

**UNIVERSITY OF HOUSTON
SYSTEM**

**UNAUDITED COMBINED ANNUAL
FINANCIAL REPORT
REVISED
FOR THE YEAR ENDED AUGUST 31, 2022
WITH AUGUST 31, 2021 COMPARITIVE DATA**

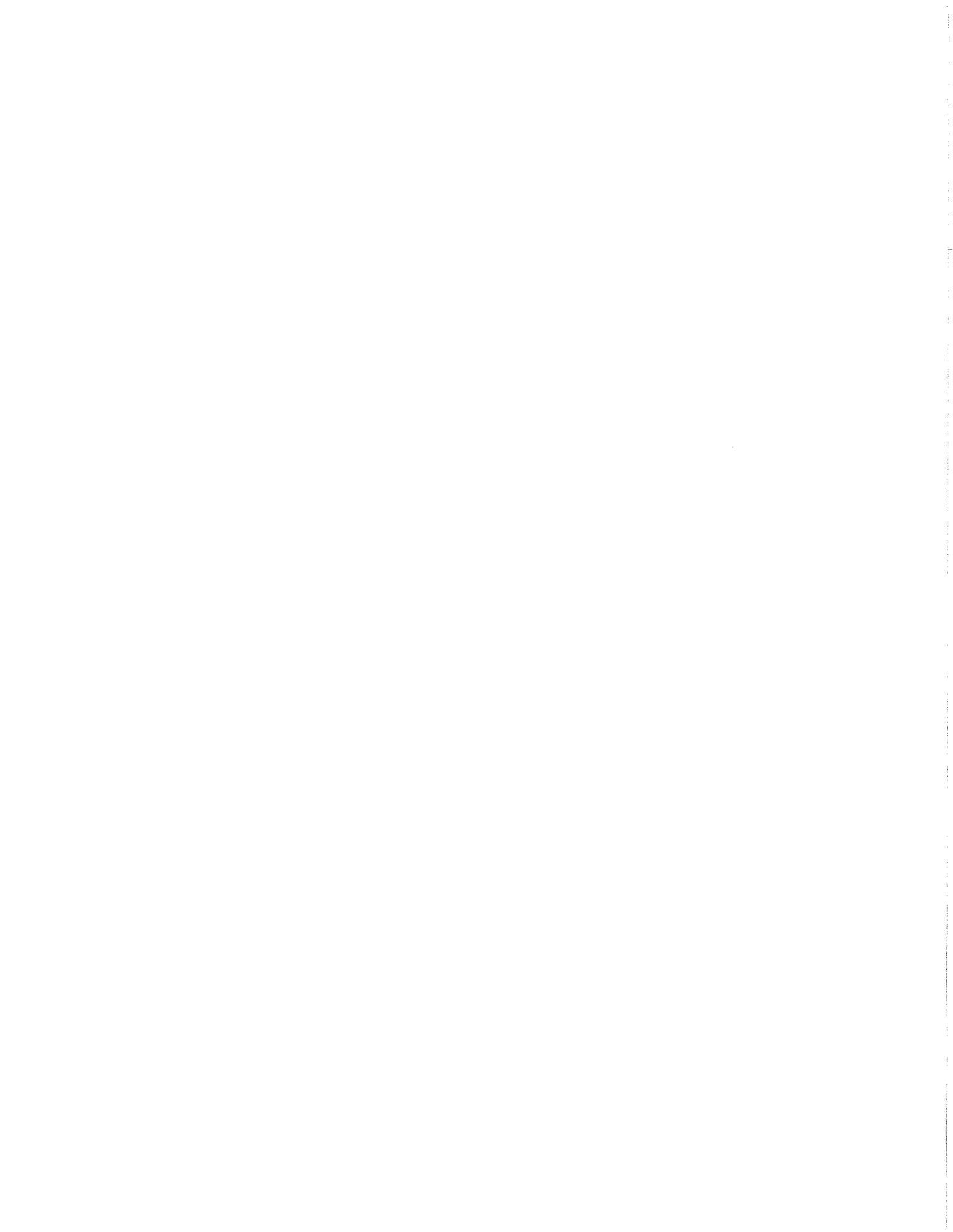
**Includes Primary Financial Statements for UHS
Campuses and Administration:**

*University of Houston
University of Houston – Clear Lake
University of Houston – Downtown
University of Houston – Victoria
University of Houston – System Administration*

UNIVERSITY OF HOUSTON SYSTEM

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Division of Administration and Finance
Financial Reporting Department

November 17, 2022

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Jerry McGinty II, Executive Director, Legislative Budget Board
Lisa R. Collier, Texas State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report of the University of Houston System for the year ended August 31, 2022, in compliance with Texas Government Code Annotated §2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

If you have any questions, please contact Ms. Leslie Fluharty at 713-743-1533. Ms. Andrea Tebo may be contacted at 713-743-8722 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,



Lavonda Luckett
Interim Executive Director, Financial Reporting

cc: Usha Mathew
Assistant VP, Finance/University Controller

University of Houston System

Organizational Data
August 31, 2022

Board of Regents

Doug H. Brooks, Dallas	Term Expires August 31, 2023
Jack B. Moore, Houston	Term Expires August 31, 2023
Steve I. Chazen, Houston	Term Expires August 31, 2023
Durga D. Agrawal, Houston	Term Expires August 31, 2025
Alonzo Cantu, McAllen	Term Expires August 31, 2025
John A. McCall, Jr., Crockett	Term Expires August 31, 2025
Tilman J. Fertitta	Term Expires August 31, 2027
Beth Madison	Term Expires August 31, 2027
Ricky Raven	Term Expires August 31, 2027
Edward Carrizales (Student Regent), Houston	Term Expires May 31, 2023

Officers of the Board (Fiscal Year 2022):

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

Officers of the Board (Fiscal Year 2023):

Tilman J. Fertitta	Chairman
Jack B. Moore	Vice Chairman
Durga D. Agrawal	Secretary

Administrative Officers

Renu Khator	Chancellor
Robert H. McPherson	Interim Senior Vice Chancellor for Academic Affairs
Raymond S. Bartlett	Senior Vice Chancellor for Administration and Finance
Amr Elnashai	Vice Chancellor for Research and Technology Transfer
Dona H. Cornell	Vice Chancellor for Legal Affairs and General Counsel
Eloise Dunn Brice	Vice Chancellor for University Advancement
Daniel M. Maxwell	Interim Vice Chancellor for Student Affairs
Jason Smith	Vice Chancellor for Governmental Relations
Lisa K. Holdeman	Vice Chancellor for Marketing and Communications
Renu Khator	President – University of Houston
J. Richard Walker	President – UH - Clear Lake
Loren J. Blanchard	President – UH – Downtown
Robert K. Glenn	President – UH - Victoria



University of Houston System
Financial Statements
(With Detailed Supportive Schedules)

Statement of Procedure Regarding
Annual Financial Report

Present herein are the financial statements with detailed supportive schedules for the University of Houston System for the fiscal year ended August 31, 2022. These statements and detailed supportive schedules are in compliance with the guidelines in *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*, published by the Texas Comptroller of Public Accounts. Additionally, this report has been prepared in accordance with the requirements in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*.

The State Auditor has not audited the accompanying annual financial statements and, therefore, an opinion has not been nor will be expressed on the financial statements and related information contained in this report. The information contained in the combined financial statements of the University of Houston System, and its related components, is part of and included in the State of Texas Comprehensive Annual Report. The Annual Financial Report of the University of Houston System is reviewed by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report, upon which an opinion is expressed.

UNIVERSITY OF HOUSTON SYSTEM
PRIMARY STATEMENTS

Unaudited

University of Houston System (797)
 Combined Statement of Net Position
 August 31, 2022

	Total FY2022	Total FY2021
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 73,679.00	\$ 63,379.00
Cash in Bank	48,594,092.50	(298,016,045.08)
Cash in Transit/Reimburse From Treasury	34,978,490.89	32,984,893.77
Cash in State Treasury	136,751,099.23	124,555,832.46
Cash Equivalents	730,894,767.16	536,432,168.57
Short Term Investments	204,070,486.85	272,727,520.76
Restricted:		
Cash on Hand	300.00	0.00
Cash In Bank	(66,829,134.67)	281,628,089.36
Legislative Appropriation	149,607,209.70	163,380,608.32
Receivables:		
Federal Receivables	32,086,417.85	55,519,735.63
Interest and Dividends	1,170,488.00	1,096,101.42
Accounts Receivable	111,035,682.68	93,584,918.19
Gifts	130,368,962.71	103,592,301.76
Leases	1,360,855.56	0.00
Other	2,784,410.62	2,538,680.78
Due From Other Agencies	3,529,423.90	23,206,581.33
Consumable Inventories	136,490.41	128,993.14
Merchandise Inventories	1,447,480.75	1,622,177.22
Prepaid Costs	46,462,026.87	53,671,261.00
Loans and Contracts	27,848,267.46	25,503,428.14
Total Current Assets	1,596,371,497.47	1,474,220,625.77
Non-Current Assets		
Restricted:		
Receivables	74,642,843.50	68,645,471.19
Receivables - Leases	8,890,110.89	0.00
Loans and Contracts	755,364.79	1,429,469.15
Investments	1,603,021,581.00	1,286,780,583.00
Capital Assets		
Non-Depreciable or Non-Amortizable Assets		
Non-Depreciable or Non-Amortizable	369,293,513.57	350,134,857.11
Depreciable or Amortizable, Net	1,819,603,018.69	1,773,188,193.52
Right to Use Assets - Amortizable, Net	10,725,977.45	0.00
Total Non-Current Assets	3,886,932,409.89	3,480,178,573.97
Total Assets	5,483,303,907.36	4,954,399,199.74
DEFERRED OUTFLOW OF RESOURCES		
Loss on Bond Refunding	0.00	952,290.90
Pensions	116,067,104.00	150,192,713.00
Other Post-Employment Benefits	247,010,560.00	356,896,044.00
Total Deferred Outflow of Resources	363,077,664.00	508,041,047.90
Total Assets and Deferred Outflow of Resources	\$ 5,846,381,571.36	\$ 5,462,440,247.64

Unaudited

University of Houston System (797)
 Combined Statement of Net Position
 August 31, 2022

	Total FY2022	Total FY2021
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	49,412,119.11	57,122,487.54
Accrued Lease Interest Payable	10,756.51	0.00
Federal Payable	96,862.45	92,879.43
Payroll Payable	70,387,473.20	68,269,677.62
Other Payable	3,597,568.02	2,412,657.36
Due to Other Agencies	3,307,007.31	3,055,905.68
Unearned Revenues	310,525,709.05	317,520,872.19
Notes and Loans Payable	35,306,107.91	35,810,000.00
Revenue Bonds Payable	86,750,633.39	83,784,595.64
Claims and Judgments Payable	1,212,750.93	85,251.35
Employees' Compensable Leave	16,491,595.93	17,141,286.58
Right to Use Lease Obligations	1,577,228.65	564,240.58
Other Post-Employment Benefits	19,187,822.00	21,906,545.00
Funds Held for Others	27,793,602.56	23,126,352.66
Total Current Liabilities	625,657,237.02	630,892,751.63
Non Current-Liabilities		
Revenue Bonds Payable	1,870,618,482.01	1,491,381,878.57
Net Pension Liability	155,354,398.00	320,272,467.00
Employees' Compensable Leave	16,465,230.34	17,265,149.73
Right to Use Lease Obligations	9,315,221.88	3,997,716.01
Other Post-Employment Benefits	693,798,051.00	634,834,869.00
Total Non-Current Liabilities	2,748,980,991.33	2,467,752,080.31
Total Liabilities	3,374,638,228.35	3,098,644,831.94
DEFERRED IN FLOW OF RESOURCES		
Leases	10,209,057.50	0.00
Pensions	198,781,694.00	86,315,691.00
Other Post-Employment Benefits	116,046,626.00	178,565,594.00
Total Deferred Inflows of Resources	325,037,377.50	264,881,285.00
Total Liabilities and Deferred Inflow of Resources	3,699,675,605.85	3,363,526,116.94
NET POSITION		
Invested in Capital Assets, Net of Related Debt	825,370,010.75	772,523,785.96
Restricted for:		
Debt Retirement	12,100,018.10	4,194,352.19
Capital Projects	20,097,757.06	25,029,593.55
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	675,893,254.13	725,090,589.78
Expendable		
Term Endowments	23,423,598.47	11,040,311.23
Funds Functioning as Endowments	58,499,220.52	66,319,608.17
Other Restricted	404,527,025.09	343,692,490.33
Unrestricted	126,795,081.39	151,023,399.49
Total Net Position	\$ 2,146,705,965.51	\$ 2,098,914,130.70

Unaudited

University of Houston System (797)
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 806,568,864.78	\$ 798,623,338.66
Discounts and Allowances	(234,597,090.61)	(241,388,169.02)
Auxiliary Enterprise-Pledged	116,625,117.78	60,762,394.77
Discounts and Allowances	(17,841,767.95)	(8,822,089.62)
Other Sales of Goods and Services-Pledged	100,857,161.81	94,868,695.81
Federal Revenue-Operating (PR-OP Grants/Contributions)	169,631,223.86	181,173,095.42
Federal Pass Through Revenue (PR-OP Grants/Contributions)	7,183,779.91	27,083,215.31
State Grant Revenue (PR-OP Grants/Contributions)	7,937,098.07	9,363,255.59
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	59,798,132.45	50,872,083.08
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	39,083,284.94	41,830,901.76
Other Operating Revenues (PR-Chgs for Services)	4,899,349.67	3,401,696.15
Total Operating Revenues	1,060,145,154.71	1,017,768,417.91
Operating Expenses		
Instruction	403,249,585.69	401,373,231.70
Research	182,691,971.90	176,447,934.59
Public Service	43,851,818.26	41,043,839.20
Academic Support	268,472,347.00	285,227,141.88
Student Services	66,114,115.28	70,149,737.20
Institutional Support	131,417,901.27	157,617,818.77
Physical Plant	75,720,037.09	81,632,073.58
Scholarships & Fellowships	159,002,118.13	140,228,041.82
Auxiliary Enterprises	172,643,306.00	164,104,033.20
Depreciation and Amortization	137,317,182.24	126,108,134.02
Total Operating Expenses	1,640,480,382.86	1,643,931,985.96
Operating Income (Loss)	(580,335,228.15)	(626,163,568.05)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	305,612,814.46	274,180,239.67
Additional Appropriations (GR)	23,292,312.99	21,490,218.13
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	203,287,559.35	172,659,627.98
Gifts (PR-OP Grants/Contributions)	109,611,494.88	53,716,534.02
Interest and Investment Income (PR-Chgs for Services)	84,253,374.66	120,507,018.13
Interest Expense and Fiscal Charges	(46,980,999.93)	(45,979,218.21)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(176,095,783.56)	153,033,608.12
Other Nonoperating Revenues	19,862,253.80	87,050,602.33
Other Nonoperating Expenses	1,706,091.33	(23,366,403.48)
Total Nonoperating Revenues (Expenses)	\$ 524,549,117.98	\$ 813,292,226.69

Unaudited

University of Houston System (797)
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (55,786,110.17)</u>	<u>\$ 187,128,658.64</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	76,611,208.00	76,611,208.00
Additions to Permanent and Term Endowments	39,759,829.35	31,132,396.73
Incr NA Interagency Transfer Capital Assets	77,574.93	27,554.86
Transfers-In	12,605,658.81	14,274,529.77
Transfers-Out	(973,385.33)	(6,154.14)
Legislative Transfers-In	753,843.00	733,487.00
Legislative Appropriations Lapsed	(6,661,585.52)	(1,749,023.69)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>122,173,143.24</u>	<u>121,023,998.53</u>
<u>Changes in Net Position</u>	<u>66,387,033.07</u>	<u>308,152,657.17</u>
Net Position Beginning	2,098,914,130.70	1,790,685,337.90
Restatements	(18,595,198.26)	76,135.63
<u> Net Position Beginning, as Restated</u>	<u>2,080,318,932.44</u>	<u>1,790,761,473.53</u>
<u>Net Position, Ending</u>	<u>\$ 2,146,705,965.51</u>	<u>\$ 2,098,914,130.70</u>

Unaudited

University of Houston System (797)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

<u>Operating Expenses</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Academic Support</u>	<u>Student Services</u>
Cost of Goods Sold	\$ -	\$ -	\$ 1,102,366.11	\$ 3,252.18	\$ -
Salaries and Wages	311,604,018.15	74,146,405.66	15,065,753.16	137,108,995.37	28,977,398.82
Payroll Related Costs	81,748,396.65	15,757,410.12	5,347,619.51	48,721,912.97	17,259,248.86
Professional Fees and Services	2,117,063.44	48,384,825.97	11,786,258.77	17,778,054.01	5,306,128.79
Federal Pass Through Expenses	80,990.65	1,860,260.78	1,181,946.44	-	-
State Pass Through Expenses	-	41,779.24	-	-	-
Travel	767,492.40	1,805,851.14	129,848.26	1,985,080.44	1,070,404.17
Materials and Supplies	2,098,217.98	10,398,637.99	957,981.72	17,322,491.38	2,668,723.63
Communication and Utilities	634,675.64	868,934.30	927,903.28	15,877,903.15	621,299.21
Repairs and Maintenance	277,613.59	1,698,382.09	324,635.63	5,006,100.26	249,718.71
Rentals and Leases	583,920.33	1,481,258.78	5,535,308.94	8,934,383.19	1,401,055.29
Printing and Reproduction	169,121.95	232,963.02	438,610.20	903,501.78	472,578.61
Depreciation and Amortization	-	-	-	-	-
Interest	1,106.08	10,566.45	22,377.08	6,004.88	15,060.01
Scholarships	2,298,745.18	912,583.18	36,723.73	3,162,963.21	361,927.57
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	868,223.65	25,092,076.60	994,485.43	11,661,704.18	7,710,571.61
<u>Total Operating Expenses</u>	<u>\$ 403,249,585.69</u>	<u>\$ 182,691,935.32</u>	<u>\$ 43,851,818.26</u>	<u>\$ 268,472,347.00</u>	<u>\$ 66,114,115.28</u>

Unaudited

University of Houston System (797)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

<u>Institutional Support</u>	<u>Operation and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation and Amortization</u>	<u>Total FY2022</u>	<u>Total FY2021</u>
\$ -	\$ -	\$ -	\$ 1,021,767.26	\$ -	\$ 2,127,385.55	\$ 1,211,637.05
69,425,416.93	31,370,861.05	838,180.70	52,367,407.35	-	720,904,437.19	696,287,684.78
27,659,263.89	13,170,983.72	24,635.80	18,854,758.08	-	228,544,229.60	273,645,558.82
10,169,982.47	12,017,092.99	561,510.40	40,701,097.29	-	148,822,014.13	123,300,062.62
-	-	-	-	-	3,123,197.87	2,603,488.29
-	-	-	-	-	41,779.24	120,392.15
458,183.62	40,915.96	18,995.44	5,682,090.67	-	11,958,862.10	4,349,800.19
3,488,301.40	2,958,841.07	11,657.54	6,510,648.36	-	46,415,501.07	32,663,515.07
1,599,623.06	10,019,228.14	84.50	8,107,911.06	-	38,657,562.34	43,972,944.15
1,874,556.00	4,571,130.21	86.58	1,502,932.68	-	15,505,155.75	17,034,909.53
3,474,710.80	725,081.64	3,986.50	1,655,778.89	-	23,795,484.36	28,194,781.38
639,108.21	42,725.30	10,096.00	415,868.86	-	3,324,573.93	2,627,637.75
-	-	-	-	137,317,182.24	137,317,182.24	126,108,134.02
27,694.99	22,592.85	-	25,499.40	-	130,901.74	117,503.10
4,031,430.14	900.00	157,445,148.20	1,826,243.79	-	170,076,665.00	152,295,712.27
969,423.84	-	-	-	-	970,923.84	1,342,038.74
7,600,205.92	779,684.16	87,773.05	33,969,802.31	-	88,764,526.91	138,056,186.05
<u>\$ 131,417,901.27</u>	<u>\$ 75,720,037.09</u>	<u>\$ 159,002,154.71</u>	<u>\$ 172,643,306.00</u>	<u>\$ 137,317,182.24</u>	<u>\$ 1,640,480,382.86</u>	<u>\$ 1,643,931,985.96</u>

Unaudited

University of Houston System (797)
 Combined Statement of Cash Flows
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Cash Flows From Operating Activities		
Receipts from Customers	\$ 106,599,355.77	\$ 103,639,165.39
Proceeds from Tuition and Fees	564,151,566.35	580,363,134.79
Proceeds from Research Grants and Contracts	303,615,028.27	229,901,311.34
Proceeds from Loan Programs	149,615,220.71	135,030,012.90
Proceeds from Auxiliaries	99,511,848.09	48,889,630.11
Proceeds from a Defined Benefit Pension Plan	173,167,586.00	51,918,830.00
Proceeds from a Defined Benefit OPEB Plan	49,736,562.00	120,511,601.00
Proceeds from Other Revenues	4,899,349.67	3,401,696.15
Payments to Suppliers for Goods and Services	(289,551,849.81)	(248,385,509.63)
Payments to Employees for Salaries	(722,264,137.01)	(689,891,841.11)
Payments to Employees for Benefits	(144,677,847.64)	(145,176,084.07)
Payments for Loans Provided	(151,285,955.67)	(132,596,477.33)
Payments for a Defined Benefit Pension Plan	(173,167,586.00)	(51,918,830.00)
Payments for a Defined Benefit OPEB Plan	(49,768,036.00)	(120,546,743.00)
Payments for Other Expenses	(257,313,245.12)	(286,028,878.68)
Net Cash Provided (Used) by Operating Activities	(336,732,140.39)	(400,888,982.14)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	413,381,991.55	401,821,697.42
Proceeds from Gifts	76,837,461.62	65,348,037.07
Proceeds from Endowments	39,759,829.35	31,132,396.73
Proceeds of Transfers from Other Funds	34,232,918.85	87,057,896.50
Proceeds from Grants	203,287,559.35	172,659,627.98
Payments for Transfers to Other Funds	(244,845.20)	(8,708,969.84)
Net Cash Provided (Used) by Noncapital Financing Activities	767,254,915.52	749,310,685.86
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	430,620,000.00	49,545,000.00
Proceeds from Other Financing Activities	120,977,828.77	62,465,365.01
Payments for Additions to Capital Assets	(213,517,412.62)	(177,851,665.12)
Payments of Principal on Debt Issuance	(92,685,000.00)	(126,900,000.02)
Payments for Capital Lease	(4,561,956.59)	(559,321.65)
Payments of Interest on Debt Issuance	(46,028,709.03)	(45,591,841.78)
Payments of Other Costs on Debt Issuance	(63,780,147.88)	(83,125,252.97)
Net Cash Provided (Used) by Capital and Related Financing Activities	131,024,602.65	(322,017,716.53)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	1,906,812,339.92	1,162,139,065.17
Proceeds from Interest Income	29,361.01	194,464.78
Proceeds from Investment Income	84,149,627.07	120,507,018.13
Payments to Acquire Investments	(2,326,913,920.37)	(1,185,889,026.71)
Net Cash Provided (Used) by Investing Activities	(335,922,592.37)	96,951,521.37

