

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

UNAUDITED

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

**Fiscal Year Ended August 31, 2006**

**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, 2006. These Statements and detailed supportive schedules have been prepared in compliance with applicable State statutes, Governmental Accounting Standards Board pronouncements, and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

This "detailed internal report" supplements the consolidated published Annual Financial Report of The University of Texas System and is intended to be for limited distribution primarily to financial and academic officers of the University who need access to the details included herein. It also provides an historical record of transactions relating to this particular institution.

The Annual Financial Report for public distribution for The University of Texas System includes primary statements on a consolidated System-wide basis, including footnotes and Managements' Discussion and Analysis.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**BOARD OF REGENTS**  
**As of August 31, 2006**

**Officers**

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

**Members**

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*Term scheduled to expire February 1, 2005\**

Robert A. Estrada	Fort Worth
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*Terms scheduled to expire February 1, 2007\**

Rita C. Clements	Dallas
Judith L. Craven, M.D.	Houston
Cyndi Taylor Krier	San Antonio
Brian J. Haley (Student Regent)	Denton

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*Terms scheduled to expire February 1, 2009\**

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

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*Terms scheduled to expire February 1, 2011\**

Robert B. Rowling	Dallas
Colleen McHugh	Corpus Christi

\*Each Regent's term expires when a successor has been appointed, qualified, and taken the oath of office. The Student Regent serves a one-year term.

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

As of August 31, 2006

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Mark G. Yudof, Chancellor

Geri H. Malandra, Interim Executive Vice Chancellor for Academic Affairs

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

Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Robert E. Barnhill, Vice Chancellor for Research and Technology Transfer

Tonya Moten Brown, Vice Chancellor for Administration

Barry D. Burgdorf, Vice Chancellor and General Counsel

Barry McBee, Vice Chancellor for Governmental Relations

Randa S. Safady, Vice Chancellor for External Relations

William H. Shute, Vice Chancellor for Federal Relations

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, 2006

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Kirk A. Calhoun, M.D., President

Vernon Moore, Chief Business and Finance Officer

Kleanthe Caruso, RN, MSN, CNAAC, BC, CCHP, Vice President, Patient Care Operations  
and Chief Nursing Officer

David Coultas, M.D., Physician In Chief

Ted Gould, M.D., Chief of Staff

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

Patricia Blair, Ph.D., JD, MSN, Vice President and University Counsel

Jason Rounds, Administrative Director, MSRDP

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THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
EXHIBIT A - BALANCE SHEET  
As of August 31, 2006

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable	Permanent Health Fund
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash & Cash Equivalents	\$ 4,943,691	5,870,220	77,350		
Restricted Cash & Cash Equivalents		361,263		8,875,998	
Balance in State Appropriations	2,390,702				
<b>Accounts Receivable, Net:</b>					
Federal (allowances of \$0 in '06 & \$0 in '05)				1,255,380	
Other Intergov. (allowances of \$0 in '06 & \$0 in '05)		217,492			
Patient (allow. of \$27,927,565 in '06 & \$21,859,984 in '05)	4,919,319	1,209,489			
Contributions (allowances of \$0 in '06 & \$0 in '05)				236,935	
Other (allowances of \$0 in '06 & \$0 in '05)	98,170	407,913	15,753	287,361	
Due From System Administration		372,954		296	
Inventories	2,120,956		32,013		
Other Current Assets	321,584		17,000		
<b>Total Current Assets</b>	<u>14,794,422</u>	<u>8,439,331</u>	<u>142,116</u>	<u>10,655,970</u>	
<b>Noncurrent Assets:</b>					
<b>Restricted:</b>					
Funds Held by System Administration					
Funds Held by System - Permanent Health Fund					30,092,325
Contributions Rec. (allowances of \$0 in '06 & \$0 in '05)					
Investments					
Other Noncurrent Assets	426,223	60,907			
<b>Capital Assets</b>					
Less Accumulated Depreciation					
<b>Total Noncurrent Assets</b>	<u>426,223</u>	<u>60,907</u>			<u>30,092,325</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,220,645</u>	<u>8,500,238</u>	<u>142,116</u>	<u>10,655,970</u>	<u>30,092,325</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable and Accrued Liabilities	\$ 5,030,783	1,802,385	21,783		
Due to System Administration	829,133				
Deferred Revenue	8,600			1,652,681	
Employees' Compensable Leave-Current Portion	2,420,932	396,071			
Payable From Restricted Assets				859,791	
<b>Total Current Liabilities</b>	<u>8,289,448</u>	<u>2,198,456</u>	<u>21,783</u>	<u>2,512,472</u>	
<b>Noncurrent Liabilities:</b>					
Employees' Compensable Leave	455,373	74,620			
Liability to Beneficiaries-Held by System					
Other Noncurrent Liabilities		60,907			
<b>Total Noncurrent Liabilities</b>	<u>455,373</u>	<u>135,527</u>			
<b>TOTAL LIABILITIES</b>	<u>8,744,821</u>	<u>2,333,983</u>	<u>21,783</u>	<u>2,512,472</u>	
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt					
<b>Restricted for:</b>					
<b>Nonexpendable</b>					
Perm. Health, True & Term Endowments, & Annuities					25,000,000
<b>Expendable</b>					
Capital Projects					
Funds Functioning as Endowment - Restricted					
Other Expendable		361,263		8,143,498	5,092,325
<b>Unrestricted</b>	<u>6,475,824</u>	<u>5,804,982</u>	<u>120,333</u>	<u>8,143,498</u>	<u>30,092,325</u>
<b>TOTAL NET ASSETS</b>	<u>6,475,824</u>	<u>6,166,255</u>	<u>120,333</u>	<u>8,143,498</u>	<u>30,092,325</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,220,645</u>	<u>8,500,238</u>	<u>142,116</u>	<u>10,655,970</u>	<u>30,092,325</u>

