



# **Board of Trustees Financial Update**

**For the Six Months Ended December 31, 2016**

**February 22, 2017**

# University of Connecticut (Storrs & Regional Campuses)

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## Quarterly Overview of the Operating and Research Funds For the Six Months Ended December 31, 2016

On June 29, 2016, the Board of Trustees approved an Operating Budget for Fiscal Year 2017 which included \$1,319.8 million of revenue to cover \$1,319.4 million in expenses.

Financial results for the first six months of Fiscal Year 2017 reflected a number of different factors when compared to budget. Actual revenue totaled \$668.4 million and actual expenditures totaled \$618.6 million resulting in a \$49.8 million variance at this point in the fiscal year. UConn has been able to maintain a balanced budget due to strong revenues, steady state funding, careful management of expenses, operational efficiencies, and generation of new external revenues. Overall budget is expected to come in slightly better than budget, ending with a net gain of \$2.4 million.

A more detailed review of the activity through the end of the second quarter is presented below.

<b>Revenues</b>
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### **Operating Fund**

Total **Operating Fund** revenue collections through the second quarter of Fiscal Year 2017 were \$616.3 million which represented 50.7% of the annual budget. Revenues at this point last year totaled \$630.5 million. Overall Fiscal Year 2017 revenues are expected to be slightly lower than budgeted largely due to a decrease in state financial aid and other revenue coming in lower than expected.

A major source of revenue, **State Support**, was \$192.2 million and represented 31.2% of the total operating fund revenue received for the first six months. On June 8, 2016, a lapse of \$6.9 million (\$11.4 million with fringe benefits) was reduced from the University's overall State Support. State support continues to be an important piece of the overall budget and we appreciate the ongoing commitment from the State. We are hopeful that based on current projections the State will not have to cut UConn further this year.

**Tuition** collections totaled \$190.9 million, which represented 31.0% of total operating fund receipts. Tuition revenue collections reflected a \$700 rate increase for in-state students and a \$950 rate increase for out-of-state students, coupled with a 1.0% increase in the number of undergraduate students. As of the 10th day fall census, total undergraduate enrollment was 23,630, which includes 174 more first time in-state freshman than last year. Total graduate and professional program enrollment at UConn is 7,810 (excluding UConn Health). Total University enrollment for fall 2016 was up 1.2% from fall 2015. Undergraduate enrollment (degree and non-degree) was up 1.0%, Graduate enrollment was up 2.8%, and Professional enrollment was down 5.2%.

**Fee** revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (EMBA, CEIN program, etc.). Also included in this category are the mandatory fees such as the General University Fee, which primarily supports four Auxiliary Enterprise

# University of Connecticut (Storrs & Regional Campuses)

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programs. Various other fees such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees are included here as well. The six months of fee collections totaled \$64.7 million or 52.0% of the amount budgeted. This category is projected to be \$1.9 million higher than budgeted due to a larger undergrad population than budgeted.

**Auxiliary Enterprise Revenue** through the second quarter of Fiscal Year 2017 was \$112.5 million which represented 53.4% of the annual budgeted amount. The largest portion of Auxiliary Enterprise revenue consists of Room and Board Fees, which totaled \$84.4 million through the first six months. Athletics revenue, consisting of ticket sales and sponsor/conference revenue, added another \$16.7 million in this category through the second quarter. Our updated forecast shows an additional \$3.3 million more than budgeted.

**Grants and Contracts** revenue consists of non-research restricted revenues from a granting agency (e.g. Pell Grants, state grants, etc.). For the first six months of Fiscal Year 2017, Grants and Contracts revenue was \$36.1 million or 45.5% of the amount budgeted. Overall this category will end approximately \$3.7 million below budget due to the reduction of the Roberta Willis State Scholarship funding.

**Foundation/Investment** revenue consists of gift funds transferred from the UConn Foundation and investment income on endowments. Through the second quarter of Fiscal Year 2017, the total amount received was \$4.7 million or 23.4% of the amount budgeted. The low total is not reflective of year end results as a large portion of this revenue is received in the second half of the year. This category is expected to end the year on budget.

**Sales and Services of Educational Activities and Other Sources** revenue totaled \$15.2 million or 40.0% of budget through the second quarter. This category includes revenues from the sales of goods or services that are incidental to the conduct of instruction, research, or public service. This category is expected to come in slightly under budget by year end.

