

# THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY

## ANNUAL FINANCIAL REPORT

(WITH DETAILED SUPPORTIVE SCHEDULES)

UNAUDITED

### FISCAL YEAR ENDED AUGUST 31, 2017



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 ♦ 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, 2017. 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

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Senior Administrative Officials, The University of Texas System

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

At August 31, 2017

**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	
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
Janiece Longoria	February 1, 2023	Houston
Kevin P. Eltife	February 1, 2023	Tyler
James Conrad "Rad" Weaver	February 1, 2023	San Antonio
Jaciel Castro (Student Regent)	May 31, 2018	San Antonio

\* 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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**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. Sharphorn	Vice Chancellor and General Counsel
William H. Shute	Vice Chancellor for Federal Relations
Amy Shaw Thomas	Vice Chancellor for Academic and Health Affairs
Thomas Britton "Britt" Harris IV	Chief Executive Officer and Chief Investment Officer-UTIMCO

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**The University of Texas Rio Grande Valley**

Guy Bailey	President
Janna Arney	Deputy President
Havidan Rodriguez	Provost and Executive Vice President for Academic Affairs
Rick Anderson	Executive Vice President for Finance and Administration
John H. Krouse	Vice President for Health Affairs and Dean, School of Medicine
Juan M. Sanchez	Interim Sr. Vice President for Research, Innovation and Economic Development
Kelly Scrivner	Vice President for Institutional Advancement
Kristin Croyle	Vice President for Student Success
Maggie Hinojosa	Vice President for Strategic Enrollment
Veronica Gonzales	Vice President for Governmental and Community Relations

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The University of Texas Rio Grande Valley  
Exhibit A Statement of Net Position  
As of August 31, 2017

	Current YearTotals	Prior YearTotals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 83,463,885.58	\$ 72,826,928.98
Restricted Cash & Cash Equivalents	(44,422,031.71)	(41,804,134.38)
Balance in State Appropriations	25,024,622.78	19,802,107.63
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2017 & \$0.00 in 2016)	56,148,249.81	47,164,331.23
Other Intergov. (allow. \$0.00 in 2017 & \$0.00 in 2016)	4,315,263.79	9,955,569.72
Student (allow. \$1,148,425.19 in 2017 & \$1,519,076.73 in 2016)	12,952,252.62	11,242,121.65
Patient & Healthcare(allow. \$14,892,049.36 in 2017 & \$5,127,074.67 in 2016)	4,131,014.37	2,135,106.34
Interest and Dividend Receivables	275,801.58	243,538.06
Contributions (allow. \$29,398.83 in 2017 & \$25,645.39 in 2016)	6,014,762.99	4,538,893.30
Other (allow. \$0.00 in 2017 & \$0.00 in 2016)	11,509,070.42	6,644,763.86
Due From System Administration	25,607,210.51	28,402,412.04
Due From Other Institutions	986,595.07	6,246,682.47
Due From Other Agencies	665,005.15	707,472.67
Inventories	193,423.71	201,086.23
Loans & Contracts (allow. \$5,614,078.27 in 2017 & \$4,820,803.63 in 2016)	15,872,876.36	15,236,729.28
Other Current Assets	551,528.40	210,544.32
Total Current Assets	<u>203,289,531.43</u>	<u>183,754,153.40</u>
Noncurrent Assets:		
Restricted Investments	2,883,184.63	2,638,239.00
Loans & Contracts (allow. \$792,771.77 in 2017 & \$1,048,976.57 in 2016)	541,334.08	35,574.45
Funds Held by System Administration (Restricted)	54,614,872.53	49,644,996.32
Contributions Rec. (allow. \$154,738.80 in 2017 & \$152,972.26 in 2016)	11,380,079.66	15,144,253.43
Unrestricted Investments	106,948,053.71	91,801,734.43
Gross Capital/Intangible Assets	1,005,404,856.11	906,733,166.90
Accumulated Depreciation/Amortization	(424,532,263.51)	(387,932,448.62)
Total Noncurrent Assets	<u>757,240,117.21</u>	<u>678,065,515.91</u>
Total Assets	<u>960,529,648.64</u>	<u>861,819,669.31</u>
Total Assets and Deferred Outflows	<u>960,529,648.64</u>	<u>861,819,669.31</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	28,192,902.85	23,650,979.02
Salaries Payable	18,833,755.48	17,452,451.04
Federal Payables	3,580,345.12	1,595,332.12
Due To System Administration	3,309,710.03	3,261,274.97
Due To Other Institutions	755,229.76	1,212,984.84
Due To Other State Agencies	2,897,434.06	285,119.47
Unearned Revenue	62,407,646.13	62,248,639.18
Employees' Compensable Leave - Current Portion	2,760,556.75	1,040,761.55
Payable From Restricted Assets	8,813,901.99	3,708,196.90
Other Current Liabilities	1,092,124.60	1,039,158.70
Total Current Liabilities	<u>132,643,606.77</u>	<u>115,494,897.79</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	5,345,345.98	8,340,155.50
Assets Held for Others	1,142,760.08	1,027,643.55
Total Noncurrent Liabilities	<u>6,488,106.06</u>	<u>9,367,799.05</u>
Total Liabilities	<u>139,131,712.83</u>	<u>124,862,696.84</u>
Total Liabilities and Deferred Inflows	<u>139,131,712.83</u>	<u>124,862,696.84</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	580,872,592.60	518,800,718.28
Restricted for:		
Nonexpendable		
Permanent Health, True Endowments, and Annuities	25,142,929.74	23,592,579.46
Expendable		
Capital Projects	4,315,298.45	18,883,157.18
Funds Functioning as Endowment (Restricted)	1,565,603.35	1,342,725.85
Other Expendable	55,940,051.25	52,407,982.93
Unrestricted	153,561,460.42	121,929,808.77
Total Net Position	<u>\$ 821,397,935.81</u>	<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, 2017

