

**TEXAS TECH UNIVERSITY  
HEALTH SCIENCES CENTER**



**Annual Financial Report  
Fiscal Year 2011**



# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

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*August 31, 2011*

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# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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TEXAS TECH UNIVERSITY  
HEALTH SCIENCES CENTER™

Office of the President

November 11, 2011

Honorable Rick Perry  
Governor of Texas

Honorable Susan Combs  
Comptroller of Public Accounts

Mr. John Keel, CPA  
State Auditor

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

Mr. John O'Brien  
Director, Legislative Budget Board

To Agency Heads Addressed:

We are pleased to submit the annual financial report of the Texas Tech University Health Sciences Center for the year ended August 31, 2011, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

As indicated by the accompanying letter of transmittal, this report has been prepared by TTUHSC Accounting Services to provide a summary of the institution's financial records. If you have questions, please contact Melody Miller, Director of Accounting, at (806) 743-7826, extension 253.

Sincerely,

A handwritten signature in black ink, appearing to read "Tedd L. Mitchell".

Tedd L. Mitchell, M.D.  
President



TEXAS TECH UNIVERSITY  
HEALTH SCIENCES CENTER™  
Finance and Administration

Office of Accounting Services

November 11, 2011

Tedd L. Mitchell, M.D.  
President  
Texas Tech University Health Sciences Center  
Lubbock, Texas 79430

Dear Dr. Mitchell:

Submitted herein is the *Annual Financial Report* for Texas Tech University Health Sciences Center for the fiscal year ended August 31, 2011.

The accompany *Annual Financial Report* has been prepared in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

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

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

Sincerely,

Melody Miller, CPA  
Director of Accounting Services

Approved:

Elmo M. Cavin  
Executive Vice President for Finance & Administration



# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

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### *Organizational Data* *August 31, 2011*

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#### BOARD OF REGENTS

##### Term Expires

Jerry E. Turner ( <b>Chair</b> )	January 31, 2013	Blanco
Mickey L. Long ( <b>Vice Chair</b> )	January 31, 2015	Midland
L. Frederick (Rick) Francis	January 31, 2013	El Paso
John Field Scovell	January 31, 2013	Dallas
John T. Huffaker	January 31, 2015	Amarillo
Nancy Neal	January 31, 2015	Lubbock
Larry K. Anders	January 31, 2017	Dallas
Debbie Montford	January 31, 2017	San Antonio
John D. Steinmetz	January 31, 2017	Lubbock
Jill Fadal ( <b>Student Regent</b> )	May 31, 2012	Austin

#### FISCAL OFFICERS

Kent Hance	Chancellor
Jim Brunjes	Vice Chancellor and Chief Financial Officer
Tedd L. Mitchell, M.D.	President
Elmo M. Cavin	Executive Vice President for Finance & Administration
Michael Crowder, CPA	Associate Vice President for Business Affairs
Melody Miller, CPA	Director of Accounting Services

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**TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER**

Annual Financial Report

*UNAUDITED*

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**FINANCIAL STATEMENTS**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

UNAUDITED

### *Comparative Statement of Net Assets*

*As of August 31, 2011 and 2010*

	<u>2011</u>	<i>Restated</i> <u>2010</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Cash and Cash Equivalents	\$ 172,835,737.23	\$ 151,949,544.71
Restricted Cash and Cash Equivalents	24,100,351.17	33,812,746.36
Balance of Legislative Appropriations	33,838,501.96	38,024,579.06
Receivables:		
Federal	1,844,175.17	1,927,536.40
Interest and Dividends	218,187.35	242,710.02
Patient	16,953,043.08	17,153,989.14
Student	151,079.13	92,659.43
Contracts	13,565,142.35	13,324,871.19
Pledged Gifts	951,471.37	2,272,324.40
Other	791,757.55	1,279,878.02
Due from Other State Agencies	6,914,526.57	7,611,815.28
Due from Other Component Units	50,829.33	61,001.47
Inventories	923,385.30	926,081.76
Prepaid Items	3,200,243.40	2,674,499.46
Loans and Notes	391,103.55	388,082.69
Total Current Assets	<u>\$ 276,729,534.51</u>	<u>\$ 271,742,319.39</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ 147,169.12	\$ (12,298.59)
Pledged Gifts Receivable	2,213,389.21	2,802,651.92
Loans and Notes	2,617,385.25	2,597,168.76
Restricted Investments	132,006,578.88	119,969,979.08
Investments	177,880,563.33	146,736,110.74
Capital Assets:		
Non-Depreciable or Non-Amortizable	19,641,122.37	17,658,192.65
Depreciable or Amortizable	599,709,739.59	576,595,640.83
less Accumulated Depreciation and Amortization	<u>(262,352,880.70)</u>	<u>(237,837,663.14)</u>
Total Non-Current Assets	<u>\$ 671,863,067.05</u>	<u>\$ 628,509,782.25</u>
TOTAL ASSETS	<u>\$ 948,592,601.56</u>	<u>\$ 900,252,101.64</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

UNAUDITED

### *Comparative Statement of Net Assets*

*As of August 31, 2011 and 2010*

	<u>2011</u>	<u>Restated 2010</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts	\$ 22,396,341.42	\$ 21,209,718.31
Payroll	32,284,727.70	29,553,701.00
Due to Other State Agencies	12,020.93	166,689.37
Due to Other Component Units	107,035.82	229,264.02
Unclaimed Property Due to the State Treasury	38,676.11	43,616.71
Unearned Revenue	14,848,553.81	12,520,108.91
Capital Lease Obligation	137,485.28	96,129.47
Notes Payable	1,405,000.00	1,562,958.83
Revenue Bonds Payable	7,359,482.26	7,820,313.26
Claims and Judgments	1,593,715.16	1,833,320.14
Employees' Compensable Leave	3,078,881.60	5,485,813.11
Funds Held for Others	556,879.82	315,380.87
Other Current Liabilities	271,482.88	304,869.11
Total Current Liabilities	<u>\$ 84,090,282.79</u>	<u>\$ 81,141,883.11</u>
Non-Current Liabilities:		
Unclaimed Property Due to the State Treasury	\$ 57,606.53	\$ 60,966.14
Capital Lease Obligation	136,859.43	185,129.31
Revenue Bonds Payable	117,997,135.20	125,356,617.46
Claims and Judgments	16,114,231.07	16,499,881.26
Employees' Compensable Leave	22,578,465.10	21,943,252.44
Other Noncurrent Liabilities	7,950.00	53,431.17
Total Non-Current Liabilities	<u>\$ 156,892,247.33</u>	<u>\$ 164,099,277.78</u>
TOTAL LIABILITIES	<u>\$ 240,982,530.12</u>	<u>\$ 245,241,160.89</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 229,691,392.18	\$ 221,090,152.90
Restricted for:		
Capital Projects	7,888,125.93	9,943,927.31
Funds Held as Permanent Investments		
Nonexpendable	99,172,159.74	95,737,909.09
Other	54,662,639.18	48,738,449.06
Unrestricted	316,195,754.41	279,500,502.39
TOTAL NET ASSETS	<u>\$ 707,610,071.44</u>	<u>\$ 655,010,940.75</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 948,592,601.56</u>	<u>\$ 900,252,101.64</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

UNAUDITED

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

*For the Years Ended of August 31, 2011 and 2010*

	<i>2011</i>	<i>2010</i>
<b>OPERATING REVENUES</b>		
Tuition and Fee Revenue - Pledged	\$ 36,079,314.70	\$ 34,574,482.16
Discounts and Allowances	(4,556,548.91)	(6,044,664.67)
Tuition and Fee Revenue	1,291,900.47	1,833,187.62
Net Professional Fees	275,138,710.19	254,665,739.74
Uncollectibles	(36,828,857.78)	(30,499,112.30)
Auxiliary Enterprises - Pledged	648,307.88	607,605.09
Other Sales and Services	3,012,323.67	2,036,137.35
Other Sales and Services - Pledged	6,383,084.53	6,348,965.00
Federal Grant Revenue	15,544,435.70	12,338,988.75
Federal Grant Revenue - Pledged	4,386,603.96	3,732,445.59
Federal Pass-Through Revenue	3,733,080.61	4,370,603.28
Federal Contract Revenue	3,168,683.25	1,991,318.73
State Grant and Contract Revenue	5,161,455.07	4,079,231.27
State Grant and Contract Revenue - Pledged	265,357.02	377,174.65
State Grant and Contract Pass-Through Revenue	5,459,737.87	4,885,182.49
Local Grant and Contract Revenue	49,631,502.52	65,845,503.41
Local Grant and Contract Revenue - Pledged	1,178,333.44	1,271,112.22
Private Grant and Contract Revenue	80,483,914.53	63,808,732.70
Private Grant and Contract Revenue - Pledged	2,222,585.77	2,490,678.79
Total Operating Revenues	\$ 452,403,924.49	\$ 428,713,311.87
<b>OPERATING EXPENSES</b>		
Salaries and Wages	\$ 359,230,386.07	\$ 355,090,978.13
Payroll Related Costs	81,375,077.31	78,108,910.06
Professional Fees and Services	61,877,263.10	64,371,929.01
Federal Grant Pass-Through Expense	3,018,102.91	2,491,833.54
Travel	4,339,313.42	5,007,534.81
Materials and Supplies	30,711,805.63	29,810,421.44
Communications and Utilities	16,623,832.09	15,406,439.02
Repairs and Maintenance	11,119,150.24	11,531,336.16
Rentals and Leases	4,007,287.96	3,335,562.28
Printing and Production	1,896,638.95	1,697,545.90
Depreciation and Amortization	26,602,072.01	22,241,013.35
Bad Debt Expense (Recovery)	316,256.70	(156,304.01)
Interest Expense	8,215.66	11,822.04
Scholarships	3,089,554.50	2,622,852.36
Claims and Judgments	1,326,460.31	1,230,716.14
Other Expenses	33,623,466.82	33,780,476.86
Total Operating Expenses	\$ 639,164,883.68	\$ 626,583,067.09
Operating Loss	\$ (186,760,959.19)	\$ (197,869,755.22)

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

UNAUDITED

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

*For the Years Ended of August 31, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations Revenue	\$ 193,176,938.95	\$ 184,354,709.31
Federal Grant Revenue	1,014,530.00	786,900.00
Federal Pass-Through Revenue	2,559,117.76	8,516,361.24
Gifts	1,350,812.86	373,488.34
Interest and Investment Income	9,404,705.56	10,893,730.54
Interest and Investment Income - Pledged	2,006,249.04	2,157,812.86
Interest Expense	(6,091,675.00)	(5,928,416.74)
Gain (Loss) Sale of Capital Assets	(698,449.21)	(664,886.88)
Net Increase in Fair Value of Investments	8,146,282.34	7,462,914.68
Other Revenues	15,609,088.81	7,023,297.71
Other Revenues - Pledged	155,571.68	202,906.74
Total Non-Operating Revenues (Expenses)	<u>\$ 226,633,172.79</u>	<u>\$ 215,178,817.80</u>
<b>CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS</b>		
Capital Contributions	459,468.67	4,714,165.10
Legislative Appropriations Revenue for Capital (HEAF)	16,973,569.00	14,854,762.00
Increases from Interagency Transfers of Capital Assets	289,089.99	111,086.91
Decreases from Interagency Transfers of Capital Assets	(456,684.31)	(193,076.51)
Net Transfers from Texas Tech University	1,234,997.39	1,696,074.07
Net Transfers from Texas Tech Foundation Inc.	1,706,973.30	1,148,762.54
Net Transfers to Texas Tech University System Administration	(1,849,529.69)	(1,815,861.00)
Transfers to Other State Agencies	(3,963,130.26)	(3,184,434.75)
Legislative Transfers Out (System Administration Support)	(1,667,837.00)	(1,667,837.00)
Capital Contributions and Transfers	<u>\$ 12,726,917.09</u>	<u>\$ 15,663,641.36</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 52,599,130.69</u>	<u>\$ 32,972,703.94</u>
Net Assets, September 1st	<u>\$ 655,010,940.75</u>	<u>\$ 622,038,236.81</u>
Net Assets, August 31st	<u>\$ 707,610,071.44</u>	<u>\$ 655,010,940.75</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Matrix of Operating Expenses by Function*

*For the Year Ended August 31, 2011*

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	PATIENT CARE	ACADEMIC SUPPORT	STUDENT SERVICES
Salaries and Wages	\$ 170,909,218.53	\$ 25,545,289.26	\$ 46,059,571.40	\$ 35,919,740.82	\$ 51,705,386.16	\$ 4,871,786.25
Payroll Related Costs	30,770,621.25	5,363,395.86	11,744,794.97	10,502,536.34	14,618,025.03	1,407,945.18
Professional Fees and Services	6,402,636.48	894,940.47	46,093,632.72	1,714,808.52	4,496,011.00	234,479.32
Federal Grant Pass-Through Expense	357,857.29	996,124.58	1,664,121.04	-	-	-
Travel	1,083,246.51	500,947.38	461,819.24	61,587.08	1,684,342.44	217,499.09
Materials and Supplies	2,523,823.46	4,878,231.55	12,395,272.42	4,758,128.05	4,578,824.13	962,315.70
Communications and Utilities	1,238,127.91	147,884.69	468,063.29	181,330.93	5,239,285.31	564,420.17
Repairs and Maintenance	347,570.33	1,431,662.20	420,142.06	198,943.60	3,470,448.22	270,790.39
Rentals and Leases	299,439.07	218,531.03	738,793.85	269,094.95	2,363,471.65	17,922.06
Printing and Production	330,231.09	133,376.17	397,252.79	81,754.28	632,973.78	127,751.35
Depreciation and Amortization	-	-	-	-	-	-
Bad Debt Expense (Recovery)	-	-	-	300.00	(29,690.80)	364,464.76
Interest Expense	197.55	286.52	287.43	260.44	5,468.61	14.99
Scholarships	154,508.88	70,228.11	91,000.00	-	89,484.38	-
Claims and Judgments	109,304.46	-	250.00	-	1,136,905.85	-
Other Expenses	<u>4,262,109.78</u>	<u>6,472,203.38</u>	<u>2,833,122.51</u>	<u>1,197,961.84</u>	<u>11,521,702.42</u>	<u>1,466,475.38</u>
	<u>\$ 218,788,892.59</u>	<u>\$ 46,653,101.20</u>	<u>\$ 123,368,123.72</u>	<u>\$ 54,886,446.85</u>	<u>\$ 101,512,638.18</u>	<u>\$ 10,505,864.64</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Matrix of Operating Expenses by Function*

*For the Year Ended August 31, 2011*

OPERATING EXPENSES	INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	TOTAL EXPENSES
Salaries and Wages	\$ 17,567,912.97	\$ 6,475,606.50	\$ 17,400.00	\$ 158,474.18	\$ -	\$ 359,230,386.07
Payroll Related Costs	4,560,832.18	2,344,881.72	1,188.76	60,856.02	-	81,375,077.31
Professional Fees and Services	483,772.66	1,526,607.16	-	30,374.77	-	61,877,263.10
Federal Grant Pass-Through Expense	-	-	-	-	-	3,018,102.91
Travel	256,200.60	66,431.37	-	7,239.71	-	4,339,313.42
Materials and Supplies	254,969.42	330,735.35	-	29,505.55	-	30,711,805.63
Communications and Utilities	521,670.10	8,240,778.35	-	22,271.34	-	16,623,832.09
Repairs and Maintenance	203,199.58	4,757,634.68	-	18,759.18	-	11,119,150.24
Rentals and Leases	45,262.40	43,376.63	-	11,396.32	-	4,007,287.96
Printing and Production	153,847.22	21,718.28	-	17,733.99	-	1,896,638.95
Depreciation and Amortization	-	-	-	-	26,602,072.01	26,602,072.01
Bad Debt Expense	(18,817.26)	-	-	-	-	316,256.70
Interest Expense	1,454.46	245.66	-	-	-	8,215.66
Scholarships	-	-	2,684,333.13	-	-	3,089,554.50
Claims and Judgments	80,000.00	-	-	-	-	1,326,460.31
Other Expenses	2,090,139.57	3,746,823.04	-	32,928.90	-	33,623,466.82
	<u>\$ 26,200,443.90</u>	<u>\$ 27,554,838.74</u>	<u>\$ 2,702,921.89</u>	<u>\$ 389,539.96</u>	<u>\$ 26,602,072.01</u>	<u>\$ 639,164,883.68</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Comparative Statement of Cash Flows*

