

# THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY

## ANNUAL FINANCIAL REPORT

UNAUDITED

FISCAL YEAR ENDED AUGUST 31, 2018



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, 2018. 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, 2018

**Officers**

Sara Martinez Tucker, Chairman  
Paul L. Foster, 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
Brittany E. Jewell (Student Regent)	May 31, 2019	Pearland

\* 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**

Larry R. Faulkner	Chancellor, <i>ad interim</i>
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
David L. Lakey	Vice Chancellor for Health Affairs and Chief Medical Officer
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
Patricia Alvarez McHatton	Executive Vice President for Academic Affairs, Student Success and P-16 Integration
Rick Anderson	Executive Vice President for Finance and Administration
John H. Krouse	Executive Vice President for Health Affairs and Dean, School of Medicine
Parwinder Grewal	Executive Vice President for Research, Graduate Studies & New Program 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, 2018

	Current YearTotals	Prior YearTotals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 87,182,472.45	\$ 83,463,885.58
Restricted Cash & Cash Equivalents	(15,398,727.51)	(44,422,031.71)
Balance in State Appropriations	12,560,493.44	25,024,622.78
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2018 & \$0.00 in 2017)	27,932,313.89	56,148,249.81
Other Intergov. (allow. \$0.00 in 2018 & \$0.00 in 2017)	5,269,432.73	4,315,263.79
Student (allow. \$3,255,594.60 in 2018 & \$1,148,425.19 in 2017)	15,021,979.28	12,952,252.62
Patient & Healthcare(allow. \$24,862,773.57 in 2018 & \$14,892,049.36 in 2017)	5,528,075.73	4,131,014.37
Interest and Dividend Receivables	288,428.82	275,801.58
Contributions (allow. \$32,857.75 in 2018 & \$29,398.83 in 2017)	6,588,384.38	6,014,762.99
Other (allow. \$0.00 in 2018 & \$0.00 in 2017)	18,792,812.66	11,509,070.42
Due From System Administration	19,468,316.64	25,607,210.51
Due From Other Institutions	373,884.03	986,595.07
Due From Other Agencies	806,304.03	665,005.15
Inventories	227,531.99	193,423.71
Loans & Contracts (allow. \$7,233,937.75 in 2018 & \$5,614,078.27 in 2017)	18,088,730.71	15,872,876.36
Other Current Assets	396,089.21	551,528.40
Total Current Assets	<u>203,126,522.48</u>	<u>203,289,531.43</u>
Noncurrent Assets:		
Restricted Investments	2,973,056.28	2,883,184.63
Loans & Contracts (allow. \$1,030,992.84 in 2018 & \$792,771.77 in 2017)	287,905.95	541,334.08
Funds Held by System Administration (Restricted)	62,253,725.41	54,614,872.53
Contributions Rec. (allow. \$158,413.32 in 2018 & \$154,738.80 in 2017)	7,746,413.29	11,380,079.66
Unrestricted Investments	110,295,466.96	106,948,053.71
Other Noncurrent Assets	1.00	
Gross Capital/Intangible Assets	1,104,160,995.09	1,005,404,856.11
Accumulated Depreciation/Amortization	(464,108,458.76)	(424,532,263.51)
Total Noncurrent Assets	<u>823,609,105.22</u>	<u>757,240,117.21</u>
Total Assets	<u>1,026,735,627.70</u>	<u>960,529,648.64</u>
Total Assets and Deferred Outflows	<u>1,026,735,627.70</u>	<u>960,529,648.64</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	25,170,852.49	28,192,902.85
Salaries Payable	20,100,531.53	18,833,755.48
Federal Payables	1,126,982.25	3,580,345.12
Due To System Administration	3,575,480.82	3,309,710.03
Due To Other Institutions	159,960.85	755,229.76
Due To Other State Agencies	2,086,214.24	2,897,434.06
Unearned Revenue	66,092,728.83	62,407,646.13
Employees' Compensable Leave - Current Portion	3,193,100.37	2,760,556.75
Notes, Loans, and Leases Payable		
Payable From Restricted Assets	17,139,941.96	8,813,901.99
Other Current Liabilities	690,967.81	1,092,124.60
Total Current Liabilities	<u>139,336,761.15</u>	<u>132,643,606.77</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	5,865,228.48	5,345,345.98
Assets Held for Others	3,508,546.98	1,142,760.08
Liability to Beneficiaries	148,889.70	
Notes, Loans, and Leases Payable		
Total Noncurrent Liabilities	<u>9,522,665.16</u>	<u>6,488,106.06</u>
Total Liabilities	<u>148,859,426.31</u>	<u>139,131,712.83</u>
Total Deferred Inflows of Resources	<u>169,061.00</u>	
Total Liabilities and Deferred Inflows	<u>149,028,487.31</u>	<u>139,131,712.83</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	640,052,536.33	580,872,592.60
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	26,648,778.11	25,142,929.74
Expendable		
Capital Projects	(4,544,697.33)	4,315,298.45
Funds Functioning as Endowment (Restricted)	1,714,792.48	1,565,603.35
Other Expendable	51,727,026.68	55,940,051.25
Unrestricted	162,108,704.12	153,561,460.42
Total Net Position	<u>\$ 877,707,140.39</u>	<u>\$ 821,397,935.81</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, 2018

