

TEXAS WOMAN'S UNIVERSITY

Annual Financial Report

FOR THE YEAR ENDED
AUGUST 31, 2018



TEXAS WOMAN'S UNIVERSITY (731)
Annual Financial Report
For the Fiscal Year Ended August 31, 2018

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Office of the Chancellor and President

TEXAS WOMAN'S
UNIVERSITY

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November 20, 2018

Honorable Greg Abbott, Governor
Honorable Glen Hegar, State Comptroller
Ursula M. Parks, Director, Legislative Budget Board
Lisa Collier, CPA, CFE, CIDA, First Assistant State Auditor

Ladies and Gentlemen:

We are pleased to submit the annual financial report from Texas Woman's University for the year ended August 31, 2018, in compliance with Texas Government Code Annotated, §2101.011 and in accordance with the requirements established by the Texas Comptroller of Public Accounts.

Staff in the TWU Controller's Office have worked diligently to prepare this report of results for our component operating unit of the State Government for consolidation with information from other state agencies and institutions in the State's Comprehensive Annual Financial Report (CAFR).

The financial reports of TWU and other component units will be considered for audit by the State Auditor's Office as part of the audit of the State of Texas. Therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Melanie Ramirez, Assistant Vice President, Controller, at (940) 898-3534. Barbara Newton, Manager, Grant Accounting, may be contacted at (940) 898-3543 for questions related to the Schedule of Expenditures of Federal Awards.

Respectfully Submitted,

A handwritten signature in red ink, appearing to read 'Carine Feyten', with a long horizontal flourish extending to the right.

Carine M. Feyten, Ph.D.
Chancellor and President

ENCL: TWU Annual Financial Report for the year ended August 31, 2018

Texas Woman's University

Organizational Data

August 31, 2018

BOARD OF REGENTS

OFFICERS

		Term Expires
Nolan E. Perez, M.D.	Chair/Presiding Officer	2021
Mrs. Nancy Painter Paup	Vice Chair/Asst. Presiding	2019

MEMBERS

Mr. George R. Schrader	Dallas, TX	2019
Mrs. Mary Pincoffs Wilson	Austin, TX	2019
Ms. Teresa Doggett	Austin, TX	2021
Ms. Janelle Shepard	Weatherford, TX	2021
Ms. Kathleen Wu	Dallas, TX	2023
Ms. Bernadette Coleman	Denton, TX	2023
Ms. Jill Jester	Denton, TX	2023
Ms. Emily Galbraith (Student Regent)	Waxahachie, TX	2019

Terms for Regents Expire February 1st of stated year, except for the term of the Student Regent, which expires on May 31st

UNIVERSITY FISCAL OFFICERS

Dr. Carine M. Feyten	Chancellor and President
Mr. Jason Tomlison	Vice President for Finance and Administration and CFO
Ms. Melanie Ramirez	Assistant Vice President-Controller

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TEXAS WOMAN'S UNIVERSITY

Management's Discussion and Analysis

For the Year Ended August 31, 2018

Introduction

Founded in 1901 as the state's only public university dedicated to the education of women, Texas Woman's University ("TWU") has grown, prospered and advanced in bold ways. It pioneered distance education; expanded undergraduate and graduate programs; extended its reach by adding campuses in Dallas and Houston; admitting men; and broke new ground in areas ranging from pedagogy to research and creative arts.

Texas Woman's University developed a focus on health and well-being, on a learn-by-doing pedagogy and on diversity with an emphasis on women. This distinctive approach extends learning beyond the classroom to prepare students not just for jobs but for careers, leadership, service, health and happiness. TWU provided education for individuals who were marginalized because of their gender; it now extends that mission to diverse populations. Today, TWU is ranked among the nation's sixth most diverse universities, according to U.S. News & World Report.

Texas Woman's University is inclusive while maintaining a focus on the unique contributions that women bring to all facets of human endeavor, including the corporate boardroom, virtual classroom, intensive care unit, senate chamber, research laboratory, opera house, military installation and other settings. Texas Woman's aspires to address the needs of a changing world and a contemporary student body.

Texas Woman's University recently opened The Institute for Women's Leadership with non-formula funding from the state of Texas. TWU has leveraged the funding with over \$2 million in private donations and plans to expend \$9.5 million in institutional funds for The Institute to develop women leaders in business, politics and public policy. The Institute serves TWU student leaders and also serves as a resource for women leaders from the classroom to the boardroom in order to serve all Texans and help expand the Texas economy by developing Texas' greatest underutilized resource – Texas Women.

Over the past ten years, TWU has experienced significant growth in enrollment, nearly doubling its student population. Nearly half of our undergraduate students are first-generation, and 43 percent are Pell Grant eligible. Still, our prudent management has resulted in TWU being the fourth lowest in total cost among Texas public universities; the Dallas Business Journal even cited TWU as #1 in the DFW area for graduates' earnings vs. cost.

With a newly approved strategic plan designed to propel Texas Woman's University toward further excellence, the University's distinctive mission and operational focus will continue to underscore the historic purpose of advancing the quality of the human experience, honoring diverse people and perspectives, and pioneering discovery in areas vital to the well-being of Texans.

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For the Year Ended August 31, 2018

The following tables summarizes the fall semester headcount and full-time equivalent enrollment at Texas Woman's University for the last five academic years:

Headcount Enrollment Information					
	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Undergraduate	9,679	10,080	10,407	10,309	10,390
Graduate	5,391	5,206	5,248	5,163	5,130
Total	15,070	15,286	15,655	15,472	15,520

Full-Time Equivalent Enrollment Information					
	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Undergraduate	8,431	8,641	8,827	8,749	8,732
Graduate	3,886	3,739	3,793	3,803	3,798
Total	12,317	12,380	12,620	12,552	12,530

As part of the preparation of this financial report, consideration was given to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. For Texas Woman's University no component units have been identified which should have been blended into an appropriated fund and no component units have been identified which should have been included in a discrete presentation in the financial report.

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

Financial Highlights and Overview of the Financial Statements

The objective of the Management's Discussion and Analysis ("MD&A") is to provide an overview of Texas Woman's University financial position and activities for fiscal year ended August 31, 2018, with comparative data to fiscal year 2017. The emphasis of discussion will be on the current year. The MD&A should be read in conjunction with the accompanying financial statements and notes. The primary financial statements presented are the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

The statements are prepared in accordance with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"), the requirements of the Texas Comptroller of Public Accounts ("CPA") and the guidelines from the National Association of College and University Business Officers ("NACUBO").

As a component operating unit of the State Government, Texas Woman's University financial information is consolidated with other state agencies and institutions in the State's Comprehensive Annual Financial Report ("CAFR"). The financial reports of TWU are considered for audit by the State Auditor's Office as part of the audit of the State's CAFR. Therefore, an opinion has not been expressed on the financial statements and related information in this report.

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* amended Statement Number 34, revising the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The GASB asserts that the new requirements introduced with GASB 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

In fiscal year 2015, Texas Woman's University implemented the GASB Statement No. 68, *Accounting and Reporting for Pensions* standard. The pension values are provided by the CPA and define TWU's proportional share of the Texas Teacher Retirement System ("TRS") unfunded pension liability. For more information, see Note 9-Pension Plans and Optional Retirement Program. The TRS actuary report that is being used is fiscal year 2017.

Beginning in fiscal year 2018, Texas Woman's University implemented the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* standard. The postemployment benefits other than pensions ("OPEB") are provided by the CPA and define TWU's proportional share of the Employees Retirement System of Texas ("ERS") unfunded pension liability. The ERS actuary report that is being used is fiscal year 2017.

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

Financial Highlights

- A \$25,145,838 net pension liability is reported based upon the TRS actuary report. Deferred outflows of resources in the amount of \$7,648,405 are related to the changes in pension assumptions, the difference between actual and expected experiences and current year TRS contributions. A \$5,547,907 deferred inflow of resources is reported which reflects the difference between projected and actual investment returns.
- A \$20,209,561 net postemployment benefits other than pension ("OPEB") non-current liability is reported along with a \$103,065 net OPEB current liability based upon the contributions from employer plus ERS Actuary Report recorded in the Plan's Fiduciary Net Position due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Deferred outflows of resources in the amount of \$10,009,510 are related to the net difference between projected and actual investment return. A \$4,491,219 deferred inflow of resources is reported which reflects the difference between expected and actual experience and changes in assumptions.
- Revenue Financing System bonds were issued in the amount \$12,375,000 for the purpose of constructing the new Science & Technology Learning Center.
- Revenue Financing System bonds were issued in the amount \$25,625,000 for the purpose of refunding outstanding principal balances on Series 2008 and Series 2009.

Overview of the Financial Statements

Fund Structure

Texas Woman's University is an Enterprise Fund reported in the CAFR as a Proprietary Fund Type. Enterprise funds are used to account for any activity in which a fee is charged to external users for goods or services. Activities must be reported as enterprise funds if any one of the following criteria are met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establishes fees and charges designed to recover its costs, including capital costs.

Measurement Focus and Basis of Accounting

Texas Woman's University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These statements are prepared applying the following principles and standards:

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

- Reporting is on the full accrual basis of accounting. All current year revenues and expenses are recognized when earned or incurred, regardless of when the cash is received or disbursed.
- Depreciation and amortization expense on capital assets is reported as an operating expense on the Statement of Revenues, Expenses and Changes in Net Position. The historical cost of capital assets, net of accumulated depreciation and amortization, is reported on the Statement of Net Position.
- Revenues and expenses are categorized as operating or non-operating. Revenues from state appropriations, gifts and investment income are reported as non-operating revenue in accordance with GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended.

Statement of Net Position

The Statement of Net Position presents a snapshot of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for Texas Woman's University at the end of the fiscal year. The Statement of Net Position assets and liabilities are presented in the current and noncurrent format which is discussed further in the notes to the financial statements.

Readers of the Statement of Net Position are able to determine the assets available to continue the operations of Texas Woman's University. They are also able to determine the amount TWU owes to vendors, investors and lending institutions. Over time, increases or decreases in net position may be considered as one indicator of the improvement or decline of TWU's financial health when considered with nonfinancial factors such as enrollment, research, public service and the condition of facilities. The statement provides a picture of net position and the availability of funds for use by Texas Woman's University.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the equity in property, plant and equipment owned by TWU less related debt.

The second category, Restricted, is divided into two categories, expendable and non-expendable. Expendable restricted resources are available for use by the Texas Woman's University, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The corpus of the non-expendable restricted resources is available for investment purposes and the earnings are used to support the institution.

The third category, Unrestricted, is available for any lawful purpose. Although Unrestricted Net Position is not subject to externally imposed stipulations, it has been internally designated for various academic and research programs and initiatives.

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Management's Discussion and Analysis
For the Year Ended August 31, 2018

The final section of the statement reports the net position of Texas Woman's University, which increased by \$11.1 million (2.62%) from the 2017 amount of \$424.5 to \$435.6 million in 2018.

The following table reflects the Condensed Comparative Statement of Net Position for Texas Woman's University as of August 31, 2018 and 2017:

Condensed Comparative Statement of Net Position				
	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Increase (Decrease)</u>
Assets and Deferred Outflows of Resources				
Current Assets	\$ 321,155,214	\$ 318,725,966	\$ 2,429,248	0.76%
Capital Assets, Net	230,786,946	199,157,371	31,629,576	15.88%
Other Assets	175,625,333	165,541,407	10,083,926	6.09%
Deferred Outflows of Resources	17,817,915	7,904,284	9,913,631	125.42%
Total Assets and Deferred Outflows of Resources	<u>\$ 745,385,408</u>	<u>\$ 691,329,027</u>	<u>\$ 54,056,381</u>	<u>7.82%</u>
Liabilities and Deferred Inflows of Resources				
Current Liabilities	\$ 92,475,981	\$ 76,020,253	\$ 16,455,728	21.65%
Non-Current Liabilities	207,237,115	187,104,687	20,132,428	10.76%
Deferred Inflows of Resources	10,039,126	3,712,967	6,326,159	170.38%
Total Liabilities and Deferred Inflows of Resources	<u>\$ 309,752,222</u>	<u>\$ 266,837,907</u>	<u>\$ 42,914,315</u>	<u>16.08%</u>
Net Position				
Net Investment in Capital Assets	\$ 59,191,133	\$ 30,196,918	\$ 28,994,215	96.02%
Restricted:				
Funds Held as Permanent Investments:				
Expendable	200,787,133	224,049,920	(23,262,787)	-10.38%
Non Expendable	16,165,539	15,313,480	852,058	5.56%
Total Restricted	216,952,672	239,363,401	(22,410,728)	
Unrestricted	159,489,381	154,930,801	4,558,580	2.94%
Total Net Position	<u>\$ 435,633,186</u>	<u>\$ 424,491,119</u>	<u>\$ 11,142,067</u>	<u>2.62%</u>
Total Liabilities and Net Position	<u>\$ 745,385,408</u>	<u>\$ 691,329,027</u>	<u>\$ 54,056,381</u>	<u>7.82%</u>

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

Unrestricted Net Position increased \$4.6 million, or 2.94%, to \$159.5 million. Five factors contributed to this change: (1) the implementation of an adjustment for postemployment benefits other than pensions required by the State in 2018, (2) an increase in Designated Tuition for both graduate and undergraduate beginning Fall 2017, (3) an increase in Library Fee that was charged beginning Fall 2017, (4) debt issuance for Series 2018 and (5) issued refunding forward delivery for Series 2018 to refund outstanding principal balances on Series 2008 and Series 2009.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as operating or non-operating. The GASB requires that state appropriations (Legislative Revenue) and Federal Pell Grants be reported as non-operating revenue, while the expenditure of these funds are reported as operating expense. This will generally result in an operating deficit for most public institutions. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation or amortization, which amortizes the cost of an asset over its expected useful life.

The purpose of this statement is to present the revenues earned and the expenses incurred by Texas Woman's University, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent. The change in total net position as presented on the Statement of Net Position is a result of these activities.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of Texas Woman's University. Operating expenses are those expenses incurred to acquire goods and services provided in return for the operating revenues. Non-operating revenues are derived from sources that are not considered primary operations for an institution of higher education or state agency. State capital appropriations, capital grants and gifts are considered neither operating nor non-operating revenues and are reported after "Income (Loss) Before Other Revenues, Expenses and Transfers."

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Management's Discussion and Analysis
For the Year Ended August 31, 2018

A Condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2018 and 2017 is presented below.

