

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT TYLER

ANNUAL FINANCIAL REPORT

(WITH DETAILED SUPPORTIVE SCHEDULES)

UNAUDITED

FISCAL YEAR ENDED AUGUST 31, 2011



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 ♦ 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 Science Center at Tyler ♦ The University of Texas System Administration

THE UNIVERSITY OF TEXAS HEALTH SCIENCE 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 Science Center at Tyler for the year ended August 31, 2011. 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, 2011

Officers

Wm. Eugene "Gene" Powell, Chairman
Paul L. Foster, Vice Chairman
R. Steven "Steve" Hicks, Vice Chairman
James D. Dannenbaum, Vice Chairman
Francie A. Frederick, General Counsel to the Board of Regents

Members

*Terms scheduled to expire February 1, 2013**

James D. Dannenbaum	Houston
Paul L. Foster	El Paso
Printice L. Gary	Dallas

*Terms scheduled to expire February 1, 2015**

R. Steven "Steve" Hicks	Austin
Wm. Eugene "Gene" Powell	San Antonio
Robert L. Stillwell	Houston

*Terms scheduled to expire February 1, 2017**

Alex M. Cranberg	Austin
Wallace L. Hall, Jr.	Dallas
Brenda Pejovich	Dallas

*Term scheduled to expire May 31, 2012**

John Davis Rutkauskas (Student Regent)	U. T. Austin
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*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, 2011**

Francisco G. Cigarroa, M.D., 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

Vacant, Vice Chancellor for Finance and Business Development

Barry D. Burgdorf, Vice Chancellor and General Counsel

Barry McBee, Vice Chancellor and Chief Governmental Relations Officer

Randa S. Safady, Vice Chancellor for External Relations

William H. Shute, Vice Chancellor for Federal Relations

Amy Shaw Thomas, Vice Chancellor and Counsel for Health Affairs

Sandra K. Woodley, Vice Chancellor for Strategic Initiatives

Bruce E. Zimmerman, Chief Executive Officer and Chief Investment Officer–UTIMCO

Cathy Iberg, President and Deputy Chief Investment Officer–UTIMCO

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

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

As of August 31, 2011

Kirk A. Calhoun, M.D., President

Joseph Woelkers, Executive Vice President and Chief of Staff

Vernon Moore, Vice President and Chief Business and Finance Officer

Robert Marshall, Vice President and Chief Administrative Officer for Hospital, Clinics,
and Campus Operations

David Coultas, M.D., Vice President for Clinical and Academic Affairs and Physician-in-
Chief for Faculty Practice Plan

Steven Idell, M.D., Ph.D, Vice President for Research and Graduate Studies

Richard "Mac" Griffith, Vice President and Chief Development Officer

UNAUDITED

The University of Texas Health Science Center at Tyler
 Exhibit A Balance Sheet
 As of August 31, 2011

