

# THE UNIVERSITY OF TEXAS SYSTEM

## ANNUAL FINANCIAL REPORT

PRIMARY FINANCIAL STATEMENTS

FISCAL YEAR 2019



The University of Texas at Arlington ♦ The University of Texas at Austin ♦ The University of Texas at Dallas  
♦ The University of Texas at El Paso ♦ The University of Texas Permian Basin ♦ The University of Texas Rio  
Grande Valley ♦ The University of Texas at San Antonio ♦ The University of Texas at Tyler ♦ The University  
of Texas Southwestern Medical Center ♦ The University of Texas Medical Branch at Galveston ♦ The  
University of Texas Health Science Center at Houston ♦ The University of Texas Health Science Center at San  
Antonio ♦ The University of Texas M. D. Anderson Cancer Center ♦ The University of Texas Health Science  
Center at Tyler ♦ The University of Texas System Administration

**THE UNIVERSITY OF TEXAS SYSTEM  
PRIMARY FINANCIAL STATEMENTS  
and Related Information**  
As of and for the Year Ended August 31, 2019

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**THE UNIVERSITY OF TEXAS SYSTEM**  
**BOARD OF REGENTS**  
**As of August 31, 2019**

**Officers**

Kevin P. Eltife, Chairman  
Janiece Longoria, Vice Chairman  
James Conrad “Rad” Weaver, Vice Chairman  
Francie A. Frederick, General Counsel to the Board of Regents

**Members**

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*Terms scheduled to expire February 1, 2021\**

David J. Beck	Houston
R. Steven “Steve” Hicks	Austin
Nolan E. Perez	Harlingen

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*Terms scheduled to expire February 1, 2023\**

Kevin P. Eltife	Tyler
Janiece Longoria	Houston
James Conrad “Rad” Weaver	San Antonio

---

*Terms scheduled to expire February 1, 2025\**

Christina Melton Crain	Dallas
Jodie Lee Jiles	Houston
Kelcy L. Warren	Dallas

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*Term scheduled to expire May 31, 2020\**

Daniel R. Dominguez (Student Regent)	El Paso
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\*Each Regent’s term expires when a successor has been appointed, qualified, and taken the oath of office. The Student Regent serves a one-year term.

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

As of August 31, 2019

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James B. Milliken, Chancellor

Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Steven W. Leslie, Executive Vice Chancellor for Academic Affairs

Amy Shaw Thomas, Executive Vice Chancellor for Health Affairs, *ad interim*

Stephanie A. Bond Huie, Vice Chancellor for Institutional Research and Analysis

David L. Lakey, Vice Chancellor for Health Affairs and Chief Medical Officer

Stacey Napier, Vice Chancellor for Governmental Relations

Randa S. Safady, Vice Chancellor for External Relations, Communications, and Advancement Services

Daniel H. Sharphorn, Vice Chancellor and General Counsel

Thomas Britton "Britt" Harris IV, President, CEO and Chief Investment Officer–UTIMCO

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The University of Texas System Consolidated  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 3,195,116,021.48	2,505,387,193.92
Restricted Cash & Cash Equivalents	850,441,792.45	690,747,230.18
Balance in State Appropriations	129,459,929.17	125,097,250.11
Securities Lending Collateral	453,059,220.56	434,189,416.14
Accounts Receivable, Net:		
Federal (allow. \$5,575,155.20 in 2019 & \$5,266,722.72 in 2018)	544,123,498.63	534,913,932.96
Other Intergov. (allow. \$1,578,065.05 in 2019 & \$832,283.25 in 2018)	131,404,328.35	111,571,668.36
Student (allow. \$22,609,154.74 in 2019 & \$18,146,681.04 in 2018)	333,829,834.46	352,623,797.21
Patient & Healthcare(allow. \$354,846,570.95 in 2019 & \$237,002,614.32 in 2018)	1,045,994,724.20	976,859,606.45
Interest and Dividend Receivables	85,645,141.52	83,337,141.04
Contributions (allow. \$4,373,017.95 in 2019 & \$3,133,056.40 in 2018)	122,818,010.50	130,234,087.32
Investment Trades Receivables	720,787,537.46	488,068,868.16
Other (allow. \$12,282,246.83 in 2019 & \$5,650,038.20 in 2018)	487,051,701.20	528,365,707.97
Due From Other Agencies	65,949,711.17	88,015,739.24
Inventories	161,424,609.94	139,561,696.05
Loans & Contracts (allow. \$19,167,874.26 in 2019 & \$16,845,712.88 in 2018)	56,229,050.81	66,459,356.65
Other Current Assets	292,011,582.01	277,148,784.73
<b>Total Current Assets</b>	<b>8,675,346,693.91</b>	<b>7,532,581,476.49</b>
<b>Noncurrent Assets:</b>		
Cash and Cash Equivalents (Noncurrent Restricted)	3,645,371.70	7,384,191.28
Restricted Investments	43,228,099,312.43	44,770,383,339.53
Deposit with Brokers for Derivative Contracts	52,885,484.06	45,836,427.93
Loans & Contracts (allow. \$25,841,033.05 in 2019 & \$23,945,576.33 in 2018)	55,460,018.22	68,811,409.60
Contributions Rec. (allow. \$1,681,548.17 in 2019 & \$2,081,281.10 in 2018)	266,538,284.12	238,905,828.96
Unrestricted Investments	11,219,170,548.29	9,236,848,167.83
Hedging Derivative Asset (Noncurrent)		37,067,661.00
Other Noncurrent Assets	267,821,255.32	162,692,829.96
Gross Capital/Intangible Assets	33,636,158,664.95	31,688,757,852.19
Accumulated Depreciation/Amortization	(16,089,318,530.12)	(14,799,472,456.98)
<b>Total Noncurrent Assets</b>	<b>72,640,460,408.97</b>	<b>71,457,215,251.30</b>
<b>Total Assets</b>	<b>81,315,807,102.88</b>	<b>78,989,796,727.79</b>
<b>Total Deferred Outflows of Resources</b>	<b>3,376,021,305.37</b>	<b>1,001,796,159.50</b>
<b>Total Assets and Deferred Outflows</b>	<b>84,691,828,408.25</b>	<b>79,991,592,887.29</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	1,400,490,736.34	1,312,985,192.52
Salaries Payable	645,437,217.71	594,441,802.08
Federal Payables	49,295,202.10	76,921,953.65
Other Intergovernmental Payables	36,112.65	44,593.16
Investment Trades Payables	1,219,091,532.24	977,438,360.73
Incurred But Not Reported Self Insurance Claims	140,388,415.32	134,052,867.64
Total Other Postemployment Benefits Liability	230,593,877.00	202,555,282.00
Securities Lending Obligations	453,059,220.56	434,189,416.14
Due To Other State Agencies	25,318,479.80	28,515,356.43
Statewide Interfund Payable	70,717,551.81	63,222,909.68
Unearned Revenue	1,832,415,729.21	1,683,638,538.10
Employees' Compensable Leave - Current Portion	428,376,654.27	412,622,753.43
Short-term Debt - Commercial Paper Notes	1,490,522,000.00	1,185,868,000.00
Notes, Loans, and Leases Payable	6,577,975.91	22,701,185.08
Revenue Bonds Payable	1,789,490,557.87	1,826,253,298.70
Assets Held for Others	4,594,587.29	16,164,822.98
Asset Retirement Obligation		611,267.79
Other Current Liabilities	229,282,748.59	195,646,137.27
<b>Total Current Liabilities</b>	<b>10,015,688,598.67</b>	<b>9,167,873,737.38</b>
<b>Noncurrent Liabilities:</b>		
Incurred But Not Reported Self Insurance Claims	28,030,576.68	30,866,320.36
Employees' Compensable Leave	244,173,830.26	227,919,611.47
Assets Held for Others	991,783,583.92	876,684,161.84
Liability to Beneficiaries	14,041,656.69	14,145,426.43
Total Other Postemployment Benefits Liability	10,125,191,669.00	10,514,556,063.00
Net Pension Liability	4,919,537,167.00	2,650,044,162.00
Notes, Loans, and Leases Payable	170,301,062.92	3,686,524.10
Revenue Bonds Payable	7,710,948,456.03	7,671,716,733.84
Statewide Interfund Payable	1,225,343,489.10	1,215,093,640.95
Hedging Derivative Liability (Noncurrent)	325,363,093.00	165,354,206.00
Payable to Brokers for Collateral Held	98,277,187.32	111,679,000.00
Investment Derivatives - Liability Positions	103,796,598.28	68,043,372.89
Asset Retirement Obligation	26,309,186.53	24,753,139.03
Other Noncurrent Liabilities	68,834,775.03	67,236,561.00
<b>Total Noncurrent Liabilities</b>	<b>26,051,932,331.76</b>	<b>23,641,778,922.91</b>
<b>Total Liabilities</b>	<b>36,067,620,930.43</b>	<b>32,809,652,660.29</b>
<b>Total Deferred Inflows of Resources</b>	<b>2,761,591,966.93</b>	<b>1,791,152,210.94</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>38,829,212,897.36</b>	<b>34,600,804,871.23</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	6,747,250,462.18	6,632,432,232.97
Restricted for:		
Nonexpendable		
Permanent University Fund Endowment	20,925,167,822.76	21,593,348,668.03
Permanent Health and True Endowments	6,061,261,178.43	5,801,691,366.47
Expendable		
Capital Projects	221,354,379.85	189,388,617.46
Debt Service	803,466.98	5,162,764.82
Funds Functioning as Endowment (Restricted)	623,206,716.71	599,347,161.51
Other Expendable	14,016,303,100.88	13,861,283,230.70
Unrestricted	(2,732,731,616.90)	(3,291,866,025.90)
<b>Total Net Position</b>	<b>\$ 45,862,615,510.89</b>	<b>45,390,788,016.06</b>



The University of Texas System Consolidated  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 2,572,447,956.91	2,520,372,790.04
Discounts and Allowances	(761,301,656.45)	(692,100,614.53)
Federal Sponsored Programs	1,492,760,271.37	1,407,521,814.48
Federal Sponsored Programs Pass-Through from State Agencies	63,269,296.36	73,368,988.22
State Sponsored Programs Pass-Through from State Agencies	347,490,742.15	350,567,573.86
Local Sponsored Programs	842,735,825.50	855,634,445.73
Private Sponsored Programs	749,105,621.15	610,883,905.52
Sales and Services of Educational Activities	560,505,318.09	490,563,834.57
Discounts and Allowances Sales and Services of Educational Activities	(278,677.28)	(283,154.55)
Sales and Services of Hospitals	16,469,453,112.93	14,818,068,529.99
Discounts and Allowances Sales and Services of Hospitals	(9,452,269,547.94)	(8,500,618,907.38)
Professional Fees (Patient Charges)	7,169,263,130.59	6,368,944,706.91
Discounts and Allowances Professional Fees (Patient Charges)	(5,142,581,598.28)	(4,490,418,956.37)
Auxiliary Enterprises	701,578,214.32	643,253,551.16
Discounts and Allowances Auxiliary Enterprises	(12,191,186.38)	(17,495,295.21)
Other Operating Revenues	449,332,675.76	446,561,020.38
Total Operating Revenues	<u>16,049,319,498.80</u>	<u>14,884,824,232.82</u>
Operating Expenses:		
Instruction	4,465,389,597.51	4,314,611,735.66
Research	2,653,356,265.98	2,486,870,385.13
Public Service	385,189,762.03	338,780,207.40
Hospitals / Clinics	6,880,333,623.18	6,196,045,459.19
Academic Support	1,062,469,947.92	936,988,799.27
Student Services	299,634,472.17	287,841,501.73
Institutional Support	943,874,700.29	783,681,374.16
Operations and Maintenance of Plant	928,790,266.89	896,927,973.77
Scholarships and Fellowships	410,441,793.18	375,190,658.21
Auxiliary Enterprises	719,278,692.99	684,381,306.29
Depreciation and Amortization	<u>1,536,019,254.06</u>	<u>1,440,561,713.77</u>
Total Operating Expenses	<u>20,284,778,376.20</u>	<u>18,741,881,114.58</u>
Operating Income (Loss)	<u>(4,235,458,877.40)</u>	<u>(3,857,056,881.76)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	2,283,166,287.78	2,268,092,826.00
Federal Nonexchange Sponsored Programs	405,927,617.92	381,345,520.55
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through	1,630,123.00	7,937,095.00
Local Nonexchange Sponsored Programs	35,002,047.98	35,000,000.00
Gift Contributions for Operations	436,649,733.85	448,086,349.35
Investment Income	4,040,555,107.20	4,279,301,660.41
Net Increase (Decrease) in Fair Value of Investments	(2,322,124,761.93)	3,105,585,290.64
Interest Expense on Capital Asset Financings	(334,790,350.28)	(281,687,994.35)
Gain (Loss) on Sale of Capital Assets	(36,714,695.53)	(36,257,288.87)
Other Nonoperating Revenues	79,920,059.09	62,309,694.63
Other Nonoperating (Expenses)	<u>(20,038,935.34)</u>	<u>(87,387,116.35)</u>
Net Nonoperating Revenues (Expenses)	<u>4,569,182,233.74</u>	<u>10,182,326,037.01</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	333,723,356.34	6,325,269,155.25
Gifts and Sponsored Programs for Capital Acquisitions	292,781,992.85	253,961,645.83
Additions to Permanent Endowments	224,281,886.90	204,349,154.60
Transfers From Other State Agencies	150,882,536.16	135,363,571.49
Transfers to Other State Agencies	(529,756,123.77)	745,735,357.60
Legislative Appropriations Lapsed	<u>(86,153.65)</u>	<u>(3,369,533.50)</u>
Change in Net Position	<u>471,827,494.83</u>	<u>6,169,838,636.07</u>
Beginning Net Position	<u>45,390,788,016.06</u>	<u>39,220,949,379.99</u>
Ending Net Position	<u>\$ 45,862,615,510.89</u>	<u>45,390,788,016.06</u>

The University of Texas System Consolidated  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	1,865,803,386.35	1,836,744,836.90
Proceeds from Patients and Customers	8,985,690,162.35	8,142,533,380.70
Proceeds from Sponsored Programs	3,540,097,980.00	3,408,055,978.44
Proceeds from Auxiliaries	694,589,402.31	655,338,579.35
Proceeds from Other Revenues	951,608,298.19	990,361,589.33
Payments to Suppliers	(6,431,325,295.92)	(5,848,344,789.74)
Payments to Employees	(11,396,086,921.99)	(10,722,323,531.98)
Payments for Loans Provided	(109,585,577.71)	(106,489,394.63)
Proceeds from Loan Programs	<u>129,888,611.82</u>	<u>112,136,154.73</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,769,319,954.60)</u>	<u>(1,531,987,196.90)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	2,278,717,455.07	2,272,683,763.48
Proceeds from Operating Gifts	420,611,112.30	395,135,670.41
Proceeds from Private Gifts for Endowment Purposes	486,467,349.95	982,029,858.16
Proceeds from Other Noncapital Financing Activities	145,275,303.90	65,915,433.62
Receipts for Transfers from System or Other Agencies	621,785,681.43	512,646,753.96
Payments for Transfers to System or Other Agencies	(1,277,440,911.30)	(2,293,783,485.95)
Payments for Other Uses	(28,877,255.87)	(79,355,459.52)
Proceeds from Nonexchange Sponsored Programs	<u>458,281,900.31</u>	<u>449,625,860.49</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,104,820,635.79</u>	<u>2,304,898,394.65</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Issuance of Capital Debt	1,854,957,281.47	2,011,699,065.72
Payments of Other Costs on Debt Issuance	(4,433,463.05)	(6,230,094.55)
Proceeds from Capital Appropriations, Grants, and Gifts	228,706,765.14	241,134,923.66
Proceeds from Sale of Capital Assets	3,944,927.19	3,029,310.83
Payments for Additions to Capital Assets	(2,052,235,223.02)	(2,027,594,521.99)
Payments of Principal on Capital Related Debt	(1,465,417,886.36)	(1,753,759,081.27)
Payments of Interest on Capital Related Debt	<u>(412,168,341.86)</u>	<u>(356,158,736.67)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,846,645,940.49)</u>	<u>(1,887,879,134.27)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	31,989,571,615.89	25,256,773,283.86
Proceeds from Interest and Investment Income	2,010,674,007.56	2,379,211,328.19
Payments to Acquire Investments	<u>(32,643,415,793.90)</u>	<u>(26,507,032,323.97)</u>
Net Cash Provided (Used) by Investing Activities	<u>1,356,829,829.55</u>	<u>1,128,952,288.08</u>
Net Increase (Decrease) in Cash	845,684,570.25	13,984,351.56
Cash and Cash Equivalents (Beginning of the Year)	<u>3,203,518,615.38</u>	<u>3,189,534,263.82</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 4,049,203,185.63</u>	<u>\$ 3,203,518,615.38</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(4,235,458,877.40)	(3,857,056,881.76)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	1,536,019,254.06	1,440,561,713.77
Gross Loss on Impairment of Capital Assets	33,807,631.88	2,466,799.57
Bad Debt Expense	364,422,782.12	368,794,213.67
OPEB Expense	664,784,810.00	843,220,745.00
Pension Expense	584,838,293.00	251,961,770.00
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(444,492,296.17)	(265,366,146.58)
Inventories	(21,862,913.89)	(14,493,984.57)
Loans and Contracts	20,308,435.29	5,654,005.50
Other Current and Noncurrent Assets	(116,669,488.32)	(51,522,275.51)
Deferred Outflows-Other Postemployment Benefits	(364,048,918.00)	(8,006,018.00)
Deferred Outflows-Pension Related	(1,832,590,812.93)	187,209,869.42
Accounts Payable	189,411,748.10	35,068,156.80
Unearned Revenue	141,837,442.03	(30,348,820.93)
Assets Held for Others	(22,958,415.85)	7,591,826.27
Employees' Compensable Leave	32,008,119.63	32,690,989.14
Other Postemployment Benefits Obligation	(1,026,110,609.00)	(903,138,182.00)
Pension Related Obligations	1,684,654,712.00	(735,806,103.00)
Asset Retirement Obligations	1,783,271.50	19,774,921.25
Other Current and Noncurrent Liabilities	35,234,825.35	109,960,706.06
Deferred Inflows-Other Postemployment Benefits	1,178,400,403.00	764,599,101.00
Deferred Inflows-Pension Related	<u>(172,639,351.00)</u>	<u>264,196,398.00</u>
Total Adjustments	<u>2,466,138,922.80</u>	<u>2,325,069,684.86</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,769,319,954.60)</u>	<u>\$ (1,531,987,196.90)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	(2,392,905,074.12)	2,881,770,871.69
Donated Capital Assets	84,142,183.58	58,599,451.22
Capital Assets Acquired Under Capital Lease Purchases or Direct Borrowings	150,480,838.21	1,382,575.13
Miscellaneous Noncash Transactions	<u>(39,567,288.75)</u>	<u>(20,825,587.28)</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended August 31, 2019**

**1. The Financial Reporting Entity**

The financial records of The University of Texas System (the System), reported as a business-type activity in the State of Texas' Comprehensive Annual Financial Report, reflect compliance with applicable State statutes and Governmental Accounting Standards Board (GASB) pronouncements. The significant accounting policies followed by the System in maintaining accounts and in the preparation of the consolidated financial statements are in accordance with the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements and with generally accepted accounting principles in the United States of America (GAAP).

The consolidated financial statements include The University of Texas System Administration and all institutions of the System. Amounts due between and among institutions, amounts held for institutions by The University of Texas System Administration and other duplications in reporting are eliminated in consolidating the financial statements.

The System is composed of eight academic and six health-related institutions of higher education, as well as the System administrative offices. The fourteen institutions are as follows: The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas Permian Basin, The University of Texas Rio Grande Valley, The University of Texas at San Antonio, The University of Texas at Tyler, The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M. D. Anderson Cancer Center, and The University of Texas Health Science Center at Tyler. The System is governed by a nine-member Board of Regents appointed by the Governor.

*Blended Component Units*

The following component units are included in the consolidated financial statements because the System appoints a voting majority of the component units' boards and the System is able to impose its will on the component units. Blended component unit financial information is available upon request.

U. T. Southwestern Health Systems is governed by a four-member board appointed by U. T. Southwestern Medical Center. U. T. Southwestern Health Systems provides support of health care services and grants to conduct research and provide educational programs to accomplish the mission of U. T. Southwestern Medical Center. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Southwestern Medical Center is the sole corporate member. The corporation's fiscal year end is August 31. Separate financial statements may be obtained by contacting U. T. Southwestern Health Systems, 5323 Harry Hines Boulevard, Dallas, Texas 75390.

U. T. Southwestern Moncrief Cancer Center is governed by a four-member board appointed by the president of U. T. Southwestern Medical Center. U. T. Southwestern Moncrief Cancer Center provides resources for cancer prevention, early detection and support services to cancer patients and their families within Tarrant County and surrounding areas. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Southwestern Medical Center is the sole corporate member. The corporation's fiscal year end is August 31. Separate financial statements may be obtained by contacting U. T. Southwestern Moncrief Cancer Center, 400 West Magnolia Avenue, Fort Worth, Texas 76104.

Moncrief Cancer Foundation is governed by a six-member board appointed by the president of U. T. Southwestern Medical Center. Moncrief Cancer Foundation supports comprehensive, multidisciplinary cancer treatment programs in Tarrant County and surrounding areas. The foundation is blended rather than discretely presented because it is organized as a not-for-profit foundation and U. T. Southwestern Medical Center is the sole corporate member. The foundation's fiscal year end is August 31. Separate financial statements may be obtained by contacting Moncrief Cancer Foundation, 5323 Harry Hines Blvd. Dallas, Texas 75390.

UTMB HealthCare Systems is governed by an eight-member board appointed by U. T. Medical Branch - Galveston. UTMB HealthCare Systems, Inc. provides temporary staffing and leased property, and manages the Medicare Select insurance product in selected markets for U. T. Medical Branch - Galveston. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Medical Branch – Galveston is the sole corporate member. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting UTMB HealthCare Systems, Inc., 301 University Boulevard, Galveston, Texas 77555.

The University Medical Branch Student Book Store, Inc. is governed by a five-member board appointed by U. T. Medical Branch - Galveston. The corporation is blended rather than discretely presented because it operates the book store for U. T. Medical Branch - Galveston and provides services entirely or almost entirely to U. T. Medical Branch - Galveston. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting The University Medical Branch Student Book Store, Inc., 301 University Boulevard, Galveston, Texas 77555.

Medical Branch Innovations, Inc. is governed by a three-member board appointed by U. T. Medical Branch – Galveston. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Medical Branch – Galveston is the sole corporate member. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting Medical Branch Innovations, Inc., 301 University Boulevard, Galveston, Texas 77555.

U. T. Physicians is governed by a five-member board appointed by U. T. Health Science Center - Houston. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Health Science Center - Houston is the sole corporate member. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting U. T. Physicians, 7000 Fannin Street, Suite 860, Houston, Texas 77030.

U. T. System Medical Foundation is governed by a three-member board appointed by U. T. Health Science Center - Houston. The foundation is blended rather than discretely presented because it provides services to support the medical residency programs entirely or almost entirely to U. T. Health Science Center - Houston. The foundation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting U. T. System Medical Foundation, 6431 Fannin, Suite J11 310, Houston, Texas 77030.

University Physicians Group is governed by a five-member board. The Dean of the School of Medicine is the Chairman of the Board, and four board members are members of and elected by the physician practice plan board. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Health Science Center - San Antonio is the sole corporate member. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting University Physicians Group, 8431 Fredericksburg Road, San Antonio, Texas 78229.

U. T. Health San Antonio Regional Physician Network is governed by a seven-member board. The Dean of the School of Medicine is the Chair of the Board of Directors. The corporation owns, operates and manages an Accountable Care Organization in accordance with the requirements of the Medicare Shared Savings Program, as set forth in section 1899 of the Social Security Act and related regulations. The corporation is a newly blended entity for the System beginning in fiscal year 2018. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Health Science Center - San Antonio is the sole corporate member. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting U. T. Health San Antonio Regional Physician Network, 1999 Bryan St, Suite 900, Dallas Texas 75201-3136.

M. D. Anderson Physician’s Network is governed by a nine-member board appointed by the president of M. D. Anderson. M. D. Anderson Physicians Network transfers programs representative of M. D. Anderson to the broad community. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and M. D. Anderson is the sole corporate member. The corporation’s fiscal year end is August 31. Separate financial statements may be obtained by contacting M. D. Anderson Physician’s Network, 7007 Bertner Avenue, Suite 10.3212, Houston, Texas 77030.

M. D. Anderson Services Corporation is governed by a seven-member board appointed by the president of M. D. Anderson. M. D. Anderson Services Corporation serves as an instrument of M. D. Anderson in its efforts to achieve its mission beyond the M. D. Anderson main campus. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and M. D. Anderson is the sole corporate member. The corporation's fiscal year end is August 31. Separate financial statements may be obtained by contacting M. D. Anderson Services Corporation, 7007 Bertner Avenue, Suite 10.3212, Houston, Texas 77030.

East Texas Quality Care Network, Inc. is governed by a four-member board appointed by U. T. Health Science Center - Tyler. The corporation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Health Science Center - Tyler is the sole corporate member. The corporation's fiscal year end is August 31. Separate financial statements may be obtained by contacting East Texas Quality Care Network, Inc., 11937 US Highway 271, Tyler, Texas 75708-3154.

The University of Texas/Texas A&M Investment Management Company (UTIMCO) is governed by a nine-member board consisting of at least three members of the U. T. System Board of Regents, four other members appointed by the U. T. System Board of Regents (one of whom may be the Chancellor of the System), and two members appointed by the Texas A&M System Board of Regents. At least three members appointed by the U. T. System Board of Regents and at least one member appointed by the Texas A&M System Board of Regents must have substantial background and expertise in investments. The corporation is blended rather than discretely presented because it provides investment management services entirely or almost entirely to the System. The corporation's fiscal year end is August 31. Separate financial statements may be obtained by contacting The University of Texas/Texas A&M Investment Management Company (UTIMCO), 210 West 7<sup>th</sup> Street, Suite 1700, Austin, Texas 78701.

The University of Texas Fine Arts Foundation is governed by a three-member board appointed by U. T. Austin. The University of Texas Fine Arts Foundation provides services to acquire the Suida-Manning Art Collection for the Blanton Museum of Art. The foundation is blended rather than discretely presented because it provides services entirely to U. T. Austin. The foundation's fiscal year end is December 31. Separate financial statements may be obtained by contacting The University of Texas Fine Arts Foundation, U. T. Austin, Main Building, P. O. Box T, Austin, Texas 78713.

The University of Texas Communication Foundation is governed by a three-member board appointed by U. T. Austin. The University of Texas Communication Foundation provides services to the U. T. Austin College of Communication to facilitate the participation by students, faculty and others in professional communication projects. The foundation is blended rather than discretely presented because it provides services entirely to U. T. Austin. The foundation's fiscal year end is August 31. Separate financial statements may be obtained by contacting The University of Texas Communication Foundation, U. T. Austin, P. O. Box 7322, Austin, Texas 78713.

Centro Global de Innovacion y Emprendimiento, A.C., Parque de Investigación e Innovación Tecnológica (PIIT), Av. Alianza Norte 300, esquina con Av. Innovación, Apodaca, Nuevo León, is governed by a two-member board appointed by U. T. Austin. Centro Global de Innovacion y Emprendimiento, A.C. promotes academic development in engineering, science, and business and cultural studies between The University of Texas at Austin and Mexico's academic institutions. The institute is blended rather than discretely presented because it is organized as a not-for-profit corporation, and U. T. Austin is the sole corporate member. Centro Global de Innovacion y Emprendimiento's fiscal year end is December 31. Separate financial statements may be obtained by contacting Centro Global de Innovacion y Emprendimiento, A.C., Carlos Ross, Director, ross@cgie.org.mx, T: +52(81)8850-3495 | 96.

The University of Texas at Austin – Mexico Institute, A.C., Centro de Ciencias de la Complejidad (Edificio C3), Planta Baja, Unidad Internacional de Sedes Universitarias, Circuito Cultural c/n, Zona Cultural, Ciudad Universitaria, Ciudad de México, México, CP. 04510, is governed by a four-member board appointed by U. T. Austin. The University of Texas at Austin – Mexico Institute, A.C. advances collaborative cross-disciplinary academic and scientific research partnerships in science, technology, engineering, and mathematics, and scholarly and cultural studies between The University of Texas at Austin and Mexico's academic institutions. The institute is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Austin is the sole corporate member. The Mexico Institute's fiscal year end is December 31. The University of Texas at Austin – Mexico Institute, A.C. had no activity through August 31, 2019. Separate financial statements may be obtained by contacting The University of Texas at Austin Jorge Rene Pinon, Director of Institutional Relations – Mexico, 2275 Speedway, Austin, TX, 78712.

The Crow Museum of Asian Art - Foundation, is governed a board of five directors appointed by U. T. Dallas. The foundation is a newly blended entity for the System beginning in fiscal year 2019. The foundation is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Dallas is the sole corporate member. The foundation's fiscal year end is December 31. Separate financial statements may be obtained by contacting the Crow Museum of Asian Art, 2010 Flora Street, Dallas, Texas 75201.

The Crow Museum of Asian Art - Trust, is governed U. T. Dallas as the sole trustee. The trust is a newly blended entity for the System beginning in fiscal year 2019. The trust is blended rather than discretely presented because it is organized as a not-for-profit corporation and U. T. Dallas is the sole corporate member. The trust's fiscal year end is December 31. Separate financial statements may be obtained by contacting the Crow Museum of Asian Art, 2010 Flora Street, Dallas, Texas 75201.

Condensed financial statement information related to the System's blended component units for the year ended August 31, 2019 is as follows:

<b>As of August 31, 2019</b>	<b>Southwestern Health Systems</b>	<b>Southwestern Moncrief Cancer Center</b>	<b>Moncrief Cancer Foundation</b>	<b>UTMB HealthCare Systems</b>	<b>The University Medical Branch Student Book Store, Inc.</b>
<b>Condensed Statement of Net Position</b>					
Current Assets	\$ 17,522,449.68	4,406,819.92	731,122.39	15,837,073.66	2,196,204.87
Noncurrent Assets	-	29,992,518.68	95,160,351.66	8,269,421.81	4,068.14
<b>Total Assets</b>	<b>17,522,449.68</b>	<b>34,399,338.60</b>	<b>95,891,474.05</b>	<b>24,106,495.47</b>	<b>2,200,273.01</b>
Current Liabilities	-	1,975,139.73	20,764,004.92	2,243,125.50	82,767.27
Noncurrent Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,975,139.73</b>	<b>20,764,004.92</b>	<b>2,243,125.50</b>	<b>82,767.27</b>
Net Investment in Capital Assets	-	28,017,378.95	-	1,700,284.46	4,068.14
Restricted Nonexpendable	-	1,567,922.52	-	-	-
Restricted Expendable	-	-	75,127,469.13	-	-
Unrestricted	17,522,449.68	2,838,897.40	-	20,163,085.51	2,113,437.60
<b>Total Net Position</b>	<b>\$ 17,522,449.68</b>	<b>32,424,198.87</b>	<b>75,127,469.13</b>	<b>21,863,369.97</b>	<b>2,117,505.74</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>					
Operating Revenues	\$ 38,845.63	9,198,985.97	-	36,379,591.66	818,913.27
Operating Expenses	(34,158.81)	(12,208,153.14)	-	(35,367,094.02)	(1,011,103.39)
<b>Operating Income/(Loss)</b>	<b>4,686.82</b>	<b>(3,009,167.17)</b>	<b>-</b>	<b>1,012,497.64</b>	<b>(192,190.12)</b>
Nonoperating Revenues (Expenses)	1,876,014.23	-	-	675,354.15	15,968.79
<b>Income/(Loss) Before Other Changes in Net Position</b>	<b>1,880,701.05</b>	<b>(3,009,167.17)</b>	<b>-</b>	<b>1,687,851.79</b>	<b>(176,221.33)</b>
Other Changes in Net Position	(931,000.00)	1,791,606.73	(3,317,061.97)	-	-
<b>Change in Net Position</b>	<b>949,701.05</b>	<b>(1,217,560.44)</b>	<b>(3,317,061.97)</b>	<b>1,687,851.79</b>	<b>(176,221.33)</b>
Net Position - August 31, 2018	16,572,748.63	33,641,759.31	78,444,531.10	20,175,518.18	2,293,727.07
<b>Net Position-August 31, 2019</b>	<b>\$ 17,522,449.68</b>	<b>32,424,198.87</b>	<b>75,127,469.13</b>	<b>21,863,369.97</b>	<b>2,117,505.74</b>
<b>Condensed Statement of Cash Flows</b>					
Net Cash provided (used) by:					
Operating Activities	\$ 253,807.00	1,181,285.02	337,949.36	233,288.58	(225,825.10)
Noncapital Financing Activities	-	-	-	-	-
Capital and Related Financing	-	-	-	-	-
Investing Activities	(25,054.00)	84,887.00	(902,230.68)	(415,409.22)	66,182.42
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>228,753.00</b>	<b>1,266,172.02</b>	<b>(564,281.32)</b>	<b>(182,120.64)</b>	<b>(159,642.68)</b>
Cash and Cash Equivalents – August 31, 2018	5,518,777.60	1,860,465.25	1,221,452.02	6,288,338.77	2,084,679.45
<b>Cash and Cash Equivalents – August 31, 2019</b>	<b>\$ 5,747,530.60</b>	<b>3,126,637.27</b>	<b>657,170.70</b>	<b>6,106,218.13</b>	<b>1,925,036.77</b>



(Continued)

<b>As of August 31, 2019</b>	<b>Medical Branch Innovations</b>	<b>U. T. Physicians</b>	<b>U. T. System Medical Foundation</b>	<b>University Physicians Group</b>	<b>U. T. Health San Antonio Regional Physician Network</b>
<b>Condensed Statement of Net Position</b>					
Current Assets	\$ 6,172,438.49	104,744,665.47	7,907,384.48	-	397.68
Noncurrent Assets	-	76,790,798.66	3,603,450.09	1,935,622.00	-
<b>Total Assets</b>	<b>6,172,438.49</b>	<b>181,535,464.13</b>	<b>11,510,834.57</b>	<b>1,935,622.00</b>	<b>397.68</b>
Current Liabilities	48,692.23	131,558,744.78	266,601.41	-	397.68
Noncurrent Liabilities	6,569,137.36	-	250,000.00	-	-
<b>Total Liabilities</b>	<b>6,617,829.59</b>	<b>131,558,744.78</b>	<b>516,601.41</b>	<b>-</b>	<b>397.68</b>
Net Investment in Capital Assets	-	21,080,604.65	-	-	-
Restricted Nonexpendable	-	-	-	-	-
Restricted Expendable	-	-	-	-	-
Unrestricted	(445,391.10)	28,896,114.70	10,994,233.16	1,935,622.00	-
<b>Total Net Position</b>	<b>\$ (445,391.10)</b>	<b>49,976,719.35</b>	<b>10,994,233.16</b>	<b>1,935,622.00</b>	<b>-</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>					
Operating Revenues	\$ 809,496.70	187,084,857.82	78,289,115.55	65,000.00	-
Operating Expenses	(1,097,093.98)	(196,370,669.43)	(78,349,225.85)	(65,000.00)	(971,623.41)
<b>Operating Income/(Loss)</b>	<b>(287,597.28)</b>	<b>(9,285,811.61)</b>	<b>(60,110.30)</b>	<b>-</b>	<b>(971,623.41)</b>
Nonoperating Revenues (Expenses)	124,406.00	5,122,125.89	358,501.24	-	-
<b>Income/(Loss) Before Other Changes in Net Position</b>	<b>(163,191.28)</b>	<b>(4,163,685.72)</b>	<b>298,390.94</b>	<b>-</b>	<b>(971,623.41)</b>
Other Changes in Net Position	-	-	-	-	1,188,243.01
<b>Change in Net Position</b>	<b>(163,191.28)</b>	<b>(4,163,685.72)</b>	<b>298,390.94</b>	<b>-</b>	<b>216,619.60</b>
Net Position - August 31, 2018	(282,199.82)	54,140,405.07	10,695,842.22	1,935,622.00	(216,619.60)
<b>Net Position-August 31, 2019</b>	<b>\$ (445,391.10)</b>	<b>49,976,719.35</b>	<b>10,994,233.16</b>	<b>1,935,622.00</b>	<b>-</b>
<b>Condensed Statement of Cash Flows</b>					
Net Cash provided (used) by:					
Operating Activities	\$ (438,385.94)	33,561,843.18	802,392.84	-	-
Noncapital Financing Activities	-	-	-	-	-
Capital and Related Financing	-	(3,426,065.61)	-	-	-
Investing Activities	124,406.00	(18,004,437.58)	169,728.89	-	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(313,979.94)</b>	<b>12,131,339.99</b>	<b>972,121.73</b>	<b>-</b>	<b>-</b>
Cash and Cash Equivalents – August 31, 2018	5,694,767.73	67,560,060.40	6,167,067.31	-	-
<b>Cash and Cash Equivalents – August 31, 2019</b>	<b>\$ 5,380,787.79</b>	<b>79,691,400.39</b>	<b>7,139,189.04</b>	<b>-</b>	<b>-</b>

(Continued)

<b>As of August 31, 2019</b>	<b>M. D. Anderson Physician's Network</b>	<b>M. D. Anderson Services Corp</b>	<b>East Texas Quality Care Network</b>	<b>UTIMCO</b>	<b>University of Texas Fine Arts Foundation</b>
<b>Condensed Statement of Net Position</b>					
Current Assets	\$ 64,727,900.01	97,147,720.26	385,626.31	27,379,391.00	435.73
Noncurrent Assets	107,964,903.41	670,532,354.74	-	2,417,290.00	-
<b>Total Assets</b>	<b>172,692,803.42</b>	<b>767,680,075.00</b>	<b>385,626.31</b>	<b>29,796,681.00</b>	<b>435.73</b>
Current Liabilities	16,835,858.42	121,254,980.09	11,175.36	14,431,227.00	-
Noncurrent Liabilities	-	184,230,968.11	-	5,461,994.00	-
<b>Total Liabilities</b>	<b>16,835,858.42</b>	<b>305,485,948.20</b>	<b>11,175.36</b>	<b>19,893,221.00</b>	<b>-</b>
Net Investment in Capital Assets	1,167,034.17	7,405.55	-	-	-
Restricted Nonexpendable	-	50,000,000.00	-	-	-
Restricted Expendable	-	383,830,518.00	-	-	-
Unrestricted	154,689,910.83	28,356,203.25	374,450.95	9,903,460.00	435.73
<b>Total Net Position</b>	<b>\$ 155,856,945.00</b>	<b>462,194,126.80</b>	<b>374,450.95</b>	<b>9,903,460.00</b>	<b>435.73</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>					
Operating Revenues	\$ 52,195,211.34	3,187,344.04	45,285.31	43,801,512.00	-
Operating Expenses	(23,929,939.69)	(2,059,113.34)	(20,225.10)	(40,952,229.00)	(60.00)
<b>Operating Income/(Loss)</b>	<b>28,265,271.65</b>	<b>1,128,230.70</b>	<b>25,060.21</b>	<b>2,849,283.00</b>	<b>(60.00)</b>
Nonoperating Revenues (Expenses)	6,152,828.26	29,716,876.90	-	560,046.00	2.07
<b>Income/(Loss) Before Other Changes in Net Position</b>	<b>34,418,099.91</b>	<b>30,845,107.60</b>	<b>25,060.21</b>	<b>3,409,329.00</b>	<b>(57.93)</b>
Other Changes in Net Position	-	-	-	-	-
<b>Change in Net Position</b>	<b>34,418,099.91</b>	<b>30,845,107.60</b>	<b>25,060.21</b>	<b>3,409,329.00</b>	<b>(57.93)</b>
Net Position - August 31, 2018	121,438,845.09	431,349,019.20	349,390.74	6,494,131.00	493.66
<b>Net Position-August 31, 2019</b>	<b>\$ 155,856,945.00</b>	<b>462,194,126.80</b>	<b>374,450.95</b>	<b>9,903,460.00</b>	<b>435.73</b>
<b>Condensed Statement of Cash Flows</b>					
Net Cash provided (used) by:					
Operating Activities	\$ 33,939,413.48	31,876,588.08	(165,843.62)	5,536,394.00	(60.00)
Noncapital Financing Activities	-	(29,314,671.12)	-	-	-
Capital and Related Financing	-	-	-	(181,060.00)	-
Investing Activities	(20,960,849.62)	(1,689,608.38)	-	560,011.00	2.07
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>12,978,563.86</b>	<b>872,308.58</b>	<b>(165,843.62)</b>	<b>5,915,345.00</b>	<b>(57.93)</b>
Cash and Cash Equivalents – August 31, 2018	38,231,026.53	94,610,135.86	343,167.12	20,112,598.00	493.66
<b>Cash and Cash Equivalents – August 31, 2019</b>	<b>\$ 51,209,590.39</b>	<b>95,482,444.44</b>	<b>177,323.50</b>	<b>26,027,943.00</b>	<b>435.73</b>

(Concluded)

<b>As of August 31, 2019</b>	<b>University of Texas Communication Foundation</b>	<b>Centro Global de Innovacion y Emprendimiento A.C.</b>	<b>The Crow Museum of Asian Art - Foundation</b>	<b>The Crow Museum of Asian Art - Trust.</b>	<b>Combined Blended Component Unit Total</b>
<b>Condensed Statement of Net Position</b>					
Current Assets	\$ 211.28	130,643.16	320,894.66	833,032.58	350,444,411.63
Noncurrent Assets	177,909.96	33,617.53	40,850,016.22	24,494,537.19	1,062,226,860.09
<b>Total Assets</b>	<b>178,121.24</b>	<b>164,260.69</b>	<b>41,170,910.88</b>	<b>25,327,569.77</b>	<b>1,412,671,271.72</b>
Current Liabilities	119,020.83	15,652.38	687,752.02	-	310,295,139.62
Noncurrent Liabilities	39,051.62	-	-	-	196,551,151.09
<b>Total Liabilities</b>	<b>158,072.45</b>	<b>15,652.38</b>	<b>687,752.02</b>	<b>-</b>	<b>506,846,290.71</b>
Net Investment in Capital Assets	-	791,833.36	40,850,016.22	-	93,618,625.50
Restricted Nonexpendable	-	-	-	-	51,567,922.52
Restricted Expendable	-	-	-	25,327,569.77	484,285,556.90
Unrestricted	20,048.79	(643,225.05)	(366,857.36)	-	276,352,876.09
<b>Total Net Position</b>	<b>\$ 20,048.79</b>	<b>148,608.31</b>	<b>40,483,158.86</b>	<b>25,327,569.77</b>	<b>905,824,981.01</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>					
Operating Revenues	\$ -	357,178.43	177,107.21	-	412,448,444.93
Operating Expenses	(787.50)	(430,616.76)	(1,099,817.23)	(60,278.72)	(394,027,189.37)
<b>Operating Income/(Loss)</b>	<b>(787.50)</b>	<b>(73,438.33)</b>	<b>(922,710.02)</b>	<b>(60,278.72)</b>	<b>18,421,255.56</b>
Nonoperating Revenues (Expenses)	-	-	372,833.87	2,754,913.73	47,729,871.13
<b>Income/(Loss) Before Other Changes in Net Position</b>	<b>(787.50)</b>	<b>(73,438.33)</b>	<b>(549,876.15)</b>	<b>2,694,635.01</b>	<b>66,151,126.69</b>
Other Changes in Net Position	-	6,132.30	41,033,035.01	22,632,934.76	62,403,889.84
<b>Change in Net Position</b>	<b>(787.50)</b>	<b>(67,306.03)</b>	<b>40,483,158.86</b>	<b>25,327,569.77</b>	<b>128,555,016.53</b>
Net Position - August 31, 2018	20,836.29	215,914.34	-	-	777,269,964.48
<b>Net Position-August 31, 2019</b>	<b>\$ 20,048.79</b>	<b>148,608.31</b>	<b>40,483,158.86</b>	<b>25,327,569.77</b>	<b>905,824,981.01</b>
<b>Condensed Statement of Cash Flows</b>					
Net Cash provided (used) by:					
Operating Activities	\$ -	(73,438.33)	(5,100.90)	(60,278.72)	106,754,028.93
Noncapital Financing Activities	-	-	18,312.62	354,521.25	(28,941,837.25)
Capital and Related Financing	-	-	48,444.01	22,278,413.51	18,719,731.91
Investing Activities	-	26,553.54	-	(21,739,623.46)	(62,705,442.02)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>(46,884.79)</b>	<b>61,655.73</b>	<b>833,032.58</b>	<b>33,826,481.57</b>
Cash and Cash Equivalents – August 31, 2018	211.28	133,758.65	-	-	249,826,999.63
<b>Cash and Cash Equivalents – August 31, 2019</b>	<b>\$ 211.28</b>	<b>86,873.86</b>	<b>61,655.73</b>	<b>833,032.58</b>	<b>283,653,481.20</b>

Condensed financial statement information related to the System's blended component units for the year ended August 31, 2018 is as follows:

<b>As of August 31, 2018</b>		<b>Southwestern Health Systems</b>	<b>Southwestern Moncrief Cancer Center</b>	<b>Moncrief Cancer Foundation</b>	<b>UTMB HealthCare Systems</b>	<b>The University Medical Branch Student Book Store, Inc.</b>	<b>Medical Branch Innovations</b>
<b>Condensed Statement of Net Position</b>							
Current Assets	\$	16,585,555.00	2,360,563.33	1,296,017.93	14,172,149.82	2,400,018.95	6,186,496.15
Noncurrent Assets		-	33,641,759.31	97,895,995.34	8,148,830.21	7,762.46	-
<b>Total Assets</b>		<b>16,585,555.00</b>	<b>36,002,322.64</b>	<b>99,192,013.27</b>	<b>22,320,980.03</b>	<b>2,407,781.41</b>	<b>6,186,496.15</b>
Current Liabilities		12,806.37	2,360,563.33	20,747,482.17	2,145,461.85	114,054.34	109,558.61
Noncurrent Liabilities		-	-	-	-	-	6,359,137.36
<b>Total Liabilities</b>		<b>12,806.37</b>	<b>2,360,563.33</b>	<b>20,747,482.17</b>	<b>2,145,461.85</b>	<b>114,054.34</b>	<b>6,468,695.97</b>
Net Investment in Capital Assets		-	29,381,199.16	-	1,789,692.86	7,762.46	-
Restricted Nonexpendable		-	1,659,170.45	-	-	-	-
Restricted Expendable		-	-	78,444,531.10	-	-	-
Unrestricted		16,572,748.63	2,601,389.70	-	18,385,825.32	2,285,964.61	(282,199.82)
<b>Total Net Position</b>	\$	<b>16,572,748.63</b>	<b>33,641,759.31</b>	<b>78,444,531.10</b>	<b>20,175,518.18</b>	<b>2,293,727.07</b>	<b>(282,199.82)</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>							
Operating Revenues	\$	3,075.00	12,756,974.28	406.48	37,083,761.90	966,758.79	617,813.42
Operating Expenses		(20,328.00)	(12,411,642.15)	-	(36,477,821.11)	(1,085,132.62)	(789,533.98)
<b>Operating Income/(Loss)</b>		<b>(17,253.00)</b>	<b>345,332.13</b>	<b>406.48</b>	<b>605,940.79</b>	<b>(118,373.83)</b>	<b>(171,720.56)</b>
Nonoperating Revenues (Expenses)		2,366,408.00	-	12,341,992.95	481,753.86	6,996.21	73,773.83
<b>Income/(Loss) Before Other Changes in Net Position</b>		<b>2,349,155.00</b>	<b>345,332.13</b>	<b>12,342,399.43</b>	<b>1,087,694.65</b>	<b>(111,377.62)</b>	<b>(97,946.73)</b>
Other Changes in Net Position		(931,000.00)	(2,097,180.82)	(3,280,425.09)	-	-	-
<b>Change in Net Position</b>		<b>1,418,155.00</b>	<b>(1,751,848.69)</b>	<b>9,061,974.34</b>	<b>1,087,694.65</b>	<b>(111,377.62)</b>	<b>(97,946.73)</b>
Net Position - August 31, 2017		15,154,593.63	35,393,608.00	69,382,556.76	19,087,823.53	2,405,104.69	(184,253.09)
<b>Net Position-August 31, 2018</b>	\$	<b>16,572,748.63</b>	<b>33,641,759.31</b>	<b>78,444,531.10</b>	<b>20,175,518.18</b>	<b>2,293,727.07</b>	<b>(282,199.82)</b>
<b>Condensed Statement of Cash Flows</b>							
Net Cash provided (used) by:							
Operating Activities	\$	1,732,353.00	614,643.89	2,374,501.74	2,710,447.26	(85,512.88)	354,672.25
Noncapital Financing Activities		-	-	-	-	-	-
Capital and Related Financing		-	(6,247.02)	-	-	-	-
Investing Activities		(2,258,081.00)	53,323.00	(2,363,096.45)	(412,724.58)	(335.79)	73,773.83
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>(525,728.00)</b>	<b>661,719.87</b>	<b>11,405.29</b>	<b>2,297,722.68</b>	<b>(85,848.67)</b>	<b>428,446.08</b>
Cash and Cash Equivalents – August 31, 2017		6,044,505.60	1,198,745.38	1,210,046.73	3,990,616.09	2,170,528.12	5,266,321.65
<b>Cash and Cash Equivalents – August 31, 2018</b>	\$	<b>5,518,777.60</b>	<b>1,860,465.25</b>	<b>1,221,452.02</b>	<b>6,288,338.77</b>	<b>2,084,679.45</b>	<b>5,694,767.73</b>

(Continued)

<b>As of August 31, 2018</b>	<b>U. T. Physicians</b>	<b>U. T. System Medical Foundation</b>	<b>University Physicians Group</b>	<b>U. T. Health San Antonio Regional Physician Network</b>	<b>M. D. Anderson Physician's Network</b>	<b>M. D. Anderson Services Corp</b>
<b>Condensed Statement of Net Position</b>						
Current Assets	\$ 86,844,173.34	14,519,324.02	-	(216,245.68)	50,336,308.91	95,933,378.76
Noncurrent Assets	54,861,654.75	3,422,960.49	1,935,622.00	-	86,667,272.88	668,838,664.65
<b>Total Assets</b>	<b>141,705,828.09</b>	<b>17,942,284.51</b>	<b>1,935,622.00</b>	<b>(216,245.68)</b>	<b>137,003,581.79</b>	<b>764,772,043.41</b>
Current Liabilities	87,565,423.02	6,996,442.29	-	373.92	15,466,154.42	118,947,946.97
Noncurrent Liabilities	-	250,000.00	-	-	98,582.28	214,475,077.24
<b>Total Liabilities</b>	<b>87,565,423.02</b>	<b>7,246,442.29</b>	<b>-</b>	<b>373.92</b>	<b>15,564,736.70</b>	<b>333,423,024.21</b>
Net Investment in Capital Assets	22,538,095.81	-	-	-	633,088.70	3,323.84
Restricted Nonexpendable	-	-	-	-	-	50,000,000.00
Restricted Expendable	-	-	-	-	-	355,864,683.90
Unrestricted	31,602,309.26	10,695,842.22	1,935,622.00	(216,619.60)	120,805,756.39	25,481,011.46
<b>Total Net Position</b>	<b>\$ 54,140,405.07</b>	<b>10,695,842.22</b>	<b>1,935,622.00</b>	<b>(216,619.60)</b>	<b>121,438,845.09</b>	<b>431,349,019.20</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>						
Operating Revenues	\$ 184,107,379.36	90,175,823.97	903,881.00	-	42,853,283.66	2,617,454.14
Operating Expenses	(171,339,519.95)	(89,933,078.17)	(722,525.00)	(217,514.60)	(22,696,967.98)	(3,614,028.76)
<b>Operating Income/(Loss)</b>	<b>12,767,859.41</b>	<b>242,745.80</b>	<b>181,356.00</b>	<b>(217,514.60)</b>	<b>20,156,315.68</b>	<b>(996,574.62)</b>
Nonoperating Revenues (Expenses)	1,627,053.97	207,184.96	(181,356.00)	-	2,685,224.35	61,713,137.80
<b>Income/(Loss) Before Other Changes in Net Position</b>	<b>14,394,913.38</b>	<b>449,930.76</b>	<b>-</b>	<b>(217,514.60)</b>	<b>22,841,540.03</b>	<b>60,716,563.18</b>
Other Changes in Net Position	(49,999,750.00)	-	-	895.00	-	-
<b>Change in Net Position</b>	<b>(35,604,836.62)</b>	<b>449,930.76</b>	<b>-</b>	<b>(216,619.60)</b>	<b>22,841,540.03</b>	<b>60,716,563.18</b>
Net Position - August 31, 2017	89,745,241.69	10,245,911.46	1,935,622.00	-	98,597,305.06	370,632,456.02
<b>Net Position-August 31, 2018</b>	<b>\$ 54,140,405.07</b>	<b>10,695,842.22</b>	<b>1,935,622.00</b>	<b>(216,619.60)</b>	<b>121,438,845.09</b>	<b>431,349,019.20</b>
<b>Condensed Statement of Cash Flows</b>						
Net Cash provided (used) by:						
Operating Activities	\$ (27,808,498.26)	(723,521.22)	488,791.00	-	22,757,580.44	59,917,922.54
Noncapital Financing Activities	95,495.21	-	-	-	-	(28,969,616.40)
Capital and Related Financing	(4,467,806.42)	-	(488,791.00)	-	-	-
Investing Activities	26,282,669.01	97,392.49	-	-	(16,320,422.92)	(31,622,713.00)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(5,898,140.46)</b>	<b>(626,128.73)</b>	<b>-</b>	<b>-</b>	<b>6,437,157.52</b>	<b>(674,406.86)</b>
Cash and Cash Equivalents – August 31, 2017	73,458,200.86	6,793,196.04	-	-	31,793,869.01	95,284,542.72
<b>Cash and Cash Equivalents – August 31, 2018</b>	<b>\$ 67,560,060.40</b>	<b>6,167,067.31</b>	<b>-</b>	<b>-</b>	<b>38,231,026.53</b>	<b>94,610,135.86</b>

(Concluded)

<b>As of August 31, 2018</b>	<b>East Texas Quality Care Network</b>	<b>UTIMCO</b>	<b>University of Texas Fine Arts Foundation</b>	<b>University of Texas Communication Foundation</b>	<b>Centro Global de Innovacion y Emprendimiento A.C.</b>	<b>Combined Blended Component Unit Total</b>
<b>Condensed Statement of Net Position</b>						
Current Assets	\$ 359,401.34	21,707,243.00	493.66	211.28	228,822.92	312,713,912.73
Noncurrent Assets	-	2,196,620.00	-	177,909.96	49,475.11	957,844,527.16
<b>Total Assets</b>	<b>359,401.34</b>	<b>23,903,863.00</b>	<b>493.66</b>	<b>178,121.24</b>	<b>278,298.03</b>	<b>1,270,558,439.89</b>
Current Liabilities	10,010.60	12,011,702.00	-	118,233.33	62,383.69	266,668,596.91
Noncurrent Liabilities	-	5,398,030.00	-	39,051.62	-	226,619,878.50
<b>Total Liabilities</b>	<b>10,010.60</b>	<b>17,409,732.00</b>	<b>-</b>	<b>157,284.95</b>	<b>62,383.69</b>	<b>493,288,475.41</b>
Net Investment in Capital Assets	-	-	-	-	-	54,353,162.83
Restricted Nonexpendable	-	-	-	-	-	51,659,170.45
Restricted Expendable	-	-	-	-	-	434,309,215.00
Unrestricted	349,390.74	6,494,131.00	493.66	20,836.29	215,914.34	236,948,416.20
<b>Total Net Position</b>	<b>\$ 349,390.74</b>	<b>6,494,131.00</b>	<b>493.66</b>	<b>20,836.29</b>	<b>215,914.34</b>	<b>777,269,964.48</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>						
Operating Revenues	\$ 44,971.20	45,509,801.00	-	-	297,202.89	417,938,587.09
Operating Expenses	(23,971.98)	(49,157,229.00)	(775.00)	-	(291,687.78)	(388,781,756.08)
<b>Operating Income/(Loss)</b>	<b>20,999.22</b>	<b>(3,647,428.00)</b>	<b>(775.00)</b>	<b>-</b>	<b>5,515.11</b>	<b>29,156,831.01</b>
Nonoperating Revenues (Expenses)	-	276,142.00	1.16	-	(578,623.37)	81,019,689.72
<b>Income/(Loss) Before Other Changes in Net Position</b>	<b>20,999.22</b>	<b>(3,371,286.00)</b>	<b>(773.84)</b>	<b>-</b>	<b>(573,108.26)</b>	<b>110,176,520.73</b>
Other Changes in Net Position	-	-	-	-	789,022.60	(55,518,438.31)
<b>Change in Net Position</b>	<b>20,999.22</b>	<b>(3,371,286.00)</b>	<b>(773.84)</b>	<b>-</b>	<b>215,914.34</b>	<b>54,658,082.42</b>
Net Position - August 31, 2017	328,391.52	9,865,417.00	1,267.50	20,836.29	-	722,611,882.06
<b>Net Position-August 31, 2018</b>	<b>\$ 349,390.74</b>	<b>6,494,131.00</b>	<b>493.66</b>	<b>20,836.29</b>	<b>215,914.34</b>	<b>777,269,964.48</b>
<b>Condensed Statement of Cash Flows</b>						
Net Cash provided (used) by:						
Operating Activities	\$ 33.34	14,294,619.00	(775.00)	-	5,515.11	76,632,772.21
Noncapital Financing Activities	-	-	-	-	-	(28,874,121.19)
Capital and Related Financing	-	(13,223,283.00)	-	-	-	(18,186,127.44)
Investing Activities	-	316,304.00	1.16	-	128,243.54	(26,025,666.71)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>33.34</b>	<b>1,387,640.00</b>	<b>(773.84)</b>	<b>-</b>	<b>133,758.65</b>	<b>3,546,856.87</b>
Cash and Cash Equivalents – August 31, 2017	343,133.78	18,724,958.00	1,267.50	211.28	-	246,280,142.76
<b>Cash and Cash Equivalents – August 31, 2018</b>	<b>\$ 343,167.12</b>	<b>20,112,598.00</b>	<b>493.66</b>	<b>211.28</b>	<b>133,758.65</b>	<b>249,826,999.63</b>

#### ASSETS HELD BY AFFILIATED ORGANIZATIONS

GASB authoritative guidance provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship to the System. This guidance states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The System has defined significance as 5% of System's net position. As of August 31, 2019, none of the System's potential component units individually meet the 5% of System's net position criteria for inclusion in the System's financial statements. Based upon the most recent available information, the combined net position of these potential component units reported by the organizations total \$2,707,624,087.00 at August 31, 2019 and \$2,381,867,586.00 at August 31, 2018.

#### **2. Related Parties**

Through the normal course of operations, the System both receives funds from and provides funds to other State agencies in support of sponsored research programs. Funds received and provided during the year ended August 31, 2019, related to pass-through grants were \$412,390,161.51 and \$9,054,946.35, respectively. Funds received and provided during the year ended August 31, 2018, related to pass-through grants were \$431,873,657.08 and \$19,438,383.14, respectively.

Other related-party transactions identified in the financial statements include Due From/To Other State Agencies, State Appropriations, Capital Appropriations and Transfers From/To Other State Agencies.

#### **3. Joint Ventures**

The University of Texas Southwestern Medical Center (UTSW) is a participating member of Texas Health Resources (THR) integrated regional health network. This network, Southwestern Health Resources (SWHR), offers key advantages for patients in North Texas including: a) a broad, integrated continuum of physician-driven care utilizing UTSW's network of faculty and community-based physicians, THR's employed physicians, and independent physicians affiliated with both organizations; and b) an integrated hospital network consisting of UTSW's two university hospitals and THR's wholly-controlled and joint-ventured community hospitals, a key component of which is a new organization – a Joint Operating Company formed to bring together the three Dallas hospitals (UTSW's William P. Clements, Jr. and Zale Lipshy University Hospitals, and THR's Texas Health Presbyterian Hospital Dallas). UTSW's equity interest in SWHR at August 31, 2019 and 2018 was \$23,681,501.17 and \$26,802,017.06, respectively, or approximately 50%.

The University of Texas Southwestern Medical Center is a participating member of Texas Health Hospital Frisco (THHF). Texas Health Hospital Frisco is a joint venture entered into by UTSW and Texas Health Resources on August 27, 2018. UTSW's equity interest in Texas Health Hospital Frisco at August 31, 2019 was \$105,046,823.19, or 49%. No separate financial statements were completed for fiscal year 2019. THHF is scheduled to open in fiscal year 2020.

U. T. Southwestern Health Systems (UTSHS), a blended component unit of U. T. Southwestern Medical Center, is a participating member of U. T. Southwestern DVA Healthcare, LLP (DVA). DVA is a joint venture between UTSHS and Davita Inc. to provide care for dialysis patients in the Dallas-Fort Worth area. UTSHS's equity interest in DVA at August 31, 2019 and 2018 was \$10,597,068.69 and \$9,229,383.00, respectively, or 49%. Separate financial statements for DaVita may be obtained at DaVita Inc., 601 Hawaii Street, El Segundo, California 90245 or [www.davita.com](http://www.davita.com).

In April 2018, UTSHS became a participating member of Crowder Dialysis, LLC (Crowder). Crowder is a joint venture between UTSHS, Crowder, and Renal Treatment Centers-Southeast, LP, formed for the purpose of developing, establishing, owning or leasing, and operating one or more licensed outpatient dialysis and renal care service centers and for the purpose of doing such other things as are necessary, convenient, desirable or incidental to the foregoing, and for such other purposes as may be agreed upon from time to time. UTSHS's equity interest in Crowder at August 31, 2019 and 2018 was \$1,124,413.87 and \$1,596,085.00, respectively or 49%. Separate financial statements for Crowder may be obtained at c/o DaVita Inc., 2000 16th Street, Denver, Colorado, 80202 or [www.DaVita.com](http://www.DaVita.com).

U. T. Health Science Center - Houston's blended component unit, U. T. Physicians, is a participating member of Physician's Dialysis of Houston. Physician's Dialysis of Houston is a joint venture entered into by U. T. Physicians and DaVita, Inc. U. T. Physician's equity interest in Physician's Dialysis of Houston at August 31, 2019 and 2018 was \$921,147.55 and \$645,661.76, respectively, or 35.62%. Separate financial statements for Physician's Dialysis of Houston may be obtained at Physician's Dialysis of Houston, Attention: Marie Sinfield, 1423 Pacific Avenue, Tacoma, Washington 98402.

U. T. Health Science Center - Houston's blended component unit, U. T. Physicians, is a participating member of TMC Holding Company, L.L.C. (TMC Holding). TMC Holding is a Limited Liability Corporation entered into by U. T. Physicians, Baylor College of Medicine and Memorial Hermann/USP Surgery Centers III, L.L.P. U. T. Physicians' equity interest in TMC Holding at August 31, 2019 and 2018 was \$405,220.32 and \$459,211.13, respectively, or 18.1%. Separate financial statements for TMC Holding may be obtained by contacting Vanessa Smith, 3050 Post Oak Boulevard, Suite 620, Houston, Texas 77056.

U. T. Health Science Center - Houston's blended component unit, U. T. Physicians, is a participating member of Bluesky MOB, L.L.P. Bluesky MOB, L.L.P. is a Limited Liability Partnership of which U. T. Physicians purchased an 18.7% interest in for \$380,754.85 on August 1, 2012. U. T. Physicians' equity interest in Bluesky MOB, LLP at August 31, 2019 and 2018 was \$380,754.85, or 18.7%. Separate financial statements for Bluesky MOB, L.L.P. may be obtained at Moore, Reichl, & Baker, P.C., c/o Doug Reichl, CPA, 11200 Westheimer Suite 410, Houston, Texas, 77042.

U. T. Health Science Center - Houston and M. D. Anderson are participating members of the Texas Medical Center Central Heating and Cooling Services Cooperative Association (TECO). TECO was incorporated on October 2, 1975, for the purpose of operating a central heating and cooling services facility on a cooperative basis solely for the benefit of eligible institutions. On June 1, 2003, TECO transferred substantially all of its assets and operation to TECO Corporation, and TECO Corporation assumed the liabilities and obligations of TECO. TECO still renders services to member and non-member patrons at cost. Savings or margins are refunded to the member and non-member patrons on a patronage basis in the form of cash or equity by TECO. In fiscal year 2016, U. T. Health Science Center - Houston purchased the Jessie Jones Library and obtained additional patronage equity in TECO in the amount of \$301,800.00 via the Houston Academy of Medicine's shares of TECO equity. U. T. Health Science Center - Houston's equity interest in TECO at August 31, 2019 and 2018 was \$12,989,382.00 and \$12,958,172.00, respectively, or 11.6% and 11.9%, respectively. M. D. Anderson's equity interest in TECO at August 31, 2019 and 2018 was \$42,265,157.00 and \$43,318,947.00, respectively, or 37.6% and 38.5%, respectively. Separate financial statements for TECO may be obtained at Thermal Energy Corporation, 1615 Braeswood Boulevard, Houston, Texas 77030 or [http://teco.tmc.edu/home/teco\\_home.php](http://teco.tmc.edu/home/teco_home.php).

M. D. Anderson is a participating member of the Texas Medical Center Hospital Laundry Cooperative Association (the Association). The Association was established on April 30, 1971, for the purpose of acquiring, owning, and operating a laundry system on a cooperative basis solely for the benefit of members of the Association. Net earnings of the Association may be refunded to the members on a patronage basis or retained by the Association as equity allocated to the members. M. D. Anderson's equity interest in the Association at August 31, 2019 and 2018 was \$5,924,559.92 and \$5,493,728.36, respectively, or 40%. Separate financial statements for the Association may be obtained at 1601 Braeswood Boulevard, Houston, Texas 77030 or <http://www.texasmedicalcenter.org/root/en/GetToKnow/TMCInstitutions/OtherInstitutions/Laundry/Laundry>.

M. D. Anderson is a participating member of P.E.T. Net Houston, LLC (PETNet). PETNet is a joint venture entered into by M. D. Anderson and P.E.T. Pharmaceuticals, Inc. to lease and operate a facility located on M. D. Anderson's campus to produce positron radiopharmaceuticals and isotopes. Construction of the facility commenced in 2003. M. D. Anderson's equity interest in PETNet at August 31, 2019 and 2018 was \$2,849,145.47 and \$2,489,336.48, respectively, or 49%. Separate financial statements for PETNet may be obtained at Siemens Medical Solutions USA, Inc., 51 Valley Stream Parkway, Malvern, Pennsylvania 19355.



