds of which were used to provide interim financing for renovation and construction projects at UH, UHCL, UHV, and UHD. 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 9/01/15	Additions	Reductions	Balance 8/31/16
Commercial Paper	\$ 68,236,000.00	\$ 32,150,000.00	\$ 45,914,000.00	\$ 54,472,000.00

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

During the year ended August 31, 2016, the following changes, presented in Table 5.1, occurred in liabilities:

Table 5.1 – Long Term Liabilities

Business- Type Activities	Balance 9/1/15	Additions	Reductions	Other Changes	Balance 8/31/16	Due Within 1 Year	Due Thereafter
Claims and Judgments	\$ 217,569.83	\$ 2,022,053.40	\$ 1,983,511.83	\$	\$ 256,111.40	\$ 256,111.40	\$ 0.00
Capital Lease Obligations	5,858,558.87	1,880,718.06	441,730.84		7,297,546.09	537,658.77	6,759,887.32
Employee Compensable Leave	24,990,430.89	13,718,119.94	12,400,251.81		26,308,299.02	13,054,097.23	13,254,201.79
Notes & Loans Payable	450,000.00		450,000.00		0.00	0.00	0.00
Revenue Bonds Payable	878,206,727.48	301,857,648.60	124,711,373.19	9,686,275.41	1,055,353,002.89	59,890,461.99	995,462,540.90
Total	\$ 909,723,287.07	\$ 319,478,540.00	\$ 139,986,867.67	\$ 9,686,275.41	\$ 1,089,214,959.40	\$ 73,738,329.39	\$ 1,015,476,630.01

Claims and Judgments

At August 31, 2016, 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 System held a loan payable; the proceeds of which were used to establish and construct the Dave Williams Golf Academy building and practice facility. The loan was paid in full during the fiscal year 2016.

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 Position. 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 2016. 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 2016 fiscal year, for accrued vacation and compensatory leave, totaled \$ 2,472,867.56.

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 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 (UH – \$25,000,000).
- 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 2016 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, 2015 was 0.02%.
- 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 02-15-2017, totaling \$175,000 were extinguished early by using existing assets.

General Obligation Bonds

At August 31, 2016, the System had no bonds payable classified as General Obligation Bonds.

Refunding Bonds

- **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 (UH – \$143,615,000 and UHV – \$31,415,000).
- 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 2016 partially from Legislative Appropriations–Tuition Revenue Bonds.)
- Sufficient funds from proceeds of advance refunding bonds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2008 series bonds that mature subsequent to 02-15-2019 totaling \$67,525,000, after they are called for early redemption on 02-15-2018.

- **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 2016 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 2016 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 – \$74,595,000 and UHV – \$5,380,000).
 - 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. 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 – \$16,620,000 and UHV – \$1,635,000).
 - 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 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 2016 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.
 - Outstanding bonds maturing subsequent to 02-15-2016, totaling \$7,360,000 were extinguished early by using existing assets.
- **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 (UH – \$21,310,000).
 - 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 2013-A**
 - To (a) refund and defease \$5,175,000 of Consolidated Revenue Refunding Bonds, Series 2003; \$16,355,000 of Consolidated Revenue Bonds, Series 2005; and \$10,415,000 of Consolidated Revenue and Refunding Bonds, Series 2006, 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 Girard Street Parking Garage (UHD), Jaguar Court Residence Facility (UHV), and UH Energy Research Park renovations and improvements (UH), and (b) to defease certain outstanding commercial paper notes of the System.
 - Issued 9-17-2013.
 - \$50,155,000; all bonds authorized have been issued (\$30,110,000 refunding bonds: UH - \$20,335,000, UHD – \$9,605,000, and UHV – \$170,000; and \$20,045,000 revenue bonds: UH – \$10,045,000, UHD – \$6,035,000, and UHV – \$3,965,000).
 - 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 2016 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.74%.
 - Net proceeds from refunding series - \$33,077,545.71, after receipt of bond premium of \$3,186,375.65 and payment of \$218,829.94 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 2003, 2005, and 2006 series bonds, after they were called for early redemption on 02-15-2015.
 - The advance refunded 2003, 2005, and 2006 series bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.

- Refunding of the 2003, 2005, and 2006 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$3,116,482.36.
 - Economic gain - \$2,640,370.82; the difference between the net present value of the old and new debt service payments.
 - Accounting Loss (deferred outflow of resources) - \$515,099.28; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2013-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 the construction of a Football Stadium (UH), a Multidisciplinary Research and Engineering Building (UH), UH Energy Research Park renovations and improvements (UH), and Jaguar Court Residence Facility (UHV).
 - Issued 9-17-2013.
 - \$102,420,000; all bonds authorized have been issued (UH – \$101,200,000 and UHV – \$1,220,000) .
 - 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 Refunding Bonds, Series 2014**
 - To refund \$18,385,000 of Consolidated Revenue Bonds, Series 2006; and \$32,715,000 of Consolidated Revenue and Refunding Bonds, Series 2006.
 - Issued 11-18-2014.
 - \$47,915,000; all bonds authorized have been issued (UH – \$29,525,000, UHD – \$17,765,000, and UHV – \$625,000).
 - 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 2016 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.67%.
 - Net proceeds from refunding series - \$52,309,205.77, after receipt of bond premium of \$5,037,241.05 and payment of \$643,035.28 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 2006 series bonds, after they were called for early redemption on 02-15-2015.
 - The advance refunded 2006 series bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2006 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$9,051,334.58.
 - Economic gain - \$7,400,593.85; the difference between the net present value of the old and new debt service payments.
 - Accounting Gain (deferred inflow of resources) - \$445,456.16; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2016-A**
 - To (a) refund and defease \$67,525,000 of Consolidated Revenue and Refunding Bonds, Series 2008, 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 bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of Sophomore housing facilities – 3200 N. Ben Wilson Residence Facility (UHV), and (b) to defease certain outstanding commercial paper notes of the System.
 - Issued 2-16-2016.
 - \$100,650,000; all bonds authorized have been issued (\$63,605,000 refunding bonds: UHSA - \$10,260,000, UH – \$49,480,000, and UHV – \$3,865,000; and \$37,045,000 revenue bonds: UH – \$21,290,000, UHSA – \$6,910,000, and UHV – \$8,845,000).
 - 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.

- Average interest rate of bonds refunded - 5.106634%.
 - Net proceeds from refunding series - \$73,326,358.81, after receipt of bond premium of \$10,146,107.80 and payment of \$424,748.99 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 2008 series bonds maturing subsequent to 02-15-2019, after they are called for early redemption on 02-15-2018.
 - The advance refunded 2008 series bonds maturing subsequent to 02-15-2019 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2008 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$11,368,241.94.
 - Economic gain - \$9,431,071.76; the difference between the net present value of the old and new debt service payments.
 - Accounting Loss (deferred outflow of resources) - \$3,725,515.23; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2016-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 a portion of the Multidisciplinary Research and Engineering Building (UH), Science, Technology, Engineering, and Mathematics Building (UHCL), and Health and Biomedical Building 2 (UH).
 - Issued 2-16-2016.
 - \$184,350,000; all bonds authorized have been issued (UH – \$120,300,000 and UHCL – \$64,050,000).
 - 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. (Funding for fiscal year 2016 was partially from Legislative Appropriations–Tuition Revenue Bonds.)

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	\$ 1,463,570,226.03	\$	NA	NA
Term of commitment year ending 08/31		NA	2047		NA	NA
Percentage of revenue pledged		NA	100%		NA	NA
Current year pledged revenue	\$	NA	\$ 852,191,344.97	\$	NA	NA
Current year principal and interest paid	\$	NA	\$ 82,123,157.19	\$	NA	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 were 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. Authority to issue BAB's expired on December 31, 2010.

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, 2016. No Tax Credit BABs were issued.

Pursuant to the requirements of the Balanced Budget Emergency Deficit Control Act of 1985, as amended, certain automatic reductions occurred as of March 1, 2013, until further amended. These reductions apply to certain qualified bonds, including BABs. The sequestration reduction applicable to the Series 2010-B bonds was \$107,450.08. The full amount of interest due to bond holders was paid by the System.

NOTE 7: Derivative Instruments

Not Applicable

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	\$ 12,499,460.41

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>
2017	\$ 9,999,568.33
2018	7,499,676.25
2019	4,999,784.16
2020	2,499,892.08
2021	1,249,946.04
2022-2026	3,124,865.10
2027-2031	1,562,432.55
Total Minimum Future Lease Rental Payments	<u>\$ 30,936,164.51</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, 2016 is as follows:

Assets Under Capital Leases
Year Ended August 31, 2016

Primary Government – Business-Type Activities			
Class of Property	Assets under Capital Lease	Sum of Principal Payments	Total
Buildings	\$ 9,650,588.00	\$ 2,353,041.91	\$ 7,297,546.09
Total	\$ 9,650,588.00	\$ 2,353,041.91	\$ 7,297,546.09

Primary Government – Business-Type Activities			
Class of Property	Assets under Capital Lease	Accumulated Depreciation	Total
Buildings	\$ 9,650,588.00	\$ 2,057,769.05	\$ 7,592,818.95
Total	\$ 9,650,588.00	\$ 2,057,769.05	\$ 7,592,818.95

Future Capital Lease Payments
Year Ending August 31, 2016

Primary Government – Business-Type Activities			
Year	Principal	Interest	Total Future Minimum Lease Payments
2017	\$ 537,658.77	\$ 301,051.00	\$ 838,709.77
2018	541,470.91	273,761.09	815,232.00
2019	547,015.13	247,873.99	794,889.12
2020	550,123.04	221,434.24	771,557.28
2021	559,321.65	197,809.47	757,131.12
2022-2026	2,847,602.54	621,515.86	3,469,118.40
2027-2031	1,714,354.05	97,116.61	1,811,470.66
Total	\$ 7,297,546.09	\$ 1,960,562.26	\$ 9,258,108.35

NOTE 9: Pension Plans and Optional Retirement Program

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, 2016 are:

	TRS Participants	ORP Participants	Total Contributions
Member Contributions	\$ 24,043,158.45	\$ 13,802,353.00	\$ 37,845,511.45
Employer Contributions	22,797,602.87	15,062,806.00	37,860,408.87
Total	<u>\$ 46,840,761.32</u>	<u>\$ 28,865,159.00</u>	<u>\$ 75,705,920.32</u>

NOTE 10: Deferred Compensation (Administering Agencies Only)

Not Applicable.

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

Not Applicable.

NOTE 12: Interfund Activity and Transactions

Not Applicable.

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 Position

During fiscal year 2016, certain accounting changes or adjustments were made that required the restatement of fund balances or net position. The restatements are presented below:

Table 14.1 – Restatement of Net Position for FY2016

	Enterprise Funds
Fund Balance/Net Position, 09/01/15	\$ 1,448,966,032.79
Current Year Restatements	897,664.18
Fund Balance/Net Position, 09/01/15 Restated	<u>\$ 1,449,863,696.97</u>

Table 14.2 – Changes in Net Position for FY2015

	Enterprise Funds
Change in Net Position, 08/31/15	\$ 42,438,776.60
Current Year Restatements	897,664.18
Change in Net Position, 08/31/15 Restated	<u>\$ 43,336,440.78</u>

A restatement of \$897,664.18 in Enterprise Funds is due to corrections related to asset valuation in the prior period.