	Current YearTotals	Prior YearTotals
Operating Revenues:		
Student Tuition and Fees	\$ 208,711,662.98	\$ 200,127,279.44
Discounts and Allowances	(114,960,061.01)	(93,432,252.54)
Federal Sponsored Programs	39,504,804.25	38,298,673.28
Federal Sponsored Programs Pass-Through from State Agencies	2,128,300.43	1,497,528.19
State Sponsored Programs Pass-Through from State Agencies	43,874,022.72	43,959,361.55
Local Sponsored Programs	27,123,031.77	108,949.70
Private Sponsored Programs	6,116,357.10	4,401,412.26
Sales and Services of Educational Activities	6,751,251.15	8,301,329.22
Professional Fees (Patient Charges)	14,435,048.56	12,664,516.43
Discounts and Allowances Professional Fees (Patient Charges)	(9,970,724.21)	(9,764,974.69)
Auxiliary Enterprises	9,680,546.68	10,322,671.84
Other Operating Revenues	14,752,357.23	31,944,521.13
Total Operating Revenues	<u>248,146,597.65</u>	<u>248,429,015.81</u>
Operating Expenses:		
Instruction	156,907,599.17	138,254,334.08
Research	21,701,258.17	22,630,412.59
Public Service	19,192,994.05	21,649,721.34
Hospitals / Clinics	26,329,255.96	21,004,869.61
Academic Support	49,496,430.06	44,242,452.73
Student Services	32,623,673.28	30,653,902.26
Institutional Support	36,612,328.52	46,779,803.91
Operations and Maintenance of Plant	33,481,190.91	33,483,915.86
Scholarships and Fellowships	38,771,697.92	53,967,739.44
Auxiliary Enterprises	27,447,537.97	24,136,777.15
Depreciation and Amortization	41,228,680.33	39,351,261.36
Total Operating Expenses	<u>483,792,646.34</u>	<u>476,155,190.33</u>
Operating Income (Loss)	<u>(235,646,048.69)</u>	<u>(227,726,174.52)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	143,176,044.61	153,049,335.67
Federal Nonexchange Sponsored Programs	78,328,085.08	71,527,232.36
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	2,668,953.79	9,668,939.70
Investment Income	8,668,636.33	7,326,200.53
Net Increase (Decrease) in Fair Value of Investments	2,404,221.36	8,765,232.09
Gain (Loss) on Sale of Capital Assets	(15,008.05)	(72,141.75)
Other Nonoperating Revenues		(61,500.08)
Other Nonoperating (Expenses)	(806,472.12)	(8,000.00)
Net Nonoperating Revenues (Expenses)	<u>234,424,461.00</u>	<u>250,195,298.52</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(1,221,587.69)	22,469,124.00
Gifts and Sponsored Programs for Capital Acquisitions	2,543,529.33	79,591.34
Additions to Permanent Endowments	1,436,112.20	1,137,210.06
Reclass from/(to) Other Institutions	46,584,236.49	(6,042,663.42)
Capital Asset Purchases		
Transfers Between Institutions & System, Debt Service - Mandatory	(25,521,481.96)	(24,855,118.70)
Transfers Between Institutions & System Admin. - Non mandatory	32,761,565.21	85,993,245.51
Transfers From Other State Agencies	475,325.00	5,698,185.00
Transfers to Other State Agencies		(38,610.45)
Legislative Appropriations Lapsed	(748,494.00)	
Transfers Between Funds		
Change in Net Position	<u>56,309,204.58</u>	<u>84,440,963.34</u>
Beginning Net Position	821,397,935.81	736,956,972.47
Ending Net Position	<u>\$ 877,707,140.39</u>	<u>\$ 821,397,935.81</u>

