

TEXAS TECH UNIVERSITY SYSTEM



COMBINED ANNUAL FINANCIAL REPORT FISCAL YEAR 2020

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2020

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

Texas Tech University System

Table of Contents

Letters of Transmittal	1
Organizational Data	3

Financial Statements

Combined Statement of Net Position	5
Combined Statement of Revenues, Expenses and Changes in Net Position	7
Combined Statement of Cash Flows	9

Policies and Notes

Notes to the Combined Financial Statements	12
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Schedules

Combined Schedule 1A Schedule of Expenditures of Federal Awards	65
Combined Schedule 1B Schedule of State Grant Pass-Throughs from/to State Agencies	66
Combined Schedule 2A Miscellaneous Bond Information	67
Combined Schedule 2B Changes in Bonded Indebtedness	68
Combined Schedule 2C Debt Service Requirements	69
Combined Schedule 2D Analysis of Funds Available for Debt Service	71
Combined Schedule 2E Defeased Bonds Outstanding	72
Combined Schedule 2F Early Extinguishment and Refunding	73
Combined Schedule 3 Reconciliation of Cash in State Treasury	74
Combined Schedule 4A TTU System's Proportionate Share of Net Pension Liability	75
Combined Schedule 4B TTU System's TRS Employer Contributions	76
Combined Schedule 5A TTU System's Proportionate Share of Net OPEB Liability	77
Combined Schedule 5B TTU System's ERS Employer Contributions	78
Combined Matrix of Operating Expenses Reported by Function	79

Fiduciary Financial Statements

Combined Statement of Fiduciary Net Position	82
Combined Statement of Changes in Fiduciary Net Position	83

Texas Tech University System

Table of Contents

Discretely Presented Component Unit

Statement of Net Position	85
Statement of Revenues, Expenses and Changes in Net Position	86

Component Institution Annual Financial Statements

Texas Tech University	88
Texas Tech University Health Sciences Center	98
Texas Tech University Health Sciences Center at El Paso	108
Angelo State University	118
Texas Tech University System Administration	128



TEXAS TECH UNIVERSITY SYSTEM™

Tedd Mitchell, Chancellor

November 15, 2020

Honorable Greg Abbott
Governor of Texas

Honorable Glenn Hegar
Texas Comptroller

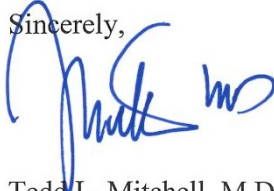
Mr. John McGeady
Director, Legislative Budget Board

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

To Agency Heads Addressed:

The Annual Financial Report of Texas Tech University System (TTUS), with which this letter is bound, is transmitted for inclusion in the State of Texas Comprehensive Annual Financial Report for the fiscal year ended August 31, 2020. Neither the State Auditor nor TTUS Office of Audit Services has audited the accompanying annual financial report and, therefore, neither has expressed an opinion on the financial statements and related information contained in this report. This report is intended to present a complete picture of the fiscal affairs of the System for the year ended August 31, 2020.

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

Sincerely,
A handwritten signature in blue ink, appearing to read "Tedd Mitchell", with a stylized flourish at the end.

Tedd L. Mitchell, M.D.
Chancellor



TEXAS TECH UNIVERSITY SYSTEM™

Gary Barnes
Vice Chancellor and Chief Financial Officer

November 15, 2020

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

Dear Chancellor Mitchell:

Submitted herein is the Annual Financial Report of Texas Tech University System for the fiscal year ended August 31, 2020, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact me at 834-4849.

Sincerely,

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

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

Approved:

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

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

**Texas Tech University System
Board of Regents**

Officers of the Board

Christopher M. Huckabee, Chair
J. Michael Lewis, Vice Chair

Members

Term Expires January 31, 2021

Ron Hammonds	Houston, TX
Christopher M. Huckabee	Fort Worth, TX
Mickey L. Long	Lubbock, TX

Term Expires January 31, 2023

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

Term Expires January 31, 2025

Mark Griffin	Lubbock, TX
Ginger Kerrick	Webster, TX
Dusty Womble	Lubbock, TX

Term Expires May 31, 2021

Brooke Walterscheid (Student Regent)	Muenster, TX
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System Fiscal Officers

Tedd Mitchell	Chancellor
Gary Barnes	Vice Chancellor and Chief Financial Officer
Lawrence Schovanec	TTU President
Lori Rice-Spearman	TTUHSC President
Richard Lange	TTUHSC at El Paso President
Ronnie D. Hawkins Jr.	ASU President
Noel Sloan	TTU CFO and VP for Administration & Finance
Penny Harkey	HSC VP and Chief Financial Officer
Sue Fuciarelli	TTUHSC at El Paso VP for Finance & Administration
Angelina Wright	ASU VP for Finance & Administration

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED
FINANCIAL STATEMENTS**

UNAUDITED

Texas Tech University System (793)
Combined Statement of Net Position
August 31, 2020 and 2019

	2020	Restated 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 267,087,958.76	\$ 233,273,129.42
Restricted Cash and Cash Equivalents	36,655,848.10	33,700,723.77
Legislative Appropriations	198,426,010.37	197,492,753.41
Receivables:		
Federal	18,274,956.01	18,698,002.22
Patient	17,636,606.80	20,398,856.98
Student	19,675,421.87	20,958,654.06
Contracts	32,724,533.62	26,247,211.48
Accounts	9,121,226.28	5,340,520.30
Interest and Dividends	1,648,439.63	1,819,626.50
Gifts	23,394,639.76	33,055,545.50
Other	1,536,464.61	9,768,927.30
Due From Other State Agencies	42,117,198.68	43,982,073.26
Inventories	4,776,904.12	4,387,203.82
Prepaid Items	65,203,710.63	66,640,880.07
Loans and Contracts	1,040,113.79	1,355,921.80
Other Current Assets	955,257.39	784,066.85
Total Current Assets	<u>740,275,290.42</u>	<u>717,904,096.74</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	165,391,990.29	68,833,027.43
Restricted Investments (Note 3)	1,156,619,209.22	1,116,888,549.06
Gifts Receivable	68,531,141.09	75,253,473.75
Loans and Notes Receivable	1,870,103.83	2,209,521.27
Investments (Note 3)	1,216,244,969.44	1,173,688,707.01
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	295,804,047.96	253,829,917.74
Depreciable or Amortizable	3,585,986,708.15	3,457,080,715.48
Accumulated Depreciation and Amortization	<u>(2,039,679,958.25)</u>	<u>(1,931,617,753.89)</u>
Total Non-Current Assets	<u>4,450,768,211.73</u>	<u>4,216,166,157.85</u>
Total Assets	<u>5,191,043,502.15</u>	<u>4,934,070,254.59</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources (Note 28)	710,618,379.06	796,317,056.00
Total Deferred Outflows of Resources	<u>\$ 710,618,379.06</u>	<u>\$ 796,317,056.00</u>

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

UNAUDITED

Texas Tech University System (793)
Combined Statement of Net Position
August 31, 2020 and 2019

	2020	Restated 2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 59,704,918.24	\$ 61,021,931.90
Payroll Payable	93,486,695.72	93,102,004.43
Unearned Revenue	244,583,955.29	238,956,981.33
Due to Other State Agencies	924,164.65	636,475.05
Short-Term Debt Commercial Paper Notes (Note 4)	28,978,000.00	50,795,000.00
Claims and Judgments (Note 5)	5,022,229.87	8,818,803.43
Capital Lease Obligations (Notes 5 & 8)	45,748.70	43,392.76
Capital Lease - Direct Borrowings (Note 5)	230,948.09	219,971.49
Employees' Compensable Leave (Note 5)	6,607,776.43	7,223,130.99
Revenue Bonds Payable (Note 5)	69,408,793.90	66,019,101.40
Funds Held for Others	10,433,996.83	10,426,442.50
Net OPEB Liability (Note 11)	29,178,371.00	17,787,366.00
Other Current Liabilities	5,409,505.37	5,296,905.07
Total Current Liabilities	<u>554,015,104.09</u>	<u>560,347,506.35</u>
Non-Current Liabilities:		
Claims and Judgments (Note 5)	5,430,667.91	4,850,276.57
Capital Lease Obligations (Notes 5 & 8)	14,423.90	60,172.60
Capital Lease - Direct Borrowings (Note 5)	0.00	230,948.09
Employees' Compensable Leave (Note 5)	58,226,175.46	47,412,464.35
Revenue Bonds Payable (Note 5)	788,229,466.80	646,173,902.35
Pollution Remediation Obligation (Note 5)	1,022,641.50	1,022,641.50
Net OPEB Liability (Note 11)	891,437,921.00	783,201,673.00
Net Pension Liability (Note 9)	317,934,234.00	334,729,720.00
Other Non-Current Liabilities	204,731.09	200,931.84
Total Non-Current Liabilities	<u>2,062,500,261.66</u>	<u>1,817,882,730.30</u>
Total Liabilities	<u>2,616,515,365.75</u>	<u>2,378,230,236.65</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources (Note 28)	331,763,354.75	360,313,606.58
Total Deferred Inflows of Resources	<u>331,763,354.75</u>	<u>360,313,606.58</u>
NET POSITION		
Net Investment in Capital Assets	1,129,811,966.32	1,081,349,508.90
Restricted:		
Nonexpendable:		
Endowments	786,164,428.93	758,053,956.43
Expendable:		
Capital Projects	18,199,298.85	22,602,845.52
Debt Service	4,996,921.00	4,767,678.24
Other	479,216,292.76	485,373,284.42
Unrestricted	534,994,252.85	639,696,193.85
Total Net Position	<u>\$ 2,953,383,160.71</u>	<u>\$ 2,991,843,467.36</u>

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

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Texas Tech University System (793)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Operating Revenues		
Tuition and Fees	\$ 12,912,541.44	\$ 12,657,564.34
Tuition and Fees - Pledged	589,757,576.02	574,853,393.53
Less Discounts and Allowances	(141,136,630.25)	(136,124,285.59)
Professional Fees	284,707,903.09	286,626,617.76
Professional Fees - Pledged	514,914.81	764,425.39
Sales and Services of Auxiliary Enterprises - Pledged	152,112,732.74	185,615,319.13
Other Sales and Services	10,532,072.72	6,893,848.93
Other Sales and Services - Pledged	13,469,232.43	14,627,573.29
Federal Grants and Contracts	62,738,859.45	64,196,616.56
Federal Grant Pass-Throughs from Other State Agencies	4,176,269.61	3,943,369.09
State Grants and Contracts	2,186,030.34	2,068,478.25
State Grants and Contracts - Pledged	26,803.98	12,476.80
State Grant Pass-Throughs from Other State Agencies	49,450,103.65	47,400,687.76
Local Governmental Grants and Contracts	141,984,149.03	133,064,600.03
Local Governmental Grants and Contracts - Pledged	1,994,572.36	1,229,859.30
Nongovernmental Grants and Contracts	99,753,749.21	107,961,395.59
Nongovernmental Grants and Contracts - Pledged	6,025,526.72	3,099,770.91
Other Operating Revenues	38,775,668.20	22,517,788.94
Total Operating Revenues	<u>1,329,982,075.55</u>	<u>1,331,409,500.01</u>
Operating Expenses		
Cost of Goods Sold	11,916,277.91	14,615,732.05
Salaries and Wages	1,038,987,551.42	999,377,325.20
Payroll Related Costs	442,170,633.52	417,172,503.36
Professional Fees and Services	94,818,464.33	86,412,529.05
Travel	22,890,992.43	37,982,440.24
Materials and Supplies	74,695,977.63	77,858,668.69
Communications and Utilities	52,746,411.95	55,101,336.77
Repairs and Maintenance	47,163,070.04	46,296,004.52
Rentals and Leases	23,322,448.74	24,214,754.63
Printing and Reproduction	4,351,562.57	5,290,816.78
Federal Grant Pass-Through Expense	733,863.58	750,322.09
State Grant Pass-Through Expense	131,108.95	86,824.33
Depreciation and Amortization (Note 2)	139,205,909.11	132,918,881.18
Bad Debt Expense	577,764.89	1,012,369.37
Interest	14,576.88	15,235.62
Scholarships	101,879,537.80	84,013,125.39
Claims and Judgments	1,907,673.00	7,482,633.56
Other Operating Expenses	132,927,529.52	142,369,870.46
Total Operating Expenses	<u>2,190,441,354.27</u>	<u>2,132,971,373.29</u>
Operating Income (Loss)	\$ (860,459,278.72)	\$ (801,561,873.28)

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

UNAUDITED

Texas Tech University System (793)
Combined Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 520,125,404.12	\$ 476,188,697.33
Federal Grants and Contracts	93,140,831.80	58,990,694.25
State Grant Pass-Throughs from Other State Agencies	60,677.00	95,000.00
Private Gifts	41,503,453.83	35,023,286.56
Private Gifts - Pledged	992,490.95	1,215,634.44
Investment Income (Expense)	47,069,191.94	(12,537,287.95)
Investment Income (Expense) - Pledged	39,336,103.46	30,637,818.00
Interest Expense on Capital Asset Financing	(21,449,661.82)	(25,185,759.32)
Gain (Loss) on Sale and Disposal of Capital Assets	(18,838.42)	(614,244.96)
Net Increase (Decrease) in Fair Value of Investments	(47,845,548.68)	24,130,835.85
Other Nonoperating Revenues (Expenses)	(259,797.31)	2,761,740.77
Other Nonoperating Revenues (Expenses) - Pledged	6,226,053.54	(1,052,136.85)
Total Nonoperating Revenues (Expenses)	<u>678,880,360.41</u>	<u>589,654,278.12</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(181,578,918.31)	(211,907,595.16)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	84,152,382.00	84,152,382.00
Capital Contributions	21,014,524.88	61,739,363.64
Lapsed Appropriations	(0.31)	(946.53)
Contributions to Permanent and Term Endowments	25,448,377.75	24,326,293.43
Special Item (Note 23)	698,034.56	0.00
Legislative Transfers In	6,068,838.29	1,306,979.00
Legislative Transfers Out	(1,075,125.00)	(1,122,750.00)
Interagency Transfers of Capital Assets - Increase (Note 2)	13,370.20	9,909.66
Interagency Transfers of Capital Assets - Decrease (Note 2)	0.00	(40,065.87)
Transfers In from Other State Agencies	8,939,385.66	8,589,100.66
Transfers Out to Other State Agencies	(2,141,176.37)	(17,866.06)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>143,118,611.66</u>	<u>178,942,399.93</u>
Total Change in Net Position	<u>(38,460,306.65)</u>	<u>(32,965,195.23)</u>
Beginning Net Position (September 1)	2,991,843,467.36	3,024,808,662.59
Ending Net Position (August 31)	<u><u>\$ 2,953,383,160.71</u></u>	<u><u>\$ 2,991,843,467.36</u></u>

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

UNAUDITED

Texas Tech University System (793)
Combined Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 361,702,002.12	\$ 333,619,195.08
Proceeds from Tuition and Fees	467,429,953.34	457,708,174.11
Proceeds from Grants and Contracts	361,695,095.36	363,183,124.08
Proceeds from Sales and Services of Auxiliary Enterprises	146,322,599.32	185,391,737.18
Proceeds from Collections of Loans to Students	6,409,482.43	6,147,916.83
Proceeds from Fiduciary Activities (Held 3 Months or Less)	356,263,427.02	377,599,620.13
Payments to Suppliers for Goods and Services	(239,906,530.99)	(238,815,472.60)
Payments to Employees for Salaries	(1,033,692,859.21)	(993,628,640.81)
Payments to Employees for Benefits	(281,402,918.75)	(269,761,092.65)
Payments for Loans Issued to Students	(5,669,501.87)	(5,677,132.60)
Payments for Fiduciary Activities (Held 3 Months or Less)	(353,576,557.22)	(376,116,169.67)
Payments for Other Expenses	(332,954,718.41)	(347,884,382.16)
Net Cash Provided/(Used) by Operating Activities	<u>(547,380,526.86)</u>	<u>(508,233,123.08)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	527,654,200.69	470,502,005.11
Proceeds from Gifts	59,684,351.62	61,410,060.18
Proceeds from Nonoperating Grants and Contracts	94,197,836.83	58,976,741.21
Proceeds from Other Financing Activities	12,105,403.86	9,030,753.59
Proceeds from Transfers In from Other State Agencies	16,370,064.47	11,003,571.83
Payments for Transfers to Other State Agencies	(2,130,176.37)	(5,866.06)
Payments for Other Uses	(3,863,560.76)	(4,796,730.21)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>704,018,120.34</u>	<u>606,120,535.65</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	1,765,081.30	172,499.77
Proceeds from Capital Debt Issuances	359,269,000.00	19,500,000.00
Proceeds from Capital Gifts	40,262,190.07	30,137,893.47
Proceeds from Capital Appropriations	75,690,328.47	77,463,397.85
Payments for Transfers to Other State Agencies	(1,086,125.00)	(1,134,750.00)
Payments for Additions to Capital Assets	(198,595,682.65)	(189,966,699.68)
Payments for Principal Paid on Capital Debt	(227,975,971.49)	(82,474,516.61)
Payments for Interest Paid on Capital Debt	(30,095,966.44)	(27,190,806.02)
Payments for Capital Leases	(48,525.61)	(44,842.53)
Payments for Other Costs on Debt Issuance	(2,173,078.49)	(99,691.31)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>17,011,250.16</u>	<u>(173,637,515.06)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	470,895,817.63	286,726,020.02
Proceeds from Interest and Investment Income	109,357,252.36	107,222,437.94
Payments to Acquire Investments	(620,572,997.10)	(526,301,298.64)
Net Cash Provided/(Used) by Investing Activities	<u>(40,319,927.11)</u>	<u>(132,352,840.68)</u>
TOTAL NET CASH FLOWS	<u><u>\$ 133,328,916.53</u></u>	<u><u>\$ (208,102,943.17)</u></u>

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

UNAUDITED

Texas Tech University System (793)
Combined Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Beginning Cash & Cash Equivalents - September 1 (Previously Reported)	\$ 338,769,549.34	\$ 546,185,415.26
Restatement to Beginning Cash & Cash Equivalents (Note 14)	(2,962,668.72)	(2,275,591.47)
Beginning Cash & Cash Equivalents - September 1 (Restated)	335,806,880.62	543,909,823.79
Ending Cash & Cash Equivalents - (August 31)	<u>\$ 469,135,797.15</u>	<u>\$ 335,806,880.62</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (860,459,278.72)	\$ (801,561,873.28)
Adjustments:		
Depreciation and Amortization Expense	139,205,909.11	132,918,881.18
Bad Debt Expense	459,264.22	746,290.14
Pension Expense	57,040,295.00	38,887,636.00
OPEB Expense	133,911,489.00	132,382,075.00
(Increase) Decrease in Accounts Receivables	(1,075,651.33)	(1,959,682.56)
(Increase) Decrease in Loans and Notes Receivable	655,225.45	597,611.32
(Increase) Decrease in Inventories	(285,903.18)	(8,422.07)
(Increase) Decrease in Other Assets	(161,190.54)	(257.26)
(Increase) Decrease in Due From Other State Agencies	(374,983.84)	(1,081,975.10)
(Increase) Decrease in Prepaid Items	983,128.93	(4,614,060.84)
(Increase) Decrease in Deferred Outflows of Resources	(110,621,806.00)	(801,627,150.00)
Increase (Decrease) in Accounts Payable	(2,355,000.83)	(130,856.65)
Increase (Decrease) in Payroll Payable	(364,660.44)	4,295,663.12
Increase (Decrease) in Unearned Revenue	4,805,394.55	8,301,365.02
Increase (Decrease) in Employees' Compensable Leave	10,198,356.55	625,921.64
Increase (Decrease) in Claims and Judgments	(3,216,182.22)	6,710,942.00
Increase (Decrease) in Due To Other State Agencies	306,019.43	(63,736.25)
Increase (Decrease) in Benefits Payable	2,630,473.80	183,379.46
Increase (Decrease) in Fiduciary Funds (Held 3 Months or Less)	3,231,166.29	1,874,043.38
Increase (Decrease) in Net OPEB Liability	55,027,472.00	439,967,568.00
Increase (Decrease) in Deferred Inflows of Resources	22,885,725.00	336,512,907.00
Increase (Decrease) in Other Liabilities	194,210.91	(1,189,392.33)
Net Cash Used for Operating Activities	<u>(547,380,526.86)</u>	<u>(508,233,123.08)</u>
Noncash Transactions		
Donations of Capital Assets	4,706,854.35	7,419,418.87
Net Increase (Decrease) in Fair Value of Investments	(47,845,548.68)	24,130,835.85
Borrowing Under Capital Lease Purchase	0.00	147,106.71
Other	2,450,576.85	(300,183.93)
Total Noncash Transactions	<u>\$ (40,688,117.48)</u>	<u>\$ 31,397,177.50</u>

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

**NOTES to the COMBINED
FINANCIAL STATEMENTS**

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

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

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

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

Effective August 31, 2020, the System had a change in accounting policy due to the implementation of GASB Statement No. 84 *Fiduciary Activities* (GASB 84). This statement establishes criteria for identifying fiduciary activities and requires that fiduciary activities be reported in a separate statement of fiduciary net position and a separate statement of changes in fiduciary net position (Fiduciary Statements) which are presented at the end of this combined report. The System allows an external entity to deposit funds in the System's Long Term Investment Fund as an investment vehicle. These funds are reported as External Investment Pool Non-Trusted Funds in the Fiduciary Statements. The System also holds funds for external entities and individuals that are not derived from the System's revenues, the System has no administrative or direct financial involvement with the funds, and the funds are for the benefit of the external entities and individuals. These funds are reported as Custodial Funds in the Fiduciary Statements.

GASB 84 allows business-type activities to report activities that would otherwise be considered custodial funds in the System's Combined Statement of Net Position and Combined Statement of Cash Flows as an operating activity if upon receipt, the funds are normally expected to be held for three months or less. These fiduciary activities were reclassified to the operating activities portion of the Combined Statement of Cash Flows at August 31, 2020 and 2019, respectively.

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

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

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

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

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

Budgetary Information

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

Cash and Cash Equivalents

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

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

Investments

The System accounts for its investments at fair value on the Combined Statement of Net Position. All investment income, including changes in the fair value of investments, is reported in the Combined Statement of Revenues, Expenses, and Changes in Net Position. Investments are addressed in more detail in Note 3.

Legislative Appropriations

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

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

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

Inventories and Prepaid Items

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

Receivables

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

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

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

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

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

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

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

Loans and Notes Receivable

These receivables are student loans receivable that consist of amounts due from loans administered by the System.

Capital Assets

Capital assets, defined as assets held for use in operations with a value equal to or greater than the capitalization threshold established for that asset type and an initial useful life of more than one year, are recorded at cost at the date of acquisition. Gifts of donated assets are recorded at acquisition value (the price

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

that would be paid to acquire the asset with equivalent service potential in an orderly market transaction) at the date of donation. This is a change in definition established by GASB 72. Capital assets may or may not be capitalized for financial reporting purposes. Livestock held for educational purposes is recorded at estimated fair value.

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

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

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

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

Deferred Outflows of Resources

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

Payables

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

Claims and Judgments

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

Unearned Revenues

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

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

Employees' Compensable Leave

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

Short-term Debt Commercial Paper Notes

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

Revenue Bonds Payable

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

Capital Lease - Direct Borrowings

Effective fiscal year 2019, the System implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB 88 defines direct borrowings as having terms negotiated directly with the lender and are not offered for public sale. The System's direct borrowings consist of financed asset purchases and are disclosed in more detail in Note 5.

Pollution Remediation Obligation

A pollution remediation obligation addresses the current or potential detrimental effects of existing pollution and contamination by participating in pollution remediation activities such as spills of hazardous substances or asbestos abatement. These obligations will generally require the recognition and reporting of remediation liabilities. The System initially accrued and recorded a pollution remediation obligation for Texas Tech University in fiscal year 2016, and the obligation remains the same for fiscal year 2020. This obligation is discussed in detail in Note 5.

Funds Held for Others

Current balances in funds held for others result from the System acting as an agent or fiduciary for other organizations and the funds upon receipt are normally expected to be held for three months or less. This is a change in accounting policy effective fiscal year 2020 due to the implementation of GASB 84 which is described in more detail above in the general introduction section of Note 1.

Net Pension Liability

The System is required to recognize its proportionate share of net pension liability and operating statement activity related to changes in the net pension liability for participation in the Teacher Retirement System (TRS) pension plan. The net pension liability is the System's proportionate share of the total TRS pension plan liability less the Plan's net assets as reported by the TRS pension plan for fiscal year 2019. The System's proportionate share is based on its contributions to the pension plan relative to the contributions of other employers participating in the plan. The net pension liability and pension-related deferred outflows and

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

inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net pension liability for all System component institutions. Pensions are discussed in greater detail in Note 9.

Net Other Postemployment Benefits (OPEB) Liability

The System is required to recognize its proportionate share of the collective net OPEB liability and operating statement activity related to changes in the net OPEB liability for participation in the State Retiree Health Plan administered by the Employees Retirement System of Texas (ERS). The net OPEB liability is the System's proportionate share of the total OPEB Plan liability less the Plan's net assets as reported by the ERS OPEB plan for fiscal year 2019. The System's proportionate share is based on its contributions to the OPEB plan relative to the contributions of all employers and non-employer contributing entity participating in the plan. The net OPEB liability and OPEB-related deferred outflows and inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net OPEB liability for all System component institutions. OPEB is discussed in greater detail in Note 11.

