

# **TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**



## **Annual Financial Report Fiscal Year 2002**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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*August 31, 2002*

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November 18, 2002

The Honorable Rick Perry  
Governor of Texas

The Honorable Carole Keeton Rylander  
Comptroller of Public Accounts

Mr. Lawrence F. Alwin, CPA  
State Auditor

Dr. Don W. Brown  
Commissioner, Texas Higher Education Coordinating Board

Mr. John Keel, CPA  
Director, Legislative Budget Board

To Agency Heads Addressed:

The Annual Financial Report of Texas Tech University Health Sciences Center (TTUHSC), with which this letter is bound, is transmitted for inclusion in the State of Texas Comprehensive Annual Financial Report for the fiscal year ended August 31, 2002. The State Auditor will consider the accompanying Annual Financial Report for audit as part of the audit of the State's Comprehensive Annual Financial Report; therefore, an opinion on the financial statements and related information contained in this report has not been expressed. This report is intended to present a complete picture of the fiscal affairs of TTUHSC for the year ended August 31, 2002.

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

Sincerely,

Elmo M. Cavin  
Acting President

November 18, 2002

Elmo M. Cavin  
Acting President  
Texas Tech University Health Sciences Center  
Lubbock, Texas 79430

Dear Mr. Cavin:

Submitted herein is the Annual Financial Report of Texas Tech University Health Sciences Center for the fiscal year ended August 31, 2002.

The financial statements in this report have been prepared in conformity with the General Provisions of the Appropriations Act, Article IX, and in accordance with the requirements established by the 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's Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the statements and related information contained in this report.

If you have any questions, please contact me at 743-1888, ext. 232.

Sincerely,

Thomas B.M. Downen, CPA  
Director of Accounting Services

Approved:

Michael Crowder, CPA  
Associate Vice President for Business Affairs

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**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**

**Annual Financial Report**

*Organizational Data*

*August 31, 2002*

**BOARD OF REGENTS**

Term Expires January 31,

Carin Marcy Barth.....	2005.....	Houston
C. Robert (Bob) Black.....	2007.....	Horseshoe Bay
E.R. (Dick) Brooks .....	2005.....	Granbury
J. Robert Brown, J.D. ....	2007.....	El Paso
John W. Jones .....	2003.....	Brady
Nancy E. Jones, D.B.A. ....	2003.....	Abilene
David R. Lopez.....	2007.....	Austin
Brian C. Newby, J.D. ....	2005.....	Fort Worth
J. Michael Weiss, J.D. ....	2003.....	Lubbock

**FISCAL OFFICERS**

David R. Smith, M.D. ....	Chancellor
Jim Brunjes .....	Senior Vice Chancellor and Chief Financial Officer
Elmo M. Cavin.....	Acting President
Michael Crowder .....	Associate Vice President for Business Affairs
Thomas B. M. Downen .....	Director of Accounting Services

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Enrollment Data*

*As of August 31, 2002*

TYPE OF STUDENT	NUMBER OF STUDENTS BY SEMESTER		
	FALL 2001	SPRING 2002	SUMMER 2002
Texas Resident	1,551	1,544	703
Out-of-State	84	101	31
Foreign	10	10	-
Hazelwood Act	16	17	10
Military Personnel and Dependents	1	1	-
Teachers, Professors and Dependents	7	7	7
Competitive Scholarship	33	29	22
Deaf or Blind	-	1	1
Teaching Assistant, Research Assistant and Dependents	29	30	30
Continuous Enrollment	1	1	-
Adjacent County	56	52	34
Total Students	1,788	1,793	838
 PROGRAM:			
Medical	487	485	-
Graduate Medical	85	76	49
Nursing	317	319	229
Graduate Nursing	75	77	77
Allied Health	146	142	56
Graduate Allied Health	354	363	286
Pharmacy	324	331	141
Total Students	1,788	1,793	838

### ENROLLMENT TREND DATA (Fall Semester)

FISCAL YEAR	STUDENTS	SEMESTER HOURS
2002	1,788	28,822
2001	1,719	28,978
2000	1,649	26,153
1999	1,547	26,261
1998	1,548	25,870
1997	1,514	23,240
1996	1,326	20,389
1995	1,276	19,817
1994	1,238	17,912
1993	1,063	16,012

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**

**Annual Financial Report**

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**FINANCIAL STATEMENTS**

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# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Net Assets*

*As of August 31, 2002*

#### **ASSETS**

##### Current Assets

Unrestricted Cash & Cash Equivalents:	
Cash on Hand	\$ 16,738
Cash in Bank	(1,970,055)
Reimbursements Due from Treasury	508,766
Cash in State Treasury	6,072,711
Unrestricted Short-Term Investments	66,647,593
Restricted Cash & Cash Equivalents:	
Cash on Hand	4,581
Cash in Bank	(1,062,262)
Reimbursements Due from Treasury	235,946
Restricted Short-Term Investments	40,704,620
Legislative Appropriations	29,174,624
Accounts Receivable:	
Federal Receivable	790,919
Interest and Dividends Receivable	1,075,181
Patient Accounts Receivable (net of \$24,348,575 allowance for uncollectibles)	16,823,539
Student Accounts Receivable (net of \$29,425 allowance for uncollectibles)	208,978
Contract Accounts Receivable (net of \$262,412 allowance for uncollectibles)	5,603,353
Pledged Gifts Receivable (net of \$108,429 allowance for uncollectibles)	1,032,933
Other Receivables	100,216
Due from Other Agencies	3,147,990
Consumable Inventories	-
Merchandise Inventories	690,151
Prepaid Expenses	158,481
Loans & Notes Receivable (net of \$48,568 allowance for uncollectibles)	862,799
Total Current Assets	<u>170,827,802</u>

##### Non-Current Assets

Restricted Cash and Cash Equivalents (Cash in Bank)	(142,487)
Restricted Short-Term Investments	4,669,441
Endowment Investments	69,159,168
Loans & Notes Receivable (net of \$206,669 allowance for uncollectibles)	2,060,632
Pledged Gifts Receivable (net of \$25,936 allowance for uncollectibles)	247,070
Investments	94,956,270
Capital Assets:	
Land and Land Improvements	6,297,346
Construction in Progress	21,781,134
Other Non-Depreciable Capital Assets (Library Books and Materials)	19,356,773

**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Net Assets*

*As of August 31, 2002*

Capital Assets (continued):	
Buildings and Building Improvements (net of \$109,876,389 accumulated depreciation)	\$ 66,746,360
Infrastructure (net of \$52,346 accumulated depreciation)	914,048
Facilities and Other Improvements (net of \$296,171 accumulated depreciation)	5,193,777
Furniture and Equipment (net of \$27,914,017 accumulated depreciation)	17,639,501
Vehicles (net of \$971,112 accumulated depreciation)	408,128
Other Depreciable Capital Assets (net of \$24,325 accumulated depreciation)	123,009
Total Non-Current Assets	<u>309,410,170</u>
TOTAL ASSETS	<u>\$ 480,237,972</u>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	18,879,349
Payable from Restricted Assets	13,157,969
Accrued Liabilities	77,416
Unclaimed Property Due to State Treasury	49,348
Deferred Revenue	4,717,600
Compensable Leave	2,868,604
Claims Payable	3,567,844
Capital Lease Obligations	-
Notes Payable	3,140,000
Bonds Payable	2,343,225
Funds Held for Others	163,228
Other Current Liabilities	170,503
Total Current Liabilities	<u>49,135,086</u>
Non-Current Liabilities	
Accrued Liabilities	108,094
Unclaimed Property Due to State Treasury	72,209
Compensable Leave	11,474,418
Claims Payable	44,003,405
Capital Lease Obligations	-
Bonds Payable	32,328,631
Other Non-Current Liabilities	10,876
Total Non-Current Liabilities	<u>87,997,633</u>
TOTAL LIABILITIES	<u>137,132,719</u>

**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Net Assets*

*As of August 31, 2002*

#### **NET ASSETS**

Invested in Capital Assets	\$ 103,421,899
Restricted:	
Nonexpendable:	
Endowments	70,141,496
Expendable:	
Capital Projects	6,688,942
Higher Education Assistance Fund	18,688,588
Funds Functioning as Endowments	19,101,262
Other	38,597,100
Unrestricted	<u>86,465,966</u>
TOTAL NET ASSETS	<u>343,105,253</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 480,237,972</u>

**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Revenues, Expenses, and Changes in Net Assets*

*For the Year Ended August 31, 2002*

Operating Revenues	
Net Student Tuition and Fees	\$ 8,832,754
Net Professional Fees (including student health revenues)	124,863,566
Net Sales and Services of Auxiliary Enterprises	67,548
Net Other Sales and Services	3,023,950
Federal Grant Revenues	9,459,425
Federal Grant Pass-Through Revenues	325,229
State Grant Revenues (net of refunds to grantors)	88,356,110
State Grant Pass-Through Revenues	4,332,910
Local Grant Revenues	48,165,691
Private Grant Revenues	44,388,235
Total Operating Revenues	<u>331,815,418</u>
Operating Expenses	
Instruction	166,659,671
Research	15,446,983
Public Service	139,512,767
Academic Support	75,968,160
Student Services	4,679,501
Institutional Support	12,443,811
Operations and Maintenance of Plant	13,892,975
Scholarships and Fellowships	561,240
Auxiliary Enterprises	334,187
Depreciation and Amortization	6,451,126
Total Operating Expenses	<u>435,950,421</u>
Operating Loss	<u>(104,135,003)</u>
Non-Operating Revenues and Gains	
Legislative Revenue	109,423,042
Federal Grant Revenues (net of refunds to grantors)	255,861
Private Gifts	652,350
Net Investment Income	8,237,258
Net Decrease in Fair Value of Investments	(5,459,596)
Other Non-Operating Revenues and Gains	1,524,476
Total Non-Operating Revenues and Gains	<u>114,633,391</u>
Non-Operating Expenses and Losses	
Interest Expense on Capital Asset Financing	1,450,256
Loss on Sale and Disposal of Capital Assets	1,613,252
Other Non-Operating Expenses and Losses	4,987,926
Total Non-Operating Expenses and Losses	<u>8,051,434</u>

**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Revenues, Expenses, and Changes in Net Assets*

*For the Year Ended August 31, 2002*

Other Revenues, Expenses, Gains, Losses, and Transfers	
Capital Contributions	\$ 3,159,143
Capital Recoveries	1,912,557
HEAF Appropriation Revenue	7,735,000
Transfers from Other Components	2,487,239
Transfers to System Administration	(5,357,703)
Legislative Transfers In (SORM)	741,639
	<hr/>
Net Other Revenues, Expenses, Gains, Losses, and Transfers	10,677,875
	<hr/>
TOTAL CHANGES IN NET ASSETS	\$ 13,124,829
	<hr/>
Beginning Net Assets (September 1, 2001)	477,322,518
Restatements of Beginning Net Assets (Note 19)	(147,342,094)
	<hr/>
Ending Net Assets (August 31, 2002)	\$ 343,105,253
	<hr/>

