

**UNIVERSITY OF HOUSTON
SYSTEM**

**UNAUDITED COMBINED ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH AUGUST 31, 2018 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

Division of Administration and Finance
Financial Reporting Department

Kevin L. Draper, CPA
Executive Director

Executive Director
Financial Reporting

November 20, 2019

Mr. Jim McShan
Vice Chancellor, Administration and Finance
University of Houston System
Houston, Texas 77204-2016

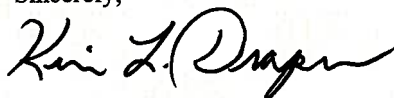
Mr. McShan:

Submitted herewith is the Annual Financial Report of the University of Houston System for the year ended August 31, 2019.

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,



Kevin L. Draper
Executive Director, Financial Reporting

cc: Karin Livingston
Assistant Vice President for Finance and Controller

University of Houston System

Organizational Data
August 31, 2019

Board of Regents

Durga D. Agrawal, Houston	Term Expires August 31, 2019
Paula M. Mendoza, Houston	Term Expires August 31, 2019
Peter K. Taaffe, Austin	Term Expires August 31, 2019
Tilman J. Fertitta, Houston	Term Expires August 31, 2021
Beth Madison, Houston	Term Expires August 31, 2021
Gerald W. McElvy, Southlake	Term Expires August 31, 2021
Doug H. Brooks, Plano	Term Expires August 31, 2023
Jack B. Moore, Houston	Term Expires August 31, 2023
Steve I. Chazen, Houston	Term Expires August 31, 2023
John D. Fields (Student Regent), Houston	Term Expires May 31, 2020

Officers of the Board (Fiscal Year 2019):

Tilman J. Fertitta	Chairman
Gerald W. McElvy	Vice Chairman
Beth Madison	Secretary

Officers of the Board (Fiscal Year 2020):

Tilman J. Fertitta	Chairman
Gerald W. McElvy	Vice Chairman
Beth Madison	Secretary

Administrative Officers

Renu Khator	Chancellor
Paula Myrick Short	Senior Vice Chancellor for Academic Affairs and Provost
Jim McShan	Senior Vice Chancellor for Administration and Finance
Amr Elnashai	Vice Chancellor for Research and Technology Transfer
Dona H. Cornell	Vice Chancellor for Legal Affairs and General Counsel
Eloise Dunn Brice	Vice Chancellor for University Advancement
J. Richard Walker	Vice Chancellor for Student Affairs and Enrollment Services
Jason Smith	Vice Chancellor for Governmental Relations
Renu Khator	President – University of Houston
Ira K. Blake	President – UH - Clear Lake
Juan Sanchez Munoz	President – UH - Downtown
Robert K. Glenn	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, 2019. 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, 2019

	Total FY2019	Total FY2018
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 68,700.00	\$ 66,159.00
Cash in Bank	(212,870,808.67)	(169,806,570.70)
Cash in Transit/Reimburse From Treasury	23,902,726.88	42,092,696.56
Cash in State Treasury	105,296,636.21	89,619,761.95
Cash Equivalents	308,309,384.61	291,242,926.03
Short Term Investments	199,485,336.78	434,475,458.67
Restricted:		
Cash In Bank	223,396,918.17	168,172,407.31
Legislative Appropriation	159,579,397.84	163,648,640.77
Receivables:		
Federal Receivables	20,395,191.48	51,251,657.61
Interest and Dividends	1,420,188.18	1,171,660.52
Accounts Receivable	57,542,303.50	46,366,914.30
Gifts	86,627,846.55	59,236,496.94
Other	1,949,203.28	1,709,100.85
Due From Other Agencies	16,230,963.72	13,968,857.12
Consumable Inventories	131,831.33	411,098.16
Merchandise Inventories	757,018.19	1,100,827.93
Prepaid Costs	57,266,485.97	51,073,201.31
Loans and Contracts	23,616,117.88	16,178,975.99
Total Current Assets	1,073,105,441.90	1,261,980,270.32
Non-Current Assets		
Restricted:		
Receivables	99,580,981.02	72,189,238.40
Loans and Contracts	2,302,305.27	3,018,767.44
Investments	977,618,336.36	944,549,574.99
Capital Assets		
Non-Depreciable or Non-Amortizable	475,534,860.61	446,633,059.06
Depreciable or Amortizable, Net	1,479,423,459.94	1,271,500,266.25
Total Non-Current Assets	3,034,459,943.20	2,737,890,906.14
Total Assets	4,107,565,385.10	3,999,871,176.46
Deferred Outflow of Resources		
Loss on Bond Refunding	299,124.39	926,985.45
Pensions	243,177,305.00	26,738,210.00
Other Post-Employment Benefits	547,515,897.00	58,058,588.00
Total Deferred Outflow of Resources	790,992,326.39	85,723,783.45
Total Assets and Deferred Outflow of Resources	\$ 4,898,557,711.49	\$ 4,085,594,959.91

Unaudited

University of Houston System (797)
 Combined Statement of Net Position
 August 31, 2019

	Total FY2019	Total FY2018
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 58,642,970.12	\$ 55,444,925.80
Federal Payable	120,410.17	73,446.05
Payroll Payable	61,229,810.26	90,657,620.68
Other Payable	3,340,330.26	3,376,227.42
Due to Other Agencies	609,845.24	563,459.88
Unearned Revenues	296,664,075.37	282,533,838.02
Notes and Loans Payable	94,972,000.00	83,567,000.00
Revenue Bonds Payable	78,517,908.57	74,296,855.39
Claims and Judgments Payable	338,911.39	323,089.18
Employees' Compensable Leave	13,611,036.11	13,483,309.76
Capital Lease Obligations	550,123.04	547,015.13
Other Post-Employment Benefits	16,240,919.00	604,942.00
Funds Held for Others	22,760,812.84	26,392,269.24
Total Current Liabilities	647,599,152.37	631,863,998.55
Non-Current Liabilities		
Revenue Bonds Payable	1,299,148,705.85	1,377,666,614.40
Net Pension Liability	407,613,524.00	156,667,295.00
Employees' Compensable Leave	13,470,422.69	13,455,636.25
Capital Lease Obligations	5,121,278.24	5,671,401.28
Other Post-Employment Benefits	564,565,797.00	118,616,618.00
Total Non-Current Liabilities	2,289,919,727.78	1,672,077,564.93
Total Liabilities	2,937,518,880.15	2,303,941,563.48
Deferred Inflow of Resources		
Pensions	34,757,608.00	39,963,165.00
Other Post-Employment Benefits	224,809,438.00	26,360,459.00
Total Deferred Inflows of Resources	259,567,046.00	66,323,624.00
Total Liabilities and Deferred Inflow of Resources	\$ 3,197,085,926.15	\$ 2,370,265,187.48
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 688,270,165.33	\$ 627,877,778.15
Restricted for:		
Debt Retirement	421,099.00	13,249,270.37
Capital Projects	14,795,058.90	11,708,142.53
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	492,924,553.97	492,087,343.96
Expendable		
Term Endowments	1,292,897.98	1,331,527.62
Funds Functioning as Endowments	47,196,384.87	48,302,240.63
Other Restricted	317,649,656.13	237,018,493.40
Unrestricted	138,921,969.16	283,754,975.77
Total Net Position	\$ 1,701,471,785.34	\$ 1,715,329,772.43

Unaudited

University of Houston System (797)
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 730,266,549.01	\$ 703,418,857.73
Discounts and Allowances	(180,564,782.95)	(162,152,364.63)
Auxiliary Enterprise-Pledged	115,286,307.80	113,204,440.86
Discounts and Allowances	(12,022,995.16)	(11,443,284.02)
Other Sales of Goods and Services-Pledged	96,545,559.07	70,807,826.83
Federal Revenue-Operating (PR-OP Grants/Contributions)	69,963,914.74	67,344,477.39
Federal Pass Through Revenue (PR-OP Grants/Contributions)	5,917,824.51	6,002,486.75
State Grant Revenue (PR-OP Grants/Contributions)	13,980,198.80	6,838,884.81
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	46,461,970.69	46,745,159.71
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	40,263,999.93	23,013,268.63
Other Operating Revenues (PR-Chgs for Services)	6,245,065.87	1,705,707.20
Total Operating Revenues	932,343,612.31	865,485,461.26
Operating Expenses		
Instruction	399,232,532.30	318,932,227.64
Research	175,844,497.81	154,326,681.66
Public Service	48,627,206.20	45,219,934.25
Academic Support	259,292,311.60	206,627,552.43
Student Services	65,465,443.12	49,472,797.78
Institutional Support	150,395,883.87	110,673,760.40
Physical Plant	66,390,517.58	68,310,739.97
Scholarships & Fellowships	106,232,865.54	99,953,066.04
Auxiliary Enterprises	159,168,189.94	117,480,325.35
Depreciation and Amortization	109,182,196.84	100,909,542.98
Total Operating Expenses	1,539,831,644.80	1,271,906,628.50
Operating Income (Loss)	(607,488,032.49)	(406,421,167.24)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	271,966,766.00	272,979,618.00
Additional Appropriations (GR)	20,387,160.84	19,063,330.50
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	129,541,530.01	124,465,856.36
Gifts (PR-OP Grants/Contributions)	136,718,878.27	87,009,423.67
Interest and Investment Income (PR-Chgs for Services)	46,686,893.48	45,002,163.55
Interest Expense and Fiscal Charges	(52,942,670.82)	(38,243,744.03)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	3,630,757.43	15,655,192.84
Other Nonoperating Revenues	33,360,245.92	9,071,707.34
Other Nonoperating Expenses	(32,377,062.70)	(28,042,643.16)
Total Nonoperating Revenues (Expenses)	556,972,498.43	506,960,905.07

Unaudited

University of Houston System (797)
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	<u>Total FY2019</u>	<u>Total FY2018</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (50,515,534.06)</u>	<u>\$ 100,539,737.83</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	76,803,908.00	76,803,908.00
Additions to Permanent and Term Endowments	11,528,516.48	16,554,883.17
Transfers-In	8,291,257.70	8,032,957.84
Transfers-Out	(366,556.51)	(25,944.76)
Legislative Transfers-In	785,716.00	767,002.00
Legislative Appropriations Lapsed	(3,400,038.93)	(6,422,948.66)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>93,642,802.74</u>	<u>95,709,857.59</u>
<u>Changes in Net Position</u>	<u>43,127,268.68</u>	<u>196,249,595.42</u>
Net Position Beginning	1,715,329,772.43	1,658,261,288.41
Restatements	(56,985,255.77)	(139,181,111.40)
<u>Net Position, Beginning, as Restated</u>	<u>1,658,344,516.66</u>	<u>1,519,080,177.01</u>
<u>Net Position, Ending</u>	<u>\$ 1,701,471,785.34</u>	<u>\$ 1,715,329,772.43</u>

Unaudited

University of Houston System (797)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$ 1,279,649.57	\$ 831.25	\$
Salaries and Wages	287,933,990.70	70,415,268.61	16,160,725.53	130,648,043.11	29,645,814.60
Payroll Related Costs	98,726,547.32	17,520,532.75	6,785,432.65	58,082,539.86	19,881,661.36
Professional Fees and Services	2,108,572.42	43,920,678.71	10,273,818.88	13,150,053.86	3,934,372.18
Federal Pass Through Expenses	48,195.48	1,741,003.84	337,187.02	34,251.56	
State Pass Through Expenses		111,161.07			
Travel	1,418,733.89	3,980,753.62	374,416.42	4,455,871.41	881,190.06
Materials and Supplies	2,641,087.68	9,304,975.24	2,600,070.89	10,435,777.89	2,492,572.03
Communication and Utilities	835,980.55	1,080,191.54	1,121,033.92	14,802,715.33	675,251.48
Repairs and Maintenance	332,068.69	2,156,016.31	610,372.34	5,179,568.95	249,468.54
Rentals and Leases	603,964.63	2,833,965.94	5,664,148.62	9,481,576.23	876,832.24
Printing and Reproduction	186,287.39	281,421.94	417,365.52	1,407,964.90	553,635.06
Depreciation and Amortization					
Interest	4,160.16	2,355.37	11,763.72	11,178.77	16,628.66
Scholarships	2,428,574.97	1,079,243.56	82,316.44	1,214,570.40	366,481.24
Claims and Judgments					500.00
Other Operating Expenses	1,964,368.42	21,416,929.31	2,908,904.68	10,387,368.08	5,891,035.67
Total Operating Expenses	\$ 399,232,532.30	\$ 175,844,497.81	\$ 48,627,206.20	\$ 259,292,311.60	\$ 65,465,443.12

Unaudited

University of Houston System (797)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2019	Total FY2018
\$	\$	\$	\$ 1,177,820.69	\$	\$ 2,458,301.51	\$ 2,474,302.91
75,069,062.79	21,372,394.12	1,926,384.65	52,096,495.22		685,268,179.33	656,149,384.72
44,781,006.75	8,977,422.29	61,412.09	25,419,264.70		280,235,819.77	80,784,854.91
7,366,915.72	9,726,746.76	808,551.72	38,382,316.67		129,672,026.92	111,926,368.83
		16,771.15			2,177,409.05	1,759,795.79
					111,161.07	26,435.19
835,452.07	44,347.39	400,242.78	5,757,887.39		18,148,895.03	16,471,718.71
3,401,184.48	1,419,332.09	59,071.18	9,655,414.55		42,009,486.03	42,566,349.08
1,515,654.90	16,613,188.17	1,209.24	10,510,085.27		47,155,310.40	49,498,992.46
4,580,881.72	2,283,782.18	589.76	3,173,702.34		18,566,450.83	17,198,773.70
2,832,338.63	4,665,480.94	2,621.60	1,429,343.35		28,390,272.18	28,373,137.04
724,275.56	8,889.01	8,107.09	615,004.54		4,202,951.01	3,905,830.36
				109,182,196.84	109,182,196.84	100,909,542.98
72,947.34	2,156.72	183.08	12,106.43		133,480.25	126,212.48
3,658,256.67		102,856,384.34	1,370,404.52		113,056,232.14	107,868,281.29
683,255.17			30.00		683,785.17	938,796.16
4,874,652.07	1,276,777.91	91,336.86	9,568,314.27		58,379,687.27	50,927,851.89
<u>\$ 150,395,883.87</u>	<u>\$ 66,390,517.58</u>	<u>\$ 106,232,865.54</u>	<u>\$ 159,168,189.94</u>	<u>\$ 109,182,196.84</u>	<u>\$ 1,539,831,644.80</u>	<u>\$ 1,271,906,628.50</u>

Unaudited

University of Houston System (797)
 Combined Statement of Cash Flows
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Cash Flows From Operating Activities		
Receipts from Customers	\$ 90,182,155.95	\$ 80,945,510.76
Proceeds from Tuition and Fees	563,977,492.81	572,710,197.06
Proceeds from Research Grants and Contracts	198,078,446.91	121,354,122.96
Proceeds from Loan Programs	142,695,865.23	186,870,600.59
Proceeds from Auxiliaries	105,261,108.09	99,853,466.07
Proceeds from a Defined Benefit Pension Plan	278,055,687.00	48,643,775.00
Proceeds from a Defined Benefit OPEB Plan	661,477,615.00	203,605,309.00
Proceeds from Other Revenues	6,246,863.28	1,705,707.20
Payments to Suppliers for Goods and Services	(290,538,978.58)	(267,495,333.58)
Payments to Employees for Salaries	(716,018,941.97)	(644,642,743.52)
Payments to Employees for Benefits	(137,002,450.98)	(136,708,835.18)
Payments for Loans Provided	(149,416,544.95)	(187,009,090.48)
Payments for a Defined Benefit Pension Plan	(278,055,687.00)	(48,643,775.00)
Payments for a Defined Benefit OPEB Plan	(604,690,068.00)	(64,438,857.00)
Payments for Other Expenses	(178,157,389.14)	(162,696,630.63)
Net Cash Provided (Used) by Operating Activities	(307,904,826.35)	(195,946,576.75)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	293,808,846.84	282,437,931.27
Proceeds from Gifts	81,935,786.04	77,293,129.29
Proceeds from Endowments	11,528,516.48	16,554,883.17
Proceeds of Transfers from Other Funds	42,964,772.01	20,056,422.49
Proceeds from Grants	129,541,530.01	127,016,890.25
Payments for Transfers to Other Funds	(34,056,887.60)	(1,979,337.69)
Net Cash Provided (Used) by Noncapital Financing Activities	525,722,563.78	521,379,918.78
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance		320,635,000.00
Proceeds from Other Financing Activities	280,556,496.22	167,936,628.29
Proceeds from Capital Contributions	76,803,908.00	76,803,908.00
Payments for Additions to Capital Assets	(346,245,788.74)	(279,048,118.29)
Payments of Principal on Debt Issuance	(66,180,000.00)	(219,595,000.00)
Payments for Capital Lease	(547,015.13)	(541,470.91)
Payments of Interest on Debt Issuance	(52,314,809.76)	(41,931,113.39)
Payments of Other Costs on Debt Issuance	(277,469,897.89)	(153,152,350.80)
Net Cash Provided (Used) by Capital and Related Financing Activities	(385,397,107.30)	(128,892,517.10)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	1,164,223,013.16	196,973,754.84
Proceeds from Investment Income	46,438,365.82	44,603,693.84
Payments to Acquire Investments	(959,552,952.06)	(255,720,115.59)
Net Cash Provided (Used) by Investing Activities	251,108,426.92	(14,142,666.91)

Unaudited

University of Houston System (797)
 Combined Statement of Cash Flows
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 83,529,057.05</u>	<u>\$ 182,398,158.02</u>
Cash and Cash Equivalents, September 1	421,387,380.15	378,155,674.13
<u>Restatements</u>	<u>(56,812,880.00)</u>	<u>(139,166,452.00)</u>
<u>Cash and Cash Equivalents, September 1, as Restated</u>	<u>364,574,500.15</u>	<u>238,989,222.13</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 448,103,557.20</u>	<u>\$ 421,387,380.15</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (607,488,032.49)</u>	<u>\$ (406,421,167.24)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Pension Expense	56,411,035.00	12,197,398.00
OPEB Expense	115,204,974.00	6,380,269.00
Depreciation and Amortization Expense	109,182,196.84	100,909,542.98
Operating Income and Cash Flow Categories: Classification Differences	(6,720,679.72)	(138,489.89)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	21,847,529.87	(13,315,413.08)
(Increase) Decrease in Inventories	623,076.57	182,354.81
(Increase) Decrease in Prepaid Expenses	(6,193,284.66)	(7,273,343.23)
(Increase) Decrease in Other Assets	(2,227,855.04)	1,086,078.81
(Increase) Decrease in DOR - Pensions	(216,439,095.00)	13,644,366.00
(Increase) Decrease in DOR - OPEB	(489,457,309.00)	(58,058,588.00)
Increase (Decrease) in Payables	3,275,332.17	13,195,518.68
Increase (Decrease) in Deferred Income	14,130,237.35	21,821,169.63
Increase (Decrease) in Compensated Absences	142,512.79	466,040.73
Increase (Decrease) in Benefits Payable	(30,750,762.64)	11,506,641.20
Increase (Decrease) in Liabilities to Employees for Defined Benefit Pensions	194,535,194.00	(48,643,775.00)
Increase (Decrease) in Liabilities to Employees for Defined Benefit OPEB	346,380,182.00	112,841,291.00
Increase (Decrease) in Other Liabilities	(3,603,500.39)	610,979.85
Increase (Decrease) in Deferred Inflows of Resources-Pensions	(5,205,557.00)	16,702,090.00
Increase (Decrease) in Deferred Inflows of Resources-OPEB	198,448,979.00	26,360,459.00
<u>Total Adjustments</u>	<u>299,583,206.14</u>	<u>210,474,590.49</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (307,904,826.35)</u>	<u>\$ (195,946,576.75)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>\$ 3,630,757.43</u>	<u>\$ 15,655,192.84</u>
<u>Non Cash Transactions</u>	<u>\$ 3,630,757.43</u>	<u>\$ 15,655,192.84</u>

**UNIVERSITY OF HOUSTON SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019**

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 Management's 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 60 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 Position

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

Unrestricted Net Position

Unrestricted net position consist of net position, which do not meet the definition of the two preceding categories. Unrestricted net position 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, 2019 is presented in Table 2.

