

**The University of Texas  
Health Center  
at Tyler**

UNAUDITED

**Financial Statements**  
(With Detailed Supportive Statements)

**Fiscal Year Ended August 31, 2003**

# THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER

## FINANCIAL STATEMENTS

(With Detailed Supportive Schedules)

Presented herein are the financial statements with detailed supportive schedules for The University of Texas Health Center at Tyler for the year ended August 31, 2003. These statements and detailed supportive schedules have been prepared in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. In FY 2002, the university adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and GASB Statement No. 35 (GASB 35), Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities.

This "detailed internal report" supplements the 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 component institution.

The Financial Report for public distribution for The University of Texas System includes the primary statements on a combined, System-wide basis complete with explanatory notes and additional commentaries, graphic data, and other information for the benefit of officials of the University and of the State and Federal governments, and for the interested public at large.

The State Auditor has not audited the accompanying annual financial report and, therefore, has not expressed an opinion on the financial statements and related information contained in this report. Furthermore, the State Auditor's forthcoming opinion letter will address the State as a whole, and an opinion will not be particularly expressed on The University of Texas System specifically.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**BOARD OF REGENTS**  
**As of August 31, 2003**

**Officers**

Charles Miller, Chairman  
Rita C. Clements, Vice-Chairman  
Woody L. Hunt, Vice-Chairman  
A. W. "Dub" Riter, Jr., Vice-Chairman  
Francie A. Frederick, Counsel and Secretary

**Members**

*Term Expires When Successor is Named*

A. W. "Dub" Riter, Jr.

Tyler

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*Terms Expire February 1, 2005*

Robert A. Estrada  
Woody L. Hunt  
Charles Miller

Dallas  
El Paso  
Houston

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*Terms Expire February 1, 2007*

Rita C. Clements  
Judith L. Craven, M.D.  
Cyndi Taylor Krier

Dallas  
Houston  
San Antonio

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*Terms Expire February 1, 2009*

H. Scott Caven, Jr.  
James Richard Huffines

Houston  
Austin

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**THE UNIVERSITY OF TEXAS SYSTEM  
SENIOR ADMINISTRATIVE OFFICIALS**

As of August 31, 2003

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Mark G. Yudof, Chancellor

James C. Guckian, M.D., Acting Executive Vice Chancellor for Health Affairs

Kerry L. Kennedy, Executive Vice Chancellor for Business Affairs

Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs

Cullen M. Godfrey, Vice Chancellor and General Counsel

E. Ashley Smith, Vice Chancellor for Governmental Relations and Policy

Shirley Bird Perry, Vice Chancellor for Development and External Relations

William H. Shute, Vice Chancellor for Federal Relations

John De La Garza, Jr., Vice Chancellor for Community Relations

Tonya Moten Brown, Vice Chancellor for Administration

Michael D. McKinney, Vice Chancellor for Health Affairs

Edwin R. Sharpe, Vice Chancellor for Educational System Alignment

Bob Boldt, President, Chief Executive Officer and Chief Investment Officer – UTIMCO

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**THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER**

**PRINCIPAL ADMINISTRATIVE OFFICERS AND  
THE BUSINESS AND FINANCIAL STAFF**

As of August 31, 2003

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Kirk A. Calhoun, M.D., President

Rick Hefner, Vice President for Finance and Administration

Steven Brown, M.D., Chief Medical Officer

Anne DeWitt, MSN, RN, Chief Nursing Officer

Kenwyn Nelson, M.D., Chief of Staff

Charles Spicer, COO and Vice President for Hospital and Clinic Administration

Steven Idell, M.D., Vice President for Research

Martha Whitehead, Senior Vice President for Compliance and University Affairs

Vernon H. Moore, III, Director of Finance

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THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
 EXHIBIT A - BALANCE SHEET  
 As of August 31, 2003