NOTE 15: Contingencies and Commitments

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 – \$109,746,450.43 and International – \$232,451,751.31. The total amount of unfunded commitment is: \$104,203,248.00, composed of Domestic – \$47,335,217.00 and International – \$56,868,031.00.

NOTE 16: Subsequent Events

Not Applicable.

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 2015 and 2016 were:

Table 17.1 – Balance of Claims Activity

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
2015	\$ 197,572.25	\$ 2,029,896.75	\$ 2,009,899.17	\$ 217,569.83
2016	\$ 217,569.83	\$ 2,022,053.40	\$ 1,983,511.83	\$ 256,111.40

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. Increases and Decreases also include current year assessments and payments of legal settlements in the amount of \$162,371.98.

NOTE 18: Management's Discussion and Analysis

Not Applicable.

NOTE 19: The Financial Reporting Entity

Not Applicable.

NOTE 20: Stewardship, Compliance and Accountability

Not Applicable.

NOTE 21: Reserved for Future Use

Not Applicable.

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

<u>Donor-Restricted Endowments</u>	<u>Amount of Net Appreciation/(Depreciation)</u>	<u>Reported in Net Assets</u>
True Endowments	\$ 104,167,289.94	Restricted Expendable
Term Endowments	227,326.22	Restricted Expendable
Total	<u>\$ 104,394,616.16</u>	

(A fair market value decrease of \$3,985,497.82 was recognized for endowments at or above historical cost, and a fair market value decrease of \$24,995.94 was recognized for endowments below historical cost.)

NOTE 23: Extraordinary and Special Items

Not Applicable.

NOTE 24: Disaggregation of Receivable & Payable Balances

Not Applicable.

A. Taxes Receivable

Not Applicable.

B. Federal Receivable

Not Applicable.

C. Tax Refunds Payable

Not Applicable.

D. Other Receivables - Current

Not Applicable.

E. Other Payables – Current

Not Applicable.

F. Other Receivables – Non-Current

Not Applicable.

G. Other Payables – Non-Current

Not Applicable.

NOTE 25: Termination Benefits

Not Applicable.

NOTE 26: Segment Information

Not Applicable.

NOTE 27: Service Concession Arrangements

Not Applicable.

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

In fiscal 2016, The System reported deferred outflows of resources and deferred inflows of resources in connection with the TRS pension plan.

As of August 31, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Loss on Bond Refunding	\$ 2,794,136.42	\$
Pension Plans	<u>32,591,587.00</u>	<u>27,738,489.00</u>
Total	<u>\$ 35,385,723.42</u>	<u>\$ 27,738,489.00</u>

Deferred outflows of resources represents a consumption of net position that applies to a future period and therefore will not be recognized as an expense or expenditure until that time.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as revenue until that time.

NOTE 29: Troubled Debt Restructuring

Not Applicable.

NOTE 30: Non-Exchange Financial Guarantees

Not Applicable.

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UNIVERSITY OF HOUSTON SYSTEM
SUPPORTING SCHEDULES

Unaudited

Schedule 2-A
 University of Houston System (797)
 Combined Schedule of Miscellaneous Bond Information
 For the Year Ended August 31, 2016

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	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	285,500,000.00	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 & Refunding Bonds Series	2013-A	50,155,000.00	3.0000% - 5.0000%		2013	2033	2/15/2022
	Consolidated Revenue & Refunding Bonds Series	2013-B	102,420,000.00	0.3500% - 5.0400%		2013	2037	2/15/2022
	Consolidated Revenue Refunding Bond Series	2014	47,915,000.00	2.0000% - 5.0000%		2015	2030	2/15/2024
	Consolidated Revenue & Refunding Bonds Series	2016-A	100,650,000.00	4.0000% - 5.0000%		2017	2047	2/15/2025
	Consolidated Revenue & Refunding Bonds Series	2016-B	184,350,000.00	2.5000% - 3.5900%		2017	2036	2/15/2025
Consolidated Revenue Bonds Self-supporting Revenue Bonds								
	Consolidated Revenue Variable Rate Demand Bonds Series	2004	25,000,000.00	VAR - VAR	Weekly	2006	2024	8/15/2004
			<u>\$ 1,273,435,000.00</u>					

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Unaudited

Schedule 2-B
University of Houston System (797)
Combined Schedule Of Changes In Bonded Indebtedness
For The Year Ended August 31, 2016

Business-Type Activities

Description of Issue	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds	Amounts Due Within One Year
	Outstanding 09/01/2015	Issued	Matured or Retired	Refunded or Extinguished	Outstanding 08/31/2016	Net Bonds Outstanding 08/31/2015	
General Obligation Bonds							
None							
Revenue Bonds							
Consolidated Revenue & Refunding Bonds Series 200i	\$ 145,125,000.00	\$	\$ 4,945,000.00	\$ 67,525,000.00	\$ 72,655,000.00	\$	\$ 5,292,951.83
Consolidated Revenue & Refunding Bonds Series 200j	82,980,000.00		4,125,000.00		78,855,000.00		4,554,687.03
Consolidated Revenue & Refunding Bonds Series 2009-f	54,225,000.00		3,590,000.00		50,635,000.00		3,994,526.33
Consolidated Revenue & Refunding Bonds Series 2010-f	20,185,000.00		715,000.00		19,470,000.00		751,251.73
Consolidated Revenue & Refunding Bonds Series 2010-E	79,975,000.00				79,975,000.00		4,002,893.77
Consolidated Revenue & Refunding Bonds Series 2010-C	3,845,000.00		3,845,000.00				
Consolidated Revenue & Refunding Bonds Series 2011-f	234,000,000.00		12,415,000.00	7,360,000.00	214,225,000.00		
Consolidated Revenue & Refunding Bonds Series 2011-E	19,240,000.00		740,000.00		18,500,000.00		
Consolidated Revenue & Refunding Bonds Series 2013-f	47,060,000.00		3,530,000.00		43,530,000.00		
Consolidated Revenue & Refunding Bonds Series 2013-E	96,530,000.00		3,410,000.00		93,120,000.00		
Consolidated Revenue & Refunding Bonds Series 2016-f		100,650,000.00			100,650,000.00		
Consolidated Revenue & Refunding Bonds Series 2016-E		184,350,000.00			184,350,000.00		
Consolidated Revenue Refunding Bonds Series 2011	47,220,000.00		3,830,000.00		43,390,000.00		
Consolidated Revenue Variable Rate Demand Bonds Series 200i	3,405,000.00		1,335,000.00	175,000.00	1,895,000.00		
Total Revenue Bonds	\$ 833,790,000.00	\$ 285,000,000.00	\$ 42,480,000.00	\$ 75,060,000.00	\$ 1,001,250,000.00	\$ 1,001,250,000.00	
	Unamortized Premium	Unamortized Discount	Issuance Costs	Unamortized Gain / (Loss) On Refunding	Net Bonds Outstanding 08/31/2015	Amounts Due Within One Year	
Consolidated Revenue & Refunding Bonds Series 200i	\$ 1,975,649.30	\$	\$	\$	\$ 74,630,649.30	\$ 5,292,951.83	
Consolidated Revenue & Refunding Bonds Series 200j	3,066,464.44				81,921,464.44	4,554,687.03	
Consolidated Revenue & Refunding Bonds Series 2009-f	1,173,306.18				51,808,306.18	3,994,526.33	
Consolidated Revenue & Refunding Bonds Series 2010-f	115,656.92				19,585,656.92	751,251.73	
Consolidated Revenue & Refunding Bonds Series 2010-E	423,534.91				80,398,534.91	4,002,893.77	
Consolidated Revenue & Refunding Bonds Series 2010-C	23,272,487.79				237,497,487.79	15,057,692.50	
Consolidated Revenue & Refunding Bonds Series 2011-f	145,164.55				18,645,164.55	762,081.20	
Consolidated Revenue & Refunding Bonds Series 2013-f	2,788,241.43				46,318,241.43	5,742,661.24	
Consolidated Revenue & Refunding Bonds Series 2013-E	462,449.73				93,582,449.73	3,495,495.64	
Consolidated Revenue & Refunding Bonds Series 2016-f	13,541,962.25				114,191,962.25	1,421,462.61	
Consolidated Revenue & Refunding Bonds Series 2016-E	2,766,367.55				187,116,367.55	10,767,175.02	
Consolidated Revenue Refunding Bonds Series 2011	4,336,876.07				47,726,876.07	2,647,937.52	
Consolidated Revenue Variable Rate Demand Bonds Series 200i	34,841.77				1,929,841.77	1,399,645.57	
Total Revenue Bonds	\$ 54,103,002.89	\$	\$	\$	\$ 1,055,353,002.89	\$ 59,890,461.99	

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Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2016

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 2008	2017	\$ 5,170,000.00	\$ 3,472,125.00	\$ 8,642,125.00
	2018	5,385,000.00	3,254,975.00	8,639,975.00
	2019	5,650,000.00	2,992,912.50	8,642,912.50
	2020	865,000.00	2,821,893.75	3,686,893.75
	2021	915,000.00	2,775,168.75	3,690,168.75
	2022 - 2026	7,000,000.00	12,967,987.50	19,967,987.50
	2027 - 2031	8,430,000.00	10,697,100.00	19,127,100.00
	2032 - 2036	25,385,000.00	7,157,375.00	32,542,375.00
	2037 - 2041	13,855,000.00	701,375.00	14,556,375.00
	2042 - 2046			
	2047 - 2051			
		<u>\$ 72,655,000.00</u>	<u>\$ 46,840,912.50</u>	<u>\$ 119,495,912.50</u>
Consolidated Revenue & Refunding Bonds Series 2009	2017	\$ 4,310,000.00	\$ 3,835,000.00	\$ 8,145,000.00
	2018	4,530,000.00	3,614,000.00	8,144,000.00
	2019	4,765,000.00	3,381,625.00	8,146,625.00
	2020	5,000,000.00	3,137,500.00	8,137,500.00
	2021	5,265,000.00	2,880,875.00	8,145,875.00
	2022 - 2026	30,670,000.00	10,066,250.00	40,736,250.00
	2027 - 2031	22,035,000.00	2,591,875.00	24,626,875.00
	2032 - 2036	2,280,000.00	115,500.00	2,395,500.00
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
		<u>\$ 78,855,000.00</u>	<u>\$ 29,622,625.00</u>	<u>\$ 108,477,625.00</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2016