Condensed Comparative Statement of Revenues, Expenses and Changes in Net Position				
	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Increase (Decrease)</u>
Operating Revenues and Expenses				
Operating Revenues	\$ 116,153,494	\$ 116,806,836	\$ (653,342)	-0.56%
Operating Expenses	(200,193,515)	(206,783,260)	(6,589,745)	-3.19%
Operating (Loss)	<u>\$ (84,040,021)</u>	<u>\$ (89,976,424)</u>	<u>\$ (5,936,402)</u>	<u>-6.60%</u>
Non-Operating Revenues and Expenses	104,959,882	106,367,217	(1,407,335)	-1.32%
Income (Loss) Before Other Revenues, Expenses and Transfers	<u>\$ 20,919,861</u>	<u>\$ 16,390,793</u>	<u>\$ 4,529,068</u>	<u>27.63%</u>
Other Revenues, Expenses and Transfers	15,056,138	17,443,281	(2,387,143)	-13.69%
Change in Net Position	<u>\$ 35,975,999</u>	<u>\$ 33,834,074</u>	<u>\$ 2,141,925</u>	<u>6.33%</u>
Net Position, Beginning of Year	\$ 424,491,119	\$ 390,609,757	\$ 33,881,363	8.67%
Restatement	(24,833,932)	47,289	(24,881,221)	-52615.45%
Net Position as Restated	<u>\$ 399,657,187</u>	<u>\$ 390,657,046</u>	<u>\$ 9,000,141</u>	<u>2.30%</u>
Net Position, End of Year	<u><u>\$ 435,633,186</u></u>	<u><u>\$ 424,491,119</u></u>	<u><u>\$ 11,142,067</u></u>	<u><u>2.62%</u></u>

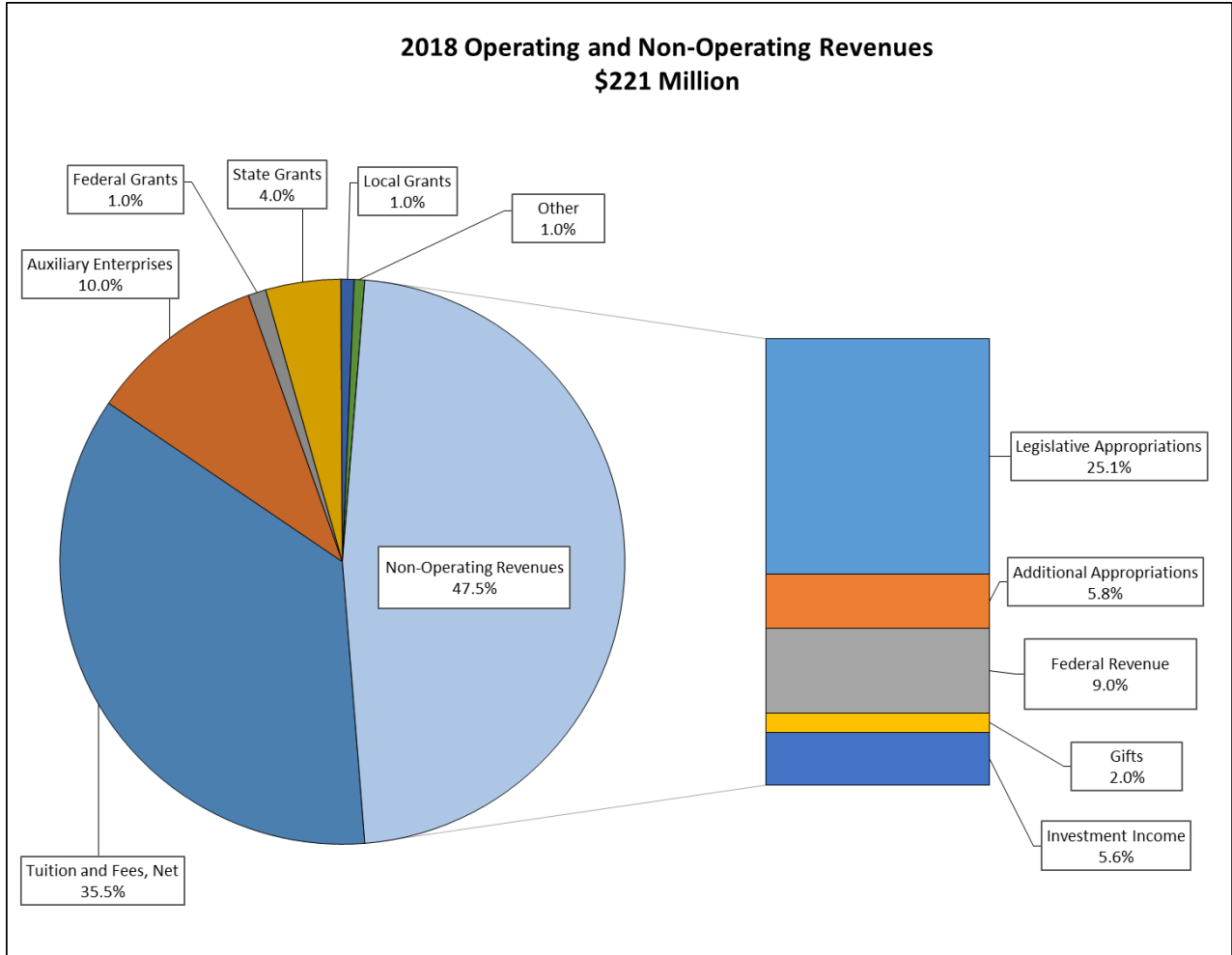
Operating revenues totaled \$116.2 million in 2018, a decrease of \$653 thousand, or 0.56%, over 2017. The primary sources of operating revenues are tuition and fees, federal, state, local and other operating. Net tuition and fees are reflected in the financial statements with associated discounts and allowances shown separately. The largest decrease is attributable to the increase of discounts and allowances.

Non-operating revenues and expenses totaled \$105.0 million in 2018, a decrease of \$1.4 million, or 1.32%, over 2017. Non-operating revenues primarily come from state appropriations, federal Pell grant revenue, gifts, investment income and net increase in fair market value of investments. Non-operating expenses primarily are interest expense and fiscal charges along with loss on retirement of capital assets. The largest decrease is attributable to an insurance settlement for hail damage which was recorded in fiscal year 2017 but no such activity occurred in fiscal year 2018.

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Management's Discussion and Analysis
For the Year Ended August 31, 2018

The following graph presents total operating and non-operating revenues for the fiscal year ended August 31, 2018

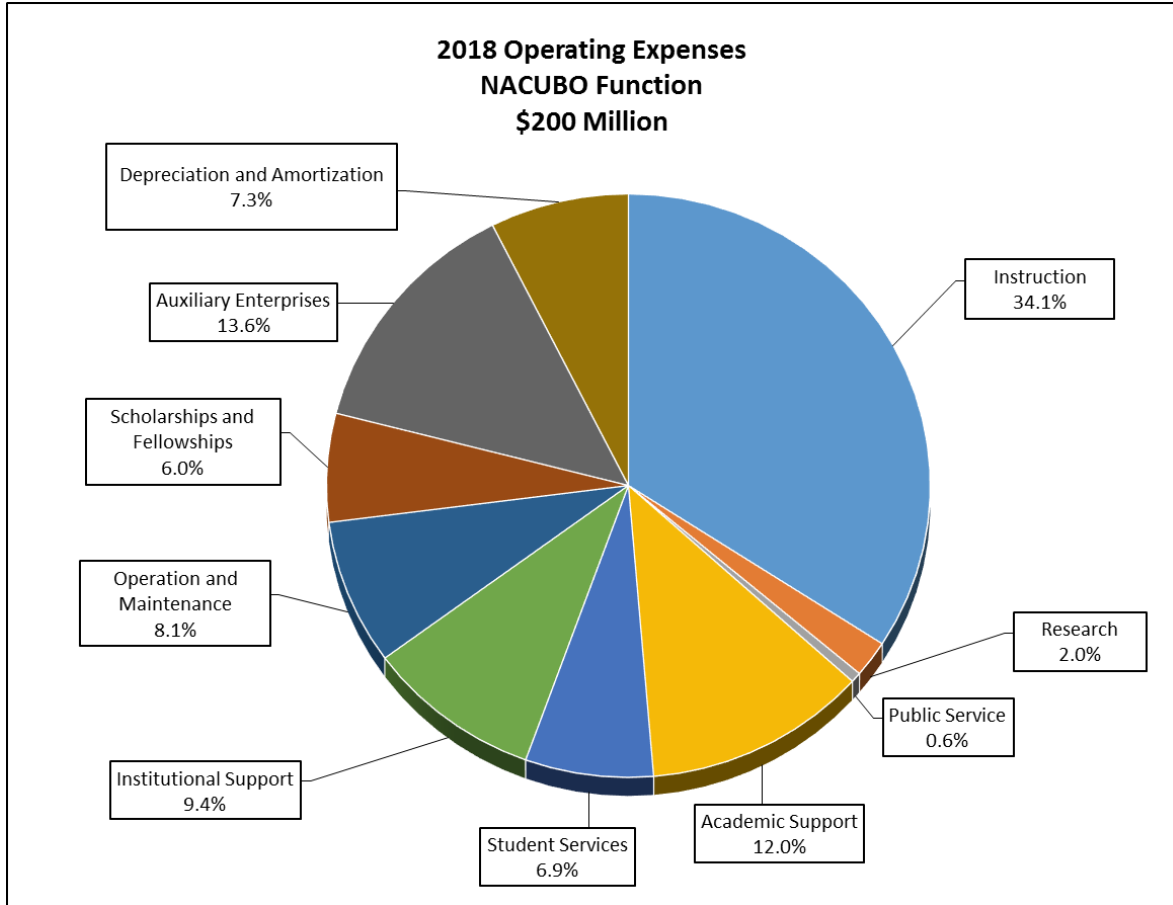


During the 2018 fiscal year, operating expenses totaled \$200.2 million, a decrease of \$6.6 million, or 3.19% over 2017. The most significant change is due to the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which decreased payroll related cost due to recording the contributions made after the measurement date of the ending net OPEB liability and before the end of the current fiscal year.

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For the Year Ended August 31, 2018

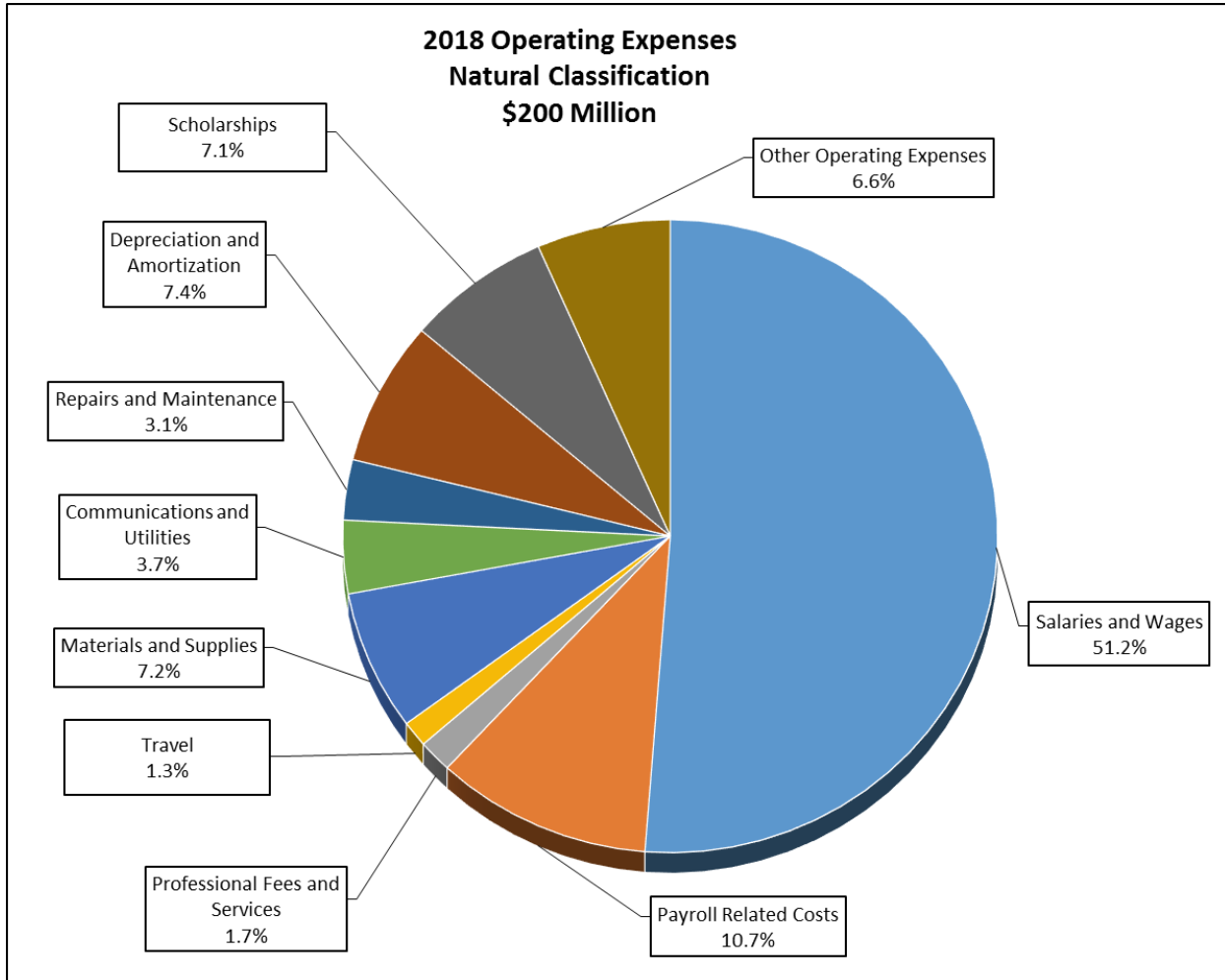
The following graph presents the operating expenses in the National Association of College and University Business Officers ("NACUBO") functional classification for the year ended August 31, 2018.



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TEXAS WOMAN'S UNIVERSITY
Management's Discussion and Analysis
For the Year Ended August 31, 2018

The following graph presents the operating expenses in the natural classification for the year ended August 31, 2018.



Other revenues, expenses and transfers are comprised of capital and endowment related additions and transfers, which totaled \$15.1 million, a decrease of \$2.4 million, or 13.69%, in 2018. The majority of the balance is related to annual Higher Education Fund (“HEF”) revenue which totaled \$14.8 million in 2018. HEF is reported as capital appropriations rather than operating or non-operating revenue. The decrease is attributable to Tuition Revenue Bonds (“TRB”) were allocated differently between 2018 and 2017. In 2018, TRB funds were reported as Legislative Appropriations compared to 2017, where TRB funds were reported as a Legislative Transfer.

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

Restatements totaled \$24.8 million in 2018. The change is due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* along with a \$498 thousand restatement related to an accounting adjustment for 2017 bad debt expense corrected in 2018.

Net Position totaled \$435.6 million and reflects a positive change of \$11.1 million, or 2.62%, in 2018. This increase was due to Board approved increase in tuition and fees, as well as a \$6.6 million decrease in operating expenses.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. This statement presents detailed information on the cash activity during the year. The first section presents operating cash flows and the net cash used by operating activities. The next section presents the results of non-capital financing activities. This section includes the cash flows from state appropriations and other non-operating activities. The capital and related financing activities section includes cash used for acquisition and construction of capital assets. The investment activities section reports purchases, proceeds and earnings from investments. The final section is a reconciliation of net cash from operations to operating income.

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

The Comparative Condensed Statement of Cash Flows is presented below.

Comparative Condensed Statement of Cash Flows		
Cash Flows From	2018	2017
Operating Activities	\$ (46,632,993)	\$ (59,788,938)
Non-Capital Financial Activities	89,611,459	86,968,482
Capital and Related Financing Activities	(41,735,235)	67,081,534
Investing Activities	(1,340,742)	(93,914,328)
Net Change in Cash & Cash Equivalents	\$ (97,512)	\$ 346,751
Cash & Cash Equivalents, Beginning of Year	\$ 38,694,880	\$ 38,348,130
Reclassified Beginning Cash	(21,220,277)	
Cash & Cash Equivalents, End of Year	\$ 17,377,091	\$ 38,694,880

Capital Asset and Debt Administration

Texas Woman's University capital asset additions from acquisitions, donations and construction during the 2018 fiscal year total \$46.4 million. More detailed information regarding Texas Woman's University's capital asset activity is provided in Note 2 - Capital Assets, in the notes to the financial statements.

Texas Woman's University embraces its role of financial stewardship and works to manage its resources effectively, including the prudent use of debt to finance capital projects. Texas Woman's University issued \$12.4 million in Revenue Financing System bonds in 2018 for the primary purpose of constructing the new Science & Technology Learning Center, and \$25.6 million in Revenue Financing System refunding bonds to refund outstanding principal balances on Series 2008 and 2009 bonds. Additional bond information is presented on Schedules 2A- 2F.

Texas Woman's University has sufficient debt capacity to finance planned facilities and other capital improvements. In addition, the state appropriated amounts are sufficient for the reimbursement of debt service on all outstanding and planned Tuition Revenue Bond debt for the FY 2018-2019 biennium.

Standard & Poor's ("S&P") bond rating raised the long-term and underlying rating to A+ from A in 2016. The outlook is stable. Moody's bond rating remained Aa3 stable.