Deferred Inflows of Resources

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

Irrevocable Split-Interest Agreements

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

Other Liabilities

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

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

Net Position

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

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)***Net Investment in Capital Assets***

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

Restricted Net Position

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

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

Unrestricted Net Position

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

Interfund Activity and Transactions

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

Reporting Considerations for Coronavirus Aid, Relief and Economic Security (CARES) Act

In response to the COVID-19 pandemic, Congress passed the following:

- Coronavirus Aid, Relief and Economic Security (CARES) Act
- CARES Act for the Higher Education Emergency Relief Fund (HEERF), which provides budgetary relief to higher education institutions through numerous provisions
- CARES Act for the Provider Relief Fund (PRF), which reimburses eligible providers for healthcare-related expenses or lost revenues attributable to COVID-19

The Act provides economic grants to offset some additional expenses and forgone revenue in response to COVID-19. During fiscal year 2020, the System received \$35,017,504.67 from HEERF and \$3,008,297.10 from PRF.

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

Note 2: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2020 is presented below.

			Reclassifications	Reclassifications	Reclassifications			
	Balance 9/1/2019	Adjustments	Completed CIP	Inc-Int'gy Trans	Dec-Int'gy Trans	Additions	Deletions	Balance 8/31/2020
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	\$ 37,279,009.91	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,195,346.99	\$ 0.00	\$ 41,474,356.90
Construction in Progress	115,485,604.51	0.00	(62,652,503.17)	0.00	0.00	96,475,866.33	0.00	149,308,967.67
Other Capital Assets	101,065,303.32	0.00	0.00	0.00	0.00	3,955,420.07	0.00	105,020,723.39
Total Non-depreciable or Non-amortizable Assets	253,829,917.74	0.00	(62,652,503.17)	0.00	0.00	104,626,633.39	0.00	295,804,047.96
Depreciable Assets								
Buildings and Building Improvements	2,420,555,044.77	0.00	61,075,708.14	0.00	0.00	46,713,829.76	(714,255.69)	2,527,630,326.98
Infrastructure	48,163,557.12	0.00	0.00	0.00	0.00	1,295,001.40	0.00	49,458,558.52
Facilities and Other Improvements	222,810,677.42	0.00	0.00	0.00	0.00	7,639,492.42	0.00	230,450,169.84
Furniture and Equipment	373,668,800.95	0.00	1,576,795.03	68,724.05	0.00	30,719,443.17	(9,624,338.92)	396,409,424.28
Vehicle, Boats and Aircraft	22,166,125.80	0.00	0.00	0.00	(13,638.80)	1,317,482.94	(583,585.48)	22,886,384.46
Other Capital Assets	228,214,466.79	0.00	0.00	0.00	0.00	11,291,181.08	(10,205,167.46)	229,300,480.41
Total Depreciable Assets at Historical Cost	3,315,578,672.85	0.00	62,652,503.17	68,724.05	(13,638.80)	98,976,430.77	(21,127,347.55)	3,456,135,344.49
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(1,214,875,584.06)	0.00	0.00	0.00	0.00	(88,180,193.96)	714,255.69	(1,302,341,522.33)
Infrastructure	(25,074,118.46)	0.00	0.00	0.00	0.00	(1,534,959.61)	0.00	(26,609,078.07)
Facilities and Other Improvements	(117,043,488.56)	0.00	0.00	0.00	0.00	(7,754,865.34)	0.00	(124,798,353.90)
Furniture and Equipment	(269,870,681.88)	0.00	0.00	(55,353.85)	0.00	(28,451,659.30)	9,286,801.58	(289,090,893.45)
Vehicles, Boats and Aircraft	(17,279,151.65)	0.00	0.00	0.00	13,638.80	(1,513,619.39)	556,491.27	(18,222,640.97)
Other Capital Assets	(150,662,146.36)	0.00	0.00	0.00	0.00	(9,232,015.75)	10,048,385.10	(149,845,777.01)
Total Accumulated Depreciation	(1,794,805,170.97)	0.00	0.00	(55,353.85)	13,638.80	(136,667,313.35)	20,605,933.64	(1,910,908,265.73)
Depreciable Assets, Net	1,520,773,501.88	0.00	62,652,503.17	13,370.20	0.00	(37,690,882.58)	(521,413.91)	1,545,227,078.76
Intangible Capital Assets - Amortizable								
Computer Software - Intangible	139,725,794.23	0.00	0.00	0.00	0.00	191,313.00	(10,384,586.48)	129,532,520.75
Other Intangible Capital Assets - Term	1,776,248.40	0.00	0.00	0.00	0.00	0.00	(1,457,405.49)	318,842.91
Total Intangible Assets at Historical Cost	141,502,042.63	0.00	0.00	0.00	0.00	191,313.00	(11,841,991.97)	129,851,363.66
Less Accumulated Amortization for:								
Computer Software - Intangible	(136,557,764.93)	0.00	0.00	0.00	0.00	(2,498,614.83)	10,382,996.98	(128,673,382.78)
Other Intangible Capital Assets - Term	(254,817.99)	0.00	0.00	0.00	0.00	(39,980.93)	196,489.18	(98,309.74)
Total Accumulated Amortization	(136,812,582.92)	0.00	0.00	0.00	0.00	(2,538,595.76)	10,579,486.16	(128,771,692.52)
Amortizable Assets - Intangible, Net	4,689,459.71	0.00	0.00	0.00	0.00	(2,347,282.76)	(1,262,505.81)	1,079,671.14
Business-Type Activities Capital Assets, Net	\$ 1,779,292,879.33	\$ 0.00	\$ 0.00	\$ 13,370.20	\$ 0.00	\$ 64,588,468.05	\$ (1,783,919.72)	\$ 1,842,110,797.86

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

Note 3: Deposits, Investments, and Repurchase Agreements

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

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

Deposits of Cash in Bank

The carrying amount of deposits as of August 31, 2020 and August 31, 2019 was \$114,206,841.35 and \$105,453,606.64 (restated), respectively, as presented below:

Business-Type Activities

	FY20	Restated FY19
CASH IN BANK – CARRYING AMOUNT	\$ 114,206,841.35	\$ 105,453,606.64
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral		
Cash in Bank per AFR	\$ 114,206,841.35	\$ 105,453,606.64
Proprietary Funds Current Assets Cash in Bank	\$ 87,288,423.59	\$ 66,479,188.10
Proprietary Funds Current Assets Restricted Cash in Bank	25,230,591.16	23,788,621.15
Proprietary Funds Non-Current Assets Restricted Cash in Bank	1,687,826.60	15,185,797.39
Cash in Bank per AFR	\$ 114,206,841.35	\$ 105,453,606.64

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

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

As of August 31, 2020, the total **bank balance** for Business-Type Activities was \$132,437,113.89. At August 31, 2019, the balance was \$110,016,471.13 (restated).

UNAUDITED

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

The carrying amount of deposits for the System's Fiduciary Activities as of August 31, 2020 and August 31, 2019 was \$2,914,997.09 and \$2,962,668.72 (restated), respectively, as presented below:

Fiduciary Activities

	FY20	Restated FY19
CASH IN BANK – CARRYING AMOUNT	\$ 2,914,997.09	\$ 2,962,668.72
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral		
Cash in Bank per AFR	\$ 2,914,997.09	\$ 2,962,668.72
Fiduciary Funds Current Assets Cash in Bank	\$ 2,914,997.09	\$ 2,962,668.72
Cash in Bank per AFR	\$ 2,914,997.09	\$ 2,962,668.72

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

As of August 31, 2020, the total **bank balance** for the System's Fiduciary Activities was \$2,914,997.09. At August 31, 2019, this balance was \$2,962,668.72 (restated).

The carrying amount of deposits for Carr Foundation as of August 31, 2020 and August 31, 2019 was \$282,989.75 and \$438,831.93, respectively, as presented below:

Discrete Component Unit

	FY20	FY19
CASH IN BANK – CARRYING AMOUNT	\$ 282,989.75	\$ 438,831.93
Less: Certificates of Deposit included in carrying amount and reported as Cash Equivalent		
Less: Uninvested Securities Lending Cash Collateral included in carrying amount and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying amount and reported as Securities Lending Collateral		
Cash in Bank per AFR	\$ 282,989.75	\$ 438,831.93
Discrete Component Unit Current Assets Restricted Cash in Bank	\$ 99,082.23	\$ 169,023.53
Discrete Component Unit Non-Current Assets Restricted Cash in Bank	183,907.52	269,808.40
Cash in Bank per AFR	\$ 282,989.75	\$ 438,831.93

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

As of August 31, 2020, the total **bank balance** for Discrete Component Unit Activities for the Carr Foundation was \$2,525,586.26. At August 31, 2019, this balance was \$430,778.20.

UNAUDITED

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

Investments

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

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

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

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

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

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

The fair value of investments at each level is presented below for August 31, 2020.

Business-Type Activities

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
U. S. Government						
U.S. Treasury Securities	\$ 71,200,390.70					\$ 71,200,390.70
U.S. Government Agency Obligations	378,934,842.62					378,934,842.62
Corporate Asset and Mortgage Backed Securities	0.79					0.79
Equity	6,387,990.40	\$ 200,657,728.00			\$ 151,302,746.42	358,348,464.82
Fixed Income Money Market and Bond Mutual Fund	436,914,219.67					436,914,219.67
Mutual Funds - Domestic	25,147,280.02					25,147,280.02
Other Commingled Funds		122,283,567.11	\$ 661,380.14			122,944,947.25
Other Commingled Funds (TexPool)				\$ 20,875,690.53		20,875,690.53
Real Estate			3,079,218.81		17,072,127.61	20,151,346.42
Domestic Derivatives		49,174,635.52				49,174,635.52
Externally Managed Investments:						
Domestic		742,592,295.00	49,767,013.84		352,674,426.70	1,145,033,735.54
International		3,245,863.97	304,546.75		1,531,719.56	5,082,130.28
Miscellaneous	86,412.24		32,032,587.42			32,118,999.66
Total Investments	\$ 918,671,136.44	\$1,117,954,089.60	\$ 85,844,746.96	\$20,875,690.53	\$ 522,581,020.29	\$ 2,665,926,683.82
Non-Current Investments	\$ 646,484,321.81	\$1,117,954,089.60	\$ 85,844,746.96		\$ 522,581,020.29	\$ 2,372,864,178.66
Items in Cash and Cash Equivalents:						
Money Market Funds	272,186,814.63					272,186,814.63
TexPool Investments				\$20,875,690.53		20,875,690.53
Total Investments	\$ 918,671,136.44	\$1,117,954,089.60	\$ 85,844,746.96	\$20,875,690.53	\$ 522,581,020.29	\$ 2,665,926,683.82

UNAUDITED

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

Fiduciary Activities

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 67,941.08				\$ 1,609,218.35	\$ 1,677,159.43
Fixed Income Money Market and Bond Mutual Fund	1,047,178.49					1,047,178.49
Mutual Funds - Domestic	225,313.84					225,313.84
Other Commingled Funds		\$ 1,300,577.58	\$ 7,034.27			1,307,611.85
Real Estate					181,574.90	181,574.90
Domestic Derivatives		523,009.18				523,009.18
Externally Managed Investments:						
Domestic		3,781,101.10	522,197.69		1,739,736.10	6,043,034.89
International		23,253.06	3,219.62		10,785.73	37,258.41
Total Investments	\$ 1,340,433.41	\$ 5,627,940.92	\$ 532,451.58	\$ 0.00	\$ 3,541,315.08	\$ 11,042,140.99
Non-Current Investments	\$ 1,340,433.41	\$ 5,627,940.92	\$ 532,451.58		\$ 3,541,315.08	\$ 11,042,140.99
Total Investments	\$ 1,340,433.41	\$ 5,627,940.92	\$ 532,451.58	\$ 0.00	\$ 3,541,315.08	\$ 11,042,140.99

Discrete Component Unit

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 775,200.02				\$ 18,361,000.04	\$ 19,136,200.06
Fixed Income Money Market and Bond Mutual Fund	11,948,188.54					11,948,188.54
Mutual Funds - Domestic	2,570,805.58					2,570,805.58
Other Commingled Funds		\$ 14,839,443.65	\$ 80,260.28			14,919,703.93
Real Estate			14,713,396.00		2,071,749.15	16,785,145.15
Domestic Derivatives		5,967,475.87				5,967,475.87
Externally Managed Investments:						
Domestic		43,141,935.91	5,958,216.70		19,850,192.94	68,950,345.55
International		265,314.79	36,735.46		123,063.97	425,114.22
Total Investments	\$15,294,194.14	\$64,214,170.22	\$20,788,608.44	\$ 0.00	\$ 40,406,006.10	\$ 140,702,978.90
Non-Current Investments	\$15,294,194.14	\$64,214,170.22	\$20,788,608.44		\$ 40,406,006.10	\$ 140,702,978.90
Total Investments	\$15,294,194.14	\$64,214,170.22	\$20,788,608.44	\$ 0.00	\$ 40,406,006.10	\$ 140,702,978.90

UNAUDITED

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

The fair value of investments at each level is presented below for August 31, 2019.

Business-Type Activities

Type of Security	Fair Value Hierarchy					Restated
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
U. S. Government						
U.S. Treasury Securities	\$ 100,078,550.74					\$ 100,078,550.74
U.S. Treasury TIPs	20.38					20.38
U.S. Government Agency Obligations	291,321,022.83					291,321,022.83
Corporate Asset and Mortgage Backed Securities	29.71					29.71
Equity	4,389.03	\$ 56,527,790.00			\$ 144,796,690.00	201,328,869.03
Fixed Income Money Market and Bond Mutual Fund	177,089,041.51				116,449,191.38	293,538,232.89
Mutual Funds - Domestic	4,318,815.19	34,183,597.00				38,502,412.19
Other Commingled Funds (TexPool)				\$ 13,916,219.34		13,916,219.34
Real Estate			\$ 3,075,923.48		31,925,949.01	35,001,872.49
Domestic Derivatives		(831,844.08)				(831,844.08)
Externally Managed Investments:						
Domestic	15,630,585.17	167,117,640.95			1,063,436,666.98	1,246,184,893.10
International	2,287,515.35	30,528,734.09			186,263,523.35	219,079,772.79
Miscellaneous	117,394.55		28,447,649.71			28,565,044.26
Total Investments	\$ 590,847,364.46	\$287,525,917.96	\$31,523,573.19	\$13,916,219.34	\$1,542,872,020.72	\$ 2,466,685,095.67
Non-Current Investments	\$ 428,655,744.20	\$287,525,917.96	\$31,523,573.19		\$1,542,872,020.72	\$ 2,290,577,256.07
Items in Cash and Cash Equivalents:						
Money Market Funds	162,191,620.26					162,191,620.26
TexPool Investments				\$13,916,219.34		13,916,219.34
Total Investments	\$ 590,847,364.46	\$287,525,917.96	\$31,523,573.19	\$13,916,219.34	\$1,542,872,020.72	\$ 2,466,685,095.67

Fiduciary Activities

Type of Security	Fair Value Hierarchy					Restated
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Fixed Income Money Market and Bond Mutual Fund					\$ 1,150,534.50	\$ 1,150,534.50
Real Estate					352,005.71	352,005.71
Domestic Derivatives		\$ (9,171.66)				(9,171.66)
Externally Managed Investments:						
Domestic	\$ 172,338.05	1,223,656.79			7,328,867.50	8,724,862.34
International	25,221.44	165,970.67			1,085,679.86	1,276,871.97
Total Investments	\$ 197,559.49	\$ 1,380,455.80	\$ 0.00	\$ 0.00	\$ 9,917,087.57	\$ 11,495,102.86
Non-Current Investments	\$ 197,559.49	\$ 1,380,455.80			\$ 9,917,087.57	\$ 11,495,102.86
Total Investments	\$ 197,559.49	\$ 1,380,455.80	\$ 0.00	\$ 0.00	\$ 9,917,087.57	\$ 11,495,102.86

UNAUDITED

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

Discrete Component Unit

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Fixed Income Money Market and Bond Mutual Fund		\$ 1,171,849.62			\$ 11,852,862.96	\$ 13,024,712.58
Real Estate			\$ 17,234,627.00		3,984,917.38	21,219,544.38
Domestic Derivatives		(103,828.68)				(103,828.68)
Externally Managed Investments:						
Domestic	\$ 1,950,970.76	12,680,678.86			84,139,066.25	98,770,715.87
International	285,521.89	1,878,887.85			12,290,548.94	14,454,958.68
Total Investments	\$ 2,236,492.65	\$15,627,587.65	\$ 17,234,627.00	\$ 0.00	\$112,267,395.53	\$ 147,366,102.83
Non-Current Investments	\$ 2,236,492.65	\$15,627,587.65	\$ 17,234,627.00		\$112,267,395.53	\$ 147,366,102.83
Total Investments	\$ 2,236,492.65	\$15,627,587.65	\$ 17,234,627.00	\$ 0.00	\$112,267,395.53	\$ 147,366,102.83

Investments Reported at NAV

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

At August 31, 2020:

Business-Type Activities

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 355,160,029.08	Monthly	Annually	30 days	90 days	\$ 161,618,036.05
Private Equity	150,348,864.49	4 years	5 years	1 year	1 year	89,951,734.52
Real Estate	17,072,126.72	4 years	5 years	1 year	1 year	4,124,973.07
Total	\$ 522,581,020.29					\$ 255,694,743.64

Fiduciary Activities

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 1,760,667.09	Monthly	Annually	30 days	90 days	\$ 817,136.99
Private Equity	1,599,073.10	4 years	5 years	1 year	1 year	956,704.26
Real Estate	181,574.89	4 years	5 years	1 year	1 year	43,872.19
Total	\$ 3,541,315.08					\$ 1,817,713.44

Discrete Component Unit

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 20,089,013.19	Monthly	Annually	30 days	90 days	\$ 9,323,441.02
Private Equity	18,245,243.87	4 Years	5 Years	1 year	1 year	10,915,887.78
Real Estate	2,071,749.04	4 Years	5 Years	1 year	1 year	500,576.71
Total	\$ 40,406,006.10					\$ 20,739,905.51

UNAUDITED

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

At August 31, 2019:

Business-Type Activities

Investment Strategy	Restated	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Restated
	Fair Value					Unfunded Commitment
Alternative	\$ 476,376,445.40	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	160,280,740.60	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	51,681,417.54	Daily	4 Years	1 day	1 year	22,395,918.63
Fixed Income	3,478,069.96	Daily	Monthly	1 day	30 days	0.00
Hedge Funds	529,136,476.01	Monthly	Annually	30 days	90 days	0.00
Mutual Funds	34,183,597.00	Monthly	Annually	30 days	90 days	0.00
Private Equity	241,106,333.54	4 Years	5 Years	1 year	1 year	201,961,813.76
Real Estate	30,167,722.08	4 Years	5 Years	1 year	1 year	2,824,635.95
Risk Parity	16,461,218.59	Daily	Daily	1 day	1 day	0.00
Total	\$1,542,872,020.72					\$227,182,368.34

Fiduciary Activities

Investment Strategy	Restated	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Restated
	Fair Value					Unfunded Commitment
Alternative	\$ 1,829,475.26	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	1,012,980.22	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	569,823.59	Daily	4 Years	1 day	1 year	219,529.47
Hedge Funds	3,410,308.48	Monthly	Annually	30 days	90 days	0.00
Private Equity	2,658,365.10	4 Years	5 Years	1 year	1 year	1,979,671.83
Real Estate	332,620.13	4 Years	5 Years	1 year	1 year	27,687.67
Risk Parity	103,514.79	Daily	Daily	1 day	1 day	0.00
Total	\$ 9,917,087.57					\$ 2,226,888.97

Discrete Component Unit

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 20,710,760.24	Monthly	Annually	30 days	90 days	\$ 0.00
Commingled Funds	11,467,545.31	Monthly	Annually	30 days	90 days	0.00
Energy, Natural Resources, Infrastructure	6,450,745.74	Daily	4 Years	1 day	1 year	2,792,019.91
Hedge Funds	38,606,743.03	Monthly	Annually	30 days	90 days	0.00
Private Equity	30,094,291.69	4 Years	5 Years	1 year	1 year	16,137,624.41
Real Estate	3,765,459.90	4 Years	5 Years	1 year	1 year	352,137.37
Risk Parity	1,171,849.62	Daily	Daily	1 day	1 day	0.00
Total	\$112,267,395.53					\$ 19,281,781.69

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

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The System's investment policy is to require third party custody for the two investment pools, the LTIF and the ITIF. The balances listed below relate to the securities held outside of those pools at August 31, 2020 and August 31, 2019.

Business-Type Activities

Fiscal Year	Fund Type	Type	Uninsured and unregistered with securities held by the counterparty
2020	05	Equity	\$ 2,887,707.06
2019	05	Equity	\$ 3,543,815.18

Fiduciary Funds had no custodial credit risk for investments as August 31, 2020 or August 31, 2019.

The Carr Foundation had no custodial credit risk for investments at August 31, 2020 or August 31, 2019.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The LTIF and ITIF do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. The exposure to foreign currency risk as of August 31, 2020, is presented below.

Business-Type Activities

FY20		
Fund Type	Foreign Currency	International Externally Managed Investments
05	British pound	\$ 1,945,623.08
05	Euro	3,136,507.20
	Total	\$ 5,082,130.28

At August 31, 2019, the exposure to foreign currency risk was: International Externally Managed Investments - \$219,079,772.79 (restated).

Fiduciary Activities

FY20		
Fund Type	Foreign Currency	International Externally Managed Investments
22	British pound	\$ 20,693.17
22	Euro	16,565.24
	Total	\$ 37,258.41

At August 31, 2019, the exposure to foreign currency risk was: International Externally Managed Investments - \$1,276,871.97 (restated).

UNAUDITED

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

Discrete Component Unit

FY20		
Fund Type	Foreign Currency	International Externally Managed Investments
15	British pound	\$ 236,106.66
15	Euro	189,007.56
	Total	\$ 425,114.22

At August 31, 2019, the exposure to foreign currency risk for the Carr Foundation was: International Externally Managed Investments - \$14,454,958.68.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy limits fixed income securities to those issued by the U.S. or its agencies and instrumentalities. As of August 31, 2020, the System's credit quality distribution for securities with credit risk exposure was as follows.

Business-Type Activities

Standard & Poor's

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	U.S. Government Agency Obligations	\$ 378,934,842.62					
05	Corporate Asset and Mortgage Backed Securities	\$ 0.79					
		AAAf	Aaf	Af			Unrated
05	Fixed Income Money Market and Bond Mutual Fund	\$ 289,622,291.63	\$48,833,579.55				\$ 98,458,348.49

Fiduciary Activities

Standard & Poor's

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
22	Fixed Income Money Market and Bond Mutual Fund				\$ 1,047,178.49

Discrete Component Unit

Standard & Poor's

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
15	Fixed Income Money Market and Bond Mutual Fund				\$ 11,948,188.54

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

The System's credit quality distribution for securities with credit risk exposure as of August 31, 2019 was as presented below.

Business-Type Activities

Standard & Poor's

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	U.S. Government Agency Obligations	\$ 291,321,022.83					
05	Corporate Asset and Mortgage Backed Securities	\$ 29.71					
		AAAf	Aaf	Af			Restated Unrated
05	Fixed Income Money Market and Bond Mutual Fund	\$ 174,290,500.26		\$14,897,421.25			\$104,350,311.38

Fiduciary Activities

Standard & Poor's

Fund Type	Investment Type	AAAf	Aaf	Af	Restated Unrated
22	Fixed Income Money Market and Bond Mutual Fund				\$ 1,150,534.50

Discrete Component Unit

Standard & Poor's

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	Fixed Income Money Market and Bond Mutual Fund						\$ 13,024,712.58

Investment Derivative Instruments

The System's Investment Policy Statement for the LTIF allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index. The System held total return swaps as investment derivatives during fiscal year 2020.

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

The System entered into these type derivatives as efficient substitutes for traditional securities to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies. The derivative contracts entered into during fiscal year 2020 used market indices as underlying securities in order to gain and reduce market exposure in an efficient manner. All investment derivatives are reported as Investments on the Combined Statement of Net Position, and changes in fair value of certain derivatives are reported as investment revenue in the Combined Statement of Revenues, Expenses and Changes in Net Position.

These derivative instruments involve market and/or credit risk in excess of the amount recognized in the Combined Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in index values. Counterparty risk for swaps is mitigated by

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

master netting agreements between the System and its counterparties, and by the posting of collateral on a daily basis.

At August 31, 2020, the System had no exposure to investment **foreign currency risk in derivative investments**.

At August 31, 2020, Fiduciary funds had no exposure to **foreign currency risk in derivative investments**.

At August 31, 2020, the Carr Foundation had no exposure to **foreign currency risk in derivative investments**.

At August 31, 2019, the System had exposure to investment **foreign currency risk in derivative investments** as presented in the table below.

Fund Type	Foreign Currency	Business-Type Activities		
		Futures Contracts	Options	Total Return Swaps
05	Euro		\$ (177,685.77)	
	Total	\$ 0.00	\$ (177,685.77)	\$ 0.00

Discrete Component Unit

Fund Type	Foreign Currency	Business-Type Activities		
		Futures Contracts	Options	Total Return Swaps
15	Euro		\$ (21,936.43)	
	Total	\$ 0.00	\$ (21,936.43)	\$ 0.00

Fiduciary Activities had no **foreign currency risk in derivative investments** as of August 31, 2020 and August 31, 2019.

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

Note 4: Short-Term Debt

The System had the following short-term debt outstanding as of August 31, 2020.

Business-Type Activities	Balance 9/1/2019	Increases	Decreases	Balance 8/31/2020
Short-Term Debt CP Notes	\$ 50,795,000.00	\$ 44,524,000.00	\$ 66,341,000.00	\$ 28,978,000.00

Short-Term Debt Commercial Paper Notes

Commercial paper, both taxable and non-taxable, was issued during the fiscal year to serve as an interim financing source for various long-term construction projects in advance of the issuance of authorized bonds. All commercial paper outstanding at August 31, 2020 will mature in fiscal year 2021. Commercial paper has short maturities up to 270 days with interest rates ranging from 0.16% to 1.30% for tax-exempt, and 0.13% to 2.46% for taxable paper.