	<u>Current YearTotals</u>	<u>Prior YearTotals</u>
Operating Revenues:		
Student Tuition and Fees	\$ 200,127,279.44	\$193,555,976.17
Discounts and Allowances	(93,432,252.54)	(91,955,722.72)
Federal Sponsored Programs	38,298,673.28	35,262,756.90
Federal Sponsored Programs Pass-Through from State Agencies	1,497,528.19	1,613,337.58
State Sponsored Programs Pass-Through from State Agencies	43,959,361.55	45,736,746.19
Local Sponsored Programs	108,949.70	205,086.59
Private Sponsored Programs	4,401,412.26	4,516,485.20
Sales and Services of Educational Activities	8,301,329.22	6,886,968.87
Professional Fees (Patient Charges)	12,664,516.43	5,756,593.17
Discounts and Allowances Professional Fees (Patient Charges)	(9,764,974.69)	(3,037,768.04)
Auxiliary Enterprises	10,322,671.84	9,628,212.08
Other Operating Revenues	31,944,521.13	14,979,391.61
Total Operating Revenues	<u>248,429,015.81</u>	<u>223,148,063.60</u>
Operating Expenses:		
Instruction	138,254,334.08	127,984,159.89
Research	22,630,412.59	24,300,566.13
Public Service	21,649,721.34	15,361,198.28
Hospitals / Clinics	21,004,869.61	11,067,574.77
Academic Support	44,242,452.73	39,315,434.79
Student Services	30,653,902.26	28,364,577.83
Institutional Support	46,779,803.91	45,848,674.43
Operations and Maintenance of Plant	33,483,915.86	30,838,285.50
Scholarships and Fellowships	53,967,739.44	57,030,136.84
Auxiliary Enterprises	24,136,777.15	23,574,175.27
Depreciation and Amortization	39,351,261.36	37,827,112.91
Total Operating Expenses	<u>476,155,190.33</u>	<u>441,511,896.64</u>
Operating Income (Loss)	<u>(227,726,174.52)</u>	<u>(218,363,833.04)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	153,049,335.67	152,071,939.31
Federal Nonexchange Sponsored Programs	71,527,232.36	70,424,775.55
Gift Contributions for Operations	9,668,939.70	5,429,655.44
Investment Income	7,326,200.53	6,078,021.95
Net Increase (Decrease) in Fair Value of Investments	8,765,232.09	684,370.01
Gain (Loss) on Sale of Capital Assets	(72,141.75)	(1,268,726.31)
Other Nonoperating Revenues	(61,500.08)	264,084.87
Other Nonoperating (Expenses)	8,000.00	1,706.00
Net Nonoperating Revenues (Expenses)	<u>250,195,298.52</u>	<u>233,682,414.82</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	22,469,124.00	15,318,581.78
Gifts and Sponsored Programs for Capital Acquisitions	79,591.34	185,915.00
Additions to Permanent Endowments / Annuities	1,137,210.06	2,546,342.74
Reclass from/(to) Other Institutions	(6,042,663.42)	(53,965,158.53)
Transfers Between Institutions & System, Debt Service - Mandatory	(24,855,118.70)	(19,102,322.91)
Transfers Between Institutions & System Admin. - Non mandatory	85,993,245.51	290,202,600.96
Transfers From Other State Agencies	5,698,185.00	501,771,013.43
Transfers to Other State Agencies	38,610.45	
Change in Net Position	<u>84,440,963.34</u>	<u>736,956,972.47</u>
Beginning Net Position	736,956,972.47	
Ending Net Position	<u>\$ 821,397,935.81</u>	<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, 2017

