

**TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER**



**Annual Financial Report
Fiscal Year 2008**

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

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August 31, 2008

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TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER

John C. Baldwin, M.D.
President

November 15, 2008

Honorable Rick Perry
Governor of Texas

Honorable Susan Combs
Comptroller of Public Accounts

Mr. John Keel, CPA
State Auditor

Dr. Raymund A. Paredes
Commissioner, Texas Higher Education Coordinating Board

Mr. John O'Brien
Director, Legislative Budget Board

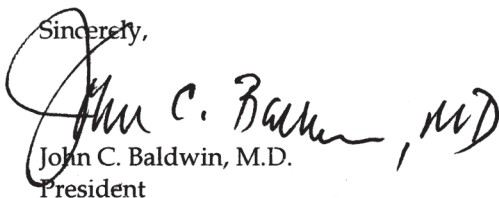
To Agency Heads Addressed:

We are pleased to submit the Annual Financial Report of Texas Tech University Health Sciences Center for the year ended August 31, 2008, in compliance with Texas Government Code Annotated, §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

As indicated by the following letter of transmittal, this report has been prepared by TTUHSC Accounting Services to provide a summary of the institution's financial records.

Sincerely,

A handwritten signature in black ink that reads "John C. Baldwin, M.D." with a stylized flourish at the end.

John C. Baldwin, M.D.
President



TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER
Finance and Administration™

Office of Accounting Services

November 15, 2008

John C. Baldwin, M.D.
President
Texas Tech University Health Sciences Center
Lubbock, Texas 79430

Dear Dr. Baldwin:

Submitted herein is the *Annual Financial Report* for Texas Tech University Health Sciences Center for the fiscal year ended August 31, 2008.

The financial statements in this report have been prepared in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

The accompanying *Annual Financial Report* will be considered for audit by the State Auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report*; therefore, an opinion has not been expressed on the statements and related information contained in the accompanying report.

Please feel free to contact me should you have any questions about this report.

Sincerely,

Christine Blakney, CPA
Director of Accounting Services

Approved:

Michael Crowder, CPA
Associate Vice President for Business Affairs

Elmo M. Cavin
Executive Vice President for Finance & Administration



Annual Financial Report
U N A U D I T E D

Organizational Data
August 31, 2008

BOARD OF REGENTS

Term Expires

Larry Anders (Vice-Chair)	January 31, 2011	Dallas
F. Scott Dueser (Chair)	January 31, 2009	Abilene
L. Frederick (Rick) Francis	January 31, 2013	El Paso
Mark Griffin	January 31, 2011	Lubbock
John F. Scovell	January 31, 2013	Dallas
Daniel T. Serna	January 31, 2011	Arlington
Windy Sitton	January 31, 2009	Lubbock
Bob L. Stafford	January 31, 2009	Amarillo
Jerry E. Turner	January 31, 2013	Blanco

FISCAL OFFICERS

Kent Hance	Chancellor
Jim Brunjes	Vice Chancellor and Chief Financial Officer
John C. Baldwin, M.D.	President
Elmo M. Cavin	Executive Vice President for Finance & Administration
Michael Crowder	Associate Vice President for Business Affairs
Christine Blakney	Director of Accounting Services

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report *U N A U D I T E D*

Enrollment Data

August 31, 2008

<i>TYPE OF STUDENT</i>	<i>STUDENTS BY SEMESTER</i>		
	<i>FALL</i>	<i>SPRING</i>	<i>SUMMER</i>
	<i>2007</i>	<i>2008</i>	<i>2008</i>
Texas Resident	2,327	2,340	1,533
Out-of-State	88	106	107
Foreign	-	9	-
Hazelwood Act	31	30	26
Military	-	-	1
Foster Care	1	-	-
Child of a Disabled Fire/Peace Officer	1	1	-
Competitive Scholarship	74	67	27
Deaf or Blind	7	7	7
Teaching Assistant, Research Assistant, and Dependents	45	43	50
Adjacent County	42	34	26
Total Students	2,616	2,637	1,777
<i>PROGRAM</i>			
Medical	571	563	-
Graduate Medical	102	105	85
Nursing	424	469	480
Graduate Nursing	262	285	279
Allied Health	184	180	57
Graduate Allied Health	671	643	784
Pharmacy	402	392	92
Total Students	2,616	2,637	1,777

ENROLLMENT TREND DATA

<i>TERM</i>	<i>STUDENTS</i>	<i>SEMESTER</i>
		<i>HOURS</i>
Fall 2007	2,616	41,350
Fall 2006	2,458	40,406
Fall 2005	2,391	38,402
Fall 2004	2,272	35,684
Fall 2003	2,105	34,548
Fall 2002	1,972	32,569
Fall 2001	1,788	28,822
Fall 2000	1,719	28,978
Fall 1999	1,649	26,153
Fall 1998	1,547	26,261

Annual Financial Report
U N A U D I T E D

FINANCIAL STATEMENTS

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Statement of Net Assets *As of August 31, 2008*

ASSETS

Current Assets

Unrestricted Cash and Cash Equivalents	\$ 173,846,811.37
Restricted Cash and Cash Equivalents	30,383,646.57
Balance of Legislative Appropriations	43,725,613.41
Accounts Receivable	
Federal Receivable	1,372,370.03
Interest and Dividends Receivable	914,964.52
Patient Accounts Receivable	48,144,251.59
less Allowances for Uncollectibles and Adjustments	(30,820,382.71)
Student Accounts Receivable	1,014,536.01
less Allowance for Uncollectibles	(18,343.17)
Contract Accounts Receivable	14,271,189.85
Pledged Gifts Receivable	2,519,185.93
less Allowance for Uncollectibles	(75,575.58)
Other	113,012.74
less Allowance for Uncollectibles	(96,559.14)
Due from Other State Agencies	5,095,553.11
Merchandise Inventories	871,964.75
Prepaid Expenses	1,293,303.32
Loans and Notes Receivable	351,920.29
less Allowance for Uncollectibles and Cancellations	(43,311.68)
Total Current Assets	<u>\$ 292,864,151.21</u>

Non-Current Assets

Restricted Cash and Cash Equivalents	\$ (16,065.73)
Pledged Gifts Receivable	5,836,485.39
less Allowance for Uncollectibles	(175,094.56)
Loans and Notes Receivable	2,866,646.28
less Allowance for Uncollectibles and Cancellations	(289,855.10)
Investments	248,313,338.06
Non-Depreciable Capital Assets	71,072,084.44
Depreciable Capital Assets	436,162,549.47
less Accumulated Depreciation	(199,627,360.11)
Total Non-Current Assets	<u>\$ 564,142,728.14</u>
TOTAL ASSETS	<u><u>\$ 857,006,879.35</u></u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Statement of Net Assets *As of August 31, 2008*

LIABILITIES

Current Liabilities

Accounts Payable	\$ 19,132,220.58
Payroll Payable	31,770,613.85
Due to Other State Agencies	158,485.31
Unclaimed Property Due to the State Treasury	29,700.71
Deferred Revenue	10,952,889.29
Notes Payable	3,193,000.00
Bonds Payable	5,653,290.46
Claims Payable	1,862,760.70
Compensable Leave Payable	4,894,410.74
Funds Held for Others	167,339.45
Other	285,766.61
Total Current Liabilities	<u>\$ 78,100,477.70</u>

Non-Current Liabilities

Unclaimed Property Due to the State Treasury	\$ 84,673.48
Bonds Payable	115,321,258.74
Claims Payable	16,764,846.30
Compensable Leave Payable	19,577,642.96
Other	695,989.85
Total Non-Current Liabilities	<u>\$ 152,444,411.33</u>

TOTAL LIABILITIES \$ 230,544,889.03

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 183,439,724.60
Restricted	
Capital Projects	9,582,753.88
Funds Held as Permanent Investments	
Nonexpendable	107,275,336.24
Other	33,382,592.18
Unrestricted	292,781,583.42
TOTAL NET ASSETS	<u>\$ 626,461,990.32</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 857,006,879.35</u></u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Statement of Revenues, Expenses, and Changes in Net Assets *For the Year Ended August 31, 2008*

Operating Revenues	
Student Tuition and Fees - Unpledged	\$ 4,278,668.75
less Discounts and Allowances	(3,996,999.56)
less Uncollectibles	12,640.20
Student Tuition and Fees - Pledged	19,494,567.27
Net Professional Fees	245,554,314.27
less Uncollectibles	(28,578,096.66)
Net Sales and Services of Auxiliary Enterprises - Pledged	464,053.26
Net Other Sales and Services - Unpledged	1,430,430.28
Net Other Sales and Services - Pledged	2,547,056.24
Federal Grant and Contract Revenues - Unpledged	9,245,557.00
Federal Grant and Contract Revenues - Pledged	2,483,120.15
Federal Grant and Contract Pass-Through Revenues	3,227,131.84
State Grant and Contract Revenues - Unpledged	3,069,347.06
State Grant and Contract Revenues - Pledged	159,319.95
State Grant and Contract Pass-Through Revenues	3,411,110.73
Local Grant and Contract Revenues - Unpledged	83,833,087.74
Local Grant and Contract Revenues - Pledged	693,667.96
Private Grant and Contract Revenues - Unpledged	26,005,828.14
Private Grant and Contract Revenues - Pledged	3,380,843.83
Total Operating Revenues	\$ 376,715,648.45
Operating Expenses	
Instruction	\$ 234,339,065.74
Research	19,656,542.28
Public Service	115,511,410.18
Academic Support	85,017,187.84
Student Services	8,766,225.38
Institutional Support	20,172,978.39
Operation and Maintenance of Plant	23,119,524.44
Auxiliary Enterprises	329,877.23
Depreciation	15,221,288.64
Total Operating Expenses	\$ 522,134,100.12
Operating Loss	\$ (145,418,451.67)
Non-Operating Revenues and Gains	
Legislative Appropriations Revenue	\$ 184,654,319.47
Federal Grant and Contract Revenues	376,542.50
less Refunds to Grantors	(4,922.00)
Private Gifts	4,540,937.20
less Uncollectibles	(476,128.60)

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Statement of Revenues, Expenses, and Changes in Net Assets *For the Year Ended August 31, 2008*

Non-Operating Revenues and Gains (continued)	
Net Investment Income - Unpledged	\$ 9,279,838.55
Net Investment Income - Pledged	5,765,690.62
Other - Unpledged	155,049.02
Other - Pledged	283,563.04
Total Non-Operating Revenues and Gains	<u>\$ 204,574,889.80</u>
Non-Operating Expenses and Losses	
Interest Expense on Capital Asset Financing	\$ 5,239,811.58
Net Decrease in Fair Value of Investments	11,047,471.83
Loss on Sale and Disposal of Capital Assets	478,448.30
Other	37,189.23
Total Non-Operating Expenses and Losses	<u>\$ 16,802,920.94</u>
Other Revenues, Expenses, Gains, Losses, and Transfers	
Capital Contributions	\$ 9,594,329.97
Capital Recoveries	110,505.00
Legislative Appropriations Revenue for Capital (HEAF)	17,849,441.00
Increases from Interagency Transfers of Capital Assets	45,333.71
Decreases from Interagency Transfers of Capital Assets	(551,044.56)
Net Transfers from Texas Tech University	1,227,415.62
Net Transfers to Texas Tech University System Administration	(1,361,726.17)
Transfers to Other State Agencies	(4,617,893.71)
Legislative Transfers Out (System Administration Support)	(2,581,987.00)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ 19,714,373.86</u>
TOTAL CHANGE IN NET ASSETS	<u>\$ 62,067,891.05</u>
Net Assets, September 1, 2007	\$ 564,394,099.27
Net Assets, August 31, 2008	<u>\$ 626,461,990.32</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Matrix of Operating Expenses by Natural Classification *For the Year Ended August 31, 2008*

<i>FUNCTION</i>	<i>SALARIES AND WAGES</i>	<i>PAYROLL RELATED COSTS</i>	<i>PROFESSIONAL FEES & SERVICES</i>	<i>FEDERAL SUB-CONTRACTS</i>
Instruction	\$ 164,782,306.72	\$ 38,332,031.40	\$ 10,924,084.98	\$ 6,603.64
Research	10,170,969.17	2,374,625.23	616,790.13	334,400.90
Public Service	45,229,322.08	10,952,813.43	40,253,576.04	822,550.28
Academic Support	49,253,443.60	12,446,690.51	2,334,506.32	12,329.94
Student Services	3,900,880.73	1,057,990.39	543,055.52	-
Institutional Support	13,768,782.85	3,430,051.77	1,372,657.48	-
Operation and Maintenance of Plant	6,219,755.41	1,592,258.54	142,314.37	-
Auxiliary Enterprises	115,530.53	31,697.41	23,810.02	-
Depreciation	-	-	-	-
Total Operating Expenses	\$ 293,440,991.09	\$ 70,218,158.68	\$ 56,210,794.86	\$ 1,175,884.76

<i>FUNCTION</i>	<i>TRAVEL</i>	<i>MATERIALS AND SUPPLIES</i>	<i>COMMUNICATIONS & UTILITIES</i>	<i>REPAIRS AND MAINTENANCE</i>
Instruction	\$ 1,835,805.98	\$ 11,776,398.79	\$ 2,627,013.80	\$ 636,211.36
Research	296,108.61	5,378,920.94	64,902.10	258,740.01
Public Service	587,887.38	15,049,612.56	729,487.51	465,977.62
Academic Support	1,200,757.09	13,767,972.84	1,729,997.12	1,377,456.94
Student Services	330,494.83	2,224,229.48	145,853.93	87,950.41
Institutional Support	377,616.07	300,035.68	159,858.40	364,050.11
Operation and Maintenance of Plant	71,686.19	6,126,352.52	7,555,434.84	1,126,705.18
Auxiliary Enterprises	10,847.34	72,966.62	19,224.93	23,300.86
Depreciation	-	-	-	-
Total Operating Expenses	\$ 4,711,203.49	\$ 54,696,489.43	\$ 13,031,772.63	\$ 4,340,392.49

<i>FUNCTION</i>	<i>RENTALS AND LEASES</i>	<i>PRINTING AND REPRODUCTION</i>	<i>DEPRECIATION</i>	<i>BAD DEBT</i>
Instruction	\$ 980,068.47	\$ 667,265.68	\$ -	\$ 577.53
Research	14,154.56	61,824.56	-	-
Public Service	838,936.95	144,987.90	-	-
Academic Support	968,918.76	422,434.04	-	35,341.41
Student Services	81,824.23	196,957.78	-	-
Institutional Support	120,547.43	175,781.35	-	-
Operation and Maintenance of Plant	249,596.24	22,075.10	-	-
Auxiliary Enterprises	14,491.41	15,360.91	-	-
Depreciation	-	-	15,221,288.64	-
Total Operating Expenses	\$ 3,268,538.05	\$ 1,706,687.32	\$ 15,221,288.64	\$ 35,918.94

