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**Committee Meeting:** 2/21/2024

**Board Meeting:** 2/22/2024

Austin, Texas

Janiece Longoria, *Chairman*  
Robert P. Gauntt  
Jodie Lee Jiles  
Stuart W. Stedman  
Kelcy L. Warren  
Rad Weaver

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE JOINT MEETING WITH AUDIT, COMPLIANCE, AND RISK MANAGEMENT COMMITTEE</b>	<i>3:00 p.m.</i> <i>Chairman Longoria</i>		
1. <b>U. T. System: Fiscal Year 2023 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&amp;M Investment Management Company (UTIMCO)</b>	<b>Report/Discussion</b> <i>Mr. Pruitt</i> <i>Mr. Peppers</i> <i>Mr. Blake Rodgers</i> <i>Deloitte &amp; Touche</i>	Not on Agenda	<b>44</b>
<b>B. ADJOURN JOINT MEETING AND CONVENE FINANCE AND PLANNING COMMITTEE IN OPEN SESSION</b>	<i>3:15 p.m.</i>		
2. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration</b>	<b>Discussion</b>	<b>Action</b>	<b>72</b>
3. <b>U. T. System: Financial Status Presentation and Monthly Financial Report</b>	<b>Report/Discussion</b> <i>Mr. Pruitt</i>	Not on Agenda	<b>73</b>
4. <b>U. T. System Board of Regents: Adoption of Supplemental Resolution Authorizing the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt</b>	<b>Action</b> <i>Mr. Pruitt</i>	<b>Action</b>	<b>100</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
5. <b>U. T. Southwestern Medical Center: Discussion and appropriate action regarding a) appropriation and authorization of expenditure for U. T. Southwestern Medical Center's portion of project costs for the construction phase of the state-of-the-art children's health care campus (New Pediatric Campus) to be jointly owned and operated by U. T. Southwestern Medical Center and Children's Health System of Texas (Children's); b) finding of public purpose, and c) approval of Revenue Financing System debt and resolution regarding parity debt</b>	<b>Action</b> <i>Mr. Pruitt</i> <i>President Podolsky</i>	<b>Action</b>	<b>101</b>

**C. ADJOURN**

*3:45 p.m.*

1. **U. T. System: Fiscal Year 2023 Consolidated Annual Financial Report, including the Independent Auditors' Report, and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO)**

Executive Vice Chancellor Pruitt will discuss the Fiscal Year 2023 Consolidated Annual Financial Report (AFR) highlights. A PowerPoint presentation is included on the following pages for additional detail. The [AFR](#) is available online.

Mr. Blake Rodgers, Deloitte & Touche LLP, will report on the results of the audit of the U. T. System AFR and audits of the financial statements of U. T. Austin, U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston and for the funds managed by The University of Texas/Texas A&M Investment Management Company (UTIMCO) for Fiscal Year 2023. Deloitte's PowerPoint presentation with required communications to the Audit, Compliance, and Risk Management Committee is set forth following the AFR highlights presentation.

**BACKGROUND INFORMATION**

The AFR is prepared in compliance with Governmental Accounting Standards Board pronouncements and State Comptroller of Public Accounts directives and filed with the oversight agencies on November 20 of each year as required by *Texas Government Code*, Section 2101.011. Deloitte & Touche LLP issued an unqualified opinion on the U. T. System Consolidated Financial Statements on December 13, 2023.

# Annual Financial Report & Highlights Fiscal Year 2023

Jonathan Pruitt

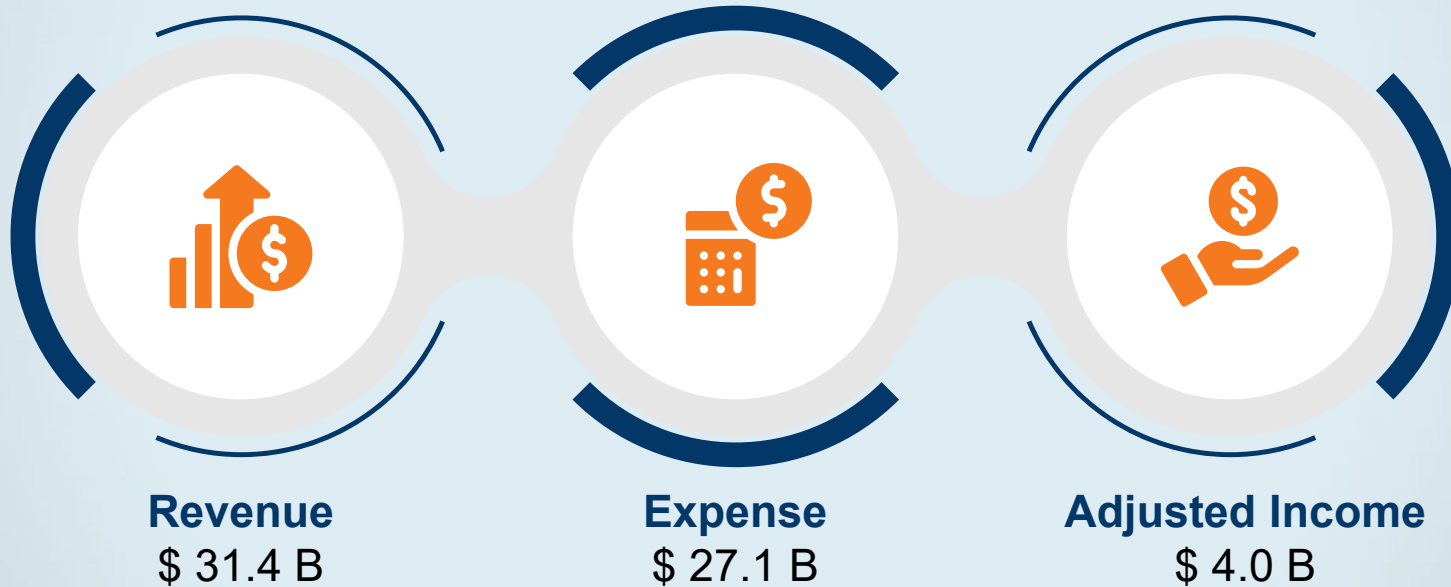
Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents Meeting  
Joint Meeting of the Finance and Planning Committee  
and Audit, Compliance, and Risk Management Committee  
February 2024



# U. T. System Consolidated Fiscal Year Summary

Revenue & Adjusted Income have increased from last year



# FY23 Assets & Revenue Highlights



## Financial Performance

Year over Year Performance (millions)				Large Drivers (millions)			
Category	2023	2022	2021	Category	2023	2022	2021
<b>Assets</b>	\$112,999	\$106,683	\$104,969	<b>Clinical</b>	\$12,216	\$11,092	\$10,054
<b>Revenue</b>	\$31,421	\$25,142	\$39,954	<b>Govt. &amp; Private</b>	\$5,737	\$5,670	\$5,528
<b>Net Position</b>	\$70,664	\$66,689	\$66,872	<b>Inv. Income</b>	\$4,744	\$5,619	\$8,807

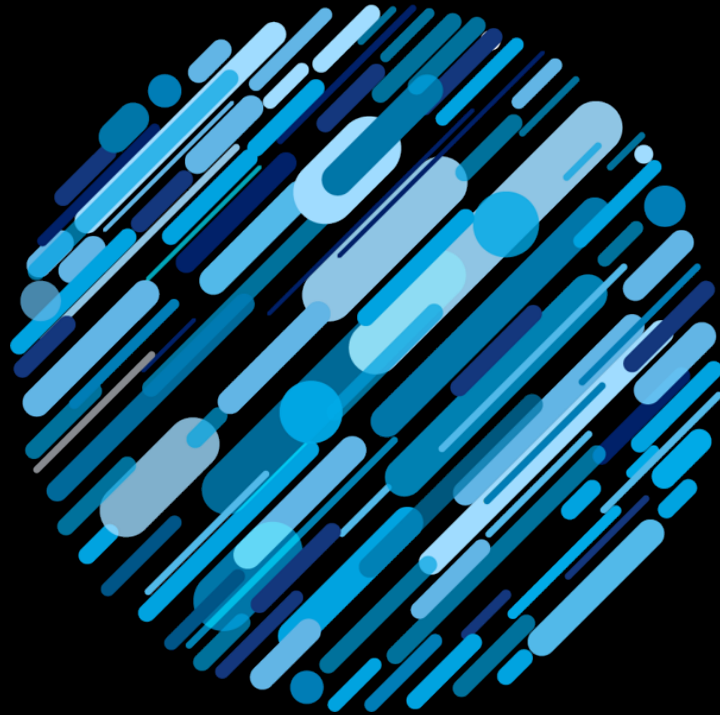
# FY23 Liabilities & Expenses



## Financial Performance

Year over Year Trends (millions)				Large Drivers (millions)			
Category	2023	2022	2021	Category	2023	2022	2021
<b>Liabilities</b>	\$39,150	\$40,726	\$39,911	<b>Comp &amp; Benefit Expense</b>	\$14,899	\$13,462	\$12,549
<b>Expenses</b>	\$27,100	\$24,916	\$23,003	<b>Debt Related Liability</b>	\$13,350	\$12,723	\$12,503

**Deloitte.**



**Report to The University of Texas System Board of Regents  
Joint Meeting of Audit, Compliance, and Risk Management Committee  
and the Finance and Planning Committee**

Blake Rodgers | Audit & Assurance Partner | February 2024



# Agenda

Slide 3: Deloitte Leadership Team

Slide 4: Communication to those Charged with Governance

Slide 5: Audit Scope

Slides 6-7: Summary of Uncorrected Misstatements – FY 2023

Slide 8: Spotlight on Certain Upcoming GASB Standards

Slide 9: Control-Related Matters

Appendix A: Accounting Estimates

Appendix B: Other Required Communications

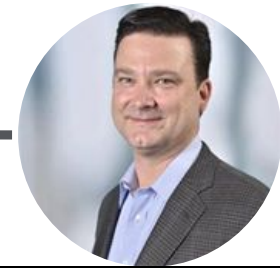
Appendix C: Representations from Management

# Deloitte Leadership Team

Meeting with You Today



**Blake Rodgers**  
Lead Client Service Partner



**Wyn Smith**  
Relationship Partner



**Elaine Reyes**  
Managing Director  
U. T. Southwestern, U. T. Medical  
Branch - Galveston, U. T. M. D.  
Anderson Physicians Network, U. T.  
M. D. Anderson Services Corporation



**Robert Cowley**  
Partner - UTIMCO



**Randall Brown**  
Managing Director  
Information Technology Controls  
Specialist



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February 21, 2024

Audit, Compliance, and Risk Management Committee of The University of Texas System Board of Regents (the "Committee")  
210 West 7th Street  
Austin, Texas

Dear Committee:

We have performed an audit of the consolidated financial statements of The University of Texas System (the "System") as of and for the year ended August 31, 2023 (the "financial statements"), in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and the standards applicable to financial audits contain in Government Auditing Standards ("GAGAS"), issued by the Comptroller of the United States, and have issued our report thereon dated December 13, 2023.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the System is responsible.

This report is intended solely for the information and use of the Committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Deloitte & Touche LLP*

cc: The Management of the System

# Audit Scope

## Financial Statement Audits:

- U. T. System – Consolidated
- UTIMCO Funds
- U. T. M. D. Anderson Cancer Center
- U. T. M. D. Anderson Physicians Network
- U. T. M. D. Anderson Services Corporation
- U. T. Southwestern Medical Center
- U. T. Medical Branch - Galveston
- U. T. Austin

### Status:

- UTIMCO Funds audits were completed in October 2023
- Consolidated and Stand-Alone audits all completed in December 2023

## Student Financial Aid Compliance Audits:

- U. T. Southwestern Medical Center

### Status:

- Expected to be completed in August 2024

## Agreed Upon Procedures (in progress):

- U. T. Southwestern Medical Center

### Status:

- Expected to be completed in March 2024

# Summary of Uncorrected Misstatements – FY 2023

Our audit of the consolidated financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement, whether caused by error or fraud. We included herein uncorrected misstatements as of December 13, 2023 that we presented to management during the current year audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.

		Adjustments ( in 000s)	
		Debit	Credit
<b>Impact on Year Ended August 31, 2023 for Prior Year Errors Identified in Prior Year and Corrected in the Current Year</b>			
<b>(1)</b>	U. T. Austin: To remove expenses recorded in the current year that should have been recorded in prior years related to expenses that were incorrectly capitalized in prior years		
	Beginning net position	\$ 77,729	
	Expenses		\$ 77,729
<b>Uncorrected Errors for the Year Ended August 31, 2023</b>			
<b>(2)</b>	U. T. Austin: To correct errors in net position and cash flow classification for effect of errors in P3 balances		
	Net investment in capital assets	\$ 345,889	
	Unrestricted net position		\$ 345,889
	Cash Flows from Noncapital Financing Activities	\$ 345,889	
	Cash Flows from Operating Activities		\$ 345,889
<b>(3)</b>	U. T. Austin: To correct classification error between capital and operating gifts and its effect on cash flows		
	Gift contributions for operations	\$ 75,175	
	Capital gifts and grants		\$ 75,175
	Cash Flows from Capital and Related Financing Activities	\$ 75,175	
	Cash Flows from Noncapital Financing Activities		\$ 75,175
<b>(4)</b>	U. T. Austin: To correct error in classification within cash flows from noncapital financing activities		
	Proceeds from Other Noncapital Financing Activities	\$ 266,262	
	Payments for Other Uses		\$ 266,262

**The University of Texas System**  
**Summary of Uncorrected Misstatements Year Ended August 31, 2023**

Impact of Uncorrected Misstatements on the Consolidated Financial Statements

(in 000s)

	As Reported at 8/31/2023	Fiscal Year 2023 Uncorrected Adjustments	If Adjusted at 8/31/2023
<b>Consolidated Statement of Net Position</b>			
Total Assets	\$ 112,998,977	\$ -	\$ 112,998,977
Deferred Outflows of Resources	6,088,895	-	6,088,895
Total Assets and Deferred Outflows of Resources	<u>\$ 119,087,872</u>	<u>\$ -</u>	<u>\$ 119,087,872</u>
Total Liabilities	39,150,350	-	39,150,350
Deferred Inflows of Resources	9,273,707	-	9,273,707
Net Position	70,663,815	- (2)	70,663,815
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 119,087,872</u>	<u>\$ -</u>	<u>\$ 119,087,872</u>
<b>Consolidated Statement of Revenues, Expenses, and Changes in Net Position</b>			
Revenue (a)	\$ 31,213,196	\$ (75,175) (3)	\$ 31,138,021
Expense: (b)	27,099,960	(77,729) (1)	27,022,231
Other Changes	(138,513)	75,175 (3)	(63,338)
Change in Net Position	3,974,723	77,729	4,052,452
Beginning Net Position (as adjusted)	66,689,092	(77,729) (1)	66,611,363
Ending Net Position	<u>\$ 70,663,815</u>	<u>\$ -</u>	<u>\$ 70,663,815</u>
<b>Consolidated Statement of Cash Flows</b>			
Cash Flows from Operating Activities	\$ (2,392,434)	\$ (345,889) (2)	\$ (2,738,323)
Cash Flows from Noncapital Financing Activities	3,637,620	270,714 (2), (3), (4)	3,908,334
Cash Flows from Capital and Related Financing Activities	(1,619,450)	75,175 (3)	(1,544,275)
Cash Flows from Investing Activities	1,390,103	-	1,390,103
Net Change in Cash	1,015,839	-	1,015,839
Cash and Cash Equivalents, Beginning of Year	5,508,775	-	5,508,775
Cash and Cash Equivalents, End of Year	<u>\$ 6,524,614</u>	<u>\$ -</u>	<u>\$ 6,524,614</u>

(a) Includes operating and nonoperating revenues

(b) Includes operating and nonoperating expenses

## Spotlight on Certain Upcoming GASB Standards

Other than the portions of this statement implemented in 2022 and 2023, the remainder of **GASB Statement No. 99, Omnibus 2022**, is effective in 2024. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective 2024. U. T. System is evaluating the effect that the remaining portions of Statement 99 will have on its financial statements.

**GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62**, effective 2024, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. U. T. System is evaluating the effect that Statement 100 will have on its financial statements.

**GASB Statement No. 101, Compensated Absences**, effective 2025, updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. U. T. System is evaluating the effect that Statement 101 will have on its financial statements.

## Control-Related Matters

We issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards to you, also dated December 13, 2023, containing certain matters involving the System's internal control over financial reporting that we consider, in the aggregate, to be a material weakness under generally accepted auditing standards.

- A *deficiency in internal control* over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.
- A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.
- A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



# Appendix A: Accounting Estimates

## Accounting Estimates—Patient Accounts Receivable—Valuation

### Management’s Methodology

- During FY 2023 and FY 2022, management at U. T. health institutions applied a consistent approach to estimating the allowance for doubtful accounts and contractual allowances.
- Management develops an estimate of historical and expected net collections, business and economic conditions, and other collection indicators.
- Management performs reviews of historical collections and write-offs. Adverse changes in business office operations, payor mix, and economic conditions could affect the collection of accounts receivable, cash flows, and results of operations.

(in millions)	August 31, 2023	August 31, 2022
Patient Receivables, net	\$1,487	\$1,369

### Audit Procedures

- Tested the adequacy of certain U. T. institutions’ methodologies and procedures used to establish the valuation reserves for patient accounts receivable and evaluation key assumptions used by management.
- For institutions with significant receivable balances, we computed an independent estimate of the allowance for contractals and bad debt for each significant financial class of patient receivable after independently testing the collection percentages.
- Performed testing of the adequacy of doubtful accounts allowances through the review of collections and aging statistics and a look-back analysis.
- Tested for compliance with GASB guidance on the presentation in the financial statements of allowance for doubtful accounts.

# Accounting Estimates—Fair Value of PUF Lands

## Management’s Methodology

- Management has a consistent methodology from FY 2022 to FY 2023 as it relates to the Permanent University Fund (PUF) Lands valuation, which consist of interests in Surface Land and in Oil & Gas Reserve.
- For surface land valuation, Management is using what it terms as the "comparative sales approach" based on an acreage multiplied by the per acre value/price of the land, obtained from the American Society of Farm Managers and Rural Appraisers (ASFMRA) report.
- For oil and gas reserve analysis, Management engages a third-party specialist to develop the reserves for the three categories of reserves (1) proved; (2) possible and (3) probable. Management and the specialists determine reasonable assumptions related to discount rates/factors, reserve adjustment factors, and overall valuation methodology. Management with University Lands compiles data from producers related to production and royalty percentages for submission to the third-party specialist.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the fair value of the PUF lands.

