

UNIVERSITY of **HOUSTON** SYSTEM

ANNUAL FINANCIAL REPORT

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ANNUAL FINANCIAL REPORT

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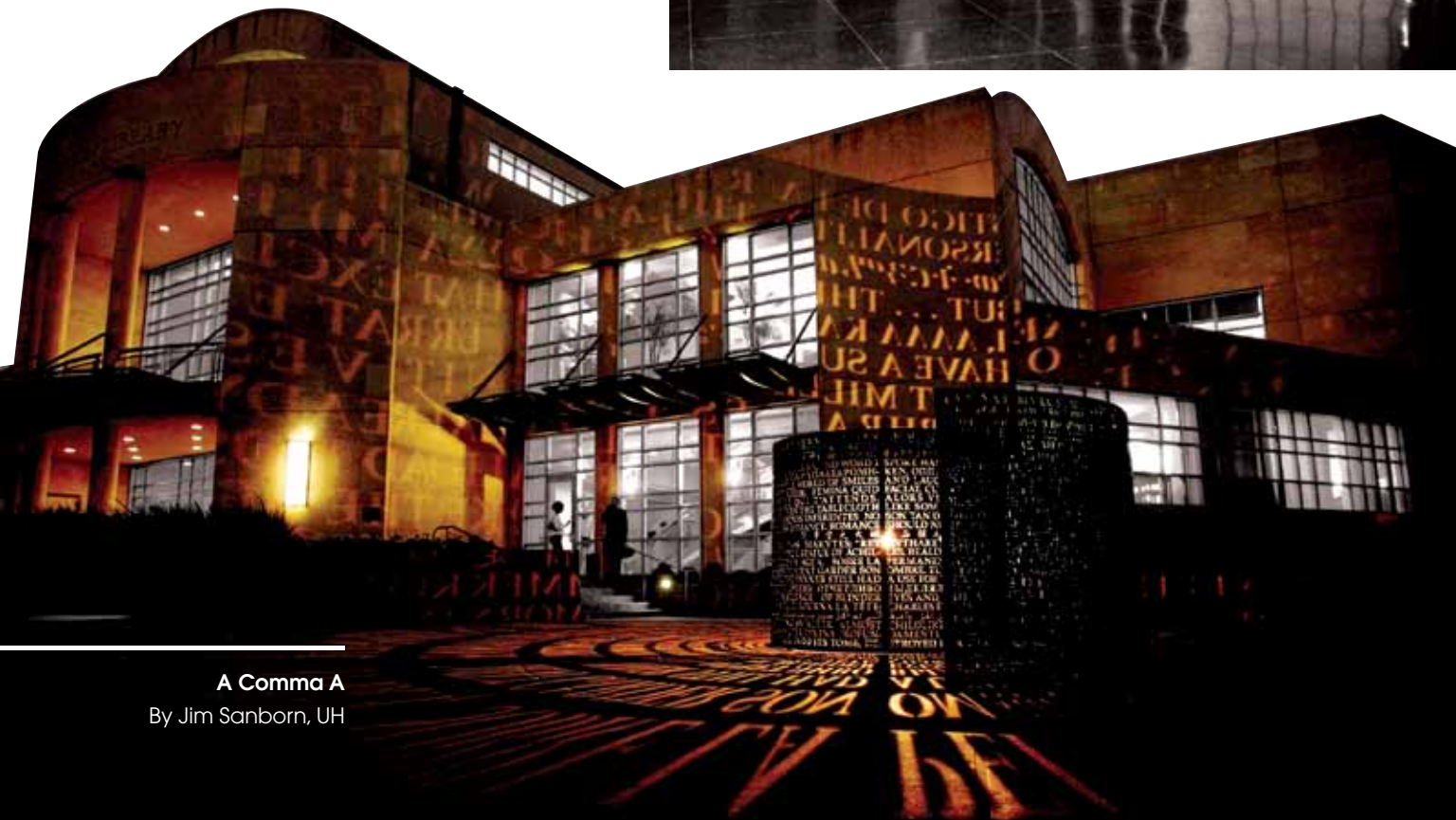
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EUPHONIA

By Frank Stella, UH



A Comma A

By Jim Sanborn, UH

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Term Expires August 31, 2009

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Term Expires May 31, 2009

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Term Expires May 31, 2010

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Secretary

OFFICERS OF THE BOARD (FISCAL YEAR 2010)

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Chancellor

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Executive Vice Chancellor
for Administration and Finance

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WILLIAM FLORES

President – UH Downtown

TIM HUDSON

President – UH Victoria



TOOLS OF THOUGHT
by Neil Harshfield, UHV



RENU KHATOR
Chancellor

The UH System, as a public institution, must account fully for the dollars we receive as investments in the educational future and the economic progress of the people of Houston and Texas. We are pleased to present the Annual Financial Report of the University of Houston System for Fiscal Year 2009, one way of providing assurance of such accountability.

We are the only metropolitan university system in Texas, serving a region that accounts for almost a quarter of the state's population and almost a third of the gross state product. We have an enrollment of 59,000 students, four universities (University of Houston, UH-Clear Lake, UH-Downtown, UH-Victoria), and teaching centers in Cinco Ranch, Sugar Land, and Pearland. Each of our universities is unique in its mission and in the communities it serves, and as a group, we offer a full range of outstanding educational opportunities, preparing our students to be successful as leaders in the global marketplace. We have a \$3.1 billion yearly economic impact on the region, and provide the intellectual and human capital necessary for Houston and Texas to grow and prosper.

The UH System administration evaluates on an ongoing basis the utilization of our resources to ensure we continue to provide exceptional and affordable educational opportunities to our students, regardless of their social or economic condition, while maintaining our outstanding outreach in service to our communities.

Ours is a remarkable past filled with great achievements and an even brighter future as we continue our focused and determined drive to achieve Tier-One national status for the University of Houston, the UH System's flagship university, and the highest levels of accomplishment for UH-Clear Lake, UH-Downtown, and UH-Victoria in the respective categories.

Following a year in which we achieved record enrollments, record amounts of research grants, and record fundraising, we look forward to 2010 with great expectations for a spectacular year.

RENU KHATOR
Chancellor, UH System
President, University of Houston

2 Message from the Chancellor

Message from the Executive Vice Chancellor

The Annual Financial Report of the University of Houston System includes financial statements as well as additional informative data that help ensure the UH System's accountability to the public. The financial statements that follow have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The System's administrators and management are responsible for the integrity and accuracy of these financial statements.

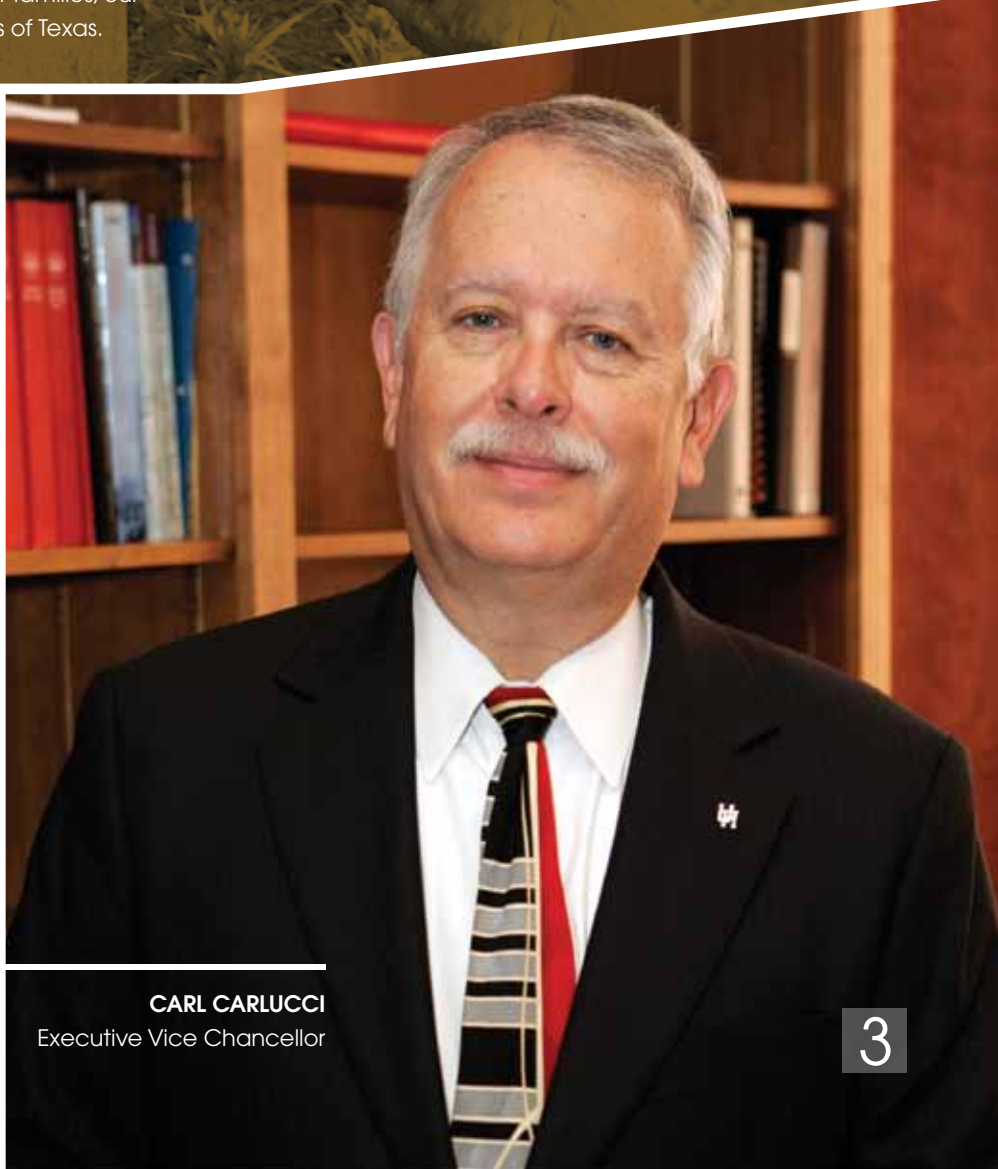
The statements and information contained in this report illustrate the System's financial performance and financial condition for the fiscal year ended August 31, 2009. The supporting schedules and graphics included in the accompanying narrative are designed to enable analysis of significant items. I join with management and the staff of all the universities within the UH System in taking pride in presenting to you the following financial report.

We believe our system of internal controls is sound and sufficient. We remain mindful of our fiduciary responsibilities to our customers – our students and their families, our alumni, our benefactors, and the citizens of Texas.

As our System universities conclude another successful and productive academic and fiscal year, we reflect on our achievements and prepare for the goals we have set for our future. Our focus for these accomplishments has been attaining national competitiveness, providing student success, and engaging in community advancement. These financial statements provide a mechanism to evaluate our progress.

The difficult economic climate that emerged during fiscal year 2009 presented the System with financial challenges and resulted in reductions of some revenue sources. Although the Texas economy has remained stronger than that of many other states, our universities have felt the impact. In response, we have evaluated our budget projections and investigated possibilities for cost containment and expenditure reductions. We will prudently move forward and implement all necessary measures to conserve and maximize our resources.

CARL CARLUCCI
Executive Vice Chancellor
for Administration and Finance

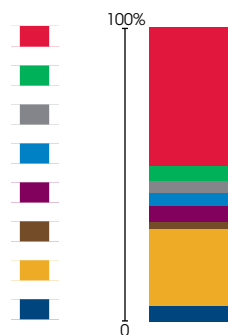


CARL CARLUCCI
Executive Vice Chancellor

UNIVERSITY OF HOUSTON SYSTEM

ASSETS • for the Year Ended August 31, 2009

	2009	%
Cash & Investments	\$ 949,898,367	48
Appropriations	86,802,836	5
Receivables	59,032,105	3
Inventories & Other Assets	87,532,466	4
Land	100,823,711	5
Construction in Progress	47,175,913	2
Building, Infrastructure, & Improvements	528,642,225	27
Equipment, Books, & Art	103,028,409	6
Total Assets	\$ 1,962,936,032	100%



MILLENNIUM PLAZA

By William Fitzgibbons, UHV

4 Financial Highlights



EUPHONIA
By Frank Stella, UH

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UNIVERSITY OF HOUSTON SYSTEM








LIABILITIES • for the Year Ended August 31, 2009

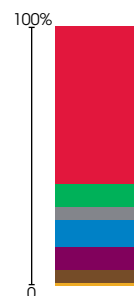
	2009	%	
Payables & Accrued Liabilities	\$ 116,116,475	13	
Deferred Revenue	168,470,917	18	
Accrued Compensable Absences Payable	23,098,951	3	
Bonds Payable	602,088,053	64	
Funds Held For Others	14,172,961	2	
Total Liabilities	\$ 923,947,357	100%	



UNIVERSITY OF HOUSTON SYSTEM

OPERATING REVENUES • for the Year Ended August 31, 2009

	2009	%	
Tuition & Fees, Net of Discounts	\$ 324,277,329	61	
Sales of Auxiliary Services	45,647,634	9	
Sales of Other Goods & Services	22,364,008	4	
Federal Grant Revenues	62,150,117	12	
State Grant Revenue	46,910,292	9	
Local & Private Awards	20,874,526	4	
Other Operating Revenues	1,806,422	1	
Total Operating Revenues	\$ 524,030,328	100%	



PHYSICHRONIE

By Pablo Cruz-Diez, UH



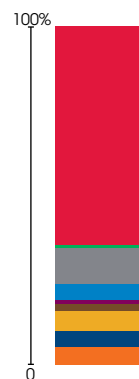
BRAZOS TRACE

By Rob Ziebell and Elizabeth Ward, UHS, Sugarland

UNIVERSITY OF HOUSTON SYSTEM

OPERATING EXPENSES – NATURAL CLASSIFICATION • for the Year Ended August 31, 2009

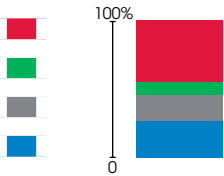
	2009	%	
Salaries & Benefits	\$ 571,855,620	64	
Pass Through Expenses	3,154,091	1	
Supplies, Office Operations, Travel	103,497,700	11	
Communication & Utilities	45,641,029	5	
Repairs & Maintenance	12,698,902	1	
Financing & Legal	14,619,689	2	
Scholarships	58,775,330	6	
Depreciation	41,770,971	5	
Other Operating Expenses	42,448,074	5	
Total Operating Expenses (Natural)	\$ 894,461,406	100%	



UNIVERSITY OF HOUSTON SYSTEM

TOTAL REVENUES • for the Year Ended August 31, 2009

	2009	%
OPERATING REVENUE		
Tuition & Fees, Net of Discounts	\$ 324,277,329	45
Sales of Goods & Services	68,011,643	9
Grants & Contracts	129,934,935	18
Non Operating Revenue	205,931,187	28
Total Revenues	\$ 728,155,094	100%



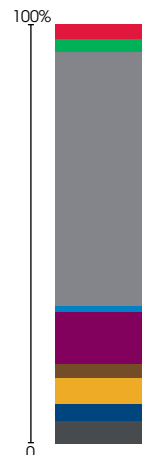
UH WALL OF HONOR
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UNIVERSITY OF HOUSTON SYSTEM

TOTAL EXPENSES • for the Year Ended August 31, 2009

	2009	%	
NON-OPERATING EXPENSES			
Interest Expense	\$ 22,113,595	3	
Non-Operating Expenses	15,287,317	2	
OPERATING EXPENSES			
Salaries & Benefits	571,855,620	60	
Pass Through Expenses	3,154,091	1	
Office Operations & Supplies	161,837,631	16	
Financing & Legal	14,619,689	3	
Scholarships	58,775,330	6	
Depreciation	41,770,971	4	
Other Operating Expenses	42,448,074	5	
Total Expenses	\$ 931,862,318	100%	



UNIVERSITY OF HOUSTON SYSTEM

STATEMENT OF NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 180,622,500	\$ 166,137,744
Short-term Investments	164,320,758	131,751,149
Restricted Cash & Cash Equivalents	23,092,527	11,694,907
Loans & Contracts	15,198,638	6,640,421
Legislative Appropriations	86,802,836	76,426,016
Receivables	59,032,105	56,556,596
Inventories	2,538,147	2,330,059
Deferred Charges	53,627,412	39,439,082
Total Current Assets	585,234,923	490,975,974
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	50,629,066	43,671,531
Loans & Other Receivables	22,451,874	30,566,590
Investments	524,949,911	716,312,856
Capital Assets, Non-Depreciable	150,672,528	170,064,947
Capital Assets, Depreciable	1,375,922,967	1,169,404,294
Accumulated Depreciation	(746,925,237)	(713,211,693)
Total Noncurrent Assets	1,377,701,109	1,416,808,525
Total Assets	1,962,936,032	1,907,784,499
LIABILITIES		
CURRENT LIABILITIES		
Payables	88,802,049	72,580,784
Deferred Revenues	168,470,917	151,768,763
Notes Payable	27,300,000	
Employees' Compensable Leave	10,804,185	10,080,415
Revenue Bonds Payable	21,935,606	22,591,393
Funds Held for Others	14,172,961	12,497,504
Total Current Liabilities	331,485,718	269,518,859
NONCURRENT LIABILITIES		
Payables	14,425	14,636
Employees' Compensable Leave	12,294,767	11,689,504
Revenue Bonds Payable	580,152,447	442,138,789
Total Noncurrent Liabilities	592,461,639	453,842,929
Total Liabilities	923,947,357	723,361,788
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	364,447,459	283,560,864
Restricted, Debt Retirement	4,356,434	5,790,181
Restricted, Capital Projects	3,259,343	4,140,833
Restricted, Endowment Funds	360,219,183	496,516,799
Restricted, Other	102,584,985	115,470,898
Unrestricted	204,121,271	278,943,136
Total Net Assets	\$ 1,038,988,675	\$ 1,184,422,711

