UNIVERSITY OF HOUSTON SYSTEM

UNAUDITED COMBINED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

WITH AUGUST 31, 2013 COMPARATIVE DATA

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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UNIVERSITY OF HOUSTON SYSTEM
UNIVERSITY OF HOUSTON

Executive Director
Financial Reporting

November 26, 2014

Dr. Carl Carlucci
Executive Vice Chancellor, Administration and Finance
University of Houston System
Houston, Texas 77204-2016

Dr. Carlucci:

Submitted herewith is the Annual Financial Report of the University of Houston System for the year ended August 31, 2014.

This report has been prepared in compliance with Texas Government Code Annotated §2101.011 and in accordance with the Annual Financial Reporting Requirements established by the Comptroller of Public Accounts. Additionally, in order to support internal management needs within the University of Houston System, this report presents financial statements with comparative data for the prior fiscal year.

The information contained in the accompanying Annual 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.

Sincerely,

David Ellis

David Ellis
Executive Director, Financial Reporting

UH Energy Research Park, Building 1, Room 232 ■ Houston, Texas 77204-0901 ■ (713) 743-8754 ■ Fax (713) 743-0166

University of Houston System

Organizational Data
August 31, 2014

Board of Regents

Beth Madison, Houston	Term Expires August 31, 2015
Tilman J. Fertitta, Houston	Term Expires August 31, 2015
Jarvis V. Hollingsworth, Houston	Term Expires August 31, 2015
Spencer D. Armour, III, Midland	Term Expires August 31, 2017
Roger F. Welder, Victoria	Term Expires August 31, 2017
Welcome W. Wilson, Jr., Houston	Term Expires August 31, 2017
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
Asit R. Shah (Student Regent), Richmond	Term Expires May 31, 2015

Officers of the Board (Fiscal Year 2014):

Jarvis V. Hollingsworth	Chairman
Tilman J. Fertitta	Vice Chairman
Welcome W. Wilson, Jr.	Secretary

Officers of the Board (Fiscal Year 2015):

Tilman J. Fertitta	Chairman
Welcome W. Wilson, Jr.	Vice Chairman
Beth Madison	Secretary

Administrative Officers

Renu Khator	Chancellor
Paula Myrick Short	Senior Vice Chancellor for Academic Affairs
Carl P. Carlucci	Executive Vice Chancellor for Administration and Finance
Rathindra N. Bose	Vice Chancellor for Research and Technology Transfer
Dona H. Cornell	Vice Chancellor for Legal Affairs and General Counsel
Eloise Dunn Stuhr	Vice Chancellor for University Advancement
J. Richard Walker	Vice Chancellor for Student Affairs and Enrollment

Renu Khator	President – University of Houston
William A. Staples	President – UH Clear Lake
William V. Flores	President – UH Downtown
Raymond V. Morgan Jr.	Interim 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, 2014. 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, 2014

	Total 2014	Total 2013
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$ 74,310.00	$ 77,163.65
Cash in Bank	(71,916,198.90)	(83,397,315.17)
Cash in Transit/Reimburse From Treasury	28,278,690.55	25,643,162.09
Cash in State Treasury	19,788,589.85	18,274,694.22
Cash Equivalents	269,026,060.44	278,729,436.94
Short Term Investments	126,213,529.89	151,076,754.69
Restricted:		
Cash In Bank	69,201,382.76	73,782,089.65
Legislative Appropriation	111,925,742.52	83,915,403.25
Receivables:		
Federal Receivables	35,904,857.80	44,182,479.27
Interest and Dividends	559,315.80	514,596.80
Accounts Receivable	25,040,322.25	23,860,874.37
Gifts	31,570,311.31	23,412,912.75
Other	1,530,850.54	3,722,164.23
Due From Other Agencies	15,165,397.12	13,975,675.74
Consumable Inventories	729,757.43	650,923.92
Merchandise Inventories	1,253,533.30	1,254,769.93
Prepaid Costs	37,784,002.63	78,875,474.37
Loans and Contracts	16,381,844.49	15,861,332.92
Total Current Assets	718,512,299.78	754,412,593.62
Non-Current Assets		
Restricted:		
Receivables	46,212,100.89	42,907,774.04
Loans and Contracts	10,573,832.86	13,247,403.86
Investments	803,939,049.93	735,821,873.70
Capital Assets		
Non-Depreciable or Non-Amortizable	287,195,700.22	306,075,188.06
Depreciable or Amortizable, Net	1,045,144,685.19	918,891,371.26
Total Non-Current Assets	2,193,065,369.09	2,016,943,610.92
Total Assets	2,911,577,668.87	2,771,356,204.54
Deferred Outflow of Resources		
Loss on Bond Refunding	57,046.92	
Total Deferred Outflow of Resources	57,046.92	
Total Assets and Deferred Outflow of Resources	2,911,634,715.79	2,771,356,204.54

Unaudited

University of Houston System (797)
Combined Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	38,593,064.43	52,344,898.55
Federal Payable	119,569.79	79,240.52
Payroll Payable	49,991,179.04	43,856,729.88
Other Payable	1,997,066.96	1,764,663.81
Due to Other Agencies	463,351.74	901,966.08
Unearned Revenues	211,010,201.83	196,502,553.87
Notes and Loans Payable	48,136,000.00	53,256,000.00
Revenue Bonds Payable	43,983,664.64	38,390,939.39
Claims and Judgments Payable	197,572.25	499,480.67
Employees' Compensable Leave	12,408,495.46	11,768,486.31
Capital Lease Obligations	390,700.61	382,928.44
Funds Held for Others	21,908,443.73	14,550,028.04
Total Current Liabilities	429,199,310.48	414,297,915.56
Non-Current Liabilities		
Revenue Bonds Payable	879,168,269.28	803,158,967.13
Employees' Compensable Leave	12,883,994.24	12,378,461.15
Capital Lease Obligations	5,858,558.87	6,249,259.48
Notes and Loans Payable	450,000.00	
Total Non-Current Liabilities	898,360,822.39	821,786,687.76
Total Liabilities	1,327,560,132.87	1,236,084,603.32
Total Liabilities and Deferred Inflow of Resources	1,327,560,132.87	1,236,084,603.32
Net Position		
Invested in Capital Assets, Net of Related Debt	467,615,690.62	494,737,995.04
Restricted for:		
Debt Retirement	26,658.74	45,019,368.39
Capital Projects	8,456,807.62	7,517,452.39
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	427,088,570.35	381,215,208.41
Expendable		
Term Endowments	200,319.42	533,837.49
Funds Functioning as Endowments	47,384,281.53	43,743,693.43
Other Restricted	189,347,357.24	185,685,184.40
Unrestricted	443,954,897.40	376,818,861.67
Total Net Position	$ 1,584,074,582.92	$ 1,535,271,601.22

Unaudited

University of Houston System (797)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	$ 581,404,841.84	$ 556,263,436.35
Discounts and Allowances	(122,524,610.64)	(110,897,747.80)
Auxiliary Enterprise-Pledged	88,578,059.17	78,028,649.61
Discounts and Allowances	(10,411,586.68)	(9,363,316.22)
Other Sales of Goods and Services-Pledged	54,047,479.05	45,717,993.45
Federal Revenue-Operating (PR-OP Grants/Contributions)	63,685,339.95	64,417,143.74
Federal Pass Through Revenue (PR-OP Grants/Contributions)	5,977,561.67	6,785,814.00
State Grant Revenue (PR-OP Grants/Contributions)	6,154,112.64	7,429,271.65
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	40,481,557.36	42,961,247.18
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	33,662,040.87	27,123,268.01
Other Operating Revenues (PR-Chgs for Services)	1,458,686.01	903,448.20
Total Operating Revenues	742,513,481.24	709,369,208.17
Operating Expenses		
Instruction	305,359,814.79	297,370,216.82
Research	112,335,391.62	111,203,555.85
Public Service	47,269,982.34	43,862,090.40
Academic Support	185,622,132.40	182,827,523.89
Student Services	44,529,862.78	43,092,610.50
Institutional Support	104,332,618.64	106,636,843.12
Physical Plant	54,989,208.66	59,896,134.42
Scholarships & Fellowships	99,897,166.32	93,608,791.45
Auxiliary Enterprises	107,530,820.73	97,695,138.53
Depreciation and Amortization	91,620,246.53	82,040,770.30
Total Operating Expenses	1,153,487,244.81	1,118,233,675.28
Operating Income (Loss)	(410,973,763.57)	(408,864,467.11)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	229,344,433.00	211,010,485.00
Additional Appropriations (GR)	19,628,990.91	48,276,150.45
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	99,819,113.82	99,388,937.33
Federal Pass Through Revenue (PR-OP Grants/Contributions)	(270.05)	
State Pass Through Revenues Non-Operating	1,320,524.00	
Gifts (PR-OP Grants/Contributions)	68,309,313.87	76,495,556.66
Interest and Investment Income (PR-Chgs for Services)	48,630,460.09	28,367,291.50
Interest Expense and Fiscal Charges	(33,519,100.14)	(39,741,099.06)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	32,157,253.69	22,559,315.79
Other Nonoperating Revenues	10,889,215.42	9,762,385.31
Other Nonoperating Expenses	(81,686,327.19)	(28,192,277.81)
Total Nonoperating Revenues (Expenses)	394,893,607.42	427,926,745.17

Unaudited

University of Houston System (797)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(16,080,156.15)	19,062,278.06
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	50,929,094.00	50,929,094.00
Additions to Permanent and Term Endowments	9,845,439.00	9,974,321.26
Incr NA Interagency Transfer Capital Assets	8,960.01	
Transfers-In	8,744,642.27	8,518,138.05
Transfers-Out	(7,035,832.62)	(6,586,156.93)
Legislative Appropriations Lapsed	(8,761.96)	(833,856.04)
Total Other Revenue, Expenses, Gains, Losses and Transfers	62,483,540.70	62,001,540.34
Changes in Net Position	46,403,384.55	81,063,818.40
Net Position, Beginning	1,535,271,601.22	1,448,510,983.77
Restatements	2,399,597.15	5,696,799.05
Net Position Beginning, as Restated	1,537,671,198.37	1,454,207,782.82
Net Position, Ending	$ 1,584,074,582.92	$ 1,535,271,601.22

Unaudited

University of Houston System (797)
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	$	$	$ 1,203,068.95	$ 8,647.50	$
Salaries and Wages	239,703,717.33	58,393,837.18	17,916,498.95	109,684,310.80	24,943,282.23
Payroll Related Costs	48,931,240.56	9,086,877.92	3,777,583.06	18,933,867.83	4,896,391.38
Professional Fees and Services	3,109,260.55	7,738,372.19	9,701,697.66	9,022,184.85	3,529,622.99
Federal Pass Through Expenses		2,085,405.17	166,646.06		
State Pass Through Expenses		133,815.11			
Travel	1,473,702.35	3,515,352.54	453,529.00	3,838,376.17	1,038,726.17
Materials and Supplies	4,269,684.31	8,951,258.73	1,595,959.36	12,492,412.49	2,435,029.87
Communication and Utilities	1,070,897.49	1,153,280.14	1,749,210.38	13,386,114.06	1,236,108.09
Repairs and Maintenance	463,163.60	1,222,188.10	692,617.82	4,126,109.15	218,085.85
Rentals and Leases	1,113,304.94	1,963,833.12	5,452,050.17	5,582,091.29	1,303,139.55
Printing and Reproduction	315,210.13	320,608.71	444,209.59	1,036,385.41	612,048.49
Depreciation and Amortization					
Interest	3,229.39	4,849.56	6,661.47	4,856.80	12,948.79
Scholarships	1,463,777.77	2,693,808.00	125,955.66	922,245.10	291,634.47
Claims and Losses		92.00		5,000.00	
Other Operating Expenses	3,442,626.37	15,071,813.15	3,984,294.21	6,579,530.95	4,012,844.90
Total Operating Expenses	$ 305,359,814.79	$ 112,335,391.62	$ 47,269,982.34	$ 185,622,132.40	$ 44,529,862.78

Unaudited

University of Houston System (797)
Combined Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Institutional Support	Operation and Maintainence of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2014	Total 2013
$	$	$	$ 1,751,074.98	$	$ 2,962,791.43	$ 2,816,345.09
57,324,532.55	17,566,184.52	1,243,143.10	36,185,354.64		562,960,861.30	534,356,585.26
9,536,617.32	2,138,512.40	40,105.84	8,450,986.45		105,792,182.76	124,906,060.99
6,946,035.09	8,781,883.09	521,587.72	23,737,273.87		73,087,918.01	66,996,783.10
					2,252,051.23	2,799,504.51
					133,815.11	217,239.33
551,156.02	35,073.81	89,830.88	4,272,450.08		15,268,197.02	14,449,491.14
3,057,859.56	1,379,329.01	65,664.78	6,842,413.71		41,089,611.82	38,191,269.18
1,389,276.95	17,141,924.15	4,603.85	11,754,755.65		48,886,170.76	47,921,362.47
3,170,208.36	2,448,757.81	10,018.45	4,933,990.80		17,285,139.94	15,543,349.53
13,203,055.91	3,818,737.42	37.00	1,985,111.66		34,421,361.06	31,039,064.85
649,459.20	11,610.76	6,654.26	517,335.03		3,913,521.58	3,600,922.36
				91,620,246.53	91,620,246.53	82,040,770.30
28,559.89	1,458,697.26	64.39	22,405.37		1,542,272.92	1,906,375.73
5,475,087.36		97,794,080.78	852,028.19		109,618,617.33	109,199,436.72
839,896.13					844,988.13	1,094,313.82
2,160,874.30	208,498.43	121,375.27	6,225,640.30		41,807,497.88	41,154,800.90
$ 104,332,618.64	$ 54,989,208.66	$ 99,897,166.32	$ 107,530,820.73	$ 91,620,246.53	$ 1,153,487,244.81	$ 1,118,233,675.28

Unaudited

University of Houston System (797)
Combined Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Cash Flows From Operating Activities		
Receipts from Customers	$ 56,711,882.40	$ 46,343,006.67
Proceeds from Tuition and Fees	470,012,606.62	441,439,753.14
Proceeds from Research Grants and Contracts	157,386,639.97	144,465,546.58
Proceeds from Loan Programs	119,029,098.34	110,116,545.87
Proceeds from Auxiliaries	79,152,795.03	78,667,182.69
Proceeds from Other Revenues	1,458,686.01	903,448.20
Payments to Suppliers for Goods and Services	(236,449,411.40)	(215,662,506.52)
Payments to Employees for Salaries	(557,010,504.81)	(530,915,042.70)
Payments to Employees for Benefits	(104,646,640.52)	(94,255,006.25)
Payments for Loans Provided	(116,876,038.91)	(109,910,628.45)
Payments for Other Expenses	(149,142,735.33)	(150,665,125.99)
Net Cash Provided (Used) by Operating Activities	(280,373,622.60)	(279,472,826.76)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	220,954,322.68	227,828,245.07
Proceeds from Gifts	56,847,588.46	57,363,904.42
Proceeds from Endowments	9,845,439.00	9,974,321.26
Proceeds of Transfers from Other Funds	19,633,857.69	18,280,523.36
Proceeds from Grants	101,139,367.77	99,388,937.33
Payments for Transfers to Other Funds	(56,942,696.56)	(34,954,142.24)
Net Cash Provided (Used) by Noncapital Financing Activities	351,477,879.04	377,881,789.20
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	152,575,000.00	
Proceeds from Other Financing Activities	30,912,408.11	152,695,940.06
Proceeds from Capital Contributions	50,929,094.00	50,929,094.00
Payments for Additions to Capital Assets	(196,481,885.47)	(226,862,175.58)
Payments of Principal on Debt Issuance	(71,000,000.00)	(32,085,000.00)
Payments for Capital Lease	(382,928.44)	(374,630.46)
Payments of Interest on Debt Issuance	(34,091,246.34)	(39,741,099.06)
Payments of Other Costs on Debt Issuance	(39,891,551.18)	(125,943,752.80)
Net Cash Provided (Used) by Capital and Related Financing Activities	(107,431,109.32)	(221,381,623.84)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	537,292,168.15	656,515,097.94
Proceeds from Interest Income	328,457.27	3,306,366.76
Proceeds from Investment Income	48,257,283.82	24,919,959.78
Payments to Acquire Investments	(548,207,453.04)	(632,548,832.79)
Net Cash Provided (Used) by Investing Activities	37,670,456.20	52,192,591.69
Net Increase (Decrease) in Cash and Cash Equivalents	1,343,603.32	(70,780,069.71)
Cash and Cash Equivalents, September 1	313,109,231.38	383,889,301.09
Cash and Cash Equivalents, August 31	$ 314,452,834.70	$ 313,109,231.38

Unaudited

University of Houston System (797)
Combined Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (410,973,763.57)	$ (378,972,608.29)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Amortization and Depreciation	91,620,246.53	82,040,770.30
Operating Income and Cash Flow Categories:		
Classification Differences	2,153,059.43	205,917.42
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	9,289,487.28	(4,637,687.97)
(Increase) Decrease in Inventories	(77,596.88)	112,945.13
(Increase) Decrease in Prepaid Expenses	(3,774,957.61)	(6,179,083.19)
(Increase) Decrease in Other Assets	(1,189,721.38)	(3,487,430.10)
Increase (Decrease) in Payables	4,358,183.98	10,922,879.65
Increase (Decrease) in Deferred Income	14,507,647.96	10,307,813.87
Increase (Decrease) in Compensated Absences	1,145,542.24	759,195.92
Increase (Decrease) in Benefits Payable	5,950,356.49	3,441,542.56
Increase (Decrease) in Other Liabilities	6,617,892.93	6,012,917.94
Total Adjustments	130,600,140.97	99,499,781.53
Net Cash Provided (Used) by Operating Activities	$ (280,373,622.60)	$ (279,472,826.76)
Non Cash Transactions		
Net Change in Fair Value of Investments	$ 32,157,253.69	$ 22,559,315.79
Non Cash Transactions	$ 32,157,253.69	$ 22,559,315.79

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UNIVERSITY OF HOUSTON SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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.

