

**UNIVERSITY OF HOUSTON  
VICTORIA**

**UNAUDITED ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2010**



UNIVERSITY OF HOUSTON - VICTORIA

TABLE OF CONTENTS

MISCELLANEOUS DATA	SECTION
Letter of Transmittal.....	I
Organizational Data .....	II
Statement of Procedure Regarding Annual Financial Report .....	III
PRIMARY STATEMENTS	
Balance Sheet / Statement of Net Assets – Proprietary Funds.....	1
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	2
Matrix of Operating Expenses Reported by Function – Proprietary Funds .....	3
Statement of Cash Flows – Proprietary Funds.....	4
Notes to the Financial Statements.....	5
SUPPORTING STATEMENTS	
SCHEDULE	
1-A Schedule of Expenditures of Federal Awards.....	6
1-B Schedule of State Grant Pass-Throughs From/To State Agencies .....	7
2-A Miscellaneous Bond Information .....	8
2-B Changes in Bonded Indebtedness .....	9
2-C Debt Service Requirements .....	10
2-D Analysis of Funds Available for Debt Service .....	11
2-E Defeased Bonds Outstanding .....	12
2-F Early Extinguishment and Refunding.....	13
3 Reconciliation of Cash in State Treasury.....	14



University of Houston  Victoria

November 11, 2010

The Honorable Rick Perry, Governor  
The Honorable Susan Combs, Texas Comptroller  
Mr. John O'Brien, Director, Legislative Budget Board  
Mr. John Keel, CPA, State Auditor

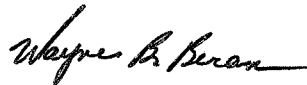
Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the University of Houston-Victoria for the year ended August 31, 2010, in compliance with Texas Government Code Annotated §2101.011 and in accordance with the requirements established by the Comptroller of Public Accountants.

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

If you have any questions regarding this Annual Report or the Schedule of Expenditures of Federal Awards please contact Valerie Walden, Comptroller, at (361)570-4815.

Sincerely,



Wayne B. Beran, CPA



University of Houston – Victoria

Organizational Data  
August 31, 2010

Board of Regents

Welcome W. Wilson, Sr., Houston	Term Expires August 31, 2011
Jim P. Wise, Houston	Term Expires August 31, 2011
Carroll Robertson Ray, Houston	Term Expires August 31, 2011
Mica Mosbacher, Houston	Term Expires August 31, 2013
Nelda Luce Blair, The Woodlands	Term Expires August 31, 2013
Jacob M. Monty, Houston	Term Expires August 31, 2013
Nandita V. Berry, Houston	Term Expires August 31, 2015
Tilman J. Fertitta, Houston	Term Expires August 31, 2015
Jarvis V. Hollingsworth, Houston	Term Expires August 31, 2015
Andrew Cobos, Houston	Term Expires May 31, 2011

Officers of the Board (Fiscal Year 2010):

Welcome W. Wilson, Sr.	Chair
Jim P. Wise	Vice Chair
Nelda Luce Blair	Secretary

Officers of the Board (Fiscal Year 2011):

Carroll Robertson Ray,	Chair
Nelda Luce Blair	Vice Chair
Mica Mosbacher	Secretary

Administrative Officers

Don Smith	Interim President
Suzanne V. LaBrecque	Provost and Vice President for Academic Affairs
Wayne B. Beran	Vice President for Administration and Finance





University of Houston - Victoria  
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 - Victoria for the fiscal year ended August 31, 2010. 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 Managements 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.

Unaudited

University of Houston - Victoria  
Statement of Net Assets  
August 31, 2010

	<u>Total 2010</u>
Assets	
Current Assets	
Cash and Cash Equivalents	
Cash on Hand	\$ 1,225.00
Cash in Bank	3,136,666.35
Cash in Transit/Reimburse From Treasury	75,732.37
Cash in State Treasury	1,725,327.79
Cash Equivalents	5,892,570.17
Restricted:	
Cash in Bank	970,557.60
Legislative Appropriations	3,501,865.42
Receivables:	
Federal Receivables	1,184,703.69
UHS Intercampus Receivables	2,601,160.68
Accounts Receivable	2,005,816.40
Gifts	141,059.05
Due From Other Agencies	30,790.59
Deferred Charges	22,280,242.42
Loans and Contracts	1,924,193.97
	<hr/>
<b>Total Current Assets</b>	<b>45,471,911.50</b>
	<hr/>
Non-Current Assets	
Restricted:	
Cash and Cash Equivalents	
Cash in Bank	(84,862.70)
Receivables	
Pledges Receivable	150,982.58
UHS Intercampus Receivables	18,420,140.48
Investments	5,608.76
UHS Intercampus Receivables	2,057,872.68
Capital Assets	
Non-Depreciable or Non-Amortizable	6,197,416.80
Depreciable or Amortizable, Net	14,645,701.49
	<hr/>
<b>Total Non-Current Assets</b>	<b>41,392,860.09</b>
	<hr/>
<b>Total Assets</b>	<b>86,864,771.59</b>

Unaudited

University of Houston - Victoria  
Statement of Net Assets  
August 31, 2010

	<u>Total 2010</u>
Liabilities	
Current Liabilities:	
Payables:	
Accounts Payable	2,631,677.23
Federal Payable	1,986.87
Payroll Payable	1,660,857.01
Intercampus Payable	1,129,723.41
Other Payable	92,577.79
Due to Other Agencies	77,078.06
Deferred Revenues	8,591,595.08
Revenue Bonds Payable	2,492,735.91
Claims and Judgments Payable	8,738.15
Employees' Compensable Leave	405,774.46
Funds Held for Others	687,100.34
	<hr/>
Total Current Liabilities	<u>17,779,844.31</u>
Non Current-Liabilities	
Revenue Bonds Payable	42,904,111.72
Claims and Judgments Payable	175.06
Employees' Compensable Leave	450,289.80
	<hr/>
Total Non-Current Liabilities	<u>43,354,576.58</u>
	<hr/>
<b>Total Liabilities</b>	<b><u>61,134,420.89</u></b>
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,964,644.36
Restricted for:	
Debt Retirement	921,429.45
Funds Held as Permanent Investments	
Non-Expendable	
True Endowments, Annuities	6,049,218.69
Expendable	
Funds Functioning as Endowments	826,343.29
Other Restricted	2,410,009.94
Unrestricted	8,558,704.97
	<hr/>
<b>Total Net Assets</b>	<b><u>\$ 25,730,350.70</u></b>