## Audit Procedures

### For Surface Land Valuation:

- Analyzed the trend of CY surface land values compared to PY and investigate for fluctuations.
- Analyze the land evaluation supporting documents with the assistance of Deloitte fair value and real estate specialists, and tested various assumptions as it relates to the valuation approach.

### For Oil & Gas Reserve Valuation:

- Read the reserve study with the assistance of Deloitte fair value and oil and gas specialists, and tested various assumptions as it relates to discount rates, reserve adjustment factors and valuation techniques.
- Performed testing on the accuracy and completeness of the data submitted to the third-party specialists.
- Performed a lookback analysis on current year production estimates used in the reserve methodology.

(in millions)	August 31, 2023	August 31, 2022
PUF Lands	\$11,111	\$11,114

# Accounting Estimates—Investments without Readily Determinable Market Values

## Management’s Methodology

- Significant accounting estimates reflected in the U. T. System financial statements include valuation of certain investments which are specifically the investments in hedge funds, private investments, and private placements whose fair values have been estimated by management using the practical expedient (net asset value) or certain valuations obtained from third-party investment managers.
- Management's estimates are based on financial information from the underlying funds provided at various interim dates during the year, other information from the underlying funds, as well as information from other relevant sources.

(in millions)	August 31, 2023	August 31, 2022
Investments Valued Using Net Asset Value	\$49,476	\$45,718

## Audit Procedures

- Confirmed investment balances directly with the underlying managers and obtained the most recent audited financial statements for the underlying fund.
- Re-computed U. T. System’s investment as of the most recent audit report date (for most, 12/31/2022) using the audited financial statements.
- Subjected the contribution/subscription, withdrawal, redemption, and distribution activity to the underlying funds to sampling.
- Determined an appropriate benchmark and prepared an analytical review of the year end fair values for selections (e.g. the fair value of the fund investment). Compared the expectation of the performance of the fund to the final fair value and documented our understanding of the performance.

# Accounting Estimates—Teachers’ Retirement System Plan

## Management’s Methodology

- The Teacher Retirement System of Texas (“TRS”) pension plan is a state-wide, multi-employer cost sharing plan. Using external actuaries, TRS calculates the total pension liability for the plan. Participating employers record their proportionate share of the net pension liability, pension expense, and related deferred inflows and outflows of resources.
- The State Auditor’s Office (“SAO”) audits the TRS plan and the proportionate share, and related net pension liability, of each employer. The SAO also audits retiree and active census data.
- U. T. System is responsible for tracking and accurately reporting census data on active participants to TRS and also for contributing the appropriate amounts to TRS.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the plan and the required supplementary information.

## Audit Procedures

- Read the TRS actuarial study with the assistance of Deloitte actuaries.
- Deloitte actuaries evaluated the methodology and significant assumptions used within the TRS actuarial study.
- Recalculated the proportionate share of U. T. System and the stand-alone entities as it relates to net pension liability, deferred inflows, outflows, annual amortization and pension expense.
- Read the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.

(in millions)	August 31, 2023	August 31, 2022
Net Pension Liability	\$5,639	\$2,300
*Increase was primarily the result of decrease in the discount rate and investment earnings below projections compared to prior year		

# Accounting Estimates—U. T. M. D. Anderson Supplemental Retirement Plan

## Overview

- U. T. M. D. Anderson Physicians Referral Service Supplemental Retirement Plan / Retirement Benefit Plan (“SRP/RBP Plans”) are nonqualified plans described by Section 457(f) of the Internal Revenue Code of 1986, as amended. Using external actuaries, U. T. M. D. Anderson calculates the total pension liability for the SRP/RBP Plans.
- U. T. M. D. Anderson is responsible for tracking and accurately reporting census data on participants to the actuary.
- Management ensures the proper disclosures are in the Annual Financial Reports as it relates to the plan and the required supplementary information.

(in millions)	August 31, 2023	August 31, 2022
Total Pension Liability	\$919	\$1,046

## Qualitative Assessment

- Read the actuarial study with the assistance of Deloitte actuaries.
- Deloitte actuaries evaluated the methodology and significant assumptions used within the actuarial study.
- Perform testing of census data used by U. T. M. D. Anderson to estimate the total pension liability and related deferred outflows of resources, deferred inflows of resources, and pension expense.
- Read the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.
- Based on the procedures performed, the total pension liability, pension expense, and related deferred outflows of resources and deferred inflows of resources appear reasonable in the context of the financial statements as a whole.

# Accounting Estimates—Other Postemployment Benefit Plan

## Management’s Methodology

- U. T. System’s other postemployment benefit (“OPEB”) plan is a single-employer plan. Management engages an external actuary to determine the liability related to the OPEB plan.
- Management within the Office of Employee Benefits (“OEB”) is responsible for tracking and accurately reporting census data of participants to the actuary. This data is submitted by the individual U. T. institutions to the OEB.
- Management ensures the proper disclosures and required supplementary information for the plan are in the Annual Financial Report.

## Audit Procedures

- Obtained the actuarial study with the assistance of Deloitte actuaries, evaluated methodology and tested various assumptions such as discount rates and mortality assumptions.
- Evaluated the disclosures and required supplementary information in the Annual Financial Reports to determine compliance with generally accepted accounting principles.

(in millions)	August 31, 2023	August 31, 2022
Total OPEB Liability	\$8,090	\$14,696
*Decrease was primarily the result of changes in assumptions (Medicare advantage plan) and increase in the discount rate from prior year (3.72% FY23, 2.06% in FY22)		

# Appendix B: Other Required Communications



## Other Required Communications



### **Our Responsibility under Generally Accepted Auditing Standards**

Our responsibility under generally accepted auditing standards has been described in our agreement with the Board of Regents of the System dated August 1, 2023. As described in that agreement, our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Committee are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”). The audit of the financial statements does not relieve management or the Committee of their responsibilities. We considered internal control relevant to the System’s preparation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control.

## Other Required Communications (continued)



### Significant Accounting Policies

The System's significant accounting policies are set forth in Note 4 to the System's 2023 financial statements. In 2023, the System adopted Government Auditing Standards Board ("GASB") Statement No. 91, Conduit Debt Obligations, GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements, and GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).

The application of GASB Statement No. 91 had no effect on the System's net position or changes in net position. The provisions of GASB Statements No. 94 and 96 are effective for fiscal years ending after June 15, 2022, with retrospective application required. The System applied the guidance in GASB Statements No. 94 and 96 in the System's 2023 financial statements as of September 1, 2021, resulting in a cumulative effect of a change in accounting that increased net position as of September 1, 2021 by \$18.6 million.

We have evaluated the significant qualitative aspects of the System's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management except as discussed in the Corrected Misstatements section below.

## Other Required Communications (continued)



### Significant Difficulties Encountered in Performing the Audit

In our judgment, we received the full cooperation of the System’s management and staff and had unrestricted access to the System’s senior management in the performance of our audit.



### Disagreements with Management

We have not had any disagreements with management related to matters that are material to the System’s 2023 financial statements.



### Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2023.



### Emphasis of Matter

As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the State of Texas that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the State of Texas as of August 31, 2023 and 2022, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

# Appendix C: Representations from Management

## Management's Representations

We have made specific inquiries of the System's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations the System is required to provide to its independent auditors under generally accepted auditing standards. A copy of the representation letter obtained from management was provided separately to the Board.



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36 USC 220506

2. **U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration**

RECOMMENDATION

The Board will be asked to approve the Consent Agenda beginning on [Page 159](#).

**3. U. T. System: Financial Status Presentation and Monthly Financial Report**

Executive Vice Chancellor Pruitt will discuss the Financial Status Presentation, the highlights of which are set forth in the PowerPoint on the following pages, and the November Monthly Financial Report, which follows the PowerPoint. The monthly financial report represents the consolidated and individual operating detail of the U. T. institutions.



# U. T. System

## Fiscal Year-to-Date Actuals and Projected Fiscal Year-End

Jonathan Pruitt

Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents Meeting

Finance and Planning Committee

February 2024



# U. T. System Consolidated Summary

Fiscal Year Summary  
Period Ending November 30, 2023



**Revenues**  
\$7,289.7 M



**Expenses**  
\$6,638.5 M



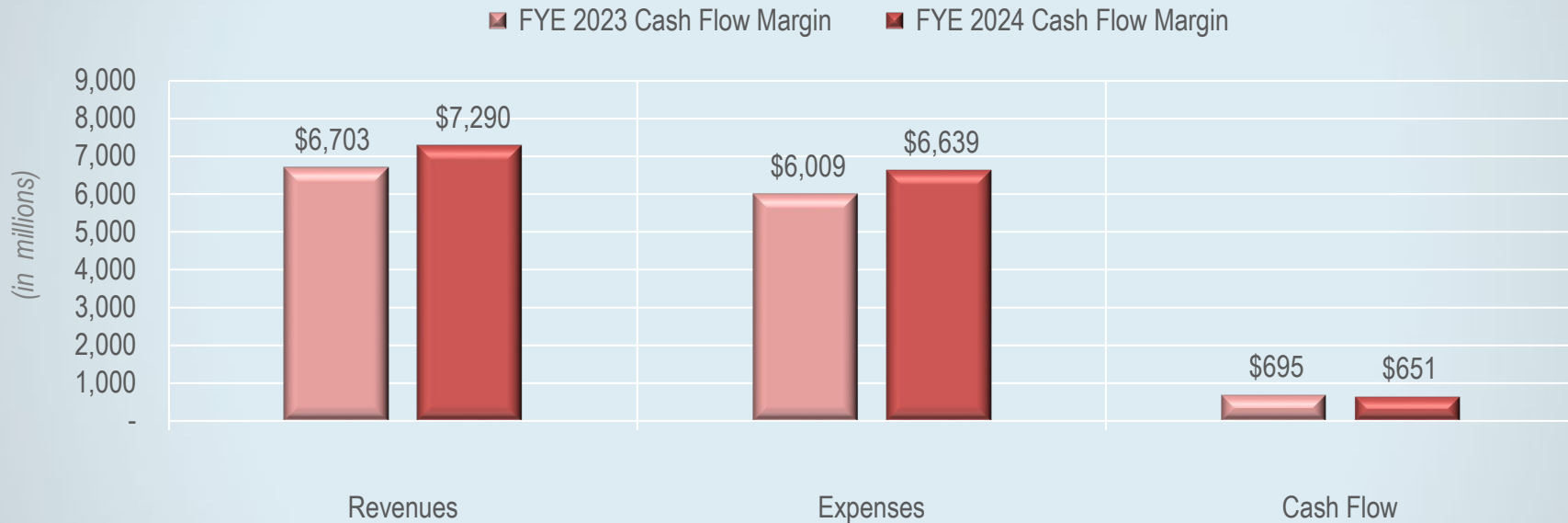
**Cash Flow Margin**  
\$651.2 M



**FYE Projected Cash Flow**  
\$3,148.2 M

# U. T. System Consolidated Revenue & Expenses

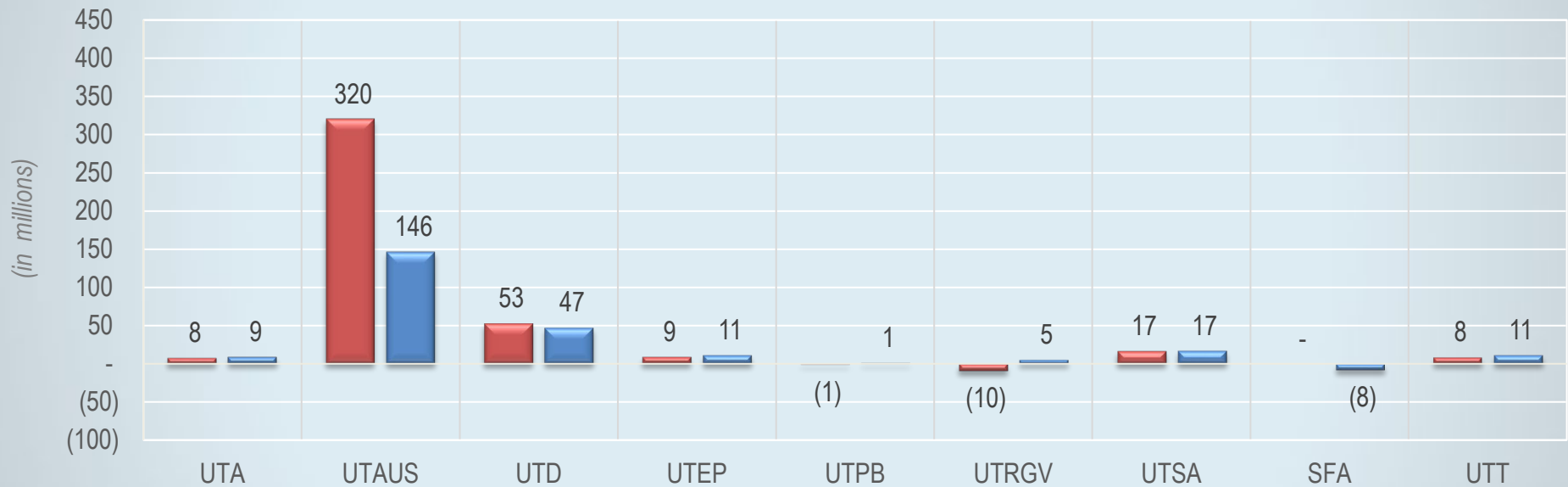
## Year-Over-Year Comparison (November)



# Cash Flow Margin – Academic Institutions

## Year-Over-Year Comparison (November)

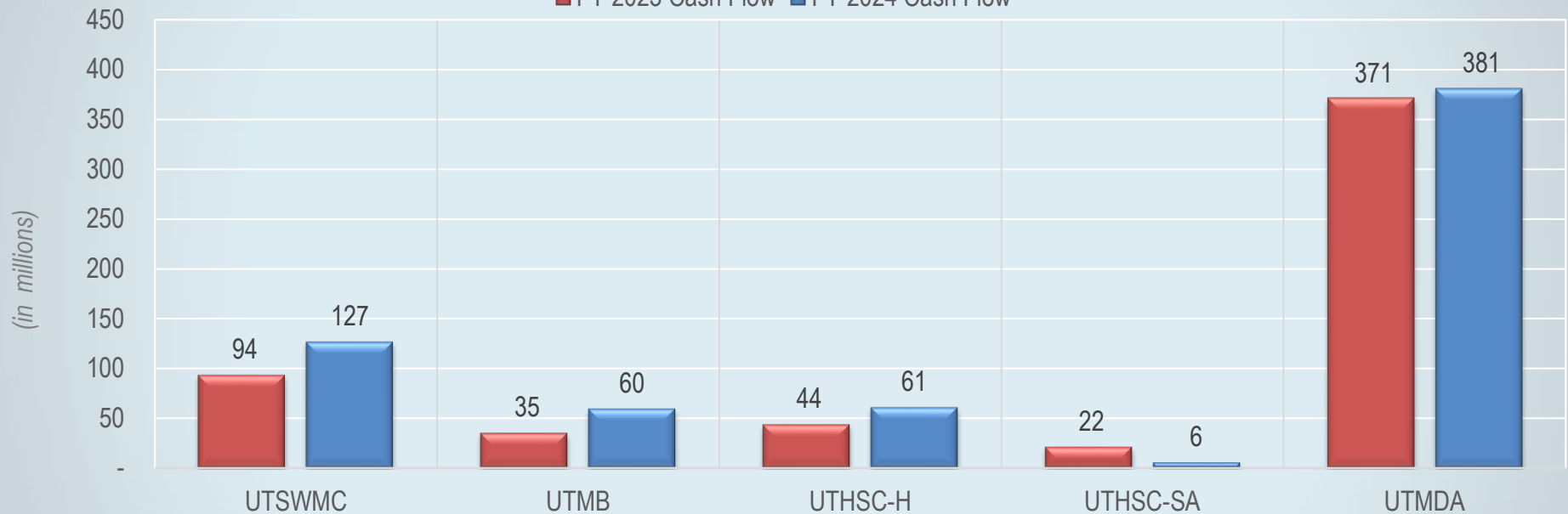
■ FY 2023 Cash Flow ■ FY 2024 Cash Flow



# Cash Flow Margin – Health Institutions

## Year-Over-Year Comparison (November)

FY 2023 Cash Flow FY 2024 Cash Flow



# Budget to Projected – Academic Institutions

FY 2024

	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U. T. Arlington	\$842.5	\$813.4	\$29.1	3.5%	\$912.7	\$747.8	\$164.9	18.1%	▲
U. T. Austin	\$3,820.5	\$3,574.3	\$246.2	6.4%	\$4,362.7	\$3,949.3	\$413.4	9.5%	▲
U. T. Dallas	\$913.7	\$803.8	\$110.0	12.0%	\$919.3	\$731.0	\$188.3	20.5%	▲
U. T. El Paso	\$564.4	\$527.8	\$36.7	6.5%	\$573.2	\$526.1	\$47.1	8.2%	▲
U. T. Permian Basin	\$100.2	\$104.2	(\$4.0)	-4.0%	\$106.4	\$101.4	\$5.0	4.7%	▲
U. T. Rio Grande Valley	\$669.9	\$639.8	\$30.1	4.5%	\$669.3	\$643.9	\$25.4	3.8%	▲
U. T. San Antonio	\$722.5	\$684.8	\$37.7	5.2%	\$755.5	\$685.2	\$70.3	9.3%	▲
Stephen F. Austin	\$232.9	\$225.5	\$7.4	3.2%	\$212.5	\$205.6	\$6.9	3.2%	▲
U. T. Tyler	\$578.1	\$554.3	\$23.8	4.1%	\$582.0	\$556.8	\$25.3	4.3%	▲
<b>Total</b>	<b>\$8,444.8</b>	<b>\$7,927.9</b>	<b>\$516.9</b>	<b>6.1%</b>	<b>\$9,093.7</b>	<b>\$8,147.2</b>	<b>\$946.5</b>	<b>10.4%</b>	<b>▲</b>



