

**TEXAS TECH UNIVERSITY
SYSTEM**



**COMBINED
ANNUAL FINANCIAL REPORT**

FISCAL YEAR 2018

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2018

Texas Tech University
Texas Tech University Health Sciences Center
Texas Tech University Health Sciences Center at El Paso
Angelo State University
Texas Tech University System Administration

Texas Tech University System

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TEXAS TECH UNIVERSITY SYSTEM™

Tedd Mitchell, Chancellor

November 15, 2018

Honorable Greg Abbott
Governor of Texas

Honorable Glenn Hegar
Texas Comptroller

Ms. Ursula Parks
Director, Legislative Budget Board

Ms. Lisa R. Collier, CPA
First Assistant State Auditor

To Agency Heads Addressed:

The Annual Financial Report of Texas Tech University System (TTUS), with which this letter is bound, is transmitted for inclusion in the State of Texas Comprehensive Annual Financial Report for the fiscal year ended August 31, 2018. Neither the State Auditor nor TTUS Office of Audit Services has audited the accompanying annual financial report and, therefore, neither has expressed an opinion on the financial statements and related information contained in this report. This report is intended to present a complete picture of the fiscal affairs of the System for the year ended August 31, 2018.

As indicated by the following letter of transmittal, this report has been prepared by the fiscal office of the System to provide a summary of the System's financial records.

Sincerely,

A handwritten signature in black ink, appearing to read "Tedd Mitchell", written over a large, stylized, light-colored scribble.

Tedd L. Mitchell, M.D.
Chancellor



TEXAS TECH UNIVERSITY SYSTEM™

Gary Barnes

Vice Chancellor and Chief Financial Officer

November 15, 2018

Tedd L. Mitchell, M.D.
Texas Tech University System
Lubbock, Texas 79409

Dear Chancellor Mitchell:

Submitted herein is the Annual Financial Report of Texas Tech University System for the fiscal year ended August 31, 2018, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR); 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 me at 834-4849.

Sincerely,

A handwritten signature in black ink that reads "Sharon Williamson".

Sharon Williamson, CPA
Assistant Vice President, Financial & Managerial Reporting

Approved:

A handwritten signature in blue ink that reads "Gary Barnes".

Gary Barnes
Texas Tech University System
Vice Chancellor & Chief Financial Officer

**Texas Tech University System
Board of Regents**

Officers of the Board

Tim Lancaster, Chairman
Christopher M. Huckabee, Vice Chairman

Members

Term Expires January 31, 2019

John Esparza	Austin, TX
L. Frederick "Rick" Francis	El Paso, TX
Tim Lancaster	Abilene, TX

Term Expires January 31, 2021

Ronnie Hammonds	Houston, TX
Christopher M. Huckabee	Fort Worth, TX
Mickey L. Long	Midland, TX

Term Expires January 31, 2023

J. Michael Lewis	Dallas, TX
John Steinmetz	Dallas, TX
John Walker	Houston, TX

Term Expires May 31, 2019

Jane Gilmore (Student Regent)	Dallas, TX
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System Fiscal Officers

Tedd Mitchell	Chancellor
Gary Barnes	Vice Chancellor and Chief Financial Officer
Lawrence Schovanec	TTU President
Tedd Mitchell	TTUHSC President
Richard Lange	TTUHSC at El Paso President
Brian May	ASU President
Noel Sloan	TTU CFO and VP for Administration & Finance
Penny Harkey	HSC VP and Chief Financial Officer
Sue Fuciarelli	TTUHSC at El Paso VP for Finance & Administration
Angelina Wright	ASU VP for Finance & Administration

UNAUDITED

TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED
FINANCIAL STATEMENTS**

UNAUDITED

Texas Tech University System (793)
 Combined Statement of Net Position
 August 31, 2018 and 2017

	2018	Restated 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 343,672,825.55	\$ 326,628,610.69
Restricted Cash and Cash Equivalents	65,871,543.94	58,681,837.76
Legislative Appropriations	185,117,077.04	164,985,045.80
Receivables:		
Federal	18,301,088.70	19,609,505.70
Patient	23,436,884.01	23,577,205.59
Student	20,109,455.25	18,201,226.17
Contracts	28,091,992.24	34,284,021.22
Accounts	8,471,556.54	7,935,687.13
Interest and Dividends	1,590,125.22	1,312,285.05
Gifts	21,819,977.60	16,233,751.83
Other	2,552,553.04	2,581,102.21
Due From Other State Agencies	43,093,901.48	44,878,141.01
Inventories	4,378,781.75	4,330,621.40
Prepaid Items	61,501,566.55	56,834,210.22
Loans and Contracts	1,293,586.32	1,403,434.75
Other Current Assets	783,809.59	777,379.15
Total Current Assets	<u>830,086,724.82</u>	<u>782,254,065.68</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	136,641,045.77	230,065,088.70
Restricted Investments (Note 3)	1,136,162,136.94	1,099,232,338.57
Contracts Receivable	0.00	1,384,953.70
Gifts Receivable	63,706,697.09	76,719,951.48
Loans and Notes Receivable	2,869,468.07	3,199,690.02
Investments (Note 3)	987,744,724.60	921,036,395.29
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	293,107,714.21	210,186,955.58
Depreciable or Amortizable	3,226,629,227.70	3,075,823,172.81
Accumulated Depreciation and Amortization	(1,809,271,726.48)	(1,693,280,985.40)
Total Non-Current Assets	<u>4,037,589,287.90</u>	<u>3,924,367,560.75</u>
Total Assets	<u>4,867,676,012.72</u>	<u>4,706,621,626.43</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources (Note 28)	116,744,141.95	70,884,741.85
Total Deferred Outflows of Resources	<u>\$ 116,744,141.95</u>	<u>\$ 70,884,741.85</u>

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

Texas Tech University System (793)
Combined Statement of Net Position
August 31, 2018 and 2017

	2018	Restated 2017
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 60,628,434.41	\$ 47,422,510.21
Payroll Payable	86,502,619.91	81,842,453.10
Unearned Revenue	230,693,393.91	221,999,010.53
Due to Other State Agencies	692,567.83	1,494,117.17
Short-Term Debt Commercial Paper Notes (Note 4)	52,685,000.00	43,253,000.00
Claims and Judgments (Note 5)	1,168,048.67	1,491,897.60
Capital Lease Obligations (Note 5)	209,516.61	0.00
Employees' Compensable Leave (Note 5)	6,242,720.23	6,083,352.16
Revenue Bonds Payable (Notes 5 & 6)	64,169,265.10	65,333,600.75
Funds Held for Others	24,346,250.35	23,922,881.09
Net OPEB Liability (Note 11)	1,455,923.00	1,748,397.19
Other Current Liabilities	6,587,229.79	17,745,406.83
Total Current Liabilities	535,380,969.81	512,336,626.63
Non-Current Liabilities:		
Claims and Judgments (Note 5)	5,790,089.33	6,365,124.40
Capital Lease Obligations (Note 5)	450,919.58	0.00
Employees' Compensable Leave (Note 5)	47,766,953.47	44,436,622.84
Revenue Bonds Payable (Notes 5 & 6)	712,193,003.75	776,362,268.85
Pollution Remediation Obligation (Note 5)	1,022,641.50	1,022,641.50
Net OPEB Liability (Note 11)	285,476,285.00	341,074,580.81
Net Pension Liability (Note 9)	184,369,216.00	218,757,231.00
Other Non-Current Liabilities	196,801.62	220,075.08
Total Non-Current Liabilities	1,237,265,910.25	1,388,238,544.48
Total Liabilities	1,772,646,880.06	1,900,575,171.11
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources (Note 28)	121,517,428.48	43,644,649.16
Total Deferred Inflows of Resources	121,517,428.48	43,644,649.16
NET POSITION		
Net Investment in Capital Assets	1,011,250,857.88	930,236,264.59
Restricted:		
Nonexpendable:		
Endowments	729,343,323.15	701,084,867.72
Expendable:		
Capital Projects	14,778,803.88	27,389,186.21
Debt Service	64,190,115.90	68,067,318.82
Other	477,015,689.41	452,025,849.28
Unrestricted	793,677,055.91	654,483,061.39
Total Net Position	\$ 3,090,255,846.13	\$ 2,833,286,548.01

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

Texas Tech University System (793)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Operating Revenues		
Tuition and Fees	\$ 12,371,153.46	\$ 11,818,453.78
Tuition and Fees - Pledged	545,054,584.15	520,862,761.78
Less Discounts and Allowances	(128,246,241.86)	(119,149,699.29)
Professional Fees	272,679,922.10	259,449,475.49
Professional Fees - Pledged	681,148.84	723,138.22
Sales and Services of Auxiliary Enterprises - Pledged	173,831,371.39	161,609,888.96
Other Sales and Services	7,195,166.79	16,581,683.66
Other Sales and Services - Pledged	13,773,644.41	12,911,362.27
Federal Grants and Contracts	56,117,803.72	58,728,400.31
Federal Grants and Contracts - Pledged	886,074.21	852,380.34
Federal Grant Pass-Throughs from Other State Agencies	5,007,741.72	5,186,785.46
State Grants and Contracts	1,860,431.75	2,036,512.26
State Grants and Contracts - Pledged	206,150.76	149,027.09
State Grant Pass-Throughs from Other State Agencies	40,706,988.07	50,682,903.51
Local Governmental Grants and Contracts	63,787,844.82	34,457,689.33
Local Governmental Grants and Contracts - Pledged	1,191,090.80	1,098,566.66
Nongovernmental Grants and Contracts	171,887,560.37	191,264,906.03
Nongovernmental Grants and Contracts - Pledged	3,016,831.35	1,580,788.86
Other Operating Revenues	34,650,838.15	29,380,980.01
Total Operating Revenues	1,276,660,105.00	1,240,226,004.73
Operating Expenses		
Cost of Goods Sold	14,145,736.31	13,738,574.26
Salaries and Wages	962,624,349.03	935,272,336.86
Payroll Related Costs	186,384,229.92	249,232,737.78
Professional Fees and Services	79,679,902.90	80,018,237.17
Travel	35,146,021.71	33,796,495.89
Materials and Supplies	76,238,672.38	79,641,250.15
Communications and Utilities	54,934,906.55	53,529,776.06
Repairs and Maintenance	43,273,502.01	39,356,769.46
Rentals and Leases	22,185,002.46	21,651,840.94
Printing and Reproduction	4,679,526.88	4,888,922.90
Federal Grant Pass-Through Expense	520,806.27	928,837.77
State Grant Pass-Through Expense	85,584.64	92,672.40
Depreciation and Amortization (Note 2)	126,559,616.16	123,980,585.37
Bad Debt Expense	708,570.73	547,044.41
Interest	16,515.48	21,818.98
Scholarships	83,697,783.28	83,207,578.08
Claims and Judgments	394,182.77	25,198.30
Other Operating Expenses	145,062,291.12	134,634,642.84
Total Operating Expenses	1,836,337,200.60	1,854,565,319.62
Operating Income (Loss)	\$ (559,677,095.60)	\$ (614,339,314.89)

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

Texas Tech University System (793)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 470,530,145.94	\$ 461,472,138.02
Federal Grants and Contracts	55,749,954.18	51,023,465.96
State Grant Pass-Throughs from Other State Agencies	103,125.00	98,125.00
Private Gifts	32,644,548.29	33,479,168.17
Private Gifts - Pledged	(3,785,773.58)	8,542,868.20
Investment Income (Expense)	48,481,099.21	80,910,498.27
Investment Income (Expense) - Pledged	34,234,275.19	36,799,360.72
Interest Expense on Capital Asset Financing	(21,503,884.03)	(19,525,863.11)
Gain (Loss) on Sale and Disposal of Capital Assets	(1,893,396.97)	(1,537,663.29)
Net Increase (Decrease) in Fair Value of Investments	40,630,541.93	65,927,102.30
Other Nonoperating Revenues (Expenses)	1,448,911.21	1,331,351.52
Other Nonoperating Revenues (Expenses) - Pledged	7,914,658.69	86,526.57
Total Nonoperating Revenues (Expenses)	664,554,205.06	718,607,078.33
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	104,877,109.46	104,267,763.44
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	84,152,382.00	84,152,382.00
Capital Contributions	41,343,442.18	33,230,783.55
Lapsed Appropriations	(242.17)	(3,690,981.26)
Contributions to Permanent and Term Endowments	18,044,084.70	16,950,294.31
Legislative Transfers In	1,329,600.00	20,452,998.00
Legislative Transfers Out	(1,121,750.00)	(1,123,750.00)
Interagency Transfers of Capital Assets - Increase (Note 2)	0.00	157,484.73
Transfers In from Other State Agencies	8,363,038.88	10,314,723.78
Transfers Out to Other State Agencies	(18,366.93)	(4,179,426.79)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	152,092,188.66	156,264,508.32
Total Change in Net Position	256,969,298.12	260,532,271.76
Beginning Net Position (September 1)	2,833,286,548.01	2,924,054,999.45
Restatement of Beginning Net Position (Note 14)	0.00	(351,300,723.20)
Ending Net Position (August 31)	\$ 3,090,255,846.13	\$ 2,833,286,548.01

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

Texas Tech University System (793)
Combined Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 331,743,674.10	\$ 322,518,591.59
Proceeds from Tuition and Fees	434,593,456.42	430,805,657.55
Proceeds from Grants and Contracts	353,567,231.73	337,056,427.26
Proceeds from Sales and Services of Auxiliary Enterprises	175,463,083.23	163,272,373.45
Proceeds from Collections of Loans to Students	5,797,588.80	5,848,262.82
Payments to Suppliers for Goods and Services	(219,239,563.15)	(228,792,637.58)
Payments to Employees for Salaries	(956,299,166.77)	(933,338,331.19)
Payments to Employees for Benefits	(247,096,359.05)	(240,488,772.56)
Payments for Loans Issued to Students	(5,520,064.48)	(4,811,670.08)
Payments for Other Expenses	(348,498,457.16)	(331,515,217.78)
Net Cash Provided/(Used) by Operating Activities	(475,488,576.33)	(479,445,316.52)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	464,094,136.85	462,345,685.76
Proceeds from Gifts	59,767,141.55	66,396,582.22
Proceeds from Nonoperating Grants and Contracts	55,991,798.69	51,038,524.47
Proceeds from Other Financing Activities	7,842,515.16	7,574,793.54
Proceeds from Agency Transactions	355,163,703.24	316,529,990.17
Proceeds from Transfers In from Other State Agencies	10,798,350.03	30,976,990.86
Payments for Transfers to Other State Agencies	(5,866.93)	(4,166,426.79)
Payments for Other Uses	(353,899,576.63)	(319,452,141.17)
Net Cash Provided/(Used) by Noncapital Financing Activities	599,752,201.96	611,243,999.06
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	508,576.48	230,908.38
Proceeds from Capital Debt Issuances	30,800,000.00	462,061,475.45
Proceeds from Capital Gifts	17,739,595.68	23,034,358.54
Proceeds from Capital Appropriations	70,839,279.85	67,165,091.92
Payments for Transfers to Other State Agencies	(1,134,250.00)	(1,136,750.00)
Payments for Additions to Capital Assets	(221,467,856.65)	(205,685,425.11)
Payments for Principal Paid on Capital Debt	(82,873,000.00)	(201,110,000.00)
Payments for Interest Paid on Capital Debt	(28,516,865.68)	(28,607,021.15)
Payments for Capital Leases	(242,472.38)	(3,360,202.54)
Payments for Other Costs on Debt Issuance	0.00	(2,067,600.52)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(214,346,992.70)	110,524,834.97
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	188,149,437.72	218,690,889.02
Proceeds from Interest and Investment Income	97,538,269.74	84,495,749.89
Payments to Acquire Investments	(264,794,462.28)	(316,664,330.07)
Net Cash Provided/(Used) by Investing Activities	20,893,245.18	(13,477,691.16)
TOTAL NET CASH FLOWS	\$ (69,190,121.89)	\$ 228,845,826.35

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

Texas Tech University System (793)
Combined Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Beginning Cash & Cash Equivalents - September 1	\$ 615,375,537.15	\$ 386,711,517.80
Restatement to Beginning Cash & Cash Equivalents (Note 14)	0.00	(181,807.00)
Beginning Cash & Cash Equivalents - September 1 (Restated)	615,375,537.15	386,529,710.80
Ending Cash & Cash Equivalents - August 31	\$ 546,185,415.26	\$ 615,375,537.15
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (559,677,095.60)	\$ (614,339,314.89)
Adjustments:		
Depreciation and Amortization Expense	126,559,616.16	123,980,585.37
Bad Debt Expense	411,695.39	455,787.37
Pension Expense	17,311,355.00	25,483,686.00
OPEB Expense	15,355,484.00	0.00
(Increase) Decrease in Accounts Receivables	7,559,340.17	2,285,750.78
(Increase) Decrease in Loans and Notes Receivable	440,070.38	1,156,655.77
(Increase) Decrease in Inventories	(48,160.35)	(398,152.85)
(Increase) Decrease in Other Assets	(6,430.44)	(327,379.15)
(Increase) Decrease in Due From Other State Agencies	(250,741.44)	(1,812,057.70)
(Increase) Decrease in Prepaid Items	(4,645,784.51)	336,347.91
(Increase) Decrease in Deferred Outflows of Resources	(65,624,082.00)	(32,238,268.00)
Increase (Decrease) in Accounts Payable	13,972,686.79	(7,594,086.43)
Increase (Decrease) in Payroll Payable	1,805,662.63	(83,224.30)
Increase (Decrease) in Unearned Revenue	8,695,543.78	9,786,142.77
Increase (Decrease) in Employees' Compensable Leave	3,489,698.70	3,824,455.32
Increase (Decrease) in Claims and Judgments	(898,884.00)	(2,828,336.25)
Increase (Decrease) in Due To Other State Agencies	(814,477.91)	(117,077.40)
Increase (Decrease) in Benefits Payable	482,073.55	1,342,107.72
Increase (Decrease) in Net OPEB Liability	(77,624,658.00)	0.00
Increase (Decrease) in Net Pension Liability	(127,004.00)	0.00
Increase (Decrease) in Deferred Inflows of Resources	49,377,001.00	13,503,794.00
Increase (Decrease) in Other Liabilities	(11,231,485.63)	(1,862,732.56)
Net Cash Used for Operating Activities	(475,488,576.33)	(479,445,316.52)
Noncash Transactions		
Donations of Capital Assets	17,657,439.17	5,592,491.10
Net Increase (Decrease) in Fair Value of Investments	40,630,541.93	65,927,102.30
Borrowing Under Capital Lease Purchase	902,908.57	0.00
Other	(1,179,763.83)	(1,870,459.06)
Total Noncash Transactions	\$ 58,011,125.84	\$ 69,649,134.34

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

TEXAS TECH UNIVERSITY SYSTEM (793)

**NOTES to the COMBINED
FINANCIAL STATEMENTS**

TEXAS TECH UNIVERSITY SYSTEM (793)**Notes to the Combined Financial Statements****Note 1: Summary of Significant Accounting Policies****General Introduction**

The Texas Tech University System (the System) is an agency of the State of Texas and its financial records comply with State statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements for State Agencies and Universities.

Component institutions which comprise the System include Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso), Angelo State University (ASU) and Texas Tech University System Administration (TTUSA). The System serves the state of Texas by providing undergraduate and post-graduate education and research in fields such as Law, Business, Medicine, Engineering and Nursing. Each component institution's financial statements are presented at the end of the combined report.

The System also includes within this report all component units as determined by an analysis of their relationship to the System. Blended component units are described in more detail in Note 19. The System has one discrete component unit, the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation (Carr Foundation). Financial statements for this discrete component unit are presented separately at the end of this combined report, and more detailed information can be found in Note 19.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with all the requirements in this statement. The financial report is considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Basis of Accounting

For financial reporting purposes, institutions of higher education are considered proprietary funds, which are used to account for business-type activities. Business-type activities are defined as those that are financed in whole or in part by fees charged to external parties for goods and services. The accompanying financial statements are prepared with transactions recorded on a fund basis. GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an Amendment of GASB Statement No. 34*, established accounting and financial reporting standards for universities within the financial reporting guidelines of GASB 34 as mentioned above. Under GASB 35, universities must follow proprietary fund accounting, and are required to report all funds in a single column instead of by individual fund.

The basis of accounting determines when revenues and expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds use the flow of economic resources measurement focus (whether or not the entity is economically better off as a result of the events and transactions that occurred during the fiscal period reported) and the full accrual basis of accounting, meaning revenues are recognized when earned and expenses are recorded when an obligation has occurred.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Proprietary funds distinguish between operating and nonoperating items. Operating revenues and expenses result from providing services, or producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation and amortization on capital assets.

Budgetary Information

The System component institutions prepare annual budgets which are approved by the Board of Regents. The budgets for appropriated funds are prepared biennially and represent appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act).

Cash and Cash Equivalents

For reporting purposes, cash includes cash on hand, cash in transit, cash in local banks, cash in the state treasury, and cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity they present insignificant risk of a decrease in value due to changes in interest rates. Investments with an original maturity of three months or less and used for cash management rather than investing activities are considered cash equivalents.

The System records and reports its deposits in the general deposit account at cost. It records and reports its special deposit accounts at fair value.

Investments

The System accounts for its investments at fair value on the Combined Statement of Net Position, as determined by quoted market prices or, in the case of limited partnerships, values as reported by the partnership managers and/or their third party administrators, in accordance with GASB Statement No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Money market and TexPool investments are reported at cost provided the investment has a remaining maturity of one year or less at the date of purchase. All investment income, including changes in the fair value of investments, is reported in the Combined Statement of Revenues, Expenses, and Changes in Net Position. Investments are addressed in more detail in Note 3.

Legislative Appropriations

This item represents the balance of General Revenue Funds and Higher Education Assistance Funds at August 31 as calculated in the Texas State Comptroller's General Revenue Reconciliation.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of revenue bonds and revenues set aside for statutory or contractual requirements.

Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost generally utilizing the first-in, first out method. Changes in inventories are recorded using the consumption method, with the inventories being reported as assets when they are purchased, and the expense recognized in the period in which the inventories are used or consumed. The consumption method of accounting is used to account for inventories and prepaid items benefiting more than one accounting period. The cost of these items is expensed when the items are used or consumed. Prepaid items also include payments for capital assets that have not been received by the end of the fiscal year.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**Receivables**

Receivable balances are grouped into several receivable categories. Accounts receivable are recorded net of estimated uncollectible amounts based upon a review of outstanding receivables and historical collection information.

Student receivables consist of tuition and fees charged to students, patient receivables are for medical fees charged for services, and accounts receivable are fees for auxiliary enterprise services provided to students, faculty, and staff, as well as state and local grant billings.

Contracts receivable are primarily related to agreements between the System health sciences center component institutions and teaching hospitals for the provision of medical services.

Federal receivable includes amounts due from the federal government in connection with reimbursement of allowable expenditures disbursed by the System's grants and contracts departments.

Gift receivables are accounted for at their estimated net realizable value. The estimated net realizable value consists of the present value of long-term pledges and a reduction for any allowance for uncollectible pledges. Pledges vary from one to ten years and are used to support specifically identified System programs and initiatives.

Interest and dividend receivable consists of amounts due from investment holdings, cash management pools, and cash invested in various short-term investment items.

Other receivables include items such as travel advances, returned checks, and various other accrued items not included in any other receivable category.

Loans and Notes Receivable

These receivables are student loans receivable that consist of amounts due from the Federal Perkins Loan Program and from other loans administered by the System.

Capital Assets

Capital assets, defined as assets held for use in operations with a value equal to or greater than the capitalization threshold established for that asset type and an initial useful life of more than one year, are recorded at cost at the date of acquisition. Gifts of donated assets are recorded at acquisition value (the price that would be paid to acquire the asset with equivalent service potential in an orderly market transaction) at the date of donation. This is a change in definition established by GASB 72. Capital assets may or may not be capitalized for financial reporting purposes. Livestock held for educational purposes is recorded at estimated fair value.

The capitalization threshold for personal property, such as furniture and equipment is \$5,000. For buildings, building improvements, and facilities and other improvements, the capitalization threshold is \$100,000. Infrastructure has a capitalization threshold of \$500,000. Land, works of art and historical treasures are capitalized regardless of cost or value.

Intangible assets, defined as assets lacking physical substance and of a nonfinancial nature, include computer software, land use rights and patents and trademarks. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated computer software has a capitalization threshold of \$1,000,000, and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The System is required to depreciate and amortize capitalized assets. Depreciation for capital assets is computed using the straight-line method over the estimated useful lives of the assets. Amortization of intangible assets is based on the estimated useful life of the asset using the straight-line method. Land, works of art and historical treasures are not depreciated.

Capital asset activity for the current fiscal year is shown in Note 2.

Deferred Outflows of Resources

Deferred outflows of resources refers to the net asset consumption of assets that is applicable to a future fiscal year. The System reports certain changes in the net pension liability, changes in net other postemployment benefits liability, and unamortized losses on refunding of debt as deferred outflows. Pension-related deferred outflows are discussed in more detail in Note 9, and other postemployment benefit-related deferred outflows in Note 11.

Payables

Accounts payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending. Payroll payable includes accrued salary, wages and benefits.

Claims and Judgments

Claims and judgments include estimates for both known medical malpractice claims and those that have not yet been made against the insured participants. These liabilities are reported separately as either current or noncurrent in the Combined Statement of Net Position. Claims and judgments activity is shown in Note 5, with a detailed explanation of the medical self-insurance plan and activity in Note 17.

Unearned Revenues

Unearned revenues include amounts for tuition and fees, certain auxiliary activities, and amounts from grant and contract sponsors received prior to the end of the fiscal year but related to the subsequent accounting period.

Employees' Compensable Leave

Employees' compensable leave represents the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid. These liabilities are reported separately as either current or noncurrent in the Combined Statement of Net Position, and are explained in more detail in Note 5.