M. D. Anderson entered into an amended and restated Limited Partnership agreement dated March 30, 2010 between Proton Therapy Center-Houston LTD., L.L.P., (PTC Partnership), PTC-Houston Investors, L.L.C., (Investors), PTC-Houston Management, L.P., and M. D. Anderson. The purposes of PTC Partnership are to assume the lease formerly held by Investors with M. D. Anderson to lease approximately four acres on the M. D. Anderson's property for an initial term of 60 years, develop and/or acquire other proton therapy related business opportunities in the area and engage in any other activities that are reasonably incidental to the foregoing or that are contemplated by the agreement or the related agreements. As part of the agreement, each partner has made or is deemed to have made the Initial Contribution which equaled \$15,621,950.00 for M. D. Anderson or 51.22%. However, M. D. Anderson's only capital contribution to PTC Partnership has been through the ground lease which equals \$2,500,000.00. M. D. Anderson has recorded cash distributions and has adjusted its carrying value based on the operating results of PTC Partnership as required by the agreement, which does not equal the initial contribution. Until the carrying value of the investment equals or exceeds the initial contribution value, M. D. Anderson has elected to record the carrying value on the statement of net position. As of August 31, 2019 and 2018, M. D. Anderson's equity interest in PTC Partnership was \$0. M. D. Anderson received no cash contributions during the fiscal year ended August 31, 2019, but received cash contributions totaling \$1,225,245.00 during the fiscal year ended August 31, 2018. Separate financial statements for PTC Partnership may be obtained at <http://www.mdanderson.org/patient-and-cancer-information/proton-therapy-center/index.html>. M. D. Anderson entered into an asset purchase agreement for all the assets, including non-excluded working capital accounts, with PTC-Houston Management, LP for approximately \$156,000,000. The transaction was effective December 1, 2018. The deferred outflows created from this transaction was approximately \$23 million. As a 49% residual interest holder Investor, M. D. Anderson recovered approximately \$43,300,000.00 in distributions through the dissolution of the partnership.

M. D. Anderson is a participating member in the National Center for Therapeutics Manufacturing (the "NCTM"). M. D. Anderson entered into a Collaboration, Investment and Facility Use Agreement as of May 19, 2010 with Texas A&M University System to collaborate on the design of the NCTM and on grants and proposals relating to cancer therapeutics that could be developed at the NCTM. M. D. Anderson's cost-based interest in NCTM at August 31, 2019 and 2018 was \$1,245,000.00, or approximately 2.5%. Separate financial statements for NCTM may be obtained at <http://www.tamtu.edu/iit/nctm/>.

On March 1, 2018, U. T. Health Science Center – Tyler (UTHSC – Tyler) entered into a joint venture with AHS East Texas Health System, LLC, to form East Texas Health System, LLC, a Texas Limited Liability Company. The resulting health system, known as U. T. Health East Texas, is designed to expand medical education, research and community health in Northeast Texas. U. T. Health Science Center – Tyler's hospital and physician clinic operations are participants in the ten-hospital system, designed to advance the achievement of UTHSC – Tyler's mission through financial and clinical alignment and integration and to improve the delivery of cost effective, quality health care services in the Northeast Texas region. UTHSC – Tyler's equity interest in U. T. Health East Texas at August 31, 2019 and 2018 was \$10,457,300.00 and \$3,043,300.00, respectively, or approximately 30%.

#### **4. Summary of Significant Accounting Policies**

##### BASIS OF ACCOUNTING

The financial statements of the System have been prepared using the economic resources measurement focus and the accrual basis of accounting. The System reports as a business type activity, as defined by GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the System have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

##### GASB STATEMENTS IMPLEMENTED IN FISCAL YEAR 2018

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective 2018, addressed reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, effective 2018, required that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

## GASB STATEMENTS IMPLEMENTED IN FISCAL YEAR 2019

GASB Statement No. 83, *Certain Asset Retirement Obligations* (ARO), effective 2019, addressed accounting and financial reporting for AROs related to clean-up and decommissioning of items using radiation such as broadscope licenses, cyclotrons, and nuclear reactors. The effect of implementing GASB Statement No. 83 on the System's financial statements for the year ended August 31, 2018 was as follows:

### **Statement of Net Position as of August 31, 2018**

	As Reported in Fiscal Year 2018	GASB Statement No. 83 Restatement	Restated Fiscal Year 2018
<b>Assets:</b>			
Total Current Assets	\$ 7,532,581,476.49	-	7,532,581,476.49
Total Noncurrent Assets	71,457,215,251.30	-	71,457,215,251.30
Total Assets	78,989,796,727.79	-	78,989,796,727.79
Total Deferred Outflows of Resources	996,206,673.93	5,589,485.57	1,001,796,159.50
Total Assets and Deferred Outflows	\$ 79,986,003,401.72	5,589,485.57	79,991,592,887.29
<b>Liabilities:</b>			
Current Asset Retirement Obligation	\$ -	611,267.79	611,267.79
Other Current Liabilities	9,167,262,469.59	-	9,167,262,469.59
Total Current Liabilities	9,167,262,469.59	611,267.79	9,167,873,737.38
Noncurrent Asset Retirement Obligation	-	24,753,139.03	24,753,139.03
Other Noncurrent Liabilities	23,617,025,783.88	-	23,617,025,783.88
Total Noncurrent Liabilities	23,617,025,783.88	24,753,139.03	23,641,778,922.91
Total Liabilities	32,784,288,253.47	25,364,406.82	32,809,652,660.29
Total Deferred Inflows of Resources	1,791,152,210.94	-	1,791,152,210.94
Total Liabilities and Deferred Inflows	\$ 34,575,440,464.41	25,364,406.82	34,600,804,871.23
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 6,632,432,232.97	-	6,632,432,232.97
Restricted Nonexpendable	27,395,040,034.50	-	27,395,040,034.50
Restricted Expendable	14,655,181,774.49	-	14,655,181,774.49
Unrestricted	(3,272,091,104.65)	(19,774,921.25)	(3,291,866,025.90)
Total Net Position	\$ 45,410,562,937.31	(19,774,921.25)	45,390,788,016.06

### **Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended August 31, 2018**

	As Reported in Fiscal Year 2018	GASB Statement No. 83 Restatement	Restated Fiscal Year 2018
<b>Operating Income (Loss):</b>			
Total Operating Revenues	\$ 14,884,824,232.82	-	14,884,824,232.82
<b>Less Operating Expenses:</b>			
Asset Retirement Expense	-	19,774,921.25	19,774,921.25
Other Operating Expenses	18,722,106,193.33	-	18,722,106,193.33
Total Operating Expenses	18,722,106,193.33	19,774,921.25	18,741,881,114.58
Operating Income (Loss)	(3,837,281,960.51)	(19,774,921.25)	(3,857,056,881.76)
Total Net Nonoperating Revenues (Expenses)	10,182,326,037.01	-	10,182,326,037.01
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	6,345,044,076.50	(19,774,921.25)	6,325,269,155.25
Other Revenues/Transfers	(155,430,519.18)	-	(155,430,519.18)
Change in Net Position	6,189,613,557.32	(19,774,921.25)	6,169,838,636.07
Beginning Net Position	39,220,949,379.99	-	39,220,949,379.99
Ending Net Position	\$ 45,410,562,937.31	(19,774,921.25)	45,390,788,016.06

GASB Statement No. 85, *Omnibus 2017*, effective 2019, addressed practice issues that were identified during implementation and application of certain GASB statements. The implementation of Statement 85 had no effect on the System's net position or changes in net position for the years ended August 31, 2019 and 2018.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective 2019, addressed note disclosures based on liability type. The implementation of Statement 88 had no effect on the System's net position or changes in net position for the years ended August 31, 2019 and 2018. Capital lease obligations of \$7,295,156.61 were reclassified to notes from direct borrowings for August 31, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective 2021, simplifies interest expense accounting and enhances the relevance of information about capital assets. GASB Statement No. 89 discontinued the capitalization of interest costs during construction. The Texas State Comptroller's Office decided to early implement this standard in 2019. The implementation of Statement 89 resulted in more interest expense being reflected beginning in 2019.

#### CASH AND CASH EQUIVALENTS

Short-term, highly liquid investments with maturities of three months or less when purchased are generally considered cash and cash equivalents. It is the System's policy to exclude items that meet this definition if they are part of an investment pool, which has an investment horizon of one year or greater. Therefore, highly liquid investments that are part of the Intermediate Term Fund (ITF) and the Long Term Fund (LTF) are not considered cash and cash equivalents. Additionally, endowments invested in money market accounts are also excluded from Cash and Cash Equivalents as the intent is to invest these funds for more than one year. Cash held in the State treasury for the Permanent University Fund (PUF), the Permanent Health Fund (PHF) and the Available University Fund (AUF) are considered cash and cash equivalents. Other highly liquid investments of these major funds which are held in pooled funds and invested with custodians are not considered cash and cash equivalents according to the investment policies of the System. Restricted cash and cash equivalents include cash held in the State treasury for the PUF and PHF and restricted sources of funds used for construction of capital assets as well as funds held for debt service. The System holds bond proceeds in restricted investments to be disbursed to the institutions to support capital projects on a cost reimbursable basis.

#### BALANCE IN STATE APPROPRIATIONS

This item represents the balance of General Revenue funds at August 31 as calculated in the Texas State Comptroller's General Revenue Reconciliation.

#### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are recorded at fair value. The fair value of derivatives is recorded as either an investment, an investment derivative liability, a hedging derivative asset or a hedging derivative liability on the statement of net position. The valuation of investment derivatives is discussed in the Investments disclosure below. The System has calculated the fair value of the interest rate swaps using a forecast of expected discounted future net cash flows and considered the nonperformance risk of the parties.

The System has entered into interest rate swap agreements with various counterparties, all of which are highly rated financial institutions, to manage various risks associated with the System's debt programs. Each of the System's interest rate swaps is a contractual agreement entered into between the System and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as an adjustment to interest expense.

Interest rate swaps determined to be hedging derivatives are designated as cash flow hedges. Hedging derivative assets and hedging derivative liabilities are recorded on the System's statement of net position. Under hedge accounting, for derivatives that are determined to be effective, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in the fair value of derivatives that are not effective are recorded as net increase (decrease) in the fair value of investments in the statement of revenues, expenses and changes in net position.

#### INVESTMENTS

The majority of the investments of the System, except for PUF lands, are managed by UTIMCO, a private investment corporation that provides services to the System and its related foundations. All investments are reported as noncurrent as these funds have an investment horizon extending beyond one year. Restricted investments include investments restricted by legal or contractual requirements, including those related to donors and constitutional restrictions.

The audited financial statements of the funds managed by UTIMCO may be found on UTIMCO's website and inquiries may be directed to UTIMCO via [www.utimco.org](http://www.utimco.org).

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date.

The System is authorized to invest funds, as provided in Section 51.0031 of the Texas Education Code and the Constitution of the State of Texas, under prudent investor investment standards. Such investments include various fixed income and equity type securities, hedge funds, public market funds, and private investments. The investments of the System are governed by various investment policies approved by the U. T. System Board of Regents.

#### CONTRIBUTIONS RECEIVABLE

Current and noncurrent contributions receivable are amounts pledged to the System by donors, net of allowances. Multi-year gift pledges greater than \$10,000 must be reported at the discounted present value. At the beginning of each fiscal year, the System re-establishes the scale of discount rates applicable for present valuing new multi-year gift pledges that are received during the new fiscal year. The scale of discount rates is based upon U.S. Treasury Notes and Bonds asked yields as listed in the Wall Street Journal on the first day of the fiscal year. Existing gift pledges are not recalculated since these pledges were previously calculated at historical discount rates.

#### INVENTORIES

Inventories, consisting primarily of supplies and merchandise for resale, are valued at cost, typically based on the specific identification, weighted average or first-in, first-out methods, which are not in excess of net realizable value.

#### RESTRICTED ASSETS

Restricted assets include funds restricted by legal or contractual requirements, including those related to sponsored programs, donors, constitutional restrictions, bond covenants, and loan agreements.

#### LOANS AND CONTRACTS

Current and noncurrent loans and contracts are receivables, net of allowances, related to student loans.

#### SECURITIES LENDING COLLATERAL AND OBLIGATIONS

The collateral secured for securities lent are reported as an asset on the statement of net position. The obligations for securities lent are reported as a liability on the statement of net position that directly offsets the cash collateral received from brokers or dealers in exchange for securities loaned. The costs of securities lending transactions are reported as part of investment income in the statement of revenues, expenses and changes in net position. See Note 6 for details regarding the securities lending program.

#### CAPITAL AND INTANGIBLE ASSETS

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. The System follows the State's capitalization policy with a cost equal to or greater than \$5,000.00 for equipment items, \$100,000.00 for buildings, building improvements and improvements other than buildings, and \$500,000.00 for infrastructure items, and an estimated useful life of greater than one year. Purchases of library books are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Outlays for construction in progress are capitalized as incurred. The thresholds for software are \$100,000.00 for purchased software and \$1,000,000.00 for internally developed software including Enterprise Resource Planning replacements. The System capitalizes but does not depreciate works of art and historical treasures that are held for exhibition, education, research and public service. These collections are protected and preserved.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, generally two to fifteen years for equipment items, five years for software, six years for Enterprise Resource Planning replacements, fifteen years for library books, ten to fifty years for buildings and their components and fifteen to forty years for infrastructure elements.

#### OTHER ASSETS

Other current assets are primarily made up of prepaid expenses, while other noncurrent assets are primarily made up of equity interests in joint ventures that do not meet the definition of an investment and beneficial interests in irrevocable split-interest agreements in which a third-party is the intermediary.

#### DEFERRED OUTFLOWS

Deferred outflows consist of the fair value of hedging derivatives in a liability position, unamortized losses on refunding of debt, unamortized interest rate lock termination payments, certain changes in the net pension and total OPEB liability, unamortized portions of asset retirement obligation, and excess consideration paid in a government acquisition. Changes in fair value for effective hedges that are achieved with derivative instruments are to be reported as deferred inflows and deferred outflows in the statement of net position. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized, using the straight-line method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the statement of revenues, expenses and changes in net position as a component of interest expense. When a Treasury Lock is used to hedge interest rate exposure on bonds, the lock termination payment is recorded as a deferred outflow and is amortized, using the straight-line method, over the remaining life of the related debt in the statement of revenues, expenses and changes in net position as a component of interest expense. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions, and employer contributions subsequent to the measurement date of the net pension liability are also required to be reported as deferred outflows of resources. Similarly, changes in the total OPEB liability not included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB, and employer contributions subsequent to the measurement date of the total OPEB liability are also required to be reported as deferred outflows of resources. For asset retirement obligations, deferred outflows are recognized for anticipated clean-up and decommissioning costs, amortized over the life of the related assets. Deferred outflows are also recognized for excess consideration paid in a government acquisition, amortized over the estimated service life.

#### UNEARNED REVENUE

Unearned revenue represents revenues such as tuition recorded in August for the fall semester and payments received in advance for sponsored programs.

#### ASSETS HELD FOR OTHERS – CURRENT AND NONCURRENT

Assets held for others represent funds held by the System as custodial or fiscal agent for students, faculty members, foundations, and others. Included in assets held for others as of August 31, 2019 and 2018 is \$516,598,582.19 and \$492,658,190.32, respectively, for the Physician's Referral Service Supplemental Retirement Plan/Retirement Benefit Plan at M. D. Anderson. As of August 31, 2019 and 2018, assets held for others also included \$222,100,542.48 and \$217,380,658.05, respectively, from foundations that invest their assets with UTIMCO.

#### LIABILITY TO BENEFICIARIES

The System holds numerous irrevocable charitable remainder trusts and a pooled income fund. Together, these assets are reflected in the accompanying consolidated financial statements within restricted investments.

The charitable remainder trusts designate the U. T. System Board of Regents as both trustee and remainder beneficiary. The System is required to pay to the donors (or other donor-designated income beneficiaries) either a fixed amount or the lesser of a fixed percentage of the fair value of the trusts' assets or the trusts' income during the beneficiaries' lives. Trust assets are measured at acquisition value when received and at fair value thereafter. A corresponding liability to beneficiaries is measured at the present value of expected future cash flows to be paid to the beneficiaries based upon the applicable federal rate on the gift date. Upon death of the income beneficiaries, substantially all of the principal balance passes to the System to be used in accordance with the donors' wishes.

The pooled income fund was formed with contributions from several donors. The contributed assets are invested and managed by UTIMCO. Donors (or designated beneficiaries) periodically receive, during their lives, a share of the income earned on the fund proportionate to the value of their contributions to the fund. Upon death of the income beneficiaries, substantially all of the principal balance passes to the System to be used in accordance with the donors' wishes. Contribution revenue is measured at the acquisition value of the assets received, discounted for a term equal to the life expectancies of the beneficiaries.

#### TOTAL OPEB LIABILITY

OPEB are provided to the System's retirees under the U. T. System Employee Group Insurance Program (EGIP). The EGIP is a single-employer defined benefit OPEB plan. The System and member contribution rates are determined annually by the System based on the recommendations of the Office of Employee Benefits staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred and (i) the funds appropriated and (ii) the funding policy established by the Texas Legislature in connection with benefits provided through the EGIP. The System revises benefits when necessary to match expected benefit and administrative costs with available revenue. The plan is operated on a pay-as-you-go basis. The OPEB plan described herein is not administered through a trust.

#### NET PENSION LIABILITY

The System participates in a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas (TRS). TRS is primarily funded through State and employee contributions. The System receives a proportional share of the net pension liability, pension related deferred outflows and pension related deferred inflows from the Texas Comptroller of Public Accounts.

#### ASSET RETIREMENT OBLIGATION

The liability related to clean-up and decommissioning of items using radiation such as broadscope licenses, cyclotrons, and nuclear reactors is reported as asset retirement obligation. The liability is measured using best estimates of expected outlays for clean-up and decommissioning costs.

#### DEFERRED INFLOWS

Deferred inflows consist of the fair value of hedging derivatives in an asset position, unamortized gains on refunding of debt, certain changes in the net pension and total OPEB liability, and beneficial interests in irrevocable split-interest agreements. Changes in fair value for effective hedges that are achieved with derivative instruments are to be reported as deferred inflows and deferred outflows in the statement of net position. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows. The gain or loss is amortized, using the straight-line method, over the remaining life of the old debt or the life of the new debt, whichever is shorter, in the statement of revenues, expenses and changes in net position as a component of interest expense. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Similarly, changes in the total OPEB liability not included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB. For irrevocable split-interest agreements in which U. T. System has an unconditional beneficial interest, the fair value of the gift beneficial interest is deferred and reported as deferred inflows until the resources become applicable to the reporting period.

#### NET POSITION

The System has classified resources into the following three net position categories:

##### *Net Investment in Capital Assets*

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

##### *Restricted:*

##### *Nonexpendable*

Net position subject to externally imposed stipulations that require the amounts be maintained in perpetuity by the System. Such assets include the System's permanent endowment funds.

##### *Expendable*

Net position 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 with the passage of time.

### *Unrestricted*

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for special purposes by action of management or the U. T. System Board of Regents. Substantially all unrestricted net position is designated for academic programs, patient care, research programs and initiatives, and capital programs (see Note 21 for details on unrestricted net position).

When an expense is incurred that can be paid using either restricted or unrestricted resources, the System addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation. Generally, the System's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

### REVENUES AND EXPENSES

Operating revenues include activities such as student tuition and fees; net sales and services of hospitals; net professional fees; net sales and services of auxiliary enterprises; the exchange basis federal, state and local grants and contracts. Operating expenses include salaries and wages, payroll related costs, materials and supplies, depreciation, other contracted services, pension expense, postemployment benefits, scholarships and fellowships, and impairment losses and insurance recoveries received in the same year as the associated loss. In addition, all changes to incurred but not reported liabilities related to insurance programs are reflected as operating.

Nonoperating revenues include activities such as gifts and contributions, insurance recoveries received in years subsequent to the associated loss, State appropriations, investment income, the nonexchange basis federal and state grants and contracts, and other revenue sources that are defined as nonoperating revenues by GASB. The System's institutions are the named beneficiaries in certain lawsuits, wills, trusts, and insurance policies. The System does not recognize these potential refunds, gifts and contributions until realized. Nonoperating expenses include activities such as interest expense on capital asset financings, and other expenses that are defined as nonoperating expenses by GASB.

### SCHOLARSHIP ALLOWANCES AND STUDENT AID

Financial aid to students is reported in the financial statements as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (student loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third-party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expense or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on an entity-wide basis by allocating cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

### STATEWIDE INTERFUND TRANSFERS AND INTERFUND PAYABLES

In accordance with the provisions set forth in Article 7, Section 18 of the Texas Constitution, the System transfers one-third of the annual earnings of the PUF investments and lands to the Texas A&M University System (TAMUS). In addition to the transfer of the current year earnings in 2019 and 2018 of \$374,118,284.53 and \$324,342,156.80, respectively, the System recorded a liability of \$1,293,585,081.26 and \$1,274,923,775.54 at August 31, 2019 and 2018, respectively, for future amounts due to TAMUS from the PUF to cover principal on outstanding PUF bonds and notes issued by TAMUS. This liability is reported as current and noncurrent statewide interfund payable on the statement of net position. Additional details related to the operations of the PUF can be found in Note 8. Also included in statewide interfund payables as of August 31, 2019 and 2018 is \$2,475,959.65 and \$3,392,775.09, respectively, related to the revolving loan programs administered by the Texas State Comptroller's Office.

#### UNCOMPENSATED CARE AND CHARITY CARE

The System's health-related institutions provide uncompensated care to patients who meet certain criteria. Uncompensated care includes the unreimbursed costs for the uninsured and the underinsured as well as the unreimbursed costs from government-sponsored health programs. To calculate uncompensated care, charges are converted to costs and providers recognize appropriate patient specific funding and lump sum funding available to offset costs. Hospital charges are converted to cost by the application of the Medicare cost to charge ratio, as calculated in the most recent Medicare cost report. Since a standard cost report does not exist for physician charges, a proxy cost to charge ratio was developed through a process involving all Texas public academic medical centers and the State Auditor's Office. Uncompensated care costs amounted to \$952,693,885.23 and \$716,876,939.51 for 2019 and 2018, respectively.

The American Institute of Certified Public Accountants (AICPA) defines charity care as care for which hospitals never expected to be reimbursed. Charity care occurs when a patient applies to the hospital for financial assistance and the hospital waives all or part of its charges, consistent with its internal charity care policy. The cost of charity care is calculated using the uncompensated care calculation methodology discussed above. Charity care costs amounted to \$98,597,833.72 and \$81,907,494.67 for 2019 and 2018, respectively.

#### NET PATIENT SERVICE REVENUE

The System's health-related institutions have agreements with third-party payors that provide for payments to these institutions at amounts different from their established rates. A summary of the payment arrangements with major third-party payors follows:

##### *Medicare*

U. T. Southwestern Medical Center's, U. T. Medical Branch - Galveston's and U. T. Health Science Center - Tyler's inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are reimbursed under a prospective reimbursement methodology. Also, additional reimbursement is received for graduate medical education, disproportionate share, bad debts and other reimbursable costs, as defined, under a variety of payment methodologies.

M. D. Anderson's inpatient acute care services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology that is limited by a facility-specific amount per discharge. The final reimbursement also includes a calculation of an incentive or relief payment determined through a comparison of the facility's current year cost to the facility-specific cost per discharge. Certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Effective August 1, 2000, the Medicare program implemented a prospective payment system for outpatient services. However, as M. D. Anderson is designated as a cancer hospital, the Medicare program provides for a "hold-harmless" payment that is equal to the difference between the prospectively determined amounts and the current year adjusted cost (i.e., the current year adjusted cost is determined through application of a payment to cost ratio, which is derived from a previous Medicare cost report, to the current year actual cost). M. D. Anderson is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by M. D. Anderson and audits thereof by the Medicare fiscal intermediary.

The physician practices at other institutions – U. T. Health Science Center - Houston, U. T. Health Science Center – San Antonio, U. T. Austin Dell Medical School, and U. T. Rio Grande Valley – are reimbursed by Medicare according to the Medicare Physician Fee Schedule and/or various Medicare Alternative Payment Models.

##### *Medicaid*

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The System's health-related institutions are reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the System's health-related institutions and audits thereof by the Medicaid fiscal intermediary.

The System's health-related institutions have also entered into payment agreements with certain commercial, Medicaid and Medicare payors which offer benefit plans for health maintenance organizations, and preferred provider organizations. The basis for payment to the System's health-related institutions under these agreements includes prospectively determined rates for inpatient and outpatient services. The System's health-related institutions recognized bad debt expense of \$361,141,031.27 and \$364,095,857.33 in 2019 and 2018, respectively.



#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **5. Disaggregation of Other Receivable Balances**

Net other receivables at August 31, 2019 and 2018 are detailed by type as follows:

<b><u>Net Other Receivables</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Receivables related to investments	\$ 159,631,321.80	200,483,501.72
Receivables related to gifts, grants and sponsored programs	88,121,764.74	66,867,599.45
Receivables related to external parties/other companies	166,346,366.37	170,231,123.68
Receivables related to auxiliary enterprises	17,916,998.83	9,556,838.15
Receivables related to payroll	2,109,943.18	8,531,547.85
Receivables related to patents	1,132,059.44	706,779.76
Receivables related to travel	1,618,533.18	1,374,302.17
Receivables related to loan funds and financial aid	2,927,014.52	2,648,370.11
Receivables related to agency funds	861,348.35	7,054,870.17
Receivables related to other various activities	46,386,350.79	60,910,774.91
Total	\$ <u>487,051,701.20</u>	<u>528,365,707.97</u>

## 6. Deposits, Investments and Repurchase Agreements

### DEPOSITS OF CASH IN BANK

As of August 31, 2019 and 2018, the carrying amount of deposits was \$96,741,381.68 and \$151,240,335.00, respectively, as presented below:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents per statement of cash flows and Exhibit A	\$ 4,049,203,185.63	3,203,518,615.38
Less: Cash in State Treasury	1,223,612,049.44	1,144,336,003.92
Repurchase agreement – Texas		
Treasury Safekeeping Trust Co.	374,109.00	3,955,653.26
Other cash equivalent investments	2,711,916,807.71	1,898,098,845.43
Other	16,558,837.80	5,887,777.77
Deposits of cash in bank	\$ <u>96,741,381.68</u>	<u>151,240,335.00</u>

As of August 31, 2019 and 2018, the total bank balances were \$130,672,652.97 and \$215,181,629.36, respectively.

### DEPOSIT RISKS

#### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The System maintains depository relationships with various banking institutions. The System's policy is that all deposits are governed by a bank depository agreement between the System and the respective banking institution. State law requires that the System's deposits, to the extent such deposits exceed the maximum insured limit under deposit insurance provided by the Federal Deposit Insurance Corporation, shall at all times be collateralized with government securities.

As of August 31, 2018, U. T. System held deposits that were exposed to custodial credit risk due to due unexpected inflows on August 31, 2018. As of August 31, 2018, the bank balances exposed to custodial risk as uninsured and uncollateralized deposits were \$27,159,777.00.

As of August 31, 2018, U. T. Health Science Center at Tyler's blended component unit, East Texas Quality Care Network (ETQCN), held deposits that were exposed to custodial credit risk. ETQCN has no policies regarding these deposits. As of August 31, 2018, the bank balances exposed to custodial risk as uninsured and uncollateralized deposits were \$156,024.95. As of August 31, 2019, there were no bank balances exposed to custodial risk as uninsured and uncollateralized deposits.

## INVESTMENTS

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs of fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect management's assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the hierarchy of inputs used to measure fair value are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs.

The System's investments with readily available fair values are primarily valued on the basis of market valuations provided by independent pricing services.

Debt securities held by System include U.S. government and agency obligations, corporate obligations, corporate asset and mortgage backed securities, and international obligations. U.S. government obligations valued based on unadjusted prices in active markets are categorized as Level 1. Debt securities, including corporate obligations and governmental and international obligations are valued based upon prices supplied by Intercontinental Exchange Data Services and other major fixed income pricing services, external broker quotes and internal pricing matrices. Debt securities valued based on multiple quotations or models utilizing observable market inputs are categorized as Level 2; otherwise they would be categorized as Level 3.

Fixed income money market and bond mutual funds consist primarily of money market investments, foreign currencies and other overnight funds. Investments in publicly listed money market funds are categorized as Level 1.

Mutual funds include a large portion of the holdings for the University of Texas System Governmental Retirement Arrangement (UTGRA), discussed in Note 18. A majority of the underlying investments in UTGRA are valued based on the closing price on the primary exchange on which they are traded and are classified as Level 1. The remaining holdings are classified as Levels 2 and 3.

Equity securities, including common and preferred stocks, fair values are based on the closing price on the primary exchange on which they are traded (if a closing price is not available, the average of the last reported bid and ask price is used). When these securities are actively traded, and valuation adjustments are not applied, they are categorized as Level 1. In the event that a stock is not actively traded or a closing price is unavailable on a national or international securities exchange, the last available price per the exchange would be used, and the security would be categorized as Level 2.

Other commingled funds at fair value include fixed income and U.S. equity funds. International other commingled funds at fair value include non-U.S. developed equity, emerging markets, real estate and natural resources. Fair values are based on the closing price on the primary exchange on which the security is traded (if a closing price is not available, the average of the last reported bid and ask price is used). Investments valued as such are classified as Level 1.

Real estate and other investments include real estate, commodities and the asset positions of investment derivatives. The fair value of the PUF land's interest in oil and gas is based on a third party reserve study of proved, probable, and possible reserves. The present value of the royalty cash flows is calculated by applying a ten percent discount rate to future expected production volumes of oil and gas based on the price of oil and gas on August 31. The PUF lands' surface interests are reported at the price per acre from the American Society of Farm Managers and Rural Appraisers. The PUF lands are categorized as Level 3 in the fair value hierarchy. The remaining minerals, the trust minerals, because of size, distribution, and limited production histories are generally valued at three times the previous 12 months' revenue. As a rule of thumb, this measure has been used historically to determine the selling price of these types of properties by willing parties. Other real estate holdings are reported by one of the following methods of valuation: the latest available appraised amount as determined by an independent State certified or other licensed appraiser, tax assessments use for real estate investments with values that are not significant or by any other generally accepted industry standard. All other real estate is categorized as Level 3 in the fair value hierarchy, with a small amount valued using net asset value.

Physical commodities, specifically gold, are valued using the composite closing price from Bloomberg for the XAU currency code which represents the standard for one troy ounce of gold and are categorized as Level 1.

All derivative investments are categorized as Level 2 in the fair value hierarchy, except for some of the purchased options which are categorized as Level 1. The fair values of the interest rate swaps on U. T. System's debt are calculated using a forecast of expected discounted future net cash flows. Other swaps are fair valued by using independent broker quotes or using models with primarily externally verifiable model inputs. Foreign exchange contracts are fair valued at closing market prices on the valuation date.

Alternative investments include private equity securities and limited partnerships, or private investment funds. Equity securities related to non-public equity investments are valued using a variety of methods, including information from recent rounds of financing, the Guideline Public Company method, the Discounted Cash Flow method, the Common Stock Equivalent method and the Option-Pricing method. The fair value of private investment funds, which consist of non-regulated investment funds and various other investment vehicles, are estimated by management using the investment's capital account balance at the closest available reporting date, as communicated by the investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting date as well as consideration of any other information, which has been provided by the investment manager or other sources. These investments are classified as Level 3.

Miscellaneous investments primarily include municipal bonds, valued on multiple quotations or models utilizing observable market inputs, and are categorized as Level 2. Investments with fair values based on the closing price on the primary exchange on which they are traded are categorized as Level 1.

GAAP permits management to fair value certain investments that do not have a readily determinable fair value using the investment's net asset value per share or the System's ownership interest in partners' capital as a practical expedient. Investments valued in this manner are not classified in the fair value hierarchy.

The following tables reflect fair value measurements of investments as of August 31, 2019 and 2018, respectively, as categorized by level of the fair value hierarchy:

During the year ended August 31, 2019, UTIMCO reclassified the categorizations of the investment funds, or commingled funds, to align with revisions made to the investment strategy used by UTIMCO in managing PUF, effective September 1, 2018. This reclassification was approved by the U. T. Board of Regents and is reflected in the presentation of the commingled funds in the tables below. Accordingly, the August 31, 2018 commingled funds categorization was reclassified from the 2018 audited financial statements to conform to the current year presentation.

Type of Security	Fair Value as of August 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
Debt Securities:				
U.S. Government Treasury Securities	\$ 1,085,171,388.68	1,085,171,388.68	-	-
U.S. Government Treasury TIPS	50,904,129.21	50,904,129.21	-	-
U.S. Government Agency Obligations	979,578,924.29	-	979,578,924.29	-
Corporate Obligations	1,145,070,988.84	-	1,144,127,971.84	943,017.00
Corporate Asset and Mortgage Backed Securities	99,367,788.53	-	99,367,788.53	-
International Obligations (Government and Corporate)	2,730,210,132.34	-	2,730,210,132.34	-
Fixed Income Money Market and Bond Mutual Funds	2,262,520,047.82	2,262,520,047.82	-	-
Mutual Funds	477,544,039.17	467,914,143.34	9,629,895.83	-
Equity Securities:				
Equity	1,580,902,757.89	1,569,592,964.37	11,309,793.52	-
International Equity	3,693,653,516.24	3,693,624,555.18	28,961.06	-
Other Commingled Funds:				
Fixed Income	34,942,240.78	34,942,240.78	-	-
U. S. Equity	71,306,592.15	71,306,592.15	-	-
Real Estate and Other:				
PUF Lands	7,323,051,848.00	-	-	7,323,051,848.00
Other Real Estate	514,930,960.26	-	-	514,930,960.26
Physical Commodities - Gold	691,714,404.91	691,714,404.91	-	-
Investment Derivatives – Asset Positions	144,420,222.31	2,251,717.94	142,168,504.37	-
Alternative Investments:				
Private Investments	500,576,474.37	-	-	500,576,474.37
Miscellaneous	16,857,007.74	1,567,922.52	13,470,439.38	1,818,645.84
<b>Total Investments by Fair Value Level</b>	<b>23,402,723,463.53</b>	<b>9,931,510,106.90</b>	<b>5,129,892,411.16</b>	<b>8,341,320,945.47</b>

Type of Security	Fair Value as of August 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment Funds Fair Valued Using Net Asset Value:</b>				
Real Estate	28,963,137.69			
Hedge Funds	10,887,909,385.50			
Other Commingled Funds – U.S. Equity	2,062,260,179.04			
International Other Commingled Funds	4,635,180,016.39			
Private Investments	13,249,237,891.11			
<b>Total Investment Funds Fair Valued Using Net Asset Value</b>	<b>30,863,550,609.73</b>			
Investments Held in Cash (Not at Fair Value)	180,545,315.78			
Other Investments (Not at Fair Value)	450,471.68			
<b>Total Investments</b>	<b>\$ 54,447,269,860.72</b>			
Securities Lending Collateral Investment Pool (see Securities Lending section)	\$ 453,059,220.56	-	453,059,220.56	-
<b>Investments Classified as Cash Equivalents:</b>				
Repurchase Agreement – Texas Treasury Safekeeping Trust Co. (Not at Fair Value)	\$ 374,109.00			
Fixed Income Money Market Funds	2,711,750,688.39	2,711,750,688.39	-	-
Time Deposits (Not at Fair Value)	166,119.32			
<b>Total Investments Classified as Cash Equivalents</b>	<b>\$ 2,712,290,916.71</b>			
<b>Deposit with Brokers for Derivative Contracts, net (related to investments):</b>				
U.S. Government Direct Obligations	\$ 4,189,699.99	4,189,699.99	-	-
Held in Cash (Not at Fair Value)	(38,251,403.25)			
<b>Total Deposit with Brokers for Derivative Contracts, net (related to investments)</b>	<b>\$ (34,061,703.26)</b>			

Type of Security	Fair Value as of August 31, 2018	Fair Value Measurement Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
Debt Securities:				
U.S. Government Treasury Securities	\$ 1,355,784,007.69	1,355,784,007.69	-	-
U.S. Government Treasury TIPS	36,634,341.52	36,634,341.52	-	-
U.S. Government Agency Obligations	241,107,108.87	-	241,107,108.87	-
Corporate Obligations	928,860,249.41	-	927,863,199.41	997,050.00
Corporate Asset and Mortgage Backed Securities	90,577,060.15	-	90,577,060.15	-
International Obligations (Government and Corporate)	2,726,925,958.94	-	2,726,925,958.94	-
Fixed Income Money Market and Bond Mutual Funds	3,770,658,441.11	3,770,658,441.11	-	-
Mutual Funds	423,425,242.13	399,248,200.00	24,079,406.77	97,635.36
Equity Securities:				
Equity	1,389,368,297.21	1,382,196,186.12	7,172,111.09	-
International Equity	3,373,694,584.08	3,373,665,673.02	28,911.06	-
Other Commingled Funds:				
Fixed Income	31,397,434.72	31,397,434.72	-	-
U. S. Equity	109,540,415.33	109,540,415.33	-	-
International Other Commingled Funds:				
Non-U.S. Developed Equity	3,395,033.74	3,395,033.74	-	-
Global Developed Equity	431,664.00	431,664.00	-	-
Emerging Markets	2,567,929.39	2,567,929.39	-	-
Real Estate	894,964.40	894,964.40	-	-
Natural Resources	1,050,694.44	1,050,694.44	-	-
Real Estate and Other:				
PUF Lands	8,985,870,810.00	-	-	8,985,870,810.00
Other Real Estate	369,147,375.07	-	-	369,147,375.07
Physical Commodities - Gold	752,630,717.76	752,630,717.76	-	-
Investment Derivatives – Asset Positions	172,176,901.52	2,620,483.59	169,556,417.93	-
Alternative Investments:				
Private Investments	392,568,308.28	-	-	392,568,308.28
Miscellaneous	16,297,590.60	1,659,170.45	12,951,480.92	1,686,939.23
<b>Total Investments by Fair Value Level</b>	<b>25,175,005,130.36</b>	<b>11,224,375,357.28</b>	<b>4,200,261,655.14</b>	<b>9,750,368,117.94</b>

Type of Security	Fair Value as of August 31, 2018	Fair Value Measurement Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investment Funds Fair Valued Using Net Asset Value:</b>				
Real Estate	27,692,473.24			
Hedge Funds	10,111,487,953.61			
Other Commingled Funds – U.S. Equity	2,470,698,361.48			
International Other Commingled Funds	3,624,478,992.60			
Private Investments	12,463,514,218.66			
<b>Total Investment Funds Fair Valued Using Net Asset Value</b>	<b>28,697,871,999.59</b>			
Investments Held in Cash (Not at Fair Value)	133,917,881.33			
Other Investments (Not at Fair Value)	436,496.08			
<b>Total Investments</b>	<b>\$ 54,007,231,507.36</b>			
Securities Lending Collateral Investment Pool (see Securities Lending section)	\$ 434,189,416.14	-	434,189,416.14	-
<b>Investments Classified as Cash Equivalents:</b>				
Repurchase Agreement – Texas Treasury Safekeeping Trust Co. (Not at Fair Value)	\$ 3,955,653.26			
Fixed Income Money Market Funds	1,897,558,802.43	1,897,558,802.43	-	-
Time Deposits (Not at Fair Value)	540,043.00			
<b>Total Investments Classified as Cash Equivalents</b>	<b>\$ 1,902,054,498.69</b>			
<b>Deposit with Brokers for Derivative Contracts, net (related to investments):</b>				
U.S. Government Direct Obligations	\$ 6,423,734.73	6,423,734.73	-	-
Held in Cash (Not at Fair Value)	12,823,693.20			
<b>Total Deposit with Brokers for Derivative Contracts, net (related to investments)</b>	<b>\$ 19,247,427.93</b>			



Investment funds fair valued at net asset value per share or based on the System's ownership interest in partner's capital include externally managed funds, limited partnerships, and corporate structures which are generally unrated and may be unregulated. The composition of investment funds that are fair valued using Net Asset Value (NAV) at August 31, 2019 and 2018 is summarized in the tables below as they are included within the asset mix of the System.

	<u>Fair Value as of August 31, 2019</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
<b>Investment Funds Fair Valued Using Net Asset Value</b>				
<b>Real Estate</b>				
Redeemable Within One Year	\$ 28,963,137.69	-	Quarterly	60 Days
<b>Hedge Funds</b>				
Redeemable Within One Year	5,110,879,513.70		Monthly to 3 years	5 - 90 Days
Redeemable Beyond One Year	4,595,201,598.80		Quarterly to 3 years	45 - 120 Days
Nonredeemable	<u>1,181,828,273.00</u>		Not Applicable	Not Applicable
<b>Total Hedge Funds</b>	<u>10,887,909,385.50</u>	<u>1,098,734,077.39</u>		
<b>Other Commingled Funds – U. S. Equity</b>				
Redeemable Within One Year	1,147,412,546.04		Daily to Annually	1 - 90 Days
Redeemable Beyond One Year	<u>914,847,633.00</u>		Annually	1 - 90 Days
<b>Total Other Commingled Funds – U. S. Equity</b>	<u>2,062,260,179.04</u>	<u>192,202,759.00</u>		
<b>International Other Commingled Funds:</b>				
<b>Non-U.S. Developed Equity</b>				
Redeemable Within One Year	<u>925,339,624.49</u>		Monthly to Quarterly	6 - 30 Days
<b>Total Non-U.S. Developed Equity</b>	<u>925,339,624.49</u>	-		
<b>Global Developed Equity</b>				
Redeemable Within One Year	2,009,781,389.27		Monthly to Quarterly	30 - 60 Days
Redeemable Beyond One Year	<u>170,671,670.00</u>		Monthly	60 Days
<b>Total Global Developed Equity</b>	<u>2,180,453,059.27</u>	-		
<b>Emerging Markets</b>				
Redeemable Within One Year	1,286,490,016.00		Daily to Semi-Annually	1 - 90 Days
Redeemable Beyond One Year	188,276,345.00		Monthly to Quarterly	45 - 60 Days
Nonredeemable	<u>54,620,971.63</u>		Not Applicable	Not Applicable
<b>Total Emerging Markets</b>	<u>1,529,387,332.63</u>	<u>61,617,987.00</u>		
<b>Total International Other Commingled Funds</b>	<u>4,635,180,016.39</u>	<u>61,617,987.00</u>		
<b>Limited Partnerships (Private Investments)</b>				
Redeemable Within One Year	19,816,293.50		Quarterly	90 days
Nonredeemable	<u>13,229,421,597.61</u>		Not Applicable	Not Applicable
<b>Total Limited Partnerships (Private Investments)</b>	<u>13,249,237,891.11</u>	<u>7,524,136,004.84</u>		
<b>Total Investment Funds Fair Valued Using NAV</b>	<u>\$ 30,863,550,609.73</u>	<u>8,876,690,828.23</u>		

	Fair Value as of August 31, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Investment Funds Fair Valued Using Net Asset Value</b>				
<b>Real Estate</b>				
Redeemable Within One Year	\$ 27,692,473.24	-	Quarterly	60 Days
<b>Hedge Funds</b>				
Redeemable Within One Year	5,500,235,461.50		Monthly to 3 Years	0 - 180 Days
Redeemable Beyond One Year	3,592,518,679.19		Monthly to 3 Years	45 - 120 Days
Nonredeemable	1,018,733,812.92		Not Applicable	Not Applicable
<b>Total Hedge Funds</b>	<u>10,111,487,953.61</u>	<u>1,161,094,432.00</u>		
<b>Other Commingled Funds – U. S. Equity</b>				
Redeemable Within One Year	2,091,820,104.48		Monthly to 2 Years	1 - 90 Days
Redeemable Beyond One Year	378,878,257.00		Quarterly to Annually	1 - 90 Days
<b>Total Other Commingled Funds – U. S. Equity</b>	<u>2,470,698,361.48</u>	<u>32,500,000.00</u>		
<b>International Other Commingled Funds:</b>				
<b>Non-U.S. Developed Equity</b>				
Redeemable Within One Year	801,517,388.91		Monthly to Quarterly	6 - 30 Days
<b>Total Non-U.S. Developed Equity</b>	<u>801,517,388.91</u>	<u>-</u>		
<b>Global Developed Equity</b>				
Redeemable Within One Year	1,201,895,735.20		Monthly to Quarterly	45 - 60 Days
Redeemable Beyond One Year	103,437,920.70		Monthly	60 Days
<b>Total Global Developed Equity</b>	<u>1,305,333,655.90</u>	<u>-</u>		
<b>Emerging Markets</b>				
Redeemable Within One Year	1,286,210,923.00		Daily to Semi-Annually	1 - 90 Days
Redeemable Beyond One Year	168,122,797.00		Monthly/Quarterly	45 - 90 Days
Nonredeemable	63,294,227.79		Not Applicable	Not Applicable
<b>Total Emerging Markets</b>	<u>1,517,627,947.79</u>	<u>141,106,726.16</u>		
<b>Total International Other Commingled Funds</b>	<u>3,624,478,992.60</u>	<u>141,106,726.16</u>		
<b>Limited Partnerships (Private Investments)</b>				
Redeemable Within One Year	19,132,803.97		Quarterly	180 Days
Nonredeemable	12,444,381,414.69		Not Applicable	Not Applicable
<b>Total Limited Partnerships (Private Investments)</b>	<u>12,463,514,218.66</u>	<u>5,077,668,448.00</u>		
<b>Total Investment Funds Fair Valued Using NAV</b>	<u>\$ 28,697,871,999.59</u>	<u>6,412,369,606.16</u>		

The System invests in hedge fund pools which are invested in private funds with external investment managers who invest in equity and fixed income securities of both domestic and international issuers. These investment managers may invest in both long and short securities and may utilize leverage in their portfolios. The funds invested may be subject to a lock-up restriction of typically one to three years before the investment may be withdrawn from the manager without significant penalty. The amounts shown as nonredeemable are considered illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. There are certain risks associated with these private funds, some of which include investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. The hedge fund pools have committed \$1,098,734,077.39 and \$1,161,094,432.00 of future funding to various hedge fund investments as of August 31, 2019 and 2018, respectively. Hedge funds, are fair valued by management based on net asset value information provided by the investment manager, as well as other relevant factors.

Public market funds are invested in exchange traded funds, index funds and private placements with external investment managers who invest in equity and fixed income securities of both domestic and international issuers. These funds are characterized as public market funds based on individual risk/return characteristics and their relationship to the overall asset mix of the funds. Some of these investment managers may invest in both long and short securities and may utilize modest leverage in their portfolios. The amounts shown as nonredeemable are considered illiquid in that they typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from the underlying fund investments and the timing cannot be estimated. Certain of these investments are held through limited liability companies of which UTIMCO is the sole managing member. There are certain risks associated with these investments, some of which are investment manager risk, market risk and liquidity risk, as well as the risk of utilizing leverage in the portfolios. As of August 31, 2019 and 2018, future fundings in the amount of \$253,820,746.00 and \$173,606,726.16, respectively, have been committed to certain public market funds. The fair value of private investment funds, are estimated using the investment's capital account balance at the closest available reporting date, as communicated by the investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting date as well as consideration of any other information, which has been provided by the investment manager or other sources.

The System invests in private investments through private investment pools which are invested in limited partnerships with external investment managers or general partners who invest primarily in private equity securities. These investments, domestic and international, are illiquid and typically become liquid over multi-year periods when and if the fund managers distribute proceeds realized from underlying fund investments. It is estimated that the underlying assets of the private investments will be liquidated over seven to ten years. There are certain risks associated with these investments, some of which are liquidity risk, market risk, event risk and investment manager risk. Certain of these investments are held through LLCs, of which UTIMCO is the sole managing member. The System had committed \$7,524,136,004.84 and \$5,077,668,448.00 of future funding to various private investments as of August 31, 2019 and 2018, respectively.

Hedge funds, private investments and public market funds include investments in private placement vehicles that are subject to risk, which could result in the loss of invested capital. The risks include the following:

- *Key personnel risk* – The success of certain funds is substantially dependent upon key investment managers and the loss of those individuals may adversely impact the fund's performance.
- *Liquidity risk* – Many of the System's investment funds may impose lock-up periods, which would cause the System to incur penalties to redeem its units or prevent the System from redeeming its shares until a certain period of time has elapsed.
- *Limited transparency* – As private placement investment vehicles, these funds may not disclose the holdings of their portfolios.
- *Investment strategy risk* – These funds often employ sophisticated investment strategies and may use leverage, which could result in the loss of invested capital.

Investments in hedge funds, private investments and public market funds are also subject to the investment risks discussed below. Fixed income investments held by these funds would also be subject to credit risk and interest rate risk; moreover, they may invest in securities whose fair values would be sensitive to changes in interest rates.

The fair values of these various investment funds, excluding the publicly traded funds, as of August 31, 2019 and 2018 were \$30,863,550,609.73 and \$28,697,871,999.59, respectively.

## INVESTMENT RISKS

(A) *Credit Risk* - Article VII, Section 11b of the Texas Constitution authorizes the U. T. System Board of Regents, subject to procedures and restrictions it establishes, to invest System funds in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the U. T. System Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill and caution, would acquire or retain in light of the purposes, terms, distribution requirements and other circumstances of the fund then prevailing, taking into consideration the investment of all of the assets of the fund rather than a single investment.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The System's investment policy does not provide specific requirements and limitations regarding investment ratings. Per GASB authoritative guidance, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. In 2011, some of the U.S. government direct obligations were downgraded and thus U.S. government direct obligations are included in the credit risk disclosure. The following tables present each applicable investment type grouped by rating as of August 31, 2019 and 2018:

August 31, 2019

Investment Type	MOODY'S		STANDARD & POOR'S		FITCH	
	Fair Value	Rating	Fair Value	Rating	Fair Value	Rating
<b>Investments and Investments</b>						
<b>Classified as Cash Equivalents:</b>						
U.S. Government Direct Obligations	\$ 1,136,075,517.89	Aaa	1,136,075,517.89	AA	1,136,075,517.89	AAA
U.S. Government Agency Obligations	976,114,655.10	Aaa	976,114,655.10	AA	976,114,655.10	AAA
	1,058,446.91	A	3,464,269.19	NR	3,464,269.19	NR
	2,405,822.28	B	-	-	-	-
Corporate Obligations	50,359,686.49	Aaa	28,706,211.06	AAA	31,130,011.83	AAA
	116,971,079.55	Aa	103,281,588.72	AA	101,794,020.04	AA
	634,304,869.17	A	569,704,702.03	A	558,135,336.63	A
	319,380,573.85	Baa	427,659,494.44	BBB	225,478,751.22	BBB
	13,519,218.64	Ba	4,477,734.54	BB	941,859.86	BB
	1,140.00	B	1,140.00	B	227,591,009.26	NR
	10,534,421.14	NR	5,037.50	D	-	-
	-	-	11,235,080.55	NR	-	-
Corporate Asset and Mortgage Backed Securities	57,118,812.24	Aaa	9,029,141.96	AAA	41,471,072.14	AAA
	3,733,392.23	Aa	6,289,112.65	AA	3,355,538.83	AA
	6,589,118.93	A	4,918,438.07	A	2,929,604.25	A
	6,951,502.70	Baa	7,820,961.07	BBB	4,467,661.51	BBB
	5,026,276.14	Ba	4,384,366.81	BB	1,855,430.68	BB
	230,032.41	B	2,220,418.42	B	555,884.29	B
	2,938,821.69	Caa	5,760,717.57	CCC	44,732,596.83	NR
	848,782.07	Ca	905,218.48	CC	-	-
	15,931,050.12	NR	23,259.76	D	-	-
	-	-	58,016,153.74	NR	-	-
International Obligations (Government and Corporate)	462,821,638.89	Aaa	316,026,141.67	AAA	421,894,904.38	AAA
	296,759,770.15	Aa	188,483,221.43	AA	281,043,623.07	AA
	808,213,011.73	A	519,524,808.66	A	499,653,948.41	A
	476,932,579.07	Baa	231,923,142.54	BBB	508,080,877.20	BBB
	89,529,681.34	Ba	167,740,801.84	BB	162,096,805.45	BB
	9,455,793.29	B	10,200,596.72	B	1,782,272.75	B
	586,497,657.87	NR	1,296,311,419.48	NR	855,657,701.08	NR
Fixed Income Money Market and Mutual Funds	4,828,561,995.14	Aaa	4,828,561,995.14	AAA	210,572,100.36	AAA
	326,254,056.85	NR	326,254,056.85	NR	4,944,243,951.63	NR
Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	374,109.00	NR	374,109.00	AA	374,109.00	NR
Miscellaneous	1,522,215.65	Aaa	5,189,101.35	AAA	8,392,637.58	AAA
	4,618,627.10	Aa	4,958,984.68	AA	8,341.10	AA
	2,720,388.00	A	2,431,382.00	A	2,431,382.00	A
	147,009.70	Baa	371,765.70	BBB	224,756.00	BBB
	39,570,559.03	NR	35,627,565.75	NR	37,521,682.80	NR
<b>Total Investments and Investments Classified as Cash Equivalents</b>	<b>\$ 11,294,072,312.36</b>		<b>11,294,072,312.36</b>		<b>11,294,072,312.36</b>	
<b>Deposit with Brokers for Derivative Contracts, net (related to investments):</b>						
U.S. Government Direct Obligations	\$ 4,189,699.99	Aaa	4,189,699.99	AA	4,189,699.99	AAA
Cash	(38,251,403.25)	NR	(38,251,403.25)	NR	(38,251,403.25)	NR
<b>Total Deposit with Brokers for Derivative Contracts, net (related to investments)</b>	<b>\$ (34,061,703.26)</b>		<b>(34,061,703.26)</b>		<b>(34,061,703.26)</b>	

August 31, 2018

Investment Type	MOODY'S		STANDARD & POOR'S		FITCH	
	Fair Value	Rating	Fair Value	Rating	Fair Value	Rating
<b>Investments and Investments</b>						
<b>Classified as Cash Equivalents:</b>						
U.S. Government Direct Obligations	\$ 1,392,418,349.21	Aaa	1,392,418,349.21	AA	1,392,418,349.21	AAA
U.S. Government Agency Obligations	237,375,648.24	Aaa	237,375,648.24	AA	28,589,901.98	AAA
	1,284,549.19	A	3,731,460.63	NR	208,785,746.26	AA
	2,446,911.44	B	-	-	3,731,460.63	NR
Corporate Obligations	18,036,047.59	Aaa	12,906,972.68	AAA	12,054,125.94	AAA
	111,362,832.23	Aa	117,708,163.82	AA	101,270,888.02	AA
	496,234,580.85	A	433,643,672.84	A	462,717,828.58	A
	280,555,955.39	Baa	355,012,185.19	BBB	194,429,957.42	BBB
	12,819,349.50	Ba	4,083,619.86	BB	984,469.93	BB
	518,590.57	B	727,915.01	B	157,402,979.52	NR
	727,915.01	Caa	4,777,720.01	NR	-	-
	8,604,978.27	NR	-	-	-	-
Corporate Asset and Mortgage Backed Securities	51,143,120.16	Aaa	7,637,713.45	AAA	34,084,149.73	AAA
	5,338,911.98	Aa	14,366,965.40	AA	3,854,989.39	AA
	8,003,065.22	A	4,179,272.89	A	2,818,777.91	A
	4,963,770.58	Baa	2,740,422.30	BBB	437,130.90	BBB
	3,054,114.98	Ba	2,340,740.23	BB	2,001,188.25	BB
	421,849.55	B	5,689,932.66	B	262,641.04	B
	3,550,156.47	Caa	2,631,556.50	CCC	47,118,182.93	NR
	895,955.13	Ca	1,025,064.53	CC	-	-
	13,206,116.08	NR	39,972.04	D	-	-
	-	-	49,925,420.15	NR	-	-
International Obligations (Government and Corporate)	735,428,476.22	Aaa	323,025,219.86	AAA	543,288,282.19	AAA
	288,806,235.27	Aa	273,253,113.45	AA	395,232,760.86	AA
	809,734,682.37	A	585,312,495.58	A	462,548,755.19	A
	365,265,760.70	Baa	176,185,988.32	BBB	516,682,417.33	BBB
	96,039,226.59	Ba	163,174,178.19	BB	165,686,341.36	BB
	10,182,772.06	B	13,667,228.35	B	723,531.83	B
	376,269.20	Caa	376,269.20	CCC	642,763,870.18	NR
	421,092,536.53	NR	1,191,931,465.99	NR	-	-
Fixed Income Money Market and Mutual Funds	5,551,423,011.44	Aaa	5,438,135,999.10	AAA	623,987,309.22	AAA
	250,712,113.43	NR	363,999,125.77	NR	5,178,147,815.65	NR
Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	3,955,653.26	NR	3,955,653.26	AA	3,955,653.26	NR
Miscellaneous	1,485,236.06	Aaa	5,010,096.01	AAA	6,532,858.37	AAA
	5,210,103.00	Aa	4,419,589.36	AA	247,018.00	AA
	2,803,955.00	A	2,159,885.00	A	2,159,885.00	A
	152,536.50	Baa	914,374.50	BBB	761,838.00	BBB
	35,237,128.08	NR	31,397,434.72	BB	35,187,359.27	NR
	-	-	987,579.05	NR	-	-
<b>Total Investments and Investments Classified as Cash Equivalents</b>	<b>\$ 11,230,868,463.35</b>		<b>11,230,868,463.35</b>		<b>11,230,868,463.35</b>	
<b>Deposit with Brokers for Derivative Contracts, net (related to investments):</b>						
U.S. Government Direct Obligations	\$ 6,423,734.73	Aaa	6,423,734.73	AA	6,423,734.73	AAA
Cash	12,823,693.20	NR	12,823,693.20	NR	12,823,693.20	NR
<b>Total Deposit with Brokers for Derivative Contracts, net (related to investments)</b>	<b>\$ 19,247,427.93</b>		<b>19,247,427.93</b>		<b>19,247,427.93</b>	

(B) *Concentrations of Credit Risk* – The System’s investment policy statements for funds managed by UTIMCO contain the limitation that no more than five percent of the fair value of fixed income securities may be invested in corporate or municipal bonds of a single issuer. As of August 31, 2019 and 2018, these funds did not hold any direct investments in any one issuer of corporate or municipal bonds that were five percent or more of the fair value of the fund’s fixed income investments.

(C) *Custodial Credit Risk* – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Texas State Statutes and the System’s investment policy statements do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. As of August 31, 2019 and 2018, the System did not have any investments that are exposed to custodial credit risk.

(D) *Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Interest rate risk inherent in the System’s investments is measured by monitoring the modified duration of the overall investment portfolio. Modified duration estimates the sensitivity of the System’s investments to changes in interest rates. The System has no specific policy statement limitations with respect to its overall modified duration. The following table summarizes the System’s modified duration in years by investment type as of August 31, 2019 and 2018:

Investment Type	August 31, 2019		August 31, 2018	
	Fair Value	Modified Duration	Fair Value	Modified Duration
<b>Investments:</b>				
U.S. Government Guaranteed:				
U.S. Treasury Bills	\$ 302,944,464.05	0.41	-	-
U.S. Treasury Bonds and Notes	782,226,924.63	10.40	1,355,784,007.69	6.61
U.S. Treasury Inflation Protected	50,904,129.21	11.34	36,634,341.52	12.10
U.S. Agency Asset Backed	12,814,861.12	1.83	15,102,082.29	4.37
Total U.S. Government Guaranteed	1,148,890,379.01	7.71	1,407,520,431.50	6.72
U.S. Government Non-Guaranteed:				
U.S. Agency	564,562,181.44	2.89	399,324.89	0.08
U.S. Agency Asset Backed	402,201,881.73	2.23	225,605,701.69	6.16
Total U.S. Government Non-Guaranteed	966,764,063.17	2.62	226,005,026.58	6.15
Total U.S. Government	2,115,654,442.18	5.38	1,633,525,458.08	6.64
Corporate Obligations:				
Domestic	1,244,438,777.37	5.00	1,019,437,309.56	4.26
Foreign	492,234,319.94	6.04	467,291,907.85	4.68
Total Corporate Obligations	1,736,673,097.31	5.30	1,486,729,217.41	4.39
Foreign Government and Provincial Obligations	2,237,975,812.40	4.17	2,259,634,051.09	4.24
Other Debt Securities	13,470,439.38	8.30	12,951,480.92	6.57
Total Debt Securities	6,103,773,791.27	4.92	5,392,840,207.50	5.01
Other Investment Funds - Debt	34,942,240.78	7.50	31,397,434.72	6.70
Fixed Income Money Market and Mutual Funds	2,443,065,363.60	0.31	3,904,576,322.44	0.21
<b>Total Investments</b>	<b>\$ 8,581,781,395.65</b>	<b>3.62</b>	<b>9,328,813,964.66</b>	<b>3.01</b>
<b>Investments Classified as Cash Equivalents:</b>				
Repurchase Agreement - Texas Treasury Safekeeping Trust Co.	\$ 374,109.00	0.01	3,955,653.26	0.01
Fixed Income Money Market Funds	2,711,750,688.39	0.08	1,897,558,802.43	0.08
Time Deposits	166,119.32	0.00	540,043.00	0.00
<b>Total Investments Classified as Cash Equivalents</b>	<b>\$ 2,712,290,916.71</b>	<b>0.08</b>	<b>1,902,054,498.69</b>	<b>0.08</b>
<b>Deposit with Brokers for Derivative Contracts, net (related to investments):</b>				
U.S. Government Guaranteed:				
U.S. Government Direct Obligations	\$ 4,189,699.99	2.53	6,423,734.73	2.07
Total U.S. Government Guaranteed	4,189,699.99	2.53	6,423,734.73	2.07
Cash	(38,251,403.25)	0.00	12,823,693.20	0.00
<b>Total Deposit with Brokers for Derivative Contracts, net (related to investments)</b>	<b>\$ (34,061,703.26)</b>	<b>(0.31)</b>	<b>19,247,427.93</b>	<b>0.69</b>



(E) *Investments with Fair Values That Are Highly Sensitive to Interest Rate Changes* – The System may invest in various mortgage backed securities, such as collateralized mortgage backed obligations. The System also may invest in investments that have floating rates with periodic coupon changes in market rates, zero coupon bonds and stripped treasury and agency securities created from coupon securities. No percentage of holdings limitations are specified in the investment policy statements regarding these types of securities. As of August 31, 2019 and 2018, the System’s investments included the following investments that are highly sensitive to interest rate changes:

- Collateralized mortgage obligations which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. As of August 31, 2019 and 2018, these securities amounted to \$102,229,674.86 and \$93,796,073.00, respectively.
- Mortgage backed securities which are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows will affect the fair value of these securities. As of August 31, 2019 and 2018, these securities amounted to \$411,682,114.73 and \$235,493,110.00, respectively.
- Asset backed securities which are backed by home equity loans, auto loans, equipment loans and credit card receivables. Prepayments by the obligees of the underlying assets in periods of decreasing interest rates could reduce or eliminate the stream of income that would have been received. As of August 31, 2019 and 2018 these securities amounted to \$39,822,205.81 and \$37,822,171.00, respectively.

(F) *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the System’s non-U.S. dollar investments. There are no limitations on investments in non-U.S. denominated bonds or common stocks in relation to the System’s total fixed income and developed country equity exposures in the System’s investment policy statements.

Classification between domestic common stock and foreign common stock is based on the country of domicile of the issuer, not the currency in which the security is traded. The following tables summarize the System's exposure to non-U.S. dollar investments by asset type as of August 31, 2019 and 2018.