## **Research Fund**

With respect to the **Research Fund**, the granting agency or donor restricts most of the revenues. For the first six months, Research Fund revenues were \$52.1 million and represented 49.8% of the amount budgeted and are on target to end the year on budget.

<b>Expenditures</b>
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## **Operating Fund**

Total **Operating Fund** expenditures through the second quarter of Fiscal Year 2017 were \$570.2 million or 47.0% of the annual budgeted amount. Operating expenditures at this point last year were \$579.9 million, showing that the overall expenditures are down comparatively. Strategic cuts, careful hiring, and cost avoidance have been applied in order to reduce overall spending while still maintaining academic excellence.

## University of Connecticut (Storrs & Regional Campuses)

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**Personal Services/Fringe Benefit** expenditures totaled \$345.5 million and represented 45.4% of the budgeted amount of \$760.6 million or 60.6% of the total Operating Fund expenditures. It is forecasted that these categories will come in under budget due to slower hiring. The University continues to closely watch spending in these personal services considering the current fiscal environment and is making judicious hiring decisions.

**Other Expenses** (including energy costs) were \$118.6 million for the first six months. This represents 47.1% of the amount budgeted. The biggest components of this category are utilities, food service, lab supplies, and janitorial costs. These costs are coming in lower and will end the year under budget due to operational efficiency gains achieved throughout the year and more careful spending.

**Equipment** expenditures of \$7.1 million were 50.8% of the amount budgeted. This category is expected to end slightly over budget due to increased academic equipment needs.

**Student Aid** expenditures were \$77.7 million and represented 48.1% of the amount budgeted. In spite of the decrease of \$3.7 million to the Roberta Willis State Scholarship, UConn is committed to providing financial aid to students based on both need and merit, and has found a way to provide funding to replace some of this loss. However, despite our best efforts, we will still fall below our budgeted amount due to this cut.

**Net Debt/Other Transfers** for the first six months were \$21.2 million or 85.0% of the amount budgeted.

### **Research Fund**

Finally, **Research Fund** expenditures totaled \$48.4 million and represented 45.5% of the budgeted amount. Due to the variability of research expenditures, quarterly comparisons are not necessarily indicative of annual results.

<b>Summary</b>
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### **Overview**

The large net gain through the first six months is not representative of expected year end results. The timing between various revenues and associated expenditures fluctuates month to month. The University expects to end Fiscal Year 2017 slightly better than budget at \$2.4 million, just 0.1% of the total expenditures. The University continues to monitor spending, make judicious hiring decisions, and create operational efficiencies wherever possible. As always, maintaining quality and high standards, while encouraging efficiency and cost reduction, continues to be the financial goal of the University.

**University of Connecticut**  
**Storrs & Regional Campuses**  
**FY 2017 Statement of Operating Budget, Forecast, and Variance (\$M)<sup>1</sup>**  
**Six Month Update as of 12/31/2016**

	FY2017			
	Budget	Forecast	Variance	% Change
<b>Revenues</b>			Favorable/(Unfavorable)	
State Support	\$369.9	\$370.0	\$0.1	
Tuition	372.7	372.5	(0.2)	
Fees	124.5	126.4	1.9	
Grants & Contracts	79.3	75.6	(3.7)	
Foundation/Investment	20.0	20.0	-	
Sales and Services of Ed Activities	19.8	19.1	(0.7)	
Auxiliary Enterprise	210.7	214.0	3.3	
All Other Sources	18.3	14.8	(3.5)	
<b>Total Operating Fund</b>	<u>\$1,215.2</u>	<u>\$1,212.4</u>	<u>(\$2.8)</u>	-0.2%
Research Fund	104.6	104.6	-	0.0%
<b>Total Revenues</b>	<u><b>\$1,319.8</b></u>	<u><b>\$1,317.0</b></u>	<u><b>(\$2.8)</b></u>	<b>-0.2%</b>
<b>Expenses</b>				
Personal Services	\$502.2	\$494.3	\$7.9	
Fringe Benefits	258.3	250.9	7.5	
Other Expenses	252.1	243.9	8.1	
Equipment	13.9	14.5	(0.6)	
Student Aid	161.6	159.1	2.5	
Debt/Other Transfers	25.0	45.8	(20.8)	
<b>Total Operating Fund</b>	<u>\$1,213.1</u>	<u>\$1,208.5</u>	<u>\$4.6</u>	0.4%
Research Fund	106.3	106.1	0.2	0.2%
<b>Total Expenses</b>	<u><b>\$1,319.4</b></u>	<u><b>\$1,314.6</b></u>	<u><b>4.8</b></u>	<b>0.4%</b>
<b>Net Gain (Loss)</b>	<u><b>\$0.4</b></u>	<u><b>\$2.4</b></u>	<u><b>\$2.0</b></u>	

