

THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY

ANNUAL FINANCIAL REPORT

UNAUDITED

FISCAL YEAR ENDED AUGUST 31, 2020



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 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

Presented herein are the primary financial statements for The University of Texas Rio Grande Valley for the year ended August 31, 2020. These Statements 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 "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 a 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, 2020

Officers

Kevin P. Eltife, Chairman

Janiece Longoria, Vice Chairman

James C. "Rad" Weaver, Vice Chairman

Francie A. Frederick, General Counsel to the Board of Regents

Members

| | Term Expiration * | |
|--|-------------------|-------------|
| David J. Beck | February 1, 2021 | Houston |
| R. Steven Hicks | February 1, 2021 | Austin |
| Nolan E. Perez | February 1, 2021 | Harlingen |
| Kevin P. Eltife | February 1, 2023 | Tyler |
| Janiece Longoria | February 1, 2023 | Houston |
| James C. "Rad" Weaver | February 1, 2023 | San Antonio |
| Christina Melton Crain | February 1, 2025 | Dallas |
| Jodie Lee Jiles | February 1, 2025 | Houston |
| Kelcy L. Warren | February 1, 2025 | Dallas |
| Patrick O. Ojeaga, II (Student Regent) | May 31, 2021 | McAllen |

* 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

| | |
|----------------------------------|--|
| James B. Milliken | Chancellor |
| Scott C. Kelley | Executive Vice Chancellor for Business Affairs |
| Steven W. Leslie | Executive Vice Chancellor for Academic Affairs |
| John M. Zerwas | Executive Vice Chancellor for Health Affairs |
| Amy Shaw Thomas | Senior Vice Chancellor for Health Affairs |
| David L. Lakey | Vice Chancellor for Health Affairs and Chief Medical Officer |
| Stacey Napier | Vice Chancellor for Governmental Relations |
| Randa S. Safady | Vice Chancellor for External Relations, Communications, and Advancement Services |
| Daniel H. Sharporn | Vice Chancellor and General Counsel |
| Thomas Britton "Britt" Harris IV | President, CEO and Chief Investment Officer-UTIMCO |

The University of Texas Rio Grande Valley

| | |
|-------------------|---|
| Guy Bailey | President |
| Janna Arney | Deputy President and Interim Provost |
| Rick Anderson | Executive Vice President for Finance and Administration |
| Michael Mueller | Senior Associate Vice President for Financial Planning & Resource Development |
| 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 | Executive Vice President for Institutional Advancement |
| Maggie Hinojosa | Senior Vice President for Strategic Enrollment and Student Affairs |
| Veronica Gonzales | Vice President for Governmental and Community Relations |
| Chasse Conque | Vice President and Director of Athletics |

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The University of Texas Rio Grande Valley
Exhibit A Statement of Net Position
As of August 31, 2020