Investment Type	2019 Fair Value	Investment Type	2019 Fair Value
<b>Foreign Common Stock:</b>		<b>Foreign Government &amp; Provincial Obligations (cont.):</b>	
Australian Dollar	\$ 5,425,886	Euro	\$ 451,234,471
Brazilian Real	403,826,036	Hungarian Forint	14,639,202
British Pound	154,628,203	Indonesian Rupiah	64,223,472
Canadian Dollar	10,669,542	Japanese Yen	439,583,954
Chilean Peso	3,221,506	Malaysian Ringgit	86,859,246
Chinese Yuan Renminbi	623,642,930	Mexican Peso	300,553,525
Colombian Peso	404,253	New Zealand Dollar	1,044,054
Czech Koruna	628,087	Norwegian Krone	25,977,277
Danish Krone	20,422,831	Peruvian Sol	17,611,955
Egyptian Pound	13,873,210	Polish Zloty	109,955,894
Euro	269,837,940	Romanian Leu	9,599,848
Hong Kong Dollar	210,745,392	Russian Ruble	944,010
Hungarian Forint	3,972,174	Singapore Dollar	85,299,682
Indian Rupee	87,340,129	South African Rand	65,334,487
Indonesian Rupiah	36,189,495	South Korean Won	12,227,486
Japanese Yen	413,174,868	<b>Total Foreign Government &amp; Provincial Obligations</b>	<b>2,134,611,644</b>
Malaysian Ringgit	23,976,599	<b>Corporate Obligations:</b>	
Mexican Peso	113,128,500	Australian Dollar	2,927,571
Norwegian Krone	23,828,718	British Pound	66,846,710
Peruvian Sol	109,002	Canadian Dollar	1,365,625
Philippine Peso	2,031,140	Danish Krone	82,252,943
Polish Zloty	12,967,415	Euro	51,207,274
Qatari Riyal	4,087,547	Indian Rupee	870
Saudi Riyal	2,968,303	South African Rand	3,300,071
Singapore Dollar	15,663,806	Swedish Krona	349,138
South African Rand	41,313,039	<b>Total Corporate Obligations</b>	<b>208,250,202</b>
South Korean Won	353,031,003	<b>Investment Funds - Emerging Markets:</b>	
Sri Lankan Rupee	3,223,927	Brazilian Real	21,129,335
Swedish Krona	8,760,011	<b>Private Investments:</b>	
Swiss Franc	34,029,141	Australian Dollar	138,102,249
Taiwan Dollar	166,007,372	British Pound	90,054,764
Thai Baht	26,520,901	Canadian Dollar	245,915,713
Turkish Lira	45,992,854	Euro	357,367,937
United Arab Emirates Dirham	35,440,804	<b>Total Private Investments</b>	<b>831,440,663</b>
Vietnamese Dong	20,052,838	<b>Cash and Cash Equivalents:</b>	
<b>Total Foreign Common Stock</b>	<b>3,191,135,402</b>	Australian Dollar	65,364
<b>Other Equity Securities:</b>		Brazilian Real	7,427,750
Chinese Yuan Renminbi	3,725,780	British Pound	(1,207,395)
Malaysian Ringgit	18,091	Canadian Dollar	504,445
Taiwan Dollar	9,846	Chilean Peso	30,689
<b>Total Other Equity Securities</b>	<b>3,753,717</b>	Chinese Yuan Renminbi	26,724,376
<b>Foreign Preferred Stock:</b>		Colombian Peso	1,286,407
Brazilian Real	66,839,217	Czech Koruna	83,918
Colombian Peso	223,731	Danish Krone	(151,810)
South African Rand	115,697	Egyptian Pound	10,015
South Korean Won	34,381,640	Euro	4,336,301
<b>Total Foreign Preferred Stock</b>	<b>101,560,285</b>	Hong Kong Dollar	2,630,257
<b>Foreign Government &amp; Provincial Obligations:</b>		Hungarian Forint	99,434
Australian Dollar	79,612,410	Indian Rupee	492,900
Brazilian Real	108,522,960	Indonesian Rupiah	229,441
British Pound	29,063,273	Israeli Shekel	2,499
Canadian Dollar	141,485,939	Japanese Yen	25,463,593
Colombian Peso	90,838,499	Malaysian Ringgit	118,356

Investment Type (cont.)	2019 Fair Value	Investment Type	2019 Fair Value
Cash and Cash Equivalents (cont.):		Futures:	
Mexican Peso	\$ 1,115,159	Euro	\$ (100,069)
New Zealand Dollar	2,480	Foreign Exchange Contracts:	
Norwegian Krone	1,519,484	Argentina Peso	(242,815)
Philippine Peso	18,184	Australian Dollar	(32,196)
Polish Zloty	642,837	Brazilian Real	2,733,673
Peruvian Sol	8,790	British Pound	3,274,028
Qatari Riyal	285,743	Canadian Dollar	205,789
Romanian Leu	264	Chilean Peso	(1,753,615)
Russian Ruble	(72)	Chinese Yuan Renminbi	(71,218)
Singapore Dollar	47,619	Colombian Peso	1,939,673
South African Rand	1,785,363	Czech Koruna	(715,951)
South Korean Won	7,658,895	Danish Krone	1,703,560
Swedish Krona	67,659	Euro	14,883,638
Swiss Franc	48,592	Hong Kong Dollar	65,949
Taiwan Dollar	1,491,515	Hungarian Forint	1,620,079
Thai Baht	63,037	Indian Rupee	509,682
Turkish Lira	125,604	Indonesian Rupiah	181,252
United Arab Emirates Dirham	41,961	Israeli Shekel	1,842
Total Cash and Cash Equivalents	<u>83,069,654</u>	Japanese Yen	(13,173,604)
Purchased Options:		Malaysian Ringgit	43,157
Australian Dollar	51	Mexican Peso	5,521,663
Brazilian Real	178,130	New Zealand Dollar	1,156,106
Euro	5,708,406	Norwegian Krone	(1,305,640)
Japanese Yen	8,386	Peruvian Sol	666,296
Swiss Franc	438,932	Polish Zloty	1,240,428
Total Purchased Options	<u>6,333,905</u>	Qatari Riyal	(1,088)
Written Options:		Romanian Leu	317,130
Australian Dollar	(69,560)	Russian Ruble	(241,441)
Brazilian Real	(565,609)	Singapore Dollar	773,655
Japanese Yen	(6,621)	South African Rand	464,928
Total Written Options	<u>(641,790)</u>	South Korean Won	(1,208,668)
Swaps:		Swedish Krona	(3,329,868)
Australian Dollar	11,595,964	Swiss Franc	(139,838)
British Pound	(2,692,953)	Taiwan Dollar	(141,399)
Canadian Dollar	1,894,945	Thai Baht	(672,500)
Chinese Yuan Renminbi	453,198	Total Foreign Exchange Contracts	<u>14,272,687</u>
Czech Koruna	58,335		
Euro	27,737,507	Total	\$ <u><u>6,636,129,310</u></u>
Israeli Shekel	649,045		
Japanese Yen	604,048		
Mexican Peso	27,387		
New Zealand Dollar	9,424		
Polish Zloty	76,855		
South Korean Won	668,639		
South African Rand	71,719		
Swedish Krona	159,562		
Total Swaps	<u>41,313,675</u>		

Investment Type	2018 Fair Value	Investment Type	2018 Fair Value
Domestic Common Stock:		Foreign Government & Provincial Obligations (cont.):	
Australian Dollar	\$ 184,293	Indonesian Rupiah	\$ 57,395,864
Foreign Common Stock:		Japanese Yen	249,721,599
Australian Dollar	4,127,465	Malaysian Ringgit	119,415,866
Brazilian Real	301,296,544	Mexican Peso	273,261,418
British Pound	124,452,409	New Zealand Dollar	101,000,320
Canadian Dollar	21,378,794	Norwegian Krone	31,268,777
Chilean Peso	1,735,849	Peruvian Sol	38,677,929
Chinese Yuan Renminbi	449,274,805	Polish Zloty	154,574,605
Colombian Peso	234,056	Romanian Leu	5,439,316
Czech Koruna	8,951,788	Singapore Dollar	101,479,699
Danish Krone	20,746,741	South African Rand	66,456,830
Egyptian Pound	22,305,389	South Korean Won	29,797,454
Euro	330,574,872	Thai Baht	11,769,181
Hong Kong Dollar	160,237,490	Turkish Lira	10,000,169
Hungarian Forint	1,870,007	Total Foreign Government & Provincial Obligations	2,175,439,580
Indian Rupee	110,410,268	Corporate Obligations:	
Indonesian Rupiah	39,733,042	Australian Dollar	4,941,885
Japanese Yen	398,459,862	British Pound	53,333,349
Malaysian Ringgit	31,795,319	Canadian Dollar	2,391,222
Mexican Peso	128,737,378	Danish Krone	67,155,667
Norwegian Krone	3,865,391	Euro	36,047,434
Peruvian Sol	125,629	Indian Rupee	11,217,984
Philippine Peso	1,532,445	South African Rand	8,994,644
Polish Zloty	5,337,696	Swedish Krona	37,997,118
Qatari Riyal	9,390,738	Total Corporate Obligations	222,079,303
Singapore Dollar	26,492,686	Investment Funds - Emerging Markets:	
South African Rand	43,504,170	Brazilian Real	29,272,884
South Korean Won	464,928,104	Convertible Securities:	
Sri Lankan Rupee	8,815,880	Brazilian Real	1,702,816
Swiss Franc	24,180,314	Private Investments:	
Taiwan Dollar	153,377,493	Australian Dollar	122,439,273
Thai Baht	41,060,567	British Pound	58,068,434
Turkish Lira	18,444,640	Canadian Dollar	291,900,609
United Arab Emirates Dirham	36,229,065	Euro	404,589,583
Vietnamese Dong	15,152,560	Total Private Investments	876,997,899
Total Foreign Common Stock	3,008,759,456	Cash and Cash Equivalents:	
Other Equity Securities:		Australian Dollar	16,261
Australian Dollar	4,090	Brazilian Real	4,475,337
Malaysian Ringgit	37,029	British Pound	926,038
Total Other Equity Securities	41,119	Canadian Dollar	5,341,017
Foreign Preferred Stock:		Chilean Peso	291
Brazilian Real	48,493,589	Chinese Yuan Renminbi	70,586,046
Euro	10,577,750	Colombian Peso	1,255,529
South African Rand	105,693	Czech Koruna	42
South Korean Won	30,453,676	Danish Krone	6,778
Total Foreign Preferred Stock	89,630,708	Egyptian Pound	16,400
Foreign Government & Provincial Obligations:		Euro	393,841
Australian Dollar	199,429,417	Hong Kong Dollar	436,939
Brazilian Real	86,865,296	Hungarian Forint	23,647
British Pound	45,607,131	Indian Rupee	196,333
Canadian Dollar	128,400,097	Indonesian Rupiah	350,872
Colombian Peso	48,572,797	Israeli Shekel	398
Euro	416,305,815	Japanese Yen	13,767,456

Investment Type (cont.)	2018 Fair Value	Investment Type	2018 Fair Value
Cash and Cash Equivalents (cont.):		Foreign Exchange Contracts:	
Malaysian Ringgit	\$ 904,679	Argentina Peso	\$ (401,979)
Mexican Peso	2,440,166	Australian Dollar	1,479,327
New Zealand Dollar	295,529	Brazilian Real	3,930,794
Norwegian Krone	815	British Pound	(969,954)
Philippine Peso	12,113	Canadian Dollar	(1,088,420)
Polish Zloty	450,724	Chilean Peso	(113,984)
Singapore Dollar	1,125,498	Chinese Yuan Renminbi	(1,495,177)
South African Rand	3,669,017	Colombian Peso	(1,052,195)
South Korean Won	9,067,322	Czech Koruna	(6,539)
Swedish Krona	623	Danish Krone	(9,845)
Swiss Franc	1,159	Euro	1,867,805
Taiwan Dollar	1,100,823	Hong Kong Dollar	182,801
Thai Baht	32,575	Hungarian Forint	(35,837)
Turkish Lira	95,722	Indian Rupee	112,561
United Arab Emirates Dirham	(3,439)	Indonesian Rupiah	85,757
Total Cash and Cash Equivalents	<u>116,986,551</u>	Israeli Shekel	28,350
Purchased Options:		Japanese Yen	12,066,997
Brazilian Real	551,211	Malaysian Ringgit	(90,224)
Euro	162,299	Mexican Peso	(2,068,420)
Total Purchased Options	<u>713,510</u>	New Zealand Dollar	1,440,880
Written Options:		Norwegian Krone	(2,003,588)
Australian Dollar	(11,581)	Peruvian Sol	85,111
Brazilian Real	(144)	Polish Zloty	(634,617)
British Pound	(137,209)	Romanian Leu	(55,296)
Euro	(49,231)	Russian Ruble	(573,525)
Total Written Options	<u>(198,165)</u>	Singapore Dollar	2,279,316
Swaps:		South African Rand	1,161,629
British Pound	9,908,424	South Korean Won	(539,346)
Canadian Dollar	499,916	Swedish Krona	(9,435,048)
Euro	4,361,399	Swiss Franc	136,539
Japanese Yen	(335,093)	Taiwan Dollar	467,908
Mexican Peso	(83,999)	Thai Baht	(303,730)
New Zealand Dollar	304,929	Turkish Lira	(560,637)
South Korean Won	25,996	Total Foreign Exchange Contracts	<u>3,887,414</u>
South African Rand	(386,690)		
Total Swaps	<u>14,294,882</u>		
Futures:		Total	\$ <u><u>6,539,557,183</u></u>
Canadian Dollar	(22,508)		
Euro	(212,559)		
Total Futures	<u>(235,067)</u>		

(G) *Counterparty (Credit) Risk* – The derivative instruments utilized by the System contain varying degrees of off-statement of net position risk whereby changes in the fair values of securities underlying the financial instruments may exceed the amounts recognized in the statement of net position. The System manages these risks on an aggregate basis along with the risks associated with its other investments as part of its overall risk management process.

The System had gross counterparty exposure as of August 31, 2019 for options, swaps, and foreign currency exchange contracts as shown in the following table:

	Notional		Fair Value		Counterparty Rating
	Assets	Liabilities	Assets	Liabilities	
Options	\$ 90,292,592	-	4,988,471	-	AA
Options	28,257,997	42,139,875	164,370	217,724	A
Swaps	68,797,105	31,107,315	8,612,230	6,419,433	AA
Swaps	390,830,439	738,475,144	30,841,650	36,218,577	A
Foreign Currency Exchange Contracts	854,819,016	341,976,218	18,211,712	4,072,944	AA
Foreign Currency Exchange Contracts	2,509,034,543	2,259,678,515	37,644,788	37,510,869	A
	<u>\$ 3,942,031,692</u>	<u>3,413,377,067</u>	<u>100,463,221</u>	<u>84,439,547</u>	

The System had gross counterparty exposure as of August 31, 2018 for options, swaps, and foreign currency exchange contracts as shown in the following table:

	Notional		Fair Value		Counterparty Rating
	Assets	Liabilities	Assets	Liabilities	
Options	\$ -	8,300,000	-	75,883	AA
Options	15,396,381	96,594,234	681,807	257,821	A
Swaps	5,447,916	5,831,797	1,352,265	564,360	AA
Swaps	757,163,605	310,084,015	27,845,967	15,698,816	A
Foreign Currency Exchange Contracts	1,039,529,767	2,841,350,645	24,515,008	31,814,241	AA
Foreign Currency Exchange Contracts	1,521,104,488	2,058,561,860	28,217,254	16,910,447	A
Foreign Currency Exchange Contracts	2,906,931	3,026,126	78,100	198,261	BBB
	<u>\$ 3,341,549,088</u>	<u>5,323,748,677</u>	<u>82,690,401</u>	<u>65,519,829</u>	

As of August 31, 2019 and 2018, the System also had investments in futures contracts, options on futures contracts and exchange-cleared swaps. Futures contracts, options on futures contracts and exchange-cleared swaps expose the System to minimal counterparty credit risk since they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default, and therefore, they are not presented in the previous tables.

Counterparty risk for swaps, options and foreign currency exchange contracts which are traded over-the-counter is mitigated by having master netting arrangements between the System and its counterparties, and by the posting of collateral on a daily basis by the counterparty to the System to cover the System's exposure to a counterparty above the limits set in place in each master netting agreement. Collateral posted by counterparties is held by the System in one of its accounts at the System's custodian bank. As of August 31, 2019 and 2018, the System held \$86,947,187 and \$26,589,000, respectively, as collateral related to derivative instruments other than futures, and had on deposit with brokers \$49,085,725 and \$37,949,129, respectively, as collateral related to derivative instruments other than futures.

## SECURITIES LENDING

In accordance with the prudent investor investment standards, the System participates in a securities lending program. The System began the program, under a contract with the System's lending agent, on September 1, 1995. The lending agent is authorized to lend any securities held by the System's custodian except those securities, which the policy guidelines prohibit lending. At August 31, 2019 and 2018, there were a total of \$782,945,046.74 and \$662,260,720.96, respectively, of securities out on loan to brokers/dealers. A combination of cash and qualified non-cash securities are held as collateral against the outstanding securities on loan. The value of cash collateral held for these securities consisted of \$453,059,220.56 at August 31, 2019 and \$434,189,416.14 at August 31, 2018. These amounts are recorded as assets, with an offsetting liability to return the collateral on the consolidated statement of net position. The qualified non-cash securities received as collateral for securities lending activities are not recorded as assets because these securities remain under the control of the transferor, except in the event of default.

In security lending transactions, the System transfers its securities to brokers/dealers for collateral, which may be cash, securities issued or guaranteed by the United States government or its agencies, and irrevocable bank letters of credit, and simultaneously agrees to return the collateral for the same securities in the future.

Cash received as collateral for securities lending activities is invested and reinvested in a non-commingled pool exclusively for the benefit of the System. The pool is managed in accordance with investment guidelines established in the securities lending contract between the System and its securities lending agent. The maturities of the investments in the pool do not necessarily match the term of the loans, rather the pool is managed to maintain a maximum dollar weighted average maturity of 60 days and an overnight liquidity of 20 percent. The System was collateralized 103 percent on August 31, 2019 and August 31, 2018 for securities on loan collateralized by cash. The System's collateral pool investments, rating by NRSRO and weighted average maturity in days as of August 31, 2019 and 2018, are shown in the following table:

<u>Description</u>	<u>August 31, 2019</u>			<u>August 31, 2018</u>		
	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average</u>
Repurchase Agreements	\$ 283,087,060	Not Rated	3	\$ 151,035,097	No Rating	4
U.S. Government Agency Obligations	-			7,500,000	AA	7
Commercial Paper	12,307,353	P	58	137,461,988	P	24
Corporate Obligations	22,114,656	AA		3,006,929	AA	
Corporate Obligations	15,630,294	A		27,430,766	A	
Total Corporate Obligations	<u>37,744,950</u>		43	<u>30,437,695</u>		42
International Obligations	67,917,573	AA		72,561,174	AA	
International Obligations	52,099,574	A		48,311,685	A	
Total International Obligations	<u>120,017,147</u>		38	<u>120,872,859</u>		23
Other Receivables/Payables	(97,290)	Not Rated		(13,118,223)	Not Rated	
Total Collateral Pool Investment	\$ <u>453,059,220</u>		17	\$ <u>434,189,416</u>		19

Collateral pool investments are uninsured and are held by the securities lending agent, in its name, on behalf of the System, except for the investments in repurchase agreements, which are held in the securities lending agent's name by a third party custodian not affiliated with the System or the borrower of the associated loaned securities. Therefore, the collateral pool is not exposed to custodial credit risk, because the pool investments are not held by counterparties to the lending transactions or a counterparties' trust department or agent. All collateral pool investments are categorized as Level 2 in the fair value hierarchy and are valued based upon prices supplied by major fixed income pricing services, external broker quotes and internal pricing matrices.

Lending income is earned if the returns on those investments exceed the “rebate” paid to borrowers of the securities. The income is then shared with the lending agent based on a contractually negotiated rate split. If the investment of the cash collateral does not provide a return exceeding the rebate or if the investment incurs a loss of principal, part of the payment to the borrower would come from the System’s resources and the lending agent based on the rate split.

Loans that are collateralized with securities generate income when the borrower pays a loan premium or fee for the securities loan. This income is split with the same ratio as the earnings for cash collateral. The collateral pledged to the System by the borrower is custodied by the lending agent or through a third-party arrangement. These securities held as collateral are not available to the System for selling or pledging unless the borrower is in default of the loan. The System held collateral equal to 103 percent of the securities on loan that were collateralized by non-cash securities as of August 31, 2019 and August 31, 2018.

The collateral received must have a fair value of 102 percent of the loaned securities of United States issuers. If the fair value of the collateral held in connection with loans of securities of United States issuers is less than 100 percent at the close of trading on any business day, the borrower is required to deliver additional collateral by the close of the next business day to equal 102 percent of the fair value.

For non-U. S. issuers, the collateral should remain at 105 percent of the fair value of the loaned securities at the close of any business day. If it falls below 105 percent, the borrower must deliver additional collateral by the close of the following business day. The System was collateralized 106 percent for international loans on August 31, 2019 and 107 percent for international loans on August 31, 2018.

In the event of default, where the borrower is unable to return the securities loaned, the System has authorized the lending agent to seize the collateral held. The collateral is then used to replace the borrowed securities where possible. Due to some market conditions, it is possible that the original securities cannot be replaced. If the collateral is insufficient to replace the securities, the lending agent has indemnified the System from any loss due to borrower default.

At August 31, 2019 and 2018, the System had no credit risk exposure to borrowers because the amounts the System owed to borrowers exceeded the amounts the borrowers owed the System.

There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses and no recoveries of prior period losses during the years ended August 31, 2019 and 2018.

#### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative securities are financial instruments whose value is derived, in whole or in part, from the value of any one or more underlying securities or assets, or index of securities or assets, such as stocks, bonds, commodities or currencies. Derivatives cover a broad range of financial instruments, such as forwards, futures, options and swaps.

(A) *Futures Contracts* – Futures contracts are used to facilitate various trading strategies, primarily as a tool to increase or decrease market exposure to various asset classes. The fair value of the asset positions is included in investments, and the fair value of the liability positions is included in investment derivatives-liability positions on the consolidated statement of net position. Futures contracts are marked to market daily; that is, they are valued at the close of business each day and a gain or loss is recorded between the value of the contracts that day and on the previous day. The daily gain or loss difference is referred to as the daily variation margin, which is settled in cash with the broker each morning for the amount of the previous day’s mark to market. The amount that is settled in cash with the broker each morning is the fair value of the futures contracts.

The changes in fair value of open futures contracts were increases of \$9,535,220 and \$24,533,427 for the years ending August 31, 2019 and 2018, respectively, which are included in the net increase (decrease) in fair value of investments on the consolidated statements of revenues, expenses and changes in net position. The System had \$3,799,760 and \$7,887,298 on deposit with brokers for collateral as margin for the futures contracts as of August 31, 2019 and 2018, respectively. Short futures may be used by internal managers and a limited number of external managers of the System to hedge the System’s interest rate or currency risk associated with security positions. The System executes such contracts either on major exchanges or with major international financial institutions and minimizes market and credit risk associated with these contracts through the managers’ various trading and credit monitoring techniques.



During the years ended August 31, 2019 and 2018, certain of the System's investment managers trading in commodity futures on the London Metals Exchange (LME) closed out various long contract positions with offsetting short contract positions. For contracts traded and closed on the LME, cash settlement does not occur until the expiration date of the contract. The gross notional value of these long and short positions are shown below with the associated pending cash settlement amounts shown as the fair value as of August 31, 2019 and 2018.

The following discloses the type, notional value, and fair value of futures contracts at August 31, 2019:

	Notional Value at August 31, 2019		Fair Value at August 31, 2019	
	Long	Short	Assets	Liabilities
Commodity Futures	\$ 117,896,302	27,562,270	3,565,952	4,195,969
Domestic Fixed Income	743,404,945	-	287,469	-
International Fixed Income Futures	800,474,562	190,396,222	115,259	215,329
Totals	\$ 1,661,775,809	217,958,492	3,968,680	4,411,298

The following discloses the type, notional value, and fair value of futures contracts at August 31, 2018:

	Notional Value at August 31, 2018		Fair Value at August 31, 2018	
	Long	Short	Assets	Liabilities
Commodity Futures	\$ 735,892,250	192,833,532	7,177,479	32,051,925
Domestic Fixed Income	977,708,022	777,879,075	286,033	313,546
International Fixed Income Futures	776,143,821	305,471,592	412,088	518,155
Domestic Equities	45,272,760	-	1,560	-
International Equities	27,589,102	-	-	202,987
Totals	\$ 2,562,605,955	1,276,184,199	7,877,160	33,086,613

(B) *Foreign Currency Exchange Contracts* – The System enters into forward foreign currency exchange contracts to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities and to facilitate trading strategies primarily as a tool to increase or decrease market exposure to various foreign currencies. When entering into a forward currency contract, the System agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are valued daily and the System's net equity therein, representing unrealized gain or loss on the contracts, as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in investments for the asset positions and investment derivatives-liability positions for the liability positions. These instruments involve market and/or credit risk in excess of the amount recognized in the consolidated statement of net position. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

The following tables summarize, by currency, the contractual amounts of the System's foreign exchange contracts at August 31, 2019 and 2018. Foreign currency amounts are translated at exchange rates as of August 31, 2019 and 2018. The "Net Buy" amounts represent the U. S. dollar equivalent of net commitments to purchase foreign currencies and the "Net Sell" amounts represent the U. S. dollar equivalent of net commitments to sell foreign currencies.

Currency	Net Buy August 31, 2019	Net Sell August 31, 2019	Unrealized Gains on Foreign Exchange Contracts August 31, 2019	Unrealized Losses on Foreign Exchange Contracts August 31, 2019
Argentina Peso	\$ -	-	38,001	280,816
Australian Dollar	-	42,780,409	744,343	776,538
Brazilian Real	-	61,593,449	4,937,720	2,204,046
British Pound	-	84,252,204	4,883,623	1,609,595
Canadian Dollar	-	135,373,785	1,129,778	923,989
Chilean Peso	43,714,771	-	13,688	1,767,303
Chinese Yuan Renminbi	-	10,752,777	515,795	587,013
Colombian Peso	-	16,073,219	2,350,134	410,461
Czech Koruna	13,420,678	-	-	715,951
Danish Krone	-	101,023,137	1,793,182	89,622
Euro	-	860,943,643	17,273,171	2,389,533
Hong Kong Dollar	-	14,446,799	134,569	68,621
Hungarian Forint	-	52,477,744	1,966,803	346,724
Indian Rupee	-	75,442	885,722	376,040
Indonesian Rupiah	-	27,258,143	403,832	222,581
Israeli Shekel	-	444,127	5,334	3,492
Japanese Yen	-	658,762,062	177,143	13,350,747
Malaysian Ringgit	-	4,099,636	43,159	2
Mexican Peso	-	159,458,594	6,126,275	604,612
New Zealand Dollar	-	32,187,088	2,246,156	1,090,050
Norwegian Krone	37,331,866	-	2,232,002	3,537,642
Peruvian Sol	-	57,284,617	717,719	51,422
Polish Zloty	-	37,524,646	2,245,556	1,005,128
Qatari Riyal	-	285,743	-	1,089
Romanian Leu	-	9,514,383	428,852	111,722
Russian Ruble	14,063,507	-	-	241,441
Singapore Dollar	-	98,282,973	1,049,075	275,420
South African Rand	-	70,987,653	1,207,268	742,340
South Korean Won	49,083,493	-	572,524	1,781,192
Swedish Krona	82,412,289	-	902,676	4,232,544
Swiss Franc	-	67,076,876	813,603	953,441
Taiwan Dollar	-	17,993,987	18,797	160,196
Thailand Baht	-	70,545,116	-	672,500
<b>TOTAL</b>	<b>\$ 240,026,604</b>	<b>2,691,498,252</b>	<b>55,856,500</b>	<b>41,583,813</b>

The change in fair value of open foreign currency exchange contracts for the year ending August 31, 2019 was an increase in the amount of \$14,273,249, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

Currency	Net Buy August 31, 2018	Net Sell August 31, 2018	Unrealized Gains on Foreign Exchange Contracts August 31, 2018	Unrealized Losses on Foreign Exchange Contracts August 31, 2018
Argentina Peso	\$ 1,789,358	-	769,455	1,171,434
Australian Dollar	-	160,631,998	1,963,301	483,974
Brazilian Real	-	46,198,971	4,586,950	656,156
British Pound	-	145,907,600	2,894,506	3,864,460
Canadian Dollar	-	54,616,932	669,078	1,757,498
Chilean Peso	28,362,121	-	-	113,984
Chinese Yuan Renminbi	-	4,902,382	260,778	1,755,955
Colombian Peso	39,568,749	-	856,376	1,908,571
Czech Koruna	21,905	-	-	6,539
Danish Krone	-	70,904,791	242,957	252,802
Euro	-	921,609,644	4,490,994	2,623,189
Hong Kong Dollar	-	16,157,795	182,801	-
Hungarian Forint	-	39,671,032	-	35,837
Indian Rupee	-	4,361,646	655,065	542,504
Indonesian Rupiah	-	43,136,472	575,323	489,566
Israeli Shekel	118,323	-	28,376	26
Japanese Yen	-	555,276,710	14,285,745	2,218,748
Malaysian Ringgit	-	435,212	933	91,157
Mexican Peso	-	41,979,486	1,030,433	3,098,853
New Zealand Dollar	-	146,421,839	1,637,758	196,878
Norwegian Krone	75,584,855	-	239,234	2,242,822
Peruvian Sol	-	10,780,424	85,286	175
Polish Zloty	-	49,647,654	302,099	936,716
Romanian Leu	-	10,240,153	2,598	57,894
Russian Ruble	9,421,801	-	-	573,525
Singapore Dollar	-	123,838,658	2,525,665	246,349
South African Rand	-	17,107,065	4,472,918	3,311,289
South Korean Won	-	58,979,190	26,633	565,979
Swedish Krona	149,603,558	-	460,262	9,895,310
Swiss Franc	-	43,394,001	150,812	14,273
Taiwan Dollar	-	28,700,450	547,071	79,163
Thailand Baht	-	53,659,309	11,246	314,976
Turkish Lira	-	3,279,658	8,855,709	9,416,347
<b>TOTAL</b>	<b>\$ 304,470,670</b>	<b>2,651,839,072</b>	<b>52,810,362</b>	<b>48,922,949</b>

The change in fair value of open foreign currency exchange contracts for the year ending August 31, 2018 was an increase in the amount of \$4,521,272, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

(C) *Written Options* – Written options are used to alter the market (systematic) exposure without trading the underlying cash market securities, and to hedge and control risks, so that the actual risk/return profile is more closely aligned with the target risk/return profile. The fair value is included on the consolidated statement of net position in investment derivatives-liability positions. The following discloses the fair values of the outstanding written call options contracts as of August 31, 2019 and 2018:

<u>Type</u>	<b>Fair Value</b>	
	<b>at August 31, 2019</b>	
	<b>Assets</b>	<b>Liabilities</b>
Currency	\$ -	116,558
Equity	-	514,470
Commodity	-	150,760
Other	-	303,728
	\$ -	<u>1,085,516</u>

The change in fair value of open call options for the year ending August 31, 2019, was a decrease in the amount of \$525,997, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

<u>Type</u>	<b>Fair Value</b>	
	<b>at August 31, 2018</b>	
	<b>Assets</b>	<b>Liabilities</b>
Currency	\$ -	147,602
Equity	-	159,903
Commodity	-	1,170
Other	-	6,811
	\$ -	<u>315,486</u>

The change in fair value of open call options for the year ending August 31, 2018, was an increase in the amount of \$270,624, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

The following discloses the fair values of the outstanding written put options contracts as of August 31, 2019 and 2018:

<u>Type</u>	<b>Fair Value</b>	
	<b>at August 31, 2019</b>	
	<b>Assets</b>	<b>Liabilities</b>
Currency	\$ -	100,993
Equity	-	107,859
Commodity	-	8,160
Credit Default Swap	-	173
Interest Rate Swap	-	712,163
Other	19,947	5,742
	\$ <u>19,947</u>	<u>935,090</u>

The change in fair value of open put options for the year ending August 31, 2019, was an increase in the amount of \$412,328, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

Type	Fair Value at August 31, 2018	
	Assets	Liabilities
Currency	\$ -	163,746
Other	-	15,546
	\$ -	179,292

The change in fair value of open put options for the year ending August 31, 2018, was an increase in the amount of \$80,132, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

(D) *Swaps* – Swaps are used to adjust interest rate and yield curve exposures. The fair value of the asset positions is included in investments, and the fair value of the liability positions is included in investment derivatives-liability positions on the consolidated statement of net position. The following discloses the notional amount (presented in US dollar equivalents) and the fair values of the outstanding swap contracts as of August 31, 2019:

Type	Fair Value at August 31, 2019		
	USD Notional Value	Assets	Liabilities
Interest Rate (Pay-Fixed Receive-Variable)	\$ 2,564,897,563	19,795,285	173,784
Interest Rate (Pay-Variable Receive-Fixed)	928,497,926	192,659	14,705,522
Credit Default	279,675,125	4,756,134	2,886,957
Commodity	4,073,682	79,007	286,709
Currency	50,088,960	24,853,050	25,285,460
Equity	985,297,169	5,796,272	14,193,706
Volatility	9,700,000	-	897,686
Fixed Income	15,000,000	-	1,338,898
Total	\$ 4,837,230,425	55,472,407	59,768,722

The change in fair value of open swap positions for the year ending August 31, 2019, was a decrease in the amount of \$6,675,200, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

The following discloses the notional amount (presented in US dollar equivalents) and the fair values of the outstanding swap contracts as of August 31, 2018:

Type	Fair Value at August 31, 2018		
	USD Notional Value	Assets	Liabilities
Interest Rate (Pay-Fixed Receive-Variable)	\$ 1,296,404,652	4,765,260	2,794,622
Interest Rate (Pay-Variable Receive-Fixed)	1,215,848,507	10,181,087	1,371,877
Credit Default	130,735,750	1,905,129	829,225
Commodity	8,860,756	568,240	282,236
Currency	17,890,225	9,136,963	8,662,001
Equity	946,459,739	13,670,447	4,685,686
Total	\$ 3,616,199,629	40,227,126	18,625,647

The change in fair value of open swap positions for the year ending August 31, 2018, was an increase in the amount of \$22,396,573, which is included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position.

## 7. Derivative Instruments

Derivatives are financial instruments the value of which is derived, in whole or part, from the value of any one or more underlying assets or index of asset values. Derivatives include forwards, futures, options and swaps. Hedging derivative contracts are entered into for the purpose of reducing the overall cost of borrowing long-term capital and to protect the System against the risk of rising interest rates. The hedging derivatives primarily consist of interest rate swap agreements entered into in connection with long-term bonds. The derivative contracts enable the System to issue bonds at a cost less than what the System would have paid to issue conventional fixed-rate debt. Investment derivatives are entered into with the intention of managing transaction or currency exchange risk in purchasing, selling or holding investments. Ineffective hedges are also reported as investment derivatives. All derivative instruments are categorized as Level 2 in the fair value hierarchy, except for futures contracts and some of the purchased options which are categorized as Level 1. The fair values of the interest rate swaps are calculated using a forecast of expected discounted future net cash flows. Other swaps are fair valued by using independent broker quotes or using models with primarily externally verifiable model inputs. Futures contracts and foreign exchange contracts are fair valued at closing market prices on the valuation date. The following disclosures summarize the System's derivative activity as reported in the consolidated financial statements.

	Change in Fair Value (FV) 8/31/18 to 8/31/19		Fair Value at 8/31/19		Notional Amount
	Classification	Amount	Classification	Amount	
<b>Cash Flow-Interest Rate Swaps</b>					
Hedging Derivative Assets			Hedging Derivative Asset	\$ -	-
Pay-Fixed Receive-Variable	Def Inflows	\$ (37,067,661.00)	Hedging Derivative Liab	(325,363,093.00)	1,626,205,000.00
Hedging Derivative Liabilities					
Pay-Fixed Receive-Variable	Def Outflows	(160,008,887.00)			
Investment Derivative Assets					
Basis Swaps	Net Incr. (Decr.) in FV of Invest	(51,270,783.00)	Investments	25,044,638.00	987,225,000.00
Investment Derivative Liabilities					
Basis Swaps	Net Incr. (Decr.) in FV of Invest	(443,405.00)	Invest Deriv – Liab Positions	(443,405.00)	539,890,000.00
<b>Investment Derivatives</b>					
<u>Investment Derivative Assets:</u>					
Swaps:					
Pay-Fixed Receive-Variable		19,989,445.00		19,795,285.00	997,521,334.00
Pay-Variable Receive-Fixed		(1,325,894.00)		192,659.00	79,700,000.00
Credit Default		4,735,981.00		4,756,134.00	201,153,625.00
Commodity		79,007.00		79,007.00	929,141.00
Currency		24,853,050.00		24,853,050.00	24,803,500.00
Equity		5,468,193.00		5,796,272.00	315,677,002.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	53,799,782.00	Investments	55,472,407.00	1,619,784,602.00
Futures	Net Incr. (Decr.) in FV of Invest	3,968,680.00	Other Accounts Receivable	3,968,680.00	1,661,775,809.00
Unrealized Gains on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	55,856,500.00	Investments	55,856,500.00	3,363,853,559.00
Purchased Options	Net Incr. (Decr.) in FV of Invest	(3,887,162.00)	Investments	8,046,677.31	242,890,177.00
<u>Investment Derivative Liabilities:</u>					
Swaps:					
Pay-Fixed Receive-Variable		(33,686.00)		(173,784.00)	1,567,376,229.00
Pay-Variable Receive-Fixed		(14,810,599.00)		(14,705,522.00)	848,797,926.00
Credit Default		(2,155,937.00)		(2,886,957.00)	78,521,500.00
Commodity		(286,709.00)		(286,709.00)	3,144,541.00
Currency		(25,285,460.00)		(25,285,460.00)	25,285,460.00
Equity		(15,785,586.00)		(14,193,706.00)	669,620,167.00
Volatility		(778,107.00)		(897,686.00)	9,700,000.00
Fixed Income		(1,338,898.00)		(1,338,898.00)	15,000,000.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	(60,474,982.00)	Invest Deriv – Liab Positions	(59,768,722.00)	3,217,445,823.00
Futures	Net Incr. (Decr.) in FV of Invest	(4,411,298.00)	Current Accounts Payable	(4,411,298.00)	217,958,492.00
Unrealized Losses on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	(41,583,251.00)	Invest Deriv – Liab Positions	(41,583,813.00)	2,601,654,733.00
Options Written	Net Incr. (Decr.) in FV of Invest	(113,669.00)	Invest Deriv – Liab Positions	(2,000,658.28)	335,117,858.00

	Change in Fair Value (FV) 8/31/17 to 8/31/18		Fair Value at 8/31/18		Notional Amount
	Classification	Amount	Classification	Amount	
<b>Cash Flow-Interest Rate Swaps</b>					
Hedging Derivative Assets			Hedging Derivative Asset	\$ 37,067,661.00	250,000,000.00
Pay-Fixed Receive-Variable	Def Inflows	\$ 26,728,346.00			
Hedging Derivative Liabilities			Hedging Derivative Liab	(165,354,206.00)	1,154,360,000.00
Pay-Fixed Receive-Variable	Def Outflows	80,733,716.00			
Investment Derivative Assets	Net Incr. (Decr.) in FV of Invest	53,638,346.00	Investments	76,315,421.00	1,530,225,000.00
Basis Swaps					
Investment Derivative Liabilities	Net Incr. (Decr.) in FV of Invest	7,781,148.00	Invest Deriv – Liab Positions	-	-
Basis Swaps					
Investment Derivative Liabilities	Net Incr. (Decr.) in FV of Invest	2,877,014.00	Invest Deriv – Liab Positions	-	-
Rate Lock					
<b>Investment Derivatives</b>					
<u>Investment Derivative Assets:</u>					
Swaps:					
Pay-Fixed Receive-Variable		4,773,391.00		4,765,260.00	538,933,609.00
Pay-Variable Receive-Fixed		11,582,938.00		10,181,087.00	781,309,337.00
Credit Default		628,422.00		1,905,129.00	99,439,550.00
Commodity		568,240.00		568,240.00	4,291,852.00
Currency		9,136,963.00		9,136,963.00	9,228,225.00
Equity		13,670,447.00		13,670,447.00	696,286,801.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	40,360,401.00	Investments	40,227,126.00	2,129,489,374.00
Futures	Net Incr. (Decr.) in FV of Invest	7,877,160.00	Other Accounts Receivable	7,877,160.00	2,562,605,955.00
Unrealized Gains on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	52,810,362.00	Investments	52,810,362.00	2,563,541,186.00
Purchased Options	Net Incr. (Decr.) in FV of Invest	310,576.00	Investments	2,823,992.52	171,051,425.00
<u>Investment Derivative Liabilities:</u>					
Swaps:					
Pay-Fixed Receive-Variable		(2,794,622.00)		(2,794,622.00)	757,471,043.00
Pay-Variable Receive-Fixed		(1,221,176.00)		(1,371,877.00)	434,539,170.00
Credit Default		(318,107.00)		(829,225.00)	31,296,200.00
Commodity		(282,236.00)		(282,236.00)	4,568,904.00
Currency		(8,662,001.00)		(8,662,001.00)	8,662,000.00
Equity		(4,685,686.00)		(4,685,686.00)	250,172,938.00
Total Swaps	Net Incr. (Decr.) in FV of Invest	(17,963,828.00)	Invest Deriv – Liab Positions	(18,625,647.00)	1,486,710,255.00
Futures	Net Incr. (Decr.) in FV of Invest	(33,086,613.00)	Current Accounts Payable	(33,086,613.00)	1,276,184,199.00
Unrealized Losses on Foreign Forwards	Net Incr. (Decr.) in FV of Invest	(48,289,090.00)	Invest Deriv – Liab Positions	(48,922,949.00)	4,902,938,631.00
Options Written	Net Incr. (Decr.) in FV of Invest	350,756.00	Invest Deriv – Liab Positions	(494,776.89)	137,079,355.00

See Note 13 for more information on Cash Flow Hedges – Interest Rate Swaps and Note 6 for more information on Investment Derivatives.



## 8. Endowments

Investments include \$41,239,330,108.77 and \$41,448,730,564.84 of endowment funds as of August 31, 2019 and 2018, respectively. The net position classifications on the statement of net position related to endowment funds as of August 31, 2019 and 2018 are as follows:

Net Position Classification of Endowments	2019	2018
Restricted, nonexpendable	\$ 26,986,429,001.19	27,395,040,034.50
Restricted, expendable:		
Net Appreciation on True Endowments	11,522,342,879.98	11,531,875,305.81
Funds Functioning as Endowments	623,206,716.71	599,347,161.51
Book Value of Term Endowments	57,138,544.44	44,839,841.55
Net Appreciation on Term Endowments	45,596,869.69	44,049,457.55
Unrestricted:		
Funds Functioning as Endowments	491,292,177.19	495,979,503.44
Total	\$ 39,726,006,189.20	40,111,131,304.36

In the table above, amounts reported as “Net Appreciation” represent net appreciation on investments of donor or constitutionally restricted endowments that are available for authorization for expenditure by the U. T. System Board of Regents. For donor restricted endowments, pursuant to the Uniform Prudent Management of Institutional Funds Act, as adopted by Texas, the U. T. System Board of Regents may distribute net appreciation, realized and unrealized, in the fair value of the assets of endowment holdings over the historic dollar value of the gifts, to the extent prudent. The System’s policy is to retain all undistributed net realized and unrealized appreciation within the endowment funds. The System’s endowment distribution policy is further discussed below.

### ENDOWMENTS AND SIMILAR FUNDS – STATE

These endowments are comprised of the PUF and the PHF. The PUF was established for the benefit of the System and the Texas A&M University System. The University of Texas System administers the PHF and the distributions from the PHF benefit the System’s health-related institutions, as well as for the Texas A&M University Health Science Center, the University of North Texas Health Science Center at Fort Worth, the Texas Tech University Health Science Center and Baylor College of Medicine.

The PUF was established by Chapter 7, Section 11 of the Texas Constitution of 1876 through the appropriation of land grants. Amendments to the Constitution, approved by voters in 1999, were related to the investment of the PUF and the distributions from the PUF to the AUF. The Constitution, as amended, is summarized as follows: (i) The U. T. System Board of Regents is held to a “prudent investor” rather than a “prudent person” standard; (ii) distributions to the AUF are made from the total return on all PUF investment assets; (iii) the U. T. System Board of Regents determines the amount of distributions to the AUF, which may not exceed an amount equal to 7% of the average net fair value of investment assets, except as necessary to pay debt service on PUF bonds and notes; (iv) the U. T. System Board of Regents determines the amount of distributions to the AUF in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain, over time, the purchasing power of PUF investments and annual distributions to the AUF; and (v) the expenses of managing PUF land and investments are paid by the PUF.

The U. T. System Board of Regents manages certain permanent funds for health-related institutions of higher education as more fully described in Chapter 63 of the Texas Education Code. Certain funds created by this statute were transferred to the U. T. System Board of Regents on August 30, 1999, to be managed and invested in the same manner as the U. T. System Board of Regents manages and invests other endowment funds. The PHF as defined in the statute is classified as Endowment and Similar Funds – State. These endowments provide support for programs that benefit medical research, health education or treatment at health-related institutions. The U. T. System Board of Regents determines the amount of distributions to support the programs on an annual basis.

The annual payout of the PHF is determined by the U. T. System Board of Regents. The annual payout is typically adjusted by the average consumer price index of the previous twelve quarters provided that the distribution rate remains within a range of 3.5% to 5.5% of the PHF's net position; however, the U. T. System Board of Regents may approve distribution amount above, within, or below this range.

The General Endowment Fund (GEF), created March 1, 2001, is a pooled fund established for the collective investment of long-term funds under the control and management of the U. T. System Board of Regents. The GEF is organized as a pooled investment and has two participants, the PHF and the LTF. The PHF and LTF initially purchased units of the GEF on March 1, 2001, in exchange for the contribution of their investment assets. The GEF provides for greater diversification of investments than would be possible if each account were managed separately. The annual payout of the LTF is also determined by the U. T. System Board of Regents. The annual payout is typically adjusted by the average consumer price index of the previous twelve quarters provided that the distribution rate remains within a range of 3.5% to 5.5% of the LTF's net position; however, the U. T. System Board of Regents may approve distribution amount above, within, or below this range.

#### ENDOWMENT AND SIMILAR FUNDS - OTHER THAN STATE

The funds are subject to restrictions of endowment and trust instruments, requiring that the principal be maintained and that only the income be utilized. Funds may include Permanent Endowments, Term Endowments and Funds Functioning as Endowments. Funds Functioning as Endowments consist of amounts that have been internally dedicated by the System for long-term investment purposes. Funds with external donor restrictions are classified as Funds Functioning as Endowments – Restricted. If no external restriction exists, the funds are classified as Funds Functioning as Endowments – Unrestricted. Endowment holdings may be invested in the LTF, or may be separately invested based upon the following three factors: (i) there are investment restrictions incorporated into the trust or endowment document; (ii) the inability to sell the gifted investment asset; or (iii) they are holdings being migrated upon liquidation into the LTF. Distributions are based upon the actual income received from the separately invested holdings.

#### AVAILABLE UNIVERSITY FUND

The AUF consists of distributions made to it from the total return on the PUF investment assets and surface income from PUF lands. All surface income from the PUF lands (i.e., grazing leases and land easements) is deposited to the AUF. The AUF must be used first to pay debt service on the PUF bonds and notes. After debt service requirements are met, under present Legislative authority, the AUF may be appropriated for the support and maintenance of U. T. Austin and U. T. System Administration.

## 9. Capital Assets

A summary of changes in the capital assets for the year ended August 31, 2019, is presented below.

	Balance 09/01/18	Adjustments	Reclassifications Completed CIP
<b><u>Nondepreciable Assets:</u></b>			
Land and Land Improvements	\$ 914,961,493.61	-	-
Construction in Progress (CIP)	1,405,106,614.99	-	(1,075,970,913.93)
Nondepreciable Collections	624,852,810.76	-	1,497,298.37
Nonamortizable Intangible Assets	20,830,789.73	-	1,294,918.00
Total Nondepreciable/Nonamortizable Assets	<u>2,965,751,709.09</u>	<u>-</u>	<u>(1,073,178,697.56)</u>
<b><u>Depreciable Assets:</u></b>			
Buildings and Building Improvements	20,540,930,285.33	-	904,457,742.39
Infrastructure	712,952,044.99	-	8,121,213.89
Facilities and Other Improvements	1,150,165,461.26	-	46,925,782.14
Furniture and Equipment	4,189,266,317.10	-	17,668,037.52
Vehicles, Boats and Aircraft	89,058,541.30	-	237,516.90
Other Depreciable Assets (including Library Books)	820,361,329.28	-	1,304,351.50
Total Depreciable Assets at Historical Cost	<u>27,502,733,979.26</u>	<u>-</u>	<u>978,714,644.34</u>
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(9,559,458,289.22)	-	-
Infrastructure	(232,428,275.63)	-	-
Facilities and Other Improvements	(531,550,562.15)	-	-
Furniture and Equipment	(2,908,536,764.73)	-	-
Vehicles, Boats and Aircraft	(68,168,885.03)	-	-
Other Depreciable Assets (including Library Books)	(558,960,790.54)	-	-
Total Accumulated Depreciation	<u>(13,859,103,567.30)</u>	<u>-</u>	<u>-</u>
Depreciable Assets, net	<u>13,643,630,411.96</u>	<u>-</u>	<u>978,714,644.34</u>
<b><u>Amortizable Intangible Assets:</u></b>			
Computer Software	1,220,272,163.84	-	94,464,053.22
Other Intangibles	-	-	-
Total Amortizable Intangible Assets	<u>1,220,272,163.84</u>	<u>-</u>	<u>94,464,053.22</u>
Less Accumulated Amortization for:			
Computer Software	(940,368,889.68)	-	-
Total Accumulated Amortization	<u>(940,368,889.68)</u>	<u>-</u>	<u>-</u>
Intangible Capital Assets, net	<u>279,903,274.16</u>	<u>-</u>	<u>94,464,053.22</u>
Capital Assets, net	<u>\$ 16,889,285,395.21</u>	<u>-</u>	<u>-</u>

Reclassifications Interagency Transfers - In	Reclassifications Interagency Transfers - Out	Additions	Deletions	Balance 08/31/19
-	-	23,756,295.38	(762,336.01)	937,955,452.98
-	-	1,229,613,915.95	(26,580,915.57)	1,532,168,701.44
-	-	57,912,063.79	(3,697,835.87)	680,564,337.05
-	-	-	-	22,125,707.73
-	-	1,311,282,275.12	(31,041,087.45)	3,172,814,199.20
-	-	313,387,352.88	(8,785,163.53)	21,749,990,217.07
-	-	983,346.02	-	722,056,604.90
-	-	19,556,661.66	(41,052,222.45)	1,175,595,682.61
336,890.92	(85,421.32)	550,295,297.23	(191,884,322.22)	4,565,596,799.23
-	-	7,268,130.01	(3,378,922.75)	93,185,265.46
-	-	44,934,240.36	(2,160,963.16)	864,438,957.98
336,890.92	(85,421.32)	936,425,028.16	(247,261,594.11)	29,170,863,527.25
-	-	(915,547,294.28)	4,638,978.50	(10,470,366,605.00)
-	-	(27,744,206.45)	-	(260,172,482.08)
-	-	(56,317,683.12)	41,003,778.44	(546,864,466.83)
(305,494.07)	72,078.10	(371,663,366.19)	160,421,873.15	(3,120,011,673.74)
-	-	(6,367,371.01)	2,971,703.08	(71,564,552.96)
-	-	(38,102,395.50)	2,160,963.16	(594,902,222.88)
(305,494.07)	72,078.10	(1,415,742,316.55)	211,197,296.33	(15,063,882,003.49)
31,396.85	(13,343.22)	(479,317,288.39)	(36,064,297.78)	14,106,981,523.76
-	-	20,215,288.14	(43,170,566.70)	1,291,780,938.50
-	-	700,000.00	-	700,000.00
-	-	20,915,288.14	(43,170,566.70)	1,292,480,938.50
-	-	(119,976,769.68)	34,909,132.73	(1,025,436,526.63)
-	-	(119,976,769.68)	34,909,132.73	(1,025,436,526.63)
-	-	(99,061,481.54)	(8,261,433.97)	267,044,411.87
31,396.85	(13,343.22)	732,903,505.19	(75,366,819.20)	17,546,840,134.83

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

	Balance 09/01/17	Adjustments	Reclassifications Completed CIP
<b><u>Nondepreciable Assets:</u></b>			
Land and Land Improvements	\$ 897,590,170.15	-	1,398,627.97
Construction in Progress (CIP)	1,453,953,698.26	-	(1,610,670,702.96)
Nondepreciable Collections	607,758,505.73	-	710,647.16
Nonamortizable Intangible Assets	17,213,738.56	-	3,614,907.17
Total Nondepreciable/Nonamortizable Assets	<u>2,976,516,112.70</u>	<u>-</u>	<u>(1,604,946,520.66)</u>
<b><u>Depreciable Assets:</u></b>			
Buildings and Building Improvements	19,185,150,000.11	-	1,325,500,158.31
Infrastructure	571,984,839.59	-	141,702,155.40
Facilities and Other Improvements	1,081,510,742.53	-	68,879,280.22
Furniture and Equipment	3,933,692,760.39	-	32,327,967.70
Vehicles, Boats and Aircraft	91,307,784.39	-	26,954.62
Other Depreciable Assets (including Library Books)	739,564,865.57	-	807,452.95
Total Depreciable Assets at Historical Cost	<u>25,603,210,992.58</u>	<u>-</u>	<u>1,569,243,969.20</u>
Less Accumulated Depreciation for:			
Buildings and Building Improvements	(8,727,064,621.60)	-	-
Infrastructure	(208,788,789.30)	-	-
Facilities and Other Improvements	(494,259,247.47)	-	-
Furniture and Equipment	(2,704,075,026.05)	-	-
Vehicles, Boats and Aircraft	(67,898,325.97)	-	-
Other Depreciable Assets (including Library Books)	(534,905,163.00)	-	-
Total Accumulated Depreciation	<u>(12,736,991,173.39)</u>	<u>-</u>	<u>-</u>
Depreciable Assets, net	<u>12,866,219,819.19</u>	<u>-</u>	<u>1,569,243,969.20</u>
<b><u>Amortizable Intangible Assets:</u></b>			
Computer Software	1,190,834,200.78	-	35,702,551.46
Total Amortizable Intangible Assets	<u>1,190,834,200.78</u>	<u>-</u>	<u>35,702,551.46</u>
Less Accumulated Amortization for:			
Computer Software	(817,115,840.62)	-	-
Total Accumulated Amortization	<u>(817,115,840.62)</u>	<u>-</u>	<u>-</u>
Intangible Capital Assets, net	<u>373,718,360.16</u>	<u>-</u>	<u>35,702,551.46</u>
Capital Assets, net	<u>\$ 16,216,454,292.05</u>	<u>-</u>	<u>-</u>

Reclassifications Interagency Transfers - In	Reclassifications Interagency Transfers - Out	Additions	Deletions	Balance 08/31/18
-	-	16,207,278.21	(234,582.72)	914,961,493.61
-	-	1,563,190,335.74	(1,366,716.05)	1,405,106,614.99
-	-	16,681,483.89	(297,826.02)	624,852,810.76
-	-	2,144.00	-	20,830,789.73
-	-	1,596,081,241.84	(1,899,124.79)	2,965,751,709.09
-	-	51,356,220.31	(21,076,093.40)	20,540,930,285.33
-	-	305,688.74	(1,040,638.74)	712,952,044.99
-	-	17,017,104.42	(17,241,665.91)	1,150,165,461.26
182,794.66	(1,047,531.61)	383,633,806.93	(159,523,480.97)	4,189,266,317.10
37,889.75	-	4,772,383.53	(7,086,470.99)	89,058,541.30
-	-	91,703,414.07	(11,714,403.31)	820,361,329.28
220,684.41	(1,047,531.61)	548,788,618.00	(217,682,753.32)	27,502,733,979.26
-	-	(848,517,678.75)	16,124,011.13	(9,559,458,289.22)
-	-	(24,680,125.07)	1,040,638.74	(232,428,275.63)
-	-	(50,746,518.55)	13,455,203.87	(531,550,562.15)
(143,962.41)	865,204.43	(333,169,051.95)	127,986,071.25	(2,908,536,764.73)
(37,889.75)	-	(6,937,335.32)	6,704,666.01	(68,168,885.03)
-	-	(35,737,882.10)	11,682,254.56	(558,960,790.54)
(181,852.16)	865,204.43	(1,299,788,591.74)	176,992,845.56	(13,859,103,567.30)
38,832.25	(182,327.18)	(750,999,973.74)	(40,689,907.76)	13,643,630,411.96
-	-	14,658,504.27	(20,923,092.67)	1,220,272,163.84
-	-	14,658,504.27	(20,923,092.67)	1,220,272,163.84
-	-	(140,773,122.03)	17,520,072.97	(940,368,889.68)
-	-	(140,773,122.03)	17,520,072.97	(940,368,889.68)
-	-	(126,114,617.76)	(3,403,019.70)	279,903,274.16
38,832.25	(182,327.18)	718,966,650.34	(45,992,052.25)	16,889,285,395.21

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries*, requires the disclosure of impairment losses and associated insurance recoveries. U. T. System Administration made the decision to discontinue the Institute for Transformational Learning resulting in the impairment of the technology platform that had been created for competency-based education for the year ended August 31, 2019:

<b><u>U. T. SYSTEM ADMINISTRATION</u></b>	<u>2019</u>
OPERATING IMPAIRMENT LOSSES – CAPITAL ASSETS	
Impairment Losses – Capital Assets	\$ <u>(8,114,384.66)</u>
Net Losses – Capital Assets	\$ <u><u>(8,114,384.66)</u></u>

U. T. System Administration made the decision to impair Project Diabetes Obesity Control which was being developed to collect data and use IBM Watson artificial intelligence to offer care advice for the year ended August 31, 2019:

<b><u>U. T. SYSTEM ADMINISTRATION</u></b>	<u>2019</u>
OPERATING IMPAIRMENT LOSSES – CAPITAL ASSETS	
Impairment Losses – Capital Assets	\$ <u>(17,725,619.00)</u>
Net Losses – Capital Assets	\$ <u><u>(17,725,619.00)</u></u>

U. T. Austin made the decision to abandon the implementation of Workday for financials which resulted in the following impairment losses for the year ended August 31, 2019:

<b><u>U. T. AUSTIN</u></b>	<u>2019</u>
OPERATING IMPAIRMENT LOSSES – CAPITAL ASSETS	
Impairment Losses – Capital Assets	\$ <u>(7,955,731.97)</u>
Net Losses – Capital Assets	\$ <u><u>(7,955,731.97)</u></u>

U. T. Austin’s Marine Science Institute in Port Aransas suffered extensive physical damage as a result of Hurricane *Harvey*, which resulted in the following residual impairment losses for the year ended August 31, 2019:

<b><u>U. T. AUSTIN</u></b>	<u>2019</u>
OPERATING IMPAIRMENT LOSSES – CAPITAL ASSETS	
Impairment Losses – Capital Assets	\$ <u>(11,896.25)</u>
Net Losses – Capital Assets	<u><u>(11,896.25)</u></u>
OTHER NONOPERATING (REVENUE) EXPENSE	
Insurance Recoveries for Other than Capital Assets – Current Year Losses	<u>5,136,753.36</u>
Net Losses – Other than Capital Assets	\$ <u><u>5,136,753.36</u></u>

U. T. Austin’s Marine Science Institute related impairment losses for the year ended August 31, 2018 were as follows:

<b>U. T. AUSTIN</b>	<u>2018</u>
OPERATING IMPAIRMENT LOSSES – CAPITAL ASSETS	
Impairment Losses – Capital Assets	\$ <u>(2,466,799.57)</u>
Net Losses – Capital Assets	<u>(2,466,799.57)</u>
OTHER NONOPERATING (REVENUE) EXPENSE	
Insurance Recoveries for Other than Capital Assets – Current Year Losses	<u>9,152,242.21</u>
Net Losses – Other than Capital Assets	\$ <u>9,152,242.21</u>

GASB Statement No. 83, *Certain Asset Retirement Obligations*, requires the disclosure of asset retirement obligations resulting from Texas Administrative Code, Title 25, Part 1, Chapter 289. Subchapter F, Rule 289.252, Licensing of Radioactive Material. The liabilities were measured using best estimates of current values of outlays expected. The Texas Administrative Code, Title 25, Part 1, Chapter 289. Subchapter F, Rule 289.252 (gg)(6)(D) exempts State licenses from providing financial assurances and no assets have been restricted for payment of the liability.

The Asset Retirement Obligation for the year ended August 31, 2019, is presented below:

<u>Asset Retirement Obligation</u>	<u>Amount</u>	<u>Life</u>
Broadscope	\$ 8,078,863.05	0-89 months
Cyclotron	10,110,079.37	0-18 months
Gamma Knife	2,346,043.25	0-16 months
Proton Therapy	1,289,962.50	12 months
Gamma Pod	334,752.80	60 months
Irradiator	255,485.56	15 months
Nuclear Engineering Teaching Lab	3,894,000.00	15 months
Total	\$ <u>26,309,186.53</u>	

The Asset Retirement Obligation for the year ended August 31, 2018, is presented below:

<u>Asset Retirement Obligation</u>	<u>Amount</u>	<u>Life</u>
Broadscope	\$ 6,000,034.30	0-101 months
Cyclotron	10,721,347.16	0-30 months
Gamma Knife	2,868,824.50	0-28 months
Proton Therapy	1,289,962.50	24 months
Gamma Pod	334,752.80	72 months
Irradiator	255,485.56	27 months
Nuclear Engineering Teaching Lab	3,894,000.00	27 months
Total	\$ <u>25,364,406.82</u>	

## 10. Short-Term Debt

The System had RFS Commercial Paper Notes and PUF Commercial Paper Notes outstanding at August 31, 2019 and 2018. The notes are issued to provide interim financing for capital improvements and to finance equipment purchases. While the interest is payable on these notes in periodic installments not to exceed 270 days, they are generally intended to be refinanced with long-term debt. Short-term debt activity for the year ended August 31, 2019, is summarized below:

	Balance 09/01/18	Additions	Reductions	Balance 8/31/19
<u>Commercial Paper Notes:</u>				
Permanent University Fund CP Notes	\$ 455,000,000.00	295,000,000.00	60,000,000.00	690,000,000.00
Revenue Financing System CP Notes	<u>730,868,000.00</u>	<u>720,132,000.00</u>	<u>650,478,000.00</u>	<u>800,522,000.00</u>
Total Commercial Paper Notes	\$ <u>1,185,868,000.00</u>	<u>1,015,132,000.00</u>	<u>710,478,000.00</u>	<u>1,490,522,000.00</u>



Short-term debt activity for the year ended August 31, 2018, is summarized below:

	Balance 09/01/17	Additions	Reductions	Balance 8/31/18
<u>Commercial Paper Notes:</u>				
Permanent University Fund CP Notes	\$ 180,000,000.00	300,000,000.00	25,000,000.00	455,000,000.00
Revenue Financing System CP Notes	384,149,000.00	517,147,000.00	170,428,000.00	730,868,000.00
Total Commercial Paper Notes	\$ 564,149,000.00	817,147,000.00	195,428,000.00	1,185,868,000.00

General information related to the commercial paper notes at August 31, 2019, is summarized as follows:

- Note or loan payable issue name: Permanent University Fund Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B  
 Purpose: To provide interim financing for capital improvements and to finance capital equipment purchases  
 Issue Date: September 1, 2018 through August 31, 2019  
 Authorized Amount: Aggregate principal amount not to exceed \$1.25 billion  
 Source of revenue for debt service: Available University Fund  
 Terms: Interest payable in periodic installments not to exceed 270 days at interest rates established by the System's commercial paper dealers
- Note or loan payable issue name: Revenue Financing System (RFS) Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B  
 Purpose: To provide interim financing for capital improvements and to finance capital equipment purchases  
 Issue Date: September 1, 2018 through August 31, 2019  
 Authorized Amount: Aggregate principal amount not to exceed \$1.25 billion  
 Source of revenue for debt service: All pledged revenues, subject to the provisions of the Prior Encumbered Obligations, collectively: (a) the pledged tuition fee; (b) the pledged General Fee; and (c) any or all of the revenues, funds, and balances lawfully available to the U. T. System Board of Regents and derived from and attributable to any Member of the Revenue Financing System, which are lawfully available to the U. T. System Board of Regents for payments on parity debt.  
 Terms: Interest payable in periodic installments not to exceed 270 days at interest rates established by the System's commercial paper dealers

## 11. Leases

### OPERATING LEASES

The System has entered into various operating leases for buildings, equipment, vehicles and land. Rental expenses for operating leases were \$140,038,470.01 in 2019 and \$132,890,339.59 in 2018. Contingent rental expense for the period ending August 31, 2019 was \$1,138,995.49. There were no contingent rental expenses for the period ending August 31, 2018. Future minimum lease rental payments under noncancelable operating leases having an initial term in excess of one year as of August 31, 2019, were as follows:

<u>Fiscal Year</u>	<u>Lease Payments</u>
2020	\$ 117,829,357.39
2021	97,467,116.18
2022	73,857,185.76
2023	50,709,470.64
2024	38,157,841.65
2025 – 2029	121,559,785.34
2030 – 2034	21,982,123.00
2035 – 2039	14,714,446.92
2040 – 2044	16,032,139.94
2045 – 2049	17,476,289.72
2050 and beyond	4,576,421.92
Total Minimum Future Payments	\$ <u>574,362,178.46</u>

The System has also leased buildings, land, and other capital assets to outside parties under various operating leases. The cost, carrying value and accumulated depreciation of these leased assets as of August 31, 2019 and 2018 were as follows:

<u>Assets Leased</u>	<u>2019</u>	<u>2018</u>
Buildings:		
Cost	\$ 253,877,983.25	235,957,921.93
Less: Accumulated Depreciation	(78,321,572.52)	(62,954,802.02)
Carrying Value of Buildings	175,556,410.73	173,003,119.91
Land	19,397,677.03	17,125,184.51
Total Carrying Value	\$ <u>194,954,087.76</u>	<u>190,128,304.42</u>

The System reported contingent rental income in the amount of \$458,792.66 in 2019 and \$684,066.25 in 2018. Rental income from operating leases was \$34,346,629.16 in 2019 and \$28,902,051.73 in 2018. Future minimum lease rental income under noncancelable operating leases as of August 31, 2019, was as follows:

<u>Fiscal Year</u>	<u>Lease Income</u>
2020	\$ 32,600,356.18
2021	28,580,212.85
2022	25,970,058.83
2023	21,172,552.36
2024	18,497,739.98
2025 and beyond	688,007,135.25
Total	\$ <u>814,828,055.45</u>

### CAPITAL LEASES

Certain leases to finance the purchase of property are capitalized at the present value of future minimum lease payments. The original capitalized cost of all such property under capital lease as of August 31, 2019 and 2018 is as follows:

Assets Under Capital Lease	2019	*Restated 2018
Furniture and Equipment	\$ 146,166.88	110,902.80
Less: Accumulated Depreciation	(36,329.27)	(9,574.66)
Buildings	148,943,119.02	-
Less: Accumulated Depreciation	(9,102,079.50)	-
Total	\$ 139,950,877.13	101,328.14

\*August 31, 2018 capitalized cost of property under capital lease was reclassified to move a portion of capitalized cost of property under capital lease to capitalized cost of property financed with notes from direct borrowings as a result of implementing GASB Statement No. 88. See Note 4 for further details.

Capital lease obligations are due in annual installments through 2034. The following is a schedule of the future minimum lease payments for leased property at August 31, 2019.