Unaudited

University of Houston System (797)
 Combined Statement of Cash Flows
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 225,624,785.41	\$ 123,355,508.56
Cash and Cash Equivalents, September 1	677,648,318.08	554,292,809.52
Restatements	(18,809,809.38)	
Cash and Cash Equivalents, August 31	\$ 884,463,294.11	\$ 677,648,318.08
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(580,335,228.15)	(626,163,568.05)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Pension Expense	8,249,517.00	44,284,429.00
OPEB Expense	106,012,495.00	109,347,904.00
Depreciation and Amortization Expense	137,317,182.24	126,108,134.02
Operating Income and Cash Flow Categories: Classification Differences	(1,670,734.96)	2,433,535.57
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	(4,514,143.00)	(70,064,890.26)
(Increase) Decrease in Inventories	167,199.20	(266,750.69)
(Increase) Decrease in Prepaid Expenses	7,209,234.13	2,603,309.63
(Increase) Decrease in Other Assets	19,785,798.82	(2,010,070.51)
(Increase) Decrease in DOR - Pensions	34,125,609.00	39,278,089.00
(Increase) Decrease in DOR - OPEB	109,885,484.00	120,585,415.00
Increase (Decrease) in Payables	(6,328,517.40)	(1,271,298.96)
Increase (Decrease) in Deferred Income	(6,995,163.14)	24,102,116.21
Increase (Decrease) in Compensated Absences	(1,449,610.04)	1,093,499.75
Increase (Decrease) in Benefits Payable	(1,359,699.82)	6,395,843.67
Increase (Decrease) in Liabilities to Employees for Defined Benefit Pensions	(173,167,586.00)	(51,918,830.00)
Increase (Decrease) in Liabilities to Employees for Defined Benefit OPEB	(49,768,036.00)	(120,546,743.00)
Increase (Decrease) in Other Liabilities	5,947,966.23	8,810,324.48
Increase (Decrease) in Deferred Inflows of Resources-Leases	10,209,057.50	0.00
Increase (Decrease) in Deferred Inflows of Resources-Pensions	112,466,003.00	(10,984,646.00)
Increase (Decrease) in Deferred Inflows of Resources-OPEB	(62,518,968.00)	(2,704,785.00)
Total Adjustments	243,603,087.76	225,274,585.91
Net Cash Provided (Used) by Operating Activities	\$ (336,732,140.39)	\$ (400,888,982.14)
Non Cash Transactions		
Net Change in Fair Value of Investments	(176,095,783.56)	153,033,608.12
Non Cash Transactions	\$ (176,095,783.56)	\$ 153,033,608.12

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**UNIVERSITY OF HOUSTON SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

NOTE 1: Summary of Significant Accounting Policies

Entity

The University of Houston System (the System) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

The System serves the state as the primary provider of educational and cultural opportunities, skilled employers and leaders, technical knowledge, and innovative research to the Houston metropolitan area and the Gulf Coast region. Houston and the upper Gulf Coast region represent approximately one fourth of the state's population and economy.

The System includes within this report all components as determined by an analysis of their relationship to the System as listed below.

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

GASB STATEMENTS IMPLEMENTED IN FISCAL YEAR 2022

GASB Statement No. 87, Leases, implemented in FY2022, established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This required recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Reporting Consideration for COVID-19 Response

The CARES Act establishes and funds the Higher Education Emergency Relief Fund (HEERF). Sections 18004(a)(1) and 18004(c) of the CARES Act, which address the HEERF, allow institutions of higher education to use up to 50 percent of the funds they receive to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus.

As of August 31, 2022, The University of Houston System used these funds to provide additional emergency financial aid grants to students, reimbursements and waivers for tuition, housing, room and board and other fee refunds for students; as well as providing additional technology hardware to students, such as laptops, or tablets, or covering the added cost of technology fees. These funds were additionally used for campus safety and operations; for purchasing, leasing or renting additional instructional equipment and supplies in order to reduce the number of students sharing equipment or supplies during a single class period and to provide time for disinfection between uses; as well as to enable distance learning, or upgrading campus Wi-Fi access or extending open networks to parking lots or open spaces. The System also expended funds to establish Spanish communications on the University website as well as expenses for staff to deliver customer services to students remotely.

The accompanying financial statements and related information have been prepared in conformity with the instructions contained in the State Comptroller's manual, *Reporting Requirements for Annual Financial Reports of State Agencies and Universities*. The instructions and the accompanying report are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing a Comprehensive Annual Financial Report for the State of Texas. Since the System's annual financial report is not subject to a separate financial audit, certain information, such as Management's Discussion and Analysis and a complete set of Government-Wide Financial Statements,

are not included in the accompanying report. The System's financial statements are considered to be materially accurate in all respects.

Blended Component Units

No component units have been identified which should have been blended into an appropriated fund.

Discretely Presented Component Units

These component units are legally separate from the state, but are financially accountable to the state, or have a relationship with the state, such that exclusion would cause the financial statements to be misleading or incomplete. The component unit columns of the financial statements include the financial data of these entities.

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

Fund Structure

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

Governmental Fund Types & Government-Wide Adjustment Fund Types

General Fund

The General Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

Debt Service Funds

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds

Capital Project funds are used to account for financial resources used for the acquisition, repair, renovation or construction of major capital facilities (other than those financed by proprietary or similar trust funds).

Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state's programs.

Capital Asset Adjustment Fund Type

The Capital Asset Adjustment fund type will be used to convert governmental fund type capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment fund type will be used to convert governmental fund type debt from modified accrual to full accrual.

Other Adjustments Fund Type

The Other Adjustments fund type will be used to convert all other governmental fund type activity from modified accrual to full accrual.

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria is met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Internal Service Funds

Internal Service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a governmental unit, or to other governmental units within the state, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. When assets are held under the terms of a formal trust agreement, either a pension trust fund or a private purpose trust fund is used.

Pension Trust Funds

Pension trust funds are used to account for resources held in trust for the member and beneficiaries of defined benefit pension plans. A separate pension trust fund is used for each separate pension plan. Separate pension trust funds also may be established to account for supplemental pension benefits.

External Investment Trust Funds

External investment trust funds are used to account for the state's external portion of investment pools reported by the sponsoring government.

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private-Purpose Trust Funds

Private-purpose trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments.

Component Units

The fund types of individual discrete component units are available from the component units' separately issued financial statements. Additional information about component units can be found in Note 19.

Governmental Component Units are used to account for discretely presented component units that follow governmental fund accounting principles.

Proprietary Component Units are used to account for the discretely presented component units which follow proprietary fund measurement focus and accounting principles.

Business-Type Activities

The operations of universities are considered to be a Business-Type Activity. The System charges fees to external users for goods and services. Consequently, the accompanying financial statements are presented using the proprietary fund type structure.

Basis of Accounting

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for by using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation, unpaid employee compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, long-term claims and judgments, and full accrual revenues and expenses. The activity will be recognized in these fund types.

Proprietary funds, pension trust funds, external investment trust funds, and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Operating expenses for the enterprise and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Budget and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act).

Additionally, the System prepares an annual budget which represents anticipated sources of revenues and authorized uses. This budget is approved by the System's Board of Regents.

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

Assets, Liabilities, Deferred Inflows and Outflows and Fund Balances/Net Position

ASSETS

Cash and Cash Equivalents

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

Securities Lending Collateral

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

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

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and

revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories and Prepaid Items

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

Capital Assets

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

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

Current Receivables - Other

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

Non-Current Receivables - Other

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

LIABILITIES

Accounts Payable

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

Current Payables - Other

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

Non-Current Payables - Other

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

Employees' Compensable Leave Balances

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

Lease Liabilities

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent.

Bonds Payable - General Obligation Bonds

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

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

Bonds Payable - Revenue Bonds

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

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period, and have a positive effect on net position, similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period, and have a negative effect on net position, similar to liabilities. Additional details are provided in Note 28 – Deferred Outflows of Resources and Deferred Inflows of Resources.

FUND BALANCE/NET POSITION

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

Reservations of Fund Balance

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

Reserved for Encumbrances

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

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

Invested In Capital Assets, Net Of Related Debt

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

Restricted Net Position

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

Unrestricted Net Position

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

INTERFUND ACTIVITIES AND BALANCES

The System has the following types of transactions between funds:

Transfers

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, it is classified as Current. Repayment for two (or more) years is classified as Non-Current.

Interfund Sales and Purchases

Charges or collections for services rendered by one fund to another are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the System's interfund activities and balances are presented in Note 12.

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NOTE 2: Capital Assets

A summary of changes in Capital Assets for the year ending August 31, 2022 is presented in Table 2.

Table 2 - Capital Assets

	University of Houston System						Balance 09/31/22
	Balance 09/01/21	Inc-Int'ngy Trans	Dec-Int'ngy Trans	Adjustments	Completed CIP	Additions	
Business-Type Activities:							
Non-Depreciable/Non-Amortizable Assets							
Land & Land Improvements	\$ 145,086,735.06	\$ -	\$ -	\$ -	\$ 756,273.00	\$ 7,264,740.50	\$ -
Construction in Progress	201,898,735.24	-	-	-	(149,468,464.14)	160,557,647.94	-
Other Tangible Capital Assets	3,139,385.81	-	-	-	-	51,575.00	(3,115.84)
Other Intangible Capital Assets	1.00	-	-	-	-	-	-
Total Non-Depreciable and Non-Amortizable Assets	350,134,857.11	-	-	-	(148,712,191.14)	167,873,963.44	(3,115.84)
Depreciable Assets							
Buildings & Building Improvements	2,500,275,394.11	-	-	-	136,891,562.57	2,608,732.21	-
Infrastructure	68,509,356.25	-	-	-	358,874.52	1,075,821.47	-
Facilities & Other Improvements	388,138,416.85	-	-	-	11,461,754.05	2,000.00	-
Furniture & Equipment	307,812,215.05	63,765.88	-	-	459,027.38	22,762,269.90	(8,766,049.36)
Vehicle, Boats & Aircraft	9,485,810.64	265,934.00	-	-	-	1,332,584.97	(125,875.70)
Other Capital Assets	177,424,831.74	-	-	-	15,000.00	5,406,918.57	(1,024,826.92)
Total Depreciable Assets	3,451,646,024.64	329,699.88	-	-	148,712,191.14	33,189,327.12	(9,916,751.98)
Less Accumulated Depreciation For:							
Buildings & Building Improvements	(1,145,468,611.51)	-	-	-	-	(91,401,457.10)	-
Infrastructure	(46,347,369.24)	-	-	-	-	(1,422,609.00)	-
Facilities & Other Improvements	(110,330,582.91)	-	-	-	-	(14,958,388.53)	-
Furniture & Equipment	(242,836,693.03)	(35,308.56)	-	-	(381,452.45)	(19,669,590.02)	8,387,418.59
Vehicle, Boats & Aircraft	(6,940,906.96)	(79,780.20)	-	-	-	(777,613.03)	123,451.98
Other Capital Assets	(128,782,877.53)	-	-	-	(15,000.00)	(6,533,169.31)	1,020,655.58
Total Accumulated Depreciation	(1,680,707,041.18)	(115,088.76)	-	-	(396,452.45)	(134,762,796.99)	9,531,506.15
Depreciable Assets, Net	1,770,938,983.46	214,611.12	-	-	148,712,191.14	(101,573,469.87)	(385,245.83)
Amortizable Assets-Intangible							
Computer Software	49,816,055.02	-	-	-	-	-	-
Other Intangible Capital Assets	-	-	-	-	-	-	-
Total Amortizable Assets-Intangible	49,816,055.02	-	-	-	-	-	(212,814.60)
Less Accumulated Amortization For:							
Computer Software	(47,566,844.96)	-	-	-	-	(630,836.32)	212,814.60
Other Intangible Capital Assets	-	-	-	-	-	-	-
Total Accumulated Amortization	(47,566,844.96)	-	-	-	-	(630,836.32)	212,814.60
Amortizable Assets-Intangible, Net	2,249,210.06	-	-	-	-	(630,836.32)	-
Total Business-Type Activities - Capital Assets, Net	\$ 2,123,323,050.63	\$ 214,611.12	\$ -	\$ 214,611.12	\$ 0.00	\$ 65,669,657.25	\$ (388,361.67)
							\$ 2,188,896,532.26

University of Houston System (797)

NOTE 2: Intangible Right to Use Assets - Business Type Activities

In accordance with the implementation of GASB 87, leased assets are presented separately in Note 2. A summary of changes in RTU Assets for the year ending August 31, 2022 is presented below:

Table for Intangible RTU Assets:

	University of Houston System				
Business-Type Activities:	Balance 09/01/21	Adjustments	Additions	Deletions	Balance 08/31/22
Amortizable Assets-IRTU:					
Buildings & Building Improvements	-	-	8,021,739.07	-	8,021,739.07
Facilities & Other Improvements	-	-	-	-	-
Land & Land Improvements	-	-	-	-	-
Infrastructure	-	-	-	-	-
Equipment	-	-	4,627,787.31	-	4,627,787.31
Vehicles	-	-	-	-	-
Total Amortizable RTU Assets	-	-	12,649,526.38	-	12,649,526.38
Less Accumulated Amortization For:					
Buildings & Building Improvements	-	-	(1,540,524.72)	-	(1,540,524.72)
Facilities & Other Improvements	-	-	-	-	-
Land & Land Improvements	-	-	-	-	-
Infrastructure	-	-	-	-	-
Equipment	-	-	(383,024.21)	-	(383,024.21)
Vehicles	-	-	-	-	-
Total Accumulated Amortization	-	-	(1,923,548.93)	-	(1,923,548.93)
Business-Type Activities - RTU Assets, Net	-	-	10,725,977.45	-	10,725,977.45

NOTE 3: Deposits, Investments, & Repurchase Agreements

There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2022, the carrying amount of deposits was \$ (18,235,042.17) as presented below:

<u>Governmental and Business-Type Activities</u>	
Cash in Bank-Carrying Amount	\$ (18,235,042.17)
Total Cash in Bank per Annual Financial Report	<u>\$ (18,235,042.17)</u>
<u>Reconciliation of Cash per Annual Financial Report</u>	
Proprietary Funds, Current Assets, Cash in Bank	48,594,092.50
Proprietary Funds, Current Assets, Restricted Cash in Bank	<u>\$ (66,829,134.67)</u>
Cash in Bank per Annual Financial Report	<u>\$ (18,235,042.17)</u>

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

As of August 31, 2022, the total bank balance was as follows:

Governmental and Business-Type Activities	\$ 569,656.00
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Custodial Credit Risk – The System has no deposits that are at risk of recovery due to the failure of a depository financial institution.

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

Investments

As of August 31, 2022, fair value of investments were:

<u>Governmental and Business-Type Activities</u>	Fair Value Hierarchy			Net Position Value	Fair Value
	Level 1 Inputs	Level 2 Inputs	Level 3 Input		
U.S. Government Agency Obligations	145,783,673.02	-	-	-	145,783,673.02
U.S. Treasury Securities	448,086,962.21	-	-	-	448,086,962.21
Corporate Obligations	134,019,349.01	-	-	-	134,019,349.01
Equities	47,032,962.99	-	-	117,221,195.77	164,254,158.76
International Equities	-	11,743,989.00	-	167,011,697.20	178,755,686.20
Fixed Income Money Market & Bond Mutual Funds	733,908,313.79	-	-	-	733,908,313.79
Other Commingled Funds (TexPool)	-	-	-	96,795,044.76	96,795,044.76
Other Commingled Funds	-	-	-	108,041,757.71	108,041,757.71
Externally Managed Investments-Domestic	45,600,500.85	5,033,382.83	-	191,241,635.59	241,875,519.27
Externally Managed Investments-International	12,005,771.00	-	-	272,423,850.48	284,429,621.48
Real Estate	-	-	-	-	-
Miscellaneous Investments	2,036,748.80	-	-	-	2,036,748.80
Total Investments	<u>1,568,474,281.67</u>	<u>16,777,371.83</u>	-	<u>952,735,181.51</u>	<u>2,537,986,835.01</u>

Reconciliation of Investments per Annual Financial Statements

Proprietary Funds, Current Assets, Cash Equivalents	\$ 730,894,767.16
Proprietary Funds, Current Assets, Short-Term Investments	204,070,486.85
Proprietary Funds, Non-Current Assets, Investments	<u>1,603,021,581.00</u>
Investments per Annual Financial Statements	<u>\$ 2,537,986,835.01</u>

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

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

Credit Risk (Investments) – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of the System limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% of total investments. As of August 31, 2022, the System had no direct investment in securities with credit risk exposure that exceeded its policy limit. As of August 31, 2022, the System’s credit quality distribution for securities with credit risk exposure was:

Investments as Rated by Standard & Poor’s

Fund Type	GAAP Fund	Investment Type	AAAf	AAAm	AAf	Af	BBBf	NR
05	9999	US Govt Agency Obligations	\$145,647,157.66					
		Corporate Obligations	\$13,387,940.74		\$28,103,658.43	\$27,726,747.08	\$45,319,004.90	\$18,966,940.24
		Miscellaneous Investments	\$80,872.00		\$1,934,989.87			

Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2022, the System’s concentration of credit risk in any single issuer did not exceed 5% of total investment assets as reported on the Statement of Net Position.

Reverse Repurchase Agreements

The System has no investments in reverse repurchase agreements.

Securities Lending

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

NOTE 4: Short-Term Debt

In the prior fiscal year, the System issued no commercial paper (Consolidated Revenue Commercial Paper Program, Series A). Additional commercial paper was issued during fiscal year 2022, the proceeds of which were used to provide interim financing for renovation and construction projects.

Table 4 – Commercial Paper Activity

Business-Type Activities	Balance 9/01/21	Additions	Reductions	Balance 8/31/22
Commercial Paper	\$ 35,810,000.00	\$ 13,388,000.00	\$ 14,460,000.00	\$ 34,738,000.00

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

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

During the year ended August 31, 2022, the following changes, presented in Table 5.1, occurred in liabilities:

Table 5.1 – Long-Term Liabilities

Business- Type Activities	Balance 9/1/21	Additions	Reductions	Other Changes	Balance 8/31/22	Due Within 1 Year	Due Thereafter
Claims and Judgments	\$ 85,251.35	\$ 2,098,423.42	\$ 970,923.84	\$ 0.00	\$ 1,212,750.93	\$ 1,212,750.93	\$ 0.00
Right to Use Lease Obligations	0.00	12,649,526.38	1,757,075.85	0.00	10,892,450.53	1,577,228.65	9,315,221.88
Notes & Loans – Direct Placements	0.00	0.00	564,240.58	4,561,956.59	3,997,716.01	568,107.91	3,429,608.10
Employee Compensable Leave	34,406,436.31	15,802,950.19	17,252,560.23	0.00	32,956,826.27	16,491,595.93	16,465,230.34
Revenue Bonds Payable	1,575,166,474.21	430,620,000.00	92,685,000.00	44,267,641.19	1,957,369,115.40	86,750,633.39	1,870,618,482.01
Total	\$ 1,609,658,161.87	\$ 461,170,899.99	\$ 113,229,800.50	\$ 48,829,597.78	\$ 2,006,428,859.14	\$ 106,600,316.81	\$ 1,899,828,542.33

Claims and Judgments

At August 31, 2022, various lawsuits and claims involving the System were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against the System cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not expected to have a material effect on System accounts.

Leases

See Note 8 for detailed lease note disclosure requirements.

Notes and Loans Payable

As of August 31, 2022, the System made an adjustment, recording the balance of the capital lease previously recorded in Note 8.

Employees' Compensable Leave

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

Full-time state employees earn annual leave from eight to twenty-one hours per month depending on the respective employees' years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Accrued leave in excess of the normal maximum was converted to sick leave at the conclusion of fiscal year 2022. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed.

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

Lump sum payments made to employees, who separated from state service during the 2022 fiscal year, for accrued vacation and compensatory leave totaled \$ 5,324,499.53.

Revenue Bonds Payable

See Note 6 for required Revenue Bond disclosures.

NOTE 6: Bonded Indebtedness

Bonds Payable

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

Revenue Bonds

At August 31, 2022, the System had no bonds payable classified as Revenue Bonds.

General Obligation Bonds

At August 31, 2022, the System had no bonds payable classified as General Obligation Bonds.

Refunding Bonds

- **Consolidated Revenue and Refunding Bonds, Series 2011-A**
 - To (a) refund and defease \$78,195,000 of outstanding Consolidated Revenue Bonds, Series 2002-A and \$9,255,000 of Consolidated Revenue Refunding Bonds, Series 2002-B and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of the University Center, Quadrangle, Moody Towers, Cougar Place, Cougar Village 2, Radio Station, Parking Garage 1A, and various buildings at UH Energy Research Park (UH) and Residential Housing (UHV).
 - Issued 12-29-2011.
 - \$265,500,000; all bonds authorized have been issued (\$75,640,000 refunding bonds: UH - \$35,921,187.96, UHCL - \$18,691,900.89, UHD - \$9,487,588.77, and UHV - \$11,539,322.38; and \$189,860,000 revenue bonds: UH - \$179,785,000 and UHV - \$10,075,000).
 - Source of revenue for debt service - Tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.464013%.

