

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER AT EL PASO



Annual Financial Report
Fiscal Year 2019

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, 2019. 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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Organizational Data

BOARD OF REGENTS

Term Expires

Christopher M. Huckabee (Chair)	January 31, 2021.....	Fort Worth
J. Michael Lewis (Vice Chair)	January 31, 2023.....	Dallas
Mickey L. Long	January 31, 2021.....	Lubbock
Ron Hammonds.....	January 31, 2021.....	Houston
John Steinmetz	January 31, 2023.....	Dallas
John Walker	January 31, 2023.....	Houston
Ginger Kerrick.....	January 31, 2025.....	Webster
Mark Griffin	January 31, 2025.....	Lubbock
Dusty Womble	January 31, 2025.....	Lubbock
Sean Lewis (Student Regent)	May 31, 2020.....	Detroit, Michigan

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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Comparative Statement of Net Position

As of August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Unrestricted Cash and Cash Equivalents	\$ 21,418,872.99	\$ 34,807,177.39
Restricted Cash and Cash Equivalents	16,555,456.75	18,535,286.97
Balance of Legislative Appropriations	19,103,153.15	12,768,803.97
Receivables:		
Federal	375,308.60	373,588.06
Interest and Dividends	215,141.55	183,612.31
Patient	8,663,866.74	9,631,192.32
Student	25,668.65	56,823.10
Contracts	10,652,955.07	12,182,521.29
Pledged Gifts	595,166.99	591,882.00
Other	3,275,250.05	434,396.65
Due from Other State Agencies	5,680,521.00	4,534,077.32
Inventories	459,342.49	178,974.14
Prepaid Items	2,861,102.76	2,439,139.33
Loans and Notes	69,906.36	57,504.93
Total Current Assets	<u>\$ 89,951,713.15</u>	<u>\$ 96,774,979.78</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ 10.00	\$ 60.00
Pledged Gifts Receivable	5,672,158.80	6,109,244.16
Loans and Notes	766,345.94	1,137,970.19
Restricted Investments	37,292,202.55	39,174,976.82
Unrestricted Investments	152,264,966.81	129,789,661.73
Capital Assets:		
Non-Depreciable or Non-Amortizable	73,461,500.69	54,901,609.42
Depreciable or Amortizable	208,841,721.00	206,602,697.78
less Accumulated Depreciation and Amortization	<u>(118,273,451.67)</u>	<u>(109,026,527.11)</u>
Total Non-Current Assets	<u>\$ 360,025,454.12</u>	<u>\$ 328,689,692.99</u>
TOTAL ASSETS	<u><u>\$ 449,977,167.27</u></u>	<u><u>\$ 425,464,672.77</u></u>

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Comparative Statement of Net Position*As of August 31, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts	\$ 6,563,187.39	\$ 5,080,001.33
Payroll	13,330,457.95	12,533,488.91
Due to Other State Agencies	11,870.97	52,216.50
Unclaimed Property Due to the State Treasury	19,846.83	13,493.09
Unearned Revenue	3,911,404.10	3,619,581.57
Employees' Compensable Leave	1,171,076.02	990,210.73
Funds Held for Others	167,341.33	121,105.21
Total Current Liabilities	<u>\$ 25,175,184.59</u>	<u>\$ 22,410,097.34</u>
Non-Current Liabilities:		
Unclaimed Property Due to the State Treasury	\$ 13,964.70	\$ 27,194.30
Employees' Compensable Leave	7,837,201.07	8,011,704.97
Total Non-Current Liabilities	<u>\$ 7,851,165.77</u>	<u>\$ 8,038,899.27</u>
TOTAL LIABILITIES	<u>\$ 33,026,350.36</u>	<u>\$ 30,448,996.61</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 164,029,770.02	\$ 152,477,780.09
Restricted:		
Expendable:		
Capital Projects	3,776,174.96	5,744,738.00
Other	30,261,957.69	30,866,374.90
Nonexpendable:		
Endowments	30,311,106.31	29,797,267.34
Unrestricted	188,571,807.93	176,129,515.83
TOTAL NET POSITION	<u>\$ 416,950,816.91</u>	<u>\$ 395,015,676.16</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 449,977,167.27</u>	<u>\$ 425,464,672.77</u>

