

**TEXAS TECH UNIVERSITY
SYSTEM**



**ANNUAL
COMBINED FINANCIAL REPORT
FISCAL YEAR 2023**

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2023

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)
Midwestern State University (MSU)
Texas Tech University System Administration (TTUSA)

Texas Tech University System

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TEXAS TECH UNIVERSITY SYSTEM™

Tedd Mitchell, Chancellor

November 15, 2023

Honorable Greg Abbott
Governor of Texas

Honorable Glenn Hegar
Texas Comptroller

Jerry McGinty
Director, Legislative Budget Board

Lisa R. Collier, CPA
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 Annual Comprehensive Financial Report for the fiscal year ended August 31, 2023. 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, 2023.

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", written over a white background.

Tedd L. Mitchell, M.D.
Chancellor



TEXAS TECH UNIVERSITY SYSTEM™

Vice Chancellor and Chief Financial Officer

November 15, 2023

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

Dear Chancellor Mitchell:

Submitted herein is the Annual Consolidated Financial Report of Texas Tech University System for the fiscal year ended August 31, 2023, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Texas 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 Annual Comprehensive Financial Report (ACFR); 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 742-9000.

Sincerely,

A handwritten signature in blue ink that reads "Chelle Hillis".

Chelle Hillis, CPA
Texas Tech University System
Associate Vice Chancellor and Deputy Chief Financial Officer

Approved:

A handwritten signature in blue ink that reads "James Mauldin".

James Mauldin, CPA
Texas Tech University System
Vice Chancellor & Chief Financial Officer

**Texas Tech University System
Board of Regents**

Officers of the Board

Mark Griffin, Chair
Ginger Kerrick Davis, Vice Chair

Members

Term Expires January 31, 2025

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

Term Expires January 31, 2027

Arcilia Acosta	Dallas, TX
Cody Campbell	Fort Worth, TX
Pat Gordon	El Paso, TX

Term Expires January 31, 2029

Clay Cash	Lubbock, TX
Tim Culp	Midland, TX
Shelley Sweatt	Wichita Falls, TX

Term Expires May 31, 2024

Steeley Smith (Student Regent)	Mason, TX
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System Fiscal Officers

Tedd Mitchell, M.D.	Chancellor
James Mauldin	Vice Chancellor and Chief Financial Officer
Lawrence Schovanec, Ph.D.	TTU President
Lori Rice-Spearman, Ph.D.	TTUHSC President
Richard Lange, M.D.	TTUHSC at El Paso President
Ronnie D. Hawkins Jr.	ASU President
Stacia Haynie, Ph.D.	MSU President
Noel Sloan	TTU CFO and Senior VP for Administration & Finance
Penny Harkey	TTUHSC Executive VP for Finance & Operations
Jessica Fisher	TTUHSC at El Paso VP for Finance & Administration
Angelina Wright	ASU VP for Finance & Administration
Stacia Haynie, Ph.D.	MSU Interim VP for Finance & Administration

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

TEXAS TECH UNIVERSITY SYSTEM (793)

**Management's Discussion and Analysis
For the Year Ended August 31, 2023**

Introduction

Formally established by the Texas Legislature in 1999, the Texas Tech University System (the System) is composed of a central administrative unit, the Texas Tech University System Administration (TTUSA), three general academic institutions - Texas Tech University (TTU), Midwestern State University (MSU), and Angelo State University (ASU), and two health-related institutions - Texas Tech University Health Sciences Center (TTUHSC) and Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso). The System is governed by a nine-member Board of Regents appointed by the Governor of Texas. Members of the board serve six-year, staggered terms with the exception of a non-voting student Regent who is appointed by the Governor to serve a one-year term. The Chancellor is the chief executive officer of the System and is appointed by and reports directly to the Board of Regents. The Chancellor and his staff are supported by the administrative agency, TTUSA.

The System has emerged as a nationally acclaimed higher education system with one of the largest contiguous campuses in the United States. Headquartered in Lubbock, Texas, the System operates on more than 26 campuses and academic sites throughout the State of Texas and internationally. The System has locations statewide in Abilene, Amarillo, Brownwood, Cleburne, Dallas, El Paso, Flower Mound, Forney, Fredericksburg, Highland Lakes, Jefferson, Junction, Lubbock, McKinney, Midland, Odessa, Rockwall, San Angelo, Waco and Wichita Falls. Internationally, the System has a location in Seville, Spain and San Jose, Costa Rica.

The total student enrollment across all components is more than 63,000 students, and the System employs more than 19,000 faculty and staff. The annual combined budget of the System totals approximately \$2.9 billion; approximately \$617.5 million of these funds are appropriated by the Texas Legislature.

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.

Texas Tech University System (793) – Management's Discussion and Analysis (continued)**Overview of the Financial Statements and Financial Analysis**

The objective of Management's Discussion and Analysis (MD&A) is to provide an overview of the financial position and activities of the System for the year ended August 31, 2023, with selected comparative information for the years ended August 31, 2023 and 2022.

The System's combined financial report includes three primary financial statements: the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. The financial statements of the System have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the financial reporting requirements of the Texas Comptroller of Public Accounts.

The System's primary financial activity is reported to the Texas Comptroller of Public Accounts as business-type activity. In addition to business-type activity, the System's fiduciary fund activity is reported separately in the State of Texas' Annual Comprehensive Financial Report and in the TTUS Annual Combined Financial Report. The System also reports financial activity for two discretely presented component units, Carr Foundation and Texas Tech Research Park, separately to the Texas Comptroller of Public Accounts and within the TTUS Annual Combined Financial Report.

For the purpose of the MD&A, the discussion will focus on the financial statements reported as business-type activity to the Texas Comptroller of Public Accounts. The emphasis of discussion about these financial statements will focus on the current year data. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes.

Financial Highlights

The System diligently maintains and protects its strong financial condition. As of August 31, 2023, the System's net position totaled \$3.8 billion, which continues a trend of growth. In 2023, revenues totaled \$2.9 billion and expenses totaled \$2.7 billion.

Legislative appropriations, tuition and fees, grants and contracts, and net patient care remain the largest contributors to revenues for the System. Net investment income and the change in fair value of investments are major drivers of year-over-year fluctuations in revenues due to fluctuating market conditions and other factors. The System's largest expense, compensation and benefits, reflects its commitment to recruiting top-quality faculty and staff in order to achieve its mission of offering excellent education and patient care.

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Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

Statement of Net Position

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the System as of the end of the fiscal year. This is a point-in-time financial presentation of the financial status as of August 31, 2023, with comparative information for the previous years. The statement of net position presents information in current and non-current format for both assets and liabilities. The net position section presents assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Over time, increases or decreases in net position are one indicator of the improvement or decline of the System’s financial health when considered with nonfinancial factors such as enrollment, patient levels, and the condition of facilities. A summarized comparison of the System’s statement of net position at August 31, 2023 and 2022 follows:

Condensed Statement of Net Position
(\$ in Millions)

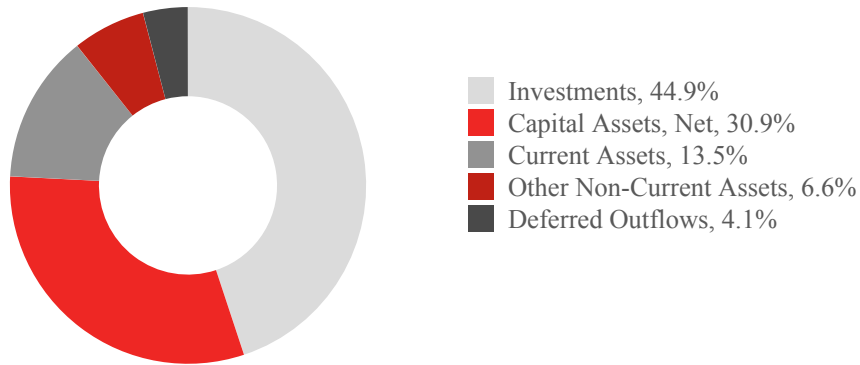
	2023	2022
Assets		
Current Assets	\$ 968.2	\$ 929.0
Non-Current Investments	3,225.7	3,007.8
Capital Assets, Net	2,152.9	2,063.0
Right to Use Assets, Net	67.6	74.8
Other Non-Current Assets	475.5	199.4
Total Assets	6,889.9	6,274.0
Deferred Outflows of Resources	292.5	406.3
Total Assets and Deferred Outflows of Resources	\$ 7,182.4	\$ 6,680.3
Liabilities		
Current Liabilities	\$ 722.0	\$ 690.6
Non-Current Liabilities	2,291.5	2,071.4
Total Liabilities	3,013.5	2,762.0
Deferred Inflows of Resources	403.6	391.3
Total Liabilities and Deferred Inflows of Resources	\$ 3,417.1	\$ 3,153.3
Net Position		
Net Invested in Capital Assets	\$ 1,300.0	\$ 1,195.0
Restricted - Nonexpendable	927.5	895.2
Restricted - Expendable	818.7	769.2
Unrestricted	719.1	667.5
Total Net Position	\$ 3,765.3	\$ 3,526.9

Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

Assets and Deferred Outflows of Resources

The chart below depicts the makeup of the System's assets and deferred outflows of resources as of August 31, 2023.

Assets and Deferred Outflows



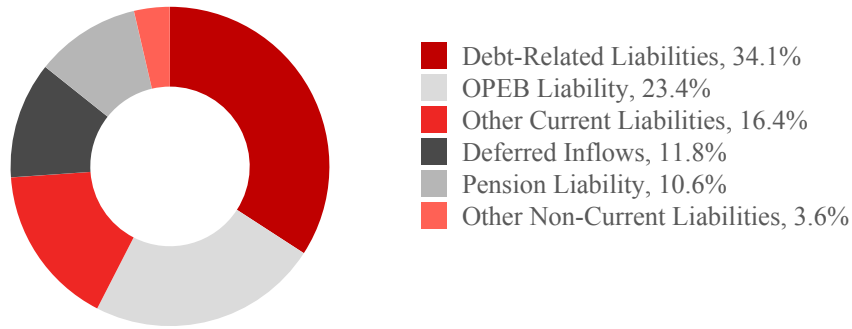
The System's total assets increased by \$616.0 million, or 9.8%, to \$6.9 billion in 2023. Cash and cash equivalents increased by \$216.8 million, or 52.2%, and non-current investments increased by \$217.9 million, or 7.2%, largely due to favorable market conditions and new bond proceeds. Legislative appropriations increased by \$59.1 million, or 22.0%, which primarily consisted of a new allocation for the Comprehensive Cancer Center at TTUHSC El Paso. Net capital assets increased \$82.7 million, or 3.9%, due to an increase in construction in progress of \$105.2 million for various TTU Athletics projects, the TTU Academic Sciences Building, and the Ranch Life Learning Center. Deferred outflows decreased by \$(113.8) million, or (28.0)%, due to actuarial assumption and discount rate changes by Teacher Retirement System of Texas (TRS), for pension, and Employees Retirement System of Texas (ERS), for other post-employment benefits (OPEB).

Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

Liabilities and Deferred Inflows of Resources

The chart below depicts the makeup of the System's liabilities and deferred inflows of resources as of August 31, 2023.

Liabilities and Deferred Inflows

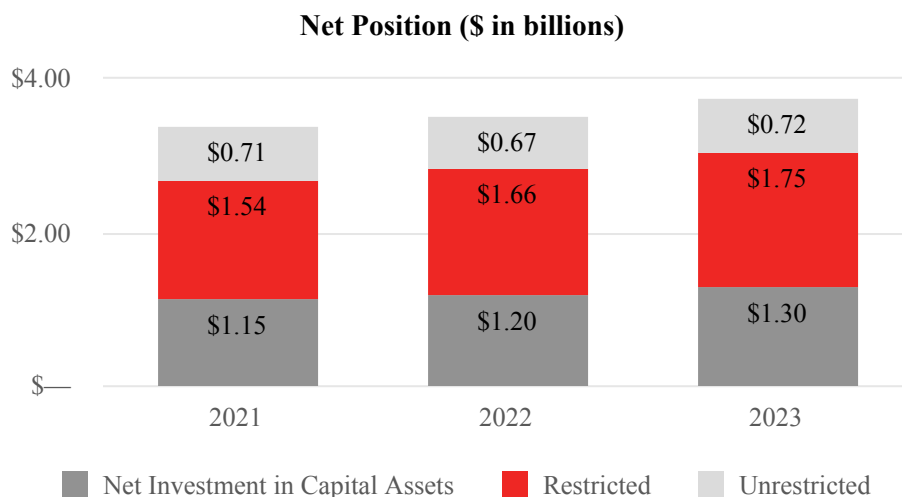


The Systems total liabilities increased by \$251.5 million, or 9.1%, to \$3.0 billion in 2023. Debt-related liabilities increased by \$233.4 million, or 25.0%, due to the 2023 bond issuances and notes and loans payable for TTU Athletics projects. Total OPEB liability decreased by \$(220.2) million, or (21.6)%, due to actuarial assumption changes to the overall ERS OPEB Plan. Pension liability increased by \$207.0 million, or 132.2%, due to a lower discount rate and decreased investment earnings for the TRS Pension Plan. Deferred inflows increased by \$12.3 million, or 3.1%, primarily due to the pension and OPEB changes discussed above in addition to the implementation of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (see Note 27 for further discussion).

Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

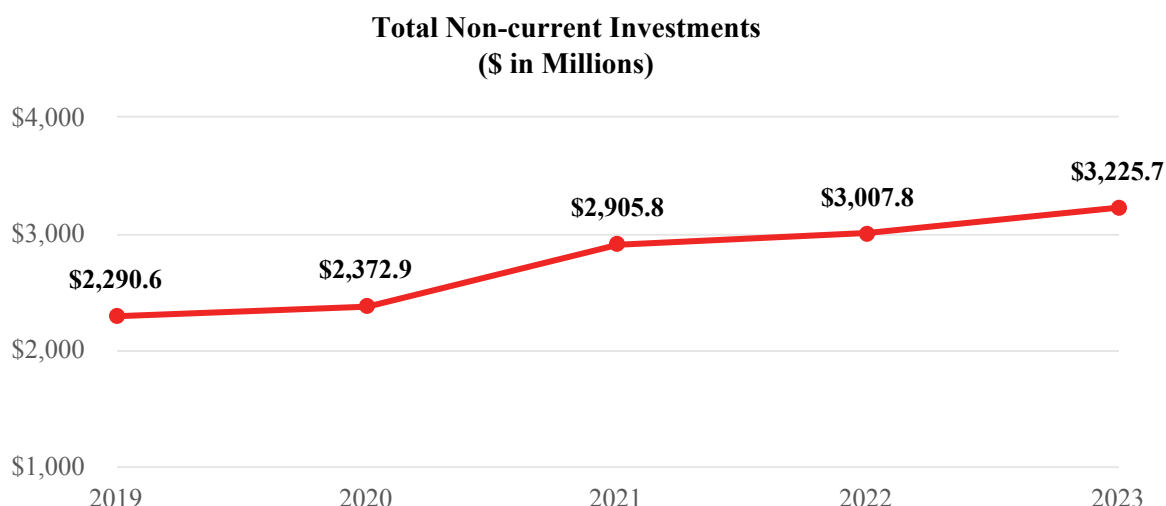
Net Position

Net position increased by \$238.4 million, or 6.8%, to \$3.8 billion in 2023. The chart below depicts the makeup of the System’s net position over a three-year trend.



Investments

As of August 31, 2023, the System had \$3,225.7 million in total non-current investments. In 2023, total non-current investments included \$1,737.4 million classified as unrestricted investments and \$1,488.2 million classified as restricted investments. The chart below depicts the System’s total non-current investments over a five-year trend.



Additional information about the System’s investments is presented in Note 3 to the financial statements.

Texas Tech University System (793) – Management's Discussion and Analysis (continued)

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position details the changes in total net position. The statement presents both operating and nonoperating revenues and expenses for the System. The following table summarizes the System's revenues, expenses and changes in net position for the years ended August 31, 2023 and 2022:

Condensed Statement of Revenues, Expenses and Changes in Net Position
(\$ in Millions)

	2023	2022
Operating Revenues	\$ 1,649.7	\$ 1,585.7
Operating Expenses	2,618.0	2,472.5
Operating Income (Loss)	(968.3)	(886.8)
Nonoperating Revenues (Expenses)	1,006.4	695.9
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	38.1	(190.9)
Other Revenues, Expenses, Gains, Losses and Transfers	200.3	371.9
Total Change in Net Position	238.4	181.0
Beginning Net Position (September 1)	3,524.1	3,346.0
Restatements	2.8	—
Restated Beginning Net Position (September 1)	3,526.9	3,346.0
Ending Net Position (August 31)	\$ 3,765.3	\$ 3,527.0

Revenues

For the fiscal year ended August 31, 2023, revenues to support the System's core activities, including those classified as nonoperating, totaled \$2.9 billion, an increase of \$319.8 million, or 11.1%, from the prior year.

Operating Revenues

Of that total, operating revenues comprised \$1,649.7 million, an increase of \$64.0 million, or 4.0%, from the prior year. The System's primary sources of operating revenues come from net tuition and fees, grants and contracts, net patient care revenues, and net auxiliary enterprises.

Net Tuition and Fees

Net tuition and fees are reflected net of associated discounts and allowances. In 2023, net tuition and fees totaled \$553.3 million, an increase of \$0.8 million, or 0.2%, primarily as a result of an overall combined System enrollment increase in 2023 of 0.8%.

Texas Tech University System (793) – Management's Discussion and Analysis (continued)Grants and Contracts

Grants and contracts revenues are related to research programs that normally provide for the recovery of direct and indirect costs. Governmental sponsored programs include grants from the federal government such as the U.S. Department of Health and Human Services. Grants and contracts revenues include student financial aid and contracts with affiliated hospitals for clinical activities. In 2023, these revenues totaled \$457.4 million, an increase of \$33.5 million, or 7.9%, from the prior year.

Net Patient Care Revenues

Net patient care revenues, which consist of net sales and services of hospitals and net professional fees, are principally generated within the System's hospitals and physicians' practice plans under contractual arrangements with governmental payors and private insurers. These revenues are reported net of contractual allowances, bad debt expense, and unreimbursed charges for financially or medically indigent patients. Net patient care revenues totaled \$333.8 million, an increase of \$15.0 million, or 4.7%, in 2023, as a result of increases in patient volumes and rates.

Net Auxiliary Enterprises

Net auxiliary enterprise revenues were earned from a host of activities such as athletics, housing and food service, bookstores, parking, student health and other activities. These revenues totaled \$201.9 million, an increase of \$11.1 million, or 5.8%, in 2023 due to increased athletic, housing and food service revenues.

Nonoperating Revenues

Certain significant recurring revenues are considered nonoperating. The System's primary sources of nonoperating revenues come from legislative revenue, nonoperating grants and contract revenues, private gifts, investment income excluding the change in fair value of investments, and net increase in fair value of investments.

Legislative Revenue

Legislative revenue, comprised of General Revenue state appropriations and state paid benefits for group health insurance, OASI, retirement contributions (TRS) and the optional retirement program, and capital appropriations (HEF), totaled \$706.3 million, an increase of \$51.6 million, or 7.9%, in 2023. The majority of this increase is attributed to funding for the Comprehensive Cancer Center at HSC El Paso.

Nonoperating Federal and State Grants and Contracts

Nonoperating Federal and State Grant and Contract revenue, comprised largely of Federal Pell grants and COVID-19 relief funds, totaled \$126.5 million, a decrease of \$(54.9) million, or (30.3)%, in 2023. This change was largely due to COVID-19 relief funds subsiding as the country continues to recover from the pandemic.

Gifts

Private gifts, including capital contributions and contributions to endowments, of \$186.1 million, decreased \$(36.6) million, or 24.2%, in 2023 as compared to 2022, which was the largest fundraising year in the System's history.

Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

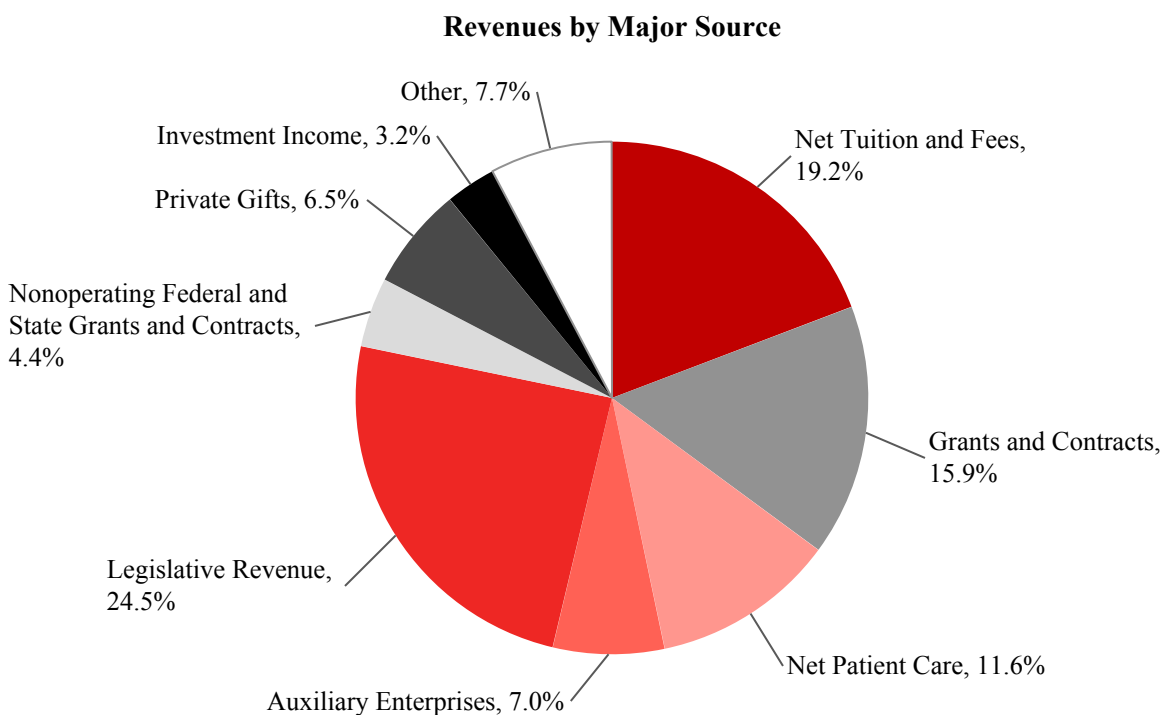
Investment Income Excluding the Change in Fair Value of Investments

Investment income excluding the change in the fair value of investments totaled \$90.9 million, an increase of \$8.1 million, or 9.8%, in 2023 primarily due to an increase in realized gains compared to 2022.

Net Increase in Fair Value of Investments

The net increase in the fair value of the System’s investments totaled \$103.3 million, an increase of \$290.9 million, or 155.0% in 2023. This primarily resulted from more favorable market conditions in 2023.

The following is a graphic illustration of revenues by major source for the year ended August 31, 2023.

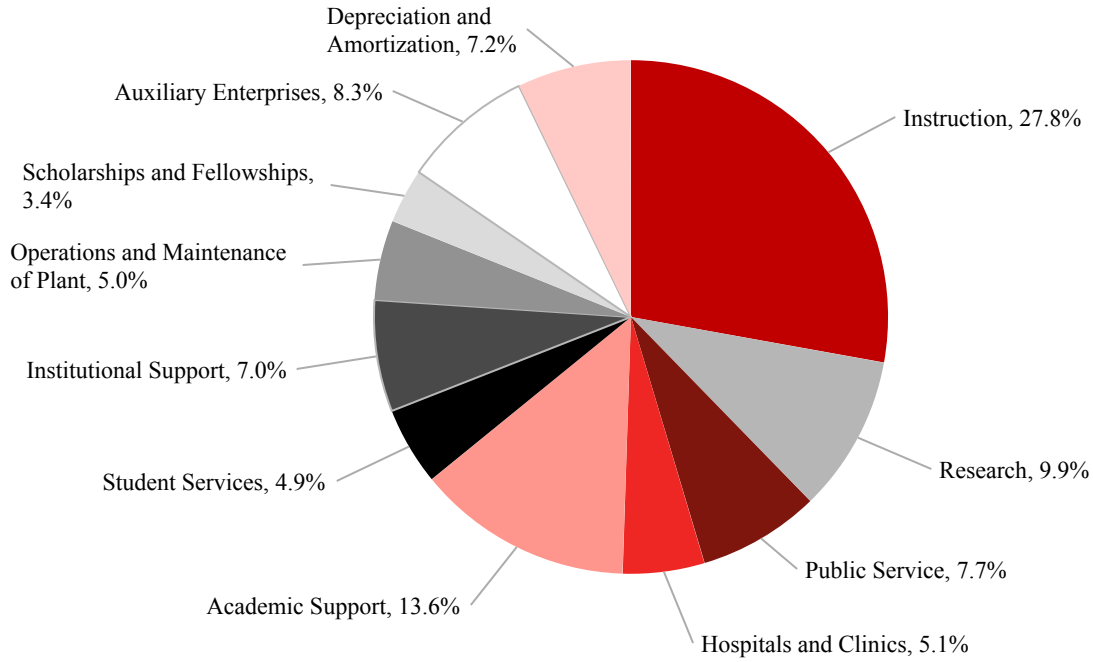


Operating Expenses

For the fiscal year ended August 31, 2023, operating expenses totaled \$2.6 billion. The operating expenses reflect the System’s commitment to promoting instruction, research, patient care, public service and student support. Total operating expenses increased \$145.5 million, or 5.9%, in 2023 in response to the growing cost of providing support for the institution’s primary missions of instruction, research, public service and patient care activities. The following is a graphic illustration of operating expenses by National Association of College and University Business Officers (NACUBO) functional classification for the year ended August 31, 2023.