- Net proceeds from refunding series - \$89,366,528.00, after receipt of bond premium of \$12,525,317.05 and additional available funds of \$1,427,621.11 and payment of \$226,410.16 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2002-A and 2002-B series bonds, after they were called for early redemption on 02-15-2012.
 - The 2002-A and 2002-B series bonds maturing subsequent to 02-15-2012 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2002-A and 2002-B series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$12,683,166.71.
 - Economic gain - \$11,417,870.29; the difference between the net present value of the old and new debt service payments.
 - Outstanding bonds maturing subsequent to 02-15-2016 totaling \$7,360,000 were extinguished early by using existing assets.
 - Outstanding bonds maturing subsequent to 02-15-2033 totaling \$750,000 were extinguished early by using existing assets.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY18 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2011A series bonds that mature subsequent to 02-15-2022 totaling \$121,595,000, after they are called for early redemption on 02-15-2021.
- **Consolidated Revenue and Refunding Bonds, Series 2011-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance construction costs for West Dining Hall and renovation of the University Center (UH).
 - Issued 12-29-2011.
 - \$21,310,000; all bonds authorized have been issued (UH – \$21,310,000).
 - Source of revenue for debt service – Designated tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY20 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2011B series bonds that mature subsequent to 02-15-2025 totaling \$10,710,000, after they are called for early redemption on 02-15-2021.
- **Consolidated Revenue and Refunding Bonds, Series 2013-A**
 - To (a) refund and defease \$5,175,000 of Consolidated Revenue Refunding Bonds, Series 2003; \$16,355,000 of Consolidated Revenue Bonds, Series 2005; and \$10,415,000 of Consolidated Revenue and Refunding Bonds, Series 2006, and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of the Girard Street Parking Garage (UHD); Jaguar Court Residence Facility (UHV); and UH Energy Research Park renovations and improvements (UH); and (b) to defease certain outstanding commercial paper notes of the System.
 - Issued 9-17-2013.
 - \$50,155,000; all bonds authorized have been issued (\$30,110,000 refunding bonds: UH - \$20,335,000, UHD – \$9,605,000, and UHV – \$170,000; and \$20,045,000 revenue bonds: UH – \$10,045,000, UHD – \$6,035,000, and UHV – \$3,965,000).
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.74%.
 - Net proceeds from refunding series - \$33,077,545.71, after receipt of bond premium of \$3,186,375.65 and payment of \$218,829.94 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2003, 2005, and 2006 series' bonds, after they were called for early redemption on 02-15-2015.
 - The advance refunded 2003, 2005, and 2006 series' bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.

- Refunding of the 2003, 2005, and 2006 series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$3,116,482.36.
 - Economic gain - \$2,640,370.82; the difference between the net present value of the old and new debt service payments.
 - Accounting Loss (deferred outflow of resources) - \$515,099.28; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY22 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2013A series bonds that mature subsequent to 02-15-2022 totaling \$18,160,000, after they are called for early redemption on 08-01-2022.
- **Consolidated Revenue and Refunding Bonds, Series 2013-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance the construction of a Football Stadium (UH), a Multidisciplinary Research and Engineering Building (UH), UH Energy Research Park renovations and improvements (UH), and Jaguar Court Residence Facility (UHV).
 - Issued 9-17-2013.
 - \$102,420,000; all bonds authorized have been issued (UH – \$101,200,000 and UHV – \$1,220,000).
 - Source of revenue for debt service – Designated tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Sufficient funds from proceeds of advance refunding bonds were deposited in FY20 with an escrow agent to provide for full payment of certain outstanding obligations related to the 2013B series bonds that mature subsequent to 02-15-2029 totaling \$37,805,000, after they are called for early redemption on 02-15-2022.
- **Consolidated Revenue Refunding Bonds, Series 2014**
 - To refund \$18,385,000 of Consolidated Revenue Bonds, Series 2006; and \$32,715,000 of Consolidated Revenue and Refunding Bonds, Series 2006.
 - Issued 11-18-2014.
 - \$47,915,000; all bonds authorized have been issued (UH – \$29,525,000, UH – \$17,765,000, and UHV – \$625,000).
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.67%.
 - Net proceeds from refunding series - \$52,309,205.77, after receipt of bond premium of \$5,037,241.05 and payment of \$643,035.28 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2006 series bonds, after they were called for early redemption on 02-15-2015.
 - The advance refunded 2006 series bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2006 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$9,051,334.58.
 - Economic gain - \$7,400,593.85; the difference between the net present value of the old and new debt service payments.
 - Accounting gain (deferred inflow of resources) - \$445,456.16; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2016-A**
 - To (a) refund and defease \$67,525,000 of Consolidated Revenue and Refunding Bonds, Series 2008; and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of Sophomore housing facilities – 3200 N. Ben Wilson Residence Facility (UHV), and (b) to defease certain outstanding commercial paper notes of the System.
 - Issued 2-16-2016.

- \$100,650,000; all bonds authorized have been issued (\$63,605,000 refunding bonds: UHSA - \$10,260,000, UH - \$49,480,000, and UHV - \$3,865,000; and \$37,045,000 revenue bonds: UH - \$21,290,000, UHSA - \$6,910,000, and UHV - \$8,845,000).
 - Source of revenue for debt service – Designated Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Average interest rate of bonds refunded - 5.106634%.
 - Net proceeds from refunding series - \$73,326,358.81 after receipt of bond premium of \$10,146,107.80 and payment of \$424,748.99 in underwriting fees, insurance, and other issuance costs.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2008 series bonds maturing subsequent to 02-15-2019, after they are called for early redemption on 02-15-2018.
 - The advance refunded 2008 series bonds maturing subsequent to 02-15-2019 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2008 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$11,368,241.94.
 - Economic gain - \$9,431,071.76; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred outflow of resources) - \$3,725,515.23; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2016-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance a portion of the Multidisciplinary Research and Engineering Building (UH); the Science, Technology, Engineering, and Mathematics Building (UHCL); and the Health and Biomedical Building 2 (UH).
 - Issued 2-16-2016.
 - \$184,350,000; all bonds authorized have been issued (UH - \$120,300,000 and UHCL - \$64,050,000).
 - Source of revenue for debt service – Designated tuition and various other fees, revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriations–Tuition Revenue Bonds.)
- **Consolidated Revenue and Refunding Bonds, Series 2017-A**
 - To (a) advance refund and defease \$38,400,000 of Consolidated Revenue Refunding Bonds, Series 2008; \$50,325,000 of Consolidated Revenue and Refunding Bonds, Series 2009; and \$12,840,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System; and (c) to defease certain outstanding commercial paper notes of the System.
 - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston – System Administration, University of Houston, University of Houston – Clear Lake, University of Houston – Downtown, and University of Houston – Victoria.
 - Issued 2-16-2018.
 - \$379,450,000; all bonds authorized have been issued; (a) \$93,460,000 refunding bonds: Series 2008: UHSA - \$265,000, UH - \$35,300,000, and UHV - \$95,000; Series 2009: UH - \$41,990,000, and UHCL - \$4,165,000; and Series 2009A: UH - \$11,645,000; and (b) \$285,990,000 new money revenue bonds: UHSA - \$40,920,000, UH - \$47,180,000, UHCL - \$53,830,000, UHD - \$84,750,000 and UHV - \$59,310,000.
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 4.971035%.
 - Net proceeds from refunding series - \$108,438,040.58, after receipt of \$93,460,000 par value, plus receipt of the bond premium of \$15,956,653, and payment of \$978,612.42 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2008, 2009, and 2009A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$14,322,761.90.

- Economic gain - \$10,020,739.63; the difference between the net present value of the old and new debt service payments.
- Accounting loss (deferred outflow of resources) - \$2,300,255.73; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2017-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the commercial paper note above, the proceeds were used to finance the Basketball Arena (UH) and Football Stadium (UH).
 - Issued 2-16-2018.
 - \$11,635,000; all bonds authorized have been issued (UH – \$11,635,000).
 - Source of revenue for debt service – Designated tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
- **Consolidated Revenue and Refunding Bonds, Series 2017-C**
 - To (a) advance refund and defease \$9,925,000 of Consolidated Revenue Refunding Bonds, Series 2009; \$22,095,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; and \$121,595,000 of Consolidated Revenue and Refunding Bonds, Series 2011A; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System and (c) to defease certain outstanding commercial paper notes of the System.
 - In addition to the defeasement of the commercial paper noted above, the proceeds were used to finance the Quad new residential housing and new Parking Garage 5 (UH), Freshman new residential housing (UHCL), and campus expansion (UHV).
 - Issued 12-21-2017.
 - \$320,635,000; all bonds authorized have been issued; (a) \$150,685,000 refunding bonds: Series 2009: UH – \$9,130,000, and UHCL – \$525,000; Series 2009A: UH – \$22,720,000; and Series 2011A: UH – \$111,720,000; and UHV – \$6,590,000 and (b) \$169,950,000 new money revenue bonds: UH – \$142,940,000, UHCL – \$21,320,000, and UHV – \$5,690,000.
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded - 3.69%.
 - Net proceeds from refunding series - \$165,811,307.74 after receipt of \$150,685,000 par value, plus receipt of the bond premium of \$16,137,005.30, and payment of \$1,010,697.56 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2009, 2009A, and 2011A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$24,628,909.00.
 - Economic gain - \$17,123,196.00; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred outflow of resources) - \$744,303.44; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2020-A**
 - To (a) advance refund and defease \$13,230,000 of Consolidated Revenue Refunding Bonds, Series 2008; \$1,950,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; and \$63,275,000 of Consolidated Revenue and Refunding Bonds, Series 2010B; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System; and (c) to defease certain outstanding commercial paper notes of the System.
 - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston, University of Houston – Downtown, and University of Houston – Victoria.
 - Issued 2-19-2020.

- \$320,635,000; all bonds authorized have been issued; (a) \$68,255,000 refunding bonds: Series 2008: UHSA – \$375,000, UH – \$11,070,000, and UHV – \$135,000; Series 2009A: UH – \$1,640,000; and Series 2010B: UH – \$51,500,000 and UHV – \$3,535,000; and (b) \$252,380,000 new money revenue bonds: UH – \$210,615,000, UHD – \$31,545,000, and UHV – \$10,220,000.
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded – 3.968953%.
 - Net proceeds from refunding series - \$78,788,387.21, after receipt of \$68,255,000 par value, plus receipt of the bond premium of \$10,758,186.25, and payment of \$224,799.04 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2008, 2009A, and 2010B series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$15,204,230.00.
 - Economic gain - \$12,862,320.00; the difference between the net present value of the old and new debt service payments.
 - Accounting gain (deferred inflow of resources) - \$434,718.51; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2020-B**
 - To (a) refund and defease \$3,955,000 of outstanding Consolidated Revenue Bonds, Series 2008; \$16,285,000 of Consolidated Revenue Bonds, Series 2010A; \$10,710,000 of Consolidated Revenue Bonds, Series 2011B; and \$37,805,000 of Consolidated Revenue Bonds, Series 2013B; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of the Fertitta Center, Hilton Expansion, and the Auxillary Retail Center (UH).
 - Issued 2-19-2020.
 - \$162,625,000; all bonds authorized have been issued (\$71,835,000 refunding bonds: UH – \$71,490,000 and UHV – \$345,000; and \$90,790,000 revenue bonds: UH - \$90,790,000).
 - Source of revenue for debt service – Designated tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Average interest rate of bonds refunded – 2.511015%.
 - Net proceeds from refunding series – \$71,807,589.51, after receipt of \$71,835,000 par value plus receipt of the bond premium of \$427,770.55, and payment of \$455,181.04 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2008, 2010-A, 2011-B, and 2013-B series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$17,709,151.
 - Economic gain - \$14,089,063; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred outflow of resources) - \$2,536,780.29; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue Refunding Bonds, Series 2021-A**
 - To refund \$16,605,000 of Consolidated Revenue and Refunding Bonds, Series 2011A.
 - Issued 04-07-2021.
 - \$16,425,000; all bonds authorized have been issued (UH – \$15,392,000, and UHV – \$1,033,000).
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Average interest rate of bonds refunded – 2.000000%.
 - Net proceeds from refunding series - 16,803,337.50, after receipt of bond premium of \$643,722.85 and payment of \$265,385.35 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 2011A series bonds, after they were called for early redemption on 05-11-2021.
 - The advance refunded 2011A series bonds maturing subsequent to 02-15-2031 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2011A series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$6,004,800.

- Economic gain - \$5,448,107.01; the difference between the net present value of the old and new debt service payments.
 - Accounting gain (deferred inflow of resources) - \$3,083,859.57; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue Refunding Bonds, Series 2021-B**
 - To refund \$2,870,000 of Consolidated Revenue and Refunding Bonds, Series 2011B; and \$28,920,000 of Consolidated Revenue and Refunding Bonds, Series 2013B.
 - Issued 04-07-2021.
 - \$33,120,000; all bonds authorized have been issued (UH – \$32,709,000, and UHV – \$411,000).
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.
 - Average interest rate of bonds refunded – 1.529290%.
 - Net proceeds from refunding series - \$33,091,838.54, after receipt of bond premium of \$490,391.40 and payment of \$518,552.86 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 2011B series bonds, after they were called for early redemption on 05-11-2021.
 - Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2013B series bonds, after they were called for early redemption on 02-15-2022.
 - The advance refunded 2011B series bonds maturing subsequent to 02-15-2022 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - The advance refunded 2013B series bonds maturing subsequent to 02-15-2023 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
 - Refunding of the 2011B and 2013B series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$3,876,517.59.
 - Economic gain - \$3,599,289.94; the difference between the net present value of the old and new debt service payments.
 - Accounting loss (deferred inflow of resources) - \$1,108,401.98; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
 - **Consolidated Revenue and Refunding Bonds, Series 2022-A**
 - To (a) advance refund and defease \$18,160,000 of Consolidated Revenue and Refunding Bonds, Series 2013A; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System; and (c) to refund and defease certain outstanding commercial paper notes and bonds of the System.
 - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston – System Administration, University of Houston, University of Houston – Clear Lake, and University of Houston – Victoria.
 - Issued 6-29-2022.
 - \$385,680,000; all bonds authorized have been issued; (a) \$16,690,000 refunding bonds: Series 2013A: UH – \$10,715,000, UHD – \$3,600,000, and UHV – \$2,375,000; and (b) \$368,990,000 new money revenue bonds: UHSA – \$52,535,000, UH - \$198,250,000, UHD – \$39,405,000, UHCL – \$39,400,000, and UHV – \$39,400,000.
 - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2022 partially from Legislative Appropriation-Tuition Revenue Bonds.)
 - Average interest rate of bonds refunded – 5.000000%.
 - Net proceeds from refunding series - \$18,496,372.22, after receipt of \$16,690,000 par value, plus receipt of the bond premium of \$1,875,958.80, and payment of \$69,586.58 in underwriting fees, insurance, and other issuance costs.
 - Refunding of the 2013A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$1,453,207.02.
 - Economic gain - \$1,334,975.36; the difference between the net present value of the old and new debt service payments.
 - Accounting gain (deferred inflow of resources) - \$647,097.54; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.

- **Consolidated Revenue and Refunding Bonds, Series 2022-B**
 - To (a) defease certain outstanding commercial paper notes of the System and (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operations and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System.
 - In addition to the defeasement of the bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of the Football Operations Center and the TCEDU Seating Additions (UH).
 - Issued 6-29-2022.
 - \$44,940,000; all bonds authorized have been issued (UH – \$44,940,000).
 - Source of revenue for debt service – Designated tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations.

Pledged Future Revenues

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for the System’s revenue bonds:

	Government Activities	Business-Type Activities	Component Units
Pledged revenue required for future principal and interest on existing revenue bonds	\$ NA	\$ 2,729,651,490.46	\$ NA
Term of commitment year ending 08/31	NA	2056	NA
Percentage of revenue pledged	NA	100%	NA
Current year pledged revenue	\$ NA	\$ 1,071,280,503.60	\$ NA
Current year principal and interest paid	\$ NA	\$ 130,269,090.61	\$ NA

Pledged revenue sources:

Governmental activities – None.

Business-type activities – Operating income from tuition and fees, and sales and service revenue from auxiliary and non-auxiliary activities including intercollegiate athletics, residential life, parking, rental of facilities, continuing education, royalties, publications, clinics, bookstores, and vending commissions.

Component Units – None.

NOTE 7: Derivative Instruments

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

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

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

As of August 31, 2022, the System had no investments in Derivative Instruments.

NOTE 8: Leases

Lease Liability

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

University of Houston System (797) Unaudited

Fund Type	Amount
Proprietary Fund	\$ 3,878,373.42

Future Lease Payments

Year Ending August 31, 2022

Primary Government – Business-Type Activities			
Year	Principal	Interest	Total Future Minimum Lease Payments
2023	\$ 1,577,228.69	\$ 124,719.07	\$ 1,701,947.76
2024	1,546,579.53	111,287.57	1,657,867.10
2025	1,407,249.01	97,050.42	1,504,299.43
2026	1,126,119.17	83,559.04	1,209,678.21
2027	617,123.29	73,268.34	690,391.63
2028-2032	2,618,502.20	238,844.98	2,857,347.18
2033-2037	1,440,081.37	105,011.57	1,545,092.94
2038-2042	559,567.27	7,880.28	567,447.55
Total	\$ 10,892,450.53	\$ 841,621.27	\$ 11,734,071.80

Lease Income

Included in the revenues reported in the financial statements are the following amounts of rental income received under noncancelable leases of buildings, equipment and land leased to outside parties.

Future Lease Income

Year Ending August 31, 2022

Primary Government – Business-Type Activities			
Year	Principal	Interest	Total Future Minimum Lease Income
2023	\$ 1,360,855.56	\$ 121,560.06	\$ 1,482,415.62
2024	1,394,331.39	104,491.10	1,498,822.49
2025	1,439,444.61	86,188.41	1,525,633.02
2026	1,509,089.22	67,361.99	1,576,451.21
2027	1,591,613.28	47,538.48	1,639,151.76
2028-2032	2,954,509.36	35,299.49	2,989,808.85
2033-2037	738.44	51.06	789.50
2038-2042	384.59	9.75	394.34
Total	\$ 10,250,966.45	\$ 462,500.34	\$ 10,713,466.79

The University of Houston System has revenue lease(s) that allows for variable payment of the annual lease rental payment plus 50% of the Lessors' Net Cash Flows at the end of each academic year.

The total amount of Deferred Inflows of Resources - Leases for the University of Houston System is \$10,209,057.50.

NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan

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. Since contributions are invested in individual annuity contracts, neither the State nor the System have any additional or unfunded liability for this program.

The contributions made by plan members and employers for the fiscal year ended August 31, 2022 are:

	TRS Participants	ORP Participants	Total Contributions
Member Contributions	\$ 32,084,005.36	\$ 14,909,769.00	\$ 46,993,774.36
Employer Contributions	<u>31,391,652.00</u>	<u>15,699,729.00</u>	<u>47,091,381.00</u>
Total	<u>\$ 63,475,657.36</u>	<u>\$ 30,609,498.00</u>	<u>\$ 94,085,155.36</u>

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (ERS), Teacher Retirement System (TRS), and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS1) and Judicial Retirement System of Texas Plan Two (JRS2).
- TRS – the Teacher Retirement System of Texas (TRS) plan.
- TESRS – the Texas Emergency Services Retirement System (TESRS) plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

TRS Plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation.

The employers of the TRS Plan include the state of Texas, TRS, the state’s public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members’ average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

Audited Comprehensive Annual Financial Report (CAFR) for Teacher Retirement System may be obtained from their website at www.trs.state.tx.us and searching for financial reports.

During the measurement period of 2020 for fiscal 2021 reporting, the amount of the University of Houston System’s contributions recognized by the plan was \$26,033,104. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

	TRS Plan
Contribution Rates	
Employer	7.5%
Employees	7.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2021 measurement date.

Actuarial Methods and Assumptions*

	TRS Plan
Actuarial Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.25%
Investment Rate of Return	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Mortality:	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

Notes:

* Source for the rate is Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the three-year period ending Aug. 31, 2017 and adopted in July 2018. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for males and females. The Post-retirement mortality rates were based on 2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation of Aug. 31, 2020 with no changes since the prior measurement date.

There have been no changes to the benefit provisions of the plan since the prior measurement date.

The discount rate of 7.25% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% over the next several years. This includes a factor for all employer

and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.A.	18.00%	3.60%
Non-U.S. Developed	13.00%	4.40%
Emerging Markets	9.00%	4.60%
Private Equity	14.00%	6.30%
Stable Value		
Government Bonds	16.00%	(0.20)%
Absolute Return	0.00%	1.10%
Stable Value Hedge Funds	5.00%	2.20%
Real Return		
Real Estate	15.00%	4.50%
Energy and Natural Resources and Infrastructure	6.00%	4.70%
Commodities	0.00%	1.70%
Risk Parity		
Risk Parity	8.00%	2.80%
Asset Allocation Leverage		
Asset Allocation Leverage Cash	2.00%	(0.70)%
Asset Allocation Leverage	(6.00)%	(0.50)%
Total	<u>100.00%</u>	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the University of Houston System's net pension liability. The result of the analysis is presented in the table below:

Sensitivity of the University of Houston System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 339,474,017	\$ 155,354,398	\$ 5,977,500

The pension plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value

is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2021 ACFR.

At August 31, 2022, the University of Houston System reported a liability of \$155,354,398 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University of Houston System's proportion at August 31, 2022 was 0.6100353% percent which was a Increase from the 0.5979923% percent measured at the prior measurement date. The University of Houston System's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2020 through August 31, 2021.

