

# THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER

## ANNUAL FINANCIAL REPORT

(WITH DETAILED SUPPORTIVE SCHEDULES)

UNAUDITED

### FISCAL YEAR ENDED AUGUST 31, 2007



The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Brownsville ♦ The University of Texas at Dallas ♦ The University of Texas at El Paso ♦ The University of Texas - Pan American ♦ The University of Texas of the Permian Basin ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University of Texas Southwestern Medical Center at Dallas ♦ The University of Texas Medical Branch at Galveston ♦ The University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health Center at Tyler ♦ The University of Texas System Administration

**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, 2007. 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, 2007

**Officers**

James R. Huffines, Chairman  
Rita C. Clements, Vice Chairman  
Cyndi Taylor Krier, Vice Chairman  
H. Scott Caven, Jr., Vice Chairman  
Francie A. Frederick, General Counsel

**Members**

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

Robert A. Estrada

Fort Worth

---

*Terms scheduled to expire February 1, 2007\**

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

Dallas  
Houston  
San Antonio

---

*Term scheduled to expire February 1, 2008\**

Randal Matthew Camarillo (Student Regent)

Fort Worth

---

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

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

Brenham  
Houston  
Austin

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

Robert B. Rowling  
Colleen McHugh

Dallas  
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, 2007

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Mark G. Yudof, Chancellor

Scott C. Kelley, Executive Vice Chancellor for Business Affairs

David B. Prior, Executive Vice Chancellor for Academic Affairs

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

Tonya Moten Brown, Vice Chancellor for Administration

Barry D. Burgdorf, Vice Chancellor and General Counsel

Geri H. Malandra, Vice Chancellor for Strategic Management

Barry McBee, Vice Chancellor for Governmental Relations

Keith McDowell, Vice Chancellor for Research and Technology Transfer

Randa S. Safady, Vice Chancellor for External Relations

William H. Shute, Vice Chancellor for Federal Relations

Bruce E. Zimmerman, President, Chief Executive Officer & 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, 2007

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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., Vice President, Clinical Affairs

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

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THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
EXHIBIT A - BALANCE SHEET  
As of August 31, 2007

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable	Permanent Health Fund
<b>ASSETS</b>					
Current Assets:					
Cash & Cash Equivalents	\$ 251,146	883,516	85,577		
Restricted Cash & Cash Equivalents		322,267		3,173,345	
Balance in State Appropriations	2,497,925				
Accounts Receivable, Net:					
Federal (allowances of \$0 in '07 & \$0 in '06)	1,185,832	714,415		1,304,552	
Other Intergov. (allowances of \$0 in '07 & \$0 in '06)					
Patient (allow. of \$32,444,100 in '07 & \$27,927,565 in '06)	5,319,419	1,612,157			
Contributions (allowances of \$0 in '07 & \$0 in '06)					
Other (allowances of \$0 in '07 & \$0 in '06)	176,114	259,994	1,600	566,850	
Due From Other Funds		54,622			
Due From System Administration		423,669		173	
Inventories	2,106,186		29,824		
Other Current Assets	255,263	18,502	17,000		
<b>Total Current Assets</b>	<u>11,791,885</u>	<u>4,289,142</u>	<u>134,001</u>	<u>5,044,920</u>	
Noncurrent Assets:					
Restricted:					
Investments				5,768,898	
Funds Held by System Administration					
Funds Held by System - Permanent Health Fund					33,538,275
Investments	9,416,737	10,021,652			
Other Noncurrent Assets	182,667	99,323			
Capital Assets					
Less Accumulated Depreciation					
<b>Total Noncurrent Assets</b>	<u>9,599,404</u>	<u>10,120,975</u>		<u>5,768,898</u>	<u>33,538,275</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,391,289</u>	<u>14,410,117</u>	<u>134,001</u>	<u>10,813,818</u>	<u>33,538,275</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 5,676,285	1,754,609	21,435		
Due to Other Funds	54,519			103	
Due to System Administration	809,021				
Deferred Revenue	13,920	415		1,922,932	
Employees' Compensable Leave-Current Portion	2,404,035	278,426			
Payable From Restricted Assets				1,429,483	
<b>Total Current Liabilities</b>	<u>8,957,780</u>	<u>2,033,450</u>	<u>21,435</u>	<u>3,352,518</u>	
Noncurrent Liabilities:					
Employees' Compensable Leave	497,134	57,576			
Liability to Beneficiaries-Held by System					
Other Noncurrent Liabilities		99,323			
<b>Total Noncurrent Liabilities</b>	<u>497,134</u>	<u>156,899</u>			
<b>TOTAL LIABILITIES</b>	<u>9,454,914</u>	<u>2,190,349</u>	<u>21,435</u>	<u>3,352,518</u>	
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt					
Restricted for:					
Nonexpendable					
Perm. Health, True & Term Endowments, & Annuities					25,000,000
Expendable					
Capital Projects					
Funds Functioning as Endowment - Restricted					
Other Expendable		322,267		7,461,300	8,538,275
Unrestricted	11,936,375	11,897,501	112,566		
<b>TOTAL NET ASSETS</b>	<u>11,936,375</u>	<u>12,219,768</u>	<u>112,566</u>	<u>7,461,300</u>	<u>33,538,275</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 21,391,289</u>	<u>14,410,117</u>	<u>134,001</u>	<u>10,813,818</u>	<u>33,538,275</u>

