

The University of Texas
at Austin



Financial Statements
(WITH DETAILED SUPPORTIVE SCHEDULES)

FISCAL YEAR ENDED AUGUST 31, 2003
UNAUDITED

THE UNIVERSITY OF TEXAS at AUSTIN

FINANCIAL STATEMENTS

(WITH DETAILED SUPPORTIVE SCHEDULES)

Presented herein are the financial statements with detailed supportive schedules of The University of Texas at Austin for the year ended August 31, 2003. These Statements and detailed supportive schedules have been prepared, insofar as practicable, in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements. In FY 2002, the University adopted Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 35, (GASB 35), *Basic Financial Statements - Management's Discussion and Analysis - for Public Colleges and Universities*.

This "detailed internal report" supplements the published Annual Financial Report of The University of Texas System and is intended to be for limited distribution primarily to financial and academic officers of the University who need access to the details included herein; it also provides a historical record of transactions relating to this particular component institution.

The Financial Report for public distribution for The University of Texas System includes the primary statements on a combined, System-wide basis complete with explanatory notes and additional commentaries, graphic data, and other information for the benefit of officials of the University and of the State and Federal governments, and for the interested public at large.

The State Auditor has not audited the accompanying annual financial report and, therefore, has not expressed an opinion on the financial statements and related information contained in this report. Furthermore, the State Auditor's forthcoming opinion letter will address the State as a whole, and an opinion will not be particularly expressed on The University of Texas System specifically.

**THE UNIVERSITY OF TEXAS SYSTEM
BOARD OF REGENTS
As of August 31, 2003**

Officers

Charles Miller, Chairman
Rita C. Clements, Vice-Chairman
Woody L. Hunt, Vice-Chairman
A. W. "Dub" Riter, Jr., Vice-Chairman
Francie A. Frederick, Counsel and Secretary

Members

Term Expires When Successor is Named

A. W. "Dub" Riter, Jr.

Tyler

Terms Expire February 1, 2005

Robert A. Estrada
Woody L. Hunt
Charles Miller

Dallas
El Paso
Houston

Terms Expire February 1, 2007

Rita C. Clements
Judith L. Craven, M.D.
Cyndi Taylor Krier

Dallas
Houston
San Antonio

Terms Expire February 1, 2009

H. Scott Caven, Jr.
James Richard Huffines

Houston
Austin

**THE UNIVERSITY OF TEXAS SYSTEM
SENIOR ADMINISTRATIVE OFFICIALS**

As of August 31, 2003

| | |
|------------------------|--|
| Mark G. Yudof | Chancellor |
| James C. Guckian, M.D. | Acting Executive Vice Chancellor for Health Affairs |
| Kerry L. Kennedy | Executive Vice Chancellor for Business Affairs |
| Teresa A. Sullivan | Executive Vice Chancellor for Academic Affairs |
| Cullen M. Godfrey | Vice Chancellor and General Counsel |
| E. Ashley Smith | Vice Chancellor for Governmental Relations and Policy |
| Shirley Bird Perry | Vice Chancellor for Development and External Relations |
| William H. Shute | Vice Chancellor for Federal Relations |
| John De La Garza, Jr. | Vice Chancellor for Community Relations |
| Tonya Moten Brown | Vice Chancellor for Administration |
| Michael D. McKinney | Vice Chancellor for Health Affairs |
| Edwin R. Sharpe | Vice Chancellor for Educational System Alignment |
| Bob Boldt | Chief Executive Officer and Chief Investment Officer, UTIMCO |