Unaudited

University of Houston - Victoria  
Statement of Revenues, Expenses, and Changes in Net Assets  
For The Year Ended August 31, 2010

	<u>Total 2010</u>
Operating Revenues	
Sales of Goods and Services (PR-Chgs for Services)	
Tuition and Fees-Pledged	\$ 17,200,518.11
Discounts and Allowances	(3,544,101.70)
Auxiliary Enterprise-Pledged	60,897.93
Other Sales of Goods and Services-Pledged	372,783.56
Federal Pass Through Revenue (PR-OP Grants/Contributions)	367,657.99
State Grant Revenue (PR-OP Grants/Contributions)	176,310.84
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	902,659.95
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	904,651.35
<hr/>	<hr/>
Total Operating Revenues	<u>16,441,378.03</u>
Operating Expenses	
Instruction	16,596,903.79
Research	121,830.29
Public Service	811,795.77
Academic Support	5,739,912.68
Student Services	3,919,274.39
Institutional Support	4,473,561.27
Physical Plant	1,819,107.65
Scholarships & Fellowships	2,425,958.93
Auxiliary Enterprises	11,876.61
Depreciation and Amortization	1,212,022.69
<hr/>	<hr/>
Total Operating Expenses	<u>37,132,244.07</u>
Operating Income (Loss)	<u>(20,690,866.04)</u>
Non-Operating Revenues (Expenses)	
Legislative Revenue (GR)	16,154,016.76
Additional Appropriations (GR)	2,689,322.85
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	4,227,802.87
Federal Pass Through Revenue (PR-OP Grants/Contributions)	603,305.00
Gifts (PR-OP Grants/Contributions)	191,315.82
Interest and Investment Income (PR-Chgs for Services)	21,111.92
Interest Expense and Fiscal Charges	(2,039,657.81)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	539,249.94
Other Nonoperating Revenues	43,122,251.20
Other Nonoperating Expenses	(21,556,198.68)
<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	<u>43,952,519.87</u>

Unaudited

University of Houston - Victoria  
Statement of Revenues, Expenses, and Changes in Net Assets  
For The Year Ended August 31, 2010

	<u>Total 2010</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>23,261,653.83</u>
Other Revenues, Expenses, Gains, Losses and Transfers	
Capital Appropriation (HEAF)	2,335,692.00
Additions to Permanent and Term Endowments	111,958.27
UHS Intercampus Transfers-In	158,066.95
UHS Intercampus Transfers-Out	(98,518.76)
Transfers-Out	(103,818.10)
	<u>2,403,380.36</u>
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>2,403,380.36</u>
<u>Change In Net Assets</u>	<u>25,665,034.19</u>
<u>Net Assets, Beginning</u>	<u>65,316.51</u>
<u>Net Assets, Ending</u>	<u>\$ 25,730,350.70</u>

Unaudited

University of Houston - Victoria  
 Matrix of Operating Expenses Reported by Function  
 For The Year Ended August 31, 2010

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$ 11,759,708.53	\$ 80,371.73	\$ 479,382.49	\$ 2,293,090.44	\$ 2,097,931.68
Payroll Related Costs	2,556,094.70	23,146.69	132,434.07	520,946.91	585,903.54
Professional Fees and Services	904,040.81	8,171.43	5,513.79	1,850,409.37	231,754.64
Travel	236,288.64	3,043.73	52,454.29	199,182.48	111,502.62
Materials and Supplies	580,820.13	1,948.96	55,243.08	105,828.89	95,967.60
Communication and Utilities	34,192.37	230.93	14,733.46	309,191.92	65,958.84
Repairs and Maintenance	95,376.67	18.30	4,637.79	58,995.79	37,663.34
Rentals and Leases	16,108.44		10,812.04	49,266.64	106,887.78
Printing and Reproduction	41,002.28	4,111.67	941.25	13,607.22	63,256.31
Depreciation and Amortization					
Interest	9.42		59.63	158.89	237.89
Scholarships	158,278.96			136,667.00	62,484.00
Claims and Losses					
Other Operating Expenses	214,982.84	786.85	55,583.88	202,567.13	459,726.15
Total Operating Expenses	\$ 16,596,903.79	\$ 121,830.29	\$ 811,795.77	\$ 5,739,912.68	\$ 3,919,274.39

Unaudited

University of Houston - Victoria  
 Matrix of Operating Expenses Reported by Function  
 For The Year Ended August 31, 2010

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total 2010
\$ 2,334,843.06	\$ 594,184.15	\$ 39,961.13	\$	\$	\$ 19,679,473.21
557,774.59	177,485.30				4,553,785.80
590,817.53	175,431.10	5,034.51			3,771,173.18
54,695.83	5,260.25				662,427.84
307,921.84	70,630.63				1,218,361.13
104,397.47	403,940.32		559.74		933,205.05
184,566.53	109,189.03				490,447.45
122,682.02	276,798.38		1,224.96		583,780.26
22,038.54	451.93				145,409.20
				1,212,022.69	1,212,022.69
8.32					474.15
55,249.00		2,380,963.29			2,793,642.25
41,383.47					41,383.47
97,183.07	5,736.56		10,091.91		1,046,658.39
<u>\$ 4,473,561.27</u>	<u>\$ 1,819,107.65</u>	<u>\$ 2,425,958.93</u>	<u>\$ 11,876.61</u>	<u>\$ 1,212,022.69</u>	<u>\$ 37,132,244.07</u>