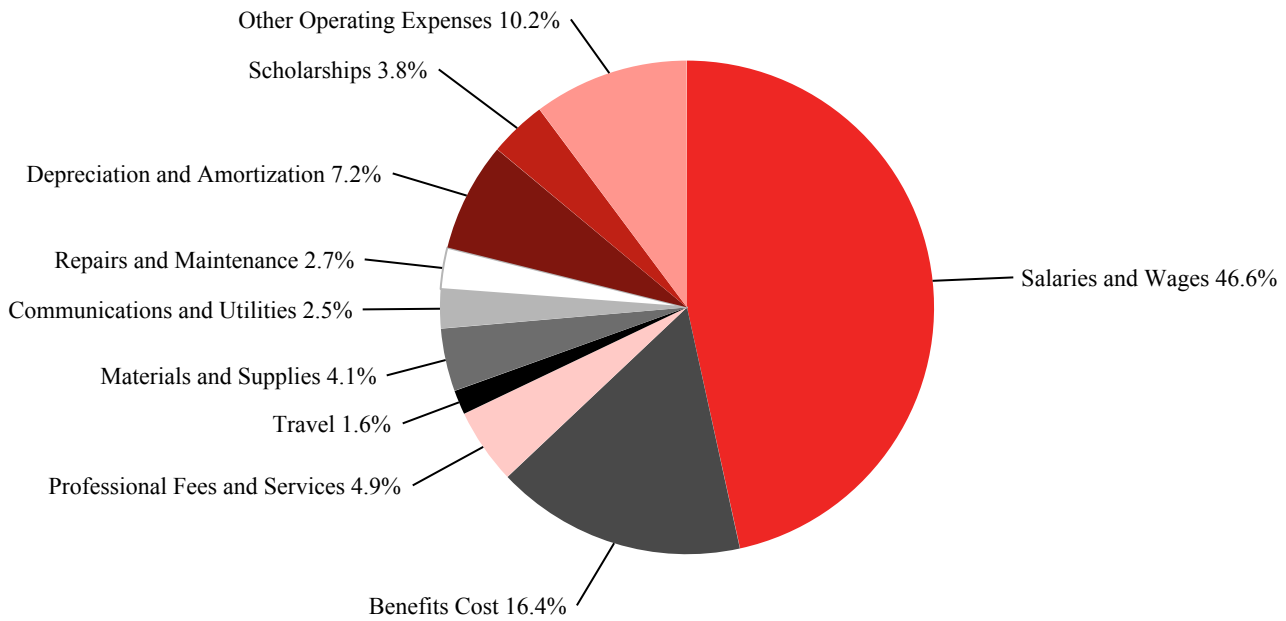
Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

NACUBO Functional Classification of Operating Expenses



In addition to functional classification of operating expenses, the following graph also illustrates the System’s operating expenses by natural classification for the year ended August 31, 2023.

Natural Classification of Operating Expenses



Texas Tech University System (793) – Management's Discussion and Analysis (continued)

Statement of Cash Flows

The statement of cash flows provides additional information about financial results by reporting the major sources and uses of cash. The statement provides an assessment of the System's financial flexibility and liquidity to meet obligations as they come due and the need for external financing. The following table summarizes the System's statement of cash flows for the years ended August 31, 2023 and 2022:

Condensed Statement of Cash Flows
(\$ in Millions)

	2023	2022
Cash Provided/(Used) By:		
Operating Activities	\$ (675.5)	\$ (620.9)
Noncapital Financing Activities	830.7	892.5
Capital and Related Financing Activities	88.7	(118.6)
Investing Activities	(27.2)	(135.5)
 Total Net Cash Flows	 \$ 216.7	 \$ 17.5
 Beginning Cash and Cash Equivalents - September 1	 \$ 415.3	 \$ 397.5
Restatements	(0.2)	0.0
Restated Beginning Cash and Cash Equivalents - September 1	415.1	397.5
 Ending Cash and Cash Equivalents - August 31	 \$ 631.9	 \$ 415.0

For the fiscal year ended August 31, 2023, ending cash and cash equivalents totaled \$631.9 million, an increase of \$216.8 million, or 52.2%, from the prior year.

Net cash used by operating activities should be viewed in conjunction with net cash provided by noncapital financing activities. State appropriations and gift contributions for operations are significant sources of recurring revenues in support of operating expenses, but are required to be classified as noncapital financing activities per GASB statements 34 and 35.

Net cash provided by capital and related financing activities reflects a continuing commitment to expand and renovate facilities and to invest in equipment. In 2023, net cash for capital and related financing activities increased largely due to a major capital debt issuance (see Note 6), and accounted for the primary source of increase in overall cash and cash equivalents.

Net cash used by investing activities shows purchases of investments exceeded receipts from sales and maturities of investments and proceeds from interest and investment income. The unrealized gains (losses) from the increase (decrease) in the fair value of investments is a noncash transaction for valuation purposes only and does not affect cash flows from investing activities.

Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

Capital Assets and Debt Administration

The System continues to be committed to the quality of its academic, research, and service programs as well as its residence life experience. The development and renewal of capital assets and infrastructure is an essential factor of this commitment.

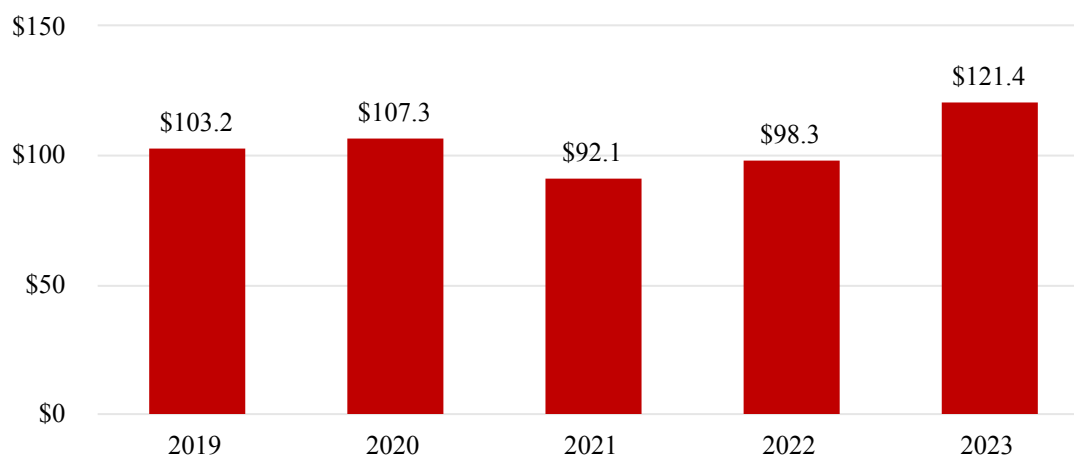
In 2023, construction in progress totaled \$168.9 million, an increase of \$105.3 million from the prior year. This increase resulted primarily from construction of various TTU Athletics projects, the TTU Academic Sciences Building, and the Ranch Life Learning Center.

As of August 31, 2023, the System had \$4,832.2 million in capital assets less \$2,611.7 million in associated depreciation and amortization for net capital assets of \$2,220.5 million.

Capital Assets, Net at August 31
(\$ in Millions)

	2023	2022
Land and Land Improvements	\$ 65.3	\$ 55.7
Construction in Progress	168.9	63.6
Buildings and Building Improvements	1,468.4	1,488.2
Infrastructure	22.7	24.6
Facilities and Other Improvements	105.5	108.1
Furniture and Equipment	120.9	119.5
Vehicles, Boats, and Aircraft	3.8	4.0
Computer Software	3.8	6.5
Other Capital Assets	193.5	192.6
Right to Use Assets	67.6	74.8
Capital Assets, Net	<u>\$ 2,220.4</u>	<u>\$ 2,137.7</u>

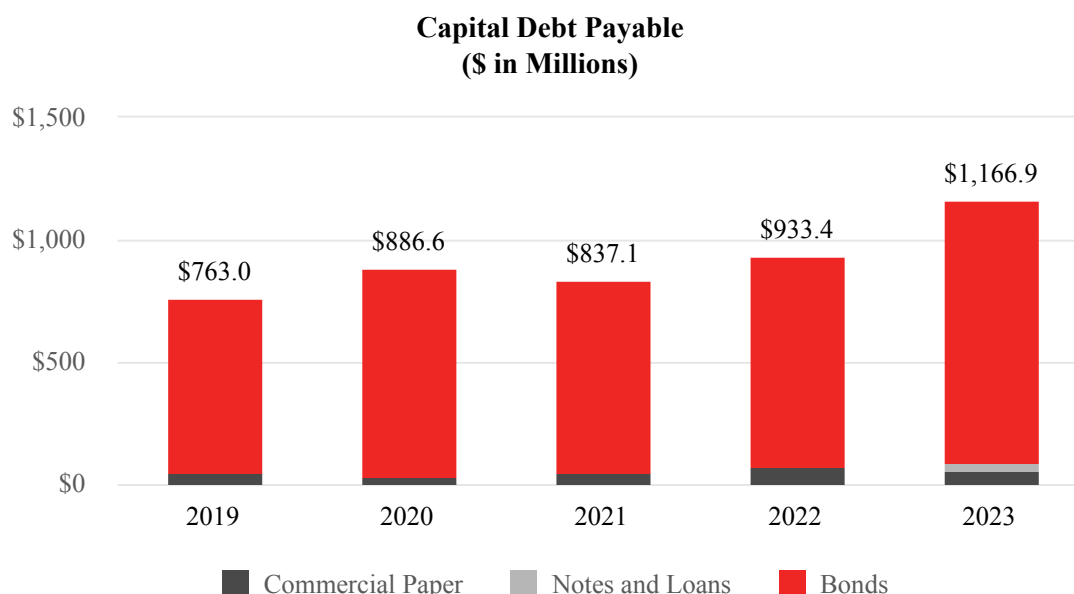
Capital Asset Additions
(\$ in Millions)



Texas Tech University System (793) – Management’s Discussion and Analysis (continued)

During fiscal year 2023, the System issued taxable and tax-exempt bonds under the Revenue Financing System debt program to refund previously outstanding commercial paper and to provide funding for eligible projects (see Note 6 for project details). The tax-exempt issuance, Revenue Financing System Refunding and Improvement Bonds, 2023A Series, had a par amount of approximately \$193.6 million. The taxable issuance, Revenue Financing System Refunding and Improvement Bonds, 2023B Series, had a par amount of approximately \$56.4 million.

Three major forms of debt financing support the System's development and renewal of capital assets and infrastructure: commercial paper, notes and loans, and bonds. Commercial paper notes are issued periodically to provide interim financing for capital projects and acquisitions and the System typically refunds a portion of these outstanding notes through the issuance of long-term debt.



Economic Outlook

The System is committed to providing teaching, research, scholarship, and patient care to Texas, the nation, and the world.

Dedication to this goal is fostered through both public and private sector support of higher education. The System's ability to attract top-quality students, staff, and faculty and develop future leaders creates both investment and return, generating shared success for all of Texas.

The Texas Legislature’s support of higher education is vital to the continued mission of the System. In the recently concluded session, the 88th Texas legislature made historic investments in funding for higher education public institutions. The System received a \$192.3 million increase in funding for the 2024-2025 biennium, an 18.0% increase over the 2022-2023 biennium. Part of the funding increase supports an affordability plan that will allow the System general academic institutions to keep tuition flat for two years. Funding debt service for previously authorized Capital Construction Assistance Projects also contributed to the increase.

Additionally, on November 7, 2023, Proposition 5 passed by the voters of Texas.

Texas Tech University System (793) – Management's Discussion and Analysis (continued)

Proposition 5 establishes a new permanent endowment, the Texas University Fund (TUF), to support academic teaching institutions in Texas in achieving national prominence as major research universities. The initial TUF corpus is valued at \$3.9 billion. Texas Tech University will receive its share of the funding from the TUF, an estimated \$44 million for fiscal year 2024. Beyond that, the four eligible institutions, including TTU, are entitled to include a portion of the TUF corpus when reporting institutional endowment funds. TTU estimates their portion of the TUF corpus to be approximately \$975 million, providing a significant positive effect on the university's endowment beginning in early 2024.

For 2024, budgeted operating revenues for the System increased to \$2.9 billion, or 10.6% growth from the prior year. This change is largely attributable to the increase in state appropriations for general academic institutions and patient care and hospital partnerships for health sciences centers. In addition, the System continues to sustain stellar financial ratings, receiving an Aa1 rating from Moody's Investor Service, an AA+ rating from Fitch Ratings and an AA+ rating by Kroll Bond Rating Agency.

Management considers the System to be well positioned to continue to provide quality service to students, patients, and the research community at large. Future successes are largely dependent upon the ability to continue to recruit and retain the highest quality students, faculty, and staff, cost containment, and ongoing financial and political support from state government. Private gift contributions are a significant factor in the growth of academic, research, and patient care units and are an important supplement to the fundamental support provided by the state and through collections from students and patients. The System will continue to monitor resources to maintain its ability to respond to internal and external issues.

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

**COMBINED
FINANCIAL STATEMENTS**

UNAUDITED

Texas Tech University System (793)
Combined Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 267,027,710.61	\$ 311,463,069.26
Restricted Cash and Cash Equivalents	27,964,500.79	26,393,329.81
Unrestricted Short Term Investments (Note 3)	16,211,925.29	9,833,462.86
Restricted Short Term Investments (Note 3)	576,649.70	1,161,517.88
Legislative Appropriations	327,185,348.72	268,092,942.63
Receivables:		
Federal	25,969,663.75	39,896,304.23
Patient	22,886,975.39	22,364,317.16
Student	39,797,148.74	36,021,805.11
Contracts	40,802,860.72	38,555,188.30
Accounts	8,782,312.85	7,165,371.19
Interest and Dividends	2,770,348.88	2,073,425.13
Gifts	40,735,463.41	30,829,741.33
Leases (Note 8)	1,158,201.18	968,522.74
Public-Private and Public-Public Partnership Installments (Note 27)	1,319,370.04	316,201.53
Other	4,830,157.85	5,275,412.42
Due From Other State Agencies	23,496,965.10	22,100,373.60
Inventories	5,632,788.02	6,606,990.63
Prepaid Items	109,022,605.28	98,147,776.32
Loans and Contracts	820,141.72	811,656.46
Other Current Assets	1,257,242.24	946,236.91
Total Current Assets	<u>968,248,380.28</u>	<u>929,023,645.50</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	336,862,830.96	77,224,160.27
Restricted Investments (Note 3)	1,488,243,801.98	1,451,320,976.96
Gifts Receivable	118,202,962.15	102,047,419.38
Public-Private and Public-Public Partnership Assets Receivable (Note 27)	457,984.12	0.00
Public-Private and Public-Public Partnership Installments Receivable (Note 27)	1,455,235.52	2,774,605.53
Leases Receivable (Note 8)	17,546,189.28	15,788,664.86
Loans and Notes Receivable	876,452.30	1,420,792.79
Investments (Note 3)	1,737,438,434.24	1,556,478,986.90
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	351,608,290.95	235,213,040.09
Depreciable or Amortizable	4,377,892,302.51	4,263,007,039.77
Accumulated Depreciation and Amortization	(2,576,638,111.13)	(2,435,259,656.73)
Right to Use Assets (Note 2)		
Amortizable	102,676,670.85	95,673,031.83
Accumulated Amortization	(35,086,256.71)	(20,921,718.37)
Other Non-Current Assets	119,623.98	101,878.77
Total Non-Current Assets	<u>5,921,656,411.00</u>	<u>5,344,869,222.05</u>
Total Assets	<u>\$ 6,889,904,791.28</u>	<u>\$ 6,273,892,867.55</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources (Note 28)	292,509,533.40	406,266,012.38
Total Deferred Outflows of Resources	<u>\$ 292,509,533.40</u>	<u>\$ 406,266,012.38</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, 2023 and 2022

	2023	Restated 2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 70,139,131.55	\$ 55,076,153.11
Payroll Payable	115,940,499.47	107,711,294.10
Unearned Revenue	321,818,292.59	312,572,275.72
Due to Other State Agencies	3,748,958.87	5,291,933.31
Short-Term Debt Commercial Paper Notes (Note 4)	55,355,000.00	75,911,000.00
Claims and Judgments (Note 5)	1,088,118.60	1,122,049.91
Employees' Compensable Leave (Note 5)	9,345,827.54	8,641,086.99
Right to Use Lease Obligations (Note 8)	6,887,176.66	6,771,971.84
Right to Use Subscription Obligations (Note 8)	8,833,227.71	7,365,698.19
Revenue Bonds Payable (Note 5)	77,098,519.04	62,923,933.94
Funds Held for Others	12,950,317.64	11,849,289.20
Net OPEB Liability (Note 11)	30,550,915.00	27,446,781.00
Other Current Liabilities	8,236,716.15	7,867,599.81
Total Current Liabilities	721,992,700.82	690,551,067.12
Non-Current Liabilities:		
Claims and Judgments (Note 5)	4,765,548.40	4,638,254.09
Employees' Compensable Leave (Note 5)	62,105,681.44	59,868,057.21
Right to Use Lease Obligations (Note 8)	39,261,313.35	46,075,706.08
Right to Use Subscription Obligations (Note 8)	9,463,163.84	13,498,112.70
Notes and Loans Payable - Direct Borrowings (Note 5)	36,869,354.00	0.00
Revenue Bonds Payable (Note 5)	997,542,435.92	794,585,048.41
Pollution Remediation Obligation (Note 5)	1,529,525.50	1,529,525.50
Net OPEB Liability (Note 11)	769,135,247.00	992,427,539.00
Net Pension Liability (Note 9)	363,554,074.00	156,543,241.00
Other Non-Current Liabilities	7,234,674.25	2,205,096.46
Total Non-Current Liabilities	2,291,461,017.70	2,071,370,580.45
Total Liabilities	\$ 3,013,453,718.52	\$ 2,761,921,647.57
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources (Note 28)	403,632,467.63	391,308,747.79
Total Deferred Inflows of Resources	\$ 403,632,467.63	\$ 391,308,747.79
NET POSITION		
Net Investment in Capital Assets	\$ 1,300,012,773.04	\$ 1,195,007,458.03
Restricted:		
Nonexpendable:		
Endowments	927,484,536.16	895,202,031.36
Expendable:		
Capital Projects	114,424,221.25	76,242,149.04
Other	704,297,334.32	692,974,978.53
Unrestricted	719,109,273.76	667,501,867.61
Total Net Position	\$ 3,765,328,138.53	\$ 3,526,928,484.57

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, 2023 and 2022

	2023	Restated 2022
Operating Revenues		
Tuition and Fees	\$ 13,702,394.95	\$ 13,241,467.81
Tuition and Fees - Pledged	737,049,934.77	718,021,134.95
Less Discounts and Allowances	(197,464,699.43)	(178,810,357.73)
Professional Fees	318,186,720.33	304,853,494.21
Professional Fees - Pledged	636,602.52	578,441.78
Sales and Services of Auxiliary Enterprises - Pledged	201,906,640.15	190,774,206.41
Other Sales and Services	15,732,131.38	13,065,515.97
Other Sales and Services - Pledged	17,483,341.54	16,267,617.39
Federal Grants and Contracts	96,558,065.88	80,541,696.54
Federal Grants and Contracts - Pledged	26,081.29	18,536.98
Federal Grant Pass-Throughs from Other State Agencies	6,774,196.71	7,647,635.02
State Grants and Contracts	1,958,874.32	2,563,887.04
State Grants and Contracts - Pledged	81,656.52	7,945.88
State Grant Pass-Throughs from Other State Agencies	58,321,413.91	58,533,860.44
Local Governmental Grants and Contracts	183,778,076.02	167,127,234.07
Local Governmental Grants and Contracts - Pledged	671,457.48	1,821,379.33
Nongovernmental Grants and Contracts	107,208,943.04	103,964,450.69
Nongovernmental Grants and Contracts - Pledged	2,049,618.23	1,661,406.24
Other Operating Revenues	85,007,071.22	83,774,164.11
Total Operating Revenues	1,649,668,520.83	1,585,653,717.13
Operating Expenses		
Cost of Goods Sold	14,897,596.69	13,188,950.56
Salaries and Wages	1,219,097,012.54	1,132,991,998.37
Payroll Related Costs	429,344,713.32	401,509,725.36
Professional Fees and Services	129,501,916.09	112,884,947.69
Travel	42,084,834.89	32,460,299.27
Materials and Supplies	107,818,250.41	100,396,939.00
Communications and Utilities	66,755,912.31	66,697,065.49
Repairs and Maintenance	70,986,021.53	59,309,862.50
Rentals and Leases	20,020,721.21	18,268,839.89
Printing and Reproduction	5,222,406.27	4,807,980.42
Federal Grant Pass-Through Expense	997,120.20	745,366.44
State Grant Pass-Through Expense	61,582.89	201,927.95
Depreciation and Amortization (Note 2)	187,487,693.19	183,338,994.18
Bad Debt Expense	1,441,549.47	1,240,339.50
Interest	41,179.23	14,287.84
Scholarships	98,308,788.06	151,827,338.48
Claims and Judgments	1,243,523.15	1,745,092.49
Other Operating Expenses	222,663,655.89	190,881,672.13
Total Operating Expenses	2,617,974,477.34	2,472,511,627.56
Operating Income (Loss)	\$ (968,305,956.51)	\$ (886,857,910.43)

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, 2023 and 2022

	2023	Restated 2022
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 617,474,750.62	\$ 565,839,254.11
Federal Grants and Contracts	93,553,714.55	173,689,598.17
Federal Grant Pass-Throughs from Other State Agencies	32,813,382.51	7,553,311.32
State Grant Pass-Throughs from Other State Agencies	83,612.00	102,651.00
Private Gifts	89,252,046.11	71,323,635.58
Private Gifts - Pledged	1,262,760.13	1,571,430.44
Investment Income (Expense)	39,759,630.71	42,451,199.35
Investment Income (Expense) - Pledged	51,127,281.30	40,336,261.20
Interest Expense on Capital Asset Financing	(28,051,865.10)	(26,621,740.67)
Gain (Loss) on Sale and Disposal of Capital Assets	(2,212,704.56)	(9,634,710.91)
Net Increase (Decrease) in Fair Value of Investments	103,282,555.05	(187,641,104.14)
Interest Expense	(753,548.20)	(560,585.50)
Other Nonoperating Revenues (Expenses)	1,996,792.75	3,096,166.34
Other Nonoperating Revenues (Expenses) - Pledged	6,811,302.21	14,392,421.97
Total Nonoperating Revenues (Expenses)	1,006,399,710.08	695,897,788.26
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	38,093,753.57	(190,960,122.17)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	88,810,909.00	88,810,909.00
Capital Contributions, Grants and Contracts	70,233,897.96	95,803,874.96
Lapsed Appropriations	(0.25)	40,374.66
Contributions to Permanent and Term Endowments	25,304,026.68	53,909,038.81
Legislative Transfers In	6,392,901.16	7,435,967.45
Legislative Transfers Out	2,287,903.18	(2,287,903.18)
Interagency Transfers of Capital Assets - Decrease (Note 2)	0.00	(6,779.54)
Transfers In from Other State Agencies	8,723,134.68	129,121,320.95
Transfers Out to Other State Agencies	(1,446,872.02)	(917,193.40)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	200,305,900.39	371,909,609.71
Total Change in Net Position	238,399,653.96	180,949,487.54
Beginning Net Position (September 1)	3,524,090,186.41	3,345,978,997.03
Restatement of Beginning Net Position (Note 14)	2,838,298.16	0.00
Beginning Net Position (September 1) as Restated	3,526,928,484.57	3,345,978,997.03
Ending Net Position (August 31)	\$ 3,765,328,138.53	\$ 3,526,928,484.57