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

For the Years Ended of August 31, 2019 and 2018

	<u>2019</u>	<u>Restated 2018</u>
OPERATING REVENUE		
Tuition and Fee Revenue - Pledged	\$ 11,751,508.95	\$ 10,361,327.75
Tuition and Fee Revenue	461,251.39	449,026.92
Discounts and Allowances	(2,061,066.89)	(1,818,785.34)
Net Professional Fees	74,885,835.96	69,595,953.59
Uncollectibles	(18,588,215.16)	(17,772,661.70)
Auxiliary Enterprises - Pledged	285,394.41	276,566.25
Other Sales and Services - Pledged	303,310.96	318,403.17
Other Sales and Services	80,506.60	99,202.62
Federal Grant Revenue - Pledged	-	886,074.21
Federal Grant Revenue	2,424,935.49	1,855,738.78
Federal Pass-Through Revenue	201,040.86	175,829.75
Federal Contract Revenue	314,118.77	278,443.33
State Grant and Contract Revenue - Pledged	-	183,337.16
State Grant and Contract Revenue	1,778,700.94	1,600,618.67
State Grant and Contract Pass-Through Revenue	5,092,844.80	4,330,878.91
Local Grant and Contract Revenue - Pledged	26,000.00	57,371.06
Local Grant and Contract Revenue	60,467,216.14	60,752,548.79
Private Grant and Contract Revenue - Pledged	44,687.74	109,606.76
Private Grant and Contract Revenue	24,223,312.89	23,961,819.63
Other Revenue	9,127,583.29	12,486,659.45
Total Operating Revenues	<u>\$ 170,818,967.14</u>	<u>\$ 168,187,959.76</u>
OPERATING EXPENSE		
Salaries and Wages	\$ 148,507,901.14	\$ 143,424,869.19
Payroll Related Costs	35,625,556.28	34,068,521.36
Professional Fees and Services	7,312,109.27	6,772,068.82
Federal Grant Pass-Through Expense	20,357.69	-
State Grant Pass-Through Expense	40,835.17	36,684.42
Travel	1,855,389.94	1,674,974.01
Materials and Supplies	3,897,028.77	3,612,757.75
Communications and Utilities	5,121,024.02	4,823,707.90
Repairs and Maintenance	4,007,165.44	4,136,786.60
Rentals and Leases	4,488,933.52	4,628,983.81
Printing and Production	347,698.15	269,562.57
Depreciation and Amortization	10,244,375.94	10,723,261.86
Bad Debt Expense (Recovery)	114,374.12	16,734.92
Interest Expense	1,274.67	1,312.95
Scholarships	1,508,189.73	1,451,947.56
Claims and Judgments	57,259.02	182,671.00
Other Expenses	14,743,477.74	13,720,361.51
Total Operating Expenses	<u>\$ 237,892,950.61</u>	<u>\$ 229,545,206.23</u>
Operating Loss	<u>\$ (67,073,983.47)</u>	<u>\$ (61,357,246.47)</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, 2019 and 2018