UNIVERSITY OF HOUSTON SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
OPERATING REVENUES		
Tuition & Fees, Net of Discounts	\$ 324,277,329	\$ 308,491,079
Sales of Goods & Services	69,818,064	67,806,010
Federal Revenue	62,150,117	106,802,211
State Grant Revenue	46,910,292	32,426,982
Other Grants & Contracts	20,874,526	14,930,317
Total Operating Revenues	524,030,328	530,456,599
OPERATING EXPENSES		
Instruction	276,415,400	264,505,061
Research	87,722,681	80,513,171
Public Service	40,982,362	40,319,266
Academic Support	142,889,411	128,294,875
Student Services	35,299,656	32,257,749
Institutional Support	81,684,582	76,144,247
Operation and Maintenance of Plant	51,727,006	54,324,022
Scholarships & Fellowships	54,411,280	53,455,692
Auxiliary Enterprises	81,558,057	77,705,506
Depreciation & Amortization	41,770,971	41,231,411
Total Operating Expenses	894,461,406	848,751,000
Operating Income (Loss)	(370,431,078)	(318,294,401)
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	284,238,433	282,553,332
Gifts	35,518,010	66,127,625
Federal Revenue Non Operating	56,028,517	
Investment Income	(169,038,853)	79,449,168
Interest Expense & Fiscal Charges	(22,113,595)	(13,718,478)
Other Nonoperating Revenues (Expenses)	(15,286,913)	(35,196,612)
Total Nonoperating Revenues (Expenses)	169,345,599	379,215,035
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	(201,085,479)	60,920,634
OTHER REVENUES, EXPENSES, GAINS, LOSSES & TRANSFERS		
Higher Education Assistance Funds	53,332,099	53,188,511
Additions to Permanent & Term Endowments	6,635,447	11,826,699
Transfers	(3,529,482)	(2,953,497)
Legislative Appropriations Lapsed	(1,224,870)	(1,047,681)
Total Other Revenues, Expenses, Gains, Losses & Transfers	55,213,194	61,014,032
Change In Net Assets	(145,872,285)	121,934,666
Net Assets Beginning	1,184,422,711	1,063,187,180
Restatements	438,249	(699,135)
Net Assets Beginning, as Restated	1,184,860,960	1,062,488,045
Net Assets, Ending	\$ 1,038,988,675	\$ 1,184,422,711

UNIVERSITY OF HOUSTON SYSTEM
SYSTEM STATEMENT OF CASH FLOWS • for the Year Ended August 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Students & Customers	\$ 349,683,248	\$ 355,974,977
Proceeds from Loan Programs	125,798,584	63,695,517
Proceeds from Other Revenues	187,525,861	212,720,774
Payments to Suppliers for Goods & Services	(183,939,675)	(171,910,593)
Payments to Employees	(567,660,283)	(531,474,152)
Payments for Loans Provided	(136,348,561)	(68,822,417)
Payments for Other Expenses	(95,091,839)	(117,171,795)
Net Cash Provided (Used) by Operating Activities	(320,032,665)	(256,987,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	272,521,665	262,475,209
Proceeds from Gifts	55,627,401	35,054,634
Proceeds from Endowments	9,982,044	20,289,698
Proceeds of Transfers from Other Funds	25,517,436	23,705,512
Proceeds from Other Revenues	61,002,796	
Payments for Other Uses	(99,490,060)	(44,039,267)
Net Cash Provided by Noncapital Financing Activities	325,161,282	297,485,786
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Disposal of Capital Assets		
Proceeds from Capital Financing Activities	302,981,894	53,188,511
Payments for Additions to Capital Assets	(196,645,762)	(23,146,832)
Payments of Principal & Interest on Debt Issuance	(100,115,931)	(79,155,297)
Net Cash Used by Capital & Related Financing Activities	6,220,201	(49,113,618)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Interest & Investment Income	588,976,098	946,736,634
Payments to Acquire Investments	(567,485,004)	(925,098,885)
Net Cash Provided by Investing Activities	21,491,094	21,637,749
Increase (Decrease) in Cash & Cash Equivalents	32,839,912	13,022,228
Cash & Cash Equivalents, September 1	221,504,181	208,481,953
Restatements to Beginning Cash & Cash Equivalents		
Cash & Cash Equivalents, August 31	\$ 254,344,093	\$ 221,504,181
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
Provided (Used) by Operating Activities		
OPERATING INCOME (LOSS)	\$ (370,431,078)	\$ (318,294,401)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Amortization & Depreciation	41,770,971	41,231,411
Bad Debt Expense	43,524	161,579
Classification Differences	(10,985,399)	(8,565,247)
CHANGES IN ASSETS & LIABILITIES		
(Increase) Decrease in Receivables & Loans	151,516	6,135,556
(Increase) Decrease in Inventories	(208,088)	702,373
(Increase) Decrease in Other Assets	(1,690,561)	65,689
(Increase) Decrease in Prepaid Expenses	(14,188,330)	(15,588,730)
Increase (Decrease) in Payables	14,501,857	(51,706)
Increase (Decrease) in Deferred Income	16,702,154	29,296,711
Increase (Decrease) in Other Liabilities	4,300,769	7,919,076
Total Adjustments	50,398,413	61,306,712
Net Cash Provided by Operating Activities	\$ (320,032,665)	\$ (256,987,689)

UNIVERSITY OF HOUSTON SYSTEM

SCHEDULE OF OPERATING EXPENSES • for the Year Ended August 31, 2009

	2009	2008
EXPENSES BY NATURAL CLASSIFICATION		
Cost of Goods Sold	\$ 2,604,382	\$ 3,037,709
Salaries & Wages	469,299,862	437,260,765
Payroll Related Costs	102,555,758	97,763,008
Professional Fees & Services	42,349,995	40,597,168
Federal Pass-Through Expenses	3,154,091	3,274,049
Travel	14,373,283	14,401,032
Materials & Supplies	39,120,318	41,580,808
Communication & Utilities	45,641,029	50,298,935
Repairs & Maintenance	12,698,902	9,603,176
Rentals & Leases	13,195,238	12,706,933
Printing & Reproduction	5,049,722	5,337,489
Depreciation & Amortization	41,770,971	41,231,411
Interest	63,313	72,190
Scholarships	58,775,330	56,621,318
Claims & Losses	1,361,137	951,412
Other Operating Expenses	42,448,075	34,013,597
Total Operating Expenses	\$ 894,461,406	\$ 848,751,000

EXPENSES BY FUNCTIONAL CLASSIFICATION		
Instruction	\$ 276,415,400	\$ 264,505,061
Research	87,722,681	80,513,171
Public Service	40,982,362	40,319,266
Academic Support	142,889,411	128,294,875
Student Services	35,299,656	32,257,749
Institutional Support	81,684,582	76,144,247
Operation & Maintenance of Plant	51,727,006	54,324,022
Scholarships & Fellowships	54,411,280	53,455,692
Auxiliary Enterprises	81,558,057	77,705,506
Depreciation & Amortization	41,770,971	41,231,411
Total Expenses by Expenditure Function	\$ 894,461,406	\$ 848,751,000



GENESIS II

By Robert Ezell, UH, Cinco Ranch

UNIVERSITY OF HOUSTON SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2009

INTRODUCTION

The following Management's Discussion and Analysis section of the University of Houston System's Annual Financial Report has been prepared to provide an overview of the activities and the financial position of the University of Houston System (the System) for the fiscal year ended August 31, 2009. This presentation is intended to offer a summary of significant current year activities, resulting changes, and currently known economic conditions and facts. This analysis should be read in conjunction with the System's basic financial statements and the notes to the statements.

BACKGROUND

The University of Houston System (UHS) serves the nation's fourth largest metropolitan area and the upper Texas Gulf Coast, and is part of the state-supported system of higher education in Texas. The System is comprised of four universities and a supporting System Administration. The four universities are University of Houston (UH), University of Houston - Clear Lake (UHCL), University of Houston - Downtown (UHD), and University of Houston - Victoria (UHV); all of which are located along the Texas Gulf Coast.

The University of Houston is a nationally-recognized doctoral degree-granting, comprehensive research university, and the University of Houston - Downtown, a four-year undergraduate university, is beginning limited expansion into graduate programs. The University of Houston - Clear Lake and the University of Houston - Victoria are both upper division and master's-level institutions. The System has also established teaching centers that offer instructional opportunities at facilities at the UH System at Sugar Land, and the UH System at Cinco Ranch in Katy. Houston and the upper Gulf Coast region are some of the most ethnically diverse parts of the state, and the universities of the System remain a reflection of that diversity.

Over the past six years, both enrollment system-wide, and the number of degrees awarded has increased. In addition, research awards have also experienced an increase system-wide. As the region's largest provider of comprehensive (baccalaureate to doctorate) higher education services, the University of Houston System plays a primary role in meeting the needs of the Houston metropolitan area, including its highly-skilled professional workforce as well as its technological and industrial research and development community. Toward this end, the System is striving to expand access to its universities to all qualified students; to ensure their success by the completion of a degree; to deliver programs that

HEALING NATURE

By Tom Glover

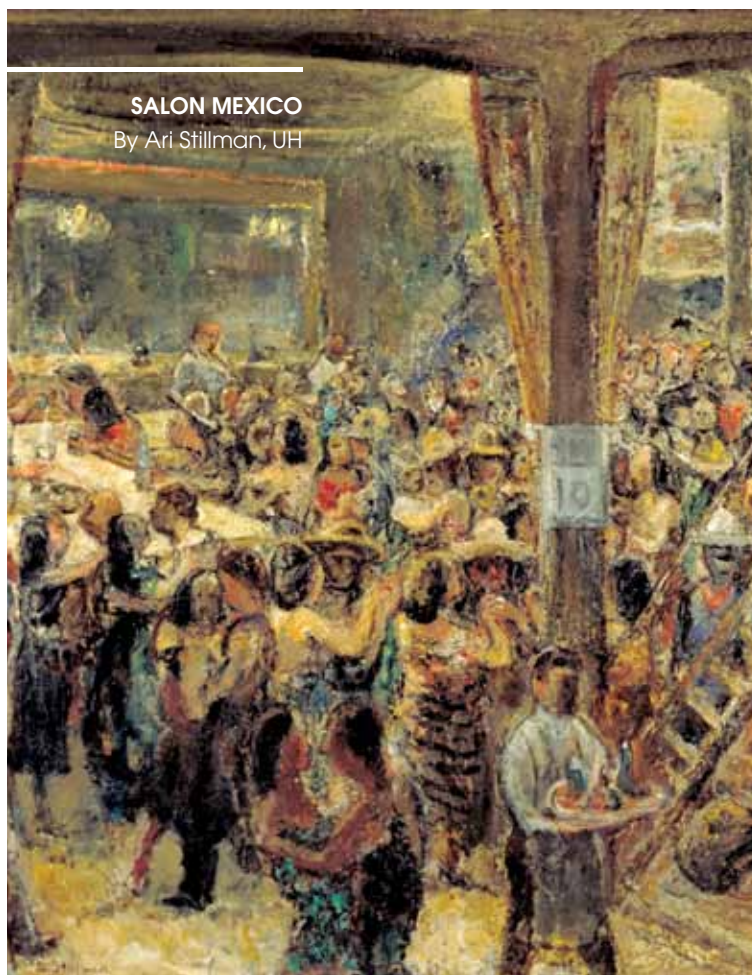
correspond to workforce needs; to conduct research that is relevant to industry and society; and to do it all with limited resources in a way that demonstrates accountability to its students and the citizens of Texas.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements for fiscal year 2009 have been prepared in accordance with accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB). These include Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The requirements focus on the preparation of financial statements that present financial operations in the aggregate, rather than accountability by individual fund group. These standards were adopted by the State of Texas and the System during the 2002 fiscal year. All financial statements for fiscal years 2002 through 2009 have been prepared in accordance with these rules. Additionally, these statements conform to reporting requirements of the Texas Comptroller of Public Accounts and to guidelines issued by the National Association of College and University Business Officers.

Governmental Accounting Standards Board Statement No. 35 requires the System to include three financial statements in the annual financial report. They are (1) the Statement of Net Assets, (2) the Statement of Revenues, Expenses, and Changes in Net Assets, and (3) the Statement of Cash Flows. The information contained in the financial statements of the University of Houston System is part of and included in the State of Texas Comprehensive Annual Financial Report. The financial statements of the System are presented for the fiscal year ended August 31, 2009, with financial data for the fiscal year ended August 31, 2008, provided for comparative purposes. Prior year totals have been reclassified, when necessary, to reflect current year changes in reporting procedures and to enhance comparability of reported totals.

The format of the statewide financial statements presents a more comprehensive perspective of the state's financial activities. The state's activities are divided into three types for presentation in the primary financial statements. They are: Governmental Activities, Business-type Activities, and Component Units. The financial operations of the University of Houston System are considered a business-type activity because the System's universities charge a fee in the form of tuition to customers in order to pay for a majority of the cost of the



services provided. Under this classification, the System's financial statements conform to the guidelines and presentation formats prescribed for Proprietary Funds.

As required by GASB reporting standards, the System reports accumulated depreciation on its capital assets. Additionally, the System recognizes a current year charge for depreciation expense. Revenues and expenses are classified as either Operating or Non-operating in the financial statements. The statements provide a measurement of entity-wide operations. Significant portions of the System's recurring resources are classified as Non-operating by GASB Statement No. 35. Substantially all state appropriations are treated as Non-operating Revenues.

Tuition and fee revenues are reported net of any scholarship discounts and allowances. A scholarship allowance is the difference between the stated charge for services provided by the System and the amount that is paid by the student or third parties making payments on behalf of the student. Funds received to satisfy student tuition and fee charges are reported as revenue only once. Institutional resources provided to students as financial aid are reported as scholarship allowances in amounts up to



A MOMENT IN TIME

By Alyson Shotz, UH

and equal to amounts owed by the students to the System. This accounting procedure is defined as tuition discounting.

STATEMENT OF NET ASSETS

The first schedule presented is the Statement of Net Assets. The statement reflects the System's Assets and Liabilities using the full accrual basis of accounting, and represents financial position as of the conclusion of the fiscal year. This is a point-in-time financial presentation and presents a snapshot view of the financial status as of August 31, 2009. Comparative data for the previous fiscal year has also been presented as of August 31, 2008. Assets and Liabilities are presented as either Current or Non-current to provide an indication of their anticipated liquidation. Net Assets is equal to Assets minus Liabilities. Unrestricted Net Assets are available to the System for any lawful purpose. Unrestricted Net Assets often have constraints on resources, which are imposed by management, but can be removed or modified. On August 31, 2009, the University of Houston System's Assets totaled \$1.962 billion, and Liabilities totaled \$923 million, resulting in a Net Asset valuation of \$1.039 billion. This represents a decrease in net assets of \$146 million.

The Statement of Net Assets enables the reader of the financial statements to determine the assets available for use in the continuing operations of the institutions. Also, the reader will be able to determine the amounts owed to vendors, investors, and lending institutions. Net Assets are presented in three major categories: Invested in Capital Assets, Net of Debt; Restricted Net Assets; and Unrestricted Net Assets. The Invested in Capital Assets

category identifies the equity in property, plant, and equipment owned by the System. Restricted Net Assets are comprised of two sub categories: Non-expendable and Expendable. Non-expendable Restricted Net Assets are available only for endowed investment purposes. Expendable Net Assets are available for expenditure but must be expended for the purposes specified by the external donor or provider of the assets. Unrestricted net assets are available for any lawful purpose of the institution. Although not subject to the stipulations of external requirements, a significant portion of the System's unrestricted net assets are committed to various future operating budgets related to academic, research, and capital programs and projects. These commitments are summarized in the accompanying table.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The next statement comprising the primary financial statements is the Statement of Revenues, Expenses, and Changes in Net Assets. This schedule identifies operating and non-operating revenues received by the System. Additionally, both the operating and non-operating expenses incurred by the System during the fiscal year are displayed. Finally, any other gains and losses or other forms of revenue and expense are reported.

During the 2009 fiscal year the System recognized operating revenues of \$524 million and operating expenses of \$894 million. After recognizing non-operating activities and other gains and losses, the System realized a net decrease in net assets of \$146 million. This is a result of declines in

SCHEDULE OF UNRESTRICTED NET ASSETS

	2009	2008
Reserved for:		
Accounts Receivable	\$ 46	\$ 36
Encumbrances	15	16
Higher Education Fund	54	45
Future Operating Budgets	60	43
Student Fees Restricted by Statute	8	
Other funds	26	32
Unreserved Allocated:		
Service Department Operating	6	6
Auxilliary Enterprise Operating	10	8
Endowment and Loan Funds	34	13
Retirement of Indebtedness	(16)	(7)
Student Fees	23	30
Unallocated	(62)	57
Total Unrestricted Net Assets	\$ 204	\$ 279

revenues received, particularly decreases in revenues from investments and decreased distributions of endowment earnings due to the decline in national economic conditions. During the prior fiscal year, the System experienced an increase in net assets of \$121 million.