| | Current YearTotals | Prior YearTotals |
|---|--------------------------|-------------------------|
| ASSETS AND DEFERRED OUTFLOWS | | |
| Current Assets: | | |
| Cash & Cash Equivalents | \$ 107,309,537.74 | 81,095,198.60 |
| Restricted Cash & Cash Equivalents | 22,918,773.37 | (429,190.45) |
| Balance in State Appropriations | 11,220,292.60 | 13,456,730.58 |
| Accounts Receivable, Net: | | |
| Federal (allow. \$0.00 in 2020 & \$0.00 in 2019) | 31,002,491.14 | 31,764,924.65 |
| Other Intergov. (allow. \$0.00 in 2020 & \$0.00 in 2019) | 4,224,272.75 | 4,266,843.85 |
| Student (allow. \$4,991,373.93 in 2020 & \$4,703,807.50 in 2019) | 13,644,786.82 | 11,376,737.22 |
| Patient & Healthcare(allow. \$1,846,466.93 in 2020 & \$34,749,297.23 in 2019) | 7,091,072.57 | 5,180,479.42 |
| Interest and Dividend Receivables | 331,254.32 | 309,406.55 |
| Contributions (allow. \$34,008.87 in 2020 & \$31,065.62 in 2019) | 4,321,930.86 | 6,030,383.45 |
| Other (allow. \$153,420.71 in 2020 & \$153,420.71 in 2019) | 21,399,928.30 | 18,540,074.60 |
| Due From System Administration | 14,248,462.27 | 17,709,411.55 |
| Due From Other Institutions | 199,443.95 | 368,858.56 |
| Due From Other Agencies | 2,870,073.58 | 797,447.31 |
| Inventories | 809,448.75 | 357,887.96 |
| Loans & Contracts (allow. \$10,161,273.64 in 2020 & \$9,600,588.40 in 2019) | 13,316,409.91 | 12,117,959.18 |
| Other Current Assets | 788,407.11 | 523,615.83 |
| Total Current Assets | 255,696,586.04 | 203,466,768.86 |
| Noncurrent Assets: | | |
| Restricted Investments | 3,405,298.69 | 3,129,213.21 |
| Loans & Contracts (allow. \$711,022.90 in 2020 & \$1,050,184.02 in 2019) | 176,982.03 | 118,934.41 |
| Funds Held by System Administration (Restricted) | 47,147,934.94 | 43,153,808.03 |
| Contributions Rec. (allow. \$162,671.10 in 2020 & \$157,557.61 in 2019) | 6,681,456.65 | 7,020,269.26 |
| Unrestricted Investments | 126,395,031.33 | 116,111,783.77 |
| Funds Held by System Administration (Unrestricted) | 21,943,629.43 | 21,115,825.98 |
| Other Noncurrent Assets | 359,113.00 | 470,026.00 |
| Gross Capital/Intangible Assets | 1,193,419,906.10 | 1,161,553,060.73 |
| Accumulated Depreciation/Amortization | (562,357,938.27) | (512,362,497.36) |
| Total Noncurrent Assets | 837,171,413.90 | 840,310,424.03 |
| Total Assets | 1,092,867,999.94 | 1,043,777,192.89 |
| Total Assets and Deferred Outflows | 1,092,867,999.94 | 1,043,777,192.89 |
| LIABILITIES AND DEFERRED INFLOWS | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | 35,795,540.56 | 34,884,658.78 |
| Salaries Payable | 22,747,202.20 | 17,903,243.34 |
| Federal Payables | | |
| Other Intergovernmental Payables | 11,354.32 | 15,982.89 |
| Due To System Administration | 4,441,670.53 | 3,921,765.93 |
| Due To Other Institutions | 177,874.07 | 94,224.72 |
| Due To Other State Agencies | 1,583,968.54 | 2,431,406.41 |
| Unearned Revenue | 118,893,631.85 | 87,542,937.03 |
| Employees' Compensable Leave - Current Portion | 4,176,388.72 | 3,637,232.42 |
| Notes, Loans, and Leases Payable | 16,494.82 | |
| Other Current Liabilities | 2,329,564.90 | 1,967,561.95 |
| Total Current Liabilities | 190,173,690.51 | 152,399,013.47 |
| Noncurrent Liabilities: | | |
| Employees' Compensable Leave | 8,711,290.45 | 6,970,199.47 |
| Liability to Beneficiaries | 168,941.17 | 147,728.79 |
| Notes, Loans, and Leases Payable | 15,760.98 | |
| Total Noncurrent Liabilities | 8,895,992.60 | 7,117,928.26 |
| Total Liabilities | 199,069,683.11 | 159,516,941.73 |
| Total Deferred Inflows of Resources | 538,304.61 | 649,217.61 |
| Total Liabilities and Deferred Inflows | 199,607,987.72 | 160,166,159.34 |
| NET POSITION | | |
| Net Investment in Capital Assets | 631,029,712.03 | 649,190,563.37 |
| Restricted for: | | |
| Nonexpendable | | |
| Permanent Health and True Endowments | 31,204,321.54 | 29,024,890.50 |
| Expendable | | |
| Capital Projects | 9,499,120.61 | 3,275,273.08 |
| Funds Functioning as Endowment (Restricted) | 1,838,872.64 | 1,769,303.25 |
| Other Expendable | 44,788,283.86 | 44,912,581.82 |
| Unrestricted | 174,899,701.54 | 155,438,421.53 |
| Total Net Position | \$ 893,260,012.22 | 883,611,033.55 |