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2009-A	2017	\$ 3,775,000.00	\$ 2,242,493.76	\$ 6,017,493.76
	2018	3,960,000.00	2,049,118.76	6,009,118.76
	2019	4,140,000.00	1,867,318.76	6,007,318.76
	2020	1,875,000.00	1,747,018.76	3,622,018.76
	2021	1,950,000.00	1,670,518.76	3,620,518.76
	2022 - 2026	11,035,000.00	7,070,521.92	18,105,521.92
	2027 - 2031	13,810,000.00	4,295,000.00	18,105,000.00
	2032 - 2036	10,090,000.00	773,750.00	10,863,750.00
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
			<u>\$ 50,635,000.00</u>	<u>\$ 21,715,740.72</u>
Consolidated Revenue & Refunding Bonds Series 2010-A	2017	\$ 745,000.00	\$ 1,076,926.51	\$ 1,821,926.51
	2018	775,000.00	1,042,689.01	1,817,689.01
	2019	810,000.00	1,004,032.76	1,814,032.76
	2020	855,000.00	962,407.76	1,817,407.76
	2021	900,000.00	917,857.76	1,817,857.76
	2022 - 2026	5,280,000.00	3,794,557.55	9,074,557.55
	2027 - 2031	6,260,000.00	2,077,637.04	8,337,637.04
	2032 - 2036	3,845,000.00	489,846.91	4,334,846.91
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
			<u>\$ 19,470,000.00</u>	<u>\$ 11,365,955.30</u>
Consolidated Revenue & Refunding Bonds Series 2010-B	2017	\$ 3,980,000.00	\$ 4,392,405.00	\$ 8,372,405.00
	2018	4,110,000.00	4,208,292.50	8,318,292.50
	2019	4,235,000.00	4,008,977.50	8,243,977.50
	2020	4,375,000.00	3,794,751.25	8,169,751.25
	2021	4,520,000.00	3,567,666.50	8,087,666.50
	2022 - 2026	25,150,000.00	13,961,563.00	39,111,563.00
	2027 - 2031	27,885,000.00	5,966,719.25	33,851,719.25
	2032 - 2036	5,720,000.00	467,681.50	6,187,681.50
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
			<u>\$ 79,975,000.00</u>	<u>\$ 40,368,056.50</u>
Consolidated Revenue & Refunding Bonds Series 2010-C	2017	\$	\$	\$
	2018			
	2019			
	2020			
	2021			
	2022 - 2026			
	2027 - 2031			
	2032 - 2036			
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
			<u>\$</u>	<u>\$</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2016

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total	
Consolidated Revenue & Refunding Bonds Series 2011-A	2017	\$ 12,850,000.00	\$ 10,390,000.00	\$ 23,240,000.00	
	2018	13,175,000.00	9,739,375.00	22,914,375.00	
	2019	11,355,000.00	9,126,125.00	20,481,125.00	
	2020	11,970,000.00	8,543,000.00	20,513,000.00	
	2021	12,630,000.00	7,928,000.00	20,558,000.00	
	2022 - 2026	35,735,000.00	32,896,375.00	68,631,375.00	
	2027 - 2031	35,160,000.00	24,908,250.00	60,068,250.00	
	2032 - 2036	39,955,000.00	15,311,125.00	55,266,125.00	
	2037 - 2041	29,870,000.00	6,236,500.00	36,106,500.00	
	2042 - 2046	11,525,000.00	583,625.00	12,108,625.00	
	2047 - 2051				
			<u>\$ 214,225,000.00</u>	<u>\$ 125,662,375.00</u>	<u>\$ 339,887,375.00</u>
	Consolidated Revenue & Refunding Bonds Series 2011-B	2017	\$ 755,000.00	\$ 758,192.51	\$ 1,513,192.51
2018		780,000.00	735,136.26	1,515,136.26	
2019		805,000.00	709,380.01	1,514,380.01	
2020		830,000.00	682,811.26	1,512,811.26	
2021		860,000.00	655,348.76	1,515,348.76	
2022 - 2026		4,795,000.00	2,782,925.06	7,577,925.06	
2027 - 2031		4,040,000.00	1,808,085.63	5,848,085.63	
2032 - 2036		4,580,000.00	832,087.50	5,412,087.50	
2037 - 2041		1,055,000.00	25,583.75	1,080,583.75	
2042 - 2046					
2047 - 2051					
			<u>\$ 18,500,000.00</u>	<u>\$ 8,989,550.74</u>	<u>\$ 27,489,550.74</u>
Consolidated Revenue & Refunding Bonds Series 2013-A		2017	\$ 5,385,000.00	\$ 1,845,681.26	\$ 7,230,681.26
	2018	3,580,000.00	1,621,556.26	5,201,556.26	
	2019	3,785,000.00	1,437,431.26	5,222,431.26	
	2020	3,995,000.00	1,242,931.26	5,237,931.26	
	2021	4,210,000.00	1,037,806.26	5,247,806.26	
	2022 - 2026	13,580,000.00	3,046,781.30	16,626,781.30	
	2027 - 2031	6,140,000.00	1,342,068.78	7,482,068.78	
	2032 - 2036	2,855,000.00	140,015.63	2,995,015.63	
	2037 - 2041				
	2042 - 2046				
	2047 - 2051				
			<u>\$ 43,530,000.00</u>	<u>\$ 11,714,272.01</u>	<u>\$ 55,244,272.01</u>
	Consolidated Revenue & Refunding Bonds Series 2013-B	2017	\$ 3,470,000.00	\$ 3,952,208.00	\$ 7,422,208.00
2018		3,545,000.00	3,876,740.50	7,421,740.50	
2019		3,630,000.00	3,786,060.50	7,416,060.50	
2020		3,745,000.00	3,679,036.75	7,424,036.75	
2021		3,865,000.00	3,558,153.00	7,423,153.00	
2022 - 2026		21,635,000.00	15,466,887.00	37,101,887.00	
2027 - 2031		27,030,000.00	10,069,208.25	37,099,208.25	
2032 - 2036		23,095,000.00	3,215,898.00	26,310,898.00	
2037 - 2041		3,105,000.00	78,246.00	3,183,246.00	
2042 - 2046					
2047 - 2051					
			<u>\$ 93,120,000.00</u>	<u>\$ 47,682,438.00</u>	<u>\$ 140,802,438.00</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2016

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2014	2017	\$ 2,280,000.00	\$ 1,609,700.00	\$ 3,889,700.00
	2018	2,100,000.00	1,544,000.00	3,644,000.00
	2019	2,155,000.00	1,480,175.00	3,635,175.00
	2020	2,225,000.00	1,414,475.00	3,639,475.00
	2021	2,300,000.00	1,346,600.00	3,646,600.00
	2022 - 2026	21,455,000.00	4,659,075.00	26,114,075.00
	2027 - 2031	10,875,000.00	691,825.00	11,566,825.00
	2032 - 2036			
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
		<u>\$ 43,390,000.00</u>	<u>\$ 12,745,850.00</u>	<u>\$ 56,135,850.00</u>
Consolidated Revenue & Refunding Bonds Series 2016-A	2017	\$ 570,000.00	\$ 4,369,950.00	\$ 4,939,950.00
	2018	955,000.00	4,331,825.00	5,286,825.00
	2019	1,005,000.00	4,282,825.00	5,287,825.00
	2020	6,100,000.00	4,105,200.00	10,205,200.00
	2021	6,405,000.00	3,792,575.00	10,197,575.00
	2022 - 2026	35,525,000.00	13,947,825.00	49,472,825.00
	2027 - 2031	29,015,000.00	6,787,700.00	35,802,700.00
	2032 - 2036	10,190,000.00	2,922,600.00	13,112,600.00
	2037 - 2041	4,360,000.00	1,754,400.00	6,114,400.00
	2042 - 2046	5,325,000.00	789,300.00	6,114,300.00
	2047 - 2051	1,200,000.00	24,000.00	1,224,000.00
		<u>\$ 100,650,000.00</u>	<u>\$ 47,108,200.00</u>	<u>\$ 147,758,200.00</u>
Consolidated Revenue & Refunding Bonds Series 2016-B	2017	\$ 10,520,000.00	\$ 8,533,221.76	\$ 19,053,221.76
	2018	13,815,000.00	5,247,153.25	19,062,153.25
	2019	14,275,000.00	4,790,690.75	19,065,690.75
	2020	14,725,000.00	4,337,847.00	19,062,847.00
	2021	15,120,000.00	3,927,972.00	19,047,972.00
	2022 - 2026	33,945,000.00	16,482,638.50	50,427,638.50
	2027 - 2031	38,265,000.00	11,104,445.25	49,369,445.25
	2032 - 2036	43,685,000.00	4,015,144.25	47,700,144.25
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
		<u>\$ 184,350,000.00</u>	<u>\$ 58,439,112.76</u>	<u>\$ 242,789,112.76</u>
Consolidated Revenue Variable Rate Demand Bonds Series 2004	2017	\$ 1,395,000.00	\$ 53,887.50	\$ 1,448,887.50
	2018	500,000.00	11,250.00	511,250.00
	2019			
	2020			
	2021			
	2022 - 2026			
	2027 - 2031			
	2032 - 2036			
	2037 - 2041			
	2042 - 2046			
	2047 - 2051			
		<u>\$ 1,895,000.00</u>	<u>\$ 65,137.50</u>	<u>\$ 1,960,137.50</u>
Not Self-Supporting Bonds None		\$	\$	\$
Total		<u>\$ 1,001,250,000.00</u>	<u>\$ 462,320,226.03</u>	<u>\$ 1,463,570,226.03</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2016

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Summary				
All Bonds Issues, All Series	2017	\$ 55,205,000.00	\$ 46,531,791.30	\$ 101,736,791.30
	2018	57,210,000.00	41,276,111.54	98,486,111.54
	2019	56,610,000.00	38,867,554.04	95,477,554.04
	2020	56,560,000.00	36,468,872.79	93,028,872.79
	2021	58,940,000.00	34,058,541.79	92,998,541.79
	2022 - 2026	245,805,000.00	137,143,386.83	382,948,386.83
	2027 - 2031	228,945,000.00	82,339,914.20	311,284,914.20
	2032 - 2036	171,680,000.00	35,441,023.79	207,121,023.79
	2037 - 2041	52,245,000.00	8,796,104.75	61,041,104.75
	2042 - 2046	16,850,000.00	1,372,925.00	18,222,925.00
	2047 - 2051	1,200,000.00	24,000.00	1,224,000.00
		<u>\$ 1,001,250,000.00</u>	<u>\$ 462,320,226.03</u>	<u>\$ 1,463,570,226.03</u>
Total as shown above				

Unaudited

Schedule 2-D
 University of Houston System (797)
 Combined Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2016

Business-Type Activities
 General Obligation Bonds

Description of Issue	Beginning Balance Available for Debt Service 09/01/2015	Sources of Funds				Total Sources Available
		Interest Earned on Investments	Pledged Sources	Other Sources	State's General Revenue	
	\$	\$	Operating Transfers	\$	\$	\$
Total	\$	\$		\$	\$	\$

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

Description of Issue	Ending Balance Available for Debt Service at 08/31/2016	
	Required	Actual
	\$	\$
Total	\$	\$

Unaudited

Schedule 2-D
University of Houston System (797)
Combined Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2016

Business-Type Activities
Revenue Bonds

Description of Issue	Pledged and Other Sources and Related Expenditure for FY 2015							(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)	\$	\$ 23.13	\$ 852,191,321.84	\$ 852,191,344.97	\$	\$	\$	\$ 852,191,344.97
Total	\$	\$ 23.13	\$ 852,191,321.84	\$ 852,191,344.97	\$	\$	\$	\$ 852,191,344.97

(A) Other Pledged Revenues Consist of
Tuition and Fees
Investment Income
Sales and Service
Legislative Appropriations

Total as shown above

(B) Expenditures associated with pledged
sources were approximately \$ 710,328,490.85