Operating revenues are received and recognized as a result of providing services to the component universities' customers. Operating expenses are the costs necessary to provide those services and to fulfill the mission of the System. Operating expenses are displayed in the Statement using the functional method of classification. The functional, or programmatic, classification method presents operating expenses in a manner that reflects the System's commitments in fulfilling its mission of instruction, research, and public service, as well as the requirements of supporting and maintaining its administrative and physical structure. A supplemental Schedule of Operating Expenses displays operating expenses comparing the functional classification and the natural classification methods. The natural method of presentation displays the operating expenses in a manner that categorizes the objects of expenditure within various cost centers. Non-operating revenues are those received for which no services are directly provided. State appropriations are classified as non-operating revenue because they are provided by the Legislature to the System without the Legislature directly receiving goods or services for those revenues. As previously mentioned, significant portions of the System's recurring resources are classified as non-operating. Net resources from other than operating revenues totaled \$431 million for fiscal year 2009.





BLAFFER GALLERY
UH

STATEMENT OF CASH FLOWS

The third primary statement included in the financial statements is the Statement of Cash Flows. This schedule explains the change during the fiscal year in cash and cash equivalents, regardless of whether there are restrictions on their use. The Statement of Cash Flows should be used in conjunction with related disclosures and information in the other financial statements. The statement can provide relevant information about an entity, such as the ability to generate future net cash flows, the ability to meet obligations when due, or reasons for differences between operating income and associated cash receipts and payments. The statement is comprised of five sections. The first section recognizes the cash flows from operating activities as well as the net cash used by operating activities. The second section identifies the cash flows from non-capital financing activities. The third section reflects the cash flows from capital and related financing activities. The next section details the cash flows from investing activities. The final section reconciles net cash used to the operating loss or income reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

The cash and cash equivalents balance at the conclusion of the 2009 fiscal year totaled \$254 million, which reflected a net increase in cash of \$33 million.

CAPITAL ASSETS

Maintaining quality in classrooms, laboratories, libraries, and equipment is critical to achieving the System's goals of academic and research excellence. As the number of students and faculty at the UH institutions grow, so

too does the need for expanded and better facilities and infrastructure. The System's institutions continue the implementation of their long-range capital plans, with a managed combination of renovation and modernization of older facilities, along with new construction.

At the end of the 2009 fiscal year, the System had \$780 million of capital assets, net of accumulated depreciation. These assets included land, buildings, infrastructure and improvements, furniture and equipment, library books, and works of art. Several major capital construction projects are in various stages of completion and the cumulative investment in these assets is reported as construction in progress. Capital Assets, net of accumulated depreciation, at August 31, 2008, totaled \$626 million.

During fiscal year 2009, the System continued its efforts to implement capital projects in support of its strategic plan. Construction was completed on Brazos Hall, a new \$35 million classroom building at the UH System at Sugar Land, a complex to be used jointly with Wharton County Junior College in collaboration with the UHS multi-institution teaching center. At UH, Calhoun Lofts, a 984 bed loft-style residential complex, opened its doors in August 2009; while design and preparation began for the construction of Cougar Village, a 1,096 bed residential facility, which is designed to meet the needs of freshmen students. The Michael J. Cemo Lecture Hall and Academic Center, a 33,000 square foot classroom, testing, and career center, is nearing completion; and a 1,500 car parking garage on the east side of the UH campus will be placed into service for the 2009 fall semester.

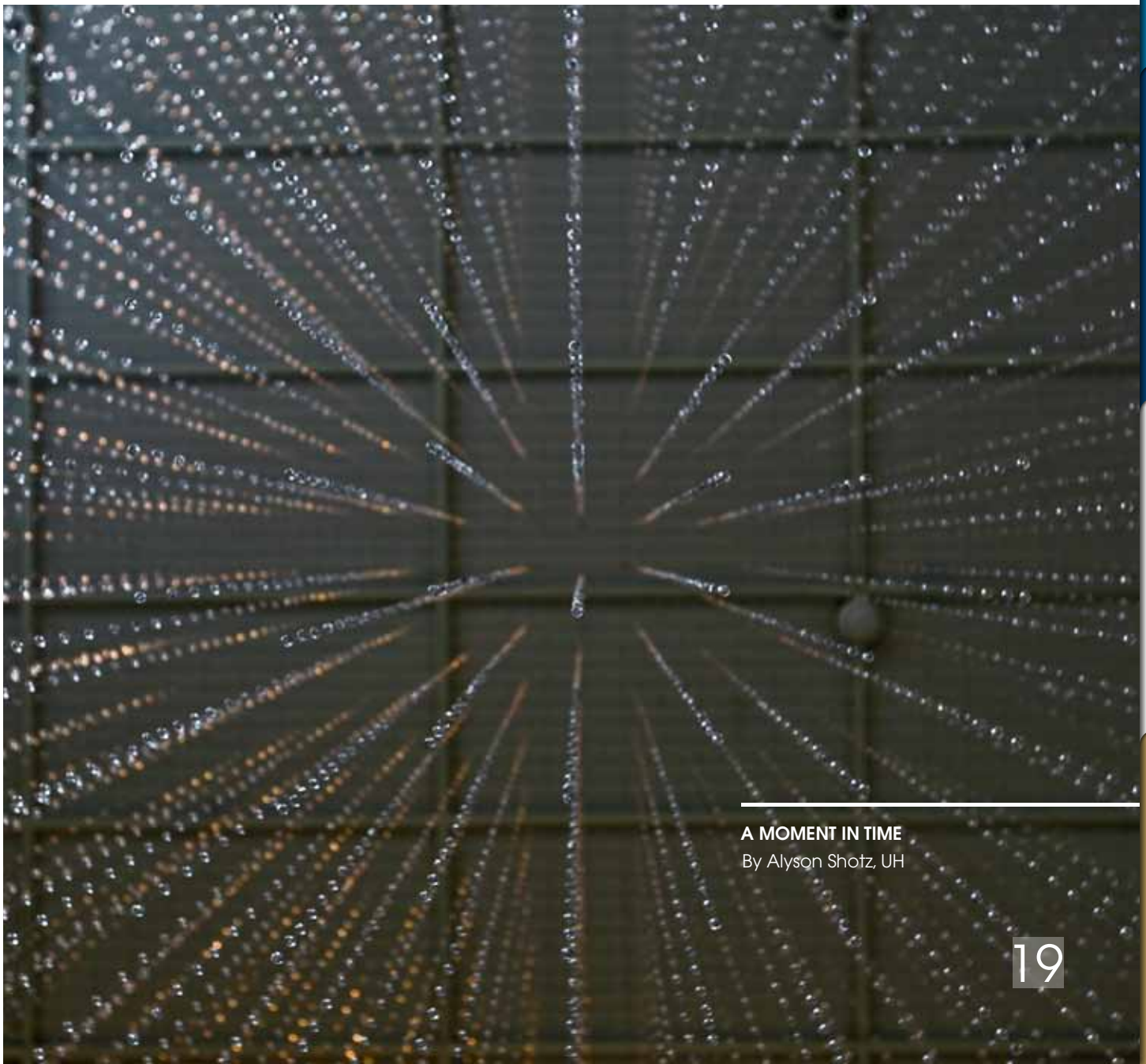
Conceptual designs are in progress for a \$10.2 million combined regional economic and allied health center facility at University of Houston – Victoria. UHCL is preparing designs for a \$10.6 million renovation and addition to the Arbor building. Construction has begun on the Pearland campus for UHCL, a joint venture with the city of Pearland that will provide upper level instructional facilities for that community. In August UH acquired a 74 acre complex adjacent to the main campus to be known as the UH Energy Research Park. The vision for the Energy Research Park is three-fold: education, innovation, and impact. The Park will provide research and classroom space for programs like petroleum engineering, and be home for UH energy research centers, institutes, and an incubator for start-up companies. The completion of each of these capital asset projects will provide enhanced and significant benefits to the System’s students and the local communities. The System maintains a goal of improving the physical

condition of the campuses, while at the same time, preserving their condition and maximizing their utilization.

DEBT ADMINISTRATION

The management of financial resources is enhanced through the prudent use of debt to finance capital projects. The System has sufficient debt capacity to finance planned capital improvements and facilities. Detailed information concerning the System’s long-term debt is found in the Notes to the Financial Statements.

The University of Houston System is authorized by statute to issue long term debt in the form of revenue bonds. Each series of revenue bonds issued is backed by a pledged revenue source specified in the bond resolution. Additionally, each issue is designed to be self supporting from the primary revenue source. A portion of debt service is funded by biennial State appropriations. At August 31, 2009, the University of Houston System had \$602 million of



A MOMENT IN TIME
By Alyson Shotz, UH



BRAZOS TRACE

By Rob Ziebell and Elizabeth Ward,
UHS, Sugarland

long term bonded debt outstanding, \$22 million of which will be retired during the 2010 fiscal year.

In fiscal year 2009, the University of Houston System issued \$108.3 million of Consolidated Revenue and Refunding Bonds, Series 2009. Proceeds from this bond issue will be used to finance renovations of science labs at UH, construction of parking facilities, and the acquisition of residential life facilities for the University of Houston, as well as renovations to classroom facilities at the University of Houston – Clear Lake. Consolidated Revenue and Refunding Bonds, Series 2009A, issued in the amount of \$71.2 million, will provide \$19.0 million to refund the Consolidated Revenue Bonds, Series 1999 and \$52.2 million of construction funds for an undergraduate housing project at UH. Issuance of additional long-term debt is anticipated to occur during the 2010 fiscal year.

The System established a commercial paper program during the 2008 fiscal year, which permits the issuance of commercial paper notes which may not exceed, in the aggregate, a principal amount which was initially established at \$50,000,000 at any one time, and was increased in March 2009 to \$125,000,000 at any one time. The commercial paper program provides interim financing for the costs of various capital projects within the System. In fiscal year 2009, the University of Houston System issued and fully repaid \$48.5 million of Consolidated Revenue Commercial Paper Notes, Series A, second draw. During August 2009 the System issued \$27.3 million of Series A, third draw Commercial Paper Notes.

ECONOMIC OUTLOOK

Since January 2008, when the UH System Board of Regents appointed Dr. Renu Khator as the eighth chancellor of the University of Houston System and the thirteenth president of the University of Houston, the UH System has achieved significant successes toward achieving the goals of Tier One recognition and academic excellence. Attainment of these goals has been sought by targeting three specific objectives – (1) student access and success, (2) national competitiveness, and (3) community advancement.

Elevating the University of Houston main campus to tier one status will reap economic and educational benefits for Houston and the region for generations to come. Through greater financial support from the state, the UH System will be able to enhance the quality of student education, attract and retain more high-quality faculty, use state appropriations as leverage for greater federal research support, increase technology transfer to the private sector, attract new companies and industries to the Houston metropolitan area and produce spin-off companies. Texas has only two public universities classified as tier one institutions – UT-Austin and Texas A&M. Texas lags greatly in this area behind states such as California, which has nine, and New York, which has seven. Broadening the number of top-tier institutions in Texas would allow students who are financially disadvantaged to attend high-quality schools closer to home for less money. UHS believes that Texas' investment in higher education should include creating additional tier one institutions to compete with other states for the best and brightest students and faculty, spur

economic growth, sustain an educated workforce, and support innovative research.

Specific successes and achievements during the past fiscal year for which the System and its universities can take pride in celebrating include: record breaking enrollments, increases in the number of degrees granted, and significant increases in the amount of sponsored research awards received. Additionally, UHS achieved record breaking numbers and performance in nationally-ranked programs, community partnerships, private fundraising, and alumni participation.

During the 2009 fiscal year, the U.S. and world-wide economies experienced a significant down turn in their financial environments. Although the Texas economy has remained stronger than that of many other states, the global effects of the recessionary situation has left a mark on the Houston area and on the UH System. The performance of capital markets in the U.S. and abroad; markets in which the System's endowment and other resources are invested, have suffered greatly. The System believes important steps were taken by management, working with its investment consultant, over the course of previous fiscal years in expectation of a climate such as that currently being faced. UHS experienced a significant decrease in revenues from investments and a decreased distribution of endowment earnings as a consequence of the downturn in the global economy. Some improvement has been seen in the valuation of UHS endowment and investment holdings over the course of the fiscal year. The duration of the economic issues facing the U.S. and the global economy cannot be predicted, however management believes that the endowment's financial condition has historically reflected strength and is capable of withstanding and adjusting to future economic uncertainties.

Looking ahead toward the next fiscal period, management is aware that the state's revenue projections are down, and the unemployment rate has risen. These statistics are lower than the national average, although the Texas economy has shown signs of increasing weakness. Several of the System's academic endowments are at historically low valuations, and auxiliary revenue is lower than desired. All of these trends indicate a serious economic challenge for UHS. In dealing with this problem, two choices exist – either lower institutional goals, or operate in a more focused, intelligent, and informed manner. UHS goals are non-negotiable because they are fundamental to the System's mission, including increasing the six-year graduation rate, becoming nationally competitive, and making a difference in the community. The only choice left is to sharpen administrative and management focus. In order to do that, UHS will follow

two fundamental principles. First, there will be a holistic, three-prong approach – increase efficiency, cut costs, and enhance revenue; and second, actions will be strategic and will not be achieved by making across-the-board cuts. Management will invest in priorities. UHS anticipates submitting a budget reduction plan to the state. In doing so, academic and finance administrators will collaborate with the deans and faculty to develop a plan that is strategic in its approach.

Although it is not possible to predict ultimate results, management believes the University of Houston System continues to maintain a healthy financial position and is administratively structured and governed in a manner that has equipped it to weather the current world-wide adverse financial situation. The System continues to stand committed to the principles of prudent and effective administration and management, while demonstrating that the universities of the System are good stewards of the resources entrusted to them by their constituencies.



JAZZ

By Ari Stillman, UH

UNIVERSITY OF HOUSTON SYSTEM

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended August 31, 2009

GENERAL INTRODUCTION

The State Auditor of Texas has not audited the accompanying Annual Financial Report 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 Financial Report, upon which an opinion is expressed. The state's financial statements are audited by the State Auditor.

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 Annual Financial Reports of State Agencies and Universities*.

The University of Houston 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 upper Texas Gulf Coast region. Houston and the upper Gulf Coast region represent approximately one fourth of the state's population and economy.

The System was established by House Bill No. 188, Sixty-Fifth Legislature, Regular Session, effective September 1, 1977. Components of the System are System Administration (1977), University of Houston (1963), Clear Lake (1973), Downtown (1974), and Victoria (1973). The System is governed by an appointed nine member Board of Regents.

During the 2002 fiscal year, the State of Texas adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. These accounting pronouncements established new reporting requirements including the presentation of new financial information and a restructuring of the presentation of previous fiscal years. Since the System's annual financial report is not subject to a separate financial audit, certain information, such as a complete set of Government-Wide

Financial Statements, is not included in the accompanying report. The financial statements are presented in columnar form, including totals for prior year data. Prior year totals have been restated when necessary to reflect current year changes in reporting procedures and to permit comparability of reported totals.

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

BASIS OF ACCOUNTING

A. Fund Structure

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

B. Basis of Accounting

The basis of accounting determines when revenues and 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.

Proprietary 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 include the cost of sales and services, administrative expenses, and depreciation on capital assets.

C. Budget & 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 & NET ASSETS

A. Assets

Significant asset categories are as follows.



WINGED WOMAN

By Stephen De Stabler, UH

Cash & Cash Equivalents

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

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of revenue bonds and revenues set aside for statutory or contractual requirements.

Inventories & 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. Prepaid items reflect payments for costs applicable to future accounting periods. The consumption method of accounting is used to account for inventories and prepaid items. 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 not purchased, at appraised fair value as of the date of acquisition. Depreciation is reported on all exhaustible assets. Inexhaustible assets such as library books, works of art, and historical treasures are not depreciated. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

Other Receivables

Other current receivables include year-end revenue accruals not included in any other receivable category. Non-current receivable balances are not expected to be collected within one year of fiscal year end.

B. Liabilities

Significant liability categories are summarized below.

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.

Other Payable

Other current payables are the accrual at year-end of expenditure transactions not included in any of the other payable descriptions. Non-current payable balances are 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 noncurrent in the Statement of Net Assets.

Bonds Payable - Revenue Bonds

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 noncurrent in the Statement of Net Assets.

C. Net Assets

The difference between fund assets and liabilities is Net Assets.

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists

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

Restricted Net Assets

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

Unrestricted Net Assets

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

CAPITAL ASSETS

The System reports accumulated depreciation on its capital assets and recognizes depreciation expense as a current year charge.

At August 31, 2009, non-depreciable capital assets, consisting of land and construction in progress, totaled \$150,672,528. Depreciable capital assets, net of accumulated depreciation, and consisting of buildings, infrastructure, facilities, equipment, library books, and works of art, totaled \$628,997,730.

DEPOSITS & INVESTMENTS

A. Deposits of Cash in Bank

At August 31, 2009, the carrying amount of the System's cash deposits was \$72,336,071 and the bank balance was \$61,094,585. There were no deposits to foreign banks.

B. Investments

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.

The fair value of investments, including short-term, long-term, and money market cash equivalents, as of the balance sheet date was \$838,064,435.

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 University limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% of total investments. As of August 31, 2009, the System's credit quality distribution for securities with credit risk included significantly less than 5% of total investments that were not in the top three grade ratings.

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2009, the University's concentration of credit risk in any single issuer did not exceed five percent of total investment assets as reported on the Statement of Net Assets.

C. Investment Transactions

Reverse Repurchase Agreements

The System, by statute, is authorized to enter into reverse repurchase agreements. The System did not invest in any reverse repurchase agreements during the fiscal year.