Note: Use of decimals may result in rounding differences.

<sup>1</sup>The University prepares and presents its annual Operating Budget in a format that shows gross student tuition and fees and does not net out scholarship allowances, as required in the financial statements which are prepared in the GASB Nos. 34/35 format. Scholarship allowances are shown as an expense item. In addition, the University's Operating Budget format includes equipment purchases as an expense, does not include depreciation or amortization and does not include the State debt service commitment for principal and interest.

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**UCONN** | UNIVERSITY OF  
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Interim Financial Report  
For the Six Months Ended  
December 31, 2016

**UNIVERSITY OF CONNECTICUT**  
**INTERIM STATEMENTS OF NET POSITION**  
**As of December 31, 2016 and 2015 and June 30, 2016**  
**UNAUDITED**

(\$ in thousands)

	December 31, 2016	December 31, 2015	June 30, 2016
<b>ASSETS</b>		<b>(Restated)</b>	
<b>Current Assets</b>			
Cash and cash equivalents	\$ 296,528	\$ 237,075	\$ 328,225
Accounts receivable, net	48,001	52,474	57,317
Student loans receivable, net	2,226	2,088	2,226
Due from State of Connecticut	166,986	216,940	152,913
Due from related agencies	763	840	763
State debt service commitment	129,100	116,856	127,497
Inventories	935	982	935
Deposit with bond trustee	-	82,322	149,081
Prepaid expenses and other assets	1,515	4,675	4,632
<b>Total Current Assets</b>	<b>646,054</b>	<b>714,252</b>	<b>823,589</b>
<b>Noncurrent Assets</b>			
Cash and cash equivalents	-	1,429	-
Investments	14,754	14,794	13,601
Student loans receivable, net	10,810	11,038	10,727
State debt service commitment	1,187,305	1,041,835	1,195,940
Property and equipment, net	1,823,665	1,565,157	1,698,224
<b>Total Noncurrent Assets</b>	<b>3,036,534</b>	<b>2,634,253</b>	<b>2,918,492</b>
<b>Total Assets</b>	<b>3,682,588</b>	<b>3,348,505</b>	<b>3,742,081</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>206,567</b>	<b>170,704</b>	<b>206,875</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	133,199	71,241	141,830
Unearned revenue	74,839	61,861	37,046
Deposits held for others	4,178	3,852	2,795
Wages payable	48,093	42,983	55,119
Compensated absences	26,717	27,464	26,717
Due to State of Connecticut	23,196	21,511	27,038
Due to affiliate	26,915	17,962	88,132
Current portion of long-term debt and bonds payable	131,821	123,645	136,718
Other current liabilities	40,109	35,530	39,184
<b>Total Current Liabilities</b>	<b>509,067</b>	<b>406,049</b>	<b>554,579</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	9,899	7,633	9,899
Long-term debt and bonds payable	1,481,483	1,312,830	1,505,310
Federal refundable loans	11,773	11,461	11,773
Pension liabilities	810,059	726,099	810,059
<b>Total Noncurrent Liabilities</b>	<b>2,313,214</b>	<b>2,058,023</b>	<b>2,337,041</b>
<b>Total Liabilities</b>	<b>2,822,281</b>	<b>2,464,072</b>	<b>2,891,620</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>4,211</b>	<b>26,515</b>	<b>4,211</b>
<b>NET POSITION</b>			
<b>Net investment in capital assets</b>	<b>1,511,139</b>	<b>1,274,377</b>	<b>1,365,918</b>
<b>Restricted nonexpendable</b>	<b>13,746</b>	<b>13,269</b>	<b>12,593</b>
<b>Restricted expendable</b>			
Research, instruction, scholarships and other	25,395	20,008	24,455
Loans	2,728	2,720	2,520
Capital projects	68,087	80,751	49,637
Debt service	-	13	-
<b>Unrestricted (see Note 7)</b>	<b>(558,432)</b>	<b>(362,516)</b>	<b>(401,998)</b>
<b>Total Net Position</b>	<b>\$ 1,062,663</b>	<b>\$ 1,028,622</b>	<b>\$ 1,053,125</b>

