

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER AT EL PASO



Annual Financial Report
Fiscal Year 2020

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, 2020. 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

J. Michael Lewis (Chair)	January 31, 2023	Dallas
Mark Griffin (Vice Chair).....	January 31, 2025.....	Lubbock
Christopher M. Huckabee	January 31, 2021	Fort Worth
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
Dusty Womble	January 31, 2025.....	Lubbock
Brooke Walterscheid (Student Regent).....	May 31, 2021.....	Muenster, Texas

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Unrestricted Cash and Cash Equivalents	\$ 28,404,722.44	\$ 21,418,872.99
Restricted Cash and Cash Equivalents	17,377,739.83	16,555,456.75
Balance of Legislative Appropriations	29,991,738.10	19,103,153.15
Receivables:		
Federal	1,311,709.16	375,308.60
Interest and Dividends	186,306.60	215,141.55
Patient	6,604,210.97	8,663,866.74
Student	83,043.24	25,668.65
Contracts	12,615,334.74	10,652,955.07
Pledged Gifts	605,032.95	595,166.99
Other	400,365.75	3,275,250.05
Due from Other State Agencies	4,579,723.07	5,680,521.00
Inventories	558,556.81	459,342.49
Prepaid Items	3,462,796.02	2,861,102.76
Loans and Notes	91,091.05	69,906.36
Total Current Assets	<u>\$ 106,272,370.73</u>	<u>\$ 89,951,713.15</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ (38.86)	\$ 10.00
Pledged Gifts Receivable	5,425,021.92	5,672,158.80
Loans and Notes	757,494.37	766,345.94
Restricted Investments	39,037,951.33	37,292,202.55
Unrestricted Investments	148,612,214.11	152,264,966.81
Capital Assets:		
Non-Depreciable or Non-Amortizable	109,945,183.32	73,461,500.69
Depreciable or Amortizable	212,282,227.81	208,841,721.00
less Accumulated Depreciation and Amortization	<u>(127,391,490.60)</u>	<u>(118,273,451.67)</u>
Total Non-Current Assets	<u>\$ 388,668,563.40</u>	<u>\$ 360,025,454.12</u>
TOTAL ASSETS	<u><u>\$ 494,940,934.13</u></u>	<u><u>\$ 449,977,167.27</u></u>

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Comparative Statement of Net Position

As of August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities:		
Payables:		
Accounts	\$ 8,598,887.66	\$ 6,563,187.39
Payroll	12,832,123.17	13,330,457.95
Due to Other State Agencies	55,840.25	11,870.97
Unclaimed Property Due to the State Treasury	7,929.89	19,846.83
Unearned Revenue	5,284,503.80	3,911,404.10
Employees' Compensable Leave	1,043,794.93	1,171,076.02
Funds Held for Others	123,651.30	167,341.33
Total Current Liabilities	<u>\$ 27,946,731.00</u>	<u>\$ 25,175,184.59</u>
Non-Current Liabilities:		
Unclaimed Property Due to the State Treasury	\$ 26,710.56	\$ 13,964.70
Employees' Compensable Leave	10,025,080.19	7,837,201.07
Total Non-Current Liabilities	<u>\$ 10,051,790.75</u>	<u>\$ 7,851,165.77</u>
TOTAL LIABILITIES	<u>\$ 37,998,521.75</u>	<u>\$ 33,026,350.36</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 194,835,920.53	\$ 164,029,770.02
Restricted:		
Expendable:		
Capital Projects	4,966,542.23	3,776,174.96
Other	30,006,223.46	30,261,957.69
Nonexpendable:		
Endowments	32,479,254.84	30,311,106.31
Unrestricted	194,654,471.32	188,571,807.93
TOTAL NET POSITION	<u>\$ 456,942,412.38</u>	<u>\$ 416,950,816.91</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 494,940,934.13</u>	<u>\$ 449,977,167.27</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, 2020 and 2019