Endowment & Similar Funds - Other Than State	Annuity and Life Income Funds	Unexpended Plant	Investment in Plant	Current Year Totals	Prior Year Totals
		383,518		1,803,757	10,851,966
				3,496,612	9,237,261
				2,487,925	2,390,702
				3,204,799	1,255,380
				6,931,576	217,492
				1,004,558	6,128,808
				54,622	236,935
		1,794,888		2,218,700	809,197
				2,136,010	2,792,016
				290,755	2,152,969
					338,584
		<u>2,178,376</u>		<u>23,438,324</u>	<u>36,411,340</u>
10,604,051	165,328			5,768,898	
				10,769,379	9,176,639
				33,538,275	30,092,325
				19,438,389	
				281,990	487,130
			150,849,634	150,849,634	145,765,355
			(77,298,130)	(77,298,130)	(69,193,022)
<u>10,604,051</u>	<u>165,328</u>		<u>73,551,504</u>	<u>143,348,435</u>	<u>116,328,427</u>
<u>10,604,051</u>	<u>165,328</u>	<u>2,178,376</u>	<u>73,551,504</u>	<u>166,786,759</u>	<u>152,739,767</u>
		347,355		7,799,684	7,118,701
				54,822	
				809,021	828,133
				1,937,287	1,661,281
				2,682,461	2,817,003
				1,429,483	859,791
		<u>347,355</u>		<u>14,712,536</u>	<u>13,285,909</u>
	82,783			554,710	529,993
				82,783	60,913
				59,323	60,907
	<u>82,783</u>			<u>736,816</u>	<u>651,813</u>
	<u>82,783</u>	<u>347,355</u>		<u>15,449,354</u>	<u>13,937,722</u>
			73,551,504	73,551,504	76,572,333
6,044,505	82,545			31,127,050	30,624,928
		1,378,828		1,378,828	2,097,789
849,024				849,024	724,089
3,399,613				19,721,455	18,091,313
310,909		452,193		24,709,544	12,691,593
<u>10,604,051</u>	<u>82,545</u>	<u>1,831,021</u>	<u>73,551,504</u>	<u>151,337,405</u>	<u>138,802,045</u>
<u>10,604,051</u>	<u>165,328</u>	<u>2,178,376</u>	<u>73,551,504</u>	<u>166,786,759</u>	<u>152,739,767</u>

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
EXHIBIT B - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended August 31, 2007