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, 2014 is presented in Table 2.

Table 2 - Capital Assets

	University of Houston System							
Business-Type Activities:	**Balance 09/01/13**	**Adjustments**	**Completed CIP**	**Inc-Int'agy Trans**	**Dec-Int'agy Trans**	**Additions**	**Deletions**	**Balance 08/31/14**
Non-Depreciable/Non-Amortizable Assets								
Land & Land Improvements	$ 101,895,576.06	$ 1,340,000.00	$ -	$ -	$ -	$ 5,431,875.05	$ -	$ 108,667,451.11
Construction in Progress	201,264,461.77	672,095.40	(188,866,481.85)	543,180.90	(543,180.90)	162,706,796.86	(203,128.30)	175,573,743.88
Other Tangible Capital Assets	2,915,150.23		20,000.00	-	-	20,600.00	(1,245.00)	2,954,505.23
Total Non-Depreciable and Non-Amortizable Assets	306,075,188.06	2,012,095.40	(188,846,481.85)	543,180.90	(543,180.90)	168,159,271.91	(204,373.30)	287,195,700.22
Depreciable Assets								
Buildings & Building Improvements	1,305,247,392.66	225,728.00	145,530,923.85	-	-	5,135,448.00	-	1,456,139,492.51
Infrastructure	43,297,217.46	-	-	-	-	-	-	43,297,217.46
Facilities & Other Improvements	114,387,071.28	-	39,174,508.98	-	-	-	-	153,561,580.26
Furniture & Equipment	215,840,109.89	32,884.46	2,720,549.02	244,807.57	(159,398.41)	17,209,923.94	(8,431,752.41)	227,457,124.06
Vehicle, Boats & Aircraft	6,317,122.43	40,867.46	-	168,690.52	(168,690.52)	319,890.62	(187,735.56)	6,490,144.95
Other Capital Assets	146,952,432.57	282,000.00	1,420,500.00	187,500.00	(187,500.00)	6,352,451.04	(1,133,120.12)	153,874,263.49
Total Depreciable Assets	1,832,041,346.29	581,479.92	188,846,481.85	600,998.09	(515,588.93)	29,017,713.60	(9,752,608.09)	2,040,819,822.73
Less Accumulated Depreciation For:								
Buildings & Building Improvements	(623,957,859.13)	-	-	-	-	(47,079,596.28)	-	(671,037,455.41)
Infrastructure	(39,011,421.97)	-	-	-	-	(546,251.80)	-	(39,557,673.77)
Facilities & Other Improvements	(42,820,109.37)	-	-	-	-	(4,588,290.00)	-	(47,408,399.37)
Furniture & Equipment	(142,907,921.86)	(52,345.87)	-	(210,450.93)	134,001.78	(17,025,403.38)	7,823,157.53	(152,238,962.73)
Vehicle, Boats & Aircraft	(3,806,343.19)	(26,271.95)	-	(94,682.63)	94,682.63	(649,317.72)	179,103.88	(4,302,828.98)
Other Capital Assets	(92,788,349.25)	(2,349.99)	-	(34,505.01)	34,505.01	(6,636,419.12)	1,110,628.05	(98,316,490.31)
Total Accumulated Depreciation	(945,292,004.77)	(80,967.81)	-	(339,638.57)	263,189.42	(76,525,278.30)	9,112,889.46	(1,012,861,810.57)
Depreciable Assets, Net	886,749,341.52	500,512.11	188,846,481.85	261,359.52	(252,399.51)	(47,507,564.70)	(639,718.63)	1,027,958,012.16
Amortizable Assets-Intangible								
Computer Software	85,298,405.38	-	-	-	-	140,231.88	(584,948.05)	84,853,689.21
Other Intangible Capital Assets	9,578,225.18	-	-	-	-	-	-	9,578,225.18
Total Amortizable Assets-Intangible	94,876,630.56	-	-	-	-	140,231.88	(584,948.05)	94,431,914.39
Less Accumulated Amortization For:								
Computer Software	(60,575,708.82)	(420.36)	-	-	-	(14,160,178.56)	584,748.05	(74,151,559.69)
Other Intangible Capital Assets	(2,158,892.00)	-	-	-	-	(934,789.67)	-	(3,093,681.67)
Total Accumulated Amortization	(62,734,600.82)	(420.36)	-	-	-	(15,094,968.23)	584,748.05	(77,245,241.36)
Amortizable Assets-Intangible, Net	32,142,029.74	(420.36)	-	-	-	(14,954,736.35)	(200.00)	17,186,673.03
Total Business-Type Activities - Capital Assets, Net	$ 1,224,966,559.32	$ 2,512,187.15	$ -	$ 804,540.42	$ (795,580.41)	$ 105,696,970.86	$ (844,291.93)	$ 1,332,340,385.41

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, 2014, the carrying amount of deposits was $(2,714,816.14) as presented below.

Governmental and Business-Type Activities		
Cash in Bank-Carrying Amount	$	(2,714,816.14)
Total Cash in Bank per Annual Financial Report	$	(2,714,816.14)

Reconciliation of Cash per Annual Financial Report		
Proprietary Funds, Current Assets, Cash in Bank		(71,916,198.90)
Proprietary Funds, Current Assets, Restricted Cash in Bank	$	69,201,382.76
Cash in Bank per Annual Financial Report	$	(2,714,816.14)

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, 2014, the total bank balance was as follows:

Governmental and Business-Type Activities	$ 2,068,717.62

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, 2014, fair value of investments were:

Governmental and Business-Type Activities		Fair Value
U.S. Government Agency Obligations	$	24,556,758.20
U.S. Treasury Securities		159,762,942.57
Corporate Obligations		70,346,799.03
Equities		108,524,375.36
International Equities		169,529,507.70
Fixed Income Money Market and Bond Mutual Funds		269,026,060.44
Other Commingled Funds (TexPool)		126,213,529.89
Other Commingled Funds		2,428,794.07
Externally Managed Investments-Domestic		97,516,833.58
Externally Managed Investments-International		163,766,523.72
Real Estate		98,292.00
Miscellaneous Investments		7,408,223.70
Total Investments	$	1,199,178,640.26

Reconciliation of Investments per Annual Financial Statements		
Proprietary Funds, Current Assets, Cash Equivalents	$	269,026,060.44
Proprietary Funds, Current Assets, Short Term Investments		126,213,529.89
Proprietary Funds, Non-Current Assets, Investments		803,939,049.93
Investments per Annual Financial Statements	$	1,199,178,640.26

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, 2014, the System had no direct investment in securities with credit risk exposure that exceeded its policy limit. As of August 31, 2014, 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	24,556,758.20					
		Corporate Obligations	2,658,608.98		40,780,145.45	18,991,302.41	5,972,624.30	1,944,117.89
		Fixed Inc MM & Bond Mutual Funds		269,026,060.44				
		Miscellaneous Investments			4,828,128.20	2,580,095.50		

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2014, 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, University of Houston Downtown, and UH-Victoria. The balance remaining from the prior year issuance was redeemed during fiscal year 2014. Additional commercial paper was issued during fiscal year 2014, the proceeds of which were used to provide interim financing for renovation and construction projects at UH, UHD, and at UHV. Additional information about the System's long-term debt liabilities can be found in Note 5.

Table 4 – Commercial Paper Activity

Business Type Activities	Balance 9/01/13	Additions	Reductions	Balance 8/31/14
Commercial Paper	$ 52,856,000.00	$ 54,375,000.00	$ 59,095,000.00	$ 48,136,000.00

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2014, the following changes, presented in Table 5.1, occurred in liabilities:

Table 5.1 – Long Term Liabilities

Business-Type Activities	Balance 9/1/13	Additions	Reductions	Balance 8/31/14	Due Within 1 Year	Due Thereafter
Claims and Judgments	$ 499,480.67	$ 1,486,583.69	$ 1,788,492.11	$ 197,572.25	$ 197,572.25	$ 0.00
Capital Lease Obligations	6,632.187.92	0.00	382,928.44	6,249,259.48	390,700.61	5,858,558.87
Employee Compensable Leave	24,146,947.46	13,852,675.33	12,707,133.09	25,292,489.70	12,408,495.46	12,883,994.24
Notes & Loans Payable	53,256,000.00	54,825,000.00	59,495,000.00	48,586,000.00	48,136,000.00	450,000.00
Revenue Bonds Payable	841,549,906.52	157,017,774.25	75,415,746.85	923,151,933.92	43,983,664.64	879,168,269.28
Total	$ 926,084,522.57	$ 227,182,033.27	$ 149,789,300.49	$ 1,003,477,255.35	$ 105,116,432.96	$ 898,360,822.39

Claims and Judgments

At August 31, 2014, various lawsuits and claims involving the System were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against the System cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not expected to have a material effect on System accounts.

Capital Lease Obligations

See Note 8 for detailed capital lease note disclosure requirements.

Notes and Loans Payable

The Board of Regents has established a program to issue commercial paper notes payable from pledged revenues; the general purpose and function of which is to finance System project costs of eligible projects and to refinance, renew, or refund notes, any prior encumbered obligations, and parity debt obligations, including interest thereon. The System is authorized to issue commercial paper (Consolidated Revenue Commercial Paper Program, Series A) in the form of notes which may not exceed, in the aggregate, a principal amount which was initially established at $50,000,000 at any one time, and was increased in March 2009 to $125,000,000 at any one time. The maximum maturity for the commercial paper is 270 days and is issued at tax exempt and taxable interest rates. During the 2014 fiscal year the System issued $54,375,000.00 of commercial paper notes. As of the date of the issuance of this financial report, the System had outstanding commercial paper liabilities of $48,136,000.00, which will be redeemed during fiscal year 2015, and which the System anticipates refinancing with long-term debt.

The System also holds a loan payable, the proceeds of which are being used to establish the Dave Williams Golf Academy.

The System's debt service requirements for long-term notes and loans payable as of August 31, 2014 are presented in Table 5.2.

Table 5.2 – Long Term Notes and Loans Payable

Business-Type Activities	Year	Principal	Interest	Total
Commercial Paper	2015	$ 48,136,000.00	$ 10,056.52	$ 48,146,056.52
		48,136,000.00	10,056.52	48,146,056.52
Loans Payable	2015	0.00	0.00	0.00
	2016	112,500.00	22,500.00	135,000.00
	2017	112,500.00	17,279.73	129,779.73
	2018	112,500.00	11,798.45	124,298.45
	2019	112,500.00	6,043.11	118,543.11
		450,000.00	57,621.29	507,621.29
Grand Total		$ 48,586,000.00	$ 67,677.81	$ 48,653,677.81

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 2014. 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 2014 fiscal year, for accrued vacation and compensatory leave, totaled $ 2,478,728.48.

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 2014 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, 2014 was 0.05%.
  - 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 $325,000 were extinguished early by using existing assets.

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

- **Consolidated Revenue Bonds, Series 2006**
  - To finance the acquisition, purchase, construction, improvement, enlargement and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the University of Houston System and the individual campuses of the System.
  - Proceeds were used to finance the construction of the Shea Street Academic Building and Parking Facility (UHD).
  - $35,140,000; all bonds authorized have been issued (UHD – $35,140,000).
  - Issued 02-01-2006.
  - Source of revenue for debt service – Designated tuition and various other fees that may be legally available for payment of debt obligations. (Funding for fiscal year 2014 partially from Legislative Appropriation-Tuition Revenue Bonds.)

General Obligation Bonds

At August 31, 2014, the System had no bonds payable classified as General Obligation Bonds.

Refunding Bonds

- **Consolidated Revenue Refunding Bonds, Series 2003**
  - To refund $15,975,000 of Consolidated Revenue Refunding Bonds, Series 1995.
  - $16,490,000; all bonds authorized have been issued (UHD – $16,490,000).
  - Issued 12-01-2003.

- Source of revenue for debt service – Tuition and various other revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2014 fully from Legislative Appropriation-Tuition Revenue Bonds.)
- Average rate of bonds refunded - 5.92%.
- Net proceeds from refunding series - $17,419,961 after receipt of bond premium of $896,716 and payment of $266,453 in underwriting fees, insurance, and other issuance costs.
- Funds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1995 series bonds, when the bonds were called for early redemption on 02-15-05.
- The 1995 series bonds are considered fully defeased, and the liability for those bonds has been removed from the Investment in Plant fund group.
- Refunding of the 1995 series bonds reduced the System's debt service payments over the life of the bond issues by approximately $1,377,275.
- Economic gain - $1,292,003; the difference between the net present value of the old and new debt service payments.

- **Consolidated Revenue Refunding Bonds, Series 2006**
  - To refund $3,295,000 of Consolidated Revenue Refunding Bonds, Series 1997 (UHV) and $44,430,000 of Consolidated Revenue Bonds, Series 2000 (UH).
  - $48,450,000; all bonds authorized have been issued (UH – $45,240,000 and UHV – $3,210,000).
  - Issued 02-01-2006.
  - Source of revenue for debt service – Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2014 partially from Legislative Appropriation-Tuition Revenue Bonds.)
  - Average interest rate of bonds refunded - 5.45% (1997) and 5.45% (2000).
  - Net proceeds from refunding series - $49,799,345, after receipt of bond premium of $1,823,210 and payment of $473,865 in underwriting fees, insurance, and other issuance costs.
  - Funds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1997 and 2000 series bonds. The refunded 1997 series will be called for early redemption on 08-15-2007, and the 2000 series bonds will be called for early redemption on 02-15-2010.
  - The 1997 series bonds maturing subsequent to 08-15-2007 and the 2000 series bonds maturing subsequent to 02-15-2010 are considered fully defeased, and the liability for those bonds has been removed from the Investment in Plant Fund Group.
  - Refunding of the 1997 and 2000 series bonds reduced the System's debt service payments over the life of the bond issues by approximately $4,841,586.
  - Economic gain - $3,013,573; the difference between the net present value of the old and new debt service payments.

- **Consolidated Revenue and Refunding Bonds, Series 2008**
  - To (a) refund and defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, improvement, enlargement and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on the behalf of the System, including individual campuses of the System.
  - In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the construction of the Calhoun Lofts, East Parking Garage Part 1, and MacGregor Land purchase (UH), the Allied Health Facility, The Regional Center for Economic Development, and Building 2, Sugarland (UHV).
  - $175,030,000: all bonds have been issued (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 2014 partially from Legislative Appropriations–Tuition Revenue Bonds.)

- **Consolidated Revenue and Refunding Bonds, Series 2009**
  - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.