Table 2 - Capital Assets

	University of Houston System							Balance 08/31/19
	Balance 09/01/18	Adjustments	Completed CIP	Inc-Int'g agy Trans	Dec-Int'g agy Trans	Additions	Deletions	
Business-Type Activities:								
Non-Depreciable/Non-Amortizable Assets								
Land & Land Improvements	\$ 142,186,368.52	\$ (48,146.29)	\$ -	\$ -	\$ -	\$ 3,822,852.23	\$ -	\$ 145,961,074.46
Construction in Progress	301,326,383.21	-	(210,042,928.14)	-	-	235,397,610.21	(239,236.46)	326,441,828.82
Other Tangible Capital Assets	3,120,307.33	-	-	-	-	11,650.00	-	3,131,957.33
Total Non-Depreciable and Non-Amortizable Assets	446,633,059.06	(48,146.29)	(210,042,928.14)	-	-	239,232,112.44	(239,236.46)	475,534,860.61
Depreciable Assets								
Buildings & Building Improvements	1,840,579,578.86	(110,993.61)	191,726,237.72	-	-	79,542,600.65	(4,000,915.00)	2,107,736,508.62
Infrastructure	59,537,612.13	-	8,000,000.00	-	-	-	-	67,537,612.13
Facilities & Other Improvements	280,364,710.00	-	9,285,229.38	-	-	83,336.37	-	289,733,275.75
Furniture & Equipment	279,760,953.17	65,982.10	1,031,461.04	40,710.41	(211,863.63)	22,259,603.24	(19,963,615.05)	282,983,231.28
Vehicle, Boats & Aircraft	8,726,238.19	-	-	-	-	489,876.14	(602,644.21)	8,613,470.12
Other Capital Assets	168,865,563.65	-	-	-	-	5,208,460.88	(3,180,923.48)	170,893,101.05
Total Depreciable Assets	2,637,834,656.00	(45,011.51)	210,042,928.14	40,710.41	(211,863.63)	107,583,877.28	(27,748,097.74)	2,927,497,198.95
Less Accumulated Depreciation For:								
Buildings & Building Improvements	(912,980,401.93)	459.89	-	-	-	(70,237,322.77)	4,000,915.00	(979,216,349.81)
Infrastructure	(41,865,227.69)	-	-	-	-	(1,615,108.62)	-	(43,480,336.31)
Facilities & Other Improvements	(79,977,897.45)	-	-	-	-	(9,651,069.20)	-	(89,628,966.65)
Furniture & Equipment	(211,042,896.60)	(79,118.06)	-	(40,710.41)	211,863.63	(20,238,482.93)	19,700,920.18	(211,488,424.19)
Vehicle, Boats & Aircraft	(6,186,463.40)	(559.80)	-	-	-	(591,341.68)	594,727.56	(6,183,637.32)
Other Capital Assets	(114,365,238.68)	-	-	-	-	(6,806,040.99)	2,988,718.59	(118,182,561.08)
Total Accumulated Depreciation	(1,366,418,125.75)	(79,217.97)	-	(40,710.41)	211,863.63	(109,139,366.19)	27,285,281.33	(1,448,180,275.96)
Depreciable Assets, Net	1,271,416,530.25	(124,229.48)	210,042,928.14	-	-	(1,555,488.91)	(462,816.41)	1,479,316,923.59
Amortizable Assets-Intangible								
Computer Software	46,720,550.41	-	-	-	-	65,631.00	-	46,786,181.41
Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Amortizable Assets-Intangible	46,720,550.41	-	-	-	-	65,631.00	-	46,786,181.41
Less Accumulated Amortization For:								
Computer Software	(46,636,814.41)	-	-	-	-	(42,830.65)	-	(46,679,645.06)
Other Intangible Capital Assets	-	-	-	-	-	-	-	-
Total Accumulated Amortization	(46,636,814.41)	-	-	-	-	(42,830.65)	-	(46,679,645.06)
Amortizable Assets-Intangible, Net	83,736.00	-	-	-	-	22,800.35	-	106,536.35
Total Business-Type Activities - Capital Assets, Net	\$ 1,718,133,325.31	\$ (172,375.77)	\$ -	\$ -	\$ -	\$ 237,699,423.88	\$ (702,052.87)	\$ 1,954,958,320.55

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, 2019, the carrying amount of deposits was \$10,526,109.50 as presented below:

<u>Governmental and Business-Type Activities</u>	
Cash in Bank-Carrying Amount	\$ 10,526,109.50
Total Cash in Bank per Annual Financial Report	<u>\$ 10,526,109.50</u>
<u>Reconciliation of Cash per Annual Financial Report</u>	
Proprietary Funds, Current Assets, Cash in Bank	(212,870,808.67)
Proprietary Funds, Current Assets, Restricted Cash in Bank	<u>\$ 223,396,918.17</u>
Cash in Bank per Annual Financial Report	<u>\$ 10,526,109.50</u>

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

As of August 31, 2019, the total bank balance was as follows:

Governmental and Business-Type Activities	\$ 1,274,262.51
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Custodial Credit Risk – The System has no deposits that are at risk of recovery due to the failure of a depository financial institution.

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

Investments

As of August 31, 2019, fair value of investments were:

<u>Governmental and Business-Type Activities</u>	Fair Value Hierarchy				Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Input	Net Position Value	
U.S. Government Agency Obligations	27,042,434.07	-	-	-	\$ 27,042,434.07
U.S. Treasury Securities	147,536,890.27	-	-	-	147,536,890.27
Corporate Obligations	128,380,083.10	-	-	-	128,380,083.10
Equities	37,456,369.33	-	-	50,425,789.26	87,882,158.59
International Equities	-	-	-	131,953,421.55	131,953,421.55
Fixed Income Money Market & Bond Mutual Funds	308,788,055.70	-	-	-	308,788,055.70
Other Commingled Funds (TexPool)	-	-	-	74,103,974.22	74,103,974.22
Other Commingled Funds	-	-	-	130,462,527.44	130,462,527.44
Externally Managed Investments-Domestic	-	-	-	154,230,960.73	154,230,960.73
Externally Managed Investments-International	51,862,535.33	-	-	234,399,613.75	286,262,149.08
Real Estate	-	110,749.00	-	-	110,749.00
Miscellaneous Investments	8,659,654.00	-	-	-	8,659,654.00
Total Investments	<u>709,726,021.80</u>	<u>110,749.00</u>	<u>-</u>	<u>775,576,286.95</u>	<u>\$ 1,485,413,057.75</u>

Reconciliation of Investments per Annual Financial Statements

Proprietary Funds, Current Assets, Cash Equivalents	\$ 308,309,384.61
Proprietary Funds, Current Assets, Short-Term Investments	199,485,336.78
Proprietary Funds, Non-Current Assets, Investments	<u>977,618,336.36</u>
Investments per Annual Financial Statements	<u>\$ 1,485,413,057.75</u>

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

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

Credit Risk (Investments) – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the System limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% of total investments. As of August 31, 2019, the System had no direct investment in securities with credit risk exposure that exceeded its policy limit. As of August 31, 2019, 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	BBf	NR
05	9999	US Govt Agency Obligations	\$27,042,434.07					
		Corporate Obligations	\$12,572,321.14		\$37,860,712.02	\$30,061,983.96	\$29,774,386.18	\$18,110,679.80
		Miscellaneous Investments	\$745,035.60		\$5,600,559.30	\$828,658.50	\$488,054.05	\$997,346.55

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2019, the System's concentration of credit risk in any single issuer did not exceed 5% of total investment assets as reported on the Statement of Net Position.

Reverse Repurchase Agreements

The System has no investments in reverse repurchase agreements.

Securities Lending

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

NOTE 4: Short-Term Debt

In the prior fiscal year, the System issued commercial paper (Consolidated Revenue Commercial Paper Program, Series A) to facilitate renovation and construction projects at the University of Houston. The balance remaining from the prior year issuance was redeemed during fiscal year 2019. Additional commercial paper was issued during fiscal year 2019, the proceeds of which were used to provide interim financing for renovation and construction projects at UH, UH-System Administration, UH-Clear Lake, UH-Victoria, and UH-Downtown.

Table 4 – Commercial Paper Activity

Business-Type Activities	Balance 9/01/18	Additions	Reductions	Balance 8/31/19
Commercial Paper	\$ 83,567,000.00	\$ 27,000,000.00	\$ 15,595,000.00	\$ 94,972,000.00

- The University has no unused lines of credit.
- Although the University pledges to pay debt service first from all revenue sources and if the institution went bankrupt, the University would have to pay the bonds first; however, the University does not specifically pledge any assets as collateral.
- Terms specified in debt agreements related to significant:
 - Events of default with finance-related consequences – Debtor would go through channels as would any state agency, so the University does not have any of these.
 - Termination events with finance-related consequences – University has no termination events and no changes in repayment.
 - Subjective acceleration clauses – University is only one that can say when we are going to pay early (min 10 years), so no disclosures are needed.
- Separate information about direct borrowings and direct placements of debt from other debt – University does not have short-term direct borrowings nor direct placements, so no disclosure separation is needed.

NOTE 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2019, the following changes, presented in Table 5.1, occurred in liabilities:

Table 5.1 – Long-Term Liabilities

Business-Type Activities	Balance 9/1/18	Additions	Reductions	Other Changes	Balance 8/31/19	Due Within 1 Year	Due Thereafter
Claims and Judgments	\$ 323,089.18	\$ 699,607.38	\$ 683,785.17	\$ -	\$ 338,911.39	\$ 338,911.39	\$ -
Capital Lease-Direct Placement	6,218,416.41	-	547,015.13	-	5,671,401.28	550,123.04	5,121,278.24
Employee Compensable Leave	26,938,946.01	14,484,295.09	14,341,782.30	-	27,081,458.80	13,611,036.11	13,470,422.69
Revenue Bonds Payable	<u>1,451,963,469.79</u>	<u>-</u>	<u>66,180,000.00</u>	<u>(8,116,855.37)</u>	<u>1,377,666,614.42</u>	<u>78,517,908.57</u>	<u>1,299,148,705.85</u>
Total	<u>\$ 1,485,443,921.39</u>	<u>\$ 15,183,902.47</u>	<u>\$ 81,752,582.60</u>	<u>\$ (8,116,855.37)</u>	<u>\$ 1,410,758,385.89</u>	<u>\$ 93,017,979.11</u>	<u>\$ 1,317,740,406.78</u>

Claims and Judgments

At August 31, 2019, 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

As of August 31, 2019, the System had no long-term notes and loans payable.

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 2019. 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 2019 fiscal year, for accrued vacation and compensatory leave totaled \$ 3,262,853.26.

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

At August 31, 2019, the System had no bonds payable classified as Revenue Bonds.

General Obligation Bonds

At August 31, 2019, the System had no bonds payable classified as General Obligation Bonds.

Refunding Bonds

• Consolidated Revenue and Refunding Bonds, Series 2008

- To (a) refund and defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on the behalf of the System, including individual campuses of the System.
- In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the construction of the Calhoun Lofts, East Parking Garage Part 1; and MacGregor Land purchase (UH), the Allied Health Facility; The Regional Center for Economic Development; and Building 2, Sugarland (UHV).
- \$175,030,000: all bonds have been issued (UH – \$143,615,000 and UHV – \$31,415,000).
- Issued 07-01-2008.
- Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2019 partially from Legislative Appropriations–Tuition Revenue Bonds.)
- Sufficient funds from proceeds of advance refunding bonds were deposited in FY16 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2008 series bonds that mature subsequent to 02-15-2019 totaling \$67,525,000, after they were called for early redemption on 02-15-2018.

- Sufficient funds from proceeds of advance refunding bonds were deposited in FY17 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2008 series bonds that mature subsequent to 02-15-2022 totaling \$38,400,000, after they were called for early redemption on 02-15-2018.
- **Consolidated Revenue and Refunding Bonds, Series 2009**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the Science Lab renovations, the purchase of Bayou Oaks, the construction of the Stadium Parking Garage Part 1 and East Garage Part 2 (UH), and the renovation of the Arbor Building (UHCL).
 - Issued 02-04-2009.
 - \$108,395,000; all bonds authorized have been issued (UH – \$98,230,000 and UHCL – \$10,165,000).
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2019 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY17, with an escrow agent to provide for full payment of certain outstanding obligations related to the 2009 series bonds that mature subsequent to 02-15-2021 totaling \$50,325,000, after they were called for early redemption on 02-15-2019.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY18, with an escrow agent to provide for full payment of certain outstanding obligations related to the 2009 series bonds that mature subsequent to 02-15-2020 totaling \$9,925,000, after they were called for early redemption on 02-15-2019.
- **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 and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2019 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.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY17 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2009A series bonds that mature subsequent to 02-15-2024 totaling \$12,840,000, after they were called for early redemption on 02-15-2019.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY18 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2009A series bonds that mature subsequent to 02-15-2021 totaling \$22,095,000, after they were called for early redemption on 02-15-2019.

- **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 and 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 and 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 and 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 2019 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.464013%.
 - Net proceeds from refunding series - \$89,366,528.00, after receipt of bond premium of \$12,525,317.05 and additional available funds of \$1,427,621.11 and payment of \$226,410.16 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2002-A and 2002-B series bonds, after they were called for early redemption on 02-15-2012.
 - The 2002-A and 2002-B series bonds maturing subsequent to 02-15-2012 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2002-A and 2002-B series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$12,683,166.71.
 - Economic gain - \$11,417,870.29; the difference between the net present value of the old and new debt service payments.
 - Outstanding bonds maturing subsequent to 02-15-2016 totaling \$7,360,000 were extinguished early by using existing assets.
 - Outstanding bonds maturing subsequent to 02-15-2033 totaling \$750,000 were extinguished early by using existing assets.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY18 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2011A series bonds that mature subsequent to 02-15-2022 totaling \$121,595,000, after they are called for early redemption on 02-15-2021.
- **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 and 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 and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2019 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.74%.
 - Net proceeds from refunding series - \$33,077,545.71, after receipt of bond premium of \$3,186,375.65 and payment of \$218,829.94 in underwriting fees, insurance, and other issuance costs.

- Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2003, 2005, and 2006 series' bonds, after they were called for early redemption on 02-15-2015.
 - The advance refunded 2003, 2005, and 2006 series' bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2003, 2005, and 2006 series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$3,116,482.36.
 - Economic gain - \$2,640,370.82; the difference between the net present value of the old and new debt service payments.
 - Accounting Loss (deferred outflow of resources) - \$515,099.28; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2013-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance the construction of a Football Stadium (UH), a Multidisciplinary Research and Engineering Building (UH), UH Energy Research Park renovations and improvements (UH), and Jaguar Court Residence Facility (UHV).
 - Issued 9-17-2013.
 - \$102,420,000; all bonds authorized have been issued (UH – \$101,200,000 and UHV – \$1,220,000).
 - Source of revenue for debt service – Designated tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
- **Consolidated Revenue Refunding Bonds, Series 2014**
 - To refund \$18,385,000 of Consolidated Revenue Bonds, Series 2006; and \$32,715,000 of Consolidated Revenue and Refunding Bonds, Series 2006.
 - Issued 11-18-2014.
 - \$47,915,000; all bonds authorized have been issued (UH – \$29,525,000, UHD – \$17,765,000, and UHV – \$625,000).
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2019 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.67%.
 - Net proceeds from refunding series - \$52,309,205.77, after receipt of bond premium of \$5,037,241.05 and payment of \$643,035.28 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2006 series bonds, after they were called for early redemption on 02-15-2015.
 - The advance refunded 2006 series bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2006 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$9,051,334.58.
 - Economic gain - \$7,400,593.85; the difference between the net present value of the old and new debt service payments.
 - Accounting gain (deferred inflow of resources) - \$445,456.16; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2016-A**
 - To (a) refund and defease \$67,525,000 of Consolidated Revenue and Refunding Bonds, Series 2008; and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.