**UNIVERSITY OF CONNECTICUT**  
**INTERIM STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Six Months Ended December 31, 2016 and 2015 and the Year Ended June 30, 2016**  
**UNAUDITED**

(\$ in thousands)

	December 31, 2016	December 31, 2015	June 30, 2016
	(Restated)		
<b>OPERATING REVENUES</b>			
Student tuition and fees (Net of scholarship allowances of \$71,274 for December 31, 2016, \$68,250 for December 31, 2015, and \$140,283 for June 30, 2016)	\$ 184,329	\$ 173,586	\$ 341,809
Federal grants and contracts	63,998	65,283	129,758
State and local grants and contracts	11,980	15,701	35,135
Nongovernmental grants and contracts	10,264	9,918	19,490
Sales and services of educational departments	7,829	8,647	20,543
Sales and services of auxiliary enterprises (Net of scholarship allowances of \$2,058 for December 31, 2016, \$1,697 for December 31, 2015, and \$4,056 for June 30, 2016)	110,444	107,891	210,455
Other sources	8,220	10,267	14,183
<b>Total Operating Revenues</b>	<b>397,064</b>	<b>391,293</b>	<b>771,373</b>
<b>OPERATING EXPENSES</b>			
Educational and general			
Instruction	184,339	180,588	393,789
Research	38,564	37,423	80,070
Public service	24,571	26,072	53,903
Academic support	65,946	68,555	139,643
Student services	18,360	18,242	38,916
Institutional support	36,520	32,096	66,580
Operations and maintenance of plant	59,765	64,708	122,034
Depreciation and amortization	50,809	48,503	98,767
Student aid	6,042	5,184	9,748
Auxiliary enterprises	104,854	105,725	221,837
<b>Total Operating Expenses</b>	<b>589,770</b>	<b>587,096</b>	<b>1,225,287</b>
<b>Operating Loss</b>	<b>(192,706)</b>	<b>(195,803)</b>	<b>(453,914)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State appropriation	192,214	215,690	384,747
State debt service commitment for interest	30,334	26,531	53,092
Gifts	6,223	5,977	25,380
Investment income	1,011	504	1,448
Interest expense	(28,006)	(25,722)	(51,333)
Other nonoperating expenses, net	242	-	(3,893)
<b>Net Nonoperating Revenues</b>	<b>202,018</b>	<b>222,980</b>	<b>409,441</b>
<b>Income (Loss) Before Other Changes in Net Position</b>	<b>9,312</b>	<b>27,177</b>	<b>(44,473)</b>
<b>OTHER CHANGES IN NET POSITION</b>			
State debt service commitment for principal	-	-	103,400
Capital grants and gifts	720	4,194	5,071
Disposal of property and equipment, net	(494)	(356)	(8,486)
Additions to permanent endowments	-	8	14
<b>Net Other Changes in Net Position</b>	<b>226</b>	<b>3,846</b>	<b>99,999</b>
<b>Increase in Net Position</b>	<b>9,538</b>	<b>31,023</b>	<b>55,526</b>
<b>NET POSITION</b>			
<b>Net Position-Beginning of Year</b>	<b>1,053,125</b>	<b>997,599</b>	<b>997,599</b>
<b>Net Position-End of Year</b>	<b>\$ 1,062,663</b>	<b>\$ 1,028,622</b>	<b>\$ 1,053,125</b>



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**Notes to Interim Financial Statements  
For the Six Months Ended December 31, 2016 and 2015 and  
the Year Ended June 30, 2016**