The University of Texas Rio Grande Valley
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended August 31, 2020

| | <u>Current YearTotals</u> | <u>Prior YearTotals</u> |
|---|---------------------------|-------------------------|
| Operating Revenues: | | |
| Student Tuition and Fees | \$ 249,967,850.18 | 220,509,262.93 |
| Discounts and Allowances | (137,541,524.59) | (115,292,048.66) |
| Federal Sponsored Programs | 38,389,200.16 | 41,110,393.94 |
| Federal Sponsored Programs Pass-Through from State Agencies | 1,878,036.20 | 2,050,875.99 |
| State Sponsored Programs Pass-Through from State Agencies | 48,657,569.92 | 42,154,061.10 |
| Local Sponsored Programs | 25,801,176.14 | 26,469,754.37 |
| Private Sponsored Programs | 13,219,513.79 | 8,754,078.73 |
| Sales and Services of Educational Activities | 6,302,957.19 | 7,736,328.44 |
| Professional Fees (Patient Charges) | 41,029,707.88 | 17,819,013.52 |
| Discounts and Allowances Professional Fees (Patient Charges) | (25,194,371.81) | (12,602,275.15) |
| Auxiliary Enterprises | 7,068,847.17 | 9,425,690.20 |
| Discounts and Allowances Auxiliary Enterprises | (692,660.66) | |
| Other Operating Revenues | 21,746,700.18 | 13,411,107.46 |
| Total Operating Revenues | <u>290,633,001.75</u> | <u>261,546,242.87</u> |
| Operating Expenses: | | |
| Instruction | 174,822,171.87 | 153,791,028.41 |
| Research | 45,129,371.49 | 44,386,004.15 |
| Public Service | 11,121,261.20 | 19,015,671.86 |
| Hospitals / Clinics | 37,088,906.04 | 29,320,229.18 |
| Academic Support | 66,554,937.13 | 53,187,981.91 |
| Student Services | 27,606,160.40 | 30,497,238.16 |
| Institutional Support | 38,849,871.87 | 37,830,799.59 |
| Operations and Maintenance of Plant | 37,563,912.40 | 36,575,818.87 |
| Scholarships and Fellowships | 67,156,172.36 | 53,491,586.16 |
| Auxiliary Enterprises | 26,100,944.52 | 28,221,315.45 |
| Depreciation and Amortization | 51,720,408.21 | 48,650,301.97 |
| Total Operating Expenses | <u>583,714,117.49</u> | <u>534,967,975.71</u> |
| Operating Income (Loss) | <u>(293,081,115.74)</u> | <u>(273,421,732.84)</u> |
| Nonoperating Revenues (Expenses): | | |
| State Appropriations | 155,971,875.76 | 141,965,152.03 |
| Federal Nonexchange Sponsored Programs | 114,155,682.85 | 89,883,953.60 |
| Federal Nonexchange Pass-Through | | |
| State Nonexchange Pass-Through | | |
| Gift Contributions for Operations | 3,837,073.78 | 4,644,752.66 |
| Investment Income | 8,732,396.42 | 9,695,568.19 |
| Net Increase (Decrease) in Fair Value of Investments | 9,550,735.29 | 2,076,315.19 |
| Gain (Loss) on Sale of Capital Assets | (52,327.47) | (7,796.01) |
| Other Nonoperating Revenues | 705,063.32 | |
| Other Nonoperating (Expenses) | (1,030,747.44) | (80,000.00) |
| Net Nonoperating Revenues (Expenses) | <u>291,869,752.51</u> | <u>248,177,945.66</u> |
| Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers | (1,211,363.23) | (25,243,787.18) |
| Gifts and Sponsored Programs for Capital Acquisitions | 133,900.84 | 1,263,922.00 |
| Additions to Permanent Endowments | 2,119,267.83 | 2,375,149.29 |
| Reclass from/(to) Other Institutions | (33,762,360.43) | 38,529,479.73 |
| Capital Asset Purchases | | |
| Transactions Between Funds | | |
| Transfers Between Institutions & System, Debt Service - Mandatory | (24,458,023.92) | (25,529,026.11) |
| Transfers Between Institutions & System Admin. - Non mandatory | 64,750,002.19 | 14,100,093.43 |
| Transfers From Other State Agencies | 2,125,719.00 | 410,532.00 |
| Transfers to Other State Agencies | (15,443.12) | |
| Legislative Appropriations Lapsed | (32,720.49) | (2,470.00) |
| Transfers Between Funds | | |
| Change in Net Position | <u>9,648,978.67</u> | <u>5,903,893.16</u> |
| Beginning Net Position | 883,611,033.55 | 877,707,140.39 |
| Ending Net Position | <u>\$ 893,260,012.22</u> | <u>883,611,033.55</u> |