**THE UNIVERSITY OF TEXAS AT AUSTIN
SENIOR ADMINISTRATIVE OFFICIALS**

As of August 31, 2003

| | |
|-----------------------|--|
| Larry Faulkner | President |
| Sheldon Ekland-Olson | Executive Vice President and Provost |
| Stephen Monti | Executive Vice Provost |
| Lucia Gilbert | Vice Provost |
| Victoria Rodriguez | Vice Provost |
| William Lasher | Vice Provost |
| Kevin Hegarty | Senior Vice President and Chief Financial Officer |
| William S. Livingston | Senior Vice President |
| Juan Sanchez | Vice President for Research |
| Patricia C. Ohlendorf | Vice President for Institutional Relations and Legal Affairs |
| Victoria Rodriguez | Vice President and Dean of Graduate Studies |
| Daniel A. Updegrove | Vice President for Information Technology |
| Donald A. Hale | Vice President for Public Affairs |
| James W. Vick | Vice President for Student Affairs |
| Johnnie D. Ray | Vice President for Resource Development |
| James L. Hill | Vice President for Community and School Relations |
| Patricia L. Clubb | Vice President for Employee and Campus Services |
| Charles A. Roeckle | Deputy to the President |
| Susan Wagon Clagett | Associate Vice President for Office of Relationship Management and University Events |
| Joe A. Powell | Associate Vice President for Employee and Campus Services |
| Lon S. Heuer | Associate Vice President and Director of Internal Audits |
| Mary E. Knight | Associate Vice President and Budget Director |
| Brian G. Gutierrez | Associate Vice President and Controller |

TABLE OF CONTENTS

THE UNIVERSITY OF TEXAS AT AUSTIN

PRIMARY STATEMENTS

| | | |
|-----------|---|---|
| Exhibit A | - Balance Sheet | 1 |
| Exhibit B | - Statement of Revenues, Expenses and Changes in Net Assets | 2 |
| Exhibit C | - Statement of Cash Flows | 3 |

UNAUDITED

THE UNIVERSITY OF TEXAS AT AUSTIN
 EXHIBIT A - BALANCE SHEET
 As of August 31, 2003

| | TOTALS | |
|---|-----------------------------|--------------------|
| | Primary University | Component Units |
| ASSETS | | |
| Current Assets: | | |
| Cash & Cash Equivalents | \$ 418,623,479 | |
| Restricted Cash & Cash Equivalents | 161,625,862 | |
| Balance in State Appropriations | 5,442,811 | |
| Funds Held by System Administration - Current | (326,246) | |
| Accounts Receivable, Net: | | |
| Federal Receivables (net of allowances of \$xxxxxxxx) | 36,251,007 | |
| Student Receivables (net of allowances of \$1,871,495) | 76,606,616 | |
| Interest and Dividends | 3,911,542 | |
| Contributions Receivable (net of allowances of \$533,913) | 10,111,119 | |
| Other Receivables (net of allowances of \$820,158) | 19,109,024 | |
| Due From System Administration | 113,708,780 | |
| Due From Other Agencies | 443,604 | |
| Inventories | 8,462,592 | |
| Loans and Contracts | 9,822,783 | |
| Other Current Assets | 37,507,771 | |
| Total Current Assets | <u>901,300,744</u> | |
| Non-Current Assets: | | |
| Restricted: | | |
| Investments | 31,682,995 | |
| Loans, Contracts and Other | 43,742,743 | |
| Funds Held by System Administration | 1,661,747,765 | |
| Contributions Receivable (net of allowances of \$841,005) | 15,926,760 | |
| Investments | 71,790,182 | |
| Capital Assets | 2,492,091,092 | |
| Less Accumulated Depreciation | (1,066,339,460) | |
| Total Non-Current Assets | <u>3,250,642,077</u> | |
| TOTAL ASSETS \$ | <u><u>4,151,942,821</u></u> | |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 50,737,475 | |
| Due to System Administration | 9,065,009 | |
| Deferred Revenue | 270,943,529 | |
| Employees' Compensable Leave-Current Portion | 3,197,718 | |
| Notes, Loans and Leases Payable-Current Portion | 896,563 | |
| Payable From Restricted Assets-Current Portion | 14,615,977 | |
| Funds Held for Others | 1,290,813 | |
| Other Current Liabilities | 11,846,395 | |
| Total Current Liabilities | <u>362,593,479</u> | |
| Non-Current Liabilities: | | |
| Employees' Compensable Leave | 30,063,706 | |
| Assets Held for Others | 9,195,113 | |
| Notes, Loans and Leases Payable | 20,343,682 | |
| Total Non-Current Liabilities | <u>59,602,501</u> | |
| TOTAL LIABILITIES | <u>422,195,980</u> | |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 1,403,220,574 | |
| Restricted for: | | |
| Nonexpendable | | |
| True and Other Endowments, and Annuities | 1,574,829,182 | |
| Expendable | | |
| Capital Projects | 113,697,528 | |
| Debt Service | - | |
| Funds Functioning as Endowment - Restricted | 65,619,562 | |
| Other Expendable | 263,043,701 | |
| Unrestricted | 309,336,294 | |
| TOTAL NET ASSETS | <u>3,729,746,841</u> | |
| TOTAL LIABILITIES AND NET ASSETS \$ | <u><u>4,151,942,821</u></u> | |