**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Matrix of Operating Expenses by Natural Classification For the Year Ended August 31, 2002*

<i>FUNCTION</i>	<i>SALARIES AND WAGES</i>	<i>PROFESSIONAL FEES AND SERVICES</i>	<i>FEDERAL SUB-CONTRACTS</i>	<i>TRAVEL</i>
Instruction	\$ 139,373,065	\$ 4,797,069	\$ 71,749	\$ 1,277,480
Research	10,728,881	365,162	(20,229)	236,092
Public Service	50,079,818	58,042,680	41,982	558,557
Academic Support	43,080,496	1,485,499	-	655,554
Student Services	2,896,863	61,893	-	148,762
Institutional Support	15,900,378	1,387,394	-	299,214
Operation and Maintenance of Plant	6,259,746	96,026	-	37,083
Scholarships and Fellowships	-	-	-	-
Auxiliary Enterprises	148,279	368	-	10,880
Depreciation and Amortization	-	-	-	-
Total Operating Expenses	268,467,526	66,236,091	93,502	3,223,622

<i>FUNCTION</i>	<i>MATERIALS AND SUPPLIES</i>	<i>COMMUNICATIONS AND UTILITIES</i>	<i>REPAIRS AND MAINTENANCE</i>	<i>RENTALS AND LEASES</i>
Instruction	16,386,237	1,607,753	460,818	1,276,241
Research	3,583,410	87,486	138,802	51,302
Public Service	14,264,811	866,215	135,274	590,226
Academic Support	7,396,311	935,992	584,857	345,798
Student Services	1,217,358	35,672	44,988	29,983
Institutional Support	(6,727,725)	527,580	583,077	628,805
Operation and Maintenance of Plant	1,981,812	4,298,687	707,706	486,187
Scholarships and Fellowships	-	-	-	-
Auxiliary Enterprises	92,826	35,343	10,713	11,590
Depreciation and Amortization	-	-	-	-
Total Operating Expenses	38,195,040	8,394,728	2,666,235	3,420,132

<i>FUNCTION</i>	<i>PRINTING AND REPRODUCTION</i>	<i>DEPRECIATION</i>	<i>BAD DEBT</i>	<i>INTEREST</i>
Instruction	734,759	-	38,039	2,079
Research	92,770	-	-	881
Public Service	311,856	-	1,353,929	3,095
Academic Support	457,242	-	20,117,026	957
Student Services	183,767	-	-	32
Institutional Support	375,372	-	(129,485)	1,162
Operation and Maintenance of Plant	23,637	-	-	132
Scholarships and Fellowships	-	-	-	-
Auxiliary Enterprises	19,758	-	-	34
Depreciation and Amortization	-	6,451,126	-	-
Total Operating Expenses	2,199,161	6,451,126	21,379,509	8,372

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Matrix of Operating Expenses by Natural Classification* *For the Year Ended August 31, 2002*

<i>FUNCTION</i>	<i>SCHOLARSHIPS</i>	<i>CLAIMS AND LOSSES</i>	<i>OTHER OPERATING</i>	<i>GRAND TOTAL</i>
Instruction	\$ 59,300	\$ 40,702	\$ 534,380	\$ 166,659,671
Research	147,293	-	35,133	15,446,983
Public Service	69,732	13,072,386	122,206	139,512,767
Academic Support	90,463	437,500	380,465	75,968,160
Student Services	3,623	-	56,560	4,679,501
Institutional Support	163,960	(693,332)	127,411	12,443,811
Operation and Maintenance of Plant	-	-	1,959	13,892,975
Scholarships and Fellowships	561,240	-	-	561,240
Auxiliary Enterprises	-	-	4,396	334,187
Depreciation and Amortization	-	-	-	6,451,126
Total Operating Expenses	1,095,611	12,857,256	1,262,510	\$ 435,950,421

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Cash Flows* *For the Year Ended August 31, 2002*

#### Cash Flows from Operating Activities

##### Cash Inflows:

Collections from Student Tuition and Fees	\$ 8,275,621
Collections for Grants and Contracts	200,708,626
Collections from Patients	102,491,690
Collections of Loans to Students	2,065,786
Collections for Auxiliary Enterprises	67,548
Collections of Sales and Services of Educational Activities	3,023,950

##### Cash Outflows:

Payments to Suppliers	149,220,560
Payments to Employees	264,039,196
Payments for Loans Issued to Students	788,952
Payments for Other Operating Activities	609,041

Net Cash Used for Operating Activities (98,024,528)

#### Cash Flows from Noncapital Financing Activities

##### Cash Inflows:

Proceeds from State Appropriations	104,508,497
Proceeds from Transfers from Other Components	2,487,239
Proceeds from Noncapital Gifts and Grants	2,006,070
Proceeds from Agency Activities	42,270
Proceeds from Other Noncapital Financing Activities	1,524,476

##### Cash Outflows:

Payments of Transfers to System Administration	5,357,703
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Net Cash Provided by Noncapital Financing Activities 105,210,849

#### Cash Flows from Capital and Related Financing Activities

##### Cash Inflows:

Proceeds from Capital Debt Issuance	23,565,000
Proceeds from State Capital Appropriations	7,735,000
Proceeds from Capital Gifts and Grants	3,159,143

##### Cash Outflows:

Payments for Purchases of Capital Assets	24,561,750
Payments for Principal on Capital Debts	13,359,497
Payments for Interest on Capital Debts	1,332,058
Payments for Other Capital Related Activities	4,987,926

Net Cash Used for Capital and Related Financing Activities (9,782,088)

**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Statement of Cash Flows* *For the Year Ended August 31, 2002*

#### Cash Flows from Investing Activities

##### Cash Inflows:

Proceeds from Sales and Maturities of Investments	\$ 18,230,085
Proceeds from Interest and Dividends on Investments	2,095,499

##### Cash Outflows:

Payments for Purchases of Investments	10,010,235
---------------------------------------	------------

Net Cash Provided by Investing Activities	<u>10,315,349</u>
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TOTAL NET CASH FLOWS	<u>7,719,582</u>
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Beginning Cash and Cash Equivalents (September 1, 2001)	(4,055,644)
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Ending Cash and Cash Equivalents (August 31, 2002)	<u>\$ 3,663,938</u>
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#### Components of Ending Cash and Cash Equivalents (August 31, 2002):

Cash on Hand	21,319
Cash in Bank	(3,174,804)
Reimbursements Due from Treasury	744,712
Cash in State Treasury	6,072,711

Ending Cash and Cash Equivalents (August 31, 2002)	<u>\$ 3,663,938</u>
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#### Reconciliation of Operating Loss to Net Cash Flows from Operating Activities

Operating Loss	(104,135,003)
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##### Adjustments:

Depreciation Expense	6,451,126
Bad Debt Expense	21,379,509
Change in Accounts Receivable	(16,933,812)
Change in Loans and Notes Receivable	1,276,428
Change in Inventory	(133,835)
Change in Prepaid Expenses	1,136,742
Change in Other Assets	2,317
Change in Accounts Payable	(5,773,717)
Change in Accrued Liabilities	45,554
Change in Deferred Revenue	(348,155)
Change in Compensable Leave	3,957,030
Change in Claims Payable	(4,914,778)
Change in Other Liabilities	(33,934)

Net Cash Used for Operating Activities	<u>(98,024,528)</u>
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**SEE ACCOMPANYING NOTES  
TO THE FINANCIAL STATEMENTS**



**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**

**Annual Financial Report**

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**NOTES TO THE FINANCIAL STATEMENTS**

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# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 1

#### Summary of Significant Accounting Policies

##### **GENERAL INTRODUCTION**

Texas Tech University Health Sciences Center (TTUHSC) is one of the three components of Texas Tech University System. The other two components, reported separately, are Texas Tech University and Texas Tech University System Administration.

TTUHSC offers graduate and undergraduate programs in five schools: the School of Allied Health, 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.

##### **FUND STRUCTURE**

###### **Agency Funds**

Agency funds are used to account for assets that TTUHSC holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

###### **Blended Component Units**

The Texas Tech Foundation Inc. (TTFI) and Texas Tech Physician Associates (TTPA) are reported as blended component units. A 30-member board appointed by TTUHSC governs TTFI.

Texas Tech Physician Associates is a certified non-profit health corporation authorized under the Medical Practice Act Section 5.01(a), article 4495b of the state of Texas. TTPA was created by TTUHSC for the purpose of entering into prepaid capitation agreements for physician and other medical services. TTPA is exempt from tax under Internal Revenue Service code section 501(c)(3). The board consists of 8 directors appointed by TTUHSC.

Although both entities are legally separate from TTUHSC, TTFI and TTPA are reported as if they were part of the institution because their sole purpose is to financially support TTUHSC.

##### **BASIS OF ACCOUNTING**

The accounting records of TTUHSC are maintained using a modified accrual basis. Most internal financial reports utilize this basis. Accounting data for most external reports, including this Annual Financial Report, are converted to a full accrual basis of accounting in compliance with GASB statements 34 and 35.

**Annual Financial Report**

*Notes to the Financial Statements*

*August 31, 2002*

**NOTE 1**

**Summary of Significant Accounting Policies (continued)**

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. For reporting purposes, operating items are distinguished from non-operating items. 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 used for all TTUHSC funds, though the budget structure is more constrictive in some fund areas than in others. Many of the budgets are based on legislative appropriations.

**ASSETS, LIABILITIES, AND FUND EQUITY**

**Cash and Cash Equivalents**

Cash and cash equivalents for TTUHSC are defined as all cash on hand, demand deposits in banks, local funds held by the State of Texas (the State), and State reimbursements in transit.

**Investments**

Investments are reported at fair value in the statement of net assets 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; (2) money market investments and participating interest-earning investment contracts that mature within one year or less of the date of their acquisition may be reported at amortized cost, assuming that the investment is not affected by the financial institution's or other relevant factors; (3) for real estate, mortgages, venture capital, limited partnerships, and future and forward contracts, etc., held by non-external pool entities, fair value is not permitted. Instead, amortized cost or historical cost is used.

**Annual Financial Report**

*Notes to the Financial Statements*

*August 31, 2002*

**NOTE 1**

**Summary of Significant Accounting Policies (continued)**

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

**Inventories**

Inventories generally include both consumable inventories and merchandise inventories. Consumable inventories include supplies and postage on hand at year end. 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 are accounted for using the purchase method of accounting. Where insignificant, the cost of inventory items is recognized as an expense in the period of purchase. Where significant, the cost of the inventory is recorded as an asset.

**Receivables**

The most significant categories of TTUHSC receivables are patient receivables and student receivables. All material receivables are reported net of allowances for estimated uncollectible accounts.