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, 2023 and 2022

	2023	Restated 2022
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 440,807,763.73	\$ 423,746,195.36
Proceeds from Tuition and Fees	554,118,287.51	551,805,119.67
Proceeds from Grants and Contracts	446,465,623.95	417,043,014.87
Proceeds from Sales and Services of Auxiliary Enterprises	205,685,770.50	197,496,393.82
Proceeds from Loan Programs	249,284,697.44	256,710,502.06
Proceeds from Fiduciary Activities (Held 3 Months or Less)	217,714,928.71	206,047,299.01
Payments to Suppliers for Goods and Services	(336,247,872.24)	(309,232,425.62)
Payments to Employees for Salaries	(1,213,287,835.26)	(1,130,995,569.69)
Payments to Employees for Benefits	(321,299,860.87)	(303,933,610.46)
Payments for Loans Issued to Students	(249,568,122.21)	(255,869,138.60)
Payments for Fiduciary Activities (Held 3 Months or Less)	(217,449,865.01)	(205,406,048.77)
Payments for Other Expenses	(451,720,747.69)	(468,280,914.78)
Net Cash Provided/(Used) by Operating Activities	<u>(675,497,231.44)</u>	<u>(620,869,183.13)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	563,405,342.43	569,369,861.55
Proceeds from Gifts	93,670,457.30	116,601,601.01
Proceeds from Nonoperating Grants and Contracts	144,948,229.70	167,440,844.57
Proceeds from Other Financing Activities	24,773,518.25	20,483,344.63
Proceeds from Transfers In from Other State Agencies	17,062,264.30	26,362,617.63
Payments for Transfers to Other State Agencies	(1,446,872.02)	(3,209,351.17)
Payments for Other Uses	(11,709,189.95)	(4,553,917.99)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>830,703,750.01</u>	<u>892,495,000.23</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	229,898.50	230,490.66
Proceeds from Capital Debt Issuances	362,222,260.55	41,532,000.00
Proceeds from Capital Gifts, Grants and Contracts	64,336,008.00	54,084,168.25
Proceeds from Capital Appropriations	83,787,911.10	64,503,758.26
Proceeds from Other Capital and Related Financing Activities	27,281.40	363,063.67
Payments for Additions to Capital Assets	(241,784,694.31)	(157,140,528.15)
Payments for Principal Paid on Capital Debt	(127,529,038.64)	(78,736,281.04)
Payments for Interest Paid on Capital Debt	(28,715,697.82)	(27,666,059.37)
Payments for Leases/SBITAs	(20,432,447.74)	(15,694,603.00)
Payments for Other Costs on Debt Issuance	(3,400,231.57)	(87,357.25)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>88,741,249.47</u>	<u>(118,611,347.97)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	56,463,336.49	146,213,904.01
Proceeds from Interest and Investment Income	141,325,120.72	173,494,965.09
Payments to Acquire Investments	(224,961,742.23)	(455,159,601.03)
Net Cash Provided/(Used) by Investing Activities	<u>(27,173,285.02)</u>	<u>(135,450,731.93)</u>
TOTAL NET CASH FLOWS	<u>\$ 216,774,483.02</u>	<u>\$ 17,563,737.20</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, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 415,310,559.34	\$ 397,516,822.14
Restatement to Beginning Cash & Cash Equivalents (Note 14)	(230,000.00)	0.00
Beginning Cash & Cash Equivalents - September 1 (Restated)	415,080,559.34	397,516,822.14
Ending Cash & Cash Equivalents (August 31)	\$ 631,855,042.36	\$ 415,080,559.34
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (968,305,956.51)	\$ (886,857,910.43)
Adjustments:		
Depreciation and Amortization Expense	187,487,693.19	183,338,994.18
Bad Debt Expense	922,060.46	907,789.58
Pension Expense	42,920,029.00	5,427,029.00
OPEB Expense	104,348,269.40	125,826,856.00
(Increase) Decrease in Accounts Receivables	(8,591,026.33)	(16,605,037.53)
(Increase) Decrease in Loans and Notes Receivable	702,575.44	172,737.73
(Increase) Decrease in Inventories	974,202.61	731,406.35
(Increase) Decrease in Other Assets	(56,571.46)	105,866.30
(Increase) Decrease in Due From Other State Agencies	(5,452,055.71)	(938,822.60)
(Increase) Decrease in Prepaid Items	(5,381,824.50)	(2,959,653.77)
(Increase) Decrease in Deferred Outflows of Resources	62,172,995.00	(63,156,791.00)
Increase (Decrease) in Accounts Payable	2,736,670.86	111,819.47
Increase (Decrease) in Payroll Payable	2,947,328.71	101,478.69
Increase (Decrease) in Unearned Revenue	9,247,985.87	8,753,028.61
Increase (Decrease) in Employees' Compensable Leave	2,942,364.78	(173,801.26)
Increase (Decrease) in Claims and Judgments	93,363.00	(96,808.00)
Increase (Decrease) in Due To Other State Agencies	(1,332,712.53)	(4,706,700.65)
Increase (Decrease) in Benefits Payable	1,206,184.02	1,159,681.59
Increase (Decrease) in Fiduciary Funds (Held 3 Months or Less)	265,063.70	641,250.24
Increase (Decrease) in Net OPEB Liability	(288,076,938.00)	7,911,597.00
Increase (Decrease) in Deferred Inflows of Resources	182,405,191.76	19,594,102.00
Increase (Decrease) in Other Liabilities	327,875.80	(157,294.63)
Net Cash Used for Operating Activities	(675,497,231.44)	(620,869,183.13)
Noncash Transactions		
Donations of Capital Assets	5,718,387.90	5,678,640.80
Net Increase (Decrease) in Fair Value of Investments	103,282,555.05	(187,641,104.14)
Other	1,868,226.30	(10,525,824.69)
Total Noncash Transactions	\$ 110,869,169.25	\$ (192,488,288.03)

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

UNAUDITED
TEXAS TECH UNIVERSITY SYSTEM (793)

**NOTES to the COMBINED
FINANCIAL STATEMENTS**

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

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

Component institutions which comprise the System include Texas Tech University (TTU), Texas Tech University Health Sciences Center (TTUHSC), Texas Tech University Health Sciences Center at El Paso (TTUHSC at El Paso), Angelo State University (ASU), Midwestern State University (MSU) 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 two discrete component units, the Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation (Carr Foundation) and Texas Tech Research Park, Inc. (TTRP). Financial statements for these 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 are reported in the operating activities portion of the Combined Statement of Cash Flows at August 31, 2023 and 2022, 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 Annual Comprehensive Financial Report (ACFR); 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 Funds (HEF) 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.

Leases receivable were calculated for leases with a term greater than 12 months. Lease receivables are calculated as the present value of the lease receipts expected during the lease term.

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

Public-Private and Public-Public Partnership Receivables

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements*, defines PPPs as arrangements in which the System contracts with an operator (a non-governmental or governmental entity) to provide a public service by conveying control of the right to operate or use a nonfinancial asset of the System for a period of time in an exchange or exchange-like transaction.

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

The System recognizes receivables for installment payments from the operator as well as assets receivables for improvements to underlying assets or construction or purchases of new assets by the operator.

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 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.

Right to Use Assets

GASB Statement No. 87, *Leases*, defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset for period of time in an exchange or exchange-like transaction. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes SBITAs as right to use subscription assets.

For leases and SBITAs with a term greater than 12 months, the System recognizes a receivable and deferred inflow when acting as a lessor and a liability and right-to-use asset when acting as a lessee. The receivable is calculated as the present value of the receipts expected during the term.

Short-term leases with a maximum possible term of 12 months or less at commencement are recognized as a revenue and expense based on the provisions of the lease contract.

Leases and SBITAs are covered in more detail in Note 8. Right to use assets are detailed 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.

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.

Right to Use Obligations

For leases or SBITAs with a term greater than 12 months, the System recognizes a liability and right-to-use asset when acting as a lessee. Liabilities are initially measured at the present value of payments and remeasured whenever there is a change in payments or a contract modification.

Short-term leases with a maximum possible term of 12 months or less at commencement are recognized as a revenue and expense based on the provisions of the lease contract.

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.

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

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. 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 2022. The System's proportionate share is based on its contributions to the pension plan relative to the contributions of other employers participating in the plan. The net pension liability and pension-related deferred outflows and inflows are provided by the Texas Comptroller of Public Accounts. These amounts are included in this annual financial report and represent the total net pension liability for all System component institutions. Pensions are discussed in greater detail in Note 9.

Net Other Postemployment Benefits (OPEB) Liability

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 2022. 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

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

also deferred inflows associated with irrevocable split-interest agreements, as discussed below; PPPs, as discussed above and further detailed in Note 27; and leases, as discussed above and further detailed in Note 8.

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 noncurrent unearned revenues associated with a location incentives agreement with Amarillo Economic Development Corporation and licensing agreements for broadcasting rights with Public Broadcasting Service and National Public Radio.

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

Net Position

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

Net Investment in Capital Assets

This category represents the System'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.

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**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 Consideration for COVID-19 Response

In response to the COVID-19 pandemic, Congress passed legislation to provide stimulus funding under the Higher Education Emergency Relief Fund (HEERF), Provider Relief Fund (PRF), and other COVID-19 Supplemental Appropriation Acts that provide economic support to offset additional expenses and forgone revenue. During fiscal year 2023, the System received a total of \$61,120,681.12 from these relief programs. During fiscal year 2022, the System received a total of \$116,706,092.90 from these relief programs.

As of August 31, 2023, the remaining funds available from these relief programs totaled \$19,269,921.91.

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

Note 2: Capital Assets and Intangible Right to Use Assets

A summary of changes in capital assets for the year ended August 31, 2023 is presented below:

	Balance 9/1/2022	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'agy Trans	Reclassifications Dec-Int'agy Trans	Additions	Deletions	Balance 8/31/2023
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	\$ 55,677,983.40	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,605,596.45	\$ 0.00	\$ 65,283,579.85
Construction in Progress	63,621,533.74	76,003.80	(46,090,822.09)	0.00	0.00	151,333,981.02	(45,786.35)	168,894,910.12
Other Capital Assets	115,837,519.15	0.00	0.00	0.00	0.00	1,620,155.83	(27,874.00)	117,429,800.98
Total Non-depreciable or Non-amortizable Assets	235,137,036.29	76,003.80	(46,090,822.09)	0.00	0.00	162,559,733.30	(73,660.35)	351,608,290.95
Depreciable Assets								
Buildings and Building Improvements	3,155,927,431.88	0.00	42,046,462.84	0.00	0.00	51,729,810.04	(249,257.72)	3,249,454,447.04
Infrastructure	63,652,378.97	0.00	0.00	0.00	0.00	0.00	0.00	63,652,378.97
Facilities and Other Improvements	257,046,774.59	0.00	2,995,746.63	0.00	0.00	3,005,616.74	0.00	263,048,137.96
Furniture and Equipment	460,534,115.62	0.00	1,048,612.62	0.00	(16,996.21)	33,124,485.35	(16,769,153.71)	477,921,063.67
Vehicle, Boats and Aircraft	24,329,267.11	0.00	0.00	0.00	0.00	1,258,770.39	(841,208.83)	24,746,828.67
Other Capital Assets	249,370,414.78	0.00	0.00	0.00	0.00	10,347,159.40	(8,378,087.24)	251,339,486.94
Total Depreciable Assets at Historical Cost	4,210,860,382.95	0.00	46,090,822.09	0.00	(16,996.21)	99,465,841.92	(26,237,707.50)	4,330,162,343.25
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(1,667,682,032.62)	0.00	0.00	0.00	0.00	(113,655,804.08)	249,257.72	(1,781,088,578.98)
Infrastructure	(39,018,292.50)	0.00	0.00	0.00	0.00	(1,951,636.45)	0.00	(40,969,928.95)
Facilities and Other Improvements	(148,965,299.74)	0.00	0.00	0.00	0.00	(8,561,469.46)	0.00	(157,526,769.20)
Furniture and Equipment	(340,986,653.76)	0.00	0.00	0.00	16,996.21	(31,867,897.14)	15,858,885.17	(356,978,669.52)
Vehicles, Boats and Aircraft	(20,373,472.67)	0.00	0.00	0.00	0.00	(1,366,480.86)	806,340.07	(20,933,613.46)
Other Capital Assets	(172,634,964.89)	0.00	0.00	0.00	0.00	(9,705,320.83)	7,116,428.30	(175,223,857.42)
Total Accumulated Depreciation	(2,389,660,716.18)	0.00	0.00	0.00	16,996.21	(167,108,608.82)	24,030,911.26	(2,532,721,417.53)
Depreciable Assets, Net	1,821,199,666.77	0.00	46,090,822.09	0.00	0.00	(67,642,766.90)	(2,206,796.24)	1,797,440,925.72
Intangible Capital Assets - Amortizable								
Computer Software - Intangible	52,146,656.82	0.00	0.00	0.00	0.00	133,900.00	(4,550,597.56)	47,729,959.26
Total Intangible Assets at Historical Cost	52,146,656.82	0.00	0.00	0.00	0.00	133,900.00	(4,550,597.56)	47,729,959.26
Less Accumulated Amortization for:								
Computer Software - Intangible	(45,598,940.55)	0.00	0.00	0.00	0.00	(2,678,442.14)	4,360,689.09	(43,916,693.60)
Total Accumulated Amortization	(45,598,940.55)	0.00	0.00	0.00	0.00	(2,678,442.14)	4,360,689.09	(43,916,693.60)
Amortizable Assets - Intangible, Net	6,547,716.27	0.00	0.00	0.00	0.00	(2,544,542.14)	(189,908.47)	3,813,265.66
Business-Type Activities Capital Assets, Net	\$2,062,884,419.33	\$ 76,003.80	\$ 0.00	\$ 0.00	\$ 0.00	\$ 92,372,424.26	\$(2,470,365.06)	\$ 2,152,862,482.33

A summary of changes in intangible right to use assets for the year ended August 31, 2023 is presented below:

	Balance 9/1/2021	Adjustments	Additions	Deletions	Balance 8/31/2022
BUSINESS-TYPE ACTIVITIES					
Right to Use Assets - Amortizable					
Land	\$ 218,322.53	\$ 0.00	\$ 347,850.09	\$ (14.46)	\$ 566,158.16
Buildings and Building Improvements	64,788,623.81	0.00	804,667.90	(2,778,043.02)	62,815,248.69
Furniture and Equipment	150,091.22	0.00	0.00	0.00	150,091.22
Subscription Assets	0.00	30,515,994.27	9,436,989.41	(807,810.90)	39,145,172.78
Total Right to Use Amortizable Assets	65,157,037.56	30,515,994.27	10,589,507.40	(3,585,868.38)	102,676,670.85
Less Accumulated Amortization for:					
Land	(44,031.43)	0.00	(22,937.45)	14.46	(66,954.42)
Buildings and Building Improvements	(14,293,405.97)	0.00	(8,131,054.66)	2,728,278.53	(19,696,182.10)
Furniture and Equipment	(76,642.32)	0.00	(38,321.16)	0.00	(114,963.48)
Subscriptions Assets	0.00	(6,507,638.65)	(9,508,328.96)	807,810.90	(15,208,156.71)
Total Accumulated Amortization	(14,414,079.72)	(6,507,638.65)	(17,700,642.23)	3,536,103.89	(35,086,256.71)
Business-Type Activities Right to Use Assets, Net	\$ 50,742,957.84	\$ 24,008,355.62	\$ (7,111,134.83)	\$ (49,764.49)	\$ 67,590,414.14

Additional information on the liabilities relating to the right-to-use assets is detailed further in Note 8.

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 funds; the Long Term Investment Fund (LTIF), the Mission Driven Investment Fund (MDIF), and the Comprehensive Cash and Investment Pool (CCIP), each having their own stand-alone investment policies. The objective of the CCIP is to retain appropriate liquidity to meet daily operating demands while seeking higher yield on cash reserves through appropriately diversified longer-termed investment strategies. Funds invested in the MDIF focus on advancing the overall mission of the System primarily, with returns being a secondary consideration. 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. Institutional funds not in the LTIF or MDIF are invested in the CCIP. Other assets outside the three funds include securities gifted to the System with donor instructions to maintain in their original form, an endowment managed by American National Bank and Trust for MSU, and debt proceeds. The published Regent's Rules Chapter 09, "Investments and Endowment," the LTIF Investment Policy Statement, MDIF Investment Policy Statement, and the CCIP Investment Policy Statement can be obtained at <https://www.texastech.edu/board-of-regents/regents-rules.php>.

Deposits of Cash in Bank

The carrying amount of deposits as of August 31, 2023 and August 31, 2022 was \$120,557,007.87 and \$166,762,595.44, respectively, as presented below:

Business-Type Activities

	FY23	Restated FY22
CASH IN BANK – CARRYING AMOUNT	\$ 120,557,007.87	\$ 166,762,595.44
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	\$ 120,557,007.87	\$ 166,762,595.44
Proprietary Funds Current Assets Cash in Bank	\$ 87,574,165.20	\$ 137,210,686.50
Proprietary Funds Current Assets Restricted Cash in Bank	15,287,501.89	14,413,801.06
Proprietary Funds Non-Current Assets Restricted Cash in Bank	17,695,340.78	15,138,107.88
Cash in Bank per AFR	\$ 120,557,007.87	\$ 166,762,595.44

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.”

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

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

All 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, 2023, the total **bank balance** for Business-Type Activities was \$122,681,465.19. As of August 31, 2022, the restated balance was \$168,082,812.10.

The carrying amount of deposits for the System's Fiduciary Activities as of August 31, 2023 and August 31, 2022 was \$4,841,066.99 and \$4,814,018.36, respectively, as presented below:

Fiduciary Activities

	<u>FY23</u>	<u>FY22</u>
CASH IN BANK – CARRYING AMOUNT	\$ 4,841,066.99	\$ 4,814,018.36
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	<u>\$ 4,841,066.99</u>	<u>\$ 4,814,018.36</u>
Fiduciary Funds Current Assets Cash in Bank	\$ 4,841,066.99	\$ 4,814,018.36
Cash in Bank per AFR	<u>\$ 4,841,066.99</u>	<u>\$ 4,814,018.36</u>

All 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, 2023, the total **bank balance** for the System's Fiduciary Activities was \$4,841,066.99. As of August 31, 2022, this balance was \$4,814,018.36.

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

The carrying amount of deposits for Carr Foundation as of August 31, 2023 and August 31, 2022 was \$134,521.31 and \$395,244.42, respectively, as presented below:

Discrete Component Unit - Carr Foundation

	<u>FY23</u>	<u>FY22</u>
CASH IN BANK – CARRYING AMOUNT	\$ 134,521.31	\$ 395,244.42
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	<u>\$ 134,521.31</u>	<u>\$ 395,244.42</u>
Discrete Component Unit Current Assets Restricted Cash in Bank	\$ 128,553.66	\$ 96,361.74
Discrete Component Unit Non-Current Assets Restricted Cash in Bank	5,967.65	298,882.68
Cash in Bank per AFR	<u>\$ 134,521.31</u>	<u>\$ 395,244.42</u>

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, 2023, the total **bank balance** for Discrete Component Unit Activities for the Carr Foundation was \$612,789.06. As of August 31, 2022, this balance was \$887,521.16.

The carrying amount of deposits for TTRP as of August 31, 2023 and August 31, 2022 was \$13,719.00 and \$14,625.00, respectively, as presented below:

Discrete Component Unit - TTRP

	<u>FY23</u>	<u>FY22</u>
CASH IN BANK – CARRYING AMOUNT	\$ 13,719.00	\$ 14,625.00
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	<u>\$ 13,719.00</u>	<u>\$ 14,625.00</u>
Discrete Component Unit Current Assets Cash in Bank	\$ 13,719.00	\$ 14,625.00
Discrete Component Unit Current Assets Restricted Cash in Bank		
Discrete Component Unit Non-Current Assets Restricted Cash in Bank		
Cash in Bank per AFR	<u>\$ 13,719.00</u>	<u>\$ 14,625.00</u>

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

As of August 31, 2023, the total **bank balance** for Discrete Component Unit Activities for TTRP was \$13,719.00. As of August 31, 2022, this balance was \$14,625.00.

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

Fair Value Measurements

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 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – 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 – Unobservable inputs for an asset or liability.

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

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

The fair value of investments at each level is presented below for August 31, 2023:

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	\$ 64,713,472.70					\$ 64,713,472.70
U.S. Government Agency Obligations	282,993,661.05	\$ 481,295.36				283,474,956.41
Corporate Obligations		2,600,822.69				2,600,822.69
Equity	571,741,913.56	6,246,816.40			\$ 288,894,362.20	866,883,092.16
Fixed Income Money Market and Bond Mutual Fund	1,160,596,159.50					1,160,596,159.50
Mutual Funds - Domestic	97,649,495.85					97,649,495.85
Other Commingled Funds	6,254,745.20	197,069,040.50	\$ 1,041,526.06		7,403,648.69	211,768,960.45
Other Commingled Funds (TexPool)				\$ 11,629,668.51		11,629,668.51
Real Estate			2,875,612.28		13,202,059.49	16,077,671.77
Domestic Derivatives		27,325,225.64				27,325,225.64
Externally Managed Investments:						
Domestic	8,610,683.60	390,784,783.78	98,745,501.63		398,626,269.40	896,767,238.41
International		10,652,716.86				10,652,716.86
Miscellaneous		474,490.17	39,548,757.23			40,023,247.40
Total Investments	\$2,192,560,131.46	\$ 635,635,191.40	\$ 142,211,397.20	\$ 11,629,668.51	\$ 708,126,339.78	\$ 3,690,162,728.35
Current Unrestricted Short-Term Investments	\$ 6,254,745.20			\$ 3,130,181.10	\$ 6,826,998.99	\$ 16,211,925.29
Current Restricted Short-Term Investments					576,649.70	576,649.70
Non-Current Investments	1,747,112,956.53	\$ 635,635,191.40	\$ 142,211,397.20		700,722,691.09	3,225,682,236.22
Items in Cash and Cash Equivalents:						
Money Market Funds	439,192,429.73					439,192,429.73
TexPool Investments				8,499,487.41		8,499,487.41
Total Investments	\$2,192,560,131.46	\$ 635,635,191.40	\$ 142,211,397.20	\$ 11,629,668.51	\$ 708,126,339.78	\$ 3,690,162,728.35

Fiduciary Activities

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 212,511.37	\$ 55,151.79			\$ 2,552,494.52	\$ 2,820,157.68
Fixed Income Money Market and Bond Mutual Fund	1,284,090.10	1,297,543.83				2,581,633.93
Mutual Funds - Domestic	821,719.89					821,719.89
Other Commingled Funds		350,704.48	\$ 5,073.27			355,777.75
Real Estate					113,324.98	113,324.98
Domestic Derivatives		241,248.50				241,248.50
Externally Managed Investments:						
Domestic	60,607.51	3,194,622.40	453,109.94		2,009,643.41	5,717,983.26
International					57,153.15	57,153.15
Total Investments	\$ 2,378,928.87	\$ 5,139,271.00	\$ 458,183.21	\$ 0.00	\$ 4,732,616.06	\$ 12,708,999.14
Non-Current Investments	\$ 2,378,928.87	\$ 5,139,271.00	\$ 458,183.21		\$ 4,732,616.06	\$ 12,708,999.14
Total Investments	\$ 2,378,928.87	\$ 5,139,271.00	\$ 458,183.21	\$ 0.00	\$ 4,732,616.06	\$ 12,708,999.14

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

Discrete Component Unit - Carr Foundation

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 2,560,730.44	\$ 664,570.87			\$ 30,757,180.64	\$ 33,982,481.95
Fixed Income Money Market and Bond Mutual Fund	15,473,095.31	15,635,210.81				31,108,306.12
Mutual Funds - Domestic	9,901,602.82					9,901,602.82
Other Commingled Funds		4,225,936.87	\$ 61,132.14			4,287,069.01
Real Estate			18,767,596.08		1,365,549.18	20,133,145.26
Domestic Derivatives		2,907,008.59				2,907,008.59
Externally Managed Investments:						
Domestic	730,311.54	38,494,726.26	5,459,907.57		23,814,114.37	68,499,059.74
International					1,090,477.75	1,090,477.75
Total Investments	\$28,665,740.11	\$61,927,453.40	\$24,288,635.79	\$ 0.00	\$ 57,027,321.94	\$ 171,909,151.24
Non-Current Investments	\$28,665,740.11	\$61,927,453.40	\$24,288,635.79		\$ 57,027,321.94	\$ 171,909,151.24
Total Investments	\$28,665,740.11	\$61,927,453.40	\$24,288,635.79	\$ 0.00	\$ 57,027,321.94	\$ 171,909,151.24

The fair value of investments at each level is presented below for August 31, 2022:

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	\$ 60,382,679.65					\$ 60,382,679.65
U.S. Government Agency Obligations	287,611,778.07	\$ 526,776.92				288,138,554.99
Corporate Obligations		2,294,984.00				2,294,984.00
Equity	523,938,522.99	6,687.16			\$ 313,188,218.59	837,133,428.74
Fixed Income Money Market and Bond Mutual Fund	890,333,904.23					890,333,904.23
Mutual Funds - Domestic	82,977,867.61					82,977,867.61
Other Commingled Funds	2,660,489.22	108,602,667.02	\$ 1,176,526.22		5,789,517.48	118,229,199.94
Other Commingled Funds (TexPool)				\$ 43,886,826.71		43,886,826.71
Real Estate			2,832,418.68		21,436,276.19	24,268,694.87
Domestic Derivatives		(22,578,897.05)				(22,578,897.05)
Externally Managed Investments:						
Domestic		358,587,863.87	101,528,139.35		375,109,837.76	835,225,840.98
International		1,278,455.86			5,773,720.25	7,052,176.11
Miscellaneous	748,432.03	406,573.86	35,495,984.61			36,650,990.50
Total Investments	\$1,848,653,673.80	\$ 449,125,111.64	\$ 141,033,068.86	\$ 43,886,826.71	\$ 721,297,570.27	\$3,203,996,251.28
Current Unrestricted Short-Term Investments	\$ 2,660,489.22			\$ 2,544,974.04	\$ 4,627,999.60	\$ 9,833,462.86
Current Restricted Short-Term Investments					1,161,517.88	1,161,517.88
Non-Current Investments	1,702,133,730.57	\$ 449,125,111.64	\$ 141,033,068.86		715,508,052.79	3,007,799,963.86
Items in Cash and Cash Equivalents:						
Money Market Funds	143,859,454.01					143,859,454.01
TexPool Investments				41,341,852.67		41,341,852.67
Total Investments	\$1,848,653,673.80	\$ 449,125,111.64	\$ 141,033,068.86	\$ 43,886,826.71	\$ 721,297,570.27	\$3,203,996,251.28

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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	\$ 520,247.23	\$ 61.00			\$ 2,857,029.10	\$ 3,377,337.33
Fixed Income Money Market and Bond Mutual Fund	1,657,998.15	1,438,433.85				3,096,432.00
Mutual Funds - Domestic	729,906.51					729,906.51
Other Commingled Funds		529,937.71	\$ 5,753.46			535,691.17
Real Estate					195,550.35	195,550.35
Domestic Derivatives		(205,973.80)				(205,973.80)
Externally Managed Investments:						
Domestic		2,635,486.25	480,855.81		1,862,330.06	4,978,672.12
International		6,251.92			52,670.20	58,922.12
Total Investments	\$ 2,908,151.89	\$ 4,404,196.93	\$ 486,609.27	\$ 0.00	\$ 4,967,579.71	\$ 12,766,537.80
Non-Current Investments	\$ 2,908,151.89	\$ 4,404,196.93	\$ 486,609.27		\$ 4,967,579.71	\$ 12,766,537.80
Total Investments	\$ 2,908,151.89	\$ 4,404,196.93	\$ 486,609.27	\$ 0.00	\$ 4,967,579.71	\$ 12,766,537.80

Discrete Component Unit - Carr Foundation

Type of Security	Fair Value Hierarchy					
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Amortized Cost	Net Asset Value	Total
Equity	\$ 6,192,620.72	\$ 726.13			\$ 34,007,865.60	\$ 40,201,212.45
Fixed Income Money Market and Bond Mutual Fund	19,735,528.19	17,122,004.41				36,857,532.60
Mutual Funds - Domestic	8,688,242.80					8,688,242.80
Other Commingled Funds		6,307,968.70	\$ 68,484.77			6,376,453.47
Real Estate			18,437,050.80		2,327,680.15	20,764,730.95
Domestic Derivatives		(2,451,752.81)				(2,451,752.81)
Externally Managed Investments:						
Domestic		31,370,790.74	5,723,735.84		22,167,737.16	59,262,263.74
International		74,418.03			626,945.37	701,363.40
Total Investments	\$ 34,616,391.71	\$52,424,155.20	\$ 24,229,271.41	\$ 0.00	\$ 59,130,228.28	\$ 170,400,046.60
Non-Current Investments	\$ 34,616,391.71	\$52,424,155.20	\$ 24,229,271.41		\$ 59,130,228.28	\$ 170,400,046.60
Total Investments	\$ 34,616,391.71	\$52,424,155.20	\$ 24,229,271.41	\$ 0.00	\$ 59,130,228.28	\$ 170,400,046.60

Discrete Component Unit - TTRP, had no investment activity as of August 31, 2023 or August 31, 2022.