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

Economic Outlook

Texas Woman's University remains confident that we will continue to see strong growth in enrollment as the Texas economy continues to attract business, jobs and people to Texas. TWU remains a national leader in training professionals in the health related fields and continues to produce graduates in high demand fields. TWU continues to assess the economic needs of the state and develop academic programming to meet those needs.

Significant Events

Several leadership changes at Texas Woman's University occurred during fiscal year 2018. These changes are included below.

- Mr. Jason Tomlinson was named Vice President – Finance and Administration in March 2018.
- Ms. Raechelle Clemmons was named Associate Vice President for Technology and Chief Information Officer in June 2018.
- Mr. James R Lumpkin was named Founding Dean of the College of Business in July 2018.
- Ms. Emily Galbraith of Waxahachie was appointed the next student representative on the Texas Woman's University Board of Regents by Governor Greg Abbott.

In fiscal year 2019, there was an additional change in leadership, included below.

- In October 2018, Dr. Kimberly Russell was named as Vice President for University Advancement with a goal to implement a comprehensive capital campaign.
- The Chancellor's cabinet is fully staffed with all leadership positions.

On August 23, 2018, Texas Woman's University announced the selection of Balfour Beatty Campus Solutions to develop a new student housing community for the university as part of a public-private partnership. Opening in Fall 2019, the sophomore village will house 875 students and contain classroom, fitness, exploratory learning and recreation space. Texas-based Hill & Wilkinson will lead the project's design/build team, in collaboration with project architect Stantec.

On November 5, 2018, Texas Woman's University opened a new parking garage with spots for almost 600 vehicles. The structure includes a four-story parking garage with rooftop parking and an adjacent two-story office building that will house TWU's Office of Human Resources, Department of Public Safety, a Student Testing Center and a Student Lounge with dining options and outdoor patio space facing Oakland Street.

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TEXAS WOMAN'S UNIVERSITY Management's Discussion and Analysis For the Year Ended August 31, 2018

In October 2018, Texas Woman's University began the search for competitive responses for a campaign planning and feasibility study. The goal is a resulting contract that will provide TWU – including Advancement, Marketing, and academic and volunteer leaders – with strategic direction and practical support for an unprecedented multi-year comprehensive campaign. The campaign will be aligned with priority initiatives TWU's newly developed strategic plan.

In January 2019, Texas Woman's University will begin construction on a new Science & Technology Learning Center primarily for graduate research which will consolidate instructional and other clinical/laboratory experiential learning into modern technologically-advanced settings that will enhance TWU's competitive edge. The total project budget is estimated at \$51.3 million and will include approximately 73,000 gross square feet in the new Science & Technology Learning Center. The estimated completion date of this project is expected to be early 2020.

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TEXAS WOMAN'S UNIVERSITY (731)

Statement of Net Position

As of August 31, 2018

	2018	2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$ 10,435.00	\$ 18,455.00
Cash in Bank	3,805,162.79	5,566,875.03
Cash in State Treasury	4,811,858.28	8,228,198.31
Short Term Investments	102,973,985.03	91,928,141.26
Restricted Cash and Cash Equivalents		
Cash in Bank	8,749,635.39	24,881,351.88
Short Term Investments	107,404,225.87	100,972,440.49
Legislative Appropriations	58,893,490.53	50,663,246.28
Total Cash and Cash Equivalents	\$ 286,648,792.89	\$ 282,258,708.25
Receivables From:		
Student Receivable	\$ 26,405,723.59	\$ 23,946,991.36
Federal Receivable	1,285,502.84	1,981,062.66
Allowance for Doubtful Accounts	(3,853,290.00)	(2,842,400.69)
Interest and Dividends Receivable	171,762.40	666,858.33
Other Receivables	3,036,595.39	5,231,639.09
Due from Other Agencies	147,833.46	84,157.46
Consumable Inventories	1,370,752.84	1,384,913.04
Prepaid/Deferred Charges	381,601.05	348,772.85
Loans and Contracts	7,980,207.96	7,670,802.99
Allowance for Loans and Contracts	(2,420,268.36)	(2,005,539.61)
Total Current Assets	\$ 321,155,214.06	\$ 318,725,965.73
Non-Current Assets:		
Unrestricted Investments	\$ 159,258,071.24	\$ 150,183,617.17
Restricted Investments	16,367,261.68	15,357,789.40
Capital Assets, non-depreciable		
Land and Land Improvements	4,988,038.30	4,988,038.30
Construction in Progress	44,543,829.64	6,466,307.36
Capital Assets, depreciable		
Buildings and Building Improvements	351,129,758.39	345,366,561.79
Less Accumulated Depreciation	(182,440,429.49)	(170,753,121.99)
Infrastructure	12,111,897.82	12,111,897.82
Less Accumulated Depreciation	(11,063,370.87)	(10,985,449.37)
Facilities and Other Improvements	7,279,237.88	6,782,720.38
Less Accumulated Depreciation	(6,537,923.35)	(6,351,600.13)
Furniture and Equipment	26,447,709.18	26,094,117.08
Less Accumulated Depreciation	(18,228,613.74)	(17,581,159.55)
Vehicles, Boats, and Aircraft	2,378,612.82	2,419,931.33
Less Accumulated Depreciation	(1,938,445.98)	(1,883,060.33)
Other Capital Assets		
Library Books	20,007,127.66	20,019,435.87
Less Accumulated Depreciation	(18,231,938.03)	(18,105,108.82)
Museum and Art	46,000.00	46,000.00
Less Accumulated Depreciation	(46,000.00)	(46,000.00)
Software	3,750,618.52	3,758,328.52
Less Accumulated Amortization	(3,409,162.52)	(3,190,467.71)
Total Non-Current Assets	\$ 406,412,279.15	\$ 364,698,777.12
Total Assets	\$ 727,567,493.21	\$ 683,424,742.85
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	\$ 17,817,915.00	\$ 7,904,284.00
Total Deferred Outflows of Resources	\$ 17,817,915.00	\$ 7,904,284.00
Total Assets and Deferred Outflows of Resources	\$ 745,385,408.21	\$ 691,329,026.85

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Statement of Net Position

As of August 31, 2018

LIABILITIES

Current Liabilities:

Payables From

Accounts Payable	\$ 12,348,439.89	\$ 4,133,318.34
Payroll Payable	11,576,196.29	11,405,714.28
Due to Other Agencies	515,411.00	764,295.70
Deferred Revenues	52,821,759.13	45,417,092.40
Employees' Compensable Leave	2,386,798.39	2,340,032.36
Capital Lease Obligations		144,081.02
Revenue Bonds Payable	9,905,000.00	8,950,000.00
Premium on Bonds Payable	1,399,071.46	1,472,486.61
Net OPEB Obligation	103,068.00	
Other Payables	885,321.82	1,025,704.16
Funds Held for Others	534,915.09	367,528.12

Total Current Liabilities **\$ 92,475,981.07** **\$ 76,020,252.99**

Non-Current Liabilities

Capital Lease Obligations	\$ -	\$ -
Employees' Compensable Leave	1,429,974.26	1,395,631.45
Revenue Financing System Bonds	150,780,000.00	148,150,000.00
Premium on Bonds Payable	9,671,741.76	10,243,884.92
Net OPEB Obligation	20,209,561.00	
Net Pension Liability	25,145,838.00	27,315,171.00

Total Non-Current Liabilities **\$ 207,237,115.02** **\$ 187,104,687.37**

Total Liabilities **\$ 299,713,096.09** **\$ 263,124,940.36**

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources	\$ 10,039,126.00	\$ 3,712,967.00
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Total Deferred Inflows of Resources **\$ 10,039,126.00** **\$ 3,712,967.00**

Total Liabilities and Deferred Inflows of Resources **\$ 309,752,222.09** **\$ 266,837,907.36**

NET POSITION

Net Investment in Capital Assets	\$ 59,191,133.01	\$ 30,196,918.00
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Restricted for:

Debt Retirement	12,250.75	
Capital Projects	179,838,249.75	192,387,918.34
Other Restricted	20,936,632.96	31,662,001.84

Funds Held as Permanent Investments

Non-Expendable		
Endowment Funds	16,165,538.90	15,313,480.47

Unrestricted	159,489,380.75	154,930,800.84
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Total Net Position **\$ 435,633,186.12** **\$ 424,491,119.49**

Total Liabilities and Net Position **\$ 745,385,408.21** **\$ 691,329,026.85**

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TEXAS WOMAN'S UNIVERSITY (731)

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended August 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Tuition and Fees	\$ 113,444,422.75	\$ 112,311,300.38
Discounts and Allowances	(34,395,691.95)	(32,347,789.01)
Auxiliary Enterprises	29,210,961.11	27,487,582.33
Discounts and Allowances	(6,846,511.55)	(6,139,440.29)
Federal Grant Revenue	2,100,872.51	1,856,345.46
Federal Pass-Through Revenue	154,345.82	19,958.46
State Grant Revenue	692,199.42	
State Grant Pass-Through Revenue	8,810,608.24	8,511,904.81
Other Contracts and Grants	1,655,765.42	3,419,668.79
Other Operating Revenues	1,326,522.66	1,687,305.43
Total Operating Revenues	<u>\$ 116,153,494.43</u>	<u>\$ 116,806,836.36</u>
OPERATING EXPENSES		
Cost of Goods Sold	\$ 18,532.66	\$ 16,393.04
Salaries and Wages	102,444,749.87	100,849,576.04
Payroll Related Costs	21,370,913.60	30,168,375.97
Professional Fees and Services	3,323,406.71	4,103,178.24
Travel	2,643,502.83	3,150,287.09
Materials and Supplies	14,320,713.43	15,278,558.90
Communication and Utilities	7,472,331.84	7,501,915.75
Repairs and Maintenance	6,161,229.11	7,474,068.69
Rentals and Leases	3,257,210.41	3,048,027.52
Printing and Reproduction	605,479.76	558,969.61
Depreciation and Amortization	14,739,718.10	14,608,339.05
Bad Debt Expense	1,460,478.02	357,141.20
Scholarships	14,262,037.00	12,702,198.15
Other Operating Expenses	8,113,212.32	6,966,230.77
Total Operating Expenses	<u>200,193,515.66</u>	<u>206,783,260.02</u>
Operating Loss	<u>\$ (84,040,021.23)</u>	<u>\$ (89,976,423.66)</u>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Appropriations (GR)	\$ 55,390,753.00	\$ 48,675,751.00
Additional Appropriations (GR)	12,809,741.79	13,739,712.38
Federal Revenue	19,882,911.23	19,461,159.02
Gifts	4,556,706.04	4,310,352.11
Investment Income	9,501,326.29	5,674,668.35
Interest Expense and Fiscal Charges	(2,506,856.24)	(2,617,874.98)
Loss on Retirement of Capital Assets	(34,007.00)	(144,692.56)
Net Increase in Fair Value of Investments	5,225,795.51	11,257,590.50
Other Non-Operating Revenues	133,511.38	6,010,550.77
Total Non-Operating Revenues (Expenses)	<u>\$ 104,959,882.00</u>	<u>\$ 106,367,216.59</u>
Income Before Other Revenues, Expenses and Transfers	<u>\$ 20,919,860.77</u>	<u>\$ 16,390,792.93</u>

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended August 31, 2018

OTHER REVENUES, EXPENSES AND TRANSFERS

Capital Appropriation (HEF)	\$ 14,846,558.00	\$ 14,846,558.00
Transfers From Other State Agencies	103,105.00	99,443.00
Transfers To Other State Agencies	(70,001.92)	(598,074.84)
Legislative Transfers In	178,882.00	3,111,141.00
Legislative Appropriations Lapses	(2,404.74)	(15,786.19)
Total Other Revenues, Expenses and Transfers	<u>\$ 15,056,138.34</u>	<u>\$ 17,443,280.97</u>

CHANGE IN NET POSITION

\$ 35,975,999.11 **\$ 33,834,073.90**

Net Position, Beginning	\$ 424,491,119.49	\$ 390,609,756.78
Restatements	(24,833,932.48)	47,288.81
Beginning Net Position, as Restated	<u>\$ 399,657,187.01</u>	<u>\$ 390,657,045.59</u>

ENDING NET POSITION

\$ 435,633,186.12 **\$ 424,491,119.49**

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Matrix of Operating Expenses Reported by Function

For the Year Ended August 31, 2018

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries and Wages	54,685,761.88	2,177,810.57	508,826.99	12,589,682.34	7,103,804.64
Payroll Related Costs	11,308,489.38	291,198.68	74,678.35	1,996,919.00	1,510,327.97
Professional Fees and Services	192,206.85	85,639.25	89,516.72	727,078.16	39,082.21
Travel	610,961.37	171,691.35	19,010.45	857,371.43	191,885.16
Materials and Supplies	1,216,117.70	306,754.21	124,374.83	2,701,109.46	859,421.77
Communications and Utilities	11,178.85	6,399.40	9,035.88	2,405,437.27	73,114.39
Repairs and Maintenance	132,503.43	3,712.18	3,529.06	786,881.03	289,865.59
Rentals and Leases	52,564.23	3,652.29	5,057.02	153,803.65	75,562.59
Printing and Reproduction	53,150.75	1,678.37	3,410.14	73,076.57	127,066.83
Depreciation and Amortization	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Scholarships	445,021.39	380,339.41	400.00	252,471.94	2,483,217.25
Other Operating Expenses	917,148.67	580,192.80	277,311.98	1,159,509.93	851,142.51
Total Operating Expenses	\$ 69,625,104.50	\$ 4,009,068.51	\$ 1,115,151.42	\$ 23,703,340.78	\$ 13,604,490.91

UNAUDITED

Institutional Support	Operation and Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Depreciation & Amortization	Total Expenditures
\$ -	\$ -	\$ -	\$ 18,532.66	\$ -	\$ 18,532.66
10,400,635.28	4,659,700.73	462,826.46	9,855,700.98	-	102,444,749.87
2,362,415.01	1,605,089.87	15,623.83	2,206,171.51	-	21,370,913.60
1,175,418.94	346,934.47	-	667,530.11	-	3,323,406.71
221,672.89	27,215.14	-	543,695.04	-	2,643,502.83
1,039,994.71	2,464,702.80	-	5,608,237.95	-	14,320,713.43
221,594.57	2,875,558.35	-	1,870,013.13	-	7,472,331.84
917,076.31	3,180,939.31	-	846,722.20	-	6,161,229.11
153,862.79	3,002.40	-	2,809,705.44	-	3,257,210.41
183,506.38	2,363.72	-	161,227.00	-	605,479.76
-	-	-	-	14,739,718.10	14,739,718.10
80,680.68	-	1,379,797.34	-	-	1,460,478.02
31,978.00	-	9,980,582.52	688,026.49	-	14,262,037.00
1,841,290.86	793,887.16	60,213.15	1,632,515.26	-	8,113,212.32
\$ 18,630,126.42	\$ 15,959,393.95	\$ 11,899,043.30	\$ 26,908,077.77	\$ 14,739,718.10	\$ 200,193,515.66