- In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the Science Lab renovations, the purchase of Bayou Oaks, the construction of the Stadium Parking Garage Part 1 and East Garage Part 2 (UH) and the renovation of the Arbor Building (UHCL).
- Issued 02-04-2009.
- $108,395,000; all bonds authorized have been issued (UH – $98,230,000 and UHCL – $10,165,000).
- Source of revenue for debt service – Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2014 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 2014 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 2014 partially from Legislative Appropriation-Tuition Revenue Bonds.)
  - Average interest rate of bonds refunded - 4.464013%.
  - Net proceeds from refunding series - $89,366,528.00, after receipt of bond premium of $12,525,317.05 and additional available funds of $1,427,621.11 and payment of $226,410.16 in underwriting fees, insurance, and other issuance costs.
  - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2002-A and 2002-B series bonds, after they were called for early redemption on 02-15-2012.
  - The 2002-A and 2002-B series bonds maturing subsequent to 02-15-2012 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
  - Refunding of the 2002-A and 2002-B series bonds reduced the System's debt service payments over the life of the bond issues by approximately $12,683,166.71.
  - Economic gain - $11,417,870.29; the difference between the net present value of the old and new debt service payments.

- **Consolidated Revenue and Refunding Bonds, Series 2011-B**
  - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
  - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance construction costs for West Dining Hall and renovation of the University Center (UH).
  - Issued 12-29-2011.

- $21,310,000; all bonds authorized have been issued (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 2014 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 are 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.

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	$ 1,356,448,302.54	$ NA
Term of commitment year ending 08/31	NA	2043	NA
Percentage of revenue pledged	NA	100%	NA
Current year pledged revenue	$ NA	$ 748,720,099.40	$ NA
Current year principal and interest paid	$ NA	$ 82,359,989.18	$ 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, 2014. 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 $112,920.20. The full amount of interest due to bond holders was paid by the System.

NOTE 7: Derivative Instruments

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

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

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

As of August 31, 2014 the System had no investments in Derivative Instruments.

NOTE 8: Leases

Operating Leases

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

Fund Type	Amount
Proprietary Fund	$ 10,087,398.66

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

Year Ending August 31,	Amount
2015	$ 8,069,918.93
2016	6,052,439.20
2017	4,034,959.46
2018	2,017,479.73
2019	1,008,739.87
2020-2024	2,521,849.67
2025-2029	1,260,924.83
Total Minimum Future Lease Rental Payments	$ 24,966,311.69

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, 2014 is as follows:

Assets Under Capital Leases
Year Ended August 31, 2014

Primary Government − Business-Type Activities			
Class of Property	Assets under Capital Lease	Sum of Principal Payments	Total
Buildings	$ 7,769,869.94	$ 1,520,610.46	$ 6,249,259.48
Total	$ 7,769,869.94	$ 1,520,610.46	$ 6,249,259.48

Primary Government − Business-Type Activities			
Class of Property	Assets under Capital Lease	Accumulated Depreciation	Total
Buildings	$ 7,769,869.94	$ 1,342,068.00	$ 6,427,801.94
Total	$ 7,769,869.94	$ 1,342,068.00	$ 6,427,801.94

Future Capital Lease Payments
Year Ending August 31, 2014

Primary Government − Business-Type Activities			
Year	Principal	Interest	Total Future Minimum Lease Payments
2015	$ 390,700.61	$ 263,554.03	$ 654,254.64
2016	397,875.30	245,183.70	643,059.00
2017	402,324.88	225,273.56	627,598.44
2018	405,177.51	204,852.81	610,030.32
2019	409,326.13	185.481.71	594,807.84
2020-2024	2,104,912.00	646,848.56	2,751,760.56
2025-2029	2,138,943.05	204,613.27	2,343,556.32
Total	$ 6,249,259.48	$ 1,975,807.94	$ 8,225,067.12

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, 2014 are:

	TRS Participants	ORP Participants	Total Contributions
Member Contributions	$ 18,561,576.62	$ 14,737,725.00	$ 33,299,301.62
Employer Contributions	19,781,895.60	16,347,814.00	36,129,709.60
Total	$ 38,343,472.22	$ 31,085,539.00	$ 69,429,011.22

NOTE 10: Deferred Compensation (Administering Agencies Only)

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

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

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

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

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

NOTE 12: Interfund Activity and Transactions

The System experienced routine transfers with other state agencies that were consistent with the activities of the fund making the transfer. The System has no interfund activity to report.

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 2014, certain accounting changes or adjustments were made that required the restatement of fund balances or net position. The restatements are presented below:

Table 14 – Restatements

	Enterprise Funds
Fund Balance/Net Position, 09/01/13	$ 1,535,271,601.22
Restatements	2,399,597.15
Fund Balance/Net Position, 09/01/13 Restated	$ 1,537,671,198.37

The restatement of $2,399,597.15 in Enterprise Funds is due to: (1) $2,512,187.15 in corrections related to asset valuations in the prior period, and (2) reclassification of prior year prepaid costs to Fund Balance-Prior Period in the amount of ($112,590.00).

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 data 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 – $97,516,833.58 and International – $163,766,523.72. The total amount of unfunded commitment is: $33,089,137.00, composed of Domestic – $13,785,209.00 and International – $19,303,928.00.

NOTE 16: Subsequent Events

At a regular meeting on August 20, 2014, the Board of Regents approved additional Consolidated Revenue Refunding Bonds, Series 2014, to be issued at a future date, in an aggregate principal amount (not including premium, if any) not to exceed $53,000,000. The bonds were ultimately issued during the 2015 fiscal year in a total authorized par amount of $47,915,000. The Series 2014 bonds are for the purpose of refunding certain outstanding Consolidated Revenue and Refunding Bonds, Series 2006 of the System and to pay the costs of issuing the bonds and refunding the refunded bonds.

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 2013 and 2014 were:

Table 17.1 – Balance of Claims Activity

	Beginning Balance	Increase	Decrease	Ending Balance
2013	$ 333,708.60	$ 1,912,402.64	$ 1,746,630.57	$ 499,480.67
2014	$ 499,480.67	$ 1,486,583.69	$ 1,788,492.11	$ 197,572.25

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

NOTE 18: Management's Discussion and Analysis

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

NOTE 19: The Financial Reporting Entity

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

Privatized Student Housing Facilities

Several student housing facility projects have been constructed by private external entities in order to enhance the residential life experience of students at various System campuses. The participating entities have financed and constructed housing complexes on System owned property adjacent to the university campuses. These facilities are operated under ground leases and management agreements with the System for extended time periods. Under the terms of the agreements, cash revenues from rental income, net of operating expenses, are shared with the System. If cash revenues do not attain certain contractually defined thresholds, the System may be liable to the external management entity for the deficiency. In prior fiscal years, contingent liability payments were made by University of Houston. During the 2013 and 2014 fiscal years net cash flows were sufficiently adequate so as not to generate a liability payment. System management believes that current financial and occupancy performance indicates that future years' net cash flows for each residential facility will be sufficient and that future contingent liabilities for the remaining properties will not occur. Repayment of project financing is serviced from revenues generated by the housing projects, and it is the sole responsibility of the external entity. The related loans and bonds are not liabilities of the System or component universities, and are not contained in the financial statements of the System. American Campus Communities operates the Cullen Oaks residential facilities at the University of Houston. Campus Living Villages operates the Cambridge Oaks facility at the University of Houston campus and the University Forest facility at the University of Houston - Clear Lake.

NOTE 20: Stewardship, Compliance and Accountability

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

NOTE 21: N/A

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

NOTE 22: Donor Restricted Endowments

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

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

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

Table 22 – Net Appreciation of Endowments

Donor-Restricted Endowments	Amount of Net Appreciation/(Depreciation)	Reported in Net Assets
True Endowments	$ 151,500,591.21	Restricted Expendable
Term Endowments	206,772.16	Restricted Expendable
Total	$ 151,707,363.37	

(A fair market value increase of $21,484,117.50 was recognized for endowments at or above historical cost. There were no endowments below historical cost.)

NOTE 23: Extraordinary and Special Items

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

NOTE 24: Disaggregation of Receivable & Payable Balances

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

A. Taxes Receivable

No reportable balances for this classification.

B. Federal Receivable

No reportable balances for this classification.

C. Tax Refunds Payable

No reportable balances for this classification.

D. Other Receivables - Current

No reportable balances for this classification.

E. Other Payables – Current

No reportable balances for this classification.

F. Other Receivables – Non-Current

No reportable balances for this classification.

G. Other Payables – Non-Current

No reportable balances for this classification.

NOTE 25: Termination Benefits

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

NOTE 26: Segment Information

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

NOTE 27: Service Concession Arrangements

As of August 31, 2014 the System has no agreements that are qualified as Service Concession Agreements.

NOTE 28: Deferred Outflows of Resources

In fiscal 2014 The System reported deferred outflows of resources in connection with the issuance of Consolidated Revenue and Refunding Bonds Series 2013A.

As of August 31, 2014	Deferred Outflows of Resources	Deferred Inflows of Resources
Loss on bond refunding (Note 6)	$ 57,046.92	$ 0.00
Total	$ 57,046.92	$ 0.00

Deferred outflows of resources of $57,046.92 were related to the issuance of advance refunding bonds which partially defeased Series 2003, 2005 and 2006 Consolidated Revenue Bonds and resulted in a total deferred outflow of $515,099.28. Fiscal 2014 amortization of $458,052.36 resulted in an unamortized balance of $57,046.92. Details of the 2013A refunding bonds are disclosed in Note 6.

NOTE 29: Troubled Debt Restructuring

No debts have been identified that fall under the troubled debt restructuring guidelines of GASB 62.

NOTE 30: Non-Exchange Financial Guarantees

As of August 31, 2014, the System has no non-exchange financial guarantees; therefore, there are no balances to be reported.

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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, 2014

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 Year	Scheduled Maturities Last Year	First Call Date
Consolidated Revenue Refunding Bonds							
Self-supporting Revenue Bonds							
Consolidated Revenue Refunding Bonds Series	2003	$ 16,490,000.00	2.0000% - 5.0000%		2006	2017	2/15/2013
Consolidated Revenue Refunding Bonds Series	2006	48,450,000.00	3.5000% - 5.0000%		2007	2030	2/15/2015
Consolidated Revenue & Refunding Bonds Series	2008	175,030,000.00	4.0000% - 5.2500%		2008	2038	2/15/2019
Consolidated Revenue & Refunding Bonds Series	2009	108,395,000.00	3.0000% - 5.0000%		2009	2033	2/15/2019
Consolidated Revenue & Refunding Bonds Series	2009-A	71,175,000.00	4.0000% - 5.0000%		2010	2034	2/15/2019
Consolidated Revenue & Refunding Bonds Series	2010-A	23,305,000.00	4.2500% - 6.1250%		2011	2035	2/15/2020
Consolidated Revenue & Refunding Bonds Series	2010-B	79,975,000.00	4.4500% - 6.3100%		2017	2035	2/15/2020
Consolidated Revenue & Refunding Bonds Series	2010-C	18,255,000.00	2.0000% - 4.0000%		2011	2016	N/A
Consolidated Revenue & Refunding Bonds Series	2011-A	265,500,000.00	2.0000% - 5.0000%		2013	2043	2/15/2021
Consolidated Revenue & Refunding Bonds Series	2011-B	21,310,000.00	2.7500% - 4.8500%		2013	2037	N/A
Consolidated Revenue & 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 Bonds							
Self-supporting Revenue Bonds							
Consolidated Revenue Bonds Series	2005	25,800,000.00	4.0000% - 5.0000%		2006	2025	2/15/2015
Consolidated Revenue Bonds Series	2006	35,140,000.00	3.5000% - 5.0000%		2007	2026	2/15/2015
Consolidated Revenue Variable Rate Demand Bonds Series	2004	25,000,000.00	VAR - VAR	Weekly	2006	2024	8/15/2004
		$ 1,066,400,000.00					

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Schedule 2-B
University of Houston System (797)
Combined Schedule Of Changes In Bonded Indebtedness
For The Year Ended August 31, 2014

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2013	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2014
General Obligation Bonds					
None					
Revenue Bonds					
Consolidated Revenue Refunding Bonds Series 2002-B	$	$	$	$	$
Consolidated Revenue Refunding Bonds Series 2003	6,735,000.00		1,560,000.00	5,175,000.00	
Consolidated Revenue Refunding Bonds Series 2006	42,075,000.00		1,915,000.00	5,430,000.00	34,730,000.00
Consolidated Revenue & Refunding Bonds Series 2008	154,305,000.00		4,480,000.00		149,825,000.00
Consolidated Revenue & Refunding Bonds Series 2009	90,755,000.00		3,810,000.00		86,945,000.00
Consolidated Revenue & Refunding Bonds Series 2009-A	60,890,000.00		3,250,000.00		57,640,000.00
Consolidated Revenue & Refunding Bonds Series 2010-A	21,515,000.00		650,000.00		20,865,000.00
Consolidated Revenue & Refunding Bonds Series 2010-B	79,975,000.00				79,975,000.00
Consolidated Revenue & Refunding Bonds Series 2010-C	11,130,000.00		3,580,000.00		7,550,000.00
Consolidated Revenue & Refunding Bonds Series 2011-A	256,960,000.00		11,180,000.00		245,780,000.00
Consolidated Revenue & Refunding Bonds Series 2011-B	20,645,000.00		690,000.00		19,955,000.00
Consolidated Revenue & Refunding Bonds Series 2013-A		50,155,000.00	790,000.00		49,365,000.00
Consolidated Revenue & Refunding Bonds Series 2013-B		102,420,000.00	2,950,000.00		99,470,000.00
Consolidated Revenue Bonds Series 2002-A					
Consolidated Revenue Variable Rate Demand Bonds Series 2004	6,440,000.00		1,220,000.00	325,000.00	4,895,000.00
Consolidated Revenue Bonds Series 2005	18,755,000.00		1,170,000.00	16,355,000.00	1,230,000.00
Consolidated Revenue Bonds Series 2006	26,415,000.00		1,485,000.00	4,985,000.00	19,945,000.00
Total Revenue Bonds	$ 796,595,000.00	$ 152,575,000.00	$ 38,730,000.00	$ 32,270,000.00	$ 878,170,000.00

	Unamortized Premium	Unamortized Discount	Issuance Costs	Unamortized Gain / (Loss) On Refunding	Net Bonds Outstanding 08/31/2014	Amounts Due Within One Year
Revenue Bonds						
Consolidated Revenue Refunding Bonds Series 2002-B	$	$	$	$	$	$
Consolidated Revenue Refunding Bonds Series 2003						
Consolidated Revenue Refunding Bonds Series 2006	935,488.69				35,665,488.69	2,084,897.08
Consolidated Revenue & Refunding Bonds Series 2008	4,382,901.46				154,207,901.46	4,933,653.96
Consolidated Revenue & Refunding Bonds Series 2009	3,555,838.50				90,500,838.50	4,209,687.03
Consolidated Revenue & Refunding Bonds Series 2009-A	1,528,384.16				59,168,384.16	3,634,526.33
Consolidated Revenue & Refunding Bonds Series 2010-A	128,160.38				20,993,160.38	686,251.73
Consolidated Revenue & Refunding Bonds Series 2010-B	469,322.45				80,444,322.45	22,893.77
Consolidated Revenue & Refunding Bonds Series 2010-C	231,244.35				7,781,244.35	3,859,162.91
Consolidated Revenue & Refunding Bonds Series 2011-A	28,624,668.04				274,404,668.04	14,045,269.42
Consolidated Revenue & Refunding Bonds Series 2011-B	159,326.95				20,114,326.95	722,081.20
Consolidated Revenue & Refunding Bonds Series 2013-A	3,531,972.21				52,896,972.21	2,676,865.39
Consolidated Revenue & Refunding Bonds Series 2013-B	513,441.01				99,983,441.01	2,965,495.64
Consolidated Revenue Bonds Series 2002-A						
Consolidated Revenue Variable Rate Demand Bonds Series 2004	44,132.91				4,939,132.91	1,279,645.57
Consolidated Revenue Bonds Series 2005	4,678.09				1,234,678.09	1,234,678.09
Consolidated Revenue Bonds Series 2006	788,400.04				20,733,400.04	1,628,556.52
Total Revenue Bonds	$ 44,897,959.24	$	$	$	$ 923,067,959.24	$ 43,983,664.64

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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, 2014

