

The University of Texas
Health Center at Tyler



Financial Statements
(WITH DETAILED SUPPORTIVE SCHEDULES)

FISCAL YEAR ENDED AUGUST 31, 2004
UNAUDITED

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, 2004. 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, 2004

Officers

James R. Huffines, Chairman
Rita C. Clements, Vice-Chairman
Woody L. Hunt, Vice-Chairman
Cyndi Taylor Krier, Vice-Chairman
Francie A. Frederick, Counsel and Secretary

Members

Terms Expire February 1, 2005

Robert A. Estrada	Dallas
Woody L. Hunt	El Paso
Robert B. Rowling	Dallas

Terms Expire February 1, 2007

Rita C. Clements	Dallas
Judith L. Craven, M.D.	Houston
Cyndi Taylor Krier	San Antonio

Terms Expire February 1, 2009

John W. Barnhill, Jr.	Brenham
H. Scott Caven, Jr.	Houston
James R. Huffines	Austin

THE UNIVERSITY OF TEXAS SYSTEM
SENIOR ADMINISTRATIVE OFFICIALS
As of August 31, 2004

Mark G. Yudof, Chancellor

Kenneth I. Shine, M.D., Executive Vice Chancellor for Health Affairs

Scott C. Kelley, 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

Randa Safady, Vice Chancellor for 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

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

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER

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

As of August 31, 2004

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, Executive Director, Nursing and Allied Health Education and Research

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

Emmy Moore, RN, MBA, CHE, Interim Chief Nursing Officer

Vernon H. Moore, III, Controller

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER
 EXHIBIT A - BALANCE SHEET
 As of August 31, 2004

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable
ASSETS				
Current Assets:				
Cash & Cash Equivalents	\$ 2,420,583	7,624,070	104,813	
Restricted Cash & Cash Equivalents				6,130,944
Balance in State Appropriations	249,295			
Accounts Receivable, Net:				
Federal (allowances of \$0 in '04 & \$0 in '03)				546,605
Other Intergov. (allowances of \$0 in '04 & \$0 in '03)		191,965		
Patient (allow. of \$50,288,007 in '04 & \$35,018,438 in '03)	5,075,221	1,629,920		
Other (allowances of \$0 in '04 & \$0 in '03)	42,027	232,372	209,658	431,050
Due From Other Funds	499,477	88,841		
Due From System Administration		303,946		622
Due From Other Agencies	199,785			
Inventories	2,294,259	67,254	320,484	
Other Current Assets	1,352,277	14,685	2,377	
Total Current Assets	<u>12,132,924</u>	<u>10,153,053</u>	<u>637,332</u>	<u>7,109,221</u>
Non-Current Assets:				
Restricted:				
Funds Held by System Administration				
Funds Held by System - Permanent Health Fund				
Investments	8,965,149			
Capital Assets				
Less Accumulated Depreciation				
Total Non-Current Assets	<u>8,965,149</u>			
TOTAL ASSETS	<u>\$ 21,098,073</u>	<u>10,153,053</u>	<u>637,332</u>	<u>7,109,221</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 9,931,050	2,138,430	42,523	
Due to Other Funds	88,841			
Due to System Administration	810,193			
Deferred Revenue				1,075,743
Employees' Compensable Leave-Current Portion	482,342	119,442	3,400	
Notes, Loans and Leases Payable-Current Portion				477,121
Payable From Restricted Assets-Current Portion				
Other Current Liabilities				
Total Current Liabilities	<u>11,312,426</u>	<u>2,257,872</u>	<u>45,923</u>	<u>1,552,864</u>
Non-Current Liabilities:				
Employees' Compensable Leave	3,097,930	765,314	21,787	
Total Non-Current Liabilities	<u>3,097,930</u>	<u>765,314</u>	<u>21,787</u>	
TOTAL LIABILITIES	<u>14,410,356</u>	<u>3,023,186</u>	<u>67,710</u>	<u>1,552,864</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt				
Restricted for:				
Nonexpendable				
True and Term Endowments, and Annuities				
Expendable				
Capital Projects				
Funds Functioning as Endowment - Restricted				
Other Expendable				5,556,357
Unrestricted	6,687,717	7,129,867	569,622	
TOTAL NET ASSETS	<u>6,687,717</u>	<u>7,129,867</u>	<u>569,622</u>	<u>5,556,357</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,098,073</u>	<u>10,153,053</u>	<u>637,332</u>	<u>7,109,221</u>

