

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER AT EL PASO



Annual Financial Report
Fiscal Year 2018

Texas Tech University Health Sciences Center at El Paso (774)
Financial Statements

Presented herein are the financial statements for Texas Tech University Health Sciences Center at El Paso for the year ended August 31, 2018. These statements have been prepared in compliance with Governmental Accounting Standards Board pronouncements and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

This document supplements the Combined Annual Financial Report of the Texas Tech University System and provides a historical record of transactions relating to this particular institution.

The Combined Annual Financial Report of the Texas Tech University System includes primary statements as well as supplemental notes and schedules. The numbers therein are presented on a combined System-wide basis.

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TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO
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Organizational Data

BOARD OF REGENTS

Term Expires

Tim Lancaster (Chair)	January 31, 2019.....	Abilene
Christopher M. Huckabee (Vice Chair) ..	January 31, 2021.....	Fort Worth
John Esparza.....	January 31, 2019.....	Austin
L. Frederick “Rick” Francis	January 31, 2019.....	El Paso
Ronnie Hammonds	January 31, 2021.....	Houston
Mickey L. Long	January 31, 2021.....	Midland
J. Michael Lewis	January 31, 2023.....	Dallas
John D. Steinmetz	January 31, 2023.....	Dallas
John Walker	January 31, 2023.....	Houston
Jane Gilmore (Student Regent)	May 31, 2019.....	Dallas

FISCAL OFFICERS

Tedd L. Mitchell.....	Chancellor
Gary Barnes	Vice Chancellor and Chief Financial Officer
Richard Lange	President
Sue M. Fuciarelli	Vice President for Finance and Administration and Chief Financial Officer
Jessica Fisher	Executive Director of Business Affairs
Robert Ortega	Managing Director of Accounting Services

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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UNAUDITED

Comparative Statement of Net Position

As of August 31, 2018 and 2017

	<i>2018</i>	<i>Restated 2017</i>
ASSETS		
Current Assets:		
Unrestricted Cash and Cash Equivalents	\$ 34,807,177.39	\$ 26,652,868.49
Restricted Cash and Cash Equivalents	18,535,286.97	12,290,381.54
Balance of Legislative Appropriations	12,768,803.97	8,665,574.75
Receivables:		
Federal	373,588.06	678,036.76
Interest and Dividends	183,612.31	148,476.52
Patient	9,631,192.32	9,184,362.33
Student	56,823.10	16,096.99
Contracts	12,182,521.29	16,518,810.71
Pledged Gifts	591,882.00	647,416.77
Other	434,396.65	420,102.31
Due from Other State Agencies	4,534,077.32	5,218,871.59
Inventories	178,974.14	91,878.19
Prepaid Items	2,439,139.33	1,906,744.85
Loans and Notes	57,504.93	22,225.75
Total Current Assets	<u>\$ 96,774,979.78</u>	<u>\$ 82,461,847.55</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ 60.00	\$ 60.00
Other Accounts Receivable (Contracts)	-	1,384,953.70
Pledged Gifts Receivable	6,109,244.16	6,944,960.52
Loans and Notes	1,137,970.19	1,175,738.03
Restricted Investments	39,174,976.82	38,088,582.58
Unrestricted Investments	129,789,661.73	115,791,407.10
Capital Assets:		
Non-Depreciable or Non-Amortizable	54,901,609.42	27,244,597.45
Depreciable or Amortizable	206,602,697.78	205,348,848.37
less Accumulated Depreciation and Amortization	<u>(109,026,527.11)</u>	<u>(98,497,625.48)</u>
Total Non-Current Assets	<u>\$ 328,689,692.99</u>	<u>\$ 297,481,522.27</u>
TOTAL ASSETS	<u><u>\$ 425,464,672.77</u></u>	<u><u>\$ 379,943,369.82</u></u>

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Comparative Statement of Net Position