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report *U N A U D I T E D*

Matrix of Operating Expenses by Natural Classification *For the Year Ended August 31, 2008*

<i>FUNCTION</i>	<i>INTEREST</i>	<i>SCHOLARSHIPS</i>	<i>CLAIMS AND LOSSES</i>	<i>OTHER OPERATING</i>
Instruction	\$ 4,554.10	\$ 522,051.94	\$ 359,730.64	\$ 884,360.71
Research	249.14	36,603.61	-	48,253.32
Public Service	1,114.92	244,262.98	3,000.00	187,880.53
Academic Support	2,529.19	310,342.58	262,916.66	891,550.84
Student Services	473.86	7,115.43	-	189,398.79
Institutional Support	3,433.75	103,317.89	(59,779.80)	56,625.41
Operation and Maintenance of Plant	542.43	272.35	-	12,531.27
Auxiliary Enterprises	28.51	-	-	2,618.69
Depreciation	-	-	-	-
Total Operating Expenses	<u>\$ 12,925.90</u>	<u>\$ 1,223,966.78</u>	<u>\$ 565,867.50</u>	<u>\$ 2,273,219.56</u>

<i>FUNCTION</i>	<i>GRAND TOTAL</i>
Instruction	\$ 234,339,065.74
Research	19,656,542.28
Public Service	115,511,410.18
Academic Support	85,017,187.84
Student Services	8,766,225.38
Institutional Support	20,172,978.39
Operation and Maintenance of Plant	23,119,524.44
Auxiliary Enterprises	329,877.23
Depreciation	15,221,288.64
Total Operating Expenses	<u><u>\$ 522,134,100.12</u></u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Statement of Cash Flows *For the Year Ended August 31, 2008*

Cash Flows from Operating Activities	
Cash Inflows	
Collections from Student Tuition and Fees	\$ 21,411,408.18
Collections from Grants and Contracts	131,914,763.14
Collections from Patients and Insurers	215,815,297.33
Collections of Loans to Students	1,139,836.84
Collections from Auxiliary Enterprises	464,053.26
Collections from Other Operating Activities	4,229,003.95
Cash Outflows	
Payments to Suppliers	\$ 212,000,022.51
Payments to Employees	291,766,382.53
Payments for Loans Issued to Students	1,434,970.10
Payments for Auxiliary Enterprises	329,877.23
Payments for Other Operating Activities	4,047,300.14
Net Cash Used for Operating Activities	<u>\$(134,604,189.81)</u>
Cash Flows from Non-Capital Financing Activities	
Cash Inflows	
Proceeds from Legislative Appropriations	\$ 163,497,179.31
Proceeds from Net Transfers from Texas Tech University	1,227,415.62
Proceeds from Non-Capital Gifts and Grants	7,076,634.30
Proceeds from Direct Lending	39,032,173.90
Proceeds from Other Non-Capital Financing Activities	435,140.52
Cash Outflows	
Payments for Net Transfers to Texas Tech University System Administration	\$ 3,943,713.17
Payments for Transfers to Other State Agencies	4,617,893.71
Payments for Direct Lending	39,051,218.00
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 163,655,718.77</u>
Cash Flows from Capital and Related Financing Activities	
Cash Inflows	
Proceeds from Capital Debt Issuances	\$ 6,000,000.00
Proceeds from Legislative Appropriations for Capital	17,849,441.00
Proceeds from Capital Gifts and Grants	9,594,329.98
Cash Outflows	
Payments for Purchases of Capital Assets	\$ 50,785,680.27
Payments for Principal on Capital Debts	8,214,450.74
Payments for Interest on Capital Debts	6,054,739.18
Payments for Other Capital Related Activities	53,658.64
Net Cash Used for Capital and Related Financing Activities	<u>\$ (31,664,757.85)</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Statement of Cash Flows *For the Year Ended August 31, 2008*

Cash Flows from Investing Activities

Cash Inflows

Proceeds from Sales and Maturities of Investments	\$ 21,297,490.94
Proceeds from Interest and Dividends on Investments	17,275,101.92

Cash Outflows

Payments for Purchases of Investments	8,835,098.12
---------------------------------------	--------------

Net Cash Provided by Investing Activities	<u>\$ 29,737,494.74</u>
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TOTAL NET CASH FLOWS	<u>\$ 27,124,265.85</u>
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Cash and Cash Equivalents, September 1, 2007	\$ 177,090,126.36
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Cash and Cash Equivalents, August 31, 2008	<u><u>\$ 204,214,392.21</u></u>
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Components of Cash and Cash Equivalents, August 31, 2008

Cash on Hand	\$ 28,997.50
--------------	--------------

Cash in Bank	15,418,451.15
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Reimbursements Due from the State Treasury	6,539,717.48
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Local Balance of Legislative Appropriations	12,031,967.41
---	---------------

Repurchase Agreements	16,288,144.51
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TexPool and TexStar Investments	153,907,114.16
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Cash and Cash Equivalents, August 31, 2008	<u><u>\$ 204,214,392.21</u></u>
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Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss	\$(145,418,451.67)
----------------	--------------------

Adjustments

Depreciation Expense	15,221,288.64
----------------------	---------------

Bad Debt Expense	35,918.94
------------------	-----------

Decrease (Increase) in Accounts Receivable	(5,070,699.17)
--	----------------

Decrease (Increase) in Merchandise Inventories	(105,477.03)
--	--------------

Decrease (Increase) in Prepaid Expenses	(776,221.11)
---	--------------

Decrease (Increase) in Loans and Notes Receivable	(295,133.26)
---	--------------

Increase (Decrease) in Short-Term Payables	1,279,843.12
--	--------------

Increase (Decrease) in Deferred Revenue	2,006,575.07
---	--------------

Increase (Decrease) in Claims Payable	(4,013,806.00)
---------------------------------------	----------------

Increase (Decrease) in Compensable Leave	2,339,923.80
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Increase (Decrease) in Other Liabilities	192,048.86
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Net Cash Used for Operating Activities	<u><u>\$(134,604,189.81)</u></u>
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Annual Financial Report
U N A U D I T E D

NOTES TO THE FINANCIAL STATEMENTS

Annual Financial Report
U N A U D I T E D

Notes to the Financial Statements

August 31, 2008

NOTE 1

Summary of Significant Accounting Policies

GENERAL INTRODUCTION

Texas Tech University Health Sciences Center (TTUHSC) is a component unit of the State of Texas and its financial records reflect compliance with applicable state statutes and regulations. This *Annual Financial Report* includes all accounts of TTUHSC, a separate institution established pursuant to Texas Education Code, Chapter 110. TTUHSC is under the direction, management, and control of the Texas Tech University System Board of Regents which acts separately and independently on all matters affecting TTUHSC.

As an institution of higher education of the State of Texas, the income of TTUHSC is generally exempt from income taxes. However, income unrelated to the exempt purpose of TTUHSC would be subject to tax under § 511(a)(2)(B) of the Internal Revenue Code. Management does not believe that there is any material unrelated income for the year ended August 31, 2008.

TTUHSC is one of three entities included in the Texas Tech University System. The other two entities, reported separately as additional component units of the State of Texas, are Texas Tech University (TTU) and Texas Tech University System Administration (TTUSA).

TTUHSC offers graduate and undergraduate programs in five schools: the School of Allied Health Sciences, the School of Medicine, the School of Nursing, the School of Pharmacy, and the Graduate School of Biomedical Sciences. Major ancillary operations include correctional health care, grant and contract activities, and comprehensive clinical operations.

TTUHSC operates several campuses located in Abilene, Amarillo, Dallas, El Paso, Lubbock, Midland and Odessa. The School of Medicine is represented at a majority of the campuses while other schools have a presence at only select campuses. Most administrative functions are centralized at the Lubbock campus.

FUND STRUCTURE

Blended Component Units

Texas Tech Physician Associates (TTPA) is reported as a blended component unit of TTUHSC. TTPA is a certified non-profit health corporation authorized under the Medical Practice Act § 5.01(a), article 4495b of the State of Texas. TTPA was created for the purpose of entering into prepaid capitation agreements for physician and other medical services. TTPA is exempt from tax under Internal Revenue Code § 501(c)(3). The TTPA board consists of nine directors appointed by TTUHSC.

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August 31, 2008

NOTE 1 (continued)

Summary of Significant Accounting Policies

Although legally separate from TTUHSC, TTPA is reported as a component unit because TTUHSC can impose its will on TTPA. TTPA balances and activities are blended with TTUHSC balances and activities since the sole purpose of TTPA is to financially support TTUHSC. Independent financial statements for TTPA can be obtained from the Health Care Systems division of TTUHSC at 3601 4th Street, Lubbock, Texas 79430.

Texas Tech Foundation, Inc. (TTFI) is a component unit of the consolidated Texas Tech University System as it serves the fundraising needs of TTUHSC, TTU, and TTUSA. No balances or activities associated with TTFI are included in this *Annual Financial Report*.

BASIS OF ACCOUNTING

The fiscal records of TTUHSC are maintained using a modified accrual basis of accounting. Most internal financial reports utilize this basis. However, balances and activities included in most external reports, including this *Annual Financial Report*, are converted to a full accrual basis of accounting in compliance with Governmental Accounting Standards Board (GASB) statements 34 and 35.

Under the full accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. For reporting purposes operating activities are distinguished from non-operating activities. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the principal ongoing operations. Operating expenses include administrative expenses and depreciation on capital assets, among others.

RESTRICTED NET ASSETS

In cases where both restricted and unrestricted net assets are available for use, restricted resources are used first and then unrestricted resources are used as needed.

BUDGETS AND BUDGETARY ACCOUNTING

Budgets are established and monitored for most TTUHSC funds though some fund areas have a more restrictive budget structure than do other fund areas. Many of the budgets are based on legislative appropriations. No budgetary information is presented in this *Annual Financial Report*.

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Notes to the Financial Statements

August 31, 2008

NOTE 1 (continued)

Summary of Significant Accounting Policies

ASSETS, LIABILITIES, AND FUND EQUITY

Current and Non-Current Assets

Current assets are those that are readily available to meet current operational requirements. Non-current assets are those that are not readily available to meet current operational requirements and, instead, are intended to support longer-term institutional needs. In some cases highly liquid assets (including cash and cash equivalents) that are not expendable and therefore not available for current operational needs are classified as non-current assets.

Cash and Cash Equivalents

Cash and cash equivalents are defined as all cash on hand, cash in banks, reimbursements due from the State Treasury, local balances of legislative appropriations (held in the State Treasury), and temporary investments with original maturities of 90 days or less. TTUHSC utilizes bank deposits, repurchase agreements and eligible investment pools as cash equivalents in its Short/Intermediate Term Investment Fund. Per policy and state statute all bank deposits are fully collateralized. Eligible investment pools must maintain a \$1 net asset value and be continuously rated no lower than AAA or AAA-m by at least one nationally recognized rating service. TTUHSC currently utilizes TexPool and TexStar as eligible investment pools.

Investments

Investments are reported at fair value in this *Annual Financial Report* with the following exceptions: (1) non-participating contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure provided that the fair value of those contracts is not significantly affected by the financial institution's credit standing or other relevant factors; and (2) money market investments and participating interest-earning investment contracts that mature within one year of the date of their acquisition may be reported at amortized cost assuming that the investment is not affected by the financial institution's credit standing or other relevant factors.

Fair value, which is determined based on quoted market prices, is the amount at which an investment could be exchanged in a current transaction between parties other than in a forced or liquidation sale.

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August 31, 2008

NOTE 1 (continued)
Summary of Significant Accounting Policies

Receivables

The most significant categories of TTUHSC receivables are patient receivables and contract receivables. Details regarding Current and Non-current receivables are presented in Note 25. Patient receivables are reported net of allowances for contractual and similar adjustments.

Allowances for uncollectibles and other adjustments are estimated using either (1) aging schedules (for student accounts receivable), (2) percentage of revenues (for pledged gifts receivable), or (3) detailed evaluations of past collection performance (for patient accounts receivable, contract accounts receivable, loans and notes receivable, and other accounts receivable).

Receivables that are not expected to be collected within one year are reported as non-current assets and include portions of pledged gifts receivable and loans and notes receivable.

Inventories and Prepaid Items

Inventories include both consumable inventories and merchandise inventories. Consumable inventories include supplies and postage that are on hand and available for consumption. Merchandise inventories include materials, supplies, equipment, and other items on hand and for sale. Inventories are valued at cost generally utilizing the first-in / first-out method.

Inventories and prepaid items are reported using the consumption method. Under the consumption method, inventories and prepaid items are recorded as assets deferring the recognition of expenditures until the period in which the inventories or prepaid items are used or consumed.

Restricted Assets

Cash and cash equivalents that are held for endowments or for special programs are reported as restricted because they are not available for current operations. All such cash and cash equivalents are associated with programs that are restricted by an external party.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, in the case of gifts, at fair value as of the date of donation.

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the

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August 31, 2008

NOTE 1 (continued)

Summary of Significant Accounting Policies

asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system as summarized below.

Capital Asset Category	Useful Life
Buildings and Building Improvements	22 years
Infrastructure	20 years
Furniture and Equipment	3 - 15 years
Vehicles	5 - 7 years
Facilities and Other Improvements	10 - 23 years

Depreciation expense is not allocated to functional categories for this *Annual Financial Report*.

TTUHSC has adopted the federal standard of capitalizing furniture and equipment assets that exceed an aggregate cost threshold of \$5,000. Capitalization thresholds are also utilized for buildings and building improvements (\$100,000), infrastructure (\$500,000), facilities and other improvements (\$100,000), and vehicles (\$5,000).

For fabricated assets financed by debt, construction period interest is capitalized as part of the capital asset cost. The capitalized interest is combined with the other costs associated with constructing the asset and depreciated over the appropriate useful life beginning when the asset is placed into service.

As a result of limitations in the SPA system, capital asset betterments that do not individually exceed the full capitalization threshold described above are not capitalized and instead are reported as an expense of the period.

Payables

Major categories of TTUHSC payables include bonds payable, claims payable and general accounts payable (including payroll). Additional categories of payables include deposits payable and unclaimed property due to the State Treasury. Details regarding payables can be found in Note 25.

Compensable Leave

Compensable leave balances represent the approximate value of unused employee vacation time and other compensated time. Annual vacation leave and other compensated time are accrued in a

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Notes to the Financial Statements
August 31, 2008

NOTE 1 (continued)
Summary of Significant Accounting Policies

manner consistent with State of Texas rules and guidelines and in accordance with generally accepted accounting principles. Within the framework of those guidelines employees are eligible to carry forward a limited annual leave balance.

Overtime and Compensatory Leave

Non-exempt employees who work in excess of 40 hours in a week generally have the option of requesting compensation for the additional hours worked at a rate equal to 1½ times the usual hourly wage or, if provided by department policy, they may request compensatory leave for the additional hours worked at a rate of 1½ hours of added leave for each extra hour worked.