Annuity, Life, Endowment and Similar Funds	Unexpended Plant	Investment in Plant	Current Year	Prior Year
			Totals	Totals
			Primary University	Primary University
			10,149,466	10,851,628
			6,130,944	2,579,206
			249,295	111,306
			546,605	698,764
			191,965	261,314
			6,705,141	5,896,211
	63,149		978,256	799,181
			588,318	
	8,016,540		8,321,108	12,155,825
			199,785	
			2,681,997	2,673,731
			1,369,339	105,196
	<u>8,079,689</u>		<u>38,112,219</u>	<u>36,132,362</u>
7,462,591			7,462,591	6,155,039
24,830,000			24,830,000	22,712,225
			8,965,149	8,956,359
		128,371,030	128,371,030	114,304,115
		(56,150,644)	(56,150,644)	(53,005,386)
<u>32,292,591</u>		<u>72,220,386</u>	<u>113,478,126</u>	<u>99,122,352</u>
<u>32,292,591</u>	<u>8,079,689</u>	<u>72,220,386</u>	<u>151,590,345</u>	<u>135,254,714</u>
	947,549		13,059,552	11,916,651
	499,477		588,318	
			810,193	848,315
			1,075,743	470,363
			605,184	605,020
				93,500
			477,121	869,325
				15,231
	<u>1,447,026</u>		<u>16,616,111</u>	<u>14,818,405</u>
			3,885,031	3,403,403
			3,885,031	3,403,403
	<u>1,447,026</u>		<u>20,501,142</u>	<u>18,221,808</u>
		72,220,386	72,220,386	61,298,729
6,637,863			6,637,863	6,054,136
	5,811,599		5,811,599	11,168,925
599,097			599,097	100,903
			5,556,357	2,411,985
<u>25,055,631</u>	<u>821,064</u>		<u>40,263,901</u>	<u>35,998,228</u>
<u>32,292,591</u>	<u>6,632,663</u>	<u>72,220,386</u>	<u>131,089,203</u>	<u>117,032,906</u>
<u>32,292,591</u>	<u>8,079,689</u>	<u>72,220,386</u>	<u>151,590,345</u>	<u>135,254,714</u>

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, 2004

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable
Operating Revenues:				
Federal Sponsored Programs	\$ 773,089			2,111,115
Federal Sponsored Programs Pass-Through from Other St. Agencies	19,487			1,815,959
State Sponsored Programs				86,347
State Sponsored Programs Pass-Through from Other St. Agencies		650,000		325,481
Local Sponsored Programs		4,667,764		
Private Sponsored Programs	165,058			865,546
Sales and Services of Educational Activities		3,145,660		
Discounts and Allowances (none)				
Sales and Services of Hospitals	174,350,160			
Discounts and Allowances	(122,273,373)			
Professional Fees		38,785,562		
Discounts and Allowances		(25,665,547)		
Auxiliary Enterprises			1,412,928	
Discounts and Allowances			(461,594)	
Other Operating Revenues	785,603	378,466		104,299
Total Operating Revenues	<u>53,820,024</u>	<u>21,961,905</u>	<u>951,334</u>	<u>5,308,747</u>
Operating Expenses:				
Instruction	3,461,907	931,459		2,115,075
Research	3,023,661	1,699,714		3,216,577
Hospitals and Clinics	66,135,360	18,512,530		141,495
Institutional Support	7,348,173	2,744,889		355,646
Operations and Maintenance of Plant	4,906,427	171,981		20,693
Auxiliary Enterprises			1,003,464	
Depreciation and Amortization				
Total Operating Expenses	<u>84,875,528</u>	<u>24,060,573</u>	<u>1,003,464</u>	<u>5,849,486</u>
Operating Loss	<u>(31,055,504)</u>	<u>(2,098,668)</u>	<u>(52,130)</u>	<u>(540,739)</u>
Nonoperating Revenues (Expenses):				
State Appropriations	37,467,516			
Gift Contributions for Operations		8,986	200	2,026,936
Net Investment Income	188,137	2,557,870		125,448
Net Increase (Decrease) in Fair Value of Investments	8,790			183,530
Gain/(Loss) on Sale of Capital Assets				
Other Nonoperating Revenues	199,785			
Other Nonoperating Expenses	(10,000)			
Net Nonoperating Revenues (Expenses)	<u>37,854,228</u>	<u>2,566,856</u>	<u>200</u>	<u>2,335,914</u>
Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	6,798,724	468,188	(51,930)	1,795,175
Gifts and Sponsored Programs for Capital Acquisitions				2,096,588
Additions to Permanent Endowments				
Reclass from / (to) Other Institutions				
Capital Asset Purchases	(643,860)	(107,595)	(15,537)	(2,123,312)
Balance Sheet Transactions Between Funds	3,100			
Transfers Between Institutions & System-Debt Service-Mandatory	(1,229,778)			
Transfers Between Institutions & System Admin. - Nonmandatory		2,559,451		
Transfers From Other State Agencies	27,814,066			
Transfers to Other State Agencies	(27,814,066)			
Transfers Between Funds	(1,242,244)	(2,024,621)	(2,000)	1,375,921
Change in Net Assets	<u>3,685,942</u>	<u>895,423</u>	<u>(69,467)</u>	<u>3,144,372</u>
Beginning Net Assets - As Previously Reported	3,001,775	6,212,399	639,089	2,411,985
Restatements		22,045		
Beginning Net Assets - As Restated	<u>3,001,775</u>	<u>6,234,444</u>	<u>639,089</u>	<u>2,411,985</u>
Ending Net Assets	<u>\$ 6,687,717</u>	<u>7,129,867</u>	<u>569,622</u>	<u>5,556,357</u>