	<u>2019</u>	<i>Restated</i> <u>2018</u>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Appropriations Revenue	\$ 75,844,369.49	\$ 75,659,464.59
Federal Grant Revenue	689,152.00	588,453.00
Gifts	3,140,070.75	3,059,506.87
Gifts - Pledged	-	2,091.00
Interest and Investment Income (Expense) - Pledged	706,784.29	1,422,238.47
Interest and Investment Income (Expense)	2,303,716.10	4,390,538.00
Gain (Loss) Sale of Capital Assets	(1,843.87)	(112,137.24)
Net Increase (Decrease) in Fair Value of Investments	712,462.78	2,195,473.60
Other Expenses	(4,605.60)	-
Other Revenues - Pledged	6,158.85	2,405.58
Other Revenues	<u>308,674.88</u>	<u>630,653.93</u>
Total Non-Operating Revenues (Expenses)	\$ <u>83,704,939.67</u>	\$ <u>87,838,687.80</u>
CAPITAL CONTRIBUTIONS, ENDOWMENTS, AND TRANSFERS		
Capital Contributions	\$ 874,942.87	\$ 816,721.49
Legislative Appropriations Revenue for Capital (HEAF)	6,234,075.00	6,234,075.00
Increases from Interagency Transfers of Capital Assets	7,517.16	36,524.05
Decreases from Interagency Transfers of Capital Assets	-	(75,340.28)
Net Transfers from (to) Texas Tech University Health Sciences Center	46,735.58	85,535.60
Net Transfers from (to) Texas Tech University	1,895.35	(60,107.71)
Net Transfers from (to) Texas Tech University System	9,677,857.59	23,884,072.34
Legislative Transfers Out (Texas Tech University System)	<u>(11,538,839.00)</u>	<u>(11,614,092.50)</u>
Capital Contributions and Transfers	\$ <u>5,304,184.55</u>	\$ <u>19,307,387.99</u>
TOTAL CHANGE IN NET POSITION	\$ <u>21,935,140.75</u>	\$ <u>45,788,829.32</u>
Net Position, September 1st	\$ <u>395,015,676.16</u>	\$ <u>349,226,846.84</u>
Net Position, August 31st	\$ <u>416,950,816.91</u>	\$ <u>395,015,676.16</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, 2019 and 2018

<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	\$ 84,643,593.29	\$ 5,893,413.86	\$ 828,657.13	\$ 15,939,041.22	\$ 25,545,155.17	\$ 1,433,472.20
Payroll Related Costs	15,567,724.74	1,695,943.30	221,346.23	5,684,625.65	7,273,719.29	361,573.46
Professional Fees and Services	5,128,797.36	286,560.26	61,307.57	20,317.59	865,439.94	22,242.29
Travel	912,034.28	148,856.84	44,885.33	17,169.91	473,427.50	67,570.18
Supplies and Materials	1,488,562.69	478,399.24	28,993.00	92,651.81	1,050,331.11	201,919.18
Communications and Utilities	809,932.41	34,344.71	1,307.10	46,470.82	2,272,055.75	117,485.93
Maintenance and Repair	602,474.06	722,997.36	1,482.38	5,565.65	1,179,831.08	127,489.44
Rentals and Leases	2,130,721.86	28,150.19	2,420.00	71,400.80	1,806,025.52	28,779.09
Printing and Production	54,373.01	19,822.78	3,744.54	2,103.86	159,526.29	15,322.61
Interest Expense	174.55	73.74	-	-	663.56	106.52
Claims and Judgments	57,259.02	-	-	-	-	-
Other Expenses	3,501,534.83	1,080,214.00	118,224.62	102,452.63	5,747,237.02	558,466.15
Bad Debt Expense (Recovery)	-	-	-	-	-	14,374.12
Scholarships and Fellowships	-	-	-	-	662,404.17	-
Federal Grant Pass-Through Exp	20,357.69	-	-	-	-	-
State Grant Pass-Through Exp	-	40,835.17	-	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
FY 2019	\$ 114,917,539.79	\$ 10,429,611.45	\$ 1,312,367.90	\$ 21,981,799.94	\$ 47,035,816.40	\$ 2,948,801.17
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

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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, 2019 and 2018