Employee Sick Leave

Employee sick leave is accrued in a manner consistent with State of Texas rules and guidelines and in accordance with generally accepted accounting principles. Within the framework of those guidelines employees are eligible to carry forward an unlimited sick leave balance. Accumulated sick leave balances are not recognized as an institutional liability because sick leave is not paid out to terminating employees.

Capital Lease Obligations

Where material, capital leases are appropriately recorded as liabilities associated with the acquisition of capital assets in compliance with the full accrual basis of accounting set forth by GASB statements 34 and 35. For purposes of complying with this requirement a capital lease is defined by fulfilling any of the following four conditions: (1) the ownership of the asset transfers to the lessee at the end of the lease; (2) the lessee has the option of purchasing the leased asset at the end of the lease for a bargain price; (3) the term of the lease represents 75% or more of the useful life of the leased asset; or (4) the discounted present value of all future lease payments at the inception of the lease represent 90% or more of the fair value of the leased asset.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding are reported as reservations of net assets and do not constitute expenditures or liabilities.

Net Assets

Net assets represent the excess of assets over liabilities. As a result of the amounts restricted by external parties and also amounts invested in capital assets, net of related debt, the excess of assets

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Notes to the Financial Statements

August 31, 2008

NOTE 1 (continued) Summary of Significant Accounting Policies

over liabilities does not generally represent spendable resources.

Reservations of Net Assets

Net assets are categorized in the accounting records by degree of availability. Net assets that are encumbered or that represent certain non-cash assets, such as inventory or accounts receivable, are reserved. The table below illustrates the components of unrestricted net assets as of August 31, 2008.

Reserved	
Encumbrances	\$ 28,500,037.64
Inventory	871,964.75
Prepaid Expenses	1,293,303.32
Accounts Receivable	30,159,349.13
Working Capital	54,761.50
Self Insured Plans	40,843,080.64
Funds Functioning as Endowments	28,168,126.32
Unreserved	<u>162,890,960.12</u>
Total Unrestricted Net Assets	<u>\$ 292,781,583.42</u>

Interfund Activity and Transactions

TTUHSC is regularly involved in both interfund activity and interfund transactions. Interfund activity is defined as financial interaction between internal funds, including blended component units.

Interfund transactions are defined as financial interactions between legally separate entities. Interfund activity and interfund transactions are both clearly identifiable and are eliminated where appropriate.

Interfund transfers represent the flow of assets without equivalent flow of assets in return or a requirement for repayment. Transfers are reported after nonoperating revenues and expenses in Statement of Revenues, Expenses and Changes in Net Assets included in this *Annual Financial Report*.

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Notes to the Financial Statements
August 31, 2008

NOTE 1 (continued)
Summary of Significant Accounting Policies

Risk Financing

Liabilities are reported when it is probable that a loss has occurred and when the amount of the loss can be reasonably estimated. Identified liabilities include amounts for claims that have been incurred but not reported.

NOTE 2
Capital Assets

GENERAL INTRODUCTION

Capital assets are categorized as either (1) land and land improvements, (2) buildings and building improvements, (3) infrastructure, (4) furniture and equipment, (5) vehicles, (6) construction in progress, (7) other capital assets, or (8) facilities and other improvements. Non-depreciable capital assets include land and land improvements, construction in progress, and other capital assets (representing artwork). All other capital asset categories are depreciated.

Adjustments include loss recovery, restatements, corrections of errors and changes in asset type. Reclassifications include completion of construction in progress and interagency transfers of capitalized property at book value.

Capital asset changes for the year ended August 31, 2008 are summarized in the following table.

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Notes to the Financial Statements *August 31, 2008*

NOTE 2 (continued) Capital Assets

Capital Asset Category	Balance 09/01/2007	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/2008
			Completed CIP	Increases - Interagency Transfers	Decreases - Interagency Transfers			
<u>Non-Depreciable Assets</u>								
Land and Land Improvements	\$ 6,307,285.92	\$ -	\$ -	\$ -	\$ -	\$ 1,341,032.00	\$ -	\$ 7,648,317.92
Construction in Progress	77,251,452.21	-	(35,664,760.04)	-	-	20,593,669.92	-	62,180,362.09
Other	618,404.43	-	-	-	-	625,000.00	-	1,243,404.43
Total Non-Depreciable Assets	\$ 84,177,142.56	\$ -	\$ (35,664,760.04)	\$ -	\$ -	\$ 22,559,701.92	\$ -	\$ 71,072,084.44
<u>Depreciable Assets</u>								
Buildings and Building Improvements	\$ 281,040,652.05	\$ (16,418.26)	\$ 35,664,760.04	\$ -	\$ -	\$ 17,366,705.26	\$(6,545,838.43)	\$ 327,509,860.66
Infrastructure	5,050,659.69	-	-	-	-	-	-	5,050,659.69
Furniture and Equipment	54,814,511.65	(6,914.49)	-	205,467.87	(589,938.93)	10,433,979.52	(2,365,790.29)	62,491,315.33
Vehicles	1,662,774.24	-	-	39,900.00	-	201,246.08	(90,251.95)	1,813,668.37
Other	27,016,094.58	(20,237.31)	-	-	-	1,879,856.89	-	28,875,714.16
Facilities and Other Improvements	9,133,459.84	(3,851,621.01)	-	-	-	5,139,492.43	-	10,421,331.26
Total Depreciable Assets	\$ 378,718,152.05	\$ (3,895,191.07)	\$ 35,664,760.04	\$ 245,367.87	\$ (589,938.93)	\$ 35,021,280.18	\$ (9,001,880.67)	\$ 436,162,549.47

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Notes to the Financial Statements August 31, 2008

NOTE 2 (continued) Capital Assets

Accumulated depreciation changes for the year ended August 31, 2008 are summarized in the following table.

Capital Asset Category	Balance 09/01/2007	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/2008
			Completed CIP	Increases - Interagency Transfers	Decreases - Interagency Transfers			
Buildings and Building Improvements	\$ (135,194,366.98)	\$ -	\$ -	-	-	\$ (8,750,232.40)	\$ 3,784,655.84	\$ (140,159,943.54)
Infrastructure	(911,530.05)	-	-	-	-	(213,489.96)	-	(1,125,020.01)
Furniture and Equipment	(34,918,385.58)	-	-	(164,124.16)	38,894.37	(4,654,189.45)	2,027,157.18	(37,670,647.64)
Vehicles	(1,143,457.70)	-	-	(35,910.00)	-	(138,921.52)	52,835.60	(1,265,453.62)
Facilities and Other Improvements	(2,323,709.74)	700,575.00	-	-	-	(268,351.76)	-	(1,891,486.50)
Other	(16,318,705.25)	-	-	-	-	(1,196,103.55)	-	(17,514,808.80)
Total Accumulated Depreciation	\$ (190,810,155.77)	\$ -	\$ -	\$(200,034.16)	\$ 38,894.37	\$(15,221,288.64)	\$ 5,864,648.62	\$(199,627,360.11)

NOTE 3 Deposits, Investments, and Repurchase Agreements

TTUHSC's investment portfolio is invested pursuant to the parameters of applicable Texas law and the governing board's Investment Policies. Under Texas law, TTUHSC investments may be "any kind of investment that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital." Further, under Texas law, TTUHSC is required to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest TTUHSC funds without express written authority from the governing board.

The governing investment policy is Regents' Rules Chapter 09, "Investments, Endowments, and Income-Producing Lands." The majority of TTUHSC assets are invested in two investment pools: the Long Term Investment Fund (LTIF) and the Short / Intermediate Term Investment Fund (STIF). Endowment funds and certain eligible long term institutional funds are invested in the LTIF, which

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Notes to the Financial Statements

August 31, 2008

NOTE 3 (continued)
Deposits, Investments, and Repurchase Agreements

invests in equity and fixed income securities and is operated using a total return philosophy. Other institutional funds not in the LTIF are invested in the STIF, which is a fixed income fund. Other assets include securities gifted to TTUHSC with written donor instructions to maintain in their original form, and bond proceeds invested in external investment pools. TTUHSC also maintains a cash balance in the State Treasury (local balance of legislative appropriations).

As of August 31, 2008, the carrying amount of deposits was \$15,418,451.15 as detailed in the following table.

Texas Tech University Health Sciences Center Deposits of Cash in Bank	
Enterprise Funds	
Cash in Bank - Carrying Value	\$ 15,418,451.15
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	-
Less: Uninvested Securities Lending Cash Collateral included in Carrying Value and Reported as Securities Lending Collateral	-
Less: Securities Lending CD Collateral included in carrying value and Reported as Securities Lending Collateral	-
Cash in Bank	<u>\$ 15,418,451.15</u>
Enterprise Funds Current Assets Cash in Bank	\$ 11,791,779.34
Enterprise Funds Current Assets Restricted Cash in Bank	4,398,825.76
Enterprise Funds Non-Current Assets Restricted Cash in Bank	<u>(771,153.95)</u>
Cash in Bank	<u>\$ 15,418,451.15</u>

These amounts consist of all cash in local banks and are included on the Combined Statement of Net Assets as part of the "Cash and Cash Equivalents" accounts. As of August 31, 2008, the total bank balance for Enterprise Funds was \$2,997,229.80.

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Notes to the Financial Statements

August 31, 2008

NOTE 3 (continued)
Deposits, Investments, and Repurchase Agreements

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The policy of TTUHSC is to require collateralization of bank balances in excess of FDIC protection. At August 31, 2008, TTUHSC had \$149,910.74 of GAAP fund 0001 funds considered to be uninsured and uncollateralized. A transfer of that amount was made to the primary depository of TTUHSC after year end to provide sufficient collateral for the institution.

INVESTMENTS

As of August 31, 2008, the carrying value and fair value of investments are summarized in the following table.

Texas Tech University Health Sciences Center Carrying Value and Fair Value of Investments		
	Carrying Value	Fair Value
Enterprise Funds		
U. S. Government		
U. S. Treasury Securities	\$ -	\$ -
U. S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	62,054,690.69	62,054,690.69
Corporate Asset and Mortgage Backed Securities	-	-
Equity	13,938,999.70	13,938,999.70
International Equity	28,279,060.91	28,279,060.91
Repurchase Agreement	16,288,144.51	16,288,144.51
Fixed Income Money Market and Bond Mutual Fund	36,809,443.81	36,809,443.81
Other Commingled Funds	31,882,222.80	31,882,222.80
Other Commingled Funds (TexPool)	144,938,790.34	144,938,790.34
Commercial Paper	-	-
Alternative Investments	84,058,422.33	84,058,422.33
(Table continued on next page)		

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Notes to the Financial Statements

August 31, 2008

NOTE 3 (continued) Deposits, Investments, and Repurchase Agreements

	Carrying Value	Fair Value
Miscellaneous (Limited Partnerships, Guaranteed Investment Contract, Political Subdivision, Bankers' Acceptance, Negotiable CD)	<u>258,821.64</u>	<u>258,821.64</u>
Total Investments	<u>\$ 418,508,596.73</u>	<u>\$ 418,508,596.73</u>
Non-Current Investments		\$ 248,313,338.06
Items in Cash and Cash Equivalents:		
Repurchase Agreements		16,288,144.51
TexPool and TexSTAR Investments		<u>153,907,114.16</u>
Total Investments		<u>\$ 418,508,596.73</u>

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. It is the policy of TTUHSC to limit international equity investments to between 10-30% of the LTIF portfolio. The exposure to foreign currency risk as of August 31, 2008 is as follows:

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Equity
01	0001	Argentine peso	-	\$ 36,977.75
01	0001	Australian dollar	-	514,986.54
01	0001	Bermudan dollar	-	81,393.84
01	0001	Brazilian real	-	1,350,443.95
01	0001	Canadian dollar	-	174,860.17
01	0001	Cayman dollar	-	5,158.76
01	0001	Chilean peso	-	12,325.92
01	0001	Chinese yuan	-	569,055.23
01	0001	Czech koruna	-	36,977.75
01	0001	Danish krone	-	266,084.30
01	0001	Egyptian pound	-	49,303.67

(Table continued on next page)

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Notes to the Financial Statements

August 31, 2008

NOTE 3 (continued) Deposits, Investments, and Repurchase Agreements
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Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Equity
01	0001	Euro	-	6,640,273.31
01	0001	Hong Kong dollar	-	713,719.31
01	0001	Hungarian forint	-	166,399.89
01	0001	Indian rupee	-	272,494.68
01	0001	Indonesian rupiah	-	43,140.71
01	0001	Israeli shekel	-	351,773.66
01	0001	Japanese yen	-	4,717,444.16
01	0001	Malaysian ringgit	-	165,187.13
01	0001	Mexican peso	-	216,572.77
01	0001	Moroccan dirham	-	12,325.92
01	0001	New Zealand dollar	-	11,123.78
01	0001	Norwegian krone	-	216,745.81
01	0001	Pakistani rupee	-	36,977.75
01	0001	Phillippino peso	-	55,466.63
01	0001	Polish zloty	-	67,792.55
01	0001	Pound sterling	-	4,930,240.46
01	0001	Russian ruble	-	603,969.95
01	0001	Singapore dollar	-	595,077.87
01	0001	South African rand	-	301,984.98
01	0001	South Korean won	-	1,409,863.04
01	0001	Swedish krona	-	336,415.58
01	0001	Swiss franc	-	1,577,673.96
01	0001	Taiwan dollar	-	830,580.55
01	0001	Thai baht	-	453,418.98
01	0001	Turkish lira	-	454,829.60
		Total		\$ 28,279,060.91

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. TTUHSC's investment policy limits fixed income securities held by the STIF to those issued by the U. S. or its agencies and instrumentalities. Fixed income mutual funds in the STIF must hold securities that are at least rated investment grade.

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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Notes to the Financial Statements

August 31, 2008

NOTE 3 (continued) Deposits, Investments, and Repurchase Agreements

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	Unrated
01	0001	U. S. Government Agency Obligations	\$ 62,054,690.69	-
		U. S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	-	-
		Corporate Obligations	-	-
		Corporate Asset and Mortgage Backed Securities	-	-
01	0001	Repurchase Agreement	16,288,144.51	-
01	0001	Fixed Income Money Market and Bond Mutual Fund	-	36,809,443.81

DERIVATIVE INVESTING

TTUHSC holds collateralized mortgage obligations. These securities were purchased to provide an incremental yield above that available on corporate securities with similar terms. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the fair value. It is estimated these securities, along with other securities held by TTUHSC, will provide future cash inflows on a time schedule that approximately matches the outflows associated with TTUHSC liabilities. These securities are rated AAA by the major rating agencies.