Fiscal Year	Principal	Interest	Total
2020	\$ 3,551,022.24	5,896,149.34	9,447,171.58
2021	4,653,193.27	6,262,949.69	10,916,142.96
2022	6,425,334.54	6,034,977.30	12,460,311.84
2023	8,456,169.57	5,721,825.81	14,177,995.38
2024	9,549,174.98	5,334,452.62	14,883,627.60
2025 – 2029	58,013,779.74	19,820,908.86	77,834,688.60
2030 – 2034	62,272,183.97	5,729,993.39	68,002,177.36
Total Minimum Lease Payments	\$ 152,920,858.31	54,801,257.01	207,722,115.32

## 12. Summary of Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2019, is summarized as follows:

	Balance 09/01/18	Additions	Reductions	Balance 08/31/19	Amounts due within one year
<b><u>Bonds Payable:</u></b>					
Permanent University Fund	\$ 2,467,895,000.00	-	51,135,000.00	2,416,760,000.00	399,260,000.00
Revenue Financing System	<u>6,484,265,000.00</u>	<u>639,150,000.00</u>	<u>699,000,000.00</u>	<u>6,424,415,000.00</u>	<u>1,303,925,000.00</u>
Subtotal Bonds Payable – Par	8,952,160,000.00	639,150,000.00	750,135,000.00	8,841,175,000.00	1,703,185,000.00
Unamortized Net Premiums	<u>545,810,032.54</u>	<u>210,114,187.40</u>	<u>96,660,206.04</u>	<u>659,264,013.90</u>	<u>86,305,557.87</u>
Total Bonds Payable	<u>9,497,970,032.54</u>	<u>849,264,187.40</u>	<u>846,795,206.04</u>	<u>9,500,439,013.90</u>	<u>1,789,490,557.87</u>
<b><u>Notes, Loans and Leases Payable:</u></b>					
Notes and Loans Payable	19,000,000.00	-	-	19,000,000.00	-
Notes from Direct Borrowings	7,295,156.61	1,502,455.11	3,839,431.20	4,958,180.52	3,026,953.67
Lease Obligations	<u>92,552.57</u>	<u>153,793,760.90</u>	<u>965,455.16</u>	<u>152,920,858.31</u>	<u>3,551,022.24</u>
Total Notes, Loans and Leases Payable	26,387,709.18	155,296,216.01	4,804,886.36	176,879,038.83	6,577,975.91
Total OPEB Liability	10,717,111,345.00	1,221,531,048.00	1,582,856,847.00	10,355,785,546.00	230,593,877.00
Net Pension Liability	2,650,044,162.00	2,570,582,129.00	301,089,124.00	4,919,537,167.00	-
Hedging Derivative Liability	165,354,206.00	160,008,887.00	-	325,363,093.00	-
Employee Compensable Leave Incurred But Not Reported Self-Insurance Claims	640,542,364.90	341,194,893.19	309,186,773.56	672,550,484.53	428,376,654.27
Asset Retirement Obligation	<u>25,364,406.82</u>	<u>2,078,828.75</u>	<u>1,134,049.04</u>	<u>26,309,186.53</u>	<u>-</u>
Total	<u>\$ 23,887,693,414.44</u>	<u>6,672,850,645.19</u>	<u>4,415,261,537.84</u>	<u>26,145,282,521.79</u>	<u>2,595,427,480.37</u>

Long-term liability activity for the year ended August 31, 2018, is summarized as follows:

	Balance 09/01/17	Additions	Reductions	Balance 08/31/18	Amounts due within one year
<b>Bonds Payable:</b>					
Permanent University Fund	\$ 2,214,035,000.00	302,640,000.00	48,780,000.00	2,467,895,000.00	403,275,000.00
Revenue Financing System	6,184,540,000.00	874,770,000.00	575,045,000.00	6,484,265,000.00	1,336,280,000.00
Subtotal Bonds Payable – Par	8,398,575,000.00	1,177,410,000.00	623,825,000.00	8,952,160,000.00	1,739,555,000.00
Unamortized Net Premiums	604,150,147.46	51,855,472.90	110,195,587.82	545,810,032.54	86,698,298.70
Total Bonds Payable	9,002,725,147.46	1,229,265,472.90	734,020,587.82	9,497,970,032.54	1,826,253,298.70
<b>Notes, Loans and Leases Payable:</b>					
Notes and Loans Payable	948,657,249.63	-	929,657,249.63	19,000,000.00	19,000,000.00
Notes from Direct Borrowings <sup>1</sup>	10,764,399.71	1,362,575.33	4,831,818.43	7,295,156.61	3,672,348.62
Lease Obligations <sup>1</sup>	89,565.98	19,999.80	17,013.21	92,552.57	28,836.46
Total Notes, Loans and Leases Payable	959,511,215.32	1,382,575.13	934,506,081.27	26,387,709.18	22,701,185.08
Total OPEB Liability	10,777,028,782.00	995,595,635.00	1,055,513,072.00	10,717,111,345.00	202,555,282.00
Net Pension Liability	3,133,888,495.00	7,304,886.00	491,149,219.00	2,650,044,162.00	-
Hedging Derivative Liability	246,087,922.00	-	80,733,716.00	165,354,206.00	-
Employee Compensable Leave	607,851,375.76	316,164,099.81	283,473,110.67	640,542,364.90	412,622,753.43
Incurred But Not Reported Self-Insurance Claims	161,136,572.00	1,255,139,068.46	1,251,356,452.46	164,919,188.00	134,052,867.64
Asset Retirement Obligation <sup>2</sup>	25,364,406.82	-	-	25,364,406.82	611,267.79
Total	\$ 24,913,593,916.36	3,804,851,737.30	4,830,752,239.22	23,887,693,414.44	2,598,796,654.64

<sup>1</sup> Includes retroactive restatements related to GASB Statement No. 88. See Note 4 for further details.

<sup>2</sup> Includes retroactive restatements related to GASB Statement No. 83. See Note 4 for further details.

#### PROJECTED BOND DEBT SERVICE REQUIREMENTS

The principal and interest expense for the next five years and beyond are projected below for bonds issued and outstanding:

Fiscal Year	Principal	Interest	Total
2020	\$ 1,703,185,000.00	339,473,114.49	2,042,658,114.49
2021	338,345,000.00	322,754,292.22	661,099,292.22
2022	337,675,000.00	307,000,335.20	644,675,335.20
2023	336,475,000.00	290,323,930.66	626,798,930.66
2024	332,550,000.00	273,681,677.76	606,231,677.76
2025 – 2029	1,344,815,000.00	1,142,228,538.80	2,487,043,538.80
2030 – 2034	950,684,000.00	889,453,349.10	1,840,137,349.10
2035 – 2039	952,036,000.00	669,042,973.92	1,621,078,973.92
2040 – 2044	904,680,000.00	439,757,632.40	1,344,437,632.40
2045 – 2049	1,640,730,000.00	181,755,046.50	1,822,485,046.50
Total Requirements	\$ 8,841,175,000.00	4,855,470,891.05	13,696,645,891.05

The System’s variable rate demand bonds mature at various dates through August 1, 2045. Outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a “take-out agreement” to convert bonds “put” but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities. Although it is the System’s intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the System does not have “take-out” agreements in place. Accordingly, the System has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled \$1,376,205,000.00 and \$1,404,360,000.00 at August 31, 2019 and 2018, respectively.

Total interest expense for the years ended August 31, 2019 and 2018 was \$417,812,494.80 and \$412,055,260.61, respectively. Interest expense of \$54,909,689.68 associated with financing projects during the construction phase was capitalized during the year ended August 31, 2018. GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, early implemented in 2019, discontinued the capitalization of interest costs during construction. Interest expense was reduced by \$83,022,144.52 and \$75,457,576.58 for the amortization of premiums, deferred gains and losses on refundings, and interest rate lock termination payments for the years ended August 31, 2019 and 2018, respectively. The remaining amounts of \$334,790,350.28 in 2019 and \$281,687,994.35 in 2018 were reported as interest expense.

Notes and loans payable obligations are due in annual installments through 2021. General information related to notes and loans payable at August 31, 2019, which in substance are not bonds, is summarized as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ -	432,816.00	432,816.00
2021	19,000,000.00	443,593.00	19,443,593.00
Total Requirements	\$ 19,000,000.00	876,409.00	19,876,409.00

General information related to notes and loans payable at August 31, 2019, is summarized as follows:

- Note or Loan Payable issue name: JP Morgan Private Bank, Client Services  
 Purpose: To provide financing for the construction of the Moncrief Cancer Center building  
 Component Unit: U. T. Southwestern Medical Center's Blended Component Unit  
 Issue Date: August 8, 2011, Renewed on August 28, 2019  
 Authorized Amount: \$19,000,000  
 Source of revenue for debt service: Assets of Luther King Capital Management  
 Terms: Fixed rate of 2.49% Per Annum. Interest is paid monthly. Renewal on August 31, 2021

**DIRECT BORROWINGS**

Certain direct borrowings to finance the purchase of property are capitalized at the present value of future minimum direct borrowing payments. The original capitalized cost of all such property financed with direct borrowings as of August 31, 2019 and 2018 is as follows:

Assets - Direct Borrowings	2019	* Restated 2018
Furniture and Equipment	\$ 16,177,785.99	18,191,600.21
Less: Accumulated Depreciation	(9,710,956.83)	(10,440,373.14)
Nondepreciable Collections	2,239,046.40	1,784,831.45
Total	\$ 8,705,875.56	9,536,058.52

\*August 31, 2018 capitalized cost of property financed with notes from direct borrowings was reclassified from a portion of capitalized cost of property under capital lease as a result of implementing GASB Statement No. 88. See Note 4 for further details.

Direct borrowing obligations are due in annual installments through 2024. The following is a schedule of the future minimum payments for direct borrowings at August 31, 2019.

Fiscal Year	Principal	Interest	Total
2020	\$ 3,026,953.67	143,911.13	3,170,864.80
2021	1,391,361.83	51,330.12	1,442,691.95
2022	493,022.61	17,245.46	510,268.07
2023	45,608.50	2,157.50	47,766.00
2024	1,233.91	1.88	1,235.79
Total Minimum Payments	\$ 4,958,180.52	214,646.09	5,172,826.61

**POLLUTION REMEDIATION OBLIGATION**

The University of Texas System Administration purchased contaminated land in 2016 and 2017 with plans to remediate. The estimated outlays for the pollution remediation are \$3,500,000.00 using the expected cash flow technique. These pollution remediation outlays qualify for capitalization and \$941,177.12 and \$474,650.88 were capitalized through August 31, 2019 and 2018 respectively. The purchase price of \$213,584,352.24 and total expected outlays did not exceed the fair market value of the uncontaminated property of \$232,290,000.00, and as such, no pollution remediation liability was established.

### EMPLOYEES' COMPENSABLE LEAVE

Substantially all full-time System employees earn annual leave from eight to twenty-one hours per month depending upon the respective employee's years of State employment. State law permits employees to carry accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Eligible part-time employees' annual leave accrual rate and maximum carryover are proportional to the number of hours appointed to work. Employees with at least six months of continuous State service who terminate their employment are entitled to payment for all accumulated annual leave. Both an expense and a liability are recorded as the benefits accrue to employees. Sick leave, the accumulation of which is unlimited, is earned at the rate of eight hours per month and is paid only when an employee is off due to personal or family illness or to the estate of an employee in the event of his/her death. The maximum sick leave that may be paid to an employee's estate is one-half of the employee's accumulated sick leave or 336 hours, whichever is less. The System's policy is to recognize the cost of sick leave when paid, and the liability is not shown in the consolidated financial statements since experience indicates the expense for sick leave to be minimal. Eligible part-time employees' sick leave accrual rate is proportional to the number of hours appointed to work. This obligation is usually paid from the same funding source(s) as the employee's salary or wage compensation.

### **13. Bonded Indebtedness**

At August 31, 2019 and 2018, the System had outstanding bonds payable of \$8,841,175,000.00 and \$8,952,160,000.00, respectively. Permanent University Fund bonds are secured by and payable from the System's interest in the Available University Fund, which consists of distributions from the investment income of the Permanent University Fund. Revenue Financing System debt is secured by and payable from Pledged Revenues as defined in the Master Resolution establishing the Revenue Financing System. Pledged Revenues consist of all lawfully available revenues, funds and balances, with certain exceptions, pledged to secure revenue-supported indebtedness issued under the Master Resolution.

<u>Bonded Indebtedness</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Principal</u>
Permanent University Fund	1.28%-5.262%	2020-2047	\$ 2,416,760,000
Revenue Financing System	1.28%-5.375%	2020-2049	6,424,415,000



As of August 31, 2019, the following amounts were authorized, but unissued: Permanent University Fund bonds up to a maximum aggregate amount of \$600 million and Revenue Financing System bonds up to a maximum aggregate amount of \$750 million, each authorized to be issued on or before August 31, 2020. All bonds issued by the System are defined as revenue bonds. Segment information requirements are not applicable, due to the bond indentures' lack of specifically identifiable activities and external party imposed separate accounting requirements. General information related to bonds outstanding as of August 31, 2019, is summarized in the following table.

<b>Bond Series</b>	<b>Purpose</b>	<b>Issue Date</b>	<b>Amount Issued</b>
Permanent University Fund:			
Refunding Bonds Series 2006B	To refund \$85,545,000 principal amount of Permanent University Fund Bonds, Series 2002B, maturing on July 1 in the years 2020 through 2022, both inclusive; to refund \$172,985,000 principal amount of Permanent University Fund Bonds, Series 2004B, maturing on July 1 in the years 2023, 2026 and 2028 through 2030, both inclusive; to refund \$51,905,000 principal amount of Permanent University Fund Bonds, Series 2005B, maturing on July 1 in the year 2035	January 24, 2007	\$284,065,000
Taxable Bonds Series 2009A	To refund \$250,000,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	September 17, 2009	250,000,000
Bonds Series 2014A	To refund \$252,500,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	February 10, 2014	240,340,000
Bonds Series 2014B	To refund \$17,240,000 principal amount of Permanent University Fund Bonds, Series 2004A, maturing on July 1 in the years 2015 and 2016; and to refund \$223,535,000 principal amount of Permanent University Fund Bonds, Series 2004B, maturing on July 1 in the years 2024, 2025, 2027 and 2033	April 2, 2014	221,580,000
Refunding Bonds Series 2015A	To refund \$50,390,000 principal amount of Permanent University Fund Refunding Bonds, Series 2005A, maturing on July 1 in the years 2016 through 2019, both inclusive; to refund \$72,720,000 principal amount of Permanent University Fund Bonds, Series 2005B, maturing on July 1 in the years 2018, 2019, 2034 and 2035; and to refund \$87,485,000 principal amount of Permanent University Fund Bonds, Series 2006C, maturing on July 1 in the years 2017 through 2035, both inclusive	April 2, 2015	197,970,000
Bonds Series 2015B	To refund \$252,500,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	August 25, 2015	220,565,000
Bonds Taxable Series 2015C	To refund \$125,500,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	December 9, 2015	126,020,000
Bonds Series 2016A	To refund \$137,000,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	January 5, 2016	117,270,000
Bonds Series 2016B	To refund \$319,000,000 principal amount of Permanent University Fund Commercial Paper Notes, Series A	September 1, 2016	272,350,000
Taxable Bonds Series 2017A	To refund \$81,000,000 principal amount of Permanent University Fund Commercial Paper Notes, Series A, and to refund \$220,000,000 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B	November 14, 2017	302,640,000

<b>Bond Series</b>	<b>Purpose</b>	<b>Issue Date</b>	<b>Amount Issued</b>
Revenue Financing System:			
Refunding Bonds Series 2002A	To advance refund \$54,575,000 principal amount of Revenue Financing System Bonds, Series 1999A maturing from 2010-2016 and 2020 to achieve debt service savings and pay the cost of issuance	September 27, 2002	54,430,000
Refunding Bonds Series 2002B	To advance refund \$109,240,000 principal amount of Revenue Financing System Bonds, Series 1999B maturing from 2010-2017 and 2020 to achieve debt service savings and pay the cost of issuance	September 27, 2002	108,855,000
Refunding Bonds Series 2004B	To refund \$310,460,000 principal amount of portions of Revenue Financing System Bonds, Series 1996B, 1998B, 1998D, 1999B and 2001B, and pay the cost of issuance	March 9, 2004	300,330,000
Refunding Bonds Series 2006C	To refund \$177,835,000 principal amount of portions of Revenue Financing System Bonds, 2001C, 2003A and 2004C and pay the cost of issuance	January 4, 2007	175,115,000
Bonds Series 2010A	To refund \$258,392,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$134,369,000 and pay the cost of issuance	March 25, 2010	331,415,000
Refunding Bonds Series 2010B	To refund \$393,690,000 principal amount of portions of Revenue Financing System Bonds, 2006B, 2006D and 2006F and pay the cost of issuance	April 14, 2010	385,380,000
Taxable Bonds Series 2010C	To provide new money of \$600,741,596 and pay the cost of issuance	September 23, 2010	604,310,000
Taxable Bonds Series 2010D	To refund \$349,415,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$163,441,000 and pay the cost of issuance	June 30, 2010	516,245,000
Refunding Bonds Series 2012A	To refund \$53,990,000 principal amount of portions of Revenue Financing System Bonds, 2003A and 2004C, to refund \$186,296,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A and pay the cost of issuance	March 1, 2012	195,850,000
Bonds Series 2012B	To refund \$96,542,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$184,128,000 and pay the cost of issuance	March 21, 2012	238,135,000
Bonds Series 2014A	To refund \$179,411,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$103,148,328 and pay the cost of issuance	May 1, 2014	259,135,000

<b>Bond Series</b>	<b>Purpose</b>	<b>Issue Date</b>	<b>Amount Issued</b>
Revenue Financing System: (continued)			
Refunding Bonds Series 2014B	To refund \$261,840,000 principal amount of portions of Revenue Financing System Bonds, 2006B, 2006D and 2006F, and pay the cost of issuance	November 24, 2014	250,700,000
Bonds Taxable Series 2016A	To refund \$48,494,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, to refund \$107,630,000 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B, provide new money of \$98,745,350 and pay the cost of issuance	January 14, 2016	255,825,000
Bonds Series 2016B	To refund \$105,478,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, provide new money of \$118,490,125 and pay the cost of issuance	January 22, 2016	206,040,000
Refunding Bonds Series 2016C	To refund \$87,145,000 principal amount of Revenue Financing System Bonds, Series 2008A, provide new money of \$64,800,000 and pay the cost of issuance	May 10, 2016	133,240,000
Bonds Series 2016D	To provide new money of \$260,000,000 and pay the cost of issuance	July 1, 2016	213,180,000
Bonds Series 2016E	To provide new money of \$245,000,000 and pay the cost of issuance	August 22, 2016	196,215,000
Bonds Series 2016F	To refund \$465,019,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, and pay the cost of issuance	September 1, 2016	376,030,000
Refunding Bonds Series 2016H	To refund \$266,640,000 principal amount of portions of Revenue Financing System Bonds, 2006D and 2006F, and pay the cost of issuance	November 17, 2016	233,350,000
Refunding Bonds Series 2016I	To refund \$202,010,000 principal amount of portions of Revenue Financing System Bonds, 2006E and 2010A, and pay the cost of issuance	November 30, 2016	184,725,000
Bonds Series 2016J	To provide new money of \$352,832,000 and pay the cost of issuance	January 4, 2017	306,925,000
Bonds Taxable Series 2017A	To refund \$349,000,000 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B, and pay the cost of issuance	September 14, 2017	350,815,000
Bonds Series 2017B	To refund \$87,455,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, to refund \$191,664,000 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B, and pay the cost of issuance	October 24, 2017	265,490,000
Refunding Bonds Series 2017C	To refund \$265,855,000 principal amount of portions of Revenue Financing System Bonds, 2009D, 2012A and 2012B, and pay the cost of issuance	December 7, 2017	258,465,000
Refunding Bonds Series 2019A	To refund \$386,785,000 principal amount of portions of Revenue Financing System Bonds, 2009B and 2014B, and pay the cost of issuance	June 13, 2019	320,435,000
Bonds Series 2019B	To refund \$449,478,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, and pay the cost of issuance	July 18, 2019	318,715,000

### DEMAND BONDS

Revenue Financing System Refunding Bonds, Series 2007B, Revenue Financing System Bonds, Series 2008B, Revenue Financing System Bonds, Taxable Series 2016G, and Permanent University Fund Bonds, Series 2008A are variable rate demand bonds with an option to tender on seven days' notice. The System has entered into corresponding interest rate swap agreements to convert the System's interest rate exposure to a fixed rate. The Revenue Financing System Refunding Bonds, Series 2007B and the corresponding swap agreements extend to August 15, 2034. The Revenue Financing System Bonds, Series 2008B and the corresponding swap agreements extend to August 15, 2039. The Revenue Financing System Bonds, Taxable Series 2016G and the corresponding swap agreements extend to August 15, 2045. The Permanent University Fund Bonds, Series 2008A and the corresponding swap agreements extend to July 1, 2038. The Board of Regents is obligated to pay the purchase price of demand bonds tendered for purchase and not remarketed by using lawfully available funds. General information related to these demand bonds is summarized in the following table:

<u>Bond Series</u>	<u>Purpose</u>	<u>Issue Date</u>	<u>Amount Issued</u>
Permanent University Fund:			
Bonds Series 2008A	To refund \$400,000,000 of Permanent University Fund Flexible Notes, Series A and pay costs of issuance	October 30, 2008	\$ 400,905,000
Revenue Financing System:			
Refunding Bonds Series 2007B	To refund \$169,015,000 of Revenue Financing System Bonds, Series 2003B and \$149,860,000 of Revenue Financing System Bonds, Series 2004D, and pay costs of issuance	December 20, 2007	345,460,000
Bonds Series 2008B	To refund \$461,922,000 of Revenue Financing System Commercial Paper Notes, Series A and \$34,715,000 of Revenue Financing System Bonds, Series 1998B, provide \$182,590,000 of new money to finance the costs of campus improvements, and pay costs of issuance	March 18, 2008	685,485,000
Bonds Taxable Series 2016G	To refund \$250,000,000 principal amount of Revenue Financing System Commercial Paper Notes, Series A, and pay the cost of issuance	September 15, 2016	250,000,000

### PLEGGED FUTURE REVENUES

The following table provides the pledged future revenue information for the System's bonds:

	<u>2019</u>	<u>2018</u>
Pledged Revenue Required for Future Principal and Interest on Existing Bonds	\$ 13,696,645,891.05	13,857,865,406.24
Term of Commitment Year Ending 8/31	2049	2047
Percentage of Revenue Pledged	91.7%	82.5%
Current Year Pledged Revenue	\$ 12,556,776,249.83	11,435,782,781.54
Current Year Principal and Interest Paid	\$ 746,533,594.09	755,260,444.90

### BUILD AMERICA BONDS

The American Recovery and Reinvestment Act of 2009 authorized the issuance of Build America Bonds (BABs), whereby certain issuers are authorized to issue taxable bonds and receive from the federal government a subsidy equal to 35% of the interest payments on Direct Payment BABs reduced by the applicable federal sequestration reduction rate. The System did not issue any BABs during 2019 or 2018. The System had \$1,248,190,000.00 and \$1,608,280,000.00 of BABs outstanding at August 31, 2019 and 2018, respectively.

#### EARLY EXTINGUISHMENTS IN FISCAL YEAR 2019

Revenue Financing System Refunding Bonds, Series 2019A were issued on June 13, 2019 to current refund \$330,545,000.00 principal amount of Revenue Financing System Taxable Bonds, Series 2009B, to current refund \$56,240,000.00 principal amount of Revenue Financing System Bonds, Series 2014B, and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$396,559,354.15, which represents the principal amount of the 2019A Bonds of \$320,435,000.00, plus an original issue premium of \$77,249,682.25, less an underwriting discount of \$1,125,328.10. The net proceeds were used to pay costs of issuance of \$335,448.22, to purchase \$396,222,701.83 of eligible defeasance securities and to deposit \$1,204.10 with the escrow agent for the refunded bonds. These escrow funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded bonds are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$6,430,596.15 resulted from the transaction as the reacquisition price of \$396,223,905.93 exceeded the net carrying amount of \$386,785,000.00 par value, \$4,662,017.63 of unamortized original issue premium, and \$1,653,707.85 of unamortized loss from Revenue Financing System Bonds, Series 2014B.
- As a result of this refunding, the System reduced its future debt service payments by \$94,198,456.09 from closing through August 15, 2041, and an economic gain from the transaction resulted in a net present value savings of \$67,897,658.56 between the old and new debt service payments.

Revenue Financing System Bonds, Series 2019B were issued on July 18, 2019 to current refund \$449,478,000.00 principal amount of Revenue Financing System Commercial Paper Notes, Series A and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$450,577,597.16, which represents the principal amount of the 2019B Bonds of \$318,715,000.00, plus an original issue premium of \$132,864,505.15, less an underwriting discount of \$1,001,907.99. The net proceeds were used to pay costs of issuance of \$357,470.25, to purchase \$450,219,810.23 of eligible defeasance securities and to deposit \$316.68 with the escrow agent for the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$742,126.91 resulted from the transaction as the reacquisition price of \$450,220,126.91 exceeded the net carrying amount of \$449,478,000.00 par value.

#### EARLY EXTINGUISHMENTS IN FISCAL YEAR 2018

Revenue Financing System Bonds, Taxable Series 2017A were issued on September 14, 2017 to current refund \$349,000,000.00 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$349,696,564.71, which represents the principal amount of the 2017A Bonds of \$350,815,000.00 less an underwriting discount of \$1,118,435.29. The net proceeds were used to pay costs of issuance of \$303,395.83 and to deposit \$349,393,168.88 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$393,168.88 resulted from the transaction as the reacquisition price of \$349,393,168.88 exceeded the net carrying amount of \$349,000,000.00 par value.

Revenue Financing System Bonds, Series 2017B were issued on October 24, 2017 to current refund \$87,455,000.00 principal amount of Revenue Financing System Tax-Exempt Commercial Paper Notes, Series A, to current refund \$191,664,000.00 principal amount of Revenue Financing System Taxable Commercial Paper Notes, Series B and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$279,809,745.91, which represents the principal amount of the 2017B Bonds of \$265,490,000.00, plus a net original issue premium of \$15,393,665.45 less an underwriting discount of \$1,073,919.54. The net proceeds were used to pay costs of issuance of \$229,292.75 and to deposit \$279,580,453.16 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$461,453.16 resulted from the transaction as the reacquisition price of \$279,580,453.16 exceeded the net carrying amount of \$279,119,000.00 par value.

Permanent University Fund Bonds, Taxable Series 2017A were issued on November 14, 2017 to current refund \$81,000,000.00 principal amount of Permanent University Fund Tax-Exempt Commercial Paper Notes, Series A, to current refund \$220,000,000.00 principal amount of Permanent University Fund Taxable Commercial Paper Notes, Series B and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$301,681,000.00, which represents the principal amount of the 2017A Bonds of \$302,640,000.00 less an underwriting discount of \$959,000.00. The net proceeds were used to pay costs of issuance of \$264,548.60 and to deposit \$301,416,451.40 with the issuing and paying agent for the refunded notes sufficient to provide for all future debt service payments on the refunded notes.
- The refunded notes are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$416,451.40 resulted from the transaction as the reacquisition price of \$301,416,451.40 exceeded the net carrying amount of \$301,000,000.00 par value.

Revenue Financing System Refunding Bonds, Series 2017C were issued on December 7, 2017 to advance refund \$118,900,000.00 principal amount of Revenue Financing System Bonds, Series 2009D, to advance refund \$35,985,000.00 principal amount of Revenue Financing System Refunding Bonds, Series 2012A, to advance refund \$110,970,000.00 principal amount of Revenue Financing System Bonds, Series 2012B, and to pay the costs of issuance related thereof.

- Net proceeds related to the issuance were \$294,230,447.63, which represents the principal amount of the 2017C Bonds of \$258,465,000.00, plus a net original issue premium of \$36,461,807.45 less an underwriting discount of \$696,359.82. The net proceeds along with \$624,687.22 of System funds were used to pay costs of issuance of \$283,701.08 and to deposit \$294,571,433.77 with the escrow agent for the refunded bonds. These escrow funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds.
- The refunded bonds are considered fully defeased and the liability for these obligations has been removed from the consolidated statement of net position.
- An accounting loss of \$8,215,812.30 resulted from the transaction as the reacquisition price of \$294,571,433.77 exceeded the net carrying amount of \$265,855,000.00 par value, \$21,183,607.43 of unamortized premiums, and \$682,985.96 of unamortized loss from Revenue Financing System Bonds, Series 2009D, 2012A and 2012B.
- As a result of this refunding, the System reduced its aggregate debt service payments by \$27,943,267.96 from closing through August 15, 2035, and an economic gain from the transaction resulted in a net present value savings of \$22,988,015.94 between the old and new debt service payments.

CASH FLOW DERIVATIVES – HEDGING DERIVATIVE INTEREST RATE SWAPS

All interest rate swaps are valued using the fair value hierarchy of level 2. The System has calculated the fair value of the interest rate swaps using a forecast of expected discounted future net cash flows and considered the nonperformance risk of the parties. The following table outlines the terms of the System’s hedging derivative interest rate swap agreements in effect at August 31, 2019:

Interest Rate Swaps - by type	Hedgeable Item	Current Notional	Effective Date	Maturity Date	Terms*	Embedded Options?	Cash Paid or Received	Counterparty Credit Rating (Moody's/S&P)	Weighted Average Maturity As of 8/31/19
Pay Fixed; receive variable	PUF Bonds 2008A	\$176,070,000.00	11/3/2008	7/1/2038	Pay 3.696%; receive SIFMA	No	No	Aa2/A+	14.5 yrs
	PUF Bonds 2008A	176,070,000.00	11/3/2008	7/1/2038	Pay 3.6575%; receive SIFMA	No	No	Aa3/A+	14.5 yrs
	RFS Bonds 2007B	162,470,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa2/A+	9.1 yrs
	RFS Bonds 2007B	162,470,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa2/A+	9.1 yrs
	RFS Bonds 2008B	111,180,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	Aa2/A+	11.0 yrs
	RFS Bonds 2008B	111,180,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	A3/BBB+	11.0 yrs
	RFS Bonds 2008B	226,765,000.00	3/18/2008	8/1/2039	Pay 3.614%; receive SIFMA	No	No	Aa2/A+	10.1 yrs
	RFS Bonds 2016G	250,000,000.00	12/1/2016	8/1/2045	Pay 2.000%; receive 100% of 1M LIBOR	No	No	Aa3/A+	25.9 yrs
	RFS Bonds 2020A**	250,000,000.00	11/1/2020	8/1/2049	Pay 1.576%; receive 100% of 1M LIBOR	No	No	Aa3/A+	29.9 yrs
<b>TOTAL</b>		<b>\$1,626,205,000.00</b>							

\*London Interbank Offer Rate (LIBOR)

\*Securities Industry and Financial Markets Association (SIFMA)

\*\*RFS Taxable Bonds, Series 2020A expected to be issued prior to the effective date.

The following table outlines the terms of the System's hedging derivative interest rate swap agreements in effect at August 31, 2018:

Interest Rate Swaps - by type	Hedgeable Item	Current Notional	Effective Date	Maturity Date	Terms*	Embedded Options?	Cash Paid or Received	Counterparty Credit Rating (Moody's/S&P)	Weighted Average Maturity As of 8/31/18
Pay Fixed; receive variable	PUF Bonds 2008A	\$179,180,000.00	11/3/2008	7/1/2038	Pay 3.696%; receive SIFMA	No	No	Aa2/A+	15.2 yrs
	PUF Bonds 2008A	179,180,000.00	11/3/2008	7/1/2038	Pay 3.6575%; receive SIFMA	No	No	A1/A+	15.2 yrs
	RFS Bonds 2007B	163,170,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa2/A+	10.1 yrs
	RFS Bonds 2007B	163,170,000.00	12/20/2007	8/1/2034	Pay 3.805%; receive SIFMA	No	No	Aa3/A+	10.1 yrs
	RFS Bonds 2008B	115,645,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	Aa3/A+	11.6 yrs
	RFS Bonds 2008B	115,645,000.00	3/18/2008	8/1/2036	Pay 3.900%; receive SIFMA	No	No	A3/BBB+	11.6 yrs
	RFS Bonds 2008B	238,370,000.00	3/18/2008	8/1/2039	Pay 3.614%; receive SIFMA	No	No	Aa3/A+	10.6 yrs
	RFS Bonds 2016G	250,000,000.00	12/1/2016	8/1/2045	Pay 2.000%; receive 100% of 1M LIBOR	No	No	A1/A+	26.9 yrs
<b>TOTAL</b>		<b>\$1,404,360,000.00</b>							

\*London Interbank Offer Rate (LIBOR)

\*Securities Industry and Financial Markets Association (SIFMA)



The following is the fair value of the derivative agreements related to debt in effect at August 31, 2019 based on the zero-coupon method and the classification of change in fair value from the previous fiscal year:

Derivatives by type	Hedgeable Item	Current Notional	Accrued Interest (through 8/31/19)	Fair Value as of 8/31/19	Fair Value as of 8/31/18	Change in Fair Value 8/31/18 - 8/31/19	Change in Fair Value Recorded as
<b>Hedging Derivative Assets</b>	RFS Bonds 2016G	-	-	-	37,067,661.00	(37,067,661.00)	Def Inflow
		-	-	-	37,067,661.00	(37,067,661.00)	
<b>Hedging Derivative Liabilities</b>	PUF Bonds 2008A	176,070,000.00	881,701.30	(54,139,201.00)	(29,316,763.00)	(24,822,438.00)	Def Outflow
	PUF Bonds 2008A	176,070,000.00	870,403.48	(53,319,653.00)	(28,528,871.00)	(24,790,782.00)	Def Outflow
	RFS Bonds 2007B	162,470,000.00	327,947.02	(36,641,790.00)	(22,122,264.00)	(14,519,526.00)	Def Outflow
	RFS Bonds 2007B	162,470,000.00	327,947.02	(36,641,790.00)	(22,122,264.00)	(14,519,526.00)	Def Outflow
	RFS Bonds 2008B	111,180,000.00	233,219.48	(29,572,546.00)	(17,618,120.00)	(11,954,426.00)	Def Outflow
	RFS Bonds 2008B	111,180,000.00	233,219.48	(29,572,546.00)	(17,618,120.00)	(11,954,426.00)	Def Outflow
	RFS Bonds 2008B	226,765,000.00	421,633.56	(49,801,448.00)	(28,027,804.00)	(21,773,644.00)	Def Outflow
	RFS Bonds 2016G	250,000,000.00	(48,624.22)	(27,522,348.00)	-	(27,522,348.00)	Def Outflow
	RFS Bonds 2020A	250,000,000.00	-	(8,151,771.00)	-	(8,151,771.00)	Def Outflow
		1,626,205,000.00	3,247,447.12	(325,363,093.00)	(165,354,206.00)	(160,008,887.00)	
<b>Investment Derivatives-Asset Positions</b>	RFS Bonds 2008B	90,270,000.00	(67,687.58)	3,835,817.00	8,523,952.00	(4,688,135.00)	Decr. in Fair Value of Inv
	RFS Bonds 2008B	92,045,000.00	(57,915.32)	2,027,764.00	4,454,582.00	(2,426,818.00)	Decr. in Fair Value of Inv
	RFS Bonds 2008B	117,190,000.00	(88,960.02)	4,504,893.00	9,209,001.00	(4,704,108.00)	Decr. in Fair Value of Inv
	PUF Bonds 2006B	-	-	-	1,752,222.00	(1,752,222.00)	Decr. in Fair Value of Inv
	PUF Bonds 2008A	176,070,000.00	(192,582.19)	3,899,151.00	7,843,574.00	(3,944,423.00)	Decr. in Fair Value of Inv
	RFS Bonds 2016A	-	-	-	11,360,653.00	(11,360,653.00)	Decr. in Fair Value of Inv
	RFS Bonds 2016A	255,825,000.00	(62,535.00)	5,267,406.00	16,577,142.00	(11,309,736.00)	Decr. in Fair Value of Inv
	RFS Bonds 2016A	255,825,000.00	(79,590.00)	5,509,607.00	16,594,295.00	(11,084,688.00)	Decr. in Fair Value of Inv
		987,225,000.00	(549,270.11)	25,044,638.00	76,315,421.00	(51,270,783.00)	
<b>Investment Derivatives-Liability Positions</b>	PUF Bonds 2006B	284,065,000.00	(106,403.20)	(254,938.00)	-	(254,938.00)	Decr. in Fair Value of Inv
	RFS Bonds 2016A	255,825,000.00	(54,007.50)	(188,467.00)	-	(188,467.00)	Decr. in Fair Value of Inv
		539,890,000.00	(160,410.70)	(443,405.00)	-	(443,405.00)	
<b>TOTAL</b>		<b>\$3,153,320,000.00</b>	<b>2,537,766.31</b>	<b>(300,761,860.00)</b>	<b>(51,971,124.00)</b>	<b>(248,790,736.00)</b>	

The following is the fair value of the derivative agreements related to debt in effect at August 31, 2018 based on the zero-coupon method and the classification of change in fair value from the previous fiscal year:

Derivatives by type	Hedgeable Item	Current Notional	Accrued Interest (through 8/31/18)	Fair Value as of 8/31/18	Fair Value as of 8/31/17	Change in Fair Value 8/31/17 - 8/31/18	Change in Fair Value Recorded as
<b>Hedging Derivative Assets</b>	RFS Bonds 2016G	\$250,000,000.00	(22,577.85)	37,067,661.00	10,339,315.00	26,728,346.00	Def Inflow
		250,000,000.00	(22,577.85)	37,067,661.00	10,339,315.00	26,728,346.00	
<b>Hedging Derivative Liabilities</b>	PUF Bonds 2008A	179,180,000.00	863,022.18	(29,316,763.00)	(42,503,422.00)	13,186,659.00	Def Outflow
	PUF Bonds 2008A	179,180,000.00	851,716.42	(28,528,871.00)	(41,638,181.00)	13,109,310.00	Def Outflow
	RFS Bonds 2007B	163,170,000.00	314,919.65	(22,122,264.00)	(33,127,972.00)	11,005,708.00	Def Outflow
	RFS Bonds 2007B	163,170,000.00	314,919.65	(22,122,264.00)	(33,127,972.00)	11,005,708.00	Def Outflow
	RFS Bonds 2008B	115,645,000.00	232,351.18	(17,618,120.00)	(25,951,512.00)	8,333,392.00	Def Outflow
	RFS Bonds 2008B	115,645,000.00	232,351.18	(17,618,120.00)	(25,951,512.00)	8,333,392.00	Def Outflow
	RFS Bonds 2008B	238,370,000.00	422,115.80	(28,027,804.00)	(43,787,351.00)	15,759,547.00	Def Outflow
		1,154,360,000.00	3,231,396.06	(165,354,206.00)	(246,087,922.00)	80,733,716.00	
<b>Investment Derivatives-Asset Positions</b>	RFS Bonds 2008B	90,270,000.00	(70,883.86)	8,523,952.00	6,217,067.00	2,306,885.00	Incr. in Fair Value of Inv
	RFS Bonds 2008B	92,045,000.00	(60,452.10)	4,454,582.00	2,767,871.00	1,686,711.00	Incr. in Fair Value of Inv
	RFS Bonds 2008B	117,190,000.00	(93,181.14)	9,209,001.00	6,320,603.00	2,888,398.00	Incr. in Fair Value of Inv
	PUF Bonds 2006B	284,065,000.00	(56,983.36)	1,752,222.00	-	1,752,222.00	Incr. in Fair Value of Inv
	PUF Bonds 2008A	179,180,000.00	(276,420.25)	7,843,574.00	4,638,619.00	3,204,955.00	Incr. in Fair Value of Inv
	RFS Bonds 2016A	255,825,000.00	(54,007.50)	11,360,653.00	-	11,360,653.00	Incr. in Fair Value of Inv
	RFS Bonds 2016A	255,825,000.00	(62,535.00)	16,577,142.00	-	16,577,142.00	Incr. in Fair Value of Inv
	RFS Bonds 2016A	255,825,000.00	(79,590.00)	16,594,295.00	2,732,915.00	13,861,380.00	Incr. in Fair Value of Inv
		1,530,225,000.00	(754,053.21)	76,315,421.00	22,677,075.00	53,638,346.00	
<b>Investment Derivatives-Liability Positions</b>	PUF Bonds 2006B	-	-	-	(1,137,070.00)	1,137,070.00	Incr. in Fair Value of Inv
	RFS Bonds 2016A	-	-	-	(4,834,011.00)	4,834,011.00	Incr. in Fair Value of Inv
	RFS Bonds 2016A	-	-	-	(1,810,067.00)	1,810,067.00	Incr. in Fair Value of Inv
	RFS Bonds 2017A	-	-	-	(2,877,014.00)	2,877,014.00	Incr. in Fair Value of Inv
		-	-	-	(10,658,162.00)	10,658,162.00	
<b>TOTAL</b>		<b>\$2,934,585,000.00</b>	<b>2,454,765.00</b>	<b>(51,971,124.00)</b>	<b>(223,729,694.00)</b>	<b>171,758,570.00</b>	

## Derivative Instrument Objectives

Derivatives by type	Hedgeable Item	Current Notional	Objective	Effective at 8/31/19?	Evaluation for Effectiveness
<b>Hedging Derivatives</b>	PUF Bonds 2008A	\$176,070,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	PUF Bonds 2008A	176,070,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	162,470,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	162,470,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	111,180,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	111,180,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	226,765,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2016G	250,000,000.00	Hedge changes in cash flows on Series 2016G bonds	Yes	Consistent Critical Terms
	RFS Bonds 2020A	250,000,000.00	Hedge changes in cash flows on Series 2020A bonds	Yes	Consistent Critical Terms
<b>Investment Derivatives</b>	PUF Bonds 2006B	284,065,000.00	Manage changes in cash flows on Series 2006B bonds	N/A	N/A
	PUF Bonds 2008A	176,070,000.00	Manage changes in cash flows on Series 2008A bonds	N/A	N/A
	RFS Bonds 2008B	90,270,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	92,045,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	117,190,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2016A	255,825,000.00	Manage changes in cash flows on Series 2016A bonds	N/A	N/A
	RFS Bonds 2016A	255,825,000.00	Manage changes in cash flows on Series 2016A bonds	N/A	N/A
	RFS Bonds 2016A	255,825,000.00	Manage changes in cash flows on Series 2016A bonds	N/A	N/A
<b>TOTAL</b>		<b><u>\$3,153,320,000.00</u></b>			

## Derivative Instrument Objectives

Derivatives by type	Hedgeable Item	Current Notional	Objective	Effective at 8/31/18?	Evaluation for Effectiveness
Hedging Derivatives	PUF Bonds 2008A	\$179,180,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	PUF Bonds 2008A	179,180,000.00	Hedge changes in cash flows on Series 2008A bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	163,170,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2007B	163,170,000.00	Hedge changes in cash flows on Series 2007B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	115,645,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	115,645,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2008B	238,370,000.00	Hedge changes in cash flows on Series 2008B bonds	Yes	Consistent Critical Terms
	RFS Bonds 2016G	250,000,000.00	Hedge changes in cash flows on Series 2016G bonds	Yes	Consistent Critical Terms
Investment Derivatives	PUF Bonds 2006B	284,065,000.00	Manage changes in cash flows on Series 2006B bonds	N/A	N/A
	PUF Bonds 2008A	179,180,000.00	Manage changes in cash flows on Series 2008A bonds	N/A	N/A
	RFS Bonds 2008B	90,270,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	92,045,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2008B	117,190,000.00	Manage changes in cash flows on Series 2008B bonds	N/A	N/A
	RFS Bonds 2016A	255,825,000.00	Manage changes in cash flows on Series 2016A bonds	N/A	N/A
	RFS Bonds 2016A	255,825,000.00	Manage changes in cash flows on Series 2016A bonds	N/A	N/A
	RFS Bonds 2016A	255,825,000.00	Manage changes in cash flows on Series 2016A bonds	N/A	N/A
<b>TOTAL</b>		<b><u>\$2,934,585,000.00</u></b>			

The fair value of interest rate swaps reported as investment derivatives-asset positions of \$25,044,638.00 and \$76,315,421.00 as of August 31, 2019 and 2018, respectively, is included on the consolidated statement of net position as noncurrent unrestricted investments and in the summary of investments in Note 6. The fair value of interest rate swaps reported as investment derivatives-liability positions of \$443,405 as of August 31, 2019 is included on the consolidated statement of net position as investment derivatives-liability positions. As of August 31, 2018, there were no interest rate swaps reported as investment derivatives-liability position. The change in fair value of interest rate swaps reported as investment derivatives are included in the net increase (decrease) in fair value of investments on the consolidated statement of revenues, expenses and changes in net position. For the year ending August 31, 2019, the change in fair value of interest rate swaps reported as investment derivatives was a decrease in the amount of \$51,714,188.00. For the year ending August 31, 2018, the change in fair value of interest rate swaps reported as investment derivatives was an increase in the amount of \$64,296,508.00.

### **Hedging Derivative Instrument and Investment Derivative Risks**

*Credit Risk:* The System is exposed to credit risk if the counterparty to an interest rate swap fails to meet the terms and obligations of its contracts. Contracts with a positive fair value expose the System to credit risk. The System faces a maximum possible loss equivalent to the amount of the swap contract's fair value, less any collateral held by the System provided by the counterparty. Contracts with a negative fair value do not expose the System to credit risk. All of the counterparties associated with swap contracts with the System are creditworthy financial institutions. Additionally, each of the System's swap counterparties has agreed to provide collateral to the System to the extent the positive value before considering nonperformance risk of the parties exceeds certain threshold amounts. Should a counterparty fail to meet its contractual agreements, or if the System's credit rating falls below investment grade (Baa2 by Moody's or BBB by S&P), the System could be required to pay or receive a substantial termination payment. As of August 31, 2019, the System's credit ratings were Aaa by Moody's and AAA by S&P. The System does not have to post collateral due to changes in fair value of its swap agreements unless the System does not have a credit rating or the System commits a specified event of default and the event of default is continuing. As of August 31, 2019, the maximum loss due to credit risk was \$14,267,625.00. It is the System's policy to require counterparty collateral posting provisions in its non-exchange-traded derivative instruments. These terms require collateralization of the aggregate value of derivative instruments in asset positions, net of the effect of applicable threshold amounts based on each counterparty's credit rating. Although collateral posted can be in the form of cash, U.S. Treasury or U.S. agency securities held directly by the System or by a third-party custodian approved by the System, collateral posted is currently only in the form of cash held directly by the System. The System has not entered into master netting arrangements.

*Bankruptcy Risk:* The System is exposed to bankruptcy risk of its swap counterparties. The amount of any termination the System would receive, if a termination payment is owed, would be subject to the swap counterparty's ability to make the required payment. Upon the swap counterparty's bankruptcy, the System's obligation to make payments, the timing of termination, and the valuation of the swap upon termination may be affected by relevant bankruptcy law.

*Interest Rate Risk:* Interest rate risk involves the risk that the value of the System's interest rate swaps will fluctuate because of changes in interest rates. The value of interest rate swap agreements with a longer weighted average maturity tend to be more sensitive to changing interest rates, and therefore, more volatile than those with shorter maturities.

*Basis Risk:* The System is exposed to basis risk when the variable rate received under an interest rate swap does not match the variable rate paid on hedged bonds. The interest rate on the System's variable rate bonds is a tax-exempt interest rate based on the System's credit ratings. The variable receipt on the System's interest rate swaps is based on either a tax-exempt index (SIFMA) or a taxable index (LIBOR). Tax-exempt interest rates can change without a corresponding change in taxable interest rates due to factors affecting the tax-exempt market that do not have a similar effect on the taxable market.

*Index Risk:* The System is exposed to risk that the method of establishing LIBOR, the Thomson Municipal Market Data (MMD) or the SIFMA index could change over time. A change in LIBOR, MMD or the SIFMA index may affect the rate that the System pays or receives on certain interest rate swaps.

*LIBOR Discontinuation Risk:* In addition, on July 27, 2017, the Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021 (the "FCA Announcement"). A portion of the System's swaps use a LIBOR-based rate as a reference rate for determining payments to be received or payments to be made thereunder. It is not possible to predict the effect of the FCA Announcement, any changes in the methods pursuant to which LIBOR rates are determined, or any other reforms to LIBOR that may be enacted, any of which may adversely affect the determination of LIBOR rates or result in the phasing out of LIBOR as a reference rate. Any such effects could result in a sudden or prolonged increase or decrease in reported LIBOR rates or result in the replacement of LIBOR with other reference rates and could have a negative impact on the market value of the System's swaps and the payment obligations of the System thereunder.

*Liquidity Risk:* The System is exposed to risk that, under certain market conditions, the System may be unable to terminate, assign or novate an interest rate swap. The System may not amend, assign or novate a swap without the swap counterparty's consent. There can be no assurance that another party will be willing to accept an assignment or novation of the System's interest rate swap.

**Termination Risk:** Termination risk is the risk that the swap may be terminated prior to its scheduled maturity date as a result of certain specified events. None of the System’s interest rate swaps are subject to automatic early termination. The System is subject to termination risk if the System’s credit rating falls below investment grade (Baa2 by Moody’s or BBB by S&P), or if the System commits a specified event of default or other specified event of termination. The System has the right to optionally terminate any of its swaps at any time. At termination, if the fair value of the swap is negative, the System would be liable to pay a termination payment to the appropriate counterparty in the amount of the swap’s fair value. If the fair value of the swap is positive at termination, the counterparty would owe a termination payment to the System in the amount of the swap’s fair value.

**Amortization Risk:** Amortization risk is the risk caused by a mismatch between the amortization of a derivative contract and the underlying hedged bonds. The System is not exposed to amortization risk by exactly matching the notional amounts and amortization schedules of its swap contracts with the principal amounts and amortization schedules of the associated hedged bonds.

**Market Access Risk:** Each swap associated with underlying variable rate debt that is subject to tender at the option of the bondholder is subject to market access risk. In the event the System is unable to remarket its variable rate bonds, the System may choose to refund the variable rate bonds with fixed-rate bonds and optionally terminate the related interest rate swap agreements. Should an early termination event occur, the System could be required to pay or to receive a substantial termination payment. As of August 31, 2019, the System had market access risk associated with \$1,376,205,000.00 aggregate notional amount of pay-fixed, receive-variable interest rate swaps used to hedge interest rate risk on variable rate bonds subject to tender. As of August 31, 2019, the System’s variable rate bonds carried the highest short-term ratings from Moody’s and S&P of VMIG1 and A-1+, respectively.

#### **Hedging Derivative Swap Scheduled Payments**

The following tables reflect the scheduled payments on the hedging derivative swap agreements which differ from the presentation in the projected bond debt service requirements table for the related demand bonds. The debt service requirements reflect the entire outstanding balance of the demand bonds in 2020 because the bonds are supported by internal liquidity.

<b>As of August 31, 2019</b>				
<b>Fiscal Year</b>	<b>Associated Variable Rate Bonds</b>		<b>Pay-Fixed Receive-Variable Interest Rate Swaps<sup>3</sup></b>	<b>Total</b>
	<b>Principal<sup>1</sup></b>	<b>Interest<sup>2</sup></b>		
2020	\$ 27,065,000.00	19,992,344.00	26,694,834.05	73,752,178.05
2021	28,055,000.00	19,641,908.00	26,053,500.98	73,750,408.98
2022	46,425,000.00	19,278,654.00	25,388,446.73	91,092,100.73
2023	48,185,000.00	18,670,582.00	24,273,068.89	91,128,650.89
2024	49,785,000.00	18,039,465.00	23,115,222.69	90,939,687.69
2025-2029	287,690,000.00	79,576,197.50	96,076,103.86	463,342,301.36
2030-2034	297,240,000.00	59,857,107.50	59,754,629.79	416,851,737.29
2035-2039	341,760,000.00	39,147,324.00	21,498,048.66	402,405,372.66
2040-2044	-	26,500,000.00	(1,400,000.00)	25,100,000.00
2045-2049	250,000,000.00	5,300,000.00	(280,000.00)	255,020,000.00

<sup>1</sup>Reflects scheduled principal and interest payments of Revenue Financing System Refunding Bonds, Series 2007B, Revenue Financing System Bonds, Series 2008B, Revenue Financing System Bonds, Taxable Series 2016G, and Permanent University Fund Bonds, Series 2008A to be optionally or mandatorily redeemed in the fiscal years reflected.

<sup>2</sup>Annual debt service requirements are computed using the System’s interest rates in effect on August 31, 2019 on its Series 2008A Bonds, Series 2007B Bonds, Series 2008B, and Series 2016G Bonds.

<sup>3</sup>Reflects net payments on pay-fixed, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2019 and applied on the respective notional amounts of the swaps through their respective termination dates.

**As of August 31, 2018**

Fiscal Year	Associated Variable Rate Bonds		Pay-Fixed Receive-Variable Interest Rate	Total
	Principal <sup>1</sup>	Interest <sup>2</sup>	Swaps <sup>3</sup>	
2019	\$ 28,155,000.00	22,113,551.00	25,030,524.10	75,299,075.10
2020	27,065,000.00	21,695,170.50	24,420,103.55	73,180,274.05
2021	28,055,000.00	21,292,647.50	23,835,606.98	73,183,254.48
2022	46,425,000.00	20,875,400.00	23,229,468.23	90,529,868.23
2023	48,185,000.00	20,178,410.50	22,211,582.89	90,574,993.39
2024-2028	278,925,000.00	89,292,395.00	94,103,731.19	462,321,126.19
2029-2033	313,440,000.00	67,215,210.00	61,752,150.69	442,407,360.69
2034-2038	374,870,000.00	44,153,448.50	27,978,944.52	447,002,393.02
2039-2043	9,240,000.00	23,885,828.00	(758,710.40)	32,367,117.60
2044-2048	250,000,000.00	9,500,000.00	(379,400.00)	259,120,600.00

<sup>1</sup>Reflects scheduled principal and interest payments of Revenue Financing System Refunding Bonds, Series 2007B, Revenue Financing System Bonds, Series 2008B, Revenue Financing System Bonds, Taxable Series 2016G, and Permanent University Fund Bonds, Series 2008A to be optionally or mandatorily redeemed in the fiscal years reflected.

<sup>2</sup>Annual debt service requirements are computed using the System's interest rates in effect on August 31, 2018 on its Series 2008A Bonds, Series 2007B Bonds, Series 2008B, and Series 2016G Bonds.

<sup>3</sup>Reflects net payments on pay-fixed, receive-variable interest rate swaps based on static interest rate environment as of August 31, 2018 and applied on the respective notional amounts of the swaps through their respective termination dates.

#### 14. Stewardship, Compliance and Accountability

The System had no significant violations of bond or note covenants. Per State law, the System cannot spend amounts in excess of appropriations granted by the Texas Legislature. There are no deficits reported in net position.

#### 15. Risk Management and Related Insurance

The System has eight funded self-insurance plans providing coverage in the following areas: employee health and dental, unemployment compensation, workers' compensation, professional medical liability, property protection, directors and officers/employment practices liability, construction contractor insurance, and automobile, property and liability.

##### EMPLOYEE AND RETIREE INSURANCE BENEFITS

The U. T. System Employee Benefits program provides health insurance, dental insurance, vision insurance, life insurance, accidental death and dismemberment (AD&D), long-term disability, short-term disability, and flexible spending account coverage to all benefits-eligible employees and retirees of the System and its fourteen institutions. These insurance benefits are provided through both self-funded and fully-insured arrangements. A portion of the System's cost of providing group health and basic life insurance coverage is paid by the State as specified in the General Appropriations Act. The System's Office of Employee Benefits (OEB) is responsible for the overall administration of the insurance plans. The System's OEB program was established by Chapter 1601 of the *Texas Insurance Code* and complies with State laws and statutes pertinent to employee benefits for the System.

Effective January 1, 2006, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries under Medicare Part D. Medicare Part D provides sponsors of postemployment healthcare plans with various subsidies related to prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit.

The System has participated in the Medicare Part D Retiree Drug Subsidy (RDS) program since 2006 which provides a subsidy of up to 28 percent of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D. The System recognized \$1,032,292.20 of Medicare Part D RDS revenue from the federal government in 2018. In 2019 the System was required to refund \$92,638.25 to the Medicare Part D RDS program after the annual reconciliation was performed. The annual reconciliation recognizes any payments made by the Medicare RDS program. The System significantly reduced reliance on the RDS program beginning January 1, 2017. Only a small number of eligible participants remained covered under RDS after December 31, 2016.

The System implemented an Employer Group Waiver Plan (EGWP) effective January 1, 2017, in order to access larger Medicare Part D subsidies. For most eligible participants, the EGWP replaces the RDS program previously used to access such subsidies. The System recognized \$29,090,167.99 and \$20,172,112.60 of Medicare EGWP payments from the federal government in 2019 and 2018, respectively.

#### UNEMPLOYMENT COMPENSATION INSURANCE

The General Appropriations Act requires the System to reimburse the Texas Workforce Commission (TWC) for 50% of the unemployment benefits paid to qualified former employees paid from general revenue funds and 100% of the unemployment benefits paid from local funds.

#### WORKERS' COMPENSATION INSURANCE

The Workers' Compensation Insurance (WCI) program provides coverage to all employees of the System and its fourteen institutions. Under the oversight of the System's Office of Risk Management (ORM), the System self-insures and administers the systemwide program through the use of a third-party administrator. The coverage provides income and medical benefits to all employees who have sustained compensable job-related injuries or occupational diseases. The program's statutory authority is embodied in Chapter 503 of the *Texas Labor Code*.

#### PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

The coverage provided under the Professional Medical Liability Benefit Plan (the "Plan") is on an occurrence basis; thus, a participant is covered by the Plan for claims and lawsuits relating to events that occurred while enrolled in the Plan, including those filed after the participant has left the System's employment or training. The Plan covers all of the System staff physicians, dentists, residents, fellows, and medical and dental students who have been enrolled. The limits of liability of the Plan include an annual policy aggregate of \$30 million, an annual aggregate of \$1.5 million for each staff physician (\$500,000 per claim), an annual aggregate of \$300,000 for each resident or fellow (\$100,000 per claim) and a \$75,000 annual aggregate for each medical and dental student (\$25,000 per claim). Additional coverage is available outside of Texas and for approved international activities. Liability is limited to \$2 million per claim, regardless of the number of claimants or plan participants involved in an incident.

The limits of liability are prescribed by law as \$100,000 per health care liability claim per physician determined to be a public servant. U. T. institutions are covered under the Plan for actions that could have been brought against an individual plan participant. The liability of a U. T. institution is limited by law to \$250,000 per person injured and \$500,000 per occurrence for bodily injury or death.

#### COMPREHENSIVE PROPERTY PROTECTION PROGRAM

The Comprehensive Property Protection Plan (CPPP) uses a combination of interim financing and commercial insurance to provide Fire and All Other Perils (Fire and AOP) and Named Windstorm and Flood (Wind and Flood) coverage. All coverage is subject to the terms, exclusions, limits and conditions of the Insurance Policies. The Fire and AOP program provides a \$1.3 billion per occurrence limit for most perils, with sub-limits that do apply. The System participates in a seven percent (7%) quota share of the \$75 million layer excess of the \$25 million layer of commercial insurance coverage. Deductibles for Fire and AOP are \$5 million per occurrence with a \$15 million annual aggregate limit; institutions have a \$250,000 per occurrence deductible. The commercial insurance coverage for Named Windstorm and resulting perils provides a \$250 million per occurrence limit with the System participating in a seven percent (7%) quota share of the \$75 million layer excess of the \$25 million layer. M. D. Anderson purchases a dedicated \$100 million policy excess of the \$250 million per occurrence Named Windstorm CPPP limit. Deductibles for Wind and Flood are \$100 million per occurrence for U. T. Medical Branch - Galveston (locations in Galveston only), \$50 million per occurrence for U. T. Health Science Center - Houston (locations in Texas Medical Center only) and M. D. Anderson (locations in Texas Medical Center Only), 5% of total insurable value in other Tier 1 counties, and AOP deductibles for all other locations.



Primary insurance policies are purchased on certain flood and wind exposed properties to partially offset the large deductibles. These policies provide underlying limits (up to \$4.4 million per building/contents for wind and \$1 million maximum building/contents for flood) and are purchased through the Texas Windstorm Insurance Association (TWIA) for facilities in Tier 1 seacoast territories and the National Flood Insurance Program (NFIP) for properties located in higher risk flood zones. U. T. Medical Branch - Galveston purchases a \$50 million Named Windstorm buydown policy to reduce the \$100 million Wind and Flood deductible for locations in Galveston only. M. D. Anderson purchases a \$25 million Named Windstorm Multi Year Single Limit (MYSL) buydown policy to reduce the \$50 million Wind and Flood deductible; they have a 25% share of the \$25 million to \$50 million layer. The interim financing component of the program participates in losses resulting from physical damage that exceeds the coverage available under these primary policies and the institution's deductible. The interim financing for the Wind and Flood program is funded by annual contributions made by each institution in addition to the payment of insurance premiums.

#### DIRECTORS AND OFFICERS/EMPLOYMENT PRACTICES LIABILITY PLAN AND CYBER LIABILITY PROGRAM

The Directors and Officers Liability (D&O) and Employment Practices Liability (EPL) Plan (the "Plan") provides coverage for claims arising from actual or alleged wrongful acts performed by the Plan beneficiaries and for EPL claims, such as wrongful termination, failure to promote, and wrongful discipline.

Coverage applies to individual board members, employees, faculty, and other covered individuals, as well as to each of the institutions and U. T. System Administration. The limit of liability is a \$15 million annual aggregate (Coverages A, B and C combined), with an additional \$5 million self-insured annual aggregate excess limit for Coverages A and B. Self-insured retentions for the Plan are subject to a \$5 million annual aggregate. Coverage A applies to non-indemnifiable claims made against individuals and it has no deductible. Coverage B applies to a U. T. institution that is required to indemnify a covered individual with deductibles of \$100,000 per individual and \$300,000 per occurrence. Coverage C applies to a U. T. institution with a \$300,000 deductible. In the event a loss involves any or all of Coverages A, B, and C, then only the single largest deductible amount will apply.

The Cyber Liability Program, incepted September 15, 2015, provides coverage for claims arising from the following causes of loss: media liability, network security liability, privacy liability, regulatory liability, loss of digital assets, network asset protection, and Payment Card Industry Data Security Standard (PCI-DSS). The limit of liability on the commercial insurance policy is a \$50 million annual aggregate. Each claim is subject to a \$2.5 million retention except for PCI-DSS which is \$1 million; institutions have a \$250,000 per claim deductible. M. D. Anderson purchases a \$10 million standalone policy which is primary to the Cyber Liability Program.

#### ROLLING OWNER CONTROLLED INSURANCE PROGRAM

The Rolling Owner Controlled Insurance Program (ROCIP) was established for the centralized purchase of construction contractor insurance on various capital improvement projects. This program provides workers' compensation, employers' liability and general liability insurance coverage for all contractors enrolled on projects participating in the program. Each coverage carries a \$250,000 per occurrence deductible with a maximum \$375,000 per occurrence clash deductible, if more than one coverage is triggered by the same occurrence. Deductibles are paid through the program's self-insurance fund.

#### AUTOMOBILE, PROPERTY & LIABILITY PLAN

The Automobile, Property & Liability Plan provides automobile liability and physical damage coverage for owned, leased, hired, and non-owned (excess liability only) vehicles, along with general liability coverage for certain scheduled exposures. All coverages are subject to a self-insured retention of \$50,000 for liability claims and \$25,000 for physical damage claims, subject to a \$615,000 annual aggregate stop loss deductible per policy term. Institutions retain the first \$2,500 per occurrence for liability, \$1,000 per vehicle for physical damage, and \$5,000 per vehicle for vehicles valued over \$100,000.

INCURRED BUT NOT REPORTED SELF-INSURANCE CLAIMS

Insurance claims that were Incurred But Not Reported (IBNR) were actuarially determined for the employee’s health and dental, workers’ compensation, professional medical liability, directors and officers/employment practices liability and cyber liability program, rolling owner controlled, and automobile, property and liability self-insurance plans. IBNR figures for the workers’ compensation, professional medical liability, directors and officers/employment practices liability and cyber liability program, rolling owner controlled, and automobile, property and liability self-insurance plans include liabilities for unpaid reported claims and are reported on an undiscounted basis. The IBNR liability for the property protection self-insurance plan is not actuarially determined but estimated based on unpaid reported claims. Since an annual accrual is recorded for the third quarter TWC billing, no IBNR liability is recorded for Unemployment Compensation Insurance. No settlements exceeded insurance coverage in the past three fiscal years.

Since the responsibility for processing all claims for self-funded employee health and dental benefits has been fully delegated to third parties, the IBNR claims liability for those benefits does not include a provision for unallocated loss adjustment expenses (ULAE). However, it does include a provision of 5% of the projected incurred but unpaid claims for the administrative expenses associated with processing those claims. The IBNR claims liability for the workers’ compensation, professional medical liability, directors and officers/employment practices liability and cyber liability program, rolling owner controlled, and automobile, property and liability self-insurance plans includes a related accrual for allocated loss adjustment expenses (ALAE), which are the claim-specific defense and settlement costs associated with the ultimate settlement of those claims. They do not include a provision for ULAE, which are general administrative expenses associated with claims settlement, but are not specifically attributable to individual claims.

Changes in the System’s claims liabilities for the various self-insurance plans during fiscal years 2019 and 2018 were as follows:

<u>Fiscal Year 2019</u>		Current Year		
Plan	IBNR Liability 09/01/18	Claims and Changes in Estimates	Claims Payments	IBNR Liability 08/31/19
Employee Health and Dental	\$ 103,800,000.00	1,366,389,798.56	(1,356,289,798.56)	113,900,000.00
Workers’ Compensation	7,023,000.00	1,590,715.15	(3,228,715.15)	5,385,000.00
Professional Medical Liability	20,496,140.00	2,837,812.84	(3,847,856.84)	19,486,096.00
Property Protection – Fire & AOP	6,462,000.00	(654,844.73)	(682,155.27)	5,125,000.00
Property Protection – Wind & Flood	20,000,000.00	(1,760,525.33)	(1,377,127.67)	16,862,347.00
Directors and Officers/EPL/Cyber	1,618,478.00	1,751,562.97	(1,151,483.97)	2,218,557.00
ROCIP	5,141,318.00	2,218,522.10	(2,370,270.10)	4,989,570.00
Automobile, Property & Liability	378,252.00	521,414.28	(447,244.28)	452,422.00
<b>TOTAL</b>	<b>\$ 164,919,188.00</b>	<b>1,372,894,455.84</b>	<b>(1,369,394,651.84)</b>	<b>168,418,992.00</b>

<u>Fiscal Year 2018</u>		Current Year		
Plan	IBNR Liability 09/01/17	Claims and Changes in Estimates	Claims Payments	IBNR Liability 08/31/18
Employee Health and Dental	\$ 95,900,000.00	1,243,525,768.41	(1,235,625,768.41)	103,800,000.00
Workers’ Compensation	7,572,000.00	3,327,041.78	(3,876,041.78)	7,023,000.00
Professional Medical Liability	20,376,564.00	3,812,227.55	(3,692,651.55)	20,496,140.00
Property Protection – Fire & AOP	10,280,704.00	1,244,917.51	(5,063,621.51)	6,462,000.00
Property Protection – Wind & Flood	20,000,000.00	(416,319.22)	416,319.22	20,000,000.00
Directors and Officers/EPL/Cyber	2,303,317.00	513,304.34	(1,198,143.34)	1,618,478.00
ROCIP	4,301,519.00	2,453,765.27	(1,613,966.27)	5,141,318.00
Automobile, Property & Liability	402,468.00	678,362.82	(702,578.82)	378,252.00
<b>TOTAL</b>	<b>\$ 161,136,572.00</b>	<b>1,255,139,068.46</b>	<b>(1,251,356,452.46)</b>	<b>164,919,188.00</b>

**16. Postemployment Health Care and Life Insurance Benefits**

In addition to providing pension benefits, the State provides certain health and life insurance benefits for retired employees (OPEB), in accordance with State statutes. Many employees may become eligible for the health and life insurance benefits as a retired employee if they meet certain age and service requirements as defined by the State. Similar benefits for active employees are provided through the same self-funded plan. For the years ended August 31, 2019 and 2018, the State and retiree contribution rates for the self-funded plan per full-time retired employee are shown in the following table. The retiree contributes any premium charged over and above the State contributions.