<i>OPERATING EXPENSES</i>	<i>INSTITUTIONAL SUPPORT</i>	<i>OPERATION & MAINTENANCE OF PLANT</i>	<i>SCHOLARSHIPS & FELLOWSHIPS</i>	<i>AUXILIARY ENTERPRISES</i>	<i>DEPRECIATION & AMORTIZATION</i>	<i>TOTAL EXPENSES</i>
Salaries and Wages	\$ 10,587,860.03	\$ 3,542,475.83	\$ 1,600.00	\$ 92,632.41	\$ -	\$ 148,507,901.14
Payroll Related Costs	3,420,456.41	1,357,966.04	124.41	42,076.75	-	35,625,556.28
Professional Fees and Services	790,103.03	137,341.23	-	-	-	7,312,109.27
Travel	177,232.28	12,787.22	-	1,426.40	-	1,855,389.94
Supplies and Materials	115,120.90	440,130.57	-	920.27	-	3,897,028.77
Communications and Utilities	303,755.12	1,526,489.98	-	9,182.20	-	5,121,024.02
Maintenance and Repair	322,979.01	1,028,156.58	-	16,189.88	-	4,007,165.44
Rentals and Leases	279,894.67	139,353.06	-	2,188.33	-	4,488,933.52
Printing and Production	84,969.26	4,178.88	-	3,656.92	-	347,698.15
Interest Expense	37.04	178.49	-	40.77	-	1,274.67
Claims and Judgments	-	-	-	-	-	57,259.02
Other Expenses	2,063,024.64	1,549,960.62	-	22,363.23	-	14,743,477.74
Bad Debt Expense (Recovery)	-	-	100,000.00	-	-	114,374.12
Scholarships and Fellowships	-	-	845,785.56	-	-	1,508,189.73
Federal Grant Pass-Through Exp	-	-	-	-	-	20,357.69
State Grant Pass-Through Exp	-	-	-	-	-	40,835.17
Depreciation and Amortization	-	-	-	-	10,244,375.94	10,244,375.94
FY 2019	<u>\$ 18,145,432.39</u>	<u>\$ 9,739,018.50</u>	<u>\$ 947,509.97</u>	<u>\$ 190,677.16</u>	<u>\$ 10,244,375.94</u>	<u>\$ 237,892,950.61</u>
FY 2018	<u>\$ 11,916,335.90</u>	<u>\$ 10,519,840.97</u>	<u>\$ 713,518.84</u>	<u>\$ 216,044.40</u>	<u>\$ 10,723,261.86</u>	<u>\$ 229,545,206.23</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, 2019 and 2018

	<u>2019</u>	<i>Restated</i> <u>2018</u>
Cash Flows from Operating Activities		
Cash Inflows		
Collections from Student Tuition and Fees	\$ 10,467,612.94	\$ 9,609,136.23
Collections from Grants and Contracts	96,061,692.68	99,702,952.60
Collections from Patients and Insurers	57,304,080.18	51,376,461.90
Collections of Loan Program Proceeds	297,394.80	593,489.90
Collections from Auxiliary Enterprises	296,182.76	283,766.78
Collections from Other Operating Activities	6,634,545.66	12,839,924.63
Cash Outflows		
Payments to Suppliers	(25,989,883.55)	(25,219,691.79)
Payments to Employees for Salaries	(148,084,454.52)	(142,111,896.20)
Payments to Employees for Benefits	(35,159,858.26)	(34,193,298.92)
Payments for Loans Provided to Students	(452,922.61)	(591,001.24)
Payments for Unemployment Benefits	(85,814.21)	(71,319.10)
Payments for Other Operating Activities	<u>(16,308,926.49)</u>	<u>(18,803,248.07)</u>
Net Cash Used for Operating Activities	<u>\$ (55,020,350.62)</u>	<u>\$ (46,584,723.28)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Inflows		
Proceeds from Legislative Appropriations	\$ 69,510,020.31	\$ 71,556,235.37
Proceeds from Net Transfers from Texas Tech University	1,895.35	-
Proceeds from Net Transfers from Texas Tech University Health Sciences Center	46,735.58	85,535.60
Proceeds from Net Transfers from Texas Tech University System	1,500.00	-
Proceeds from Agency Transactions	14,345,909.97	14,131,280.00
Proceeds from Non-Capital Gifts	3,573,871.12	3,952,849.00
Proceeds from Non-Capital Grants	689,152.00	588,453.00
Proceeds from Other Non-Capital Financing Activities	361,069.85	681,994.33
Cash Outflows		
Payments for Net Transfers to Texas Tech University	-	(60,107.71)
Payments for Net Transfers to Texas Tech University System	(1,992,805.14)	(1,912,719.93)
Payments for Other Uses	<u>(14,350,515.57)</u>	<u>(14,131,280.00)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 72,186,833.47</u>	<u>\$ 74,892,239.66</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, 2019 and 2018