	<u>2020</u>	<i>Restated</i> <u>2019</u>
OPERATING REVENUE		
Tuition and Fee Revenue - Pledged	\$ 12,461,464.00	\$ 11,751,508.95
Tuition and Fee Revenue	420,216.08	461,251.39
Discounts and Allowances	(2,245,659.53)	(2,061,066.89)
Net Professional Fees	48,850,170.17	74,885,835.96
Uncollectibles	3,696,353.74	(18,588,215.16)
Auxiliary Enterprises - Pledged	285,881.27	285,394.41
Other Sales and Services - Pledged	346,906.19	303,310.96
Other Sales and Services	145,693.51	80,506.60
Federal Grant and Contract Revenue	1,888,808.55	2,739,054.26
Federal Pass-Through Revenue	304,530.92	201,040.86
State Grant and Contract Revenue	1,694,420.64	1,778,700.94
State Grant and Contract Pass-Through Revenue	5,637,228.11	5,092,844.80
Local Grant and Contract Revenue - Pledged	-	26,000.00
Local Grant and Contract Revenue	60,890,377.56	60,467,216.14
Private Grant and Contract Revenue - Pledged	28,763.85	44,687.74
Private Grant and Contract Revenue	25,777,237.65	24,223,312.89
Other Revenue	16,854,125.79	9,127,583.29
Total Operating Revenues	<u>\$ 177,036,518.50</u>	<u>\$ 170,818,967.14</u>
OPERATING EXPENSE		
Salaries and Wages	\$ 156,923,119.59	\$ 148,507,901.14
Payroll Related Costs	36,669,200.49	35,625,556.28
Professional Fees and Services	6,617,573.84	7,312,109.27
Federal Grant Pass-Through Expense	2,737.91	20,357.69
State Grant Pass-Through Expense	62,695.58	40,835.17
Travel	1,073,977.58	1,855,389.94
Materials and Supplies	3,888,640.92	3,897,028.77
Communications and Utilities	4,495,331.54	5,121,024.02
Repairs and Maintenance	4,273,188.40	4,007,165.44
Rentals and Leases	4,966,913.03	4,488,933.52
Printing and Production	196,441.42	347,698.15
Depreciation and Amortization	9,972,874.74	10,244,375.94
Bad Debt Expense (Recovery)	12,302.28	114,374.12
Interest Expense	1,856.13	1,274.67
Scholarships	2,036,563.99	1,508,189.73
Claims and Judgments	-	57,259.02
Other Expenses	18,329,478.64	14,743,477.74
Total Operating Expenses	<u>\$ 249,522,896.08</u>	<u>\$ 237,892,950.61</u>
Operating Loss	<u>\$ (72,486,377.58)</u>	<u>\$ (67,073,983.47)</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, 2020 and 2019

	<u>2020</u>	<i>Restated</i> <u>2019</u>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Appropriations Revenue	\$ 81,503,408.78	\$ 75,844,369.49
Federal Grant Revenue	2,018,212.38	689,152.00
Gifts	4,354,091.97	2,961,871.12
Gifts - Pledged	2,000.00	-
Interest and Investment Income (Expense) - Pledged	1,027,989.18	706,784.29
Interest and Investment Income (Expense)	5,173,066.93	2,303,716.10
Gain (Loss) Sale of Capital Assets	8,200.42	(1,843.87)
Net Increase (Decrease) in Fair Value of Investments	(4,514,102.43)	712,462.78
Other Expenses	-	(4,605.60)
Other Revenues - Pledged	14,715.43	6,158.85
Other Revenues	367,025.15	308,674.88
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Total Non-Operating Revenues (Expenses)	\$ 89,954,607.81	\$ 83,526,740.04
 CAPITAL CONTRIBUTIONS, ENDOWMENTS, AND TRANSFERS		
Capital Contributions	\$ 1,323,824.41	\$ 1,053,142.50
Legislative Appropriations Revenue for Capital (HEAF)	6,234,075.00	6,234,075.00
Contributions to Permanent and Term Endowments	340,043.57	-
Increases from Interagency Transfers of Capital Assets	-	7,517.16
Decreases from Interagency Transfers of Capital Assets	(74,651.00)	-
Net Transfers from (to) Texas Tech University Health Sciences Center	(147,435.41)	46,735.58
Net Transfers from (to) Texas Tech University	(5,567.70)	1,895.35
Net Transfers from (to) Texas Tech University System Administration	27,275,207.37	9,677,857.59
Legislative Transfers from (to) Other State Agencies	2,243,624.00	-
Legislative Transfers Out (System Administration Support)	(14,666,075.00)	(11,538,839.00)
Net transfer from (to) Other State Agencies	320.00	-
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Capital Contributions and Transfers	\$ 22,523,365.24	\$ 5,482,384.18
 TOTAL CHANGE IN NET POSITION		
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TOTAL CHANGE IN NET POSITION	\$ 39,991,595.47	\$ 21,935,140.75
 Net Position, September 1st		
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Net Position, September 1st	\$ 416,950,816.91	\$ 395,015,676.16
 Net Position, August 31st		
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Net Position, August 31st	\$ 456,942,412.38	\$ 416,950,816.91

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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Comparative Matrix of Operating Expenses by Function