As of August 31, 2018 and 2017

	<i>2018</i>	<i>Restated 2017</i>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts	\$ 5,080,001.33	\$ 3,730,739.41
Payroll	12,533,488.91	12,071,681.47
Due to Other State Agencies	52,216.50	48,615.46
Unclaimed Property Due to the State Treasury	13,493.09	8,187.39
Unearned Revenue	3,619,581.57	2,961,288.56
Employees' Compensable Leave	990,210.73	1,001,621.62
Funds Held for Others	121,105.21	72,170.39
Other Current Liabilities	-	3,448,268.00
Total Current Liabilities	<u>\$ 22,410,097.34</u>	<u>\$ 23,342,572.30</u>
Non-Current Liabilities:		
Unclaimed Property Due to the State Treasury	\$ 27,194.30	\$ 28,725.49
Employees' Compensable Leave	8,011,704.97	7,345,225.19
Total Non-Current Liabilities	<u>\$ 8,038,899.27</u>	<u>\$ 7,373,950.68</u>
TOTAL LIABILITIES	<u>\$ 30,448,996.61</u>	<u>\$ 30,716,522.98</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 152,477,780.09	\$ 134,095,820.34
Restricted:		
Expendable:		
Capital Projects	5,744,738.00	6,268,918.51
Other	30,866,374.90	29,448,783.57
Nonexpendable:		
Endowments	29,797,267.34	29,796,511.34
Unrestricted	<u>176,129,515.83</u>	<u>149,616,813.08</u>
TOTAL NET POSITION	<u>\$ 395,015,676.16</u>	<u>\$ 349,226,846.84</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 425,464,672.77</u>	<u>\$ 379,943,369.82</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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Comparative Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended of August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Tuition and Fee Revenue - Pledged	\$ 10,361,327.75	\$ 9,909,082.65
Tuition and Fee Revenue	449,026.92	388,333.02
Discounts and Allowances	(1,818,785.34)	(1,421,752.00)
Net Professional Fees	69,595,953.59	57,844,900.45
Uncollectibles	(17,772,661.70)	(9,745,324.67)
Auxiliary Enterprises - Pledged	276,566.25	278,139.21
Other Sales and Services - Pledged	318,403.17	406,246.72
Other Sales and Services	99,202.62	98,956.21
Federal Grant Revenue - Pledged	886,074.21	852,380.34
Federal Grant Revenue	1,855,738.78	2,019,486.43
Federal Pass-Through Revenue	175,829.75	230,828.59
Federal Contract Revenue	278,443.33	175,145.49
State Grant and Contract Revenue - Pledged	183,337.16	129,035.09
State Grant and Contract Revenue	1,600,618.67	1,691,013.94
State Grant and Contract Pass-Through Revenue	4,330,878.91	4,821,326.25
Local Grant and Contract Revenue - Pledged	57,371.06	24,895.11
Local Grant and Contract Revenue	5,205,849.19	2,759,237.77
Private Grant and Contract Revenue - Pledged	109,606.76	222,880.52
Private Grant and Contract Revenue	79,508,519.23	78,531,144.60
Other Revenue	12,486,659.45	12,530,123.93
Total Operating Revenues	<u>\$ 168,187,959.76</u>	<u>\$ 161,746,079.65</u>
OPERATING EXPENSES		
Salaries and Wages	\$ 143,424,869.19	\$ 138,599,631.30
Payroll Related Costs	34,068,521.36	32,645,340.87
Professional Fees and Services	6,772,068.82	7,074,718.45
Federal Grant Pass-Through Expense	-	3,753.33
State Grant Pass-Through Expense	36,684.42	16,769.54
Travel	1,674,974.01	1,773,338.24
Materials and Supplies	3,612,757.75	4,191,737.66
Communications and Utilities	4,823,707.90	5,447,905.76
Repairs and Maintenance	4,136,786.60	3,944,947.30
Rentals and Leases	4,628,983.81	4,952,615.04
Printing and Production	269,562.57	330,632.37
Depreciation and Amortization	10,723,261.86	11,532,978.93
Bad Debt Expense (Recovery)	16,734.92	4,475.72
Interest Expense	1,312.95	7,170.54
Scholarships	1,451,947.56	1,803,251.84
Claims and Judgments	182,671.00	5,512.96
Other Expenses	13,720,361.51	16,616,561.01
Total Operating Expenses	<u>\$ 229,545,206.23</u>	<u>\$ 228,951,340.86</u>
Operating Loss	<u>\$ (61,357,246.47)</u>	<u>\$ (67,205,261.21)</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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Comparative Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended of August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Appropriations Revenue	\$ 75,659,464.59	\$ 73,332,797.85
Federal Grant Revenue	588,453.00	519,525.00
Gifts	(176,038.17)	(5,902,287.02)
Gifts - Pledged	2,091.00	3,560.00
Interest and Investment Income (Expense) - Pledged	1,422,238.47	1,861,015.54
Interest and Investment Income (Expense)	4,390,538.00	5,742,157.58
Gain (Loss) Sale of Capital Assets	(112,137.24)	(235,091.21)
Net Increase (Decrease) in Fair Value of Investments	2,195,473.60	4,671,317.39
Other Revenues - Pledged	2,405.58	33,696.64
Other Revenues	<u>630,653.93</u>	<u>810,961.07</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 84,603,142.76</u>	<u>\$ 80,837,652.84</u>
 CAPITAL CONTRIBUTIONS, ENDOWMENTS, AND TRANSFERS		
Capital Contributions	\$ 39,388.16	\$ 28,612.69
Legislative Appropriations Revenue for Capital (HEAF)	6,234,075.00	6,234,075.00
Lapsed Legislative Appropriations	-	(628,091.00)
Increases from Interagency Transfers of Capital Assets	36,524.05	157,484.73
Decreases from Interagency Transfers of Capital Assets	(75,340.28)	(139,468.92)
Net Transfers from (to) Texas Tech University Health Sciences Center	85,535.60	258,328.02
Net Transfers from (to) Texas Tech University	(60,107.71)	(2,164.00)
Net Transfers from (to) Texas Tech Foundation Inc.	4,012,878.37	3,739,914.12
Net Transfers from (to) Texas Tech University System Administration	23,884,072.34	7,266,293.59
Legislative Transfers from (to) Other State Agencies	-	5,841,147.00
Legislative Transfers Out (System Administration Support)	<u>(11,614,092.50)</u>	<u>(13,069,817.17)</u>
Capital Contributions and Transfers	<u>\$ 22,542,933.03</u>	<u>\$ 9,686,314.06</u>
 TOTAL CHANGE IN NET POSITION	 <u>\$ 45,788,829.32</u>	 <u>\$ 23,318,705.69</u>
 Net Position, September 1st	 <u>\$ 349,226,846.84</u>	 <u>\$ 325,908,141.15</u>
 Net Position, August 31st	 <u>\$ 395,015,676.16</u>	 <u>\$ 349,226,846.84</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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U N A U D I T E D