Unaudited

University of Houston - Victoria  
Statement of Cash Flows  
For The Year Ended August 31, 2010

	<u>Total 2010</u>
Cash Flows from Operating Activities	
Receipts from Customers	\$ 357,571.52
Proceeds from Tuition & Fees	14,066,753.77
Proceeds from Research Grants & Contracts	1,139,404.74
Proceeds from Loan Programs	3,066,494.12
Proceeds from Auxiliaries	58,412.89
Proceeds from Other Revenues	8,910.28
Payments to Suppliers for Goods and Services	(5,455,571.49)
Payments to Employees for Salaries	(18,782,248.25)
Payments to Employees for Benefits	(4,523,495.43)
Payments for Loans Provided	(3,294,466.49)
Payments for Other Expenses	(3,317,178.79)
<hr/>	
<b>Net Cash Provided (Used) by Operating Activities</b>	<hr/> <b>(16,675,413.13)</b> <hr/>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	18,344,082.49
Proceeds from Gifts	355,539.82
Proceeds from Endowments	111,958.27
Proceeds of Transfers from Other Funds	158,066.95
Proceeds from Grant Receipts	4,831,107.87
Payments for Transfers to Other Funds	(298,888.22)
Payments for Other Uses	(1,438,163.78)
<hr/>	
<b>Net Cash Provided by Noncapital Financing Activities</b>	<hr/> <b>22,063,703.40</b> <hr/>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Debt Issuance	6,844,786.00
Proceeds from Other Financing Activities	915,868.90
Proceeds from Capital Contributions	2,335,692.00
Payments for Additions to Capital Assets	(9,661,923.86)
Payments of Principal on Debt	(2,121,660.00)
Payments of Interest on Debt Issuance	(2,033,369.84)
Payments of Other Costs on Debt Issuance	(265,938.73)
<hr/>	
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<hr/> <b>(3,986,545.53)</b> <hr/>
Cash Flows from Investing Activities	
Proceeds from Interest Income	136,407.04
Proceeds from Investment Income	2,791,252.43
Payments to Acquire Investments	(311,745.88)
<hr/>	
<b>Net Cash Provided (Used) by Investing Activities</b>	<hr/> <b>2,615,913.59</b> <hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	4,017,658.33
Cash and Cash Equivalents, September 1	7,699,558.25
<hr/>	
<b>Cash and Cash Equivalents, August 31</b>	<hr/> <b>\$ 11,717,216.58</b> <hr/>



Unaudited

University of Houston - Victoria  
Statement of Cash Flows  
For The Year Ended August 31, 2010

	<u>Total 2010</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
<u>Operating Income (Loss)</u>	<u>\$ (20,690,866.04)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Amortization and Depreciation	1,212,022.69
Operating Income and Cash Flow Categories: Classification Differences	(227,972.37)
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(1,926,633.14)
(Increase) Decrease in Prepaid Expenses	100,606.53
(Increase) Decrease in Other Assets	(28,755.53)
Increase (Decrease) in Payables	3,468,757.09
Increase (Decrease) in Deferred Income	1,112,232.44
Increase (Decrease) in Compensated Absence Liability	72,412.76
Increase (Decrease) in Benefits Payable	161,192.12
Increase (Decrease) in Other Liabilities	71,590.32
<u>Total Adjustments</u>	<u>4,015,452.91</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (16,675,413.13)</u>
Non-Cash Transactions	
Net Change in Fair Value of Investments	\$ 539,249.94
<u>Non-Cash Transactions</u>	<u>\$ 539,249.94</u>

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**UNIVERSITY OF HOUSTON - VICTORIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2010**

**NOTE 1: Summary of Significant Accounting Policies**

**Entity**

The University of Houston – Victoria (the University) 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 University 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 University includes within this report all components as determined by an analysis of their relationship to the University 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 University'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 University'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 University 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 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 University prepares an annual budget which represents anticipated sources of revenues and authorized uses. This budget is approved by the System's Board of Regents.

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

## **Assets, Liabilities, and Fund Balances/Net Assets**

### **ASSETS**

#### **Cash and Cash Equivalents**

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

#### **Securities Lending Collateral**

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

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

#### **Restricted Assets**

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

#### **Inventories and Prepaid Items**

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

#### **Capital Assets**

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

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

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

Current Receivables - Other

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

Non-Current Receivables - Other

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

**LIABILITIES**

Accounts Payable

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

Current Payables - Other

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

Non-Current Payables - Other

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

Employees' Compensable Leave Balances

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

Capital Lease Obligations

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

Bonds Payable - General Obligation Bonds

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

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

Bonds Payable - Revenue Bonds

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

## **FUND BALANCE/NET ASSETS**

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

### Reservations of Fund Balance

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

### Reserved for Encumbrances

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

### Unreserved/Undesignated

This represents the unappropriated balance at year-end.

### Invested In Capital Assets, Net Of Related Debt

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

### Restricted Net Assets

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

### Unrestricted Net Assets

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

## **INTERFUND ACTIVITIES AND BALANCES**

The University 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 that 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 that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the University'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, 2010 is presented in Table 2.