The University of Texas Rio Grande Valley
Exhibit C - Statement of Cash Flows
For the Year Ended August 31, 2020

| | Current Year Totals | Prior Year Totals |
|--|----------------------------|----------------------------|
| Cash Flows from Operating Activities: | | |
| Proceeds from Tuition and Fees | 122,015,272.86 | 110,095,577.59 |
| Proceeds from Patients and Customers | 13,924,742.92 | 5,564,334.68 |
| Proceeds from Sponsored Programs | 107,743,647.34 | 141,661,024.53 |
| Proceeds from Auxiliaries | 6,688,399.10 | 9,390,826.66 |
| Proceeds from Other Revenues | 51,631,978.92 | 20,695,101.20 |
| Payments to Suppliers | (163,830,877.78) | (164,537,599.85) |
| Payments to Employees | (354,951,077.29) | (329,892,411.43) |
| Payments for Loans Provided | (15,202,667.80) | (10,875,671.35) |
| Proceeds from Loan Programs | 14,541,904.22 | 17,097,476.62 |
| Net Cash Provided (Used) by Operating Activities | <u>(217,438,677.51)</u> | <u>(200,801,341.35)</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Proceeds from State Appropriations | 158,175,593.25 | 141,066,444.89 |
| Proceeds from Operating Gifts | 5,884,338.98 | 5,928,897.62 |
| Proceeds from Private Gifts for Endowment Purposes | 2,119,267.83 | 2,375,149.29 |
| Proceeds from Other Noncapital Financing Activities | 81,992,178.12 | (49,601.36) |
| Receipts for Transfers from System or Other Agencies | 5,912,102.33 | 784,000.88 |
| Payments for Transfers to System or Other Agencies | (285.00) | - |
| Payments for Other Uses | (81,596,988.44) | (80,000.00) |
| Proceeds from Nonexchange Sponsored Programs | 125,004,323.70 | 88,108,238.29 |
| Net Cash Provided by Noncapital Financing Activities | <u>297,490,530.77</u> | <u>238,133,129.61</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Nonmandatory Capital Related Transfers | 30,658,510.71 | 54,018,898.55 |
| Proceeds from Sale of Capital Assets | 3,706.57 | 9,653.83 |
| Payments for Additions to Capital Assets | (39,598,958.58) | (60,716,655.15) |
| Mandatory Transfers to System for Capital Related Debt | (24,458,023.92) | (25,529,026.11) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(33,394,765.22)</u> | <u>(32,217,128.88)</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from Sales of Investments Invested by System | - | - |
| Proceeds from Interest and Investment Income | 957,490.75 | 1,754,207.84 |
| Proceeds from Interest and Investment Income Invested by System | 7,757,039.90 | 7,916,493.44 |
| Payments to Acquire Investments Invested by System | (5,809,315.73) | (5,903,097.45) |
| Net Cash Provided (Used) by Investing Activities | <u>2,905,214.92</u> | <u>3,767,603.83</u> |
| Net Increase (Decrease) in Cash | 49,562,302.96 | 8,882,263.21 |
| Cash and Cash Equivalents (Beginning of the Year) | 80,666,008.15 | 71,783,744.94 |
| Cash and Cash Equivalents (End of the Year) | <u>\$ 130,228,311.11</u> | <u>\$ 80,666,008.15</u> |
| Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | (293,081,115.74) | (273,421,732.84) |
| Adjustments to Reconcile Operating Results to Net Cash: | | |
| Depreciation and Amortization Expense | 51,720,408.21 | 48,650,301.97 |
| Gross Loss on Impairment of Capital Assets | 1,565,374.39 | - |
| Bad Debt Expense | (595,734.77) | (82,062.20) |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable | (19,706,218.15) | 3,205,152.05 |
| Inventories | (451,560.79) | (130,355.97) |
| Loans and Contracts | (660,763.58) | 6,221,805.27 |
| Other Current and Noncurrent Assets | (264,791.28) | (127,525.62) |
| Accounts Payable | 9,522,874.55 | (6,230,567.52) |
| Due to System | 519,904.60 | 346,285.11 |
| Unearned Revenue | 31,350,694.82 | 21,450,208.20 |
| Employees' Compensable Leave | 2,280,247.28 | 1,549,103.04 |
| Other Current and Noncurrent Liabilities | 362,002.95 | (2,231,952.84) |
| Total Adjustments | <u>75,642,438.23</u> | <u>72,620,391.49</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (217,438,677.51)</u> | <u>\$ (200,801,341.35)</u> |
| Non Cash Transactions: | | |
| Net Increase (Decrease) in Fair Value of Investments | 9,550,735.29 | 2,076,315.19 |
| Donated Capital Assets | 133,900.84 | 1,263,922.00 |
| Capital Assets Acquired Under Capital Lease Purchases or Direct Borrowings | 32,255.80 | - |
| Miscellaneous Noncash Transactions | (1,633,144.98) | (7,796.01) |