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash & Cash Equivalents	\$ 1,048,614	6,897,909	104,176	
Restricted Cash & Cash Equivalents				2,579,206
Balance in State Appropriations	111,306			
Accounts Receivable, Net:				
Federal Receivables (net of allowances of \$0)				686,764
Other Intergovernmental Rec. (net of allowances of \$0)		261,314		
Patient Receivables (net of allowances of \$35,018,438)	4,695,971	1,200,240		
Contributions Receivable (net of allowances of \$0)				
Other Receivables (net of allowances of \$0)	14,922	129,744	180,025	473,439
Due From Other Funds				
Due From System Administration		304,373		264
Inventories	2,135,058	54,821	483,852	
Other Current Assets	99,670			
<b>Total Current Assets</b>	<b>8,105,541</b>	<b>8,848,401</b>	<b>768,053</b>	<b>3,751,673</b>
<b>Non-Current Assets:</b>				
<b>Restricted:</b>				
Investments				
Funds Held by System Administration				
Funds Held by System - Permanent Health Fund				
Investments	6,869,798	2,000,000		
Other Non-Current Assets				
Capital Assets				
Less Accumulated Depreciation				
<b>Total Non-Current Assets</b>	<b>6,869,798</b>	<b>2,000,000</b>		
<b>TOTAL ASSETS</b>	<b>\$ 14,975,339</b>	<b>10,848,401</b>	<b>768,053</b>	<b>3,751,673</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 7,911,413	3,749,311	112,337	
Due to Other Funds				
Due to System Administration	848,315			
Deferred Revenue				470,363
Employees' Compensable Leave-Current Portion	485,087	117,422	2,511	
Notes, Loans and Leases Payable-Current Portion		93,500		
Payable From Restricted Assets-Current Portion				869,325
Other Current Liabilities		15,231		
<b>Total Current Liabilities</b>	<b>9,244,815</b>	<b>3,975,464</b>	<b>114,848</b>	<b>1,339,688</b>
<b>Non-Current Liabilities:</b>				
Employees' Compensable Leave	2,728,749	660,538	14,116	
Notes, Loans and Leases Payable				
<b>Total Non-Current Liabilities</b>	<b>2,728,749</b>	<b>660,538</b>	<b>14,116</b>	
<b>TOTAL LIABILITIES</b>	<b>11,973,564</b>	<b>4,636,002</b>	<b>128,964</b>	<b>1,339,688</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt				
<b>Restricted for:</b>				
Nonexpendable				
True and Term Endowments, and Annuities				
Expendable				
Capital Projects				
Funds Functioning as Endowment - Restricted				
Other Expendable				2,411,985
Unrestricted	3,001,775	6,212,399	639,089	
<b>TOTAL NET ASSETS</b>	<b>3,001,775</b>	<b>6,212,399</b>	<b>639,089</b>	<b>2,411,985</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 14,975,339</b>	<b>10,848,401</b>	<b>768,053</b>	<b>3,751,673</b>

Annuity, Life, Endowment and Similar Funds	Unexpended Plant	Investment in Plant	Current Year Totals	Restated Prior Year Totals
			Primary University	Primary University
	2,800,929		10,851,828	4,660,198
			2,579,206	3,451,899
			111,306	679,973
			898,764	324,301
			261,314	147,060
			5,896,211	5,664,870
	1,051		799,181	49,729
				4,211,640
				163,299
	11,851,188		12,155,825	2,291,106
			2,673,731	2,235,917
	5,526		105,196	808
	14,658,694		36,132,362	23,860,800
				88,798
6,155,039			6,155,039	5,435,754
22,712,225			22,712,225	21,288,100
	86,561		8,956,359	5,000,000
				189,000
		114,304,115	114,304,115	102,473,720
		(53,005,386)	(53,005,386)	(47,690,274)
28,867,264	86,561	61,298,729	99,122,352	66,785,098
28,867,264	14,745,255	61,298,729	135,254,714	110,665,898
	143,590		11,916,651	8,352,589
				163,299
			848,315	752,649
			470,363	9,622
			605,020	531,258
			93,500	67,588
			869,325	426,444
			15,231	14,939
	143,590		14,818,405	10,338,388
			3,403,403	3,154,104
				93,501
			3,403,403	3,247,605
	143,590		16,221,808	13,585,993
		61,298,729	61,298,729	54,783,446
6,054,136			6,054,136	5,339,249
	11,168,925		11,168,925	1,196,154
100,903			100,903	96,505
			2,411,985	3,799,208
22,712,225	3,432,740		35,998,228	31,865,345
28,867,264	14,601,665	61,298,729	117,032,906	97,079,905
28,867,264	14,745,255	61,298,729	135,254,714	110,665,898