Short-term Debt Commercial Paper Notes

Short-term debt commercial paper notes are amounts owed for commercial paper that was issued during the current accounting period for long-term construction projects for the System's component institutions. Short-term debt commercial paper notes are further explained in Note 4.

Revenue Bonds Payable

The System has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Revenue bonds payable are addressed in more detail in Note 6, with changes in activity shown in Note 5. The bonds are reported at par, net of unamortized premiums. Issuance costs are expensed in the period incurred.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**Pollution Remediation Obligation**

A pollution remediation obligation addresses the current or potential detrimental effects of existing pollution and contamination by participating in pollution remediation activities such as spills of hazardous substances or asbestos abatement. These obligations will generally require the recognition and reporting of remediation liabilities. The System initially accrued and recorded a pollution remediation obligation for Texas Tech University in fiscal year 2016, and the obligation remains the same for fiscal year 2018. This obligation is discussed in detail in Note 5.

Funds Held for Others

Current balances in funds held for others result from the System acting as an agent or fiduciary for other organizations.

Net Pension Liability

The System is required to recognize its proportionate share of net pension liability and operating statement activity related to changes in the net pension liability for participation in the Teacher Retirement System (TRS) pension plan. The net pension liability is the System's proportionate share of the total TRS pension plan liability less the Plan's net assets as reported by the TRS pension plan for fiscal year 2018. The System's proportionate share is based on its contributions to the pension plan relative to the contributions of other employers participating in the plan. The net pension liability and pension-related deferred outflows and inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net pension liability for all System component institutions. Pensions are discussed in greater detail in Note 9.

Net Other Postemployment Benefits (OPEB) Liability

Effective for fiscal year 2018, GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, the System is required to recognize its proportionate share of the collective net OPEB liability and operating statement activity related to changes in the net OPEB liability for participation in the State Retiree Health Plan administered by the Employees Retirement System of Texas (ERS). The net OPEB liability is the System's proportionate share of the total OPEB Plan liability less the Plan's net assets as reported by the ERS OPEB plan for fiscal year 2018. The System's proportionate share is based on its contributions to the OPEB plan relative to the contributions of all employers and non-employer contributing entity participating in the plan. The net OPEB liability and OPEB-related deferred outflows and inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net OPEB liability for all System component institutions. OPEB is discussed in greater detail in Note 11.

Deferred Inflows of Resources

Deferred inflows of resources are defined as the net asset acquisition of assets that is applicable to a future fiscal year. The System reports certain changes in the net pension liability and certain changes to net postemployment benefits liability as deferred inflows of resources. Pension-related deferred inflows are discussed further in Note 9, and other postemployment benefit-related deferred inflows in Note 11. There are also deferred inflows associated with irrevocable split-interest agreements, as discussed below.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**Irrevocable Split-Interest Agreements**

Irrevocable split-interest agreements are a specific type of giving arrangement used by donors to provide resources to two or more beneficiaries. GASB 81, *Irrevocable Split-Interest Agreements*, effective for fiscal year 2018, requires that agencies that receive resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement, and revenue when the resources become applicable to the reporting period. The System reports the transactions for unconditional lead and remainder interests in irrevocable split-interest agreements held by System component institutions in their financial records.

Other Liabilities

The major component of other liabilities consists of advance deposits received from students for residence hall occupancy in the next fiscal year. This category also includes liabilities at TTU for licensing agreements for broadcasting rights with Public Broadcasting Service and National Public Radio.

Liabilities in the above categories are reported separately as either current (due within one year) or noncurrent (amounts due thereafter) in the Combined Statement of Net Position.

Net Position

Net Position reflects the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net position is presented in three separate classes: Net Investment in Capital Assets; Restricted Net Position; and Unrestricted Net Position.

Net Investment in Capital Assets

This category represents the System capital assets, net of the System accumulated depreciation and outstanding principal balances of the System debt attributable to the acquisition, construction or improvement of those capital assets for the System.

Restricted Net Position

Nonexpendable – assets subject to externally imposed stipulations that they be maintained permanently by the System. Such assets include the principal of the System's permanent endowment funds.

Expendable – assets whose use by the System is subject to externally imposed stipulations that can be fulfilled by actions of the System pursuant to those stipulations, or that expire by the passage of time.

Unrestricted Net Position

Unrestricted net position includes assets whose use by the System is not subject to externally imposed stipulations. They may be designated for specific purposes by action of management or the Board of Regents, or may otherwise be limited by contractual agreements with outside parties.

Interfund Activity and Transactions

The System is regularly involved in both interfund activity and interfund transactions. Interfund activity refers to financial interaction between funds (including blended component units) and is related to internal events. Interfund transactions refer to interactions with outside parties (discretely presented component units, other governments, other legally separate entities and individuals) and are restricted to external events. Interfund activity and interfund transactions are both clearly identifiable and are eliminated where appropriate.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 2: Capital Assets

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

	Balance 9/1/2017	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'gy Trans	Reclassifications Dec-Int'gy Trans	Additions	Deletions	Balance 8/31/2018
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	\$ 30,491,178.44	\$	\$	\$	\$	\$ 1,802,497.86	\$	\$ 32,293,676.30
Construction in Progress	89,898,137.60		(71,624,548.87)			146,438,638.33		164,712,227.06
Other Capital Assets	89,797,639.54					6,309,806.31	(5,635.00)	96,101,810.85
Total Non-depreciable or Non-amortizable Assets	210,186,955.58	0.00	(71,624,548.87)	0.00	0.00	154,550,942.50	(5,635.00)	293,107,714.21
Depreciable Assets								
Buildings and Building Improvements	2,120,168,500.05		67,927,202.06			45,096,462.40	(1,152,395.87)	2,232,039,768.64
Infrastructure	45,958,462.56					850,169.83		46,808,632.39
Facilities and Other Improvements	208,434,685.50		3,697,346.81			6,841,674.06		218,973,706.37
Furniture and Equipment	335,894,849.53				(19,890.00)	26,677,336.56	(9,582,332.46)	352,969,963.63
Vehicle, Boats and Aircraft	20,963,649.21					1,540,075.35	(1,102,285.53)	21,401,439.03
Other Capital Assets	211,431,202.35					9,991,563.40	(789,174.24)	220,633,591.51
Total Depreciable Assets at Historical Cost	2,942,851,349.20	0.00	71,624,548.87	0.00	(19,890.00)	90,997,281.60	(12,626,188.10)	3,092,827,101.57
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(1,059,103,062.33)					(76,679,974.74)	265,705.96	(1,135,517,331.11)
Infrastructure	(22,113,275.32)					(1,491,643.34)		(23,604,918.66)
Facilities and Other Improvements	(102,167,286.55)					(7,321,697.58)		(109,488,984.13)
Furniture and Equipment	(233,221,812.91)				19,890.00	(26,570,743.63)	8,715,774.29	(251,056,892.25)
Vehicles, Boats and Aircraft	(15,927,493.93)	3,791.15				(1,378,302.79)	1,061,580.24	(16,240,425.33)
Other Capital Assets	(130,880,186.06)					(11,901,520.79)	186,789.16	(142,594,917.69)
Total Accumulated Depreciation	(1,563,413,117.10)	3,791.15	0.00	0.00	19,890.00	(125,343,882.87)	10,229,849.65	(1,678,503,469.17)
Depreciable Assets, Net	1,379,438,232.10	3,791.15	71,624,548.87	0.00	0.00	(34,346,601.27)	(2,396,338.45)	1,414,323,632.40
Intangible Capital Assets - Amortizable								
Computer Software - Intangible	132,341,222.01						(315,344.28)	132,025,877.73
Other Intangible Capital Assets - Term	630,601.60					1,145,646.80		1,776,248.40
Total Intangible Assets at Historical Cost	132,971,823.61	0.00	0.00	0.00	0.00	1,145,646.80	(315,344.28)	133,802,126.13
Less Accumulated Amortization for:								
Computer Software - Intangible	(129,801,127.65)					(1,156,700.47)	315,344.28	(130,642,483.84)
Other Intangible Capital Assets - Term	(66,740.65)					(59,032.82)		(125,773.47)
Total Accumulated Amortization	(129,867,868.30)	0.00	0.00	0.00	0.00	(1,215,733.29)	315,344.28	(130,768,257.31)
Amortizable Assets - Intangible, Net	3,103,955.31	0.00	0.00	0.00	0.00	(70,086.49)	0.00	3,033,868.82
Business-Type Activities Capital Assets, Net	\$ 1,592,729,142.99	\$ 3,791.15	\$ 0.00	\$ 0.00	\$ 0.00	\$ 120,134,254.74	\$ (2,401,973.45)	\$ 1,710,465,215.43

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 3: Deposits, Investments, and Repurchase Agreements

The System’s investment portfolio is invested pursuant to the parameters of applicable Texas law and the governing board’s Investment Policies. Under Texas law, the System investments may be “any kind of investment that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.” Under Texas law, the System is required to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest the System funds without express written authority from the governing board.

The governing investment policy is Regents’ Rules Chapter 09, “Investment and Endowments.” The majority of the System assets are invested in two investment pools; the Long Term Investment Fund (LTIF) and the Short/Intermediate Term Investment Fund (SITIF), both having their own stand-alone investment policies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Other institutional funds not in the LTIF are invested in the SITIF. Other assets include securities gifted to the System with donor instructions to maintain in their original form, and debt proceeds.

Deposits of Cash in Bank

The carrying amount of deposits as of August 31, 2018 and August 31, 2017 was \$101,636,910.13 and \$86,342,796.56 (restated), respectively, as presented below:

Business-Type Activities

	FY18	Restated FY17
CASH IN BANK – CARRYING AMOUNT	\$ 101,636,910.13	\$ 86,342,796.56
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral		
Cash in Bank per AFR	\$ 101,636,910.13	\$ 86,342,796.56
Proprietary Funds Current Assets Cash in Bank	\$ 37,971,325.90	\$ (16,172,386.26)
Proprietary Funds Current Assets Restricted Cash in Bank	46,140,925.88	87,154,375.27
Proprietary Funds Non-Current Assets Restricted Cash in Bank	17,524,658.35	15,360,807.55
Cash in Bank per AFR	\$ 101,636,910.13	\$ 86,342,796.56

These amounts consist of all cash in local banks and are included on the Combined Statement of Net Position as part of current unrestricted, current restricted, and non-current restricted “Cash and Cash Equivalents.”

All of the System’s deposits in excess of FDIC limits are fully collateralized. The collateral is held in the System’s name by the pledging institution’s agent. The System also has no foreign currency risk on deposits.

As of August 31, 2018, the total **bank balance** for Business-Type Activities was \$118,691,847.72. At August 31, 2017, the balance was \$80,848,735.55.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The carrying amount of deposits for Carr Foundation as of August 31, 2018 and August 31, 2017 was \$598,684.68 and \$279,179.75, respectively, as presented below:

Discrete Component Unit

	FY18	FY17
CASH IN BANK – CARRYING AMOUNT	\$ 598,684.68	\$ 279,179.75
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral		
Cash in Bank per AFR	\$ 598,684.68	\$ 279,179.75
Discrete Component Unit Current Assets Restricted Cash in Bank	\$ 187,455.74	\$ 198,659.80
Discrete Component Unit Non-Current Assets Restricted Cash in Bank	411,228.94	80,519.95
Cash in Bank per AFR	\$ 598,684.68	\$ 279,179.75

All of the Carr Foundation’s deposits in excess of FDIC limits are fully collateralized. The collateral is held in the Foundation’s name by the pledging institution’s agent. The Foundation also has no foreign currency risk on deposits.

As of August 31, 2018, the total **bank balance** for Discrete Component Unit Activities for the Carr Foundation was \$591,307.51. At August 31, 2017, this balance was \$273,298.08.

Investments

The System values its investments at fair value. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is an exit price at the measurement date from the perspective of the market participant that holds the asset. This is a market-based measurement.

GASB 72 identifies the following three acceptable valuation approaches to determine fair value:

- Market approach - uses prices and other relevant information generated by market transactions involving identical or similar items.
- Cost approach – measures fair value based on the current cost to replace the present service capacity of an asset.
- Income approach – discounts future amounts (such as cash flows or revenues and expenses) into a single current amount.

GASB 72 also establishes a fair value hierarchy that classifies inputs to valuation techniques into three levels:

- Level 1 – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – inputs are inputs (other than quoted prices included within Level 1) that are observable for an asset or liability – either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).
- Level 3 – inputs are unobservable inputs for an asset or liability.

Beyond these three levels, Net Asset Value and Amortized Cost may be used to categorize investments without a readily determinable fair value.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The fair value of investments at each level is presented below for August 31, 2018.

Business-Type Activities

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
U. S. Government						
U.S. Treasury Securities	\$ 177,692,579.78	\$	\$	\$	\$	\$ 177,692,579.78
U.S. Treasury TIPS	24,872,968.02					24,872,968.02
U.S. Government Agency Obligations	322,084,199.39					322,084,199.39
Corporate Obligations	1,100,380.90					1,100,380.90
Corporate Asset and Mortgage Backed Securities	2,770,199.58					2,770,199.58
Equity	58,377,236.00					58,377,236.00
International Obligations (Gov't. and Corp.)	6,131,672.94	985,575.82			57,683,364.39	64,800,613.15
Fixed Income Money Market and Bond Mutual Fund	496,332,098.58	103,106,384.00				599,438,482.58
Mutual Funds - Domestic	35,858,184.72	32,432,585.00				68,290,769.72
Other Commingled Funds		9,169,637.00				9,169,637.00
Other Commingled Funds (TexPool)				29,447,007.75		29,447,007.75
International Other Commingled Funds		63,258,958.58			26,928,113.73	90,187,072.31
Real Estate			2,743,064.77		39,322,930.76	42,065,995.53
Domestic Derivatives		5,134,599.43				5,134,599.43
Externally Managed Investments:						
Domestic	7,299,551.77	151,277,548.05			785,135,293.42	943,712,393.24
International	772,222.57	9,761,313.92			40,148,005.40	50,681,541.89
Miscellaneous	261,181.21		22,747,947.36			23,009,128.57
Total Investments	\$ 1,133,552,475.46	\$ 375,126,601.80	\$ 25,491,012.13	\$ 29,447,007.75	\$ 949,217,707.70	\$ 2,512,834,804.84
Non-Current Investments	\$ 774,071,539.91	\$ 375,126,601.80	\$ 25,491,012.13	\$	\$ 949,217,707.70	\$ 2,123,906,861.54
Items in Cash and Cash Equivalents:						
Money Market Funds	359,480,935.55					359,480,935.55
TexPool Investments				29,447,007.75		29,447,007.75
Total Investments	\$ 1,133,552,475.46	\$ 375,126,601.80	\$ 25,491,012.13	\$ 29,447,007.75	\$ 949,217,707.70	\$ 2,512,834,804.84

Discrete Component Unit

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
International Obligations (Gov't. and Corp.)	\$	\$	\$	\$	\$ 8,015,370.29	\$ 8,015,370.29
Fixed Income Money Market and Bond Mutual Fund	11,023,606.22					11,023,606.22
International Other Commingled Funds		2,902,132.60				2,902,132.60
Real Estate			17,234,627.00		4,941,804.24	22,176,431.24
Domestic Derivatives		645,003.71				645,003.71
Externally Managed Investments:						
Domestic	952,458.90	13,370,486.51			87,567,248.24	101,890,193.65
International	61,939.77	782,952.48			5,524,375.08	6,369,267.33
Total Investments	\$ 12,038,004.89	\$ 17,700,575.30	\$ 17,234,627.00	\$ 0.00	\$ 106,048,797.85	\$ 153,022,005.04
Non-Current Investments	\$ 12,038,004.89	\$ 17,700,575.30	\$ 17,234,627.00	\$	\$ 106,048,797.85	\$ 153,022,005.04
Total Investments	\$ 12,038,004.89	\$ 17,700,575.30	\$ 17,234,627.00	\$ 0.00	\$ 106,048,797.85	\$ 153,022,005.04

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The fair value of investments, restated, at each level is presented below for August 31, 2017.

Type of Security	Fair Value Hierarchy					
	Restated			Restated		Restated Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
U. S. Government						
U.S. Treasury Securities	\$ 201,302,490.82	\$	\$	\$	\$	\$ 201,302,490.82
U.S. Treasury TIPs	24,766,426.37					24,766,426.37
U.S. Government Agency Obligations	285,591,769.05					285,591,769.05
Corporate Obligations	757,427.80					757,427.80
Corporate Asset and Mortgage Backed Securities	3,137,435.85					3,137,435.85
Equity	28,686,903.95					28,686,903.95
International Obligations (Gov't. and Corp.)		4,650,095.83			27,017,618.55	31,667,714.38
Fixed Income Money Market and Bond Mutual Fund	534,698,705.72	103,020,005.00				637,718,710.72
Mutual Funds - Domestic	34,710,561.85	30,763,180.00				65,473,741.85
Other Commingled Funds		31,258,007.00				31,258,007.00
Other Commingled Funds (TexPool)				70,879,629.82		70,879,629.82
International Other Commingled Funds		57,696,909.54				57,696,909.54
Invested Collateral						0.00
Real Estate			2,476,076.47		46,099,830.75	48,575,907.22
Domestic Derivatives		4,911,291.32				4,911,291.32
Externally Managed Investments:						
Domestic	17,330,259.93	108,380,927.13			794,538,336.40	920,249,523.46
International	1,994,897.46	5,092,540.85			63,628,120.14	70,715,558.45
Miscellaneous	557,613.35		12,322,923.46			12,880,536.81
Total Investments	\$ 1,133,534,492.15	\$ 345,772,956.67	\$ 14,798,999.93	\$ 70,879,629.82	\$ 931,283,905.84	\$ 2,496,269,984.41
Non-Current Investments	\$ 728,412,871.42	\$ 345,772,956.67	\$ 14,798,999.93	\$	\$ 931,283,905.84	\$ 2,020,268,733.86
Items in Cash and Cash Equivalents:						
Money Market Funds	405,121,620.73					405,121,620.73
TexPool Investments				70,879,629.82		70,879,629.82
Total Investments	\$ 1,133,534,492.15	\$ 345,772,956.67	\$ 14,798,999.93	\$ 70,879,629.82	\$ 931,283,905.84	\$ 2,496,269,984.41

Discrete Component Unit

Type of Security	Fair Value Hierarchy					
	Restated			Restated		Restated Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	
International Obligations (Gov't. and Corp.)	\$	\$	\$	\$	\$ 3,431,630.35	\$ 3,431,630.35
Fixed Income Money Market and Bond Mutual Fund	10,253,658.70					10,253,658.70
International Other Commingled Funds		3,044,254.31				3,044,254.31
Real Estate			9,478,305.00		5,856,112.81	15,334,417.81
Domestic Derivatives		623,805.40				623,805.40
Externally Managed Investments:						
Domestic	2,201,553.36	6,934,791.98			88,384,819.87	97,521,165.21
International	253,380.98	646,826.73			8,081,696.30	8,981,904.01
Total Investments	\$ 12,708,593.04	\$ 11,249,678.42	\$ 9,478,305.00	\$ 0.00	\$ 105,754,259.33	\$ 139,190,835.79
Non-Current Investments	\$ 12,708,593.04	\$ 11,249,678.42	\$ 9,478,305.00	\$	\$ 105,754,259.33	\$ 139,190,835.79
Total Investments	\$ 12,708,593.04	\$ 11,249,678.42	\$ 9,478,305.00	\$ 0.00	\$ 105,754,259.33	\$ 139,190,835.79

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Investments Reported at NAV

Per GASB 72, the System uses the net asset value (NAV) per share as a method for determining fair value for its investments in the tables below.

At August 31, 2018:

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 93,418,869.05	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	93,515,716.75	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	65,768,100.53	Daily	4 Years	1 day	1 year	0.00
Fixed Income	4,160,848.92	Daily	Monthly	1 day	30 days	0.00
Hedge Funds	449,200,510.64	Monthly	Annually	30 days	90 days	0.00
Private Equity	203,823,491.12	4 Years	5 Years	1 year	1 year	0.00
Real Estate	39,258,425.12	4 Years	5 Years	1 year	1 year	0.00
Risk Parity	71,745.57	Daily	Daily	1 day	1 day	0.00
Total	\$ 949,217,707.70					\$ 0.00

Discrete Component Unit

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 11,740,166.72	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	11,752,337.79	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	8,265,230.28	Daily	4 years	1 day	1 year	0.00
Fixed Income	522,903.57	Daily	Monthly	1 day	30 days	0.00
Hedge Funds	43,210,472.84	Monthly	Annually	30 days	90 days	0.00
Private Equity	25,542,360.34	4 years	5 years	1 year	1 year	0.00
Real Estate	5,006,309.88	4 years	5 years	1 year	1 year	0.00
Risk Parity	9,016.43	Daily	Daily	1 day	1 day	0.00
Total	\$ 106,048,797.85					\$ 0.00

At August 31, 2017:

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 123,897,686.05	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	79,172,927.37	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	64,456,963.53	Daily	4 Years	1 day	1 year	0.00
Fixed Income	4,216,204.89	Daily	Monthly	1 day	30 days	0.00
Hedge Funds	421,408,595.57	Monthly	Annually	30 days	90 days	0.00
Private Equity	185,514,249.01	4 Years	5 Years	1 year	1 year	0.00
Real Estate	46,509,531.17	4 Years	5 Years	1 year	1 year	0.00
Risk Parity	6,107,748.25	Daily	Daily	1 day	1 day	0.00
Total	\$ 931,283,905.84					\$ 0.00

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Discrete Component Unit

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 15,738,381.13	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	10,057,118.47	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	8,187,790.19	Daily	4 years	1 day	1 year	0.00
Fixed Income	535,572.87	Daily	Monthly	1 day	30 days	0.00
Hedge Funds	40,986,205.80	Monthly	Annually	30 days	90 days	0.00
Private Equity	23,565,363.08	4 years	5 years	1 year	1 year	0.00
Real Estate	5,907,977.39	4 years	5 years	1 year	1 year	0.00
Risk Parity	775,850.40	Daily	Daily	1 day	1 day	0.00
Total	\$ 105,754,259.33					\$ 0.00

These investments calculate the NAV consistent with the Financial Accounting Standard Board’s measurement principles for investment companies. These investments are exempt from classification within the fair value hierarchy when the System does not intend to sell all or a portion of the investment for an amount that is different from the NAV.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The System’s investment policy is to require third party custody for the two investment pools, the LTIF and the SITIF. The balances listed below relate to the securities held outside of those pools at August 31, 2018 and August 31, 2017.

Business-Type Activities

Fiscal Year	Fund Type	GAAP Fund	Type	Uninsured and unregistered with securities held by the counterparty
2018	05	3073	Equity	\$ 3,406,853.72
2017	05	3073	Equity	\$ 3,170,538.80

The Carr Foundation had no custodial credit risk for investments at August 31, 2018 or August 31, 2017.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The LTIF and SITIF do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. The exposure to foreign currency risk as of August 31, 2018, is presented below.

FY18			International	International	International
Fund Type	GAAP Fund	Foreign Currency	Obligations (Gov't. and Corp.)	Other Commingled Funds	Externally Managed Investments
05	3073	Argentine peso	\$ 7,024,631.60	\$ 5,473,375.86	\$
05	3073	Australian dollar		828,619.83	
05	3073	Brazilian real	3,758,177.91	5,238,471.03	892,529.26
05	3073	British pound		5,489,411.77	4,539,216.63
05	3073	CFA franc	13,698,031.62		
05	3073	Chilean peso	140,492.63	44,820.36	
05	3073	Chinese yuan renminbi		8,039,230.54	1,666,054.64
05	3073	Colombian peso	5,479,212.64	14,940.12	416,513.66
05	3073	Czech koruna		236,598.82	
05	3073	Danish krone		302,668.74	
05	3073	Egyptian pound	134,235.84	494,037.83	
05	3073	Euro	29,137,643.65	21,477,825.55	18,436,077.69
05	3073	Hong Kong dollar		2,072,230.73	4,861,249.75
05	3073	Indian rupee		4,768,349.72	950,742.79
05	3073	Indonesian rupiah		3,741,571.14	
05	3073	Jamaican dollar	2,599,113.69		
05	3073	Japanese yen		7,333,080.67	
05	3073	Malaysian ringgit		988,878.11	
05	3073	Mexican peso	361,362.59	1,636,085.26	1,726,970.42
05	3073	Nigerian naira	35,123.16		
05	3073	Pakistani rupee			1,328,438.78
05	3073	Peruvian nuevo sol	2,013,827.85	150,126.89	
05	3073	Phillippine peso		284,660.54	
05	3073	Polish zloty	187,423.63	283,862.27	
05	3073	Qatar riyal		404,616.93	
05	3073	Russian ruble	110,770.34	705,233.53	1,011,533.17
05	3073	Saudi Arabian riyal	35,123.16		
05	3073	South African rand	50,319.68	1,412,148.67	
05	3073	South Korean won		9,079,115.49	
05	3073	Swiss franc		693,615.88	
05	3073	Taiwan dollar		6,713,731.98	
05	3073	Thai baht		1,252,525.42	
05	3073	Turkish lira		465,351.26	660,060.77
05	3073	United Arab Emirates dirham	35,123.16	561,887.37	
05	3073	Venezuelan bolivar			14,192,154.33
		Total	\$ 64,800,613.15	\$ 90,187,072.31	\$ 50,681,541.89

At August 31, 2017, the exposure to foreign currency risk was: International Obligations (Gov't. and Corp.)- \$31,667,714.38; International Other Commingled Funds - \$57,696,909.54; and International Externally Managed Investments - \$70,715,558.45.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Discrete Component Unit

FY18			International	International	International
Fund Type	GAAP Fund	Foreign Currency	Obligations (Gov't. and Corp.)	Other Commingled Funds	Externally Managed Investments
15	4167	Argentine peso	\$ 882,801.80	\$	\$
15	4167	Australian dollar		104,134.58	
15	4167	Brazilian real	472,298.97	122,869.69	112,166.23
15	4167	British pound		109,356.62	570,453.92
15	4167	CFA franc	1,721,463.52		
15	4167	Chilean peso	17,656.04	5,632.68	
15	4167	Chinese yuan renminbi		392,553.44	209,376.96
15	4167	Colombian peso	688,585.41	1,877.56	52,344.24
15	4167	Danish krone		38,037.09	
15	4167	Egyptian pound		16,898.04	
15	4167	Euro	3,605,775.26	197,695.66	2,316,904.80
15	4167	Hong Kong dollar		260,422.06	610,924.57
15	4167	Indian rupee		243,276.45	119,482.06
15	4167	Indonesian rupiah		65,714.59	
15	4167	Jamaican dollar	326,636.67		
15	4167	Japanese yen		129,960.04	
15	4167	Malaysian ringgit		50,694.11	
15	4167	Mexican peso	44,140.09	15,020.48	217,032.39
15	4167	Nigerian naira	4,414.01		
15	4167	Pakistani rupee			166,947.99
15	4167	Peruvian nuevo sol	229,528.47		
15	4167	Phillippine peso		15,020.48	
15	4167	Polish zloty		35,673.63	
15	4167	Qatar riyal		18,775.60	
15	4167	Russian ruble	8,828.02	9,387.80	127,121.73
15	4167	Saudi Arabian riyal	4,414.01		
15	4167	South African rand	4,414.01	22,530.72	
15	4167	South Korean won		428,083.59	
15	4167	Swiss franc		87,168.32	
15	4167	Taiwan dollar		390,532.40	
15	4167	Thai baht		95,755.54	
15	4167	Turkish lira		35,673.63	82,951.37
15	4167	United Arab Emirates dirham	4,414.01	9,387.80	
15	4167	Venezuelan bolivar			1,783,561.07
		Total	\$ 8,015,370.29	\$ 2,902,132.60	\$ 6,369,267.33

At August 31, 2017, the exposure to foreign currency risk for the Carr Foundation was: International Obligations (Gov't. and Corp.) - \$3,431,630.35; International Other Commingled Funds - \$3,044,254.31; and International Externally Managed Investments - \$8,981,904.01.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy limits fixed income securities held by the SITIF to those issued by the U.S. or its agencies and instrumentalities. As of August 31, 2018, the System's credit quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	3073	U.S. Government Agency Obligations	\$ 322,084,199.39					
05	3073	Corporate Obligations					\$ 496,281.30	\$ 604,099.60
05	3073	Corporate Asset and Mortgage Backed Securities	\$ 2,770,199.58					
05	3073	International Obligations (Gov't. and Corp.)						\$ 64,800,613.15
			AAAf	Aaf	Af			Unrated
05	3073	Fixed Income Money Market and Bond Mutual Fund	\$ 348,317,377.60		\$ 11,163,557.95			\$ 239,957,547.03

Discrete Component Unit

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	4167	International Obligations (Gov't. and Corp.)						\$ 8,015,370.29
			AAAf	Aaf	Af			Unrated
15	4167	Fixed Income Money Market and Bond Mutual Fund						\$ 11,023,606.22

The System's credit quality distribution for securities with credit risk exposure as of August 31, 2017 was as presented below.