**Table 2 - Capital Assets**

Business-Type Activities:	University of Houston - Victoria							
	Balance 09-01-09	Adjustment	Completed CIP	Inc-Int'ggy Trans	Dec-Int'ggy Tran	Additions	Deletions	Balance 08-31-10
<b>Non-Depreciable Assets</b>								
Land & Land Improvements	\$ 847,250.00	\$ -	\$ -	\$ -	\$ -	\$ 413,067.16	\$ -	\$ 1,260,317.16
Construction in Progress	70,675.26	-	-	-	-	4,620,373.76	-	4,691,049.02
Other Tangible Capital Assets	237,030.62	-	-	-	-	10,000.00	(980.00)	246,050.62
<b>Total Non-Depreciable Assets</b>	<b>1,154,955.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,043,440.92</b>	<b>(980.00)</b>	<b>6,197,416.80</b>
<b>Depreciable Assets</b>								
Buildings & Building Improvements	16,998,238.75	-	-	-	-	2,294,703.79	-	19,292,942.54
Furniture & Equipment	3,296,301.71	(16,414.20)	-	-	(11,398.00)	407,268.20	(122,633.99)	3,553,123.72
Vehicle, Boats & Aircraft	84,166.32	-	-	-	-	23,656.00	-	107,822.32
Other Capital Assets	3,278,114.39	-	-	-	-	86,701.09	(127,265.77)	3,237,549.71
<b>Total Depreciable Assets</b>	<b>23,656,821.17</b>	<b>(16,414.20)</b>	<b>-</b>	<b>(11,398.00)</b>	<b>2,812,329.08</b>	<b>2,812,329.08</b>	<b>(249,899.76)</b>	<b>26,191,438.29</b>
<b>Less Accumulated Depreciation:</b>								
Buildings & Building Improvements	(5,588,669.16)	-	-	-	-	(855,128.37)	-	(6,443,797.53)
Furniture & Equipment	(2,602,411.59)	16,414.20	-	2,442.24	-	(204,448.73)	106,636.91	(2,681,366.97)
Vehicle, Boats & Aircraft	(70,631.18)	-	-	-	-	(8,946.13)	-	(79,577.31)
Other Capital Assets	(2,324,761.30)	-	-	-	-	(143,499.46)	127,265.77	(2,340,994.99)
<b>Total Accumulated Depreciation</b>	<b>(10,586,473.23)</b>	<b>16,414.20</b>	<b>-</b>	<b>2,442.24</b>	<b>(8,955.76)</b>	<b>(1,212,022.69)</b>	<b>233,902.68</b>	<b>(11,545,736.80)</b>
<b>Depreciable Assets, Net</b>	<b>13,070,347.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,600,306.39</b>	<b>(15,997.08)</b>	<b>14,645,701.49</b>
<b>Amortizable Assets-Intangible</b>								
Computer Software	-	16,414.20	-	-	-	-	-	16,414.20
<b>Total Amortizable Assets-Intangible</b>	<b>-</b>	<b>16,414.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,414.20</b>
<b>Less Accumulated Amortization for:</b>								
Computer Software	-	(16,414.20)	-	-	-	-	-	(16,414.20)
<b>Total Accumulated Amortization</b>	<b>-</b>	<b>(16,414.20)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,414.20)</b>
<b>Amortizable Assets-Intangible Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Business-Type Activities - Capital Assets, Net</b>	<b>\$ 14,225,303.82</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (8,955.76)</b>	<b>\$ 6,643,747.31</b>	<b>(16,977.08)</b>	<b>\$ 20,843,118.29</b>

**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, 2010, the carrying amount of deposits was \$4,022,361.25 as presented below.

<u>Governmental and Business-Type Activities</u>	
Cash in Bank - Carrying Value	\$ 4,022,361.25
Cash in Bank per Annual Financial Report	<u>\$ 4,022,361.25</u>
<u>Reconciliation of Cash per Annual Financial Report:</u>	
Proprietary Funds, Current Assets, Cash in Bank	\$ 3,136,666.35
Proprietary Funds, Current Assets, Restricted, Cash in Bank	970,557.60
Proprietary Funds, Non-Current Assets, Restricted, Cash in Bank	<u>(84,862.70)</u>
Cash in Bank per Annual Financial Report	<u>\$ 4,022,361.25</u>

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

As of August 31, 2010, the total bank balance was as follows.

Governmental and Business-Type Activities	\$ 3,849,385.00
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Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The University uses a third party financial institution other than the pledging financial institution as the custodian of any collateral securities. The University has no deposits that are at risk of recovery with the failure of a depository financial institution.

Foreign currency risk for deposits is the risk that changes in exchange rates will adversely affect the deposit. The University maintains no foreign bank accounts, therefore no foreign currency risks exist.

**Investments**

As of August 31, 2010, the fair value of investments is as presented below.

<u>Government and Business-Type Activities</u>	<u>Fair Value</u>
Fixed Income Money Market and Mutual Funds	\$ 5,892,570.17
Other Commingled Funds	5,608.76
Total Investments	<u>\$ 5,898,178.93</u>
<u>Reconciliation of Investments per Annual Financial Statements</u>	
Proprietary Fund, Current Assets, Short Term Investments	\$ 5,892,570.17
Proprietary Fund, Non-Current Assets, Investments	<u>5,608.76</u>
Investments per Annual Financial Statements	<u>\$ 5,898,178.93</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not be able to fulfill its obligations. The general investment policy of the University 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, 2010, the University had no investment securities with credit risk exposure. A schedule of investments as rated by the national rating agency Standard & Poor's follows:

**Investments as Rated by Standard & Poor's**

Fund Type	GAAP Fund	Investment Type	AAAm
05	9999	Fixed Income Money Market Funds	\$ 5,892,570.17

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2010, the agency's concentration of credit risk in any single issuer did not exceed five percent of total investment assets as reported on the Statement of Net Assets.

**Reverse Repurchase Agreements**

The University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the University and the University transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the University arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. During the fiscal year, the University had no investments in reverse repurchase agreements.

**Securities Lending**

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

In securities lending transactions, the University transfers its securities to broker-dealers and other entities for collateral - which may be cash, or securities - and simultaneously agrees to return the collateral for cash or the same securities in the future. The University invests the cash received as collateral and, if the returns on those investments exceed the rebate paid to the borrowers of the securities, the securities lending transactions generate income for the University. However, if the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss on principal, part of the payment to the borrower would come from the University's resources. The borrower will pay a loan premium or fee for the securities loan, thus generating income for the University.