Annuity, Life, Endowment and Similar Funds	Unexpended Plant	Investment in Plant	Current Year	Prior Year
			Totals	Totals
			Primary University	Primary University
			2,884,204	3,972,371
			1,835,446	648,525
			86,347	1,233,432
			975,481	399,262
			4,667,764	4,142,621
			1,030,604	1,501,809
			3,145,660	3,351,432
			174,350,160	145,676,999
			(122,273,373)	(92,934,936)
			38,785,562	36,485,872
			(25,665,547)	(24,280,249)
			1,412,928	1,250,242
			(461,594)	(487,805)
			1,268,368	1,090,701
			<u>82,042,010</u>	<u>82,050,276</u>
			6,508,441	6,674,349
			7,939,952	8,257,000
			84,789,385	81,453,546
			10,448,708	9,840,074
	29,698		5,128,799	5,168,605
			1,003,464	709,331
		6,487,563	6,487,563	5,455,678
	29,698	6,487,563	122,306,312	117,558,583
	(29,698)	(6,487,563)	(40,264,302)	(35,508,307)
			37,467,516	36,571,568
			2,036,122	370,053
13,572	100,663		2,985,690	2,968,227
2,591,138			2,783,458	1,644,979
		(1,240,213)	(1,240,213)	(760,359)
	45,000		244,785	924,859
			(10,000)	(141,953)
<u>2,604,710</u>	<u>145,663</u>	<u>(1,240,213)</u>	<u>44,267,358</u>	<u>41,577,374</u>
2,604,710	115,965	(7,727,776)	4,003,056	6,069,067
	19,324		2,115,912	143
297,825	(5,629,470)		297,825	307,001
	(15,963,289)	18,853,593	(5,629,470)	12,145,056
		(3,100)	(1,229,778)	(1,325,688)
	12,118,316		14,677,767	2,757,422
			27,814,066	18,788,712
			(27,814,066)	(18,788,712)
<u>522,792</u>	<u>1,370,152</u>			
<u>3,425,327</u>	<u>(7,969,002)</u>	<u>11,122,717</u>	<u>14,235,312</u>	<u>19,953,001</u>
28,867,264	14,601,665	61,298,729	117,032,906	96,672,605
		(201,060)	(179,015)	407,300
<u>28,867,264</u>	<u>14,601,665</u>	<u>61,097,669</u>	<u>116,853,891</u>	<u>97,079,905</u>
<u>32,292,591</u>	<u>6,632,663</u>	<u>72,220,386</u>	<u>131,089,203</u>	<u>117,032,906</u>

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER
EXHIBIT C - COMBINED STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2004