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	\$ 105,078,982.98	\$ 117,098,476.65
Proceeds from Patients and Customers	903,633.71	583,718.79
Proceeds from Sponsored Programs	101,789,508.90	68,573,005.15
Proceeds from Auxiliaries	9,442,553.76	8,106,943.11
Proceeds from Other Revenues	37,409,695.11	21,307,334.74
Payments to Suppliers	(147,112,112.06)	(143,137,969.10)
Payments to Employees	(280,516,852.45)	(256,215,993.91)
Payments for Loans Provided	(16,618,487.09)	(31,171,545.38)
Proceeds from Loan Programs	14,934,221.54	18,990,700.70
Net Cash Provided (Used) by Operating Activities	<u>(174,688,855.60)</u>	<u>(195,865,329.25)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	147,826,820.52	134,543,244.37
Proceeds from Operating Gifts	11,957,243.78	(14,061,923.38)
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	1,137,210.06	2,546,342.74
Proceeds from Other Nonoperating Revenues	-	264,084.87
Receipts for Transfers from System or Other Agencies	6,923,395.78	169,166,340.54
Payments for Transfers to System or Other Agencies	(1,679,828.87)	(100,457,581.08)
Payments for Other Uses	(8,000.00)	(1,749.00)
Proceeds from Nonexchange Sponsored Programs	58,060,881.08	70,363,007.99
Net Cash Provided by Noncapital Financing Activities	<u>224,217,722.35</u>	<u>262,361,767.05</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	83,152,898.24	31,884,252.20
Proceeds from Capital Appropriations, Grants, and Gifts	-	7,225,894.41
Proceeds from Sale of Capital Assets	23,330.00	4,290.58
Payments for Additions to Capital Assets	(95,537,838.02)	(54,173,213.99)
Mandatory Transfers to System for Capital Related Debt	(24,855,118.70)	(19,102,322.91)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(37,216,728.48)</u>	<u>(34,161,099.71)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Interest and Investment Income	477,551.82	157,639.72
Proceeds from Interest and Investment Income Invested by System	6,825,278.21	5,919,911.43
Payments to Acquire Investments Invested by System	(11,595,909.03)	(7,390,094.64)
Net Cash Provided (Used) by Investing Activities	<u>(4,293,079.00)</u>	<u>(1,312,543.49)</u>
Net Increase (Decrease) in Cash	8,019,059.27	31,022,794.60
Cash and Cash Equivalents (Beginning of the Year)	31,022,794.60	-
Cash and Cash Equivalents (End of the Year)	<u>\$ 39,041,853.87</u>	<u>\$ 31,022,794.60</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(227,726,174.52)	(218,363,833.04)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	39,351,261.36	37,827,112.91
Bad Debt Expense	3,542,358.84	1,135,478.82
Operating Income and Cash Flow Categories Classification Differences	-	(55,803,283.36)
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	3,779,947.99	(63,389,644.47)
Inventories	7,662.52	(201,086.23)
Loans and Contracts	(1,684,265.55)	(16,407,782.55)
Other Current and Noncurrent Assets	(340,984.08)	(210,544.32)
Accounts Payable	9,280,827.72	42,590,619.54
Due to System	48,435.06	3,261,274.97
Unearned Revenue	159,006.95	62,248,639.18
Assets Held for Others	115,116.53	1,027,643.55
Employees' Compensable Leave	(1,275,014.32)	9,380,917.05
Other Current and Noncurrent Liabilities	52,965.90	1,039,158.70
Total Adjustments	<u>53,037,318.92</u>	<u>22,498,503.79</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (174,688,855.60)</u>	<u>\$ (195,865,329.25)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	\$ 8,765,232.09	\$ 684,370.01
Donated Capital Assets	79,591.34	185,915.00
Miscellaneous Noncash Transactions	(133,641.83)	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, 2017