Securities lending is authorized by state statutes. The University is authorized to lend its U.S. Government and Agency securities. Collateral is either cash or U.S. Government or Agency securities at a value of 102 percent of the value of the securities lent. The securities lending contracts allow the University to pledge or sell collateral securities without borrower default. At year-end, the University has no credit risk exposure to borrowers because the amounts the University owes to borrowers exceed the amounts the borrowers owe the University. Contracts with the lending agents require them to indemnify the University if the borrowers fail to return the securities. The policy is to match the maturities of the collateral investments and the securities loans. There were no significant violations of legal or contractual provisions, any borrower or lending agent default losses, and no recoveries of prior-period losses during the year.

**Derivative Investing**

The University did not hold any collateralized mortgage obligations at fiscal year-end. These securities are purchased to provide an incremental yield above that available on corporate securities with similar terms. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the fair value. It is estimated that these securities will provide future cash inflows on a time schedule that approximately matches the outflows associated with the University's liabilities. These highly marketable securities are rated AAA by the major rating agencies.

The University does not enter into forward-exchange contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include movement in the value of the foreign currency related to the U.S. dollar and the ability of the counterpart to perform.

**NOTE 4: Short-Term Debt**

Commercial Paper Series A, Fourth Draw was used to assist UH-Victoria in the acquisition of a residential life facility. This Commercial Paper Draw was redeemed during fiscal year 2010. It was refinanced with long-term debt. Additional information about the System's long-term debt liabilities can be found in Note 5.

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

During the year ended August 31, 2010, the following changes, presented in Table 5.1, occurred in liabilities.

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

**Table 5.1 - Long Term Liabilities**

Business-Type Activities	Balance 9/1/09	Additions	Reductions	Balance 8/31/10	Due Within 1 Year	Due Thereafter
Revenue						
Bonds Payable	\$ 40,651,278.56	\$ 6,959,046.02	\$ 2,213,476.95	\$ 45,396,847.63	\$ 2,492,735.91	\$ 42,904,111.72
Claims and Judgments	3,546.39	51,069.31	45,702.49	8,913.21	8,738.15	175.06
Compensable Leave	783,651.50	540,644.53	468,231.77	856,064.26	405,774.46	450,289.80
Commercial Paper	0.00	7,000,000.00	7,000,000.00	0.00	0.00	0.00
	<u>\$ 41,438,476.45</u>	<u>\$ 14,550,759.86</u>	<u>\$ 9,727,411.21</u>	<u>\$ 46,261,825.10</u>	<u>\$ 2,907,248.52</u>	<u>\$ 43,354,576.58</u>

**Notes and Loans Payable**

The University is authorized to issue commercial paper (Consolidated Revenue Commercial Paper Notes, 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 2010 to \$125,000,000 at any one time. Commercial paper is issued to provide interim financing for the costs of various capital projects within the University. The maximum maturity for the commercial paper is 270 days and is issued at tax exempt and taxable interest rates. During 2010, the University issued \$ 7,000,000.00 of commercial paper notes. As of the date of the issuance of this financial report, the University had outstanding commercial paper liabilities of \$0.00. The University's debt service requirements for long-term notes and loans payable as of August 31, 2010 are presented in Table 5.2.

**Table 5.2 – Notes and Loans Payable**

Business-Type Activities	Year	Principal	Interest	Total
Commercial Paper	2011	\$ 0.00	\$ 0.00	\$ 0.00
Total		<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

**Claims and Judgments**

At August 31, 2010, various lawsuits and claims involving the University were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against the University 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 University accounts.

### **Employees' Compensable Leave**

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

Full-time state employees earn annual leave from eight to twenty-one hours per month depending on the respective employees' years of state employment. The state's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Accrued leave in excess of the normal maximum was converted to sick leave at the conclusion of fiscal year 2010. 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.

Lump sum payments made to employees, who separated from state service during the 2010 fiscal year, for accrued vacation and compensatory leave, totaled \$72,657.54.

### **NOTE 6: Bonded Indebtedness**

#### **Bonds Payable**

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

#### **Revenue Bonds**

- **Consolidated Revenue Bonds, Series 1999**

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, building, structure, activity, service, operation, or facility of the University of Houston System, specifically projects at the University of Houston, University of Houston – Downtown, University of Houston – Victoria, and the University of Houston multi-institutional teaching center in Fort Bend County.
- \$13,846,920.00; all bonds authorized have been issued.
- Issued 01-01-1999.
- 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 2010 from Legislative appropriation.)

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

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, building, structure, activity, service, operation, or facility of the University of Houston System.
- \$2,805,000.00; all bonds authorized have been issued.
- Issued 09-01-2002.
- Source of revenue for debt service – Tuition and various other fees, and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2010 from Legislative appropriation.)

- **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, construction, improvement, enlargement and equipping of property, buildings, structures, activities, services, operations and other facilities, roads or related infrastructure on behalf of the System.
- \$31,415,000: all bonds authorized have been issued.
- Issued 07-01-2008.

- Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2010 from Legislative appropriation.)

### **General Obligation Bonds**

At August 31, 2010, the University had no bonds payable classified as General Obligation Bonds.