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable
ASSETS AND DEFERRED OUTFLOWS				
Current Assets and Deferred Outflows:				
Cash & Cash Equivalents	\$ 2,214,788.17	5,969,509.36	241,779.14	
Restricted Cash & Cash Equivalents		537,233.56		8,219,645.18
Balance in State Appropriations				
Accounts Receivable, Net:				
Federal (allow. \$0.00 in 2011 & \$0.00 in 2010)	923,938.00	124,130.18		1,092,691.39
Patient & Healthcare(allow. \$23,343,410.00 in 2011 & \$27,335,530.00 in 2010)	6,370,151.82	1,644,396.46		
Contributions (allow. \$0.00 in 2011 & \$0.00 in 2010)				109,463.44
Other (allow. \$0.00 in 2011 & \$0.00 in 2010)	35,378.38		788.00	476,514.32
Due From Other Funds	43,449.82	112,190.98		
Due From System Administration		457,841.16		1,956.16
Due From Other Agencies				447,810.13
Inventories	1,899,860.68		15,340.19	
Other Current Assets	35,092.00	14,215.64		
Total Current Assets and Deferred Outflows	11,522,658.87	8,859,517.34	257,907.33	10,348,080.62
Noncurrent Assets and Deferred Outflows:				
Restricted Investments				292,872.24
Funds Held by System Administration (Restricted)				
Contributions Rec. (allow. \$0.00 in 2011 & \$0.00 in 2010)				5,179.67
Unrestricted Investments	11,069,988.62	11,677,655.06		
Other Noncurrent Assets		106,484.49		
Gross Capital/Intangible Assets				
Accumulated Depreciation/Amortization				
Total Noncurrent Assets and Deferred Outflows	11,069,988.62	11,784,139.55		298,051.91
Total Assets and Deferred Outflows	\$ 22,592,647.49	20,643,656.89	257,907.33	10,646,132.53
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities and Deferred Inflows:				
Accounts Payable and Accrued Liabilities	3,056,354.60	802,223.68	4,780.75	
Salaries Payable	1,519,787.92	592,147.72	590.86	208,790.11
Due To Other Funds	88,994.22	66,646.58		
Due To System Administration	989,067.69			
Deferred Revenue				1,591,146.53
Employees' Compensable Leave - Current Portion	1,801,871.49	328,835.99		
Payable From Restricted Assets				373,454.49
Total Current Liabilities and Deferred Inflows	7,456,075.92	1,789,853.97	5,371.61	2,173,391.13
Noncurrent Liabilities and Deferred Inflows:				
Employees' Compensable Leave	760,488.60	138,786.83		
Liability to Beneficiaries Held by System				
Other Noncurrent Liabilities		106,484.49		
Total Noncurrent Liabilities and Deferred Inflows	760,488.60	245,271.32		
Total Liabilities and Deferred Inflows	8,216,564.52	2,035,125.29	5,371.61	2,173,391.13
NET ASSETS				
Invested in Capital Assets, Net of Related Debt				
Restricted for:				
Nonexpendable				
Permanent Health, True Endowments, and Annuities				
Expendable				
Capital Projects				
Funds Functioning as Endowment (Restricted)				
Other Expendable				
Unrestricted Net Assets	14,376,082.97	537,233.56		8,472,741.40
		18,071,298.04	252,535.72	
Total Net Assets	14,376,082.97	18,608,531.60	252,535.72	8,472,741.40
Total Liabilities, Deferred Inflows and Net Assets	\$ 22,592,647.49	20,643,656.89	257,907.33	10,646,132.53

UNAUDITED

Endowment and Similar Funds - State Permanent Health Fund	Endowment and Similar Funds - Other Than State	Annuity and Life Income Funds	Unexpended Plant Funds	Investment in Plant	Current Year Totals	Prior Year Totals
			1,414,003.18		9,840,079.85	2,621,925.20
					8,756,878.74	9,470,513.38
						1,071,812.14
					2,140,759.57	2,362,227.22
					8,014,548.28	8,126,451.70
			85,029.63		194,493.07	209,810.97
					512,680.70	830,144.20
					155,640.80	349,326.73
			2,603,643.39		3,063,440.71	19,692,845.83
					447,810.13	192,166.27
					1,915,200.87	1,825,360.30
					49,307.64	119,672.56
			4,102,676.20		35,090,840.36	46,872,256.50
					292,872.24	292,872.24
30,272,325.00	10,871,842.30	155,650.16			41,299,817.46	37,703,587.90
			128,996.92		134,176.59	348,482.78
					22,747,643.68	20,993,912.16
					106,484.49	45,657.75
				215,758,967.07	215,758,967.07	187,045,988.41
				(104,372,982.52)	(104,372,982.52)	(99,084,195.60)
30,272,325.00	10,871,842.30	155,650.16	128,996.92	111,385,984.55	175,966,979.01	147,346,305.64
30,272,325.00	10,871,842.30	155,650.16	4,231,673.12	111,385,984.55	211,057,819.37	194,218,562.14
					9,228,982.43	6,409,292.97
			5,365,623.40		2,321,316.61	1,873,655.43
					155,640.80	349,326.73
					989,067.69	908,211.03
					1,591,146.53	2,125,027.27
					2,130,707.48	2,672,905.62
					373,454.49	394,646.09
			5,365,623.40		16,790,316.03	14,731,065.14
					899,275.43	465,899.16
		66,461.66			66,461.66	66,338.07
					106,484.49	45,657.75
		66,461.66			1,072,221.58	577,894.98
		66,461.66	5,365,623.40		17,862,537.61	15,308,960.12
				111,385,984.55	111,385,984.55	87,961,792.81
25,000,000.00	7,365,788.80	89,188.50			32,454,977.30	32,408,607.06
						15,603,280.87
			(1,878,964.51)		(1,878,964.51)	681,384.37
	745,241.62				745,241.62	13,000,550.95
5,272,325.00	2,483,033.18				16,765,333.14	29,253,975.96
	277,778.70		745,014.23		33,722,709.66	
30,272,325.00	10,871,842.30	89,188.50	(1,133,950.28)	111,385,984.55	193,195,281.76	178,909,602.02
30,272,325.00	10,871,842.30	155,650.16	4,231,673.12	111,385,984.55	211,057,819.37	194,218,562.14