*For the Year Ended August 31, 2011 and 2010*

	<u>2011</u>	<u>Restated 2010</u>
Cash Flows from Operating Activities		
Cash Inflows		
Collections from Student Tuition and Fees	\$ 35,084,691.46	\$ 32,650,597.40
Collections from Grants and Contracts	171,918,419.70	163,715,232.85
Collections from Patients and Insurers	238,510,798.47	220,149,241.14
Collections of Loan Program Proceeds	57,531,865.59	46,936,845.94
Collections from Auxiliary Enterprises	648,307.88	607,605.09
Collections from Other Operating Activities	8,855,372.67	8,532,857.05
Cash Outflows		
Payments to Suppliers	\$ (134,037,000.88)	\$ (131,457,616.48)
Payments to Employees for Salaries	(358,847,570.04)	(351,218,534.90)
Payments to Employees for Benefits	(80,357,028.00)	(81,283,078.37)
Payments for Loans Provided to Students	(56,277,430.94)	(48,340,925.32)
Payments for Unemployment Benefits	(441,557.49)	(424,912.66)
Payments for Other Operating Activities	<u>(38,084,962.80)</u>	<u>(37,944,602.42)</u>
Net Cash Used for Operating Activities	<u>\$ (155,496,094.38)</u>	<u>\$ (178,077,290.68)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Inflows		
Proceeds from Legislative Appropriations	\$ 197,363,016.05	\$ 183,601,126.58
Proceeds from Net Transfers from Texas Tech University	1,234,997.39	1,696,074.07
Proceeds from Net Transfers from Texas Tech Foundation, Inc.	1,706,973.30	1,148,762.54
Proceeds from Non-Capital Gifts	2,944,671.90	2,682,419.30
Proceeds from Non-Capital Grants	3,573,647.76	9,303,261.24
Proceeds from Other Non-Capital Financing Activities	15,917,971.70	7,255,040.49
Cash Outflows		
Payments for Net Transfers to Texas Tech University System	\$ (3,517,366.69)	\$ (3,483,698.00)
Payments for Transfers to Other State Agencies	<u>(3,963,130.26)</u>	<u>(3,184,434.75)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 215,260,781.15</u>	<u>\$ 199,018,551.47</u>
Cash Flows from Capital and Related Financing Activities		
Cash Inflows		
Proceeds from Sale of Capital Assets	\$ 27,394.37	\$ 35,501.68
Proceeds from Legislative Appropriations for Capital	16,973,569.00	14,854,762.00
Cash Outflows		
Payments for Purchases of Capital Assets	\$ (27,519,972.04)	\$ (37,130,248.86)
Payments for Principal on Capital Debts	(7,890,084.35)	(7,948,136.76)
Payments for Interest on Capital Debts	(6,125,061.23)	(5,938,622.55)
Payments for Capital Lease	<u>(104,794.19)</u>	<u>(193,241.02)</u>
Net Cash Used for Capital and Related Financing Activities	<u>\$ (24,638,948.44)</u>	<u>\$ (36,319,985.51)</u>



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Comparative Statement of Cash Flows*

*For the Year Ended August 31, 2011 and 2010*

	<i>2011</i>	<i>Restated 2010</i>
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sales and Maturities of Investments	\$ 40,279,764.46	\$ 183,504,962.08
Proceeds from Interest and Dividends on Investments	12,696,819.70	12,162,291.11
Cash Outflows		
Payments for Purchases of Investments	(76,769,057.45)	(219,949,963.58)
Net Cash Used for Investing Activities	\$ (23,792,473.29)	\$ (24,282,710.39)
TOTAL NET CASH FLOWS	\$ 11,333,265.04	\$ (39,661,435.11)
Cash and Cash Equivalents, September 1st	\$ 185,749,992.48	\$ 225,411,427.59
Cash and Cash Equivalents, August 31st	\$ 197,083,257.52	\$ 185,749,992.48

Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (186,760,959.19)	\$ (197,869,755.22)
Adjustments		
Depreciation Expense	26,602,072.01	22,241,013.35
Bad Debt Expense	316,256.70	(156,304.01)
Decrease (Increase) in Receivables	473,736.90	(3,700,523.83)
Decrease (Increase) in Due from Other Agency	890,469.22	(2,460,742.81)
Decrease (Increase) in Due from Other Component Unit	10,172.14	(24,393.14)
Decrease (Increase) in Merchandise Inventories	2,696.46	101,338.74
Decrease (Increase) in Prepaid Expenses	(525,743.94)	(2,175,260.24)
Decrease (Increase) in Loans and Notes Receivable	(23,237.35)	4,721.77
Increase (Decrease) in Payables	3,909,349.60	252,894.67
Increase (Decrease) in Due to Other Agency	(154,668.44)	166,689.37
Increase (Decrease) in Due to Other Component Unit	(122,228.20)	55,615.60
Increase (Decrease) in Deferred Revenue	2,328,444.90	1,862,630.77
Increase (Decrease) in Compensable Leave	(1,771,718.85)	1,856,002.87
Increase (Decrease) in Claims Payable	(625,255.17)	2,079,338.49
Increase (Decrease) in Other Liabilities	(45,481.17)	(310,557.06)
Net Cash Used for Operating Activities	\$ (155,496,094.38)	\$ (178,077,290.68)

Non-Cash Transactions		
Donations of Capital Assets	\$ 459,468.67	\$ 4,714,165.10
Net Increase (Decrease) in Fair Value of Investments	8,146,282.34	7,462,914.68
Borrowing Under Capital Lease Purchase	97,880.12	474,499.80
Disposal of Capital Assets	(725,843.58)	(700,388.56)

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**TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER**

Annual Financial Report

*UNAUDITED*

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**NOTES TO FINANCIAL STATEMENTS**

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# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 1

#### Summary of Significant Accounting Policies

##### GENERAL INTRODUCTION

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

As an institution of higher education of the State of Texas, the income of TTUHSC is generally exempt from income taxes. However, income unrelated to the exempt purpose of TTUHSC would be subject to tax under § 511(a)(2)(B) of the Internal Revenue Code. Management does not believe that there is any material unrelated income for the year ended August 31, 2011.

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

TTUHSC offers graduate and undergraduate programs in seven schools: the School of Allied Health Sciences, the School of Medicine, the Paul L. Foster School of Medicine, the Anita Thigpen Perry School of Nursing, the Gayle Greve Hunt 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 clinical operations.

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

##### FUND STRUCTURE

###### Blended Component Units

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

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

Texas Tech Foundation, Inc. (TTFI) is a component unit of the consolidated Texas Tech University System as it serves the fundraising needs of TTUHSC, TTU, and TTUSA. No balances or activities associated with TTFI are included in the Financial Statements. However, supplemental schedules are included in this *Annual Financial Report* that reflect TTUHSC's portion of TTFI balances and financial activity.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

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### *Notes to the Financial Statements*

*August 31, 2011*

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<b>NOTE 1 (continued)</b>
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<b>Summary of Significant Accounting Policies</b>
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#### **BASIS OF ACCOUNTING**

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

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

#### **RESTRICTED NET ASSETS**

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

#### **BUDGETS AND BUDGETARY ACCOUNTING**

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

#### **ASSETS, LIABILITIES, AND FUND EQUITY**

##### **Current and Non-Current Assets**

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

##### **Cash and Cash Equivalents**

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

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* *August 31, 2011*

#### NOTE 1 (continued) Summary of Significant Accounting Policies

##### **Investments**

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

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

##### **Receivables**

The most significant categories of TTUHSC receivables are patient receivables and contract receivables. Details regarding Current and Non-current receivables are presented in Note 24. Patient receivables are reported net of allowances for contractual and similar adjustments.

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

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

##### **Inventories and Prepaid Items**

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

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

##### **Restricted Assets**

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

##### **Capital Assets**

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

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 1 (continued)

#### Summary of Significant Accounting Policies

##### **Capital Assets (continued)**

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 as summarized in the table on the following page.

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

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

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

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

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

##### **Payables**

Major categories of TTUHSC payables include bonds payable, claims payable and general accounts payable (including payroll). Additional categories of payables include deposits payable and unclaimed property due to the State Treasury. Details regarding payables can be found in Note 5.

##### **Compensable Leave**

Compensable leave balances represent the approximate value of unused employee vacation time and other compensated time. Annual vacation leave and other compensated time are accrued in a manner consistent with State of Texas rules and guidelines and in accordance with generally accepted accounting principles. Within the framework of those guidelines employees are eligible to carry forward a limited annual leave balance.



# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 1 (continued)

#### Summary of Significant Accounting Policies

##### Overtime and Compensatory Leave

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

##### Employee Sick Leave

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

##### Capital Lease Obligations

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

##### Encumbrances

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

##### Net Assets

Net assets represent the excess of assets over liabilities. As a result of the amounts restricted by external parties and also amounts invested in capital assets, net of related debt, the excess of assets over liabilities does not generally represent spendable resources.

##### Interfund Activity and Transactions

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

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

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

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 1 (continued)

#### Summary of Significant Accounting Policies

##### Reservations of Net Assets

Unrestricted net assets are categorized in the accounting records by degree of availability. Unrestricted net assets that are encumbered or that represent certain non-cash assets, such as inventory or accounts receivable, are reserved. The table below illustrates the components of unrestricted net assets as of August 31, 2011 and 2010, respectively.

	As of 08/31/11	As of 08/31/10
Reserved		
Encumbrances	\$ 11,382,032.53	\$ 13,616,728.81
Inventory	923,385.30	926,081.76
Prepaid Expenses	985,297.25	1,147,081.59
Accounts Receivable	32,086,486.09	26,348,314.90
Working Capital	36,497.50	44,162.50
Self Insured Plans	35,982,337.50	33,495,785.06
Funds Functioning as Endowments	29,295,630.72	26,676,956.34
Unreserved	<u>205,504,087.52</u>	<u>177,245,391.43</u>
Total Unrestricted Net Assets	<u>\$ 316,195,754.41</u>	<u>\$ 279,500,502.39</u>

##### Risk Financing

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

##### RESTATEMENT OF PRIOR YEAR AMOUNTS

For comparison purposes, certain amounts for the year ended August 31, 2010 have been reclassified in the accompanying comparative financial statements. Significant reclassifications are explained below.

The Investments balance as of August 31, 2010 presented in the *Comparative Statement of Net Assets*, is reflected in two categories: Restricted Investments and Investments. Previously issued financial statements reported the Investments balance as a single amount. This presentation has no effect on the Restricted Net Assets balance as of August 31, 2010.

The amounts reported for the year ended August 31, 2010 in the *Comparative Statement of Cash Flows* include cash flows associated with Direct Lending as Cash Flows from Operating Activities, rather than Cash Flows from Non-Capital Financing Activities as was reported on previously issued financial statements. Additionally, Non-Cash Transactions are disclosed. This presentation has no effect on the Cash and Equivalents balance as of August 31, 2010.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* August 31, 2011

<b>NOTE 2</b>
<b>Capital Assets</b>

#### GENERAL INTRODUCTION

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

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

Capital asset changes for the year ended August 31, 2011 for non-depreciable and depreciable capital assets are summarized in the following table.

Capital Asset Category	Balance 09/01/10	Adjustments	Reclassifications			Additions	Deletions	Balance 08/31/11
			Completed CIP	Increases - Interagency Transfers	Decreases - Interagency Transfers			
<b><u>Non-Depreciable</u></b>								
Land and Land Improvements	\$ 7,648,317.92	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,648,317.92
Construction In Progress	8,171,165.30	-	-	-	-	1,838,747.97	-	10,009,913.27
Other	1,838,709.43	-	-	-	-	144,181.75	-	1,982,891.18
<b>Total Non-Depreciable Assets</b>	<b>\$ 17,658,192.65</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,982,929.72</b>	<b>\$ -</b>	<b>\$ 19,641,122.37</b>
<b><u>Depreciable</u></b>								
Buildings and Improvements	\$ 433,720,734.55	\$ -	\$ -	\$ -	\$ -	\$ 10,092,624.70	\$ -	\$ 443,813,359.25
Infrastructure	6,013,239.72	-	-	-	-	-	-	6,013,239.72
Furniture and Equipment	82,512,126.89	(102,771.52)	-	507,449.10	(170,675.13)	13,612,655.71	(1,988,033.01)	94,370,752.04
Vehicles	2,319,007.43	-	-	45,378.60	-	171,525.84	(459,308.69)	2,076,603.18
Facilities and Other Improvements	10,889,122.97	-	-	-	-	635,730.58	-	11,524,853.55
Other	35,179,911.85	-	-	-	-	588,483.97	(390,822.82)	35,377,573.00
<b>Total Depreciable Assets</b>	<b>\$ 570,634,143.41</b>	<b>\$ (102,771.52)</b>	<b>\$ -</b>	<b>\$ 552,827.70</b>	<b>\$ (170,675.13)</b>	<b>\$ 25,101,020.80</b>	<b>\$ (2,838,164.52)</b>	<b>\$ 593,176,380.74</b>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* *August 31, 2011*

<b>NOTE 2 (continued)</b>
<b>Capital Assets</b>

Capital asset changes for the year ended August 31, 2011 for amortizable capital assets are summarized below.

Capital Asset Category	Balance 09/01/10	Adjustments	Completed CIP	Reclassifications		Additions	Deletions	Balance 08/31/11
				Increases - Interagency Transfers	Decreases - Interagency Transfers			
<b><u>Amortizable</u></b>								
Computer Software	\$ 5,961,497.42	\$ -	\$ -	\$ -	\$ (402,059.17)	\$ 1,095,446.40	\$ (121,525.80)	\$ 6,533,358.85
Total Amortizable Assets	<u>\$ 5,961,497.42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (402,059.17)</u>	<u>\$ 1,095,446.40</u>	<u>\$ (121,525.80)</u>	<u>\$ 6,533,358.85</u>

Accumulated depreciation and accumulated amortization changes for the year ended August 31, 2011 are summarized in the following table.

Capital Asset Category	Balance 09/01/10	Adjustments	Completed CIP	Reclassifications		Additions	Deletions	Balance 08/31/11
				Increases - Interagency Transfers	Decreases - Interagency Transfers			
<b><u>Accumulated Depreciation</u></b>								
Buildings and Improvements	\$ (163,462,417.91)	\$ -	\$ -	\$ -	\$ -	\$ (15,653,293.20)	\$ -	\$ (179,115,711.11)
Infrastructure	(1,556,010.68)	-	-	-	-	(261,618.96)	-	(1,817,629.64)
Furniture and Equipment	(43,979,549.66)	695.43	-	(232,351.90)	26,977.74	(7,945,681.79)	1,780,688.41	(50,349,221.77)
82379-Dell Server *	(3,268.44)	3,268.44						
82353-Folder/Inserter *	(2,680.90)	2,680.90						
Vehicles	(1,496,492.88)	-	-	(31,385.81)	-	(185,321.20)	333,814.59	(1,379,385.30)
Facilities and Other Improvements	(3,054,698.18)	-	-	-	-	(605,262.25)	-	(3,659,960.43)
Other	(20,096,540.01)	-	-	-	-	(1,192,049.54)	-	(21,288,589.55)
Total Accumulated Depreciation	<u>\$ (233,651,658.66)</u>	<u>\$ 6,644.77</u>	<u>\$ -</u>	<u>\$ (263,737.71)</u>	<u>\$ 26,977.74</u>	<u>\$ (25,843,226.94)</u>	<u>\$ 2,114,503.00</u>	<u>\$ (257,610,497.80)</u>
<b><u>Accumulated Amortization</u></b>								
Computer Software	\$ (4,191,953.82)	\$ -	\$ -	\$ -	\$ 89,072.25	\$ (758,845.07)	\$ 119,343.74	\$ (4,742,382.90)
Total Accumulated Amortization	<u>\$ (4,191,953.82)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,072.25</u>	<u>\$ (758,845.07)</u>	<u>\$ 119,343.74</u>	<u>\$ (4,742,382.90)</u>

\* Reports CAAB2015 and CAAB201D did not correctly recognize the reduction in accumulated depreciation for asset numbers 82379 and 82353, which were transferred out in FY2010. The FY2010 Note 2 reflected the correct amounts (including the reduction), but the corresponding reduction was not made in the CANSS system. As a result, beginning balances for FY2011 are not properly reflected in the CANSS system.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* *August 31, 2011*

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

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

The governing investment policy is Regents' Rules Chapter 09, "Investment and Endowments." The majority of TTUHSC assets are invested in two investment pools; the Long Term Investment Fund (LTIF) and the Short/Intermediate Term Investment Fund (STIF), both having their own stand-alone investment policies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Other institutional funds not in the LTIF are invested in the STIF, a fixed income fund. Other assets include securities gifted to TTUHSC with donor instructions to maintain the assets in their original form, and bond proceeds invested in external investment pools.

#### **DEPOSITS OF CASH IN BANK**

The carrying amount of deposits as of August 31, 2011 is presented in the below table.