For the year ending August 31, 2022, the University of Houston System recognized pension expense of \$8,249,517. At August 31, 2022, the University of Houston System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 259,981	\$ 10,937,073
Changes of assumptions	54,914,745	23,938,119
Net difference between projected and actual investment return	9,649,490	139,912,136
Change in proportion and contribution difference	39,684,685	33,643,856
Contributions subsequent to the measurement date	21,207,693	0.00
Total	\$ 125,716,594	\$ 208,431,184

The \$21,207,693.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2023. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ (14,894,110)
2024	(15,345,279)
2025	(29,971,363)
2026	(42,861,730)
2027	(826,204)
Thereafter	(23,597)

NOTE 10: Deferred Compensation (Administering Agencies Only)

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

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

The tax deferred investment program permits benefits-eligible employees of the System to purchase qualified tax deferred investments with a portion of their salaries. Participation in the program is voluntary and is a supplement

to the Teacher Retirement System or the Optional Retirement Program. It is however, separate and apart from either.

NOTE 11: Postemployment Benefits Other Than Pensions

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

NOTE 12: Interfund Activity and Transactions

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

NOTE 13: Continuance Subject to Review

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

NOTE 14: Adjustments to Fund Balances and Net Position

During fiscal year 2022, certain accounting changes or adjustments were made that required the restatement of fund balances or net position. The restatements are presented below:

Table 14.1 – Restatement of Net Position for FY2022

	<u>Enterprise Funds</u>
Fund Balance/Net Position, 09/01/22	\$ 2,098,914,130.70
Current Year Restatements	<u>(18,595,198.26)</u>
Fund Balance/Net Position, 09/01/22 Restated	<u>\$ 2,080,318,932.44</u>

Table 14.2 – Changes in Net Position for FY2021

	<u>Enterprise Funds</u>
Change in Net Position, 08/31/21	\$ 308,152,657.17
Current Year Restatements	<u>(18,595,198.26)</u>
Change in Net Position, 08/31/21 Restated	<u>\$ 289,557,458.91</u>

A restatement of \$214,611.12 in Enterprise Funds is due to the discovery of unreported equipment during the physical inventory, which resulted in a restatement to Capital Equipment at the University of Houston and University of Houston – System Administration.

A restatement of (18,809,809.38) in Enterprise Funds is NRUF, which is a shared cash fund where the Comptroller is the controlling agency. The shared cash methodology requires that the net activity for the non-controlling agency is negated to \$0 and no Cash in State Treasury should be reported. The Texas Comptroller’s Financial Reporting Section restated their prior accounting entries for this fund. The University of Houston’s shared cash had been eliminated by reversing the Due From for the amount of the shared cash.

NOTE 15: Contingencies and Commitments

Unpaid Claims and Lawsuits

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

Federal Assistance

The System has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

The System monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. The System estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

Construction Commitments

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

Investment Funds

The System has entered into contractual commitments to fund private investments made by external investment managers. Investments in which a public market does not exist have an inherent uncertainty of valuation. Because of this uncertainty, the estimate of fair value for alternative investments may differ from the values that would have been used had a ready market existed. As displayed in Note 3, the fair value of Externally Managed Investments is: Domestic – \$241,875,519.27 and International – \$284,429,621.48. The total amount of unfunded commitment is: \$124,461,270.12, composed of Domestic – \$79,490,650.72 and International – \$44,970,619.40.

NOTE 16: Subsequent Events

As of the date this report was issued, the State of Texas approved Capital Construction Assistance Program (CCAP) bonds, formerly known as Tuition Revenue Bonds in the amount of \$339.4 for the System that was subsequently approved by the UHS board of regents. The new bonds have been issued and the transaction closed June 29, 2022. There have been no additional events since August 31, 2022, that had a significant financial impact and require disclosure.

NOTE 17: Risk Management

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

The System assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, there is the purchase of some commercial insurance, and the System is not involved in any risk pools with other government entities.

The System's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of the agency's claims liabilities during fiscal 2021 and 2022 were:

Table 17.1 – Balance of Claims Activity

	Beginning Balance	Increase	Decrease	Ending Balance
2022	\$ 85,251.35	\$ 2,098,423.42	\$ 970,923.84	\$ 1,212,750.93
2021	\$ 677,700.89	\$ 749,589.20	\$ 1,342,038.74	\$ 85,251.35

Liabilities include an amount for estimated future workers' compensation and unemployment claims that have been incurred as of the fiscal year end, but that have not been reported. 2022 increases and decreases also include current year assessments and payments of legal settlements in the amount of \$133,378.68. Payments for worker's compensation claims of \$555,267.24 and for unemployment claims of \$282,277.92 make up the remainder of the decrease total of \$970,923.84.

NOTE 18: Management's Discussion and Analysis (MD&A)

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

NOTE 19: The Financial Reporting Entity

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

Privatized Student Housing Facilities

Several student housing facility projects have been constructed by private external entities in order to enhance the residential life experience of students at various System campuses. The participating entities have financed and constructed housing complexes on System-owned property adjacent to the university campuses. These facilities are operated under ground leases and management agreements with the System for extended time periods. Under the terms of the agreements, cash revenues from rental income, net of operating expenses, are shared with the System. If cash revenues do not attain certain contractually defined thresholds, the System may be liable to the external management entity for the deficiency. In prior fiscal years, contingent liability payments were made by the University of Houston. During the 2021 and 2022 fiscal years, net cash flows were sufficiently adequate so as not to generate a liability payment. System management believes that current financial and occupancy performance indicates that future years' net cash flows for each residential facility will be sufficient and that future contingent liabilities for the remaining properties will not occur. Repayment of project financing is serviced from revenues generated by the housing projects, and it is the sole responsibility of the external entity. The related loans and bonds are not liabilities of the System or component universities, and are not contained in the financial statements of the System. American Campus Communities operates the Cullen Oaks residential facilities at the University of Houston. Campus Living Villages operates the Cambridge Oaks facility at the University of Houston campus and the University Forest facility at the University of Houston - Clear Lake.

NOTE 20: Stewardship, Compliance, and Accountability

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

NOTE 21: N/A

Note 21 is not applicable to the Annual Financial Reporting requirements process.

NOTE 22: Donor Restricted Endowments

Expenditure of endowed funds is not permitted without the express consent of the donor. The majority of the System's endowments are held in perpetuity. In many cases, endowment earnings are expendable for student

financial assistance or other purposes as specified by the donor. In other cases, endowment earnings are reinvested.

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

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

Table 22.1 – Net Appreciation of Endowments

Donor-Restricted Endowments	Amount of Net Appreciation/(Depreciation)	Reported in Net Position
True Endowments	\$ 238,784,647.39	Restricted Expendable
Term Endowments	(523,098.62)	Restricted Expendable
Total	<u>\$ 238,261,548.77</u>	

(A fair market value increase of \$106,310,490.67 was recognized for endowments at or above historical cost, and a fair market value increase of \$0.00 was recognized for endowments below historical cost.)

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

Table 22.2 - Changes from Prior Year Balances:

Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	(51,870,398.31)	Fair value increase in portfolio
True Endowments	(29,111,242.00)	Spending distribution from endowment
Term Endowments	(1,121,487.00)	Fair value increase in portfolio
Term Endowments	(758,139.00)	Spending distribution from endowment
Non-Expendable Balances		
True Endowments	0.00	
Term Endowments	0.00	

NOTE 23: Extraordinary and Special Items

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

NOTE 24: Disaggregation of Receivable & Payable Balances

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

A. Taxes Receivable

No reportable balances for this classification.

B. Federal Receivable

No reportable balances for this classification.

C. Tax Refunds Payable

No reportable balances for this classification.

D. Other Receivables - Current

No reportable balances for this classification.

E. Other Payables – Current

No reportable balances for this classification.

F. Other Receivables – Non-Current

No reportable balances for this classification.

G. Other Payables – Non-Current

No reportable balances for this classification.

NOTE 25: Termination Benefits

The System has no retiring members of the Employees Retirement System of Texas (ERS) eligible for a temporary retirement incentive payment. The System does not offer terminated employees any non-health care benefits such as severance packages, one-time incentive bonuses, or other benefits. COBRA, handled directly by ERS, is the only benefit offered to retiring or terminated employees.

NOTE 26: Segment Information

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

NOTE 27: Service Concession Arrangements

As of August 31, 2022, the System has no agreements that are qualified as Service Concession Agreements.

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

In fiscal 2022, the System reported deferred outflows of resources and deferred inflows of resources in connection with the TRS pension plan and GASB 87 Leases.

As of August 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Loss/Gain on Bond Refunding	\$ 0.00	\$ 0.00
Leases	0.00	10,209,057.50
Pension Plans	116,067,104.00	198,781,694.00
Other Post-Employment Benefits	247,010,560.00	116,046,626.00
Total	\$ 363,077,664.00	\$ 325,037,377.50

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

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

NOTE 29: Troubled Debt Restructuring

As of August 31, 2022, no debts have been identified that fall under the troubled debt restructuring guidelines of GASB 62, *Codification Accounting and Reporting*.

NOTE 30: Non-Exchange Financial Guarantees

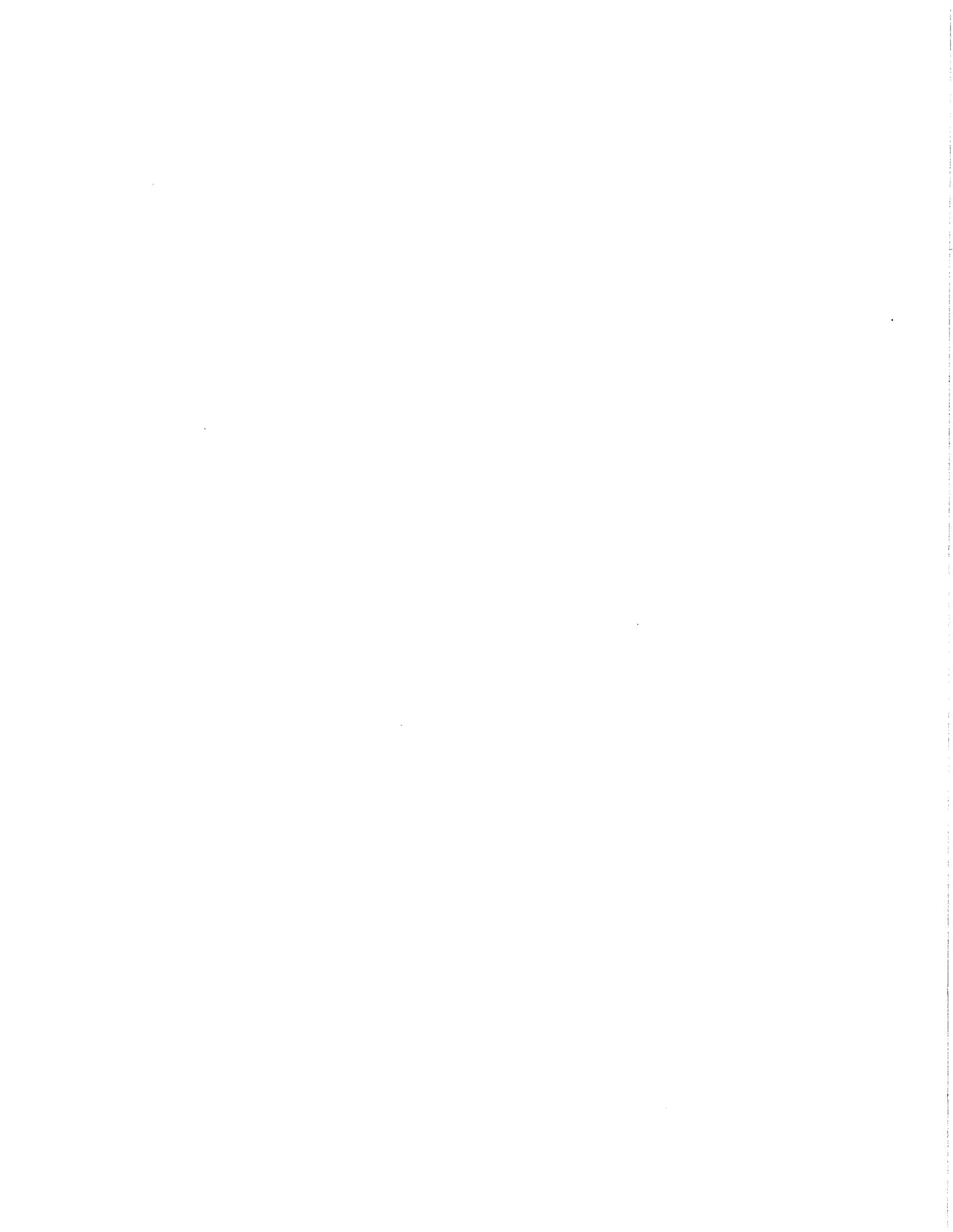
As of August 31, 2022, the System has no non-exchange financial guarantees; therefore, there are no balances to be reported.

NOTE 31: Tax Abatements

As of August 31, 2022, the System has no tax abatement agreements entered into to reduce the reporting revenues nor agreements with other governments that reduce the tax revenues.

NOTE 32: Governmental Fund Balances

As of August 31, 2022, the System does not have any fund balance reporting of obligations or requirements as established by GASB 54, *Fund Balance*, because the System's fund balances are reported as proprietary funds and not governmental funds.



UNIVERSITY OF HOUSTON SYSTEM
SUPPORTING SCHEDULES

Schedule 2-A
University of Houston System (797)
Combined Schedule of Miscellaneous Bond Information
For the Year Ended August 31, 2022

Business-Type Activities Revenue Bonds	Description of Issue	Issued Year	Bonds Issued to Date	Range of Interest Rates	Terms Of Variable Interest Rate	Scheduled Maturities		First Call Date
						First Year	Last Year	
Consolidated Revenue Refunding Bonds Self-supporting Revenue Bonds								
	Consolidated Revenue & Refunding Bonds Series	2011-A	265,500,000.00	2.0000% - 5.0000%		2013	2043	2/15/2021
	Consolidated Revenue & Refunding Bonds Series	2011-B	21,310,000.00	2.7500% - 4.8500%		2013	2037	N/A
	Consolidated Revenue & Refunding Bonds Series	2013-A	50,155,000.00	3.0000% - 5.0000%		2013	2033	2/15/2022
	Consolidated Revenue & Refunding Bonds Series	2013-B	102,420,000.00	0.3500% - 5.0400%		2013	2037	2/15/2022
	Consolidated Revenue Refunding Bond Series	2014	47,915,000.00	2.0000% - 5.0000%		2015	2030	2/15/2024
	Consolidated Revenue & Refunding Bonds Series	2016-A	100,650,000.00	4.0000% - 5.0000%		2017	2047	2/15/2025
	Consolidated Revenue & Refunding Bonds Series	2016-B	184,350,000.00	2.5000% - 3.5900%		2017	2036	2/15/2025
	Consolidated Revenue & Refunding Bonds Series	2017-A	379,450,000.00	5.0000% - 5.0000%		2018	2038	2/15/2026
	Consolidated Revenue & Refunding Bonds Series	2017-B	11,635,000.00	3.0000% - 4.0000%		2018	2038	2/15/2026
	Consolidated Revenue & Refunding Bonds Series	2017-C	320,635,000.00	3.1250% - 5.0000%		2019	2049	2/15/2026
	Consolidated Revenue & Refunding Bonds Series	2020-A	320,635,000.00	3.0000% - 5.0000%		2021	2052	2/15/2030
	Consolidated Revenue & Refunding Bonds Series	2020-B	162,625,000.00	2.0200% - 3.2500%		2021	2050	2/15/2030
	Consolidated Revenue Refunding Bond Series	2021-A	16,425,000.00	2.0000% - 2.0000%		2032	2033	2/15/2030
	Consolidated Revenue Refunding Bond Series	2021-B	33,120,000.00	1.0000% - 2.0000%		2022	2029	2/15/2030
	Consolidated Revenue & Refunding Bonds Series	2022-A	385,680,000.00	4.0000% - 5.0000%		2023	2056	2/15/2032
	Consolidated Revenue & Refunding Bonds Series	2022-B	44,940,000.00	3.0800% - 4.9130%		2024	2052	2/15/2032
Consolidated Revenue Bonds Self-supporting Revenue Bonds								
None								
			<u>\$ 2,447,445,000.00</u>					

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Schedule 2-B
University of Houston System (797)
Combined Schedule Of Changes In Bonded Indebtedness
For The Year Ended August 31, 2022

Business-Type Activities	Bonds Outstanding 09/01/2021	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 08/31/2022
Description of Issue					
General Obligation Bonds					
None					
Revenue Bonds					
Consolidated Revenue & Refunding Bonds Series 2011-A	\$ 13,295,000.00	\$	\$ 13,295,000.00	\$	\$
Consolidated Revenue & Refunding Bonds Series 2011-B	890,000.00		890,000.00		
Consolidated Revenue & Refunding Bonds Series 2013-A	22,575,000.00		4,415,000.00	18,160,000.00	
Consolidated Revenue & Refunding Bonds Series 2013-B	8,140,000.00		3,995,000.00		4,145,000.00
Consolidated Revenue & Refunding Bonds Series 2016-A	85,615,000.00		6,735,000.00		78,880,000.00
Consolidated Revenue & Refunding Bonds Series 2016-B	115,895,000.00		6,745,000.00		109,150,000.00
Consolidated Revenue & Refunding Bonds Series 2017-A	342,510,000.00		15,530,000.00		326,980,000.00
Consolidated Revenue & Refunding Bonds Series 2017-B	10,045,000.00		435,000.00		9,610,000.00
Consolidated Revenue & Refunding Bonds Series 2017-C	307,335,000.00		6,355,000.00		300,980,000.00
Consolidated Revenue & Refunding Bonds Series 2020-A	310,050,000.00		9,720,000.00		300,330,000.00
Consolidated Revenue & Refunding Bonds Series 2020-B	159,500,000.00		3,215,000.00		156,285,000.00
Consolidated Revenue Refunding Bonds Series 2014	32,330,000.00		2,365,000.00		29,965,000.00
Consolidated Revenue Refunding Bonds Series 2021-A	16,425,000.00				16,425,000.00
Consolidated Revenue Refunding Bonds Series 2021-B	33,120,000.00		830,000.00		32,290,000.00
Consolidated Revenue & Refunding Bonds Series 2022-A		365,680,000.00			365,680,000.00
Consolidated Revenue & Refunding Bonds Series 2022-B		44,940,000.00			44,940,000.00
Total Revenue Bonds	\$ 1,457,725,000.00	\$ 430,620,000.00	\$ 74,525,000.00	\$ 18,160,000.00	\$ 1,795,660,000.00
	Unamortized Premium	Unamortized Discount	Issuance Costs	Unamortized Gain / (Loss) On Refunding	Net Bonds Outstanding 08/31/2022
	\$	\$	\$	\$	\$
Revenue Bonds					
Consolidated Revenue & Refunding Bonds Series 2011-A					4,154,519.83
Consolidated Revenue & Refunding Bonds Series 2011-B					7,731,462.61
Consolidated Revenue & Refunding Bonds Series 2013-A	9,519.83				7,084,118.70
Consolidated Revenue & Refunding Bonds Series 2013-B	8,433,186.59				19,819,308.40
Consolidated Revenue & Refunding Bonds Series 2016-A	1,283,317.46				463,426.45
Consolidated Revenue & Refunding Bonds Series 2016-B	42,092,893.81				12,773,681.36
Consolidated Revenue & Refunding Bonds Series 2017-A	122,183.47				12,018,279.53
Consolidated Revenue & Refunding Bonds Series 2017-B	24,254,345.18				5,102,803.73
Consolidated Revenue & Refunding Bonds Series 2017-C	27,067,943.64				4,813,857.79
Consolidated Revenue & Refunding Bonds Series 2020-A	961,971.03				54,429.69
Consolidated Revenue Refunding Bonds Series 2020-B	2,199,649.60				1,733,437.44
Consolidated Revenue Refunding Bonds Series 2014	571,149.93				11,001,307.86
Consolidated Revenue Refunding Bonds Series 2021-A	393,141.48				
Consolidated Revenue & Refunding Bonds Series 2022-A	54,313,813.38				
Consolidated Revenue & Refunding Bonds Series 2022-B					
Total Revenue Bonds	\$ 161,709,115.40	\$	\$	\$	\$ 86,750,633.39
	Unamortized Premium	Unamortized Discount	Issuance Costs	Unamortized Gain / (Loss) On Refunding	Net Bonds Outstanding 08/31/2022
	\$	\$	\$	\$	\$
Revenue Bonds					
Consolidated Revenue & Refunding Bonds Series 2011-A					4,154,519.83
Consolidated Revenue & Refunding Bonds Series 2011-B					7,731,462.61
Consolidated Revenue & Refunding Bonds Series 2013-A	9,519.83				7,084,118.70
Consolidated Revenue & Refunding Bonds Series 2013-B	8,433,186.59				19,819,308.40
Consolidated Revenue & Refunding Bonds Series 2016-A	1,283,317.46				463,426.45
Consolidated Revenue & Refunding Bonds Series 2016-B	42,092,893.81				12,773,681.36
Consolidated Revenue & Refunding Bonds Series 2017-A	122,183.47				12,018,279.53
Consolidated Revenue & Refunding Bonds Series 2017-B	24,254,345.18				5,102,803.73
Consolidated Revenue & Refunding Bonds Series 2017-C	27,067,943.64				4,813,857.79
Consolidated Revenue & Refunding Bonds Series 2020-A	961,971.03				54,429.69
Consolidated Revenue Refunding Bonds Series 2020-B	2,199,649.60				1,733,437.44
Consolidated Revenue Refunding Bonds Series 2014	571,149.93				11,001,307.86
Consolidated Revenue Refunding Bonds Series 2021-A	393,141.48				
Consolidated Revenue & Refunding Bonds Series 2022-A	54,313,813.38				
Consolidated Revenue & Refunding Bonds Series 2022-B					
Total Revenue Bonds	\$ 161,709,115.40	\$	\$	\$	\$ 86,750,633.39