- In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of Sophomore housing facilities – 3200 N. Ben Wilson Residence Facility (UHV), and (b) to defease certain outstanding commercial paper notes of the System.
 - Issued 2-16-2016.
 - \$100,650,000; all bonds authorized have been issued (\$63,605,000 refunding bonds: UHSA - \$10,260,000, UH – \$49,480,000, and UHV – \$3,865,000; and \$37,045,000 revenue bonds: UH – \$21,290,000, UHSA – \$6,910,000, and UHV – \$8,845,000).
 - Source of revenue for debt service – Designated Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Average interest rate of bonds refunded - 5.106634%.
 - Net proceeds from refunding series - \$73,326,358.81 after receipt of bond premium of \$10,146,107.80 and payment of \$424,748.99 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2008 series bonds maturing subsequent to 02-15-2019, after they were called for early redemption on 02-15-2018.
 - The advance refunded 2008 series bonds maturing subsequent to 02-15-2019 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2008 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$11,368,241.94.
 - Economic gain - \$9,431,071.76; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred outflow of resources) - \$3,725,515.23; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2016-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance a portion of the Multidisciplinary Research and Engineering Building (UH); the Science, Technology, Engineering, and Mathematics Building (UHCL); and the Health and Biomedical Building 2 (UH).
 - Issued 2-16-2016.
 - \$184,350,000; all bonds authorized have been issued (UH – \$120,300,000 and UHCL – \$64,050,000).
 - Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2019 partially from Legislative Appropriations–Tuition Revenue Bonds.)
- **Consolidated Revenue and Refunding Bonds, Series 2017-A**
 - To (a) advance refund and defease \$38,400,000 of Consolidated Revenue Refunding Bonds, Series 2008; \$50,325,000 of Consolidated Revenue and Refunding Bonds, Series 2009; and \$12,840,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; (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; and (c) to defease certain outstanding commercial paper notes of the System.
 - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston – System Administration, University of Houston, University of Houston – Clear Lake, University of Houston – Downtown, and University of Houston – Victoria.
 - Issued 2-16-2018.
 - \$379,450,000; all bonds authorized have been issued; (a) \$93,460,000 refunding bonds: Series 2008: UHSA – \$265,000, UH – \$35,300,000, and UHV – \$95,000; Series 2009: UH – \$41,990,000, and UHCL – \$4,165,000; and Series 2009A: UH - \$11,645,000; and (b) \$285,990,000 new money revenue bonds: UHSA – \$40,920,000, UH – \$47,180,000, UHCL – \$53,830,000, UHD – \$84,750,000 and UHV – \$59,310,000.

- 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 2019 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.971035%.
 - Net proceeds from refunding series - \$108,438,040.58, after receipt of \$93,460,000 par value, plus receipt of the bond premium of \$15,956,653, and payment of \$978,612.42 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2008, 2009, and 2009A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$14,322,761.90.
 - Economic gain - \$10,020,739.63; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred outflow of resources) - \$2,300,255.73; 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 2017-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 Basketball Arena (UH) and Football Stadium (UH).
 - Issued 2-16-2018.
 - \$11,635,000; all bonds authorized have been issued (UH – \$11,635,000).
 - 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 and Refunding Bonds, Series 2017-C**
 - To (a) advance refund and defease \$9,925,000 of Consolidated Revenue Refunding Bonds, Series 2009; \$22,095,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; and \$121,595,000 of Consolidated Revenue and Refunding Bonds, Series 2011A; (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 and (c) to defease certain outstanding commercial paper notes of the System.
 - In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the Quad new residential housing and new Parking Garage 5 (UH), Freshman new residential housing (UHCL), and campus expansion (UHV).
 - Issued 12-21-2017.
 - \$320,635,000; all bonds authorized have been issued; (a) \$150,685,000 refunding bonds: Series 2009: UH – \$9,130,000, and UHCL – \$525,000; Series 2009A: UH – \$22,720,000; and Series 2011A: UH – \$111,720,000; and UHV – \$6,590,000 and (b) \$169,950,000 new money revenue bonds: UH – \$142,940,000, UHCL – \$21,320,000, and UHV – \$5,690,000.
 - 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 2019 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 3.69%.
 - Net proceeds from refunding series - \$165,811,307.74 after receipt of \$150,685,000 par value, plus receipt of the bond premium of \$16,137,005.30, and payment of \$1,010,697.56 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2009, 2009A, and 2011A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$24,628,909.00.
 - Economic gain - \$17,123,196.00; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred outflow of resources) - \$744,303.44; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.

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	\$ 1,829,251,636.64	\$ NA
Term of commitment year ending 08/31	NA	2049	NA
Percentage of revenue pledged	NA	100%	NA
Current year pledged revenue	\$ NA	\$ 1,000,526,237.98	\$ NA
Current year principal and interest paid	\$ NA	\$ 124,817,492.82	\$ 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 BABs 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 \$67,650,000 remained outstanding at August 31, 2019. 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 \$86,994.84. The full amount of interest due to bond holders was paid by the System.

NOTE 7: Derivative Instruments

Not Applicable.

NOTE 8: Leases**Operating Leases**

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

Fund Type	Amount
Proprietary Fund	\$ 14,534,967.69

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>
2020	\$ 6,476,498.15
2021	3,567,853.50
2022	1,915,038.29
2023	957,519.15
2024	819,669.98
2025-2029	3,172,424.15
<u>2030-2034</u>	<u>1,113,005.59</u>
Total Minimum Future Lease Rental Payments	<u>\$ 18,022,008.81</u>

Capital Leases

The System has entered into long-term leases for financing the purchase of certain capital assets. Such leases are classified as capital leases for accounting purposes and are recorded at the present value of the future minimum lease payments at the inception of the lease. A summary of the original capitalized costs of all such property under lease in addition to the accumulated depreciation as of August 31, 2019 is as follows:

Assets Under Capital Leases Year Ended August 31, 2019

<u>Primary Government – Business-Type Activities</u>			
<u>Class of Property</u>	<u>Assets under Capital Lease</u>	<u>Sum of Principal Payments</u>	<u>Total</u>
Buildings	\$ 9,650,588.00	\$ 3,979,186.72	\$ 5,671,401.28
Total	<u>\$ 9,650,588.00</u>	<u>\$ 3,979,186.72</u>	<u>\$ 5,671,401.28</u>

<u>Primary Government – Business-Type Activities</u>			
<u>Class of Property</u>	<u>Assets under Capital Lease</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Buildings	\$ 9,650,588.00	\$ 3,625,253.71	\$ 6,025,334.29
Total	<u>\$ 9,650,588.00</u>	<u>\$ 3,625,253.71</u>	<u>\$ 6,025,334.29</u>

Future Capital Lease Payments Year Ending August 31, 2019

<u>Primary Government – Business-Type Activities</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Future Minimum Lease Payments</u>
2020	\$ 550,123.04	\$ 221,434.24	\$ 771,557.28
2021	559,321.65	197,809.47	757,131.12
2022	564,240.58	172,941.74	737,182.32
2023	568,107.91	148,270.61	716,378.52
2024	571,168.16	123,979.12	695,147.28
2025-2029	2,858,439.94	273,441.01	3,131,880.95
Total	<u>\$ 5,671,401.28</u>	<u>\$ 1,137,876.19</u>	<u>\$ 6,809,277.47</u>

The above capital lease information is related in entirety to a lease of building space from the City of Pearland, Texas by the University of Houston System, for the use and benefit of University of Houston – Clear Lake.

Regarding GASB 88 disclosure for the capital lease reported in Notes 5 and 8 as a financed purchase:

- a) UH System does not have any unused lines of credit;
- b) UH System has not pledged assets as collateral for debt;
- c) UH System’s debt (lease) agreement includes terms for events of default with finance related consequences, as detailed below:

The System’s outstanding capital lease payments from direct placements related to business-type activities of \$6,809,277 contain a provision that in the event of default, the System will be liable for damages equal to the total of (i) the cost of recovering the leased premises, (ii) the cost of removing and storing personal property, (iii) the unpaid amount earned at the time of lease termination plus interest, (iv) the present value (discounted at 8% per annum) of the balance due for the remainder of the term less the present value of the fair market rental value and the cost to prepare the premises for occupancy, and (v) any other sum owed under the lease agreement.

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, 2019 are:

	TRS Participants	ORP Participants	Total Contributions
Member Contributions	\$ 28,625,971.02	\$ 14,603,210.00	\$ 43,229,181.02
Employer Contributions	25,613,477.98	15,649,012.00	41,262,489.98
Total	<u>\$ 54,239,449.00</u>	<u>\$ 30,252,222.00</u>	<u>\$ 84,491,671.00</u>

NOTE 10: Deferred Compensation (Administering Agencies Only)

Not Applicable.

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

Not Applicable.

NOTE 12: Interfund Activity and Transactions

Not Applicable.

NOTE 13: Continuance Subject to Review

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

NOTE 14: Adjustments to Fund Balances/Net Position

During fiscal year 2019, certain accounting changes or adjustments were made that required the restatement of fund balances or net position. The restatements are presented below:

Table 14.1 – Restatement of Net Position for FY2019

	<u>Enterprise Funds</u>
Fund Balance/Net Position, 09/01/18	\$ 1,658,516,892.43
Current Year Restatements	<u>(172,375.77)</u>
Fund Balance/Net Position, 09/01/18 Restated	<u>\$ 1,658,344,516.66</u>

Table 14.2 – Changes in Net Position for FY2018

	<u>Enterprise Funds</u>
Change in Net Position, 08/31/18	\$ 196,249,595.42
Current Year Restatements	<u>(172,375.77)</u>
Change in Net Position, 08/31/18 Restated	<u>\$ 196,077,219.65</u>

A restatement of \$(172,375.77) in Enterprise Funds is due to corrections related to asset valuation in the prior period.

NOTE 15: Contingencies and Commitments**Unpaid Claims and Lawsuits**

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

Construction Commitments

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

Investment Funds

The System has entered into contractual commitments to fund private investments made by external investment managers. Investments in which a public market does not exist have an inherent uncertainty of valuation. Because of this uncertainty, the estimate of fair value for alternative investments may differ from the values that would have been used had a ready market existed. As displayed in Note 3, the fair value of Externally Managed Investments is: Domestic – \$154,230,960.73 and International – \$286,262,149.08. The

total amount of unfunded commitment is: \$122,522,690.41, composed of Domestic – \$78,220,116.86 and International – \$44,302,573.55.

NOTE 16: Subsequent Events

As of the date this report was issued, there have been no additional events since August 31, 2019 that had a significant financial impact and require disclosure

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 2018 and 2019 were:

Table 17.1 – Balance of Claims Activity

	Beginning Balance	Increase	Decrease	Ending Balance
2019	\$ 323,089.18	\$ 699,607.38	\$ 683,785.17	\$ 338,911.39
2018	\$ 156,012.69	\$ 1,105,872.65	\$ 938,796.16	\$ 323,089.18

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. 2019 increases and decreases also include current year assessments and payments of legal settlements in the amount of \$40,823.72. Payments for worker's compensation claims of \$513,949.91 and for unemployment claims of \$129,011.54 make up the remainder of the decrease total of \$683,785.17.

NOTE 18: Management's Discussion and Analysis

Not Applicable.

NOTE 19: The Financial Reporting Entity

Not Applicable.

NOTE 20: Stewardship, Compliance, and Accountability

Not Applicable.

NOTE 21: N/A

Not Applicable.

NOTE 22: Donor Restricted Endowments

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

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

The net appreciation (cumulative and unexpended) on donor-restricted endowments, presented below in Table 22.1, is available for authorization and expenditure by the System:

Table 22.1 – Net Appreciation of Endowments

Donor-Restricted Endowments	Amount of Net Appreciation/(Depreciation)	Reported in Net Position
True Endowments	\$ 130,549,639.96	Restricted Expendable
Term Endowments	305,294.60	Restricted Expendable
Total	<u>\$ 130,854,934.56</u>	

(A fair market value increase of \$49,497,166.99 was recognized for endowments at or above historical cost, and a fair market value increase of \$5,967,406.82 was recognized for endowments below historical cost.)

Variances from prior year-end for expendable and nonexpendable balances are shown in Table 22.2:

Table 22.2 - Changes from Prior Year Balances:

Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	8,763,655.07	Fair value increase in portfolio
True Endowments	(21,369,983.50)	Spending distribution from endowment
Term Endowments	38,726.64	Fair value increase in portfolio
Term Endowments	(70,904.00)	Spending distribution from endowment
Non-Expendable Balances		
True Endowments	0.00	
Term Endowments	0.00	

NOTE 23: Extraordinary and Special Items

Not Applicable.

NOTE 24: Disaggregation of Receivable & Payable Balances

Not Applicable.

A. Taxes Receivable

Not Applicable.

B. Federal Receivable

Not Applicable.

C. Tax Refunds Payable

Not Applicable.

D. Other Receivables - Current

Not Applicable.

E. Other Payables – Current

Not Applicable.

F. Other Receivables – Non-Current

Not Applicable.

G. Other Payables – Non-Current

Not Applicable.

NOTE 25: Termination Benefits

Not applicable.

NOTE 26: Segment Information

Not Applicable.

NOTE 27: Service Concession Arrangements

Not Applicable.

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

In fiscal 2019, the System reported deferred outflows of resources and deferred inflows of resources in connection with the TRS pension plan.

As of August 31, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Loss/Gain on Bond Refunding	\$ 299,124.39	\$ 0.00
Pension Plans	243,177,305.00	34,757,608.00
Other Post-Employment Benefits	547,515,897.00	224,809,438.00
Total	<u>\$ 790,992,326.39</u>	<u>\$ 259,567,046.00</u>

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

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

NOTE 29: Troubled Debt Restructuring

Not Applicable.

NOTE 30: Non-Exchange Financial Guarantees

Not Applicable.

NOTE 31: Tax Abatements

Not Applicable.

NOTE 32: Fund Balances

Not Applicable.

UNIVERSITY OF HOUSTON SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

Schedule TRS-A
 University of Houston System (797)
 Schedule of the University of Houston System's Proportionate Share of the Net Pension Liability
 Teacher Retirement System of Texas Plan
 Fiscal Year Ended August 31, 2019

	2019	2018	2017	2016	2015
University of Houston System's Proportion of the Net Pension Liability (Asset)	0.7405442%	0.4899740%	0.5110380%	0.5016354%	0.5654400%
University of Houston System's Proportionate Share of the Net Pension Liability (Asset)	\$ 407,613,524.00	\$ 156,667,295.00	193,113,672	\$ 177,321,437	\$ 151,067,659
University of Houston System's Covered Employee Payroll	\$ 214,999,558.00	\$ 206,333,549.00	208,211,337	\$ 192,869,401	\$ 207,258,022
University of Houston System's Proportionate Share of the Net Pension Liability (Asset) As a Percentage of its Covered Payroll	189.59%	75.93%	92.75%	91.94%	72.89%
University of Houston System's Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	82.17%	78.00%	78.43%	83.25%

This schedule will be presented on a prospective basis in accordance with GASB 68, paragraph 138. This schedule is intended to present 10 years of information. Currently, only five years of information is available. Information for future years will be added as it becomes available.

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Unaudited

Schedule TRS-B
 University of Houston System (797)
 Schedule of the University of Houston System's Contributions
 Teacher Retirement System of Texas Plan
 Fiscal Year Ended August 31, 2019

Contributions	2019	2018	2017	2016	2015	2014
Statutorily Required Contributions	\$ 19,106,794.00	\$ 16,944,398.00	\$ 14,674,574	\$ 13,435,959	\$ 14,853,640	\$ 14,335,475
Contributions in Relation to the Statutorily Required Contributions	\$ 19,106,794.00	\$ 16,944,398.00	\$ 14,674,574	\$ 13,435,959	\$ 14,853,640	\$ 14,335,475
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
University of Houston System's Covered-Employee Payroll	\$ 274,664,187.00	\$ 214,999,558.00	\$ 190,578,883	\$ 208,211,337	\$ 192,869,401	\$ 207,258,022
Contributions as a Percentage of Covered-Employee Payroll	6.96%	7.88%	7.70%	7.75%	7.70%	6.92%

This schedule will be presented on a prospective basis in accordance with GASB 68, paragraph 138.
 This schedule is intended to present 10 years of information. Currently, only six years of information is available.
 Information for future years will be added as it becomes available.

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Unaudited

Schedule OPEB-A
 University of Houston System (797)
 Schedule of the University of Houston System's Proportionate Share of the Net OPEB Liability
 Employees Retirement System of Texas Plan
 Fiscal Year Ended August 31, 2019

	2019	2018
University of Houston System's Proportion of the Net OPEB Liability (Asset)	1.95968610%	0.34990027%
University of Houston System's Proportionate Share of the Net OPEB Liability (Asset)	\$ 580,806,716.00	\$ 119,221,560.00
University of Houston System's Covered Employee Payroll	\$ 369,340,909.00	\$ 361,867,814.00
University of Houston System's Proportionate Share of the Net OPEB Liability (Asset) As a Percentage of its Covered Payroll	157.25%	32.95%
University of Houston System's Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.27%	2.04%

This schedule will be presented on a prospective basis in accordance with GASB 75, Paragraph B138.
 This schedule is intended to present 10 years of information. Currently, only two years of information is available.
 Information for future years will be added as it becomes available.