**1. RELATED ENTITIES**

This financial report for the six months ended December 31, 2016 and 2015 and the year ended June 30, 2016 represents the transactions and balances of the University of Connecticut (University), herein defined as all programs except the University of Connecticut Health Center (UConn Health). Two related, but independent, corporate entities support the mission of the University: The University of Connecticut Foundation, Inc. (Foundation) and The University of Connecticut Law School Foundation, Inc. (Law School Foundation). The Foundation raises funds to promote, encourage, and assist education and research at both the University and UConn Health, whereas the Law School Foundation, with similar objectives, supports only the University. The Law School Foundation, which is organized for the benefit of the University and whose economic resources can only be used by or for the benefit of the University, is included as a component unit of the University. While shown as a component unit in the June 30, 2016 financial report, it is not included with the financial statements for the six months ended December 31, 2016 and 2015. The Foundation materially supports the mission of the University and UConn Health, which are separately audited and produce their own financial statements. Displaying the Foundation's financial statements as a component unit of either the University or UConn Health would distort its actual contribution or economic benefit to that entity and therefore, the Foundation is not included as a component unit in the accompanying financial statements.

**2. INTERIM FINANCIAL STATEMENT PRESENTATION**

The Statements of Net Position as of December 31, 2016 and 2015 and the Statements of Revenues, Expenses, and Changes in Net Position for the six months ended December 31, 2016 and 2015 are prepared on the same basis as the June 30, 2016 statements except for the items listed below:

- (1) The following items are only adjusted at June 30 and have not changed since that date:
  - a. Current student loans receivable, net;
  - b. Inventories of consumable supplies;
  - c. The fair value of endowments invested by the Foundation;
  - d. Compensated absences liability;
  - e. Adjustments pertaining to Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions;
  - f. Federal refundable loans; and
  - g. Adjustments to pension liabilities and related deferred outflows and deferred inflows of resources in accordance with GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- (2) Waived tuition related to employees and their dependents is included only at June 30 as fringe benefit cost and tuition revenue in the Statement of Revenues, Expenses, and Changes in Net Position.
- (3) Depreciation and amortization are calculated for most assets as of December 31. Since buildings are only capitalized in June of each year, no depreciation has been included for any new buildings that may have been completed as of December 31.

The Statement of Net Position as of December 31, 2015 and the Statement of Revenues, Expenses, and Changes in Net Position for the six months ended December 31, 2015 were restated to reflect a change in the payroll accrual methodology that was implemented in fiscal year 2017.

### 3. PROPERTY AND EQUIPMENT

The following table describes the changes in property and equipment for the six months ended December 31, 2016 and 2015 and the year ended June 30, 2016 (amounts in thousands):

#### Changes in Property and Equipment for the Six Months Ended December 31, 2016:

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance December 31, 2016
<b><u>Capital Assets Not Being Depreciated:</u></b>					
Land	\$ 20,679	\$ -	\$ -	\$ -	\$ 20,679
Construction in progress	305,290	138,840	-	-	444,130
Art and historical collections	55,073	35	(116)	-	54,992
Total capital assets not being depreciated	381,042	138,875	(116)	-	519,801
<b><u>Depreciable Capital Assets:</u></b>					
Non-structural improvements	274,494	1,649	-	-	276,143
Buildings and improvements	1,991,444	23,865	-	-	2,015,309
Intangible assets	26,581	4,267	-	-	30,848
Library materials	81,904	186	-	-	82,090
Equipment	265,783	7,902	(16,505)	-	257,180
Total depreciable capital assets	2,640,206	37,869	(16,505)	-	2,661,570
<b><u>Less Accumulated Depreciation:</u></b>					
Non-structural improvements	141,706	4,418	-	-	146,124
Buildings and improvements	912,752	32,220	-	-	944,972
Intangible assets	16,658	1,989	-	-	18,647
Library materials	68,911	2,730	-	-	71,641
Equipment	182,997	9,452	(16,127)	-	176,322
Total accumulated depreciation	1,323,024	50,809	(16,127)	-	1,357,706
<b><u>Depreciable Capital Assets, Net:</u></b>	1,317,182	(12,940)	(378)	-	1,303,864
<b><u>Property and Equipment, Net:</u></b>	\$ 1,698,224	\$ 125,935	\$ (494)	\$ -	\$ 1,823,665