The University of Texas Rio Grande Valley  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2018

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	\$ 95,504,737.31	\$ 105,078,982.98
Proceeds from Patients and Customers	3,067,262.99	903,633.71
Proceeds from Sponsored Programs	111,749,049.54	101,789,508.90
Proceeds from Auxiliaries	11,311,011.46	9,442,553.76
Proceeds from Other Revenues	22,482,224.87	37,409,695.11
Payments to Suppliers	(134,641,758.06)	(147,112,112.06)
Payments to Employees	(300,110,560.00)	(280,516,852.45)
Payments for Loans Provided	(17,183,380.06)	(16,618,487.09)
Proceeds from Loan Programs	13,362,873.29	14,934,221.54
Net Cash Provided (Used) by Operating Activities	<u>(194,458,538.66)</u>	<u>(174,688,855.60)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	154,891,679.95	147,826,820.52
Proceeds from Operating Gifts	5,728,998.77	11,957,243.78
Proceeds from Private Gifts for Endowment Purposes	1,436,112.20	1,137,210.06
Proceeds from Other Nonoperating Revenues	49,601.36	-
Receipts for Transfers from System or Other Agencies	2,715,417.43	6,923,395.78
Payments for Transfers to System or Other Agencies	(1,215,470.84)	(1,679,828.87)
Payments for Other Uses	(806,472.12)	(8,000.00)
Proceeds from Nonexchange Sponsored Programs	102,687,678.33	58,060,881.08
Net Cash Provided by Noncapital Financing Activities	<u>265,487,545.08</u>	<u>224,217,722.35</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	84,460,162.03	83,152,898.24
Proceeds from Capital Appropriations, Grants, and Gifts	2,500,000.00	-
Proceeds from Sale of Capital Assets	14,943.75	23,330.00
Payments for Additions to Capital Assets	(100,042,694.49)	(95,537,838.02)
Mandatory Transfers to System for Capital Related Debt	(25,521,481.96)	(24,855,118.70)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38,589,070.67)</u>	<u>(37,216,728.48)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	1,108,307.26	477,551.82
Proceeds from Interest and Investment Income Invested by System	7,547,613.78	6,825,278.21
Payments to Acquire Investments Invested by System	(8,353,965.72)	(11,595,909.03)
Net Cash Provided (Used) by Investing Activities	<u>301,955.32</u>	<u>(4,293,079.00)</u>
Net Increase (Decrease) in Cash	32,741,891.07	8,019,059.27
Cash and Cash Equivalents (Beginning of the Year)	39,041,853.87	31,022,794.60
Cash and Cash Equivalents (End of the Year)	<u>\$ 71,783,744.94</u>	<u>\$ 39,041,853.87</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(235,646,048.69)	(227,726,174.52)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	41,228,680.33	39,351,261.36
Bad Debt Expense	2,858,080.55	3,542,358.84
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(8,376,944.37)	3,779,947.99
Inventories	(34,108.28)	7,662.52
Loans and Contracts	(3,820,506.77)	(1,684,265.55)
Other Current and Noncurrent Assets	155,438.19	(340,984.08)
Accounts Payable	2,308,960.66	9,280,827.72
Due to System	265,770.79	48,435.06
Unearned Revenue	3,685,082.70	159,006.95
Assets Held for Others	2,365,786.90	115,116.53
Employees' Compensable Leave	952,426.12	(1,275,014.32)
Other Current and Noncurrent Liabilities	(401,156.79)	52,965.90
Total Adjustments	<u>41,187,510.03</u>	<u>53,037,318.92</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (194,458,538.66)</u>	<u>\$ (174,688,855.60)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	2,404,221.36	8,765,232.09
Donated Capital Assets	43,529.33	79,591.34
Miscellaneous Noncash Transactions	(15,008.05)	(133,641.83)