Securities Lending

Securities lending is authorized by state statutes. The System does not participate in a security-lending program.



jaX

By Harold Nichols, UHV

Derivative Investing

The System did not hold any collateralized mortgage obligations at fiscal year-end. The System does not enter into forward-exchange contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates.

SHORT TERM LIABILITIES

The System issued commercial paper (Consolidated Revenue Commercial Paper Notes, Series A) to facilitate the purchase of the Bayou Oaks student housing facility and the UH Energy Research Park. Series A, second draw, totaling \$18,700,000, was redeemed in its entirety during fiscal year 2009 and refinanced by Consolidated Revenue and Refunding Bonds, Series 2009. Series A, third draw, totaling \$27,300,000, will be redeemed during fiscal year 2010, and the System anticipates refinancing it with long-term debt.

LONG TERM LIABILITIES

A. Notes & Loans Payable

The System reported no notes or loans payable at the end of the year ended August 31, 2009.

B. Claims & Judgments

At August 31, 2009, various lawsuits and claims involving the System and/or its components 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.

C. 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. An expense and liability are recorded as the benefits accrue to employees. The liability for unpaid benefits is recorded in the Statement of Net Assets. 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 2009. Employees with at least six months of state service who terminate their employment



are entitled to payment for all accumulated annual leave up to the maximum allowed.

Lump sum payments made to employees, who separated from state service during the 2009 fiscal year, for accrued vacation and compensatory leave, totaled \$1,533,604.

LEASE OBLIGATIONS

The System may enter into long-term leases for financing the purchase of certain fixed assets. Such leases are classified as capital leases for accounting purposes. There were no reportable outstanding capital lease payments payable at August 31, 2009.

Included in expenditures reported in the financial statements is \$5,078,011 for rent paid or due under operating leases. Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year, as of August 31, 2009, totaled \$11,060,490.

INTERFUND BALANCES

There are numerous transactions between funds and state agencies. At year-end, amounts to be received or paid are reported as (1) Interfund Receivables or Payables, (2) Due From or Due To Other Agencies, (3) Due From or Due To Other Funds, (4) Transfers In or Transfers Out, and (5) Legislative Transfers In or Legislative Transfers Out.

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

CONTINGENT LIABILITIES

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

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.

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.

RISK FINANCING & RELATED INSURANCE

The University of Houston 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 some commercial insurance is purchased, 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.

SEGMENT INFORMATION

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

BONDED INDEBTEDNESS

A. Outstanding Revenue Bonds

Consolidated Revenue Bonds, Series 1998

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, building, structure, activity, service, operation, or facility of the University of Houston, specifically energy conservation projects.
- Issued 1-1-98.
- \$14,565,000; all bonds authorized have been issued.
- Source of revenue for debt service – Tuition, state appropriations, and various other revenues and balances that may be legally available for payment of debt obligations.

Consolidated Revenue Bonds, Series 1999

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, building, structure, activity, service, operation, or facility of the University of Houston System, specifically projects at the University of Houston, University of Houston - Downtown, University of Houston - Victoria, and the University of Houston multi-institutional teaching center in Fort Bend County.
- Issued 1-1-99.
- \$33,350,000; all bonds authorized have been issued.
- Source of revenue for debt service - Tuition and various other revenues and balances that may be legally available for payment of debt obligations.
- All of the outstanding bonds maturing subsequent to 2-15-2009 were paid in full with the proceeds from the Consolidated Revenue Refunding Bonds, Series 2009-A.

Consolidated Revenue Bonds, Series 2000

- To construct a recreation and wellness facility at the University of Houston.
- Issued 9-1-00.
- \$52,070,000; all bonds authorized have been issued.
- 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.

Consolidated Revenue Bonds, Series 2002-A

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, building, structure, activity, operation, or facility of the University of Houston System.
- Issued 9-1-02.
- \$130,955,000; all bonds authorized have been issued.
- Source of revenue for debt service – Tuition and various other revenues and balances that may be legally available for payment of debt obligations (partial funding for fiscal year 2009 from Legislative appropriation).

Consolidated Revenue Variable Rate Demand Bonds, Series 2004

- To finance the acquisition, purchase, construction, improvement, renovation, enlargement, and equipping of any property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston System, including the individual campuses of the System.
- Issued 6-16-04.
- \$25,000,000; all bonds authorized have been issued.
- 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 2009 from Legislative appropriation).
- The bonds bear interest at a variable rate, which is determined on a weekly basis each Wednesday. The rate is effective for a seven day period commencing on the immediately following Thursday. The variable rate in effect on August 31, 2009 was 0.20%.
- Bondholders have the option to tender their bonds for purchase at the price equal to the principal amount thereof, plus accrued interest, at the times and subject to the conditions described in the bond resolution. Tendered bonds may be remarketed, and remain outstanding. Bonds tendered for purchase will be paid first from the proceeds of remarketing, if any, and then from the legally available money advanced by the Board of Regents. In order to provide for the payment of the purchase price of tendered bonds, the Board has agreed to provide self-liquidity. The Board has not entered into an agreement with an outside entity to provide liquidity in the event that the remarketing agent is unable to remarket the bonds on an optional tender date. Liquidity support for the bonds will be provided by the System's funds and is expected to be provided first from funds invested in the Systems' non-endowed investment pool and money market accounts.
- Outstanding bonds maturing subsequent to 2-15-2009, totaling \$855,000 were extinguished early by using existing assets.

Consolidated Revenue Bonds, Series 2005

- To construct a parking garage facility at the University of Houston.
- Issued 4-1-05.
- \$25,800,000; all bonds authorized have been issued.
- 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.

Consolidated Revenue Bonds, Series 2006

- To finance the acquisition, purchase, construction, improvement, enlargement and equipping of property, buildings, structures, activities, services, operations and other facilities, roads or related infrastructure for or on behalf of the University of Houston System and the individual campuses of the System, including construction of a new classroom and office building for the University of Houston Downtown.
- Issued 2-1-06.
- \$35,140,000; all bonds authorized have been issued.
- Source of revenue for debt service – Tuition and various other fees that may be legally available for payment of debt obligations.

General Obligation Bonds

At August 31, 2009, the System had no bonds payable classified as General Obligation Bonds.

Refunding Bonds:

Consolidated Revenue Refunding Bonds, Series 2002-B

- To refund \$27,415,000 of Consolidated Revenue Refunding Bonds, Series 1993 and \$19,385,000 of Consolidated Revenue Bonds, Series 1993-A.
- Issued 11-1-02.
- \$45,425,000; all bonds authorized have been issued.
- Source of revenue for debt service – Designated tuition and various other revenues and balances that may be legally available for payment of debt obligations.
- Average rate of bonds refunded - 5.4% (1993) and 5.5% (1993-A).
- Net proceeds from refunding series - \$47,871,000, after receipt of bond premium of \$2,888,998 and payment of \$442,998 in underwriting fees, insurance, and other issuance costs.
- Funds were used to purchase state and local government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1993 and 1993-A series bonds, when the bonds were called for early redemption on 2-15-03.
- The 1993 and 1993-A series bonds are considered fully defeased and the liability for those bonds has been removed.
- Refunding of the 1993 and 1993-A series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$3,228,503.
- Economic gain - \$2,733,595; the difference between the net present value of the old and new debt service payment.

Consolidated Revenue Refunding Bonds, Series 2003

- To refund \$15,975,000 of Consolidated Revenue

Refunding Bonds, Series 1995.

- Issued 12-1-03.
- \$16,490,000; all bonds authorized have been issued.
- Source of revenue for debt service – Tuition and various other revenues and balances that may be legally available for payment of debt obligations (funding for 2009 from legislative appropriation).
- Average rate of bonds refunded - 5.92%.
- Net proceeds from refunding series - \$17,419,961.18 after receipt of bond premium of \$896,716. and payment of \$266,453 in underwriting fees, insurance, and other issuance costs.
- Funds were used to purchase state and local government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1995 series bonds, when the bonds were called for early redemption on 2-15-05.
- The 1995 series bonds are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group.
- Refunding of the 1995 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$1,377,275.
- Economic gain - \$1,292,003; the difference between the net present value of the old and new debt service payment.

Refunding Bonds, Series 1997 (University of Houston-Victoria) and \$44,430,000 of Consolidated Revenue Bonds, Series 2000 (University of Houston).

- Issued 2-1-2006.
- \$48,450,000; all bonds authorized have been issued.
- Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2009 partially from Legislative appropriation).
- Average rate of bonds refunded - 5.45% (1997) and 5.45% (2000).
- Net proceeds from refunding series - \$49,799,345, after receipt of bond premium of \$1,823,210 and payment of \$473,865 in underwriting fees, insurance, and other issuance costs.
- Funds were used to purchase state and local government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 1997 and 2000 series bonds. The 2000 series bonds will be called for early redemption on 2-15-2010.
- The 1997 series bonds maturing subsequent to 8-15-2007 and the 2000 series bonds maturing subsequent to 2-15-2010 are considered fully defeased and the liability for those bonds has been removed from the Investment in Plant Fund Group.
- Refunding of the 1997 and 2000 series bonds reduced the System's debt service payments over the life of

Consolidated Revenue Refunding Bonds, Series 2006

- To refund \$3,295,000 of Consolidated Revenue



the bond issues by approximately \$4,841,586.

- Economic gain - \$3,013,573; the difference between the net present value of the old and new debt service payment.

Consolidated Revenue 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 behalf of the System, including individual campuses of the System .
- Issued 7-1-08.
- \$175,030,000; all bonds authorized have been issued.
- Source of revenue for debt service – Designated tuition and various other revenues and balances that may be legally available for payment of debt obligation. (Funding for fiscal 2009 partially from legislative appropriation.)

Consolidated Revenue and Refunding Bonds, Series 2009

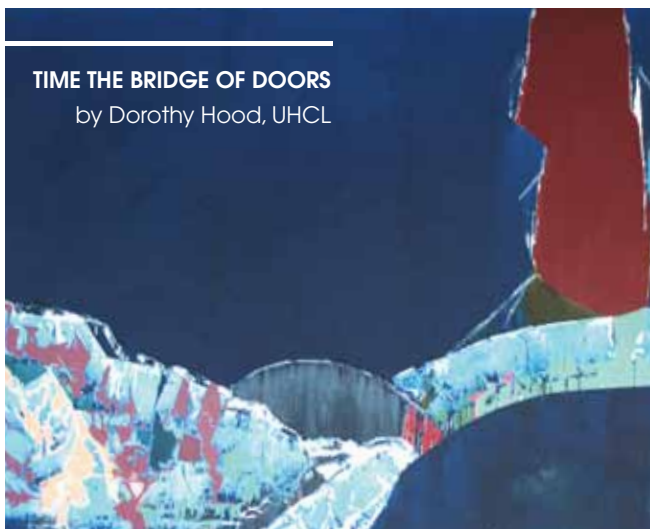
- To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement and equipping of property, buildings, structures, activities, services, operation and other facilities, roads or infrastructure related for or on behalf of the System, including individual campuses of the System.
- Issued 2-4-2009.
- \$108,395,000; all bonds authorized have been issued (\$98,230,000 University of Houston and \$10,165,000 University of Houston-Clear Lake).
- 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 2009 partially from Legislative appropriation.)

Consolidated Revenue and Refunding Bonds Series, Series 2009A

- To (a) refund and defease \$20,515,000 of outstanding Consolidated Revenue Bonds, Series 1999 and (b) finance the acquisition, purchase, construction, improvement, enlargement and equipping of property, buildings, structures, activities, services, operation and other facilities, roads or infrastructure related for or on behalf of the System, including individual campuses of the System.
- Issued 7-2-2009
- \$71,175,000; all bonds authorized have been issued (\$52,200,000 revenue bonds - University of Houston and \$18,975,000 refunding bonds – University of

TIME THE BRIDGE OF DOORS

by Dorothy Hood, UHCL



Houston, \$6,829,105.50, University of Houston – Downtown \$4,267,477.50 and University of Houston – Victoria \$7,878,420.00).

- 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 2009 partially from Legislative appropriation.)
- Average interest rate of bonds refunded- 4.885%
- Net proceeds from refunding series - \$20,892,799.63, after receipt 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 2-15-2009 are considered fully defeased and the obligation for these bonds has been removed from the reported liabilities of the System.
- Refunding 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 -\$1,174,552.43; the difference between the net present value of the old and new debt service payment.

B. Changes in Bonded Indebtedness

Bonds payable are due in annual installments varying from \$1,247,175 to \$29,536,000 with interest rates from 2.50% to 7.00%, and the final installment due 2-15-39.

C. Future Debt Service Requirements

Principal and interest requirements on the obligations for the next five years were \$246,694,939 and \$663,685,085 for all years beyond.



SPIRITUS MUNDI

By Pablo Serrano, UHCL

DISCOUNTS & ALLOWANCES

The System reports revenues net of discounts and allowances in proprietary funds. Discounts and allowances are calculated based on historical experience. For the fiscal year 2009 discounts and allowances that related to tuition and fee revenues totaled \$74,734,672.

EMPLOYEES RETIREMENT PLANS

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

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

The contributions made by plan members for 2008 were \$11,250,699. System contributions were \$13,672,447. Since these are individual investment product contracts, the state has no additional or unfunded liability for this program.

DEFERRED COMPENSATION

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

administered by the Employees Retirement System.

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

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

RESTATEMENT OF NET ASSETS

During fiscal year 2009 a restatement of the prior year's net assets/fund equity was required. The restatements represent prior period adjustments to beginning net assets related to capital assets and accumulated depreciation changes.

RELATED PARTIES

The System is affiliated with several foundations and organizations that have been created to benefit certain operations of the System. These organizations are considered to be separate legal entities, and as such are not considered component units as defined by generally accepted accounting principles. Therefore, the account balances and financial transactions of these organizations are not included in the System's financial statements.

Several student housing facility projects have been constructed by private external entities in order to enhance

the residential life experience of students at various System campuses. These facilities are operated under grounded leases and management agreements with the System for extended time periods. Under the terms of the agreements, cash revenues from rental income, net of operating expenses, are shared with the University. If cash revenues do not attain certain contractually defined thresholds, the University is liable to the external management for the deficiency. In previous fiscal years (2005 and 2006) contingent liability payments were made, in relation to the Bayou Oaks facility. During the 2009 fiscal year, net cash flows were sufficiently adequate so as not to generate a liability payment. University management believes that current financial and occupancy performance indicates that future years net cash flows will be sufficient and that future contingent liabilities will not occur. Repayment of project financing is serviced from revenues generated by the housing projects, and is the sole responsibility of the external entity. The related loans and bonds are not liabilities of the System or component universities.

SUBSEQUENT EVENTS

The University of Houston System has established a commercial paper program (Consolidated Revenue Commercial Paper Notes, Series A) that permits the issuance of commercial paper notes which may not exceed, in the aggregate, a principal amount which was initially established at \$50,000,000 at any one time, and was increased in March 2009 to \$125,000,000 at any one time. Commercial paper is issued to provide interim financing for the costs of various projects within the System. The maximum maturity of the commercial paper is 270 days and is issued at tax exempt and taxable interest rates. During August 2009, the System issued \$27,300,000 of commercial paper. As of the date of this financial report, the system had outstanding commercial paper liabilities of \$27,300,000.