### **Refunding Bonds**

- **Consolidated Revenue Refunding Bonds, Series 2006**
  - To refund \$3,295,000 of Consolidated Revenue Bonds, Series 1997 and \$44,430,000 of Consolidated Revenue Bonds, Series 2000.  
\$3,210,000.00; all bonds authorized have been issued
  - Issued 02-01-2006.
  - Source of revenue for debt service – Tuition, designated tuition and various other fees, and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2010 from Legislative appropriation.)
  - Average rate of bonds refunded - 5.45% (1997) and 5.45% (2000).
  - Net proceeds from refunding series - \$49,799,345, after receipt of bond premium of \$1,823,210 and payment of \$473,865 in underwriting fees, insurance, and other issuance costs.
  - Funds were used to purchase state and local government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1997 and 2000 series bonds. The refunded 1997 series bonds will be called for early redemption on 08-15-2007, and the refunded 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 University'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 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 infrastructure related for or on behalf of the System, including individual campuses of the System
  - \$71,175,000; all bonds authorized have been issued (\$52,200,000 revenue bonds – University of Houston and \$18,975,000 refunding bonds – University of Houston, \$6,829,105.50, University of Houston – Downtown, \$4,267,477.50, and University of Houston – Victoria, \$7,878,420.00).
  - Issued 07-02-2009.
  - Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2010 partially from Legislative appropriation.)
  - 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 payment.

• **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. The System anticipates using bond proceeds to finance construction costs at UH related to the Moody Towers Dining Hall, various science buildings, a classroom/business building, Stadium Parking Garage 1, and facilities at the UH Energy Research Park and at UHV related to Jaguar Residence Hall. 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 (\$74,686,469 University of Houston and \$5,288,531 University of Houston – Victoria).
- 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. The System anticipates using bond proceeds to finance construction costs at UH related to the Moody Towers Dining Hall, various science buildings, a classroom/business building, Stadium Parking Garage 1, and facilities at the UH Energy Research Park and at UHV related to Jaguar Residence Hall.
- Issued 04-15-2010.
- \$18,255,000; all bonds authorized have been issued (\$16,698,745 University of Houston and \$1,556,255 University of Houston – Victoria).
- 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 System’s revenue bonds:

	Government Activities	Business-Type Activities	Component Units
Pledged revenue required for future principal and interest on existing revenue bonds	\$ NA	\$ 65,302,018.99	\$ NA
Term of commitment year ending 08/31	NA	2035	NA
Percentage of revenue pledged	NA	85.3%	NA
Current year pledged revenue	\$ NA	\$ 21,885,440.62	\$ NA
Current year principal and interest paid	\$ NA	\$ 4,185,566.59	\$ 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, rental of facilities, continuing education, bookstore, and vending commissions.

Component Units – None.

**Build America Bonds**

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

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

**NOTE 7: Capital Leases**

The University may enter into long-term leases for financing the purchase of certain fixed assets. Such leases are classified as capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments at the inception of the lease. There were no outstanding capital lease payments payable at August 31, 2010.

**NOTE 8: Operating Leases**

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

<u>Fund Type</u>	<u>Amount</u>
Proprietary Fund	\$ 319,087.48

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2011	\$ 255,269.98
2012	191,452.49
2013	127,634.99
2014	63,817.50
2015	31,908.75
2016-2020	15,954.37
2021-2025	7,977.19
Total Minimum Future Lease Payments	\$ 694,015.27

**NOTE 9: Retirement Plans**

The State has joint contributory retirement plans for substantially all its employees. The University 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, 2010 are:

	<u>Amount</u>
Member Contributions	\$ 483,878.00
Employer Contributions	527,322.00
	<u>\$ 1,011,200.00</u>

**NOTE 10: Deferred Compensation**

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

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

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

**NOTE 12: Interfund Activity and Transactions**

As explained in Note 1, under Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

1. Interfund Receivables or Interfund Payables
2. Legislative Transfers In / Out

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

Individual balances at August 31, 2010, are shown in Tables 12.1, 12.2, 12.3, and 12.4.

**Table 12.1 - Interfund Receivable/Payable**

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

**Table 12.2 - Due From/To Other Agencies**

	Due From Other Agencies		Due To Other Agencies	Purpose
Enterprise(05)				
Appd Fund 5015, D23, Fund 5015, Agency 608, D23, Fund 5015 UH Victoria	\$ 820.64	\$		State Grant
Appd Fund 9999, D23 Fund 7999, Agency 556, D23 Fund 7999 UH Victoria	365.77			Federal Grant
Appd Fund9999, D23 Fund 7999 Agency 743, D23 Fund 7999 UH Victoria	29,604.18			
Appd Fund 0001, D23 Fund 0001 Agency 781, D23 Fund 0001 UH Victoria			77,078.06	Federal Grant
Total Due From/To Other Agencies	\$ 30,790.59	\$	77,078.06	

**Table 12.3-Due From/To Other Funds**

	Due From Other Funds		Due to Other Funds
General Revenue (01)	\$ 0.00	\$	0.00
Total Due From/To Other Funds	\$ 0.00	\$	0.00

**Table 12.4 - Transfers In/Out**

	Transfers In		Transfers Out
Enterprise (05)			
Appd Fund 5103, D23 Fund 5103, Agency 781 D 23 Fund 5103 UH Victoria	\$	\$	§56.465 TEX. Edu Code Annot. Subchapter Q (B-on-Time)
Total Transfers	\$ 0.00	\$	

**NOTE 13: Continuance Subject to Review**

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

**NOTE 14: Adjustments to Fund Balances/Net Assets**

During fiscal year 2010 there were no restatements of fund balance or net assets.

**NOTE 15: Contingencies and Commitments**

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

The University 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.

**NOTE 16: Subsequent Events**

As of the date this report was issued, there have been no events with significant financial impact.

**NOTE 17: Risk Management**

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

The University 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 University is not involved in any risk pools with other government entities.

The University'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 2009 and 2010 were:

**Table 17.1 - Balance of Claims Activity**

	Beginning Balance	Increases	Decreases	Ending Balance
2009	\$ 2,885.90	\$ 45,562.49	\$ 44,902.00	\$ 3,549.39
2010	\$ 3,549.39	\$ 51,069.31	\$ 45,702.49	\$ 8,913.21

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

**NOTE 18: Management Discussion and Analysis**

The System is continuing the development and implementation of integrated financial, human resources, and student information systems that were purchased from PeopleSoft. The implementation of these systems increases the availability of accurate and timely management information.

