

THE UNIVERSITY OF TEXAS SYSTEM

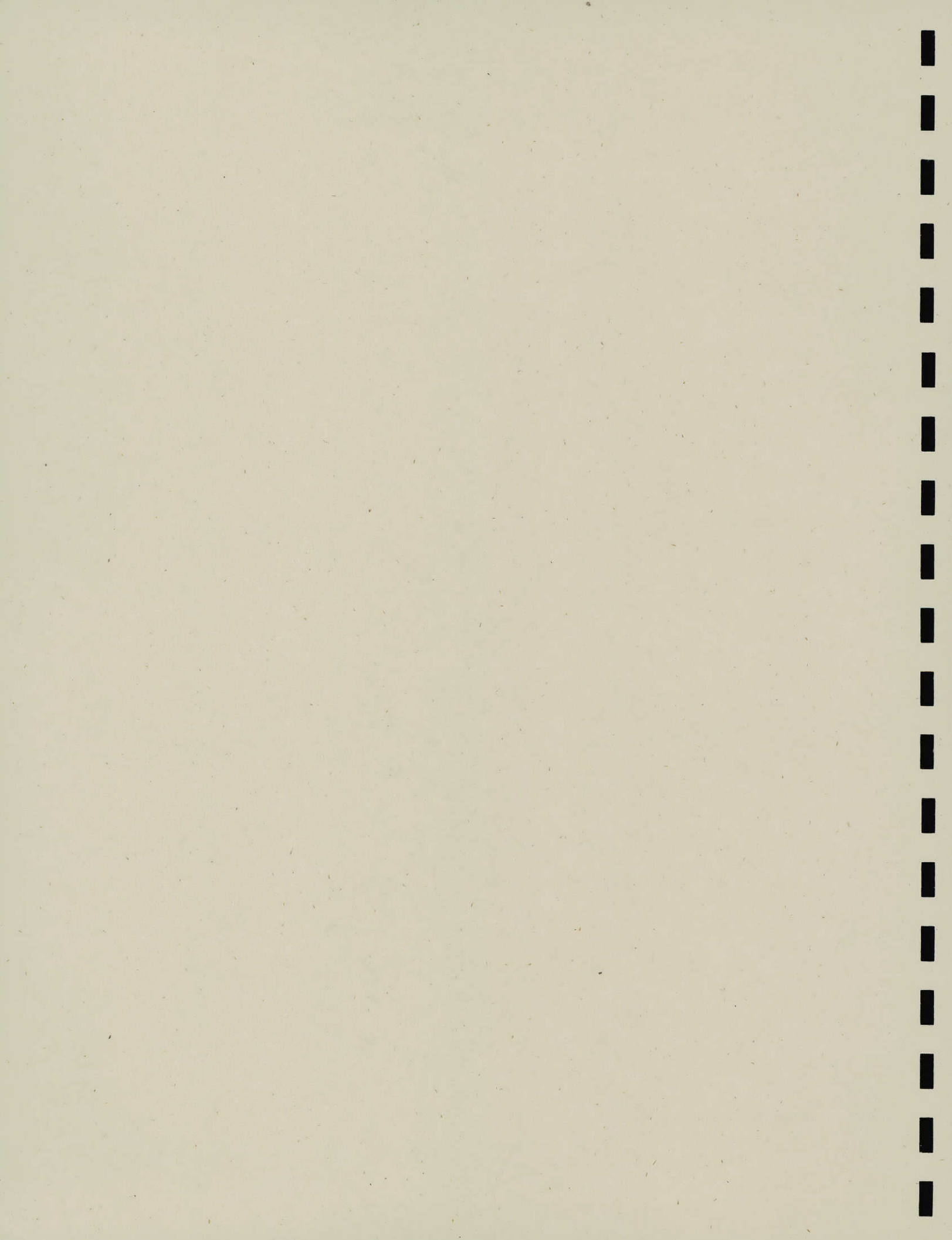
ANNUAL FINANCIAL REPORT

PRIMARY FINANCIAL STATEMENTS

FISCAL YEAR 2016



The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Brownsville ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas-Pan American ♦ The University of Texas of the Permian Basin ♦ The University of Texas Rio Grande Valley ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston ♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health Science Center at Tyler ♦ The University of Texas System Administration



**THE UNIVERSITY OF TEXAS SYSTEM
PRIMARY FINANCIAL STATEMENTS
and Related Information**

As of and for the Year Ended August 31, 2016

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Mr. Richard Benson, President	
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Dr. Guy Bailey, President	
Mr. Rick Anderson, Executive Vice President for Finance and Administration	
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Dr. Daniel K. Podolsky, President	
Mr. Arnim Dontes, Executive Vice President for Business Affairs	
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THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
As of August 31, 2016

Officers

Paul L. Foster, Chairman
R. Steven "Steve" Hicks, Vice Chairman
Jeffery D. Hildebrand, Vice Chairman
Francie A. Frederick, General Counsel to the Board of Regents

Members

*Terms scheduled to expire February 1, 2017**

Alex M. Cranberg	Houston
Wallace L. Hall, Jr.	Dallas
Brenda Pejovich	Dallas

*Terms scheduled to expire February 1, 2019**

Paul L. Foster	El Paso
Jeffery D. Hildebrand	Houston
Ernest Aliseda	McAllen

*Terms scheduled to expire February 1, 2021**

R. Steven "Steve" Hicks	Austin
David J. Beck	Houston
Sara Martinez Tucker	Dallas

*Term scheduled to expire May 31, 2017**

Varun P. Joseph (Student Regent)	McKinney
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*Each Regent's term expires when a successor has been appointed, qualified, and taken the oath of office.
The Student Regent serves a one-year term.

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THE UNIVERSITY OF TEXAS SYSTEM
SENIOR ADMINISTRATIVE OFFICIALS
As of August 31, 2016

William H. McRaven, Chancellor

David E. Daniel, Deputy Chancellor

Raymond S. Greenberg, Executive Vice Chancellor for Health Affairs

Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Steven W. Leslie, Executive Vice Chancellor for Academic Affairs

Stephanie A. Bond Huie, Vice Chancellor for Strategic Initiatives

Barry R. McBee, Vice Chancellor and Chief Governmental Relations Officer

Randa S. Safady, Vice Chancellor for External Relations

Daniel H. Sharphorn, Vice Chancellor and General Counsel

William H. Shute, Vice Chancellor for Federal Relations

Amy Shaw Thomas, Vice Chancellor for Academic and Health Affairs

Bruce E. Zimmerman, Chief Executive Officer and Chief Investment Officer–UTIMCO

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The University of Texas System Consolidated
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 2,545,094,424.41	2,833,531,290.32
Restricted Cash & Cash Equivalents	326,641,548.45	279,549,764.14
Balance in State Appropriations	136,128,661.67	108,384,121.20
Securities Lending Collateral	729,334,827.51	687,047,330.44
Accounts Receivable, Net:		
Federal (allow. \$1,789,216.08 in 2016 & \$1,126,491.79 in 2015)	493,364,984.20	485,516,635.25
Other Intergov. (allow. \$928,084.91 in 2016 & \$445,752.87 in 2015)	119,073,450.57	100,662,076.06
Student (allow. \$12,296,383.44 in 2016 & \$14,833,133.11 in 2015)	316,231,395.81	300,164,248.41
Patient & Healthcare (allow. \$297,772,166.24 in 2016 & \$230,484,414.58 in 2015)	1,056,682,379.01	954,695,567.91
Interest and Dividend Receivables	60,028,099.16	56,478,209.14
Contributions (allow. \$8,585,848.19 in 2016 & \$8,767,849.35 in 2015)	130,285,908.57	138,347,645.19
Investment Trades Receivables	418,023,751.28	171,875,846.05
Other (allow. \$4,731,811.97 in 2016 & \$5,227,349.37 in 2015)	405,063,823.23	363,856,209.09
Due From Other Funds	530,590,941.96	530,590,941.96
Due From Other Agencies	71,311,695.58	57,629,990.13
Inventories	116,641,512.11	108,300,779.35
Loans & Contracts (allow. \$12,415,416.78 in 2016 & \$10,782,684.54 in 2015)	70,220,498.01	60,115,958.52
Other Current Assets	233,740,353.09	243,400,426.71
Total Current Assets	7,227,867,312.66	7,280,147,039.87
Noncurrent Assets:		
Cash and Cash Equivalents (Noncurrent Restricted)	4,973,972.09	7,480,544.54
Restricted Investments	35,899,086,408.13	33,815,120,049.96
Deposit with Brokers for Derivative Contracts	52,262,632.08	34,801,816.21
Loans & Contracts (allow. \$22,448,364.52 in 2016 & \$20,799,106.67 in 2015)	77,782,025.23	77,119,112.44
Contributions Rec. (allow. \$2,043,415.27 in 2016 & \$2,423,190.29 in 2015)	209,952,662.29	265,807,567.17
Unrestricted Investments	6,759,352,893.64	6,068,215,878.56
Other Noncurrent Assets	93,997,435.16	28,753,341.46
Gross Capital/Intangible Assets	27,991,170,208.66	26,190,655,745.02
Accumulated Depreciation/Amortization	(12,381,442,309.37)	(11,363,628,834.06)
Total Noncurrent Assets	58,707,115,927.91	55,122,325,221.30
Total Assets	65,934,983,240.57	62,402,472,261.17
Total Deferred Outflows of Resources	951,908,620.93	739,678,427.60
Total Assets and Deferred Outflows	66,886,891,861.50	63,142,150,688.77
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	995,520,005.08	1,011,881,480.01
Salaries Payable	548,225,947.21	603,460,137.16
Federal Payables	53,517,215.07	75,024,266.09
Other Intergovernmental Payables	26,249.39	2,680.58
Investment Trades Payables	578,420,470.90	223,527,264.10
Incurred But Not Reported Self Insurance Claims	104,109,224.17	100,133,339.55
Securities Lending Obligations	729,334,827.51	687,047,330.44
Due To Other Funds	530,590,941.96	530,590,941.96
Due To Other State Agencies	22,024,921.30	18,925,770.24
Statewide Interfund Payable	49,708,835.28	38,694,454.46
Unearned Revenue	1,483,727,695.83	1,467,400,378.64
Employees' Compensable Leave - Current Portion	384,367,065.99	370,764,913.30
Short-term Debt - Commercial Paper Notes	862,096,000.00	1,505,717,000.00
Notes, Loans, and Leases Payable	25,820,627.57	4,668,394.49
Payable From Restricted Assets	182,896,848.37	194,077,251.62
Revenue Bonds Payable	1,561,116,452.12	1,544,551,735.62
Assets Held for Others	19,287,100.02	12,803,645.77
Other Current Liabilities	121,491,005.01	204,031,430.24
Total Current Liabilities	7,712,690,290.22	8,493,502,414.08
Noncurrent Liabilities:		
Incurred But Not Reported Self Insurance Claims	28,381,778.83	19,657,884.64
Employees' Compensable Leave	210,800,641.36	186,058,206.31
Assets Held for Others	742,537,795.29	739,735,258.19
Liability to Beneficiaries	14,056,917.58	13,770,992.95
Net Other Postemployment Benefits Obligation	4,647,430,554.00	3,984,975,778.00
Net Pension Liability	2,744,693,745.00	2,302,987,540.82
Notes, Loans, and Leases Payable	1,043,594,389.64	40,207,199.31
Revenue Bonds Payable	6,485,797,623.09	5,519,804,382.55
Statewide Interfund Payable	975,701,135.43	980,450,919.84
Hedging Derivative Liability (Noncurrent)	338,725,063.00	261,612,801.20
Payable to Brokers for Collateral Held	7,686,822.61	35,330,000.00
Investment Derivatives - Liability Positions	233,839,736.38	158,316,330.52
Other Noncurrent Liabilities	14,677,211.59	14,922,893.37
Total Noncurrent Liabilities	17,487,903,514.10	14,257,830,387.70
Total Liabilities	25,200,593,804.32	22,751,332,801.78
Total Deferred Inflows of Resources	404,159,089.82	709,990,144.31
Total Liabilities and Deferred Inflows	25,604,752,894.14	23,461,322,946.09
NET POSITION		
Net Investment in Capital Assets	6,375,856,343.63	6,441,684,723.55
Restricted for:		
Nonexpendable		
Permanent University Fund Endowment	16,976,622,544.14	15,532,160,890.08
Permanent Health, True Endowments, and Annuities	5,373,909,725.22	5,149,575,108.50
Expendable		
Capital Projects	169,348,197.99	161,020,573.80
Debt Service	14,388,879.72	3,305,802.76
Funds Functioning as Endowment (Restricted)	488,360,149.82	445,037,410.36
Other Expendable	10,757,965,589.14	10,935,119,727.58
Unrestricted	1,125,707,527.70	1,012,223,606.05
Total Net Position	\$ 41,282,138,957.36	\$ 39,661,127,742.68

The University of Texas System Consolidated
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 2,235,083,593.80	2,123,720,087.86
Discounts and Allowances	(581,311,363.52)	(558,477,036.26)
Federal Sponsored Programs	1,283,414,089.36	1,246,799,936.36
Federal Sponsored Programs Pass-Through from State Agencies	77,239,025.07	82,668,686.14
State Sponsored Programs Pass-Through from State Agencies	345,576,107.63	311,746,665.64
Local Sponsored Programs	840,664,826.46	761,534,884.01
Private Sponsored Programs	559,892,574.28	489,883,533.46
Sales and Services of Educational Activities	485,751,810.76	497,876,895.79
Discounts and Allowances Sales and Services of Educational Activities	(237,516.98)	(397,022.03)
Sales and Services of Hospitals	12,549,692,576.33	11,910,299,924.95
Discounts and Allowances Sales and Services of Hospitals	(7,181,551,766.40)	(6,649,944,930.19)
Professional Fees (Patient Charges)	5,563,300,045.24	5,152,183,287.52
Discounts and Allowances Professional Fees (Patient Charges)	(3,865,542,220.92)	(3,663,217,252.88)
Auxiliary Enterprises	574,647,462.67	554,750,348.24
Discounts and Allowances Auxiliary Enterprises	(16,101,127.63)	(15,199,343.64)
Other Operating Revenues	411,746,536.87	391,222,122.62
Total Operating Revenues	<u>13,282,254,653.02</u>	<u>12,635,450,787.59</u>
Operating Expenses:		
Instruction	3,667,136,666.67	3,393,736,529.40
Research	2,177,733,041.88	2,086,716,289.56
Public Service	306,143,510.92	313,037,789.22
Hospitals / Clinics	5,446,409,729.96	4,874,649,154.63
Academic Support	645,970,288.22	747,125,029.04
Student Services	260,376,373.12	245,743,505.82
Institutional Support	1,553,343,976.71	1,472,138,085.82
Operations and Maintenance of Plant	764,018,742.84	759,847,390.83
Scholarships and Fellowships	376,644,835.65	367,837,737.36
Auxiliary Enterprises	592,445,817.23	572,208,789.55
Depreciation and Amortization	1,307,699,225.74	1,178,905,432.21
Total Operating Expenses	<u>17,297,912,208.94</u>	<u>16,011,947,733.44</u>
Operating Income (Loss)	<u>(4,015,657,555.92)</u>	<u>(3,376,496,945.85)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	2,221,950,387.04	2,079,134,959.10
Federal Nonexchange Sponsored Programs	327,012,068.99	331,234,584.30
State Nonexchange Pass-Through	45,857,231.79	8,096,703.31
Local Nonexchange Sponsored Programs	35,000,000.00	
Gift Contributions for Operations	491,717,667.67	475,876,389.59
Investment Income	1,820,024,599.97	2,808,692,129.27
Net Increase (Decrease) in Fair Value of Investments	952,240,704.74	(4,675,875,241.06)
Interest Expense on Capital Asset Financings	(277,861,511.84)	(249,858,393.50)
Gain (Loss) on Sale of Capital Assets	(23,951,296.30)	(36,454,726.90)
Other Nonoperating Revenues	33,662,085.14	16,651,847.45
Other Nonoperating (Expenses)	(12,609,726.70)	(10,989,863.28)
Net Nonoperating Revenues (Expenses)	<u>5,613,042,210.50</u>	<u>746,508,388.28</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	<u>1,597,384,654.58</u>	<u>(2,629,988,557.57)</u>
Capital Appropriations (HEAF)		
Gifts and Sponsored Programs for Capital Acquisitions	92,656,133.16	17,366,543.00
Additions to Permanent Endowments / Annuities	169,124,603.21	141,855,499.40
Transfers From Other State Agencies	94,541,916.92	119,572,498.89
Transfers to Other State Agencies	364,318,737.28	567,099,631.80
Legislative Appropriations Lapsed	(142,659.88)	(126,204.25)
Change in Net Position	<u>1,589,245,910.71</u>	<u>(2,780,761,453.78)</u>
Beginning Net Position	<u>39,681,127,742.68</u>	<u>45,070,651,481.63</u>
Restatements	11,765,303.97	(2,608,762,285.17)
Beginning Net Position (As Restated)	<u>39,692,893,046.65</u>	<u>42,461,889,196.46</u>
Ending Net Position	<u>\$ 41,282,138,957.36</u>	<u>39,681,127,742.68</u>

The University of Texas System Consolidated
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	1,679,337,525.12	1,588,911,667.58
Proceeds from Patients and Customers	6,968,034,420.66	6,692,910,339.87
Proceeds from Sponsored Programs	2,947,441,569.29	2,970,317,888.47
Proceeds from Auxiliaries	576,799,289.54	555,580,733.92
Proceeds from Other Revenues	744,343,296.62	972,863,914.29
Payments to Suppliers	(5,278,901,357.27)	(4,956,449,809.39)
Payments to Employees	(9,950,565,964.23)	(9,227,701,305.22)
Payments for Loans Provided	(168,012,055.19)	(120,048,059.21)
Proceeds from Loan Programs	153,296,837.84	109,316,711.26
Net Cash Provided (Used) by Operating Activities	<u>(2,328,226,437.62)</u>	<u>(1,414,297,918.43)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	2,186,837,292.28	2,068,762,722.90
Proceeds from Operating Gifts	505,457,649.54	456,074,265.47
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	359,454,052.80	270,552,224.70
Proceeds from Other Nonoperating Revenues	6,760,504.83	6,153,653.82
Receipts for Transfers from System or Other Agencies	1,017,390,053.00	634,665,381.34
Payments for Transfers to System or Other Agencies	(1,714,619,642.65)	(1,598,208,285.68)
Payments for Other Uses	(5,178,881.17)	(2,916,927.44)
Proceeds from Nonexchange Sponsored Programs	403,496,504.83	368,167,456.00
Net Cash Provided by Noncapital Financing Activities	<u>2,759,597,533.46</u>	<u>2,203,250,491.11</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuance of Capital Debt	2,338,304,950.48	1,469,428,625.92
Payments of Other Costs on Debt Issuance	(7,783,743.67)	(4,711,240.55)
Proceeds from Capital Appropriations, Grants, and Gifts	106,703,914.46	141,872,420.45
Proceeds from Sale of Capital Assets	15,966,920.62	3,071,115.51
Payments for Additions to Capital Assets	(2,087,537,636.40)	(1,955,743,585.12)
Payments of Principal on Capital Related Debt	(934,921,156.09)	(1,109,358,724.63)
Payments of Interest on Capital Related Debt	(306,644,266.24)	(280,788,750.73)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(875,911,016.84)</u>	<u>(1,736,230,139.15)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	15,466,706,195.47	14,375,223,454.35
Proceeds from Interest and Investment Income	1,067,334,854.40	1,489,202,156.49
Payments to Acquire Investments	(16,133,352,782.92)	(14,877,947,869.86)
Net Cash Provided (Used) by Investing Activities	<u>400,688,266.95</u>	<u>986,477,740.98</u>
Net increase (Decrease) in Cash	(43,851,654.05)	39,200,174.51
Cash and Cash Equivalents (Beginning of the Year)	2,920,561,599.00	2,881,361,424.49
Cash and Cash Equivalents (End of the Year)	<u>\$ 2,876,709,944.95</u>	<u>\$ 2,920,561,599.00</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(4,015,657,555.92)	(3,376,496,945.85)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	1,307,689,225.74	1,178,905,432.21
Gross Loss on Impairment of Capital Assets	-	3,251,115.52
Bad Debt Expense	395,593,566.14	324,688,027.43
Changes in Assets and Liabilities:		
Accounts Receivable	(615,138,162.12)	(383,094,196.13)
Inventories	(8,340,732.76)	(10,222,032.96)
Loans and Contracts	(14,705,812.35)	(10,719,728.95)
Other Current and Noncurrent Assets	(56,089,566.85)	(21,368,093.72)
Accounts Payable	45,492,768.76	31,985,559.46
Unearned Revenue	10,601,021.63	91,895,348.80
Assets Held for Others	3,539,435.29	3,511,561.58
Employees' Compensable Leave	38,344,587.74	29,533,377.85
Pension Related Obligations	2,295,477.24	(31,828,534.71)
Other Current and Noncurrent Liabilities	(84,305,466.16)	130,033,296.04
Other Postemployment Benefits Obligation	662,454,776.00	625,627,895.00
Total Adjustments	<u>1,687,431,118.30</u>	<u>1,962,199,027.42</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,328,226,437.62)</u>	<u>\$ (1,414,297,918.43)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	1,149,820,672.60	(5,167,604,865.66)
Donated Capital Assets	12,742,780.76	19,322,478.85
Capital Assets Acquired Under Capital Lease Purchases	3,287,024.56	3,429,051.09
Miscellaneous Noncash Transactions	(199,378,438.98)	229,642,391.16

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended August 31, 2016

1. The Financial Reporting Entity

The financial records of The University of Texas System (the System), reported as a business-type activity in the State of Texas' Comprehensive Annual Financial Report, reflect compliance with applicable State statutes and Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting policies followed by the System in maintaining accounts and in the preparation of the consolidated financial statements are in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements and with generally accepted accounting principles in the United States of America (GAAP).

The consolidated financial statements include The University of Texas System Administration and all institutions of the System. Amounts due between and among institutions, amounts held for institutions by The University of Texas System Administration and other duplications in reporting are eliminated in consolidating the financial statements.

The System is composed of eight academic and six health-related institutions of higher education, as well as the System administrative offices. The fourteen institutions are as follows: The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas of the Permian Basin, The University of Texas Rio Grande Valley, The University of Texas at San Antonio, The University of Texas at Tyler, The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M. D. Anderson Cancer Center, and The University of Texas Health Science Center at Tyler. The System is governed by a nine-member Board of Regents appointed by the Governor.

Creation of The University of Texas Rio Grande Valley

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective 2015, established accounting and financial reporting standards related to government combinations and disposals of government operations. GASB Statement 69 had no effect for 2015. In 2016, GASB Statement 69 governed the accounting and financial reporting of the merger of U. T. Brownsville and U. T. Pan American which created U. T. Rio Grande Valley. GASB Statement 69 also governed the transfer of operations of the Lower Rio Grande Valley Academic Health Center from U. T. Health Science Center at San Antonio to U. T. Rio Grande Valley in 2016. The merger and transfer of operations were necessitated by the creation of a new university and medical school in the lower Rio Grande Valley on September 1, 2015. In accordance with the statute creating U. T. Rio Grande Valley, U. T. Pan American was abolished by the U. T. System Board of Regents effective September 1, 2015 and U. T. Brownsville was abolished August 31, 2016.

The amounts recognized as of the merger dates and the effective transfer date from the implementation of GASB Statement 69 on the System's financial statements for the year ended August 31, 2016 were as follows:

	Merged Institutions		Transfer of	Total Amount
	U. T. Brownsville	U. T. Pan American	Operations from U. T. Health Science Center – San Antonio	Recognized by U. T. Rio Grande Valley
Assets:	\$			
Total Current Assets	18,829,271.83	113,682,138.09	4,302,496.25	136,813,906.17
Gross Cap/Intangible Assets Accumulated	181,772,378.24	512,631,544.76	140,996,577.28	835,400,500.28
Depreciation/Amort	(61,967,476.75)	(252,036,692.62)	(37,563,186.34)	(351,567,355.71)
Net Capital/Intangible Assets	119,804,901.49	260,594,852.14	103,433,390.94	483,833,144.57
Other Noncurrent Assets	28,688,813.00	107,505,082.33	-	136,193,895.33
Total Assets	167,322,986.32	481,782,072.56	107,735,887.19	756,840,946.07
Liabilities:				
Total Current Liabilities	5,767,494.30	101,702,057.92	-	107,469,552.22
Total Noncurrent Liabilities	2,005,418.33	4,389,960.24	-	6,395,378.57
Total Liabilities	7,772,912.63	106,092,018.16	-	113,864,930.79
Net Position:				
Net Investment in Capital Assets	119,804,901.49	260,594,852.14	103,433,390.94	483,833,144.57
Restricted Nonexpendable	7,566,573.21	12,326,442.69	-	19,893,015.90
Restricted Expendable	9,026,024.00	24,399,136.33	-	33,425,160.33
Unrestricted	23,152,574.99	78,369,623.24	4,302,496.25	105,824,694.48
Total Net Position	\$ 159,550,073.69	375,690,054.40	107,735,887.19	642,976,015.28

The amounts transferred by U. T. Brownsville and U. T. Pan American did not include a net pension liability of \$39,766,911.00 or related pension deferred inflows and outflows which were assumed by U. T. Rio Grande Valley. The System records the pension related liabilities and deferred inflows and outflows for all institutions.

Blended Component Units

The following component units are included in the consolidated financial statements because the System appoints a voting majority of the component units' boards and the System is able to impose its will on the component units. Blended financial information is available upon request.

U. T. Southwestern Health Systems, 5323 Harry Hines Boulevard, Dallas, Texas 75390, is governed by a four-member board appointed by U. T. Southwestern Medical Center. U. T. Southwestern Health Systems provides support of health care services and grants to conduct research and provide educational programs to accomplish the mission of U. T. Southwestern Medical Center. The corporation is blended rather than discretely presented because it provides services entirely or almost entirely to U. T. Southwestern Medical Center. The corporation's fiscal year end is August 31.

U. T. Southwestern Moncrief Cancer Center, 400 West Magnolia Avenue, Fort Worth, Texas 76104, is governed by a four-member board appointed by the president of U. T. Southwestern Medical Center. U. T. Southwestern Moncrief Cancer Center provides resources for cancer prevention, early detection and support services to cancer patients and their families within Tarrant County and surrounding areas. The corporation is blended rather than discretely presented because it has substantively the same governing board as U. T. Southwestern Medical Center and there is a financial benefit relationship. The corporation's fiscal year end is August 31.

Moncrief Cancer Foundation, 5323 Harry Hines Blvd. Dallas, Texas 75390, is governed by a six-member board appointed by the president of U. T. Southwestern Medical Center. Moncrief Cancer Foundation supports comprehensive, multidisciplinary cancer treatment programs in Tarrant County and surrounding areas. The foundation is blended rather than discretely presented because it provides services entirely or almost entirely to U. T. Southwestern Medical Center and U. T. Southwestern Moncrief Cancer Center. The foundation's fiscal year end is August 31.

St. Paul Medical Foundation, 5909 Harry Hines Boulevard, Dallas, Texas 75390, has no members appointed. The management of the foundation is vested in its board of directors and such committees of the board that the board may, from time to time establish. The number of directors shall be no less than three. The president of the foundation shall be a voting ex-officio member, and non-voting ex-officio members shall be the president of St. Paul Hospital and the president of U. T. Southwestern Medical Center or his or her designee. St. Paul Medical Foundation supports the advancement, through philanthropy, of excellent and innovative patient care and promotes and supports scientific, educational, charitable,

religious and research activities of the programs and facilities at St. Paul Hospital. The foundation is blended rather than discretely presented because it provides services entirely or almost entirely to U. T. Southwestern Medical Center. The foundation's fiscal year end is December 31.

U. T. Southwestern Accountable Care Network, 5323 Harry Hines Boulevard, Dallas, Texas 75390, is governed by a nine-member board appointed by U. T. Southwestern Health Systems, the sole member of U. T. Southwestern Accountable Care Network. U. T. Southwestern Accountable Care Network owns, operates and manages an Accountable Care Organization in accordance with the requirements of the Medicare Shared Savings Program, as set forth at section 1899 of the Social Security Act and related regulations. U. T. Southwestern Accountable Care Network is a newly blended entity for the System beginning in fiscal year 2015. The corporation is blended rather than discretely presented because it provides services entirely or almost entirely to U. T. Southwestern Medical Center. The corporation's fiscal year end is August 31.

UTMB Healthcare Systems, Inc., 301 University Boulevard, Galveston, Texas 77555, is governed by an eight-member board appointed by U. T. Medical Branch - Galveston. UTMB Healthcare Systems, Inc. establishes business for U. T. Medical Branch - Galveston in selected markets, providing referrals, temporary staffing, and medical facilities. The corporation is blended rather than discretely presented because it provides services entirely or almost entirely to U. T. Medical Branch - Galveston. The corporation's fiscal year end is August 31.

The University Medical Branch Student Book Store, Inc., 301 University Blvd., Galveston, Texas 77555, is governed by a five-member board appointed by U. T. Medical Branch - Galveston. The corporation is blended rather than discretely presented because it operates the book store for U. T. Medical Branch - Galveston and provides services entirely or almost entirely to U. T. Medical Branch - Galveston. The corporation's fiscal year end is August 31.

Medical Branch Innovations, Inc., 301 University Boulevard, Galveston, Texas 77555 is governed by a three-member board appointed by U. T. Medical Branch - Galveston. Medical Branch Innovations, Inc. is a newly blended entity for the System beginning in fiscal year 2016. The corporation is blended rather than discretely presented because it operates exclusively in support of the education, clinical, and research missions of U. T. Medical Branch - Galveston. The corporation's fiscal year end is August 31.

U. T. Physicians, 6431 Fannin Street, Suite JLL 475, Houston, Texas 77030, is governed by a five-member board appointed by U. T. Health Science Center - Houston. The corporation is blended rather than discretely presented because it provides management services for the physician practice plan entirely or almost entirely to U. T. Health Science Center - Houston. The corporation's fiscal year end is August 31.

U. T. System Medical Foundation, 6431 Fannin, Suite JLL 310, Houston, Texas 77030, is governed by a three-member board appointed by U. T. Health Science Center - Houston. The foundation is blended rather than discretely presented because it provides services to support the medical residency programs entirely or almost entirely to U. T. Health Science Center - Houston. The foundation's fiscal year end is August 31.

University Physicians Group, 6126 Wurzbach Road, San Antonio, Texas 78238, is governed by a five-member board. The Dean of the School of Medicine is the Chairman of the Board, and four board members are members of and elected by the physician practice plan board. The corporation is blended rather than discretely presented because it provides health care education and research activity services entirely to U. T. Health Science Center - San Antonio. The corporation's fiscal year end is August 31.

M. D. Anderson Physician's Network, 7007 Bertner Avenue, Suite 10.3212, Houston, Texas 77030, is governed by a nine-member board appointed by M. D. Anderson. M. D. Anderson Physicians Network transfers programs representative of M. D. Anderson to the broad community. The corporation is blended rather than discretely presented because it provides services entirely or almost entirely to M. D. Anderson. The corporation's fiscal year end is August 31.

M. D. Anderson Services Corporation, 7007 Bertner Avenue, Suite 10.3212, Houston, Texas 77030, is governed by a seven-member board appointed by the president of M. D. Anderson and the U. T. System Board of Regents. M. D. Anderson Services Corporation serves as an instrument of M. D. Anderson in its efforts to achieve its mission beyond the M. D. Anderson main campus. The corporation is blended rather than discretely presented because it provides services entirely or almost entirely to M. D. Anderson. The corporation's fiscal year end is August 31.

East Texas Quality Care Network, Inc., 11937 US Highway 271, Tyler, Texas 75708-3154, is governed by a four-member board appointed by U. T. Health Science Center - Tyler. The corporation is blended rather than discretely presented because it provides agency nursing services entirely or almost entirely to U. T. Health Science Center - Tyler. The corporation's fiscal year end is August 31.

The University of Texas Investment Management Company (UTIMCO), 401 Congress Avenue, Suite 2800, Austin, Texas 78701, is governed by a nine-member board consisting of at least three members of the U. T. System Board of Regents, four other members appointed by the U. T. System Board of Regents (one of whom may be the Chancellor of the System), and two members appointed by the Texas A&M System Board of Regents. At least three members appointed by the U. T. System Board of Regents and at least one member appointed by the Texas A&M System Board of Regents must have substantial background and expertise in investments. The corporation is blended rather than discretely presented because it provides investment management services entirely or almost entirely to the System. The corporation's fiscal year end is August 31.

The University of Texas Fine Arts Foundation, U. T. Austin, Main Building, P. O. Box T, Austin, Texas 78713 is governed by a three-member board appointed by U. T. Austin. The University of Texas Fine Arts Foundation provides services to acquire the Suida-Manning Art Collection for the Blanton Museum of Art. The foundation is blended rather than discretely presented because it provides services entirely to U. T. Austin. The foundation's fiscal year end is December 31.

The University of Texas Communication Foundation, U. T. Austin, P. O. Box 7322, Austin, Texas 78713 is governed by a three-member board appointed by U. T. Austin. The University of Texas Communication Foundation provides services to the U. T. Austin College of Communication to facilitate the participation by students, faculty and others in professional communication projects. The foundation is blended rather than discretely presented because it provides services entirely to U. T. Austin. The foundation's fiscal year end is August 31.

Condensed financial statement information related to the System's blended component units for the year ended August 31, 2016 is as follows:

As of August 31, 2016	Southwestern Health Systems	Southwestern Moncrief Cancer Center	Moncrief Cancer Foundation	St. Paul Medical Foundation	Southwestern Accountable Care Network
Condensed Statement of Net Position					
Current Assets	\$ 21,964,505.15	3,870,268.00	961,704.69	13,380,695.00	26,787,973.43
Noncurrent Assets	-	36,786,743.26	83,844,309.13	-	-
Total Assets	21,964,505.15	40,657,011.26	84,806,013.82	13,380,695.00	26,787,973.43
Current Liabilities	7,675,592.83	2,240,146.45	20,696,011.97	8,014,887.00	20,586,235.34
Noncurrent Liabilities	-	-	-	-	-
Total Liabilities	7,675,592.83	2,240,146.45	20,696,011.97	8,014,887.00	20,586,235.34
Net Investment in Capital Assets	-	33,221,453.26	-	-	-
Restricted Nonexpendable	-	1,405,973.00	-	-	-
Restricted Expendable	-	-	64,110,001.85	5,365,808.00	-
Unrestricted	14,288,912.32	3,789,438.55	-	-	6,201,738.09
Total Net Position	\$ 14,288,912.32	38,416,864.81	64,110,001.85	5,365,808.00	6,201,738.09
Condensed Statement of Revenues, Expenses and Changes in Net Position					
Operating Revenues	\$ 121,413.43	8,782,944.00	681.37	684,465.00	26,856,253.69
Operating Expenses	(1,650,093.10)	(11,931,829.19)	(500,598.00)	(9,041,830.00)	(15,075,565.24)
Operating Income/(Loss)	(1,528,679.67)	(3,148,885.19)	(499,916.63)	(8,357,365.00)	11,780,688.45
Nonoperating Revenues (Expenses)	2,277,718.50	3,178,764.00	3,281,426.48	-	-
Income/(Loss) Before Other Changes in Net Position	749,038.83	29,878.81	2,781,509.85	(8,357,365.00)	11,780,688.45
Other Changes in Net Position	220,556.50	(2,033,393.88)	(3,423,381.00)	(47,632.00)	(7,623,592.59)
Change in Net Position	969,595.33	(2,003,515.07)	(641,871.15)	(8,404,997.00)	4,157,095.86
Net Position - August 31, 2015	13,319,316.99	40,420,379.88	64,751,873.00	13,770,805.00	2,044,642.23
Net Position-August 31, 2016	\$ 14,288,912.32	38,416,864.81	64,110,001.85	5,365,808.00	6,201,738.09
Condensed Statement of Cash Flows					
Net Cash provided (used) by:					
Operating Activities	\$ 2,427,825.18	(1,501,370.00)	(2,951,039.00)	(604,695.00)	2,582,057.27
Noncapital Financing Activities	-	274,439.76	(585,140.00)	462,978.00	-
Capital and Related Financing	-	-	-	-	-
Investing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,427,825.18	(1,226,930.24)	(3,536,179.00)	(141,717.00)	2,582,057.27
Cash and Cash Equivalents - August 31, 2015	4,490,340.56	2,020,815.24	4,405,235.00	324,191.00	2,486.00
Cash and Cash Equivalents - August 31, 2016	\$ 6,918,165.74	793,885.00	869,056.00	182,474.00	2,584,543.27

(Continued)

As of August 31, 2016	UTMB Healthcare Systems	The University Medical Branch Student Book Store, Inc.	Medical Branch Innovations	U. T. Physicians	U. T. System Medical Foundation	University Physicians Group
Condensed Statement of Net Position						
Current Assets	\$ 17,670,704.71	2,867,101.79	5,000,000.00	78,119,299.00	13,171,408.98	-
Noncurrent Assets	7,259,031.76	15,151.10	-	55,563,121.51	3,066,763.36	3,842,671.00
Total Assets	24,929,736.47	2,882,252.89	5,000,000.00	133,682,420.51	16,238,172.34	3,842,671.00
Current Liabilities	6,959,573.75	119,289.62	-	62,843,637.66	6,998,051.28	1,418,267.00
Noncurrent Liabilities	600,074.54	-	5,000,000.00	-	250,000.00	488,782.00
Total Liabilities	7,559,648.29	119,289.62	5,000,000.00	62,843,637.66	7,248,051.28	1,907,049.00
Net Investment in Capital Assets	1,968,509.66	15,151.10	-	22,640,196.22	-	-
Restricted Nonexpendable	-	-	-	-	-	-
Restricted Expendable	-	-	-	-	-	-
Unrestricted	15,401,578.52	2,747,812.17	-	48,198,586.63	8,990,121.06	1,935,622.00
Total Net Position	\$ 17,370,088.18	2,762,963.27	-	70,838,782.85	8,990,121.06	1,935,622.00
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating Revenues	\$ 30,739,500.80	1,355,072.37	-	193,930,538.09	78,804,487.57	1,348,335.00
Operating Expenses	(29,575,514.92)	(1,552,085.81)	-	(158,418,076.24)	(77,937,036.39)	(1,225,435.00)
Operating Income/(Loss)	1,163,985.88	(197,013.44)	-	35,512,461.85	867,451.18	122,900.00
Nonoperating Revenues (Expenses)	480,292.78	3,670.50	-	1,623,262.45	114,378.72	(122,900.00)
Income/(Loss) Before Other Changes in Net Position	1,644,278.66	(193,342.94)	-	37,135,724.30	981,829.90	-
Other Changes in Net Position	-	-	-	-	-	-
Change in Net Position	1,644,278.66	(193,342.94)	-	37,135,724.30	981,829.90	-
Net Position - August 31, 2015	15,725,809.52	2,956,306.21	-	33,703,058.55	8,008,291.16	1,935,622.00
Net Position-August 31, 2016	\$ 17,370,088.18	2,762,963.27	-	70,838,782.85	8,990,121.06	1,935,622.00
Condensed Statement of Cash Flows						
Net Cash provided (used) by:						
Operating Activities	\$ 1,264,457.65	(153,012.54)	-	42,603,034.15	(231,513.28)	1,359,395.00
Noncapital Financing Activities	(4,866.84)	-	-	1,000.00	-	-
Capital and Related Financing	(818,447.68)	(11,875.50)	-	(8,333,356.47)	-	(1,359,395.00)
Investing Activities	3,537,869.02	(7.32)	-	(23,120,464.02)	(2,961,473.30)	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,979,012.15	(164,895.36)	-	11,150,213.66	(3,192,986.58)	-
Cash and Cash Equivalents - August 31, 2015	5,655,538.73	2,663,459.85	-	27,025,682.52	9,024,990.08	-
Cash and Cash Equivalents - August 31, 2016	\$ 9,634,550.88	2,498,564.49	-	38,175,896.18	5,832,003.50	-

(Continued)

As of August 31, 2016	M. D. Anderson Physician's Network	M. D. Anderson Services Corp	East Texas Quality Care Network	UTIMCO	University of Texas Fine Arts Foundation	University of Texas Communication Foundation
Condensed Statement of Net Position						
Current Assets	\$ 39,413,691.74	99,710,336.38	336,296.89	16,570,272.00	2,105.91	211.28
Noncurrent Assets	53,993,826.80	594,653,877.30	-	1,470,030.00	-	171,139.79
Total Assets	93,407,518.54	694,364,213.68	336,296.89	18,040,302.00	2,105.91	171,351.07
Current Liabilities	19,082,155.91	123,150,610.08	28,159.21	11,419,820.00	-	111,463.16
Noncurrent Liabilities	145,461.97	272,655,995.32	-	1,470,030.00	-	39,051.62
Total Liabilities	19,227,617.88	395,806,605.40	28,159.21	12,889,850.00	-	150,514.78
Net Investment in Capital Assets	1,824,858.16	140.73	-	-	-	-
Restricted Nonexpendable	-	50,000,000.00	-	-	-	-
Restricted Expendable	-	226,583,936.37	-	-	-	-
Unrestricted	72,355,042.50	21,973,531.18	308,137.68	5,150,452.00	2,105.91	20,836.29
Total Net Position	\$ 74,179,900.66	298,557,608.28	308,137.68	5,150,452.00	2,105.91	20,836.29
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating Revenues	\$ 35,267,029.59	2,237,129.47	43,800.58	31,527,266.00	675,880.00	-
Operating Expenses	(19,180,955.27)	(1,239,953.98)	(21,205.35)	(28,160,769.00)	(903.50)	(261.40)
Operating Income/(Loss)	16,086,074.32	997,175.49	22,595.23	3,366,497.00	674,976.50	(261.40)
Nonoperating Revenues (Expenses)	1,760,311.59	22,061,489.86	-	32,062.00	(1,082,895.81)	-
Income/(Loss) Before Other Changes in Net Position	17,846,385.91	23,058,665.35	22,595.23	3,398,559.00	(407,919.31)	(261.40)
Other Changes in Net Position	-	-	-	-	407,019.33	-
Change in Net Position	17,846,385.91	23,058,665.35	22,595.23	3,398,559.00	(899.98)	(261.40)
Net Position - August 31, 2015	56,333,514.75	275,498,942.93	285,542.45	1,751,893.00	3,005.89	21,097.69
Net Position-August 31, 2016	\$ 74,179,900.66	298,557,608.28	308,137.68	5,150,452.00	2,105.91	20,836.29
Condensed Statement of Cash Flows						
Net Cash provided (used) by:						
Operating Activities	\$ 16,818,197.61	22,016,154.02	65,560.27	5,535,466.00	674,976.50	-
Noncapital Financing Activities	-	(28,672,775.56)	-	-	(1,082,899.33)	-
Capital and Related Financing	-	-	-	(275,166.00)	407,019.33	-
Investing Activities	(13,360,312.05)	5,400,772.93	-	35,494.00	3.52	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,457,885.56	(1,255,848.61)	65,560.27	5,295,794.00	(899.98)	-
Cash and Cash Equivalents - August 31, 2015	22,796,343.51	100,120,377.89	159,680.01	10,331,467.00	3,005.89	211.28
Cash and Cash Equivalents - August 31, 2016	\$ 26,254,229.07	98,864,529.28	225,240.28	15,627,261.00	2,105.91	211.28

Condensed financial statement information related to the System's blended component units for the year ended August 31, 2015 is as follows:

	Southwestern Health Systems	Southwestern Moncrief Cancer Center	Moncrief Cancer Foundation	St. Paul Medical Foundation	Southwestern Accountable Care Network	UTMB Healthcare Systems	The University Medical Branch Student Book Store, Inc.
Condensed Statement of Net Position							
Current Assets	\$ 14,758,276.80	3,947,302.20	78,659,141.00	13,700,600.00	3,628,806.06	17,888,813.02	3,028,340.48
Noncurrent Assets	-	38,583,117.54	6,659,733.00	103,800.00	-	2,225,278.04	6,376.14
Total Assets	14,758,276.80	42,530,419.74	85,318,874.00	13,804,400.00	3,628,806.06	20,114,091.06	3,034,716.62
Current Liabilities	1,438,959.81	2,110,039.86	20,567,001.00	33,595.00	1,584,163.83	2,829,918.10	78,410.41
Noncurrent Liabilities	-	-	-	-	-	1,558,363.44	-
Total Liabilities	1,438,959.81	2,110,039.86	20,567,001.00	33,595.00	1,584,163.83	4,388,281.54	78,410.41
Net Investment in Capital Assets	-	35,445,051.87	-	-	-	2,225,278.04	6,376.14
Restricted Nonexpendable	-	1,510,241.39	-	-	-	-	-
Restricted Expendable	-	-	64,751,873.00	13,770,805.00	-	-	-
Unrestricted	13,319,316.99	3,465,086.62	-	-	2,044,642.23	13,500,531.48	2,949,930.07
Total Net Position	\$ 13,319,316.99	40,420,379.88	64,751,873.00	13,770,805.00	2,044,642.23	15,725,809.52	2,956,306.21
Condensed Statement of Revenues, Expenses and Changes in Net Position							
Operating Revenues	\$ 460,989.37	7,736,670.39	4,160.00	402,458.00	3,340,016.33	32,099,511.58	1,685,122.14
Operating Expenses	(758,160.30)	(10,400,235.09)	(491,413.00)	(215,192.00)	(6,527,378.67)	(30,239,086.51)	(1,878,868.38)
Operating Income/(Loss)	(297,170.93)	(2,663,564.70)	(487,253.00)	187,266.00	(3,187,362.34)	1,860,425.07	(193,746.24)
Nonoperating Revenues (Expenses)	1,841,969.55	10,512,583.12	(189,137.00)	(788,813.00)	-	-	1,933.39
Income/(Loss) Before Other Changes in Net Position	1,544,798.62	7,849,018.42	(676,390.00)	(601,547.00)	(3,187,362.34)	1,860,425.07	(191,812.85)
Other Changes in Net Position	319,662.13	(1,761,693.34)	(8,784,185.00)	856,071.00	4,916,533.42	(392,726.51)	-
Change in Net Position	1,864,460.75	6,087,325.08	(9,460,575.00)	254,524.00	1,729,171.08	1,467,698.56	(191,812.85)
Net Position - August 31, 2014	11,454,856.24	34,333,054.80	74,212,448.00	13,516,281.00	315,471.15	14,258,110.96	3,148,119.06
Net Position-August 31, 2015	\$ 13,319,316.99	40,420,379.88	64,751,873.00	13,770,805.00	2,044,642.23	15,725,809.52	2,956,306.21
Condensed Statement of Cash Flows							
Net Cash provided (used) by:							
Operating Activities	\$ (89,160.00)	(3,733,793.12)	(6,681,268.00)	(500,294.00)	986.00	3,767,960.48	8,183.91
Noncapital Financing Activities	-	3,797,595.86	6,060,387.00	277,269.00	-	(4,717.36)	-
Capital and Related Financing	-	1,005,377.50	-	-	-	(925,714.68)	-
Investing Activities	-	-	-	-	-	(5,817.30)	38,835.49
Net Increase (Decrease) in Cash and Cash Equivalents	(89,160.00)	1,069,180.24	(620,881.00)	(223,025.00)	986.00	2,831,711.14	47,019.40
Cash and Cash Equivalents - August 31, 2014	4,579,500.56	951,635.00	5,026,116.00	547,216.00	1,500.00	2,823,827.59	2,616,440.45
Cash and Cash Equivalents - August 31, 2015	\$ 4,490,340.56	2,020,815.24	4,405,235.00	324,191.00	2,486.00	5,655,538.73	2,663,459.85

U. T. Physicians	U. T. System Medical Foundation	University Physicians Group	M. D. Anderson Physician's Network	M. D. Anderson Services Corp.	East Texas Quality Care Network	UTIMCO	University of Texas Fine Arts Foundation	University of Texas Communication Foundation
54,923,871.00	15,346,043.58	-	30,899,571.16	100,887,283.96	287,604.44	11,006,730.00	3,005.89	211.28
26,174,024.50	-	5,202,066.00	40,113,256.70	600,055,474.98	-	1,193,178.00	17,342,153.67	158,054.39
81,097,895.50	15,346,043.58	5,202,066.00	71,012,827.86	700,942,758.94	287,604.44	12,199,908.00	17,345,159.56	158,265.67
47,289,221.51	7,087,752.42	1,359,964.00	14,521,983.54	123,825,369.49	2,061.99	9,254,837.00	-	98,116.36
105,615.44	250,000.00	1,906,480.00	157,329.57	301,618,446.52	-	1,193,178.00	17,342,153.67	39,051.62
47,394,836.95	7,337,752.42	3,266,444.00	14,679,313.11	425,443,816.01	2,061.99	10,448,015.00	17,342,153.67	137,167.98
18,537,245.46	-	-	1,280,864.91	965.48	-	-	-	-
-	-	-	-	50,000,000.00	-	-	-	-
-	-	-	-	205,084,108.00	-	-	-	-
15,165,813.09	8,008,291.16	1,935,622.00	55,052,649.84	20,413,869.45	285,542.45	1,751,893.00	3,005.89	21,097.69
33,703,058.55	8,008,291.16	1,935,622.00	56,333,514.75	275,498,942.93	285,542.45	1,751,893.00	3,005.89	21,097.69
121,614,936.80	117,133,973.33	1,579,136.00	38,227,185.99	1,326,682.21	42,973.72	25,436,194.00	835,132.00	-
(107,317,371.02)	(128,278,704.21)	(1,400,357.00)	(16,231,443.39)	(1,334,594.64)	(23,245.41)	(26,624,471.00)	(746.40)	(254.50)
14,297,565.78	(11,144,730.88)	178,779.00	21,995,742.60	(7,912.43)	19,728.31	(1,188,277.00)	834,385.60	(254.50)
443,261.90	12,244,927.35	(178,779.00)	(1,255,973.07)	5,407,174.03	-	9,069.00	(1,269,845.19)	-
14,740,827.68	1,100,196.47	-	20,739,769.53	5,399,261.60	19,728.31	(1,179,208.00)	(435,459.59)	(254.50)
-	-	-	-	-	-	-	434,723.67	-
14,740,827.68	1,100,196.47	-	20,739,769.53	5,399,261.60	19,728.31	(1,179,208.00)	(735.92)	(254.50)
18,962,230.87	6,908,094.69	1,935,622.00	35,593,745.22	270,099,681.33	265,814.14	2,931,101.00	3,741.81	21,352.19
33,703,058.55	8,008,291.16	1,935,622.00	56,333,514.75	275,498,942.93	285,542.45	1,751,893.00	3,005.89	21,097.69
20,208,098.78	7,864,941.86	1,304,071.00	12,369,873.56	826,697.00	5,017.28	52,673.00	834,385.60	-
-	-	-	-	(19,762,055.82)	-	-	(1,269,855.67)	-
(5,726,358.80)	-	(1,304,071.00)	(410,032.00)	-	-	(1,441,673.00)	434,723.67	-
(2,482,661.91)	266.39	-	(8,053,116.42)	27,465,487.88	-	9,069.00	10.48	-
11,999,078.07	7,865,208.25	-	3,906,725.14	8,530,129.06	5,017.28	(1,379,931.00)	(735.92)	-
15,026,604.45	1,159,781.83	-	18,889,618.37	91,590,248.83	154,662.73	11,711,398.00	3,741.81	211.28
27,025,682.52	9,024,990.08	-	22,796,343.51	100,120,377.89	159,680.01	10,331,467.00	3,005.89	211.28

ASSETS HELD BY AFFILIATED ORGANIZATIONS

GASB authoritative guidance provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the System. This guidance states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The System has defined significance as 5% of System's net position. As of August 31, 2016, none of the System's potential component units individually meet the 5% of System's net position criteria for inclusion in the System's financial statements. Based upon the most recent available information, the combined net position of these potential component units reported by the organizations total \$2,404,269,493.00 at August 31, 2016, and \$2,470,614,575.00 at August 31, 2015.

2. Related Parties

Through the normal course of operations, the System both receives funds from and provides funds to other State agencies in support of sponsored research programs. Funds received and provided during the year ended August 31, 2016, related to pass-through grants were \$468,672,364.49 and \$18,481,390.14, respectively. Funds received and provided during the year ended August 31, 2015, related to pass-through grants were \$402,512,055.09 and \$9,059,914.35, respectively.

Other related-party transactions identified in the financial statements include Due From/To Other State Agencies, State Appropriations, Capital Appropriations and Transfers From/To Other State Agencies.

3. Joint Ventures

On December 15, 2015, Texas Health Resources (THR) and The University of Texas Southwestern Medical Center (UTSW) formed an integrated regional health network. This new network, Southwestern Health Resources (SWHR), commenced activities on April 1, 2016 and is expected to offer key advantages for patients in North Texas including: a) a broad, integrated continuum of physician-driven care utilizing UTSW's network of faculty and community-based physicians, THR's employed physicians, and independent physicians affiliated with both organizations; and b) an integrated hospital network consisting of UTSW's two university hospitals and THR's wholly-controlled and joint-ventured community hospitals, a key component of which is a new organization – a Joint Operating Company formed to bring together the three Dallas hospitals (UTSW's William P. Clements, Jr. and Zale Lipshy University Hospitals, and THR's Texas Health Presbyterian Hospital Dallas). UTSW's equity interest in SWHR at August 31, 2016 was negative \$885,693 or approximately 50%.

U. T. Southwestern Health Systems (UTSHS), a blended component unit of U. T. Southwestern Medical Center, is a participating member of U. T. Southwestern DVA Healthcare, LLP (DVA). DVA is a joint venture between UTSHS and Davita Inc. to provide care for dialysis patients in the Dallas-Fort Worth area. UTSHS's equity interest in DVA at August 31, 2016 and 2015 was \$8,790,120.64 and \$7,494,298.98, respectively, or 49%. Separate financial statements for DaVita may be obtained at DaVita Inc., 601 Hawaii Street, El Segundo, California 90245 or www.davita.com.

U. T. Health Science Center - Houston's blended component unit, U. T. Physicians, is a participating member of Physician's Dialysis of Houston. Physician's Dialysis of Houston is a joint venture entered into by U. T. Physicians and DaVita, Inc. U. T. Physician's equity interest in Physician's Dialysis of Houston at August 31, 2016 and 2015 was \$722,480.20 and \$569,944.15, respectively, or 35.62%. Separate financial statements for Physician's Dialysis of Houston may be obtained at Physician's Dialysis of Houston, Attention: Marie Sinfield, 1423 Pacific Avenue, Tacoma, Washington 98402.

U. T. Health Science Center - Houston's blended component unit, U. T. Physicians, is a participating member of TMC Holding Company, L.L.C. (TMC Holding). TMC Holding is a Limited Liability Corporation entered into by U. T. Physicians, Baylor College of Medicine and Memorial Hermann/USP Surgery Centers III, L.L.P. U. T. Physicians' equity interest in TMC Holding at August 31, 2016 and 2015 was \$474,887.51 and \$353,111.19, respectively, or 18.1%. Separate financial statements for TMC Holding may be obtained by contacting Vanessa Smith, 3050 Post Oak Boulevard, Suite 620, Houston, Texas 77056.

U. T. Health Science Center - Houston and M. D. Anderson are participating members of the Texas Medical Center Central Heating and Cooling Services Cooperative Association (TECO). TECO was incorporated on October 2, 1975, for the purpose of operating a central heating and cooling services facility on a cooperative basis solely for the benefit of eligible institutions. On June 1, 2003, TECO transferred substantially all of its assets and operation to TECO Corporation, and TECO Corporation assumed the liabilities and obligations of TECO. TECO still renders services to member and non-member patrons at cost. Savings or margins are refunded to the member and non-member patrons on a patronage basis in the form of cash or equity by TECO. In fiscal year 2016, U. T. Health Science Center – Houston purchased the Jessie Jones Library and obtained additional patronage equity in TECO in the amount of \$301,800.00 via the Houston Academy of Medicine's shares of TECO equity. U. T. Health Science Center - Houston's equity interest in TECO at August 31, 2016 and 2015 was \$13,044,452.00 and \$12,836,850.00, respectively, or 13.0% and 12.9%, respectively. M. D. Anderson's equity interest in TECO at August 31, 2016 and 2015 was \$41,030,053.00 and \$39,959,794.00, respectively, or 40.2% and 40.3%, respectively. Separate financial statements for TECO may be obtained at Thermal Energy Corporation, 1615 Braeswood Boulevard, Houston, Texas 77030 or http://teco.tmc.edu/home/teco_home.php.

M. D. Anderson is a participating member of the Texas Medical Center Hospital Laundry Cooperative Association (the Association). The Association was established on April 30, 1971, for the purpose of acquiring, owning, and operating a laundry system on a cooperative basis solely for the benefit of members of the Association. Net earnings of the Association may be refunded to the members on a patronage basis or retained by the Association as equity allocated to the members. M. D. Anderson's equity interest in the Association at August 31, 2016 and 2015 was \$4,817,370.66 and \$4,234,774.00, respectively, or 40%. Separate financial statements for the Association may be obtained at 1601 Braeswood Boulevard, Houston, Texas 77030 or <http://www.texasmedicalcenter.org/root/en/GetToKnow/TMCIstitutions/OtherInstitutions/Laundry/Laundry>.

M. D. Anderson is a participating member of P.E.T. Net Houston, LLC (PETNet). PETNet is a joint venture entered into by M. D. Anderson and P.E.T. Pharmaceuticals, Inc. to lease and operate a facility located on M. D. Anderson's campus to produce positron radiopharmaceuticals and isotopes. Construction of the facility commenced in 2003. M. D. Anderson's equity interest in PETNet at August 31, 2016 and 2015 was \$2,251,427.28 and \$1,988,999.42, respectively, or 49%. Separate financial statements for PETNet may be obtained at Siemens Medical Solutions USA, Inc., 51 Valley Stream Parkway, Malvern, Pennsylvania 19355.

M. D. Anderson entered into an amended and restated Limited Partnership agreement dated March 30, 2010 between Proton Therapy Center-Houston LTD., L.L.P., (PTC Partnership), PTC-Houston Investors, L.L.C., (Investors), PTC-Houston Management, L.P., and M. D. Anderson. The purposes of PTC Partnership are to assume the lease formerly held by Investors with M. D. Anderson to lease approximately four acres on the M. D. Anderson's property for an initial term of 60 years, develop and/or acquire other proton therapy related business opportunities in the area and engage in any other activities that are reasonably incidental to the foregoing or that are contemplated by the agreement or the related agreements. As part of the agreement, each partner has made or is deemed to have made the Initial Contribution which equaled \$15,621,950.00 for M. D. Anderson or 51.22%. However, M. D. Anderson's only capital contribution to PTC Partnership has been through the ground lease which equals \$2,500,000.00. M. D. Anderson has recorded cash distributions and has adjusted its carrying value based on the operating results of PTC Partnership as required by the agreement, which does not equal the initial contribution. Until the carrying value of the investment equals or exceeds the initial contribution value, M. D. Anderson has elected to record the carrying value on the statement of net position. As of August 31, 2016 and 2015, M. D. Anderson's equity interest in PTC Partnership was \$0. M. D. Anderson received cash contributions totaling \$3,087,617.40 and \$6,126,225.00 during the fiscal years ended August 31, 2016 and 2015, respectively. Separate financial statements for PTC Partnership may be obtained at <http://www.mdanderson.org/patient-and-cancer-information/proton-therapy-center/index.html>.

M. D. Anderson is a participating member in the National Center for Therapeutics Manufacturing (the "NCTM"). M. D. Anderson entered into a Collaboration, Investment and Facility Use Agreement as of May 19, 2010 with Texas A&M University System to collaborate on the design of the NCTM and on grants and proposals relating to cancer therapeutics that could be developed at the NCTM. M. D. Anderson's cost-based interest in NCTM at August 31, 2016 and 2015 was \$1,245,000.00, or approximately 2.5%. Separate financial statements for NCTM may be obtained at <http://www.tamus.edu/iit/nctm/>.

4. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING

The financial statements of the System have been prepared using the economic resources measurement focus and the accrual basis of accounting. The System reports as a business type activity, as defined by GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the System have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

GASB STATEMENTS IMPLEMENTED IN FISCAL YEAR 2015

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective 2015, established new accounting and financial reporting requirements for institutions that provide their employees with pensions. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective 2015, amended GASB Statement 68 to require that, at transition, a beginning deferred outflow of resources is recognized for its pension contributions made subsequent to its measurement date of the beginning net pension liability. Restatement of all prior periods presented was not practical, and the cumulative effect of applying GASB Statements 68 and 71 was reported as a restatement of beginning net position for 2015, causing a decrease of \$2,608,762,285.17.

GASB STATEMENTS IMPLEMENTED IN FISCAL YEAR 2016

GASB Statement No. 72, *Fair Value Measurement and Application*, effective 2016, clarified the definition of fair value, established principles for measuring fair value, provided additional fair value guidance, and enhanced disclosures about fair value measurements. Restatement of all prior periods presented was not practical, and the cumulative effect of applying GASB Statement 72 was reported as a restatement of beginning net position for 2016, causing an increase of \$11,765,303.97.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective 2016, completed the suite of pension standards. The implementation of GASB Statement No. 73 had no effect on the System's net position or changes in net position for the years ended August 31, 2016 and 2015.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective 2016, reduced the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The implementation of GASB Statement No. 76 had no effect on the System's net position or changes in net position for the years ended August 31, 2016 and 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, effective 2016, permitted qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and established additional note disclosure requirements for those external investment pools and for governments that participate in them. This statement had no effect to the System's net position or changes in net position for the year ended August 31, 2016.

CASH AND CASH EQUIVALENTS

Short-term, highly liquid investments with maturities of three months or less when purchased are generally considered cash and cash equivalents. It is the System's policy to exclude items that meet this definition if they are part of an investment pool, which has an investment horizon of one year or greater. Therefore, highly liquid investments that are part of the Intermediate Term Fund (ITF) and the Long Term Fund (LTF) are not considered cash and cash equivalents. Additionally, endowments invested in money market accounts are also excluded from Cash and Cash Equivalents as the intent is to invest these funds for more than one year. Cash held in the State treasury for the Permanent University Fund (PUF), the Permanent Health Fund (PHF) and the Available University Fund (AUF) are considered cash and cash equivalents. Other highly liquid investments of these major funds which are held in pooled funds and invested with custodians are not considered cash and cash equivalents according to the investment policies of the System. Restricted cash and cash equivalents include cash held in the State treasury for the PUF and PHF and restricted sources of funds used for construction of capital assets as well as funds held for debt service. The System holds bond proceeds in restricted investments to be disbursed to the institutions to support capital projects on a cost reimbursable basis. Also included in restricted cash and cash equivalents are Short Term Fund (STF) holdings held as collateral on interest rate swaps.