	Current Year Totals	Prior Year Totals
	Primary University	Primary University
Cash Flows from Operating Activities:		
Proceeds from Patients and Customers	\$ 64,387,872	88,156,048
Proceeds from Sponsored Programs	12,948,123	11,841,636
Proceeds from Auxiliaries	921,701	906,698
Proceeds from Other Revenues	3,214,652	4,395,965
Payments to Suppliers	(40,227,616)	(33,756,688)
Payments to Employees	(75,234,483)	(74,352,474)
Payments for Other Expenses	(184,239)	
Net Cash Provided (Used) by Operating Activities	<u>(34,772,990)</u>	<u>(22,808,815)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	37,329,527	37,140,235
Proceeds from Operating Gifts	2,036,122	419,782
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	297,825	307,001
Proceeds from Other Nonoperating Revenues	244,785	924,859
Payments/Receipts for Transfers to/from System or Oth. Agencies	2,360,093	215,792
Payments for Other Uses	(10,000)	(141,953)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>42,258,352</u>	<u>38,865,716</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Capital Debt Transferred from System (nonmandatory)	10,323,494	4,809,372
Proceeds from Capital Appropriations, Grants and Gifts	2,115,912	
Proceeds from Sale of Capital Assets	3,100	7,611
Payments for Additions to Capital Assets	(18,111,732)	(12,756,700)
Payments of Principal on Capital Related Debt	(93,500)	(87,589)
Mandatory Transfers to System for Capital Related Debt	(1,229,778)	(1,325,688)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(6,992,504)</u>	<u>(9,352,994)</u>
Cash Flows from Investing Activities:		
Proceeds from Interest and Investment Income	141,516	
Proceeds from Interest and Investment Income Held by System	2,843,816	2,980,822
Payments to Acquire Investments Held by System	(650,659)	(4,365,992)
Net Cash Provided (Used) by Investing Activities	<u>2,334,673</u>	<u>(1,385,170)</u>
Net Increase (Decrease) in Cash	<u>2,827,531</u>	<u>5,318,737</u>
Cash & Cash Equivalents - Beginning of the Year	13,430,834	8,112,097
Restatements to Beginning Cash and Cash Equivalents	22,045	
Cash & Cash Equivalents - End of the Year	<u>\$ 16,280,410</u>	<u>13,430,834</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Loss	\$ (40,264,302)	(35,508,307)
Adjustments to Reconcile Operating Loss to Net Cash:		
Depreciation and Amortization Expense	6,487,563	5,455,678
Op. Income & Cash Flow Categories Classification Differences		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(704,399)	2,692,411
(Increase) Decrease in Inventories	(8,266)	(437,814)
(Increase) Decrease in Other Assets	(1,264,143)	189,000
Increase (Decrease) in Payables	(53,262)	4,024,845
Increase (Decrease) in Due to System	(38,122)	95,666
Increase (Decrease) in Deferred Income	605,380	460,741
Increase (Decrease) in Deposits Held for Others		(104,388)
Increase (Decrease) in Compensated Absence Liability	481,792	323,061
Increase (Decrease) in Other Liabilities	(15,231)	292
Total Adjustments	<u>5,491,312</u>	<u>12,699,482</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (34,772,990)</u>	<u>(22,808,815)</u>
Noncash Transactions		
Net Increase (Decrease) in Fair Value of Investments	2,783,458	1,644,979
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, 2004

	Projected Exhibit B	Actual
OPERATING REVENUES:		
Net Tuition and Fees	\$ -	-
Federal Sponsored Programs	4,888,966	4,719,650
State Sponsored Programs	435,266	1,061,828
Local and Private Sponsored Programs	1,273,015	5,698,368
Net Sales and Services of Educational Activities	2,339,491	3,145,660
Net Sales and Services of Hospitals and Clinics	61,365,856	52,076,787
Net Professional Fees	13,150,470	13,120,015
Net Auxiliary Enterprises	1,171,804	951,334
Other Operating Revenues	3,650,555	1,268,368
Total Operating Revenues	88,275,423	82,042,010
OPERATING EXPENSES:		
Instruction	6,953,426	6,508,441
Research	13,398,523	7,939,952
Public Service	-	-
Hospitals and Clinics	86,959,199	84,789,385
Academic Support	-	-
Student Services	-	-
Institutional Support	7,752,942	10,448,708
Operations and Maintenance of Plant	10,358,357	5,128,799
Scholarships and Fellowships	-	-
Auxiliary Enterprises	769,977	1,003,464
Depreciation and Amortization	3,456,520	6,487,563
Total Operating Expenses	129,648,944	122,306,312
Operating Income (Loss)	(41,373,521)	(40,264,302)
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	37,475,619	37,467,516
Gifts in Support of Operations	683,694	2,036,122
Net Investment Income	2,574,779	2,985,690
Net Increase (Decrease) in Fair Value of Investments	-	2,783,458
Interest Expense (System & Pan Am Use Only)	-	-
Other	1,079,396	(1,005,428)
Net Nonoperating Revenues (Expenses)	41,813,488	44,267,358
TRANSFERS AND OTHER:		
Capital Appropriations, Gifts and Sponsored Programs	-	2,115,912
Additions to Permanent Endowments	-	297,825
Transfers for Debt Service	(1,031,075)	(1,229,778)
Transfers and Other	(219,255)	9,048,297
Total Transfers and Other	(1,250,330)	10,232,256
Change in Net Assets	\$ (810,363)	14,235,312