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	3073	U.S. Government Agency Obligations	\$ 285,591,769.05					
05	3073	Corporate Obligations					\$ 380,862.00	\$ 376,565.80
05	3073	Corporate Asset and Mortgage Backed Securities	\$ 3,137,435.85					
05	3073	International Obligations (Gov't. and Corp.)						\$ 31,667,714.38
			AAAf	Aaf	Af			Unrated
05	3073	Fixed Income Money Market and Bond Mutual Fund	\$ 394,822,437.83		\$ 10,299,182.90			\$ 232,597,089.99

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Discrete Component Unit

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	4167	International Obligations (Gov't. and Corp.)						\$ 3,431,630.35
			AAAf	Aaf	Af			Unrated
15	4167	Fixed Income Money Market and Bond Mutual Fund						\$ 10,253,658.70

Investment Derivative Instruments

The System's Investment Policy Statement for the LTIF allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. As of August 31, 2018 the System held futures contracts, options and total return swaps as investment derivatives.

Derivative investments are also reported at fair value, using the same approach and hierarchy required by GASB 72 discussed in the Investments section above. The System's derivative investment instruments are reported using Level 2 inputs. Derivatives are discussed more in Note 7.

The System entered into these type derivatives as efficient substitutes for traditional securities to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies. The derivative contracts entered into during fiscal year 2018 all used market indices as underlying securities in order to gain and reduce market exposure in an efficient manner. All investment derivatives are reported as Investments on the Combined Statement of Net Position, and changes in fair value of certain derivatives are reported as investment revenue in the Combined Statement of Revenues, Expenses and Changes in Net Position.

These derivative instruments involve market and/or credit risk in excess of the amount recognized in the Combined Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in index values. Futures contracts have reduced counterparty credit risk since they are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees them against default. Counterparty risk for swaps and options is mitigated by master netting agreements between the System and its counterparties, and by the posting of collateral on a daily basis.

At August 31, 2018, the System also had exposure to investment **foreign currency risk in derivative investments** as presented in the table below.

Fund Type	GAAP Fund	Foreign Currency	Business-Type Activities		
			Futures Contracts	Options	Total Return Swaps
05	3073	Japanese yen		\$ (1,181,628.92)	
		Total	\$ 0.00	\$ (1,181,628.92)	\$ 0.00

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Discrete Component Unit

Fund Type	GAAP Fund	Foreign Currency	Futures Contracts	Options	Total Return Swaps
15	4167	Japanese yen		\$ (148,435.15)	
		Total	\$ 0.00	\$ (148,435.15)	\$ 0.00

At August 31, 2017, the System had exposure to investment **foreign currency risk in derivative investments** as presented in the table below.

Fund Type	GAAP Fund	Foreign Currency	Business-Type Activities		
			Futures Contracts	Options	Total Return Swaps
05	3073	Japanese yen		\$ 1,783,190.79	
		Total	\$ 0.00	\$ 1,783,190.79	\$ 0.00

Discrete Component Unit

Fund Type	GAAP Fund	Foreign Currency	Futures Contracts	Options	Total Return Swaps
15	4167	Japanese yen		\$ 226,491.15	
		Total	\$ 0.00	\$ 226,491.15	\$ 0.00

Note 4: Short-Term Debt

The System had the following short-term debt outstanding as of August 31, 2018.

Business-Type Activities	Balance 9/1/2017	Increases	Decreases	Balance 8/31/2018
Short-Term Debt CP Notes	\$ 43,253,000.00	\$ 30,800,000.00	\$ 21,368,000.00	\$ 52,685,000.00

Short-Term Debt Commercial Paper Notes

Commercial paper, both taxable and non-taxable, was issued during the fiscal year to serve as an interim financing source for various long-term construction projects in advance of the issuance of authorized bonds. All commercial paper outstanding at August 31, 2018 will mature in fiscal year 2019. Commercial paper has short maturities up to 270 days with interest rates ranging from .85% to 1.73% for tax-exempt, and 1.20% to 2.15% for taxable paper.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 5: Long-Term Liabilities

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

Business-Type Activities	Balance 9/1/2017	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2018	Amounts due within one year	Amounts due Thereafter
Claims and Judgments	\$ 7,857,022.00	\$ 136,441.00	\$ 1,035,325.00	\$ 0.00	\$ 6,958,138.00	\$ 1,168,048.67	\$ 5,790,089.33
Capital Lease Obligations	0.00	902,908.57	242,472.38	0.00	660,436.19	209,516.61	450,919.58
Employees' Compensable Leave	50,519,975.00	3,790,615.53	300,916.83	0.00	54,009,673.70	6,242,720.23	47,766,953.47
Revenue Bonds Payable	841,695,869.60	0.00	61,505,000.00	(3,828,600.75)	776,362,268.85	64,169,265.10	712,193,003.75
Pollution Remediation Obligation	1,022,641.50	0.00	0.00	0.00	1,022,641.50	0.00	1,022,641.50
Total							
Business-Type Activities	\$ 901,095,508.10	\$ 4,829,965.10	\$ 63,083,714.21	\$ (3,828,600.75)	\$ 839,013,158.24	\$ 71,789,550.61	\$ 767,223,607.63

Discrete Component Unit

Discrete Component Unit Activities	Balance 9/1/2017	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2018	Amounts due within one year	Amounts due Thereafter
Employees' Compensable Leave	\$ 14,245.83	\$ 505.01	\$ 2,093.92	\$ 0.00	\$ 12,656.92	\$ 505.01	\$ 12,151.91

Claims and Judgments

TTUHSC and TTUHSC at El Paso have self-insured arrangements for medical malpractice coverage through a medical malpractice self-insurance plan. Claims and judgments include estimates for both known medical malpractice claims and those that have not yet been made against the insured participants. The liability is actuarially estimated to reflect the anticipated future claims for past medical services, and is adjusted annually based on an actuarially estimated incurred but not reported (IBNR) liability. Some of these claims are in process, while others are expected to be filed in the future. The liability estimate does not consider the probability of payment on a claim-by-claim basis and instead considers overall probability of payment for medical malpractice claims. Funding for future claim payments will be from a self-insurance reserve managed by the office of the General Counsel. More information is presented in Note 17.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**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. Under state law, the hours accumulated are limited based on the employees' length of service. Expenditures for accumulated annual leave balances are recognized in the period paid or taken. The liability for unpaid benefits is recorded in the Combined Statement of Net Position. This obligation is paid from a central vacation pool account which collects the funding from the same funding source(s) from which the employee's salary or wage compensation was paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Revenue Bonds Payable

See Note 6 and accompanying Bond Schedules for detailed information on bond liability balances and transactions.

Pollution Remediation Obligation

TTU owns a 5,855-acre parcel of land in Carson County, Texas. The land was purchased from the United States of America, acting by and through the General Services Administrator, in 1949 to operate an experimental research farm on a portion of the land. TTU is a responsible party for pollution remediation activities on this land for which expenses have been accrued in the amount of \$1,022,641.50. The estimated liability is based on analysis from Stroller Newport News Nuclear, Inc. and factored down by 50% for cost reduction measures that would result in cost savings. This amount is subject to cost volatility until such time remediation activities are complete. The land will be considered for remediation if the land is sold, transferred or otherwise utilized in a manner necessitating pollution remediation.

Capital Lease Obligations

Capital lease obligations and more detailed information on assets under capital leases and capital lease transactions are illustrated in Note 8.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 6: Bonded Indebtedness

Revenue Bonds Payable

Detailed supplemental bond information is disclosed in the Combined:

Schedule 2A	Miscellaneous Bond Information
Schedule 2B	Changes in Bonded Indebtedness
Schedule 2C	Debt Service Requirements
Schedule 2D	Analysis of Funds Available for Debt Service
Schedule 2E	Defeased Bonds Outstanding
Schedule 2F	Early Extinguishment and Refunding

Several bond issues were outstanding as of August 31, 2018 and are summarized in the paragraphs that follow.

Revenue Financing System Refunding and Improvement Bonds, 12th Series 2009

Purpose:	For current refunding of Series A Notes and Series 1999 bonds, to pay for construction of the new College of Business Administration Building, renovation of the existing College of Business Administration Building, construction of the Lanier Professional Development Center, construction of the Student Leisure Pool, and other System construction of capital improvement projects. Financing for the El Paso Medical Facility, Amarillo Pharmacy and Amarillo Research Building projects. For current refunding of ASU portion of Texas State University System bonds and construction of Centennial Village
Issue Date:	March 3, 2009
Original Issue Amount:	\$170,825,000, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 14th Series 2012A

Purpose:	For refunding of \$96,469,500 of Revenue Financing System Commercial Paper Notes Series A, a partial current refunding of \$4,215,000 of Revenue Financing System Bonds Series 2001 and of \$355,000 of Texas State University System Revenue Financing System Bonds Series 2002 representing ASU's portion. For partial advanced refunding of \$52,460,000 of Revenue Financing System Bonds Series 2003. To provide new funding for the new College of Business Administration Building, the new TTU Boston & 18 th Street Residence Hall and Dining Facility, the new ASU Plaza Verde Phase I Residence Hall & Dining Facilities, Jones Stadium East Side Expansion and other System capital improvement projects.
Issue Date:	February 1, 2012
Original Issue Amount:	\$163,240,000, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding Bonds, 15th Series 2012B (Taxable)

Purpose:	For current refunding of \$27,710,000 of Revenue Financing System Bonds Taxable Series 2001.
Issue Date:	February 1, 2012
Original Issue Amount:	\$27,585,000, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Revenue Financing System Refunding and Improvement Bonds, 16th Series 2015A

Purpose: For refunding of \$62,790,000 of Revenue Financing System Commercial Paper Notes Series A, a current refunding of \$245,000 of Revenue Financing System Bonds Series 2003. To provide new funding for the new TTU College of Business Administration Building Wing Addition, TTU West Village Residence Hall and Dining Facility and the HSC at El Paso School of Nursing.

Issue Date: April 9, 2015

Original Issue Amount: \$73,255,000, all authorized bonds have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 17th Series 2015B (Taxable)

Purpose: For refunding of \$39,025,000 of Revenue Financing System Commercial Paper Notes Series A, an advance refunding of \$157,035,000 of Revenue Financing System Bonds Series 2006, a current refunding of \$4,185,000 of Texas State University System Revenue Financing System Bonds Series 2005 and an advance refunding of \$13,365,000 of Texas State University System Revenue Financing System Bonds Series 2006 representing ASU's portion. To provide new funding for the new TTU Research Park Building, the United Supermarkets Arena renovations, Jones Stadium facility upgrades, and Bayer CropScience Research Building Renovation and the new Bayer CropScience Trait Development Center.

Issue Date: April 9, 2015

Original Issue Amount: \$245,315,000, all authorized bonds have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 2017A Series

Purpose: For refunding of \$33,007,000 of Revenue Financing System Commercial Paper Notes Series A and to provide funding of new construction of ASU Archer College of Human & Health Services Building, TTU Honors Residence Hall, HSC Amarillo Simulation Center, HSC Permian Basin Academic Center and Texas Tech University System Administration Building.

Issue Date: January 31, 2017

Original Issue Amount: \$79,035,000, all bonds authorized have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Revenue Financing System Refunding and Improvement Bonds, 2017B Series (Taxable)

Purpose: For refunding of \$17,327,000 of Revenue Financing System Commercial Paper Notes Series A, an advance refunding of \$75,430,000 of Revenue Financing System Bonds Series 2009, and an advance refunding of \$3,147,667.15 of Government Capital Corp Lease for Angelo State University. To provide funding for new construction of TTU Experimental Sciences Building II, TTU Sports Performance Complex, HSC Lubbock Campus Expansion, HSC at El Paso Medical Sciences Building II.

Issue Date: January 31, 2017

Original Issue Amount: \$295,700,000, all bonds authorized have been issued

Source of revenue for debt service: All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Pledged Future Revenues

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, and the pledging of receivables or future revenues to repay a borrowing (collateralized borrowing). The following table provides the pledged future revenue information for the System’s revenue bonds for which a revenue pledge exists:

Pledged Future Revenues	Business-Type Activities	
	FY18	FY17
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 982,392,523.46	\$1,071,695,919.47
Term of Commitment for Year Ending 8/31	2045	2045
Percentage of Revenue Pledged	100%	100%
Current Year Pledged Revenue	\$ 733,578,918.70	\$ 743,933,156.59
Current Year Principal and Interest Paid	\$ 89,303,396.01	\$ 66,086,373.24

Pledged revenue sources include operating income from tuition and fees, sales and services from auxiliary and non-auxiliary activities, investment income, unrestricted contract and grant revenues, and state appropriations for tuition revenue bonds.

Sources of Debt-Service Revenue

On October 21, 1993, the governing board of the System established a Revenue Financing System (RFS) for the purpose of providing a financing structure for all revenue supported indebtedness of System component institutions. The source of revenues for debt service issued under the RFS includes pledged general tuition, pledged tuition fee, pledged general fee and any other revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances lawfully available to System component institutions. Excluded from the revenues described above are amounts received under Article 7, Section 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

Prior to September 1, 2007, all bonded indebtedness for Angelo State University (ASU) was issued through the Texas State University System (TSUS) Revenue Financing System, of which the TSUS Administration and each of their components were members. The TSUS Board of Regents cross-pledged all lawfully available funds (revenues) and balances attributable to any TSUS RFS member against the bonded indebtedness of all other TSUS RFS members for payment on the Parity Debt. Effective September 1, 2007, House Bill 3564 (80th Legislature, Regular Session) transferred governance of Angelo State University to the Texas Tech University System. For the debt issued by the TSUS, the bonds payable are reported by TSUS. ASU will repay the debt that was issued on its behalf; consequently, the following debt amortization schedule is presented below for informational purposes only.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Description	Year	Principal	Interest	Total
All Issues	2019	\$ 935,000.00	\$ 199,750.00	\$ 1,134,750.00
	2020	985,000.00	153,000.00	1,138,000.00
	2021	1,015,000.00	103,750.00	1,118,750.00
	2022	1,060,000.00	53,000.00	1,113,000.00
	2023	0.00	0.00	0.00
Totals		\$ 3,995,000.00	\$ 509,500.00	\$ 4,504,500.00

A portion of the ASU debt above represents Tuition Revenue Bonds historically funded by the Texas Legislature through General Revenue Appropriations. ASU was appropriated \$1,121,750.00 during the current fiscal year for Tuition Revenue Bond debt service. ASU expects future Legislative appropriations to meet debt service requirements for Tuition Revenue bonds.

Note 7: Derivatives

The System Investment Policy Statement for the LTIF allows investment in certain derivative securities. Derivatives are financial instruments whose values are derived in whole or in part from the value of any one or more underlying assets or index of asset values. Investment derivatives are entered into with the intention of managing transaction risk, reducing interest cost, or reducing currency exchange risk in purchasing, selling or holding investments. The System’s investment derivatives include futures contracts, options, and total return swaps.

The following disclosures summarize the System’s derivative activity as reported in the financial statements as of August 31, 2018.

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2018		
	Classification	Amount	Classification	Amount	Notional
Futures Contracts	Investment Revenue	\$ 9,062,162.62		\$ 0.00	\$ 107,089,803.88
Options	Investment Revenue	8,709,277.92	Investments	(365,977.15)	14,603,377.86
Total Return Swaps	Investment Revenue	1,137,148.82	Investments	5,500,576.58	458,310,034.67

Discrete Component Unit

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2018		
	Classification	Amount	Classification	Amount	Notional
Futures Contracts	Investment Revenue	\$ 1,138,380.63		\$ 0.00	\$ 13,452,523.77
Options	Investment Revenue	1,094,051.57	Investments	(45,973.72)	1,834,463.04
Total Return Swaps	Investment Revenue	142,847.60	Investments	690,977.43	57,572,489.72

The System classified its investment derivative instruments using Level 2 inputs in the fair value hierarchy, meaning the instruments are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Note 3 contains more detailed information about derivatives held for investment purposes and the fair value measurement hierarchy established by GASB 72.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Investment Derivative Instruments	8/31/2018	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 5,500,576.58		\$ 5,500,576.58	
Foreign Exchange Contracts (Liabilities)	(365,977.15)		(365,977.15)	
Total Investment Derivative Instruments	\$ 5,134,599.43		\$ 5,134,599.43	

Discrete Component Unit

Investment Derivative Instruments	8/31/2018	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 690,977.43		\$ 690,977.43	
Foreign Exchange Contracts (Liabilities)	(45,973.72)		(45,973.72)	
Total Investment Derivative Instruments	\$ 645,003.71		\$ 645,003.71	

The following disclosures summarize the System’s derivative activity as reported in the financial statements as of August 31, 2017.

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2017		
	Classification	Amount	Classification	Amount	Notional
Futures Contracts	Investment Revenue	\$ 9,448,551.14		\$ 0.00	\$ 118,832,462.05
Options	Investment Revenue	16,542,848.88	Investments	4,532,052.46	3,682,624.56
Total Return Swaps	Investment Revenue	(1,369,412.83)	Investments	379,238.86	(243,597,546.89)

Discrete Component Unit

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2017		
	Classification	Amount	Classification	Amount	Notional
Futures Contracts	Investment Revenue	\$ 1,200,103.36		\$ 0.00	\$ 15,093,450.32
Options	Investment Revenue	2,101,182.32	Investments	575,636.55	467,746.86
Total Return Swaps	Investment Revenue	(173,935.34)	Investments	48,168.85	(30,940,430.00)

The System classified its investment derivative instruments using Level 2 inputs in the fair value hierarchy for fiscal year 2017, as presented below:

Investment Derivative Instruments	8/31/2017	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 379,238.86		\$ 379,238.86	
Foreign Exchange Contracts (Liabilities)	4,532,052.46		4,532,052.46	
Total Investment Derivative Instruments	\$ 4,911,291.32		\$ 4,911,291.32	

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Discrete Component Unit

Investment Derivative Instruments	8/31/2017	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 48,168.85		\$ 48,168.85	
Foreign Exchange Contracts (Liabilities)	575,636.55		575,636.55	
Total Investment Derivative Instruments	\$ 623,805.40		\$ 623,805.40	

Fair Value

Derivative instruments are recorded at fair value. Futures contracts are marked-to-market daily and valued at closing market prices on the valuation date. A daily variation margin between the daily value of the contracts and the value on the previous day is recorded and settled in cash with the broker the following morning. Options and total return swaps are valued using broker quotes, proprietary pricing agents or appropriate pricing models with primarily externally verifiable model inputs.

Investment Derivatives

Investment derivatives expose the System to certain investment related risks. The System discloses more detail about investment derivatives and risk in Note 3.

Note 8: Leases

Capital Lease Obligations

In fiscal year 2018, a capital lease was entered into between TTU and TCF Equipment Finance for turf maintenance equipment to be used at the Rawls Golf Course, which is operated by Troon Golf, LLC. Capital leases are recorded at the present value of the future minimum lease payments at the inception of the lease. The table below presents the capitalized cost and accumulated depreciation of the property under capital lease at August 31, 2018.

Assets Under Capital Leases	Business-Type Activities	
	FY18	FY17
Furniture & Equipment	\$ 917,908.57	\$ 0.00
Less: Accumulated Depreciation	(81,626.16)	0.00
Total	\$ 836,282.41	\$ 0.00

System components had no obligations due under capital lease agreements at the end of fiscal year 2017.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Future minimum lease payments under this capital lease, together with the present value of the net minimum lease payments at August 31, 2018 are:

Fiscal Year Ended August 31	Business-Type Activities		
	Principal	Interest	Total Future Minimum Lease Payments
2019	\$ 209,516.61	\$ 32,955.77	\$ 242,472.38
2020	219,971.49	22,500.89	242,472.38
2021	230,948.09	11,525.29	242,473.38
2022	0.00	0.00	0.00
2023	0.00	0.00	0.00
Total	\$ 660,436.19	\$ 66,981.95	\$ 727,418.14

The Carr Foundation had no capital lease obligations for the years ending August 31, 2018 or 2017.

Operating Leases

System component institutions have entered into various non-cancelable operating leases for buildings and equipment. Included in the expenditures reported in the financial statements is the following amount of rent paid or due under operating lease obligations as of August 31, 2018 and 2017:

Fund Type	Business-Type Activities	
	FY18	FY17
Proprietary Fund	\$ 12,522,881.58	\$ 10,220,522.22

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

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

Fiscal Year Ended August 31,	Minimum Future Lease Payments
2019	\$ 11,122,494.84
2020	9,641,681.44
2021	7,299,232.04
2022	6,461,893.78
2023	5,931,492.19
2024-2028	1,530,523.96
2029-2033	869,451.80
2034-2038	849,006.62
2039-2043	665,000.00
2044-2048	177,333.32
Total Minimum Future Lease Rental Payments	<u>\$ 44,548,109.99</u>

System component institutions have operating lease income for leased building space to outside parties under various non-cancelable operating leases. Included in the revenues reported in the financial statements is the following for rent received under non-cancelable operating leases as of August 31, 2018 and 2017:

Fund Type	Business-Type Activities	
	FY18	FY17
Proprietary Fund	\$ 2,920,392.46	\$ 2,634,994.99

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

System component institutions had no reported contingent rental revenues. Future minimum lease rental income under non-cancelable operating leases having an initial term in excess of one year is as follows as of August 31, 2018:

Fiscal Year Ended August 31,	Minimum Future Rentals
2019	\$ 2,392,824.11
2020	2,028,828.83
2021	1,939,336.26
2022	1,891,548.51
2023	1,872,247.26
2024-2028	2,512,464.00
2029-2033	2,095,800.00
2034-2038	12,500.00
2039-2043	12,500.00
2044-2048	5,000.00
2049 and beyond	1,000.00
Total Minimum Future Lease Rental Income	\$ 14,764,048.97

The cost, accumulated depreciation and carrying value of these leased assets as of August 31, 2018 and 2017 were as follows:

Value of Leased Building Space	Business-Type Activities	
	FY18	FY17
Historical Cost of Leased Building Space	\$ 66,634,957.55	\$ 62,182,041.20
Less: Accumulated Depreciation	(24,907,895.31)	(20,566,603.05)
Historical Cost of Leased Land	290,914.06	290,914.06
Total Carrying Value of Leased Assets	\$ 42,017,976.30	\$ 41,906,352.21

The Carr Foundation had no operating lease expenses or operating lease revenues for the years ended August 31, 2018 or 2017.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 9: Defined Benefit Pension Plan and Defined Contribution Pension Plan

Defined Benefit Pension Plan

The System component institutions participate in one of the three retirement systems in the State of Texas’ financial reporting entity – the Teacher Retirement System (TRS). The accounting and reporting for the System’s proportionate share of the TRS net pension liability is included in the System’s financial records and represents the net liability for all the System component institutions.

The Teacher Retirement System of Texas 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 educational institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the TRS Plan. 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).