BALANCE IN STATE APPROPRIATIONS

This item represents the balance of General Revenue funds at August 31 as calculated in the Texas State Comptroller's General Revenue Reconciliation.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are recorded at fair value. The fair value of derivatives is recorded as either an investment, a hedging derivative asset or a hedging derivative liability on the statement of net position. The valuation of investment derivatives is discussed in the Investments disclosure below. The System has calculated the fair value of the interest rate swaps using a forecast of expected discounted future net cash flows and considered the nonperformance risk of the parties.

The System has entered into interest rate swap agreements with various counterparties, all of which are highly rated financial institutions, to manage various risks associated with the System's debt programs. Each of the System's interest rate swaps is a contractual agreement entered into between the System and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as an adjustment to interest expense.

Interest rate swaps determined to be hedging derivatives are designated as cash flow hedges. Hedging derivative assets and hedging derivative liabilities are recorded on the System's statement of net position. Under hedge accounting, for derivatives that are determined to be effective, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in the fair value of derivatives that are not effective are recorded as net increase (decrease) in the fair value of investments in the statement of revenues, expenses and changes in net position.

INVESTMENTS

The majority of the investments of the System, except for PUF lands, are managed by UTIMCO, a private investment corporation that provides services entirely to the System and its related foundations. All investments are reported as noncurrent as these funds have an investment horizon extending beyond one year. Restricted investments include investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

The audited financial statements of the funds managed by UTIMCO may be found on UTIMCO's website and inquiries may be directed to UTIMCO via www.utimco.org.

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date.

The System is authorized to invest funds, as provided in Section 51.0031 of the Texas Education Code and the Constitution of the State of Texas, under prudent investor investment standards. Such investments include various fixed income and equity type securities, hedge funds, public market funds, and private investments. The investments of the System are governed by various investment policies approved by the U. T. System Board of Regents.

CONTRIBUTIONS RECEIVABLE

Current and noncurrent contributions receivable are amounts pledged to the university by donors, net of allowances. Multi-year gift pledges greater than \$10,000 must be reported at the discounted present value. At the beginning of each fiscal year, the System re-establishes the scale of discount rates applicable for present valuing new multi-year gift pledges that are received during the new fiscal year. The scale of discount rates are based upon U.S. Treasury Notes and Bonds asked yields as listed in the Wall Street Journal on the first day of the fiscal year. Existing gift pledges are not recalculated since these pledges were previously calculated at historical discount rates.

INVENTORIES

Inventories, consisting primarily of supplies and merchandise for resale, are valued at cost, typically based on the specific identification, weighted average or first-in, first-out methods, which are not in excess of net realizable value.

RESTRICTED ASSETS

Restricted assets include funds restricted by legal or contractual requirements, including those related to sponsored programs, donors, constitutional restrictions, bond covenants, and loan agreements.

LOANS AND CONTRACTS

Current and noncurrent loans and contracts are receivables, net of allowances, related to student loans.

SECURITIES LENDING COLLATERAL AND OBLIGATIONS

The collateral secured for securities lent are reported as an asset on the statement of net position. The obligations for securities lent are reported as a liability on the statement of net position that directly offsets the cash collateral received from brokers or dealers in exchange for securities loaned. The costs of securities lending transactions are reported as expenses in the statement of revenues, expenses and changes in net position. See Note 6 for details regarding the securities lending program.

CAPITAL AND INTANGIBLE ASSETS

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. The System follows the State's capitalization policy with a cost equal to or greater than \$5,000.00 for equipment items, \$100,000.00 for buildings, building improvements and improvements other than buildings, and \$500,000.00 for infrastructure items, and an estimated useful life of greater than one year. Purchases of library books are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Outlays for construction in progress are capitalized as incurred. Interest expense related to construction is capitalized net of interest income earned on the resources reserved for this purpose (see Note 12). The thresholds for software are \$100,000.00 for purchased software and \$1,000,000.00 for internally developed software including Enterprise Resource Planning replacements. The System capitalizes, but does not depreciate works of art and historical treasures that are held for exhibition, education, research and public service. These collections are protected and preserved.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, generally two to fifteen years for equipment items, five years for software, six years for Enterprise Resource Planning replacements, fifteen years for library books, ten to fifty years for buildings and their components and fifteen to forty years for infrastructure elements.

OTHER ASSETS

Included in other current assets are prepaid expenses and lease receivables due within one year. Included in the other noncurrent assets are lease receivables that will be realized beyond one year and equity interests in certain joint ventures that do not meet the definition of investment.

DEFERRED OUTFLOWS

Deferred outflows consist of the fair market value of derivatives, unamortized losses on refunding of debt, unamortized interest rate lock termination payments and certain changes in the net pension liability. Changes in fair value for effective hedges that are achieved with derivative instruments are to be reported as deferred inflows and deferred outflows in the statement of net position. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized, using the straight line method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the statement of revenues, expenses and changes in net position as a component of interest expense. When a Treasury Lock is used to hedge interest rate exposure on bonds, the lock termination payment is recorded as a deferred outflow and is amortized, using the straight line method, over the remaining life of the related debt in the statement of revenues, expenses and changes in net position as a component of interest expense. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Employer contributions subsequent to the measurement date of the net pension liability are also required to be reported as deferred outflows of resources.

UNEARNED REVENUE

Unearned revenue represents revenues such as tuition recorded in August for the fall semester and payments received in advance for sponsored programs.

ASSETS HELD FOR OTHERS – CURRENT AND NONCURRENT

Assets held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations, and others. Included in assets held for others as of August 31, 2016 and 2015 is \$420,760,531.62 and \$409,600,706.10, respectively, for the Physician's Referral Service Supplemental Retirement Plan/Retirement Benefit Plan at M. D. Anderson. As of August 31, 2016 and 2015, assets held for others also included \$190,014,265.99 and \$190,422,371.40, respectively, from foundations that invest their assets with UTMCO.

LIABILITY TO BENEFICIARIES

The System holds numerous irrevocable charitable remainder trusts and a pooled income fund. Together, these assets are reflected in the accompanying consolidated financial statements within restricted investments.

The charitable remainder trusts designate the U. T. System Board of Regents as both trustee and remainder beneficiary. The System is required to pay to the donors (or other donor-designated income beneficiaries) either a fixed amount or the lesser of a fixed percentage of the fair value of the trusts' assets or the trusts' income during the beneficiaries' lives. Trust assets are measured at acquisition value when received and at fair value thereafter. A corresponding liability to beneficiaries is measured at the present value of expected future cash flows to be paid to the beneficiaries based upon the applicable federal rate on the gift date. Upon death of the income beneficiaries, substantially all of the principal balance passes to the System to be used in accordance with the donors' wishes.

The pooled income fund was formed with contributions from several donors. The contributed assets are invested and managed by UTIMCO. Donors (or designated beneficiaries) periodically receive, during their lives, a share of the income earned on the fund proportionate to the value of their contributions to the fund. Upon death of the income beneficiaries, substantially all of the principal balance passes to the System to be used in accordance with the donors' wishes. Contribution revenue is measured at the acquisition value of the assets received, discounted for a term equal to the life expectancies of the beneficiaries.

NET PENSION LIABILITY

The System participates in a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas (TRS). TRS is primarily funded through State and employee contributions. The System receives a proportional share of the net pension liability, pension related deferred outflows and pension related deferred inflows from the Texas Comptroller of Public Accounts.

DEFERRED INFLOWS

Deferred inflows consist of unamortized gains on refunding of debt and certain changes in the net pension liability. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized, using the straight line method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the statement of revenues, expenses and changes in net position as a component of interest expense. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions.

NET POSITION

The System has classified resources into the following three net position categories:

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted:

Nonexpendable

Net position subject to externally imposed stipulations that require the amounts be maintained in perpetuity by the System. Such assets include the System's permanent endowment funds.

Expendable

Net position whose use by the System is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations or that expire with the passage of time.

Unrestricted

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for special purposes by action of management or the U. T. System Board of Regents. Substantially all unrestricted net position is designated for academic programs, patient care, research programs and initiatives, and capital programs (see Note 21 for details on unrestricted net position).

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the System's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

REVENUES AND EXPENSES

Operating revenues include activities such as student tuition and fees; net sales and services of hospitals; net professional fees; net sales and services of auxiliary enterprises; the exchange basis federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, materials and supplies, depreciation, other contracted services, pension expense, postemployment benefits, scholarships and fellowships, and impairment losses and insurance recoveries received in the same year as the associated loss. In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating.

Nonoperating revenues include activities such as gifts and contributions, insurance recoveries received in years subsequent to the associated loss, State appropriations, investment income, the nonexchange basis federal and state grants and contracts, and other revenue sources that are defined as nonoperating revenues by GASB. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies. The System does not recognize these potential refunds, gifts and contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings, and other expenses that are defined as nonoperating expenses by GASB.

SCHOLARSHIP ALLOWANCES AND STUDENT AID

Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (student loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expense or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on an entity-wide basis by allocating cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

STATEWIDE INTERFUND TRANSFERS AND INTERFUND PAYABLES

In accordance with the provisions set forth in Article 7, Section 18 of the Texas Constitution, the System transfers one-third of the annual earnings of the PUF investments and lands to the Texas A&M University System (TAMUS). In addition to the transfer of the current year earnings in 2016 and 2015 of \$272,575,991.93 and \$271,051,531.64, respectively, the System recorded a liability of \$1,019,736,060.04 and \$1,012,423,632.73 at August 31, 2016 and 2015, respectively, for future amounts due to TAMUS from the PUF to cover principal on outstanding PUF bonds and notes issued by TAMUS. This liability is reported as current and noncurrent statewide interfund payable on the statement of net position. Additional details related to the operations of the PUF can be found in Note 8. Also included in statewide interfund payables as of August 31, 2016 and 2015 is \$5,673,910.67 and \$7,021,741.57, respectively, related to the revolving loan programs administered by the Texas State Comptroller's Office.

In accordance with tuition set-asides required by Section 61.539, Section 61.910, Section 61.9660, Section 61.9731, and Section 56.095 of the Texas Education Code, the institutions transferred tuition revenues of \$407,820.65 in 2016 and \$23,427,188.98 in 2015 to the Texas Higher Education Coordinating Board. Section 61.539, Section 61.9731, and Section 56.095 were repealed effective September 1, 2015.

UNCOMPENSATED CARE AND CHARITY CARE

The System's health-related institutions provide uncompensated care to patients who meet certain criteria. Uncompensated care includes the unreimbursed costs for the uninsured and the underinsured as well as the unreimbursed costs from government-sponsored health programs. To calculate uncompensated care, charges are converted to costs and providers recognize appropriate patient specific funding and lump sum funding available to offset costs. Hospital charges are converted to cost by the application of the Medicare cost to charge ratio, as calculated in the most recent Medicare cost report. Since a standard cost report does not exist for physician charges, a proxy cost to charge ratio was developed through a process involving all Texas public academic medical centers and the State Auditor's Office. Uncompensated care costs amounted to \$779,506,365.50 and \$592,644,586.86 for 2016 and 2015, respectively.

The American Institute of Certified Public Accountants (AICPA) defines charity care as care for which hospitals never expected to be reimbursed. Charity care occurs when a patient applies to the hospital for financial assistance and the hospital waives all or part of its charges, consistent with its internal charity care policy. The cost of charity care is calculated using the uncompensated care calculation methodology discussed above. Charity care costs amounted to \$60,670,542.05 and \$58,829,662.77 for 2016 and 2015, respectively.

NET PATIENT SERVICE REVENUE

The System's health-related institutions have agreements with third-party payors that provide for payments to these institutions at amounts different from their established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

U. T. Southwestern Medical Center's, U. T. Medical Branch - Galveston's and U. T. Health Science Center - Tyler's inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are reimbursed under a prospective reimbursement methodology. Also, additional reimbursement is received for graduate medical education, disproportionate share, bad debts and other reimbursable costs, as defined, under a variety of payment methodologies.

M. D. Anderson's inpatient acute care services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology that is limited by a facility-specific amount per discharge. The final reimbursement also includes a calculation of an incentive or relief payment determined through a comparison of the facilities current year cost to the facility-specific cost per discharge. Certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Effective August 1, 2000, the Medicare program implemented a prospective payment system for outpatient services. However, as M. D. Anderson is designated as a cancer hospital, the Medicare program provides for a "hold-harmless" payment that is equal to the difference between the prospectively determined amounts and the current year adjusted cost (i.e., the current year adjusted cost is determined through application of a payment to cost ratio, which is derived from a previous Medicare cost report, to the current year actual cost). M. D. Anderson is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by M. D. Anderson and audits thereof by the Medicare fiscal intermediary.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement cost methodology. The System's health-related institutions are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the System's health-related institutions and audits thereof by the Medicaid fiscal intermediary.

The System's health-related institutions have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System's health-related institutions under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. The System's health-related institutions recognized bad debt expense of \$374,508,841.70 and \$323,586,879.35 in 2016 and 2015, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Disaggregation of Other Receivable Balances

Net other receivables at August 31, 2016 and 2015 are detailed by type as follows:

<u>Net Other Receivables</u>	<u>2016</u>	<u>2015</u>
Receivables related to investments	\$ 101,977,535.03	135,689,949.43
Receivables related to gifts, grants and sponsored programs	81,624,095.88	58,144,883.56
Receivables related to external parties/other companies	146,470,217.77	108,867,637.03
Receivables related to auxiliary enterprises	25,360,786.59	18,585,596.05
Receivables related to payroll	4,299,705.76	7,221,642.82
Receivables related to patents	1,149,096.89	1,378,286.00
Receivables related to travel	1,259,845.18	1,499,131.35
Receivables related to loan funds and financial aid	1,789,396.44	1,641,208.18
Receivables related to agency funds	4,735,898.10	4,750,594.11
Receivables related to other various activities	36,397,245.59	26,077,280.56
Total	\$ <u>405,063,823.23</u>	<u>363,856,209.09</u>

6. Deposits, Investments and Repurchase Agreements

DEPOSITS OF CASH IN BANK

As of August 31, 2016 and 2015, the carrying amount of deposits was \$100,208,608.92 and \$90,636,918.22, respectively, as presented below:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents per statement of cash flows and Exhibit A	\$ 2,876,709,944.95	2,920,561,599.00
Less: Cash in State Treasury	967,525,227.20	898,640,191.66
Repurchase agreement – Texas		
Treasury Safekeeping Trust Co.	14,306,793.80	1,015,334.70
Other cash equivalent investments	1,784,908,587.51	1,904,814,096.90
Other	9,760,727.52	25,455,057.52
Deposits of cash in bank	<u>\$ 100,208,608.92</u>	<u>90,636,918.22</u>

As of August 31, 2016 and 2015, the total bank balances were \$131,132,527.37 and \$126,577,215.31, respectively.

DEPOSIT RISKS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System maintains depository relationships with various banking institutions. The System's policy is that all deposits are governed by a bank depository agreement between the System and the respective banking institution. This agreement provides that the System's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation, shall at all times be collateralized with government securities.

As of August 31, 2016, U. T. Health Science Center at Tyler's blended component unit, East Texas Quality Care Network (ETQCN), held deposits that were exposed to custodial credit risk. ETQCN has no policies regarding these deposits. The bank balances exposed to custodial risk as uninsured and uncollateralized deposits were \$41,839.34. As of August 31, 2015, the System had no bank balances that were exposed to custodial credit risk.

INVESTMENTS

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs of fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect management's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the hierarchy of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs.

The System's investments with readily available fair values are primarily valued on the basis of market valuations provided by independent pricing services.

Debt securities, including corporate obligations and governmental and provincial obligations, held directly by the System are valued based upon prices supplied by Intercontinental Exchange Data Services and other major fixed income pricing services, external broker quotes and internal pricing matrices. Debt securities valued based on multiple quotations or models utilizing observable market inputs are categorized as Level 2; otherwise they would be categorized as Level 3.

Equity securities, including common and preferred stocks, fair values are based on the closing price on the primary exchange on which they are traded (if a closing price is not available, the average of the last reported bid and ask price is used). When these securities are actively traded, and valuation adjustments are not applied, they are categorized as Level 1. In the event that a stock is not actively traded or a closing price is unavailable on a national or international securities exchange, the last available price per the exchange would be used, and the security would be categorized as Level 2. Otherwise, equity securities would be categorized as Level 3.

Physical commodities, specifically gold, are valued using the composite closing price from Bloomberg for the XAU currency code which represents the standard for one troy ounce of gold, and are categorized as Level 1.

GAAP permits management to fair value certain investments that do not have a readily determinable fair value using the investment's net asset value per share or the System's ownership interest in partners' capital as a practical expedient. Investments valued in this manner are not classified in the fair value hierarchy.

The fair value of private investment funds, which consist of non-regulated investment funds and various other investment vehicles, are estimated by management using the investment's capital account balance at the closest available reporting date, as communicated by the investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting date as well as consideration of any other information, which has been provided by the investment manager or other sources.

Hedge funds, developed country equity, emerging markets equity, natural resources, real estate and fixed income investment funds and certain other private placements are fair valued by management based on net asset value information provided by the investment manager, as well as other relevant factors as indicated above.

The fair value of the PUF land's interest in oil and gas is based on a third party reserve study of proved reserves. The present value of the royalty cash flows is calculated by applying a ten percent discount rate to future expected production volumes of oil and gas based on the price of oil and gas on August 31. A percentage of probable and possible reserves of oil and gas are included in the fair value estimate. The PUF lands' surface interests are reported at the price per acre from the American Society of Farm Managers and Rural Appraisers. The PUF lands are categorized as Level 3 in the fair value hierarchy. The remaining minerals, the trust minerals, because of size, distribution, and limited production histories are valued at three times the previous 12 months' revenue. As a rule of thumb, this measure has been used historically to determine the selling price of these types of properties by willing parties. Other real estate holdings are reported by one of the following methods of valuation: the latest available appraised amount as determined by an independent State certified or other licensed appraiser, tax assessments use for real estate investments with values that are not significant or by any other generally accepted industry standard. All other real estate is categorized as Level 3 in the fair value hierarchy, with a small amount valued using net asset value.

The following tables reflect fair value measurements of investments as of August 31, 2016 and 2015, respectively, as categorized by level of the fair value hierarchy:

Type of Security	Fair Value as of August 31, 2016	Fair Value Measurement Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government:				
U.S. Treasury Securities	\$ 348,995,773.98	348,995,773.98	-	-
U.S. Treasury TIPS	42,321,609.94	42,321,609.94	-	-
U.S. Government Agency Obligations	157,164,456.39	-	157,164,456.39	-
Corporate Obligations	602,478,199.82	-	601,506,575.63	971,624.19
Corporate Asset and Mortgage Backed Securities	78,002,831.95	-	78,002,831.95	-
Equity	1,683,898,691.75	1,644,687,187.79	2,578,941.32	36,632,562.64
International Obligations (Government and Corporate)	2,455,106,220.02	-	2,455,106,220.02	-
International Equity	2,973,472,321.25	2,973,405,817.98	29,254.52	37,248.75
Fixed Income Money Market and Bond Mutual Fund	2,340,365,964.24	2,333,949,790.79	6,173,385.23	242,788.22
Other Commingled Funds:				
Fixed Income	30,678,863.83	30,678,863.83	-	-
U. S. Equity	15,625,340.32	15,615,102.18	-	10,238.14
International Other Commingled Funds:				
Non-U.S. Developed Equity	3,660,206.44	3,660,206.44	-	-
Emerging Markets	2,914,940.40	2,914,940.40	-	-
Real Estate	850,375.26	850,375.26	-	-
Natural Resources	1,170,568.84	1,170,568.84	-	-
PUF Lands	6,185,785,105.90	-	-	6,185,785,105.90
Other Real Estate	280,967,164.37	-	-	280,967,164.37
Physical Commodities - Gold	737,790,553.82	737,790,553.82	-	-
Investment Derivatives – Asset Positions	207,007,503.36	4,013,595.50	202,993,907.86	-
Alternative Investments:				
Limited Partnerships (Private Investments)	211,760,612.00	-	-	211,760,612.00
Miscellaneous	18,331,699.12	2,396,729.05	14,957,454.54	977,515.53
Total Investments by Fair Value Level	18,378,349,003.00	8,142,451,115.80	3,518,513,027.46	6,717,384,859.74
Investment Funds Fair Valued Using Net Asset Value:				
Real Estate	19,975,173.92			
Other Commingled Funds	12,204,092,068.76			
International Other Commingled Funds	2,515,905,688.73			
Limited Partnerships (Private Investments)	9,401,605,109.95			
Total Investment Funds Fair Valued Using Net Asset Value	24,141,578,041.36			
Investments Held in Cash (Not at Fair Value)	125,914,034.78			
Private Investments (Not at Fair Value)	12,598,222.63			
Total Investments	\$ 42,658,439,301.77			
Securities Lending Collateral Investment Pool (see detail below)	729,334,827.51	-	729,334,827.51	-

Fair Value Measurement Using

<u>Type of Security</u>	<u>Fair Value as of August 31, 2016</u>	<u>Quoted Prices in Active markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments Classified as Cash Equivalents:				
Repurchase Agreement - Texas Treasury Safekeeping Trust Co. (Not at Fair Value)	\$ 14,306,793.80			
Fixed Income Money Market Funds	1,784,066,458.31	1,784,066,458.31	-	-
Time Deposits (Not at Fair Value)	842,129.20			
Total Investments Classified as Cash Equivalents	\$ 1,799,215,381.31			
Deposit with Brokers for Derivative Contracts, net:				
U.S. Treasury Bonds and Notes	\$ 2,221,946.34	2,221,946.34	-	-
U.S. Treasury Inflation Protected	5,349,104.23	5,349,104.23	-	-
Fixed Income Money Market and Mutual Funds	37,024,658.90	37,024,658.90	-	-
Total Deposit with Brokers for Derivative Contracts, net	\$ 44,595,709.47	44,595,709.47	-	-

Fair Value Measurement Using

Type of Security	Fair Value as of August 31, 2015	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U.S. Government:				
U.S. Treasury Securities	\$ 433,814,528.31	433,814,528.31	-	-
U.S. Treasury TIPS	46,893,191.86	46,893,191.86	-	-
U.S. Government Agency Obligations	144,603,162.96	-	144,603,162.96	-
Corporate Obligations	480,583,282.47	-	479,046,945.59	1,536,336.88
Corporate Asset and Mortgage Backed Securities	80,028,129.61	-	80,028,129.61	-
Equity	1,543,111,831.35	1,330,548,590.97	1,455,712.59	211,107,527.79
International Obligations (Government and Corporate)	2,045,632,519.23	-	2,045,632,519.23	-
International Equity	2,571,009,548.92	2,570,282,047.92	727,500.00	1.00
Fixed Income Money Market and Bond Mutual Fund	1,954,840,593.38	1,948,947,632.99	5,699,748.57	193,211.82
Other Commingled Funds:				
Fixed Income	26,066,797.17	26,066,797.17	-	-
U. S. Equity	14,157,462.36	14,157,462.36	-	-
International Other Commingled Funds:				
Non-U.S. Developed Equity	2,900,058.87	2,900,058.87	-	-
Emerging Markets	2,925,906.94	2,925,906.94	-	-
Real Estate	1,344,236.74	1,344,236.74	-	-
Natural Resources	2,365,325.34	2,365,325.34	-	-
PUF Lands	5,228,895,607.20	-	-	5,228,895,607.20
Other Real Estate	300,348,780.78	-	-	300,348,780.78
Physical Commodities - Gold	641,277,603.58	641,277,603.58	-	-
Investment Derivatives – Asset Positions	218,291,686.50	1,129,965.48	217,161,721.02	-
Alternative Investments:				
Limited Partnerships (Private Investments)	187,693,759.00	-	-	187,693,759.00
Miscellaneous	18,778,071.20	2,579,719.77	15,751,268.39	447,083.04
Total Investments by Fair Value Level	15,945,562,083.77	7,025,233,068.30	2,990,106,707.96	5,930,222,307.51
Investment Funds Fair Valued Using Net Asset Value:				
Real Estate	18,388,863.04			
Other Commingled Funds	12,669,432,454.77			
International Other Commingled Funds	2,780,878,721.22			
Limited Partnerships (Private Investments)	8,096,326,819.58			
Total Investment Funds Fair Valued Using Net Asset Value	23,565,026,858.61			
Investments Held in Cash (Not at Fair Value)	301,681,459.55			
Private Investments (Not at Fair Value)	69,065,526.59			
Total Investments	\$ 39,881,335,928.52			
Securities Lending Collateral Investment Pool (see detail below)	687,047,330.44	-	687,047,330.44	-

Fair Value Measurement Using

Type of Security	Fair Value as of August 31, 2015	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Classified as Cash Equivalents:				
Repurchase Agreement - Texas Treasury Safekeeping Trust Co. (Not at Fair Value)	\$ 1,015,334.70			
Fixed Income Money Market Funds	1,903,972,047.90	1,903,972,047.90	-	-
Time Deposits (Not at Fair Value)	842,049.00			
Total Investments Classified as Cash Equivalents	\$ 1,905,829,431.60			
Deposit with Brokers for Derivative Contracts, net:				
U.S. Treasury Bonds and Notes	\$ 4,518,031.07	4,518,031.07	-	-
U.S. Treasury Bills	2,999,632.50	2,999,632.50	-	-
Fixed Income Money Market and Mutual Funds	(8,045,847.36)	(8,045,847.36)	-	-
Total Deposit with Brokers for Derivative Contracts, net	\$ (528,183.79)	(528,183.79)	-	-

Investment funds fair valued at net asset value per share or based on the System's ownership interest in partner's capital include externally managed funds, limited partnerships, corporate structures, and joint ventures which are generally unrated and may be unregulated. The composition of investment funds that are fair valued using Net Asset Value (NAV) at August 31, 2016 and 2015 is summarized in the tables below as they are included within the asset mix of the System.

	Fair Value as of August 31, 2016	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investment Funds Fair Valued Using Net Asset Value				
Real Estate				
Redeemable Within One Year	\$ 19,975,173.92	-	Quarterly	60 Days
Other Commingled Funds:				
Hedge Funds				
Redeemable Within One Year	6,679,302,548.00	-	Daily to 3 Years	0 - 180 Days
Redeemable Beyond One Year	3,232,299,222.95	-	Monthly to 3 Years	45 - 120 Days
Nonredeemable	<u>646,499,236.24</u>	<u>479,371,597.00</u>	Not Applicable	Not Applicable
Total Hedge Funds	<u>10,558,101,007.19</u>	<u>479,371,597.00</u>		
U. S. Equity				
Redeemable Within One Year	1,082,325,457.31	-	Quarterly/Annually	30 - 90 Days
Redeemable Beyond One Year	<u>563,665,604.26</u>	-	Quarterly/Annually	30 - 90 Days
Total U. S. Equity	<u>1,645,991,061.57</u>	-		
Total Other Commingled Funds	<u>12,204,092,068.76</u>	<u>479,371,597.00</u>		
International Other Commingled Funds:				
Non-U.S. Developed Equity				
Redeemable Within One Year	1,116,384,078.80	-	Monthly to Annually	1 - 90 Days
Redeemable Beyond One Year	<u>163,901,525.52</u>	-	Quarterly/Annually	1 - 184 Days
Total Non-U.S. Developed Equity	<u>1,280,285,604.32</u>	-		
Emerging Markets				
Redeemable Within One Year	1,109,597,554.41	-	Daily to Annually	0 - 90 Days
Redeemable Beyond One Year	79,328,598.00	-	Quarterly	40 - 60 Days
Nonredeemable	<u>46,693,932.00</u>	<u>37,113,197.76</u>	Not Applicable	Not Applicable
Total Emerging Markets	<u>1,235,620,084.41</u>	<u>37,113,197.76</u>		
Total International Other Commingled Funds	<u>2,515,905,688.73</u>	<u>37,113,197.76</u>		
Limited Partnerships (Private Investments)				
Redeemable Within One Year	17,370,388.79	-	Quarterly	180 Days
Nonredeemable	<u>9,384,234,721.16</u>	<u>6,071,336,743.58</u>	Not Applicable	Not Applicable
Total Limited Partnerships (Private Investments)	<u>9,401,605,109.95</u>	<u>6,071,336,743.58</u>		
Total Investment Funds Fair Valued Using NAV	<u>\$ 24,141,578,041.36</u>	<u>6,587,821,538.34</u>		

	Fair Value as of August 31, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investment Funds Fair Valued Using Net Asset Value				
Real Estate				
Redeemable Within One Year	\$ 18,388,863.04	-	Quarterly	60 Days
Other Commingled Funds:				
Hedge Funds				
Redeemable Within One Year	7,268,443,217.51	-	Daily to 3 Years	0 - 180 Days
Redeemable Beyond One Year	3,198,982,665.16	-	Monthly to 5 Years	60 - 180 Days
Nonredeemable	561,456,204.32	364,322,788.00	Not Applicable	Not Applicable
Total Hedge Funds	<u>11,028,882,086.99</u>	<u>364,322,788.00</u>		
U. S. Equity				
Redeemable Within One Year	1,093,251,099.78	-	Quarterly/Annually	30 - 90 Days
Redeemable Beyond One Year	547,299,268.00	-	Annually	90 Days
Total U. S. Equity	<u>1,640,550,367.78</u>	<u>-</u>		
Total Other Commingled Funds	<u>12,669,432,454.77</u>	<u>364,322,788.00</u>		
International Other Commingled Funds:				
Non-U.S. Developed Equity				
Redeemable Within One Year	1,258,673,240.81	-	Monthly/Quarterly	1 - 90 Days
Redeemable Beyond One Year	211,319,692.00	-	Quarterly/Annually	1 - 90 Days
Total Non-U.S. Developed Equity	<u>1,469,992,932.81</u>	<u>-</u>		
Emerging Markets				
Redeemable Within One Year	1,115,297,303.00	-	Daily to Semi-Annually	1 - 90 Days
Nonredeemable	45,456,835.47	54,244,444.44	Not Applicable	Not Applicable
Total Emerging Markets	<u>1,160,754,138.47</u>	<u>54,244,444.44</u>		
Real Estate				
Redeemable Within One Year	150,131,649.94	-	Monthly	30 Days
Total Real Estate	<u>150,131,649.94</u>	<u>-</u>		
Total International Other Commingled Funds	<u>2,780,878,721.22</u>	<u>54,244,444.44</u>		
Limited Partnerships (Private Investments)				
Redeemable Within One Year	18,007,904.91	-	Quarterly	180 Days
Nonredeemable	8,078,318,914.67	6,131,575,808.67	Not Applicable	Not Applicable
Total Limited Partnerships (Private Investments)	<u>8,096,326,819.58</u>	<u>6,131,575,808.67</u>		
Total Investment Funds Fair Valued Using NAV	<u>\$ 23,565,026,858.61</u>	<u>6,550,143,041.11</u>		

INVESTMENT RISKS

The investment risk disclosure that follows relates to the System's investments.

The System invests in hedge fund pools which are invested in private funds with external investment managers who invest in equity and fixed income securities of both domestic and international issuers. These investment managers may invest in both long and short securities and may utilize leverage in their portfolios. The funds invested may be subject to a lock-up restriction of typically one to three years before the investment may be withdrawn from the manager without significant penalty. The amounts shown as nonredeemable are considered illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. There are certain risks associated with these private funds, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. The hedge fund pools have committed \$479,371,597.00 and \$364,322,788.00 of future funding to various hedge fund investments as of August 31, 2016 and 2015, respectively.

The System invests in private investments through private investment pools which are invested in limited partnerships with external investment managers or general partners who invest primarily in private equity securities. These investments, domestic and international, are illiquid and typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from underlying fund investments. It is estimated that the underlying assets of the private investments will be liquidated over seven to ten years. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. Certain of these investments are held through LLCs, of which UTIMCO is the sole managing member. The System had committed \$6,071,336,743.58 and \$6,131,575,808.67 of future funding to various private investments as of August 31, 2016 and 2015, respectively.

Public market funds are invested in exchange traded funds, index funds and private placements with external investment managers who invest in equity and fixed income securities of both domestic and international issuers. These funds are characterized as public market funds based on individual risk/return characteristics and their relationship to the overall asset mix of the funds. Some of these investment managers may invest in both long and short securities and may utilize modest leverage in their portfolios. The amounts shown as nonredeemable are considered illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. Certain of these investments are held through limited liability companies of which UTIMCO is the sole managing member. There are certain risks associated with these investments, some of which are investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. As of August 31, 2016 and 2015, future fundings in the amount of \$37,113,197.76 and \$54,244,444.44, respectively, have been committed to certain public market funds.

Hedge funds, private investments and public market funds include investments in private placement vehicles that are subject to risk, which could result in the loss of invested capital. The risks include the following:

- *Key personnel risk* – The success of certain funds is substantially dependent upon key investment managers and the loss of those individuals may adversely impact the fund's performance.
- *Liquidity risk* – Many of the System's investment funds may impose lock-up periods, which would cause the System to incur penalties to redeem its units or prevent the System from redeeming its shares until a certain period of time has elapsed.
- *Limited transparency* – As private placement investment vehicles, these funds may not disclose the holdings of their portfolios.
- *Investment strategy risk* – These funds often employ sophisticated investment strategies and may use leverage, which could result in the loss of invested capital.

Investments in hedge funds, private investments and public market funds are also subject to the investment risks discussed below. Fixed income investments held by these funds would also be subject to credit risk and interest rate risk; moreover, they may invest in securities whose fair values would be sensitive to changes in interest rates.

The fair values of these various investment funds, excluding the publicly traded funds, as of August 31, 2016 and 2015 were \$24,141,578,041.36 and \$23,565,026,858.61, respectively.

(A) *Credit Risk* - Article VII, Section 11b of the Texas Constitution authorizes the U. T. System Board of Regents, subject to procedures and restrictions it establishes, to invest System funds in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the U. T. System Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that

prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The System's investment policy does not provide specific requirements and limitations regarding investment ratings. Per GASB authoritative guidance, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. In 2011, some of the U.S. government direct obligations were downgraded and thus U.S. government direct obligations have been added to the credit risk disclosure. The following tables present each applicable investment type grouped by rating as of August 31, 2016 and 2015:

<u>Investment Type</u>	August 31, 2016					
	MOODY'S		STANDARD & POOR'S		FITCH	
	<u>Fair Value</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Government Direct Obligations	\$ 398,888,434.49	Aaa	398,888,434.49	AA	398,888,434.49	AAA
U.S. Government Agency Obligations	157,164,456.39	Aaa	157,164,456.39	AA	157,164,456.39	AAA
Corporate Obligations	14,097,756.50	Aaa	12,047,845.20	AAA	7,617,320.00	AAA
	69,529,027.76	Aa	92,367,753.34	AA	73,142,341.38	AA
	322,716,789.60	A	263,195,780.12	A	272,635,655.69	A
	156,168,856.88	Baa	228,880,830.51	BBB	111,776,430.40	BBB
	31,900,710.74	Ba	3,325,814.95	BB	3,336,694.70	BB
	342,822.50	B	1,037,501.51	B	133,969,757.65	NR
	109,525.01	Caa	1,622,674.19	NR	-	-
	7,612,710.83	NR	-	-	-	-
Corporate Asset and Mortgage Backed Securities	41,034,998.38	Aaa	10,386,317.73	AAA	25,313,732.79	AAA
	3,106,844.15	Aa	9,758,603.66	AA	1,496,982.24	AA
	1,779,499.99	A	4,760,067.53	A	561,767.64	A
	6,371,865.05	Baa	1,944,041.38	BBB	97,176.01	BBB
	1,912,972.64	Ba	2,462,970.50	BB	589,754.54	BB
	541,587.31	B	2,293,319.42	B	1,115,484.11	B
	8,050,476.03	Caa	6,476,696.24	CCC	1,515,980.59	D
	1,368,055.58	Ca	496,704.92	CC	47,311,954.03	NR
	13,836,532.82	NR	3,965,222.03	D	-	-
			35,458,888.54	NR	-	-
International Obligations (Government and Corporate)	532,422,675.68	Aaa	212,858,834.53	AAA	312,740,540.51	AAA
	425,674,586.56	Aa	354,711,603.20	AA	565,380,769.96	AA
	494,678,741.63	A	460,997,923.90	A	597,819,043.02	A
	279,998,187.79	Baa	251,637,958.83	BBB	578,370,418.15	BBB
	203,754,414.33	Ba	201,176,249.81	BB	171,700,601.05	BB
	16,560,461.41	B	19,487,161.55	B	2,462,286.01	B
	704,812.50	Caa	704,812.50	CCC	1,327,796.07	CCC
	501,312,340.12	NR	953,531,675.70	NR	225,304,765.25	NR
Fixed Income Money Market and Bond Mutual Fund	3,926,734,495.16	Aaa	3,804,140,461.73	AAA	323,277,976.48	AAA
	255,826,754.16	NR	378,420,787.59	NR	3,859,283,272.84	NR
Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	14,306,793.80	Aaa	14,306,793.80	AAA	14,306,793.80	NR
Miscellaneous	1,134,509.99	Aaa	1,659,795.84	AAA	1,134,509.99	AAA
	3,280,741.50	Aa	3,945,480.50	AA	2,207,374.50	AA
	9,804,398.86	A	9,139,659.86	A	9,139,659.86	A
	176,821.75	Baa	30,855,685.58	BB	33,961,206.63	NR
	32,046,278.88	NR	842,129.2	NR	-	-
	\$ 7,934,950,936.77		7,934,950,936.77		7,934,950,936.77	

August 31, 2015

<u>Investment Type</u>	<u>MOODY'S</u>		<u>STANDARD & POOR'S</u>		<u>FITCH</u>	
	<u>Fair Value</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Government Direct Obligations	\$ 488,225,383.74	Aaa	488,225,383.74	AA	488,225,383.74	AAA
U.S. Government Agency Obligations	123,849,425.34	Aaa	123,849,425.34	AA	123,849,425.34	AAA
	20,753,737.62	Aa	20,753,737.62	NR	20,753,737.62	NR
Corporate Obligations	5,964,835.00	Aaa	4,846,416.90	AAA	5,828,965.00	AAA
	36,940,628.76	Aa	54,431,435.40	AA	40,154,423.20	AA
	273,299,893.52	A	297,208,303.21	A	248,002,912.79	A
	146,527,955.49	Baa	115,597,726.48	BBB	69,277,701.86	BBB
	8,421,343.60	Ba	1,985,795.00	BB	3,026,111.00	BB
	9,428,626.10	NR	2,234,732.24	CCC	114,293,168.62	NR
	-	-	4,278,873.24	NR	-	-
Corporate Asset and Mortgage Backed Securities	35,543,692.31	Aaa	13,914,989.88	AAA	26,306,683.33	AAA
	4,050,477.35	Aa	11,933,219.43	AA	1,596,555.00	AA
	1,277,172.87	A	6,862,178.49	A	137,814.03	A
	2,919,988.10	Baa	1,721,532.84	BBB	139,516.00	BBB
	2,406,565.83	Ba	477,809.88	BB	146,671.32	BB
	729,079.74	B	1,463,506.81	B	1,650,554.22	B
	10,045,994.15	Caa	11,827,773.84	CCC	1,764,736.27	C
	1,617,228.70	Ca	466,450.20	CC	210,987.46	D
	21,437,930.56	NR	1,069,927.40	D	48,074,611.98	NR
	-	-	30,290,740.84	NR	-	-
International Obligations (Government and Corporate)	471,583,612.07	Aaa	149,644,892.46	AAA	220,278,480.55	AAA
	336,758,222.87	Aa	305,104,362.93	AA	406,752,663.71	AA
	492,776,952.44	A	390,318,679.68	A	586,629,929.09	A
	494,621,347.47	Baa	291,840,398.58	BBB	488,153,322.02	BBB
	70,808,329.34	Ba	45,229,874.12	BB	32,395,577.28	BB
	18,174,928.54	B	20,842,271.98	B	3,798,311.58	B
	684,689.00	Caa	3,035,934.83	CCC	1,522,776.96	CCC
	160,224,437.50	NR	839,616,104.65	NR	306,101,458.04	NR
Fixed Income Money Market and Bond Mutual Fund	3,650,940,882.94	Aaa	3,552,202,211.90	AAA	306,104,359.19	AAA
	404,901,462.56	NR	503,640,133.60	NR	3,749,737,986.31	NR
Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	1,015,334.70	Aaa	1,015,334.70	AA	1,015,334.70	NR
Miscellaneous	1,663,395.00	Aaa	2,171,215.30	AAA	1,144,150.00	AAA
	3,735,245.75	Aa	4,820,672.75	AA	1,463,618.75	AA
	8,403,491.60	A	7,837,309.60	A	9,049,735.60	A
	700,374.00	Baa	500,880.00	BBB	500,880.00	BBB
	26,066,796.65	Ba	199,494.00	BB	30,280,033.47	NR
	1,869,114.82	NR	26,908,846.17	NR	-	-
	\$ 7,338,368,576.03		7,338,368,576.03		7,338,368,576.03	

(B) *Concentrations of Credit Risk* – The System’s investment policy statements for funds managed by UTMCO contain the limitation that no more than five percent of the market value of fixed income securities may be invested in corporate or municipal bonds of a single issuer. As of August 31, 2016 and 2015, these funds did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the market value of the fund’s fixed income investments.

(C) *Custodial Credit Risk* – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Texas State Statutes and the System’s investment policy statements do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. As of August 31, 2016 and 2015, the System did not have any deposits or investments that are exposed to custodial credit risk.

(D) *Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk inherent in the System’s investments is measured by monitoring the modified duration of the overall investment portfolio. Modified duration estimates the sensitivity of the System’s investments to changes in interest rates. The System has no specific policy statement limitations with respect to its overall modified duration. The following table summarizes the System’s modified duration by investment type as of August 31, 2016 and 2015:

Investment Type	August 31, 2016		August 31, 2015	
	Fair Value	Modified Duration	Fair Value	Modified Duration
Investments:				
U.S. Government Guaranteed:				
U.S. Treasury Bonds and Notes	\$ 348,995,773.98	9.26	433,814,528.31	12.15
U.S. Treasury Inflation Protected	42,321,609.94	7.18	46,893,191.86	8.25
U.S. Agency Asset Backed	23,251,290.58	2.79	23,579,578.31	3.92
Total U.S. Government Guaranteed	<u>414,568,674.50</u>	8.69	<u>504,287,298.48</u>	11.40
U.S. Government Non-Guaranteed:				
U.S. Agency	6,297,224.23	0.13	53,220,832.77	0.44
U.S. Agency Asset Backed	127,615,941.58	3.85	67,802,751.88	2.67
Total U.S. Government Non-Guaranteed	<u>133,913,165.81</u>	3.68	<u>121,023,584.65</u>	1.69
Total U.S. Government	<u>548,481,840.31</u>	7.47	<u>625,310,883.13</u>	9.52
Corporate Obligations:				
Domestic	680,481,031.77	6.44	560,611,412.08	5.77
Foreign	443,748,331.41	5.98	464,055,438.86	4.43
Total Corporate Obligations	<u>1,124,229,363.18</u>	6.26	<u>1,024,666,850.94</u>	5.16
Foreign Government and Provincial Obligations	2,011,357,888.61	6.20	1,581,577,080.37	6.94
Other Debt Securities	14,921,757.95	11.84	15,529,571.65	10.66
Total Debt Securities	<u>3,698,990,850.05</u>	6.43	<u>3,247,084,386.09</u>	6.89
Other Investment Funds - Debt	30,678,863.83	7.00	26,066,797.17	7.00
Fixed Income Money Market and Mutual Funds	2,361,470,132.11	0.21	2,159,916,144.96	0.23
Total Investments	<u>\$ 6,091,139,845.99</u>	4.02	<u>5,433,067,328.22</u>	4.25
Investments Classified as Cash Equivalents:				
Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	\$ 14,306,793.80	0.00	1,015,334.70	0.00
Fixed Income Money Market Funds	1,784,066,458.31	0.08	1,903,972,047.90	0.08
Time Deposits	842,129.20	0.00	842,049.00	0.00
Total Investments Classified as Cash Equivalents	<u>\$ 1,799,215,381.31</u>	0.08	<u>1,905,829,431.60</u>	0.08
Deposit with Brokers for Derivative Contracts:				
U.S. Government Guaranteed:				
U.S. Treasury Bonds and Notes	\$ 2,221,946.34	3.99	4,518,031.07	5.27
U.S. Treasury Bills	-	-	2,999,632.50	0.22
U.S. Treasury Inflation Protected	5,349,104.23	7.78	-	-
Total U.S. Government Guaranteed	<u>7,571,050.57</u>	6.67	<u>7,517,663.57</u>	3.25
Fixed Income Money Market and Mutual Funds	37,024,658.90	0.00	(8,045,847.36)	0.00
Total Deposit with Brokers for Derivative Contracts	<u>\$ 44,595,709.47</u>	1.13	<u>(528,183.79)</u>	0.00

(E) *Investments with Fair Values That Are Highly Sensitive to Interest Rate Changes* – The System may invest in various mortgage backed securities, such as collateralized mortgage backed obligations. The System also may invest in investments that have floating rates with periodic coupon changes in market rates, zero coupon bonds and stripped treasury and agency securities created from coupon securities. No percentage of holdings limitations are specified in the investment policy statements regarding these types of securities. As of August 31, 2016 and 2015, the System’s investments included the following investments that are highly sensitive to interest rate changes:

- Collateralized mortgage obligations which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. As of August 31, 2016 and 2015, these securities amounted to \$126,340,661 and \$156,730,194, respectively.
- Mortgage backed securities which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. As of August 31, 2016 and 2015, these securities amounted to \$129,094,010 and \$53,992,432, respectively.
- Asset backed securities which are backed by home equity loans, auto loans, equipment loans and credit card receivables. Prepayments by the obligees of the underlying assets in periods of decreasing interest rates could reduce or eliminate the stream of income that would have been received. As of August 31 2016 and 2015 these securities amounted to \$13,313,751 and \$11,861,972, respectively.

(F) *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the System’s non-U.S. dollar investments. There are no limitations on investments in non-U.S. denominated bonds or common stocks in relation to the System’s total fixed income and developed country equity exposures in the System’s investment policy statements.

Classification between domestic common stock and foreign common stock is based on the country of domicile of the issuer, not the currency in which the security is traded. The following tables summarize the System's exposure to non-U.S. dollar investments by asset type as of August 31, 2016 and 2015.

Investment Type	2016 Fair Value	Investment Type	2016 Fair Value
Domestic Common Stock:		Foreign Government & Provincial Obligations (cont.):	
Hong Kong Dollar	\$ 207,518	British Pound	\$ 130,484,887
Foreign Common Stock:		Canadian Dollar	50,247,504
Australian Dollar	66,948,430	Czech Koruna	1,446,854
Brazilian Real	294,021,729	Columbian Peso	20,037,153
British Pound	175,336,597	Euro	254,489,918
Canadian Dollar	135,550,643	Malaysian Ringgit	111,591,502
Chilean Peso	245,107	Mexican Peso	230,047,827
Chinese Yuan Renminbi	223,665,438	New Zealand Dollar	154,218,208
Czech Koruna	5,748,258	Norwegian Kroner	53,673,007
Egyptian Pound	16,836,580	Polish Zloty	68,315,333
Euro	174,908,361	Romanian Leu	4,177,322
Hong Kong Dollar	224,102,786	Singapore Dollar	63,717,278
Indian Rupee	87,392,005	South African Rand	76,287,890
Indonesian Rupiah	20,122,152	South Korean Won	11,602,805
Japanese Yen	319,007,114	Thai Baht	12,822,240
Malaysian Ringgit	20,132,160	Total Foreign Government & Provincial Obligations	1,952,534,209
Mexican Peso	104,118,221	Corporate Obligations:	
Moroccan Dirham	2,724,240	Australian Dollar	29,192,501
Norwegian Kroner	1,054,948	British Pound	39,610,902
Philippine Peso	11,608,057	Canadian Dollar	1,807,939
Polish Zloty	3,098,837	Danish Krone	38,023,678
Qatari Riyal	9,668,202	Euro	74,781,834
Singapore Dollar	41,106,805	Indian Rupee	914
South African Rand	38,392,177	Swedish Krona	577,630
South Korean Won	274,871,450	Total Corporate Obligations	183,995,398
Swedish Krona	11,527,499	Investment Funds - Emerging Markets:	
Swiss Franc	11,517,154	Brazilian Real	24,583,368
Taiwan Dollar	81,692,391	Convertible Securities:	
Thai Baht	34,244,772	Brazilian Real	1,026,551
Turkish Lira	9,812,951	Private Investments:	
United Arab Emirates Dirham	28,817,024	Australian Dollar	50,109,425
Vietnamese Dong	18,343,874	British Pound	68,054,259
Total Foreign Common Stock	2,446,615,962	Canadian Dollar	179,871,935
Other Equity Securities:		Euro	320,619,995
British Pound	22,013	Total Private Investments	618,655,614
Canadian Dollar	1,507,988	Cash and Cash Equivalents:	
Indian Rupee	8,009	Australian Dollar	497,663
Total Other Equity Securities	1,538,010	Brazilian Real	3,124,955
Foreign Preferred Stock:		British Pound	1,091,696
Brazilian Real	53,799,674	Canadian Dollar	322,764
Colombian Peso	64,322	Chilean Peso	4,456
Euro	8,086,540	Chinese Yuan Renminbi	48,191,664
South African Rand	50,410	Colombian Peso	2,212,618
South Korean Won	24,951,032	Czech Koruna	129,144
Total Foreign Preferred Stock	86,951,978	Danish Krone	15,707,423
Foreign Government & Provincial Obligations:		Egyptian Pound	(27,967)
Australian Dollar	175,776,653	Euro	8,818,401
Brazilian Real	131,866,437	Hong Kong Dollar	247,848
Hungarian Forint	51,674,312	Hungarian Forint	249
Indonesian Rupiah	43,865,367	Indian Rupee	1,012,439
Japanese Yen	306,191,712	Indonesian Rupiah	154,191
		Israeli Shekel	366

Investment Type (cont.)	2016 Fair Value	Investment Type	2016 Fair Value
Cash and Cash Equivalents (cont.):		Futures:	
Japanese Yen	\$ 14,976,736	Australian Dollar	\$ 3,028
Malaysian Ringgit	637,382	British Pound	186
Mexican Peso	3,315,137	Canadian Dollar	(1,029)
New Zealand Dollar	1,413	Euro	(26,508)
Norwegian Kroner	178,684	Japanese Yen	(1,933)
Philippine Peso	13,284	Total Futures	(26,256)
Polish Zloty	400,251	Foreign Exchange Contracts:	
Singapore Dollar	32,375	Australian Dollar	(536,607)
South African Rand	1,915,419	Brazilian Real	(749,922)
South Korean Won	6,943,310	British Pound	6,060,177
Swedish Krona	(834,337)	Canadian Dollar	(7,752)
Swiss Franc	(5,162,981)	Chilean Peso	281,641
Taiwan Dollar	3,982,932	Chinese Yuan(Offshore)	7,499,195
Thai Baht	1,794,868	Chinese Yuan Renminbi	(43,930)
Turkish Lira	1,035,204	Colombian Peso	(151,112)
Vietnamese Dong	349,964	Czech Koruna	22,252
Total Cash and Cash Equivalents	111,067,551	Danish Krone	43,417
Purchased Options:		Euro	1,067,852
Brazilian Real	4,349,209	Hong Kong Dollar	2,910
British Pound	125,038	Indian Rupee	131,559
Euro	73,317	Israeli Shekel	8,908
Japanese Yen	6,469	Japanese Yen	(23,749,770)
Total Purchased Options	4,554,033	Malaysian Ringgit	18,944
Written Options:		Mexican Peso	(263,480)
Australian Dollar	(10,587)	New Zealand Dollar	(976,865)
Brazilian Real	(4,805,420)	Norwegian Kroner	357,089
British Pound	(197,381)	Polish Zloty	21,994
Euro	(128,046)	Russian Ruble	157,154
Japanese Yen	(6,807)	Singapore Dollar	2,141,617
Total Written Options	(5,148,241)	South African Rand	(314,496)
Swaps:		South Korean Won	521,999
Australian Dollar	(39,807)	Swedish Krona	(455,035)
British Pound	42,433,793	Swiss Franc	(34,208)
Canadian Dollar	14,310,468	Thai Baht	(133,272)
Euro	57,167,668	Turkish Lira	(342)
Japanese Yen	(25,430,085)	Total Foreign Exchange Contracts	(9,080,083)
Mexican Peso	(69,258)		
South African Rand	(428)		
Swedish Krona	58,396		
Total Swaps	88,430,747	Total	\$ 5,505,906,359

Investment Type	2015 Fair Value	Investment Type	2015 Fair Value
Domestic Common Stock:		Foreign Government & Provincial Obligations (cont.):	
Indian Rupee	\$ 7,087	Canadian Dollar	\$ 36,184,327
Taiwan Dollar	25,408	Columbian Peso	13,393,862
Total Domestic Common Stock	<u>32,495</u>	Euro	354,908,825
Foreign Common Stock:		Hungarian Forint	33,705,800
Australian Dollar	34,026,523	Indonesian Rupiah	34,517,604
Brazilian Real	131,604,648	Japanese Yen	174,354,425
British Pound	183,830,805	Malaysian Ringgit	58,593,955
Canadian Dollar	51,405,953	Mexican Peso	196,938,099
Chilean Peso	1,049,038	New Zealand Dollar	112,384,182
Chinese Yuan Renminbi	158,537,265	Norwegian Kroner	38,254,676
Colombian Peso	370,282	Polish Zloty	40,047,416
Czech Koruna	3,633,975	Singapore Dollar	13,300,579
Danish Krone	10,330,166	South African Rand	61,570,422
Egyptian Pound	5,656,981	South Korean Won	19,775,973
Euro	96,202,021	Swedish Krona	1,121,051
Hong Kong Dollar	295,088,291	Total Foreign Government & Provincial Obligations	<u>1,529,553,191</u>
Hungarian Forint	272,826	Corporate Obligations:	
Indian Rupee	84,960,919	Australian Dollar	31,283,239
Indonesian Rupiah	22,462,556	British Pound	58,042,670
Japanese Yen	423,089,992	Danish Krone	8,368,541
Malaysian Ringgit	19,770,321	Euro	80,296,474
Mexican Peso	101,046,718	Indian Rupee	917
Norwegian Kroner	610,640	Swedish Krona	2,387,468
Philippine Peso	19,133,851	Total Corporate Obligations	<u>180,379,309</u>
Polish Zloty	7,360,016	Investment Funds - Emerging Markets:	
Qatari Riyal	6,408,395	Brazilian Real	<u>23,712,422</u>
Singapore Dollar	32,914,204	Private Investments:	
South African Rand	35,941,831	Australian Dollar	24,338,164
South Korean Won	306,831,904	British Pound	76,979,595
Swedish Krona	6,237,813	Canadian Dollar	187,769,600
Swiss Franc	11,602,840	Euro	275,980,718
Taiwan Dollar	73,671,431	Total Private Investments	<u>565,068,077</u>
Thai Baht	38,046,238	Cash and Cash Equivalents:	
Turkish Lira	22,010,683	Australian Dollar	891,974
United Arab Emirates Dirham	4,213,847	Brazilian Real	4,589,284
Vietnamese Dong	14,955,371	British Pound	809,361
Total Foreign Common Stock	<u>2,203,278,344</u>	Canadian Dollar	63,796
Other Equity Securities:		Chilean Peso	1,259
South African Rand	288	Chinese Yuan Renminbi	102,099,949
Taiwan Dollar	2,147	Colombian Peso	1,078,822
Thai Baht	3,870	Czech Koruna	12,490
Total Other Equity Securities	<u>6,305</u>	Danish Krone	1,085
Foreign Preferred Stock:		Egyptian Pound	9,484
Brazilian Real	40,679,879	Euro	3,787,143
Chilean Peso	27,069	Hong Kong Dollar	265,088
Colombian Peso	80,114	Hungarian Forint	300
South African Rand	41,410	Indian Rupee	185,968
South Korean Won	17,645,598	Indonesian Rupiah	146,606
Total Foreign Preferred Stock	<u>58,474,070</u>	Israeli Shekel	29,308
Foreign Government & Provincial Obligations:		Japanese Yen	15,398,909
Australian Dollar	158,054,690	Malaysian Ringgit	73,010
Brazilian Real	123,576,345	Mexican Peso	1,203,016
British Pound	58,870,960	New Zealand Dollar	1,078

Investment Type (cont.)	2015 Fair Value	Investment Type	2015 Fair Value
Cash and Cash Equivalents (cont.):		Futures:	
Norwegian Kroner	\$ 165,265	Australian Dollar	\$ 133
Peruvian Nuevo Sol	5,338	British Pound	(1,707)
Philippine Peso	213,843	Canadian Dollar	6,839
Polish Zloty	35,897	Euro	(140,253)
Qatari Riyal	39,878	Total Futures	(134,988)
Singapore Dollar	734	Foreign Exchange Contracts:	
South African Rand	1,976,357	Australian Dollar	7,445,421
South Korean Won	4,568,309	Brazilian Real	6,427,020
Swedish Krona	29,134	British Pound	(315,413)
Swiss Franc	1,891	Canadian Dollar	708,361
Taiwan Dollar	409,530	Chilean Peso	(4,228,406)
Thai Baht	32,483	Chinese Yuan Renminbi	(263,099)
Turkish Lira	41,241	Colombian Peso	851,156
Vietnamese Dong	231,104	Czech Koruna	5,246
Total Cash and Cash Equivalents	138,398,934	Danish Krone	(162,448)
Purchased Options:		Euro	(1,613,010)
Euro	100,781	Hong Kong Dollar	(1)
Japanese Yen	55,405	Indian Rupee	(337,875)
Total Purchased Options	156,186	Indonesian Rupiah	(938)
Written Options:		Israeli Shekel	(35,502)
Brazilian Real	(60,495)	Japanese Yen	10,061,028
British Pound	(826)	Malaysian Ringgit	294,694
Chinese Yuan Renminbi	(39,262)	Mexican Peso	(1,153,615)
Euro	(541,199)	New Zealand Dollar	7,161,516
Japanese Yen	(82,683)	Norwegian Kroner	(748,027)
Mexican Peso	(5,988)	Philippine Peso	(739)
Total Written Options	(730,453)	Polish Zloty	174,410
Swaps:		Russian Ruble	(7,728)
Brazilian Real	(169,015)	Singapore Dollar	728,622
British Pound	(143,395)	South African Rand	173,188
Euro	95,730,109	South Korean Won	18,585
Japanese Yen	(586,375)	Swedish Krona	233,141
Mexican Peso	54,263	Swiss Franc	77,842
Swedish Krona	(56,669)	Taiwan Dollar	(4,058,656)
Swiss Franc	6,940,462	Thai Baht	22,034
Total Swaps	101,769,380	Turkish Lira	(59,046)
		Total Foreign Exchange Contracts	21,397,761
		Total	\$ 4,821,361,033

(G) *Counterparty (Credit) Risk* – The derivative instruments utilized by the System contain varying degrees of off-statement of net position risk whereby changes in the fair values of securities underlying the financial instruments may exceed the amounts recognized in the statement of net position. The System manages these risks on an aggregate basis along with the risks associated with its other investments as part of its overall risk management process.

The System had gross counterparty exposure as follows as of August 31, 2016 and 2015 for options, swaps, and foreign currency exchange contracts:

Options

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	
	<u>Notional</u>	<u>Notional</u>	<u>Fair Value as of August 31, 2016</u>	<u>Fair Value as of August 31, 2016</u>	<u>Counterparty Rating</u>
\$	344,079,259	1,646,513,569	577,499	570,786	A
	90,300,000	1,000,000	78,741	813	AA
\$	<u>434,379,259</u>	<u>1,647,513,569</u>	<u>656,240</u>	<u>571,599</u>	

Swaps

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	
	<u>Notional</u>	<u>Notional</u>	<u>Fair Value as of August 31, 2016</u>	<u>Fair Value as of August 31, 2016</u>	<u>Counterparty Rating</u>
\$	221,440,568	223,873,118	147,232,143	149,193,959	A
	1,829,198	1,834,722	1,829,503	1,834,722	AA
	3,949,672	6,961,343	330,103	1,111,024	BBB
\$	<u>227,219,438</u>	<u>232,669,183</u>	<u>149,391,749</u>	<u>152,139,705</u>	

Foreign Currency Exchange Contracts

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	
	<u>Notional</u>	<u>Notional</u>	<u>Fair Value as of August 31, 2016</u>	<u>Fair Value as of August 31, 2016</u>	<u>Counterparty Rating</u>
\$	1,742,372,697	1,735,348,631	28,912,127	37,984,756	A
	163,000	1,354,063	1,711	9,166	AA
\$	<u>1,742,535,697</u>	<u>1,736,702,694</u>	<u>28,913,838</u>	<u>37,993,922</u>	

Options

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	
	<u>Notional</u>	<u>Notional</u>	<u>Fair Value as of August 31, 2015</u>	<u>Fair Value as of August 31, 2015</u>	<u>Counterparty Rating</u>
\$	7,161,569,751	4,325,383,920	39,626,150	23,731,630	A
\$	<u>7,161,569,751</u>	<u>4,325,383,920</u>	<u>39,626,150</u>	<u>23,731,630</u>	

Swaps

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	
	<u>Notional</u>	<u>Notional</u>	<u>Fair Value as of August 31, 2015</u>	<u>Fair Value as of August 31, 2015</u>	<u>Counterparty Rating</u>
\$	110,158,339	206,719,746	99,922,415	104,204,008	A
\$	<u>110,158,339</u>	<u>206,719,746</u>	<u>99,922,415</u>	<u>104,204,008</u>	

Foreign Currency Exchange Contracts

	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	
	<u>Notional</u>	<u>Notional</u>	<u>Fair Value as of August 31, 2015</u>	<u>Fair Value as of August 31, 2015</u>	<u>Counterparty Rating</u>
\$	1,505,585,014	926,426,714	46,372,524	24,932,219	A
	-	2,763,208	-	42,544	AA
\$	<u>1,505,585,014</u>	<u>929,189,922</u>	<u>46,372,524</u>	<u>24,974,763</u>	

As of August 31, 2016 and 2015, the System also had investments in futures contracts, options on futures contracts and exchange-cleared swaps. Futures contracts, options on futures contracts and exchange-cleared swaps expose the System to minimal counterparty credit risk since they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default, and therefore, they are not presented in the previous tables.

Counterparty risk for swaps, options and foreign currency exchange contracts which are traded over-the-counter is mitigated by having master netting arrangements between the System and its counterparties, and by the posting of collateral on a daily basis by the counterparty to the System to cover the System's exposure to a counterparty above the limits set in place in each master netting agreement. Collateral posted by counterparties is held by the System in one of its accounts at the System's custodian bank. As of August 31, 2016 and 2015, the System held \$7,666,923 and \$34,057,232, respectively, as collateral related to derivative instruments other than futures, and had on deposit with brokers \$40,105,688 and \$27,585,416, respectively, as collateral related to derivative instruments other than futures.