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, 2020

| | Operating Budget | Actual |
|---|-------------------------|-------------------------|
| OPERATING REVENUES: | | |
| Net Student Tuition and Fees | \$ 120,686,269.00 | 112,426,325.59 |
| Federal Sponsored Programs | 39,247,222.00 | 40,267,236.36 |
| State Sponsored Programs | 46,224,407.00 | 48,657,569.92 |
| Local and Private Sponsored Programs | 32,433,055.00 | 39,020,689.93 |
| Net Sales and Services of Educational Activities | 6,319,088.00 | 6,302,957.19 |
| Net Professional Fees | 12,397,667.00 | 15,835,336.07 |
| Net Auxiliary Enterprises | 10,809,161.00 | 6,376,186.51 |
| Other Operating Revenues | 8,931,440.00 | 21,746,700.18 |
| Total Operating Revenues | <u>277,048,309.00</u> | <u>290,633,001.75</u> |
| OPERATING EXPENSES: | | |
| Instruction | 152,792,094.00 | 174,822,171.87 |
| Research | 41,183,871.00 | 45,129,371.49 |
| Public Service | 15,229,270.00 | 11,121,261.20 |
| Hospitals / Clinics | 39,763,336.00 | 37,088,906.04 |
| Academic Support | 55,712,116.00 | 66,554,937.13 |
| Student Services | 27,394,968.00 | 27,606,160.40 |
| Institutional Support | 42,583,727.00 | 38,849,871.87 |
| Operations and Maintenance of Plant | 34,774,343.00 | 37,563,912.40 |
| Scholarships and Fellowships | 59,840,963.00 | 67,156,172.36 |
| Auxiliary Enterprises | 30,821,655.00 | 26,100,944.52 |
| Depreciation and Amortization | 49,759,894.00 | 51,720,408.21 |
| Total Operating Expenses | <u>549,856,237.00</u> | <u>583,714,117.49</u> |
| Operating Income (Loss) | <u>(272,807,928.00)</u> | <u>(293,081,115.74)</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| State Appropriations | 157,572,706.00 | 155,971,875.76 |
| Federal Nonexchange Sponsored Programs | 86,000,000.00 | 114,155,682.85 |
| Gift Contributions for Operations | 6,076,623.00 | 3,837,073.78 |
| Investment Income | 7,661,140.00 | 8,732,396.42 |
| Net Increase (Decrease) in Fair Value of Investments | | 9,550,735.29 |
| Other Nonoperating Revenues (Expenses) | | (378,011.59) |
| Net Nonoperating Revenues (Expenses) | <u>257,310,469.00</u> | <u>291,869,752.51</u> |
| TRANSFERS AND OTHERS: | | |
| Capital Appropriations, Gifts, and Sponsored Programs | 140,000.00 | 133,900.84 |
| Additions to Permanent Endowments | 930,000.00 | 2,119,267.83 |
| Transfers for Debt Service | (24,455,631.00) | (24,458,023.92) |
| Transfers and Other | 59,309,942.00 | 33,065,197.15 |
| Total Transfers and Other | <u>35,924,311.00</u> | <u>10,860,341.90</u> |
| Change in Net Position | <u>\$ 20,426,852.00</u> | <u>9,648,978.67</u> |