Comparative Matrix of Operating Expenses by Function

For the Years Ended August 31, 2018 and 2017

<i>OPERATING EXPENSES</i>	<i>INSTRUCTION</i>	<i>RESEARCH</i>	<i>PUBLIC SERVICE</i>	<i>PATIENT CARE</i>	<i>ACADEMIC SUPPORT</i>	<i>STUDENT SERVICES</i>
Salaries and Wages	\$ 80,987,320.01	\$ 6,824,779.94	\$ 1,612,333.27	\$ 14,658,443.67	\$ 25,062,732.54	\$ 1,708,685.44
Payroll Related Costs	14,484,363.31	1,825,465.62	472,642.55	5,299,243.22	7,075,969.37	448,284.58
Professional Fees and Services	4,322,167.27	109,064.08	134,095.13	26,961.34	1,006,669.92	30,764.16
Travel	801,203.73	159,722.50	72,104.41	17,001.24	436,272.80	49,008.68
Supplies and Materials	1,237,754.40	529,157.93	103,389.43	96,638.66	1,139,861.47	173,314.11
Communications and Utilities	658,301.21	15,292.52	9,857.24	42,465.71	1,933,841.08	123,363.65
Maintenance and Repair	253,407.25	622,750.12	96.00	3,637.77	1,621,884.61	104,248.86
Rentals and Leases	2,359,412.13	98,975.09	4,650.00	57,622.19	1,649,166.37	16,122.65
Printing and Production	48,865.01	14,270.84	10,389.13	1,687.34	125,486.20	9,172.80
Interest Expense	298.26	168.47	10.08	19.27	(79.08)	-
Claims and Judgments	-	-	-	-	182,671.00	-
Other Expenses	3,091,964.39	895,355.12	364,455.71	167,292.30	8,824,289.03	444,308.46
Bad Debt Expense (Recovery)	-	-	-	-	-	16,734.92
Scholarships and Fellowships	-	-	-	-	741,651.36	-
State Grant Pass-Through Exp	-	-	36,684.42	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
FY 2018	\$ 108,245,056.97	\$ 11,095,002.23	\$ 2,820,707.37	\$ 20,371,012.71	\$ 49,800,416.67	\$ 3,124,008.31
FY 2017	\$ 102,639,024.36	\$ 14,766,446.00	\$ 3,009,025.36	\$ 19,177,212.85	\$ 46,874,530.80	\$ 2,789,136.90