<u>Endowment &amp; Similar Funds - Other Than State</u>	<u>Annuity and Life Income Funds</u>	<u>Unexpended Plant</u>	<u>Investment in Plant</u>	<u>Current Year Totals</u>	<u>Restated Prior Year Totals</u>
		(39,265)		10,851,986	4,293,793
				9,237,261	9,969,353
				2,390,702	385,045
				1,255,380	1,618,809
				217,492	308,810
				6,128,808	6,152,520
				236,935	
				809,197	500,988
		2,418,766		2,792,016	4,965,052
				2,152,969	2,122,715
				338,584	1,048,861
		<u>2,379,501</u>		<u>36,411,340</u>	<u>31,365,946</u>
9,015,234	161,405			9,176,639	8,617,321
				30,092,325	28,228,575
					482,982
					8,953,678
				487,130	
			145,785,355	145,765,355	140,350,776
			(69,193,022)	(69,193,022)	(62,883,360)
<u>9,015,234</u>	<u>161,405</u>		<u>76,572,333</u>	<u>116,328,427</u>	<u>123,749,972</u>
<u>9,015,234</u>	<u>161,405</u>	<u>2,379,501</u>	<u>76,572,333</u>	<u>152,739,767</u>	<u>155,115,918</u>
		263,750		7,118,701	11,711,808
				829,133	843,564
				1,661,281	1,553,913
				2,817,003	2,288,227
				859,791	818,719
		<u>263,750</u>		<u>13,285,909</u>	<u>17,216,231</u>
	60,913			529,993	1,797,893
				60,913	305,080
				60,907	
	<u>60,913</u>			<u>651,813</u>	<u>2,102,973</u>
	<u>60,913</u>	<u>263,750</u>		<u>13,937,722</u>	<u>19,319,204</u>
			76,572,333	76,572,333	77,467,416
5,524,436	100,492			30,624,928	30,366,983
		2,097,789		2,097,789	2,034,865
724,089				724,089	679,809
2,494,227				16,091,313	15,086,455
272,482		17,962		12,691,593	10,161,186
<u>9,015,234</u>	<u>100,492</u>	<u>2,115,751</u>	<u>76,572,333</u>	<u>138,802,045</u>	<u>135,796,714</u>
<u>9,015,234</u>	<u>161,405</u>	<u>2,379,501</u>	<u>76,572,333</u>	<u>152,739,767</u>	<u>155,115,918</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, 2006