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable	Permanent Health Fund
<b>Operating Revenues:</b>					
Federal Sponsored Programs	\$ 1,189,303	323,276		6,148,977	
Federal Sponsored Programs Pass-Through from Other St. Agencies	336,941	91,572		1,740,160	
State Sponsored Programs				31,262	
State Sponsored Programs Pass-Through from Other St. Agencies	12,634	709,632		550,518	
Local Sponsored Programs		2,066,236			
Private Sponsored Programs	489,043	59,318		2,028,414	
Sales and Services of Educational Activities	71,443	962,641			
Sales and Services of Hospitals	151,647,338				
Discounts and Allowances	(107,152,240)				
Professional Fees		36,311,324			
Discounts and Allowances		(21,243,172)			
Auxiliary Enterprises			178,934		
Other Operating Revenues	382,704	250,097		40,315	
<b>Total Operating Revenues</b>	<b>46,977,166</b>	<b>19,550,923</b>	<b>178,934</b>	<b>10,539,646</b>	
<b>Operating Expenses:</b>					
Instruction	3,722,777	466,108		2,961,159	
Research	3,371,089	1,291,851		7,046,778	
Hospitals and Clinics	52,949,666	12,558,877		751,210	
Academic Support	365,419			2,180	
Institutional Support	6,686,242	2,688,949		287,646	
Operations and Maintenance of Plant	9,012,184	40,741			
Auxiliary Enterprises			232,583		
Depreciation and Amortization					
<b>Total Operating Expenses</b>	<b>76,107,377</b>	<b>17,046,526</b>	<b>232,583</b>	<b>11,048,973</b>	
Operating Loss	(29,130,211)	2,504,397	(53,649)	(509,327)	
<b>Nonoperating Revenues (Expenses):</b>					
State Appropriations	37,764,633				
Gift Contributions for Operations		24,554		545,963	
Net Investment Income	323,971	3,119,370		167,476	
Net Increase (Decrease) in Fair Value of Investments	108,860	136,242		231,794	3,445,950
Gain/(Loss) on Sale of Capital Assets					
<b>Net Nonoperating Revenues (Expenses)</b>	<b>38,197,464</b>	<b>3,280,166</b>		<b>945,233</b>	<b>3,445,950</b>
Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	9,067,253	5,784,563	(53,649)	435,906	3,445,950
Gifts and Sponsored Programs for Capital Acquisitions					
Additions to Permanent Endowments					
Reclass from / (to) Other Institutions					
Capital Asset Purchases	(126,650)	(37,062)		(381,538)	
Balance Sheet Transactions Between Funds	19,644				
Transfers Between Institutions & System-Debt Service-Mandatory	(1,912,529)				
Transfers Between Institutions & System Admin. - Nonmandatory		621,507			
Transfers From Other State Agencies	10,464,135				
Transfers to Other State Agencies	(10,464,135)				
Transfers Between Funds	(1,587,167)	(315,495)	45,882	(736,566)	
Change in Net Assets	5,460,551	6,053,513	(7,767)	(682,198)	3,445,950
Beginning Net Assets	6,475,824	6,166,255	120,333	8,143,498	30,092,325
<b>Ending Net Assets</b>	<b>\$ 11,936,375</b>	<b>12,219,768</b>	<b>112,566</b>	<b>7,461,300</b>	<b>33,538,275</b>

Endowment & Similar Funds - Other Than State	Annuity and Life Income Funds	Unexpended Plant	Investment in Plant	Current Year Totals	Prior Year Totals
				7,681,558	7,214,519
				2,168,673	2,591,217
				31,262	44,067
				1,272,784	1,111,625
				2,088,239	3,957,941
				2,576,775	2,058,716
				1,034,084	1,159,220
				151,647,338	167,897,849
				(107,152,240)	(121,305,580)
				36,311,324	40,295,433
				(21,243,172)	(29,758,516)
				178,834	272,281
				673,118	1,283,393
				<u>77,246,669</u>	<u>76,822,165</u>
				7,150,044	8,075,710
				11,709,718	10,928,371
				66,259,753	77,623,505
				367,599	
		134,809		9,662,837	9,696,777
				9,187,734	6,193,186
				232,583	548,050
			8,955,614	8,955,614	8,456,640
		134,809	8,955,614	113,525,882	121,512,248
		(134,809)	(8,955,614)	(36,279,213)	(44,690,083)
				37,764,633	39,069,206
				570,517	638,604
1,017,918	(17,822)	34,809		3,627,804	3,446,989
	(125)			4,940,638	2,520,969
			(26,839)	(26,839)	(23)
<u>1,017,918</u>	<u>(17,947)</u>	<u>34,809</u>	<u>(26,839)</u>	<u>46,876,754</u>	<u>45,675,745</u>
1,017,918	(17,947)	(100,000)	(8,982,453)	10,597,541	985,662
			197	197	66
545,283				545,283	182,200
		(2,036,951)		(2,036,951)	1,821,596
		(5,435,821)	5,981,071		
		(344,808)	(19,644)	(2,257,337)	(1,954,742)
		5,065,120		5,686,627	1,970,549
				10,464,135	5,874,416
				(10,464,135)	(5,874,416)
25,616		2,567,730			
<u>1,588,817</u>	<u>(17,947)</u>	<u>(284,730)</u>	<u>(3,020,829)</u>	<u>12,535,360</u>	<u>3,005,331</u>
9,015,234	100,492	2,115,751	76,572,333	138,802,045	135,796,714
<u>10,604,051</u>	<u>82,545</u>	<u>1,831,021</u>	<u>73,551,504</u>	<u>151,337,405</u>	<u>138,802,045</u>

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
EXHIBIT C - STATEMENT OF CASH FLOWS  
For the Year Ended August 31, 2007