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
 EXHIBIT B - COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 For the Year Ended August 31, 2003

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable
<b>Operating Revenues:</b>				
Federal Sponsored Programs	\$ 670,305			3,302,066
Federal Sponsored Programs Pass-Through from Other St. Agencies	14,899			633,626
State Sponsored Programs				1,233,432
State Sponsored Programs Pass-Through from Other St. Agencies				399,262
Local Sponsored Programs		4,142,621		
Private Sponsored Programs	155,901			1,345,908
Sales and Services of Educational Activities		3,351,432		
Discounts and Allowances (none)				
Sales and Services of Hospitals	145,676,999			
Discounts and Allowances	(92,934,936)			
Professional Fees		36,485,872		
Discounts and Allowances		(24,280,249)		
Auxiliary Enterprises - Pledged			1,250,242	
Discounts and Allowances			(487,805)	
Other Operating Revenues	255,809	717,544		117,348
<b>Total Operating Revenues</b>	<b>53,838,977</b>	<b>20,417,220</b>	<b>762,437</b>	<b>7,031,642</b>
<b>Operating Expenses:</b>				
Instruction	3,556,976	1,379,043		1,738,330
Research	3,480,662	1,481,472		3,294,866
Hospitals and Clinics	68,446,774	14,835,207		171,585
Institutional Support	6,856,692	2,672,613		310,769
Operations and Maintenance of Plant	4,909,586	171,622		
Auxiliary Enterprises			709,331	
Depreciation and Amortization				
<b>Total Operating Expenses</b>	<b>85,250,690</b>	<b>20,539,957</b>	<b>709,331</b>	<b>5,515,530</b>
<b>Operating Loss</b>	<b>(31,411,713)</b>	<b>(122,737)</b>	<b>53,106</b>	<b>1,516,112</b>
<b>Nonoperating Revenues (Expenses):</b>				
State Appropriations	36,571,568			
Gift Contributions for Operations		9,993	450	359,610
Net Investment Income	200,395	2,808,862		92,554
Net Increase (Decrease) in Fair Value of Investments		(132,439)		
Gain/(Loss) on Sale of Capital Assets				
Other Nonoperating Revenues	898,167			
Other Nonoperating Expenses		(230,470)		
<b>Net Nonoperating Revenues (Expenses)</b>	<b>37,670,130</b>	<b>2,253,946</b>	<b>450</b>	<b>452,164</b>
<b>Income/(Loss) Before Other Rev., Exp., Gains/(Losses) &amp; Transfers</b>	<b>6,258,417</b>	<b>2,131,209</b>	<b>53,556</b>	<b>1,968,276</b>
Gifts and Sponsored Programs for Capital Acquisitions				
Additions to Permanent Endowments				
Reclass from / (to) Other Components				
Capital Asset Purchases	(3,990,960)	(72,799)	(6,835)	(1,769,740)
Balance Sheet Transactions Between Funds		7,811		
Transfers Between Components & System-Debt Service-Mandatory	(1,325,688)			
Transfers Between Components & System Admin. - Non mandatory		42,716		172,906
Transfers Between Funds	(2,979,698)	199,694		(1,609,930)
<b>Change in Net Assets</b>	<b>(2,037,949)</b>	<b>2,308,431</b>	<b>46,721</b>	<b>(1,238,488)</b>
Beginning Net Assets - As Previously Reported	5,039,724	3,903,968	592,368	3,660,095
Restatements				(9,622)
Beginning Net Assets - As Restated	5,039,724	3,903,968	592,368	3,650,473
<b>Ending Net Assets</b>	<b>\$ 3,001,775</b>	<b>6,212,399</b>	<b>639,089</b>	<b>2,411,985</b>