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Schedule 2-C
 University of Houston System (797)
 Combined Schedule of Debt Service Requirements
 For the Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
General Obligations Bonds				
Self-Supporting Bonds				
None		\$	\$	\$
Not Self-Supporting Bonds				
None		\$	\$	\$
Revenue Bonds				
Self-Supporting Bonds				
Consolidated Revenue & Refunding Bonds Series 2011-A	2023	\$	\$	\$
	2024			
	2025			
	2026			
	2027			
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
	2048 - 2052			
		<u>\$</u>	<u>\$</u>	<u>\$</u>
Consolidated Revenue & Refunding Bonds Series 2011-B	2023	\$	\$	\$
	2024			
	2025			
	2026			
	2027			
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
	2048 - 2052			
		<u>\$</u>	<u>\$</u>	<u>\$</u>
Consolidated Revenue & Refunding Bonds Series 2013-A	2023	\$	\$	\$
	2024			
	2025			
	2026			
	2027			
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
	2048 - 2052			
		<u>\$</u>	<u>\$</u>	<u>\$</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2013-B	2023	\$ 4,145,000.00	\$ 79,376.75	\$ 4,224,376.75
	2024			
	2025			
	2026			
	2027			
	2028 - 2032			
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
	2048 - 2052			
			<u>\$ 4,145,000.00</u>	<u>\$ 79,376.75</u>
Consolidated Revenue & Refunding Bonds Series 2014	2023	\$ 4,460,000.00	\$ 1,151,950.00	\$ 5,611,950.00
	2024	4,650,000.00	969,750.00	5,619,750.00
	2025	4,865,000.00	755,125.00	5,620,125.00
	2026	5,115,000.00	505,625.00	5,620,625.00
	2027	2,575,000.00	313,375.00	2,888,375.00
	2028 - 2032	8,300,000.00	378,450.00	8,678,450.00
	2033 - 2037			
	2038 - 2042			
	2043 - 2047			
	2048 - 2052			
			<u>\$ 29,965,000.00</u>	<u>\$ 4,074,275.00</u>
Consolidated Revenue & Refunding Bonds Series 2016-A	2023	\$ 6,880,000.00	\$ 3,123,700.00	\$ 10,003,700.00
	2024	7,170,000.00	2,772,450.00	9,942,450.00
	2025	7,600,000.00	2,441,200.00	10,041,200.00
	2026	7,140,000.00	2,146,400.00	9,286,400.00
	2027	7,360,000.00	1,856,400.00	9,216,400.00
	2028 - 2032	26,530,000.00	5,676,800.00	32,206,800.00
	2033 - 2037	6,120,000.00	2,596,400.00	8,716,400.00
	2038 - 2042	4,540,000.00	1,576,400.00	6,116,400.00
	2043 - 2047	5,540,000.00	572,000.00	6,112,000.00
	2048 - 2052			
			<u>\$ 78,880,000.00</u>	<u>\$ 22,761,750.00</u>
Consolidated Revenue & Refunding Bonds Series 2016-B	2023	\$ 6,915,000.00	\$ 3,483,909.50	\$ 10,398,909.50
	2024	6,570,000.00	3,305,492.00	9,875,492.00
	2025	6,760,000.00	3,117,182.00	9,877,182.00
	2026	6,955,000.00	2,921,395.50	9,876,395.50
	2027	7,160,000.00	2,712,391.00	9,872,391.00
	2028 - 2032	39,235,000.00	9,801,927.25	49,036,927.25
	2033 - 2037	35,555,000.00	2,605,271.25	38,160,271.25
	2038 - 2042			
	2043 - 2047			
	2048 - 2052			
			<u>\$ 109,150,000.00</u>	<u>\$ 27,947,568.50</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2017-A	2023	\$ 16,525,000.00	\$ 15,935,875.00	\$ 32,460,875.00
	2024	17,420,000.00	15,087,250.00	32,507,250.00
	2025	20,275,000.00	14,144,875.00	34,419,875.00
	2026	22,020,000.00	13,087,500.00	35,107,500.00
	2027	23,215,000.00	11,956,625.00	35,171,625.00
	2028 - 2032	97,930,000.00	44,066,250.00	141,996,250.00
	2033 - 2037	124,060,000.00	17,502,250.00	141,562,250.00
	2038 - 2042	5,535,000.00	138,375.00	5,673,375.00
	2043 - 2047			
	2048 - 2052			
			<u>\$ 326,980,000.00</u>	<u>\$ 131,919,000.00</u>
Consolidated Revenue & Refunding Bonds Series 2017-B	2023	\$ 455,000.00	\$ 336,595.00	\$ 791,595.00
	2024	475,000.00	317,995.00	792,995.00
	2025	495,000.00	298,595.00	793,595.00
	2026	510,000.00	281,045.00	791,045.00
	2027	525,000.00	265,520.00	790,520.00
	2028 - 2032	2,905,000.00	1,059,197.50	3,964,197.50
	2033 - 2037	3,470,000.00	487,350.00	3,957,350.00
	2038 - 2042	775,000.00	14,725.00	789,725.00
	2043 - 2047			
	2048 - 2052			
			<u>\$ 9,610,000.00</u>	<u>\$ 3,061,022.50</u>
Consolidated Revenue & Refunding Bonds Series 2017-C	2023	\$ 11,400,000.00	\$ 12,468,475.04	\$ 23,868,475.04
	2024	11,995,000.00	11,883,600.04	23,878,600.04
	2025	10,505,000.00	11,321,100.04	21,826,100.04
	2026	11,050,000.00	10,782,225.04	21,832,225.04
	2027	11,600,000.00	10,215,975.04	21,815,975.04
	2028 - 2032	71,450,000.00	40,746,250.20	112,196,250.20
	2033 - 2037	76,570,000.00	25,769,593.89	102,339,593.89
	2038 - 2042	54,320,000.00	12,982,243.75	67,302,243.75
	2043 - 2047	30,540,000.00	5,012,500.00	35,552,500.00
	2048 - 2052	11,550,000.00	466,800.00	12,016,800.00
			<u>\$ 300,980,000.00</u>	<u>\$ 141,648,763.04</u>
Consolidated Revenue & Refunding Bonds Series 2020-A	2023	\$ 10,335,000.00	\$ 10,438,125.00	\$ 20,773,125.00
	2024	10,840,000.00	9,908,750.00	20,748,750.00
	2025	11,385,000.00	9,353,125.00	20,738,125.00
	2026	12,050,000.00	8,767,250.00	20,817,250.00
	2027	12,660,000.00	8,149,500.00	20,809,500.00
	2028 - 2032	66,430,000.00	31,935,450.00	98,365,450.00
	2033 - 2037	53,260,000.00	22,534,350.00	75,794,350.00
	2038 - 2042	49,665,000.00	14,539,275.00	64,204,275.00
	2043 - 2047	43,970,000.00	7,837,350.00	51,807,350.00
	2048 - 2052	29,735,000.00	1,355,925.00	31,090,925.00
			<u>\$ 300,330,000.00</u>	<u>\$ 124,819,100.00</u>

Unaudited
Schedule 2-C
University of Houston System (797)
Combined Schedule of Debt Service Requirements
For the Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total	
Consolidated Revenue & Refunding Bonds Series 2020-B	2023	\$ 5,050,000.00	\$ 4,102,977.50	\$ 9,152,977.50	
	2024	5,205,000.00	3,949,152.50	9,154,152.50	
	2025	5,365,000.00	3,790,602.50	9,155,602.50	
	2026	6,280,000.00	3,646,699.50	9,926,699.50	
	2027	6,400,000.00	3,516,391.50	9,916,391.50	
	2028 - 2032	43,680,000.00	15,054,123.75	58,734,123.75	
	2033 - 2037	42,025,000.00	9,213,692.50	51,238,692.50	
	2038 - 2042	17,490,000.00	5,215,850.75	22,705,850.75	
	2043 - 2047	15,980,000.00	2,729,146.25	18,709,146.25	
	2048 - 2052	8,810,000.00	714,967.50	9,524,967.50	
			<u>\$ 156,285,000.00</u>	<u>\$ 51,933,604.25</u>	<u>\$ 208,218,604.25</u>
	Consolidated Revenue Refunding Bonds Series 2021-A	2023	\$	\$ 328,500.00	\$ 328,500.00
2024			328,500.00	328,500.00	
2025			328,500.00	328,500.00	
2026			328,500.00	328,500.00	
2027			328,500.00	328,500.00	
2028 - 2032		8,180,000.00	1,560,700.00	9,740,700.00	
2033 - 2037		8,245,000.00	82,450.00	8,327,450.00	
2038 - 2042					
2043 - 2047					
2048 - 2052					
		<u>\$ 16,425,000.00</u>	<u>\$ 3,285,650.00</u>	<u>\$ 19,710,650.00</u>	
Consolidated Revenue Refunding Bonds Series 2021-B	2023	\$ 1,665,000.00	\$ 438,850.00	\$ 2,103,850.00	
	2024	5,565,000.00	402,700.00	5,967,700.00	
	2025	5,620,000.00	346,775.00	5,966,775.00	
	2026	4,750,000.00	294,212.50	5,044,212.50	
	2027	4,810,000.00	233,675.00	5,043,675.00	
	2028 - 2032	9,880,000.00	198,600.00	10,078,600.00	
	2033 - 2037				
	2038 - 2042				
	2043 - 2047				
	2048 - 2052				
		<u>\$ 32,290,000.00</u>	<u>\$ 1,914,812.50</u>	<u>\$ 34,204,812.50</u>	
Consolidated Revenue & Refunding Bonds Series 2022-A	2023	\$ 9,380,000.00	\$ 23,461,386.41	\$ 32,841,386.41	
	2024	11,880,000.00	20,245,130.82	32,125,130.82	
	2025	12,570,000.00	19,633,880.82	32,203,880.82	
	2026	12,165,000.00	19,015,505.82	31,180,505.82	
	2027	13,080,000.00	18,384,380.82	31,464,380.82	
	2028 - 2032	76,155,000.00	81,148,529.10	157,303,529.10	
	2033 - 2037	91,460,000.00	65,974,286.57	157,434,286.57	
	2038 - 2042	114,835,000.00	41,141,002.76	155,976,002.76	
	2043 - 2047	13,420,000.00	24,897,793.27	38,317,793.27	
	2048 - 2052	17,220,000.00	21,017,471.23	38,237,471.23	
	2053 - 2057	13,515,000.00	1,140,875.00	14,655,875.00	
			<u>\$ 385,680,000.00</u>	<u>\$ 336,060,242.62</u>	<u>\$ 721,740,242.62</u>

Unaudited
 Schedule 2-C
 University of Houston System (797)
 Combined Schedule of Debt Service Requirements
 For the Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Year	Principal	Interest	Total
Consolidated Revenue & Refunding Bonds Series 2022-B	2023	\$	\$ 2,434,834.51	\$ 2,434,834.51
	2024	155,000.00	2,156,579.58	2,311,579.58
	2025	160,000.00	2,151,463.78	2,311,463.78
	2026	165,000.00	2,145,721.25	2,310,721.25
	2027	175,000.00	2,139,423.65	2,314,423.65
	2028 - 2032	985,000.00	10,582,786.01	11,567,786.01
	2033 - 2037	7,980,000.00	16,185,773.59	24,165,773.59
	2038 - 2042	10,105,000.00	15,811,635.03	25,916,635.03
	2043 - 2047	11,265,000.00	15,477,636.67	26,742,636.67
	2048 - 2052	13,950,000.00	15,400,471.23	29,350,471.23
			<u>\$ 44,940,000.00</u>	<u>\$ 84,486,325.30</u>
Summary				
All Bonds Issues, All Series	2023	\$ 77,210,000.00	\$ 77,784,554.71	\$ 154,994,554.71
	2024	81,925,000.00	71,327,349.94	153,252,349.94
	2025	85,600,000.00	67,682,424.14	153,282,424.14
	2026	88,200,000.00	63,922,079.61	152,122,079.61
	2027	89,560,000.00	60,072,157.01	149,632,157.01
	2028 - 2032	451,660,000.00	242,209,063.81	693,869,063.81
	2033 - 2037	448,745,000.00	162,951,417.80	611,696,417.80
	2038 - 2042	257,265,000.00	91,419,507.29	348,684,507.29
	2043 - 2047	120,715,000.00	56,526,426.19	177,241,426.19
	2048 - 2052	81,265,000.00	38,955,634.96	120,220,634.96
	2053 - 2057	13,515,000.00	1,140,875.00	14,655,875.00
		<u>\$ 1,795,660,000.00</u>	<u>\$ 933,991,490.46</u>	<u>\$ 2,729,651,490.46</u>
Total as shown above				

Unaudited

Schedule 2-D

University of Houston System (797)
 Combined Analysis of Funds Available for Debt Service
 For The Year Ended August 31, 2022

Business-Type Activities
 General Obligation Bonds

Description of Issue	Beginning Balance Available for Debt Service 09/01/2021	Sources of Funds				Total Sources Available
		Pledged Sources	Other Pledged Sources	Operating Transfers	Other Sources State's General Revenue	
	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$

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

Ending Balance Available for Debt Service at 08/31/2022	Required	
	Actual	
\$	\$	
Total	\$	

Unaudited

Schedule 2-D

University of Houston System (797)
 Combined Analysis of Funds Available for Debt Service
 For The Year Ended August 31, 2022

Business-Type Activities
 Revenue Bonds

Pledged and Other Sources and Related Expenditure for FY 2022

Description of Issue	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Sources	b		c		(a+b-c-d) Net Available for Debt Service
					Other Sources	Operating Expenses & Expenditures	Capital Outlay	d	
Consolidated Revenue Refunding Bonds and Consolidated Revenue Bonds (A)	\$	\$	\$ 1,071,280,503.60	\$ 1,071,280,503.60	\$	\$	\$	\$	\$ 1,071,280,503.60
Total	\$	\$	\$ 1,071,280,503.60	\$ 1,071,280,503.60	\$	\$	\$	\$	\$ 1,071,280,503.60
(A) Other Pledged Revenues Consist of									
Tuition and Fees			\$ 806,568,864.78						
Investment Income			6,736,448.92						
Sales and Service			217,482,140.90						
Legislative Appropriations			40,491,049.00						
Total as shown above			\$ 1,071,280,503.60						

(B) Expenditures associated with pledged sources were approximately \$ 760,939,952.20

Description of Issue	Debt Service		Refunded or Extinguished	Interest & Sinking Fund		Reserve Fund	
	Principal	Interest		Minimum	Actual	Minimum	Actual
Consolidated Revenue & Refunding Bonds Series 2011-A	13,295,000.00	332,375.00					
Consolidated Revenue & Refunding Bonds Series 2011-B	890,000.00	15,018.75					
Consolidated Revenue & Refunding Bonds Series 2013-A	4,415,000.00	802,650.36	18,160,000.00				
Consolidated Revenue & Refunding Bonds Series 2013-B	3,985,000.00	229,664.75					
Consolidated Revenue Refunding Bonds Series 2014	2,365,000.00	1,276,625.00					
Consolidated Revenue & Refunding Bonds Series 2016-A	6,735,000.00	3,464,075.00					
Consolidated Revenue & Refunding Bonds Series 2016-B	6,745,000.00	3,654,659.25					
Consolidated Revenue & Refunding Bonds Series 2017-A	15,530,000.00	16,737,250.00					
Consolidated Revenue & Refunding Bonds Series 2017-B	435,000.00	354,395.00					
Consolidated Revenue & Refunding Bonds Series 2017-C	6,355,000.00	12,912,350.00					
Consolidated Revenue & Refunding Bonds Series 2020-A	9,720,000.00	10,958,250.00					
Consolidated Revenue & Refunding Bonds Series 2020-B	3,215,000.00	4,226,952.50					
Consolidated Revenue Refunding Bonds Series 2021-A	830,000.00	328,500.00					
Consolidated Revenue Refunding Bonds Series 2021-B		451,325.00					
Consolidated Revenue & Refunding Bonds Series 2022-A							
Consolidated Revenue & Refunding Bonds Series 2022-B							
Total	\$ 74,525,000.00	\$ 55,744,090.61	\$ 18,160,000.00	\$	\$	\$	\$

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Schedule 2-E
 University of Houston System (797)
 Defeased Bonds Outstanding
 For The Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Year Refunded	Par Value Outstanding
General Obligations Bonds Schedule not used.		
Total		\$ 0.00
Revenue Bonds Consolidated Revenue & Refunding Bonds Series 2013-A	Advance Refunding	
Total		\$ 18,160,000.00

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Schedule 2-F
 University of Houston System (797)
 Combined Schedule of Early Extinguishment and Refunding
 For the Year Ended August 31, 2022

Business-Type Activities

Description of Issue	Category	Amount Extinguished Or Refunded	Refunding Issue Par Value	For Refunding Only		Economic Gain / (Loss)
				Cash Flow Increase / (Decrease)		
General Obligations Bonds Schedule not used.		\$	\$	\$		\$
Total		\$ 0.00	\$ 0.00	\$ 0.00		\$ 0.00
Revenue Bonds Consolidated Revenue & Refunding Bonds Series 2013-A	Advance Refunding	\$ 18,160,000.00	18,690,000.00	1,453,207.02		1,334,975.36
Total		\$ 18,160,000.00	\$ 18,690,000.00	\$ 1,453,207.02		\$ 1,334,975.36

Unaudited
Schedule 3
University of Houston System Consolidated (797)
Combined Reconciliation of Cash in State Treasury
For the Fiscal Year Ended August 31, 2022

<u>Cash in State Treasury All FUNDS</u>	<u>APPR FUND 02XX</u>	<u>APPR FUND 0325</u>	<u>Total CIST, UH-797</u>
UH-730	\$ 125,279,090.47	1,068,570.01	\$ 126,347,660.48
UHC-759	6,974,019.89	298,696.15	7,272,716.04
UHV-765	1,136,613.60	49,486.91	1,186,100.51
UHD-784	1,193,567.39	751,054.81	1,944,622.20
<u>Total Cash in State Treasury (UH-Consolidated)</u>	<u>\$ 134,583,291.35</u>	<u>2,167,807.88</u>	<u>\$ 136,751,099.23</u>



UNIVERSITY OF HOUSTON

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

UNIVERSITY OF HOUSTON
PRIMARY STATEMENTS

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 38,145.00	\$ 36,845.00
Cash in Bank	(162,629,955.25)	(570,770,542.77)
Cash in State Treasury	126,347,660.48	113,331,950.17
Cash Equivalents	437,748,926.00	314,909,235.80
Short Term Investments	174,331.96	238,552.16
Restricted:		
Cash on Hand	300.00	0.00
Cash In Bank	163,484,221.17	575,730,962.66
Legislative Appropriation	119,745,041.12	134,837,105.17
Receivables:		
Federal Receivables	4,042,774.80	2,993,539.17
UHS Intercampus Receivables	319,279,586.21	331,901,548.77
Accounts Receivable	85,669,349.94	64,700,787.95
Gifts	124,324,455.23	97,561,162.48
Leases	1,360,855.56	0.00
Other	520,875.27	917,431.90
Due From Other Agencies	2,889,785.55	22,904,485.37
Consumable Inventories	100,626.40	99,396.67
Merchandise Inventories	1,447,480.75	1,622,177.22
Prepaid Costs	32,551,357.64	36,025,768.04
Loans and Contracts	14,961,715.49	12,474,240.93
Total Current Assets	1,272,068,303.51	1,139,514,646.69
Non-Current Assets		
Restricted:		
Receivables	72,476,233.15	66,012,625.82
UHS Intercampus Receivables	970,936,680.76	828,480,312.10
Receivables - Leases	8,890,110.89	0.00
Loans and Contracts	707,296.12	1,176,266.21
Investments	43,071,747.83	82,075.00
UHS Intercampus Receivables	164,606,882.74	184,317,930.90
Capital Assets		
Non-Depreciable or Non-Amortizable	252,908,752.72	267,509,128.57
Depreciable or Amortizable, Net	1,340,447,895.61	1,274,545,415.85
Right to Use Assets - Amortizable, Net	8,293,078.81	0.00
Total Non-Current Assets	2,862,338,678.63	2,622,123,754.45
Total Assets	4,134,406,982.14	3,761,638,401.14
DEFERRED OUTFLOW OF RESOURCES		
Loss on Bond Refunding	0.00	940,990.09
Total Deferred Outflow of Resources	0.00	940,990.09
Total Assets and Deferred Outflow of Resources	4,134,406,982.14	3,762,579,391.23

Unaudited

University of Houston (730)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	29,736,190.02	41,037,015.48
Accrued Lease Interest Payable	9,108.93	0.00
Federal Payable	(85,293.88)	10,224.28
Payroll Payable	43,615,453.20	40,681,311.10
UHS Intercampus Payable	43,254,564.61	48,349,645.91
Other Payable	2,219,974.85	1,677,209.67
Due to Other Agencies	2,149,771.30	622,506.83
Unearned Revenues	210,596,051.27	210,478,033.28
Revenue Bonds Payable	59,203,726.29	57,991,434.78
Claims and Judgments Payable	816,489.81	42,842.28
Employees' Compensable Leave	11,927,479.23	12,276,462.16
Right to Use Lease Obligations	941,176.44	0.00
Funds Held for Others	26,576,029.36	21,700,636.11
Total Current Liabilities	430,960,721.43	434,867,321.88
Non Current-Liabilities		
Revenue Bonds Payable	1,291,081,552.59	1,079,359,118.21
Employees' Compensable Leave	11,908,410.49	12,365,171.99
Right to Use Lease Obligations	7,489,930.48	0.00
Total Non-Current Liabilities	1,310,479,893.56	1,091,724,290.20
Total Liabilities	1,741,440,614.99	1,526,591,612.08
DEFERRED IN FLOW OF RESOURCES		
Leases	10,209,057.50	0.00
Total Deferred Inflows of Resources	10,209,057.50	0.00
Total Liabilities and Deferred Inflow of Resources	1,751,649,672.49	1,526,591,612.08
NET POSITION		
Invested in Capital Assets, Net of Related Debt	618,329,722.64	570,172,343.54
Restricted for:		
Debt Retirement	6,165,866.68	2,093,864.50
Capital Projects	9,802,754.74	16,992,872.99
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	567,727,026.81	602,846,401.26
Expendable		
Term Endowments	23,423,598.47	11,040,311.23
Funds Functioning as Endowments	41,374,227.79	46,922,349.15
Other	373,558,120.46	313,759,519.68
Unrestricted	742,375,992.06	672,160,116.80
Total Net Position	\$ 2,382,757,309.65	\$ 2,235,987,779.15

