

The University of Texas  
System Administration

*Financial Statements*  
(WITH DETAILED SUPPORTIVE SCHEDULES)

FISCAL YEAR ENDED AUGUST 31, 2002  
UNAUDITED

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THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
 EXHIBIT A - BALANCE SHEET  
 As of August 31, 2002

	Primary University	Component Unit
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 639,245,814	2,012,382
Restricted Cash & Cash Equivalents	9,416,258	
Securities Lending Collateral	202,552,782	
Accounts Receivable, Net:		
Interest and Dividends	95,415,759	13,041
Other Receivables	161,369,030	4,837,896
Due From Other Funds	38,643,822	
Due From Other Components	35,618,427	
Other Current Assets	346,980	45,524
<b>Total Current Assets</b>	<b><u>1,182,608,872</u></b>	<b><u>6,908,843</u></b>
Non-Current Assets:		
Restricted:		
Cash & Cash Equivalents	81,198	
Investments	10,516,966,925	265,380
Investments	2,312,154,242	
Capital Assets	2,270,321,655	176,756
Less Accumulated Depreciation	(21,999,504)	(72,270)
<b>Total Non-Current Assets</b>	<b><u>15,077,524,516</u></b>	<b><u>369,866</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,260,133,388</u></b>	<b><u>7,278,709</u></b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 36,247,159	4,387,987
Self-Insurance Claims IBNR	161,813,541	
Securities Lending Obligations	202,552,782	
Due to Other Funds	38,643,822	
Due to Other Components	473,340,153	
Due to Other Agencies	6,548,229	
Deferred Revenue	2,500,000	
Employees' Compensable Leave-Current Portion	245,433	
Notes, Loans and Leases Payable-Current Portion	498,007,000	
Payable From Restricted Assets-Current Portion	491,775,272	
Bonds Payable-Current Portion	81,000,000	
Other Current Liabilities	164,000	
<b>Total Current Liabilities</b>	<b><u>1,992,837,391</u></b>	<b><u>4,387,987</u></b>
Non-Current Liabilities:		
Employees' Compensable Leave	2,179,139	
Assets Held for Others	1,346,322,295	
Bonds Payable	1,680,600,000	
<b>Total Non-Current Liabilities</b>	<b><u>3,029,101,434</u></b>	
<b>TOTAL LIABILITIES</b>	<b><u>5,021,938,825</u></b>	<b><u>4,387,987</u></b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	(8,458,056)	104,486
Restricted for:		
Nonexpendable		
Permanent University Fund Endowment	7,539,176,009	
True and Term Endowments, and Annuities	11,217,361	
True and Term Endowments Held for Components	2,700,025,354	
Expendable		
Capital Projects	6,580,119	
Debt Service	4,459,204	
Funds Functioning as Endowment - Restricted	12	
Other Expendable	656,675	
Unrestricted	984,537,885	2,786,236
<b>TOTAL NET ASSETS</b>	<b><u>11,238,194,563</u></b>	<b><u>2,890,722</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,260,133,388</u></b>	<b><u>7,278,709</u></b>

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THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
EXHIBIT B - COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
For the Year Ended August 31, 2002