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Unaudited

Schedule OPEB-B
 University of Houston System (797)
 Schedule of the University of Houston System's Contributions
 Employees Retirement System of Texas Plan
 Fiscal Year Ended August 31, 2019

Contributions	2019	2018	2017
Statutorily Required Contributions	\$ 1,415,695.00	\$ 58,023,290.00	\$ 53,735,931.00
Contributions in Relation to the Statutorily Required Contributions	\$ 1,415,695.00	\$ 58,023,290.00	\$ 53,735,931.00
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
University of Houston System's Covered-Employee Payroll	\$ 241,433,879.00	\$ 369,340,909.00	\$ 361,867,814.00
Contributions as a Percentage of Covered-Employee Payroll	0.59%	15.71%	14.85%

This schedule will be presented on a prospective basis in accordance with GASB 75, Paragraph B138
 This schedule is intended to present 10 years of information. Currently, only three years of information is available.
 Information for future years will be added as it becomes available.

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, 2019

Business-Type Activities Revenue Bonds	Description of Issue	Issued Year	Bonds Issued to Date	Range of Interest Rates	Terms Of Variable Interest Rate	Scheduled Maturities		First Call Date
						First Year	Last Year	
Consolidated Revenue Refunding Bonds Self-supporting Revenue Bonds								
	Consolidated Revenue & Refunding Bonds Series	2008	175,030,000.00	4.0000% - 5.2500%		2008	2038	2/15/2019
	Consolidated Revenue & Refunding Bonds Series	2009	108,395,000.00	3.0000% - 5.0000%		2009	2033	2/15/2019
	Consolidated Revenue & Refunding Bonds Series	2009-A	71,175,000.00	4.0000% - 5.0000%		2010	2034	2/15/2019
	Consolidated Revenue & Refunding Bonds Series	2010-A	23,305,000.00	4.2500% - 6.1250%		2011	2035	2/15/2020
	Consolidated Revenue & Refunding Bonds Series	2010-B	79,975,000.00	4.4500% - 6.3100%		2017	2035	2/15/2020
	Consolidated Revenue & Refunding Bonds Series	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 Refunding Bond Series	2014	47,915,000.00	2.0000% - 5.0000%		2015	2030	2/15/2024
	Consolidated Revenue & Refunding Bonds Series	2016-A	100,650,000.00	4.0000% - 5.0000%		2017	2047	2/15/2025
	Consolidated Revenue & Refunding Bonds Series	2016-B	184,350,000.00	2.5000% - 3.5900%		2017	2036	2/15/2025
	Consolidated Revenue & Refunding Bonds Series	2017-A	379,450,000.00	5.0000% - 5.0000%		2018	2038	2/15/2026
	Consolidated Revenue & Refunding Bonds Series	2017-B	11,635,000.00	3.0000% - 4.0000%		2018	2038	2/15/2026
	Consolidated Revenue & Refunding Bonds Series	2017-C	320,635,000.00	3.1250% - 5.0000%		2019	2049	2/15/2026
Consolidated Revenue Bonds Self-supporting Revenue Bonds								
	None							
			<u>\$ 1,941,900,000.00</u>					

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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, 2019

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
General Obligations Bonds				
Self-Supporting Bonds				
None		\$	\$	\$
Not Self-Supporting Bonds				
None		\$	\$	\$
Revenue Bonds				
Self-Supporting Bonds				
Consolidated Revenue & Refunding Bonds Series 2008	2020	\$ 865,000.00	897,481.25	1,762,481.25
	2021	915,000.00	850,756.25	1,765,756.25
	2022	960,000.00	801,537.50	1,761,537.50
	2023	1,015,000.00	749,693.75	1,764,693.75
	2024	1,070,000.00	694,962.50	1,764,962.50
	2025 - 2029	5,540,000.00	2,575,675.00	8,115,675.00
	2030 - 2034	3,840,000.00	1,460,000.00	5,300,000.00
	2035 - 2039	3,845,000.00	396,625.00	4,241,625.00
	2040 - 2044			
	2045 - 2049			
	2050 - 2054			
		<u>\$ 18,050,000.00</u>	<u>\$ 8,426,731.25</u>	<u>\$ 26,476,731.25</u>
Consolidated Revenue & Refunding Bonds Series 2009	2020	\$ 5,000,000.00	125,000.00	5,125,000.00
	2021			
	2022			
	2023			
	2024			
	2025 - 2029			
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
	2050 - 2054			
		<u>\$ 5,000,000.00</u>	<u>\$ 125,000.00</u>	<u>\$ 5,125,000.00</u>
Consolidated Revenue & Refunding Bonds Series 2009-A	2020	\$ 1,875,000.00	115,500.00	1,990,500.00
	2021	1,950,000.00	39,000.00	1,989,000.00
	2022			
	2023			
	2024			
	2025 - 2029			
	2030 - 2034			
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
	2050 - 2054			
		<u>\$ 3,825,000.00</u>	<u>\$ 154,500.00</u>	<u>\$ 3,979,500.00</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2019

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2010-A	2020	\$ 855,000.00	\$ 962,407.76	\$ 1,817,407.76
	2021	900,000.00	917,857.76	1,817,857.76
	2022	945,000.00	869,876.51	1,814,876.51
	2023	995,000.00	818,454.01	1,813,454.01
	2024	1,055,000.00	763,089.01	1,818,089.01
	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			
	2050 - 2054			
			<u>\$ 17,140,000.00</u>	<u>\$ 8,242,307.02</u>
Consolidated Revenue & Refunding Bonds Series 2010-B	2020	\$ 4,375,000.00	\$ 3,794,751.25	\$ 8,169,751.25
	2021	4,520,000.00	3,567,666.50	8,087,666.50
	2022	4,680,000.00	3,327,966.50	8,007,966.50
	2023	4,845,000.00	3,075,036.50	7,920,036.50
	2024	5,015,000.00	2,808,281.00	7,823,281.00
	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			
	2050 - 2054			
			<u>\$ 67,650,000.00</u>	<u>\$ 27,758,381.50</u>
Consolidated Revenue & Refunding Bonds Series 2011-A	2020	\$ 11,970,000.00	\$ 2,425,750.00	\$ 14,395,750.00
	2021	12,630,000.00	1,810,750.00	14,440,750.00
	2022	13,295,000.00	1,162,625.00	14,457,625.00
	2023		830,250.00	830,250.00
	2024		830,250.00	830,250.00
	2025 - 2029		4,151,250.00	4,151,250.00
	2030 - 2034	16,605,000.01	2,498,625.00	19,103,625.01
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
	2050 - 2054			
			<u>\$ 54,500,000.01</u>	<u>\$ 13,709,500.00</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2019

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2011-B	2020	\$ 830,000.00	\$ 682,811.26	\$ 1,512,811.26
	2021	860,000.00	655,348.76	1,515,348.76
	2022	890,000.00	626,355.01	1,516,355.01
	2023	920,000.00	595,236.26	1,515,236.26
	2024	955,000.00	560,633.14	1,515,633.14
	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			
	2050 - 2054			
			<u>\$ 16,160,000.00</u>	<u>\$ 6,786,841.96</u>
Consolidated Revenue & Refunding Bonds Series 2013-A	2020	\$ 3,995,000.00	\$ 1,242,931.26	\$ 5,237,931.26
	2021	4,210,000.00	1,037,806.26	5,247,806.26
	2022	4,415,000.00	844,256.26	5,259,256.26
	2023	2,590,000.00	704,156.26	3,294,156.26
	2024	2,690,000.00	598,556.26	3,288,556.26
	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			
	2050 - 2054			
			<u>\$ 30,780,000.00</u>	<u>\$ 6,809,603.23</u>
Consolidated Revenue & Refunding Bonds Series 2013-B	2020	\$ 3,745,000.00	\$ 3,679,036.75	\$ 7,424,036.75
	2021	3,865,000.00	3,558,153.00	7,423,153.00
	2022	3,995,000.00	3,423,469.25	7,418,469.25
	2023	4,145,000.00	3,273,181.25	7,418,181.25
	2024	4,315,000.00	3,107,936.00	7,422,936.00
	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			
	2050 - 2054			
			<u>\$ 82,475,000.00</u>	<u>\$ 36,067,429.00</u>
Consolidated Revenue & Refunding Bonds Series 2014	2020	\$ 2,225,000.00	\$ 1,414,475.00	\$ 3,639,475.00
	2021	2,300,000.00	1,346,600.00	3,646,600.00
	2022	2,365,000.00	1,276,625.00	3,641,625.00
	2023	4,460,000.00	1,151,950.00	5,611,950.00
	2024	4,650,000.00	969,750.00	5,619,750.00
	2025 - 2029	18,005,000.00	1,909,825.00	19,914,825.00
	2030 - 2034	2,850,000.00	42,750.00	2,892,750.00
	2035 - 2039			
	2040 - 2044			
	2045 - 2049			
	2050 - 2054			
			<u>\$ 36,855,000.00</u>	<u>\$ 8,111,975.00</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2019

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total	
Consolidated Revenue & Refunding Bonds Series 2016-A	2020	\$ 6,100,000.00	\$ 4,105,200.00	\$ 10,205,200.00	
	2021	6,405,000.00	3,792,575.00	10,197,575.00	
	2022	6,735,000.00	3,464,075.00	10,199,075.00	
	2023	6,880,000.00	3,123,700.00	10,003,700.00	
	2024	7,170,000.00	2,772,450.00	9,942,450.00	
	2025 - 2029	34,280,000.00	9,305,200.00	43,585,200.00	
	2030 - 2034	16,905,000.00	4,010,500.00	20,915,500.00	
	2035 - 2039	5,275,000.00	2,140,100.00	7,415,100.00	
	2040 - 2044	4,910,000.00	1,198,600.00	6,108,600.00	
	2045 - 2049	3,460,000.00	211,200.00	3,671,200.00	
	2050 - 2054				
			<u>\$ 98,120,000.00</u>	<u>\$ 34,123,600.00</u>	<u>\$ 132,243,600.00</u>
	Consolidated Revenue & Refunding Bonds Series 2016-B	2020	\$ 14,725,000.00	\$ 4,337,847.00	\$ 19,062,847.00
2021		15,120,000.00	3,927,972.00	19,047,972.00	
2022		6,745,000.00	3,654,659.50	10,399,659.50	
2023		6,915,000.00	3,483,909.50	10,398,909.50	
2024		6,570,000.00	3,305,492.00	9,875,492.00	
2025 - 2029		35,910,000.00	13,473,985.25	49,383,985.25	
2030 - 2034		41,345,000.00	7,017,518.75	48,362,518.75	
2035 - 2039		18,410,000.00	666,663.00	19,076,663.00	
2040 - 2044					
2045 - 2049					
2050 - 2054					
			<u>\$ 145,740,000.00</u>	<u>\$ 39,868,047.00</u>	<u>\$ 185,608,047.00</u>
Consolidated Revenue & Refunding Bonds Series 2017-A		2020	\$ 9,455,000.00	\$ 17,858,375.00	\$ 27,313,375.00
	2021	9,930,000.00	17,373,750.00	27,303,750.00	
	2022	15,530,000.00	16,737,250.00	32,267,250.00	
	2023	16,525,000.00	15,935,875.00	32,460,875.00	
	2024	17,420,000.00	15,087,250.00	32,507,250.00	
	2025 - 2029	107,830,000.00	59,791,500.00	167,621,500.00	
	2030 - 2034	101,600,000.00	34,150,250.00	135,750,250.00	
	2035 - 2039	83,605,000.00	6,954,125.00	90,559,125.00	
	2040 - 2044				
	2045 - 2049				
	2050 - 2054				
			<u>\$ 361,895,000.00</u>	<u>\$ 183,888,375.00</u>	<u>\$ 545,783,375.00</u>
	Consolidated Revenue & Refunding Bonds Series 2017-B	2020	\$ 405,000.00	\$ 387,995.00	\$ 792,995.00
2021		420,000.00	371,495.00	791,495.00	
2022		435,000.00	354,395.00	789,395.00	
2023		455,000.00	336,595.00	791,595.00	
2024		475,000.00	317,995.00	792,995.00	
2025 - 2029		2,635,000.00	1,326,007.50	3,961,007.50	
2030 - 2034		3,105,000.00	851,855.00	3,956,855.00	
2035 - 2039		2,940,000.00	228,570.00	3,168,570.00	
2040 - 2044					
2045 - 2049					
2050 - 2054					
			<u>\$ 10,870,000.00</u>	<u>\$ 4,174,907.50</u>	<u>\$ 15,044,907.50</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2019

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total	
Consolidated Revenue & Refunding Bonds Series 2017-C	2020	\$ 4,070,000.00	13,625,725.05	17,695,725.05	
	2021	9,055,000.00	13,297,600.04	22,352,600.04	
	2022	6,355,000.00	12,912,350.04	19,267,350.04	
	2023	11,400,000.00	12,468,475.04	23,868,475.04	
	2024	11,995,000.00	11,883,600.04	23,878,600.04	
	2025 - 2029	60,605,000.00	50,755,000.20	111,360,000.20	
	2030 - 2034	73,655,000.00	34,267,375.20	107,922,375.20	
	2035 - 2039	73,340,000.00	20,183,743.81	93,523,743.81	
	2040 - 2044	42,750,000.00	9,279,868.75	52,029,868.75	
	2045 - 2049	27,235,000.00	2,810,700.00	30,045,700.00	
	2050 - 2054				
			<u>\$ 320,460,000.00</u>	<u>\$ 181,484,438.17</u>	<u>\$ 501,944,438.17</u>
	Summary				
All Bonds Issues, All Series	2020	\$ 70,490,000.00	\$ 55,655,286.58	\$ 126,145,286.58	
	2021	73,080,000.00	52,547,330.57	125,627,330.57	
	2022	67,345,000.00	49,455,440.57	116,800,440.57	
	2023	61,145,000.00	46,546,512.57	107,691,512.57	
	2024	63,380,000.00	43,700,244.95	107,080,244.95	
	2025 - 2029	335,700,000.00	172,079,959.45	507,779,959.45	
	2030 - 2034	317,955,000.01	94,686,559.50	412,641,559.51	
	2035 - 2039	202,070,000.00	31,559,933.69	233,629,933.69	
	2040 - 2044	47,660,000.00	10,478,468.75	58,138,468.75	
	2045 - 2049	30,695,000.00	3,021,900.00	33,716,900.00	
	2050 - 2054				
		<u>\$ 1,269,520,000.01</u>	<u>\$ 559,731,636.63</u>	<u>\$ 1,829,251,636.64</u>	
Total as shown above					

Unaudited

Schedule 2-D
 University of Houston System (797)
 Combined Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2019

Business-Type Activities
 General Obligation Bonds

Description of Issue	Beginning Balance Available for Debt Service 09/01/2018	Sources of Funds				Total Sources Available
		Interest Earned on Investments	Pledged Sources	Other Pledged Sources	Other Sources	
	\$	\$	\$	Operating Transfers	State's General Revenue	\$
Total	\$	\$	\$	\$	\$	\$

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

Ending Balance Available for Debt Service at 08/31/2019	Actual	
	Required	Actual
\$	\$	\$
Total	\$	\$

Unaudited

Schedule 2-D
University of Houston System (797)
Combined Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2019

Business-Type Activities
Revenue Bonds

Description of Issue	Pledged and Other Sources and Related Expenditure for FY 2019							(a+b-c-d) Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Sources	Other Sources	Operating Expenses & Expenditures	d Capital Outlay	
Consolidated Revenue Refunding Bonds and Consolidated Revenue Bonds (A)	\$	5,074.08	\$ 1,000,521,163.90	\$ 1,000,526,237.98	\$	\$	\$	\$ 1,000,526,237.98
Total	\$	5,074.08	\$ 1,000,521,163.90	\$ 1,000,526,237.98	\$	\$	\$	\$ 1,000,526,237.98

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

Total as shown above

\$ 1,000,521,163.90

(B) Expenditures associated with pledged
sources were approximately \$ 753,473,492.42

Description of Issue	Debt Service		Interest	Refunded or Extinguished	Interest & Sinking Fund		Reserve Fund	
	Principal	Interest			Minimum	Actual	Minimum	Actual
Consolidated Revenue & Refunding Bonds Series 2008	\$ 5,650,000.00	\$ 1,068,500.00	\$	\$	\$	\$	\$	\$
Consolidated Revenue & Refunding Bonds Series 2009	4,765,000.00	369,125.00						
Consolidated Revenue & Refunding Bonds Series 2009-A	4,140,000.00	235,800.00						
Consolidated Revenue & Refunding Bonds Series 2010-A	810,000.00	1,004,032.76						
Consolidated Revenue & Refunding Bonds Series 2010-B	4,235,000.00	4,008,977.50						
Consolidated Revenue & Refunding Bonds Series 2011-A	11,355,000.00	3,008,875.01						
Consolidated Revenue & Refunding Bonds Series 2011-B	805,000.00	709,380.03						
Consolidated Revenue & Refunding Bonds Series 2013-A	3,785,000.00	1,437,431.27						
Consolidated Revenue & Refunding Bonds Series 2013-B	3,630,000.00	3,786,060.50						
Consolidated Revenue Refunding Bonds Series 2014	2,155,000.00	1,480,175.00						
Consolidated Revenue & Refunding Bonds Series 2016-A	1,005,000.00	4,282,825.00						
Consolidated Revenue & Refunding Bonds Series 2016-B	14,275,000.00	4,790,690.75						
Consolidated Revenue & Refunding Bonds Series 2017-A	9,005,000.00	18,319,875.00						
Consolidated Revenue & Refunding Bonds Series 2017-B	390,000.00	403,895.00						
Consolidated Revenue & Refunding Bonds Series 2017-C	175,000.00	13,731,850.00						
Total	\$ 66,180,000.00	\$ 58,637,492.82	\$	\$	\$	\$	\$	\$

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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, 2019