Unaudited

University of Houston (730)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 574,548,406.25	\$ 564,100,457.32
Discounts and Allowances	(163,893,322.86)	(163,095,483.65)
Auxiliary Enterprise-Pledged	109,147,540.70	54,931,194.90
Discounts and Allowances	(16,477,556.83)	(7,486,959.84)
Other Sales of Goods and Services-Pledged	96,859,756.15	91,229,160.54
Federal Revenue-Operating (PR-OP Grants/Contributions)	123,936,397.51	138,707,302.90
Federal Pass Through Revenue (PR-OP Grants/Contributions)	5,112,761.65	22,255,223.48
State Grant Revenue (PR-OP Grants/Contributions)	7,289,410.14	8,780,209.99
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	43,702,890.12	35,917,877.04
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	36,026,595.40	37,380,469.69
Other Operating Revenues (PR-Chgs for Services)	4,854,723.77	3,328,656.29
Total Operating Revenues	821,107,602.00	786,048,108.66
Operating Expenses		
Instruction	275,948,270.74	262,309,224.59
Research	177,488,812.87	169,415,338.78
Public Service	39,146,224.78	35,946,861.09
Academic Support	176,026,389.97	184,519,733.90
Student Services	34,267,023.84	38,192,008.16
Institutional Support	67,636,572.99	85,618,321.46
Physical Plant	48,726,606.11	59,357,961.74
Scholarships & Fellowships	101,133,053.89	78,730,722.13
Auxiliary Enterprises	145,811,247.97	134,076,793.92
Depreciation and Amortization	100,241,407.61	91,094,770.99
Total Operating Expenses	1,166,425,610.77	1,139,261,736.76
Operating Income (Loss)	(345,318,008.77)	(353,213,628.10)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	190,019,182.00	166,659,204.00
Additional Appropriations (GR)	41,570,779.44	37,133,888.43
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	139,674,282.62	102,837,855.16
Gifts (PR-OP Grants/Contributions)	105,217,389.53	51,598,291.55
Interest and Investment Income (PR-Chgs for Services)	62,709,044.70	90,328,703.25
Interest Expense and Fiscal Charges	(32,985,440.00)	(31,434,792.38)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(132,604,626.70)	116,975,717.76
Other Nonoperating Revenues	18,358,444.19	68,357,775.24
Other Nonoperating Expenses	3,817,312.46	(16,306,238.26)
Total Nonoperating Revenues (Expenses)	\$ 395,776,368.24	\$ 586,150,404.75

Unaudited

University of Houston (730)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ 50,458,359.47</u>	<u>\$ 232,936,776.65</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	54,514,004.00	54,514,004.00
Additions to Permanent and Term Endowments	38,288,697.36	29,671,553.31
UHS Intercampus Transfers-In	29,114,305.85	24,759,951.04
UHS Intercampus Transfers-Out	(12,534,699.17)	(14,299,828.18)
Incr NA Interagency Transfer Capital Assets	77,574.93	27,554.86
Transfers-In	11,521,029.59	14,303,828.38
Transfers-Out	4,860.47	(4,860.47)
Legislative Transfers-In	584,572.00	572,343.00
Legislative Appropriations Lapsed	(6,655,810.50)	0.00
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>114,914,534.53</u>	<u>109,544,545.94</u>
<u>Changes in Net Position</u>	<u>165,372,894.00</u>	<u>342,481,322.59</u>
Net Position Beginning	2,235,987,779.15	1,893,430,320.93
Restatements	(18,603,363.50)	76,135.63
<u> Net Position Beginning, as Restated</u>	<u>2,217,384,415.65</u>	<u>1,893,506,456.56</u>
<u>Net Position, Ending</u>	<u>\$ 2,382,757,309.65</u>	<u>\$ 2,235,987,779.15</u>

Unaudited

University of Houston (730)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ 1,102,366.11	\$ 3,252.18	\$ -
Salaries and Wages	220,802,296.15	71,609,236.14	13,514,958.52	99,184,235.56	15,418,171.19
Payroll Related Costs	51,475,355.31	14,029,942.41	3,899,962.14	25,495,055.18	5,163,779.95
Professional Fees and Services	1,042,876.32	48,001,405.03	10,689,531.91	13,862,670.58	3,902,759.50
Federal Pass Through Expenses	80,990.65	1,974,842.63	1,181,946.44	-	-
State Pass Through Expenses	-	41,779.24	-	-	-
Travel	480,716.89	1,647,778.10	119,523.72	1,352,796.15	590,917.85
Materials and Supplies	759,014.26	10,101,640.01	776,379.15	6,369,862.64	2,061,587.39
Communication and Utilities	419,634.31	855,214.38	903,514.91	14,215,199.41	301,685.84
Repairs and Maintenance	155,646.93	1,687,322.24	317,996.19	2,189,099.16	183,134.57
Rentals and Leases	280,414.85	1,458,976.53	5,491,847.16	5,762,098.75	683,781.63
Printing and Reproduction	134,933.16	230,770.21	434,054.35	781,993.92	218,489.26
Depreciation and Amortization	-	-	-	-	-
Interest	180.28	10,285.28	22,236.34	4,406.56	12,250.49
Scholarships	181,411.26	857,999.49	19,723.73	968,740.70	244,825.06
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	134,800.37	24,981,621.18	672,184.11	5,836,979.18	5,485,641.11
Total Operating Expenses	\$ 275,948,270.74	\$ 177,488,812.87	\$ 39,146,224.78	\$ 176,026,389.97	\$ 34,267,023.84

Unaudited

University of Houston (730)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2022	Total FY2021
\$ -	\$ -	\$ -	\$ 1,016,373.15	\$ -	\$ 2,121,991.44	\$ 1,201,608.53
37,625,219.24	23,136,603.42	364,081.63	44,128,966.53	-	525,783,768.38	510,947,403.98
9,896,495.13	8,636,122.85	23,298.28	9,027,816.90	-	127,647,828.15	128,071,937.13
5,576,394.48	5,843,468.25	437,831.61	36,632,652.77	-	125,989,590.45	105,217,023.65
-	-	-	-	-	3,237,779.72	2,599,617.82
-	-	-	-	-	41,779.24	120,392.15
151,983.12	23,391.81	18,995.44	5,500,536.51	-	9,886,639.59	3,766,167.50
1,303,882.61	1,416,580.82	5,925.22	5,774,770.23	-	28,569,642.33	24,064,729.47
1,016,466.30	6,139,254.71	76.00	7,053,667.74	-	30,904,713.60	35,735,236.15
997,980.35	2,161,377.47	-	588,359.90	-	8,280,916.81	10,768,086.59
2,297,123.50	684,797.55	3,871.50	1,352,618.42	-	18,015,529.89	23,288,029.10
466,246.32	28,417.02	100.00	324,872.71	-	2,619,876.95	2,109,223.58
-	-	-	-	100,241,407.61	100,241,407.61	91,094,770.99
3,140.71	2,450.45	-	6,898.31	-	61,848.42	39,346.37
3,037,396.19	-	100,185,503.34	1,519,927.23	-	107,015,527.00	85,173,875.32
706,768.22	-	-	1,500.00	-	708,268.22	1,163,341.65
4,557,476.82	654,141.76	93,370.87	32,882,287.57	-	75,298,502.97	113,900,946.78
<u>\$ 67,636,572.99</u>	<u>\$ 48,726,606.11</u>	<u>\$ 101,133,053.89</u>	<u>\$ 145,811,247.97</u>	<u>\$ 100,241,407.61</u>	<u>\$ 1,166,425,610.77</u>	<u>\$ 1,139,261,736.76</u>

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2022

	<u>Total FY2022</u>	<u>Total FY2021</u>
Cash Flows From Operating Activities		
Receipts from Customers	\$ 104,460,145.64	\$ 96,688,116.04
Proceeds from Tuition and Fees	411,086,000.35	423,142,976.77
Proceeds from Research Grants and Contracts	208,480,640.06	208,537,310.55
Proceeds from Loan Programs	131,141,935.61	117,334,394.96
Proceeds from Auxiliaries	92,127,406.36	45,503,211.68
Proceeds from Other Revenues	4,854,723.77	3,328,656.29
Payments to Suppliers for Goods and Services	(233,489,975.27)	(194,770,968.39)
Payments to Employees for Salaries	(524,655,590.17)	(508,068,660.77)
Payments to Employees for Benefits	(128,453,572.58)	(127,589,467.94)
Payments for Loans Provided	(133,160,440.08)	(117,193,029.90)
Payments for Other Expenses	(180,714,664.79)	(196,444,889.60)
Net Cash Provided (Used) by Operating Activities	(248,323,391.10)	(249,532,350.31)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	295,124,790.99	292,306,139.04
Proceeds from Gifts	71,990,489.45	62,285,639.49
Proceeds from Endowments	38,288,697.36	29,671,553.31
Proceeds of Transfers from Other Funds	58,993,779.63	52,631,780.03
Proceeds from Grants	139,674,282.62	102,837,855.16
Payments for Transfers to Other Funds	(8,247,912.39)	24,564,593.26
Net Cash Provided (Used) by Noncapital Financing Activities	595,824,127.66	564,297,560.29
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	253,905,000.00	48,101,000.00
Proceeds from Other Financing Activities	67,776,740.46	51,695,795.18
Payments for Additions to Capital Assets	(159,552,569.52)	(156,824,173.84)
Payments of Principal on Debt Issuance	(63,461,090.54)	(104,108,114.03)
Payments of Interest on Debt Issuance	(32,044,449.91)	(31,050,780.17)
Payments of Other Costs on Debt Issuance	(208,149,151.12)	(21,576,091.26)
Net Cash Provided (Used) by Capital and Related Financing Activities	(141,525,520.63)	(213,762,364.12)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	88,426,105.72	1,280,092.72
Proceeds from Investment Income	62,698,274.51	90,328,703.25
Payments to Acquire Investments	(206,538,940.24)	(93,664,713.64)
Net Cash Provided (Used) by Investing Activities	(55,414,560.01)	(2,055,917.67)

Unaudited

University of Houston (730)
Statement of Cash Flows
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 150,560,655.92</u>	<u>\$ 98,946,928.19</u>
Cash and Cash Equivalents, September 1	433,238,450.86	334,291,522.67
Restatements	(18,809,809.38)	
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 564,989,297.40</u>	<u>\$ 433,238,450.86</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>\$ (345,318,008.77)</u>	<u>\$ (353,213,628.10)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	100,241,407.61	91,094,770.99
Operating Income and Cash Flow Categories:		
Classification Differences	(2,018,504.47)	141,365.06
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	(31,872,207.44)	(29,074,089.01)
(Increase) Decrease in Inventories	173,466.74	(273,813.13)
(Increase) Decrease in Prepaid Expenses	3,474,410.40	3,609,822.41
(Increase) Decrease in Other Assets	20,014,699.82	(1,919,722.97)
Increase (Decrease) in Payables	(10,853,578.44)	8,013,205.98
Increase (Decrease) in Deferred Income	118,017.99	22,253,302.21
Increase (Decrease) in Compensated Absences	(805,744.43)	482,469.19
Increase (Decrease) in Benefits Payable	1,128,178.21	2,878,743.21
Increase (Decrease) in Other Liabilities	7,185,414.18	6,475,223.85
Increase (Decrease) in Deferred Inflows of Resources-Leases	10,209,057.50	0.00
<u>Total Adjustments</u>	<u>96,994,617.67</u>	<u>103,681,277.79</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (248,323,391.10)</u>	<u>\$ (249,532,350.31)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>(132,604,626.70)</u>	<u>116,975,717.76</u>
<u>Non Cash Transactions</u>	<u>\$ (132,604,626.70)</u>	<u>\$ 116,975,717.76</u>

**UNIVERSITY OF HOUSTON
CLEAR LAKE**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

UNIVERSITY OF HOUSTON – CLEAR LAKE
PRIMARY STATEMENTS

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 13,150.00	\$ 13,150.00
Cash in Bank	3,259,475.97	17,179,464.53
Cash in Transit/Reimburse From Treasury	2,459,997.95	2,312,873.39
Cash in State Treasury	7,272,716.04	8,145,898.18
Cash Equivalents	49,306,801.42	37,144,008.21
Restricted:		
Cash In Bank	(1,953,834.49)	(14,818,061.39)
Legislative Appropriation	8,906,521.29	8,987,581.08
Receivables:		
Federal Receivables	6,942,160.72	17,598,795.92
UHS Intercampus Receivables	19,973,628.07	21,002,326.34
Accounts Receivable	7,525,686.87	7,167,750.43
Gifts	745,431.75	1,012,241.37
Other	1,244,728.36	1,357,554.35
Due From Other Agencies	351,890.19	80,511.02
Consumable Inventories	15,454.72	4,376.74
Prepaid Costs	4,096,844.47	4,780,547.97
Loans and Contracts	2,775,972.45	2,144,132.49
Total Current Assets	112,936,625.78	114,113,150.63
Non-Current Assets		
Restricted:		
Receivables	34,068.25	134,496.92
UHS Intercampus Receivables	65,462,758.89	23,163,700.20
Loans and Contracts	48,068.67	253,202.94
Investments	0.00	156,250.00
UHS Intercampus Receivables	13,042,960.06	14,561,001.53
Capital Assets		
Non-Depreciable or Non-Amortizable	12,641,438.73	12,641,438.73
Depreciable or Amortizable, Net	165,864,520.24	171,304,727.64
Total Non-Current Assets	257,093,814.84	222,214,817.96
Total Assets	370,030,440.62	336,327,968.59
DEFERRED OUTFLOW OF RESOURCES		
Total Deferred Outflow of Resources	0.00	0.00
Total Assets and Deferred Outflow of Resources	370,030,440.62	336,327,968.59

Unaudited

University of Houston - Clear Lake (759)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	1,817,084.26	2,670,593.40
Federal Payable	158,762.79	59,261.61
Payroll Payable	7,459,003.24	6,908,309.45
UHS Intercampus Payable	(293,508.49)	(433,062.03)
Other Payable	306,649.89	218,109.31
Due to Other Agencies	270,161.82	121,240.09
Unearned Revenues	35,478,055.36	37,297,461.33
Notes and Loans Payable	568,107.91	0.00
Revenue Bonds Payable	7,539,518.66	8,655,544.16
Claims and Judgments Payable	171,248.26	679.73
Employees' Compensable Leave	1,329,069.02	1,437,494.06
Capital Lease Obligations	0.00	564,240.58
Funds Held for Others	648,688.28	532,536.72
Total Current Liabilities	55,452,841.00	58,032,408.41
Non Current-Liabilities		
Revenue Bonds Payable	163,901,102.25	126,409,639.86
Employees' Compensable Leave	1,326,944.18	1,447,881.41
Right to Use Lease Obligations	3,429,608.10	3,997,716.01
Total Non-Current Liabilities	168,657,654.53	131,855,237.28
Total Liabilities	224,110,495.53	189,887,645.69
DEFERRED IN FLOW OF RESOURCES		
Total Deferred Inflows of Resources	0.00	0.00
Total Liabilities and Deferred Inflow of Resources	224,110,495.53	189,887,645.69
NET POSITION		
Invested in Capital Assets, Net of Related Debt	49,080,915.09	45,586,297.23
Restricted for:		
Capital Projects	2,905.56	19,263.57
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	13,715,599.08	15,431,283.15
Expendable		
Funds Functioning as Endowments	5,614,191.75	6,345,462.21
Other	4,106,825.37	4,671,622.84
Unrestricted	73,399,508.24	74,386,393.90
Total Net Position	\$ 145,919,945.09	\$ 146,440,322.90

Unaudited

University of Houston - Clear Lake (759)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 81,652,161.04	\$ 78,912,324.38
Discounts and Allowances	(20,088,254.45)	(21,575,476.00)
Auxiliary Enterprise-Pledged	2,924,263.69	1,535,902.60
Other Sales of Goods and Services-Pledged	1,268,911.54	1,162,537.22
Federal Revenue-Operating (PR-OP Grants/Contributions)	9,078,442.09	12,232,147.74
Federal Pass Through Revenue (PR-OP Grants/Contributions)	976,551.77	1,706,226.95
State Grant Revenue (PR-OP Grants/Contributions)	499,475.50	395,070.69
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	4,110,498.17	3,966,147.09
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	910,676.36	350,637.32
Other Operating Revenues (PR-Chgs for Services)	54,173.00	73,039.86
Total Operating Revenues	81,386,898.71	78,758,557.85
Operating Expenses		
Instruction	45,469,489.76	43,137,651.80
Research	1,800,617.44	1,716,254.70
Public Service	269,697.21	67,916.14
Academic Support	29,958,324.80	30,982,166.17
Student Services	8,415,199.83	8,048,828.09
Institutional Support	16,493,099.62	17,684,700.38
Physical Plant	12,550,040.21	9,945,265.87
Scholarships & Fellowships	13,422,271.51	18,580,717.28
Auxiliary Enterprises	7,698,015.17	6,563,705.25
Depreciation and Amortization	12,460,720.84	12,206,418.17
Total Operating Expenses	148,537,476.39	148,933,623.85
Operating Income (Loss)	(67,150,577.68)	(70,175,066.00)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	31,695,263.00	27,693,093.00
Additional Appropriations (GR)	8,504,292.88	7,415,157.46
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	20,389,558.43	23,614,606.04
Gifts (PR-OP Grants/Contributions)	191,862.65	1,102,032.32
Interest and Investment Income (PR-Chgs for Services)	2,801,878.00	4,102,235.82
Interest Expense and Fiscal Charges	(4,547,160.23)	(4,671,460.09)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(6,421,096.41)	4,640,863.52
Other Nonoperating Revenues	(136,612.10)	6,136,015.26
Other Nonoperating Expenses	(1,990,123.30)	(1,890,482.74)
Total Nonoperating Revenues (Expenses)	\$ 50,487,862.92	\$ 68,142,060.59

Unaudited

University of Houston - Clear Lake (759)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (16,662,714.76)</u>	<u>\$ (2,033,005.41)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	7,726,043.00	7,726,043.00
Additions to Permanent and Term Endowments	227,873.00	229,414.98
UHS Intercampus Transfers-In	8,205,193.59	8,330,252.32
UHS Intercampus Transfers-Out	(212,217.00)	(204,302.00)
Transfers-In	109,927.36	80,011.03
Legislative Transfers-In	85,517.00	76,847.00
Legislative Appropriations Lapsed	0.00	(221,160.56)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>16,142,336.95</u>	<u>16,017,105.77</u>
<u>Changes in Net Position</u>	<u>(520,377.81)</u>	<u>13,984,100.36</u>
Net Position Beginning	146,440,322.90	132,456,222.54
Restatements		
<u> Net Position Beginning, as Restated</u>	<u>146,440,322.90</u>	<u>132,456,222.54</u>
<u>Net Position, Ending</u>	<u>\$ 145,919,945.09</u>	<u>\$ 146,440,322.90</u>

Unaudited

University of Houston - Clear Lake (759)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	33,700,214.97	1,236,362.98	0.00	14,022,738.46	4,481,688.99
Payroll Related Costs	8,440,573.29	248,732.18	0.00	3,676,869.47	1,258,631.03
Professional Fees and Services	578,126.28	131,558.72	247,471.35	1,615,423.83	574,881.61
Travel	45,126.73	108,445.00	-	352,326.67	58,754.93
Materials and Supplies	311,517.68	145,885.58	7,817.51	4,316,464.84	242,719.58
Communication and Utilities	85,998.82	8,887.20	72.82	930,279.04	105,772.62
Repairs and Maintenance	22,896.25	11,029.24	-	1,208,890.41	9,996.25
Rentals and Leases	43,196.34	9,660.00	-	1,181,722.74	457,405.58
Printing and Reproduction	7,113.35	-	734.00	76,197.83	129,229.75
Depreciation and Amortization	-	-	-	-	-
Interest	481.97	0.06	-	421.77	628.38
Scholarships	2,026,653.95	7,800.00	-	1,895,494.22	58,180.40
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	207,590.13	(107,999.45)	12,949.57	681,495.52	1,037,310.71
Total Operating Expenses	\$ 45,469,489.76	\$ 1,800,617.44	\$ 269,697.21	\$ 29,958,324.80	\$ 8,415,199.83

Unaudited

University of Houston - Clear Lake (759)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2022	Total FY2021
\$ -	\$ -	\$ -	\$ 4,771.82	\$ -	\$ 4,771.82	\$ 10,028.52
8,005,492.25	4,870,459.05	211,775.73	4,070,516.89	-	70,599,249.32	66,673,710.11
1,988,393.29	2,794,814.79	1,137.24	932,376.29	-	19,341,527.58	18,820,579.58
4,909,080.33	1,314,163.41	31,624.34	838,044.94	-	10,240,374.81	7,900,174.19
69,541.26	10,180.28	-	66,791.99	-	711,818.82	174,648.27
300,794.91	499,344.64	2,462.70	360,027.22	-	6,187,034.66	3,196,262.95
121,624.15	1,395,433.78	8.50	431,378.44	-	3,079,455.37	3,904,908.85
190,238.88	1,548,591.53	86.58	439,429.81	-	3,431,158.95	3,799,158.18
74,351.45	6,100.16	-	75,899.94	-	1,848,336.21	1,390,410.52
72,527.21	13,394.38	-	32,051.12	-	331,503.57	242,094.11
-	-	-	-	12,460,720.84	12,460,720.84	12,206,418.17
296.65	1,157.09	-	565.63	-	3,551.55	5,130.80
1,000.00	-	13,190,489.40	104,240.14	-	17,283,858.11	22,241,051.78
133,272.34	-	-	-	-	133,272.34	70,195.37
626,486.90	96,401.10	(15,312.98)	341,920.94	-	2,880,842.44	8,298,852.45
<u>\$ 16,493,099.62</u>	<u>\$ 12,550,040.21</u>	<u>\$ 13,422,271.51</u>	<u>\$ 7,698,015.17</u>	<u>\$ 12,460,720.84</u>	<u>\$ 148,537,476.39</u>	<u>\$ 148,933,623.85</u>