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The University of Texas Health Science Center at Tyler
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended August 31, 2011

	Educational and General	Designated	Auxiliary Enterprises	Restricted Expendable
Operating Revenues:				
Federal Sponsored Programs		1,244,292.53		5,310,045.18
Federal Sponsored Programs Pass-Through from State Agencies	2,062.50	541,685.93		2,691,939.30
State Sponsored Programs Pass-Through from State Agencies		721,873.03		545,926.46
Private Sponsored Programs	733,204.13	1,069,820.15		1,661,874.17
Sales and Services of Educational Activities	90,518.12	1,183,027.54		52,452.62
Sales and Services of Hospitals	184,171,740.40			
Discounts and Allowances Sales and Services of Hospitals	(135,013,687.98)			
Professional Fees (Patient Charges)		32,488,457.20		
Discounts and Allowances Professional Fees (Patient Charges)		(21,046,562.13)		
Auxiliary Enterprises			225,360.10	
Other Operating Revenues	368,634.41	211,096.77		9,681.70
Total Operating Revenues	50,352,471.58	16,413,691.02	225,360.10	10,271,919.43
Operating Expenses:				
Instruction	4,119,758.67	405,619.19		3,111,704.36
Research	3,469,683.21	1,441,432.45		6,071,346.98
Public Service				2,689.31
Hospitals / Clinics	58,632,419.24	11,887,594.63		448,542.64
Academic Support	901,442.84	339.27		91.56
Institutional Support	6,735,476.06	1,197,411.75		54,734.05
Operations and Maintenance of Plant	9,229,086.79			
Scholarships and Fellowships				32,869.00
Auxiliary Enterprises			131,617.75	
Depreciation and Amortization				
Total Operating Expenses	83,087,866.81	14,932,397.29	131,617.75	9,721,977.90
Operating Income (Loss)	(32,735,395.23)	1,481,293.73	93,742.35	549,941.53
Nonoperating Revenues (Expenses):				
State Appropriations	36,947,634.66			
Federal Nonexchange Pass-Through				
Gift Contributions for Operations				483,410.06
Investment Income	332,208.40	3,205,182.23		527,802.36
Net Increase (Decrease) in Fair Value of Investments	770,392.40	999,165.86		
Gain (Loss) on Sale of Capital Assets				
Other Nonoperating Revenues				2,605.88
Other Nonoperating (Expenses)	(121,612.65)			
Net Nonoperating Revenues (Expenses)	37,928,622.81	4,204,348.09		1,013,818.30
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	5,193,227.58	5,685,641.82	93,742.35	1,563,759.83
Gifts and Sponsored Programs for Capital Acquisitions				
Additions to Permanent Endowments / Annuities				
Reclass from/(to) Other Institutions				
Capital Asset Purchases	(300,153.15)	(218,801.95)		(565,656.68)
Balance Sheet Transactions Between Furds	4,919.76	12,000.00		
Transfers Between Institutions & System, Debt Service - Mandatory	(2,780,637.84)			
Transfers Between Institutions & System Admin. - Non mandatory	(5,000.00)	182,721.54		
Transfers From Other State Agencies	8,161,007.19			
Transfers to Other State Agencies	(8,161,007.19)			
Transfers Between Funds	(1,441,291.40)	(1,779,103.88)		(693,873.40)
Change in Net Assets	671,064.95	3,882,457.53	93,742.35	104,229.75
Beginning Net Assets	13,705,018.02	14,726,074.07	158,793.37	8,368,511.65
Ending Net Assets	\$ 14,376,082.97	18,608,531.60	252,535.72	8,472,741.40