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

**NOTE 19: The Financial Reporting Entity**

The University 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 University has no affiliations classified as related organizations, joint ventures or jointly governed organizations.

The University does however maintain related party relationships as reported below.

**Related Parties**

The University of Houston System is affiliated with several foundations and organizations that have been created to benefit certain operations of the University. Those which have a significant relationship with the University are described below. The assets, liabilities, and equities of the various foundations and organizations are not contained in the financial statements of the University.

**University of Houston Foundation**

The stated purpose of the University of Houston Foundation is for the advancement of the general welfare of the University of Houston, Houston, Texas, as a whole, including, without limitation, all of the colleges and branches or divisions, thereof, wheresoever located, as well as all of the facilities and activities thereof now or hereafter existing or created, not inconsistent with the objectives, operation and management of the University of Houston. The Foundations Board of Trustees consists of nine members. The Foundation remitted \$3,999.94 of direct support and \$14,000.00 of indirect support to the Institution during the year ended August 31, 2010.

**NOTE 20: Stewardship, Compliance and Accountability**

A negative change in Net Assets did not occur in the Enterprise Fund operations for the fiscal year.

**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 University'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. Amounts reported as net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure are disclosed in Table 22. Chapter 163 of the Texas Property Code (also cited as the Uniform Prudent Management of Institutional Funds Act) grants the University the authority to spend net appreciation. Effective September 1, 1995, the Board of Regents adopted an endowment income payout policy whereby the payout rate is based on a percentage of the fiscal year end market value averaged over rolling three year periods. If an endowment were in existence less than three years, the average is based on the number of years in existence. Due to market conditions, the Board of Regents voted in 2009 to reduce the payout percentage from the Endowment and to make no payout from endowments whose values were below the historical value of donations.

**Table 22 - Net Appreciation of Endowments**

Donor-Restricted Endowments	Amount of Net Appreciation/(Depreciation)	Reported in Net Assets
True Endowments	\$ 234,985.00	Restricted Expendable
Total	\$ 234,985.00	

**NOTE 23: Extraordinary and Special Items**

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

**NOTE 24: Disaggregation of Receivable & Payable Balances**

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

**A. Taxes Receivable**

No reportable balances for this classification.

**B. Federal Receivable**

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

**Table 24.1 - Federal Receivables**

Federal Receivable Program	Net Receivable
Department of Agriculture	\$ 842.96
Department of Education	1,183,937.57
National Science Foundation	(76.84)
Total Net Federal Receivable	<u>\$ 1,184,703.69</u>
<b>As Reported on the Financial Statements</b>	
Current Federal Receivable	\$ 1,184,703.69
Total Net Federal Receivable	<u>\$ 1,184,703.69</u>

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

**NOTE 26: Segment Information**

The University 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.

Unaudited  
Schedule 1 - A  
University of Houston - Victoria  
Schedule of Expenditures of Federal Awards  
For The Year Ended August 31, 2010

Federal Grantor / Pass Through Grantor / Program Title	Total Pass-Thru To & Expenditures
Note:1 Non-monetary assistance	
Donation of Federal Surplus Personal Property	
No Activity	\$
<hr/>	
<b>Total Non-monetary Assistance</b>	<b>0.00</b>
<hr/>	
Note 2: Reconciliation	
Federal Revenues	
Federal Grants and Contracts	
Non-operating	4,227,802.87
Federal Pass Through Grants	
Operating	367,657.99
Non-operating	603,305.00
<hr/>	
<b>Total Federal Revenues</b>	<b>5,198,765.86</b>
<hr/>	
Reconciling Items	
Additions	
New Student Loans Processed / Adm Costs	
Federal Direct Student Loans	16,176,893.00
ARRA - Nurse Faculty Loan Program	3,379.00
<b>Total Additions</b>	<b>16,180,272.00</b>
<hr/>	
Deductions	
<b>Total Deductions</b>	<b>0.00</b>
<hr/>	
<b>Total Reconciling Items</b>	<b>16,180,272.00</b>
<hr/>	
<b>Total Pass Through &amp; Expenditures Per Federal Schedule</b>	<b>\$ 21,379,037.86</b>

Unaudited  
Schedule 1 - A  
University of Houston - Victoria  
Schedule of Expenditures of Federal Awards  
For The Year Ended August 31, 2010

Federal Agency	New Loans Processed	Administrative Cost Recovered	Total Loans Processed Administrative Cost Recovered	Loan Receivable Ending Balances
Note 3a: Student Loan Program & Adm Cost Recovered				
Department Of Education				
84.268 Federal Direct Student Loans				
Direct Student Loans	\$ 16,176,893.00	\$	\$ 16,176,893.00	\$
<u>Total Department Of Education</u>	<u>16,176,893.00</u>	<u>\$</u>	<u>16,176,893.00</u>	<u>\$</u>
Department Of Health & Human Services				
93.408 Health Profession Student Loans				
Nurse Faculty Loans	3,379.00	\$	3,379.00	\$
<u>Total Department of Health &amp; Human Services</u>	<u>3,379.00</u>	<u>\$</u>	<u>3,379.00</u>	<u>\$</u>
<u>Total Student Loan Program &amp; Adm Cost Recovered</u>	<u>\$ 16,180,272.00</u>	<u>\$</u>	<u>\$ 16,180,272.00</u>	<u>\$</u>

Note 3b: Federally Funded Loans Processed and Administrative Cost Recovered  
None processed

Note 4: Governmental Publications

Various University of Houston System libraries participate as a Depository Library in the Government Publications Program, CFDA number 40.001. The University is the legal custodian of Government Publications, which remain the property of the Federal Government. The Publications are not assigned a value by the Government Printing Office. The University System Libraries that participate as a depository library are the University of Houston M.D. Anderson Library, the University of Houston O'Quinn Law Library, and the University of Houston - Clear Lake Alfred R. Neumann Library.