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 2008	2016	67,525,000.00
Consolidated Revenue & Refunding Bonds Series 2008	2017	38,400,000.00
Consolidated Revenue & Refunding Bonds Series 2009	2017	50,325,000.00
Consolidated Revenue & Refunding Bonds Series 2009-A	2017	12,840,000.00
Consolidated Revenue & Refunding Bonds Series 2009	2018	9,925,000.00
Consolidated Revenue & Refunding Bonds Series 2009-A	2018	22,095,000.00
Consolidated Revenue & Refunding Bonds Series 2011-A	2018	121,595,000.00
Total		\$ 322,705,000.00

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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, 2019

Business-Type Activities	Description of Issue	Category	Amount Extinguished Or Refunded	Refunding Issue Par Value	For Refunding Only		Economic Gain / (Loss)
					Cash Flow Increase / (Decrease)		
	General Obligations Bonds Schedule not used.		\$	\$	\$	\$	
	Total		\$	\$	\$	\$	
	Revenue Bonds		\$				
	Total		\$	\$	\$	\$	

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Unaudited

Schedule 3

University of Houston System (797)
Combined Reconciliation of Cash in State Treasury
For the Quarter Ended August 31, 2019

<u>Cash in State Treasury</u>	<u>Unrestricted</u>
Local Revenue Fund No 0225 (UH - 730)	\$ 92,595,984.61
Local Revenue Fund No 0229 (UHC - 759)	11,086,077.04
Local Revenue Fund No 0233 (UHV - 765)	664,180.33
Local Revenue Fund No 0268 (UHD - 784)	950,394.23
<u>Total Cash in State Treasury (UH-Consolidated)</u>	<u>\$ 105,296,636.21</u>

UNIVERSITY OF HOUSTON

**UNAUDITED ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH AUGUST 31, 2018 COMPARATIVE DATA**

UNIVERSITY OF HOUSTON
PRIMARY STATEMENTS

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 42,466.00	\$ 39,975.00
Cash in Bank	(402,824,304.65)	(353,438,926.53)
Cash in Transit/Reimburse From Treasury		11,689,178.79
Cash in State Treasury	92,595,984.61	77,513,826.91
Cash Equivalents	187,049,972.75	184,883,474.23
Short Term Investments	402,655.08	6,148,968.04
Restricted:		
Cash In Bank	414,535,558.09	356,694,084.97
Legislative Appropriation	134,343,603.01	137,459,454.51
Receivables:		
Federal Receivables	8,535,387.38	32,377,922.21
UHS Intercampus Receivables	289,584,042.12	245,274,029.68
Accounts Receivable	27,200,270.55	24,199,058.73
Gifts	82,684,638.69	56,847,186.14
Other	(553,617.18)	(2,260,125.95)
Due From Other Agencies	15,694,842.14	13,639,033.36
Consumable Inventories	104,139.93	382,338.77
Merchandise Inventories	757,018.19	1,100,827.93
Prepaid Costs	41,447,555.93	37,492,459.62
Loans and Contracts	10,847,354.38	11,666,310.48
Total Current Assets	902,447,567.02	841,709,076.89
Non-Current Assets		
Restricted:		
Receivables	93,117,005.69	64,914,766.29
UHS Intercampus Receivables	498,408,636.12	602,711,990.22
Loans and Contracts	1,999,351.31	2,732,779.58
Investments	1,698,521.45	1,373,912.45
UHS Intercampus Receivables	135,286,956.33	117,875,392.41
Capital Assets		
Non-Depreciable or Non-Amortizable	343,912,864.97	287,442,071.99
Depreciable or Amortizable, Net	1,030,272,445.43	970,454,320.54
Total Non-Current Assets	2,104,695,781.30	2,047,505,233.48
Total Assets	3,007,143,348.32	2,889,214,310.37
Deferred Outflow of Resources		
Loss on Bond Refunding	282,445.35	872,408.50
Total Deferred Outflow of Resources	282,445.35	872,408.50
Total Assets and Deferred Outflow of Resources	\$ 3,007,425,793.67	\$ 2,890,086,718.87

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 33,080,972.84	\$ 23,255,624.00
Federal Payable	42,394.19	47,989.22
Payroll Payable	41,738,697.56	51,572,965.14
UHS Intercampus Payable	67,239,613.73	57,911,638.88
Other Payable	2,208,716.02	2,291,550.73
Due to Other Agencies	542,724.72	540,869.94
Unearned Revenues	196,599,286.56	200,602,968.56
Revenue Bonds Payable	55,918,492.35	51,364,470.94
Claims and Judgments Payable	235,491.82	237,719.97
Employees' Compensable Leave	10,037,846.67	9,855,459.45
Funds Held for Others	22,242,962.93	26,132,242.89
Total Current Liabilities	429,887,199.39	423,813,499.72
Non-Current Liabilities		
Revenue Bonds Payable	882,623,307.06	938,541,799.40
Employees' Compensable Leave	9,933,993.15	9,827,902.73
Total Non-Current Liabilities	892,557,300.21	948,369,702.13
Total Liabilities	1,322,444,499.60	1,372,183,201.85
Deferred Inflow of Resources		
Gain on Bond Refunding		
Total Deferred Inflows of Resources		
Total Liabilities and Deferred Inflow of Resources	\$ 1,322,444,499.60	\$ 1,372,183,201.85
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 487,684,179.77	\$ 445,658,500.45
Restricted for:		
Debt Retirement	100,261.07	5,759,839.94
Capital Projects	11,856,926.20	8,889,303.20
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	406,163,768.64	403,862,888.22
Expendable		
Term Endowments	1,292,897.98	1,331,527.62
Funds Functioning as Endowments	32,903,742.76	33,710,095.90
Other Restricted	288,199,363.47	209,296,735.02
Unrestricted	456,780,154.18	409,394,626.67
Total Net Position	\$ 1,684,981,294.07	\$ 1,517,903,517.02

Unaudited

University of Houston (730)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 526,344,164.82	\$ 509,717,177.54
Discounts and Allowances	(128,975,440.49)	(117,021,894.86)
Auxiliary Enterprise-Pledged	107,067,767.78	105,317,370.15
Discounts and Allowances	(10,207,712.42)	(9,672,248.84)
Other Sales of Goods and Services-Pledged	91,781,791.96	66,225,083.49
Federal Revenue-Operating (PR-OP Grants/Contributions)	64,259,602.90	61,499,500.10
Federal Pass Through Revenue (PR-OP Grants/Contributions)	4,630,880.69	4,925,491.95
State Grant Revenue (PR-OP Grants/Contributions)	13,530,572.33	6,443,897.28
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	33,211,286.77	35,246,825.34
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	39,201,699.06	22,453,305.19
Other Operating Revenues (PR-Chgs for Services)	6,256,367.43	1,685,670.88
Total Operating Revenues	747,100,980.83	686,820,178.22
Operating Expenses		
Instruction	256,473,296.70	243,660,220.74
Research	168,247,606.79	151,834,097.92
Public Service	41,959,599.75	41,271,452.46
Academic Support	178,776,888.21	167,287,765.12
Student Services	32,815,821.14	32,400,498.42
Institutional Support	76,739,590.58	73,704,085.59
Physical Plant	48,771,250.76	49,854,119.75
Scholarships & Fellowships	64,495,750.45	60,035,957.33
Auxiliary Enterprises	125,142,925.18	107,977,475.37
Depreciation and Amortization	82,352,335.34	80,471,521.16
Total Operating Expenses	1,075,775,064.90	1,008,497,193.86
Operating Income (Loss)	(328,674,084.07)	(321,677,015.64)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	160,050,973.00	160,246,694.00
Additional Appropriations (GR)	35,824,562.53	32,286,822.16
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	77,430,601.98	71,046,816.28
Gifts (PR-OP Grants/Contributions)	130,405,900.26	81,928,269.25
Interest and Investment Income (PR-Chgs for Services)	30,858,738.79	28,702,528.06
Interest Expense and Fiscal Charges	(37,263,007.39)	(32,600,786.04)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	4,307,371.69	12,781,863.42
Other Nonoperating Revenues	26,424,275.28	15,923,332.50
Other Nonoperating Expenses	(21,159,308.29)	(18,334,659.23)
Total Nonoperating Revenues (Expenses)	406,880,107.85	351,980,880.40

Unaudited

University of Houston (730)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	<u>Total FY2019</u>	<u>Total FY2018</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ 78,206,023.78</u>	<u>\$ 30,303,864.76</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	52,770,054.00	52,770,054.00
Additions to Permanent and Term Endowments	9,920,474.19	14,889,455.47
UHS Intercampus Transfers-In	26,520,182.84	26,145,183.13
UHS Intercampus Transfers-Out	(8,611,766.08)	(13,668,811.15)
Transfers-In	20,099,026.23	21,590,779.49
Transfers-Out	(12,268,517.14)	(13,654,061.22)
Legislative Transfers-In	614,675.00	(8,449,400.00)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>89,044,129.04</u>	<u>79,623,199.72</u>
<u>Changes in Net Position</u>	<u>167,250,152.82</u>	<u>109,927,064.48</u>
Net Position Beginning	1,517,903,517.02	1,407,991,111.94
Restatements	(172,375.77)	(14,659.40)
<u>Net Position, Beginning, as Restated</u>	<u>1,517,731,141.25</u>	<u>1,407,976,452.54</u>
<u>Net Position, Ending</u>	<u>\$ 1,684,981,294.07</u>	<u>\$ 1,517,903,517.02</u>

Unaudited

University of Houston (730)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$ 1,279,649.57	\$ 831.25	\$
Salaries and Wages	201,665,775.67	67,984,575.01	14,118,539.15	99,587,561.39	17,226,451.39
Payroll Related Costs	48,821,657.88	14,100,425.09	4,200,926.69	24,796,093.82	4,776,083.66
Professional Fees and Services	1,138,721.46	43,470,572.46	9,110,579.60	10,797,760.59	2,585,807.62
Federal Pass Through Expenses	48,195.48	1,664,986.87	337,187.02		
State Pass Through Expenses		111,161.07			
Travel	847,121.89	3,757,364.48	304,759.29	3,663,568.93	507,044.30
Materials and Supplies	1,435,139.37	8,987,957.73	2,418,165.28	7,348,727.62	1,794,676.54
Communication and Utilities	577,614.68	1,061,449.96	1,086,926.16	13,407,436.73	353,523.55
Repairs and Maintenance	204,047.24	2,122,615.40	605,213.53	3,719,402.94	163,273.70
Rentals and Leases	289,909.56	2,809,439.56	5,557,613.13	4,820,147.18	579,243.65
Printing and Reproduction	141,513.07	279,995.39	404,480.93	1,247,897.69	364,199.36
Depreciation and Amortization					
Interest	2,852.84	2,334.09	11,750.03	9,156.40	15,275.66
Scholarships	282,700.71	513,134.08	82,316.44	647,213.53	153,825.06
Claims and Judgments					500.00
Other Operating Expenses	1,018,046.85	21,381,595.60	2,441,492.93	8,731,090.14	4,295,916.65
Total Operating Expenses	\$ 256,473,296.70	\$ 168,247,606.79	\$ 41,959,599.75	\$ 178,776,888.21	\$ 32,815,821.14

Unaudited

University of Houston (730)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2019	Total FY2018
\$	\$	\$	\$ 1,163,423.97	\$	\$ 2,443,904.79	\$ 2,461,609.36
45,116,415.79	15,886,178.58	1,381,219.70	43,876,576.68		506,843,293.36	476,753,739.38
12,036,428.68	6,954,842.95	60,273.39	7,567,859.32		123,314,591.48	118,625,290.20
5,027,569.57	6,340,893.37	714,565.27	34,937,052.06		114,123,522.00	95,673,417.57
		16,771.15			2,067,140.52	1,628,722.12
					111,161.07	26,435.19
401,854.08	23,032.96	399,432.35	5,509,004.35		15,413,182.63	14,191,742.89
1,350,866.81	439,076.51	39,378.69	8,757,417.35		32,571,405.90	31,183,917.49
1,001,580.36	12,485,220.83	1,209.24	9,535,922.81		39,510,884.32	41,928,579.58
3,848,196.21	1,131,619.88	289.98	2,737,183.32		14,531,842.20	12,673,954.25
1,869,949.52	4,340,319.94	1,222.60	1,202,593.38		21,470,438.52	21,538,020.44
509,603.49	5,982.75	8,107.09	498,586.98		3,460,366.75	3,060,588.79
				82,352,335.34	82,352,335.34	80,471,521.16
6,550.99	353.47	152.57	9,842.40		58,268.45	74,631.26
2,506,686.41		61,753,897.80	1,200,335.35		67,140,109.38	63,553,155.63
508,905.59			30.00		509,435.59	728,116.33
2,554,983.08	1,163,729.52	119,230.62	8,147,097.21		49,853,182.60	43,923,752.22
<u>\$ 76,739,590.58</u>	<u>\$ 48,771,250.76</u>	<u>\$ 64,495,750.45</u>	<u>\$ 125,142,925.18</u>	<u>\$ 82,352,335.34</u>	<u>\$ 1,075,775,064.90</u>	<u>\$ 1,008,497,193.86</u>

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Cash Flows From Operating Activities		
Receipts from Customers	\$ 88,426,504.24	\$ 70,522,808.72
Proceeds from Tuition and Fees	393,311,362.22	409,758,221.16
Proceeds from Research Grants and Contracts	173,857,807.70	107,339,765.86
Proceeds from Loan Programs	131,337,425.84	174,942,947.88
Proceeds from Auxiliaries	98,320,522.45	93,413,360.17
Proceeds from Other Revenues	6,256,367.43	1,685,670.88
Payments to Suppliers for Goods and Services	(237,116,120.71)	(215,720,580.72)
Payments to Employees for Salaries	(516,437,138.89)	(469,430,442.05)
Payments to Employees for Benefits	(123,026,113.84)	(118,160,481.62)
Payments for Loans Provided	(129,785,041.47)	(175,012,326.33)
Payments for Other Expenses	(123,630,805.72)	(108,826,522.60)
Net Cash Provided (Used) by Operating Activities	(238,485,230.75)	(229,487,578.65)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	199,606,062.03	179,004,986.30
Proceeds from Gifts	76,366,208.31	72,853,249.59
Proceeds from Endowments	9,920,474.19	14,889,455.47
Proceeds of Transfers from Other Funds	73,043,484.35	63,659,295.12
Proceeds from Grants	77,430,601.98	71,046,816.28
Payments for Transfers to Other Funds	(42,039,591.51)	(17,172,118.95)
Net Cash Provided (Used) by Noncapital Financing Activities	394,327,239.35	384,281,683.81
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance		286,510,000.00
Proceeds from Other Financing Activities	152,753,172.45	28,077,901.88
Proceeds from Capital Contributions	52,770,054.00	52,770,054.00
Payments for Additions to Capital Assets	(198,813,628.98)	(133,197,290.63)
Payments of Principal on Debt Issuance	(46,399,104.11)	(193,487,402.64)
Payments of Interest on Debt Issuance	(36,673,044.24)	(31,312,451.84)
Payments of Other Costs on Debt Issuance	(41,154,321.94)	(111,642,025.04)
Net Cash Provided (Used) by Capital and Related Financing Activities	(117,516,872.82)	(102,281,214.27)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	5,813,983.71	1,048,186.26
Proceeds from Investment Income	30,858,738.79	28,702,528.06
Payments to Acquire Investments	(60,979,794.85)	(81,919,576.64)
Net Cash Provided (Used) by Investing Activities	(24,307,072.35)	(52,168,862.32)

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 14,018,063.43</u>	<u>\$ 344,028.57</u>
Cash and Cash Equivalents, September 1	277,381,613.37	277,037,584.80
<u>Restatements</u>		
<u>Cash and Cash Equivalents, September 1, as Restated</u>	<u>277,381,613.37</u>	<u>277,037,584.80</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 291,399,676.80</u>	<u>\$ 277,381,613.37</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (328,674,084.07)</u>	<u>\$ (321,677,015.64)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	82,352,335.34	80,471,521.16
Operating Income and Cash Flow Categories: Classification Differences	1,552,384.37	(69,378.45)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	19,134,814.24	(22,208,322.47)
(Increase) Decrease in Inventories	622,008.58	196,261.45
(Increase) Decrease in Prepaid Expenses	(3,955,096.31)	(2,223,283.19)
(Increase) Decrease in Other Assets	(2,055,808.78)	1,107,840.54
Increase (Decrease) in Payables	9,736,919.10	9,057,070.57
Increase (Decrease) in Deferred Income	(4,003,682.00)	16,630,097.08
Increase (Decrease) in Compensated Absences	288,477.64	464,808.58
Increase (Decrease) in Benefits Payable	(9,593,845.53)	7,323,297.33
Increase (Decrease) in Other Liabilities	(3,889,653.33)	1,439,524.39
<u>Total Adjustments</u>	<u>90,188,853.32</u>	<u>92,189,436.99</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (238,485,230.75)</u>	<u>\$ (229,487,578.65)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>\$ 4,307,371.69</u>	<u>\$ 12,781,863.42</u>
<u>Non Cash Transactions</u>	<u>\$ 4,307,371.69</u>	<u>\$ 12,781,863.42</u>

**UNIVERSITY OF HOUSTON
CLEAR LAKE**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH AUGUST 31, 2018 COMPARATIVE DATA**