Description of Issue	Debt Service		Refunded or Extinguished	Interest & Sinking Fund		Reserve Fund	
	Principal	Interest		Minimum	Actual	Minimum	Actual
Consolidated Revenue & Refunding Bonds Series 2008	\$ 4,945,000.00	\$ 5,436,983.75	\$ 67,525,000.00	\$	\$	\$	\$
Consolidated Revenue & Refunding Bonds Series 2009	4,125,000.00	4,025,250.00					
Consolidated Revenue & Refunding Bonds Series 2009-A	3,590,000.00	2,426,618.76					
Consolidated Revenue & Refunding Bonds Series 2010-A	715,000.00	1,107,951.51					
Consolidated Revenue & Refunding Bonds Series 2010-B		4,480,960.00					
Consolidated Revenue & Refunding Bonds Series 2010-C	3,845,000.00	76,900.00					
Consolidated Revenue & Refunding Bonds Series 2011-A	12,415,000.00	11,205,625.00					
Consolidated Revenue & Refunding Bonds Series 2011-B	740,000.00	780,598.76	7,360,000.00				
Consolidated Revenue & Refunding Bonds Series 2013-A	3,530,000.00	2,050,906.26					
Consolidated Revenue & Refunding Bonds Series 2013-B	3,410,000.00	4,010,778.00					
Consolidated Revenue Refunding Bonds Series 2014	3,830,000.00	1,682,200.00					
Consolidated Revenue & Refunding Bonds Series 2016-A		2,179,921.67					
Consolidated Revenue & Refunding Bonds Series 2016-B							
Total	\$ 42,480,000.00	\$ 39,468,157.19	\$ 75,060,000.00	\$	\$	\$	\$

Consolidated Revenue Variable Rate Demand
Bonds Series 2004

Total

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Unaudited

Schedule 2-E
University of Houston System (797)
Combined Schedule of Defeased Bonds Outstanding
For the Year Ended August 31, 2016

Business-Type Activities	Year Refunded	Par Value Outstanding
Description of Issue		
General Obligations Bonds Schedule not used.		\$
Total		\$
Revenue Bonds Consolidated Revenue & Refunding Bonds Series 2008	Advance Refunding	\$ 67,525,000.00
Total		\$ 67,525,000.00

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Unaudited

Schedule 2-F
 University of Houston System (797)
 Combined Schedule of Early Extinguishment and Refunding
 For the Year Ended August 31, 2016

Description of Issue	Category	Amount Extinguished Or Refunded	Refunding Issue Par Value	For Refunding Only		Economic Gain / (Loss)
				Increase / (Decrease)	Cash Flow Increase / (Decrease)	
Business-Type Activities						
General Obligations Bonds Schedule not used.		\$	\$	\$	\$	\$
Total		\$	\$	\$	\$	\$
Revenue Bonds						
Consolidated Revenue Variable Rate Demand Bonds Series 2004	Early Extinguishment	\$ 175,000.00				
Consolidated Revenue & Refunding Bonds Series 2008	Advance Refunding	67,525,000.00	63,605,000.00		11,368,241.94	9,431,071.76
Consolidated Revenue & Refunding Bonds Series 2011-A	Early Extinguishment	7,360,000.00				
Total		\$ 75,060,000.00	\$ 63,605,000.00	\$ 11,368,241.94	\$ 9,431,071.76	\$ 9,431,071.76

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Unaudited
Schedule 3
University of Houston System (797)
Combined Reconciliation of Cash in State Treasury
August 31, 2016

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total 2016</u>
Local Revenue Fund No. 0225 (UH-730)	\$ 50,623,890.69	\$	\$ 50,623,890.69
Local Revenue Fund No. 0229 (UHCL-759)	11,304,446.15		11,304,446.15
Local Revenue Fund No. 0233 (UHV-765)	492,233.12		492,233.12
Local Revenue Fund No. 0268 (UHD-784)	436,864.19		436,864.19
<u>Total Cash in State Treasury</u>	<u>\$ 62,857,434.15</u>	<u>\$</u>	<u>\$ 62,857,434.15</u>

UNIVERSITY OF HOUSTON

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2016

UNIVERSITY OF HOUSTON
PRIMARY STATEMENTS

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2016

	Total 2016
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 33,825.00
Cash in Bank	(325,334,501.45)
Cash in State Treasury	50,668,295.94
Cash Equivalents	187,125,839.76
Short Term Investments	1,548,596.55
Restricted:	
Cash In Bank	334,392,237.36
Legislative Appropriation	107,381,136.71
Receivables:	
Federal Receivables	14,411,487.41
UHS Intercampus Receivables	225,226,662.40
Accounts Receivable	12,491,668.07
Gifts	52,857,141.25
Other	465,697.81
Due From Other Agencies	18,103,326.34
Consumable Inventories	427,833.91
Merchandise Inventories	1,351,017.02
Prepaid Costs	33,482,672.92
Loans and Contracts	13,682,241.84
Total Current Assets	728,315,178.84
Non-Current Assets	
Restricted:	
Receivables	47,274,424.73
UHS Intercampus Receivables	460,476,453.44
Loans and Contracts	5,127,111.61
Investments	696,204.79
UHS Intercampus Receivables	66,200,096.28
Capital Assets	
Non-Depreciable or Non-Amortizable	218,008,899.21
Depreciable or Amortizable, Net	928,806,143.74
Total Non-Current Assets	1,726,589,333.80
Total Assets	2,454,904,512.64
Deferred Outflow of Resources	
Loss on Bond Refunding	2,208,808.93
Total Deferred Outflow of Resources	2,208,808.93
Total Assets and Deferred Outflow of Resources	2,457,113,321.57

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2016

	Total 2016
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	22,468,700.11
Federal Payable	24,433.73
Payroll Payable	24,125,262.56
UHS Intercampus Payable	40,988,318.98
Other Payable	2,383,644.63
Due to Other Agencies	772,019.76
Unearned Revenues	161,610,067.59
Revenue Bonds Payable	46,522,999.47
Claims and Judgments Payable	200,011.53
Employees' Compensable Leave	9,503,197.61
Funds Held for Others	25,513,786.83
Total Current Liabilities	<u>334,112,442.80</u>
Non-Current Liabilities	
Revenue Bonds Payable	815,572,701.89
Employees' Compensable Leave	9,648,752.40
Total Non-Current Liabilities	<u>825,221,454.29</u>
Total Liabilities	<u>1,159,333,897.09</u>
Deferred Inflow of Resources	
Pensions	
Total Deferred Inflows of Resources	
Total Liabilities and Deferred Inflow of Resources	<u>1,159,333,897.09</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	388,401,809.99
Restricted for:	
Debt Retirement	42,175.06
Capital Projects	27,800,543.30
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	337,964,379.89
Expendable	
Term Endowments	1,240,679.53
Funds Functioning as Endowments	30,892,611.51
Other Restricted	203,606,626.36
Unrestricted	307,830,598.84
Total Net Position	<u>\$ 1,297,779,424.48</u>

Unaudited

University of Houston (730)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	Total 2016
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 472,245,564.57
Discounts and Allowances	(100,485,911.26)
Auxiliary Enterprise-Pledged	98,072,143.91
Discounts and Allowances	(10,627,505.42)
Other Sales of Goods and Services-Pledged	55,250,256.62
Federal Revenue-Operating (PR-OP Grants/Contributions)	63,823,533.35
Federal Pass Through Revenue (PR-OP Grants/Contributions)	3,908,365.95
State Grant Revenue (PR-OP Grants/Contributions)	10,542,232.63
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	45,326,561.57
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	24,960,897.34
Other Operating Revenues (PR-Chgs for Services)	1,263,740.42
<hr/>	<hr/>
Total Operating Revenues	664,279,879.68
Operating Expenses	
Instruction	229,691,576.84
Research	138,765,460.93
Public Service	44,410,643.43
Academic Support	167,491,353.82
Student Services	31,593,724.18
Institutional Support	69,794,910.86
Physical Plant	48,211,392.11
Scholarships & Fellowships	53,852,726.77
Auxiliary Enterprises	108,410,756.64
Depreciation and Amortization	77,213,174.21
<hr/>	<hr/>
Total Operating Expenses	969,435,719.79
<hr/>	<hr/>
Operating Income (Loss)	(305,155,840.11)
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	155,572,273.00
Additional Appropriations (GR)	34,400,173.45
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	59,071,364.46
State Pass Through Revenues Non-Operating	1,540,221.00
Gifts (PR-OP Grants/Contributions)	60,291,402.03
Interest and Investment Income (PR-Chgs for Services)	18,182,787.16
Interest Expense and Fiscal Charges	(33,112,736.99)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(2,813,824.34)
Other Nonoperating Revenues	12,191,753.35
Other Nonoperating Expenses	(19,233,192.74)
<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	286,090,220.38

Unaudited

University of Houston (730)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Total 2016</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(19,065,619.73)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	35,180,036.00
Additions to Permanent and Term Endowments	17,786,544.60
UHS Intercampus Transfers-In	20,246,125.95
UHS Intercampus Transfers-Out	(8,284,024.19)
Transfers-In	26,370,010.22
Transfers-Out	(16,424,263.81)
Legislative Transfers-In	637,318.00
Legislative Appropriations Lapsed	(7,934.47)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>75,503,812.30</u>
<u>Changes in Net Position</u>	<u>56,438,192.57</u>
Net Position, Beginning	1,242,279,611.25
Restatements	(938,379.34)
<u>Net Position, Beginning, as Restated</u>	<u>1,241,341,231.91</u>
<u>Net Position, Ending</u>	<u>\$ 1,297,779,424.48</u>

Unaudited

University of Houston (730)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	177,278,448.13	61,176,853.62	15,547,010.31	95,177,801.28	15,676,839.10
Payroll Related Costs	43,807,351.27	12,138,666.74	4,519,091.53	22,507,846.25	4,603,322.97
Professional Fees and Services	1,269,675.09	11,203,891.04	9,714,218.90	10,648,500.99	3,051,094.47
Federal Pass Through Expenses		1,187,003.77	1,362,441.19	24,350.03	
State Pass Through Expenses		372,207.90			
Travel	1,036,106.11	3,754,652.53	408,477.01	3,477,858.57	665,436.26
Materials and Supplies	1,975,587.58	10,204,486.84	1,269,408.45	6,549,668.01	1,622,777.89
Communication and Utilities	564,596.44	911,345.05	1,332,431.56	11,661,481.84	682,583.25
Repairs and Maintenance	109,322.35	1,516,645.29	702,853.66	3,618,226.36	123,519.20
Rentals and Leases	443,436.49	17,895,838.14	5,508,777.52	4,555,517.87	663,058.37
Printing and Reproduction	182,338.97	215,953.69	476,512.81	1,049,901.95	404,874.20
Depreciation and Amortization					
Interest	4,572.63	5,794.68	4,808.78	8,499.36	47,126.49
Scholarships	242,155.15	266,042.30	50,859.99	932,419.94	157,163.63
Claims and Judgments		30.89			
Other Operating Expenses	2,777,986.63	17,916,048.45	2,288,533.21	7,274,590.14	3,895,928.35
Total Operating Expenses	\$ 229,691,576.84	\$ 138,765,460.93	\$ 44,410,643.43	\$ 167,491,353.82	\$ 31,593,724.18