For the Years Ended August 31, 2020 and 2019

<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	\$ 90,200,255.49	\$ 5,535,349.34	\$ 1,662,248.84	\$ 17,720,223.39	\$ 26,012,875.35	\$ 1,431,734.66
Payroll Related Costs	15,677,094.44	1,634,984.04	354,172.86	6,228,120.05	7,091,337.31	354,391.50
Professional Fees and Services	4,164,208.71	232,807.21	51,171.51	19,788.16	1,052,177.32	49,641.61
Travel	487,541.05	80,844.50	9,726.80	54,931.74	283,488.72	56,133.41
Supplies and Materials	911,122.70	366,818.32	56,127.49	709,987.33	1,147,812.76	233,095.49
Communications and Utilities	652,308.11	25,675.64	4,272.43	32,774.09	1,875,015.80	114,573.91
Maintenance and Repair	532,833.13	525,202.33	1,320.00	18,874.06	1,659,260.82	201,505.36
Rentals and Leases	2,485,962.30	427.33	57,428.52	66,637.48	1,976,675.62	26,638.83
Printing and Production	31,989.07	15,140.38	15,432.67	5,919.31	59,747.63	22,174.00
Interest Expense	116.97	17.69	-	-	1,079.43	117.77
Other Expenses	2,590,141.76	938,597.92	157,518.85	249,227.75	8,223,011.53	699,258.16
Bad Debt Expense (Recovery)	-	-	-	-	-	12,302.28
Scholarships and Fellowships	-	-	-	-	667,325.15	-
Federal Grant Pass-Through Exp	2,737.91	-	-	-	-	-
State Grant Pass-Through Exp	-	62,695.58	-	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
FY 2020	\$ 117,736,311.64	\$ 9,418,560.28	\$ 2,369,419.97	\$ 25,106,483.36	\$ 50,049,807.44	\$ 3,201,566.98
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

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Comparative Matrix of Operating Expenses by Function

For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	TOTAL EXPENSES
Salaries and Wages	\$ 10,434,209.89	\$ 3,813,629.68	\$ 550.00	\$ 112,042.95	\$ -	\$ 156,923,119.59
Payroll Related Costs	3,826,795.27	1,453,198.52	38.07	49,068.43	-	36,669,200.49
Professional Fees and Services	666,052.37	381,726.95	-	-	-	6,617,573.84
Travel	94,805.42	6,349.01	-	156.93	-	1,073,977.58
Supplies and Materials	142,502.53	320,598.98	-	575.32	-	3,888,640.92
Communications and Utilities	255,478.44	1,527,331.85	-	7,901.27	-	4,495,331.54
Maintenance and Repair	256,068.29	1,061,059.86	-	17,064.55	-	4,273,188.40
Rentals and Leases	255,505.34	95,247.81	-	2,389.80	-	4,966,913.03
Printing and Production	36,647.69	8,265.07	-	1,125.60	-	196,441.42
Interest Expense	83.42	440.85	-	-	-	1,856.13
Other Expenses	1,951,304.86	3,511,838.67	-	8,579.14	-	18,329,478.64
Bad Debt Expense (Recovery)	-	-	-	-	-	12,302.28
Scholarships and Fellowships	-	-	1,369,238.84	-	-	2,036,563.99
Federal Grant Pass-Through Exp	-	-	-	-	-	2,737.91
State Grant Pass-Through Exp	-	-	-	-	-	62,695.58
Depreciation and Amortization	-	-	-	-	9,972,874.74	9,972,874.74
FY 2020	\$ 17,919,453.52	\$ 12,179,687.25	\$ 1,369,826.91	\$ 198,903.99	\$ 9,972,874.74	\$ 249,522,896.08
FY 2019	\$ 18,145,432.39	\$ 9,739,018.50	\$ 947,509.97	\$ 190,677.16	\$ 10,244,375.94	\$ 237,892,950.61

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER at EL PASO

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Comparative Statement of Cash Flows