An audited Comprehensive Annual Financial Report (CAFR) for the Teacher Retirement System may be obtained from:

Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas 78701-2698

During the measurement period of 2017 for fiscal year 2018 reporting, and the measurement period of 2016 for fiscal year 2017 reporting, the amount of the System’s contributions excluding the State match to TRS recognized by the Plan was \$18,861,478.00 for 2018, and \$18,429,661.00 for 2017. 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

Contribution Rates - TRS Plan	FY18	FY17
Employer	6.8%	6.8%
Employees	7.7%	7.2%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used by TRS to measure the total pension liability for the TRS Plan as of the August 31, 2017 and 2016 measurement dates.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Actuarial Methods and Assumptions

Actuarial Methods and Assumptions - TRS Plan	FY18	FY17
Actuarial Valuation Date	August 31, 2017	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating	Level Percent, Open
Actuarial Assumptions:		
Discount Rate	8.0%	8.0%
Investment Rate of Return	8.0%	8.0%
Inflation	2.5%	2.5%
Salary Increase	3.5% to 9.5% including inflation	3.5% to 9.5% including inflation
Mortality:		
Active	90% of the RP 2014 Employee Mortality Tables for males and females	90% of the RP 2014 Employee Mortality Tables for males and females
Post-retirement	2015 TRS Healthy Pensioner Mortality Tables	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None	None

The actuarial methods and 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 the 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 8.0% was applied to measure the total pension liability for the TRS Plan. 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 the 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 8.0% long-term expected rate of return on TRS pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of return on TRS 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.

The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan’s investment portfolio are presented below for the fiscal years 2017 and 2016 measurement dates:

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Asset Class	FY18		FY17	
	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity				
U.S.	18.0%	4.6%	18.0%	4.6%
Non-U.S. Developed	13.0%	5.1%	13.0%	5.1%
Emerging Markets	9.0%	5.9%	9.0%	5.9%
Directional Hedge Funds	4.0%	3.2%	4.0%	3.2%
Private Equity	13.0%	7.0%	13.0%	7.0%
Stable Value				
U.S. Treasury	11.0%	0.7%	11.0%	0.7%
Absolute Return	0.0%	1.8%	0.0%	1.8%
Stable Value Hedge Funds	4.0%	3.0%	4.0%	3.0%
Cash	1.0%	(0.2%)	1.0%	(0.2%)
Real Return				
Global Inflation Linked Bonds	3.0%	0.9%	3.0%	0.9%
Real Assets	16.0%	5.1%	16.0%	5.1%
Energy and Natural Resources	3.0%	6.6%	3.0%	6.6%
Commodities	0.0%	1.2%	0.0%	1.2%
Risk Parity				
Risk Parity	5.0%	6.7%	5.0%	6.7%
Total	100.0%		100.0%	

Sensitivity analysis was performed by TRS on the impact of changes in the discount rate on the proportionate share of the System’s net pension liability. The result of the analysis is presented in the table below:

Fiscal Year	Sensitivity of TTU System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
	(7%)	(8%)	(9%)
FY18	\$ 310,810,071.00	\$ 184,369,216.00	\$ 79,086,683.00
FY17	\$ 338,562,502.00	\$ 218,757,231.00	\$ 117,138,142.00

The TRS pension plan’s fiduciary net position is determined using the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the TRS Plan. 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 TRS Plan’s investment policy, assets, and fiduciary net position, may be obtained from TRS’ fiscal year 2017 Comprehensive Annual Financial Report.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The System reported a liability of \$184,369,216.00 for its proportionate share of the TRS collective net pension liability for the year ended August 31, 2018 and \$218,757,231.00 for the year ended August 31, 2017. The collective net pension liability was measured as of August 31, 2017 for fiscal year 2018 reporting, and as of August 31, 2016 for fiscal year 2017 reporting, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date for each year. The System’s proportion of the net pension liability at the August 31, 2017 measurement date was .5766112 percent, and was .5788987 percent at the August 31, 2016 measurement date. The System’s 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 the non-employer contributing entity to the Plan for the period September 1, 2016 through August 31, 2017 for fiscal year 2018 reporting, and for the period September 1, 2015 through August 31, 2016 for fiscal year 2017 reporting.

For the years ending August 31, 2018 and 2017, the System recognized pension expense of \$17,311,355.00 and \$25,483,686.00, respectively. At August 31, 2018 and 2017, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY18		FY17	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,697,405.00	\$ 9,942,790.00	\$ 3,430,071.00	\$ 6,531,963.00
Changes of assumptions	8,398,311.00	4,807,837.00	6,667,327.00	6,063,660.00
Net difference between projected and actual investment return		13,436,426.00	18,523,911.00	
Change in proportion and contribution difference	10,403,770.00	13,423,841.00	11,775,941.00	15,075,143.00
Contributions subsequent to the measurement date	20,171,625.00		18,734,474.00	
Total	\$ 41,671,111.00	\$ 41,610,894.00	\$ 59,131,724.00	\$ 27,670,766.00

The \$20,171,625.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the System’s net pension liability for the year ending August 31, 2019.

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

Year ended August 31:	
2019	\$ (7,191,737.00)
2020	4,577,029.00
2021	(8,095,822.00)
2022	(10,589,997.00)
2023	1,460,041.00
Thereafter	(270,922.00)
Total	\$ (20,111,408.00)

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Defined Contribution Pension Plan

The State has established an Optional Retirement Program (ORP), authorized by Texas Government Code, Chapter 830. Full-time faculty, librarians, and certain professionals and administrators employed in public higher education are eligible to elect ORP in lieu of the TRS Plan. The Texas Higher Education Coordinating Board develops policies, practices and procedures to provide greater uniformity in the administration of ORP. The contributory percentage of participant salaries by the members (employees) was 6.65% for both fiscal years 2018 and 2017. The contributory percentage of participant salaries by the employer (System components) was 6.8% in both fiscal years 2018 and 2017. For those employees who were participating in the ORP on or before August 31, 1995, the employer contribution rate was 8.5% for both fiscal years 2018 and 2017, and will remain so subject to legislative change. The contributions made by plan members and the employer for the fiscal years ended August 31, 2018 and 2017 are:

	FY18	FY17
Member Contributions	\$ 21,135,595.27	\$ 21,129,181.06
Employer Contributions	22,555,011.13	22,679,495.86
Total	\$ 43,690,606.40	\$ 43,808,676.92

Note 10: Deferred Compensation (administering agencies only)

Not applicable.

Note 11: Postemployment Benefits Other Than Pensions

ERS Plan

Employees Retirement System is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit OPEB plan with a special funding situation.

The 61 employers of SRHP include state of Texas agencies and universities, community and junior colleges, and other entities specified by the Legislature. Benefits are provided to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551.

The SRHP provides postemployment health care, life and dental insurance benefits to retirees. The benefit and contribution provisions of the SRHP are authorized by state law and may be amended by the Legislature. Retirees must meet certain age and service requirements and have at least 10 years of service at retirement to participate in the plan. Surviving spouses and dependents of retirees are also covered by the plan. The plan does not provide automatic cost of living adjustments (COLAs).

The audited Comprehensive Annual Financial Report (CAFR) for the Employees Retirement System may be obtained from:

Employees Retirement System of Texas
 200 E. 18th Street
 Austin, Texas 78701

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

During the measurement period of 2017 for fiscal 2018 reporting, the amount of the System’s contributions recognized by the plan was \$7,892,593.19. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Requirements

Retiree Health and Basic Life Premium	ERS Plan
Retiree Only	\$ 617.30
Retiree and Spouse	970.98
Retiree and Children	854.10
Retiree and Family	1,207.78

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

Actuarial Methods and Assumptions	SRHP
Actuarial Valuation Date	August 31, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount Rate	3.51%
Inflation	2.50%
Salary Increase	2.50% to 9.50%, including inflation
Healthcare Cost and Trend Rate	8.50% for FY2019, decreasing 0.50% per year to 4.50% for FY2027 and later years
Aggregate Payroll Growth	3.00%
Retirement Age	Experienced-based tables of rates that are specific to the class of employee
Mortality:	
State Agency Members:	
Service Retirees, Survivors and Other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disabled Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Higher Education Members:	
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014
Disabled Retirees	Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active Members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with full generational projection using Scale BB
Ad Hoc Post-Employment Benefit Changes	None

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2011 to August 31, 2016 for state agency members and for the period September 1, 2010 to August 31, 2014 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*.

The following benefit revisions have been adopted since the prior valuation for retirees and dependents for whom Medicare is not primary:

- a. increase in the out-of-pocket cost applicable to services obtained at a free standing emergency facility,
- b. elimination of the copayment for virtual visits,
- c. copay reduction for Airrosti and for out of state participants and,
- d. elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.51% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.84%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.84%.

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

Sensitivity of TTU System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (\$ thousands)		
1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
\$ 342,513,208.00	\$ 286,932,211.00	\$ 243,879,763.00

Sensitivity analysis was performed on the impact of changes in the healthcare cost trend rates on the proportionate share of the System's net OPEB liability. The result of the analysis is presented in the table below:

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Sensitivity of TTU System’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate		
Current Healthcare Cost		
1% Decrease (7.50% decreasing to 3.50%)	Trend Rates (8.50% decreasing to 4.50%)	1% Increase (9.50% decreasing to 5.50%)
\$ 241,215,276.00	\$ 286,932,211.00	\$ 346,252,538.00

The OPEB plan’s fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan’s investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS’ fiscal 2017 CAFR.

At August 31, 2018, the System reported a liability of \$286,932,208.00 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of August 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System’s proportion at August 31, 2017 was .8421099 percent. The System’s proportion of the collective net OPEB liability was based on its contributions to the OPEB 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, the System recognized OPEB expense of \$15,355,484.00. At August 31, 2018, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		\$ 3,448,004.00
Changes of assumptions		59,994,083.00
Net difference between projected and actual investment return	\$ 84,950.00	
Contributions subsequent to the measurement date	73,700,114.00	
Total	\$ 73,785,064.00	\$ 63,442,087.00

The \$73,700,114.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2019.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

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

Year ended August 31:	
2019	\$ (14,267,521.00)
2020	(14,267,521.00)
2021	(14,267,521.00)
2022	(14,267,521.00)
2023	(6,287,053.00)
Total	<u><u>\$ (63,357,137.00)</u></u>

Note 12: Interfund Activity and Transactions

As explained in Note 1 on interfund activities and transactions, there are numerous transactions between funds and agencies. Interfund activity refers to financial interactions between funds and/or blended component institutions and units and is restricted to internal events. Interfund transactions refer to financial interactions with legally separate entities, i.e., discrete component units and other governments, and are restricted to external events. Interfund activity between System components is eliminated where appropriate for reporting purposes.

At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due from Other State Agencies or Due to Other State Agencies
- Transfers In or Transfers Out
- Interagency Capital Asset Transfers
- Legislative Transfers In or Legislative Transfers Out

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances occurs within one year from the date of the financial statement.

System component institutions and units had no interfund receivable or interfund payables as of August 31, 2018. Tables included in previous years detailing the other types of interfund activity and transactions above are an optional presentation and are not included in this note.

Note 13: Continuance Subject to Review

The System is not subject to the Texas Sunset Act.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**Note 14: Adjustments to Fund Balances and Net Position**

During fiscal year 2018, certain accounting changes and adjustments were made that required the restatement of net position for FY17 in order to provide comparative statements. The restatements are presented below.

Business-Type Activities

Combined Statement of Revenues, Expenses and Changes in Net Position	FY17
Beginning Net Position, September 1	\$ 2,924,054,999.45
Restatement of Prior Year's Beginning Net Position for GASB 81 Irrevocable Split Interest agreements	(5,443,121.20)
Restatement of Prior Year's Beginning Net Position for removal of Texas Tech Law School Foundation	(10,923,741.00)
Restatement of Prior Year's Beginning Net Position for GASB 75 OPEB	(334,933,861.00)
Beginning Net Position, September 1 as restated	<u>\$ 2,572,754,276.25</u>

Combined Statement of Revenues, Expenses and Changes in Net Position	FY17
Ending Net Position, August 31	\$ 3,184,910,455.21
Restatement of Prior Year's Beginning Net Position (shown above)	(351,300,723.20)
Restatement of Prior Year's Ending Net Position	(323,184.00)
Ending Net Position, August 31 as restated	<u>\$ 2,833,286,548.01</u>

Combined Statement of Cash Flows	FY17
Beginning Cash & Cash Equivalents, September 1	\$ 386,711,517.80
Restatement of Beginning Cash & Cash Equivalents for removal of Texas Tech Law School Foundation	(181,807.00)
Beginning Cash & Cash Equivalents, September 1 as restated	<u>\$ 386,529,710.80</u>

GASB 75 required an adjustment to fiscal year 2017 net position for the inclusion of other postemployment benefits expenses and related transactions. During fiscal year 2018, a determination was made that the Texas Tech Law School Foundation (TTLSF) should not be included as a blended component unit, resulting in changes to cash and cash equivalents, and net position for fiscal year 2017. GASB 81 reporting requirements for irrevocable split interest agreements also resulted in adjustments to net position.

There were also reclassifications of several items in the financial records of System component institutions resulting in the restatement of comparative financial statement balances for the year ended August 31, 2018. These reclassifications required no restatement of fund balances or net position.

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The table below summarizes the restatements to net position as well as the reclassifications:

Statement	Description	Restatement and Reclassification Amounts		
		FY17 as reported	Correction	FY17 restated
SNP	Current Cash and Cash Equivalents	\$ 253,378,077.37	\$ 73,250,533.32	\$ 326,628,610.69
SNP	Current Restricted Cash and Cash Equivalents	127,482,845.61	(68,801,007.85)	58,681,837.76
SNP	Other Current Assets	1,188,614.15	(411,235.00)	777,379.15
SNP	Non-Current Restricted Cash and Cash Equivalents	235,253,045.17	(5,187,956.47)	230,065,088.70
SNP	Investments	1,567,592,012.31	(646,555,617.02)	921,036,395.29
SNP	Restricted Investments	452,243,218.59	646,989,119.98	1,099,232,338.57
	Total Asset Correction		(716,163.04)	
SNP	Deferred Outflows of Resources	\$ 62,995,624.85	\$ 7,889,117.00	\$ 70,884,741.85
	Total Deferred Outflows of Resources		7,889,117.00	
SNP	Current Net OPEB Liability	\$ 0.00	\$ 1,748,397.19	\$ 1,748,397.19
SNP	Non-Current Net OPEB Liability	0.00	341,074,580.81	341,074,580.81
	Total Liability Correction		342,822,978.00	
SNP	Deferred Inflows of Resources	\$ 27,670,766.00	\$ 15,973,883.16	\$ 43,644,649.16
	Total Deferred Inflows of Resources		15,973,883.16	
SNP	Restricted Nonexpendable Endowments	\$ 682,931,489.57	\$ 18,153,378.15	\$ 701,084,867.72
SNP	Restricted Expendable Capital Projects	38,609,266.86	(11,220,080.65)	27,389,186.21
SNP	HEAF	79,099,889.36	(79,099,889.36)	0.00
SNP	Restricted Expendable Other	468,696,231.67	(16,670,382.39)	452,025,849.28
SNP	Unrestricted	917,269,994.34	(262,786,932.95)	654,483,061.39
	Total Net Position Correction		(351,623,907.20)	
SRECNP	Private Gifts - Unpledged	\$ 61,150,560.62	\$ (27,671,392.45)	\$ 33,479,168.17
SRECNP	Private Gifts - Pledged	8,559,768.20	(16,900.00)	8,542,868.20
SRECNP	Investment Income (Expense)	79,036,026.08	1,874,472.19	80,910,498.27
SRECNP	Investment Income (Expense) - Pledged	38,881,176.91	(2,081,816.19)	36,799,360.72
SRECNP	Net Increase (Decrease) in Fair Value of Investments	66,085,469.30	(158,367.00)	65,927,102.30
SRECNP	Other Nonoperating Revenues (Expenses) - Unpledged	1,242,615.67	92,527.00	1,331,351.52
	Total Nonoperating Revenues (Expenses)		(27,961,476.45)	
SRECNP	Capital Contributions	\$ 5,592,491.10	\$ 27,638,292.45	\$ 33,230,783.55
	Net Other Revenues, Expenses, Gains, Losses, and Transfers		27,638,292.45	
Cash Flow	Proceeds from Gifts	\$ 89,430,940.76	\$ (23,034,358.54)	\$ 66,396,582.22
Cash Flow	Proceeds from Other Financing Activities	7,638,598.54	(63,805.00)	7,574,793.54
Cash Flow	Proceeds from Capital Gifts	0.00	23,034,358.54	23,034,358.54
Cash Flow	Proceeds from Investment Sales and Maturities	218,976,364.02	(285,475.00)	218,690,889.02
Cash Flow	Proceeds from Interest and Investment Income	84,703,093.89	(207,344.00)	84,495,749.89
	Total Cash Flows		(556,624.00)	
Cash Flow	Net Increase (Decrease) in Fair Value of Investments	\$ 66,085,469.30	\$ (158,367.00)	\$ 65,927,102.30

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

In FY2018, the Carr Foundation also had a restatement of the prior year’s ending net position due to the revision of oil and gas mineral property values to estimated market value, as shown below:

Discrete Component Unit

Combined Statement of Revenues, Expenses and Changes in Net Position	FY17
Ending Net Position, August 31	\$ 136,983,630.38
Restatement of Prior Year’s Ending Net Position	2,640,471.28
Ending Net Position, August 31 as restated	<u>\$ 139,624,101.66</u>

Statement	Description	Restatement Amounts		
		FY17 as reported	Correction	FY17 restated
SNP	Restricted Investments	\$ 136,550,364.51	\$ 2,640,471.28	\$ 139,190,835.79
	Total Asset Correction		2,640,471.28	
SNP	Restricted Nonexpendable Endowments	\$ 132,026,367.72	\$ 2,640,471.28	\$ 134,666,839.00
	Total Net Position Correction		2,640,471.28	
SRECNP	Net Increase (Decrease) in Fair Value of Investments	\$ 4,464,971.42	\$ 2,640,471.28	\$ 7,105,442.70
	Total Nonoperating Revenues (Expenses)		2,640,471.28	

Note 15: Contingencies and Commitments

Contingencies

Unpaid Claims and Lawsuits

At August 31, 2018 the following contingent claims were pending for TTUHSC:

Section 1115 Waiver Payments:

The Texas Health and Human Services Commission (HHSC) annually completes a reconciliation of Section 1115 Transformation Waiver Uncompensated Care payments to allowable uncompensated costs reported by participating hospitals/physicians. TTUHSC expects to receive a notification for Demonstration Year 2 (DY2) related to excess uncompensated care payments received by its Lubbock and Odessa campuses. TTUHSC estimates that the DY2 recoupment will be approximately \$1,565,000. A contingent liability in the amount of \$1,565,000 for the DY2 recoupment amount has been recorded in Other Current Liabilities in the Combined Statement of Net Position.

Contingent claims for overpayments for the *Physician Supplemental Payments* program previously accrued by both TTUHSC and TTUHSC at El Paso were paid in FY18. This HHSC program was terminated and no future repayments are anticipated.

At August 31, 2018, other lawsuits involving the System were pending. While the ultimate liability with respect to litigation and other claims asserted against the System cannot be precisely estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is in legal counsel’s opinion, not likely to have a material effect on the System.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)***Federal Assistance***

The System component institutions receive federal grants for specific purposes that are subject to review or audit by federal grantor agencies. Such audits could lead to a 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, would be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section, 148 as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. The System monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. For fiscal years 2018 and 2017, the System recorded no rebatable arbitrage.

Commitments***Investment Funds***

The System entered into capital commitments with investment managers for future funding of investment funds. Investment funds include hedge fund pools, private investment pools, public market funds and other alternative investments managed by external investment managers.

As of August 31, 2018 and August 31, 2017, the remaining commitment - domestic for the System was \$142,263,061.88 and \$168,430,658.94, respectively.

As of August 31, 2018 and August 31, 2017, the remaining commitment – domestic for the Carr Foundation was \$17,878,530.12 and \$21,395,934.06, respectively.

Note 16: Subsequent Events

The System had no subsequent events to report as of August 31, 2018.

Note 17: Risk Management

The System, by State law, is required to be a participant in the Workers Compensation Program and Pool managed by the State Office of Risk Management (SORM). The System component institutions are assessed fees by SORM based upon claims experience, claim incidences, payroll size and full-time equivalent (FTE). SORM also determines the methodology for allocation to the major fund groups. SORM pays all workers' compensation insurance claims. The Worker's Compensation plan for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

The System has self-insured arrangements for Unemployment Compensation Fund coverage. The State of Texas pays 50% of claims for employees paid from state funds. The System pays the remainder for employees paid from state funds and 100% of the claims paid from non-state funds. The claims for employees paid from non-state funds are funded by interest earnings on the Unemployment Compensation Fund balance and utilization of fund balance.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Two component institutions of the System, TTUHSC and TTUHSC at El Paso, have self-insured arrangements for medical malpractice coverage through a medical malpractice self-insurance plan. The plan is managed by the Office of General Counsel, and the associated liability is adjusted annually based on actuarially estimated incurred but not reported (IBNR) liability to reflect the anticipated future claims related to past medical services. The information below includes current year accruals and associated payments in addition to the liabilities accrued in Note 5.

Changes in the balances of the agency’s claims liabilities during fiscal years 2018 and 2017 are presented in the table below.

Claims and Judgments	Beginning Balance	Increases	Decreases	Ending Balance
FY2018	\$ 7,857,022.00	\$ 530,623.77	\$ (1,429,507.77)	\$ 6,958,138.00
FY2017	\$ 10,685,358.25	\$ 25,198.30	\$ (2,853,534.55)	\$ 7,857,022.00

The increases in fiscal years 2018 and 2017 are comprised of miscellaneous claims and judgments. The decreases arose from the payment of these miscellaneous claims. The liability is actuarially estimated to reflect the anticipated future claims for past medical services, and is adjusted annually based on an actuarially estimated incurred but not reported (IBNR) liability.

Note 18: Management’s Discussion and Analysis

The System is governed, controlled, and directed by a ten-member Board of Regents, who are appointed by the Governor of Texas and confirmed by the legislature. All members of the board serve six-year staggered terms with the exception of one (non-voting) student regent who serves a one-year term. Actions of the Board of Regents are guided by the Regents’ Rules and Regulations. A list of the current members of the Board of Regents is included in the organizational data.

Chancellor Tedd L. Mitchell serves as the chief executive officer of the System, a position that is appointed by the Board of Regents. As chief executive officer, Chancellor Mitchell leads System policy and has direct oversight of all operations at the four universities (component institutions). An Executive Leadership team guides the System in areas including finance, academic affairs, legal affairs, fundraising, marketing and communications, and governmental relations, along with other strategic functions. Each of the four institutions has a president who is appointed by the chancellor. The president is the chief executive officer of that university and is responsible for its operation.

Formally established by the Texas Legislature in 1999, the System is composed of a central administration, two general academic institutions and two health-related institutions. The component institutions of the System are Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso), Angelo State University (ASU) and Texas Tech University System Administration (TTUSA). In its young history, the System has emerged as a nationally acclaimed higher education system. Headquartered in Lubbock, Texas, the System operates 18 campuses and academic sites throughout the State of Texas and internationally. The System has locations statewide in Abilene, Amarillo, Cleburne, Dallas, El Paso, Fredericksburg, Highland Lakes, Junction, Lubbock, Midland, Odessa, San Angelo and Waco. Internationally, the System has locations in Seville, Spain and San Jose, Costa Rica. The total enrollment across all component institutions is more than 54,000 students as of Fall 2018.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

In fiscal year 2018, the System maintained stellar financial ratings with all three of the industry's top credit rating agencies: Standard & Poor (AA+), Moody's (Aa1) and Fitch (AA+). The System's credit ratings are among the top 25% of all public higher education institutions nationwide. The System employs more than 18,300 faculty and staff and has an annual combined operating budget of more than \$2.1 billion consisting of revenues from the following sources: 43% designated funding, 27% appropriated funds by the Texas Legislature, 19% restricted funds, and 11% from auxiliaries.

The System is committed to providing the highest quality and most efficient resources and services to its components. Throughout all institutions and centers, the System strives to enhance student success, strengthen academic quality, expand research, and promote community outreach.

Note 19: The Financial Reporting Entity

The combined financial statements of the System include all component institutions comprising the System – Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso), Angelo State University (ASU) and Texas Tech University System Administration (TTUSA). Amounts due between and among component institutions and other duplications in reporting are eliminated in combining the financial statements.

Also included in these combined financial statements are the component units listed below.

Individual Component Unit Disclosures***Blended Component Units***

The financial transactions and records of the following component units are blended with the financial transactions and records of the System component institutions due to the significance of their operational or financial relationship with the System.

The Texas Tech Foundation, Inc. (TTFI) is a not-for-profit 501(c)(3) organization, exempt from income taxes. TTFI was founded to financially support and serve the fundraising needs of all colleges, schools, programs, and campuses of the System and the component institutions of the System, excluding ASU. TTFI was formed to seek and obtain gifts for all the System component institutions; to receive, hold, invest and administer property of any type given to the component institutions; and to make expenditures to or for the benefit of the System component institutions. The members of the TTFI Board are appointed by and serve at the will of the System Board of Regents. This Board of Regents also has the ability to veto, override or modify decisions of TTFI, and they can modify or approve TTFI's budget. Based on these criteria, the financial transactions of TTFI have been blended into the financial statements of the System. August 31 is the Foundation's fiscal year end, and the Foundation's financial statements may be obtained from the TTUS Office of Institutional Advancement, located at 1508 Knoxville Avenue, Suite 315, Lubbock, TX 79409.