Level of Coverage	2019		2018	
	Employer	Retiree	Employer	Retiree
Retiree Only	\$ 598.14	-	\$ 598.14	-
Retiree/Spouse	911.69	257.53	911.69	257.53
Retiree/Children	798.76	269.34	798.76	269.34
Retiree/Family	1,114.18	507.15	1,114.18	507.15

**PLAN DESCRIPTION AND FUNDING POLICY**

OPEB are provided to the System’s retirees under the U. T. System Employee Group Insurance Program (EGIP). The EGIP is a single-employer defined benefit OPEB plan; however, due to the State statute requiring appropriations for funding the plan, the State is reporting a proportionate share. Chapter 1551 of the *Texas Insurance Code*, Sections 310 and 311, require that the State contribute to the cost of each participant’s insurance coverage. The funds are appropriated under the General Appropriations Act Higher Education Employees Group Insurance (HEGI) Contributions. The State’s proportion was 20.82 and 22.83 percent of the collective OPEB related liabilities, deferred outflows and inflows and expense based on HEGI contributions by the State to total contributions as of August 31, 2019 and 2018. The System’s proportion as of August 31, 2019 and 2018 was 79.18 and 77.17 percent. At August 31, 2019 and 2018, the amount of the total OPEB liability related to the System reported by the State was \$2,723,817,586 and \$3,171,184,120, respectively. The amount reported by the State is related to the premium sharing contributions, which are recognized as State appropriation general revenue on the System’s financial statements in the fiscal year that the State contributed the amounts for OPEB on the System’s behalf.

The System and member contribution rates are determined annually by the System based on the recommendations of the OEB staff and consulting actuary. The contribution rates are determined based on the benefit and administrative costs expected to be incurred and (i) the funds appropriated and (ii) the funding policy established by the Texas Legislature in connection with benefits provided through the EGIP. The System revises benefits when necessary to match expected benefit and administrative costs with available revenue. The plan is operated on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**EMPLOYEES COVERED BY BENEFIT TERMS**

The benefits provided are discussed in Note 15. The authority under which the obligations of the plan members and the System are established and may be amended is Chapter 1601, *Texas Insurance Code*. At the respective valuation dates, the following employees were covered by the benefit terms:

	Valuation Date	
	12/31/2017	12/31/2016
a. Inactive employees or beneficiaries currently receiving benefit payments	27,597	25,324
b. Inactive employees entitled to but not yet receiving benefit payments	12,311	11,383
c. Active employees	90,605	87,265
d. Total	130,513	123,972

## TOTAL OPEB LIABILITY

The System has elected to use a measurement date that is eight months in advance of the fiscal year end. The System's proportionate share of the total OPEB liability of \$10,355,785,546, current portion of \$230,593,877 and a noncurrent portion of \$10,125,191,669, reported for the fiscal year ended August 31, 2019 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2017 and rolled forward twelve months to December 31, 2018. The System's proportionate share of the total OPEB liability of \$10,717,111,345, current portion of \$202,555,282 and a noncurrent portion of \$10,514,556,063, reported for the fiscal year ended August 31, 2018 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that same date.

## ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The Total OPEB Liability as of December 31, 2018 and December 31, 2017 was determined by an actuarial valuation as of December 31, 2017 and rolled forward twelve months to December 31, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 9.50% (includes inflation)
Discount rate	4.10% for December 31, 2018 and 3.44% for December 31, 2017
Healthcare cost trend rates	7.00% for FY19, 8.00% for FY20, then decreasing 0.50% per year to an ultimate rate of 4.50% for FY27 and later years

- Mortality:
- Service Retirees, Survivors and other Inactive Members:  
Tables based on TRS experience with full generational projection using Scale BB from Base Year 2014.
  - Disability 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.

### Discount Rate

- For fiscal year ended August 31, 2019: The discount rate used to measure the Total OPEB Liability as of December 31, 2018 was 4.10%. The discount rate used to determine the Total OPEB Liability as of December 31, 2017 was 3.44%.
- For fiscal year ended August 31, 2018: The discount rate used to measure the Total OPEB Liability as of December 31, 2017 was 3.44%. The discount rate used to measure the Total OPEB Liability as of December 31, 2016 was 3.78%.
- Municipal Bond Rate: 4.10% as of December 31, 2018, 3.44% as of December 31, 2017, and 3.78% as of December 31, 2016; the source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Many of the actuarial assumptions used in this valuation were based on the results of an actuarial experience study performed by the TRS retirement plan actuary for the period September 1, 2010 to August 31, 2014.

The following assumptions or other inputs were changed since the previous measurement date:

The discount rate was changed as a result of requirements by GASB Statement No. 75 to utilize the yield or index rate as of the measurement date for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher.

As of the measurement date of December 31, 2018, no changes in benefit and eligibility provisions have occurred. Accordingly, the benefit and eligibility provisions used in this valuation have not been changed since the prior valuation.

Sensitivity of the System's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

	<b>1% Decrease (3.10%)</b>	<b>FY19 Discount Rate (4.10%)</b>	<b>1% Increase (5.10%)</b>
Total OPEB Liability	\$ 12,565,850,208	\$ 10,355,785,546	\$ 8,682,139,141

	<b>1% Decrease (2.44%)</b>	<b>FY18 Discount Rate (3.44%)</b>	<b>1% Increase (4.44%)</b>
Total OPEB Liability	\$ 13,185,594,111	\$ 10,717,111,345	\$ 8,877,728,799

Sensitivity of the System's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

	<b>1% Decrease</b>	<b>FY19 Healthcare Cost Trend Rates<sup>1</sup></b>	<b>1% Increase</b>
Total OPEB Liability	\$ 8,606,162,337	\$ 10,355,785,546	\$ 12,679,927,126

	<b>1% Decrease<sup>1</sup></b>	<b>FY18 Healthcare Cost Trend Rates<sup>1</sup></b>	<b>1% Increase<sup>1</sup></b>
Total OPEB Liability	\$ 8,912,787,175	\$ 10,717,111,345	\$ 13,124,958,390

Healthcare Cost Trend Rates used for FY 19 and FY18 are shown below:

<u>Fiscal Year</u>	<u>1% Decrease</u>	<u>FY18 Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
2019	6.00%	7.00%	8.00%
2020	7.00%	8.00%	9.00%
2021	6.50%	7.50%	8.50%
2022	6.00%	7.00%	8.00%
2023	5.50%	6.50%	7.50%
2024	5.00%	6.00%	7.00%
2025	4.50%	5.50%	6.50%
2026	4.00%	5.00%	6.00%
2027 and beyond	3.50%	4.50%	5.50%

**CHANGES IN THE SYSTEM'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY**

		Increase (Decrease) in Total OPEB Liability	
		For Measurement Year from 12/31/2017 to 12/31/2018	For Measurement Year from 12/31/2016 to 12/31/2017
Balance at Beginning of Measurement Year	\$	10,717,111,345	10,777,028,782
Changes for the year:			
Service cost		548,093,347	569,296,804
Interest		394,480,742	426,298,831
Differences between expected and actual experience		-	(136,662,956)
Changes of assumptions or other inputs		(1,429,460,396)	(781,692,644)
Benefit payments (employer)		(153,396,451)	(137,157,472)
Net changes		(640,282,758)	(59,917,437)
Changes in Proportional Share		278,956,959	
Balance at End of Measurement Year	\$	10,355,785,546	10,717,111,345

The System recognized OPEB expense of \$664,784,810 for the fiscal year ended August 31, 2019 and \$843,220,745 for the fiscal year ended August 31, 2018.

The changes in the total OPEB liability, including both the System’s and the State’s portion, are shown in the table below.

		Increase (Decrease) in Total OPEB Liability	
		For Measurement Year from 12/31/2017 to 12/31/2018	For Measurement Year from 12/31/2016 to 12/31/2017
Balance at Beginning of Measurement Year	\$	13,888,295,465	13,965,942,420
Changes for the year:			
Service cost		692,254,917	737,751,244
Interest		498,238,547	552,440,292
Differences between expected and actual experience		-	(177,101,409)
Changes of assumptions or other inputs		(1,805,442,436)	(1,012,994,831)
Benefit payments (employer)		(193,743,361)	(177,742,251)
Net changes		(808,692,333)	(77,646,955)
Balance at End of Measurement Year	\$	13,079,603,132	13,888,295,465

At each fiscal year-end, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the sources listed in the table below.

		As of 8/31/2019		As of 8/31/2018	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	104,127,465	-	119,074,416
Changes of assumptions or other inputs		-	2,058,144,539	-	909,409,679
Change in proportion and contribution difference		355,767,722	44,612,494	-	-
Contributions subsequent to the measurement date		111,317,743	-	103,036,547	-
Total	\$	467,085,465	2,206,884,498	103,036,547	1,028,484,095

Amounts reported as Deferred Outflows/(Inflows) of Resources will be recognized in OPEB expense as follows:

For the Fiscal Year ended August 31, 2019:

Fiscal Year Ended August 31		Amount
2020	\$	(279,677,749)
2021		(279,677,749)
2022		(279,677,750)
2023		(279,677,750)
2024		(279,677,750)
Thereafter		(452,728,028)
Total	\$	(1,851,116,776)

For the Fiscal Year ended August 31, 2018:

<b>Fiscal Year Ended August 31</b>	<b>Amount</b>
2019	\$ (153,756,499)
2020	(153,756,499)
2021	(153,756,499)
2022	(153,756,499)
2023	(153,756,499)
Thereafter	(259,701,600)
<b>Total</b>	<b>\$ (1,028,484,095)</b>

## 17. Pension Plans

### TEACHER RETIREMENT SYSTEM (TRS)

The State of Texas has joint contributory retirement plans for substantially all its employees. One of the primary plans in which the System participates is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the Teacher Retirement System of Texas. TRS is primarily funded through State and employee contributions. Depending upon the source of funding for a participant's salary, the System may be required to make contributions in lieu of the State.

All System personnel employed in a position on a half time or greater basis for at least 4½ months or more are eligible for membership in the TRS retirement plan. However, students employed in positions that require student status as a condition of employment do not participate. Members with at least five years of service have a vested right to unreduced retirement benefits at age 65 or provided they have a combination of age plus years of service totaling 80 or more. However, members who began TRS participation on or after September 1, 2007 must be age 60 to retire with unreduced benefits and members who are not vested in TRS on August 31, 2014 must be age 62 to retire with unreduced benefits under the second option. Members are fully vested after five years of service and are entitled to any reduced benefits for which the eligibility requirements have been met prior to meeting the eligibility requirements for unreduced benefits.

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.

TRS contribution rates for both employers and employees are not actuarially determined but are legally established by the State Legislature. Contributions by employees were 7.7 percent of gross earnings for 2019, 2018 and 2017. Depending upon the source of funding for the employee's compensation, the State or the System contributes a percentage of participant salaries totaling 6.8 percent of annual compensation for 2019, 2018 and 2017. The System's actual contributions excluding the State match to TRS previously reported for the years ended August 31, 2019, 2018 and 2017 were \$302,294,697.94, \$282,808,370.01, and \$262,734,718.43, respectively.

The total pension liability is determined by an annual actuarial valuation. The tables below present the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2018 and August 31, 2017 measurement dates.

<b>Summary of Actuarial Methods and Assumptions * – TRS Plan</b>	
Actuarial Valuation Date	Aug 31, 2017 rolled forward to Aug 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	6.907%
Investment Rate of Return	8.00%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2018	3.69%**
Inflation	2.30%
Salary Increase	3.05% to 9.05% including inflation
Payroll Growth Rate	2.50%
Mortality:	
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality using Scale BB
Post-Retirement	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale BB
Ad Hoc Post-Employment Benefit Changes	None

<b>Summary of Actuarial Methods and Assumptions – TRS Plan</b>	
Actuarial Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	8.00%
Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increase	3.50% to 9.50% including inflation
Payroll Growth Rate	2.50%
Mortality:	
Active	90% of the RP 2014 Employee Mortality Tables for males and females
Post-Retirement	2015 TRS Healthy Pensioner Mortality Tables
Ad Hoc Post-Employment Benefit Changes	None

**Notes:**

\* The assumptions used to determine the ADC are those in effect for the Aug. 31, 2017 actuarial valuation. Due to the lag between valuation data and the measurement date, they may not be the same assumptions used to measure the Net Pension Liability.

\*\* Source for the rate is Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted July 2018. The mortality rates were based on 90% of the RP 2014 employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS Healthy Pensioner Mortality Tables.



Furthermore, assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following assumptions:

- the total pension liability as of Aug. 31, 2018 was developed using a roll forward method from the Aug. 31, 2017 valuation;
- demographic assumptions including post-retirement mortality, termination rates, and rates of retirement was updated based on the experience study performed for TRS for the period ending Aug. 31, 2017;
- economic assumptions including rates of salary increase for individual participants was updated based on the same experience study;
- the discount rate changed from 8.000% as of Aug. 31, 2017 to 6.907% as of Aug. 31, 2018;
- the long term assumed rate of return changed from 8.00% to 7.25%; and,
- the change in the long term assumed rate of return combined with the change in the discount rate was the primary reason for the increase in the net pension liability.

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

The discount rate of 6.907% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and State contributions will be 7.76% of payroll. This includes a factor for the rehired retirees and the non-old age, survivor and disability insurance surcharge. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date.

The long-term expected rate of return on plan investments was developed using a building-block method, in which best estimate ranges of expected future real rates of return (net of pension plan 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 arithmetic real rates of return for each major asset class for the plan's investment portfolio as of the August 31, 2018 measurement date are presented below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
<b>Global Equity</b>		
U.S.	18%	5.7%
Non-U.S. Developed	13%	6.9%
Emerging Markets	9%	8.95%
Directional Hedge Funds	4%	3.53%
Private Equity	13%	10.18%
<b>Stable Value</b>		
U.S. Treasury	11%	1.11%
Absolute Return	0%	0.00%
Stable Value Hedge Funds	4%	3.09%
Cash	1%	-0.30%
<b>Real Return</b>		
Global Inflation Linked Bonds	3%	0.70%
Real Assets	14%	5.21%
Energy and Natural Resources	5%	7.48%
Commodities	0%	0.00%
<b>Risk Parity</b>		
Risk Parity	5%	3.70%
<b>Total</b>	<b>100%</b>	

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio as of the August 31, 2017 measurement date are presented below:

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

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

**Sensitivity of System's Proportionate Share of the Net Pension Liability  
to Changes in the Discount Rate 2019**

<b>1% Decrease (5.907%)</b>	<b>Current Discount Rate (6.907%)</b>	<b>1% Increase (7.907%)</b>
\$7,424,761,246.14	\$4,919,537,167.00	\$2,891,409,695.67

**Sensitivity of System's Proportionate Share of the Net Pension Liability  
to Changes in the Discount Rate 2018**

<b>1% Decrease (7%)</b>	<b>Current Discount Rate (8%)</b>	<b>1% Increase (9%)</b>
\$4,467,450,866.68	\$2,650,044,162.00	\$1,136,758,113.98

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal 2018 Comprehensive Annual Financial Report. Further information regarding actuarial assumptions and conclusions, together with audited financial statements are included in the TRS' annual financial report, which may be obtained from the Teacher Retirement System of Texas, 1000 Red River Street, Austin, Texas 78701 or found on the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us).

As of August 31, 2019 and 2018, respectively, the System reported a liability of \$4,919,537,167.00 and \$2,650,044,162.00 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion as of the August 31, 2018 and 2017 measurements dates was 8.9377185 and 8.2879633 percent, respectively. 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 non-employer contributing entity to the plan for the periods September 1, 2017 through August 31, 2018 and September 1, 2016 through August 31, 2017. At August 31, 2019 and 2018, respectively, the amount of the net pension liability related to the System reported by the State was \$1,355,571,593.31 and \$894,941,497.90. The amount reported by the State is related to the on-behalf contributions, which are recognized as State appropriation general revenue on the System's financial statements in the fiscal year that the State contributed the amounts to TRS on the System's behalf.

For the year ending August 31, 2019 and 2018, the System recognized pension expense of \$584,838,293.00 and \$251,961,770.00, respectively. At August 31, 2019 and 2018, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2019</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 30,664,357.00	120,706,016.00
Changes of assumptions	1,773,730,108.00	55,429,111.00
Net diff between projected and actual investment return	-	93,344,698.00
Change in proportion and contribution difference	409,961,416.00	242,370,998.00
Contributions subsequent to the measurement date	302,294,697.94	-
<b>Total</b>	<b>\$ 2,516,650,578.94</b>	<b>511,850,823.00</b>

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 38,771,341.00	142,913,399.00
Changes of assumptions	120,713,715.00	69,105,787.00
Net diff between projected and actual investment return	-	193,129,434.00
Change in proportion and contribution difference	241,766,340.00	279,341,554.00
Contributions subsequent to the measurement date	282,808,370.01	-
Total	\$ 684,059,766.01	684,490,174.00

The \$302,294,697.94 and \$282,808,370.01 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the years ending August 31, 2020 and 2019, respectively.

Amounts reported as deferred outflows and inflows of resources related to pensions as of August 31, 2019 will be recognized in pension expense in the following years:

Fiscal Year	Increase (Reduction) of Pension Expense
2019	\$ 413,015,327.00
2020	216,580,240.00
2021	176,508,827.00
2022	352,659,287.00
2023	326,973,729.00
Thereafter	216,767,648.00
Total	\$ 1,702,505,058.00

#### OPTIONAL RETIREMENT PROGRAM (ORP)

The State has also established an optional defined contribution retirement program for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. ORP is available to certain eligible employees who hold faculty positions and other professional positions including but limited to director-level and above, librarians and coaches. The ORP provides for the purchase of annuity contracts and mutual funds. Participants are vested in the employer contributions after one year and one day of service. Depending upon the source of funding for the employee's compensation, the System may be required to make the employer contributions in lieu of the State. Since these are individual annuity contracts, the State and the System have no additional or unfunded liability for this program. The employee and employer contribution rates are established by the State Legislature each biennium. The State provides an option for a local supplement on top of the state base rate. Each institution within the System can decide to adopt and fund a local supplement each year to provide each ORP employee the maximum employer rate. The chancellor then approves the employer rates each fiscal year. The contributions made by participants (6.65 percent of annual compensation) and the System (6.6 percent State base rate) for the fiscal years ended August 31, 2019, 2018 and 2017, respectively, are provided in the following table.

	2019	2018	2017
Participant Contributions	\$ 172,807,007.00	164,972,085.00	159,672,032.00
System Contributions	220,698,101.00	210,928,114.00	204,107,450.00
Total	\$ 393,505,108.00	375,900,199.00	363,779,482.00

#### EMPLOYEES RETIREMENT SYSTEM (ERS)

Certain employees at U. T. Medical Branch - Galveston participate in the Employees Retirement System of Texas. The Board of Trustees of the Employees Retirement System of Texas is the administrator of the ERS, which is considered to be a single employer defined benefit pension plan. ERS covers the eligible System employees who are not covered by the TRS or the ORP. Benefits vest after five years of credited service. Employees may retire at age 60 with five years of service or any combination of age plus years of service that equals 80.

The ERS plan provides a standard monthly benefit in a life annuity at retirement as well as death and disability benefits for members. Additional payment options are available. The benefit and contribution provisions are authorized by State law and may be amended by the Texas Legislature. Contribution requirements are not actuarially determined. The ERS contribution requirement, calculated using entry age normal actuarial cost method, is established through State statute.

The funding policy requires monthly contributions by both the State and employees. For the year beginning September 1, 2015, the required contributions for the State and the employee are each 9.5 percent of pay. For Law Enforcement and Custodial Officers Supplemental Retirement Fund eligible employees, the State and the employee contribution is an additional 0.50 percent of pay, respectively.

The Texas State Comptroller's Office has decided not to allocate ERS pension to proprietary funds due to immateriality, as a result, there is no ERS pension net pension liability reported in the System's financial statements. Additional information can be obtained from the separately issued ERS *Comprehensive Annual Financial Report* which can be obtained from the Employees Retirement System of Texas, 200 East 18<sup>th</sup> Street, Austin, Texas 78701 or found on the ERS website at [www.ers.texas.gov](http://www.ers.texas.gov).

## **18. Deferred Compensation**

### DEFERRED COMPENSATION-457(b)

The System employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., Sec. 609.001. The System offers its own deferred compensation plan, created in accordance with Internal Revenue Code Section 457(b). All System employees are eligible to participate in the System's plan and cannot participate in the plan offered by the state of Texas. All investments, amounts, property, and rights held under the Deferred Compensation Trust Fund are held for the exclusive benefit of participants and beneficiaries at the fair market value of the plan account for each participant in the accounts established by the participants with the System's retirement providers. The System has no liability under the plan.

### TAX-SHELTERED ANNUITY-403(b)

The System also administers the UTSaver Tax-Sheltered Annuity Program (TSA), created in accordance with IRC Section 403(b). All employees are eligible to participate. The UTSaver TSA is a private plan, and the deductions, purchased investments and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks or approved non-bank trustees such as mutual fund companies. The assets of this plan do not belong to the System or the State. Therefore, neither the System nor the State has a liability related to this plan.

### THE UNIVERSITY OF TEXAS SYSTEM GOVERNMENTAL RETIREMENT ARRANGEMENT (UTGRA)

The University of Texas System Governmental Retirement Arrangement (UTGRA) is a defined contribution pension plan established by the System to provide certain participants in the ORP that portion of their benefits that would otherwise be payable under the ORP except for the \$55,000.00 limit on contributions imposed by Section 415 of the Internal Revenue Code (IRC). At August 31, 2019 and 2018, there were 615 and 658 plan members, respectively. Persons employed by the System prior to September 1, 1996, whose compensation exceeds the limit set by IRC Section 401(a)(17) and whose ORP contribution is limited by the \$55,000.00 cap under IRC Section 415(c), defer 6.65 percent of their excess compensation while the System contributes between 6.58 percent and 8.5 percent depending upon the institution and the date of employment. The System contributed \$4,755,524.46 for the year ended August 31, 2019 and \$3,605,990.79 for the year ended August 31, 2018. The participants contributed \$3,720,498.55 for the year ended August 31, 2019 and \$2,821,157.50 for the year ended August 31, 2018. Plan provisions are established and may be amended at any time by the U. T. System Board of Regents.

Plan assets are recorded at fair value and are invested in contracts and accounts in a similar manner to the ORP. Participants are immediately vested in the plan, both for the employee deferrals and the employer contributions. However, deferrals, contributions, purchased investments and earnings attributable to the plan are the property of the System and subject only to the claims of the System's general creditors. Participant's rights under the plan are equal to those of the general creditors of the System in an amount equal to the fair value of the participant's account balance. The System has no liability under the UTGRA that would exceed the aggregate value of the investments, and it is unlikely that any of UTGRA's assets will be used to satisfy the claims of general creditors in the future.

PHYSICIANS REFERRAL SERVICE SUPPLEMENTAL RETIREMENT PLAN (SRP)/RETIREMENT BENEFIT PLAN (RBP)

M. D. Anderson has established, primarily for the physicians of its Physicians Referral Service, the Physicians Referral Service Supplemental Retirement Plan (SRP)/Retirement Benefit Plan (RBP) of the Anderson Hospital (collectively “the SRP/RBP”). The SRP/RBP is a non-qualified plan described by Section 457(f) of the Internal Revenue Code of 1986, as amended. The SRP/RBP is reported on the accrual basis of accounting. Assets of the SRP/RBP remain subject to the claims of the general creditors of M. D. Anderson.

In general, only physicians hired before July 1, 1986, participate in the SRP. The remainder of eligible employees participates in the RBP. Retirement benefits are available to persons who have reached the normal retirement age (55 for the RBP, 65 for the SRP) with five years of service. Early retirement benefits are available under the SRP. Additional information can be obtained from the separately issued financial statements of the SRP/RBP.

**19. Commitments and Contingent Liabilities**

On August 31, 2019, various lawsuits and claims involving the System were pending. After conferring with legal counsel concerning pending litigation and claims, the System’s management believes that the outcome of pending litigation should not have a material adverse effect on the financial statements of the System.

The System continues to implement its \$3.8 billion capital improvement program, planned for fiscal years 2020 through 2025, to upgrade facilities. Contracts have been entered into for the construction and renovation of various facilities. These projects are in various stages of completion.

The System receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. The System believes that the liability, if any, for reimbursement which may arise as the result of audits, would not be material.

Based on the credit support annex agreements with all counterparties, the System does not have to post any collateral for any hedging derivative instruments.

Laws and regulations governing the Medicare and Medicaid programs and certain other third-party programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates of third-party settlements will change by a material amount in the near term. The System’s intent is to be in compliance with all applicable laws and regulations, and it is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future review and interpretation. Changes in the Medicare and Medicaid programs and a reduction of funding could have an adverse effect on the System.

## 20. Matrix of Operating Expenses Reported by Function

For the year ended August 31, 2019, the following table represents operating expenses for both natural and functional classifications for the System:

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
Cost of Goods Sold	\$ 820,909.49	61.17	1,591,185.76	24,976,056.78	417,267.14
Salaries and Wages	3,061,741,397.79	1,355,714,572.01	156,360,064.41	2,906,973,829.10	573,651,774.79
Payroll Related Costs	601,818,378.83	315,545,193.13	36,476,301.06	698,613,570.21	149,160,791.18
Membership Dues	9,814,861.57	2,685,603.02	273,198.03	8,596,352.76	3,677,263.17
Registration Fees/ Meetings/Conferences	23,501,886.22	12,431,539.46	6,423,676.25	5,106,742.34	10,759,576.38
Professional Fees and Services	42,207,393.14	78,501,067.69	21,122,449.18	306,361,715.46	37,249,842.97
Other Contracted Services	67,441,502.85	222,742,408.30	37,886,730.12	301,775,569.63	61,149,672.62
Fees and Other Charges	15,728,075.73	17,937,541.35	4,058,158.38	25,294,677.05	5,180,265.19
Travel	35,027,564.45	45,761,383.53	6,113,579.94	17,224,643.36	16,022,740.51
Materials and Supplies	90,105,446.26	232,998,143.95	39,349,641.83	1,870,761,797.71	69,514,086.67
Utilities	441,864.83	2,184,395.72	188,925.82	7,689,867.85	129,929.60
Communications	14,652,945.15	3,280,195.65	1,833,674.29	18,719,051.55	4,200,421.70
Repairs and Maintenance	1,494,087.27	16,142,240.23	1,228,823.85	146,717,337.61	8,560,294.97
Rentals and Leases	14,608,336.33	7,397,550.12	4,708,291.26	82,896,102.77	11,295,343.11
Printing and Reproduction	5,716,939.54	5,188,557.49	3,235,852.75	5,631,695.51	3,726,652.24
Royalty Payments	342,978.64	3,667,693.09	3,428.18	6,745,576.61	8,064,421.07
Bad Debt Expense	-	-	-	-	-
Impairment of Capital Assets	-	-	17,725,619.00	-	8,114,384.66
Asset Retirement Expense	-	-	-	-	-
Insurance Costs/Premiums	3,974,933.76	368,770.95	275,004.58	25,714,031.83	186,811.51
Claims and Losses	-	-	-	-	-
OPEB Expense	227,303,414.17	97,904,422.92	11,282,015.94	205,366,762.11	38,786,621.39
Pension Expense	199,968,078.00	86,130,511.28	9,925,249.26	180,669,511.07	34,122,171.72
Scholarships and Fellowships	15,343,025.76	51,585,217.72	2,249,699.67	2,213.50	2,723,195.47
Depreciation and Amortization	-	-	-	-	-
Federal Sponsored Pass-through to State Agencies	244,199.35	3,225,578.54	3,429,898.91	-	-
State Sponsored Pass-through to State Agencies	60,000.00	806,647.77	68,791.00	-	-
Other Operating Expenses	33,031,378.38	91,156,970.89	19,379,502.56	34,496,518.37	15,776,419.86
<b>Total Operating Expenses</b>	<b>\$ 4,465,389,597.51</b>	<b>2,653,356,265.98</b>	<b>385,189,762.03</b>	<b>6,880,333,623.18</b>	<b>1,062,469,947.92</b>

<u>Student Services</u>	<u>Institutional Support</u>	<u>Operations and Maintenance of Plant</u>	<u>Scholarships and Fellowships</u>	<u>Auxiliary Enterprises</u>	<u>Depreciation and Amortization</u>	<u>Total Expenses</u>
2,023.13	529,163.22	159,640.16	(8,526.50)	29,604,741.90	-	58,092,522.25
120,873,279.45	532,419,877.29	265,455,119.48	18,020,934.12	243,748,057.40	-	9,234,958,905.84
31,298,245.37	(41,304,249.25)	76,780,578.14	1,896,112.30	52,804,404.45	-	1,923,089,325.42
692,631.24	4,850,612.83	458,375.62	43,647.56	3,220,706.93	-	34,313,252.73
2,479,586.39	5,969,628.31	798,492.69	178,899.31	5,849,546.62	-	73,499,573.97
9,523,650.79	84,637,404.99	34,936,981.40	600,520.64	17,469,758.85	-	632,610,785.11
60,719,801.27	41,964,576.67	61,599,496.44	984,339.25	103,429,564.91	-	959,693,662.06
4,720,311.87	9,233,313.88	5,156,243.17	569,602.45	7,511,397.73	-	95,389,586.80
4,550,686.50	8,555,161.24	1,405,035.19	1,267,679.67	32,182,852.76	-	168,111,327.15
16,415,068.65	44,230,742.08	82,813,466.02	1,133,697.79	44,141,816.77	-	2,491,463,907.73
29,701.98	3,270,591.38	226,031,105.39	340.60	36,352,089.25	-	276,318,812.42
1,895,642.81	32,502,984.10	3,015,722.52	10,184.73	9,499,939.03	-	89,610,761.53
3,355,813.03	35,511,128.19	105,218,393.19	66,429.42	28,887,553.01	-	347,182,100.77
4,286,258.61	15,921,372.41	21,809,489.14	518,029.59	11,870,835.48	-	175,311,608.82
3,199,660.32	6,734,964.87	236,008.99	103,803.63	4,893,920.38	-	38,668,055.72
11,822.33	1,935,190.29	-	346.33	19,617.13	-	20,791,073.67
3,281,750.85	-	-	-	-	-	3,281,750.85
-	7,955,731.97	11,896.25	-	-	-	33,807,631.88
-	-	2,394,539.29	-	-	-	2,394,539.29
771,632.10	(2,758,877.47)	2,271,281.15	952.22	14,702,599.91	-	45,507,140.54
-	65,470,962.38	-	-	-	-	65,470,962.38
9,451,547.62	37,167,326.48	18,324,118.63	1,261,338.55	17,937,242.19	-	664,784,810.00
8,314,911.67	32,697,611.99	16,120,474.03	1,109,650.93	15,780,123.05	-	584,838,293.00
2,538,685.92	326,391.50	802.50	380,143,271.64	17,937,803.47	-	472,850,307.15
-	-	-	-	-	1,536,019,254.06	1,536,019,254.06
-	-	-	-	-	-	6,899,676.80
-	791,830.78	-	428,000.00	-	-	2,155,269.55
<u>11,221,760.27</u>	<u>15,261,260.16</u>	<u>3,793,007.50</u>	<u>2,112,538.95</u>	<u>21,434,121.77</u>	<u>-</u>	<u>247,663,478.71</u>
<u>299,634,472.17</u>	<u>943,874,700.29</u>	<u>928,790,266.89</u>	<u>410,441,793.18</u>	<u>719,278,692.99</u>	<u>1,536,019,254.06</u>	<u>20,284,778,376.20</u>



For the year ended August 31, 2018, the following table represents operating expenses for both natural and functional classifications for the System, with Asset Retirement Expense added for GASB Statement No. 83. See Note 4 for further details on the restatement:

Operating Expenses	Instruction	Research	Public Service	Hospitals and Clinics	Academic Support
Cost of Goods Sold	\$ 1,143,951.77	227.76	1,657,459.03	149,971,815.76	445,490.09
Salaries and Wages	2,964,784,549.14	1,276,995,866.63	147,154,615.57	2,678,658,415.30	505,905,185.03
Payroll Related Costs	622,814,323.97	308,703,073.83	35,755,460.28	664,492,325.38	128,929,284.23
Membership Dues	8,791,222.13	2,325,175.80	533,043.46	6,722,991.15	2,484,844.38
Registration Fees/ Meetings/Conferences	20,772,249.85	12,213,308.12	6,064,851.67	4,745,341.67	9,666,079.58
Professional Fees and Services	41,725,533.46	90,057,086.02	18,647,817.06	206,831,285.75	30,994,956.85
Other Contracted Services	42,151,712.25	201,202,854.82	37,144,808.51	346,113,828.06	52,053,189.61
Fees and Other Charges	13,347,750.76	12,177,148.11	4,228,058.91	22,263,985.12	3,931,900.51
Travel	35,436,162.96	43,708,751.75	6,130,055.85	16,623,774.70	13,911,562.39
Materials and Supplies	98,937,503.70	213,855,304.16	26,924,041.42	1,444,720,712.86	57,755,128.63
Utilities	367,841.92	2,212,751.51	300,650.14	8,598,307.36	46,940.99
Communications	19,197,383.26	4,571,549.17	2,043,193.40	17,290,315.14	6,917,373.27
Repairs and Maintenance	9,390,209.72	17,272,616.54	1,552,156.81	121,062,714.00	9,848,924.12
Rentals and Leases	16,108,861.92	5,863,946.20	4,566,658.32	74,192,080.59	10,099,938.04
Printing and Reproduction	5,710,136.66	5,024,945.87	3,279,305.94	5,680,911.34	3,824,971.73
Royalty Payments	242,250.12	2,573,585.43	6,285.20	5,153,504.69	7,903,795.74
Bad Debt Expense	-	-	-	-	1,250.10
Impairment of Capital Assets	-	-	-	-	-
Asset Retirement Expense	-	-	-	-	-
Insurance Costs/Premiums	3,122,797.79	268,523.97	(20,646.99)	22,834,118.93	120,468.28
Claims and Losses	-	-	-	-	-
OPEB Expense	281,122,258.10	123,126,954.51	14,089,339.19	265,761,614.13	52,243,434.60
Pension Expense	84,001,801.60	36,791,416.22	4,210,018.39	79,411,906.18	15,610,797.45
Scholarships and Fellowships	16,710,177.70	47,671,791.53	1,999,073.35	6,878.00	2,929,376.11
Depreciation and Amortization	-	-	-	-	-
Federal Sponsored Pass-through to State Agencies	797,044.30	6,145,507.45	1,330,636.31	-	-
State Sponsored Pass-through to State Agencies	147,196.06	770,118.23	-	-	9,230,625.00
Other Operating Expenses	27,788,816.52	73,337,881.50	21,183,325.58	54,908,633.08	12,133,282.54
<b>Total Operating Expenses</b>	<b>\$ 4,314,611,735.66</b>	<b>2,486,870,385.13</b>	<b>338,780,207.40</b>	<b>6,196,045,459.19</b>	<b>936,988,799.27</b>

Student Services	Institutional Support	Operations and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total Expenses
9,962.13	936,810.42	3,098.36	1,771.49	28,200,916.14	-	182,371,502.95
123,279,284.91	484,784,250.47	239,006,809.46	16,452,005.61	233,960,667.43	-	8,670,981,649.55
32,382,995.52	(103,286,808.39)	71,811,274.37	1,867,461.05	52,617,954.38	-	1,816,087,344.62
489,542.04	4,952,812.29	300,214.85	39,810.28	2,804,383.46	-	29,444,039.84
2,632,818.09	5,036,066.29	709,900.66	204,525.28	5,068,337.59	-	67,113,478.80
5,657,954.90	63,915,135.49	27,473,583.53	542,813.86	14,822,742.11	-	500,668,909.03
58,951,325.30	42,192,546.11	45,290,645.85	1,136,314.01	104,276,940.11	-	930,514,164.63
4,349,718.94	5,015,538.08	3,507,760.17	477,288.84	5,020,876.65	-	74,320,026.09
3,808,992.25	7,865,907.56	1,553,350.39	1,010,280.14	28,729,489.31	-	158,778,327.30
15,648,627.62	43,932,971.86	83,139,819.22	1,279,484.35	43,726,532.59	-	2,029,920,126.41
31,483.95	6,666,829.82	225,695,868.52	41,236.40	37,334,423.29	-	281,296,333.90
1,755,613.52	23,139,355.01	4,084,817.60	13,447.23	9,190,293.14	-	88,203,340.74
1,987,829.22	35,495,437.40	109,338,196.77	87,261.79	23,227,865.63	-	329,263,212.00
4,355,073.26	17,804,033.14	22,050,578.45	1,568,609.60	10,369,024.61	-	166,978,804.13
2,569,293.31	5,730,727.13	196,785.34	41,168.49	4,843,022.66	-	36,901,268.47
24,768.10	1,581,942.42	17,150.05	304.28	88,141.46	-	17,591,727.49
3,691,959.70	1,005,146.54	-	-	-	-	4,698,356.34
-	-	2,466,799.57	-	-	-	2,466,799.57
-	-	19,774,921.25	-	-	-	19,774,921.25
1,003,365.51	(11,681,807.89)	4,587,158.24	862.19	11,918,707.48	-	32,153,547.51
-	65,456,629.91	-	-	-	-	65,456,629.91
12,035,331.18	48,068,447.34	22,330,388.21	1,692,614.09	22,750,363.65	-	843,220,745.00
3,596,262.74	14,363,274.56	6,672,516.27	505,767.97	6,798,008.62	-	251,961,770.00
2,207,198.17	2,003,774.05	1,300.00	346,178,818.61	19,256,838.72	-	438,965,226.24
-	-	-	-	-	1,440,561,713.77	1,440,561,713.77
-	62,449.83	-	-	-	-	8,335,637.89
-	954,805.96	-	-	-	-	11,102,745.25
7,372,101.37	17,685,098.76	6,915,036.64	2,048,812.65	19,375,777.26	-	242,748,765.90
<u>287,841,501.73</u>	<u>783,681,374.16</u>	<u>896,927,973.77</u>	<u>375,190,658.21</u>	<u>684,381,306.29</u>	<u>1,440,561,713.77</u>	<u>18,741,881,114.58</u>

## 21. Net Position

The System's net position at August 31, 2019 and 2018 were comprised of the following:

	2019	*Restated 2018
Net investment in capital assets	\$ 6,747,250,462.18	6,632,432,232.97
Restricted		
Nonexpendable	26,986,429,001.19	27,395,040,034.50
Expendable	14,861,667,664.42	14,655,181,774.49
Total restricted	41,848,096,665.61	42,050,221,808.99
Unrestricted net position:		
Unrestricted		
Reserved		
Encumbrances	1,040,911,682.32	1,062,651,129.64
Accounts receivable (less unearned revenue portion)	1,399,036,867.35	1,331,586,395.27
Inventories	161,424,303.94	139,561,390.05
Self-insurance plans	585,380,139.73	596,286,934.52
Other specific purposes:		
Advanced Research/Advanced Technology Programs	3,422,082.55	3,431,365.46
Notes Receivable	137,003.23	244,797.01
Deposits	1,369,637.96	1,376,099.48
Prepaid expenses	160,268,219.21	142,444,217.29
Deferred charges	623,184.70	649,596.75
Imprest funds	1,141,663.00	1,200,612.51
Travel advances	334,524.33	176,187.54
Unreserved		
Allocated		
Funds functioning as endowment-unrestricted	491,292,177.19	495,979,503.44
Provision for operating budgets	50,526,494.00	29,473,049.00
Capital projects	2,277,599,265.34	2,100,091,175.12
Debt service	186,058,546.71	159,130,420.45
Start-up/matching	115,389,566.84	129,786,501.48
Utilities reserve	11,690,869.17	35,867,105.36
Research enhancement and support	414,686,491.47	357,770,676.94
Market adjustments	47,336,690.51	36,660,308.89
Student fees	193,995,584.10	137,575,137.54
Texas Tomorrow Fund shortfall	5,464,509.64	3,433,731.66
Instructional program support	827,867,990.36	777,801,158.57
Dean, chair and faculty recruitment packages	10,346,634.14	12,467,010.00
Self-supporting enterprises	168,948,974.43	147,963,126.14
Patient care support	902,703,266.94	792,814,806.58
Practice plan minimum operating reserve of 90 days	310,221,801.67	265,929,684.17
Unallocated	(12,100,909,787.73)	(12,054,218,146.76)
Total unrestricted	(2,732,731,616.90)	(3,291,866,025.90)
Total net position	\$ 45,862,615,510.89	45,390,788,016.06

\*August 31, 2018 unallocated unrestricted net position was restated as a result of implementing GASB Statement No. 83. See Note 4 for further details.

As of August 31, 2019 and 2018, restricted nonexpendable net position includes \$20,925,167,822.76 and \$21,593,348,668.03, respectively, of the Permanent University Fund corpus, and \$820,000,000.00 for both years of the Permanent Health Fund corpus. As of August 31, 2019 and 2018, restricted expendable net position includes \$8,090,101,757.86 and \$8,181,881,532.94, respectively, of the Permanent University Fund appreciation, and \$383,960,649.62 and \$383,666,980.14, respectively, of the Permanent Health Fund appreciation.

Unrestricted net position, detailed in the table above, is not subject to externally imposed stipulations. Unrestricted net position may be designated for special purposes by actions of the Texas Legislature, internal management, and the U. T. System Board of Regents, or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic programs, patient care, research programs and initiatives, and capital programs.

## 22. Termination Benefits

U. T. System Administration contracted with NextJob to provide outplacement services to employees of the System who implemented a reduction in force. U. T. System Administration incurred expenses of \$112,750.00 for 553 terminated employees of the System as of August 31, 2019 and \$211,670.00 for 462 terminated employees of the System as of August 31, 2018. While U. T. System Administration contracted with NextJob, the U. T. institutions may incur travel expenses for NextJob if they request NextJob to come to their campus or if the institution requests services that fall outside of the standard service in the contract.

In 2019, U. T. Austin Intercollegiate Athletics offered a Voluntary Exit Incentive Program (VEIP) to reduce its number of full-time employees and control expenses. Those employees who elected to participate in the VEIP received a one-time, lump-sum payment equal to \$17,000.00 or 25% of their base pay, whichever was greater. The total amount paid out to employees was \$112,746.00.

In 2019, U. T. San Antonio offered a Voluntary Separation Incentive Program (VSIP) to eligible faculty. Those employees who elected to participate in the VSIP received one lump-sum payment equal to nine months of their annual base salary. The total of \$3,435,176.49 was included in salaries payable at August 31, 2019.

In February 2018, U. T. Health Science Center – Tyler offered a Voluntary Separation Incentive Program (VSIP) to reduce the number of full-time employees and control expenses. The 107 employees who elected to participate in the VSIP received one lump-sum payment in varying amounts according to a tiered approach based on years of State service, which totaled \$2,170,042.00. In March 2018, U. T. Health Science Center – Tyler implemented a reduction in force that affected 154 employees. Similar to the VSIP program, the affected employees received a lump sum payment in varying amounts according to a tiered approach based on years of State service, which totaled \$595,367.00.

Healthcare continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA) is provided for both voluntary and involuntary terminations. COBRA participants are eligible to continue group benefits for 18 to 36 months, depending upon the circumstances leading to loss of coverage. COBRA benefits for the self-insured plans offered by the System for the years ended August 31, 2019 and 2018 are provided below:

	2019	2018
Total Number of Participants <sup>1</sup>	2,659	2,835
Premium Revenue	\$ 5,642,357.30	5,278,251.79
2% Administrative Fee Revenue <sup>2</sup>	(110,561.91)	(106,550.91)
Net COBRA Premium	5,531,795.39	5,171,700.88
Less Claims Paid	(12,759,632.53)	(13,203,552.61)
Cost to System	\$ (7,227,837.14)	(8,031,851.73)

<sup>1</sup>The participants above are for the self-insured program.

<sup>2</sup>The 2 percent administrative fee is retained by U. T. COBRA in OEB for administering the COBRA benefit and is paid by the participant.

### 23. Deferred Outflows of Resources and Deferred Inflows of Resources

As of August 31, 2019 and 2018, the System reported deferred outflows of resources and deferred inflows of resources in connection with its hedging derivative instruments, unamortized (losses)/gains on refunding debt, the OPEB plan, the TRS pension plan, unamortized interest rate lock termination payments, asset retirement obligations, beneficial interests in irrevocable split-interest agreements, and acquisitions, as presented in the table below:

	2019		* Restated for GASB 83 2018	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Hedging Derivatives	\$ 325,363,093.00	-	165,354,206.00	37,067,661.00
Unamortized Loss/Gain on Refunding Debt	30,243,963.59	6,808,659.99	34,716,916.33	8,141,954.95
OPEB Related	467,085,465.00	2,206,884,498.00	103,036,547.00	1,028,484,095.00
Pension Related	2,516,650,578.94	511,850,823.00	684,059,766.01	684,490,174.00
Unamortized Interest Rate Lock Termination	8,721,867.69	-	9,039,238.59	-
Asset Retirement Obligation	4,750,993.78	-	5,589,485.57	-
Split-Interest Agreements	-	36,047,985.94	-	32,968,325.99
Acquisition Related	23,205,343.37	-	-	-
<b>Total</b>	<b>\$ 3,376,021,305.37</b>	<b>2,761,591,966.93</b>	<b>1,001,796,159.50</b>	<b>1,791,152,210.94</b>

Deferred outflows of resources of \$325,363,093.00 and \$165,354,206.00 as of August 31, 2019 and 2018, respectively, were related to hedging derivatives in a liability position. Deferred inflows of resources of \$37,067,661.00 as of August 31, 2018 were related to hedging derivatives in an asset position. The hedging derivative asset and liability are disclosed in Note 7.

Deferred outflows of resources of \$30,243,963.59 and \$34,716,916.33 as of August 31, 2019 and 2018, respectively, were related to the unamortized losses on refunding debt. Deferred inflows of resources of \$6,808,659.99 and \$8,141,954.95 as of August 31, 2019 and 2018, respectively, were related to the unamortized gains on refunding debt. For debt refundings, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and reported as deferred outflows or deferred inflows.

Deferred outflows of resources of \$467,085,465.00 and \$103,036,547.00 and deferred inflows of resources of \$2,206,884,498.00 and \$1,028,484,095.00 as of August 31, 2019 and 2018, respectively, were related to the OPEB plan. These deferred outflows and inflows were a result of implementing GASB Statement No. 75 in 2018. See Note 16 for additional information.

Deferred outflows of resources of \$2,516,650,578.94 and \$684,059,766.01 and deferred inflows of resources of \$511,850,823.00 and \$684,490,174.00 as of August 31, 2019 and 2018, respectively, were related to the TRS pension plan. See Note 17 for additional information.

Deferred outflows of resources of \$8,721,867.69 and \$9,039,238.59 as of August 31, 2019 and 2018, respectively, were related to unamortized interest rate lock termination payments.

Deferred outflows of resources of \$4,750,993.78 and \$5,589,485.57 as of August 31, 2019 and 2018, respectively, were related to asset retirement obligations. These deferred outflows are new as a result of implementing GASB Statement No. 83 in 2019. August 31, 2018 balances were retroactively restated as a result of implementing this statement. See Note 4 for additional information.

Deferred inflows of resources of \$36,047,985.94 and \$32,968,325.99 as of August 31, 2019 and 2018, respectively, were related to U. T. System's unconditional beneficial interests in irrevocable split-interest agreements. These deferred inflows were a result of implementing GASB Statement No. 81 in 2018.

Deferred outflows of resources of \$23,205,343.37 as of August 31, 2019, were related to unamortized excess consideration paid as a result of an asset purchase agreement with PTC- Houston Management, LP in fiscal year 2019.

## 24. Subsequent Events

On September 4, 2019, the U. T. System Board of Regents issued \$300,000,000 in RFS Tax-Exempt Commercial Paper Notes, Series A to finance a variety of capital projects and equipment purchases at various U. T. System institutions. Subsequent to this issuance, the System had \$1,029,042,000 of RFS Tax-Exempt Commercial Paper Notes, Series A outstanding.

On November 4, 2019, the U. T. System Board of Regents issued \$160,000,000 in PUF Tax-Exempt Commercial Paper Notes, Series A to finance a variety of capital projects and equipment purchases at various U. T. System institutions. Subsequent to this issuance, the System had \$755,000,000 of PUF Tax-Exempt Commercial Paper Notes, Series A outstanding.

## 25. Upcoming Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*, effective 2020, establishes criteria for identifying fiduciary activities which should be reported in a fiduciary fund in the financial statements. The System is evaluating the effect that Statement 84 will have on its financial statements.

GASB Statement No. 87, *Leases*, effective 2021, establishes a single model for lease accounting. The System is evaluating the effect that Statement 87 will have on its financial statements.

GASB Statement No. 90, *Majority Equity Interests*, effective 2020, improves the consistency and comparability of reporting majority equity interests in a legally separate organization and improves the relevance of financial statement information for certain component units. GASB Statement No. 90 will have no effect on the System's net position or changes in net position.

GASB Statement No. 91, *Conduit Debt Obligations*, effective 2022, provides a single method of reporting conduit debt obligations. The System is evaluating the effect that Statement 91 will have on its financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***  
***(Unaudited)***

**THE UNIVERSITY OF TEXAS SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE SYSTEM'S PROPORTIONATE SHARE OF CHANGES  
IN THE EMPLOYER TOTAL OPEB LIABILITY AND RELATED RATIOS  
December 31, 2018**

Last 10 Fiscal Years<sup>1,2,3</sup>

		2018	2017	2016
<b>1. Total OPEB Liability</b>				
Service cost	\$	548,093,347	569,296,804	584,209,916
Interest		394,480,742	426,298,831	384,344,675
Changes of benefit terms <sup>4</sup>		-	-	-
Differences between expected and actual experience		-	(136,662,956)	-
Changes of assumptions or other inputs <sup>5</sup>		(1,429,460,396)	(781,692,644)	(299,449,010)
Benefit payments (employer)		(153,396,451)	(137,157,472)	(147,648,350)
Other changes			-	-
Net Change in Total OPEB Liability		(640,282,758)	(59,917,437)	521,457,231
Total OPEB Liability – Beginning		10,717,111,345	10,777,028,782	10,255,571,551
Changes in Proportionate Share		278,956,959		
Total OPEB Liability – Ending	\$	10,355,785,546	10,717,111,345	10,777,028,782
<b>2. Covered-Employee Payroll</b>	\$	6,062,198,170	4,491,860,695	4,619,997,871
<b>3. Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>		170.83%	238.59%	233.27%

Notes to Schedule:

<sup>1</sup> Only three years of information is presented due to GASB Statement No. 75 being implemented in 2018. Additional years will be displayed as they become available.

<sup>2</sup> Information is presented using measurement date which precedes the fiscal year end by eight months.

<sup>3</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

<sup>4</sup> Changes in benefit terms: None

<sup>5</sup> Changes in assumptions or other inputs: Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:

FY2019	4.10%
FY2018	3.44%
FY2017	3.78%
FY2016	3.57%

In FY18, amounts reflect a 1-percentage-point decrease in the assumed rate of general inflation and adjustments to assumptions for expenses, assumed per capita health benefit costs and assumed trend for health benefit costs, retiree contributions and expenses.



**THE UNIVERSITY OF TEXAS SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
August 31, 2019**

**Schedule of the System's Proportionate Share of the Total OPEB Liability  
as of the December 31 Measurement Date**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
System's proportion of the total OPEB liability	79.1750747%	77.1664987%	77.1664987%
System's proportionate share of the total OPEB liability	\$ 10,355,785,546	10,717,111,345	10,777,028,782
State's proportionate share of the total OPEB liability related to System	2,723,817,586	3,171,184,120	3,188,913,639
Total OPEB liability related to System	\$ 13,079,603,132	13,888,295,465	13,965,942,421
System's covered payroll	\$ 6,062,198,170	5,820,998,450	5,987,051,307
System's proportionate share of the total OPEB liability as a percentage of its covered payroll	170.83%	184.11%	180.01%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Only three years of information is presented due to GASB Statement 75 being implemented in 2017. Additional years will be displayed as they become available.

**THE UNIVERSITY OF TEXAS SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
TEACHER RETIREMENT SYSTEM PENSION PLAN  
August 31, 2019**

**Schedule of the System's Proportionate Share of the Net Pension Liability  
as of the August 31 Measurement Date**

	2018	2017	2016	2015	2014
System's proportion of the net pension liability	8.9377185%	8.2879633%	8.2932305%	7.7646311%	8.6199871%
System's proportionate share of the net pension liability	\$ 4,919,537,167.00	2,650,044,162.00	3,133,888,495.00	2,744,693,745.00	2,302,987,540.82
State's proportionate share of the net pension liability related to System	1,355,571,593.31	894,941,497.90	893,178,321.45	786,436,008.85	892,687,939.18
Total net pension liability related to System	\$ 6,275,108,760.31	3,544,985,659.90	4,027,066,816.45	3,531,129,753.85	3,195,675,480.00
System's covered payroll	\$ 5,106,576,133.12	4,891,473,913.38	4,635,793,582.08	4,472,632,859.92	4,018,776,650.31
System's proportionate share of the net pension liability as a percentage of its covered payroll	96.34%	54.18%	67.60%	61.37%	57.31%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

**Schedule of the System's Contributions as of August 31**

	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 369,615,856.09	347,247,177.05	332,620,226.11	315,233,963.58	304,139,034.47
Contributions in relation to the statutorily required contributions	\$ 302,294,697.94	282,808,370.01	262,734,718.43	262,370,366.30	244,723,300.51
Contribution deficiency (excess)	\$ 67,321,158.15	64,438,807.04	69,885,507.68	52,863,597.28	59,415,733.96
System's covered payroll	\$ 5,435,527,295.45	5,106,576,133.12	4,891,473,913.38	4,635,793,582.08	4,472,632,859.92
Contributions as a percentage of covered payroll	5.56%	5.54%	5.37%	5.66%	5.47%

Contributions by the State of Texas on behalf of the System substantially resolve the contribution deficiency.

Only five years of information is presented due to GASB Statement 68 being implemented in 2015. Additional years will be displayed as they become available.

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The University of Texas System Administration  
Exhibit A Statement of Net Position  
As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 1,178,224,738.18	1,139,959,675.89
Restricted Cash & Cash Equivalents	24,032,174.30	124,699,192.83
Securities Lending Collateral	453,059,220.56	434,189,416.14
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	16,512,513.17	10,842,694.43
Interest and Dividend Receivables	60,044,437.74	57,850,067.06
Contributions (allow. \$48.78 in 2019 & \$41.44 in 2018)	10,523.08	8,676.43
Investment Trades Receivables	720,787,537.46	488,068,868.16
Other (allow. \$0.00 in 2019 & \$0.00 in 2018)	213,346,036.62	239,649,975.85
Due From Other Funds	183,595,096.72	184,788,349.56
Due From Other Institutions	121,591,155.20	116,986,894.94
Due From Other Agencies	65,657.88	417,003.64
Other Current Assets	<u>28,136,312.58</u>	<u>30,500,893.70</u>
Total Current Assets	<u>2,999,405,403.49</u>	<u>2,827,961,708.63</u>
Noncurrent Assets:		
Cash and Cash Equivalents (Noncurrent Restricted)	809,446.23	2,369,592.12
Restricted Investments	44,246,023,730.56	43,037,378,581.18
Deposit with Brokers for Derivative Contracts	52,885,484.06	45,836,427.93
Contributions Rec. (allow. \$51.22 in 2019 & \$58.56 in 2018)	11,050.81	12,258.01
Unrestricted Investments	9,526,747,721.50	10,342,397,373.42
Hedging Derivative Asset (Noncurrent)		37,067,661.00
Other Noncurrent Assets	31,455,611.11	26,614,201.95
Gross Capital/Intangible Assets	11,475,104,587.04	11,179,671,124.11
Accumulated Depreciation/Amortization	<u>(146,305,886.38)</u>	<u>(128,512,308.89)</u>
Total Noncurrent Assets	<u>65,186,731,744.93</u>	<u>64,542,834,910.83</u>
Total Assets	<u>68,186,137,148.42</u>	<u>67,370,796,619.46</u>
Total Deferred Outflows of Resources	<u>3,348,064,968.22</u>	<u>996,206,673.93</u>
Total Assets and Deferred Outflows	<u>71,534,202,116.64</u>	<u>68,367,003,293.39</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	213,848,402.19	214,633,158.97
Salaries Payable	4,379,571.03	5,123,384.12
Investment Trades Payables	1,219,091,532.24	977,438,360.73
Incurred But Not Reported Self Insurance Claims	140,388,415.32	134,052,867.64
Total Other Postemployment Benefits Liability	230,593,877.00	202,555,282.00
Securities Lending Obligations	453,059,220.56	434,189,416.14
Due To Other Funds	183,595,096.72	184,788,349.56
Due To Other Institutions	824,382,339.07	992,561,108.23
Due To Other State Agencies	20,930,644.66	23,454,878.66
Statewide Interfund Payable	69,302,167.78	61,865,000.00
Unearned Revenue	682,627.42	618,124.83
Employees' Compensable Leave - Current Portion	2,729,655.81	2,686,725.82
Short-term Debt - Commercial Paper Notes	1,490,522,000.00	1,185,868,000.00
Notes, Loans, and Leases Payable		
Revenue Bonds Payable	1,789,490,557.87	1,826,253,298.70
Other Current Liabilities	<u>11,403.83</u>	<u>481,036.41</u>
Total Current Liabilities	<u>6,643,007,511.50</u>	<u>6,246,568,991.81</u>
Noncurrent Liabilities:		
Incurred But Not Reported Self Insurance Claims	28,030,576.68	30,866,320.36
Employees' Compensable Leave	4,892,050.24	5,360,546.02
Assets Held for Others	11,813,794,296.66	11,048,542,136.29
Liability to Beneficiaries	14,041,656.69	14,145,426.43
Total Other Postemployment Benefits Liability	10,125,191,669.00	10,514,556,063.00
Net Pension Liability	4,919,537,167.00	2,650,044,162.00
Notes, Loans, and Leases Payable		
Revenue Bonds Payable	7,710,948,456.03	7,671,716,733.84
Statewide Interfund Payable	1,224,282,913.48	1,213,058,775.54
Hedging Derivative Liability (Noncurrent)	325,363,093.00	165,354,206.00
Payable to Brokers for Collateral Held	98,277,187.32	111,679,000.00
Investment Derivatives - Liability Positions	103,796,598.28	68,043,372.89
Other Noncurrent Liabilities	<u>3,204,474.70</u>	<u>2,541,010.34</u>
Total Noncurrent Liabilities	<u>36,371,360,139.08</u>	<u>33,495,907,752.71</u>
Total Liabilities	<u>43,014,367,650.58</u>	<u>39,742,476,744.52</u>
Total Deferred Inflows of Resources	<u>2,761,591,966.93</u>	<u>1,791,152,210.94</u>
Total Liabilities and Deferred Inflows	<u>45,775,959,617.51</u>	<u>41,533,628,955.46</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	376,470,254.61	410,104,970.02
Restricted for:		
Nonexpendable		
Permanent University Fund Endowment	20,925,167,822.76	21,593,348,668.03
Permanent Health and True Endowments Held for Institutions	5,110,976,793.10	4,856,357,845.54
Permanent Health and True Endowments	395,749,739.77	394,407,314.11
Expendable		
Capital Projects	5,012,725.70	5,657,402.85
Debt Service	803,466.98	5,162,764.82
Funds Functioning as Endowment (Restricted)	8,252,548.75	9,147,677.98
Funds Functioning as Endowments (Restricted Held for Institutions)	614,954,167.96	590,199,483.53
Other Expendable	11,544,007,139.18	11,532,703,453.34
Unrestricted	<u>(13,223,152,159.68)</u>	<u>(12,563,715,242.29)</u>
Total Net Position	<u>\$ 25,758,242,499.13</u>	<u>26,833,374,337.93</u>

The University of Texas System Administration  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Federal Sponsored Programs	28,997,529.74	21,204,404.80
State Sponsored Programs Pass-Through from State Agencies		10,765,963.15
Sales and Services of Educational Activities	24,369,617.14	33,360,537.21
Other Operating Revenues	235,314,677.83	259,712,351.57
Total Operating Revenues	<u>288,681,824.71</u>	<u>325,043,256.73</u>
Operating Expenses:		
Instruction		
Research		
Public Service	21,844,804.68	2,742,506.48
Academic Support	16,575,160.06	14,537,676.66
Student Services		
Institutional Support	1,135,270,986.63	1,013,621,304.72
Operations and Maintenance of Plant	2,772,590.97	1,219,376.25
Scholarships and Fellowships	1,755,991.00	1,605,200.00
Auxiliary Enterprises		
Depreciation and Amortization	23,804,107.72	25,237,328.52
Total Operating Expenses	<u>1,202,023,641.06</u>	<u>1,058,963,392.63</u>
Operating Income (Loss)	<u>(913,341,816.35)</u>	<u>(733,920,135.90)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	8,870,153.00	9,516,706.00
Federal Nonexchange Sponsored Programs	25,603,646.87	27,198,469.88
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	1,020,239.86	1,099,748.75
Investment Income	2,973,817,829.04	3,414,061,644.90
Net Increase (Decrease) in Fair Value of Investments	(2,451,854,554.83)	3,097,600,082.24
Interest Expense on Capital Asset Financings	(328,566,699.61)	(281,615,701.59)
Gain (Loss) on Sale of Capital Assets	(53,572.12)	(4,654,132.18)
Other Nonoperating Revenues	448,343.40	1,458,602.40
Other Nonoperating (Expenses)	(8,147,640.52)	(9,300,624.70)
Net Nonoperating Revenues (Expenses)	<u>221,137,745.09</u>	<u>6,255,364,795.70</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(692,204,071.26)	5,521,444,659.80
Gifts and Sponsored Programs for Capital Acquisitions	2,000,000.00	3,495,000.00
Additions to Permanent Endowments	219,482,452.03	203,371,729.70
Reclass from/(to) Other Institutions	140,837,905.33	112,512,047.88
Change in Proceeds of Bonds Payable	311,274,600.85	189,981,009.85
Transfers Between Institutions & System, Debt Service - Mandatory	742,558,162.67	706,062,395.72
Transfers Between Institutions & System Admin. - Non mandatory	(1,406,301,298.17)	(1,297,971,219.88)
Transfers From Other State Agencies		12,405.60
Transfers to Other State Agencies	(392,779,590.25)	622,749,812.48
Legislative Appropriations Lapsed		(0.50)
Change in Net Position	<u>(1,075,131,838.80)</u>	<u>4,816,158,215.69</u>
Beginning Net Position	<u>26,833,374,337.93</u>	<u>22,017,216,122.24</u>
Ending Net Position	<u>\$ 25,758,242,499.13</u>	<u>26,833,374,337.93</u>

The University of Texas System Administration  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Sponsored Programs	23,368,256.50	28,829,037.06
Proceeds from Other Revenues	251,377,346.29	278,084,140.14
Payments to Suppliers	(352,148,982.49)	(295,789,446.96)
Payments to Employees	(73,706,558.95)	(77,525,344.97)
Net Cash Provided (Used) by Operating Activities	<u>(151,109,938.65)</u>	<u>(66,401,614.73)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	8,870,153.00	9,516,705.50
Proceeds from Operating Gifts	1,024,600.41	1,100,522.96
Proceeds from Private Gifts for Endowment Purposes	481,667,915.08	981,052,433.26
Proceeds from Other Noncapital Financing Activities	448,343.40	1,458,602.40
Receipts for Transfers from System or Other Agencies	420,755.45	2,228,830.16
Payments for Transfers to System or Other Agencies	(927,419,475.16)	(904,761,177.57)
Payments for Other Uses	(3,714,177.47)	(3,070,530.15)
Proceeds from Nonexchange Sponsored Programs	25,914,447.13	27,204,263.80
Net Cash Provided by Noncapital Financing Activities	<u>(412,787,438.16)</u>	<u>114,729,650.36</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Issuance of Capital Debt	1,854,957,281.47	2,011,465,262.13
Nonmandatory Capital Related Transfers	(1,113,567,309.89)	(1,140,106,005.41)
Payments of Other Costs on Debt Issuance	(4,433,463.05)	(6,230,094.55)
Proceeds from Capital Appropriations, Grants, and Gifts	2,000,000.00	3,000,000.00
Proceeds from Sale of Capital Assets	33,975.00	-
Payments for Additions to Capital Assets	(14,441,650.39)	(34,773,876.04)
Payments of Principal on Capital Related Debt	(1,460,613,000.00)	(1,748,372,000.00)
Mandatory Transfers to System for Capital Related Debt	742,558,162.67	706,062,395.72
Payments of Interest on Capital Related Debt	(410,760,068.99)	(356,086,443.91)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(404,266,073.18)</u>	<u>(565,040,762.06)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	31,931,245,458.16	25,189,228,435.43
Proceeds from Interest and Investment Income	1,498,147,763.96	1,976,085,338.40
Payments to Acquire Investments	(32,525,191,874.26)	(26,448,201,921.29)
Net Cash Provided (Used) by Investing Activities	<u>904,201,347.86</u>	<u>717,111,852.54</u>
Net Increase (Decrease) in Cash	(63,962,102.13)	200,399,126.11
Cash and Cash Equivalents (Beginning of the Year)	1,267,028,460.84	1,066,629,334.73
Cash and Cash Equivalents (End of the Year)	<u>\$ 1,203,066,358.71</u>	<u>\$ 1,267,028,460.84</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(913,341,816.35)	(733,920,135.90)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	23,804,107.72	25,237,328.52
Gross Loss on Impairment of Capital Assets	25,840,003.66	-
OPEB Expense	664,784,810.00	843,220,745.00
Pension Expense	584,838,293.00	251,961,770.00
Changes in Assets and Liabilities:		
Accounts Receivable	(13,376,658.49)	(15,058,950.85)
Other Current and Noncurrent Assets	844,906.28	(1,407,841.64)
Deferred Outflows-Other Postemployment Benefits	(364,048,918.00)	(8,006,018.00)
Deferred Outflows-Pension Related	(1,832,590,812.93)	187,209,869.42
Accounts Payable	12,648,637.96	3,117,107.15
Due to System	(4,645,165.08)	(4,115,648.61)
Unearned Revenue	59,502.59	(1,748,229.93)
Employees' Compensable Leave	(425,565.79)	(42,350.51)
Other Postemployment Benefits Obligation	(1,026,110,609.00)	(903,138,182.00)
Pension Related Obligations	1,684,654,712.00	(735,806,103.00)
Other Current and Noncurrent Liabilities	193,581.78	(2,700,473.38)
Deferred Inflows-Other Postemployment Benefits	1,178,400,403.00	764,599,101.00
Deferred Inflows-Pension Related	(172,639,351.00)	264,196,398.00
Total Adjustments	<u>762,231,877.70</u>	<u>667,518,521.17</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (151,109,938.65)</u>	<u>\$ (66,401,614.73)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	(2,507,665,285.20)	2,912,825,277.88
Donated Capital Assets	-	495,000.00
Miscellaneous Noncash Transactions	(25,893,575.78)	(4,641,726.58)