	<b>As of</b>
	<b>08/31/11</b>
<b>Enterprise Funds</b>	
CASH IN BANK - CARRYING VALUE	\$ 33,975,455.23
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	-
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral	-
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral	-
Cash in Bank per AFR	<u>\$ 33,975,455.23</u>
Enterprise Funds Current Assets Cash in Bank	\$ 29,535,974.93
Enterprise Funds Current Assets Restricted Cash in Bank	4,410,151.76
Enterprise Funds Non-Current Assets Restricted Cash in Bank	<u>29,328.54</u>
Cash in Bank per AFR	<u>\$ 33,975,455.23</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* *August 31, 2011*

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

These amounts consist of all cash in local banks. These amounts are included on the *Comparative Statement of Net Assets* as part of the "Cash and Cash Equivalents" accounts. As of August 31, 2011, the total bank balance was \$42,291,235.40.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. TTUHSC's policy is to require collateralization of bank balances in excess of FDIC protection. As of August 31, 2011, TTUHSC did not have any funds considered to be uninsured or uncollateralized.

#### INVESTMENTS

The carrying value and fair value of investments as of August 31, 2011 is summarized in the following tables.

	<b>As of 08/31/11</b>
<b>Enterprise Funds</b>	
U.S. Government	
U.S. Treasury Securities	\$ 54,665,683.13
U.S. Treasury Strips	-
U.S. Treasury TIPS	-
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	17,588,265.76
U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co.)	-
Corporate Obligations	-
Corporate Asset and Mortgage Backed Securities	-
Equity	4,516,991.30
International Obligations	395,388.02
Fixed Income Money Market and Bond Mutual Fund	102,160,617.25
Mutual Funds	1,616,270.09
Other Commingled Funds	19,033,923.58
Other Commingled Funds (TexPool)	123,900,476.06
International Other Commingled Funds	17,224,130.91
Commercial Paper	-
Securities Lending Collateral Investment Pool	-
Real Estate	5,363,336.78
Derivatives	-
Externally Managed Investments	
Domestic	99,599,006.20
International	1,791,518.75
Miscellaneous	261,771.93
<b>Total Investments</b>	<b>\$ 448,117,379.76</b>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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### *Notes to the Financial Statements* August 31, 2011

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

The carrying value and fair value of investments are classified as follows in the accompanying *Comparative Statement of Net Assets*.

	As of
	08/31/11
<b>Enterprise Funds</b>	
<b>Non-Current Investments</b>	\$ 309,887,142.21
<b>Items in Cash and Equivalents</b>	
Blackrock Temp Fund	12,581,651.50
Texpool & TexSTAR Investments	125,648,586.05
<b>Total Investments</b>	\$ 448,117,379.76

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

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	9999	U.S. Government Agency Obligations	\$ 17,588,265.76	\$ -	\$ -	\$ -	\$ -	\$ -
		U.S. Government Agency Obligations (Texas Treasury Safekeeping Trust Co)	-	-	-	-	-	-
		Corporate Obligations	-	-	-	-	-	-
		Corporate Asset and Mortgage Backed Securities	-	-	-	-	-	-
		International Obligations	-	23,327.89	32,026.43	134,827.31	88,171.53	117,034.86
		Repurchase Agreement	-	-	-	-	-	-
		Repurchase Agreement (Texas Treasury Safekeeping Trust Co)	-	-	-	-	-	-
		Alternative Investments	-	-	-	-	-	-
		Miscellaneous	-	-	-	-	-	-

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***Notes to the Financial Statements***  
***August 31, 2011***

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

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The exposure to foreign currency risk as of August 31, 2011, is as follows.

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Other Commingled Funds	International Externally Managed Investments
05	9999	Argentine peso	\$ -	\$ 131,068.97	\$ -
05	9999	Australian dollar	-	193,752.68	38,850.91
05	9999	Bermudan dollar	-	-	-
05	9999	Brazilian real	-	1,144,793.46	-
05	9999	Bulgarian lev	-	-	-
05	9999	Canadian dollar	-	323,997.53	9,525.62
05	9999	Cayman dollar	-	-	-
05	9999	Chilean Peso	52,718.40	98,003.45	-
05	9999	Chinese yuan	43,932.00	1,232,398.42	52,844.50
05	9999	Colombian peso	43,932.00	-	-
05	9999	Czech koruna	-	133,934.84	-
05	9999	Danish krone	-	27,080.57	-
05	9999	Egyptian pound	-	72,707.49	-
05	9999	Euro	79,077.61	2,032,344.71	1,564,718.32
05	9999	Hong Kong dollar	-	553,446.92	31,615.98
05	9999	Hungarian forint	-	-	-
05	9999	Indian rupee	-	404,289.20	18,144.03
05	9999	Indonesian rupiah	-	192,260.07	-
05	9999	New Israel shekel	4,393.20	-	-
05	9999	Japanese yen	-	2,061,488.86	25,923.29
05	9999	Jordanian dinar	-	-	-
05	9999	Malaysian ringgit	-	91,289.73	-
05	9999	Mexican peso	4,393.20	663,193.68	-
05	9999	Moroccan dirham	-	-	-
05	9999	New Zealand dollar	-	7,893.63	-
05	9999	Norwegian krone	-	71,401.45	11,362.70
05	9999	Pakistani rupee	-	-	-
05	9999	Peruvian nuevo sol	30,752.40	87,865.17	-
05	9999	Phillippino peso	-	87,865.17	-
05	9999	Polish zloty	-	-	-
05	9999	Pound sterling	-	1,849,633.66	3,606.13
05	9999	Romanian leu	-	-	-
05	9999	Russian ruble	-	181,437.66	-
05	9999	Singapore dollar	-	374,575.58	8,958.62
05	9999	South African rand	109,830.01	868,165.99	-
05	9999	South Korean won	-	1,224,633.62	18,733.72
05	9999	Swedish krona	-	164,642.69	-
05	9999	Swiss franc	-	1,323,796.58	1,224.72
05	9999	New Taiwan dollar	-	995,402.32	6,010.21
05	9999	Thai baht	-	427,404.60	-
05	9999	New Turkish lira	-	203,362.21	-
05	9999	Uruguay peso	26,359.20	-	-
		Total	\$ 395,388.02	\$ 17,224,130.91	\$ 1,791,518.75



# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 4 Short Term Debt

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

#### NOTE 5 Long Term Liabilities

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

Category	Balance 09/01/10	Increases	Decreases	Balance 08/31/11	Current Portion
Capital Lease Obligation	\$ 281,258.78	\$ 97,880.12	\$ 104,794.19	\$ 274,344.71	\$ 137,485.28
Notes Payable	1,562,958.83	-	157,958.83	1,405,000.00	1,405,000.00
Revenue Bonds Payable	133,176,930.72	-	7,820,313.26	125,356,617.46	7,359,482.26
Claims and Judgments	18,333,201.40	-	625,255.17	17,707,946.23	1,593,715.16
Compensable Leave	27,429,065.55	-	1,771,718.85	25,657,346.70	3,078,881.60
Total Long Term Liabilities	<u>\$ 180,783,415.28</u>	<u>\$ 97,880.12</u>	<u>\$ 10,480,040.30</u>	<u>\$ 170,401,255.10</u>	<u>\$ 13,574,564.30</u>

#### CAPITAL LEASE OBLIGATION

Refer to Note 8 for detailed information on capital lease balances, transactions and lease terms.

#### NOTES PAYABLE

Notes Payable represents commercial paper payable, which is used as an interim financing source for long term construction projects in advance of issuing authorized bonds. Because this commercial paper was issued to pay construction costs that were financed by a bond issue, indicating the intent of long term financing, the commercial paper payable is reported as a long-term liability. Debt service for the commercial paper obligation is provided by general appropriations for tuition revenue bonds. Commercial paper maturities extend up to 270 days from the date of issuance with interest rates ranging from 0.10% to 0.32%. All commercial paper outstanding at August 31, 2011 will mature within one year.

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 5 (continued) Long Term Liabilities

##### REVENUE BONDS PAYABLE

Refer to Note 6 for detailed information on bond liability balances, transactions and funding source. Details regarding revenues pledged to outstanding indebtedness can be found in *Schedule 2D* of this *Annual Financial Report*.

##### CLAIMS AND JUDGMENTS

Claims and Judgments include estimates for both known medical malpractice claims and those that have not yet been made against the insured participants. The liability is actuarially estimated to reflect the anticipated future claims for past medical services. Some of these claims are in process, while others are expected to be filed in the future. The liability estimate does not consider the probability of payment on a claim-by-claim basis, and instead considers overall probability of payment for medical malpractice claims. Funding for future claim payments will be from a self-insurance reserve managed by the office of General Counsel.

Description	Balance 09/01/10	Increases	Decreases	Balance 08/31/11	Current Portion
TTUHSC	\$ 18,333,201.40	\$ -	\$ 625,255.17	\$ 17,707,946.23	\$ 1,593,715.16
Total Claims	\$ 18,333,201.40	\$ -	\$ 625,255.17	\$ 17,707,946.23	\$ 1,593,715.16

##### COMPENSABLE LEAVE

Compensable leave balances represent the approximate value of unused employee vacation time and other compensated time as of August 31, 2011. Past experience has demonstrated that approximately 12% of TTUHSC compensable leave balances will mature within one year. Therefore, the non-current portion of the liability as of August 31, 2011 was estimated at \$22,578,465.10, out of a total liability of \$25,657,346.70. Funding for future leave balance payments will be from the same source as annualized salary expense.

#### NOTE 6 Bonded Indebtedness

##### GENERAL INFORMATION

At August 31, 2011, TTUHSC had outstanding bonds payable of \$123,857,425.88, which does not include an unamortized premium of \$1,499,191.58. The combined total of these two amounts is reflected in the *Comparative Statement of Net Assets* as Revenue Bonds Payable.

Several bond issues were outstanding as of August 31, 2011, as summarized in the paragraphs that follow.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 6 (continued) Bonded Indebtedness

##### **REVENUE FINANCING SYSTEM BONDS, 7<sup>th</sup> SERIES 2001**

Purpose:	Financing for projects in El Paso and Lubbock, the costs of issuing the bonds, and the retirement of outstanding commercial paper
Issued:	January 23, 2002; all authorized bonds (\$19,510,000.00) have been issued
Outstanding:	\$1,900,000.00 outstanding as of August 31, 2011
Interest Rates:	3.00% to 5.50%
Maturity Dates:	2002 through 2013
Balance Changes:	\$0 issued; \$880,000.00 retired

##### **REVENUE FINANCING SYSTEM BONDS, 9<sup>th</sup> SERIES 2003**

Purpose:	Financing for projects in El Paso and Lubbock, the costs of issuing the bonds, and the retirement of outstanding commercial paper
Issued:	September 24, 2003; all authorized bonds (\$64,270,000.00) have been issued
Outstanding:	\$48,715,000.00 outstanding as of August 31, 2011
Interest Rates:	4.00% to 5.25%
Maturity Dates:	2006 through 2023
Balance Changes:	\$0 issued; \$2,860,000.00 retired

##### **REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, 10<sup>th</sup> SERIES 2006**

Purpose:	Financing for Medical Education Building project in El Paso, the costs of issuing the bonds, and the advance refunding of a portion of the Revenue Financing System Bonds, Series 1999 and Revenue Financing System Bonds, 7 <sup>th</sup> Series 2001
Issued:	February 1, 2006; all authorized bonds (\$59,694,524.01) have been issued which includes \$45,000,000 of new bonds for the project
Outstanding:	\$49,354,015.28 outstanding as of August 31, 2011
Interest Rates:	4.00% to 5.00%
Maturity Dates:	2006 through 2029
Balance Changes:	\$0 issued; \$1,709,285.36 retired

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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### *Notes to the Financial Statements*

*August 31, 2011*

<b>NOTE 6 (continued)</b> <b>Bonded Indebtedness</b>
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#### **REVENUE FINANCING SYSTEM REFUNDING AND IMPROVEMENT BONDS, 12<sup>th</sup> SERIES 2010**

Purpose:	Financing for the El Paso Medical Facility, Amarillo Pharmacy and Amarillo Research Building projects, and the advance refunding of the Revenue Financing System Bonds, Series 1999.
Issued:	March 3, 2006; all authorized bonds (\$30,842,818.83) have been issued which includes \$26,195,000 of new bonds for the projects.
Outstanding:	\$23,888,410.60 outstanding as of August 31, 2011
Interest Rates:	4.00% to 5.00%
Maturity Dates:	2009 through 2028
Balance Changes:	\$0 issued; \$2,282,840.16 retired

#### **PLEDGED FUTURE REVENUES**

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

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for TTUHSC's revenue bonds.

	Business-Type Activities
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 169,789,736.92
Term of Commitment Year Ending 08/31	2029
Percentage of Revenues Pledged	Unable to Estimate
Current Year Pledged Revenue	\$ 62,958,463.64
Current Year Principal and Interest Paid	\$ 14,014,379.39
<b>Pledged Revenue Sources:</b>	
Tuition and Fees, TRB State Appropriations, Auxiliary Revenues, Other Sales and Services Revenues, Investment Income, Unrestricted Contracts/Grants Revenues	

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## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 6 (continued) Bonded Indebtness

#### DEFEASED BONDS OUTSTANDING

As of August 31, 2011, a total of \$10,010,000 of defeased bonds were outstanding related to an advance refunding of a portion of the Revenue Financing System Bonds, 7<sup>th</sup> Series, 2001.

#### NOTE 7 Derivatives

TTUHSC holds no derivative instruments, neither for hedging nor investment purposes.

#### NOTE 8 Leases

#### OPERATING LEASES

TTUHSC leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights and, therefore, the related assets and liabilities are not reported in this *Annual Financial Report*. Total rental expense under these agreements was \$4,160,267.33 for the year ended August 31, 2011. The table below provides the estimated minimum lease payments for operating leases for TTUHSC for the next five fiscal years.

For years ending August 31	Minimum Lease Payments
2012	\$ 4,222,671.34
2013	4,286,011.41
2014	4,350,301.58
2015	4,415,556.10
2016	4,481,789.45

TTUHSC has operating lease income of \$441,449.04 for the year ended August 31, 2011. The table below provides the estimated minimum lease income for TTUHSC for the next five fiscal years.

For years ending August 31	Minimum Lease Payments
2012	\$ 448,070.78
2013	454,791.84
2014	461,613.71
2015	468,537.92
2016	475,565.99

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 8 (Continued) Leases

##### OPERATING LEASES (continued)

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

##### CAPITAL LEASES

TTUHSC has entered into eight long-term capital leases for the purchase of durable medical and office equipment located in El Paso, Texas and Lubbock, Texas. The terms of each the leases require monthly payments over the next 12-48 months, and either contain a bargain purchase option at the end of the lease, or provide for minimum lease payments in excess of 90% of the fair market value of the underlying asset. The original cost of the assets under the capital lease agreements was \$562,132.42. As of August 31, 2011, the assets are recorded at a carrying value of \$486,010.00, which is net of accumulated depreciation in the amount of \$76,122.42. The asset and liability balances associated with these leases are included in the *Comparative Statement of Net Assets* as Depreciable Capital Assets and Capital Lease Obligation, respectively. Additionally, the related assets and accumulated depreciation are included in Furniture and Equipment in Note 2 of the *Annual Financial Report*.

The following is a schedule of the future minimum payments for the capital leases:

Year Ending August 31	Principal	Interest	Total
2012	137,485.28	18,151.85	155,637.13
2013	94,751.78	9,165.70	103,917.48
2014	31,382.38	3,352.86	34,735.24
2015	10,725.27	432.31	11,157.58
	<u>\$ 274,344.71</u>	<u>\$ 31,102.72</u>	<u>\$ 305,447.43</u>
Minimum Lease Payments			\$ 305,447.43
Less: The amount representing interest at TTUHSC's incremental borrowing rate of interest			<u>\$ (31,102.72)</u>
Present Value of Minimum Lease Payments			<u>\$ 274,344.71</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 9 Pension Plans

The State of Texas has joint contributory retirement plans for substantially all regular employees. One of the primary plans in which TTUHSC participates is administered by the Teacher Retirement System (TRS) of Texas. The TRS program was established by the Texas Legislature and can only be amended by legislative action. The TRS program is a cost sharing, multiple-employer, defined benefit pension plan. Current contributory percentages are 6.644% provided by the State, and 6.4% provided by each participant, of annual participant compensation.

The TRS program covers retirement, proportional retirement, disability annuities, and death and survivor benefits. A participant is vested after five years of creditable service and is entitled to any benefit for which eligibility requirements have been met. The normal service retirement age is 65 with five years of service or when the sum of the participant's age and years of service is at least 80 years. For unreduced benefits, persons beginning service on or after September 1, 2007, will be subject to a minimum age of 60 to qualify under the retirement rule of 80. The reduced service requirement age is 55 with five years of service or any age below 50 with 30 years of service. The standard life annuity benefit formula is 2.3 percent of the average of the five highest annual salaries multiplied by the years of service. At normal retirement age, the minimum standard monthly annuity is the greater of \$150 or the formula standard annuity. Total payments shall in no case be less than accumulated contributions at the time of retirement. Contributions made by the state on behalf of TTUHSC for the TRS program amounted to \$5,194,355.40 for the year ended August 31, 2011 and \$5,382,831.48 for the year ended August 31, 2010.