The System has no credit facilities and no lines or letters of credit. The System commercial paper (CP) program, classified as notes for reporting purposes, has a total aggregate principal authorization of \$150 million. With \$28,978,000.00 outstanding as of August 31, 2020, the remaining principal authorization is \$121,022,000.00. The CP program is supported by the System's own self-liquidity to be used in the event there are tendered securities of the System's RFS Commercial Paper notes not remarketed. No assets are pledged as collateral. No terms specified relating to default and termination events are in the CP program indentures. The CP program notes are not subject to redemption prior to their respective maturities or to acceleration of maturities.

Note 5: Long-Term Liabilities

During the year ended August 31, 2020, the following changes occurred in liabilities:

Business-Type Activities	Balance 9/1/2019	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2020	Amounts due within one year	Amounts due Thereafter
Claims and Judgments	\$ 13,669,080.00	\$ 814,840.00	\$ 4,031,022.22	\$ 0.00	\$ 10,452,897.78	\$ 5,022,229.87	\$ 5,430,667.91
Capital Lease Obligations	103,565.36	0.00	43,392.76	0.00	60,172.60	45,748.70	14,423.90
Capital Lease - Direct Borrowings	450,919.58	0.00	219,971.49	0.00	230,948.09	230,948.09	0.00
Employees' Compensable Leave	54,635,595.34	10,198,356.55	0.00	0.00	64,833,951.89	6,607,776.43	58,226,175.46
Revenue Bonds Payable	712,193,003.75	314,745,000.00	161,415,000.00	(7,884,743.05)	857,638,260.70	69,408,793.90	788,229,466.80
Pollution Remediation Obligation	1,022,641.50	0.00	0.00	0.00	1,022,641.50	0.00	1,022,641.50
Total Business-Type Activities	\$782,074,805.53	\$ 325,758,196.55	\$ 165,709,386.47	\$ (7,884,743.05)	\$ 934,238,872.56	\$ 81,315,496.99	\$ 852,923,375.57

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

Discrete Component Unit

Discrete Component Unit Activities	Balance 9/1/2019	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2020	Amounts due within one year	Amounts due Thereafter
Employees' Compensable Leave	\$ 9,601.38	\$ 9,843.47	\$ 0.00	\$ 0.00	\$ 19,444.85	\$ 9,843.47	\$ 9,601.38

Claims and Judgments

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

As previously disclosed, on April 29, 2019, the United States Court of Appeals for the Fifth Circuit affirmed the March 28, 2018 judgment of the United States District Court for the Northern District of Texas – Lubbock Division that pursuant to the decision of the Department of Health and Human Services Departmental Appeals Board, Texas Tech Physician Associates (TTPA) must return \$7,988,526 in fees that it received from the Centers for Medicare and Medicaid Services (CMS) during its participation in a Medicare demonstration project. Pursuant to a related Subcontract Agreement between TTPA and TrailBlazer Health Enterprises, LLC (TrailBlazer), TrailBlazer is at risk for up to, but not more than, the full amount of fees received from TTPA and will reduce the amount owed by TTPA by 54.55%. In October 2020 subsequent to year end, a settlement was reached for \$8,000,000, comprised of the original judgment amount plus interest, with TrailBlazer agreeing to pay \$4,031,022.22 for its portion of the settlement and the remaining \$3,968,977.78 to be paid by TTPA. A related liability in the amount of \$3,968,977.78 is reflected in the System's financial statements and in the condensed financial statements for TTPA presented in Note 19.

Capital Lease Obligations

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

Capital Lease - Direct Borrowings

In fiscal year 2018, TTU entered into a direct borrowing agreement for a capital lease with TCF Equipment Finance for turf maintenance equipment to be used at the Rawls Golf Course, which is collateralized by this equipment. This agreement does not involve a line of credit. In the event of default, TCF has the option to declare outstanding and future payments due immediately, assess related interest and payment collection costs, require the return of the equipment, and/or accelerate the payments on or terminate any other agreements with TTU. TTU may only terminate early without liability for future payments upon the occurrence of a non-appropriation event and would surrender its right to the equipment and any related proceeds. This agreement does not contain a subjective acceleration clause. Debt service requirements for the capital lease - direct borrowing are shown in the table below.

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

Fiscal Year Ended August 31	Business-Type Activities		
	Principal	Interest	Total
2021	\$ 230,948.09	\$ 11,525.29	\$ 242,473.38
2022	0.00	0.00	0.00
2023	0.00	0.00	0.00
2024	0.00	0.00	0.00
2025	0.00	0.00	0.00
Total	\$ 230,948.09	\$ 11,525.29	\$ 242,473.38

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Under state law, the hours accumulated are limited based on the employees' length of service. Expenditures for accumulated annual leave balances are recognized in the period paid or taken. The liability for unpaid benefits is recorded in the Combined Statement of Net Position. This obligation is paid from a central vacation pool account which collects the funding from the same funding source(s) from which the employee's salary or wage compensation was paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Revenue Bonds Payable

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

Pledged Future Revenues

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

Pledged Future Revenues	Business-Type Activities	
	FY20	FY19
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 1,088,815,911.38	\$ 895,318,345.06
Term of Commitment for Year Ending 8/31	2050	2045
Percentage of Revenue Pledged	100%	100%
Current Year Pledged Revenue	\$ 757,337,417.63	\$ 758,582,250.73
Current Year Principal and Interest Paid	\$ 85,792,360.87	\$ 87,074,178.40

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

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

Pollution Remediation Obligation

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

Note 6: Bonded Indebtedness**Revenue Bonds Payable**

Detailed supplemental bond information is disclosed in the Combined:

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

Several bond issues were outstanding as of August 31, 2020 and are summarized in the paragraphs that follow.

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

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

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

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

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

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

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

Issue Date: April 9, 2015

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

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

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

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

Issue Date: April 9, 2015

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

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

Revenue Financing System Refunding and Improvement Bonds, 2017A Series

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

Issue Date: January 31, 2017

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

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

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

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

Issue Date: January 31, 2017

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

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

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

Revenue Financing System Refunding and Improvement Bonds, 2020 Series (Taxable)

Purpose:	For refunding of \$52,009,000 of Revenue Financing System Commercial Paper Notes Series A, an advance refunding of \$80,665,000 of Revenue Financing System Bonds 14th Series 2012A, and an advance refunding of \$17,440,000 of Revenue Financing System Bonds Taxable 15th Series 2012B. To provide funding for new construction of TTU School of Veterinary Medicine, HSC at El Paso School of Dental Learning and Oral Health Clinic, TTU Womble Basketball Practice Center, ASU Centennial Village Phase II, ASU Food Service Center Renovation, TTU Cash Family Athletics Nutrition Center, and other various minor capital improvement projects.
Issue Date:	July 29, 2020
Original Issue Amount:	\$314,745,000, all authorized bonds have been issued
Source of revenue for debt service:	All pledged revenues of the participants of the Texas Tech University System Revenue Financing System

Sources of Debt-Service Revenue

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

Note 7: Derivatives

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

The following disclosures summarize the System's derivative activity as reported in the financial statements as of August 31, 2020.

Business-Type Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2020		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ 68,920,720.74	Investments	\$ 49,174,635.52	\$ 307,596,449.21

Fiduciary Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2020		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ 725,309.42	Investments	\$ 523,009.18	\$ 3,237,090.37

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

Discrete Component Unit

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2020		Notional
	Classification	Amount	Classification	Amount	
Total Return Swaps	Investment Revenue	\$ 8,275,698.75	Investments	\$ 5,967,475.87	\$ 36,934,836.49

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

Business-Type Activities

Investment Derivative Instruments	August 31, 2020	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 49,174,635.52		\$ 49,174,635.52	
Total Investment Derivative Instruments	\$ 49,174,635.52	\$ 0.00	\$ 49,174,635.52	\$ 0.00

Fiduciary Activities

Investment Derivative Instruments	August 31, 2020	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 523,009.18		\$ 523,009.18	
Total Investment Derivative Instruments	\$ 523,009.18	\$ 0.00	\$ 523,009.18	\$ 0.00

Discrete Component Unit

Investment Derivative Instruments	August 31, 2020	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 5,967,475.87		\$ 5,967,475.87	
Total Investment Derivative Instruments	\$ 5,967,475.87	\$ 0.00	\$ 5,967,475.87	\$ 0.00

The following disclosures summarize the System's derivative activity as reported in the financial statements as of August 31, 2019.

Business-Type Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2019		Restated Notional
	Classification	Restated Amount	Classification	Restated Amount	
Futures Contracts	Investment Revenue	\$ (8,541,809.93)		\$ 0.00	\$ 224,540,590.89
Options	Investment Revenue	(8,957,369.20)	Investments	(831,844.08)	54,929,968.88
Total Return Swaps	Investment Revenue	(4,998,441.96)	Investments	0.00	(2,828,620.04)

Fiduciary Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2019		Restated Notional
	Classification	Restated Amount	Classification	Amount	
Futures Contracts	Investment Revenue	\$ (94,179.37)		\$ 0.00	\$ 2,475,715.62
Options	Investment Revenue	(98,761.20)	Investments	(9,171.66)	605,640.97
Total Return Swaps	Investment Revenue	(55,111.29)	Investments	0.00	(31,187.50)

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

Discrete Component Unit

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2019		Notional
	Classification	Amount	Classification	Amount	
Futures Contracts	Investment Revenue	\$ (1,066,167.15)		\$ 0.00	\$ 28,026,589.75
Options	Investment Revenue	(1,118,036.21)	Investments	(103,828.68)	6,856,220.06
Total Return Swaps	Investment Revenue	(623,892.91)	Investments	0.00	(353,061.21)

The System classified its investment derivative instruments using Level 2 inputs in the fair value hierarchy for fiscal year 2019, as presented below:

Business-Type Activities

Investment Derivative Instruments	Restated			
	August 31, 2019	(Level 1)	(Level 2)	(Level 3)
Foreign Exchange Contracts (Liabilities)	\$ (831,844.08)		\$ (831,844.08)	
Total Investment Derivative Instruments	\$ (831,844.08)	\$ 0.00	\$ (831,844.08)	\$ 0.00

Fiduciary Activities

Investment Derivative Instruments	Restated			
	August 31, 2019	(Level 1)	(Level 2)	(Level 3)
Foreign Exchange Contracts (Liabilities)	\$ (9,171.66)		\$ (9,171.66)	
Total Investment Derivative Instruments	\$ (9,171.66)	\$ 0.00	\$ (9,171.66)	\$ 0.00

Discrete Component Unit

Investment Derivative Instruments	Restated			
	August 31, 2019	(Level 1)	(Level 2)	(Level 3)
Foreign Exchange Contracts (Liabilities)	\$ (103,828.68)		\$ (103,828.68)	
Total Investment Derivative Instruments	\$ (103,828.68)	\$ 0.00	\$ (103,828.68)	\$ 0.00

Fair Value

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

Investment Derivatives

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

Note 8: Leases

Capital Lease Obligations

TTU has a capital lease with PNC Equipment Finance, LLC for utility vehicles to be used at the Rawls Golf Course, which is operated by Troon Golf, LLC. Also, ASU has a capital lease with Key Government

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

Finance, Inc for Cisco Systems software. Capital leases are recorded at the present value of the future minimum lease payments at the inception of the lease.

The table below presents the capitalized cost and accumulated depreciation and amortization of the assets under capital lease at August 31, 2020 and 2019.

Assets Under Capital Leases	Business-Type Activities	
	FY20	FY19
Furniture & Equipment	\$ 41,599.19	\$ 41,599.19
Less: Accumulated Depreciation	(18,199.64)	(7,799.84)
Net Book Value	\$ 23,399.55	\$ 33,799.35
Computer Software - Intangible	\$ 105,507.52	\$ 105,507.52
Less: Accumulated Amortization	(33,410.74)	(12,309.22)
Net Book Value	\$ 72,096.78	\$ 93,198.30

Future minimum lease payments under these capital leases, together with the present value of the net minimum lease payments at August 31, 2020 are:

Fiscal Year Ended August 31	Business-Type Activities		
	Principal	Interest	Total Future Minimum Lease Payments
2021	\$ 45,748.70	\$ 2,776.90	\$ 48,525.60
2022	10,763.72	285.52	11,049.24
2023	3,660.18	22.90	3,683.08
2024	0.00	0.00	0.00
2025	0.00	0.00	0.00
Total	\$ 60,172.60	\$ 3,085.32	\$ 63,257.92

The Carr Foundation had no capital lease obligations for the years ending August 31, 2020 or 2019.

Operating Leases

System component institutions have entered into various non-cancelable operating leases for buildings, equipment and computer software. Included in the expenditures reported in the financial statements is the following amount of rent paid or due under operating lease obligations as of August 31, 2020 and 2019:

Fund Type	Business-Type Activities	
	FY20	FY19
Proprietary Fund	\$ 9,878,948.13	\$ 12,929,076.43

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

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

Fiscal Year Ended August 31,	Minimum Future Lease Payments
2021	\$ 7,956,255.71
2022	7,514,495.99
2023	6,935,461.47
2024	6,404,745.72
2025	5,952,298.35
2026-2030	20,215,174.27
2031-2035	22,033,619.71
2036-2040	6,250,855.83
2041-2045	3,160,000.00
2046-2050	2,212,000.00
Total Minimum Future Lease Rental Payments	\$ 88,634,907.05

System component institutions have operating lease income for leased building space and leased land to outside parties under various non-cancelable operating leases. Included in the revenues reported in the financial statements is the following for rent received under non-cancelable operating leases as of August 31, 2020 and 2019:

Fund Type	Business-Type Activities	
	FY20	FY19
Proprietary Fund	\$ 1,485,183.79	\$ 2,517,505.19

System component institutions had no contingent rental revenues. Future minimum lease rental income under non-cancelable operating leases having an initial term in excess of one year is as follows as of August 31, 2020:

Fiscal Year Ended August 31,	Minimum Future Rentals
2021	\$ 1,398,268.32
2022	984,426.42
2023	915,315.40
2024	908,025.40
2025	753,256.50
2026-2030	3,384,963.00
2031-2035	1,968,316.00
2036-2040	885,000.00
2041-2045	1,040,463.71
2046-2050	1,148,737.09
2051 and beyond	5,731,563.94
Total Minimum Future Lease Rental Income	\$ 19,118,335.78

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

The cost, accumulated depreciation and carrying value of these leased assets as of August 31, 2020 and 2019 were as follows:

Leased Assets	Business-Type Activities	
	FY20	FY19
Historical Cost of Leased Building Space	\$ 42,085,421.39	\$ 61,652,106.01
Less: Accumulated Depreciation	(13,702,746.44)	(24,359,082.52)
Historical Cost of Leased Land	294,214.06	294,214.06
Total Carrying Value of Leased Assets	\$ 28,676,889.01	\$ 37,587,237.55

The Carr Foundation had no operating lease expenses or operating lease revenues for the years ended August 31, 2020 or 2019.

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

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

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

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

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

An audited Comprehensive Annual Financial Report (CAFR) for the Teacher Retirement System may be obtained from their website at www.trs.state.tx.us and searching for financial reports.

During the measurement period of 2019 for fiscal year 2020 reporting, and the measurement period of 2018 for fiscal year 2019 reporting, the amount of the System's contributions excluding the State match to TRS recognized by the Plan was \$21,407,103.00 for 2020, and \$20,486,374.00 for 2019. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

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

Required Contribution Rates

Contribution Rates - TRS Plan	FY20	FY19
Employer	7.5%	6.8%
Employees	7.7%	7.7%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used by TRS to measure the total pension liability for the TRS Plan as of the August 31, 2019 and 2018 measurement dates.

Actuarial Methods and Assumptions*

Actuarial Methods and Assumptions - TRS Plan	FY20	FY19
Actuarial Valuation Date	August 31, 2018 rolled forward to August 31, 2019	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating	Level Percentage of Payroll, Floating
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Discount Rate	7.25%	6.91%
Investment Rate of Return	7.25%	8.00%
Long-term Expected Rate of Return	7.25%	7.25%
Municipal Bond Rate as of August 2019 **	2.63%	3.69%
Inflation	2.30%	2.30%
Salary Increase	3.05% to 9.05% including inflation	3.05% to 9.05% including inflation
Mortality:		
Active	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality	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 U-MP	2018 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale BB
Ad Hoc Post-Employment Benefit Changes	None	None

Notes:

* The assumptions used to determine the ADC are those in effect for the August 31, 2018 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 the valuation were primarily based on the result of an actuarial experience study for the three-year period ending August 31, 2017 and adopted in 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.

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018 with a change in the following assumptions:

- the single discount rate as of August 31, 2018 was a blended rate of 6.907%, changed to the long-term rate of return of 7.25% as of August 31, 2019; and,

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

- the enactment of Senate Bill 3 by the 2019 Legislature impacted future salaries by giving eligible active members a \$2,700 increase in fiscal year 2020 in addition to the salary increases expected.

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

The discount rate of 7.25% was applied to measure the total pension liability for the TRS Plan. The discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projected cash flows into and out of the pension plan assumed that active members, employers, and the non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% over the next several years. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on TRS pension plan investments was applied to all projected benefit payments to determine the total pension liability.

The long-term expected rate of return on TRS 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 TRS Plan's investment portfolio are presented below for fiscal years 2019 and 2018 measurement dates:

Asset Class	FY20		FY19	
	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity				
U.S.	18.00%	6.40%	18.00%	5.70%
Non-U.S. Developed	13.00%	6.30%	13.00%	6.90%
Emerging Markets	9.00%	7.30%	9.00%	8.95%
Directional Hedge Funds	0.00%	0.00%	4.00%	3.53%
Private Equity	14.00%	8.40%	13.00%	10.18%
Stable Value				
U.S. Treasury	16.00%	3.10%	11.00%	1.11%
Stable Value Hedge Funds	5.00%	4.50%	4.00%	3.09%
Cash	0.00%	0.00%	1.00%	(0.30)%
Real Return				
Global Inflation Linked Bonds	0.00%	0.00%	3.00%	0.70%
Real Assets	15.00%	8.50%	14.00%	5.21%
Energy, Natural Resources and Infrastructure	6.00%	7.30%	5.00%	7.48%
Risk Parity				
Risk Parity	8.00%	5.80%/6.50%	5.00%	3.70%
Asset Allocation Leverage Cash	2.00%	2.50%	0.00%	0.00%
Asset Allocation Leverage	-6.00%	2.70%	0.00%	0.00%
Total	100.00%		100.00%	

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

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

Fiscal Year	Sensitivity of TTU System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
FY20	\$ 488,711,104.00	\$ 317,934,234.00	\$ 179,572,006.00
FY19	\$ 505,187,413.00	\$ 334,729,720.00	\$ 196,734,108.00

The TRS pension plan's fiduciary net position is determined using the 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 TRS Plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the TRS Plan's investment policy, assets, and fiduciary net position, may be obtained from TRS' fiscal year 2019 Comprehensive Annual Financial Report.

The System reported a liability of \$317,934,234.00 for its proportionate share of the TRS collective net pension liability for the year ended August 31, 2020 and \$334,729,720.00 for the year ended August 31, 2019. The collective net pension liability was measured as of August 31, 2019 for fiscal year 2020 reporting, and as of August 31, 2018 for fiscal year 2019 reporting, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the measurement date for each year. The System's proportion of the net pension liability at the August 31, 2019 measurement date was .6116105 percent, and was .6081304 percent at the August 31, 2018 measurement date. The System's proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and the non-employer contributing entity to the Plan for the period September 1, 2018 through August 31, 2019 for fiscal year 2020 reporting, and for the period September 1, 2017 through August 31, 2018 for fiscal year 2019 reporting.

For the years ending August 31, 2020 and 2019, the System recognized pension expense of \$57,040,295.00 and \$38,887,636.00, respectively. At August 31, 2020 and 2019, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY20		FY19	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,335,608.00	\$ 11,039,181.00	\$ 2,086,431.00	\$ 8,212,945.00
Changes of assumptions	98,638,814.00	40,762,224.00	120,686,188.00	3,771,446.00
Net difference between projected and actual investment return	3,192,426.00	0.00	0.00	6,351,257.00
Change in proportion and contribution difference	14,829,636.00	6,775,923.00	17,510,745.00	10,099,882.00
Contributions subsequent to the measurement date	24,835,595.00	0.00	21,059,948.00	0.00
Total	\$ 142,832,079.00	\$ 58,577,328.00	\$ 161,343,312.00	\$ 28,435,530.00

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

The \$24,835,595.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the System's net pension liability for the year ending August 31, 2021.

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

Year ended August 31:		
2021	\$	10,170,359.00
2022		7,506,297.00
2023		20,147,738.00
2024		17,934,770.00
2025		6,513,122.00
Thereafter		(2,853,130.00)
Total	\$	59,419,156.00

Defined Contribution Pension Plan

The State has also established an Optional Retirement Program (ORP), which is an optional defined contribution retirement program for institutions of higher education and is authorized by Texas Government Code, Chapter 830. Full-time faculty, librarians, and certain professionals and administrators employed in public higher education are eligible to elect ORP in lieu of participation in the TRS Plan before the 91st day after becoming eligible. It is a one-time irrevocable choice between two distinct plans. ORP is an individualized defined contribution plan in which each participant selects from a variety of investments offered by several insurance and investment companies through annuity contracts or mutual fund investments. ORP is administered by each employer. Participants vest in ORP after one year of participation. The Texas Higher Education Coordinating Board develops policies, practices and procedures to provide greater uniformity in the administration of ORP. Since contributions are invested in individual annuity contracts, neither the State nor the System have any additional or unfunded liability for this program. The contributory percentage of participant salaries by the members (employees) was 6.65% for both fiscal years 2020 and 2019. The contributory percentage of participant salaries by the employer (System components) was 6.8% in both fiscal years 2020 and 2019. For those employees who were participating in the ORP on or before August 31, 1995, the employer contribution rate was 8.5% for both fiscal years 2020 and 2019, and will remain so subject to legislative change. The contributions made by plan members and the employer for the fiscal years ended August 31, 2020 and 2019 are:

	FY20	FY19
Member Contributions	\$ 21,838,525.76	\$ 21,293,225.32
Employer Contributions	23,126,357.99	22,681,367.83
Total	\$ 44,964,883.75	\$ 43,974,593.15

Note 10: Deferred Compensation (administering agencies only)

Not applicable.

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

Note 11: Postemployment Benefits Other Than Pensions**Employees Retirement System of Texas Plan**

Employees Retirement System (ERS) of Texas is the administrator of the State Retiree Health Plan (SRHP), a cost-sharing, multiple-employer defined benefit Other Postemployment Benefit (OPEB) plan with a special funding situation. ERS' Board of Trustees administers SRHP.

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

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

The audited Comprehensive Annual Financial Report (CAFR) for the Employees Retirement System may be obtained from their website at www.ers.texas.gov and searching for reports and studies.

During the measurement period of 2019 for fiscal year 2020 reporting and the measurement period of 2018 for fiscal year 2019 reporting, the amount of the System's contributions recognized by the plan were \$11,226,273.00 for 2020 and \$8,745,978.00 for 2019. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution.

The contribution requirements for the state and the members in the measurement period are presented in the table below:

Employer Contribution Rates

Retiree Health and Basic Life Premium	FY20 ERS Plan	FY19 ERS Plan
Retiree Only	\$ 624.82	\$ 621.90
Retiree and Spouse	\$ 1,340.82	\$ 1,334.54
Retiree and Children	\$ 1,104.22	\$ 1,099.06
Retiree and Family	\$ 1,820.22	\$ 1,811.70

The total OPEB liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2019 and August 31, 2018 measurement dates.

UNAUDITED

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

Actuarial Methods and Assumptions	FY20 SRHP	FY19 SRHP
Actuarial Valuation Date	August 31, 2019	August 31, 2018
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent of Payroll, Open	Level Percent of Payroll, Open
Remaining Amortization Period	30 Years	30 Years
Actuarial Assumptions:		
Discount Rate *	2.97%	3.96%
Inflation	2.50%	2.50%
Salary Increase	2.50% to 9.50%, including inflation	2.50% to 9.50%, including inflation
Healthcare Cost and Trend Rate		
HealthSelect	7.30% for FY2021, 7.40% for FY2022, 7.00% for FY2023, decreasing .50% per year to an ultimate rate of 4.50% for FY2028 and later years	7.30% for FY2020, 7.40% for FY2021, 7.00% for FY2022, decreasing 0.50% per year to an ultimate rate of 4.50% for FY2027 and later years
HealthSelect Medicare Advantage	10.80% for FY2021, 7.40% for FY2022, 7.00% for FY2023, decreasing .50% per year to an ultimate rate of 4.50% for FY2028 and later years	11.80% for FY2020, 13.40% for FY2021, 7.00% for FY2022, decreasing .50% per year to an ultimate rate of 4.50% for FY2027 and later years
Aggregate Payroll Growth	3.00%	3.00%
Retirement Age	Experience-based tables of rates that are specific to the class of employee	Experience-based tables of rates that are specific to the class of employee
Mortality:		
State Agency Members:		
Service Retirees, Survivors and Other Inactive Members	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017	2017 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2017
Disabled Retirees	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014	RP-2014 Disabled Retiree Mortality with Ultimate MP Projection Scale projected from the year 2014
Active Members	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014	RP-2014 Active Member Mortality tables with Ultimate MP Projection Scale from the year 2014
Higher Education Members:		
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members	Tables based on TRS experience with Ultimate MP Projection Scale from year 2018 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 Ultimate MP Projection Scale from the year 2014	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014
Ad Hoc Post-Employment Benefit Changes	None	None

*Notes: *The source of the municipal bond rate is the Bond Buyer Index of general obligations bonds with 20 years to maturity and mixed credit quality. The bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.*

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

The many actuarial assumptions used in the valuation were primarily based on the result of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2011 to August 31, 2016 for state agency members and for the period September 1, 2010 to August 31, 2017 for higher education members. The mortality rates were based on the tables identified in the table above titled *Actuarial Methods and Assumptions*.