**Restricted Assets**

Both cash and cash equivalents and short-term investments related to restricted funds, loan funds, endowment funds, plant funds, agency funds, and component unit funds are reported as restricted assets. Restricted assets can only be expended for specifically identified purposes.

Cash and cash equivalents and short-term investments related to endowment funds are reported as non-current, reflective of the usual requirement to maintain endowment corpi in perpetuity.

**Capital Assets**

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system.

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).

**Annual Financial Report**

*Notes to the Financial Statements*

*August 31, 2002*

**NOTE 1**

**Summary of Significant Accounting Policies (continued)**

**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. Highly liquid assets (including cash and cash equivalents) that are not expendable and thus not available for current operational needs are classified as non-current assets.

**Net Assets**

Net Assets represent the excess of assets over liabilities. In most cases, as a result of the reservation of net assets, the excess of assets over liabilities does not represent spendable resources.

**Payables**

Major categories of TTUHSC payables include claims payable, accounts payable, and payroll payable. Minor categories of payables include interest payable, deposits payable, and unclaimed property due to the State treasury.

**Compensable Leave**

Compensable leave balances represent the approximate value of unused employee vacation time and other compensated time as of the end of the fiscal year.

**Annual Leave**

Annual leave is accrued in a manner consistent with State rules and guidelines. Within the framework of those guidelines, employees are eligible to carry forward a limited annual leave balance. Any such balances that represent compensable leave are appropriately reported as an institutional liability.

**Overtime and Compensatory Leave**

Non-exempt employees who work in excess of forty hours in a week generally have the option of requesting additional compensation for the extra hours worked, at a rate equal to one and one half times the usual hourly wage, or requesting compensatory leave for the extra hours worked, at one and one half hours of added leave for each extra hour worked.

**Annual Financial Report**

*Notes to the Financial Statements*

*August 31, 2002*

**NOTE 1**

**Summary of Significant Accounting Policies (continued)**

**Employee Sick Leave**

Employee sick leave is accrued in a manner consistent with State rules and guidelines. Within the framework of those guidelines, employees are eligible to carry forward an unlimited sick leave balance. Since sick leave is not paid out to terminating employees, sick leave balances are not recorded as an institutional liability.

**Bonds Payable**

TTUHSC has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Bonds payable are addressed in more detail in Note 14.

**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 model 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.

**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.

**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.

**Risk Financing**

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

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### Notes to the Financial Statements

August 31, 2002

#### NOTE 2 Capital Assets

##### GENERAL INTRODUCTION

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system.

Depreciation expense is categorized and recorded by function, generally based on the function supported by the associated capital asset. However, depreciation expense is usually reported as a net total without consideration of the benefiting function. Accumulated depreciation is classified by capital asset category, providing for an estimation of the net book value of each asset category.

Capital assets are categorized as either (1) Land and Land Improvements, (2) Buildings and Building Improvements, (3) Infrastructure, (4) Furniture and Equipment, (5) Vehicles, Boats and Aircraft, (6) Construction in Progress, (7) Other Capital Assets, or (8) Facilities and Other Improvements. Several categories changed recently. In prior years, fixed assets were reported as either (1) Land, (2) Buildings, (3) Construction in Progress, (4) Improvements Other Than Buildings, (5) Equipment, or (6) Library Books and Materials. The restatement of fixed asset balances is summarized below.

#### Texas Tech University Health Sciences Center Capital Assets – Adjustments to Beginning Balances

Capital Asset Category	Reported Balance 08/31/2001	Reclassifying Adjustments	Reclassified Balance 08/31/2001	Accumulated Depreciation 08/31/2001
Land and Land Improvements	\$ 4,227,042	\$ -	\$ 4,227,042	\$ -
Buildings and Building Improvements	135,765,261	-	135,765,261	107,873,130
Infrastructure	-	1,426,821	1,426,821	4,026
Furniture and Equipment	70,103,846	(1,362,070)	68,741,776	25,305,431
Vehicles, Boats and Aircraft	-	1,259,236	1,259,236	948,096
Construction in Progress	34,419,058	-	34,419,058	-
Other Capital Assets	17,543,996	102,834	17,646,830	13,214
Facilities and Other Improvements	5,333,038	(1,426,821)	3,906,217	16,065
Total	\$ 267,392,241	\$ -	\$ 267,392,241	\$ 134,159,962

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 2 Capital Assets (continued)

The capitalization thresholds for fixed assets changed recently, resulting in a number of additional adjustments. Further, the conversion to full accrual reporting resulted in the capitalization of construction period interest expenses. Additional adjustments are summarized below.

Texas Tech University Health Sciences Center Capital Assets – Adjustments to Beginning Balances				
Capital Asset Category	Reclassified Balance 08/31/2001	Capitalization Threshold Adjustments	Interest Cap and Other Adjustments	Final Adjusted Balance 08/31/2001
Land and Land Improvements	\$ 4,227,042	\$ -	\$ -	\$ 4,227,042
Buildings and Building Improvements	135,765,261	(37,562)	4,018,294	139,745,993
Infrastructure	1,426,821	(212,641)	(247,786)	966,394
Furniture and Equipment	68,741,776	(24,527,463)	(1,302,548)	42,911,765
Vehicles, Boats and Aircraft	1,259,236	-	-	1,259,236
Construction in Progress	34,419,058	-	4,195,726	38,614,784
Other Capital Assets	17,646,830	-	-	17,646,830
Facilities and Other Improvements	3,906,217	(13,394)	-	3,892,823
<b>Total</b>	<b>\$ 267,392,241</b>	<b>\$ (24,791,060)</b>	<b>\$ 6,663,686</b>	<b>\$ 249,264,867</b>

Capital asset transactions between September 1, 2001 and August 31, 2002 are summarized as follows:

Texas Tech University Health Sciences Center Capital Asset Transactions				
Capital Asset Category	Final Adjusted Balance 09/01/2001	Additions	Deletions	Balance 08/31/2002
Land and Land Improvements	\$ 4,227,042	\$ 2,070,304	\$ -	\$ 6,297,346



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 2 Capital Assets (continued)

#### Texas Tech University Health Sciences Center Capital Asset Transactions (continued)

Capital Asset Category	Final Adjusted Balance 09/01/2001	Additions	Deletions	Balance 08/31/2002
Buildings and Building Improvements	\$ 139,745,993	\$ 36,876,756	\$ -	\$ 176,622,749
Infrastructure	966,394	-	-	966,394
Furniture and Equipment	42,911,765	4,624,779	1,983,026	45,553,518
Vehicles, Boats and Aircraft	1,259,236	230,334	110,330	1,379,240
Construction in Progress	38,614,784	8,470,433	25,304,083	21,781,134
Other Capital Assets	17,646,830	1,917,277	60,000	19,504,107
Facilities and Other Improvements	3,892,823	1,597,125	-	5,489,948
<b>Total</b>	<b>\$ 249,264,867</b>	<b>\$ 55,787,008</b>	<b>\$ 27,457,439</b>	<b>\$ 277,594,436</b>

#### Texas Tech University Health Sciences Center Accumulated Depreciation Changes

Capital Asset Category	Accumulated Depreciation 09/01/2001	Additions	Deletions	Accumulated Depreciation 08/31/2002
Land and Land Improvements	\$ -	\$ -	\$ -	\$ -
Buildings and Building Improvements	107,873,130	2,003,259	-	109,876,389
Infrastructure	4,026	48,320	-	52,346
Furniture and Equipment	25,305,431	4,025,735	1,417,149	27,914,017
Vehicles, Boats and Aircraft	948,096	114,829	91,813	971,112
Construction in Progress	-	-	-	-
Other Capital Assets	13,214	14,611	3,500	24,325

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 2 Capital Assets (continued)**

##### Texas Tech University Health Sciences Center Accumulated Depreciation Changes (continued)

Capital Asset Category	Accumulated Depreciation 09/01/2001	Additions	Deletions	Accumulated Depreciation 08/31/2002
Facilities and Other Improvements	\$ 16,065	\$ 280,106	\$ -	\$ 296,171
Total	\$ 134,159,962	\$ 6,486,859	\$ 1,512,462	\$ 139,134,359

#### **NOTE 3 Deposits, Investments, and Repurchase Agreements**

TTUHSC's investment portfolio has been invested pursuant to the parameters of applicable Texas law and the Texas Tech University System Board of Regents' 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." Under Texas law, TTUHSC is required to invest its institutional funds according to written investment policies adopted by the governing board. No person may invest TTUHSC funds without express written authority from the governing board.

Certain eligible institutional funds, which include eligible endowment funds, are invested in the Long Term Investment Fund (LTIF). The LTIF is governed by the Uniform Management of Institutional Funds Act (UMIFA) (codified in Texas law as Property Code Ch. 163) and Board of Regents' Policy "Investment Policy Statement for Endowment and Other Institutional Funds". The LTIF is operated using a total return philosophy, with the financial goal of preserving the real purchasing power of the funds' principal and income after accounting for spending, inflation, and costs of investment management. The assets of the LTIF are held by a custodian bank and are managed by external investment management organizations appointed by the governing board.

To achieve the goals of the LTIF, its assets are invested into two categories: an equity component and a fixed-income component. The equity component is restricted to investments in readily marketable, domestic and international common stocks, convertible and preferred stocks, and established equity

**Annual Financial Report**

*Notes to the Financial Statements*

*August 31, 2002*

**NOTE 3**

**Deposits, Investments, and Repurchase Agreements (continued)**

mutual funds. The investment purpose for the equity component is to provide real total rates of return and to provide both long-term capital appreciation and growth in current income that exceeds the rate of inflation. The fixed-income component is restricted to investments in marketable domestic and international government and corporate obligations. The fixed-income portfolio must have an overall weighted average credit ratio of "A+" or better by Moody's and/or Standard and Poor's rating services. In addition, no more than 10% of the portfolio may be invested in bonds rated below investment grade ("BBB/Baa"). The use of established bond mutual funds is also allowed. The investment purpose for the fixed-income component is to provide a hedge against deflation or stock market downturns, a high level of current income, a stable source of revenue, and diversification of LTIF assets.

Other institutional funds not invested in the LTIF are invested in the Short/Intermediate Term Investment Fund (STIF), which is governed by Board of Regents' Policy "Investments of Institutional Funds of Texas Tech University Health Sciences Center". The objectives of the STIF, in order of priority, are preservation and safety of principal, liquidity, and yield. To achieve its objectives, the STIF employs a hold to maturity concept, which also provides stability of yield. In order to employ such a concept, the STIF must maintain an adequate liquidity position. Because the STIF maintains both the ability and intent to hold securities to maturity, unrealized gains and losses are not recorded. The STIF is managed as an internal investment pool.