UNAUDITED

THE UNIVERSITY OF TEXAS AT AUSTIN
 EXHIBIT B - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 For the Year Ended August 31, 2003

| | TOTALS | |
|--|-------------------------|--------------------|
| | Primary University | Component Units |
| OPERATING REVENUES: | | |
| Student Tuition and Fees | \$ 306,241,690 | |
| Discounts and Allowances | (47,305,781) | |
| Federal Sponsored Programs | 265,034,189 | |
| Federal Sponsored Programs Pass-Through from Other St. Agencies | 9,586,854 | |
| State Sponsored Programs | 25,555,486 | |
| State Sponsored Programs Pass-Through from Other St. Agencies | 15,309,799 | |
| Local Sponsored Programs | 2,790,969 | |
| Nongovernmental Sponsored Programs | 51,001,277 | |
| Sales and Services of Educational Activities | 89,281,221 | |
| Discounts and Allowances | (288,240) | |
| Auxiliary Enterprises | 137,257,640 | |
| Discounts and Allowances | (5,692,958) | |
| Other Operating Revenues | 2,911,691 | |
| Total Operating Revenues | <u>851,683,837</u> | |
| OPERATING EXPENSES: | | |
| Instruction | 416,336,999 | |
| Research | 303,255,633 | |
| Public Service | 33,053,275 | |
| Academic Support | 91,157,163 | |
| Student Services | 36,283,002 | |
| Institutional Support | 76,159,238 | |
| Operations and Maintenance of Plant | 106,407,515 | |
| Scholarships and Fellowships | 62,500,849 | |
| Auxiliary Enterprises | 151,195,395 | |
| Depreciation and Amortization | 79,967,533 | |
| Total Operating Expenses | <u>1,356,316,602</u> | |
| Operating Income (Loss) | <u>(504,632,765)</u> | |
| NONOPERATING REVENUES (EXPENSES): | | |
| State Appropriations | 286,447,699 | |
| Gift Contributions for Operations | 73,550,685 | |
| Net Investment Income | 52,333,214 | |
| Net Increase (Decrease) in Fair Value of Investments | 89,974,761 | |
| Interest Expense on Capital Asset Financings | (1,637,104) | |
| Gain/(Loss) on Sale of Capital Assets | (2,284,535) | |
| Other Nonoperating Revenues | 1,148,543 | |
| Other Nonoperating (Expenses) | (9,769,352) | |
| Net Nonoperating Revenues (Expenses) | <u>489,763,911</u> | |
| Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers: | <u>(14,868,854)</u> | |
| Gifts and Sponsored Programs for Capital Acquisitions | 4,476,405 | |
| Additions to Permanent Endowments | 190,813,290 | |
| Reclass from / (to) Other Components | 27,769,736 | |
| Transfers Between Components & System, Debt Service - Mandatory | (39,851,309) | |
| Transfers Between Components & System Admin. - Non mandatory | 240,945,717 | |
| Change in Net Assets | <u>409,284,985</u> | |
| Net Assets - September 1, 2002 - As Previously Reported | 3,351,890,377 | |
| Restatements | (31,428,521) | |
| Net Assets - September 1, 2002 - As Restated | <u>3,320,461,856</u> | |
| Net Assets - August 31, 2003 | <u>\$ 3,729,746,841</u> | |