NOTE 4 Short Term Debt

TTUHSC has at times over the past several years issued short term commercial paper to serve as an interim financing source for long term construction projects in advance of issuing authorized bonds. Because this commercial paper was purchased to pay construction costs that will be financed by a future bond issue, the commercial paper payable is represented in Note 5 as a long-term liability.

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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Notes to the Financial Statements

August 31, 2008

NOTE 5 Summary of Long Term Liabilities

As indicated in the table below, several categories of long term liabilities are reported including bonds payable, commercial paper payable, claims payable and compensable leave payable.

Category	Balance 09/01/2007	Increases	Decreases	Balance 08/31/2008	Current Portion
Bonds Payable	\$ 126,381,999.94	\$ -	\$ 5,407,450.74	\$ 120,974,549.20	\$ 5,653,290.46
Commercial Paper Payable	-	6,000,000.00	2,807,000.00	3,193,000.00	3,193,000.00
Claims Payable	22,641,413.00	-	4,013,806.00	18,627,607.00	1,862,760.70
Compensable Leave	22,132,129.90	3,588,395.65	1,248,471.85	24,472,053.70	4,894,410.74
Total Long Term Liabilities	\$ 171,155,542.84	\$ 9,588,395.65	\$ 13,476,728.59	\$ 167,267,209.90	\$ 15,603,461.90

NOTES AND LOANS PAYABLE

Commercial paper payable represents an interim financing source for long term construction projects in advance of issuing authorized bonds. Because this commercial paper was purchased to pay construction costs that will be financed by a future bond issue, indicating the intent of long term financing, the commercial paper payable is reported as a long-term liability.

Commercial paper has maturities up to 270 days with interest rates ranging from 1.10% - 3.95% during fiscal year 2008. Additional debt service of \$12,347.04, for interest associated with commercial paper, is payable in fiscal year 2009.

BONDS PAYABLE

Refer to Note 13 for detailed information on bond liability balances, transactions and funding source. Details regarding revenues pledged to outstanding indebtedness can be found in Schedule 2D of this *Annual Financial Report*.

CLAIMS PAYABLE

Claims payable includes estimates for both known medical malpractice claims and those that have not yet been made against the insured participants. The liability is actuarially estimated to reflect the anticipated future claims for past medical services. Some of these claims are in process, while others are expected to be filed in the future. The liability estimate does not consider the probability

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Notes to the Financial Statements

August 31, 2008

NOTE 5 (continued) Summary of Long Term Liabilities

of payment on a claim-by-claim basis, and instead considers overall probability of payment for medical malpractice claims. Funding for future claim payments will be from a self-insurance reserve managed by the office of General Counsel.

Description	Balance 09/01/2007	Increases	Decreases	Balance 08/31/2008
TTUHSC	\$ 22,641,413.00	\$ -	\$ 4,013,806.00	\$ 18,627,607.00
Total Claims Payable	\$ 22,641,413.00	\$ -	\$ 4,013,806.00	\$ 18,627,607.00

COMPENSABLE LEAVE

Compensable leave balances represent the approximate value of unused employee vacation time and other compensated time as of August 31, 2008. Past experience has demonstrated that approximately 20% of TTUHSC compensable leave balances will mature within one year. Therefore, the non-current portion of the liability as of August 31, 2008 was estimated at \$19,577,642.96, out of a total liability of \$24,472,053.70. Funding for future leave balance payments will be from the same source as annualized salary expense.

NOTE 6 Capital Leases

As of August 31, 2008, no material outstanding TTUHSC leases satisfied the requirements for capitalization.

NOTE 7 Operating Leases

TTUHSC leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights and, therefore, the related assets and liabilities are not reported in this *Annual Financial Report*. Total rental expense under these agreements was \$4,161,948.46 for the year ended August 31, 2008. The table below provides the estimated minimum lease payments for operating leases for TTUHSC for the next five fiscal years.

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August 31, 2008

NOTE 7 (continued) Operating Leases

For Years Ending August 31	Minimum Lease Payments
2009	\$ 4,286,806.91
2010	4,415,411.12
2011	4,547,873.45
2012	4,684,309.66
2013	4,824,838.95

TTUHSC structures all leases to allow for cancellation within the current period. Most of the cancellation clauses are based on a 30-day notice condition or on the condition of continuing appropriations. However, there is little or no historical precedence for lease cancellations at TTUHSC.

NOTE 8 Interfund Balances / Activity

TTUHSC had an outstanding interfund receivable from the University of Texas Investment Management Company (UTIMCO) as of August 31, 2008, representing undistributed earnings from the investment assets of the Permanent Health Fund for Higher Education.

As of August 31, 2008, TTUHSC had an outstanding interfund payable to Texas Tech University representing payment for shared services fees. The following table provides additional information about these balances due.

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Notes to the Financial Statements August 31, 2008

NOTE 8 (continued) Interfund Balances / Activity

Texas Tech University Health Sciences Center Due from / to Other State Agencies				
Agency Name	Agency Nbr	D23 Fund	Due from	Due to
University of Texas System	720	0810	\$ 5,095,553.11	\$ -
Texas Tech University	733	0001	<u>-</u>	<u>158,485.31</u>
Total Due from / to Other State Agencies			<u>\$ 5,095,553.11</u>	<u>\$ 158,485.31</u>

Also, for the year ended August 31, 2008, TTUHSC had various transfers to and from other components of the Texas Tech University System and other state agencies. The majority of the net transfers in from TTU are for servicing of outstanding bonded indebtedness for which appropriations are shared. The majority of the net transfers out to TTUSA are to support system administrative functions. The transfer to the Texas Department of State Health is for the UPL program amount due to Covenant Medical Center. The transfers to the Texas Higher Education Coordinating Board are for 2% Medical Loan and B-On-Time set-asides.

Interfund transfer activity is summarized in the following table.

Texas Tech University Health Sciences Center Transfers from / to Other State Agencies				
Agency Name	Agency Nbr	D23 Fund	Transfers In	Transfers Out
Texas Tech University	733	0001	\$ 1,550,382.62	\$ 322,967.00
Texas Tech University System Administration	768	0001	66,750.83	1,428,477.00
Texas Department of State Health Services	529	0001	-	4,500,000.00
Texas Higher Education Coordinating Board	781	0542	-	75,483.71
Texas Higher Education Coordinating Board	781	5103	<u>-</u>	<u>42,410.00</u>
Total Transfers from / to Other State Agencies			<u>\$ 1,617,133.45</u>	<u>\$ 6,369,337.71</u>

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August 31, 2008

NOTE 8 (continued) Interfund Balances / Activity

For the year ended August 31, 2008, TTUHSC recorded a Legislative transfer out to TTUSA for system administration support. Details of that transfer are shown in the following table.

Texas Tech University Health Sciences Center Legislative Transfers in/out				
Agency Name	Agency Nbr	D23 Fund	Transfers In	Transfers Out
Texas Tech University System Administration	768	0001	\$ -	\$ 2,581,987.00
Total Legislative Transfers from / to Other State Agencies			\$ -	\$ 2,581,987.00

NOTE 9 Contingent Liabilities

PENDING LITIGATION

At August 31, 2008, various lawsuits and claims involving TTUHSC were pending. While the ultimate liability with respect to litigation and other claims asserted against TTUHSC cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance, is not likely to have a material impact on TTUHSC.

REBATABLE ARBITRAGE

As of August 31, 2008, the Revenue Financing System and Improvement Bonds, Series 2006, was the only outstanding bond issue of TTUHSC which had an associated outstanding rebatable arbitrage liability amounting to \$687,221.10. This liability is payable on the fifth anniversary of the bond issue which will occur in 2011. These rebatable excesses were earned during periods when unrestricted yield was allowed on these funds. As required by the Internal Revenue Code, TTUHSC will restrict earnings on these funds to a yield less than the yield of the bond issue after this unrestricted yield period ends.

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Notes to the Financial Statements

August 31, 2008

NOTE 9 (continued)
Contingent Liabilities

CONSTRUCTION CONTRACT COMMITMENTS

Numerous large contracts have been entered into for the purposes of planning, constructing, and equipping building additions and other projects. Outstanding commitment amounts totaled \$22,800,489.99 as of August 31, 2008. These commitments will be funded by donor contributions, appropriations from the state, issuance of revenue bonds, and other borrowings. As of August 31, 2008, the amount of legislative appropriations for capital from the state available for these commitments totaled \$3,286,789.43.

DIRECT LENDING

TTUHSC participates in the federal Direct Loan Program, which provides loans from the federal government to qualifying students and their families for educational purposes. While TTUHSC helps students to obtain these loans, the institution is not a party to the loans and is not responsible for collection of monies owed or for defaults by borrowers. The amount of direct loans issued during the year ended August 31, 2008 was \$39,051,218.00.

NOTE 10
Continuance Subject to Review

TTUHSC is not subject to the Texas Sunset Act.

NOTE 11
Risk Financing and Related Insurance

TTUHSC has self-insured arrangements for coverage in the areas of unemployment compensation and medical malpractice. The medical malpractice plan had an actuarially determined accrued incurred but not reported (IBNR) liability at August 31, 2008, of \$18,627,607. Texas Tech Physician Associates, a blended component unit, had no accrued IBNR at August 31, 2008. A reconciliation of IBNR is provided in the table in Note 5.

The TTUHSC medical malpractice self insurance plan, an occurrence based plan, was established in 1985. Claim limits associated with the plan are \$400,000 per occurrence and \$1,200,000 aggregate per annum for services provided by faculty physicians (unless lower limits are set by law, in which case the lower limits set by law apply), \$100,000 per occurrence and \$300,000 aggregate per annum for

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Notes to the Financial Statements

August 31, 2008

NOTE 11 (continued)
Risk Financing and Related Insurance

services provided by resident physicians, and \$25,000 per occurrence and \$75,000 aggregate per annum for services provided by students.

As of September 1, 2003, providers of health care (physicians) are no longer excepted from the statutory limits of liability set for public servants as set out in § 108.002 of the Texas Civil Practices and Remedies Code. Public servants are limited in liability to \$100,000 to a single person and \$300,000 for a single occurrence. There is also a \$250,000 per person and \$500,000 per occurrence statutory limit in place for tort claims against TTUHSC as an institution.

The State of Texas provides coverage for workers compensation and unemployment benefits from appropriations made to other state agencies for TTUHSC employees. The *General Appropriations Act* of the 79th Texas Legislature provides that TTUHSC must reimburse the General Revenue Fund, from TTUHSC appropriations, one-half of the unemployment benefits expected to be paid for former and current employees. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. TTUHSC must also reimburse the General Revenue Fund for all of the cost for unemployment compensation for any employees paid from funds held in local bank accounts or from local balances of legislative appropriations held in the State Treasury. Total payments for Unemployment Compensation for fiscal year 2008 amounted to \$230,189.65. No material outstanding claims were pending as of August 31, 2008.

For workers compensation, TTUHSC remits an assessed amount from both appropriated and unappropriated fund types to the State Office of Risk Management (SORM). Total payments to SORM for fiscal year 2008 amounted to \$765,947.20. SORM assumes the responsibility for paying all workers compensation claims for current and former employees of TTUHSC.

NOTE 12
Segment Information

TTUHSC has no reportable segments.

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Notes to the Financial Statements

August 31, 2008

NOTE 13
Bonded Indebtedness

Several bond issues were outstanding as of August 31, 2008, as summarized in the paragraphs that follow.

REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, SERIES 1999

Purpose: Financing for projects in Amarillo, Midland, and Lubbock, the costs of issuing the bonds, and the advance refunding of a portion of the Revenue Financing System Bonds, 2nd Series 1995

Issued: May 4, 1999; all authorized bonds (\$15,632,182.44) have been issued

Outstanding: \$5,663,301.06 outstanding as of August 31, 2008

Interest Rates: 4.00% to 5.25%

Maturity Dates: 1999 through 2029

Balance Changes: \$0 issued; \$768,843.38 retired

REVENUE FINANCING SYSTEM BONDS, 7th SERIES 2001

Purpose: Financing for projects in El Paso and Lubbock, the costs of issuing the bonds, and the retirement of outstanding commercial paper

Issued: January 23, 2002; all authorized bonds (\$19,510,000.00) have been issued

Outstanding: \$4,410,000.00 outstanding as of August 31, 2008

Interest Rates: 3.00% to 5.50%

Maturity Dates: 2002 through 2021

Balance Changes: \$0 issued; \$755,000.00 retired

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Notes to the Financial Statements
August 31, 2008

NOTE 13 (continued)
Bonded Indebtedness

REVENUE FINANCING SYSTEM BONDS, 9th SERIES 2003

Purpose:	Financing for projects in El Paso and Lubbock, the costs of issuing the bonds, and the retirement of outstanding commercial paper
Issued:	September 24, 2003; all authorized bonds (\$64,270,000.00) have been issued
Outstanding:	\$56,940,000.00 outstanding as of August 31, 2008
Interest Rates:	4.00% to 5.25%
Maturity Dates:	2006 through 2023
Balance Changes:	\$0 issued; \$2,520,000.00 retired

REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, 10th SERIES 2006

Purpose:	Financing for Medical Education Building project in El Paso, the costs of issuing the bonds, and the advance refunding of a portion of the Revenue Financing System Bonds, Series 1999 and Revenue Financing System Bonds, 7 th Series 2001
Issued:	February 1, 2006; all authorized bonds (\$59,694,524.01) have been issued which includes \$45,000,000 of new bonds for the project
Outstanding:	\$53,961,248.14 outstanding as of August 31, 2008
Interest Rates:	4.00% to 5.00%
Maturity Dates:	2006 through 2029
Balance Changes:	\$0 issued; \$1,363,607.36 retired

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Notes to the Financial Statements

August 31, 2008

NOTE 13 (continued)
Bonded Indebtedness

SOURCES OF REVENUE FOR DEBT SERVICE

On October 21, 1993, the governing board of the Texas Tech University System established a Revenue Financing System for the purpose of providing a financing structure for all revenue supported indebtedness of Texas Tech University System components. The source of revenues for debt service issued under the Revenue Financing System includes pledged general tuition, pledged tuition fees, pledged general fees and any other revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances lawfully available to Texas Tech University System components. Excluded from the revenues described above are amounts received under Article 7, § 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Texas Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

BONDS AUTHORIZED BUT UNISSUED

As of August 31, 2008, TTUHSC had \$32,310,000 of authorized bonds that were not issued. Refer to Note 14 for detailed information on expectations of bond issuance.

DEFEASED BONDS OUTSTANDING

As of August 31, 2008, a total of \$15,285,000 of defeased bonds were outstanding related to an advance refunding of a portion of the Revenue Financing System Bonds, 3rd Series, 1999 and Revenue Financing System Bonds, 7th Series, 2001.