Under the governing board's policy, the STIF is authorized to invest in (1) obligations of the United States or its instrumentalities, (2) direct obligations of the State of Texas or its agencies, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its instrumentalities, (5) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for TTUHSC deposits, (6) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clauses (1), (2), or (3), and are placed through primary government securities dealers or a bank domiciled in the state of Texas, (7) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar-weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (8) eligible bankers' acceptances, (9) eligible commercial papers rated not less than A-1 or B-1 by two nationally recognized credit rating agencies, (10) eligible cash management and fixed income funds, and (11) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment firm in one of the two highest long-term rating categories. TTUHSC is also allowed to invest in cooperative government investment pools that invest solely in the aforementioned obligations. All cash instruments must be fully collateralized as required in Section 51.003(c) of the Texas Education Code and in accordance with the

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 3

#### **Deposits, Investments, and Repurchase Agreements (continued)**

provisions of the Public Funds Investment Act, as amended, except that surety bonds are not authorized as collateral.

Neither policy precludes the acceptance and retention of securities as gifts to TTUHSC. Such securities are managed and safeguarded in their original form in accordance with the donor's written instructions. However, upon the partial or total disposition of the original investment, the proceeds are invested in accordance with the policies described above. Also, TTUHSC maintains a cash balance with the State Treasury and invests debt proceeds with TexPool, a cooperative government investment pool as described above.

The bank balance of TTUHSC has been classified according to the following risk categories:

- Category 1 Insured or collateralized with securities held by TTUHSC or by its agent in the name of TTUHSC.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the name of TTUHSC.

The carrying amount of deposits in the cash pool and other accounts as of August 31, 2002 follows:

Texas Tech University Health Sciences Center Cash in Bank		
Carrying Amount	\$	(3,174,804)
Bank Balance		2,195,076
Category 1		462,232
Category 2		1,732,844

Reconciliation of deposits and investments to balance sheet amounts for Cash and Temporary Investments, and Investments follows:

Cash and Temporary Investments as reported on the Statement of Net Assets, are allocated in the STIF as illustrated in the table on the top of page 50.

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 3

#### Deposits, Investments, and Repurchase Agreements (continued)

#### Texas Tech University Health Sciences Center Cash and Temporary Investments

Cash in Bank		
Cashier's Accounts	\$ 248,500	
Demand Accounts	(3,423,304)	
	<hr/>	
Total Cash in Bank	(3,174,804)	
	<hr/>	
Other Cash Equivalents		
Cash on Hand	21,319	
Cash in State Treasury	6,072,711	
Reimbursements Due from Treasury	744,712	
	<hr/>	
Total Other Cash Equivalents	6,838,742	
	<hr/>	
Temporary Investments		
Repurchase Agreements	\$ 15,013,470	
TexPool Investments	53,322,524	
Government Securities Due within 1 Year	43,685,660	
	<hr/>	
Total Temporary Investments	112,021,654	
	<hr/>	
Total Cash and Temporary Investments		\$ 115,685,592
		<hr/>
Demand accounts were deposited in:		
Plains National Bank – Lubbock	\$ (5,457,146)	
Bank of America – Amarillo	575,456	
Chase Bank – El Paso	(500,000)	
Wells Fargo Bank – El Paso	1,877,451	
American State Bank – Odessa	80,935	
	<hr/>	
Total Demand Accounts		\$ (3,423,304)
		<hr/>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### Notes to the Financial Statements

August 31, 2002

#### NOTE 3

#### Deposits, Investments, and Repurchase Agreements (continued)

To comply with the reporting requirements of GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, TTUHSC's investments are categorized in the tabulation titled "Investment Categories" to give an indication of credit risk assumed by TTUHSC at year end.

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. Market risk is not being depicted in this note.

The following categories of credit risk are included in this note:

- o Category 1 Investments that are insured or registered or for which the securities are held by TTUHSC or its agent in the name of TTUHSC.
- o Category 2 Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or institution in the name of TTUHSC.

Texas Tech University Health Sciences Center Investments by Type and Category		
Type of Security	Category 1	Reported Value
Categorized Investments		
U.S. Government and Agency Obligations	\$ 4,040,959	\$ 4,040,959
U.S. Government and Agency Mortgage Obligations	12,414,866	12,414,866
Collateralized Mortgage Obligations	85,285,019	85,285,019
Repurchase Agreements	15,013,470	15,013,470
Corporate Stock	43,234,275	43,234,275
Other Categorized Investments	4,049,379	4,049,379
Total Categorized Investments	<u>164,037,968</u>	<u>164,037,968</u>
Uncategorized Investments		
Mutual Funds		44,790,370
Alternative Assets		3,934,405
Money Market Mutual Funds		7,136,686

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### Notes to the Financial Statements

August 31, 2002

#### NOTE 3

#### Deposits, Investments, and Repurchase Agreements (continued)

Texas Tech University Health Sciences Center Investments by Type and Category (continued)		
Type of Security	Category 1	Reported Value
Uncategorized Investments (continued)		
Statewide HMO		\$ 1,949,862
TexPool		53,322,524
Real Estate and Mortgages		482,252
Other Uncategorized Investments		<u>483,025</u>
Total Uncategorized Investments		<u>112,099,124</u>
Total Investments		<u>\$ 276,137,092</u>

Included in the U.S. Government and Agency Securities category funds are investments in certain conservative mortgage derivative securities. A derivative security is an investment product which may be a security or contract which derives its value from another security, currency, commodity or index.

The schedule below provides certain information of the different types of mortgage derivatives included in TTUHSC's portfolio.

Texas Tech University Health Sciences Center Mortgage Derivative Securities	
Type	Carrying Value
Planned Amortization Class Securities	<u>\$ 85,285,019</u>
Total	<u>\$ 85,285,019</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 4 Summary of Long Term Liabilities

Several categories of long term liabilities are reported, including accrued liabilities, unclaimed property due to the state treasury, compensable leave, claims payable, capital lease obligations, and bonds payable. More detailed information for bonds payable is presented in Note 14. A summary of balances and changes in long term liabilities follows:

Texas Tech University Health Sciences Center Long Term Liabilities					
Long Term Liability Category	Balance 09/01/2001	Increases	Decreases	Balance 08/31/2002	Current Portion
Accrued Liabilities	\$ 139,956	\$ 77,415	\$ 31,861	\$ 185,510	\$ 77,416
Unclaimed Property Due to State Treasury	142,080	24,051	44,574	121,557	49,348
Compensable Leave	10,385,992	5,577,322	1,620,292	14,343,022	2,868,604
Claims Payable	52,486,027	5,772,385	10,687,163	47,571,249	3,567,844
Capital Lease Obligations	-	-	-	-	-

Texas Tech University Health Sciences Center Long Term Liabilities (continued)					
Long Term Liability Category	Balance 09/01/2001	Increases	Decreases	Balance 08/31/2002	Current Portion
Bonds Payable	\$ 17,991,353	\$ 19,510,000	\$ 2,829,497	\$ 34,671,856	\$ 2,343,225
Other Liabilities	32,705	249	13,960	18,994	8,118
Total	<u>\$ 81,178,113</u>	<u>\$ 30,961,422</u>	<u>\$ 15,227,347</u>	<u>\$ 96,912,188</u>	<u>\$ 8,914,555</u>



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### Notes to the Financial Statements

August 31, 2002

#### NOTE 4

#### Summary of Long Term Liabilities (continued)

#### NOTES AND LOANS PAYABLE

All Notes Payable outstanding, which are comprised of commercial paper issuances, will mature within three months and are thus classified as current liabilities. TTUHSC does not have any loans payable outstanding.

Description	Balance 09/01/2001	Increase	Decrease	Balance 08/31/2002
Commercial Paper	\$ 9,615,000	\$ 4,390,000	\$ 10,865,000	\$ 3,140,000
Total	\$ 9,615,000	\$ 4,390,000	\$ 10,865,000	\$ 3,140,000

#### CLAIMS PAYABLE

Claims payable include estimates for both known medical malpractice claims and those that have not yet been made against the participants insured. 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 of payment on a claim-by-claim basis, and instead considers overall probability of payment for medical malpractice claims. Claims payable reports a combined liability of TTUHSC and Texas Tech Physician Associates, a blended component unit.

Texas Tech University Health Sciences Center Claims Payable				
Description	Balance 09/01/2001	Increase	Decrease	Balance 08/31/2002
TTUHSC Self Insurance Fund	\$ 51,390,848	\$ -	\$ 5,354,470	\$ 46,036,378
Texas Tech Physician Associates	1,095,179	439,692	-	1,534,871
Totals	\$ 52,486,027	\$ 439,692	\$ 5,354,470	\$ 47,571,249

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 4**

##### **Summary of Long Term Liabilities (continued)**

#### **COMPENSABLE LEAVE**

Compensable leave balances represent the approximate value of unused employee vacation time and other compensated time as of the end of the fiscal year. 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 is estimated at \$11,474,418, out of a total liability of \$14,343,022.

#### **CAPITAL LEASE OBLIGATIONS**

As of August 31, 2002, no material outstanding TTUHSC leases satisfy the requirements for capitalization.

#### **BONDS PAYABLE**

See note 14 for detailed information on bond liability balances and transactions.

#### **NOTE 5**

##### **Capital Leases**

As of August 31, 2002, no material outstanding TTUHSC leases satisfy the requirements for capitalization.

#### **NOTE 6**

##### **Operating Leases**

TTUHSC structures all material 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. Therefore, no material minimum lease payments are outstanding. Payments associated with lease agreements are reported as expenses in the period in which they become due.

#### **NOTE 7**

##### **Interfund Balances / Activity**

TTUHSC had an outstanding interfund receivable from the University of Texas Investment Management Company (UTIMCO) of \$3,147,990 as of August 31, 2002. The outstanding balance

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

August 31, 2002

#### NOTE 7

#### Interfund Balances / Activity (continued)

represents undistributed earnings from the investment assets of the Permanent Health Fund for Higher Education.

Texas Tech University Health Sciences Center Due From Other Agencies			
Agency Name	Agency #	D23 Fund	Amount
University of Texas System	720	0810	\$ 3,147,990
Total Due From Other Agencies			<u>\$ 3,147,990</u>

Several interfund transfers occurred during the report period, all of which were with other components of the Texas Tech University System. Net transfers out for the period to Texas Tech University System Administration (TTUSA), agency number 768, amounted to \$5,357,703. The primary purpose of the transfers to TTUSA is to support system administrative functions. Net transfers in from Texas Tech University (TTU), agency number 733, amounted to \$2,487,239. The primary purpose of the transfers from TTU is to service outstanding bonded indebtedness for which appropriations are shared.

#### NOTE 8

#### Employee Retirement Plans

The State of Texas has joint contributory retirement plans for substantially all its regular employees. One of the primary plans in which TTUHSC participates is administered by the Teacher Retirement System of Texas. The contributory percentages of participant salaries currently provided by the State and by each participant are 6.0 percent and 6.4 percent, respectively, of annual compensation.

The Teacher Retirement System does not separately account for each of its component governmental agencies, since the Retirement System 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 Teacher Retirement System's annual financial report.