Texas Tech Physician Associates (TTPA), whose principal office and financial records are located at Provider Payor Relations, 3601 4th St. Lubbock, TX 79430, is a certified non-profit health corporation authorized under the Medical Practice Act Section 5.01(a), article 4495b of the State of Texas. TTPA was organized and is operated exclusively for the benefit of, to perform the function of, or to carry out the purposes of TTUHSC and TTUHSC at El Paso, and its financial records are blended with those of TTUHSC and TTUHSC at El Paso. TTPA is exempt from tax under Internal Revenue Service code section 501(c)(3). The TTUHSCs have the sole and exclusive right to appoint the nine member Board of Directors. The TTUHSCs control all financial and operational transactions of TTPA including developing and approving the annual and capital budgets of TTPA, appointing and removing directors and officers of the Board, entering into contracts, sales or leases, giving or seeking grants, and approving financial expenditures; therefore, the financial transactions of TTPA have been blended into the financial statements of TTUHSC and TTUHSC at El Paso. TTPA's fiscal year end is August 31.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The Angelo State University Foundation, Inc. (ASUF) was formed exclusively for the benefit of ASU, and is a public, non-profit organization established to provide financial assistance to ASU, primarily from gifts and earnings on endowed funds. ASUF oversees management, investment and distribution of all funds for the furtherance of educational purposes at ASU. ASU provides the foundation with office space, telephone service, utilities and the use of other equipment and facilities. ASU also authorizes its officers and employees, as a part of their regular duties, to perform administrative tasks for, and solicit funds on behalf of, the foundation. The financial transactions of ASUF have been blended into the financial statements of Angelo State University. The financial records of ASUF may be obtained from Angelo State University, 2601 W. Ave N., San Angelo, TX 76909. ASUF's fiscal year end is August 31.

In fiscal year 2017, Texas Tech Law School Foundation (TTLSF) was included as a blended component unit of the System. In fiscal year 2018, a determination was made that TTLSF does not meet the reporting entity component unit criteria for blending, and System financial statements have been restated to remove TTLSF activity.

The condensed financial statements for the System blended component units as of August 31, 2018 are presented below.

Condensed Statement of Net Position	Blended Component Units		
	TTHI	TTPA	ASUF
Total Assets	\$ 680,901,284.02	\$ 4,239,378.84	\$ 27,854,743.30
Total Liabilities and Deferred Inflows of Resources	4,142,324.77	1,673,533.45	3,710.96
Net Position:			
Net Investment in Capital Assets			
Restricted:			
Nonexpendable:			
Endowments	499,301,231.84		15,961,553.34
Expendable:			
Other	165,787,001.99		11,889,479.00
Unrestricted	11,670,725.42	2,565,845.39	
Total Net Position	\$ 676,758,959.25	\$ 2,565,845.39	\$ 27,851,032.34

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Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

	Blended Component Units		
	TTFI	TTPA	ASUF
Condensed Statement of Revenues, Expenses and Changes in Net Position			
Operating Revenues			
Other Sales and Services	\$ 47,395.00	\$	\$
Professional Fees		26,528,079.58	
Federal Grants and Contracts		182,897.84	
Nongovernmental Grants and Contracts	969,355.37		
Operating Expenses			
Professional Fees and Services	357,171.85	493,619.16	8,975.00
Travel	482,626.71		2,632.58
Materials and Supplies	146,716.86		231,393.98
Communications and Utilities	24,798.49		1,182.00
Repairs and Maintenance	149,613.38		3,447.52
Rentals and Leases	64,513.86		7,975.11
Printing and Reproduction	91,288.17		7,603.06
Other Operating Expenses	1,896,546.36	(20,872.64)	1,451,452.05
Operating Income (Loss)	(2,196,525.31)	26,238,230.90	(1,714,661.30)
Nonoperating Revenues (Expenses)			
Private Gifts	13,130,834.99		6,912,153.14
Investment Income (Expense)	44,342,044.73	75,838.07	1,139,909.66
Other Nonoperating Revenues (Expenses)	293,061.18		598,225.82
Total Nonoperating Revenues and Expenses	57,765,940.90	75,838.07	8,650,288.62
Other Revenues, Expenses, Gains, Losses and Transfers			
Contributions to Permanent and Term Endowments	39,118,466.44		
Transfers to Components/Other Funds	(53,972,809.40)	(26,227,917.66)	(5,328,365.42)
Total Other Revenues, Expenses, Gains, Losses and Transfers	(14,854,342.96)	(26,227,917.66)	(5,328,365.42)
Total Change in Net Position	40,715,072.63	86,151.31	1,607,261.90
Beginning Net Position - September 1, restated	636,043,886.62	2,479,694.08	26,243,770.44
Ending Net Position - August 31	\$ 676,758,959.25	\$ 2,565,845.39	\$ 27,851,032.34

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Condensed Statement of Cash Flows	Blended Component Units		
	TTFI	TTPA	ASUF
Net Cash Provided (Used) by Operating Activities	\$ (2,239,958.84)	\$ 26,249,483.72	\$ (1,716,614.79)
Net Cash Provided (Used) by Noncapital Financing Activities	(18,281,482.69)	(26,227,917.66)	2,182,013.54
Net Cash Provided (Used) by Capital and Related Financing Activities	17,584,311.49		
Net Cash Provided (Used) by Investing Activities	3,915,932.74	75,838.07	(1,086,525.39)
Total Net Cash Flows	978,802.70	97,404.13	(621,126.64)
Beginning Cash and Cash Equivalents - September 1, restated	4,166,455.65	4,112,575.54	4,164,909.80
Ending Cash and Cash Equivalents - August 31	\$ 5,145,258.35	\$ 4,209,979.67	\$ 3,543,783.16

Discretely Presented Component Unit

The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation financial statements are included at the end of this report as a discretely presented component unit of the System. The Foundation is a legally separate testamentary trust organization described in Internal Revenue Code Section 509(a)(3) as being exempt from income taxes under IRC Section 501(c)(3), and was established solely for the benefit of providing academic scholarships to the students of Angelo State University. The nine member Foundation Board of Trustees is comprised of all members of the TTU System Board of Regents, who have the ability to appoint, hire, reassign or dismiss those persons responsible for the operation of the Foundation. The Foundation has a fiscal year end of August 31, and the financial records of the Foundation are audited annually by an independent accounting firm. The Foundation’s complete audited financial statements can be obtained from the Carr Foundation at Box 11007C, ASU Station, San Angelo, TX 76909.

Note 20: Stewardship, Compliance and Accountability

The System has no material stewardship, compliance, and accountability issues.

Note 21: N/A

Note 22: Donor-Restricted Endowments

Expenditure of endowed funds, in accordance with Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA), is not allowed without the express consent of the donor. Most of the System’s endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as designated by the donor. In other cases, endowment earnings are reinvested.

The net appreciation (cumulative and unexpended) on donor-restricted endowments presented below is available for authorization and expenditure by the System. The System’s spending policy for endowments reflects an objective to distribute as much of total return as is consistent with overall investment objectives while protecting the real value of the endowment corpus.

UNAUDITED

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

The target distribution is set by policy to be between 4 and 6 percent of the moving average market value for endowments over the preceding 12 quarters.

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	Restated		
	FY18	FY17	
True Endowments	\$ 150,796,762.04	\$ 126,606,005.03	Restricted Expendable
Term Endowments	0.00	0.00	Restricted Expendable
Total	<u>\$ 150,796,762.04</u>	<u>\$ 126,606,005.03</u>	

*There was a positive fair value adjustment totaling \$23,979,348.16 for fiscal year 2018, and a positive fair value (restated) adjustment of \$59,402,421.83 for fiscal year 2017.

Term endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2018 and 2017.

Variances from prior year ending balances for the System are shown in the table below:

Endowment Funds	Changes from Prior Year Balances	
	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$ 24,190,757.01	Fair value increase in portfolio
Term Endowments	(211,408.85)	Transfers out exceed historical gift amounts
Total	<u>\$ 23,979,348.16</u>	

Discrete Component Unit

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Statement of Net Position
	FY18	FY17	
True Endowments	\$ 5,386,241.51	\$ 4,794,121.65	Restricted Expendable

*There was a positive fair value adjustment totaling \$59,119.86 for fiscal year 2018, and a positive fair value adjustment of \$6,125,834.15 for fiscal year 2017.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Variances from prior year ending balances for the Carr Foundation are shown in the table below:

Endowment Funds	<u>Changes from Prior Year Balances</u>	
	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$ 592,119.86	Fair value increase in portfolio

Note 23: Extraordinary and Special Items

The System has no special or extraordinary items to report as of August 31, 2018, nor for the year ended August 31, 2017.

Note 24: Disaggregation of Receivable and Payable Balances

The System has no reportable disaggregation of receivable and payable balances as of August 31, 2018, nor as of August 31, 2017.

Note 25: Termination Benefits

The System has no reportable voluntary or involuntary termination benefits as of August 31, 2018. The System also had no reportable benefits as of August 31, 2017.

Note 26: Segment Information

The System has no reportable segments as of August 31, 2018 or as of August 31, 2017.

Note 27: Service Concession Arrangements

The System had no service concession arrangements as of August 31, 2018 or as of August 31, 2017.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)

Note 28: Deferred Outflows of Resources and Deferred Inflows of Resources

In fiscal year 2018 and fiscal year 2017, the System reported deferred outflows and deferred inflows of resources in connection with its defined benefit pension plan, postemployment benefits other than pensions, debt refunding, and split-interest agreements as presented below.

Fiscal Year	Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
FY18	Defined Benefit Pension Plans (Note 9)	\$ 41,671,111.00	\$ 41,610,894.00
	Postemployment Benefits Other Than Pensions (Note 11)	73,785,064.00	63,442,087.00
	Bond/Debt Refunding	1,287,966.95	0.00
	Split-interest Agreements	0.00	16,464,447.48
	Total	\$ 116,744,141.95	\$ 121,517,428.48
FY17	Defined Benefit Pension Plans (Note 9)	\$ 59,131,724.00	\$ 27,670,766.00
	Postemployment Benefits Other Than Pensions (Note 11), restated	7,889,117.00	0.00
	Bond/Debt Refunding	3,863,900.85	0.00
	Split-interest Agreements, (restated)	0.00	15,973,883.16
	Total	\$ 70,884,741.85	\$ 43,644,649.16

Note 29: Troubled Debt Restructuring

The System had no outstanding receivables whose terms were modified pursuant to troubled debt restructuring for the year ended August 31, 2018, or for the year ended August 31, 2017.

Note 30: Non-Exchange Financial Guarantees

The System had no non-exchange financial guarantees to report for the year ended August 31, 2018, or for the year ended August 31, 2017.

Note 31: Tax Abatements

The System had no tax abatement arrangements for the years ended August 31, 2018 or August 31, 2017.

Note 32: Governmental Fund Balances

Not applicable.

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TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED
SUPPORTING SCHEDULES**

Texas Tech University System (793)
Combined Schedule 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

The information contained in this schedule is submitted through the State Comptroller Schedule of Expenditures of Federal Awards web application. This schedule is no longer required to be presented.

Texas Tech University System (793)
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2018

The information contained in this schedule is submitted through the State Comptroller State Pass-Through Reporting web application.

This schedule is no longer required to be presented.

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Texas Tech University System (793)
 Combined 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	Final Maturity Date	
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 12th Ser '09	\$ 170,825,000.00	3.0000%	5.2500%	2009	2/15/2038	2/15/2019
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	163,240,000.00	2.0000%	5.0000%	2012	8/15/2041	8/15/2021
Rev Fin Sys Ref Bds Tax 15th Ser '12B	27,585,000.00	0.4000%	4.4400%	2012	8/15/2031	8/15/2021
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	73,255,000.00	2.0000%	5.0000%	2016	2/15/2040	2/15/2025
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	245,315,000.00	0.2950%	4.1720%	2015	2/15/2045	2/15/2025
Rev Fin Sys Ref & Imp Bds Ser '17A	79,035,000.00	4.0000%	5.0000%	2017	2/15/2036	2/15/2027
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	295,700,000.00	0.9000%	4.0000%	2017	2/15/2038	2/15/2027
Total	<u>\$ 1,054,955,000.00</u>					

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Texas Tech University System (793)
 Combined Schedule 2B - Changes in Bonded Indebtedness
 For the Year Ended August 31, 2018

Description of Issue	Bonds Outstanding 9/1/17	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/18
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 12th Ser '09	\$ 10,375,000.00	\$	\$ 5,400,000.00	\$	\$	\$ 4,975,000.00
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	121,570,000.00		9,565,000.00			112,005,000.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B	22,910,000.00		1,315,000.00			21,595,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	70,995,000.00		2,495,000.00			68,500,000.00
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	216,610,000.00		23,820,000.00			192,790,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	78,915,000.00		3,140,000.00			75,775,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	294,505,000.00		15,770,000.00			278,735,000.00
Total	<u>\$ 815,880,000.00</u>	<u>\$ 0.00</u>	<u>\$ 61,505,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 754,375,000.00</u>

Description of Issue	Unamortized Premium	Unamortized Discount	Other Adjustments	Net Bonds Outstanding 8/31/18	Amounts Due Within One Year
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 12th Ser '09	\$ 37,362.25	\$	\$	\$ 5,012,362.25	\$ 5,012,362.25
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	8,024,625.30			120,029,625.30	11,550,072.30
Rev Fin Sys Ref Bds Tax 15th Ser '12B				21,595,000.00	1,345,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	3,948,651.75			72,448,651.75	2,912,830.35
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				192,790,000.00	22,810,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	9,976,629.55			85,751,629.55	4,559,000.20
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				278,735,000.00	15,980,000.00
Total	<u>\$ 21,987,268.85</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 776,362,268.85</u>	<u>\$ 64,169,265.10</u>

Note: The 12th Series amount due within one year includes bond premium amortization of \$37,362.25. The 14th Series amount due within one year includes bond premium amortization of \$1,510,072.30. The 16th Series amount due within one year includes bond premium amortization of \$462,830.35. The 2017A Series amount due within one year includes bond premium amortization of \$1,284,000.20.

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Texas Tech University System (793)
 Combined Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2018

Description of Issue	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
Rev Fin Sys Ref & Imp Bds 12th Ser '09	2019	\$ 4,975,000.00	\$ 124,375.00	\$ 5,099,375.00
		<u>4,975,000.00</u>	<u>124,375.00</u>	<u>5,099,375.00</u>
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	2019	10,040,000.00	5,372,375.00	15,412,375.00
	2020	10,535,000.00	4,870,375.00	15,405,375.00
	2021	10,765,000.00	4,343,625.00	15,108,625.00
	2022	8,865,000.00	3,886,112.50	12,751,112.50
	2023	4,195,000.00	3,509,350.00	7,704,350.00
	2024-2028	19,755,000.00	14,562,250.00	34,317,250.00
	2029-2033	22,665,000.00	9,316,500.00	31,981,500.00
	2034-2038	19,020,000.00	3,531,000.00	22,551,000.00
	2039-2041	6,165,000.00	499,600.00	6,664,600.00
		<u>112,005,000.00</u>	<u>49,891,187.50</u>	<u>161,896,187.50</u>
Rev Fin Sys Ref Bds Tax 15th Ser '12B	2019	1,345,000.00	826,200.00	2,171,200.00
	2020	1,385,000.00	788,943.50	2,173,943.50
	2021	1,425,000.00	748,224.50	2,173,224.50
	2022	1,465,000.00	704,477.00	2,169,477.00
	2023	1,515,000.00	656,571.50	2,171,571.50
	2024-2028	8,475,000.00	2,399,131.00	10,874,131.00
	2029-2031	5,985,000.00	539,016.00	6,524,016.00
		<u>21,595,000.00</u>	<u>6,662,563.50</u>	<u>28,257,563.50</u>
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	2019	2,450,000.00	2,672,106.26	5,122,106.26
	2020	2,600,000.00	2,571,106.26	5,171,106.26
	2021	2,690,000.00	2,478,756.26	5,168,756.26
	2022	1,855,000.00	2,410,581.26	4,265,581.26
	2023	1,935,000.00	2,334,381.26	4,269,381.26
	2024-2028	16,230,000.00	10,030,673.80	26,260,673.80
	2029-2033	29,635,000.00	5,700,808.80	35,335,808.80
	2034-2038	9,415,000.00	825,021.90	10,240,021.90
	2039-2040	1,690,000.00	61,806.25	1,751,806.25
		<u>68,500,000.00</u>	<u>29,085,242.05</u>	<u>97,585,242.05</u>

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Texas Tech University System (793)
 Combined Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2018

Description of Issue	Fiscal Year	Principal	Interest	Total
Rev Fin Sys Ref & Imp Bds 17th Ser '15B				
	2019	\$ 22,810,000.00	\$ 5,287,212.38	\$ 28,097,212.38
	2020	22,860,000.00	4,840,978.98	27,700,978.98
	2021	20,870,000.00	4,346,030.71	25,216,030.71
	2022	15,665,000.00	3,885,104.96	19,550,104.96
	2023	16,095,000.00	3,455,693.81	19,550,693.81
	2024-2028	58,675,000.00	10,890,072.32	69,565,072.32
	2029-2033	17,905,000.00	5,249,841.69	23,154,841.69
	2034-2038	8,020,000.00	2,749,650.70	10,769,650.70
	2039-2043	6,765,000.00	1,381,453.50	8,146,453.50
	2044-2045	3,125,000.00	131,730.90	3,256,730.90
		<u>192,790,000.00</u>	<u>42,217,769.95</u>	<u>235,007,769.95</u>
Rev Fin Sys Ref & Imp Bds Ser '17A				
	2019	3,275,000.00	3,667,875.00	6,942,875.00
	2020	3,415,000.00	3,500,625.00	6,915,625.00
	2021	3,560,000.00	3,326,250.00	6,886,250.00
	2022	3,825,000.00	3,141,625.00	6,966,625.00
	2023	3,995,000.00	2,946,125.00	6,941,125.00
	2024-2028	23,085,000.00	11,447,375.00	34,532,375.00
	2029-2033	22,425,000.00	5,319,375.00	27,744,375.00
	2034-2036	12,195,000.00	867,375.00	13,062,375.00
		<u>75,775,000.00</u>	<u>34,216,625.00</u>	<u>109,991,625.00</u>
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				
	2019	15,980,000.00	8,249,034.76	24,229,034.76
	2020	22,420,000.00	7,908,438.44	30,328,438.44
	2021	22,890,000.00	7,429,525.39	30,319,525.39
	2022	21,620,000.00	6,890,857.93	28,510,857.93
	2023	22,190,000.00	6,305,871.47	28,495,871.47
	2024-2028	101,255,000.00	21,656,245.47	122,911,245.47
	2029-2033	63,060,000.00	6,477,787.00	69,537,787.00
	2034-2038	9,320,000.00	902,000.00	10,222,000.00
		<u>278,735,000.00</u>	<u>65,819,760.46</u>	<u>344,554,760.46</u>
Total Principal and Interest				
	2019	60,875,000.00	26,199,178.40	87,074,178.40
	2020	63,215,000.00	24,480,467.18	87,695,467.18
	2021	62,200,000.00	22,672,411.86	84,872,411.86
	2022	53,295,000.00	20,918,758.65	74,213,758.65
	2023	49,925,000.00	19,207,993.04	69,132,993.04
	2024-2028	227,475,000.00	70,985,747.59	298,460,747.59
	2029-2033	161,675,000.00	32,603,328.49	194,278,328.49
	2034-2038	57,970,000.00	8,875,047.60	66,845,047.60
	2039-2043	14,620,000.00	1,942,859.75	16,562,859.75
	2044-2045	3,125,000.00	131,730.90	3,256,730.90
		<u>\$ 754,375,000.00</u>	<u>\$ 228,017,523.46</u>	<u>\$ 982,392,523.46</u>

UNAUDITED

Texas Tech University System (793)
 Combined Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2018

Pledged and Other Sources and Related Expenditures for FY2018				
Description of Issue	Net Available for Debt Service		Debt Service	
	Total Pledged	Operating		
	and Other Sources	Expenses/Expenditures and Capital Outlay	Principal	Interest
Revenue Bonds:				
Rev Fin Sys Ref & Imp Bds 12th Ser '09			\$ 5,400,000.00	\$ 383,750.00
Rev Fin Sys Ref & Imp Bds 14th Ser '12A			9,565,000.00	5,850,625.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B			1,315,000.00	858,023.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A			2,495,000.00	2,758,531.26
Rev Fin Sys Ref Bds Tax 17th Ser '15B			23,820,000.00	5,661,008.69
Rev Fin Sys Ref & Imp Bds Ser '17A			3,140,000.00	3,828,250.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B			15,770,000.00	8,458,208.06
Total	\$ 733,578,918.70	(B)	\$ 61,505,000.00	\$ 27,798,396.01

(A) Beginning balances as of 09/01/17 of \$890,041,925.81 are not included in "Total Pledged and Other Sources."

(B) Expenditures associated with pledged sources were approximately \$672,097,355.12

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2018

<u>Description of Issue</u>	<u>Year Defeased</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
Rev Fin Sys Ref & Imp Bds 12th Ser '09	2017	\$ 75,430,000.00
		<u>\$ 75,430,000.00</u>

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Texas Tech University System (793)
 Combined Schedule 2F - Early Extinguishment and Refunding
 For the Year Ended August 31, 2018

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Bonds		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Texas Tech University System (793)
Combined Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2017

Cash in State Treasury	Current Unrestricted
Local Revenue (Fund 0227)	\$ 2,984,236.79
Local Revenue (Fund 0239)	23,830,226.35
Local Revenue (Fund 0255)	6,471,132.40
Local Revenue (Fund 0294)	4,842,550.60
Permanent Health Fund - El Paso Campus (Fund 0820)	5,513,022.63
Permanent Health Fund - Other Campuses (Fund 0821)	5,893,742.74
	<hr/>
Total Cash in State Treasury	\$ 49,534,911.51
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UNAUDITED

Texas Tech University System (793)
 Combined Schedule 4A - TTU System's Proportionate Share of Net Pension Liability
 For the Years Ended as of August 31

	2018	2017	2016	2015
TTU System's proportion of the net pension liability	0.5766112%	0.5788987%	0.5280855%	0.6064722%
TTU System's proportionate share of net pension liability	\$ 184,369,216.00	\$ 218,757,231.00	\$ 186,671,195.00	\$ 162,030,163.65
TTU System's covered payroll	242,817,459.00	235,859,714.00	203,038,968.00	222,298,083.81
TTU System's proportionate share of net pension liability as a percentage of its covered payroll	75.93%	92.75%	91.94%	72.89%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

Note: This schedule is intended to present 10 years of information. Currently only four years of information is available. Information for future years will be added when it becomes available.

UNAUDITED

Texas Tech University System (793)
 Combined Schedule 4B - TTU System's TRS Employer Contributions
 For the Years Ended August 31

	2018	2017	2016	2015
Statutorily required contributions	\$ 19,279,706.00	\$ 18,680,089.00	\$ 16,750,715.00	\$ 19,273,243.86
Contributions in relation to the statutorily required contributions	18,861,478.00	18,429,661.00	15,681,265.00	15,253,844.56
Contribution deficiency (excess)	418,228.00	250,428.00	1,069,450.00	4,019,399.30
TTU System's covered payroll	242,817,459.00	235,859,714.00	203,038,968.00	222,298,083.81
Contributions as a percentage of covered payroll	7.77%	7.81%	7.72%	6.86%

Note: This schedule is intended to present 10 years of information.
 Currently only four years of information is available. Information
 for future years will be added when it becomes available.

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Texas Tech University System (793)
Combined Schedule 5A - TTU System's Proportionate Share of Net OPEB Liability
For the Year Ended as of August 31

	2018
TTU System's proportion of the net OPEB liability	0.8421099%
TTU System's proportionate share of the net OPEB liability	\$ 286,932,208.00
TTU System's covered payroll	98,908,419.00
TTU System's proportionate share of the net OPEB liability as a percentage of its covered payroll	290.10%
Plan fiduciary net position as a percentage of the total OPEB liability	2.04%

Note: This schedule is intended to present 10 years of information. Currently only one year of information is available. Information for future years will be added when it becomes available.

UNAUDITED

Texas Tech University System (793)
 Combined Schedule 5B - TTU System's ERS Employer Contributions
 For the Year Ended August 31

	2018
Statutorily required contributions	\$ 22,862,931.00
Contributions in relation to the statutorily required contributions	7,892,593.19
Contribution deficiency (excess)	14,970,337.81
TTU System's covered payroll	98,908,419.00
Contributions as a percentage of covered payroll	7.98%

Note: This schedule is intended to present 10 years of information.
 Currently only one year of information is available. Information
 for future years will be added when it becomes available.