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Statement of Cash Flows

For the Fiscal Year Ended August 31, 2018

	2018	2017
Cash Flows from Operating Activities		
Proceeds Received from Tuition and Fees	\$ 77,102,528.57	\$ 76,428,302.34
Proceeds from Research Grants and Contracts	14,109,351.23	13,989,617.54
Proceeds from Auxiliary	22,364,449.56	21,348,142.04
Proceeds from Other Revenues	10,895,554.51	5,257,526.82
Proceeds from Loans and Contracts	105,323.78	145,361.74
Payments to Employees	(111,271,579.91)	(117,153,735.50)
Payments to Vendors and Suppliers	(45,676,583.76)	(47,101,955.25)
Payments for Loans and Contracts	-	-
Payments for Scholarships	(14,262,037.00)	(12,702,198.15)
Net Cash Used by Operating Activities	\$ (46,632,993.02)	\$ (59,788,938.42)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	\$ 83,047,052.79	\$ 74,700,286.38
Transfers in from Other Funds	281,987.00	-
Transfers out to Other Funds	(70,001.92)	-
Proceeds from Gifts	4,556,706.04	4,310,352.11
Proceeds from Loan Programs PELL	19,882,911.23	19,461,159.02
Proceeds from Other Financing Activities	133,511.38	6,736,014.76
Payments for Interest	(3,988.28)	(24,205.33)
Payments for Grant Disbursements PELL	(18,216,719.73)	(18,215,124.45)
Net Cash Provided by Noncapital Financing Activities	\$ 89,611,458.51	\$ 86,968,482.49
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	\$ -	\$ 81,143.21
Proceeds from Debt Issuance	38,826,928.30	93,466,964.90
Payments for Refunding Bonds	(25,465,000.00)	-
Payments for Additions to Capital Assets	(38,835,714.61)	(13,221,419.29)
Payments of Principal on Debt Issuance	(8,950,000.00)	(8,460,000.00)
Payments of Principal on Capital Lease Obligations	(144,081.02)	(276,797.30)
Payments of Interest on Debt Issuance	(6,827,968.02)	(3,777,860.89)
Payments of Other Costs on Debt Issuance	(339,400.10)	(730,496.43)
Net Cash Provided (Used) Capital and Related Financing Activities	\$ (41,735,235.45)	\$ 67,081,534.20
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	\$ 2,171,569.04	\$ 1,383,444.55
Proceeds from Interest and Investment Income	9,501,326.29	5,674,668.35
Payments to Acquire Investments	(13,013,637.45)	(100,972,440.49)
Net Cash Used by Investing Activities	\$ (1,340,742.12)	\$ (93,914,327.59)
Increase (Decrease) in Cash and Cash Equivalents	\$ (97,512.08)	\$ 346,750.68
Cash and Cash Equivalents, September 1, 2017	38,694,880.22	38,348,129.54
Reclassified Beginning Cash	(21,220,276.68)	-
Cash and Cash Equivalents, August 31, 2018	\$ 17,377,091.46	\$ 38,694,880.22

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)
Statement of Cash Flows
For the Fiscal Year Ended August 31, 2018

	2018	2017
Cash and Cash Equivalents, August 31, 2018	\$ 17,377,091.46	\$ 38,694,880.22

Displayed as:

Total Cash and Cash Equivalents	\$ 17,377,091.46	\$ 38,694,880.22
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**Reconciliation of Operating Income (Loss) to
Net Cash Used by Operating Activities**

Operating Income/(Loss) on AFR	\$ (84,040,021.23)	\$ (89,976,423.66)
Classification Difference USAS to AFR	8,487,224.71	9,669,916.66
Operating Income for CAFR	\$ (75,552,796.52)	\$ (80,306,507.00)

Depreciation expense	\$ 14,739,718.10	\$ 14,608,339.05
Bad Debt expense	1,460,478.02	357,141.20
Pension Expense	2,718,215.00	3,181,118.00
OPEB expense	1,087,053.00	

Changes in Assets and Liabilities:

(Increase) Decrease in Receivables	910,243.52	(3,537,414.97)
(Increase) Decrease in Inventories	14,160.20	221,883.63
(Increase) Decrease in Due from Other Agencies	(63,676.00)	327,648.25
(Increase) Decrease in Prepaid Expenses	(32,828.20)	161,201.53
(Increase) Decrease in Loans and Contracts	105,323.78	145,361.74
Increase (Decrease) in Payables	546,738.57	651,687.57
Increase (Decrease) in Payroll Payable	170,482.01	1,122,555.86
Increase (Decrease) in Compensable Absences	81,108.84	(109,374.01)
Increase (Decrease) in Due to Other Agencies	(248,884.70)	19,452.52
Increase (Decrease) in Deferred Income	7,404,666.73	3,585,871.00
Increase (Decrease) in Other Liabilities	(140,382.34)	(408,263.37)
Increase (Decrease) in Funds Held for Others	167,386.97	190,360.58
Total adjustments	\$ 28,919,803.50	\$ 20,517,568.58
Net Cash Provided (Used) by Operating Activities	\$ (46,632,993.02)	\$ (59,788,938.42)

Non Cash Transactions

Net Increase (Decrease) in Fair Value of Investments	\$ 5,225,795.51	\$ 11,257,590.50
Premium Amortization FY 2018	(1,472,486.61)	(539,781.93)
Capitalized Interest FY 2018	(3,032,013.55)	(644,409.33)
Asset disposal Gain/(Loss)	(34,007.00)	(199,313.72)
Other	1,130,814.56	

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Introduction

Texas Woman's University (TWU) was created in 1901 by an Act of the 27th Legislature of the State of Texas, and the enacting statute laid a strong foundation for a multi-purpose institution of higher education. As a publicly funded institution, TWU's financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for Annual Financial Reports of State Agencies and Universities and with Generally Accepted Accounting Principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Because TWU is a component operating unit of the State Government, the University's financial information is consolidated with other state agencies and institutions in the State's Comprehensive Annual Financial Report (CAFR). The Comptroller of Public Accounts is responsible for preparation of the CAFR, which meets all requirements delineated in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Comptroller does not require the annual financial report of TWU or other component units to be in compliance with all requirements of these statements. The financial reports of TWU and other component units will be considered for audit by the State Auditor's Office as part of the audit of the State's CAFR. Therefore, an opinion has not been expressed on the financial statements and related information in this report.

GASB Statement Number 63 amended Statement Number 34, revising the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Board asserts that the new requirements introduced with GASB 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

As part of the preparation of this financial report, consideration was given to the requirements of Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. For Texas Woman's University, the results of this consideration show:

Blended Component Units

No component units have been identified which should have been blended into an appropriated fund.

Discrete Component Units

No component units have been identified which should have been included in a discrete presentation in the financial report.

Fund Structure

Texas Woman's University is an Enterprise Fund reported in the state of Texas' Comprehensive Annual Financial Report as a Proprietary Fund Type. Enterprise funds are used to account for any activity in which a fee is charged to external users for goods or services.

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Activities must be reported as enterprise funds if any one of the following criteria are met:

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
2. Laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service), be recovered with fees and charges.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements.

Texas Woman's University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position

Assets

Cash and Cash Equivalents

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation, revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories. The cost of these items is expensed when the items are consumed.

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of the asset using the straight-line method.

Other Receivables

Other receivables include year-end revenue accruals not included in any other receivable category.

Liabilities

Accounts Payable

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave Balances

Employees' compensable leave balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

Revenue Bonds Payable

Revenue bonds are reported at par. Payables are reported separately as either current or non-current in the statement of net assets.

Net Pension Liability

The net pension values are provided by the State of Texas Comptroller's Office and defines Texas Woman's University proportional share of the Teacher Retirement System of Texas ("TRS") unfunded pension liability.

The fiduciary net position of the TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Net Other Post-Employment Benefits Liability

The net other post-employment benefits ("OPEB") values are provided by the State of Texas Comptroller's Office and defines Texas Woman's University proportional share of the Employees Retirement System of Texas ("ERS") unfunded OPEB liability.

The fiduciary net position of the ERS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes changes in OPEB liability resulting in deferred outflows or inflows of resources, the differences between expected and actual actuarial experience, changes in actuarial assumptions, the difference between projected and actual earnings on plan investments, changes in proportion of collective OPEB amounts differences between actual contributions and proportionate share.

Deferred Outflows of Resources

Deferred outflows of resources relate to unamortized losses on refunding of debt, pensions and postemployment benefits other than pensions.

Deferred Outflows of Resources Related to Debt Refunding

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Outflows of Resources Related to Pensions

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas ("TRS") are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change.

Deferred Outflows of Resources Related to Postemployment Benefits Other than Pensions

Certain changes in the collective net postemployment benefits other than pensions ("OPEB") liability include retiree health care associated with Employee Retirement System of Texas ("ERS") are reported as deferred outflows of resources related to other non-pensions or as deferred inflows of resources related to other non-pensions, depending on the type of change.

Deferred Inflows of Resources

Deferred inflows of resources relate to unamortized gains on refunding of debt, pensions and postemployment benefits other than pensions.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Deferred Inflows of Resources Related to Debt Refunding

For debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the Statement of Revenues, Expenses and Changes in Net Position as a component of interest expense.

Deferred Inflows of Resources Related to Pensions

Certain changes in the collective net pension liability of the Teacher Retirement System of Texas ("TRS") are reported as deferred outflows of resources related to pensions or as deferred inflows of resources related to pensions, depending on the type of change.

Deferred Inflows of Resources Related to Postemployment Benefits Other than Pensions

Certain changes in the collective net postemployment benefits other than pensions ("OPEB") liability include retiree health care associated with Employee Retirement System of Texas ("ERS") are reported as deferred outflows of resources related to other non-pensions or as deferred inflows of resources related to other non-pensions, depending on the type of change.

Net Position

As defined in GASB Statement Number 63, "Net Position" is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net assets are divided into three components—invested in capital assets, restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt

This represents the total amount of capital assets, net of accumulated depreciation and net of outstanding balances for bonds and other debt that is attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position

Restricted net position represents resources which are constrained to a particular purpose, and are presented according to the purposes to which they are limited. Grants, Student Loan Funds and Endowment assets are included in this category. Restricted net position results when constraints placed on net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Generally, when an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards the restricted resources and then towards the unrestricted resources.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Unrestricted Net Position

Unrestricted net position represents all resources not included in the other components. These resources can be considered usable for any purpose, though they may not be in a spendable form, like cash. Unrestricted net position often has constraints on resources which are imposed by management but can be removed or modified.

Revenues and Expenses

Operating Revenues and Expenses

Operating revenues include activities which have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, professional fees and services, materials and supplies, depreciation and amortization, and scholarships and fellowships.

Non-operating Revenues and Expenses

Non-operating revenues include activities which have the characteristics of non-exchange transactions such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 and GASB No. 34, such as state appropriations and investment income. Non-operating expenses include activities such as interest expense on capital asset financings and other expenses that are defined as non-operating expenses by GASB.

Investments

Texas Woman's University entered into a contract with The Texas A&M University System in March 2016 to manage the university's long-term investments in The Texas A&M Cash Concentration Pool. A second contract with The Texas A&M University System was executed in March 2016 to allow investment of endowment assets in the Texas System Endowment Fund managed by The Texas A&M University System.

Texas Woman's University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, in fiscal year 2016. The Standard defines an investment as a security or other asset that a government holds primarily for the purpose of income or profit. The present service capacity is based solely on the ability of the security or other asset to generate cash or to be sold to generate cash. Fair value is defined as the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

The Standard requires fair value to be measured in a manner consistent with one of three approaches, the market approach, the cost approach, or the income approach. The market approach uses prices and relevant market information to measure fair value. The cost approach reflects the amount that would be required to replace the asset and its service capacity. The income approach converts future amounts,

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TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

such as cash flows, into a single current amount. Texas Woman's University primarily uses the market approach to value investments.

Measuring fair value requires gathering information, or inputs, related to the asset or liability being measured. The fair value hierarchy categorizes the inputs used to measure fair value into three levels. Level 1 inputs are quoted prices in active markets for assets or liabilities identical to the ones being measured, Level 2 inputs are observable for similar assets or liabilities and Level 3 inputs are unobservable inputs.

The notes to the financial statements disclose the input levels used to determine fair value and also display the deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Note 3 - Deposits, Investments and Repurchase Agreements

Texas Woman's University implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for fiscal year 2016. Investments have been presented according to the hierarchy of inputs used to measure fair value:

- Level 1 has been assigned to investments for which quoted prices (unadjusted) are available for identical assets in active markets on the measurement date. These assets include equities (common stock, listed ADR's and listed preferred stock), exchange traded mutual funds, exchange traded options, money market funds and U.S. Treasury securities.
- Level 2 has been assigned to investments for which there are inputs, other than quoted prices, that are observable for an asset or liability, either directly or indirectly. These assets include cash equivalents, collateralized mortgage obligations, corporate bonds, mortgage-backed securities, municipal bonds, non-exchange traded options, short-term obligations, U.S. agency securities.
- Level 3 has been assigned to assets to which there are unobservable inputs. Examples of these assets are commingled funds and private equity technology partnerships and are discussed below.
- Net Asset Value ("NAV") – Texas Woman's University invests in certain private investments and limited partnerships including hedge funds, private equity, venture capital, natural resources, energy, and real estate. The fair value of these investments is based on the investment manager determined NAV as allowed by the standard. The valuations at the date provided by the investment manager has been adjusted by rolling forward to August 31, 2018 to include the following events: capital contributions or distributions since the investment manager valuation date reported to Texas Woman's University, changes in the composition of assets or liabilities reported by the investment manager since the valuation date of the NAV, and fair value changes of assets or liabilities reported since the investment manager valuation date. In the case of hedge funds, Texas Woman's University has adjusted the reported July 31, 2018 NAV by the estimated performance as of August 31, 2018 as reported by the investment manager.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 1: Summary of Significant Accounting Policies

Upcoming Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations*, determines the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO) and requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This statement will be implemented in fiscal year 2019. TWU continues to evaluate the impact to the financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. This statement will be implemented in fiscal year 2020. TWU has not yet evaluated the impact this will have to the financial statements.

GASB Statement No. 87, *Leases*, creates a single model for lease accounting. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement will be implemented in fiscal year 2021. TWU has not yet evaluated the impact this will have to the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including *Direct Borrowings and Direct Placements*, defines debt as a liability that arises from a contractual obligation to pay cash (or other assets in lieu of cash) in one or more payments to settle a fixed amount. It requires additional disclosures including unused lines of credit, assets pledged as collateral and terms related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. This statement will be implemented in fiscal year 2019. TWU continues to evaluate the impact to the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. It requires interest cost incurred before the end of a construction period to be recognized as an expense in the fiscal year in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement will be implemented in fiscal year 2019. TWU continues to evaluate the impact to the financial statements.

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TEXAS WOMAN’S UNIVERSITY (731)

Note 2: Capital Assets

A summary of changes in Capital Assets for the year ended August 31, 2018 is presented below.