The State has also established an optional retirement program for institutions of higher education. Participation in the optional retirement program is in lieu of participation in the Teacher Retirement

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 8**

#### **Employee Retirement Plans (continued)**

System. The optional retirement program provides for the purchase of annuity and custodial mutual fund contracts. The contributory percentages of participant salaries provided by the State and each participant for employees hired before September 1, 1995 are 8.5 % and 6.65% by the state and each participant, respectively. The State's contribution is comprised of 6.00% from the ORP's appropriation and 2.5% from other funding sources. The 6.00% 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 on salaries for participants entering the program after August 31, 1995 are 6.00% and 6.65% by the State and each participant, respectively. Since these are individual annuity contracts, the State has no additional or unfunded liability for this program.

The retirement expense to the State for TTUHSC was \$5,610,534 for the fiscal year ended August 31, 2002. This amount represents the portion of expended appropriations made by the State Legislature on behalf of TTUHSC.

#### **NOTE 9**

#### **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, Sec 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

The State's 457 plan complies with the Internal Revenue Code Section 457, GASB statement 32, effective for financial statements for periods beginning after December 31, 1998, rescinds GASB statement 2 and amends GASB statement 31. GASB statement 2, *Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of the Internal Revenue Code Section 457*, established reporting requirements for IRC Section 457 plans. Based on the laws in effect at the time of its passage, that statement required that all amounts deferred by the plan participants be reported as assets of the employer until made available to the participants or their beneficiaries. The laws governing these plans were changed to state that, as of August 20, 1996, new plans will not be considered eligible plans "unless all assets and income of the plan 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. There are currently 32 TTUHSC participants in this plan.

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 10 Contingent Liabilities**

At August 31, 2002, 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 by insurance or otherwise, is not likely to have a material effect on TTUHSC.

#### **REBATABLE ARBITRAGE**

The Revenue Financing System Refunding Bonds, Series 1993, and the Revenue Financing System Refunding and Improvement Bonds, Series 1999, are the only outstanding bond issues of TTUHSC for which outstanding rebatable arbitrage is reflected, totaling \$108,094 as of August 31, 2002. TTUHSC commercial paper issues have only recently become subject to rebatable arbitrage, with a total outstanding amount of \$77,416 as of August 31, 2002. These excesses have been earned during periods when unrestricted yield is 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 issues after this unrestricted yield period ends.

#### **NOTE 11 Continuance Subject to Review**

TTUHSC is not subject to the Texas Sunset Act.

#### **NOTE 12 Risk Financing and Related Insurance**

TTUHSC has self-insured arrangements for coverage in the areas of workers' compensation, unemployment compensation, and medical malpractice. The medical malpractice plan has an actuarially determined accrued incurred but not reported (IBNR) liability at August 31, 2002 of \$46,036,378. Texas Tech Physician Associates, a blended component unit, has estimated accrued IBNR at August 31, 2002 of \$1,534,871. A reconciliation of IBNR is presented in the table in Note 4. The remaining funds do not have accrued contingent liabilities.

The State provides coverage for workers' compensation and unemployment benefits from appropriations made to other state agencies for TTUHSC employees. The current General Appropriations Act provides that TTUHSC must reimburse the General Revenue Fund – Consolidated, from TTUHSC appropriations, one-half of the unemployment benefits and one-fourth of the estimated workers' compensation benefits expected to be paid for former and current employees. The Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 12**

#### **Risk Financing and Related Insurance (continued)**

appropriated fund type. The State Office of Risk Management estimates the worker's compensation claims for the fiscal period.

TTUHSC must reimburse the General Revenue Fund for all of the cost for workers' compensation and unemployment compensation for any employees paid from funds held in local bank accounts and local funds held in the state treasury. No material outstanding claims are pending as of August 31, 2002.

#### **NOTE 13**

#### **Segment Information**

TTUHSC has no reportable segments.

#### **NOTE 14**

#### **Bonded Indebtedness**

Several bond issues are outstanding as of August 31, 2002, as summarized in the tables that follow:

Texas Tech University Health Sciences Center  
Revenue Financing System Refunding Bonds, Series 1993

PURPOSE:	Advance refunding of \$16,565,000 in principal amount of all the General Tuition Revenue Bonds, Series 1972, 1972A, 1974 and 1984
ORIGINAL ISSUE AMOUNT:	\$17,100,000
ISSUE DATE:	October 26, 1993
INTEREST RATES:	2.63% to 5.00%
MATURITY DATE RANGE:	1994 through 2007

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### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 14 Bonded Indebtedness (continued)**

Texas Tech University Health Sciences Center  
Revenue Financing System Refunding Bonds, Series 1993 (continued)

TYPE OF BOND:	Revenue
UNISSUED AMOUNTS:	\$0
CHANGES IN DEBT:	\$0 issued; \$1,170,000 retired

Texas Tech University Health Sciences Center  
Revenue Financing System Bonds, Second Series 1995

PURPOSE:	Financing of the library / conference center project and the costs of issuing the bonds
ORIGINAL ISSUE AMOUNT:	\$11,000,000
ISSUE DATE:	April 25, 1995
INTEREST RATES:	4.30% to 6.00%
MATURITY DATE RANGE:	1996 through 2015
TYPE OF BOND:	Revenue
UNISSUED AMOUNTS:	\$0

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### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 14 Bonded Indebtedness (continued)**

##### Texas Tech University Health Sciences Center Revenue Financing System Bonds, Second Series 1995 (continued)

CHANGES IN DEBT:	\$0 issued; \$440,000 retired
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##### Texas Tech University Health Sciences Center 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, Second Series 1995
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ORIGINAL ISSUE AMOUNT:	\$15,632,182
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ISSUE DATE:	May 4, 1999
-------------	-------------

INTEREST RATES:	4.00% to 5.25%
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MATURITY DATE RANGE:	1999 through 2029
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TYPE OF BOND:	Revenue
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UNISSUED AMOUNTS:	\$0
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CHANGES IN DEBT:	\$0 issued; \$149,497 retired
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# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 14 Bonded Indebtedness (continued)**

##### Texas Tech University Health Sciences Center Revenue Financing System Bonds, Seventh Series 2001

PURPOSE:	Financing for projects in El Paso and Lubbock, the costs of issuing the bonds, and the retirement of outstanding commercial paper
ORIGINAL ISSUE AMOUNT:	\$19,510,000
ISSUE DATE:	January 23, 2002
INTEREST RATES:	3.00% to 5.50%
MATURITY DATE RANGE:	2002 through 2021
TYPE OF BOND:	Revenue
UNISSUED AMOUNTS:	\$0
CHANGES IN DEBT:	\$19,510,000 issued; \$1,070,000 retired

#### **SOURCES OF DEBT-SERVICE REVENUE**

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 fee, pledged general fee 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, Section 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 14 Bonded Indebtedness (continued)**

##### **BONDS AUTHORIZED BUT UNISSUED AT YEAR END**

House bill 658 of the 76<sup>th</sup> legislature, codified in Education Section 55.173, authorized the issuance of \$66,882,525 of Revenue Financing System bonds. As of August 31, 2002, the entire amount of this authorization remains unissued.

#### **NOTE 15 Subsequent Events**

TTUHSC experienced no material subsequent events.

#### **NOTE 16 Related Parties**

The Texas Tech Foundation Inc. (TTFI) and Texas Tech Physician Associates (TPPA) are reported as blended component units. A 30-member board whose appointment is approved by the governing board of the Texas Tech University System governs TTFI. Contributions and revenues collected through TTFI for the benefit of TTUHSC totaled \$352,527 for the year ended August 31, 2002.

Texas Tech Physician Associates is a certified non-profit health corporation authorized under the Medical Practice Act Section 5.01(a), article 4495b of the State of Texas. TPPA was created by TTUHSC for the purpose of entering into prepaid capitation agreements for physician and other medical services. TPPA collected \$38,577,253 in capitation and medical service revenue during the year ended August 31, 2002. On the balance sheet date, \$42,750 was due to TTUHSC from TPPA. TPPA is exempt from tax under Internal Revenue Code section 501(c)(3). The TPPA board consists of 8 directors who are appointed by TTUHSC.

Although both entities are legally separate from TTUHSC, TTFI and TPPA are reported as if they were part of the primary institution because their sole purpose is to financially support TTUHSC.

#### **NOTE 17 Stewardship, Compliance, and Accountability**

Effective September 1, 2001, TTUHSC changed the basis of financial reporting from modified accrual to full accrual. This change was in response to the recent implementation of Governmental Accounting Standards Board statements 34 and 35. TTUHSC has no other material stewardship, compliance, and accountability issues.

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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### *Notes to the Financial Statements*

*August 31, 2002*

#### **NOTE 18**

#### **The Financial Reporting Entity**

TTUHSC is an agency of the State of Texas and its financial records reflect compliance with applicable State statutes and regulations. The accompanying financial statements include all accounts of TTUHSC, a separate institution established pursuant to Vernon's Texas Codes Annotated, 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.

TTUHSC reports its portion of the assets, liabilities, and net assets of the Texas Tech Foundation, Inc. (TTFI) and all of the assets, liabilities and net assets of Texas Tech Physician Associates (TPPA) in the accompanying financial statements. Both corporations are exempt from federal income tax under Internal Revenue Code section 501(c)(3). TTFI and TPPA were founded to financially support Texas Tech University and Texas Tech University Health Sciences Center. As required by generally accepted accounting principles, these financial reports present TTUHSC (the primary institution) and its blended component units. The component units discussed in more detail in Note 16 are included in TTUHSC's reporting entity because of the significance of their operational and financial relationship with TTUHSC.

#### **NOTE 19**

#### **Restatement of Net Assets**

The only material prior-period adjustments for TTUHSC that required the restatement of beginning net assets relate to the implementation of Governmental Accounting Standards Board (GASB) statements 34 and 35 and associated modifications to capitalization thresholds.

#### Texas Tech University Health Sciences Center Restatement of Net Assets

Reported Net Assets (August 31, 2001)		\$ 477,322,518
Restatements:		
Prior Period Accumulated Depreciation	\$ (134,159,962)	
Capitalization Threshold Adjustments	(24,791,060)	
Construction Period Interest Capitalization	<u>11,608,928</u>	
Total Restatements		<u>(147,342,094)</u>
Restated Net Assets (August 31, 2001)		<u>\$ 329,980,424</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### Notes to the Financial Statements

August 31, 2002

#### NOTE 20 Donor Restricted Endowments

TTUHSC endowments are categorized as either true endowment or funds functioning as endowments. As of August 31, 2002, TTUHSC has 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, endowment earnings are expendable for student financial assistance or other purposes as designated by the donor. In other cases, endowment earnings are reinvested.