	Primary University	Component Unit
<b>Operating Revenues:</b>		
State Sponsored Programs	\$ 4,000,000	28,173,812
Net Sales and Services of Educational Activities	2,459,036	
Other Operating Revenues	21,186,709	
<b>Total Operating Revenues</b>	<b>27,645,745</b>	<b>28,173,812</b>
<b>Operating Expenses:</b>		
Hospitals and Clinics		28,237,645
Institutional Support	39,139,936	
Depreciation and Amortization	1,587,391	30,065
<b>Total Operating Expenses</b>	<b>40,727,327</b>	<b>28,267,710</b>
<b>Operating Loss</b>	<b>(13,081,582)</b>	<b>(93,898)</b>
<b>Nonoperating Revenues (Expenses):</b>		
State Appropriations	8,464,162	
Gift Contributions for Operations	445,088	
Net Investment Income	(243,322,944)	58,180
Net Increase (Decrease) in Fair Value of Investments	(433,103,574)	
Interest Expense on Capital Asset Financings	(89,918,208)	
Other Nonoperating Revenues	22,218,163	1,441
<b>Other Nonoperating Expenses</b>	<b>(11,742,005)</b>	
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(746,959,318)</b>	<b>59,621</b>
<b>Income/(Loss) Before Other Rev., Exp., Gains/(Losses) &amp; Transfers</b>	<b>(760,040,900)</b>	<b>(34,277)</b>
Additions to Permanent Endowments	87,678,590	
Reclass from / (to) Other Components	26,116,065	
Reclass from/(to) Other Funds for Debt Transactions & Cap. Assets		
Proceeds of Bonds Payable Invested in Plant of Components	430,801,825	
Transfers Between Components & System-Debt Service-Mandatory	137,517,659	
<b>Transfers Between Components &amp; System Admin. - Non mandatory</b>	<b>(849,056,959)</b>	
<b>Transfers to/from Other State Agencies</b>	<b>(112,811,212)</b>	
<b>Transfers Between Funds</b>		
<b>Change in Net Assets</b>	<b>(1,039,794,932)</b>	<b>(34,277)</b>
Net Assets - September 1, 2001 - As Previously Reported	12,302,685,916	2,924,999
Restatements	(24,696,421)	
Net Assets - September 1, 2001 - As Restated	12,277,989,495	2,924,999
<b>Net Assets - August 31, 2002</b>	<b>\$ 11,238,194,563</b>	<b>2,890,722</b>

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THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
EXHIBIT C - COMBINED STATEMENT OF CASH FLOWS  
For the Year Ended August 31, 2002

	Primary University	Component Unit
<b>Cash Flows from Operating Activities:</b>		
Proceeds Received from Patients and Customers	\$	24,303,068
Proceeds for Sponsored Programs	4,000,000	
Proceeds from Other Revenues	24,113,248	
Payments to Suppliers	11,829,275	(24,346,544)
Payments to Employees	(20,284,495)	(961,995)
Net Cash Provided (Used) by Operating Activities	<u>19,658,028</u>	<u>(1,005,471)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	8,626,284	
Operating Gifts	443,163	
Private Gifts for Endowment and Annuity Life Purposes	87,678,590	
Other Nonoperating Revenues	943,287	
Other Nonoperating Transfers To/From System	(627,539,226)	
Payments for Other Uses	(11,587,881)	
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(541,435,783)</u>	
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Issuance of Capital Debt	581,934,799	
Proceeds for Capital Debt Transferred from System (non-man)	(376,846,680)	
Purchase of Capital Assets	(7,690,402)	(33,530)
Principal Paid on Capital Related Debt	(119,640,000)	(9,620)
Mandatory Transfers to System for Capital Related Debt	137,517,659	
Interest Paid on Capital Related Debt	(81,312,789)	
Net Cash Provided (Used) by Related Financing Activities	<u>133,962,587</u>	<u>(43,150)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Sales and Maturities of Investments	15,441,406,600	500,000
Proceeds from Interest and Investment Income	135,499,451	45,139
Purchases of Investments	(14,896,748,919)	(15,380)
Net Cash Provided (Used) by Investing Activities	<u>680,157,132</u>	<u>529,759</u>
<b>Net Increase (Decrease) in Cash</b>	292,341,964	(518,862)
Cash & Cash Equivalents - Beginning of the Year	356,401,306	2,531,244
<b>Cash &amp; Cash Equivalents - End of the Year</b>	<u>\$ 648,743,270</u>	<u>2,012,382</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Loss	\$ (13,081,582)	(93,898)
Adjustments to Reconcile Operating Loss to Net Cash:		
Depreciation and Amortization Expense	1,587,391	30,065
Loss on Asset Disposition		11,729
Accounts Receivable, net	(695,476)	(3,882,388)
Other Assets		11,699
Accounts Payable	37,879,056	3,017,193
Due to System (from Components)	(7,616,937)	
Deferred Revenue	1,225,282	
Deposits Held for Others	(62,303)	
Compensated Absences & Notes Payable	175,482	
Other Liabilities	247,115	(99,871)
Total Adjustments	<u>32,739,610</u>	<u>(911,573)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 19,658,028</u>	<u>(1,005,471)</u>
<b>Non Cash Transactions</b>		
Net Increase (Decrease) in Fair Value of Investments	(433,103,574)	