UNAUDITED

THE UNIVERSITY OF TEXAS AT AUSTIN
EXHIBIT C - STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2003

| | Totals | |
|---|-------------------------|--------------------|
| | Primary University | Component Units |
| Cash Flows from Operating Activities: | | |
| Proceeds Received from Students | \$ 259,313,217 | |
| Proceeds for Sponsored Programs | 385,492,572 | |
| Auxiliary Enterprise Charges | 130,794,591 | |
| Proceeds from Other Revenues | 94,089,304 | |
| Payments to Suppliers | (359,210,726) | |
| Payments to Employees | (908,317,491) | |
| Loans Issued to Students | (36,309,539) | |
| Collections of Loans to Students | 35,781,282 | |
| Payments for Other Expenses | 1,294,451 | |
| Net Cash Provided (Used) by Operating Activities | <u>(397,072,339)</u> | |
| Cash Flows from Noncapital Financing Activities: | | |
| Proceeds from State Appropriations | 292,418,783 | |
| Operating Gifts | 90,083,076 | |
| Private Gifts for Endowment and Annuity Life Purposes | 190,813,290 | |
| Other Nonoperating Revenues | 6,737,241 | |
| Other Nonoperating Transfers To/From System | 163,127,599 | |
| Payments for Other Uses | (9,769,352) | |
| Net Cash Provided by Noncapital Financing Activities | <u>733,410,637</u> | |
| Cash Flows from Capital and Related Financing Activities: | | |
| Proceeds for Capital Debt Transferred from System (non-man) | 73,977,919 | |
| Purchase of Capital Assets | (152,540,074) | |
| Principal Paid on Capital Related Debt | (495,842) | |
| Mandatory Transfers with System for Capital Related Debt | (39,851,309) | |
| Interest Paid on Capital Related Debt | (1,637,104) | |
| Net Cash Provided (Used) by Capital & Related Financing Activities | <u>(120,546,410)</u> | |
| Cash Flows from Investing Activities: | | |
| Proceeds from Sales and Maturities of Investments | 152,912,911 | |
| Proceeds from Interest and Investment Income | 51,951,642 | |
| Proceeds from Interest and Investment Income Held by System | 1,032,935 | |
| Purchases of Investments | (54,000,000) | |
| Purchases of Investments Held by System | (142,801,145) | |
| Net Cash Provided (Used) by Investing Activities | <u>9,096,343</u> | |
| Net Increase (Decrease) in Cash | 224,888,231 | |
| Cash and Cash Equivalents - Beginning of the Year | 355,034,864 | |
| Cash and Cash Equivalents - End of the Year | <u>\$ 579,923,095</u> | |
| Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (used) by Operating Activities: | | |
| Operating Loss | \$ (504,632,765) | |
| Depreciation and Amortization Expense | 79,967,533 | |
| Bad Debt Expense | 462,174 | |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable, net | 9,540,141 | |
| Inventory | 1,047,896 | |
| Loans and Contracts | (8,041) | |
| Other Assets | 1,196,579 | |
| Accounts Payable | 3,669,635 | |
| Due to System | 1,114,498 | |
| Deferred Revenue | 7,128,213 | |
| Deposits Held for Others | (2,486,943) | |
| Compensated Absences & Notes Payable | 2,329,571 | |
| Other Liabilities | 3,599,170 | |
| Total Adjustments | <u>107,560,426</u> | |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (397,072,339)</u> | |
| Non Cash Transactions | | |
| Net Increase (Decrease) in Fair Value of Investments | 89,974,761 | |
| Donated Capital Assets | 4,476,405 | |