Endowment assets are invested predominantly in the Long Term Investment Fund (LTIF), described in more detail in Note 3. Reported gains and losses for the LTIF are in part realized and in part unrealized. Endowment fund assets are held both by TTUHSC and Texas Tech Foundation, Inc. (TTFI). Current year earnings, divided between realized and unrealized, are summarized in the following table:

Texas Tech University Health Sciences Center Endowment Asset Earnings			
Description	Realized Earnings	Unrealized Earnings	Total Earnings
TTUHSC Endowment Assets	\$ 1,754,700	\$ (3,334,844)	\$ (1,580,144)
TTFI Endowment Assets	1,536,754	(482,805)	1,053,949
Total	\$ 3,291,454	\$ (3,817,649)	\$ (526,195)

#### NOTE 21 Pledged / Non-Pledged Revenues and Discounts and Allowances

Texas Tech University Health Sciences Center Pledged / Non-Pledged Revenues and Discounts and Allowances				
Revenue Source	Gross Receipts Pledged	Gross Receipts Non-Pledged	Discounts / Allowances	Net Receipts
Tuition and Fees	\$ 7,603,539	\$ 1,229,215	\$ -	\$ 8,832,754

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Notes to the Financial Statements*

*August 31, 2002*

#### NOTE 21

#### **Pledged / Non-Pledged Revenues and Discounts and Allowances (continued)**

Texas Tech University Health Sciences Center  
Pledged / Non-Pledged Revenues and Discounts and Allowances (continued)

Revenue Source	Gross Receipts Pledged	Gross Receipts Non-Pledged	Discounts / Allowances	Net Receipts
Facilities and Administration				
Recoveries	2,563,815	-	-	2,563,815
Sales and Services	1,414,973	1,608,977	-	3,023,950
Gifts and Agreements	5,934,426	184,873,755	-	190,808,181
Auxiliary Enterprises	\$ 488,938	\$ 37,412	\$ -	\$ 526,350
Other	246,218	-	-	246,218
Totals	<u>\$ 18,251,909</u>	<u>\$ 187,749,359</u>	<u>\$ -</u>	<u>\$ 206,001,268</u>

#### NOTE 22

#### **Management Discussion and Analysis**

TTUHSC has opted not to prepare a management discussion and analysis.

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**

**Annual Financial Report**

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**SUPPORTING SCHEDULES**

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# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance* *For the Year Ended August 31, 2002*

<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>Agency Amount</i>	<i>Univrsty Amount</i>	<i>Non- State Agency Amount</i>	
<b>U. S. Department of Justice</b>							
Pass-Through From							
City of Lubbock							
Corrections and Law Enforcement							
Family Support	16.563	1999-FS-VX-0005		\$ -	\$ -	\$ 5,772	\$ -
TOTAL U. S. DEPARTMENT OF JUSTICE				-	-	5,772	-
<b>U. S. Department of Labor</b>							
Pass-Through From							
South Plains Workforce Board							
Employment and Training Admin							
Pilots, Demonstrations, and							
Research Projects	17.261		320	48,185	-	-	-
TOTAL U. S. DEPARTMENT OF LABOR				48,185	-	-	-
<b>U. S. General Services Administration</b>							
Pass-Through From							
General Services Commission							
Donation of Federal Surplus							
Personal Property; Non-							
Monetary Assistance (a)	39.003		303	10,311	-	-	-
TOTAL U. S. GENERAL SERVICES ADMINISTRATION				10,311	-	-	-
<b>National Foundation on the Arts and the Humanities</b>							
Direct Program							
Institute of Museum and Library Services	45.301			-	-	-	93
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				-	-	-	93
<b>U. S. Department of Health and Human Services</b>							
Direct Program							
Centers of Excellence	93.157			-	-	-	253,591
Pass-Through To							
University of Texas at El Paso				-	-	-	54,600

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance* *For the Year Ended August 31, 2002*

<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>Expend- itures</i>	<i>Total Pass- Through To and Expend- itures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>		
<b>U. S. Department of Justice</b>						
Pass-Through From						
City of Lubbock						
Corrections and Law Enforcement						
Family Support	16.563	\$ 5,772		\$ -	\$ -	\$ 5,772
		5,772		-	-	5,772
TOTAL U. S. DEPARTMENT OF JUSTICE		5,772		-	-	5,772
<b>U. S. Department of Labor</b>						
Pass-Through From						
South Plains Workforce Board						
Employment and Training Admin						
Pilots, Demonstrations, and Research Projects	17.261	48,185		-	-	48,185
		48,185		-	-	48,185
TOTAL U. S. DEPARTMENT OF LABOR		48,185		-	-	48,185
<b>U. S. General Services Administration</b>						
Pass-Through From						
General Services Commission						
Donation of Federal Surplus						
Personal Property; Non- Monetary Assistance (a)	39.003	10,311		-	-	10,311
		10,311		-	-	10,311
TOTAL U. S. GENERAL SERVICES ADMINISTRATION		10,311		-	-	10,311
<b>National Foundation on the Arts and the Humanities</b>						
Direct Program						
Institute of Museum and Library Services	45.301	93		-	-	93
		93		-	-	93
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		93		-	-	93
<b>U. S. Department of Health and Human Services</b>						
Direct Program						
Centers of Excellence	93.157	253,591		-	-	253,591
		253,591		-	-	253,591
Pass-Through To						
University of Texas at El Paso		54,600	724	54,600	-	54,600



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### *Schedule 1A: Schedule of Federal Financial Assistance* *For the Year Ended August 31, 2002*

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>CFDA Nbr</i>	<i>Pass-Through From</i>					<i>Non- State Agency Amount</i>	<i>Direct Program</i>
		<i>Identifying Number</i>	<i>Agy Nbr</i>	<i>Agency Amount</i>	<i>Univrsty Amount</i>	<i>Agency Amount</i>		
<b>U. S. Department of Health and Human Services (continued)</b>								
Advanced Education Nursing Grant Prog	93.247			\$ -	\$ -	\$ -	\$ 166,355	
Pass-Through To								
University of Texas at Tyler				-	-	-	33,700	
Nurse Practitioner and Nurse Midwifery								
Education Programs	93.298			-	-	-	944	
Advanced Education Nursing								
Traineeships	93.358			-	-	-	31,991	
Basic Nurse Education and Practice								
Grants	93.359			-	-	-	327,653	
Rural Health Outreach and Rural								
Network Development Program	93.912			-	-	-	63,175	
Pass Through To								
University of Texas at El Paso				-	-	-	41,241	
Pass Through From								
University of Texas Health Science Center at San Antonio								
Health Education and Training Centers	93.000	02EM020994FN	745	-	2,354	-	-	
University of Texas Health Science Center at San Antonio								
Health Education and Training Centers	93.189		745	-	112,797	-	-	
Pass-Through To								
University of Texas at El Paso				-	-	-	-	
Texas Department of Health Region 10				-	-	-	-	
University of North Texas Health Science Center				-	-	-	-	
University of Texas at El Paso								
Advanced Education Nursing Grant Program	93.247		724	-	108,176	-	-	

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<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>Expend- itures</i>	<i>Total Pass- Through To and Expend- itures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>		
<b>U. S. Department of Health and</b>						
<b>Human Services (continued)</b>						
Advanced Education Nursing Grant Prog	93.247	\$ 166,355		\$ -	\$ -	\$ 166,355
Pass-Through To						
University of Texas at Tyler		33,700	750	33,700	-	33,700
Nurse Practitioner and Nurse Midwifery						
Education Programs	93.298	944		-	-	944
Advanced Education Nursing						
Traineeships	93.358	31,991		-	-	31,991
Basic Nurse Education and Practice						
Grants	93.359	327,653		-	-	327,653
Rural Health Outreach and Rural						
Network Development Program	93.912	63,175		-	-	63,175
Pass Through To						
University of Texas at						
El Paso		41,241	724	41,241	-	41,241
Pass Through From						
University of Texas Health Science						
Center at San Antonio						
Health Education and						
Training Centers	93.000	2,354		-	-	2,354
University of Texas Health Science						
Center at San Antonio						
Health Education and						
Training Centers	93.189	112,797		-	-	106,141
Pass-Through To						
University of Texas at El Paso		-	724	929	-	929
Texas Department of Health						
Region 10		-	501	4,107	-	4,107
University of North Texas						
Health Science Center		-	763	1,620	-	1,620
University of Texas at El Paso						
Advanced Education Nursing						
Grant Program	93.247	108,176		-	-	108,176

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<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>Agency Amount</i>	<i>Univrsty Amount</i>	<i>Non- State Agency Amount</i>	
<b>U. S. Department of Health and</b>							
<b>Human Services (continued)</b>							
Texas Workforce Commission							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		320	\$ 106,710	\$ -	\$ -	\$ -
University of Texas Health Science Center at San Antonio							
HIV Prevention Activities	93.940		745	-	18,253	-	-
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				106,710	241,580	-	973,250
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>							
<b>U. S. Department of Education</b>							
Direct Program							
Federal Supplemental Educational Opportunity Grants	84.007			-	-	-	21,140
Federal Family Education Loans New Loans Processed	84.032			-	-	-	21,854,388
Federal Perkins Loan Program New Loans Processed	84.038			-	-	-	188,339
Administrative Costs Recovered	84.038			-	-	-	8,163
Federal Pell Grant Program	84.063			-	-	-	251,180
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER				-	-	-	22,323,210
<b>RESEARCH AND DEVELOPMENT (R&amp;D) CLUSTER</b>							
<b>U. S. Department of Agriculture</b>							
Pass-Through From							
Texas Tech University Initiative for Future Agriculture and Food Systems	10.302		733	-	8,125	-	-
<b>U. S. Department of Defense</b>							
Pass-Through From							
Texas Tech University	12.000	DOD - SBCCOM	733	-	685,827	-	-

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### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<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>Expend- itures</i>	<i>Total Pass- Through To and Expend- itures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>		
<b>U. S. Department of Health and</b>						
<b>Human Services (continued)</b>						
Texas Workforce Commission						
Child Care Mandatory and						
Matching Funds of the Child						
Care and Development Fund						
93.596	\$	106,710	\$	-	\$	106,710
University of Texas Health Science						
Center at San Antonio						
HIV Prevention Activities						
93.940		18,253		-		18,253
		1,321,540			1,185,343	1,321,540
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
		1,321,540	136,197	-	1,185,343	1,321,540
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>						
<b>U. S. Department of Education</b>						
Direct Program						
Federal Supplemental Educational						
Opportunity Grants						
84.007		21,140		-		21,140
Federal Family Education Loans						
New Loans Processed						
84.032		21,854,388		-		21,854,388
Federal Perkins Loan Program						
New Loans Processed						
84.038		188,339		-		188,339
Administrative Costs Recovered						
84.038		8,163		-		8,163
Federal Pell Grant Program						
84.063		251,180		-		251,180
		22,323,210			22,323,210	22,323,210
<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>						
		22,323,210	-	-	22,323,210	22,323,210
<b>RESEARCH AND DEVELOPMENT (R&amp;D) CLUSTER</b>						
<b>U. S. Department of Agriculture</b>						
Pass-Through From						
Texas Tech University						
Initiative for Future Agriculture						
and Food Systems						
10.302		8,125		-		8,125
<b>U. S. Department of Defense</b>						
Pass-Through From						
Texas Tech University						
12.000		685,827		-		685,827