PRAYER MEETING

By John Scott, UHD

CONTEMPLATION

By Tom Sayre, UH





UNIVERSITY of HOUSTON

UH

UHCL

UHD

UHV

UHSA

UNIVERSITY OF HOUSTON
STATEMENT OF NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 76,132,472	\$ 67,417,777
Short-term Investments		2,136,287
Restricted Cash & Cash Equivalents	25,084,930	10,407,991
Loans & Contracts	10,602,321	
Legislative Appropriations	62,988,906	59,801,148
Receivables	199,044,868	203,311,213
Inventories	2,495,231	2,282,043
Deferred Charges	45,483,514	33,444,400
Total Current Assets	421,832,242	378,800,859
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	55,789,763	50,691,738
Loans & Other Receivables	419,675,047	427,655,150
Investments	570,330	267,018
Capital Assets, Non-Depreciable	119,263,500	117,079,891
Capital Assets, Depreciable	1,024,626,356	857,729,046
Accumulated Depreciation	(583,044,419)	(558,137,381)
Total Noncurrent Assets	1,036,880,577	895,285,462
Total Assets	1,458,712,819	1,274,086,321
LIABILITIES		
CURRENT LIABILITIES		
Payables	68,591,544	46,795,633
Deferred Revenues	122,850,856	109,391,844
Notes Payable	27,300,000	
Employees' Compensable Leave	7,995,394	7,401,502
Revenue Bonds Payable	13,961,902	14,865,934
Funds Held for Others	12,052,217	10,376,400
Total Current Liabilities	252,751,913	188,831,313
NONCURRENT LIABILITIES		
Payables	12,470	12,641
Employees' Compensable Leave	9,096,086	8,570,665
Revenue Bonds Payable	447,180,196	311,224,490
Total Noncurrent Liabilities	456,288,752	319,807,796
Total Liabilities	709,040,665	508,639,109
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	216,851,878	184,838,330
Restricted, Debt Retirement	4,132,691	5,782,528
Restricted, Capital Projects	3,150,499	684,444
Restricted, Endowment Funds	254,716,141	283,737,499
Restricted, Other	86,444,445	98,232,467
Unrestricted	184,376,500	192,171,944
Total Net Assets	\$ 749,672,154	\$ 765,447,212

	2009	2008
OPERATING REVENUES		
Tuition & Fees, Net of Discounts	\$ 233,248,031	\$ 223,434,114
Sales of Goods & Services	62,004,602	60,761,391
Federal Revenue	56,766,253	81,453,634
State Grant Revenue	37,695,153	29,011,142
Other Grants & Contracts	17,393,515	13,599,667
Total Operating Revenues	407,107,554	408,259,948
OPERATING EXPENSES		
Instruction	193,273,643	183,436,103
Research	84,560,067	77,902,485
Public Service	37,297,832	36,826,504
Academic Support	110,147,715	100,089,247
Student Services	24,966,649	22,336,061
Institutional Support	51,192,687	48,371,209
Operation & Maintenance of Plant	35,755,138	37,705,676
Scholarships & Fellowships	29,380,961	33,582,154
Auxiliary Enterprises	71,445,200	68,227,511
Depreciation & Amortization	29,600,737	28,876,819
Total Operating Expenses	667,620,629	637,353,769
Operating Income (Loss)	(260,513,075)	(229,093,821)
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	184,862,607	189,598,914
Gifts	33,563,953	62,961,728
Federal Revenue Non Operating	32,135,277	
Investment Income	(26,996,947)	32,366,202
Interest Expense & Fiscal Charges	(16,153,671)	(8,619,339)
Other Nonoperating Revenues (Expenses)	(9,820,916)	(18,208,478)
Total Nonoperating Revenues (Expenses)	197,590,303	285,099,027
Income (Loss) Before Other Revenues, Expenses, Gains, Losses & Transfers	(62,922,772)	29,005,206
OTHER REVENUES, EXPENSES, GAINS, LOSSES & TRANSFERS		
Higher Education Assistance Funds	36,091,538	35,276,140
Additions to Permanent & Term Endowments	5,464,978	3,863,015
Intercomponent Transfers	8,154,877	12,148,259
Transfers	(2,723,447)	(2,208,546)
Legislative Transfers	130,816	130,817
Total Other Revenues, Expenses, Gains, Losses & Transfers	47,118,762	49,138,775
Change In Net Assets	(15,804,010)	78,143,981
Net Assets Beginning	765,447,212	687,965,985
Restatements	28,952	(662,754)
Net Assets Beginning, as Restated	765,476,164	687,303,231
Net Assets, Ending	\$ 749,672,154	\$ 765,447,212

UNIVERSITY OF HOUSTON
STATEMENT OF CASH FLOWS • for the Year Ended August 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Students & Customers	\$ 250,978,954	\$ 263,063,977
Proceeds from Loan Programs	116,933,064	57,228,387
Proceeds from Other Revenues	168,012,565	181,429,914
Payments to Suppliers for Goods & Services	(147,254,232)	(138,336,334)
Payments to Employees	(417,428,483)	(389,959,503)
Payments for Loans Provided	(127,503,085)	(60,325,289)
Payments for Other Expenses	(62,443,364)	(88,789,557)
Net Cash Provided (Used) by Operating Activities	(218,704,581)	(175,688,405)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	181,674,848	174,395,138
Proceeds from Gifts	51,092,007	30,711,606
Proceeds from Endowments	5,464,978	3,863,015
Proceeds of Transfers from Other Funds	10,849,132	18,276,557
Proceeds from Other Revenues	36,531,600	(8,110,416)
Payments for Other Uses	(23,706,368)	(3,174,863)
Net Cash Provided by Noncapital Financing Activities	261,906,197	215,961,037
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Disposal of Capital Assets		
Proceeds from Capital Financing Activities	226,707,209	35,276,140
Payments for Additions to Capital Assets	(173,774,618)	(14,523,257)
Payments of Principal & Interest on Debt Issuance	(74,263,082)	(64,508,848)
Net Cash Used by Capital & Related Financing Activities	(21,330,491)	(43,755,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Interest & Investment Income	41,665,661	15,448,754
Payments to Acquire Investments	(35,047,127)	
Net Cash Provided by Investing Activities	6,618,534	15,448,754
Increase (Decrease) in Cash & Cash Equivalents	28,489,659	11,965,421
Cash & Cash Equivalents, September 1	128,517,506	116,552,085
Restatements to Beginning Cash & Cash Equivalents		
Cash & Cash Equivalents, August 31	\$ 157,007,165	\$ 128,517,506
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
Provided (Used) by Operating Activities		
OPERATING INCOME (LOSS)	\$ (260,513,075)	\$ (229,093,821)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Amortization & Depreciation	29,600,737	28,876,819
Classification Differences	(10,570,021)	(2,868,527)
CHANGES IN ASSETS & LIABILITIES		
(Increase) Decrease in Receivables & Loans	648,403	9,829,010
(Increase) Decrease in Inventories	(213,188)	698,365
(Increase) Decrease in Other Assets	(1,708,092)	
(Increase) Decrease in Prepaid Expenses	(12,039,115)	(14,468,269)
Increase (Decrease) in Payables	18,325,213	(1,559,965)
Increase (Decrease) in Deferred Income	13,459,012	23,392,271
Increase (Decrease) in Other Liabilities	4,305,545	9,505,712
Total Adjustments	41,808,494	53,405,416
Net Cash Provided by Operating Activities	\$ (218,704,581)	\$ (175,688,405)

UNIVERSITY OF HOUSTON

SCHEDULE OF OPERATING EXPENSES • for the Year Ended August 31, 2009

	2009	2008
EXPENSES BY NATURAL CLASSIFICATION		
Cost of Goods Sold	\$ 2,596,722	\$ 3,023,653
Salaries & Wages	346,422,141	322,218,879
Payroll Related Costs	74,109,318	70,152,725
Professional Fees & Services	40,020,440	38,193,822
Federal Pass-Through Expenses	3,266,564	3,318,178
Travel	11,905,391	11,936,221
Materials & Supplies	28,439,003	31,620,177
Communication & Utilities	37,727,145	41,144,074
Repairs & Maintenance	8,005,083	6,218,507
Rentals & Leases	11,534,313	11,081,257
Printing & Reproduction	3,993,741	4,450,644
Depreciation & Amortization	29,600,737	28,876,819
Interest	31,877	46,222
Scholarships	32,542,070	35,458,982
Claims & Losses	943,285	695,122
Other Operating Expenses	36,482,799	28,918,487
Total Operating Expenses	\$ 667,620,629	\$ 637,353,769
EXPENSES BY FUNCTIONAL CLASSIFICATION		
Instruction	\$ 193,273,643	\$ 183,436,103
Research	84,560,067	77,902,485
Public Service	37,297,832	36,826,504
Academic Support	110,147,715	100,089,247
Student Services	24,966,649	22,336,061
Institutional Support	51,192,687	48,371,209
Physical Plant	35,755,138	37,705,676
Scholarships & Fellowships	29,380,961	33,582,154
Auxiliary Enterprises	71,445,200	68,227,511
Depreciation & Amortization	29,600,737	28,876,819
Total Expenses by Expenditure Function	\$ 667,620,629	\$ 637,353,769



HEALING NATURE

By Tom Glover, UH

UHCL

UHD

UHV

UHSA



A



B



D



C



E



F



UNIVERSITY OF HOUSTON

A walking tour of the University of Houston campus showcases artwork created to enhance the journey through the 550 acres of strategically placed walkways, buildings and rest areas. Outdoor sculptures in metal, stone and concrete are tucked into secluded corners between buildings, under trees and in front of buildings. The soft sounds of fountains draw students seeking a place to study. Canvas creations with colors — so vibrant they take your breath away — bring life to foyers and hallways between classrooms.

Beginning in 1969, the UH Board of Regents created a standing committee that evaluates submissions for the "1% for Art Program." The exceptional choices of this committee have made the University of Houston a showcase for different types of art from local, national and international artists.

After sunset, the sculpture *A Comma A* by Jim Sanborn shines brightly from within as the lighting inside projects through die-cut words from several languages on the outside walls of the M.D Anderson Library. Opera fans are mesmerized with *Euphonia*, created by Frank Stella, a mural on the ceiling of the Moore's Opera House foyer and also above the stage. The bronze, *Albertus Magnus*, by Gerhardt Marks guards the entry to the Law Library.

The sponsorship and exhibition of art is a centuries-old practice in university communities. The University of Houston has made a commitment to enriching the lives of the university community with art. As long as new construction and extensive renovations occur, new and exciting pieces of art will be created for everyone to enjoy.

- A) *Tower of the Cheyenne*, by Peter Forakis, UH
- B) *Untitled*, by Mary Miss, UH
- C) *Cougar*, by R.T. Wallen, UH
- D) *A Comma A*, by Jim Sanborn, UH
- E) *Orpheus*, by Gerhard Marks, UH
- F) *Nassau Street*, by Ari Stillman, UH
- G) *Round About*, by Linda Howard, UH
- H) *Ali*, by Brian Wall, UH
- I) *Steel and River Waterfall*, by Lee Kelly, UH

QUASI ONE AND TWO

By Kurt B. Delbanco, UHCL



University of Houston  Clear Lake

UNIVERSITY OF HOUSTON CLEAR LAKE
STATEMENT OF NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 19,208,361	\$ 16,261,413
Restricted Cash & Cash Equivalents	(1,616,678)	(822,310)
Loans & Contracts	2,277,221	2,435,606
Legislative Appropriations	4,419,859	4,879,666
Receivables	27,785,324	26,045,554
Inventories	17,196	15,067
Deferred Charges	2,087,655	1,688,841
Total Current Assets	54,178,938	50,503,837
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	(1,252,460)	(486,497)
Loans & Other Receivables	25,472,253	16,118,326
Capital Assets, Non-Depreciable	11,362,367	12,023,685
Capital Assets, Depreciable	125,156,547	121,644,244
Accumulated Depreciation	(80,476,565)	(78,377,475)
Total Noncurrent Assets	80,262,142	70,922,283
Total Assets	134,441,080	121,426,120
LIABILITIES		
CURRENT LIABILITIES		
Payables	4,893,817	4,823,931
Deferred Revenues	19,126,552	18,146,030
Employees' Compensable Leave	914,966	859,352
Revenue Bonds Payable	1,914,858	1,503,066
Funds Held for Others	325,849	(515,216)
Total Current Liabilities	27,176,042	24,817,163
NONCURRENT LIABILITIES		
Employees' Compensable Leave	1,040,925	995,097
Revenue Bonds Payable	34,401,617	26,380,827
Total Noncurrent Liabilities	35,442,542	27,375,924
Total Liabilities	62,618,584	52,193,087
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	32,065,255	28,789,103
Restricted, Debt Retirement	10	3
Restricted, Endowment Funds	10,771,302	11,812,292
Restricted, Other	1,160,980	1,254,588
Unrestricted	27,824,949	27,377,047
Total Net Assets	\$ 71,822,496	\$ 69,233,033

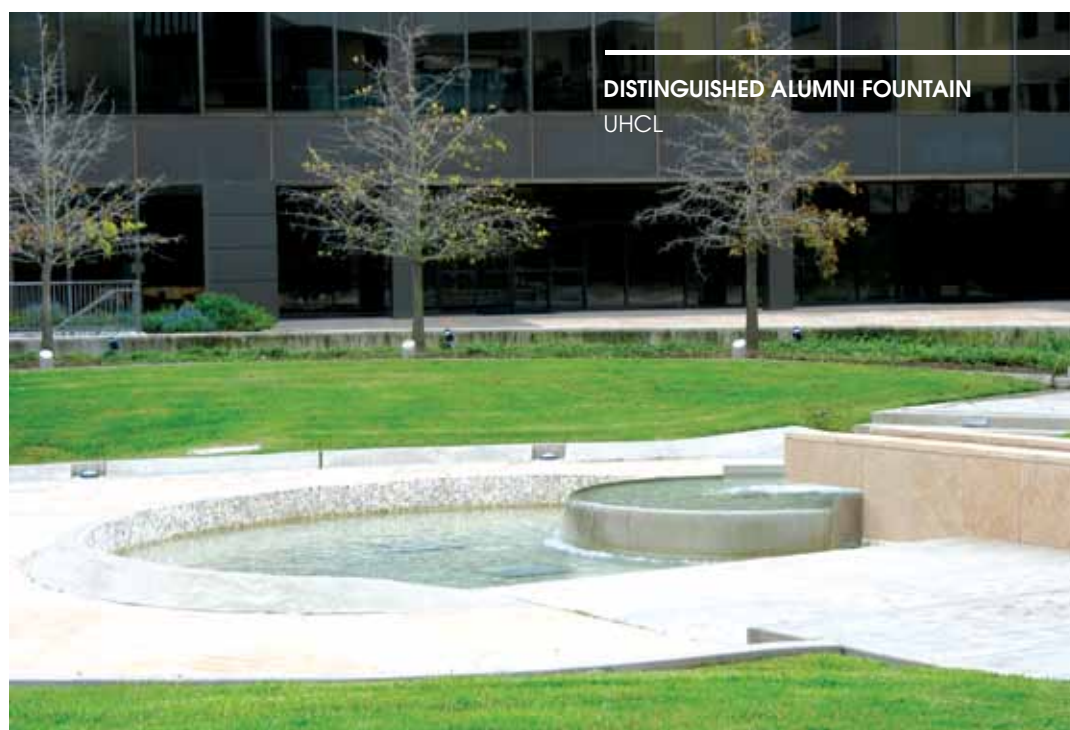
	2009	2008
OPERATING REVENUES		
Tuition & Fees, Net of Discounts	\$ 37,454,316	\$ 34,223,277
Sales of Goods & Services	2,804,367	2,904,481
Federal Revenue	1,775,984	4,773,442
State Grant Revenue	2,614,827	942,098
Other Grants & Contracts	587,614	258,452
Total Operating Revenues	45,237,108	43,101,750
OPERATING EXPENSES		
Instruction	33,427,282	33,205,607
Research	1,244,098	1,016,346
Public Service	237,569	214,846
Academic Support	11,097,452	10,558,383
Student Services	3,303,598	3,345,121
Institutional Support	13,377,595	12,337,082
Operation & Maintenance of Plant	7,580,707	7,516,794
Scholarships & Fellowships	7,298,971	4,543,633
Auxiliary Enterprises	4,444,925	4,506,370
Depreciation & Amortization	3,866,984	3,786,506
Total Operating Expenses	85,879,181	81,030,688
Operating Income (Loss)	(40,642,073)	(37,928,938)
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	35,420,786	35,467,540
Gifts	527,714	422,622
Federal Revenue Non Operating	4,593,009	
Investment Income	(53,306)	2,408,607
Interest Expense & Fiscal Charges	(1,367,026)	(1,186,205)
Other Nonoperating Revenues (Expenses)	(925,139)	(43,024)
Total Nonoperating Revenues (Expenses)	38,196,038	37,069,540
Income (Loss) Before Other Revenues, Expenses, Gains, Losses & Transfers	(2,446,035)	(859,398)
OTHER REVENUES, EXPENSES, GAINS, LOSSES & TRANSFERS		
Higher Education Assistance Funds	5,355,874	6,001,337
Additions to Permanent & Term Endowments	260,302	228,623
Intercomponent Transfers	(612,559)	(559,670)
Transfers	(232,440)	(179,300)
Legislative Transfers	(130,816)	(130,817)
Legislative Appropriations Lapsed	(15,334)	(974,326)
Total Other Revenues, Expenses, Gains, Losses & Transfers	4,625,027	4,385,847
Change In Net Assets	2,178,992	(3,526,449)
Net Assets Beginning	69,233,033	65,706,584
Restatements	410,471	
Net Assets Beginning, as Restated	69,643,504	65,706,584
Net Assets, Ending	\$ 71,822,496	\$ 69,233,033

UNIVERSITY OF HOUSTON CLEAR LAKE
STATEMENT OF CASH FLOWS • for the Year Ended August 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Students & Customers	\$ 39,354,431	\$ 38,014,738
Proceeds from Loan Programs	3,694,749	3,301,765
Proceeds from Other Revenues	5,753,291	7,502,754
Payments to Suppliers for Goods & Services	(16,255,689)	(15,863,688)
Payments to Employees	(55,811,550)	(54,280,643)
Payments for Loans Provided	(3,545,355)	(3,854,695)
Payments for Other Expenses	(9,324,604)	(9,225,315)
Net Cash Provided (Used) by Operating Activities	(36,134,727)	(34,405,084)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	35,750,181	34,183,253
Proceeds from Gifts	527,714	422,622
Proceeds from Endowments	260,302	228,623
Proceeds from Other Revenues	4,593,009	
Payments for Other Uses	(11,822,900)	(12,277,768)
Net Cash Provided by Noncapital Financing Activities	29,308,306	22,556,730
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Disposal of Capital Assets		
Proceeds from Capital Financing Activities	16,008,456	6,001,337
Payments for Additions to Capital Assets	(4,208,408)	(3,380,226)
Payments of Principal & Interest on Debt Issuance	(3,533,704)	(3,543,909)
Net Cash Used by Capital & Related Financing Activities	8,266,344	(922,798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Interest & Investment Income	(53,305)	2,408,608
Payments to Acquire Investments		
Net Cash Provided by Investing Activities	(53,305)	2,408,608
Increase (Decrease) in Cash & Cash Equivalents	1,386,618	(10,362,544)
Cash & Cash Equivalents, September 1	14,952,606	25,315,150
Restatements to Beginning Cash & Cash Equivalents		
Cash & Cash Equivalents, August 31	\$ 16,339,224	\$ 14,952,606
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
Provided (Used) by Operating Activities		
OPERATING INCOME (LOSS)	\$ (40,642,073)	\$ (37,928,938)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Amortization & Depreciation	3,866,984	3,786,506
Bad Debt Expense	43,524	161,579
CHANGES IN ASSETS & LIABILITIES		
(Increase) Decrease in Receivables & Loans	(1,043,690)	(388,475)
(Increase) Decrease in Inventories	(2,129)	(65)
(Increase) Decrease in Other Assets	16,881	32,217
(Increase) Decrease in Prepaid Expenses	(398,815)	(379,431)
Increase (Decrease) in Payables	133,888	239,703
Increase (Decrease) in Deferred Income	980,522	2,058,608
Increase (Decrease) in Other Liabilities	910,181	(1,986,788)
Total Adjustments	4,507,346	3,523,854
Net Cash Provided by Operating Activities	\$ (36,134,727)	\$ (34,405,084)

	2009	2008
EXPENSES BY NATURAL CLASSIFICATION		
Cost of Goods Sold	\$ 6,764	\$ 13,335
Salaries & Wages	45,464,418	44,058,875
Payroll Related Costs	10,709,661	10,559,073
Professional Fees & Services	4,907,491	5,110,048
Travel	641,947	719,578
Materials & Supplies	4,100,722	3,859,025
Communication & Utilities	3,605,327	4,378,201
Repairs & Maintenance	2,225,669	1,280,625
Rentals & Leases	407,238	366,085
Printing & Reproduction	599,340	475,515
Depreciation & Amortization	3,866,984	3,786,506
Interest	2,195	1,359
Scholarships	7,382,797	4,687,653
Claims & Losses	142,141	128,720
Other Operating Expenses	1,816,487	1,606,090
Total Operating Expenses	\$ 85,879,181	\$ 81,030,688

EXPENSES BY FUNCTIONAL CLASSIFICATION		
Instruction	\$ 33,427,282	\$ 33,205,607
Research	1,244,098	1,016,346
Public Service	237,569	214,846
Academic Support	11,097,452	10,558,383
Student Services	3,303,598	3,345,121
Institutional Support	13,377,595	12,337,082
Physical Plant	7,580,707	7,516,794
Scholarships & Fellowships	7,298,971	4,543,633
Auxiliary Enterprises	4,444,925	4,506,370
Depreciation & Amortization	3,866,984	3,786,506
Total Expenses by Expenditure Function	\$ 85,879,181	\$ 81,030,688





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UH CLEAR LAKE

The University of Houston Clear Lake features picturesque park-like settings, nature trails and wooded areas abundant with wildlife. The vast 524-acre campus is a monument to the integration of nature and development that makes the classroom space a retreat from the noise of the surrounding contemporary world.