	PRIMARY GOVERNMENT		
	Balance September 1, 2017	Adjustments	Reclassifications of Completed Construction in Progress
BUSINESS-TYPE ACTIVITIES			
Non-depreciable or Non-amortizable Assets			
Land and Land Improvements	\$ 4,988,038.30	\$ -	\$ -
Construction in Progress	6,466,307.36	-	(6,259,714.10)
Total Non-depreciable or Non-amortizable Assets:	\$ 11,454,345.66	\$ -	\$ (6,259,714.10)
Depreciable Assets			
Buildings and Building Improvements	\$ 345,366,561.79	\$ -	\$ 5,763,196.60
Infrastructure	12,111,897.82	-	-
Facilities and Other Improvements	6,782,720.38	-	496,517.50
Furniture and Equipment	26,094,117.08	-	-
Vehicles, Boats and Aircraft	2,419,931.33	-	-
Other Capital Assets	20,065,435.87	-	-
Total Depreciable Assets at Historical Cost	412,840,664.27	-	6,259,714.10
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(170,753,121.99)	-	-
Infrastructure	(10,985,449.37)	-	-
Facilities and Other Improvements	(6,351,600.13)	-	-
Furniture and Equipment	(17,581,159.55)	-	-
Vehicles, Boats and Aircraft	(1,883,060.33)	-	-
Other Capital Assets	(18,151,108.82)	-	-
Total Accumulated Depreciation	(225,705,500.19)	-	-
Total Depreciable Assets, Net	\$ 187,135,164.08	\$ -	\$ 6,259,714.10
Intangible Capital Assets – Amortizable			
Computer Software – Intangible	3,758,328.52	-	-
Total Intangible Assets at Historical Cost	3,758,328.52	-	-
Less Accumulated Amortization for:			
Computer Software – Intangible	(3,190,467.71)	-	-
Total Accumulated Amortization	(3,190,467.71)	-	-
Amortizable Assets, Net	\$ 567,860.81	\$ -	\$ -
Business-Type Activities Capital Assets, Net	\$ 199,157,370.55	\$ -	\$ -

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TEXAS WOMAN'S UNIVERSITY (731)

Note 2: Capital Assets

Reclassifications Increase Interagency Transfers	Reclassifications Decrease Interagency Transfers	Additions	Deletions	Balance August 31, 2018
\$ -	\$ -	\$ -	\$ -	\$ 4,988,038.30
-	-	44,337,236.38	-	44,543,829.64
\$ -	\$ -	\$ 44,337,236.38	\$ -	\$ 49,531,867.94
\$ -	\$ -	\$ -	\$ -	\$ 351,129,758.39
-	-	-	-	12,111,897.82
-	-	-	-	7,279,237.88
-	-	1,814,265.66	(1,460,673.56)	26,447,709.18
-	-	52,321.87	(93,640.38)	2,378,612.82
-	-	199,476.87	(211,785.08)	20,053,127.66
-	-	2,066,064.40	(1,766,099.02)	419,400,343.75
-	-	(11,687,307.50)	-	(182,440,429.49)
-	-	(77,921.50)	-	(11,063,370.87)
-	-	(186,323.22)	-	(6,537,923.35)
-	-	(2,074,164.05)	1,426,709.86	(18,228,613.74)
-	-	(149,026.03)	93,640.38	(1,938,445.98)
-	-	(338,614.29)	211,785.08	(18,277,938.03)
-	-	(14,513,356.59)	1,732,135.32	(238,486,721.46)
\$ -	\$ -	\$ (12,447,292.19)	\$ (33,963.70)	\$ 180,913,622.29
-	-	-	(7,710.00)	3,750,618.52
-	-	-	(7,710.00)	3,750,618.52
-	-	(226,404.81)	7,710.00	(3,409,162.52)
-	-	(226,404.81)	7,710.00	(3,409,162.52)
\$ -	\$ -	\$ (226,404.81)	\$ -	\$ 341,456.00
\$ -	\$ -	\$ 31,663,539.38	\$ (33,963.70)	\$ 230,786,946.23

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TEXAS WOMAN’S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Deposits of Cash in Bank

As of August 31, 2018, the carrying amount of deposits was \$12,554,798.18 as presented below:

Governmental and Business-Type Activities		
CASH IN BANK – CARRYING VALUE		\$ 12,554,798.18
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral		
Cash In Bank per AFR		\$ 12,554,798.18
Governmental Funds Current Assets Cash in Bank		
Governmental Funds Current Assets Restricted Cash in Bank		
Governmental Funds Non-Current Assets Restricted Cash in Bank		
Proprietary Funds Current Assets Cash in Bank		3,805,162.79
Proprietary Funds Current Assets Restricted Cash in Bank		8,749,635.39
Proprietary Funds Non-Current Restricted Cash in Bank		
Cash in Bank per AFR		\$ 12,554,798.18

As of August 31, 2018, the total bank balance was as follows:

Governmental and Business-Type Activities	\$ 12,449,712.50
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The bank balances that were exposed to custodial credit risks are:

Fund Type	GAAP Fund	Uninsured and uncollateralized	Uninsured and collateralized with securities held by the pledging financial institution	Uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the state’s name
05	9999	0.00	0.00	0.00

Texas Woman’s University (“TWU”) has a depository contract with BBVA Compass Bank of Birmingham, Alabama. BBVA Compass holds letters of credit with the Federal Home Loan Bank of Atlanta providing collateral for university deposits. At August 31, 2018, there were letters of credit totaling \$67,500,000.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Investments

As of August 31, 2018, the fair value of the Texas Woman's University investments was \$390,714,605.29 as presented below:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Fair Value as of August 31, 2018
U.S. Treasury Securities	\$10,855,221.01	\$	\$	\$	\$	\$10,855,221.01
U.S. Treasury TIPS	583,834.14					583,834.14
U.S. Government Agency Obligations		6,382,283.65				6,382,283.65
Corporate Obligations		15,819,171.26				15,819,171.26
Corporate Asset and Mortgage Backed Securities		7,920,053.46				7,920,053.46
Equity (Domestic)	34,432,692.33					34,432,692.33
International Obligations (Govt and Corp)		9,652,039.21				9,652,039.21
International Equity	23,265,219.58					23,265,219.58
Fixed Income Money Market and Bond Mutual Funds				2,693,964.85	30,730,403.73	33,424,368.58
Mutual Funds - International Equity (Registered with SEC)	13,347,792.81		5,858,178.07			19,205,970.88
Other Commingled Funds - Fixed Income	1,017,759.31		1,084,831.88		110,605,511.43	112,708,102.62
Other Commingled Funds (TexPool)				69,042,295.74		69,042,295.74
Derivatives		(587.64)				(587.64)
Miscellaneous		20,539.40			42,692,339.60	42,712,879.00
Cash in State Treasury					4,811,858.28	4,811,858.28
Total Investments	\$83,502,519.18	\$39,793,499.34	\$6,943,009.95	\$71,736,260.59	\$188,840,113.04	\$390,815,402.10

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TEXAS WOMAN'S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Investments

As of August 31, 2018, the fair value of investments managed by Texas A&M University System were:

**Table provided by Texas A&M University System.*

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
U.S. Treasury Securities	\$10,855,221.01	\$	\$	\$	\$	\$10,855,221.01
U.S. Treasury TIPS	583,834.14					583,834.14
U.S. Government Agency Obligations		6,382,283.65				6,382,283.65
Corporate Obligations		15,819,171.26				15,819,171.26
Corporate Asset and Mortgage Backed Securities		7,920,053.46				7,920,053.46
Equity (Domestic)	34,432,692.33					34,432,692.33
International Obligations (Govt and Corp)		9,652,039.21				9,652,039.21
International Equity	23,265,219.58					23,265,219.58
Fixed Income Money Market and Bond Mutual Funds				2,693,964.85		2,693,964.85
Mutual Funds - International Equity (Registered with SEC)	13,347,792.81		5,858,178.07			19,205,970.88
Other Commingled Funds - Fixed Income	1,017,759.31		1,084,831.88			2,102,591.19
Derivatives		(587.64)				(587.64)
Alternative Investments						
Hedge Funds - Domestic					17,331,417.08	17,331,417.08
Hedge Funds - International					20,323,502.71	20,323,502.71
Limited Partnerships - Private Equity					1,907,727.23	1,907,727.23
Limited Partnerships - International Private Equity					1,311,024.37	1,311,024.37
Limited Partnerships - Real Estate					366,792.22	366,792.22
Limited Partnerships - International Real Estate					15,014.54	15,014.54
Limited Partnerships - Natural Resources					1,334,499.86	1,334,499.86
Limited Partnerships - International Natural Resources					102,361.59	102,361.59
Political Subdivisions		20,539.40				20,539.40
Total Investments	\$83,502,519.18	\$39,793,499.34	\$6,943,009.95	\$2,693,964.85	\$42,692,339.60	\$175,625,332.92

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TEXAS WOMAN'S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Investments

As of August 31, 2018, the investment type and valuation for the investments managed by Texas A&M University System were:

Foreign Currency Presented as Cash	\$ 22,765.09
Cash	268.87
Cash Due From Broker	-
Receivables	-
Interest/Dividends Receivable	473,592.52
Foreign Currency Fluctuations - Receivable	(903.37)
FFX Contract Receivable	204,901.14
Pending Sale	112,094.63
Other Receivables	-
Payables	-
Payable for Manager Fees	(75,039.09)
Payable for 4th quarter SEF distribution	(177,880.53)
Foreign Currency Fluctuations - Payable	38.56
FFX Contract Payable	(204,901.14)
Pending Purchase	(454,967.58)
Other Payables	(753.17)
Rounding Due to Allocation	(12.74)
Total Cash and Accruals	\$ (100,796.81)
Investments (detailed above by Investment Type)	\$175,625,332.92
Net Asset Value	\$175,524,536.11

**Table provided by Texas A&M University System.*

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TEXAS WOMAN’S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Investments Reported at Net Asset Value

The table below reflects the notification and liquidity parameters applicable to the Texas A&M University System Cash Concentration Pool (“CCP”) and System Endowment Fund (“SEF”). Texas Woman’s University has elected to invest in both the CCP and the SEF. By agreement, TWU may withdraw funds from the Cash Concentration Pool on the first day of each month with notice of at least one day. In the event of full liquidation, TWU may withdraw 33% with 30 day notice, 50% of remaining assets with 60 day notice and 100% of the remaining assets with 90 day notice. All withdrawals are effective on the first day of the following month. Investments in the System Endowment Fund are not subject to withdrawal except in the event of termination of the agreement and full liquidation. The liquidation schedule for the System Endowment Fund is 33% of the assets with notice of 90 days from the end of the current fiscal quarter, 50% of the remaining assets at the end of the second quarter after notice and 100% of the remaining asset at the end of the third quarter after notice.

**Table provided by Texas A&M University System.*

Investments Reported at Net Asset Value	Fair Value	Frequency Range - Low	Frequency Range - High	Notice Period Range - Low	Notice Period Range - High	Unfunded Commitment
Hedge Funds (Domestic)	\$17,331,417.08	Quarterly	Semi-Annual	65 Days	2 Years	\$515,868.31
Hedge Funds (International)	20,323,502.71	Quarterly	Semi-Annual	65 Days	2 Years	599,763.85
Limited Partnerships - Private Equity	1,907,727.23	N/A	N/A	N/A	N/A	815,452.00
Limited Partnerships - International Private Equity	1,311,024.37	N/A	N/A	N/A	N/A	1,120,099.00
Limited Partnerships - Real Estate	366,792.22	N/A	N/A	N/A	N/A	1,133,989.00
Limited Partnerships - International Real Estate	15,014.54	N/A	N/A	N/A	N/A	470,070.00
Limited Partnerships - Natural Resources	1,334,499.86	N/A	N/A	N/A	N/A	1,317,599.00
Limited Partnerships - International Natural Resources	102,361.59	N/A	N/A	N/A	N/A	23,124.00
Total	\$42,692,339.60					\$5,995,965.16

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TEXAS WOMAN’S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2018, Texas Woman's University's credit quality distribution for securities with credit risk exposure was as follows:

Fund Type	GAAP Fund	Investment Type	Standard & Poor's						
			AAA	AA	A	BBB	BB	B	Unrated
05	9999	U.S. Government Agency Obligations	\$	\$6,062,049.06	\$	\$92,577.95	\$	\$	\$227,656.64
05	9999	Corporate Obligations	331,115.90	952,030.68	2,746,936.14	8,945,042.46	1,965,689.99	603,373.70	274,982.39
05	9999	Corporate Asset and Mortgage Backed Securities	1,094,621.61	1,022,777.24	877,490.32	20,490.59	502,594.49		4,402,079.21
05	9999	International Obligations	1,021,343.18	815,903.10	1,581,093.79	3,559,678.41	458,660.40	116,601.82	2,098,758.51
05	9999	Fixed Income Money Market and Bond Mutual Fund	2,693,964.85						
05	9999	Other Commingled Funds-Fix Income							2,102,591.19
05	9999	Miscellaneous (Municipals and CDs)							20,539.40
05	9999	Total	\$5,141,045.54	\$8,852,760.08	\$5,205,520.25	\$12,617,789.41	\$2,926,944.88	\$719,975.52	\$9,126,607.34

*Table provided by Texas A&M University System.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, Texas Woman's University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TWU's investment policy limits holding of securities by counterparties to those involved with securities lending. As of August 31, 2018, TWU's investments were exposed to custodial credit risks as follows:

Fund Type	Type	Uninsured and unregistered with securities held by the counterparty	Uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the State's name
05	Repurchase Agreement		
05	Equity		

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TEXAS WOMAN’S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Foreign Currency Risk

Foreign currency risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company. As of August 31, 2018, Texas Woman's University investments were exposed to foreign currency risks as follows:

**Tables provided by Texas A&M University System*

Investments Exposed to Foreign Currency Risk								
Fund Type	GAAP Fund	Foreign Currency	International Obligation (Govt & Corp & MF)	International Equity	International Equity Mutual Funds	International Hedge Funds	International Other Private Equity & Energy	International Other Real Estate Funds
05	9999	U. S. Dollar Denominated Foreign Securities	\$9,040,236.64	\$8,649,388.52	\$19,205,970.88	\$20,323,502.71	\$1,225,395.54	\$15,014.54
05	9999	Australian Dollar		335,503.80				
05	9999	Brazil Real		293,803.42				
05	9999	British Pound Sterling	31,719.09	1,806,616.46				
05	9999	Canadian Dollar		964,751.27				
05	9999	Danish Krone		128,091.03				
05	9999	Euro Currency Unit	4,252.12	4,566,754.22			187,990.42	
05	9999	Hong Kong Dollar		506,387.17				
05	9999	Japanese Yen		2,599,200.66				
05	9999	Mexican Peso	134,502.35					
05	9999	Taiwan Dollar		209,115.68				
05	9999	New Zealand	441,329.01					
05	9999	Singapore Dollar		176,944.95				
05	9999	South Korean Won		302,346.40				
05	9999	Swedish Krona		370,367.64				
05	9999	Swiss Franc		2,044,424.94				
05	9999	Thailand Baht		234,097.54				
05	9999	Turkish Lira		77,425.88				
		Total	\$9,652,039.21	\$23,265,219.58	\$19,205,970.88	\$20,323,502.71	\$1,413,385.96	\$15,014.54

Interest Rate Risk

Interest rate risk is the risk that an investment’s value will change due to a change in the level of interest rates. As of August 31, 2018, TWU’s investments were exposed to interest rate risks as follows:

Investments Exposed to Interest Rate Risk		
Investment Types	Effective Duration	Unaccrued Market Value System Total
U. S. Treasury Securities	5.605	\$10,855,221.01
U. S. Treasury TIPS	6.952	583,834.14
U. S. Government Agency Obligations	3.746	6,382,283.65
Corporate Obligations	5.108	15,819,171.26
Corporate Asset and Mortgage Backed Securities	3.917	7,920,053.46
International Obligations	3.029	9,652,039.21
Other Commingled Funds – Fixed Income	2.196	2,102,591.19
Miscellaneous		
Political Subdivision	0.816	20,539.40
Total Fair Value		\$53,335,733.32

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TEXAS WOMAN’S UNIVERSITY (731)

Note 3: Deposits, Investments, & Repurchase Agreements

Derivative Investing

Texas Woman’s University invests funds in the Texas A&M University System’s investment pool, which includes investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the Texas A&M University System’s financial statement note disclosures.

The table below summarized TWU’s share of the pending foreign exchange contracts as of August 31, 2018.

**Tables provided by Texas A&M University System.*

Currency	Sell	Buy	Unrealized Gain on Foreign Exchange Contract	Unrealized Loss on Foreign Exchange Contract
Australian Dollar	\$	\$3,407.60	2.27	
British Pound Sterling	91,404.66	9,949.22	2.14	543.65
Canadian Dollar		15,842.68	7.88	15.78
Danish Krone		1,466.26		1.87
Euro	19,108.39	29,170.25	63.59	41.01
Hong Kong Dollar		6,398.33	0.24	
Japanese Yen		6,798.43		8.34
Singapore Dollar		1,997.21	0.68	
Swedish Krona		2,983.51		3.42
Swiss Franc		7,965.04	4.94	
Turkish Lira		8,409.55		55.31
Total	\$110,513.05	\$94,388.08	81.74	669.38

The foreign exchange contract exposure to counterparty risk as of August 31, 2018, is presented below:

Notional Amount	Assets		Liabilities		S&P Counterparty Rating
	Fair Value as of August 31, 2018	Fair Value as of August 31, 2018	Fair Value as of August 31, 2018	Fair Value as of August 31, 2018	
\$69,622.94			209.17		AA-
4,846.63	6.98		3.42		A
28,773.39			42.87		A+
49,313.24	41.82		400.16		BBB+
7,310.48			13.76		A+
32,539.18	24.38				A+
10,498.06	7.88				AA-
1,997.21	0.68				A
\$204,901.13	81.74		669.38		

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TEXAS WOMAN'S UNIVERSITY (731)

Note 4: Short-Term Debt

Texas Woman's University has no short-term debt.