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
General Obligations Bonds				
Self-Supporting Bonds				
None		$	$	$
Not Self-Supporting Bonds				
None		$	$	$
Revenue Bonds				
Self-Supporting Bonds				
Consolidated Revenue Refunding Bonds Series 2003	2015	$	$	$
	2016			
	2017			
	2018			
	2019			
	2020 - 2024			
	2025 - 2029			
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$	$	$
Consolidated Revenue Refunding Bonds Series 2006	2015	$ 2,015,000.00	$ 1,584,643.76	$ 3,599,643.76
	2016	2,120,000.00	1,481,268.76	3,601,268.76
	2017	1,290,000.00	1,396,018.76	2,686,018.76
	2018	1,105,000.00	1,336,143.76	2,441,143.76
	2019	1,155,000.00	1,279,643.76	2,434,643.76
	2020 - 2024	8,850,000.00	5,374,584.42	14,224,584.42
	2025 - 2029	14,800,000.00	2,510,475.00	17,310,475.00
	2030 - 2034	3,395,000.00	76,387.50	3,471,387.50
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 34,730,000.00	$ 15,039,165.72	$ 49,769,165.72
Consolidated Revenue & Refunding Bonds Series 2008	2015	$ 4,700,000.00	$ 7,415,962.50	$ 12,115,962.50
	2016	4,945,000.00	7,174,837.50	12,119,837.50
	2017	5,170,000.00	6,947,812.50	12,117,812.50
	2018	5,385,000.00	6,730,662.50	12,115,662.50
	2019	5,650,000.00	6,468,600.00	12,118,600.00
	2020 - 2024	33,155,000.00	27,432,281.25	60,587,281.25
	2025 - 2029	38,065,000.00	17,684,300.00	55,749,300.00
	2030 - 2034	26,365,000.00	10,024,375.00	36,389,375.00
	2035 - 2039	26,390,000.00	2,721,500.00	29,111,500.00
	2040 - 2044			
	2045 - 2049			
		$ 149,825,000.00	$ 92,600,331.25	$ 242,425,331.25
Consolidated Revenue & Refunding Bonds Series 2009	2015	$ 3,965,000.00	$ 4,187,050.00	$ 8,152,050.00
	2016	4,125,000.00	4,025,250.00	8,150,250.00
	2017	4,310,000.00	3,835,000.00	8,145,000.00
	2018	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 - 2024	27,735,000.00	12,984,875.00	40,719,875.00
	2025 - 2029	30,595,000.00	5,228,625.00	35,823,625.00
	2030 - 2034	6,920,000.00	578,500.00	7,498,500.00
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 86,945,000.00	$ 37,834,925.00	$ 124,779,925.00

Unaudited

Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2014

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2009-A	2015	$ 3,415,000.00	$ 2,601,743.76	$ 6,016,743.76
	2016	3,590,000.00	2,426,618.76	6,016,618.76
	2017	3,775,000.00	2,242,493.76	6,017,493.76
	2018	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 - 2024	10,170,000.00	7,936,818.80	18,106,818.80
	2025 - 2029	12,565,000.00	5,536,865.64	18,101,865.64
	2030 - 2034	16,025,000.00	2,083,125.00	18,108,125.00
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 57,640,000.00	$ 26,744,103.24	$ 84,384,103.24
Consolidated Revenue & Refunding Bonds Series 2010-A	2015	$ 680,000.00	$ 1,137,595.26	$ 1,817,595.26
	2016	715,000.00	1,107,951.51	1,822,951.51
	2017	745,000.00	1,076,926.51	1,821,926.51
	2018	775,000.00	1,042,689.01	1,817,689.01
	2019	810,000.00	1,004,032.76	1,814,032.76
	2020 - 2024	4,750,000.00	4,331,685.05	9,081,685.05
	2025 - 2029	6,245,000.00	2,828,793.80	9,073,793.80
	2030 - 2034	5,090,000.00	1,049,518.79	6,139,518.79
	2035 - 2039	1,055,000.00	32,309.38	1,087,309.38
	2040 - 2044			
	2045 - 2049			
		$ 20,865,000.00	$ 13,611,502.07	$ 34,476,502.07
Consolidated Revenue & Refunding Bonds Series 2010-B	2015	$	$ 4,480,960.00	$ 4,480,960.00
	2016		4,480,960.00	4,480,960.00
	2017	3,980,000.00	4,392,405.00	8,372,405.00
	2018	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 - 2024	23,435,000.00	16,573,701.75	40,008,701.75
	2025 - 2029	28,105,000.00	9,415,374.25	37,520,374.25
	2030 - 2034	15,330,000.00	1,744,696.50	17,074,696.50
	2035 - 2039	780,000.00	24,609.00	804,609.00
	2040 - 2044			
	2045 - 2049			
		$ 79,975,000.00	$ 49,329,976.50	$ 129,304,976.50
Consolidated Revenue & Refunding Bonds Series 2010-C	2015	$ 3,705,000.00	$ 227,900.00	$ 3,932,900.00
	2016	3,845,000.00	76,900.00	3,921,900.00
	2017			
	2018			
	2019			
	2020 - 2024			
	2025 - 2029			
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 7,550,000.00	$ 304,800.00	$ 7,854,800.00

Unaudited

Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2014

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2011-A	2015	$ 11,780,000.00	$ 11,994,500.00	$ 23,774,500.00
	2016	12,415,000.00	11,389,625.00	23,804,625.00
	2017	13,055,000.00	10,752,875.00	23,807,875.00
	2018	13,395,000.00	10,091,625.00	23,486,625.00
	2019	11,585,000.01	9,467,125.01	21,052,125.02
	2020 - 2024	49,884,999.99	38,635,874.99	88,520,874.98
	2025 - 2029	33,535,000.00	29,392,125.00	62,927,125.00
	2030 - 2034	41,320,000.00	19,915,500.00	61,235,500.00
	2035 - 2039	36,860,000.00	9,609,500.00	46,469,500.00
	2040 - 2044	21,950,000.00	2,263,750.00	24,213,750.00
	2045 - 2049			
		$ 245,780,000.00	$ 153,512,500.00	$ 399,292,500.00
Consolidated Revenue & Refunding Bonds Series 2011-B	2015	$ 715,000.00	$ 804,242.51	$ 1,519,242.51
	2016	740,000.00	780,598.76	1,520,598.76
	2017	755,000.00	758,192.51	1,513,192.51
	2018	780,000.00	735,136.26	1,515,136.26
	2019	805,000.00	709,380.01	1,514,380.01
	2020 - 2024	4,455,000.00	3,120,384.43	7,575,384.43
	2025 - 2029	4,525,000.00	2,190,010.03	6,715,010.03
	2030 - 2034	4,160,000.00	1,252,135.00	5,412,135.00
	2035 - 2039	3,020,000.00	224,312.50	3,244,312.50
	2040 - 2044			
	2045 - 2049			
		$ 19,955,000.00	$ 10,574,392.01	$ 30,529,392.01
Consolidated Revenue & Refunding Bonds Series 2013-A	2015	$ 2,305,000.00	$ 2,156,081.26	$ 4,461,081.26
	2016	3,530,000.00	2,050,906.26	5,580,906.26
	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 - 2024	17,900,000.00	4,427,706.30	22,327,706.30
	2025 - 2029	7,415,000.00	1,859,115.67	9,274,115.67
	2030 - 2034	5,465,000.00	522,781.26	5,987,781.26
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 49,365,000.00	$ 15,921,259.53	$ 65,286,259.53
Consolidated Revenue & Refunding Bonds Series 2013-B	2015	$ 2,940,000.00	$ 4,047,878.00	$ 6,987,878.00
	2016	3,410,000.00	4,010,778.00	7,420,778.00
	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 - 2024	20,065,000.00	17,041,776.25	37,106,776.25
	2025 - 2029	24,605,000.00	12,498,222.75	37,103,222.75
	2030 - 2034	28,005,000.00	5,818,554.00	33,823,554.00
	2035 - 2039	9,800,000.00	708,876.00	10,508,876.00
	2040 - 2044			
	2045 - 2049			
		$ 99,470,000.00	$ 55,741,094.00	$ 155,211,094.00

Unaudited

Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2014

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue Variable Rate Demand Bonds Series 2004	2015	$ 1,275,000.00	$ 191,587.50	$ 1,466,587.50
	2016	1,335,000.00	132,862.50	1,467,862.50
	2017	1,395,000.00	71,437.50	1,466,437.50
	2018	890,000.00	20,025.00	910,025.00
	2019			
	2020 - 2024			
	2025 - 2029			
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 4,895,000.00	$ 415,912.50	$ 5,310,912.50
Consolidated Revenue Bonds Series 2005	2015	$ 1,230,000.00	$ 24,600.00	$ 1,254,600.00
	2016			
	2017			
	2018			
	2019			
	2020 - 2024			
	2025 - 2029			
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 1,230,000.00	$ 24,600.00	$ 1,254,600.00
Consolidated Revenue Bonds Series 2006	2015	$ 1,560,000.00	$ 925,693.76	$ 2,485,693.76
	2016	1,640,000.00	845,693.76	2,485,693.76
	2017	995,000.00	779,818.76	1,774,818.76
	2018	1,050,000.00	728,693.76	1,778,693.76
	2019	1,095,000.00	675,068.76	1,770,068.76
	2020 - 2024	8,395,000.00	2,405,021.92	10,800,021.92
	2025 - 2029	5,210,000.00	263,750.00	5,473,750.00
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
		$ 19,945,000.00	$ 6,623,740.72	$ 26,568,740.72
Not Self-Supporting Bonds				
None		$	$	$
Total		$ 878,170,000.00	$ 478,278,302.54	$ 1,356,448,302.54
Summary				
All Bonds Issues, All Series	2015	$ 40,285,000.00	$ 41,780,438.31	$ 82,065,438.31
	2016	42,410,000.00	39,984,250.81	82,394,250.81
	2017	44,325,000.00	38,050,869.56	82,375,869.56
	2018	43,105,000.00	36,054,683.31	79,159,683.31
	2019	41,655,000.01	34,085,263.32	75,740,263.33
	2020 - 2024	208,794,999.99	140,264,710.16	349,059,710.15
	2025 - 2029	205,665,000.00	89,407,657.14	295,072,657.14
	2030 - 2034	152,075,000.00	43,065,573.05	195,140,573.05
	2035 - 2039	77,905,000.00	13,321,106.88	91,226,106.88
	2040 - 2044	21,950,000.00	2,263,750.00	24,213,750.00
	2045 - 2049			
Total as shown above		$ 878,170,000.00	$ 478,278,302.54	$ 1,356,448,302.54

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Unaudited

Schedule 2-D
University of Houston System (797)
Combined Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2014

Business-Type Activities
General Obligation Bonds

Description of Issue	Beginning Balance Available for Debt Service 09/01/2013	Sources of Funds: Pledged Sources: Interest Earned on Investments	Sources of Funds: Pledged Sources: Other Pledged Sources	Sources of Funds: Other Sources: Operating Transfers	Sources of Funds: Other Sources: State's General Revenue	Total Sources Available
	$	$	$	$	$	$
Total	$	$	$	$	$	$

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

	Ending Balance Available for Debt Service at 08/31/2014: Required	Ending Balance Available for Debt Service at 08/31/2014: 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, 2014

Business-Type Activities
Revenue Bonds

	Pledged and Other Sources and Related Expenditure for FY 2014							
				a	b	c	d	(a+b-c-d)
Description of Issue	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Sources	Other Sources	Operating Expenses & Expenditures	Capital Outlay	Net Available for Debt Service
Consolidated Revenue Refunding Bonds and Consolidated Revenue Bonds (A)	$	$ 26.76	$ 748,720,072.64	$ 748,720,099.40	$	$	$	$ 748,720,099.40
Total	$	$ 26.76	$ 748,720,072.64	$ 748,720,099.40	$	$	$	$ 748,720,099.40

(A) Other Pledged Revenues Consist of

Tuition and Fees	$ 581,404,841.84
Investment Income	2,282,707.54
Sales and Service	142,565,351.26
Legislative Appropriations	22,467,172.00
Total as shown above	$ 748,720,072.64

(B) Expenditures associated with pledged sources were approximately $ 604,671,580.74

	Debt Service			Interest & Sinking Fund		Reserve Fund	
Description of Issue	Principal	Interest	Refunded or Extinguished	Minimum	Actual	Minimum	Actual
Consolidated Revenue Refunding Bonds Series 2002-B	$	$	$	$	$	$	$
Consolidated Revenue Refunding Bonds Series 2003	1,560,000.00	66,312.51	5,175,000.00				
Consolidated Revenue Refunding Bonds Series 2006	1,915,000.00	1,686,346.35	5,430,000.00				
Consolidated Revenue & Refunding Bonds Series 2008	4,480,000.00	7,645,462.50					
Consolidated Revenue & Refunding Bonds Series 2009	3,810,000.00	4,342,550.00					
Consolidated Revenue & Refunding Bonds Series 2009-A	3,250,000.00	2,768,368.76					
Consolidated Revenue & Refunding Bonds Series 2010-A	650,000.00	1,165,857.75					
Consolidated Revenue & Refunding Bonds Series 2010-B		4,480,960.00					
Consolidated Revenue & Refunding Bonds Series 2010-C	3,580,000.00	355,700.00					
Consolidated Revenue & Refunding Bonds Series 2011-A	11,180,000.00	12,568,500.00					
Consolidated Revenue & Refunding Bonds Series 2011-B	690,000.00	827,073.75					
Consolidated Revenue & Refunding Bonds Series 2013-A	790,000.00	2,005,674.60					
Consolidated Revenue & Refunding Bonds Series 2013-B	2,950,000.00	3,704,365.34					
Consolidated Revenue Bonds Series 2002-A							
Consolidated Revenue Variable Rate Demand Bonds Series 2004	1,545,000.00	3,496.16	325,000.00				
Consolidated Revenue Bonds Series 2005	1,170,000.00	685,955.34	16,355,000.00				
Consolidated Revenue Bonds Series 2006	1,485,000.00	1,001,818.76	4,985,000.00				
Total	$ 39,055,000.00	$ 43,308,441.82	$ 32,270,000.00	$	$	$	$

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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, 2014

Business-Type Activities

Description of Issue	Year Refunded	Par Value Outstanding
General Obligations Bonds		
Schedule not used.		$
Total		$
Revenue Bonds		
Consolidated Revenue Refunding Bonds Series 2006	2013	$ 5,430,000.00
Consolidated Revenue Bonds Series 2006	2013	4,985,000.00
Total		$ 10,415,000.00

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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, 2014

Business-Type Activities

Description of Issue	Category	Amount Extinguished Or Refunded	For Refunding Only: Refunding Issue Par Value	For Refunding Only: Cash Flow Increase / (Decrease)	For Refunding Only: Economic Gain / (Loss)
General Obligations Bonds					
Schedule not used.		$	$	$	$
Total		$	$	$	$
Revenue Bonds					
Consolidated Revenue Refunding Bonds Series 2006	Advance Refunding	5,175,000.00	5,270,000.00	308,760.00	261,590.09
Consolidated Revenue Bonds Series 2006	Advance Refunding	$ 4,985,000.00	4,455,000.00	807,052.78	683,757.64
Consolidated Revenue Bonds Series 2005	Advance Refunding	16,355,000.00	15,235,000.00	1,853,009.58	1,569,921.42
Consolidated Revenue Variable Rate Demand Bonds Series 2004	Early Extinguishment	325,000.00			
Consolidated Revenue Refunding Bonds Series 2003	Advance Refunding	5,175,000.00	5,150,000.00	147,660.00	125,101.67
Total		$ 32,015,000.00	$ 30,110,000.00	$ 3,116,482.36	$ 2,640,370.82

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Schedule 3
University of Houston System (797)
Combined Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2014

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund No. 0225 (UH-730)	$ 8,545,568.54	$	$ 8,545,568.54
Local Revenue Fund No. 0229 (UHCL-759)	9,842,299.49		9,842,299.49
Local Revenue Fund No. 0233 (UHV-765)	780,379.92		780,379.92
Local Revenue Fund No. 0268 (UHD-784)	620,341.90		620,341.90
Total Cash in State Treasury	$ 19,788,589.85	$	$ 19,788,589.85