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

The State of Texas has also established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the TRS program. ORP is a defined contribution pension plan that provides for the purchase of annuity and custodial mutual fund contracts. Current contributory percentages for employees who participated before September 1, 1995 are 8.5% provided by the State, and 6.65% provided by each participant, of annual participant compensation. The state's contribution is comprised of 6.4% from the ORP appropriation and 2.1% from other sources. The 6.4% contribution is mandatory, with the other contributions being at the discretion of the governing board of TTUHSC, which has approved the additional contributions for TTUHSC employees. Current contributory percentages for employees who participated after August 31, 1995, are 6.4% provided by the State, and 6.65% provided by each participant, of annual participant compensation. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

Contributions of state appropriations on behalf of TTUHSC for ORP amounted to \$3,895,179.34 and \$3,630,407.62 for the years ended August 31, 2011 and 2010, respectively. ORP contributions made by plan members and the employer are detailed in the following table.

For the Year Ended:	08/31/11	08/31/10
Member Contributions	\$ 9,660,668.86	\$ 9,058,260.82
Employer Contributions	<u>10,067,482.73</u>	<u>9,486,893.50</u>
Total ORP Contributions	<u>\$ 19,728,151.59</u>	<u>\$ 18,545,154.32</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 10 Deferred Compensation

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

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

GASB statement 32, effective for financial statements for periods beginning after December 31, 1998, states that new plans will not be considered eligible plans "unless all assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of the participants and their beneficiaries." Existing plans are also required to comply with this requirement by January 1, 1999.

As of August 31, 2011, there were 235 TTUHSC participants in this deferred compensation plan.

#### NOTE 11 Post Employment Health Care and Life Insurance Benefits

In addition to providing pension benefits, the State provides certain health and life insurance benefits for retired employees, in accordance with state statutes. Substantially all of the employees may become eligible for the health and life insurance benefits if they reach normal retirement age while working for the State. Currently, there are 208 retirees who are eligible for these benefits. Similar benefits for active employees are provided through a self-funded plan and fully insured plans.

Depending upon the status of the employee at the time of retirement, the State or TTUHSC recognizes the cost of providing these benefits. The cost of retiree post-employment benefits is recognized when paid. This contribution paid all of the "employee/retiree only" premiums and a portion of the premiums for those employees/retirees selecting dependent coverage. The employee/retiree was required to pay a portion of the cost of dependent coverage. For the fiscal year ended August 31, 2011, the cost of providing those benefits for the retirees was \$2,504,114.66 for the State and \$1,185,662.54 for TTUHSC.

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



# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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### *Notes to the Financial Statements*

*August 31, 2011*

**NOTE 12**  
**Interfund Activity and Balances**

As of August 31, 2011, TTUHSC had outstanding interfund receivables/payables from other component units of the Texas Tech University System and other state agencies. TTUHSC had an outstanding interfund receivable from the University of Texas Investment Management Company (UTIMCO) as of August 31, 2011, representing undistributed earnings from the investment assets of the Permanent Health Fund for Higher Education. In addition, TTUHSC had a net interfund payable to Texas Tech University which represents payments for shared services. The interfund receivables/payables from other state agencies are for federal pass through agreements. Details about these interfund receivables/payables are shown in the following table.

Texas Tech University Health Sciences Center				
Due from/to Other State Agencies and Other Component Units				
Agency Name	Agency Nbr	D23 Fund	Due from	Due to
University of Texas System	720	0810	\$ 5,344,252.98	\$ -
Department of State Health Services	537	9999	599,506.62	-
University of Texas SW Medical Center - Dallas	729	9999	1,207.51	-
Texas Higher Education Coordinating Board	781	9999	969,559.46	-
West Texas A&M University	757	9999	-	12,020.93
Subtotal - Due from Other State Agencies			<u>\$ 6,914,526.57</u>	<u>\$ 12,020.93</u>
Texas Tech University	733	0001	-	107,035.82
Texas Tech University	733	9999	50,829.33	-
Subtotal - Due from Other Component Units			<u>\$ 50,829.33</u>	<u>\$ 107,035.82</u>
Total Due from/to Other State Agencies			<u>\$ 6,965,355.90</u>	<u>\$ 119,056.75</u>

Also, for the year ended August 31, 2011, TTUHSC had various transfers to and from other components of the Texas Tech University System and other state agencies. The majority of the net transfers in from TTU are for servicing of outstanding bonded indebtedness for which appropriations are shared. The majority of the net transfers out to TTUSA are to support system administrative functions. The transfer to the Texas Department of State Health is for the UPL program amount due to Covenant Medical Center. The transfers to the Texas Higher Education Coordinating Board are for 2% Medical Loan and B-On-Time set-asides.

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### *Notes to the Financial Statements* *August 31, 2011*

**NOTE 12 (continued)**  
**Interfund Balances / Activity**

Details about these transfers are shown in the following table.

Texas Tech University Health Sciences Center Transfers from/to Other State Agencies					
Agency Name	Agency Nbr	D23 Fund	Transfers In	Transfers Out	
Texas Department of State Health Services	529	0001	\$ -	\$ 3,754,582.00	
Texas Higher Education Coordinating Board	781	0542	-	87,861.28	
Texas Higher Education Coordinating Board	781	5103	-	120,686.98	
Total Transfers to Other State Agencies			<u>\$ -</u>	<u>\$ 3,963,130.26</u>	
Texas Tech University System Administration	768	0001	34,055.00	1,883,584.69	
Texas Tech University	733	9999	1,671,687.07	436,689.68	
Texas Tech Foundation, Inc.	768	9999	1,706,973.30	-	
Total Transfers from/to Other State Agencies			<u>\$ 3,412,715.37</u>	<u>\$ 2,320,274.37</u>	

For the year ended August 31, 2011, TTUHSC recorded a Legislative transfer out to TTUSA for system administration support. Details of that transfer are shown in the following table.

Texas Tech University Health Sciences Center Interfund Balances/Activity					
Agency Name	Agency Nbr	D23 Fund	Transfers In	Transfers Out	
Texas Tech University System Administration	768	0001	\$ -	\$ 1,667,837.00	
Total Legislative Transfers from/to Other State Agencies			<u>\$ -</u>	<u>\$ 1,667,837.00</u>	

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 12 (continued) Interfund Balances / Activity

For the year ended August 31, 2011, TTUHSC recorded an increase in net assets due to transfers in of capital assets from other State agencies. Interagency capital asset transfer activity is summarized in the following table.

Texas Tech University Health Sciences Center Interagency Capital Asset Transfers			
Agency Name	Agency Nbr	Increase Net Assets	Decrease Net Assets
Texas Tech University	733	\$ 289,089.99	\$ 456,684.31
Total Transfers from/to Other State Agencies		\$ 289,089.99	\$ 456,684.31

#### NOTE 13 Continuance Subject to Review

TTUHSC is not subject to the Texas Sunset Act.

#### NOTE 14 Adjustments to Fund Balances and Net Assets

TTUHSC had no material prior-period adjustments for the year ended August 31, 2011.

#### NOTE 15 Contingencies and Commitments

##### PENDING LITIGATION

At August 31, 2011, various lawsuits and claims involving TTUHSC were pending. While the ultimate liability with respect to litigation and other claims asserted against TTUHSC cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance, is not likely to have a material impact on TTUHSC.

##### REBATABLE ARBITRAGE

As of August 31, 2011, TTUHSC had no outstanding bond issues with an associated outstanding rebatable arbitrage liability.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 15 (continued) Contingencies and Commitments

##### CONSTRUCTION CONTRACT COMMITMENTS

Numerous large contracts have been entered into for the purposes of planning, constructing, and equipping building additions and other projects. Outstanding commitment amounts totaled \$6,078,425.93 as of August 31, 2011. These commitments will be funded by donor contributions, appropriations from the state, issuance of revenue bonds, and other borrowings. As of August 31, 2011, the amount of legislative appropriations for capital from the state available for these commitments totaled \$4,254,689.09.

##### DIRECT LENDING

TTUHSC participates in the federal Direct Loan Program, which provides loans from the federal government to qualifying students and their families for educational purposes. While TTUHSC helps students to obtain these loans, the institution is not a party to the loans and is not responsible for collection of monies owed or for defaults by borrowers. The amount of direct loans issued during the year ended August 31, 2011 was \$55,401,282.

#### NOTE 16 Subsequent Events

TTUHSC had no material subsequent events after August 31, 2011.

#### NOTE 17 Risk Management

TTUHSC has self-insured arrangements for coverage in the areas of unemployment compensation and medical malpractice. The medical malpractice plan had an actuarially determined accrued incurred but not reported (IBNR) liability at August 31, 2011, of \$17,707,946.23. Texas Tech Physician Associates, a blended component unit, had no accrued IBNR at August 31, 2011. A reconciliation of IBNR is provided in the table in Note 5.

The TTUHSC medical malpractice self insurance plan, an occurrence based plan, was established in 1985. Claim limits associated with the plan are \$400,000 per occurrence and \$1,200,000 aggregate per annum for services provided by faculty physicians (unless lower limits are set by law, in which case the lower limits set by law apply), \$100,000 per occurrence and \$300,000 aggregate per annum for services provided by resident physicians, and \$25,000 per occurrence and \$75,000 aggregate per annum for services provided by students.

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

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 17 (continued)

##### Risk Management

The State of Texas provides coverage for workers compensation and unemployment benefits from appropriations made to other state agencies for TTUHSC employees. The *General Appropriations Act* of the 81<sup>th</sup> Texas Legislature provides that TTUHSC must reimburse the General Revenue Fund, from TTUHSC appropriations, one-half of the unemployment benefits expected to be paid for former and current employees. The Texas Comptroller of Public Accounts determines the proportionate amount to be reimbursed from each appropriated fund type. TTUHSC must also reimburse the General Revenue Fund for all of the cost for unemployment compensation for any employees paid from funds held in local bank accounts or from local balances of legislative appropriations held in the State Treasury. Total payments for Unemployment Compensation for fiscal year 2011 amounted to \$391,852.55. No material outstanding claims were pending as of August 31, 2011.

For workers compensation, TTUHSC remits an assessed amount from both appropriated and unappropriated fund types to the State Office of Risk Management (SORM). Total payments to SORM for fiscal year 2011 amounted to \$773,314.74. SORM assumes the responsibility for paying all workers compensation claims for current and former employees of TTUHSC.

#### NOTE 18

##### Management Discussion and Analysis

#### INTRODUCTION

This discussion and analysis provides an overview of the financial position and activities of TTUHSC for the year ended August 31, 2011. This discussion and analysis has been prepared by management and should be reviewed in conjunction with the financial statements and accompanying notes.

#### USING THE FINANCIAL STATEMENTS

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

#### FINANCIAL HIGHLIGHTS

TTUHSC continues to experience growth in enrollment totaling 10.35% between the fall 2010 term and the fall 2011 term. The most notable portions of this one-year growth were in the Graduate School of Nursing (up 11.5%) and the School of Pharmacy and School of Allied Health (both up 7%). In addition, the Paul L. Foster School of Medicine enrolled a third entering class of 177 students, an increase over the prior year of 80 students, and the Gayle Greve Hunt School of Nursing enrolled its first entering class of 38 students. Annual enrollment increases over the last ten years have averaged 8.7%.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 18 (continued) Management Discussion and Analysis

#### CONDENSED FINANCIAL INFORMATION

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

#### Summary Schedule of Net Assets

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

The following table shows the balances in asset, liability, and net asset categories as of August 31, 2011, 2010, and 2009 (amounts in thousands).

	2011	2010	2009
Assets			
Current Assets	\$ 276,730	\$ 271,742	\$ 303,118
Non-Current Investments	309,887	266,706	221,594
Other Non-Current Assets	4,977	5,388	7,132
Capital Assets, Net of Accumulated Depreciation	<u>356,999</u>	<u>356,416</u>	<u>337,121</u>
Total Assets	<u>\$ 948,593</u>	<u>\$ 900,252</u>	<u>\$ 868,965</u>
Liabilities			
Current Liabilities	\$ 84,090	\$ 81,142	\$ 78,219
Non-Current Liabilities	<u>156,893</u>	<u>164,099</u>	<u>168,708</u>
Total Liabilities	<u>\$ 240,983</u>	<u>\$ 245,241</u>	<u>\$ 246,927</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 229,691	\$ 221,090	\$ 194,344
Restricted	161,723	154,420	144,046
Unrestricted	<u>316,196</u>	<u>279,501</u>	<u>283,648</u>
Total Net Assets	<u>\$ 707,610</u>	<u>\$ 655,011</u>	<u>\$ 622,038</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* *August 31, 2011*

#### NOTE 18 (continued) Management Discussion and Analysis

##### *Current Assets and Current Liabilities*

Current assets consist primarily of cash and cash equivalents, short-term investments, balances in legislative appropriations and various student, patient, and contract receivables. Current liabilities consist primarily of trade accounts payable, payroll payable, deferred revenues and the current portions of compensable leave payable and claims payable. The institution's current ratio (current assets to current liabilities) of 3.29 reflects strong liquidity and a notable short-term ability to meet upcoming obligations.

##### *Non-Current Investments*

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

##### *Net Assets*

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

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

The following table summarizes the composition of net assets at August 31, 2011, 2010, and 2009 (in thousands).

	2011	2010	2009
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ 229,691	\$ 221,090	\$ 194,344
Restricted			
Capital Projects	7,888	9,944	19,313
Funds Held as Permanent Investments	99,172	95,738	91,288
Other	54,663	48,738	33,445
Unrestricted	316,196	279,501	283,648
Total Net Assets	<u>\$ 707,610</u>	<u>\$ 655,011</u>	<u>\$ 622,038</u>

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

The following table summarizes the revenues, expenses, and changes in net assets for the years ended August 31, 2011, 2010, and 2009 (in thousands).

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

### Notes to the Financial Statements

August 31, 2011

#### NOTE 18 (continued) Management Discussion and Analysis

	2011	2010	2009
Operating Revenues			
Net Student Tuition and Fees	\$ 32,814	\$ 30,363	\$ 22,369
Net Professional Fees	238,310	224,167	218,866
Grant and Contract Revenues	171,237	165,191	155,430
Net Sales and Services of Auxiliary Enterprises	648	607	556
Other	9,395	8,385	6,014
Total Operating Revenues	<u>452,404</u>	<u>428,713</u>	<u>403,235</u>
Operating Expenses			
Instruction	(218,789)	(221,494)	(217,145)
Research	(46,653)	(41,855)	(28,456)
Public Service	(123,368)	(121,505)	(121,795)
Patient Care	(54,886)	(50,558)	-
Academic Support	(101,513)	(100,803)	(125,338)
Student Services	(10,506)	(10,465)	(9,127)
Institutional Support	(26,200)	(24,492)	(22,135)
Operation and Maintenance of Plant	(27,555)	(30,767)	(30,589)
Scholarships & Fellowships	(2,703)	(2,078)	-
Auxiliary Enterprises	(390)	(325)	(271)
Depreciation	(26,602)	(22,241)	(19,748)
Total Operating Expenses	<u>(639,165)</u>	<u>(626,583)</u>	<u>(574,604)</u>
Total Operating Loss	\$ <u>(186,761)</u>	\$ <u>(197,870)</u>	\$ <u>(171,369)</u>
Non-Operating Revenues and Expenses			
Legislative Appropriations Revenue	193,177	184,355	164,502
Grant and Contract Revenue	3,574	9,303	-
Net Gift Income	1,351	373	3,788
Net Investment Income	19,557	20,515	(13,083)
Interest Expense on Capital Asset Financing	(6,092)	(5,928)	(5,715)
Other	15,066	6,561	(82)
Total Non-Operating Revenues and Expenses	<u>226,633</u>	<u>215,179</u>	<u>149,410</u>
Income Before Other Revenues, Expenses, Gains, Losses and Transfers	\$ 39,872	\$ 17,309	\$ (21,959)
Other Revenues, Expenses, Gains, Losses and Transfers			
Capital Contributions and Recoveries	460	4,714	2,114
Legislative Appropriations Revenue for Capital	16,974	14,855	14,855
Net Transfers to Other State Agencies	(4,707)	(3,905)	566
Total Other Revenues, Expenses, Gains, Losses, and Transfers	<u>12,727</u>	<u>15,664</u>	<u>17,535</u>
Change in Net Assets	\$ 52,599	\$ 32,973	\$ (4,424)
Beginning Net Assets	\$ <u>655,011</u>	\$ <u>622,038</u>	\$ <u>626,462</u>
Ending Net Assets	\$ <u>707,610</u>	\$ <u>655,011</u>	\$ <u>622,038</u>



# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 18 (continued) Management Discussion and Analysis