The following assumptions and other inputs have been adopted since the prior valuation to reflect plan experience and trends as expected by ERS and the actuaries attesting to the results of the valuation:

- a. assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and expense trends have been updated to reflect recent experience and its effects on our short-term expectations;
- b. percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence;
- c. percentage of future male retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends;
- d. percentage of future retirees and their spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends; and,
- e. discount rate assumption was decreased from 3.96% to 2.97% to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The only benefit revisions that have been adopted since the prior valuation for retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect plans in order to remain consistent with Internal Revenue Service maximums.

The discount rate that was used to measure the total OPEB liability is the municipal bond rate of 2.97% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 3.96%. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay as you go basis and is not intended to accumulate assets, there is no long-term expected rate of return. ERS' board of trustees adopted an amendment to the investment policy in August 2017 to require that all funds in this plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments be at least 2.4%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 3.96%.

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

Sensitivity of TTU System's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate				
Fiscal Year	1% Decrease	Current Discount Rate	1% Increase	
FY20	\$ 1,098,581,579.00	\$ 920,616,292.00	\$ 783,678,460.00	
FY19	\$ 950,960,355.00	\$ 800,989,039.00	\$ 687,477,614.00	

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

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

Sensitivity of TTU System's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate				
Fiscal Year	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase	
FY20	\$ 773,033,353.00	\$ 920,616,292.00	\$ 1,113,473,393.00	
FY19	\$ 678,334,131.00	\$ 800,989,039.00	\$ 959,214,116.00	

The OPEB plan's fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the Other Employee Benefit Trust Fund are reported at fair value in accordance with GASB Statement No. 72. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. More detailed information on the plan's investment valuation, investment policy, assets, and fiduciary net position may be obtained from ERS' fiscal 2019 CAFR.

The System reported a liability of \$920,616,292.00 for its proportionate share of the ERS collective net OPEB liability for the year ended August 31, 2020 and \$800,989,039.00 for the year ended August 31, 2019. The collective net OPEB liability was measured as of August 31, 2019 for fiscal year 2020 reporting, and as of August 31, 2018 for fiscal year 2019 reporting. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of the measurement date for each year. The System's proportion of the net OPEB liability at the August 31, 2019 measurement date was 2.6636141 percent, and was 2.7025980 percent at the August 31, 2018 measurement date. The System's proportion of the collective net OPEB liability was based on its contributions to the OPEB plan relative to the contributions of all the employers and non-employer contributing entity to the Plan for the period September 1, 2018 through August 31, 2019 for fiscal year 2020, and for the period September 1, 2017 through August 31, 2018 for fiscal year 2019 reporting.

For the years ending August 31, 2020 and 2019, the System recognized OPEB expense of \$133,911,489.00 and \$132,382,075.00, respectively. At August 31, 2020 and 2019, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	FY20		FY19	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0.00	\$ 23,955,259.00		\$ 29,345,660.00
Changes of assumptions	65,515,358.00	205,722,835.00		280,688,453.00
Net difference between projected and actual investment return	378,489.00	0.00	\$ 379,313.00	
Change in proportion and contribution difference	493,717,125.00	19,238,069.00	630,860,771.00	
Contributions subsequent to the measurement date	7,486,445.00		3,733,660.00	
Total	\$ 567,097,417.00	\$ 248,916,163.00	\$ 634,973,744.00	\$ 310,034,113.00

The \$7,486,445.00 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the year ending August 31, 2021.

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

Year ended August 31:		
2021	\$	69,311,707.00
2022		69,311,707.00
2023		94,554,119.00
2024		72,590,887.00
2025		4,926,389.00
Thereafter		0.00
Total	\$	310,694,809.00

Note 12: Interfund Activity and Transactions

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

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

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

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

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

System component institutions and units had no interfund receivable or interfund payables as of August 31, 2020. Tables included in previous years detailing the other types of interfund activity and transactions above are an optional presentation and are not included in this note.

Note 13: Continuance Subject to Review

The System is not subject to the Texas Sunset Act.

Note 14: Adjustments to Fund Balances and Net Position

During fiscal year 2020, there was no restatement of net position. Due to the implementation of GASB 84, there was a restatement to beginning cash and cash equivalents in the Combined Statement of Cash Flows as presented below.

Business-Type Activities

Combined Statement of Cash Flows	FY20
Beginning Cash and Cash Equivalents, September 1 as previously reported	\$ 338,769,549.34
Restatement of Beginning Cash and Cash Equivalents for GASB 84 Implementation	(2,962,668.72)
Beginning Cash and Cash Equivalents, September 1 as restated	\$ 335,806,880.62

There were also reclassifications of several items in the financial records of System component institutions resulting in the restatement of comparative financial statement balances for the year ended August 31, 2020. These reclassifications required no restatement of fund balances or net position. The table below summarizes the restatement to net position as well as the reclassifications:

UNAUDITED

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

Statement	Description	Restatement and Reclassification Amounts		
		FY19 as Reported	Correction	FY19 Restated
SNP	Current Restricted Cash and Cash Equivalents	\$ 36,663,392.49	\$ (2,962,668.72)	\$ 33,700,723.77
SNP	Investments	1,111,725,844.52	61,962,862.49	1,173,688,707.01
SNP	Restricted Investments	1,190,346,514.41	(73,457,965.35)	1,116,888,549.06
	Total Asset Correction		(14,457,771.58)	
SNP	Unearned Revenue	\$ 239,026,756.33	\$ (69,775.00)	\$ 238,956,981.33
SNP	Funds Held for Others	24,752,349.46	(14,325,906.96)	10,426,442.50
SNP	Other Current Liabilities	5,358,994.69	(62,089.62)	5,296,905.07
	Total Liability Correction		(14,457,771.58)	
SNP	Restricted Expendable Debt Service	\$ 66,813,515.11	\$ (62,045,836.87)	\$ 4,767,678.24
SNP	Unrestricted	577,650,356.98	62,045,836.87	639,696,193.85
	Total Net Position Correction		0.00	
SRECNP	Discounts and Allowances - Tuition and Fees	\$ (146,022,384.65)	\$ 9,898,099.06	\$ (136,124,285.59)
	Total Operating Revenues		9,898,099.06	
SRECNP	Payroll Related Costs	\$ 401,820,789.45	\$ 15,351,713.91	\$ 417,172,503.36
SRECNP	Scholarships	89,466,740.24	(5,453,614.85)	84,013,125.39
	Total Operating Expenses		9,898,099.06	
SRECNP	Private Gifts - Non-Pledged	\$ 35,201,486.19	\$ (178,199.63)	\$ 35,023,286.56
	Total Nonoperating Revenues (Expenses)		(178,199.63)	
SRECNP	Capital Contributions	\$ 61,561,164.01	\$ 178,199.63	\$ 61,739,363.64
	Total Other Revenues, Expenses, and Transfers		178,199.63	
Cash Flow	Proceeds from Tuition and Fees	\$ 447,826,916.13	\$ 9,881,257.98	\$ 457,708,174.11
Cash Flow	Proceeds from Collections of Loans to Students	5,740,482.83	407,434.00	6,147,916.83
Cash Flow	Proceeds from Fiduciary Activities (3 months or less)	0.00	377,599,620.13	377,599,620.13
Cash Flow	Payments to Employees for Benefits	(254,409,378.74)	(15,351,713.91)	(269,761,092.65)
Cash Flow	Payments for Fiduciary Activities (3 months or less)	0.00	(376,116,169.67)	(376,116,169.67)
Cash Flow	Payments for Other Expenses	(353,337,997.01)	5,453,614.85	(347,884,382.16)
Cash Flow	Proceeds from Gifts	62,022,060.18	(612,000.00)	61,410,060.18
Cash Flow	Proceeds from Other Financing Activities	6,020,506.69	3,010,246.90	9,030,753.59
Cash Flow	Proceeds from Agency Transactions	378,505,052.76	(378,505,052.76)	0.00
Cash Flow	Payments for Other Uses	(378,396,596.76)	373,599,866.55	(4,796,730.21)
Cash Flow	Proceeds from Capital Gifts	29,525,893.47	612,000.00	30,137,893.47
Cash Flow	Payments to Acquire Investments	(525,635,117.32)	(666,181.32)	(526,301,298.64)
	Total Cash Flows		(687,077.25)	

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

During fiscal year 2020, a restatement to beginning fiduciary net position was required and is presented below.

Fiduciary Activities

Combined Statement of Changes in Fiduciary Net Position	FY20
Beginning Fiduciary Net Position, September 1 as previously reported	\$ 0.00
Restatement of Beginning Fiduciary Net Position for GASB 84	14,387,996.58
Beginning Fiduciary Net Position, September 1 as restated	<u>\$ 14,387,996.58</u>

The table below summarizes the restatement to fiduciary net position.

Statement	Description	Restatement Amounts		
		FY19 as Reported	Restatement	FY19 Restated
SFNP	Cash and Cash Equivalents	\$ 0.00	\$ 2,962,668.72	\$ 2,962,668.72
SFNP	Investments	0.00	11,495,102.86	11,495,102.86
	Total Asset Restatement		14,457,771.58	14,457,771.58
SFNP	Unearned Revenue	\$ 0.00	\$ 69,775.00	\$ 69,775.00
	Total Liability Restatement		69,775.00	
SFNP	Restricted for Pool Participants	\$ 0.00	\$ 11,495,102.86	\$ 11,495,102.86
SFNP	Fiduciary Net Position Other Purposes	0.00	2,892,893.72	2,892,893.72
	Total Fiduciary Net Position Restatement		14,387,996.58	
SCFNP	Net Increase (Decrease) in FV of Investments	\$ 0.00	\$ 397,417.21	\$ 397,417.21
SCFNP	Interest, Dividends and Other	0.00	(405,644.83)	(405,644.83)
SCFNP	Investing Activities Expense	0.00	81,153.47	81,153.47
SCFNP	Other Revenue	0.00	2,280,195.40	2,280,195.40
	Total Additions		2,190,814.31	
SCFNP	Other Expenses	\$ 0.00	\$ 2,201,915.78	\$ 2,201,915.78
	Total Deductions		2,201,915.78	

The Carr Foundation had no restatements or adjustments to fund balance or net position for the year ended August 31, 2020.

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

Note 15: Contingencies and Commitments**Contingencies*****Unpaid Claims and Lawsuits***

At August 31, 2020 the following contingent claims were pending for TTUHSC:

Texas Tech Physician Associates:

As previously disclosed on April 29, 2019, the United States Court of Appeals for the Fifth Circuit affirmed the March 28, 2018 judgment of the United States District Court for the Northern District of Texas – Lubbock Division that pursuant to the decision of the Department of Health and Human Services Departmental Appeals Board, Texas Tech Physician Associates (TTPA) must return \$7,988,526 in fees that it received from the Centers for Medicare and Medicaid Services (CMS) during its participation in a Medicare demonstration project. Pursuant to a related Subcontract Agreement between TTPA and TrailBlazer Health Enterprises, LLC (TrailBlazer), TrailBlazer is at risk for up to, but not more than, the full amount of fees received from TTPA and will reduce the amount owed by TTPA by 54.55%. In October 2020 subsequent to year end, a settlement was reached for \$8,000,000, comprised of the original judgment amount plus interest, with TrailBlazer agreeing to pay \$4,031,022.22 for its portion of the settlement, and the remaining \$3,968,977.78 to be paid by TTPA. A related liability in the amount of \$3,968,977.78 is reflected in the System's financial statements and in the condensed financial statements for TTPA presented in Note 19.

At August 31, 2020, other lawsuits involving the System were pending. While the ultimate liability with respect to litigation and other claims asserted against the System cannot be precisely estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is in legal counsel's opinion, not likely to have a material effect on the System.

Federal Assistance

The System component institutions receive federal grants for specific purposes that are subject to review or audit by federal grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, would be immaterial.

Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section, 148 as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. The System monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. For fiscal years 2020 and 2019, the System recorded no rebatable arbitrage.

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

Commitments***Investment Funds***

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

As of August 31, 2020 and August 31, 2019, the remaining commitment - domestic for the System was \$244,483,335.56 and \$218,921,777.92 (restated), respectively.

As of August 31, 2020 and August 31, 2019, the remaining commitment - domestic for the System's Fiduciary Activities was \$2,600,263.90 and \$2,440,675.08 (restated), respectively.

As of August 31, 2020 and August 31, 2019, the remaining commitment – domestic for the Carr Foundation was \$29,668,718.12 and \$27,328,586.00, respectively.

Note 16: Subsequent Events

The System has no subsequent events to report as of August 31, 2020.

Note 17: Risk Management

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

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

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

Changes in the balances of the agency's claims liabilities during fiscal years 2020 and 2019 are presented in the table below.

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

Claims and Judgments	Beginning Balance	Increases	Decreases	Ending Balance
FY 2020	\$ 13,669,080.00	\$ 1,919,147.00	\$ (5,135,329.22)	\$ 10,452,897.78
FY 2019	\$ 6,958,138.00	\$ 8,760,218.56	\$ (2,049,276.56)	\$ 13,669,080.00

The increase in fiscal year 2020 includes the required actuarial adjustment for the medical malpractice self-insurance fund liability and miscellaneous claims and judgments. The increase in fiscal year 2019 includes the TTPA contingency and miscellaneous claims and judgments. The decrease for fiscal year 2020 includes a partial reduction for prior year TTPA contingency and payment for miscellaneous claims and judgments. The decrease for 2019 was for the payment of miscellaneous claims and judgments and the required actuarial adjustment for the medical malpractice self-insurance fund liability. The liability is actuarially estimated to reflect the anticipated future claims for past medical services, and is adjusted annually based on an actuarially estimated incurred but not reported (IBNR) liability.

Note 18: Management's Discussion and Analysis

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

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

Formally established by the Texas Legislature in 1999, the System is composed of a central administration, two general academic institutions and two health-related institutions. The component institutions of the System are Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso), Angelo State University (ASU) and Texas Tech University System Administration (TTUSA). In its young history, the System has emerged as a nationally acclaimed higher education system. Headquartered in Lubbock, Texas, the System operates 18 campuses and academic sites throughout the State of Texas and internationally. The System has locations statewide in Abilene, Amarillo, Cleburne, Dallas, El Paso, Fredericksburg, Highland Lakes, Junction, Lubbock, Midland, Odessa, San Angelo and Waco. Internationally, the System has locations in Seville, Spain and San Jose, Costa Rica. The total enrollment across all component institutions is more than 57,000 students as of Fall 2020.

In fiscal year 2020, the System maintained stellar financial ratings with all three of the industry's top credit rating agencies: Standard & Poor (AA+), Moody's (Aa1) and Fitch (AA+). The System's credit ratings are among the top 25% of all public higher education institutions nationwide. The System employs more than 19,000 faculty and staff and has an annual combined operating budget of more than \$2.2 billion consisting of revenues from the following sources: 43% designated funding, 27% appropriated funds by the Texas Legislature, 19% restricted funds, and 11% from auxiliaries.

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

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

Note 19: The Financial Reporting Entity

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

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

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

The Texas Tech Foundation, Inc. (TTFI) is a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code, as amended, and exempt from income taxes. TTFI was founded to financially support and serve the fundraising needs of all colleges, schools, programs, and campuses of the System and the component institutions of the System. TTFI was formed to seek and obtain gifts for all the System component institutions; to receive, hold, invest and administer property of any type given to the component institutions; and to make expenditures to or for the benefit of the System component institutions. The TTU System Chancellor, component institution Presidents, TTU System Vice Chancellors of General Counsel, Institutional Advancement, and Chief Financial Officer are non-voting ex-officio members of the Foundation Board of Directors. Financial transactions of TTFI have been blended into the financial statements of the System rather than discretely presented because TTFI operates exclusively for the benefit of the System and component institutions and there is a fiscal dependency and financial benefit relationship between TTFI and the System. The Foundation's fiscal year end is August 31, and the Foundation's financial statements may be obtained from the TTUS Office of Institutional Advancement, located at 1508 Knoxville Avenue, Suite 315, Lubbock, TX 79409.

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

The Angelo State University Foundation, Inc. (ASUF) was formed exclusively for the benefit of ASU, and is a public, non-profit organization established to provide financial assistance to ASU, primarily from gifts and earnings on endowed funds. ASUF oversees management, investment and distribution of all funds for the

UNAUDITED

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

furtherance of educational purposes at ASU. ASU provides the foundation with office space, telephone service, utilities and the use of other equipment and facilities. ASU also authorizes its officers and employees, as a part of their regular duties, to perform administrative tasks for, and solicit funds on behalf of, the foundation. The financial transactions of ASUF have been blended into the financial statements of Angelo State University. The financial records of ASUF may be obtained from Angelo State University, 2601 W. Ave N., San Angelo, TX 76909. ASUF's fiscal year end is August 31.

The condensed financial statements for the System blended component units as of August 31, 2020 are presented below.

	Blended Component Units		
	TTFI	TTPA	ASUF
Condensed Statement of Net Position			
Total Assets	\$ 716,384,087.17	\$ 5,059,751.12	\$ 33,790,951.64
Total Liabilities and Deferred Inflows of Resources	4,446,563.56	3,983,977.78	0.00
Net Position:			
Net Investment in Capital Assets			
Restricted:			
Nonexpendable:			
Endowments	546,398,425.34	0.00	21,222,410.12
Expendable:			
Other	158,986,889.88	0.00	12,568,541.52
Unrestricted	6,552,208.39	1,075,773.34	0.00
Total Net Position	<u>\$ 711,937,523.61</u>	<u>\$ 1,075,773.34</u>	<u>\$ 33,790,951.64</u>

UNAUDITED

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

	Blended Component Units		
	TTFI	TTPA	ASUF
Condensed Statement of Revenues, Expenses and Changes in Net Position			
Operating Revenues			
Other Sales and Services	\$ 81,064.88	\$ 0.00	\$ 0.00
Professional Fees	0.00	23,536,535.53	0.00
Federal Grants and Contracts	0.00	168,527.01	0.00
Nongovernmental Grants and Contracts	1,195,000.00	220,614.67	0.00
	1,276,064.88	23,925,677.21	0.00
Operating Expenses			
Professional Fees and Services	222,064.28	432,931.05	27,475.00
Travel	57,151.95	0.00	8,849.23
Materials and Supplies	81,025.01	0.00	180,968.97
Communications and Utilities	196,437.46	0.00	1,046.96
Repairs and Maintenance	119,159.06	0.00	0.00
Rentals and Leases	104,666.97	0.00	1,950.00
Printing and Reproduction	46,348.39	0.00	1,136.67
Claims and Judgments	0.00	20,215.00	0.00
Other Operating Expenses	960,037.61	20,731.77	1,366,316.41
Distributions to Component Institutions	68,601,465.59	0.00	0.00
	70,388,356.32	473,877.82	1,587,743.24
Operating Income (Loss)	(69,112,291.44)	23,451,799.39	(1,587,743.24)
Nonoperating Revenues (Expenses)			
Private Gifts	24,429,720.21	75,000.00	7,332,977.31
Investment Income (Expense)	11,393,869.06	96,788.65	(435,946.73)
Other Nonoperating Revenues (Expenses)	222,028.74	0.00	802,895.80
Total Nonoperating Revenues and Expenses	36,045,618.01	171,788.65	7,699,926.38
Other Revenues, Expenses, Gains, Losses and Transfers			
Capital Contributions	11,209,523.60	0.00	0.00
Contributions to Permanent and Term Endowments	24,646,507.38	0.00	0.00
Transfers to Components/Other Funds	0.00	(22,723,206.57)	(4,254,747.10)
Total Other Revenues, Expenses, Gains, Losses and Transfers	35,856,030.98	(22,723,206.57)	(4,254,747.10)
Total Change in Net Position	2,789,357.55	900,381.47	1,857,436.04
Beginning Net Position (September 1)	709,148,166.06	175,391.87	31,933,515.60
Ending Net Position (August 31)	\$ 711,937,523.61	\$ 1,075,773.34	\$ 33,790,951.64

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

	Blended Component Units		
	TTFI	TTPA	ASUF
Condensed Statement of Cash Flows			
Net Cash Provided (Used) by Operating Activities	\$ (68,879,984.24)	\$ 23,242,297.43	\$ (1,594,761.67)
Net Cash Provided (Used) by Noncapital Financing Activities	48,934,406.75	(22,723,206.57)	3,881,126.01
Net Cash Provided (Used) by Capital and Related Financing Activities	32,668,061.07	0.00	0.00
Net Cash Provided (Used) by Investing Activities	(12,955,258.01)	171,788.65	(2,005,958.64)
Total Net Cash Flows	(232,774.43)	690,879.51	280,405.70
Beginning Cash and Cash Equivalents (September 1)	\$ 4,058,430.45	\$ 4,326,948.96	\$ 3,041,676.41
Ending Cash and Cash Equivalents (August 31)	\$ 3,825,656.02	\$ 5,017,828.47	\$ 3,322,082.11

Discretely Presented Component Unit

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

Note 20: Stewardship, Compliance and Accountability

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

Note 21: N/A**Note 22: Donor-Restricted Endowments**

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

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

UNAUDITED

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

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

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	FY20	FY19	
True Endowments	\$ 78,482,608.88	\$ 106,030,186.50	Restricted Expendable
Term Endowments	0.00	0.00	Restricted Expendable
Total	<u>\$ 78,482,608.88</u>	<u>\$ 106,030,186.50</u>	

*There was a negative fair value adjustment totaling \$(27,547,577.62) for fiscal year 2020, and a negative fair value adjustment of \$(44,813,021.59) for fiscal year 2019.

Term endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2020 and 2019.

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

Changes from Prior Year Balances		
Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$ (27,547,577.62)	Fair value decrease in portfolio
Term Endowments	0.00	
Total	<u>\$ (27,547,577.62)</u>	

Discrete Component Unit

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	FY20	FY19	
True Endowments	\$ 0.00	\$ 0.00	Restricted Expendable

*There was a negative fair value adjustment totaling \$(8,022,757.53) for fiscal year 2020, and a negative fair value adjustment of \$(10,711,713.94) for fiscal year 2019.

True endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2020 and 2019.

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

Changes from Prior Year Balances		
Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
True Endowments	\$ (8,022,757.53)	Fair value decrease in portfolio

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

Note 23: Extraordinary and Special Items

The System reported a special item in the amount of \$698,034.56 for the transfer of operations of a noncommercial educational television broadcast station KCOS from the El Paso Public Television Foundation during the year ended August 31, 2020. The System had no special or extraordinary items to report for the year ended August 31, 2019.

Note 24: Disaggregation of Receivable and Payable Balances

The System has no reportable disaggregation of receivable and payable balances as of August 31, 2020, nor as of August 31, 2019.

Note 25: Termination Benefits

The System has voluntary and involuntary terminations in the ordinary course of business. Payments for related termination benefits, when offered, were immaterial. Thus, the System has no reportable benefits as of August 31, 2020 or as of August 31, 2019.

Note 26: Segment Information

The System has no reportable segments as of August 31, 2020 or as of August 31, 2019.

Note 27: Service Concession Arrangements

The System had no service concession arrangements as of August 31, 2020 or as of August 31, 2019.

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

In fiscal year 2020 and fiscal year 2019, the System reported deferred outflows and deferred inflows of resources in connection with its defined benefit pension plan, postemployment benefits other than pensions, debt refunding, and split-interest agreements as presented below.

Fiscal Year	Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
FY20	Defined Benefit Pension Plans (Note 9)	\$ 142,832,079.00	\$ 58,577,328.00
	Postemployment Benefits Other Than Pensions (Note 11)	567,097,417.00	248,916,163.00
	Bond/Debt Refunding	688,883.06	0.00
	Split-interest Agreements	0.00	24,269,863.75
	Total	<u>\$ 710,618,379.06</u>	<u>\$ 331,763,354.75</u>
FY19	Defined Benefit Pension Plans (Note 9)	\$ 161,343,312.00	\$ 28,435,530.00
	Postemployment Benefits Other Than Pensions (Note 11)	634,973,744.00	310,034,113.00
	Split-interest Agreements	0.00	21,843,963.58
	Total	<u>\$ 796,317,056.00</u>	<u>\$ 360,313,606.58</u>

Note 29: Troubled Debt Restructuring

The System had no outstanding receivables whose terms were modified pursuant to troubled debt restructuring for the year ended August 31, 2020, or for the year ended August 31, 2019.

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

Note 30: Non-Exchange Financial Guarantees

The System had no non-exchange financial guarantees to report for the year ended August 31, 2020, or for the year ended August 31, 2019.

Note 31: Tax Abatements

The System had no tax abatement arrangements for the years ended August 31, 2020 or August 31, 2019.

Note 32: Governmental Fund Balances

Not applicable.

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED
SUPPORTING SCHEDULES**

Texas Tech University System (793)
Combined Schedule 1A - Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

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

Texas Tech University System (793)
Combined Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2020

The information contained in this schedule is submitted through the State Comptroller State Pass-Through Reporting web application.
This schedule is no longer required to be presented.