*Excludes Depreciation Expense*

# Budget to Projected – Health Institutions

## FY 2024

	Budget (\$ Millions)				Projected (\$ Millions)				
	Revenues	Expenses	Cash Flow	Cash Flow Ratio	Revenues	Expenses	Cash Flow	Cash Flow Ratio	
U. T. Southwestern Medical Center	\$4,894.8	\$4,581.5	\$313.3	6.4%	\$5,071.2	\$4,723.8	\$347.3	6.8%	▲
U. T. Medical Branch - Galveston	\$3,132.3	\$2,909.6	\$222.7	7.1%	\$3,141.0	\$2,917.2	\$223.8	7.1%	▲
U. T. Health Science Center - Houston	\$2,443.8	\$2,352.7	\$91.1	3.7%	\$2,590.7	\$2,401.6	\$189.1	7.3%	▲
U. T. Health Science Center - San Antonio	\$1,398.8	\$1,382.4	\$16.4	1.2%	\$1,407.6	\$1,391.1	\$16.5	1.2%	▲
U. T. M. D. Anderson Cancer Center	\$7,856.1	\$6,618.1	\$1,237.9	15.8%	\$7,855.6	\$6,618.6	\$1,237.0	15.7%	▲
<b>Total</b>	<b>\$19,725.7</b>	<b>\$17,844.2</b>	<b>\$1,881.5</b>	<b>9.5%</b>	<b>\$20,066.1</b>	<b>\$18,052.4</b>	<b>\$2,013.8</b>	<b>10.0%</b>	<b>▲</b>

# Financial Summary

## Systemwide Operations November 2023

	Budget	Actuals	% of Budget
U. T. System Administration (AUF)	\$58,720,988	\$16,358,236	28%
Direct Campus Support (AUF)	\$71,518,344	\$26,461,083	37%
Service Departments & Other Non-AUF*	\$67,253,261	\$15,328,776	23%
<b>Total**</b>	<b>\$197,492,593</b>	<b>\$58,148,095</b>	<b>29%</b>

*\*The Board of Regents has approved the budget related to University Lands. 2/3 of the overall University Lands budget and November YTD actuals are represented in the above amounts. The Board of Regents has also approved the portion (1/3 of the overall University Lands budget) that supports Texas A&M University.*

*\*\*Budget does not include PUF Debt or Capital Construction Assistance Projects (CCAP) Interest (All Institutions) or Depreciation. Also excluded are Lone Star Stroke, TX Child Mental Health Care Consortium (TCMHCC), Laredo Multi-Institution Center (MIC), Trauma Research and Combat Casualty Care Collaborative (TRC4), self-insurance funds, federal Medicare-related reimbursements, U. T. System Building debt service, and certain Systemwide software licenses centrally negotiated and reimbursed by the institutions.*





# THE UNIVERSITY OF TEXAS SYSTEM OFFICE OF BUDGET AND PLANNING

## MONTHLY FINANCIAL REPORT (unaudited)

NOVEMBER 2023  
FY 2024



210 West Seventh Street  
Austin, Texas 78701  
512.499.4792  
[www.utsystem.edu/offices/budget-and-planning](http://www.utsystem.edu/offices/budget-and-planning)

**Monthly Financial Report  
Comparison of Cash Flow Margin  
For the Period Ending November 30, 2023**

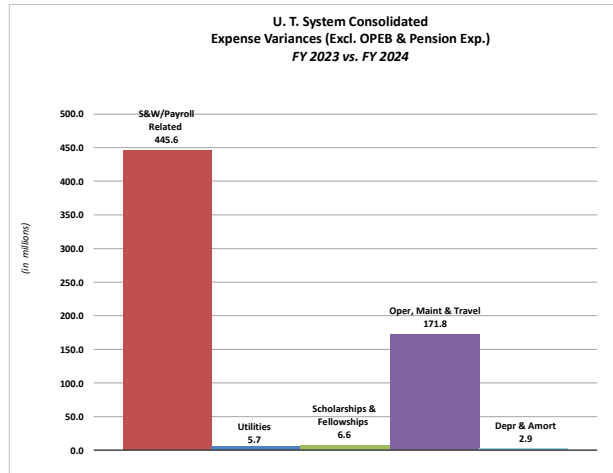
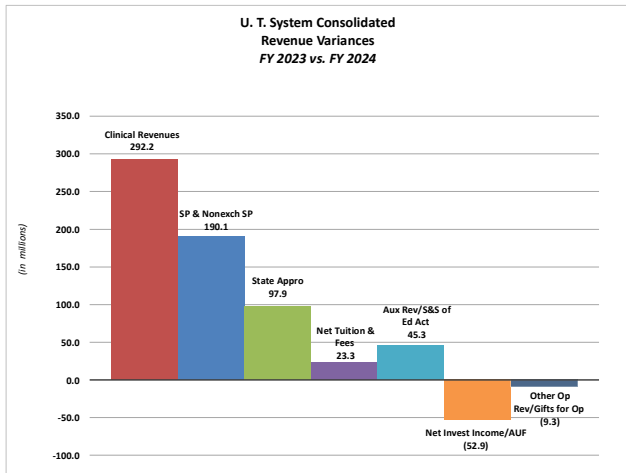
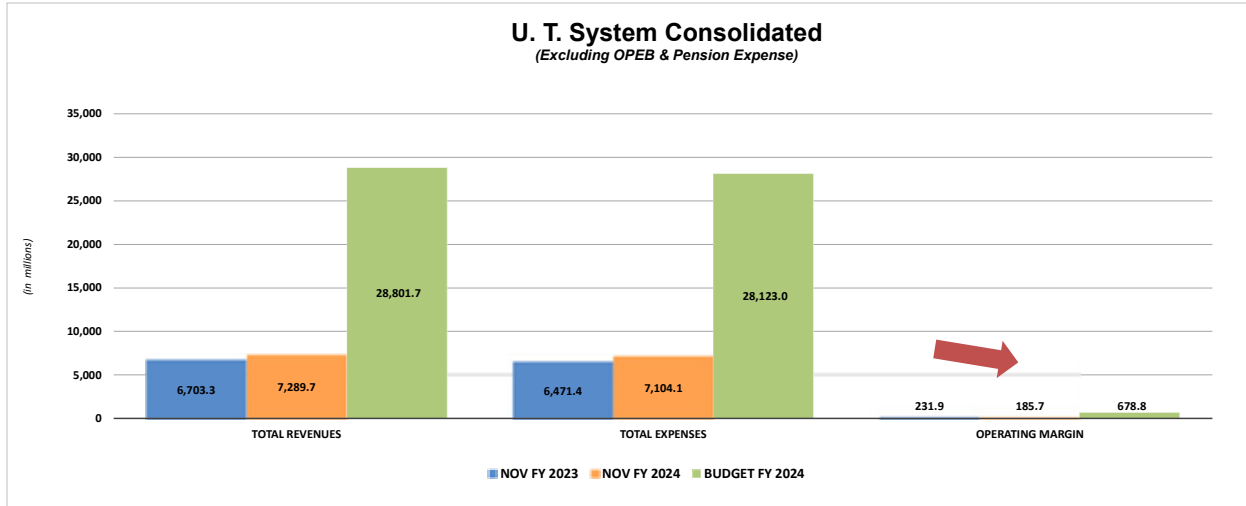
**Executive Summary of Cash Flow Margin (Loss)\***

(Excludes OPEB, Pension, Depreciation and Amortization Expense)

	November FYTD 2023 (millions)	November FYTD 2024 (millions)	Variance %	Comments
U. T. Arlington	7.6	9.0	18%	Increase in Net Tuition and Fees <b>Projected income of \$164.9 million for the FY</b>
U. T. Austin	320.0	146.3	-54%	Decreases in Gift Contributions for Operations, Net Investment Income Increase in Salaries & Wages/Payroll Related Costs <b>Projected income of \$413.4 million for the FY</b>
U. T. Dallas	53.0	47.1	-11%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected income of \$188.3 million for the FY</b>
U. T. El Paso	9.1	11.0	21%	Increase in Auxiliary Revenues <b>Projected income of \$47.1 million for the FY</b>
U. T. Permian Basin	(1.1)	1.0	189%	Increase in State Appropriations <b>Projected income of \$5.0 million for the FY</b>
U. T. Rio Grande Valley	(9.6)	5.0	152%	Decreases in Oper., Maint. & Travel (Other Contracted Services, Materials & Supplies) Increases in Auxiliary Revenues, Net Investment Income <b>Projected income of \$25.4 million for the FY</b>
U. T. San Antonio	16.6	16.9	2%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected income of \$70.3 million for the FY</b>
Stephen F. Austin State University	0.0	(8.4)	N/A	<b>Projected income of \$6.9 million for the FY</b>
U. T. Tyler	8.3	11.1	34%	Increase in Gift Contributions for Operations <b>Projected income of \$25.3 million for the FY</b>
Southwestern	93.7	127.0	35%	Increase in Clinical Revenues <b>Projected income of \$347.3 million for the FY</b>
UTMB	35.5	59.9	69%	Increase in Clinical Revenues <b>Projected income of \$223.8 million for the FY</b>
UTHSC-Houston	44.3	61.3	38%	Increase in Clinical Revenues <b>Projected income of \$189.1 million for the FY</b>
UTHSC-San Antonio	21.6	6.2	-71%	Increase in Salaries & Wages/Payroll Related Costs <b>Projected income of \$16.5 million for the FY</b>
M. D. Anderson	371.4	381.0	3%	Increase in Clinical Revenues <b>Projected income of \$1,237.0 million for the FY</b>
U. T. System Administration (excluding OPEB & Pension Expense)	(275.7)	(223.2)	19%	Decrease in Oper., Maint. & Travel (Claims & Losses) <b>Projected income of \$188.0 million for the FY</b>
<b>Total Cash Flow Margin</b>	<b>\$ 694.5</b>	<b>651.2</b>	<b>-6%</b>	

\* For additional details on the variances, please see pages 3 through 17.

**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending November 30, 2023**

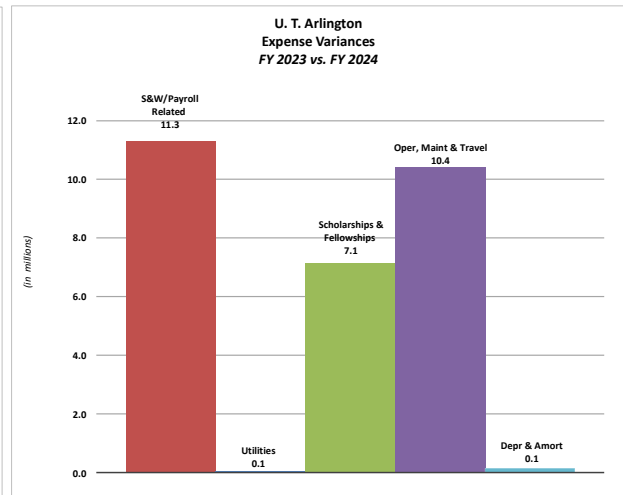
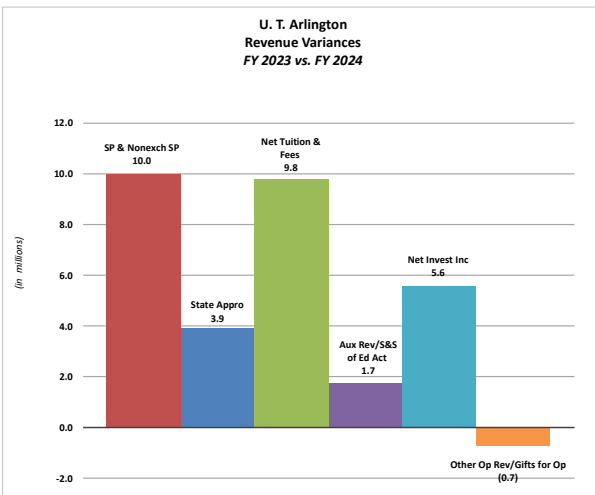
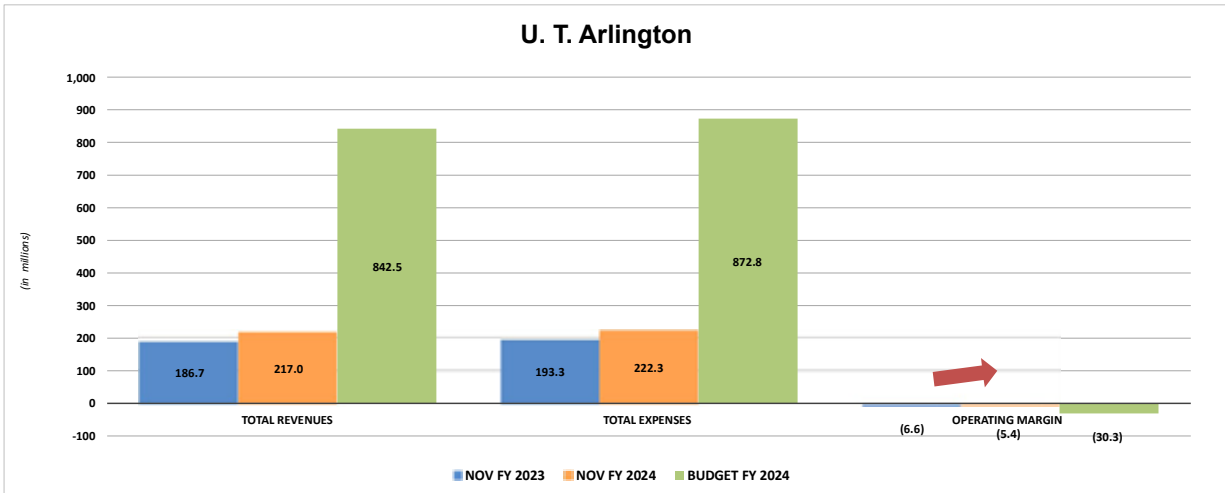


(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 2,963.6	3,255.8	292.2	12,980.0	13,027.6	47.5
Sponsored Programs/Nonexchange Sponsored Programs	1,271.0	1,461.0	190.1	5,753.3	6,257.7	504.4
State Appropriations	595.7	693.5	97.9	2,793.7 *	2,754.2	(39.5)
Net Tuition and Fees	551.8	575.0	23.3	2,248.4	2,285.0	36.5
Auxiliary Revenues/Sales & Services of Educational Activities	383.0	428.3	45.3	1,304.5	1,466.1	161.6
Net Investment Income	583.7	530.8	(52.9)	2,434.1	2,607.1	173.0
Other Operating Revenues/Gift Contributions for Operations	354.6	345.2	(9.3)	1,287.7	1,438.5	150.8
<b>Total Revenues</b>	<b>6,703.3</b>	<b>7,289.7</b>	<b>586.4</b>	<b>28,801.7</b>	<b>29,836.1</b>	<b>1,034.4</b>
Salaries and Wages/Payroll Related Costs	3,803.1	4,248.7	445.6	16,530.8	16,892.3	361.5
Utilities	84.9	90.6	5.7	337.8	342.1	4.3
Scholarships and Fellowships	141.1	147.7	6.6	633.7	664.6	31.0
Operations, Maintenance and Travel	1,979.7	2,151.6	171.8	8,753.3	8,788.9	35.6
Depreciation and Amortization	462.6	465.5	2.9	1,867.4	1,897.9	30.5
<b>Total Expenses (Excluding OPEB &amp; Pension Exp)</b>	<b>\$ 6,471.4</b>	<b>7,104.1</b>	<b>632.7</b>	<b>28,123.0</b>	<b>28,585.8</b>	<b>462.8</b>
<b>Operating Margin (Excluding OPEB &amp; Pension Exp)</b>	<b>231.9</b>	<b>185.7</b>	<b>(46.2)</b>	<b>678.8</b>	<b>1,250.3</b>	<b>571.6</b>
<b>Cash Flow Margin (Excluding OPEB, Pension, Depr &amp; Amort Exp)</b>	<b>694.5</b>	<b>651.2</b>	<b>(43.3)</b>	<b>2,546.2</b>	<b>3,148.2</b>	<b>602.1</b>

\* State appropriations and corresponding expense for TRB/CCAP for all UT institutions have been excluded.

Excluding other postemployment benefits (OPEB) and pension expense, U. T. System Consolidated shows a year-to-date operating margin of \$185.7 million, a decrease of \$46.2 million (20%) from the prior year. The decrease was primarily due to an increase in salaries and wages and payroll related costs across most of the institutions as a result of increases in faculty and staff positions and merit increases.