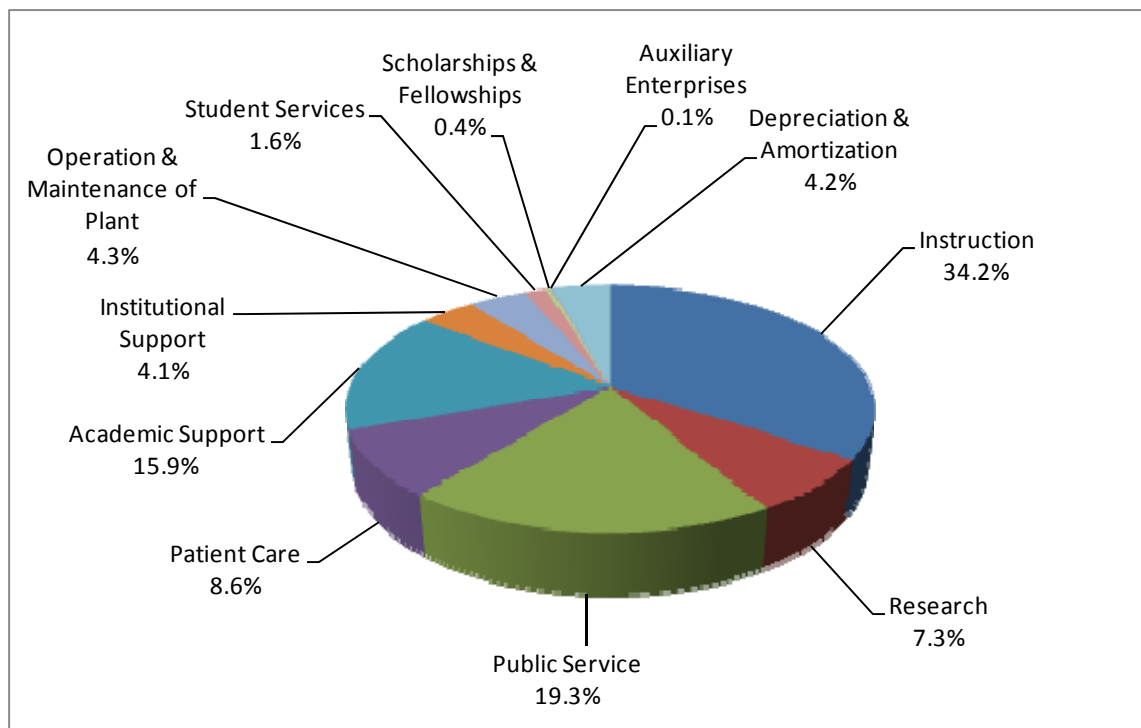
##### *Operating Revenues*

Student tuition and fees, a primary source of funding for academic programs, are reflected net of associated discounts and allowances. Student tuition and fee revenue increased for 2011. This increase primarily resulted from overall increases in enrollment and slight increases in tuition rates.

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

##### *Operating Expenses*

The following illustration presents the composition of operating expenses by programmatic function for the year ended August 31, 2011.



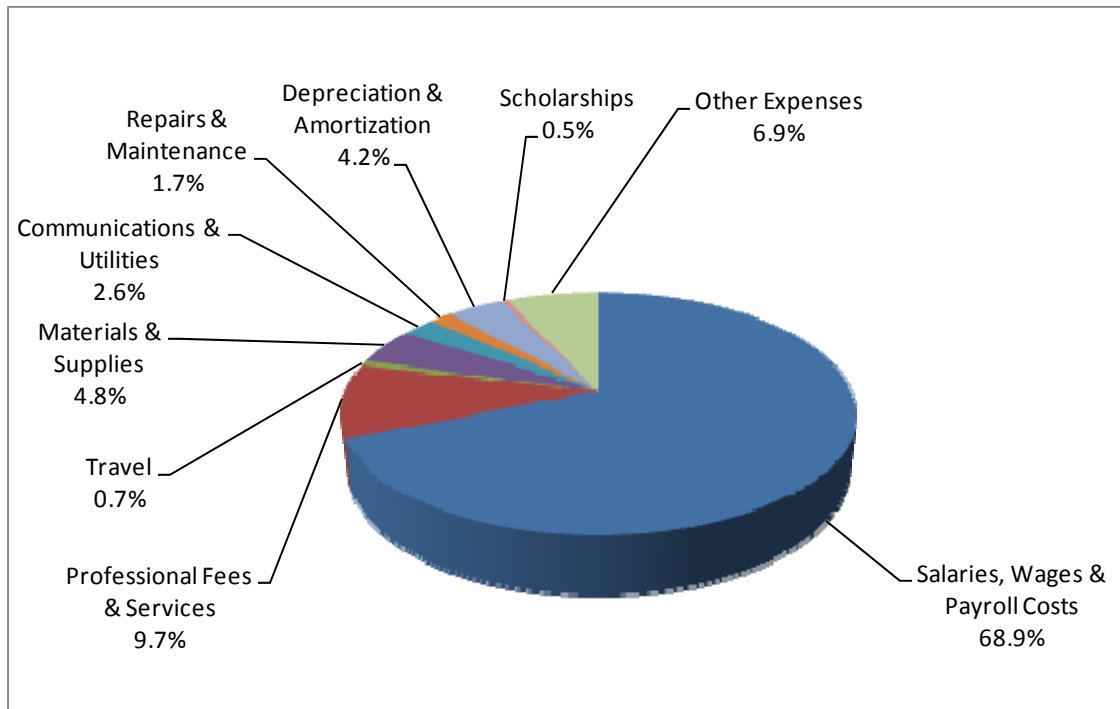
# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* *August 31, 2011*

#### NOTE 18 (continued) Management Discussion and Analysis

The illustration below presents the composition of operating expenses by natural classification for the year ended August 31, 2011.



#### ***Non-Operating Revenues and Expenses***

Numerous recurring revenues are considered non-operating, as required by generally accepted accounting principles. The largest element of recurring non-operating revenue is legislative appropriations from the state, which increased for the year ended August 31, 2011. Realized gains and losses from the sale of investments, along with unrealized changes in the fair market value of investments, are factored into the reported amount for net investment income. Overall net investment income decreased slightly for 2011.

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

#### ***Other Revenues, Expenses, Gains, and Losses***

The legislative appropriations for capital represent distributions from the Higher Education Assistance Fund (HEAF).

#### ***Change in Net Assets***

Net assets increased for the year ended August 31, 2011, primarily due to increased state appropriations.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 18 (continued) Management Discussion and Analysis

##### CAPITAL ASSETS AND RELATED DEBT

Significant additional resources continue to be invested in capital assets at TTUHSC. Capital asset additions for the year ended August 31, 2011 amounted to \$28.2 million. Capital asset additions were funded by a variety of sources, including private donations and proceeds from debt issuances authorized and funded by the Texas Legislature.

As of August 31, 2011, total capital assets and related accumulated depreciation amounted to \$619.3 million and \$262.4 million, respectively. Related debt balances included \$126.8 million of bonds and notes payable, current and non-current.

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

##### ECONOMIC OUTLOOK

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

General appropriations received during the year ended August 31, 2011, were \$193.2 million. General appropriations to TTUHSC, as approved by the 81st Texas Legislature, are expected to be \$184.2 million for the year ending August 31, 2012.

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

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

#### NOTE 19 The Financial Reporting Entity

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

#### NOTE 20 Stewardship, Compliance, and Accountability

TTUHSC has no material stewardship, compliance or accountability issues.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

#### NOTE 21 Not Applicable

Per the Reporting Requirements for *Annual Financial Report* of State Agencies and Universities, Note 21 is not applicable for the year ended August 31, 2011.

#### NOTE 22 Donor Restricted Endowments

TTUHSC endowments are categorized as either true endowments or funds functioning as endowments. As of August 31, 2011, TTUHSC had no term endowments. Expenditure of true endowment funds is not permitted without the express consent of the donor. Most TTUHSC endowments are held in perpetuity. In many cases, a portion of the endowment earnings are expendable for student financial assistance or other purposes as designated by the donor or associated agreement. In other cases, endowment earnings are fully reinvested.

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

The cumulative effect of valuation changes assignable to endowment fund assets are summarized in the table below.

For the Fiscal Year Ended 08/31/11		
Endowment Category	Net Appreciation	Statement of Net Assets Reporting Section
True Endowments	<u>\$3,853,497.72</u>	Restricted / Nonexpendable

#### NOTE 23 Extraordinary and Special Items

TTUHSC had no special or extraordinary items during the year ended August 31, 2011.

#### NOTE 24 Disaggregation of Receivable and Payable Balances

##### RECEIVABLES

Components of receivables as of August 31, 2011, including current and non-current receivables, are summarized in the following table.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report UNAUDITED

### *Notes to the Financial Statements* August 31, 2011

**NOTE 24 (continued)**  
**Disaggregation of Receivable and Payable Balances**

Description	As of 08/31/11		
	Gross Receivables	Allowances	Net Receivables
Federal Receivable	\$ 1,844,175.17	\$ -	\$ 1,844,175.17
Interest and Dividends Receivable	218,187.35	-	218,187.35
Patient Accounts Receivable	43,076,351.86	(26,123,308.78)	16,953,043.08
Student Accounts Receivable	260,883.97	(109,804.84)	151,079.13
Contract Accounts Receivable	13,583,937.96	(18,795.61)	13,565,142.35
Pledged Gifts Receivable	3,262,742.87	(97,882.29)	3,164,860.58
Loans and Notes Receivable	3,617,493.06	(609,004.26)	3,008,488.80
Other	923,072.61	(131,315.06)	791,757.55
<b>Total Receivables</b>	<b>\$ 66,786,844.85</b>	<b>\$ (27,090,110.84)</b>	<b>\$ 39,696,734.01</b>

**Contractual Arrangements and Concentrations of Credit Risk**

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

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

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

Concentrations of gross patient accounts receivable as of August 31, 2011 and 2010 are as follows:

Description	Gross Receivables	
	08/31/11	08/31/10
Medicare	\$ 5,315,930.03	\$ 5,729,500.61
Medicaid	8,728,119.78	8,485,404.92
Managed Care, including Blue Cross	7,859,945.37	7,525,610.63
Commerical	3,962,689.07	3,831,998.28
Self Pay and Medically Indigent	17,149,460.11	17,244,602.34
Other	60,207.50	373,489.25
<b>Total Gross Patient Accounts Receivable</b>	<b>\$ 43,076,351.86</b>	<b>\$ 43,190,606.03</b>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

**NOTE 24 (continued)**  
**Disaggregation of Receivable and Payable Balances**

**PAYABLES**

Short-term payables as of August 31, 2011 and 2010 were comprised of the elements noted in the following table.

Description	Accounts Payable	
	08/31/11	08/31/10
Vendor Accounts Payable	\$ 19,748,649.84	\$ 18,815,842.37
Patient Refunds Payable	2,647,691.58	2,393,875.94
Payroll Payable	32,284,727.70	29,553,701.00
Accrued Interest Payable	271,482.88	304,869.11
<b>Total Short Term Payables</b>	<b><u>\$ 54,952,552.00</u></b>	<b><u>\$ 51,068,288.42</u></b>

**NOTE 25**  
**Termination Benefits**

TTUHSC had no reportable termination benefits during the year ended August 31, 2011.

**NOTE 26**  
**Segment Information**

TTUHSC had no reportable segments during the year ended August 31, 2011.

**NOTE 27**  
**Medical Patient Revenues**

Patient charges for the medical practice plan are reported net of contractual adjustments and bad debt. Components of gross medical patient charges for the year ended August 31, 2011 are summarized below.

Description	For the Year Ended	
	08/31/11	08/31/10
Gross Medical Patient Charges	\$ 349,011,380.01	\$ 336,351,850.69
less Contractual Adjustments	(182,563,462.78)	(183,887,305.70)
less Bad Debt	(36,654,015.83)	(30,049,205.14)
<b>Net Medical Patient Charges</b>	<b><u>\$ 129,793,901.40</u></b>	<b><u>\$ 122,415,339.85</u></b>

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Notes to the Financial Statements*

*August 31, 2011*

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<p><b>NOTE 27 (continued)</b> <b>Medical Patient Revenues</b></p>
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Certain charges processed through the medical patient accounting system (IDX) are not classified in this *Annual Financial Report* as professional fees and instead are reported as revenues from local and private grants and contracts. Also, some professional fees reported in this *Annual Financial Report* are not processed through the medical patient accounting system and include fees collected in the practice plans for allied health sciences, nursing, and pharmacy.

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

Patient charges earned under third party contractual arrangements are primarily from fixed rate agreements which, for Medicare and Medicaid, are updated annually by the federal government and state government, respectively. Gross patient services charges under the Medicare and Medicaid programs for the year ended August 31, 2011 were \$164,846,943.02. Compliance with these programs is complex and can be subject to future government interpretation as well as potential regulatory action.

For the Medicaid program in Texas, and other government programs, contractual adjustments are reported as uncompensated care as defined in Article III of the *General Appropriations Act* of the 81<sup>st</sup> Texas Legislature.

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**TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER**

Annual Financial Report

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**SUPPORTING SCHEDULES**

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Pass-Through From				Direct Program	Total Pass- Through From and Direct Program
		Identifying Number	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>U.S. Department of Agriculture</b>							
Special Supplemental Nutrition Program for Women, Infants and Children	10.557			-	-	-	-
Department of State Health Services			537	2,504,081.40	-	-	2,504,081.40
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>2,504,081.40</b>	<b>-</b>	<b>-</b>	<b>2,504,081.40</b>
 <b>National Science Foundation</b>							
Social, Behavioral and Economic Sciences	47.075			-	-	-	-
Texas Tech University			733	3,117.78	-	-	3,117.78
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>				<b>3,117.78</b>	<b>-</b>	<b>-</b>	<b>3,117.78</b>
 <b>U.S. Department of Health and Human Services</b>							
U.S. Department of Health and Human Services	93.000			-	-	-	-
University of Texas Health Science Center at San Antonio		08ET040065F3	745	8,959.68	-	-	8,959.68
Public Health Emergency Preparedness	93.069			-	-	-	-
Department of State Health Services			537	102,364.99	-	-	102,364.99
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107			-	-	469,673.17	469,673.17
Area Health Education Center of the Plains		U77HP16497		-	-	-	-
Midland College		U77HP16497		-	-	-	-
Presbyterian Medical Care Misson		U77HP16497		-	-	-	-
West Central Texas Council of Governments		U77HP16497		-	-	-	-
West Texas A&M University			757	-	-	-	-
Centers of Excellence	93.157			-	-	832,500.42	832,500.42
University of Texas Health Science Center at Houston			744	-	-	-	-
Family Planning Services	93.217			-	-	-	-
Department of State Health Services			537	8,798.00	-	-	8,798.00
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224			-	-	332,612.34	332,612.34
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243			-	-	-	-
Lubbock Regional Mental Health Mental Retardation		1H79SM059678		-	92,853.50	-	92,853.50
Advanced Education Nursing Grant Program	93.247			-	-	191,846.86	191,846.86
Sigma Plus Research and Evaluation Inc		5D09HP09073		-	-	-	-
Poison Center Support and Enhancement Grant Program	93.253			-	-	193,248.70	193,248.70
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283			-	-	-	-
American Academy of Pediatrics		08EM080996FN		-	9.65	-	9.65
Department of State Health Services			537	6,859.13	-	-	6,859.13
Advanced Education Nursing Traineeships	93.358			-	-	74,405.09	74,405.09
Nurse Education, Practice and Retention Grants	93.359			-	-	-	-
Sears Methodist Retirement System Inc.		1T51HP20702		-	27,790.13	-	27,790.13
ARRA - Scholarships for Disadvantaged Students	93.407			-	-	302,634.00	302,634.00

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	Pass-Through To				Expenditures	Total Pass-Through To and Expenditures
	CFDA Nbr	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>U.S. Department of Agriculture</b>						
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		-	-	-	-
Department of State Health Services		537	-	-	2,504,081.40	2,504,081.40
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	-	<b>2,504,081.40</b>	<b>2,504,081.40</b>
 <b>National Science Foundation</b>						
Social, Behavioral and Economic Sciences	47.075		-	-	-	-
Texas Tech University		733	-	-	3,117.78	3,117.78
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			-	-	<b>3,117.78</b>	<b>3,117.78</b>
 <b>U.S. Department of Health and Human Services</b>						
U.S. Department of Health and Human Services	93.000		-	-	-	-
University of Texas Health Science Center at San Antonio		745	-	-	8,959.68	8,959.68
Public Health Emergency Preparedness	93.069		-	-	-	-
Department of State Health Services		537	-	-	102,364.99	102,364.99
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107		-	-	(14,493.62)	(14,493.62)
Area Health Education Center of the Plains			-	195,662.95	-	195,662.95
Midland College			-	82,282.75	-	82,282.75
Presbyterian Medical Care Misson			-	37,195.13	-	37,195.13
West Central Texas Council of Governments			-	62,479.01	-	62,479.01
West Texas A&M University		757	106,546.95	-	-	106,546.95
Centers of Excellence	93.157		-	-	820,306.24	820,306.24
University of Texas Health Science Center at Houston		744	12,194.18	-	-	12,194.18
Family Planning Services	93.217		-	-	-	-
Department of State Health Services		537	-	-	8,798.00	8,798.00
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		-	-	332,612.34	332,612.34
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		-	-	-	-
Lubbock Regional Mental Health Mental Retardation			-	-	92,853.50	92,853.50
Advanced Education Nursing Grant Program	93.247		-	-	190,666.86	190,666.86
Sigma Plus Research and Evaluation Inc			-	1,180.00	-	1,180.00
Poison Center Support and Enhancement Grant Program	93.253		-	-	193,248.70	193,248.70
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		-	-	-	-
American Academy of Pediatrics			-	-	9.65	9.65
Department of State Health Services		537	-	-	6,859.13	6,859.13
Advanced Education Nursing Traineeships	93.358		-	-	74,405.09	74,405.09
Nurse Education, Practice and Retention Grants	93.359		-	-	-	-
Sears Methodist Retirement System Inc.			-	-	27,790.13	27,790.13
ARRA - Scholarships for Disadvantaged Students	93.407		-	-	302,634.00	302,634.00