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2A - Miscellaneous Bond Information
For the Year Ended August 31, 2020

Description of Issue	Bonds	Range of Interest Rates		Scheduled Maturities		First Call Date	
	Issued to Date			First Year	Final Maturity Date		
Revenue Bonds							
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	\$ 163,240,000.00	2.0000%	5.0000%	2012	8/15/2041	8/15/2021	
Rev Fin Sys Ref Bds Tax 15th Ser '12B	27,585,000.00	0.4000%	4.4400%	2012	8/15/2031	8/15/2021	
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	73,255,000.00	2.0000%	5.0000%	2016	2/15/2040	2/15/2025	
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	245,315,000.00	0.2950%	4.1720%	2015	2/15/2045	2/15/2025	
Rev Fin Sys Ref & Imp Bds Ser '17A	79,035,000.00	4.0000%	5.0000%	2017	2/15/2036	2/15/2027	
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	295,700,000.00	0.9000%	4.0000%	2017	2/15/2038	2/15/2027	
Rev Fin Sys Ref & Imp Bds Tax Ser '20	<u>314,745,000.00</u>	0.4050%	2.8780%	2020	2/15/2050	2/15/2029	
Total	<u>\$ 1,198,875,000.00</u>						

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2020

Description of Issue	Bonds Outstanding 9/1/19	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/20
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	\$101,965,000.00		\$ 10,535,000.00	\$ 80,665,000.00		\$ 10,765,000.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B	20,250,000.00		1,385,000.00	17,440,000.00		1,425,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	66,050,000.00		2,600,000.00			63,450,000.00
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	169,980,000.00		22,860,000.00			147,120,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	72,500,000.00		3,415,000.00			69,085,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	262,755,000.00		22,420,000.00			240,335,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '20	0.00	\$314,745,000.00	95,000.00	0.00	0.00	314,650,000.00
Total	<u>\$693,500,000.00</u>	<u>\$314,745,000.00</u>	<u>\$ 63,310,000.00</u>	<u>\$ 98,105,000.00</u>	<u>\$ 0.00</u>	<u>\$846,830,000.00</u>

Description of Issue	Unamortized Premium	Unamortized Discount	Other Adjustments	Net Bonds Outstanding 8/31/20	Amounts Due Within One Year
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	\$ 231,016.90			\$ 10,996,016.90	\$ 10,996,016.90
Rev Fin Sys Ref Bds Tax 15th Ser '12B				1,425,000.00	1,425,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	3,075,417.80			66,525,417.80	3,063,258.70
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				147,120,000.00	20,870,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	7,501,826.00			76,586,826.00	4,659,518.30
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				240,335,000.00	22,890,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '20				314,650,000.00	5,505,000.00
Total	<u>\$ 10,808,260.70</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$857,638,260.70</u>	<u>\$ 69,408,793.90</u>

Note: The 14th Series amount due within one year includes bond premium amortization of \$231,016.90. The 16th Series amount due within one year includes bond premium amortization of \$373,258.70. The 2017A Series amount due within one year includes bond premium amortization of \$1,099,518.30.

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2020

Description of Issue	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
Rev Fin Sys Ref & Imp Bds 14th Ser '12A				
	2021	\$ 10,765,000.00	\$ 457,512.50	\$ 11,222,512.50
Rev Fin Sys Ref Bds Tax 15th Ser '12B				
	2021	1,425,000.00	43,747.50	1,468,747.50
Rev Fin Sys Ref & Imp Bds 16th Ser '15A				
	2021	2,690,000.00	2,478,756.26	5,168,756.26
	2022	1,855,000.00	2,410,581.26	4,265,581.26
	2023	1,935,000.00	2,334,381.26	4,269,381.26
	2024	2,035,000.00	2,235,131.26	4,270,131.26
	2025	2,135,000.00	2,130,881.26	4,265,881.26
	2026-2030	24,280,000.00	8,612,938.80	32,892,938.80
	2031-2035	24,515,000.00	3,265,893.80	27,780,893.80
	2036-2040	4,005,000.00	373,465.63	4,378,465.63
		63,450,000.00	23,842,029.53	87,292,029.53
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				
	2021	20,870,000.00	4,346,030.71	25,216,030.71
	2022	15,665,000.00	3,885,104.96	19,550,104.96
	2023	16,095,000.00	3,455,693.81	19,550,693.81
	2024	16,570,000.00	2,995,323.48	19,565,323.48
	2025	17,050,000.00	2,505,474.36	19,555,474.36
	2026-2030	33,575,000.00	7,870,001.02	41,445,001.02
	2031-2035	13,975,000.00	4,062,320.65	18,037,320.65
	2036-2040	5,965,000.00	2,177,053.90	8,142,053.90
	2041-2045	7,355,000.00	792,575.70	8,147,575.70
		147,120,000.00	32,089,578.59	179,209,578.59
Rev Fin Sys Ref & Imp Bds Ser '17A				
	2021	3,560,000.00	3,326,250.00	6,886,250.00
	2022	3,825,000.00	3,141,625.00	6,966,625.00
	2023	3,995,000.00	2,946,125.00	6,941,125.00
	2024	4,210,000.00	2,741,000.00	6,951,000.00
	2025	4,075,000.00	2,533,875.00	6,608,875.00
	2026-2030	25,350,000.00	9,035,250.00	34,385,250.00
	2031-2035	20,170,000.00	3,246,000.00	23,416,000.00
	2036	3,900,000.00	78,000.00	3,978,000.00
		69,085,000.00	27,048,125.00	96,133,125.00

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2020

Description of Issue	Fiscal Year	Principal	Interest	Total
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				
	2021	\$ 22,890,000.00	\$ 7,429,525.39	\$ 30,319,525.39
	2022	21,620,000.00	6,890,857.93	28,510,857.93
	2023	22,190,000.00	6,305,871.47	28,495,871.47
	2024	21,665,000.00	5,678,064.72	27,343,064.72
	2025	22,315,000.00	5,009,352.00	27,324,352.00
	2026-2030	92,505,000.00	15,160,988.25	107,665,988.25
	2031-2035	31,730,000.00	2,876,827.50	34,606,827.50
	2036-2038	5,420,000.00	310,800.00	5,730,800.00
		240,335,000.00	49,662,287.26	289,997,287.26
Rev Fin Sys Ref & Imp Bds Tax Ser '20				
	2021	5,505,000.00	6,675,210.00	12,180,210.00
	2022	14,785,000.00	6,626,730.00	21,411,730.00
	2023	10,645,000.00	6,556,239.00	17,201,239.00
	2024	10,150,000.00	6,483,089.00	16,633,089.00
	2025	10,250,000.00	6,395,025.00	16,645,025.00
	2026-2030	50,995,000.00	30,292,449.00	81,287,449.00
	2031-2035	43,815,000.00	25,787,334.00	69,602,334.00
	2036-2040	160,090,000.00	19,241,508.00	179,331,508.00
	2041-2045	5,805,000.00	592,940.00	6,397,940.00
	2046-2050	2,610,000.00	192,107.00	2,802,107.00
		314,650,000.00	108,842,631.00	423,492,631.00
Total Principal and Interest				
	2021	67,705,000.00	24,757,032.36	92,462,032.36
	2022	57,750,000.00	22,954,899.15	80,704,899.15
	2023	54,860,000.00	21,598,310.54	76,458,310.54
	2024	54,630,000.00	20,132,608.46	74,762,608.46
	2025	55,825,000.00	18,574,607.62	74,399,607.62
	2026-2030	226,705,000.00	70,971,627.07	297,676,627.07
	2031-2035	134,205,000.00	39,238,375.95	173,443,375.95
	2036-2040	179,380,000.00	22,180,827.53	201,560,827.53
	2041-2045	13,160,000.00	1,385,515.70	14,545,515.70
	2046-2050	2,610,000.00	192,107.00	2,802,107.00
		\$ 846,830,000.00	\$ 241,985,911.38	\$ 1,088,815,911.38

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2020

	Pledged and Other Sources and Related Expenditures for FY 2020			
	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Debt Service	
Description of Issue			Principal	Interest
Revenue Bonds:				
Rev Fin Sys Ref & Imp Bds 14th Ser '12A			\$ 10,535,000.00	\$ 2,927,318.75
Rev Fin Sys Ref Bds Tax 15th Ser '12B			1,385,000.00	436,705.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A			2,600,000.00	2,571,106.26
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B			22,860,000.00	4,840,978.98
Rev Fin Sys Ref & Imp Bds Ser '17A			3,415,000.00	3,500,625.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B			22,420,000.00	7,908,438.36
Rev Fin Sys Ref & Imp Bds Tax Ser '20			95,000.00	297,188.52
Total	\$ 757,337,417.63	(B)	\$ 63,310,000.00	\$ 22,482,360.87

(A) Beginning balances as of 09/01/19 of \$946,493,101.05 are not included in "Total Pledged and Other Sources".

(B) Expenditures associated with pledged sources were approximately \$689,645,426.02.

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2020

Description of Issue	Year Defeased	Par Value Outstanding
Revenue Bonds		
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	2020	\$ 80,665,000.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B	2020	<u>17,440,000.00</u>
		<u>\$ 98,105,000.00</u>

UNAUDITED

Texas Tech University System (793)
Combined Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2020

Description of Issue	Category	Amount	Refunding	Cash Flow	Economic
		Extinguished or Refunded	Issue Par Value	Increase (Decrease)	Gain/ (Loss)
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	Advanced Refunding	\$ 80,665,000.00	\$ 86,920,000.00	\$ (6,255,000.00)	\$ 14,091,097.60
Rev Fin Sys Ref Bds Tax 15th Ser '12B	Advanced Refunding	17,440,000.00	18,590,000.00	(1,150,000.00)	2,087,467.98
Total		<u>\$ 98,105,000.00</u>	<u>\$ 105,510,000.00</u>	<u>\$ (7,405,000.00)</u>	<u>\$ 16,178,565.58</u>

UNAUDITED

Texas Tech University System (793)
Combined Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2020

Cash in State Treasury	Current Unrestricted
Local Revenue (Fund 0227)	\$ 2,890,789.63
Local Revenue (Fund 0239)	17,943,334.55
Local Revenue (Fund 0255)	15,396,467.97
Local Revenue (Fund 0294)	6,375,592.80
Permanent Health Fund - El Paso Campus (Fund 0820)	7,147,187.36
Permanent Health Fund - Other Campuses (Fund 0821)	5,427,263.71
Total Cash in State Treasury	\$ 55,180,636.02

UNAUDITED

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

	2020	2019	2018	2017	2016	2015
TTU System's proportion of the net pension liability	0.6116105 %	0.6081304 %	0.5766112 %	0.5788987 %	0.5280855 %	0.6064722 %
TTU System's proportionate share of net pension liability	\$317,934,234.00	\$334,729,720.00	\$184,369,216.00	\$218,757,231.00	\$186,671,195.00	\$162,030,163.65
TTU System's covered payroll	\$276,644,113.95	\$265,427,058.00	\$242,817,459.00	\$235,859,714.00	\$203,038,968.00	\$222,298,083.81
TTU System's proportionate share of net pension liability as a percentage of its covered payroll	114.93 %	126.11 %	75.93 %	92.75 %	91.94 %	72.89 %
Plan fiduciary net position as a percentage of the total pension liability	75.24 %	73.74 %	82.17 %	78.00 %	78.43 %	83.25 %

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

UNAUDITED

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

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 26,225,862.22	\$ 20,836,024.00	\$ 19,279,706.00	\$ 18,680,089.00	\$ 16,750,715.00	\$ 19,273,243.86
Contributions in relation to the statutorily required contributions	21,407,103.00	20,486,374.00	18,861,478.00	18,429,661.00	15,681,265.00	15,253,844.56
Contribution deficiency (excess)	4,818,759.22	349,650.00	418,228.00	250,428.00	1,069,450.00	4,019,399.30
TTU System's covered payroll	276,644,113.95	265,427,058.00	242,817,459.00	235,859,714.00	203,038,968.00	222,298,083.81
Contributions as a percentage of covered payroll	7.74 %	7.72 %	7.77 %	7.81 %	7.72 %	6.86 %

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

UNAUDITED

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

	2020	2019	2018
TTU System's proportion of the net OPEB liability	2.6636141 %	2.7025980 %	0.8421099 %
TTU System's proportionate share of the net OPEB liability	\$920,616,292.00	\$800,989,039.00	\$286,932,208.00
TTU System's covered payroll	328,158,007.30	332,960,835.00	98,908,419.00
TTU System's proportionate share of the net OPEB liability as a percentage of its covered payroll	280.54 %	240.57 %	290.10 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.17 %	1.28 %	2.04 %

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

UNAUDITED

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

	2020	2019	2018
Statutorily required contributions	\$ 71,576,849.00	\$ 63,041,982.00	\$ 22,862,931.00
Contributions in relation to the statutorily required contributions	11,226,273.00	8,745,978.00	7,892,593.19
Contribution deficiency (excess)	60,350,576.00	54,296,004.00	14,970,337.81
TTU System's covered payroll	328,158,007.30	332,960,835.00	98,908,419.00
Contributions as a percentage of covered payroll	3.42 %	2.63 %	7.98 %

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

UNAUDITED

Texas Tech University System (793)
Combined Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS & CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 116,504.66	\$ 776.25	\$ 17,203.11	\$ 0.00	\$ 15,475.83	\$ 0.00	\$ 832,124.22
Salaries and Wages	438,438,496.42	126,767,052.40	73,986,969.19	72,381,197.78	135,637,959.19	37,276,251.57	73,369,370.48
Payroll Related Costs	147,449,051.22	51,717,408.48	27,205,994.09	41,246,110.68	62,120,942.67	20,143,113.35	49,713,753.67
Professional Fees and Services	6,207,006.28	7,408,553.41	51,679,739.82	1,057,610.67	8,463,400.30	1,193,349.58	14,815,300.00
Travel	3,408,914.14	3,181,440.62	927,282.34	164,082.48	4,208,353.57	1,622,080.78	1,183,894.55
Materials and Supplies	6,701,556.40	11,819,294.24	13,629,842.19	9,784,705.71	11,068,850.66	3,773,324.21	2,229,561.09
Communications and Utilities	2,031,924.98	1,185,531.89	621,264.89	595,296.81	10,245,042.49	1,847,989.58	2,261,033.26
Repairs and Maintenance	1,562,409.78	3,050,373.59	521,646.61	426,821.60	8,029,421.72	2,048,068.22	1,605,116.14
Rentals and Leases	4,124,146.98	827,930.82	1,566,227.73	1,030,352.66	6,988,082.58	1,517,145.05	3,355,044.24
Printing and Reproduction	294,427.78	510,788.93	195,079.36	157,138.36	1,105,076.68	719,563.94	607,820.36
Federal Grant Pass-Through Expense	2,737.91	62,014.14	669,111.53	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	131,108.95	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	118,500.67	196,650.95
Interest	331.65	5,802.30	10.07	374.99	1,439.45	146.64	1,564.02
Scholarships	1,714,044.68	4,343,677.19	4,640.00	0.00	1,647,493.20	545,791.50	32,289.10
Claims and Judgments	0.00	0.00	35,215.00	0.00	1,872,458.00	0.00	0.00
Other Operating Expenses	10,050,009.07	13,594,210.01	5,931,743.28	2,004,378.77	39,530,710.23	10,692,817.72	11,618,556.41
TOTAL OPERATING EXPENSES	\$ 622,101,561.95	\$ 224,605,963.22	\$ 176,991,969.21	\$ 128,848,070.51	\$ 290,934,706.57	\$ 81,498,142.81	\$ 161,822,078.49

UNAUDITED

Texas Tech University System (793)
Combined Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES						Restated	
	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2019	
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 10,934,193.84	\$ 0.00	\$ 11,916,277.91	\$ 14,615,732.05	
Salaries and Wages	19,315,700.84	8,550.00	61,806,003.55	0.00	1,038,987,551.42	999,377,325.20	
Payroll Related Costs	7,106,401.27	603.06	35,467,255.03	0.00	442,170,633.52	417,172,503.36	
Professional Fees and Services	2,923,560.45	0.00	1,069,943.82	0.00	94,818,464.33	86,412,529.05	
Travel	30,802.78	0.00	8,164,141.17	0.00	22,890,992.43	37,982,440.24	
Materials and Supplies	3,813,397.28	0.00	11,875,445.85	0.00	74,695,977.63	77,858,668.69	
Communications and Utilities	24,977,481.84	0.00	8,980,846.21	0.00	52,746,411.95	55,101,336.77	
Repairs and Maintenance	23,760,251.58	0.00	6,158,960.80	0.00	47,163,070.04	46,296,004.52	
Rentals and Leases	894,954.89	0.00	3,018,563.79	0.00	23,322,448.74	24,214,754.63	
Printing and Reproduction	38,485.05	0.00	723,182.11	0.00	4,351,562.57	5,290,816.78	
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	733,863.58	750,322.09	
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	131,108.95	86,824.33	
Depreciation and Amortization	0.00	0.00	0.00	139,205,909.11	139,205,909.11	132,918,881.18	
Bad Debt Expense	0.00	0.00	262,613.27	0.00	577,764.89	1,012,369.37	
Interest	4,634.02	0.00	273.74	0.00	14,576.88	15,235.62	
Scholarships	0.00	93,591,602.13	0.00	0.00	101,879,537.80	84,013,125.39	
Claims and Judgments	0.00	0.00	0.00	0.00	1,907,673.00	7,482,633.56	
Other Operating Expenses	17,743,580.28	0.00	21,761,523.75	0.00	132,927,529.52	142,369,870.46	
TOTAL OPERATING EXPENSES	\$ 100,609,250.28	\$ 93,600,755.19	\$ 170,222,946.93	\$ 139,205,909.11	\$2,190,441,354.27	\$2,132,971,373.29	

**FIDUCIARY
FINANCIAL STATEMENTS**

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

Texas Tech University System (793)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

	Custodial Funds	External Investment Pool Non-Trusted	Total 2020	Restated 2019
ASSETS				
Cash and Cash Equivalents	\$ 2,914,997.09	\$ 0.00	\$ 2,914,997.09	\$ 2,962,668.72
Investments (Note 3)	0.00	11,042,140.99	11,042,140.99	11,495,102.86
Total Assets	2,914,997.09	11,042,140.99	13,957,138.08	14,457,771.58
LIABILITIES				
Unearned Revenue	35,175.20	0.00	35,175.20	69,775.00
Total Liabilities	35,175.20	0.00	35,175.20	69,775.00
NET POSITION				
Restricted for Pool Participants	0.00	11,042,140.99	11,042,140.99	11,495,102.86
Fiduciary Net Position Other Purposes	2,879,821.89	0.00	2,879,821.89	2,892,893.72
Total Net Position	\$ 2,879,821.89	\$ 11,042,140.99	\$ 13,921,962.88	\$ 14,387,996.58

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

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

Texas Tech University System (793)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

	Custodial Funds	External Investment Pool Non-Trusted	Total 2020	Restated 2019
Additions:				
Investment Income:				
From Investing Activities:				
Net Increase (Decrease) in Fair Value of Investments	\$ 0.00	\$ (156,041.86)	\$ (156,041.86)	\$ 397,417.21
Interest, Dividends and Other	71,178.61	356,118.90	427,297.51	(405,644.83)
Total Investing Income (Loss)	71,178.61	200,077.04	271,255.65	(8,227.62)
Less Investing Activities Expense	0.00	82,255.24	82,255.24	81,153.47
Net Income (Loss) from Investing Activities	71,178.61	117,821.80	189,000.41	(89,381.09)
Total Net Investment Income (Loss)	71,178.61	117,821.80	189,000.41	(89,381.09)
Other Additions:				
Other Revenue	1,531,119.55	0.00	1,531,119.55	2,280,195.40
Total Other Additions	1,531,119.55	0.00	1,531,119.55	2,280,195.40
Total Additions	1,602,298.16	117,821.80	1,720,119.96	2,190,814.31
Deductions:				
Other Expenses	1,615,369.99	570,783.67	2,186,153.66	2,201,915.78
Total Deductions	1,615,369.99	570,783.67	2,186,153.66	2,201,915.78
Increase (Decrease) in Net Position	\$ (13,071.83)	\$ (452,961.87)	\$ (466,033.70)	\$ (11,101.47)
Net Position:				
Beginning Net Position (September 1)	0.00	0.00	0.00	0.00
Restatement (Note 14)	2,892,893.72	11,495,102.86	14,387,996.58	14,399,098.05
Beginning Net Position (September 1) as Restated	2,892,893.72	11,495,102.86	14,387,996.58	14,399,098.05
Ending Net Position (August 31)	\$ 2,879,821.89	\$ 11,042,140.99	\$ 13,921,962.88	\$ 14,387,996.58

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

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

UNAUDITED

Texas Tech University System (793)
Statement of Net Position
Discretely Presented Component Unit - The Angelo State University
Robert G. Carr and Nona K. Carr Scholarship Foundation
August 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Restricted Cash and Cash Equivalents	\$ 99,082.23	\$ 169,023.53
Accounts Receivable	68,651.12	111,118.22
Total Current Assets	<u>167,733.35</u>	<u>280,141.75</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	183,907.52	269,808.40
Restricted Investments (Note 3)	140,702,978.90	147,366,102.83
Total Non-Current Assets	<u>140,886,886.42</u>	<u>147,635,911.23</u>
Total Assets	<u>141,054,619.77</u>	<u>147,916,052.98</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,515.23	72.10
Payroll Payable	13,993.17	13,761.09
Employees' Compensable Leave (Note 5)	9,843.47	256.21
Total Current Liabilities	<u>25,351.87</u>	<u>14,089.40</u>
Employees' Compensable Leave (Note 5)	9,601.38	9,345.17
Total Non-Current Liabilities	<u>9,601.38</u>	<u>9,345.17</u>
Total Liabilities	<u>34,953.25</u>	<u>23,434.57</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt		
Restricted:		
Nonexpendable:		
Endowments	140,955,537.54	147,747,029.45
Expendable:		
Other	64,128.98	145,588.96
Total Net Position	<u><u>\$ 141,019,666.52</u></u>	<u><u>\$ 147,892,618.41</u></u>

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

UNAUDITED

Texas Tech University System (793)
Statement of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Unit - The Angelo State University
Robert G. Carr and Nona K. Carr Scholarship Foundation
For the Years Ended August 31, 2020 and 2019

Operating Revenues	2020	2019
Total Operating Revenues	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Operating Expenses		
Salaries and Wages	196,240.41	189,925.79
Payroll Related Costs	69,884.59	54,371.25
Professional Fees and Services	18,786.98	19,660.51
Travel	967.48	5,516.18
Materials and Supplies	44,122.08	48,944.98
Communications and Utilities	1,095.34	598.52
Rentals and Leases	16.69	52.86
Printing and Reproduction	131.55	1,527.95
Other Operating Expenses	15,214.86	8,886.11
Total Operating Expenses	<u>346,459.98</u>	<u>329,484.15</u>
Operating Income (Loss)	<u>(346,459.98)</u>	<u>(329,484.15)</u>
Nonoperating Revenues (Expenses)		
Investment Income (Expense)	1,805,518.55	(4,839,524.15)
Net Increase (Decrease) in Fair Value of Investments	(2,474,297.77)	3,813,373.75
Other Nonoperating Revenues (Expenses) - Pledged	(5,857,712.69)	(4,461,098.29)
Total Nonoperating Revenues (Expenses)	<u>(6,526,491.91)</u>	<u>(5,487,248.69)</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(6,872,951.89)	(5,816,732.84)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Total Other Revenues, Expenses, Gains, Losses, and Transfers	<u>0.00</u>	<u>0.00</u>
Total Change in Net Position	<u>(6,872,951.89)</u>	<u>(5,816,732.84)</u>
Beginning Net Position (September 1)	147,892,618.41	153,709,351.25
Ending Net Position (August 31)	<u><u>\$141,019,666.52</u></u>	<u><u>\$147,892,618.41</u></u>

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

**COMPONENT INSTITUTION
ANNUAL FINANCIAL STATEMENTS**

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

UNAUDITED

Texas Tech University (733)
Statement of Net Position
August 31, 2020 and 2019

	2020	Restated 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 42,437,107.25	\$ 37,821,158.33
Restricted Cash and Cash Equivalents	368,042.30	407,939.15
Legislative Appropriations	115,620,679.05	117,149,874.85
Receivables:		
Federal	11,012,599.57	14,939,680.29
Student	7,992,012.97	7,988,872.56
Accounts	8,726,814.13	4,598,775.00
Interest and Dividends	860,065.96	922,304.78
Gifts	680,341.23	519,684.01
Other	746,150.56	1,631,184.00
Due From Other State Agencies	27,547,406.75	30,397,502.83
Inventories	2,651,602.80	2,419,446.44
Prepaid Items	47,080,677.67	49,440,271.51
Loans and Contracts	415,787.46	462,068.35
Other Current Assets	945,257.39	784,066.85
Total Current Assets	<u>267,084,545.09</u>	<u>269,482,828.95</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	447,511.40	863,277.04
Restricted Investments	304,631,453.14	292,902,298.97
Gifts Receivable	7,498,557.99	1,796,593.68
Investments	744,499,527.15	707,312,314.19
Capital Assets		
Non-Depreciable or Non-Amortizable	150,514,109.32	113,101,898.73
Depreciable or Amortizable	2,379,709,204.82	2,317,688,012.77
Accumulated Depreciation and Amortization	(1,373,466,426.44)	(1,297,099,192.18)
Total Non-Current Assets	<u>2,213,833,937.38</u>	<u>2,136,565,203.20</u>
Total Assets	<u>\$ 2,480,918,482.47</u>	<u>\$ 2,406,048,032.15</u>