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TEXAS WOMAN’S UNIVERSITY (731)
Note 5: Summary of Long-Term Liabilities

Changes in Long Term Liabilities

During the year ended August 31, 2018, the following changes occurred in liabilities.

	Balance 9/1/2017	Additions	Reductions	Adjustments	Balance 8/31/2018	Amounts Due Within One Year	Amounts Due Thereafter
Revenue Bonds Payable	\$168,816,371.53	\$38,000,000.00	\$34,415,000.00	\$645,558.31	\$171,755,813.22	\$11,304,071.46	\$160,451,741.76
Capital Lease Obligations	144,081.02	-	144,081.02	-	-	-	-
Compensable Leave	3,735,663.81	3,270,056.98	3,188,948.14	-	3,816,772.65	2,386,798.39	1,429,974.26
Net Pension Liability	27,315,171.00	408,130.00	2,577,463.00	-	25,145,838.00	-	25,145,838.00
OPEB Obligation Liability	-	26,476,942.00	6,164,313.00	-	20,312,629.00	103,068.00	20,209,561.00
Totals	\$200,011,287.36	\$68,155,128.98	\$46,489,805.16	\$645,558.31	\$221,031,052.87	\$13,793,937.85	\$207,237,115.02

Employees’ Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee’s resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months.

Full-time state employees earn annual leave from eight to twenty-one hours per month depending on the respective employees’ years of state employment. The State’s policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Employees with at least six months of state service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The University recognizes the accrued liability for the unpaid annual leave. For the year ended August 31, 2018, the accrued liability totaled \$3,816,772.65.

The University made lump sum payments totaling \$336,686.01 for accrued vacation (and/or compensatory time) to employees who separated from state service during fiscal year ending August 31, 2018.

Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid an employee’s estate is one-half of the employee’s accumulated entitlement or 336 hours, whichever is less. The University’s policy is to recognize the cost of sick leave when paid and the liability is not shown in the financial statements since experience indicates the expenditure for sick leave to be minimal.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 6: Bonded Indebtedness

Bonds Payable

Detailed supplemental bond information is disclosed in Schedule 2-A Miscellaneous Bond Information, Schedule 2-B Changes in Bonded Indebtedness, Schedule 2-C Summary of Debt Service Requirements, Schedule 2-D Analysis of Funds Available for Debt Service and Schedule 2F Early Extinguishment and Refunding. Texas Woman's University Revenue Financing System issued bonds in FY 2018.

General information related to revenue bonds outstanding as of August 31, 2018, is summarized below:

Revenue Financing System Bonds, Series 2008

- To provide funds for the purposes of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University and paying certain costs of issuing the bonds.
- Issued 7/15/08
- \$21,670,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

Revenue Financing System Bonds, Series 2009

- To provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitations, to pay costs of constructing and equipping a new Institute for Health Sciences – Dallas Center on land leased by the University in the City of Dallas, Texas, and paying certain costs of issuing the bonds.
- Issued 1/15/09
- \$20,400,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

Revenue Financing System Bonds, Series 2009A

- To provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a new fitness and recreation center on the Denton campus, and paying certain costs of issuing the bonds.
- Issued 12/01/09
- \$14,980,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 6: Bonded Indebtedness

Revenue Financing System Refunding Bonds, Series 2012

- To provide funds for the purpose of refunding certain outstanding obligations of the Board to realize a net present value debt service savings and to pay costs of issuance of the bonds.
- Issued 06/05/12
- \$17,915,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

Revenue Financing System Refunding Bonds, Series 2014

- To provide funds for the purpose of refunding certain outstanding obligations of the Board (Series 2004) to realize a net present value debt service savings and to pay costs of issuance of the bonds.
- Issued 04/15/14
- \$12,370,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

Revenue Financing System Bonds, Series 2016

- To provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a parking garage on the Denton campus, and (ii) paying certain costs of issuing the bonds.
- Issued 08/23/16
- \$19,160,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

Revenue Financing System Bonds, Series 2017 A&B

- To provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a new student union and science/technology building on the Denton campus, and (ii) paying certain costs of issuing the bonds.
- Issued 05/25/17
- \$92,731,982; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 6: Bonded Indebtedness

Revenue Financing System Bonds, Series 2018

- To provide funds for the purpose of acquiring, purchasing, constructing, improving, renovating, enlarging or equipping property, buildings, structures, facilities, roads or related infrastructure for the University, specifically, without limitation, to pay costs of constructing and equipping a new science/technology building on the Denton campus, and (ii) paying certain costs of issuing the bonds.
- Issued 04/15/18
- \$12,375,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues.

Revenue Financing System Refunding Bonds, Forward Delivery Series 2018

- To provide funds for the purpose of refunding certain outstanding obligations of the Board (Series 2004 and Series 2009) to realize a net present value debt service savings and to pay costs of issuance of the bonds.
- Issued 06/01/18
- \$25,625,000; all bonds have been issued.
- Source of revenue for debt service – Pledged revenues including a General Revenue Appropriation.

Revenue Pledged for Debt Service

Pledged Future Revenues	
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 219,797,953.36
Term of Commitment Year Ending 08/31	2038
Percentage of Revenue Pledged	100%
Current Year Pledged Revenue	\$ 289,819,925.80
Current Year Principal and Interest Paid	\$ 15,777,968.02

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TEXAS WOMAN'S UNIVERSITY (731)

Note 7: Derivative Instruments

A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. Investment derivatives are entered into with the intention of managing transaction or currency exchange risk in purchasing, selling or holding investments. These include futures contracts and forward contracts. The following disclosure summarizes Texas Woman's University's activity as reported in the financial statements.

Derivative Investing

Texas Woman's University invests funds in The Texas A&M University System's (A&M System) investment pool, which includes investment derivatives in the form of forward currency exchange contracts used for the purchase or sale of a specific foreign currency at a fixed quantity and price on a future date as a hedge against either specific transactions or portfolio positions. Additional information on these contracts can be found in the A&M System's financial statement note disclosures.

The table below summarizes Texas Woman's University's share of the pending foreign exchange contracts as of August 31, 2018.

Currency	Sell	Buy	Unrealized Gain on Foreign Exchange Contract	Unrealized Loss on Foreign Exchange Contract
Australian Dollar	\$	\$3,407.60	2.27	
British Pound Sterling	91,404.66	9,949.22	2.14	543.65
Canadian Dollar		15,842.68	7.88	15.78
Danish Krone		1,466.26		1.87
Euro	19,108.39	29,170.25	63.59	41.01
Hong Kong Dollar		6,398.33	0.24	
Japanese Yen		6,798.43		8.34
Singapore Dollar		1,997.21	0.68	
Swedish Krona		2,983.51		3.42
Swiss Franc		7,965.04	4.94	
Turkish Lira		8,409.55		55.31
Total	\$110,513.05	\$94,388.08	81.74	669.38

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TEXAS WOMAN’S UNIVERSITY (731)
Note 7: Derivative Instruments

Foreign Exchange Contract Exposure to Counterparty Risk

Notional Amount	Assets		Liabilities		S&P Counterparty Rating
	Fair Value as of August 31, 2018		Fair Value as of August 31, 2018		
\$69,622.94	-		209.17		AA-
4,846.63	6.98		3.42		A
28,773.39	-		42.87		A+
49,313.24	41.82		400.16		BBB+
7,310.48	-		13.76		A+
32,539.18	24.38		-		A+
10,498.06	7.88		-		AA-
1,997.21	0.68		-		A
\$204,901.13	81.74		669.38		

**Tables provided by Texas A&M University System.*

Summary of Investment Derivative Activity:

	Changes in Fair Value		Fair Value as of 8/31/2018		Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivatives					
FX Contracts	Investment Income	(587.64)	Investment	(587.64)	\$204,901.13

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TEXAS WOMAN'S UNIVERSITY (731)

Note 8: Capital Leases

Capital Leases

Texas Woman's University has no outstanding long-term lease obligations for financing the purchase of capital assets.

Operating Leases

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2018 are as follows:

Fiscal Year	Lease Payments
2019	\$ 286,482.63
2020	271,874.97
2021	271,874.97
2022	143,796.26
2023	12,145.44
2024-2028	9,232.00
Total Minimum Future Lease Rental Payments	\$ 995,406.27

FY 18 Lease Cost by Fund Type	
Education and General	\$ 2,572.12
Designated	254,212.59
Auxiliaries	57,478.12
Current Restricted	6,832.00
Total Lease Payment FY 18	\$ 321,094.83

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TEXAS WOMAN'S UNIVERSITY (731)

Note 9: Pension Plans and Optional Retirement Program

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (“ERS”), Teacher Retirement System (“TRS”), and Texas Emergency Services Retirement System (“TESRS”). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (“ERS”), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (“LECOS”), the Judicial Retirement System of Texas Plan One (“JRS 1”) and Judicial Retirement System of Texas Plan Two (“JRS2”).
- TRS – the Teacher Retirement System of Texas (“TRS”) plan.
- TESRS – the Texas Emergency Services Retirement System (“TESRS”) plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through several trusts; JRS1 plan is on a pay-as-you-go basis.

TRS plan

Teacher Retirement System is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation.

The employers of the TRS plan include the state of Texas, TRS, the state’s public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan.

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members’ average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

Audited Comprehensive Annual Financial Report (“CAFR”) for Teacher Retirement System may be obtained by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 9: Pension Plans and Optional Retirement Program

During the measurement period of 2017 for fiscal 2018 reporting, the amount of Texas Woman's University contributions recognized by the plan was \$2,572,488. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

	<u>TRS Plan</u>
Contribution Rates	
Employer	6.8%
Employees	7.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2017 measurement date.

Actuarial Methods and Assumptions

	<u>TRS Plan</u>
Actuarial Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Actuarial Assumptions:	
Discount Rate	8.0%
Investment Rate of Return	8.0%
Inflation	2.50%
Salary Increase	3.50% to 9.50% including inflation
Mortality	
Active	90% of the RP 2014 Employee Mortality Tables for males and females.
Post-Retirement	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

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TEXAS WOMAN'S UNIVERSITY (731)

Note 9: Pension Plans and Optional Retirement Program

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2014 and adopted in September 2015. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for the active members. The Post-retirement mortality rates were based on 2015 TRS Healthy Pensioner Mortality Tables.

There have been no changes to the benefit provisions of the plan since the prior measurement date.

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments, and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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TEXAS WOMAN’S UNIVERSITY (731)

Note 9: Pension Plans and Optional Retirement Program

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan’s investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity		
U.S.	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
Stable Value		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
Real Return		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5.1%
Energy and Natural Resources	3%	6.6%
Commodities	0%	1.2%
Risk Parity		
Risk Parity	5%	6.7%
Total	<u>100%</u>	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of Texas Woman's University net pension liability. The result of the analysis is presented in the table below:

Sensitivity of Texas Woman's University Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
\$ 42,390,914	\$ 25,145,838	\$ 10,786,513

The pension plan’s fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan.

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TEXAS WOMAN’S UNIVERSITY (731)

Note 9: Pension Plans and Optional Retirement Program

Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan’s investment policy, assets, and fiduciary net position, may be obtained from TRS’ fiscal 2017 CAFR.

At August 31, 2018, Texas Woman’s University reported a liability of \$25,145,838 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Texas Woman’s University proportion at August 31, 2018 was 0.0786431343 percent which was an increase from the 0.0722843247 percent measured at the prior measurement date. Texas Woman’s University proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2016 through August 31, 2017.

For the year ending August 31, 2018, Texas Woman’s University recognized pension expense of \$2,718,215. At August 31, 2018, Texas Woman’s University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	367,895	1,356,082
Changes of assumptions	1,145,433	655,734
Net difference between projected and actual investment return	0	1,832,574
Change in proportion and contribution difference	3,349,101	1,703,517
Contributions subsequent to the measurement date	0	0
Total	\$4,862,429	\$5,547,907

The \$7,648,405 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2018.

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TEXAS WOMAN’S UNIVERSITY (731)

Note 9: Pension Plans and Optional Retirement Program

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

Year ended August 31:

2019	(623,725)
2020	981,399
2021	(747,039)
2022	(1,085,615)
2023	567,009
Thereafter	222,493

Optional Retirement Program

The State has also established an optional retirement program (“ORP”) for institutions of higher education. For eligible individuals, participation in the ORP is elective in lieu of participation in the TRS. The ORP provides for the purchase of mutual fund and annuity contracts. The contributory percentages on salaries for participants entering the program prior to September 1995 are 8.5% and 6.65% by the state and each participant, respectively. The state’s contribution is comprised of 6.6% from the ORP’s appropriation and 1.9% from other funding sources. The 6.6% contribution is mandatory with the 1.9% state contribution being at the discretion of the board. Texas Woman's University Board of Regents has approved the additional contributions for employees of TWU. The contributory percentages on salaries for participants entering the program after August 31, 1995 are 6.6% and 6.65% by the state and each participant, respectively. Since these are individual contracts, the State has no additional or unfunded liability for this program.

The contributions made by plan members and employers for the fiscal year ended August 31, 2018 are:

	Year ended August 31, 2018
Member Contributions	\$ 1,1583,587.17
Employer Contributions	\$ 1,709,905.89
Total	\$ 3,293,493.06

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TEXAS WOMAN'S UNIVERSITY (731)

Note 10: Deferred Compensation

The state of Texas offers a deferred compensation plan to all benefits eligible state employees. This plan is in accordance with Internal Revenue Code Section 457 and permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available to employees until distribution due to termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the Employees Retirement System (ERS) Board of Trustees for the exclusive benefit of participants and their beneficiaries and may not be used for, or diverted to, any other expense, except to defray the reasonable expenses of administering the plan.

The Board of Regents is not liable to participating employees for the diminution in value or loss of all or part of the participating employees' deferred amounts or investment income because of market conditions or the failure, insolvency or bankruptcy of a qualified vendor.

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TEXAS WOMAN’S UNIVERSITY (731)

Note 12: Interfund Activity and Transactions

Texas Woman’s University experienced routine transfers with other state agencies that were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2018, follows:

Interfund Receivables and Payables - Current			
Current Portion	Interfund Receivable	Interfund Payable	Purpose
Not Applicable			

Interfund Receivables and Payables - Non-Current			
Non-Current Portion	Interfund Receivable	Interfund Payable	Purpose
Not Applicable			

	Legislative Transfer In	Legislative Transfer Out
GENERAL (01)		
Appd Fund 0001, D23 Fund 0001		
(Agency 902, D23 Fund 0001)	\$178,882.00	
Total Legislative Transfers	\$178,882.00	

	Due From Other Agencies	Due To Other Agencies	Source
PROPRIETARY (02)			
Appd Fund 0001, D23 Fund 0001			
(Agency 781, D23 Fund 0001)		\$310,483.93	State P-T
Appd Fund 9999, D23 Fund 7999			
(Agency 300, D23 Fund 6661)	\$9,132.39		Federal P-T
(Agency 744, D23 Fund 7999)	1,337.02		Federal P-T
(Agency 739, D23 Fund 7999)	53,366.88		Federal P-T
(Agency 781, D23 Fund 0001)		204,927.07	State P-T
(Agency 781, D23 Fund 0825)	83,997.17		State P-T
Total Due From/To Other Agencies	\$147,833.46	\$515,411.00	

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TEXAS WOMAN’S UNIVERSITY (731)

Note 12: Interfund Activity and Transactions

	Transfer In	Transfer Out	Purpose (Disclosure Required)
PROPRIETARY (02)			
Appd Fund 0210, D23 Fund 0210			
(Agency 902, D23 Fund 0210)	\$103,105.00		(Intrafund Transfer)
Appd Fund 0253, D23 Fund 0253			
(Agency 781, D23 Fund 0001)		\$17,138.82	(Intrafund Transfer)
Appd Fund 9999, D23 Fund 7999			
(Agency 347, D23 Fund 0507)		52,470.29	(Intrafund Transfer)
(Agency 347, D23 Fund 0735)		392.81	(Intrafund Transfer)
Total Transfers	\$103,105.00	\$70,001.92	

The detailed State Grant Pass Through information is listed on Schedule 1B – Schedule of State Grant Pass Through From/To State Agencies.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 14: Adjustments to Fund Balances and Net Position

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, was effective for TWU in 2018. The implementation of Statement No. 75 resulted in a restatement of beginning net position for fiscal year 2018, as follows:

	<u>Total</u>
Net Position at August 31, 2017 as Previously Reported	\$ 424,491,119.49
Adjustments due to Implementation of GASB 75 ⁽¹⁾	(23,710,781.00)
Adjustments to Other Restricted Balances	(126,230.19)
Adjustments to Unrestricted Balances	<u>(996,921.29)</u>
Total Restatements	<u>(24,833,932.48)</u>
Net Position at August 31, 2017 as Restated	<u>\$ 399,657,187.01</u>

- (1) Includes the recognition of deferred outflows and inflows of resources related to postemployment benefits other than pensions of \$3,398,152 and recognition of net OPEB liability of \$20,312,629 as of August 31, 2018.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 15: Contingencies and Commitments

At August 31, 2018, there were no material pending lawsuits or claims involving Texas Woman's University. Any claims incurred but not asserted against TWU cannot be reasonably estimated at this time, and any such liability, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on TWU.