UNAUDITED

Endowment and Similar Funds - State Permanent Health Fund	Endowment and Similar Funds - Other Than State	Annuity and Life Income Funds	Unexpended Plant Funds	Investment in Plant	Current Year Totals	Prior Year Totals
					6,554,337.71	7,850,196.32
					3,235,687.73	2,572,294.95
					1,267,799.49	1,260,046.58
					3,464,898.45	3,376,266.86
					1,325,998.28	1,385,994.78
					184,171,740.40	136,059,282.92
					(135,013,687.98)	(90,714,141.24)
					32,488,457.20	31,844,519.92
					(21,046,562.13)	(21,192,726.12)
					225,360.10	223,880.67
					589,412.88	878,523.46
					77,263,442.13	73,544,139.10
					7,637,082.22	7,847,055.31
					10,982,462.64	12,168,889.86
					2,689.31	974.60
					70,968,556.51	71,591,800.72
					901,873.67	709,833.10
					7,987,621.86	8,636,594.93
			728,703.81		9,957,790.60	10,019,541.78
					32,869.00	18,974.80
					131,617.75	200,179.26
				7,094,530.34	7,094,530.34	7,643,478.14
			728,703.81	7,094,530.34	115,697,093.90	118,837,322.50
			(728,703.81)	(7,094,530.34)	(38,433,651.77)	(45,293,183.40)
					36,947,634.66	42,770,985.11
						80,210.00
					483,410.06	720,777.76
2,667,400.00	0.04	35.62	35,182.57		4,100,411.22	3,950,638.28
	881,158.87	3,338.63			5,321,455.76	4,132,754.32
				(93,291.79)	(93,291.79)	(46,639.49)
					2,605.88	900.38
					(121,612.65)	
2,667,400.00	881,158.91	3,374.25	35,182.57	(93,291.79)	46,640,613.14	51,609,626.36
2,667,400.00	881,158.91	3,374.25	(693,521.24)	(7,187,822.13)	8,206,961.37	6,316,442.96
			106,646.24		106,646.24	559,596.04
	10,000.00				10,000.00	73,847.03
			(677,478.64)		(677,478.64)	22,061,063.65
			(29,648,745.04)	30,733,356.82		
				(16,919.76)		
			(395,564.05)		(3,176,201.89)	(4,451,353.87)
			9,742,454.31		9,920,175.85	2,148,107.42
					8,161,007.19	4,174,750.00
				(104,423.19)	(8,265,430.38)	(4,175,461.80)
	34,172.81		4,080,095.87			
2,667,400.00	925,331.72	3,374.25	(17,486,112.55)	23,424,191.74	14,285,679.74	26,706,991.43
27,604,925.00	9,946,510.58	85,814.25	16,352,162.27	87,981,792.81	178,909,602.02	152,202,610.59
30,272,325.00	10,871,842.30	89,188.50	(1,133,950.28)	111,385,984.55	193,195,281.76	178,909,602.02

UNAUDITED

The University of Texas Health Science Center at Tyler
EXHIBIT C - STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2011