SECURITIES LENDING

In accordance with the prudent investor investment standards, the System participates in a securities lending program. The System began the program, under a contract with the System's lending agent, on September 1, 1995. The lending agent is authorized to lend any securities held by the System's custodian except those securities, which the policy guidelines prohibit lending. At August 31, 2016 and 2015, there were a total of \$849,601,839.03 and \$853,955,197.31, respectively, of securities out on loan to brokers/dealers. A combination of cash and qualified non-cash securities are held as collateral against the outstanding securities on loan. The value of cash collateral held for these securities consisted of \$729,334,827.51 at August 31, 2016 and \$687,047,330.44 at August 31, 2015. These amounts are recorded as assets, with an offsetting liability to return the collateral on the consolidated statement of net position. The qualified non-cash securities received as collateral for securities lending activities are not recorded as assets because these securities remain under the control of the transferor, except in the event of default.

In security lending transactions, the System transfers its securities to brokers/dealers for collateral, which may be cash, securities issued or guaranteed by the United States government or its agencies, and irrevocable bank letters of credit, and simultaneously agrees to return the collateral for the same securities in the future.

Cash received as collateral for securities lending activities is invested and reinvested in a non-commingled pool exclusively for the benefit of the System. The pool is managed in accordance with investment guidelines established in the securities lending contract between the System and its securities lending agent. Pool investments are valued at cost which is indicative of fair value. The maturities of the investments in the pool do not necessarily match the term of the loans, rather the pool is managed to maintain a maximum dollar weighted average maturity of 60 days and an overnight liquidity of 20 percent. The System was collateralized 103 percent on August 31, 2016 and 104 percent on August 31, 2015 for securities on loan collateralized by cash. The System's collateral pool investments, rating by NRSRO and weighted average maturity in days as of August 31, 2016 and 2015, are shown in the following table:

Description	August 31, 2016			August 31, 2015		
	Fair Value	Rating	Weighted Average	Fair Value	Rating	Weighted Average
Repurchase Agreements	\$ 398,671,352	No Rating	1	\$ 397,094,667	No Rating	1
Commercial Paper	50,260,156	P	53	51,650,824	P	18
Corporate Obligations	18,562,000	AA		21,232,860	AA	
Corporate Obligations	29,060,425	A		36,167,832	A	
Total Corporate Obligations	<u>47,622,425</u>		14	<u>57,400,692</u>		44
International Obligations	121,125,000	AA		102,095,975	AA	
International Obligations	111,746,728	A		78,809,161	A	
Total International Obligations	<u>232,871,728</u>		32	<u>180,905,136</u>		24
Other Receivables/Payables	(90,833)	Not Rated		(3,989)	Not Rated	
Total Collateral Pool Investment	\$ <u>729,334,828</u>		16	\$ <u>687,047,330</u>		12

Collateral pool investments are uninsured and are held by the securities lending agent, in its name, on behalf of the System, except for the investments in repurchase agreements, which are held in the securities lending agent's name by a third party custodian not affiliated with the System or the borrower of the associated loaned securities. Therefore, the collateral pool is not exposed to custodial credit risk, because the pool investments are not held by counterparties to the lending transactions or a counterparties' trust department or agent. All collateral pool investments are categorized as Level 2 in the fair value hierarchy.

Lending income is earned if the returns on those investments exceed the "rebate" paid to borrowers of the securities. The income is then shared with the lending agent based on a contractually negotiated rate split. If the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss of principal, part of the payment to the borrower would come from the System's resources and the lending agent based on the rate split.

Loans that are collateralized with securities generate income when the borrower pays a loan premium or fee for the securities loan. This income is split with the same ratio as the earnings for cash collateral. The collateral pledged to the System by the borrower is custodied by the lending agent or through a third party arrangement. These securities held as collateral are not available to the System for selling or pledging unless the borrower is in default of the loan. On both August 31, 2016 and 2015, the System held collateral equal to 102 percent of the securities on loan that were collateralized by non-cash securities.

The collateral received must have a fair value of 102 percent of the loaned securities of United States issuers. If the fair value of the collateral held in connection with loans of securities of United States issuers is less than 100 percent at the close of trading on any business day, the borrower is required to deliver additional collateral by the close of the next business day to equal 102 percent of the fair value.

For non-U. S. issuers, the collateral should remain at 105 percent of the fair value of the loaned securities at the close of any business day. If it falls below 105 percent, the borrower must deliver additional collateral by the close of the following business day. The System was collateralized 109 percent for international loans on August 31, 2016 and on August 31, 2015.

In the event of default, where the borrower is unable to return the securities loaned, the System has authorized the lending agent to seize the collateral held. The collateral is then used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities cannot be replaced. If the collateral is insufficient to replace the securities, the lending agent has indemnified the System from any loss due to borrower default.

At August 31, 2016 and 2015, the System had no credit risk exposure to borrowers because the amounts the System owed to borrowers exceeded the amounts the borrowers owed the System.

There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses and no recoveries of prior period losses during the years ended August 31, 2016 and 2015.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative securities are financial instruments whose value is derived, in whole or in part, from the value of any one or more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities or currencies. Derivatives cover a broad range of financial instruments, such as forwards, futures, options and swaps.

(A) *Futures Contracts* – Futures contracts are used to facilitate various trading strategies, primarily as a tool to increase or decrease market exposure to various asset classes. The fair value of the asset positions is included in investments, and the fair value of the liability positions is included in investment derivatives-liability positions on the consolidated statement of net position. Futures contracts are marked to market daily; that is, they are valued at the close of business each day and a gain or loss is recorded between the value of the contracts that day and on the previous day. The daily gain or loss difference is referred to as the daily variation margin, which is settled in cash with the broker each morning for the amount of the previous day's mark to market. The amount that is settled in cash with the broker each morning is the fair value of the futures contracts.

During the years ended August 31, 2016 and 2015, the asset classes that used futures include domestic and foreign debt and commodities. The change in fair value of open futures contracts for the year ending August 31, 2016 was an increase of \$15,588,961. The change in fair value of open futures contracts for the year ending August 31, 2015 was an increase of \$72,492,652, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position. The System had \$12,156,944 and \$5,943,633 on deposit with brokers for collateral as margin for the futures contracts as of August 31, 2016 and 2015, respectively. Short futures may be used by internal managers and a limited number of external managers of the System to hedge the System's interest rate or currency risk associated with security positions. The System executes such contracts either on major exchanges or with major international financial institutions and minimizes market and credit risk associated with these contracts through the managers' various trading and credit monitoring techniques.

During the years ended August 31, 2016 and 2015, certain of the System's investment managers trading in commodity futures on the London Metals Exchange (LME) closed out various long contract positions with offsetting short contract positions. For contracts traded and closed on the LME, cash settlement does not occur until the expiration date of the contract. The gross notional value of these long and short positions are shown below with the associated pending cash settlement amounts shown as the fair value as of August 31, 2016 and 2015.

The following discloses the type, notional value, and fair value of futures contracts at August 31, 2016:

	Notional Value at August 31, 2016		Fair Value at August 31, 2016	
	Long	Short	Assets	Liabilities
Commodity Futures	\$ 297,456,595	69,991,253	10,817,584	7,775,264
Domestic Fixed Income	243,082,673	86,078,888	48,718	7,264
International Fixed Income Futures	184,934,284	68,876,477	50,681	76,936
Totals	\$ 725,473,552	224,946,618	10,916,983	7,859,464

The following discloses the type, notional value, and fair value of futures contracts at August 31, 2015:

	Notional Value at August 31, 2015		Fair Value at August 31, 2015	
	Long	Short	Assets	Liabilities
Commodity Futures	\$ 937,002,476	214,202,851	19,866,783	63,370,536
Domestic Fixed Income	190,379,282	-	-	226,568
International Fixed Income Futures	114,976,424	104,555,662	19,961	149,886
Totals	\$ 1,242,358,182	318,758,513	19,886,744	63,746,990

(B) *Foreign Currency Exchange Contracts* – The System enters into forward foreign currency exchange contracts to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities and to facilitate trading strategies primarily as a tool to increase or decrease market exposure to various foreign currencies. When entering into a forward currency contract, the System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are valued daily and the System's net equity therein, representing unrealized gain or loss on the contracts, as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in investments for the asset positions and investment derivatives-liability positions for the liability positions. These instruments involve market and/or credit risk in excess of the amount recognized in the consolidated statement of net position. Risks arise from the possible inability of counter-parties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

The following tables summarize, by currency, the contractual amounts of the System's foreign exchange contracts at August 31, 2016 and 2015. Foreign currency amounts are translated at exchange rates as of August 31, 2016 and 2015. The "Net Buy" amounts represent the U. S. dollar equivalent of net commitments to purchase foreign currencies and the "Net Sell" amounts represent the U. S. dollar equivalent of net commitments to sell foreign currencies.

Currency	Net Buy August 31, 2016	Net Sell August 31, 2016	Unrealized Gains on Foreign Exchange Contracts August 31, 2016	Unrealized Losses on Foreign Exchange Contracts August 31, 2016
Australian Dollar	\$ -	92,188,013	986,014	1,522,621
Brazilian Real	-	33,674,843	73,709	823,631
British Pound	7,140,756	8,890,268	8,398,192	2,338,015
Canadian Dollar	18,300,733	-	333,815	341,567
Chilean Peso	47,497,836	-	647,894	366,253
Chinese Yuan (Offshore)	-	416,500,805	7,499,195	-
Chinese Yuan Renminbi	-	15,517,373	776,781	820,711
Columbian Peso	-	13,259,251	271,476	422,588
Czech Koruna	-	1,043,529	22,252	-
Danish Krone	-	36,306,926	115,447	72,030
Euro	135,285,025	636,475	3,267,302	2,199,451
Hong Kong Dollar	-	21,200,973	2,970	60
Indian Rupee	44,946,022	-	132,181	622
Israeli Shekel	915,855	-	8,908	-
Japanese Yen	120,586,459	21,205,220	2,404,952	26,154,722
Malaysian Ringgit	-	24,072,363	37,020	18,076
Mexican Peso	-	25,000,989	2,151	265,631
New Zealand Dollar	-	149,717,530	20,315	997,180
Norwegian Kroner	59,702,093	-	559,479	202,390
Polish Zloty	-	11,192,142	21,994	-
Russian Ruble	5,899,581	-	163,111	5,957
Singapore Dollar	-	171,828,452	2,504,145	362,528
South African Rand	5,416,725	-	15,147	329,643
South Korean Won	-	24,981,924	572,505	50,506
Swedish Krona	90,689,859	-	76,883	531,918
Swiss Franc	4,622,722	-	-	34,208
Thailand Baht	-	13,118,864	-	133,272
Turkish Lira	835,861	-	-	342
TOTAL	\$ 541,839,527	1,080,335,940	28,913,838	37,993,922

The change in fair value of open foreign currency exchange contracts for the year ending August 31, 2016 was a decrease in the amount of \$9,080,084, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

Currency	Net Buy August 31, 2015	Net Sell August 31, 2015	Unrealized Gains on Foreign Exchange Contracts August 31, 2015	Unrealized Losses on Foreign Exchange Contracts August 31, 2015
Australian Dollar	\$ -	125,522,949	7,630,326	184,905
Brazilian Real	-	52,655,976	9,031,797	2,604,777
British Pound	-	36,592,567	796,586	1,111,999
Canadian Dollar	14,369,158	-	1,404,504	696,143
Chilean Peso	58,075,202	-	-	4,228,406
Chinese Yuan Renminbi	-	8,811,460	286,327	549,426
Columbian Peso	-	13,416,517	851,156	-
Czech Koruna	151,238	-	5,246	-
Danish Krone	-	6,769,088	-	162,448
Euro	80,171,943	-	2,433,225	4,046,236
Hong Kong Dollar	-	5,054	-	1
Indian Rupee	46,572,772	-	-	337,875
Indonesian Rupiah	-	272,943	-	938
Israeli Shekel	851,347	-	-	35,502
Japanese Yen	67,259,071	220,970,382	12,270,135	2,209,107
Malaysian Ringgit	-	8,597,985	369,185	74,491
Mexican Peso	-	25,883,025	1,924,325	3,077,940
New Zealand Dollar	-	130,855,481	7,377,229	215,713
Norwegian Kroner	34,288,206	-	-	748,027
Philippines Peso	-	571,365	-	739
Polish Zloty	11,850,735	-	175,123	713
Russian Ruble	447,719	-	4,304	12,032
Singapore Dollar	-	55,834,180	756,352	27,730
South African Rand	-	7,857,635	201,545	28,357
South Korean Won	-	8,619,058	485,805	467,220
Swedish Krona	32,242,900	-	247,968	14,827
Swiss Franc	4,761,016	-	77,842	-
Taiwan Dollar	156,638,438	-	10,066	4,068,722
Thailand Baht	-	3,034,360	22,034	-
Turkish Lira	835,771	-	11,443	70,489
TOTAL	\$ 508,515,516	706,270,025	46,372,523	24,974,763

The change in fair value of open foreign currency exchange contracts for the year ending August 31, 2015 was an increase in the amount of \$21,224,691, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

(C) *Written Options* – Written options are used to alter the market (systematic) exposure without trading the underlying cash market securities, and to hedge and control risks, so that the actual risk/return profile is more closely aligned with the target risk/return profile. The fair value is included on the consolidated statement of net position in investment derivatives-liability positions. The following discloses the fair values of the outstanding written call options contracts as of August 31, 2016 and 2015:

Type	Fair Value at August 31, 2016	
	Assets	Liabilities
Interest Rate Swap	\$ -	57,343
Commodity	-	4,881
Currency	-	136,524
Equity	-	4,799,736
	\$ -	4,998,484

The change in fair value of open call options for the year ending August 31, 2016, was a decrease in the amount of \$2,806,518, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

Type	Fair Value at August 31, 2015	
	Assets	Liabilities
Interest Rate Swap	\$ -	195,261
Commodity	-	7,880
Currency	-	100,257
Equity	-	7,100,157
	\$ -	7,403,555

The change in fair value of open call options for the year ending August 31, 2015, was an increase in the amount of \$12,474,781, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

The following discloses the fair values of the outstanding written put options contracts as of August 31, 2016 and 2015:

Type	Fair Value at August 31, 2016	
	Assets	Liabilities
Interest Rate Swap	\$ -	6,806
Commodity	-	256,291
Currency	-	370,766
Equity	-	5,684
Other	-	160
	\$ -	639,707

The change in fair value of open put options for the year ending August 31, 2016, was an increase in the amount of \$72,481, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

Type	Fair Value at August 31, 2015	
	Assets	Liabilities
Interest Rate Swap	\$ -	419,413
Credit Default Swap	-	3,905
Commodity	-	515,910
Currency	-	11,640
Equity	-	15,899,772
Other	-	1,225
	<u>\$ -</u>	<u>16,851,865</u>

The change in fair value of open put options for the year ending August 31, 2015, was a decrease in the amount of \$4,523,162, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

(D) *Swaps* – Swaps are used to adjust interest rate and yield curve exposures. The fair value of the asset positions is included in investments, and the fair value of the liability positions is included in investment derivatives-liability positions on the consolidated statement of net position. The following discloses the notional amount (presented in US dollar equivalents) and the fair values of the outstanding swap contracts as of August 31, 2016:

Type	Fair Value at August 31, 2016		
	USD Notional Value	Assets	Liabilities
Interest Rate (Pay-Fixed Receive-Variable)	\$ 254,839,973	7,061,247	168,105
Interest Rate (Pay-Variable Receive-Fixed)	412,561,238	6,273	15,722,228
Credit Default	252,798,250	2,924,848	1,094,935
Commodity	17,055,536	38,490	1,069,319
Currency	292,798,398	145,023,038	147,841,833
Equity	69,962,029	907,788	652,640
Volatility	100,000	2,511	-
Total	<u>\$ 1,300,115,424</u>	<u>155,964,195</u>	<u>166,549,060</u>

The change in fair value of open swap positions for the year ending August 31, 2016, was a decrease in the amount of \$8,574,759, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

The following discloses the notional amount (presented in US dollar equivalents) and the fair values of the outstanding swap contracts as of August 31, 2015:

Type	Fair Value at August 31, 2015		
	USD Notional Value	Assets	Liabilities
Interest Rate (Pay-Fixed Receive-Variable)	\$ 151,136,708	183,376	209,926
Interest Rate (Pay-Variable Receive-Fixed)	617,778,391	894,749	4,824,217
Credit Default	232,868,300	2,827,926	766,821
Inflation	5,229,200	85,071	-
Commodity	29,231,566	77,725	928,519
Currency	196,159,359	99,675,435	97,506,939
Equity	40,183,345	-	4,808,559
Volatility	80,654	21,250	24,154
Total	<u>\$ 1,272,667,523</u>	<u>103,765,532</u>	<u>109,069,135</u>

The change in fair value of open swap positions for the year ending August 31, 2015, was a decrease in the amount of \$5,142,178, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

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 forwards, futures, options and swaps. Hedging derivative contracts are entered into for the purpose of reducing the overall cost of borrowing long-term capital and to protect the System 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 System to issue bonds at a cost less than what the System 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. All derivative instruments are categorized as Level 2 in the fair value hierarchy, except for futures contracts and some of the purchased options which are categorized as Level 1. The following disclosures summarize the System's derivative activity as reported in the consolidated financial statements.

	Change in Fair Value (FV) 8/31/15 to 8/31/16		Fair Value at 8/31/16		Notional Amount
	Classification	Amount	Classification	Amount	
Cash Flow-Interest Rate Swaps					
Hedging Derivative Liabilities			Hedging Derivative		
Pay-Fixed Receive-Variable	Def Outflows	\$ (77,112,161.80)	Liab	\$ (338,725,063.00)	1,207,675,000.00
Investment Derivative Assets	Net Incr. (Decr.) in		Investments	17,117,326.00	484,585,000.00
Pay-Variable Receive-Variable	FV of Invest	(10,280,189.41)	Invest Deriv - Liab	(22,393,341.00)	250,000,000.00
Investment Derivative Liabilities	Net Incr. (Decr.) in		Positions	(1,265,221.00)	284,065,000.00
Pay-Fixed Receive-Variable	FV of Invest	(22,393,341.00)	Invest Deriv - Liab		
Investment Derivative Liabilities	Net Incr. (Decr.) in		Positions		
Pay-Variable Receive-Variable	FV of Invest	(1,248,208.47)			
Investment Derivatives					
<u>Investment Derivative Assets:</u>					
Swaps:					
Pay-Fixed Receive-Variable		7,655,679.00		7,061,247.00	223,588,287.00
Pay-Variable Receive-Fixed		6,338.00		6,273.00	1,134,157.00
Credit Default		2,888,231.00		2,924,848.00	215,118,625.00
Commodity		38,490.00		38,490.00	782,116.00
Currency		145,023,038.00		145,023,038.00	144,964,789.00
Equity		907,788.00		907,788.00	43,498,177.00
Volatility		2,511.00		2,511.00	100,000.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	156,522,075.00	Investments	155,964,195.00	629,186,151.00
Futures	Net Incr. (Decr.) in FV of Invest	10,916,983.00	Other Accounts Receivable	10,916,983.00	725,473,552.00
Unrealized Gains on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	28,913,838.00	Investments	28,913,838.00	1,742,535,697.00
Purchased Options	Net Incr. (Decr.) in FV of Invest	1,836,101.00	Investments	5,012,144.36	1,971,465,901.00
<u>Investment Derivative Liabilities:</u>					
Swaps:					
Pay-Fixed Receive-Variable		(185,602.00)		(168,105.00)	31,251,686.00
Pay-Variable Receive-Fixed		(14,845,177.00)		(15,722,228.00)	411,427,081.00
Credit Default		(502,263.00)		(1,094,935.00)	37,679,625.00
Commodity		(1,069,319.00)		(1,069,319.00)	16,273,420.00
Currency		(147,841,833.00)		(147,841,833.00)	147,833,609.00
Equity		(652,640.00)		(652,640.00)	26,463,852.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	(165,096,834.00)	Invest Deriv - Liab Positions	(166,549,060.00)	670,929,273.00
Futures	Net Incr. (Decr.) in FV of Invest	(7,859,464.00)	Current Accounts Payable	(7,859,464.00)	224,946,618.00
Unrealized Losses on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	(37,993,922.00)	Invest Deriv - Liab Positions	(37,993,922.00)	1,736,702,694.00
Options Written	Net Incr. (Decr.) in FV of Invest	(2,734,037.00)	Invest Deriv - Liab Positions	(5,638,192.38)	188,745,874.00

	Change in Fair Value (FV) 8/31/14 to 8/31/15		Fair Value at 8/31/15		Notional Amount
	Classification	Amount	Classification	Amount	
Cash Flow-Interest Rate Swaps					
Hedging Derivative Liabilities			Hedging Derivative Liab	\$ (261,612,901.20)	1,242,770,000.00
Pay-Fixed Receive-Variable	Def Outflows	\$ (53,714,423.01)			
Investment Derivative Assets	Net Incr. (Decr.) in FV of Invest	6,237,178.44	Investments	27,397,515.41	487,380,000.00
Pay-Variable Receive-Variable	Net Incr. (Decr.) in FV of Invest	4,533,130.31	Invest Deriv – Liab Positions	(17,012.53)	284,065,000.00
Investment Derivative Liabilities					
Pay-Variable Receive-Variable					
Investment Derivatives					
<u>Investment Derivative Assets:</u>					
Swaps:					
Pay-Fixed Receive-Variable		183,376.00		183,376.00	124,238,782.00
Pay-Variable Receive-Fixed		894,749.00		894,749.00	27,197,600.00
Credit Default		2,790,478.00		2,827,926.00	200,609,954.00
Commodity		77,725.00		77,725.00	2,728,120.00
Currency		99,675,435.00		99,675,435.00	98,652,420.00
Inflation		85,071.00		85,071.00	5,229,200.00
Volatility		21,250.00		21,250.00	48,599.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	103,728,084.00	Investments	103,765,532.00	458,704,675.00
Futures	Net Incr. (Decr.) in FV of Invest	19,886,744.00	Other Accounts Receivable	19,886,744.00	1,242,358,182.00
Unrealized Gains on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	46,372,524.00	Investments	46,372,524.00	1,505,585,014.00
Purchased Options	Net Incr. (Decr.) in FV of Invest	(3,488,808.00)	Investments	40,756,115.09	11,223,822,250.00
<u>Investment Derivative Liabilities:</u>					
Swaps:					
Pay-Fixed Receive-Variable		(266,123.00)		(209,926.00)	26,897,926.00
Pay-Variable Receive-Fixed		(4,823,210.00)		(4,824,217.00)	590,580,791.00
Credit Default		(512,758.00)		(766,821.00)	32,258,346.00
Commodity		(928,519.00)		(928,519.00)	26,503,446.00
Currency		(97,506,939.00)		(97,506,939.00)	97,506,939.00
Equity		(4,808,559.00)		(4,808,559.00)	40,183,345.00
Volatility		(24,154.00)		(24,154.00)	32,055.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	(108,870,262.00)	Invest Deriv –Liab Positions	(109,069,135.00)	813,962,848.00
Futures	Net Incr. (Decr.) in FV of Invest	(63,746,990.00)	Current Accounts Payable	(63,746,990.00)	318,758,513.00
Unrealized Losses on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	(25,147,833.00)	Invest Deriv –Liab Positions	(24,974,763.00)	929,189,922.00
Options Written	Net Incr. (Decr.) in FV of Invest	7,951,619.00	Invest Deriv –Liab Positions	(24,255,419.99)	351,673,919.00

See Note 13 for more information on Cash Flow Hedges – Interest Rate Swaps and Note 6 for more information on Investment Derivatives.

8. Endowments

Restricted investments include \$33,129,214,329.08 and \$31,536,340,130.91 of endowment funds, including annuity and life income funds, as of August 31, 2016 and 2015, respectively. The net position classifications on the statement of net position related to endowment funds, including annuity and life income funds, as of August 31, 2016 and 2015 are as follows:

Net Position Classification of Endowments	2016	2015
Restricted, nonexpendable	\$ 22,350,532,269.36	20,681,735,998.58
Restricted, expendable:		
Net Appreciation on True Endowments	8,547,122,300.32	8,763,123,927.37
Funds Functioning as Endowments	488,360,149.82	445,037,410.36
Book Value of Term Endowments	36,398,071.51	34,206,759.35
Net Appreciation on Term Endowments	31,871,177.24	34,766,927.42
Unrestricted:		
Funds Functioning as Endowments	330,707,672.36	304,584,210.75
Total	\$ 31,784,991,640.61	30,263,455,233.83

In the table above, amounts reported as “Net Appreciation” represent net appreciation on investments of donor or constitutionally restricted endowments that are available for authorization for expenditure by the U. T. System Board of Regents. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the U. T. System Board of Regents may distribute net appreciation, realized and unrealized, in the fair value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent. The System’s policy is to retain all undistributed net realized and unrealized appreciation within the endowment funds. The System’s endowment distribution policy is further discussed below.

ENDOWMENTS AND SIMILAR FUNDS – STATE

These endowments are comprised of: the PUF and the PHF. The PUF was established for the benefit of the System and the Texas A&M University System. The University of Texas System administers the PHF and the distributions from the PHF benefit the System’s health-related institutions, as well as for the Texas A&M University Health Science Center, the University of North Texas Health Science Center at Fort Worth, the Texas Tech University Health Science Center and Baylor College of Medicine.

The PUF was established by Chapter 7, Section 11 of the Texas Constitution of 1876 through the appropriation of land grants. Amendments to the Constitution, approved by voters in 1999, were related to the investment of the PUF and the distributions from the PUF to the AUF. The Constitution, as amended, is summarized as follows: (i) The U. T. System Board of Regents is held to a “prudent investor” rather than a “prudent person” standard; (ii) distributions to the AUF are made from the total return on all PUF investment assets; (iii) the U. T. System Board of Regents determines the amount of distributions to the AUF, which may not exceed an amount equal to 7% of the average net fair value of investment assets, except as necessary to pay debt service on PUF bonds and notes; (iv) the U. T. System Board of Regents determines the amount of distributions to the AUF in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain, over time, the purchasing power of PUF investments and annual distributions to the AUF; and (v) the expenses of managing PUF land and investments are paid by the PUF.

The U. T. System Board of Regents manages certain permanent funds for health-related institutions of higher education as more fully described in Chapter 63 of the Texas Education Code. Certain funds created by this statute were transferred to the U. T. System Board of Regents on August 30, 1999, to be managed and invested in the same manner as the U. T. System Board of Regents manages and invests other endowment funds. The PHF as defined in the statute is classified as Endowment and Similar Funds – State. These endowments provide support for programs that benefit medical research, health education or treatment at health-related institutions. The U. T. System Board of Regents determines the amount of distributions to support the programs on an annual basis.

The annual payout of the PHF is determined by the U. T. System Board of Regents. The annual payout is typically adjusted by the average consumer price index of the previous twelve quarters provided that the distribution rate remains within a range of 3.5% to 5.5% of the PHF’s net position; however, the U. T. System Board of Regents may approve distribution amount above, within, or below this range.

The General Endowment Fund (GEF), created March 1, 2001, is a pooled fund established for the collective investment of long-term funds under the control and management of the U. T. System Board of Regents. The GEF is organized as a pooled investment and has two participants, the PHF and the LTF. The PHF and LTF initially purchased units of the GEF on March 1, 2001, in exchange for the contribution of their investment assets. The GEF provides for greater diversification of investments than would be possible if each account were managed separately. Distributions from the LTF are determined in the same manner as the PHF described above.

ENDOWMENT AND SIMILAR FUNDS - OTHER THAN STATE

The funds are subject to restrictions of endowment and trust instruments, requiring that the principal be maintained and that only the income be utilized. Funds may include Permanent Endowments, Term Endowments and Funds Functioning as Endowments. Funds Functioning as Endowments consist of amounts that have been internally dedicated by the System for long-term investment purposes. Funds with external donor restrictions are classified as Funds Functioning as Endowments – Restricted. If no external restriction exists, the funds are classified as Funds Functioning as Endowments – Unrestricted. Endowment holdings may be invested in the LTF, or may be separately invested based upon the following three factors: (i) there are investment restrictions incorporated into the trust or endowment document; (ii) the inability to sell the gifted investment asset; or (iii) they are holdings being migrated upon liquidation into the LTF. Distributions are based upon the actual income received from the separately invested holdings.

ANNUITY AND LIFE INCOME FUNDS

The Annuity Funds consist of funds donated to an institution on the condition that the institution pay a stipulated amount of the funds to the donor or designated individual for a specified time or until the time of death of the annuitant. The Life Income Funds consist of funds contributed to an institution subject to the requirement that the institution periodically pay the income earned on the assets, less management expenses, to designated beneficiaries.

AVAILABLE UNIVERSITY FUND

The AUF consists of distributions made to it from the total return on the PUF investment assets and surface income from PUF lands. All surface income from the PUF lands (i.e., grazing leases and land easements) is deposited to the AUF. The AUF must be used first to pay debt service on the PUF bonds and notes. After debt service requirements are met, under present Legislative authority, the AUF may be appropriated for the support and maintenance of U. T. Austin and U. T. System Administration.

9. Capital Assets

A summary of changes in the capital assets for the year ended August 31, 2016, is presented below.

	Balance 09/01/15	Adjustments	Reclassifications Completed CIP
<u>Nondepreciable Assets:</u>			
Land and Land Improvements	\$ 602,753,732.72	-	-
Construction in Progress (CIP)	1,857,514,446.92	(800,584.44)	(1,884,549,617.63)
Nondepreciable Collections	517,763,859.07	-	-
Nonamortizable Intangible Assets	9,242,469.61	-	7,881,143.95
Total Nondepreciable/Nonamortizable Assets	<u>2,987,274,508.32</u>	<u>(800,584.44)</u>	<u>(1,876,668,473.68)</u>
<u>Depreciable Assets:</u>			
Buildings and Building Improvements	16,710,055,790.73	-	1,328,421,869.34
Infrastructure	403,190,580.24	(1,204,157.31)	104,827,820.21
Facilities and Other Improvements	861,497,598.23	-	104,513,959.73
Furniture and Equipment	3,502,808,358.75	(56,014.57)	47,533,351.83
Vehicles, Boats and Aircraft	81,006,042.58	-	572.00
Other Depreciable Assets (including Library Books)	681,468,944.56	-	8,548,548.75
Total Depreciable Assets at Historical	<u>22,240,027,315.09</u>	<u>(1,260,171.88)</u>	<u>1,593,846,121.86</u>
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(7,226,516,533.17)	-	-
Infrastructure	(174,805,458.89)	-	-
Facilities and Other Improvements	(408,438,630.01)	-	-
Furniture and Equipment	(2,329,250,566.03)	-	-
Vehicles, Boats and Aircraft	(60,579,651.15)	-	-
Other Depreciable Assets (including Library Books)	(476,296,853.38)	-	-
Total Accumulated Depreciation	<u>(10,675,887,692.63)</u>	<u>-</u>	<u>-</u>
Depreciable Assets, net	<u>11,564,139,622.46</u>	<u>(1,260,171.88)</u>	<u>1,593,846,121.86</u>
<u>Amortizable Intangible Assets:</u>			
Computer Software	963,353,921.61	-	282,822,351.82
Total Amortizable Intangible Assets	<u>963,353,921.61</u>	<u>-</u>	<u>282,822,351.82</u>
Less Accumulated Amortization for:			
Computer Software	(687,741,141.43)	-	-
Total Accumulated Amortization	<u>(687,741,141.43)</u>	<u>-</u>	<u>-</u>
Intangible Capital Assets, net	<u>275,612,780.18</u>	<u>-</u>	<u>282,822,351.82</u>
Capital Assets, net	<u>\$ 14,827,026,910.96</u>	<u>(2,060,756.32)</u>	<u>-</u>

Reclassifications Interagency Transfers - In	Reclassifications Interagency Transfers - Out	Additions	Deletions	Balance 08/31/16
-	-	247,884,609.42	(4,016,253.46)	846,622,088.68
-	-	1,382,790,341.98	-	1,354,954,586.83
-	-	8,935,449.59	(125,960.00)	526,573,348.66
-	-	-	-	17,123,613.56
-	-	1,639,610,400.99	(4,142,213.46)	2,745,273,637.73
-	-	85,270,324.52	(63,658,761.44)	18,060,089,223.15
-	-	124,875.63	-	506,939,118.77
-	-	7,229,356.06	(1,582,580.64)	971,658,333.38
122,513.69	(108,515.60)	352,124,368.15	(144,729,391.94)	3,757,694,670.31
-	-	5,988,412.88	(2,660,782.00)	84,334,245.46
-	-	26,869,421.74	(3,428,251.32)	713,458,663.73
122,513.69	(108,515.60)	477,606,758.98	(216,059,767.34)	24,094,174,254.80
-	-	(759,314,053.57)	57,236,682.08	(7,928,593,904.66)
-	-	(14,962,150.79)	-	(189,767,609.68)
-	-	(40,562,934.13)	858,364.61	(448,143,199.53)
(114,700.32)	77,313.82	(323,046,986.28)	116,651,483.08	(2,535,683,455.73)
-	-	(6,704,697.95)	2,592,860.56	(64,691,488.54)
-	-	(34,173,740.67)	3,171,706.88	(507,298,887.17)
(114,700.32)	77,313.82	(1,178,764,563.39)	180,511,097.21	(11,674,178,545.31)
7,813.37	(31,201.78)	(701,157,804.41)	(35,548,670.13)	12,419,995,709.49
-	-	15,175,415.75	(109,629,373.05)	1,151,722,316.13
-	-	15,175,415.75	(109,629,373.05)	1,151,722,316.13
-	-	(128,924,662.35)	109,402,039.72	(707,263,764.06)
-	-	(128,924,662.35)	109,402,039.72	(707,263,764.06)
-	-	(113,749,246.60)	(227,333.33)	444,458,552.07
7,813.37	(31,201.78)	824,703,349.98	(39,918,216.92)	15,609,727,899.29

A summary of changes in the capital assets for the year ended August 31, 2015, is presented below.

	Balance 09/01/14	Adjustments	Reclassifications Completed CIP
<u>Nondepreciable Assets:</u>			
Land and Land Improvements	\$ 585,406,748.56	-	-
Construction in Progress (CIP)	2,133,078,326.23	(32,125.46)	(1,655,247,821.31)
Nondepreciable Collections	501,984,888.32	-	1,123,529.24
Nonamortizable Intangible Assets	9,242,469.61	-	-
Total Nondepreciable/Nonamortizable Assets	<u>3,229,712,432.72</u>	<u>(32,125.46)</u>	<u>(1,654,124,292.07)</u>
<u>Depreciable Assets:</u>			
Buildings and Building Improvements	15,185,085,335.07	-	1,413,568,995.76
Infrastructure	354,411,993.77	-	36,273,023.37
Facilities and Other Improvements	794,369,323.23	-	41,636,636.81
Furniture and Equipment	3,273,969,986.99	-	50,982,652.16
Vehicles, Boats and Aircraft	80,932,937.45	-	-
Other Depreciable Assets (including Library Books)	649,588,690.03	(1,463,000.00)	8,375,873.69
Total Depreciable Assets at Historical Cost	<u>20,338,358,266.54</u>	<u>(1,463,000.00)</u>	<u>1,550,837,181.79</u>
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(6,539,077,473.37)	-	-
Infrastructure	(162,371,447.83)	-	-
Facilities and Other Improvements	(372,514,335.31)	-	-
Furniture and Equipment	(2,180,660,837.24)	-	-
Vehicles, Boats and Aircraft	(58,473,114.24)	-	-
Other Depreciable Assets (including Library Books)	(449,108,357.76)	-	-
Total Accumulated Depreciation	<u>(9,762,205,565.75)</u>	<u>-</u>	<u>-</u>
Depreciable Assets, net	<u>10,576,152,700.79</u>	<u>(1,463,000.00)</u>	<u>1,550,837,181.79</u>
<u>Amortizable Intangible Assets:</u>			
Computer Software	1,031,760,965.43	-	103,287,110.28
Total Amortizable Intangible Assets	<u>1,031,760,965.43</u>	<u>-</u>	<u>103,287,110.28</u>
Less Accumulated Amortization for:			
Computer Software	(780,164,635.11)	-	-
Total Accumulated Amortization	<u>(780,164,635.11)</u>	<u>-</u>	<u>-</u>
Intangible Capital Assets, net	<u>251,596,330.32</u>	<u>-</u>	<u>103,287,110.28</u>
Capital Assets, net	<u>\$ 14,057,461,463.83</u>	<u>(1,495,125.46)</u>	<u>-</u>

Reclassifications Interagency Transfers - In	Reclassifications Interagency Transfers - Out	Additions	Deletions	Balance 08/31/15
-	-	18,085,911.10	(738,926.94)	602,753,732.72
-	-	1,382,973,500.75	(3,257,433.29)	1,857,514,446.92
-	-	14,756,899.21	(101,457.70)	517,763,859.07
-	-	-	-	9,242,469.61
-	-	1,415,816,311.06	(4,097,817.93)	2,987,274,508.32
-	-	129,109,538.03	(17,708,078.13)	16,710,055,790.73
-	-	12,505,563.10	-	403,190,580.24
-	-	25,604,573.42	(112,935.23)	861,497,598.23
404,232.70	(1,692,120.89)	362,713,052.66	(183,569,444.87)	3,502,808,358.75
95,543.36	-	7,865,629.68	(7,888,067.91)	81,006,042.58
-	-	27,072,809.10	(2,105,428.26)	681,468,944.56
499,776.06	(1,692,120.89)	564,871,165.99	(211,383,954.40)	22,240,027,315.09
-	-	(697,997,954.72)	10,558,894.92	(7,226,516,533.17)
-	-	(12,434,011.06)	-	(174,805,458.89)
-	-	(36,014,800.24)	90,505.54	(408,438,630.01)
(388,947.86)	1,144,555.90	(291,920,695.44)	142,575,358.61	(2,329,250,566.03)
(95,543.36)	-	(7,442,694.02)	5,431,700.47	(60,579,651.15)
-	-	(29,278,978.94)	2,090,483.32	(476,296,853.38)
(484,491.22)	1,144,555.90	(1,075,089,134.42)	160,746,942.86	(10,675,887,692.63)
15,284.84	(547,564.99)	(510,217,968.43)	(50,637,011.54)	11,564,139,622.46
-	(7,598.10)	24,542,217.39	(196,228,773.39)	963,353,921.61
-	(7,598.10)	24,542,217.39	(196,228,773.39)	963,353,921.61
-	7,598.10	(103,816,297.79)	196,232,193.37	(687,741,141.43)
-	7,598.10	(103,816,297.79)	196,232,193.37	(687,741,141.43)
-	-	(79,274,080.40)	3,419.98	275,612,780.18
15,284.84	(547,564.99)	826,324,262.23	(54,731,409.49)	14,827,026,910.96

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, requires the disclosure of impairment losses and associated insurance recoveries. In 2015 U. T. Medical Branch - Galveston impaired the University Boulevard Research Building Project which was in construction in progress. The planning and design work was placed on hold shortly after U. T. Medical Branch - Galveston was impacted by Hurricane Ike. As U. T. Medical Branch - Galveston focuses on changing priorities, it has been determined that this project will not be moving forward. The impairment loss is provided in the following table for the year ended August 31, 2015. The System did not have any impairment losses to report for the year ended August 31, 2016.

	2015
OPERATING IMPAIRMENT LOSSES – CAPITAL ASSETS	
Impairment Losses – Capital Assets	\$ (3,251,115.52)
Net Losses – Capital Assets	(3,251,115.52)

10. Short-Term Debt

The System had RFS Commercial Paper Notes and PUF Commercial Paper Notes outstanding at August 31, 2016 and 2015. The notes are issued to provide interim financing for capital improvements and to finance equipment purchases. While the interest is payable on these notes in periodic installments not to exceed 270 days, they are generally intended to be refinanced with long-term debt. Short-term debt activity for the year ended August 31, 2016, is summarized below:

		Balance 09/01/15	Additions	Reductions ¹	Balance 8/31/16
<u>Commercial Paper Notes:</u>					
Permanent University Fund CP Notes	\$	385,000,000.00	502,500,000.00	581,500,000.00	306,000,000.00
Revenue Financing System CP Notes		<u>1,120,717,000.00</u>	<u>426,325,000.00</u>	<u>1,000,946,000.00</u>	<u>546,096,000.00</u>
Total Commercial Paper Notes	\$	<u>1,505,717,000.00</u>	<u>928,825,000.00</u>	<u>1,582,446,000.00</u>	<u>852,096,000.00</u>

¹Reductions of short-term debt include \$1,034,019,000.00 of commercial paper notes reclassified to long-term notes and loans payable on the statement of net position as a result of refunding commercial paper notes subsequent to August 31, 2016 through the issuance of long-term bonds. See note 24 for details on the subsequent events.

Short-term debt activity for the year ended August 31, 2015, is summarized below:

		Balance 09/01/14	Additions	Reductions	Balance 8/31/15
<u>Commercial Paper Notes:</u>					
Permanent University Fund CP Notes	\$	358,000,000.00	294,500,000.00	267,500,000.00	385,000,000.00
Revenue Financing System CP Notes		<u>763,230,000.00</u>	<u>449,497,000.00</u>	<u>92,010,000.00</u>	<u>1,120,717,000.00</u>
Total Commercial Paper Notes	\$	<u>1,121,230,000.00</u>	<u>743,997,000.00</u>	<u>359,510,000.00</u>	<u>1,505,717,000.00</u>

General information related to the commercial paper notes at August 31, 2016, is summarized as follows:

- Note or loan payable issue name: Permanent University Fund Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B
 Purpose: To provide interim financing for capital improvements and to finance capital equipment purchases
 Issue Date: September 1, 2016 through August 31, 2017
 Authorized Amount: Aggregate principal amount not to exceed \$750 million
 Source of revenue for debt service: Available University Fund
 Terms: Interest payable in periodic installments not to exceed 270 days at interest rates established by the System's commercial paper dealers

- Note or loan payable issue name: Revenue Financing System (RFS) Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B
 Purpose: To provide interim financing for capital improvements and to finance capital equipment purchases
 Issue Date: September 1, 2016 through August 31, 2017
 Authorized Amount: Aggregate principal amount not to exceed \$1.25 billion
 Source of revenue for debt service: All pledged revenues, subject to the provisions of the Prior Encumbered Obligations, collectively: (a) the pledged tuition fee; (b) the pledged General Fee; and (c) any or all of the revenues, funds, and balances lawfully available to the U. T. System Board of Regents and derived from and attributable to any Member of the Revenue Financing System, which are lawfully available to the U. T. System Board of Regents for payments on parity debt.
 Terms: Interest payable in periodic installments not to exceed 270 days at interest rates established by the System's commercial paper dealers

11. Leases

OPERATING LEASES

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were \$122,353,230.52 in 2016 and \$121,404,223.44 in 2015. There were no contingent rental expenses for the period ending August 31, 2016. Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2016, were as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2017	\$ 88,747,749.54
2018	72,483,751.71
2019	55,845,239.29
2020	37,052,113.93
2021	29,160,576.38
2022 – 2026	68,109,841.50
2027 – 2031	8,562,203.52
Total Minimum Future Payments	\$ <u>359,961,475.87</u>

The System has also leased buildings, land, and other capital assets to outside parties under various operating leases. The cost, carrying value and accumulated depreciation of these leased assets as of August 31, 2016 and 2015 were as follows:

<u>Assets Leased</u>	<u>2016</u>	<u>2015</u>
Buildings:		
Cost	\$ 129,841,595.87	135,615,008.04
Less: Accumulated Depreciation	(45,607,747.09)	(41,906,656.02)
Carrying Value of Buildings	<u>84,233,848.78</u>	<u>93,708,352.02</u>
Equipment:		
Cost	2,606,757.40	2,956,665.05
Less: Accumulated Depreciation	(2,278,334.80)	(2,534,921.89)
Carrying Value of Equipment	<u>328,422.60</u>	<u>421,743.16</u>
Land	10,495,861.10	11,613,865.90
Total Carrying Value	\$ <u>95,058,132.48</u>	<u>105,743,961.08</u>

The System reported contingent rental income in the amount of \$414,167.31 in 2016 and \$250,045.85 in 2015. Rental income from operating leases was \$22,438,868.66 in 2016 and \$22,942,410.32 in 2015. Future minimum lease rental income under noncancelable operating leases as of August 31, 2016, was as follows:

<u>Fiscal Year</u>	<u>Lease Income</u>
2017	\$ 20,112,399.48
2018	17,074,062.13
2019	15,331,481.61
2020	10,810,498.88
2021	9,274,868.55
2022 and beyond	219,623,621.79
Total	\$ <u>292,226,932.44</u>

CAPITAL LEASES

Certain leases to finance the purchase of property are capitalized at the present value of future minimum lease payments. The original capitalized cost of all such property under capital lease as of August 31, 2016 and 2015 is as follows:

<u>Assets Under Capital Lease</u>	<u>2016</u>	<u>2015</u>
Furniture and Equipment	\$ 16,918,911.57	2,772,020.36
Less: Accumulated Depreciation	(4,456,896.91)	(2,125,911.75)
Nondepreciable Collections	4,517,473.86	3,612,812.58
Total	\$ <u>16,979,488.52</u>	<u>4,258,921.19</u>

Capital lease obligations are due in annual installments through 2021. The following is a schedule of the future minimum lease payments for leased property and the present value of the net minimum lease payments at August 31, 2016.

Fiscal Year	Principal	Interest	Total
2017	\$ 5,355,340.60	466,793.15	5,822,133.75
2018	4,214,751.79	278,544.65	4,493,296.44
2019	2,589,431.25	155,728.31	2,745,159.56
2020	1,572,553.60	62,871.44	1,635,425.04
2021	660,312.33	12,442.65	672,754.98
Total Minimum Lease Payments	\$ 14,392,389.57	976,380.20	15,368,769.77
		Less: Interest	(976,380.20)
		Present Value of Net Minimum Lease Payments	14,392,389.57

12. Summary of Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2016 is summarized as follows:

	Balance 09/01/15	Additions	Reductions	Balance 08/31/16	Amounts due within one year
<u>Bonds Payable:</u>					
Permanent University Fund	\$ 1,784,085,000.00	243,290,000.00	37,220,000.00	1,990,155,000.00	404,985,000.00
Revenue Financing System	4,939,395,000.00	1,004,500,000.00	343,205,000.00	5,600,690,000.00	1,097,165,000.00
Subtotal Bonds Payable – Par	6,723,480,000.00	1,247,790,000.00	380,425,000.00	7,590,845,000.00	1,502,150,000.00
Unamortized Net Premiums	340,876,118.17	163,295,292.55	48,102,335.51	456,069,075.21	58,966,452.12
Total Bonds Payable	7,064,356,118.17	1,411,085,292.55	428,527,335.51	8,046,914,075.21	1,561,116,452.12
<u>Notes, Loans and Leases Payable:</u>					
Notes and Loans Payable	39,773,457.43	1,034,019,000.00 ¹	18,769,829.79	1,055,022,627.64	20,465,286.97
Lease Obligations	5,002,136.37	14,438,752.50	5,048,499.30	14,392,389.57	5,355,340.60
Total Notes, Loans and Leases Payable	44,775,593.80	1,048,457,752.50	23,818,329.09	1,069,415,017.21	25,820,627.57
Net Other Postemployment Benefits Obligation	3,984,975,778.00	860,270,356.00	197,815,580.00	4,647,430,554.00	-
Net Pension Liability	2,302,987,540.82	1,138,654,786.00	696,948,581.82	2,744,693,745.00	-
Hedging Derivative Liability	261,612,901.20	77,112,161.80	-	338,725,063.00	-
Employee Compensable Leave Incurred But Not Reported Self-Insurance Claims	556,823,119.61	307,747,880.76	269,403,293.02	595,167,707.35	384,367,065.99
	119,791,324.00	1,152,180,369.79	1,139,480,690.79	132,491,003.00	104,109,224.17
Total	\$ 14,335,322,375.60	5,995,508,599.40	2,755,993,810.23	17,574,837,164.77	2,075,413,369.85

¹Additions of Notes and Loans Payable include \$1,034,019,000.00 of commercial paper notes reclassified from short-term debt to long-term notes and loans payable on the statement of net position as a result of refunding commercial paper notes subsequent to August 31, 2016 through the issuance of long-term bonds. See note 10 related to short-term debt and note 24 for details on the subsequent events.

Long-term liability activity for the year ended August 31, 2015 is summarized as follows:

	Balance 09/01/14	Additions	Reductions	Balance 08/31/15	Amounts due within one year
<u>Bonds Payable:</u>					
Permanent University Fund	\$ 1,602,470,000.00	418,535,000.00	236,920,000.00	1,784,085,000.00	407,380,000.00
Revenue Financing System	5,197,530,000.00	250,700,000.00	508,835,000.00	4,939,395,000.00	1,093,575,000.00
Subtotal Bonds Payable – Par	6,800,000,000.00	669,235,000.00	745,755,000.00	6,723,480,000.00	1,500,955,000.00
Unamortized Net Premiums	307,358,754.29	88,848,377.00	55,331,013.12	340,876,118.17	43,596,735.62
Total Bonds Payable	<u>7,107,358,754.29</u>	<u>758,083,377.00</u>	<u>801,086,013.12</u>	<u>7,064,356,118.17</u>	<u>1,544,551,735.62</u>
<u>Notes, Loans and Leases Payable:</u>					
Notes and Loans Payable	40,781,788.68	164,859.78	1,173,191.03	39,773,457.43	1,642,259.88
Lease Obligations	4,493,618.88	3,429,051.09	2,920,533.60	5,002,136.37	2,926,134.61
Total Notes, Loans and Leases Payable	45,275,407.56	3,593,910.87	4,093,724.63	44,775,593.80	4,568,394.49
Net Other Postemployment Benefits Obligation	3,359,347,883.00	810,956,215.00	185,328,320.00	3,984,975,778.00	-
Net Pension Liability	-	2,827,302,898.56 ²	524,315,357.74	2,302,987,540.82	-
Hedging Derivative Liability	207,898,478.19	53,714,423.01	-	261,612,901.20	-
Employee Compensable Leave Incurred But Not Reported Self-Insurance Claims	527,289,741.76	300,830,963.66	271,297,585.81	556,823,119.61	370,764,913.30
Total	<u>\$ 11,353,141,882.80</u>	<u>5,817,311,021.73</u>	<u>2,835,130,528.93</u>	<u>14,335,322,375.60</u>	<u>2,020,018,382.77</u>

²The net pension liability additions relate to the 2015 restatement for GASB Statement 68. Refer to Note 4.

PROJECTED BOND DEBT SERVICE REQUIREMENTS

The principal and interest expense for the next five years and beyond are projected below for bonds issued and outstanding:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,502,150,000.00	306,568,647.36	1,808,718,647.36
2018	309,665,000.00	290,418,097.86	600,083,097.86
2019	315,360,000.00	275,867,765.76	591,227,765.76
2020	307,610,000.00	261,343,663.62	568,955,663.62
2021	316,755,000.00	246,996,406.18	563,751,406.18
2022 – 2026	1,485,595,000.00	1,017,787,094.16	2,503,382,094.16
2027 – 2031	869,900,000.00	715,903,954.40	1,585,803,954.40
2032 – 2036	994,249,000.00	509,157,753.74	1,503,406,753.74
2037 – 2041	893,351,000.00	272,545,847.38	1,165,896,847.38
2042 – 2046	596,210,000.00	97,300,208.60	693,510,208.60
Total Requirements	\$ <u>7,590,845,000.00</u>	<u>3,993,891,439.06</u>	<u>11,584,736,439.06</u>

The System’s variable rate demand bonds mature at various dates through 2039. Outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a “take-out agreement” to convert bonds “put” but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities. Although it is the System’s intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the System does not have “take-out” agreements in place. Accordingly, the System has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$1,207,675,000.00 and \$1,242,770,000.00 at August 31, 2016 and 2015, respectively.

Total interest expense for the years ended August 31, 2016 and 2015 was \$335,617,621.04 and \$312,454,155.63, respectively. Interest expense of \$21,276,625.92 and \$31,979,819.98 associated with financing projects during the construction phase was capitalized during the years ended August 31, 2016 and 2015, respectively. Interest expense was also reduced by \$36,479,483.28 and \$30,615,942.15 for the amortization of premiums, deferred gains and losses on refundings, and interest rate lock termination payment for the years ended August 31, 2016 and 2015, respectively. The remaining amounts of \$277,861,511.84 in 2016 and \$249,858,393.50 in 2015 were reported as interest expense.

Notes and loans payable obligations are due in annual installments through 2018. General information related to notes and loans payable at August 31, 2016, which in substance are not bonds, is summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 20,465,286.97	40,837.80	20,506,124.77
2018	538,340.67	5,700.75	544,041.42
Total Requirements	\$ <u>21,003,627.64</u>	<u>46,538.55</u>	<u>21,050,166.19</u>

The table above does not include the principal for \$1,034,019,000.00 of commercial paper notes reclassified from short-term debt to long-term notes and loans payable on the statement of net position as a result of refunding commercial paper notes subsequent to August 31, 2016 through the issuance of long-term bonds.

General information related to notes and loans payable at August 31, 2016, is summarized as follows:

- Note or loan payable issue name: City of Shavano Park Health Facilities Development Corporation
Purpose: Purchase EPIC Patient and Sales Tracking Software Package
Institution: U. T. Health Science Center - San Antonio
Issue Date: December 1, 2006
Authorized Amount: \$9,000,000
Source of revenue for debt service: Patient service from physician practice plan Designated Funds collected by U. T. Medicine San Antonio
Terms: February 1, 2007 through January 1, 2018. Interest is computed at 4.13% annually.
- Note or loan payable issue name: City of Shavano Park Health Facilities Development Corporation
Purpose: Purchase EPIC Patient and Sales Tracking Software Package
Institution: U. T. Health Science Center - San Antonio
Issue Date: January 1, 2007
Authorized Amount: \$3,000,000
Source of revenue for debt service: Patient service from physician practice plan Designated Funds collected by U. T. Medicine San Antonio
Terms: February 1, 2007 through January 1, 2018. Interest is computed at 4.15% annually.
- Note or Loan Payable issue name: JP Morgan Private Bank, Client Services
Purpose: To provide financing for the construction of the new Moncrief Cancer Center building
Component Unit: U. T. Southwestern Medical Center's Blended Component Unit
Issue Date: August 8, 2011, Renewed on August 31, 2015
Authorized Amount: \$19,000,000
Source of revenue for debt service: Assets of Luther King and Wilkinson O'Grady
Terms: LIBOR rate plus 0.65%. Interest is paid monthly. Renewal on August 31, 2017.
- Note or loan payable issue name: Premier Purchasing Partners, L.P.
Purpose: Negotiate and execute reduced cost purchase contracts
Institution: U. T. Medical Branch - Galveston
Issue Date: September 1, 2012
Authorized Amount: \$430,531
Source of revenue for debt service: Reduction from cash distribution
Terms: September 1, 2012 through September 1, 2017

General information related to notes and loans payable retired in 2016 is summarized as follows:

- Note or loan payable issue name: Charitable Remainder Trust
Purpose: Fine Arts Foundation (a blended component unit) purchase of the Suida Manning Art Collection
Component Unit: U. T. Austin's Blended Component Unit
Issue Date: January 4, 1999
Authorized Amount: \$12,000,000
Source of revenue for debt service: Gift
Terms: January 4, 1999 through April 17, 2016
- Note or loan payable issue name: Charitable Lead Trust
Purpose: Fine Arts Foundation (a blended component unit) purchase of the Suida Manning Art Collection
Component Unit: U. T. Austin's Blended Component Unit
Issue Date: January 4, 1999
Authorized Amount: \$10,713,200
Source of revenue for debt service: Gift
Terms: January 4, 1999 through April 17, 2016

- Note or loan payable issue name: GE Government Finance, Inc.
 Purpose: To provide financing for medical equipment
 Institution: U. T. Medical Branch - Galveston
 Issue Date: November 12, 2010
 Authorized Amount: \$409,554
 Source of revenue for debt service: Operating Funds
 Terms: November 12, 2010 through December 1, 2015

POLLUTION REMEDIATION OBLIGATION

M. D. Anderson purchased contaminated land in June 2007 with plans to provide a ground lease to the American Cancer Society for a lodging facility for visiting cancer patients with the remaining land to be used for a warehouse with offices and work areas. The land, known as the Almeda property, was previously used by the seller as a solvent storage site and contains solvent contamination. The original estimated outlays for the pollution remediation were \$350,000.00 using the expected cash flow technique. These pollution remediation outlays qualify for capitalization and \$381,641.10 and \$381,583.60 were capitalized through August 31, 2016 and 2015 respectively. The purchase price of \$4,287,882.00 and total expected outlays do not exceed the fair market value of the uncontaminated property of \$4,737,882.00, and as such, no pollution remediation liability was established. M. D. Anderson received a \$450,000.00 credit against the purchase price for anticipated environmental remediation costs. M. D. Anderson received a Certificate of Completion in 2016 and the project has been placed in service.

M. D. Anderson purchased contaminated land in 2013. The tenant was the generator of the contamination and the tenant has vacated the property. M. D. Anderson commenced cleanup activities in 2014. The original estimated cost of the remediation was \$106,345.00 based on the expected cash flow technique, of which \$1,934.83 and \$101,794.06 were incurred 2015 and 2014 respectively. This pollution remediation does not qualify for capitalization. M. D. Anderson received a "no further action" letter from TCEQ in 2015.

EMPLOYEES' COMPENSABLE LEAVE

Substantially all full-time System employees earn annual leave from eight to twenty-one hours per month depending upon the respective employee's years of State employment. State law permits employees to carry 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. Eligible part-time employees' annual leave accrual rate and maximum carryover are proportional to the number of hours appointed to work. Employees with at least six months of continuous State service who terminate their employment are entitled to payment for all accumulated annual leave. Both an expense and a liability are recorded as the benefits accrue to employees. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to personal or family illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated sick leave or 336 hours, whichever is less. The System's policy is to recognize the cost of sick leave when paid, and the liability is not shown in the consolidated financial statements since experience indicates the expense for sick leave to be minimal. Eligible part-time employees' sick leave accrual rate is proportional to the number of hours appointed to work. This obligation is usually paid from the same funding source(s) as the employee's salary or wage compensation.

13. Bonded Indebtedness

At August 31, 2016 and 2015, the System had outstanding bonds payable of \$7,590,845,000.00 and \$6,723,480,000.00, respectively. Permanent University Fund bonds are secured by and payable from the System's interest in the Available University Fund, which consists of distributions from the investment income of the Permanent University Fund. Revenue Financing System debt is secured by and payable from Pledged Revenues as defined in the Master Resolution establishing the Revenue Financing System. Pledged Revenues consist of all lawfully available revenues, funds and balances, with certain exceptions, pledged to secure revenue-supported indebtedness issued under the Master Resolution.

<u>Bonded Indebtedness</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Principal</u>
Permanent University Fund	0.550%-5.262%	2017-2045	\$ 1,990,155,000.00
Revenue Financing System	0.550%-6.276%	2017-2046	5,600,690,000.00

As of August 31, 2016, the following amounts were authorized, but unissued: Permanent University Fund bonds up to a maximum aggregate amount of \$600 million and Revenue Financing System bonds up to a maximum aggregate amount of \$975 million, each authorized to be issued on or before August 31, 2017. All bonds issued by the System are defined as revenue bonds. Segment information requirements are not applicable, due to the bond indentures' lack of specifically identifiable activities and external party imposed separate accounting requirements. General information related to bonds outstanding as of August 31, 2016, is summarized in the following table.