UNAUDITED

Texas Tech University (733) Statement of Net Position August 31, 2020 and 2019

	2020	Restated 2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 18,551,074.74	\$ 23,906,849.53
Payroll Payable	41,000,777.18	40,550,292.29
Unearned Revenue	177,233,116.41	172,218,457.93
Due to Other State Agencies	812,191.81	604,434.33
Capital Lease Obligations	10,446.00	10,137.65
Capital Lease - Direct Borrowings	230,948.09	219,971.49
Employees' Compensable Leave	1,900,678.72	2,317,483.75
Funds Held for Others	7,477,230.66	7,912,764.60
Other Current Liabilities	4,315,746.51	4,116,839.52
Total Current Liabilities	<u>251,532,210.12</u>	<u>251,857,231.09</u>
Non-Current Liabilities:		
Employees' Compensable Leave	16,884,054.77	13,533,234.09
Capital Lease Obligations	14,423.90	24,869.90
Capital Lease - Direct Borrowings	0.00	230,948.09
Pollution Remediation Obligation	1,022,641.50	1,022,641.50
Total Non-Current Liabilities	<u>17,921,120.17</u>	<u>14,811,693.58</u>
Total Liabilities	<u>269,453,330.29</u>	<u>266,668,924.67</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	20,168,437.47	18,146,739.57
Total Deferred Inflows of Resources	<u>20,168,437.47</u>	<u>18,146,739.57</u>
NET POSITION		
Net Investment in Capital Assets	1,156,756,887.70	1,133,698,337.26
Restricted:		
Nonexpendable:		
Endowments	102,469,138.20	102,806,480.60
Expendable:		
Capital Projects	12,612,447.85	18,341,762.77
Other	184,482,977.18	169,565,612.17
Unrestricted	<u>734,975,263.78</u>	<u>696,820,175.11</u>
Total Net Position	<u>\$ 2,191,296,714.71</u>	<u>\$ 2,121,232,367.91</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Operating Revenues		
Tuition and Fees	\$ 6,883,731.53	\$ 6,740,227.13
Tuition and Fees - Pledged	444,865,729.97	434,801,370.69
Less Discounts and Allowances	(111,490,717.22)	(107,965,455.75)
Sales and Services of Auxiliary Enterprises - Pledged	140,080,373.83	169,918,481.27
Other Sales and Services	5,616,615.20	2,178,258.92
Other Sales and Services - Pledged	8,391,261.46	9,938,042.84
Federal Grants and Contracts	36,618,949.73	40,335,421.15
Federal Grant Pass-Throughs from Other State Agencies	2,770,065.18	2,431,048.03
State Grants and Contracts	220,943.55	209,334.70
State Grant Pass-Throughs from Other State Agencies	24,137,285.04	24,853,648.09
Local Governmental Grants and Contracts	1,076,164.87	1,157,139.44
Nongovernmental Grants and Contracts	13,365,362.34	13,372,917.46
Total Operating Revenues	<u>572,535,765.48</u>	<u>597,970,433.97</u>
Operating Expenses		
Cost of Goods Sold	11,916,277.15	14,615,732.05
Salaries and Wages	413,089,186.03	403,347,659.84
Payroll Related Costs	123,373,964.48	117,731,763.24
Professional Fees and Services	21,927,849.35	18,466,325.18
Travel	17,051,965.78	28,785,502.28
Materials and Supplies	29,732,517.39	33,522,781.96
Communications and Utilities	28,376,158.62	30,312,165.23
Repairs and Maintenance	22,778,830.13	27,277,564.01
Rentals and Leases	13,254,422.19	13,766,070.55
Printing and Reproduction	2,479,978.21	2,953,732.77
Federal Grant Pass-Through Expense	445,091.38	619,160.38
State Grant Pass-Through Expense	105,321.54	86,824.33
Depreciation and Amortization	92,512,887.16	90,906,401.83
Interest	9,343.54	8,710.13
Scholarships	74,094,133.72	59,486,373.02
Claims and Judgments	0.00	34,087.54
Other Operating Expenses	57,856,252.86	67,784,027.56
Total Operating Expenses	<u>909,004,179.53</u>	<u>909,704,881.90</u>
Operating Income (Loss)	<u>\$ (336,468,414.05)</u>	<u>\$ (311,734,447.93)</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 208,244,907.04	\$ 195,552,195.54
Federal Grants and Contracts	68,428,146.15	42,468,428.52
Private Gifts	45,782,175.35	38,607,673.57
Private Gifts - Pledged	1,979,140.79	814,394.67
Investment Income (Expense)	6,687,424.41	(5,587,942.32)
Investment Income (Expense) - Pledged	19,804,526.13	14,958,643.94
Interest Expense on Capital Asset Financing	(17,009.47)	(27,631.61)
Gain (Loss) on Sale and Disposal of Capital Assets	(446,685.03)	(628,097.78)
Net Increase (Decrease) in Fair Value of Investments	(23,238,368.17)	4,275,167.31
Other Nonoperating Revenues (Expenses)	963,208.30	1,017,849.91
Other Nonoperating Revenues (Expenses) - Pledged	3,410,818.17	3,182,949.82
Total Nonoperating Revenues (Expenses)	<u>331,598,283.67</u>	<u>294,633,631.57</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(4,870,130.38)	(17,100,816.36)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	49,225,809.00	49,225,809.00
Capital Contributions	23,472,464.23	22,198,446.79
Contributions to Permanent and Term Endowments	541,189.28	237,979.46
Special Item	698,034.56	0.00
Legislative Transfers In (Out)	(19,900,020.50)	(24,676,323.50)
Interagency Transfers of Capital Assets - Increase	1,703,799.32	5,194.93
Interagency Transfers of Capital Assets - Decrease	(57,788.18)	(190,832.93)
Net Transfers from (to) Texas Tech University System Components	10,482,815.18	(12,014,000.55)
Net Transfers from (to) Other State Agencies	8,768,174.29	8,437,655.26
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>74,934,477.18</u>	<u>43,223,928.46</u>
Total Change in Net Position	<u>70,064,346.80</u>	<u>26,123,112.10</u>
Beginning Net Position (September 1)	2,121,232,367.91	2,095,109,255.81
Ending Net Position (August 31)	<u><u>\$ 2,191,296,714.71</u></u>	<u><u>\$ 2,121,232,367.91</u></u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 14,355,931.70	\$ 14,917,793.99
Proceeds from Tuition and Fees	345,094,909.29	339,889,408.07
Proceeds from Grants and Contracts	82,446,055.66	79,800,927.10
Proceeds from Sales and Services of Auxiliary Enterprises	134,724,055.02	169,802,342.60
Proceeds from Collections of Loans to Students	595,431.69	690,375.49
Proceeds from Fiduciary Activities (Held 3 Months or Less)	159,442,266.01	167,249,330.80
Payments to Suppliers for Goods and Services	(55,119,684.97)	(63,377,417.56)
Payments to Employees for Salaries	(413,821,450.68)	(398,526,687.45)
Payments to Employees for Benefits	(122,191,214.94)	(117,306,682.29)
Payments for Loans Issued to Students	(549,150.80)	(702,071.24)
Payments for Fiduciary Activities (Held 3 Months or Less)	(156,366,298.10)	(165,275,467.18)
Payments for Other Expenses	(224,657,491.17)	(233,304,929.09)
Net Cash Provided/(Used) by Operating Activities	<u>(236,046,641.29)</u>	<u>(206,143,076.76)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	218,236,156.37	191,976,248.50
Proceeds from Gifts	40,181,172.74	39,638,106.09
Proceeds from Nonoperating Grants and Contracts	68,602,894.77	42,359,475.48
Proceeds from Other Financing Activities	4,178,798.03	4,271,234.89
Proceeds from Transfers from Component Institutions	480,995.32	462,417.77
Proceeds from Transfers In from Other State Agencies	11,210,789.18	10,607,579.83
Payments for Transfers to Component Institutions	(5,579,771.33)	(5,684,190.49)
Payments for Transfers to Other State Agencies	(11,665.37)	(5,681.40)
Payments for Other Uses	(411,709.46)	(458,668.35)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>336,887,660.25</u>	<u>283,166,522.32</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	10,862.05	70,882.71
Proceeds from Capital Gifts	21,272,834.36	18,053,533.90
Proceeds from Capital Appropriations	40,763,755.47	42,536,824.85
Proceeds from Transfers from Component Institutions	47,924,177.50	40,191,623.27
Payments for Transfers to Component Institutions	(53,311,715.81)	(72,716,925.60)
Payments for Additions to Capital Assets	(109,504,417.79)	(104,225,413.94)
Payments for Principal Paid on Capital Debt	(219,971.49)	(209,516.61)
Payments for Interest Paid on Capital Debt	(22,500.89)	(32,955.77)
Payments for Capital Leases	(11,049.24)	(7,366.16)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(53,098,025.84)</u>	<u>(76,339,313.35)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	310,013,389.68	158,825,771.48
Proceeds from Interest and Investment Income	32,203,404.10	32,675,227.29
Payments to Acquire Investments	(385,799,500.47)	(286,131,486.22)
Net Cash Provided/(Used) by Investing Activities	<u>(43,582,706.69)</u>	<u>(94,630,487.45)</u>
TOTAL NET CASH FLOWS	<u><u>\$ 4,160,286.43</u></u>	<u><u>\$ (93,946,355.24)</u></u>

UNAUDITED

Texas Tech University (733) Statement of Cash Flows For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Beginning Cash & Cash Equivalents (September 1) as Previously Reported	\$ 42,055,043.24	\$ 135,314,321.23
Restatement to Beginning Cash & Cash Equivalents	(2,962,668.72)	(2,275,591.47)
Beginning Cash & Cash Equivalents (September 1) as Restated	39,092,374.52	133,038,729.76
Ending Cash & Cash Equivalents (August 31)	<u>\$ 43,252,660.95</u>	<u>\$ 39,092,374.52</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (336,468,414.05)	\$ (311,734,447.93)
Adjustments:		
Depreciation and Amortization Expense	92,512,887.16	90,906,401.83
(Increase) Decrease in Accounts Receivables	(2,625,485.33)	1,319,463.82
(Increase) Decrease in Loans and Notes Receivable	46,280.89	(11,695.75)
(Increase) Decrease in Inventories	(128,359.24)	376,661.18
(Increase) Decrease in Other Assets	(161,190.54)	(257.26)
(Increase) Decrease in Due From Other State Agencies	1,488,255.56	(1,627,484.16)
(Increase) Decrease in Prepaid Items	1,949,103.00	(4,740,898.81)
Increase (Decrease) in Accounts Payable	(4,547,913.15)	4,723,163.44
Increase (Decrease) in Payroll Payable	(732,264.65)	4,820,972.39
Increase (Decrease) in Unearned Revenue	5,014,658.48	6,725,677.91
Increase (Decrease) in Employees' Compensable Leave	2,934,015.65	312,714.79
Increase (Decrease) in Due To Other State Agencies	207,757.48	22,380.22
Increase (Decrease) in Benefits Payable	1,182,749.54	425,080.95
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	3,075,967.91	1,973,863.62
Increase (Decrease) in Other Liabilities	205,310.00	365,327.00
Net Cash Used for Operating Activities	<u>(236,046,641.29)</u>	<u>(206,143,076.76)</u>
Noncash Transactions		
Donations of Capital Assets	4,458,341.02	5,455,235.36
Net Increase (Decrease) in Fair Value of Investments	(23,238,368.17)	4,275,167.31
Borrowing Under Capital Lease Purchase	0.00	41,599.19
Other	2,236,206.11	(499,082.13)
Total Noncash Transactions	<u>\$ (16,543,821.04)</u>	<u>\$ 9,272,919.73</u>

UNAUDITED

Texas Tech University (733)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 116,504.66	\$ 776.25	\$ 17,203.11	\$ 16,737.07	\$ 0.00	\$ 830,862.22
Salaries and Wages	147,256,128.37	98,159,268.81	6,886,221.82	51,859,959.54	22,365,454.47	23,582,434.56
Payroll Related Costs	46,039,695.11	28,300,456.36	2,364,885.13	16,103,413.87	6,586,855.90	8,032,608.64
Professional Fees and Services	978,445.34	6,643,116.27	382,355.11	2,325,459.11	627,129.80	9,858,119.73
Travel	2,089,722.21	2,863,998.16	363,711.47	2,283,335.82	1,262,088.35	499,507.77
Materials and Supplies	4,060,977.61	8,123,638.92	971,900.71	4,313,532.26	1,810,505.55	818,489.68
Communications and Utilities	834,055.08	1,062,572.58	269,267.52	1,246,728.70	929,160.38	1,023,405.12
Repairs and Maintenance	709,459.12	1,906,128.41	221,434.44	3,007,668.28	562,522.86	221,056.31
Rentals and Leases	1,447,823.36	766,771.15	604,532.75	3,746,844.91	1,354,548.92	2,169,532.92
Printing and Reproduction	164,559.77	346,380.93	87,553.79	542,002.44	519,196.29	124,242.29
Federal Grant Pass-Through Expense	18,107.16	97,006.25	329,977.97	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	105,321.54	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Interest	145.48	5,450.71	0.06	81.17	16.05	134.75
Scholarships	1,709,119.48	4,281,156.57	4,640.00	337,508.50	541,750.50	28,759.95
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	3,189,423.64	7,721,109.93	2,308,216.56	6,414,363.44	9,644,076.77	1,904,233.44
TOTAL OPERATING EXPENSES	\$ 208,614,166.39	\$ 160,383,152.84	\$ 14,811,900.44	\$ 92,197,635.11	\$ 46,203,305.84	\$ 49,093,387.38

UNAUDITED

Texas Tech University (733)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES						Restated	
	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2019	
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 10,934,193.84	\$ 0.00	\$ 11,916,277.15	\$ 14,615,732.05	
Salaries and Wages	7,512,289.10	0.00	55,467,429.36	0.00	413,089,186.03	403,347,659.84	
Payroll Related Costs	2,258,845.74	0.00	13,687,203.73	0.00	123,373,964.48	117,731,763.24	
Professional Fees and Services	361,429.68	0.00	751,794.31	0.00	21,927,849.35	18,466,325.18	
Travel	11,986.80	0.00	7,677,615.20	0.00	17,051,965.78	28,785,502.28	
Materials and Supplies	2,691,361.14	0.00	6,942,111.52	0.00	29,732,517.39	33,522,781.96	
Communications and Utilities	15,421,143.31	0.00	7,589,825.93	0.00	28,376,158.62	30,312,165.23	
Repairs and Maintenance	11,082,143.63	0.00	5,068,417.08	0.00	22,778,830.13	27,277,564.01	
Rentals and Leases	336,990.57	0.00	2,827,377.61	0.00	13,254,422.19	13,766,070.55	
Printing and Reproduction	3,470.36	0.00	692,572.34	0.00	2,479,978.21	2,953,732.77	
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	445,091.38	619,160.38	
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	105,321.54	86,824.33	
Depreciation and Amortization	0.00	0.00	0.00	92,512,887.16	92,512,887.16	90,906,401.83	
Interest	3,321.75	0.00	193.57	0.00	9,343.54	8,710.13	
Scholarships	0.00	67,191,198.72	0.00	0.00	74,094,133.72	59,486,373.02	
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	34,087.54	
Other Operating Expenses	6,520,116.99	0.00	20,154,712.09	0.00	57,856,252.86	67,784,027.56	
TOTAL OPERATING EXPENSES	\$ 46,203,099.07	\$ 67,191,198.72	\$ 131,793,446.58	\$ 92,512,887.16	\$ 909,004,179.53	\$ 909,704,881.90	

UNAUDITED

Texas Tech University (733)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

	Custodial Funds	External Investment Pool Non-Trusted	Total 2020	Restated 2019
ASSETS				
Cash and Cash Equivalents	\$ 2,914,997.09	\$ 0.00	\$ 2,914,997.09	\$ 2,962,668.72
Investments	0.00	11,042,140.99	11,042,140.99	11,495,102.86
Total Assets	2,914,997.09	11,042,140.99	13,957,138.08	14,457,771.58
LIABILITIES				
Unearned Revenue	35,175.20	0.00	35,175.20	69,775.00
Total Liabilities	35,175.20	0.00	35,175.20	69,775.00
NET POSITION				
Restricted for Pool Participants	0.00	11,042,140.99	11,042,140.99	11,495,102.86
Fiduciary Net Position Other Purposes	2,879,821.89	0.00	2,879,821.89	2,892,893.72
Total Net Position	\$ 2,879,821.89	\$ 11,042,140.99	\$ 13,921,962.88	\$ 14,387,996.58

UNAUDITED

Texas Tech University (733)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

	Custodial Funds	External Investment Pool Non-Trusted	Total 2020	Restated 2019
Additions:				
Investment Income:				
From Investing Activities:				
Net Increase (Decrease) in Fair Value of Investments	\$ 0.00	\$ (156,041.86)	\$ (156,041.86)	\$ 397,417.21
Interest, Dividends and Other	71,178.61	356,118.90	427,297.51	(405,644.83)
Total Investing Income (Loss)	71,178.61	200,077.04	271,255.65	(8,227.62)
Less Investing Activities Expense	0.00	82,255.24	82,255.24	81,153.47
Net Income (Loss) from Investing Activities	71,178.61	117,821.80	189,000.41	(89,381.09)
Total Net Investment Income (Loss)	71,178.61	117,821.80	189,000.41	(89,381.09)
Other Additions:				
Other Revenue	1,531,119.55	0.00	1,531,119.55	2,280,195.40
Total Other Additions	1,531,119.55	0.00	1,531,119.55	2,280,195.40
Total Additions	1,602,298.16	117,821.80	1,720,119.96	2,190,814.31
Deductions:				
Other Expenses	1,615,369.99	570,783.67	2,186,153.66	2,201,915.78
Total Deductions	1,615,369.99	570,783.67	2,186,153.66	2,201,915.78
Increase (Decrease) in Net Position	\$ (13,071.83)	\$ (452,961.87)	\$ (466,033.70)	\$ (11,101.47)
Net Position:				
Beginning Net Position (September 1)	0.00	0.00	0.00	0.00
Restatement (Note 14)	2,892,893.72	11,495,102.86	14,387,996.58	14,399,098.05
Beginning Net Position (September 1) as Restated	2,892,893.72	11,495,102.86	14,387,996.58	14,399,098.05
Ending Net Position (August 31)	\$ 2,879,821.89	\$ 11,042,140.99	\$ 13,921,962.88	\$ 14,387,996.58

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 111,022,008.42	\$ 104,943,359.66
Restricted Cash and Cash Equivalents	15,736,528.33	14,451,795.24
Legislative Appropriations	45,830,913.66	55,173,990.49
Receivables:		
Federal	5,346,345.25	2,343,412.76
Patient	11,032,395.83	11,734,990.24
Student	510,803.36	606,957.46
Contracts	20,108,898.88	15,594,256.41
Interest and Dividends	456,674.74	500,148.57
Gifts	606,198.36	580,908.15
Other	389,948.30	4,822,944.29
Due From Other State Agencies	10,004,148.91	7,898,497.58
Inventories	1,352,159.12	1,238,435.74
Prepaid Items	5,236,854.96	4,898,493.93
Loans and Contracts	331,958.69	507,308.66
Total Current Assets	<u>227,965,836.81</u>	<u>225,295,499.18</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	13,294.75	1,955.31
Restricted Investments	134,104,204.11	133,989,022.28
Gifts Receivable	222,376.91	472,878.47
Loans and Notes Receivable	1,112,609.46	1,443,175.33
Investments	261,507,542.44	251,238,025.77
Capital Assets		
Non-Depreciable or Non-Amortizable	15,996,511.47	61,306,409.72
Depreciable or Amortizable	661,770,592.25	601,901,342.53
Accumulated Depreciation and Amortization	<u>(363,108,679.37)</u>	<u>(352,465,254.26)</u>
Total Non-Current Assets	<u>711,618,452.02</u>	<u>697,887,555.15</u>
Total Assets	<u>\$ 939,584,288.83</u>	<u>\$ 923,183,054.33</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 25,062,793.77	\$ 22,999,009.48
Payroll Payable	32,728,603.30	34,111,493.09
Unearned Revenue	21,785,634.12	21,563,002.94
Due to Other State Agencies	91,909.94	37,617.27
Claims and Judgments	3,968,977.78	7,988,526.00
Employees' Compensable Leave	2,830,342.41	3,339,693.90
Funds Held for Others	689,910.36	275,244.77
Other Current Liabilities	31,780.54	34,621.94
Total Current Liabilities	<u>87,189,952.22</u>	<u>90,349,209.39</u>
Non-Current Liabilities:		
Employees' Compensable Leave	27,183,893.24	22,350,259.18
Other Non-Current Liabilities	96,467.34	75,428.95
Total Non-Current Liabilities	<u>27,280,360.58</u>	<u>22,425,688.13</u>
Total Liabilities	<u>114,470,312.80</u>	<u>112,774,897.52</u>
NET POSITION		
Net Investment in Capital Assets	314,658,424.35	310,742,497.99
Restricted:		
Nonexpendable:		
Endowments	70,849,425.19	70,131,704.54
Expendable:		
Capital Projects	(93,510.24)	(390,828.16)
Other	76,254,510.15	76,469,763.72
Unrestricted	<u>363,445,126.58</u>	<u>353,455,018.72</u>
Total Net Position	<u><u>\$ 825,113,976.03</u></u>	<u><u>\$ 810,408,156.81</u></u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	2019
Operating Revenues		
Tuition and Fees	\$ 1,630,381.36	\$ 1,622,056.45
Tuition and Fees - Pledged	68,959,884.99	64,943,977.85
Less Discounts and Allowances	(8,650,386.41)	(8,433,121.68)
Professional Fees	232,161,379.18	230,328,996.96
Professional Fees - Pledged	514,914.81	764,425.39
Sales and Services of Auxiliary Enterprises - Pledged	763,883.08	836,033.29
Other Sales and Services	4,720,699.13	4,634,883.41
Other Sales and Services - Pledged	7,459,739.61	6,809,125.22
Federal Grants and Contracts	23,093,636.00	19,406,402.26
Federal Grant Pass-Throughs from Other State Agencies	1,287,278.71	1,371,681.00
State Grants and Contracts	270,662.86	80,442.61
State Grants and Contracts - Pledged	26,803.98	12,476.80
State Grant Pass-Throughs from Other State Agencies	12,854,691.47	10,532,568.78
Local Governmental Grants and Contracts	80,017,606.60	71,440,244.45
Local Governmental Grants and Contracts - Pledged	1,994,572.36	1,203,859.30
Nongovernmental Grants and Contracts	58,858,997.22	68,639,518.23
Nongovernmental Grants and Contracts - Pledged	5,996,762.87	3,055,083.17
Other Operating Revenues	21,921,542.41	13,390,205.65
Total Operating Revenues	<u>513,883,050.23</u>	<u>490,638,859.14</u>
Operating Expenses		
Salaries and Wages	396,270,424.55	378,848,961.71
Payroll Related Costs	101,240,718.88	96,416,481.38
Professional Fees and Services	63,771,024.08	57,802,105.01
Travel	3,116,555.72	5,073,357.30
Materials and Supplies	32,255,999.68	31,576,993.61
Communications and Utilities	15,924,360.33	15,913,231.89
Repairs and Maintenance	17,054,609.92	11,954,261.40
Rentals and Leases	3,608,784.79	4,475,749.77
Printing and Reproduction	1,257,192.67	1,508,616.89
Federal Grant Pass-Through Expense	647,652.11	349,941.98
Depreciation and Amortization	23,630,004.69	19,931,847.33
Bad Debt Expense	106,198.39	151,705.11
Interest	2,906.24	4,966.35
Scholarships	4,676,174.21	3,797,210.71
Claims and Judgments	35,215.00	6,859,762.11
Other Operating Expenses	47,795,238.14	48,289,940.30
Total Operating Expenses	<u>711,393,059.40</u>	<u>682,955,132.85</u>
Operating Income (Loss)	<u>\$ (197,510,009.17)</u>	<u>\$ (192,316,273.71)</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	2019
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 189,554,022.41	\$ 167,937,654.39
Federal Grants and Contracts	3,395,100.61	2,085,933.00
State Grant Pass-Throughs from Other State Agencies	60,677.00	95,000.00
Private Gifts	7,348,359.24	7,093,648.68
Private Gifts - Pledged	1,800.00	22,524.35
Investment Income (Expense)	6,381,949.78	807,772.44
Investment Income (Expense) - Pledged	6,953,474.58	5,697,551.97
Gain (Loss) on Sale and Disposal of Capital Assets	(1,260,353.81)	17,758.38
Net Increase (Decrease) in Fair Value of Investments	(9,047,186.80)	991,087.13
Other Nonoperating Revenues (Expenses)	323,729.99	902,622.19
Other Nonoperating Revenues (Expenses) - Pledged	313,155.41	283,474.62
Total Nonoperating Revenues (Expenses)	<u>204,024,728.41</u>	<u>185,935,027.15</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	6,514,719.24	(6,381,246.56)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	23,372,396.00	23,372,396.00
Capital Contributions	1,516,083.33	2,152,240.64
Contributions to Permanent and Term Endowments	129,969.33	140,626.49
Legislative Transfers In (Out)	(20,898,549.61)	(15,246,160.00)
Interagency Transfers of Capital Assets - Increase	71,158.38	32,805.43
Interagency Transfers of Capital Assets - Decrease	(1,677,889.94)	(235,039.75)
Net Transfers from (to) Texas Tech University System Components	5,627,345.49	24,440,762.77
Net Transfers from (to) Other State Agencies	50,587.00	41,687.00
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>8,191,099.98</u>	<u>34,699,318.58</u>
Total Change in Net Position	<u>14,705,819.22</u>	<u>28,318,072.02</u>
Beginning Net Position (September 1)	810,408,156.81	782,090,084.79
Ending Net Position (August 31)	<u><u>\$ 825,113,976.03</u></u>	<u><u>\$ 810,408,156.81</u></u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 271,880,935.05	\$ 253,586,657.88
Proceeds from Tuition and Fees	62,168,789.05	58,936,814.24
Proceeds from Grants and Contracts	175,070,280.65	176,389,303.95
Proceeds from Sales and Services of Auxiliary Enterprises	763,883.08	836,033.29
Proceeds from Collections of Loans to Students	4,836,486.22	4,496,069.33
Proceeds from Fiduciary Activities (Held 3 Months or Less)	73,667,850.94	73,062,163.60
Payments to Suppliers for Goods and Services	(141,330,422.85)	(129,902,281.59)
Payments to Employees for Salaries	(392,775,507.56)	(377,819,387.06)
Payments to Employees for Benefits	(101,428,904.62)	(95,878,049.13)
Payments for Loans Issued to Students	(4,215,409.92)	(4,383,491.61)
Payments for Fiduciary Activities (Held 3 Months or Less)	(73,584,765.27)	(73,140,502.60)
Payments for Other Expenses	(51,658,903.52)	(59,758,940.87)
Net Cash Provided/(Used) by Operating Activities	<u>(176,605,688.75)</u>	<u>(173,575,610.57)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	198,897,099.24	170,697,414.74
Proceeds from Gifts	7,705,339.92	7,404,834.11
Proceeds from Nonoperating Grants and Contracts	3,455,777.61	2,180,933.00
Proceeds from Other Financing Activities	968,465.32	1,252,065.73
Proceeds from Transfers from Component Institutions	3,739,001.70	1,030,005.89
Proceeds from Transfers In from Other State Agencies	2,621,839.29	113,250.00
Payments for Transfers to Component Institutions	(5,241,306.68)	(5,194,020.78)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>212,146,216.40</u>	<u>177,484,482.69</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	61,593.80	99,295.06
Proceeds from Capital Gifts	1,333,332.00	250,000.00
Proceeds from Capital Appropriations	23,372,396.00	23,372,396.00
Proceeds from Transfers from Component Institutions	5,891,303.47	27,229,640.66
Payments for Transfers to Component Institutions	(22,231,454.90)	(13,942,586.00)
Payments for Additions to Capital Assets	(30,291,858.89)	(53,729,937.92)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(21,864,688.52)</u>	<u>(16,721,192.20)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	113,241,730.74	71,373,495.76
Proceeds from Interest and Investment Income	15,379,775.83	15,922,522.08
Payments to Acquire Investments	(134,922,624.41)	(107,037,718.94)
Net Cash Provided/(Used) by Investing Activities	<u>(6,301,117.84)</u>	<u>(19,741,701.10)</u>
TOTAL NET CASH FLOWS	<u><u>\$ 7,374,721.29</u></u>	<u><u>\$ (32,554,021.18)</u></u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Beginning Cash & Cash Equivalents (September 1)	\$ 119,397,110.21	\$ 151,951,131.39
Ending Cash & Cash Equivalents (August 31)	<u>\$ 126,771,831.50</u>	<u>\$ 119,397,110.21</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (197,510,009.17)	\$ (192,316,273.71)
Adjustments:		
Depreciation and Amortization Expense	23,630,004.69	19,931,847.33
Bad Debt Expense		
(Increase) Decrease in Accounts Receivables	(2,285,830.46)	(2,412,032.71)
(Increase) Decrease in Loans and Notes Receivable	505,915.84	139,075.39
(Increase) Decrease in Inventories	(113,723.38)	(91,525.47)
(Increase) Decrease in Due From Other State Agencies	(1,857,520.60)	581,587.31
(Increase) Decrease in Prepaid Items	(338,361.03)	109,172.02
Increase (Decrease) in Accounts Payable	680,894.50	(6,990,087.90)
Increase (Decrease) in Unearned Revenue	222,631.18	1,059,478.39
Increase (Decrease) in Employees' Compensable Leave	4,324,282.57	98,060.70
Increase (Decrease) in Claims and Judgments	(4,019,548.22)	7,988,526.00
Increase (Decrease) in Due To Other State Agencies	54,292.67	(45,770.94)
Increase (Decrease) in Fiduciary Activities Held 3 Months or Less	83,085.67	(78,339.00)
Increase (Decrease) in Other Liabilities	18,196.99	(1,549,327.98)
Net Cash Used for Operating Activities	<u>(176,605,688.75)</u>	<u>(173,575,610.57)</u>
Noncash Transactions		
Donations of Capital Assets	182,751.33	2,152,240.64
Net Increase (Decrease) in Fair Value of Investments	(9,047,186.80)	991,087.13
Other	1,321,847.61	(81,536.68)
Total Noncash Transactions	<u>\$ (7,542,587.86)</u>	<u>\$ 3,061,791.09</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS AND CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 171,185,941.29	\$ 22,704,345.68	\$ 64,779,314.51	\$ 54,660,974.39	\$ 52,559,956.57	\$ 7,833,434.62	\$ 16,646,558.63
Payroll Related Costs	34,072,984.31	5,298,471.97	18,904,979.05	15,976,302.11	16,435,427.12	2,316,281.20	5,982,860.71
Professional Fees and Services	746,594.90	532,580.93	51,233,220.58	1,037,822.51	4,732,922.30	465,261.57	2,847,611.68
Travel	268,051.59	213,889.94	531,276.16	109,150.74	1,534,594.02	239,082.28	208,127.45
Materials and Supplies	582,912.93	3,163,527.55	12,479,052.37	9,074,718.38	4,881,737.35	1,615,937.69	250,729.82
Communications and Utilities	174,501.89	93,325.88	344,614.24	562,522.72	6,885,033.32	776,879.95	622,266.37
Repairs and Maintenance	97,815.04	617,619.68	298,063.25	407,947.54	3,103,166.80	1,175,044.55	386,500.69
Rentals and Leases	91,022.21	47,439.66	898,773.52	963,715.18	1,146,428.43	84,439.11	38,630.41
Printing and Reproduction	61,508.89	148,073.17	81,020.55	151,219.05	449,620.63	151,469.35	183,128.70
Federal Grant Pass-Through Expense	0.00	179,445.60	468,206.51	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	106,198.39	0.00
Interest	63.80	333.90	10.01	374.99	259.15	12.82	908.89
Scholarships	4,925.20	62,520.62	0.00	0.00	634,273.42	4,041.00	2,000.00
Claims and Judgments	0.00	0.00	35,215.00	0.00	0.00	0.00	0.00
Other Operating Expenses	1,714,283.40	4,824,436.41	3,247,133.35	1,755,151.02	22,546,276.59	2,878,388.81	3,897,404.43
TOTAL OPERATING EXPENSES	\$ 209,000,605.45	\$ 37,886,010.99	\$ 153,300,879.10	\$ 84,699,898.63	\$ 114,909,695.70	\$ 17,646,471.34	\$ 31,066,727.78