The University of Texas at Arlington  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 235,499,656.78	186,916,582.79
Restricted Cash & Cash Equivalents	(66,912,949.99)	(48,789,896.52)
Balance in State Appropriations	12,942,028.92	15,084,486.36
Accounts Receivable, Net:		
Federal (allow. \$2,677,808.59 in 2019 & \$2,677,808.59 in 2018)	57,664,409.27	57,720,568.69
Other Intergov. (allow. \$516,659.48 in 2019 & \$494,309.56 in 2018)	18,721.34	2,164,783.14
Student (allow. \$4,091,945.86 in 2019 & \$3,495,433.21 in 2018)	60,852,099.62	54,114,574.90
Interest and Dividend Receivables	680.80	190.25
Contributions (allow. \$9,874.69 in 2019 & \$9,039.73 in 2018)	483,871.76	442,946.31
Other (allow. \$76,522.25 in 2019 & \$71,172.73 in 2018)	10,876,128.72	11,639,038.90
Due From System Administration	4,790,785.14	7,157,941.29
Due From Other Institutions	181,550.61	81,525.30
Due From Other Agencies	3,189,573.87	2,761,804.49
Inventories	192,686.53	213,382.09
Loans & Contracts (allow. \$4,983,416.09 in 2019 & \$4,144,240.20 in 2018)	12,146,017.37	10,224,311.67
Other Current Assets	5,044,885.69	4,616,832.67
<b>Total Current Assets</b>	<b>336,970,146.43</b>	<b>304,349,072.33</b>
<b>Noncurrent Assets:</b>		
Restricted Investments	26,763,367.19	19,719,517.73
Loans & Contracts (allow. \$782,755.67 in 2019 & \$763,583.30 in 2018)	1,442,738.52	1,126,972.61
Funds Held by System Administration (Restricted)	140,299,044.18	159,842,497.52
Contributions Rec. (allow. \$6,394.15 in 2019 & \$12,483.27 in 2018)	313,313.21	611,680.00
Unrestricted Investments	424,921,666.56	386,133,540.77
Funds Held by System Administration (Unrestricted)	22,392,584.78	
Gross Capital/Intangible Assets	1,354,424,928.79	1,330,819,839.94
Accumulated Depreciation/Amortization	(632,327,935.96)	(582,429,374.54)
<b>Total Noncurrent Assets</b>	<b>1,338,229,707.27</b>	<b>1,315,824,674.03</b>
<b>Total Assets</b>	<b>1,675,199,853.70</b>	<b>1,620,173,746.36</b>
<b>Total Deferred Outflows of Resources</b>	<b>152,780.70</b>	<b>173,380.35</b>
<b>Total Assets and Deferred Outflows</b>	<b>1,675,352,634.40</b>	<b>1,620,347,126.71</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	23,688,386.34	32,330,590.30
Salaries Payable	21,323,902.66	28,547,474.76
Due To System Administration	3,961,104.55	3,809,195.46
Due To Other Institutions	266,263.70	237,777.08
Due To Other State Agencies	341,870.71	189,476.65
Statewide Interfund Payable	1,273,392.16	1,216,729.76
Unearned Revenue	160,246,607.66	150,561,281.44
Employees' Compensable Leave - Current Portion	5,217,692.44	4,874,490.12
Notes, Loans, and Leases Payable		
Other Current Liabilities	1,227,733.29	611,276.88
<b>Total Current Liabilities</b>	<b>217,546,953.51</b>	<b>222,378,292.45</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	7,770,295.41	7,757,089.05
Assets Held for Others	456,730.25	3,745,999.45
Liability to Beneficiaries	26,974.54	29,191.07
Notes, Loans, and Leases Payable		
Statewide Interfund Payable	851,061.49	1,683,659.42
Asset Retirement Obligation	193,980.00	193,980.00
Other Noncurrent Liabilities	2,550,552.27	2,525,065.69
<b>Total Noncurrent Liabilities</b>	<b>11,849,593.96</b>	<b>15,934,984.68</b>
<b>Total Liabilities</b>	<b>229,396,547.47</b>	<b>238,313,277.13</b>
<b>Total Deferred Inflows of Resources</b>	<b>80,050.30</b>	<b>81,444.00</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>229,476,597.77</b>	<b>238,394,721.13</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	722,096,992.83	748,390,465.40
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	100,711,420.17	96,482,445.16
Expendable		
Capital Projects	38,574,025.93	15,939,088.38
Funds Functioning as Endowment (Restricted)	4,626,716.47	4,600,743.93
Other Expendable	60,056,763.48	59,192,392.92
Unrestricted	519,810,117.75	457,347,269.79
<b>Total Net Position</b>	<b>\$ 1,445,876,036.63</b>	<b>1,381,952,405.58</b>

The University of Texas at Arlington  
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 449,946,181.37	425,993,225.82
Discounts and Allowances	(122,469,614.26)	(110,330,622.58)
Federal Sponsored Programs	47,611,097.14	42,255,947.20
Federal Sponsored Programs Pass-Through from State Agencies	5,805,314.35	5,530,020.67
State Sponsored Programs Pass-Through from State Agencies	22,339,802.57	20,660,457.03
Local Sponsored Programs	1,466,417.68	1,807,645.53
Private Sponsored Programs	5,931,754.82	2,189,543.04
Sales and Services of Educational Activities	32,882,974.15	26,554,975.07
Auxiliary Enterprises	50,367,537.01	46,761,707.10
Other Operating Revenues	<u>12,421,039.14</u>	<u>5,247,447.38</u>
Total Operating Revenues	<u>506,302,503.97</u>	<u>466,670,346.26</u>
Operating Expenses:		
Instruction	186,376,761.61	177,945,481.38
Research	96,479,805.21	85,527,903.77
Public Service	14,459,423.04	15,711,842.15
Academic Support	50,643,635.00	47,167,762.42
Student Services	93,479,922.73	87,257,962.26
Institutional Support	51,039,043.10	45,531,152.99
Operations and Maintenance of Plant	36,101,605.59	34,261,741.79
Scholarships and Fellowships	32,236,352.88	33,816,494.86
Auxiliary Enterprises	58,709,592.05	52,835,554.58
Depreciation and Amortization	<u>55,273,125.24</u>	<u>50,900,521.08</u>
Total Operating Expenses	<u>674,799,266.45</u>	<u>630,956,417.28</u>
Operating Income (Loss)	<u>(168,496,762.48)</u>	<u>(164,286,071.02)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	131,658,250.47	126,975,739.71
Federal Nonexchange Sponsored Programs	60,638,840.76	59,448,680.35
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through	513,500.00	2,511,500.00
Gift Contributions for Operations	12,525,734.32	4,628,256.17
Investment Income	26,663,703.77	21,311,768.39
Net Increase (Decrease) in Fair Value of Investments	2,727,807.76	2,336,421.04
Interest Expense on Capital Asset Financings	(50,959.83)	(72,292.76)
Gain (Loss) on Sale of Capital Assets	(1,384,198.49)	(320,436.40)
Other Nonoperating Revenues	3,824,186.97	489,700.63
Other Nonoperating (Expenses)	<u>(555,401.54)</u>	<u>(3,684,829.80)</u>
Net Nonoperating Revenues (Expenses)	<u>236,561,464.19</u>	<u>213,624,507.33</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	68,064,701.71	49,338,436.31
Gifts and Sponsored Programs for Capital Acquisitions	4,382,122.57	2,725,234.63
Additions to Permanent Endowments	3,267,366.14	4,176,119.09
Reclass from/(to) Other Institutions	12,217,974.12	98,800,102.10
Transfers Between Institutions & System, Debt Service - Mandatory	(33,833,206.51)	(31,848,429.58)
Transfers Between Institutions & System Admin. - Non mandatory	8,840,097.83	(27,767,009.25)
Transfers From Other State Agencies	988,731.79	677,564.00
Transfers to Other State Agencies	(3,632.10)	273,008.97
Legislative Appropriations Lapsed	<u>(524.50)</u>	<u>(1,289,039.50)</u>
Change in Net Position	<u>63,923,631.05</u>	<u>94,539,968.83</u>
Beginning Net Position	<u>1,381,952,405.58</u>	<u>1,287,412,436.75</u>
Ending Net Position	<u>\$ 1,445,876,036.63</u>	<u>1,381,952,405.58</u>



The University of Texas at Arlington  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	331,953,885.70	306,956,907.41
Proceeds from Sponsored Programs	72,891,540.34	69,855,746.43
Proceeds from Auxiliaries	50,543,319.02	46,434,766.39
Proceeds from Other Revenues	47,360,232.79	32,314,666.54
Payments to Suppliers	(241,974,074.29)	(226,737,846.03)
Payments to Employees	(382,255,902.98)	(345,245,939.76)
Payments for Loans Provided	(40,199,562.94)	(5,378,071.51)
Proceeds from Loan Programs	<u>37,042,352.85</u>	<u>5,413,964.29</u>
Net Cash Provided (Used) by Operating Activities	<u>(124,638,209.51)</u>	<u>(116,385,806.24)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	133,800,183.41	133,587,245.43
Proceeds from Operating Gifts	12,535,480.56	4,583,702.61
Proceeds from Private Gifts for Endowment Purposes	3,267,366.14	4,176,119.09
Proceeds from Other Noncapital Financing Activities	3,748,339.17	-
Receipts for Transfers from System or Other Agencies	1,148,390.50	2,274,748.48
Payments for Transfers to System or Other Agencies	(779,567.63)	(27,331,930.15)
Payments for Other Uses	(118,236.10)	(3,293,341.94)
Proceeds from Nonexchange Sponsored Programs	<u>69,522,568.49</u>	<u>61,960,180.35</u>
Net Cash Provided by Noncapital Financing Activities	<u>223,124,524.54</u>	<u>175,956,723.87</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	23,398,890.62	142,885,225.51
Proceeds from Capital Appropriations, Grants, and Gifts	4,006,998.67	3,344,805.67
Payments for Additions to Capital Assets	(41,628,025.88)	(151,867,267.58)
Mandatory Transfers to System for Capital Related Debt	(33,833,206.51)	(31,848,429.58)
Payments of Interest on Capital Related Debt	<u>(50,959.83)</u>	<u>(72,292.76)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(48,106,302.93)</u>	<u>(37,557,958.74)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	1,293,339.37	998,908.36
Proceeds from Interest and Investment Income Invested by System	24,743,578.21	20,571,063.32
Payments to Acquire Investments Invested by System	<u>(45,956,909.16)</u>	<u>(96,853,806.80)</u>
Net Cash Provided (Used) by Investing Activities	<u>(19,919,991.58)</u>	<u>(75,283,835.12)</u>
Net Increase (Decrease) in Cash	30,460,020.52	(53,270,876.23)
Cash and Cash Equivalents (Beginning of the Year)	<u>138,126,686.27</u>	<u>191,397,562.50</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 168,586,706.79</u>	<u>\$ 138,126,686.27</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(168,496,762.48)	(164,286,071.02)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	55,273,125.24	50,900,521.08
Bad Debt Expense	919,738.48	1,042,497.90
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(12,670,415.74)	(15,937,431.17)
Inventories	20,695.56	(87,760.86)
Loans and Contracts	(3,157,210.09)	35,892.78
Other Current and Noncurrent Assets	(428,053.02)	1,875,677.31
Accounts Payable	(5,739,904.31)	3,385,591.29
Due to System	151,909.09	189,406.42
Unearned Revenue	9,685,326.22	2,480,993.52
Assets Held for Others	(1,215,609.78)	644,400.96
Employees' Compensable Leave	356,408.68	1,444,970.18
Asset Retirement Obligations	20,599.65	20,599.65
Other Current and Noncurrent Liabilities	<u>641,942.99</u>	<u>1,904,905.72</u>
Total Adjustments	<u>43,858,552.97</u>	<u>47,900,264.78</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (124,638,209.51)</u>	<u>\$ (116,385,806.24)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	2,727,807.76	2,336,421.04
Donated Capital Assets	622,819.00	123,123.96
Miscellaneous Noncash Transactions	(1,802,912.86)	(234,629.23)

The University of Texas at Austin  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 373,811,784.83	301,771,382.19
Restricted Cash & Cash Equivalents	92,424,541.06	66,465,802.50
Balance in State Appropriations	7,973,209.84	5,494,629.12
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	70,167,041.26	58,122,623.60
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	6,766,237.81	9,080,023.66
Student (allow. \$1,042,987.95 in 2019 & \$1,373,724.85 in 2018)	91,872,511.22	100,557,595.05
Interest and Dividend Receivables	8,785,399.25	9,022,606.97
Contributions (allow. \$1,363,582.32 in 2019 & \$65,307.84 in 2018)	69,065,717.24	56,866,630.71
Other (allow. \$106,523.97 in 2019 & \$92,554.43 in 2018)	37,868,162.01	15,443,624.88
Due From Other Funds	66,979,866.52	55,652,831.38
Due From System Administration	609,047,934.52	620,072,695.96
Due From Other Institutions	818,162.02	621,024.50
Due From Other Agencies	7,552,311.77	13,101,021.26
Inventories	6,057,262.17	5,874,637.42
Loans & Contracts (allow. \$0.00 in 2019 & \$0.00 in 2018)	7,857,714.40	8,244,705.23
Other Current Assets	68,682,103.21	67,482,730.63
Total Current Assets	<u>1,525,729,959.13</u>	<u>1,393,874,565.06</u>
Noncurrent Assets:		
Cash and Cash Equivalents (Noncurrent Restricted)	63,417.80	
Restricted Investments	350,965,965.98	416,205,156.55
Loans & Contracts (allow. \$20,187,497.73 in 2019 & \$19,071,515.06 in 2018)	33,076,545.77	42,782,373.67
Funds Held by System Administration (Restricted)	4,342,019,763.53	4,066,679,825.28
Contributions Rec. (allow. \$1,667.89 in 2019 & \$11,523.11 in 2018)	197,818,307.65	152,113,497.55
Unrestricted Investments	968,055,952.62	1,132,872,252.04
Funds Held by System Administration (Unrestricted)	370,420,462.87	36,345,682.85
Other Noncurrent Assets	8,573,725.96	11,719,864.96
Gross Capital/Intangible Assets	7,962,885,540.14	7,586,936,903.84
Accumulated Depreciation/Amortization	<u>(3,817,999,998.41)</u>	<u>(3,525,424,217.36)</u>
Total Noncurrent Assets	<u>10,415,879,683.91</u>	<u>9,920,231,339.38</u>
Total Assets	<u>11,941,609,643.04</u>	<u>11,314,105,904.44</u>
Total Deferred Outflows of Resources	<u>1,497,692.30</u>	<u>2,951,527.97</u>
Total Assets and Deferred Outflows	<u>11,943,107,335.34</u>	<u>11,317,057,432.41</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	121,919,667.73	99,171,494.99
Salaries Payable	103,996,089.17	87,844,218.32
Due To Other Funds	66,979,866.52	55,652,831.38
Due To System Administration	20,881,547.00	20,702,838.81
Due To Other Institutions	465,110.97	626,607.37
Due To Other State Agencies	485,714.44	608,926.00
Unearned Revenue	571,373,850.17	558,438,951.96
Employees' Compensable Leave - Current Portion	39,376,659.70	40,523,999.99
Notes, Loans, and Leases Payable	640,336.53	572,096.66
Other Current Liabilities	7,340,364.36	5,010,969.37
Total Current Liabilities	<u>933,459,206.59</u>	<u>869,152,934.85</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	24,619,040.37	24,203,540.08
Assets Held for Others	10,151,941.71	10,366,755.90
Liability to Beneficiaries	8,615,975.53	8,460,884.47
Notes, Loans, and Leases Payable	424,687.50	505,150.79
Asset Retirement Obligation	4,456,500.00	4,456,500.00
Other Noncurrent Liabilities	42,718,656.85	42,389,660.64
Total Noncurrent Liabilities	<u>90,986,801.96</u>	<u>90,382,491.88</u>
Total Liabilities	<u>1,024,446,008.55</u>	<u>959,535,426.73</u>
Total Deferred Inflows of Resources	<u>12,185,176.56</u>	<u>15,303,607.43</u>
Total Liabilities and Deferred Inflows	<u>1,036,631,185.11</u>	<u>974,839,034.16</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,143,820,517.70	4,060,435,439.03
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	2,169,432,258.52	2,046,557,969.50
Expendable		
Capital Projects	32,092,268.35	69,057,047.00
Funds Functioning as Endowment (Restricted)	307,212,037.19	295,442,739.39
Other Expendable	2,494,975,640.64	2,301,124,758.60
Unrestricted	1,758,943,427.83	1,569,600,444.73
Total Net Position	<u>\$ 10,906,476,150.23</u>	<u>10,342,218,398.25</u>

The University of Texas at Austin  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 698,441,077.39	678,935,508.94
Discounts and Allowances	(182,861,093.61)	(169,909,244.08)
Federal Sponsored Programs	442,717,142.06	437,417,698.64
Federal Sponsored Programs Pass-Through from State Agencies	14,496,940.26	26,373,316.41
State Sponsored Programs Pass-Through from State Agencies	61,464,223.75	61,519,511.09
Local Sponsored Programs	14,553,434.46	9,156,435.87
Private Sponsored Programs	132,730,882.26	111,710,529.83
Sales and Services of Educational Activities	308,290,630.88	270,553,794.85
Discounts and Allowances Sales and Services of Educational Activities	(13,563.81)	(71,143.88)
Professional Fees (Patient Charges)	10,187,945.87	4,274,645.40
Discounts and Allowances Professional Fees (Patient Charges)	(4,158,945.97)	(1,930,759.03)
Auxiliary Enterprises	361,815,872.84	335,037,743.43
Discounts and Allowances Auxiliary Enterprises	(12,191,186.38)	(16,179,288.70)
Other Operating Revenues	10,377,101.43	9,318,535.52
Total Operating Revenues	<u>1,855,850,461.43</u>	<u>1,756,207,284.29</u>
Operating Expenses:		
Instruction	676,702,611.58	679,721,935.80
Research	516,252,929.11	491,326,099.46
Public Service	126,117,790.68	124,346,227.05
Hospitals / Clinics	33,615,386.58	18,740,042.74
Academic Support	351,620,955.32	306,355,538.88
Student Services	52,333,306.58	54,627,143.20
Institutional Support	183,972,733.19	163,688,977.71
Operations and Maintenance of Plant	223,019,080.25	217,836,537.30
Scholarships and Fellowships	122,587,499.25	113,949,505.78
Auxiliary Enterprises	323,388,375.29	320,880,411.89
Depreciation and Amortization	346,250,532.88	298,956,976.14
Total Operating Expenses	<u>2,955,861,200.71</u>	<u>2,790,429,395.95</u>
Operating Income (Loss)	<u>(1,100,010,739.28)</u>	<u>(1,034,222,111.66)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	355,860,024.18	358,321,173.90
Federal Nonexchange Sponsored Programs	45,771,675.83	45,574,792.91
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Local Nonexchange Sponsored Programs	35,002,047.98	35,000,000.00
Gift Contributions for Operations	173,651,718.89	160,556,387.45
Investment Income	277,991,421.13	258,570,050.32
Net Increase (Decrease) in Fair Value of Investments	123,032,572.56	236,985,666.72
Interest Expense on Capital Asset Financings	(20,995.59)	
Gain (Loss) on Sale of Capital Assets	(25,034,194.92)	(21,723,900.75)
Other Nonoperating Revenues	38,181,497.40	28,144,227.06
Other Nonoperating (Expenses)	(695,197.58)	(45,161,242.80)
Net Nonoperating Revenues (Expenses)	<u>1,023,740,569.88</u>	<u>1,056,267,154.81</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(76,270,169.40)	22,045,043.15
Gifts and Sponsored Programs for Capital Acquisitions	145,865,179.20	147,898,200.70
Additions to Permanent Endowments	121,040,429.78	111,936,388.40
Reclass from/(to) Other Institutions	(182,228,542.53)	(131,205,305.43)
Transfers Between Institutions & System, Debt Service - Mandatory	(150,335,347.26)	(137,584,581.10)
Transfers Between Institutions & System Admin. - Non mandatory	704,401,417.00	634,029,479.97
Transfers From Other State Agencies	1,922,484.98	1,884,419.26
Transfers to Other State Agencies	(134,389.79)	366,865.06
Legislative Appropriations Lapsed	(3,310.00)	
Change in Net Position	<u>564,257,751.98</u>	<u>648,636,779.89</u>
Beginning Net Position	<u>10,342,218,398.25</u>	<u>9,693,581,618.36</u>
Ending Net Position	<u>\$ 10,906,476,150.23</u>	<u>10,342,218,398.25</u>

The University of Texas at Austin  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
Cash Flows from Operating Activities:		
Proceeds from Tuition and Fees	521,789,049.32	508,819,535.27
Proceeds from Patients and Customers	6,028,999.90	2,343,886.37
Proceeds from Sponsored Programs	658,046,430.97	676,115,804.19
Proceeds from Auxiliaries	346,328,328.61	331,533,128.47
Proceeds from Other Revenues	325,284,630.88	322,021,801.44
Payments to Suppliers	(891,466,593.29)	(914,150,872.99)
Payments to Employees	(1,676,481,137.48)	(1,579,646,549.38)
Payments for Loans Provided	(18,416,164.74)	(24,676,001.62)
Proceeds from Loan Programs	27,303,197.72	29,106,678.73
Net Cash Provided (Used) by Operating Activities	<u>(701,583,258.11)</u>	<u>(648,532,589.52)</u>
Cash Flows from Noncapital Financing Activities:		
Proceeds from State Appropriations	353,378,133.46	357,309,052.58
Proceeds from Operating Gifts	115,747,822.26	108,404,669.07
Proceeds from Private Gifts for Endowment Purposes	121,040,429.78	111,936,388.40
Proceeds from Other Noncapital Financing Activities	8,623,985.58	10,116,066.56
Receipts for Transfers from System or Other Agencies	361,197,457.60	264,940,438.77
Payments for Transfers to System or Other Agencies	(298,047.29)	(1,688,070.88)
Payments for Other Uses	(307,897.94)	(44,173,819.61)
Proceeds from Nonexchange Sponsored Programs	80,576,840.89	79,211,150.40
Net Cash Provided by Noncapital Financing Activities	<u>1,039,958,724.34</u>	<u>886,055,875.29</u>
Cash Flows from Capital and Related Financing Activities:		
Nonmandatory Capital Related Transfers	172,877,723.36	113,656,442.99
Proceeds from Capital Appropriations, Grants, and Gifts	108,227,707.62	90,702,180.80
Proceeds from Sale of Capital Assets	1,173,543.80	585,134.14
Payments for Additions to Capital Assets	(394,468,031.90)	(380,144,699.05)
Payments of Principal on Capital Related Debt	(572,096.52)	(913,709.66)
Mandatory Transfers to System for Capital Related Debt	(150,335,347.26)	(137,584,581.10)
Payments of Interest on Capital Related Debt	(20,995.59)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(263,117,496.49)</u>	<u>(313,699,231.88)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	222,953,709.34	213,345,478.55
Proceeds from Interest and Investment Income Invested by System	55,994,736.45	44,946,343.68
Payments to Acquire Investments Invested by System	(256,143,856.53)	(180,478,478.66)
Net Cash Provided (Used) by Investing Activities	<u>22,804,589.26</u>	<u>77,813,343.57</u>
Net Increase (Decrease) in Cash	98,062,559.00	1,637,397.46
Cash and Cash Equivalents (Beginning of the Year)	368,237,184.69	366,599,787.23
Cash and Cash Equivalents (End of the Year)	<u>\$ 466,299,743.69</u>	<u>\$ 368,237,184.69</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(1,100,010,739.28)	(1,034,222,111.66)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	346,250,532.88	298,956,976.14
Gross Loss on Impairment of Capital Assets	7,967,628.22	2,466,799.57
Bad Debt Expense	1,205,785.75	269,407.61
Changes in Assets and Liabilities:		
Accounts Receivable	(17,921,630.22)	928,664.88
Inventories	(182,624.75)	309,820.42
Loans and Contracts	8,887,032.98	4,430,677.11
Other Current and Noncurrent Assets	(1,199,372.58)	(6,323,039.26)
Accounts Payable	36,885,230.80	7,737,174.82
Due to System	219,613.01	703,142.75
Unearned Revenue	12,934,898.21	28,109,892.56
Employees' Compensable Leave	(731,840.00)	3,306,109.20
Asset Retirement Obligations	1,453,835.67	1,504,972.03
Other Current and Noncurrent Liabilities	2,658,391.20	43,288,924.31
Total Adjustments	<u>398,427,481.17</u>	<u>385,689,522.14</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (701,583,258.11)</u>	<u>\$ (648,532,589.52)</u>
Non Cash Transactions:		
Net Increase (Decrease) in Fair Value of Investments	123,032,572.56	236,985,666.72
Donated Capital Assets	37,637,471.58	57,196,019.90
Capital Assets Acquired Under Capital Lease Purchases or Direct Borrowings	559,873.10	1,006,771.83
Miscellaneous Noncash Transactions	(3,610,744.48)	(7,009,887.75)

The University of Texas at Dallas  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 110,825,257.21	70,511,561.32
Restricted Cash & Cash Equivalents	16,522,854.56	(3,249,446.44)
Balance in State Appropriations	9,075,617.16	7,329,140.23
<b>Accounts Receivable, Net:</b>		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	11,255,098.18	18,084,569.84
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	448,877.56	462,533.37
Student (allow. \$2,521,425.82 in 2019 & \$2,555,079.49 in 2018)	34,483,960.81	34,569,820.64
Interest and Dividend Receivables	655,365.37	649,565.57
Contributions (allow. \$502,374.05 in 2019 & \$573,450.62 in 2018)	9,545,107.03	10,895,561.86
Other (allow. \$1,536,530.43 in 2019 & \$430,990.55 in 2018)	7,040,152.19	7,748,447.81
Due From System Administration	14,037,495.59	23,361,906.89
Due From Other Institutions	409,656.02	437,425.05
Due From Other Agencies	9,410,401.73	8,157,016.56
Inventories	416,135.24	232,719.66
Loans & Contracts (allow. \$135,689.69 in 2019 & \$195,209.54 in 2018)	7,549,683.29	10,096,328.10
Other Current Assets	7,972,256.21	8,749,099.87
<b>Total Current Assets</b>	<b>239,647,918.15</b>	<b>198,036,250.33</b>
<b>Noncurrent Assets:</b>		
Restricted Investments	48,506,816.79	35,989,937.08
Loans & Contracts (allow. \$675,377.01 in 2019 & \$379,782.70 in 2018)	729,784.40	1,266,026.86
Funds Held by System Administration (Restricted)	505,100,198.34	531,369,496.92
Contributions Rec. (allow. \$16,941.44 in 2019 & \$33,222.85 in 2018)	321,887.32	631,234.14
Unrestricted Investments	200,340,096.56	215,230,569.77
Funds Held by System Administration (Unrestricted)	53,366,120.45	
Other Noncurrent Assets	2.00	2.00
Gross Capital/Intangible Assets	1,855,638,688.79	1,738,877,963.19
Accumulated Depreciation/Amortization	(709,237,704.14)	(631,215,593.49)
<b>Total Noncurrent Assets</b>	<b>1,954,765,890.51</b>	<b>1,892,149,636.47</b>
<b>Total Assets</b>	<b>2,194,413,808.66</b>	<b>2,090,185,886.80</b>
<b>Total Deferred Outflows of Resources</b>		<b>20,546.25</b>
<b>Total Assets and Deferred Outflows</b>	<b>2,194,413,808.66</b>	<b>2,090,206,433.05</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	16,187,640.74	18,674,876.12
Salaries Payable	29,587,594.66	28,718,010.98
Due To System Administration	3,749,278.85	3,988,387.79
Due To Other Institutions	155,909.14	142,449.26
Due To Other State Agencies		28,652.98
Unearned Revenue	159,728,155.83	148,392,877.89
Employees' Compensable Leave - Current Portion	6,058,404.73	6,041,119.46
Notes, Loans, and Leases Payable	79,185.26	143,749.38
Assets Held for Others	181,035.23	445,704.84
Other Current Liabilities	330,657.26	112,258.50
<b>Total Current Liabilities</b>	<b>216,057,861.70</b>	<b>206,688,087.20</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	4,396,980.52	4,380,529.72
Notes, Loans, and Leases Payable		40,629.46
Asset Retirement Obligation	41,092.50	41,092.50
Other Noncurrent Liabilities	483,914.40	693,582.50
<b>Total Noncurrent Liabilities</b>	<b>4,921,987.42</b>	<b>5,155,834.18</b>
<b>Total Liabilities</b>	<b>220,979,849.12</b>	<b>211,843,921.38</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>220,979,849.12</b>	<b>211,843,921.38</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,146,321,799.39	1,107,477,990.86
<b>Restricted for:</b>		
<b>Nonexpendable</b>		
Permanent Health and True Endowments	283,644,782.71	275,963,582.15
<b>Expendable</b>		
Capital Projects	38,856,611.49	47,293,328.80
Funds Functioning as Endowment (Restricted)	45,918,962.48	38,863,408.60
Other Expendable	282,004,319.55	246,500,825.20
<b>Unrestricted</b>	<b>176,687,483.92</b>	<b>162,263,376.06</b>
<b>Total Net Position</b>	<b>\$ 1,973,433,959.54</b>	<b>1,878,362,511.67</b>

The University of Texas at Dallas  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 415,793,803.81	423,588,621.04
Discounts and Allowances	(122,517,998.00)	(101,644,269.00)
Federal Sponsored Programs	49,202,229.37	40,388,585.28
Federal Sponsored Programs Pass-Through from State Agencies	1,703,616.19	2,048,277.40
State Sponsored Programs Pass-Through from State Agencies	15,245,698.34	11,865,602.82
Local Sponsored Programs	2,357.24	50,753.10
Private Sponsored Programs	11,171,811.31	11,779,507.08
Sales and Services of Educational Activities	38,566,025.18	19,872,533.66
Auxiliary Enterprises	62,449,552.60	35,320,539.06
Other Operating Revenues	5,728,442.84	5,927,209.17
Total Operating Revenues	<u>477,345,538.88</u>	<u>449,197,359.61</u>
Operating Expenses:		
Instruction	198,889,758.09	197,171,847.70
Research	99,779,383.33	94,549,599.04
Public Service	13,600,096.60	12,726,440.85
Academic Support	63,485,370.56	64,232,144.98
Student Services	19,146,219.64	19,353,129.57
Institutional Support	48,073,537.41	45,008,992.23
Operations and Maintenance of Plant	45,690,129.82	37,925,126.63
Scholarships and Fellowships	42,531,644.06	43,905,800.84
Auxiliary Enterprises	60,918,531.69	50,600,216.64
Depreciation and Amortization	82,144,698.75	80,250,469.37
Total Operating Expenses	<u>674,259,369.95</u>	<u>645,723,767.85</u>
Operating Income (Loss)	<u>(196,913,831.07)</u>	<u>(196,526,408.24)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	108,550,781.41	108,844,759.57
Federal Nonexchange Sponsored Programs	31,584,416.00	28,606,286.00
Federal Nonexchange Pass-Through		150,000.00
State Nonexchange Pass-Through		150,000.00
Gift Contributions for Operations	10,925,414.21	14,891,971.61
Investment Income	37,192,760.77	32,448,011.51
Net Increase (Decrease) in Fair Value of Investments	22,638,312.20	34,225,009.79
Interest Expense on Capital Asset Financings	(4,999.41)	
Gain (Loss) on Sale of Capital Assets	(489,253.35)	(483,814.09)
Other Nonoperating Revenues	256,635.90	3,582,958.02
Other Nonoperating (Expenses)		(805,841.00)
Net Nonoperating Revenues (Expenses)	<u>210,654,067.73</u>	<u>221,459,341.41</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	13,740,236.66	24,932,933.17
Gifts and Sponsored Programs for Capital Acquisitions	64,248,074.98	28,033,785.10
Additions to Permanent Endowments	6,204,569.52	8,946,150.50
Reclass from/(to) Other Institutions	54,350,938.64	(7,860,710.12)
Transfers Between Institutions & System, Debt Service - Mandatory	(62,557,310.52)	(63,869,459.91)
Transfers Between Institutions & System Admin. - Non mandatory	10,968,628.67	111,268,077.20
Transfers From Other State Agencies	8,328,168.09	8,032,969.84
Transfers to Other State Agencies	(211,249.02)	4,350.47
Legislative Appropriations Lapsed	(609.15)	(299.50)
Change in Net Position	<u>95,071,447.87</u>	<u>109,479,095.81</u>
Beginning Net Position	<u>1,878,362,511.67</u>	<u>1,768,883,415.86</u>
Ending Net Position	<u>\$ 1,973,433,959.54</u>	<u>1,878,362,511.67</u>

The University of Texas at Dallas  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	296,094,242.65	324,647,969.26
Proceeds from Sponsored Programs	75,154,733.29	48,023,354.08
Proceeds from Auxiliaries	71,110,568.93	51,383,347.30
Proceeds from Other Revenues	43,951,873.70	26,969,301.12
Payments to Suppliers	(187,817,472.76)	(176,763,258.28)
Payments to Employees	(400,074,820.64)	(388,937,003.68)
Payments for Loans Provided	(18,691,973.05)	(28,523,550.79)
Proceeds from Loan Programs	20,246,629.31	29,731,984.24
Net Cash Provided (Used) by Operating Activities	<u>(100,026,218.57)</u>	<u>(113,467,856.75)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	106,803,695.33	107,074,376.27
Proceeds from Operating Gifts	12,585,215.86	11,723,108.85
Proceeds from Private Gifts for Endowment Purposes	6,204,569.52	8,946,150.50
Proceeds from Other Noncapital Financing Activities	-	3,582,958.02
Receipts for Transfers from System or Other Agencies	14,483,935.37	16,798,713.88
Payments for Transfers to System or Other Agencies	(401,684.10)	(604,350.47)
Payments for Other Uses	-	(805,841.00)
Proceeds from Nonexchange Sponsored Programs	38,763,906.00	28,756,286.00
Net Cash Provided by Noncapital Financing Activities	<u>178,439,637.98</u>	<u>175,471,402.05</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	71,140,988.47	100,157,474.20
Proceeds from Capital Appropriations, Grants, and Gifts	22,860,518.72	28,033,785.10
Proceeds from Sale of Capital Assets	35,488.86	17,643.57
Payments for Additions to Capital Assets	(82,498,258.33)	(120,181,923.37)
Payments of Principal on Capital Related Debt	(105,193.58)	(42,814.65)
Mandatory Transfers to System for Capital Related Debt	(62,557,310.52)	(63,869,459.91)
Payments of Interest on Capital Related Debt	(4,999.41)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(51,128,765.79)</u>	<u>(55,885,295.06)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	22,409,621.02	-
Proceeds from Interest and Investment Income	3,143,625.27	10,296.63
Proceeds from Interest and Investment Income Invested by System	31,157,697.17	32,223,164.91
Payments to Acquire Investments	(23,909,600.19)	-
Payments to Acquire Investments Invested by System	-	(76,336,189.64)
Net Cash Provided (Used) by Investing Activities	<u>32,801,343.27</u>	<u>(44,102,728.10)</u>
Net Increase (Decrease) in Cash	60,085,996.89	(37,984,477.86)
Cash and Cash Equivalents (Beginning of the Year)	67,262,114.88	105,246,592.74
Cash and Cash Equivalents (End of the Year)	<u>\$ 127,348,111.77</u>	<u>\$ 67,262,114.88</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(196,913,831.07)	(196,526,408.24)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	82,144,698.75	80,250,469.37
Bad Debt Expense	1,528,231.01	-
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(2,098,266.20)	(7,371,298.68)
Inventories	(183,415.58)	46,656.80
Loans and Contracts	1,554,656.26	1,208,433.45
Other Current and Noncurrent Assets	776,843.66	1,847,514.77
Accounts Payable	2,270,352.23	(2,746,049.50)
Due to System	(239,108.94)	165,326.40
Unearned Revenue	11,335,277.94	8,517,322.71
Assets Held for Others	(264,669.61)	(149,034.40)
Employees' Compensable Leave	33,736.07	462,823.32
Asset Retirement Obligations	20,546.25	20,546.25
Other Current and Noncurrent Liabilities	8,730.66	805,841.00
Total Adjustments	<u>96,887,612.50</u>	<u>83,058,551.49</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (100,026,218.57)</u>	<u>\$ (113,467,856.75)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	22,638,312.20	34,225,009.79
Donated Capital Assets	41,387,556.26	-
Capital Assets Acquired Under Capital Lease Purchases or Direct Borrowings	-	121,999.91
Miscellaneous Noncash Transactions	(394,257.98)	(483,814.09)

The University of Texas at El Paso  
Exhibit A Statement of Net Position  
As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 54,947,409.76	53,969,479.30
Restricted Cash & Cash Equivalents	14,132,278.29	16,958,296.16
Balance in State Appropriations	2,492,770.55	2,069,025.40
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	18,251,151.06	16,946,547.71
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	4,537,751.98	3,813,533.78
Student (allow. \$2,374,032.46 in 2019 & \$1,900,461.82 in 2018)	34,874,920.89	34,722,501.75
Interest and Dividend Receivables	265,085.76	298,751.04
Contributions (allow. \$689,894.56 in 2019 & \$793,557.84 in 2018)	3,909,402.49	4,496,827.92
Other (allow. \$1,436,443.48 in 2019 & \$1,472,463.96 in 2018)	15,046,272.05	18,019,382.85
Due From System Administration	14,412,716.43	16,660,145.47
Due From Other Institutions	49,073.42	29,669.41
Due From Other Agencies	110,988.14	223,697.21
Inventories	260,056.02	402,651.95
Loans & Contracts (allow. \$930,600.05 in 2019 & \$1,180,061.42 in 2018)	2,451,700.55	2,751,399.08
Other Current Assets	17,634,371.85	15,222,215.10
<b>Total Current Assets</b>	<b>183,375,949.24</b>	<b>186,584,124.13</b>
<b>Noncurrent Assets:</b>		
Cash and Cash Equivalents (Noncurrent Restricted)		10,239.77
Restricted Investments	12,593,788.25	14,068,973.33
Loans & Contracts (allow. \$204,278.06 in 2019 & \$241,699.33 in 2018)	555,553.35	569,748.53
Funds Held by System Administration (Restricted)	268,178,577.01	266,381,617.24
Contributions Rec. (allow. \$66,748.44 in 2019 & \$50,537.33 in 2018)	3,387,157.67	286,378.21
Unrestricted Investments	76,709,078.90	63,981,908.12
Funds Held by System Administration (Unrestricted)	3,577,883.05	
Other Noncurrent Assets	1,914,590.00	1,956,570.00
Gross Capital/Intangible Assets	956,783,561.78	900,269,186.40
Accumulated Depreciation/Amortization	(426,424,504.15)	(399,883,269.42)
<b>Total Noncurrent Assets</b>	<b>897,275,685.86</b>	<b>847,641,352.18</b>
<b>Total Assets</b>	<b>1,080,651,635.10</b>	<b>1,034,225,476.31</b>
<b>Total Assets and Deferred Outflows</b>	<b>1,080,651,635.10</b>	<b>1,034,225,476.31</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	18,165,716.29	14,725,794.77
Salaries Payable	10,569,968.44	10,242,867.89
Due To System Administration	2,541,774.59	2,470,421.07
Due To Other Institutions	179,251.26	291,449.02
Due To Other State Agencies	106,240.68	141,400.81
Unearned Revenue	98,230,361.31	91,356,128.88
Employees' Compensable Leave - Current Portion	3,666,215.45	3,294,063.85
Notes, Loans, and Leases Payable		
Assets Held for Others	995,341.56	7,779,487.22
Other Current Liabilities	9,598,097.33	8,138,924.98
<b>Total Current Liabilities</b>	<b>144,052,966.91</b>	<b>138,440,538.49</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	5,349,883.64	5,145,835.66
Liability to Beneficiaries	2,691,022.16	2,832,814.96
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	2,833,827.65	1,555,879.00
<b>Total Noncurrent Liabilities</b>	<b>10,874,733.45</b>	<b>9,534,529.62</b>
<b>Total Liabilities</b>	<b>154,927,700.36</b>	<b>147,975,068.11</b>
<b>Total Deferred Inflows of Resources</b>	<b>3,079,270.80</b>	<b>3,112,854.84</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>158,006,971.16</b>	<b>151,087,922.95</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	530,359,057.63	500,385,916.98
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	136,196,293.90	131,769,839.02
Expendable		
Capital Projects	10,754,089.04	14,766,225.81
Funds Functioning as Endowment (Restricted)	20,353,082.39	20,182,921.20
Other Expendable	159,396,541.12	160,443,979.07
Unrestricted	65,585,599.86	55,588,671.28
<b>Total Net Position</b>	<b>\$ 922,644,663.94</b>	<b>883,137,553.36</b>



The University of Texas at El Paso  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 192,952,720.48	177,820,889.55
Discounts and Allowances	(55,271,705.00)	(50,704,220.00)
Federal Sponsored Programs	50,102,097.05	55,402,054.82
Federal Sponsored Programs Pass-Through from State Agencies	940,154.49	932,464.03
State Sponsored Programs Pass-Through from State Agencies	24,380,772.47	23,485,608.37
Local Sponsored Programs	1,493,976.97	778,496.92
Private Sponsored Programs	6,949,968.75	6,812,367.93
Sales and Services of Educational Activities	7,099,175.79	7,982,923.96
Auxiliary Enterprises	38,482,113.22	34,086,716.26
Other Operating Revenues	<u>288,665.63</u>	<u>304,933.24</u>
Total Operating Revenues	<u>267,417,939.85</u>	<u>256,902,235.08</u>
Operating Expenses:		
Instruction	112,587,434.15	123,831,378.70
Research	86,244,325.57	70,224,863.84
Public Service	5,488,288.92	8,577,755.42
Hospitals / Clinics		
Academic Support	24,428,090.69	23,403,446.87
Student Services	18,248,295.32	18,006,686.91
Institutional Support	31,549,871.60	31,579,995.85
Operations and Maintenance of Plant	28,669,636.41	28,472,065.40
Scholarships and Fellowships	59,025,925.86	54,115,634.80
Auxiliary Enterprises	53,037,495.99	48,228,536.85
Depreciation and Amortization	<u>30,772,804.29</u>	<u>30,581,579.18</u>
Total Operating Expenses	<u>450,052,168.80</u>	<u>437,021,943.82</u>
Operating Income (Loss)	<u>(182,634,228.95)</u>	<u>(180,119,708.74)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	107,836,564.80	107,290,679.64
Federal Nonexchange Sponsored Programs	63,971,200.15	61,120,566.00
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		50,000.00
Gift Contributions for Operations	5,085,691.86	6,007,016.91
Investment Income	16,700,545.38	15,682,638.10
Net Increase (Decrease) in Fair Value of Investments	2,378,923.87	13,650,349.63
Gain (Loss) on Sale of Capital Assets	(114,698.99)	(509,080.57)
Other Nonoperating Revenues		6,963.30
Other Nonoperating (Expenses)	<u>(1,507,853.75)</u>	<u>(1,584,650.00)</u>
Net Nonoperating Revenues (Expenses)	<u>194,350,373.32</u>	<u>201,714,483.01</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	11,716,144.37	21,594,774.27
Gifts and Sponsored Programs for Capital Acquisitions	6,079,835.64	3,965,556.68
Additions to Permanent Endowments	3,873,211.20	6,215,039.08
Reclass from/(to) Other Institutions	18,000,327.89	4,044,951.88
Transfers Between Institutions & System, Debt Service - Mandatory	(28,126,499.74)	(28,629,589.10)
Transfers Between Institutions & System Admin. - Non mandatory	27,559,459.69	10,877,534.44
Transfers From Other State Agencies	500,638.00	468,756.00
Transfers to Other State Agencies	(96,006.47)	188,655.86
Legislative Appropriations Lapsed		<u>(999.00)</u>
Change in Net Position	<u>39,507,110.58</u>	<u>18,347,368.39</u>
Beginning Net Position	<u>883,137,553.36</u>	<u>864,790,184.97</u>
Ending Net Position	<u>\$ 922,644,663.94</u>	<u>883,137,553.36</u>

The University of Texas at El Paso  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	143,414,203.33	129,309,998.98
Proceeds from Sponsored Programs	79,666,982.16	89,001,256.21
Proceeds from Auxiliaries	39,450,717.11	32,823,101.26
Proceeds from Other Revenues	7,492,409.44	13,001,505.01
Payments to Suppliers	(171,783,209.28)	(160,710,292.43)
Payments to Employees	(247,887,469.05)	(245,342,369.48)
Payments for Loans Provided	(4,327,146.11)	(4,485,786.45)
Proceeds from Loan Programs	4,927,922.46	4,734,025.94
Net Cash Provided (Used) by Operating Activities	<u>(149,045,589.94)</u>	<u>(141,668,560.96)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	107,412,819.65	107,851,463.22
Proceeds from Operating Gifts	5,581,254.31	7,726,962.34
Proceeds from Private Gifts for Endowment Purposes	3,873,211.20	6,215,039.08
Receipts for Transfers from System or Other Agencies	654,350.00	2,149,264.22
Payments for Transfers to System or Other Agencies	(248,253.47)	(297,297.44)
Payments for Other Uses	(1,507,853.75)	(1,584,650.00)
Proceeds from Nonexchange Sponsored Programs	64,524,435.37	61,170,566.00
Net Cash Provided by Noncapital Financing Activities	<u>180,289,963.31</u>	<u>183,231,347.42</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	47,859,078.39	23,376,791.62
Proceeds from Capital Appropriations, Grants, and Gifts	3,031,716.56	3,945,363.93
Payments for Additions to Capital Assets	(58,166,578.16)	(32,339,183.09)
Mandatory Transfers to System for Capital Related Debt	(28,126,499.74)	(28,629,589.10)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(35,402,282.95)</u>	<u>(33,646,616.64)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	1,240,389.36	731,272.81
Proceeds from Interest and Investment Income Invested by System	15,440,494.53	14,850,085.27
Payments to Acquire Investments Invested by System	(14,381,301.49)	(9,437,532.60)
Net Cash Provided (Used) by Investing Activities	<u>2,299,582.40</u>	<u>6,143,825.48</u>
Net Increase (Decrease) in Cash	(1,858,327.18)	14,059,995.30
Cash and Cash Equivalents (Beginning of the Year)	<u>70,938,015.23</u>	<u>56,878,019.93</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 69,079,688.05</u>	<u>\$ 70,938,015.23</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(182,634,228.95)	(180,119,708.74)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	30,772,804.29	30,581,579.18
Bad Debt Expense	(286,882.64)	332,408.10
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	331,939.95	782,900.18
Inventories	142,595.93	(46,525.05)
Loans and Contracts	600,776.35	248,239.49
Other Current and Noncurrent Assets	(2,412,156.75)	691,945.19
Accounts Payable	964,801.01	(1,320,662.14)
Due to System	71,353.52	73,496.97
Unearned Revenue	6,874,232.43	5,104,427.06
Assets Held for Others	(6,784,145.66)	(797,281.94)
Employees' Compensable Leave	576,199.58	295,884.40
Other Current and Noncurrent Liabilities	2,737,121.00	2,504,736.34
Total Adjustments	<u>33,588,639.01</u>	<u>38,451,147.78</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (149,045,589.94)</u>	<u>\$ (141,668,560.96)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	2,378,923.87	13,650,349.63
Donated Capital Assets	39,202.60	20,192.75
Miscellaneous Noncash Transactions	(114,698.99)	(545,722.69)

The University of Texas Permian Basin  
Exhibit A - Statement of Net Position  
As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 12,402,758.43	9,041,704.45
Restricted Cash & Cash Equivalents	17,467,799.93	5,317,242.10
Balance in State Appropriations	674,192.35	1,057,928.42
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	(896,456.33)	6,684,427.26
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	3,429,895.20	1,817,681.82
Student (allow. \$2,194,062.60 in 2019 & \$441,417.34 in 2018)	(3,368,129.56)	22,097,911.42
Contributions (allow. \$364,700.00 in 2019 & \$371,474.68 in 2018)	3,282,300.00	3,343,272.16
Other (allow. \$2,958.00 in 2019 & \$2,958.00 in 2018)	15,665,794.75	26,105,414.06
Due From System Administration	8,899,800.09	12,221,763.68
Due From Other Institutions		49,708.60
Due From Other Agencies	28,372.90	1,098,947.47
Inventories	361,956.94	387,193.56
Loans & Contracts (allow. \$269,984.89 in 2019 & \$269,984.89 in 2018)	19,281.53	129,446.94
Other Current Assets	1,045,113.69	229,787.66
<b>Total Current Assets</b>	<b>59,012,679.92</b>	<b>89,582,429.60</b>
<b>Noncurrent Assets:</b>		
Restricted Investments		4,058,925.68
Funds Held by System Administration (Restricted)	49,258,519.87	48,659,257.25
Contributions Rec. (allow. \$951,019.04 in 2019 & \$1,055,427.67 in 2018)	8,559,171.31	9,498,849.04
Unrestricted Investments	3,777,432.46	9,023,016.43
Gross Capital/Intangible Assets	427,436,838.07	381,859,454.00
Accumulated Depreciation/Amortization	(170,582,716.83)	(154,817,385.65)
<b>Total Noncurrent Assets</b>	<b>318,449,244.88</b>	<b>298,282,116.75</b>
<b>Total Assets</b>	<b>377,461,924.80</b>	<b>387,864,546.35</b>
<b>Total Assets and Deferred Outflows</b>	<b>377,461,924.80</b>	<b>387,864,546.35</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	15,417,053.01	9,446,117.69
Salaries Payable	415,207.39	3,158,694.12
Other Intergovernmental Payables	(7,178.66)	
Due To System Administration	635,070.07	614,634.55
Unearned Revenue	28,320,418.42	26,450,977.68
Employees' Compensable Leave - Current Portion	512,806.34	559,616.24
Notes, Loans, and Leases Payable		
Assets Held for Others		
Other Current Liabilities	(1,117,087.60)	428,126.85
<b>Total Current Liabilities</b>	<b>44,176,288.97</b>	<b>40,658,167.13</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	1,123,488.15	948,071.06
Assets Held for Others	64,791.60	(448,170.80)
Notes, Loans, and Leases Payable		
<b>Total Noncurrent Liabilities</b>	<b>1,188,279.75</b>	<b>499,900.26</b>
<b>Total Liabilities</b>	<b>45,364,568.72</b>	<b>41,158,067.39</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>45,364,568.72</b>	<b>41,158,067.39</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	256,854,121.24	227,042,068.35
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	35,055,692.27	34,247,217.54
Expendable		
Capital Projects	(2,309,951.98)	7,179,592.81
Funds Functioning as Endowment (Restricted)	820,717.64	529,467.35
Other Expendable	47,450,657.67	44,054,344.52
Unrestricted	(5,773,880.76)	33,653,788.39
<b>Total Net Position</b>	<b>\$ 332,097,356.08</b>	<b>346,706,478.96</b>

The University of Texas Permian Basin  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 19,122,416.28	51,523,767.89
Discounts and Allowances	(27,552,471.00)	(18,324,318.08)
Federal Sponsored Programs	809,407.89	993,770.01
Federal Sponsored Programs Pass-Through from State Agencies	(161,423.23)	2,164,208.10
State Sponsored Programs Pass-Through from State Agencies	8,130,551.58	6,734,546.95
Local Sponsored Programs	4,535,963.89	528,221.99
Private Sponsored Programs	176,043.34	384,012.65
Sales and Services of Educational Activities	1,842,129.11	3,304,759.93
Auxiliary Enterprises	4,397,451.56	10,281,896.90
Discounts and Allowances Auxiliary Enterprises		(1,316,006.51)
Other Operating Revenues	1,080,256.08	876,944.10
Total Operating Revenues	<u>12,380,325.50</u>	<u>57,151,803.93</u>
Operating Expenses:		
Instruction	25,924,706.38	26,984,012.93
Research	1,508,785.68	972,679.26
Public Service	4,423,170.56	3,490,442.96
Academic Support	9,530,293.61	7,648,118.08
Student Services	4,187,996.92	3,265,898.49
Institutional Support	9,755,072.80	10,310,491.85
Operations and Maintenance of Plant	12,082,265.20	11,394,158.08
Scholarships and Fellowships	4,537,231.43	3,044,400.56
Auxiliary Enterprises	10,436,407.07	9,240,417.86
Depreciation and Amortization	<u>16,161,863.63</u>	<u>15,912,664.96</u>
Total Operating Expenses	<u>98,547,793.28</u>	<u>92,263,285.03</u>
Operating Income (Loss)	<u>(86,167,467.78)</u>	<u>(35,111,481.10)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	35,719,306.70	35,581,174.83
Federal Nonexchange Sponsored Programs	9,564,775.79	7,054,875.38
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	2,792,420.80	14,927,098.11
Investment Income	3,090,069.45	2,849,747.52
Net Increase (Decrease) in Fair Value of Investments	(242,543.82)	1,889,345.44
Gain (Loss) on Sale of Capital Assets	(30,203.95)	(617,487.26)
Other Nonoperating Revenues	467,934.38	642,996.99
Other Nonoperating (Expenses)	<u>(145,260.48)</u>	<u>(7,659.67)</u>
Net Nonoperating Revenues (Expenses)	<u>51,216,498.87</u>	<u>62,320,091.34</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(34,950,968.91)	27,208,610.24
Gifts and Sponsored Programs for Capital Acquisitions	2,310,003.67	(299,103.99)
Additions to Permanent Endowments	956,499.62	383,913.50
Reclass from/(to) Other Institutions	15,082,366.54	(5,348,575.59)
Transfers Between Institutions & System, Debt Service - Mandatory	(18,730,583.52)	(18,743,296.52)
Transfers Between Institutions & System Admin. - Non mandatory	20,640,528.00	32,064,053.69
Transfers From Other State Agencies	83,031.72	74,344.00
Transfers to Other State Agencies		34,993.42
Legislative Appropriations Lapsed		<u>(357.00)</u>
Change in Net Position	<u>(14,609,122.88)</u>	<u>35,304,594.91</u>
Beginning Net Position	<u>346,706,478.96</u>	<u>311,401,884.05</u>
Ending Net Position	<u>\$ 332,097,356.08</u>	<u>346,706,478.96</u>

The University of Texas Permian Basin  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	18,470,533.49	32,827,691.54
Proceeds from Sponsored Programs	16,376,148.00	3,415,164.84
Proceeds from Auxiliaries	4,773,512.59	9,444,326.43
Proceeds from Other Revenues	16,469,049.08	(4,025,644.26)
Payments to Suppliers	(35,778,184.91)	(42,593,120.33)
Payments to Employees	(49,419,970.07)	(42,657,474.58)
Payments for Loans Provided	(223,236.55)	715,709.24
Proceeds from Loan Programs	333,401.96	(424,971.11)
Net Cash Provided (Used) by Operating Activities	<u>(28,998,746.41)</u>	<u>(43,298,318.23)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	36,103,042.77	35,635,496.39
Proceeds from Operating Gifts	3,793,070.69	6,632,302.35
Proceeds from Private Gifts for Endowment Purposes	956,499.62	383,913.50
Proceeds from Other Noncapital Financing Activities	394,792.85	25,509.73
Receipts for Transfers from System or Other Agencies	3,195,094.96	5,303,554.50
Payments for Transfers to System or Other Agencies	-	(34,993.42)
Payments for Other Uses	(473,500.52)	(888.67)
Proceeds from Nonexchange Sponsored Programs	9,564,775.79	7,054,875.38
Net Cash Provided by Noncapital Financing Activities	<u>53,533,776.16</u>	<u>54,999,769.76</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	35,932,794.89	27,574,431.68
Proceeds from Capital Appropriations, Grants, and Gifts	-	(304,353.99)
Payments for Additions to Capital Assets	(37,778,401.97)	(22,888,807.94)
Mandatory Transfers to System for Capital Related Debt	(18,730,583.52)	(18,743,296.52)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(20,576,190.60)</u>	<u>(14,362,026.77)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	8,462,703.21	-
Proceeds from Interest and Investment Income	251,179.61	141,539.54
Proceeds from Interest and Investment Income Invested by System	2,838,889.84	2,708,207.98
Payments to Acquire Investments Invested by System	-	(4,968,429.33)
Net Cash Provided (Used) by Investing Activities	<u>11,552,772.66</u>	<u>(2,118,681.81)</u>
Net Increase (Decrease) in Cash	15,511,611.81	(4,779,257.05)
Cash and Cash Equivalents (Beginning of the Year)	14,358,946.55	19,138,203.60
Cash and Cash Equivalents (End of the Year)	<u>\$ 29,870,558.36</u>	<u>\$ 14,358,946.55</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(86,167,467.78)	(35,111,481.10)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	16,161,863.63	15,912,664.96
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	42,994,613.67	(27,020,205.51)
Inventories	25,236.62	57,500.08
Loans and Contracts	110,165.41	290,738.13
Other Current and Noncurrent Assets	(815,326.03)	1,506,359.02
Accounts Payable	(2,294,063.33)	(1,558,891.01)
Due to System	20,435.52	79,209.13
Unearned Revenue	1,869,440.74	2,742,642.95
Assets Held for Others	512,962.40	(244,437.34)
Employees' Compensable Leave	128,607.19	120,614.98
Other Current and Noncurrent Liabilities	(1,545,214.45)	(73,032.52)
Total Adjustments	<u>57,168,721.37</u>	<u>(8,186,837.13)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (28,998,746.41)</u>	<u>\$ (43,298,318.23)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	(242,543.82)	1,889,345.44
Donated Capital Assets	2,310,003.67	5,250.00
Miscellaneous Noncash Transactions	42,937.58	(6,771.00)

The University of Texas Rio Grande Valley  
Exhibit A Statement of Net Position  
As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 81,095,198.60	87,182,472.45
Restricted Cash & Cash Equivalents	(429,190.45)	(15,398,727.51)
Balance in State Appropriations	13,456,730.58	12,560,493.44
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	31,764,924.65	27,932,313.89
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	4,266,843.85	5,269,432.73
Student (allow. \$4,703,807.50 in 2019 & \$3,255,594.60 in 2018)	11,376,737.22	15,021,979.28
Patient & Healthcare(allow. \$34,749,297.23 in 2019 & \$24,862,773.57 in 2018)	5,180,479.42	5,528,075.73
Interest and Dividend Receivables	309,406.55	288,428.82
Contributions (allow. \$31,065.62 in 2019 & \$32,857.75 in 2018)	6,030,383.45	6,588,384.38
Other (allow. \$153,420.71 in 2019 & \$0.00 in 2018)	18,540,074.60	18,792,812.66
Due From System Administration	17,709,411.55	19,468,316.64
Due From Other Institutions	368,858.56	373,884.03
Due From Other Agencies	797,447.31	806,304.03
Inventories	357,887.96	227,531.99
Loans & Contracts (allow. \$9,600,588.40 in 2019 & \$7,233,937.75 in 2018)	12,117,959.18	18,088,730.71
Other Current Assets	<u>523,615.83</u>	<u>396,089.21</u>
Total Current Assets	<u>203,466,768.86</u>	<u>203,126,522.48</u>
<b>Noncurrent Assets:</b>		
Restricted Investments	3,129,213.21	2,973,056.28
Loans & Contracts (allow. \$1,050,184.02 in 2019 & \$1,030,992.84 in 2018)	118,934.41	287,905.95
Funds Held by System Administration (Restricted)	43,153,808.03	62,253,725.41
Contributions Rec. (allow. \$157,557.61 in 2019 & \$158,413.32 in 2018)	7,020,269.26	7,746,413.29
Unrestricted Investments	116,111,783.77	110,295,466.96
Funds Held by System Administration (Unrestricted)	21,115,825.98	
Other Noncurrent Assets	470,026.00	1.00
Gross Capital/Intangible Assets	1,161,553,060.73	1,104,160,995.09
Accumulated Depreciation/Amortization	<u>(512,362,497.36)</u>	<u>(464,108,458.76)</u>
Total Noncurrent Assets	<u>840,310,424.03</u>	<u>823,609,105.22</u>
Total Assets	<u>1,043,777,192.89</u>	<u>1,026,735,627.70</u>
Total Assets and Deferred Outflows	<u>1,043,777,192.89</u>	<u>1,026,735,627.70</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	34,884,658.78	42,310,794.45
Salaries Payable	17,903,243.34	20,100,531.53
Federal Payables		1,126,982.25
Other Intergovernmental Payables	15,982.89	
Due To System Administration	3,921,765.93	3,575,480.82
Due To Other Institutions	94,224.72	159,960.85
Due To Other State Agencies	2,431,406.41	2,086,214.24
Unearned Revenue	87,542,937.03	66,092,728.83
Employees' Compensable Leave - Current Portion	3,637,232.42	3,193,100.37
Notes, Loans, and Leases Payable		
Other Current Liabilities	<u>1,967,561.95</u>	<u>690,967.81</u>
Total Current Liabilities	<u>152,399,013.47</u>	<u>139,336,761.15</u>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	6,970,199.47	5,865,228.48
Assets Held for Others		3,508,546.98
Liability to Beneficiaries	147,728.79	148,889.70
Notes, Loans, and Leases Payable		
Total Noncurrent Liabilities	<u>7,117,928.26</u>	<u>9,522,665.16</u>
Total Liabilities	<u>159,516,941.73</u>	<u>148,859,426.31</u>
Total Deferred Inflows of Resources	<u>649,217.61</u>	<u>169,061.00</u>
Total Liabilities and Deferred Inflows	<u>160,166,159.34</u>	<u>149,028,487.31</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	649,190,563.37	640,052,536.33
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	29,024,890.50	26,648,778.11
Expendable		
Capital Projects	3,275,273.08	(4,544,697.33)
Funds Functioning as Endowment (Restricted)	1,769,303.25	1,714,792.48
Other Expendable	44,912,581.82	51,727,026.68
Unrestricted	<u>155,438,421.53</u>	<u>162,108,704.12</u>
Total Net Position	<u>\$ 883,611,033.55</u>	<u>877,707,140.39</u>

The University of Texas Rio Grande Valley  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 220,509,262.93	208,711,662.98
Discounts and Allowances	(115,292,048.66)	(114,960,061.01)
Federal Sponsored Programs	41,110,393.94	39,504,804.25
Federal Sponsored Programs Pass-Through from State Agencies	2,050,875.99	2,128,300.43
State Sponsored Programs Pass-Through from State Agencies	42,154,061.10	43,874,022.72
Local Sponsored Programs	26,469,754.37	27,123,031.77
Private Sponsored Programs	8,754,078.73	6,116,357.10
Sales and Services of Educational Activities	7,736,328.44	6,751,251.15
Professional Fees (Patient Charges)	17,819,013.52	14,435,048.56
Discounts and Allowances Professional Fees (Patient Charges)	(12,602,275.15)	(9,970,724.21)
Auxiliary Enterprises	9,425,690.20	9,680,546.68
Other Operating Revenues	13,411,107.46	14,752,357.23
<b>Total Operating Revenues</b>	<b>261,546,242.87</b>	<b>248,146,597.65</b>
Operating Expenses:		
Instruction	153,791,028.41	156,907,599.17
Research	44,386,004.15	21,701,258.17
Public Service	19,015,671.86	19,192,994.05
Hospitals / Clinics	29,320,229.18	26,329,255.96
Academic Support	53,187,981.91	49,496,430.06
Student Services	30,497,238.16	32,623,673.28
Institutional Support	37,830,799.59	36,612,328.52
Operations and Maintenance of Plant	36,575,818.87	33,481,190.91
Scholarships and Fellowships	53,491,586.16	38,771,697.92
Auxiliary Enterprises	28,221,315.45	27,447,537.97
Depreciation and Amortization	48,650,301.97	41,228,680.33
<b>Total Operating Expenses</b>	<b>534,967,975.71</b>	<b>483,792,646.34</b>
<b>Operating Income (Loss)</b>	<b>(273,421,732.84)</b>	<b>(235,646,048.69)</b>
Nonoperating Revenues (Expenses):		
State Appropriations	141,965,152.03	143,176,044.61
Federal Nonexchange Sponsored Programs	89,883,953.60	78,328,085.08
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	4,644,752.66	2,668,953.79
Investment Income	9,695,568.19	8,668,636.33
Net Increase (Decrease) in Fair Value of Investments	2,076,315.19	2,404,221.36
Gain (Loss) on Sale of Capital Assets	(7,796.01)	(15,008.05)
Other Nonoperating (Expenses)	(80,000.00)	(806,472.12)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>248,177,945.66</b>	<b>234,424,461.00</b>
<b>Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers</b>	<b>(25,243,787.18)</b>	<b>(1,221,587.69)</b>
Gifts and Sponsored Programs for Capital Acquisitions	1,263,922.00	2,543,529.33
Additions to Permanent Endowments	2,375,149.29	1,436,112.20
Reclass from/(to) Other Institutions	38,529,479.73	46,584,236.49
Transfers Between Institutions & System, Debt Service - Mandatory	(25,529,026.11)	(25,521,481.96)
Transfers Between Institutions & System Admin. - Non mandatory	14,100,093.43	32,761,565.21
Transfers From Other State Agencies	410,532.00	475,325.00
Legislative Appropriations Lapsed	(2,470.00)	(748,494.00)
<b>Change in Net Position</b>	<b>5,903,893.16</b>	<b>56,309,204.58</b>
<b>Beginning Net Position</b>	<b>877,707,140.39</b>	<b>821,397,935.81</b>
<b>Ending Net Position</b>	<b>\$ 883,611,033.55</b>	<b>877,707,140.39</b>

The University of Texas Rio Grande Valley  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	110,095,577.59	95,504,737.31
Proceeds from Patients and Customers	5,564,334.68	3,067,262.99
Proceeds from Sponsored Programs	141,661,024.53	111,749,049.54
Proceeds from Auxiliaries	9,390,826.66	11,311,011.46
Proceeds from Other Revenues	20,695,101.20	22,482,224.87
Payments to Suppliers	(164,537,599.85)	(134,641,758.06)
Payments to Employees	(329,892,411.43)	(300,110,560.00)
Payments for Loans Provided	(10,875,671.35)	(17,183,380.06)
Proceeds from Loan Programs	17,097,476.62	13,362,873.29
Net Cash Provided (Used) by Operating Activities	<u>(200,801,341.35)</u>	<u>(194,458,538.66)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	141,066,444.89	154,891,679.95
Proceeds from Operating Gifts	5,928,897.62	5,728,998.77
Proceeds from Private Gifts for Endowment Purposes	2,375,149.29	1,436,112.20
Proceeds from Other Noncapital Financing Activities	(49,601.36)	49,601.36
Receipts for Transfers from System or Other Agencies	784,000.88	2,715,417.43
Payments for Transfers to System or Other Agencies	-	(1,215,470.84)
Payments for Other Uses	(80,000.00)	(806,472.12)
Proceeds from Nonexchange Sponsored Programs	88,108,238.29	102,687,678.33
Net Cash Provided by Noncapital Financing Activities	<u>238,133,129.61</u>	<u>265,487,545.08</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	54,018,898.55	84,460,162.03
Proceeds from Capital Appropriations, Grants, and Gifts	-	2,500,000.00
Proceeds from Sale of Capital Assets	9,653.83	14,943.75
Payments for Additions to Capital Assets	(60,716,655.15)	(100,042,694.49)
Mandatory Transfers to System for Capital Related Debt	(25,529,026.11)	(25,521,481.96)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(32,217,128.88)</u>	<u>(38,589,070.67)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	1,754,207.84	1,108,307.26
Proceeds from Interest and Investment Income Invested by System	7,916,493.44	7,547,613.78
Payments to Acquire Investments Invested by System	(5,903,097.45)	(8,353,965.72)
Net Cash Provided (Used) by Investing Activities	<u>3,767,603.83</u>	<u>301,955.32</u>
Net Increase (Decrease) in Cash	8,882,263.21	32,741,891.07
Cash and Cash Equivalents (Beginning of the Year)	71,783,744.94	39,041,853.87
Cash and Cash Equivalents (End of the Year)	<u>\$ 80,666,008.15</u>	<u>\$ 71,783,744.94</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(273,421,732.84)	(235,646,048.69)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	48,650,301.97	41,228,680.33
Bad Debt Expense	(82,062.20)	2,858,080.55
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	3,205,152.05	(8,376,944.37)
Inventories	(130,355.97)	(34,108.28)
Loans and Contracts	6,221,805.27	(3,820,506.77)
Other Current and Noncurrent Assets	(127,525.62)	155,438.19
Accounts Payable	(6,230,567.52)	2,308,960.66
Due to System	346,285.11	265,770.79
Unearned Revenue	21,450,208.20	3,685,082.70
Assets Held for Others	(3,508,546.98)	2,365,786.90
Employees' Compensable Leave	1,549,103.04	952,426.12
Other Current and Noncurrent Liabilities	1,276,594.14	(401,156.79)
Total Adjustments	<u>72,620,391.49</u>	<u>41,187,510.03</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (200,801,341.35)</u>	<u>\$ (194,458,538.66)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	2,076,315.19	2,404,221.36
Donated Capital Assets	1,263,922.00	43,529.33
Miscellaneous Noncash Transactions	(7,796.01)	(15,008.05)