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Comparative Matrix of Operating Expenses by Function

For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	TOTAL EXPENSES
Salaries and Wages	\$ 9,150,466.09	\$ 3,307,586.25	\$ 3,000.00	\$ 109,521.98	\$ -	\$ 143,424,869.19
Payroll Related Costs	3,101,820.04	1,307,803.97	222.64	52,706.06	-	34,068,521.36
Professional Fees and Services	830,911.14	307,976.60	-	3,459.18	-	6,772,068.82
Travel	133,590.74	4,886.18	-	1,183.73	-	1,674,974.01
Supplies and Materials	114,505.01	217,121.60	-	1,015.14	-	3,612,757.75
Communications and Utilities	267,297.01	1,763,436.11	-	9,853.37	-	4,823,707.90
Maintenance and Repair	168,300.29	1,348,650.48	-	13,811.22	-	4,136,786.60
Rentals and Leases	314,811.42	125,513.12	-	2,710.84	-	4,628,983.81
Printing and Production	52,201.39	5,075.15	-	2,414.71	-	269,562.57
Interest Expense	214.63	668.82	-	12.50	-	1,312.95
Claims and Judgments	-	-	-	-	-	182,671.00
Other Expenses	(2,217,781.86)	2,131,122.69	-	19,355.67	-	13,720,361.51
Bad Debt Expense (Recovery)	-	-	-	-	-	16,734.92
Scholarships and Fellowships	-	-	710,296.20	-	-	1,451,947.56
State Grant Pass-Through Exp	-	-	-	-	-	36,684.42
Depreciation and Amortization	-	-	-	-	10,723,261.86	10,723,261.86
FY 2018	\$ 11,916,335.90	\$ 10,519,840.97	\$ 713,518.84	\$ 216,044.40	\$ 10,723,261.86	\$ 229,545,206.23
FY 2017	\$ 15,475,347.81	\$ 11,547,226.94	\$ 930,924.70	\$ 209,486.21	\$ 11,532,978.93	\$ 228,951,340.86

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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Comparative Statement of Cash Flows

For the Year Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash Inflows		
Collections from Student Tuition and Fees	\$ 9,609,136.23	\$ 8,557,206.79
Collections from Grants and Contracts	99,702,952.60	86,746,196.21
Collections from Patients and Insurers	51,376,461.90	45,513,722.07
Collections of Loan Program Proceeds	593,489.90	649,102.68
Collections from Auxiliary Enterprises	283,766.78	283,047.50
Collections from Other Operating Activities	12,839,924.63	13,006,145.32
Cash Outflows		
Payments to Suppliers	(25,219,691.79)	(31,812,263.74)
Payments to Employees for Salaries	(142,111,896.20)	(137,305,570.60)
Payments to Employees for Benefits	(34,193,298.92)	(32,091,759.38)
Payments for Loans Provided to Students	(591,001.24)	(600,970.36)
Payments for Unemployment Benefits	(71,319.10)	(58,067.50)
Payments for Other Operating Activities	<u>(18,803,248.07)</u>	<u>(17,719,606.09)</u>
Net Cash Used for Operating Activities	<u>\$ (46,584,723.28)</u>	<u>\$ (64,832,817.10)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Inflows		
Proceeds from Legislative Appropriations	\$ 71,556,235.37	\$ 77,642,845.27
Proceeds from Net Transfers from Texas Tech University Health Sciences Center	85,535.60	258,328.02
Proceeds from Net Transfers from Texas Tech Foundation, Inc.	4,012,878.37	3,739,914.12
Proceeds from Legislative Transfers from Other State Agencies	-	5,841,147.00
Proceeds from Agency Transactions	14,131,280.00	13,062,115.00
Proceeds from Non-Capital Gifts	717,303.96	809,197.23
Proceeds from Non-Capital Grants	588,453.00	519,525.00
Proceeds from Other Non-Capital Financing Activities	681,994.33	855,246.48
Cash Outflows		
Payments for Net Transfers to Texas Tech University	(60,107.71)	(2,164.00)
Payments for Net Transfers to Texas Tech University System	(1,912,719.93)	(2,223,063.93)
Payments for Other Uses	<u>(14,131,280.00)</u>	<u>(13,062,115.00)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 75,669,572.99</u>	<u>\$ 87,440,975.19</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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Comparative Statement of Cash Flows