**Changes in Property and Equipment for the Six Months Ended December 31, 2015:**

	Balance July 1, 2015	Additions	Retirements	Transfers	Balance December 31, 2015
<b><u>Capital Assets Not Being Depreciated:</u></b>					
Land	\$ 20,274	\$ 405	\$ -	\$ -	\$ 20,679
Construction in progress	100,701	76,711	-	-	177,412
Art and historical collections	55,716	7	(103)	-	55,620
Total capital assets not being depreciated	176,691	77,123	(103)	-	253,711
<b><u>Depreciable Capital Assets:</u></b>					
Non-structural improvements	245,234	710	-	-	245,944
Buildings and improvements	1,969,081	17,288	(666)	-	1,985,703
Intangible assets	23,986	964	(459)	-	24,491
Library materials	81,697	80	-	-	81,777
Equipment	258,486	11,469	(5,061)	-	264,894
Total depreciable capital assets	2,578,484	30,511	(6,186)	-	2,602,809
<b><u>Less Accumulated Depreciation:</u></b>					
Non-structural improvements	133,038	4,214	-	-	137,252
Buildings and improvements	857,375	31,754	(606)	-	888,523
Intangible assets	13,840	1,765	(472)	-	15,133
Library materials	63,458	2,727	-	-	66,185
Equipment	181,082	8,043	(4,855)	-	184,270
Total accumulated depreciation	1,248,793	48,503	(5,933)	-	1,291,363
<b><u>Depreciable Capital Assets, Net:</u></b>	1,329,691	(17,992)	(253)	-	1,311,446
<b><u>Property and Equipment, Net:</u></b>	\$ 1,506,382	\$ 59,131	\$ (356)	\$ -	\$ 1,565,157

**Changes in Property and Equipment for the Year Ended June 30, 2016:**

	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
<b><u>Capital Assets Not Being Depreciated:</u></b>					
Land	\$ 20,274	\$ 405	\$ -	\$ -	\$ 20,679
Construction in progress	100,701	231,723	-	(27,134)	305,290
Art and historical collections	55,716	175	(818)	-	55,073
Total capital assets not being depreciated	176,691	232,303	(818)	(27,134)	381,042
<b><u>Depreciable Capital Assets:</u></b>					
Non-structural improvements	245,234	13,442	-	15,818	274,494
Buildings and improvements	1,969,081	27,205	(16,158)	11,316	1,991,444
Intangible assets	23,986	3,348	(753)	-	26,581
Library materials	81,697	207	-	-	81,904
Equipment	258,486	22,602	(15,305)	-	265,783
Total depreciable capital assets	2,578,484	66,804	(32,216)	27,134	2,640,206
<b><u>Less Accumulated Depreciation:</u></b>					
Non-structural improvements	133,038	8,668	-	-	141,706
Buildings and improvements	857,375	64,271	(8,894)	-	912,752
Intangible assets	13,840	3,571	(753)	-	16,658
Library materials	63,458	5,453	-	-	68,911
Equipment	181,082	16,804	(14,889)	-	182,997
Total accumulated depreciation	1,248,793	98,767	(24,536)	-	1,323,024
<b><u>Depreciable Capital Assets, Net:</u></b>	1,329,691	(31,963)	(7,680)	27,134	1,317,182
<b><u>Property and Equipment, Net:</u></b>	\$ 1,506,382	\$ 200,340	\$ (8,498)	\$ -	\$ 1,698,224

**4. LONG-TERM DEBT PAYABLE**

Long-term debt activity, including refunding of debt, for the six months ended December 31, 2016 and 2015 and the year ended June 30, 2016 was as follows (amounts in thousands):

**Long-term Debt Activity for the Six Months Ended December 31, 2016:**

	<b>Balance</b>			<b>Balance</b>	
	<b>July 1, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>December 31, 2016</b>	<b>Current Portion</b>
General obligation bonds	\$ 1,303,870	\$ -	\$ (8,635)	\$ 1,295,235	\$ 107,930
Revenue bonds	112,410	-	(6,455)	105,955	6,700
Self-liquidating bonds	275	-	-	275	275
Installment loans	282	98	(236)	144	54
Obligation under capital lease for Cogeneration	47,229	-	(2,137)	45,092	4,571
Note payable - Nathan Hale Inn	5,205	-	(5,205)	-	-
Total long-term debt	<u>1,469,271</u>	<u>98</u>	<u>(22,668)</u>	<u>1,446,701</u>	<u>119,530</u>
Premiums/discounts	172,757	-	(6,154)	166,603	12,291
Total long-term debt, net	<u>\$ 1,642,028</u>	<u>\$ 98</u>	<u>\$ (28,822)</u>	<u>\$ 1,613,304</u>	<u>\$ 131,821</u>