Annuity, Life, Endowment and Similar Funds	Unexpended Plant	Investment in Plant	Current Year	Restated Prior
			Totals	Year Totals
			Primary University	Primary University
			3,972,371	3,384,204
			848,525	118,617
			1,233,432	2,777
			399,262	506,799
			4,142,621	2,386,259
			1,501,809	1,576,737
			3,351,432	2,860,276
			145,876,999	131,413,875
			(92,934,938)	(80,067,454)
			36,485,872	34,433,992
			(24,280,249)	(23,170,044)
			1,250,242	1,366,757
			(487,805)	(497,135)
			1,090,701	1,968,306
			82,050,276	76,273,966
			6,874,349	6,160,599
			8,257,000	7,918,964
			81,453,546	78,248,808
			9,840,074	7,173,745
	87,397		5,168,605	6,058,298
			709,331	632,354
		5,455,678	5,455,678	3,458,234
	87,397	5,455,678	117,558,583	109,649,002
	(87,397)	(5,455,678)	(35,508,307)	(33,375,036)
			36,571,568	38,313,322
			370,053	761,357
(1,678)	70,094		2,969,227	2,816,084
1,777,418			1,644,979	(3,470,307)
		(760,359)	(760,359)	(1,049,354)
	28,692		924,859	(880,779)
	88,517		(141,953)	(183,117)
1,775,740	185,303	(760,359)	41,577,374	36,327,206
1,775,740	97,906	(6,216,037)	6,069,067	2,952,170
		143	143	2,498
307,001			307,001	131,300
	12,145,056		12,145,056	(8,595,408)
	(6,898,434)	12,738,788		
		(7,611)		
			(1,325,688)	(442,433)
	2,541,800		2,757,422	13,809,750
60,669	4,329,265			
2,143,410	12,215,593	6,515,283	19,953,001	7,857,877
26,723,854	2,386,072	54,366,524	96,872,605	149,978,232
		416,922	407,300	(60,756,204)
26,723,854	2,386,072	54,783,446	97,079,905	89,222,028
28,867,264	14,601,665	61,298,729	117,032,906	97,079,905

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
EXHIBIT C - COMBINED STATEMENT OF CASH FLOWS  
For the Year Ended August 31, 2003

	Current Year Totals	Restated Prior Year Totals
	Primary University	Primary University
<b>Cash Flows from Operating Activities:</b>		
Proceeds Received from Patients and Customers	\$ 68,156,048	62,848,795
Proceeds for Sponsored Programs	11,841,636	5,725,630
Auxiliary Enterprise Charges	906,698	847,830
Proceeds from Other Revenues	4,395,965	4,395,494
Payments to Suppliers	(33,756,688)	(30,688,824)
Payments to Employees	(74,352,474)	(72,231,782)
Net Cash Provided (Used) by Operating Activities	<u>(22,808,815)</u>	<u>(29,071,857)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	37,140,235	37,878,999
Operating Gifts	419,782	810,329
Private Gifts for Endowment and Annuity Life Purposes	307,001	131,300
Other Nonoperating Revenues	924,859	(887,575)
Other Nonoperating Transfers To/From System	215,792	88,316
Payments for Other Uses	(141,953)	(185,531)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>38,865,716</u>	<u>37,835,738</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds for Capital Debt Transferred from System (non-man)	4,809,372	4,720,182
Proceeds from Sale of Capital Assets	7,611	
Purchase of Capital Assets	(12,756,700)	(16,343,500)
Principal Paid on Capital Related Debt	(87,589)	
Mandatory Transfers to System for Capital Related Debt	(1,325,688)	(442,433)
Net Cash Provided (Used) by Related Financing Activities	<u>(9,352,994)</u>	<u>(12,065,751)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Interest and Investment Income Held by System	2,980,822	2,820,981
Purchases of Investments Held by System	(4,365,992)	(5,139,336)
Net Cash Provided (Used) by Investing Activities	<u>(1,385,170)</u>	<u>(2,318,355)</u>
Net Increase (Decrease) in Cash	5,316,737	(6,620,225)
Cash & Cash Equivalents - Beginning of the Year	8,112,097	13,732,322
Cash & Cash Equivalents - End of the Year	<u>\$ 13,430,834</u>	<u>8,112,097</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Operating Loss	\$ (35,508,307)	(33,375,036)
Adjustments to Reconcile Operating Loss to Net Cash:		
Depreciation and Amortization Expense	5,455,678	3,456,234
Changes in Assets and Liabilities:		
Accounts Receivable, net	2,692,411	(1,583,117)
Inventory	(437,614)	(273,251)
Other Assets	189,000	(153,139)
Accounts Payable	4,024,845	5,798,905
Due to System	95,666	230,829
Deferred Revenue	460,741	
Deposits Held for Others	(104,388)	(4,255,002)
Compensated Absences & Notes Payable	323,061	81,920
Other Liabilities	292	
Total Adjustments	<u>12,699,492</u>	<u>4,303,179</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (22,808,815)</u>	<u>(29,071,857)</u>
Non Cash Transactions		
Net Increase (Decrease) in Fair Value of Investments	1,544,979	(3,470,307)
Donated Capital Assets	143	