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

Investments Reported at NAV

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

As of August 31, 2023:

Business-Type Activities

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 398,626,269.40	Monthly	Annually	30 days	90 days	\$ 133,585,799.18
Commingled Funds	7,403,648.69	Monthly	Annually	3 days	10 days	0.00
Private Equity	288,894,362.20	4 years	5 years	1 year	1 year	97,364,406.26
Real Estate	13,202,059.49	4 years	5 years	1 year	1 year	9,688,228.91
Total	\$ 708,126,339.78					\$ 240,638,434.35

Fiduciary Activities

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 2,066,796.56	Monthly	Annually	30 days	90 days	\$ 876,417.26
Private Equity	2,549,261.38	4 years	5 years	1 year	1 year	1,080,042.47
Real Estate	116,558.12	4 years	5 years	1 year	1 year	47,997.79
Total	\$ 4,732,616.06					\$ 2,004,457.52

Discrete Component Unit - Carr Foundation

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 24,904,592.13	Monthly	Annually	30 days	90 days	\$ 10,547,786.64
Private Equity	30,718,221.73	4 Years	5 Years	1 year	1 year	13,027,263.00
Real Estate	1,404,508.08	4 Years	5 Years	1 year	1 year	578,366.23
Total	\$ 57,027,321.94					\$ 24,153,415.87

As of August 31, 2022:

Business-Type Activities

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 380,883,558.01	Monthly	Annually	30 days	90 days	\$144,980,089.55
Commingled Funds	5,789,517.48	Monthly	Annually	3 days	10 days	0.00
Private Equity	313,188,218.59	4 years	5 years	1 year	1 year	111,785,261.21
Real Estate	21,436,276.19	4 years	5 years	1 year	1 year	3,064,408.73
Total	\$ 721,297,570.27					\$259,829,759.49

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

Fiduciary Activities

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 1,915,000.26	Monthly	Annually	30 days	90 days	\$ 853,710.60
Private Equity	2,857,029.10	4 years	5 years	1 year	1 year	912,357.96
Real Estate	195,550.35	4 years	5 years	1 year	1 year	25,010.79
Total	\$ 4,967,579.71					\$ 1,791,079.35

Discrete Component Unit - Carr Foundation

Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 22,794,682.53	Monthly	Annually	30 days	90 days	\$ 10,161,910.99
Private Equity	34,007,865.60	4 Years	5 Years	1 year	1 year	10,860,003.80
Real Estate	2,327,680.15	4 Years	5 Years	1 year	1 year	297,709.11
Total	\$ 59,130,228.28					\$ 21,319,623.90

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.

Investment Risks

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. State statutes and the System's investment regulation does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. The System's investment policy is to require third party custody for the three investment funds, the LTIF, the MDIF, and the CCIP. The balances listed below relate to the securities held outside of those pools as of August 31, 2023 and August 31, 2022.

Business-Type Activities

Fiscal Year	Fund Type	Type	Uninsured and unregistered with securities held by the counterparty
2023	05	Equity	\$ 11,446,336.88
2022	05	Equity	\$ 8,711,148.91

Fiduciary Funds had no custodial credit risk for investments as of August 31, 2023 or August 31, 2022.

The Carr Foundation and TTRP had no custodial credit risk for investments as of August 31, 2023 or August 31, 2022.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of August 31, 2023, the System investments subject to interest rate risk - comingled funds such as local government investment pools, and fixed income money market funds - have an average maturity of less than one year. The System's investments in U.S. Government Agency and Municipal

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

Obligations have an average maturity of less than three years and the investments in bond mutual funds have an average maturity of less than three years.

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The LTIF, MDIF, and CCIP 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, 2023, is presented below.

Business-Type Activities

<u>FY23</u>		
Fund		International
Type	Foreign Currency	Externally Managed
		Investments
05	British pound	\$ 6,495,098.58
05	Euro	4,157,618.28
	Total	\$ 10,652,716.86

As of August 31, 2022, the exposure to foreign currency risk was: International Externally Managed Investments - \$7,052,176.11.

Fiduciary Activities

<u>FY23</u>		
Fund		International
Type	Foreign Currency	Externally Managed
		Investments
22	British pound	\$ 51,088.93
22	Euro	6,064.22
	Total	\$ 57,153.15

As of August 31, 2022, the exposure to foreign currency risk was: International Externally Managed Investments - \$58,922.12.

Discrete Component Unit - Carr Foundation

<u>FY23</u>		
Fund		International
Type	Foreign Currency	Externally Managed
		Investments
15	British pound	\$ 690,324.89
15	Euro	400,152.86
	Total	\$ 1,090,477.75

As of August 31, 2022, the exposure to foreign currency risk for the Carr Foundation was: International Externally Managed Investments - \$701,363.40.

Discrete Component Unit - TTRP had no foreign currency risk as of August 31, 2023 or August 31, 2022.

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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). The System’s CCIP investment policy limits fixed income securities to those issued by the U.S. or its agencies and instrumentalities. According to the authoritative literature from the GASB, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. However in 2011 and 2023, some of the U.S. government direct obligations were downgraded and thus U.S. government direct obligations are included in the credit risk disclosure.

As of August 31, 2023, 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	Unrated
05	U.S. Government Agency Obligations	\$ 283,042,167.95	\$ 432,788.46			
05	Corporate Obligations		\$ 118,404.00	\$ 409,809.60	\$ 2,072,609.09	
05	Miscellaneous	\$ 474,490.17				
		AAAf	AAAm	Aaf	Af	Unrated
05	Fixed Income Money Market and Bond Mutual Fund	\$ 439,192,429.73		\$200,076,159.46		\$521,327,570.31

Fiduciary Activities

Standard & Poor’s

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
22	Fixed Income Money Market and Bond Mutual Fund				\$ 2,581,633.93

Discrete Component Unit - Carr Foundation

Standard & Poor’s

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
15	Fixed Income Money Market and Bond Mutual Fund				\$ 31,108,306.12

Discrete Component Unit - TTRP had no credit risk exposure as of August 31, 2023 or August 31, 2022.

The System’s credit quality distribution for securities with credit risk exposure as of August 31, 2022 was as presented below:

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

Business-Type Activities

Standard & Poor's

Fund Type	Investment Type	AAA	AA	A	BBB	Unrated
05	U.S. Government Agency Obligations	\$ 287,673,751.49	464,803.50			
05	Corporate Obligations		119,663.64	427,344.96	1,747,975.40	
05	Miscellaneous	406,573.86				
		AAAf	Aaf	Af		Unrated
05	Fixed Income Money Market and Bond Mutual Fund	\$ 143,859,454.01	\$200,854,282.94			\$545,620,167.28

Fiduciary Activities

Standard & Poor's

Fund Type	Investment Type	AAAf	Aaf	Af	Unrated
22	Fixed Income Money Market and Bond Mutual Fund				\$ 3,096,432.00

Discrete Component Unit - Carr Foundation

Standard & Poor's

Fund Type	Investment Type	AAA	AA	A	BBB	BB	Unrated
15	Fixed Income Money Market and Bond Mutual Fund						\$ 36,857,532.60

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 options and total return swaps as investment derivatives during fiscal year 2023.

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 2023 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 master netting agreements between the System and its counterparties, and by the posting of collateral on a daily basis.

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

As of August 31, 2023 and August 31, 2022, the System had no exposure to investment **foreign currency risk in derivative investments**.

As of August 31, 2023 and August 31, 2022, Fiduciary Activities had no exposure to **foreign currency risk in derivative investments**.

As of August 31, 2023 and August 31, 2022, Discrete Component Units - Carr Foundation and TTRP had no exposure to **foreign currency risk in derivative investments**.

Note 4: Short-Term Debt

The System had the following short-term debt outstanding as of August 31, 2023.

Business-Type Activities	Balance 9/1/2022	Increases	Decreases	Balance 8/31/2023
Short-Term Debt CP Notes	\$ 75,911,000.00	\$ 53,407,000.00	\$ 73,963,000.00	\$ 55,355,000.00

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, 2023 will mature in fiscal year 2024. Commercial paper has short maturities up to 270 days with interest rates ranging from 1.20% to 3.50% for tax-exempt, and 1.30% to 5.50% 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 \$55,355,000.00 outstanding as of August 31, 2023, the remaining principal authorization is \$94,645,000.00. 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.

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

Note 5: Long-Term Liabilities

During the year ended August 31, 2023, the following changes occurred in liabilities:

Business-Type Activities	Balance 9/1/2022	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2023	Amounts due within one year	Amounts due Thereafter
Claims and Judgments	\$ 5,760,304.00	\$ 93,363.00	\$ 0.00	\$ 0.00	\$ 5,853,667.00	\$ 1,088,118.60	\$ 4,765,548.40
Right to Use Lease Obligations	52,847,677.92	5,737,053.22	12,436,241.13	0.00	46,148,490.01	6,887,176.66	39,261,313.35
Right to Use Subscription Obligations	0.00	7,230,508.71	9,362,605.07	20,428,487.91	18,296,391.55	8,833,227.71	9,463,163.84
Employees' Compensable Leave	68,509,144.20	4,293,005.52	1,350,640.74	0.00	71,451,508.98	9,345,827.54	62,105,681.44
Revenue Bonds Payable	857,508,982.35	250,025,000.00	60,995,000.00	28,101,972.61	1,074,640,954.96	77,098,519.04	997,542,435.92
Notes and Loans Payable - Direct Borrowings	0.00	36,869,354.00	0.00	0.00	36,869,354.00	0.00	36,869,354.00
Pollution Remediation Obligation	1,529,525.50	0.00	0.00	0.00	1,529,525.50	0.00	1,529,525.50
Total Business-Type Activities	\$986,155,633.97	\$ 304,248,284.45	\$ 84,144,486.94	\$ 48,530,460.52	\$1,254,789,892.00	\$ 103,252,869.55	\$1,151,537,022.45

Discrete Component Unit - Carr Foundation

Discrete Component Unit Activities	Balance 9/1/2022	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/2023	Amounts due within one year	Amounts due Thereafter
Employees' Compensable Leave	\$ 21,301.95	\$ 1,118.87	\$ 0.00	\$ 0.00	\$ 22,420.82	\$ 0.00	\$ 22,420.82

Discrete Component Unit - TTRP did not have any long term liabilities as of August 31, 2023.

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.

Right to Use Lease Obligations

The System is a lessee for various noncancellable leases of buildings, land and equipment. For leases with a maximum possible term of 12 months or more the System recognizes a lease liability and an intangible right-to-use lease asset. At the commencement of a lease, the System initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Additional information on the System's right to use lease obligations is provided in Note 8.

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

Right to Use Subscription Obligations

The System is a lessee for various noncancellable subscription-based information technology arrangements (SBITAs). For SBITAs with a maximum possible term of 12 months or more the System recognizes a subscription liability and an intangible right-to-use subscription asset. At the commencement of a subscription term, the System initially measures the subscription liability at the present value of payments expected to be made during the term. Subsequently, the subscription liability is reduced by the principal portion of payments made. Additional information on the System's right to use subscription obligations is provided in Note 8.

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

In Fiscal Year 2022, MSU became a part of the System. Their revenue bonds payable, alongside the System's revenue bonds payable are included in the table above.

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	
	FY23	FY22
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 1,342,077,017.60	\$ 1,079,019,025.84
Term of Commitment for Year Ending 8/31	2050	2050
Percentage of Revenue Pledged	100%	100%
Current Year Pledged Revenue	\$ 932,849,495.27	\$ 795,950,872.98
Current Year Principal and Interest Paid	\$ 87,488,062.10	\$ 91,701,617.94

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)

Notes and Loans Payable - Direct Borrowings

As of August 31, 2023, Red Raider Facilities Foundation (RRFF), a blended component unit of the System, entered into long-term financing contracts for the purchase of capital assets. These contracts are classified as notes and loans payable - direct borrowings. Included in these direct borrowing loans are a tax-exempt construction loan with \$159,198,833 and a taxable construction loan with \$28,931,813 undrawn balance remaining. RRFF has pledged all rights, title, and interest in its project gift and money market bank accounts as collateral for the taxable loan.

As of August 31, 2023, debt service issued for the two loans is presented below:

Year	Principal	Interest	Total
2024	0.00	1,829,629.00	1,829,629.00
2025	36,869,354.00	1,424,136.00	38,293,490.00
2026	0.00	0.00	0.00
2027	0.00	0.00	0.00
2028	0.00	0.00	0.00
Total	36,869,354.00	3,253,765.00	40,123,119.00

Additionally, an unused non-revolving line of credit of \$28,400,000 is available for capital improvements, interest, and unused line fees.

These financing arrangements for capital improvements contain provisions that in the event of default the lender has the right to take one or any of the following actions:

- shall not be required to make advances;
- may declare loans immediately due and payable; and
- shall be entitled to recover reasonable expenses incurred to enforce any of its rights or remedies.

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 \$1,529,525.50. The estimated liability is based on an analysis from ARS Aleut Remediation, LLC 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.

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

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

Detailed supplemental bond information is disclosed in the Combined:

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

In Fiscal Year 2022, MSU became a part of the System. Their bond issues outstanding, alongside the System's bond issues outstanding as of August 31, 2023 are summarized in the paragraphs that follow.

Revenue Financing System Refunding and Improvement Bonds, Series 2012B

Purpose:	To finance advance refunding of \$4,945,000 of MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety improvements and other general modernization improvements.
Issue Date:	September 15, 2012
Original Issue Amount:	\$5,415,000, all authorized bonds have been issued
Source of revenue for debt service:	MSU has pledged revenues, consisting of unappropriated fund balances and unrestricted current funds revenues available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

Revenue Financing System Building Revenue & Refunding Bonds, Series 2015A

Purpose:	To finance the construction of a new 500-bed student dormitory and an addition to the Fain Fine Arts building to expand the Mass Communications program; the refunding of \$605,000 of the MSU Building Revenue and Refunding Bonds, Series 2003, which were used to pay for improving, enlarging, and/or equipping MSU residence halls, including fire safety and other general modernization improvements; the refunding of \$6,025,000 of the Series 2007 TRB portion; and the refunding of \$7,195,000 of the Series 2007 Non-TRB portion.
Issue Date:	June 2, 2015
Original Issue Amount:	\$53,335,000, all authorized bonds have been issued
Source of revenue for debt service:	MSU has pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

Revenue Financing System Revenue & Refunding Bonds, Series 2016A

Purpose:	\$58,400,000 of the proceeds from the sale of the Series 2016A Bonds will be used for the construction of the new 84,000 gross square foot Gunn Health Sciences and Human Services building with the consolidation of the previously separately housed Simulation Center; along with substantial renovations to Moffett Library; minor renovations and code improvements to Bridwell Hall, Bolin Hall, the Fain Fine Arts Center, and the Hardin Administration Building; the relocation of Information Technology to a more secure building on campus; and other essential electrical, infrastructural, HVAC, and ADA upgrades and improvements.
Issue Date:	September 15, 2016
Original Issue Amount:	\$70,135,000; Of the \$58,400,000 authorized, \$50,975,000 have been issued.
Source of revenue for debt service:	The additional debt service for these projects will be funded with tuition revenue bond retirement appropriations authorized by the 84th Texas Legislature.

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

Revenue Financing System Revenue & Refunding Bonds, Series 2016B

Purpose:	The entire proceeds of \$11,790,000 from the sale of Series 2016B revenue and refunding bonds were used to advance refund the remaining 2008 series revenue bonds on a taxable basis.
Issue Date:	September 15, 2016
Original Issue Amount:	\$11,790,000, all authorized bonds have been issued
Source of revenue for debt service:	MSU has pledged revenues, consisting of revenues, incomes, receipts, rentals, rates, charges, fees, and tuition levied or collected from any public or private source, including interest or other income from those funds and unrestricted fund and reserve balances available, but not including remissions, governmental appropriations and gifts, Higher Education Assistance Funds, grants and contracts, student service fees, and private gifts.

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

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

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

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

Revenue Financing System Refunding and Improvement Bonds, 2023A Series

Purpose: To finance construction projects for various improvements, renovations, and additions including the following: ASU Central Physical Plant upgrades; HSC research lab renovations and facility upgrades and additions to the Midland Physicians Assistant Program building; HSC El Paso medical clinic construction; MSU Bolin Science building renovation and Central Physical Plant upgrades and additions; TTU renovations, including life and safety upgrades to Biology building and greenhouse, Experimental Sciences building, Chemistry building, Holden Hall, Psychology building, Mechanical Engineering buildings, and Science building; Reese Center roof and building renovations; TTU Junction campus research facility renovations and upgrades; and TTU Central Physical Plant tunnel and sewer upgrades and repairs. \$7,205,000 of issued funds was a partial current refunding of Revenue Financing System Commercial Paper Notes Series A for the TTU Veterinary School of Medicine Mariposa.

Issue Date: August 8, 2023

Original Issue Amount: \$193,625,000, 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, 2023B Series (Taxable)

Purpose: To finance construction projects for various improvements, renovations, and additions including the following: ASU Central Physical Plant upgrades; HSC research lab renovations and facility upgrades and additions to the Midland Physicians Assistant Program building; HSC El Paso medical clinic construction; MSU Bolin Science building renovation and Central Physical Plant upgrades and additions; TTU renovations, including life and safety upgrades to Biology building and greenhouse, Experimental Sciences building, Chemistry building, Holden Hall, Psychology building, Mechanical Engineering buildings, and Science building; Reese Center roof and building renovations; TTU Junction campus research facility renovations and upgrades; and TTU Central Physical Plant tunnel and sewer upgrades and repairs.

Issue Date: August 8, 2023

Original Issue Amount: \$56,400,000, 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, 2023:

Business-Type Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2023		
	Classification	Amount	Classification	Amount	Notional
Options	Investment Revenue	\$ 1,523,380.51	Investments	\$ 1,523,380.51	\$ 89,670,672.26
Total Return Swaps	Investment Revenue	48,431,238.75	Investments	25,801,845.13	566,978,362.29

Fiduciary Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2023		
	Classification	Amount	Classification	Amount	Notional
Options	Investment Revenue	\$ 13,449.60	Investments	\$ 13,449.60	\$ 791,682.93
Total Return Swaps	Investment Revenue	427,588.91	Investments	227,798.90	5,005,729.07

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

Discrete Component Unit - Carr Foundation

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2023		
	Classification	Amount	Classification	Amount	Notional
Options	Investment Revenue	\$ 162,065.64	Investments	\$ 162,065.64	\$ 9,539,661.91
Total Return Swaps	Investment Revenue	5,152,382.96	Investments	2,744,942.95	60,318,293.02

Discrete Component Unit - TTRP did not have any derivative activity as of August 31, 2023.

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, 2023	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 27,325,225.64	\$ 0.00	\$ 27,325,225.64	\$ 0.00

Fiduciary Activities

Investment Derivative Instruments	August 31, 2023	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 241,248.50	\$ 0.00	\$ 241,248.50	\$ 0.00

Discrete Component Unit - Carr Foundation

Investment Derivative Instruments	August 31, 2023	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ 2,907,008.59	\$ 0.00	\$ 2,907,008.59	\$ 0.00

The following disclosures summarize the System’s derivative activity as reported in the financial statements as of August 31, 2022.

Business-Type Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (31,096,040.58)	Investments	\$ (22,578,897.05)	\$ 516,137,340.77

Fiduciary Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (283,670.61)	Investments	\$ (205,973.80)	\$ 4,708,412.76

Discrete Component Unit - Carr Foundation

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2022		
	Classification	Amount	Classification	Amount	Notional
Total Return Swaps	Investment Revenue	\$ (3,376,595.62)	Investments	\$ (2,451,752.81)	\$ 56,045,305.26

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

The System classified its investment derivative instruments using Level 2 inputs in the fair value hierarchy for fiscal year 2022, as presented below:

Business-Type Activities

Investment Derivative Instruments	August 31, 2022	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ (22,578,897.05)	\$ 0.00	\$ (22,578,897.05)	\$ 0.00

Fiduciary Activities

Investment Derivative Instruments	August 31, 2022	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ (205,973.80)	0.00	\$ (205,973.80)	\$ 0.00

Discrete Component Unit - Carr Foundation

Investment Derivative Instruments	August 31, 2022	(Level 1)	(Level 2)	(Level 3)
Interest Rate Swaps	\$ (2,451,752.81)	0.00	\$ (2,451,752.81)	\$ 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/SBITAs

GASB Statement No. 87, *Leases*, effective FY 2022, established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this model, parties involved in lease contracts are required to recognize a lease liability and an intangible right-to-use asset (lessee) and a lease receivable and a deferred inflow of resources (lessor).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, effective FY 2023, defines a SBITA, establishes it as a right-to-use subscription asset and a corresponding subscription liability, and provides capitalization criteria for related outlays.

For fiscal year 2023, the System's lease contracts and subscription-based information technology arrangements have been examined according to GASB 87 and GASB 96 standards and the details for these are presented below.

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

Lease Liabilities

The System is a lessee for various noncancellable leases of buildings, land and equipment. A summary of the System's right to use lease asset activity during the year is disclosed separately in Note 2. Included in the expenditures reported in the financial statements is the following amount of rent paid or due under lease liability as of August 31, 2023 and August 31, 2022:

Fund Type	Business-Type Activities	
	FY23	FY22
Proprietary Fund	\$4,355,548.57	\$ 4,774,790.16

Future minimum lease payments at August 31, 2023 are as follows:

Fiscal Year Ended August 31	Business-Type Activities		
	Principal	Interest	Total Future Minimum Lease Payments
2024	\$ 6,887,176.66	\$ 503,073.71	\$ 7,390,250.37
2025	5,561,015.93	398,710.80	5,959,726.73
2026	4,879,530.60	307,854.05	5,187,384.65
2027	3,995,344.12	250,054.31	4,245,398.43
2028	3,834,492.36	211,654.69	4,046,147.05
2029-2033	13,812,770.48	589,931.50	14,402,701.98
2034-2038	7,069,907.77	81,513.23	7,151,421.00
2039-2043	108,252.09	3,774.78	112,026.87
Total	\$ 46,148,490.01	\$ 2,346,567.07	\$ 48,495,057.08

Lease-Leaseback

TTU had a lease, leaseback arrangement with community public television station KCOS for lease of office space and broadcasting from El Paso Community College (ECC). As a requirement of the lease, TTU leased back to ECC exclusive right to broadcast on a certain sub channel and access on the premises to do so at no cost to ECC for the duration of the original lease term. The lease was terminated August 31, 2023.