UNAUDITED

Texas Tech University Health Sciences Center (739)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2019
Salaries and Wages	\$ 5,607,981.90	\$ 8,000.00	\$ 283,916.96	\$ 0.00	\$ 396,270,424.55	\$ 378,848,961.71
Payroll Related Costs	2,147,353.08	564.99	105,494.34	0.00	101,240,718.88	96,416,481.38
Professional Fees and Services	2,172,112.83	0.00	2,896.78	0.00	63,771,024.08	57,802,105.01
Travel	10,648.49	0.00	1,735.05	0.00	3,116,555.72	5,073,357.30
Materials and Supplies	243,950.51	0.00	(36,566.92)	0.00	32,255,999.68	31,576,993.61
Communications and Utilities	6,459,223.32	0.00	5,992.64	0.00	15,924,360.33	15,913,231.89
Repairs and Maintenance	10,917,812.00	0.00	50,640.37	0.00	17,054,609.92	11,954,261.40
Rentals and Leases	337,637.27	0.00	699.00	0.00	3,608,784.79	4,475,749.77
Printing and Reproduction	23,310.85	0.00	7,841.48	0.00	1,257,192.67	1,508,616.89
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	647,652.11	349,941.98
Depreciation and Amortization	0.00	0.00	0.00	23,630,004.69	23,630,004.69	19,931,847.33
Bad Debt Expense	0.00	0.00	0.00	0.00	106,198.39	151,705.11
Interest	871.42	0.00	71.26	0.00	2,906.24	4,966.35
Scholarships	0.00	3,968,413.97	0.00	0.00	4,676,174.21	3,797,210.71
Claims and Judgments	0.00	0.00	0.00	0.00	35,215.00	6,859,762.11
Other Operating Expenses	6,879,356.52	0.00	52,807.61	0.00	47,795,238.14	48,289,940.30
TOTAL OPERATING EXPENSES	\$ 34,800,258.19	\$ 3,976,978.96	\$ 475,528.57	\$ 23,630,004.69	\$ 711,393,059.40	\$ 682,955,132.85

UNAUDITED

Texas Tech University Health Sciences Center (739)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Texas Tech University Health Sciences Center for the years ended August 31, 2020 and 2019.

UNAUDITED

Texas Tech University Health Science Center (739)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Texas Tech University Health Sciences Center for the years ended August 31, 2020 and 2019.

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 28,404,722.44	\$ 21,418,872.99
Restricted Cash and Cash Equivalents	17,377,739.83	16,555,456.75
Legislative Appropriations	29,991,738.10	19,103,153.15
Receivables:		
Federal	1,311,709.16	375,308.60
Patient	6,604,210.97	8,663,866.74
Student	83,043.24	25,668.65
Contracts	12,615,334.74	10,652,955.07
Interest and Dividends	186,306.60	215,141.55
Gifts	605,032.95	595,166.99
Other	400,365.75	3,275,250.05
Due From Other State Agencies	4,579,723.07	5,680,521.00
Inventories	558,556.81	459,342.49
Prepaid Items	3,462,796.02	2,861,102.76
Loans and Contracts	91,091.05	69,906.36
Total Current Assets	<u>106,272,370.73</u>	<u>89,951,713.15</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	(38.86)	10.00
Restricted Investments	39,037,951.33	37,292,202.55
Gifts Receivable	5,425,021.92	5,672,158.80
Loans and Notes Receivable	757,494.37	766,345.94
Investments	148,612,214.11	152,264,966.81
Capital Assets		
Non-Depreciable or Non-Amortizable	109,945,183.32	73,461,500.69
Depreciable or Amortizable	212,282,227.81	208,841,721.00
Accumulated Depreciation and Amortization	<u>(127,391,490.60)</u>	<u>(118,273,451.67)</u>
Total Non-Current Assets	<u>388,668,563.40</u>	<u>360,025,454.12</u>
Total Assets	<u>\$ 494,940,934.13</u>	<u>\$ 449,977,167.27</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 8,598,887.66	\$ 6,563,187.39
Payroll Payable	12,832,123.17	13,330,457.95
Unearned Revenue	5,284,503.80	3,911,404.10
Due to Other State Agencies	55,840.25	11,870.97
Employees' Compensable Leave	1,043,794.93	1,171,076.02
Funds Held for Others	123,651.30	167,341.33
Other Current Liabilities	7,929.89	19,846.83
Total Current Liabilities	<u>27,946,731.00</u>	<u>25,175,184.59</u>
Non-Current Liabilities:		
Employees' Compensable Leave	10,025,080.19	7,837,201.07
Other Non-Current Liabilities	26,710.56	13,964.70
Total Non-Current Liabilities	<u>10,051,790.75</u>	<u>7,851,165.77</u>
Total Liabilities	<u>37,998,521.75</u>	<u>33,026,350.36</u>
NET POSITION		
Net Investment in Capital Assets	194,835,920.53	164,029,770.02
Restricted:		
Nonexpendable:		
Endowments	32,479,254.84	30,311,106.31
Expendable:		
Capital Projects	4,966,542.23	3,776,174.96
Other	30,006,223.46	30,261,957.69
Unrestricted	<u>194,654,471.32</u>	<u>188,571,807.93</u>
Total Net Position	<u>\$ 456,942,412.38</u>	<u>\$ 416,950,816.91</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Operating Revenues		
Tuition and Fees	\$ 420,216.08	\$ 461,251.39
Tuition and Fees - Pledged	12,461,464.00	11,751,508.95
Less Discounts and Allowances	(2,245,659.53)	(2,061,066.89)
Professional Fees	52,546,523.91	56,297,620.80
Sales and Services of Auxiliary Enterprises - Pledged	285,881.27	285,394.41
Other Sales and Services	145,693.51	80,506.60
Other Sales and Services - Pledged	346,906.19	303,310.96
Federal Grants and Contracts	1,888,808.55	2,739,054.26
Federal Grant Pass-Throughs from Other State Agencies	304,530.92	201,040.86
State Grants and Contracts	1,694,423.93	1,778,700.94
State Grant Pass-Throughs from Other State Agencies	5,637,228.11	5,092,844.80
Local Governmental Grants and Contracts	60,890,377.56	60,467,216.14
Local Governmental Grants and Contracts - Pledged	0.00	26,000.00
Nongovernmental Grants and Contracts	25,777,234.36	24,223,312.89
Nongovernmental Grants and Contracts - Pledged	28,763.85	44,687.74
Other Operating Revenues	16,854,125.79	9,127,583.29
Total Operating Revenues	<u>177,036,518.50</u>	<u>170,818,967.14</u>
Operating Expenses		
Salaries and Wages	156,923,119.59	148,507,901.14
Payroll Related Costs	36,669,200.49	35,625,556.28
Professional Fees and Services	6,617,573.84	7,312,109.27
Travel	1,073,977.58	1,855,389.94
Materials and Supplies	3,888,640.92	3,897,028.77
Communications and Utilities	4,495,331.54	5,121,024.02
Repairs and Maintenance	4,273,188.40	4,007,165.44
Rentals and Leases	4,966,913.03	4,488,933.52
Printing and Reproduction	196,441.42	347,698.15
Federal Grant Pass-Through Expense	2,737.91	20,357.69
State Grant Pass-Through Expense	62,695.58	40,835.17
Depreciation and Amortization	9,972,874.74	10,244,375.94
Bad Debt Expense	12,302.28	114,374.12
Interest	1,856.13	1,274.67
Scholarships	2,036,563.99	1,508,189.73
Claims and Judgments	0.00	57,259.02
Other Operating Expenses	18,329,478.64	14,743,477.74
Total Operating Expenses	<u>249,522,896.08</u>	<u>237,892,950.61</u>
Operating Income (Loss)	<u>\$ (72,486,377.58)</u>	<u>\$ (67,073,983.47)</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 81,503,408.78	\$ 75,844,369.49
Federal Grants and Contracts	2,018,212.38	689,152.00
Private Gifts	4,354,091.97	2,961,871.12
Private Gifts - Pledged	2,000.00	0.00
Investment Income (Expense)	5,173,066.93	2,303,716.10
Investment Income (Expense) - Pledged	1,027,989.18	706,784.29
Gain (Loss) on Sale and Disposal of Capital Assets	8,200.42	(1,843.87)
Net Increase (Decrease) in Fair Value of Investments	(4,514,102.43)	712,462.78
Other Nonoperating Revenues (Expenses)	367,025.15	304,069.28
Other Nonoperating Revenues (Expenses) - Pledged	14,715.43	6,158.85
Total Nonoperating Revenues (Expenses)	<u>89,954,607.81</u>	<u>83,526,740.04</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	17,468,230.23	16,452,756.57
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	6,234,075.00	6,234,075.00
Capital Contributions	1,323,824.41	1,053,142.50
Contributions to Permanent and Term Endowments	340,043.57	0.00
Legislative Transfers In (Out)	(12,422,451.00)	(11,538,839.00)
Interagency Transfers of Capital Assets - Increase	0.00	7,517.16
Interagency Transfers of Capital Assets - Decrease	(74,651.00)	0.00
Net Transfers from (to) Texas Tech University System Components	27,122,204.26	9,726,488.52
Net Transfers from (to) Other State Agencies	320.00	0.00
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>22,523,365.24</u>	<u>5,482,384.18</u>
Total Change in Net Position	<u>39,991,595.47</u>	<u>21,935,140.75</u>
Beginning Net Position (September 1)	416,950,816.91	395,015,676.16
Ending Net Position (August 31)	<u><u>\$ 456,942,412.38</u></u>	<u><u>\$ 416,950,816.91</u></u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 74,556,726.95	\$ 63,938,625.84
Proceeds from Tuition and Fees	11,125,485.63	10,450,771.86
Proceeds from Grants and Contracts	94,269,798.16	96,061,692.68
Proceeds from Sales and Services of Auxiliary Enterprises	298,732.12	296,182.76
Proceeds from Collections of Loans to Students	783,784.46	704,828.80
Proceeds from Fiduciary Activities (Held 3 Months or Less)	14,379,477.00	14,461,368.00
Payments to Suppliers for Goods and Services	(24,351,077.77)	(25,989,883.55)
Payments to Employees for Salaries	(154,758,683.93)	(148,084,454.52)
Payments to Employees for Benefits	(37,271,372.90)	(35,245,672.47)
Payments for Loans Issued to Students	(804,150.75)	(452,922.61)
Payments for Fiduciary Activities (Held 3 Months or Less)	(14,923,773.49)	(14,851,960.92)
Payments for Other Expenses	(20,366,042.63)	(16,308,926.49)
Net Cash Provided/(Used) by Operating Activities	<u>(57,061,097.15)</u>	<u>(55,020,350.62)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	70,614,823.83	69,510,020.31
Proceeds from Gifts	4,696,135.54	2,961,871.12
Proceeds from Nonoperating Grants and Contracts	2,839,791.79	689,152.00
Proceeds from Other Financing Activities	338,050.55	361,069.85
Proceeds from Transfers from Component Institutions	1,394,748.75	336,814.19
Proceeds from Transfers In from Other State Agencies	2,243,944.00	0.00
Payments for Transfers to Component Institutions	(2,294,015.31)	(2,279,488.40)
Payments for Other Uses	0.00	(4,605.60)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>79,833,479.15</u>	<u>71,574,833.47</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	12,625.45	2,322.00
Proceeds from Capital Gifts	1,495,333.33	1,460,000.00
Proceeds from Capital Appropriations	6,234,075.00	6,234,075.00
Proceeds from Transfers from Component Institutions	29,061,491.76	12,639,925.73
Payments for Transfers to Component Institutions	(15,706,095.94)	(12,509,602.00)
Payments for Additions to Capital Assets	(40,792,339.28)	(21,766,071.71)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(19,694,909.68)</u>	<u>(13,939,350.98)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	59,821,495.29	29,729,440.54
Proceeds from Interest and Investment Income	8,534,571.17	6,447,929.14
Payments to Acquire Investments	(63,625,455.11)	(54,160,686.17)
Net Cash Provided/(Used) by Investing Activities	<u>4,730,611.35</u>	<u>(17,983,316.49)</u>
TOTAL NET CASH FLOWS	<u><u>\$ 7,808,083.67</u></u>	<u><u>\$ (15,368,184.62)</u></u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Beginning Cash & Cash Equivalents (September 1)	\$ 37,974,339.74	\$ 53,342,524.36
Ending Cash & Cash Equivalents (August 31)	<u>\$ 45,782,423.41</u>	<u>\$ 37,974,339.74</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (72,486,377.58)	\$ (67,073,983.47)
Adjustments:		
Depreciation and Amortization Expense	9,972,874.74	10,244,375.94
(Increase) Decrease in Accounts Receivables	1,978,385.25	(314,527.69)
(Increase) Decrease in Loans and Notes Receivable	(12,333.12)	359,222.82
(Increase) Decrease in Inventories	(99,214.32)	(280,368.35)
(Increase) Decrease in Due From Other State Agencies	(7,020.87)	(64,224.07)
(Increase) Decrease in Prepaid Items	(601,693.26)	(421,963.43)
Increase (Decrease) in Accounts Payable	1,537,365.49	2,280,155.10
Increase (Decrease) in Unearned Revenue	551,520.29	291,822.53
Increase (Decrease) in Employees' Compensable Leave	2,060,598.03	6,361.39
Increase (Decrease) in Due To Other State Agencies	43,969.28	(40,345.53)
Increase (Decrease) in Other Liabilities	828.92	(6,875.86)
Net Cash Used for Operating Activities	<u>(57,061,097.15)</u>	<u>(55,020,350.62)</u>
Noncash Transactions		
Donations of Capital Assets	65,762.00	26,942.87
Net Increase (Decrease) in Fair Value of Investments	(4,514,102.43)	712,462.78
Other	(4,425.03)	(4,165.87)
Total Noncash Transactions	<u>\$ (4,452,765.46)</u>	<u>\$ 735,239.78</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS AND CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 90,200,255.49	\$ 5,535,349.34	\$ 1,662,248.84	\$ 17,720,223.39	\$ 26,012,875.35	\$ 1,431,734.66	\$ 10,434,209.89
Payroll Related Costs	15,677,094.44	1,634,984.04	354,172.86	6,228,120.05	7,091,337.31	354,391.50	3,826,795.27
Professional Fees and Services	4,164,208.71	232,807.21	51,171.51	19,788.16	1,052,177.32	49,641.61	666,052.37
Travel	487,541.05	80,844.50	9,726.80	54,931.74	283,488.72	56,133.41	94,805.42
Materials and Supplies	911,122.70	366,818.32	56,127.49	709,987.33	1,147,812.76	233,095.49	142,502.53
Communications and Utilities	652,308.11	25,675.64	4,272.43	32,774.09	1,875,015.80	114,573.91	255,478.44
Repairs and Maintenance	532,833.13	525,202.33	1,320.00	18,874.06	1,659,260.82	201,505.36	256,068.29
Rentals and Leases	2,485,962.30	427.33	57,428.52	66,637.48	1,976,675.62	26,638.83	255,505.34
Printing and Reproduction	31,989.07	15,140.38	15,432.67	5,919.31	59,747.63	22,174.00	36,647.69
Federal Grant Pass-Through Expense	2,737.91	0.00	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	62,695.58	0.00	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	12,302.28	0.00
Interest	116.97	17.69	0.00	0.00	1,079.43	117.77	83.42
Scholarships	0.00	0.00	0.00	0.00	667,325.15	0.00	0.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	2,590,141.76	938,597.92	157,518.85	249,227.75	8,223,011.53	699,258.16	1,951,304.86
TOTAL OPERATING EXPENSES	\$ 117,736,311.64	\$ 9,418,560.28	\$ 2,369,419.97	\$ 25,106,483.36	\$ 50,049,807.44	\$ 3,201,566.98	\$ 17,919,453.52

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2019
Salaries and Wages	\$ 3,813,629.68	\$ 550.00	\$ 112,042.95	\$ 0.00	\$ 156,923,119.59	\$ 148,507,901.14
Payroll Related Costs	1,453,198.52	38.07	49,068.43	0.00	36,669,200.49	35,625,556.28
Professional Fees and Services	381,726.95	0.00	0.00	0.00	6,617,573.84	7,312,109.27
Travel	6,349.01	0.00	156.93	0.00	1,073,977.58	1,855,389.94
Materials and Supplies	320,598.98	0.00	575.32	0.00	3,888,640.92	3,897,028.77
Communications and Utilities	1,527,331.85	0.00	7,901.27	0.00	4,495,331.54	5,121,024.02
Repairs and Maintenance	1,061,059.86	0.00	17,064.55	0.00	4,273,188.40	4,007,165.44
Rentals and Leases	95,247.81	0.00	2,389.80	0.00	4,966,913.03	4,488,933.52
Printing and Reproduction	8,265.07	0.00	1,125.60	0.00	196,441.42	347,698.15
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	2,737.91	20,357.69
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	62,695.58	40,835.17
Depreciation and Amortization	0.00	0.00	0.00	9,972,874.74	9,972,874.74	10,244,375.94
Bad Debt Expense	0.00	0.00	0.00	0.00	12,302.28	114,374.12
Interest	440.85	0.00	0.00	0.00	1,856.13	1,274.67
Scholarships	0.00	1,369,238.84	0.00	0.00	2,036,563.99	1,508,189.73
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	57,259.02
Other Operating Expenses	3,511,838.67	0.00	8,579.14	0.00	18,329,478.64	14,743,477.74
TOTAL OPERATING EXPENSES	\$ 12,179,687.25	\$ 1,369,826.91	\$ 198,903.99	\$ 9,972,874.74	\$ 249,522,896.08	\$ 237,892,950.61

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Texas Tech University Health Sciences Center at El Paso for the years ended August 31, 2020 and 2019.

UNAUDITED

Texas Tech University Health Science Center at El Paso (774)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Texas Tech University Health Sciences Center at El Paso for the years ended August 31, 2020 and 2019.