	<u>2019</u>	<i>Restated</i> <u>2018</u>
Cash Flows from Capital and Related Financing Activities		
Cash Inflows		
Proceeds from Sale of Capital Assets	\$ 2,322.00	\$ 2,012.00
Proceeds from Capital Gifts	848,000.00	777,333.33
Proceeds from Legislative Appropriations for Capital	6,234,075.00	6,234,075.00
Proceeds from Transfers from Texas Tech University System	12,639,925.73	24,693,330.95
Cash Outflows		
Payments for Purchases of Capital Assets	(21,766,071.71)	(27,219,824.60)
Payments for Transfers to Texas Tech University System	(12,509,602.00)	(12,509,605.50)
Net Cash Used for Capital and Related Financing Activities	<u>\$ (14,551,350.98)</u>	<u>\$ (8,022,678.82)</u>
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sales and Maturities of Investments	\$ 29,729,440.54	\$ 10,255,765.27
Proceeds from Interest and Dividends on Investments	6,447,929.14	7,753,124.42
Cash Outflows		
Payments for Purchases of Investments	(54,160,686.17)	(23,894,512.92)
Net Cash Used for Investing Activities	<u>\$ (17,983,316.49)</u>	<u>\$ (5,885,623.23)</u>
TOTAL NET CASH FLOWS	<u>\$ (15,368,184.62)</u>	<u>\$ 14,399,214.33</u>
Cash and Cash Equivalents, September 1st	<u>\$ 53,342,524.36</u>	<u>\$ 38,943,310.03</u>
Cash and Cash Equivalents, August 31st	<u>\$ 37,974,339.74</u>	<u>\$ 53,342,524.36</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, 2019 and 2018

	<u>2019</u>	<i>Restated</i> <u>2018</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (67,073,983.47)	\$ (61,357,246.47)
Adjustments		
Depreciation Expense	10,244,375.94	10,723,261.86
Decrease (Increase) in Receivables	(314,527.69)	5,523,841.38
Decrease (Increase) in Due from Other Agency	(64,224.07)	(541,117.09)
Decrease (Increase) in Merchandise Inventories	(280,368.35)	(87,095.95)
Decrease (Increase) in Prepaid Expenses	(421,963.43)	(532,394.48)
Decrease (Increase) in Loans and Notes Receivable	359,222.82	2,488.66
Increase (Decrease) in Payables	2,280,155.10	1,811,069.36
Increase (Decrease) in Due to Other Agency	(40,345.53)	3,601.04
Increase (Decrease) in Deferred Revenue	291,822.53	658,293.01
Increase (Decrease) in Compensable Leave	6,361.39	655,068.89
Increase (Decrease) in Other Liabilities	<u>(6,875.86)</u>	<u>(3,444,493.49)</u>
Net Cash Used for Operating Activities	<u>\$ (55,020,350.62)</u>	<u>\$ (46,584,723.28)</u>
Non-Cash Transactions		
Donations of Capital Assets	\$ 26,942.87	\$ 39,388.16
Net Increase (Decrease) in Fair Value of Investments	712,462.78	2,195,473.60
Disposal of Capital Assets	(4,165.87)	(114,149.24)