The University of Texas at San Antonio  
Exhibit A Statement of Net Position  
As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 54,184,132.66	49,905,050.65
Restricted Cash & Cash Equivalents	48,513,572.20	19,762,771.38
Balance in State Appropriations	1,852,720.89	4,872,695.58
Accounts Receivable, Net:		
Federal (allow. \$539,535.82 in 2019 & \$1,148,456.03 in 2018)	16,418,746.20	28,520,634.05
Other Intergov. (allow. \$913,813.52 in 2019 & \$82,895.06 in 2018)	3,923,735.62	4,313,791.40
Student (allow. \$1,352,000.00 in 2019 & \$1,046,000.00 in 2018)	47,045,218.49	41,399,408.05
Interest and Dividend Receivables	1,025,991.09	965,742.75
Contributions (allow. \$2,713.57 in 2019 & \$6,376.62 in 2018)	549,670.32	1,292,537.01
Other (allow. \$0.00 in 2019 & \$0.00 in 2018)	4,251,995.29	3,818,532.60
Due From System Administration	22,421,764.92	16,913,831.36
Due From Other Institutions	376,473.55	239,718.31
Due From Other Agencies	1,028,231.97	155,696.82
Inventories	649,720.48	621,573.08
Loans & Contracts (allow. \$707,277.20 in 2019 & \$1,004,739.22 in 2018)	3,288,948.48	6,992,222.09
Other Current Assets	28,653,383.76	25,468,891.26
Total Current Assets	<u>234,184,305.92</u>	<u>205,243,096.39</u>
Noncurrent Assets:		
Restricted Investments	2,000,000.00	2,000,000.00
Loans & Contracts (allow. \$933,655.95 in 2019 & \$578,681.40 in 2018)	4,341,644.68	4,027,183.24
Funds Held by System Administration (Restricted)	153,001,814.08	164,342,746.95
Contributions Rec. (allow. \$1,300.68 in 2019 & \$2,356.16 in 2018)	263,470.01	477,593.12
Unrestricted Investments	282,918,805.81	271,116,413.83
Funds Held by System Administration (Unrestricted)	19,097,467.70	
Other Noncurrent Assets	100,001.00	1.00
Gross Capital/Intangible Assets	1,372,475,202.14	1,309,266,869.18
Accumulated Depreciation/Amortization	<u>(663,252,371.51)</u>	<u>(615,424,797.26)</u>
Total Noncurrent Assets	<u>1,170,946,033.91</u>	<u>1,135,806,010.06</u>
Total Assets	<u>1,405,130,339.83</u>	<u>1,341,049,106.45</u>
Total Assets and Deferred Outflows	<u>1,405,130,339.83</u>	<u>1,341,049,106.45</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	27,646,468.06	15,818,292.83
Salaries Payable	19,734,870.18	21,180,362.07
Due To System Administration	3,420,779.20	3,277,795.05
Due To Other Institutions	179,978.34	56,434.94
Due To Other State Agencies	291,239.74	314,947.44
Unearned Revenue	151,952,313.60	139,147,485.52
Employees' Compensable Leave - Current Portion	5,308,493.66	5,247,790.51
Notes, Loans, and Leases Payable		
Assets Held for Others	2,352,067.00	2,463,856.04
Other Current Liabilities	2,307,186.17	4,084,153.42
Total Current Liabilities	<u>213,193,395.95</u>	<u>191,591,117.82</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	5,289,272.26	4,906,546.92
Liability to Beneficiaries	139,526.75	150,180.68
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	<u>967,879.34</u>	<u>1,159,860.56</u>
Total Noncurrent Liabilities	<u>6,396,678.35</u>	<u>6,216,588.16</u>
Total Liabilities	<u>219,590,074.30</u>	<u>197,807,705.98</u>
Total Deferred Inflows of Resources	<u>158,460.87</u>	<u>160,970.00</u>
Total Liabilities and Deferred Inflows	<u>219,748,535.17</u>	<u>197,968,675.98</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	709,222,830.63	693,842,071.92
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	119,142,828.50	112,997,107.40
Expendable		
Capital Projects	9,007,067.12	8,339,640.50
Funds Functioning as Endowment (Restricted)	1,932,418.32	1,824,444.68
Other Expendable	106,428,219.85	91,591,123.69
Unrestricted	<u>239,648,440.24</u>	<u>234,486,042.28</u>
Total Net Position	<u>\$ 1,185,381,804.66</u>	<u>1,143,080,430.47</u>

The University of Texas at San Antonio  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 305,348,983.50	296,806,782.26
Discounts and Allowances	(97,607,117.42)	(91,975,489.49)
Federal Sponsored Programs	45,284,349.51	42,071,385.16
Federal Sponsored Programs Pass-Through from State Agencies	1,942,372.05	1,574,641.84
State Sponsored Programs Pass-Through from State Agencies	26,537,277.96	22,849,988.52
Local Sponsored Programs	811,110.97	3,335,347.62
Private Sponsored Programs	6,131,946.79	5,088,775.96
Sales and Services of Educational Activities	12,410,675.42	13,549,432.11
Discounts and Allowances Sales and Services of Educational Activities	(265,113.47)	(212,010.67)
Auxiliary Enterprises	46,993,268.19	45,000,117.49
Other Operating Revenues	5,438,067.40	5,161,144.64
<b>Total Operating Revenues</b>	<b>353,025,820.90</b>	<b>343,250,115.44</b>
Operating Expenses:		
Instruction	139,892,414.84	139,146,959.50
Research	67,458,953.45	57,008,168.01
Public Service	16,091,029.54	15,669,394.64
Academic Support	64,572,707.59	57,948,509.58
Student Services	30,906,138.28	28,530,544.16
Institutional Support	44,412,665.07	42,087,200.98
Operations and Maintenance of Plant	45,381,303.09	42,050,051.48
Scholarships and Fellowships	51,062,580.88	48,050,635.44
Auxiliary Enterprises	58,147,884.23	60,142,111.49
Depreciation and Amortization	49,952,039.84	49,168,441.77
<b>Total Operating Expenses</b>	<b>567,877,716.81</b>	<b>539,802,017.05</b>
<b>Operating Income (Loss)</b>	<b>(214,851,895.91)</b>	<b>(196,551,901.61)</b>
Nonoperating Revenues (Expenses):		
State Appropriations	130,954,493.81	127,181,756.59
Federal Nonexchange Sponsored Programs	62,709,249.34	58,649,085.00
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through	1,116,623.00	5,225,595.00
Gift Contributions for Operations	7,032,168.92	6,676,378.12
Investment Income	20,916,820.02	20,332,352.94
Net Increase (Decrease) in Fair Value of Investments	6,603,086.55	3,239,853.14
Gain (Loss) on Sale of Capital Assets	(136,007.20)	
Other Nonoperating Revenues	803,167.07	10,062,030.55
Other Nonoperating (Expenses)	(83,885.13)	(1,448,927.77)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>229,915,716.38</b>	<b>229,918,123.57</b>
<b>Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers</b>	<b>15,063,820.47</b>	<b>33,366,221.96</b>
Gifts and Sponsored Programs for Capital Acquisitions	10,554,771.63	523,586.33
Additions to Permanent Endowments	3,713,114.55	3,225,910.85
Reclass from/(to) Other Institutions	192,442.65	6,064,905.73
Transfers Between Institutions & System, Debt Service - Mandatory	(37,657,015.89)	(40,175,459.40)
Transfers Between Institutions & System Admin. - Non mandatory	48,654,861.93	12,697,434.47
Transfers From Other State Agencies	1,780,269.00	1,670,088.95
Transfers to Other State Agencies	(3.65)	6,921.26
Legislative Appropriations Lapsed	(886.50)	(761.50)
<b>Change in Net Position</b>	<b>42,301,374.19</b>	<b>17,365,006.13</b>
<b>Beginning Net Position</b>	<b>1,143,080,430.47</b>	<b>1,125,715,424.34</b>
<b>Ending Net Position</b>	<b>\$ 1,185,381,804.66</b>	<b>1,143,080,430.47</b>

The University of Texas at San Antonio  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	215,252,939.91	207,350,395.65
Proceeds from Sponsored Programs	94,337,085.81	68,737,490.95
Proceeds from Auxiliaries	45,141,590.78	44,397,812.27
Proceeds from Other Revenues	16,362,128.42	20,571,245.92
Payments to Suppliers	(183,930,782.45)	(175,011,244.96)
Payments to Employees	(334,472,965.02)	(309,081,003.82)
Payments for Loans Provided	(13,790,993.62)	(20,655,680.52)
Proceeds from Loan Programs	17,116,892.08	21,450,681.74
Net Cash Provided (Used) by Operating Activities	<u>(143,984,104.09)</u>	<u>(142,240,302.77)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	133,973,582.00	123,085,171.48
Proceeds from Operating Gifts	7,989,158.72	7,297,835.45
Proceeds from Private Gifts for Endowment Purposes	3,713,114.55	3,225,910.85
Proceeds from Other Noncapital Financing Activities	803,167.07	9,944,148.89
Receipts for Transfers from System or Other Agencies	3,454,384.93	5,739,929.26
Payments for Transfers to System or Other Agencies	(3.65)	(263,463.24)
Payments for Other Uses	(83,885.13)	(1,448,927.77)
Proceeds from Nonexchange Sponsored Programs	62,566,803.00	65,466,889.00
Net Cash Provided by Noncapital Financing Activities	<u>212,416,321.49</u>	<u>213,047,493.92</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	41,671,597.08	24,739,990.92
Proceeds from Capital Appropriations, Grants, and Gifts	10,000,000.00	-
Proceeds from Sale of Capital Assets	47,362.20	51,207.37
Payments for Additions to Capital Assets	(57,345,504.33)	(52,482,353.72)
Mandatory Transfers to System for Capital Related Debt	(37,657,015.89)	(40,175,459.40)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(43,283,560.94)</u>	<u>(67,866,614.83)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	5,609,850.94
Proceeds from Interest and Investment Income	1,316,357.86	598,107.11
Proceeds from Interest and Investment Income Invested by System	19,533,871.83	19,638,628.29
Payments to Acquire Investments Invested by System	(12,969,003.32)	-
Net Cash Provided (Used) by Investing Activities	<u>7,881,226.37</u>	<u>25,846,586.34</u>
Net Increase (Decrease) in Cash	33,029,882.83	28,787,162.66
Cash and Cash Equivalents (Beginning of the Year)	<u>69,667,822.03</u>	<u>40,880,659.37</u>
Cash and Cash Equivalents (End of the Year)	<u>\$ 102,697,704.86</u>	<u>\$ 69,667,822.03</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(214,851,895.91)	(196,551,901.61)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	49,952,039.84	49,168,441.77
Bad Debt Expense	57,512.53	89,962.78
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	6,662,449.45	(7,462,460.80)
Inventories	(28,147.40)	95,337.79
Loans and Contracts	3,331,299.64	802,246.62
Other Current and Noncurrent Assets	(3,284,492.50)	3,477,246.13
Accounts Payable	2,866,627.05	1,943,878.98
Due to System	142,984.15	58,031.10
Unearned Revenue	12,804,828.08	2,071,027.14
Assets Held for Others	(111,789.04)	(285,055.32)
Employees' Compensable Leave	443,428.49	620,953.88
Other Current and Noncurrent Liabilities	(1,968,948.47)	3,731,988.77
Total Adjustments	<u>70,867,791.82</u>	<u>54,311,598.84</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (143,984,104.09)</u>	<u>\$ (142,240,302.77)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	6,603,086.55	3,239,853.14
Donated Capital Assets	554,771.63	523,586.33
Miscellaneous Noncash Transactions	(136,007.20)	38,999.23

The University of Texas at Tyler  
Exhibit A Statement of Net Position  
As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 32,118,876.55	35,596,717.42
Restricted Cash & Cash Equivalents	1,697,358.60	(1,537,619.43)
Balance in State Appropriations	2,111,585.80	1,896,687.86
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	9,723,792.72	11,272,814.45
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	1,992,955.97	2,102,578.08
Student (allow. \$2,079,284.95 in 2019 & \$2,049,241.40 in 2018)	10,721,680.39	8,328,845.36
Interest and Dividend Receivables	98,693.16	102,023.20
Contributions (allow. \$75,900.00 in 2019 & \$93,200.00 in 2018)	1,346,444.80	1,770,602.13
Other (allow. \$0.00 in 2019 & \$0.00 in 2018)	5,303,987.44	5,057,099.69
Due From System Administration	2,742,223.12	4,146,160.20
Due From Other Institutions	8,420.36	94,852.08
Due From Other Agencies	20,890.72	246.23
Loans & Contracts (allow. \$2,230,825.01 in 2019 & \$2,512,752.46 in 2018)	2,125,192.41	2,381,577.48
Other Current Assets	2,440,531.16	3,309,049.35
<b>Total Current Assets</b>	<b>72,452,633.20</b>	<b>74,521,634.10</b>
<b>Noncurrent Assets:</b>		
Funds Held by System Administration (Restricted)	87,871,031.42	87,765,877.06
Contributions Rec. (allow. \$900.00 in 2019 & \$55,200.00 in 2018)	104,781.84	1,033,349.15
Unrestricted Investments	44,159,107.01	37,464,872.33
Funds Held by System Administration (Unrestricted)	176,994.17	
Gross Capital/Intangible Assets	411,998,522.16	396,391,462.55
Accumulated Depreciation/Amortization	(195,729,101.82)	(178,545,199.05)
<b>Total Noncurrent Assets</b>	<b>348,581,334.78</b>	<b>344,110,362.04</b>
<b>Total Assets</b>	<b>421,033,967.98</b>	<b>418,631,996.14</b>
<b>Total Assets and Deferred Outflows</b>	<b>421,033,967.98</b>	<b>418,631,996.14</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	12,122,653.24	5,576,115.83
Salaries Payable	4,746,485.79	4,491,167.02
Due To System Administration	1,205,657.83	1,134,207.17
Due To Other Institutions	527.50	2,893.89
Unearned Revenue	34,670,651.67	34,566,456.84
Employees' Compensable Leave - Current Portion	1,099,202.64	1,003,587.96
Notes, Loans, and Leases Payable		
Other Current Liabilities	264,982.36	299,375.21
<b>Total Current Liabilities</b>	<b>54,110,161.03</b>	<b>47,073,803.92</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	1,425,248.89	1,340,448.93
Assets Held for Others	742,937.25	2,525,715.63
Notes, Loans, and Leases Payable		
Other Noncurrent Liabilities	378,595.62	378,595.62
<b>Total Noncurrent Liabilities</b>	<b>2,546,781.76</b>	<b>4,244,760.18</b>
<b>Total Liabilities</b>	<b>56,656,942.79</b>	<b>51,318,564.10</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>56,656,942.79</b>	<b>51,318,564.10</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	216,269,420.34	217,846,263.50
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	43,333,550.05	42,399,121.81
Expendable		
Capital Projects	2,224,671.96	3,448,491.38
Funds Functioning as Endowment (Restricted)	1,942,128.65	1,956,982.87
Other Expendable	58,325,807.18	56,442,174.17
Unrestricted	42,281,447.01	45,220,398.31
<b>Total Net Position</b>	<b>\$ 364,377,025.19</b>	<b>367,313,432.04</b>

The University of Texas at Tyler  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 80,155,808.19	74,893,784.97
Discounts and Allowances	(28,236,259.38)	(24,431,531.57)
Federal Sponsored Programs	4,078,628.99	2,179,301.89
Federal Sponsored Programs Pass-Through from State Agencies	(276,794.04)	2,281,355.34
State Sponsored Programs Pass-Through from State Agencies	9,917,684.49	7,841,505.69
Private Sponsored Programs	1,364,978.93	1,659,247.87
Sales and Services of Educational Activities	11,225,447.69	11,829,045.16
Auxiliary Enterprises	10,553,752.20	10,700,006.45
Other Operating Revenues	280,997.98	336,142.45
Total Operating Revenues	<u>89,064,245.05</u>	<u>87,288,858.25</u>
Operating Expenses:		
Instruction	56,531,783.83	55,371,344.42
Research	2,071,915.96	1,892,779.59
Public Service	596,655.38	254,563.64
Academic Support	17,154,652.49	18,593,482.31
Student Services	11,944,337.33	10,954,142.47
Institutional Support	13,679,287.93	12,831,971.22
Operations and Maintenance of Plant	12,224,090.76	10,734,960.79
Scholarships and Fellowships	9,152,272.99	6,105,488.24
Auxiliary Enterprises	13,307,990.64	11,377,084.43
Depreciation and Amortization	17,202,653.52	15,950,274.04
Total Operating Expenses	<u>153,865,640.83</u>	<u>144,066,091.15</u>
Operating Income (Loss)	<u>(64,801,395.78)</u>	<u>(56,777,232.90)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	43,955,396.92	43,861,159.40
Federal Nonexchange Sponsored Programs	12,157,348.00	10,891,259.00
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	2,491,978.58	1,470,449.08
Investment Income	6,509,591.09	6,031,063.66
Net Increase (Decrease) in Fair Value of Investments	543,563.09	3,425,089.29
Gain (Loss) on Sale of Capital Assets	(4,201.51)	(131,726.11)
Other Nonoperating Revenues	5,875.00	
Other Nonoperating (Expenses)	(3,604.85)	
Net Nonoperating Revenues (Expenses)	<u>65,655,946.32</u>	<u>65,547,294.32</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	854,550.54	8,770,061.42
Gifts and Sponsored Programs for Capital Acquisitions	105,261.18	3,787.73
Additions to Permanent Endowments	923,105.97	1,459,254.59
Reclass from/(to) Other Institutions	9,437,735.84	21,543,348.64
Transfers Between Institutions & System, Debt Service - Mandatory	(15,924,267.95)	(15,278,114.81)
Transfers Between Institutions & System Admin. - Non mandatory	1,358,104.57	21,905,660.74
Transfers From Other State Agencies	309,433.00	242,141.00
Transfers to Other State Agencies		88,536.00
Legislative Appropriations Lapsed	(330.00)	(58,050.50)
Change in Net Position	<u>(2,936,406.85)</u>	<u>38,499,552.81</u>
Beginning Net Position	<u>367,313,432.04</u>	<u>328,813,879.23</u>
Ending Net Position	<u>\$ 364,377,025.19</u>	<u>367,313,432.04</u>

The University of Texas at Tyler  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	49,509,822.64	54,337,909.40
Proceeds from Sponsored Programs	15,878,657.11	17,922,788.19
Proceeds from Auxiliaries	10,437,150.91	11,225,273.07
Proceeds from Other Revenues	9,752,085.11	12,924,974.90
Payments to Suppliers	(43,368,042.36)	(42,389,351.07)
Payments to Employees	(88,824,113.49)	(88,459,250.14)
Payments for Loans Provided	(1,041,827.95)	(1,722,152.49)
Proceeds from Loan Programs	1,580,140.47	1,680,013.13
Net Cash Provided (Used) by Operating Activities	<u>(46,076,127.56)</u>	<u>(34,479,795.01)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	43,740,168.98	46,284,758.57
Proceeds from Operating Gifts	3,108,464.40	2,159,942.28
Proceeds from Private Gifts for Endowment Purposes	923,105.97	1,459,254.59
Proceeds from Other Noncapital Financing Activities	5,875.00	-
Receipts for Transfers from System or Other Agencies	579,783.63	1,046,987.96
Payments for Transfers to System or Other Agencies	-	(88,536.00)
Payments for Other Uses	(173,482.07)	-
Proceeds from Nonexchange Sponsored Programs	12,963,438.33	12,670,489.67
Net Cash Provided by Noncapital Financing Activities	<u>61,147,354.24</u>	<u>63,532,897.07</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	11,928,466.69	54,374,193.23
Proceeds from Capital Appropriations, Grants, and Gifts	841,500.00	39,500.00
Payments for Additions to Capital Assets	(12,240,849.44)	(58,137,584.40)
Mandatory Transfers to System for Capital Related Debt	(15,924,267.95)	(15,278,114.81)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(15,395,150.70)</u>	<u>(19,002,005.98)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	2,071,615.95	1,647,200.18
Proceeds from Interest and Investment Income Invested by System	4,442,265.35	4,366,038.71
Payments to Acquire Investments Invested by System	(6,432,820.12)	(10,326,937.45)
Net Cash Provided (Used) by Investing Activities	<u>81,061.18</u>	<u>(4,313,698.56)</u>
Net Increase (Decrease) in Cash	(242,862.84)	5,737,397.52
Cash and Cash Equivalents (Beginning of the Year)	34,059,097.99	28,321,700.47
Cash and Cash Equivalents (End of the Year)	<u>\$ 33,816,235.15</u>	<u>\$ 34,059,097.99</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(64,801,395.78)	(56,777,232.90)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	17,202,653.52	15,950,274.04
Bad Debt Expense	(273,438.53)	242,465.93
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(1,729,870.96)	5,258,040.51
Loans and Contracts	538,312.52	(42,139.36)
Other Current and Noncurrent Assets	868,518.19	(2,719,700.25)
Accounts Payable	3,580,204.58	(264,138.29)
Due to System	71,450.66	7,987.29
Unearned Revenue	104,194.83	3,864,735.23
Assets Held for Others	(1,782,778.38)	31,467.95
Employees' Compensable Leave	180,414.64	(14,052.66)
Other Current and Noncurrent Liabilities	(34,392.85)	(17,502.50)
Total Adjustments	<u>18,725,268.22</u>	<u>22,297,437.89</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (46,076,127.56)</u>	<u>\$ (34,479,795.01)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	543,563.09	3,425,089.29
Miscellaneous Noncash Transactions	(4,201.51)	(131,726.11)

The University of Texas Southwestern Medical Center  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 179,719,272.42	101,096,643.39
Restricted Cash & Cash Equivalents	65,039,686.09	24,894,309.17
Balance in State Appropriations	41,480,467.55	37,447,393.98
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	37,256,092.58	61,664,129.74
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	41,128,216.80	32,164,697.31
Patient & Healthcare(allow. \$141,915,853.17 in 2019 & \$63,451,546.34 in 2018)	367,373,315.03	342,778,503.97
Interest and Dividend Receivables	51,272.95	52,269.00
Contributions (allow. \$0.00 in 2019 & \$0.00 in 2018)	18,133,624.75	16,384,919.32
Other (allow. \$6,405,102.96 in 2019 & \$2,844,267.38 in 2018)	71,098,584.22	91,827,826.51
Due From System Administration	88,144,612.63	123,035,680.66
Due From Other Institutions	439,930.73	375,720.07
Due From Other Agencies	8,081,086.76	1,401,257.22
Inventories	44,019,891.58	36,837,385.02
Loans & Contracts (allow. \$36,814.37 in 2019 & \$33,185.02 in 2018)	1,144,096.96	1,271,805.54
Other Current Assets	<u>16,975,971.40</u>	<u>14,759,914.96</u>
Total Current Assets	<u>980,086,122.45</u>	<u>885,992,455.86</u>
<b>Noncurrent Assets:</b>		
Cash and Cash Equivalents (Noncurrent Restricted)	2,835,925.47	5,014,599.16
Restricted Investments	610,567,869.71	589,593,713.29
Loans & Contracts (allow. \$89,086.25 in 2019 & \$97,054.15 in 2018)	2,768,574.12	3,719,570.65
Funds Held by System Administration (Restricted)	1,180,508,586.95	1,199,508,691.34
Contributions Rec. (allow. \$0.00 in 2019 & \$0.00 in 2018)	33,131,037.30	46,704,686.98
Unrestricted Investments	807,524,535.07	1,078,919,696.88
Funds Held by System Administration (Unrestricted)	307,256,305.29	50,237,568.99
Other Noncurrent Assets	145,966,048.92	45,894,940.18
Gross Capital/Intangible Assets	4,022,767,905.69	3,730,059,814.62
Accumulated Depreciation/Amortization	<u>(1,689,246,215.26)</u>	<u>(1,527,068,814.21)</u>
Total Noncurrent Assets	<u>5,424,080,573.26</u>	<u>5,222,584,467.88</u>
Total Assets	<u>6,404,166,695.71</u>	<u>6,108,576,923.74</u>
Total Deferred Outflows of Resources	<u>1,111,411.72</u>	<u>1,584,056.00</u>
Total Assets and Deferred Outflows	<u>6,405,278,107.43</u>	<u>6,110,160,979.74</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	304,175,921.48	231,986,684.90
Salaries Payable	77,273,525.23	75,417,799.19
Due To System Administration	18,634,124.72	17,690,355.48
Due To Other Institutions	878,403.13	575,962.81
Due To Other State Agencies	221,379.50	77,607.77
Unearned Revenue	54,749,104.98	55,334,763.75
Employees' Compensable Leave - Current Portion	55,526,890.72	52,619,749.20
Notes, Loans, and Leases Payable		19,000,000.00
Assets Held for Others		(362,538.72)
Other Current Liabilities	<u>72,442.42</u>	<u>72,442.42</u>
Total Current Liabilities	<u>511,531,792.18</u>	<u>452,412,826.80</u>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	72,781,188.80	70,709,953.54
Notes, Loans, and Leases Payable	19,000,000.00	
Asset Retirement Obligation	2,056,700.28	2,056,700.28
Other Noncurrent Liabilities	<u>3,005,868.77</u>	<u>2,642,845.31</u>
Total Noncurrent Liabilities	<u>96,843,757.85</u>	<u>75,409,499.13</u>
Total Liabilities	<u>608,375,550.03</u>	<u>527,822,325.93</u>
Total Deferred Inflows of Resources	<u>4,111,129.00</u>	<u>4,390,111.00</u>
Total Liabilities and Deferred Inflows	<u>612,486,679.03</u>	<u>532,212,436.93</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,333,521,690.43	2,202,991,000.41
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	694,633,691.07	670,278,301.38
Expendable		
Capital Projects	229,348,874.06	176,616,059.74
Funds Functioning as Endowment (Restricted)	59,451,133.42	59,619,151.43
Other Expendable	1,181,723,328.16	1,122,201,578.27
Unrestricted	<u>1,294,112,711.26</u>	<u>1,346,242,451.58</u>
Total Net Position	<u>\$ 5,792,791,428.40</u>	<u>5,577,948,542.81</u>

The University of Texas Southwestern Medical Center  
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 27,620,700.58	27,910,816.95
Discounts and Allowances	(1,458,836.64)	(883,288.50)
Federal Sponsored Programs	200,727,516.12	197,855,690.72
Federal Sponsored Programs Pass-Through from State Agencies	4,750,480.91	3,152,572.60
State Sponsored Programs Pass-Through from State Agencies	45,300,011.19	42,040,697.54
Local Sponsored Programs	130,062,815.80	209,031,878.70
Private Sponsored Programs	209,825,053.44	93,794,420.85
Sales and Services of Educational Activities	14,137,740.54	9,620,653.84
Sales and Services of Hospitals	3,700,778,521.69	3,227,619,488.39
Discounts and Allowances Sales and Services of Hospitals	(2,224,402,714.66)	(1,919,470,517.49)
Professional Fees (Patient Charges)	2,257,074,398.83	2,098,385,918.59
Discounts and Allowances Professional Fees (Patient Charges)	(1,550,660,604.62)	(1,432,670,968.24)
Auxiliary Enterprises	24,046,598.59	26,351,427.99
Other Operating Revenues	121,778,540.27	142,638,680.99
Total Operating Revenues	<u>2,959,580,222.04</u>	<u>2,725,377,472.93</u>
Operating Expenses:		
Instruction	966,468,295.60	951,791,831.70
Research	377,797,166.20	363,136,706.68
Public Service	32,314,761.26	31,194,856.29
Hospitals / Clinics	1,392,876,326.45	1,210,667,716.31
Academic Support	62,776,862.51	23,866,870.15
Student Services	6,436,410.49	4,004,421.73
Institutional Support	84,544,966.21	70,995,818.54
Operations and Maintenance of Plant	92,371,394.65	84,196,916.37
Scholarships and Fellowships	2,429,870.02	4,460,128.98
Auxiliary Enterprises	27,112,447.81	24,066,743.06
Depreciation and Amortization	183,365,468.02	174,313,878.20
Total Operating Expenses	<u>3,228,493,969.22</u>	<u>2,942,695,888.01</u>
Operating Income (Loss)	<u>(268,913,747.18)</u>	<u>(217,318,415.08)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	194,086,167.57	191,120,330.82
Federal Nonexchange Sponsored Programs		
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	65,375,900.03	77,117,576.25
Investment Income	186,628,868.65	133,254,943.22
Net Increase (Decrease) in Fair Value of Investments	(24,515,680.99)	39,942,269.32
Gain (Loss) on Sale of Capital Assets	(1,553,225.64)	(3,197,446.27)
Other Nonoperating Revenues	1,874,561.75	280,481.20
Other Nonoperating (Expenses)	(8,166,581.59)	(7,759,542.32)
Net Nonoperating Revenues (Expenses)	<u>413,730,009.78</u>	<u>430,758,612.22</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	144,816,262.60	213,440,197.14
Gifts and Sponsored Programs for Capital Acquisitions	8,078,738.21	1,508,797.15
Additions to Permanent Endowments	13,796,205.35	20,133,261.95
Reclass from/(to) Other Institutions	(261,477,149.40)	10,303,331.45
Transfers Between Institutions & System, Debt Service - Mandatory	(107,981,841.47)	(101,745,766.11)
Transfers Between Institutions & System Admin. - Non mandatory	417,669,083.81	88,835,665.19
Transfers From Other State Agencies	28,207.00	51,069.51
Transfers to Other State Agencies	(84,289.51)	147,101.96
Legislative Appropriations Lapsed	(2,331.00)	(1,731.00)
Change in Net Position	<u>214,842,885.59</u>	<u>232,377,723.32</u>
Beginning Net Position	5,577,948,542.81	5,345,570,819.49
Ending Net Position	<u>\$ 5,792,791,428.40</u>	<u>5,577,948,542.81</u>



The University of Texas Southwestern Medical Center  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	24,960,534.04	25,556,954.59
Proceeds from Patients and Customers	2,156,051,246.05	1,962,356,528.30
Proceeds from Sponsored Programs	620,688,458.01	599,984,116.89
Proceeds from Auxiliaries	23,840,194.30	26,539,201.83
Proceeds from Other Revenues	36,979,725.04	126,053,426.49
Payments to Suppliers	(976,044,773.38)	(980,895,330.36)
Payments to Employees	(1,986,466,171.59)	(1,818,414,368.92)
Payments for Loans Provided	(510.71)	(106,346.91)
Proceeds from Loan Programs	1,029,843.52	1,346,889.34
Net Cash Provided (Used) by Operating Activities	<u>(98,961,454.72)</u>	<u>(57,578,928.75)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	190,050,763.00	182,146,805.00
Proceeds from Operating Gifts	79,148,872.91	59,944,635.88
Proceeds from Private Gifts for Endowment Purposes	13,796,205.35	20,133,261.95
Proceeds from Other Noncapital Financing Activities	1,149.17	23,898,440.20
Receipts for Transfers from System or Other Agencies	2,169,145.79	4,013,808.11
Payments for Transfers to System or Other Agencies	(13,505.50)	(63,988.72)
Payments for Other Uses	(20,725,286.00)	(7,759,542.32)
Net Cash Provided by Noncapital Financing Activities	<u>264,427,344.72</u>	<u>282,313,420.10</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	187,064,233.91	184,317,449.35
Proceeds from Capital Appropriations, Grants, and Gifts	6,018,209.58	4,328,306.85
Proceeds from Sale of Capital Assets	379,472.41	802,997.06
Payments for Additions to Capital Assets	(310,754,141.60)	(260,124,607.19)
Mandatory Transfers to System for Capital Related Debt	(107,981,841.47)	(101,745,766.11)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(225,274,067.17)</u>	<u>(172,421,620.04)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	134,692,335.72	87,750,150.34
Proceeds from Interest and Investment Income Invested by System	53,818,481.22	49,094,589.86
Payments to Acquire Investments Invested by System	(12,113,307.51)	(210,727,934.95)
Net Cash Provided (Used) by Investing Activities	<u>176,397,509.43</u>	<u>(73,883,194.75)</u>
Net Increase (Decrease) in Cash	116,589,332.26	(21,570,323.44)
Cash and Cash Equivalents (Beginning of the Year)	131,005,551.72	152,575,875.16
Cash and Cash Equivalents (End of the Year)	<u>\$ 247,594,883.98</u>	<u>\$ 131,005,551.72</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(268,913,747.18)	(217,318,415.08)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	183,365,468.02	174,313,878.20
Bad Debt Expense	49,372.30	(49,800.21)
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	4,834,908.70	42,117,710.98
Inventories	(7,182,506.56)	(1,902,221.15)
Loans and Contracts	1,029,332.81	1,240,542.43
Other Current and Noncurrent Assets	(102,566,147.18)	(28,336,503.19)
Accounts Payable	83,887,170.66	(47,818,996.23)
Due to System	943,769.24	832,252.44
Unearned Revenue	(585,658.77)	9,978,627.60
Assets Held for Others	362,538.72	(18,268.45)
Employees' Compensable Leave	4,978,376.78	8,422,892.38
Asset Retirement Obligations	472,644.28	472,644.28
Other Current and Noncurrent Liabilities	363,023.46	486,727.25
Total Adjustments	<u>169,952,292.46</u>	<u>159,739,486.33</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (98,961,454.72)</u>	<u>\$ (57,578,928.75)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	(24,515,680.99)	39,942,269.32
Donated Capital Assets	112,500.00	28,200.00
Miscellaneous Noncash Transactions	246,280.43	(3,027,554.27)

The University of Texas Medical Branch at Galveston

Exhibit A - Statement of Net Position

As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 158,780,061.00	111,188,827.32
Restricted Cash & Cash Equivalents	11,879,754.29	8,530,358.22
Balance in State Appropriations	(1,336,529.65)	1,579,230.62
Accounts Receivable, Net:		
Federal (allow. \$2,357,810.79 in 2019 & \$1,440,458.10 in 2018)	10,904,365.48	15,111,237.94
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	2,470,960.19	4,518,063.52
Student (allow. \$1,398,229.86 in 2019 & \$1,163,709.69 in 2018)	15,235,836.57	12,294,488.33
Patient & Healthcare(allow. \$59,976,466.95 in 2019 & \$50,718,155.05 in 2018)	131,115,171.36	114,990,426.20
Interest and Dividend Receivables	1,407,261.89	1,184,368.02
Contributions (allow. \$14,245.01 in 2019 & \$15,263.97 in 2018)	45,336.70	85,571.31
Other (allow. \$0.00 in 2019 & \$4,167.33 in 2018)	13,536,119.12	14,208,862.77
Due From System Administration	9,019,748.42	56,444,176.97
Due From Other Institutions	1,695,779.37	5,000,514.71
Due From Other Agencies	25,592,126.14	43,570,939.09
Inventories	27,391,689.71	22,143,194.81
Loans & Contracts (allow. \$0.00 in 2019 & \$0.00 in 2018)	1,542,352.70	212,803.76
Other Current Assets	18,375,057.95	15,506,462.10
<b>Total Current Assets</b>	<b>427,655,091.24</b>	<b>426,569,525.69</b>
<b>Noncurrent Assets:</b>		
Restricted Investments	26,809,471.22	24,769,194.51
Loans & Contracts (allow. \$1,417,658.25 in 2019 & \$1,245,808.36 in 2018)	4,579,019.25	5,905,079.02
Funds Held by System Administration (Restricted)	582,404,870.26	610,291,269.12
Contributions Rec. (allow. \$58.09 in 2019 & \$322.55 in 2018)	2,293.67	12,736.08
Unrestricted Investments	426,014,217.65	393,252,172.74
Funds Held by System Administration (Unrestricted)	30,527,973.99	
Other Noncurrent Assets	2,200,795.15	3,381,338.41
Gross Capital/Intangible Assets	3,768,015,207.79	3,434,641,233.70
Accumulated Depreciation/Amortization	(1,664,915,338.99)	(1,550,512,455.54)
<b>Total Noncurrent Assets</b>	<b>3,175,638,509.99</b>	<b>2,921,740,568.04</b>
<b>Total Assets</b>	<b>3,603,293,601.23</b>	<b>3,348,310,093.73</b>
<b>Total Assets and Deferred Outflows</b>	<b>3,603,293,601.23</b>	<b>3,348,310,093.73</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	247,797,838.86	233,471,181.12
Salaries Payable	38,036,998.71	32,320,259.72
Due To System Administration	16,980,002.61	16,454,809.10
Due To Other Institutions	3,013,239.05	425,660.61
Due To Other State Agencies	152,356.88	188,091.97
Unearned Revenue	62,977,765.02	59,705,713.86
Employees' Compensable Leave - Current Portion	51,027,831.76	48,646,744.94
Notes, Loans, and Leases Payable	5,487,905.33	2,883,180.04
Assets Held for Others	157,459.23	2,101,173.23
<b>Total Current Liabilities</b>	<b>425,631,397.45</b>	<b>396,196,814.59</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	26,525,407.03	27,303,265.83
Liability to Beneficiaries	27,776.09	30,200.29
Notes, Loans, and Leases Payable	150,423,940.42	2,995,802.75
Asset Retirement Obligation	512,836.25	512,836.25
Other Noncurrent Liabilities	2,287,358.42	2,270,434.42
<b>Total Noncurrent Liabilities</b>	<b>179,777,318.21</b>	<b>33,112,539.54</b>
<b>Total Liabilities</b>	<b>605,408,715.66</b>	<b>429,309,354.13</b>
<b>Total Deferred Inflows of Resources</b>	<b>263,654.74</b>	<b>243,991.55</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>605,672,370.40</b>	<b>429,553,345.68</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,947,188,023.05	1,884,128,778.16
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	335,099,017.96	328,537,373.78
Expendable		
Capital Projects	2,512,596.10	19,581,752.70
Funds Functioning as Endowment (Restricted)	36,488,959.57	36,090,945.00
Other Expendable	251,728,783.43	255,670,453.00
Unrestricted	424,603,850.72	394,747,445.41
<b>Total Net Position</b>	<b>\$ 2,997,621,230.83</b>	<b>2,918,756,748.05</b>

The University of Texas Medical Branch at Galveston  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 47,756,477.21	44,075,226.49
Discounts and Allowances	(3,745,442.59)	(2,706,263.99)
Federal Sponsored Programs	121,943,781.69	118,480,881.00
Federal Sponsored Programs Pass-Through from State Agencies	9,867,146.04	10,282,376.66
State Sponsored Programs Pass-Through from State Agencies	10,906,152.03	10,962,890.01
Local Sponsored Programs	787,103.62	1,046,267.08
Private Sponsored Programs	58,424,099.37	62,157,648.40
Sales and Services of Educational Activities	13,685,164.63	13,451,814.62
Sales and Services of Hospitals	3,889,695,927.04	3,769,452,987.21
Discounts and Allowances Sales and Services of Hospitals	(2,601,820,032.03)	(2,575,019,791.19)
Professional Fees (Patient Charges)	619,596,041.06	574,898,684.73
Discounts and Allowances Professional Fees (Patient Charges)	(402,292,059.89)	(375,350,592.02)
Auxiliary Enterprises	14,605,583.59	12,933,001.19
Other Operating Revenues	45,712,578.05	46,607,158.64
Total Operating Revenues	<u>1,825,122,519.82</u>	<u>1,711,272,288.83</u>
Operating Expenses:		
Instruction	367,614,547.12	337,210,597.14
Research	109,642,787.17	110,635,769.75
Public Service	19,200,220.98	18,195,325.38
Hospitals / Clinics	1,385,571,467.74	1,289,997,414.72
Academic Support	37,626,761.52	35,259,762.72
Student Services	6,909,864.28	6,718,483.23
Institutional Support	92,403,217.60	87,090,538.01
Operations and Maintenance of Plant	57,135,166.51	59,568,911.34
Scholarships and Fellowships	9,277,220.01	8,013,307.43
Auxiliary Enterprises	12,878,621.75	11,935,904.66
Depreciation and Amortization	179,980,597.41	158,831,879.36
Total Operating Expenses	<u>2,278,240,472.09</u>	<u>2,123,457,893.74</u>
Operating Income (Loss)	<u>(453,117,952.27)</u>	<u>(412,185,604.91)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	372,131,702.51	369,420,210.03
Federal Nonexchange Sponsored Programs	1,006,996.00	980,574.00
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	10,226,233.00	9,104,609.80
Investment Income	66,915,691.05	60,349,285.54
Net Increase (Decrease) in Fair Value of Investments	5,058,276.58	26,768,238.49
Interest Expense on Capital Asset Financings	(6,102,789.26)	
Gain (Loss) on Sale of Capital Assets	(3,438,493.82)	(2,909,199.66)
Other Nonoperating Revenues	2,367,073.04	12,256,829.77
Other Nonoperating (Expenses)	(234,351.51)	(4,064,780.67)
Net Nonoperating Revenues (Expenses)	<u>447,930,337.59</u>	<u>471,905,767.30</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(5,187,614.68)	59,720,162.39
Gifts and Sponsored Programs for Capital Acquisitions	46,496,483.11	62,260,041.17
Additions to Permanent Endowments	3,197,505.88	3,840,858.99
Reclass from/(to) Other Institutions	78,911,426.92	(76,705,902.11)
Transfers Between Institutions & System, Debt Service - Mandatory	(89,465,329.36)	(84,310,082.68)
Transfers Between Institutions & System Admin. - Non mandatory	44,829,552.58	218,354,008.12
Transfers From Other State Agencies	68,698,506.77	52,983,859.68
Transfers to Other State Agencies	(68,613,289.44)	53,048,937.24
Legislative Appropriations Lapsed	(2,759.00)	
Change in Net Position	<u>78,864,482.78</u>	<u>183,094,008.32</u>
Beginning Net Position	<u>2,918,756,748.05</u>	<u>2,735,662,739.73</u>
Ending Net Position	<u>\$ 2,997,621,230.83</u>	<u>2,918,756,748.05</u>

The University of Texas Medical Branch at Galveston  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	41,904,638.06	44,119,850.48
Proceeds from Patients and Customers	1,502,158,857.95	1,385,260,786.06
Proceeds from Sponsored Programs	207,150,330.17	212,761,739.48
Proceeds from Auxiliaries	14,917,905.79	12,724,454.02
Proceeds from Other Revenues	59,011,761.03	59,403,342.01
Payments to Suppliers	(675,638,639.40)	(613,274,103.49)
Payments to Employees	(1,386,765,217.84)	(1,363,237,304.94)
Payments for Loans Provided	(351,845.28)	(1,908,186.26)
Proceeds from Loan Programs	348,356.11	2,210,175.73
Net Cash Provided (Used) by Operating Activities	<u>(237,263,853.41)</u>	<u>(261,939,246.91)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	375,044,703.78	374,020,987.96
Proceeds from Operating Gifts	11,143,090.99	9,115,561.14
Proceeds from Private Gifts for Endowment Purposes	3,197,505.88	3,840,858.99
Proceeds from Other Noncapital Financing Activities	2,367,073.04	12,256,829.77
Receipts for Transfers from System or Other Agencies	91,095,457.78	76,242,664.91
Payments for Transfers to System or Other Agencies	(91,114,267.44)	(74,826,162.98)
Payments for Other Uses	(234,351.51)	(4,064,780.67)
Proceeds from Nonexchange Sponsored Programs	1,005,323.00	980,574.00
Net Cash Provided by Noncapital Financing Activities	<u>392,504,535.52</u>	<u>397,566,533.12</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Issuance of Capital Debt	-	233,803.59
Nonmandatory Capital Related Transfers	176,447,593.66	128,227,443.15
Proceeds from Capital Appropriations, Grants, and Gifts	70,023,691.82	103,928,914.52
Proceeds from Sale of Capital Assets	461,287.95	181,576.02
Payments for Additions to Capital Assets	(291,090,913.84)	(260,290,310.77)
Payments of Principal on Capital Related Debt	(3,725,633.86)	(2,992,267.80)
Mandatory Transfers to System for Capital Related Debt	(89,465,329.36)	(84,310,082.68)
Payments of Interest on Capital Related Debt	(1,287,411.46)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(138,636,715.09)</u>	<u>(115,020,923.97)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	2,604,898.03	3,183,639.00
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	17,407,229.75	13,900,345.28
Proceeds from Interest and Investment Income Invested by System	49,297,814.16	46,196,251.70
Payments to Acquire Investments	(2,604,898.03)	-
Payments to Acquire Investments Invested by System	(32,368,381.18)	(58,477,892.48)
Net Cash Provided (Used) by Investing Activities	<u>34,336,662.73</u>	<u>4,802,343.50</u>
Net Increase (Decrease) in Cash	50,940,629.75	25,408,705.74
Cash and Cash Equivalents (Beginning of the Year)	119,719,185.54	94,310,479.80
Cash and Cash Equivalents (End of the Year)	<u>\$ 170,659,815.29</u>	<u>\$ 119,719,185.54</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(453,117,952.27)	(412,185,604.91)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	179,980,597.41	158,831,879.36
Changes in Assets and Liabilities:		
Accounts Receivable	(9,114,013.47)	5,905,812.37
Inventories	(5,248,494.90)	1,624,351.02
Loans and Contracts	(3,489.17)	301,989.47
Other Current and Noncurrent Assets	(1,688,052.59)	(5,567,795.35)
Accounts Payable	55,460,346.98	(21,295,188.56)
Due to System	525,193.51	323,603.09
Unearned Revenue	(3,734,426.93)	4,157,756.37
Assets Held for Others	(1,943,714.00)	465,908.36
Employees' Compensable Leave	1,603,228.02	3,584,351.18
Asset Retirement Obligations	-	512,836.25
Other Current and Noncurrent Liabilities	16,924.00	1,400,854.44
Total Adjustments	<u>215,854,098.86</u>	<u>150,246,358.00</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (237,263,853.41)</u>	<u>\$ (261,939,246.91)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	5,058,276.58	26,768,238.49
Capital Assets Acquired Under Capital Lease Purchases or Direct Borrowings	148,943,119.02	233,803.59
Miscellaneous Noncash Transactions	(3,416,973.49)	(3,036,095.22)

The University of Texas Health Science Center at Houston  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 173,111,789.80	145,762,315.92
Restricted Cash & Cash Equivalents	117,267,376.67	19,940,879.68
Balance in State Appropriations	17,625,539.40	14,021,942.73
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	19,753,757.20	13,022,437.99
Other Intergov. (allow. \$147,592.05 in 2019 & \$255,078.63 in 2018)	47,942,188.87	31,504,470.72
Student (allow. \$851,377.74 in 2019 & \$866,018.64 in 2018)	17,697,298.90	16,918,562.75
Patient & Healthcare(allow. \$6,378,221.96 in 2019 & \$5,057,431.69 in 2018)	54,858,268.74	56,174,028.33
Interest and Dividend Receivables	1,411,197.52	1,438,374.97
Contributions (allow. \$96,812.74 in 2019 & \$139,544.50 in 2018)	3,949,164.31	5,692,268.30
Other (allow. \$20,899.44 in 2019 & \$165,024.23 in 2018)	26,844,527.28	25,314,892.26
Due From System Administration	8,883,744.55	30,259,851.03
Due From Other Institutions	1,577,775.11	277,460.84
Due From Other Agencies	3,170,546.96	3,656,074.86
Inventories	772,149.13	549,182.34
Loans & Contracts (allow. \$260,431.95 in 2019 & \$262,146.21 in 2018)	5,259,267.22	5,207,944.10
Other Current Assets	3,997,869.25	3,623,910.78
<b>Total Current Assets</b>	<b>504,122,460.91</b>	<b>373,364,597.60</b>
<b>Noncurrent Assets:</b>		
Restricted Investments	66,709,633.54	74,577,902.16
Loans & Contracts (allow. \$488,000.73 in 2019 & \$523,287.28 in 2018)	5,382,704.65	6,050,668.61
Funds Held by System Administration (Restricted)	392,508,950.57	528,994,063.67
Contributions Rec. (allow. \$119,807.20 in 2019 & \$139,228.10 in 2018)	4,887,148.78	5,679,362.26
Unrestricted Investments	334,634,963.82	435,440,326.25
Funds Held by System Administration (Unrestricted)	327,224,230.86	10,047,513.78
Other Noncurrent Assets	16,030,744.27	15,230,978.71
Gross Capital/Intangible Assets	1,365,086,080.01	1,300,926,384.65
Accumulated Depreciation/Amortization	(764,270,540.70)	(707,351,648.36)
<b>Total Noncurrent Assets</b>	<b>1,748,193,915.80</b>	<b>1,669,595,551.73</b>
<b>Total Assets</b>	<b>2,252,316,376.71</b>	<b>2,042,960,149.33</b>
<b>Total Assets and Deferred Outflows</b>	<b>2,252,316,376.71</b>	<b>2,042,960,149.33</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	83,035,763.32	80,107,320.99
Salaries Payable	42,498,346.61	38,436,793.85
Due To System Administration	11,131,582.92	9,468,007.61
Due To Other Institutions	600,180.20	934,915.51
Due To Other State Agencies	146,273.01	156,534.09
Unearned Revenue	76,957,722.94	72,034,342.93
Employees' Compensable Leave - Current Portion	39,174,020.26	37,141,381.04
Notes, Loans, and Leases Payable		
Assets Held for Others		611,267.79
Asset Retirement Obligation		86,662,038.92
Other Current Liabilities	102,658,063.51	86,662,038.92
<b>Total Current Liabilities</b>	<b>356,201,952.77</b>	<b>325,552,602.73</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	33,170,207.43	31,305,231.50
Assets Held for Others	100,570,201.05	8,806,432.43
Liability to Beneficiaries	190,411.48	204,114.97
Notes, Loans, and Leases Payable		
Asset Retirement Obligation	975,121.25	975,121.25
Other Noncurrent Liabilities	3,101,952.99	2,451,100.67
<b>Total Noncurrent Liabilities</b>	<b>138,007,894.20</b>	<b>43,742,000.82</b>
<b>Total Liabilities</b>	<b>494,209,846.97</b>	<b>369,294,603.55</b>
<b>Total Deferred Inflows of Resources</b>	<b>704,057.03</b>	<b>691,916.00</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>494,913,904.00</b>	<b>369,986,519.55</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	600,815,539.31	593,574,736.29
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	282,765,217.46	248,327,557.47
Expendable		
Capital Projects	2,043,714.78	12,143,970.09
Funds Functioning as Endowment (Restricted)	29,407,122.77	28,679,648.24
Other Expendable	195,017,616.53	193,705,986.38
Unrestricted	647,353,261.86	596,541,731.31
<b>Total Net Position</b>	<b>\$ 1,757,402,472.71</b>	<b>1,672,973,629.78</b>

The University of Texas Health Science Center at Houston  
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 61,104,402.84	58,096,401.71
Discounts and Allowances	(1,411,910.11)	(1,459,460.24)
Federal Sponsored Programs	134,765,581.28	132,042,285.16
Federal Sponsored Programs Pass-Through from State Agencies	23,941,860.19	22,610,633.98
State Sponsored Programs Pass-Through from State Agencies	23,103,659.51	18,810,880.42
Local Sponsored Programs	480,170,478.13	436,379,381.84
Private Sponsored Programs	147,796,003.51	138,157,932.06
Sales and Services of Educational Activities	39,268,166.12	37,579,866.63
Sales and Services of Hospitals	137,995,649.93	131,758,593.83
Discounts and Allowances Sales and Services of Hospitals	(63,449,925.70)	(59,772,773.28)
Professional Fees (Patient Charges)	1,922,452,456.97	1,532,078,015.31
Discounts and Allowances Professional Fees (Patient Charges)	(1,538,965,192.01)	(1,163,204,592.95)
Auxiliary Enterprises	27,154,291.34	27,162,589.57
Other Operating Revenues	70,534,713.07	76,397,328.95
Total Operating Revenues	<u>1,464,460,235.07</u>	<u>1,386,637,082.99</u>
Operating Expenses:		
Instruction	745,849,630.43	717,084,884.13
Research	204,772,051.64	199,048,552.32
Public Service	33,696,444.30	31,435,558.93
Hospitals / Clinics	448,537,362.77	430,638,401.71
Academic Support	56,879,366.56	55,340,893.92
Student Services	10,531,008.68	9,150,309.99
Institutional Support	76,655,259.13	77,137,845.80
Operations and Maintenance of Plant	43,659,044.15	45,529,183.20
Scholarships and Fellowships	10,570,159.08	9,668,011.63
Auxiliary Enterprises	17,498,942.41	17,062,069.31
Depreciation and Amortization	68,136,690.82	64,775,812.47
Total Operating Expenses	<u>1,716,785,959.97</u>	<u>1,656,871,523.41</u>
Operating Income (Loss)	<u>(252,325,724.90)</u>	<u>(270,234,440.42)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	216,741,048.21	214,803,755.73
Federal Nonexchange Sponsored Programs	1,304,635.00	1,719,424.44
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	16,941,361.72	26,224,140.98
Investment Income	67,099,424.90	57,171,455.42
Net Increase (Decrease) in Fair Value of Investments	(3,486,189.32)	10,585,431.98
Gain (Loss) on Sale of Capital Assets	(488,647.90)	(427,889.13)
Other Nonoperating Revenues	4,407,335.79	
Other Nonoperating (Expenses)	(41,500.49)	(2,951,836.50)
Net Nonoperating Revenues (Expenses)	<u>302,477,467.91</u>	<u>307,124,482.92</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	50,151,743.01	36,890,042.50
Gifts and Sponsored Programs for Capital Acquisitions		15,519.75
Additions to Permanent Endowments	24,176,512.46	19,439,073.07
Reclass from/(to) Other Institutions	21,953,421.33	15,639,934.14
Transfers Between Institutions & System, Debt Service - Mandatory	(32,452,538.08)	(31,448,049.97)
Transfers Between Institutions & System Admin. - Non mandatory	20,675,590.32	15,764,785.09
Transfers From Other State Agencies	54,494.00	51,400.00
Transfers to Other State Agencies	(58,875.11)	65,171.66
Legislative Appropriations Lapsed	(71,505.00)	(861.00)
Change in Net Position	<u>84,428,842.93</u>	<u>56,286,671.92</u>
Beginning Net Position	<u>1,672,973,629.78</u>	<u>1,616,686,957.86</u>
Ending Net Position	<u>\$ 1,757,402,472.71</u>	<u>1,672,973,629.78</u>

The University of Texas Health Science Center at Houston  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	60,538,505.51	58,674,702.36
Proceeds from Patients and Customers	459,348,748.78	437,969,398.88
Proceeds from Sponsored Programs	775,967,833.81	774,958,658.42
Proceeds from Auxiliaries	27,248,065.05	27,759,615.84
Proceeds from Other Revenues	128,356,790.29	136,735,230.83
Payments to Suppliers	(391,168,278.63)	(393,459,702.70)
Payments to Employees	(1,245,282,585.31)	(1,191,748,018.00)
Payments for Loans Provided	(1,666,645.41)	(2,298,525.60)
Proceeds from Loan Programs	2,283,286.25	2,529,778.41
Net Cash Provided (Used) by Operating Activities	<u>(184,374,279.66)</u>	<u>(148,878,861.56)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	213,065,946.54	210,385,055.27
Proceeds from Operating Gifts	19,476,679.19	21,150,020.92
Proceeds from Private Gifts for Endowment Purposes	24,176,512.46	19,439,073.07
Proceeds from Other Noncapital Financing Activities	101,648,731.59	(22,970.74)
Receipts for Transfers from System or Other Agencies	6,604,958.04	564,186.38
Payments for Transfers to System or Other Agencies	(247,049.39)	(185,530.18)
Payments for Other Uses	(41,500.36)	(2,951,836.50)
Proceeds from Nonexchange Sponsored Programs	2,571,968.44	689,485.05
Net Cash Provided by Noncapital Financing Activities	<u>367,256,246.51</u>	<u>249,067,483.27</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	57,664,050.01	49,662,343.41
Proceeds from Capital Appropriations, Grants, and Gifts	-	19,758.02
Proceeds from Sale of Capital Assets	124,101.51	111,986.82
Payments for Additions to Capital Assets	(75,138,171.14)	(73,408,909.74)
Mandatory Transfers to System for Capital Related Debt	(32,452,538.08)	(31,448,049.97)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(49,802,557.70)</u>	<u>(55,062,871.46)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	3,070,796.79	3,020,767.23
Proceeds from Interest and Investment Income Invested by System	64,045,534.64	54,202,747.80
Payments to Acquire Investments	(108,739.25)	(49,999.89)
Payments to Acquire Investments Invested by System	(75,411,030.46)	(98,055,964.08)
Net Cash Provided (Used) by Investing Activities	<u>(8,403,438.28)</u>	<u>(40,882,448.94)</u>
Net Increase (Decrease) in Cash	124,675,970.87	4,243,301.31
Cash and Cash Equivalents (Beginning of the Year)	165,703,195.60	161,459,894.29
Cash and Cash Equivalents (End of the Year)	<u>\$ 290,379,166.47</u>	<u>\$ 165,703,195.60</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(252,325,724.90)	(270,234,440.42)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	68,136,690.82	64,775,812.47
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(26,018,685.75)	18,351,013.94
Inventories	(222,966.79)	170,383.22
Loans and Contracts	616,640.84	231,252.81
Other Current and Noncurrent Assets	(1,159,679.03)	639,251.56
Accounts Payable	5,473,472.98	(395,426.52)
Due to System	1,663,575.31	182,684.88
Unearned Revenue	4,923,380.01	6,904,288.48
Assets Held for Others	(5,394,207.42)	5,522,062.54
Employees' Compensable Leave	3,897,615.15	5,444,352.16
Asset Retirement Obligations	(611,267.79)	1,586,389.04
Other Current and Noncurrent Liabilities	16,646,876.91	17,943,514.28
Total Adjustments	<u>67,951,445.24</u>	<u>121,355,578.86</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (184,374,279.66)</u>	<u>\$ (148,878,861.56)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	(3,486,189.32)	10,585,431.98
Miscellaneous Noncash Transactions	(499,598.62)	(432,905.61)

The University of Texas Health Science Center at San Antonio  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 97,998,404.91	88,841,723.82
Restricted Cash & Cash Equivalents	47,976,928.54	34,698,773.95
Balance in State Appropriations	19,105,432.62	20,686,237.13
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	18,388,192.45	12,641,372.69
Other Intergov. (allow. \$0.00 in 2019 & \$0.00 in 2018)	14,477,943.16	14,360,078.83
Student (allow. \$0.00 in 2019 & \$0.00 in 2018)	13,029,217.33	12,574,256.58
Patient & Healthcare(allow. \$4,482,380.72 in 2019 & \$2,766,068.92 in 2018)	29,427,073.55	26,380,580.92
Interest and Dividend Receivables	1,096,369.81	1,063,761.33
Contributions (allow. \$20,336.14 in 2019 & \$150,486.70 in 2018)	1,718,014.84	15,197,946.44
Other (allow. \$0.00 in 2019 & \$0.00 in 2018)	10,523,708.21	11,151,408.40
Due From System Administration	12,957,837.56	28,343,553.48
Due From Other Institutions	328,380.77	236,809.75
Due From Other Agencies	562,991.63	593,102.52
Inventories	5,356,395.28	3,757,514.56
Loans & Contracts (allow. \$12,246.61 in 2019 & \$9,456.17 in 2018)	726,836.72	858,081.95
Other Current Assets	1,127,729.43	915,202.91
Total Current Assets	<u>274,801,456.81</u>	<u>272,300,405.26</u>
Noncurrent Assets:		
Restricted Investments	70,446,245.95	69,490,075.42
Loans & Contracts (allow. \$12,539.38 in 2019 & \$13,171.91 in 2018)	2,464,519.07	3,075,880.46
Funds Held by System Administration (Restricted)	599,645,946.51	594,039,368.84
Contributions Rec. (allow. \$45,002.33 in 2019 & \$38,415.39 in 2018)	4,750,493.77	4,140,028.03
Unrestricted Investments	327,938,434.27	323,555,698.11
Funds Held by System Administration (Unrestricted)	18,863,901.28	
Other Noncurrent Assets	1,410,771.00	1,579,710.11
Gross Capital/Intangible Assets	1,429,538,702.37	1,341,029,731.74
Accumulated Depreciation/Amortization	<u>(737,308,786.85)</u>	<u>(685,798,868.81)</u>
Total Noncurrent Assets	<u>1,717,750,227.37</u>	<u>1,651,111,623.90</u>
Total Assets	<u>1,992,551,684.18</u>	<u>1,923,412,029.16</u>
Total Assets and Deferred Outflows	<u>1,992,551,684.18</u>	<u>1,923,412,029.16</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	36,249,255.86	37,116,580.53
Salaries Payable	40,160,453.93	32,658,629.26
Federal Payables	714,520.04	714,520.04
Due To System Administration	7,199,332.42	6,938,761.95
Due To Other Institutions	522,757.29	201,165.89
Due To Other State Agencies	85,969.65	65,579.01
Statewide Interfund Payable	141,991.87	141,179.92
Unearned Revenue	53,315,209.06	49,863,026.35
Employees' Compensable Leave - Current Portion	27,884,323.12	27,059,098.52
Notes, Loans, and Leases Payable	370,548.79	102,159.00
Assets Held for Others	13,894.58	355,593.13
Other Current Liabilities	<u>5,084,212.92</u>	<u>4,790,939.26</u>
Total Current Liabilities	<u>171,742,469.53</u>	<u>160,007,232.86</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	32,537,423.38	32,744,351.90
Liability to Beneficiaries	313,129.12	342,861.64
Notes, Loans, and Leases Payable	452,435.00	144,941.10
Statewide Interfund Payable	209,514.13	351,205.99
Asset Retirement Obligation	1,215,785.00	1,215,785.00
Other Noncurrent Liabilities	<u>3,470,754.68</u>	<u>3,418,774.36</u>
Total Noncurrent Liabilities	<u>38,199,041.31</u>	<u>38,217,919.99</u>
Total Liabilities	<u>209,941,510.84</u>	<u>198,225,152.85</u>
Total Deferred Inflows of Resources	<u>2,215,655.12</u>	<u>2,402,166.50</u>
Total Liabilities and Deferred Inflows	<u>212,157,165.96</u>	<u>200,627,319.35</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	691,406,931.73	654,983,762.83
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	413,656,658.75	390,693,451.24
Expendable		
Capital Projects	4,501,239.14	25,095,928.44
Funds Functioning as Endowment (Restricted)	27,119,759.58	24,080,414.45
Other Expendable	287,769,819.57	285,001,224.95
Unrestricted	<u>355,940,109.45</u>	<u>342,929,927.90</u>
Total Net Position	<u>\$ 1,780,394,518.22</u>	<u>1,722,784,709.81</u>



The University of Texas Health Science Center at San Antonio  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 51,588,294.01	50,699,227.94
Discounts and Allowances	(2,847,740.56)	(4,751,424.96)
Federal Sponsored Programs	111,929,098.86	98,305,235.21
Federal Sponsored Programs Pass-Through from State Agencies	9,143,648.87	4,254,776.55
State Sponsored Programs Pass-Through from State Agencies	14,611,695.15	14,963,645.58
Local Sponsored Programs	182,382,412.37	166,396,985.31
Private Sponsored Programs	27,727,595.34	30,917,434.35
Sales and Services of Educational Activities	41,387,631.60	30,442,160.45
Professional Fees (Patient Charges)	738,971,185.99	621,318,695.98
Discounts and Allowances Professional Fees (Patient Charges)	(498,801,319.15)	(404,925,594.03)
Auxiliary Enterprises	5,270,528.47	5,480,026.52
Other Operating Revenues	29,334,815.37	34,459,562.43
Total Operating Revenues	<u>710,697,846.32</u>	<u>647,560,731.33</u>
Operating Expenses:		
Instruction	419,188,827.34	380,969,176.63
Research	136,963,943.19	126,561,477.34
Public Service	42,922,576.71	29,457,888.14
Hospitals / Clinics	135,932,925.99	131,112,226.39
Academic Support	46,407,373.66	43,260,127.89
Student Services	2,250,833.68	2,118,895.70
Institutional Support	47,374,794.74	47,841,835.15
Operations and Maintenance of Plant	36,651,385.56	38,807,180.34
Scholarships and Fellowships	7,392,270.84	4,882,941.26
Auxiliary Enterprises	5,671,555.00	5,845,168.44
Depreciation and Amortization	58,318,282.24	55,459,097.91
Total Operating Expenses	<u>939,074,768.95</u>	<u>866,316,015.19</u>
Operating Income (Loss)	<u>(228,376,922.63)</u>	<u>(218,755,283.86)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	172,545,475.01	170,277,881.33
Federal Nonexchange Sponsored Programs	1,124,721.09	1,079,134.00
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	12,424,586.69	8,332,710.29
Investment Income	48,386,253.01	44,640,215.72
Net Increase (Decrease) in Fair Value of Investments	4,240,196.66	26,096,012.34
Interest Expense on Capital Asset Financings	(43,906.58)	
Gain (Loss) on Sale of Capital Assets	(4,247,059.12)	(456,857.88)
Other Nonoperating (Expenses)	(177,500.00)	(5,867,886.72)
Net Nonoperating Revenues (Expenses)	<u>234,252,766.76</u>	<u>244,101,209.08</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	5,875,844.13	25,345,925.22
Gifts and Sponsored Programs for Capital Acquisitions	224,114.85	664,517.95
Additions to Permanent Endowments	23,221,398.18	9,978,439.63
Reclass from/(to) Other Institutions	47,253,903.39	(2,193,207.79)
Transfers Between Institutions & System, Debt Service - Mandatory	(30,486,216.84)	(30,480,757.04)
Transfers Between Institutions & System Admin. - Non mandatory	11,526,825.41	74,915,052.55
Transfers From Other State Agencies	66,697.79	68,209.00
Transfers to Other State Agencies	(72,045.00)	49,988.05
Legislative Appropriations Lapsed	(713.50)	(1,065,000.00)
Change in Net Position	<u>57,609,808.41</u>	<u>77,183,191.47</u>
Beginning Net Position	<u>1,722,784,709.81</u>	<u>1,645,601,518.34</u>
Ending Net Position	<u>\$ 1,780,394,518.22</u>	<u>1,722,784,709.81</u>