UNIVERSITY OF HOUSTON – CLEAR LAKE
PRIMARY STATEMENTS

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 12,850.00	\$ 12,800.00
Cash in Bank	13,698,741.05	15,562,608.78
Cash in Transit/Reimburse From Treasury		2,279,466.23
Cash in State Treasury	11,086,077.04	10,523,260.67
Cash Equivalents	28,858,938.38	22,395,755.66
Restricted:		
Cash In Bank	(3,443,553.40)	(5,552,687.40)
Legislative Appropriation	8,047,526.78	6,878,270.06
Receivables:		
Federal Receivables	5,582,843.42	5,499,963.69
UHS Intercampus Receivables	19,682,948.30	18,669,669.22
Accounts Receivable	9,014,249.83	9,689,066.10
Gifts	1,068,410.81	500,000.00
Other	870,182.81	775.33
Due From Other Agencies	323,132.83	162,419.83
Consumable Inventories	4,763.11	6,593.07
Prepaid Costs	3,499,202.10	4,058,345.38
Loans and Contracts	2,146,350.09	1,552,172.73
Total Current Assets	100,452,663.15	92,238,479.35
Non-Current Assets		
Restricted:		
Receivables	430,484.65	(5,000.00)
UHS Intercampus Receivables	21,379,564.83	64,941,172.32
Loans and Contracts	302,953.96	285,987.86
Investments	75,000.00	33,000.00
UHS Intercampus Receivables	10,950,132.31	11,103,463.36
Capital Assets		
Non-Depreciable or Non-Amortizable	12,937,985.20	31,388,607.80
Depreciable or Amortizable, Net	188,729,693.32	145,339,445.91
Total Non-Current Assets	234,805,814.27	253,086,677.25
Total Assets	335,258,477.42	345,325,156.60
Deferred Outflow of Resources		
Loss on Bond Refunding		26,778.55
Total Deferred Outflow of Resources		26,778.55
Total Assets and Deferred Outflow of Resources	\$ 335,258,477.42	\$ 345,351,935.15

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 11,498,333.89	\$ 17,709,891.20
Federal Payable	60,238.59	20,428.54
Payroll Payable	3,945,733.51	6,214,957.65
UHS Intercampus Payable	(13,071.68)	99,720.40
Other Payable	247,982.66	260,321.80
Due to Other Agencies	37,261.71	6,644.72
Unearned Revenues	34,865,232.40	33,194,004.93
Revenue Bonds Payable	8,211,668.52	7,568,339.67
Claims and Judgments Payable	40,887.74	22,716.35
Employees' Compensable Leave	1,055,608.86	1,147,292.91
Capital Lease Obligations	550,123.04	547,015.13
Funds Held for Others	383,669.79	255,102.39
Total Current Liabilities	60,883,669.03	67,046,435.69
Non-Current Liabilities		
Revenue Bonds Payable	143,632,968.08	151,844,636.60
Employees' Compensable Leave	1,044,896.33	1,143,869.63
Capital Lease Obligations	5,121,278.24	5,671,401.28
Total Non-Current Liabilities	149,799,142.65	158,659,907.51
Total Liabilities	210,682,811.68	225,706,343.20
Deferred Inflow of Resources		
Gain on Bond Refunding		
Total Deferred Inflows of Resources		
Total Liabilities and Deferred Inflow of Resources	\$ 210,682,811.68	\$ 225,706,343.20
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 46,620,181.56	\$ 50,661,185.63
Restricted for:		
Debt Retirement	27,960.66	839,133.57
Capital Projects	138,759.89	444,308.60
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	11,301,410.78	11,067,166.88
Expendable		
Funds Functioning as Endowments	4,863,231.24	4,991,031.62
Other Restricted	4,090,171.96	2,589,606.31
Unrestricted	57,533,949.65	49,053,159.34
Total Net Position	\$ 124,575,665.74	\$ 119,645,591.95

Unaudited

University of Houston - Clear Lake (759)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 74,126,253.11	\$ 69,610,322.98
Discounts and Allowances	(14,280,195.14)	(12,236,273.20)
Auxiliary Enterprise-Pledged	1,747,918.64	1,679,186.90
Other Sales of Goods and Services-Pledged	1,387,026.54	1,220,577.18
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,066,206.04	1,932,048.51
Federal Pass Through Revenue (PR-OP Grants/Contributions)	631,992.50	509,725.70
State Grant Revenue (PR-OP Grants/Contributions)	254,624.51	233,713.33
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	2,950,366.32	2,745,124.83
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	306,167.05	288,279.65
Other Operating Revenues (PR-Chgs for Services)	(11,301.56)	17,584.32
Total Operating Revenues	69,179,058.01	66,000,290.20
Operating Expenses		
Instruction	45,256,654.20	48,722,697.65
Research	1,301,219.18	1,466,303.37
Public Service	57,891.48	36,904.62
Academic Support	17,478,498.31	16,765,021.79
Student Services	5,826,069.30	6,685,775.75
Institutional Support	17,318,522.13	16,741,035.06
Physical Plant	6,754,222.10	6,674,011.80
Scholarships & Fellowships	8,957,532.70	9,711,043.27
Auxiliary Enterprises	6,853,029.50	5,585,558.45
Depreciation and Amortization	11,753,342.16	6,671,227.58
Total Operating Expenses	121,556,981.06	119,059,579.34
Operating Income (Loss)	(52,377,923.05)	(53,059,289.14)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	26,042,477.00	26,165,241.00
Additional Appropriations (GR)	7,323,310.69	7,803,559.57
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	12,922,903.53	12,650,071.21
Gifts (PR-OP Grants/Contributions)	2,116,669.55	1,107,313.54
Interest and Investment Income (PR-Chgs for Services)	1,955,298.01	1,644,161.36
Interest Expense and Fiscal Charges	(5,348,607.03)	282,765.17
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	369,175.55	239,235.65
Other Nonoperating Revenues	1,767.25	4,227,557.90
Other Nonoperating Expenses	(4,688,833.39)	(6,686,028.50)
Total Nonoperating Revenues (Expenses)	40,694,161.16	47,433,876.90

Unaudited

University of Houston - Clear Lake (759)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (11,683,761.89)</u>	<u>\$ (5,625,412.24)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	8,005,116.00	8,005,116.00
Additions to Permanent and Term Endowments	363,934.55	515,353.35
UHS Intercampus Transfers-In	8,304,228.49	8,866,532.57
UHS Intercampus Transfers-Out	(192,892.00)	(230,084.00)
Transfers-In	49,131.00	45,254.00
Transfers-Out	(24.36)	(928.89)
Legislative Transfers-In	84,342.00	(6,002,716.00)
Legislative Appropriations Lapsed		1,797,884.13
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>16,613,835.68</u>	<u>12,996,411.16</u>
<u>Changes in Net Position</u>	<u>4,930,073.79</u>	<u>7,370,998.92</u>
Net Position Beginning	119,645,591.95	112,274,593.03
Restatements		
<u>Net Position, Beginning, as Restated</u>	<u>119,645,591.95</u>	<u>112,274,593.03</u>
<u>Net Position, Ending</u>	<u>\$ 124,575,665.74</u>	<u>\$ 119,645,591.95</u>

Unaudited

University of Houston - Clear Lake (759)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	33,680,955.01	937,948.07	2,661.24	9,397,581.40	3,212,277.91
Payroll Related Costs	7,883,080.51	205,065.96	203.58	2,534,747.71	1,078,657.98
Professional Fees and Services	397,976.99	78,880.18	35,375.86	772,106.02	242,961.83
Federal Pass Through Expenses				34,251.56	
Travel	116,333.14	75,944.00	5,808.23	290,720.01	29,122.07
Materials and Supplies	420,017.77	87,781.30	4,312.64	1,494,853.01	377,344.60
Communication and Utilities	138,296.95	7,408.63	195.00	458,124.55	72,309.57
Repairs and Maintenance	25,676.89	21,800.91		726,425.47	27.02
Rentals and Leases	113,868.09	9,875.48	299.00	910,451.78	206,147.66
Printing and Reproduction	19,933.20	234.00	620.50	101,542.97	71,259.39
Depreciation and Amortization					
Interest	8.28			517.39	25.96
Scholarships	2,069,229.61	5,500.00		252,775.18	33,141.50
Claims and Judgments					
Other Operating Expenses	391,277.76	(129,219.35)	8,415.43	504,401.26	502,793.81
Total Operating Expenses	\$ 45,256,654.20	\$ 1,301,219.18	\$ 57,891.48	\$ 17,478,498.31	\$ 5,826,069.30

Unaudited

University of Houston - Clear Lake (759)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2019	Total FY2018
\$	\$	\$	\$ 13,383.35	\$	\$ 13,383.35	\$ 11,847.31
8,666,874.46	2,388,145.08	242,695.41	3,990,903.68		62,520,042.26	64,111,946.37
3,479,766.46	703,384.69	1,094.46	967,510.20		16,853,511.55	18,900,525.95
3,707,619.45	607,128.26	24,190.00	615,379.35		6,481,617.94	5,614,095.51
					34,251.56	
104,482.47	4,743.00	810.43	95,206.35		723,169.70	544,783.93
448,618.10	297,104.55	910.61	328,807.00		3,459,749.58	3,213,723.49
160,121.32	1,881,995.21		294,149.35		3,012,600.58	2,889,639.46
143,195.87	705,593.15	299.78	120,501.58		1,743,520.67	1,558,775.12
60,132.17	75,205.25	1,399.00	79,135.30		1,456,513.73	1,237,278.78
93,678.05	1,617.64		19,057.31		307,943.06	347,118.94
				11,753,342.16	11,753,342.16	6,671,227.58
365.52	17.49		99.24		1,033.88	479.28
4,205.36		8,717,660.25	66,969.23		11,149,481.13	11,754,672.31
86,570.89					86,570.89	95,740.39
362,892.01	89,287.78	(31,527.24)	261,927.56		1,960,249.02	2,107,724.92
<u>\$ 17,318,522.13</u>	<u>\$ 6,754,222.10</u>	<u>\$ 8,957,532.70</u>	<u>\$ 6,853,029.50</u>	<u>\$ 11,753,342.16</u>	<u>\$ 121,556,981.06</u>	<u>\$ 119,059,579.34</u>

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Cash Flows From Operating Activities		
Receipts from Customers	\$ 1,435,365.47	\$ 1,259,842.04
Proceeds from Tuition and Fees	61,373,253.35	60,795,023.72
Proceeds from Research Grants and Contracts	5,857,531.11	4,658,847.67
Proceeds from Loan Programs	3,400,728.87	3,872,540.37
Proceeds from Auxiliaries	1,827,680.21	1,740,768.82
Proceeds from Other Revenues	(11,301.56)	17,584.32
Payments to Suppliers for Goods and Services	(22,311,005.28)	(15,293,588.67)
Payments to Employees for Salaries	(65,466,558.28)	(62,497,599.92)
Payments to Employees for Benefits	(17,044,168.90)	(19,114,310.45)
Payments for Loans Provided	(4,011,872.33)	(3,728,833.55)
Payments for Other Expenses	(13,084,847.69)	(14,064,624.25)
Net Cash Provided (Used) by Operating Activities	(48,035,195.03)	(42,354,349.90)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	32,280,872.97	31,035,000.89
Proceeds from Gifts	1,112,774.09	636,313.54
Proceeds from Endowments	363,934.55	515,353.35
Proceeds of Transfers from Other Funds	8,355,126.74	13,139,344.47
Proceeds from Grants	12,922,903.53	12,650,071.21
Payments for Transfers to Other Funds	(4,881,749.75)	(5,167,972.82)
Net Cash Provided (Used) by Noncapital Financing Activities	50,153,862.13	52,808,110.64
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance		21,845,000.00
Proceeds from Other Financing Activities	50,345,227.94	67,114,568.10
Proceeds from Capital Contributions	8,005,116.00	8,005,116.00
Payments for Additions to Capital Assets	(36,692,966.97)	(78,611,353.68)
Payments of Principal on Debt Issuance	(6,677,176.93)	(6,996,861.79)
Payments for Capital Lease	(547,015.13)	(541,470.91)
Payments of Interest on Debt Issuance	(5,321,828.48)	(4,864,583.62)
Payments of Other Costs on Debt Issuance	(7,568,339.67)	(2,763,831.91)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,543,016.76	3,186,582.19
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	369,175.55	
Proceeds from Investment Income	1,955,298.01	1,644,161.36
Payments to Acquire Investments	(994,308.29)	(1,407,457.55)
Net Cash Provided (Used) by Investing Activities	1,330,165.27	236,703.81

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 4,991,849.13</u>	<u>\$ 13,877,046.74</u>
Cash and Cash Equivalents, September 1	45,221,203.94	31,344,157.20
<u>Restatements</u>		
<u>Cash and Cash Equivalents, September 1, as Restated</u>	<u>45,221,203.94</u>	<u>31,344,157.20</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 50,213,053.07</u>	<u>\$ 45,221,203.94</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (52,377,923.05)</u>	<u>\$ (53,059,289.14)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	11,753,342.16	6,671,227.58
Operating Income and Cash Flow Categories: Classification Differences	(611,143.46)	143,706.82
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	272,945.60	428,065.44
(Increase) Decrease in Inventories	1,829.96	837.18
(Increase) Decrease in Prepaid Expenses	559,143.28	(1,044,114.29)
(Increase) Decrease in Other Assets	(160,713.00)	(101,466.24)
Increase (Decrease) in Payables	(6,184,086.40)	2,000,133.96
Increase (Decrease) in Deferred Income	1,671,227.47	1,311,387.48
Increase (Decrease) in Compensated Absences	(190,657.35)	(213,784.50)
Increase (Decrease) in Benefits Payable	(2,946,516.02)	1,614,346.45
Increase (Decrease) in Other Liabilities	177,355.78	(105,400.64)
<u>Total Adjustments</u>	<u>4,342,728.02</u>	<u>10,704,939.24</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (48,035,195.03)</u>	<u>\$ (42,354,349.90)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>\$ 369,175.55</u>	<u>\$ 239,235.65</u>
<u>Non Cash Transactions</u>	<u>\$ 369,175.55</u>	<u>\$ 239,235.65</u>

**UNIVERSITY OF HOUSTON
DOWNTOWN**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH AUGUST 31, 2018 COMPARATIVE DATA**

UNIVERSITY OF HOUSTON – DOWNTOWN
PRIMARY STATEMENTS

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 11,450.00	\$ 11,450.00
Cash in Bank	(4,944,467.78)	7,338,051.19
Cash in Transit/Reimburse From Treasury	291,252.42	1,612,164.48
Cash in State Treasury	950,394.23	766,520.26
Cash Equivalents	14,792,751.95	4,527,489.92
Restricted:		
Cash In Bank	7,716,956.25	(4,862,261.99)
Legislative Appropriation	9,794,058.99	8,518,687.58
Receivables:		
Federal Receivables	3,102,857.84	10,160,236.49
UHS Intercampus Receivables	24,268,099.58	29,994,864.04
Accounts Receivable	14,203,253.81	4,604,069.43
Gifts	2,580,902.16	1,608,384.18
Other	(43,813.42)	(416,598.56)
Due From Other Agencies	207,544.47	107,294.98
Consumable Inventories	22,928.29	22,166.32
Prepaid Costs	6,885,486.16	6,790,058.84
Loans and Contracts	8,062,790.83	885,754.98
Total Current Assets	87,902,445.78	71,668,332.14
Non-Current Assets		
Restricted:		
Receivables	5,217,728.36	6,964,149.90
UHS Intercampus Receivables	36,096,876.74	83,747,461.59
Investments	87,600.00	44,250.00
UHS Intercampus Receivables	8,170,771.56	8,266,115.98
Capital Assets		
Non-Depreciable or Non-Amortizable	27,464,107.59	62,924,817.29
Depreciable or Amortizable, Net	174,762,373.88	95,556,094.97
Total Non-Current Assets	251,799,458.13	257,502,889.73
Total Assets	339,701,903.91	329,171,221.87
Deferred Outflow of Resources		
Loss on Bond Refunding		
Total Deferred Outflow of Resources		
Total Assets and Deferred Outflow of Resources	\$ 339,701,903.91	\$ 329,171,221.87

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 5,199,401.59	\$ 3,759,900.85
Federal Payable	16,922.39	2,589.38
Payroll Payable	5,114,730.03	6,397,611.03
UHS Intercampus Payable	4,738,491.76	4,492,817.35
Other Payable	208,515.84	220,334.31
Due to Other Agencies	25,428.56	15,945.22
Unearned Revenues	48,636,811.92	33,640,661.26
Revenue Bonds Payable	6,974,845.76	7,246,130.60
Claims and Judgments Payable	59,919.68	48,988.15
Employees' Compensable Leave	1,629,986.80	1,599,716.93
Funds Held for Others	(957,646.84)	(1,168,138.73)
Total Current Liabilities	71,647,407.49	56,256,556.35
Non-Current Liabilities		
Revenue Bonds Payable	108,984,235.83	115,959,081.59
Employees' Compensable Leave	1,613,122.65	1,605,486.33
Total Non-Current Liabilities	110,597,358.48	117,564,567.92
Total Liabilities	182,244,765.97	173,821,124.27
Deferred Inflow of Resources		
Gain on Bond Refunding		
Total Deferred Inflows of Resources		
Total Liabilities and Deferred Inflow of Resources	\$ 182,244,765.97	\$ 173,821,124.27
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 91,906,869.85	\$ 87,202,630.61
Restricted for:		
Debt Retirement	37,465.63	406.00
Capital Projects	143,591.43	727,577.83
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	22,227,647.87	22,316,019.94
Expendable		
Funds Functioning as Endowments	2,174,774.58	2,206,175.10
Other Restricted	12,102,575.10	12,406,369.15
Unrestricted	28,864,213.48	30,490,918.97
Total Net Position	\$ 157,457,137.94	\$ 155,350,097.60