For the Year Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Capital and Related Financing Activities		
Cash Inflows		
Proceeds from Sale of Capital Assets	\$ 2,012.00	\$ 25,106.14
Proceeds from Legislative Appropriations for Capital	6,234,075.00	6,234,075.00
Proceeds from Transfers from Texas Tech University System Administration	26,692,305.27	10,294,385.52
Cash Outflows		
Payments for Purchases of Capital Assets	(29,218,798.92)	(25,147,873.29)
Payments for Transfers to Texas Tech University System Administration	(12,509,605.50)	(13,874,845.17)
Net Cash Used for Capital and Related Financing Activities	<u>\$ (8,800,012.15)</u>	<u>\$ (22,469,151.80)</u>
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sales and Maturities of Investments	\$ 10,255,765.27	\$ 13,374,554.03
Proceeds from Interest and Dividends on Investments	7,753,124.42	5,173,193.20
Cash Outflows		
Payments for Purchases of Investments	(23,894,512.92)	(20,857,974.50)
Net Cash Used for Investing Activities	<u>\$ (5,885,623.23)</u>	<u>\$ (2,310,227.27)</u>
TOTAL NET CASH FLOWS	<u>\$ 14,399,214.33</u>	<u>\$ (2,171,220.98)</u>
Cash and Cash Equivalents, September 1st	<u>\$ 38,943,310.03</u>	<u>\$ 41,114,531.01</u>
Cash and Cash Equivalents, August 31st	<u>\$ 53,342,524.36</u>	<u>\$ 38,943,310.03</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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U N A U D I T E D

Comparative Statement of Cash Flows

For the Year Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (61,357,246.47)	\$ (67,205,261.21)
Adjustments		
Depreciation Expense	10,723,261.86	11,532,978.93
Decrease (Increase) in Receivables	5,523,841.38	(7,144,161.62)
Decrease (Increase) in Due from Other Agency	(541,117.09)	(167,934.68)
Decrease (Increase) in Merchandise Inventories	(87,095.95)	(61,999.69)
Decrease (Increase) in Prepaid Expenses	(532,394.48)	343,533.68
Decrease (Increase) in Loans and Notes Receivable	2,488.66	27,980.32
Increase (Decrease) in Payables	1,811,069.36	(3,465,526.44)
Increase (Decrease) in Due to Other Agency	3,601.04	(42,441.72)
Increase (Decrease) in Deferred Revenue	658,293.01	(323,189.74)
Increase (Decrease) in Compensable Leave	655,068.89	969,783.00
Increase (Decrease) in Other Liabilities	<u>(3,444,493.49)</u>	<u>703,422.07</u>
Net Cash Used for Operating Activities	<u>\$ (46,584,723.28)</u>	<u>\$ (64,832,817.10)</u>
Non-Cash Transactions		
Donations of Capital Assets	\$ 39,388.16	\$ 28,612.69
Net Increase (Decrease) in Fair Value of Investments	2,195,473.60	4,671,317.39
Disposal of Capital Assets	(114,149.24)	(249,065.70)