UNIVERSITY OF HOUSTON

UNAUDITED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

WITH AUGUST 31, 2013 COMPARATIVE DATA

UNIVERSITY OF HOUSTON

PRIMARY STATEMENTS

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$ 38,660.00	$ 40,688.65
Cash in Bank	(211,627,397.72)	(71,499,147.34)
Cash in Transit/Reimburse From Treasury	1,000.00	939,062.68
Cash in State Treasury	8,545,568.54	7,803,743.47
Cash Equivalents	179,877,400.46	190,764,019.44
Short Term Investments	4,124,487.23	12,483,736.04
Restricted:		
Cash In Bank	223,176,834.92	81,531,436.20
Legislative Appropriation	94,077,143.96	67,259,824.18
Receivables:		
Federal Receivables	16,086,022.10	26,912,933.22
UHS Intercampus Receivables	209,927,107.85	197,304,065.54
Accounts Receivable	11,059,077.05	12,159,707.76
Gifts	30,964,212.73	22,692,134.51
Other	183,521.03	217,012.41
Due From Other Agencies	14,714,604.56	13,573,708.93
Consumable Inventories	711,321.09	623,612.56
Merchandise Inventories	1,253,533.30	1,254,769.93
Prepaid Costs	28,036,041.96	62,840,993.91
Loans and Contracts	12,611,363.71	11,920,839.26
Total Current Assets	623,760,502.77	638,823,141.35
Non-Current Assets		
Restricted:		
Receivables	45,377,457.99	41,902,918.36
UHS Intercampus Receivables	433,861,269.69	410,358,717.70
Loans and Contracts	10,092,659.21	12,668,463.02
Investments	370,196.28	753,582.20
UHS Intercampus Receivables	73,108,396.69	67,106,600.75
Capital Assets		
Non-Depreciable or Non-Amortizable	238,934,773.49	270,517,198.08
Depreciable or Amortizable, Net	842,531,568.80	706,666,035.12
Total Non-Current Assets	1,644,276,322.15	1,509,973,515.23
Total Assets	2,268,036,824.92	2,148,796,656.58
Deferred Outflow of Resources		
Loss on Bond Refunding	28,645.94	
Total Deferred Outflow of Resources	28,645.94	
Total Assets and Deferred Outflow of Resources	2,268,065,470.86	2,148,796,656.58

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	31,438,313.91	38,472,312.52
Federal Payable	53,204.80	
Payroll Payable	35,475,477.17	33,048,276.72
UHS Intercampus Payable	20,216,075.01	25,577,274.46
Other Payable	1,741,534.62	1,504,918.98
Due to Other Agencies	427,992.99	807,572.30
Unearned Revenues	139,808,556.87	136,403,017.12
Notes and Loans Payable		400,000.00
Revenue Bonds Payable	33,302,358.63	28,581,725.56
Claims and Judgments Payable	150,077.45	416,249.86
Employees' Compensable Leave	9,431,748.99	8,927,621.08
Funds Held for Others	21,121,670.65	13,644,742.79
Total Current Liabilities	293,167,011.09	287,783,711.39
Non-Current Liabilities		
Revenue Bonds Payable	764,116,284.17	688,264,216.71
Employees' Compensable Leave	9,793,177.60	9,389,205.11
Notes and Loans Payable	450,000.00	
Total Non-Current Liabilities	774,359,461.77	697,653,421.82
Total Liabilities	1,067,526,472.86	985,437,133.21
Total Liabilities and Deferred Inflow of Resources	1,067,526,472.86	985,437,133.21
Net Position		
Invested in Capital Assets, Net of Related Debt	338,013,010.06	359,171,252.41
Restricted for:		
Debt Retirement	9,540.42	37,266,572.33
Capital Projects	8,386,892.38	6,889,122.48
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	339,348,367.18	301,038,642.99
Expendable		
Term Endowments	200,319.42	533,837.49
Funds Functioning as Endowments	32,269,243.79	29,861,465.98
Other Restricted	171,110,280.20	168,702,236.86
Unrestricted	311,201,344.55	259,896,392.83
Total Net Position	$ 1,200,538,998.00	$ 1,163,359,523.37

Unaudited

University of Houston (730)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	$ 424,994,346.05	$ 411,506,113.78
Discounts and Allowances	(97,907,259.95)	(88,798,719.52)
Auxiliary Enterprise-Pledged	81,009,529.44	71,477,589.58
Discounts and Allowances	(9,262,670.66)	(8,400,942.83)
Other Sales of Goods and Services-Pledged	48,087,005.68	39,802,875.66
Federal Revenue-Operating (PR-OP Grants/Contributions)	58,752,847.54	60,283,365.93
Federal Pass Through Revenue (PR-OP Grants/Contributions)	4,724,310.23	5,279,505.83
State Grant Revenue (PR-OP Grants/Contributions)	5,577,207.18	6,775,753.04
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	29,704,823.22	33,770,055.74
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	32,345,847.27	26,087,982.99
Other Operating Revenues (PR-Chgs for Services)	1,454,978.01	900,850.20
Total Operating Revenues	579,480,964.01	558,684,430.40
Operating Expenses		
Instruction	212,670,340.06	202,725,658.07
Research	108,765,831.71	107,201,997.04
Public Service	42,303,254.17	38,700,159.72
Academic Support	151,929,018.31	145,756,263.57
Student Services	31,174,492.13	28,514,668.36
Institutional Support	68,782,009.83	63,756,372.13
Physical Plant	42,696,485.14	43,468,023.39
Scholarships & Fellowships	55,312,120.70	54,149,667.61
Auxiliary Enterprises	90,803,006.00	82,790,222.09
Depreciation and Amortization	67,472,817.59	58,865,715.13
Total Operating Expenses	871,909,375.64	825,928,747.11
Operating Income (Loss)	(292,428,411.63)	(267,244,316.71)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	143,517,290.00	128,198,995.00
Additional Appropriations (GR)	32,722,082.87	33,401,987.38
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	54,900,379.49	57,472,994.17
Federal Pass Through Revenue (PR-OP Grants/Contributions)	(270.05)	
State Pass Through Revenues Non-Operating	1,086,415.00	
Gifts (PR-OP Grants/Contributions)	64,472,283.59	71,362,477.12
Interest and Investment Income (PR-Chgs for Services)	33,190,414.48	20,930,004.27
Interest Expense and Fiscal Charges	(28,635,993.12)	(33,849,594.30)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	22,662,538.22	14,836,624.86
Other Nonoperating Revenues	8,669,345.98	9,630,200.66
Other Nonoperating Expenses	(68,858,916.07)	(24,275,576.98)
Total Nonoperating Revenues (Expenses)	263,725,570.39	277,708,112.18

Unaudited

University of Houston (730)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(28,702,841.24)	10,463,795.47
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	35,885,768.00	35,885,768.00
Additions to Permanent and Term Endowments	9,459,336.33	9,186,720.39
UHS Intercampus Transfers-In	19,089,573.22	20,194,666.89
UHS IntercampusTransfers-Out	(4,551,084.48)	(4,227,529.87)
Transfers-In	19,907,774.37	16,286,070.09
Transfers-Out	(16,421,238.72)	(12,824,590.51)
Total Other Revenue, Expenses, Gains, Losses and Transfers	63,370,128.72	64,501,104.99
Changes in Net Position	34,667,287.48	74,964,900.46
Net Position, Beginning	1,163,359,523.37	1,082,698,636.49
Restatements	2,512,187.15	5,695,986.42
Net Position Beginning, as Restated	1,165,871,710.52	1,088,394,622.91
Net Position, Ending	$ 1,200,538,998.00	$ 1,163,359,523.37

Unaudited

University of Houston (730)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	$	$	$ 1,203,068.95	$ 8,647.50	$
Salaries and Wages	164,484,121.83	56,076,100.39	15,437,038.69	87,108,044.37	17,008,638.97
Payroll Related Costs	38,540,976.80	10,095,460.83	4,028,110.25	19,280,829.17	4,665,798.68
Professional Fees and Services	1,464,096.90	7,107,511.89	8,347,594.78	7,971,225.24	1,940,219.42
Federal Pass Through Expenses		2,145,437.76	166,646.06		
State Pass Through Expenses		133,815.11			
Travel	877,199.90	3,290,394.37	384,555.88	3,141,261.23	596,533.62
Materials and Supplies	2,570,603.92	8,584,950.34	1,091,557.97	8,190,762.20	1,550,395.40
Communication and Utilities	714,841.09	1,129,529.68	1,712,702.97	12,209,107.28	709,080.35
Repairs and Maintenance	123,502.26	1,214,864.00	684,660.84	2,598,433.19	150,953.32
Rentals and Leases	672,027.99	1,942,806.61	5,351,954.36	4,324,545.80	1,070,025.22
Printing and Reproduction	214,007.25	314,396.02	410,960.14	902,561.80	322,193.91
Depreciation and Amortization					
Interest	2,911.10	4,849.39	6,444.99	4,050.13	12,714.07
Scholarships	421,365.75	1,969,475.27	125,955.66	767,316.30	90,334.16
Claims and Losses		92.00			
Other Operating Expenses	2,584,685.27	14,756,148.05	3,352,002.63	5,422,234.10	3,057,605.01
Total Operating Expenses	$ 212,670,340.06	$ 108,765,831.71	$ 42,303,254.17	$ 151,929,018.31	$ 31,174,492.13

Unaudited

University of Houston (730)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Institutional Support	Operation and Maintainence of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2014	Total 2013
$	$	$	$ 1,733,470.72	$	$ 2,945,187.17	$ 2,810,702.62
32,489,326.47	12,921,934.81	838,108.27	29,402,791.72		415,766,105.52	393,280,321.17
10,502,706.85	4,945,082.20	38,288.36	6,689,830.44		98,787,083.58	90,805,655.23
4,118,241.46	6,621,699.59	432,324.00	19,710,735.50		57,713,648.78	53,964,960.45
					2,312,083.82	2,856,253.50
					133,815.11	217,239.33
273,928.20	27,467.22	84,295.88	4,113,341.98		12,788,978.28	12,249,186.33
1,211,309.33	431,946.95	36,617.42	6,009,079.40		29,677,222.93	27,522,610.64
758,656.23	13,201,085.09	4,514.08	10,675,510.01		41,115,026.78	40,747,261.19
2,380,490.87	947,654.89	1,519.17	4,213,451.98		12,315,530.52	11,141,356.62
12,268,721.61	3,499,294.06	37.00	1,717,133.33		30,846,545.98	27,433,892.20
376,653.13	9,218.53	4,969.26	393,900.31		2,948,860.35	2,943,325.78
				67,472,817.59	67,472,817.59	58,865,715.13
4,190.45	1,350.64	64.39	15,369.91		51,945.07	65,025.46
3,195,518.27		53,803,406.13	789,839.83		61,163,211.37	65,294,265.46
648,689.08					648,781.08	776,232.35
553,577.88	89,751.16	67,976.74	5,338,550.87		35,222,531.71	34,954,743.65
$ 68,782,009.83	$ 42,696,485.14	$ 55,312,120.70	$ 90,803,006.00	$ 67,472,817.59	$ 871,909,375.64	$ 825,928,747.11

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Cash Flows From Operating Activities		
Receipts from Customers	$ 49,045,230.73	$ 38,786,868.19
Proceeds from Tuition and Fees	330,493,930.50	320,489,815.38
Proceeds from Research Grants and Contracts	140,789,868.36	127,067,843.72
Proceeds from Loan Programs	112,400,949.61	102,943,957.24
Proceeds from Auxiliaries	71,596,259.23	70,212,544.01
Proceeds from Other Revenues	1,454,978.01	900,850.20
Payments to Suppliers for Goods and Services	(199,424,132.46)	(175,654,477.61)
Payments to Employees for Salaries	(413,937,605.85)	(392,234,963.34)
Payments to Employees for Benefits	(97,878,983.18)	(90,033,928.43)
Payments for Loans Provided	(110,515,670.25)	(102,810,117.48)
Payments for Other Expenses	(92,321,612.71)	(99,090,093.50)
Net Cash Provided (Used) by Operating Activities	(208,296,788.01)	(199,421,701.62)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	149,422,053.09	158,046,146.36
Proceeds from Gifts	52,725,665.74	53,553,169.24
Proceeds from Endowments	9,459,336.33	9,186,720.39
Proceeds of Transfers from Other Funds	47,666,693.57	46,110,937.64
Proceeds from Grants	55,986,524.44	57,472,994.17
Payments for Transfers to Other Funds	(49,650,586.98)	(41,327,697.36)
Net Cash Provided (Used) by Noncapital Financing Activities	265,609,686.19	283,042,270.44
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	131,580,000.00	
Proceeds from Other Financing Activities	18,443,422.89	115,653,398.64
Proceeds from Capital Contributions	35,885,768.00	35,885,768.00
Payments for Additions to Capital Assets	(169,243,739.53)	(203,155,861.65)
Payments of Principal on Debt Issuance	(51,197,944.31)	(23,722,046.94)
Payments of Interest on Debt Issuance	(29,009,996.61)	(33,849,594.30)
Payments of Other Costs on Debt Issuance	(10,532,045.49)	(75,000.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(74,074,535.05)	(109,263,336.25)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	8,828,473.07	5,412,300.45
Proceeds from Interest Income		2,224,318.70
Proceeds from Investment Income	33,190,414.48	18,705,685.57
Payments to Acquire Investments	(34,824,987.58)	(65,593,347.62)
Net Cash Provided (Used) by Investing Activities	7,193,899.97	(39,251,042.90)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,567,736.90)	(64,893,810.33)
Cash and Cash Equivalents, September 1	209,579,803.10	274,473,613.43
Cash and Cash Equivalents, August 31	$ 200,012,066.20	$ 209,579,803.10

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (292,428,411.63)	$ (267,244,316.71)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Amortization and Depreciation	67,472,817.59	58,865,715.13
Operating Income and Cash Flow Categories:		
Classification Differences	1,885,279.36	133,839.76
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	11,961,033.21	(4,133,098.03)
(Increase) Decrease in Inventories	(86,471.90)	107,256.27
(Increase) Decrease in Prepaid Expenses	(2,189,276.80)	(5,097,147.93)
(Increase) Decrease in Other Assets	(1,140,895.63)	(3,552,877.77)
Increase (Decrease) in Payables	(6,744,178.17)	8,133,990.48
Increase (Decrease) in Deferred Income	3,405,539.75	6,179,487.13
Increase (Decrease) in Compensated Absences	908,100.40	771,726.80
Increase (Decrease) in Benefits Payable	1,828,499.67	1,045,357.83
Increase (Decrease) in Other Liabilities	6,831,176.14	5,368,365.42
Total Adjustments	84,131,623.62	67,822,615.09
Net Cash Provided (Used) by Operating Activities	$ (208,296,788.01)	$ (199,421,701.62)
Non Cash Transactions		
Net Change in Fair Value of Investments	$ 22,662,538.22	$ 14,836,624.86
Non Cash Transactions	$ 22,662,538.22	$ 14,836,624.86

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UNIVERSITY OF HOUSTON
CLEAR LAKE

UNAUDITED ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014
WITH AUGUST 31, 2013 COMPARATIVE DATA

UNIVERSITY OF HOUSTON – CLEAR LAKE

PRIMARY STATEMENTS

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$ 22,800.00	$ 23,350.00
Cash in Bank	6,113,254.36	4,624,525.43
Cash in State Treasury	9,842,299.49	7,469,468.27
Cash Equivalents	13,568,148.16	12,762,157.30
Restricted:		
Cash In Bank	(4,279,575.13)	(3,382,109.32)
Legislative Appropriation	3,671,789.78	4,719,493.32
Receivables:		
Federal Receivables	4,999,650.95	4,343,597.50
UHS Intercampus Receivables	17,249,267.03	16,559,406.66
Accounts Receivable	8,067,440.47	7,228,899.39
Gifts		159,848.48
Other	3,360.14	742.67
Due From Other Agencies	272,765.87	245,852.86
Consumable Inventories	7,359.63	17,877.39
Prepaid Costs	2,812,287.39	5,091,382.91
Loans and Contracts	1,826,849.66	1,464,479.82
Total Current Assets	64,177,697.80	61,328,972.68
Non-Current Assets		
Restricted:		
Receivables		255,151.52
UHS Intercampus Receivables	15,194,278.22	14,019,824.73
Loans and Contracts	481,173.65	578,940.84
UHS Intercampus Receivables	11,186,213.74	10,310,249.53
Capital Assets		
Non-Depreciable or Non-Amortizable	11,563,685.39	12,672,402.93
Depreciable or Amortizable, Net	61,099,914.00	60,791,746.74
Total Non-Current Assets	99,525,265.00	98,628,316.29
Total Assets	163,702,962.80	159,957,288.97
Total Assets and Deferred Outflow of Resources	163,702,962.80	159,957,288.97