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### *Schedule 1A: Schedule of Federal Financial Assistance* *For the Year Ended August 31, 2002*

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>CFDA Nbr</i>	<i>Identifying Number</i>	<i>Pass-Through From</i>				<i>Non- State Agency Amount</i>	<i>Direct Program</i>
			<i>Agy Nbr</i>	<i>Agency Amount</i>	<i>Univrsty Amount</i>	<i>Agency Amount</i>		
<b>U. S. Department of Energy</b>								
Pass-Through From								
BWXT Pantex LLC								
Office of Science Financial								
Assistance Program								
	81.049	01AMF0004F1		\$ -	\$ -	\$ 17,157	\$ -	
<b>U. S. Department of Education</b>								
Direct Program								
National Institute on Disability and								
Rehabilitation Research								
	84.133			-	-	-	38,972	
<b>U. S. Department of Health and</b>								
<b>    Human Services</b>								
Direct Program								
Special Programs for the Aging:								
Title IV Training, Research, and								
Discretionary Projects and								
Programs								
	93.048			-	-	-	1,146,648	
Biological Response to Environmental								
Health Hazards								
	93.113			-	-	-	237,389	
Pass Through To								
Wichita State Univ								
		99LMF041N		-	-	-	46,930	
Oral Diseases and Disorders Research								
	93.121			-	-	-	235,263	
Research on Healthcare Costs, Quality								
and Outcomes								
	93.226			-	-	-	73,724	
Mental Health Research Grants								
	93.242			-	-	-	24,377	
Alcohol National Service Research								
Awards for Research Training								
	93.272			-	-	-	18,539	
Alcohol Research Programs								
	93.273			-	-	-	506,226	
Pass-Through To								
Vanderbilt UMC								
		01LM000061FN		-	-	-	54,000	
Comparative Medicine								
	93.306			-	-	-	259,495	
Pass-Through To								
University of Houston								
				-	-	-	10,521	
Biomedical Technology								
	93.371			-	-	-	15,989	
Academic Research Enhancement Award								
	93.390			-	-	-	34,730	
Cancer Cause and Prevention Research								
	93.393			-	-	-	71,364	
Cancer Treatment Research								
	93.395			-	-	-	225,611	
Cancer Biology Research								
	93.396			-	-	-	82,402	

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<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>Expend- itures</i>	<i>Total Pass- Through To and Expend- itures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>		
<b>U. S. Department of Energy</b>						
Pass-Through From						
BWXT Pantex LLC						
Office of Science Financial						
Assistance Program						
	81.049	\$ 17,157		\$ -	\$ -	\$ 17,157
<b>U. S. Department of Education</b>						
Direct Program						
National Institute on Disability and						
Rehabilitation Research						
	84.133	38,972		-	-	38,972
<b>U. S. Department of Health and Human Services</b>						
Direct Program						
Special Programs for the Aging:						
Title IV Training, Research, and						
Discretionary Projects and						
Programs						
	93.048	1,146,648		-	-	1,146,648
Biological Response to Environmental						
Health Hazards						
	93.113	237,389		-	-	237,389
Pass Through To						
Wichita State Univ						
		46,930		-	46,930	-
	93.121	235,263		-	-	235,263
Research on Healthcare Costs, Quality						
and Outcomes						
	93.226	73,724		-	-	73,724
	93.242	24,377		-	-	24,377
Alcohol National Service Research						
Awards for Research Training						
	93.272	18,539		-	-	18,539
	93.273	506,226		-	-	506,226
Pass-Through To						
Vanderbilt UMC						
		54,000		-	54,000	-
	93.306	259,495		-	-	259,495
Pass-Through To						
University of Houston						
		10,521	730	10,521	-	-
	93.371	15,989		-	-	15,989
	93.390	34,730		-	-	34,730
	93.393	71,364		-	-	71,364
	93.395	225,611		-	-	225,611
	93.396	82,402		-	-	82,402

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance* *For the Year Ended August 31, 2002*

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>CFDA Nbr</i>	<i>Pass-Through From</i>					<i>Non- State Agency Amount</i>	<i>Direct Program</i>
		<i>Identifying Number</i>	<i>Agy Nbr</i>	<i>Agency Amount</i>	<i>Univrsty Amount</i>	<i>Agency Amount</i>		
<b>U. S. Department of Health and Human Services (continued)</b>								
Cell Biology and Biophysics Research	93.821			\$ -	\$ -	\$ -	\$ 34,608	
Heart and Vascular Diseases Research	93.837			-	-	-	862,458	
Pass-Through To								
Texas Tech University				-	-	-	49,990	
University of Iowa		01LM000013FA1		-	-	-	27,141	
Texas A&M Research Foundation				-	-	-	30,166	
Diabetes, Endocrinology & Metabolism Research	93.847			-	-	-	44,870	
Digestive Diseases and Nutrition Research	93.848			-	-	-	38,133	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			-	-	-	251,591	
Biological Basis Research in the Neurosciences	93.854			-	-	-	148,234	
Microbiology and Infectious Diseases Research	93.856			-	-	-	331,415	
Genetics and Development Biology Research and Research Training	93.862			-	-	-	131,264	
Population Research	93.864			-	-	-	1,788,435	
Fogarty International Research Collaboration Award	93.934			-	-	-	58,569	
Cooperative Agreement for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988			-	-	-	973,230	
Pass-Through From								
University of Texas at El Paso Biometry and Risk Estimation: Health Risks from Environmental Exposures	93.115		724	-	5,425	-	-	
University of Texas Health Science Center at Houston Occupational Safety and Health Training Grants	93.263		744	-	16,375	-	-	

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<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>Expend- itures</i>	<i>Total Pass- Through To and Expend- itures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>	<i>Non- State Agency Amount</i>		
<b>U. S. Department of Health and</b>							
<b>Human Services (continued)</b>							
Cell Biology and Biophysics Research	93.821	\$ 34,608		\$ -	\$ -	\$ 34,608	\$ 34,608
Heart and Vascular Diseases Research	93.837	862,458		-	-	862,458	862,458
Pass-Through To							
Texas Tech University		49,990	733	49,990	-	-	49,990
University of Iowa		27,141		-	27,141	-	27,141
Texas A&M Research Foundation		30,166	14	30,166	-	-	30,166
Diabetes, Endocrinology & Metabolism Research	93.847	44,870		-	-	44,870	44,870
Digestive Diseases and Nutrition Research	93.848	38,133		-	-	38,133	38,133
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	251,591		-	-	251,591	251,591
Biological Basis Research in the Neurosciences	93.854	148,234		-	-	148,234	148,234
Microbiology and Infectious Diseases Research	93.856	331,415		-	-	331,415	331,415
Genetics and Development Biology Research and Research Training	93.862	131,264		-	-	131,264	131,264
Population Research	93.864	1,788,435		-	-	1,788,435	1,788,435
Fogarty International Research Collaboration Award	93.934	58,569		-	-	58,569	58,569
Cooperative Agreement for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	973,230		-	-	973,230	973,230
Pass-Through From							
University of Texas at El Paso Biometry and Risk Estimation: Health Risks from Environmental Exposures	93.115	5,425		-	-	5,425	5,425
University of Texas Health Science Center at Houston Occupational Safety and Health Training Grants	93.263	16,375		-	-	16,375	16,375



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>CFDA Nbr</i>	<i>Identifying Number</i>	<i>Pass-Through From</i>				<i>Non- State Agency Amount</i>	<i>Direct Program</i>
			<i>Agy Nbr</i>	<i>Agency Amount</i>	<i>Univrsty Amount</i>	<i>Agency Amount</i>		
<b>U. S. Department of Health and Human Services (continued)</b>								
Other Non-State Entities								
Kentucky Research Foundation								
Bioengineering Research	93.287	02AP010085FN		\$ -	\$ -	\$ 723	\$ -	
University of Oklahoma Health Sciences Center								
Comparative Medicine	93.306	02LM020997FN		-	-	79,730	-	
Barlow Scientific, Inc								
Heart and Vascular Diseases Research	93.837	01LMF015N		-	-	5,600	-	
University of Wisconsin System								
Blood Diseases and Resources Research	93.839	02LM970080FHA		-	-	127,002	-	
University of New Mexico Health Science Center								
Microbiology and Infectious Diseases	93.856	01EMF010993N		-	-	6,437	-	
Brigham and Women's Hospital								
Microbiology and Infectious Diseases	93.856	02LM010978FN		-	-	72,549	-	
TOTAL RESEARCH AND DEVELOPMENT (R&D) CLUSTER				-	715,752	309,198	7,852,284	
<b>OTHER CLUSTERS</b>								
<b>Highway Safety Cluster</b>								
Pass-Through From								
Texas Department of Transportation								
State and Community Highway Safety	20.600		601	170,334	-	-	-	
TOTAL OTHER CLUSTERS				170,334	-	-	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE				335,540	957,332	314,970	31,148,837	

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance For the Year Ended August 31, 2002*

<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>Expend- itures</i>	<i>Total Pass- Through To and Expend- itures</i>
			<i>Agy Nbr</i>	<i>State Agency Amount</i>		
<b>U. S. Department of Health and</b>						
<b>Human Services (continued)</b>						
Other Non-State Entities						
Kentucky Research Foundation						
Bioengineering Research	93.287	\$ 723		\$ -	\$ -	\$ 723
University of Oklahoma Health						
Sciences Center						
Comparative Medicine	93.306	79,730		-	-	79,730
Barlow Scientific, Inc						
Heart and Vascular Diseases						
Research	93.837	5,600		-	-	5,600
University of Wisconsin System						
Blood Diseases and						
Resources Research	93.839	127,002		-	-	127,002
University of New Mexico Health						
Science Center						
Microbiology and						
Infectious						
Diseases						
Diseases	93.856	6,437		-	-	6,437
Brigham and Women's Hospital						
Microbiology and Infectious						
Diseases	93.856	72,549		-	-	72,549
TOTAL RESEARCH AND DEVELOPMENT (R&D)						
CLUSTER		8,877,234		90,677	128,071	8,658,486
				-	-	8,877,234
<b>OTHER CLUSTERS</b>						
<b>Highway Safety Cluster</b>						
Pass-Through From						
Texas Department of Transportation						
State and Community Highway						
Safety	20.600	170,334		-	-	170,334
TOTAL OTHER CLUSTERS		170,334		-	-	170,334
TOTAL FEDERAL FINANCIAL ASSISTANCE		32,756,679		226,874	128,071	32,401,734
		(b)				(b)

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1A: Schedule of Federal Financial Assistance* *For the Year Ended August 31, 2002*

**(a) Non-Monetary Assistance**

The "Donation of Federal Surplus Personal Property" is presented at 23.3% of the original federal acquisition cost of \$44,255. The surplus property is passed through from the General Services Commission (state agency 303). The federal grantor is the U. S. General Services Administration (GSA) and the federal CFDA number is 39.003. The estimated fair value of the surplus property as of August 31, 2002, was \$484.