The art chosen by the 1% for Art Committee comes from all mediums. One of the landmark pieces was designed by the Spanish sculptor Pablo Serrano. Titled *Spiritus Mundi*, and weighing 8 tons, it was placed on the University's front lawn before the Arbor Building was completed. A cast bronze sculpture entitled *Flying Birds*, by David Parsons, brings a sense of nature indoors. The sun streams through skylights into two atriums lined with canvases in a variety of artistic styles.

The many and varied art pieces at University of Houston Clear Lake encourage contemplation of art and nature and the connections we make through both.

- A) *Flying Birds*, by David Parsons, UHCL
- B) *Spiritus Mundi*, by Pablo Serrano, UHCL
- C) *Consillience*, by Paul Marioni and Ann Troutner
- D) Distinguished Alumni Fountain, UHCL
- E) *Horse and Rider*, by Dennis Black, UHCL
- F) *Untitled*, by Richard Stout, UHCL
- G) *Time the Bridge of Doors*, by Dorothy Hood, UHCL
- H) *Russian Quadiptych*, UHCL



CONTEMPLATING SUCCESS
By Floyd Newsome, UHD



UHD

UH-Downtown

UHD

UHV

UHSA

UNIVERSITY OF HOUSTON DOWNTOWN
STATEMENT OF NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 30,694,477	\$ 24,813,486
Restricted Cash & Cash Equivalents	(7,683,607)	(2,984,970)
Loans & Contracts	622,874	908,902
Legislative Appropriations	9,358,081	7,489,439
Receivables	30,888,210	27,770,765
Inventories	25,722	32,950
Deferred Charges	4,536,365	3,886,542
Total Current Assets	68,442,122	61,917,114
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	(826,832)	516,016
Loans & Other Receivables	15,769,592	17,676,641
Capital Assets, Non-Depreciable	11,154,102	10,103,898
Capital Assets, Depreciable	157,301,693	155,438,903
Accumulated Depreciation	(68,670,557)	(63,626,799)
Total Noncurrent Assets	114,727,998	120,108,659
Total Assets	183,170,120	182,025,773
LIABILITIES		
CURRENT LIABILITIES		
Payables	6,234,369	7,366,545
Deferred Revenues	19,009,293	18,686,186
Employees' Compensable Leave	1,061,669	1,050,602
Revenue Bonds Payable	3,850,255	3,736,231
Funds Held for Others	1,798,833	1,940,580
Total Current Liabilities	31,954,419	32,780,144
NONCURRENT LIABILITIES		
Payables	1,772	1,780
Employees' Compensable Leave	1,211,041	1,233,315
Revenue Bonds Payable	60,127,947	63,944,469
Total Noncurrent Liabilities	61,340,760	65,179,564
Total Liabilities	93,295,179	97,959,708
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	39,937,915	38,577,722
Restricted, Debt Retirement	193	1,898
Restricted, Capital Projects	94,574	83,130
Restricted, Endowment Funds	13,642,211	15,245,187
Restricted, Other	4,342,735	6,052,671
Unrestricted	31,857,313	24,105,457
Total Net Assets	\$ 89,874,941	\$ 84,066,065

UNIVERSITY OF HOUSTON DOWNTOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
OPERATING REVENUES		
Tuition & Fees, Net of Discounts	\$ 40,816,418	\$ 39,675,226
Sales of Goods & Services	4,264,906	3,723,530
Federal Revenue	3,313,307	18,360,891
State Grant Revenue	5,714,604	2,215,153
Other Grants & Contracts	290,259	151,490
Total Operating Revenues	54,399,494	64,126,290
OPERATING EXPENSES		
Instruction	35,296,076	33,415,465
Research	726,783	444,536
Public Service	2,670,150	2,530,517
Academic Support	13,782,381	12,672,567
Student Services	3,604,034	3,351,320
Institutional Support	16,524,270	14,847,793
Operation & Maintenance of Plant	5,688,215	5,755,433
Scholarships & Fellowships	16,409,013	12,603,878
Auxiliary Enterprises	5,877,051	5,177,303
Depreciation & Amortization	6,464,096	6,453,777
Total Operating Expenses	107,042,069	97,252,589
Operating Income (Loss)	(52,642,575)	(33,126,299)
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	34,053,688	33,850,498
Gifts	1,193,111	1,608,348
Federal Revenue Non Operating	18,139,503	
Investment Income	(650,676)	(2,744,849)
Interest Expense & Fiscal Charges	(2,616,504)	(3,042,221)
Other Nonoperating Revenues (Expenses)	(1,001,940)	(362,964)
Total Nonoperating Revenues (Expenses)	49,117,182	34,798,510
Income (Loss) Before Other Revenues, Expenses, Gains, Losses & Transfers	(3,525,393)	1,672,211
OTHER REVENUES, EXPENSES, GAINS, LOSSES & TRANSFERS		
Higher Education Assistance Funds	9,548,995	9,628,151
Additions to Permanent & Term Endowments	777,325	659,799
Intercomponent Transfers	(498,221)	(362,934)
Transfers	(493,227)	(510,163)
Legislative Appropriations Lapsed	(603)	
Total Other Revenues, Expenses, Gains, Losses & Transfers	9,334,269	9,414,853
Change In Net Assets	5,808,876	11,087,064
Net Assets Beginning	84,066,065	72,984,874
Restatements		(5,873)
Net Assets Beginning, as Restated	84,066,065	72,979,001
Net Assets, Ending	\$ 89,874,941	\$ 84,066,065

UNIVERSITY OF HOUSTON DOWNTOWN
STATEMENT OF CASH FLOWS • for the Year Ended August 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Students & Customers	\$ 43,503,521	\$ 42,230,302
Proceeds from Loan Programs	2,386,424	3,102,140
Proceeds from Other Revenues	9,175,305	20,885,527
Payments to Suppliers for Goods & Services	(20,277,608)	(18,674,077)
Payments to Employees	(63,216,336)	(55,736,056)
Payments for Loans Provided	(2,100,396)	(3,298,366)
Payments for Other Expenses	(19,311,598)	(14,296,251)
Net Cash Provided (Used) by Operating Activities	(49,840,688)	(25,786,781)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	32,184,442	32,390,302
Proceeds from Gifts	1,866,444	2,256,952
Proceeds from Endowments	2,739,733	(360,963)
Proceeds of Transfers from Other Funds	410,496	566,854
Proceeds from Other Revenues	18,717,459	
Payments for Other Uses	(1,543,692)	(1,940,859)
Net Cash Provided by Noncapital Financing Activities	54,374,882	32,912,286
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Disposal of Capital Assets		
Proceeds from Capital Financing Activities	9,548,995	9,628,151
Payments for Additions to Capital Assets	(6,200,024)	(4,603,263)
Payments of Principal & Interest on Debt Issuance	(6,453,033)	(6,525,412)
Net Cash Used by Capital and Related Financing Activities	(3,104,062)	(1,500,524)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Interest and Investment Income	(1,590,626)	(9,843,782)
Payments to Acquire Investments		
Net Cash Provided by Investing Activities	(1,590,626)	(9,843,782)
Increase (Decrease) in Cash & Cash Equivalents	(160,494)	(4,218,801)
Cash & Cash Equivalents, September 1	22,344,532	26,563,333
Restatements to Beginning Cash & Cash Equivalents		
Cash & Cash Equivalents, August 31	\$ 22,184,038	\$ 22,344,532
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
Provided (Used) by Operating Activities		
OPERATING INCOME (LOSS)	\$ (52,642,575)	\$ (33,126,299)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Amortization & Depreciation	6,464,096	6,453,777
Classification Differences		
CHANGES IN ASSETS & LIABILITIES		
(Increase) Decrease in Receivables & Loans	(2,336,048)	(1,352,237)
(Increase) Decrease in Inventories	7,228	4,073
(Increase) Decrease in Other Assets	931	36,724
(Increase) Decrease in Prepaid Expenses	(649,822)	(452,736)
Increase (Decrease) in Payables	(996,398)	1,259,380
Increase (Decrease) in Deferred Income	323,106	956,522
Increase (Decrease) in Other Liabilities	(11,206)	434,015
Total Adjustments	2,801,887	7,339,518
Net Cash Provided by Operating Activities	\$ (49,840,688)	\$ (25,786,781)

UNIVERSITY OF HOUSTON DOWNTOWN

SCHEDULE OF OPERATING EXPENSES • for the Year Ended August 31, 2009

	2009	2008
EXPENSES BY NATURAL CLASSIFICATION		
Cost of Goods Sold	\$ 897	\$ 721
Salaries & Wages	51,787,458	47,165,073
Payroll Related Costs	11,489,458	11,203,122
Professional Fees & Services	6,059,757	6,146,236
Federal Pass-Through Expenses		21,752
Travel	1,047,874	889,414
Materials & Supplies	4,913,375	4,369,945
Communication & Utilities	2,824,236	3,378,982
Repairs & Maintenance	1,994,851	1,642,567
Rentals & Leases	434,542	499,323
Printing & Reproduction	311,692	268,612
Depreciation & Amortization	6,464,096	6,453,777
Interest	28,437	22,711
Scholarships	16,600,815	12,908,918
Claims & Losses	88,081	86,282
Other Operating Expenses	2,996,500	2,195,154
Total Operating Expenses	\$ 107,042,069	\$ 97,252,589
EXPENSES BY FUNCTIONAL CLASSIFICATION		
Instruction	\$ 35,296,076	\$ 33,415,465
Research	726,783	444,536
Public Service	2,670,150	2,530,517
Academic Support	13,782,381	12,672,567
Student Services	3,604,034	3,351,320
Institutional Support	16,524,270	14,847,793
Physical Plant	5,688,215	5,755,433
Scholarships & Fellowships	16,409,013	12,603,878
Auxiliary Enterprises	5,877,051	5,177,303
Depreciation & Amortization	6,464,096	6,453,777
Total Expenses by Expenditure Function	\$ 107,042,069	\$ 97,252,589





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C



D



E



F



UH DOWNTOWN

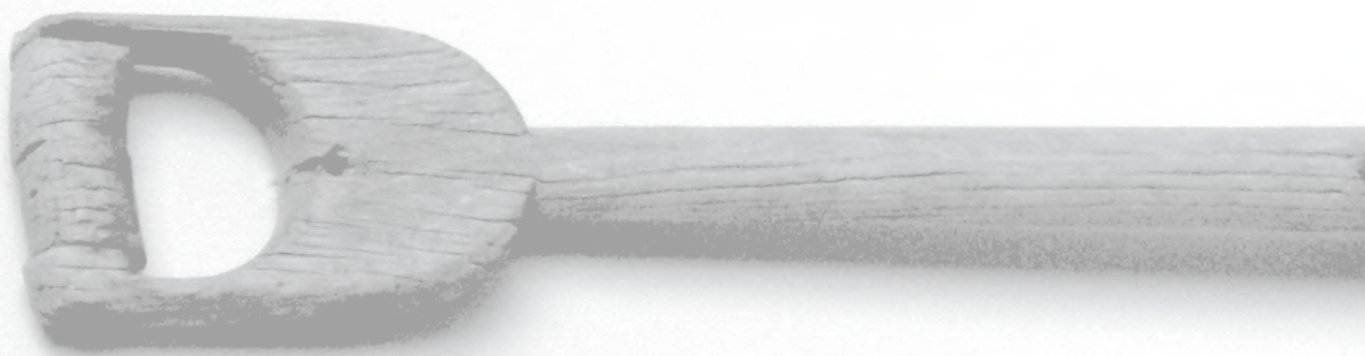
UH Downtown is the second largest campus in the University of Houston System. It is located on central business district acreage along the confluence of Buffalo and White Oaks Bayous. Its downtown location has not limited the choices for art enrichment on this campus. Steel and concrete sculptures as well as many other forms of art highlight the historical buildings that together make up the most ethnically diverse urban university in the southwest United States.

Passages, by Carter Ernst and Paul Kettleon, features a canoe hung from the outside wall of the Student Activities Building. The canoe is stainless steel treated to look like tree bark, with ceramic tiles in an arc under the canoe symbolizing the water of the bayous. A cluster of blue houses, *Stilt Houses* by Justin Berry, recalls the row houses that lined the streets in earlier years and brings back the sense of community we all crave. The oil on canvas titled *One in a Million* by Vincent Valdez is a striking view of the successes we hope to achieve.

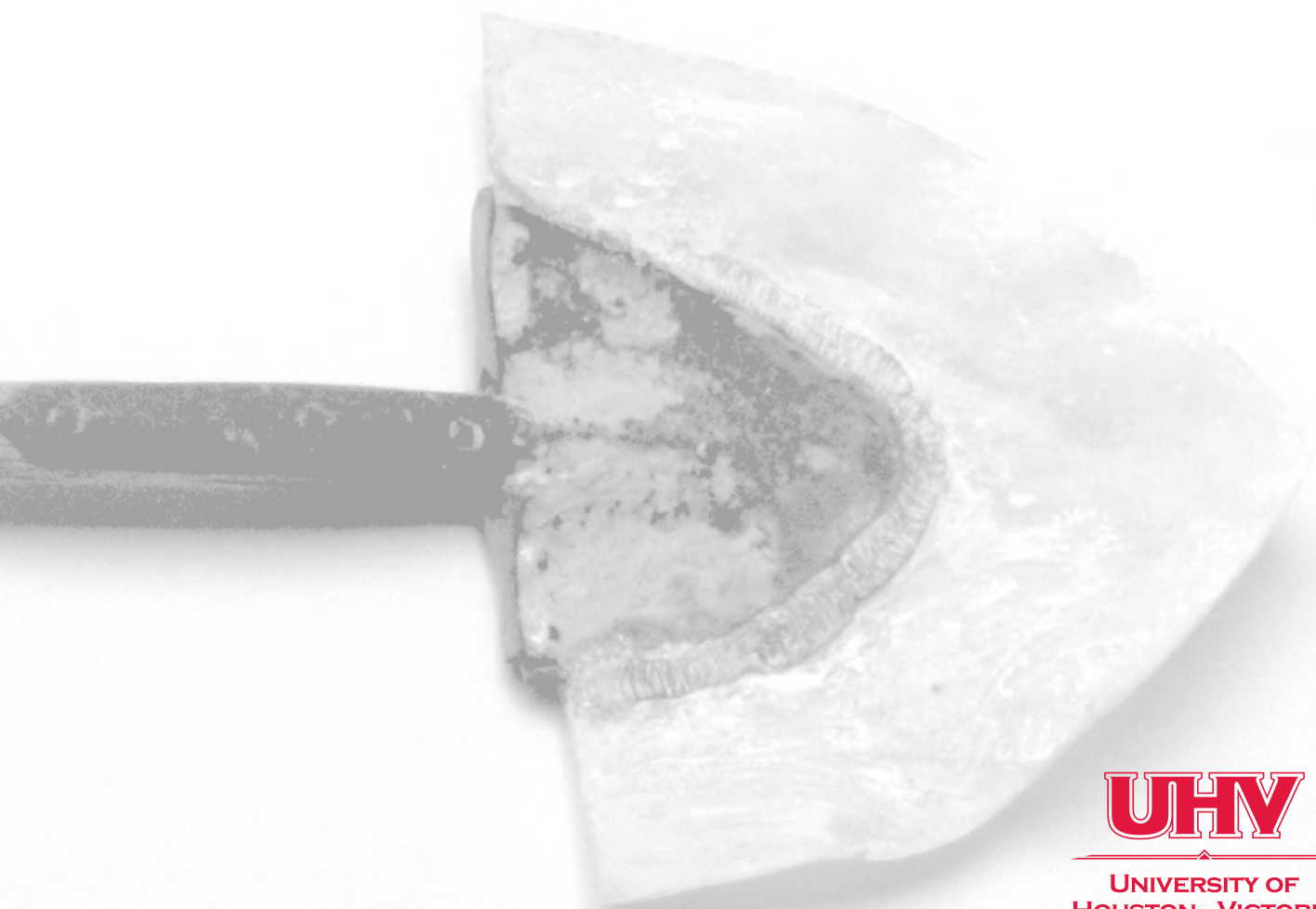
All of the rich tapestries, paintings and sculptures encourage study and contemplation as UH Downtown demonstrates its pride in graduates prepared for successful lives.