NOTE 14
Subsequent Events

House Bill 153 of the 79th Texas Legislature provided authorization for TTUHSC to issue \$32,310,000 of additional Revenue Financing System bonds to be used for the expansion of the School of Pharmacy in Amarillo, construction of a research facility in Amarillo and renovations of the El Paso Medical Science building. TTUHSC intends to issue \$29,503,000.00 during fiscal year 2009. Of the total authorized issuance, \$2,807,000.00 million was issued during fiscal year 2008 as commercial paper.

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Notes to the Financial Statements

August 31, 2008

NOTE 15
Related Parties

TTUHSC has no related parties except those identified as blended component units in Note 1. No related party transactions occurred during the fiscal year ended August 31, 2008.

NOTE 16
Stewardship, Compliance, and Accountability

TTUHSC has no material stewardship, compliance or accountability issues.

NOTE 17
The Financial Reporting Entity

TTUHSC is a component unit of the State of Texas. The accompanying financial statements reflect inclusion of one blended component unit described in detail in Note 1. TTUHSC has no other related organizations, joint ventures or jointly governed organizations.

NOTE 18
Restatement of Net Assets

TTUHSC had no material prior-period adjustments that would require a restatement of fund balance and net assets for the year ended August 31, 2008.

NOTE 19
Employee Retirement Plans

The State of Texas has joint contributory retirement plans for substantially all regular employees. One of the primary plans in which TTUHSC participates is administered by the Teacher Retirement System (TRS) of Texas. The TRS program was established by the Texas Legislature and can only be amended by legislative action.

The TRS program is a cost sharing, multiple-employer, defined benefit pension plan. The 80th Texas Legislature approved an increase to the employer contribution from 6.00% to 6.58% beginning in fiscal year 2008. The contributory percentages currently provided by the state and by each participant are 6.58% and 6.40%, respectively, of annual participant compensation.

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Notes to the Financial Statements

August 31, 2008

NOTE 19 (continued)
Employee Retirement Plans

The TRS program covers retirement, proportional retirement, disability annuities, and death and survivor benefits. A participant is vested after five years of creditable service and is entitled to any benefit for which eligibility requirements have been met. The normal service retirement age is 65 with five years of service or when the sum of the participant's age and years of service is at least 80 years. For unreduced benefits, persons beginning service on or after September 1, 2007, will be subject to a minimum age of 60 to qualify under the retirement rule of 80. The reduced service requirement age is 55 with five years of service or any age below 50 with 30 years of service. The standard life annuity benefit formula is 2.3 percent of the average of the five highest annual salaries multiplied by the years of service. At normal retirement age, the minimum standard monthly annuity is the greater of \$150 or the formula standard annuity. Total payments shall in no case be less than accumulated contributions at the time of retirement.

Contributions made by the state on behalf of TTUHSC for the TRS program amounted to \$4,169,598.55 for the year ended August 31, 2008, \$3,354,867 for the year ended August 31, 2007, and \$3,157,045 for the year ended August 31, 2006.

TRS does not separately account for each of its component governmental agencies, since TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the State Legislature. Further information regarding actuarial assumptions and conclusions, together with audited financial statements, is included in the TRS *Comprehensive Annual Financial Report* submitted to the state and available from the TRS website.

The State of Texas has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the TRS program. ORP is a defined contribution pension plan that provides for the purchase of annuity and custodial mutual fund contracts. The 80th Texas Legislature approved an increase to the state provision for employer contribution from 6.00% to 6.58% beginning in fiscal year 2008. The contributory percentages currently provided by the state and by each participant for employees who participated before September 1, 1995 are 8.50% and 6.65%, respectively, of annual participant compensation. The state's contribution is comprised of 6.58% from the ORP appropriation and 1.92% from other funding sources. The 6.58% contribution is mandatory with the other contributions being at the discretion of the governing board of TTUHSC. The governing board has approved the additional contributions for employees of TTUHSC. The contributory percentages currently provided by the state and by each participant for employees entering the program after August 31, 1995 are 6.58% and 6.65%, respectively, of annual participant compensation.

Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

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Notes to the Financial Statements

August 31, 2008

NOTE 19 (continued) Employee Retirement Plans

Contributions of state appropriations on behalf of TTUHSC for the ORP amounted to \$4,257,106.86 for the year ended August 31, 2008, \$2,786,848 for the year ended August 31, 2007, and \$2,781,324 for the year ended August 31, 2006.

Total contributions to the ORP made by plan members and the employer are detailed in the following table.

For the Year Ending August 31, 2008	
Member Contributions	\$ 7,803,066.33
Employer Contributions	<u>8,452,323.22</u>
Total	<u>\$ 16,255,389.55</u>

NOTE 20 Deferred Compensation

TTUHSC employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the *Texas Government Code Annotated*, § 609.001. A deferred compensation plan called Texa\$aver, administered by the Employees Retirement System, is available to all employees for income deferral.

The state's 457 plan complies with the Internal Revenue Code (IRC) § 457. Deductions, purchased investments, and earnings attributed to the 457 Plan are the property of the State and subject only to the claims of the State's general creditors. Participant rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the 457 account for each participant. The State has no liability under the 457 Plan, and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future.

GASB statement 32, effective for financial statements for periods beginning after December 31, 1998, states that new plans will not be considered eligible plans "unless all assets and income of the plan

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Notes to the Financial Statements

August 31, 2008

NOTE 20 (continued) Deferred Compensation

described in subsection (b)(6) are held in trust for the exclusive benefit of the participants and their beneficiaries." Existing plans are also required to comply with this requirement by January 1, 1999.

As of August 31, 2008, there were 212 TTUHSC participants in this deferred compensation plan.

NOTE 21 Donor Restricted Endowments

TTUHSC endowments are categorized as either true endowments or funds functioning as endowments. As of August 31, 2008, TTUHSC had no term endowments. Expenditure of true endowment funds is not permitted without the express consent of the donor. Most TTUHSC endowments are held in perpetuity. In many cases, a portion of the endowment earnings are expendable for student financial assistance or other purposes as designated by the donor or associated agreement. In other cases, endowment earnings are fully reinvested.

Endowment assets are invested predominantly in the Long Term Investment Fund (LTIF), described in more detail in Note 3. The LTIF allows for quarterly spendable income distributions amounting to 1.125% of the 12-quarter rolling average unitized balance. Spendable income can be supported by both realized earnings and by unrealized earnings.

Donor restricted endowment earnings / (losses) for the year ended August 31, 2008 are summarized in the table below.

Endowment Category	Net Appreciation	Statement of Net Assets Reporting Section
True Endowments	\$ (1,318,239.88)	Restricted / Nonexpendable
True Endowments	1,816,244.07	Restricted / Expendable
True Endowments	<u>5,179,705.78</u>	Unrestricted / Expendable
Total	<u>\$ 5,677,709.97</u>	

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August 31, 2008

NOTE 21 (continued)
Donor Restricted Endowments

There were also unrealized fair market value losses associated with true endowments that amounted to \$7,239,963.65 for the year ended August 31, 2008.

NOTE 22
Management Discussion and Analysis

INTRODUCTION

This discussion and analysis provides an overview of the financial position and activities of TTUHSC for the year ended August 31, 2008. This discussion and analysis has been prepared by management and should be reviewed in conjunction with the financial statements and accompanying notes.

USING THE FINANCIAL STATEMENTS

Included in this *Annual Financial Report* are three basic financial statements: (1) the Statement of Net Assets, (2) the Statement of Revenues, Expenses, and Changes in Net Assets, and (3) the Statement of Cash Flows.

FINANCIAL HIGHLIGHTS

- TTUHSC continues to experience growth in enrollment totaling 6.4% between the fall 2006 term and the fall 2007 term. The most notable portions of this one-year growth were in the Graduate School of Nursing (up 44.8%) and the School of Pharmacy (up 15.2%). Annual enrollment increases over the last ten years have averaged 5.4%.
- Overall net assets increased by \$62.0 million for the year ended August 31, 2008, primarily due to increased state appropriations.
- Capital asset additions totaled \$57.6 million for the year ended August 31, 2008.

CONDENSED FINANCIAL INFORMATION

In the summary financial statements presented on the next few pages, three years of comparative data are provided. Prior year amounts have, in certain instances, been restated or reclassified to conform to current year presentation.

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Notes to the Financial Statements

August 31, 2008

NOTE 22 (continued) Management Discussion and Analysis

Summary Schedule of Net Assets

Net assets are the difference between assets and liabilities and represent the equity component of the institution. Over time, increases or decreases in net assets are one indicator of the improvement or decline of the organization's financial health when considered with non-financial factors such as enrollment, patient levels, and the condition of facilities.

The following table shows the balances in asset, liability, and net asset categories as of August 31, 2008, 2007, and 2006 (amounts in thousands).

	2008	2007	2006
Assets			
Current Assets	\$ 292,864	\$ 238,624	\$ 228,355
Non-Current Investments	248,313	274,161	253,931
Other Non-Current Assets	8,223	10,501	10,645
Capital Assets, Net of Accumulated Depreciation	307,607	272,085	234,438
Total Assets	\$ 857,007	\$ 795,371	\$ 727,369
Liabilities			
Current Liabilities	\$ 78,100	\$ 71,329	\$ 67,857
Non-Current Liabilities	152,444	159,648	164,125
Total Liabilities	\$ 230,544	\$ 230,977	\$ 231,982
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 183,440	\$ 157,948	\$ 145,414
Restricted	150,241	152,133	136,000
Unrestricted	292,782	254,313	213,973
Total Net Assets	\$ 626,463	\$ 564,394	\$ 495,387

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Notes to the Financial Statements
August 31, 2008

NOTE 22 (continued)
Management Discussion and Analysis

Current Assets and Current Liabilities

Current assets consist primarily of cash and cash equivalents, short-term investments, balances in legislative appropriations and various student, patient, and contract receivables. Current liabilities consist primarily of trade accounts payable, payroll payable, deferred revenues and the current portions of compensable leave payable and claims payable. The institution's current ratio (current assets to current liabilities) of 3.75 reflects strong liquidity and a notable short-term ability to meet upcoming obligations.

Non-Current Investments

Non-current investments include both long-term and restricted short-term holdings. Most of these investments relate to endowment funds or securities held in reserve for estimated future medical malpractice claims.

Net Assets

Net assets invested in capital assets, net of related debt, represent capital assets net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction, or improvement of those assets. Restricted non-expendable net assets include permanent endowment funds that are subject to externally imposed restrictions governing their use.

Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the reported unrestricted net assets have been committed for future program budgets related to academic, patient and research programs and initiatives, as well as capital projects.

The following table summarizes the composition of net assets at August 31, 2008, 2007, and 2006 (in thousands).

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Notes to the Financial Statements

August 31, 2008

NOTE 22 (continued) Management Discussion and Analysis

	2008	2007	2006
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 183,440	\$ 157,948	\$ 145,414
Restricted			
Capital Projects	9,583	9,556	7,438
Funds Held as Permanent Investments	107,275	113,414	96,686
Other	33,383	29,163	31,876
Unrestricted	292,782	254,313	213,973
Total Net Assets	\$ 626,463	\$ 564,394	\$ 495,387

Summary Schedule of Revenues, Expenses, and Changes in Net Assets

The following table summarizes the revenues, expenses, and changes in net assets for the years ended August 31, 2008, 2007, and 2006 (in thousands).

	2008	2007	RESTATED 2006
Operating Revenues			
Net Student Tuition and Fees	\$ 19,789	\$ 16,520	\$ 15,543
Net Professional Fees	216,976	216,718	184,155
Grant and Contract Revenues	135,509	129,164	123,675
Net Sales and Services of Auxiliary Enterprises	464	434	497
Other	3,978	3,778	3,591
Total Operating Revenues	376,716	366,614	327,461

(Table continued on next page)

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Notes to the Financial Statements

August 31, 2008

NOTE 22 (continued) Management Discussion and Analysis

Operating Expenses			
Instruction	\$ (234,339)	\$ (221,529)	\$ (198,157)
Research	(19,657)	(16,523)	(16,601)
Public Service	(115,511)	(113,052)	(104,484)
Academic Support	(85,017)	(77,037)	(74,400)
Student Services	(8,766)	(8,127)	(6,968)
Institutional Support	(20,173)	(18,603)	(16,074)
Operation and Maintenance of Plant	(23,120)	(20,079)	(17,986)
Auxiliary Enterprises	(330)	(356)	(308)
Depreciation	(15,221)	(13,162)	(12,281)
<hr/>			
Total Operating Expenses	(522,134)	(488,468)	(447,259)
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Operating Loss	(145,418)	(121,854)	(119,798)
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Non-Operating Revenues and Expenses			
Legislative Appropriations Revenue	184,654	133,132	131,522
Net Gift Income	4,065	12,308	19,160
Net Investment Income	3,998	39,834	25,771
Interest Expense on Capital Asset Financing	(5,240)	(702)	(1,747)
Other	295	611	929
<hr/>			
Total Non-Operating Revenues and Expenses	187,772	185,183	175,635
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Income Before Other Revenues, Expenses, Gains, Losses, and Transfers	42,354	63,329	55,837
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Other Revenues, Expenses, Gains, Losses, and Transfers			
Capital Contributions and Recoveries	9,705	1,106	498
Legislative Appropriations Revenue for Capital	17,849	11,900	11,900
Net Transfers to Other State Agencies	(7,840)	(7,328)	(3,432)
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(Table continued on next page)			

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Notes to the Financial Statements

August 31, 2008

NOTE 22 (continued) Management Discussion and Analysis

	2008	2007	RESTATED 2006
Total Other Revenues, Expenses, Gains, Losses, and Transfers	19,714	5,678	8,966
Change in Net Assets	\$ 62,068	\$ 69,007	\$ 64,803
Beginning Net Assets	\$ 564,394	\$ 495,387	\$ 430,584
Ending Net Assets	\$ 626,462	\$ 564,394	\$ 495,387

Operating Revenues

Student tuition and fees, a primary source of funding for academic programs, are reflected net of associated discounts and allowances. Student tuition and fee revenue increased for 2008. This increase primarily resulted from overall increases in enrollment and slight increases in tuition rates.

Professional fee revenues are principally generated within the practice plans from patients or through contractual arrangements with governmental payers and private insurers. As such, professional fees revenues are subject to fluctuation due to changes in standard reimbursement rates for medical services. As a result of a decision by the Comptroller's office, beginning in 2007, revenue received for TDCJ operations is reported as professional fees rather than grant and contract revenue. The table above has been restated to reflect this change.