**(b) Reconciliation**

Federal Revenues (SRECNA)	\$	10,040,515
Reconciling Items:		
Federal Surplus Property		10,311
New Loans Processed		22,042,727
Pass-Throughs		354,945
Federal Grant Scholarship Expenditures		293,597
Refunds to Grantors		53,357
Perkins Loan Revenue		(38,773)
		(38,773)
TOTAL FEDERAL FINANCIAL ASSISTANCE	\$	32,756,679

**(c) Student Loans Processed and Administrative Costs Recovered**

<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>
<b>U. S. Department of Health and Human Services</b>				
93.342 Health Professions Student Loans	\$ -	\$ -	\$ -	\$ 492,627
93.364 Nursing Student Loans	-	-	-	114,862
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	-	-	-	607,489
<b>U. S. Department of Education</b>				
84.032 Federal Family Education Loan Program	21,854,388	-	21,854,388	-
84.038 Federal Perkins Loan Program	188,339	8,163	196,502	1,720,686
TOTAL U. S. DEPARTMENT OF EDUCATION	22,042,727	8,163	22,050,890	1,720,686
TOTAL STUDENT LOANS	\$ 22,042,727	\$ 8,163	\$ 22,050,890	\$ 2,328,175

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 1B: Schedule of State Grant Pass-Throughs from / to State Agencies For the Year Ended August 31, 2002*

**Pass-Throughs From:**

Texas Higher Education Coordinating Board (Agency Number 781)	
Family Practice Residency	\$ 1,294,060
Family Practice Rural and Public Health Rotation	37,319
Resident Physician Compensation Program	434,123
Graduate Medical Education	925,189
Texas Grant Program	9,408
Health Related Nursing Growth	104,360
Advanced Research Program	525,593
Advanced Technology Program	414,400
Primary Care Residency Program	330,000
Nursing and Allied Health	126,424
Minority Health Research / Education	<u>132,034</u>
TOTAL STATE GRANT PASS-THROUGHS	<u>\$ 4,332,910</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 2A: Miscellaneous Bond Information*

*August 31, 2002*

<i>Description of Issue</i>	<i>First Call Date</i>	<i>Range of Interest Rates</i>		<i>Maturities</i>		<i>Bonds Issued to Date</i>
				<i>First Year</i>	<i>Last Year</i>	
<b>Revenue Bonds:</b>						
Revenue Financing System (RFS) Refunding Bonds						
Series 1993	02/15/2003	2.63%	5.00%	1994	2007	\$ 17,100,000
Revenue Financing System (RFS) Bonds						
2nd Series 1995	02/15/2005	4.30%	6.00%	1996	2015	11,000,000
Revenue Financing System (RFS) Refunding and Improvement Bonds						
Series 1999	02/15/2009	4.00%	5.25%	1999	2029	15,632,182
Revenue Financing System (RFS) Bonds						
7th Series 2001	02/15/2012	3.00%	5.50%	2002	2021	19,510,000
				TOTAL REVENUE BONDS		63,242,182
				TOTAL BONDS ISSUED		\$ 63,242,182

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 2B: Changes in Bonded Indebtedness For the Year Ended August 31, 2002*

<i>Description of Issue</i>	<i>Bonds Outstanding 09/01/2001</i>	<i>Bonds Issued</i>	<i>Bonds Matured or Retired</i>	<i>Bonds Refunded or Extinguished</i>	<i>Bonds Outstanding 08/31/2002</i>	<i>Principal Due Within One Year</i>
<b>Revenue Bonds:</b>						
RFS Ref Bds						
Series 1993	\$ 2,330,000	\$ -	\$ 1,170,000	\$ -	\$ 1,160,000	\$ 1,160,000
RFS Bds						
2nd Series 1995	1,854,600	-	440,000	-	1,414,600	446,600
RFS Ref & Imp Bds						
Series 1999	13,806,753	-	149,497	-	13,657,256	161,625
RFS Bds						
7th Series 2001	-	19,510,000	1,070,000	-	18,440,000	575,000
TOTAL REVENUE BONDS	<u>17,991,353</u>	<u>19,510,000</u>	<u>2,829,497</u>	<u>-</u>	<u>34,671,856</u>	<u>2,343,225</u>
TOTAL BONDS	<u>\$ 17,991,353</u>	<u>\$ 19,510,000</u>	<u>\$ 2,829,497</u>	<u>\$ -</u>	<u>\$ 34,671,856</u>	<u>\$ 2,343,225</u>

(a)

(a) The balance of Bonds Outstanding on 08/31/2002 does not include any unamortized premiums, discounts, issuance costs, or refunding costs.

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 2C: Debt Service Requirements By Fiscal Year*

<i>Description of Issue</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2003-2007</i>
<b>Revenue Bonds:</b>						
RFS Ref Bds Series 1993						
Principal	\$ 1,160,000	\$ -	\$ -	\$ -	\$ -	\$ 1,160,000
Interest	25,520	-	-	-	-	25,520
RFS Bds 2nd Series 1995						
Principal	446,600	470,800	497,200	-	-	1,414,600
Interest	63,276	39,076	13,300	-	-	115,652
RFS Ref & Imp Bds Series 1999						
Principal	161,625	173,120	174,649	706,071	734,647	1,950,112
Interest	660,701	654,006	647,051	628,995	598,821	3,189,574
RFS Bds 7th Series 2001						
Principal	575,000	630,000	655,000	685,000	720,000	3,265,000
Interest	962,247	941,844	916,644	883,894	849,644	4,554,273
TOTAL REVENUE BONDS	<u>4,054,969</u>	<u>2,908,846</u>	<u>2,903,844</u>	<u>2,903,960</u>	<u>2,903,112</u>	<u>15,674,731</u>
TOTAL REQUIREMENTS	<u>\$ 4,054,969</u>	<u>\$ 2,908,846</u>	<u>\$ 2,903,844</u>	<u>\$ 2,903,960</u>	<u>\$ 2,903,112</u>	<u>\$ 15,674,731</u>

<i>Description of Issue</i>	<i>2008-2012</i>	<i>2013-2017</i>	<i>2018-2022</i>	<i>2023-2027</i>	<i>2028-2032</i>	<b>Total Req</b>
<b>Revenue Bonds:</b>						
RFS Ref Bds Series 1993						
Principal	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ 1,160,000</b>
Interest	-	-	-	-	-	<b>25,520</b>
RFS Bds 2nd Series 1995						
Principal	-	-	-	-	-	<b>1,414,600</b>
Interest	-	-	-	-	-	<b>115,652</b>
RFS Ref & Imp Bds Series 1999						
Principal	4,244,072	3,573,072	1,345,000	1,730,000	815,000	<b>13,657,256</b>
Interest	2,455,968	1,316,861	811,375	428,750	41,125	<b>8,243,653</b>
RFS Bds 7th Series 2001						
Principal	4,190,000	5,445,000	5,540,000	-	-	<b>18,440,000</b>
Interest	3,658,130	2,399,444	743,426	-	-	<b>11,355,273</b>
TOTAL REVENUE BONDS	<u>14,548,170</u>	<u>12,734,377</u>	<u>8,439,801</u>	<u>2,158,750</u>	<u>856,125</u>	<b>54,411,954</b>
TOTAL BONDS	<u>\$ 14,548,170</u>	<u>\$ 12,734,377</u>	<u>\$ 8,439,801</u>	<u>\$ 2,158,750</u>	<u>\$ 856,125</u>	<b>\$ 54,411,954</b>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 2D: Analysis of Funds Available for Debt Service For the Year Ended August 31, 2002*

<i>Description of Issue</i>	<i>Operating Revenues</i>	<i>Interest Earned on Pledged Sources</i>	<i>Other Pledged Sources</i>	<i>Total Pledged Sources</i>	<i>Operating Expenses</i>	<i>Capital Outlay</i>
<b>Revenue Bonds:</b>						
RFS Ref Bds Series 1993						
RFS Bds 2nd Series 1995						
RFS Ref & Imp Bds Series 1999						
RFS Bds 7th Series 2001						
TOTAL REVENUE BONDS	\$ 18,251,909	\$ 4,370,903	\$ 4,493,702	\$ 27,116,514	\$ 12,169,204	\$ 6,666,605

<i>Description of Issue</i>	<i>Net Available for Debt Service</i>	<i>Debt Service</i>		<i>Refunded or Extinguished</i>	<i>Interest and Sinking Fund</i>	<i>Bond Reserve Fund</i>
		<i>Principal</i>	<i>Interest</i>			
<b>Revenue Bonds:</b>						
RFS Ref Bds Series 1993						
RFS Bds 2nd Series 1995						
RFS Ref & Imp Bds Series 1999						
RFS Bds 7th Series 2001						
TOTAL REVENUE BONDS	\$ 27,116,514	\$ 2,829,497	\$ 1,371,458	\$ n / a	\$ n / a	\$ n / a



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 2E: Defeased Bonds Outstanding* *As of August 31, 2002*

<i>Description of Issue</i>	<i>Year Refunded</i>	<i>Par Value Outstanding</i>
<b>Revenue Bonds:</b>		
Revenue Financing System Bonds 2nd Series 1995	1999	\$ 6,967,400
TOTAL DEFEASED REVENUE BONDS		<u>\$ 6,967,400</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 3: Reconciliation of Cash in State Treasury*

*As of August 31, 2002*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Local Revenue (Fund 0239)	\$ 3,363,648	\$ -	\$ 3,363,648
Permanent Health Fund - El Paso Campus (Fund 0820)	1,406,887	-	1,406,887
Permanent Health Fund - Other Campuses (Fund 0821)	<u>1,302,176</u>	<u>-</u>	<u>1,302,176</u>
TOTAL CASH IN STATE TREASURY (STATEMENT OF NET ASSETS)	<u>\$ 6,072,711</u>	<u>\$ -</u>	<u>\$ 6,072,711</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

### *Schedule 4: Higher Education Assistance Fund* *For the Year Ended August 31, 2002*

Beginning Net Assets (September 1, 2001)	\$ 11,828,096
Revenues:	
Appropriations	<u>7,735,000</u>
TOTAL REVENUES	<u>7,735,000</u>
Expenses:	
Professional Fees and Services	3,398
Materials and Supplies	34,389
Repairs and Maintenance	214,188
Printing and Reproduction	368
Interest	19
Depreciation	<u>1,276,678</u>
TOTAL EXPENSES	<u>1,529,040</u>
Ending Net Assets (August 31, 2002)	<u><u>\$ 18,034,056</u></u>