UNAUDITED

Angelo State University (737)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 58,368,051.93	\$ 42,346,154.11
Restricted Cash and Cash Equivalents	1,558,119.86	723,730.99
Legislative Appropriations	6,463,112.80	5,530,028.14
Receivables:		
Federal	604,302.03	1,039,600.57
Student	11,089,562.30	12,337,155.39
Accounts	394,412.15	741,656.38
Interest and Dividends	43,539.94	52,997.39
Gifts	705,228.53	824,820.54
Due From Other State Agencies	21,697.30	22,999.37
Inventories	214,585.39	269,979.15
Prepaid Items	9,405,525.53	9,423,777.90
Loans and Contracts	201,276.59	316,638.43
Total Current Assets	<u>89,069,414.35</u>	<u>73,629,538.36</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	2,011.26	30,428.11
Restricted Investments	43,784,673.84	42,547,727.31
Gifts Receivable	2,809,408.42	3,378,206.18
Investments	18,322,982.55	19,970,458.22
Capital Assets		
Non-Depreciable or Non-Amortizable	19,033,761.60	5,645,626.35
Depreciable or Amortizable	304,306,294.37	300,962,277.63
Accumulated Depreciation and Amortization	(169,303,332.53)	(158,884,938.14)
Total Non-Current Assets	<u>218,955,799.51</u>	<u>213,649,785.66</u>
Total Assets	<u>\$ 308,025,213.86</u>	<u>\$ 287,279,324.02</u>

UNAUDITED

Angelo State University (737) Statement of Net Position August 31, 2020 and 2019

	2020	2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 7,009,993.52	\$ 7,278,320.75
Payroll Payable	5,379,607.73	3,745,330.74
Unearned Revenue	40,280,700.96	41,264,116.36
Capital Lease Obligations	35,302.70	33,255.11
Employees' Compensable Leave	684,424.12	214,266.66
Funds Held for Others	2,143,204.51	2,071,091.80
Other Current Liabilities	180.00	320.00
Total Current Liabilities	<u>55,533,413.54</u>	<u>54,606,701.42</u>
Non-Current Liabilities:		
Capital Lease Obligations	0.00	35,302.70
Employees' Compensable Leave	2,709,408.16	2,495,141.50
Other Non-Current Liabilities	81,553.19	111,538.19
Total Non-Current Liabilities	<u>2,790,961.35</u>	<u>2,641,982.39</u>
Total Liabilities	<u>58,324,374.89</u>	<u>57,248,683.81</u>
NET POSITION		
Net Investment in Capital Assets	154,001,420.74	147,654,408.03
Restricted:		
Nonexpendable:		
Endowments	33,255,363.04	32,220,366.78
Expendable:		
Debt Service	4,996,921.00	4,767,678.24
Other	29,254,103.23	28,377,165.66
Unrestricted	<u>28,193,030.96</u>	<u>17,011,021.50</u>
Total Net Position	<u>\$ 249,700,838.97</u>	<u>\$ 230,030,640.21</u>

UNAUDITED

Angelo State University (737)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	2019
Operating Revenues		
Tuition and Fees	\$ 3,978,212.47	\$ 3,834,029.37
Tuition and Fees - Pledged	63,470,497.06	63,356,536.04
Less Discounts and Allowances	(18,749,867.09)	(17,664,641.27)
Sales and Services of Auxiliary Enterprises - Pledged	10,982,594.56	14,575,410.16
Other Sales and Services - Pledged	826,293.44	1,138,277.29
Federal Grants and Contracts	1,137,465.17	1,715,738.89
Federal Grant Pass-Throughs from Other State Agencies	176,012.62	178,737.16
State Grant Pass-Throughs from Other State Agencies	6,857,807.20	6,962,461.26
Nongovernmental Grants and Contracts	557,155.29	468,280.98
Total Operating Revenues	<u>69,236,170.72</u>	<u>74,564,829.88</u>
Operating Expenses		
Salaries and Wages	58,107,295.57	55,857,202.90
Payroll Related Costs	19,227,743.94	18,040,145.49
Professional Fees and Services	940,997.74	803,474.11
Travel	1,282,369.40	1,699,944.43
Materials and Supplies	8,550,217.45	8,644,305.90
Communications and Utilities	3,495,471.62	3,433,049.45
Repairs and Maintenance	2,783,430.64	2,822,025.51
Rentals and Leases	614,180.91	780,918.83
Printing and Reproduction	286,910.73	395,750.35
Depreciation and Amortization	11,575,030.85	10,306,518.91
Bad Debt Expense	459,264.22	746,290.14
Interest	459.76	274.57
Scholarships	21,062,750.60	19,217,320.23
Other Operating Expenses	10,733,532.73	12,771,924.92
Total Operating Expenses	<u>139,119,656.16</u>	<u>135,519,145.74</u>
Operating Income (Loss)	<u>\$ (69,883,485.44)</u>	<u>\$ (60,954,315.86)</u>

UNAUDITED

Angelo State University (737)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	2019
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 37,952,764.32	\$ 34,043,956.37
Federal Grants and Contracts	19,299,372.66	13,747,180.73
Private Gifts	7,398,892.31	10,945,898.15
Investment Income (Expense)	12,065,621.94	12,009,038.51
Interest Expense on Capital Asset Financing	(4,221.26)	(526.66)
Net Increase (Decrease) in Fair Value of Investments	(2,107,082.13)	(2,438,593.58)
Other Nonoperating Revenues (Expenses) - Pledged	2,485,540.40	(4,524,970.14)
Total Nonoperating Revenues (Expenses)	<u>77,090,888.24</u>	<u>63,781,983.38</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	7,207,402.80	2,827,667.52
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	5,320,102.00	5,320,102.00
Capital Contributions	0.00	35,000.00
Lapsed Appropriations	(0.31)	(946.53)
Legislative Transfers In (Out)	(3,267,289.81)	(3,196,761.94)
Net Transfers from (to) Texas Tech University System Components	10,312,583.23	(4,222,973.78)
Net Transfers from (to) Other State Agencies	97,400.85	91,892.34
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>12,462,795.96</u>	<u>(1,973,687.91)</u>
Total Change in Net Position	<u>19,670,198.76</u>	<u>853,979.61</u>
Beginning Net Position (September 1)	230,030,640.21	229,176,660.60
Ending Net Position (August 31)	<u><u>\$ 249,700,838.97</u></u>	<u><u>\$ 230,030,640.21</u></u>

UNAUDITED

Angelo State University (737)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 827,343.54	\$ 1,137,886.17
Proceeds from Tuition and Fees	49,040,769.37	48,431,179.94
Proceeds from Grants and Contracts	8,713,960.89	9,673,834.32
Proceeds from Sales and Services of Auxiliary Enterprises	10,522,808.45	14,452,173.50
Proceeds from Collections of Loans to Students	193,780.06	256,643.21
Proceeds from Fiduciary Activities (Held 3 Months or Less)	35,796,076.39	38,216,337.15
Payments to Suppliers for Goods and Services	(18,241,379.60)	(19,008,324.67)
Payments to Employees for Salaries	(57,821,557.98)	(55,860,570.31)
Payments to Employees for Benefits	(17,194,882.92)	(17,820,626.21)
Payments for Loans Issued to Students	(100,790.40)	(138,647.14)
Payments for Fiduciary Activities (Held 3 Months or Less)	(35,723,963.68)	(38,237,818.39)
Payments for Other Expenses	(30,752,733.34)	(30,728,205.84)
Net Cash Provided/(Used) by Operating Activities	<u>(54,740,569.22)</u>	<u>(49,626,138.27)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	37,019,679.66	35,493,874.51
Proceeds from Gifts	7,398,892.31	10,945,898.15
Proceeds from Nonoperating Grants and Contracts	19,299,372.66	13,747,180.73
Proceeds from Other Financing Activities	6,358,647.22	2,509,242.42
Proceeds from Transfers In from Other State Agencies	293,492.00	282,742.00
Payments for Transfers to Component Institutions	(517,890.00)	(538,952.00)
Payments for Transfers to Other State Agencies	(238.15)	(184.66)
Payments for Other Uses	(3,451,851.30)	(4,333,456.26)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>66,400,104.40</u>	<u>58,106,344.89</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Appropriations	5,320,102.00	5,320,102.00
Proceeds from Transfers from Component Institutions	17,909,434.19	4,203,398.64
Payments for Transfers to Component Institutions	(10,531,103.77)	(11,262,847.36)
Payments for Transfers to Other State Agencies	(11,000.00)	(12,000.00)
Payments for Additions to Capital Assets	(17,850,690.34)	(10,245,276.11)
Payments for Capital Leases	(37,476.37)	(37,476.37)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(5,200,734.29)</u>	<u>(12,034,099.20)</u>
Cash Flows from Investing Activities		
Proceeds from Interest and Investment Income	12,065,621.94	12,009,038.51
Payments to Acquire Investments	(1,696,552.99)	(9,573,003.94)
Net Cash Provided/(Used) by Investing Activities	<u>10,369,068.95</u>	<u>2,436,034.57</u>
TOTAL NET CASH FLOWS	<u><u>\$ 16,827,869.84</u></u>	<u><u>\$ (1,117,858.01)</u></u>

UNAUDITED

Angelo State University (737) Statement of Cash Flows For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Beginning Cash & Cash Equivalents (September 1)	\$ 43,100,313.21	\$ 44,218,171.22
Ending Cash & Cash Equivalents (August 31)	<u>\$ 59,928,183.05</u>	<u>\$ 43,100,313.21</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (69,883,485.44)	\$ (60,954,315.86)
Adjustments:		
Depreciation and Amortization Expense	11,575,030.85	10,306,518.91
Bad Debt Expense	459,264.22	746,290.14
(Increase) Decrease in Accounts Receivables	1,817,641.33	(546,360.06)
(Increase) Decrease in Loans and Notes Receivable	115,361.84	111,008.86
(Increase) Decrease in Inventories	55,393.76	(13,189.43)
(Increase) Decrease in Due From Other State Agencies	1,302.07	28,145.82
(Increase) Decrease in Prepaid Items	(25,297.30)	440,191.38
Increase (Decrease) in Accounts Payable	(232,951.47)	(164,969.36)
Increase (Decrease) in Payroll Payable	285,737.59	(3,367.41)
Increase (Decrease) in Unearned Revenue	(983,415.40)	224,386.19
Increase (Decrease) in Employees' Compensable Leave	684,424.12	186,679.19
Increase (Decrease) in Benefits Payable	1,348,436.90	32,840.09
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	72,112.71	(21,481.24)
Increase (Decrease) in Other Liabilities	(30,125.00)	1,484.51
Net Cash Used for Operating Activities	<u>(54,740,569.22)</u>	<u>(49,626,138.27)</u>
Noncash Transactions		
Donations of Capital Assets	0.00	35,000.00
Net Increase (Decrease) in Fair Value of Investments	(2,107,082.13)	(2,438,593.58)
Borrowing Under Capital Lease Purchase	0.00	105,507.52
Other	(1,151,793.46)	(63,536.51)
Total Noncash Transactions	<u>\$ (3,258,875.59)</u>	<u>\$ (2,361,622.57)</u>

UNAUDITED

Angelo State University (737) Matrix of Operating Expenses Reported by Function For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 29,796,171.27	\$ 368,088.57	\$ 659,184.02	\$ 4,346,627.84	\$ 5,645,627.82	\$ 8,967,181.61
Payroll Related Costs	9,771,206.88	71,632.58	219,131.33	1,309,576.47	2,005,197.23	3,224,698.53
Professional Fees and Services	317,757.33	49.00	12,992.62	845.00	51,316.60	234,493.47
Travel	563,599.29	22,708.02	22,567.91	35,439.84	64,776.74	86,825.13
Materials and Supplies	1,146,543.16	165,309.45	122,761.62	634,513.35	113,785.48	878,121.77
Communications and Utilities	371,059.90	3,957.79	3,110.70	26,468.14	27,375.34	116,590.02
Repairs and Maintenance	222,302.49	1,423.17	828.92	139,916.76	108,995.45	637,956.05
Rentals and Leases	99,339.11	13,292.68	5,492.94	11,734.10	51,518.19	119,627.27
Printing and Reproduction	36,370.05	1,194.45	11,072.35	4,572.62	26,724.30	181,954.25
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	196,650.95
Interest	5.40	0.00	0.00	19.70	0.00	425.75
Scholarships	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	2,556,160.27	110,065.75	218,874.52	1,359,876.96	1,071,093.98	3,041,917.49
TOTAL OPERATING EXPENSES	\$ 44,880,515.15	\$ 757,721.46	\$ 1,276,016.93	\$ 7,869,590.78	\$ 9,166,411.13	\$ 17,686,442.29

UNAUDITED

Angelo State University (737)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2019
Salaries and Wages	\$ 2,381,800.16	\$ 0.00	\$ 5,942,614.28	\$ 0.00	\$ 58,107,295.57	\$ 55,857,202.90
Payroll Related Costs	945,261.87	0.00	1,681,039.05	0.00	19,227,743.94	18,040,145.49
Professional Fees and Services	8,290.99	0.00	315,252.73	0.00	940,997.74	803,474.11
Travel	1,818.48	0.00	484,633.99	0.00	1,282,369.40	1,699,944.43
Materials and Supplies	519,856.69	0.00	4,969,325.93	0.00	8,550,217.45	8,644,305.90
Communications and Utilities	1,569,783.36	0.00	1,377,126.37	0.00	3,495,471.62	3,433,049.45
Repairs and Maintenance	649,169.00	0.00	1,022,838.80	0.00	2,783,430.64	2,822,025.51
Rentals and Leases	125,079.24	0.00	188,097.38	0.00	614,180.91	780,918.83
Printing and Reproduction	3,380.02	0.00	21,642.69	0.00	286,910.73	395,750.35
Depreciation and Amortization	0.00	0.00	0.00	11,575,030.85	11,575,030.85	10,306,518.91
Bad Debt Expense	0.00	0.00	262,613.27	0.00	459,264.22	746,290.14
Interest	0.00	0.00	8.91	0.00	459.76	274.57
Scholarships	0.00	21,062,750.60	0.00	0.00	21,062,750.60	19,217,320.23
Other Operating Expenses	830,118.85	0.00	1,545,424.91	0.00	10,733,532.73	12,771,924.92
TOTAL OPERATING EXPENSES	\$ 7,034,558.66	\$ 21,062,750.60	\$ 17,810,618.31	\$ 11,575,030.85	\$ 139,119,656.16	\$ 135,519,145.74

UNAUDITED

Angelo State University (737)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Angelo State University for the years ended August 31, 2020 and 2019.

UNAUDITED

Angelo State University (737)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Angelo State University for the years ended August 31, 2020 and 2019.

UNAUDITED

Texas Tech University System Administration (768)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 25,097,190.81	\$ 24,901,429.75
Restricted Cash and Cash Equivalents	221,686.47	508,415.12
Legislative Appropriations	519,566.76	535,706.78
Receivables:		
Accounts	0.00	88.92
Interest and Dividends	49,556.14	87,040.53
Other	0.00	26,339.76
Prepaid Items	17,856.45	17,233.97
Other Current Assets	10,000.00	0.00
Total Current Assets	<u>25,915,856.63</u>	<u>26,076,254.83</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	164,256,164.94	66,774,467.62
Restricted Investments	722,475.39	734,329.27
Investments	38,508,934.24	37,936,717.11
Capital Assets		
Non-Depreciable or Non-Amortizable	314,482.25	314,482.25
Depreciable or Amortizable	27,918,388.90	27,687,361.55
Accumulated Depreciation and Amortization	(6,410,029.31)	(4,894,917.64)
Total Non-Current Assets	<u>225,310,416.41</u>	<u>128,552,440.16</u>
Total Assets	<u>\$ 251,226,273.04</u>	<u>\$ 154,628,694.99</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources		
Deferred Outflows of Resources	<u>710,618,379.06</u>	<u>796,317,056.00</u>
Total Deferred Outflows of Resources	<u>710,618,379.06</u>	<u>796,317,056.00</u>

UNAUDITED

Texas Tech University System Administration (768)
Statement of Net Position
August 31, 2020 and 2019

	2020	2019
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 137,031.27	\$ 148,525.47
Payroll Payable	1,545,584.34	1,364,430.36
Short-Term Debt Commercial Paper Notes	28,978,000.00	50,795,000.00
Claims and Judgments	1,053,252.09	830,277.43
Employees' Compensable Leave	148,536.25	180,610.66
Revenue Bonds Payable	69,408,793.90	66,019,101.40
Net OPEB Liability	29,178,371.00	17,787,366.00
Other Current Liabilities	1,053,868.43	1,125,276.78
Total Current Liabilities	<u>131,503,437.28</u>	<u>138,250,588.10</u>
Non-Current Liabilities:		
Claims and Judgments	5,430,667.91	4,850,276.57
Employees' Compensable Leave	1,423,739.10	1,196,628.51
Revenue Bonds Payable	788,229,466.80	646,173,902.35
Net OPEB Liability	891,437,921.00	783,201,673.00
Net Pension Liability	317,934,234.00	334,729,720.00
Total Non-Current Liabilities	<u>2,004,456,028.81</u>	<u>1,770,152,200.43</u>
Total Liabilities	<u>2,135,959,466.09</u>	<u>1,908,402,788.53</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	307,493,491.00	338,469,643.00
Total Deferred Inflows of Resources	<u>307,493,491.00</u>	<u>338,469,643.00</u>
NET POSITION		
Net Investment in Capital Assets	(690,440,687.00)	(674,775,504.40)
Restricted:		
Nonexpendable:		
Endowments	712,822.32	698,050.29
Expendable:		
Capital Projects	713,819.01	875,735.95
Other	231,588.86	237,500.45
Unrestricted	<u>(792,825,848.18)</u>	<u>(622,962,462.83)</u>
Total Net Position	<u>\$ (1,481,608,304.99)</u>	<u>\$ (1,295,926,680.54)</u>

UNAUDITED

Texas Tech University System Administration (768)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2020 and 2019

	2020	2019
Operating Revenues		
Other Sales and Services - Pledged	\$ 13,031.73	\$ 1,566.98
Total Operating Revenues	<u>13,031.73</u>	<u>1,566.98</u>
Operating Expenses		
Cost of Goods Sold	1,262.00	0.00
Salaries and Wages	14,597,525.68	12,815,599.61
Payroll Related Costs	161,659,005.73	149,358,556.97
Professional Fees and Services	1,338,955.04	1,824,040.20
Travel	308,972.00	438,615.86
Materials and Supplies	187,577.18	190,701.53
Communications and Utilities	258,652.38	320,853.19
Repairs and Maintenance	153,851.89	232,309.14
Rentals and Leases	773,480.85	626,926.52
Printing and Reproduction	84,691.15	66,293.93
Depreciation and Amortization	1,515,111.67	1,529,737.17
Interest	11.21	9.90
Scholarships	1,529.15	4,031.70
Claims and Judgments	1,872,458.00	531,524.89
Other Operating Expenses	860,114.43	1,316,549.90
Total Operating Expenses	<u>183,613,198.36</u>	<u>169,255,750.51</u>
Operating Income (Loss)	<u>(183,600,166.63)</u>	<u>(169,254,183.53)</u>
Nonoperating Revenues (Expenses)		
Legislative Revenue	2,870,301.57	2,810,521.54
Private Gifts	36,000.00	0.00
Private Gifts - Pledged	3,033,778.00	2,877,587.00
Investment Income (Expense)	852,259.41	2,357,624.16
Investment Income (Expense) - Pledged	7,944,315.68	5,873,819.81
Interest Expense on Capital Asset Financing	(21,428,431.09)	(25,157,601.05)
Gain (Loss) on Sale and Disposal of Capital Assets	1,680,000.00	(2,061.69)
Net Increase (Decrease) in Fair Value of Investments	(818,010.85)	703,925.12
Other Nonoperating Revenues (Expenses)	(2,133,664.49)	(61,373.31)
Other Nonoperating Revenues (Expenses) - Pledged	(300.87)	0.00
Total Nonoperating Revenues (Expenses)	<u>(7,963,752.64)</u>	<u>(10,597,558.42)</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(191,563,919.27)	(179,851,741.95)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Contributions to Permanent and Term Endowments	14,750.00	4,800.00
Legislative Transfers In (Out)	61,482,024.21	54,842,313.44
Interagency Transfers of Capital Assets - Increase	74,651.00	355,393.88
Interagency Transfers of Capital Assets - Decrease	(25,909.38)	(5,194.93)
Net Transfers from (to) Texas Tech University System Components	(53,544,948.16)	(17,930,276.96)
Net Transfers from (to) Other State Agencies	(2,118,272.85)	0.00
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>5,882,294.82</u>	<u>37,267,035.43</u>
Total Change in Net Position	<u>(185,681,624.45)</u>	<u>(142,584,706.52)</u>
Beginning Net Position (September 1)	(1,295,926,680.54)	(1,153,341,974.02)
Ending Net Position (August 31)	<u>\$ (1,481,608,304.99)</u>	<u>\$ (1,295,926,680.54)</u>

UNAUDITED

Texas Tech University System Administration (768)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Cash Flows from Operating Activities		
Proceeds from Sales and Services of Auxiliary Enterprises	\$ 13,120.65	\$ 5,005.03
Proceeds from Fiduciary Activities (Held 3 Months or Less)	72,977,756.68	84,610,420.58
Payments to Suppliers for Goods and Services	(426,120.22)	(489,304.60)
Payments to Employees for Salaries	(14,515,659.06)	(13,337,541.47)
Payments to Employees for Benefits	(3,316,543.37)	(3,510,062.55)
Payments for Fiduciary Activities (Held 3 Months or Less)	(72,977,756.68)	(84,610,420.58)
Payments for Other Expenses	(4,402,809.80)	(6,261,853.50)
Net Cash Provided/(Used) by Operating Activities	<u>(22,648,011.80)</u>	<u>(23,593,757.09)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	2,886,441.59	2,824,447.05
Proceeds from Gifts	3,084,528.00	2,882,387.00
Proceeds from Other Financing Activities	39,414.00	38,318.00
Proceeds from Transfers from Component Institutions	12,419,610.96	12,045,160.89
Payments for Transfers to Component Institutions	(4,401,373.41)	(177,747.07)
Payments for Transfers to Other State Agencies	(2,118,272.85)	0.00
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>11,910,348.29</u>	<u>17,612,565.87</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	1,680,000.00	0.00
Proceeds from Capital Debt Issuances	359,269,000.00	19,500,000.00
Proceeds from Transfers from Component Institutions	101,780,370.42	110,431,960.96
Payments for Transfers to Component Institutions	(100,786,406.92)	(84,264,588.30)
Payments for Transfers to Other State Agencies	(1,075,125.00)	(1,122,750.00)
Payments for Additions to Capital Assets	(156,376.35)	0.00
Payments for Principal Paid on Capital Debt	(227,756,000.00)	(82,265,000.00)
Payments for Interest Paid on Capital Debt	(30,073,465.55)	(27,157,850.25)
Payments for Other Costs on Debt Issuance	(2,173,078.49)	(99,691.31)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>100,708,918.11</u>	<u>(64,977,918.90)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	6,694,711.92	9,466,564.64
Proceeds from Interest and Investment Income	9,343,598.32	10,295,931.71
Payments to Acquire Investments	(8,618,835.11)	(12,833,082.45)
Net Cash Provided/(Used) by Investing Activities	<u>7,419,475.13</u>	<u>6,929,413.90</u>
TOTAL NET CASH FLOWS	<u><u>\$ 97,390,729.73</u></u>	<u><u>\$ (64,029,696.22)</u></u>

UNAUDITED

Texas Tech University System Administration (768)
Statement of Cash Flows
For the Years Ended August 31, 2020 and 2019

	2020	Restated 2019
Beginning Cash & Cash Equivalents (September 1)	\$ 92,184,312.49	\$ 156,214,008.71
Ending Cash & Cash Equivalents (August 31)	<u>\$ 189,575,042.22</u>	<u>\$ 92,184,312.49</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (183,600,166.63)	\$ (169,254,183.53)
Adjustments:		
Depreciation and Amortization Expense	1,515,111.67	1,529,737.17
Pension Expense	57,040,295.00	38,887,636.00
OPEB Expense	133,911,489.00	132,382,075.00
(Increase) Decrease in Accounts Receivables	26,428.68	(8,804.30)
(Increase) Decrease in Prepaid Items	(622.48)	(562.00)
(Increase) Decrease in Deferred Outflows of Resources	(110,621,806.00)	(801,627,150.00)
Increase (Decrease) in Accounts Payable	(11,494.20)	68,981.44
Increase (Decrease) in Payroll Payable	81,866.62	(521,941.86)
Increase (Decrease) in Employees' Compensable Leave	195,036.18	22,105.57
Increase (Decrease) in Claims and Judgments	803,366.00	(1,277,584.00)
Increase (Decrease) in Benefits Payable	99,287.36	(274,541.58)
Increase (Decrease) Net OPEB Liability	55,027,472.00	439,967,568.00
Increase (Decrease) in Deferred Inflows	22,885,725.00	336,512,907.00
Net Cash Used for Operating Activities	<u>(22,648,011.80)</u>	<u>(23,593,757.09)</u>
Noncash Transactions		
Net Increase (Decrease) in Fair Value of Investments	(818,010.85)	703,925.12
Other	48,741.62	348,137.26
Total Noncash Transactions	<u>\$ (769,269.23)</u>	<u>\$ 1,052,062.38</u>

UNAUDITED

Texas Tech University System Administration (768)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2020 and 2019

OPERATING EXPENSES	ACADEMIC SUPPORT	INSTITUTIONAL SUPPORT	OPERATIONS & MAINTENANCE OF PLANT	DEPRECIATION & AMORTIZATION	GRAND TOTAL	2019
Cost of Goods Sold	\$ 0.00	\$ 1,262.00	\$ 0.00	\$ 0.00	\$ 1,262.00	\$ 0.00
Salaries and Wages	858,539.89	13,738,985.79	0.00	0.00	14,597,525.68	12,815,599.61
Payroll Related Costs	234,038.34	161,424,967.39	0.00	0.00	161,659,005.73	149,358,556.97
Professional Fees and Services	129,932.29	1,209,022.75	0.00	0.00	1,338,955.04	1,824,040.20
Travel	14,343.22	294,628.78	0.00	0.00	308,972.00	438,615.86
Materials and Supplies	10,229.93	139,717.29	37,629.96	0.00	187,577.18	190,701.53
Communications and Utilities	15,359.07	243,293.31	0.00	0.00	258,652.38	320,853.19
Repairs and Maintenance	250.00	103,534.80	50,067.09	0.00	153,851.89	232,309.14
Rentals and Leases	1,732.55	771,748.30	0.00	0.00	773,480.85	626,926.52
Printing and Reproduction	2,784.97	81,847.43	58.75	0.00	84,691.15	66,293.93
Depreciation and Amortization	0.00	0.00	0.00	1,515,111.67	1,515,111.67	1,529,737.17
Interest	0.00	11.21	0.00	0.00	11.21	9.90
Scholarships	0.00	1,529.15	0.00	0.00	1,529.15	4,031.70
Claims and Judgments	1,872,458.00	0.00	0.00	0.00	1,872,458.00	531,524.89
Other Operating Expenses	34,268.99	823,696.19	2,149.25	0.00	860,114.43	1,316,549.90
TOTAL OPERATING EXPENSES	\$ 3,173,937.25	\$ 178,834,244.39	\$ 89,905.05	\$ 1,515,111.67	\$ 183,613,198.36	\$ 169,255,750.51

Texas Tech University System Administration (768)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Texas Tech University System Administration for the years ended August 31, 2020 and 2019.

UNAUDITED

Texas Tech University System Administration (768)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2020 and 2019

There is no fiduciary activity to report for Texas Tech University System Administration for the years ended August 31, 2020 and 2019.