Texas Woman's University has received several grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances if any, will be immaterial.

Texas Woman's University has no investment commitments.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 16: Subsequent Events

No material events occurred subsequent to August 31, 2018.

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TEXAS WOMAN’S UNIVERSITY (731)

Note 17: Risk Management

The state of Texas utilizes an allocation program that funds both workers' compensation benefits and risk management costs through annual assessments which participating agencies pay to the State Office of Risk Management (“SORM”).

Texas Woman's University is required by certain bond covenants to carry fire and extended coverage along with boiler insurance on buildings financed through the issuance of bonds using pledged Auxiliary Enterprise or other non-Educational and General Funds. The insurance protects the bondholders from a disruption to the revenue stream that is being utilized to make the bond interest and principal payments. This coverage is also purchased for buildings that are not financed with bonds. TWU participates in the State Property Insurance Program through SORM. The total limit of liability for property insurances is \$1,000,000,000 and was brokered through Arthur J. Gallagher.

Texas Woman's University carries a Commercial General Liability Policy through Travelers Insurance Company which provides insurance protection to pay for third-party bodily injury or property damages. The policy provides coverage for liabilities arising from personal injury and advertising injury. The general total limit of coverage is \$1,000,000 for each occurrence and \$2,000,000 general aggregate which provides coverage for which TWU is liable under the Texas Tort Claims Act.

Texas Woman's University has chosen to carry liability insurance on its licensed vehicles and collision and comprehensive coverage for some of its higher value and higher risk vehicles in the amount of \$1,000,000 combined single limit with \$250,000 per person/\$500,000 per accident in bodily injury coverage and \$100,000 for property coverage. This coverage is provided by Liberty Mutual Fire Insurance Company. TWU carries the same coverage for non-owned vehicles.

A Medical Professional Liability Policy is carried to cover medical professionals of Texas Woman's University, specifically employees of the Student Health Services Clinic, the Counseling & Family Therapy Clinic, the Dental Hygiene Clinic, the Speech, Language, and Hearing Clinic, the Counseling & Psychological Services Center, the Stroke Center and the Exercise & Sports Nutrition Clinic. The policy is insured by Darwin Select Insurance Company and has a \$1,000,000 limit for each occurrence and a \$3,000,000 aggregate limit. TWU also has a separate policy covering Student Medical Professional Liability Policy with the same limits from Interstate Fire & Casualty Company (Allianz).

Texas Woman's University purchased Directors and Officers Legal Liability and Employment Practices Liability insurance from Westchester Fire Insurance Company (Chubb), with an aggregate limit of liability of \$5,000,000. In addition, TWU carries crime coverage through Travelers Insurance as follows:

\$1,000,000	Employee Theft
\$1,000,000	Forgery and Alteration
\$1,000,000	Computer Fraud
\$1,000,000	Funds Transfer Fraud

UNAUDITED

TEXAS WOMAN'S UNIVERSITY (731)

Note 18: Management's Discussion and Analysis

This note is not used by Texas Woman's University. Texas Woman's University Management's Discussion and Analysis is included as a separate section of the report.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 19: The Financial Reporting Entity

Texas Woman's University is an Enterprise Fund reported in the state of Texas' Comprehensive Annual Financial Report as a Proprietary Fund Type. TWU does not have any component units or related parties to include in its financial statements. Because Texas Woman's University is considered a component unit of the state of Texas, and because its financial information is included in the audited Annual Financial Report of the state of Texas, TWU's financial statements are not independently audited.

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TEXAS WOMAN’S UNIVERSITY (731)
Note 22: Donor – Restricted Endowments

Texas Woman's University is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Property Code Chapter 163. UPMIFA allows TWU to distribute net appreciation on donor restricted endowment investments to the extent prudent. This includes cumulative realized and unrealized appreciation in the fair market value of the endowment assets in excess of historical dollar value of the gifts.

Texas Woman's University has contracted with the Texas A&M University System to manage TWU’s endowment funds. Per the per Section 51.0031 of the Texas Education Code, universities can chose to invest endowment funds with a qualifying institution to be invested and distributed in accordance with the qualifying institution’s investment policy.

The net appreciation (cumulative and unexpended) on donor-restricted endowments available for authorization of expenditure by Texas Woman’s University for the fiscal year ended August 31, 2018, is as follows:

Donor - Restricted Endowments	Amounts of Net Appreciation*	Reported in Net Assets
True Endowments	\$ 3,646,269.12	Restricted for Other
Term Endowments	\$	None

*There was a positive fair value adjustment totaling \$824,224.94 for fiscal year 2018.

Changes from Prior Year Balances		
Endowment Funds	Increase/ (Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$ 824,224.94	Fair value increase in portfolio
Term Endowments	\$	None
Non-Expendable Balances		
True Endowments	\$ 27,833.49	Donor gifts and bequests
Term Endowments	\$	None

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TEXAS WOMAN'S UNIVERSITY (731)

Note 24: Disaggregation of Receivable and Payable Balances

Net other receivables at August 31, 2018, are detailed by type as follows:

Net Other Receivables	Amount
Receivables related to gifts, grants and sponsored programs	\$ 1,875,034.93
Receivable from state for items paid locally	1,161,560.46
Total Net Other Receivables	<u><u>\$ 3,036,595.39</u></u>

Net other payables at August 31, 2018, are detailed by type as follows:

Net Other Payables	Amount
Payables related to students	\$ 885,321.82
Total Net Other Payables	<u><u>\$ 885,321.82</u></u>

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TEXAS WOMAN'S UNIVERSITY (731)
Note 27: Service Concession Arrangements

Not Applicable.

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TEXAS WOMAN'S UNIVERSITY (731)

Note 28: Deferred Outflows and Deferred Inflows of Resources

A summary of Texas Woman's University deferred outflows of resources and deferred inflows of resources as of August 31, 2018 is as follows:

	<u>Total</u>
Deferred Outflows of Resources	
Unamortized Losses of Refunding of Debt	\$ 160,000
Deferred Outflows of Resources Related to Pensions	7,648,405
Deferred Outflows of Resources Related to OPEB	<u>10,009,510</u>
Total Deferred Outflows of Resources	<u><u>\$ 17,817,915</u></u>
Deferred Inflows of Resources	
Unamortized Gains of Refunding of Debt	\$
Deferred Inflows of Resources Related to Pensions	5,547,907
Deferred Inflows of Resources Related to OPEB	<u>4,491,219</u>
Total Deferred Inflows of Resources	<u><u>\$ 10,039,126</u></u>

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TEXAS WOMAN'S UNIVERSITY (731)

Note 31: Tax Abatements

Not Applicable.

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TEXAS WOMAN'S UNIVERSITY (731)
Note 32: Governmental Fund Balances

Not Applicable.

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TEXAS WOMAN'S UNIVERSITY (731)
SCHEDULE 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From			
		Identifying Number	Agy/ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
U. S. Department of Justice					
Pass-Through To:					
State of Texas Office of the Governor Crime Victims Assistance Program	16.575	3425901	300	38,337.95	
Total U.S. Department of Justice				38,337.95	0.00
Institute of Museum and Library Services					
National Foundation on the Arts and the Humanities					
Direct Program:					
National Endowment for the Humanities Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	AC-258965-18			
Pass-Through From:					
Texas State Library and Archives Commission Grants to States	45.310		306	700.83	
Direct Program:					
Transforming Libraries into Community Anchors in Rural Texas (TLCART)	45.313	RE-95-18-0052-18			
Total Institute of Museum and Library Services				700.83	0.00
National Science Foundation					
Direct Program:					
Education and Human Resources	47.076	1154394			
Pass-Through From:					
Other Non-State Entity:					
The Research Foundation for the State University of New York Stony Brook University Education and Human Resources	47.076	1613217			0.00
Total National Science Foundation				0.00	0.00
U.S. Department of Education					
Direct Programs:					
Special Education-Personnel Development to Improve Services and Results for Children with Disabilities	84.325K	H325K140301-18			
Total U.S. Department of Education				0.00	0.00
U.S. Department of Health and Human Services					
Direct Program:					
Advancing System Improvements for Key Issues in Women's Health	93.088	ASTWH160038			
Pass Through From:					
Texas Tech University Health Science Center Area Health Education Center (AHEC) North Central Region	93.107	6U77HP16497-09-03	739	103,000.00	
Direct Program:					
Mental Health Research Grants	93.242	1R15MH108926-01A1			
Total U.S. Department of Health and Human Services				103,000.00	0.00

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Direct Program Amount	Total PT From & Direct Program	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
		Agy#/Univ. #	State Agy. or Univ. Amount		
	<u>38,337.95</u>			<u>38,337.95</u>	<u>38,337.95</u>
<u>-</u>	<u>38,337.95</u>		<u>0.00</u>	<u>38,337.95</u>	<u>38,337.95</u>
<u>6,567.52</u>	<u>6,567.52</u>			<u>6,567.52</u>	<u>6,567.52</u>
	<u>700.83</u>			<u>700.83</u>	<u>700.83</u>
<u>32,420.68</u>	<u>32,420.68</u>			<u>32,420.68</u>	<u>32,420.68</u>
<u>38,988.20</u>	<u>39,689.03</u>		<u>0.00</u>	<u>39,689.03</u>	<u>39,689.03</u>
181,119.36	181,119.36			181,119.36	181,119.36
<u>2,915.69</u>	<u>2,915.69</u>			<u>2,915.69</u>	<u>2,915.69</u>
<u>184,035.05</u>	<u>184,035.05</u>		<u>0.00</u>	<u>184,035.05</u>	<u>184,035.05</u>
<u>246,909.91</u>	<u>246,909.91</u>			<u>246,909.91</u>	<u>246,909.91</u>
<u>246,909.91</u>	<u>246,909.91</u>		<u>0.00</u>	<u>246,909.91</u>	<u>246,909.91</u>
243,493.46	243,493.46			243,493.46	243,493.46
	103,000.00			103,000.00	103,000.00
<u>100,356.10</u>	<u>100,356.10</u>			<u>100,356.10</u>	<u>100,356.10</u>
<u>343,849.56</u>	<u>446,849.56</u>		<u>0.00</u>	<u>446,849.56</u>	<u>446,849.56</u>

TEXAS WOMAN'S UNIVERSITY
SCHEDULE 1A - Schedule of Expenditures of Federal Awards continued
For the Fiscal Year Ended August 31, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From		Agencies Or Univ. Amount	Non-State Entities Amount
		Identifying Number	Agy/ Univ. #		
U.S. Department of Homeland Security					
Pass Through From:					
Texas Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
	97.036		405	1,269.83	
Total U.S. Department of Homeland Security				1,269.83	0.00
Research and Development (R&D) Cluster					
U.S. Department of Agriculture					
Pass Through From:					
Other Non-State Entity:					
Mississippi State University					
Agricultural Research, Basic and Applied Research	10.001	58-6406-9-434			0.00
Direct Program:					
Agriculture and Food Research Initiative (AFRI)	10.310	2018-67018-27627			
National Science Foundation					
Direct Program:					
Computer and Information Science and Engineering	47.070	1711780			
Direct Program:					
Social, Behavioral, and Economic Sciences	47.075	1655281			
Environmental Protection Agency					
Office of Research and Development (ORD)					
Direct Program:					
P3 Award: National Student Design Competition for Sustainability					
	66.516	83935701			
Pass-Through From:					
Other Non-State Entity:					
American Institutes for Research (PTE)					
Education Research, Development and Dissemination					
	84.305A	R305A160060			25,060.76
Direct Programs:					
English Language Acquisition State Grants	84.365Z	T365Z160016-17			
U.S. Department of Health and Human Services					
Pass-Throughs From:					
University of Texas Health Science Center at Houston Maternal and Child Health Federal Consolidated Programs					
	93.110	T73MC22236A0	744	11,037.21	
Other Non-State Entity:					
University of Wisconsin-Milwaukee					
ACL National Institute on Disability, Independent Living and Rehabilitation Research					
	93.433	90IF0083-02-00			6,321.19
Baylor Research Institute					
Baylor Scott & White Research Institute					
ACL National Institute on Disability, Independent Living, and Rehabilitation Research					
	93.433	90IF0091-01-00			28,835.20
Direct Programs:					
Extramural Research Programs in the Neurosciences and Neurological Disorders					
	93.853	1R15NS095317-01A1			
Biomedical Research and Research Training					
	93.859	5R01GM097591-06			
Total R&D Cluster Programs				11,037.21	60,217.15

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Direct Program Amount	Total PT From & Direct Program	Pass-Through To			Expenditures Amount	Total PT To & Expenditures
		Agy#/ Univ. #	State Agy. or Univ. Amount	Non-State Entities Amount		
	1,269.83				1,269.83	1,269.83
0.00	1,269.83		0.00	0.00	1,269.83	1,269.83
	0.00				0.00	0.00
20,822.22	20,822.22				20,822.22	20,822.22
15,027.85	15,027.85				15,027.85	15,027.85
55,914.87	55,914.87				55,914.87	55,914.87
6,990.17	6,990.17				6,990.17	6,990.17
	25,060.76				25,060.76	25,060.76
1,015,404.28	1,015,404.28				1,015,404.28	1,015,404.28
	11,037.21				11,037.21	11,037.21
	6,321.19				6,321.19	6,321.19
	28,835.20				28,835.20	28,835.20
112,713.25	112,713.25				112,713.25	112,713.25
-	0.00				0.00	0.00
1,226,872.64	1,298,127.00		0.00	0.00	1,298,127.00	1,298,127.00

TEXAS WOMAN'S UNIVERSITY
SCHEDULE 1A - Schedule of Expenditures of Federal Awards continued
For the Fiscal Year Ended August 31, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Pass-Through From			
		Identifying Number	Agy/ Univ. #	Agencies Or Univ. Amount	Non-State Entities Amount
Student Financial Assistance Cluster					
U.S. Department of Education					
Direct Programs:					
Federal Supplemental Education Opportunity Grants	84.007				
Administrative Costs Recovered					
Federal Work Study Program	84.033				
Administrative Costs Recovered					
Federal Perkins Loan Program	84.038				
New Loans Processed					
Administrative Costs Recovered					
Federal Pell Grant Program	84.063				
Administrative Costs Recovered					
Federal Direct Student Loans	84.268				
New Loans Processed					
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379				
U.S. Department of Health and Human Services					
Direct Programs:					
Nursing Student Loans	93.364				
New Loans Processed					
Scholarships for Health Professions					
Students from Disadvantaged Backgrounds	93.925				
Total Student Financial Assistance Cluster Programs			0.00	0.00	
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 154,345.82	60,217.15	