- A) *Contemplating Success*, by Floyd Newsome, UHD
- B) *Vogue Oswald and Lech Walesa*, by Derek Bosier, UHD
- C) *Passages*, by Carter Ernst and Paul Kettleon, UHD
- D) *Salt Marsh*, by John Bibbers, UHD
- E) *The Exhibition*, by Derek Bosier, UHD
- F) *The Middle Ages*, by Istavan Ban, UHD
- G) *Stilt Houses*, by Justin Berry, UHD
- H) *Mysteries, New Orleans*, by Derek Bosier, UHD
- I) *Untitled*, by Sandria Hu, UHD



TOOLS OF THOUGHT
By Neil Harshfield, UHV



UHV
UNIVERSITY OF
HOUSTON - VICTORIA

UHV

UHSA

UNIVERSITY OF HOUSTON VICTORIA

STATEMENT OF NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 7,840,287	\$ 6,362,113
Restricted Cash & Cash Equivalents	(5,210)	61,486
Loans & Contracts	1,696,222	1,280,843
Legislative Appropriations	3,002,608	2,863,734
Receivables	6,052,647	6,585,616
Deferred Charges	1,519,854	419,276
Total Current Assets	20,106,408	17,573,068
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	(135,519)	(175,376)
Loans & Other Receivables	16,561,090	27,697,962
Investments	98,767	71,009
Capital Assets, Non-Depreciable	1,154,956	1,094,426
Capital Assets, Depreciable	23,656,821	23,533,127
Accumulated Depreciation	(10,586,473)	(9,644,443)
Total Noncurrent Assets	30,749,642	42,576,705
Total Assets	50,856,050	60,149,773
LIABILITIES		
CURRENT LIABILITIES		
Payables	1,894,805	1,785,502
Deferred Revenues	7,479,363	5,538,949
Employees' Compensable Leave	366,592	371,558
Revenue Bonds Payable	2,208,591	2,486,162
Funds Held for Others	(18,546)	684,606
Total Current Liabilities	11,930,805	10,866,777
NONCURRENT LIABILITIES		
Payables	182	171
Employees' Compensable Leave	417,059	430,250
Revenue Bonds Payable	38,442,687	40,589,003
Total Noncurrent Liabilities	38,859,928	41,019,424
Total Liabilities	50,790,733	51,886,201
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	26,367,382	3,109,316
Restricted, Debt Retirement	2,526	5,751
Restricted, Endowment Funds	6,789,603	8,037,300
Restricted, Other	1,656,089	1,603,107
Unrestricted	(34,750,283)	(4,491,902)
Total Net Assets	\$ 65,317	\$ 8,263,572

	2009	2008
OPERATING REVENUES		
Tuition & Fees, Net of Discounts	\$ 12,758,563	\$ 11,158,461
Sales of Goods & Services	369,652	416,609
Federal Revenue	364,833	2,280,124
State Grant Revenue	820,426	228,412
Other Grants & Contracts	853,138	920,708
Total Operating Revenues	15,166,612	15,004,314
OPERATING EXPENSES		
Instruction	14,541,399	14,607,482
Research	23,280	15,639
Public Service	711,812	717,399
Academic Support	5,450,908	5,364,676
Student Services	3,294,422	3,081,408
Institutional Support	3,757,280	3,980,685
Operation & Maintenance of Plant	2,193,299	2,347,921
Scholarships & Fellowships	1,220,614	2,683,547
Auxiliary Enterprises	8,301	11,742
Depreciation & Amortization	1,167,032	1,218,433
Total Operating Expenses	32,368,347	34,028,932
Operating Income (Loss)	(17,201,735)	(19,024,618)
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	18,252,372	19,525,231
Gifts	193,308	519,718
Federal Revenue Non Operating	1,160,728	0
Investment Income	(657,368)	1,102,075
Interest Expense & Fiscal Charges	(1,976,394)	(870,713)
Other Nonoperating Revenues (Expenses)	(9,839,018)	(10,129,911)
Total Nonoperating Revenues (Expenses)	7,133,628	10,146,400
Income (Loss) Before Other Revenues, Expenses, Gains, Losses & Transfers	(10,068,107)	(8,878,218)
OTHER REVENUES, EXPENSES, GAINS, LOSSES & TRANSFERS		
Higher Education Assistance Funds	2,335,692	2,282,883
Additions to Permanent & Term Endowments	121,841	316,418
Intercomponent Transfers	(447,086)	(13,065)
Transfers	(80,368)	(55,488)
Legislative Appropriations Lapsed	(60,227)	(2,445)
Total Other Revenues, Expenses, Gains, Losses & Transfers	1,869,852	2,528,303
Change In Net Assets	(8,198,255)	(6,349,915)
Net Assets Beginning	8,263,572	14,643,995
Restatements		(30,508)
Net Assets Beginning, as Restated	8,263,572	14,613,487
Net Assets, Ending	\$ 65,317	\$ 8,263,572

UNIVERSITY OF HOUSTON VICTORIA

STATEMENT OF CASH FLOWS • for the Year Ended August 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Students & Customers	\$ 15,471,754	\$ 12,665,961
Proceeds from Loan Programs	2,784,346	63,225
Proceeds from Other Revenues	2,306,115	2,938,393
Payments to Suppliers for Goods & Services	(7,043,268)	(7,583,014)
Payments to Employees	(21,962,008)	(21,192,333)
Payments for Loans Provided	(3,199,725)	(1,344,068)
Payments for Other Expenses	(3,203,969)	(3,937,202)
Net Cash Provided (Used) by Operating Activities	(14,846,755)	(18,389,038)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	18,053,270	18,121,922
Proceeds from Gifts	168,774	60,845
Proceeds from Endowments	1,506,032	316,418
Proceeds of Transfers from Other Funds	148,101	2,298,219
Proceeds from Other Revenues	1,160,728	
Payments for Other Uses	(1,393,280)	(186,249)
Net Cash Provided by Noncapital Financing Activities	19,643,625	20,611,155
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Debt Issuance	9,820,804	
Proceeds from Capital Financing Activities	2,335,692	2,282,883
Payments for Additions to Capital Assets	(415,085)	(389,564)
Payments of Principal & Interest on Debt Issuance	(14,224,246)	(4,577,128)
Net Cash Used by Capital & Related Financing Activities	(2,482,835)	(2,683,809)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Interest & Investment Income	338,447	1,091,997
Payments to Acquire Investments	(1,201,147)	(3,417,992)
Net Cash Provided by Investing Activities	(862,700)	(2,325,995)
Increase (Decrease) in Cash & Cash Equivalents	1,451,335	(2,787,687)
Cash & Cash Equivalents, September 1	6,248,223	9,035,910
Restatements to Beginning Cash & Cash Equivalents		
Cash & Cash Equivalents, August 31	\$ 7,699,558	\$ 6,248,223
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
Provided (Used) by Operating Activities		
OPERATING INCOME (LOSS)	\$ (17,201,735)	\$ (19,024,618)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Amortization & Depreciation	1,167,032	1,218,433
Bad Debt Expense		
Classification Differences	(415,379)	(1,280,843)
CHANGES IN ASSETS & LIABILITIES		
(Increase) Decrease in Receivables & Loans	671,493	(1,952,631)
(Increase) Decrease in Other Assets	(1,309)	(3,252)
(Increase) Decrease in Prepaid Expenses	(1,100,578)	(407,454)
Increase (Decrease) in Payables	7,596	9,176
Increase (Decrease) in Deferred Income	1,940,413	2,889,310
Increase (Decrease) in Other Liabilities	85,712	162,841
Total Adjustments	2,354,980	635,580
Net Cash Provided by Operating Activities	\$ (14,846,755)	\$ (18,389,038)

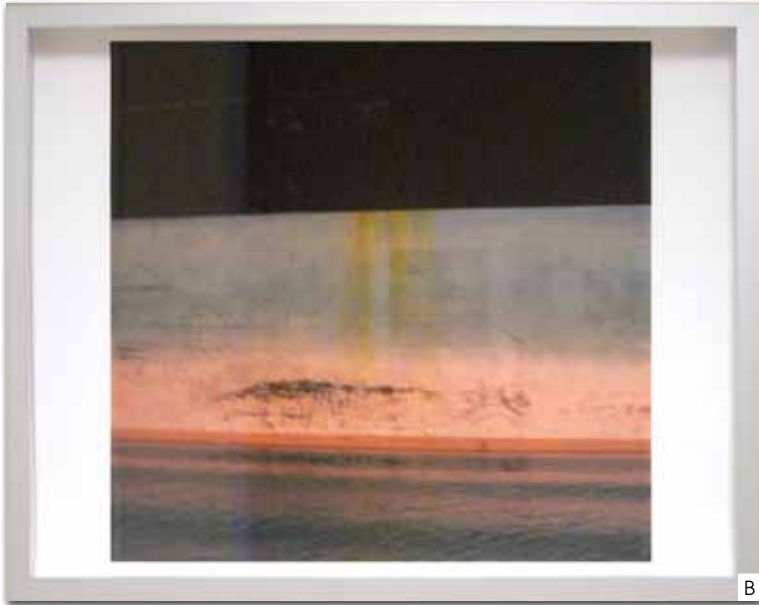
	2009	2008
EXPENSES BY NATURAL CLASSIFICATION		
Salaries & Wages	\$ 17,761,516	\$ 17,189,947
Payroll Related Costs	4,180,199	4,167,073
Professional Fees & Services	3,349,821	3,170,796
Travel	663,163	705,670
Materials & Supplies	1,154,226	1,475,758
Communication & Utilities	832,793	1,197,701
Repairs & Maintenance	300,187	341,158
Rentals & Leases	559,611	553,962
Printing & Reproduction	97,449	107,390
Depreciation & Amortization	1,167,032	1,218,433
Interest	407	1,199
Scholarships	1,445,309	2,820,667
Claims & Losses	34,631	29,380
Other Operating Expenses	822,003	1,049,798
Total Operating Expenses	\$ 32,368,347	\$ 34,028,932
EXPENSES BY FUNCTIONAL CLASSIFICATION		
Instruction	\$ 14,541,399	\$ 14,607,482
Research	23,280	15,639
Public Service	711,812	717,399
Academic Support	5,450,908	5,364,676
Student Services	3,294,422	3,081,408
Institutional Support	3,757,280	3,980,685
Physical Plant	2,193,299	2,347,921
Scholarships & Fellowships	1,220,614	2,683,547
Auxiliary Enterprises	8,301	11,742
Depreciation & Amortization	1,167,032	1,218,433
Total Expenses by Expenditure Function	\$ 32,368,347	\$ 34,028,932

JAYA SUN III

By Casey Williams, UHV



A



B



C



D



E



F



G



H

UH VICTORIA

UH Victoria brings instruction to the students. Located in the heart of the Texas Coastal Bend UH Victoria houses many artistic accomplishments that make it a pleasure to work and study within it's halls.

2009 brought a new mascot to UH Victoria. The *Jaguar* by Harold Nichols will bring inspiration to current and future athletes representing the university. Hanging in the University Center are a series of what appear to be garden implements created from found objects and glass. Entitled *Tools of Thought* by Neil Harshfield, not only is it environmentally friendly, it reminds us that we should be aware of all of the tools available to continue educating ourselves. Beginning in front of the University Center, *Millennium Plaza* by William Fitzgibbons, draws the visitor through the campus area with small towers and pyramids that make it a pleasure to sit and study or wait for friends.

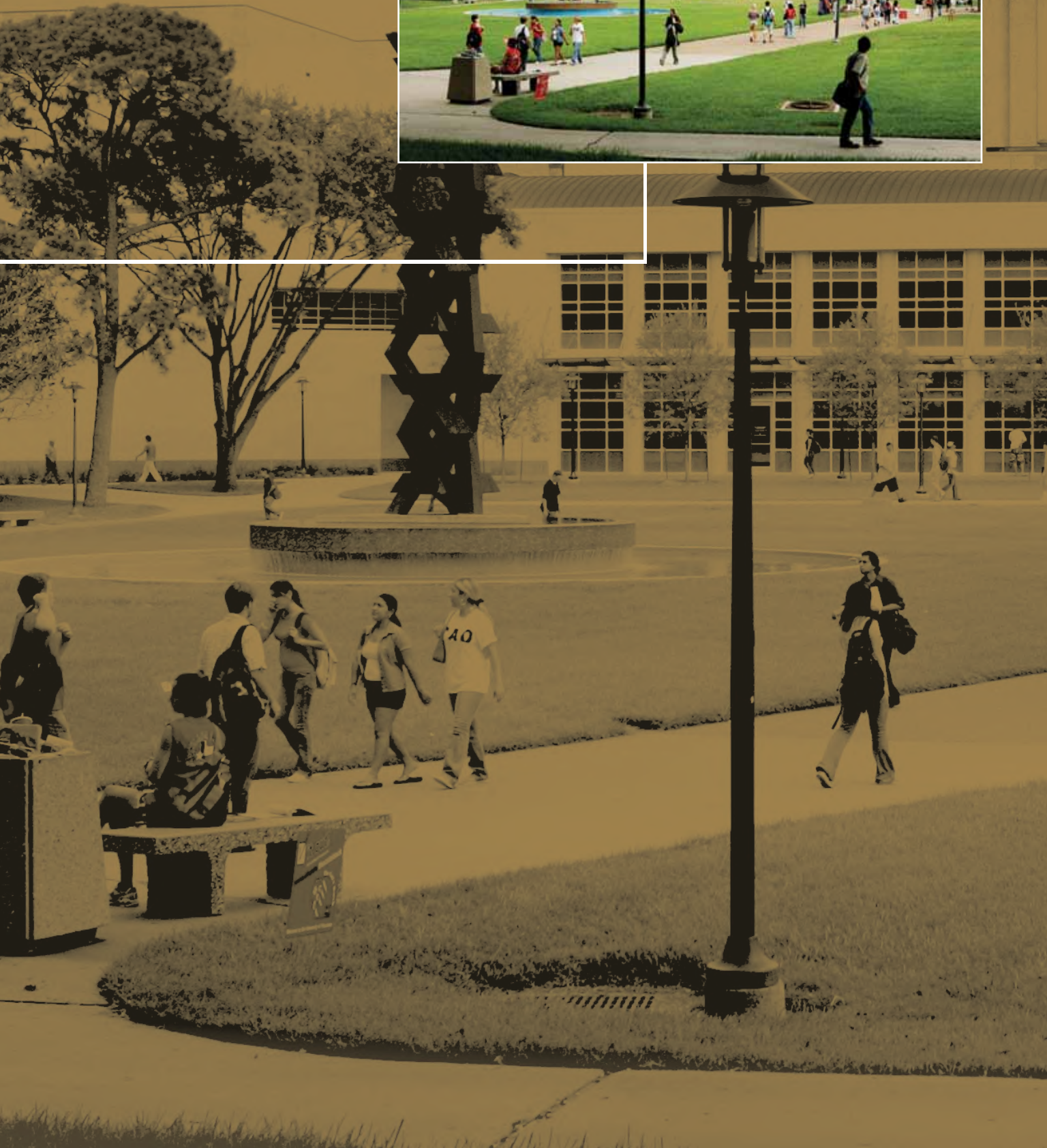
A, B, C) *Tronador*, by Casey Williams, UHV

D) *Koh Jin*, by Casey Williams, UHV

E) *Tools of Thought*, by Neil Harshfield, UHV

F) *Millennium Plaza*, by William Fitzgibbons, UHV

G, H) *Tools of Thought*, by Neil Harshfield, UHV





UNIVERSITY of HOUSTON
SYSTEM ADMINISTRATION

UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATION

STATEMENT OF NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 46,746,903	\$ 51,282,955
Short-term Investments	164,320,758	131,629,931
Restricted Cash & Cash Equivalents	7,313,092	5,032,710
Legislative Appropriations	7,033,381	1,392,029
Receivables	3,117,503	5,855,681
Deferred Charges	24	24
Total Current Assets	228,531,661	195,193,330
NON-CURRENT ASSETS		
Restricted Cash & Cash Equivalents	(2,945,886)	(6,874,351)
Loans & Other Receivables		97,922
Investments	524,280,814	715,974,829
Capital Assets, Non-Depreciable	7,737,603	29,763,047
Capital Assets, Depreciable	45,181,549	11,058,974
Accumulated Depreciation	(4,147,222)	(3,425,596)
Total Noncurrent Assets	570,106,858	746,594,825
Total Assets	798,638,519	941,788,155
LIABILITIES		
CURRENT LIABILITIES		
Payables	670,070,069	683,500,816
Deferred Revenues	4,854	5,754
Employees' Compensable Leave	465,564	397,402
Funds Held for Others	14,608	11,133
Total Current Liabilities	670,555,095	683,915,105
NONCURRENT LIABILITIES		
Payables	1	43
Employees' Compensable Leave	529,656	460,178
Total Noncurrent Liabilities	529,657	460,221
Total Liabilities	671,084,752	684,375,326
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	49,225,029	28,246,392
Restricted, Debt Retirement	221,015	
Restricted, Capital Projects	14,270	3,373,259
Restricted, Endowment Funds	74,299,926	177,684,522
Restricted, Other	8,980,735	8,328,065
Unrestricted	(5,187,208)	39,780,591
Total Net Assets	\$ 127,553,767	\$ 257,412,829

UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS • for the Year Ended August 31, 2009

	2009	2008
OPERATING REVENUES		
Sales of Goods & Services	\$ 374,538	\$
Federal Revenue	42,214	
State Grant Revenue	65,283	30,176
Other Grants & Contracts	1,750,000	
Total Operating Revenues	2,232,035	30,176
OPERATING EXPENSES		
Research	1,186,901	1,146,923
Public Service	65,000	30,000
Academic Support	4,712,311	3,672,233
Student Services	277,400	244,444
Institutional Support	6,835,817	7,993,687
Operation & Maintenance of Plant	920,910	1,026,326
Scholarships & Fellowships	101,722	42,480
Depreciation & Amortization	672,123	895,876
Total Operating Expenses	14,772,184	15,051,969
Operating Income (Loss)	(12,540,149)	(15,021,793)
NONOPERATING REVENUES (EXPENSES)		
Legislative Revenue	11,648,980	4,111,149
Gifts	39,924	615,210
Investment Income	(140,680,556)	40,827,433
Other Nonoperating Revenues (Expenses)	19,408,630	9,448,833
Total Nonoperating Revenues (Expenses)	(109,583,022)	55,002,625
Income (Loss) Before Other Revenues, Expenses, Gains, Losses and Transfers	(122,123,171)	39,980,832
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Additions to Permanent & Term Endowments	11,000	6,758,844
Intercomponent Transfers	(6,597,012)	(11,212,589)
Legislative Appropriations Lapsed	(1,148,705)	
Total Other Revenues, Expenses, Gains, Losses & Transfers	(7,734,717)	(4,453,745)
Change In Net Assets	(129,857,888)	35,527,087
Net Assets Beginning	257,412,829	221,885,742
Restatements	(1,174)	
Net Assets Beginning, as Restated	257,411,655	221,885,742
Net Assets, Ending	\$ 127,553,767	\$ 257,412,829

UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATION
STATEMENT OF CASH FLOWS • for the Year Ended August 31, 2009

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds Received from Students & Customers	\$ 374,589	\$ 30,066
Proceeds from Other Revenues	2,389,925	(7,354,547)
Payments to Suppliers for Goods & Services	(6,217,407)	(10,305,617)
Payments to Employees	(9,241,906)	(989,350)
Payments for Other Expenses	(919,643)	
Net Cash Provided (Used) by Operating Activities	(13,614,441)	(18,619,448)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Appropriations	4,858,923	3,384,594
Proceeds from Gifts	1,972,462	1,602,610
Proceeds from Endowments	11,000	16,242,604
Proceeds of Transfers from Other Funds	27,218,235	18,464,949
Proceeds from Other Revenues		
Payments for Other Uses	(61,023,819)	(18,349,113)
Net Cash Provided by Noncapital Financing Activities	(26,963,199)	21,345,644
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES		
Proceeds from Capital Financing Activities	38,560,738	
Payments for Additions to Capital Assets	(12,047,628)	(250,522)
Payments of Principal & Interest on Debt Issuance	(1,641,865)	
Net Cash Used by Capital & Related Financing Activities	24,871,245	(250,522)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	545,005,595	730,804,385
Proceeds from Interest & Investment Income	3,610,326	206,826,673
Payments to Acquire Investments	(531,236,730)	(921,680,893)
Net Cash Provided by Investing Activities	17,379,191	15,950,165
Increase (Decrease) in Cash & Cash Equivalents	1,672,795	18,425,839
Cash & Cash Equivalents, September 1	49,441,314	31,015,475
Restatements to Beginning Cash & Cash Equivalents		
Cash & Cash Equivalents, August 31	\$ 51,114,109	\$ 49,441,314
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH		
Provided (Used) by Operating Activities		
OPERATING INCOME (LOSS)	\$ (12,540,149)	\$ (15,021,793)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH		
PROVIDED (USED) BY OPERATING ACTIVITIES		
Amortization & Depreciation	672,123	895,876
Classification Differences		(4,415,878)
CHANGES IN ASSETS & LIABILITIES		
(Increase) Decrease in Receivables & Loans	2,211,358	(110)
(Increase) Decrease in Other Assets	(106)	
(Increase) Decrease in Prepaid Expenses		119,160
Increase (Decrease) in Payables	(2,968,441)	
Increase (Decrease) in Deferred Income	(900)	
Increase (Decrease) in Other Liabilities	(988,327)	(196,703)
Total Adjustments	(1,074,293)	(3,597,655)
Net Cash Provided by Operating Activities	\$ (13,614,442)	\$ (18,619,448)

UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATION

SCHEDULE OF OPERATING EXPENSES • for the Year Ended August 31, 2009

	2009	2008
EXPENSES BY NATURAL CLASSIFICATION		
Salaries & Wages	\$ 7,864,329	\$ 6,627,991
Payroll Related Costs	2,067,122	1,681,016
Professional Fees & Services	1,121,015	3,877,334
Travel	114,907	150,149
Materials & Supplies	512,992	255,903
Communication & Utilities	651,528	199,977
Repairs & Maintenance	173,113	120,319
Rentals & Leases	259,535	206,305
Printing & Reproduction	47,500	35,328
Depreciation & Amortization	672,123	895,876
Interest	397	700
Scholarships	804,339	745,097
Claims & Losses	153,000	11,909
Other Operating Expenses	330,284	244,065
Total Operating Expenses	\$ 14,772,184	\$ 15,051,969
EXPENSES BY FUNCTIONAL CLASSIFICATION		
Instruction	\$	\$
Research	1,186,901	1,146,923
Public Service	65,000	30,000
Academic Support	4,712,311	3,672,233
Student Services	277,400	244,444
Institutional Support	6,835,817	7,993,687
Operation & Maintenance of Plant	920,910	1,026,326
Scholarships & Fellowships	101,722	42,480
Depreciation & Amortization	672,123	895,876
Total Expenses by Expenditure Function	\$ 14,772,184	\$ 15,051,969



SCIENCE STUDENTS
UHV





F



G



H

UH SYSTEM ADMINISTRATION

Created in 1977 by the Texas Legislature, the University of Houston System Administration is the administrative element of the group of universities that brings higher education to post-secondary students along the southeast Texas coast. At inception, the group consisted of the University of Houston and The University of Houston at Clear Lake. The University of Houston Downtown College was added soon after, then followed by the University of Houston at Victoria. Through numerous name changes and sharpened goals, the group today has become a powerhouse of educational and research opportunities in Texas and the world. The University of Houston, the University of Houston – Clear Lake, the University of Houston – Downtown and the University of Houston – Victoria along with two teaching centers at Cinco Ranch and Sugarland form a strong and productive chain of educational institutions dedicated to student success, national competitiveness and the attainment of Tier One Status. With this status, the universities will be able to attract students and research dollars that drive the economic engines supporting Texas and the world. The success of students and the research and problem-solving skills they develop here will create a better world for all.

All of these pages are students in various locations learning.

- A) UHD Professional Writing
- B) UHD Science Lab
- C) UHD Language Class
- D) Computer Lab, UHCL
- E) Graduating Class, UH
- F) UHV Students
- G) UHCL Classroom
- H) M.D. Anderson Library

UHS-A WORLD CLASS ARTS DESTINATION

The presence of art on university campuses reflects the wisdom that the training provided there should be more than mathematics, more than literature, more than business. It is about the development of the complete graduate. An understanding and appreciation of art is a vital part of everything that is learned in the years spent as a university student. Art itself makes a statement that elevates the minds around it.

The University of Houston has a long history of sponsorship for world class artists beginning in 1964 when an exhibition of the paintings of Ari Stillman came to the university for a brief period. In 1966 the UH Board of Governors (precursor of the UHS Board of Regents) adopted a policy that set aside one percent of the cost of future construction for art acquisition. That policy is now UH System Board of Regents Policy 53.01.1 which states in part:

"This policy pertains to construction projects in excess of \$1,000,000 involving construction of a new building or the addition of square footage to an existing building. One percent of the construction costs shall be allocated for the acquisition of art for the project."

The Texas Legislature has since enacted a statewide 1% for Art Program, making Texas a member of a group of a small number of states that give public art a prominent place in every new public building. An advisory committee reporting to the UHS Board of Regents was formed to aid in the selection of notable pieces created for the 1% for Art Program.

Through the years, as the University has expanded to become an ever greater member of the Texas higher education community, art purchases have made an impression that will last a very long time. The university's current Tier One Initiative includes an Arts Initiative that states:

"The Arts Initiative will position UH as a world class arts destination and as a national innovator in commissioning new work, employing and training thousands of artists and sponsoring world class arts series."

In addition to the pieces commissioned by the university, many of the generous university donors allow the exhibition of their personal art for the pleasure of students, faculty and staff.

There are many indoor and outdoor public art locations at the University, including an exclusive exhibition of Ari Stillman, whose works began the quest to bring art to UH in 1964. A landmark work at UH Clear Lake is a Pablo Serrano piece named "Spiritus Mundi". There is an inspiring mural by Vincent Valdez entitled "One in a Million" at UH Downtown and a beautiful brushed metal sculpture, "Brazos Trace", depicting the Brazos River in the rotunda at UH Sugarland. There are a variety of interesting local pieces at UH Victoria.

With the preservation of existing collections, as well as each new acquisition, the university brightens a corner of its world enhancing the academic experience for the university community, the passerby and the community at large.

PICTURE CREDITS

COVER

Front right: Tower of the Cheyenne, by Peter Forakis, UH
Front left: Prayer Meeting, by John Scott, UHCL
Back upper left: Distinguished Alumni Fountain, UHCL
Back lower right: Contemplation, by Tom Sayre, UH
Back lower left: Millennium Plaza, William Fitzgibbons, UHV

INSIDE COVER

Upper right: Euphonia, by Frank Stella, UH
Lower left: A Comma A, by Jim Sanborn, UH
Page 1: Tools of Thought, by Neil Harshfield, UHV
Pages 2-3: Cougar, by R.T. Wallen, UH

UNIVERSITY OF HOUSTON SYSTEM

Page 4: Millennium Plaza, by William Fitzgibbons, UHV
Page 5: Euphonia, by Frank Stella, UH
Page 6: Psychromie, by Pablo Cruz-Diez, UH
Page 7: Brazos Trace, by Rob Ziebell and Elizabeth Ward, UHS, Sugarland
Page 8: UH Wall of Honor, UH
Page 9: Consilience, by Paul Maroni and Ann Troutner, UHCL
Page 13: Genesis II, by Robert Ezell, UH Cinco Ranch
Page 14: Healing Nature, by Tom Glover
Page 15: Salon Mexico, by Ari Stillman, UH
Page 16: A Moment in Time, by Alyson Shotz, UH
Page 17: A Comma A, by Jim Sanborn, UH
Page 18: Blaffer Gallery, UH
Page 19: A Moment in Time, by Alyson Shotz, UH
Page 20: Brazos Trace, by Rob Ziebell and Elizabeth Ward, UHS Sugarland
Page 21: Jazz, by Ari Stillman, UH
Page 23: Winged Woman, by Stephen Stabler, UH
Page 24: jaX, by Harold Nichols, UHV
Page 25: Millennium Plaza, by William Fitzgibbons, UHV
Page 28: Euphonia, by Frank Stella, UH
Page 29: Time the Bridge of Doors, by Dorothy Hood, UHCL
Page 30: Spiritus Mundi, by Pablo Serrano, UHCL
Page 31: Prayer Meeting, by John Scott, UHCL

UNIVERSITY OF HOUSTON

Page 32-33: Contemplation, by Tom Sayre, UH
Page 37: Healing Nature, by Tom Glover, UH
Page 38: (A) Tower of the Cheyenne, by Peter Forakis, UH
 (B) Untitled, by Mary Miss, UH
 (C) Cougar, by R.T. Wallen, UH
 (D) A Comma A, by Jim Sanborn, UH
 (E) Orpheus, by Gerhard Marks, UH
Page 39: (F) Nassau Street, by Ari Stillman, UH
 (G) Round About, by Linda Howard, UH
 (H) Ali, by Brian Wall, UH
 (I) Steel and River Waterfall, by Lee Kelly, UH

UNIVERSITY OF HOUSTON CLEAR LAKE

Page 40-41: Quasi One and Quasi Two, by Kurt Delbanco, UHCL
Page 45: Distinguished Alumni Fountain, UHCL
Page 46: (A) Flying Birds, by David Parsons, UHCL
 (B) Spiritus Mundi, by Pablo Serrano, UHCL
 (C) Consilience, by Paul Marioni and Ann Troutner
 (D) Distinguished Alumni Fountain, UHCL
 (E) Horse and Rider, by Dennis Black, UHCL
Page 47: (F) Untitled, by Richard Stout, UHCL
 (G) Time the Bridge of Doors, by Dorothy Hood, UHCL
 (H) Russian Quadriptych, UHCL

UNIVERSITY OF HOUSTON DOWNTOWN

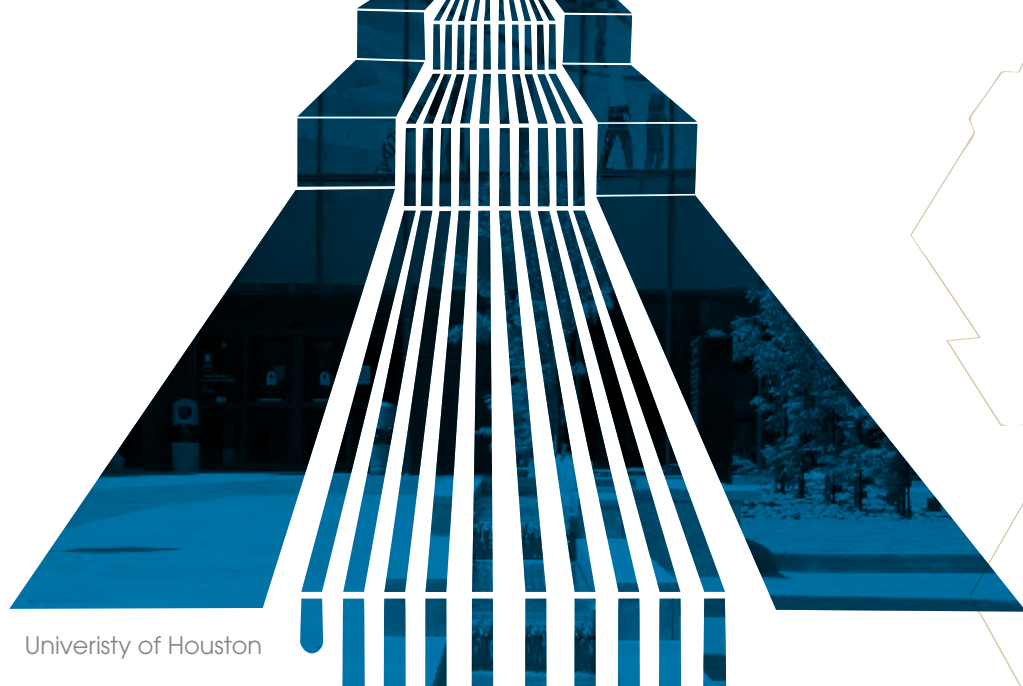
Page 48-49: Contemplating Success, by Floyd Newsome, UHCL
Page 53: One in a Million, by Vincent Valdez, UHCL
Page 54: (A) Contemplating Success, by Floyd Newsome, UHCL
 (B) Vogue Oswald and Lech Walesa, by Derek Bosier, UHCL
 (C) Passages, by Carter Ernst and Paul Kittleson, UHCL
 (D) Salt Marsh, by John Bibbers, UHCL
 (E) The Exhibition, by Derek Bosier, UHCL
 (F) The Middle Ages, by Istavan Ban, UHCL
Page 55: (G) Stilt Houses, by Justin Berry, UHCL
 (H) Mysteries, New Orleans, by Derek Bosier, UHCL
 (I) Untitled, by Sandria Hu, UHCL

UNIVERSITY OF HOUSTON VICTORIA

Page 56-57: Tools of Thought, by Neil Harshfield, UHV
Page 61: Jaya Sun III, by Casey Williams, UHV
Page 62: (A, B, C) Tronador, by Casey Williams, UHV
 (D) Koh Jin, by Casey Williams, UHV
 (E) Tools of Thought, by Neil Harshfield, UHV
Page 63: (F) Millennium Plaza, by William Fitzgibbons, UHV
 (G), (H) Tools of Thought, by Neil Harshfield, UHV

UNIVERSITY OF HOUSTON SYSTEM ADMINISTRATION

Page 69: Science Students, UHV
Page 70: (A) UHCL Professional Writing
 (B) UHCL Science Lab
 (C) UHCL Language Class
 (D) Computer Lab UHCL
 (E) Graduating Class, UHCL
Page 71: (F) UHV Students
 (G) UHCL Classroom
 (H) M.D. Anderson Library



Univeristy of Houston

University of Houston
Clear Lake

University of Houston
Downtown

University of Houston
Victoria

University of Houston
System Administration