<u>Bond Series</u>	<u>Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>
Permanent University Fund:			
Refunding Bonds Series 2006B	To refund \$85,545,000 principal amount of Permanent University Fund Bonds, Series 2002B, maturing on July 1 in the years 2020 through 2022, both inclusive; to refund \$172,985,000 principal amount of Permanent University Fund Bonds, Series 2004B, maturing on July 1 in the years 2023, 2026 and 2028 through 2030, both inclusive; to refund \$51,905,000 principal amount of Permanent University Fund Bonds, Series 2005B, maturing on July 1 in the year 2035	January 24, 2007	\$284,065,000
Taxable Bonds Series 2009A	To refund \$250,000,000 principal amount of Permanent University Taxable Commercial Paper Notes, Series B	September 17, 2009	250,000,000
Bonds Series 2014A	To refund \$252,500,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	February 10, 2014	240,340,000
Bonds Series 2014B	To refund \$17,240,000 principal amount of Permanent University Fund Bonds, Series 2004A, maturing on July 1 in the years 2015 and 2016; and to refund \$223,535,000 principal amount of Permanent University Fund Bonds, Series 2004B, maturing on July 1 in the years 2024, 2025, 2027 and 2033	April 2, 2014	221,580,000
Bonds Series 2015A	To refund \$50,390,000 principal amount of Permanent University Fund Refunding Bonds, Series 2005A, maturing on July 1 in the years 2016 through 2019, both inclusive; to refund \$72,720,000 principal amount of Permanent University Fund Bonds, Series 2005B, maturing on July 1 in the years 2018, 2019, 2034 and 2035; and to refund \$87,485,000 principal amount of Permanent University Fund Bonds, Series 2006C, maturing on July 1 in the years 2017 through 2035, both inclusive	April 2, 2015	197,970,000
Bonds Series 2015B	To refund \$252,500,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	August 25, 2015	220,565,000
Bonds Taxable Series 2015C	To refund \$125,500,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	December 9, 2015	126,020,000
Bonds Series 2016A	To refund \$137,000,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	January 5, 2016	117,270,000
Revenue Financing System:			
Refunding Bonds Series 2002A	To advance refund \$54,575,000 principal amount of Revenue Financing System Bonds, Series 1999A maturing from 2010-2016 and 2020 to achieve debt service savings and pay the cost of issuance	September 27, 2002	54,430,000
Refunding Bonds Series 2002B	To advance refund \$109,240,000 principal amount of Revenue Financing System Bonds, Series 1999B maturing from 2010-2017 and 2020 to achieve debt service savings and pay the cost of issuance	September 27, 2002	108,855,000

Bond Series	Purpose	Issue Date	Amount Issued
Revenue Financing System: (continued)			
Refunding Bonds Series 2004A	To refund \$143,155,000 principal amount of portions of Revenue Financing System Bonds, Series 1995A, 1996A, 1998A, 1998C, 1999A and 2001C, and pay the cost of issuance	March 9, 2004	137,915,000
Refunding Bonds Series 2004B	To refund \$310,460,000 principal amount of portions of Revenue Financing System Bonds, Series 1996B, 1998B, 1998D, 1999B and 2001B, and pay the cost of issuance	March 9, 2004	300,330,000
Refunding Bonds Series 2006C	To refund \$177,835,000 principal amount of portions of Revenue Financing System Bonds, 2001C, 2003A and 2004C and pay the cost of issuance	January 4, 2007	175,115,000
Refunding Bonds Series 2006D	To refund \$340,735,000 principal amount of portions of Revenue Financing System Bonds, 2001B, 2003B and 2004D and pay the cost of issuance	January 4, 2007	346,840,000
Bonds Series 2006E	To refund \$58,300,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and pay the cost of issuance	January 4, 2007	55,985,000
Bonds Series 2006F	To refund \$330,187,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and pay the cost of issuance	January 4, 2007	318,525,000
Bonds Series 2008A	To refund \$265,386,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and pay the cost of issuance	January 6, 2009	256,735,000
Taxable Bonds Series 2009B	To refund \$96,639,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$230,860,000 and pay the cost of issuance	June 17, 2009	330,545,000
Bonds Series 2009D	To refund \$258,995,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, to refund \$16,115,000 principal amount of Revenue Financing System Bonds, 1998B and pay the cost of issuance	July 15, 2009	260,005,000
Bonds Series 2010A	To refund \$258,392,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$134,369,000 and pay the cost of issuance	March 25, 2010	331,415,000
Refunding Bonds Series 2010B	To refund \$393,690,000 principal amount of portions of Revenue Financing System Bonds, 2006B, 2006D and 2006F and pay the cost of issuance	April 14, 2010	385,380,000
Taxable Bonds Series 2010C	To provide new money of \$600,741,596 and pay the cost of issuance	September 23, 2010	604,310,000
Taxable Bonds Series 2010D	To refund \$349,415,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$163,441,000 and pay the cost of issuance	June 30, 2010	516,245,000
Bonds Series 2010E	To refund \$21,328,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$23,080,404 and pay the cost of issuance	September 23, 2010	39,785,000
Refunding Bonds Series 2012A	To refund \$53,990,000 principal amount of portions of Revenue Financing System Bonds, 2003A and 2004C, to refund \$186,296,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and pay the cost of issuance	March 1, 2012	195,850,000

<u>Bond Series</u>	<u>Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>
Revenue Financing System: (continued)			
Bonds Series 2012B	To refund \$96,542,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$184,128,000 and pay the cost of issuance	March 21, 2012	238,135,000
Bonds Series 2014A	To refund \$179,411,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$103,148,328 and pay the cost of issuance	May 1, 2014	259,135,000
Refunding Bonds Series 2014B	To refund \$261,840,000 principal amount of portions of Revenue Financing System Bonds, 2006B, 2006D and 2006F, and pay the cost of issuance	November 24, 2014	250,700,000
Bonds Taxable Series 2016A	To refund \$48,494,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, to refund \$107,630,000 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B, provide new money of \$98,745,350 and pay the cost of issuance	January 14, 2016	255,825,000
Bonds Series 2016B	To refund \$105,478,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$118,490,125 and pay the cost of issuance	January 22, 2016	206,040,000
Refunding Bonds Series 2016C	To refund \$87,145,000 principal amount of Revenue Financing System Bonds, Series 2008A, provide new money of \$64,800,000 and pay the cost of issuance	May 10, 2016	133,240,000
Bonds Series 2016D	To provide new money of \$260,000,000 and pay the cost of issuance	July 1, 2016	213,180,000
Bonds Series 2016E	To provide new money of \$245,000,000 and pay the cost of issuance	August 22, 2016	196,215,000

DEMAND BONDS

Revenue Financing System Refunding Bonds, Series 2007B, Revenue Financing System Bonds, Series 2008B, and Permanent University Fund Bonds, Series 2008A are variable rate demand bonds with an option to tender on seven days' notice. The System has entered into corresponding interest rate swap agreements to convert the System's interest rate exposure to a fixed rate. The Revenue Financing System Refunding Bonds, Series 2007B and the corresponding swap agreements extend to August 15, 2034. The Revenue Financing System Bonds, Series 2008B and the corresponding swap agreements extend to August 15, 2039. The Permanent University Fund Bonds, Series 2008A and the corresponding swap agreements extend to July 1, 2038. The Board of Regents is obligated to pay the purchase price of demand bonds tendered for purchase and not remarketed by using lawfully available funds. General information related to these demand bonds is summarized in the following table:

<u>Bond Series</u>	<u>Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>
Permanent University Fund:			
Bonds Series 2008A	To refund \$400,000,000 of Permanent University Fund Flexible Notes, Series A and pay costs of issuance	October 30, 2008	\$ 400,905,000
Revenue Financing System:			
Bonds Series 2007B	To refund \$169,015,000 of Revenue Financing System Bonds, Series 2003B and \$149,860,000 of Revenue Financing System Bonds, Series 2004D, and pay costs of issuance	December 20, 2007	345,460,000
Bonds Series 2008B	To refund \$461,922,000 of Revenue Financing System Commercial Paper Notes, Series A and \$34,715,000 of Revenue Financing System Bonds, Series 1998B, provide \$182,590,000 of new money to finance the costs of campus improvements, and pay costs of issuance	March 18, 2008	685,485,000

PLEDGED FUTURE REVENUES

The following table provides the pledged future revenue information for the System's bonds:

	<u>2016</u>	<u>2015</u>
Pledged Revenue Required for Future Principal and Interest on Existing Bonds	\$ 11,584,736,439.06	10,170,705,588.64
Term of Commitment Year Ending 8/31	2046	2046
Percentage of Revenue Pledged	84.1%	95.3%
Current Year Pledged Revenue	\$ 9,739,403,729.97	9,696,056,335.93
Current Year Principal and Interest Paid	\$ 616,996,554.01	583,788,938.62

BUILD AMERICA BONDS

The American Recovery and Reinvestment Act of 2009 authorized the issuance of Build America Bonds (BABs), whereby certain issuers are authorized to issue taxable bonds and receive from the federal government a subsidy equal to 35% of the interest payments on Direct Payment BABs reduced by the applicable federal sequestration reduction rate. The System did not issue any BABs during 2016 or 2015. The System had \$1,643,540,000.00 and \$1,656,765,000.00 of BABs outstanding at August 31, 2016 and 2015, respectively.

EARLY EXTINGUISHMENTS IN FISCAL YEAR 2016

Permanent University Fund Bonds, Taxable Series 2015C were issued on December 9, 2015 to current refund \$125,500,000.00 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$125,670,725.86, which represents the principal amount of the 2015C Bonds of \$126,020,000.00 and less an underwriting discount of \$349,274.14. The net proceeds were used to pay costs of issuance of \$140,056.14 and to deposit \$125,530,669.72 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$30,669.72 resulted from the transaction as the reacquisition price of \$125,530,669.72 exceeded the net carrying amount of \$125,500,000.00 par value.

Permanent University Fund Bonds, Series 2016A were issued on January 5, 2016 to current refund \$137,000,000.00 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$137,154,816.43, which represents the principal amount of the 2016A Bonds of \$117,270,000.00, plus an original issue premium of \$20,212,066.50, and less an underwriting discount of \$327,250.07. The net proceeds were used to pay costs of issuance of \$122,947.81 and to deposit \$137,031,868.62 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$31,868.62 resulted from the transaction as the reacquisition price of \$137,031,868.62 exceeded the net carrying amount of \$137,000,000.00 par value.

Revenue Financing System Bonds, Taxable Series 2016A were issued on January 14, 2016 to finance the cost of campus improvements, to current refund \$48,494,000.00 principal amount of Revenue Financing System Commercial Paper Notes, Series A and \$107,630,000.00 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B, and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$255,133,889.34, which represents the principal amount of the 2016A Bonds of \$255,825,000.00, less an underwriting discount of \$691,110.66. The net proceeds were used to pay costs of issuance of \$226,311.97, to deposit \$98,745,350.00 in a construction fund to finance various projects, and to deposit \$156,162,227.37 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated balance sheet.
- An accounting loss of \$38,227.37 resulted from the transaction as the reacquisition price of \$156,162,227.37 exceeded the net carrying amount of \$156,124,000.00 par value.

Revenue Financing System Bonds, Series 2016B were issued on January 22, 2016 to finance the cost of campus improvements, to current refund \$105,478,000.00 principal amount of Revenue Financing System Commercial Paper Notes, Series A, and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$224,150,048.53, which represents the principal amount of the 2016B Bonds of \$206,040,000.00, plus an original issue premium of \$19,456,335.60, and less an underwriting discount of \$1,346,287.07. The net proceeds were used to pay costs of issuance of \$178,557.97, to deposit \$118,490,125.00 in a construction fund to finance various projects, and to deposit \$105,481,365.56 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$3,365.56 resulted from the transaction as the reacquisition price of \$105,481,365.56 exceeded the net carrying amount of \$105,478,000.00 par value.

Revenue Financing System Refunding Bonds, Series 2016C were issued on May 10, 2016 to finance the cost of campus improvements, to advance refund \$87,145,000.00 principal amount of Revenue Financing System Bonds, Series 2008A, and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$159,384,856.97, which represents the principal amount of the 2016C Bonds of \$133,240,000.00, plus an original issue premium of \$26,507,081.20, and less an underwriting discount of \$362,224.23. The net proceeds along with \$2,265,375.00 of System funds were used to pay costs of issuance of \$238,511.96, to deposit \$64,800,000.00 in a construction fund to finance various projects, and to deposit \$96,611,720.01 with the escrow agent for the refunded bonds. These escrow funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded bonds are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$8,183,546.31 resulted from the transaction as the reacquisition price of \$96,611,720.01 exceeded the net carrying amount of \$87,145,000.00 par value, and \$1,283,173.70 of unamortized premiums from Revenue Financing System Bonds, Series 2008A.
- As a result of this refunding, the System reduced its aggregate debt service payments by \$8,354,703.48 over the next 8 years, and an economic gain from the transaction resulted in a net present value savings of \$7,596,759.18 between the old and new debt service payments.

EARLY EXTINGUISHMENTS IN FISCAL YEAR 2015

Revenue Financing System Refunding Bonds, Series 2014B were issued on November 24, 2014 to advance refund \$200,225,000.00 principal amount of Revenue Financing System Bonds, Series 2006B, \$4,435,000.00 principal amount of Revenue Financing System Refunding Bonds, Series 2006D, \$57,180,000.00 principal amount of Revenue Financing System Bonds, Series 2006F and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$286,360,854.00, which represents the principal amount of the 2014B Bonds of \$250,700,000.00, plus an original issue premium of \$36,989,278.60, and less an underwriting discount of \$1,328,424.60. The net proceeds were used to pay costs of issuance of \$292,411.62 and to deposit \$286,068,442.38 with the escrow agent for the refunded bonds. These escrow funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded debt is considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$13,121,531.76 resulted from the transaction as the reacquisition price of \$286,068,442.38 exceeded the net carrying amount of \$261,840,000.00 par value, \$11,041,476.25 of unamortized premiums, and \$65,434.37 of unamortized gain from Revenue Financing System Bonds, Series 2006D.
- As a result of this refunding, the System reduced its aggregate debt service payments by \$41,882,142.45 over the next 23 years, and an economic gain from the transaction resulted in a net present value savings of \$31,794,676.01 between the old and new debt service payments.

Permanent University Fund Refunding Bonds, Series 2015A were issued on April 2, 2015 to current refund \$50,390,000.00 principal amount of Permanent University Fund Refunding Bonds, Series 2005A and \$72,720,000.00 principal amount of Permanent University Fund Bonds, Series 2005B, to advance refund \$87,485,000.00 principal amount of Permanent University Fund Bonds, Series 2006C, and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$216,466,522.54, which represents the principal amount of the 2015A Bonds of \$197,970,000.00, plus an original issue premium of \$19,016,101.05, and less an underwriting discount of \$519,578.51. The net proceeds along with \$2,961,284.17 of System funds were used to pay costs of issuance of \$243,397.91 and to deposit \$219,184,408.80 with the escrow agent for the refunded bonds. These escrow funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded debt is considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$4,977,999.94 resulted from the transaction as the reacquisition price of \$219,184,408.80 exceeded the net carrying amount of \$210,595,000.00 par value, \$3,933,296.53 of unamortized premiums, and \$321,887.67 of unamortized loss from Permanent University Fund Bonds, Series 2005A.
- As a result of this refunding, the System reduced its aggregate debt service payments by \$47,802,589.27 over the next 21 years, and an economic gain from the transaction resulted in a net present value savings of \$30,456,423.06 between the old and new debt service payments.

Permanent University Fund Bonds, Series 2015B were issued on August 25, 2015 to current refund \$252,500,000.00 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$252,819,183.65, which represents the principal amount of the 2015B Bonds of \$220,565,000.00, plus an original issue premium of \$32,842,997.35, and less an underwriting discount of \$588,813.70. The net proceeds were used to pay costs of issuance of \$275,605.86 and to deposit \$252,543,577.79 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded debt is considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$43,577.79 resulted from the transaction as the reacquisition price of \$252,543,577.79 exceeded the net carrying amount of \$252,500,000.00 par value.

CASH FLOW DERIVATIVES – INTEREST RATE SWAPS

All interest rate swaps are fair valued using the fair value hierarchy of level 2. The following table outlines the terms of the System's interest rate swap agreements in effect at August 31, 2016:

Interest Rate Swaps - by type	Hedgeable Item	Current Notional	Effective Date	Maturity Date	Terms*	Embedded Options?	Cash Paid or Received	Counterparty Credit Rating (Moody's/S&P)	Weighted Average Maturity As of 8/31/16	
Pay Fixed; receive variable	PUF Bonds 2008A	\$185,080,000.00	11/3/2008	7/1/2038	Pay 3.696%; receive SIFMA	No	No	Aa2/AA-	16.70 yrs	
	PUF Bonds 2008A	185,080,000.00	11/3/2008	7/1/2038	Pay 3.6575%; receive SIFMA	No	No	Aa3/AA-	16.70 yrs	
	RFS Bonds 2007B	164,490,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa2/AA-	12.00 yrs	
	RFS Bonds 2007B	164,490,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa3/AA+	12.00 yrs	
	RFS Bonds 2008B	123,950,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	Aa3/AA+	12.76 yrs	
	RFS Bonds 2008B	123,950,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	A3/BBB+	12.76 yrs	
	RFS Bonds 2008B	260,635,000.00	3/18/2008	8/1/2039	Pay 3.614%; receive SIFMA	No	No	Aa3/AA+	11.68 yrs	
	RFS Bonds 2016G	250,000,000.00	12/1/2016	8/1/2045	Pay 2.000%; receive 100% of 1M LIBOR	No	No	A1/AA	28.92 yrs	
	Pay variable; receive variable	PUF Bonds 2006B	284,065,000.00	1/1/2009	7/1/2035	Pay SIFMA; receive 82.04% of 1M LIBOR	No	No	A1/AA	10.71 yrs
		PUF Bonds 2008A	185,080,000.00	11/1/2011	7/1/2038	Pay SIFMA; receive 93.4% of 3M LIBOR	No	No	Aa2/AA-	16.70 yrs
		RFS Bonds 2008B	90,270,000.00	8/1/2009	8/1/2039	Pay SIFMA; receive 102.5% of 3M LIBOR	No	No	Aa3/AA-	21.15 yrs
		RFS Bonds 2008B	92,045,000.00	8/1/2009	8/1/2030	Pay SIFMA; receive 96% of 3M LIBOR	No	No	Aa3/AA-	12.34 yrs
		RFS Bonds 2008B	117,190,000.00	8/1/2009	8/1/2035	Pay SIFMA; receive 103% of 3M LIBOR	No	No	Aa3/AA-	16.98 yrs
TOTAL		\$2,226,325,000.00								

*London Interbank Offer Rate (LIBOR)

*Securities Industry and Financial Markets Association (SIFMA)

The following table outlines the terms of the System's interest rate swap agreements in effect at August 31, 2015:

Interest Rate Swaps - by type	Hedgeable Item	Current Notional	Effective Date	Maturity Date	Terms*	Embedded Options?	Cash Paid or Received	Counterparty Credit Rating (Moody's/S&P)	Weighted Average Maturity As of 8/31/15	
Pay Fixed; receive variable	PUF Bonds 2008A	\$187,875,000.00	11/3/2008	7/1/2038	Pay 3.696%; receive SIFMA	No	No	A3/A-	17.45 yrs	
	PUF Bonds 2008A	187,875,000.00	11/3/2008	7/1/2038	Pay 3.6575%; receive SIFMA	No	No	Aa3/AA-	17.45 yrs	
	RFS Bonds 2007B	165,115,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa2/AA-	12.95 yrs	
	RFS Bonds 2007B	165,115,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa3/A+	12.95 yrs	
	RFS Bonds 2008B	128,810,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	Aa3/A+	13.27 yrs	
	RFS Bonds 2008B	128,810,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	A3/A-	13.27 yrs	
	RFS Bonds 2008B	279,170,000.00	3/18/2008	8/1/2039	Pay 3.614%; receive SIFMA	No	No	Aa3/A+	11.90 yrs	
	Pay variable; receive variable	PUF Bonds 2006B	284,065,000.00	1/1/2009	7/1/2035	Pay SIFMA; receive 82.04% of JM LIBOR	No	No	A1/A	11.71 yrs
		PUF Bonds 2008A	187,875,000.00	11/1/2011	7/1/2038	Pay SIFMA; receive 93.4% of 3M LIBOR	No	No	A3/BBB+	17.45 yrs
		RFS Bonds 2008B	90,270,000.00	8/1/2009	8/1/2039	Pay SIFMA; receive 102.5% of 3M LIBOR	No	No	Aa3/AA-	22.15 yrs
	RFS Bonds 2008B	92,045,000.00	8/1/2009	8/1/2030	Pay SIFMA; receive 96% of 3M LIBOR	No	No	Aa3/AA-	13.34 yrs	
	RFS Bonds 2008B	117,190,000.00	8/1/2009	8/1/2035	Pay SIFMA; receive 103% of 3M LIBOR	No	No	Aa3/AA-	17.98 yrs	
TOTAL		\$2,014,215,000.00								

*London Interbank Offer Rate (LIBOR)

*Securities Industry and Financial Markets Association (SIFMA)

The following is the fair market value of the swap agreements in effect at August 31, 2016 based on the zero-coupon method and the classification of change in fair value from the previous fiscal year:

Interest Rate Swaps by type	Hedgeable Item	Current Notional	Accrued Interest (through 8/31/16)	Fair Value as of 8/31/16	Fair Value as of 8/31/15	Change in Fair Value 8/31/15 - 8/31/16	Change in Fair Value Recorded as
Hedging Derivative Liabilities	PUJF Bonds 2008A	\$185,080,000.00	1,064,392.55	(58,589,449.00)	(42,960,426.00)	(15,629,023.00)	Def Outflow
	PUF Bonds 2008A	185,080,000.00	1,052,516.08	(57,674,868.00)	(40,893,640.00)	(16,781,228.00)	Def Outflow
	RFS Bonds 2007B	164,490,000.00	454,291.72	(45,039,149.00)	(36,050,047.80)	(8,989,101.20)	Def Outflow
	RFS Bonds 2007B	164,490,000.00	454,291.72	(45,039,149.00)	(35,928,536.00)	(9,110,613.00)	Def Outflow
	RFS Bonds 2008B	123,950,000.00	352,140.26	(35,231,561.00)	(28,393,419.91)	(6,838,141.09)	Def Outflow
	RFS Bonds 2008B	123,950,000.00	352,139.92	(35,231,561.00)	(28,366,675.00)	(6,864,886.00)	Def Outflow
	RFS Bonds 2008B	260,635,000.00	678,342.46	(61,919,326.00)	(49,020,156.49)	(12,899,169.51)	Def Outflow
		<u>1,207,675,000.00</u>	<u>4,408,114.71</u>	<u>(338,725,063.00)</u>	<u>(261,612,901.20)</u>	<u>(77,112,161.80)</u>	
Investment Derivatives-Asset Positions	RFS Bonds 2008B	90,270,000.00	(25,970.85)	4,530,208.00	7,124,856.00	(2,594,648.00)	Decr. in Fair Value of Inv
	RFS Bonds 2008B	92,045,000.00	(22,414.77)	2,644,609.00	4,677,204.00	(2,032,595.00)	Decr. in Fair Value of Inv
	RFS Bonds 2008B	117,190,000.00	(34,114.07)	5,510,729.00	9,060,754.00	(3,550,025.00)	Decr. in Fair Value of Inv
	PUF Bonds 2008A	185,080,000.00	(51,810.23)	4,431,780.00	6,534,701.41	(2,102,921.41)	Decr. in Fair Value of Inv
			<u>484,585,000.00</u>	<u>(134,309.92)</u>	<u>17,117,326.00</u>	<u>27,397,515.41</u>	<u>(10,280,189.41)</u>
Investment Derivatives-Liability Positions	PUF Bonds 2006B	284,065,000.00	15,408.12	(1,265,221.00)	(17,012.53)	(1,248,208.47)	Decr. in Fair Value of Inv
	RFS Bonds 2016G	250,000,000.00	-	(22,393,341.00)	-	(22,393,341.00)	Decr. in Fair Value of Inv
			<u>534,065,000.00</u>	<u>15,408.12</u>	<u>(23,658,562.00)</u>	<u>(17,012.53)</u>	<u>(23,641,549.47)</u>
TOTAL		<u>\$2,226,325,000.00</u>	<u>4,289,212.91</u>	<u>(345,266,299.00)</u>	<u>(234,232,398.32)</u>	<u>(111,033,900.68)</u>	

*As a result of the implementation of GASB Statement No. 72, \$4,040,445.88 of the change in fair value of investment derivatives was included as a restatement to beginning net position to reflect nonperformance risk in the fair value of interest rate swaps as of August 31, 2015.

The following is the fair market value of the swap agreements in effect at August 31, 2015 based on the zero-coupon method and the classification of change in fair value from the previous fiscal year:

Interest Rate Swaps by type	Hedgeable Item	Current Notional	Accrued Interest (through 8/31/15)	Fair Value as of 8/31/15	Fair Value as of 8/31/14	Change in Fair Value 8/31/14 - 8/31/15	Change in Fair Value Recorded as
Hedging Derivative Liabilities	PUF Bonds 2008A	\$187,875,000.00	1,154,324.59	(42,960,426.00)	(31,915,020.00)	(11,045,406.00)	Def Outflow
	PUF Bonds 2008A	187,875,000.00	1,142,269.28	(40,893,640.00)	(30,418,400.00)	(10,475,240.00)	Def Outflow
	RFS Bonds 2007B	165,115,000.00	486,024.92	(36,050,047.80)	(29,314,820.79)	(6,735,227.01)	Def Outflow
	RFS Bonds 2007B	165,115,000.00	486,024.92	(35,928,536.00)	(28,916,528.60)	(7,012,007.40)	Def Outflow
	RFS Bonds 2008B	128,810,000.00	388,676.83	(28,393,419.91)	(23,527,616.53)	(4,865,803.38)	Def Outflow
	RFS Bonds 2008B	128,810,000.00	388,676.83	(28,366,675.00)	(23,413,172.00)	(4,953,503.00)	Def Outflow
	RFS Bonds 2008B	279,170,000.00	780,279.72	(49,020,156.49)	(40,392,920.27)	(8,627,236.22)	Def Outflow
		<u>1,242,770,000.00</u>	<u>4,826,277.09</u>	<u>(261,612,901.20)</u>	<u>(207,898,478.19)</u>	<u>(53,714,423.01)</u>	
Investment Derivatives-Asset Positions	RFS Bonds 2008B	90,270,000.00	(23,271.04)	7,124,856.00	5,958,830.00	1,166,026.00	Incr. in Fair Value of Inv
	RFS Bonds 2008B	92,045,000.00	(22,124.74)	4,677,204.00	3,631,452.00	1,045,752.00	Incr. in Fair Value of Inv
	RFS Bonds 2008B	117,190,000.00	(30,367.93)	9,060,754.00	7,842,776.00	1,217,978.00	Incr. in Fair Value of Inv
	PUF Bonds 2008A	187,875,000.00	(75,250.88)	6,534,701.41	3,727,278.97	2,807,422.44	Incr. in Fair Value of Inv
		<u>487,380,000.00</u>	<u>(151,014.59)</u>	<u>27,397,515.41</u>	<u>21,160,336.97</u>	<u>6,237,178.44</u>	
Investment Derivatives-Liability Positions	PUF Bonds 2006B	284,065,000.00	(33,894.72)	(17,012.53)	(4,195,284.80)	4,178,272.27	Incr. in Fair Value of Inv
	PUF Bonds 2008A	-	-	-	(354,858.04)	354,858.04	Incr. in Fair Value of Inv
		<u>284,065,000.00</u>	<u>(33,894.72)</u>	<u>(17,012.53)</u>	<u>(4,550,142.84)</u>	<u>4,533,130.31</u>	
TOTAL		<u>\$2,014,215,000.00</u>	<u>4,641,367.78</u>	<u>(234,232,398.32)</u>	<u>(191,288,284.06)</u>	<u>(42,944,114.26)</u>	

Derivative Instrument Objectives

Interest Rate Swaps - by type	Hedgeable Item	Current Notional	Objective	Effective at 8/31/16?	Evaluation for Effectiveness
Hedging Derivative Liabilities	PUF Bonds 2008A	\$185,080,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	PUF Bonds 2008A	185,080,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	164,490,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	164,490,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	123,950,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	123,950,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	260,635,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
Investment Derivatives	PUF Bonds 2006B	284,065,000.00	Manage changes in cash flows on Series 2006B bonds	N/A	N/A
	PUF Bonds 2008A	185,080,000.00	Manage changes in cash flows on Series 2008A bonds	N/A	N/A
	RFS Bonds 2008B	90,270,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	92,045,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	117,190,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2016G	250,000,000.00	Manage changes in cash flows on Series 2016G bonds	N/A	N/A
TOTAL		<u>\$2,226,325,000.00</u>			

Derivative Instrument Objectives

Interest Rate Swaps - by type	Hedgeable Item	Current Notional	Objective	Effective at 8/31/15?	Evaluation for Effectiveness
Hedging Derivative Liabilities	PUF Bonds 2008A	\$187,875,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	PUF Bonds 2008A	187,875,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	165,115,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	165,115,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	128,810,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	128,810,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	279,170,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
Investment Derivatives	PUF Bonds 2006B	284,065,000.00	Manage changes in cash flows on Series 2006B bonds	N/A	N/A
	PUF Bonds 2008A	187,875,000.00	Manage changes in cash flows on Series 2008A bonds	N/A	N/A
	RFS Bonds 2008B	90,270,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	92,045,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	117,190,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
TOTAL		<u>\$2,014,215,000.00</u>			

No derivative instruments were reclassified from a hedging derivative instrument to an investment derivative instrument in 2016 or 2015. The fair value of interest rate swaps reported as investment derivatives-asset positions of \$17,117,326.00 and \$27,397,515.41 as of August 31, 2016 and 2015, respectively, is included on the consolidated statement of net position as noncurrent unrestricted investments and in the summary of investments in Note 6. The fair value of interest rate swaps reported as investment derivatives-liability positions of \$23,658,562.00 and \$17,012.53 as of August 31, 2016 and 2015, respectively, are included on the consolidated statement of net position as investment derivatives-liability positions. The change in fair value of interest rate swaps reported as investment derivatives are included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position. For the year ending August 31, 2015, the change in fair value of interest rate swaps reported as investment derivatives was an increase in the amount of \$10,770,308.75. For the year ending August 31, 2016, the fair value of interest rate swaps reported as investment derivatives decreased \$33,921,738.88; \$29,881,293.00 of that decrease was related to the change in fair value for fiscal year 2016 and was reported as net decrease in fair value of investments on the consolidated statement of revenues, expenses and changes in net position, and \$4,040,445.88 of that decrease was reported as an adjustment to beginning net position to reflect nonperformance risk in the fair value of interest rate swaps as of August 31, 2015.

Hedging Derivative Instrument and Investment Derivative Risks

Credit Risk: The System is exposed to credit risk if the counterparty to an interest rate swap fails to meet the terms and obligations of its contracts. Contracts with a positive fair value expose the System to credit risk. The System faces a maximum possible loss equivalent to the amount of the swap contract's fair value, less any collateral held by the System provided by the counterparty. Contracts with a negative fair value do not expose the System to credit risk. All of the counterparties associated with swap contracts with the System are creditworthy financial institutions. Additionally, each of the System's swap counterparties has agreed to provide collateral to the System to the extent the positive fair value exceeds certain threshold amounts. Should a counterparty fail to meet its contractual agreements, or if the System's credit rating falls below investment grade (Baa2 by Moody's or BBB by S&P), the System could be required to pay or receive a substantial termination payment. As of August 31, 2016, the System's credit ratings were Aaa by Moody's and AAA by S&P. The System does not have to post collateral due to changes in fair value of its swap agreements unless the System does not have a credit rating or the System commits a specified event of default and the event of default is continuing. As of August 31, 2016, the maximum loss due to credit risk was \$17,117,326.00. It is the System's policy to require counterparty collateral posting provisions in its non-exchange-traded derivative instruments. These terms require collateralization of the aggregate fair value of derivative instruments in asset positions, net of the effect of applicable threshold amounts based on each counterparty's credit rating. Collateral posted is in the form of cash, U.S. Treasury or U.S. agency securities held directly by the System or by a third-party custodian approved by the System. The System has not entered into master netting arrangements.

Interest Rate Risk: Interest rate risk involves the risk that the value of the System's interest rate swaps will fluctuate because of changes in interest rates. The value of interest rate swap agreements with a longer weighted average maturity tend to be more sensitive to changing interest rates, and therefore, more volatile than those with shorter maturities.

Basis Risk: The System is exposed to basis risk when the variable rate received under an interest rate swap does not match the variable rate paid on hedged bonds. The interest rate on the System's variable rate bonds is a tax-exempt interest rate based on the System's credit ratings. The variable receipt on the System's interest rate swaps is based on either a tax-exempt index (SIFMA) or a taxable index (LIBOR). Tax-exempt interest rates can change without a corresponding change in taxable interest rates due to factors affecting the tax-exempt market that do not have a similar effect on the taxable market.

Termination Risk: Termination risk is the risk that the swap may be terminated prior to its scheduled maturity date as a result of certain specified events. None of the System's interest rate swaps are subject to automatic early termination. The System is subject to termination risk if the System's credit rating falls below investment grade (Baa2 by Moody's or BBB by S&P), or if the System commits a specified event of default or other specified event of termination. As of August 31, 2016, the System's credit ratings were Aaa by Moody's and AAA by S&P. The System has the right to optionally terminate any of its swaps at any time. At termination, if the fair value of the swap is negative, the System would be liable to pay a termination payment to the appropriate counterparty in the amount of the swap's fair value. If the fair value of the swap is positive at termination, the counterparty would owe a termination payment to the System in the amount of the swap's fair value.

Rollover Risk: Rollover risk is the risk caused by a mismatch between the amortization of a derivative contract and the underlying hedged bonds. The System is not exposed to rollover risk by exactly matching the notional amounts and amortization schedules of its swap contracts with the principal amounts and amortization schedules of the associated hedged bonds.

Market Access Risk: Each swap associated with underlying variable rate debt that is subject to tender at the option of the bondholder is subject to market access risk. In the event the System is unable to remarket its variable rate bonds, the System may choose to refund the variable rate bonds with fixed-rate bonds and optionally terminate the related interest rate swap agreements. Should an early termination event occur, the System could be required to pay or to receive a substantial termination payment. As of August 31, 2016, the System had market risk associated with \$1,207,675,000.00 aggregate notional amount of pay-fixed, receive-variable interest rate swaps used to hedge interest rate risk on variable rate bonds subject to tender. As of August 31, 2016, the System's variable rate bonds carried the highest short term ratings from Moody's and S&P of VMIG1 and A-1+, respectively.

Swap Scheduled Payments

The following tables reflect the scheduled payments on the swap agreements which differ from the presentation in the projected bond debt service requirements table for the related demand bonds. The debt service requirements reflect the entire outstanding balance of the demand bonds in 2017 because the bonds are supported by internal liquidity.

As of August 31, 2016

Fiscal Year	Associated Variable Rate Bonds		Pay-Fixed Receive-Variable Interest Rate Swaps ³	Total
	Principal ¹	Interest ²	Swaps ³	
2017	\$ 26,175,000.00	6,693,617.50	38,452,015.70	71,320,633.20
2018	27,140,000.00	6,549,235.50	37,623,383.99	71,312,619.49
2019	28,155,000.00	6,399,530.50	36,763,824.10	71,318,354.60
2020	27,065,000.00	6,244,227.00	35,871,853.55	69,181,080.55
2021	28,055,000.00	6,094,902.00	35,016,706.98	69,166,608.98
2022-2026	252,080,000.00	26,997,483.50	155,091,400.35	434,168,883.85
2027-2031	302,680,000.00	19,367,892.00	111,129,797.31	433,177,689.31
2032-2036	305,815,000.00	11,068,016.00	63,137,729.30	380,020,745.30
2037-2041	210,510,000.00	1,829,989.50	10,259,990.16	222,599,979.66

¹Reflects scheduled principal and interest payments of Revenue Financing System Refunding Bonds, Series 2007B, Revenue Financing System Bonds, Series 2008B, and Permanent University Fund Bonds, Series 2008A to be optionally or mandatorily redeemed in the fiscal years reflected.

²Annual debt service requirements are computed using the System's interest rates in effect on August 31, 2016 on its Series 2008A Bonds, Series 2007B Bonds, and Series 2008B Bonds.

³Reflects net payments on pay-fixed, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2016 and applied on the respective notional amounts of the swaps through their respective termination dates.

As of August 31, 2016

Fiscal Year	Associated Variable Rate Bonds		Pay-Variable Receive-Variable Interest Rate Swaps ³	Total
	Principal ¹	Interest ²	Swaps ³	
2017	\$ 2,897,500.00	2,674,471.00	(1,202,709.68)	4,369,261.32
2018	3,002,500.00	2,658,389.75	(1,196,597.09)	4,464,292.66
2019	3,110,000.00	2,641,725.75	(1,190,262.99)	4,561,462.76
2020	3,225,000.00	2,624,465.25	(1,183,702.10)	4,665,763.15
2021	3,340,000.00	2,606,566.50	(1,176,898.61)	4,769,667.89
2022-2026	18,620,000.00	12,740,832.50	(5,773,501.22)	25,587,331.28
2027-2031	136,160,000.00	10,877,416.75	(5,009,648.94)	142,027,767.81
2032-2036	176,817,500.00	7,098,404.50	(3,242,184.31)	180,673,720.19
2037-2041	137,412,500.00	1,219,763.50	(549,728.40)	138,082,535.10

¹Principal and interest requirements on Permanent University Fund Bonds, Series 2008A and a portion of the outstanding Revenue Financing System Bonds, Series 2008B are reflected in both tables above as the Series 2008A bonds and a portion of the Series 2008B bonds have associated pay-fixed, receive-variable and pay-variable, receive-variable interest rate swaps that modify the System's interest rate exposure on the related Series 2008A bonds and Series 2008B bonds, respectively.

²Annual debt service requirements are computed using the System's interest rates in effect on August 31, 2016 on its Series 2008A bonds and a portion of its Series 2008B Bonds.

³Reflects net payments on pay-variable, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2016 and applied on the respective notional amounts of the swaps through their respective termination dates.

As of August 31, 2016

Fiscal Year	Associated Fixed Rate Bonds		Pay-Variable Receive-Variable Interest Rate Swaps ²	Total
	Principal ¹	Interest ¹	Swaps ²	
2017	\$ -	14,851,562.50	379,059.81	15,230,622.31
2018	-	14,851,562.50	379,059.81	15,230,622.31
2019	-	14,851,562.50	379,059.81	15,230,622.31
2020	24,740,000.00	14,851,562.50	379,059.81	39,970,622.31
2021	25,980,000.00	13,614,562.50	346,046.45	39,940,608.95
2022-2026	82,740,000.00	51,471,262.50	1,308,264.44	135,519,526.94
2027-2031	104,045,000.00	28,795,200.00	731,898.43	133,572,098.43
2032-2036	46,560,000.00	8,586,637.50	218,249.78	55,364,887.28

¹Reflects scheduled principal and interest payments of Permanent University Fund Bonds, Series 2006B.

²Reflects net payments on pay-variable, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2016 and applied on the respective notional amounts of the swaps through its respective termination dates.

As of August 31, 2015

Fiscal Year	Associated Variable Rate Bonds		Pay-Fixed Receive-Variable Interest Rate	Total
	Principal ¹	Interest ²	Swaps ³	
2016	\$ 35,095,000.00	124,277.00	46,268,469.43	81,487,746.43
2017	26,175,000.00	120,767.50	44,973,460.70	71,269,228.20
2018	27,140,000.00	118,150.00	44,003,483.99	71,261,633.99
2019	28,155,000.00	115,436.00	42,997,368.10	71,267,804.10
2020	27,065,000.00	112,620.50	41,953,360.55	69,130,981.05
2021-2025	229,775,000.00	509,805.00	189,952,621.78	420,237,426.78
2026-2030	290,565,000.00	378,432.00	140,873,171.07	431,816,603.07
2031-2035	273,055,000.00	227,244.00	84,174,842.63	357,457,086.63
2036-2040	305,745,000.00	63,716.50	23,311,653.62	329,120,370.12

¹Reflects scheduled principal and interest payments of Revenue Financing System Refunding Bonds, Series 2007B, Revenue Financing System Bonds, Series 2008B, and Permanent University Fund Bonds, Series 2008A to be optionally or mandatorily redeemed in the fiscal years reflected.

²Annual debt service requirements are computed using the System's interest rates in effect on August 31, 2015 on its Series 2008A Bonds, Series 2007B Bonds, and Series 2008B Bonds.

³Reflects net payments on pay-fixed, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2015 and applied on the respective notional amounts of the swaps through their respective termination dates.

As of August 31, 2015

Fiscal Year	Associated Variable Rate Bonds		Pay-Variable Receive-Variable Interest Rate	Total
	Principal ¹	Interest ²	Swaps ³	
2016	\$ 2,795,000.00	48,738.00	(1,351,427.39)	1,492,310.61
2017	2,897,500.00	48,458.50	(1,344,593.37)	1,601,365.13
2018	3,002,500.00	48,168.75	(1,337,508.72)	1,713,160.03
2019	3,110,000.00	47,868.50	(1,330,167.35)	1,827,701.15
2020	3,225,000.00	47,557.50	(1,322,563.12)	1,949,994.38
2021-2025	17,965,000.00	232,710.25	(6,488,672.39)	11,709,037.86
2026-2030	113,522,500.00	208,476.75	(5,840,025.39)	107,890,951.36
2031-2035	142,855,000.00	142,809.50	(3,975,912.14)	139,021,897.36
2036-2040	198,007,500.00	41,913.00	(1,143,501.09)	196,905,911.91

¹Principal and interest requirements on Permanent University Fund Bonds, Series 2008A and a portion of the outstanding Revenue Financing System Bonds, Series 2008B are reflected in both tables above as the Series 2008A bonds and a portion of the Series 2008B bonds have associated pay-fixed, receive-variable and pay-variable, receive-variable interest rate swaps that modify the System's interest rate exposure on the related Series 2008A bonds and Series 2008B bonds, respectively.

²Annual debt service requirements are computed using the System's interest rates in effect on August 31, 2015 on its Series 2008A bonds and a portion of its Series 2008B Bonds.

³Reflects net payments on pay-variable, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2015 and applied on the respective notional amounts of the swaps through their respective termination dates.

As of August 31, 2015

Fiscal Year	Associated Fixed Rate Bonds		Pay-Variable Receive-Variable Interest Rate	Total
	Principal ¹	Interest ¹	Swaps ²	
2016	\$ -	14,851,562.50	(404,619.91)	14,446,942.59
2017	-	14,851,562.50	(404,619.91)	14,446,942.59
2018	-	14,851,562.50	(404,619.91)	14,446,942.59
2019	-	14,851,562.50	(404,619.91)	14,446,942.59
2020	24,740,000.00	14,851,562.50	(404,619.91)	39,186,942.59
2021-2025	78,975,000.00	55,617,450.00	(1,508,972.41)	133,083,477.59
2026-2030	133,790,000.00	35,819,175.00	(971,819.94)	168,637,355.06
2031-2035	46,560,000.00	11,031,037.50	(299,286.12)	57,291,751.38

¹Reflects scheduled principal and interest payments of Permanent University Fund Bonds, Series 2006B.

²Reflects net payments on pay-variable, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2015 and applied on the respective notional amounts of the swaps through its respective termination dates.

14. Stewardship, Compliance and Accountability

The System had no significant violations of bond or note covenants. Per State law, the System cannot spend amounts in excess of appropriations granted by the Texas Legislature. There are no deficits reported in net position.

15. Risk Management and Related Insurance

The System has eight funded self-insurance plans providing coverage in the following areas: employee health and dental, unemployment compensation, workers' compensation, professional medical liability, property protection, directors and officers/employment practices liability, construction contractor insurance, and automobile, property and liability.

EMPLOYEE AND RETIREE INSURANCE BENEFITS

The U. T. System Employee Benefits program provides health insurance, dental insurance, vision insurance, life insurance, accidental death and dismemberment (AD&D), long-term disability, short-term disability, and flexible spending account coverage to all benefits-eligible employees and retirees of the System and its fourteen institutions. These insurance benefits are provided through both self-funded and fully-insured arrangements. A portion of the System's cost of providing group health and basic life insurance coverage is paid by the State as specified in the General Appropriations Act. The System's Office of Employee Benefits (OEB) is responsible for the overall administration of the insurance plans. OEB was established by Chapter 1601 of the *Texas Insurance Code* and complies with State laws and statutes pertinent to employee benefits for the System.

Effective January 1, 2006, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries under Medicare Part D. Medicare Part D provides sponsors of postemployment healthcare plans with a subsidy of up to 28 percent of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The System recognized \$11,621,417.52 and \$10,735,936.98 of Medicare Part D payments from the federal government in 2016 and 2015, respectively.

UNEMPLOYMENT COMPENSATION INSURANCE

The General Appropriations Act requires the System to reimburse the Texas Workforce Commission (TWC) for 50% of the unemployment benefits paid to qualified former employees paid from general revenue funds and 100% of the unemployment benefits paid from local funds.

WORKERS' COMPENSATION INSURANCE

The Workers' Compensation Insurance (WCI) program provides coverage to all employees of the System and its fourteen institutions. Under the oversight of the System's Office of Risk Management (ORM), the System self-insures and administers the systemwide program through the use of a third party administrator. The coverage provides income and medical benefits to all employees who have sustained compensable job-related injuries or occupational diseases. The program's statutory authority is embodied in Chapter 503 of the *Texas Labor Code*.

PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

The coverage provided under the Professional Medical Liability Benefit Plan (the "Plan") is on an occurrence basis; thus, a participant is covered by the Plan for claims and lawsuits relating to events that occurred while enrolled in the Plan, including those filed after the participant has left the System's employment or training. The Plan covers all of the System staff physicians, dentists, residents, fellows, and medical and dental students who have been enrolled. The limits of liability of the Plan include an annual policy aggregate of \$30 million, an annual aggregate of \$1.5 million for each staff physician (\$500,000 per claim), an annual aggregate of \$300,000 for each resident or fellow (\$100,000 per claim) and a \$75,000 annual aggregate for each medical and dental student (\$25,000 per claim). Additional coverage is available outside of Texas and for approved international activities. Liability is limited to \$2 million per claim, regardless of the number of claimants or plan participants involved in an incident.

The limits of liability are prescribed by law as \$100,000 per health care liability claim per physician determined to be a public servant. U. T. institutions are covered under the Plan for actions that could have been brought against an individual plan participant. The liability of a U. T. institution is limited by law to \$250,000 per claimant and \$500,000 per occurrence for bodily injury or death.

COMPREHENSIVE PROPERTY PROTECTION PROGRAM

The Comprehensive Property Protection Plan (CPPP) uses a combination of interim financing and commercial insurance to provide Fire and All Other Perils (Fire and AOP) coverage, as well as coverage for Named Windstorm and Flood (Wind and Flood). All coverage is subject to the terms, exclusions, limits and conditions of the Insurance Policies. The Fire and AOP program provides a \$1.3 billion per occurrence limit for most perils, with sub-limits that do apply. The System participates in a seven percent (7%) quota share of the \$75 million layer excess of the \$25 million layer of commercial insurance coverage. Deductibles for Fire and AOP are \$5 million per occurrence with a \$15 million annual aggregate limit. The commercial insurance coverage for Named Windstorm and resulting perils provides a \$250 million per occurrence limit with the System participating in a seven percent (7%) quota share of the \$75 million layer excess of the \$25 million layer. Deductibles for Wind and Flood are \$100 million per occurrence for U. T. Medical Branch - Galveston (locations in Galveston only), and \$50 million per occurrence for U. T. Health Science Center - Houston (locations in Texas Medical Center only) and M. D. Anderson (locations in Texas Medical Center Only). Named Windstorm coverage is provided for other locations with a lower deductible.

In addition, primary policies are purchased on certain flood and wind exposed properties. These policies provide underlying limits (up to \$4.4 million per building/contents for wind and \$1 million maximum building/contents for flood) and are purchased through the Texas Windstorm Insurance Association (TWIA) and the National Flood Insurance Program (NFIP) for facilities in Tier 1 seacoast territories and for properties located in various flood zones. U. T. Medical Branch - Galveston also purchased a \$50 million Named Windstorm policy to reduce the \$100 million Wind and Flood deductible for locations in Galveston only. The interim financing component of the program participates in losses resulting from physical damage that exceeds the coverage available under these primary policies and the institution's deductible. The interim financing for the Wind and Flood program is funded by annual contributions made by each institution in addition to the payment of insurance premiums.

DIRECTORS AND OFFICERS/EMPLOYMENT PRACTICES LIABILITY PLAN AND CYBER LIABILITY PROGRAM

The Directors and Officers Liability (D&O) and Employment Practices Liability (EPL) Plan (the "Plan") provides coverage for claims arising from actual or alleged wrongful acts performed by the plan beneficiaries. The Plan also provides coverage for EPL claims, such as wrongful termination, failure to promote, and wrongful discipline.

Coverage applies to individual board members, employees, faculty, etc., as well as to the System itself. The limit of liability is a \$10 million annual aggregate (Coverages A, B and C combined), except for \$5 million annual aggregate sublimit for Coverage C. Coverage A applies to non-indemnifiable claims made against individuals and it has no deductible. Coverage B applies to a U. T. institution that is required to indemnify a covered individual with deductibles of \$100,000 per individual and \$300,000 per occurrence. Coverage C applies to a U. T. institution and related entities with a \$300,000 deductible. An excess coverage commercial insurance policy provides \$10 million limit of liability in excess of a \$5 million aggregate retention which is satisfied by payment of losses under the Plan.

The Cyber Liability Program, inception September 15, 2015, provides coverage for claims arising from the following causes of loss: media liability, network security liability, privacy liability, regulatory liability, loss of digital assets, network asset protection, and Payment Card Industry Data Security Standard (PCI-DSS). The limit of liability on the commercial insurance policy is a \$50 million annual aggregate, except for \$25 million annual aggregate sublimit for PCI-DSS coverage. Each coverage is subject to a \$2.5 million retention.

ROLLING OWNER CONTROLLED INSURANCE PROGRAM

The Rolling Owner Controlled Insurance Program (ROCIP) was established for the centralized purchase of construction contractor insurance on various capital projects. This program provides workers' compensation, employers' liability and general liability insurance coverage for all contractors enrolled on projects participating in the program. Each coverage carries a \$250,000 per occurrence deductible with a maximum \$375,000 per occurrence clash deductible, if more than one coverage is triggered by the same occurrence. Deductibles are paid through the program's self-insurance fund.

AUTOMOBILE, PROPERTY & LIABILITY PLAN

The Automobile, Property & Liability Plan provides automobile liability and physical damage coverage for owned, leased, hired, and non-owned (excess liability only) vehicles, along with general liability coverage for certain scheduled exposures. All coverages are subject to a self-insured retention of \$50,000 for liability claims and \$25,000 for physical damage claims, subject to an aggregate stop loss deductible per policy term.

INCURRED BUT NOT REPORTED SELF-INSURANCE CLAIMS

Insurance claims that were Incurred But Not Reported (IBNR) were actuarially determined for the employee's health and dental, workers' compensation, professional medical liability, directors and officers/employment practices liability and cyber liability program, rolling owner controlled, and automobile, property and liability self-insurance plans. IBNR figures for the workers' compensation, professional medical liability, directors and officers/employment practices liability and cyber liability program, rolling owner controlled, and automobile, property and liability self-insurance plans include liabilities for unpaid reported claims and are reported on an undiscounted basis. The IBNR liability for the property protection self-insurance plan is not actuarially determined but estimated based on unpaid reported claims. Since an annual accrual is recorded for the third quarter TWC billing, no IBNR liability is recorded for Unemployment Compensation Insurance. No settlements exceeded insurance coverage in the past three fiscal years.

Since the responsibility for processing all claims for self-funded employee health and dental benefits has been fully delegated to third parties, the IBNR claims liability for those benefits does not include a provision for unallocated loss adjustment expenses (ULAE). However, it does include a provision of 5% of the projected incurred but unpaid claims for the administrative expenses associated with processing those claims. The IBNR claims liability for the workers' compensation, professional medical liability, directors and officers/employment practices liability and cyber liability program, rolling owner controlled, and automobile, property and liability self-insurance plans includes a related accrual for allocated loss adjustment expenses (ALAE), which are the claim-specific defense and settlement costs associated with the ultimate settlement of those claims. They do not include a provision for ULAE, which are general administrative expenses associated with claims settlement, but are not specifically attributable to individual claims.

Changes in the System's claims liabilities for the various self-insurance plans during fiscal years 2016 and 2015 were as follows:

<u>Fiscal Year 2016</u>		Current Year		
Plan	IBNR Liability 09/01/15	Claims and Changes in Estimates	Claims Payments	IBNR Liability 08/31/16
Employee Health and Dental	\$ 87,800,000.00	1,136,305,186.31	(1,129,505,186.31)	94,600,000.00
Workers' Compensation	7,711,000.00	3,068,566.84	(3,188,566.84)	7,591,000.00
Professional Medical Liability	16,114,153.00	5,717,066.07	(3,831,189.07)	18,000,030.00
Property Protection – Fire & AOP	1,365,000.00	3,758,964.76	(8,964.76)	5,115,000.00
Directors and Officers/EPL/Cyber	1,085,485.00	1,447,276.00	-	2,532,761.00
ROCIP	5,446,194.00	1,506,094.55	(2,416,942.55)	4,535,346.00
Automobile, Property & Liability	269,492.00	377,215.26	(529,841.26)	116,866.00
TOTAL	\$ 119,791,324.00	1,152,180,369.79	(1,139,480,690.79)	132,491,003.00

<u>Fiscal Year 2015</u>		Current Year		
Plan	IBNR Liability 09/01/14	Claims and Changes in Estimates	Claims Payments	IBNR Liability 08/31/15
Employee Health and Dental	\$ 74,000,000.00	1,050,718,116.90	(1,036,918,116.90)	87,800,000.00
Workers' Compensation	8,216,000.00	3,095,000.52	(3,600,000.52)	7,711,000.00
Professional Medical Liability	15,784,597.00	2,111,476.38	(1,781,920.38)	16,114,153.00
Property Protection – Fire & AOP	331,000.00	1,631,182.50	(597,182.50)	1,365,000.00
Directors and Officers/EPL	2,514,978.00	568,294.88	(1,997,787.88)	1,085,485.00
ROCIP	4,996,361.00	4,146,214.46	(3,696,381.46)	5,446,194.00
Automobile, Property & Liability	128,682.00	558,947.99	(418,137.99)	269,492.00
TOTAL	\$ 105,971,618.00	1,062,829,233.63	(1,049,009,527.63)	119,791,324.00

16. Postemployment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health and life insurance benefits for retired employees (OPEB), in accordance with State statutes. Many employees may become eligible for the health and life insurance benefits as a retired employee if they meet certain age and service requirements as defined by the State. Similar benefits for active employees are provided through the same self-funded plan. For the years ended August 31, 2016 and 2015, the State and retiree contribution rates for the self-funded plan per full-time retired employee are shown in the following table. The retiree contributes any premium charged over and above the State contributions.

Level of Coverage	2016		2015	
	Employer	Retiree	Employer	Retiree
Retiree Only	\$ 566.96	-	\$ 527.40	-
Retiree/Spouse	864.17	244.10	803.88	227.07
Retiree/Children	757.12	255.30	704.30	237.49
Retiree/Family	1,056.10	480.71	982.42	447.17

The number of systemwide retired employees who were eligible for these benefits, as well as the premium expense of providing the benefits for the years ended August 31, 2016 and 2015 are provided in the following table.

	2016	2015
Number of Retirees	25,628	24,456
Cost to the State	\$ 65,698,682.38	67,058,551.87
Cost to the System	117,503,603.06	98,369,912.60

PLAN DESCRIPTION AND FUNDING POLICY

OPEB are provided to the System's retirees under the U. T. System Employee Group Insurance Program (EGIP). The EGIP is a single-employer defined benefit OPEB plan. The authority under which the obligations of the plan members and the System are established and may be amended is Chapter 1601, *Texas Insurance Code*.

The System and member contribution rates are determined annually by the System based on the recommendations of the OEB staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred and (i) the funds appropriated and (ii) the funding policy established by the Texas Legislature in connection with benefits provided through the EGIP. The System revises benefits when necessary to match expected benefit and administrative costs with available revenue. The plan is operated on a pay-as-you-go basis.

The OPEB plan described herein is not administered through a trust.

2016 ANNUAL OPEB COST, EMPLOYER CONTRIBUTIONS AND NET OPEB OBLIGATION							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ARC	Interest on Net OPEB Obligation	Adjustment to the ARC	Annual OPEB Cost $\{(1) + (2) - (3)\}$	Employer Contributions	Increase (Decrease) in Net OPEB Obligation $\{(4) - (5)\}$	Net OPEB Obligation at Beginning of Year	Net OPEB Obligation at End of Year $\{(6) + (7)\}$
\$804,984,959	239,098,547	183,813,150	860,270,356	197,815,580	662,454,776	3,984,975,778	4,647,430,554

THREE-YEAR HISTORY OF ANNUAL OPEB COST AND NET OPEB OBLIGATION

(1)	(2)	(3)	(4)	(5)
Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed $\{(3)/(2)\}$	Net OPEB Obligation at End of Year
August 31, 2014	726,386,814	166,516,609	22.9%	3,359,347,883
August 31, 2015	810,956,215	185,328,320	22.9%	3,984,975,778
August 31, 2016	860,270,356	197,815,580	23.0%	4,647,430,554

The OPEB expense (cost) reflected on the Statement of Revenues, Expenses and Changes in Net Position is net of the employer contributions as these costs are reflected as a portion of payroll related costs.

SCHEDULE OF FUNDING PROGRESS OF THE PLAN AS OF DECEMBER 31, 2015

The Schedule of Funding Progress presents information as of the current valuation date and the two preceding valuation dates.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL) {(3) - (2)}	Funded Ratio {(2)/(3)}	Annual Covered Payroll	Ratio of UAAL to Covered Payroll {(4)/(6)}
December 31, 2012	\$-	6,939,197,076	6,939,197,076	0.0%	5,674,297,785	122.3%
December 31, 2014	-	8,274,414,043	8,274,414,043	0.0%	5,842,409,902	141.6%
December 31, 2015	-	8,584,045,126	8,584,045,126	0.0%	5,948,245,136	144.3%

The plan benefit obligations as of December 31, 2013 were determined based on an actuarial roll-forward of the December 31, 2012 valuation results.

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The Schedule of Funding Progress shown above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the projection of benefits for financial reporting purposes *does not* explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the figures include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

The information presented herein was determined as part of the actuarial valuation using the actuarial methods and assumptions summarized below.

Summary of Actuarial Methods and Assumptions	
Actuarial cost method	Entry Age Normal (Level percent of pay)
Asset valuation method	Market
Actuarial assumptions:	
Annual investment return assumption (discount rate) ¹	6.00%
Projected annual salary increases ¹	4.50% to 10.50%
Weighted-average at valuation date ¹	6.33%
Annual Healthcare Trend Rates ¹	7.00% in FYE 2017 Increasing to 8.00% in FYE 2018 and Declining to 5.50% in FYE 2024
Amortization method	Level percent
Amortization period	30 year open period

¹Includes inflation assumption of 3.50%

SIGNIFICANT FACTORS AFFECTING THE COMPARABILITY OF AMOUNTS REPORTED

The following assumptions used in the most recent valuation (as of December 31, 2015) were changed from those used in the prior valuation (as of December 31, 2014):

- the assumed salary increases and rates of mortality, termination, disability and retirement were updated to remain consistent with the assumptions used by the TRS retirement plan actuary. These assumptions were updated by the TRS actuary in fiscal year 2015 to reflect the results of a recent experience study;
- the discount rate was updated to reflect a change in the investment policies of the assets of the employer and to reflect changes in expected returns of the various asset classes that comprise the assets of the employer;
- the Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect claims and expense experience in the 12 months following the date as of which the prior valuation's assumptions were determined;
- the Assumed Per Capita Health Benefit Costs reflect the impact of benefit changes that occurred on September 1, 2016, and will occur on January 1, 2017;
- the Assumed Per Capita Health Benefit Costs reflect the implementation of EGWP plus Wrap prescription drug coverage for Medicare primary participants effective January 1, 2017; and
- the Health Benefit Cost Trend has been updated to reflect changes in short-term expectations of the annual rate of increase of the Assumed Per Capita Health Benefit Costs.

17. Pension Plans

TEACHER RETIREMENT SYSTEM (TRS)

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the System participates is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas. TRS is primarily funded through State and employee contributions. Depending upon the source of funding for a participant's salary, the System may be required to make contributions in lieu of the State.

All System personnel employed in a position on a half time or greater basis for at least 4½ months or more are eligible for membership in the TRS retirement plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began TRS participation on or after September 1, 2007 must be age 60 to retire with unreduced benefits and members who are not vested in TRS on August 31, 2014 must be age 62 to retire with unreduced benefits under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits.

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.

Contributions by employees were 7.2 percent of gross earnings for 2016, 6.7 percent of gross earnings for 2015 and 6.4 percent of gross earnings for 2014. Depending upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 6.8 percent of annual compensation for 2016, 2015 and 2014. The System's actual contributions excluding the State match to TRS previously reported for the years ended August 31, 2016, 2015 and 2014 were \$262,370,366.30, \$244,723,300.51 and \$230,251,024.94, respectively.

The total pension liability is determined by an annual actuarial valuation. The tables below present the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2015 and August 31, 2014 measurement dates.

Summary of Actuarial Methods and Assumptions – TRS Plan	
Actuarial Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal, Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	8.00%
Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increase	3.50% to 9.50% including inflation
Payroll Growth Rate	2.5%
Mortality:	
Active	90% of the RP 2014 Employee Mortality Tables for males and females
Post-Retirement	2015 IRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

Summary of Actuarial Methods and Assumptions – TRS Plan	
Actuarial Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal, Percent of Payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	8.00%
Investment Rate of Return	8.00%
Inflation	3.00%
Salary Increase	4.25% to 7.25% including inflation
Payroll Growth Rate	3.5%
Mortality:	
Active	1994 Group Annuity Mortality Table set back 6 years for males and females
Post-Retirement	Client specific tables multiplied by 80%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2014 and adopted September 2015. There have been changes in inflation, salary increase and mortality assumptions since the prior measurement date. The inflation assumption changed from 3.00% to 2.50%. The salary increase assumption changed from a range of 4.25% to 7.25% to a range of 3.50% to 9.50% including inflation. The mortality assumption changed from the one based on 1994 Group Annuity Mortality Table to the one based on the RP 2014 employee Mortality Tables for the active members. For the retired members, the new 2015 TRS Healthy Pensioner Mortality Tables were used for the mortality assumption.

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

The discount rate of 8.0 percent was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8.0 percent long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of 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 as of the August 31, 2015 and August 31, 2014 measurement dates are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
Stable Value		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
Real Return		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5.1%
Energy and Natural Resources	3%	6.6%
Commodities	0%	1.2%
Risk Parity		
Risk Parity	5%	6.7%
Total	<u>100%</u>	

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

Sensitivity of System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate 2016

1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
\$4,300,417,778.90	\$2,744,693,745.00	\$1,448,872,311.04

Sensitivity of System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate 2015

1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
\$4,114,929,424.44	\$2,302,987,540.82	\$947,992,489.18

The pension plan's fiduciary net position is determined using economic resources measurement focus and the 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. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2015 Comprehensive Annual Financial Report. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in the TRS' annual financial report, which may be obtained from the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701 or found on the TRS website at www.trs.state.tx.us.

As of August 31, 2016 and 2015, respectively, the System reported a liability of \$2,744,693,745.00 and \$2,302,987,540.82 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion as of the August 31, 2015 and 2014 measurements dates was 7.7646311 and 8.6199871 percent, respectively. The 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 periods September 1, 2014 through August 31, 2015 and September 1, 2013 through August 31, 2014. At August 31, 2016 and 2015, respectively, the amount of the net pension liability related to the System reported by the State was \$786,436,008.85 and \$892,687,939.18. The amount reported by the State is related to the on-behalf contributions, which are recognized as State appropriation general revenue on the System's financial statements in the fiscal year that the State contributed the amounts to TRS on the System's behalf.

For the year ending August 31, 2016 and 2015, the System recognized pension expense of \$250,326,393.00 and \$212,894,767.46, respectively. At August 31, 2016 and 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 29,614,976.00	105,481,036.00
Changes of assumptions	124,472,426.00	97,918,651.00
Net difference between projected and actual investment return	148,149,357.00	-
Change in proportion and contribution difference		195,742,921.00
Contributions subsequent to the measurement date	262,370,366.30	-
Total	\$ 564,607,125.30	399,142,608.00

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 35,609,182.16	-
Changes of assumptions	149,666,214.24	-
Net difference between projected and actual investment return	-	703,743,453.54
Change in proportion and contribution difference	-	201,453.01
Contributions subsequent to the measurement date	244,723,300.51	-
Total	\$ 429,998,696.91	703,944,906.55

The \$262,370,366.30 and \$244,723,300.51 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 years ending August 31, 2017 and 2016, respectively.