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable	Permanent Health Fund
<b>Operating Revenues:</b>					
Federal Sponsored Programs	\$ 1,433,708			5,780,811	
Federal Sponsored Programs Pass-Through from Other St. Agencies	564,160			2,027,057	
State Sponsored Programs				44,067	
State Sponsored Programs Pass-Through from Other St. Agencies	3,711	702,000		405,914	
Local Sponsored Programs		3,957,941			
Private Sponsored Programs	212,498			1,846,218	
Sales and Services of Educational Activities	212,143	947,077			
Discounts and Allowances (none)					
Sales and Services of Hospitals	167,897,849				
Discounts and Allowances	(121,305,580)				
Professional Fees		40,295,433			
Discounts and Allowances		(29,758,516)			
Auxiliary Enterprises			272,281		
Discounts and Allowances					
Other Operating Revenues	950,554	268,661		64,178	
Total Operating Revenues	<u>49,969,043</u>	<u>16,412,596</u>	<u>272,281</u>	<u>10,168,245</u>	
<b>Operating Expenses:</b>					
Instruction	4,268,142	613,628		3,193,940	
Research	2,818,949	1,631,373		6,478,049	
Hospitals and Clinics	59,952,139	16,158,067		1,513,299	
Institutional Support	7,675,433	1,636,132		385,212	
Operations and Maintenance of Plant	5,534,585	88,742			
Auxiliary Enterprises			548,050		
Depreciation and Amortization					
Total Operating Expenses	<u>80,249,248</u>	<u>20,077,942</u>	<u>548,050</u>	<u>11,570,500</u>	
Operating Loss	<u>(30,280,205)</u>	<u>(3,665,346)</u>	<u>(275,769)</u>	<u>(1,402,255)</u>	
<b>Nonoperating Revenues (Expenses):</b>					
State Appropriations	39,069,206				
Gift Contributions for Operations		6,730		631,874	
Net Investment Income	162,135	2,944,866		208,976	
Net Increase (Decrease) in Fair Value of Investments		7,109		173,275	1,863,750
Gain/(Loss) on Sale of Capital Assets					
Net Nonoperating Revenues (Expenses)	<u>39,231,341</u>	<u>2,958,705</u>		<u>1,014,125</u>	<u>1,863,750</u>
Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	8,951,136	(706,641)	(275,769)	(388,130)	1,863,750
Gifts and Sponsored Programs for Capital Acquisitions					
Additions to Permanent Endowments					
Reclass from / (to) Other Institutions					
Capital Asset Purchases	(759,894)	(20,126)		(367,280)	
Balance Sheet Transactions Between Funds	14,542				
Transfers Between Institutions & System-Debt Service-Mandatory	(1,784,186)				
Transfers Between Institutions & System Admin. - Nonmandatory		64,316			
Transfers From Other State Agencies	5,874,416				
Transfers to Other State Agencies	(5,874,416)				
Transfers Between Funds	(1,808,441)	398,279	260,000	(652,507)	
Change in Net Assets	<u>4,613,157</u>	<u>(264,172)</u>	<u>(15,769)</u>	<u>(1,407,917)</u>	<u>1,863,750</u>
Beginning Net Assets - As Previously Reported	1,862,667	6,430,427	136,102	9,551,415	28,228,575
Restatements					
Beginning Net Assets - As Restated	<u>1,862,667</u>	<u>6,430,427</u>	<u>136,102</u>	<u>9,551,415</u>	<u>28,228,575</u>
Ending Net Assets	<u>\$ 6,475,824</u>	<u>6,166,255</u>	<u>120,333</u>	<u>8,143,498</u>	<u>30,092,325</u>

Endowment & Similar Funds - Other Than State	Annuity and Life Income Funds	Unexpended Plant	Investment in Plant	Current Year Totals	Prior Year Totals
				7,214,519	5,565,718
				2,591,217	1,363,728
				44,067	48,664
				1,111,625	990,763
				3,957,941	5,822,144
				2,058,716	1,351,614
				1,159,220	2,014,109
				167,897,849	166,312,991
				(121,305,580)	(118,892,199)
				40,295,433	41,274,711
				(29,758,616)	(30,021,032)
				272,281	950,092
					(404,099)
				1,283,393	965,356
				76,822,165	77,342,560
				8,075,710	8,563,645
				10,928,371	9,706,865
				77,623,505	83,303,250
				9,696,777	10,201,170
		609,868		6,183,195	6,104,686
				548,050	1,166,612
			8,456,640	8,456,640	7,668,576
		609,868	8,456,640	121,512,248	126,714,804
		(609,868)	(8,456,640)	(44,690,083)	(49,372,244)
				39,069,206	34,714,835
				638,604	5,149,243
	104,138	26,874		3,448,989	3,267,893
544,935	(68,100)			2,520,969	4,477,708
			(23)	(23)	(37,983)
544,935	36,038	26,874	(23)	45,675,745	47,571,796
544,935	36,038	(582,994)	(8,456,663)	985,662	(1,800,448)
			66	66	780,262
182,200				182,200	141,314
		1,821,596		1,821,596	4,087,060
		(6,428,756)	7,576,056		
		(170,556)	(14,542)	(1,954,742)	(1,344,816)
		1,906,233		1,970,549	3,576,450
				5,874,416	33,418,608
				(5,874,416)	(31,836,425)
245,694	(205,382)	1,762,357			
972,829	(169,344)	(1,692,120)	(895,083)	3,005,331	7,022,005
8,042,405	269,836	3,807,871	77,467,416	135,796,714	131,089,203
					(2,314,494)
8,042,405	269,836	3,807,871	77,467,416	135,796,714	128,774,709
9,015,234	100,492	2,115,751	76,572,333	138,802,045	135,796,714

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
EXHIBIT C - COMBINED STATEMENT OF CASH FLOWS  
For the Year Ended August 31, 2006