The University of Texas Health Science Center at San Antonio  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	49,673,008.21	46,782,673.99
Proceeds from Patients and Customers	237,123,374.21	212,276,120.11
Proceeds from Sponsored Programs	342,419,453.15	308,783,743.27
Proceeds from Auxiliaries	5,270,528.47	5,480,026.52
Proceeds from Other Revenues	70,824,744.17	67,708,377.18
Payments to Suppliers	(249,212,182.98)	(218,300,595.49)
Payments to Employees	(622,731,000.33)	(591,164,555.59)
Payments for Loans Provided	-	(267,421.66)
Proceeds from Loan Programs	579,112.47	994,061.00
Net Cash Provided (Used) by Operating Activities	<u>(166,052,962.63)</u>	<u>(167,707,570.67)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	174,125,566.02	169,428,973.98
Proceeds from Operating Gifts	24,609,165.09	16,270,713.01
Proceeds from Private Gifts for Endowment Purposes	23,221,398.18	9,978,439.63
Proceeds from Other Noncapital Financing Activities	-	(778,657.28)
Receipts for Transfers from System or Other Agencies	2,215,729.83	2,371,988.51
Payments for Transfers to System or Other Agencies	(72,045.00)	(49,988.05)
Payments for Other Uses	(177,499.99)	(5,867,898.72)
Proceeds from Nonexchange Sponsored Programs	1,592,996.09	1,079,134.00
Net Cash Provided by Noncapital Financing Activities	<u>225,515,310.22</u>	<u>192,432,705.08</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	72,055,974.71	73,268,391.01
Proceeds from Capital Appropriations, Grants, and Gifts	762,127.46	578,800.36
Payments for Additions to Capital Assets	(101,605,889.09)	(102,313,842.91)
Payments of Principal on Capital Related Debt	(401,962.40)	(1,438,289.16)
Mandatory Transfers to System for Capital Related Debt	(30,486,216.84)	(30,480,757.04)
Payments of Interest on Capital Related Debt	(43,906.58)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(59,719,872.74)</u>	<u>(60,385,697.74)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	2,002,183.45	1,110,092.01
Proceeds from Interest and Investment Income Invested by System	46,308,437.26	43,478,286.41
Payments to Acquire Investments Invested by System	(25,618,259.88)	(2,693,552.48)
Net Cash Provided (Used) by Investing Activities	<u>22,692,360.83</u>	<u>41,894,825.94</u>
Net Increase (Decrease) in Cash	22,434,835.68	6,234,262.61
Cash and Cash Equivalents (Beginning of the Year)	123,540,497.77	117,306,235.16
Cash and Cash Equivalents (End of the Year)	<u>\$ 145,975,333.45</u>	<u>\$ 123,540,497.77</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(228,376,922.63)	(218,755,283.86)
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	58,318,282.24	55,459,097.91
Bad Debt Expense	163,494.15	(86,666.32)
Changes in Assets and Liabilities:		
Accounts Receivable	(9,186,224.40)	(10,417,802.80)
Inventories	(1,598,880.72)	(1,818,818.60)
Loans and Contracts	579,112.47	726,639.34
Other Current and Noncurrent Assets	(210,760.41)	1,056,327.84
Accounts Payable	9,924,331.98	(1,229,344.68)
Due to System	260,570.47	282,472.62
Unearned Revenue	3,452,182.71	619,599.10
Assets Held for Others	(341,698.55)	807.11
Employees' Compensable Leave	618,296.08	2,780,492.02
Asset Retirement Obligations	-	1,215,785.00
Other Current and Noncurrent Liabilities	345,253.98	2,459,124.65
Total Adjustments	<u>62,323,960.00</u>	<u>51,047,713.19</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (166,052,962.63)</u>	<u>\$ (167,707,570.67)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	4,240,196.66	26,096,012.34
Donated Capital Assets	64,926.84	164,517.95
Capital Assets Acquired Under Capital Lease Purchases or Direct Borrowings	977,846.09	19,999.80
Miscellaneous Noncash Transactions	(4,242,597.33)	(456,857.88)

The University of Texas M. D. Anderson Cancer Center  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>Current Assets:</b>		
Cash & Cash Equivalents	\$ 469,304,453.22	128,548,857.01
Restricted Cash & Cash Equivalents	453,448,999.79	432,115,349.94
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	214,303,497.88	183,294,337.94
Patient & Healthcare(allow. \$97,877,597.91 in 2019 & \$78,525,150.17 in 2018)	438,940,286.08	413,889,070.32
Interest and Dividend Receivables	10,493,979.63	10,420,992.06
Contributions (allow. \$1,201,470.47 in 2019 & \$882,454.71 in 2018)	4,592,918.99	7,102,593.40
Other (allow. \$2,543,845.59 in 2019 & \$566,439.59 in 2018)	33,007,308.23	36,891,288.67
Due From System Administration	8,789,726.89	26,235,307.53
Due From Other Institutions	2,993,971.38	1,015,984.53
Due From Other Agencies	5,290,597.81	9,337,641.60
Inventories	72,096,932.24	65,486,429.91
Other Current Assets	89,075,355.10	85,265,244.37
<b>Total Current Assets</b>	<b>1,802,338,027.24</b>	<b>1,399,603,097.28</b>
<b>Noncurrent Assets:</b>		
Restricted Investments	1,164,742,211.35	1,142,150,656.50
Funds Held by System Administration (Restricted)	718,430,970.43	746,108,366.92
Contributions Rec. (allow. \$314,100.08 in 2019 & \$524,092.79 in 2018)	5,967,901.52	9,957,763.10
Unrestricted Investments	3,609,113,908.13	3,857,153,639.39
Funds Held by System Administration (Unrestricted)	1,309,157,326.41	499,050,662.92
Other Noncurrent Assets	64,604,452.09	72,305,366.79
Gross Capital/Intangible Assets	6,655,854,353.88	6,255,123,574.00
Accumulated Depreciation/Amortization	(3,775,866,970.39)	(3,479,363,684.31)
<b>Total Noncurrent Assets</b>	<b>9,752,004,153.42</b>	<b>9,102,486,345.31</b>
<b>Total Assets</b>	<b>11,554,342,180.66</b>	<b>10,502,089,442.59</b>
<b>Total Deferred Outflows of Resources</b>	<b>25,194,452.43</b>	<b>859,975.00</b>
<b>Total Assets and Deferred Outflows</b>	<b>11,579,536,633.09</b>	<b>10,502,949,417.59</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Liabilities	226,160,830.97	258,596,843.31
Salaries Payable	230,927,948.79	202,524,362.79
Federal Payables	48,580,682.06	75,080,451.36
Other Intergovernmental Payables	27,308.42	44,593.16
Due To System Administration	25,650,782.12	25,113,641.64
Due To Other Institutions	2,646,138.00	5,143,700.47
Due To Other State Agencies	106,686.12	150,623.06
Unearned Revenue	290,567,732.57	230,218,482.71
Employees' Compensable Leave - Current Portion	183,425,434.68	175,969,900.38
Notes, Loans, and Leases Payable		
Assets Held for Others	843,015.08	3,335,656.76
Other Current Liabilities	99,548,074.12	84,274,320.57
<b>Total Current Liabilities</b>	<b>1,108,484,632.93</b>	<b>1,060,452,576.21</b>
<b>Noncurrent Liabilities:</b>		
Employees' Compensable Leave	15,540,687.62	4,269,262.76
Assets Held for Others	516,598,582.19	492,658,190.32
Liability to Beneficiaries	1,012,264.01	1,083,688.37
Notes, Loans, and Leases Payable		
Asset Retirement Obligation	16,632,171.25	15,076,123.75
Other Noncurrent Liabilities	2,800,458.15	4,319,727.56
<b>Total Noncurrent Liabilities</b>	<b>552,584,163.22</b>	<b>517,406,992.76</b>
<b>Total Liabilities</b>	<b>1,661,068,796.15</b>	<b>1,577,859,568.97</b>
<b>Total Deferred Inflows of Resources</b>	<b>2,750,203.76</b>	<b>2,723,713.54</b>
<b>Total Liabilities and Deferred Inflows</b>	<b>1,663,818,999.91</b>	<b>1,580,583,282.51</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,879,987,383.49	2,775,759,889.69
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	988,937,972.72	968,802,299.69
Expendable		
Capital Projects	156,135,124.15	172,257,500.29
Funds Functioning as Endowment (Restricted)	75,850,607.25	75,429,377.84
Other Expendable	534,012,057.05	590,435,307.36
Unrestricted	5,280,794,488.52	4,339,681,760.21
<b>Total Net Position</b>	<b>\$ 9,915,717,633.18</b>	<b>8,922,366,135.08</b>

The University of Texas M. D. Anderson Cancer Center  
 Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 1,845,339.54	1,133,906.44
Discounts and Allowances	(29,419.22)	(20,421.03)
Federal Sponsored Programs	205,908,366.20	171,027,015.92
Federal Sponsored Programs Pass-Through from State Agencies	3,024,887.47	3,586,318.54
State Sponsored Programs Pass-Through from State Agencies	45,320,730.43	48,367,276.19
Private Sponsored Programs	151,304,668.17	160,402,342.96
Sales and Services of Educational Activities	2,718,135.90	2,031,064.76
Sales and Services of Hospitals	8,539,430,341.64	7,467,530,258.87
Discounts and Allowances Sales and Services of Hospitals	(4,416,862,474.98)	(3,787,134,659.21)
Professional Fees (Patient Charges)	1,543,246,773.63	1,458,771,700.40
Discounts and Allowances Professional Fees (Patient Charges)	(1,091,974,352.71)	(1,055,012,781.01)
Auxiliary Enterprises	45,855,795.39	44,292,396.80
Other Operating Revenues	125,466,176.42	117,232,124.31
Total Operating Revenues	<u>5,155,254,967.88</u>	<u>4,632,206,543.94</u>
Operating Expenses:		
Instruction	79,836,559.63	77,333,871.22
Research	784,212,601.42	750,400,861.86
Public Service	22,931,878.22	15,550,811.97
Hospitals / Clinics	3,088,325,453.47	2,723,124,886.85
Academic Support	155,871,136.43	141,247,693.65
Student Services	624,297.56	271,579.72
Institutional Support	177,650,582.81	132,530,405.98
Operations and Maintenance of Plant	224,596,168.25	221,618,746.50
Scholarships and Fellowships	2,902,703.26	2,812,721.76
Auxiliary Enterprises	25,365,457.02	22,631,517.12
Depreciation and Amortization	361,057,889.90	365,027,966.95
Total Operating Expenses	<u>4,923,374,727.97</u>	<u>4,452,551,063.58</u>
Operating Income (Loss)	<u>231,880,239.91</u>	<u>179,655,480.36</u>
Nonoperating Revenues (Expenses):		
State Appropriations	209,733,872.11	210,130,777.71
Federal Nonexchange Sponsored Programs	606,159.49	694,288.51
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	110,517,279.70	113,965,164.32
Investment Income	301,369,140.18	203,066,910.67
Net Increase (Decrease) in Fair Value of Investments	73,571,995.15	64,278,312.52
Gain (Loss) on Sale of Capital Assets	259,288.87	(542,787.67)
Other Nonoperating Revenues	27,280,979.14	5,365,165.93
Other Nonoperating (Expenses)	(151,657.90)	(3,942,822.28)
Net Nonoperating Revenues (Expenses)	<u>723,187,056.74</u>	<u>593,015,009.71</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	955,067,296.65	772,670,490.07
Gifts and Sponsored Programs for Capital Acquisitions	838,202.81	5,521.38
Additions to Permanent Endowments	15,423,612.89	11,026,182.79
Reclass from/(to) Other Institutions	53,430,481.43	48,784,917.04
Transfers Between Institutions & System, Debt Service - Mandatory	(101,458,031.45)	(88,726,782.29)
Transfers Between Institutions & System Admin. - Non mandatory	70,041,646.18	61,548,524.52
Transfers From Other State Agencies	45,235,719.09	49,999,288.80
Transfers to Other State Agencies	(45,227,130.50)	50,039,284.32
Legislative Appropriations Lapsed	(299.00)	(774.00)
Change in Net Position	<u>993,351,498.10</u>	<u>805,268,083.99</u>
Beginning Net Position	<u>8,922,366,135.08</u>	<u>8,117,098,051.09</u>
Ending Net Position	<u>\$ 9,915,717,633.18</u>	<u>8,922,366,135.08</u>

The University of Texas M. D. Anderson Cancer Center  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	1,868,586.60	1,689,069.68
Proceeds from Patients and Customers	4,548,789,071.82	4,061,869,398.31
Proceeds from Sponsored Programs	442,417,583.06	408,773,772.87
Proceeds from Auxiliaries	45,976,514.97	44,117,678.77
Proceeds from Other Revenues	148,805,502.70	147,456,629.16
Payments to Suppliers	(1,902,688,819.60)	(1,503,481,814.73)
Payments to Employees	(2,664,191,645.02)	(2,489,837,862.35)
Net Cash Provided (Used) by Operating Activities	<u>620,976,794.53</u>	<u>670,586,871.71</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	209,733,573.11	210,131,031.71
Proceeds from Operating Gifts	116,945,086.68	132,880,807.06
Proceeds from Private Gifts for Endowment Purposes	15,423,612.89	11,026,182.79
Proceeds from Other Noncapital Financing Activities	27,280,979.14	5,365,165.93
Receipts for Transfers from System or Other Agencies	110,613,351.45	107,320,310.71
Payments for Transfers to System or Other Agencies	(47,612,539.70)	(51,385,483.16)
Payments for Other Uses	(151,657.90)	(3,942,822.28)
Proceeds from Nonexchange Sponsored Programs	606,159.49	694,288.51
Net Cash Provided by Noncapital Financing Activities	<u>432,838,565.16</u>	<u>412,089,481.27</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	72,609,231.10	98,753,251.18
Proceeds from Capital Appropriations, Grants, and Gifts	689,202.81	465,571.12
Proceeds from Sale of Capital Assets	1,612,619.46	1,226,287.40
Payments for Additions to Capital Assets	(482,887,715.53)	(347,992,494.62)
Mandatory Transfers to System for Capital Related Debt	(101,458,031.45)	(88,726,782.29)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(509,434,693.61)</u>	<u>(336,274,167.21)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	55,721,259.70	64,361,209.43
Proceeds from Sales of Investments Invested by System	-	-
Proceeds from Interest and Investment Income	121,283,082.28	78,697,235.31
Proceeds from Interest and Investment Income Invested by System	188,445,736.66	115,469,080.08
Payments to Acquire Investments	(91,600,682.17)	(58,780,402.79)
Payments to Acquire Investments Invested by System	(456,140,816.49)	(1,133,696,867.87)
Net Cash Provided (Used) by Investing Activities	<u>(182,291,420.02)</u>	<u>(933,949,745.84)</u>
Net Increase (Decrease) in Cash	362,089,246.06	(187,547,560.07)
Cash and Cash Equivalents (Beginning of the Year)	560,664,206.95	748,211,767.02
Cash and Cash Equivalents (End of the Year)	<u>\$ 922,753,453.01</u>	<u>\$ 560,664,206.95</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	231,880,239.91	179,655,480.36
Adjustments to Reconcile Operating Results to Net Cash:		
Depreciation and Amortization Expense	361,057,889.90	365,027,966.95
Changes in Assets and Liabilities:		
Accounts Receivable	(47,947,352.58)	111,065,082.35
Inventories	(6,610,502.33)	(13,170,221.19)
Other Current and Noncurrent Assets	3,921,083.97	(16,645,025.64)
Accounts Payable	(12,698,398.75)	92,210,079.04
Due to System	537,140.48	1,129,289.43
Unearned Revenue	60,420,978.87	(107,263,621.65)
Assets Held for Others	(2,492,641.68)	43,788.35
Employees' Compensable Leave	18,726,959.16	5,379,407.61
Asset Retirement Obligations	426,913.44	14,216,148.75
Other Current and Noncurrent Liabilities	13,754,484.14	38,938,497.35
Total Adjustments	<u>389,096,554.62</u>	<u>490,931,391.35</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 620,976,794.53</u>	<u>\$ 670,586,871.71</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	58,602,413.33	25,238,697.93
Donated Capital Assets	149,000.00	-
Miscellaneous Noncash Transactions	259,288.87	(574,365.18)

The University of Texas Health Science Center at Tyler  
 Exhibit A Statement of Net Position  
 As of August 31, 2019

	Current Year Totals	Prior Year Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ (16,907,772.87)	(4,905,800.00)
Restricted Cash & Cash Equivalents	7,380,608.57	6,339,944.15
Balance in State Appropriations	2,006,163.16	997,359.24
Accounts Receivable, Net:		
Federal (allow. \$0.00 in 2019 & \$0.00 in 2018)	12,656,372.86	13,053,222.74
Student (allow. \$0.00 in 2019 & \$0.00 in 2018)	8,482.58	23,853.10
Patient & Healthcare(allow. \$9,466,753.01 in 2019 & \$11,621,488.58 in 2018)	19,100,130.02	17,118,920.98
Contributions (allow. \$0.00 in 2019 & \$0.00 in 2018)	155,530.74	65,349.64
Other (allow. \$0.00 in 2019 & \$0.00 in 2018)	4,102,850.47	2,697,100.06
Due From Other Funds	219,648.22	26,030.07
Due From System Administration	2,524,537.66	8,239,777.07
Due From Other Institutions	31,246.29	2,273.77
Due From Other Agencies	1,048,485.58	2,734,986.24
Inventories	3,491,846.66	2,828,299.66
Other Current Assets	2,327,024.90	1,102,460.16
Total Current Assets	<u>38,145,154.84</u>	<u>50,323,776.88</u>
Noncurrent Assets:		
Funds Held by System Administration (Restricted)	52,571,699.41	51,996,857.75
Unrestricted Investments	1,926,083.00	1,421,015.00
Funds Held by System Administration (Unrestricted)	290,087.94	
Other Noncurrent Assets	12,310,749.82	4,346,039.85
Gross Capital/Intangible Assets	368,923,931.62	339,777,160.38
Accumulated Depreciation/Amortization	<u>(183,487,961.37)</u>	<u>(169,016,381.33)</u>
Total Noncurrent Assets	<u>252,534,590.42</u>	<u>228,524,691.65</u>
Total Assets	<u>290,679,745.26</u>	<u>278,848,468.53</u>
Total Assets and Deferred Outflows	<u>290,679,745.26</u>	<u>278,848,468.53</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	19,190,479.47	19,019,345.72
Salaries Payable	3,883,011.78	3,677,246.46
Due To Other Funds	219,648.22	26,030.07
Due To System Administration	1,678,352.39	1,748,358.44
Due To Other Institutions	277,294.89	37,593.25
Due To Other State Agencies	18,698.00	1,052,423.75
Unearned Revenue	1,100,271.53	857,194.63
Employees' Compensable Leave - Current Portion	3,731,790.54	3,761,385.03
Notes, Loans, and Leases Payable		
Assets Held for Others	51,774.61	45,890.48
Total Current Liabilities	<u>30,151,321.43</u>	<u>30,225,467.83</u>
Noncurrent Liabilities:		
Employees' Compensable Leave	1,782,457.05	1,679,710.02
Liability to Beneficiaries	876,848.22	862,600.28
Notes, Loans, and Leases Payable		
Asset Retirement Obligation	225,000.00	225,000.00
Other Noncurrent Liabilities	<u>1,030,481.19</u>	<u>890,024.33</u>
Total Noncurrent Liabilities	<u>3,914,786.46</u>	<u>3,657,334.63</u>
Total Liabilities	<u>34,066,107.89</u>	<u>33,882,802.46</u>
Total Deferred Inflows of Resources	<u>170,748.03</u>	<u>157,163.10</u>
Total Liabilities and Deferred Inflows	<u>34,236,855.92</u>	<u>34,039,965.56</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	185,435,970.25	170,760,779.05
Restricted for:		
Nonexpendable		
Permanent Health and True Endowments	33,877,164.08	33,579,008.11
Expendable		
Capital Projects	(56,136.84)	2,266,695.35
Funds Functioning as Endowment (Restricted)	2,061,218.98	1,184,446.07
Other Expendable	25,221,770.87	26,049,595.35
Unrestricted	<u>9,902,902.00</u>	<u>10,967,979.04</u>
Total Net Position	<u>\$ 256,442,889.34</u>	<u>244,808,502.97</u>

The University of Texas Health Science Center at Tyler  
Exhibit B Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended August 31, 2019

	Current Year Totals	Prior Year Totals
Operating Revenues:		
Student Tuition and Fees	\$ 262,488.78	182,967.06
Federal Sponsored Programs	7,573,051.53	8,392,754.42
Federal Sponsored Programs Pass-Through from State Agencies	1,869,558.44	1,833,758.54
State Sponsored Programs Pass-Through from State Agencies	5,582,422.71	13,141,059.58
Private Sponsored Programs	10,755,445.39	10,296,760.44
Sales and Services of Educational Activities	4,885,475.50	3,679,021.17
Sales and Services of Hospitals	201,552,672.63	221,707,201.69
Discounts and Allowances Sales and Services of Hospitals	(145,734,400.57)	(159,221,166.21)
Professional Fees (Patient Charges)	59,915,314.72	64,781,997.94
Discounts and Allowances Professional Fees (Patient Charges)	(43,126,848.78)	(47,352,944.88)
Auxiliary Enterprises	160,179.12	164,835.72
Other Operating Revenues	32,072,406.50	23,439,510.74
Total Operating Revenues	<u>135,767,765.97</u>	<u>141,045,756.21</u>
Operating Expenses:		
Instruction	18,611,945.45	17,373,509.93
Research	15,200,720.50	15,946,928.39
Public Service	14,024.08	
Hospitals / Clinics	127,363,322.06	146,832,356.77
Academic Support	1,559,383.84	1,389,335.95
Student Services	88,384.50	
Institutional Support	11,652,614.33	19,973,479.62
Operations and Maintenance of Plant	10,092,108.99	10,441,797.06
Scholarships and Fellowships	47,139.91	35,174.96
Auxiliary Enterprises	154,824.37	144,548.03
Depreciation and Amortization	14,948,197.83	13,966,143.49
Total Operating Expenses	<u>199,732,665.86</u>	<u>226,103,274.20</u>
Operating Income (Loss)	<u>(63,964,899.89)</u>	<u>(85,057,517.99)</u>
Nonoperating Revenues (Expenses):		
State Appropriations	52,557,899.05	51,590,676.13
Federal Nonexchange Sponsored Programs		
Federal Nonexchange Pass-Through		
State Nonexchange Pass-Through		
Gift Contributions for Operations	994,252.61	415,887.72
Investment Income	3,801,883.56	4,462,614.37
Net Increase (Decrease) in Fair Value of Investments	415,994.94	2,382,866.11
Gain (Loss) on Sale of Capital Assets	7,568.62	(267,522.85)
Other Nonoperating Revenues	2,469.25	19,738.78
Other Nonoperating (Expenses)	(48,500.00)	
Net Nonoperating Revenues (Expenses)	<u>57,731,568.03</u>	<u>58,604,260.26</u>
Income/(Loss) Before Other Revenue, Expenses, Gains/(Losses), and Transfers	(6,233,331.86)	(26,453,257.73)
Gifts and Sponsored Programs for Capital Acquisitions	335,283.00	617,671.92
Additions to Permanent Endowments	814,819.21	
Reclass from/(to) Other Institutions	19,703,571.24	21,532,975.93
Transfers Between Institutions & System, Debt Service - Mandatory	(8,020,947.97)	(7,700,545.25)
Transfers Between Institutions & System Admin. - Non mandatory	5,035,408.75	10,716,387.94
Transfers From Other State Agencies	22,759,094.36	18,855,587.40
Transfers to Other State Agencies	(22,759,094.36)	18,855,587.40
Legislative Appropriations Lapsed	(416.00)	(203,166.00)
Change in Net Position	<u>11,634,386.37</u>	<u>(1,489,933.19)</u>
Beginning Net Position	<u>244,808,502.97</u>	<u>246,298,436.16</u>
Ending Net Position	<u>\$ 256,442,889.34</u>	<u>244,808,502.97</u>

The University of Texas Health Science Center at Tyler  
Exhibit C - Statement of Cash Flows  
For the Year Ended August 31, 2019

	<u>Current Year Totals</u>	<u>Prior Year Totals</u>
<b>Cash Flows from Operating Activities:</b>		
Proceeds from Tuition and Fees	277,859.30	166,440.98
Proceeds from Patients and Customers	70,625,528.96	77,389,999.68
Proceeds from Sponsored Programs	27,345,514.84	42,427,345.69
Proceeds from Auxiliaries	160,179.12	164,835.72
Proceeds from Other Revenues	28,791,827.76	24,510,778.96
Payments to Suppliers	(62,866,431.89)	(74,251,757.17)
Payments to Employees	(121,715,142.61)	(135,943,721.71)
Net Cash Provided (Used) by Operating Activities	<u>(57,380,664.52)</u>	<u>(65,536,077.85)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Proceeds from State Appropriations	51,548,679.13	51,334,960.17
Proceeds from Operating Gifts	994,252.61	415,887.72
Proceeds from Private Gifts for Endowment Purposes	814,819.21	-
Proceeds from Other Noncapital Financing Activities	2,469.25	19,738.78
Receipts for Transfers from System or Other Agencies	23,168,885.22	18,935,910.68
Payments for Transfers to System or Other Agencies	(22,759,094.36)	(18,894,712.40)
Payments for Other Uses	(1,087,927.13)	415,892.23
Net Cash Provided by Noncapital Financing Activities	<u>52,682,083.93</u>	<u>52,227,677.18</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Nonmandatory Capital Related Transfers	29,992,570.74	31,342,916.57
Proceeds from Capital Appropriations, Grants, and Gifts	245,091.90	552,291.28
Proceeds from Sale of Capital Assets	67,422.17	37,534.70
Payments for Additions to Capital Assets	(31,474,436.27)	(30,605,967.08)
Mandatory Transfers to System for Capital Related Debt	(8,020,947.97)	(7,700,545.25)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,190,299.43)</u>	<u>(6,373,769.78)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments Invested by System	-	15,130,756.06
Proceeds from Interest and Investment Income	46,191.01	66,289.18
Proceeds from Interest and Investment Income Invested by System	3,807,550.35	4,382,971.41
Payments to Acquire Investments Invested by System	(926,169.79)	-
Net Cash Provided (Used) by Investing Activities	<u>2,927,571.57</u>	<u>19,580,016.65</u>
Net Increase (Decrease) in Cash	(10,961,308.45)	(102,153.80)
Cash and Cash Equivalents (Beginning of the Year)	1,434,144.15	1,536,297.95
Cash and Cash Equivalents (End of the Year)	<u>\$ (9,527,164.30)</u>	<u>\$ 1,434,144.15</u>
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	(63,964,899.89)	(85,057,517.99)
<b>Adjustments to Reconcile Operating Results to Net Cash:</b>		
Depreciation and Amortization Expense	14,948,197.83	13,966,143.49
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(1,317,210.91)	5,965,579.72
Inventories	(663,547.00)	261,621.23
Other Current and Noncurrent Assets	(9,189,274.71)	(1,772,130.19)
Accounts Payable	2,413,505.78	994,061.79
Due to System	(70,006.05)	(177,024.70)
Unearned Revenue	243,076.90	426,635.23
Assets Held for Others	5,884.13	11,681.55
Employees' Compensable Leave	73,152.54	(67,885.12)
Asset Retirement Obligations	-	225,000.00
Other Current and Noncurrent Liabilities	140,456.86	(312,242.86)
Total Adjustments	<u>6,584,235.37</u>	<u>19,521,440.14</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (57,380,664.52)</u>	<u>\$ (65,536,077.85)</u>
<b>Non Cash Transactions:</b>		
Net Increase (Decrease) in Fair Value of Investments	415,994.94	2,382,866.11
Donated Capital Assets	10.00	31.00
Miscellaneous Noncash Transactions	7,568.62	(267,522.85)



The University of Texas System  
 Schedule 2 -- Bonds Payable (Consolidated)  
 For the Year Ended August 31, 2019

2A: MISCELLANEOUS BOND INFORMATION

Description of Issue	Bonds Issued to Date	Range of Interest Rates	Terms of Variable Interest Rates	Scheduled Maturities		First Call Date	Maturity Date (MM/DD/YYYY)
				First Year	Last Year		
Revenue Bonds:							
Self Supporting:							
PUF Refunding Bonds, 2006B	\$ 284,065,000.00	5.000-5.250%	NA	2020	2035	N/A	07/01/2035
PUF Bonds, 2008A	400,905,000.00	VAR	Weekly	2011	2038	Optional	07/01/2038
PUF Taxable Bonds, 2009A	250,000,000.00	5.262%	NA	2034	2039	Make-Whole	07/01/2039
PUF Bonds, 2014A	240,340,000.00	5.000%	NA	2040	2041	07/01/23	07/01/2041
PUF Bonds, 2014B	221,580,000.00	2.000-5.000%	NA	2015	2033	07/01/24	07/01/2033
PUF Refunding Bonds, 2015A	197,970,000.00	2.000-5.000%	NA	2016	2035	07/01/24	07/01/2035
PUF Bonds, 2015B	220,565,000.00	2.000-5.000%	NA	2016	2035	07/01/25	07/01/2035
PUF Taxable Bonds, 2015C	126,020,000.00	3.780%	NA	2045	2045	Make-Whole	07/01/2045
PUF Bonds, 2016A	117,270,000.00	3.250-5.000%	NA	2017	2035	07/01/25	07/01/2035
PUF Bonds, 2016B	272,350,000.00	2.000-5.000%	NA	2017	2041	07/01/26	07/01/2041
PUF Taxable Bonds, 2017A	302,640,000.00	3.376%	NA	2047	2047	01/01/47	07/01/2047
RFS Refunding Bonds, 2002A	54,430,000.00	2.000-5.250%	NA	2003	2020	N/A	08/15/2020
RFS Refunding Bonds, 2002B	108,855,000.00	2.000-5.250%	NA	2003	2020	N/A	08/15/2020
RFS Refunding Bonds, 2004B	300,330,000.00	4.500-5.250%	NA	2007	2019	N/A	08/15/2019
RFS Refunding Bonds, 2006C	175,115,000.00	3.500-5.000%	NA	2008	2023	N/A	08/15/2023
RFS Refunding Bonds, 2007B	345,460,000.00	VAR	Weekly	2008	2034	Optional	08/01/2034
RFS Bonds, 2008B	685,485,000.00	VAR	Weekly	2009	2039	Optional	08/01/2039
RFS Taxable Bonds, 2009B	330,545,000.00	6.276%	NA	2026	2041	08/15/19	08/15/2041
RFS Bonds, 2009D	260,005,000.00	2.000-5.000%	NA	2010	2026	08/15/19	08/15/2026
RFS Bonds, 2010A	331,415,000.00	3.000-5.000%	NA	2012	2024	02/15/20	08/15/2024
RFS Refunding Bonds, 2010B	385,380,000.00	1.500-5.375%	NA	2010	2024	N/A	08/15/2024
RFS Taxable Bonds, 2010C	604,310,000.00	3.225-4.794%	NA	2018	2046	Make-Whole	08/15/2046
RFS Taxable Bonds, 2010D	516,245,000.00	0.630-5.134%	NA	2011	2042	Make-Whole	08/15/2042
RFS Refunding Bonds, 2012A	195,850,000.00	2.000-5.000%	NA	2013	2027	02/15/22	08/15/2027
RFS Bonds, 2012B	238,135,000.00	2.000-5.000%	NA	2013	2043	08/15/22	08/15/2043
RFS Bonds, 2014A	259,135,000.00	2.000-5.000%	NA	2015	2044	08/15/24	08/15/2044
RFS Refunding Bonds, 2014B	250,700,000.00	2.000-5.700%	NA	2015	2037	08/15/19	08/15/2037
RFS Taxable Bonds, 2016A	255,825,000.00	3.852%	NA	2046	2046	Make-Whole	08/15/2046
RFS Bonds, 2016B	206,040,000.00	2.500-5.000%	NA	2026	2046	08/15/21	08/15/2046
RFS Refunding Bonds, 2016C	133,240,000.00	2.000-5.000%	NA	2017	2026	N/A	08/15/2026
RFS Bonds, 2016D	213,180,000.00	2.000-5.000%	NA	2017	2026	N/A	08/15/2026
RFS Bonds, 2016E	196,215,000.00	2.000-5.000%	NA	2017	2027	N/A	08/15/2027
RFS Bonds, 2016F	376,030,000.00	2.000-5.000%	NA	2041	2047	08/15/19	08/15/2047
RFS Bonds, Taxable 2016G	250,000,000.00	VAR	Weekly	2045	2045	Optional	08/01/2045
RFS Refunding Bonds, 2016H	233,350,000.00	2.000-5.000%	NA	2017	2038	08/15/26	08/15/2038
RFS Refunding Bonds, 2016I	184,725,000.00	5.000%	NA	2018	2024	N/A	08/15/2024
RFS Bonds, 2016J	306,925,000.00	3.000-5.000%	NA	2017	2028	08/15/26	08/15/2028
RFS Bonds, Taxable 2017A	350,815,000.00	3.354%	NA	2047	2047	02/15/47	08/15/2047
RFS Bonds, 2017B	265,490,000.00	3.375-5.000%	NA	2027	2044	08/15/20	08/15/2044
RFS Refunding Bonds, 2017C (TRB)	33,290,000.00	2.500-5.000%	NA	2019	2027	N/A	08/15/2027
RFS Refunding Bonds, 2017C (non-TRB)	225,175,000.00	2.500-5.000%	NA	2018	2035	08/15/27	08/15/2035
RFS Refunding Bonds, 2019A	320,435,000.00	3.000-5.000%	NA	2026	2041	08/15/29	08/15/2041
RFS Bonds, 2019B	<u>318,715,000.00</u>	5.000%	NA	2029	2049	Make-Whole	08/15/2049
TOTAL BONDS ISSUED	\$ <u>11,544,550,000.00</u>						

The University of Texas System  
Schedule 2 -- Bonds Payable (Consolidated)  
For the Year Ended August 31, 2019

2B: CHANGES IN BONDED INDEBTEDNESS

Description of Issue	Bonds Outstanding 9/1/2018	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/2019	Unamortized Premium/ (Discount)	Net Bonds Outstanding 8/31/2019	Principal Due Within One Year	Amortization of Premiums/ (Discounts) Due Within One Year	Amounts Due Within One Year
Revenue Bonds:										
Self Supporting:										
PUF Refunding Bonds, 2006B	\$ 284,065,000.00	-	-	-	284,065,000.00	19,156,085.00	303,221,085.00	24,740,000.00	1,824,389.05	26,564,389.05
PUF Bonds, 2008A	359,360,000.00	-	6,220,000.00	-	352,140,000.00	-	250,000,000.00	352,140,000.00	-	352,140,000.00
PUF Taxable Bonds, 2009A	250,000,000.00	-	-	-	250,000,000.00	-	245,569,397.77	-	1,494,113.67	1,494,113.67
PUF Bonds, 2014A	240,340,000.00	-	-	-	240,340,000.00	5,229,397.77	245,569,397.77	-	2,264,386.13	2,264,386.13
PUF Bonds, 2014B	205,200,000.00	-	-	-	205,200,000.00	10,189,737.53	215,389,737.53	-	2,112,900.12	2,112,900.12
PUF Refunding Bonds, 2015A	136,860,000.00	-	26,095,000.00	-	110,765,000.00	9,508,050.51	120,273,050.51	2,620,000.00	3,284,299.74	11,739,299.74
PUF Bonds, 2015B	196,775,000.00	-	8,055,000.00	-	188,720,000.00	19,705,798.39	208,425,798.39	8,455,000.00	-	-
PUF Taxable Bonds, 2015C	126,020,000.00	-	-	-	126,020,000.00	-	126,020,000.00	-	2,127,585.95	2,127,585.95
PUF Bonds, 2016A	109,355,000.00	-	4,235,000.00	-	105,120,000.00	12,765,515.65	117,885,515.65	4,445,000.00	4,790,231.18	11,650,231.18
PUF Bonds, 2016B	258,280,000.00	-	6,530,000.00	-	251,750,000.00	33,531,618.21	285,281,618.21	6,860,000.00	-	-
PUF Taxable Bonds, 2017A	302,640,000.00	-	-	-	302,640,000.00	384,402.87	1,999,402.87	1,615,000.00	384,402.87	1,999,402.87
RFS Refunding Bonds, 2002A	9,640,000.00	-	8,025,000.00	-	1,615,000.00	767,162.23	2,457,162.23	1,690,000.00	767,162.23	2,457,162.23
RFS Refunding Bonds, 2002B	16,030,000.00	-	14,340,000.00	-	1,690,000.00	-	-	-	-	-
RFS Refunding Bonds, 2004B	18,870,000.00	-	18,870,000.00	-	-	-	-	-	-	-
RFS Refunding Bonds, 2006C	98,570,000.00	-	19,270,000.00	-	79,300,000.00	4,130,363.40	83,430,363.40	30,590,000.00	1,180,103.82	31,770,103.82
RFS Refunding Bonds, 2007B	326,340,000.00	-	1,400,000.00	-	324,940,000.00	-	324,940,000.00	324,940,000.00	-	324,940,000.00
RFS Bonds, 2008B	469,660,000.00	-	20,535,000.00	-	449,125,000.00	-	449,125,000.00	449,125,000.00	-	449,125,000.00
RFS Taxable Bonds, 2009B	330,545,000.00	-	-	330,545,000.00	-	-	-	-	-	-
RFS Bonds, 2009D	16,220,000.00	-	16,220,000.00	-	-	-	-	-	-	-
RFS Bonds, 2010A	63,465,000.00	-	23,965,000.00	-	39,490,000.00	2,226,924.55	41,716,924.55	39,490,000.00	2,226,924.55	41,716,924.55
RFS Refunding Bonds, 2010B	289,535,000.00	-	48,260,000.00	-	241,275,000.00	17,747,789.34	259,022,789.34	58,120,000.00	3,943,953.18	62,063,953.18
RFS Taxable Bonds, 2010C	596,320,000.00	-	15,425,000.00	-	580,895,000.00	-	580,895,000.00	15,760,000.00	-	15,760,000.00
RFS Taxable Bonds, 2010D	431,415,000.00	-	14,120,000.00	-	417,295,000.00	-	417,295,000.00	14,485,000.00	-	14,485,000.00
RFS Refunding Bonds, 2012A	107,615,000.00	-	10,955,000.00	-	96,660,000.00	8,738,493.64	105,398,493.64	11,500,000.00	3,495,397.46	14,995,397.46
RFS Bonds, 2012B	100,370,000.00	-	5,465,000.00	-	94,905,000.00	5,324,698.88	100,229,698.88	5,730,000.00	2,129,879.54	7,859,879.54
RFS Bonds, 2014A	243,135,000.00	-	5,220,000.00	-	237,915,000.00	11,115,366.43	249,030,366.43	5,485,000.00	2,470,081.45	7,955,081.45
RFS Refunding Bonds, 2014B	245,420,000.00	-	925,000.00	-	244,495,000.00	14,609,624.61	259,104,624.61	500,000.00	2,921,924.92	3,421,924.92
RFS Taxable Bonds, 2016A	255,825,000.00	-	-	-	255,825,000.00	-	255,825,000.00	-	-	-
RFS Bonds, 2016B	206,040,000.00	-	34,545,000.00	-	171,495,000.00	12,646,618.14	184,141,618.14	21,355,000.00	1,945,633.56	19,399,633.56
RFS Refunding Bonds, 2016C	128,605,000.00	-	128,605,000.00	-	-	17,671,387.48	111,731,387.48	2,524,483.92	2,524,483.92	23,879,483.92
RFS Bonds, 2016D	193,370,000.00	-	11,885,000.00	-	181,485,000.00	33,344,798.85	215,019,798.85	12,060,000.00	4,763,542.70	16,823,542.70
RFS Bonds, 2016E	178,565,000.00	-	9,225,000.00	-	169,340,000.00	35,988,641.64	205,328,641.64	9,665,000.00	4,498,580.21	14,163,580.21
RFS Bonds, 2016F	376,030,000.00	-	-	-	376,030,000.00	56,975,062.92	433,005,062.92	-	3,498,952.12	3,498,952.12
RFS Bonds, Taxable 2016G	250,000,000.00	-	-	-	250,000,000.00	-	250,000,000.00	250,000,000.00	-	250,000,000.00
RFS Refunding Bonds, 2016H	206,520,000.00	-	12,600,000.00	-	193,920,000.00	28,122,585.77	222,042,585.77	17,030,000.00	4,017,512.26	21,047,512.26
RFS Refunding Bonds, 2016I	177,685,000.00	-	7,230,000.00	-	170,455,000.00	22,964,519.68	193,419,519.68	4,795,000.00	4,592,903.94	9,387,903.94
RFS Bonds, 2016J	276,305,000.00	-	13,625,000.00	-	262,680,000.00	32,908,912.72	295,588,912.72	14,255,000.00	4,701,273.25	18,956,273.25
RFS Bonds, Taxable 2017A	350,815,000.00	-	-	-	350,815,000.00	-	350,815,000.00	-	-	-
RFS Bonds, 2017B	265,490,000.00	-	107,000.00	-	265,490,000.00	11,546,341.05	277,036,341.05	-	1,923,662.16	1,923,662.16
RFS Refunding Bonds, 2017C (TRB)	33,290,000.00	-	-	-	33,183,000.00	5,596,750.71	38,779,750.71	110,000.00	699,593.84	809,593.84
RFS Refunding Bonds, 2017C (non-TRB)	222,585,000.00	-	193,000.00	-	222,392,000.00	22,330,071.06	244,722,071.06	15,625,000.00	3,567,898.98	19,192,898.98
RFS Refunding Bonds, 2019A	-	320,435,000.00	-	-	320,435,000.00	73,387,198.14	393,822,198.14	-	7,724,968.23	7,724,968.23
RFS Bonds, 2019B	-	318,715,000.00	-	-	318,715,000.00	130,650,096.73	449,365,096.73	-	4,428,816.84	4,428,816.84
TOTAL CHANGES IN BONDS	\$ 8,852,160,000.00	\$ 639,150,000.00	\$ 363,350,000.00	\$ 386,785,000.00	\$ 8,841,175,000.00	\$ 659,264,013.90	\$ 9,500,439,013.90	\$ 1,703,185,000.00	\$ 86,305,557.87	\$ 1,789,490,557.87

2C: PROJECTED CASH PAYMENT DEBT SERVICE REQUIREMENTS (1)

Description of Issue	Total Debt Service Requirements									
	2020	2021	2022	2023	2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049
Revenue Bonds:										
Self Supporting:										
PUF Refunding Bonds, 2006B	\$	24,740,000.00	27,335,000.00	25,660,000.00	9,468,375.00	-	59,155,000.00	23,875,000.00	-	-
Principal		14,851,562.50	12,250,612.50	10,815,525.00	-	-	14,136,675.00	1,253,437.50	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2008A (1)		352,140,000.00	-	-	-	-	-	-	-	-
Principal		87,793.69	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Taxable Bonds, 2009A		13,155,000.00	13,155,000.00	13,155,000.00	-	-	26,324,000.00	223,676,000.00	-	-
Principal		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2014A		12,017,000.00	12,017,000.00	12,017,000.00	-	-	60,085,000.00	60,085,000.00	240,340,000.00	-
Principal		-	-	-	-	-	-	-	18,172,000.00	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2014B		9,191,000.00	9,191,000.00	9,191,000.00	-	-	106,900,000.00	106,900,000.00	-	-
Principal		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Refunding Bonds, 2015A		2,600,000.00	2,755,000.00	2,885,000.00	6,075,000.00	3,050,000.00	29,170,000.00	8,000,000.00	-	-
Principal		4,279,375.00	4,248,375.00	4,124,125.00	3,979,875.00	3,793,575.00	16,348,025.00	8,717,487.50	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2015B		8,455,000.00	8,875,000.00	9,325,000.00	9,785,000.00	9,955,000.00	58,555,000.00	70,395,000.00	-	-
Principal		9,059,650.00	8,636,900.00	8,193,150.00	7,726,900.00	7,237,650.00	28,506,200.00	12,911,875.00	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2015C		4,763,556.00	4,763,556.00	4,763,556.00	-	-	-	-	-	126,020,000.00
Principal		-	-	-	-	-	-	-	-	4,763,556.00
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2016A		4,445,000.00	4,670,000.00	4,905,000.00	5,150,000.00	5,405,000.00	31,365,000.00	40,025,000.00	-	-
Principal		5,030,237.50	4,807,987.50	4,574,487.50	4,329,237.50	4,071,737.50	16,023,937.50	7,358,687.50	-	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, 2016B		6,860,000.00	7,205,000.00	7,560,000.00	7,940,000.00	8,340,000.00	48,065,000.00	59,980,000.00	30,245,000.00	-
Principal		11,093,500.00	10,750,500.00	10,390,250.00	10,012,250.00	9,615,250.00	41,694,050.00	29,789,750.00	1,826,600.00	-
Interest		-	-	-	-	-	-	-	-	-
PUF Bonds, Taxable 2017A		10,217,126.40	10,217,126.40	10,217,126.40	-	-	51,085,632.00	51,085,632.00	302,640,000.00	-
Principal		-	-	-	-	-	-	-	51,085,632.00	25,627,891.20
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2002A		1,615,000.00	-	-	-	-	-	-	-	1,615,000.00
Principal		84,787.50	-	-	-	-	-	-	-	84,787.50
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2002B		1,690,000.00	-	-	-	-	-	-	-	1,690,000.00
Principal		88,725.00	-	-	-	-	-	-	-	88,725.00
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2006C		30,590,000.00	30,525,000.00	13,375,000.00	4,810,000.00	-	-	-	-	-
Principal		3,965,000.00	2,435,500.00	909,250.00	240,500.00	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2007B (1)		324,940,000.00	-	-	-	-	-	-	-	-
Principal		83,193.66	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Bonds, 2008B (1)		449,125,000.00	-	-	-	-	-	-	-	-
Principal		110,783.63	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Bonds, 2010A		39,490,000.00	-	-	-	-	-	-	-	-
Principal		1,796,600.00	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2010B		58,120,000.00	60,045,000.00	36,600,000.00	36,600,000.00	38,295,000.00	-	-	-	-
Principal		11,766,200.00	9,161,700.00	3,851,700.00	3,851,700.00	1,864,450.00	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Taxable Bonds, 2010C		15,760,000.00	16,105,000.00	16,495,000.00	16,875,000.00	17,310,000.00	108,720,000.00	126,400,000.00	42,715,000.00	-
Principal		26,612,043.96	26,075,415.96	25,499,682.20	24,893,470.86	24,248,022.20	86,787,159.30	59,135,667.90	27,423,837.30	3,087,336.00
Interest		-	-	-	-	-	-	-	-	-
RFS Taxable Bonds, 2010D		20,863,121.70	13,975,000.00	14,340,000.00	14,795,000.00	15,270,000.00	84,040,000.00	104,190,000.00	64,565,000.00	-
Principal		11,500,000.00	20,285,604.76	19,711,651.50	19,018,025.70	18,302,391.56	79,818,818.52	57,453,801.00	6,491,686.30	-
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2012A		4,599,000.00	4,111,800.00	3,605,000.00	2,640,000.00	985,000.00	10,935,000.00	15,477,000.00	-	-
Principal		1,796,600.00	4,111,800.00	3,592,400.00	1,885,150.00	566,150.00	1,071,500.00	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Bonds, 2012B		5,730,000.00	6,015,000.00	6,305,000.00	-	-	-	-	-	-
Principal		4,745,250.00	4,458,750.00	4,158,000.00	3,842,750.00	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Bonds, 2014A		5,485,000.00	5,710,000.00	5,990,000.00	6,300,000.00	6,585,000.00	39,230,000.00	55,995,000.00	63,215,000.00	-
Principal		10,934,537.50	10,710,287.50	10,424,787.50	10,125,287.50	9,831,587.50	44,281,350.00	34,039,250.00	9,003,050.00	-
Interest		-	-	-	-	-	-	-	-	-
RFS Refunding Bonds, 2014B		500,000.00	535,000.00	550,000.00	4,660,000.00	705,000.00	130,125,000.00	21,100,000.00	-	-
Principal		9,165,900.00	9,144,500.00	9,144,500.00	9,122,500.00	8,869,500.00	28,084,500.00	2,006,600.00	-	-
Interest		-	-	-	-	-	-	-	-	-
RFS Taxable Bonds, 2016A		9,854,379.00	9,854,379.00	9,854,379.00	9,854,379.00	9,854,379.00	49,271,895.00	49,271,895.00	49,271,895.00	-
Principal		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-

Description of Issue	Total Debt Service Requirements									
	2020	2021	2022	2023	2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049
RFS Bonds, 2016B	-	-	-	-	-	-	-	-	-	-
Principal	7,077,000.00	7,077,000.00	7,720,750.00	7,720,750.00	7,720,750.00	56,040,000.00	32,457,125.00	122,500,000.00	27,500,000.00	206,040,000.00
Interest	21,935,000.00	18,980,000.00	8,445,000.00	7,660,000.00	11,155,000.00	18,231,250.00	18,231,250.00	3,025,000.00	-	130,820,250.00
RFS Refunding Bonds, 2016C	-	-	-	-	-	-	-	-	-	-
Principal	4,703,000.00	3,635,250.00	2,686,250.00	2,884,000.00	1,628,750.00	-	-	-	-	94,060,000.00
Interest	12,060,000.00	27,365,000.00	20,995,000.00	24,990,000.00	25,080,000.00	-	-	-	-	16,796,250.00
RFS Bonds, 2016D	-	-	-	-	-	-	-	-	-	-
Principal	9,085,750.00	8,480,750.00	7,112,500.00	6,062,750.00	4,813,250.00	-	-	-	-	181,675,000.00
Interest	9,865,000.00	10,150,000.00	18,360,000.00	25,225,000.00	18,030,000.00	-	-	-	-	169,340,000.00
RFS Bonds, 2016E	-	-	-	-	-	-	-	-	-	-
Principal	8,422,750.00	7,939,500.00	7,466,000.00	6,555,250.00	5,294,750.00	-	-	-	-	45,226,450.00
Interest	14,464,425.00	14,464,425.00	14,464,425.00	14,464,425.00	14,464,425.00	75,308,025.00	81,031,000.00	85,012,200.00	99,530,000.00	276,500,000.00
RFS Bonds, Taxable 2016G (1)	-	-	-	-	-	-	-	-	-	-
Principal	250,000,000.00	-	-	-	-	-	-	-	-	250,000,000.00
Interest	101,643.84	-	-	-	-	-	-	-	-	101,643.84
RFS Refunding Bonds, 2016H	-	-	-	-	-	-	-	-	-	-
Principal	17,030,000.00	17,600,000.00	16,590,000.00	12,935,000.00	15,355,000.00	43,950,000.00	33,665,000.00	36,795,000.00	-	163,920,000.00
Interest	8,986,600.00	8,135,100.00	7,295,100.00	6,425,600.00	5,778,850.00	19,582,500.00	11,389,300.00	3,198,200.00	-	70,751,250.00
RFS Refunding Bonds, 2016I	-	-	-	-	-	-	-	-	-	-
Principal	4,795,000.00	36,860,000.00	44,450,000.00	48,460,000.00	35,860,000.00	-	-	-	-	170,455,000.00
Interest	8,522,750.00	8,283,000.00	6,440,000.00	4,217,500.00	1,793,000.00	-	-	-	-	29,256,250.00
RFS Bonds, 2016J	-	-	-	-	-	-	-	-	-	-
Principal	14,255,000.00	16,215,000.00	19,590,000.00	27,250,000.00	61,415,000.00	123,955,000.00	123,955,000.00	-	-	262,680,000.00
Interest	13,045,900.00	12,333,150.00	11,522,400.00	10,542,900.00	9,180,400.00	-	-	-	-	69,144,850.00
RFS Bonds, Taxable 2017A	-	-	-	-	-	-	-	-	-	-
Principal	11,766,335.10	11,766,335.10	11,766,335.10	11,766,335.10	11,766,335.10	58,831,675.50	58,831,675.50	58,831,675.50	58,831,675.50	350,815,000.00
Interest	10,080,006.26	10,257,537.50	10,257,537.50	10,257,537.50	10,257,537.50	23,945,000.00	49,390,275.02	47,169,066.30	241,545,000.00	265,490,000.00
RFS Refunding Bonds, 2017C (TRB)	-	-	-	-	-	-	-	-	-	-
Principal	110,000.00	115,000.00	121,000.00	127,000.00	3,109,000.00	29,801,000.00	-	-	-	33,183,000.00
Interest	1,659,150.00	1,653,650.00	1,647,900.00	1,641,650.00	1,635,900.00	2,897,750.00	-	-	-	10,935,800.00
RFS Refunding Bonds, 2017C (non-TRB)	-	-	-	-	-	-	-	-	-	-
Principal	15,625,000.00	16,430,000.00	17,239,000.00	24,748,000.00	25,971,000.00	65,264,000.00	48,795,000.00	8,320,000.00	-	222,392,000.00
Interest	10,170,000.00	9,386,750.00	8,567,250.00	7,705,300.00	6,467,900.00	17,376,000.00	5,749,000.00	249,600.00	-	65,675,000.00
RFS Refunding Bonds, 2019A	-	-	-	-	-	-	-	-	-	-
Principal	15,722,750.00	15,722,750.00	15,722,750.00	15,722,750.00	15,722,750.00	67,340,000.00	168,365,000.00	83,385,000.00	1,345,000.00	320,435,000.00
Interest	17,130,931.25	15,935,750.00	15,935,750.00	15,935,750.00	15,935,750.00	79,676,750.00	64,678,750.00	64,678,750.00	64,678,750.00	216,329,500.00
RFS Bonds, 2019B	-	-	-	-	-	-	-	-	-	-
Principal	1,703,185,000.00	338,345,000.00	337,675,000.00	336,475,000.00	332,550,000.00	1,344,815,000.00	950,684,000.00	952,036,000.00	904,680,000.00	8,841,175,000.00
Interest	339,473,114.49	322,754,292.22	307,000,335.20	290,323,930.66	273,661,677.76	1,142,228,538.80	889,453,349.10	689,042,973.92	439,757,632.40	4,855,470,891.05
PROJECTED BOND DEBT SERVICE	\$ 2,042,658,114.49	\$ 661,099,292.22	\$ 644,676,335.20	\$ 626,798,930.66	\$ 606,231,677.76	\$ 2,487,043,538.80	\$ 1,840,137,349.10	\$ 1,621,078,973.92	\$ 1,344,437,632.40	\$ 13,696,645,891.05

SUMMARY DEBT SERVICE:

Total Principal	1,703,185,000.00	338,345,000.00	337,675,000.00	336,475,000.00	332,550,000.00	1,344,815,000.00	950,684,000.00	952,036,000.00	904,680,000.00	1,640,730,000.00	8,841,175,000.00
Total Projected Interest	339,473,114.49	322,754,292.22	307,000,335.20	290,323,930.66	273,661,677.76	1,142,228,538.80	889,453,349.10	689,042,973.92	439,757,632.40	1,811,755,046.50	4,855,470,891.05
PROJECTED BOND DEBT SERVICE	\$ 2,042,658,114.49	\$ 661,099,292.22	\$ 644,676,335.20	\$ 626,798,930.66	\$ 606,231,677.76	\$ 2,487,043,538.80	\$ 1,840,137,349.10	\$ 1,621,078,973.92	\$ 1,344,437,632.40	\$ 13,696,645,891.05	

(1) The PUF Bonds, Series 2008A, the RFS Refunding Bonds, Series 2007B, the RFS Bonds, Series 2008B, and the RFS Bonds, Series 2016G are currently variable rate bonds. As required by GASB Statement No. 38 annual debt service requirements are computed using the System's effective rates of 1.30%, 1.34%, 1.29%, and 2.12% (respectively), on par amounts of \$352,140,000, \$324,940,000, \$449,125,000 and \$250,000,000 (respectively). Interest on variable rate bonds will fluctuate based upon current market conditions and is reset weekly. As required, interest expense per this schedule is presented on a cash basis, whereas, the financial statements are presented on an accrual basis. Although variable rate bonds may come due in one year, debt service is generally expected to be payable through final maturity on each series (July 2030, August 2035, August 2037, August 2039, and August 2045 respectively). Expected annual debt service requirements on \$170,070,000 in principal amount of the PUF Bonds, Series 2008A are computed using a base rate of 6.60%, and annual debt service requirements on the remaining \$182,070,000 in principal amount of the PUF Bonds, Series 2008A are computed using a base rate of 5.3875%. Expected annual debt service requirements on the remaining \$170,070,000 in principal amount of the RFS Refunding Bonds, Series 2007B are computed using a base rate of 3.805%, and annual debt service requirements on the remaining \$226,860,000 in principal amount of the RFS Refunding Bonds, Series 2007B are computed using a base rate of 3.805%. Expected annual debt service requirements on the remaining \$226,860,000 in principal amount of the RFS Bonds, Series 2008B are computed using a base rate of 5.614%, each obtained as a result of the 2008B Swap Agreements. Expected annual debt service requirements on the RFS Bonds, Taxable Series 2016G are computed using a base rate of 2.00% obtained as a result of the 2016G Swap Agreement.

The University of Texas System  
 Schedule 2 -- Bonds Payable (Consolidated)  
 For the Year Ended August 31, 2019  
**2D: ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE**

**Revenue Bonds**

Description of Issue	Pledged Revenues			
	Operating Revenues	Investment Interest Earned	Other Pledged Revenues	Total Pledged Sources for Debt Service <sup>(4)</sup>
<b>Self Supporting:</b>				
<b>Permanent University Fund</b>				
Pledged Revenues <sup>(1)</sup>	\$ -	188,728.21	769,971,041.14	770,159,769.35
PUF Refunding Bonds, 2006B				
PUF Bonds, 2008A				
PUF Taxable Bonds, 2009A				
PUF Bonds, 2014A				
PUF Bonds, 2014B				
PUF Refunding Bonds, 2015A				
PUF Bonds, 2015B				
PUF Taxable Bonds, 2015C				
PUF Bonds, 2016A				
PUF Bonds, 2016B				
PUF Taxable Bonds, 2017A				
<b>Revenue Financing System</b>				
Pledged Revenues <sup>(2)</sup>	10,946,975,589.00	734,482,129.40	105,158,762.08	11,786,616,480.48
RFS Refunding Bonds, 2002A				
RFS Refunding Bonds, 2002B				
RFS Refunding Bonds, 2004B				
RFS Refunding Bonds, 2006C				
RFS Refunding Bonds, 2007B				
RFS Bonds, 2008B				
RFS Taxable Bonds, 2009B				
RFS Bonds, 2009D				
RFS Bonds, 2010A				
RFS Refunding Bonds, 2010B				
RFS Taxable Bonds, 2010C				
RFS Taxable Bonds, 2010D				
RFS Refunding Bonds, 2012A				
RFS Bonds, 2012B				
RFS Bonds, 2014A				
RFS Refunding Bonds, 2014B				
RFS Taxable Bonds, 2016A				
RFS Bonds, 2016B				
RFS Refunding Bonds, 2016C				
RFS Bonds, 2016D				
RFS Bonds, 2016E				
RFS Bonds, 2016F				
RFS Bonds, Taxable 2016G				
RFS Refunding Bonds, 2016H				
RFS Refunding Bonds, 2016I				
RFS Bonds, 2016J				
RFS Bonds, Taxable 2017A				
RFS Bonds, 2017B				
RFS Refunding Bonds, 2017C (TRB)				
RFS Refunding Bonds, 2017C (non-TRB)				
RFS Refunding Bonds, 2019A				
RFS Bonds, 2019B				
<b>Total Revenue Bonds</b>	<b>\$ 10,946,975,589.00</b>	<b>734,670,857.61</b>	<b>875,129,803.22</b>	<b>12,556,776,249.83</b>

(1) Revenues also pledged to Permanent University Fund Commercial Notes, Series A and Permanent University Fund Taxable Commercial Notes, Series B on a subordinate lien basis.

(2) Revenues also pledged to Revenue Financing System Commercial Paper Notes, Series A and Revenue Financing System Taxable Commercial Paper Notes, Series B on an equal and ratable basis.

(3) As required by the Texas State Comptroller's Financial Reporting Requirements, interest expense for Fiscal Year 2019 is presented on a cash basis and therefore the data does not agree with information presented in the Statement of Revenues, Expenses and Change in Net Assets, nor the Notes of the financials, which are prepared on the accrual basis of accounting. The effect of this difference is a \$995,306.99 net increase due to accrued interest expense.

(4) The related operating expenditures against these gross pledged revenues were \$12,202,170,227.77.

Debt Service		Refunded or Extinguished	Interest & Sinking Fund		Bond Reserve Fund	
Principal	Interest <sup>(3)</sup>		Minimum	Actual	Minimum	Actual
-	14,851,562.50	-	N/A		N/A	N/A
6,220,000.00	12,999,045.12	-	N/A		N/A	N/A
-	13,155,000.00	-	N/A		N/A	N/A
-	12,017,000.00	-	N/A		N/A	N/A
-	9,191,000.00	-	N/A		N/A	N/A
26,095,000.00	5,678,625.00	-	N/A		N/A	N/A
8,055,000.00	9,462,400.00	-	N/A		N/A	N/A
-	4,763,556.00	-	N/A		N/A	N/A
4,235,000.00	5,241,987.50	-	N/A		N/A	N/A
6,530,000.00	11,420,000.00	-	N/A		N/A	N/A
-	10,217,126.40	-	N/A		N/A	N/A
8,025,000.00	506,100.00	-	N/A		N/A	N/A
14,340,000.00	841,575.00	-	N/A		N/A	N/A
18,870,000.00	990,675.00	-	N/A		N/A	N/A
19,270,000.00	4,928,500.00	-	N/A		N/A	N/A
1,400,000.00	12,337,170.20	-	N/A		N/A	N/A
20,535,000.00	17,392,843.03	-	N/A		N/A	N/A
-	10,372,502.10	330,545,000.00	N/A		N/A	N/A
16,220,000.00	728,500.00	-	N/A		N/A	N/A
23,965,000.00	2,852,250.00	-	N/A		N/A	N/A
48,260,000.00	14,058,650.00	-	N/A		N/A	N/A
15,425,000.00	27,121,840.20	-	N/A		N/A	N/A
14,120,000.00	21,414,790.10	-	N/A		N/A	N/A
10,955,000.00	5,147,550.00	-	N/A		N/A	N/A
5,465,000.00	5,018,500.00	-	N/A		N/A	N/A
5,220,000.00	11,195,537.50	-	N/A		N/A	N/A
925,000.00	9,855,600.00	56,240,000.00	N/A		N/A	N/A
-	9,854,379.00	-	N/A		N/A	N/A
-	7,077,000.00	-	N/A		N/A	N/A
34,545,000.00	6,430,250.00	-	N/A		N/A	N/A
11,695,000.00	9,668,500.00	-	N/A		N/A	N/A
9,225,000.00	8,873,600.00	-	N/A		N/A	N/A
-	14,215,600.00	-	N/A		N/A	N/A
-	4,685,581.14	-	N/A		N/A	N/A
12,600,000.00	9,616,600.00	-	N/A		N/A	N/A
7,230,000.00	8,884,250.00	-	N/A		N/A	N/A
13,625,000.00	13,727,150.00	-	N/A		N/A	N/A
-	11,766,335.10	-	N/A		N/A	N/A
-	10,080,006.26	-	N/A		N/A	N/A
107,000.00	1,661,825.00	-	N/A		N/A	N/A
193,000.00	10,174,824.99	-	N/A		N/A	N/A
-	2,707,806.95	-	N/A		N/A	N/A
-	-	-	N/A		N/A	N/A
<u>363,350,000.00</u>	<u>383,183,594.09</u>	<u>386,785,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE UNIVERSITY OF TEXAS SYSTEM  
 Schedule 2 -- Bonds Payable (Consolidated)  
 For the Year Ended August 31, 2019

**2E: DEFEASED BONDS OUTSTANDING**

The Balance Sheet at August 31, 2019 does not include \$317,395,000 of bonds payable which were fully defeased during fiscal years 2016 and 2017. Direct obligations of the United States of America and noncallable obligations of an agency or instrumentality of the United States of America, including obligations unconditionally guaranteed by the United States of America, rated not less than AAA or its equivalent, in amounts, maturities, and bearing interest at rates sufficient to provide funds to pay in full the principal of, redemption premium, if any, and interest on the defeased bonds are being held by various escrow agents. Shown below is a listing of the defeased bonds outstanding at August 31, 2019.

Description of Issue	Year Refunded/ Defeased	Par Value Outstanding
Revenue Financing System Bonds		
Series 2010A	2016	\$ 170,440,000
Series 2012A	2017	35,985,000
Series 2012B	2017	<u>110,970,000</u>
		<u>317,395,000</u>
Total Defeased Bonds Outstanding		<u>\$ 317,395,000</u>

The University of Texas System  
Schedule 2 -- Bonds Payable (Consolidated)  
For the Year Ended August 31, 2019

2F: EARLY EXTINGUISHMENT AND REFUNDING

Description of Debt Extinguished/Refunded	Description of Newly Issued Debt	Category	Amount Extinguished or Refunded	For Refunding Only		
				Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain (Loss)
RFS Taxable Bonds, Series 2009B	RFS Refunding Bonds, Series 2019A	Current Refunding	\$ 330,545,000.00	275,050,000.00	79,779,481.37	57,601,214.16
RFS Refunding Bonds, Series 2014B	RFS Refunding Bonds, Series 2019A	Current Refunding	56,240,000.00	45,385,000.00	14,418,974.72	10,296,444.40
TOTAL BONDS			386,785,000.00	320,435,000.00	94,198,456.09	67,897,658.56
RFS Tax-Exempt Commercial Paper Notes, Series A	RFS Bonds, Series 2019B	Current Refunding	449,478,000.00	318,715,000.00	N/A	N/A
TOTAL OTHER			449,478,000.00	318,715,000.00	0.00	0.00
TOTAL			\$ 836,263,000.00	639,150,000.00	94,198,456.09	67,897,658.56