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, 2018

	Operating Budget	Actual
<b>OPERATING REVENUES:</b>		
Net Student Tuition and Fees	\$ 119,727,437.00	\$ 93,751,601.97
Federal Sponsored Programs	36,329,128.00	41,633,104.68
State Sponsored Programs	40,796,742.00	43,874,022.72
Local and Private Sponsored Programs	3,991,598.00	33,239,388.87
Net Sales and Services of Educational Activities	6,030,090.00	6,751,251.15
Net Professional Fees	8,421,396.00	4,464,324.35
Net Auxiliary Enterprises	10,168,399.00	9,680,546.68
Other Operating Revenues	24,730,005.00	14,752,357.23
Total Operating Revenues	<u>250,194,795.00</u>	<u>248,146,597.65</u>
<b>OPERATING EXPENSES:</b>		
Instruction	147,021,914.00	156,907,599.17
Research	21,321,791.00	21,701,258.17
Public Service	14,427,381.00	19,192,994.05
Hospitals / Clinics	27,673,067.00	26,329,255.96
Academic Support	46,051,527.00	49,496,430.06
Student Services	30,082,560.00	32,623,673.28
Institutional Support	47,158,359.00	36,612,328.52
Operations and Maintenance of Plant	31,256,554.00	33,481,190.91
Scholarships and Fellowships	59,046,681.00	38,771,697.92
Auxiliary Enterprises	28,584,241.00	27,447,537.97
Depreciation and Amortization	49,400,554.00	41,228,680.33
Total Operating Expenses	<u>502,024,629.00</u>	<u>483,792,646.34</u>
Operating Income (Loss)	<u>(251,829,834.00)</u>	<u>(235,646,048.69)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State Appropriations	146,983,702.00	143,176,044.61
Federal Nonexchange Sponsored Programs	74,328,677.00	78,328,085.08
Gift Contributions for Operations	6,553,258.00	2,668,953.79
Investment Income	5,762,063.00	8,668,636.33
Net Increase (Decrease) in Fair Value of Investments		2,404,221.36
Other Nonoperating Revenues (Expenses)		(821,480.17)
Net Nonoperating Revenues (Expenses)	<u>233,627,700.00</u>	<u>234,424,461.00</u>
<b>TRANSFERS AND OTHERS:</b>		
Capital Appropriations, Gifts, and Sponsored Programs	168,000.00	2,543,529.33
Additions to Permanent Endowments	2,583,860.00	1,436,112.20
Transfers for Debt Service	(25,523,544.00)	(25,521,481.96)
Transfers and Other	89,355,261.00	79,072,632.70
Total Transfers and Other	<u>66,583,577.00</u>	<u>57,530,792.27</u>
Change in Net Position	<u>\$ 48,381,443.00</u>	<u>\$ 56,309,204.58</u>