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2022

	<u>Total FY2022</u>	<u>Total FY2021</u>
Cash Flows From Operating Activities		
Receipts from Customers	\$ 1,934,443.28	\$ 1,062,374.65
Proceeds from Tuition and Fees	59,542,509.52	58,955,538.62
Proceeds from Research Grants and Contracts	25,116,691.55	10,177,897.66
Proceeds from Loan Programs	5,817,664.55	4,440,411.35
Proceeds from Auxiliaries	3,308,243.88	924,276.75
Proceeds from Other Revenues	54,173.00	73,039.86
Payments to Suppliers for Goods and Services	(25,926,797.25)	(19,707,641.18)
Payments to Employees for Salaries	(70,092,490.35)	(64,175,248.64)
Payments to Employees for Benefits	(19,570,889.85)	(18,651,230.59)
Payments for Loans Provided	(6,244,370.24)	(4,624,672.58)
Payments for Other Expenses	(20,014,804.35)	(30,605,642.55)
Net Cash Provided (Used) by Operating Activities	(46,075,626.26)	(62,130,896.65)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	48,092,175.67	40,526,852.30
Proceeds from Gifts	559,100.94	1,190,259.99
Proceeds from Endowments	227,873.00	229,414.98
Proceeds of Transfers from Other Funds	8,178,508.85	8,131,609.40
Proceeds from Grants	20,389,558.43	23,614,606.04
Payments for Transfers to Other Funds	(2,130,360.31)	4,319,884.47
Net Cash Provided (Used) by Noncapital Financing Activities	75,316,856.58	78,012,627.18
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	39,400,000.00	0.00
Proceeds from Other Financing Activities	11,346,006.60	0.00
Payments for Additions to Capital Assets	(7,020,513.44)	(3,119,445.17)
Payments of Principal on Debt Issuance	(7,941,361.03)	(7,643,433.40)
Payments for Capital Lease	(4,561,956.59)	(559,321.65)
Payments of Interest on Debt Issuance	(4,547,160.23)	(4,671,460.09)
Payments of Other Costs on Debt Issuance	(47,249,485.88)	(720,810.31)
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,574,470.57)	(16,714,470.62)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	3,250.00	0.00
Proceeds from Investment Income	2,801,878.00	4,102,235.82
Payments to Acquire Investments	(1,090,913.78)	(3,057,564.49)
Net Cash Provided (Used) by Investing Activities	1,714,214.22	1,044,671.33

Unaudited

University of Houston - Clear Lake (759)
Statement of Cash Flows
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 10,380,973.97</u>	<u>\$ 211,931.24</u>
Cash and Cash Equivalents, September 1	49,977,332.92	49,765,401.68
Restatements		
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 60,358,306.89</u>	<u>\$ 49,977,332.92</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>(67,150,577.68)</u>	<u>(70,175,066.00)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	12,460,720.84	12,206,418.17
Operating Income and Cash Flow Categories:		
Classification Differences	(426,705.69)	(184,261.23)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	10,411,524.75	(10,162,729.99)
(Increase) Decrease in Inventories	(11,077.98)	4,412.04
(Increase) Decrease in Prepaid Expenses	683,703.50	419,679.16
(Increase) Decrease in Other Assets	(271,379.17)	24,462.17
Increase (Decrease) in Payables	(665,467.38)	464,454.49
Increase (Decrease) in Deferred Income	(1,819,405.97)	2,497,186.50
Increase (Decrease) in Compensated Absences	(229,362.27)	169,348.99
Increase (Decrease) in Benefits Payable	506,758.97	2,498,461.47
Increase (Decrease) in Other Liabilities	435,641.82	106,737.58
<u>Total Adjustments</u>	<u>21,074,951.42</u>	<u>8,044,169.35</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (46,075,626.26)</u>	<u>\$ (62,130,896.65)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>(6,421,096.41)</u>	<u>4,640,863.52</u>
<u>Non Cash Transactions</u>	<u>\$ (6,421,096.41)</u>	<u>\$ 4,640,863.52</u>

**UNIVERSITY OF HOUSTON
DOWNTOWN**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

UNIVERSITY OF HOUSTON – DOWNTOWN

PRIMARY STATEMENTS

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 20,450.00	\$ 11,450.00
Cash in Bank	(3,708,694.36)	9,252,968.12
Cash in Transit/Reimburse From Treasury	2,797,998.15	3,044,447.24
Cash in State Treasury	1,944,622.20	1,678,557.29
Cash Equivalents	45,064,873.54	31,915,030.81
Restricted:		
Cash In Bank	7,010,974.24	(6,901,720.11)
Legislative Appropriation	16,064,954.97	15,153,395.00
Receivables:		
Federal Receivables	18,497,922.99	30,943,003.15
UHS Intercampus Receivables	24,667,490.61	26,062,164.84
Accounts Receivable	11,895,973.99	11,262,362.42
Gifts	4,805,190.61	4,200,712.64
Other	75,238.01	(959,086.86)
Due From Other Agencies	259,194.00	191,122.00
Consumable Inventories	20,409.29	25,219.73
Prepaid Costs	4,993,221.18	7,792,456.40
Loans and Contracts	8,137,930.16	8,716,968.42
Total Current Assets	142,547,749.58	142,389,051.09
Non-Current Assets		
Restricted:		
Receivables	1,194,834.34	1,437,836.20
UHS Intercampus Receivables	92,632,210.44	71,811,147.43
Investments	63,000.00	19,250.00
UHS Intercampus Receivables	9,758,146.96	10,857,552.93
Capital Assets		
Non-Depreciable or Non-Amortizable	61,351,321.95	32,689,389.42
Depreciable or Amortizable, Net	156,173,586.42	0.00
Right to Use Assets - Amortizable, Net	2,306,484.26	162,906,763.04
Total Non-Current Assets	323,479,584.37	279,721,939.02
Total Assets	466,027,333.95	422,110,990.11
DEFERRED OUTFLOW OF RESOURCES		
Total Deferred Outflow of Resources	0.00	0.00
Total Assets and Deferred Outflow of Resources	466,027,333.95	422,110,990.11

Unaudited

University of Houston - Downtown (784)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	5,988,183.83	2,933,402.34
Accrued Lease Interest Payable	1,610.63	0.00
Payroll Payable	8,161,197.72	8,333,787.75
UHS Intercampus Payable	4,427,097.20	4,389,907.00
Other Payable	455,802.94	231,980.53
Due to Other Agencies	855,098.66	2,307,016.29
Unearned Revenues	48,903,470.26	53,720,026.73
Revenue Bonds Payable	8,884,907.76	8,690,536.92
Claims and Judgments Payable	201,366.90	41,629.35
Employees' Compensable Leave	2,089,773.86	2,243,671.88
Right to Use Lease Obligations	587,572.96	0.00
Funds Held for Others	(349,860.32)	(113,644.35)
Total Current Liabilities	80,206,222.40	82,778,314.44
Non Current-Liabilities		
Revenue Bonds Payable	162,956,637.60	126,859,449.82
Employees' Compensable Leave	2,086,432.87	2,259,884.68
Right to Use Lease Obligations	1,745,279.52	0.00
Total Non-Current Liabilities	166,788,349.99	129,119,334.50
Total Liabilities	246,994,572.39	211,897,648.94
DEFERRED IN FLOW OF RESOURCES		
Total Deferred Inflows of Resources	0.00	0.00
Total Liabilities and Deferred Inflow of Resources	246,994,572.39	211,897,648.94
NET POSITION		
Invested in Capital Assets, Net of Related Debt	100,013,078.68	93,277,210.59
Restricted for:		
Debt Retirement	405.90	405.90
Capital Projects	2,888.00	2,888.00
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	30,779,043.46	33,434,072.54
Expendable		
Funds Functioning as Endowments	2,616,275.04	2,919,226.84
Other	13,421,350.68	11,528,484.11
Unrestricted	72,199,719.80	69,051,053.19
Total Net Position	\$ 219,032,761.56	\$ 210,213,341.17

Unaudited

University of Houston - Downtown (784)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 116,959,146.09	\$ 119,043,294.30
Discounts and Allowances	(41,884,870.01)	(46,954,283.95)
Auxiliary Enterprise-Pledged	1,800,977.55	1,478,147.76
Discounts and Allowances	(644,957.22)	(583,026.29)
Other Sales of Goods and Services-Pledged	2,274,993.08	2,089,098.23
Federal Revenue-Operating (PR-OP Grants/Contributions)	30,563,138.81	23,776,155.29
Federal Pass Through Revenue (PR-OP Grants/Contributions)	956,841.09	2,368,781.71
State Grant Revenue (PR-OP Grants/Contributions)	9,761.25	18,767.04
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	9,957,420.46	8,933,683.54
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	1,719,813.56	3,650,723.58
Other Operating Revenues (PR-Chgs for Services)	(9,547.10)	0.00
Total Operating Revenues	121,702,717.56	113,821,341.21
Operating Expenses		
Instruction	53,612,653.62	50,902,870.14
Research	1,835,377.70	2,040,314.77
Public Service	2,630,267.37	2,655,557.94
Academic Support	39,006,277.99	35,044,021.85
Student Services	7,393,512.98	7,179,408.44
Institutional Support	27,021,363.88	24,022,614.11
Physical Plant	9,994,985.24	8,426,678.06
Scholarships & Fellowships	35,483,324.87	34,039,808.82
Auxiliary Enterprises	8,225,681.15	7,659,361.39
Depreciation and Amortization	13,055,081.02	12,438,824.20
Total Operating Expenses	198,258,525.82	184,409,459.72
Operating Income (Loss)	(76,555,808.26)	(70,588,118.51)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	26,474,973.00	24,426,043.13
Additional Appropriations (GR)	7,082,399.08	6,912,021.89
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	36,166,799.93	37,780,625.98
Gifts (PR-OP Grants/Contributions)	3,356,015.58	(422,084.74)
Interest and Investment Income (PR-Chgs for Services)	3,823,683.79	5,612,431.41
Interest Expense and Fiscal Charges	(4,026,523.90)	(4,452,266.36)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(8,529,636.86)	6,584,393.83
Other Nonoperating Revenues	233,836.99	6,594,320.03
Other Nonoperating Expenses	1,254,959.91	605,800.65
Total Nonoperating Revenues (Expenses)	\$ 65,836,507.52	\$ 83,641,285.82

Unaudited

University of Houston - Downtown (784)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ (10,719,300.74)</u>	<u>\$ 13,053,167.31</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	10,828,344.00	10,828,344.00
Additions to Permanent and Term Endowments	1,131,890.99	1,188,428.44
UHS Intercampus Transfers-In	7,803,003.14	11,902,521.72
UHS Intercampus Transfers-Out	(302,073.00)	(289,432.00)
Transfers-In	30,587.00	(161,113.80)
Legislative Transfers-In	46,969.00	50,563.00
Legislative Appropriations Lapsed	0.00	(1,451,152.13)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>19,538,721.13</u>	<u>22,068,159.23</u>
<u>Changes in Net Position</u>	<u>8,819,420.39</u>	<u>35,121,326.54</u>
Net Position Beginning	210,213,341.17	175,092,014.63
Restatements		
<u> Net Position Beginning, as Restated</u>	<u>210,213,341.17</u>	<u>175,092,014.63</u>
<u>Net Position, Ending</u>	<u>\$ 219,032,761.56</u>	<u>\$ 210,213,341.17</u>

Unaudited

University of Houston - Downtown (784)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	41,308,163.10	995,476.30	1,068,284.01	18,924,602.49	4,684,966.71
Payroll Related Costs	10,897,113.97	254,320.63	285,372.90	5,142,067.36	1,486,108.87
Professional Fees and Services	310,570.74	229,234.08	799,956.71	1,521,908.07	225,409.43
Federal Pass Through Expenses	-	-	-	-	-
Travel	214,694.65	42,268.11	3,744.82	209,471.53	45,200.44
Materials and Supplies	276,454.04	148,473.82	163,063.02	6,341,465.58	137,389.89
Communication and Utilities	116,205.26	3,529.14	21,576.63	278,695.02	138,844.97
Repairs and Maintenance	1.66	30.61	6,639.44	1,570,302.56	3,052.20
Rentals and Leases	96,549.28	12,363.80	39,035.47	1,871,144.25	28,150.36
Printing and Reproduction	11,659.89	1,369.23	3,124.50	32,830.92	68,493.26
Depreciation and Amortization	-	-	-	-	-
Interest	174.65	281.11	111.05	872.36	1,645.40
Scholarships	11,048.14	24,503.63	17,000.00	265,926.07	10,007.75
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	370,018.24	123,527.24	222,358.82	2,846,991.78	564,243.70
Total Operating Expenses	\$ 53,612,653.62	\$ 1,835,377.70	\$ 2,630,267.37	\$ 39,006,277.99	\$ 7,393,512.98

Unaudited

University of Houston - Downtown (784)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2022	Total FY2021
\$ -	\$ -	\$ -	\$ 622.29	\$ -	\$ 622.29	\$ -
12,482,684.81	2,489,405.14	115,187.26	3,638,824.64	-	85,707,594.46	81,362,162.73
3,639,489.68	1,107,938.31	200.28	966,469.70	-	23,779,081.70	22,931,899.21
5,232,083.99	3,681,372.41	60,072.00	2,060,281.16	-	14,120,888.59	12,596,077.96
-	-	-	-	-	-	17,587.56
144,247.40	-	-	102,780.40	-	768,013.83	117,128.70
1,212,464.23	672,053.87	2,670.79	233,333.66	-	9,187,368.90	3,701,917.33
255,401.68	1,567,391.75	-	184,489.16	-	2,566,133.61	2,317,093.51
268,185.29	439,643.87	-	38,176.17	-	2,326,031.80	1,538,087.47
590,695.53	4,068.76	-	195,527.55	-	2,837,535.00	2,369,886.32
65,496.15	260.60	9,996.00	37,355.09	-	230,585.64	197,125.91
-	-	-	-	13,055,081.02	13,055,081.02	12,438,824.20
1,126.16	797.69	-	1,216.79	-	6,225.21	4,413.33
987,269.58	-	35,289,898.92	68,264.83	-	36,673,918.92	35,726,949.41
93,403.91	-	-	-	-	93,403.91	70,525.36
2,048,815.47	26,446.36	5,299.62	698,339.71	-	6,906,040.94	9,019,780.72
<u>\$ 27,021,363.88</u>	<u>\$ 9,994,985.24</u>	<u>\$ 35,483,324.87</u>	<u>\$ 8,225,681.15</u>	<u>\$ 13,055,081.02</u>	<u>\$ 198,258,525.82</u>	<u>\$ 184,409,459.72</u>

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Cash Flows From Operating Activities		
Receipts from Customers	\$ 201,252.79	\$ 4,924,409.38
Proceeds from Tuition and Fees	69,321,780.32	72,954,086.14
Proceeds from Research Grants and Contracts	55,154,407.00	4,936,239.11
Proceeds from Loan Programs	9,767,448.27	10,482,796.70
Proceeds from Auxiliaries	1,475,422.17	367,765.03
Payments to Suppliers for Goods and Services	(25,952,919.47)	(25,335,482.53)
Payments to Employees for Salaries	(85,777,349.41)	(81,238,120.84)
Payments to Employees for Benefits	(24,106,431.53)	(22,622,041.58)
Payments for Loans Provided	(9,188,410.01)	(8,287,547.17)
Payments for Other Expenses	(43,756,067.40)	(43,280,965.37)
Net Cash Provided (Used) by Operating Activities	(52,870,414.37)	(87,098,861.13)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	43,521,125.11	38,424,060.17
Proceeds from Gifts	2,994,539.47	1,434,395.78
Proceeds from Endowments	1,131,890.99	1,188,428.44
Proceeds of Transfers from Other Funds	9,832,433.37	12,664,005.10
Proceeds from Grants	36,166,799.93	37,780,625.98
Payments for Transfers to Other Funds	(733,553.36)	5,988,091.50
Net Cash Provided (Used) by Noncapital Financing Activities	92,913,235.51	97,479,606.97
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	43,005,000.00	0.00
Proceeds from Other Financing Activities	14,627,036.96	0.00
Payments for Additions to Capital Assets	(37,290,321.19)	(8,211,204.61)
Payments of Principal on Debt Issuance	(11,513,043.35)	(7,203,185.95)
Payments of Interest on Debt Issuance	(4,026,523.90)	(4,452,266.36)
Payments of Other Costs on Debt Issuance	(31,406,085.18)	350,569.92
Net Cash Provided (Used) by Capital and Related Financing Activities	(26,603,936.66)	(19,516,087.00)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	54,250.00	19,250.00
Proceeds from Investment Income	3,823,683.79	5,612,431.41
Payments to Acquire Investments	(3,187,327.85)	(5,036,403.89)
Net Cash Provided (Used) by Investing Activities	690,605.94	595,277.52

Unaudited

University of Houston - Downtown (784)
Statement of Cash Flows
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 14,129,490.42</u>	<u>\$ (8,540,063.64)</u>
Cash and Cash Equivalents, September 1	39,000,733.35	47,540,796.99
Restatements		
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 53,130,223.77</u>	<u>\$ 39,000,733.35</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>(76,555,808.26)</u>	<u>(70,588,118.51)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	13,055,081.02	12,438,824.20
Operating Income and Cash Flow Categories: Classification Differences	579,038.26	2,195,249.53
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	10,777,143.72	(24,348,975.46)
(Increase) Decrease in Inventories	4,810.44	2,650.40
(Increase) Decrease in Prepaid Expenses	2,799,235.22	(1,640,322.31)
(Increase) Decrease in Other Assets	(68,072.00)	(103,771.52)
Increase (Decrease) in Payables	3,278,603.90	(8,192,272.97)
Increase (Decrease) in Deferred Income	(4,816,556.47)	850,115.28
Increase (Decrease) in Compensated Absences	(327,349.83)	309,857.63
Increase (Decrease) in Benefits Payable	(69,754.95)	124,041.89
Increase (Decrease) in Other Liabilities	(1,526,785.42)	1,853,860.71
<u>Total Adjustments</u>	<u>23,685,393.89</u>	<u>(16,510,742.62)</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (52,870,414.37)</u>	<u>\$ (87,098,861.13)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>(8,529,636.86)</u>	<u>6,584,393.83</u>
<u>Non Cash Transactions</u>	<u>\$ (8,529,636.86)</u>	<u>\$ 6,584,393.83</u>

**UNIVERSITY OF HOUSTON
VICTORIA**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

UNIVERSITY OF HOUSTON – VICTORIA

PRIMARY STATEMENTS

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 1,934.00	\$ 1,934.00
Cash in Bank	(826,611.80)	5,514,192.45
Cash in Transit/Reimburse From Treasury	1,441,898.27	148,096.89
Cash in State Treasury	1,186,100.51	1,399,426.82
Cash Equivalents	9,277,749.86	6,250,736.44
Restricted:		
Cash In Bank	2,384,000.49	(4,857,947.77)
Legislative Appropriation	4,735,630.76	4,307,872.42
Receivables:		
Federal Receivables	2,603,559.34	3,984,397.39
UHS Intercampus Receivables	1,649,590.36	1,200,901.31
Accounts Receivable	490,476.83	5,729,021.73
Gifts	493,885.12	818,185.27
Other	10,311.86	0.00
Due From Other Agencies	28,554.16	30,462.94
Prepaid Costs	4,518,350.90	4,662,293.77
Loans and Contracts	1,972,649.36	2,168,086.30
Total Current Assets	29,968,080.02	31,357,659.96
Non-Current Assets		
Restricted:		
Receivables	937,707.76	1,060,512.25
UHS Intercampus Receivables	64,447,447.37	30,738,200.05
Investments	156,250.00	117,000.00
UHS Intercampus Receivables	3,294,179.29	3,665,318.90
Capital Assets		
Non-Depreciable or Non-Amortizable	20,865,372.32	15,171,018.27
Depreciable or Amortizable, Net	111,754,632.15	116,282,933.67
Total Non-Current Assets	201,455,588.89	167,034,983.14
Total Assets	231,423,668.91	198,392,643.10
DEFERRED OUTFLOW OF RESOURCES		
Loss on Bond Refunding	0.00	11,300.81
Total Deferred Outflow of Resources	0.00	11,300.81
Total Assets and Deferred Outflow of Resources	231,423,668.91	198,403,943.91

Unaudited

University of Houston - Victoria (765)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	1,611,599.87	3,555,385.79
Federal Payable	23,393.54	23,393.54
Payroll Payable	3,953,771.71	2,090,060.62
UHS Intercampus Payable	3,170,905.27	5,357,362.37
Other Payable	311,410.30	222,124.58
Due to Other Agencies	31,975.53	5,142.47
Unearned Revenues	15,546,831.08	16,025,949.77
Revenue Bonds Payable	6,492,159.78	5,387,755.95
Claims and Judgments Payable	23,645.96	99.99
Employees' Compensable Leave	662,855.82	667,224.26
Funds Held for Others	933,449.74	1,021,190.60
Total Current Liabilities	32,761,998.60	34,355,689.94
Non Current-Liabilities		
Revenue Bonds Payable	149,972,944.30	111,460,754.11
Employees' Compensable Leave	661,796.06	672,045.66
Total Non-Current Liabilities	150,634,740.36	112,132,799.77
Total Liabilities	183,396,738.96	146,488,489.71
DEFERRED IN FLOW OF RESOURCES		
Total Deferred Inflows of Resources		
Total Liabilities and Deferred Inflow of Resources	183,396,738.96	146,488,489.71
NET POSITION		
Invested in Capital Assets, Net of Related Debt	19,630,634.98	23,898,812.46
Restricted for:		
Capital Projects	8,274,582.77	5,961,283.06
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	10,150,357.98	11,468,904.51
Expendable		
Funds Functioning as Endowments	1,101,922.25	1,277,292.76
Other	5,060,652.33	5,159,357.89
Unrestricted	3,808,779.64	4,149,803.52
Total Net Position	\$ 48,026,929.95	\$ 51,915,454.20