Operating Expenses

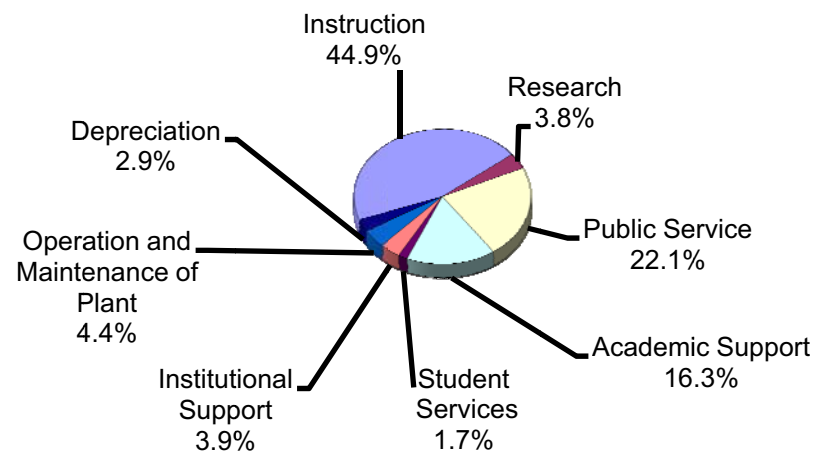
The following illustration presents the composition of operating expenses by programmatic function for the year ended August 31, 2008.

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

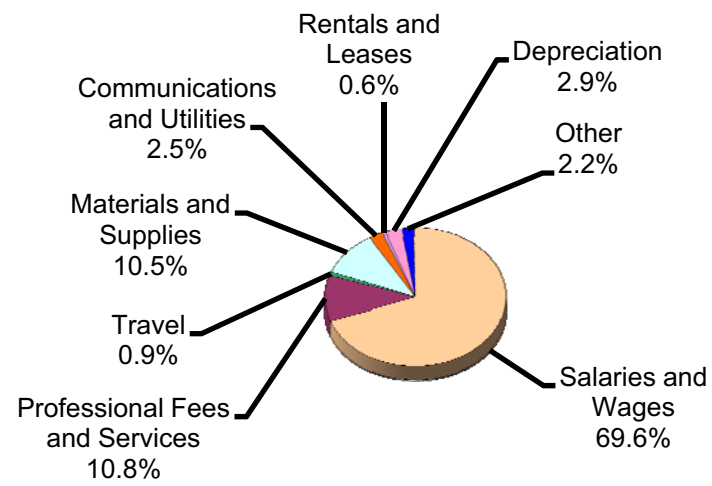
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Notes to the Financial Statements
August 31, 2008

NOTE 22 (continued)
Management Discussion and Analysis



The illustration below presents the composition of operating expenses by natural classification for the year ended August 31, 2008.



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Notes to the Financial Statements

August 31, 2008

NOTE 22 (continued)
Management Discussion and Analysis

Non-Operating Revenues and Expenses

Numerous recurring revenues are considered non-operating, as required by generally accepted accounting principles. The largest element of recurring non-operating revenue is legislative appropriations from the state, which increased for the year ended August 31, 2008. Realized gains and losses from the sale of investments, along with unrealized changes in the fair market value of investments, are factored into the reported amount for net investment income. Overall net investment income decreased for 2008.

The institution's endowment investment policies are designed to maximize long-term total return while income distribution policies are designed to preserve the value of the endowments and to generate a predictable stream of distributable income.

Other Revenues, Expenses, Gains, and Losses

Capital contributions for the period were comprised primarily of special-purpose gifts for facilities expansion and renovation. Capital contributions and recoveries increased for 2008. The legislative appropriations for capital represent distributions from the Higher Education Assistance Fund (HEAF).

Change in Net Assets

Net assets increased for the year ended August 31, 2008, primarily due to increased state appropriations.

CAPITAL ASSETS AND RELATED DEBT

Significant additional resources continue to be invested in capital assets at TTUHSC. Capital asset additions for the year ended August 31, 2008 amounted to \$57.6 million. Capital asset additions were funded by a variety of sources, including private donations and proceeds from debt issuances authorized and funded by the Texas Legislature.

As of August 31, 2008, total capital assets and related accumulated depreciation amounted to \$507.2 million and \$199.6 million, respectively. Related debt balances included \$124.2 million of bonds and notes payable, current and non-current. As of August 31, 2008, TTUHSC had a bond rating of AA from Standard and Poor's.

Additional detailed information regarding capital assets and related debt is included in earlier notes in this *Annual Financial Report*.

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Notes to the Financial Statements

August 31, 2008

NOTE 22 (continued)
Management Discussion and Analysis

ECONOMIC OUTLOOK

Future successes are largely dependent upon cost containment, the ability to recruit and retain the highest quality students, faculty, and staff, and ongoing financial and political support from state government.

General appropriations received during the year ended August 31, 2008, were \$166.7 million. General appropriations to TTUHSC, as approved by the 80th Texas Legislature, are expected to be \$146.3 million for the year ending August 31, 2009. The decrease in annual funding represents \$20 million of upfront funding provided in fiscal year 2008 for startup costs related to the Paul L. Foster School of Medicine in El Paso.

During 2008, the *Liaison Commission on Medical Education* awarded preliminary accreditation to the Paul L. Foster School of Medicine in El Paso. The school will admit its first class of four year medical students beginning in fiscal year 2009. The school has received significant support from donors, the El Paso community and the State Legislature.

Private gift contributions are a significant factor in the growth of academic, research, and patient care units and are an important supplement to the fundamental support provided by the state and through collections from students and patients. Economic pressures affecting donors may also affect the future level of support afforded TTUHSC from corporate and individual giving.

TTUHSC will continue to employ its long-term investment strategy to maximize total returns, at an appropriate level of risk, while utilizing a spending rate policy to insulate operations from temporary market volatility.

NOTE 23
Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health and life insurance benefits for retired employees, in accordance with state statutes. Substantially all of the employees may become eligible for the health and life insurance benefits if they reach normal retirement age while working for the State. Currently, there are 113 retirees who are eligible for these benefits. Similar benefits for active employees are provided through a self-funded plan and fully insured plans.

Depending upon the status of the employee at the time of retirement, the State or TTUHSC recognizes the cost of providing these benefits. The cost of retiree post-employment benefits is recognized when paid. This contribution paid all of the "employee/retiree only" premiums and a portion of the premiums for those employees/retirees selecting dependent coverage. The

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Notes to the Financial Statements

August 31, 2008

NOTE 23 (continued) Post Employment Health Care and Life Insurance Benefits

employee/retiree was required to pay a portion of the cost of dependent coverage. For the fiscal year ended August 31, 2008, the cost of providing those benefits for the retirees was \$1,945,991 for the State and \$552,805 for TTUHSC.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires accrual-based measurement, recognition and disclosure of other post-employment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. TTUHSC's benefit liability is included in that of the Employees Retirement System. As a result, this liability will be reported in the Employees Retirement System financial statements.

NOTE 24 Special or Extraordinary Items

TTUHSC had no special or extraordinary items during the year ended August 31, 2008.

NOTE 25 Disaggregation of Receivable and Payable Balances

RECEIVABLES

Components of receivables as of August 31, 2008, including current and non-current receivables, are summarized in the following table.

Description	Gross Receivables	Allowances	Net Receivables
Federal Receivable	\$ 1,372,370.03	\$ -	\$ 1,372,370.03
Interest and Dividends Receivable	914,964.52	-	914,964.52
Patient Accounts Receivable	48,144,251.59	(30,820,382.71)	17,323,868.88
Student Accounts Receivable	1,014,536.01	(18,343.17)	996,192.84
Contract Accounts Receivable	14,271,189.85	-	14,271,189.85
Pledged Gifts Receivable	8,355,671.32	(250,670.14)	8,105,001.18
Loans and Notes Receivable	3,218,566.57	(333,166.78)	2,885,399.79
Other	113,012.74	(96,559.14)	16,453.60
Total Receivables	\$ 77,404,562.63	\$ (31,519,121.94)	\$ 45,885,440.69

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Notes to the Financial Statements

August 31, 2008

NOTE 25 (continued) Disaggregation of Receivable and Payable Balances

Contractual Arrangements and Concentrations of Credit Risk

TTUHSC provides care to patients covered by various third party payers such as Medicare, Medicaid, and private insurance companies and health maintenance organizations (HMOs).

TTUHSC provides primary, secondary, and tertiary health care services to counties in west Texas, eastern New Mexico and the Oklahoma panhandle region as well as border regions in southwest Texas. Patient care centers are located in the Texas cities of Abilene, Amarillo, El Paso, Lubbock, Midland and Odessa.

Concentrations of gross patient accounts receivable are depicted in the table on the following page. Management does not believe there are significant credit risks associated with the listed payers, other than the self pay and medically indigent category. Further, management continually monitors and adjusts reserves and allowances associated with these receivables. Patient accounts receivables are reported in this *Annual Financial Report* net of allowances for bad debts, contractual adjustments, and charity care.

Description	Gross Receivables
Medicare	\$ 5,751,767.07
Medicaid	11,822,888.81
Managed Care, including Blue Cross	7,795,470.33
Commercial	5,038,296.75
Self Pay and Medically Indigent	17,523,412.07
Other	<u>212,416.56</u>
Total Gross Patient Accounts Receivable	<u>\$ 48,144,251.59</u>

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Annual Financial Report U N A U D I T E D

Notes to the Financial Statements

August 31, 2008

NOTE 25 (continued) Disaggregation of Receivable and Payable Balances

PAYABLES

Short-term payables as of August 31, 2008, were comprised of the elements noted in the following table.

Description	Balance
Vendor Accounts Payable	\$ 17,223,240.97
Patient Refunds Payable	1,908,979.61
Payroll Payable	31,770,613.85
Accrued Interest Payable	<u>285,766.61</u>
Total Short-Term Payables	<u>\$ 51,188,601.04</u>

NOTE 26 Termination Benefits

TTUHSC had no reportable termination benefits during the year ended August 31, 2008.

NOTE 27 Medical Patient Revenues

Patient charges for the medical practice plan are reported net of contractual adjustments and charity care. Components of gross medical patient charges for the year ended August 31, 2008 are summarized below.

Gross Medical Patient Charges	\$ 284,458,715.42
less Contractual Adjustments	(107,609,570.28)
less Charity Care	<u>(70,050,037.16)</u>
Net Medical Patient Charges	<u>\$ 106,799,107.98</u>

Annual Financial Report
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Notes to the Financial Statements
August 31, 2008

NOTE 27 (continued)
Medical Patient Revenues

Certain charges processed through the medical patient accounting system (IDX) are not classified in this *Annual Financial Report* as professional fees and instead are reported as revenues from local and private grants and contracts. Also, some professional fees reported in this *Annual Financial Report* are not processed through the medical patient accounting system and include fees collected in the practice plans for allied health sciences, nursing, and pharmacy.

TTUHSC provides care to patients who meet defined criteria under the charity care policy at amounts less than established rates. A patient is classified as an eligible charity patient based on federal poverty guidelines. Because TTUHSC does not pursue collection of amounts determined to qualify as charity care, such charges are included in gross patient charges but are not included in net patient charges.

Patient charges earned under third party contractual arrangements are primarily from fixed rate agreements which, for Medicare and Medicaid, are updated annually by the federal government and state government, respectively. Gross patient services charges under the Medicare and Medicaid programs for the year ended August 31, 2008 were \$144,286,537.04. Compliance with these programs is complex and can be subject to future government interpretation as well as potential regulatory action.

For the Medicaid program in Texas, and other government programs, contractual adjustments are reported as charity care as defined in Article III of the *General Appropriations Act* of the 80th Texas Legislature.

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SUPPORTING SCHEDULES

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Identifying Number	Agy Nbr	Pass-Through From		Direct Program
				State Agency Amount	Non-State Agency Amount	
U. S. Department of Justice						
System Backlog Reduction	16.560			\$ -	\$ -	\$ 119,018.13
Texas Tech University			733	-	-	-
Law Enforcement Assistance Program	16.000	2006DDBX0589		-	-	49,976.76
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580			-	-	26,682.33
TOTAL U. S. DEPARTMENT OF JUSTICE				-	-	195,677.22
National Science Foundation						
Social, Behavioral and Economic Sciences	47.075					
Texas Tech University			733	45,738.15	-	-
TOTAL NATIONAL SCIENCE FOUNDATION				45,738.15	-	-
U.S. Department of Education						
Rehabilitation Long-Term Training	84.129			-	-	177,315.30
Brigham Young University / Fund for the Improvement of Post-Secondary Education	84.116	06LM050994F1H		-	3,075.51	-
Deaf Education Certification for Teachers	84.027	08LA040014S3H	733	17,759.41	-	-
Texas Tech University				17,759.41	-	-
TOTAL U. S. DEPARTMENT OF EDUCATION				17,759.41	3,075.51	177,315.30
U. S. Department of Health and Human Services						
Fellowship Salary and Benefit	93.000					
University of Texas Health Science Center at San Antonio			745	28,545.10	-	-
Maternal and Child Health Bureau	93.283					
American Academy of Pediatrics		6H04MC00009		-	4,166.50	-
Geriatric Education Center	93.969					
University of Texas Health Science Center at San Antonio			745	77,375.44	-	-
South, West, and Panhandle Consortium Geriatric Education Center of Texas	93.000	08AM080998FNH		-	36,067.67	-
Centers of Excellence	93.157			-	-	46,311.14
University Of Texas El Paso				-	-	1,413.32
Health Education and Training Centers (HETCAT)	93.189			-	-	1,597.76
University of Texas Health Science Center at San Antonio			745	-	-	-

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Total Pass- Through From and Direct Program	Pass-Through To			Expenditures	Total Pass- Through To and Expenditures
			Agy Nbr	State Agency Amount	Non-State Agency Amount		
U. S. Department of Justice							
System Backlog Reduction	16.560	\$ 119,018.13		\$ -	\$ -	\$ 106,688.19	\$ 106,688.19
Texas Tech University		-	733	12,329.94	-	-	12,329.94
Law Enforcement Assistance Program	16.000	49,976.76		-	-	49,976.76	49,976.76
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	26,682.33		-	-	26,682.33	26,682.33
TOTAL U. S. DEPARTMENT OF JUSTICE		195,677.22		12,329.94	-	183,347.28	195,677.22
National Science Foundation							
Social, Behavioral and Economic Sciences	47.075						
Texas Tech University		45,738.15	733	-	-	45,738.15	45,738.15
TOTAL NATIONAL SCIENCE FOUNDATION		45,738.15		-	-	45,738.15	45,738.15
U.S. Department of Education							
Rehabilitation Long-Term Training	84.129	177,315.30		-	-	177,315.30	177,315.30
Brigham Young University / Fund for the Improvement of Post-Secondary Education	84.116	3,075.51		-	-	3,075.51	3,075.51
Deaf Education Certification for Teachers							
Texas Tech University	84.027	17,759.41	733	-	-	17,759.41	17,759.41
TOTAL U. S. DEPARTMENT OF EDUCATION		198,150.22		-	-	198,150.22	198,150.22
U. S. Department of Health and Human Services							
Fellowship Salary and Benefit	93.000						
University of Texas Health Science Center at San Antonio		28,545.10	745	-	-	28,545.10	28,545.10
Maternal and Child Health Bureau	93.283						
American Academy of Pediatrics		4,166.50		-	-	4,166.50	4,166.50
Geriatric Education Center	93.969						
University of Texas Health Science Center at San Antonio		77,375.44	745	-	-	77,375.44	77,375.44
South, West, and Panhandle Consortium Geriatric Education Center of Texas	93.000	36,067.67		-	-	36,067.67	36,067.67
Centers of Excellence	93.157	47,724.46		-	-	46,262.55	46,262.55
University Of Texas El Paso			724	1,461.91	-	-	1,461.91
Health Education and Training Centers (HETCAT)	93.189	1,597.76		-	-	1,597.76	1,597.76
University of Texas Health Science Center at San Antonio		-	745	-	-	-	-