Future Leases

The System has two noncancellable lease commitments for which the term had not yet commenced as of August 31, 2023. Both leases have a commencement date of September 1, 2023 with terms that extend through 2030. The total future commitment is \$3,239,064 and include lease arrangements for office space for the TTU Small Business Development Center and office and academic classroom space in Irving, TX.

The Carr Foundation and TTRP had no right-to-use lease obligations for the years ending August 31, 2023 or 2022.

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

Lease Income

The System is a lessor for various noncancellable leases of buildings, land, office space and equipment to outside parties. Included in the revenues reported in the financial statements is the following amount of rental income received as of August 31, 2023 and August 31, 2022:

Fund Type	Business-Type Activities	
	FY23	FY22
Proprietary Fund	\$805,720.83	\$ 777,085.52

Future minimum lease rental income at August 31, 2023 are as follows:

Fiscal Year Ended August 31	Business-Type Activities		Total Future Minimum Lease Income
	Principal	Interest	
2024	\$ 1,158,201.18	\$ 275,370.90	\$ 1,433,572.08
2025	1,282,675.48	260,790.54	1,543,466.02
2026	1,203,710.16	240,055.83	1,443,765.99
2027	1,223,089.26	218,564.25	1,441,653.51
2028	1,164,340.34	197,180.95	1,361,521.29
2029-2033	3,693,644.83	789,774.76	4,483,419.59
2034-2038	998,962.36	667,332.93	1,666,295.29
2039-2043	1,094,702.88	585,845.42	1,680,548.30
2044-2048	1,101,709.53	485,070.41	1,586,779.94
2049-2053	1,106,318.44	400,513.05	1,506,831.49
2054 and beyond	4,677,036.00	625,371.38	5,302,407.38
Total	\$ 18,704,390.46	\$ 4,745,870.42	\$ 23,450,260.88

As of August 31, 2023, the System also had lease income agreements for cell phone towers and antennas affixed to System property.

The Carr Foundation and TTRP had no lease income for the years ended August 31, 2023 or 2022.

The System had no regulated lease arrangements for the years ended August 31, 2023 or 2022.

Subscription Liabilities

The System is a lessee for various noncancellable subscription-based information technology arrangements. A summary of the System's right-to-use subscription asset activity during the year is disclosed separately in Note 2. Included in the expenses reported in the financial statements is the following amount of subscription fees paid under subscription liability as of August 31, 2023:

Fund Type	Business-Type Activities
	FY23
Proprietary Fund	\$8,175,792.96

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

Future minimum subscription payments at August 31, 2023 are as follows:

Fiscal Year Ended August 31	Business-Type Activities		Total Future Minimum Subscription Payments
	Principal	Interest	
2024	\$ 8,833,227.71	\$ 267,224.68	\$ 9,100,452.39
2025	5,100,690.83	159,858.54	5,260,549.37
2026	2,660,615.88	74,693.32	2,735,309.20
2027	1,294,558.63	15,597.41	1,310,156.04
2028	407,298.50	1,867.79	409,166.29
Total	\$ 18,296,391.55	\$ 519,241.74	\$ 18,815,633.29

Variable Disclosures

Of these leases, five arrangements required payments that were partially variable and not included in the liabilities presented above. These variable payments included costs for additional users and add-ons beyond the base contract, which may fluctuate from year to year. Variable payments also included implementation costs incurred when SBITA assets were placed into use.

Variable Payments	Business-Type Activities
	FY23
(Not included in subscription liability)	\$1,878,854.44

Future Subscription Agreements

The System has entered into a software subscription agreement that will commence September 1, 2023. This agreement between ASU and iBridge Group for Blackboard Learn has terms that extend through 2027 and a total future commitment of \$998,424.

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

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

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 Annual Comprehensive Financial Report (ACFR) for the Teacher Retirement System may be obtained from their website at www.trs.texas.gov and searching for financial reports.

During the measurement period of 2022 for fiscal year 2023 reporting, and the measurement period of 2021 for fiscal year 2022 reporting, the amount of the System's contributions excluding the State match to TRS recognized by the Plan was \$28,575,447.00 for 2023, and \$26,232,321.00 for 2022. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

Required Contribution Rates

Contribution Rates - TRS Plan	FY23	FY22
Employer	8.0%	7.8%
Employees	8.0%	8.0%

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, 2022 and 2021 measurement dates.

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

Actuarial Methods and Assumptions*

Actuarial Methods and Assumptions - TRS Plan	FY23	FY22
Actuarial Valuation Date	August 31, 2021 rolled forward to August 31, 2022	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Floating	Floating
Asset Valuation Method	Fair Value	Fair Value
Actuarial Assumptions:		
Discount Rate	7.00%	7.25%
Long-term Expected Rate of Return	7.00%	7.25%
Municipal Bond Rate as of August 2020	3.91%	1.95% *
Inflation	2.30%	2.30%
Salary Increase	2.95% to 8.95% including inflation	3.05% to 9.05% including inflation
Mortality:		
Active	PUB(2010) Mortality Tables for Teachers, below median, with full generational mortality.	90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality.
Post-Retirement	2021 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 U-MP.
Ad Hoc Post-Employment Benefit Changes	None	None

Notes:

*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 valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The actuarial assumptions used in the valuation were primarily based on the result of an actuarial experience study for the four-year period ending August 31, 2021 and adopted in July 2022. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

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

The discount rate of 7.00% 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 7.00%. 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. In fiscal year 2020, employer and state contributions were 8.50% of payroll, and it is assumed that future employer and state contributions will gradually increase to 9.55% of payroll 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

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

expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the TRS Plan’s investment portfolio are presented below for fiscal years 2022 and 2021 measurement dates:

Asset Class	FY23		FY22	
	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%	4.60%	18.00%	3.60%
Non-U.S. Developed	13.00%	4.90%	13.00%	4.40%
Emerging Markets	9.00%	5.40%	9.00%	4.60%
Private Equity	14.00%	7.70%	14.00%	6.30%
Stable Value				
U.S. Treasury	16.00%	(0.20)%	16.00%	(0.20)%
Absolute Return	0.00%	3.70%	0.00%	1.10%
Stable Value Hedge Funds	5.00%	3.40%	5.00%	2.20%
Real Return				
Real Assets	15.00%	4.10%	15.00%	4.50%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	6.00%	4.70%
Commodities	0.00%	3.60%	0.00%	1.70%
Risk Parity				
Risk Parity	8.00%	4.60%	8.00%	2.80%
Asset Allocation Leverage Cash	2.00%	3.00%	2.00%	(0.70)%
Asset Allocation Leverage	(6.00)%	3.60%	(6.00)%	(0.50)%
Total	100.00%		104.00%	

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
FY23	\$ 565,552,293.00	\$ 363,554,074.00	\$ 199,825,034.00
FY22	\$ 342,071,828.00	\$ 156,543,241.00	\$ 6,023,242.00

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 2022 Annual Comprehensive Financial Report.

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

The System reported a liability of \$363,554,074.00 for its proportionate share of the TRS collective net pension liability for the year ended August 31, 2023 and \$156,543,241.00 for the year ended August 31, 2022. The collective net pension liability was measured as of August 31, 2022 for fiscal year 2023 reporting, and as of August 31, 2021 for fiscal year 2022 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, 2022 measurement date was .6123797 percent, and was .6147036 percent at the August 31, 2021 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, 2021 through August 31, 2022 for fiscal year 2023 reporting, and for the period September 1, 2020 through August 31, 2021 for fiscal year 2022 reporting.

For the years ending August 31, 2023 and 2022, the System recognized pension expense of \$42,920,029.00 and \$5,427,029.00, respectively. At August 31, 2023 and 2022, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY23		FY22	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,271,504.00	\$ 7,926,168.00	\$ 261,971.00	\$ 11,020,767.00
Changes of assumptions	67,741,956.00	16,883,188.00	55,334,978.00	24,121,304.00
Net difference between projected and actual investment return	35,917,979.00	0.00	0.00	131,259,476.00
Change in proportion and contribution difference	4,342,035.00	9,798,334.00	7,382,580.00	10,578,449.00
Contributions subsequent to the measurement date	32,395,616.00	0.00	28,235,854.00	0.00
Total	<u>\$ 145,669,090.00</u>	<u>\$ 34,607,690.00</u>	<u>\$ 91,215,383.00</u>	<u>\$ 176,979,996.00</u>

The \$32,395,616.00 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, 2024.

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:	
2024	\$ 22,321,920.00
2025	10,750,256.00
2026	989,983.00
2027	39,612,948.00
2028	4,990,677.00
Thereafter	0.00
Total	<u>\$ 78,665,784.00</u>

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

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 2023 and 2022. The contributory percentage of participant salaries by the employer (System components) was 6.8% in both fiscal years 2023 and 2022. 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 2023 and 2022, and will remain so subject to legislative change. The contributions made by plan members and the employer for the fiscal years ended August 31, 2023 and 2022 are:

	FY23	Restated FY22
Member Contributions	\$ 23,071,329.34	\$ 22,871,707.21
Employer Contributions	24,182,084.29	24,057,312.76
Total	\$ 47,253,413.63	\$ 46,929,019.97

Note 10: Deferred Compensation (administering agencies only)

Not applicable.

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

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

During the measurement period of 2022 for fiscal year 2023 reporting and the measurement period of 2021 for fiscal year 2022 reporting, the amount of the System's contributions recognized by the plan were \$20,682,053.00 for 2023 and \$22,909,612.00 for 2022. 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	FY23 ERS Plan	FY22 ERS Plan
Retiree Only	\$ 624.82	\$ 624.82
Retiree and Spouse	\$ 1,339.90	\$ 1,339.90
Retiree and Children	\$ 1,103.58	\$ 1,103.58
Retiree and Family	\$ 1,818.66	\$ 1,818.66

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, 2022 and August 31, 2021 measurement dates.

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

Actuarial Methods and Assumptions	FY23 SRHP	FY22 SRHP
Actuarial Valuation Date	August 31, 2022	August 31, 2021
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 *	3.59%	2.14%
Inflation	2.30%	2.30%
Salary Increase	2.30% to 8.95%, including inflation	2.30% to 9.05%, including inflation
Healthcare Cost and Trend Rate		
HealthSelect	5.60% for FY 2024, 5.30% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2031 and later years	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
HealthSelect Medicare Advantage	66.67% for FY 2024, 24.00% for FY 2025, 5.00% for FY 2026, 4.75% for FY 2027, 4.60% for FY 2028, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY 2031 and later years	0% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.75% for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2030 and later years
Pharmacy	10.00% for FY 2024 and FY 2025, decreasing 100 basis points per year to 5.00% for FY 2030, and 4.30% for FY 2031 and later years	10.00% for FY 2023 and FY 2024, decreasing 100 basis points per year to 5.00% for FY 2029, and 4.30% for FY 2030 and later years
Aggregate Payroll Growth	2.70%	2.70%
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	2020 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 2020	2020 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 2020
Disabled Retirees	2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively	2020 State Retirees of Texas Mortality table with a 3 year set forward for males and females with minimum rates at all ages of 3.0% for males and 2.5% for females, respectively, and Ultimate MP Projection Scale projected from the year 2020
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP-2019 Projection Scale from the year 2010	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members and Pub-2010 Public Safety Active Member Mortality table for CPO/CO members with Ultimate MP Projection Scale from the year 2010
Higher Education Members:		
Service Retirees, Survivors and Other Inactive Members	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disabled Retirees	Tables based on TRS experience with Ultimate MP-2021 Projection Scale from year 2021 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 Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP-2021 Projection Scale from year 2010	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

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

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.

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, 2014 to August 31, 2019 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. The 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;
- b. Proportion of future retirees assumed to cover dependent children;
- c. The proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement;
- d. Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short term expectations. The patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent information; and
- e. The discount rate was changed from 2.14% as of August 31, 2021 to 3.59% as of August 31, 2022 as a result of requirements by GASB No. 74 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 discount rate that was used to measure the total OPEB liability is the municipal bond rate of 3.59% as of the end of the measurement year; as of the beginning of the measurement year, the discount rate was 2.14%. 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 funds in advance of retirement, there is no long-term expected rate of return. ERS' board of trustees amended the investment policy statement in August 2022 to require that all funds in this plan be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%. The investment rate of return used to calculate the projected earnings on OPEB plan investments was 2.14%

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
FY23	\$ 932,675,707.00	\$ 799,686,162.00	\$ 693,326,491.00
FY22	\$ 1,214,709,025.00	\$ 1,019,874,320.00	\$ 867,445,267.00

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

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

Sensitivity of TTU System’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate				
Fiscal Year	Current Healthcare Cost			
	1% Decrease	Trend Rates	1% Increase	
FY23	\$ 684,821,298.00	\$ 799,686,162.00	\$ 946,337,585.00	
FY22	\$ 854,024,684.00	\$ 1,019,874,320.00	\$ 1,237,166,845.00	

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 2022 ACFR.

The System reported a liability of \$799,686,162.00 for its proportionate share of the ERS collective net OPEB liability for the year ended August 31, 2023 and \$1,019,874,320.00 for the year ended August 31, 2022. The collective net OPEB liability was measured as of August 31, 2022 for fiscal year 2023 reporting, and as of August 31, 2021 for fiscal year 2022 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, 2022 measurement date was 2.8072002 percent, and was 2.8428150 percent at the August 31, 2021 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, 2021 through August 31, 2022 for fiscal year 2023, and for the period September 1, 2020 through August 31, 2021 for fiscal year 2022 reporting.

For the years ending August 31, 2023 and 2022, the System recognized OPEB expense of \$104,348,269.40 and \$125,826,856.00, respectively. At August 31, 2023 and 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	FY23		FY22	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0.00	\$ 25,231,061.00	\$ 0.00	\$ 25,016,369.00
Changes of assumptions	46,984,750.00	247,190,561.00	69,824,593.00	113,591,167.00
Net difference between projected and actual investment return	137,932.00	0.00	180,626.00	0.00
Change in proportion and contribution difference	88,247,917.00	42,813,438.00	234,894,839.40	29,475,757.00
Contributions subsequent to the measurement date	9,324,904.00	0.00	7,810,636.00	0.00
Total	\$ 144,695,503.00	\$ 315,235,060.00	\$ 312,710,694.40	\$ 168,083,293.00

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

The \$9,324,904.00 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, 2024.

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:	
2024	\$ 12,583,608.00
2025	(60,081,014.00)
2026	(56,193,903.00)
2027	(49,227,513.00)
2028	(26,945,639.00)
Thereafter	0.00
Total	<u>\$ (179,864,461.00)</u>

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

Note 12: Interfund Activity and Transactions

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

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

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

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

System component institutions and units had no interfund receivable or interfund payables as of August 31, 2023. Tables included in previous years detailing the other types of interfund activity and transactions above are an optional presentation and are not included in this note.

Note 13: Continuance Subject to Review

The System is not subject to the Texas Sunset Act.

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

Note 14: Adjustments to Fund Balances and Net Position

During fiscal year 2023, Texas Tech University System implemented GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB 96, *Subscription-Based Information Technology Arrangements*. These changes in accounting resulted in restatements to beginning net position. For more information, see Note 8: Leases/SBITAs and Note 27: Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

In addition, the System discovered a gift recorded in fiscal year 2022 that required a restatement. This resulted in a restatement to beginning net position and to beginning cash and cash equivalents.

Business-Type Activities

Combined Statement of Revenues, Expenses and Changes in Net Position	FY22
Beginning Net Position, September 1 as previously reported	\$ 3,524,090,186.41
Restatement of Beginning Net Position for GASB 94	333,528.70
Restatement of Beginning Net Position for GASB 96	2,734,769.46
Restatement of Beginning Net Position for Gift	(230,000.00)
Beginning Net Position, September 1 as restated	\$ 3,526,928,484.57

Combined Statement of Cash Flows	FY22
Beginning Cash & Cash Equivalents, September 1 as previously reported	\$ 415,310,559.34
Restatement of Beginning Cash & Cash Equivalents for Gift	(230,000.00)
Beginning Cash & Cash Equivalents, September 1 as restated	\$ 415,080,559.34

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, 2023. These reclassifications required no restatement of fund balances or net position.

The Carr Foundation and Texas Tech Research Park had no restatements or adjustments to fund balance or net position for the year ended August 31, 2023.

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

At August 31, 2023, 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

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

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. For fiscal years 2023 and 2022, the System recorded no rebatable arbitrage.

Commitments

Investment Funds

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

As of August 31, 2023 and August 31, 2022, the remaining commitment - domestic for the System was \$256,915,452.92 and \$237,727,793.90, respectively.

As of August 31, 2023 and August 31, 2022, the remaining commitment - domestic for the System's Fiduciary Activities was \$2,004,457.52 and \$1,794,819.66, respectively.

As of August 31, 2023 and August 31, 2022, the remaining commitment – domestic for the Carr Foundation was \$24,153,415.87 and \$21,364,145.93, respectively.

As of August 31, 2023, TTRP did not have any remaining domestic commitments.

Note 16: Subsequent Events

The System issued the following Revenue Financing System Commercial Paper Notes after August 31, 2023:

Issuance	Series	Amount	Date of Issuance	Purpose
Revenue Financing System Commercial Paper Notes, Tax-Exempt	A	\$ 10,000,000.00	9/27/2023	Acquire new proceeds for construction of TTU Academic Sciences Building
Revenue Financing System Commercial Paper Notes, Taxable	A	\$ 3,300,000.00	9/27/2023	Acquire new proceeds for construction of TTU Athletics Rip Griffin Park Renovation
Revenue Financing System Commercial Paper Notes, Tax-Exempt	A	\$ 20,000,000.00	12/5/2023	Acquire new proceeds for construction of TTU Academic Sciences Building
Revenue Financing System Commercial Paper Notes, Taxable	A	\$ 4,500,000.00	12/5/2023	Acquire new proceeds for construction of TTU Academic Sciences Building, Museum East Wing Expansion, and Talkington CVPA Phase II
Revenue Financing System Commercial Paper Notes, Tax-exempt	A	\$ 2,700,000.00	1/8/2024	Acquire new proceeds for construction of TTU National Ranching Heritage Center

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

On November 7, 2023, Proposition 5 passed, establishing a new permanent endowment, the Texas University Fund (TUF), to support academic teaching institutions in Texas in achieving national prominence as major research universities. The initial TUF corpus is valued at \$3.9 billion. Texas Tech University will receive its share of the funding offered by TUF, an estimated \$44 million for fiscal year 2024. Beyond that, eligible institutions, including TTU, are entitled to include a portion of the TUF corpus when reporting institutional endowment funds. TTU estimates their portion of the TUF corpus to be approximately \$975 million, providing a significant positive effect on the university’s endowment beginning in early 2024.

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 2023 and 2022 are presented in the table below.

Claims and Judgments	Beginning Balance	Increases	Decreases	Ending Balance
FY 2023	\$ 5,760,304.00	\$ 1,243,523.15	\$ (1,150,160.15)	\$ 5,853,667.00
FY 2022	\$ 5,857,112.00	\$ 1,745,092.49	\$ (1,841,900.49)	\$ 5,760,304.00

The increase in fiscal year 2023 includes miscellaneous claims and judgments and the required actuarial adjustment for the medical malpractice self-insurance fund liability. The increase in fiscal year 2022 includes miscellaneous claims and judgments. The decrease for fiscal year 2023 includes payments for prior year miscellaneous claims and judgments. The decrease for fiscal year 2022 includes a payment for 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.

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

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 five 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 five 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, three 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), Midwestern State University (MSU) and Texas Tech University System Administration (TTUSA). In its young history, the System has emerged as a nationally acclaimed higher education system and is one of only nine in the nation (and the only non-land grant institution) to offer programs for undergraduate, medical, law, nursing, pharmacy, dental and veterinary. Headquartered in Lubbock, Texas, the System operates 26 academic locations throughout the State of Texas and internationally and its health care service area covers 108 counties, serving more than 3 million people. The System has locations statewide in Abilene, Amarillo, Brownwood, Cleburne, Dallas, El Paso, Flower Mound, Forney, Fredericksburg, Highland Lakes, Jefferson, Junction, Lubbock, Mansfield, Midland, Odessa, San Angelo, Sherman, Waco and Wichita Falls. Internationally, the System has locations in Seville, Spain and San Jose, Costa Rica. The total enrollment across all component institutions is more than 63,000 students as of Fall 2023.

In fiscal year 2023, the System maintained stellar financial ratings, receiving an Aa1 rating from Moody's Investor Service, an AA+ rating from Fitch Ratings and an AA+ rating by Kroll Bond Rating Agency. This marks the ninth straight year Fitch Ratings has issued the TTU System an AA+ rating and the eighth consecutive year Moody's has reaffirmed an AA+ rating for the TTU System. These ratings solidify the TTU System's place among the nation's elite institutions for financial strength and practices as one of only 26 public higher education institutions in the U.S. to receive a rating of AA+/Aa1 or better.

The System employs more than 19,000 faculty and staff and has an annual combined operating budget of \$2.9 billion consisting of revenues from the following sources: 43% designated funding, 31% appropriated funds by the Texas Legislature, 17% restricted funds, and 9% from auxiliaries.

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

Texas Tech University System (793) – Notes to the Combined Financial Statements (continued)**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), Midwestern State University (MSU) 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 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,

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

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.

Red Raider Facilities Foundation, Inc. (RRFF), is a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code (IRC) and exempt from income taxes. RRFF shall be operated exclusively for charitable and educational purposes within the meaning of the IRC. It was formed to support and promote, and otherwise hold, invest, construct and administer property, and make expenditures for the benefit of athletic activities and endeavors of TTU. The RRFF Board of Directors are appointed one each by the TTU President, the TTU System Chancellor, and the Texas Tech Board of Regents Chairman. Although RRFF is legally separate from TTU, financial transactions have been blended into the financial statements of TTU rather than discretely presented because RRFF operates exclusively for the benefit of TTU. RRFF's fiscal year end is August 31. Audited financial statements may be obtained by mail request to 801 Cherry Street, Suite 500, Fort Worth, TX 76102.

The condensed financial statements for the System blended component units as of August 31, 2023 are presented below.

	Blended Component Units			
	TTFI	TTPA	ASUF	RRFF
Condensed Statement of Net Position				
Total Assets	\$890,446,404.41	\$ 1,109,100.13	\$ 41,498,889.24	\$143,095,740.00
Total Liabilities and Deferred Inflows of Resources	4,801,636.80	215.85	7,470.05	49,597,043.00
Net Position:				
Net Investment in Capital Assets	2,595,139.25	0.00	0.00	10,047,260.00
Restricted:				
Nonexpendable:				
Endowments	654,886,481.88	0.00	37,375,917.98	0.00
Expendable:				
Capital Projects	0.00	0.00	0.00	83,451,437.00
Other	222,091,110.31	0.00	4,115,501.21	0.00
Unrestricted	6,072,036.17	1,108,884.28	0.00	0.00
Total Net Position	\$885,644,767.61	\$ 1,108,884.28	\$ 41,491,419.19	\$ 93,498,697.00

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

	Blended Component Units			
	TTFI	TTPA	ASUF	RRFF
Condensed Statement of Revenues, Expenses and Changes in Net Position				
Operating Revenues				
Other Sales and Services	\$ 148,952.78	\$ 0.00	\$ 0.00	\$ 0.00
Professional Fees	0.00	1,938,306.83	0.00	0.00
Federal Grants and Contracts	0.00	168,608.69	0.00	0.00
Nongovernmental Grants and Contracts	1,807,944.00	0.00	0.00	0.00
Total Operating Revenues	1,956,896.78	2,106,915.52	0.00	0.00
Operating Expenses				
Professional Fees and Services	724,999.61	336,689.53	(3,000.00)	397,076.00
Travel	48,154.86	0.00	229,338.44	0.00
Materials and Supplies	60,126.28	0.00	366,825.08	0.00
Communications and Utilities	21,471.13	0.00	4,139.75	0.00
Repairs and Maintenance	103,516.00	0.00	740.13	0.00
Rentals and Leases	564,610.13	0.00	176,636.50	0.00
Printing and Reproduction	33,648.48	0.00	2,896.84	0.00
Depreciation	66,510.19	0.00	0.00	0.00
Interest	90.53	0.00	0.00	0.00
Other Operating Expenses	1,843,411.98	42,660.09	1,399,473.64	14,345.00
Distributions to Component Institutions	94,553,802.97	0.00	0.00	0.00
Total Operating Expenses	98,020,342.16	379,349.62	2,177,050.38	411,421.00
Operating Income (Loss)	(96,063,445.38)	1,727,565.90	(2,177,050.38)	(411,421.00)
Nonoperating Revenues (Expenses)				
Private Gifts	59,276,884.40	0.00	15,655,518.55	0.00
Investment Income (Expense)	37,855,156.06	24,100.71	15,253.03	539,955.00
Interest Expense on Capital Asset Financing	0.00	0.00	0.00	(425,380.00)
Other Nonoperating Revenues (Expenses)	423,845.01	0.00	1,232,137.28	(1,734,279.00)
Total Nonoperating Revenues and Expenses	97,555,885.47	24,100.71	16,902,908.86	(1,619,704.00)
Other Revenues, Expenses, Gains, Losses and Transfers				
Capital Contributions	15,693,196.65	0.00	0.00	22,662,692.00
Contributions to Permanent and Term Endowments	23,094,430.84	0.00	0.00	0.00
Transfers to Components/Other Funds	0.00	(1,711,115.90)	(12,574,227.55)	0.00
Total Other Revenues, Expenses, Gains, Losses and Transfers	38,787,627.49	(1,711,115.90)	(12,574,227.55)	22,662,692.00
Total Change in Net Position	40,280,067.58	40,550.71	2,151,630.93	20,631,567.00
Beginning Net Position (September 1)	845,364,700.03	1,068,333.57	39,339,788.26	72,867,130.00
Ending Net Position (August 31)	<u>\$885,644,767.61</u>	<u>\$ 1,108,884.28</u>	<u>\$ 41,491,419.19</u>	<u>\$ 93,498,697.00</u>

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

	Blended Component Units			
	TTFI	TTPA	ASUF	RRFF
Condensed Statement of Cash Flows				
Net Cash Provided (Used) by Operating Activities	\$ (93,439,881.28)	\$ 1,703,246.72	\$ (2,415,296.53)	\$ (399,572.00)
Net Cash Provided (Used) by Noncapital Financing Activities	59,952,560.33	(1,711,115.90)	4,313,428.28	0.00
Net Cash Provided (Used) by Capital and Related Financing Activities	17,854,628.93	0.00	0.00	2,681,260.31
Net Cash Provided (Used) by Investing Activities	14,945,385.92	24,100.71	(2,665,002.71)	474,065.00
Total Net Cash Flows	<u>(687,306.10)</u>	<u>16,231.53</u>	<u>(766,870.96)</u>	<u>2,755,753.31</u>
Beginning Cash and Cash Equivalents (September 1) as restated	2,948,877.40	1,030,405.88	2,192,679.84	13,950,910.69
Ending Cash and Cash Equivalents (August 31)	<u>\$ 2,261,571.30</u>	<u>\$ 1,046,637.41</u>	<u>\$ 1,425,808.88</u>	<u>\$ 16,706,664.00</u>

Discretely Presented Component Units

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.