**Long-term Debt Activity for the Six Months Ended December 31, 2015:**

	<b>Balance</b>			<b>Balance</b>	
	<b>July 1, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>December 31, 2015</b>	<b>Current Portion</b>
General obligation bonds	\$ 1,147,985	\$ -	\$ (8,635)	\$ 1,139,350	\$ 97,515
Revenue bonds	118,625	-	(6,215)	112,410	6,375
Self-liquidating bonds	349	-	-	349	73
Installment loans	671	-	(211)	460	429
Obligation under capital lease for Cogeneration	51,398	-	(2,068)	49,330	4,238
Note payable - Nathan Hale Inn	-	5,377	(84)	5,293	5,293
Total long-term debt	<u>1,319,028</u>	<u>5,377</u>	<u>(17,213)</u>	<u>1,307,192</u>	<u>113,923</u>
Premiums/discounts	134,213	-	(4,930)	129,283	9,722
Total long-term debt, net	<u>\$ 1,453,241</u>	<u>\$ 5,377</u>	<u>\$ (22,143)</u>	<u>\$ 1,436,475</u>	<u>\$ 123,645</u>

**Long-term Debt Activity for the Year Ended June 30, 2016:**

	<b>Balance</b>			<b>Balance</b>	
	<b>July 1, 2015</b>	<b>Additions</b>	<b>Retirements</b>	<b>June 30, 2016</b>	<b>Current Portion</b>
General obligation bonds	\$ 1,147,985	\$ 341,935	\$ (186,050)	\$ 1,303,870	\$ 107,930
Revenue bonds	118,625	-	(6,215)	112,410	6,455
Self-liquidating bonds	349	-	(74)	275	275
Installment loans	671	53	(442)	282	239
Obligation under capital lease for Cogeneration	51,398	-	(4,169)	47,229	4,312
Note payable - Nathan Hale Inn	-	5,377	(172)	5,205	5,205
Total long-term debt	<u>1,319,028</u>	<u>347,365</u>	<u>(197,122)</u>	<u>1,469,271</u>	<u>124,416</u>
Premiums/discounts	134,213	50,493	(11,949)	172,757	12,302
Total long-term debt, net	<u>\$ 1,453,241</u>	<u>\$ 397,858</u>	<u>\$ (209,071)</u>	<u>\$ 1,642,028</u>	<u>\$ 136,718</u>

**5. UNEARNED REVENUE**

Unearned revenue includes amounts received for services to be rendered in a future accounting period and is composed primarily of tuition, fee, and auxiliary enterprise revenues received in advance of services rendered for winter and spring sessions. Other amounts considered to be unearned revenue are advance ticket sales for sporting events, commitments received in advance of the athletic season, and amounts received from sponsors related to certain restricted research grants that should not be included in revenue until the funds are expended.

**6. CONTINGENCIES**

The University is a party to various legal actions arising in the ordinary course of its operations. Although it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of the majority of these matters will not have a material effect on the University's financial statements. However, there are a small number of outstanding matters, including unasserted claims, of potential individual significance. With respect to two matters, certain claimants seek an aggregate of approximately \$25.0 million. If claimants are successful, the claim would be paid from the State's General Fund, not from the University. The State expects these matters to be resolved for substantially less than the amounts claimed. In the opinion of legal counsel, the aggregate exposure pertaining to the other remaining claims and unasserted claims cannot be reasonably estimated but is not expected to exceed \$5.0 million.

**7. UNRESTRICTED NET POSITION**

The University adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, for external reporting purposes, which requires net position to be classified for accounting and reporting purposes into one of three net position categories. Unrestricted net position, as defined by GASB, is not subject to externally imposed stipulations but may be subject to internal restrictions. For example, unrestricted net position may be assigned for specific purposes by management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all of unrestricted net position is internally assigned to academic and research programs, capital programs, retirement of debt, and auxiliary enterprise activities.