Unaudited

University of Houston (730)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$	\$	\$	\$	\$	\$
40,302,591.58	13,929,332.61	950,500.54	1,424,018.64		2,653,928.38
11,854,823.50	5,024,995.37	36,291.31	35,163,976.10		455,203,353.27
3,660,245.50	8,170,284.51	264,300.68	7,863,629.23		112,356,018.17
			29,324,391.66		77,306,602.84
					2,573,794.99
					372,207.90
353,103.49	7,950.27	66,722.23	4,791,845.06		14,562,151.53
4,488,865.34	551,130.75	56,548.29	5,270,156.80		31,988,629.95
1,253,880.48	13,776,191.82	1,766.33	9,738,009.76		39,922,286.53
2,493,618.78	1,405,150.76	8,098.54	2,801,545.35		12,778,980.29
839,265.60	4,519,745.42	2,454.26	1,091,919.46		35,520,013.13
474,019.60	83,647.08	461.00	522,818.64		3,410,527.94
				77,213,174.21	77,213,174.21
1,756.80	2,105.67	197.47	7,022.51		81,884.39
2,308,970.46		52,363,567.13	751,550.28		57,072,728.88
796,234.68			380.00		796,645.57
967,535.05	740,857.85	101,818.99	9,659,493.15		45,622,791.82
<u>\$ 69,794,910.86</u>	<u>\$ 48,211,392.11</u>	<u>\$ 53,852,726.77</u>	<u>\$ 108,410,756.64</u>	<u>\$ 77,213,174.21</u>	<u>\$ 969,435,719.79</u>

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Cash Flows From Operating Activities	
Receipts from Customers	\$ 54,115,007.20
Proceeds from Tuition and Fees	380,003,907.31
Proceeds from Research Grants and Contracts	151,185,318.88
Proceeds from Loan Programs	136,211,493.62
Proceeds from Auxiliaries	92,733,082.73
Proceeds from Other Revenues	1,263,740.42
Payments to Suppliers for Goods and Services	(228,757,116.27)
Payments to Employees for Salaries	(452,300,326.79)
Payments to Employees for Benefits	(111,713,139.73)
Payments for Loans Provided	(133,612,876.93)
Payments for Other Expenses	(108,975,752.26)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(219,846,661.82)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	201,490,354.09
Proceeds from Gifts	65,535,573.80
Proceeds from Endowments	17,786,544.60
Proceeds of Transfers from Other Funds	59,445,207.52
Proceeds from Grants	60,611,585.46
Payments for Transfers to Other Funds	(33,746,305.52)
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>371,122,959.95</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt Issuance	185,535,000.00
Proceeds from Other Financing Activities	12,173,081.45
Proceeds from Capital Contributions	35,180,036.00
Payments for Additions to Capital Assets	(126,586,606.52)
Payments of Principal on Debt Issuance	(92,688,942.21)
Payments of Interest on Debt Issuance	(35,321,545.92)
Payments of Other Costs on Debt Issuance	(93,578,959.53)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(115,287,936.73)</u>
Cash Flows From Investing Activities	
Proceeds from Sales of Investments	368,765.10
Proceeds from Investment Income	18,182,787.16
Payments to Acquire Investments	(20,667,551.06)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(2,115,998.80)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33,872,362.60
<u>Cash and Cash Equivalents, September 1</u>	<u>213,013,334.01</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 246,885,696.61</u>

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (305,155,840.11)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization Expense	77,213,174.21
Operating Income and Cash Flow Categories:	
Classification Differences	2,598,616.69
Changes in Assets and Liabilities:	
(Increase) Decrease In Receivables	9,749,943.64
(Increase) Decrease in Inventories	(87,555.60)
(Increase) Decrease in Prepaid Expenses	(374,438.03)
(Increase) Decrease in Other Assets	(2,005,029.06)
Increase (Decrease) in Payables	(10,165,059.67)
Increase (Decrease) in Deferred Income	7,652,779.55
Increase (Decrease) in Compensated Absences	642,878.44
Increase (Decrease) in Benefits Payable	2,903,026.48
Increase (Decrease) in Other Liabilities	(2,819,158.36)
<u>Total Adjustments</u>	<u>85,309,178.29</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (219,846,661.82)</u>
Non Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ (2,813,824.34)</u>
<u>Non Cash Transactions</u>	<u>\$ (2,813,824.34)</u>

**UNIVERSITY OF HOUSTON
CLEAR LAKE**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2016

UNIVERSITY OF HOUSTON – CLEAR LAKE
PRIMARY STATEMENTS

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2016

	Total 2016
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 22,700.00
Cash in Bank	7,841,854.05
Cash in State Treasury	12,067,803.94
Cash Equivalents	23,094,985.15
Restricted:	
Cash In Bank	(4,985,757.68)
Legislative Appropriation	5,681,597.46
Receivables:	
Federal Receivables	4,754,335.63
UHS Intercampus Receivables	18,063,605.56
Accounts Receivable	8,244,404.75
Gifts	11,067.71
Other	170.28
Due From Other Agencies	177,926.18
Consumable Inventories	7,666.18
Prepaid Costs	3,364,021.76
Loans and Contracts	2,515,628.17
<hr/>	
Total Current Assets	<hr/> 80,862,009.14 <hr/>
Non-Current Assets	
Restricted:	
Receivables	37,932.29
UHS Intercampus Receivables	78,149,712.85
Loans and Contracts	347,141.23
UHS Intercampus Receivables	10,275,746.98
Capital Assets	
Non-Depreciable or Non-Amortizable	13,892,877.05
Depreciable or Amortizable, Net	57,780,287.85
<hr/>	
Total Non-Current Assets	<hr/> 160,483,698.25 <hr/>
<hr/>	
Total Assets	<hr/> 241,345,707.39 <hr/>
Deferred Outflow of Resources	
Pensions	
<hr/>	
Total Deferred Outflow of Resources	
<hr/>	
Total Assets and Deferred Outflow of Resources	<hr/> 241,345,707.39 <hr/>

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2016

	<u>Total 2016</u>
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	2,927,099.76
Federal Payable	18,630.27
Payroll Payable	2,635,300.24
UHS Intercampus Payable	2,649,760.94
Other Payable	214,941.92
Due to Other Agencies	33,912.17
Unearned Revenues	32,442,731.56
Revenue Bonds Payable	4,021,590.13
Claims and Judgments Payable	31,998.57
Employees' Compensable Leave	1,202,216.07
Capital Lease Obligations	537,658.77
Funds Held for Others	403,692.49
<u>Total Current Liabilities</u>	<u>47,119,532.89</u>
Non-Current Liabilities	
Revenue Bonds Payable	81,685,387.60
Employees' Compensable Leave	1,220,792.43
Capital Lease Obligations	6,759,887.32
<u>Total Non-Current Liabilities</u>	<u>89,666,067.35</u>
<u>Total Liabilities</u>	<u>136,785,600.24</u>
Deferred Inflow of Resources	
Pensions	
<u>Total Deferred Inflows of Resources</u>	
<u>Total Liabilities and Deferred Inflow of Resources</u>	<u>136,785,600.24</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	42,121,821.84
Restricted for:	
Debt Retirement	161,302.87
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	9,313,994.10
Expendable	
Funds Functioning as Endowments	4,702,921.26
Other Restricted	2,028,114.21
Unrestricted	46,231,952.87
<u>Total Net Position</u>	<u>\$ 104,560,107.15</u>

Unaudited

University of Houston - Clear Lake (759)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Total 2016
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 72,247,315.23
Discounts and Allowances	(8,960,918.21)
Auxiliary Enterprise-Pledged	1,432,924.15
Other Sales of Goods and Services-Pledged	1,125,457.33
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,043,977.51
Federal Pass Through Revenue (PR-OP Grants/Contributions)	506,360.09
State Grant Revenue (PR-OP Grants/Contributions)	297,575.26
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	1,653,556.64
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	1,081,141.58
Other Operating Revenues (PR-Chgs for Services)	3,132.00
<hr/>	
Total Operating Revenues	<hr/> 71,430,521.58 <hr/>
Operating Expenses	
Instruction	49,650,867.22
Research	1,578,576.39
Public Service	809,906.91
Academic Support	16,483,136.68
Student Services	7,839,526.72
Institutional Support	16,119,226.31
Physical Plant	6,700,547.53
Scholarships & Fellowships	8,794,948.37
Auxiliary Enterprises	5,171,824.85
Depreciation and Amortization	5,913,819.48
<hr/>	
Total Operating Expenses	<hr/> 119,062,380.46 <hr/>
<hr/>	
Operating Income (Loss)	<hr/> (47,631,858.88) <hr/>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	29,037,109.00
Additional Appropriations (GR)	7,332,427.80
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	9,758,471.96
Gifts (PR-OP Grants/Contributions)	414,771.52
Interest and Investment Income (PR-Chgs for Services)	1,211,078.54
Interest Expense and Fiscal Charges	(1,026,528.93)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(140,303.38)
Other Nonoperating Revenues	114,203.56
Other Nonoperating Expenses	(1,488,807.05)
<hr/>	
Total Nonoperating Revenues (Expenses)	<hr/> 45,212,423.02 <hr/>

Unaudited

University of Houston - Clear Lake (759)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Total 2016</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(2,419,435.86)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	5,336,744.00
Additions to Permanent and Term Endowments	244,839.22
UHS Intercampus Transfers-In	2,954,203.59
UHS Intercampus Transfers-Out	(224,895.17)
Transfers-In	42,092.00
Legislative Transfers-In	55,423.00
Legislative Appropriations Lapsed	(1,086.95)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>8,407,319.69</u>
<u>Changes in Net Position</u>	<u>5,987,883.83</u>
<u>Net Position, Beginning</u>	<u>98,572,223.32</u>
<u>Net Position, Ending</u>	<u>\$ 104,560,107.15</u>

Unaudited

University of Houston - Clear Lake (759)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	36,187,806.88	982,961.91	93,539.54	8,371,910.79	3,875,411.77
Payroll Related Costs	8,758,626.60	233,446.61	5,536.59	2,467,469.78	1,260,300.84
Professional Fees and Services	564,798.75	102,426.81	627,025.65	958,838.58	951,822.72
Travel	205,537.96	107,634.11	11,485.58	377,881.20	78,215.84
Materials and Supplies	973,626.44	127,041.20	39,342.17	1,657,463.23	573,182.25
Communication and Utilities	215,059.25	5,832.66	538.89	417,419.05	143,149.93
Repairs and Maintenance	83,351.50	42,277.71	0.00	815,511.26	5,850.94
Rentals and Leases	113,892.36	5,631.55	190.00	608,358.78	231,343.37
Printing and Reproduction	33,342.07	1,073.03	1,921.85	123,491.68	73,432.26
Depreciation and Amortization					
Interest	211.45	13.17		13.29	47.99
Scholarships	2,119,365.75	4,000.00		188,184.03	33,157.54
Claims and Judgments					
Other Operating Expenses	395,248.21	(33,762.37)	30,326.64	496,595.01	613,611.27
Total Operating Expenses	\$ 49,650,867.22	\$ 1,578,576.39	\$ 809,906.91	\$ 16,483,136.68	\$ 7,839,526.72