UNAUDITED

Texas Tech University System (793)
 Combined Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS & CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 117,695.67	\$ 862.50	\$ 80,867.62	\$	\$ 194.59	\$ 779.46	\$ 974,598.53
Salaries and Wages	408,834,432.89	119,868,724.12	64,696,996.28	64,180,294.32	129,178,566.81	31,302,948.55	69,105,761.49
Payroll Related Costs	73,910,677.35	21,964,881.39	16,801,418.99	12,571,078.25	28,596,503.39	5,878,570.57	13,094,882.50
Professional Fees and Services	5,801,214.02	2,333,653.20	43,824,869.27	1,382,490.06	7,409,904.54	1,397,026.98	14,872,467.40
Travel	7,388,269.81	6,160,876.69	1,297,676.99	111,498.37	6,458,823.38	2,464,964.95	1,529,075.35
Materials and Supplies	7,875,214.74	11,954,568.63	12,512,798.61	9,212,962.62	10,603,803.72	3,538,798.02	2,151,391.06
Communications and Utilities	1,928,266.89	1,865,101.68	419,916.40	487,620.86	9,618,461.86	1,815,492.27	2,363,816.24
Repairs and Maintenance	1,296,994.36	4,440,792.50	492,288.75	311,689.77	6,874,109.23	1,739,575.58	1,438,166.41
Rentals and Leases	4,270,966.84	1,149,024.63	1,085,396.00	623,922.61	5,831,353.70	1,973,002.95	2,173,641.23
Printing and Reproduction	407,625.69	379,769.48	227,475.72	161,649.17	1,291,024.26	707,704.97	706,787.13
Federal Grant Pass-Through Expens	5,780.51	122,633.56	392,392.20				
State Grant Pass-Through Expense		85,584.64					
Depreciation and Amortization							
Bad Debt Expense						284,965.92	168,962.95
Interest	2,185.09	1,717.71	261.47	309.55	4,862.26	35.44	3,688.32
Scholarships	4,861,605.71	8,076,574.09	149,918.36		2,054,407.06	174,746.66	10,527.40
Claims and Judgments	15,050.98		8,016.31		324,748.08		6,367.40
Other Operating Expenses	10,764,238.67	13,886,214.11	5,123,076.88	2,506,394.75	49,773,899.44	11,384,178.58	12,091,813.92
TOTAL OPERATING EXPENSES	\$ 527,480,219.22	\$ 192,290,978.93	\$ 147,113,369.85	\$ 91,549,910.33	\$ 258,020,662.32	\$ 62,662,790.90	\$ 120,691,947.33

UNAUDITED

Texas Tech University System (793)
 Combined Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2017
Cost of Goods Sold	\$	\$	\$ 12,970,737.94	\$	\$ 14,145,736.31	\$ 13,738,574.26
Salaries and Wages	17,555,801.54	205,848.14	57,694,974.89		962,624,349.03	935,272,336.86
Payroll Related Costs	5,738,252.59	24,326.40	7,803,638.49		186,384,229.92	249,232,737.78
Professional Fees and Services	1,708,076.17		950,201.26		79,679,902.90	80,018,237.17
Travel	53,612.20	7,813.79	9,673,410.18		35,146,021.71	33,796,495.89
Materials and Supplies	4,841,135.25		13,547,999.73		76,238,672.38	79,641,250.15
Communications and Utilities	26,631,947.16		9,804,283.19		54,934,906.55	53,529,776.06
Repairs and Maintenance	18,141,318.09		8,538,567.32		43,273,502.01	39,356,769.46
Rentals and Leases	1,947,737.43		3,129,957.07		22,185,002.46	21,651,840.94
Printing and Reproduction	35,006.03		762,484.43		4,679,526.88	4,888,922.90
Federal Grant Pass-Through Expense					520,806.27	928,837.77
State Grant Pass-Through Expense					85,584.64	92,672.40
Depreciation and Amortization				126,559,616.16	126,559,616.16	123,980,585.37
Bad Debt Expense			254,641.86		708,570.73	547,044.41
Interest	3,113.57		342.07		16,515.48	21,818.98
Scholarships		68,313,778.61	56,225.39		83,697,783.28	83,207,578.08
Claims and Judgments			40,000.00		394,182.77	25,198.30
Other Operating Expenses	15,080,587.06		24,451,887.71		145,062,291.12	134,634,642.84
TOTAL OPERATING EXPENSES	\$ 91,736,587.09	\$ 68,551,766.94	\$ 149,679,351.53	\$ 126,559,616.16	\$ 1,836,337,200.60	\$ 1,854,565,319.62

UNAUDITED

TEXAS TECH UNIVERSITY SYSTEM (793)

**DISCRETELY PRESENTED
COMPONENT UNIT**
**The Angelo State University
Robert G. Carr and Nona K. Carr
Scholarship Foundation**

UNAUDITED

Texas Tech University System (793)
 Statement of Net Position
 Discretely Presented Component Unit - The Angelo State University
 Robert G. Carr and Nona K. Carr Scholarship Foundation
 August 31, 2018 and 2017

	2018	Restated 2017
ASSETS		
Current Assets:		
Restricted Cash and Cash Equivalents	\$ 187,455.74	\$ 198,659.80
Accounts Receivable	121,044.16	189,604.91
Total Current Assets	308,499.90	388,264.71
Non-Current Assets:		
Restricted Cash and Cash Equivalents	411,228.94	80,519.95
Restricted Investments (Note 3)	153,022,005.04	139,190,835.79
Total Non-Current Assets	153,433,233.98	139,271,355.74
Total Assets	153,741,733.88	139,659,620.45
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,669.20	6,236.12
Payroll Payable	14,056.51	15,036.84
Employees' Compensable Leave (Note 5)	505.01	104.08
Total Current Liabilities	20,230.72	21,377.04
Non-Current Liabilities:		
Employees' Compensable Leave (Note 5)	12,151.91	14,141.75
Total Non-Current Liabilities	12,151.91	14,141.75
Total Liabilities	32,382.63	35,518.79
NET POSITION		
Restricted:		
Nonexpendable:		
Endowments	148,168,036.63	134,666,839.00
Expendable:		
Other	5,541,314.62	4,957,262.66
Total Net Position	\$ 153,709,351.25	\$ 139,624,101.66

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

Texas Tech University System (793)
Statement of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Unit - The Angelo State University
Robert G. Carr and Nona K. Carr Scholarship Foundation
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Operating Revenues		
Total Operating Revenues	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Operating Expenses		
Salaries and Wages	193,611.15	206,669.63
Payroll Related Costs	65,178.90	65,705.81
Professional Fees and Services	17,631.25	16,179.09
Travel	3,032.59	4,244.49
Materials and Supplies	34,617.08	41,619.64
Communications and Utilities	190.64	1,448.22
Repairs and Maintenance	179.98	105.44
Rentals and Leases	0.00	2,126.40
Printing and Reproduction	844.08	2,189.85
Other Operating Expenses	25,782.23	24,089.26
Total Operating Expenses	<u>341,067.90</u>	<u>364,377.83</u>
Operating Income (Loss)	<u>(341,067.90)</u>	<u>(364,377.83)</u>
Nonoperating Revenues (Expenses)		
Investment Income (Expense)	4,978,506.52	10,897,252.48
Net Increase (Decrease) in Fair Value of Investments	12,757,699.58	7,105,442.70
Other Nonoperating Revenues (Expenses) - Pledged	(3,309,888.61)	(3,297,108.42)
Total Nonoperating Revenues (Expenses)	<u>14,426,317.49</u>	<u>14,705,586.76</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	14,085,249.59	14,341,208.93
Other Revenues, Expenses, Gains, Losses, and Transfers		
Total Other Revenues, Expenses, Gains, Losses, and Transfers	<u>0.00</u>	<u>0.00</u>
Total Change in Net Position	<u>14,085,249.59</u>	<u>14,341,208.93</u>
Beginning Net Position (September 1)	139,624,101.66	125,282,892.73
Ending Net Position (August 31)	<u>\$ 153,709,351.25</u>	<u>\$ 139,624,101.66</u>

The accompanying Notes to the Combined Financial Statements are an integral part of this statement.

UNAUDITED

TEXAS TECH UNIVERSITY SYSTEM (793)

**COMPONENT INSTITUTION
ANNUAL FINANCIAL STATEMENTS**

**Texas Tech University
Texas Tech University Health Sciences Center
Texas Tech University Health Sciences Center at El Paso
Angelo State University
Texas Tech University System Administration**

UNAUDITED

Texas Tech University (733)
Statement of Net Position
August 31, 2018 and 2017

	2018	Restated 2017
	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 109,555,140.44	\$ 109,407,477.05
Restricted Cash and Cash Equivalents	22,048,772.04	26,155,817.78
Legislative Appropriations	106,884,943.66	96,033,378.84
Receivables:		
Federal	15,111,529.45	13,361,304.73
Student	7,645,216.99	6,288,227.59
Accounts	7,705,100.90	7,212,258.57
Interest and Dividends	816,046.75	689,624.37
Gifts	1,230,774.59	2,770,458.09
Other	1,590,476.76	1,690,551.62
Due From Other State Agencies	29,883,316.88	30,476,811.36
Inventories	2,796,107.62	2,971,402.16
Prepaid Items	44,302,451.09	40,053,750.82
Loans and Contracts	450,372.60	569,966.24
Other Current Assets	783,809.59	777,379.15
Total Current Assets	<u>350,804,059.36</u>	<u>338,458,408.37</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	3,710,408.75	5,924,609.44
Restricted Investments	318,948,309.60	329,123,822.25
Gifts Receivable	2,373,883.96	7,045,003.01
Investments	579,606,192.47	531,301,106.21
Capital Assets		
Non-Depreciable or Non-Amortizable	158,759,968.39	136,397,370.03
Depreciable or Amortizable	2,159,211,988.12	2,072,979,515.18
Accumulated Depreciation and Amortization	<u>(1,207,305,498.93)</u>	<u>(1,130,124,289.43)</u>
Total Non-Current Assets	<u>2,015,305,252.36</u>	<u>1,952,647,136.69</u>
Total Assets	<u>\$ 2,366,109,311.72</u>	<u>\$ 2,291,105,545.06</u>

UNAUDITED

Texas Tech University (733)
Statement of Net Position
August 31, 2018 and 2017

	2018	Restated 2017
	<u>2018</u>	<u>Restated 2017</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 19,569,438.70	\$ 16,523,789.85
Payroll Payable	35,304,238.95	33,801,481.80
Unearned Revenue	165,530,557.62	161,580,259.77
Due to Other State Agencies	582,054.11	1,427,628.95
Capital Lease Obligations	209,516.61	0.00
Employees' Compensable Leave	1,993,102.91	1,733,563.09
Funds Held for Others	21,844,957.25	21,708,964.70
Other Current Liabilities	3,854,363.64	4,149,196.95
Total Current Liabilities	<u>248,888,229.79</u>	<u>240,924,885.11</u>
Non-Current Liabilities:		
Employees' Compensable Leave	13,544,900.14	12,712,795.81
Capital Lease Obligations	450,919.58	0.00
Pollution Remediation Obligation	1,022,641.50	1,022,641.50
Total Non-Current Liabilities	<u>15,018,461.22</u>	<u>13,735,437.31</u>
Total Liabilities	<u>263,906,691.01</u>	<u>254,660,322.42</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	12,496,261.36	12,507,649.66
Total Deferred Inflows of Resources	<u>12,496,261.36</u>	<u>12,507,649.66</u>
NET POSITION		
Net Investment in Capital Assets	1,110,666,457.58	1,079,252,595.78
Restricted:		
Nonexpendable:		
Endowments	102,201,397.77	99,644,110.05
Expendable:		
Capital Projects	20,588,416.36	26,955,051.14
Debt Service	63,599,494.82	65,076,439.05
Other	152,804,453.11	158,647,507.55
Unrestricted	<u>639,846,139.71</u>	<u>594,361,869.41</u>
Total Net Position	<u>\$ 2,089,706,359.35</u>	<u>\$ 2,023,937,572.98</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Operating Revenues		
Tuition and Fees	\$ 6,695,142.15	\$ 6,566,350.90
Tuition and Fees - Pledged	415,621,855.28	402,026,506.62
Less Discounts and Allowances	(103,230,760.57)	(97,393,691.52)
Sales and Services of Auxiliary Enterprises - Pledged	159,335,989.78	146,200,985.93
Other Sales and Services	2,441,258.05	11,711,860.98
Other Sales and Services - Pledged	9,424,031.59	8,354,761.00
Federal Grants and Contracts	36,332,113.40	37,336,380.59
Federal Grant Pass-Throughs from Other State Agencies	3,203,562.45	2,751,995.39
State Grants and Contracts	229,352.55	277,286.54
State Grant Pass-Throughs from Other State Agencies	18,919,972.04	27,185,802.85
Local Governmental Grants and Contracts	788,154.88	662,250.24
Nongovernmental Grants and Contracts	13,823,652.45	14,080,376.22
Total Operating Revenues	<u>563,584,324.05</u>	<u>559,760,865.74</u>
Operating Expenses		
Cost of Goods Sold	14,145,736.31	13,738,574.26
Salaries and Wages	382,355,065.59	374,914,317.62
Payroll Related Costs	99,294,616.99	98,158,719.68
Professional Fees and Services	15,817,805.72	16,150,849.22
Travel	25,957,139.80	24,337,309.51
Materials and Supplies	31,784,047.53	32,613,718.69
Communications and Utilities	31,447,698.55	30,503,736.57
Repairs and Maintenance	26,533,282.21	23,384,191.53
Rentals and Leases	11,754,420.85	10,899,358.14
Printing and Reproduction	2,348,998.58	2,574,103.18
Federal Grant Pass-Through Expense	306,109.11	688,143.67
State Grant Pass-Through Expense	85,584.64	92,672.40
Depreciation and Amortization	83,514,564.76	81,736,580.47
Bad Debt Expense	28.13	0.66
Interest	5,275.74	7,812.93
Scholarships	58,597,190.56	56,795,067.64
Claims and Judgments	61,418.38	18,333.33
Other Operating Expenses	62,328,813.10	63,332,104.11
Total Operating Expenses	<u>846,337,796.55</u>	<u>829,945,593.61</u>
Operating Income (Loss)	<u>\$ (282,753,472.50)</u>	<u>\$ (270,184,727.87)</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 190,357,157.34	\$ 192,391,044.47
Federal Grants and Contracts	40,222,482.51	38,040,038.12
Private Gifts	4,543,327.94	4,459,323.95
Private Gifts - Pledged	(4,777,012.21)	7,208,833.15
Investment Income (Expense)	6,645,724.34	13,249,784.63
Investment Income (Expense) - Pledged	17,483,188.54	18,763,465.57
Interest Expense on Capital Asset Financing	(19,224.20)	0.00
Gain (Loss) on Sale and Disposal of Capital Assets	(620,504.96)	(1,078,427.70)
Net Increase (Decrease) in Fair Value of Investments	9,174,164.57	25,054,361.60
Other Nonoperating Revenues (Expenses)	226,286.55	577,819.92
Other Nonoperating Revenues (Expenses) - Pledged	6,100,293.15	3,033,496.71
Total Nonoperating Revenues (Expenses)	269,335,883.57	301,699,740.42
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(13,417,588.93)	31,515,012.55
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	49,225,809.00	49,225,809.00
Capital Contributions	5,325,868.95	4,989,111.38
Lapsed Appropriations	0.00	(1,472,657.00)
Contributions to Permanent and Term Endowments	2,101,532.74	2,201,261.49
Legislative Transfers In (Out)	(28,589,296.41)	(21,580,911.29)
Interagency Transfers of Capital Assets - Increase	648,727.32	3,926,020.96
Interagency Transfers of Capital Assets - Decrease	(36,524.05)	(127,829.18)
Net Transfers from (to) Texas Tech Foundation, Inc.	42,240,207.77	54,154,495.05
Net Transfers from (to) Texas Tech University System Components	52,744.14	24,418,880.22
Net Transfers from (to) Other State Agencies	8,217,305.84	10,178,765.78
Net Other Revenues, Expenses, Gains, Losses, and Transfers	79,186,375.30	125,912,946.41
Total Change in Net Position	65,768,786.37	157,427,958.96
Beginning Net Position (September 1)	\$ 2,023,937,572.98	\$ 1,877,433,355.02
Restatements	0.00	(10,923,741.00)
Ending Net Position (August 31)	\$ 2,089,706,359.35	\$ 2,023,937,572.98

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 11,076,854.62	\$ 20,470,242.56
Proceeds from Tuition and Fees	320,814,706.60	325,436,414.55
Proceeds from Grants and Contracts	71,385,156.73	78,494,045.56
Proceeds from Sales and Services of Auxiliary Enterprises	160,727,010.12	147,885,566.37
Proceeds from Collections of Loans to Students	794,529.33	1,558,286.44
Payments to Suppliers for Goods and Services	(60,491,033.78)	(58,954,136.99)
Payments to Employees for Salaries	(381,265,126.94)	(375,032,431.54)
Payments to Employees for Benefits	(98,881,798.49)	(96,911,499.81)
Payments for Loans Issued to Students	(674,935.69)	(540,917.85)
Payments for Other Expenses	(221,876,300.52)	(223,058,334.16)
Net Cash Used By Operating Activities	<u>(198,390,938.02)</u>	<u>(180,652,764.87)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	193,201,614.67	199,382,280.46
Proceeds from Gifts	8,048,335.36	17,960,048.26
Proceeds from Nonoperating Grants and Contracts	40,497,078.98	37,956,971.63
Proceeds from Other Financing Activities	6,271,697.68	4,225,441.56
Proceeds from Agency Transactions	168,424,113.33	180,995,641.71
Proceeds from Transfers from Component Institutions	668,457.25	574,454.80
Proceeds from Transfers from Texas Tech Foundation, Inc.	42,293,069.56	54,336,766.70
Proceeds from Transfers In from Other State Agencies	10,415,658.03	16,906,468.86
Payments for Transfers to Component Institutions	(5,571,490.70)	(6,075,149.16)
Payments for Transfers to Texas Tech Foundation, Inc.	(52,861.79)	(182,271.65)
Payments for Transfers to Other State Agencies	(5,806.04)	0.00
Payments for Other Uses	(170,551,909.63)	(180,808,471.15)
Net Cash Provided by Noncapital Financing Activities	<u>293,637,956.70</u>	<u>325,272,182.02</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	459,410.03	3,874,933.90
Proceeds from Capital Gifts	538,204.19	1,002,797.23
Proceeds from Capital Appropriations	35,529,786.85	32,238,518.92
Proceeds from Transfers from Component Institutions	48,437,445.21	63,984,082.09
Payments for Transfers to Component Institutions	(73,157,799.03)	(62,163,852.80)
Payments for Additions to Capital Assets	(106,073,859.07)	(118,535,731.56)
Payments for Interest Paid on Capital Debt	(1,945,793.07)	(1,534,337.30)
Payments for Capital Leases	(242,472.38)	0.00
Net Cash Used by Capital and Related Financing Activities	<u>\$ (96,455,077.27)</u>	<u>\$ (81,133,589.52)</u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	\$ 99,459,355.68	\$ 125,874,505.48
Proceeds from Interest and Investment Income	27,786,801.33	23,435,613.34
Payments to Acquire Investments	(132,211,681.46)	(200,083,767.51)
Net Cash Used by Investing Activities	<u>(4,965,524.45)</u>	<u>(50,773,648.69)</u>
TOTAL NET CASH FLOWS	<u>\$ (6,173,583.04)</u>	<u>\$ 12,712,178.94</u>
Beginning Cash & Cash Equivalents - September 1	\$ 141,487,904.27	\$ 128,957,532.33
Restatement to Beginning Cash & Cash Equivalents	<u>0.00</u>	<u>(181,807.00)</u>
Ending Cash & Cash Equivalents - August 31	<u>\$ 135,314,321.23</u>	<u>\$ 141,487,904.27</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (282,753,472.50)	\$ (270,184,727.87)
Adjustments:		
Depreciation and Amortization Expense	83,514,564.76	81,736,580.47
Bad Debt Expense	28.13	0.66
(Increase) Decrease in Accounts Receivables	(2,161,623.86)	5,714,953.29
(Increase) Decrease in Loans and Notes Receivable	119,593.64	1,017,368.59
(Increase) Decrease in Inventories	175,294.54	(363,694.36)
(Increase) Decrease in Other Assets	(6,430.44)	(327,379.15)
(Increase) Decrease in Due From Other State Agencies	(524,855.53)	(194,980.21)
(Increase) Decrease in Prepaid Items	(4,454,577.89)	(81,269.54)
Increase (Decrease) in Accounts Payable	2,328,081.50	(8,056,843.95)
Increase (Decrease) in Payroll Payable	1,089,938.65	(118,113.92)
Increase (Decrease) in Unearned Revenue	3,951,458.25	7,114,490.14
Increase (Decrease) in Employees' Compensable Leave	1,091,644.15	1,235,993.95
Increase (Decrease) in Due To Other State Agencies	(845,574.84)	(109,059.92)
Increase (Decrease) in Benefits Payable	412,818.50	1,247,219.87
Increase (Decrease) in Other Liabilities	(327,825.08)	716,697.08
Net Cash Used for Operating Activities	<u>(198,390,938.02)</u>	<u>(180,652,764.87)</u>
Noncash Transactions		
Donations of Capital Assets	4,817,980.42	4,904,729.06
Net Increase (Decrease) in Fair Value of Investments	9,174,164.57	25,054,361.60
Borrowing Under Capital Lease Purchase	902,908.57	0.00
Other	305,798.84	(458,369.76)
Total Noncash Transactions	<u>\$ 15,200,852.40</u>	<u>\$ 29,500,720.90</u>

UNAUDITED

Texas Tech University (733)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 117,695.67	\$ 862.5	\$ 80,867.62	\$ 194.59	\$ 779.46	\$ 974,598.53
Salaries and Wages	134,157,561.05	92,660,394.00	6,358,683.61	49,806,579.01	19,549,372.83	21,302,853.22
Payroll Related Costs	34,912,173.74	21,995,801.46	1,745,431.16	14,011,886.30	5,483,238.69	6,395,243.47
Professional Fees and Services	602,227.16	1,627,679.73	483,792.94	1,434,384.61	869,686.43	9,808,681.34
Travel	5,198,828.24	5,491,446.17	616,523.72	3,140,107.66	1,851,489.51	354,109.22
Materials and Supplies	5,027,058.35	7,959,001.98	617,944.22	4,012,145.18	1,831,429.40	668,718.84
Communications and Utilities	871,470.14	1,797,247.00	161,671.56	1,753,422.29	1,169,991.92	968,758.23
Repairs and Maintenance	799,627.92	3,074,266.37	202,421.18	2,375,711.48	677,921.55	150,740.95
Rentals and Leases	1,696,802.94	954,850.30	550,445.56	2,547,534.07	1,735,585.70	1,126,039.60
Printing and Reproduction	189,345.61	213,120.45	78,741.90	488,503.75	522,890.89	148,528.79
Federal Grant Pass-Through Expense	27,532.17	66,434.74	212,142.20			
State Grant Pass-Through Expense		85,584.64				
Depreciation and Amortization						
Bad Debt Expense						28.13
Interest	1,377.44	1,263.00	12.55	161.67	10.00	24.49
Scholarships	4,802,272.71	7,977,004.81	149,918.36	956,641.46	172,716.66	
Claims and Judgments	15,050.98					6,367.40
Other Operating Expenses	3,198,824.04	9,102,951.26	1,858,743.21	6,081,986.75	10,960,834.51	2,254,862.76
TOTAL OPERATING EXPENSES	\$ 191,617,848.16	\$ 153,007,908.41	\$ 13,117,339.79	\$ 86,609,258.82	\$ 44,825,947.55	\$ 44,159,554.97

UNAUDITED

Texas Tech University (733)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2017
Cost of Goods Sold	\$	\$	\$ 12,970,737.94	\$	\$ 14,145,736.31	\$ 13,738,574.26
Salaries and Wages	6,779,544.58	189,848.14	51,550,229.15		382,355,065.59	374,914,317.62
Payroll Related Costs	2,090,453.53	34,208.10	12,626,180.54		99,294,616.99	98,158,719.68
Professional Fees and Services	201,002.28		790,351.23		15,817,805.72	16,150,849.22
Travel	33,216.84	7,813.79	9,263,604.65		25,957,139.80	24,337,309.51
Materials and Supplies	3,679,143.15		7,988,606.41		31,784,047.53	32,613,718.69
Communications and Utilities	16,407,118.73		8,318,018.68		31,447,698.55	30,503,736.57
Repairs and Maintenance	11,684,731.43		7,567,861.33		26,533,282.21	23,384,191.53
Rentals and Leases	260,533.74		2,882,628.94		11,754,420.85	10,899,358.14
Printing and Reproduction	894.09		706,973.10		2,348,998.58	2,574,103.18
Federal Grant Pass-Through Expense					306,109.11	688,143.67
State Grant Pass-Through Expense					85,584.64	92,672.40
Depreciation and Amortization				83,514,564.76	83,514,564.76	81,736,580.47
Bad Debt Expense					28.13	0.66
Interest	2,150.03		276.56		5,275.74	7,812.93
Scholarships		44,482,411.17	56,225.39		58,597,190.56	56,795,067.64
Claims and Judgments			40,000.00		61,418.38	18,333.33
Other Operating Expenses	6,580,715.58		22,289,894.99		62,328,813.10	63,332,104.11
TOTAL OPERATING EXPENSES	\$ 47,719,503.98	\$ 44,714,281.20	\$ 137,051,588.91	\$ 83,514,564.76	\$ 846,337,796.55	\$ 829,945,593.61

UNAUDITED

Texas Tech University Health Sciences Center (739)
 Statement of Net Position
 August 31, 2018 and 2017

	2018	Restated 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 126,860,535.59	\$ 115,602,825.33
Restricted Cash and Cash Equivalents	25,067,744.08	18,461,517.52
Legislative Appropriations	57,933,750.84	52,281,592.86
Receivables:		
Federal	1,718,907.41	4,829,385.25
Patient	13,805,691.69	14,392,843.26
Student	758,663.76	734,387.67
Contracts	15,909,470.95	17,765,210.51
Interest and Dividends	469,246.94	401,883.27
Gifts	1,201,821.21	619,031.14
Other	497,794.64	445,465.08
Due From Other State Agencies	8,650,453.08	8,911,402.51
Inventories	1,146,910.27	1,024,882.83
Prepaid Items	5,007,665.95	5,618,584.04
Loans and Contracts	358,061.50	277,035.06
Total Current Assets	<u>259,386,717.91</u>	<u>241,366,046.33</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	22,851.72	275,331.06
Restricted Investments	143,278,934.00	134,657,129.35
Gifts Receivable	0.00	48,255.61
Loans and Notes Receivable	1,731,497.88	2,023,951.99
Investments	214,570,534.85	218,295,143.94
Capital Assets		
Non-Depreciable or Non-Amortizable	73,582,337.10	25,150,792.87
Depreciable or Amortizable	542,638,152.27	522,491,627.83
Accumulated Depreciation and Amortization	(340,894,551.61)	(323,280,082.31)
Total Non-Current Assets	<u>634,929,756.21</u>	<u>579,662,150.34</u>
Total Assets	<u>\$ 894,316,474.12</u>	<u>\$ 821,028,196.67</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
 Statement of Net Position
 August 31, 2018 and 2017