Amounts reported as deferred outflows and inflows of resources related to pensions as of August 31, 2016 will be recognized in pension expense in the following years:

Fiscal Year	Increase (Reduction) of Pension Expense
2017	(43,382,211.00)
2018	(43,382,211.00)
2019	(43,382,212.00)
2020	132,553,659.00
2021	(38,286,138.00)
Thereafter	(61,026,736.00)
Total	\$ (96,905,849.00)

OPTIONAL RETIREMENT PROGRAM (ORP)

The State has also established an optional defined contribution retirement program for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. ORP is available to certain eligible employees who hold faculty positions and other professional positions including but limited to director-level and above, librarians and coaches. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program. The employee and employer contribution rates are established by the State Legislature each biennium. The State provides an option for a local supplement on top of the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65 percent of annual compensation) and the System (6.6 percent State base rate) for the fiscal years ended August 31, 2016, 2015 and 2014, respectively, are provided in the following table.

	2016	2015	2014
Participant Contributions	\$ 151,888,728.00	145,565,462.00	137,902,022.34
System Contributions	194,126,284.00	191,455,373.00	177,123,849.97
Total	\$ 346,015,012.00	337,020,835.00	315,025,872.31

EMPLOYEES RETIREMENT SYSTEM (ERS)

Certain employees at U. T. Medical Branch - Galveston participate in the Employees Retirement System of Texas. The Board of Trustees of the Employees Retirement System of Texas is the administrator of the ERS, which is considered to be a single employer defined benefit pension plan. ERS covers the eligible System employees who are not covered by the TRS or the ORP. Benefits vest after five years of credited service. Employees may retire at age 60 with five years of service or any combination of age plus years of service that equals 80.

The ERS plan provides a standard monthly benefit in a life annuity at retirement as well as death and disability benefits for members. Additional payment options are available. The benefit and contribution provisions are authorized by State law and may be amended by the Texas Legislature. Contribution requirements are not actuarially determined. The ERS contribution requirement, calculated using entry age normal actuarial cost method, is established through State statute.

The funding policy requires monthly contributions by both the State and employees. For the year beginning September 1, 2015, the required contributions for the State and the employee are each 9.5 percent of pay. For Law Enforcement and Custodial Officers Supplemental Retirement Fund eligible employees, the State and the employee contribution is an additional 0.50 percent of pay, respectively.

The Texas State Comptroller's Office has decided not to allocate ERS pension to proprietary funds due to immateriality, as a result, there is no ERS pension net pension liability reported in the System's financial statements. Additional information can be obtained from the separately issued ERS *Comprehensive Annual Financial Report* which can be obtained from the Employees Retirement System of Texas, 200 East 18th Street, Austin, Texas 78701 or found on the ERS website at www.ers.state.tx.us.

18. Deferred Compensation

DEFERRED COMPENSATION-457(b)

The System employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., Sec. 609.001. The System offers its own deferred compensation plan, created in accordance with Internal Revenue Code Section 457(b). All System employees are eligible to participate in the System's plan, and cannot participate in the plan offered by the state of Texas. All investments, amounts, property, and rights held under the Deferred Compensation Trust Fund are held for the exclusive benefit of participants and beneficiaries at the fair market value of the plan account for each participant in the accounts established by the participants with the System's retirement providers. The System has no liability under the plan.

TAX-SHELTERED ANNUITY-403(b)

The System also administers the UTSAver Tax-Sheltered Annuity Program (TSA), created in accordance with IRC Section 403(b). All employees are eligible to participate. The UTSAver TSA is a private plan, and the deductions, purchased investments and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks or approved non-bank trustees such as mutual fund companies. The assets of this plan do not belong to the System or the State. Therefore, neither the System nor the State has a liability related to this plan.

THE UNIVERSITY OF TEXAS SYSTEM GOVERNMENTAL RETIREMENT ARRANGEMENT (UTGRA)

The University of Texas System Governmental Retirement Arrangement (UTGRA) is a defined contribution pension plan established by the System to provide certain participants in the ORP that portion of their benefits that would otherwise be payable under the ORP except for the \$50,000.00 limit on contributions imposed by Section 415 of the Internal Revenue Code (IRC). At August 31, 2016 and 2015, there were 742 and 689 plan members, respectively. Persons employed by the System prior to September 1, 1996, whose compensation exceeds the limit set by IRC Section 401(a)(17) and whose ORP contribution is limited by the \$52,000.00 cap under IRC Section 415(c), defer 6.65 percent of their excess compensation while the System contributes between 6.58 percent and 8.5 percent depending upon the institution and the date of employment. The System contributed \$3,636,399.94 for the year ended August 31, 2016 and \$3,773,335.65 for the year ended August 31, 2015. The participants contributed \$2,844,948.19 for the year ended August 31, 2016 and \$2,952,080.25 for the year ended August 31, 2015. Plan provisions are established and may be amended at any time by the U. T. System Board of Regents.

Plan assets are valued at fair value and are invested in contracts and accounts in a similar manner to the ORP. Participants are immediately vested in the plan, both for the employee deferrals and the employer contributions. However, deferrals, contributions, purchased investments and earnings attributable to the plan are the property of the System and subject only to the claims of the System's general creditors. Participant's rights under the plan are equal to those of the general creditors of the System in an amount equal to the fair value of the participant's account balance. The System has no liability under the UTGRA that would exceed the aggregate value of the investments, and it is unlikely that any of UTGRA's assets will be used to satisfy the claims of general creditors in the future.

PHYSICIANS REFERRAL SERVICE SUPPLEMENTAL RETIREMENT PLAN (SRP)/RETIREMENT BENEFIT PLAN (RBP)

M. D. Anderson has established, primarily for the physicians of its Physicians Referral Service, the Physicians Referral Service Supplemental Retirement Plan (SRP)/Retirement Benefit Plan (RBP) of the Anderson Hospital (collectively "the SRP/RBP"). The SRP/RBP is a non-qualified plan described by Section 457(f) of the Internal Revenue Code of 1986, as amended. The SRP/RBP is reported on the accrual basis of accounting. Assets of the SRP/RBP remain subject to the claims of the general creditors of M. D. Anderson.

In general, only physicians hired before July 1, 1986, participate in the SRP. The remainder of eligible employees participates in the RBP. Retirement benefits are available to persons who have reached the normal retirement age (55 for the RBP, 65 for the SRP) with five years of service. Early retirement benefits are available under the SRP. Additional information can be obtained from the separately issued financial statements of the SRP/RBP.

19. Commitments and Contingent Liabilities

On August 31, 2016, various lawsuits and claims involving the System were pending. After conferring with legal counsel concerning pending litigation and claims, the System's management believes that the outcome of pending litigation should not have a material adverse effect on the financial statements of the System.

The System continues to implement its \$5.9 billion capital improvement program, planned for fiscal years 2017 through 2022, to upgrade facilities. Contracts have been entered into for the construction and renovation of various facilities. These projects are in various stages of completion.

The System receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. The System believes that the liability, if any, for reimbursement which may arise as the result of audits, would not be material.

Based on the credit support annex agreements with all counterparties, the System does not have to post any collateral for any hedging derivative instruments.

Laws and regulations governing the Medicare and Medicaid programs and certain other third-party programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates of third-party settlements will change by a material amount in the near term. The System's intent is to be in compliance with all applicable laws and regulations, and it is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future review and interpretation. Changes in the Medicare and Medicaid programs and a reduction of funding could have an adverse effect on the System.

In August 2015, The System Audit Office became aware of an issue on U. T. Brownsville's Center for Gravitational Wave Analysis grants. It has been determined that, over a seven-year period, six grants were knowingly overcharged salaries for three faculty members in U. T. Brownsville's Center for Gravitational Wave Analysis. The estimated amount overcharged, including indirect cost, was \$1.6 million. A liability for this amount was recorded in August 2015. In addition, financial support totaling approximately \$355,000.00 was provided to foreign students in violation of a grant agreement. The final review reflected a total of \$1.9 million overcharged to federal grants. This amount was adjusted by \$446,000.00 in 2015, resulting in a net balance due to the funding agencies of \$1.5 million which was paid to the grantors in 2016.

The U.S. Department of Health and Human Services Office of Inspector General has audited physician supplemental payments for the period May 1, 2004 through September 30, 2007 to determine if the Texas Health and Human Services Commission calculated supplemental payments to the System health institutions in accordance with Federal regulations and the State plan. While a draft report has not been issued, the exit conference has been conducted and estimated payments have been provided. As a result, an accrual was recorded for \$57.9 million in 2015. It is unknown at this time when payment will be made.

20. Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2016, the following table represents operating expenses for both natural and functional classifications for the System:

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
Cost of Goods Sold	\$ 1,255,672.02	55,478.96	1,556,932.15	112,488,632.25	508,541.85
Salaries and Wages	2,657,244,307.62	1,166,959,393.67	142,064,064.85	2,477,799,137.67	467,756,372.72
Payroll Related Costs	552,849,981.91	285,671,082.54	33,383,869.55	603,757,097.49	120,294,439.24
Professional Fees and Services	46,891,172.04	81,879,138.40	17,621,845.17	296,618,141.39	20,363,154.69
Other Contracted Services	97,872,337.08	166,717,315.71	35,147,329.06	302,623,909.53	58,683,599.92
Scholarships and Fellowships	9,270,734.88	44,129,014.02	3,662,695.45	4,100.00	4,572,272.19
Travel	34,538,043.45	41,795,075.92	6,697,026.15	14,835,170.78	13,291,194.81
Materials and Supplies	75,934,771.65	204,113,104.79	19,432,157.67	1,239,515,289.68	65,455,623.78
Utilities	(130,350.66)	941,001.80	251,049.94	7,788,878.18	1,159,408.65
Communications	23,285,164.07	6,163,307.88	2,618,233.45	17,135,895.21	8,081,011.42
Repairs and Maintenance	7,154,940.12	17,141,095.89	1,209,865.72	125,767,835.08	7,382,032.14
Rentals and Leases	13,178,506.11	6,359,906.12	5,400,305.71	76,197,476.98	7,566,698.70
Printing and Reproduction	6,109,126.04	5,333,607.35	2,791,120.82	5,201,766.70	3,602,374.88
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Claims and Losses	-	-	-	-	-
Increase in Net OPEB Obligation	-	-	-	-	-
Pension Expense	81,596,888.45	38,521,637.88	4,859,364.96	76,422,480.79	14,165,353.08
Other Operating Expenses	59,155,967.02	106,553,838.22	27,530,599.03	90,253,918.23	43,857,585.15
Federal Sponsored Pass-through to State Agencies	900,706.27	5,235,582.64	1,507,121.89	-	-
State Sponsored Pass-through to State Agencies	28,698.60	163,460.09	409,929.35	-	9,230,625.00
Total Operating Expenses	\$ 3,667,136,666.67	2,177,733,041.88	306,143,510.92	5,446,409,729.96	845,970,288.22

<u>Student Services</u>	<u>Institutional Support</u>	<u>Operations and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation and Amortization</u>	<u>Total Expenses</u>
15,548.55	1,097,648.84	103,642.40	(22,816.63)	27,072,775.56	-	144,132,055.95
117,805,007.00	481,515,297.21	223,798,439.62	16,138,835.83	208,405,588.00	-	7,959,486,444.19
31,164,491.16	73,500,622.58	64,247,653.01	1,609,511.76	46,143,314.20	-	1,812,622,063.44
7,189,559.81	47,869,689.01	16,853,313.51	284,321.38	12,198,971.62	-	547,769,307.02
40,046,393.53	47,686,688.70	46,693,724.15	589,005.60	90,624,680.17	-	886,684,983.45
2,500,663.88	1,234,817.71	22,937.20	351,428,983.31	11,683,011.70	-	428,509,230.34
3,768,744.59	8,157,027.38	899,620.61	650,101.69	23,529,076.47	-	148,161,081.85
18,601,583.52	37,382,571.25	54,505,396.35	1,120,210.41	45,593,507.95	-	1,761,654,217.05
31,073.10	2,728,057.26	224,172,358.28	134,550.43	33,318,870.35	-	270,394,897.33
1,837,826.04	25,803,245.49	4,101,944.06	43,552.81	11,041,187.60	-	100,111,368.03
2,484,942.31	43,248,922.20	90,895,198.11	133,909.25	21,704,533.41	-	317,123,274.23
4,125,755.42	16,227,439.60	21,370,466.61	703,945.11	10,769,156.01	-	161,899,656.37
3,120,620.90	5,754,923.71	196,379.52	41,620.09	4,893,362.53	-	37,044,902.54
-	-	-	-	-	1,307,689,225.74	1,307,689,225.74
3,749,469.37	17,335,255.07	-	-	-	-	21,084,724.44
-	18,939,130.63	-	-	-	-	18,939,130.63
-	662,454,776.00	-	-	-	-	662,454,776.00
3,863,920.34	15,844,750.34	7,476,176.97	548,489.84	7,027,330.35	-	250,326,393.00
20,070,773.60	45,557,847.43	8,681,492.44	3,240,614.77	38,440,451.31	-	443,343,087.20
-	-	-	-	-	-	7,643,410.80
-	1,005,266.30	-	-	-	-	10,837,979.34
<u>260,376,373.12</u>	<u>1,553,343,976.71</u>	<u>764,018,742.84</u>	<u>376,644,835.65</u>	<u>592,445,817.23</u>	<u>1,307,689,225.74</u>	<u>17,297,912,208.94</u>

For the year ended August 31, 2015, the following table represents operating expenses for both natural and functional classifications for the System:

<u>Operating Expenses</u>	<u>Instruction</u>	<u>Research</u>	<u>Public Service</u>	<u>Hospitals and Clinics</u>	<u>Academic Support</u>
Cost of Goods Sold	\$ 1,529,096.59	26,984.39	5,093,194.27	96,314,307.06	554,603.20
Salaries and Wages	2,404,788,175.19	1,135,293,036.67	143,213,100.59	2,252,290,272.93	417,475,154.09
Payroll Related Costs	491,020,346.86	268,472,594.91	31,684,768.20	532,211,851.79	106,746,082.11
Professional Fees and Services	53,950,202.95	85,660,378.10	18,765,180.21	222,549,316.87	18,251,178.92
Other Contracted Services	86,573,512.43	160,436,470.69	37,436,460.29	242,856,759.80	48,638,375.09
Scholarships and Fellowships	11,258,620.08	39,389,652.84	4,721,649.65	6,787.00	3,498,929.10
Travel	30,614,447.77	39,061,955.68	5,940,867.66	16,577,457.17	11,552,095.85
Materials and Supplies	84,691,522.09	181,260,551.25	20,333,256.82	1,154,987,077.93	59,463,827.03
Utilities	605,700.30	1,197,207.10	474,925.81	11,763,588.20	1,221,187.87
Communications	22,499,880.49	6,152,805.67	2,369,970.36	14,674,123.78	11,604,748.17
Repairs and Maintenance	7,541,811.39	17,884,196.81	1,202,340.31	104,809,924.95	6,289,525.85
Rentals and Leases	13,374,370.43	7,114,662.12	4,451,994.08	67,454,721.65	6,688,125.11
Printing and Reproduction	6,108,967.23	4,799,024.14	2,931,935.42	5,222,739.39	4,080,025.11
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Impairment of Capital Assets	-	-	-	-	-
Claims and Losses	-	-	-	-	-
Increase in Net OPEB Obligation	-	-	-	-	-
Pension Expense	70,283,318.90	33,586,310.32	4,239,685.17	61,184,594.11	11,252,559.87
Other Operating Expenses	107,870,893.83	100,569,796.34	28,930,722.41	91,745,632.00	39,808,611.67
Federal Sponsored Pass-through to State Agencies	1,027,662.87	5,196,175.07	1,219,641.66	-	-
State Sponsored Pass-through to State Agencies	-	614,487.46	28,096.31	-	-
Total Operating Expenses	\$ 3,393,738,529.40	2,086,716,289.56	313,037,789.22	4,874,649,154.63	747,125,029.04

<u>Student Services</u>	<u>Institutional Support</u>	<u>Operations and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation and Amortization</u>	<u>Total Expenses</u>
185,911.48	1,122,538.27	61,362.87	(55.16)	24,994,109.37	-	129,882,052.34
113,875,787.66	466,969,623.20	220,334,651.41	16,164,855.00	207,106,438.22	-	7,377,511,094.96
27,385,201.18	110,854,051.37	59,975,451.28	1,659,656.45	44,546,722.98	-	1,674,556,727.13
6,427,601.26	28,419,822.36	18,451,281.05	635,552.81	9,926,640.66	-	463,037,155.19
38,104,275.12	43,225,553.74	43,692,573.04	885,649.50	96,678,962.21	-	798,528,591.91
5,465,028.94	2,953,644.61	5,797.77	342,383,514.53	10,427,070.69	-	420,110,695.21
3,480,562.90	8,558,534.50	1,170,815.69	654,400.41	23,149,617.19	-	140,760,754.82
15,071,427.50	32,313,543.48	57,260,943.06	1,405,733.33	38,583,329.23	-	1,645,371,211.72
51,851.13	6,916,326.30	227,633,488.69	137,592.61	30,637,096.82	-	280,638,964.83
1,975,740.12	30,635,405.27	3,955,906.84	52,945.33	8,716,235.15	-	102,637,761.18
2,908,791.46	40,366,122.10	93,053,837.50	128,159.82	21,808,069.97	-	295,992,780.16
4,845,360.71	17,231,769.58	25,551,883.54	683,546.14	11,007,222.25	-	158,403,655.61
2,932,385.86	6,030,588.42	187,189.67	79,130.75	4,527,342.79	-	36,899,328.78
-	-	-	-	-	1,178,905,432.21	1,178,905,432.21
1,101,148.08	-	-	-	-	-	1,101,148.08
-	-	3,251,115.52	-	-	-	3,251,115.52
-	25,885,834.80	-	-	-	-	25,885,834.80
-	625,627,895.00	-	-	-	-	625,627,895.00
3,481,620.04	15,840,567.83	6,351,009.33	471,936.37	6,203,165.52	-	212,894,767.46
18,450,812.38	8,212,414.01	(1,089,916.43)	2,495,119.47	33,896,766.50	-	430,890,852.18
-	-	-	-	-	-	7,443,479.60
-	973,850.98	-	-	-	-	1,616,434.75
<u>245,743,505.82</u>	<u>1,472,138,085.82</u>	<u>759,847,390.83</u>	<u>367,837,737.36</u>	<u>572,208,789.55</u>	<u>1,178,905,432.21</u>	<u>16,011,947,733.44</u>

21. Net Position

The System's net position at August 31, 2016 and 2015 were comprised of the following:

	2016	2015
Net investment in capital assets	\$ 6,375,856,343.63	6,441,684,723.55
Restricted		
Nonexpendable	22,350,532,269.36	20,681,735,998.58
Expendable	11,430,042,816.67	11,545,483,514.50
Total restricted	33,780,575,086.03	32,227,219,513.08
Unrestricted net position:		
Unrestricted		
Reserved		
Encumbrances	1,188,060,347.30	1,275,588,165.32
Accounts receivable (less unearned revenue portion)	1,399,455,840.29	1,195,171,388.07
Inventories	116,641,206.11	108,300,473.35
Self-insurance plans	478,168,140.64	434,533,472.83
Higher Education Assistance Fund (HEAF)	-	1,626,427.47
Other specific purposes:		
Advanced Research/Advanced Technology Programs	1,109,375.86	813,120.23
Deposits	6,047,699.70	4,601,321.55
Prepaid expenses	144,063,051.72	144,197,478.73
Deferred charges	1,999,394.35	756,887.20
Imprest funds	1,306,044.53	1,337,607.95
Travel advances	104,274.97	353,834.80
Unreserved		
Allocated		
Funds functioning as endowment-unrestricted	330,707,672.36	304,584,210.75
Provision for operating budgets	63,450,350.00	64,177,343.00
Capital projects	1,683,255,813.23	1,665,889,848.57
Debt service	156,982,865.00	151,152,254.00
Start-up/matching	87,756,963.35	78,728,603.88
Utilities reserve	16,289,584.71	12,128,104.56
Research enhancement and support	269,904,468.97	221,193,216.43
Market adjustments	30,781,206.90	14,062,524.02
Student fees	123,965,158.43	132,553,255.12
Texas Tomorrow Fund shortfall	5,970,165.52	5,390,305.00
Instructional program support	710,133,725.79	644,794,553.18
Dean, chair and faculty recruitment packages	7,531,162.69	9,009,554.64
Self-supporting enterprises	144,320,942.85	150,203,566.21
Patient care support	546,053,104.62	353,549,204.59
Practice plan minimum operating reserve of 90 days	393,739,930.32	412,302,989.54
Unallocated	(6,782,090,962.51)	(6,374,776,204.94)
Total unrestricted	1,125,707,527.70	1,012,223,506.05
Total net position	\$ 41,282,138,957.36	39,681,127,742.68

As of August 31, 2016 and 2015, restricted nonexpendable net position includes \$16,976,622,544.14 and \$15,532,160,890.08, respectively, of the Permanent University Fund corpus, and \$820,000,000.00 for both years of the Permanent Health Fund corpus. As of August 31, 2016 and 2015, restricted expendable net position includes \$6,163,728,904.60 and \$6,290,149,986.60, respectively, of the Permanent University Fund appreciation, and \$245,747,509.64 and \$255,710,482.64, respectively, of the Permanent Health Fund appreciation.

Unrestricted net position, detailed in the table above, is not subject to externally imposed stipulations. Unrestricted net position may be designated for special purposes by actions of the Texas Legislature, internal management, and the U. T. System Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic programs, patient care, research programs and initiatives, and capital programs.

22. Termination Benefits

U. T. System Administration contracted with NextJob to provide outplacement services to employees of the System who implemented a reduction in force as a result of the budget cuts implemented by the State. U. T. System Administration incurred expenses of \$186,830.00 for 349 terminated employees of the System as of August 31, 2016, and \$155,340.00 for 368 terminated employees of the System as of August 31, 2015. While U. T. System Administration contracted with NextJob, the U. T. institutions may incur travel expenses for NextJob if they request NextJob to come to their campus or if the institution requests services that fall outside of the standard service in the contract.

On July 14, 2016, U. T. System Administration offered a Voluntary Separation Incentive Program (VSIP) to reduce its number of full-time employees and control expenses. A Notice of Intent to sign a Voluntary Separation Agreement was signed by 81 employees. Those employees who elect to participate in the VSIP will receive one lump-sum payment equal to six months of their annual base salary as of July 13, 2016, and will chose separation dates between January 31, 2017 and May 31, 2017. In addition, U. T. System Administration is planning a reduction in force in 2017. The details have not yet been finalized.

In 2015, U. T. Brownsville implemented reduction in force as a direct result of the merger of U. T. Brownsville and U. T. Pan American which created The University of Texas Rio Grande Valley in 2016 and incurred early exit incentive expenses of \$927,591.00 for 25 terminated employees in 2015.

In 2015, U. T. Pan American implemented reduction in force as a direct result of the merger of U. T. Brownsville and U. T. Pan American which created The University of Texas Rio Grande Valley in 2016 and incurred early exit incentive expenses of \$1,852,377.50 for 56 terminated employees in 2015.

In 2016, U. T. San Antonio implemented a reduction in force that affected 3 employees. In 2015, U. T. San Antonio implemented a reduction in force that affected 12 employees. The benefits package provided to the involuntarily terminated employees consisted of normal benefits and salaries with no special benefits or severance packages offered.

In 2016 and 2015, U. T. Medical Branch - Galveston implemented reductions in force throughout the year. The benefits package provided to the 41 terminated employees in 2016 and 68 terminated employees in 2015 consisted of normal benefits and salaries with no special benefits or severance packages offered.

In 2015, U. T. Health Science Center – San Antonio implemented two reductions in force that affected 18 employees due to the divestiture of the Transplant Center and transfer of the Lower Rio Grande Valley Academic Health Center to The University of Texas Rio Grande Valley in 2016. The benefits package provided to the 18 involuntarily terminated employees consisted of normal benefits and salaries with no special benefits or severance packages offered.

In 2016, U. T. M. D. Anderson Cancer Center implemented three departmental-wide reductions in force that affected 38 employees. This included Volunteer Services, Facilities Management-Parking and Facilities Management-Site Operations. The benefits package provided to the terminated employees consisted of normal benefits and salaries with no special benefits or severance packages offered.

Healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA) is provided for both voluntary and involuntary terminations. COBRA participants are eligible to continue group benefits for 18 to 36 months, depending upon the circumstances leading to loss of coverage. COBRA benefits for the self-insured plans offered by the System for the years ended August 31, 2016 and 2015 are provided below:

	2016	2015
Total Number of Participants ¹	1,745	2,165
Premium Revenue	\$ 5,011,723.18	3,995,445.41
2% Administrative Fee Revenue ²	(98,033.80)	(78,415.55)
Net COBRA Premium	4,913,689.38	3,917,029.86
Less Claims Paid	(11,834,923.71)	(12,854,018.13)
Cost to State	\$ (6,921,234.33)	(8,936,988.27)

¹The participants above are for the self-insured program.

²In 2016 UT COBRA in OEB took over the administration of the COBRA benefits from a third party administrator. Thus, the 2 percent administrative fee for 2016 was retained by UT COBRA in OEB for administering the COBRA benefit and was paid by the participant. In 2015 the 2 percent administrative fee was retained by a third party administrator.

23. Deferred Outflows of Resources and Deferred Inflows of Resources

As of August 31, 2016 and 2015, the System reported deferred outflows of resources and deferred inflows of resources in connection with its hedging derivative instruments, unamortized (losses)/gains on refunding debt, the TRS pension plan and an unamortized interest rate lock termination payment as presented in the table below:

	2016		2015	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Derivatives	\$ 338,725,063.00	-	261,612,901.20	-
Unamortized Loss/Gain on Refunding Debt	45,340,921.80	5,016,491.82	48,366,829.49	6,045,237.76
Pension Related	564,607,125.30	399,142,608.00	429,998,696.91	703,944,906.55
Unamortized Interest Rate Lock Termination	3,235,510.83	-	-	-
Total	\$ 951,908,620.93	404,159,099.82	739,978,427.60	709,990,144.31

Deferred outflows of resources of \$338,725,063.00 and \$261,612,901.20 as of August 31, 2016 and 2015, respectively, were related to hedging derivatives in a liability position. The hedging derivative liability is disclosed in Note 7.

Deferred outflows of resources of \$45,340,921.80 and \$48,366,829.49 as of August 31, 2016 and 2015, respectively, were related to the unamortized losses on refunding debt. Deferred inflows of resources of \$5,016,491.82 and \$6,045,237.76 as of August 31, 2016 and 2015, respectively, were related to the unamortized gains on refunding debt. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows.

Deferred outflows of resources of \$564,607,125.30 and \$429,998,696.91 and deferred inflows of resources of \$399,142,608.00 and \$703,944,906.55 as of August 31, 2016 and 2015, respectively, were related to the TRS pension plan. See Note 17 for additional information.

Deferred outflows of resources of \$3,235,510.83 as of August 31, 2016 were related to an unamortized interest rate lock termination payment.

24. Subsequent Events

On September 1, 2016, the U. T. System Board of Regents issued \$272,350,000 in PUF Bonds, Series 2016B to current refund \$319,000,000 principal amount of Permanent University Fund Commercial Paper Notes, Series A and to pay the costs of issuance related thereof. The refunded debt is considered fully defeased. Subsequent to this issuance, the System had \$81,000,000 of PUF Commercial Paper Notes, Series A outstanding.

On September 1, 2016, the U. T. System Board of Regents issued \$376,030,000 in RFS Bonds, Series 2016F to current refund \$465,019,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and to pay the costs of issuance related thereof. The refunded debt is considered fully defeased. Subsequent to this issuance, the System had \$644,096,000 of RFS Commercial Paper Notes, Series A outstanding.

On September 15, 2016, the U. T. System Board of Regents issued \$250,000,000 in RFS Bonds, Taxable Series 2016G to current refund \$250,000,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and to pay the costs of issuance related thereof. The refunded debt is considered fully defeased. Subsequent to this issuance, the System had \$394,096,000 of RFS Commercial Paper Notes, Series A outstanding.

On September 22, 2016, the U. T. System Board of Regents issued \$45,000,000 in RFS Taxable Commercial Paper Notes, Series B to finance a variety of capital projects and equipment purchases at various UT System institutions. On October 21, 2016, the U. T. System Board of Regents issued \$50,000,000 in RFS Taxable Commercial Paper Notes, Series B to finance a variety of capital projects and equipment purchases at various UT System institutions. Subsequent to these issuances, the System had \$247,000,000 of RFS Taxable Commercial Paper Notes, Series B outstanding.

On November 1, 2016, the U. T. System Board of Regents retired \$10,581,000 in RFS Commercial Paper Notes, Series A. Subsequent to this retirement, the System had \$383,515,000 of RFS Commercial Paper Notes, Series A outstanding.

On November 17, 2016, the U. T. System Board of Regents issued \$233,350,000 in RFS Refunding Bonds, Series 2016H to current refund \$89,455,000 principal amount of Revenue Financing System Bonds Series 2006D and \$177,185,000 principal amount of Revenue Financing System Bonds Series 2006F and to pay the costs of issuance related thereof. The refunded debt is considered fully defeased. An economic gain from the transaction resulted in a net present value savings of \$48,560,731 between the old and new debt service payments.

25. Upcoming Accounting Pronouncements

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective 2017, addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement is not applicable to the System.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective 2018, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The System is evaluating the effect that Statement 75 will have on its financial statements.

GASB Statement No. 77, *Tax Abatement Disclosures*, effective 2017, requires disclosure of tax abatement information. This statement is not applicable to the System.

GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, effective 2017, excludes certain pensions that are not provided by a state or local government. This statement is not applicable to the System.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, effective 2017, clarifies the financial statement presentation requirements for certain component units. The System does not believe that Statement 80 will have an impact on its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, effective 2018, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The System is evaluating the effect that Statement 81 will have on its financial statements.

GASB Statement No. 82, *Pension Issues*, effective 2017, addresses practice issues raised by stakeholders during the implementation of GASB 68. The System does not believe that Statement 82 will have an impact on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

**THE UNIVERSITY OF TEXAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
August 31, 2016**

The Schedule of Funding Progress presents information as of the current valuation date and the two preceding valuation dates.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL) {(3) - (2)}	Funded Ratio {(2)/(3)}	Annual Covered Payroll	Ratio of UAAL to Covered Payroll {(4)/(6)}
December 31, 2012	\$-	6,939,197.076	6,939,197,076	0.0%	5,674,297,785	122.3%
December 31, 2014	-	8,274,414.043	8,274,414,043	0.0%	5,842,409,902	141.6%
December 31, 2015	-	8,584,045.126	8,584,045,126	0.0%	5,948,245,136	144.3%

The Schedule of Funding Progress shown above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The plan benefit obligations as of December 31, 2013 were determined based on an actuarial roll-forward of the December 31, 2012 valuation results.

**THE UNIVERSITY OF TEXAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM PENSION PLAN
August 31, 2016**

**Schedule of the System's Proportionate Share of the Net Pension Liability
as of the August 31 Measurement Date**

	2015	2014
System's proportion of the net pension liability	7.7646311%	8.6199871%
System's proportionate share of the net pension liability	\$ 2,744,693,745.00	2,302,987,540.82
State's proportionate share of the net pension liability related to System	786,436,008.85	892,687,939.18
Total net pension liability related to System	\$ 3,531,129,753.85	3,195,675,480.00
System's covered payroll	\$ 4,472,632,859.92	4,018,776,650.31
System's proportionate share of the net pension liability as a percentage of its covered payroll	61.37%	57.31%
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%

Schedule of the System's Contributions as of August 31

	2016	2015
Statutorily required contributions	\$ 315,233,963.58	304,139,034.47
Contributions in relation to the statutorily required contributions	\$ 262,370,366.30	244,723,300.51
Contribution deficiency (excess)	\$ 52,863,597.28	59,415,733.96
System's covered payroll	\$ 4,635,793,582.08	4,472,632,859.92
Contributions as a percentage of covered payroll	5.66%	5.47%

Contributions by the State of Texas on behalf of the System substantially resolve the contribution deficiency.

Only two years of information is presented due to GASB Statement 68 being implemented in 2015. Additional years will be displayed as they become available.

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The University of Texas System Administration
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 873,230,370.91	839,912,441.09
Restricted Cash & Cash Equivalents	54,100,000.65	52,379,347.56
Securities Lending Collateral	729,334,827.51	687,047,330.44
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,935,591.52	2,770,550.91
Interest and Dividend Receivables	37,294,820.50	35,106,669.01
Contributions (allow. \$147.90 in 2016 & \$136.50 in 2015)	8,374.08	4,732,700.90
Investment Trades Receivables	418,023,751.28	171,875,846.05
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	128,812,518.56	161,439,642.36
Due From Other Funds	254,674,674.47	266,208,756.98
Due From Other Institutions	105,467,311.14	95,436,016.87
Due From Other Agencies	110,672.35	73,539.83
Other Current Assets	22,604,349.09	23,472,758.48
Total Current Assets	<u>2,626,597,262.06</u>	<u>2,340,455,600.48</u>
Noncurrent Assets:		
Cash and Cash Equivalents (Noncurrent Restricted)	1,076,970.39	1,967,806.85
Restricted Investments	34,054,197,666.19	31,937,695,263.43
Deposit with Brokers for Derivative Contracts	52,262,632.08	34,601,816.21
Contributions Rec. (allow. \$352.10 in 2016 & \$361.50 in 2015)	19,936.94	32,791,290.19
Unrestricted Investments	8,092,203,906.48	7,366,289,224.87
Other Noncurrent Assets	5,998,831.11	3,153,503.44
Gross Capital/Intangible Assets	10,312,829,834.85	8,746,187,198.11
Accumulated Depreciation/Amortization	(107,787,135.81)	(95,311,175.76)
Total Noncurrent Assets	<u>52,410,792,642.23</u>	<u>48,047,574,927.34</u>
Total Assets	<u>55,037,389,904.29</u>	<u>50,388,030,527.82</u>
Total Deferred Outflows of Resources	<u>951,908,620.93</u>	<u>739,978,427.60</u>
Total Assets and Deferred Outflows	<u>55,989,298,525.22</u>	<u>51,128,008,955.42</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	104,972,961.73	126,800,597.98
Salaries Payable	6,613,785.78	6,210,991.26
Investment Trades Payables	579,420,470.30	223,527,264.10
Incurred But Not Reported Self Insurance Claims	104,109,224.17	100,133,339.36
Securities Lending Obligations	729,334,827.51	687,047,330.44
Due To Other Funds	254,674,674.47	266,208,756.98
Due To Other Institutions	1,085,410,945.28	554,339,941.77
Due To Other State Agencies	19,755,137.22	16,979,126.20
Statewide Interfund Payable	48,475,000.00	37,770,000.00
Unearned Revenue	2,976,190.47	3,798,845.73
Employees' Compensable Leave - Current Portion	2,773,510.76	2,810,647.06
Short-Term Debt - Commercial Paper Notes	852,096,000.00	1,505,717,000.00
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	54,135,959.59	85,634,779.09
Revenue Bonds Payable	1,561,116,452.12	1,544,551,735.62
Other Current Liabilities	12,323.61	4,000.00
Total Current Liabilities	<u>5,405,877,463.01</u>	<u>5,161,534,355.59</u>
Noncurrent Liabilities:		
Incurred But Not Reported Self Insurance Claims	28,381,778.83	19,657,984.64
Employees' Compensable Leave	5,941,147.20	5,349,355.23
Assets Held for Others	8,236,958,966.44	7,482,171,621.04
Liability to Beneficiaries	14,056,917.88	13,770,992.95
Net Other Postemployment Benefits Obligation	4,647,430,554.00	3,984,975,778.00
Net Pension Liability	2,744,683,745.00	2,302,987,540.82
Notes, Loans, and Leases Payable	1,034,019,000.00	
Revenue Bonds Payable	6,485,797,623.09	5,519,804,382.55
Statewide Interfund Payable	971,261,060.04	974,653,632.73
Hedging Derivative Liability (Noncurrent)	336,725,063.00	261,612,901.20
Payable to Brokers for Collateral Held	7,666,922.61	35,330,000.00
Investment Derivatives - Liability Positions	233,839,736.38	158,316,330.52
Other Noncurrent Liabilities	3,633,424.35	2,114,065.20
Total Noncurrent Liabilities	<u>24,752,405,938.82</u>	<u>20,760,744,584.88</u>
Total Liabilities	<u>30,158,283,401.83</u>	<u>25,922,278,940.47</u>
Total Deferred Inflows of Resources	<u>404,159,099.82</u>	<u>709,990,144.31</u>
Total Liabilities and Deferred Inflows	<u>30,562,442,501.65</u>	<u>26,632,269,084.78</u>
NET POSITION		
Net Investment in Capital Assets	360,642,873.79	135,549,390.92
Restricted for:		
Nonexpendable		
Permanent University Fund Endowment	16,976,622,544.14	15,532,160,890.08
Permanent Health, True Endowments, and Annuities Held for Institutions	4,436,811,298.96	4,213,492,258.75
Permanent Health, True Endowments, and Annuities	390,242,222.65	390,376,316.11
Expendable		
Capital Projects	24,831,800.02	11,723,854.02
Debt Service	14,368,879.72	3,305,802.76
Funds Functioning as Endowment (Restricted)	8,012,042.26	7,650,547.04
Funds Functioning as Endowments (Restricted Held for Institutions)	480,348,107.56	437,386,863.32
Other Expendable	8,606,298,149.89	8,855,249,813.14
Unrestricted	(5,871,321,895.42)	(5,091,155,865.50)
Total Net Position	<u>\$ 25,426,856,023.57</u>	<u>24,495,738,870.64</u>

The University of Texas System Administration
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Federal Sponsored Programs	11,621,417.52	10,735,936.98
State Sponsored Programs Pass-Through from State Agencies	12,456,794.00	3,375,000.00
Private Sponsored Programs	3,300,000.00	271,548.00
Sales and Services of Educational Activities	49,972,291.09	44,489,945.32
Other Operating Revenues	48,277,587.92	16,208,052.38
Total Operating Revenues	<u>125,628,090.53</u>	<u>75,080,482.68</u>
Operating Expenses:		
Public Service	465,967.03	2,865,346.50
Academic Support	9,199,937.30	9,067,034.00
Institutional Support	887,002,974.74	759,288,876.33
Operations and Maintenance of Plant	1,448,206.17	1,519,268.97
Scholarships and Fellowships	1,838,800.00	2,397,350.00
Depreciation and Amortization	17,791,273.20	16,167,829.31
Total Operating Expenses	<u>917,747,158.44</u>	<u>791,305,705.11</u>
Operating Income (Loss)	<u>(792,119,067.91)</u>	<u>(716,225,222.43)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	8,891,505.28	7,944,532.44
Federal Nonexchange Sponsored Programs	27,289,800.21	27,428,350.07
Gift Contributions for Operations	1,783,263.04	44,338,940.61
Investment Income	1,243,441,100.77	1,954,887,752.00
Net Increase (Decrease) in Fair Value of Investments	877,464,894.19	(4,192,789,113.73)
Interest Expense on Capital Asset Financings	(276,778,612.51)	(248,588,537.83)
Gain (Loss) on Sale of Capital Assets	7,783,606.56	11,616.85
Other Nonoperating Revenues	2,455,062.00	804,000.00
Other Nonoperating (Expenses)	(9,532,854.95)	(8,890,104.37)
Net Nonoperating Revenues (Expenses)	<u>1,882,797,764.59</u>	<u>(2,414,852,563.96)</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	1,090,678,696.68	(3,131,077,786.39)
Gifts and Sponsored Programs for Capital Acquisitions		41,828.44
Additions to Permanent Endowments / Annuities	166,898,449.54	122,266,487.16
Reclass from/(to) Other Institutions	180,309,030.40	(83,689,178.88)
Change in Proceeds of Bonds Payable	1,329,063,193.82	325,562,497.00
Transfers Between Institutions & System, Debt Service - Mandatory	584,905,145.61	552,990,915.06
Transfers Between Institutions & System Admin. - Non mandatory	(2,120,962,289.99)	(535,529,391.08)
Transfers to Other State Agencies	297,294,682.68	433,120,484.73
Legislative Appropriations Lapsed	(3,504.74)	(3,358.49)
Change in Net Position	<u>933,594,038.64</u>	<u>(3,182,558,471.91)</u>
Beginning Net Position	24,495,739,870.64	30,287,060,627.72
Restatements	(2,477,885.71)	(2,608,762,285.17)
Beginning Net Position (As Restated)	<u>24,493,261,984.93</u>	<u>27,678,298,342.55</u>
Ending Net Position	<u>\$ 25,426,856,023.57</u>	<u>24,495,739,870.64</u>

The University of Texas System Administration
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Sponsored Programs	27,041,079.00	14,636,075.86
Proceeds from Other Revenues	92,781,895.38	52,328,432.17
Payments to Suppliers	(152,028,071.39)	(98,381,003.26)
Payments to Employees	(79,201,227.43)	(74,246,480.18)
Net Cash Provided (Used) by Operating Activities	<u>(111,406,324.44)</u>	<u>(105,662,975.41)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	8,888,000.54	7,982,602.34
Proceeds from Operating Gifts	2,763,240.44	6,865,096.38
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	357,227,899.13	250,963,212.46
Proceeds from Other Nonoperating Revenues	2,123,830.00	804,000.00
Receipts for Transfers from System or Other Agencies	134,821,208.99	172,089,033.93
Payments for Transfers to System or Other Agencies	(859,833,894.44)	(490,392,107.39)
Payments for Other Uses	-	(1,997,787.88)
Proceeds from Nonexchange Sponsored Programs	27,424,759.60	27,364,351.52
Net Cash Provided by Noncapital Financing Activities	<u>(326,584,955.74)</u>	<u>(26,321,598.64)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuance of Capital Debt	2,327,153,222.54	1,469,263,766.14
Nonmandatory Capital Related Transfers	(1,006,833,409.64)	(858,097,008.05)
Payments of Other Costs on Debt Issuance	(7,783,743.67)	(4,711,240.55)
Proceeds from Sale of Capital Assets	8,235,588.00	37,262.50
Payments for Additions to Capital Assets	(255,643,389.23)	(52,535,677.20)
Payments of Principal on Capital Related Debt	(928,852,000.00)	(1,105,265,000.00)
Mandatory Transfers to System for Capital Related Debt	584,905,145.61	552,990,915.06
Payments of Interest on Capital Related Debt	(305,561,366.91)	(279,518,895.06)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>415,620,046.70</u>	<u>(277,835,877.16)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	15,350,593,878.20	14,295,152,352.93
Proceeds from Interest and Investment Income	794,380,530.76	1,055,392,906.57
Payments to Acquire Investments	(16,088,455,429.03)	(14,835,338,348.07)
Net Cash Provided (Used) by Investing Activities	<u>56,518,979.93</u>	<u>515,206,911.43</u>
Net Increase (Decrease) in Cash	34,147,746.45	105,386,460.22
Cash and Cash Equivalents (Beginning of the Year)	894,259,595.50	788,873,135.28
Cash and Cash Equivalents (End of the Year)	<u>\$ 928,407,341.95</u>	<u>\$ 894,259,595.50</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(792,119,067.91)	(716,225,222.43)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	17,791,273.20	16,167,829.31
Bad Debt Expense	17,335,255.07	-
Changes in Assets and Liabilities:		
Accounts Receivable	(1,385,290.60)	(7,555,501.80)
Other Current and Noncurrent Assets	(2,482,465.05)	(2,877,344.92)
Accounts Payable	(5,095,944.50)	25,935,207.40
Due to System	(9,933,968.58)	(4,569,632.32)
Unearned Revenue	(822,655.26)	(11,950,214.96)
Employees' Compensable Leave	554,655.67	1,613,809.02
Pension Related Obligations	2,295,477.24	(31,828,534.71)
Other Current and Noncurrent Liabilities	1,630.28	(1,265.00)
Other Postemployment Benefits Obligation	662,454,776.00	625,627,895.00
Total Adjustments	<u>680,712,743.47</u>	<u>610,562,247.02</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (111,406,324.44)</u>	<u>\$ (105,662,975.41)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	1,047,317,833.80	(4,664,945,570.24)
Donated Capital Assets	-	41,828.44
Miscellaneous Noncash Transactions	(213,727,840.27)	253,314,016.58

The University of Texas at Arlington
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 150,979,717.37	181,611,728.15
Restricted Cash & Cash Equivalents	(13,279,183.51)	(20,555,806.80)
Balance in State Appropriations	19,575,797.38	18,547,132.26
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	13,528,201.53	24,790,592.83
Other Intergov. (allow. \$867,732.97 in 2016 & \$0.00 in 2015)	3,306,765.82	3,903,571.36
Student (allow. \$2,175,999.41 in 2016 & \$1,910,245.30 in 2015)	45,682,633.55	39,861,545.26
Interest and Dividend Receivables	187.91	342,636.53
Contributions (allow. \$9,033.73 in 2016 & \$34,428.13 in 2015)	292,090.63	1,014,927.10
Other (allow. \$33,845.25 in 2016 & \$479,169.91 in 2015)	8,078,825.60	10,280,424.86
Due From System Administration	62,950,695.62	6,208,509.11
Due From Other Institutions	261,580.26	172,491.53
Due From Other Agencies	3,806,603.28	3,521,431.92
Inventories	144,841.79	149,574.53
Loans & Contracts (allow. \$2,662,471.32 in 2016 & \$2,534,570.59 in 2015)	14,248,535.21	11,989,233.49
Other Current Assets	3,161,270.86	3,049,771.14
Total Current Assets	312,738,563.30	284,887,763.27
Noncurrent Assets:		
Restricted Investments	26,262,549.68	17,883,739.66
Loans & Contracts (allow. \$413,463.86 in 2016 & \$541,364.59 in 2015)	1,735,029.55	2,604,675.79
Funds Held by System Administration (Restricted)	129,144,953.92	126,229,882.24
Contributions Rec. (allow. \$53,634.74 in 2016 & \$46,211.90 in 2015)	1,734,189.98	1,494,184.69
Unrestricted Investments	272,918,548.82	171,045,281.64
Gross Capital/Intangible Assets	1,104,089,302.54	1,074,638,058.60
Accumulated Depreciation/Amortization	(497,448,617.49)	(456,216,298.90)
Total Noncurrent Assets	1,038,435,957.00	937,679,523.72
Total Assets	1,351,174,520.30	1,222,567,286.99
Total Assets and Deferred Outflows	1,351,174,520.30	1,222,567,286.99
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	18,873,172.90	15,547,666.96
Salaries Payable	18,508,334.13	17,042,465.69
Due To System Administration	3,388,583.03	3,079,904.78
Due To Other Institutions	85,112.00	52,613.51
Due To Other State Agencies	359,717.67	295,250.63
Statewide Interfund Payable	1,100,092.38	1,093,353.33
Unearned Revenue	141,347,612.82	134,601,351.89
Employees' Compensable Leave - Current Portion	5,256,347.68	5,700,659.27
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	1,142,624.27	2,132,925.90
Other Current Liabilities	336,601.00	363,235.92
Total Current Liabilities	190,398,197.88	179,909,427.88
Noncurrent Liabilities:		
Employees' Compensable Leave	6,263,090.10	4,325,765.45
Assets Held for Others	3,722,956.62	3,426,075.99
Liability to Beneficiaries	31,179.85	32,004.32
Notes, Loans, and Leases Payable		
Statewide Interfund Payable	3,812,944.36	5,036,413.17
Other Noncurrent Liabilities	558,210.75	558,210.75
Total Noncurrent Liabilities	14,388,381.68	13,378,469.68
Total Liabilities	204,786,579.56	193,287,897.56
Total Liabilities and Deferred Inflows	204,786,579.56	193,287,897.56
NET POSITION		
Net Investment in Capital Assets	606,640,685.05	618,421,759.70
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	83,441,117.08	78,639,094.18
Expendable		
Capital Projects	59,543,578.69	8,906,029.52
Funds Functioning as Endowment (Restricted)	4,088,051.78	4,135,308.95
Other Expendable	62,546,376.10	63,151,241.15
Unrestricted	330,128,132.04	256,025,955.93
Total Net Position	\$ 1,146,387,940.74	1,029,279,389.43

The University of Texas at Arlington
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 372,213,195.71	331,888,964.65
Discounts and Allowances	(92,451,325.92)	(92,396,058.25)
Federal Sponsored Programs	34,971,526.25	32,948,299.47
Federal Sponsored Programs Pass-Through from State Agencies	8,121,710.84	7,144,847.27
State Sponsored Programs Pass-Through from State Agencies	20,446,834.60	19,724,168.21
Local Sponsored Programs	1,001,862.56	939,371.45
Private Sponsored Programs	5,491,899.10	4,874,172.43
Sales and Services of Educational Activities	25,414,826.81	25,772,856.12
Auxiliary Enterprises	42,821,107.37	37,949,340.84
Other Operating Revenues	11,730,566.64	9,727,172.23
Total Operating Revenues	<u>429,762,203.96</u>	<u>378,573,134.42</u>
Operating Expenses:		
Instruction	177,314,720.07	159,741,044.47
Research	72,840,112.90	62,075,005.07
Public Service	7,638,761.50	12,952,917.22
Academic Support	38,724,509.51	37,645,675.61
Student Services	71,463,689.42	69,684,272.57
Institutional Support	40,895,082.30	34,451,031.52
Operations and Maintenance of Plant	32,270,089.26	32,553,964.59
Scholarships and Fellowships	27,007,642.58	26,080,227.04
Auxiliary Enterprises	47,809,651.57	44,325,447.97
Depreciation and Amortization	49,265,832.46	45,276,952.05
Total Operating Expenses	<u>565,230,091.57</u>	<u>524,786,538.11</u>
Operating Income (Loss)	<u>(135,467,887.61)</u>	<u>(146,213,403.69)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	128,041,603.81	118,486,562.11
Federal Nonexchange Sponsored Programs	51,738,284.05	51,050,809.29
State Nonexchange Pass-Through	7,159,022.11	325,000.13
Gift Contributions for Operations	4,207,624.20	6,051,624.65
Investment Income	14,138,423.92	13,644,439.51
Net Increase (Decrease) in Fair Value of Investments	2,001,892.30	(22,057,203.57)
Gain (Loss) on Sale of Capital Assets	(755,240.24)	(139,845.24)
Other Nonoperating Revenues	265,000.00	
Other Nonoperating (Expenses)	(925,056.38)	(70,118.82)
Net Nonoperating Revenues (Expenses)	<u>205,871,553.77</u>	<u>167,291,268.06</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	70,403,666.16	21,077,864.37
Gifts and Sponsored Programs for Capital Acquisitions	2,458,976.93	959,067.61
Additions to Permanent Endowments / Annuities	2,586,124.42	3,779,780.70
Reclass from/(to) Other Institutions	(71,280,966.56)	(4,401,352.71)
Transfers Between Institutions & System, Debt Service - Mandatory	(28,976,259.60)	(29,339,743.73)
Transfers Between Institutions & System Admin. - Non mandatory	140,688,483.84	9,680,028.36
Transfers From Other State Agencies	905,339.00	448,577.79
Transfers to Other State Agencies	317,941.00	4,188,985.00
Legislative Appropriations Lapsed	(46,081.88)	(13,217.54)
Change in Net Position	<u>116,421,341.31</u>	<u>(1,997,980.15)</u>
Beginning Net Position	1,029,279,389.43	1,031,277,369.58
Restatements	687,210.00	
Beginning Net Position (As Restated)	<u>1,029,966,599.43</u>	<u>1,031,277,369.58</u>
Ending Net Position	<u>\$ 1,146,387,940.74</u>	<u>1,029,279,389.43</u>

The University of Texas at Arlington
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	279,545,205.49	253,752,796.02
Proceeds from Sponsored Programs	85,882,470.58	66,477,702.53
Proceeds from Auxiliaries	42,372,416.47	38,053,607.97
Proceeds from Other Revenues	36,845,003.54	37,499,745.13
Payments to Suppliers	(190,007,896.94)	(182,994,747.95)
Payments to Employees	(322,265,544.80)	(302,075,014.09)
Payments for Loans Provided	(33,871,478.53)	(7,296,632.77)
Proceeds from Loan Programs	<u>32,282,257.21</u>	<u>3,437,429.61</u>
Net Cash Provided (Used) by Operating Activities	<u>(69,217,566.98)</u>	<u>(93,145,113.55)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	126,966,856.81	114,223,931.86
Proceeds from Operating Gifts	4,377,796.58	10,351,097.13
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	2,586,124.42	3,779,780.70
Proceeds from Other Nonoperating Revenues	(335,000.00)	-
Receipts for Transfers from System or Other Agencies	(369,045.46)	627,930.02
Payments for Transfers to System or Other Agencies	(1,534,670.76)	(6,961,716.76)
Payments for Other Uses	(119,931.76)	-
Proceeds from Nonexchange Sponsored Programs	<u>58,897,306.16</u>	<u>51,375,809.42</u>
Net Cash Provided by Noncapital Financing Activities	<u>190,469,435.99</u>	<u>173,396,832.37</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	14,651,776.65	12,442,452.03
Proceeds from Capital Appropriations, Grants, and Gifts	1,077,655.73	1,046,111.39
Payments for Additions to Capital Assets	(34,605,908.80)	(24,612,529.64)
Mandatory Transfers to System for Capital Related Debt	<u>(28,976,259.60)</u>	<u>(29,339,743.73)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(47,852,736.02)</u>	<u>(40,463,709.95)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	38,875,082.94
Proceeds from Interest and Investment Income	1,064,475.10	1,135,214.19
Proceeds from Interest and Investment Income Invested by System	13,346,261.00	12,446,265.61
Payments to Acquire Investments Invested by System	<u>(111,165,256.58)</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(96,754,520.48)</u>	<u>52,456,562.74</u>
Net Increase (Decrease) in Cash	(23,355,387.49)	92,244,571.61
Cash and Cash Equivalents (Beginning of the Year)	<u>161,055,921.35</u>	<u>68,811,349.74</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 137,700,533.86</u>	<u>\$ 161,055,921.35</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(135,467,867.61)	(146,213,403.69)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	49,265,832.46	45,276,952.05
Bad Debt Expense	199,565.84	263,651.50
Changes in Assets and Liabilities:		
Accounts Receivable	7,865,447.72	(3,711,886.03)
Inventories	4,732.74	-
Loans and Contracts	(1,589,221.32)	(3,859,203.16)
Other Current and Noncurrent Assets	(111,499.72)	448,673.88
Accounts Payable	1,757,344.59	(6,230,198.90)
Due to System	308,678.25	92,060.04
Unearned Revenue	6,746,260.93	19,837,494.26
Assets Held for Others	336,801.00	319,732.70
Employees' Compensable Leave	1,493,013.06	558,917.03
Other Current and Noncurrent Liabilities	<u>(26,634.92)</u>	<u>72,096.77</u>
Total Adjustments	<u>66,250,320.63</u>	<u>53,068,290.14</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (69,217,566.98)</u>	<u>\$ (93,145,113.55)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	2,001,892.30	(22,057,203.57)
Donated Capital Assets	1,693,980.00	25,431.00
Miscellaneous Noncash Transactions	(955,824.68)	(155,243.96)

The University of Texas at Austin
 Exhibit A. Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 271,480,040.58	204,107,135.37
Restricted Cash & Cash Equivalents	53,702,904.64	64,840,309.58
Balance in State Appropriations	7,189,858.15	8,487,741.85
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	45,666,889.97	44,025,462.95
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	5,646,428.90	8,544,666.12
Student (allow. \$1,158,140.23 in 2016 & \$1,060,443.72 in 2015)	93,529,725.53	99,857,908.23
Interest and Dividend Receivables	8,089,612.55	7,647,624.46
Contributions (allow. \$4,525,455.70 in 2016 & \$3,311,516.31 in 2015)	46,266,614.06	34,395,502.29
Other (allow. \$109,250.31 in 2016 & \$184,040.90 in 2015)	23,552,177.23	17,424,989.33
Due From Other Funds	31,241,550.63	17,549,746.49
Due From System Administration	501,967,837.13	407,772,479.80
Due From Other Institutions	528,440.52	587,678.09
Due From Other Agencies	14,695,803.64	12,516,946.23
Inventories	8,191,840.68	5,750,035.65
Loans & Contracts (allow. \$0.00 in 2016 & \$0.00 in 2015)	8,762,307.10	8,912,073.14
Other Current Assets	56,604,122.78	58,594,433.68
Total Current Assets	<u>1,175,136,154.09</u>	<u>1,001,014,733.26</u>
Noncurrent Assets:		
Cash and Cash Equivalents (Noncurrent Restricted)	10,173.00	
Restricted Investments	367,867,980.46	352,595,576.69
Loans & Contracts (allow. \$17,970,907.07 in 2016 & \$16,548,812.38 in 2015)	47,976,523.32	46,535,529.70
Funds Held by System Administration (Restricted)	3,382,176,805.64	3,349,939,336.41
Contributions Rec. (allow. \$9,235.44 in 2016 & \$10,380.45 in 2015)	107,755,867.89	121,115,396.01
Unrestricted Investments	1,103,863,534.45	1,008,244,860.53
Other Noncurrent Assets	1,386,397.96	1,386,397.96
Gross Capital/Intangible Assets	6,647,769,373.37	6,079,015,182.26
Accumulated Depreciation/Amortization	(3,014,345,107.33)	(2,787,573,086.91)
Total Noncurrent Assets	<u>8,644,461,548.76</u>	<u>8,171,259,192.65</u>
Total Assets	<u>9,819,597,702.85</u>	<u>9,172,273,925.91</u>
Total Assets and Deferred Outflows	<u>9,819,597,702.85</u>	<u>9,172,273,925.91</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	136,623,883.67	88,996,963.20
Salaries Payable	72,711,190.59	64,450,524.37
Due To Other Funds	31,241,550.63	17,549,746.49
Due To System Administration	18,757,878.96	17,966,034.84
Due To Other Institutions	1,003,894.78	716,206.66
Due To Other State Agencies	490,068.06	436,374.04
Unearned Revenue	514,682,657.65	490,152,827.58
Employees' Compensable Leave - Current Portion	33,928,571.65	32,284,523.40
Notes, Loans, and Leases Payable	1,667,298.66	3,074,765.66
Payable From Restricted Assets	12,391,911.43	9,157,814.96
Other Current Liabilities	3,327,955.96	98,240.28
Total Current Liabilities	<u>826,826,662.04</u>	<u>724,884,021.48</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	23,925,628.62	22,834,016.96
Assets Held for Others	14,115,199.72	7,174,792.37
Liability to Beneficiaries	7,731,863.33	8,099,496.03
Notes, Loans, and Leases Payable	559,622.89	19,063,114.22
Other Noncurrent Liabilities	39,591.64	39,591.64
Total Noncurrent Liabilities	<u>46,371,706.20</u>	<u>57,211,011.22</u>
Total Liabilities	<u>873,198,568.24</u>	<u>782,095,032.70</u>
Total Liabilities and Deferred Inflows	<u>873,198,568.24</u>	<u>782,095,032.70</u>
NET POSITION		
Net Investment in Capital Assets	3,631,197,344.49	3,269,304,215.47
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	1,858,995,718.30	1,800,028,959.08
Expendable		
Capital Projects	168,625,876.06	125,936,322.54
Funds Functioning as Endowment (Restricted)	235,774,088.79	225,076,507.37
Other Expendable	1,795,493,895.67	1,833,503,624.89
Unrestricted	1,256,312,211.30	1,136,329,263.86
Total Net Position	<u>\$ 8,946,399,134.61</u>	<u>8,390,178,893.21</u>

The University of Texas at Austin
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 634,805,509.51	629,901,410.14
Discounts and Allowances	(159,758,242.58)	(157,918,166.09)
Federal Sponsored Programs	388,644,254.21	374,596,837.89
Federal Sponsored Programs Pass-Through from State Agencies	22,503,273.32	20,086,109.30
State Sponsored Programs Pass-Through from State Agencies	66,737,578.31	65,413,504.46
Local Sponsored Programs	10,261,863.28	9,148,629.61
Private Sponsored Programs	112,277,638.39	113,753,918.97
Sales and Services of Educational Activities	251,445,932.85	293,563,113.71
Discounts and Allowances Sales and Services of Educational Activities	(56,245.46)	(58,271.73)
Auxiliary Enterprises	291,449,411.07	282,589,075.64
Discounts and Allowances Auxiliary Enterprises	(14,753,760.23)	(14,205,144.30)
Other Operating Revenues	7,569,920.45	7,079,816.71
Total Operating Revenues	<u>1,611,127,133.12</u>	<u>1,623,950,834.31</u>
Operating Expenses:		
Instruction	648,424,403.42	626,203,369.14
Research	447,353,754.51	434,479,292.08
Public Service	119,263,542.94	122,950,903.92
Academic Support	301,207,567.31	244,376,563.66
Student Services	56,695,575.38	53,687,859.80
Institutional Support	145,487,192.29	146,719,315.88
Operations and Maintenance of Plant	171,524,664.44	164,973,742.26
Scholarships and Fellowships	122,771,568.69	123,284,148.72
Auxiliary Enterprises	276,049,630.55	269,794,166.29
Depreciation and Amortization	253,473,465.28	234,488,695.23
Total Operating Expenses	<u>2,542,251,364.81</u>	<u>2,420,958,056.98</u>
Operating Income (Loss)	<u>(931,124,231.69)</u>	<u>(797,007,222.67)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	351,171,219.64	317,546,576.85
Federal Nonexchange Sponsored Programs	42,956,211.80	44,252,957.15
Local Nonexchange Sponsored Programs	35,000,000.00	
Gift Contributions for Operations	153,399,512.03	126,787,371.24
Investment Income	199,194,270.69	233,042,239.37
Net Increase (Decrease) in Fair Value of Investments	(40,958,604.07)	(211,155,096.79)
Interest Expense on Capital Asset Financings	(1,082,899.33)	(1,269,855.67)
Gain (Loss) on Sale of Capital Assets	(19,286,799.92)	(27,473,201.97)
Other Nonoperating Revenues	26,665,316.88	9,904,759.99
Other Nonoperating (Expenses)	(666,415.10)	(2,762,033.25)
Net Nonoperating Revenues (Expenses)	<u>746,391,812.62</u>	<u>488,873,716.92</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(184,732,419.07)	(308,133,505.75)
Gifts and Sponsored Programs for Capital Acquisitions	9,910,427.84	32,887,214.63
Additions to Permanent Endowments / Annuities	56,700,959.63	74,506,008.44
Reclass from/(to) Other institutions	221,562,741.79	195,584,878.58
Transfers Between Institutions & System, Debt Service - Mandatory	(100,651,610.47)	(99,001,141.81)
Transfers Between Institutions & System Admin. - Non mandatory	546,048,444.45	314,176,027.28
Transfers From Other State Agencies	6,828,049.52	2,061,792.96
Transfers to Other State Agencies	9,510.17	8,047,462.36
Legislative Appropriations Lapsed		
Change in Net Position	<u>555,657,083.52</u>	<u>204,033,811.97</u>
Beginning Net Position	8,390,178,893.21	8,186,145,081.24
Restatements	563,157.88	
Beginning Net Position (As Restated)	<u>8,390,742,051.09</u>	<u>8,186,145,081.24</u>
Ending Net Position	<u>\$ 8,946,399,134.61</u>	<u>8,390,178,893.21</u>