Texas Tech Research Park, Inc. (TTRP) is a Texas nonprofit corporation qualified under section 501(c)(3) of the Internal Revenue Code (IRC) and exempt from income taxes. TTRP shall be operated exclusively for charitable, educational, and scientific purposes within the meaning of the IRC. TTRP was formed to provide support for and promote, sponsor, assist and carry out the educational, scientific, and related activities and objectives of the TTUS and will support and enhance scientific research and collaborative innovation opportunities for TTUS and the surrounding region. The nine-member Board of Directors are appointed two each by the TTU President and TTUHSC President, one appointment by the TTU System Chancellor and the remaining four director roles are elected by existing TTRP Board of Directors. No board members may be employees of the TTUS and appointing persons have the right to revoke and remove the director role he/she appoints at any time. The TTRP financial statements are included at the end of this report as a discretely presented component unit of the TTUS. TTRP's fiscal year end is August 31 and financial statements may be obtained by mail request to 3911 4th Street, Box 43005, Lubbock, TX 79415.

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

Related Organization

The MSU Charitable Trust was terminated on September 1, 2021, and all assets were distributed to the MSU Foundation, which is organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Note 20: Stewardship, Compliance and Accountability

In Fiscal Year 2023, Texas Tech Research Park, Inc. reported a deficit balance for fund 4172. The deficit is a result of accounts payable exceeding cash at the end of the fiscal year.

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.

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
	FY23	FY22	
True Endowments	\$ 202,114,679.44	\$ 205,033,904.21	Restricted Expendable
Term Endowments	0.00	0.00	Restricted Expendable
Total	<u>\$ 202,114,679.44</u>	<u>\$ 205,033,904.21</u>	

*There was a negative fair value adjustment totaling \$(2,919,224.77) for fiscal year 2023, and a negative fair value adjustment of \$(58,045,689.99) for fiscal year 2022.

Term endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2023 and 2022.

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

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

<u>Changes from Prior Year Balances</u>		
Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
		The increase in the assets under management was propelled by the run up in risk assets over the last year. This was driven by mid year better-than-expected economic data and moderating inflation. This data provided better than expected gains in the equity markets which bolstered moderate gains in credit.
True Endowments	\$ (3,192,334.82)	
Term Endowments	0.00	
Total	\$ (3,192,334.82)	

Midwestern State University Donor-Restricted Endowments

In Fiscal Year 2023, MSU held endowments outside of the System's funds. These endowments are managed by American National Bank and Trust and reflected above with the System's funds. MSU'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.

Discrete Component Unit - Carr Foundation

Donor-Restricted Endowments	Amount of Net Appreciation *		Reported in Combined Statement of Net Position
	FY23	FY22	
True Endowments	\$ 0.00	\$ 0.00	Restricted Expendable

*There was a negative fair value adjustment totaling \$(4,394,696.41) for fiscal year 2023, and a negative fair value adjustment of \$(11,830,592.49) for fiscal year 2022.

True endowments reported \$0.00 for net appreciation due to the endowments being underwater in both fiscal years 2023 and 2022.

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

<u>Changes from Prior Year Balances</u>		
Endowment Funds	Increase/(Decrease)	Reason for Change
Expendable Balances		
		The increase in the assets under management was propelled by the run up in risk assets over the last year. This was driven by mid year better-than-expected economic data and moderating inflation. This data provided better than expected gains in the equity markets which bolstered moderate gains in credit.
True Endowments	\$ (4,394,696.41)	

Discrete Component Unit - TTRP had no reportable donor-restricted endowments for the years ended August 31, 2023 or 2022.

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

Note 23: Extraordinary and Special Items

The System had no special or extraordinary items to report for the years ended August 31, 2022 and August 31, 2021.

Note 24: Disaggregation of Receivable and Payable Balances

Net other receivables current as reported in the State of Texas Comptroller's accounting system as of August 31, 2023 and August 31, 2022 are detailed by type as shown in the table below. The System had no other reportable disaggregation of receivable and payable balances as of August 31, 2023 nor as of August 31, 2022.

Net Other Receivables Current	FY 2023	FY 2022
Patient Receivables	\$ 22,886,975.39	\$ 22,364,317.16
Contract Receivables	40,802,860.72	38,555,188.30
Accounts Receivables	8,782,312.85	7,165,371.19
Current Other Receivables	4,830,157.85	5,275,412.42
Total A/R - Other Revenue and Current Other Receivables	<u>\$ 77,302,306.81</u>	<u>\$ 73,360,289.07</u>

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, 2023 or as of August 31, 2022.

Note 26: Segment Information

The System has no reportable segments as of August 31, 2023 or as of August 31, 2022.

Note 27: Public-Private and Public-Public Partnerships and Availability Payment Arrangements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective FY 2023, establishes a Public-Private and Public-Public Partnership (PPP) as an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction.

For fiscal year 2023, the System has five arrangements that fit the criteria of a public-private and public-public partnerships (PPPs).

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

A general description of each PPP, including status, term and duration, is presented below for August 31, 2023:

Public-Private and Public-Public Partnerships

<u>Public-Private and Public-Public Partnerships</u>					
Partnership Name	Construction Status	Term of Concession	Meets Definition of SCA*	Contract Begin	Contract End
TTU Athletics Facilities Concessions and Catering	N/A	19 years	Yes	2010	2029
TTU Campus Bookstore and Cafe	Complete	3 years	Yes	2021	2024
Texas Tech Club	Complete	5 years	No	2022	2027
ASU Campus Bookstore	Existing Asset	15 years	No	2013	2028
ASU Food Service Agreement	Existing Asset	15 years	No	2015	2030

*Service Concession Arrangement

For all five of the System's PPPs, the underlying PPP asset was an existing asset of the System. Improvements were made to the underlying assets of the TTU Campus Bookstore and Cafe and the Texas Tech Club. In addition, new assets were purchased for the Texas Tech Club and are reflected as PPP assets receivable. Present value of PPP installment payments are discounted based on a borrowing rate determined by the System of 0.69%.

The nature and extent of rights retained by the System as transferor under the PPP arrangements include, but are not limited to, maintaining residual interest of the utility of the assets used in P3 agreements and setting prices and hours of operations. Rights granted to operators in these arrangements may include the ability to make improvements to the space with written permission from the System.

Public-Private and Public-Public Partnership amounts reported as of August 31, 2023 are presented below:

Business-Type Activities

Arrangement Name	Receivable for Installment Payments*	Receivable for PPP Assets	Deferred Inflows of Resources**	Variable and Other Payments
TTU Athletics Facilities Concessions and Catering				\$ 2,253,151.16
TTU Campus Bookstore and Cafe			\$ 448,749.12	773,834.47
Texas Tech Club		\$ 457,984.12	2,625,805.59	465,750.05
ASU Campus Bookstore	\$ 832,208.95		825,917.53	
ASU Food Service Agreement	1,942,396.61		1,534,227.20	
Total	<u>\$ 2,774,605.56</u>	<u>\$ 457,984.12</u>	<u>\$ 5,434,699.44</u>	<u>\$ 3,492,735.68</u>

*PPP asset is recognized at acquisition value when it is put into service.

**Payments not included in the measurement of the receivable for installment payments.

Availability Payment Arrangements

The System had no availability payment arrangements as of August 31, 2023 or as of August 31, 2022.

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

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

In fiscal year 2023 and fiscal year 2022, 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, split-interest agreements, public-private and public-public partnerships (PPPs), and leases as presented below.

Fiscal Year	Business-Type Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
FY23	Defined Benefit Pension Plans (Note 9)	\$ 145,669,090.00	\$ 34,607,690.00
	Postemployment Benefits Other Than Pensions (Note 11)	144,695,503.00	315,235,060.00
	Public-Private and Public-Public Partnerships (PPPs)	0.00	5,434,699.44
	Bond/Debt Refunding	2,144,940.40	0.00
	Split-interest Agreements	0.00	30,082,003.04
	Leases	0.00	18,273,015.15
	Total	<u>\$ 292,509,533.40</u>	<u>\$ 403,632,467.63</u>
Restated			
FY22	Defined Benefit Pension Plans (Note 9)	\$ 91,215,383.00	\$ 176,979,996.00
	Postemployment Benefits Other Than Pensions (Note 11)	312,710,694.40	168,083,293.00
	Public-Private and Public-Public Partnerships (PPPs)	0.00	2,761,315.05
	Bond/Debt Refunding	2,339,934.98	0.00
	Split-interest Agreements	0.00	27,002,182.43
	Leases	0.00	16,481,961.31
	Total	<u>\$ 406,266,012.38</u>	<u>\$ 391,308,747.79</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, 2023, or for the year ended August 31, 2022.

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, 2023, or for the year ended August 31, 2022.

Note 31: Tax Abatements

The System had no tax abatement arrangements for the years ended August 31, 2023 or August 31, 2022.

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, 2023

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, 2023

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

This schedule is no longer required to be presented.

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**Texas Tech University System (793)
 Combined Schedule 2A - Miscellaneous Bond Information
 For the Year Ended August 31, 2023**

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Final Maturity Date	
Revenue Bonds						
Rev Fin Sys Rev Ref & Imp Bds Ser '12B	\$ 5,415,000.00	0.5000%	3.2500%	2013	12/1/2024	12/1/2022
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A	53,335,000.00	2.0000%	5.0000%	2016	12/1/2044	6/1/2025
Rev Fin Sys Rev & Ref Bds Ser '16A	72,250,000.00	2.0000%	5.0000%	2016	12/1/2035	12/1/2026
Rev Fin Sys Rev & Ref Bds Ser '16B	11,790,000.00	1.4260%	2.6660%	2019	12/1/2034	12/1/2026
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	314,745,000.00	0.4050%	2.8780%	2020	2/15/2050	2/15/2029
Rev Fin Sys Ref & Imp Bds Ser '23A	193,625,000.00	5.0000%	5.0000%	2025	2/15/2040	2/15/2034
Rev Fin Sys Imp Bds Ser Tax '23B	<u>56,400,000.00</u>	4.6420%	5.2800%	2024	2/15/2029	N/A
Total	<u><u>\$ 1,400,865,000.00</u></u>					

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**Texas Tech University System (793)
Combined Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2023**

Description of Issue	Bonds Outstanding 9/1/22	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Par Value Adjustments	Bonds Outstanding 8/31/23
Revenue Bonds						
Rev Fin Sys Rev Ref & Imp Bds Ser '12B	\$ 1,830,000.00		\$ 590,000.00			\$ 1,240,000.00
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A	48,100,000.00		1,635,000.00			46,465,000.00
Rev Fin Sys Rev & Ref Bds Ser '16A	58,390,000.00		3,215,000.00			55,175,000.00
Rev Fin Sys Rev & Ref Bds Ser '16B	9,780,000.00		695,000.00			9,085,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	58,905,000.00		1,935,000.00			56,970,000.00
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B	110,585,000.00		16,095,000.00			94,490,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	61,700,000.00		3,995,000.00			57,705,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B	195,825,000.00		22,190,000.00			173,635,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '20	294,360,000.00		10,645,000.00			283,715,000.00
Rev Fin Sys Ref & Imp Bds Ser '23A	0.00	\$193,625,000.00	0.00			193,625,000.00
Rev Fin Sys Imp Bds Ser Tax '23B	0.00	56,400,000.00	0.00			56,400,000.00
Total	<u>\$839,475,000.00</u>	<u>\$250,025,000.00</u>	<u>\$ 60,995,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$1,028,505,000.00</u>

Description of Issue	Unamortized Premium	Unamortized Discount	Other Adjustments	Net Bonds Outstanding 8/31/23	Amounts Due Within One Year
Revenue Bonds					
Rev Fin Sys Rev Ref & Imp Bds Ser '12B				\$ 1,240,000.00	\$ 610,000.00
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A	\$ 1,998,187.87			48,463,187.87	1,845,151.81
Rev Fin Sys Rev & Ref Bds Ser '16A	7,616,528.79			62,791,528.79	3,960,886.83
Rev Fin Sys Rev & Ref Bds Ser '16B				9,085,000.00	715,000.00
Rev Fin Sys Ref & Imp Bds 16th Ser '15A	2,011,053.00			58,981,053.00	2,322,772.20
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				94,490,000.00	16,570,000.00
Rev Fin Sys Ref & Imp Bds Ser '17A	4,479,278.75			62,184,278.75	5,033,794.60
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				173,635,000.00	21,665,000.00
Rev Fin Sys Ref & Imp Bds Tax Ser '20				283,715,000.00	10,150,000.00
Rev Fin Sys Ref & Imp Bds Ser '23A	30,030,906.55			223,655,906.55	3,065,913.60
Rev Fin Sys Imp Bds Ser Tax '23B				56,400,000.00	11,160,000.00
Total	<u>\$ 46,135,954.96</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$1,074,640,954.96</u>	<u>\$ 77,098,519.04</u>

Note: The '15A Series amount due within one year includes bond premium amortization of \$95,151.81. The '16A Series amount due within one year includes bond premium amortization of \$585,886.83. The 16th Series '15A amount due within one year includes bond premium amortization of \$287,772.20. The 2017A Series amount due within one year includes bond premium amortization of \$823,794.60. The 2023A Series amount due within one year includes bond premium amortization of \$3,065,913.60.

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Texas Tech University System (793)
Combined Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2023

Description of Issue	Fiscal Year	Principal	Interest	Total
Revenue Bonds				
Rev Fin Sys Rev Ref & Imp Bds Ser '12B				
	2024	\$ 610,000.00	\$ 30,150.85	\$ 640,150.85
	2025	630,000.00	10,209.15	640,209.15
		1,240,000.00	40,360.00	1,280,360.00
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A				
	2024	1,750,000.00	2,003,606.26	3,753,606.26
	2025	1,880,000.00	1,912,856.26	3,792,856.26
	2026	2,020,000.00	1,815,356.26	3,835,356.26
	2027	2,165,000.00	1,710,731.26	3,875,731.26
	2028	2,320,000.00	1,598,606.26	3,918,606.26
	2029-2033	9,435,000.00	6,579,731.30	16,014,731.30
	2034-2038	8,790,000.00	4,617,531.30	13,407,531.30
	2039-2043	12,120,000.00	2,532,812.56	14,652,812.56
	2044-2045	5,985,000.00	250,490.65	6,235,490.65
		46,465,000.00	23,021,722.11	69,486,722.11
Rev Fin Sys Rev & Ref Bds Ser '16A				
	2024	3,375,000.00	2,309,525.00	5,684,525.00
	2025	3,545,000.00	2,136,525.00	5,681,525.00
	2026	3,735,000.00	1,954,525.00	5,689,525.00
	2027	3,920,000.00	1,763,150.00	5,683,150.00
	2028	4,115,000.00	1,562,275.00	5,677,275.00
	2029-2033	22,985,000.00	5,063,700.00	28,048,700.00
	2034-2036	13,500,000.00	762,200.00	14,262,200.00
		55,175,000.00	15,551,900.00	70,726,900.00
Rev Fin Sys Rev & Ref Bds Ser '16B				
	2024	715,000.00	267,669.00	982,669.00
	2025	735,000.00	250,369.65	985,369.65
	2026	750,000.00	231,684.60	981,684.60
	2027	770,000.00	211,798.00	981,798.00
	2028	790,000.00	190,331.70	980,331.70
	2029-2033	4,100,000.00	574,883.55	4,674,883.55
	2034-2035	1,225,000.00	34,575.80	1,259,575.80
		\$ 9,085,000.00	\$ 1,761,312.30	\$ 10,846,312.30

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**Texas Tech University System (793)
 Combined Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2023**

Description of Issue	Fiscal Year	Principal	Interest	Total
Rev Fin Sys Ref & Imp Bds 16th Ser '15A				
	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	2,245,000.00	2,021,381.26	4,266,381.26
	2027	4,825,000.00	1,895,293.76	6,720,293.76
	2028	4,990,000.00	1,747,986.26	6,737,986.26
	2029-2033	29,635,000.00	5,700,808.80	35,335,808.80
	2034-2038	9,415,000.00	825,021.90	10,240,021.90
	2039-2040	1,690,000.00	61,806.25	1,751,806.25
		56,970,000.00	16,618,310.75	73,588,310.75
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B				
	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	10,965,000.00	2,079,143.16	13,044,143.16
	2027	7,780,000.00	1,775,542.02	9,555,542.02
	2028	6,310,000.00	1,534,589.30	7,844,589.30
	2029-2033	17,905,000.00	5,249,841.69	23,154,841.69
	2034-2038	8,020,000.00	2,749,650.70	10,769,650.70
	2039-2043	6,765,000.00	1,381,453.50	8,146,453.50
	2044-2045	3,125,000.00	131,730.90	3,256,730.90
		94,490,000.00	20,402,749.11	114,892,749.11
Rev Fin Sys Ref & Imp Bds Ser '17A				
	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	5,300,000.00	2,299,500.00	7,599,500.00
	2027	4,470,000.00	2,055,250.00	6,525,250.00
	2028	5,030,000.00	1,817,750.00	6,847,750.00
	2029-2033	22,425,000.00	5,319,375.00	27,744,375.00
	2034-2036	12,195,000.00	867,375.00	13,062,375.00
		57,705,000.00	17,634,125.00	75,339,125.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B				
	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	22,440,000.00	4,293,234.50	26,733,234.50
	2027	17,290,000.00	3,636,990.50	20,926,990.50
	2028	17,545,000.00	3,038,603.75	20,583,603.75
	2029-2033	63,060,000.00	6,477,787.00	69,537,787.00
	2034-2038	9,320,000.00	902,000.00	10,222,000.00
		\$ 173,635,000.00	\$ 29,036,032.47	\$ 202,671,032.47

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Texas Tech University System (793)
Combined Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2023

Description of Issue	Fiscal Year	Principal	Interest	Total
Rev Fin Sys Ref & Imp Bds Tax Ser '20				
	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	7,325,000.00	6,303,515.00	13,628,515.00
	2027	7,505,000.00	6,209,945.00	13,714,945.00
	2028	8,165,000.00	6,096,410.00	14,261,410.00
	2029-2033	50,865,000.00	27,643,082.00	78,508,082.00
	2034-2038	39,835,000.00	22,927,008.00	62,762,008.00
	2039-2043	146,065,000.00	6,556,626.00	152,621,626.00
	2044-2048	2,465,000.00	338,094.00	2,803,094.00
	2049-2050	1,090,000.00	31,658.00	1,121,658.00
		283,715,000.00	88,984,452.00	372,699,452.00
Rev Fin Sys Ref & Imp Bds Ser '23A				
	2024	—	9,869,496.52	9,869,496.52
	2025	1,045,000.00	9,655,125.00	10,700,125.00
	2026	4,240,000.00	9,523,000.00	13,763,000.00
	2027	4,450,000.00	9,305,750.00	13,755,750.00
	2028	5,725,000.00	9,051,375.00	14,776,375.00
	2029-2033	88,825,000.00	34,228,375.00	123,053,375.00
	2034-2038	72,545,000.00	10,799,125.00	83,344,125.00
	2039-2040	16,795,000.00	978,125.00	17,773,125.00
		193,625,000.00	93,410,371.52	287,035,371.52
Rev Fin Sys Imp Bds Ser Tax '23B				
	2024	11,160,000.00	2,513,581.27	13,673,581.27
	2025	11,010,000.00	1,888,493.28	12,898,493.28
	2026	10,155,000.00	1,366,094.64	11,521,094.64
	2027	10,655,000.00	873,294.95	11,528,294.95
	2028	10,120,000.00	391,107.20	10,511,107.20
	2029	3,300,000.00	78,111.00	3,378,111.00
		56,400,000.00	7,110,682.34	63,510,682.34
Total Principal and Interest				
	2024	72,240,000.00	37,126,637.36	109,366,637.36
	2025	74,670,000.00	34,428,185.96	109,098,185.96
	2026	69,175,000.00	31,887,434.42	101,062,434.42
	2027	63,830,000.00	29,437,745.49	93,267,745.49
	2028	65,110,000.00	27,029,034.47	92,139,034.47
	2029-2033	312,535,000.00	96,915,695.34	409,450,695.34
	2034-2038	174,845,000.00	44,484,487.70	219,329,487.70
	2039-2043	183,435,000.00	11,510,823.31	194,945,823.31
	2044-2048	11,575,000.00	720,315.55	12,295,315.55
	2049-2050	1,090,000.00	31,658.00	1,121,658.00
		\$ 1,028,505,000.00	\$ 313,572,017.60	\$ 1,342,077,017.60

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**Texas Tech University System (793)
 Combined Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2023**

Pledged and Other Sources and Related Expenditures for FY 2023

Description of Issue	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
Revenue Bonds:				
Rev Fin Sys Rev Ref & Imp Bds Ser '12B			\$ 590,000.00	\$ 48,854.35
Rev Fin Sys Bldg Rev & Ref Bds Ser '15A			1,635,000.00	2,088,231.26
Rev Fin Sys Rev & Ref Bds Ser '16A			3,215,000.00	2,474,275.00
Rev Fin Sys Rev & Ref Bds Ser '16B			695,000.00	283,390.95
Rev Fin Sys Ref & Imp Bds 16th Ser '15A			1,935,000.00	2,334,381.26
Rev Fin Sys Ref & Imp Bds Tax 17th Ser '15B			16,095,000.00	3,455,693.81
Rev Fin Sys Ref & Imp Bds Ser '17A			3,995,000.00	2,946,125.00
Rev Fin Sys Ref & Imp Bds Tax Ser '17B			22,190,000.00	6,305,871.47
Rev Fin Sys Ref & Imp Bds Tax Ser '20			10,645,000.00	6,556,239.00
Total	\$ 932,849,495.27	(B)	\$ 60,995,000.00	\$ 26,493,062.10

(A) Beginning balances as of 09/01/22 of \$1,288,305,613.28 are not included in "Total Pledged and Other Sources".

(B) Expenditures associated with pledged sources were approximately \$914,842,515.29.