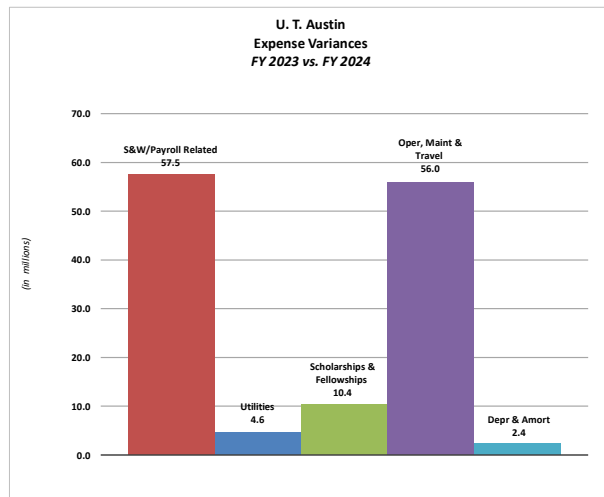
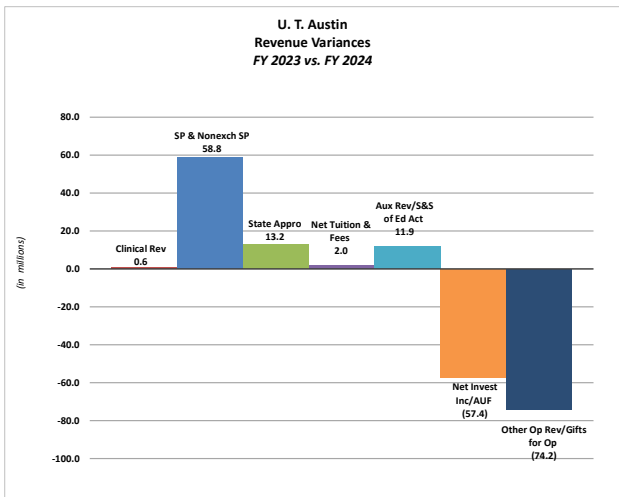
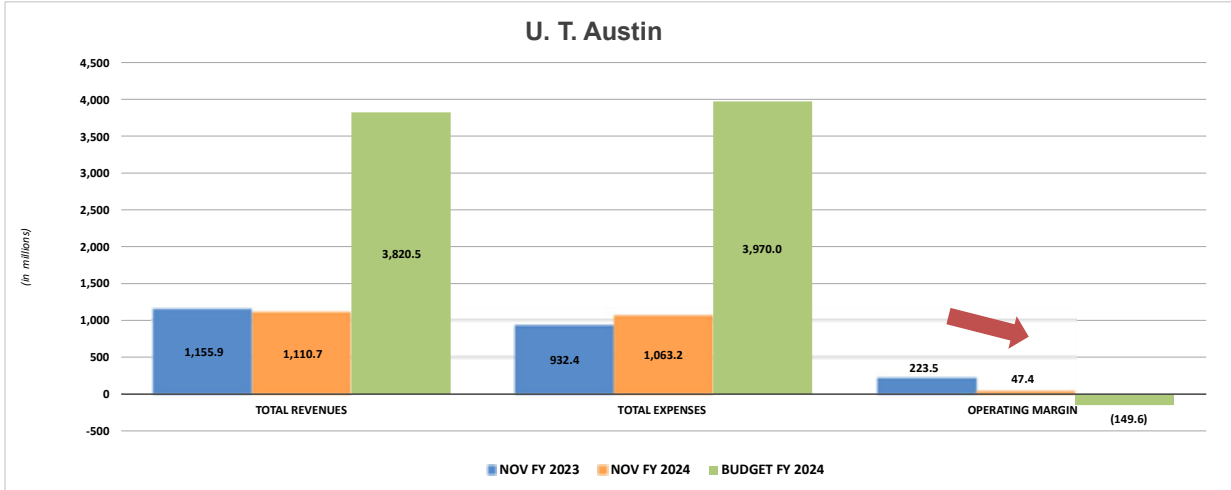
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 42.0	52.0	10.0	190.4	227.3	36.9
State Appropriations	34.0	38.0	3.9	173.2	169.2	(3.9)
Net Tuition and Fees	84.9	94.7	9.8	358.0	378.7	20.7
Auxiliary Revenues/Sales & Services of Educational Activities	16.3	18.1	1.7	81.0	80.2	(0.9)
Net Investment Income	6.0	11.6	5.6	29.7	39.4	9.7
Other Operating Revenues/Gift Contributions for Operations	3.5	2.7	(0.7)	10.2	17.9	7.7
<b>Total Revenues</b>	<b>186.7</b>	<b>217.0</b>	<b>30.3</b>	<b>842.5</b>	<b>912.7</b>	<b>70.2</b>
Salaries and Wages/Payroll Related Costs	112.8	124.2	11.3	507.3	457.8	(49.5)
Utilities	2.6	2.6	0.1	11.7	10.5	(1.2)
Scholarships and Fellowships	12.4	19.5	7.1	58.9	78.0	19.1
Operations, Maintenance and Travel	51.3	61.7	10.4	235.4	201.5	(33.9)
Depreciation and Amortization	14.2	14.3	0.1	59.5	57.3	(2.2)
<b>Total Expenses</b>	<b>\$ 193.3</b>	<b>222.3</b>	<b>29.1</b>	<b>872.8</b>	<b>805.1</b>	<b>(67.7)</b>
<b>Operating Margin</b>	<b>(6.6)</b>	<b>(5.4)</b>	<b>1.3</b>	<b>(30.3)</b>	<b>107.6</b>	<b>137.9</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>7.6</b>	<b>9.0</b>	<b>1.4</b>	<b>29.1</b>	<b>164.9</b>	<b>135.7</b>

U. T. Arlington incurred a year-to-date operating margin loss of \$5.4 million, a decrease in loss of \$1.3 million (19%) from the prior year. The decrease was primarily attributable to an increase in net student tuition and fees related to a timing difference in revenue recognition reported in fiscal year 2024 compared to the prior year. The most current projection received from U. T. Arlington reflects income of \$107.6 million for the year.

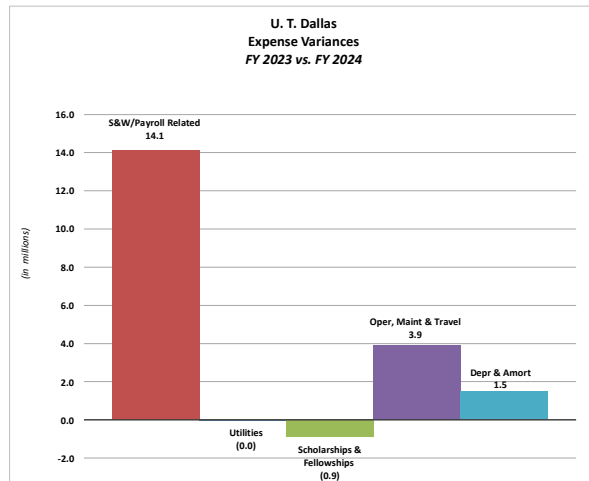
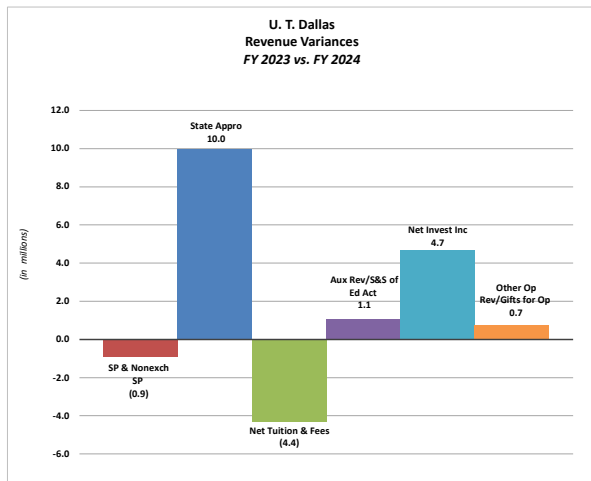
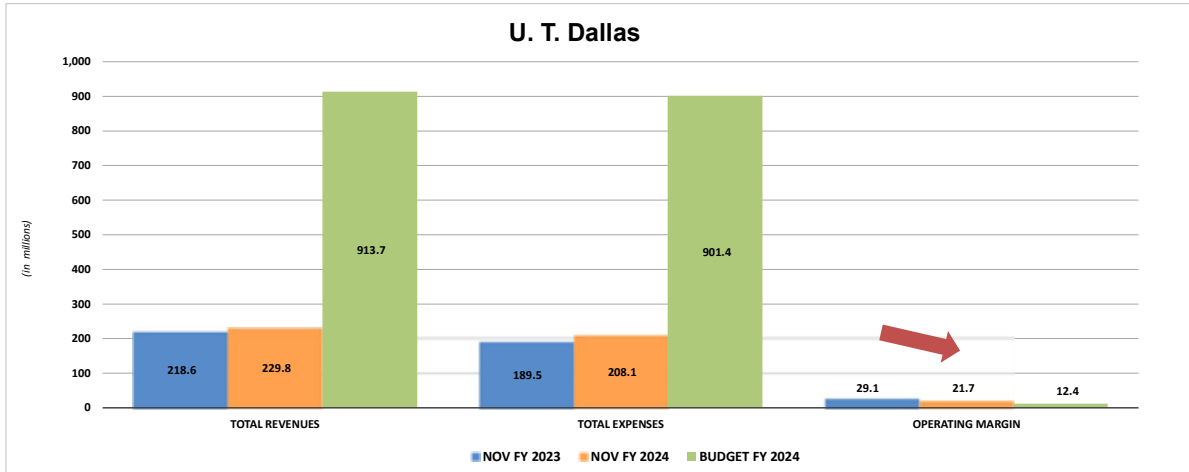
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 3.6	4.2	0.6	16.8	20.3	3.5
Sponsored Programs/Nonexchange Sponsored Programs	238.4	297.2	58.8	973.4	1,234.1	260.7
State Appropriations	89.9	103.1	13.2	412.3	412.3	(0.0)
Net Tuition and Fees	139.0	141.0	2.0	542.3	564.0	21.7
Auxiliary Revenues/Sales & Services of Educational Activities	229.6	241.5	11.9	703.6	793.4	89.8
Net Investment Income/Available University Fund (AUF)	331.2	273.8	(57.4)	892.3	1,007.5	115.2
Other Operating Revenues/Gift Contributions for Operations	124.1	49.9	(74.2)	279.8	331.1	51.3
<b>Total Revenues</b>	<b>1,155.9</b>	<b>1,110.7</b>	<b>(45.2)</b>	<b>3,820.5</b>	<b>4,362.7</b>	<b>542.2</b>
Salaries and Wages/Payroll Related Costs	532.4	589.9	57.5	2,182.3	2,336.2	153.9
Utilities	29.8	34.4	4.6	87.4	104.1	16.7
Scholarships and Fellowships	51.5	61.9	10.4	200.9	240.5	39.6
Operations, Maintenance and Travel	222.1	278.1	56.0	1,103.7	1,268.5	164.8
Depreciation and Amortization	96.5	98.9	2.4	395.8	395.6	(0.2)
<b>Total Expenses</b>	<b>\$ 932.4</b>	<b>1,063.2</b>	<b>130.9</b>	<b>3,970.0</b>	<b>4,344.9</b>	<b>374.9</b>
<b>Operating Margin</b>	<b>223.5</b>	<b>47.4</b>	<b>(176.1)</b>	<b>(149.6)</b>	<b>17.8</b>	<b>167.4</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>320.0</b>	<b>146.3</b>	<b>(173.7)</b>	<b>246.2</b>	<b>413.4</b>	<b>167.2</b>

U. T. Austin reported a year-to-date operating margin of \$47.4 million, a decrease of \$176.1 million (79%) from the prior year. The decrease was primarily due to the following: a decrease in gift contributions for operations as a result of an accounting change to pledge revenue recognition in the prior year, which resulted in more gift revenue recognized in the prior year; a decrease in net investment income attributable to COVID-19 technology royalties received from the National Institute of Health in the prior year, with no such comparable payment received in the current fiscal year; and an increase in salaries and wages and payroll related costs due to an increase in faculty and staff positions combined with equity and merit increases. The most current projection received from U. T. Austin reflects income of \$17.8 million for the year.

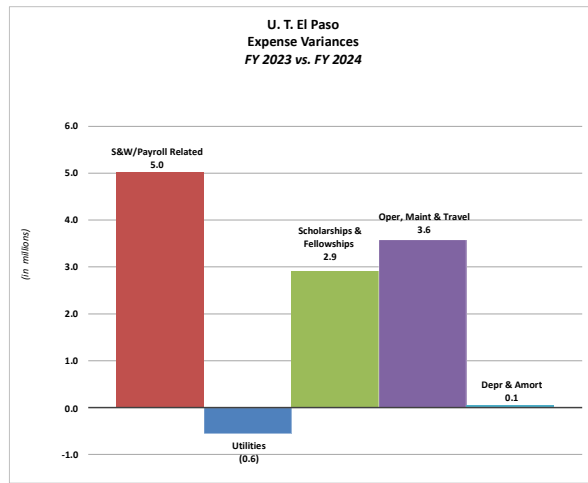
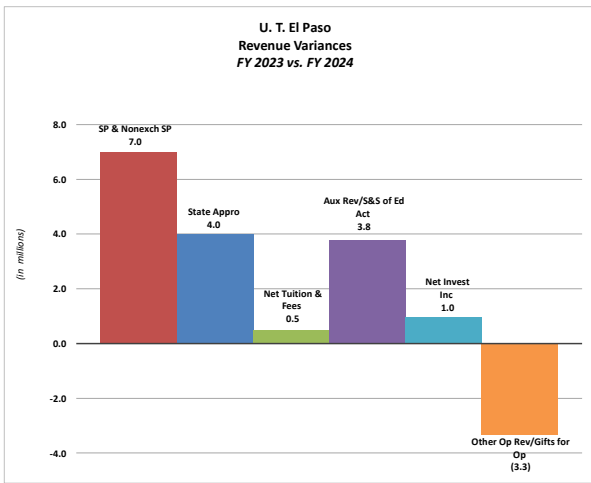
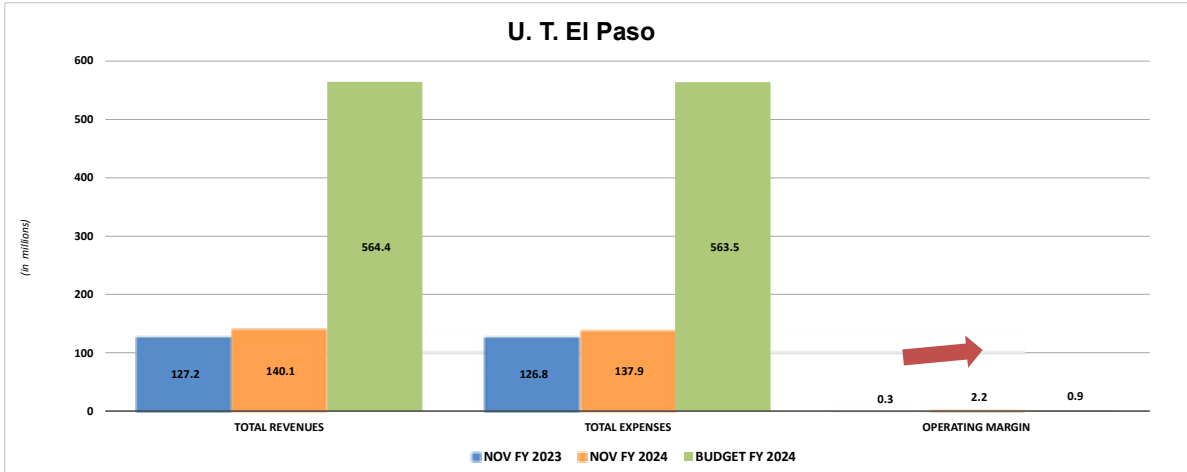
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 35.5	34.6	(0.9)	144.8	138.2	(6.5)
State Appropriations	35.0	45.0	10.0	178.6	180.0	1.3
Net Tuition and Fees	107.9	103.5	(4.4)	410.1	414.1	4.0
Auxiliary Revenues/Sales & Services of Educational Activities	23.0	24.1	1.1	97.5	96.3	(1.2)
Net Investment Income	12.3	17.0	4.7	57.3	67.8	10.5
Other Operating Revenues/Gift Contributions for Operations	5.0	5.7	0.7	25.4	22.8	(2.6)
<b>Total Revenues</b>	<b>218.6</b>	<b>229.8</b>	<b>11.2</b>	<b>913.7</b>	<b>919.3</b>	<b>5.6</b>
Salaries and Wages/Payroll Related Costs	112.9	127.0	14.1	529.6	507.9	(21.7)
Utilities	3.7	3.7	(0.0)	15.8	14.8	(1.1)
Scholarships and Fellowships	12.1	11.3	(0.9)	59.7	45.0	(14.7)
Operations, Maintenance and Travel	36.9	40.8	3.9	198.6	163.4	(35.2)
Depreciation and Amortization	23.8	25.3	1.5	97.6	101.4	3.8
<b>Total Expenses</b>	<b>\$ 189.5</b>	<b>208.1</b>	<b>18.6</b>	<b>901.4</b>	<b>832.4</b>	<b>(68.9)</b>
<b>Operating Margin</b>	<b>29.1</b>	<b>21.7</b>	<b>(7.4)</b>	<b>12.4</b>	<b>86.9</b>	<b>74.5</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>53.0</b>	<b>47.1</b>	<b>(5.9)</b>	<b>110.0</b>	<b>188.3</b>	<b>78.3</b>

U. T. Dallas reported a year-to-date operating margin of \$21.7 million, a decrease of \$7.4 million (25%) from the prior year. The decrease was primarily attributable to an increase in salaries and wages and payroll related costs due to merit increases, as well as an increase in staff and faculty positions. The most current projection received from U. T. Dallas reflects income of \$86.9 million for the year.