The University of Texas at Austin
 Exhibit C - Statement of Cash Flows
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	481,822,021.06	470,227,453.60
Proceeds from Sponsored Programs	585,089,620.09	594,041,012.30
Proceeds from Auxiliaries	300,094,476.51	278,897,954.29
Proceeds from Other Revenues	269,312,943.73	306,366,464.84
Payments to Suppliers	(810,529,101.45)	(856,822,685.14)
Payments to Employees	(1,435,883,380.04)	(1,372,363,635.43)
Payments for Loans Provided	(32,773,572.99)	(33,804,071.91)
Proceeds from Loan Programs	99,997,535.69	31,832,916.30
Net Cash Provided (Used) by Operating Activities	<u>(612,869,457.40)</u>	<u>(581,624,591.15)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	352,469,103.34	314,441,379.01
Proceeds from Operating Gifts	154,887,928.38	146,146,559.89
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	56,700,959.63	74,506,008.44
Proceeds from Other Nonoperating Revenues	459,459.46	531,268.21
Receipts for Transfers from System or Other Agencies	306,216,920.99	227,538,197.30
Payments for Transfers to System or Other Agencies	(4,054,659.00)	(9,988,279.26)
Payments for Other Uses	(285,418.20)	(427,224.85)
Proceeds from Nonexchange Sponsored Programs	79,252,957.15	44,769,860.39
Net Cash Provided by Noncapital Financing Activities	<u>945,647,251.75</u>	<u>797,517,769.13</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	378,737,380.19	189,501,842.40
Proceeds from Capital Appropriations, Grants, and Gifts	6,070,899.73	25,523,266.72
Proceeds from Sale of Capital Assets	2,131,670.70	126,582.53
Payments for Additions to Capital Assets	(580,108,890.28)	(437,492,554.70)
Payments of Principal on Capital Related Debt	(2,453,646.62)	(2,437,501.04)
Mandatory Transfers to System for Capital Related Debt	(100,651,610.47)	(99,001,141.81)
Payments of Interest on Capital Related Debt	(1,082,899.33)	(1,269,855.67)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(297,357,096.08)</u>	<u>(325,049,361.57)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	163,603,536.52	189,692,803.57
Proceeds from Interest and Investment Income Invested by System	41,308,589.47	39,083,886.56
Payments to Acquire Investments Invested by System	(184,087,150.99)	(450,861,369.53)
Net Cash Provided (Used) by Investing Activities	<u>20,824,975.00</u>	<u>(222,084,679.40)</u>
Net Increase (Decrease) in Cash	56,245,673.27	(331,240,862.99)
Cash and Cash Equivalents (Beginning of the Year)	268,947,444.95	600,188,307.94
Cash and Cash Equivalents (End of the Year)	<u>\$ 325,193,118.22</u>	<u>\$ 268,947,444.95</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(931,124,231.69)	(797,007,222.67)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	253,473,465.28	234,488,695.23
Bad Debt Expense	1,484,809.72	31,112.14
Changes in Assets and Liabilities:		
Accounts Receivable	(1,958,560.19)	13,012,402.75
Inventories	(441,805.03)	1,279,729.78
Loans and Contracts	(2,776,037.30)	(1,971,155.61)
Other Current and Noncurrent Assets	1,990,310.90	628,554.47
Accounts Payable	35,292,865.82	(47,234,999.90)
Due to System	694,518.43	1,362,538.78
Unearned Revenue	24,529,830.07	8,701,571.81
Assets Held for Others	1.00	3,259,102.17
Employees' Compensable Leave	2,735,659.91	1,719,072.02
Other Current and Noncurrent Liabilities	3,229,715.68	106,007.88
Total Adjustments	<u>318,254,774.29</u>	<u>215,382,631.52</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (612,869,457.40)</u>	<u>\$ (581,624,591.15)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(40,958,604.07)	(211,155,096.79)
Donated Capital Assets	3,839,528.11	7,363,947.91
Capital Assets Acquired Under Capital Lease Purchases	291,861.29	3,286,935.61
Miscellaneous Noncash Transactions	6,926,001.51	(18,481,105.05)

The University of Texas at Brownsville
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash & Cash Equivalents	\$ 10,520,750.20
Restricted Cash & Cash Equivalents	753,276.20
Balance in State Appropriations	8,536,197.39
Accounts Receivable, Net:	
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,317,198.38
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	409,595.19
Student (allow. \$0.00 in 2016 & \$449,147.68 in 2015)	1,427,486.24
Interest and Dividend Receivables	50,315.16
Other (allow. \$0.00 in 2016 & \$160,495.44 in 2015)	1,635,660.18
Due From Other Funds	2,937,692.09
Due From System Administration	4,115,175.54
Due From Other Institutions	3,329,371.15
Due From Other Agencies	217,588.52
Other Current Assets	26,745.58
Total Current Assets	36,277,051.82
Noncurrent Assets:	
Restricted Investments	905,805.31
Funds Held by System Administration (Restricted)	9,431,716.49
Unrestricted Investments	17,394,106.91
Gross Capital/Intangible Assets	180,216,089.75
Accumulated Depreciation/Amortization	(61,406,358.86)
Total Noncurrent Assets	146,541,359.60
Total Assets	182,818,411.42
Total Assets and Deferred Outflows	182,818,411.42
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	10,634,678.42
Salaries Payable	702,842.62
Due To Other Funds	2,937,692.09
Due To System Administration	779,976.31
Due To Other State Agencies	43.00
Unearned Revenue	407,431.15
Employees' Compensable Leave - Current Portion	961,719.65
Notes, Loans, and Leases Payable	
Payable From Restricted Assets	334,848.15
Assets Held for Others	489,390.62
Other Current Liabilities	374,493.45
Total Current Liabilities	17,623,115.46
Noncurrent Liabilities:	
Employees' Compensable Leave	2,005,418.33
Notes, Loans, and Leases Payable	
Total Noncurrent Liabilities	2,005,418.33
Total Liabilities	19,628,533.79
Total Liabilities and Deferred Inflows	19,628,533.79
NET POSITION	
Net Investment in Capital Assets	118,809,730.89
Restricted for:	
Nonexpendable	
Permanent Health, True Endowments, and Annuities	7,566,573.21
Expendable	
Capital Projects	3,168,136.08
Funds Functioning as Endowment (Restricted)	31,402.32
Other Expendable	5,826,485.60
Unrestricted	27,787,549.53
Total Net Position	\$ 163,189,877.63

The University of Texas at Brownsville
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$	39,071,263.21
Discounts and Allowances		(7,151,385.03)
Federal Sponsored Programs		7,250,052.73
Federal Sponsored Programs Pass-Through from State Agencies		885,130.08
State Sponsored Programs Pass-Through from State Agencies		9,538,484.94
Local Sponsored Programs		84,707.96
Private Sponsored Programs		387,985.44
Sales and Services of Educational Activities		2,515,051.53
Discounts and Allowances Sales and Services of Educational Activities		(8,144.20)
Auxiliary Enterprises		1,918,695.68
Discounts and Allowances Auxiliary Enterprises		(326,730.05)
Other Operating Revenues	(0.16)	(120,371.27)
Total Operating Revenues	<u>(0.16)</u>	<u>54,044,741.02</u>
Operating Expenses:		
Instruction		33,505,799.47
Research		5,087,019.49
Public Service		3,128,228.56
Academic Support		14,233,269.42
Student Services		7,231,542.43
Institutional Support	2,905,463.30	11,703,531.99
Operations and Maintenance of Plant	84,128.98	12,468,955.34
Scholarships and Fellowships		17,682,045.54
Auxiliary Enterprises		6,621,471.63
Depreciation and Amortization	561,117.89	8,591,052.24
Total Operating Expenses	<u>3,550,710.17</u>	<u>120,252,916.11</u>
Operating Income (Loss)	<u>(3,550,710.33)</u>	<u>(66,208,175.09)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	(62,281.62)	29,264,890.60
Federal Nonexchange Sponsored Programs		9,767,224.53
Gift Contributions for Operations		385,141.28
Investment Income		2,804,164.99
Net Increase (Decrease) in Fair Value of Investments		(3,179,743.00)
Gain (Loss) on Sale of Capital Assets		7,401.57
Net Nonoperating Revenues (Expenses)	<u>(62,281.62)</u>	<u>39,049,079.97</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(3,612,991.95)	(27,159,095.12)
Capital Appropriations (HEAF)		5,057,420.00
Gifts and Sponsored Programs for Capital Acquisitions		65,000.00
Additions to Permanent Endowments / Annuities		39,302.81
Reclass from/(to) Other Institutions		(50,459,621.91)
Transfers Between Institutions & System, Debt Service - Mandatory		(7,373,253.00)
Transfers Between Institutions & System Admin. - Non mandatory	(39,742,442.20)	58,758,660.66
Transfers From Other State Agencies		6,219,807.53
Transfers to Other State Agencies	119,834,443.48	1,030,737.12
Legislative Appropriations Lapsed		
Change in Net Position	<u>(163,189,877.63)</u>	<u>(15,882,516.15)</u>
Beginning Net Position	163,189,877.63	179,072,393.78
Ending Net Position	<u>\$</u>	<u>163,189,877.63</u>

The University of Texas at Brownsville
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	-	16,645,653.90
Proceeds from Sponsored Programs	-	23,137,526.07
Proceeds from Auxiliaries	-	1,649,360.53
Proceeds from Other Revenues	(0.16)	(643,740.56)
Payments to Suppliers	(2,989,592.28)	(30,708,331.65)
Payments to Employees	-	(69,734,900.24)
Proceeds from Loan Programs	-	381.23
Net Cash Provided (Used) by Operating Activities	<u>(2,989,592.44)</u>	<u>(59,654,050.72)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	(62,281.62)	30,724,881.92
Proceeds from Operating Gifts	-	385,141.28
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	-	39,302.81
Receipts for Transfers from System or Other Agencies	-	12,459,225.78
Payments for Transfers to System or Other Agencies	(6,665,863.85)	(6,775,717.62)
Payments for Other Uses	-	43.00
Proceeds from Nonexchange Sponsored Programs	-	12,584,047.79
Net Cash Provided by Noncapital Financing Activities	<u>(6,728,145.47)</u>	<u>49,416,924.96</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	-	497,371.15
Proceeds from Capital Appropriations, Grants, and Gifts	-	8,906,778.40
Proceeds from Sale of Capital Assets	-	9,480.72
Payments for Additions to Capital Assets	(1,556,288.49)	(10,113,181.56)
Mandatory Transfers to System for Capital Related Debt	-	(7,373,253.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,556,288.49)</u>	<u>(8,072,804.29)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	6,463,140.28
Proceeds from Interest and Investment Income	-	914,312.36
Proceeds from Interest and Investment Income Invested by System	-	1,910,045.99
Payments to Acquire Investments Invested by System	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>9,287,498.63</u>
Net Increase (Decrease) in Cash	(11,274,026.40)	(9,022,431.42)
Cash and Cash Equivalents (Beginning of the Year)	11,274,026.40	20,296,457.82
Cash and Cash Equivalents (End of the Year)	<u>-</u>	<u>\$ 11,274,026.40</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(3,550,710.33)	(66,208,175.09)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	561,117.89	8,591,052.24
Operating Income and Cash Flow Categories Classification Differences	9,878,354.89	-
Changes in Assets and Liabilities:		
Accounts Receivable	6,029,350.55	14,039,639.31
Loans and Contracts	-	381.23
Other Current and Noncurrent Assets	26,745.58	11,410,550.06
Accounts Payable	(10,916,021.51)	(246,122.44)
Due to System	(779,976.31)	(701,930.68)
Unearned Revenue	(407,431.15)	(19,151,950.60)
Assets Held for Others	(489,390.62)	(8,010,108.03)
Employees' Compensable Leave	(2,967,137.98)	775,134.58
Other Current and Noncurrent Liabilities	(374,493.45)	(152,521.30)
Total Adjustments	<u>561,117.89</u>	<u>6,554,124.37</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,989,592.44)</u>	<u>\$ (59,654,050.72)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	-	(3,179,743.00)
Donated Capital Assets	-	65,000.00
Miscellaneous Noncash Transactions	(119,804,901.49)	49,298.10

The University of Texas at Dallas
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 75,002,693.41	93,028,487.47
Restricted Cash & Cash Equivalents	3,766,854.24	5,293,054.65
Balance in State Appropriations	4,158,756.48	7,797,412.96
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	17,873,596.16	7,475,619.91
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	535,416.69	834,730.75
Student (allow. \$1,901,403.71 in 2016 & \$1,225,165.87 in 2015)	38,456,817.41	37,109,533.25
Interest and Dividend Receivables	494,903.67	445,860.39
Contributions (allow. \$201,166.51 in 2016 & \$515,339.79 in 2015)	3,822,163.73	9,791,455.94
Other (allow. \$785,038.13 in 2016 & \$454,461.99 in 2015)	9,839,889.39	10,375,219.57
Due From System Administration	96,410,241.27	21,824,182.24
Due From Other Institutions	477,166.35	119,808.13
Due From Other Agencies	779,954.30	522,235.64
Inventories	245,109.21	260,904.61
Loans & Contracts (allow. \$495,119.80 in 2016 & \$598,216.26 in 2015)	10,875,639.54	11,218,112.63
Other Current Assets	9,017,993.65	11,574,039.31
Total Current Assets	271,757,195.50	217,670,657.45
Noncurrent Assets:		
Restricted Investments	31,856,528.26	32,260,761.26
Loans & Contracts (allow. \$290,568.69 in 2016 & \$317,778.07 in 2015)	1,254,173.25	1,109,986.20
Funds Held by System Administration (Restricted)	436,196,714.09	392,777,507.32
Contributions Rec. (allow. \$115,294.78 in 2016 & \$39,805.82 in 2015)	2,190,600.80	756,310.56
Unrestricted Investments	159,811,309.70	136,535,901.66
Gross Capital/Intangible Assets	1,462,594,131.08	1,339,042,816.88
Accumulated Depreciation/Amortization	(487,619,539.14)	(431,036,668.12)
Total Noncurrent Assets	1,606,283,918.04	1,471,446,615.76
Total Assets	1,878,041,113.54	1,689,117,273.21
Total Assets and Deferred Outflows	1,878,041,113.54	1,689,117,273.21
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	28,578,992.35	26,652,332.28
Salaries Payable	25,126,522.23	25,511,297.97
Due To System Administration	3,492,916.25	3,130,138.79
Due To Other Institutions	33,217.07	60,194.52
Due To Other State Agencies	24,790.44	
Unearned Revenue	132,552,492.05	127,460,311.34
Employees' Compensable Leave - Current Portion	5,507,396.74	4,864,603.98
Notes, Loans, and Leases Payable	104,458.19	
Payable From Restricted Assets	3,795,153.24	3,582,729.80
Assets Held for Others	533,416.27	639,889.45
Other Current Liabilities	19,362.24	7,133.27
Total Current Liabilities	199,768,717.07	191,908,631.40
Noncurrent Liabilities:		
Employees' Compensable Leave Liability to Beneficiaries	3,282,976.79	3,911,153.10
Notes, Loans, and Leases Payable	3,814.89	7,275.22
Total Noncurrent Liabilities	3,391,985.26	3,918,428.32
Total Liabilities	203,160,702.33	195,827,059.72
Total Liabilities and Deferred Inflows	203,160,702.33	195,827,059.72
NET POSITION		
Net Investment in Capital Assets	974,764,940.17	908,006,148.76
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	269,637,602.00	232,795,754.63
Expendable		
Capital Projects	79,862,591.03	3,016,674.28
Funds Functioning as Endowment (Restricted)	23,527,747.77	23,065,195.72
Other Expendable	185,796,118.17	189,833,705.37
Unrestricted	141,291,412.07	136,572,734.73
Total Net Position	\$ 1,674,880,411.21	1,493,290,213.49

The University of Texas at Dallas
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 375,761,496.42	349,357,672.28
Discounts and Allowances	(93,082,535.74)	(85,046,752.29)
Federal Sponsored Programs	36,529,078.58	31,743,577.63
Federal Sponsored Programs Pass-Through from State Agencies	1,423,405.91	2,115,834.95
State Sponsored Programs Pass-Through from State Agencies	10,475,133.31	9,751,300.94
Local Sponsored Programs	71,630.32	301,963.03
Private Sponsored Programs	12,002,253.98	12,792,895.01
Sales and Services of Educational Activities	19,989,211.87	19,935,924.64
Discounts and Allowances Sales and Services of Educational Activities		(35,140.54)
Auxiliary Enterprises	29,489,161.11	25,255,722.82
Other Operating Revenues	5,242,158.06	5,516,120.19
Total Operating Revenues	<u>397,900,993.82</u>	<u>371,689,118.66</u>
Operating Expenses:		
Instruction	176,131,897.44	163,402,521.38
Research	84,807,112.56	80,687,600.46
Public Service	10,187,004.28	9,992,133.54
Academic Support	68,023,602.09	60,201,859.56
Student Services	19,381,105.40	15,478,422.18
Institutional Support	41,599,228.38	48,792,572.21
Operations and Maintenance of Plant	34,821,575.98	32,080,191.45
Scholarships and Fellowships	30,706,417.29	26,881,173.30
Auxiliary Enterprises	40,848,855.01	35,624,620.08
Depreciation and Amortization	<u>65,185,601.94</u>	<u>58,365,920.09</u>
Total Operating Expenses	<u>571,692,400.37</u>	<u>531,527,014.25</u>
Operating Income (Loss)	<u>(173,791,406.55)</u>	<u>(159,837,895.59)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	104,346,589.51	101,213,450.72
Federal Nonexchange Sponsored Programs	22,775,716.00	20,496,154.00
State Nonexchange Pass-Through	32,383,099.00	3,042,124.00
Gift Contributions for Operations	26,523,353.21	10,020,063.19
Investment Income	34,229,857.39	24,829,074.30
Net Increase (Decrease) in Fair Value of Investments	(10,297,078.25)	(18,201,012.45)
Gain (Loss) on Sale of Capital Assets	(1,909,092.02)	(305,475.09)
Other Nonoperating (Expenses)	<u>(387.69)</u>	<u>655.47</u>
Net Nonoperating Revenues (Expenses)	<u>208,052,057.15</u>	<u>141,095,034.14</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	34,260,650.60	(18,742,861.45)
Gifts and Sponsored Programs for Capital Acquisitions	1,496,847.76	7,338,575.15
Additions to Permanent Endowments / Annuities	13,650,200.23	4,005,974.15
Reclass from/(to) Other Institutions	(53,709,858.23)	25,031,861.65
Transfers Between Institutions & System, Debt Service - Mandatory	(47,145,363.08)	(39,623,476.71)
Transfers Between Institutions & System Admin. - Non mandatory	231,452,310.80	81,852,075.58
Transfers From Other State Agencies	476,141.84	204,068.91
Transfers to Other State Agencies		3,513,178.75
Legislative Appropriations Lapsed		<u>(0.25)</u>
Change in Net Position	<u>180,480,929.72</u>	<u>56,553,038.28</u>
Beginning Net Position	1,493,290,213.49	1,436,737,175.21
Restatements	<u>1,109,268.00</u>	
Beginning Net Position (As Restated)	1,494,399,481.49	1,436,737,175.21
Ending Net Position	<u>\$ 1,674,880,411.21</u>	<u>1,493,290,213.49</u>

The University of Texas at Dallas
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	285,599,903.94	264,878,105.53
Proceeds from Sponsored Programs	50,782,196.09	54,670,628.62
Proceeds from Auxiliaries	30,158,411.09	26,145,411.73
Proceeds from Other Revenues	24,830,539.14	25,258,642.11
Payments to Suppliers	(157,731,638.15)	(170,436,852.39)
Payments to Employees	(346,931,251.65)	(306,525,240.26)
Payments for Loans Provided	(35,439,836.57)	(33,245,067.69)
Proceeds from Loan Programs	35,466,048.21	29,951,189.12
Net Cash Provided (Used) by Operating Activities	<u>(113,265,627.90)</u>	<u>(109,303,183.23)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	107,985,245.99	100,160,756.81
Proceeds from Operating Gifts	31,058,355.18	4,666,547.87
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	13,650,200.23	4,005,974.15
Receipts for Transfers from System or Other Agencies	14,062,068.57	10,227,768.52
Payments for Transfers to System or Other Agencies	(4,988,446.57)	(10,598,148.25)
Proceeds from Nonexchange Sponsored Programs	55,158,815.00	23,538,278.00
Net Cash Provided by Noncapital Financing Activities	<u>216,926,238.40</u>	<u>132,001,177.10</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	95,681,248.97	117,258,867.63
Proceeds from Capital Appropriations, Grants, and Gifts	1,496,847.76	7,338,575.15
Proceeds from Sale of Capital Assets	37,463.65	-
Payments for Additions to Capital Assets	(130,750,979.73)	(140,711,701.83)
Payments of Principal on Capital Related Debt	(105,934.14)	-
Mandatory Transfers to System for Capital Related Debt	(47,145,363.08)	(39,623,476.71)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(80,786,716.57)</u>	<u>(55,737,735.76)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	15,172,033.35
Proceeds from Interest and Investment Income	148,921.54	167,406.83
Proceeds from Interest and Investment Income Invested by System	34,012,650.12	12,374,988.53
Payments to Acquire Investments Invested by System	(76,587,460.06)	-
Net Cash Provided (Used) by Investing Activities	<u>(42,425,888.40)</u>	<u>27,714,428.71</u>
Net Increase (Decrease) in Cash	(19,551,994.47)	(5,325,313.18)
Cash and Cash Equivalents (Beginning of the Year)	98,321,542.12	103,646,855.30
Cash and Cash Equivalents (End of the Year)	<u>\$ 78,769,547.65</u>	<u>\$ 98,321,542.12</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash		
Provided (Used) by Operating Activities		
Operating Income (Loss)	(173,791,406.55)	(159,837,895.59)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	65,185,601.94	58,385,920.09
Bad Debt Expense	172,074.40	5,440.42
Changes in Assets and Liabilities:		
Accounts Receivable	(11,525,693.05)	(5,290,866.42)
Inventories	15,795.40	11,703.59
Loans and Contracts	26,211.64	(3,293,878.57)
Other Current and Noncurrent Assets	2,556,045.66	1,158,613.09
Accounts Payable	(1,279,587.75)	(5,800,680.08)
Due to System	362,777.46	274,499.54
Unearned Revenue	5,092,180.71	4,908,226.70
Assets Held for Others	(106,473.18)	(159,646.08)
Employees' Compensable Leave	14,616.45	418,837.87
Other Current and Noncurrent Liabilities	12,228.97	(83,457.79)
Total Adjustments	<u>60,525,778.65</u>	<u>50,534,712.36</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (113,265,627.90)</u>	<u>\$ (109,303,183.23)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(10,297,078.25)	(18,201,012.45)
Capital Assets Acquired Under Capital Lease Purchases	315,585.91	-
Miscellaneous Noncash Transactions	(1,906,765.38)	(301,285.18)

The University of Texas at El Paso
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 42,468,578.55	39,171,225.98
Restricted Cash & Cash Equivalents	13,671,439.47	8,122,669.94
Balance in State Appropriations	5,912,354.39	5,310,262.75
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	21,716,478.45	23,278,530.28
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	3,779,370.09	3,715,734.58
Student (allow. \$1,282,481.88 in 2016 & \$1,012,635.53 in 2015)	25,462,926.52	19,896,017.85
Interest and Dividend Receivables	365,062.87	426,242.20
Contributions (allow. \$938,316.09 in 2016 & \$690,173.36 in 2015)	5,317,124.40	3,910,982.37
Other (allow. \$665,689.47 in 2016 & \$1,008,044.74 in 2015)	15,154,905.59	14,213,652.89
Due From System Administration	2,068,928.63	4,701,453.28
Due From Other Institutions	73,566.95	42,266.07
Due From Other Agencies	1,275,763.61	4,711,009.34
Inventories	351,933.60	329,942.49
Loans & Contracts (allow. \$804,912.47 in 2016 & \$1,060,346.70 in 2015)	3,092,810.85	3,401,030.35
Other Current Assets	15,221,883.38	16,950,479.82
Total Current Assets	155,933,127.35	148,181,500.19
Noncurrent Assets:		
Restricted Investments	14,193,979.98	11,061,574.73
Loans & Contracts (allow. \$201,228.12 in 2016 & \$201,970.80 in 2015)	800,039.67	620,323.43
Funds Held by System Administration (Restricted)	222,933,249.45	221,327,847.19
Contributions Rec. (allow. \$102,211.04 in 2016 & \$149,746.91 in 2015)	579,195.89	848,565.81
Unrestricted Investments	60,771,877.98	66,724,118.51
Gross Capital/Intangible Assets	851,961,989.56	847,079,236.03
Accumulated Depreciation/Amortization	(347,143,746.55)	(322,477,983.96)
Total Noncurrent Assets	804,096,585.98	825,183,681.74
Total Assets	960,029,713.33	973,365,181.93
Total Assets and Deferred Outflows	960,029,713.33	973,365,181.93
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	9,995,737.42	13,836,548.45
Salaries Payable	13,392,582.05	11,413,051.87
Due To System Administration	2,253,698.24	2,202,429.08
Due To Other Institutions	338,524.20	403,075.77
Due To Other State Agencies	166,751.98	166,777.53
Unearned Revenue	74,474,514.31	72,537,848.42
Employees' Compensable Leave - Current Portion	3,211,012.52	3,513,547.86
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	1,862,259.81	2,791,873.94
Assets Held for Others	8,635,617.32	5,057,156.21
Other Current Liabilities	3,903,554.79	2,825,140.05
Total Current Liabilities	118,234,252.64	114,747,449.18
Noncurrent Liabilities:		
Employees' Compensable Leave	4,829,937.05	4,242,517.77
Liability to Beneficiaries	2,833,162.21	2,865,693.19
Notes, Loans, and Leases Payable		
Total Noncurrent Liabilities	7,663,099.26	7,108,210.96
Total Liabilities	125,897,351.90	121,855,660.14
Total Liabilities and Deferred Inflows	125,897,351.90	121,855,660.14
NET POSITION		
Net Investment in Capital Assets	504,818,243.01	524,601,252.07
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	120,867,304.32	116,140,691.78
Expendable		
Capital Projects	(263,986.72)	(572,716.81)
Funds Functioning as Endowment (Restricted)	17,736,441.90	17,928,245.44
Other Expendable	131,619,194.85	130,155,659.58
Unrestricted	59,355,164.07	63,256,389.73
Total Net Position	\$ 834,132,361.43	851,509,521.79

The University of Texas at El Paso
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 149,183,954.77	145,393,746.24
Discounts and Allowances	(38,443,833.00)	(35,395,519.00)
Federal Sponsored Programs	54,150,443.27	49,345,591.58
Federal Sponsored Programs Pass-Through from State Agencies	1,062,386.64	9,331,527.09
State Sponsored Programs Pass-Through from State Agencies	24,517,329.19	20,491,954.16
Local Sponsored Programs	329,222.20	790,295.69
Private Sponsored Programs	6,704,885.84	6,344,361.69
Sales and Services of Educational Activities	8,598,911.04	9,726,688.98
Auxiliary Enterprises	31,874,292.18	36,475,294.96
Other Operating Revenues	1,146,608.34	(5,653,583.84)
Total Operating Revenues	<u>239,124,200.47</u>	<u>236,850,357.55</u>
Operating Expenses:		
Instruction	111,846,324.75	106,568,778.90
Research	71,698,700.49	71,732,536.43
Public Service	7,092,276.88	8,228,535.32
Academic Support	21,802,556.18	20,091,445.90
Student Services	17,881,672.51	17,967,788.93
Institutional Support	32,067,665.65	27,077,103.71
Operations and Maintenance of Plant	28,831,067.16	28,624,789.39
Scholarships and Fellowships	55,008,829.97	56,296,655.03
Auxiliary Enterprises	46,741,170.16	50,708,809.69
Depreciation and Amortization	31,358,518.69	30,792,002.46
Total Operating Expenses	<u>424,328,782.44</u>	<u>418,088,445.76</u>
Operating Income (Loss)	<u>(185,204,581.97)</u>	<u>(181,238,088.21)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	106,572,366.23	102,797,690.14
Federal Nonexchange Sponsored Programs	48,609,477.05	52,417,802.34
State Nonexchange Pass-Through	1,065,165.68	4,002,434.18
Gift Contributions for Operations	8,864,308.43	5,945,260.37
Investment Income	12,445,701.12	18,906,632.81
Net Increase (Decrease) in Fair Value of Investments	(2,345,276.00)	(18,991,109.80)
Gain (Loss) on Sale of Capital Assets	(2,113,619.20)	(791,521.84)
Other Nonoperating Revenues	75,404.57	120,577.26
Other Nonoperating (Expenses)	(208,312.20)	314,727.74
Net Nonoperating Revenues (Expenses)	<u>172,965,215.68</u>	<u>164,722,493.20</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(12,239,366.29)	(16,515,595.01)
Gifts and Sponsored Programs for Capital Acquisitions	684,254.12	(7,591,202.21)
Additions to Permanent Endowments / Annuities	4,077,663.48	2,603,494.05
Reclass from/(to) Other Institutions	3,528,836.11	20,643,413.25
Transfers Between Institutions & System, Debt Service - Mandatory	(22,563,355.28)	(20,014,273.45)
Transfers Between Institutions & System Admin. - Non mandatory	8,752,808.55	10,585,277.44
Transfers From Other State Agencies	519,885.95	212,934.91
Transfers to Other State Agencies	137,887.00	2,136,327.46
Legislative Appropriations Lapsed		(0.95)
Change in Net Position	<u>(17,377,160.36)</u>	<u>(12,212,279.43)</u>
Beginning Net Position	851,509,521.79	863,721,801.22
Ending Net Position	<u>\$ 834,132,361.43</u>	<u>851,509,521.79</u>

The University of Texas at El Paso
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	107,093,485.56	108,175,566.13
Proceeds from Sponsored Programs	92,606,949.27	93,286,904.18
Proceeds from Auxiliaries	31,129,215.94	37,946,715.13
Proceeds from Other Revenues	15,907,395.00	(4,198,019.77)
Payments to Suppliers	(161,597,065.89)	(173,028,353.72)
Payments to Employees	(229,951,166.88)	(218,409,797.70)
Payments for Loans Provided	(5,216,667.26)	(4,411,126.49)
Proceeds from Loan Programs	5,601,347.43	4,547,969.96
Net Cash Provided (Used) by Operating Activities	<u>(144,426,506.83)</u>	<u>(156,090,142.28)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	105,970,274.59	102,305,297.52
Proceeds from Operating Gifts	7,727,536.32	6,769,699.79
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	4,077,663.48	2,603,494.05
Receipts for Transfers from System or Other Agencies	2,765,324.28	511,306.18
Payments for Transfers to System or Other Agencies	(366,600.00)	(4,230,237.96)
Proceeds from Nonexchange Sponsored Programs	49,674,642.73	56,420,236.52
Net Cash Provided by Noncapital Financing Activities	<u>169,848,841.40</u>	<u>164,379,796.10</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	12,932,790.34	37,965,797.23
Proceeds from Capital Appropriations, Grants, and Gifts	667,009.32	347,528.84
Payments for Additions to Capital Assets	(18,711,917.83)	(46,115,139.42)
Mandatory Transfers to System for Capital Related Debt	(22,563,355.28)	(20,014,273.45)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(27,675,473.45)</u>	<u>(27,816,086.80)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	3,126,851.11
Proceeds from Interest and Investment Income	166,394.46	92,994.03
Proceeds from Interest and Investment Income Invested by System	12,063,709.50	18,536,550.57
Payments to Acquire Investments Invested by System	(1,130,842.98)	-
Net Cash Provided (Used) by Investing Activities	<u>11,099,260.98</u>	<u>21,756,395.71</u>
Net Increase (Decrease) in Cash	8,846,122.10	2,229,962.73
Cash and Cash Equivalents (Beginning of the Year)	47,293,895.92	45,063,933.19
Cash and Cash Equivalents (End of the Year)	<u>\$ 56,140,018.02</u>	<u>\$ 47,293,895.92</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(185,204,581.97)	(181,238,088.21)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	31,358,518.69	30,792,002.46
Bad Debt Expense	(256,176.91)	188,794.37
Changes in Assets and Liabilities:		
Accounts Receivable	856,765.13	5,406,354.93
Inventories	(21,991.11)	32,650.18
Loans and Contracts	384,680.17	136,843.47
Other Current and Noncurrent Assets	1,728,596.44	(1,492,936.90)
Accounts Payable	(202,012.11)	(12,677,917.49)
Due to System	51,269.16	(2,063,356.76)
Unearned Revenue	1,936,665.89	580,317.49
Assets Held for Others	3,578,461.11	2,740,407.42
Employees' Compensable Leave	284,883.94	723,522.98
Other Current and Noncurrent Liabilities	1,078,414.74	781,263.78
Total Adjustments	<u>40,778,075.14</u>	<u>25,147,945.93</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (144,426,506.83)</u>	<u>\$ (156,090,142.28)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(2,345,276.00)	(18,991,109.80)
Donated Capital Assets	17,244.80	61,268.95
Miscellaneous Noncash Transactions	(2,037,627.68)	(628,574.62)

The University of Texas-Pan American
 Exhibit A Statement of Net Position
 As of August 31, 2016

	<u>Prior Year Totals</u>
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash & Cash Equivalents	\$ 62,081,009.13
Restricted Cash & Cash Equivalents	(29,031,415.79)
Balance in State Appropriations	963,109.71
Accounts Receivable, Net:	
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	38,361,716.29
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,297,351.92
Student (allow. \$0.00 in 2016 & \$4,149,457.52 in 2015)	25,543,407.93
Interest and Dividend Receivables	185,181.03
Contributions (allow. \$0.00 in 2016 & \$2,697.57 in 2015)	143,550.00
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	3,924,457.23
Due From System Administration	5,242,571.14
Due From Other Institutions	66,877.24
Due From Other Agencies	423,321.94
Inventories	198,723.71
Loans & Contracts (allow. \$0.00 in 2016 & \$3,168,113.35 in 2015)	4,053,502.38
Other Current Assets	210,615.85
Total Current Assets	<u>114,663,979.71</u>
Noncurrent Assets:	
Restricted Investments	1,912,391.79
Loans & Contracts (allow. \$0.00 in 2016 & \$1,003,461.94 in 2015)	173,435.49
Funds Held by System Administration (Restricted)	36,555,893.69
Contributions Rec. (allow. \$0.00 in 2016 & \$485.03 in 2015)	48,017.91
Unrestricted Investments	69,810,590.91
Gross Capital/Intangible Assets	512,631,544.76
Accumulated Depreciation/Amortization	(252,036,692.62)
Total Noncurrent Assets	<u>369,095,181.93</u>
Total Assets	<u>483,759,161.64</u>
Total Assets and Deferred Outflows	<u>483,759,161.64</u>
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	16,137,570.50
Salaries Payable	11,570,769.90
Federal Payables	269,393.00
Due To System Administration	1,728,563.45
Due To Other Institutions	3,308,555.02
Due To Other State Agencies	267,728.23
Unearned Revenue	65,058,449.39
Employees' Compensable Leave - Current Portion	1,426,448.93
Notes, Loans, and Leases Payable	
Payable From Restricted Assets	1,162,679.29
Other Current Liabilities	771,900.21
Total Current Liabilities	<u>101,702,057.92</u>
Noncurrent Liabilities:	
Employees' Compensable Leave	3,004,760.94
Assets Held for Others	1,385,199.30
Notes, Loans, and Leases Payable	
Total Noncurrent Liabilities	<u>4,389,960.24</u>
Total Liabilities	<u>106,092,018.16</u>
Total Liabilities and Deferred Inflows	<u>106,092,018.16</u>
NET POSITION	
Net Investment in Capital Assets	260,594,852.14
Restricted for:	
Nonexpendable	
Permanent Health, True Endowments, and Annuities	12,326,442.69
Expendable	
Capital Projects	3,491,473.31
Funds Functioning as Endowment (Restricted)	1,222,718.76
Other Expendable	19,684,944.26
Unrestricted	80,346,712.32
Total Net Position	<u>\$ 377,667,143.48</u>

The University of Texas-Pan American
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$	126,029,286.80
Discounts and Allowances		(67,547,446.53)
Federal Sponsored Programs		15,287,503.44
Federal Sponsored Programs Pass-Through from State Agencies		1,129,327.97
State Sponsored Programs Pass-Through from State Agencies		27,403,960.95
Local Sponsored Programs		124,501.93
Private Sponsored Programs		1,843,878.04
Sales and Services of Educational Activities		5,679,339.00
Auxiliary Enterprises		7,218,916.50
Other Operating Revenues		<u>3,339,983.06</u>
Total Operating Revenues		<u>120,509,251.16</u>
Operating Expenses:		
Instruction		88,897,613.37
Research		8,788,549.63
Public Service		6,968,017.51
Academic Support		21,143,601.53
Student Services		19,594,989.37
Institutional Support		29,399,207.29
Operations and Maintenance of Plant		18,578,498.61
Scholarships and Fellowships		43,623,491.22
Auxiliary Enterprises		19,243,137.86
Depreciation and Amortization		<u>18,693,167.29</u>
Total Operating Expenses		<u>274,930,273.68</u>
Operating Income (Loss)		<u>(154,421,022.52)</u>
Nonoperating Revenues (Expenses):		
State Appropriations		73,707,342.66
Federal Nonexchange Sponsored Programs		60,544,515.19
Gift Contributions for Operations		3,249,324.05
Investment Income		6,850,377.80
Net Increase (Decrease) in Fair Value of Investments		(8,916,151.24)
Gain (Loss) on Sale of Capital Assets		(12,266.35)
Other Nonoperating Revenues		542,500.00
Other Nonoperating (Expenses)		<u>(117,500.00)</u>
Net Nonoperating Revenues (Expenses)		<u>135,848,142.11</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers		(18,572,880.41)
Capital Appropriations (HEAF)		12,311,123.00
Gifts and Sponsored Programs for Capital Acquisitions		6,899,624.18
Additions to Permanent Endowments / Annuities		182,548.00
Reclass from/(to) Other Institutions		(4,589,376.64)
Transfers Between Institutions & System, Debt Service - Mandatory		(11,860,246.77)
Transfers Between Institutions & System Admin. - Non mandatory	(115,095,202.26)	11,149,416.96
Transfers From Other State Agencies		179,089.91
Transfers to Other State Agencies	261,576,693.76	804,291.30
Legislative Appropriations Lapsed		<u>(5,104,993.07)</u>
Change in Net Position	<u>(376,671,896.02)</u>	<u>(5,104,993.07)</u>
Beginning Net Position	377,667,143.48	382,772,136.55
Restatements	<u>(995,247.46)</u>	
Beginning Net Position (As Restated)	376,671,896.02	382,772,136.55
Ending Net Position	<u>\$ 377,667,143.48</u>	<u>377,667,143.48</u>

The University of Texas-Pan American
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	-	73,666,775.25
Proceeds from Sponsored Programs	-	47,927,620.09
Proceeds from Auxiliaries	-	7,271,297.72
Proceeds from Other Revenues	-	9,937,692.52
Payments to Suppliers	-	(113,157,576.98)
Payments to Employees	-	(157,252,473.22)
Payments for Loans Provided	-	(12,649,581.27)
Proceeds from Loan Programs	-	11,902,155.53
Net Cash Provided (Used) by Operating Activities	-	(132,354,090.36)
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	-	78,820,683.49
Proceeds from Operating Gifts	-	3,387,495.89
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	-	182,548.00
Proceeds from Other Nonoperating Revenues	-	542,500.00
Receipts for Transfers from System or Other Agencies	(995,247.46)	2,865,445.74
Payments for Transfers to System or Other Agencies	(32,054,345.88)	(1,828,719.73)
Payments for Other Uses	-	(117,500.00)
Proceeds from Nonexchange Sponsored Programs	-	66,401,271.63
Net Cash Provided by Noncapital Financing Activities	(33,049,593.34)	150,253,725.02
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	-	21,970,529.27
Proceeds from Capital Appropriations, Grants, and Gifts	-	12,311,123.00
Proceeds from Sale of Capital Assets	-	13,499.25
Payments for Additions to Capital Assets	-	(43,126,756.85)
Mandatory Transfers to System for Capital Related Debt	-	(11,860,246.77)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(20,691,852.10)
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	7,851,813.79
Proceeds from Interest and Investment Income	-	84,033.46
Proceeds from Interest and Investment Income Invested by System	-	6,781,466.07
Payments to Acquire Investments Invested by System	-	-
Net Cash Provided (Used) by Investing Activities	-	14,717,313.32
Net Increase (Decrease) in Cash	(33,049,593.34)	11,925,095.88
Cash and Cash Equivalents (Beginning of the Year)	33,049,593.34	21,124,497.46
Cash and Cash Equivalents (End of the Year)	-	\$ 33,049,593.34
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	-	(154,421,022.52)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	-	18,693,167.29
Bad Debt Expense	-	239,592.45
Operating Income and Cash Flow Categories Classification Differences	45,924,928.47	-
Changes in Assets and Liabilities:		
Accounts Receivable	50,079,782.30	(9,566,399.28)
Inventories	198,723.71	(21,695.09)
Loans and Contracts	4,226,937.87	(747,425.74)
Other Current and Noncurrent Assets	210,615.85	565,194.97
Accounts Payable	(27,265,665.98)	(14,343,408.20)
Due to System	(1,728,563.45)	154,191.59
Unearned Revenue	(65,058,449.39)	26,659,049.12
Assets Held for Others	(1,385,199.30)	949,061.59
Employees' Compensable Leave	(4,431,209.87)	(268,648.81)
Other Current and Noncurrent Liabilities	(771,900.21)	(245,747.73)
Total Adjustments	-	22,066,932.16
Net Cash Provided (Used) by Operating Activities	-	\$ (132,354,090.36)
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	-	(8,916,151.24)
Donated Capital Assets	-	6,899,624.18
Miscellaneous Noncash Transactions	(260,594,852.14)	(8,076.44)

The University of Texas of the Permian Basin
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 7,457,484.35	4,297,625.20
Restricted Cash & Cash Equivalents	11,173,315.15	7,934,810.47
Balance in State Appropriations	905,801.28	1,205,366.27
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	(1,446,606.03)	2,946,399.00
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,901,159.65	1,832,411.22
Student (allow. \$0.00 in 2016 & \$0.00 in 2015)	23,972,843.58	7,302,724.49
Contributions (allow. \$266,302.79 in 2016 & \$734,545.06 in 2015)	2,396,725.07	6,610,905.52
Other (allow. \$2,958.00 in 2016 & \$16,080.00 in 2015)	688,843.47	1,382,602.63
Due From Other Funds	236,034.78	
Due From System Administration	6,468,814.19	4,827,271.26
Due From Other Institutions	18,086.09	444.49
Due From Other Agencies	275,286.86	339,255.48
Inventories	414,007.98	396,511.29
Loans & Contracts (allow. \$269,984.89 in 2016 & \$21,935.49 in 2015)	137,974.36	453,433.42
Other Current Assets	562,335.39	538,018.84
Total Current Assets	56,167,106.17	40,067,779.58
Noncurrent Assets:		
Restricted Investments	1,656,860.48	3,024,148.74
Funds Held by System Administration (Restricted)	42,779,945.95	41,283,380.65
Contributions Rec. (allow. \$284,972.11 in 2016 & \$8,803.21 in 2015)	2,564,749.01	79,228.88
Unrestricted Investments	113,463.33	7,793,220.54
Gross Capital/Intangible Assets	342,290,733.33	305,652,059.23
Accumulated Depreciation/Amortization	(123,696,005.98)	(109,750,413.26)
Total Noncurrent Assets	265,709,746.12	248,081,624.78
Total Assets	321,876,852.29	288,149,404.36
Total Assets and Deferred Outflows	321,876,852.29	288,149,404.36
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	7,609,787.20	3,880,488.65
Salaries Payable	1,562,442.20	2,319,509.51
Due To Other Funds	236,034.78	
Due To System Administration	526,824.18	384,455.18
Due To Other State Agencies		82,525.65
Unearned Revenue	20,744,553.24	12,681,815.20
Employees' Compensable Leave - Current Portion	472,382.06	490,874.88
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	506,795.80	1,194,320.77
Assets Held for Others		
Other Current Liabilities	513,362.57	489,981.71
Total Current Liabilities	32,172,182.03	21,523,971.55
Noncurrent Liabilities:		
Employees' Compensable Leave	807,714.51	691,997.13
Assets Held for Others	(26,840.79)	(136,042.64)
Notes, Loans, and Leases Payable		
Total Noncurrent Liabilities	780,873.72	555,954.49
Total Liabilities	32,953,055.75	22,079,926.04
Total Liabilities and Deferred Inflows	32,953,055.75	22,079,926.04
NET POSITION		
Net Investment in Capital Assets	218,594,727.35	195,901,645.97
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	33,946,081.31	32,252,374.96
Expendable		
Capital Projects	3,040,755.09	4,511,244.88
Funds Functioning as Endowment (Restricted)	357,364.54	156,169.40
Other Expendable	26,779,121.95	29,986,233.08
Unrestricted	6,205,746.30	3,261,810.03
Total Net Position	\$ 288,923,796.54	266,069,478.32

The University of Texas of the Permian Basin
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 31,186,966.91	22,904,932.61
Discounts and Allowances	(7,753,682.15)	(6,151,952.84)
Federal Sponsored Programs	1,270,488.53	1,467,620.56
Federal Sponsored Programs Pass-Through from State Agencies	2,154,924.71	2,658,877.40
State Sponsored Programs Pass-Through from State Agencies	3,823,951.10	3,778,913.60
Local Sponsored Programs	1,105,436.52	1,005,731.49
Private Sponsored Programs	156,357.48	220,003.81
Sales and Services of Educational Activities	2,051,746.18	1,303,056.87
Auxiliary Enterprises	6,172,322.75	4,134,892.11
Discounts and Allowances Auxiliary Enterprises	(1,347,367.40)	(667,469.29)
Other Operating Revenues	<u>595,095.02</u>	<u>682,128.14</u>
Total Operating Revenues	<u>39,426,239.65</u>	<u>31,336,734.46</u>
Operating Expenses:		
Instruction	23,299,872.22	22,181,421.18
Research	611,155.43	2,200,876.60
Public Service	7,351,731.20	5,346,007.60
Academic Support	4,829,342.79	4,426,337.23
Student Services	3,347,179.94	2,702,668.02
Institutional Support	6,387,745.26	6,570,719.47
Operations and Maintenance of Plant	7,850,317.20	7,856,950.91
Scholarships and Fellowships	2,352,233.82	8,594,100.30
Auxiliary Enterprises	8,360,717.23	7,263,024.82
Depreciation and Amortization	<u>13,945,592.72</u>	<u>13,970,235.13</u>
Total Operating Expenses	<u>78,335,887.81</u>	<u>81,112,341.26</u>
Operating Income (Loss)	<u>(38,909,648.16)</u>	<u>(49,775,606.80)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	34,281,577.17	29,206,785.50
Federal Nonexchange Sponsored Programs	4,224,369.76	5,842,132.53
Gift Contributions for Operations	818,244.83	12,091,000.23
Investment Income	1,661,650.03	2,243,859.81
Net Increase (Decrease) in Fair Value of Investments	(80,424.11)	(2,222,044.80)
Gain (Loss) on Sale of Capital Assets		(93,661.84)
Other Nonoperating Revenues	103,650.00	153,330.23
Other Nonoperating (Expenses)		<u>(609.02)</u>
Net Nonoperating Revenues (Expenses)	<u>41,009,067.68</u>	<u>47,220,792.64</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	2,099,419.52	(2,554,814.16)
Gifts and Sponsored Programs for Capital Acquisitions		400,000.00
Additions to Permanent Endowments / Annuities	720,129.48	891,724.25
Reclass from/(to) Other Institutions	27,928,006.86	(2,689,897.28)
Transfers Between Institutions & System, Debt Service - Mandatory	(12,877,209.40)	(12,260,731.82)
Transfers Between Institutions & System Admin. - Non mandatory	5,006,681.04	5,624,706.31
Transfers From Other State Agencies	58,214.00	78,428.91
Transfers to Other State Agencies		507,027.36
Legislative Appropriations Lapsed	<u>(80,923.28)</u>	<u>(78,245.15)</u>
Change in Net Position	<u>22,854,318.22</u>	<u>(11,095,856.30)</u>
Beginning Net Position	266,069,478.32	277,165,334.62
Ending Net Position	<u>\$ 288,923,796.54</u>	<u>266,069,478.32</u>

The University of Texas of the Permian Basin
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	13,363,472.08	23,109,690.15
Proceeds from Sponsored Programs	11,896,219.53	11,935,229.87
Proceeds from Auxiliaries	7,098,118.75	3,660,834.25
Proceeds from Other Revenues	2,775,381.67	3,485,351.86
Payments to Suppliers	(22,812,477.20)	(31,859,495.59)
Payments to Employees	(41,708,492.11)	(36,033,811.03)
Payments for Loans Provided	-	(9,000.00)
Proceeds from Loan Programs	67,409.66	6,086.37
Net Cash Provided (Used) by Operating Activities	<u>(29,320,367.62)</u>	<u>(25,705,114.12)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	34,500,218.88	29,471,275.45
Proceeds from Operating Gifts	2,546,905.15	5,539,444.95
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	720,129.48	891,724.25
Receipts for Transfers from System or Other Agencies	584,772.34	8,533,652.60
Payments for Transfers to System or Other Agencies	-	(8,904,732.74)
Payments for Other Uses	-	(609.02)
Proceeds from Nonexchange Sponsored Programs	4,224,369.76	5,842,132.53
Net Cash Provided by Noncapital Financing Activities	<u>42,576,395.61</u>	<u>41,372,888.02</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	30,767,411.22	8,942,577.16
Payments for Additions to Capital Assets	(33,873,747.48)	(9,521,159.99)
Mandatory Transfers to System for Capital Related Debt	(12,877,209.40)	(12,260,731.82)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(15,983,545.66)</u>	<u>(12,839,314.65)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	7,501,609.56	-
Proceeds from Interest and Investment Income	49,997.88	32,291.34
Proceeds from Interest and Investment Income Invested by System	1,610,827.56	2,228,305.80
Payments to Acquire Investments	(31,553.50)	(31,121.50)
Payments to Acquire Investments Invested by System	-	(3,993,632.57)
Net Cash Provided (Used) by Investing Activities	<u>9,130,881.50</u>	<u>(1,764,156.93)</u>
Net Increase (Decrease) in Cash	6,403,363.83	1,064,302.32
Cash and Cash Equivalents (Beginning of the Year)	<u>12,232,435.67</u>	<u>11,168,133.35</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 18,635,799.50</u>	<u>\$ 12,232,435.67</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(38,909,648.16)	(49,775,606.80)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	13,945,592.72	13,970,235.13
Bad Debt Expense	248,049.40	-
Changes in Assets and Liabilities:		
Accounts Receivable	(12,605,776.31)	5,900,689.57
Inventories	(17,496.69)	(110,947.84)
Loans and Contracts	67,409.66	(2,913.63)
Other Current and Noncurrent Assets	(24,316.55)	228,636.91
Accounts Payable	(459,096.00)	(1,279,852.28)
Due to System	142,369.00	12,366.49
Unearned Revenue	8,062,738.04	3,791,323.39
Assets Held for Others	109,201.85	1,288,346.51
Employees' Compensable Leave	97,224.56	273,792.07
Other Current and Noncurrent Liabilities	23,380.86	(1,183.64)
Total Adjustments	<u>9,589,280.54</u>	<u>24,070,492.68</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (29,320,367.62)</u>	<u>\$ (25,705,114.12)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(80,424.11)	(2,222,044.80)
Donated Capital Assets	-	400,000.00
Miscellaneous Noncash Transactions	103,650.00	26,151.68

The University of Texas Rio Grande Valley
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals
ASSETS AND DEFERRED OUTFLOWS	
Current Assets:	
Cash & Cash Equivalents	\$ 72,826,928.98
Restricted Cash & Cash Equivalents	(41,804,134.38)
Balance in State Appropriations	19,802,107.63
Accounts Receivable, Net:	
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	47,164,331.23
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	9,955,569.72
Student (allow. \$1,519,076.73 in 2016 & \$0.00 in 2015)	11,242,121.65
Patient & Healthcare(allow. \$5,127,074.67 in 2016 & \$0.00 in 2015)	2,135,106.34
Interest and Dividend Receivables	243,538.06
Contributions (allow. \$25,645.39 in 2016 & \$0.00 in 2015)	4,538,893.30
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	6,644,763.86
Due From System Administration	28,402,412.04
Due From Other Institutions	6,246,682.47
Due From Other Agencies	707,472.67
Inventories	201,086.23
Loans & Contracts (allow. \$4,820,803.63 in 2016 & \$0.00 in 2015)	15,236,729.28
Other Current Assets	210,544.32
Total Current Assets	183,754,153.40
Noncurrent Assets:	
Restricted Investments	2,638,239.00
Loans & Contracts (allow. \$1,048,976.57 in 2016 & \$0.00 in 2015)	35,574.45
Funds Held by System Administration (Restricted)	49,644,996.32
Contributions Rec. (allow. \$152,972.26 in 2016 & \$0.00 in 2015)	15,144,253.43
Unrestricted Investments	91,801,734.43
Gross Capital/Intangible Assets	906,733,166.90
Accumulated Depreciation/Amortization	(387,932,448.62)
Total Noncurrent Assets	678,065,515.91
Total Assets	861,819,669.31
Total Assets and Deferred Outflows	861,819,669.31
LIABILITIES AND DEFERRED INFLOWS	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	23,650,979.02
Salaries Payable	17,452,451.04
Federal Payables	1,595,332.12
Due To System Administration	3,261,274.97
Due To Other Institutions	1,212,984.84
Due To Other State Agencies	285,119.47
Unearned Revenue	62,248,639.18
Employees' Compensable Leave - Current Portion	1,040,761.55
Notes, Loans, and Leases Payable	
Payable From Restricted Assets	3,708,196.90
Other Current Liabilities	1,039,158.70
Total Current Liabilities	115,494,897.79
Noncurrent Liabilities:	
Employees' Compensable Leave	8,340,155.50
Assets Held for Others	1,027,643.55
Notes, Loans, and Leases Payable	
Total Noncurrent Liabilities	9,367,799.05
Total Liabilities	124,862,696.84
Total Liabilities and Deferred Inflows	124,862,696.84
NET POSITION	
Net Investment in Capital Assets	518,800,718.28
Restricted for:	
Nonexpendable	
Permanent Health, True Endowments, and Annuities	23,592,579.46
Expendable	
Capital Projects	18,883,157.18
Funds Functioning as Endowment (Restricted)	1,342,725.85
Other Expendable	52,407,982.93
Unrestricted	121,929,808.77
Total Net Position	\$ 736,956,972.47

The University of Texas Rio Grande Valley
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Current Year Totals</u>
Operating Revenues:	
Student Tuition and Fees	\$ 193,555,976.17
Discounts and Allowances	(91,955,722.72)
Federal Sponsored Programs	35,262,756.90
Federal Sponsored Programs Pass-Through from State Agencies	1,613,337.58
State Sponsored Programs Pass-Through from State Agencies	45,736,746.19
Local Sponsored Programs	205,086.59
Private Sponsored Programs	4,516,485.20
Sales and Services of Educational Activities	6,886,968.87
Professional Fees (Patient Charges)	5,756,593.17
Discounts and Allowances Professional Fees (Patient Charges)	(3,037,768.04)
Auxiliary Enterprises	9,628,212.08
Other Operating Revenues	<u>14,979,391.61</u>
Total Operating Revenues	<u>223,148,063.60</u>
Operating Expenses:	
Instruction	127,984,159.89
Research	24,300,566.13
Public Service	15,361,198.28
Hospitals / Clinics	11,067,574.77
Academic Support	39,315,434.79
Student Services	28,364,577.83
Institutional Support	45,848,674.43
Operations and Maintenance of Plant	30,838,285.50
Scholarships and Fellowships	57,030,136.84
Auxiliary Enterprises	23,574,175.27
Depreciation and Amortization	<u>37,827,112.91</u>
Total Operating Expenses	<u>441,511,896.64</u>
Operating Income (Loss)	<u>(218,363,833.04)</u>
Nonoperating Revenues (Expenses):	
State Appropriations	152,071,939.31
Federal Nonexchange Sponsored Programs	70,424,775.55
Gift Contributions for Operations	5,429,655.44
Investment Income	6,078,021.95
Net Increase (Decrease) in Fair Value of Investments	684,370.01
Gain (Loss) on Sale of Capital Assets	(1,268,726.31)
Other Nonoperating Revenues	264,084.87
Other Nonoperating (Expenses)	<u>(1,706.00)</u>
Net Nonoperating Revenues (Expenses)	<u>233,682,414.82</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	15,318,581.78
Gifts and Sponsored Programs for Capital Acquisitions	185,915.00
Additions to Permanent Endowments / Annuities	2,546,342.74
Reclass from/(to) Other Institutions	(53,965,158.53)
Transfers Between Institutions & System, Debt Service - Mandatory	(19,102,322.91)
Transfers Between Institutions & System Admin. - Non mandatory	290,202,600.96
Transfers From Other State Agencies	501,771,013.43
Legislative Appropriations Lapsed	<u>736,956,972.47</u>
Change in Net Position	<u>736,956,972.47</u>
Ending Net Position	<u>\$ 736,956,972.47</u>

The University of Texas Rio Grande Valley
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>
Cash Flows from Operating Activities:	
Proceeds from Tuition and Fees	117,098,476.65
Proceeds from Patients and Customers	583,718.79
Proceeds from Sponsored Programs	68,573,005.15
Proceeds from Auxiliaries	8,106,943.11
Proceeds from Other Revenues	21,307,334.74
Payments to Suppliers	(143,137,969.10)
Payments to Employees	(256,215,993.91)
Payments for Loans Provided	(31,171,545.38)
Proceeds from Loan Programs	18,990,700.70
Net Cash Provided (Used) by Operating Activities	<u>(195,865,329.25)</u>
Cash Flows from Noncapital Financing Activities:	
Proceeds from State Appropriations	134,543,244.37
Proceeds from Operating Gifts	(14,061,923.38)
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	2,546,342.74
Proceeds from Other Nonoperating Revenues	264,084.87
Receipts for Transfers from System or Other Agencies	169,166,340.54
Payments for Transfers to System or Other Agencies	(100,457,581.08)
Payments for Other Uses	(1,749.00)
Proceeds from Nonexchange Sponsored Programs	70,363,007.99
Net Cash Provided by Noncapital Financing Activities	<u>262,361,767.05</u>
Cash Flows from Capital and Related Financing Activities:	
Nonmandatory Capital Related Transfers	31,884,252.20
Proceeds from Capital Appropriations, Grants, and Gifts	7,225,894.41
Proceeds from Sale of Capital Assets	4,290.58
Payments for Additions to Capital Assets	(54,173,213.99)
Mandatory Transfers to System for Capital Related Debt	(19,102,322.91)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(34,161,099.71)</u>
Cash Flows from Investing Activities	
Proceeds from Sales of Investments Invested by System	-
Proceeds from Interest and Investment Income	157,639.72
Proceeds from Interest and Investment Income Invested by System	5,919,911.43
Payments to Acquire Investments Invested by System	(7,390,094.64)
Net Cash Provided (Used) by Investing Activities	<u>(1,312,543.49)</u>
Net Increase (Decrease) in Cash	31,022,794.60
Cash and Cash Equivalents (Beginning of the Year)	-
Cash and Cash Equivalents (End of the Year)	<u>\$ 31,022,794.60</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash	
Provided (Used) by Operating Activities	
Operating Income (Loss)	(218,363,833.04)
Adjustments to Reconcile Operating Results to Net Cash:	
Depreciation and Amortization Expense	37,827,112.91
Bad Debt Expense	1,135,478.82
Operating Income and Cash Flow Categories Classification Differences	(55,803,283.36)
Changes in Assets and Liabilities:	
Accounts Receivable	(63,389,644.47)
Inventories	(201,086.23)
Loans and Contracts	(16,407,782.55)
Other Current and Noncurrent Assets	(210,544.32)
Accounts Payable	42,590,619.54
Due to System	3,261,274.97
Unearned Revenue	62,248,639.18
Assets Held for Others	1,027,643.55
Employees' Compensable Leave	9,380,917.05
Other Current and Noncurrent Liabilities	1,039,158.70
Total Adjustments	<u>22,498,503.79</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (195,865,329.25)</u>
Non Cash Transactions:	
Net Increase (Decrease) in Fair Value of Investments	684,370.01
Donated Capital Assets	185,915.00
Miscellaneous Noncash Transactions	499,965,663.12

The University of Texas at San Antonio
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 19,812,929.23	71,979,682.00
Restricted Cash & Cash Equivalents	7,940,476.46	13,888,908.10
Balance in State Appropriations	1,210,927.37	9,319,384.26
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	29,545,198.24	19,345,051.06
Other Intergov. (allow. \$33,213.00 in 2016 & \$33,213.00 in 2015)	2,305,875.78	2,746,802.39
Student (allow. \$756,477.55 in 2016 & \$633,477.55 in 2015)	33,702,208.38	30,714,651.71
Interest and Dividend Receivables	907,080.19	865,013.38
Contributions (allow. \$4,737.82 in 2016 & \$0.00 in 2015)	958,810.33	1,871,692.43
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,014,242.84	3,790,719.73
Due From System Administration	2,776,315.41	855,097.20
Due From Other Institutions	134,922.19	432,497.03
Due From Other Agencies	469,108.72	636,569.02
Inventories	797,702.16	1,039,447.14
Loans & Contracts (allow. \$880,414.55 in 2016 & \$817,208.34 in 2015)	6,990,778.78	7,736,552.74
Other Current Assets	22,057,110.45	20,831,845.59
Total Current Assets	161,623,636.53	186,053,913.78
Noncurrent Assets:		
Restricted Investments	2,000,000.00	2,000,000.00
Loans & Contracts (allow. \$501,994.12 in 2016 & \$355,807.49 in 2015)	3,985,997.07	3,368,447.44
Funds Held by System Administration (Restricted)	134,154,104.06	122,214,449.13
Contributions Rec. (allow. \$2,598.24 in 2016 & \$26,641.00 in 2015)	527,171.50	3,463,410.99
Unrestricted Investments	270,854,762.67	259,507,727.72
Gross Capital/Intangible Assets	1,220,720,614.68	1,197,021,989.12
Accumulated Depreciation/Amortization	(529,860,145.06)	(485,371,830.11)
Total Noncurrent Assets	1,102,382,504.92	1,102,204,194.29
Total Assets	1,264,006,141.45	1,288,258,108.07
Total Assets and Deferred Outflows	1,264,006,141.45	1,288,258,108.07
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	12,292,892.16	13,004,843.57
Salaries Payable	13,587,112.72	18,575,817.42
Due To System Administration	3,053,995.32	2,792,900.26
Due To Other Institutions	208,658.79	208,368.94
Due To Other State Agencies	254,689.55	236,508.33
Unearned Revenue	127,278,255.26	118,278,326.03
Employees' Compensable Leave - Current Portion	5,901,910.27	6,423,637.11
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	1,551,312.32	1,038,100.96
Assets Held for Others	3,942,486.70	1,980,976.72
Other Current Liabilities	1,158,930.10	1,266,848.37
Total Current Liabilities	169,230,243.19	163,806,327.71
Noncurrent Liabilities:		
Employees' Compensable Leave	3,341,339.05	2,614,922.01
Liability to Beneficiaries	117,936.84	135,011.50
Notes, Loans, and Leases Payable		
Total Noncurrent Liabilities	3,459,275.89	2,749,933.51
Total Liabilities	172,689,519.08	166,556,261.22
Total Liabilities and Deferred Inflows	172,689,519.08	166,556,261.22
NET POSITION		
Net Investment in Capital Assets	690,860,469.62	711,650,159.01
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	101,847,000.52	91,960,806.43
Expendable		
Capital Projects	1,336,571.43	(157,537.21)
Funds Functioning as Endowment (Restricted)	1,540,753.74	1,451,535.20
Other Expendable	64,891,653.40	70,328,550.34
Unrestricted	230,840,173.66	246,468,333.08
Total Net Position	\$ 1,091,316,622.37	1,121,701,846.85