Unaudited

University of Houston - Victoria (765)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 33,409,151.40	\$ 36,567,262.66
Discounts and Allowances	(8,730,643.29)	(9,762,925.42)
Auxiliary Enterprise-Pledged	2,752,335.84	2,817,149.51
Discounts and Allowances	(719,253.90)	(752,103.49)
Other Sales of Goods and Services-Pledged	393,314.08	322,197.28
Federal Revenue-Operating (PR-OP Grants/Contributions)	6,053,245.45	6,457,489.49
Federal Pass Through Revenue (PR-OP Grants/Contributions)	252,207.25	766,700.26
State Grant Revenue (PR-OP Grants/Contributions)	136,780.19	167,074.39
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	2,027,323.70	2,054,375.41
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	426,199.62	449,071.17
Total Operating Revenues	36,000,660.34	39,086,291.26
Operating Expenses		
Instruction	21,613,154.72	20,599,553.12
Research	551,954.30	416,866.60
Public Service	829,496.67	867,913.70
Academic Support	10,803,465.63	14,197,429.52
Student Services	8,050,458.47	7,050,629.32
Institutional Support	6,807,081.89	5,897,596.64
Physical Plant	3,524,798.65	3,254,513.23
Scholarships & Fellowships	8,963,504.44	8,876,793.59
Auxiliary Enterprises	3,174,890.15	2,342,457.43
Depreciation and Amortization	8,069,649.65	7,013,518.91
Total Operating Expenses	72,388,454.57	70,517,272.06
Operating Income (Loss)	(36,387,794.23)	(31,430,980.80)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	15,481,288.00	13,914,261.00
Additional Appropriations (GR)	3,876,150.89	3,698,496.46
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	7,056,918.37	8,426,540.80
Gifts (PR-OP Grants/Contributions)	813,097.27	1,409,094.74
Interest and Investment Income (PR-Chgs for Services)	1,198,516.38	1,745,074.22
Interest Expense and Fiscal Charges	(3,718,227.34)	(3,670,997.79)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(2,497,459.50)	2,386,598.84
Other Nonoperating Revenues	39,656.78	4,137,493.56
Other Nonoperating Expenses	(626,449.69)	(2,810,266.16)
Total Nonoperating Revenues (Expenses)	\$ 21,623,491.16	\$ 29,236,295.67

Unaudited

University of Houston - Victoria (765)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	\$ (14,764,303.07)	\$ (2,194,685.13)
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	3,542,817.00	3,542,817.00
Additions to Permanent and Term Endowments	86,368.00	25,000.00
UHS Intercampus Transfers-In	7,371,235.45	4,883,415.22
UHS Intercampus Transfers-Out	(126,834.00)	(124,480.96)
Transfers-In	944,114.86	52,004.92
Transfers-Out	(978,707.49)	0.00
Legislative Transfers-In	36,785.00	33,734.00
Total Other Rev, Exp, Gains, Losses and Transfers	10,875,778.82	8,412,490.18
Changes in Net Position	(3,888,524.25)	6,217,805.05
Net Position Beginning	51,915,454.20	45,697,649.15
Restatements		
Net Position Beginning, as Restated	51,915,454.20	45,697,649.15
Net Position, Ending	\$ 48,026,929.95	\$ 51,915,454.20

Unaudited

University of Houston - Victoria (765)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$ 15,793,343.93	\$ 305,330.24	\$ 482,510.63	\$ 4,511,762.55	\$ 4,100,127.48
Payroll Related Costs	4,183,486.23	94,660.04	186,152.24	1,377,104.47	1,456,308.30
Professional Fees and Services	331,341.10	22,628.14	49,298.80	1,607,635.72	803,623.25
Travel	26,954.13	7,359.93	5,927.76	70,486.09	375,530.95
Materials and Supplies	751,232.00	2,638.58	10,722.04	294,698.32	227,026.77
Communication and Utilities	12,837.25	1,303.58	2,738.92	453,729.68	74,995.78
Repairs and Maintenance	99,068.75	-	-	37,808.13	53,535.69
Rentals and Leases	163,759.86	258.45	4,426.31	108,417.45	230,117.72
Printing and Reproduction	15,415.55	567.65	697.35	12,479.11	56,366.34
Depreciation and Amortization	-	-	-	-	-
Interest	269.18	-	29.69	304.19	535.74
Scholarships	79,631.83	22,280.06	-	32,802.22	48,914.36
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	155,814.91	94,927.63	86,992.93	2,296,237.70	623,376.09
Total Operating Expenses	\$ 21,613,154.72	\$ 551,954.30	\$ 829,496.67	\$ 10,803,465.63	\$ 8,050,458.47

Unaudited

University of Houston - Victoria (765)
 Combined Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2022	Total FY2021
\$ 3,461,029.99	\$ 749,924.94	\$ 147,136.08	\$ 529,099.29	\$ -	\$ 30,080,265.13	\$ 28,785,571.75
1,036,924.85	295,310.80	-	171,206.63	-	8,801,153.56	8,573,792.98
962,900.37	889,103.42	31,982.45	1,193,535.42	-	5,892,048.67	4,796,967.04
13,226.33	1,737.39	-	11,981.77	-	513,204.35	277,762.75
450,747.92	339,174.56	598.83	142,517.25	-	2,219,356.27	1,548,212.97
125,339.92	847,843.22	-	438,375.72	-	1,957,164.07	1,864,875.20
359,703.16	351,064.44	-	436,966.80	-	1,338,146.97	838,864.72
274,422.83	30,115.17	115.00	31,732.98	-	843,365.77	925,162.49
21,736.58	35.30	-	21,589.94	-	128,887.82	70,312.80
-	-	-	-	8,069,649.65	8,069,649.65	7,013,518.91
1,264.32	18,126.63	-	16,818.67	-	37,348.42	37,741.30
5,764.37	900.00	8,779,256.54	133,811.59	-	9,103,360.97	9,153,835.76
34,802.90	-	-	-	-	34,802.90	33,542.89
59,218.35	1,462.78	4,415.54	47,254.09	-	3,369,700.02	6,597,110.50
<u>\$ 6,807,081.89</u>	<u>\$ 3,524,798.65</u>	<u>\$ 8,963,504.44</u>	<u>\$ 3,174,890.15</u>	<u>\$ 8,069,649.65</u>	<u>\$ 72,388,454.57</u>	<u>\$ 70,517,272.06</u>

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2022

	<u>Total FY2022</u>	<u>Total FY2021</u>
Cash Flows From Operating Activities		
Receipts from Customers	\$ 383,002.22	\$ 333,057.84
Proceeds from Tuition and Fees	24,199,376.16	25,310,533.26
Proceeds from Research Grants and Contracts	14,976,200.52	6,263,581.11
Proceeds from Loan Programs	2,888,172.28	2,772,409.89
Proceeds from Auxiliaries	2,600,775.68	2,094,376.65
Payments to Suppliers for Goods and Services	(14,409,773.90)	(10,420,014.94)
Payments to Employees for Salaries	(29,946,985.81)	(29,231,471.57)
Payments to Employees for Benefits	(8,815,771.60)	(8,527,739.62)
Payments for Loans Provided	(2,692,735.34)	(2,491,227.68)
Payments for Other Expenses	(12,609,407.20)	(15,448,882.60)
Net Cash Provided (Used) by Operating Activities	(23,427,146.99)	(29,345,377.66)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	22,509,282.55	22,757,641.41
Proceeds from Gifts	1,260,201.91	408,541.66
Proceeds from Endowments	86,368.00	25,000.00
Proceeds of Transfers from Other Funds	8,355,007.09	1,903,729.40
Proceeds from Grants	7,056,918.37	8,426,540.80
Payments for Transfers to Other Funds	(1,655,672.30)	4,245,043.82
Net Cash Provided (Used) by Noncapital Financing Activities	37,612,105.62	37,766,497.09
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	41,775,000.00	1,444,000.00
Proceeds from Other Financing Activities	11,970,185.02	10,769,569.83
Payments for Additions to Capital Assets	(9,428,659.53)	(9,694,245.99)
Payments of Principal on Debt Issuance	(7,174,505.08)	(5,475,266.64)
Payments of Interest on Debt Issuance	(3,706,926.53)	(3,667,633.57)
Payments of Other Costs on Debt Issuance	(42,233,569.16)	(2,708,991.39)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,798,475.28)	(9,332,567.76)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	39,250.00	0.00
Proceeds from Investment Income	1,198,516.38	1,745,074.22
Payments to Acquire Investments	(1,615,617.23)	(1,396,998.85)
Net Cash Provided (Used) by Investing Activities	(377,850.85)	348,075.37

Unaudited

University of Houston - Victoria (765)
Statement of Cash Flows
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 5,008,632.50</u>	<u>\$ (563,372.96)</u>
Cash and Cash Equivalents, September 1 Restatements	8,456,438.83	9,019,811.79
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 13,465,071.33</u>	<u>\$ 8,456,438.83</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>(36,387,794.23)</u>	<u>(31,430,980.80)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	8,069,649.65	7,013,518.91
Operating Income and Cash Flow Categories: Classification Differences	195,436.94	281,182.21
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	6,609,071.09	(3,574,136.20)
(Increase) Decrease in Prepaid Expenses	143,942.87	272,732.93
(Increase) Decrease in Other Assets	1,908.78	(24,755.28)
Increase (Decrease) in Payables	(1,661,542.85)	(370,589.90)
Increase (Decrease) in Deferred Income	(479,118.69)	(1,488,137.78)
Increase (Decrease) in Compensated Absences	(14,618.04)	46,053.36
Increase (Decrease) in Benefits Payable	133,279.32	(445,899.82)
Increase (Decrease) in Other Liabilities	(37,361.83)	375,634.71
<u>Total Adjustments</u>	<u>12,960,647.24</u>	<u>2,085,603.14</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (23,427,146.99)</u>	<u>\$ (29,345,377.66)</u>
Non Cash Transactions		
<u>Net Change in Fair Value of Investments</u>	<u>(2,497,459.50)</u>	<u>2,386,598.84</u>
<u>Non Cash Transactions</u>	<u>\$ (2,497,459.50)</u>	<u>\$ 2,386,598.84</u>

**UNIVERSITY OF HOUSTON
SYSTEM ADMINISTRATION**

**UNAUDITED ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2022

UNIVERSITY OF HOUSTON – SYSTEM ADMINISTRATION
PRIMARY STATEMENTS

Unaudited

University of Houston - System Administration (783)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Cash in Bank	\$ 212,499,877.94	\$ 240,807,872.59
Cash in Transit/Reimburse From Treasury	28,278,596.52	27,479,476.25
Cash Equivalents	189,496,416.34	146,213,157.31
Short Term Investments	203,896,154.89	272,488,968.60
Restricted:		
Cash In Bank	(237,754,496.08)	(267,525,144.03)
Legislative Appropriation	155,061.56	94,654.65
Receivables:		
UHS Intercampus Receivables	16,623,618.04	19,883,987.16
Interest and Dividends	1,159,717.81	1,096,101.42
Accounts Receivable	5,454,195.05	4,724,995.66
Other	933,257.12	1,222,781.39
Prepaid Costs	302,252.68	410,194.82
Total Current Assets	421,044,651.87	446,897,045.82
Non-Current Assets		
Restricted:		
Receivables		
UHS Intercampus Receivables	26,092,061.44	29,581,562.05
Investments	1,559,730,583.17	1,286,406,008.00
Capital Assets		
Non-Depreciable or Non-Amortizable	21,526,627.85	22,123,882.12
Depreciable or Amortizable, Net	45,362,384.27	48,148,353.32
Right to Use Assets - Amortizable, Net	126,414.38	0.00
Total Non-Current Assets	1,652,838,071.11	1,386,259,805.49
Total Assets	2,073,882,722.98	1,833,156,851.31
DEFERRED OUTFLOW OF RESOURCES		
Total Deferred Outflow of Resources	0.00	0.00
Total Assets and Deferred Outflow of Resources	\$ 2,073,882,722.98	\$ 1,833,156,851.31

Unaudited

University of Houston - System Administration (783)
Statement of Net Position
August 31, 2022

	Total FY2022	Total FY2021
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts Payable	\$ 10,259,061.13	\$ 6,926,090.53
Accrued Lease Interest Payable	36.95	0.00
Payroll Payable	7,198,047.33	10,256,208.70
UHS Intercampus Payable	1,741,908,182.65	1,539,563,801.26
Other Payable	303,730.04	63,233.27
Unearned Revenues	1,301.08	(598.92)
Notes and Loans Payable	34,738,000.00	35,810,000.00
Revenue Bonds Payable	4,630,320.90	3,059,323.83
Employees' Compensable Leave	482,418.00	516,434.22
Right to Use Lease Obligations	48,479.25	0.00
Funds Held for Others	(14,704.50)	(14,366.42)
Total Current Liabilities	1,799,554,872.83	1,596,180,126.47
Non Current-Liabilities		
Revenue Bonds Payable	102,706,245.27	47,292,916.57
Employees' Compensable Leave	481,646.74	520,165.99
Right to Use Lease Obligations	80,011.88	0.00
Total Non-Current Liabilities	103,267,903.89	47,813,082.56
Total Liabilities	1,902,822,776.72	1,643,993,209.03
DEFERRED IN FLOW OF RESOURCES		
Total Deferred Inflows of Resources	0.00	0.00
Total Liabilities and Deferred Inflow of Resources	1,902,822,776.72	1,643,993,209.03
NET POSITION		
Invested in Capital Assets, Net of Related Debt	38,315,659.36	39,589,122.14
Restricted for:		
Debt Retirement	5,933,745.52	2,100,081.79
Capital Projects	2,014,625.99	2,053,285.93
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	53,521,226.80	61,909,928.32
Expendable		
Funds Functioning as Endowments	7,792,603.69	8,855,277.21
Other	8,380,076.25	8,573,505.81
Unrestricted	55,102,008.65	66,082,441.08
Total Net Position	\$ 171,059,946.26	\$ 189,163,642.28

Unaudited

University of Houston - System Administration (783)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Other Sales of Goods and Services-Pledged	\$ 60,186.96	\$ 65,702.54
State Grant Revenue (PR-OP Grants/Contributions)	1,670.99	2,133.48
Total Operating Revenues	61,857.95	67,836.02
Operating Expenses		
Research	(56,993.25)	513,141.99
Academic Support	574,610.32	894,645.90
Student Services	329,974.01	451,206.19
Institutional Support	12,127,366.50	10,463,347.36
Physical Plant	625,712.53	564,191.67
Depreciation and Amortization	3,490,323.12	3,354,601.75
Total Operating Expenses	17,090,993.23	16,241,134.86
Operating Income (Loss)	(17,029,135.28)	(16,173,298.84)
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	41,942,108.46	41,487,638.54
Additional Appropriations (GR)	457,007.77	470,987.09
Gifts (PR-OP Grants/Contributions)	33,129.85	29,200.15
Interest and Investment Income (PR-Chgs for Services)	13,720,251.79	18,718,573.43
Interest Expense and Fiscal Charges	(1,703,648.46)	(1,749,701.59)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	(26,042,964.09)	22,446,034.17
Other Nonoperating Revenues	10,559,224.94	10,443,022.24
Other Nonoperating Expenses	(749,608.05)	(2,965,216.97)
Total Nonoperating Revenues (Expenses)	\$ 38,215,502.21	\$ 88,880,537.06

Unaudited

University of Houston - System Administration (783)
 Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>\$ 21,186,366.93</u>	<u>\$ 72,707,238.22</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Additions to Permanent and Term Endowments	25,000.00	18,000.00
UHS Intercampus Transfers-In	10,663,548.60	9,901,975.09
UHS Intercampus Transfers-Out	(49,981,463.46)	(44,860,072.25)
Transfers-In	0.00	(200.76)
Transfers-Out	461.69	(1,293.67)
Legislative Appropriations Lapsed	(5,775.02)	(76,711.00)
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>(39,298,228.19)</u>	<u>(35,018,302.59)</u>
<u>Changes in Net Position</u>	<u>(18,111,861.26)</u>	<u>37,688,935.63</u>
Net Position Beginning	189,163,642.28	151,474,706.65
Restatements	8,165.24	
<u>Net Position Beginning, as Restated</u>	<u>189,171,807.52</u>	<u>151,474,706.65</u>
<u>Net Position, Ending</u>	<u>\$ 171,059,946.26</u>	<u>\$ 189,163,642.28</u>

Unaudited

University of Houston - System Administration (783)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Salaries and Wages	\$ -	\$ -	\$ -	\$ 465,656.31	\$ 292,444.45
Payroll Related Costs	-	(56,993.25)	-	52,428.20	35,929.56
Professional Fees and Services	-	-	-	45,525.81	-
Travel	-	-	-	-	-
Materials and Supplies	-	-	-	-	-
Communication and Utilities	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Rentals and Leases	-	-	-	11,000.00	1,600.00
Printing and Reproduction	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-
Interest	-	-	-	-	-
Claims and Judgments	-	-	-	-	-
Other Operating Expenses	-	-	-	-	-
Total Operating Expenses	\$ -	\$ (56,993.25)	\$ -	\$ 574,610.32	\$ 329,974.01

Unaudited

University of Houston - System Administration (783)
 Matrix of Operating Expenses Reported by Function
 For the Year Ended August 31, 2022

Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total FY2022	Total FY2021
\$ 7,850,990.64	\$ 124,468.50	\$ -	\$ -	\$ -	\$ 8,733,559.90	\$ 8,518,836.21
1,786,696.55	38,902.62	-	-	-	1,856,963.68	2,011,708.12
1,468,371.30	288,985.50	-	-	-	1,802,882.61	1,442,985.78
79,185.51	-	-	-	-	79,185.51	14,092.97
220,411.73	31,687.18	-	-	-	252,098.91	152,392.35
80,791.01	69,304.68	-	-	-	150,095.69	150,830.44
58,448.32	70,452.90	-	-	-	128,901.22	90,712.57
238,117.49	-	-	-	-	250,717.49	221,292.95
13,101.95	618.00	-	-	-	13,719.95	8,881.35
-	-	-	-	3,490,323.12	3,490,323.12	3,354,601.75
21,867.15	60.99	-	-	-	21,928.14	30,871.30
1,176.47	-	-	-	-	1,176.47	4,433.47
308,208.38	1,232.16	-	-	-	309,440.54	239,495.60
<u>\$ 12,127,366.50</u>	<u>\$ 625,712.53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,490,323.12</u>	<u>\$ 17,090,993.23</u>	<u>\$ 16,241,134.86</u>

Unaudited

University of Houston - System Administration (783)
 Statement of Cash Flows
 For the Year Ended August 31, 2022

	<u>Total FY2022</u>	<u>Total FY2021</u>
Cash Flows From Operating Activities		
Receipts from Customers	\$ (379,488.16)	\$ 631,207.48
Proceeds from Tuition and Fees	1,900.00	0.00
Proceeds from Research Grants and Contracts	1,670.99	0.00
Payments to Suppliers for Goods and Services	1,003,845.08	(6,804,568.59)
Payments to Employees for Salaries	(11,791,721.27)	(7,178,339.29)
Payments to Employees for Benefits	(1,929,499.15)	(1,925,937.54)
Payments for Other Expenses	(332,883.23)	(262,215.65)
Net Cash Provided (Used) by Operating Activities	(13,426,175.74)	(15,539,853.59)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	42,332,934.30	41,947,337.70
Proceeds from Gifts	33,129.85	29,200.15
Proceeds from Endowments	25,000.00	18,000.00
Proceeds of Transfers from Other Funds	21,222,773.54	20,344,796.57
Payments for Transfers to Other Funds	(50,634,633.47)	(47,826,582.89)
Net Cash Provided (Used) by Noncapital Financing Activities	12,979,204.22	14,512,751.53
Cash Flows from Capital and Related Financing Activities		
Proceeds from Debt Issuance	52,535,000.00	0.00
Proceeds from Other Financing Activities	15,257,859.73	0.00
Payments for Additions to Capital Assets	(225,348.94)	(2,595.51)
Payments of Principal on Debt Issuance	(2,595,000.00)	(2,470,000.00)
Payments of Interest on Debt Issuance	(1,703,648.46)	(1,749,701.59)
Payments of Other Costs on Debt Issuance	265,258,143.46	(58,469,929.93)
Net Cash Provided (Used) by Capital and Related Financing Activities	328,527,005.79	(62,692,227.03)
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	1,818,289,484.20	1,160,839,722.45
Proceeds from Interest Income	29,361.01	194,464.78
Proceeds from Investment Income	13,627,274.39	18,718,573.43
Payments to Acquire Investments	(2,114,481,121.27)	(1,082,733,345.84)
Net Cash Provided (Used) by Investing Activities	(282,535,001.67)	97,019,414.82

Unaudited

University of Houston - System Administration (783)
Statement of Cash Flows
For the Year Ended August 31, 2022

	Total FY2022	Total FY2021
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>\$ 45,545,032.60</u>	<u>\$ 33,300,085.73</u>
Cash and Cash Equivalents, September 1	146,975,362.12	113,675,276.39
Restatements		
<u>Cash and Cash Equivalents, August 31</u>	<u>\$ 192,520,394.72</u>	<u>\$ 146,975,362.12</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
<u>Operating Income (Loss)</u>	<u>(17,029,135.28)</u>	<u>(16,173,298.84)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	3,490,323.12	3,354,601.75
Operating Income and Cash Flow Categories: Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	(439,675.12)	(2,904,959.60)
(Increase) Decrease in Prepaid Expenses	107,942.14	(58,602.56)
Increase (Decrease) in Payables	3,573,467.37	(1,186,096.56)
Increase (Decrease) in Deferred Income	1,900.00	(10,350.00)
Increase (Decrease) in Compensated Absences	(72,535.47)	85,770.58
Increase (Decrease) in Benefits Payable	(3,058,161.37)	1,340,496.92
Increase (Decrease) in Other Liabilities	(301.13)	12,584.72
<u>Total Adjustments</u>	<u>3,602,959.54</u>	<u>633,445.25</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ (13,426,175.74)</u>	<u>\$ (15,539,853.59)</u>
Non Cash Transactions		
Net Change in Fair Value of Investments	(26,042,964.09)	22,446,034.17
<u>Non Cash Transactions</u>	<u>\$ (26,042,964.09)</u>	<u>\$ 22,446,034.17</u>