Unaudited

University of Houston - Clear Lake (759)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$	\$	\$	\$	\$	\$
8,986,916.52	2,312,844.62	207,786.06	8,044.97		8,044.97
3,060,031.36	969,721.00	(118.71)	2,927,946.67		63,947,124.76
2,523,374.32	426,726.46	263.63	813,232.22		17,568,246.29
72,303.03	2,714.58	22.00	413,127.51		6,568,404.43
475,345.34	504,703.01	1,378.74	67,274.26		923,068.56
213,899.86	1,649,545.97	16.40	241,448.91		4,593,531.29
276,424.98	641,972.70	1,902.73	266,915.74		2,912,377.75
87,563.03	17,412.18		71,509.18		1,938,801.00
107,311.30	1,734.00		58,479.85		1,122,871.12
			38,312.42		380,618.61
				5,913,819.48	5,913,819.48
95.65	38.37		849.29		1,269.21
5,500.00		8,580,512.44	22,065.40		10,952,785.16
70,664.57					70,664.57
239,796.35	173,134.64	3,185.08	242,618.43		2,160,753.26
<u>\$ 16,119,226.31</u>	<u>\$ 6,700,547.53</u>	<u>\$ 8,794,948.37</u>	<u>\$ 5,171,824.85</u>	<u>\$ 5,913,819.48</u>	<u>\$ 119,062,380.46</u>

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Cash Flows From Operating Activities	
Receipts from Customers	\$ 1,609,842.87
Proceeds from Tuition and Fees	64,407,377.67
Proceeds from Research Grants and Contracts	4,938,126.56
Proceeds from Loan Programs	5,549,867.73
Proceeds from Auxiliaries	1,145,390.36
Proceeds from Other Revenues	3,132.00
Payments to Suppliers for Goods and Services	(17,196,482.70)
Payments to Employees for Salaries	(63,087,731.35)
Payments to Employees for Benefits	(17,309,404.51)
Payments for Loans Provided	(5,235,598.89)
Payments for Other Expenses	(13,155,247.11)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(38,330,727.37)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	35,636,232.31
Proceeds from Gifts	365,771.52
Proceeds from Endowments	244,839.22
Proceeds of Transfers from Other Funds	3,165,922.15
Proceeds from Grants	9,758,471.96
Payments for Transfers to Other Funds	(782,272.73)
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>48,388,964.43</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt Issuance	64,050,000.00
Proceeds from Other Financing Activities	2,022,720.82
Proceeds from Capital Contributions	5,336,744.00
Payments for Additions to Capital Assets	(7,564,060.19)
Payments of Principal on Debt Issuance	(2,148,208.23)
Payments of Interest on Debt Issuance	(1,026,528.93)
Payments of Other Costs on Debt Issuance	(64,758,306.52)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(4,087,639.05)</u>
Cash Flows From Investing Activities	
Proceeds from Investment Income	1,211,078.54
Payments to Acquire Investments	(492,783.40)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>718,295.14</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,688,893.15
<u>Cash and Cash Equivalents, September 1</u>	<u>31,352,692.31</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 38,041,585.46</u>

Unaudited

University of Houston - Clear Lake (759)
 Statement of Cash Flows
 For the Year Ended August 31, 2016

	Total 2016
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (47,631,858.88)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization Expense	5,913,819.48
Operating Income and Cash Flow Categories:	
Classification Differences	314,268.84
Changes in Assets and Liabilities:	
(Increase) Decrease In Receivables	794,785.49
(Increase) Decrease in Inventories	328.75
(Increase) Decrease in Prepaid Expenses	(459,681.10)
(Increase) Decrease in Other Assets	(32,261.53)
Increase (Decrease) in Payables	1,712,985.20
Increase (Decrease) in Deferred Income	(125,486.07)
Increase (Decrease) in Compensated Absences	258,841.78
Increase (Decrease) in Benefits Payable	859,393.41
Increase (Decrease) in Other Liabilities	64,137.26
<u>Total Adjustments</u>	<u>9,301,131.51</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (38,330,727.37)</u>
Non Cash Transactions	
<u> Net Change in Fair Value of Investments</u>	<u>\$ (140,303.38)</u>
<u>Non Cash Transactions</u>	<u>\$ (140,303.38)</u>

**UNIVERSITY OF HOUSTON
DOWNTOWN**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2016

UNIVERSITY OF HOUSTON – DOWNTOWN
PRIMARY STATEMENTS

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2016

	Total 2016
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 11,450.00
Cash in Bank	5,365,138.91
Cash in Transit/Reimburse From Treasury	376,010.43
Cash in State Treasury	798,227.01
Cash Equivalents	21,800,393.18
Restricted:	
Cash In Bank	(3,732,644.76)
Legislative Appropriation	7,701,032.84
Receivables:	
Federal Receivables	11,151,415.39
UHS Intercampus Receivables	30,100,514.38
Accounts Receivable	4,181,247.71
Gifts	58,915.21
Other	267,392.22
Due From Other Agencies	265,578.60
Consumable Inventories	7,626.49
Prepaid Costs	4,635,904.08
Loans and Contracts	924,676.99
Total Current Assets	83,912,878.68
Non-Current Assets	
Restricted:	
UHS Intercampus Receivables	19,250,033.08
Investments	230,825.30
UHS Intercampus Receivables	7,610,554.20
Capital Assets	
Non-Depreciable or Non-Amortizable	25,397,354.83
Depreciable or Amortizable, Net	99,885,864.07
Total Non-Current Assets	152,374,631.48
Total Assets	236,287,510.16
Deferred Outflow of Resources	
Pensions	
Total Deferred Outflow of Resources	
Total Assets and Deferred Outflow of Resources	236,287,510.16

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2016

	Total 2016
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	1,666,676.86
Federal Payable	15,711.60
Payroll Payable	3,177,200.91
UHS Intercampus Payable	19,203,211.22
Other Payable	62,660.66
Due to Other Agencies	25,472.24
Unearned Revenues	32,770,350.53
Revenue Bonds Payable	5,557,638.70
Claims and Judgments Payable	16,821.97
Employees' Compensable Leave	1,535,268.90
Funds Held for Others	417,993.14
Total Current Liabilities	<u>64,449,006.73</u>
Non-Current Liabilities	
Revenue Bonds Payable	32,688,208.21
Employees' Compensable Leave	1,558,783.73
Total Non-Current Liabilities	<u>34,246,991.94</u>
Total Liabilities	<u>98,695,998.67</u>
Deferred Inflow of Resources	
Pensions	
Total Deferred Inflows of Resources	
Total Liabilities and Deferred Inflow of Resources	<u><u>98,695,998.67</u></u>
Net Position	
Invested in Capital Assets, Net of Related Debt	87,037,376.91
Restricted for:	
Debt Retirement	3,692.69
Capital Projects	12,223.89
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	17,246,631.28
Expendable	
Funds Functioning as Endowments	2,000,115.01
Other Restricted	3,754,766.33
Unrestricted	27,536,705.38
Total Net Position	<u><u>\$ 137,591,511.49</u></u>

Unaudited

University of Houston - Downtown (784)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Total 2016
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 88,643,408.89
Discounts and Allowances	(15,746,222.27)
Auxiliary Enterprise-Pledged	2,829,377.81
Discounts and Allowances	(501,886.40)
Other Sales of Goods and Services-Pledged	3,295,775.03
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,424,169.19
Federal Pass Through Revenue (PR-OP Grants/Contributions)	693,815.86
State Grant Revenue (PR-OP Grants/Contributions)	44,396.01
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	6,788,950.40
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	182,950.04
<hr/>	<hr/>
Total Operating Revenues	88,654,734.56
Operating Expenses	
Instruction	45,753,577.28
Research	2,293,978.62
Public Service	4,086,184.20
Academic Support	24,231,582.40
Student Services	4,922,022.70
Institutional Support	21,415,080.77
Physical Plant	7,706,041.18
Scholarships & Fellowships	28,995,010.91
Auxiliary Enterprises	8,005,768.24
Depreciation and Amortization	8,306,083.75
<hr/>	<hr/>
Total Operating Expenses	155,715,330.05
<hr/>	<hr/>
Operating Income (Loss)	(67,060,595.49)
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	23,988,982.00
Additional Appropriations (GR)	6,291,343.51
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	25,988,938.94
Gifts (PR-OP Grants/Contributions)	880,439.93
Interest and Investment Income (PR-Chgs for Services)	1,491,179.37
Interest Expense and Fiscal Charges	(1,115,888.48)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(131,190.46)
Other Nonoperating Revenues	21,913.49
Other Nonoperating Expenses	(563,699.38)
<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	56,852,018.92

Unaudited

University of Houston - Downtown (784)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Total 2016</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(10,208,576.57)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	7,835,252.00
Additions to Permanent and Term Endowments	248,666.84
UHS Intercampus Transfers-In	6,317,710.13
UHS Intercampus Transfers-Out	(962,790.39)
Transfers-In	43,303.00
Legislative Transfers-In	57,017.00
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>13,539,158.58</u>
<u>Changes in Net Position</u>	<u>3,330,582.01</u>
Net Position, Beginning	132,447,205.77
Restatements	1,813,723.71
<u>Net Position, Beginning, as Restated</u>	<u>134,260,929.48</u>
<u>Net Position, Ending</u>	<u>\$ 137,591,511.49</u>

Unaudited

University of Houston - Downtown (784)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	35,470,569.11	949,436.24	1,968,918.26	14,515,338.00	2,902,610.22
Payroll Related Costs	8,405,374.75	211,764.00	396,469.84	4,092,046.84	854,812.24
Professional Fees and Services	563,384.19	380,998.30	678,843.23	732,737.89	407,236.93
Travel	342,233.62	128,727.89	37,860.73	340,396.89	37,577.68
Materials and Supplies	348,759.88	122,498.68	331,826.61	1,764,547.01	115,319.51
Communication and Utilities	98,530.10	7,436.34	38,185.93	287,706.97	142,646.83
Repairs and Maintenance	8,237.00	4,900.00	3,900.64	570,059.76	7,927.11
Rentals and Leases	122,134.51	12,999.00	74,337.53	1,111,587.00	246,581.44
Printing and Reproduction	18,609.65	12,458.94	31,789.05	42,634.20	31,588.43
Depreciation and Amortization					
Interest	114.98	24.81	672.65	384.65	74.07
Scholarships	68,505.78	232,200.60	583.55	15,236.57	
Claims and Judgments					
Other Operating Expenses	307,123.71	230,533.82	522,796.18	758,906.62	175,648.24
Total Operating Expenses	\$ 45,753,577.28	\$ 2,293,978.62	\$ 4,086,184.20	\$ 24,231,582.40	\$ 4,922,022.70

Unaudited

University of Houston - Downtown (784)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

<u>Institutional Support</u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation and Amortization</u>	<u>Total Expenses</u>
\$	\$	\$	\$	\$	\$
10,158,532.53	1,923,597.21	95,550.00	1,671.50		1,671.50
3,107,847.63	743,406.75		3,885,608.05		71,870,159.62
2,215,486.32	1,456,254.73	38,305.00	1,007,752.70		18,819,474.75
105,173.49	3,123.97		1,517,822.40		7,991,068.99
1,361,553.86	446,050.80	14,755.19	118,349.83		1,113,444.10
183,895.11	1,837,451.61		299,665.42		4,804,976.96
615,193.01	1,251,438.78		208,437.91		2,804,290.80
346,879.93	16,987.56		164,147.16		2,625,803.46
95,835.00	106.00		210,065.28		2,141,572.25
			53,004.97		286,026.24
				8,306,083.75	8,306,083.75
580.40	790.84		4,127.74		6,770.14
1,387,644.29		28,846,400.72	22,743.03		30,573,314.54
65,653.03					65,653.03
1,770,806.17	26,832.93		512,372.25		4,305,019.92
<u>\$ 21,415,080.77</u>	<u>\$ 7,706,041.18</u>	<u>\$ 28,995,010.91</u>	<u>\$ 8,005,768.24</u>	<u>\$ 8,306,083.75</u>	<u>\$ 155,715,330.05</u>