Note 5: Unemployment Insurance Funds  
None received

Note 6: Rebates for the Special Supplemental Food Program for Women, Infants and Children (WIC)  
None received

Note 7: Federal Deferred Revenue  
None received

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Unaudited

Schedule 1 - B  
 University of Houston - Victoria  
 Schedule of State Grant Pass-Throughs From/To State Agencies  
 For The Year Ended August 31, 2010

	<u>Total</u>
Pass Through From	
Coordinating Board (Agency 781)	
Professional Nursing Aid	\$ 4,251.00
General Academic Enrollment Growth Program	32,706.13
TEXAS Grant Program	99,907.00
Professional Nursing Reduction Program	759,073.00
College Work Study Program	6,102.96
5th Year Accounting Scholarships Program	5,000.00
Work Study Mentorship Program	(4,380.14)
<u>Total Coordinating Board (Agency 781)</u>	<u>902,659.95</u>
<u>Total Pass Through From Other Agencies</u>	<u>\$ 902,659.95</u>
Pass Through To	
None Reported	
<u>Total</u>	<u>0.00</u>
<u>Total Pass Through To Other Agencies</u>	<u>\$ 0.00</u>

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Unaudited

Schedule 2 - A  
 University of Houston - Victoria  
 Miscellaneous Bond Information  
 For The Year Ended August 31, 2010

Business-Type Activities  
 Revenue Bonds

Description of Issue	Issued Year	Bonds Issued to Date	Range of Interest Rates	Terms Of Variable Interest Rate	Scheduled Maturities		First Call Date
					First Year	Last Year	

Schedule not used.

Information related to all parity debt obligations is reported at the combined system-wide level. Please refer to the University of Houston System Combined Annual Financial Report.

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Unaudited

Schedule 2-B  
 University of Houston - Victoria  
 Changes in Bonded Indebtedness  
 For The Year Ended August 31, 2010

Business-Type Activities

Description of Issue	Bonds Outstanding 09/01/2009	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2010	Amounts Due Within One Year
Schedule not used	Unamortized Premium	Unamortized Discount	Issuance Costs	Gain / (Loss) On Refunding	Net Bonds Outstanding 08/31/2010	

Schedule not used

Information related to all parity debt obligations is reported at the combined system-wide level. Please refer to the University of Houston System Combined Annual Financial Report.

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Unaudited  
Schedule 2 - C  
University of Houston - Victoria  
Debt Service Requirements  
For The Year Ended August 31, 2010

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
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Schedule not used.

Information related to all parity debt obligations is reported at the combined system-wide level.  
Please refer to the University of Houston System Combined Annual Financial Report.

Unaudited

Schedule 2-D  
 University of Houston - Victoria  
 Analysis of Funds Available for Debt Service  
 For The Year Ended August 31, 2010

Business-Type Activities  
 General Obligation Bonds

Description of Issue	Beginning Balance Available for Debt Service 09/01/2009	Sources of Funds				Total Sources Available
		Pledged Sources		Other Sources		
		Interest Earned on Investments	Other Pledged Sources	Operating Transfers	State's General Revenue	

Schedule not used.

Principal	Application of Funds		Total Application of Funds
	Interest	Refunded or Extinguished	

Schedule not used.

Ending Balance Available for Debt Service at 08/31/2010
Required
Actual

Schedule not used.

Information related to all parity debt obligations is reported at the combined system-wide level. Please refer to the University of Houston System Combined Annual Financial Report.



Unaudited

Schedule 2-D  
 University of Houston - Victoria  
 Analysis of Funds Available for Debt Service  
 For The Year Ended August 31, 2010

Business-Type Activities  
 Revenue Bonds

Description of Issue	Pledged and Other Sources and Related Expenditure for FY 2010					(a+b-c-d) Net Available for Debt Service
	a Total Pledged Sources	b Other Sources	c Operating Expenses & Expenditures	d Capital Outlay		
Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Interest Earned on Investments	Operating Revenues		

Schedule not used.

Description of Issue	Debt Service		Refunded or Extinguished		Interest & Sinking Fund		Reserve Fund	
	Principal	Interest	Minimum	Actual	Minimum	Actual	Minimum	Actual
Schedule not used.								

Information related to all parity debt obligations is reported at the combined system-wide level. Please refer to the University of Houston System Combined Annual Financial Report.

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**Unaudited**  
 Schedule 2-E  
 University of Houston - Victoria  
 Defeased Bonds Outstanding  
 For The Year Ended August 31, 2010

Business-Type Activities

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
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Schedule not used.

Information related to all parity debt obligations is reported at the combined system-wide level. Please refer to the University of Houston System Combined Annual Financial Report.

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Unaudited

Schedule 2-F  
 University of Houston - Victoria  
 Early Extinguishment and Refunding  
 For The Year Ended August 31, 2010

Business-Type Activities

Description of Issue	Category	Amount Extinguished Or Refunded	Refunding Issue Par Value	For Refunding Only	
				Cash Flow Increase / (Decrease)	Economic Gain / (Loss)

Schedule not used.

Information related to all parity debt obligations is reported at the combined system-wide level.  
 Please refer to the University of Houston System Combined Annual Financial Report.

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Unaudited

Schedule 3

University of Houston - Victoria  
Reconciliation Of Cash In State Treasury  
For The Year Ended August 31, 2010

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund No 0233 (UHV - 765)	\$ 1,725,327.79	\$	\$ 1,725,327.79
<u>Total Cash in State Treasury</u>	<u>\$ 1,725,327.79</u>	<u>\$</u>	<u>\$ 1,725,327.79</u>