The University of Texas at San Antonio
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 254,672,832.26	268,752,256.11
Discounts and Allowances	(69,327,758.48)	(76,162,239.36)
Federal Sponsored Programs	38,985,762.91	36,018,489.27
Federal Sponsored Programs Pass-Through from State Agencies	1,357,533.30	1,577,839.21
State Sponsored Programs Pass-Through from State Agencies	18,102,374.45	20,808,981.12
Local Sponsored Programs	573,269.30	3,579,088.75
Private Sponsored Programs	3,449,737.96	5,334,767.12
Sales and Services of Educational Activities	12,310,107.11	12,457,472.09
Discounts and Allowances Sales and Services of Educational Activities	(181,271.52)	(295,465.56)
Auxiliary Enterprises	43,691,446.30	42,642,987.48
Other Operating Revenues	4,321,380.43	3,809,173.93
Total Operating Revenues	<u>307,955,414.02</u>	<u>318,523,350.16</u>
Operating Expenses:		
Instruction	135,340,070.83	132,979,959.30
Research	47,571,924.56	42,033,630.71
Public Service	16,414,659.86	18,051,080.13
Academic Support	56,101,824.64	54,458,370.01
Student Services	28,165,332.98	26,612,295.00
Institutional Support	39,812,553.35	36,729,392.49
Operations and Maintenance of Plant	41,286,574.55	42,260,776.52
Scholarships and Fellowships	48,932,082.65	33,762,512.58
Auxiliary Enterprises	52,384,009.83	50,577,811.77
Depreciation and Amortization	47,730,304.89	47,928,593.56
Total Operating Expenses	<u>513,739,338.14</u>	<u>485,394,422.07</u>
Operating Income (Loss)	<u>(205,783,924.12)</u>	<u>(166,871,071.91)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	119,698,538.94	125,417,734.10
Federal Nonexchange Sponsored Programs	45,444,640.00	46,164,292.00
State Nonexchange Pass-Through	5,249,945.00	727,145.00
Gift Contributions for Operations	3,287,175.95	10,355,261.00
Investment Income	14,055,298.21	24,762,230.84
Net Increase (Decrease) in Fair Value of Investments	(201,489.02)	(28,527,365.02)
Gain (Loss) on Sale of Capital Assets	(363,141.33)	(1,906,132.74)
Other Nonoperating Revenues	55,977.75	632,239.37
Other Nonoperating (Expenses)	536.81	(191,943.81)
Net Nonoperating Revenues (Expenses)	<u>187,227,482.31</u>	<u>177,433,460.74</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(18,556,441.81)	10,562,388.83
Gifts and Sponsored Programs for Capital Acquisitions	1,329,805.67	2,672,910.37
Additions to Permanent Endowments / Annuities	4,889,927.41	6,545,456.26
Reclass from/(to) Other Institutions	(2,232,108.85)	(3,358,666.78)
Transfers Between Institutions & System, Debt Service - Mandatory	(33,510,416.89)	(32,881,353.77)
Transfers Between Institutions & System Admin. - Non mandatory	15,440,613.73	7,223,627.50
Transfers From Other State Agencies	1,754,169.10	832,633.91
Transfers to Other State Agencies	(230,997.00)	3,272,503.21
Legislative Appropriations Lapsed	(12,117.84)	(3,005.06)
Change in Net Position	<u>(30,665,572.48)</u>	<u>(11,678,511.95)</u>
Beginning Net Position	1,121,701,846.85	1,133,380,358.80
Restatements	280,348.00	
Beginning Net Position (As Restated)	<u>1,121,982,194.85</u>	<u>1,133,380,358.80</u>
Ending Net Position	<u>\$ 1,091,316,622.37</u>	<u>1,121,701,846.85</u>

The University of Texas at San Antonio
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	190,193,024.77	193,089,107.33
Proceeds from Sponsored Programs	57,396,269.50	62,750,849.25
Proceeds from Auxiliaries	42,483,950.92	46,919,949.44
Proceeds from Other Revenues	18,520,904.79	19,730,740.52
Payments to Suppliers	(163,548,721.71)	(165,812,569.54)
Payments to Employees	(308,194,938.29)	(289,812,120.78)
Payments for Loans Provided	(19,865,527.63)	(22,192,995.76)
Proceeds from Loan Programs	<u>19,563,408.07</u>	<u>21,679,742.09</u>
Net Cash Provided (Used) by Operating Activities	<u>(163,451,629.58)</u>	<u>(133,647,297.45)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	127,794,877.99	118,116,253.14
Proceeds from Operating Gifts	7,136,297.54	13,176,036.92
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	4,889,927.41	6,545,456.26
Proceeds from Other Nonoperating Revenues	8,248.00	40,721.34
Receipts for Transfers from System or Other Agencies	3,213,210.65	1,279,564.51
Payments for Transfers to System or Other Agencies	230,997.00	(4,745,760.00)
Payments for Other Uses	536.81	(191,943.81)
Proceeds from Nonexchange Sponsored Programs	<u>50,533,940.00</u>	<u>66,621,506.00</u>
Net Cash Provided by Noncapital Financing Activities	<u>193,808,035.40</u>	<u>200,841,834.36</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	9,976,656.04	4,603,221.68
Proceeds from Sale of Capital Assets	86,204.57	1,041,244.71
Payments for Additions to Capital Assets	(25,867,257.61)	(23,917,178.80)
Mandatory Transfers to System for Capital Related Debt	<u>(33,510,416.89)</u>	<u>(32,881,353.77)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(49,314,813.89)</u>	<u>(51,154,066.18)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	194,618.86	96,935.80
Proceeds from Interest and Investment Income Invested by System	14,136,733.70	24,744,181.58
Payments to Acquire Investments Invested by System	<u>(23,488,178.90)</u>	<u>(14,454,347.14)</u>
Net Cash Provided (Used) by Investing Activities	<u>(9,156,826.34)</u>	<u>10,386,770.24</u>
Net Increase (Decrease) in Cash	(28,115,234.41)	26,427,240.97
Cash and Cash Equivalents (Beginning of the Year)	<u>85,868,590.10</u>	<u>59,441,349.13</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 57,753,355.69</u>	<u>\$ 85,868,590.10</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(205,783,924.12)	(166,871,071.91)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	47,730,304.89	47,928,593.56
Bad Debt Expense	211,546.05	138,153.01
Changes in Assets and Liabilities:		
Accounts Receivable	(10,344,620.21)	5,236,967.99
Inventories	241,744.98	(235,313.30)
Loans and Contracts	(292,714.56)	(501,634.67)
Other Current and Noncurrent Assets	(1,225,264.86)	(17,984,271.72)
Accounts Payable	(5,308,007.95)	150,367.14
Due to System	261,095.06	(72,168.18)
Unearned Revenue	8,999,929.23	718,885.12
Assets Held for Others	1,961,509.98	(867,230.22)
Employees' Compensable Leave	204,690.20	(531,234.11)
Other Current and Noncurrent Liabilities	<u>(107,918.27)</u>	<u>(757,340.16)</u>
Total Adjustments	<u>42,332,294.54</u>	<u>33,223,774.46</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (163,451,629.58)</u>	<u>\$ (133,647,297.45)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(201,489.02)	(28,527,365.02)
Donated Capital Assets	1,329,805.67	2,672,910.37
Miscellaneous Noncash Transactions	(312,364.08)	(2,387,082.38)

The University of Texas at Tyler
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 28,534,177.59	30,864,282.56
Restricted Cash & Cash Equivalents	(3,824,909.00)	(13,544,163.69)
Balance in State Appropriations	1,605,246.13	3,026,821.44
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	9,541,175.97	21,815,079.08
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,259,259.34	2,259,554.24
Student (allow. \$1,873,349.63 in 2016 & \$1,953,872.15 in 2015)	6,376,756.65	2,073,457.29
Interest and Dividend Receivables	99,264.74	99,150.99
Contributions (allow. \$86,800.00 in 2016 & \$103,300.00 in 2015)	1,648,976.20	1,964,308.05
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	4,910,989.41	2,458,858.91
Due From System Administration	31,269,782.34	4,270,370.10
Due From Other Institutions	55,049.97	41,838.70
Due From Other Agencies	273,468.01	322,933.70
Loans & Contracts (allow. \$2,135,925.51 in 2016 & \$1,639,644.57 in 2015)	2,496,619.88	3,836,014.01
Other Current Assets	970,976.11	534,154.27
Total Current Assets	<u>86,216,833.34</u>	<u>60,022,659.65</u>
Noncurrent Assets:		
Funds Held by System Administration (Restricted)	76,133,272.87	76,376,283.09
Contributions Rec. (allow. \$187,900.00 in 2016 & \$261,200.00 in 2015)	3,569,319.21	4,963,927.20
Unrestricted Investments	38,954,003.73	37,102,332.35
Gross Capital/Intangible Assets	315,724,278.05	303,206,826.07
Accumulated Depreciation/Amortization	(150,871,103.79)	(136,212,483.48)
Total Noncurrent Assets	<u>283,509,770.07</u>	<u>285,436,885.23</u>
Total Assets	<u>369,726,603.41</u>	<u>345,459,544.88</u>
Total Assets and Deferred Outflows	<u>369,726,603.41</u>	<u>345,459,544.88</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	7,343,883.20	7,255,215.93
Salaries Payable	4,631,999.66	4,677,416.64
Due To System Administration	1,021,958.19	884,837.23
Unearned Revenue	28,490,805.37	23,034,436.94
Employees' Compensable Leave - Current Portion	878,183.14	967,653.43
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	533,016.71	320,353.46
Other Current Liabilities	398,296.37	312,323.39
Total Current Liabilities	<u>43,298,142.64</u>	<u>37,452,237.02</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	1,322,783.43	1,047,966.81
Assets Held for Others	2,406,847.40	5,575,509.50
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	378,595.62	378,595.62
Total Noncurrent Liabilities	<u>4,108,226.45</u>	<u>7,002,071.93</u>
Total Liabilities	<u>47,406,369.09</u>	<u>44,454,308.95</u>
Total Liabilities and Deferred Inflows	<u>47,406,369.09</u>	<u>44,454,308.95</u>
NET POSITION		
Net Investment in Capital Assets	164,853,174.26	166,994,342.59
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	39,668,078.94	38,922,411.94
Expendable		
Capital Projects	32,847,489.07	7,719,019.57
Funds Functioning as Endowment (Restricted)	1,624,661.57	1,648,069.28
Other Expendable	46,134,880.09	48,413,490.84
Unrestricted	37,191,950.39	37,307,901.71
Total Net Position	<u>\$ 322,320,234.32</u>	<u>301,005,235.93</u>

The University of Texas at Tyler
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 61,988,736.58	58,457,648.52
Discounts and Allowances	(19,158,696.42)	(19,170,132.77)
Federal Sponsored Programs	331,920.39	924,576.82
Federal Sponsored Programs Pass-Through from State Agencies	4,966,247.97	5,546,526.88
State Sponsored Programs Pass-Through from State Agencies	7,447,194.40	6,492,083.04
Private Sponsored Programs	221,147.28	630,799.79
Sales and Services of Educational Activities	5,905,803.87	3,607,688.76
Auxiliary Enterprises	8,287,620.32	7,449,949.05
Other Operating Revenues	456,937.19	221,069.68
Total Operating Revenues	<u>70,446,911.58</u>	<u>64,160,209.77</u>
Operating Expenses:		
Instruction	50,882,073.48	48,547,638.94
Research	1,277,758.09	1,484,602.83
Public Service	373,140.31	1,220,491.40
Academic Support	18,764,346.54	14,444,154.77
Student Services	11,634,317.91	11,226,527.13
Institutional Support	12,818,523.00	11,876,655.40
Operations and Maintenance of Plant	11,526,892.41	10,233,923.44
Scholarships and Fellowships	4,329,540.46	3,654,987.44
Auxiliary Enterprises	9,323,108.74	8,363,468.99
Depreciation and Amortization	14,658,620.31	13,370,789.37
Total Operating Expenses	<u>135,588,321.25</u>	<u>124,423,239.71</u>
Operating Income (Loss)	<u>(65,141,409.67)</u>	<u>(60,263,029.94)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	39,551,695.77	36,689,277.78
Federal Nonexchange Sponsored Programs	10,003,820.00	9,307,231.00
Gift Contributions for Operations	1,948,096.21	1,502,624.61
Investment Income	4,341,160.17	5,034,049.81
Net Increase (Decrease) in Fair Value of Investments	(241,063.15)	(5,786,927.05)
Other Nonoperating Revenues	10,765.00	43,154.59
Other Nonoperating (Expenses)	(56,014.57)	3,997.81
Net Nonoperating Revenues (Expenses)	<u>55,558,459.43</u>	<u>46,793,408.55</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(9,582,950.24)	(13,469,621.39)
Gifts and Sponsored Programs for Capital Acquisitions	414,947.70	902,222.38
Additions to Permanent Endowments / Annuities	855,314.50	570,894.00
Reclass from/(to) Other Institutions	(34,599,597.41)	12,036,936.71
Transfers Between Institutions & System, Debt Service - Mandatory	(10,211,849.19)	(8,896,455.24)
Transfers Between Institutions & System Admin. - Non mandatory	74,203,991.03	6,988,310.52
Transfers From Other State Agencies	235,142.00	91,407.91
Transfers to Other State Agencies		569,164.00
Legislative Appropriations Lapsed		(28,376.81)
Change in Net Position	<u>21,314,998.39</u>	<u>(2,373,845.92)</u>
Beginning Net Position	301,005,235.93	303,379,081.85
Ending Net Position	<u>\$ 322,320,234.32</u>	<u>301,005,235.93</u>

The University of Texas at Tyler
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	41,607,479.63	40,428,181.66
Proceeds from Sponsored Programs	30,080,060.79	2,861,866.27
Proceeds from Auxiliaries	9,186,081.49	9,061,433.80
Proceeds from Other Revenues	2,683,487.81	(3,230,400.12)
Payments to Suppliers	(37,217,979.22)	(22,976,713.69)
Payments to Employees	(81,956,470.98)	(75,760,889.30)
Payments for Loans Provided	(3,772,386.59)	(1,550,702.24)
Proceeds from Loan Programs	4,615,499.78	8,685.99
Net Cash Provided (Used) by Operating Activities	<u>(34,774,227.29)</u>	<u>(51,158,537.63)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	40,973,271.08	38,151,203.07
Proceeds from Operating Gifts	2,174,025.80	1,853,384.32
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	855,314.50	570,894.00
Proceeds from Other Nonoperating Revenues	-	(969.00)
Receipts for Transfers from System or Other Agencies	6,306,900.52	5,357,902.21
Payments for Transfers to System or Other Agencies	(5,230,037.50)	(6,716,669.50)
Payments for Other Uses	-	3,997.81
Proceeds from Nonexchange Sponsored Programs	4,991,051.00	9,307,231.00
Net Cash Provided by Noncapital Financing Activities	<u>50,070,525.40</u>	<u>48,526,973.91</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	11,763,323.85	24,505,390.78
Proceeds from Capital Appropriations, Grants, and Gifts	1,898,957.95	2,232,773.13
Payments for Additions to Capital Assets	(13,848,839.62)	(26,421,494.60)
Mandatory Transfers to System for Capital Related Debt	(10,211,849.19)	(8,896,455.24)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,398,407.01)</u>	<u>(8,579,785.93)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	5,505,425.90
Proceeds from Interest and Investment Income	1,277,308.70	1,510,808.05
Proceeds from Interest and Investment Income Invested by System	3,063,674.23	4,336,383.27
Payments to Acquire Investments Invested by System	(1,849,724.31)	-
Net Cash Provided (Used) by Investing Activities	<u>2,491,258.62</u>	<u>11,352,617.22</u>
Net Increase (Decrease) in Cash	7,389,149.72	141,267.57
Cash and Cash Equivalents (Beginning of the Year)	17,320,118.87	17,178,851.30
Cash and Cash Equivalents (End of the Year)	<u>\$ 24,709,268.59</u>	<u>\$ 17,320,118.87</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(65,141,409.67)	(60,263,029.94)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	14,858,620.31	13,370,789.37
Bad Debt Expense	496,280.94	329,166.07
Changes in Assets and Liabilities:		
Accounts Receivable	10,567,791.57	(11,006,028.54)
Loans and Contracts	843,113.19	(1,542,016.25)
Other Current and Noncurrent Assets	(436,821.84)	(168,953.69)
Accounts Payable	1,542,051.61	(448,043.42)
Due to System	137,120.96	104,477.62
Unearned Revenue	5,456,368.43	4,200,736.67
Assets Held for Others	(3,168,662.10)	3,953,450.67
Employees' Compensable Leave	185,346.33	183,104.81
Other Current and Noncurrent Liabilities	85,972.98	127,809.00
Total Adjustments	<u>30,367,182.38</u>	<u>9,104,492.31</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (34,774,227.29)</u>	<u>\$ (51,158,537.63)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(241,063.15)	(5,786,927.05)
Miscellaneous Noncash Transactions	(45,249.57)	47,344.50

The University of Texas Southwestern Medical Center
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 101,172,518.11	115,184,141.35
Restricted Cash & Cash Equivalents	14,800,722.67	5,159,259.54
Balance in State Appropriations	34,882,174.41	13,046,918.52
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	42,858,078.86	38,523,404.17
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	28,917,960.11	22,677,550.10
Patient & Healthcare(allow. \$114,892,417.14 in 2016 & \$24,786,876.55 in 2015)	305,407,137.67	277,527,906.08
Interest and Dividend Receivables	3,479,997.94	3,215,505.76
Contributions (allow. \$0.00 in 2016 & \$0.00 in 2015)	14,889,726.79	13,039,250.56
Other (allow. \$641,990.97 in 2016 & \$494,620.15 in 2015)	74,806,949.27	46,835,244.06
Due From System Administration	137,612,856.95	23,996,159.87
Due From Other Institutions	751,926.55	366,841.88
Due From Other Agencies	133,620.56	209,750.13
Inventories	32,231,243.48	30,395,876.66
Loans & Contracts (allow. \$41,379.88 in 2016 & \$38,384.79 in 2015)	1,231,720.98	1,153,748.48
Other Current Assets	12,368,385.11	10,185,498.41
Total Current Assets	<u>805,545,019.46</u>	<u>601,517,055.57</u>
Noncurrent Assets:		
Cash and Cash Equivalents (Noncurrent Restricted)	3,897,001.70	5,512,737.69
Restricted Investments	618,347,495.97	636,317,664.49
Loans & Contracts (allow. \$199,357.67 in 2016 & \$217,514.93 in 2015)	5,934,067.05	6,537,930.75
Funds Held by System Administration (Restricted)	1,028,207,134.27	974,260,951.34
Contributions Rec. (allow. \$0.00 in 2016 & \$0.00 in 2015)	46,794,650.82	60,666,510.05
Unrestricted investments	839,164,785.56	690,790,740.45
Other Noncurrent Assets	4,288,258.50	4,560,547.00
Gross Capital/Intangible Assets	3,249,052,856.88	3,109,038,868.62
Accumulated Depreciation/Amortization	(1,239,000,564.39)	(1,140,001,830.26)
Total Noncurrent Assets	<u>4,556,685,686.36</u>	<u>4,347,684,120.13</u>
Total Assets	<u>5,362,230,705.82</u>	<u>4,949,201,175.70</u>
Total Assets and Deferred Outflows	<u>5,362,230,705.82</u>	<u>4,949,201,175.70</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	164,453,218.11	158,452,781.13
Salaries Payable	62,936,421.25	56,162,891.69
Due To System Administration	15,199,311.59	13,466,109.35
Due To Other Institutions	899,106.46	168,392.16
Due To Other State Agencies	99,198.37	33,917.83
Unearned Revenue	42,483,563.68	37,733,639.39
Employees' Compensable Leave - Current Portion	61,144,665.55	61,887,323.87
Notes, Loans, and Leases Payable	19,000,000.00	
Payable From Restricted Assets	86,382,311.22	53,941,477.94
Assets Held for Others	(667,346.75)	(784,070.73)
Other Current Liabilities	80,604.17	73,254.17
Total Current Liabilities	<u>452,011,053.65</u>	<u>381,135,716.80</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	48,090,211.54	38,735,918.53
Notes, Loans, and Leases Payable		19,000,000.00
Other Noncurrent Liabilities	1,659,303.31	2,719,163.08
Total Noncurrent Liabilities	<u>49,749,514.85</u>	<u>60,455,081.61</u>
Total Liabilities	<u>501,760,568.50</u>	<u>441,590,798.41</u>
Total Liabilities and Deferred Inflows	<u>501,760,568.50</u>	<u>441,590,798.41</u>
NET POSITION		
Net Investment in Capital Assets	2,010,052,292.49	1,969,037,038.36
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	619,233,043.79	578,286,049.76
Expendable		
Capital Projects	122,411,021.64	12,889,356.88
Funds Functioning as Endowment (Restricted)	53,062,639.99	29,360,989.13
Other Expendable	952,998,785.08	912,586,564.26
Unrestricted	1,102,712,354.33	1,005,450,378.88
Total Net Position	<u>\$ 4,860,470,137.32</u>	<u>4,507,610,377.29</u>

The University of Texas Southwestern Medical Center
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 25,560,234.42	24,720,864.62
Discounts and Allowances	(1,962,542.82)	(1,993,549.42)
Federal Sponsored Programs	186,224,195.65	184,224,943.68
Federal Sponsored Programs Pass-Through from State Agencies	2,409,490.05	3,075,249.65
State Sponsored Programs Pass-Through from State Agencies	44,634,516.07	46,239,962.01
Local Sponsored Programs	262,688,961.60	258,748,731.88
Private Sponsored Programs	60,550,017.47	70,573,210.46
Sales and Services of Educational Activities	16,637,293.47	5,160,704.65
Sales and Services of Hospitals	2,618,836,318.29	2,446,871,684.79
Discounts and Allowances Sales and Services of Hospitals	(1,555,007,033.19)	(1,485,516,145.72)
Professional Fees (Patient Charges)	1,768,381,868.19	1,605,087,345.21
Discounts and Allowances Professional Fees (Patient Charges)	(1,204,452,882.21)	(1,134,320,746.27)
Auxiliary Enterprises	27,315,234.47	25,495,056.73
Other Operating Revenues	134,391,369.17	95,647,578.11
Total Operating Revenues	<u>2,386,207,040.63</u>	<u>2,144,014,890.38</u>
Operating Expenses:		
Instruction	827,926,980.91	730,505,174.05
Research	328,450,176.36	324,860,976.73
Public Service	31,740,320.00	31,564,103.52
Hospitals / Clinics	1,004,253,955.23	919,556,762.45
Academic Support	19,945,703.33	19,369,564.54
Student Services	3,918,123.14	3,502,222.51
Institutional Support	70,932,383.78	50,970,311.30
Operations and Maintenance of Plant	70,316,261.42	54,733,891.51
Scholarships and Fellowships	1,850,430.23	1,365,560.24
Auxiliary Enterprises	26,106,470.60	22,535,672.05
Depreciation and Amortization	162,517,966.02	150,956,853.17
Total Operating Expenses	<u>2,547,958,771.02</u>	<u>2,309,921,092.07</u>
Operating Income (Loss)	<u>(161,751,730.39)</u>	<u>(165,906,201.69)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	187,096,262.66	171,528,976.45
Gift Contributions for Operations	99,093,260.41	108,745,504.48
Investment Income	95,817,460.89	114,566,524.83
Net Increase (Decrease) in Fair Value of Investments	(6,167,399.59)	(138,296,988.92)
Gain (Loss) on Sale of Capital Assets	(1,891,025.93)	(4,545,263.57)
Other Nonoperating Revenues	3,733,363.21	4,271,836.13
Other Nonoperating (Expenses)	(1,204,157.31)	(1,463,000.00)
Net Nonoperating Revenues (Expenses)	<u>376,477,764.34</u>	<u>254,807,589.40</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	214,726,033.95	88,901,387.71
Gifts and Sponsored Programs for Capital Acquisitions	10,239,299.59	11,177,470.19
Additions to Permanent Endowments / Annuities	32,629,324.03	17,871,496.39
Reclass from/(to) Other Institutions	(84,117,971.55)	(48,036,742.25)
Transfers Between Institutions & System, Debt Service - Mandatory	(89,925,320.06)	(90,137,021.28)
Transfers Between Institutions & System Admin. - Non mandatory	263,899,241.44	80,184,769.06
Transfers From Other State Agencies	50,307.15	105,374.33
Transfers to Other State Agencies	2,326.64	249,793.15
Legislative Appropriations Lapsed	(32.14)	
Change in Net Position	<u>347,498,555.77</u>	<u>59,816,941.00</u>
Beginning Net Position	4,507,610,377.29	4,447,793,436.29
Restatements	5,361,204.25	
Beginning Net Position (As Restated)	<u>4,512,971,581.55</u>	<u>4,447,793,436.29</u>
Ending Net Position	<u>\$ 4,860,470,137.32</u>	<u>4,507,610,377.29</u>

The University of Texas Southwestern Medical Center
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	25,208,843.50	22,848,388.61
Proceeds from Patients and Customers	1,610,637,296.85	1,369,655,715.70
Proceeds from Sponsored Programs	537,488,078.09	591,288,069.31
Proceeds from Auxiliaries	22,630,864.83	23,025,820.65
Proceeds from Other Revenues	136,509,602.12	61,493,589.31
Payments to Suppliers	(781,237,851.70)	(772,324,817.87)
Payments to Employees	(1,587,908,154.55)	(1,359,653,483.61)
Payments for Loans Provided	(908,831.22)	(1,071,107.35)
Proceeds from Loan Programs	1,355,902.66	1,211,665.37
Net Cash Provided (Used) by Operating Activities	<u>(36,224,249.42)</u>	<u>(63,526,159.88)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	165,260,974.63	170,113,602.54
Proceeds from Operating Gifts	99,444,983.41	84,630,741.42
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	32,629,324.03	17,871,496.39
Proceeds from Other Nonoperating Revenues	11,497.91	1,997,787.88
Receipts for Transfers from System or Other Agencies	9,244,462.34	12,992,757.12
Payments for Transfers to System or Other Agencies	-	(18,291,227.85)
Payments for Other Uses	(4,164,418.00)	-
Net Cash Provided by Noncapital Financing Activities	<u>302,426,824.32</u>	<u>269,315,157.50</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	63,401,939.02	37,752,833.95
Proceeds from Capital Appropriations, Grants, and Gifts	16,840,813.72	2,886,275.93
Proceeds from Sale of Capital Assets	4,267,451.01	1,386,559.04
Payments for Additions to Capital Assets	(170,368,449.22)	(246,636,180.10)
Mandatory Transfers to System for Capital Related Debt	(89,925,320.06)	(90,137,021.28)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(175,783,565.53)</u>	<u>(294,747,532.46)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	53,220,750.70	73,453,065.02
Proceeds from Interest and Investment Income Invested by System	40,891,802.94	39,808,703.93
Payments to Acquire Investments Invested by System	(190,517,459.11)	(28,193,186.99)
Net Cash Provided (Used) by Investing Activities	<u>(96,404,905.47)</u>	<u>85,068,581.96</u>
Net increase (Decrease) in Cash	(5,985,896.10)	(3,889,952.88)
Cash and Cash Equivalents (Beginning of the Year)	125,856,138.58	129,746,091.46
Cash and Cash Equivalents (End of the Year)	<u>\$ 119,870,242.48</u>	<u>\$ 125,856,138.58</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(161,751,730.39)	(165,906,201.69)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	162,517,966.02	150,956,853.17
Bad Debt Expense	79,321.90	(21,005.23)
Changes in Assets and Liabilities:		
Accounts Receivable	(69,135,402.45)	(70,661,093.68)
Inventories	(1,835,366.82)	(5,523,855.78)
Loans and Contracts	447,071.44	140,558.02
Other Current and Noncurrent Assets	(1,910,598.20)	(2,923,220.22)
Accounts Payable	21,438,961.61	16,298,476.52
Due to System	1,733,202.24	1,229,573.24
Unearned Revenue	4,749,924.29	2,398,816.43
Assets Held for Others	(116,723.98)	259,485.35
Employees' Compensable Leave	8,611,634.69	9,441,608.39
Other Current and Noncurrent Liabilities	(1,052,509.77)	783,845.60
Total Adjustments	<u>125,527,480.97</u>	<u>102,380,041.81</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (36,224,249.42)</u>	<u>\$ (63,526,159.88)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(6,167,399.59)	(138,296,988.92)
Donated Capital Assets	5,245,561.00	-
Miscellaneous Noncash Transactions	662,541.57	(3,806,251.04)

The University of Texas Medical Branch at Galveston
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 60,931,963.09	57,011,034.58
Restricted Cash & Cash Equivalents	4,342,619.31	8,893,229.61
Balance in State Appropriations	11,906,609.49	11,505,753.77
Accounts Receivable, Net:		
Federal (allow. \$1,789,216.08 in 2016 & \$1,126,491.79 in 2015)	22,245,494.62	11,601,621.34
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	9,851,503.29	13,916,534.11
Student (allow. \$836,538.38 in 2016 & \$1,764,355.04 in 2015)	10,217,964.97	9,226,083.87
Patient & Healthcare(allow. \$25,776,250.91 in 2016 & \$42,282,184.33 in 2015)	132,062,362.40	99,303,102.14
Interest and Dividend Receivables	890,338.80	915,159.29
Contributions (allow. \$17,497.43 in 2016 & \$19,701.99 in 2015)	89,487.76	66,894.78
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	25,838,919.78	28,524,143.15
Due From System Administration	17,583,951.34	40,624,924.45
Due From Other Institutions	641,924.90	267,878.24
Due From Other Agencies	40,253,959.91	15,303,174.88
Inventories	21,699,686.91	15,811,029.22
Loans & Contracts (allow. \$0.00 in 2016 & \$0.00 in 2015)	877,784.93	941,981.85
Other Current Assets	13,115,285.78	12,008,020.09
Total Current Assets	<u>372,549,857.28</u>	<u>325,920,565.37</u>
Noncurrent Assets:		
Restricted Investments	27,229,154.19	31,460,061.45
Loans & Contracts (allow. \$1,186,126.58 in 2016 & \$1,114,869.60 in 2015)	6,102,687.75	6,034,936.00
Funds Held by System Administration (Restricted)	535,790,733.91	533,376,366.79
Contributions Rec. (allow. \$2,194.21 in 2016 & \$3,156.45 in 2015)	90,367.95	65,810.81
Unrestricted Investments	322,224,684.01	320,872,080.54
Other Noncurrent Assets	3,864,704.25	3,003,016.08
Gross Capital/Intangible Assets	2,940,911,769.44	2,691,823,180.83
Accumulated Depreciation/Amortization	(1,294,683,843.09)	(1,173,409,326.93)
Total Noncurrent Assets	<u>2,541,530,278.41</u>	<u>2,413,226,125.57</u>
Total Assets	<u>2,914,080,135.69</u>	<u>2,739,146,690.94</u>
Total Assets and Deferred Outflows	<u>2,914,080,135.69</u>	<u>2,739,146,690.94</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	198,825,890.98	244,206,564.24
Salaries Payable	43,270,712.05	37,744,398.50
Due To System Administration	14,903,170.29	13,303,195.44
Due To Other Institutions	185,833.55	272,835.78
Due To Other State Agencies	45,829.47	84,802.66
Unearned Revenue	46,324,371.17	39,131,553.16
Employees' Compensable Leave - Current Portion	42,852,026.07	40,167,933.13
Notes, Loans, and Leases Payable	2,688,902.06	68,195.21
Payable From Restricted Assets	5,894,045.64	6,920,229.05
Assets Held for Others	3,357,279.94	1,470,683.36
Total Current Liabilities	<u>358,348,061.22</u>	<u>383,370,390.53</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	26,106,742.41	26,787,894.37
Liability to Beneficiaries	144,960.46	229,641.93
Notes, Loans, and Leases Payable	7,405,667.00	96,664.57
Other Noncurrent Liabilities	764,555.95	802,786.53
Total Noncurrent Liabilities	<u>34,421,925.82</u>	<u>27,916,987.40</u>
Total Liabilities	<u>392,769,987.04</u>	<u>411,287,377.93</u>
Total Liabilities and Deferred Inflows	<u>392,769,987.04</u>	<u>411,287,377.93</u>
NET POSITION		
Net Investment in Capital Assets	1,646,227,926.35	1,518,413,853.90
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	319,535,092.81	312,436,743.53
Expendable		
Capital Projects	(41,194,656.78)	(35,160,355.97)
Funds Functioning as Endowment (Restricted)	30,934,684.66	30,856,380.74
Other Expendable	202,401,087.22	207,033,381.56
Unrestricted	363,406,014.39	294,279,309.25
Total Net Position	<u>\$ 2,521,310,148.65</u>	<u>2,327,859,313.01</u>

The University of Texas Medical Branch at Galveston
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 38,376,081.55	36,467,239.53
Discounts and Allowances	(1,821,643.33)	(3,523,997.38)
Federal Sponsored Programs	113,172,216.83	109,683,629.41
Federal Sponsored Programs Pass-Through from State Agencies	17,819,570.27	14,240,954.49
State Sponsored Programs Pass-Through from State Agencies	18,298,176.53	14,657,427.81
Local Sponsored Programs	1,983,681.71	2,477,403.40
Private Sponsored Programs	55,890,286.36	51,569,074.72
Sales and Services of Educational Activities	15,866,295.02	14,900,452.09
Sales and Services of Hospitals	3,270,368,010.59	2,843,068,777.75
Discounts and Allowances Sales and Services of Hospitals	(2,223,106,886.51)	(1,895,682,744.59)
Professional Fees (Patient Charges)	518,990,020.02	474,805,415.73
Discounts and Allowances Professional Fees (Patient Charges)	(338,551,856.46)	(326,209,311.28)
Auxiliary Enterprises	10,392,761.79	9,156,431.24
Other Operating Revenues	52,743,168.83	69,946,030.67
Total Operating Revenues	<u>1,550,419,883.20</u>	<u>1,415,556,783.59</u>
Operating Expenses:		
Instruction	308,950,822.51	294,005,712.61
Research	108,910,230.97	105,411,712.83
Public Service	19,447,919.74	12,725,604.42
Hospitals / Clinics	1,182,248,805.09	1,062,297,265.51
Academic Support	33,773,746.88	33,591,295.77
Student Services	7,365,467.24	6,956,827.93
Institutional Support	78,289,683.05	86,871,287.81
Operations and Maintenance of Plant	55,143,280.88	80,303,137.18
Scholarships and Fellowships	9,833,481.35	9,340,288.80
Auxiliary Enterprises	10,486,762.91	9,632,441.22
Depreciation and Amortization	129,619,844.67	103,515,870.86
Total Operating Expenses	<u>1,944,070,045.29</u>	<u>1,804,651,444.94</u>
Operating Income (Loss)	<u>(393,650,162.09)</u>	<u>(389,094,661.35)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	360,078,679.86	356,632,294.54
Federal Nonexchange Sponsored Programs	859,641.00	977,129.00
Gift Contributions for Operations	9,913,375.46	7,480,614.04
Investment Income	42,761,067.14	48,857,881.67
Net Increase (Decrease) in Fair Value of Investments	(5,788,463.80)	(50,182,389.29)
Gain (Loss) on Sale of Capital Assets	5,045.76	(1,264,571.73)
Other Nonoperating Revenues	10,849.00	172,468.00
Other Nonoperating (Expenses)	(143,419.15)	134,938.89
Net Nonoperating Revenues (Expenses)	<u>407,696,775.27</u>	<u>362,808,365.12</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	<u>14,046,613.18</u>	<u>(26,286,296.23)</u>
Gifts and Sponsored Programs for Capital Acquisitions	62,942,989.63	79,053,929.24
Additions to Permanent Endowments / Annuities	6,859,530.97	2,764,481.81
Reclass from/(to) Other Institutions	121,507,980.34	36,391,528.85
Transfers Between Institutions & System, Debt Service - Mandatory	(64,504,240.66)	(57,476,902.00)
Transfers Between Institutions & System Admin. - Non mandatory	51,394,780.58	73,115,036.06
Transfers From Other State Agencies	14,583,883.40	51,904,287.78
Transfers to Other State Agencies	14,554,129.80	51,980,976.89
Legislative Appropriations Lapsed		
Change in Net Position	<u>192,277,407.64</u>	<u>107,485,088.62</u>
Beginning Net Position	2,327,859,313.01	2,220,374,224.39
Restatements	1,173,428.00	
Beginning Net Position (As Restated)	<u>2,329,032,741.01</u>	<u>2,220,374,224.39</u>
Ending Net Position	<u>\$ 2,521,310,148.65</u>	<u>2,327,859,313.01</u>

The University of Texas Medical Branch at Galveston
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	36,927,223.52	33,126,433.57
Proceeds from Patients and Customers	1,188,304,367.53	1,106,012,020.64
Proceeds from Sponsored Programs	176,164,356.72	198,690,125.76
Proceeds from Auxiliaries	10,147,762.33	9,431,644.67
Proceeds from Other Revenues	67,826,616.87	85,001,044.52
Payments to Suppliers	(582,549,901.93)	(531,266,333.89)
Payments to Employees	(1,227,496,626.71)	(1,147,860,680.70)
Payments for Loans Provided	(1,479,408.20)	(664,162.50)
Proceeds from Loan Programs	1,475,853.37	1,135,496.70
Net Cash Provided (Used) by Operating Activities	<u>(330,679,756.50)</u>	<u>(246,394,411.23)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	359,677,824.14	349,440,563.97
Proceeds from Operating Gifts	9,611,076.88	7,752,936.00
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	6,859,530.97	2,764,481.81
Proceeds from Other Nonoperating Revenues	10,849.00	172,468.00
Receipts for Transfers from System or Other Agencies	37,747,669.74	69,792,751.71
Payments for Transfers to System or Other Agencies	(31,806,933.90)	(70,693,362.57)
Payments for Other Uses	(106,870.21)	178,476.11
Proceeds from Nonexchange Sponsored Programs	859,641.00	977,129.00
Net Cash Provided by Noncapital Financing Activities	<u>382,852,787.62</u>	<u>360,385,444.03</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuance of Capital Debt	11,151,727.94	164,859.78
Nonmandatory Capital Related Transfers	191,180,521.11	220,530,382.73
Proceeds from Capital Appropriations, Grants, and Gifts	68,538,510.94	80,220,798.55
Proceeds from Sale of Capital Assets	554,189.62	107,246.99
Payments for Additions to Capital Assets	(295,907,190.37)	(328,918,963.75)
Payments of Principal on Capital Related Debt	(1,222,018.66)	(303,844.00)
Mandatory Transfers to System for Capital Related Debt	(64,504,240.66)	(57,476,902.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(90,208,500.08)</u>	<u>(85,676,421.70)</u>
Cash Flows from Investing Activities:		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	7,557,002.49	3,235,661.34
Proceeds from Interest and Investment Income Invested by System	35,173,311.81	45,264,660.06
Payments to Acquire Investments Invested by System	(5,324,527.13)	(81,351,178.23)
Net Cash Provided (Used) by Investing Activities	<u>37,405,787.17</u>	<u>(32,850,856.83)</u>
Net Increase (Decrease) in Cash	(629,681.79)	(4,536,245.73)
Cash and Cash Equivalents (Beginning of the Year)	65,904,264.19	70,440,509.92
Cash and Cash Equivalents (End of the Year)	<u>\$ 65,274,582.40</u>	<u>\$ 65,904,264.19</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(393,650,162.09)	(389,094,661.35)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	129,619,844.67	103,515,870.86
Gross Loss on Impairment of Capital Assets	-	3,251,115.52
Changes in Assets and Liabilities:		
Accounts Receivable	(66,827,912.73)	14,878,736.71
Inventories	(5,888,657.69)	394,725.86
Loans and Contracts	(3,554.83)	471,334.20
Other Current and Noncurrent Assets	(1,968,953.86)	(2,330,472.34)
Accounts Payable	860,933.04	18,801,308.99
Due to System	1,599,974.85	925,485.14
Unearned Revenue	1,727,425.16	768,574.33
Assets Held for Others	1,886,596.58	(774,545.01)
Employees' Compensable Leave	2,002,940.98	2,968,216.46
Other Current and Noncurrent Liabilities	(38,230.58)	(170,100.60)
Total Adjustments	<u>62,970,405.59</u>	<u>142,700,250.12</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (330,679,756.50)</u>	<u>\$ (246,394,411.23)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(5,788,463.80)	(50,182,389.29)
Donated Capital Assets	125,000.00	-
Miscellaneous Noncash Transactions	3,672.36	1,997,136.01

The University of Texas Health Science Center at Houston
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 99,986,231.82	94,912,901.73
Restricted Cash & Cash Equivalents	3,731,319.33	8,681,285.90
Balance in State Appropriations	10,705,416.79	5,218,342.52
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	24,961,514.89	22,954,386.72
Other Intergov. (allow. \$27,138.94 in 2016 & \$412,539.87 in 2015)	39,884,551.48	27,209,313.84
Student (allow. \$792,915.92 in 2016 & \$674,332.75 in 2015)	15,155,390.74	15,232,674.14
Patient & Healthcare(allow. \$6,587,765.95 in 2016 & \$6,677,639.66 in 2015)	44,385,237.97	40,710,155.25
Interest and Dividend Receivables	1,313,474.56	1,219,172.95
Contributions (allow. \$112,390.13 in 2016 & \$67,485.07 in 2015)	4,584,593.58	2,752,836.52
Other (allow. \$88,395.82 in 2016 & \$98,410.82 in 2015)	40,559,553.58	25,965,285.12
Due From System Administration	11,163,870.20	3,988,377.72
Due From Other Institutions	1,428,428.89	3,006,948.75
Due From Other Agencies	5,501,813.95	6,990,993.15
Inventories	558,182.81	516,857.73
Loans & Contracts (allow. \$267,635.40 in 2016 & \$288,851.31 in 2015)	5,228,086.79	5,366,613.77
Other Current Assets	4,610,435.96	3,280,016.37
Total Current Assets	<u>318,758,103.34</u>	<u>268,007,162.18</u>
Noncurrent Assets:		
Restricted Investments	54,454,310.26	57,335,390.83
Loans & Contracts (allow. \$493,196.54 in 2016 & \$327,476.36 in 2015)	5,900,582.75	6,084,234.75
Funds Held by System Administration (Restricted)	336,474,321.03	306,477,164.84
Contributions Rec. (allow. \$93,865.99 in 2016 & \$166,158.36 in 2015)	3,828,961.06	6,777,895.13
Unrestricted Investments	463,525,813.04	430,124,566.92
Other Noncurrent Assets	13,425,206.85	
Gross Capital/Intangible Assets	1,182,454,628.29	1,127,375,671.08
Accumulated Depreciation/Amortization	(605,651,004.27)	(552,982,325.27)
Total Noncurrent Assets	<u>1,454,412,819.01</u>	<u>1,381,192,598.28</u>
Total Assets	<u>1,773,170,922.35</u>	<u>1,649,199,760.46</u>
Total Assets and Deferred Outflows	<u>1,773,170,922.35</u>	<u>1,649,199,760.46</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	69,255,717.43	63,555,572.21
Salaries Payable	33,535,815.26	29,596,804.60
Federal Payables	8,443,013.00	8,443,013.00
Due To System Administration	8,223,252.48	7,204,712.37
Due To Other Institutions	2,580,742.15	1,219,465.68
Due To Other State Agencies	209,756.88	147,031.79
Unearned Revenue	62,566,323.46	56,522,749.91
Employees' Compensable Leave - Current Portion	31,857,062.63	28,514,373.07
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	1,617,334.13	1,975,991.54
Assets Held for Others		
Other Current Liabilities	44,349,711.59	27,951,672.71
Total Current Liabilities	<u>262,636,729.01</u>	<u>225,131,386.86</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	25,478,523.68	21,797,334.74
Assets Held for Others	2,857,688.41	2,989,369.59
Liability to Beneficiaries	212,873.41	216,294.20
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	430,600.00	430,600.00
Total Noncurrent Liabilities	<u>28,979,685.50</u>	<u>25,433,598.53</u>
Total Liabilities	<u>291,618,414.51</u>	<u>250,564,985.41</u>
Total Liabilities and Deferred Inflows	<u>291,618,414.51</u>	<u>250,564,985.41</u>
NET POSITION		
Net Investment in Capital Assets	576,803,624.02	574,393,345.81
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	193,565,760.80	166,267,781.47
Expendable		
Capital Projects	2,495,458.02	2,351,648.94
Funds Functioning as Endowment (Restricted)	22,483,463.51	21,330,459.48
Other Expendable	152,218,170.37	153,664,007.52
Unrestricted	533,986,031.12	480,627,531.83
Total Net Position	<u>\$ 1,481,552,507.84</u>	<u>1,398,634,775.05</u>

The University of Texas Health Science Center at Houston
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 51,089,294.52	46,045,419.93
Discounts and Allowances	(1,270,779.64)	(1,310,958.08)
Federal Sponsored Programs	128,628,993.07	132,369,578.60
Federal Sponsored Programs Pass-Through from State Agencies	20,572,554.61	21,423,746.27
State Sponsored Programs Pass-Through from State Agencies	15,604,507.69	14,152,044.70
Local Sponsored Programs	390,831,268.38	324,832,104.98
Private Sponsored Programs	140,629,662.92	97,023,277.49
Sales and Services of Educational Activities	43,003,750.31	33,298,862.19
Sales and Services of Hospitals	137,434,685.59	132,670,522.68
Discounts and Allowances Sales and Services of Hospitals	(63,880,462.14)	(65,676,515.21)
Professional Fees (Patient Charges)	1,381,108,442.11	1,227,154,844.49
Discounts and Allowances Professional Fees (Patient Charges)	(1,040,970,788.88)	(940,216,853.88)
Auxiliary Enterprises	25,318,293.73	23,582,258.41
Other Operating Revenues	<u>62,467,873.64</u>	<u>58,359,781.65</u>
Total Operating Revenues	<u>1,290,567,315.91</u>	<u>1,103,708,094.22</u>
Operating Expenses:		
Instruction	623,523,017.25	540,885,807.64
Research	183,156,923.17	180,582,393.10
Public Service	34,757,925.84	32,363,706.82
Hospitals / Clinics	389,596,698.70	341,556,059.57
Academic Support	50,137,972.36	47,443,847.37
Student Services	9,764,745.10	9,178,898.57
Institutional Support	68,420,070.52	60,576,660.27
Operations and Maintenance of Plant	37,989,085.72	37,015,984.05
Scholarships and Fellowships	8,676,561.00	8,692,254.05
Auxiliary Enterprises	16,508,003.26	15,448,490.99
Depreciation and Amortization	<u>64,757,343.12</u>	<u>60,252,695.42</u>
Total Operating Expenses	<u>1,487,298,346.04</u>	<u>1,333,996,797.85</u>
Operating Income (Loss)	<u>(196,731,030.13)</u>	<u>(230,288,703.63)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	207,148,703.12	201,222,543.12
Federal Nonexchange Sponsored Programs	999,265.13	1,138,717.29
Gift Contributions for Operations	22,788,882.10	23,735,736.43
Investment Income	35,111,189.66	34,705,160.24
Net Increase (Decrease) in Fair Value of Investments	(510,547.95)	(39,776,864.57)
Gain (Loss) on Sale of Capital Assets	(858,980.16)	(511,858.01)
Other Nonoperating (Expenses)	<u>(18,759.16)</u>	<u>12,731.95</u>
Net Nonoperating Revenues (Expenses)	<u>264,659,752.74</u>	<u>220,526,166.45</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	67,928,722.61	(9,762,537.18)
Gifts and Sponsored Programs for Capital Acquisitions	474,267.56	(7,452.00)
Additions to Permanent Endowments / Annuities	18,115,650.38	9,266,442.08
Reclass from/(to) Other Institutions	(5,280,202.33)	(2,157,346.06)
Transfers Between Institutions & System, Debt Service - Mandatory	(28,637,431.06)	(28,705,718.03)
Transfers Between Institutions & System Admin. - Non mandatory	26,718,972.73	6,839,444.54
Transfers From Other State Agencies	58,988.33	19,456.20
Transfers to Other State Agencies	41,692.43	176,727.01
Legislative Appropriations Lapsed		
Change in Net Position	<u>79,337,275.79</u>	<u>(24,664,437.46)</u>
Beginning Net Position	1,398,634,775.05	1,423,319,212.51
Restatements	<u>3,580,457.00</u>	
Beginning Net Position (As Restated)	<u>1,402,215,232.05</u>	<u>1,423,319,212.51</u>
Ending Net Position	<u>\$ 1,481,552,507.84</u>	<u>1,398,634,775.05</u>

The University of Texas Health Science Center at Houston
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	56,933,506.95	47,215,943.29
Proceeds from Patients and Customers	410,016,793.96	347,879,201.77
Proceeds from Sponsored Programs	668,444,702.02	583,928,981.39
Proceeds from Auxiliaries	25,396,409.13	23,502,595.12
Proceeds from Other Revenues	110,542,122.52	102,524,843.07
Payments to Suppliers	(378,853,301.33)	(326,920,343.49)
Payments to Employees	(1,027,595,602.52)	(919,021,583.68)
Payments for Loans Provided	(2,478,376.80)	(2,139,125.89)
Proceeds from Loan Programs	2,800,555.78	2,352,738.43
Net Cash Provided (Used) by Operating Activities	<u>(134,793,190.29)</u>	<u>(140,676,749.99)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	201,662,628.85	204,686,671.90
Proceeds from Operating Gifts	23,845,503.51	25,087,812.78
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	18,115,650.38	9,266,442.08
Proceeds from Other Nonoperating Revenues	(103,562.50)	2,839.02
Receipts for Transfers from System or Other Agencies	14,101,330.21	611,288.06
Payments for Transfers to System or Other Agencies	(180,443.70)	(2,803,753.18)
Payments for Other Uses	-	(170,012.28)
Proceeds from Nonexchange Sponsored Programs	429,946.00	1,118,332.29
Net Cash Provided by Noncapital Financing Activities	<u>257,871,052.75</u>	<u>237,799,620.67</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	3,938,015.42	8,145,264.36
Proceeds from Capital Appropriations, Grants, and Gifts	534,823.16	73,010.69
Proceeds from Sale of Capital Assets	268,231.18	47,348.41
Payments for Additions to Capital Assets	(68,015,424.61)	(36,654,298.77)
Mandatory Transfers to System for Capital Related Debt	(28,637,431.06)	(28,705,718.03)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(91,911,785.91)</u>	<u>(57,094,393.34)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	569,867.75	506,400.74
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	1,983,534.34	1,375,172.55
Proceeds from Interest and Investment Income Invested by System	33,001,622.32	33,168,904.25
Payments to Acquire Investments	(893,112.39)	(877,095.29)
Payments to Acquire Investments Invested by System	(60,704,625.05)	(126,804,887.86)
Net Cash Provided (Used) by Investing Activities	<u>(26,042,713.03)</u>	<u>(92,631,505.61)</u>
Net Increase (Decrease) in Cash	5,123,363.52	(52,603,028.27)
Cash and Cash Equivalents (Beginning of the Year)	103,594,187.63	156,197,215.90
Cash and Cash Equivalents (End of the Year)	<u>\$ 108,717,551.15</u>	<u>\$ 103,594,187.63</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(196,731,030.13)	(230,288,703.63)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	64,757,343.12	60,252,695.42
Changes in Assets and Liabilities:		
Accounts Receivable	(29,237,415.40)	(17,214,851.42)
Inventories	(41,325.08)	(8,822.55)
Loans and Contracts	322,178.98	213,612.54
Other Current and Noncurrent Assets	(14,755,626.44)	(198,840.25)
Accounts Payable	10,540,334.80	20,038,562.35
Due to System	1,018,540.11	861,709.31
Unearned Revenue	6,043,573.55	10,347,736.70
Assets Held for Others	(131,681.18)	507,720.86
Employees' Compensable Leave	7,023,878.50	5,834,554.00
Other Current and Noncurrent Liabilities	16,398,038.88	8,977,876.68
Total Adjustments	<u>61,937,839.84</u>	<u>89,611,953.64</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (134,793,190.29)</u>	<u>\$ (140,676,749.99)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(510,547.95)	(39,776,864.57)
Miscellaneous Noncash Transactions	(847,299.83)	(514,070.41)

The University of Texas Health Science Center at San Antonio
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 81,846,913.29	123,499,611.14
Restricted Cash & Cash Equivalents	31,685,962.68	(913,662.37)
Balance in State Appropriations	18,273,612.17	15,418,677.50
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	13,361,855.11	11,281,096.46
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	9,437,276.87	10,046,104.66
Student (allow. \$0.00 in 2016 & \$0.00 in 2015)	12,432,006.83	11,918,758.15
Patient & Healthcare(allow. \$2,981,058.98 in 2016 & \$3,208,736.29 in 2015)	20,784,493.83	17,568,544.73
Interest and Dividend Receivables	950,351.11	875,528.06
Contributions (allow. \$54,382.92 in 2016 & \$32,308.60 in 2015)	6,220,905.36	3,835,217.42
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	26,418,515.52	11,163,554.77
Due From System Administration	54,003,589.02	15,077,458.53
Due From Other Institutions	1,263,804.84	301,708.65
Due From Other Agencies	236,939.95	481,352.21
Inventories	1,866,302.96	2,097,469.15
Loans & Contracts (allow. \$36,769.33 in 2016 & \$44,245.69 in 2015)	1,041,510.31	1,053,662.26
Other Current Assets	571,661.25	1,074,874.98
Total Current Assets	<u>280,395,701.10</u>	<u>224,779,956.30</u>
Noncurrent Assets:		
Restricted Investments	66,222,571.46	109,792,541.90
Loans & Contracts (allow. \$142,545.30 in 2016 & \$170,052.51 in 2015)	4,037,350.37	4,049,612.89
Funds Held by System Administration (Restricted)	488,389,413.12	478,359,684.53
Contributions Rec. (allow. \$64,102.55 in 2016 & \$49,968.83 in 2015)	6,645,823.40	4,946,915.14
Unrestricted Investments	310,231,073.00	230,231,879.10
Other Noncurrent Assets	2,549,080.92	3,786,765.73
Gross Capital/Intangible Assets	1,181,305,603.69	1,246,843,489.84
Accumulated Depreciation/Amortization	(587,916,949.32)	(577,987,246.61)
Total Noncurrent Assets	<u>1,471,463,966.64</u>	<u>1,500,023,642.52</u>
Total Assets	<u>1,751,859,667.74</u>	<u>1,724,803,598.82</u>
Total Assets and Deferred Outflows	<u>1,751,859,667.74</u>	<u>1,724,803,598.82</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	29,194,923.66	22,783,912.78
Salaries Payable	33,048,456.02	34,775,772.09
Federal Payables	6,261,315.00	6,261,315.00
Due To System Administration	6,030,746.40	5,680,048.90
Due To Other Institutions	6,890,859.28	2,311,967.89
Due To Other State Agencies	137,138.70	67,680.82
Statewide Interfund Payable	133,742.90	131,101.13
Unearned Revenue	45,551,695.78	47,962,495.92
Employees' Compensable Leave - Current Portion	25,336,901.90	24,715,411.01
Notes, Loans, and Leases Payable	2,359,968.66	1,425,433.62
Payable From Restricted Assets	6,536,737.91	14,273,033.22
Assets Held for Others	371,286.96	385,826.12
Other Current Liabilities	5,519,902.39	6,056,675.34
Total Current Liabilities	<u>167,373,675.56</u>	<u>166,830,673.84</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	28,902,180.95	28,043,948.57
Liability to Beneficiaries	529,815.74	550,681.43
Notes, Loans, and Leases Payable	1,504,906.17	2,047,420.52
Statewide Interfund Payable	627,131.03	760,873.94
Other Noncurrent Liabilities	222,196.34	366,536.21
Total Noncurrent Liabilities	<u>31,786,230.23</u>	<u>31,769,460.67</u>
Total Liabilities	<u>199,159,905.79</u>	<u>198,600,134.51</u>
Total Liabilities and Deferred Inflows	<u>199,159,905.79</u>	<u>198,600,134.51</u>
NET POSITION		
Net Investment in Capital Assets	591,430,828.36	668,649,833.07
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	349,332,016.59	346,058,461.60
Expendable		
Capital Projects	43,459,533.96	(3,966,066.94)
Funds Functioning as Endowment (Restricted)	18,589,179.29	15,084,937.22
Other Expendable	216,827,985.50	221,967,385.21
Unrestricted	331,060,218.25	278,408,914.15
Total Net Position	<u>\$ 1,552,699,761.95</u>	<u>1,526,203,464.31</u>

The University of Texas Health Science Center at San Antonio
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 44,940,072.77	43,228,604.42
Discounts and Allowances	(4,313,530.83)	(4,703,504.47)
Federal Sponsored Programs	100,697,939.62	102,332,606.99
Federal Sponsored Programs Pass-Through from State Agencies	2,005,346.22	2,354,063.84
State Sponsored Programs Pass-Through from State Agencies	11,391,755.60	10,161,432.01
Local Sponsored Programs	171,289,432.69	159,197,678.37
Private Sponsored Programs	31,340,493.16	29,349,406.60
Sales and Services of Educational Activities	23,861,900.57	22,054,445.62
Professional Fees (Patient Charges)	536,976,160.76	491,893,368.24
Discounts and Allowances Professional Fees (Patient Charges)	(345,820,510.08)	(321,428,533.72)
Auxiliary Enterprises	5,528,575.84	5,868,789.20
Other Operating Revenues	32,161,468.91	37,009,991.88
Total Operating Revenues	<u>610,060,005.23</u>	<u>577,318,348.98</u>
Operating Expenses:		
Instruction	358,529,086.01	365,638,956.90
Research	125,811,253.92	110,710,372.35
Public Service	24,187,315.93	30,650,671.76
Hospitals / Clinics	109,153,005.43	100,596,975.68
Academic Support	39,555,460.90	33,755,769.84
Student Services	1,312,726.43	2,125,417.31
Institutional Support	47,823,559.80	41,657,925.20
Operations and Maintenance of Plant	38,347,320.30	36,534,548.34
Scholarships and Fellowships	3,974,870.64	3,433,991.69
Auxiliary Enterprises	5,913,764.07	5,920,965.42
Depreciation and Amortization	51,015,802.93	49,928,776.38
Total Operating Expenses	<u>805,624,166.36</u>	<u>780,954,370.87</u>
Operating Income (Loss)	<u>(195,564,161.13)</u>	<u>(203,636,021.89)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	165,698,328.28	176,410,413.80
Federal Nonexchange Sponsored Programs	1,152,426.44	1,308,275.00
Gift Contributions for Operations	16,729,549.60	13,400,780.20
Investment Income	35,555,143.40	36,918,015.84
Net Increase (Decrease) in Fair Value of Investments	(3,631,295.20)	(41,647,237.03)
Gain (Loss) on Sale of Capital Assets	(542,335.33)	(712,968.05)
Other Nonoperating (Expenses)	(89,858.04)	(11,655.71)
Net Nonoperating Revenues (Expenses)	<u>214,971,959.15</u>	<u>185,665,624.05</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	19,407,798.02	(17,970,397.84)
Gifts and Sponsored Programs for Capital Acquisitions	1,019,202.85	1,742,400.00
Additions to Permanent Endowments / Annuities	9,181,418.14	7,026,799.34
Reclass from/(to) Other Institutions	16,903,425.45	21,012,691.44
Transfers Between Institutions & System, Debt Service - Mandatory	(21,678,563.80)	(21,030,800.55)
Transfers Between Institutions & System Admin. - Non mandatory	104,593,773.61	76,179,085.18
Transfers From Other State Agencies	82,129.00	47,118.91
Transfers to Other State Agencies	103,518,631.63	250,344.93
Legislative Appropriations Lapsed		
Change in Net Position	<u>25,990,551.64</u>	<u>66,756,551.55</u>
Beginning Net Position	1,526,203,464.31	1,459,446,912.76
Restatements	505,746.00	
Beginning Net Position (As Restated)	<u>1,526,709,210.31</u>	<u>1,459,446,912.76</u>
Ending Net Position	<u>\$ 1,552,699,761.95</u>	<u>1,526,203,464.31</u>