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report U N A U D I T E D

Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Identifying Number	Agy Nbr	Pass-Through From		Direct Program
				State Agency Amount	Non-State Agency Amount	
U. S. Department of Health and Human Services (cont)						
University of Texas Medical Branch at Galveston			723	\$ -	\$ -	\$ -
University of North Texas Health Science Center			763	-	-	-
Advanced Education Nursing Grant Program	93.247			-	-	31,097.05
Poison Control Stabilization and Enhancement Grants	93.253			-	-	88,982.84
Northwest Texas Health Care		H4BHS07658A0		-	-	-
Advanced Education Nursing Traineeships	93.358			-	-	52,640.95
Nurse Education, Practice and Retention Grants	93.359			-	-	371,966.26
Child Care and Development Fund Program	93.596			-	42,194.15	-
Health Careers Opportunity Program	93.822			-	-	9,036.01
Basic / Core Area Health Education Centers	93.824			-	-	1,084,772.23
West Texas A&M University				-	-	-
West Central Texas Council of Governments		08LT060012F1HD		-	-	-
Permian Basin Workforce		08LT060012F1HC		-	-	-
Area Health Education Center (AHEC) of the Plains		08LT060012F1HA		-	-	-
Grants for Training in Primary Care Medicine and Dentistry	93.884			-	-	203,789.03
Rural Health ORCA IT Network Implementation	93.000	H54RH08676		-	182,568.00	-
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SVCS				105,920.54	264,996.32	1,891,606.59
RESEARCH AND DEVELOPMENT (R&D) CLUSTER						
U. S. Department of Agriculture						
Grants for Agricultural Research Competitive Research	10.206			-	-	443,325.60
Texas Tech University			733	-	-	-
U. S. Department of Commerce						
Receptor Logic, Ltd / Advanced Technology Program	11.612	06AP050017F1H		-	2,877.81	-
U. S. Department of Defense						
Texas Tech University / T0231 / SBCCOM Year 4	12.000	DOD - SBCCOM	733	177,512.49	-	-
T. R. U. E. Research Foundation / Military Medical						
Research and Development	12.420	06AP050072FNL		-	521,370.83	-
The Scripps Research Institute / Military Medical						
Research and Development	12.420	07LM40054F2H		-	61,257.56	-
U. S. Department of Health and Human Services						
Oral Diseases and Disorders Research	93.121			-	-	609.53
Research Related to Deafness & Communication Disorders	93.173			-	-	111,913.09
University of Texas Medical Branch at Galveston			723	-	-	-

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Total Pass- Through From and Direct Program	Pass-Through To			Expenditures	Total Pass- Through To and Expenditures
			Agy Nbr	State Agency Amount	Non-State Agency Amount		
U. S. Department of Health and Human Services (cont)							
University of Texas Medical Branch at Galveston		\$ -	723	\$ -	\$ -	\$ -	\$ -
University of North Texas Health Science Center		-	763	-	-	-	-
Advanced Education Nursing Grant Program	93.247	31,097.05		-	-	31,097.05	31,097.05
Poison Control Stabilization and Enhancement Grants	93.253	88,982.84		-	-	74,587.15	74,587.15
Northwest Texas Health Care		-		-	14,395.69	-	14,395.69
Advanced Education Nursing Traineeships	93.358	52,640.95		-	-	52,640.95	52,640.95
Nurse Education, Practice and Retention Grants	93.359	371,966.26		-	-	371,966.26	371,966.26
Child Care and Development Fund Program	93.596	42,194.15		-	-	42,194.15	42,194.15
Health Careers Opportunity Program	93.822	9,036.01		-	9,439.29	(403.28)	9,036.01
Basic / Core Area Health Education Centers	93.824	1,084,772.23		-	-	308,183.65	308,183.65
West Texas A&M University		-	757	198,079.92	-	-	198,079.92
West Central Texas Council of Governments		-		-	269,898.07	-	269,898.07
Permian Basin Workforce		-		-	147,574.02	-	147,574.02
Area Health Education Center (AHEC) of the Plains		-		-	161,036.57	-	161,036.57
Grants for Training in Primary Care Medicine and Dentistry	93.884	203,789.03		-	-	203,789.03	203,789.03
Rural Health ORCA IT Network Implementation	93.000	182,568.00		-	-	182,568.00	182,568.00
TAL U. S. DEPARTMENT OF HEALTH AND HUMAN SVCS		2,262,523.45		199,541.83	602,343.64	1,460,637.98	2,262,523.45
RESEARCH AND DEVELOPMENT (R&D) CLUSTER							
U. S. Department of Agriculture							
Grants for Agricultural Research Competitive Research	10.206	443,325.60		-	-	388,041.60	388,041.60
Texas Tech University		-	733	55,284.00	-	-	55,284.00
U. S. Department of Commerce							
Receptor Logic, Ltd / Advanced Technology Program	11.612	2,877.81		-	-	2,877.81	2,877.81
U. S. Department of Defense							
Texas Tech University / T0231 / SBCCOM Year 4	12.000	177,512.49	733	-	-	177,512.49	177,512.49
T. R. U. E. Research Foundation / Military Medical							
Research and Development	12.420	521,370.83		-	-	521,370.83	521,370.83
The Scripps Research Institute / Military Medical							
Research and Development	12.420	61,257.56		-	-	61,257.56	61,257.56
U. S. Department of Health and Human Services							
Oral Diseases and Disorders Research	93.121	609.53		-	-	609.53	609.53
Research Related to Deafness & Communication Disorders	93.173	111,913.09		-	-	76,841.09	76,841.09
University of Texas Medical Branch at Galveston		-	723	35,072.00	-	-	35,072.00

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Pass-Through From					Direct Program
		Identifying Number	Agy Nbr	State Agency Amount	Non-State Agency Amount	-	
U. S. Department of Health and Human Services (cont)							
Research & Training in Complementary & Alter. Medicine	93.213			\$ -	\$ -	\$ 138,194.46	
Texas Tech University		08LM060091NL	733	-	-	-	
Florida State University		08LM060091NAL		-	-	-	
Mental Health Research Grants	93.242			-	-	(142.94)	
Occupational Safety and Health Program	93.262			-	-	(428.71)	
Alcohol Research Programs	93.273			-	-	324,954.71	
Drug Abuse and Addiction Research Programs	93.279			-	-	139,641.90	
Minority Health and Health Disparities Research /	93.307			-	-	(153,918.50)	
Area Health Education Center (AHEC) of the Plains		06OL040084FHN		-	-	-	
Texas Tech University		7U76HP07736A	733	-	-	-	
National Center for Research Resources /	93.389			-	-	341,903.34	
Medical College of Ohio		06LM050050FL		-	-	-	
Cancer Cause and Prevention Research	93.393			-	-	332,926.73	
Cancer Treatment Research	93.395			-	-	225,306.94	
National Cancer Institute / Cancer Biology Research	93.396			-	-	237,718.67	
National Cancer Institute / Pancreatic Cancer	93.399			-	-	368,305.45	
National Heart Blood and Lung Institute	93.837			-	-	251,544.73	
New England Medical Center Hospitals Inc.		U00HL077821		-	74,046.21	-	
Lung Diseases Research	93.838			-	-	137,292.61	
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846			-	-	224,620.98	
Diabetes, Endocrinology and Metabolism Research	93.847			-	-	41,813.65	
Spire Corporation		07LM0600PL		-	27,303.07	-	
Kidney Diseases, Urology, and Hematology Research	93.849			-	-	314,916.79	
Extramural Research Programs in the Neurosciences							
and Neurological Disorders	93.853			-	-	527,381.21	
University at Lincoln Nebraska		RNS052484A		-	-	-	
Allergy and Infectious Diseases Research	93.855			-	-	181,165.86	
Microbiology and Infectious Diseases Research	93.856			-	-	18,659.71	
Biomedical Research and Research Training	93.859			-	-	829,895.83	
University of Rhode Island		07AP040026FNL		-	-	-	
Child Health and Human Development	93.864			-	-	355,526.09	
Child Health & Human Development Extramural Research	93.865			-	-	513,294.94	
University of Texas Southwest Research Center			729	15,145.43	-	-	
Child Health & Human Development Extramural Research	93.389			-	-	-	
University of Texas Southwest Research Center			729	87,519.95	-	-	

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Total Pass- Through From and Direct Program	Pass-Through To			Expenditures	Total Pass- Through To and Expenditures
			Agy Nbr	State Agency Amount	Non-State Agency Amount		
U. S. Department of Health and Human Services (cont)							
Research & Training in Complementary & Alter. Medicine	93.213	\$ 138,194.46		\$ -	\$ -	\$ 90,517.14	\$ 90,517.14
Texas Tech University		-	733	40,896.62	-	-	40,896.62
Florida State University		-		-	6,780.70	-	6,780.70
Mental Health Research Grants	93.242	(142.94)		-	-	(142.94)	(142.94)
Occupational Safety and Health Program	93.262	(428.71)		-	-	(428.71)	(428.71)
Alcohol Research Programs	93.273	324,954.71		-	-	324,954.71	324,954.71
Drug Abuse and Addiction Research Programs	93.279	139,641.90		-	-	139,641.90	139,641.90
Minority Health and Health Disparities Research /	93.307	(153,918.50)		-	-	(171,193.00)	(171,193.00)
Area Health Education Center (AHEC) of the Plains				-	(3,000.00)	-	(3,000.00)
Texas Tech University		-	733	20,274.50	-	-	20,274.50
National Center for Research Resources /	93.389	341,903.34		-	-	293,350.34	293,350.34
Medical College of Ohio		-		-	48,553.00	-	48,553.00
Cancer Cause and Prevention Research	93.393	332,926.73		-	-	332,926.73	332,926.73
Cancer Treatment Research	93.395	225,306.94		-	-	225,306.94	225,306.94
National Cancer Institute / Cancer Biology Research	93.396	237,718.67		-	-	237,718.67	237,718.67
National Cancer Institute / Pancreatic Cancer	93.399	368,305.45		-	-	368,305.45	368,305.45
National Heart Blood and Lung Institute	93.837	251,544.73		-	-	251,544.73	251,544.73
New England Medical Center Hospitals Inc.		74,046.21		-	-	74,046.21	74,046.21
Lung Diseases Research	93.838	137,292.61		-	-	137,292.61	137,292.61
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	224,620.98		-	-	224,620.98	224,620.98
Diabetes, Endocrinology and Metabolism Research	93.847	41,813.65		-	-	41,813.65	41,813.65
Spire Corporation		27,303.07		-	-	27,303.07	27,303.07
Kidney Diseases, Urology, and Hematology Research	93.849	314,916.79		-	-	314,916.79	314,916.79
Extramural Research Programs in the Neurosciences							
and Neurological Disorders	93.853	527,381.21		-	-	473,754.58	473,754.58
University at Lincoln Nebraska		-			53,626.63	-	53,626.63
Allergy and Infectious Diseases Research	93.855	181,165.86		-	-	181,165.86	181,165.86
Microbiology and Infectious Diseases Research	93.856	18,659.71		-	-	18,659.71	18,659.71
Biomedical Research and Research Training	93.859	829,895.83		-	-	808,080.44	808,080.44
University of Rhode Island		-		-	21,815.39	-	21,815.39
Child Health and Human Development	93.864	355,526.09		-	-	355,526.09	355,526.09
Child Health & Human Development Extramural Research	93.865	513,294.94		-	-	513,294.94	513,294.94
University of Texas Southwest Research Center		15,145.43		-	-	15,145.43	15,145.43
Child Health & Human Development Extramural Research	93.389	-		-	-	-	-
University of Texas Southwest Research Center		87,519.95		-	-	87,519.95	87,519.95

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Identifying Number	Agy Nbr	Pass-Through From		Direct Program
				State Agency Amount	Non-State Agency Amount	
U. S. Department of Health and Human Services (cont)						
Aging Research	93.866			\$ -	\$ -	\$ 1,146,599.82
Health Care and Other Facilities	93.887			-	-	158,642.90
Specially Selected Health Projects	93.888			-	-	14,329.02
International Research and Research Training	93.989			-	-	17,774.57
Universidad Complutense				-	-	-
Non-State Entities						
Selenium Ltd. / Antimicrobial Dental Devices and Waterlines	93.000	08LM060097NL		-	63,983.00	-
University of Kansas Medical Center / Analysis of Diindoylmethane in Human Plasma	93.000	05DP050061FNL		-	2,639.07	-
Oklahoma University Health Sciences Center / Nat'l Inst. of Allergy & Infectious Diseases	93.000	07AP07006NL		-	84,954.56	-
Alcohol Research Programs	93.273	06LM050047NL		-	30,193.57	-
National Center for Research Resources	93.389	08LM030014F5H		-	167,037.82	-
Kentucky Research Foundation / Drug Abuse and Addiction Research Programs	93.279	08AP030016N3L		-	30,023.53	-
Ohio State University Research Foundation / Heart and Vascular Diseases Research	93.837	05LM050030FNL		-	12,224.20	-
USDA: Community Based Research	10.200	RF01078439		-	-	33,000.00
TOTAL RESEARCH AND DEVELOPMENT (R&D) CLUSTER				280,177.87	1,077,911.23	7,276,768.98
OTHER CLUSTERS						
Women's Health Cluster						
Texas Department of State Health Services			537			
Special Supplemental Nutrition Program for Women, Infant and Children	10.557			2,202,641.97	-	-
Centers for Disease Control & Prevention						
Investigations & Technical Assistance / Breast & Cervical Cancer Services Program	93.283			225,336.34	-	-
Maternal and Children's Patient Health Services	93.994			113,032.13	-	-
Bioterrorism Preparedness Pandemic Flu	93.069			88,393.39	-	-
Title X Program	93.217			145,225.04	-	-
TOTAL OTHER CLUSTERS				2,774,628.87	-	-