	2018	Restated 2017
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 31,312,470.28	\$ 23,451,075.86
Payroll Payable	32,788,120.19	30,877,497.00
Unearned Revenue	20,503,524.55	18,641,474.63
Due to Other State Agencies	83,388.21	55,892.32
Employees' Compensable Leave	2,815,108.16	2,889,794.67
Funds Held for Others	287,614.85	423,491.81
Other Current Liabilities	1,599,725.23	9,036,930.02
Total Current Liabilities	89,389,951.47	85,376,156.31
Non-Current Liabilities:		
Employees' Compensable Leave	22,776,784.22	21,191,827.63
Other Non-Current Liabilities	59,653.64	63,451.24
Total Non-Current Liabilities	22,836,437.86	21,255,278.87
Total Liabilities	112,226,389.33	106,631,435.18
NET POSITION		
Net Investment in Capital Assets	275,325,937.76	224,362,338.39
Restricted:		
Nonexpendable:		
Endowments	68,864,593.98	66,726,682.25
Expendable:		
Capital Projects	(11,829,471.59)	(5,266,946.16)
Other	100,616,427.36	90,313,452.84
Unrestricted	349,112,597.28	338,261,234.17
Total Net Position	\$ 782,090,084.79	\$ 714,396,761.49

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Operating Revenues		
Tuition and Fees	\$ 1,562,085.54	\$ 1,481,179.39
Tuition and Fees - Pledged	57,740,314.36	51,585,546.39
Less Discounts and Allowances	(7,311,589.00)	(6,641,149.26)
Professional Fees	220,856,630.21	211,349,899.71
Professional Fees - Pledged	681,148.84	723,138.22
Sales and Services of Auxiliary Enterprises - Pledged	828,063.39	843,128.18
Other Sales and Services	4,645,261.12	4,756,778.37
Other Sales and Services - Pledged	6,439,036.67	6,512,517.06
Federal Grants and Contracts	15,817,470.99	18,095,876.61
Federal Grant Pass-Throughs from Other State Agencies	1,639,986.84	2,285,439.63
State Grants and Contracts	30,460.53	68,211.78
State Grants and Contracts - Pledged	22,813.60	19,992.00
State Grant Pass-Throughs from Other State Agencies	11,583,941.60	13,722,616.17
Local Governmental Grants and Contracts	57,793,840.75	31,036,201.32
Local Governmental Grants and Contracts - Pledged	1,133,719.74	1,073,671.55
Nongovernmental Grants and Contracts	77,445,540.38	98,131,032.57
Nongovernmental Grants and Contracts - Pledged	2,907,224.59	1,357,908.34
Other Operating Revenues	22,164,178.70	16,850,856.08
Total Operating Revenues	<u>475,980,128.85</u>	<u>453,252,844.11</u>
Operating Expenses		
Salaries and Wages	367,864,163.75	356,004,322.11
Payroll Related Costs	93,476,790.56	91,471,008.43
Professional Fees and Services	54,378,847.93	54,079,678.66
Travel	4,762,671.85	5,105,832.06
Materials and Supplies	31,331,387.44	31,979,804.76
Communications and Utilities	14,567,014.95	13,895,329.65
Repairs and Maintenance	9,700,154.79	8,862,932.12
Rentals and Leases	4,356,047.58	3,980,122.74
Printing and Reproduction	1,539,694.51	1,458,292.31
Federal Grant Pass-Through Expense	373,855.64	476,312.20
State Grant Pass-Through Expense	20,017.43	30,557.99
Depreciation and Amortization	20,787,804.87	20,973,237.07
Bad Debt Expense	280,140.42	86,781.32
Interest	9,033.01	6,303.72
Scholarships	3,821,572.66	4,602,054.94
Claims and Judgments	13,652.39	1,352.01
Other Operating Expenses	54,167,246.03	49,411,499.11
Total Operating Expenses	<u>661,450,095.81</u>	<u>642,425,421.20</u>
Operating Income (Loss)	<u>\$ (185,469,966.96)</u>	<u>\$ (189,172,577.09)</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 166,507,267.20	\$ 158,541,598.67
Federal Grants and Contracts	2,141,938.00	1,875,839.00
State Grant Pass-Throughs from Other State Agencies	103,125.00	98,125.00
Private Gifts	9,195,790.26	150,026.84
Private Gifts - Pledged	20,042.76	30,762.49
Investment Income (Expense)	6,546,005.82	9,389,517.67
Investment Income (Expense) - Pledged	6,143,168.04	6,073,434.88
Gain (Loss) on Sale and Disposal of Capital Assets	(488,877.35)	(215,223.27)
Net Increase (Decrease) in Fair Value of Investments	3,008,480.38	9,919,896.65
Other Nonoperating Revenues (Expenses)	409,342.01	898,425.34
Other Nonoperating Revenues (Expenses) - Pledged	271,394.31	354,139.84
Total Nonoperating Revenues (Expenses)	<u>193,857,676.43</u>	<u>187,116,543.11</u>
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 8,387,709.47	 (2,056,033.98)
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	23,372,396.00	23,372,396.00
Capital Contributions	12,723,770.59	650,799.35
Lapsed Appropriations	0.00	(1,257,406.00)
Legislative Transfers In (Out)	(15,308,055.00)	(7,170,317.93)
Interagency Transfers of Capital Assets - Increase	0.00	65,506.13
Interagency Transfers of Capital Assets - Decrease	(573,387.04)	(4,051,701.94)
Net Transfers from (to) Texas Tech Foundation, Inc.	4,630,038.26	5,301,207.85
Net Transfers from (to) Texas Tech University System Components	34,428,281.02	8,201,156.31
Net Transfers from (to) Other State Agencies	32,570.00	41,296.00
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>59,305,613.83</u>	<u>25,152,935.77</u>
 Total Change in Net Position	 <u>67,693,323.30</u>	 <u>23,096,901.79</u>
 Beginning Net Position (September 1)	 \$ 714,396,761.49	 \$ 691,356,118.14
 Restatements	 <u>0.00</u>	 <u>(56,258.44)</u>
 Ending Net Position (August 31)	 <u>\$ 782,090,084.79</u>	 <u>\$ 714,396,761.49</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 255,256,712.71	\$ 242,277,256.56
Proceeds from Tuition and Fees	53,965,272.66	47,636,810.01
Proceeds from Grants and Contracts	173,616,305.15	165,086,658.35
Proceeds from Sales and Services of Auxiliary Enterprises	828,063.39	843,128.18
Proceeds from Collections of Loans to Students	4,067,298.34	3,267,838.96
Payments to Suppliers for Goods and Services	(113,414,735.42)	(117,036,932.43)
Payments to Employees for Salaries	(364,657,617.11)	(355,274,222.94)
Payments to Employees for Benefits	(93,262,443.93)	(91,375,090.41)
Payments for Loans Issued to Students	(4,001,619.54)	(3,240,849.26)
Payments for Other Expenses	(64,614,067.42)	(56,258,954.37)
Net Cash Used By Operating Activities	(152,216,831.17)	(164,074,357.35)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	160,855,109.22	149,103,167.38
Proceeds from Gifts	8,681,298.56	4,992,504.16
Proceeds from Nonoperating Grants and Contracts	2,109,186.04	1,973,964.00
Proceeds from Other Financing Activities	680,736.32	1,359,362.58
Proceeds from Agency Transactions	69,101,308.00	64,151,395.00
Proceeds from Transfers from Component Institutions	1,056,417.96	1,469,094.67
Proceeds from Transfers from Texas Tech Foundation, Inc.	4,645,618.48	5,305,707.85
Proceeds from Transfers In from Other State Agencies	89,077.00	6,318,653.00
Payments for Transfers to Component Institutions	(5,141,965.26)	(6,536,331.67)
Payments for Transfers to Texas Tech Foundation, Inc.	(15,580.22)	(4,500.00)
Payments for Other Uses	(69,101,308.00)	(64,151,395.00)
Net Cash Provided by Noncapital Financing Activities	172,959,898.10	163,981,621.97
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	47,154.45	140,868.34
Proceeds from Capital Appropriations	23,372,396.00	23,372,396.00
Proceeds from Transfers from Component Institutions	35,286,876.35	11,835,959.31
Payments for Transfers to Component Institutions	(13,989,425.00)	(12,015,240.93)
Payments for Additions to Capital Assets	(58,285,237.52)	(32,331,562.88)
Net Cash Used by Capital and Related Financing Activities	(13,568,235.72)	(8,997,580.16)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	50,877,889.43	53,484,723.25
Proceeds from Interest and Investment Income	13,695,666.39	11,638,018.82
Payments to Acquire Investments	(54,136,929.55)	(52,374,327.42)
Net Cash Provided by Investing Activities	10,436,626.27	12,748,414.65
TOTAL NET CASH FLOWS	\$ 17,611,457.48	\$ 3,658,099.11

UNAUDITED

Texas Tech University Health Sciences Center (739)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS AND CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 165,669,933.14	\$ 19,988,492.83	\$ 55,968,040.14	\$ 49,521,850.65	\$ 49,218,351.28	\$ 6,408,641.43	\$ 15,563,932.74
Payroll Related Costs	32,804,613.12	4,588,253.43	16,626,294.27	14,401,234.71	15,295,004.95	1,886,854.03	5,642,928.94
Professional Fees and Services	524,706.62	568,751.39	43,112,221.05	1,355,528.72	4,533,328.51	461,600.14	2,665,894.70
Travel	533,617.46	469,827.91	574,206.96	94,497.13	2,313,186.07	454,129.28	301,436.93
Materials and Supplies	413,065.66	3,293,469.66	11,647,098.27	9,116,323.96	5,093,516.78	1,317,911.96	212,834.13
Communications and Utilities	165,023.23	51,602.48	244,108.65	445,155.15	5,886,674.11	504,850.87	606,280.83
Repairs and Maintenance	83,699.93	743,507.01	287,424.22	308,052.00	2,654,582.21	829,367.87	403,984.12
Rentals and Leases	97,637.64	94,899.24	492,906.53	566,300.42	1,438,654.65	179,395.26	48,955.29
Printing and Reproduction	110,655.54	150,610.05	128,101.01	159,961.83	571,660.38	132,234.57	245,524.92
Federal Grant Pass-Through Expense	23,927.25	83,347.68	266,580.71				
State Grant Pass-Through Expense		8,949.57	11,067.86				
Depreciation and Amortization							
Bad Debt Expense						268,231.00	11,909.42
Interest	4.43	284.14	238.84	290.28	4,779.42	25.44	3,115.74
Scholarships	59,333.00	99,569.28			356,114.24	2,030.00	9,500.00
Claims and Judgments			8,016.31		5,636.08		
Other Operating Expenses	1,656,660.85	3,795,602.95	2,679,366.42	2,339,102.45	31,441,952.83	2,736,562.93	3,656,495.67
TOTAL OPERATING EXPENSES	\$ 202,142,877.87	\$ 33,937,167.62	\$ 132,045,671.24	\$ 78,308,297.30	\$ 118,813,441.51	\$ 15,181,834.78	\$ 29,372,793.43

UNAUDITED

Texas Tech University Health Sciences Center (739)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2017
Salaries and Wages	\$ 5,288,581.94	\$ 13,000.00	\$ 223,339.60		\$ 367,864,163.75	\$ 356,004,322.11
Payroll Related Costs	2,139,855.49	958.84	90,792.78		93,476,790.56	91,471,008.43
Professional Fees and Services	1,153,304.30		3,512.50		54,378,847.93	54,079,678.66
Travel	14,275.35		7,494.76		4,762,671.85	5,105,832.06
Materials and Supplies	225,226.19		11,940.83		31,331,387.44	31,979,804.76
Communications and Utilities	6,653,590.43		9,729.20		14,567,014.95	13,895,329.65
Repairs and Maintenance	4,368,962.11		20,575.32		9,700,154.79	8,862,932.12
Rentals and Leases	1,434,237.25		3,061.30		4,356,047.58	3,980,122.74
Printing and Reproduction	27,143.93		13,802.28		1,539,694.51	1,458,292.31
Federal Grant Pass-Through Expense					373,855.64	476,312.20
State Grant Pass-Through Expense					20,017.43	30,557.99
Depreciation and Amortization				20,787,804.87	20,787,804.87	20,973,237.07
Bad Debt Expense					280,140.42	86,781.32
Interest	294.72				9,033.01	6,303.72
Scholarships		3,295,026.14			3,821,572.66	4,602,054.94
Claims and Judgments					13,652.39	1,352.01
Other Operating Expenses	5,789,605.48		71,896.45		54,167,246.03	49,411,499.11
TOTAL OPERATING EXPENSES	\$ 27,095,077.19	\$ 3,308,984.98	\$ 456,145.02	\$ 20,787,804.87	\$ 661,450,095.81	\$ 642,425,421.20

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
 Statement of Net Position
 August 31, 2018 and 2017

	2018	Restated 2017
	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 34,807,177.39	\$ 26,652,868.49
Restricted Cash and Cash Equivalents	18,535,286.97	12,290,381.54
Legislative Appropriations	12,768,803.97	8,665,574.75
Receivables:		
Federal	373,588.06	678,036.76
Patient	9,631,192.32	9,184,362.33
Student	56,823.10	16,096.99
Contracts	12,182,521.29	16,518,810.71
Interest and Dividends	183,612.31	148,476.52
Gifts	591,882.00	647,416.77
Other	434,396.65	420,102.31
Due From Other State Agencies	4,534,077.32	5,218,871.59
Inventories	178,974.14	91,878.19
Prepaid Items	2,439,139.33	1,906,744.85
Loans and Contracts	57,504.93	22,225.75
Total Current Assets	<u>96,774,979.78</u>	<u>82,461,847.55</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	60.00	60.00
Restricted Investments	39,174,976.82	38,088,582.58
Contracts Receivable	0.00	1,384,953.70
Gifts Receivable	6,109,244.16	6,944,960.52
Loans and Notes Receivable	1,137,970.19	1,175,738.03
Investments	129,789,661.73	115,791,407.10
Capital Assets		
Non-Depreciable or Non-Amortizable	54,901,609.42	27,244,597.45
Depreciable or Amortizable	206,602,697.78	205,348,848.37
Accumulated Depreciation and Amortization	(109,026,527.11)	(98,497,625.48)
Total Non-Current Assets	<u>328,689,692.99</u>	<u>297,481,522.27</u>
Total Assets	<u>\$ 425,464,672.77</u>	<u>\$ 379,943,369.82</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
 Statement of Net Position
 August 31, 2018 and 2017

	2018	Restated 2017
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 5,080,001.33	\$ 3,730,739.41
Payroll Payable	12,533,488.91	12,071,681.47
Unearned Revenue	3,619,581.57	2,961,288.56
Due to Other State Agencies	52,216.50	48,615.46
Employees' Compensable Leave	990,210.73	1,001,621.62
Funds Held for Others	121,105.21	72,170.39
Other Current Liabilities	13,493.09	3,456,455.39
Total Current Liabilities	<u>22,410,097.34</u>	<u>23,342,572.30</u>
Non-Current Liabilities:		
Employees' Compensable Leave	8,011,704.97	7,345,225.19
Other Non-Current Liabilities	27,194.30	28,725.49
Total Non-Current Liabilities	<u>8,038,899.27</u>	<u>7,373,950.68</u>
Total Liabilities	<u>30,448,996.61</u>	<u>30,716,522.98</u>
NET POSITION		
Net Investment in Capital Assets	152,477,780.09	134,095,820.34
Restricted:		
Nonexpendable:		
Endowments	29,797,267.34	29,796,511.34
Expendable:		
Capital Projects	5,744,738.00	6,268,918.51
Other	30,866,374.90	29,448,783.57
Unrestricted	<u>176,129,515.83</u>	<u>149,616,813.08</u>
Total Net Position	<u>\$ 395,015,676.16</u>	<u>\$ 349,226,846.84</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	2017
Operating Revenues		
Tuition and Fees	\$ 449,026.92	\$ 388,333.02
Tuition and Fees - Pledged	10,361,327.75	9,909,082.65
Less Discounts and Allowances	(1,818,785.34)	(1,421,752.00)
Professional Fees	51,823,291.89	48,099,575.78
Sales and Services of Auxiliary Enterprises - Pledged	276,566.25	278,139.21
Other Sales and Services	99,202.62	98,956.21
Other Sales and Services - Pledged	318,403.17	406,246.72
Federal Grants and Contracts	2,134,182.11	2,194,631.92
Federal Grants and Contracts - Pledged	886,074.21	852,380.34
Federal Grant Pass-Throughs from Other State Agencies	175,829.75	230,828.59
State Grants and Contracts	1,600,618.67	1,691,013.94
State Grants and Contracts - Pledged	183,337.16	129,035.09
State Grant Pass-Throughs from Other State Agencies	4,330,878.91	4,821,326.25
Local Governmental Grants and Contracts	5,205,849.19	2,759,237.77
Local Governmental Grants and Contracts - Pledged	57,371.06	24,895.11
Nongovernmental Grants and Contracts	79,508,519.23	78,531,144.60
Nongovernmental Grants and Contracts - Pledged	109,606.76	222,880.52
Other Operating Revenues	12,486,659.45	12,530,123.93
Total Operating Revenues	168,187,959.76	161,746,079.65
Operating Expenses		
Salaries and Wages	143,424,869.19	138,599,631.30
Payroll Related Costs	34,068,521.36	32,645,340.87
Professional Fees and Services	6,772,068.82	7,074,718.45
Travel	1,674,974.01	1,773,338.24
Materials and Supplies	3,612,757.75	4,191,737.66
Communications and Utilities	4,823,707.90	5,447,905.76
Repairs and Maintenance	4,136,786.60	3,944,947.30
Rentals and Leases	4,628,983.81	4,952,615.04
Printing and Reproduction	269,562.57	330,632.37
Federal Grant Pass-Through Expense	0.00	3,753.33
State Grant Pass-Through Expense	36,684.42	16,769.54
Depreciation and Amortization	10,723,261.86	11,532,978.93
Bad Debt Expense	16,734.92	4,475.72
Interest	1,312.95	7,170.54
Scholarships	1,451,947.56	1,803,251.84
Claims and Judgments	182,671.00	5,512.96
Other Operating Expenses	13,720,361.51	16,616,561.01
Total Operating Expenses	229,545,206.23	228,951,340.86
Operating Income (Loss)	\$ (61,357,246.47)	\$ (67,205,261.21)

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	2017
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 75,659,464.59	\$ 73,332,797.85
Federal Grants and Contracts	588,453.00	519,525.00
Private Gifts	(176,038.17)	(5,902,287.02)
Private Gifts - Pledged	2,091.00	3,560.00
Investment Income (Expense)	4,390,538.00	5,742,157.58
Investment Income (Expense) - Pledged	1,422,238.47	1,861,015.54
Gain (Loss) on Sale and Disposal of Capital Assets	(112,137.24)	(235,091.21)
Net Increase (Decrease) in Fair Value of Investments	2,195,473.60	4,671,317.39
Other Nonoperating Revenues (Expenses)	630,653.93	810,961.07
Other Nonoperating Revenues (Expenses) - Pledged	2,405.58	33,696.64
Total Nonoperating Revenues (Expenses)	84,603,142.76	80,837,652.84
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 23,245,896.29	 13,632,391.63
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	6,234,075.00	6,234,075.00
Capital Contributions	39,388.16	28,612.69
Lapsed Appropriations	0.00	(628,091.00)
Legislative Transfers In (Out)	(11,614,092.50)	(7,228,670.17)
Interagency Transfers of Capital Assets - Increase	36,524.05	157,484.73
Interagency Transfers of Capital Assets - Decrease	(75,340.28)	(139,468.92)
Net Transfers from (to) Texas Tech Foundation, Inc.	4,012,878.37	3,739,914.12
Net Transfers from (to) Texas Tech University System Components	23,909,500.23	7,522,457.61
Net Other Revenues, Expenses, Gains, Losses, and Transfers	22,542,933.03	9,686,314.06
 Total Change in Net Position	 45,788,829.32	 23,318,705.69
 Beginning Net Position (September 1)	 \$ 349,226,846.84	 \$ 325,908,141.15
 Ending Net Position (August 31)	 \$ 395,015,676.16	 \$ 349,226,846.84

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 64,216,386.53	\$ 58,519,867.39
Proceeds from Tuition and Fees	9,609,136.23	8,557,206.79
Proceeds from Grants and Contracts	99,702,952.60	86,746,196.21
Proceeds from Sales and Services of Auxiliary Enterprises	283,766.78	283,047.50
Proceeds from Collections of Loans to Students	593,489.90	649,102.68
Payments to Suppliers for Goods and Services	(25,219,691.79)	(31,812,263.74)
Payments to Employees for Salaries	(142,111,896.20)	(137,305,570.60)
Payments to Employees for Benefits	(34,264,618.02)	(32,149,826.88)
Payments for Loans Issued to Students	(591,001.24)	(600,970.36)
Payments for Other Expenses	(18,803,248.07)	(17,719,606.09)
Net Cash Used By Operating Activities	(46,584,723.28)	(64,832,817.10)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	71,556,235.37	77,642,845.27
Proceeds from Gifts	717,303.96	809,197.23
Proceeds from Nonoperating Grants and Contracts	588,453.00	519,525.00
Proceeds from Other Financing Activities	681,994.33	855,246.48
Proceeds from Agency Transactions	14,131,280.00	13,062,115.00
Proceeds from Transfers from Component Institutions	397,072.50	1,190,769.35
Proceeds from Transfers from Texas Tech Foundation, Inc.	4,013,523.00	4,091,480.79
Proceeds from Transfers In from Other State Agencies	0.00	5,841,147.00
Payments for Transfers to Component Institutions	(2,284,364.54)	(3,157,669.26)
Payments for Transfers to Texas Tech Foundation, Inc.	(644.63)	(351,566.67)
Payments for Other Uses	(14,131,280.00)	(13,062,115.00)
Net Cash Provided by Noncapital Financing Activities	75,669,572.99	87,440,975.19
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	2,012.00	25,106.14
Proceeds from Capital Appropriations	6,234,075.00	6,234,075.00
Proceeds from Transfers from Component Institutions	24,693,330.95	10,294,385.52
Payments for Transfers to Component Institutions	(12,509,605.50)	(13,874,845.17)
Payments for Additions to Capital Assets	(27,219,824.60)	(25,147,873.29)
Net Cash Used by Capital and Related Financing Activities	(8,800,012.15)	(22,469,151.80)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	10,255,765.27	13,374,554.03
Proceeds from Interest and Investment Income	7,753,124.42	5,173,193.20
Payments to Acquire Investments	(23,894,512.92)	(20,857,974.50)
Net Cash Used by Investing Activities	(5,885,623.23)	(2,310,227.27)
TOTAL NET CASH FLOWS	\$ 14,399,214.33	\$ (2,171,220.98)

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
 Statement of Cash Flows
 For the Years Ended August 31, 2018 and 2017

	2018	2017
Beginning Cash & Cash Equivalents - September 1	\$ 38,943,310.03	\$ 41,114,531.01
Ending Cash & Cash Equivalents - August 31	<u>\$ 53,342,524.36</u>	<u>\$ 38,943,310.03</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (61,357,246.47)	\$ (67,205,261.21)
Adjustments:		
Depreciation and Amortization Expense	10,723,261.86	11,532,978.93
(Increase) Decrease in Accounts Receivables	5,523,841.38	(7,144,161.62)
(Increase) Decrease in Loans and Notes Receivable	2,488.66	27,980.32
(Increase) Decrease in Inventories	(87,095.95)	(61,999.69)
(Increase) Decrease in Due From Other State Agencies	(541,117.09)	(167,934.68)
(Increase) Decrease in Prepaid Items	(532,394.48)	343,533.68
Increase (Decrease) in Accounts Payable	1,811,069.36	(3,465,526.44)
Increase (Decrease) in Unearned Revenue	658,293.01	(323,189.74)
Increase (Decrease) in Employees' Compensable Leave	655,068.89	969,783.00
Increase (Decrease) in Due To Other State Agencies	3,601.04	(42,441.72)
Increase (Decrease) in Other Liabilities	<u>(3,444,493.49)</u>	<u>703,422.07</u>
Net Cash Used for Operating Activities	<u>(46,584,723.28)</u>	<u>(64,832,817.10)</u>
Noncash Transactions		
Donations of Capital Assets	39,388.16	28,612.69
Net Increase (Decrease) in Fair Value of Investments	2,195,473.60	4,671,317.39
Other	<u>(114,149.24)</u>	<u>(249,065.70)</u>
Total Noncash Transactions	<u>\$ 2,120,712.52</u>	<u>\$ 4,450,864.38</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS AND CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 80,987,320.01	\$ 6,824,779.94	\$ 1,612,333.27	\$ 14,658,443.67	\$ 25,062,732.54	\$ 1,708,685.44	\$ 9,150,466.09
Payroll Related Costs	14,484,363.31	1,825,465.62	472,642.55	5,299,243.22	7,075,969.37	448,284.58	3,101,820.04
Professional Fees and Services	4,322,167.27	109,064.08	134,095.13	26,961.34	1,006,669.92	30,764.16	830,911.14
Travel	801,203.73	159,722.50	72,104.41	17,001.24	436,272.80	49,008.68	133,590.74
Materials and Supplies	1,237,754.40	529,157.93	103,389.43	96,638.66	1,139,861.47	173,314.11	114,505.01
Communications and Utilities	658,301.21	15,292.52	9,857.24	42,465.71	1,933,841.08	123,363.65	267,297.01
Repairs and Maintenance	253,407.25	622,750.12	96.00	3,637.77	1,621,884.61	104,248.86	168,300.29
Rentals and Leases	2,359,412.13	98,975.09	4,650.00	57,622.19	1,649,166.37	16,122.65	314,811.42
Printing and Reproduction	48,865.01	14,270.84	10,389.13	1,687.34	125,486.20	9,172.80	52,201.39
Federal Grant Pass-Through Expense							
State Grant Pass-Through Expense			36,684.42				
Depreciation and Amortization							
Bad Debt Expense						16,734.92	
Interest	298.26	168.47	10.08	19.27	(79.08)		214.63
Scholarships					741,651.36		
Claims and Judgments					182,671.00		
Other Operating Expenses	3,091,964.39	895,355.12	364,455.71	167,292.30	8,824,289.03	444,308.46	(2,217,781.86)
TOTAL OPERATING EXPENSES	\$ 108,245,056.97	\$ 11,095,002.23	\$ 2,820,707.37	\$ 20,371,012.71	\$ 49,800,416.67	\$ 3,124,008.31	\$ 11,916,335.90