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Patients and Customers	\$ 58,911,182	57,084,620
Proceeds from Sponsored Programs	14,056,120	17,293,191
Proceeds from Auxiliaries	193,087	258,528
Proceeds from Other Revenues	2,004,310	2,758,187
Payments to Suppliers	(37,158,282)	(43,244,590)
Payments to Employees	(66,363,149)	(74,532,755)
Payments for Other Expenses	(75,470)	(127,673)
Net Cash Provided (Used) by Operating Activities	<u>(28,432,202)</u>	<u>(40,412,492)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	37,657,410	37,063,549
Proceeds from Operating Gifts	807,452	884,851
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	545,283	182,200
Payments/Receipts for Transfers to/from System or Oth. Agencies	570,792	25,291
Net Cash Provided (Used) by Noncapital Financing Activities	<u>39,580,937</u>	<u>38,155,691</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Capital Debt Transferred from System (nonmandatory)	3,652,077	5,939,182
Proceeds from Sale of Capital Assets	19,644	14,542
Payments for Additions to Capital Assets	(5,897,466)	(8,171,179)
Mandatory Transfers to System for Capital Related Debt	(2,257,337)	(1,954,742)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(4,483,082)</u>	<u>(4,172,197)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Interest and Investment Income	14,644	660,730
Proceeds from Interest and Investment Income Held by System	3,635,153	2,542,800
Payments to Acquire Investments Held by System	(25,305,338)	9,051,579
Net Cash Provided (Used) by Investing Activities	<u>(21,655,541)</u>	<u>12,255,109</u>
Net Increase (Decrease) in Cash	(14,989,888)	5,826,111
Cash & Cash Equivalents - Beginning of the Year	20,089,257	14,263,146
Cash & Cash Equivalents - End of the Year	<u>\$ 5,099,369</u>	<u>20,089,257</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Operating Loss	\$ (36,279,213)	(44,690,083)
Adjustments to Reconcile Operating Loss to Net Cash:		
Depreciation and Amortization Expense	8,955,614	8,456,640
Changes in Assets and Liabilities:		
Receivables	(2,730,056)	170,250
Inventories	16,959	(30,254)
Other Assets	252,959	223,147
Payables	1,167,070	(3,956,912)
Due to System	(20,112)	(14,431)
Deferred Income	275,886	107,368
Compensated Absence Liability	(109,825)	(739,124)
Other Liabilities	38,416	60,907
Total Adjustments	<u>7,847,011</u>	<u>4,277,591</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (28,432,202)</u>	<u>(40,412,492)</u>
<b>Noncash Transactions</b>		
Net Increase (Decrease) in Fair Value of Investments	4,940,639	2,520,969
Donated Capital Assets	197	66
Miscellaneous Noncash Transactions	(26,839)	

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, 2007

	Operating Budget	Actual
<b>OPERATING REVENUES:</b>		
Net Tuition and Fees	\$ -	-
Federal Sponsored Programs	11,930,242	9,830,229
State Sponsored Programs	1,126,409	1,304,046
Local and Private Sponsored Programs	3,064,788	4,663,010
Net Sales and Services of Educational Activities	4,409,064	1,034,084
Net Sales and Services of Hospitals and Clinics	42,972,776	44,495,098
Net Professional Fees	11,568,530	15,068,152
Net Auxilliary Enterprises	202,797	178,934
Other Operating Revenues	-	673,116
Total Operating Revenues	<u>75,274,606</u>	<u>77,246,669</u>
<b>OPERATING EXPENSES:</b>		
Instruction	4,522,915	7,150,044
Research	15,033,139	11,709,718
Public Service	-	-
Hospitals and Clinics	76,213,990	66,259,753
Academic Support	-	367,599
Student Services	-	-
Institutional Support	7,055,427	9,662,837
Operations and Maintenance of Plant	7,925,497	9,187,734
Scholarships and Fellowships	-	-
Auxiliary Enterprises	225,469	232,583
Depreciation and Amortization	8,008,483	8,955,614
Total Operating Expenses	<u>118,984,920</u>	<u>113,525,882</u>
Operating Income (Loss)	<u>(43,710,314)</u>	<u>(36,279,213)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State Appropriations	38,952,683	37,764,633
Gifts in Support of Operations	1,277,853	570,517
Net Investment Income	2,780,079	3,627,804
Net Increase (Decrease) in Fair Value of Investments	-	4,940,639
Interest Expense	-	-
Other	-	(26,839)
Net Nonoperating Revenues (Expenses)	<u>43,010,615</u>	<u>46,876,754</u>
<b>TRANSFERS AND OTHER:</b>		
Capital Appropriations, Gifts and Sponsored Programs	11,123	197
Additions to Permanent Endowments	-	545,283
Transfers for Debt Service	(2,180,225)	(2,257,337)
Transfers and Other	6,307,060	3,649,676
Total Transfers and Other	<u>4,137,958</u>	<u>1,937,819</u>
Change in Net Assets	<u>\$ 3,438,259</u>	<u>12,535,360</u>