For the Year Ended August 31, 2020 and 2019

	<u>2020</u>	<i>Restated</i> <u>2019</u>
Cash Flows from Operating Activities		
Cash Inflows		
Collections from Student Tuition and Fees	\$ 11,125,485.63	\$ 10,450,771.86
Collections from Grants and Contracts	94,269,798.16	96,061,692.68
Collections from Patients and Insurers	54,371,272.99	57,304,080.18
Collections of Loan Program Proceeds	783,784.46	704,828.80
Collections from Auxiliary Enterprises	298,732.12	296,182.76
Collections from Other Operating Activities	20,185,453.96	6,634,545.66
Collections from Fiduciary Activities	14,379,477.00	14,461,368.00
Cash Outflows		
Payments to Suppliers	(24,351,077.77)	(25,989,883.55)
Payments to Employees for Salaries	(154,758,683.93)	(148,084,454.52)
Payments to Employees for Benefits	(37,143,360.23)	(35,159,858.26)
Payments for Loans Provided to Students	(804,150.75)	(452,922.61)
Payments for Unemployment Benefits	(128,012.67)	(85,814.21)
Payments for Other Operating Activities	(20,366,042.63)	(16,308,926.49)
Payments for Fiduciary Activities	(14,923,773.49)	(14,851,960.92)
Net Cash Used for Operating Activities	<u>\$ (57,061,097.15)</u>	<u>\$ (55,020,350.62)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Inflows		
Proceeds from Legislative Appropriations	\$ 70,614,823.83	\$ 69,510,020.31
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
Proceeds from Transfers from Other State Agencies	2,243,944.00	-
Proceeds from Non-Capital Gifts	4,696,135.54	2,961,871.12
Proceeds from Non-Capital Grants	2,839,791.79	689,152.00
Proceeds from Other Non-Capital Financing Activities	338,050.55	361,069.85
Cash Outflows		
Payments for Net Transfers to Texas Tech University	(5,567.70)	-
Payments for Net Transfers to Texas Tech University System	(746,263.45)	(1,991,305.14)
Payments for Net Transfers to Texas Tech University Health Sciences Center	(147,435.41)	-
Payments for Other Uses	-	(4,605.60)
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 79,833,479.15</u>	<u>\$ 71,574,833.47</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, 2020 and 2019

	<u>2020</u>	<i>Restated</i> <u>2019</u>
Cash Flows from Capital and Related Financing Activities		
Cash Inflows		
Proceeds from Sale of Capital Assets	\$ 12,625.45	\$ 2,322.00
Proceeds from Capital Gifts	1,495,333.33	1,460,000.00
Proceeds from Legislative Appropriations for Capital	6,234,075.00	6,234,075.00
Proceeds from Transfers from Texas Tech University System Administration	29,061,491.76	12,639,925.73
Cash Outflows		
Payments for Purchases of Capital Assets	(40,792,339.28)	(21,766,071.71)
Payments for Transfers to Texas Tech University System Administration	(15,706,095.94)	(12,509,602.00)
Net Cash Used for Capital and Related Financing Activities	<u>\$ (19,694,909.68)</u>	<u>\$ (13,939,350.98)</u>
Cash Flows from Investing Activities		
Cash Inflows		
Proceeds from Sales and Maturities of Investments	\$ 59,821,495.29	\$ 29,729,440.54
Proceeds from Interest and Dividends on Investments	8,534,571.17	6,447,929.14
Cash Outflows		
Payments for Purchases of Investments	<u>(63,625,455.11)</u>	<u>(54,160,686.17)</u>
Net Cash Used for Investing Activities	<u>\$ 4,730,611.35</u>	<u>\$ (17,983,316.49)</u>
TOTAL NET CASH FLOWS	<u>\$ 7,808,083.67</u>	<u>\$ (15,368,184.62)</u>
Cash and Cash Equivalents, September 1st	<u>\$ 37,974,339.74</u>	<u>\$ 53,342,524.36</u>
Cash and Cash Equivalents, August 31st	<u>\$ 45,782,423.41</u>	<u>\$ 37,974,339.74</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, 2020 and 2019

	<u>2020</u>	<i>Restated</i> <u>2019</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$ (72,486,377.58)	\$ (67,073,983.47)
Adjustments		
Depreciation Expense	9,972,874.74	10,244,375.94
Decrease (Increase) in Receivables	1,978,385.25	(314,527.69)
Decrease (Increase) in Due from Other Agency	(7,020.87)	(64,224.07)
Decrease (Increase) in Merchandise Inventories	(99,214.32)	(280,368.35)
Decrease (Increase) in Prepaid Expenses	(601,693.26)	(421,963.43)
Decrease (Increase) in Loans and Notes Receivable	(12,333.12)	359,222.82
Increase (Decrease) in Payables	1,537,365.49	2,280,155.10
Increase (Decrease) in Due to Other Agency	43,969.28	(40,345.53)
Increase (Decrease) in Deferred Revenue	551,520.29	291,822.53
Increase (Decrease) in Compensable Leave	2,060,598.03	6,361.39
Increase (Decrease) in Other Liabilities	828.92	(6,875.86)
Net Cash Used for Operating Activities	<u>\$ (57,061,097.15)</u>	<u>\$ (55,020,350.62)</u>
Non-Cash Transactions		
Donations of Capital Assets	\$ 65,762.00	\$ 26,942.87
Net Increase (Decrease) in Fair Value of Investments	(4,514,102.43)	712,462.78
Disposal of Capital Assets	(4,425.03)	(4,165.87)