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2017
Salaries and Wages	\$ 3,307,586.25	\$ 3,000.00	\$ 109,521.98	\$	\$ 143,424,869.19	\$ 138,599,631.30
Payroll Related Costs	1,307,803.97	222.64	52,706.06		34,068,521.36	32,645,340.87
Professional Fees and Services	307,976.60		3,459.18		6,772,068.82	7,074,718.45
Travel	4,886.18		1,183.73		1,674,974.01	1,773,338.24
Materials and Supplies	217,121.60		1,015.14		3,612,757.75	4,191,737.66
Communications and Utilities	1,763,436.11		9,853.37		4,823,707.90	5,447,905.76
Repairs and Maintenance	1,348,650.48		13,811.22		4,136,786.60	3,944,947.30
Rentals and Leases	125,513.12		2,710.84		4,628,983.81	4,952,615.04
Printing and Reproduction	5,075.15		2,414.71		269,562.57	330,632.37
Federal Grant Pass-Through Expense						3,753.33
State Grant Pass-Through Expense					36,684.42	16,769.54
Depreciation and Amortization				10,723,261.86	10,723,261.86	11,532,978.93
Bad Debt Expense					16,734.92	4,475.72
Interest	668.82		12.50		1,312.95	7,170.54
Scholarships		710,296.20			1,451,947.56	1,803,251.84
Claims and Judgments					182,671.00	5,512.96
Other Operating Expenses	2,131,122.69		19,355.67		13,720,361.51	16,616,561.01
TOTAL OPERATING EXPENSES	\$ 10,519,840.97	\$ 713,518.84	\$ 216,044.40	\$ 10,723,261.86	\$ 229,545,206.23	\$ 228,951,340.86

UNAUDITED

Angelo State University (737)
Statement of Net Position
August 31, 2018 and 2017

	2018	Restated 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 45,242,577.06	\$ 47,741,243.10
Restricted Cash and Cash Equivalents	(1,095,075.47)	403,255.44
Legislative Appropriations	6,979,946.28	7,570,056.64
Receivables:		
Federal	1,097,063.78	740,778.96
Student	11,648,751.40	11,162,513.92
Accounts	762,928.67	723,428.56
Interest and Dividends	44,507.37	0.00
Gifts	1,117,338.14	1,279,779.64
Due From Other State Agencies	51,145.19	309,075.11
Inventories	256,789.72	242,458.22
Prepaid Items	9,735,638.21	9,237,281.60
Loans and Contracts	427,647.29	534,207.70
Total Current Assets	<u>76,269,257.64</u>	<u>79,944,078.89</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	70,669.63	60,329.27
Restricted Investments	37,518,831.90	40,255,973.55
Gifts Receivable	3,640,549.57	3,604,341.88
Investments	17,864,943.27	7,405,587.82
Capital Assets		
Non-Depreciable or Non-Amortizable	5,549,317.05	21,079,712.98
Depreciable or Amortizable	290,804,897.62	247,899,235.06
Accumulated Depreciation and Amortization	(148,647,700.74)	(139,486,153.44)
Total Non-Current Assets	<u>206,801,508.30</u>	<u>180,819,027.12</u>
Total Assets	<u>\$ 283,070,765.94</u>	<u>\$ 260,763,106.01</u>

UNAUDITED

Angelo State University (737)
Statement of Net Position
August 31, 2018 and 2017

	2018	Restated 2017
	<u>2018</u>	<u>2017</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 4,412,841.42	\$ 2,656,798.47
Payroll Payable	3,715,858.06	3,639,942.02
Unearned Revenue	41,039,730.17	38,815,987.57
Employees' Compensable Leave	293,364.18	324,588.93
Funds Held for Others	2,092,573.04	1,718,254.19
Other Current Liabilities	420.00	640.00
Total Current Liabilities	<u>51,554,786.87</u>	<u>47,156,211.18</u>
Non-Current Liabilities:		
Employees' Compensable Leave	2,229,364.79	2,205,692.69
Other Non-Current Liabilities	109,953.68	127,898.35
Total Non-Current Liabilities	<u>2,339,318.47</u>	<u>2,333,591.04</u>
Total Liabilities	<u>53,894,105.34</u>	<u>49,489,802.22</u>
NET POSITION		
Net Investment in Capital Assets	147,706,513.93	129,492,794.60
Restricted:		
Nonexpendable:		
Endowments	28,483,711.63	26,083,414.51
Expendable:		
Other	26,681,818.39	26,730,304.30
Unrestricted	<u>26,304,616.65</u>	<u>28,966,790.38</u>
Total Net Position	<u>\$ 229,176,660.60</u>	<u>\$ 211,273,303.79</u>

UNAUDITED

Angelo State University (737)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	2017
Operating Revenues		
Tuition and Fees	\$ 3,664,898.85	\$ 3,382,590.47
Tuition and Fees - Pledged	61,331,086.76	57,341,626.12
Less Discounts and Allowances	(15,885,106.95)	(13,693,106.51)
Sales and Services of Auxiliary Enterprises - Pledged	13,390,751.97	14,287,635.64
Other Sales and Services - Pledged	1,147,317.28	1,237,136.98
Federal Grants and Contracts	1,834,037.22	1,101,511.19
Federal Grant Pass-Throughs from Other State Agencies	147,521.16	157,893.28
State Grant Pass-Throughs from Other State Agencies	5,928,897.37	5,000,485.77
Nongovernmental Grants and Contracts	140,492.94	179,752.64
Total Operating Revenues	71,699,896.60	68,995,525.58
Operating Expenses		
Salaries and Wages	54,473,123.77	51,689,350.78
Payroll Related Costs	17,330,061.59	16,705,718.88
Professional Fees and Services	1,148,429.95	968,243.00
Travel	1,715,064.88	1,587,567.69
Materials and Supplies	9,027,207.57	8,312,578.49
Communications and Utilities	3,764,862.01	3,376,399.54
Repairs and Maintenance	2,532,842.74	2,940,095.54
Rentals and Leases	754,201.84	884,797.09
Printing and Reproduction	341,484.36	337,909.29
Depreciation and Amortization	10,011,671.93	8,928,965.59
Bad Debt Expense	411,667.26	455,786.71
Interest	856.77	351.91
Scholarships	19,826,045.10	20,005,778.01
Other Operating Expenses	11,803,124.74	10,530,584.63
Total Operating Expenses	133,140,644.51	126,724,127.15
Operating Income (Loss)	\$ (61,440,747.91)	\$ (57,728,601.57)

UNAUDITED

Angelo State University (737)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	2017
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 35,237,614.23	\$ 34,311,682.56
Federal Grants and Contracts	12,797,080.67	10,588,063.84
Private Gifts	6,919,738.14	4,041,666.81
Investment Income (Expense)	11,016,732.71	10,343,630.31
Interest Expense on Capital Asset Financing	0.00	(212,535.39)
Gain (Loss) on Sale and Disposal of Capital Assets	(671,877.42)	(8,921.11)
Net Increase (Decrease) in Fair Value of Investments	1,204,297.19	2,993,111.23
Other Nonoperating Revenues (Expenses) - Pledged	1,511,316.39	(3,354,012.68)
Total Nonoperating Revenues (Expenses)	68,014,901.91	58,702,685.57
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	6,574,154.00	974,084.00
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	5,320,102.00	5,320,102.00
Capital Contributions	76,300.00	8,350.00
Lapsed Appropriations	(242.17)	(319,601.47)
Legislative Transfers In (Out)	(4,784,089.17)	(2,764,685.00)
Net Transfers from (to) Texas Tech Foundation, Inc.	418,685.00	33,265.00
Net Transfers from (to) Texas Tech University System Components	10,203,651.04	13,867,499.04
Net Transfers from (to) Other State Agencies	94,796.11	(4,084,764.79)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	11,329,202.81	12,060,164.78
Total Change in Net Position	17,903,356.81	13,034,248.78
Beginning Net Position (September 1)	\$ 211,273,303.79	\$ 198,239,055.01
Ending Net Position (August 31)	\$ 229,176,660.60	\$ 211,273,303.79

UNAUDITED

Angelo State University (737)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 1,146,325.24	\$ 1,237,136.98
Proceeds from Tuition and Fees	50,204,340.93	49,175,226.20
Proceeds from Grants and Contracts	7,893,461.88	6,386,927.14
Proceeds from Sales and Services of Auxiliary Enterprises	13,620,864.21	14,259,930.89
Proceeds from Collections of Loans to Students	342,271.23	373,034.74
Payments to Suppliers for Goods and Services	(19,129,675.79)	(18,016,793.05)
Payments to Employees for Salaries	(54,232,858.68)	(51,705,886.07)
Payments to Employees for Benefits	(17,501,963.29)	(16,610,500.98)
Payments for Loans Issued to Students	(252,508.01)	(428,932.61)
Payments for Other Expenses	(31,959,116.02)	(29,371,698.91)
Net Cash Used By Operating Activities	(49,868,858.30)	(44,701,555.67)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	35,827,724.59	33,228,654.33
Proceeds from Gifts	6,919,738.14	4,041,666.81
Proceeds from Nonoperating Grants and Contracts	12,797,080.67	10,588,063.84
Proceeds from Agency Transactions	39,748,849.57	38,060,729.04
Proceeds from Transfers from Texas Tech Foundation, Inc.	418,685.00	35,765.00
Proceeds from Transfers In from Other State Agencies	293,615.00	1,910,722.00
Payments for Transfers to Component Institutions	(482,598.00)	(540,395.00)
Payments for Transfers to Texas Tech Foundation, Inc.	0.00	(2,500.00)
Payments for Transfers to Other State Agencies	(60.89)	(4,166,426.79)
Payments for Other Uses	(36,356,926.66)	(41,170,050.60)
Net Cash Provided by Noncapital Financing Activities	59,166,107.42	41,986,228.63
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Appropriations	5,320,102.00	5,320,102.00
Proceeds from Transfers from Component Institutions	18,345,107.80	21,078,761.24
Payments for Transfers to Component Institutions	(12,629,205.93)	(11,251,612.20)
Payments for Transfers to Other State Agencies	(12,500.00)	(13,000.00)
Payments for Additions to Capital Assets	(28,806,225.68)	(20,545,072.45)
Payments for Capital Leases	0.00	(3,360,202.54)
Net Cash Used by Capital and Related Financing Activities	(17,782,721.81)	(8,771,023.95)
Cash Flows from Investing Activities		
Proceeds from Interest and Investment Income	11,016,732.71	10,343,630.31
Payments to Acquire Investments	(6,517,916.61)	(4,242,497.52)
Net Cash Provided (Used) by Investing Activities	4,498,816.10	6,101,132.79
TOTAL NET CASH FLOWS	\$ (3,986,656.59)	\$ (5,385,218.20)

UNAUDITED

Angelo State University (737)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	2017
Beginning Cash & Cash Equivalents - September 1	\$ 48,204,827.81	\$ 53,590,046.01
Ending Cash & Cash Equivalents - August 31	\$ 44,218,171.22	\$ 48,204,827.81
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (61,440,747.91)	\$ (57,728,601.57)
Adjustments:		
Depreciation and Amortization Expense	10,011,671.93	8,928,965.59
Bad Debt Expense	411,667.26	455,786.71
(Increase) Decrease in Accounts Receivables	(1,271,211.91)	944,443.06
(Increase) Decrease in Loans and Notes Receivable	106,560.41	32,992.36
(Increase) Decrease in Inventories	(14,331.50)	17,959.58
(Increase) Decrease in Due From Other State Agencies	257,813.01	12,446.48
(Increase) Decrease in Prepaid Items	(270,907.17)	628,638.67
Increase (Decrease) in Accounts Payable	66,686.26	381,125.85
Increase (Decrease) in Payroll Payable	240,265.09	(16,535.29)
Increase (Decrease) in Unearned Revenue	2,223,742.60	1,633,473.87
Increase (Decrease) in Employees' Compensable Leave	(7,552.65)	96,689.49
Increase (Decrease) in Benefits Payable	(164,349.05)	(1,471.59)
Increase (Decrease) in Other Liabilities	(18,164.67)	(87,468.88)
Net Cash Used for Operating Activities	(49,868,858.30)	(44,701,555.67)
 Noncash Transactions		
Donations of Capital Assets	76,300.00	8,350.00
Net Increase (Decrease) in Fair Value of Investments	1,204,297.19	2,993,111.23
Other	(835,381.63)	(1,134,404.94)
Total Noncash Transactions	\$ 445,215.56	\$ 1,867,056.29

UNAUDITED

Angelo State University (737)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 28,019,618.69	\$ 395,057.35	\$ 757,939.26	\$ 4,000,441.61	\$ 3,636,248.85	\$ 9,671,845.08
Payroll Related Costs	9,238,437.29	60,192.57	249,072.85	1,070,993.70	1,233,780.85	3,169,384.16
Professional Fees and Services	352,112.97	28,158.00	94,760.15	22,489.17	34,976.25	417,262.07
Travel	854,620.38	39,880.11	34,841.90	74,434.19	110,337.48	198,589.95
Materials and Supplies	1,197,336.33	172,939.06	144,366.69	197,579.92	216,142.55	879,931.13
Communications and Utilities	233,472.31	959.68	4,278.95	15,617.19	17,285.83	218,764.22
Repairs and Maintenance	160,259.26	269.00	2,347.35	71,860.89	128,037.30	495,327.42
Rentals and Leases	117,114.13	300.00	37,393.91	130,668.81	41,899.34	57,816.34
Printing and Reproduction	58,759.53	1,768.14	10,243.68	10,216.01	43,406.71	176,031.09
Depreciation and Amortization						
Bad Debt Expense						157,025.40
Interest	504.96	2.10		0.25		296.45
Scholarships						
Other Operating Expenses	2,816,789.39	92,304.78	220,511.54	1,527,354.03	842,472.68	3,660,446.03
TOTAL OPERATING EXPENSES	\$ 43,049,025.24	\$ 791,830.79	\$ 1,555,756.28	\$ 7,121,655.77	\$ 6,304,587.84	\$ 19,102,719.34

UNAUDITED

Angelo State University (737)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2017
Salaries and Wages	\$ 2,180,088.77	\$	\$ 5,811,884.16	\$	\$ 54,473,123.77	\$ 51,689,350.78
Payroll Related Costs	805,503.42		1,502,696.75		17,330,061.59	16,705,718.88
Professional Fees and Services	45,792.99		152,878.35		1,148,429.95	968,243.00
Travel	1,233.83		401,127.04		1,715,064.88	1,587,567.69
Materials and Supplies	672,474.54		5,546,437.35		9,027,207.57	8,312,578.49
Communications and Utilities	1,807,801.89		1,466,681.94		3,764,862.01	3,376,399.54
Repairs and Maintenance	738,422.07		936,319.45		2,532,842.74	2,940,095.54
Rentals and Leases	127,453.32		241,555.99		754,201.84	884,797.09
Printing and Reproduction	1,764.86		39,294.34		341,484.36	337,909.29
Depreciation and Amortization				10,011,671.93	10,011,671.93	8,928,965.59
Bad Debt Expense			254,641.86		411,667.26	455,786.71
Interest			53.01		856.77	351.91
Scholarships		19,826,045.10			19,826,045.10	20,005,778.01
Other Operating Expenses	572,505.69		2,070,740.60		11,803,124.74	10,530,584.63
TOTAL OPERATING EXPENSES	\$ 6,953,041.38	\$ 19,826,045.10	\$ 18,424,310.84	\$ 10,011,671.93	\$ 133,140,644.51	\$ 126,724,127.15

UNAUDITED

Texas Tech University System Administration (768)
Statement of Net Position
August 31, 2018 and 2017

	2018	Restated 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 25,503,718.85	\$ 25,461,753.61
Restricted Cash and Cash Equivalents	604,469.03	179,314.24
Legislative Appropriations	549,632.29	434,442.71
Receivables:		
Accounts	3,526.97	0.00
Interest and Dividends	57,481.66	59,072.44
Other	14,097.41	15,001.99
Prepaid Items	16,671.97	17,848.91
Total Current Assets	26,749,598.18	26,167,433.90
Non-Current Assets:		
Restricted Cash and Cash Equivalents	130,105,820.83	222,592,297.63
Restricted Investments	771,908.72	784,414.90
Investments	35,922,741.34	39,027,802.19
Capital Assets		
Non-Depreciable or Non-Amortizable	314,482.25	314,482.25
Depreciable or Amortizable	27,371,491.91	27,103,946.37
Accumulated Depreciation and Amortization	(3,397,448.09)	(1,889,043.59)
Total Non-Current Assets	191,088,996.96	287,933,899.75
Total Assets	217,838,595.14	314,101,333.65
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources	116,744,141.95	70,884,741.85
Total Deferred Outflows of Resources	\$ 116,744,141.95	\$ 70,884,741.85

UNAUDITED

Texas Tech University System Administration (768)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2018 and 2017

	2018	Restated 2017
Operating Revenues		
Other Sales and Services - Pledged	\$ 6,905.70	\$ 700.51
Total Operating Revenues	<u>6,905.70</u>	<u>700.51</u>
Operating Expenses		
Salaries and Wages	14,507,126.73	14,064,715.05
Payroll Related Costs	(57,785,760.58)	10,251,949.92
Professional Fees and Services	1,205,578.63	1,358,614.83
Travel	553,544.46	576,637.53
Materials and Supplies	336,555.23	2,420,797.03
Communications and Utilities	306,824.65	290,944.93
Repairs and Maintenance	220,822.29	213,210.88
Rentals and Leases	626,834.52	890,790.01
Printing and Reproduction	88,498.69	69,234.88
Depreciation and Amortization	1,522,312.74	808,823.31
Interest	37.01	0.00
Scholarships	1,027.40	1,425.65
Claims and Judgments	136,441.00	0.00
Other Operating Expenses	4,746,199.38	(3,766,762.10)
Total Operating Expenses	<u>(33,533,957.85)</u>	<u>27,180,381.92</u>
Operating Income (Loss)	<u>33,540,863.55</u>	<u>(27,179,681.41)</u>
Nonoperating Revenues (Expenses)		
Legislative Revenue	2,768,642.58	2,895,014.47
Investment Income (Expense)	3,135,887.83	1,433,149.04
Investment Income (Expense) - Pledged	5,877,227.88	6,580,591.98
Interest Expense on Capital Asset Financing	(21,484,659.83)	(19,313,327.72)
Net Increase (Decrease) in Fair Value of Investments	760,744.23	1,173,635.73
Other Nonoperating Revenues (Expenses)	(84,974.35)	(2,067,600.52)
Other Nonoperating Revenues (Expenses) - Pledged	0.00	6.06
Total Nonoperating Revenues (Expenses)	<u>(9,027,131.66)</u>	<u>(9,298,530.96)</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	24,513,731.89	(36,478,212.37)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Lapsed Appropriations	0.00	(13,225.79)
Contributions to Permanent and Term Endowments	2,200.00	19,520.00
Legislative Transfers In (Out)	60,503,383.08	58,073,832.39
Interagency Transfers of Capital Assets - Increase	0.00	333,160.45
Interagency Transfers of Capital Assets - Decrease	0.00	(5,687.50)
Net Transfers from (to) Texas Tech Foundation, Inc.	2,671,000.00	2,779,901.44
Net Transfers from (to) Texas Tech University System Components	(68,594,176.43)	(54,009,993.18)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>(5,417,593.35)</u>	<u>7,177,507.81</u>
Total Change in Net Position	<u>19,096,138.54</u>	<u>(29,300,704.56)</u>
Beginning Net Position (September 1)	\$ (1,101,588,032.56)	\$ (737,353,467.00)
Restatements	0.00	(334,933,861.00)
Ending Net Position (August 31)	<u>\$ (1,082,491,894.02)</u>	<u>\$ (1,101,588,032.56)</u>

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Texas Tech University System Administration (768)
Statement of Cash Flows
For the Years Ended August 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Proceeds from Sales and Services of Auxiliary Enterprises	\$ 3,378.73	\$ 700.51
Payments to Suppliers for Goods and Services	(645,876.21)	(2,703,242.79)
Payments to Employees for Salaries	(14,031,667.84)	(14,020,220.04)
Payments to Employees for Benefits	(3,185,535.32)	(3,441,854.48)
Payments for Other Expenses	(8,327,566.08)	(2,296,291.56)
Net Cash Used By Operating Activities	(26,187,266.72)	(22,460,908.36)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	2,653,453.00	2,988,738.32
Proceeds from Gifts	2,200.00	19,520.00
Proceeds from Other Financing Activities	(84,974.35)	6.06
Proceeds from Agency Transactions	63,758,152.34	20,260,109.42
Proceeds from Transfers from Component Institutions	12,048,426.15	13,384,874.34
Proceeds from Transfers from Texas Tech Foundation, Inc.	2,671,000.00	2,779,906.00
Payments for Transfers to Component Institutions	(689,955.36)	(309,648.07)
Payments for Transfers to Texas Tech Foundation, Inc.	0.00	(4.56)
Payments for Other Uses	(63,758,152.34)	(20,260,109.42)
Net Cash Provided by Noncapital Financing Activities	16,600,149.44	18,863,392.09
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt Issuances	30,800,000.00	462,061,475.45
Proceeds from Transfers from Component Institutions	112,286,035.46	99,305,551.10
Payments for Transfers to Component Institutions	(126,762,760.31)	(107,193,188.16)
Payments for Transfers to Other State Agencies	(1,121,750.00)	(1,123,750.00)
Payments for Additions to Capital Assets	(1,082,709.78)	(12,935,184.93)
Payments for Principal Paid on Capital Debt	(82,873,000.00)	(201,110,000.00)
Payments for Interest Paid on Capital Debt	(26,571,072.61)	(27,072,683.85)
Payments for Other Costs on Debt Issuance	0.00	(2,067,600.52)
Net Cash Provided (Used) by Capital and Related Financing Activities	(95,325,257.24)	209,864,619.09
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	15,514,514.34	21,187,657.13
Proceeds from Interest and Investment Income	9,388,177.46	7,248,859.88
Payments to Acquire Investments	(12,009,674.05)	(14,215,355.90)
Net Cash Provided (Used) by Investing Activities	12,893,017.75	14,221,161.11
 TOTAL NET CASH FLOWS	 \$ (92,019,356.77)	 \$ 220,488,263.93

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Texas Tech University System Administration (768)
 Statement of Cash Flows
 For the Years Ended August 31, 2018 and 2017

	2018	2017
Beginning Cash & Cash Equivalents - September 1	\$ 248,233,365.48	\$ 27,745,101.55
Ending Cash & Cash Equivalents - August 31	\$ 156,214,008.71	\$ 248,233,365.48
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities		
Operating Income (Loss)	\$ 33,540,863.55	\$ (27,179,681.41)
Adjustments:		
Depreciation and Amortization Expense	1,522,312.74	808,823.31
Pension Expense	17,311,355.00	25,483,686.00
OPEB Expense	15,355,484.00	0.00
(Increase) Decrease in Accounts Receivables	(2,622.39)	(42,405.90)
(Increase) Decrease in Prepaid Items	1,176.94	(17,848.91)
(Increase) Decrease in Deferred Outflows of Resources	(65,624,082.00)	(32,238,268.00)
Increase (Decrease) in Accounts Payable	32,459.22	8,382.78
Increase (Decrease) in Payroll Payable	475,458.89	51,424.91
Increase (Decrease) in Employees' Compensable Leave	240,268.23	(106,838.33)
Increase (Decrease) in Claims and Judgments	(898,884.00)	(2,828,336.25)
Increase (Decrease) in Benefits Payable	233,604.10	96,359.44
Increase (Decrease) Net OPEB Liability	(77,624,658.00)	0.00
Increase (Decrease) in Net Pension Liability	(127,004.00)	0.00
Increase (Decrease) in Deferred Inflows	49,377,001.00	13,503,794.00
Net Cash Used for Operating Activities	(26,187,266.72)	(22,460,908.36)
Noncash Transactions		
Net Increase (Decrease) in Fair Value of Investments	760,744.23	1,173,635.73
Other	0.00	327,472.95
Total Noncash Transactions	\$ 760,744.23	\$ 1,501,108.68

UNAUDITED

Texas Tech University System Administration (768)
 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2018 and 2017

OPERATING EXPENSES	ACADEMIC SUPPORT	INSTITUTIONAL SUPPORT	OPERATIONS & MAINTENANCE OF PLANT	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2017
Salaries and Wages	\$ 1,090,462.37	\$ 13,416,664.36	\$	\$	\$ 14,507,126.73	\$ 14,064,715.05
Payroll Related Costs	318,759.59	(58,104,520.17)			(57,785,760.58)	10,251,949.92
Professional Fees and Services	55,860.48	1,149,718.15			1,205,578.63	1,358,614.83
Travel	12,195.95	541,348.51			553,544.46	576,637.53
Materials and Supplies	13,983.51	275,401.95	47,169.77		336,555.23	2,420,797.03
Communications and Utilities	4,108.70	302,715.95			306,824.65	290,944.93
Repairs and Maintenance	456.66	219,813.63	552.00		220,822.29	213,210.88
Rentals and Leases	815.94	626,018.58			626,834.52	890,790.01
Printing and Reproduction	3,869.75	84,500.94	128.00		88,498.69	69,234.88
Depreciation and Amortization				1,522,312.74	1,522,312.74	808,823.31
Interest		37.01			37.01	
Scholarships		1,027.40			1,027.40	1,425.65
Claims and Judgments	136,441.00				136,441.00	
Other Operating Expenses	1,770.44	4,737,791.32	6,637.62		4,746,199.38	(3,766,762.10)
TOTAL OPERATING EXPENSES	\$ 1,638,724.39	\$ (36,749,482.37)	\$ 54,487.39	\$ 1,522,312.74	\$ (33,533,957.85)	\$ 27,180,381.92