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Total Pass- Through From and Direct Program	Pass-Through To			Expenditures	Total Pass- Through To and Expenditures
			Agy Nbr	State Agency Amount	Non-State Agency Amount		
U. S. Department of Health and Human Services (cont)							
Aging Research	93.866	\$ 1,146,599.82		\$ -	\$ -	\$ 1,146,599.82	\$ 1,146,599.82
Health Care and Other Facilities	93.887	158,642.90		-	-	158,642.90	158,642.90
Specially Selected Health Projects	93.888	14,329.02		-	-	14,329.02	14,329.02
International Research and Research Training	93.989	17,774.57		-	-	(34,586.04)	(34,586.04)
Universidad Complutense		-		-	52,360.61		52,360.61
Non-State Entities							
Selenium Ltd. / Antimicrobial Dental Devices and Waterlines	93.000	63,983.00		-	-	63,983.00	63,983.00
University of Kansas Medical Center / Analysis of Diindoylmethane in Human Plasma	93.000	2,639.07		-	-	2,639.07	2,639.07
Oklahoma University Health Sciences Center / Nat'l Inst. of Allergy & Infectious Diseases	93.000	84,954.56		-	-	84,954.56	84,954.56
Alcohol Research Programs	93.273	30,193.57		-	-	30,193.57	30,193.57
National Center for Research Resources	93.389	167,037.82		-	-	167,037.82	167,037.82
Kentucky Research Foundation / Drug Abuse and Addiction Research Programs	93.279	30,023.53		-	-	30,023.53	30,023.53
Ohio State University Research Foundation / Heart and Vascular Diseases Research	93.837	12,224.20		-	-	12,224.20	12,224.20
USDA: Community Based Research	10.200	33,000.00		-	-	33,000.00	33,000.00
TOTAL RESEARCH AND DEVELOPMENT (R&D) CLUSTER		8,634,858.08		151,527.12	180,136.33	8,303,194.63	8,634,858.08
OTHER CLUSTERS							
Women's Health Cluster							
Texas Department of State Health Services			537				
Special Supplemental Nutrition Program for Women, Infant and Children	10.557	2,202,641.97		-	-	2,202,641.97	2,202,641.97
Centers for Disease Control & Prevention							
Investigations & Technical Assistance / Breast & Cervical Cancer Services Program	93.283	225,336.34		-	-	225,336.34	225,336.34
Maternal and Children's Patient Health Services	93.994	113,032.13		-	-	113,032.13	113,032.13
Bioterrorism Preparedness Pandemic Flu	93.069	88,393.39		-	-	88,393.39	88,393.39
Title X Program	93.217	145,225.04		-	-	145,225.04	145,225.04
TOTAL OTHER CLUSTERS		2,774,628.87		-	-	2,774,628.87	2,774,628.87

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>CFDA Nbr</i>	<i>Identifying Number</i>	<i>Agy Nbr</i>	<i>Pass-Through From</i>		<i>Direct Program</i>
				<i>State Agency Amount</i>	<i>Non-State Agency Amount</i>	
STUDENT FINANCIAL ASSISTANCE CLUSTER						
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			\$ -	\$ -	\$ 812,130.00
U. S. Department of Education						
Federal Supplemental Educational Opportunity Grants	84.007			-	-	28,900.00
Federal Family Education Loans New Loans Processed (Note 3)	84.032			-	-	38,517,326.00
U. S. Department of Health and Human Services						
Federal Perkins Loan Program / Capital Contributor New Loans Processed (Note 3)	84.038			-	-	533,892.00
Administrative Costs Recovered (Note 3)				-	-	29,196.00
Federal Pell Grant Program	84.063			-	-	347,642.50
Texas Higher Education Coordinating Board			781			
Robert C. Byrd Honors Scholarship Program	84.185A			125.00	-	-
Leveraging Educational Assistance Scholarship Program	84.069A			1,392.00	-	-
Supplemental Leveraging Educational Assistance Scholarship Program	84.069B			1,390.00	-	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				2,907.00	-	40,269,086.50
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 3,227,131.84	\$ 1,345,983.06	\$ 49,810,454.59

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>CFDA Nbr</i>	<i>Total Pass- Through From and Direct Program</i>	<i>Pass-Through To</i>			<i>Expenditures</i>	<i>Total Pass- Through To and Expenditures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>	<i>Non-State Agency Amount</i>		
STUDENT FINANCIAL ASSISTANCE CLUSTER							
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	\$ 812,130.00		\$ -	\$ -	\$ 812,130.00	\$ 812,130.00
U. S. Department of Education							
Federal Supplemental Educational Opportunity Grants	84.007	28,900.00		-	-	28,900.00	28,900.00
Federal Family Education Loans New Loans Processed (Note 3)	84.032	38,517,326.00		-	-	38,517,326.00	38,517,326.00
U. S. Department of Health and Human Services							
Federal Perkins Loan Program / Capital Contributor New Loans Processed (Note 3)		533,892.00		-	-	533,892.00	533,892.00
Administrative Costs Recovered (Note 3)		29,196.00		-	-	29,196.00	29,196.00
Federal Pell Grant Program	84.063	347,642.50		-	-	347,642.50	347,642.50
Texas Higher Education Coordinating Board			781				
Robert C. Byrd Honors Scholarship Program	84.185A	125.00		-	-	125.00	125.00
Leveraging Educational Assistance Scholarship Program	84.069A	1,392.00		-	-	1,392.00	1,392.00
Supplemental Leveraging Educational Assistance Scholarship Program	84.069B	1,390.00		-	-	1,390.00	1,390.00
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER		40,271,993.50		-	-	40,271,993.50	40,271,993.50
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 54,383,569.49		\$ 363,398.89	\$ 782,479.97	\$ 53,237,690.63	\$ 54,383,569.49
		(Note 2)					(Note 2)

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Schedule 1A: Schedule of Expenditures of Federal Awards For the Year Ended August 31, 2008

Note 1 Nonmonetary Assistance

Texas Tech University Health Sciences Center (TTUHSC) did not receive any nonmonetary assistance for the year ended August 31, 2008.

Note 2 Reconciliation

Federal Grant and Contract Revenues - Unpledged (SRECNA)	\$	9,245,557.00
Federal Grant and Contract Revenues - Pledged (SRECNA)		2,483,120.15
Federal Grant and Contract Pass-Through Revenues (SRECNA)		3,227,131.84
Non-Operating Federal Grant and Contract Revenues (SRECNA)		376,542.50
TOTAL FEDERAL REVENUES (SRECNA)		15,332,351.49
Reconciling Items		
New Loans Processed		39,051,218.00
TOTAL FEDERAL FINANCIAL ASSISTANCE	\$	54,383,569.49

Note 3 Student Loans

<i>Federal Grantor / CFDA Number / Program Title</i>	<i>New Loans Processed</i>	<i>Administrative Costs Recovered</i>	<i>Total</i>	<i>Ending Balances of Previous Years' Loans</i>
U. S. Department of Health & Human Services				
93.342 Health Professions Student Loans	\$ -	\$ -	\$ -	\$ 174,358.68
93.364 Nursing Student Loans	-	-	-	128,642.75
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	-	-	-	303,001.43
U. S. Department of Education				
84.032 Federal Family Education Loan Program and Adjustment	38,517,326.00	-	38,517,326.00	-
84.038 Federal Perkins Loan Program	533,892.00	29,196.00	563,088.00	2,056,432.73
TOTAL U. S. DEPARTMENT OF EDUCATION	39,051,218.00	29,196.00	39,080,414.00	2,056,432.73
TOTAL STUDENT LOANS	\$ 39,051,218.00	\$ 29,196.00	\$ 39,080,414.00	\$ 2,359,434.16

Note 4 Depository Libraries for Government Publications (does not apply to TTUHSC)

Note 5 Unemployment Insurance (does not apply to TTUHSC)

Note 6 Rebates from the Special Supplemental Food Program for Women, Infant, and Children (does not apply to TTUHSC)

Note 7 Federal Deferred Revenue (does not apply to TTUHSC)

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Schedule 1B: Schedule of State Grant Pass-Throughs from / to State Agencies *For the Year Ended August 31, 2008*

State Grant Pass-Through Revenues From Other State Agencies

Texas Higher Education Coordinating Board (Agency Number 781)	
Family Practice Residency	\$ 1,180,542.00
Family Practice Rural and Public Health Rotation	47,836.29
Financial Aid Professional Nursing	27,767.00
Texas Grant Program	121,495.00
Advanced Research Program	273,000.00
Advanced Technology Program	(3,639.68)
Prof Nursing Shortage Reduc	702,151.00
Primary Care Residency Program	390,000.00
Nursing and Allied Health	74,208.00
Minority Health Research / Education	102,858.33
TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD	<u>\$ 2,916,217.94</u>
Employee Retirement System of Texas (Agency Number 327)	
State Kids Insurance Program	<u>\$ 91,356.40</u>
TOTAL EMPLOYEE RETIREMENT SYSTEM OF TEXAS	<u>\$ 91,356.40</u>
Department of State Health Services (Agency Number 537)	
DSHS Program Funding	<u>\$ 403,536.39</u>
TOTAL DEPARTMENT OF STATE HEALTH SERVICES	<u>\$ 403,536.39</u>
TOTAL STATE GRANT PASS-THROUGH REVENUES FROM OTHER STATE AGENCIES	<u><u>\$ 3,411,110.73</u></u>

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Schedule 2A: Miscellaneous Bond Information
For the Fiscal Year Ended August 31, 2008

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
Rev Fin Sys Ref & Imp Bonds Series 1999	\$ 15,632,182.44	4.00% - 5.25%	1999	2029	2/15/2009
Rev Fin Sys Bonds 7th Series 2001	19,510,000.00	3.00% - 5.50%	2002	2021	2/15/2012
Rev Fin Sys Bonds 9th Series 2003	64,270,000.00	4.00% - 5.25%	2006	2023	8/15/2013
Rev Fin Sys Ref & Imp Bonds Series 2006	59,694,524.01	4.00% - 5.00%	2006	2029	2/15/2016
	<u>\$ 159,106,706.45</u>				

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Schedule 2B: Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Bonds Outstanding 9/01/2007</u>	<u>Bonds Issued</u>	<u>Bonds Matured or Retired</u>
Rev Fin Sys Ref & Imp Bonds Series 1999	\$ 6,432,144.44	-	\$ 768,843.38
Rev Fin Sys Bonds 7th Series 2001	5,165,000.00	-	755,000.00
Rev Fin Sys Bonds 9th Series 2003	59,460,000.00	-	2,520,000.00
Rev Fin Sys Ref & Imp Bonds Series 2006	55,324,855.50	-	1,363,607.36
	<u>\$ 126,381,999.94</u>	<u>\$ -</u>	<u>\$ 5,407,450.74</u>

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Schedule 2B: Changes in Bonded Indebtedness
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Bonds Refunded or Extinguished</u>	<u>Bonds Outstanding 08/31/2008</u>	<u>Amounts Due Within One Year</u>
Rev Fin Sys Ref & Imp Bonds Series 1999	\$ -	\$ 5,663,301.06	\$ 807,056.16
Rev Fin Sys Bonds 7th Series 2001	-	4,410,000.00	795,000.00
Rev Fin Sys Bonds 9th Series 2003	-	56,940,000.00	2,630,000.00
Rev Fin Sys Ref & Imp Bonds Series 2006	-	53,961,248.14	1,421,234.30
	<u>\$ -</u>	<u>\$ 120,974,549.20</u>	<u>\$ 5,653,290.46</u>

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Schedule 2C: Debt Service Requirements *For the Fiscal Year Ended August 31, 2008*

Description of Issue	Year	Principal	Interest
Revenue Bonds	2009	\$ 807,056.16	\$ 266,254.54
Revenue Financing System Refunding and Improvement Bonds - Series 1999	2010	847,024.56	229,542.12
	2011	718,130.42	191,633.14
	2012	758,017.99	152,884.25
	2013	799,502.25	111,999.34
	2014-2018	1,733,569.68	92,206.58
		\$ 5,663,301.06	\$ 1,044,519.97
Revenue Bonds	2009	\$ 795,000.00	\$ 236,275.00
Revenue Financing System Bonds 7th Series 2001	2010	835,000.00	194,537.50
	2011	880,000.00	150,700.00
	2012	925,000.00	104,500.00
	2013	975,000.00	53,625.00
		\$ 4,410,000.00	\$ 739,637.50
Revenue Bonds	2009	\$ 2,630,000.00	\$ 2,797,925.00
Revenue Financing System Bonds 9th Series 2003	2010	2,735,000.00	2,690,625.00
	2011	2,860,000.00	2,564,425.00
	2012	3,005,000.00	2,417,800.00
	2013	3,165,000.00	2,263,550.00
	2014-2018	18,540,000.00	8,590,862.50
	2019-2023	24,005,000.00	3,126,287.50
		\$ 56,940,000.00	\$ 24,451,475.00
Revenue Bonds	2009	\$ 1,421,234.30	\$ 2,513,648.09
Revenue Financing System Refunding and Improvement Bonds - Series 2006	2010	1,476,713.20	2,455,689.14
	2011	1,709,285.36	2,391,969.17
	2012	1,794,427.96	2,312,922.76
	2013	1,881,326.36	2,221,028.90
	2014-2018	16,841,054.99	8,861,419.69
	2019-2023	17,859,306.66	4,709,148.28
	2024-2028	10,573,899.31	1,005,991.76
	2029-2033	404,000.00	10,100.00
		\$ 53,961,248.14	\$ 26,481,917.79

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Schedule 2D: Analysis of Funds Available for Debt Service
For the Fiscal Year Ended August 31, 2008

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2008			
	Net Available for			
	Debt Service			
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay (a)	Debt Service	
			Principal	Interest
Rev Fin Sys Ref & Imp Bonds Series 1999				
Rev Fin Sys Bonds 7th Series 2001				
Rev Fin Sys Bonds 9th Series 2003				
Rev Fin Sys Ref & Imp Bonds Series 2006				
	<u>\$ 48,601,819.84</u>	<u>\$ -</u>	<u>\$ 5,407,450.74</u>	<u>\$ 6,044,541.73</u>

(a) Expenditures associated with pledged sources totaled \$19,908,441.92

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Schedule 2E: Defeased Bonds Outstanding
For the Fiscal Year Ended August 31, 2008

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds, Rev Fin Sys Ref & Imp Bonds Series 1999	2006	\$ 5,275,000.00
Revenue Bonds, Rev Fin Sys Bonds 7th Series 2001	2006	10,010,000.00
		<u>\$ 15,285,000.00</u>

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Schedule 3: Reconciliation of Cash in the State Treasury
As of August 31, 2008

	<i>Unrestricted</i>	<i>Restricted</i>	<i>Total</i>
Local Revenue (Fund 0239)	\$ 4,023,818.32	\$ -	\$ 4,023,818.32
Permanent Health Fund - El Paso Campus (Fund 0820)	5,101,794.80	-	5,101,794.80
Permanent Health Fund - Other Campuses (Fund 0821)	2,906,354.29	-	2,906,354.29
TOTAL CASH IN THE STATE TREASURY	<u>\$ 12,031,967.41</u>	<u>\$ -</u>	<u>\$ 12,031,967.41</u>