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Texas Tech University System (793)
Combined Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2023

Description of Issue	Year Defeased	Par Value Outstanding
Revenue Bonds		<u>\$ 0.00</u>

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Texas Tech University System (793)
Combined Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2023

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

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Texas Tech University System (793)
Combined Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2023

Cash in State Treasury	Current Unrestricted	Current Restricted
Local Revenue (Fund 0227)	\$ 5,242,736.04	\$ 0.00
Local Revenue (Fund 0239)	19,098,196.16	0.00
Local Revenue (Fund 0255)	4,893,125.38	0.00
Local Revenue (Fund 0264)	5,290,206.51	0.00
Local Revenue (Fund 0294)	10,317,836.91	0.00
Local Revenue (Fund 0325)	0.00	431,070.08
Permanent Health Fund - El Paso Campus (Fund 0820)	4,520,041.65	0.00
Permanent Health Fund - Other Campuses (Fund 0821)	6,747,063.70	0.00
Total Cash in State Treasury	\$ 56,109,206.35	\$ 431,070.08

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

	2023	2022	2021	2020	2019
TTU System's proportion of the net pension liability	0.6123797 %	0.6147036 %	0.6024890 %	0.6116105 %	0.6081304 %
TTU System's proportionate share of net pension liability	\$363,554,074.00	\$156,543,241.00	\$322,680,807.00	\$317,934,234.00	\$334,729,720.00
TTU System's covered payroll	\$322,542,056.84	\$306,493,078.63	\$292,393,180.74	\$276,644,114.00	\$265,427,058.00
TTU System's proportionate share of net pension liability as a percentage of its covered payroll	112.72 %	51.08 %	110.36 %	114.93 %	126.11 %
Plan fiduciary net position as a percentage of the total pension liability	75.62 %	88.79 %	75.54 %	75.24 %	73.74 %
	2018	2017	2016	2015	
TTU System's proportion of the net pension liability	0.5766112 %	0.5788987 %	0.5280855 %	0.6064722 %	
TTU System's proportionate share of net pension liability	\$184,369,216.00	\$218,757,231.00	\$186,671,195.00	\$162,030,163.65	
TTU System's covered payroll	\$242,817,459.00	\$235,859,714.00	\$203,038,968.00	\$222,298,083.81	
TTU System's proportionate share of net pension liability as a percentage of its covered payroll	75.93 %	92.75 %	91.94 %	72.89 %	
Plan fiduciary net position as a percentage of the total pension liability	82.17 %	78.00 %	78.43 %	83.25 %	

Note: This schedule is intended to present 10 years of information. Currently only nine 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

	2023	2022	2021	2020	2019
Statutorily required contributions	\$28,609,480.44	\$27,798,922.23	\$27,280,283.76	\$26,225,862.22	\$20,836,024.00
Contributions in relation to the statutorily required contributions	28,575,447.00	26,232,321.00	24,858,860.00	21,407,103.00	20,486,374.00
Contribution deficiency (excess)	34,033.44	1,566,601.23	2,421,423.76	4,818,759.22	349,650.00
TTU System's covered payroll	322,542,056.84	306,493,078.63	292,383,180.74	276,644,114.00	265,427,058.00
Contributions as a percentage of covered payroll	8.86 %	8.56 %	8.50 %	7.74 %	7.72 %
	2018	2017	2016	2015	
Statutorily required contributions	\$19,279,706.00	\$18,680,089.00	\$16,750,715.00	\$19,273,243.86	
Contributions in relation to the statutorily required contributions	18,861,478.00	18,429,661.00	15,681,265.00	15,253,844.56	
Contribution deficiency (excess)	418,228.00	250,428.00	1,069,450.00	4,019,399.30	
TTU System's covered payroll	242,817,459.00	235,859,714.00	203,038,968.00	222,298,083.81	
Contributions as a percentage of covered payroll	7.77 %	7.81 %	7.72 %	6.86 %	

Note: This schedule is intended to present 10 years of information. Currently only nine 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

	2023	2022	2021	2020	2019	2018
TTU System's proportion of the net OPEB liability	2.8072002 %	2.8428150 %	2.6962363 %	2.6636141 %	2.7025980 %	0.8421099 %
TTU System's proportionate share of the net OPEB liability	\$ 799,686,162.00	\$1,019,874,320.00	\$ 890,961,356.00	\$ 920,616,292.00	\$ 800,989,039.00	\$286,932,208.00
TTU System's covered payroll	357,472,524.10	339,336,905.00	341,215,363.00	328,158,007.00	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	223.71 %	300.55 %	261.11 %	280.54 %	240.57 %	290.10 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.57 %	0.38 %	0.32 %	0.17 %	1.28 %	2.04 %

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 5B - TTU System's ERS Employer Contributions
For the Years Ended August 31

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$59,260,779.36	\$77,339,298.57	\$69,838,893.00	\$71,576,849.00	\$63,041,982.00	\$22,862,931.00
Contributions in relation to the statutorily required contributions	20,682,053.00	22,909,612.00	21,195,278.00	11,226,273.00	8,745,978.00	7,892,593.19
Contribution deficiency (excess)	38,578,726.36	54,429,686.57	48,643,615.00	60,350,576.00	54,296,004.00	14,970,337.81
TTU System's covered payroll	357,472,524.10	339,336,905.00	341,215,363.00	328,158,007.00	332,960,835.00	98,908,419.00
Contributions as a percentage of covered payroll	5.79 %	6.75 %	6.21 %	3.42 %	2.63 %	7.98 %

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 Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS & CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 107,500.64	\$ 4,756.00	\$ 18,171.66	\$ 0.00	\$ 32,258.88	\$ 0.00	\$ 1,304,808.58
Salaries and Wages	515,654,253.61	143,413,119.61	84,210,707.02	80,842,034.96	153,533,657.31	53,499,947.36	82,349,076.40
Payroll Related Costs	151,808,651.07	50,930,513.84	29,197,921.62	35,987,040.59	57,593,423.34	21,921,347.04	42,246,992.18
Professional Fees and Services	16,384,660.80	5,404,606.05	52,380,902.81	2,205,605.38	14,083,861.40	6,126,014.68	24,882,911.90
Travel	7,463,340.46	6,587,252.36	2,160,363.20	74,638.79	6,975,216.23	4,015,274.80	2,352,809.19
Materials and Supplies	11,322,115.31	15,913,664.34	14,521,638.12	10,673,347.56	18,251,346.50	8,323,059.26	3,824,965.52
Communications and Utilities	2,247,514.85	2,554,656.59	1,195,047.43	728,500.76	10,851,997.39	2,454,873.27	1,803,702.25
Repairs and Maintenance	1,935,910.90	4,218,341.18	1,094,204.33	518,789.53	10,770,632.61	3,552,403.71	1,466,532.70
Rentals and Leases	1,989,025.08	1,120,503.45	1,036,812.48	777,717.41	5,592,955.53	4,886,197.05	2,332,926.71
Printing and Reproduction	319,418.76	487,151.96	495,429.71	177,731.86	961,351.06	975,388.42	1,208,375.79
Federal Grant Pass-Through Expense	91,136.47	397,484.48	508,499.25	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	61,582.89	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	820,453.81	209,569.30
Interest	4,753.75	4,955.52	3,379.73	366.89	7,243.58	2,802.39	7,529.96
Scholarships	2,279,617.73	4,548,023.05	53,004.00	0.00	1,828,639.84	96,468.50	18,661.00
Claims and Judgments	0.00	0.00	0.00	0.00	1,053,023.15	0.00	500.00
Other Operating Expenses	17,494,276.71	22,699,112.56	13,886,822.81	2,733,719.05	74,383,923.03	22,055,123.09	19,850,715.43
TOTAL OPERATING EXPENSES	\$ 729,102,176.14	\$258,345,723.88	\$200,762,904.17	\$ 134,719,492.78	\$ 355,919,529.85	\$ 128,729,353.38	\$ 183,860,076.91

UNAUDITED

Texas Tech University System (793)
 Combined Matrix of Operating Expenses Reported by Function
 For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 13,430,100.93	\$ 0.00	\$ 14,897,596.69	\$ 13,188,950.56
Salaries and Wages	25,886,832.09	3,755.00	79,703,629.18	0.00	1,219,097,012.54	1,132,991,998.37
Payroll Related Costs	9,442,740.81	262.89	30,215,819.94	0.00	429,344,713.32	401,509,725.36
Professional Fees and Services	4,299,884.43	0.00	3,733,468.64	0.00	129,501,916.09	112,884,947.69
Travel	94,385.93	0.00	12,361,553.93	0.00	42,084,834.89	32,460,299.27
Materials and Supplies	5,631,913.10	0.00	19,356,200.70	0.00	107,818,250.41	100,396,939.00
Communications and Utilities	31,241,834.66	0.00	13,677,785.11	0.00	66,755,912.31	66,697,065.49
Repairs and Maintenance	35,112,605.58	0.00	12,316,600.99	0.00	70,986,021.53	59,309,862.50
Rentals and Leases	468,087.81	0.00	1,816,495.69	0.00	20,020,721.21	18,268,839.89
Printing and Reproduction	33,823.03	0.00	563,735.68	0.00	5,222,406.27	4,807,980.42
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	997,120.20	745,366.44
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	61,582.89	201,927.95
Depreciation and Amortization	0.00	0.00	0.00	187,487,693.19	187,487,693.19	183,338,994.18
Bad Debt Expense	0.00	100,000.00	311,526.36	0.00	1,441,549.47	1,240,339.50
Interest	8,352.92	0.00	1,794.49	0.00	41,179.23	14,287.84
Scholarships	0.00	89,484,373.94	0.00	0.00	98,308,788.06	151,827,338.48
Claims and Judgments	0.00	0.00	190,000.00	0.00	1,243,523.15	1,745,092.49
Other Operating Expenses	19,768,354.14	12,949.24	29,778,659.83	0.00	222,663,655.89	190,881,672.13
TOTAL OPERATING EXPENSES	\$ 131,988,814.50	\$ 89,601,341.07	\$ 217,457,371.47	\$ 187,487,693.19	\$2,617,974,477.34	\$2,472,511,627.56

UNAUDITED

TEXAS TECH UNIVERSITY SYSTEM (793)

**FIDUCIARY
FINANCIAL STATEMENTS**

Texas Tech University System (793)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

	Custodial Funds	External Investment Pool Non-Trusted	Total 2023	2022
ASSETS				
Cash and Cash Equivalents	\$ 4,841,066.99	\$ 0.00	\$ 4,841,066.99	\$ 4,814,018.36
Investments (Note 3)	0.00	12,708,999.14	12,708,999.14	12,766,537.80
Other Assets	18,999.99	0.00	18,999.99	15,000.00
Total Assets	<u>4,860,066.98</u>	<u>12,708,999.14</u>	<u>17,569,066.12</u>	<u>17,595,556.16</u>
LIABILITIES				
Accounts Payable	1,450.23	0.00	1,450.23	0.00
Total Liabilities	<u>1,450.23</u>	<u>0.00</u>	<u>1,450.23</u>	<u>0.00</u>
NET POSITION				
Restricted for Pool Participants	0.00	12,708,999.14	12,708,999.14	12,766,537.80
Fiduciary Net Position Other Purposes	4,858,616.75	0.00	4,858,616.75	4,829,018.36
Total Net Position	<u>\$ 4,858,616.75</u>	<u>\$ 12,708,999.14</u>	<u>\$ 17,567,615.89</u>	<u>\$ 17,595,556.16</u>

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

Texas Tech University System (793)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

	Custodial Funds	External Investment Pool Non-Trusted	Total 2023	2022
Additions:				
Investment Income:				
From Investing Activities:				
Net Increase (Decrease) in Fair Value of Investments	\$ 0.00	\$ 428,839.76	\$ 428,839.76	\$ (233,524.84)
Interest, Dividends and Other	125,787.51	159,374.44	285,161.95	234,120.78
Total Investing Income (Loss)	125,787.51	588,214.20	714,001.71	595.94
Less Investing Activities Expense	8,997.54	86,928.28	95,925.82	90,148.45
Net Income (Loss) from Investing Activities	116,789.97	501,285.92	618,075.89	(89,552.51)
Total Net Investment Income (Loss)	116,789.97	501,285.92	618,075.89	(89,552.51)
Other Additions:				
Other Revenue	1,767,214.71	0.00	1,767,214.71	2,158,167.54
Total Other Additions	1,767,214.71	0.00	1,767,214.71	2,158,167.54
Total Additions	1,884,004.68	501,285.92	2,385,290.60	2,068,615.03
Deductions:				
Other Expenses	1,854,406.29	558,824.58	2,413,230.87	1,781,262.58
Total Deductions	1,854,406.29	558,824.58	2,413,230.87	1,781,262.58
Increase (Decrease) in Net Position	\$ 29,598.39	\$ (57,538.66)	\$ (27,940.27)	\$ 287,352.45
Net Position:				
Beginning Net Position (September 1)	4,829,018.36	12,766,537.80	17,595,556.16	17,308,203.71
Ending Net Position (August 31)	\$ 4,858,616.75	\$ 12,708,999.14	\$ 17,567,615.89	\$ 17,595,556.16

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

**DISCRETELY PRESENTED
COMPONENT UNITS
The Angelo State University
Robert G. Carr and Nona K. Carr
Scholarship Foundation
and
Texas Tech Research Park, Inc.**

UNAUDITED

Texas Tech University System (793)
Statement of Net Position
Discretely Presented Component Units
The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation
and Texas Tech Research Park, Inc.
August 31, 2023 and 2022

	Carr Scholarship Foundation	Texas Tech Research Park	2023	2022
ASSETS				
Current Assets:				
Unrestricted Cash and Cash Equivalents	\$ 0.00	\$ 13,719.00	\$ 13,719.00	\$ 14,625.00
Restricted Cash and Cash Equivalents	128,553.66	0.00	128,553.66	96,361.74
Accounts Receivable	499,850.79	0.00	499,850.79	524,326.17
Total Current Assets	<u>628,404.45</u>	<u>13,719.00</u>	<u>642,123.45</u>	<u>635,312.91</u>
Non-Current Assets:				
Restricted Cash and Cash Equivalents	5,967.65	0.00	5,967.65	298,882.68
Restricted Investments (Note 3)	171,909,151.24	0.00	171,909,151.24	170,400,046.60
Total Non-Current Assets	<u>171,915,118.89</u>	<u>0.00</u>	<u>171,915,118.89</u>	<u>170,698,929.28</u>
Total Assets	<u>\$172,543,523.34</u>	<u>\$ 13,719.00</u>	<u>\$172,557,242.34</u>	<u>\$ 171,334,242.19</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 4,342.50	\$ 151,999.00	\$ 156,341.50	\$ 116,553.50
Payroll Payable	13,765.95	0.00	13,765.95	14,875.78
Total Current Liabilities	<u>18,108.45</u>	<u>151,999.00</u>	<u>170,107.45</u>	<u>131,429.28</u>
Employees' Compensable Leave (Note 5)	22,420.82	0.00	22,420.82	21,301.95
Total Non-Current Liabilities	<u>22,420.82</u>	<u>0.00</u>	<u>22,420.82</u>	<u>21,301.95</u>
Total Liabilities	<u>\$ 40,529.27</u>	<u>\$ 151,999.00</u>	<u>\$ 192,528.27</u>	<u>\$ 152,731.23</u>
NET POSITION				
Restricted:				
Nonexpendable:				
Endowments	\$172,414,969.68	\$ 0.00	\$172,414,969.68	\$ 171,223,255.45
Expendable:				
Other	88,024.39	0.00	88,024.39	60,139.51
Unrestricted	0.00	(138,280.00)	(138,280.00)	(101,884.00)
Total Net Position	<u>\$172,502,994.07</u>	<u>\$ (138,280.00)</u>	<u>\$172,364,714.07</u>	<u>\$ 171,181,510.96</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 Units
The Angelo State University Robert G. Carr and Nona K. Carr Scholarship Foundation
and Texas Tech Research Park, Inc.
For the Years Ended August 31, 2023 and 2022

	Carr Scholarship Foundation	Texas Tech Research Park	2023	2022
Operating Revenues				
Total Operating Revenues	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Operating Expenses				
Salaries and Wages	175,079.85	0.00	175,079.85	203,262.80
Payroll Related Costs	55,701.23	0.00	55,701.23	65,428.90
Professional Fees and Services	28,855.00	36,396.00	65,251.00	58,312.00
Travel	1,151.12	0.00	1,151.12	10,046.09
Materials and Supplies	52,988.81	0.00	52,988.81	60,490.20
Communications and Utilities	1,386.40	0.00	1,386.40	1,207.97
Repairs and Maintenance	0.00	0.00	0.00	6.74
Rentals and Leases	0.00	0.00	0.00	6,289.00
Printing and Reproduction	355.26	0.00	355.26	883.95
Other Operating Expenses	16,313.45	0.00	16,313.45	22,481.95
Total Operating Expenses	331,831.12	36,396.00	368,227.12	428,409.60
Operating Income (Loss)	\$ (331,831.12)	\$ (36,396.00)	\$ (368,227.12)	\$ (428,409.60)
Nonoperating Revenues (Expenses)				
Investment Income (Expense)	2,609,431.49	0.00	2,609,431.49	9,310,513.04
Net Increase (Decrease) in Fair Value of Investments	4,418,188.89	0.00	4,418,188.89	(3,562,615.48)
Other Nonoperating Revenues (Expenses) - Pledged	(5,476,190.15)	0.00	(5,476,190.15)	(1,561,997.07)
Total Nonoperating Revenues (Expenses)	1,551,430.23	0.00	1,551,430.23	4,185,900.49
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	\$ 1,219,599.11	\$ (36,396.00)	\$ 1,183,203.11	\$ 3,757,490.89
Other Revenues, Expenses, Gains, Losses, and Transfers				
Total Other Revenues, Expenses, Gains, Losses, and Transfers	0.00	0.00	0.00	0.00
Total Change in Net Position	\$ 1,219,599.11	\$ (36,396.00)	\$ 1,183,203.11	\$ 3,757,490.89
Beginning Net Position (September 1)	171,283,394.96	(101,884.00)	171,181,510.96	167,424,020.07
Ending Net Position (August 31)	\$172,502,994.07	\$ (138,280.00)	\$172,364,714.07	\$171,181,510.96

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
Midwestern State University
Texas Tech University System Administration**

UNAUDITED

Texas Tech University (733)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 67,583,099.47	\$ 70,828,442.65
Restricted Cash and Cash Equivalents	7,924,558.63	3,205,150.03
Legislative Appropriations	177,066,256.58	171,371,645.24
Receivables:		
Federal	17,080,061.02	30,635,405.94
Student	8,297,188.74	8,531,132.79
Accounts	7,581,826.49	6,291,481.96
Interest and Dividends	1,466,420.60	1,058,789.05
Gifts	15,661,159.49	10,921,051.80
Leases	558,181.81	543,179.21
Other	989,017.89	940,764.07
Due From Other State Agencies	6,377,382.57	10,301,136.42
Inventories	2,668,169.90	3,953,031.43
Prepaid Items	62,399,275.58	53,690,833.13
Loans and Contracts	330,882.06	337,416.19
Other Current Assets	1,251,242.24	940,236.91
Total Current Assets	<u>377,234,723.07</u>	<u>373,549,696.82</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	17,039,864.33	14,345,598.80
Restricted Investments	300,010,021.87	299,282,353.99
Gifts Receivable	57,490,667.51	52,469,151.06
Leases Receivable	6,547,816.62	6,399,469.66
PPP Installments Receivable	457,984.12	0.00
Investments	967,543,327.67	908,591,314.02
Capital Assets		
Non-Depreciable or Non-Amortizable	265,825,826.72	158,803,813.19
Depreciable or Amortizable	2,555,992,424.97	2,487,358,196.85
Accumulated Depreciation and Amortization	(1,520,264,918.74)	(1,441,030,439.25)
Right to Use Assets		
Amortizable	24,554,156.98	17,865,594.21
Accumulated Amortization	(8,920,502.28)	(4,728,732.56)
Other Noncurrent Assets	119,623.98	101,878.77
Total Non-Current Assets	<u>2,666,396,293.75</u>	<u>2,499,458,198.74</u>
Total Assets	<u>\$ 3,043,631,016.82</u>	<u>\$ 2,873,007,895.56</u>

UNAUDITED

**Texas Tech University (733)
Statement of Net Position
August 31, 2023 and 2022**

	2023	Restated 2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 37,050,037.18	\$ 21,961,870.75
Payroll Payable	48,069,651.12	43,132,396.31
Unearned Revenue	209,039,306.90	204,456,693.43
Due to Other State Agencies	3,610,251.40	4,606,890.41
Employees' Compensable Leave	2,856,512.25	2,315,509.11
Right to Use Lease Obligations	657,820.22	821,890.40
Right to Use Subscription Obligations	5,331,813.73	3,200,691.75
Funds Held for Others	9,075,644.60	8,716,944.69
Other Current Liabilities	4,892,685.90	4,902,397.18
Total Current Liabilities	320,583,723.30	294,115,284.03
Non-Current Liabilities:		
Employees' Compensable Leave	17,172,309.74	15,446,009.50
Right to Use Lease Obligations	949,256.01	1,091,966.44
Right to Use Subscription Obligations	4,043,679.39	5,526,458.33
Notes and Loans Payable - Direct Borrowings	36,869,354.00	0.00
Pollution Remediation Obligation	1,529,525.50	1,529,525.50
Other Non-Current Liabilities	7,000,000.00	2,000,000.00
Total Non-Current Liabilities	67,564,124.64	25,593,959.77
Total Liabilities	\$ 388,147,847.94	\$ 319,709,243.80
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	35,776,753.54	29,869,592.63
Total Deferred Inflows of Resources	\$ 35,776,753.54	\$ 29,869,592.63
NET POSITION		
Net Investment in Capital Assets	\$ 1,248,496,013.98	\$ 1,203,295,024.22
Restricted:		
Nonexpendable:		
Endowments	106,991,749.00	104,932,691.87
Expendable:		
Capital Projects	86,375,173.78	67,972,205.48
Other	201,292,431.93	215,630,390.97
Unrestricted	976,551,046.65	931,598,746.59
Total Net Position	\$ 2,619,706,415.34	\$ 2,523,429,059.13