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Pass-Through From				Direct Program	Total Pass- Through From and Direct Program
		Identifying Number	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>U.S. Department of Health and Human Services - Continued</b>							
ARRA - Nurse Faculty Loan Program (Note 3)	93.408			-	-	122,500.00	122,500.00
Affordable Care Act (ACA) Primary Care Residency Expansion Program	93.510			-	-	12,660.71	12,660.71
ARRA - Grants to Health Center Programs	93.703			-	-	518,338.38	518,338.38
ARRA - Health Information Technology Regional Extension Centers Program	93.718			-	-	897,654.93	897,654.93
Grants for Training in Primary Care Medicine and Dentistry	93.884			-	-	467,938.45	467,938.45
Health Care and Other Facilities	93.887			-	-	482,248.57	482,248.57
HIV Care Formula Grants	93.917			-	-	-	-
Lubbock Regional Mental Health Mental Retardation		2010-034677 / 2011-037877		-	168,699.96	-	168,699.96
HIV Prevention Activities Health Department Based	93.940			-	-	-	-
Department of State Health Services			537	245,420.59	-	-	245,420.59
Geriatric Education Centers	93.969			-	-	170,597.24	170,597.24
Harrington Regional Medical Center		08AM080998FNH		-	28,735.40	-	28,735.40
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SVCS</b>				<b>372,402.39</b>	<b>318,088.64</b>	<b>5,068,858.86</b>	<b>5,759,349.89</b>
<b>Corporation for National and Community Service</b>							
Retired and Senior Volunteer Program	94.002			-	-	67,523.64	67,523.64
<b>TOTAL CORPORATION FOR NAT'L &amp; COMMUNITY SVC</b>				-	-	<b>67,523.64</b>	<b>67,523.64</b>
<b>RESEARCH AND DEVELOPMENT (R&amp;D) CLUSTER</b>							
<b>U.S. Department of Agriculture</b>							
Grants for Agricultural Research Competitive Research Grants	10.206			-	-	20,438.08	20,438.08
Texas Tech University			733	-	-	-	-
<b>SUBTOTAL- U.S. DEPARTMENT OF AGRICULTURE</b>				-	-	<b>20,438.08</b>	<b>20,438.08</b>
<b>U.S. Department of Defense</b>							
Military Medical Research and Development	12.420			-	-	280,349.82	280,349.82
CureSearch - National Childhood Cancer Foundation		W81XWH-07-1-0580		-	37,892.00	-	37,892.00
CureSearch - National Childhood Cancer Foundation		W81XWH-10-1-1019		-	219,565.15	-	219,565.15
Informed Inc.		W81XWH-10-1-0606		-	19,502.95	-	19,502.95
Northeast Ohio Medical University		W81XWH-10-1-0638		-	-	-	-
Texas Tech University			733	147,489.89	-	-	147,489.89
T.R.U.E Research Foundation		W81XWH-06-2-0033		-	385,556.45	-	385,556.45
<b>SUBTOTAL-U.S. DEPARTMENT OF DEFENSE</b>				<b>147,489.89</b>	<b>662,516.55</b>	<b>280,349.82</b>	<b>1,090,356.26</b>

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	Pass-Through To				Expenditures	Total Pass-Through To and Expenditures
	CFDA Nbr	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>U.S. Department of Health and Human Services - Continued</b>						
ARRA - Nurse Faculty Loan Program (Note 3)	93.408		-	-	122,500.00	122,500.00
Affordable Care Act (ACA) Primary Care Residency Expansion Program	93.510		-	-	12,660.71	12,660.71
ARRA - Grants to Health Center Programs	93.703		-	-	518,338.38	518,338.38
ARRA - Health Information Technology Regional Extension Centers Program	93.718		-	-	897,654.93	897,654.93
Grants for Training in Primary Care Medicine and Dentistry	93.884		-	-	467,938.45	467,938.45
Health Care and Other Facilities	93.887		-	-	482,248.57	482,248.57
HIV Care Formula Grants	93.917		-	-	-	-
Lubbock Regional Mental Health Mental Retardation			-	-	168,699.96	168,699.96
HIV Prevention Activities Health Department Based	93.940		-	-	-	-
Department of State Health Services		537	-	-	245,420.59	245,420.59
Geriatric Education Centers	93.969		-	-	170,597.24	170,597.24
Harrington Regional Medical Center			-	-	28,735.40	28,735.40
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SVCS</b>			<b>118,741.13</b>	<b>378,799.84</b>	<b>5,261,808.92</b>	<b>5,759,349.89</b>
<b>Corporation for National and Community Service</b>						
Retired and Senior Volunteer Program	94.002		-	-	67,523.64	67,523.64
<b>TOTAL CORPORATION FOR NAT'L &amp; COMMUNITY SVC</b>			<b>-</b>	<b>-</b>	<b>67,523.64</b>	<b>67,523.64</b>
<b>RESEARCH AND DEVELOPMENT (R&amp;D) CLUSTER</b>						
<b>U.S. Department of Agriculture</b>						
Grants for Agricultural Research Competitive Research Grants	10.206		-	-	9,885.01	9,885.01
Texas Tech University		733	10,553.07	-	-	10,553.07
<b>SUBTOTAL- U.S. DEPARTMENT OF AGRICULTURE</b>			<b>10,553.07</b>	<b>-</b>	<b>9,885.01</b>	<b>20,438.08</b>
<b>U.S. Department of Defense</b>						
Military Medical Research and Development	12.420		-	-	263,993.76	263,993.76
CureSearch - National Childhood Cancer Foundation			-	-	37,892.00	37,892.00
CureSearch - National Childhood Cancer Foundation			-	-	219,565.15	219,565.15
Informed Inc.			-	-	19,502.95	19,502.95
Northeast Ohio Medical University			-	16,356.06	-	16,356.06
Texas Tech University		733	-	-	147,489.89	147,489.89
T.R.U.E Research Foundation			-	-	385,556.45	385,556.45
<b>SUBTOTAL-U.S. DEPARTMENT OF DEFENSE</b>			<b>-</b>	<b>16,356.06</b>	<b>1,074,000.20</b>	<b>1,090,356.26</b>

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Pass-Through From				Direct Program	Total Pass- Through From and Direct Program
		Identifying Number	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>National Science Foundation</b>							
Engineering Grants	47.041			-	-	-	-
Texas Tech University			733	41,737.99	-	-	41,737.99
SUBTOTAL-NATIONAL SCIENCE FOUNDATION				41,737.99	-	-	41,737.99
<b>Environmental Protection Agency</b>							
Science to Achieve Results Research Program	66.509			-	-	105,326.33	105,326.33
SUBTOTAL-ENVIRONMENTAL PROTECTION AGENCY				-	-	105,326.33	105,326.33
<b>U.S. Department of Education</b>							
Fund for the Improvement of Postsecondary Education	84.116			-	-	-	-
University of Texas El Paso			724	30,103.46	-	-	30,103.46
National Institute on Disability and Rehabilitation Research	84.133			-	-	-	-
Northeastern University		H133G100187		-	38,782.87	-	38,782.87
SUBTOTAL-U.S. DEPARTMENT OF EDUCATION				30,103.46	38,782.87	-	68,886.33
<b>U.S. Department of Health and Human Services</b>							
Environmental Health	93.113			-	-	227,138.49	227,138.49
Oral Diseases and Disorders Research	93.121			-	-	-	-
Selenium Technologies, Ltd		2R42DE018260		-	226,548.63	-	226,548.63
Research Related to Deafness and Communication Disorders	93.173			-	-	-	-
Selenium Technologies, Ltd		1R410C010963		-	20,177.19	-	20,177.19
Patient Navigator and Chronic Disease Prevention Program	93.191			-	-	314,447.14	314,447.14
Research & Training in Complementary & Alternative Medicine	93.213			-	-	49,038.25	49,038.25
University of Georgia Research Foundation		5R21AT003735		-	-	-	-
Mental Health Research Grants	93.242			-	-	1,180,995.42	1,180,995.42
Grupos de Estudios Medicos y Familiares Carracci		R01MH069856		-	-	-	-
Infosame		R01MH069856		-	-	-	-
John Hopkins University		R01MH070306		-	16,520.49	-	16,520.49
John Hopkins University		R01MH087233		-	11,747.47	-	11,747.47
LA BioMed Research Institute at Harbor		R01MH069856		-	-	-	-
Texas Biomedical Research Institute		R01MH069856		-	-	-	-
University of Costa Rica		R01MH069856		-	-	-	-
University of Costa Rica		R01MH061884		-	-	-	-
University of Southern California		R01MH061884		-	-	-	-
University of Texas Health Science Center at San Antonio			745	-	-	-	-
Alcohol Research Programs	93.273			-	-	661,574.55	661,574.55
Public Health Institute		1R01AA018119		-	342,709.36	-	342,709.36
University of Texas San Antonio			743	9,505.41	-	-	9,505.41

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	Pass-Through To				Expenditures	Total Pass-Through To and Expenditures
	CFDA Nbr	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>National Science Foundation</b>						
Engineering Grants	47.041		-	-	-	-
Texas Tech University		733	-	-	41,737.99	41,737.99
SUBTOTAL-NATIONAL SCIENCE FOUNDATION			-	-	41,737.99	41,737.99
<b>Environmental Protection Agency</b>						
Science to Achieve Results Research Program	66.509		-	-	105,326.33	105,326.33
SUBTOTAL-ENVIRONMENTAL PROTECTION AGENCY			-	-	105,326.33	105,326.33
<b>U.S. Department of Education</b>						
Fund for the Improvement of Postsecondary Education	84.116		-	-	-	-
University of Texas El Paso		724	-	-	30,103.46	30,103.46
National Institute on Disability and Rehabilitation Research	84.133		-	-	-	-
Northeastern University			-	-	38,782.87	38,782.87
SUBTOTAL-U.S. DEPARTMENT OF EDUCATION			-	-	68,886.33	68,886.33
<b>U.S. Department of Health and Human Services</b>						
Environmental Health	93.113		-	-	227,138.49	227,138.49
Oral Diseases and Disorder Research	93.121		-	-	-	-
Selenium Technologies, Ltd			-	-	226,548.63	226,548.63
Research Related to Deafness and Communication Disorders	93.173		-	-	-	-
Selenium Technologies, Ltd			-	-	20,177.19	20,177.19
Patient Navigator and Chronic Disease Prevention Program	93.191		-	-	314,447.14	314,447.14
Research & Training in Complementary & Alternative Medicine	93.213		-	-	16,896.73	16,896.73
University of Georgia Research Foundation			-	32,141.52	-	32,141.52
Mental Health Research Grants	93.242		-	-	750,597.95	750,597.95
Grupos de Estudios Medicos y Familiares Carracci			-	25,800.00	-	25,800.00
Infosame			-	61,325.00	-	61,325.00
John Hopkins University			-	-	16,520.49	16,520.49
John Hopkins University			-	-	11,747.47	11,747.47
LA BioMed Research Institute at Harbor			-	17,954.00	-	17,954.00
Texas Biomedical Research Institute			-	1,273.56	-	1,273.56
University of Costa Rica			-	73,536.00	-	73,536.00
University of Costa Rica			-	185,664.33	-	185,664.33
University of Southern California			-	21,251.40	-	21,251.40
University of Texas Health Science Center at San Antonio		745	43,593.18	-	-	43,593.18
Alcohol Research Programs	93.273		-	-	661,574.55	661,574.55
Public Health Institute			-	-	342,709.36	342,709.36
University of Texas San Antonio		743	-	-	9,505.41	9,505.41

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

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Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Pass-Through From				Direct Program	Total Pass- Through From and Direct Program
		Identifying Number	Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>U.S. Department of Health and Human Services - Continued</b>							
Mental Health Research Career/Scientist Development Awards	93.281			-	-	-	-
John Hopkins University		5R01MH085554		-	22,883.45	-	22,883.45
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283			-	-	143,853.69	143,853.69
Trans-NIH Research Support	93.310			-	-	242,528.84	242,528.84
National Center for Research Resources	93.389			-	-	-	-
John Hopkins University		5P40RR019995		-	6,066.40	-	6,066.40
Oklahoma University Health Sciences Center		5P40RR012317		-	89,158.66	-	89,158.66
University of Texas Southwestern Medical Center at Dallas			729	86,485.82	-	-	86,485.82
Academic Research Enhancement Award	93.390			-	-	37,402.97	37,402.97
Cancer Cause and Prevention Research	93.393			-	-	696,380.28	696,380.28
Northwestern University		1R01CA129038		-	-	-	-
University of Utah		1R01CA129038		-	-	-	-
Cancer Treatment Research	93.395			-	-	171,653.09	171,653.09
CureSearch - National Childhood Cancer Foundation		U10CA98543		-	50,717.68	-	50,717.68
Emory University		5R01CA116804		-	61,016.87	-	61,016.87
MandalMed, Inc.		1R43CA135862		-	6,492.51	-	6,492.51
Receptor Logic		1R41CA132258		-	(8,909.72)	-	(8,909.72)
The Research Institute at Nationwide Children's Hospital		HHSN261201000001C		-	126,242.68	-	126,242.68
Cancer Biology Research	93.396			-	-	450,347.46	450,347.46
Cancer Research Manpower	93.398			-	-	104,916.13	104,916.13
Cancer Control	93.399			-	-	32,202.52	32,202.52
Childcare Mandatory and Matching Funds of the Childcare and Development Fund	93.596			-	-	-	-
Upper Rio Grande Workforce Development Board		10040C09		-	114,297.72	-	114,297.72
ARRA-Trans-NIH Recovery Act Research Support	93.701			-	-	1,710,474.71	1,710,474.71
Board of Regents of the University of Wisconsin System		2R01RY013610		-	-	-	-
Illinois State University		1R21DK083859		-	65,695.16	-	65,695.16
Immune Disease Research Institute		1RC1DK087348		-	11,671.34	-	11,671.34
Nova Southeastern University		5R21HL096357		-	34,624.24	-	34,624.24
Oklahoma University Health Sciences Center		3R01AI071223		-	-	-	-
Cardiovascular Diseases Research	93.837			-	-	27,207.00	27,207.00
Ohio State University Research Foundation		05LM050030FNL		-	(463.10)	-	(463.10)
TUFTS Medical Center		5U01HL077821		-	(46,674.88)	-	(46,674.88)
University of Iowa		5R01HL091841		-	6,682.00	-	6,682.00
University of Texas Southwestern Medical Center at Dallas			729	10,444.30	-	-	10,444.30
Lung Diseases Research	93.838			-	-	39,670.60	39,670.60
Blood Diseases and Resources Research	93.839			-	-	0.10	0.10