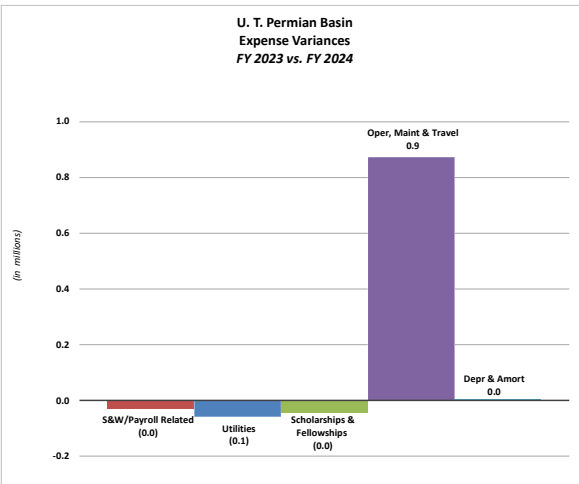
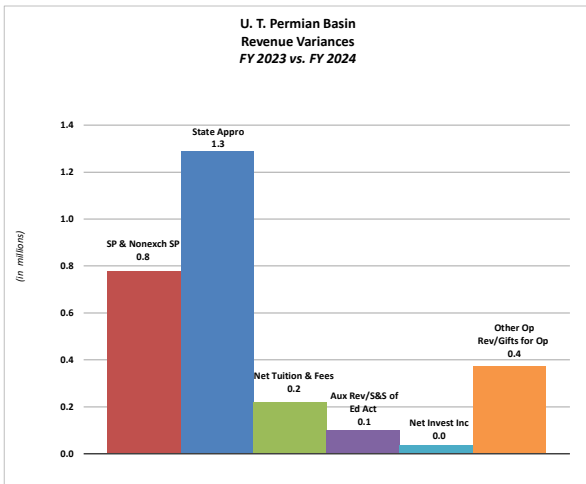
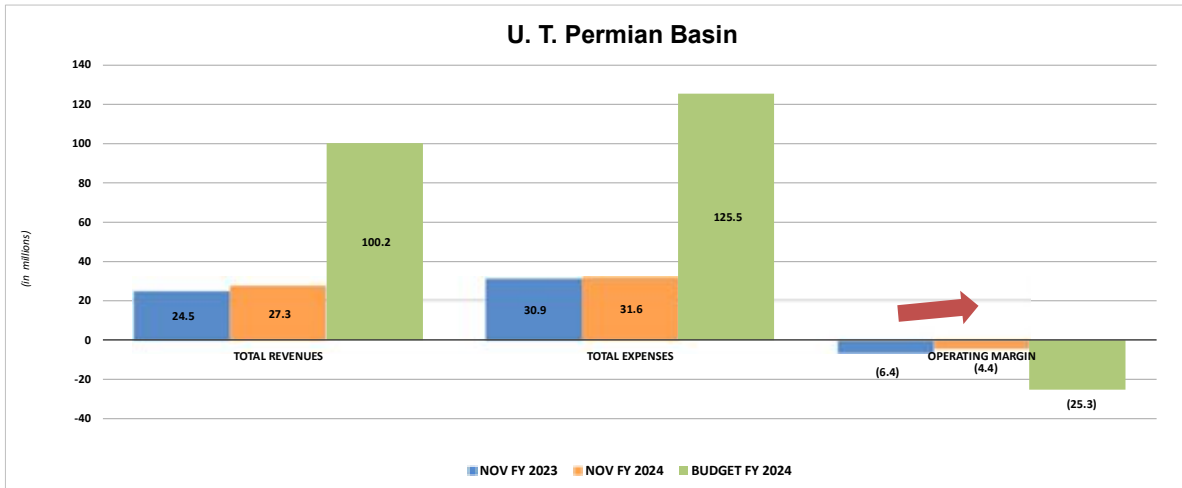
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 34.4	41.4	7.0	196.4	207.9	11.5
State Appropriations	27.7	31.7	4.0	125.2	125.2	0.0
Net Tuition and Fees	38.7	39.2	0.5	153.6	152.3	(1.3)
Auxiliary Revenues/Sales & Services of Educational Activities	14.2	18.0	3.8	56.5	51.0	(5.5)
Net Investment Income	7.2	8.2	1.0	22.7	26.7	4.0
Other Operating Revenues/Gift Contributions for Operations	4.9	1.5	(3.3)	10.0	10.0	0.0
<b>Total Revenues</b>	<b>127.2</b>	<b>140.1</b>	<b>12.9</b>	<b>564.4</b>	<b>573.2</b>	<b>8.8</b>
Salaries and Wages/Payroll Related Costs	74.6	79.6	5.0	299.0	299.8	0.8
Utilities	2.6	2.0	(0.6)	10.3	10.3	0.0
Scholarships and Fellowships	7.7	10.6	2.9	89.2	81.4	(7.7)
Operations, Maintenance and Travel	33.2	36.8	3.6	129.4	134.6	5.3
Depreciation and Amortization	8.8	8.8	0.1	35.7	35.9	0.1
<b>Total Expenses</b>	<b>\$ 126.8</b>	<b>137.9</b>	<b>11.0</b>	<b>563.5</b>	<b>562.0</b>	<b>(1.5)</b>
<b>Operating Margin</b>	<b>0.3</b>	<b>2.2</b>	<b>1.9</b>	<b>0.9</b>	<b>11.2</b>	<b>10.3</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>9.1</b>	<b>11.0</b>	<b>1.9</b>	<b>36.7</b>	<b>47.1</b>	<b>10.4</b>

U. T. El Paso reported a year-to-date operating margin of \$2.2 million, an increase of \$1.9 million (542%) from the prior year. The increase was primarily due to an increase in auxiliary enterprises revenues as a result of an increase in special events revenue. The most current projection received from U. T. El Paso reflects income of \$11.2 million for the year.

**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending November 30, 2023**

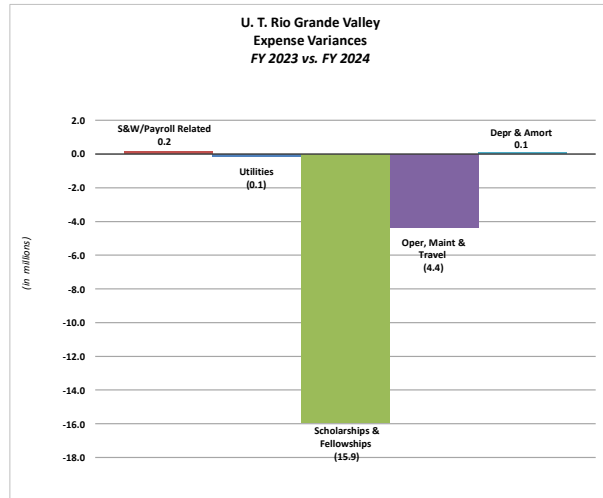
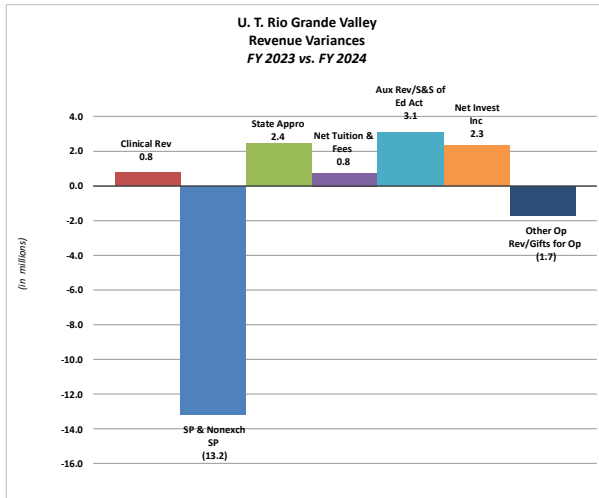
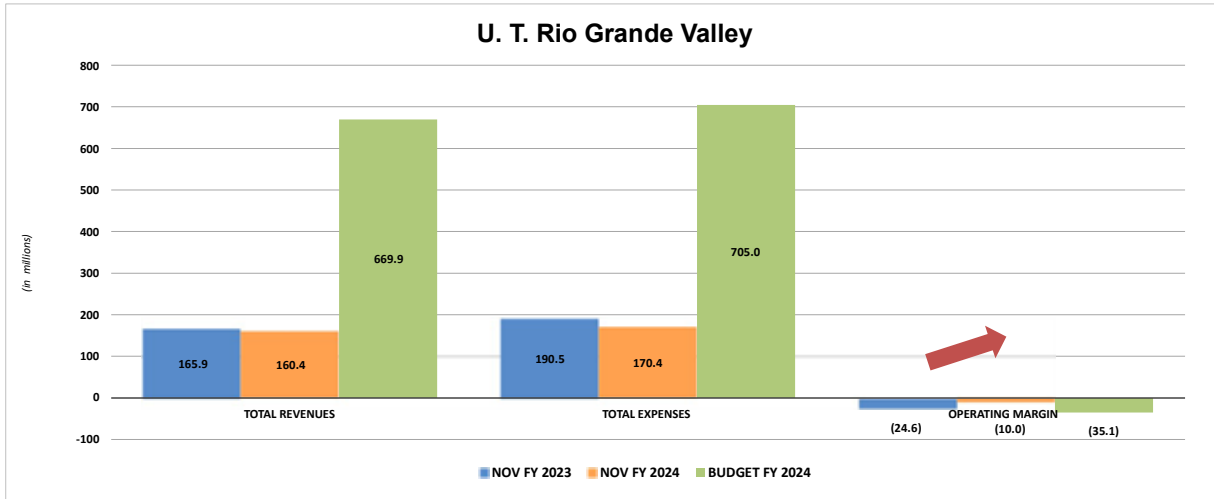


(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 4.7	5.5	0.8	18.5	21.7	3.2
State Appropriations	6.3	7.6	1.3	30.9	30.4	(0.5)
Net Tuition and Fees	7.5	7.8	0.2	31.8	31.3	(0.5)
Auxiliary Revenues/Sales & Services of Educational Activities	2.0	2.1	0.1	9.8	8.7	(1.1)
Net Investment Income	1.7	1.8	0.0	4.2	4.5	0.3
Other Operating Revenues/Gift Contributions for Operations	2.2	2.6	0.4	5.1	9.8	4.7
<b>Total Revenues</b>	<b>24.5</b>	<b>27.3</b>	<b>2.8</b>	<b>100.2</b>	<b>106.4</b>	<b>6.2</b>
Salaries and Wages/Payroll Related Costs	15.2	15.1	(0.0)	62.3	55.4	(6.9)
Utilities	0.4	0.3	(0.1)	3.2	2.5	(0.8)
Scholarships and Fellowships	3.3	3.3	(0.0)	13.0	12.9	(0.1)
Operations, Maintenance and Travel	6.7	7.5	0.9	25.6	30.6	5.0
Depreciation and Amortization	5.3	5.3	0.0	21.3	21.3	0.0
<b>Total Expenses</b>	<b>\$ 30.9</b>	<b>31.6</b>	<b>0.7</b>	<b>125.5</b>	<b>122.7</b>	<b>(2.8)</b>
<b>Operating Margin</b>	<b>(6.4)</b>	<b>(4.4)</b>	<b>2.0</b>	<b>(25.3)</b>	<b>(16.3)</b>	<b>9.1</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>(1.1)</b>	<b>1.0</b>	<b>2.1</b>	<b>(4.0)</b>	<b>5.0</b>	<b>9.1</b>

U. T. Permian Basin incurred a year-to-date operating margin loss of \$4.4 million, a decrease in loss of \$2.0 million (32%) from the prior year. The decrease was primarily attributable to an increase in state appropriations due to new funding for the Healthcare Workforce Education program. The most current projection received from U. T. Permian Basin reflects a loss of \$16.3 million for the year.



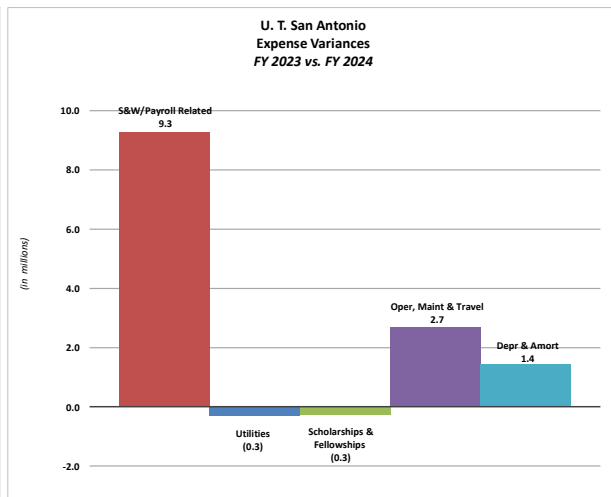
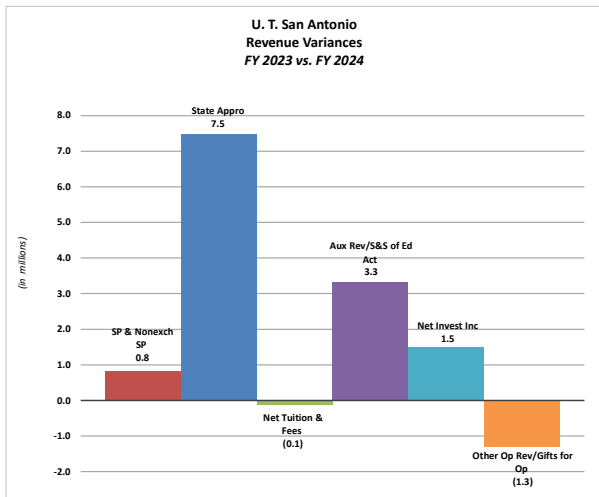
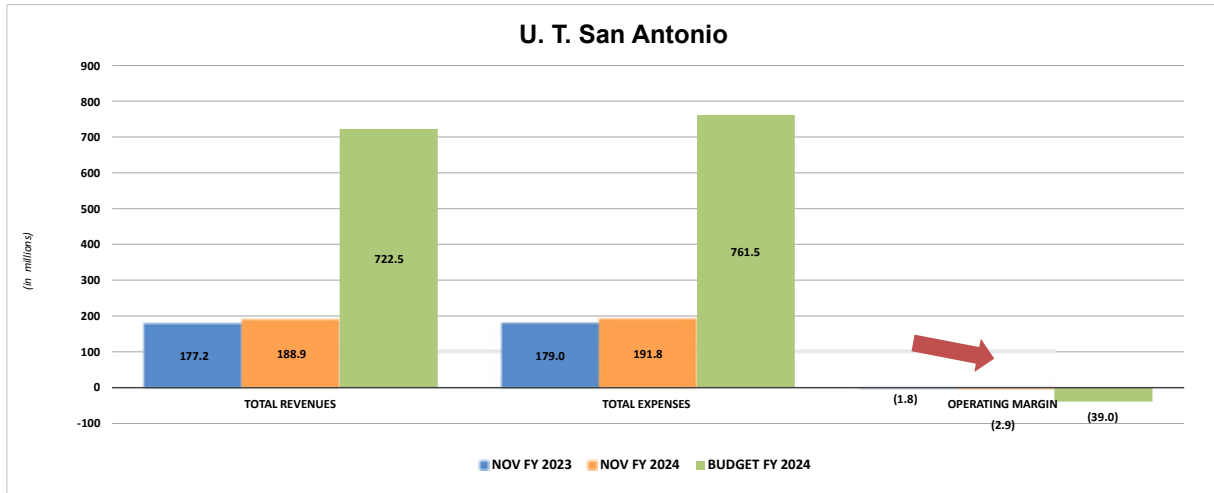
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 3.7	4.5	0.8	18.1	18.1	0.0
Sponsored Programs/Nonexchange Sponsored Programs	60.3	47.1	(13.2)	254.6	252.9	(1.6)
State Appropriations	45.2	47.6	2.4	189.8	190.5	0.7
Net Tuition and Fees	36.7	37.4	0.8	149.4	149.7	0.3
Auxiliary Revenues/Sales & Services of Educational Activities	5.7	8.8	3.1	20.2	21.2	1.0
Net Investment Income	4.7	7.1	2.3	20.4	20.4	0.0
Other Operating Revenues/Gift Contributions for Operations	9.6	7.9	(1.7)	17.4	16.4	(1.0)
<b>Total Revenues</b>	<b>165.9</b>	<b>160.4</b>	<b>(5.6)</b>	<b>669.9</b>	<b>669.3</b>	<b>(0.6)</b>
Salaries and Wages/Payroll Related Costs	113.2	113.4	0.2	470.7	463.8	(7.0)
Utilities	2.2	2.0	(0.1)	12.4	12.4	0.0
Scholarships and Fellowships	28.5	12.6	(15.9)	65.1	66.3	1.1
Operations, Maintenance and Travel	31.7	27.4	(4.4)	91.5	101.4	9.9
Depreciation and Amortization	15.0	15.1	0.1	65.2	65.2	0.0
<b>Total Expenses</b>	<b>\$ 190.5</b>	<b>170.4</b>	<b>(20.1)</b>	<b>705.0</b>	<b>709.1</b>	<b>4.1</b>
<b>Operating Margin</b>	<b>(24.6)</b>	<b>(10.0)</b>	<b>14.6</b>	<b>(35.1)</b>	<b>(39.8)</b>	<b>(4.7)</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>(9.6)</b>	<b>5.0</b>	<b>14.6</b>	<b>30.1</b>	<b>25.4</b>	<b>(4.7)</b>

U. T. Rio Grande Valley incurred a year-to-date operating margin loss of \$10.0 million, a decrease in loss of \$14.6 million (59%) from the prior year. The decrease was primarily due to the following: a decrease in operations, maintenance and travel as a result of a decrease in other contracted services attributable to a reduction in the School of Medicine consulting contracts and decreased Accelerated Program Marketing expenses, as well as a decrease in materials and supplies due to a reduction in computer software and maintenance expenses; an increase in auxiliary enterprises revenues attributable to increased food services revenue; and an increase in net investment income. The most current projection received from U. T. Rio Grande Valley reflects a loss of \$39.8 million for the year.