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Patients and Customers	\$ 57,084,620	59,185,952
Proceeds from Sponsored Programs	17,393,191	14,713,850
Proceeds from Auxiliaries	256,528	755,651
Proceeds from Other Revenues	2,758,187	3,328,097
Payments to Suppliers	(43,244,590)	(44,779,930)
Payments to Employees	(74,532,755)	(76,427,910)
Payments for Other Expenses	(127,673)	(81,637)
Net Cash Provided (Used) by Operating Activities	<u>(40,412,492)</u>	<u>(43,305,927)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	37,063,549	34,579,085
Proceeds from Operating Gifts	884,651	4,666,361
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	182,200	141,314
Payments/Receipts for Transfers to/from System or Oth. Agencies	25,291	2,051,397
Net Cash Provided (Used) by Noncapital Financing Activities	<u>38,155,691</u>	<u>41,438,157</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Capital Debt Transferred from System (nonmandatory)	5,939,182	10,750,519
Proceeds from Capital Appropriations, Grants and Gifts		780,215
Proceeds from Sale of Capital Assets	14,542	41,172
Payments for Additions to Capital Assets	(8,171,179)	(13,571,429)
Mandatory Transfers to System for Capital Related Debt	(1,954,742)	(1,344,816)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(4,172,197)</u>	<u>(3,344,339)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Interest and Investment Income	660,730	382,932
Proceeds from Interest and Investment Income Held by System	2,542,800	2,876,039
Payments to Acquire Investments Held by System	9,051,579	(64,126)
Net Cash Provided (Used) by Investing Activities	<u>12,255,109</u>	<u>3,194,845</u>
<b>Net Increase (Decrease) in Cash</b>	5,826,111	(2,017,264)
Cash & Cash Equivalents - Beginning of the Year	14,263,146	16,280,410
Cash & Cash Equivalents - End of the Year	<u>\$ 20,089,257</u>	<u>14,263,146</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Operating Loss	\$ (44,690,083)	(49,372,244)
Adjustments to Reconcile Operating Loss to Net Cash:		
Depreciation and Amortization Expense	8,456,640	7,668,576
Changes in Assets and Liabilities:		
Receivables	170,250	(222,309)
Inventories	(30,254)	559,282
Other Assets	223,147	320,478
Payables	(3,956,912)	(2,426,708)
Due to System	(14,431)	33,371
Deferred Income	107,368	478,170
Compensated Absence Liability	(739,124)	(344,543)
Other Liabilities	60,907	
Total Adjustments	<u>4,277,591</u>	<u>6,066,317</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (40,412,492)</u>	<u>(43,305,927)</u>
<b>Noncash Transactions</b>		
Net Increase (Decrease) in Fair Value of Investments	2,520,969	4,477,708
Donated Capital Assets	66	47

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, 2006

	Projected Exhibit B	Actual
<b>OPERATING REVENUES:</b>		
Net Tuition and Fees	\$ -	-
Federal Sponsored Programs	10,246,687	9,805,736
State Sponsored Programs	1,244,793	1,155,692
Local and Private Sponsored Programs	2,759,046	6,016,657
Net Sales and Services of Educational Activities	1,416,889	1,159,220
Net Sales and Services of Hospitals and Clinics	48,878,615	46,592,269
Net Professional Fees	10,362,798	10,536,917
Net Auxiliary Enterprises	234,605	272,281
Other Operating Revenues	602,225	1,283,393
Total Operating Revenues	<u>75,745,658</u>	<u>76,822,165</u>
<b>OPERATING EXPENSES:</b>		
Instruction	5,044,181	8,075,710
Research	13,965,060	10,928,371
Public Service	-	-
Hospitals and Clinics	80,151,711	77,623,505
Academic Support	-	-
Student Services	-	-
Institutional Support	8,821,331	9,696,777
Operations and Maintenance of Plant	5,717,737	6,183,195
Scholarships and Fellowships	-	-
Auxiliary Enterprises	211,705	548,050
Depreciation and Amortization	7,233,612	8,456,640
Total Operating Expenses	<u>121,145,337</u>	<u>121,512,248</u>
Operating Income (Loss)	<u>(45,399,679)</u>	<u>(44,690,083)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State Appropriations	39,095,121	39,069,206
Gifts in Support of Operations	569,461	638,604
Net Investment Income	2,585,299	3,446,989
Net Increase (Decrease) in Fair Value of Investments	-	2,520,969
Interest Expense (System & Pan Am Use Only)	-	-
Other	-	(23)
Net Nonoperating Revenues (Expenses)	<u>42,249,881</u>	<u>45,675,745</u>
<b>TRANSFERS AND OTHER:</b>		
Capital Appropriations, Gifts and Sponsored Programs	-	66
Additions to Permanent Endowments	-	182,200
Transfers for Debt Service	(2,511,704)	(1,954,742)
Transfers and Other	-	3,792,145
Total Transfers and Other	<u>(2,511,704)</u>	<u>2,019,669</u>
Change in Net Assets	<u>\$ (5,661,502)</u>	<u>3,005,331</u>