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	1,445,066.44	1,178,020.02
Federal Payable	49,889.74	56,673.40
Payroll Payable	3,305,554.54	3,360,325.40
UHS Intercampus Payable	107,613.19	47,410.21
Other Payable	51,724.67	54,944.12
Due to Other Agencies	35,358.75	94,393.78
Unearned Revenues	29,444,187.47	24,619,882.39
Revenue Bonds Payable	2,375,190.14	2,278,755.84
Claims and Judgments Payable	21,433.14	41,888.51
Employees' Compensable Leave	1,005,939.92	951,302.25
Capital Lease Obligations	390,700.61	382,928.44
Funds Held for Others	390,784.38	378,689.50
Total Current Liabilities	38,623,442.99	33,445,213.86
Non-Current Liabilities		
Revenue Bonds Payable	23,568,344.43	25,943,534.57
Employees' Compensable Leave	1,044,487.99	1,000,487.33
Capital Lease Obligations	5,858,558.87	6,249,259.48
Total Non-Current Liabilities	30,471,391.29	33,193,281.38
Total Liabilities	69,094,834.28	66,638,495.24
Total Liabilities and Deferred Inflow of Resources	69,094,834.28	66,638,495.24
Net Position		
Invested in Capital Assets, Net of Related Debt	40,487,406.49	41,678,499.17
Restricted for:		
Debt Retirement		2,985,290.02
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	9,877,119.34	8,901,420.96
Expendable		
Funds Functioning as Endowments	5,288,479.81	4,928,970.21
Other Restricted	2,635,650.04	3,029,384.32
Unrestricted	36,319,472.84	31,795,229.05
Total Net Position	$ 94,608,128.52	$ 93,318,793.73

Unaudited

University of Houston - Clear Lake (759)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	$ 57,842,280.54	$ 51,814,013.47
Discounts and Allowances	(4,632,945.09)	(7,810,188.69)
Auxiliary Enterprise-Pledged	1,358,530.22	1,453,807.46
Other Sales of Goods and Services-Pledged	1,097,751.23	1,190,814.22
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,085,713.18	2,013,310.96
Federal Pass Through Revenue (PR-OP Grants/Contributions)	599,754.20	605,580.43
State Grant Revenue (PR-OP Grants/Contributions)	305,657.07	446,230.25
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	1,874,573.24	1,600,467.35
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	667,197.16	652,302.78
Other Operating Revenues (PR-Chgs for Services)	3,708.00	2,598.00
Total Operating Revenues	61,202,219.75	51,968,936.23
Operating Expenses		
Instruction	39,897,060.24	37,151,234.78
Research	1,716,464.71	1,542,823.42
Public Service	422,521.89	415,037.73
Academic Support	13,903,900.01	12,500,301.25
Student Services	5,695,050.47	4,874,801.06
Institutional Support	14,514,551.60	15,370,335.39
Physical Plant	6,049,029.21	6,405,658.80
Scholarships & Fellowships	10,927,182.51	7,089,061.02
Auxiliary Enterprises	5,903,740.34	5,255,732.01
Depreciation and Amortization	5,662,662.76	5,492,351.20
Total Operating Expenses	104,692,163.74	96,097,336.66
Operating Income (Loss)	(43,489,943.99)	(44,128,400.43)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	24,451,405.00	23,340,530.00
Additional Appropriations (GR)	6,439,753.43	5,799,689.42
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	8,823,560.19	8,481,419.72
State Pass Through Revenues Non-Operating	99,452.00	
Gifts (PR-OP Grants/Contributions)	580,072.63	1,661,100.25
Interest and Investment Income (PR-Chgs for Services)	2,010,162.80	1,173,060.10
Interest Expense and Fiscal Charges	(1,103,841.37)	(1,223,968.39)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	1,299,964.66	798,062.08
Other Nonoperating Revenues	30,025.32	(75,683.02)
Other Nonoperating Expenses	(5,514,754.44)	(317,853.44)
Total Nonoperating Revenues (Expenses)	37,115,800.22	39,636,356.72

Unaudited

University of Houston - Clear Lake (759)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(6,374,143.77)	(4,492,043.71)
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	5,214,167.00	5,214,167.00
Additions to Permanent and Term Endowments	194,425.00	88,988.56
UHS Intercampus Transfers-In	2,884,079.93	2,870,931.50
UHS IntercampusTransfers-Out	(196,972.00)	(181,792.00)
Incr NA Interagency Transfer Capital Assets	8,960.01	
Transfers-In	1,143.99	
Transfers-Out	(440,666.04)	(371,356.79)
Legislative Appropriations Lapsed	(1,659.33)	(1,605.04)
Total Other Revenue, Expenses, Gains, Losses and Transfers	7,663,478.56	7,619,333.23
Changes in Net Position	1,289,334.79	3,127,289.52
Net Position, Beginning	93,318,793.73	90,191,504.21
Net Position, Ending	$ 94,608,128.52	$ 93,318,793.73

Unaudited

University of Houston - Clear Lake (759)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	$	$	$	$	$
Salaries and Wages	29,022,845.12	901,768.78	73,639.02	7,164,561.72	2,428,706.14
Payroll Related Costs	7,145,357.24	193,579.11	6,955.62	1,996,227.83	731,935.79
Professional Fees and Services	694,420.78	66,343.51	287,020.80	496,922.86	1,017,247.41
Travel	214,747.80	101,480.88	8,601.60	271,796.43	59,826.85
Materials and Supplies	914,149.55	228,499.37	20,857.50	2,134,188.63	568,336.70
Communication and Utilities	215,938.92	15,776.13	592.83	425,671.60	128,270.38
Repairs and Maintenance	69,797.62	4,828.10	2,725.45	604,305.89	150.00
Rentals and Leases	203,038.14	3,925.07		274,540.98	122,855.74
Printing and Reproduction	47,903.02	1,019.50	670.57	83,986.00	110,820.67
Depreciation and Amortization					
Interest	173.28	0.17		197.65	135.24
Scholarships	936,791.93	6,035.61		67,706.39	115,566.10
Claims and Losses					
Other Operating Expenses	431,896.84	193,208.48	21,458.50	383,794.03	411,199.45
Total Operating Expenses	$ 39,897,060.24	$ 1,716,464.71	$ 422,521.89	$ 13,903,900.01	$ 5,695,050.47

Unaudited

University of Houston - Clear Lake (759)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Institutional Support	Operation and Maintainence of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2014	Total 2013
$	$	$	$ 15,446.84	$	$ 15,446.84	$ 4,088.72
7,864,651.91	2,154,222.28	201,056.83	3,225,447.51		53,036,899.31	51,028,736.34
2,294,118.36	871,687.02	680.10	880,364.27		14,120,905.34	13,002,574.01
2,494,275.16	483,297.27	25,248.61	531,873.64		6,096,650.04	6,238,288.55
49,702.19	1,672.04	5,535.00	47,362.70		760,725.49	646,296.99
307,848.28	327,260.46	2,992.95	354,526.85		4,858,660.29	3,731,413.58
296,127.80	1,433,912.09	89.77	474,525.81		2,990,905.33	3,009,171.83
31,529.70	679,069.83	8,499.28	64,176.65		1,465,082.52	1,182,075.62
89,006.34	12,585.22		68,830.92		774,782.41	760,563.96
105,830.12	311.00	1,685.00	44,294.15		396,520.03	273,184.49
				5,662,662.76	5,662,662.76	5,492,351.20
176.43			78.80		761.57	299,968.40
984,005.37		10,629,825.74	34,054.76		12,773,985.90	8,898,942.49
53,904.15					53,904.15	85,334.48
(56,624.21)	85,012.00	51,569.23	162,757.44		1,684,271.76	1,444,346.00
$ 14,514,551.60	$ 6,049,029.21	$ 10,927,182.51	$ 5,903,740.34	$ 5,662,662.76	$ 104,692,163.74	$ 96,097,336.66

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Cash Flows From Operating Activities		
Receipts from Customers	$ 1,324,171.52	$ 1,222,266.61
Proceeds from Tuition and Fees	56,810,247.89	45,018,247.82
Proceeds from Research Grants and Contracts	5,197,580.96	4,941,256.52
Proceeds from Loan Programs	3,280,618.72	3,269,666.53
Proceeds from Auxiliaries	1,100,872.76	1,473,665.56
Proceeds from Other Revenues	3,708.00	2,598.00
Payments to Suppliers for Goods and Services	(17,790,622.72)	(16,024,431.41)
Payments to Employees for Salaries	(52,978,538.77)	(50,988,314.96)
Payments to Employees for Benefits	(14,022,267.01)	(13,045,747.21)
Payments for Loans Provided	(3,545,221.37)	(3,224,369.31)
Payments for Other Expenses	(14,521,283.87)	(10,677,112.84)
Net Cash Provided (Used) by Operating Activities	(35,140,733.89)	(38,032,274.69)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	31,937,202.64	29,367,126.14
Proceeds from Gifts	995,072.63	1,313,786.58
Proceeds from Endowments	194,425.00	88,988.56
Proceeds of Transfers from Other Funds	2,915,249.24	2,795,248.48
Proceeds from Grants	8,923,012.19	8,481,419.72
Payments for Transfers to Other Funds	(3,158,142.45)	(871,002.23)
Net Cash Provided (Used) by Noncapital Financing Activities	41,806,819.25	41,175,567.25
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Contributions	5,214,167.00	5,214,167.00
Payments for Additions to Capital Assets	(4,862,112.48)	(4,800,862.83)
Payments of Principal on Debt Issuance	(1,946,457.11)	(1,874,900.50)
Payments for Capital Lease	(382,928.44)	(374,630.46)
Payments of Interest on Debt Issuance	(1,103,841.37)	(1,223,968.39)
Payments of Other Costs on Debt Issuance	(174,936.75)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,256,109.15)	(3,060,195.18)
Cash Flows From Investing Activities		
Proceeds from Interest Income		466,098.00
Proceeds from Investment Income	2,010,162.80	706,962.10
Payments to Acquire Investments	(1,650,603.81)	(718,378.97)
Net Cash Provided (Used) by Investing Activities	359,558.99	454,681.13
Net Increase (Decrease) in Cash and Cash Equivalents	3,769,535.20	537,778.51
Cash and Cash Equivalents, September 1	21,497,391.68	20,959,613.17
Cash and Cash Equivalents, August 31	$ 25,266,926.88	$ 21,497,391.68

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (43,489,943.99)	$ (44,128,400.43)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Amortization and Depreciation	5,662,662.76	5,492,351.20
Operating Income and Cash Flow Categories:		
Classification Differences	(264,602.65)	45,297.22
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	(1,497,212.00)	(1,353,343.54)
(Increase) Decrease in Inventories	10,517.76	(692.97)
(Increase) Decrease in Prepaid Expenses	(706,194.50)	(18,735.64)
(Increase) Decrease in Other Assets	(26,913.01)	125,199.40
Increase (Decrease) in Payables	257,043.31	(187,381.52)
Increase (Decrease) in Deferred Income	4,824,305.08	1,921,093.34
Increase (Decrease) in Compensated Absences	98,638.33	(43,173.20)
Increase (Decrease) in Benefits Payable	58,360.54	40,421.38
Increase (Decrease) in Other Liabilities	(67,395.52)	75,090.07
Total Adjustments	8,349,210.10	6,096,125.74
Net Cash Provided (Used) by Operating Activities	$ (35,140,733.89)	$ (38,032,274.69)
Non Cash Transactions		
Net Change in Fair Value of Investments	$ 1,299,964.66	$ 798,062.08
Non Cash Transactions	$ 1,299,964.66	$ 798,062.08

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UNIVERSITY OF HOUSTON
DOWNTOWN

UNAUDITED ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014
WITH AUGUST 31, 2013 COMPARATIVE DATA

UNIVERSITY OF HOUSTON – DOWNTOWN

PRIMARY STATEMENTS

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$ 11,450.00	$ 11,100.00
Cash in Bank	17,558,363.74	14,394,349.89
Cash in Transit/Reimburse From Treasury	367,769.83	387,699.05
Cash in State Treasury	620,341.90	485,164.64
Cash Equivalents	19,773,676.43	19,261,021.64
Restricted:		
Cash In Bank	(13,099,305.90)	(11,568,204.05)
Legislative Appropriation	9,652,678.15	9,019,646.73
Receivables:		
Federal Receivables	12,435,853.90	10,818,783.12
UHS Intercampus Receivables	28,977,588.21	27,977,460.89
Accounts Receivable	2,085,610.85	2,884,106.13
Gifts	204,487.46	325,330.92
Other	1,218,576.07	2,319,958.13
Due From Other Agencies	128,592.24	147,636.91
Consumable Inventories	11,076.71	9,433.97
Prepaid Costs	4,853,321.18	7,161,862.55
Loans and Contracts	607,658.81	685,102.84
Total Current Assets	85,407,739.58	84,320,453.36
Non-Current Assets		
Restricted:		
Receivables	61,567.22	506,551.57
UHS Intercampus Receivables	26,314,620.24	19,457,790.26
Investments	246,103.63	214,792.04
UHS Intercampus Receivables	8,218,391.66	7,563,769.16
Capital Assets		
Non-Depreciable or Non-Amortizable	19,217,831.57	14,115,394.38
Depreciable or Amortizable, Net	76,858,417.26	79,715,700.65
Total Non-Current Assets	130,916,931.58	121,573,998.06
Total Assets	216,324,671.16	205,894,451.42
Deferred Outflow of Resources		
Loss on Bond Refunding	27,464.22	
Total Deferred Outflow of Resources	27,464.22	
Total Assets and Deferred Outflow of Resources	216,352,135.38	205,894,451.42

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	1,624,280.96	2,241,137.89
Federal Payable	15,995.25	19,845.25
Payroll Payable	4,260,506.91	4,040,875.30
UHS Intercampus Payable	3,229,677.13	3,048,425.36
Other Payable	91,614.81	89,489.95
Unearned Revenues	28,500,547.19	24,886,998.49
Revenue Bonds Payable	5,055,120.07	4,604,661.04
Claims and Judgments Payable	10,149.22	15,837.83
Employees' Compensable Leave	1,215,289.71	1,194,003.22
Funds Held for Others	(92,846.48)	(487,401.06)
Total Current Liabilities	43,910,334.77	39,653,873.27
Non-Current Liabilities		
Revenue Bonds Payable	43,589,469.01	42,957,195.68
Employees' Compensable Leave	1,261,860.16	1,257,246.51
Total Non-Current Liabilities	44,851,329.17	44,214,442.19
Total Liabilities	88,761,663.94	83,868,315.46
Total Liabilities and Deferred Inflow of Resources	88,761,663.94	83,868,315.46
Net Position		
Invested in Capital Assets, Net of Related Debt	51,269,603.50	49,144,149.81
Restricted for:		
Debt Retirement	17,118.29	2,892,029.79
Capital Projects	34,504.19	611,872.24
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	19,092,281.01	17,372,907.42
Expendable		
Funds Functioning as Endowments	2,260,334.75	2,084,816.20
Other Restricted	4,601,138.48	4,932,587.75
Unrestricted	50,315,491.22	44,987,772.75
Total Net Position	$ 127,590,471.44	$ 122,026,135.96