	Operating Budget	Actual
<b>OPERATING REVENUES:</b>		
Net Student Tuition and Fees	\$ 124,480,355.00	\$ 106,695,026.90
Federal Sponsored Programs	32,920,806.00	39,796,201.47
State Sponsored Programs	41,080,291.00	43,959,361.55
Local and Private Sponsored Programs	4,205,724.00	4,510,361.96
Net Sales and Services of Educational Activities	6,019,837.00	8,301,329.22
Net Professional Fees	6,192,161.00	2,899,541.74
Net Auxiliary Enterprises	9,824,357.00	10,322,671.84
Other Operating Revenues	21,529,261.00	31,944,521.13
Total Operating Revenues	<u>246,252,792.00</u>	<u>248,429,015.81</u>
<b>OPERATING EXPENSES:</b>		
Instruction	149,672,823.00	138,254,334.08
Research	24,372,025.00	22,630,412.59
Public Service	13,381,016.00	21,649,721.34
Hospitals / Clinics	20,938,150.00	21,004,869.61
Academic Support	51,965,026.00	44,242,452.73
Student Services	31,198,275.00	30,653,902.26
Institutional Support	45,191,848.00	46,779,803.91
Operations and Maintenance of Plant	31,636,691.00	33,483,915.86
Scholarships and Fellowships	63,243,394.00	53,967,739.44
Auxiliary Enterprises	26,882,245.00	24,136,777.15
Depreciation and Amortization	40,559,419.00	39,351,261.36
Total Operating Expenses	<u>499,040,912.00</u>	<u>476,155,190.33</u>
Operating Income (Loss)	<u>(252,788,120.00)</u>	<u>(227,726,174.52)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State Appropriations	158,059,363.00	153,049,335.67
Federal Nonexchange Sponsored Programs	72,000,000.00	71,527,232.36
Gift Contributions for Operations	6,974,721.00	9,668,939.70
Investment Income	5,548,132.00	7,326,200.53
Net Increase (Decrease) in Fair Value of Investments	-	8,765,232.09
Other Nonoperating Revenues (Expenses)	-	(141,641.83)
Net Nonoperating Revenues (Expenses)	<u>242,582,216.00</u>	<u>250,195,298.52</u>
<b>TRANSFERS AND OTHERS:</b>		
Capital Appropriations, Gifts, and Sponsored Programs	180,000.00	79,591.34
Additions to Permanent Endowments	2,452,860.00	1,137,210.06
Transfers for Debt Service	(24,859,262.00)	(24,855,118.70)
Transfers and Other	96,245,364.00	85,610,156.64
Total Transfers and Other	<u>74,018,962.00</u>	<u>61,971,839.34</u>
Change in Net Position	<u>\$ 63,813,058.00</u>	<u>\$ 84,440,963.34</u>