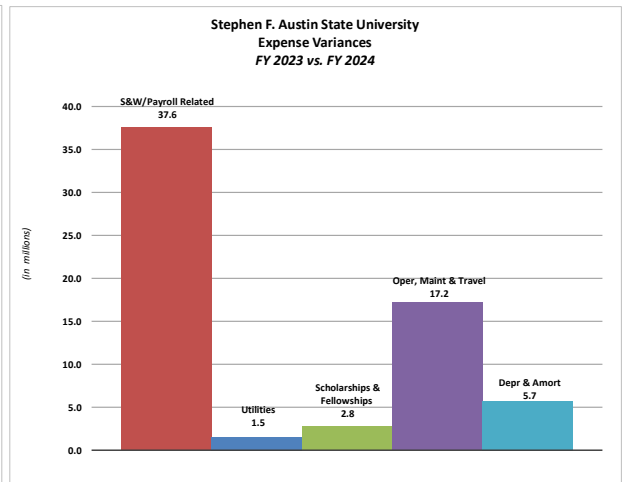
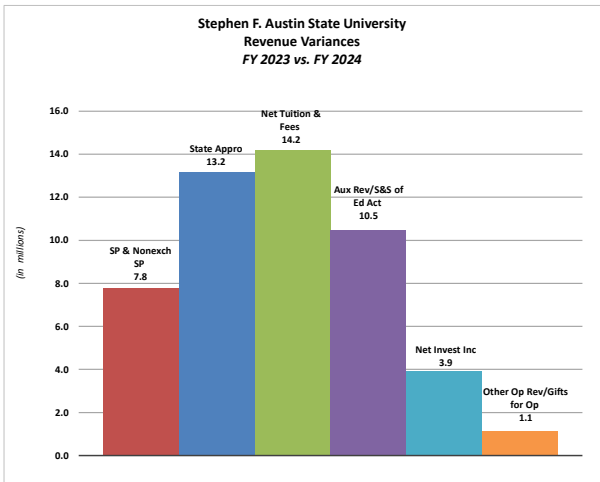
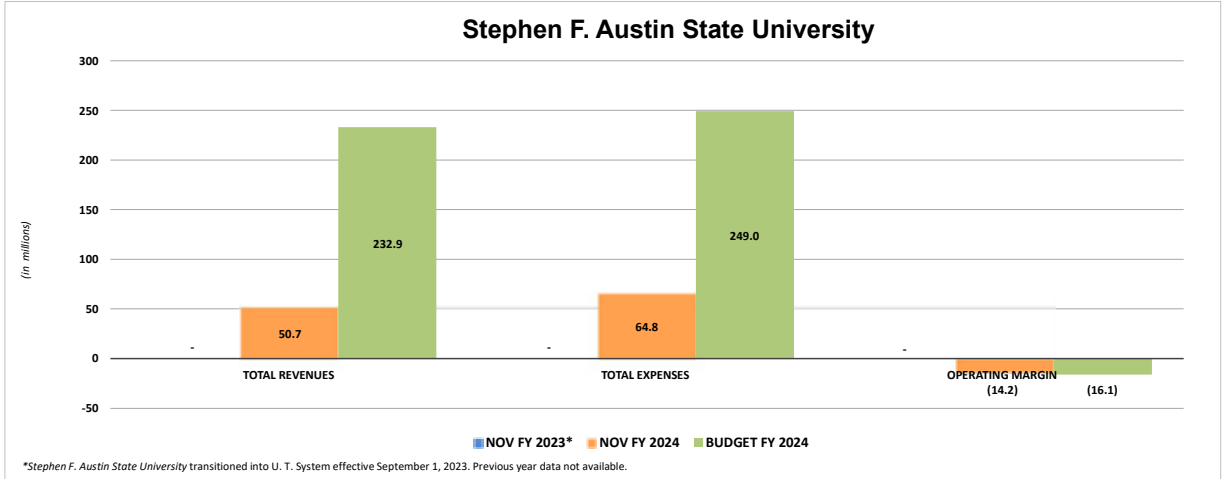
**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 46.9	47.8	0.8	192.2	191.0	(1.1)
State Appropriations	38.1	45.6	7.5	178.2	182.4	4.2
Net Tuition and Fees	64.4	64.3	(0.1)	242.8	257.1	14.3
Auxiliary Revenues/Sales & Services of Educational Activities	17.2	20.5	3.3	75.4	82.0	6.6
Net Investment Income	6.7	8.2	1.5	24.4	32.9	8.5
Other Operating Revenues/Gift Contributions for Operations	3.8	2.5	(1.3)	9.5	10.1	0.5
<b>Total Revenues</b>	<b>177.2</b>	<b>188.9</b>	<b>11.7</b>	<b>722.5</b>	<b>755.5</b>	<b>33.0</b>
Salaries and Wages/Payroll Related Costs	99.6	108.9	9.3	425.3	435.6	10.3
Utilities	4.7	4.4	(0.3)	17.5	17.5	0.0
Scholarships and Fellowships	16.6	16.3	(0.3)	49.2	65.2	16.0
Operations, Maintenance and Travel	39.7	42.4	2.7	192.8	166.9	(25.9)
Depreciation and Amortization	18.3	19.8	1.4	76.6	79.1	2.5
<b>Total Expenses</b>	<b>\$ 179.0</b>	<b>191.8</b>	<b>12.8</b>	<b>761.5</b>	<b>764.3</b>	<b>2.9</b>
<b>Operating Margin</b>	<b>(1.8)</b>	<b>(2.9)</b>	<b>(1.1)</b>	<b>(39.0)</b>	<b>(8.8)</b>	<b>30.1</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>16.6</b>	<b>16.9</b>	<b>0.3</b>	<b>37.7</b>	<b>70.3</b>	<b>32.6</b>

U. T. San Antonio incurred a year-to-date operating margin loss of \$2.9 million, an increase in loss of \$1.1 million (63%) from the prior year. The increase was primarily attributable to an increase in salaries and wages and payroll related costs due to increases in research faculty positions. The most current projection received from U. T. San Antonio reflects a loss of \$8.8 million for the year.

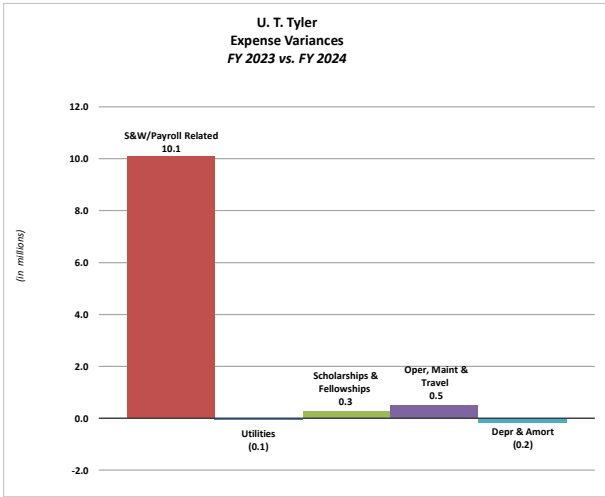
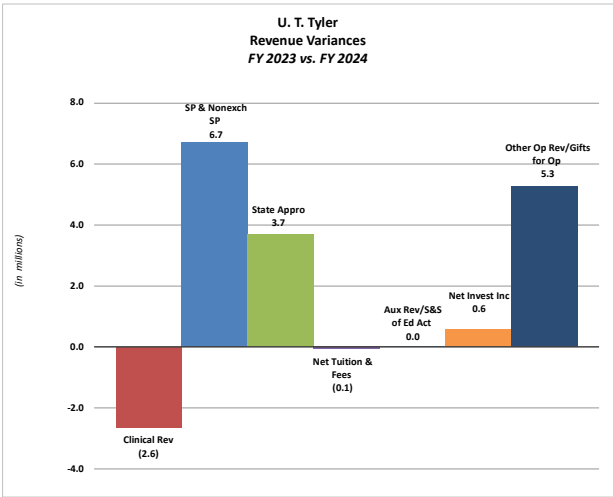
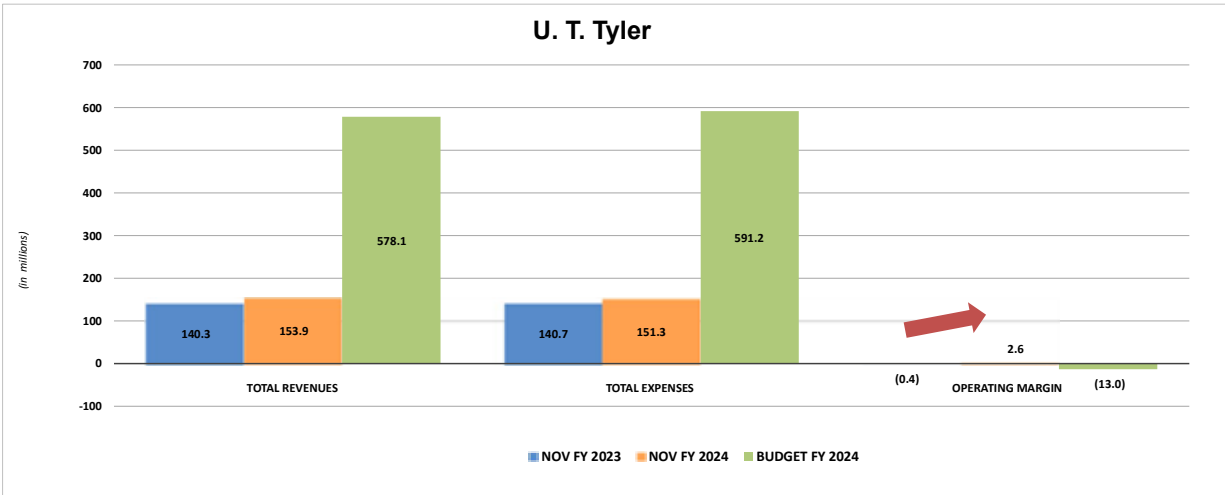
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ -	7.8	7.8	41.3	41.3	0.0
State Appropriations	-	13.2	13.2	52.7	52.7	0.0
Net Tuition and Fees	-	14.2	14.2	85.0	56.7	(28.3)
Auxiliary Revenues/Sales & Services of Educational Activities	-	10.5	10.5	33.0	39.4	6.5
Net Investment Income	-	3.9	3.9	8.7	11.2	2.5
Other Operating Revenues/Gift Contributions for Operations	-	1.1	1.1	12.3	11.2	(1.1)
<b>Total Revenues</b>	-	<b>50.7</b>	<b>50.7</b>	<b>232.9</b>	<b>212.5</b>	<b>(20.4)</b>
Salaries and Wages/Payroll Related Costs	-	37.6	37.6	134.3	137.6	3.3
Utilities	-	1.5	1.5	5.1	6.4	1.3
Scholarships and Fellowships	-	2.8	2.8	30.4	8.9	(21.5)
Operations, Maintenance and Travel	-	17.2	17.2	55.7	52.7	(3.0)
Depreciation and Amortization	-	5.7	5.7	23.5	22.0	(1.5)
<b>Total Expenses</b>	\$ -	<b>64.8</b>	<b>64.8</b>	<b>249.0</b>	<b>227.6</b>	<b>(21.4)</b>
<b>Operating Margin</b>	-	<b>(14.2)</b>	<b>(14.2)</b>	<b>(16.1)</b>	<b>(15.1)</b>	<b>1.0</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	-	<b>(8.4)</b>	<b>(8.4)</b>	<b>7.4</b>	<b>6.9</b>	<b>(0.5)</b>

On August 24, 2023, the U. T. System Board of Regents formalized the action of transitioning Stephen F. Austin State University into the U. T. System effective September 1, 2023, in order to enhance Stephen F. Austin's financial position, foster enrollment growth, and increase opportunities for faculty, staff, and students to participate in new collaborations with other U. T. institutions to better serve Texas. Therefore, prior year data is not available.

**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending November 30, 2023**

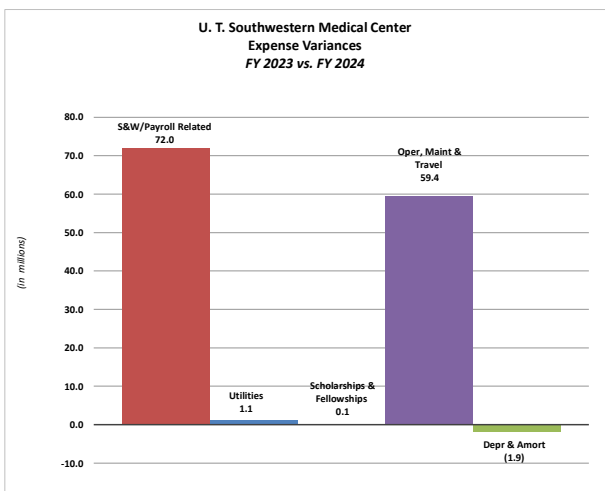
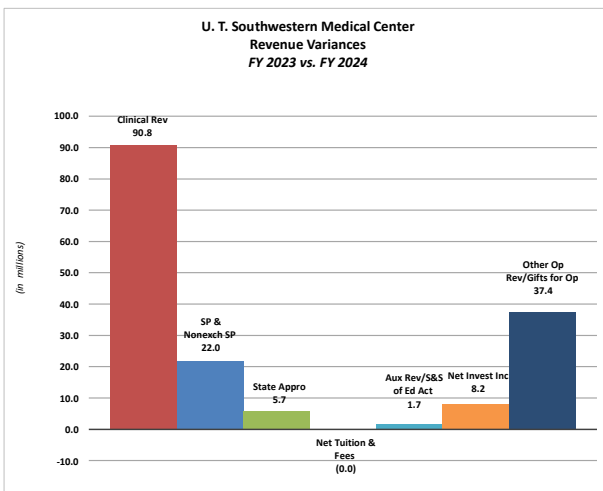
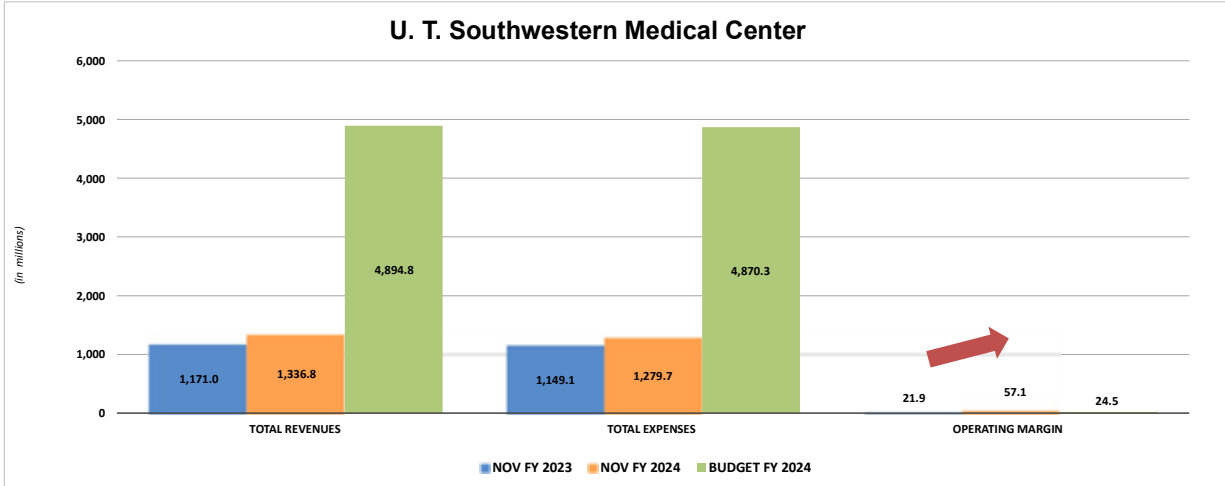


(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 50.6	47.9	(2.6)	193.4	191.6	(1.8)
Sponsored Programs/Nonexchange Sponsored Programs	33.8	40.5	6.7	150.9	153.6	2.8
State Appropriations	21.5	25.2	3.7	105.3	101.9	(3.4)
Net Tuition and Fees	15.4	15.3	(0.1)	59.9	60.2	0.3
Auxiliary Revenues/Sales & Services of Educational Activities	10.0	10.0	0.0	27.7	30.6	3.0
Net Investment Income	2.5	3.1	0.6	12.7	13.5	0.8
Other Operating Revenues/Gift Contributions for Operations	6.5	11.8 *	5.3	28.3	30.6 *	2.3
<b>Total Revenues</b>	<b>140.3</b>	<b>153.9</b>	<b>13.6</b>	<b>578.1</b>	<b>582.0</b>	<b>3.9</b>
Salaries and Wages/Payroll Related Costs	86.0	96.1	10.1	368.8	381.6	12.8
Utilities	1.5	1.4	(0.1)	6.1	5.5	(0.7)
Scholarships and Fellowships	3.6	3.9	0.3	15.4	15.5	0.2
Operations, Maintenance and Travel	40.9	41.4	0.5	164.0	154.2	(9.8)
Depreciation and Amortization	8.7	8.5	(0.2)	36.9	36.9	0.0
<b>Total Expenses</b>	<b>\$ 140.7</b>	<b>151.3</b>	<b>10.6</b>	<b>591.2</b>	<b>593.6</b>	<b>2.5</b>
<b>Operating Margin</b>	<b>(0.4)</b>	<b>2.6</b>	<b>3.0</b>	<b>(13.0)</b>	<b>(11.6)</b>	<b>1.5</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>8.3</b>	<b>11.1</b>	<b>2.8</b>	<b>23.8</b>	<b>25.3</b>	<b>1.5</b>

\*Other Operating Income includes 30% of UTHET's net adjusted income which was \$2.0 million through November. The projected loss of \$11.6 million includes \$10.1 million of UTHET's net adjusted income for the year.

U. T. Tyler reported a year-to-date operating margin of \$2.6 million, an increase of \$3.0 million (708%) from the prior year. The increase was primarily due to an increase in gift contributions for operations attributable to gift agreement milestones met in the current fiscal year. The most current projection received from U. T. Tyler reflects a loss of \$11.6 million for the year.