Unaudited

University of Houston - Downtown (784)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	$ 74,478,218.42	$ 70,631,213.09
Discounts and Allowances	(14,031,356.66)	(9,029,539.92)
Auxiliary Enterprise-Pledged	2,448,717.27	2,698,238.14
Discounts and Allowances	(219,439.05)	(141,214.69)
Other Sales of Goods and Services-Pledged	4,462,560.37	4,294,972.33
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,749,961.13	2,065,191.44
Federal Pass Through Revenue (PR-OP Grants/Contributions)	697,284.28	834,888.04
State Grant Revenue (PR-OP Grants/Contributions)	66,906.78	17,925.24
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	7,548,479.60	6,688,800.09
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	111,473.65	154,469.98
Total Operating Revenues	78,312,805.79	78,214,943.74
Operating Expenses		
Instruction	40,250,694.76	38,917,074.57
Research	2,231,161.11	1,444,330.42
Public Service	4,432,215.61	3,777,079.45
Academic Support	20,386,885.74	18,609,906.79
Student Services	3,900,859.46	4,095,963.73
Institutional Support	18,932,787.42	18,968,945.45
Physical Plant	6,523,770.15	5,832,172.75
Scholarships & Fellowships	29,835,767.13	28,933,252.81
Auxiliary Enterprises	7,848,024.51	7,154,271.31
Depreciation and Amortization	7,288,694.46	7,064,169.91
Total Operating Expenses	141,630,860.35	134,797,167.19
Operating Income (Loss)	(63,318,054.56)	(56,582,223.45)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	21,783,611.00	19,953,389.00
Additional Appropriations (GR)	5,570,394.94	4,562,875.25
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	28,681,513.05	26,563,166.23
State Pass Through Revenues Non-Operating	78,913.00	
Gifts (PR-OP Grants/Contributions)	1,263,992.10	2,461,543.61
Interest and Investment Income (PR-Chgs for Services)	2,509,728.93	1,167,995.78
Interest Expense and Fiscal Charges	(1,758,611.86)	(2,255,271.13)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	1,654,984.66	950,580.93
Other Nonoperating Revenues	1,054,888.43	56,366.48
Other Nonoperating Expenses	(4,009,180.81)	(423,953.60)
Total Nonoperating Revenues (Expenses)	56,830,233.44	53,036,692.55

Unaudited

University of Houston - Downtown (784)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(6,487,821.12)	(3,545,530.90)
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	7,435,238.00	7,435,238.00
Additions to Permanent and Term Endowments	169,083.27	222,862.92
UHS Intercampus Transfers-In	6,352,587.00	6,344,163.01
UHS IntercampusTransfers-Out	(686,998.32)	(393,248.22)
Transfers-Out	(1,105,163.35)	(960,651.66)
Legislative Appropriations Lapsed		(100.00)
Total Other Revenue, Expenses, Gains, Losses and Transfers	12,164,746.60	12,648,264.05
Changes in Net Position	5,676,925.48	9,102,733.15
Net Position, Beginning	122,026,135.96	112,922,591.41
Restatements	(112,590.00)	811.40
Net Position Beginning, as Restated	121,913,545.96	112,923,402.81
Net Position, Ending	$ 127,590,471.44	$ 122,026,135.96

Unaudited

University of Houston - Downtown (784)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	$	$	$	$	$
Salaries and Wages	31,324,268.20	949,515.43	1,870,429.69	11,913,591.01	2,430,007.11
Payroll Related Costs	7,254,490.29	238,178.70	363,649.47	3,061,002.76	640,736.93
Professional Fees and Services	593,019.68	319,401.13	1,035,290.87	448,479.52	246,235.87
Federal Pass Through Expenses		80,999.98			
Travel	242,372.50	119,871.68	37,072.62	288,901.19	50,119.93
Materials and Supplies	325,712.58	133,034.90	445,382.94	2,033,946.07	103,438.29
Communication and Utilities	94,843.27	7,672.88	24,343.40	334,300.05	171,569.10
Repairs and Maintenance	12,631.16	2,496.00	4,874.46	860,443.68	2,570.00
Rentals and Leases	81,155.26	7,144.40	87,318.67	877,498.97	12,485.13
Printing and Reproduction	19,229.55	5,082.69	22,553.36	23,611.17	112,897.92
Depreciation and Amortization					
Interest	120.46		216.48	551.72	24.77
Scholarships	65,503.67	248,728.12		69,496.84	
Claims and Losses				5,000.00	
Other Operating Expenses	237,348.14	119,035.20	541,083.65	470,062.76	130,774.41
Total Operating Expenses	$ 40,250,694.76	$ 2,231,161.11	$ 4,432,215.61	$ 20,386,885.74	$ 3,900,859.46

Unaudited

University of Houston - Downtown (784)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Institutional Support	Operation and Maintainence of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2014	Total 2013
$	$	$	$ 2,157.42	$	$ 2,157.42	$ 1,553.75
8,571,890.14	1,671,175.48	79,595.00	3,338,165.70		62,148,637.76	59,214,649.16
2,221,343.67	559,995.04		831,224.40		15,170,621.26	13,779,405.56
2,822,815.83	1,199,293.36	52,569.72	1,552,809.50		8,269,915.48	7,421,614.53
					80,999.98	16,315.59
82,034.50	3,594.51		109,430.76		933,397.69	886,299.77
1,174,306.85	447,419.50	26,054.41	351,042.82		5,040,338.36	4,910,053.77
164,695.78	1,950,335.80		315,288.63		3,063,048.91	2,773,496.03
661,549.97	648,857.64		374,842.36		2,568,265.27	2,231,572.73
580,191.70	8,899.35		183,702.39		1,838,395.87	1,703,232.30
134,966.34	875.78		68,866.28		388,083.09	241,568.35
				7,288,694.46	7,288,694.46	7,064,169.91
167.40	2,021.25		6,420.71		9,522.79	11,521.27
1,100,607.05		29,677,348.00	28,133.60		31,189,817.28	30,962,131.61
71,004.53					76,004.53	167,739.41
1,347,213.66	31,302.44	200.00	685,939.94		3,562,960.20	3,411,843.45
$ 18,932,787.42	$ 6,523,770.15	$ 29,835,767.13	$ 7,848,024.51	$ 7,288,694.46	$ 141,630,860.35	$ 134,797,167.19

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Cash Flows From Operating Activities		
Receipts from Customers	$ 5,401,659.16	$ 4,388,584.74
Proceeds from Tuition and Fees	64,240,315.99	59,668,115.53
Proceeds from Research Grants and Contracts	9,476,921.30	10,629,602.32
Proceeds from Loan Programs	1,574,317.07	1,571,621.16
Proceeds from Auxiliaries	3,105,459.27	4,915,449.27
Payments to Suppliers for Goods and Services	(23,423,932.18)	(21,025,802.05)
Payments to Employees for Salaries	(61,634,737.24)	(58,862,883.88)
Payments to Employees for Benefits	(15,144,721.12)	(13,637,085.10)
Payments for Loans Provided	(1,496,873.04)	(1,710,732.39)
Payments for Other Expenses	(34,530,438.81)	(34,594,036.60)
Net Cash Provided (Used) by Operating Activities	(52,432,029.60)	(48,657,167.00)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	26,720,974.52	25,888,116.39
Proceeds from Gifts	1,829,819.91	1,866,404.14
Proceeds from Endowments	169,083.27	222,862.92
Proceeds of Transfers from Other Funds	7,407,475.43	6,400,529.49
Proceeds from Grants	28,760,426.05	26,563,166.23
Payments for Transfers to Other Funds	(2,369,022.25)	(1,777,853.48)
Net Cash Provided (Used) by Noncapital Financing Activities	62,518,756.93	59,163,225.69
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	15,640,000.00	
Proceeds from Other Financing Activities	1,054,981.95	350,746.62
Proceeds from Capital Contributions	7,435,238.00	7,435,238.00
Payments for Additions to Capital Assets	(9,533,848.26)	(6,724,129.84)
Payments of Principal on Debt Issuance	(14,743,914.42)	(4,056,091.05)
Payments of Interest on Debt Issuance	(1,953,007.52)	(2,255,271.13)
Payments of Other Costs on Debt Issuance	(6,195,755.15)	(347,526.50)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,296,305.40)	(5,597,033.90)
Cash Flows From Investing Activities		
Proceeds from Interest Income		510,265.46
Proceeds from Investment Income	2,509,728.93	657,730.32
Payments to Acquire Investments	(2,038,986.03)	(15,598,246.19)
Net Cash Provided (Used) by Investing Activities	470,742.90	(14,430,250.41)
Net Increase (Decrease) in Cash and Cash Equivalents	2,261,164.83	(9,521,225.62)
Cash and Cash Equivalents, September 1	22,971,131.17	32,492,356.79
Cash and Cash Equivalents, August 31	$ 25,232,296.00	22,971,131.17

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (63,318,054.56)	(56,582,223.45)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Amortization and Depreciation	7,288,694.46	7,064,169.91
Operating Income and Cash Flow Categories:		
Classification Differences	77,444.03	(139,111.23)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	282,806.56	153,925.46
(Increase) Decrease in Inventories	(1,642.74)	6,381.83
(Increase) Decrease in Prepaid Expenses	(702,892.96)	(366,032.09)
(Increase) Decrease in Other Assets	19,044.67	(98,880.00)
Increase (Decrease) in Payables	(619,644.39)	(493,738.31)
Increase (Decrease) in Deferred Income	3,613,548.70	1,338,678.20
Increase (Decrease) in Compensated Absences	25,900.14	142,320.46
Increase (Decrease) in Benefits Payable	513,900.52	351,765.28
Increase (Decrease) in Other Liabilities	388,865.97	(34,423.06)
Total Adjustments	10,886,024.96	7,925,056.45
Net Cash Provided (Used) by Operating Activities	$ (52,432,029.60)	(48,657,167.00)
Non Cash Transactions		
Net Change in Fair Value of Investments	$ 1,654,984.66	950,580.93
Non Cash Transactions	$ 1,654,984.66	950,580.93

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UNIVERSITY OF HOUSTON
VICTORIA

UNAUDITED ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014
WITH AUGUST 31, 2013 COMPARATIVE DATA

UNIVERSITY OF HOUSTON – VICTORIA

PRIMARY STATEMENTS

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	$ 1,400.00	$ 2,025.00
Cash in Bank	2,961,179.66	1,144,695.91
Cash in State Treasury	780,379.92	2,516,317.84
Cash Equivalents	2,690,489.33	2,691,878.51
Restricted:		
Cash In Bank	(50,965.02)	(734,587.47)
Legislative Appropriation	3,351,243.59	2,279,151.75
Receivables:		
Federal Receivables	2,383,330.85	2,107,165.43
UHS Intercampus Receivables	1,027,263.11	901,138.63
Accounts Receivable	3,828,193.88	1,588,161.09
Gifts	185,832.91	235,598.84
Other	81,333.09	599,731.59
Due From Other Agencies	47,403.86	8,455.04
Prepaid Costs	1,558,552.64	21,266,317.92
Loans and Contracts	1,335,972.31	1,790,911.00
Total Current Assets	20,181,610.13	36,396,961.08
Non-Current Assets		
Restricted:		
Receivables	280,360.78	243,152.59
UHS Intercampus Receivables	14,503,846.83	19,562,230.35
Investments	94,060.76	71,596.76
UHS Intercampus Receivables	2,774,387.74	2,553,398.21
Capital Assets		
Non-Depreciable or Non-Amortizable	7,361,154.90	1,947,441.92
Depreciable or Amortizable, Net	32,111,483.03	30,322,300.20
Total Non-Current Assets	57,125,294.04	54,700,120.03
Total Assets	77,306,904.17	91,097,081.11
Deferred Outflow of Resources		
Loss on Bond Refunding	936.76	
Total Deferred Outflow of Resources	936.76	
Total Assets and Deferred Outflow of Resources	77,307,840.93	91,097,081.11

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	791,852.19	2,061,255.29
Federal Payable	480.00	2,721.87
Payroll Payable	2,003,587.58	1,924,866.37
UHS Intercampus Payable	1,013,790.96	977,370.72
Other Payable	66,842.44	99,029.27
Unearned Revenues	12,927,384.72	10,591,753.79
Revenue Bonds Payable	2,229,353.26	2,925,796.95
Claims and Judgments Payable	9,497.92	18,364.06
Employees' Compensable Leave	443,062.37	395,784.85
Funds Held for Others	458,805.99	1,009,245.44
Total Current Liabilities	19,944,657.43	20,006,188.61
Non-Current Liabilities		
Revenue Bonds Payable	31,956,507.53	45,994,020.17
Employees' Compensable Leave	460,040.64	416,248.03
Total Non-Current Liabilities	32,416,548.17	46,410,268.20
Total Liabilities	52,361,205.60	66,416,456.81
Total Liabilities and Deferred Inflow of Resources	52,361,205.60	66,416,456.81
Net Position		
Invested in Capital Assets, Net of Related Debt	9,941,397.31	12,200,672.05
Restricted for:		
Debt Retirement		1,875,476.25
Capital Projects	8,878.12	8,878.12
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	8,583,516.22	7,833,622.40
Expendable		
Funds Functioning as Endowments	1,009,654.02	924,464.07
Other Restricted	3,025,274.93	2,303,103.98
Unrestricted	2,377,914.73	(465,592.57)
Total Net Position	$ 24,946,635.33	$ 24,680,624.30

Unaudited

University of Houston - Victoria (765)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	$ 24,089,996.83	$ 22,312,096.01
Discounts and Allowances	(5,953,048.94)	(5,259,299.67)
Auxiliary Enterprise-Pledged	3,761,282.24	2,399,014.43
Discounts and Allowances	(929,476.97)	(821,158.70)
Other Sales of Goods and Services-Pledged	339,974.81	369,144.28
Federal Revenue-Operating (PR-OP Grants/Contributions)	96,818.10	55,275.41
Federal Pass Through Revenue (PR-OP Grants/Contributions)	97,245.53	138,904.28
State Grant Revenue (PR-OP Grants/Contributions)	193,104.08	189,731.61
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	1,353,681.30	901,924.00
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	537,522.79	228,512.26
Total Operating Revenues	23,587,099.77	20,514,143.91
Operating Expenses		
Instruction	21,252,466.13	19,905,074.40
Research	204,909.46	147,614.76
Public Service	921,109.88	893,563.50
Academic Support	6,949,483.97	6,220,420.72
Student Services	5,616,634.09	5,472,470.22
Institutional Support	5,312,407.20	5,287,178.66
Physical Plant	2,179,332.16	2,271,289.30
Scholarships & Fellowships	3,822,095.98	3,436,810.01
Auxiliary Enterprises	3,183,983.88	2,702,847.12
Depreciation and Amortization	2,480,577.22	1,833,276.42
Total Operating Expenses	51,922,999.97	48,170,545.11
Operating Income (Loss)	(28,335,900.20)	(27,656,401.20)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	14,987,994.00	13,824,253.00
Additional Appropriations (GR)	3,974,147.41	3,138,993.12
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	5,958,343.83	5,371,243.83
State Pass Through Revenues Non-Operating	55,744.00	
Gifts (PR-OP Grants/Contributions)	1,015,110.23	968,775.17
Interest and Investment Income (PR-Chgs for Services)	938,747.21	393,400.75
Interest Expense and Fiscal Charges	(1,985,191.17)	(2,412,265.24)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	600,824.20	584,478.24
Other Nonoperating Revenues	273,763.60	107,987.54
Other Nonoperating Expenses	(3,159,557.60)	(1,837,756.13)
Total Nonoperating Revenues (Expenses)	22,659,925.71	20,139,110.28

Unaudited

University of Houston - Victoria (765)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(5,675,974.49)	(7,517,290.92)
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	2,393,921.00	2,393,921.00
Additions to Permanent and Term Endowments	22,441.40	475,749.39
UHS Intercampus Transfers-In	3,875,598.11	3,930,279.70
UHS IntercampusTransfers-Out	(126,176.00)	(170,697.11)
Transfers-In	629.31	
Transfers-Out	(224,428.30)	(197,490.01)
Total Other Revenue, Expenses, Gains, Losses and Transfers	5,941,985.52	6,431,762.97
Changes in Net Position	266,011.03	(1,085,527.95)
Net Position, Beginning	24,680,624.30	25,766,152.25
Net Position, Ending	$ 24,946,635.33	$ 24,680,624.30

Unaudited

University of Houston - Victoria (765)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	$ 14,872,482.18	$ 143,812.54	$ 535,391.55	$ 2,780,706.91	$ 2,775,710.01
Payroll Related Costs	3,670,564.63	45,803.12	187,986.93	719,070.05	894,353.35
Professional Fees and Services	1,388,321.19	2,723.66	31,791.21	2,268,783.81	456,480.29
Travel	139,382.15	3,605.61	23,298.90	136,093.02	332,245.77
Materials and Supplies	459,218.26	4,774.12	38,160.95	133,515.59	212,859.48
Communication and Utilities	45,274.21	301.45	11,571.18	417,033.29	227,188.26
Repairs and Maintenance	257,232.56		357.07	62,926.39	64,412.53
Rentals and Leases	157,083.55	357.04	12,777.14	83,905.54	88,173.46
Printing and Reproduction	34,070.31	110.50	10,025.52	26,226.44	66,135.99
Depreciation and Amortization					
Interest	24.55			57.30	74.71
Scholarships	40,116.42			17,725.57	85,734.21
Claims and Losses					
Other Operating Expenses	188,696.12	3,421.42	69,749.43	303,440.06	413,266.03
Total Operating Expenses	$ 21,252,466.13	$ 204,909.46	$ 921,109.88	$ 6,949,483.97	$ 5,616,634.09