The University of Texas Health Science Center at San Antonio
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	42,124,626.93	39,661,576.01
Proceeds from Patients and Customers	187,939,701.58	169,263,004.46
Proceeds from Sponsored Programs	294,759,231.85	303,833,387.09
Proceeds from Auxiliaries	5,528,575.84	4,099,915.24
Proceeds from Other Revenues	57,015,191.44	61,500,092.51
Payments to Suppliers	(203,458,731.75)	(179,375,434.92)
Payments to Employees	(543,110,194.53)	(535,018,730.77)
Payments for Loans Provided	(1,034,424.02)	(1,014,485.34)
Proceeds from Loan Programs	1,080,319.28	1,250,254.56
Net Cash Provided (Used) by Operating Activities	<u>(159,155,703.38)</u>	<u>(135,800,421.16)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	162,843,393.61	179,042,508.35
Proceeds from Operating Gifts	12,538,280.24	15,740,674.15
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	9,181,418.14	7,026,799.34
Proceeds from Other Nonoperating Revenues	4,298,486.23	2,056,056.49
Receipts for Transfers from System or Other Agencies	7,608,895.65	(694,803.54)
Payments for Transfers to System or Other Agencies	(4,350,683.47)	(250,344.93)
Payments for Other Uses	-	(108.00)
Proceeds from Nonexchange Sponsored Programs	1,152,426.44	1,308,275.00
Net Cash Provided by Noncapital Financing Activities	<u>193,272,216.84</u>	<u>204,229,056.86</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	79,895,886.17	98,637,659.87
Proceeds from Capital Appropriations, Grants, and Gifts	1,106,673.16	(105,425.97)
Proceeds from Sale of Capital Assets	11,559.28	-
Payments for Additions to Capital Assets	(85,553,591.77)	(118,224,954.00)
Payments of Principal on Capital Related Debt	(2,287,556.67)	(1,352,379.59)
Mandatory Transfers to System for Capital Related Debt	(21,678,563.80)	(21,030,800.55)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(28,505,593.63)</u>	<u>(42,075,900.24)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	805,402.82	514,610.10
Proceeds from Interest and Investment Income Invested by System	34,520,851.80	40,336,290.78
Payments to Acquire Investments Invested by System	(49,990,247.25)	(40,847,123.55)
Net Cash Provided (Used) by Investing Activities	<u>(14,663,992.63)</u>	<u>3,777.53</u>
Net Increase (Decrease) in Cash	(9,053,072.80)	26,356,512.99
Cash and Cash Equivalents (Beginning of the Year)	122,585,948.77	96,229,435.78
Cash and Cash Equivalents (End of the Year)	<u>\$ 113,532,875.97</u>	<u>\$ 122,585,948.77</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(195,564,161.13)	(203,636,021.89)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	51,015,802.93	49,928,776.38
Bad Debt Expense	(21,480.79)	(73,756.65)
Changes in Assets and Liabilities:		
Accounts Receivable	(21,173,773.32)	(3,987,526.70)
Inventories	231,166.19	(306,894.47)
Loans and Contracts	45,895.26	235,769.22
Other Current and Noncurrent Assets	1,740,898.54	1,275,910.68
Accounts Payable	5,845,980.29	16,148,710.87
Due to System	350,697.50	358,602.75
Unearned Revenue	(2,410,800.14)	2,598,960.78
Assets Held for Others	(14,539.16)	9,452.30
Employees' Compensable Leave	1,479,723.27	693,709.32
Other Current and Noncurrent Liabilities	(681,112.82)	953,886.25
Total Adjustments	<u>36,408,457.75</u>	<u>67,835,600.73</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (159,155,703.38)</u>	<u>\$ (135,800,421.16)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(3,531,295.20)	(41,647,237.03)
Donated Capital Assets	19,202.85	1,742,400.00
Capital Assets Acquired Under Capital Lease Purchases	2,679,577.36	142,115.48
Miscellaneous Noncash Transactions	(104,012,779.74)	(708,778.14)

The University of Texas M. D. Anderson Cancer Center
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 621,520,091.32	701,443,495.49
Restricted Cash & Cash Equivalents	177,686,802.74	163,368,045.43
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	179,096,617.59	197,497,059.91
Patient & Healthcare(allow. \$134,713,020.01 in 2016 & \$146,640,601.75 in 2015)	540,948,352.78	512,282,619.72
Interest and Dividend Receivables	5,899,466.26	5,084,149.93
Contributions (allow. \$2,343,971.78 in 2016 & \$3,256,214.97 in 2015)	39,227,190.21	53,668,447.11
Other (allow. \$2,404,644.02 in 2016 & \$2,332,025.42 in 2015)	35,159,390.76	22,549,135.46
Due From System Administration	122,475,936.24	9,541,498.93
Due From Other Institutions	2,811,858.93	819,437.25
Due From Other Agencies	1,389,602.05	7,988,080.06
Inventories	49,322,757.15	48,811,329.53
Other Current Assets	71,368,597.97	79,999,920.50
Total Current Assets	<u>1,846,906,664.00</u>	<u>1,803,053,219.32</u>
Noncurrent Assets:		
Restricted Investments	1,229,025,452.99	1,225,036,574.30
Funds Held by System Administration (Restricted)	639,058,449.92	617,494,555.05
Contributions Rec. (allow. \$974,081.81 in 2016 & \$1,660,270.83 in 2015)	18,507,554.41	27,486,023.76
Unrestricted Investments	2,060,734,275.93	1,781,470,032.43
Other Noncurrent Assets	61,149,957.17	11,811,785.27
Gross Capital/Intangible Assets	5,830,469,409.12	5,673,215,512.89
Accumulated Depreciation/Amortization	(2,861,882,506.19)	(2,645,243,332.67)
Total Noncurrent Assets	<u>6,977,062,593.35</u>	<u>6,691,273,151.03</u>
Total Assets	<u>8,823,969,257.35</u>	<u>8,494,326,370.35</u>
Total Assets and Deferred Outflows	<u>8,823,969,257.35</u>	<u>8,494,326,370.35</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	171,549,482.03	188,479,875.38
Salaries Payable	198,924,779.31	179,134,136.76
Federal Payables	34,848,576.95	57,681,567.09
Other Intergovernmental Payables	26,249.39	2,680.58
Due To System Administration	23,607,435.86	21,354,465.39
Due To Other Institutions	912,557.34	792,157.26
Due To Other State Agencies	181,767.68	70,565.47
Unearned Revenue	181,162,717.24	236,044,952.10
Employees' Compensable Leave - Current Portion	161,089,137.62	153,426,033.28
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	1,795,581.40	9,345,945.76
Assets Held for Others	3,001,683.09	3,503,007.27
Other Current Liabilities	60,841,534.85	163,440,531.37
Total Current Liabilities	<u>837,941,902.76</u>	<u>1,013,275,917.71</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	22,234,000.44	18,492,930.49
Assets Held for Others	420,760,531.62	409,600,706.10
Liability to Beneficiaries	1,136,006.73	1,146,724.85
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	6,247,819.61	6,733,123.87
Total Noncurrent Liabilities	<u>450,378,358.40</u>	<u>435,973,485.31</u>
Total Liabilities	<u>1,288,320,261.16</u>	<u>1,449,249,403.02</u>
Total Liabilities and Deferred Inflows	<u>1,288,320,261.16</u>	<u>1,449,249,403.02</u>
NET POSITION		
Net Investment in Capital Assets	2,968,586,902.93	3,027,972,180.22
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	936,357,086.14	912,186,038.28
Expendable		
Capital Projects	262,311,252.40	171,950,137.91
Funds Functioning as Endowment (Restricted)	68,296,557.84	65,092,602.41
Other Expendable	541,903,406.11	553,415,827.63
Unrestricted	2,758,193,790.77	2,314,460,180.88
Total Net Position	<u>\$ 7,535,648,996.19</u>	<u>7,045,076,967.33</u>

The University of Texas M. D. Anderson Cancer Center
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 1,626,637.71	1,385,567.62
Discounts and Allowances	(11,069.89)	(5,374.75)
Federal Sponsored Programs	147,052,462.06	152,645,707.46
Federal Sponsored Programs Pass-Through from State Agencies	6,406,742.84	6,777,539.81
State Sponsored Programs Pass-Through from State Agencies	38,583,702.82	31,653,752.37
Private Sponsored Programs	137,920,383.60	111,124,207.59
Sales and Services of Educational Activities	1,806,152.17	1,874,205.80
Sales and Services of Hospitals	6,281,343,736.68	6,265,464,341.97
Discounts and Allowances Sales and Services of Hospitals	(3,157,394,649.33)	(3,033,772,001.35)
Professional Fees (Patient Charges)	1,290,083,162.30	1,301,714,942.55
Discounts and Allowances Professional Fees (Patient Charges)	(886,929,965.27)	(901,547,322.88)
Auxiliary Enterprises	42,462,462.01	44,808,472.73
Other Operating Revenues	109,093,364.63	104,157,801.72
Total Operating Revenues	<u>4,012,043,122.33</u>	<u>4,086,291,840.64</u>
Operating Expenses:		
Instruction	74,226,850.54	73,452,121.70
Research	687,940,062.98	668,243,370.89
Public Service	12,083,920.40	15,140,136.33
Hospitals / Clinics	2,642,145,329.44	2,369,972,993.05
Academic Support	144,951,612.47	134,323,963.76
Student Services	1,274,163.10	540,062.10
Institutional Support	130,346,697.45	129,314,220.20
Operations and Maintenance of Plant	193,455,236.40	193,513,855.91
Scholarships and Fellowships	1,951,682.11	2,415,293.00
Auxiliary Enterprises	27,713,434.05	26,514,332.84
Depreciation and Amortization	356,822,658.61	315,459,157.91
Total Operating Expenses	<u>4,272,911,647.55</u>	<u>3,928,889,507.69</u>
Operating Income (Loss)	<u>(260,868,525.22)</u>	<u>157,402,332.95</u>
Nonoperating Revenues (Expenses):		
State Appropriations	201,848,483.62	187,350,745.57
Federal Nonexchange Sponsored Programs	533,642.00	538,994.91
Gift Contributions for Operations	136,386,283.49	99,961,980.48
Investment Income	93,104,303.73	284,750,087.42
Net Increase (Decrease) in Fair Value of Investments	39,695,873.93	(164,287,576.64)
Gain (Loss) on Sale of Capital Assets	(2,572,304.62)	1,288,731.77
Other Nonoperating Revenues	7,781.84	261.43
Other Nonoperating (Expenses)	(602,824.85)	(127,029.03)
Net Nonoperating Revenues (Expenses)	<u>468,401,239.14</u>	<u>409,476,195.91</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	207,532,713.92	566,878,528.86
Gifts and Sponsored Programs for Capital Acquisitions	1,491,757.91	1,109,172.22
Additions to Permanent Endowments / Annuities	13,711,341.37	8,681,886.56
Reclass from/(to) Other Institutions	(118,268,200.72)	2,801,756.12
Transfers Between Institutions & System, Debt Service - Mandatory	(99,837,593.96)	(89,222,887.73)
Transfers Between Institutions & System Admin. - Non mandatory	485,032,462.63	(210,015,595.19)
Transfers From Other State Agencies	46,427,793.81	49,627,102.40
Transfers to Other State Agencies	46,470,935.10	49,715,401.91
Legislative Appropriations Lapsed		
Change in Net Position	<u>489,619,339.86</u>	<u>280,144,561.33</u>
Beginning Net Position	7,045,076,967.33	6,764,932,406.00
Restatements	952,689.00	
Beginning Net Position (As Restated)	<u>7,046,029,656.33</u>	<u>6,764,932,406.00</u>
Ending Net Position	<u>\$ 7,535,648,996.19</u>	<u>7,045,076,967.33</u>

The University of Texas M. D. Anderson Cancer Center
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	1,708,550.54	2,013,996.15
Proceeds from Patients and Customers	3,498,436,551.32	3,634,320,250.29
Proceeds from Sponsored Programs	284,817,832.39	352,198,633.33
Proceeds from Auxiliaries	42,249,501.48	45,709,728.53
Proceeds from Other Revenues	(40,748,842.26)	228,882,726.47
Payments to Suppliers	(1,529,086,398.72)	(1,325,290,175.95)
Payments to Employees	(2,390,654,936.63)	(2,274,203,215.52)
Net Cash Provided (Used) by Operating Activities	<u>(133,227,742.08)</u>	<u>663,631,943.30</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	201,848,483.62	187,350,745.57
Proceeds from Operating Gifts	160,066,912.45	122,640,936.57
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	13,711,341.37	8,681,886.56
Proceeds from Other Nonoperating Revenues	7,781.84	261.43
Receipts for Transfers from System or Other Agencies	290,451,855.13	102,635,993.26
Payments for Transfers to System or Other Agencies	(52,337,460.60)	(320,690,419.87)
Payments for Other Uses	(497,030.81)	(190,758.52)
Proceeds from Nonexchange Sponsored Programs	533,642.00	538,994.91
Net Cash Provided by Noncapital Financing Activities	<u>613,785,525.00</u>	<u>100,967,639.91</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	16,631,340.63	15,633,909.03
Proceeds from Capital Appropriations, Grants, and Gifts	1,205,228.58	1,059,172.22
Proceeds from Sale of Capital Assets	364,703.76	295,272.36
Payments for Additions to Capital Assets	(302,275,053.89)	(393,926,806.41)
Mandatory Transfers to System for Capital Related Debt	(99,837,593.96)	(89,222,887.73)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(383,911,374.88)</u>	<u>(466,161,340.53)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	115,542,447.52	79,564,700.68
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	42,629,400.99	161,431,810.31
Proceeds from Interest and Investment Income Invested by System	87,965,715.49	80,556,183.80
Payments to Acquire Investments	(43,972,687.00)	(41,701,305.00)
Payments to Acquire Investments Invested by System	(364,415,931.90)	(389,852,125.17)
Net Cash Provided (Used) by Investing Activities	<u>(162,251,054.90)</u>	<u>(110,000,735.38)</u>
Net Increase (Decrease) in Cash	(65,604,646.86)	188,437,507.30
Cash and Cash Equivalents (Beginning of the Year)	864,811,540.92	676,374,033.62
Cash and Cash Equivalents (End of the Year)	<u>\$ 799,206,894.06</u>	<u>\$ 864,811,540.92</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(260,868,525.22)	157,402,332.95
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	356,822,656.61	315,459,157.91
Changes in Assets and Liabilities:		
Accounts Receivable	(18,269,489.71)	23,729,339.61
Inventories	(511,427.62)	(5,650,021.50)
Other Current and Noncurrent Assets	(40,706,849.37)	(9,242,503.12)
Accounts Payable	(25,124,215.18)	18,722,390.13
Due to System	2,252,970.47	1,862,149.23
Unearned Revenue	(55,143,137.57)	37,179,585.11
Employees' Compensable Leave	11,404,174.29	4,563,464.67
Other Current and Noncurrent Liabilities	(103,083,900.78)	119,606,048.31
Total Adjustments	<u>127,640,783.14</u>	<u>506,229,610.35</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (133,227,742.08)</u>	<u>\$ 663,631,943.30</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	67,422,902.18	(183,860,744.73)
Donated Capital Assets	286,529.33	50,000.00
Miscellaneous Noncash Transactions	(2,615,779.12)	1,200,432.26

The University of Texas Health Science Center at Tyler
 Exhibit A Statement of Net Position
 As of August 31, 2016

	Current Year Totals	Prior Year Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash & Cash Equivalents	\$ 7,843,785.81	3,905,738.88
Restricted Cash & Cash Equivalents	3,942,408.00	4,280,615.81
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2016 & \$0.00 in 2015)	24,316,566.09	16,532,865.96
Other Intergov. (allow. \$0.00 in 2016 & \$0.00 in 2015)	292,312.83	268,155.58
Patient & Healthcare(allow. \$7,694,578.58 in 2016 & \$6,888,376.00 in 2015)	10,959,688.02	7,303,239.99
Contributions (allow. \$0.00 in 2016 & \$0.00 in 2015)	24,233.07	548,974.20
Other (allow. \$0.00 in 2016 & \$0.00 in 2015)	2,583,338.37	1,892,618.79
Due From Other Funds	106,631.16	48,176.73
Due From System Administration	10,235,714.90	1,294,412.62
Due From Other Institutions	3,338.64	13,301.97
Due From Other Agencies	1,401,625.72	3,371,808.08
Inventories	2,616,817.15	2,543,077.64
Other Current Assets	1,295,400.99	1,069,233.80
Total Current Assets	<u>65,621,860.75</u>	<u>43,072,220.05</u>
Noncurrent Assets:		
Restricted Investments	3,350,722.54	3,350,722.54
Funds Held by System Administration (Restricted)	46,183,311.35	45,459,325.01
Contributions Rec. (allow. \$0.00 in 2016 & \$0.00 in 2015)		304,080.04
Unrestricted Investments	11,247,214.86	17,217,019.38
Other Noncurrent Assets	1,334,998.40	1,051,325.98
Gross Capital/Intangible Assets	286,652,342.13	272,994,652.38
Accumulated Depreciation/Amortization	(145,593,592.34)	(136,611,780.34)
Total Noncurrent Assets	<u>203,174,996.94</u>	<u>203,765,344.99</u>
Total Assets	<u>268,796,857.69</u>	<u>246,837,565.04</u>
Total Assets and Deferred Outflows	<u>268,796,857.69</u>	<u>246,837,565.04</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	12,298,483.22	11,655,868.33
Salaries Payable	2,923,342.92	3,571,446.27
Federal Payables	2,368,978.00	2,368,978.00
Due To Other Funds	106,631.16	48,176.73
Due To System Administration	1,746,265.38	1,478,245.49
Due To Other Institutions	345,287.09	55,555.96
Due To Other State Agencies	14,955.81	57,438.06
Unearned Revenue	843,304.15	1,993,344.49
Employees' Compensable Leave - Current Portion	3,117,195.85	2,609,523.37
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	1,043,408.00	270,147.79
Assets Held for Others	112,676.49	60,786.75
Total Current Liabilities	<u>24,920,528.07</u>	<u>24,169,511.24</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	1,934,210.09	2,172,305.88
Liability to Beneficiaries	849,933.67	
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	742,914.02	780,220.47
Total Noncurrent Liabilities	<u>3,527,057.78</u>	<u>2,952,526.35</u>
Total Liabilities	<u>28,447,585.85</u>	<u>27,122,037.59</u>
Total Liabilities and Deferred Inflows	<u>28,447,585.85</u>	<u>27,122,037.59</u>
NET POSITION		
Net Investment in Capital Assets	141,058,749.79	136,382,872.04
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	33,649,020.51	33,330,608.83
Expendable		
Capital Projects	6,070,425.82	(2,457,913.14)
Funds Functioning as Endowment (Restricted)	989,746.33	946,341.90
Other Expendable	18,157,924.14	19,045,487.83
Unrestricted	40,423,405.25	32,468,129.99
Total Net Position	<u>\$ 240,349,271.84</u>	<u>219,715,527.45</u>

The University of Texas Health Science Center at Tyler
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 111,704.50	115,211.18
Federal Sponsored Programs	5,870,633.57	5,224,983.85
Federal Sponsored Programs Pass-Through from State Agencies	880,708.12	518,629.60
State Sponsored Programs Pass-Through from State Agencies	10,810,412.11	10,192,734.86
Local Sponsored Programs	323,091.31	304,675.47
Private Sponsored Programs	10,606,049.54	8,973,281.02
Sales and Services of Educational Activities	2,000,619.53	1,537,088.42
Sales and Services of Hospitals	241,709,825.18	222,224,597.76
Discounts and Allowances Sales and Services of Hospitals	(182,162,735.23)	(169,297,523.32)
Professional Fees (Patient Charges)	62,003,798.69	51,527,371.30
Discounts and Allowances Professional Fees (Patient Charges)	(45,778,449.98)	(39,494,484.85)
Auxiliary Enterprises	216,561.65	204,464.85
Other Operating Revenues	31,817,371.72	32,370,288.31
Total Operating Revenues	<u>138,409,590.71</u>	<u>124,401,318.45</u>
Operating Expenses:		
Instruction	15,101,671.02	11,653,847.77
Research	11,358,327.08	10,572,471.15
Public Service		3,500.00
Hospitals / Clinics	135,526,417.14	117,010,409.02
Academic Support	1,282,265.55	1,275,834.09
Institutional Support	11,660,232.36	10,523,174.41
Operations and Maintenance of Plant	9,682,984.80	8,947,690.83
Scholarships and Fellowships	77,892.10	36,721.52
Auxiliary Enterprises	196,876.47	163,779.31
Depreciation and Amortization	11,158,170.10	11,126,841.74
Total Operating Expenses	<u>196,044,836.62</u>	<u>171,314,269.84</u>
Operating Income (Loss)	<u>(57,635,245.91)</u>	<u>(46,912,951.39)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	55,515,175.46	43,715,142.72
Gift Contributions for Operations	545,083.27	1,825,162.73
Investment Income	3,737,797.90	4,640,123.65
Net Increase (Decrease) in Fair Value of Investments	(69,011.29)	(3,359,857.09)
Gain (Loss) on Sale of Capital Assets	(178,683.56)	(5,710.66)
Other Nonoperating Revenues	14,830.02	6,720.45
Other Nonoperating (Expenses)	(853,933.67)	(3,500.00)
Net Nonoperating Revenues (Expenses)	<u>58,711,258.13</u>	<u>46,818,081.80</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	1,076,012.22	(94,869.59)
Gifts and Sponsored Programs for Capital Acquisitions	7,440.60	5,638.35
Additions to Permanent Endowments / Annuities	1,097,010.27	71,592.00
Reclass from/(to) Other Institutions	(9,652,807.51)	5,345,652.48
Transfers Between Institutions & System, Debt Service - Mandatory	(5,283,609.25)	(5,166,909.17)
Transfers Between Institutions & System Admin. - Non mandatory	32,364,769.06	3,188,520.82
Transfers From Other State Agencies	22,092,805.00	7,925,000.20
Transfers to Other State Agencies	22,092,805.00	7,920,810.29
Legislative Appropriations Lapsed		
Change in Net Position	<u>19,608,815.39</u>	<u>3,353,814.80</u>
Beginning Net Position	219,715,527.45	216,361,712.65
Restatements	1,024,929.00	
Beginning Net Position (As Restated)	<u>220,740,456.45</u>	<u>216,361,712.65</u>
Ending Net Position	<u>\$ 240,349,271.84</u>	<u>219,715,527.45</u>

The University of Texas Health Science Center at Tyler
 Exhibit C - Statement of Cash Flows
 For the Year Ended August 31, 2016

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	111,704.50	72,000.38
Proceeds from Patients and Customers	72,115,990.63	65,780,147.01
Proceeds from Sponsored Programs	21,143,328.27	12,123,088.48
Proceeds from Auxiliaries	216,561.65	204,464.85
Proceeds from Other Revenues	33,481,445.77	34,015,600.67
Payments to Suppliers	(61,177,558.82)	(52,706,994.90)
Payments to Employees	(122,450,633.27)	(102,675,330.03)
Net Cash Provided (Used) by Operating Activities	<u>(56,559,166.27)</u>	<u>(43,187,023.54)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	55,515,175.46	43,730,365.96
Proceeds from Operating Gifts	1,340,731.04	1,080,660.13
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	1,097,010.27	71,592.00
Proceeds from Other Nonoperating Revenues	14,830.02	6,720.45
Receipts for Transfers from System or Other Agencies	22,463,386.02	7,837,367.91
Payments for Transfers to System or Other Agencies	(22,117,414.00)	(8,068,388.29)
Payments for Other Uses	(4,000.00)	(3,500.00)
Net Cash Provided by Noncapital Financing Activities	<u>58,309,718.81</u>	<u>44,654,818.16</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	14,430,867.84	8,853,838.83
Proceeds from Capital Appropriations, Grants, and Gifts	40,600.00	32,432.40
Proceeds from Sale of Capital Assets	5,568.27	6,619.00
Payments for Additions to Capital Assets	(16,277,493.48)	(16,815,007.50)
Mandatory Transfers to System for Capital Related Debt	(5,283,609.25)	(5,166,909.17)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,084,066.62)</u>	<u>(13,089,026.44)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	2.00	-
Proceeds from Sales of Investments Invested by System	5,176,805.89	-
Proceeds from Interest and Investment Income	95,339.52	72,130.97
Proceeds from Interest and Investment Income Invested by System	3,661,206.79	4,553,458.21
Payments to Acquire Investments	(1.00)	-
Payments to Acquire Investments Invested by System	-	(1,427,396.20)
Net Cash Provided (Used) by Investing Activities	<u>8,933,353.20</u>	<u>3,198,192.98</u>
Net Increase (Decrease) in Cash	3,599,839.12	(8,423,038.84)
Cash and Cash Equivalents (Beginning of the Year)	8,186,354.69	16,609,393.53
Cash and Cash Equivalents (End of the Year)	<u>\$ 11,786,193.81</u>	<u>\$ 8,186,354.69</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(57,635,245.91)	(46,912,951.39)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	11,158,170.10	11,126,841.74
Changes in Assets and Liabilities:		
Accounts Receivable	(10,174,879.30)	(12,717,293.75)
Inventories	(73,739.51)	(83,291.84)
Other Current and Noncurrent Assets	(509,839.61)	134,315.38
Accounts Payable	1,274,228.43	4,151,758.78
Due to System	268,019.89	169,434.20
Unearned Revenue	(1,150,040.34)	306,236.45
Assets Held for Others	51,889.74	36,331.35
Employees' Compensable Leave	269,576.69	565,517.55
Other Current and Noncurrent Liabilities	(37,306.45)	36,077.99
Total Adjustments	<u>1,076,079.64</u>	<u>3,725,927.85</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (56,559,166.27)</u>	<u>\$ (43,187,023.54)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	(69,011.29)	(3,359,857.09)
Donated Capital Assets	14.00	68.00
Miscellaneous Noncash Transactions	(178,683.56)	(1,520.75)

The University of Texas System
Schedule 2 -- Bonds Payable (Consolidated)
For the Year Ended August 31, 2016

2A: MISCELLANEOUS BOND INFORMATION

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities		First Call Date	Maturity Date (MM/DD/YYYY)
				First Year	Last Year		
Revenue Bonds:							
Self Supporting:							
PUF Refunding Bonds, 2006B	284,065,000.00	5.000-5.250%	NA	2020	2035	N/A	7/1/2035
PUF Bonds, 2006C	97,755,000.00	4.000-5.000%	NA	2011	2035	07/01/16	7/1/2035
PUF Bonds, 2008A	400,905,000.00	VAR	Weekly	2011	2038	Optional	7/1/2038
PUF Taxable Bonds, 2009A	250,000,000.00	5.262%	NA	2011	2039	Make-Whole	7/1/2039
PUF Bonds, 2014A	240,340,000.00	5.000%	NA	2040	2041	07/01/23	7/1/2041
PUF Bonds, 2014B	221,580,000.00	2.000-5.000%	NA	2015	2033	07/01/24	7/1/2033
PUF Refunding Bonds, 2015A	197,970,000.00	2.000-5.000%	NA	2016	2035	07/01/24	7/1/2035
PUF Bonds, 2015B	220,565,000.00	2.000-5.000%	NA	2016	2035	07/01/25	7/1/2035
PUF Taxable Bonds, 2015C	126,020,000.00	3.780%	NA	2045	2045	Make-Whole	7/1/2045
PUF Bonds, 2016A	117,270,000.00	3.250-5.000%	NA	2017	2035	07/01/25	7/1/2035
RFS Refunding Bonds, 2002A	54,430,000.00	2.000-5.250%	NA	2003	2020	N/A	8/15/2020
RFS Refunding Bonds, 2002B	108,855,000.00	2.000-5.250%	NA	2003	2020	N/A	8/15/2020
RFS Refunding Bonds, 2004A	137,915,000.00	2.000-5.250%	NA	2004	2018	N/A	8/15/2018
RFS Refunding Bonds, 2004B	300,330,000.00	4.500-5.250%	NA	2007	2019	N/A	8/15/2019
RFS Bonds, 2006B	540,570,000.00	4.000-5.000%	NA	2007	2037	08/15/16	8/15/2037
RFS Refunding Bonds, 2006C	175,115,000.00	3.500-5.000%	NA	2008	2023	N/A	8/15/2023
RFS Refunding Bonds, 2006D	346,840,000.00	4.000-5.000%	NA	2007	2026	02/15/17	8/15/2026
RFS Bonds, 2006E	55,985,000.00	3.500-5.000%	NA	2008	2023	02/15/17	8/15/2023
RFS Bonds, 2006F	318,525,000.00	4.000-5.000%	NA	2008	2038	02/15/17	8/15/2038
RFS Refunding Bonds, 2007B	345,460,000.00	VAR	Weekly	2008	2034	Optional	8/15/2034
RFS Bonds, 2008B	685,485,000.00	VAR	Weekly	2009	2039	Optional	8/15/2039
RFS Bonds, 2008A	256,735,000.00	3.250-5.250%	NA	2010	2024	08/15/18	8/15/2024
RFS Taxable Bonds, 2009B	330,545,000.00	6.278%	NA	2026	2041	08/15/19	8/15/2041
RFS Bonds, 2009D	260,005,000.00	2.000-5.000%	NA	2010	2026	08/15/19	8/15/2026
RFS Bonds, 2010A	331,415,000.00	3.000-5.000%	NA	2012	2024	02/15/20	8/15/2024
RFS Refunding Bonds, 2010B	385,380,000.00	1.500-5.375%	NA	2010	2024	N/A	8/15/2024
RFS Taxable Bonds, 2010C	604,310,000.00	3.225-4.794%	NA	2018	2046	Make-Whole	8/15/2046
RFS Taxable Bonds, 2010D	516,245,000.00	0.630-5.134%	NA	2011	2042	Make-Whole	8/15/2042
RFS Bonds, 2010E	39,785,000.00	2.000-5.000%	NA	2012	2018	N/A	8/15/2018
RFS Refunding Bonds, 2012A	195,850,000.00	2.000-5.000%	NA	2013	2027	02/15/22	8/15/2027
RFS Bonds, 2012B	238,135,000.00	2.000-5.000%	NA	2013	2043	08/15/22	8/15/2043
RFS Bonds, 2014A	259,135,000.00	2.000-5.000%	NA	2015	2044	08/15/24	8/15/2044
RFS Refunding Bonds, 2014B	250,700,000.00	2.000-5.700%	NA	2015	2037	08/15/19	8/15/2037
RFS Taxable Bonds, 2016A	255,825,000.00	3.852%	NA	2046	2046	Make-Whole	8/15/2046
RFS Bonds, 2016B	206,040,000.00	2.500-5.000%	NA	2026	2046	08/15/21	8/15/2046
RFS Bonds, 2016C	133,240,000.00	2.000-5.000%	NA	2017	2026	N/A	8/15/2026
RFS Bonds, 2016D	213,180,000.00	2.000-5.000%	NA	2017	2026	N/A	8/15/2026
RFS Bonds, 2016E	196,215,000.00	2.000-5.000%	NA	2017	2027	N/A	8/15/2027
TOTAL BONDS ISSUED	\$ 9,898,720,000.00						

The University of Texas System
 Schedule 2 -- Bonds Payable (Consolidated)
 For the Year Ended August 31, 2016

2B: CHANGES IN BONDED INDEBTEDNESS

Description of Issue	Bonds Outstanding 9/1/2015	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2016	Unamortized Premium/ (Discount)	Net Bonds Outstanding 8/31/2016	Principal Due Within One Year	Amortization of Premiums/ (Discounts) Due Within One Year	Amounts Due Within One Year
Revenue Bonds:										
Self Supporting:										
PUF Refunding Bonds, 2006B	284,065,000.00	-	-	-	284,065,000.00	24,629,252.18	308,694,252.18	-	1,824,389.05	1,824,389.05
PUF Bonds, 2006C	1,925,000.00	-	1,925,000.00	-	-	-	-	-	-	-
PUF Bonds, 2008A	375,750,000.00	-	5,590,000.00	-	370,160,000.00	-	370,160,000.00	370,160,000.00	-	370,160,000.00
PUF Taxable Bonds, 2009A	250,000,000.00	-	-	-	250,000,000.00	-	250,000,000.00	-	-	-
PUF Bonds, 2014A	240,340,000.00	-	-	-	240,340,000.00	9,711,738.81	250,051,738.81	-	1,494,113.87	1,494,113.87
PUF Bonds, 2014B	213,470,000.00	-	8,270,000.00	-	205,200,000.00	16,982,895.95	222,182,895.95	-	2,264,386.13	2,264,386.13
PUF Refunding Bonds, 2015A	197,970,000.00	-	12,690,000.00	-	185,280,000.00	15,846,750.87	201,126,750.87	23,570,000.00	2,112,900.12	25,682,900.12
PUF Bonds, 2015B	220,565,000.00	-	8,745,000.00	-	211,820,000.00	29,558,697.61	241,378,697.61	7,375,000.00	3,284,299.74	10,659,299.74
PUF Taxable Bonds, 2015C	-	126,020,000.00	-	-	126,020,000.00	-	126,020,000.00	-	-	-
PUF Bonds, 2016A	-	117,270,000.00	-	-	117,270,000.00	19,148,273.53	136,418,273.53	3,880,000.00	2,127,585.95	6,007,585.95
RFS Refunding Bonds, 2002A	17,235,000.00	-	6,875,000.00	-	10,360,000.00	1,537,611.27	11,897,611.27	350,000.00	384,402.80	734,402.80
RFS Refunding Bonds, 2002B	41,945,000.00	-	12,280,000.00	-	29,665,000.00	3,068,648.71	32,733,648.71	12,925,000.00	787,162.16	13,692,162.16
RFS Refunding Bonds, 2004A	48,250,000.00	-	16,170,000.00	-	32,080,000.00	2,556,219.13	34,636,219.13	20,485,000.00	1,278,109.63	21,773,109.63
RFS Refunding Bonds, 2004B	97,175,000.00	-	30,680,000.00	-	66,585,000.00	7,839,771.89	74,424,771.89	17,035,000.00	2,613,257.28	19,648,257.28
RFS Bonds, 2006B	19,200,000.00	-	19,200,000.00	-	-	927,205.65	927,205.65	-	340,927.26	340,927.26
RFS Refunding Bonds, 2006C	156,060,000.00	-	16,900,000.00	-	139,160,000.00	7,670,674.86	146,830,674.86	24,155,000.00	1,180,103.82	25,335,103.82
RFS Refunding Bonds, 2006D	116,875,000.00	-	27,420,000.00	-	89,455,000.00	4,888,756.40	94,343,756.40	2,790,000.00	700,481.23	3,490,481.23
RFS Bonds, 2006E	34,970,000.00	-	3,400,000.00	-	31,570,000.00	1,219,127.33	32,789,127.33	1,640,000.00	187,558.06	1,827,558.06
RFS Bonds, 2006F	185,615,000.00	-	8,430,000.00	-	177,185,000.00	6,937,990.99	184,122,990.99	8,845,000.00	352,398.65	9,197,398.65
RFS Refunding Bonds, 2007B	330,230,000.00	-	1,250,000.00	-	328,980,000.00	-	328,980,000.00	328,980,000.00	-	328,980,000.00
RFS Bonds, 2008B	536,790,000.00	-	28,255,000.00	-	508,535,000.00	-	508,535,000.00	508,535,000.00	-	508,535,000.00
RFS Bonds, 2008A	160,770,000.00	-	21,000,000.00	87,145,000.00	52,625,000.00	867,277.88	53,492,277.88	21,130,000.00	433,638.94	21,563,638.94
RFS Taxable Bonds, 2009B	330,545,000.00	-	-	-	330,545,000.00	-	330,545,000.00	-	-	-
RFS Bonds, 2009D	195,690,000.00	-	14,155,000.00	-	181,535,000.00	9,430,594.30	190,965,594.30	22,715,000.00	392,694.14	23,707,694.14
RFS Bonds, 2010A	282,470,000.00	-	13,965,000.00	-	268,505,000.00	24,389,553.15	292,894,553.15	15,390,000.00	3,251,940.43	18,641,940.43
RFS Refunding Bonds, 2010B	381,065,000.00	-	390,000.00	-	380,675,000.00	29,579,648.88	410,254,648.88	45,586,000.00	3,943,953.18	49,528,953.18
RFS Taxable Bonds, 2010C	604,310,000.00	-	-	-	604,310,000.00	-	604,310,000.00	-	-	-
RFS Taxable Bonds, 2010D	471,910,000.00	-	13,225,000.00	-	458,685,000.00	-	458,685,000.00	13,490,000.00	-	13,490,000.00
RFS Bonds, 2010E	26,315,000.00	-	4,930,000.00	-	21,385,000.00	1,203,866.32	22,588,866.32	14,380,000.00	301,933.18	14,981,933.18
RFS Refunding Bonds, 2012A	171,410,000.00	-	8,900,000.00	-	162,510,000.00	25,081,444.63	187,591,444.63	8,405,000.00	4,560,262.66	12,965,262.66
RFS Bonds, 2012B	226,235,000.00	-	4,730,000.00	-	221,505,000.00	24,027,873.87	245,532,873.87	4,965,000.00	4,368,704.34	9,333,704.34
RFS Bonds, 2014A	256,280,000.00	-	3,285,000.00	-	252,995,000.00	18,525,610.81	271,520,610.81	4,850,000.00	2,470,081.45	7,320,081.45
RFS Refunding Bonds, 2014B	248,050,000.00	-	710,000.00	-	247,340,000.00	28,591,422.88	276,931,422.88	950,000.00	3,698,927.86	4,648,927.86
RFS Taxable Bonds, 2016A	-	255,825,000.00	-	-	255,825,000.00	-	255,825,000.00	-	-	-
RFS Bonds, 2016B	-	206,040,000.00	-	-	206,040,000.00	18,483,518.82	224,523,518.82	-	1,945,633.56	1,945,633.56
RFS Refunding Bonds, 2016C	-	133,240,000.00	-	-	133,240,000.00	25,244,839.24	158,484,839.24	1,720,000.00	2,524,483.92	4,244,483.92
RFS Bonds, 2016D	-	213,180,000.00	-	-	213,180,000.00	47,635,426.95	260,815,426.95	9,045,000.00	4,763,542.70	13,808,542.70
RFS Bonds, 2016E	-	198,215,000.00	-	-	198,215,000.00	49,484,382.30	245,699,382.30	8,790,000.00	4,498,560.21	13,288,560.21
TOTAL CHANGES IN BONDS	\$ 6,723,480,000.00	1,247,790,000.00	283,280,000.00	87,145,000.00	7,590,845,000.00	456,069,075.21	8,046,914,075.21	1,502,150,000.00	58,966,452.12	1,561,116,452.12

2C: PROJECTED CASH PAYMENT DEBT SERVICE REQUIREMENTS (1)

Description of Issue	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	Total Debt Service Requirements
Revenue Bonds												
Self Supporting												
PJT Refunding Bonds, 2006B												
Principal	-	-	-	24,740,000.00	25,960,000.00	82,740,000.00	104,045,000.00	46,560,000.00	-	-	-	284,065,000.00
Interest	14,851,562.50	14,851,562.50	14,851,562.50	14,851,562.50	13,814,562.50	51,471,262.50	28,795,200.00	8,686,637.50	-	-	-	181,873,912.50
PJT Bonds, 2008A (1)												
Principal	370,160,000.00	-	-	-	-	-	-	-	-	-	-	370,160,000.00
Interest	39,292.00	-	-	-	-	-	-	-	-	-	-	39,292.00
PJT Taxable Bonds, 2009A												
Principal	-	-	-	-	-	-	-	81,914,000.00	168,086,000.00	-	-	250,000,000.00
Interest	13,155,000.00	13,155,000.00	13,155,000.00	13,155,000.00	13,155,000.00	65,775,000.00	65,775,000.00	61,567,063.94	21,859,084.68	-	-	280,751,168.52
PIJF Bonds, 2014A												
Principal	-	-	-	-	-	-	-	-	240,340,000.00	-	-	240,340,000.00
Interest	12,017,000.00	12,017,000.00	12,017,000.00	12,017,000.00	12,017,000.00	60,085,000.00	60,085,000.00	60,085,000.00	54,223,000.00	-	-	294,563,000.00
PJF Bonds, 2014B												
Principal	-	-	-	-	-	62,865,000.00	77,970,000.00	64,365,000.00	-	-	-	205,200,000.00
Interest	9,191,000.00	9,191,000.00	9,191,000.00	9,191,000.00	9,191,000.00	41,278,500.00	23,151,750.00	3,379,600.00	-	-	-	113,764,850.00
PJF Refunding Bonds, 2015A												
Principal	23,570,000.00	24,850,000.00	26,095,000.00	2,620,000.00	2,755,000.00	22,250,000.00	31,875,000.00	51,265,000.00	-	-	-	185,280,000.00
Interest	8,063,725.00	6,921,125.00	5,678,825.00	4,379,375.00	4,248,375.00	19,067,075.00	13,728,375.00	4,437,637.50	-	-	-	86,534,312.50
PJF Bonds, 2015B												
Principal	7,375,000.00	7,670,000.00	8,055,000.00	8,455,000.00	8,875,000.00	50,760,000.00	64,205,000.00	58,425,000.00	-	-	-	211,820,000.00
Interest	10,140,900.00	9,845,900.00	9,462,400.00	9,059,650.00	8,636,900.00	36,117,750.00	22,859,900.00	6,073,250.00	-	-	-	112,196,650.00
PIJF Bonds, 2015C												
Principal	-	-	-	-	-	-	-	-	-	126,020,000.00	-	126,020,000.00
Interest	4,763,556.00	4,763,556.00	4,763,556.00	4,763,556.00	4,763,556.00	23,817,780.00	23,817,780.00	23,817,780.00	23,817,780.00	19,054,224.00	-	138,143,124.00
PIJF Bonds, 2016A												
Principal	3,980,000.00	4,035,000.00	4,235,000.00	4,445,000.00	4,670,000.00	27,095,000.00	34,580,000.00	34,330,000.00	-	-	-	117,270,000.00
Interest	5,598,937.50	5,443,737.50	5,241,987.50	5,030,237.50	4,807,987.50	20,294,687.50	12,808,937.50	3,674,500.00	-	-	-	62,801,012.60
RFS Refunding Bonds, 2002A												
Principal	350,000.00	370,000.00	8,025,000.00	1,615,000.00	-	-	-	-	-	-	-	10,360,000.00
Interest	643,900.00	525,525.00	506,100.00	84,767.50	-	-	-	-	-	-	-	1,680,312.50
RFS Refunding Bonds, 2002B												
Principal	12,925,000.00	710,000.00	14,340,000.00	1,690,000.00	-	-	-	-	-	-	-	29,665,000.00
Interest	1,557,412.50	878,850.00	841,575.00	88,725.00	-	-	-	-	-	-	-	3,366,562.50
RFS Refunding Bonds, 2004A												
Principal	20,495,000.00	11,585,000.00	-	-	-	-	-	-	-	-	-	32,080,000.00
Interest	1,684,200.00	608,212.50	-	-	-	-	-	-	-	-	-	2,292,412.50
RFS Refunding Bonds, 2004B												
Principal	17,035,000.00	30,680,000.00	18,870,000.00	-	-	-	-	-	-	-	-	66,585,000.00
Interest	3,485,712.50	2,601,375.00	990,675.00	-	-	-	-	-	-	-	-	7,087,762.50
RTS Refunding Bonds, 2006C												
Principal	24,155,000.00	16,435,000.00	19,270,000.00	30,590,000.00	30,525,000.00	16,185,000.00	-	-	-	-	-	138,160,000.00
Interest	6,858,000.00	5,750,250.00	4,928,500.00	3,965,000.00	2,435,500.00	1,148,750.00	-	-	-	-	-	25,187,000.00
RFS Refunding Bonds, 2006D												
Principal	2,790,000.00	4,670,000.00	4,145,000.00	8,150,000.00	8,270,000.00	61,430,000.00	-	-	-	-	-	89,455,000.00
Interest	4,063,100.00	3,923,600.00	3,890,100.00	3,482,950.00	3,075,350.00	8,194,075.00	-	-	-	-	-	26,429,075.00
RFS Bonds, 2006E												
Principal	1,640,000.00	6,400,000.00	8,560,000.00	4,090,000.00	5,180,000.00	7,700,000.00	-	-	-	-	-	31,570,000.00
Interest	1,474,652.50	1,392,652.50	1,072,652.50	744,652.50	540,152.50	478,665.00	-	-	-	-	-	5,701,457.50
RFS Bonds, 2006F												
Principal	8,845,000.00	9,290,000.00	9,745,000.00	10,235,000.00	10,750,000.00	17,140,000.00	38,210,000.00	51,865,000.00	21,305,000.00	-	-	177,185,000.00
Interest	8,288,275.00	7,846,025.00	7,381,525.00	6,864,275.00	6,382,525.00	26,826,225.00	21,521,075.00	11,930,062.50	1,351,725.00	-	-	98,421,712.50
RFS Refunding Bonds, 2007B (1)												
Principal	328,980,000.00	-	-	-	-	-	-	-	-	-	-	328,980,000.00
Interest	35,235.00	-	-	-	-	-	-	-	-	-	-	35,235.00
RFS Bonds, 2008B (1)												
Principal	508,535,000.00	-	-	-	-	-	-	-	-	-	-	508,535,000.00
Interest	53,493.00	-	-	-	-	-	-	-	-	-	-	53,493.00
RFS Bonds, 2008A												
Principal	21,130,000.00	31,495,000.00	-	-	-	-	-	-	-	-	-	52,625,000.00
Interest	2,837,688.76	1,653,487.50	-	-	-	-	-	-	-	-	-	4,491,156.26
RFS Taxable Bonds, 2009B												
Principal	-	-	-	-	-	15,795,000.00	108,135,000.00	103,850,000.00	102,965,000.00	-	-	330,545,000.00
Interest	20,745,004.20	20,745,004.20	20,745,004.20	20,745,004.20	20,745,004.20	103,725,021.00	84,424,124.40	52,345,919.40	17,621,752.80	-	-	361,841,838.60
RFS Bonds, 2009D												
Principal	22,715,000.00	23,700,000.00	16,220,000.00	16,830,000.00	17,685,000.00	84,375,000.00	-	-	-	-	-	181,535,000.00
Interest	8,354,743.76	7,368,056.26	6,354,556.26	5,626,056.26	4,784,556.26	11,116,456.26	-	-	-	-	-	43,604,425.06

Description of Issue	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	Total Debt Service Requirements
RFS Bonds, 2010A												
Principal	15,390,000.00	19,220,000.00	23,965,000.00	38,480,000.00	30,940,000.00	139,500,000.00	-	-	-	-	-	288,505,000.00
Interest	12,776,250.00	12,160,650.00	11,329,050.00	10,273,400.00	8,478,800.00	14,552,750.00	-	-	-	-	-	69,568,900.00
RFS Refunding Bonds, 2010B												
Principal	45,585,000.00	45,555,000.00	48,260,000.00	58,120,000.00	60,045,000.00	123,110,000.00	-	-	-	-	-	380,675,000.00
Interest	19,210,400.00	16,144,750.00	14,058,650.00	11,766,200.00	9,181,700.00	11,998,600.00	-	-	-	-	-	81,360,300.00
RFS Taxable Bonds, 2010C												
Principal	-	7,990,000.00	15,425,000.00	15,790,000.00	18,105,000.00	86,650,000.00	99,560,000.00	115,345,000.00	134,395,000.00	113,060,000.00	-	604,310,000.00
Interest	27,379,517.70	27,379,517.70	27,121,840.20	26,612,043.96	26,075,415.96	121,079,013.52	107,272,172.70	76,237,783.50	46,826,353.80	15,606,387.60	-	495,540,046.64
RFS Taxable Bonds, 2010D												
Principal	13,490,000.00	13,780,000.00	14,120,000.00	14,485,000.00	13,975,000.00	78,420,000.00	88,956,000.00	94,370,000.00	108,840,000.00	20,300,000.00	-	458,685,000.00
Interest	22,387,127.80	21,939,394.70	21,414,790.10	20,863,121.70	20,285,604.76	91,397,320.88	71,236,234.80	47,969,049.50	22,097,506.10	1,042,202.00	-	380,662,352.34
RFS Bonds, 2010E												
Principal	14,380,000.00	7,005,000.00	-	-	-	-	-	-	-	-	-	21,385,000.00
Interest	873,750.00	757,150.00	-	-	-	-	-	-	-	-	-	1,130,900.00
RFS Refunding Bonds, 2012A												
Principal	8,405,000.00	10,505,000.00	10,955,000.00	11,500,000.00	12,235,000.00	95,685,000.00	13,225,000.00	-	-	-	-	182,510,000.00
Interest	7,802,550.00	7,382,300.00	6,917,050.00	6,369,300.00	5,881,300.00	15,017,490.00	681,250.00	-	-	-	-	50,031,200.00
RFS Bonds, 2012B												
Principal	4,965,000.00	5,200,000.00	5,465,000.00	5,730,000.00	6,015,000.00	34,810,000.00	44,680,000.00	46,860,000.00	53,635,000.00	14,045,000.00	-	221,506,000.00
Interest	11,075,250.00	10,627,000.00	10,567,000.00	10,283,750.00	10,007,250.00	45,211,250.00	35,578,500.00	23,781,750.00	11,844,250.00	867,750.00	-	170,073,250.00
RFS Bonds, 2014A												
Principal	4,850,000.00	5,010,000.00	5,220,000.00	5,485,000.00	5,710,000.00	32,020,000.00	43,765,000.00	55,675,000.00	55,820,000.00	39,440,000.00	-	252,995,000.00
Interest	11,569,937.50	11,413,337.50	11,195,537.50	10,934,537.50	10,710,287.50	49,091,687.50	40,647,625.00	28,981,450.00	16,438,900.00	3,875,250.00	-	194,858,450.00
RFS Refunding Bonds, 2014B												
Principal	950,000.00	970,000.00	925,000.00	500,000.00	535,000.00	80,260,000.00	85,860,000.00	69,375,000.00	7,965,000.00	-	-	247,340,000.00
Interest	10,555,600.00	10,527,100.00	10,488,300.00	11,013,700.00	10,983,700.00	53,584,500.00	30,168,010.00	11,823,230.00	318,600.00	-	-	146,472,740.00
RFS Refunding Bonds, 2016A												
Principal	-	-	-	-	-	-	-	-	-	255,825,000.00	-	255,825,000.00
Interest	9,854,379.00	9,854,379.00	9,854,379.00	9,854,379.00	9,854,379.00	49,271,895.00	49,271,895.00	49,271,895.00	49,271,895.00	49,271,895.00	-	295,631,370.00
RFS Refunding Bonds, 2016B												
Principal	-	-	-	-	-	56,040,000.00	-	122,500,000.00	-	27,500,000.00	-	205,040,000.00
Interest	7,077,000.00	7,077,000.00	7,077,000.00	7,077,000.00	7,077,000.00	38,803,750.00	28,359,375.00	35,285,625.00	6,875,000.00	7,562,500.00	-	152,051,250.00
RFS Refunding Bonds, 2016C												
Principal	1,720,000.00	2,915,000.00	34,545,000.00	21,365,000.00	18,980,000.00	53,725,000.00	-	-	-	-	-	133,240,000.00
Interest	8,317,868.75	6,546,850.00	6,430,250.00	4,703,000.00	3,635,250.00	8,458,000.00	-	-	-	-	-	38,091,318.75
RFS Refunding Bonds, 2016D												
Principal	9,045,000.00	10,785,000.00	11,695,000.00	12,060,000.00	27,365,000.00	142,250,000.00	-	-	-	-	-	213,180,000.00
Interest	11,657,251.67	10,206,750.00	9,688,500.00	9,083,750.00	8,480,750.00	23,063,250.00	-	-	-	-	-	72,160,251.67
RFS Refunding Bonds, 2016E												
Principal	8,780,000.00	8,860,000.00	9,225,000.00	8,685,000.00	10,150,000.00	114,690,000.00	34,835,000.00	-	-	-	-	196,215,000.00
Interest	9,288,984.72	9,220,000.00	8,873,800.00	8,422,750.00	7,939,500.00	27,122,450.00	1,741,750.00	-	-	-	-	72,619,344.72
SUMMARY DEBT SERVICE												
Total Principal	1,502,150,000.00	309,605,000.00	315,360,000.00	307,610,000.00	316,755,000.00	1,485,595,000.00	969,900,000.00	994,249,000.00	893,351,000.00	596,210,000.00	-	7,590,845,000.00
Total Projected Interest	306,568,647.36	280,418,097.86	275,867,705.76	261,345,863.62	246,996,406.18	1,017,787,094.16	715,803,954.40	509,157,753.74	272,545,847.38	87,300,208.60	-	3,993,891,439.06
PROJECTED BOND DEBT SERVICE	\$ 1,808,718,647.36	600,083,097.86	591,227,705.76	568,955,863.62	563,751,406.18	2,503,382,094.16	1,685,803,954.40	1,503,406,753.74	1,165,896,847.38	683,510,208.60	-	11,584,736,439.06

(1) The PUF Bonds, Series 2008A, the RFS Refunding Bonds, Series 2007B, and the RFS Bonds, Series 2008B are currently variable rate bonds. As required by GASB Statement No. 38 annual debt service requirements are computed using the System's effective rates of 0.55%, 0.56%, and 0.55% (respectively), on par amounts of \$370,160,000, \$328,980,000, and \$508,535,000 (respectively). Interest on variable rate bonds will fluctuate based upon current market conditions and is reset weekly. As required, interest expense per this schedule is presented on a cash basis; whereas, the financial statements are presented on an accrual basis. Although variable rate bonds may come due in one year, debt service is generally expected to be payable through final maturity on each series (July 2038, August 2034, and August 2039, respectively). Expected annual debt service requirements on \$185,080,000 in principal amount of the PUF Bonds, Series 2008A are computed using a base rate of 3.696%, and annual debt service requirements on the remaining \$185,080,000 in principal amount of the PUF Bonds, Series 2008A are computed using a base rate of 3.6575%, each obtained as a result of the 2008A Swap Agreements. Expected annual debt service requirements on the RFS Refunding Bonds, Series 2007B are computed using a base rate of 3.865% obtained as a result of the 2007B Swap Agreements. Expected annual debt service requirements on \$247,900,000 in principal amount of the RFS Bonds, Series 2008B are computed using a base rate of 3.900%, and annual debt service requirements on the remaining \$260,635,000 in principal amount of the Series 2008B Bonds are computed using a base rate of 3.614%, each obtained as a result of the 2008B Swap Agreements.

The University of Texas System
 Schedule 2 -- Bonds Payable (Consolidated)
 For the Year Ended August 31, 2016
 2D: ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE

Revenue Bonds

Description of Issue	Pledged Revenues			Total Pledged Sources for Debt Service ⁽⁴⁾
	Operating Revenues	Investment Interest Earned	Other Pledged Revenues	
Self Supporting:				
Permanent University Fund				
Pledged Revenues ⁽¹⁾	\$	2,911.35	549,488,740.91	549,491,652.26
PUF Refunding Bonds, 2006B				
PUF Bonds, 2006C				
PUF Bonds, 2008A				
PUF Taxable Bonds, 2009A				
PUF Bonds, 2014A				
PUF Bonds, 2014B				
PUF Refunding Bonds, 2015A				
PUF Bonds, 2015B				
PUF Taxable Bonds, 2015C				
PUF Bonds, 2016A				
Revenue Financing System				
Pledged Revenues ⁽²⁾	8,767,562,118.00	360,281,622.71	62,068,337.00	9,189,912,077.71
RFS Refunding Bonds, 2002A				
RFS Refunding Bonds, 2002B				
RFS Refunding Bonds, 2004A				
RFS Refunding Bonds, 2004B				
RFS Bonds, 2006B				
RFS Refunding Bonds, 2006C				
RFS Refunding Bonds, 2006D				
RFS Bonds, 2006E				
RFS Bonds, 2006F				
RFS Refunding Bonds, 2007B				
RFS Bonds, 2008B				
RFS Bonds, 2008A				
RFS Taxable Bonds, 2009B				
RFS Bonds, 2009D				
RFS Bonds, 2010A				
RFS Refunding Bonds, 2010B				
RFS Taxable Bonds, 2010C				
RFS Taxable Bonds, 2010D				
RFS Bonds, 2010E				
RFS Refunding Bonds, 2012A				
RFS Bonds, 2012B				
RFS Bonds, 2014A				
RFS Refunding Bonds, 2014B				
RFS Taxable Bonds, 2016A				
RFS Bonds, 2016B				
RFS Refunding Bonds, 2016C				
RFS Bonds, 2016D				
RFS Bonds, 2016E				
Total Revenue Bonds	\$ <u>8,767,562,118.00</u>	<u>360,284,534.06</u>	<u>611,557,077.91</u>	<u>9,739,403,729.97</u>

⁽¹⁾ Revenues also pledged to Permanent University Fund Commercial Notes, Series A and Permanent University Fund Taxable Commercial Notes, Series B on a subordinate lien basis.

⁽²⁾ Revenues also pledged to Revenue Financing System Commercial Paper Notes, Series A and Revenue Financing System Taxable Commercial Paper Notes, Series B on an equal and ratable basis.

⁽³⁾ As required by the Texas State Comptroller's Financial Reporting Requirements, interest expense for Fiscal Year 2016 is presented on a cash basis and therefore the data does not agree with information presented in the Statement of Revenues, Expenses and Change in Net Assets, nor the Notes of the financials, which are prepared on the accrual basis of accounting. The effect of this difference is a \$7,237,417.92 net increase due to accrued interest expense.

⁽⁴⁾ The related operating expenditures against these gross pledged revenues were \$10,154,946,479.80.

Debt Service		Refunded or Extinguished	Interest & Sinking Fund		Bond Reserve Fund	
Principal	Interest ⁽³⁾		Minimum	Actual	Minimum	Actual
-	14,851,562.50	-	N/A		N/A	N/A
1,925,000.00	96,250.00	-	N/A		N/A	N/A
5,590,000.00	13,768,911.06	-	N/A		N/A	N/A
-	13,155,000.00	-	N/A		N/A	N/A
-	12,017,000.00	-	N/A		N/A	N/A
8,270,000.00	9,604,500.00	-	N/A		N/A	N/A
12,690,000.00	8,337,525.00	-	N/A		N/A	N/A
8,745,000.00	8,768,430.00	-	N/A		N/A	N/A
-	2,672,884.20	-	N/A		N/A	N/A
-	2,737,258.33	-	N/A		N/A	N/A
6,875,000.00	904,837.50	-	N/A		N/A	N/A
12,280,000.00	2,202,112.50	-	N/A		N/A	N/A
16,170,000.00	2,533,125.00	-	N/A		N/A	N/A
30,590,000.00	5,101,687.50	-	N/A		N/A	N/A
19,200,000.00	929,587.50	-	N/A		N/A	N/A
16,900,000.00	7,803,000.00	-	N/A		N/A	N/A
27,420,000.00	5,370,500.00	-	N/A		N/A	N/A
3,400,000.00	1,631,277.50	-	N/A		N/A	N/A
8,430,000.00	8,709,775.00	-	N/A		N/A	N/A
1,250,000.00	12,470,031.02	-	N/A		N/A	N/A
28,255,000.00	19,964,021.00	-	N/A		N/A	N/A
21,000,000.00	5,953,043.76	87,145,000.00	N/A		N/A	N/A
-	20,745,004.20	-	N/A		N/A	N/A
14,155,000.00	8,973,193.75	-	N/A		N/A	N/A
13,965,000.00	13,474,500.00	-	N/A		N/A	N/A
390,000.00	18,226,000.00	-	N/A		N/A	N/A
-	27,379,517.70	-	N/A		N/A	N/A
13,225,000.00	22,793,928.80	-	N/A		N/A	N/A
4,930,000.00	1,070,950.00	-	N/A		N/A	N/A
8,900,000.00	8,187,550.00	-	N/A		N/A	N/A
4,730,000.00	11,311,750.00	-	N/A		N/A	N/A
3,285,000.00	11,635,637.50	-	N/A		N/A	N/A
710,000.00	10,569,800.00	-	N/A		N/A	N/A
-	5,775,761.03	-	N/A		N/A	N/A
-	3,990,641.66	-	N/A		N/A	N/A
-	-	-	N/A		N/A	N/A
-	-	-	N/A		N/A	N/A
-	-	-	N/A		N/A	N/A
-	-	-	N/A		N/A	N/A
293,280,000.00	323,716,554.01	87,145,000.00	-	-	-	-

THE UNIVERSITY OF TEXAS SYSTEM
 Schedule 2 -- Bonds Payable (Consolidated)
 For the Year Ended August 31, 2016

2E: DEFEASED BONDS OUTSTANDING

The Balance Sheet at August 31, 2016 does not include \$373,543,000 of bonds payable which were fully defeased during fiscal years 1991, 2004, 2007, 2010, 2014 and 2016. Direct obligations of the United States of America and noncallable obligations of an agency or instrumentality of the United States of America, including obligations unconditionally guaranteed by the United States of America, rated not less than AAA or its equivalent, in amounts, maturities, and bearing interest at rates sufficient to provide funds to pay in full the principal of, redemption premium, if any, and interest on the defeased bonds are being held by various escrow agents. Shown below is a listing of the defeased bonds outstanding at August 31, 2016.

<u>Description of Issue</u>	<u>Year Refunded/ Defeased</u>	<u>Par Value Outstanding</u>
Permanent University Fund Bonds		
Series 1997	2004	19,525,000
		<u>19,525,000</u>
General Revenue Bonds		
Pan American, Aux. Enterprise Rev. Bonds, Series 1968-C	1991	148,000
		<u>148,000</u>
Revenue Financing System Bonds		
Series 1998A	2007	3,605,000
Series 2006D	2010	178,375,000
Series 2006D	2014	4,435,000
Series 2006F	2010	23,130,000
Series 2006F	2014	57,180,000
Series 2008A	2016	87,145,000
		<u>353,870,000</u>
Total Defeased Bonds Outstanding		\$ <u>373,543,000</u>

The University of Texas System
 Schedule 2 -- Bonds Payable (Consolidated)
 For the Year Ended August 31, 2016

2F: EARLY EXTINGUISHMENT AND REFUNDING

Description of Debt Extinguished/Refunded	Description of Newly Issued Debt	Category	Amount Extinguished or Refunded	For Refunding Only		
				Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain (Loss)
RFS Bonds, Series 2008A	RFS Refunding Bonds, Series 2016C	Advance Refunding	87,145,000.00	80,790,000.00	8,354,703.48	7,596,759.18
TOTAL BONDS			87,145,000.00	80,790,000.00	8,354,703.48	7,596,759.18
PUF Taxable Commercial Paper Notes, Series B	PUF Bonds, Taxable Series 2015C	Current Refunding	125,500,000.00	126,020,000.00	N/A	N/A
PUF Taxable Commercial Paper Notes, Series B	PUF Bonds, Series 2016A	Current Refunding	137,000,000.00	117,270,000.00	N/A	N/A
RFS Tax-Exempt Commercial Paper Notes, Series A	RFS Bonds, Taxable Series 2016A	Current Refunding	48,494,000.00	48,670,000.00	N/A	N/A
RFS Taxable Commercial Paper Notes, Series B	RFS Bonds, Taxable Series 2016A	Current Refunding	107,630,000.00	108,050,000.00	N/A	N/A
RFS Tax-Exempt Commercial Paper Notes, Series A	RFS Bonds, Series 2016B	Current Refunding	105,478,000.00	97,035,000.00	N/A	N/A
TOTAL OTHER			524,102,000.00	497,045,000.00	0.00	0.00
TOTAL			611,247,000.00	577,835,000.00	8,354,703.48	7,596,759.18



The principle goal of education is to create men and women who are capable of doing new things, not simply repeating what other generations have done.

— *Jean Piaget*