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Cash Flows From Operating Activities	
Receipts from Customers	\$ 4,247,389.33
Proceeds from Tuition and Fees	72,207,977.28
Proceeds from Research Grants and Contracts	10,681,491.60
Proceeds from Loan Programs	2,814,216.19
Proceeds from Auxiliaries	2,340,288.45
Payments to Suppliers for Goods and Services	(23,024,915.33)
Payments to Employees for Salaries	(70,493,420.14)
Payments to Employees for Benefits	(18,524,256.88)
Payments for Loans Provided	(2,949,891.36)
Payments for Other Expenses	(33,903,635.94)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(56,604,756.80)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	31,479,177.92
Proceeds from Gifts	960,439.93
Proceeds from Endowments	248,666.84
Proceeds of Transfers from Other Funds	6,439,943.62
Proceeds from Grants	25,988,938.94
Payments for Transfers to Other Funds	(1,526,489.77)
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>63,590,677.48</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Other Financing Activities	14,036,032.98
Proceeds from Capital Contributions	7,835,252.00
Payments for Additions to Capital Assets	(22,761,172.17)
Payments of Principal on Debt Issuance	(4,893,822.43)
Payments of Interest on Debt Issuance	(1,115,888.48)
Payments of Other Costs on Debt Issuance	(471,377.34)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(7,370,975.44)</u>
Cash Flows From Investing Activities	
Proceeds from Investment Income	1,491,179.37
Payments to Acquire Investments	(725,539.32)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>765,640.05</u>
Net Increase (Decrease) in Cash and Cash Equivalents	380,585.29
<u>Cash and Cash Equivalents, September 1</u>	<u>24,237,989.48</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 24,618,574.77</u>

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (67,060,595.49)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization Expense	8,306,083.75
Operating Income and Cash Flow Categories: Classification Differences	(135,675.17)
Changes in Assets and Liabilities:	
(Increase) Decrease In Receivables	(1,185,477.89)
(Increase) Decrease in Inventories	(324.99)
(Increase) Decrease in Prepaid Expenses	1,303,511.56
(Increase) Decrease in Other Assets	(136,750.99)
Increase (Decrease) in Payables	(2,561,477.59)
Increase (Decrease) in Deferred Income	2,134,517.79
Increase (Decrease) in Compensated Absences	295,217.87
Increase (Decrease) in Benefits Payable	1,376,739.48
Increase (Decrease) in Other Liabilities	1,059,474.87
<u>Total Adjustments</u>	<u>10,455,838.69</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (56,604,756.80)</u>
Non Cash Transactions	
<u> Net Change in Fair Value of Investments</u>	<u>\$ (131,190.46)</u>
<u>Non Cash Transactions</u>	<u>\$ (131,190.46)</u>

**UNIVERSITY OF HOUSTON
VICTORIA**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2016

UNIVERSITY OF HOUSTON – VICTORIA
PRIMARY STATEMENTS

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2016

	<u>Total 2016</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 2,000.00
Cash in Bank	1,346,958.82
Cash in State Treasury	521,788.75
Cash Equivalents	4,991,786.51
Restricted:	
Cash In Bank	(649,510.82)
Legislative Appropriation	2,714,957.46
Receivables:	
Federal Receivables	2,924,323.01
UHS Intercampus Receivables	1,134,156.49
Accounts Receivable	3,230,235.30
Gifts	138,512.34
Other	42,336.31
Due From Other Agencies	53,793.11
Prepaid Costs	2,381,971.35
Loans and Contracts	1,357,424.29
Total Current Assets	<u>20,190,732.92</u>
Non-Current Assets	
Restricted:	
Receivables	56,841.14
UHS Intercampus Receivables	30,543,918.08
Investments	94,060.76
UHS Intercampus Receivables	2,569,191.33
Capital Assets	
Non-Depreciable or Non-Amortizable	3,421,053.91
Depreciable or Amortizable, Net	40,466,344.99
Total Non-Current Assets	<u>77,151,410.21</u>
Total Assets	<u>97,342,143.13</u>
Deferred Outflow of Resources	
Loss on Bond Refunding	158,229.18
Total Deferred Outflow of Resources	<u>158,229.18</u>
Total Assets and Deferred Outflow of Resources	<u><u>97,500,372.31</u></u>

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2016

	Total 2016
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	1,570,852.32
Federal Payable	480.00
Payroll Payable	1,370,971.45
UHS Intercampus Payable	2,547,919.46
Other Payable	113,536.10
Unearned Revenues	12,376,420.52
Revenue Bonds Payable	2,534,230.55
Claims and Judgments Payable	7,279.33
Employees' Compensable Leave	507,864.32
Funds Held for Others	266,872.16
Total Current Liabilities	<u>21,296,426.21</u>
Non-Current Liabilities	
Revenue Bonds Payable	50,710,813.35
Employees' Compensable Leave	515,642.95
Total Non-Current Liabilities	<u>51,226,456.30</u>
Total Liabilities	<u>72,522,882.51</u>
Deferred Inflow of Resources	
Pensions	
Total Deferred Inflows of Resources	
Total Liabilities and Deferred Inflow of Resources	<u><u>72,522,882.51</u></u>
Net Position	
Invested in Capital Assets, Net of Related Debt	11,394,487.76
Restricted for:	
Debt Retirement	883,104.40
Capital Projects	3,510.25
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	7,527,636.74
Expendable	
Funds Functioning as Endowments	881,720.53
Other Restricted	3,713,974.42
Unrestricted	573,055.70
Total Net Position	<u><u>\$ 24,977,489.80</u></u>

Unaudited

University of Houston - Victoria (765)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Total 2016
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 25,372,338.47
Discounts and Allowances	(7,198,712.71)
Auxiliary Enterprise-Pledged	4,683,487.38
Discounts and Allowances	(1,328,812.50)
Other Sales of Goods and Services-Pledged	219,691.50
Federal Revenue-Operating (PR-OP Grants/Contributions)	706,374.97
Federal Pass Through Revenue (PR-OP Grants/Contributions)	111,753.93
State Grant Revenue (PR-OP Grants/Contributions)	230,756.46
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	1,538,239.70
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	61,994.63
<hr/>	<hr/>
Total Operating Revenues	24,397,111.83
Operating Expenses	
Instruction	19,619,527.64
Research	378,467.55
Public Service	1,013,241.91
Academic Support	8,493,737.89
Student Services	6,591,522.29
Institutional Support	5,540,661.54
Physical Plant	2,573,954.71
Scholarships & Fellowships	3,708,193.96
Auxiliary Enterprises	2,946,034.84
Depreciation and Amortization	3,086,706.89
<hr/>	<hr/>
Total Operating Expenses	53,952,049.22
<hr/>	<hr/>
Operating Income (Loss)	(29,554,937.39)
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	15,363,462.00
Additional Appropriations (GR)	4,320,009.03
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	6,631,335.27
Gifts (PR-OP Grants/Contributions)	660,487.51
Interest and Investment Income (PR-Chgs for Services)	435,966.39
Interest Expense and Fiscal Charges	(1,789,652.63)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(127,190.51)
Other Nonoperating Revenues	113,227.21
Other Nonoperating Expenses	(241,455.13)
<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	25,366,189.14

Unaudited

University of Houston - Victoria (765)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Total 2016</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(4,188,748.25)</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	2,850,574.00
Additions to Permanent and Term Endowments	36,852.32
UHS Intercampus Transfers-In	2,080,698.00
UHS Intercampus Transfers-Out	(712,210.11)
Transfers-In	28,866.16
Transfers-Out	(2,211.16)
Legislative Transfers-In	35,097.00
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>4,317,666.21</u>
<u>Changes in Net Position</u>	<u>128,917.96</u>
Net Position, Beginning	24,826,252.03
Restatements	22,319.81
<u>Net Position, Beginning, as Restated</u>	<u>24,848,571.84</u>
<u>Net Position, Ending</u>	<u>\$ 24,977,489.80</u>

Unaudited

University of Houston - Victoria (765)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$ 14,154,424.81	\$ 275,869.76	\$ 587,926.35	\$ 3,243,616.79	\$ 3,578,987.68
Payroll Related Costs	3,592,238.46	62,350.34	219,606.67	912,255.15	1,184,735.56
Professional Fees and Services	1,046,335.06	2,181.00	25,999.41	2,347,592.05	346,971.47
Travel	119,181.03	9,739.26	34,860.34	144,981.57	320,240.90
Materials and Supplies	376,061.67	7,629.58	39,808.11	801,970.47	233,152.60
Communication and Utilities	23,249.75	1,020.17	3,276.56	446,019.22	161,981.76
Repairs and Maintenance	42,029.41		1,064.50	87,351.27	42,753.95
Rentals and Leases	62,442.49	155.82	17,276.35	204,226.30	48,272.29
Printing and Reproduction	12,813.03		2,068.25	45,973.52	62,370.74
Depreciation and Amortization					
Interest	80.76			93.26	36.68
Scholarships	39,266.92	12,275.19	79.09	29,784.42	87,308.81
Claims and Judgments					
Other Operating Expenses	151,404.25	7,246.43	81,276.28	229,873.87	524,709.85
Total Operating Expenses	\$ 19,619,527.64	\$ 378,467.55	\$ 1,013,241.91	\$ 8,493,737.89	\$ 6,591,522.29

Unaudited

University of Houston - Victoria (765)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 2,927,045.90	\$ 762,025.37	\$ 140,300.38	\$ 424,989.13	\$	\$ 26,095,186.17
873,917.75	294,365.88	4.17	155,903.10		7,295,377.08
590,297.29	259,556.67	1,812.57	1,608,354.34		6,229,099.86
56,221.58	8,523.18		1,828.74		695,576.60
208,246.43	116,345.59		123,221.75		1,906,436.20
59,939.90	551,747.45		422,161.38		1,669,396.19
285,326.85	268,521.34		125,501.86		852,549.18
161,515.85	306,668.35		30,922.16		831,479.61
10,452.90	106.31		12,509.92		146,294.67
				3,086,706.89	3,086,706.89
18.17			562.00		790.87
215,435.15		3,557,742.55	9,146.47		3,951,038.60
42,700.35					42,700.35
109,543.42	6,094.57	8,334.29	30,933.99		1,149,416.95
<u>\$ 5,540,661.54</u>	<u>\$ 2,573,954.71</u>	<u>\$ 3,708,193.96</u>	<u>\$ 2,946,034.84</u>	<u>\$ 3,086,706.89</u>	<u>\$ 53,952,049.22</u>