Unaudited

University of Houston - Victoria (765)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Institutional Support	Operation and Maintainence of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2014	Total 2013
$ 2,933,164.18	$ 651,379.63	$ 124,383.00	$ 218,949.71	$	$ 25,035,979.71	$ 23,704,040.77
751,666.03	236,945.36	1,137.38	49,567.34		6,557,094.19	5,909,162.67
622,844.41	210,115.36	11,445.39	2,149,789.23		7,142,294.55	6,287,577.48
69,901.98	2,340.04		2,314.64		709,182.11	546,391.25
295,016.13	156,190.61		127,764.64		1,427,499.78	1,868,772.05
73,157.37	469,185.66		289,431.20		1,533,142.62	1,203,914.55
69,651.57	151,718.84		281,519.81		887,818.77	924,149.64
108,569.83	297,958.79		15,445.02		764,270.37	955,236.59
15,478.21	1,063.45		10,274.29		163,384.71	124,084.33
				2,480,577.22	2,480,577.22	1,833,276.42
18.06	1.59		535.95		712.16	555.70
194,956.67		3,683,500.91			4,022,033.78	3,574,528.16
43,532.67					43,532.67	51,143.76
134,450.09	2,432.83	1,629.30	38,392.05		1,155,477.33	1,187,711.74
$ 5,312,407.20	$ 2,179,332.16	$ 3,822,095.98	$ 3,183,983.88	$ 2,480,577.22	$ 51,922,999.97	$ 48,170,545.11

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Cash Flows From Operating Activities		
Receipts from Customers	$ 339,974.81	$ 369,144.28
Proceeds from Tuition and Fees	18,139,488.74	16,263,574.41
Proceeds from Research Grants and Contracts	2,054,072.98	1,899,886.60
Proceeds from Loan Programs	1,773,212.94	2,331,300.94
Proceeds from Auxiliaries	3,350,203.77	2,065,523.85
Payments to Suppliers for Goods and Services	(13,935,241.81)	(10,453,570.45)
Payments to Employees for Salaries	(24,950,050.70)	(23,622,206.90)
Payments to Employees for Benefits	(6,466,024.06)	(5,884,055.43)
Payments for Loans Provided	(1,318,274.25)	(2,165,409.27)
Payments for Other Expenses	(5,781,061.53)	(4,185,492.24)
Net Cash Provided (Used) by Operating Activities	(26,793,699.11)	(23,381,304.21)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	17,890,049.57	18,056,840.85
Proceeds from Gifts	1,027,667.97	588,883.95
Proceeds from Endowments	22,441.40	475,749.39
Proceeds of Transfers from Other Funds	4,149,991.02	4,038,267.24
Proceeds from Grants	6,014,087.83	5,371,243.83
Payments for Transfers to Other Funds	(583,547.88)	(1,296,843.75)
Net Cash Provided (Used) by Noncapital Financing Activities	28,520,689.91	27,234,141.51
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	5,355,000.00	
Proceeds from Other Financing Activities	6,052,706.75	8,638,794.80
Proceeds from Capital Contributions	2,393,921.00	2,393,921.00
Payments for Additions to Capital Assets	(9,683,473.03)	(11,712,696.98)
Payments of Principal on Debt Issuance	(3,111,684.16)	(2,431,961.51)
Payments of Interest on Debt Issuance	(1,988,938.22)	(2,412,265.24)
Payments of Other Costs on Debt Issuance	(346,491.11)	(47,343.57)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,328,958.77)	(5,571,551.50)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments		1,074,671.26
Proceeds from Interest Income		31,852.56
Proceeds from Investment Income	938,747.21	361,548.19
Payments to Acquire Investments	(574,625.14)	(264,080.76)
Net Cash Provided (Used) by Investing Activities	364,122.07	1,203,991.25
Net Increase (Decrease) in Cash and Cash Equivalents	762,154.10	(514,722.95)
Cash and Cash Equivalents, September 1	5,620,329.79	6,135,052.74
Cash and Cash Equivalents, August 31	$ 6,382,483.89	$ 5,620,329.79

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (28,335,900.20)	$ (27,656,401.20)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Amortization and Depreciation	2,480,577.22	1,833,276.42
Operating Income and Cash Flow Categories:		
Classification Differences	454,938.69	165,891.67
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	(1,997,799.71)	(824,649.75)
(Increase) Decrease in Prepaid Expenses	(6,058.97)	(401,864.56)
(Increase) Decrease in Other Assets	(38,948.82)	38,759.78
Increase (Decrease) in Payables	(1,303,831.80)	1,858,240.00
Increase (Decrease) in Deferred Income	2,335,630.93	872,055.20
Increase (Decrease) in Compensated Absences	91,070.13	25,107.24
Increase (Decrease) in Benefits Payable	85,929.01	81,833.87
Increase (Decrease) in Other Liabilities	(559,305.59)	626,447.12
Total Adjustments	1,542,201.09	4,275,096.99
Net Cash Provided (Used) by Operating Activities	$ (26,793,699.11)	$ (23,381,304.21)
Non Cash Transactions		
Net Change in Fair Value of Investments	$ 600,824.20	$ 584,478.24
Non Cash Transactions	$ 600,824.20	$ 584,478.24

UNIVERSITY OF HOUSTON
SYSTEM ADMINISTRATION

UNAUDITED ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014
WITH AUGUST 31, 2013 COMPARATIVE DATA

UNIVERSITY OF HOUSTON – SYSTEM ADMINISTRATION

PRIMARY STATEMENTS

Unaudited

University of Houston - System Administration (783)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash in Bank	$ 113,078,401.06	$ (32,061,739.06)
Cash in Transit/Reimburse From Treasury	27,909,920.72	24,316,400.36
Cash Equivalents	53,116,346.06	53,250,360.05
Short Term Investments	122,089,042.66	138,593,018.65
Restricted:		
Cash In Bank	(136,545,606.11)	7,935,554.29
Legislative Appropriation	1,172,887.04	637,287.27
Receivables:		
UHS Intercampus Receivables	5,347,462.20	6,277,113.06
Interest and Dividends	559,315.80	514,596.80
Gifts	215,778.21	
Other	44,060.21	584,719.43
Due From Other Agencies	2,030.59	22.00
Prepaid Costs	523,799.46	353,265.08
Total Current Assets	187,513,437.90	200,400,597.93
Non-Current Assets		
Restricted:		
Receivables	492,714.90	
UHS Intercampus Receivables	18,754,492.23	23,195,157.97
Investments	803,228,689.26	734,781,902.70
Capital Assets		
Non-Depreciable or Non-Amortizable	10,118,254.87	6,822,750.75
Depreciable or Amortizable, Net	32,543,302.10	41,395,588.55
Total Non-Current Assets	865,137,453.36	806,195,399.97
Total Assets	1,052,650,891.26	1,006,595,997.90
Total Assets and Deferred Outflow of Resources	1,052,650,891.26	1,006,595,997.90

Unaudited

University of Houston - System Administration (783)
Statement of Net Position
August 31, 2014

	Total 2014	Total 2013
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	3,293,550.93	8,392,172.83
Payroll Payable	4,946,052.84	1,482,386.09
UHS Intercampus Payable	841,877,429.15	793,496,442.69
Other Payable	45,350.42	17,854,629.49
Unearned Revenues	329,525.58	902.08
Notes and Loans Payable	48,136,000.00	52,856,000.00
Revenue Bonds Payable	1,021,642.54	
Claims and Judgments Payable	6,414.52	7,140.41
Employees' Compensable Leave	312,454.47	299,774.91
Funds Held for Others	30,029.19	4,751.37
Total Current Liabilities	899,998,449.64	874,394,199.87
Non-Current Liabilities		
Revenue Bonds Payable	15,937,664.14	
Employees' Compensable Leave	324,427.85	315,274.17
Total Non-Current Liabilities	16,262,091.99	315,274.17
Total Liabilities	916,260,541.63	874,709,474.04
Total Liabilities and Deferred Inflow of Resources	916,260,541.63	874,709,474.04
Net Position		
Invested in Capital Assets, Net of Related Debt	27,904,273.26	32,543,421.60
Restricted for:		
Debt Retirement	0.03	
Capital Projects	26,532.93	7,579.55
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	50,187,286.60	46,068,614.64
Expendable		
Funds Functioning as Endowments	6,556,569.16	5,943,976.97
Other Restricted	7,975,013.59	6,717,871.49
Unrestricted	43,740,674.06	40,605,059.61
Total Net Position	$ 136,390,349.63	$ 131,886,523.86

Unaudited

University of Houston - System Administration (783)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Other Sales of Goods and Services-Pledged	$ 60,186.96	$ 60,186.96
State Grant Revenue (PR-OP Grants/Contributions)	11,237.53	(368.49)
Total Operating Revenues	71,424.49	59,818.47
Operating Expenses		
Research	1,088,512.84	939,854.79
Public Service		76,250.00
Academic Support	1,024,091.57	1,262,123.56
Student Services	359,322.79	263,320.13
Institutional Support	8,203,823.30	7,837,830.49
Physical Plant	2,080,746.00	1918990.18
Depreciation and Amortization	8,715,494.50	8,785,257.64
Total Operating Expenses	21,471,991.00	21,083,626.79
Operating Income (Loss)	(21,400,566.51)	(21,023,808.32)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	24,604,133.00	25,693,318.00
Additional Appropriations (GR)	1,219,285.58	1,372,605.28
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	1,455,317.26	1,500,113.38
Gifts (PR-OP Grants/Contributions)	977,855.32	41,660.51
Interest and Investment Income (PR-Chgs for Services)	9,981,406.67	4,702,830.60
Interest Expense and Fiscal Charges	(35,462.62)	
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	5,938,941.95	5,389,569.68
Other Nonoperating Revenues	8,563,632.09	7,814,196.65
Other Nonoperating Expenses	(143,918.27)	(1,337,137.66)
Total Nonoperating Revenues (Expenses)	52,561,190.98	45,177,156.44

Unaudited

University of Houston - System Administration (783)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	31,160,624.47	24,153,348.12
Other Revenues, Expenses, Gains, Losses and Transfers		
Additions to Permanent and Term Endowments	153.00	
UHS Intercampus Transfers-In	5,232,690.71	4,574,826.46
UHS IntercampusTransfers-Out	(31,873,298.17)	(32,941,600.36)
Transfers-In	9,241.61	
Transfers-Out	(18,483.22)	
Legislative Appropriations Lapsed	(7,102.63)	(832,151.00)
Total Other Revenue, Expenses, Gains, Losses and Transfers	(26,656,798.70)	(29,198,924.90)
Changes in Net Position	4,503,825.77	(5,045,576.78)
Net Position, Beginning	131,886,523.86	136,932,099.41
Restatements		1.23
Net Position Beginning, as Restated	131,886,523.86	136,932,100.64
Net Position, Ending	$ 136,390,349.63	$ 131,886,523.86

Unaudited

University of Houston - System Administration (783)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	$	$ 322,640.04	$	$ 717,406.79	$ 300,220.00
Payroll Related Costs		44,311.80		120,503.22	49,502.79
Professional Fees and Services		242,392.00		164,255.42	
Travel				324.30	
Materials and Supplies					
Communication and Utilities				1.84	
Repairs and Maintenance					
Rentals and Leases		9,600.00		21,600.00	9,600.00
Printing and Reproduction					
Depreciation and Amortization					
Interest					
Scholarships		469,569.00			
Claims and Losses					
Other Operating Expenses					
Total Operating Expenses	$	$ 1,088,512.84	$	$ 1,024,091.57	$ 359,322.79

Unaudited

University of Houston - System Administration (783)
Matrix of Operating Expenses Reported by Function
For the Year Ended August 31, 2014

Institutional Support	Operation and Maintainence of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2014	Total 2013
$ 5,465,499.85	$ 167,472.32	$	$	$	$ 6,973,239.00	$ 7,128,837.82
1,173,877.12	64,956.78				1,453,151.71	1,409,263.52
893,724.23	267,477.51				1,567,849.16	855,025.09
75,589.15					75,913.45	121,316.80
69,378.97	16,511.49				85,890.46	158,419.14
96,639.77	87,405.51				184,047.12	187,518.87
26,986.25	21,456.61				48,442.86	64,194.92
156,566.43					197,366.43	186,139.80
16,531.40	142.00				16,673.40	18,759.41
				8,715,494.50	8,715,494.50	8,785,257.64
24,007.55	1,455,323.78				1,479,331.33	1,529,304.90
					469,569.00	469,569.00
22,765.70					22,765.70	13,863.82
182,256.88					182,256.88	156,156.06
$ 8,203,823.30	$ 2,080,746.00	$	$	$ 8,715,494.50	$ 21,471,991.00	$ 21,083,626.79

Unaudited

University of Houston - System Administration (783)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Cash Flows From Operating Activities		
Receipts from Customers	$ 600,846.18	$ 1,576,142.85
Proceeds from Tuition and Fees	328,623.50	
Proceeds from Research Grants and Contracts	9,228.94	22.00
Payments to Suppliers for Goods and Services	(7,416,270.23)	(1,184,007.50)
Payments to Employees for Salaries	(3,509,572.25)	(7,499,981.99)
Payments to Employees for Benefits	(1,431,318.47)	(1,546,048.90)
Payments for Other Expenses	(2,129,370.98)	(2,191,455.39)
Net Cash Provided (Used) by Operating Activities	(13,547,833.31)	(10,845,328.93)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	25,280,716.18	26,361,874.15
Proceeds from Gifts	269,362.21	41,660.51
Proceeds from Endowments	153.00	
Proceeds of Transfers from Other Funds	13,805,564.41	12,389,023.11
Proceeds from Grants	1,455,317.26	1,500,113.38
Payments for Transfers to Other Funds	(49,790,072.98)	(35,363,545.02)
Net Cash Provided (Used) by Noncapital Financing Activities	(8,978,959.92)	4,929,126.13
Cash Flows from Capital and Related Financing Activities		
Proceeds from Other Financing Activities	5,361,296.52	28,053,000.00
Payments for Additions to Capital Assets	(3,158,712.17)	(468,624.28)
Payments of Interest on Debt Issuance	(35,462.62)	
Payments of Other Costs on Debt Issuance	(4,803,974.68)	(124,561,172.20)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,636,852.95)	(96,976,796.48)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	528,463,695.08	650,028,126.23
Proceeds from Interest Income	328,457.27	73,832.04
Proceeds from Investment Income	9,608,230.40	4,488,033.60
Payments to Acquire Investments	(509,118,250.48)	(548,085,081.91)
Net Cash Provided (Used) by Investing Activities	29,282,132.27	106,504,909.96
Net Increase (Decrease) in Cash and Cash Equivalents	4,118,486.09	3,611,910.68
Cash and Cash Equivalents, September 1	53,440,575.64	49,828,664.96
Cash and Cash Equivalents, August 31	$ 57,559,061.73	$ 53,440,575.64

Unaudited

University of Houston - System Administration (783)
Statement of Cash Flows
For the Year Ended August 31, 2014

	Total 2014	Total 2013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ (21,400,566.51)	$ (21,023,808.32)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Amortization and Depreciation	8,715,494.50	8,785,257.64
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	540,659.22	1,519,477.89
(Increase) Decrease in Prepaid Expenses	(170,534.38)	(295,302.97)
(Increase) Decrease in Other Assets	(2,008.59)	368.49
Increase (Decrease) in Payables	(5,069,552.97)	702,669.50
Increase (Decrease) in Deferred Income	328,623.50	(3,500.00)
Increase (Decrease) in Compensated Absences	21,833.24	(136,785.38)
Increase (Decrease) in Benefits Payable	3,463,666.75	(371,144.17)
Increase (Decrease) in Other Liabilities	24,551.93	(22,561.61)
Total Adjustments	7,852,733.20	10,178,479.39
Net Cash Provided (Used) by Operating Activities	$ (13,547,833.31)	$ (10,845,328.93)
Non Cash Transactions		
Net Change in Fair Value of Investments	$ 5,938,941.95	$ 5,389,569.68
Non Cash Transactions	$ 5,938,941.95	$ 5,389,569.68