UNAUDITED

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER

EXHIBIT D - COMPARISON OF BUDGET TO ACTUAL STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS

For the Year Ended August 31, 2003

	Adjusted Budget	Projected Exhibit B*	Actual
<b>OPERATING REVENUES:</b>			
Net Tuition and Fees	\$ -	-	-
Federal Sponsored Programs	4,450,346	3,750,346	4,620,896
State Sponsored Programs	398,766	1,098,766	1,632,694
Local and Private Sponsored Programs	1,767,663	1,042,663	5,644,430
Net Sales and Services of Educational Activities	3,491,822	3,154,050	3,351,432
Net Sales and Services of Hospitals and Clinics	50,886,410	50,886,410	52,742,063
Net Professional Fees	15,396,694	16,841,638	12,205,623
Net Auxiliary Enterprises	1,171,804	1,171,804	762,437
Other Operating Revenues	744,944	4,628,265	1,090,701
Total Operating Revenues	<u>78,308,449</u>	<u>82,573,942</u>	<u>82,050,276</u>
<b>OPERATING EXPENSES:</b>			
Instruction	7,791,503	8,233,947	6,674,349
Academic Support	-	-	-
Research	12,349,387	9,172,981	8,257,000
Public Service	-	-	-
Hospitals and Clinics	80,150,091	71,114,569	81,453,546
Institutional Support	7,685,193	22,243,791	9,840,074
Student Services	-	-	-
Operation and Maintenance of Plant	9,547,273	5,750,015	5,168,605
Scholarships and Fellowships	-	-	-
Auxiliary Enterprises	971,169	971,169	709,331
Depreciation and Amortization	-	3,456,520	5,455,678
Total Operating Expenses	<u>118,494,616</u>	<u>120,942,992</u>	<u>117,558,583</u>
Operating Income (Loss)	<u>(40,186,167)</u>	<u>(38,369,050)</u>	<u>(35,508,307)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Appropriations & HEAF	39,649,183	37,268,888	36,571,568
Gifts in Support of Operations	503,075	-	370,053
Net Investment Income	2,042,932	2,546,007	2,968,227
Net Increase (Decrease) in Fair Value of Investments	-	-	1,644,979
Interest Expense (System & Pan Am Use Only)	-	-	-
Other	-	25,000	22,547
Net Nonoperating Revenues (Expenses)	<u>42,195,190</u>	<u>39,839,895</u>	<u>41,577,374</u>
<b>TRANSFERS AND OTHER:</b>			
Capital Gifts and Sponsored Programs	-	-	143
Additions to Permanent Endowments	-	-	307,001
Transfers From (To) Endowments	-	-	60,669
Transfers From AUF (System & Austin Only)	-	-	-
Transfers to Plant for Capital Exp.	-	-	4,329,265
Transfers for Debt Service (Principal & Interest)	(1,372,151)	(840,474)	(1,325,688)
Other	(118,071)	2,260,643	10,512,544
Total Transfers and Other	<u>(1,490,222)</u>	<u>1,420,169</u>	<u>13,883,934</u>
Change in Net Assets	<u>\$ 518,801</u>	<u>2,891,014</u>	<u>19,953,001</u>

\*The FY 2003 budget was developed prior to the GASB 34/35 budget changes. These were adopted in the FY 2004 budget. Therefore, in this transitional year only, a projected Exhibit B, Statement of Revenues, Expenses and Changes in Net Assets, is provided for comparison to actual operating results.