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Cash Flows From Operating Activities	
Receipts from Customers	\$ 221,165.18
Proceeds from Tuition and Fees	18,019,940.39
Proceeds from Research Grants and Contracts	1,976,820.81
Proceeds from Loan Programs	1,854,761.40
Proceeds from Auxiliaries	3,339,351.47
Payments to Suppliers for Goods and Services	(12,230,695.98)
Payments to Employees for Salaries	(26,013,185.10)
Payments to Employees for Benefits	(7,295,118.80)
Payments for Loans Provided	(1,911,781.85)
Payments for Other Expenses	(5,040,535.44)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(27,079,277.92)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	19,760,529.98
Proceeds from Gifts	830,347.72
Proceeds from Endowments	36,852.32
Proceeds of Transfers from Other Funds	2,257,888.37
Proceeds from Grants	6,631,335.27
Payments for Transfers to Other Funds	1,391,399.00
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>30,908,352.66</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Capital Assets	
Proceeds from Debt Issuance	25,155,000.00
Proceeds from Other Financing Activities	2,443,133.46
Proceeds from Capital Contributions	2,850,574.00
Payments for Additions to Capital Assets	(2,872,105.75)
Payments of Principal on Debt Issuance	(6,121,080.13)
Payments of Interest on Debt Issuance	(1,947,881.81)
Payments of Other Costs on Debt Issuance	(23,606,465.05)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(4,098,825.28)</u>
Cash Flows From Investing Activities	
Proceeds from Sales of Investments	243,740.42
Proceeds from Investment Income	435,966.39
Payments to Acquire Investments	(211,178.45)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>468,528.36</u>
Net Increase (Decrease) in Cash and Cash Equivalents	198,777.82
Cash and Cash Equivalents, September 1	6,014,245.44
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 6,213,023.26</u>

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2016

	Total 2016
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (29,554,937.39)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization Expense	3,086,706.89
Operating Income and Cash Flow Categories: Classification Differences	(57,020.45)
Changes in Assets and Liabilities:	
(Increase) Decrease In Receivables	(880,579.63)
(Increase) Decrease in Prepaid Expenses	(501,145.72)
(Increase) Decrease in Other Assets	(20,292.05)
Increase (Decrease) in Payables	601,282.05
Increase (Decrease) in Deferred Income	61,037.70
Increase (Decrease) in Compensated Absences	258.28
Increase (Decrease) in Benefits Payable	82,001.07
Increase (Decrease) in Other Liabilities	103,411.33
<u>Total Adjustments</u>	<u>2,475,659.47</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (27,079,277.92)</u>
Non Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ (127,190.51)</u>
<u>Non Cash Transactions</u>	<u>\$ (127,190.51)</u>

**UNIVERSITY OF HOUSTON
SYSTEM ADMINISTRATION**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2016

UNIVERSITY OF HOUSTON – SYSTEM ADMINISTRATION
PRIMARY STATEMENTS

Unaudited

University of Houston - System Administration (783)
 Statement of Net Position
 August 31, 2016

	<u>Total 2016</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash in Bank	\$ 124,202,577.94
Cash in Transit/Reimburse From Treasury	3,266,592.00
Cash Equivalents	38,899,202.18
Short Term Investments	215,663,094.34
Restricted:	
Cash In Bank	(120,368,345.36)
Legislative Appropriation	929,669.94
Receivables:	
UHS Intercampus Receivables	31,264,925.50
Interest and Dividends	751,913.31
Accounts Receivable	13,419,573.91
Gifts	253,842.46
Other	1,104,806.15
Due From Other Agencies	11,347.33
Prepaid Costs	341,258.74
<hr/>	
Total Current Assets	<hr/> 309,740,458.44 <hr/>
Non-Current Assets	
Restricted:	
Receivables	94,650.65
UHS Intercampus Receivables	32,062,627.65
Investments	807,584,983.13
Capital Assets	
Non-Depreciable or Non-Amortizable	10,630,806.25
Depreciable or Amortizable, Net	27,016,000.98
<hr/>	
Total Non-Current Assets	<hr/> 877,389,068.66 <hr/>
<hr/>	
Total Assets	<hr/> 1,187,129,527.10 <hr/>
Deferred Outflow of Resources	
Loss on Bond Refunding	427,098.31
<hr/>	
Total Deferred Outflow of Resources	<hr/> 427,098.31 <hr/>
<hr/>	
Total Assets and Deferred Outflow of Resources	<hr/> 1,187,556,625.41 <hr/>

Unaudited

University of Houston - System Administration (783)
Statement of Net Position
August 31, 2016

	<u>Total 2016</u>
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	17,237,300.77
Payroll Payable	33,882,544.19
UHS Intercampus Payable	947,538,987.62
Other Payable	95,561.92
Unearned Revenues	10,924.48
Notes and Loans Payable	54,472,000.00
Revenue Bonds Payable	1,254,003.14
Employees' Compensable Leave	305,550.33
Funds Held for Others	37,636.96
<u> Total Current Liabilities</u>	<u>1,054,834,509.41</u>
Non-Current Liabilities	
Revenue Bonds Payable	14,805,429.85
Employees' Compensable Leave	310,230.28
<u> Total Non-Current Liabilities</u>	<u>15,115,660.13</u>
<u>Total Liabilities</u>	<u>1,069,950,169.54</u>
Deferred Inflow of Resources	
Pensions	
<u>Total Deferred Inflows of Resources</u>	
<u>Total Liabilities and Deferred Inflow of Resources</u>	<u>1,069,950,169.54</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	23,489,867.02
Restricted for:	
Debt Retirement	1,531,709.37
Capital Projects	43,327.14
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	43,182,959.61
Expendable	
Funds Functioning as Endowments	5,848,705.25
Other Restricted	8,001,607.03
Unrestricted	35,508,280.45
<u>Total Net Position</u>	<u>\$ 117,606,455.87</u>

Unaudited

University of Houston - System Administration (783)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Total 2016
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Other Sales of Goods and Services-Pledged	\$ 60,186.96
Federal Pass Through Revenue (PR-OP Grants/Contributions)	102,673.34
State Grant Revenue (PR-OP Grants/Contributions)	10,209.79
<hr/>	<hr/>
Total Operating Revenues	173,070.09
Operating Expenses	
Research	1,094,088.27
Academic Support	1,059,110.32
Student Services	376,770.01
Institutional Support	9,332,937.40
Physical Plant	1,981,511.70
Depreciation and Amortization	2,793,739.01
<hr/>	<hr/>
Total Operating Expenses	16,638,156.71
<hr/>	<hr/>
Operating Income (Loss)	(16,465,086.62)
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	24,492,300.00
Additional Appropriations (GR)	540,279.36
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	1,457,768.32
Gifts (PR-OP Grants/Contributions)	28,532.20
Interest and Investment Income (PR-Chgs for Services)	4,554,569.98
Interest Expense and Fiscal Charges	(1,964,239.94)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(1,320,419.37)
Other Nonoperating Revenues	6,603,034.49
Other Nonoperating Expenses	251,072.79
<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	34,642,897.83

Unaudited

University of Houston - System Administration (783)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	<u>Total 2016</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>18,177,811.21</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
UHS Intercampus Transfers-In	8,887,572.82
UHS Intercampus Transfers-Out	(30,302,390.63)
Legislative Appropriations Lapsed	(234,142.46)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(21,648,960.27)</u>
<u>Changes in Net Position</u>	<u>(3,471,149.06)</u>
<u>Net Position, Beginning</u>	<u>121,077,604.93</u>
<u>Net Position, Ending</u>	<u>\$ 117,606,455.87</u>

Unaudited

University of Houston - System Administration (783)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$	\$ 240,722.10	\$	\$ 741,870.13	\$ 313,114.96
Payroll Related Costs		38,731.83		184,621.16	54,055.05
Professional Fees and Services		711,961.00		106,153.00	
Federal Pass Through Expenses					
State Pass Through Expenses					
Travel					
Materials and Supplies					
Communication and Utilities				4,866.03	
Repairs and Maintenance					
Rentals and Leases				21,600.00	9,600.00
Printing and Reproduction					
Depreciation and Amortization					
Interest					
Scholarships					
Claims and Judgments					
Capital Expenditures					
Other Operating Expenses		102,673.34			
Total Operating Expenses	\$	\$ 1,094,088.27	\$	\$ 1,059,110.32	\$ 376,770.01

Unaudited

University of Houston - System Administration (783)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2016

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
\$ 5,989,125.43	\$ 123,000.72	\$	\$	\$	\$ 7,407,833.34
1,426,708.29	61,679.65				1,765,795.98
943,508.91	207,486.75				1,969,109.66
92,591.14					92,591.14
78,288.09	9,552.88				87,840.97
107,607.44	71,744.55				184,218.02
32,805.54	49,716.09				82,521.63
224,891.09					256,091.09
14,260.08					14,260.08
43,522.64	1,457,768.32			2,793,739.01	2,793,739.01
					1,501,290.96
9,810.47					9,810.47
369,818.28	562.74				473,054.36
<u>\$ 9,332,937.40</u>	<u>\$ 1,981,511.70</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,793,739.01</u>	<u>\$ 16,638,156.71</u>

Unaudited

University of Houston - System Administration (783)
 Statement of Cash Flows
 For the Year Ended August 31, 2016

	Total 2016
Cash Flows From Operating Activities	
Receipts from Customers	\$ 21,523,338.47
Proceeds from Tuition and Fees	835.40
Proceeds from Research Grants and Contracts	829,564.37
Payments to Suppliers for Goods and Services	(599,540.94)
Payments to Employees for Salaries	19,416,077.32
Payments to Employees for Benefits	(1,645,124.22)
Payments for Other Expenses	(1,975,948.05)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>37,549,202.35</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	24,482,784.02
Proceeds from Gifts	208,532.20
Proceeds of Transfers from Other Funds	15,490,607.31
Proceeds from Grants	1,457,768.32
Payments for Transfers to Other Funds	(28,937,894.49)
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>12,701,797.36</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Capital Assets	
Proceeds from Debt Issuance	10,260,000.00
Proceeds from Other Financing Activities	151,341,232.48
Payments for Additions to Capital Assets	(532,455.16)
Payments of Principal on Debt Issuance	(11,687,947.00)
Payments of Interest on Debt Issuance	(2,391,338.25)
Payments of Other Costs on Debt Issuance	(14,960,210.38)
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>132,029,281.69</u>
Cash Flows From Investing Activities	
Proceeds from Sales of Investments	632,450,774.41
Proceeds from Interest Income	(75,286.25)
Proceeds from Investment Income	4,554,569.98
Payments to Acquire Investments	(824,865,084.02)
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(187,935,025.88)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,654,744.48)
Cash and Cash Equivalents, September 1	51,654,771.24
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 46,000,026.76</u>

Unaudited

University of Houston - System Administration (783)
 Statement of Cash Flows
 For the Year Ended August 31, 2016

	Total 2016
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (16,465,086.62)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization Expense	2,793,739.01
Changes in Assets and Liabilities:	
(Increase) Decrease In Receivables	22,190,075.25
(Increase) Decrease in Prepaid Expenses	7,879.72
(Increase) Decrease in Other Assets	(10,242.50)
Increase (Decrease) in Payables	2,079,211.93
Increase (Decrease) in Deferred Income	835.40
Increase (Decrease) in Compensated Absences	120,671.76
Increase (Decrease) in Benefits Payable	26,823,910.66
Increase (Decrease) in Other Liabilities	8,207.74
<u>Total Adjustments</u>	<u>54,014,288.97</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 37,549,202.35</u>
Non Cash Transactions	
<u>Net Change in Fair Value of Investments</u>	<u>\$ (1,320,419.37)</u>
<u>Non Cash Transactions</u>	<u>\$ (1,320,419.37)</u>