Unaudited

University of Houston - Downtown (784)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 99,173,528.32	\$ 95,755,815.45
Discounts and Allowances	(29,022,711.20)	(24,025,086.08)
Auxiliary Enterprise-Pledged	2,918,352.38	3,044,071.84
Discounts and Allowances	(854,043.41)	(764,827.47)
Other Sales of Goods and Services-Pledged	3,115,491.67	3,085,746.64
Federal Revenue-Operating (PR-OP Grants/Contributions)	2,624,800.87	2,499,333.28
Federal Pass Through Revenue (PR-OP Grants/Contributions)	612,900.33	456,934.21
State Grant Revenue (PR-OP Grants/Contributions)	22,785.04	22,571.57
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	7,938,367.30	6,668,400.29
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	631,849.78	236,595.41
Other Operating Revenues (PR-Chgs for Services)	2,452.00	2,452.00
Total Operating Revenues	87,161,321.08	86,982,007.14
Operating Expenses		
Instruction	49,947,833.22	49,453,976.22
Research	2,169,179.16	2,146,774.98
Public Service	3,661,570.44	4,263,499.03
Academic Support	27,282,022.34	27,859,704.48
Student Services	7,886,258.65	7,805,704.47
Institutional Support	22,294,831.33	21,926,598.65
Physical Plant	8,023,001.64	12,522,017.65
Scholarships & Fellowships	25,350,578.14	21,666,332.19
Auxiliary Enterprises	9,214,962.25	8,657,879.75
Depreciation and Amortization	9,560,338.86	8,121,181.50
Total Operating Expenses	165,390,576.03	164,423,668.92
Operating Income (Loss)	(78,229,254.95)	(77,441,661.78)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	24,775,208.00	24,748,399.00
Additional Appropriations (GR)	6,623,923.36	6,431,532.76
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	29,558,633.11	28,321,322.49
Gifts (PR-OP Grants/Contributions)	1,585,549.99	1,728,225.17
Interest and Investment Income (PR-Chgs for Services)	2,311,068.99	1,989,855.34
Interest Expense and Fiscal Charges	(4,024,271.98)	(4,266,694.09)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	412,829.49	272,220.92
Other Nonoperating Revenues	2,016,481.27	1,303,219.45
Other Nonoperating Expenses	(2,920,948.27)	(2,031,695.73)
Total Nonoperating Revenues (Expenses)	60,338,473.96	58,496,385.31

Unaudited

University of Houston - Downtown (784)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	<u>Total FY2019</u>	<u>Total FY2018</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (17,890,780.99)</u>	<u>\$ (18,945,276.47)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	11,752,877.00	11,752,877.00
Additions to Permanent and Term Endowments	1,130,395.20	1,087,467.70
UHS Intercampus Transfers-In	8,428,982.43	8,979,558.80
UHS Intercampus Transfers-Out	(1,363,117.30)	(1,618,049.93)
Transfers-In	28,359.00	28,830.00
Transfers-Out	(28,359.00)	
Legislative Transfers-In	48,684.00	(4,590,724.00)
Legislative Appropriations Lapsed		3,337,522.56
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>19,997,821.33</u>	<u>18,977,482.13</u>
<u>Changes in Net Position</u>	<u>2,107,040.34</u>	<u>32,205.66</u>
Net Position Beginning	155,350,097.60	155,317,891.94
Restatements		
<u>Net Position, Beginning, as Restated</u>	<u>155,350,097.60</u>	<u>155,317,891.94</u>
<u>Net Position, Ending</u>	<u>\$ 157,457,137.94</u>	<u>\$ 155,350,097.60</u>

Unaudited

University of Houston - Downtown (784)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$	\$	\$	\$	\$
Salaries and Wages	38,961,192.10	885,153.47	1,551,414.09	16,582,583.60	4,784,715.88
Payroll Related Costs	9,304,860.04	228,059.62	330,065.86	4,609,607.57	1,507,826.68
Professional Fees and Services	332,472.42	230,551.22	1,107,891.34	912,992.56	663,692.78
Federal Pass Through Expenses		110,268.53			
Travel	384,137.27	136,131.80	47,281.85	345,178.26	63,483.72
Materials and Supplies	338,952.43	208,991.16	156,882.91	1,209,617.19	132,040.61
Communication and Utilities	109,692.46	10,954.11	23,861.40	355,831.11	101,797.87
Repairs and Maintenance	1,375.14		5,135.86	648,240.18	
Rentals and Leases	107,996.09	4,534.00	87,187.49	1,641,233.91	20,280.05
Printing and Reproduction	15,672.31	851.00	7,791.66	36,768.65	76,146.47
Depreciation and Amortization					
Interest	525.63	19.60	13.69	1,015.91	1,208.93
Scholarships	3,000.00	211,609.48		162,451.35	38,939.83
Claims and Judgments					
Other Operating Expenses	387,957.33	142,055.17	344,044.29	776,502.05	496,125.83
Total Operating Expenses	\$ 49,947,833.22	\$ 2,169,179.16	\$ 3,661,570.44	\$ 27,282,022.34	\$ 7,886,258.65

Unaudited

University of Houston - Downtown (784)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2019	Total FY2018
\$	\$	\$	\$ 1,013.37	\$	\$ 1,013.37	\$ 846.24
11,173,018.43	2,281,450.62	91,394.00	3,698,950.98		80,009,873.17	79,830,158.92
3,299,186.03	917,381.07		957,236.61		21,154,223.48	21,175,962.12
2,820,991.78	2,260,745.88	45,867.00	2,354,057.09		10,729,262.07	11,791,382.48
					110,268.53	131,073.67
128,459.80	10,740.15		111,651.38		1,227,064.23	1,118,294.49
1,157,517.74	564,275.12	18,781.88	378,653.23		4,165,712.27	6,709,714.62
156,827.28	1,680,449.00		267,417.65		2,706,830.88	2,753,696.58
338,835.49	285,735.95		130,820.01		1,410,142.63	2,016,369.58
434,163.02	8,261.17		121,238.16		2,424,893.89	2,623,041.39
89,344.45	1,155.72		65,230.54		292,960.80	326,477.52
				9,560,338.86	9,560,338.86	8,121,181.50
923.57	1,729.82	30.51	1,990.78		7,458.44	9,395.59
1,145,940.99		25,193,954.17	2,320.77		26,758,216.59	23,051,601.57
43,030.69					43,030.69	76,155.13
1,506,592.06	11,077.14	550.58	1,124,381.68		4,789,286.13	4,688,317.52
<u>\$ 22,294,831.33</u>	<u>\$ 8,023,001.64</u>	<u>\$ 25,350,578.14</u>	<u>\$ 9,214,962.25</u>	<u>\$ 9,560,338.86</u>	<u>\$ 165,390,576.03</u>	<u>\$ 164,423,668.92</u>

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Cash Flows From Operating Activities		
Receipts from Customers	\$ (3,016,525.43)	\$ 3,453,739.57
Proceeds from Tuition and Fees	85,484,816.58	74,467,885.52
Proceeds from Research Grants and Contracts	14,414,751.26	8,618,093.95
Proceeds from Loan Programs	4,391,154.56	4,731,612.47
Proceeds from Auxiliaries	2,281,607.91	2,528,459.64
Proceeds from Other Revenues	1,797.41	2,452.00
Payments to Suppliers for Goods and Services	(21,154,836.82)	(29,652,251.95)
Payments to Employees for Salaries	(81,516,555.10)	(78,953,474.85)
Payments to Employees for Benefits	(21,116,317.29)	(21,089,713.23)
Payments for Loans Provided	(11,568,190.41)	(4,789,639.01)
Payments for Other Expenses	(31,486,836.96)	(28,789,272.03)
Net Cash Provided (Used) by Operating Activities	(63,285,134.29)	(69,472,107.92)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	30,172,443.95	32,199,772.81
Proceeds from Gifts	2,359,453.55	1,915,352.69
Proceeds from Endowments	1,130,395.20	1,087,467.70
Proceeds of Transfers from Other Funds	10,473,822.70	10,311,608.25
Proceeds from Grants	29,558,633.11	28,321,322.49
Payments for Transfers to Other Funds	(4,312,424.57)	(3,649,745.66)
Net Cash Provided (Used) by Noncapital Financing Activities	69,382,323.94	70,185,778.28
Cash Flows from Capital and Related Financing Activities		
Proceeds from Other Financing Activities	53,695,421.50	20,917,861.87
Proceeds from Capital Contributions	11,752,877.00	11,752,877.00
Payments for Additions to Capital Assets	(53,305,908.07)	(40,824,021.20)
Payments of Principal on Debt Issuance	(6,164,609.24)	(5,919,345.63)
Payments of Interest on Debt Issuance	(4,024,271.98)	(4,266,694.09)
Payments of Other Costs on Debt Issuance	(7,248,205.60)	(1,097,925.50)
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,294,696.39)	(19,437,247.55)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	6,354,710.96	
Proceeds from Investment Income	2,311,068.99	1,989,855.34
Payments to Acquire Investments	(43,350.00)	(2,009,004.04)
Net Cash Provided (Used) by Investing Activities	8,622,429.95	(19,148.70)

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 9,424,923.21</u>	<u>\$ (18,742,725.89)</u>
Cash and Cash Equivalents, September 1	9,393,413.86	28,136,139.75
<u>Restatements</u>		
<u>Cash and Cash Equivalents, September 1, as Restated</u>	<u>9,393,413.86</u>	<u>28,136,139.75</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 18,818,337.07</u>	<u>\$ 9,393,413.86</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (78,229,254.95)</u>	<u>\$ (77,441,661.78)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	9,560,338.86	8,121,181.50
Operating Income and Cash Flow Categories: Classification Differences	(7,177,035.85)	(58,026.54)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	(2,443,040.53)	(155,756.58)
(Increase) Decrease in Inventories	(761.97)	(14,743.82)
(Increase) Decrease in Prepaid Expenses	(95,427.32)	(1,840,188.07)
(Increase) Decrease in Other Assets	(100,249.49)	14,886.60
Increase (Decrease) in Payables	1,442,015.28	(611,280.63)
Increase (Decrease) in Deferred Income	14,996,150.66	2,407,801.26
Increase (Decrease) in Compensated Absences	37,906.19	86,248.89
Increase (Decrease) in Benefits Payable	(1,506,681.93)	876,684.07
Increase (Decrease) in Other Liabilities	230,906.76	(857,252.82)
<u>Total Adjustments</u>	<u>14,944,120.66</u>	<u>7,969,553.86</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (63,285,134.29)</u>	<u>\$ (69,472,107.92)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>\$ 412,829.49</u>	<u>\$ 272,220.92</u>
<u>Non Cash Transactions</u>	<u>\$ 412,829.49</u>	<u>\$ 272,220.92</u>

**UNIVERSITY OF HOUSTON
VICTORIA**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH AUGUST 31, 2018 COMPARATIVE DATA**

UNIVERSITY OF HOUSTON – VICTORIA
PRIMARY STATEMENTS

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 1,934.00	\$ 1,934.00
Cash in Bank	3,805,195.48	3,102,683.74
Cash in Transit/Reimburse From Treasury		1,195,286.21
Cash in State Treasury	664,180.33	816,154.11
Cash Equivalents	6,207,535.79	8,069,816.50
Restricted:		
Cash In Bank	(2,965,371.75)	(2,052,996.15)
Legislative Appropriation	3,835,248.35	6,287,091.48
Receivables:		
Federal Receivables	3,174,102.84	3,213,535.22
UHS Intercampus Receivables	1,127,074.57	1,081,557.74
Accounts Receivable	3,685,431.91	4,068,658.83
Gifts	188,993.06	94,912.17
Other	3,579.00	1,104.16
Due From Other Agencies	5,444.28	60,108.95
Prepaid Costs	5,088,538.62	2,393,987.97
Loans and Contracts	2,559,622.58	2,074,737.80
Total Current Assets	27,381,509.06	30,408,572.73
Non-Current Assets		
Restricted:		
Receivables	783,151.38	240,330.78
UHS Intercampus Receivables	54,567,592.53	74,020,735.14
Investments	37,170.00	
UHS Intercampus Receivables	2,758,309.68	2,790,496.79
Capital Assets		
Non-Depreciable or Non-Amortizable	36,720,820.89	38,119,884.38
Depreciable or Amortizable, Net	65,344,968.31	37,763,447.58
Total Non-Current Assets	160,212,012.79	152,934,894.67
Total Assets	187,593,521.85	183,343,467.40
Deferred Outflow of Resources		
Loss on Bond Refunding	16,679.04	27,798.40
Total Deferred Outflow of Resources	16,679.04	27,798.40
Total Assets and Deferred Outflow of Resources	\$ 187,610,200.89	\$ 183,371,265.80

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 2,181,021.87	\$ 1,027,188.09
Federal Payable	855.00	2,438.91
Payroll Payable	1,702,199.64	2,927,065.19
UHS Intercampus Payable	5,182,714.70	4,465,517.81
Other Payable	228,859.65	243,123.07
Due to Other Agencies	4,430.25	
Unearned Revenues	16,553,148.41	15,085,208.19
Revenue Bonds Payable	4,600,966.43	5,166,182.15
Claims and Judgments Payable	2,334.46	13,664.71
Employees' Compensable Leave	527,979.27	516,203.18
Funds Held for Others	1,103,582.56	1,122,092.09
Total Current Liabilities	32,088,092.24	30,568,683.39
Non-Current Liabilities		
Revenue Bonds Payable	110,612,043.07	115,213,009.49
Employees' Compensable Leave	522,516.70	514,759.85
Total Non-Current Liabilities	111,134,559.77	115,727,769.34
Total Liabilities	143,222,652.01	146,296,452.73
Deferred Inflow of Resources		
Gain on Bond Refunding		
Total Deferred Inflows of Resources		
Total Liabilities and Deferred Inflow of Resources	\$ 143,222,652.01	\$ 146,296,452.73
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 27,318,382.32	\$ 17,286,427.96
Restricted for:		
Debt Retirement	29,129.66	
Capital Projects	1,303,766.35	998,992.27
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	8,394,364.25	8,508,265.32
Expendable		
Funds Functioning as Endowments	917,443.07	947,654.00
Other Restricted	4,423,560.01	3,780,479.83
Unrestricted	2,000,903.22	5,552,993.69
Total Net Position	\$ 44,387,548.88	\$ 37,074,813.07

Unaudited

University of Houston - Victoria (765)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 30,622,602.76	\$ 28,335,541.76
Discounts and Allowances	(8,286,436.12)	(8,869,110.49)
Auxiliary Enterprise-Pledged	3,552,269.00	3,163,811.97
Discounts and Allowances	(961,239.33)	(1,006,207.71)
Other Sales of Goods and Services-Pledged	201,061.94	216,232.56
Federal Revenue-Operating (PR-OP Grants/Contributions)	1,013,304.93	1,413,595.50
Federal Pass Through Revenue (PR-OP Grants/Contributions)	76,302.55	110,334.89
State Grant Revenue (PR-OP Grants/Contributions)	171,614.06	129,542.44
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	2,361,950.30	2,084,809.25
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	124,284.04	35,088.38
Total Operating Revenues	28,875,714.13	25,613,638.55
Operating Expenses		
Instruction	18,600,375.03	18,878,824.61
Research	332,813.20	464,890.35
Public Service	851,052.58	740,620.92
Academic Support	10,817,708.50	9,847,515.51
Student Services	7,553,176.64	7,340,802.97
Institutional Support	6,126,264.90	6,475,246.44
Physical Plant	2,270,298.20	2,405,827.91
Scholarships & Fellowships	7,429,004.25	8,539,733.25
Auxiliary Enterprises	2,208,733.05	1,881,727.00
Depreciation and Amortization	3,443,202.23	3,327,688.30
Total Operating Expenses	59,632,628.58	59,902,877.26
Operating Income (Loss)	(30,756,914.45)	(34,289,238.71)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	13,842,840.00	13,830,018.00
Additional Appropriations (GR)	4,092,311.87	4,123,867.47
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	8,316,123.00	11,071,955.57
Gifts (PR-OP Grants/Contributions)	2,655,942.16	1,955,963.71
Interest and Investment Income (PR-Chgs for Services)	648,458.50	644,987.73
Interest Expense and Fiscal Charges	(4,294,901.56)	(740,399.43)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(120,892.41)	250,007.52
Other Nonoperating Revenues	4,916,284.60	1,041,575.55
Other Nonoperating Expenses	(2,454,034.04)	(870,255.31)
Total Nonoperating Revenues (Expenses)	27,602,132.12	31,307,720.81

Unaudited

University of Houston - Victoria (765)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	<u>Total FY2019</u>	<u>Total FY2018</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (3,154,782.33)</u>	<u>\$ (2,981,517.90)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	4,275,861.00	4,275,861.00
Additions to Permanent and Term Endowments	95,712.54	50,606.65
UHS Intercampus Transfers-In	6,157,015.63	6,986,317.46
UHS Intercampus Transfers-Out	(118,507.00)	(210,930.97)
Transfers-In	24,356.16	23,252.58
Transfers-Out	(2,242.28)	(2,294.22)
Legislative Transfers-In	38,015.00	(4,602,318.00)
Legislative Appropriations Lapsed	(2,692.91)	3,707,704.50
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>10,467,518.14</u>	<u>10,228,199.00</u>
<u>Changes in Net Position</u>	<u>7,312,735.81</u>	<u>7,246,681.10</u>
Net Position Beginning	37,074,813.07	29,828,131.97
Restatements		
<u>Net Position, Beginning, as Restated</u>	<u>37,074,813.07</u>	<u>29,828,131.97</u>
<u>Net Position, Ending</u>	<u>\$ 44,387,548.88</u>	<u>\$ 37,074,813.07</u>