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<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>Pass-Through To</i>				<i>Expenditures</i>	<i>Total Pass-Through To and Expenditures</i>
	<i>CFDA Nbr</i>	<i>Agy Nbr</i>	<i>State Agency Amount</i>	<i>Non-State Agency Amount</i>		
<b>U. S. Department of Health and Human Services - Continued</b>						
Mental Health Research Career/Scientist Development Awards	93.281		-	-	-	-
John Hopkins University			-	-	22,883.45	22,883.45
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		-	-	143,853.69	143,853.69
Trans-NIH Research Support	93.310		-	-	242,528.84	242,528.84
National Center for Research Resources	93.389		-	-	-	-
John Hopkins University			-	-	6,066.40	6,066.40
Oklahoma University Health Sciences Center			-	-	89,158.66	89,158.66
University of Texas Southwestern Medical Center at Dallas		729	-	-	86,485.82	86,485.82
Academic Research Enhancement Award	93.390		-	-	37,402.97	37,402.97
Cancer Cause and Prevention Research	93.393		-	-	637,419.15	637,419.15
Northwestern University			-	40,982.97	-	40,982.97
University of Utah			-	17,978.16	-	17,978.16
Cancer Treatment Research	93.395		-	-	171,653.09	171,653.09
CureSearch - National Childhood Cancer Foundation			-	-	50,717.68	50,717.68
Emory University			-	-	61,016.87	61,016.87
MandalMed, Inc.			-	-	6,492.51	6,492.51
Receptor Logic			-	-	(8,909.72)	(8,909.72)
The Research Institute at Nationwide Children's Hospital			-	-	126,242.68	126,242.68
Cancer Biology Research	93.396		-	-	450,347.46	450,347.46
Cancer Research Manpower	93.398		-	-	104,916.13	104,916.13
Cancer Control	93.399		-	-	32,202.52	32,202.52
Childcare Mandatory and Matching Funds of the Childcare and Development Fund	93.596		-	-	-	-
Upper Rio Grande Workforce Development Board			-	-	114,297.72	114,297.72
ARRA-Trans-NIH Recovery Act Research Support	93.701		-	-	1,519,293.72	1,519,293.72
Board of Regents of the University of Wisconsin System			-	42,491.83	-	42,491.83
Illinois State University			-	-	65,695.16	65,695.16
Immune Disease Research Institute			-	-	11,671.34	11,671.34
Nova Southeastern University			-	-	34,624.24	34,624.24
Oklahoma University Health Sciences Center			-	148,689.16	-	148,689.16
Cardiovascular Diseases Research	93.837		-	-	27,207.00	27,207.00
Ohio State University Research Foundation			-	-	(463.10)	(463.10)
TUFTS Medical Center			-	-	(46,674.88)	(46,674.88)
University of Iowa			-	-	6,682.00	6,682.00
University of Texas Southwestern Medical Center at Dallas		729	-	-	10,444.30	10,444.30
Lung Diseases Research	93.838		-	-	39,670.60	39,670.60
Blood Diseases and Resources Research	93.839		-	-	0.10	0.10

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Identifying Number	Pass-Through From			Direct Program	Total Pass- Through From and Direct Program
			Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>U.S. Department of Health and Human Services - Continued</b>							
Diabetes, Digestive & Kidney Diseases Extramural Research	93.847			-	-	60,702.76	60,702.76
John Hopkins University		U01DK074008		-	78,444.51	-	78,444.51
Spire Corporation		2R44DK074187		-	3,282.38	-	3,282.38
Kidney Diseases, Urology and Hematology Research	93.849			-	-	88,267.42	88,267.42
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			-	-	663,225.03	663,225.03
John Hopkins University		5R01NS055648		-	8,133.74	-	8,133.74
John Hopkins University		R01MH087233		-	16,117.44	-	16,117.44
Allergy, Immunology and Transplantation Research	93.855			-	-	1,754,425.97	1,754,425.97
Immune Disease Research Institute		R01AI071882		-	-	-	-
Immune Disease Research Institute		R01AI084795		-	-	-	-
Oklahoma University Health Sciences Center		R01A1090672		-	182,314.13	-	182,314.13
Oklahoma University Health Sciences Center		5R01AI071223		-	-	-	-
University of Colorado Denver		5U19AI050864		-	76,981.98	-	76,981.98
University of Massachusetts		2P01A1046629		-	84,585.70	-	84,585.70
University of Pittsburgh		5U19AI082623		-	23,785.89	-	23,785.89
University of Texas Southwestern Medical Center at Dallas			729	61,873.10	-	-	61,873.10
Biomedical Research and Research Training	93.859			-	-	422,659.03	422,659.03
California Institute of Technology		U54GM094610		-	25,297.05	-	25,297.05
Child Health & Human Development Extramural Research	93.865			-	-	566,487.42	566,487.42
Aging Research	93.866			-	-	464,022.26	464,022.26
Texas Agricultural Experiment Station		1R21AG028901		-	-	-	-
Health Care and Other Facilities	93.887			-	-	413,780.81	413,780.81
Coal Miners Respiratory Impairment Treatment Clinics and Services	93.965			-	-	324,526.27	324,526.27
International Research and Research Training	93.989			-	-	196,333.66	196,333.66
University of Texas Health Science Center at San Antonio			745	-	-	-	-
SUBTOTAL-U.S. DEPT OF HLTH & HUMAN SVCS				168,308.63	1,656,146.97	11,044,261.87	12,868,717.47
<b>TOTAL RESEARCH AND DEVELOPMENT (R&amp;D) CLUSTER</b>				<b>387,639.97</b>	<b>2,357,446.39</b>	<b>11,450,376.10</b>	<b>14,195,462.46</b>
 <b>CHILD CARE CLUSTER</b>							
<b>U.S. Department of Health and Human Services</b>							
ARRA - Childcare and Development Block Grant	93.713			-	-	-	-
Upper Rio Grande Workforce Development Board		PY10-260-505		-	102,537.33	-	102,537.33
<b>TOTAL CHILD CARE CLUSTER</b>				<b>-</b>	<b>102,537.33</b>	<b>-</b>	<b>102,537.33</b>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>Pass-Through To</i>				<i>Expenditures</i>	<i>Total Pass-Through To and Expenditures</i>
	<i>CFDA Nbr</i>	<i>Agy Nbr</i>	<i>State Agency Amount</i>	<i>Non-State Agency Amount</i>		
<b>U. S. Department of Health and Human Services - Continued</b>						
Diabetes, Digestive & Kidney Diseases Extramural Research	93.847		-	-	60,702.76	60,702.76
John Hopkins University					78,444.51	78,444.51
Spire Corporation			-	-	3,282.38	3,282.38
Kidney Diseases, Urology and Hematology Research	93.849		-	-	88,267.42	88,267.42
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		-	-	663,225.03	663,225.03
John Hopkins University			-	-	8,133.74	8,133.74
John Hopkins University			-	-	16,117.44	16,117.44
Allergy, Immunology and Transplantation Research	93.855		-	-	1,587,207.00	1,587,207.00
Immune Disease Research Institute			-	11,989.56	-	11,989.56
Immune Disease Research Institute			-	12,550.54	-	12,550.54
Oklahoma University Health Sciences Center			-	-	182,314.13	182,314.13
Oklahoma University Health Sciences Center			-	142,678.87	-	142,678.87
University of Colorado Denver			-	-	76,981.98	76,981.98
University of Massachusetts			-	-	84,585.70	84,585.70
University of Pittsburgh			-	-	23,785.89	23,785.89
University of Texas Southwestern Medical Center at Dallas		729	-	-	61,873.10	61,873.10
Biomedical Research and Research Training	93.859		-	-	422,659.03	422,659.03
California Institute of Technology			-	-	25,297.05	25,297.05
Child Health & Human Development Extramural Research	93.865		-	-	566,487.42	566,487.42
Aging Research	93.866		-	-	454,429.14	454,429.14
Texas Agricultural Experiment Station			-	9,593.12	-	9,593.12
Health Care and Other Facilities	93.887		-	-	413,780.81	413,780.81
Coal Miners Respiratory Impairment Treatment Clinics and Services	93.965		-	-	324,526.27	324,526.27
International Research and Research Training	93.989		-	-	116,611.41	116,611.41
University of Texas Health Science Center at San Antonio		745	79,722.25	-	-	79,722.25
<b>SUBTOTAL-U.S. DEPT OF HLTH &amp; HUMAN SVCS</b>			<u>123,315.43</u>	<u>845,900.02</u>	<u>11,899,502.02</u>	<u>12,868,717.47</u>
<b>TOTAL RESEARCH AND DEVELOPMENT (R&amp;D) CLUSTER</b>			<u>133,868.50</u>	<u>862,256.08</u>	<u>13,199,337.88</u>	<u>14,195,462.46</u>
 <b>CHILD CARE CLUSTER</b>						
<b>U.S. Department of Health and Human Services</b>						
ARRA - Childcare and Development Block Grant	93.713		-	-	-	-
Upper Rio Grande Workforce Development Board			-	-	102,537.33	102,537.33
<b>TOTAL CHILD CARE CLUSTER</b>			<u>-</u>	<u>-</u>	<u>102,537.33</u>	<u>102,537.33</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Nbr	Identifying Number	Pass-Through From			Direct Program	Total Pass-Through From and Direct Program
			Agy Nbr	State Agency Amount	Non-State Agency Amount		
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>							
<b>U.S. Department of Education</b>							
Federal Supplemental Educational Opportunity Grants	84.007			-	-	25,089.00	25,089.00
Federal Perkins Loan Program Federal Capital Contributions (Note 3)	84.038			-	-	288,564.00	288,564.00
Federal Pell Grant Program	84.063			-	-	1,014,530.00	1,014,530.00
Federal Direct Student Loans (Note 3)	84.268			-	-	55,005,338.00	55,005,338.00
SUBTOTAL-U.S. DEPARTMENT OF EDUCATION				-	-	56,333,521.00	56,333,521.00
<b>U.S. Department of Health and Human Services</b>							
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925			-	-	648,499.70	648,499.70
SUBTOTAL-U.S. DEPT OF HLTH & HUMAN SVCS				-	-	648,499.70	648,499.70
<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				-	-	<b>56,982,020.70</b>	<b>56,982,020.70</b>
<b>STATE FISCAL STABILIZATION FUND CLUSTER</b>							
<b>U.S. Department of Education</b>							
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397			-	-	-	-
Area Health Education Center of the Plains		S397A090044		-	-	-	-
Midland College		S397A090044		-	-	-	-
Presbyterian Medical Care Mission		S397A090044		-	-	-	-
Project Vida		S397A090044		-	-	-	-
The Texas Higher Education Coordinating Board			781	2,559,117.76	-	-	2,559,117.76
West Central Texas Council of Governments		S397A090044		-	-	-	-
West Texas A&M University			757	-	-	-	-
<b>TOTAL STATE FISCAL STABILIZATION FUND CLUSTER</b>				<b>2,559,117.76</b>	-	-	<b>2,559,117.76</b>
<b>WIA CLUSTER</b>							
<b>U.S Department of Labor</b>							
ARRA - WIA Adult Program	17.258			-	-	-	-
Blinn College		2910XSW000		-	-	-	-
Dallas-Fort Worth Hospital Council Education		2910XSW000		-	-	-	-
El Paso Community College		2910XSW000		-	-	-	-
Stephen F Austin State University			755	-	-	-	-
Temple Junior College		2910XSW000		-	-	-	-
Texas A&M University Health Sciences Center			709	-	-	-	-
Texas State University San Marcos			754	-	-	-	-
Texas Womans University			731	-	-	-	-
Texas Workforce Commission			320	465,839.07	-	-	465,839.07
University of Texas at El Paso			724	-	-	-	-
University of Texas at Tyler			750	-	-	-	-
<b>TOTAL WIA CLUSTER</b>				<b>465,839.07</b>	-	-	<b>465,839.07</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>6,292,198.37</b>	<b>2,778,072.36</b>	<b>73,568,779.30</b>	<b>82,639,050.03</b>

(Note 2)

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	<i>Pass-Through To</i>				<i>Expenditures</i>	<i>Total Pass-Through To and Expenditures</i>
	<i>CFDA Nbr</i>	<i>Agy Nbr</i>	<i>State Agency Amount</i>	<i>Non-State Agency Amount</i>		
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>						
<b>U.S. Department of Education</b>						
Federal Supplemental Educational Opportunity Grants	84.007		-	-	25,089.00	25,089.00
Federal Perkins Loan Program Federal Capital Contributions (Note 3)	84.038		-	-	288,564.00	288,564.00
Federal Pell Grant Program	84.063		-	-	1,014,530.00	1,014,530.00
Federal Direct Student Loans (Note 3)	84.268		-	-	55,005,338.00	55,005,338.00
SUBTOTAL-U.S. DEPARTMENT OF EDUCATION			-	-	56,333,521.00	56,333,521.00
<b>U.S. Department of Health and Human Services</b>						
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		-	-	648,499.70	648,499.70
SUBTOTAL-U.S. DEPT OF HLTH & HUMAN SVCS			-	-	648,499.70	648,499.70
<b>TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER</b>			-	-	<b>56,982,020.70</b>	<b>56,982,020.70</b>
<b>STATE FISCAL STABILIZATION FUND CLUSTER</b>						
<b>U.S. Department of Education</b>						
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397		-	-	-	-
Area Health Education Center of the Plains			-	424,632.95	-	424,632.95
Midland College			-	205,679.79	-	205,679.79
Presbyterian Medical Care Mission			-	124,415.15	-	124,415.15
Project Vida			-	(993.07)	-	(993.07)
The Texas Higher Education Coordinating Board	781		-	-	1,379,163.51	1,379,163.51
West Central Texas Council of Governments			-	149,827.01	-	149,827.01
West Texas A&M University	757		276,392.42	-	-	276,392.42
<b>TOTAL STATE FISCAL STABILIZATION FUND CLUSTER</b>			<b>276,392.42</b>	<b>903,561.83</b>	<b>1,379,163.51</b>	<b>2,559,117.76</b>
<b>WIA CLUSTER</b>						
<b>U.S Department of Labor</b>						
ARRA - WIA Adult Program	17.258		-	-	-	-
Blinn College			-	19,780.10	-	19,780.10
Dallas-Fort Worth Hospital Council Education			-	105,526.37	-	105,526.37
El Paso Community College			-	13,444.96	-	13,444.96
Stephen F Austin State University	755		4,473.18	-	-	4,473.18
Temple Junior College			-	241.51	-	241.51
Texas A&M University Health Sciences Center	709		74,748.35	-	-	74,748.35
Texas State University San Marcos	754		1,186.57	-	-	1,186.57
Texas Womans University	731		66,535.89	-	-	66,535.89
Texas Workforce Commission	320		-	-	121,355.96	121,355.96
University of Texas at El Paso	724		58,783.96	-	-	58,783.96
University of Texas at Tyler	750		(237.78)	-	-	(237.78)
<b>TOTAL WIA CLUSTER</b>			<b>205,490.17</b>	<b>138,992.94</b>	<b>121,355.96</b>	<b>465,839.07</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>734,492.22</b>	<b>2,283,610.69</b>	<b>79,620,947.12</b>	<b>82,639,050.03</b>

(Note 2)

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Schedule 1A: Schedule of Expenditures of Federal Awards*

*For the Year Ended August 31, 2011*

**Note 1 Nonmonetary Assistance**

Texas Tech University Health Sciences Center (TTUHSC) did not receive any nonmonetary assistance for the year ended August 31, 2011.

**Note 2 Reconciliation**

Federal Grant Revenues - Unpledged (SRECNA)	\$ 15,544,435.70
Federal Grant Revenues - Pledged (SRECNA)	4,386,603.96
Federal Grant Pass-Through Revenues (SRECNA)	3,733,080.61
Federal Contract Revenues (SRECNA)	3,168,683.25
Non-Operating Federal Grant Revenues (SRECNA)	1,014,530.00
Non-Operating Federal Grant Pass-Through Revenues (SRECNA)	<u>2,559,117.76</u>
<b>TOTAL FEDERAL REVENUES (SRECNA)</b>	<b>30,406,451.28</b>
 Reconciling Items	
New Loans Processed	55,401,282.00
Federal Fixed Fee Basis Contract Revenues	(534,167.69)
Federal Vendor Relationship Revenues	<u>(2,634,515.56)</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>	<b><u><u>\$ 82,639,050.03</u></u></b>

**Note 3a Student Loans**

<i>Federal Grantor / CFDA Number / Program Title</i>	<i>New Loans Processed</i>	<i>Administrative Costs Recovered</i>	<i>Total</i>	<i>Ending Balances of Previous Years' Loans</i>
<b>U. S. Department of Health and Human Services</b>				
93.342 Health Professions Student Loans	\$ -	\$ -	\$ -	\$ 159,323.37
93.264 Nursing Faculty Loans	-	-	-	127,856.07
93.364 Nursing Student Loans	-	-	-	31,911.06
93.408 ARRA - Nurse Faculty Loan Program	<u>122,500</u>	-	<u>122,500</u>	<u>122,500.00</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	<u>122,500.00</u>	<u>-</u>	<u>122,500.00</u>	<u>441,590.50</u>
<b>U. S. Department of Education</b>				
84.032 Federal Family Education Loan Program and Adjustment	-	-	-	-
84.038 Federal Perkins Loan Program	273,444.00	15,120.00	288,564.00	2,276,729.40
84.268 Federal Direct Student Loan	<u>55,005,338.00</u>	-	<u>55,005,338.00</u>	-
TOTAL U. S. DEPARTMENT OF EDUCATION	<u>55,278,782.00</u>	<u>15,120.00</u>	<u>55,293,902.00</u>	<u>2,276,729.40</u>
<b>TOTAL STUDENT LOANS</b>	<b><u><u>\$ 55,401,282.00</u></u></b>	<b><u><u>\$ 15,120.00</u></u></b>	<b><u><u>\$ 55,416,402.00</u></u></b>	<b><u><u>\$ 2,718,319.90</u></u></b>

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

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**  
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***Schedule 1A: Schedule of Expenditures of Federal Awards***  
***For the Year Ended August 31, 2011***

**Note 5**    **Unemployment Insurance** (does not apply to TTUHSC)

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

**Note 7**    **Federal Deferred Revenue**

CFDA	Balance 09/01/2010	Net Change	Balance 08/31/2011
10.206	\$ 15,219.24	\$ (15,219.24)	\$ -
12.420	\$ -	\$ 92,158.58	\$ 92,158.58
93.121	45,060.87	(31,600.63)	13,460.24
93.173	12,510.00	17,357.81	29,867.81
93.217	11,446.21	(11,446.21)	-
93.283	61,920.31	(61,920.31)	-
93.701	1,209.43	(1,209.43)	-
93.917	-	11,310.79	11,310.79
93.940	50,387.05	(50,387.05)	-
93.969	13,121.78	(13,121.78)	-
93.994	2,404.45	(2,404.45)	-
	<u>\$ 213,279.34</u>	<u>\$ (66,481.92)</u>	<u>\$ 146,797.42</u>

The deferred revenue of \$146,797.42 consists of federal grant payments that have not been earned.