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Patients and Customers	61,303,273.76	55,339,665.32
Proceeds from Sponsored Programs	13,672,260.45	14,770,241.27
Proceeds from Auxiliaries	225,272.10	224,160.67
Proceeds from Other Revenues	1,915,411.16	2,264,518.24
Payments to Suppliers	(38,596,458.90)	(43,032,377.78)
Payments to Employees	(70,225,920.29)	(69,071,032.09)
Net Cash Provided (Used) by Operating Activities	<u>(31,706,161.72)</u>	<u>(39,504,824.37)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	38,019,446.80	42,251,877.25
Proceeds from Operating Gifts	594,954.95	494,589.76
Proceeds from Private Gifts for Endowment and Annuity Life Purposes	10,000.00	73,847.03
Proceeds from Other Nonoperating Revenues	2,605.88	900.38
Payments / Receipts for Transfers to / from System or Other Agencies	108,615.74	171,021.18
Payments for Other Uses	(121,612.65)	-
Proceeds from Nonexchange Sponsored Programs	-	80,210.00
Net Cash Provided by Noncapital Financing Activities	<u>38,614,010.72</u>	<u>43,072,445.60</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Capital Debt Transferred from System (Nonmandatory)	25,765,116.42	13,505,453.04
Proceeds from Capital Appropriations, Grants, and Gifts	224,725.44	275,730.76
Proceeds from Sale of Capital Assets	16,919.76	5,381.40
Payments for Additions to Capital Assets	(27,304,288.38)	(18,976,360.06)
Mandatory Transfers to System for Capital Related Debt	(3,176,201.89)	(4,451,353.87)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,473,728.65)</u>	<u>(9,641,148.73)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	6,093.55	14,071.65
Proceeds from Interest and Investment Income Invested by System	4,092,811.43	3,937,066.84
Payments to Acquire Investments Invested by System	(28,505.32)	(95,121.25)
Net Cash Provided (Used) by Investing Activities	<u>4,070,399.66</u>	<u>3,856,017.24</u>
Net Increase (Decrease) in Cash	6,504,520.01	(2,217,510.26)
Cash and Cash Equivalents (Beginning of the Year)	<u>12,092,438.58</u>	<u>14,309,948.84</u>
Cash and Cash Equivalents (End of the Year)	<u><u>\$ 18,596,958.59</u></u>	<u><u>\$ 12,092,438.58</u></u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(38,433,651.77)	(45,293,183.40)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	7,094,530.34	7,643,478.14
Changes in Assets and Liabilities:		
Accounts Receivable	395,190.71	(472,290.82)
Inventories	(89,840.57)	575,891.30
Other Current and Noncurrent Assets	9,538.18	(130,838.70)
Accounts Payable	(182,909.40)	(835,248.16)
Due to System	82,856.66	69,362.26
Deferred Revenue	(533,880.74)	(479,163.35)
Employees' Compensable Leave	(108,821.87)	(628,489.39)
Other Current and Noncurrent Liabilities	60,826.74	45,657.75
Total Adjustments	<u>6,727,490.05</u>	<u>5,788,359.03</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (31,706,161.72)</u></u>	<u><u>\$ (39,504,824.37)</u></u>
Non Cash Transactions		
Net Increase (Decrease) in Fair Value of Investments	5,321,455.76	4,132,754.32
Donated Capital Assets	-	7.00
Miscellaneous Noncash Transactions	(197,714.98)	(47,351.29)

UNAUDITED

The University of Texas Health Science Center at Tyler
 Exhibit D Comparison of Budget to Actual Statement of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended August 31, 2011

	Operating Budget	Actual
OPERATING REVENUES:		
Federal Sponsored Programs	10,980,000.00	9,790,025.44
State Sponsored Programs	1,362,700.00	1,267,799.49
Local and Private Sponsored Programs	2,750,000.00	3,464,898.45
Net Sales and Services of Educational Activities	2,916,077.00	1,325,998.28
Net Sales and Services of Hospitals	48,621,002.00	49,158,052.42
Net Professional Fees	10,509,254.00	11,441,895.07
Net Auxiliary Enterprises	227,710.00	225,360.10
Other Operating Revenues		589,412.88
Total Operating Revenues	<u>77,366,743.00</u>	<u>77,263,442.13</u>
OPERATING EXPENSES:		
Instruction	4,584,756.00	7,637,082.22
Research	20,405,197.00	10,982,462.64
Public Service		2,689.31
Hospitals / Clinics	65,570,380.00	70,968,556.51
Academic Support	514,002.00	901,873.67
Institutional Support	7,795,424.00	7,987,621.86
Operations and Maintenance of Plant	13,816,607.00	9,957,790.60
Scholarships and Fellowships		32,869.00
Auxiliary Enterprises	179,533.00	131,617.75
Depreciation and Amortization	7,200,000.00	7,094,530.34
Total Operating Expenses	<u>120,065,899.00</u>	<u>115,697,093.90</u>
Operating Income (Loss)	<u>(42,699,156.00)</u>	<u>(38,433,651.77)</u>
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	40,300,291.00	36,947,634.66
Gift Contributions for Operations	942,830.00	483,410.06
Investment Income	3,383,456.00	4,100,411.22
Net Increase (Decrease) in Fair Value of Investments		5,321,455.76
Other Nonoperating Revenues (Expenses)		(212,298.56)
Net Nonoperating Revenues (Expenses)	<u>44,626,577.00</u>	<u>46,640,613.14</u>
TRANSFERS AND OTHERS:		
Capital Appropriations, Gifts, and Sponsored Programs	250,000.00	106,646.24
Additions to Permanent Endowments		10,000.00
Transfers for Debt Service	(4,502,985.00)	(3,176,201.89)
Transfers and Other	2,353,413.00	9,138,274.02
Total Transfers and Other	<u>(1,899,572.00)</u>	<u>6,078,718.37</u>
Change in Net Assets	<u>\$ 27,849.00</u>	<u>14,285,679.74</u>