Unaudited

University of Houston - Victoria (765)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$ 13,626,067.92	\$ 182,232.06	\$ 488,111.05	\$ 4,367,208.75	\$ 4,047,949.14
Payroll Related Costs	3,528,189.74	66,389.04	157,144.57	1,380,060.49	1,365,673.93
Professional Fees and Services	473,787.55	17,296.85	19,972.08	1,221,138.69	595,231.95
Travel	71,141.59	11,313.34	16,567.05	156,404.21	281,539.97
Materials and Supplies	446,978.11	20,245.05	20,710.06	382,580.07	188,510.28
Communication and Utilities	10,376.46	378.84	10,051.36	581,322.94	147,620.49
Repairs and Maintenance	100,969.42	11,600.00	22.95	85,500.36	86,167.82
Rentals and Leases	92,190.89	516.90	19,049.00	2,093,743.36	61,560.88
Printing and Reproduction	9,168.81	341.55	4,472.43	21,755.59	42,029.84
Depreciation and Amortization					
Interest	773.41	1.68		489.07	118.11
Scholarships	73,644.65			152,130.34	140,574.85
Claims and Judgments					
Other Operating Expenses	167,086.48	22,497.89	114,952.03	375,374.63	596,199.38
Total Operating Expenses	\$ 18,600,375.03	\$ 332,813.20	\$ 851,052.58	\$ 10,817,708.50	\$ 7,553,176.64

Unaudited

University of Houston - Victoria (765)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2019	Total FY2018
\$ 3,245,976.08	\$ 668,995.76	\$ 211,075.54	\$ 530,063.88	\$	\$ 27,367,680.18	\$ 27,010,225.43
1,010,993.49	278,453.51	44.24	155,118.61		7,942,067.62	7,922,815.60
712,720.20	340,933.84	23,929.45	498,828.17		3,903,838.78	3,716,178.23
89,927.33	5,831.28		42,025.31		674,750.08	529,401.62
330,524.90	94,943.76		190,536.97		1,675,029.20	1,371,018.45
117,333.30	501,334.06		412,595.46		1,781,012.91	1,765,528.19
191,040.83	125,448.07		185,197.43		785,946.88	865,769.86
264,414.52	241,694.58		26,376.51		2,799,546.64	2,732,349.58
22,812.79	132.90		32,129.71		132,843.62	161,900.86
				3,443,202.23	3,443,202.23	3,327,688.30
195.03	55.94		174.01		1,807.25	815.95
1,423.91		7,190,872.12	100,779.17		7,659,425.04	9,159,851.78
36,023.59					36,023.59	37,482.60
102,878.93	12,474.50	3,082.90	34,907.82		1,429,454.56	1,301,850.81
<u>\$ 6,126,264.90</u>	<u>\$ 2,270,298.20</u>	<u>\$ 7,429,004.25</u>	<u>\$ 2,208,733.05</u>	<u>\$ 3,443,202.23</u>	<u>\$ 59,632,628.58</u>	<u>\$ 59,902,877.26</u>

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Cash Flows From Operating Activities		
Receipts from Customers	\$ 198,587.10	\$ 217,317.36
Proceeds from Tuition and Fees	23,809,459.66	27,689,066.66
Proceeds from Research Grants and Contracts	3,982,005.54	713,889.65
Proceeds from Loan Programs	3,566,555.96	3,323,499.87
Proceeds from Auxiliaries	2,831,297.52	2,170,877.44
Payments to Suppliers for Goods and Services	(11,857,139.02)	(13,229,525.58)
Payments to Employees for Salaries	(29,254,827.19)	(26,499,349.25)
Payments to Employees for Benefits	(7,922,534.68)	(7,926,281.42)
Payments for Loans Provided	(4,051,440.74)	(3,478,291.59)
Payments for Other Expenses	(9,156,550.22)	(10,402,761.60)
Net Cash Provided (Used) by Operating Activities	(27,854,586.07)	(27,421,558.46)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	20,422,317.09	15,475,489.53
Proceeds from Gifts	2,019,040.67	1,691,074.24
Proceeds from Endowments	95,712.54	50,606.65
Proceeds of Transfers from Other Funds	11,097,656.39	9,627,212.09
Proceeds from Grants	8,316,123.00	11,071,955.57
Payments for Transfers to Other Funds	(2,574,783.32)	(1,301,986.79)
Net Cash Provided (Used) by Noncapital Financing Activities	39,376,066.37	36,614,351.29
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance		12,280,000.00
Proceeds from Other Financing Activities	23,762,674.33	17,031,296.44
Proceeds from Capital Contributions	4,275,861.00	4,275,861.00
Payments for Additions to Capital Assets	(29,691,880.36)	(22,237,944.32)
Payments of Principal on Debt Issuance	(4,453,643.72)	(10,816,413.94)
Payments of Interest on Debt Issuance	(4,283,782.20)	(714,316.97)
Payments of Other Costs on Debt Issuance	(5,171,292.28)	(8,528,634.04)
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,562,063.23)	(8,710,151.83)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	9,889.87	3,945,449.25
Proceeds from Investment Income	648,458.50	644,987.73
Payments to Acquire Investments	(37,170.00)	(437,662.60)
Net Cash Provided (Used) by Investing Activities	621,178.37	4,152,774.38

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ (3,419,404.56)</u>	<u>\$ 4,635,415.38</u>
Cash and Cash Equivalents, September 1	11,132,878.41	6,497,463.03
<u>Restatements</u>		
<u>Cash and Cash Equivalents, September 1, as Restated</u>	<u>11,132,878.41</u>	<u>6,497,463.03</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 7,713,473.85</u>	<u>\$ 11,132,878.41</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (30,756,914.45)</u>	<u>\$ (34,289,238.71)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	3,443,202.23	3,327,688.30
Operating Income and Cash Flow Categories: Classification Differences	(484,884.78)	(154,791.72)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	1,804,772.95	3,221,460.33
(Increase) Decrease in Prepaid Expenses	(2,694,550.65)	(2,159,705.27)
(Increase) Decrease in Other Assets	54,664.67	50,452.27
Increase (Decrease) in Payables	1,204,207.34	500,286.63
Increase (Decrease) in Deferred Income	1,467,940.22	1,477,639.81
Increase (Decrease) in Compensated Absences	19,532.94	(3,465.82)
Increase (Decrease) in Benefits Payable	(1,887,147.01)	510,876.18
Increase (Decrease) in Other Liabilities	(25,409.53)	97,239.54
<u>Total Adjustments</u>	<u>2,902,328.38</u>	<u>6,867,680.25</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (27,854,586.07)</u>	<u>\$ (27,421,558.46)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>\$ (120,892.41)</u>	<u>\$ 250,007.52</u>
<u>Non Cash Transactions</u>	<u>\$ (120,892.41)</u>	<u>\$ 250,007.52</u>

**UNIVERSITY OF HOUSTON
SYSTEM ADMINISTRATION**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2019
WITH AUGUST 31, 2018 COMPARATIVE DATA**

UNIVERSITY OF HOUSTON – SYSTEM ADMINISTRATION
PRIMARY STATEMENTS

Unaudited

University of Houston - System Administration (783)
 Statement of Net Position
 August 31, 2019

	Total FY2019	Total FY2018
Assets		
Current Assets		
Cash and Cash Equivalents		
Cash in Bank	\$ 177,394,027.23	\$ 157,629,012.12
Cash in Transit/Reimburse From Treasury	23,611,474.46	25,316,600.85
Cash Equivalents	71,400,185.74	71,366,389.72
Short Term Investments	199,082,681.70	428,326,490.63
Restricted:		
Cash In Bank	(192,446,671.02)	(176,053,732.12)
Legislative Appropriation	3,558,960.71	4,505,137.14
Receivables:		
UHS Intercampus Receivables	18,164,918.87	20,598,220.87
Interest and Dividends	1,420,188.18	1,171,660.52
Accounts Receivable	3,439,097.40	3,806,061.21
Gifts	104,901.83	186,014.45
Other	1,672,872.07	4,383,945.87
Prepaid Costs	345,703.16	338,349.50
Total Current Assets	307,748,340.33	541,574,150.76
Non-Current Assets		
Restricted:		
Receivables	32,610.94	74,991.43
UHS Intercampus Receivables	52,230,654.96	42,020,505.97
Investments	975,720,044.91	943,098,412.54
Capital Assets		
Non-Depreciable or Non-Amortizable	54,499,081.96	26,757,677.60
Depreciable or Amortizable, Net	20,313,979.00	22,386,957.25
Total Non-Current Assets	1,102,796,371.77	1,034,338,544.79
Total Assets	1,410,544,712.10	1,575,912,695.55
Deferred Outflow of Resources		
Loss on Bond Refunding		
Total Deferred Outflow of Resources		
Total Assets and Deferred Outflow of Resources	\$ 1,410,544,712.10	\$ 1,575,912,695.55

Unaudited

University of Houston - System Administration (783)
Statement of Net Position
August 31, 2019

	Total FY2019	Total FY2018
Liabilities		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 6,683,239.93	\$ 9,692,321.66
Payroll Payable	8,728,449.52	23,545,021.67
UHS Intercampus Payable	1,095,528,829.99	1,256,125,980.89
Other Payable	446,256.09	360,897.51
Unearned Revenues	9,596.08	10,995.08
Notes and Loans Payable	94,972,000.00	83,567,000.00
Revenue Bonds Payable	2,811,935.51	2,951,732.03
Claims and Judgments Payable	277.69	
Employees' Compensable Leave	359,614.51	364,637.29
Funds Held for Others	(11,755.60)	50,970.60
Total Current Liabilities	1,209,528,443.72	1,376,669,556.73
Non-Current Liabilities		
Revenue Bonds Payable	53,296,151.81	56,108,087.32
Employees' Compensable Leave	355,893.86	363,617.71
Total Non-Current Liabilities	53,652,045.67	56,471,705.03
Total Liabilities	1,263,180,489.39	1,433,141,261.76
Deferred Inflow of Resources		
Gain on Bond Refunding		
Total Deferred Inflows of Resources		
Total Liabilities and Deferred Inflow of Resources	\$ 1,263,180,489.39	\$ 1,433,141,261.76
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 34,740,551.83	\$ 27,069,033.50
Restricted for:		
Debt Retirement	226,281.98	6,649,890.86
Capital Projects	1,352,015.03	647,960.63
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	44,837,362.43	46,333,003.60
Expendable		
Funds Functioning as Endowments	6,337,193.22	6,447,284.01
Other Restricted	8,833,985.59	8,945,303.09
Unrestricted	51,036,832.63	46,678,958.10
Total Net Position	\$ 147,364,222.71	\$ 142,771,433.79

Unaudited

University of Houston - System Administration (783)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
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)	602.86	9,160.19
Total Operating Revenues	60,789.82	69,347.15
Operating Expenses		
Research	965,492.96	971,030.82
Academic Support	1,013,557.50	1,241,436.45
Student Services	433,369.33	427,534.39
Institutional Support	10,345,422.95	10,175,783.09
Physical Plant	1,807,640.72	1,874,815.70
Depreciation and Amortization	2,072,978.25	2,317,924.44
Total Operating Expenses	16,638,461.71	17,008,524.89
Operating Income (Loss)	(16,577,671.89)	(16,939,177.74)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	47,255,268.00	47,989,266.00
Additional Appropriations (GR)	518,215.92	(147,637.50)
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	1,313,268.39	1,375,690.81
Gifts (PR-OP Grants/Contributions)	(45,183.69)	289,652.00
Interest and Investment Income (PR-Chgs for Services)	10,913,329.19	12,020,631.06
Interest Expense and Fiscal Charges	(2,011,882.86)	(918,629.64)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(1,337,726.89)	2,111,865.33
Other Nonoperating Revenues	8,197,160.91	(5,616,518.25)
Other Nonoperating Expenses	(1,151,486.71)	(120,004.39)
Total Nonoperating Revenues (Expenses)	63,650,962.26	56,984,315.42

Unaudited

University of Houston - System Administration (783)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2019

	<u>Total FY2019</u>	<u>Total FY2018</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ 47,073,290.37</u>	<u>\$ 40,045,137.68</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Additions to Permanent and Term Endowments	18,000.00	12,000.00
UHS Intercampus Transfers-In	7,996,527.32	10,806,729.69
UHS Intercampus Transfers-Out	(47,120,654.33)	(46,056,445.60)
Transfers-Out	22,971.58	(23,818.66)
Legislative Transfers-In		24,412,160.00
Legislative Appropriations Lapsed	(3,397,346.02)	(15,266,059.85)
<u>Total Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(42,480,501.45)</u>	<u>(26,115,434.42)</u>
<u>Changes in Net Position</u>	<u>4,592,788.92</u>	<u>13,929,703.26</u>
Net Position Beginning	142,771,433.79	128,841,730.53
Restatements		
<u>Net Position, Beginning, as Restated</u>	<u>142,771,433.79</u>	<u>128,841,730.53</u>
<u>Net Position, Ending</u>	<u>\$ 147,364,222.71</u>	<u>\$ 142,771,433.79</u>

Unaudited

University of Houston - System Administration (783)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$	\$ 425,360.00	\$	\$ 713,107.97	\$ 374,420.28
Payroll Related Costs		58,154.96		131,478.53	49,349.05
Professional Fees and Services		123,378.00		152,971.00	
Travel					
Materials and Supplies					
Communication and Utilities					
Repairs and Maintenance					
Rentals and Leases		9,600.00		16,000.00	9,600.00
Printing and Reproduction					
Depreciation and Amortization					
Interest					
Scholarships		349,000.00			
Claims and Judgments					
Other Operating Expenses					
Total Operating Expenses	\$	\$ 965,492.96	\$	\$ 1,013,557.50	\$ 433,369.33

Unaudited

University of Houston - System Administration (783)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2019

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2019	Total FY2018
\$ 6,866,778.03	\$ 147,624.08	\$	\$	\$	\$ 8,527,290.36	\$ 8,443,314.62
1,590,763.11	45,987.52				1,875,733.17	1,985,096.00
890,631.72	177,045.41				1,344,026.13	1,563,064.04
110,728.39					110,728.39	87,495.78
113,656.93	23,932.15				137,589.08	87,975.03
79,792.64	64,189.07				143,981.71	161,548.65
59,613.32	35,385.13				94,998.45	83,904.89
203,679.40					238,879.40	242,446.85
8,836.78					8,836.78	9,744.25
				2,072,978.25	2,072,978.25	2,317,924.44
64,912.23	1,313,268.39				1,378,180.62	1,416,581.21
					349,000.00	349,000.00
8,724.41					8,724.41	1,301.71
347,305.99	208.97				347,514.96	259,127.42
<u>\$ 10,345,422.95</u>	<u>\$ 1,807,640.72</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,072,978.25</u>	<u>\$ 16,638,461.71</u>	<u>\$ 17,008,524.89</u>

Unaudited

University of Houston - System Administration (783)
Statement of Cash Flows
For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
Cash Flows From Operating Activities		
Receipts from Customers	\$ 3,138,224.57	\$ 5,491,803.07
Proceeds from Tuition and Fees	(1,399.00)	
Proceeds from Research Grants and Contracts	602.86	23,525.83
Payments to Suppliers for Goods and Services	(5,010,116.75)	(31,155.66)
Payments to Employees for Salaries	(23,343,862.51)	(7,261,877.45)
Payments to Employees for Benefits	(1,888,479.80)	(1,852,862.42)
Payments for Other Expenses	(2,145,868.50)	(1,989,140.96)
Net Cash Provided (Used) by Operating Activities	(29,250,899.13)	(5,619,707.59)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	45,322,314.33	56,157,495.70
Proceeds from Gifts	78,309.42	197,139.23
Proceeds from Endowments	18,000.00	12,000.00
Proceeds of Transfers from Other Funds	16,193,688.23	5,190,211.44
Proceeds from Grants	1,313,268.39	1,375,690.81
Payments for Transfers to Other Funds	(48,249,169.46)	(46,200,268.65)
Net Cash Provided (Used) by Noncapital Financing Activities	14,676,410.91	16,732,268.53
Cash Flows from Capital and Related Financing Activities		
Proceeds from Other Financing Activities		34,795,000.00
Payments for Additions to Capital Assets	(27,741,404.36)	(4,177,508.46)
Payments of Principal on Debt Issuance	(2,485,466.00)	(2,374,976.00)
Payments of Interest on Debt Issuance	(2,011,882.86)	(773,066.87)
Payments of Other Costs on Debt Issuance	(216,327,738.40)	(29,119,934.31)
Net Cash Provided (Used) by Capital and Related Financing Activities	(248,566,491.62)	(1,650,485.64)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	1,151,675,253.07	191,980,119.33
Proceeds from Investment Income	10,664,801.53	11,622,161.35
Payments to Acquire Investments	(897,498,328.92)	(169,946,414.76)
Net Cash Provided (Used) by Investing Activities	264,841,725.68	33,655,865.92

Unaudited

University of Houston - System Administration (783)
 Statement of Cash Flows
 For the Year Ended August 31, 2019

	Total FY2019	Total FY2018
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 1,700,745.84</u>	<u>\$ 43,117,941.22</u>
Cash and Cash Equivalents, September 1	78,258,270.57	35,140,329.35
<u>Restatements</u>		
<u>Cash and Cash Equivalents, September 1, as Restated</u>	<u>78,258,270.57</u>	<u>35,140,329.35</u>
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 79,959,016.41</u>	<u>\$ 78,258,270.57</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (16,577,671.89)</u>	<u>\$ (16,939,177.74)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	2,072,978.25	2,317,924.44
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	3,078,037.61	5,399,140.20
(Increase) Decrease in Prepaid Expenses	(7,353.66)	(6,052.41)
(Increase) Decrease in Other Assets		14,365.64
Increase (Decrease) in Payables	(2,923,723.15)	2,249,308.15
Increase (Decrease) in Deferred Income	(1,399.00)	(5,756.00)
Increase (Decrease) in Compensated Absences	(12,746.63)	132,233.58
Increase (Decrease) in Benefits Payable	(14,816,572.15)	1,181,437.17
Increase (Decrease) in Other Liabilities	(62,448.51)	36,869.38
<u>Total Adjustments</u>	<u>(12,673,227.24)</u>	<u>11,319,470.15</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (29,250,899.13)</u>	<u>\$ (5,619,707.59)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>\$ (1,337,726.89)</u>	<u>\$ 2,111,865.33</u>
<u>Non Cash Transactions</u>	<u>\$ (1,337,726.89)</u>	<u>\$ 2,111,865.33</u>