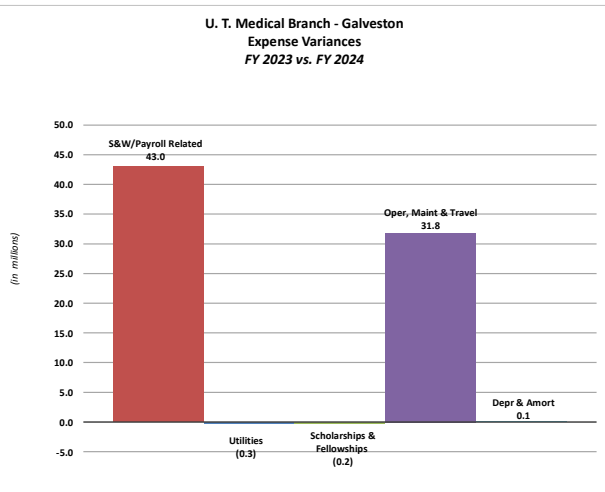
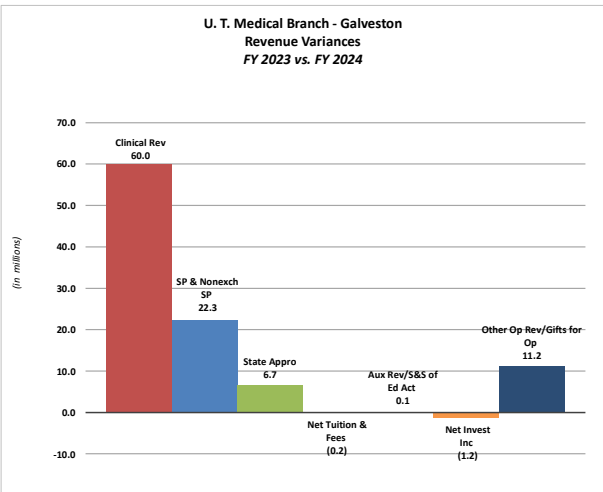
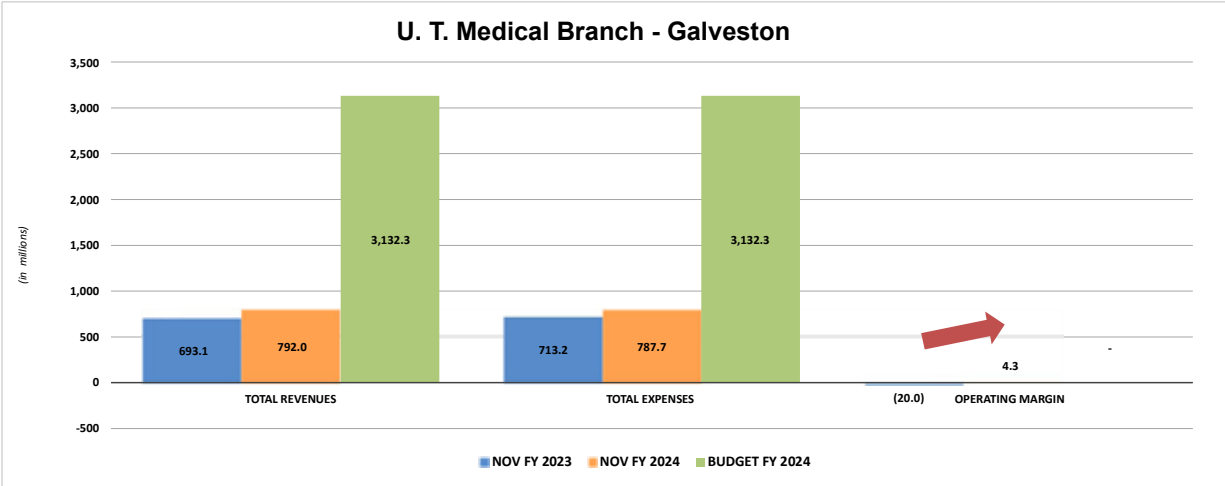
**Monthly Financial Report  
Comparison of Operating Results, Margin, Budget and Projected Year-End  
For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 763.3	854.1	90.8	3,233.0	3,289.5	56.5
Sponsored Programs/Nonexchange Sponsored Programs	205.4	227.3	22.0	877.2	931.4	54.2
State Appropriations	47.6	53.3	5.7	225.7	219.5	(6.2)
Net Tuition and Fees	7.1	7.0	(0.0)	28.7	32.3	3.7
Auxiliary Revenues/Sales & Services of Educational Activities	12.3	14.0	1.7	42.8	47.9	5.1
Net Investment Income	58.9	67.1	8.2	186.4	186.1	(0.3)
Other Operating Revenues/Gift Contributions for Operations	76.6	114.0	37.4	301.0	364.4	63.4
<b>Total Revenues</b>	<b>1,171.0</b>	<b>1,336.8</b>	<b>165.7</b>	<b>4,894.8</b>	<b>5,071.2</b>	<b>176.4</b>
Salaries and Wages/Payroll Related Costs	734.4	806.3	72.0	3,099.7	3,242.1	142.4
Utilities	6.5	7.5	1.1	31.6	33.0	1.4
Scholarships and Fellowships	0.8	0.9	0.1	7.1	4.3	(2.8)
Operations, Maintenance and Travel	335.6	395.0	59.4	1,443.1	1,444.5	1.4
Depreciation and Amortization	71.9	69.9	(1.9)	288.9	278.3	(10.6)
<b>Total Expenses</b>	<b>\$ 1,149.1</b>	<b>1,279.7</b>	<b>130.6</b>	<b>4,870.3</b>	<b>5,002.1</b>	<b>131.8</b>
<b>Operating Margin</b>	<b>21.9</b>	<b>57.1</b>	<b>35.2</b>	<b>24.5</b>	<b>69.0</b>	<b>44.6</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>93.7</b>	<b>127.0</b>	<b>33.2</b>	<b>313.3</b>	<b>347.3</b>	<b>34.0</b>

U. T. Southwestern Medical Center reported a year-to-date operating margin of \$57.1 million, an increase of \$35.2 million (161%) from the prior year. The increase was primarily due to an increase in clinical revenues as a result of increased inpatient and outpatient visits, and increased admissions and surgical volumes. The most current projection received from U. T. Southwestern Medical Center reflects income of \$69.0 million for the year.

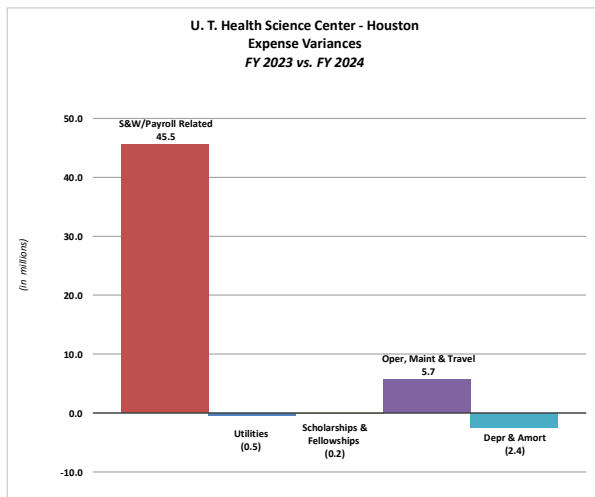
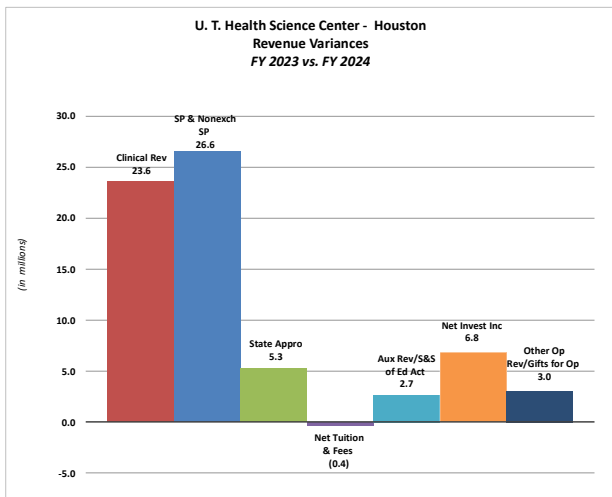
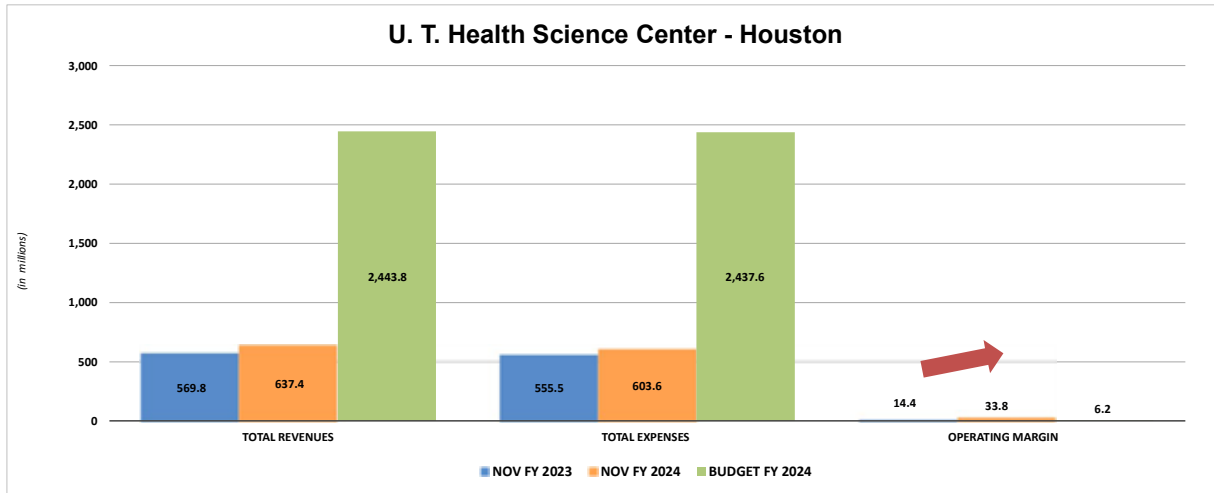
**Monthly Financial Report  
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(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 475.7	535.7	60.0	2,128.7	2,125.7	(2.9)
Sponsored Programs/Nonexchange Sponsored Programs	56.9	79.2	22.3	293.5	293.1	(0.4)
State Appropriations	90.9	97.6	6.7	388.9	395.0	6.1
Net Tuition and Fees	13.7	13.4	(0.2)	50.6	52.6	1.9
Auxiliary Revenues/Sales & Services of Educational Activities	7.0	7.1	0.1	25.0	25.6	0.6
Net Investment Income	22.8	21.6	(1.2)	78.8	78.9	0.1
Other Operating Revenues/Gift Contributions for Operations	26.2	37.4	11.2	166.7	170.1	3.4
<b>Total Revenues</b>	<b>693.1</b>	<b>792.0</b>	<b>98.8</b>	<b>3,132.3</b>	<b>3,141.0</b>	<b>8.8</b>
Salaries and Wages/Payroll Related Costs	433.7	476.8	43.0	1,902.7	1,934.2	31.5
Utilities	9.5	9.2	(0.3)	46.4	36.2	(10.2)
Scholarships and Fellowships	3.0	2.8	(0.2)	13.3	15.9	2.6
Operations, Maintenance and Travel	211.4	243.3	31.8	947.2	930.9	(16.2)
Depreciation and Amortization	55.5	55.6	0.1	222.7	223.8	1.2
<b>Total Expenses</b>	<b>\$ 713.2</b>	<b>787.7</b>	<b>74.5</b>	<b>3,132.3</b>	<b>3,141.0</b>	<b>8.8</b>
<b>Operating Margin</b>	<b>(20.0)</b>	<b>4.3</b>	<b>24.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>35.5</b>	<b>59.9</b>	<b>24.5</b>	<b>222.7</b>	<b>223.8</b>	<b>1.2</b>

U. T. Medical Branch - Galveston reported a year-to-date operating margin of \$4.3 million, an increase of \$24.3 million (121%) from the prior year. The increase was primarily attributable to an increase in clinical revenues due to an increase in patient volume, as well as a favorable rate and case mix index. The most current projection received from U. T. Medical Branch - Galveston reflects a zero margin for the year, which is in line with its budgeted margin.

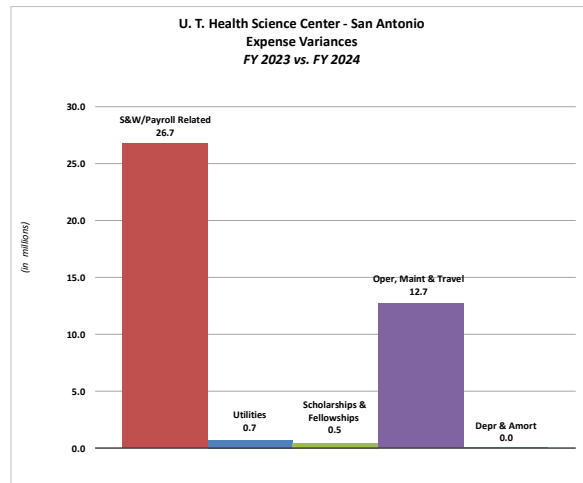
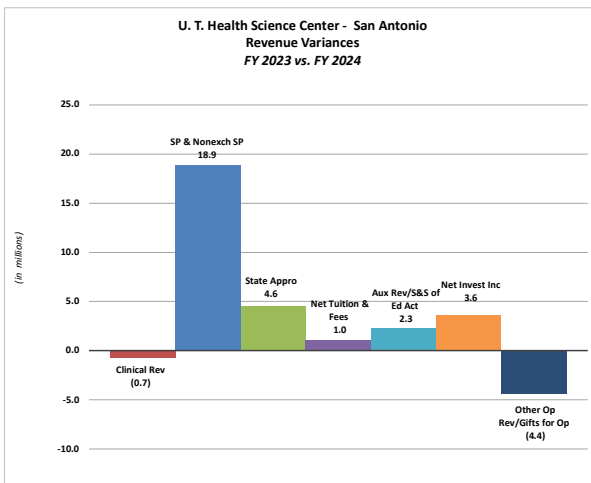
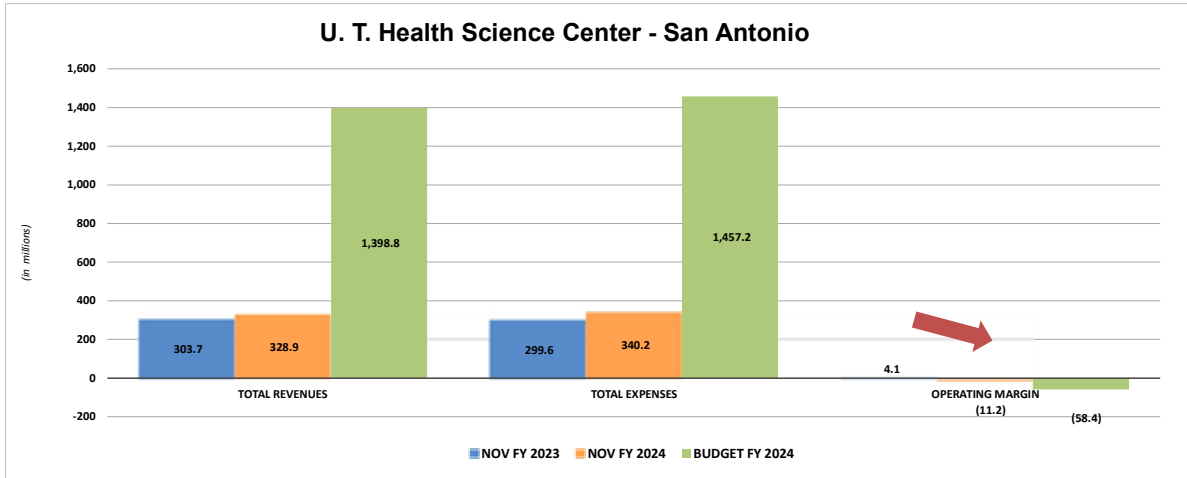
**Monthly Financial Report  
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For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 154.0	177.6	23.6	685.8	676.3	(9.5)
Sponsored Programs/Nonexchange Sponsored Programs	267.6	294.2	26.6	1,178.4	1,289.5	111.1
State Appropriations	57.1	62.4	5.3	256.1	248.9	(7.2)
Net Tuition and Fees	21.8	21.4	(0.4)	72.9	72.7	(0.2)
Auxiliary Revenues/Sales & Services of Educational Activities	19.3	22.0	2.7	56.7	79.4	22.7
Net Investment Income	31.2	38.0	6.8	92.4	101.6	9.2
Other Operating Revenues/Gift Contributions for Operations	18.8	21.9	3.0	101.5	122.3	20.8
<b>Total Revenues</b>	<b>569.8</b>	<b>637.4</b>	<b>67.6</b>	<b>2,443.8</b>	<b>2,590.7</b>	<b>146.9</b>
Salaries and Wages/Payroll Related Costs	426.7	472.2	45.5	1,895.5	1,968.6	73.1
Utilities	3.9	3.4	(0.5)	16.7	15.0	(1.7)
Scholarships and Fellowships	1.0	0.8	(0.2)	11.4	12.5	1.1
Operations, Maintenance and Travel	94.0	99.8	5.7	429.1	405.5	(23.6)
Depreciation and Amortization	29.9	27.5	(2.4)	85.0	116.5	31.6
<b>Total Expenses</b>	<b>555.5</b>	<b>603.6</b>	<b>48.2</b>	<b>2,437.6</b>	<b>2,518.1</b>	<b>80.5</b>
<b>Operating Margin</b>	<b>14.4</b>	<b>33.8</b>	<b>19.4</b>	<b>6.2</b>	<b>72.6</b>	<b>66.4</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>44.3</b>	<b>61.3</b>	<b>17.0</b>	<b>91.1</b>	<b>189.1</b>	<b>97.9</b>

U. T. Health Science Center - Houston reported a year-to-date operating margin of \$33.8 million, an increase of \$19.4 million (135%) from the prior year. The increase was primarily due to an increase in clinical revenues largely attributable to increased activities at the new Dunn Center Building. The most current projection received from U. T. Health Science Center - Houston reflects income of \$72.6 million for the year.