**Note 8**    **Supplemental Nutrition Assistance Program (SNAP)** (does not apply to TTUHSC)

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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### *Schedule 1B: Schedule of State Grant Pass-Throughs from/to State Agencies*

*For the Year Ended August 31, 2011*

Agency Number	Agency Name/Grant ID/Grant Description	Amount
477	<b>Commission on State Emergency Communications</b>	
	477.0001 Poison Control Centers	\$ 767,215.52
	<i>TOTAL COMMISSION ON STATE EMERGENCY COMMUNICATIONS</i>	<u>\$ 767,215.52</u>
537	<b>Department of State Health Services</b>	
	537.0003 BCCS Grant Odessa FY10	\$ 80,493.66
	537.0006 Epilepsy Project	225,328.33
	537.0007 Poison Control Network	52,936.09
	537.0011 Obesity	38,707.19
	537.0022 Radiopharmaceutical Mfg	400,000.00
	537.0024 Family Health Services	26,433.80
	537.0028 EMS/Trauma Care System	14,558.12
	<i>TOTAL DEPARTMENT OF STATE HEALTH SERVICES</i>	<u>\$ 838,457.19</u>
542	<b>Cancer Prevention and Research Institute of Texas</b>	
	542.0016 Cancer Nutrition Network for Texans	\$ 91,496.87
	542.0017 Validation of a MCL1 Promoter Deletion as a Molecular Marker	221,089.08
	542.0018 Molecular Mechanisms of Novel Inhibitors of the Multidrug	293,416.13
	542.0019 Access to Breast Care for West Texas - ABC 4 WT	105,713.47
	542.0020 West Texas Cancer Survivors Network (WTCSN)	101,084.63
	542.0021 Enhancing the Anti-Neuroblastoma Activity of Fenretinide	215,813.28
	<i>TOTAL CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS</i>	<u>\$ 1,028,613.46</u>
720	<b>University of Texas System</b>	
	720.0002 Joint Admission Medical Program	\$ 201,357.50
	<i>TOTAL UNIVERSITY OF TEXAS SYSTEM</i>	<u>\$ 201,357.50</u>
781	<b>Texas Higher Education Coordinating Board</b>	
	781.0001 Family Practice Residency Program	\$ 1,186,798.17
	781.0002 Professional Nursing Aid	38,516.00
	781.0006 Nursing & Allied Health	149,310.00
	781.0008 TEXAS Grant Program	47,460.00
	781.0010 Advanced Research Program	(21,337.97)
	781.0013 Professional Nursing Shortage Reduction Program	831,345.00
	781.0027 Primary Care Residency Program	390,000.00
	781.0036 Early High School Program HB1479	2,003.00
	<i>TOTAL TEXAS HIGHER EDUCATION COORDINATING BOARD</i>	<u>\$ 2,624,094.20</u>
	<b>TOTAL STATE GRANT PASS-THROUGH REVENUES</b>	<u><u>\$ 5,459,737.87</u></u>



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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

*For the Fiscal Year Ended August 31, 2011*

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
Rev Fin Sys Bonds 7th Series 2001	\$ 19,510,000.00	3.00% - 5.50%	2002	2013	2/15/2012
Rev Fin Sys Bonds 9th Series 2003	64,270,000.00	4.00% - 5.25%	2006	2023	8/15/2013
Rev Fin Sys Ref & Imp Bonds Series 2006	59,694,524.01	4.00% - 5.00%	2006	2029	2/15/2016
Rev Fin Sys Ref & Imp Bonds Series 2009	<u>30,842,818.83</u>	4.00% - 5.00%	2009	2028	2/15/2019
	<u>\$ 174,317,342.84</u>				

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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### *Schedule 2B: Changes in Bonded Indebtedness*

*For the Fiscal Year Ended August 31, 2011*

Description of Issue	Bonds Outstanding 9/01/2010	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished
Rev Fin Sys Bonds 7th Series 2001	2,780,000.00	-	880,000.00	-
Rev Fin Sys Bonds 9th Series 2003	51,575,000.00	-	2,860,000.00	-
Rev Fin Sys Ref & Imp Bonds Series 2006	51,063,300.64	-	1,709,285.36	-
Rev Fin Sys Ref & Imp Bonds Series 2009	26,171,250.76	-	2,282,840.16	-
	<u>\$ 131,589,551.40</u>	<u>\$ -</u>	<u>\$ 7,732,125.52</u>	<u>\$ -</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

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### *Schedule 2B: Changes in Bonded Indebtedness*

*For the Fiscal Year Ended August 31, 2011*

Description of Issue	Bonds Outstanding 08/31/2011	Unamortized Premium	Net Bonds Outstanding 08/31/2011	Amounts Due Within One Year
Rev Fin Sys Bonds 7th Series 2001	1,900,000.00	-	1,900,000.00	925,000.00
Rev Fin Sys Bonds 9th Series 2003	48,715,000.00	-	48,715,000.00	3,005,000.00
Rev Fin Sys Ref & Imp Bonds Series 2006	49,354,015.28	-	49,354,015.28	1,794,427.96
Rev Fin Sys Ref & Imp Bonds Series 2009	23,888,410.60	1,499,191.58	25,387,602.18	1,635,054.30
	<u>\$ 123,857,425.88</u>	<u>\$ 1,499,191.58</u>	<u>\$ 125,356,617.46</u>	<u>\$ 7,359,482.26</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Schedule 2C: Debt Service Requirements*

*For the Fiscal Year Ended August 31, 2011*

Description of Issue	Year	Principal	Interest
Revenue Bonds	2012	\$ 925,000.00	\$ 104,500.00
Revenue Financing System Bonds	2013	975,000.00	53,625.00
7th Series 2001		\$ 1,900,000.00	\$ 158,125.00
Revenue Bonds	2012	\$ 3,005,000.00	\$ 2,417,800.00
Revenue Financing System Bonds	2013	3,165,000.00	2,263,550.00
9th Series 2003	2014	3,330,000.00	2,097,012.50
	2015	3,510,000.00	1,917,462.50
	2016	3,695,000.00	1,728,331.25
	2017-2021	21,680,000.00	5,451,343.75
	2022-2023	10,330,000.00	523,000.00
		\$ 48,715,000.00	\$ 16,398,500.00
Revenue Bonds	2012	\$ 1,794,427.96	\$ 2,312,922.76
Revenue Financing System Refunding and	2013	1,881,326.36	2,221,028.90
Improvement Bonds - Series 2006	2014	3,046,822.15	2,097,825.19
	2015	3,203,998.79	1,941,554.67
	2016	3,354,306.15	1,777,597.05
	2017-2021	19,325,636.93	6,363,816.06
	2022-2026	15,582,901.12	2,316,861.96
	2027-2029	1,164,595.82	89,004.80
		\$ 49,354,015.28	\$ 19,120,611.39
Revenue Bonds	2012	\$ 1,546,866.56	\$ 1,098,565.61
Revenue Financing System Refunding and	2013	1,609,819.49	1,035,431.89
Improvement Bonds - Series 2009	2014	1,667,536.46	978,222.45
	2015	1,734,188.09	909,854.70
	2016	970,000.00	842,250.00
	2017-2021	5,655,000.00	3,411,125.00
	2022-2026	7,260,000.00	1,805,250.00
	2027-2028	3,445,000.00	174,375.00
		\$ 23,888,410.60	\$ 10,255,074.65

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

### *Schedule 2D: Analysis of Funds Available for Debt Service*

*For the Fiscal Year Ended August 31, 2011*

Pledged and Other Sources and Related Expenditures for FY 2011				
Net Available for				
Debt Service				
Description of Issue	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Rev Fin Sys Bonds 7th Series 2001			880,000.00	150,700.00
Rev Fin Sys Bonds 9th Series 2003			2,860,000.00	2,564,425.00
Rev Fin Sys Ref & Imp Bonds Series 2006			1,709,285.36	2,391,969.13
Rev Fin Sys Ref & Imp Bonds Series 2009			2,282,840.16	1,175,159.74
	\$ 62,958,463.64	\$ -	\$ 7,732,125.52	\$ 6,282,253.87

(a) Beginning Balances as of 09/01/2010 of \$75,040,214.27 are not included in *Total Pledged and Other Sources*

(b) Expenditures associated with pledged sources totaled \$28,765,304.25

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

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### *Schedule 2E: Defeased Bonds Outstanding*

*For the Fiscal Year Ended August 31, 2011*

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<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds, Rev Fin Sys Bonds 7th Series 2001	2006	\$ 10,010,000.00
		<u>\$ 10,010,000.00</u>

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Annual Financial Report

U N A U D I T E D

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

*As of August 31, 2011*

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	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Local Revenue (Fund 0239)	\$ 12,774,179.59	\$ -	\$ 12,774,179.59
Permanent Health Fund - El Paso Campus (Fund 0820)	7,937,141.43	-	7,937,141.43
Permanent Health Fund - Other Campuses (Fund 0821)	<u>3,790,606.76</u>	<u>-</u>	<u>3,790,606.76</u>
TOTAL CASH IN THE STATE TREASURY	<u>\$ 24,501,927.78</u>	<u>\$ -</u>	<u>\$ 24,501,927.78</u>

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**TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER**

Annual Financial Report

*UNAUDITED*

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**SUPPLEMENTAL SCHEDULES**

# TEXAS TECH FOUNDATION, INC. for TTUHSC

## Annual Financial Report

UNAUDITED

### Comparative Statement of Net Assets

As of August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Current Assets:		
Restricted Cash and Cash Equivalents	\$ 10,175,763.57	\$ 10,084,655.53
Receivables:		
Interest and Dividends	12,798.46	15,439.95
Pledged Gifts	2,805,348.10	1,379,457.65
Prepaid Items	806,077.38	482,747.75
Total Current Assets	<u>\$ 13,799,987.51</u>	<u>\$ 11,962,300.88</u>
Non-Current Assets:		
Pledged Gifts Receivable	\$ 9,796,934.41	\$ 10,988,649.43
Investments	87,160,360.78	80,980,720.17
Total Non-Current Assets	<u>\$ 96,957,295.19</u>	<u>\$ 91,969,369.60</u>
TOTAL ASSETS	<u>\$ 110,757,282.70</u>	<u>\$ 103,931,670.48</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts	\$ 1,891.43	\$ 23,241.15
Total Current Liabilities	<u>\$ 1,891.43</u>	<u>\$ 23,241.15</u>
Non-Current Liabilities:		
Other Non-Current Liabilities	\$ -	\$ -
Total Non-Current Liabilities	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>\$ 1,891.43</u>	<u>\$ 23,241.15</u>
<b>NET ASSETS</b>		
Restricted for:		
Funds Held as Permanent Investments		
Nonexpendable	\$ 80,912,887.01	\$ 76,496,411.65
Other	29,842,504.26	27,412,017.68
Unrestricted	-	-
TOTAL NET ASSETS	<u>\$ 110,755,391.27</u>	<u>\$ 103,908,429.33</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 110,757,282.70</u>	<u>\$ 103,931,670.48</u>

# TEXAS TECH FOUNDATION, INC. for TTUHSC

## Annual Financial Report

UNAUDITED

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

*For the Year Ended of August 31, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES</b>		
Other Sales and Services	\$ 52,194.93	\$ 55,648.99
Total Operating Revenues	<u>\$ 52,194.93</u>	<u>\$ 55,648.99</u>
<b>OPERATING EXPENSES</b>		
Professional Fees and Services	\$ 24,780.48	\$ 65,318.23
Travel	56,764.68	45,801.17
Materials and Supplies	24,711.41	47,540.35
Communications and Utilities	12,005.71	8,286.38
Repairs and Maintenance	981.33	3,076.90
Rentals and Leases	1,872.11	13,404.82
Printing and Production	23,607.03	18,379.45
Bad Debt Expense	7,242.54	63,181.81
Interest Expense	29.72	5.42
Scholarships	1,158,365.00	697,557.50
Other Expenses	160,265.79	158,186.50
Total Operating Expenses	<u>\$ 1,470,625.80</u>	<u>\$ 1,120,738.53</u>
Operating Loss	<u>\$ (1,418,430.87)</u>	<u>\$ (1,065,089.54)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Gifts	\$ 3,042,979.67	\$ 7,716,245.34
Interest and Investment Income	3,209,179.30	3,866,999.00
Net Increase in Fair Value of Investments	3,628,881.30	2,781,065.16
Total Non-Operating Revenues and Gains	<u>\$ 9,881,040.27</u>	<u>\$ 14,364,309.50</u>
<b>CAPITAL CONTRIBUTIONS, ENDOWMENTS AND TRANSFERS</b>		
Net Transfers from Texas Tech University	\$ 91,325.84	\$ 6,500.00
Net Transfers to Texas Tech University Health Sciences Center	<u>(1,706,973.30)</u>	<u>(1,148,762.54)</u>
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ (1,615,647.46)</u>	<u>\$ (1,142,262.54)</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 6,846,961.94</u>	<u>\$ 12,156,957.42</u>
Net Assets, September 1st	<u>\$ 103,908,429.33</u>	<u>\$ 91,751,471.91</u>
Net Assets, August 31st	<u>\$ 110,755,391.27</u>	<u>\$ 103,908,429.33</u>

# TEXAS TECH FOUNDATION, INC. for TTUHSC

## Annual Financial Report

U N A U D I T E D

### *Comparative Statement of Cash Flows*

*For the Year Ended August 31, 2011 and 2010*

	<u>2011</u>	<u>Restated 2010</u>
Cash Flows from Operating Activities		
Cash Inflows		
Collections from Other Operating Activities	\$ 52,194.93	\$ 55,648.99
Cash Outflows		
Payments to Suppliers	(489,431.82)	(353,168.54)
Payments for Other Operating Activities	(1,318,630.79)	(853,744.00)
Net Cash Used for Operating Activities	<u>\$ (1,755,867.68)</u>	<u>\$ (1,151,263.55)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Inflows		
Proceeds from Non-Capital Gifts	2,801,561.70	5,610,184.89
Cash Outflows		
Payments for Transfers to Texas Tech University Health Sciences Center	(1,706,973.30)	(1,148,762.54)
Payments for Transfers to Texas Tech University	91,325.84	6,500.00
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 1,185,914.24</u>	<u>\$ 4,467,922.35</u>
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sales and Maturities of Investments	\$ 4,024,991.97	\$ 10,526,098.70
Proceeds from Interest and Dividends on Investments	3,824,694.42	3,421,349.81
Cash Outflows		
Payments for Purchases of Investments	(7,188,624.91)	(17,582,107.13)
Net Cash Provided by Investing Activities	<u>\$ 661,061.48</u>	<u>\$ (3,634,658.62)</u>
 TOTAL NET CASH FLOWS	 <u>\$ 91,108.04</u>	 <u>\$ (317,999.82)</u>
 Cash and Cash Equivalents, September 1st	 <u>\$ 10,084,655.53</u>	 <u>\$ 10,402,655.35</u>
 Cash and Cash Equivalents, August 31st	 <u>\$ 10,175,763.57</u>	 <u>\$ 10,084,655.53</u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (1,418,430.87)	\$ (1,065,089.54)
Adjustments		
Bad Debt Expense	7,242.54	63,181.81
Decrease (Increase) in Receivables	-	2,000.00
Decrease (Increase) in Prepaid Expenses	(323,329.63)	(168,034.50)
Increase (Decrease) in Payables	(21,349.72)	16,678.68
Net Cash Used for Operating Activities	<u>\$ (1,755,867.68)</u>	<u>\$ (1,151,263.55)</u>
 Non-Cash Transactions		
Net Increase (Decrease) in Fair Value of Investments	\$ 3,628,881.30	\$ 2,781,065.16