

THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY

ANNUAL FINANCIAL REPORT

(WITH DETAILED SUPPORTIVE SCHEDULES)

UNAUDITED

FISCAL YEAR ENDED AUGUST 31, 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 RIO GRANDE VALLEY

FINANCIAL STATEMENTS

(WITH DETAILED SUPPORTIVE SCHEDULES)

Presented herein are the financial statements with detailed supportive schedules for the University of Texas Rio Grande Valley for the year ended August 31, 2016. These Statements and detailed supportive schedules have been prepared in compliance with applicable State statutes, Governmental Accounting Standards Board pronouncements, and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

This "detailed internal report" supplements the consolidated published Annual Financial Report of The University of Texas System and is intended to be for limited distribution primarily to financial and academic officers of the University who need access to the details included herein. It also provides an historical record of transactions relating to this particular institution.

The Annual Financial Report for public distribution for The University of Texas System includes primary statements on a consolidated System-wide basis, including footnotes and Managements' Discussion and Analysis.

The University of Texas System Board of Regents

Senior Administrative Officials, The University of Texas System

Principal Administrative Officers and the Business & Financial Staff,
The University of Texas Rio Grande Valley

At 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

	* Term Expiration	
Alex M. Cranberg	February 1, 2017	Houston
Wallace L. Hall, Jr.	February 1, 2017	Dallas
Brenda Pejovich	February 1, 2017	Dallas
Paul L. Foster	February 1, 2019	El Paso
Jeffery D. Hildebrand	February 1, 2019	Houston
Ernest Aliseda	February 1, 2019	McAllen
R. Steven "Steve" Hicks	February 1, 2021	Austin
David J. Beck	February 1, 2021	Houston
Sara Martinez Tucker	February 1, 2021	Dallas
Varun P. Joseph (Student Regent)	May 31, 2017	McKinney

* 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.

System Administration

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. Sharporn	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

The University of Texas Rio Grande Valley

Guy Bailey	President
Havidan Rodriguez	Provost and Executive Vice President for Academic Affairs
Martin V. Baylor	Executive Vice President for Finance & Administration
Steven Lieberman	Interim Dean School of Medicine
Theresa A Maldonado	Sr. Vice President for Research, Innovation and Economic Development
Kelly Cronin	Vice President for Institutional Advancement
Kristin Croyle	Vice President for Student Success
Veronica Gonzales	Vice President for Governmental and Community Relations

TABLE OF CONTENTS
THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY

PRIMARY STATEMENTS

Exhibit A	--	Statement of Net Position
Exhibit B	--	Statement of Revenues, Expenses, and Changes in Net Position
Exhibit C	--	Statement of Cash Flows
Exhibit D	--	Comparison of Budget to Actual Statement of Revenues, Expenses & Changes in Net Position.....

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

	<u>Current Year Totals</u>
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	<u>183,754,153.40</u>
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	<u>678,065,515.91</u>
Total Assets	<u>861,819,669.31</u>
Total Assets and Deferred Outflows	<u>861,819,669.31</u>
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	<u>115,494,897.79</u>
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	<u>9,367,799.05</u>
Total Liabilities	<u>124,862,696.84</u>
Total Liabilities and Deferred Inflows	<u>124,862,696.84</u>
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	<u>\$ 736,956,972.47</u>

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	14,979,391.61
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	37,827,112.91
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
Federal Nonexchange Pass-Through	
State Nonexchange Pass-Through	
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)	(1,706.00)
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)
Capital Asset Purchases	
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	
Transfers Between Funds	
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 Rio Grande Valley
 Exhibit D Comparison of Budget to Actual Statement of Revenues, Expenses, and Changes in Net Position
 For the Year Ended August 31, 2016

	<u>Operating Budget</u>	<u>Actual</u>
OPERATING REVENUES:		
Net Student Tuition and Fees	\$ 113,796,318.00	101,600,253.45
Federal Sponsored Programs	31,726,961.00	36,876,094.48
State Sponsored Programs	44,338,605.00	45,736,746.19
Local and Private Sponsored Programs	9,338,715.00	4,721,571.79
Net Sales and Services of Educational Activities	6,204,277.00	6,886,968.87
Net Professional Fees	4,743,153.00	2,718,825.13
Net Auxiliary Enterprises	9,896,496.00	9,628,212.08
Other Operating Revenues	14,251,395.00	14,979,391.61
Total Operating Revenues	<u>234,295,920.00</u>	<u>223,148,063.60</u>
OPERATING EXPENSES:		
Instruction	143,937,808.00	127,984,159.89
Research	24,756,595.00	24,300,566.13
Public Service	15,089,522.00	15,361,198.28
Hospitals / Clinics	12,371,298.00	11,067,574.77
Academic Support	43,610,211.00	39,315,434.79
Student Services	29,356,914.00	28,364,577.83
Institutional Support	41,897,841.00	45,848,674.43
Operations and Maintenance of Plant	29,694,028.00	30,838,285.50
Scholarships and Fellowships	69,824,150.00	57,030,136.84
Auxiliary Enterprises	26,817,390.00	23,574,175.27
Depreciation and Amortization	33,792,293.00	37,827,112.91
Total Operating Expenses	<u>471,148,050.00</u>	<u>441,511,896.64</u>
Operating Income (Loss)	<u>(236,852,130.00)</u>	<u>(218,363,833.04)</u>
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	149,991,312.00	152,071,939.31
Federal Nonexchange Sponsored Programs	75,000,000.00	70,424,775.55
Gift Contributions for Operations	3,478,431.00	5,429,655.44
Investment Income	5,898,624.00	6,078,021.95
Net Increase (Decrease) in Fair Value of Investments		684,370.01
Other Nonoperating Revenues (Expenses)		<u>(1,006,347.44)</u>
Net Nonoperating Revenues (Expenses)	<u>234,368,367.00</u>	<u>233,682,414.82</u>
TRANSFERS AND OTHERS:		
Capital Appropriations, Gifts, and Sponsored Programs	100,000.00	185,915.00
Additions to Permanent Endowments	480,000.00	2,546,342.74
Transfers for Debt Service	(19,648,883.00)	(19,102,322.91)
Transfers and Other	86,482,944.00	738,008,455.86
Total Transfers and Other	<u>67,414,061.00</u>	<u>721,638,390.69</u>
Change in Net Position	<u>\$ 64,930,298.00</u>	<u>736,956,972.47</u>