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**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
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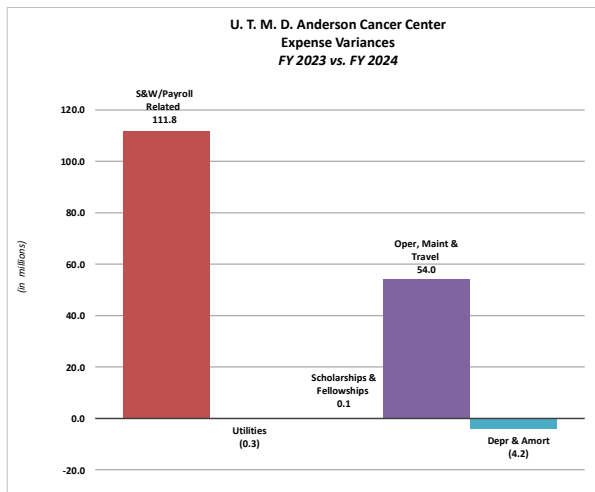
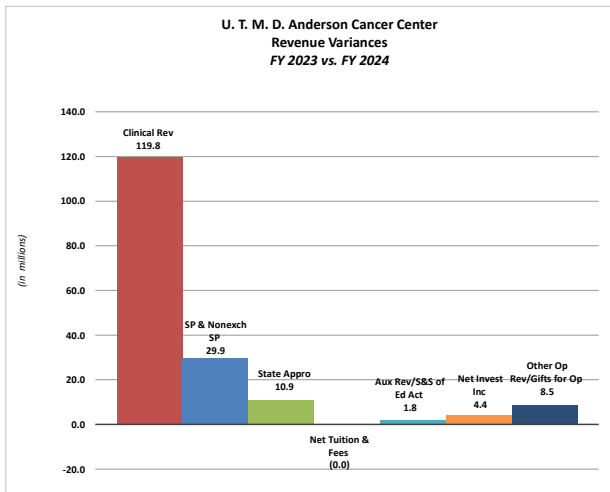
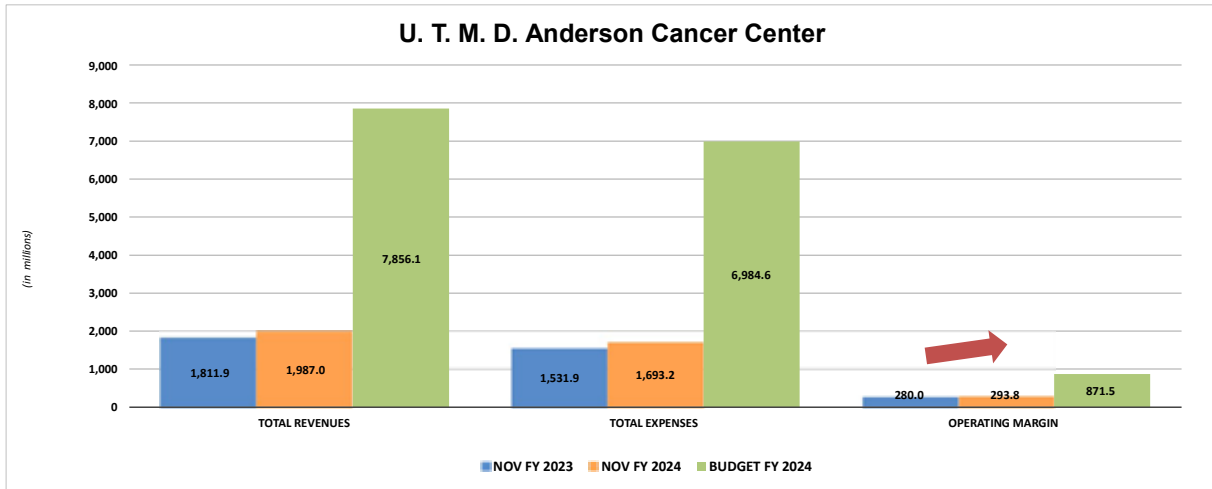


(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 89.4	88.7	(0.7)	380.1	381.8	1.7
Sponsored Programs/Nonexchange Sponsored Programs	114.0	132.9	18.9	586.6	616.5	29.8
State Appropriations	48.6	53.1	4.6	224.4	194.4	(30.0)
Net Tuition and Fees	13.7	14.7	1.0	61.3	61.1	(0.2)
Auxiliary Revenues/Sales & Services of Educational Activities	8.7	11.0	2.3	31.2	31.9	0.7
Net Investment Income	16.9	20.5	3.6	58.7	61.8	3.0
Other Operating Revenues/Gift Contributions for Operations	12.4	8.0	(4.4)	56.4	60.2	3.7
<b>Total Revenues</b>	<b>303.7</b>	<b>328.9</b>	<b>25.2</b>	<b>1,398.8</b>	<b>1,407.6</b>	<b>8.8</b>
Salaries and Wages/Payroll Related Costs	199.5	226.2	26.7	956.1	963.5	7.4
Utilities	4.7	5.4	0.7	20.9	21.7	0.8
Scholarships and Fellowships	0.4	0.9	0.5	14.1	14.1	0.0
Operations, Maintenance and Travel	77.5	90.2	12.7	391.2	391.8	0.5
Depreciation and Amortization	17.4	17.5	0.0	74.8	74.8	(0.0)
<b>Total Expenses</b>	<b>299.6</b>	<b>340.2</b>	<b>40.6</b>	<b>1,457.2</b>	<b>1,466.0</b>	<b>8.8</b>
<b>Operating Margin</b>	<b>4.1</b>	<b>(11.2)</b>	<b>(15.4)</b>	<b>(58.4)</b>	<b>(58.4)</b>	<b>0.0</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>21.6</b>	<b>6.2</b>	<b>(15.4)</b>	<b>16.4</b>	<b>16.5</b>	<b>0.0</b>

U. T. Health Science Center - San Antonio incurred a year-to-date operating margin loss of \$11.2 million, a decrease of \$15.4 million (373%) from the prior year. The decrease was primarily attributable to an increase in salaries and wages and payroll related costs as a result of an increase in clinical faculty and staff positions associated with clinical volume and research growth. The most current projection received from U. T. Health Science Center - San Antonio reflects a loss of \$58.4 million for the year, which is in line with its planned \$58.4 operating deficit, due to its continued efforts to invest and expand its clinical enterprise and strengthen its research mission.



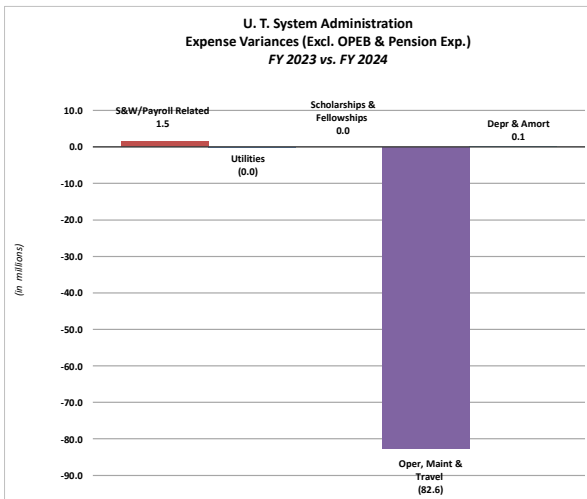
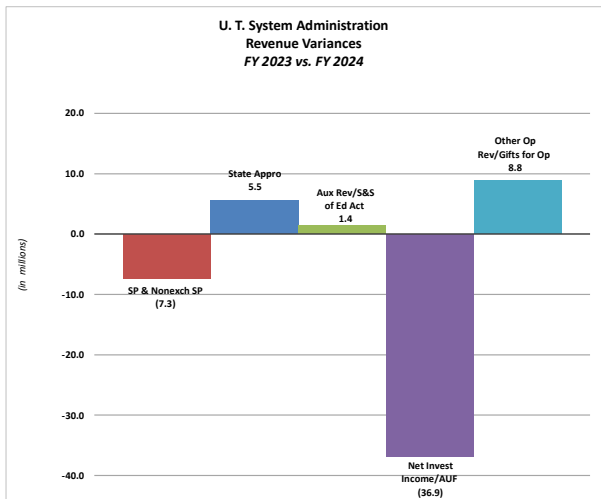
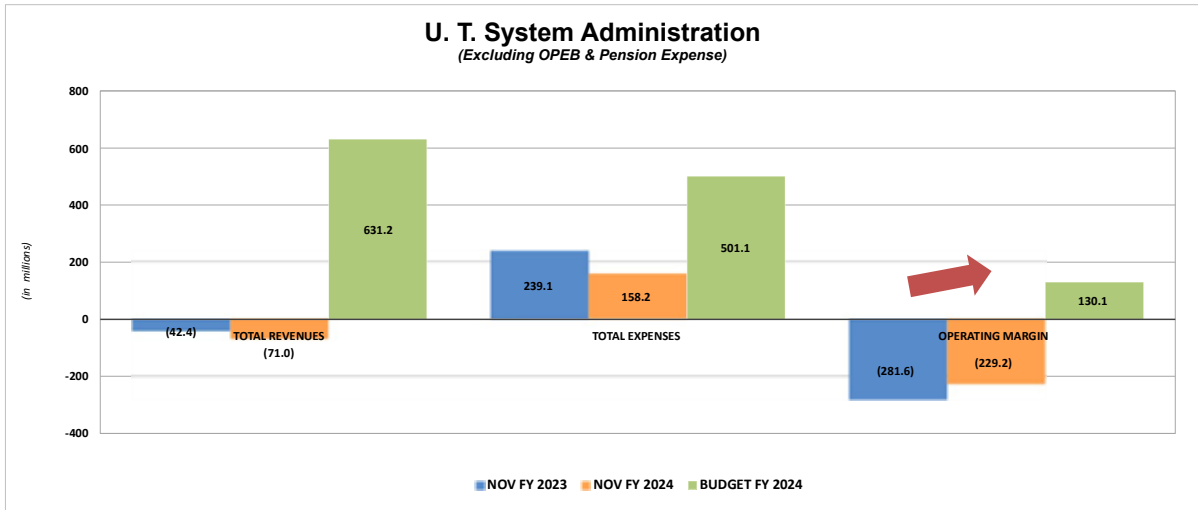
**Monthly Financial Report  
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For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Clinical Revenues	\$ 1,423.3	1,543.1	119.8	6,324.2	6,324.2	0.0
Sponsored Programs/Nonexchange Sponsored Programs	125.4	155.2	29.9	606.6	606.2	(0.4)
State Appropriations	52.0	62.9	10.9	223.0	223.0	0.0
Net Tuition and Fees	1.2	1.2	(0.0)	2.1	2.1	0.0
Auxiliary Revenues/Sales & Services of Educational Activities	9.7	11.5	1.8	41.1	41.1	0.0
Net Investment Income	145.0	149.4	4.4	400.8	400.8	0.0
Other Operating Revenues/Gift Contributions for Operations	55.3	63.8	8.5	258.2	258.2	0.0
<b>Total Revenues</b>	<b>1,811.9</b>	<b>1,987.0</b>	<b>175.2</b>	<b>7,856.1</b>	<b>7,855.6</b>	<b>(0.4)</b>
Salaries and Wages/Payroll Related Costs	847.1	958.9	111.8	3,642.0	3,642.0	0.0
Utilities	12.9	12.6	(0.3)	52.1	52.1	0.0
Scholarships and Fellowships	0.1	0.1	0.1	3.6	3.6	0.0
Operations, Maintenance and Travel	580.4	634.4	54.0	2,920.3	2,920.8	0.5
Depreciation and Amortization	91.4	87.2	(4.2)	366.4	366.4	0.0
<b>Total Expenses</b>	<b>\$ 1,531.9</b>	<b>1,693.2</b>	<b>161.3</b>	<b>6,984.6</b>	<b>6,985.0</b>	<b>0.5</b>
<b>Operating Margin</b>	<b>280.0</b>	<b>293.8</b>	<b>13.8</b>	<b>871.5</b>	<b>870.6</b>	<b>(0.9)</b>
<b>Cash Flow Margin (Excludes Depr &amp; Amort Exp)</b>	<b>371.4</b>	<b>381.0</b>	<b>9.6</b>	<b>1,237.9</b>	<b>1,237.0</b>	<b>(0.9)</b>

U. T. M. D. Anderson Cancer Center reported a year-to-date operating margin of \$293.8 million, an increase of \$13.8 million (5%) from the prior year. The increase was primarily due to an increase in clinical revenues attributable to an increase in admissions, patient days, outpatient visits, and surgeries. The most current projection received from U. T. M. D. Anderson Cancer Center reflects income of \$870.6 million for the year.

**Monthly Financial Report**  
**Comparison of Operating Results, Margin, Budget and Projected Year-End**  
**For the Period Ending November 30, 2023**



(in millions)	November YTD FY 2023	November YTD FY 2024	Variance	FY 2024 Budget	Annual Projected FY 2024	Variance
Sponsored Programs/Nonexchange Sponsored Programs	\$ 5.7	(1.6)	(7.3)	48.6	52.9	4.3
State Appropriations	1.7	7.2	5.5	29.4 *	28.8	(0.6)
Auxiliary Revenues/Sales & Services of Educational Activities	8.0	9.3	1.4	3.1	37.2	34.2
Net Investment Income/Available University Fund (AUF)	(63.4)	(100.3)	(36.9)	544.5	553.9	9.4
Other Operating Revenues/Gift Contributions for Operations	5.6	14.4	8.8	5.7	3.4	(2.3)
<b>Total Revenues</b>	<b>(42.4)</b>	<b>(71.0)</b>	<b>(28.6)</b>	<b>631.2</b>	<b>676.3</b>	<b>45.1</b>
Salaries and Wages/Payroll Related Costs	15.1	16.6	1.5	55.1	66.3	11.2
Utilities	0.1	0.1	(0.0)	0.5	0.3	(0.3)
Scholarships and Fellowships	0.0	0.1	0.0	2.3	0.3	(1.9)
Operations, Maintenance and Travel	218.1	135.5	(82.6)	425.7	421.5	(4.2)
Depreciation and Amortization	5.9	6.0	0.1	17.6	23.4	5.9
<b>Total Expenses (Excluding OPEB &amp; Pension Exp)</b>	<b>\$ 239.1</b>	<b>158.2</b>	<b>(80.9)</b>	<b>501.1</b>	<b>511.8</b>	<b>10.7</b>
<b>Operating Margin (Excluding OPEB &amp; Pension Exp)</b>	<b>(281.6)</b>	<b>(229.2)</b>	<b>52.4</b>	<b>130.1</b>	<b>164.5</b>	<b>34.4</b>
<b>Cash Flow Margin (Excluding OPEB, Pension, Depr &amp; Amort Exp)</b>	<b>(275.7)</b>	<b>(223.2)</b>	<b>52.5</b>	<b>147.7</b>	<b>188.0</b>	<b>40.3</b>

\* State appropriations and corresponding expense for TRB/CCAP for all UT institutions have been excluded.

Excluding OPEB and pension expense, U. T. System Administration incurred a year-to-date operating margin loss of \$229.2 million, a decrease in loss of \$52.4 million (19%) from the prior year. The decrease was primarily attributable to a decrease in operations, maintenance and travel as a result of a decrease in claims and losses due to the medical self-insurance plan. The most current projection, excluding OPEB and pension expense, reflects income of \$164.5 million for the year.

**4. U. T. System Board of Regents: Adoption of Supplemental Resolution Authorizing the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents:

- a. adopt the Thirty-Ninth Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series C in an aggregate principal amount not to exceed \$500 million;
- b. authorize appropriate officers and employees of the U. T. System as set forth in the Thirty-Ninth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein; make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Notes.

The Chancellor also concurs with the recommendation of the Executive Vice Chancellor for Business Affairs that as required by Section 5(a) of the Master Resolution, the Board determine that upon the delivery of Notes authorized by this Resolution, it will have sufficient funds to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that the Members on whose behalf such Notes are issued possess the financial capacity to satisfy their direct obligations after taking such Notes into account.

**BACKGROUND INFORMATION**

Due to certain IRS tax law restrictions, the System's existing Revenue Financing System Commercial Paper Note Program cannot be used to finance capital projects involving 501(c)(3) organizations. Adoption of this Resolution would authorize an interim financing program to finance these types of capital projects, such as the joint development of the New Pediatric Campus at U. T. Southwestern Medical Center with Children's Health System of Texas approved by the Board of Regents on November 16, 2023.

Liquidity for the System's commercial paper programs will continue to be provided by the U. T. System through an arrangement with The University of Texas/Texas A&M Investment Management Company (UTIMCO) consistent with the governing provisions.

The proposed Thirty-Ninth Supplemental Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

Note: The proposed Resolution is available [online](#).

5. **U. T. Southwestern Medical Center: Discussion and appropriate action regarding a) appropriation and authorization of expenditure for U. T. Southwestern Medical Center's portion of project costs for the construction phase of the state-of-the-art children's health care campus (New Pediatric Campus) to be jointly owned and operated by U. T. Southwestern Medical Center and Children's Health System of Texas (Children's); b) finding of public purpose, and c) approval of Revenue Financing System debt and resolution regarding parity debt**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents:

- a. appropriate funds and authorize expenditure of up to \$1.626 billion with funding of \$976 million from Revenue Financing System (RFS) Bond Proceeds, \$150 million from Institutional Funds, and \$500 million from Gifts for U. T. Southwestern Medical Center's portion of project costs for the construction phase of the New Pediatric Campus;
- b. reaffirm the finding of public purpose made by the Board on November 16, 2023, and find that U. T. Southwestern Medical Center retains sufficient control over the Pediatric Health Management Services (a nonprofit corporate entity formed by U. T. Southwestern Medical Center and Children's in 2019 and approved by the Board on September 27, 2019) and the yet-to be formed nonprofit corporate entity that will jointly own and operate the New Pediatric Campus with Children's (as approved by the Board on November 16, 2023) to ensure the public purpose will continue to be met on an ongoing basis; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$976 million.

## BACKGROUND INFORMATION

### Debt Service

The \$976 million in RFS debt is expected to be repaid from clinical revenues. Annual debt service on the \$976 million in RFS debt is expected to be \$54.3 million. U. T. Southwestern Medical Center's long-range forecast reflects the institution's projected debt service coverage ratio exceeding 2.1 times, demonstrating that the institution has the financial capacity to satisfy its direct obligations related to parity debt.

### Previous Actions

Children's Health System of Texas (Children's) and U. T. Southwestern Medical Center have for over 75 years maintained a successful affiliation that has benefitted both institutions, the communities they serve, and the State of Texas. During this long-standing relationship, Children's has served as the principal teaching hospital for members of the U. T. Southwestern Medical Center faculty who specialize in pediatric medicine and who perform pediatric services. In 2019, Children's and U. T. Southwestern Medical Center formed a Joint Pediatric Enterprise, including the creation of a separate nonprofit corporate entity called Pediatric Health Management Services (PHMS).

As part of the Joint Pediatric Enterprise efforts, Children's and U. T. Southwestern Medical Center intend to develop a state-of-the-art children's health care campus that partners the clinical and academic expertise of U. T. Southwestern Medical Center with the outstanding care delivered at Children's. This project includes a replacement children's hospital, an ambulatory care center, an office building, a parking deck, and central utility plant (New Pediatric Campus).

On May 5, 2022, the Board authorized U. T. Southwestern Medical Center to enter into a Development Agreement with Children's and PHMS for the development of the New Pediatric Campus and authorized expenditure of institutional funds for U. T. Southwestern Medical Center's portion of the project cost for the Definition Phase.

On November 16, 2023, the Board of Regents authorized U. T. Southwestern Medical Center to negotiate and enter into definitive agreements with Children's for the development of the New Pediatric Campus and to form a separate, yet-to-be-named nonprofit corporate entity (Nonprofit) for the purpose of jointly owning and operating the New Pediatric Campus.

### Project Description

The New Pediatric Campus is expected to be comprised of 4.2 million square feet including 552 operational beds upon opening, outpatient clinics, a faculty and administrative office building, a thermal energy plant, a bridge to Clements University Hospital, 2,100 spaces of underground parking, and 4,000 spaces of structured parking. The total project cost is currently estimated at \$5.4 billion, of which Children's will fund \$3.3 billion, U. T. Southwestern Medical Center will fund \$1.1 billion, and \$1.0 billion is expected to be funded through joint fundraising with equal credit to each institution. Approval of the item will authorize \$976 million of Revenue Financing Debt as part of U. T. Southwestern Medical Center's \$1.1 billion funding commitment of the New Pediatric Campus.