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Direct Program Amount	Total PT From & Direct Program	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
		Agy#/ Univ. #	State Agy. or Univ. Amount		
562,769.94	562,769.94			562,769.94	562,769.94
	0.00			0.00	0.00
411,661.91	411,661.91			411,661.91	411,661.91
53,463.15	53,463.15			53,463.15	53,463.15
(9,990.59)	(9,990.59)			(9,990.59)	(9,990.59)
	0.00			0.00	0.00
18,216,719.73	18,216,719.73			18,216,719.73	18,216,719.73
23,475.00	23,475.00			23,475.00	23,475.00
75,473,024.00	75,473,024.00			75,473,024.00	75,473,024.00
67,555.50	67,555.50			67,555.50	67,555.50
209,167.00	209,167.00			209,167.00	209,167.00
<u>547,266.00</u>	<u>547,266.00</u>			<u>547,266.00</u>	<u>547,266.00</u>
<u>95,555,111.64</u>	<u>95,555,111.64</u>		<u>0.00</u>	<u>95,555,111.64</u>	<u>95,555,111.64</u>
<u>97,595,767.00</u>	<u>97,810,329.97</u>		<u>0.00</u>	<u>97,810,329.97</u>	<u>97,810,329.97</u>

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TEXAS WOMAN'S UNIVERSITY

Schedule 1A - Schedule of Expenditures of Federal Awards *continued*

For the Fiscal Year Ended August 31, 2018

Note 1 - Nonmonetary Assistance - N/A

Note 2 - Reconciliation:

Per Statement of Revenues, Expenses and Changes in Net Assets	
Proprietary Funds - Federal Revenue -Operating	\$ 2,100,872.51
Proprietary Funds - Federal Revenue -Non-Operating	19,579,812.88
Proprietary Funds - Federal Pass Through Revenue -Operating	154,345.82
Proprietary Funds - Federal Pass Through Revenue -Non-Operating	0.00
Proprietary Funds - Admin Costs Recovered	76,938.15
Proprietary Funds - Indirect Costs Recovered	226,160.20
Subtotal Per Statement of Revenue, Expenses and Change in Net Assets	\$ 22,138,129.56
Reconciling Items:	
New Loans Processed:	
Federal Perkins Loan Program	(9,990.59)
Federal Direct Student Loans	75,473,024.00
Nursing Student Loan Program	209,167.00
Total Pass Through and Expenditures Per Federal Schedule	<u><u>\$ 97,810,329.97</u></u>

Note 3 - Student Loans

Federal Grantor/CFDA Number/ Program Name	Beginning Balance of Outstanding Loans as of 8/31/2017	New Loans Processed	CY Admin Cost Recovered	Total Loans Processed and Admin Cost Recovered	Repayment/ Adjustment Activity	Outstanding Balance of Loans as of 8/31/2018
Department of Education						
Federal Perkins Loan Program 84.038	\$ 1,842,973.63	\$ (9,990.59)	\$ 0.00	(9,990.59)	\$ 228,110.10	\$ 1,604,872.94
Federal Direct Student Loans 84.268		75,473,024.00	0.00	75,473,024.00		
Total Department of Education	\$ 1,842,973.63	\$ 75,463,033.41	\$ 0.00	75,463,033.41	\$ 228,110.10	\$ 1,604,872.94
Department of Health and Human Services 93.364						
Nursing Student Loan Program	\$ 2,270,840.66	\$ 209,167.00	\$ 0.00	209,167.00	\$ 342,946.25	\$ 2,137,061.41
Total Department of Health and Human	\$ 2,270,840.66	\$ 209,167.00	\$ 0.00	209,167.00	\$ 342,946.25	\$ 2,137,061.41

Note 3b - Federally Funded Loans Processed and Administrative Cost Recovered

Note 5 - Unemployment Insurance Funds - N/A

Note 6 - Rebates from the Special Supplemental Food Program for Women, Infants and Children (WIC) - N/A

Note 7 - Unemployment Insurance Funds - N/A

Note 8 - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)

Project Name	FY Project Worksheet Approved	Expenditure Amount Incurred Prior-Fiscal Year	Amount De-obligated	Comments
1216	16	\$ 0.00	\$ 0.00	\$1,269.83 Funds returned to TWU from TDPS for FEMA Disaster Grant received in FY 2016.

Note 9 - Economic Adjustment Assistance (CFDA 11.307) - N/A

Note 10 - 10% de Minimis Indirect Cost Rate - N/A

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TEXAS WOMAN'S UNIVERSITY (731)

Schedule 1B - Schedule of State Grant Pass Throughs From/To State Agencies
For the Year Ended August 31, 2018

Pass Through From:

Texas State Board of Public Accountancy (Agy #457)

5th Year Accounting Student Scholarship Program \$ 5,771.00

Texas Higher Education Coordinating Board (Agy #781)

Texas Grant Program 8,087,692.00

Professional Nursing Shortage Reduction Program 262,509.73

College Work Study Program 97,061.23

Work Study Mentorship Program 91,160.04

Top Ten Percent Scholarship 4,000.00

Minority Health Research and Education 142,866.44

Bilingual Education Program 107,142.00

Pass Through From:

University of Texas System (Agy #720)

Joint Admission Medical Program 12,405.80

Total Pass Through From Other Agencies (Exh. II) \$ 8,810,608.24

Pass Through To:

\$

Total Pass Through To Other Agencies (Exh. II) \$ 0.00

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TEXAS WOMAN'S UNIVERSITY (731)
 Schedule 2A - Miscellaneous Bond Information
 For the Year Ended August 31, 2018

Description of Issue	Bonds Issued To Date	Range of Interest Rates	Scheduled Maturities		First Call Date
			First Year	Last Year	
Revenue Bonds - Self Supporting					
Revenue Financing System Bonds, Series 2008	\$ 21,670,000.00	4.0000% - 5.5000%	2009	2028	7/1/2018
Revenue Financing System Bonds, Series 2009	20,400,000.00	3.0000% - 5.0000%	2009	2028	7/1/2018
Revenue Financing System Bonds, Series 2009A	14,980,000.00	2.0000% - 5.0000%	2010	2029	7/1/2019
Revenue Financing System Refunding Bonds, Series 2012	17,915,000.00	2.0000% - 5.0000%	2012	2024	7/1/2021
Revenue Financing System Refunding Bonds, Series 2014	12,370,000.00	2.0000% - 5.0000%	2014	2035	7/1/2020
Revenue Financing System Bonds, Series 2016	19,160,000.00	2.0000% - 4.0000%	2016	2036	7/1/2026
Revenue Financing System Bonds, Series 2017A	72,240,000.00	2.0000% - 5.0000%	2017	2037	7/1/2028
Revenue Financing System Bonds, Series 2017B	10,915,000.00	1.3000% - 3.1620%	2018	2037	7/1/2028
Revenue Financing System Bonds, Series 2018	12,375,000.00	2.0000% - 5.0000%	2019	2038	7/1/2028
Revenue Financing System Refunding Bonds, Forward Delivery Series 2018	25,625,000.00	2.5000% - 2.5000%	2019	2028	N/A
Total	<u>\$ 227,650,000.00</u>				

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TEXAS WOMAN'S UNIVERSITY (731)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Year Ended August 31, 2018

Description of Issue	Bonds Outstanding 9/1/2017	Bonds Issued	Bonds Matured	Bonds Refunded or Extinguished	Adjustments	Bonds Outstanding 8/31/2018
Revenue Bonds						
Rev Fin Sys Bonds Ser '08	\$ 14,255,000.00		\$ 985,000.00	\$ 13,270,000.00		
Rev Fin Sys Bonds Ser '09	13,160,000.00		965,000.00	12,195,000.00		
Rev Fin Sys Bonds Ser '09A	10,350,000.00		680,000.00			9,670,000.00
Rev Fin Sys Ref Bonds Ser '12	9,690,000.00		2,035,000.00			7,655,000.00
Rev Fin Sys Ref Bonds Ser '14	10,875,000.00		455,000.00			10,420,000.00
Rev Fin Sys Bonds Ser '16	18,395,000.00		675,000.00			17,720,000.00
Rev Fin Sys Bonds Ser '17A	69,460,000.00		2,740,000.00			66,720,000.00
Rev Fin Sys Bonds Ser'17B	10,915,000.00		415,000.00			10,500,000.00
Rev Fin Sys Bonds Ser'18		12,375,000.00				12,375,000.00
Rev Fin Sys Ref Bonds Ser'18A		25,625,000.00				25,625,000.00
Total	\$ 157,100,000.00	\$ 38,000,000.00	\$ 8,950,000.00	\$ 25,465,000.00		\$ 160,685,000.00

Description of Issue	Unamortized Premium	Unamortized Discount	Net Bonds Outstanding 8/31/2018	Amounts Due Within One Year
Revenue Bonds				
Rev Fin Sys Bonds Ser '08				
Rev Fin Sys Bonds Ser '09				
Rev Fin Sys Bonds Ser '09A			9,670,000.00	715,000.00
Rev Fin Sys Ref Bonds Ser '12	214,804.64		7,869,804.64	2,228,431.35
Rev Fin Sys Ref Bonds Ser '14			10,420,000.00	465,000.00
Rev Fin Sys Bonds Ser '16	1,653,850.72		19,373,850.72	915,857.40
Rev Fin Sys Bonds Ser '17A	8,375,229.56		75,095,229.56	3,878,568.61
Rev Fin Sys Bonds Ser'17B			10,500,000.00	420,000.00
Rev Fin Sys Bonds Ser'18	826,928.30		13,201,928.30	441,214.10
Rev Fin Sys Ref Bonds Ser'18A			25,625,000.00	2,240,000.00
Total	\$ 11,070,813.22		\$ 171,755,813.22	\$ 11,304,071.46

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TEXAS WOMAN'S UNIVERSITY (731)
 Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2018

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Revenue Financing System Bonds, Series 2009A	2019	\$ 715,000.00	\$ 400,075.00
	2020	750,000.00	364,325.00
	2021	775,000.00	338,075.00
	2022	805,000.00	309,981.26
	2023	835,000.00	278,787.50
	2024-2028	4,720,000.00	854,193.78
	2029	1,070,000.00	46,812.50
			<u>\$ 9,670,000.00</u>
Revenue Financing System Refunding Bonds, Series 2012	2019	\$ 2,135,000.00	\$ 299,300.00
	2020	1,555,000.00	213,900.00
	2021	1,605,000.00	151,700.00
	2022	1,670,000.00	87,500.00
	2023	340,000.00	20,700.00
	2024	350,000.00	10,500.00
			<u>\$ 7,655,000.00</u>
Revenue Financing System Refunding Bonds, Series 2014	2019	\$ 465,000.00	\$ 380,412.50
	2020	470,000.00	371,112.50
	2021	485,000.00	360,537.50
	2022	495,000.00	347,806.26
	2023	510,000.00	332,956.26
	2024-2028	2,910,000.00	1,301,587.54
	2029-2033	3,490,000.00	725,262.50
	2034-2035	1,595,000.00	96,400.00
		<u>\$ 10,420,000.00</u>	<u>\$ 3,916,075.06</u>
Revenue Financing System Bonds, Series 2016	2019	\$ 700,000.00	\$ 675,500.00
	2020	720,000.00	654,500.00
	2021	745,000.00	625,700.00
	2022	775,000.00	595,900.00
	2023	810,000.00	564,900.00
	2024-2028	4,555,000.00	2,312,500.00
	2029-2033	5,540,000.00	1,325,300.00
	2034-2036	3,875,000.00	247,650.00
		<u>\$ 17,720,000.00</u>	<u>\$ 7,001,950.00</u>
Revenue Financing System Bonds, Series 2017A	2019	\$ 2,880,000.00	\$ 3,044,050.00
	2020	2,995,000.00	2,928,850.00
	2021	3,115,000.00	2,809,050.00
	2022	3,240,000.00	2,684,450.00
	2023	3,365,000.00	2,554,850.00
	2024-2028	19,345,000.00	10,261,250.00
	2029-2033	21,165,000.00	5,067,350.00
	2034-2037	10,615,000.00	1,332,700.00
		<u>\$ 66,720,000.00</u>	<u>\$ 30,682,550.00</u>

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TEXAS WOMAN'S UNIVERSITY (731)
Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2018

Description of Issue	Year	Principal	Interest
Revenue Bonds			
Revenue Financing System Bonds, Series 2017B			
	2019	\$ 420,000.00	\$ 366,060.50
	2020	425,000.00	358,786.10
	2021	435,000.00	349,912.10
	2022	445,000.00	339,654.80
	2023	455,000.00	328,049.20
	2024-2028	2,505,000.00	1,421,907.20
	2029-2033	2,975,000.00	951,471.30
	2034-2037	2,840,000.00	302,035.00
		<u>\$ 10,500,000.00</u>	<u>\$ 4,417,876.20</u>
Revenue Financing System Bonds, Series 2018			
	2019	\$ 350,000.00	\$ 568,747.70
	2020	445,000.00	472,506.26
	2021	460,000.00	459,156.26
	2022	475,000.00	445,356.26
	2023	490,000.00	431,106.26
	2024-2028	2,695,000.00	1,904,081.30
	2029-2033	3,330,000.00	1,262,981.30
	2034-2038	4,130,000.00	461,456.30
		<u>\$ 12,375,000.00</u>	<u>\$ 6,005,391.64</u>
Revenue Financing System Refunding Bonds, Forward Delivery Series 2018			
	2019	\$ 2,240,000.00	\$ 694,010.42
	2020	2,350,000.00	584,625.00
	2021	2,410,000.00	525,875.00
	2022	2,465,000.00	465,625.00
	2023	2,530,000.00	404,000.00
	2024-2028	13,630,000.00	1,039,125.00
		<u>\$ 25,625,000.00</u>	<u>\$ 3,713,260.42</u>
Total Debt Service Requirements		<u>\$ 160,685,000.00</u>	<u>\$ 59,112,953.36</u>

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TEXAS WOMAN'S UNIVERSITY (731)
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2018

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2018			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
Revenue Bonds				
Series 2009A, 2012, 2014, 2016, 2017A, 2017B, 2018 & Fwd-Del 2018 Parity Issues	\$ 289,819,925.80	\$ 137,831,574.41	\$ 8,950,000.00	\$ 6,827,968.02
Total	<u>\$ 289,819,925.80</u>	<u>\$ 137,831,574.41</u>	<u>\$ 8,950,000.00</u>	<u>\$ 6,827,968.02</u>

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TEXAS WOMAN'S UNIVERSITY (731)
 Schedule 2F - Early Extinguishment and Refunding
 For the Year Ended August 31, 2018

Description of Debt Extinguished/Refunded	Description of Newly Issued Debt	Category	Amount Extinguished or Refunded	For Refunding Only		
				Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain (Loss)
Revenue Bonds	Refunding Bonds					
Rev Fin Sys Bonds Ser '08	Rev Fin Sys Ref Bonds Fwd Del Ser'18	Advanced Refunding	\$ 13,270,000.00	\$ 13,500,000.00	\$ 1,974,656.34	\$ 1,735,698.09
Rev Fin Sys Bonds Ser '09	Rev Fin Sys Ref Bonds Fwd Del Ser'18	Advanced Refunding	12,195,000.00	12,125,000.00	1,759,689.62	1,544,864.94
Total			<u>\$ 25,465,000.00</u>	<u>\$ 25,625,000.00</u>	<u>\$ 3,734,345.96</u>	<u>\$ 3,280,563.03</u>

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TEXAS WOMAN'S UNIVERSITY (731)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2018

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0253	\$ 4,811,858.28	0.00	\$ 4,811,858.28
Total Cash in State Treasury (Statement of Net Assets)	<u>\$ 4,811,858.28</u>	<u>\$ -</u>	<u>\$ 4,811,858.28</u>