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
Operating Revenues		
Tuition and Fees	\$ 7,271,815.48	\$ 7,156,389.54
Tuition and Fees - Pledged	514,925,103.64	504,578,392.83
Less Discounts and Allowances	(131,631,411.17)	(124,867,555.56)
Sales and Services of Auxiliary Enterprises - Pledged	176,507,429.05	165,173,661.37
Other Sales and Services	8,701,686.26	6,321,573.49
Other Sales and Services - Pledged	12,438,389.53	11,710,776.96
Federal Grants and Contracts	55,964,547.04	49,865,321.25
Federal Grant Pass-Throughs from Other State Agencies	4,197,200.89	5,460,702.93
State Grants and Contracts	214,102.94	722,084.92
State Grant Pass-Throughs from Other State Agencies	21,922,906.01	27,048,430.43
Local Governmental Grants and Contracts	3,578,963.19	1,770,401.72
Nongovernmental Grants and Contracts	16,041,034.49	18,010,319.10
Total Operating Revenues	<u>690,131,767.35</u>	<u>672,950,498.98</u>
Operating Expenses		
Cost of Goods Sold	14,897,596.69	13,188,950.56
Salaries and Wages	490,451,486.14	443,883,262.87
Payroll Related Costs	138,394,738.94	129,482,691.27
Professional Fees and Services	29,010,329.67	26,545,259.06
Travel	30,995,959.90	24,544,138.72
Materials and Supplies	48,166,532.35	43,258,579.79
Communications and Utilities	35,951,241.31	34,348,940.54
Repairs and Maintenance	42,118,850.96	30,745,978.44
Rentals and Leases	14,780,443.66	13,179,669.92
Printing and Reproduction	2,981,719.18	2,430,507.99
Federal Grant Pass-Through Expense	1,027,858.62	762,655.85
State Grant Pass-Through Expense	(0.10)	3,269.00
Depreciation and Amortization	105,397,764.06	100,543,189.24
Interest	13,465.10	5,539.98
Scholarships	65,810,322.82	104,724,367.92
Claims and Judgments	190,000.00	701,350.00
Other Operating Expenses	94,710,406.86	74,255,384.64
Total Operating Expenses	<u>1,114,898,716.16</u>	<u>1,042,603,735.79</u>
Operating Income (Loss)	<u>\$ (424,766,948.81)</u>	<u>\$ (369,653,236.81)</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 225,709,489.17	\$ 238,447,368.41
Federal Grants and Contracts	61,675,107.77	117,211,685.52
Federal Grant Pass-Throughs from Other State Agencies	32,380,685.02	7,244,942.28
Private Gifts	56,690,878.29	47,005,054.92
Private Gifts - Pledged	2,191,659.37	2,287,086.20
Investment Income (Expense)	5,682,012.87	5,190,051.99
Investment Income (Expense) - Pledged	29,465,486.10	21,938,692.52
Interest Expense on Capital Asset Financing	(425,380.00)	0.00
Gain (Loss) on Sale and Disposal of Capital Assets	(907,483.64)	(9,484,082.26)
Net Increase (Decrease) in Fair Value of Investments	41,711,622.33	(86,925,058.89)
Interest Expense	(147,629.02)	(38,429.16)
Other Nonoperating Revenues (Expenses)	(818,781.13)	1,081,985.54
Other Nonoperating Revenues (Expenses) - Pledged	4,417,527.18	4,712,399.54
Total Nonoperating Revenues (Expenses)	<u>457,625,194.31</u>	<u>348,671,696.61</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	32,858,245.50	(20,981,540.20)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	49,874,746.00	49,874,746.00
Capital Contributions, Grants and Contracts	47,448,482.60	103,594,092.48
Contributions to Permanent and Term Endowments	1,812,958.44	432,981.69
Legislative Transfers In (Out)	(14,907,519.00)	(28,156,592.50)
Interagency Transfers of Capital Assets - Increase	4,215.81	2,944.80
Interagency Transfers of Capital Assets - Decrease	(780,532.44)	(165,214.74)
Net Transfers from (to) Texas Tech University System Components	(27,867,935.12)	(5,261,264.60)
Net Transfers from (to) Other State Agencies	7,834,694.42	8,457,104.19
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>63,419,110.71</u>	<u>128,778,797.32</u>
Total Change in Net Position	<u>96,277,356.21</u>	<u>107,797,257.12</u>
Beginning Net Position (September 1)	2,521,387,279.28	2,415,631,802.01
Restatements	<u>2,041,779.85</u>	<u>0.00</u>
Ending Net Position (August 31)	<u>\$ 2,619,706,415.34</u>	<u>\$ 2,523,429,059.13</u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
	<u> </u>	<u> </u>
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 20,781,815.21	\$ 17,893,352.03
Proceeds from Tuition and Fees	391,437,226.84	389,749,207.99
Proceeds from Grants and Contracts	99,088,601.19	103,041,377.31
Proceeds from Sales and Services of Auxiliary Enterprises	179,386,213.98	171,920,582.55
Proceeds from Loan Programs	155,318,172.90	160,570,522.77
Proceeds from Fiduciary Activities (Held 3 Months or Less)	53,097,341.15	51,846,172.21
Payments to Suppliers for Goods and Services	(92,377,466.96)	(75,902,795.64)
Payments to Employees for Salaries	(487,651,079.61)	(443,802,117.00)
Payments to Employees for Benefits	(136,257,890.66)	(127,530,674.76)
Payments for Loans Issued to Students	(155,162,663.77)	(160,691,124.21)
Payments for Fiduciary Activities (Held 3 Months or Less)	(53,565,723.86)	(51,204,442.63)
Payments for Other Expenses	(287,249,882.00)	(295,245,458.20)
Net Cash Provided/(Used) by Operating Activities	<u>(313,155,335.59)</u>	<u>(259,355,397.58)</u>
 Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	225,037,875.73	240,852,535.43
Proceeds from Gifts	61,363,493.65	50,206,547.93
Proceeds from Nonoperating Grants and Contracts	112,553,313.43	110,551,911.88
Proceeds from Other Financing Activities	4,749,685.57	6,060,801.20
Proceeds from Transfers from Component Institutions	4,501,349.76	2,709,928.92
Proceeds from Transfers In from Other State Agencies	9,414,202.96	9,576,399.00
Payments for Transfers to Component Institutions	(7,802,371.14)	(7,298,043.06)
Payments for Transfers to Other State Agencies	(650,775.26)	0.00
Payments for Other Uses	(349,354.47)	(405,095.10)
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>408,817,420.23</u>	<u>412,254,986.20</u>
 Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	125,016.85	127,201.01
Proceeds from Capital Debt Issuances	36,869,354.00	0.00
Proceeds from Capital Gifts, Grants and Contracts	39,839,172.79	47,728,635.06
Proceeds from Capital Appropriations	44,851,748.10	25,567,595.26
Proceeds from Transfers from Component Institutions	39,044,002.10	40,926,500.32
Payments for Transfers to Component Institutions	(79,788,842.84)	(70,932,911.28)
Payments for Additions to Capital Assets	(180,933,722.70)	(108,784,401.51)
Payments for Interest Paid on Capital Debt	(425,380.00)	0.00
Payments for Leases/SBITAs	(8,818,888.70)	(6,618,778.32)
Payments for Other Costs on Debt Issuance	(1,734,279.00)	0.00
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(110,971,819.40)</u>	<u>(71,986,159.46)</u>
 Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	13,092,782.06	66,941,041.50
Proceeds from Interest and Investment Income	45,772,452.98	37,592,325.43
Payments to Acquire Investments	(39,387,169.33)	(184,907,911.23)
Net Cash Provided/(Used) by Investing Activities	<u>19,478,065.71</u>	<u>(80,374,544.30)</u>
 TOTAL NET CASH FLOWS	<u><u>\$ 4,168,330.95</u></u>	<u><u>\$ 538,884.86</u></u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 88,379,191.48	\$ 87,840,306.62
Ending Cash & Cash Equivalents (August 31)	\$ 92,547,522.43	\$ 88,379,191.48
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (424,766,948.81)	\$ (369,653,236.81)
Adjustments:		
Depreciation and Amortization Expense	105,397,764.06	100,543,189.24
(Increase) Decrease in Accounts Receivables	(2,402,300.74)	(408,154.90)
(Increase) Decrease in Loans and Notes Receivable	155,509.13	(120,601.44)
(Increase) Decrease in Inventories	1,284,861.53	741,882.58
(Increase) Decrease in Other Assets	(165,639.25)	(3,201.49)
(Increase) Decrease in Due From Other State Agencies	63,452.77	(350,212.31)
(Increase) Decrease in Prepaid Items	(3,702,052.50)	(2,982,686.38)
Increase (Decrease) in Accounts Payable	1,025,001.15	537,176.52
Increase (Decrease) in Payroll Payable	2,800,406.53	81,145.87
Increase (Decrease) in Unearned Revenue	4,584,532.47	6,945,369.92
Increase (Decrease) in Employees' Compensable Leave	2,267,303.38	(641,100.41)
Increase (Decrease) in Due To Other State Agencies	(692,615.46)	3,467,018.19
Increase (Decrease) in Benefits Payable	2,136,848.28	1,952,016.51
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	(468,382.71)	641,729.58
Increase (Decrease) in Deferred Inflows of Resources - PPP	(992,902.92)	0.00
Increase (Decrease) in Other Liabilities	319,827.50	(105,732.25)
Net Cash Used for Operating Activities	(313,155,335.59)	(259,355,397.58)
 Noncash Transactions		
Donations of Capital Assets	2,179,608.12	1,435,998.11
Net Increase (Decrease) in Fair Value of Investments	41,711,622.33	(86,925,058.89)
Other	2,165,972.68	(9,287,350.66)
Total Noncash Transactions	\$ 46,057,203.13	\$ (94,776,411.44)

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Texas Tech University (733)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Cost of Goods Sold	\$ 107,500.64	\$ 4,756.00	\$ 18,171.66	\$ 32,258.88	\$ 0.00	\$ 1,304,808.58
Salaries and Wages	163,473,812.13	112,294,003.14	9,747,655.18	67,443,661.99	29,560,873.40	26,172,893.15
Payroll Related Costs	49,413,067.84	33,091,991.86	3,096,753.57	18,789,988.43	8,182,552.40	7,677,740.88
Professional Fees and Services	747,141.35	3,992,084.38	707,598.70	2,327,000.14	1,765,106.91	16,602,528.51
Travel	4,792,184.89	5,926,625.31	944,201.28	4,328,387.06	2,464,819.03	921,368.96
Materials and Supplies	6,667,969.95	11,579,423.66	1,322,819.64	9,104,025.65	4,140,179.43	1,229,585.88
Communications and Utilities	1,249,516.57	2,372,588.85	343,402.66	1,960,342.91	1,445,968.30	725,160.65
Repairs and Maintenance	944,139.44	2,732,816.00	341,965.35	2,978,929.95	1,323,975.17	326,187.05
Rentals and Leases	1,633,068.37	1,059,667.00	570,581.95	3,543,397.48	4,532,104.59	1,501,520.75
Printing and Reproduction	165,451.43	294,416.10	114,151.40	515,643.23	665,911.85	720,511.86
Federal Grant Pass-Through Expense	91,136.47	422,685.71	514,036.44	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	(0.10)	0.00	0.00	0.00	0.00
Depreciation and Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Interest	1,662.20	4,006.92	141.24	1,037.83	0.00	322.30
Scholarships	2,192,617.73	4,432,385.78	14,250.00	524,891.21	88,325.50	6,661.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	5,507,273.36	15,402,818.09	2,672,114.65	10,239,491.21	16,261,985.64	8,618,902.43
TOTAL OPERATING EXPENSES	\$ 236,986,542.37	\$ 193,610,268.70	\$ 20,407,843.72	\$ 121,789,055.97	\$ 70,431,802.22	\$ 65,808,192.00

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Texas Tech University (733)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Cost of Goods Sold	\$ 0.00	\$ 0.00	\$ 13,430,100.93	\$ 0.00	\$ 14,897,596.69	\$ 13,188,950.56
Salaries and Wages	10,070,929.09	0.00	71,687,658.06	0.00	490,451,486.14	443,883,262.87
Payroll Related Costs	3,084,978.31	0.00	15,057,665.65	0.00	138,394,738.94	129,482,691.27
Professional Fees and Services	968,676.19	0.00	1,900,193.49	0.00	29,010,329.67	26,545,259.06
Travel	44,515.43	0.00	11,573,857.94	0.00	30,995,959.90	24,544,138.72
Materials and Supplies	3,814,065.91	0.00	10,308,462.23	0.00	48,166,532.35	43,258,579.79
Communications and Utilities	17,056,678.55	0.00	10,797,582.82	0.00	35,951,241.31	34,348,940.54
Repairs and Maintenance	23,898,014.89	0.00	9,572,823.11	0.00	42,118,850.96	30,745,978.44
Rentals and Leases	454,558.84	0.00	1,485,544.68	0.00	14,780,443.66	13,179,669.92
Printing and Reproduction	3,065.83	0.00	502,567.48	0.00	2,981,719.18	2,430,507.99
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	1,027,858.62	762,655.85
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	(0.10)	3,269.00
Depreciation and Amortization	0.00	0.00	0.00	105,397,764.06	105,397,764.06	100,543,189.24
Interest	5,275.17	0.00	1,019.44	0.00	13,465.10	5,539.98
Scholarships	0.00	58,551,191.60	0.00	0.00	65,810,322.82	104,724,367.92
Claims and Judgments	0.00	0.00	190,000.00	0.00	190,000.00	701,350.00
Other Operating Expenses	8,391,959.26	0.00	27,615,862.22	0.00	94,710,406.86	74,255,384.64
TOTAL OPERATING EXPENSES	\$ 67,792,717.47	\$ 58,551,191.60	\$ 174,123,338.05	\$ 105,397,764.06	\$ 1,114,898,716.16	\$ 1,042,603,735.79

UNAUDITED

Texas Tech University (733)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

	Custodial Funds	External Investment Pool Non-Trusted	Total 2023	2022
ASSETS				
Cash and Cash Equivalents	\$ 4,841,066.99	\$ 0.00	\$ 4,841,066.99	\$ 4,814,018.36
Investments	0.00	12,708,999.14	12,708,999.14	12,766,537.80
Other Assets	18,999.99	0.00	18,999.99	15,000.00
Total Assets	<u>4,860,066.98</u>	<u>12,708,999.14</u>	<u>17,569,066.12</u>	<u>17,595,556.16</u>
LIABILITIES				
Accounts Payable	1,450.23	0.00	1,450.23	0.00
Total Liabilities	<u>1,450.23</u>	<u>0.00</u>	<u>1,450.23</u>	<u>0.00</u>
NET POSITION				
Restricted for Pool Participants	0.00	12,708,999.14	12,708,999.14	12,766,537.80
Fiduciary Net Position Other Purposes	4,858,616.75	0.00	4,858,616.75	4,829,018.36
Total Net Position	<u>\$ 4,858,616.75</u>	<u>\$ 12,708,999.14</u>	<u>\$ 17,567,615.89</u>	<u>\$ 17,595,556.16</u>

UNAUDITED

Texas Tech University (733)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

	Custodial Funds	External Investment Pool Non-Trusted	Total 2023	2022
Additions:				
Investment Income:				
From Investing Activities:				
Net Increase (Decrease) in Fair Value of Investments	\$ 0.00	\$ 428,839.76	\$ 428,839.76	\$ (233,524.84)
Interest, Dividends and Other	125,787.51	159,374.44	285,161.95	234,120.78
Total Investing Income (Loss)	125,787.51	588,214.20	714,001.71	595.94
Less Investing Activities Expense	8,997.54	86,928.28	95,925.82	90,148.45
Net Income (Loss) from Investing Activities	116,789.97	501,285.92	618,075.89	(89,552.51)
Total Net Investment Income (Loss)	116,789.97	501,285.92	618,075.89	(89,552.51)
Other Additions:				
Other Revenue	1,767,214.71	0.00	1,767,214.71	2,158,167.54
Total Other Additions	1,767,214.71	0.00	1,767,214.71	2,158,167.54
Total Additions	1,884,004.68	501,285.92	2,385,290.60	2,068,615.03
Deductions:				
Other Expenses	1,854,406.29	558,824.58	2,413,230.87	1,781,262.58
Total Deductions	1,854,406.29	558,824.58	2,413,230.87	1,781,262.58
Increase (Decrease) in Net Position	\$ 29,598.39	\$ (57,538.66)	\$ (27,940.27)	\$ 287,352.45
Net Position:				
Beginning Net Position (September 1)	4,829,018.36	12,766,537.80	17,595,556.16	17,308,203.71
Ending Net Position (August 31)	\$ 4,858,616.75	\$ 12,708,999.14	\$ 17,567,615.89	\$ 17,595,556.16

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 91,762,018.61	\$ 138,729,064.65
Restricted Cash and Cash Equivalents	12,443,718.43	15,524,755.56
Legislative Appropriations	45,714,554.77	50,074,322.54
Receivables:		
Federal	7,395,331.01	5,482,160.78
Patient	14,627,285.64	13,294,393.61
Student	717,174.90	674,641.12
Contracts	23,141,475.02	21,407,259.84
Interest and Dividends	751,292.43	563,282.25
Leases	103,666.32	273,837.57
Other	502,601.88	490,327.17
Due From Other State Agencies	13,610,503.02	8,495,241.40
Inventories	1,930,052.06	1,694,737.81
Prepaid Items	18,505,005.55	18,312,249.85
Loans and Contracts	384,993.92	287,722.11
Total Current Assets	<u>231,589,673.56</u>	<u>275,303,996.26</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	27,570.22	11,107.61
Restricted Investments	146,769,097.51	154,546,550.29
Leases Receivable	7,596,725.10	7,873,172.88
Loans and Notes Receivable	564,838.95	980,416.95
Investments	410,129,744.31	312,908,820.54
Capital Assets		
Non-Depreciable or Non-Amortizable	24,411,521.14	25,765,871.91
Depreciable or Amortizable	710,420,056.47	702,075,782.89
Accumulated Depreciation and Amortization	(407,183,887.60)	(393,960,296.61)
Right to Use Assets		
Amortizable	17,602,021.89	14,048,502.35
Accumulated Amortization	(8,585,093.92)	(5,750,015.80)
Total Non-Current Assets	<u>901,752,594.07</u>	<u>818,499,913.01</u>
Total Assets	<u>\$ 1,133,342,267.63</u>	<u>\$ 1,093,803,909.27</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
 Statement of Net Position
 August 31, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>Restated 2022</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 13,066,816.52	\$ 19,654,050.18
Payroll Payable	41,730,137.07	38,242,964.65
Unearned Revenue	21,710,048.68	21,656,655.42
Due to Other State Agencies	240,255.10	740,300.04
Employees' Compensable Leave	4,430,429.20	4,191,333.24
Right to Use Lease Obligations	2,507,138.95	2,161,838.06
Right to Use Subscription Obligations	721,503.63	1,393,160.96
Funds Held for Others	588,835.59	446,397.53
Other Current Liabilities	64,372.75	58,191.82
Total Current Liabilities	<u>85,059,537.49</u>	<u>88,544,891.90</u>
Non-Current Liabilities:		
Employees' Compensable Leave	28,692,323.52	27,346,162.88
Right to Use Lease Obligations	4,692,456.88	3,515,364.02
Right to Use Subscription Obligations	486,205.08	940,442.00
Other Non-Current Liabilities	98,739.91	71,899.52
Total Non-Current Liabilities	<u>33,969,725.39</u>	<u>31,873,868.42</u>
Total Liabilities	<u>\$ 119,029,262.88</u>	<u>\$ 120,418,760.32</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	7,383,601.60	7,930,566.64
Total Deferred Inflows of Resources	<u>\$ 7,383,601.60</u>	<u>\$ 7,930,566.64</u>
NET POSITION		
Net Investment in Capital Assets	\$ 328,226,057.76	\$ 334,160,652.06
Restricted:		
Nonexpendable:		
Endowments	71,741,710.66	71,439,610.47
Expendable:		
Capital Projects	(239,580.47)	(48,378.12)
Other	97,569,501.67	97,837,346.05
Unrestricted	<u>509,631,713.53</u>	<u>462,065,351.85</u>
Total Net Position	<u>\$ 1,006,929,403.15</u>	<u>\$ 965,454,582.31</u>

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Operating Revenues		
Tuition and Fees	\$ 1,586,121.96	\$ 1,649,529.94
Tuition and Fees - Pledged	77,446,610.32	80,197,867.51
Less Discounts and Allowances	(11,485,456.71)	(10,327,533.21)
Professional Fees	254,773,529.62	247,232,830.02
Professional Fees - Pledged	636,602.52	578,441.78
Sales and Services of Auxiliary Enterprises - Pledged	1,021,267.27	938,468.14
Other Sales and Services	6,172,156.25	5,421,544.79
Other Sales and Services - Pledged	8,393,926.00	7,589,134.81
Federal Grants and Contracts	34,053,833.54	25,674,507.57
Federal Grants and Contracts - Pledged	26,081.29	18,536.98
Federal Grant Pass-Throughs from Other State Agencies	1,614,481.02	1,191,225.36
State Grants and Contracts	107,733.16	129,799.87
State Grants and Contracts - Pledged	52,026.50	7,945.88
State Grant Pass-Throughs from Other State Agencies	15,568,766.96	15,504,489.44
Local Governmental Grants and Contracts	98,356,136.14	96,044,480.34
Local Governmental Grants and Contracts - Pledged	671,457.48	1,820,479.33
Nongovernmental Grants and Contracts	61,432,623.88	57,622,407.40
Nongovernmental Grants and Contracts - Pledged	1,970,837.14	1,630,165.74
Other Operating Revenues	62,635,018.66	56,319,322.05
Total Operating Revenues	615,033,753.00	589,243,643.74
Operating Expenses		
Salaries and Wages	445,331,312.07	412,923,032.08
Payroll Related Costs	110,780,615.30	102,773,352.51
Professional Fees and Services	74,717,946.99	69,181,712.69
Travel	4,798,485.96	2,859,111.29
Materials and Supplies	34,659,528.01	32,867,687.53
Communications and Utilities	18,320,979.69	19,246,487.38
Repairs and Maintenance	16,091,369.95	15,575,991.22
Rentals and Leases	1,444,630.01	1,386,635.07
Printing and Reproduction	1,496,473.37	1,308,274.01
Federal Grant Pass-Through Expense	529,119.52	595,076.84
State Grant Pass-Through Expense	24,392.58	68,551.17
Depreciation and Amortization	30,035,937.87	28,918,688.73
Bad Debt Expense	415,577.35	182,238.93
Interest	8,237.35	2,261.29
Scholarships	3,926,545.37	5,831,406.12
Claims and Judgments	500.00	70,000.00
Other Operating Expenses	80,510,011.15	76,799,294.69
Total Operating Expenses	823,091,662.54	770,589,801.55
Operating Income (Loss)	\$ (208,057,909.54)	\$ (181,346,157.81)

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 181,491,120.38	\$ 179,806,241.19
Federal Grants and Contracts	2,286,971.00	7,819,906.73
State Grant Pass-Throughs from Other State Agencies	62,000.00	67,417.00
Private Gifts	11,416,409.42	9,508,201.77
Private Gifts - Pledged	0.00	900.00
Investment Income (Expense)	6,466,747.31	4,789,863.11
Investment Income (Expense) - Pledged	10,258,053.37	8,461,024.40
Gain (Loss) on Sale and Disposal of Capital Assets	(1,270,910.02)	(80,164.41)
Net Increase (Decrease) in Fair Value of Investments	17,423,225.72	(34,962,222.29)
Interest Expenses	(221,824.76)	(35,542.80)
Other Nonoperating Revenues (Expenses)	2,095,379.41	1,354,210.88
Other Nonoperating Revenues (Expenses) - Pledged	115,947.65	264,496.76
Total Nonoperating Revenues (Expenses)	230,123,119.48	176,994,332.34
 Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	 22,065,209.94	 (4,351,825.47)
 Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	21,652,392.00	21,652,392.00
Capital Contributions	9,107,752.52	8,968,046.69
Contributions to Permanent and Term Endowments	196,782.27	133,990.97
Legislative Transfers In (Out)	(5,599,087.16)	(9,634,017.66)
Interagency Transfers of Capital Assets - Increase	0.00	15,860.44
Interagency Transfers of Capital Assets - Decrease	(282,576.13)	(296,202.68)
Net Transfers from (to) Texas Tech University System Components	(5,710,816.60)	11,480,756.12
Net Transfers from (to) Other State Agencies	45,164.00	40,296.00
Net Other Revenues, Expenses, Gains, Losses, and Transfers	19,409,610.90	32,361,121.88
 Total Change in Net Position	 41,474,820.84	 28,009,296.41
 Beginning Net Position (September 1)	 965,077,619.11	 937,445,285.90
 Restatements	 376,963.20	 0.00
 Ending Net Position (August 31)	 \$ 1,006,929,403.15	 \$ 965,454,582.31

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 331,353,081.98	\$ 318,466,192.16
Proceeds from Tuition and Fees	67,526,974.44	70,064,504.52
Proceeds from Grants and Contracts	204,778,031.63	195,877,589.27
Proceeds from Sales and Services of Auxiliary Enterprises	1,021,267.27	938,468.14
Proceeds from Loan Programs	71,180,663.62	77,391,542.19
Proceeds from Fiduciary Activities (Held 3 Months or Less)	1,399,541.64	950,880.71
Payments to Suppliers for Goods and Services	(160,611,785.86)	(160,740,953.57)
Payments to Employees for Salaries	(441,494,497.34)	(411,230,875.03)
Payments to Employees for Benefits	(109,461,158.66)	(101,933,264.91)
Payments for Loans Issued to Students	(71,629,134.29)	(77,232,265.84)
Payments for Fiduciary Activities (Held 3 Months or Less)	(1,263,200.14)	(1,049,262.91)
Payments for Other Expenses	(83,108,929.80)	(80,821,788.07)
Net Cash Provided/(Used) by Operating Activities	(190,309,145.51)	(169,319,233.34)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	185,850,888.15	182,287,592.99
Proceeds from Gifts	11,613,191.69	10,388,555.30
Proceeds from Nonoperating Grants and Contracts	2,348,971.00	7,887,323.73
Proceeds from Other Financing Activities	2,117,077.61	1,404,279.20
Proceeds from Transfers from Component Institutions	4,993,917.08	2,962,832.57
Proceeds from Transfers In from Other State Agencies	4,355,280.34	4,296,190.68
Payments for Transfers to Component Institutions	(5,609,214.74)	(5,390,807.63)
Payments for Transfers to Other State Agencies	0.00	(2,287,903.18)
Payments for Other Uses	(17,745.21)	(14,625.00)
Net Cash Provided/(Used) by Noncapital Financing Activities	205,652,365.92	201,533,438.66
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	75,018.89	88,343.00
Proceeds from Capital Gifts, Grants and Contracts	7,637,993.00	5,100,000.00
Proceeds from Capital Appropriations	21,652,392.00	21,652,392.00
Proceeds from Transfers from Component Institutions	1,285,104.06	12,690,433.18
Payments for Transfers to Component Institutions	(16,289,826.50)	(10,383,711.16)
Payments for Additions to Capital Assets	(19,964,798.19)	(30,361,288.15)
Payments for Leases/SBITAs	(4,517,115.66)	(3,845,781.54)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(10,121,232.40)	(5,059,612.67)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	0.00	40,067,349.00
Proceeds from Interest and Investment Income	21,308,654.78	17,638,396.66
Payments to Acquire Investments	(76,562,263.35)	(74,532,345.97)
Net Cash Provided/(Used) by Investing Activities	(55,253,608.57)	(16,826,600.31)
TOTAL NET CASH FLOWS	\$ (50,031,620.56)	\$ 10,327,992.34

UNAUDITED

Texas Tech University Health Sciences Center (739)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 154,264,927.82	\$ 143,936,935.48
Ending Cash & Cash Equivalents (August 31)	\$ 104,233,307.26	\$ 154,264,927.82
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (208,057,909.54)	\$ (181,346,157.81)
Adjustments:		
Depreciation and Amortization Expense	30,035,937.87	28,918,688.73
Bad Debt Expense		
(Increase) Decrease in Accounts Receivables	(5,035,085.93)	(1,695,393.47)
(Increase) Decrease in Loans and Notes Receivable	336,051.40	132,908.64
(Increase) Decrease in Inventories	(235,314.25)	(22,653.17)
(Increase) Decrease in Due From Other State Agencies	(5,338,962.29)	(266,310.43)
(Increase) Decrease in Prepaid Items	(192,755.70)	(3,911,602.99)
Increase (Decrease) in Accounts Payable	(3,100,061.24)	(1,251,069.23)
Increase (Decrease) in Unearned Revenue	53,393.26	(1,780,198.77)
Increase (Decrease) in Employees' Compensable Leave	1,585,256.60	308,824.94
Increase (Decrease) in Due To Other State Agencies	(506,190.47)	(8,283,276.80)
Increase (Decrease) in Fiduciary Activities Held 3 Months or Less	136,341.50	(98,382.20)
Increase (Decrease) in Other Liabilities	10,153.28	(24,610.78)
Net Cash Used for Operating Activities	(190,309,145.51)	(169,319,233.34)
Noncash Transactions		
Donations of Capital Assets	1,469,759.52	3,868,046.69
Net Increase (Decrease) in Fair Value of Investments	17,423,225.72	(34,962,222.29)
Other	0.00	(168,507.41)
Total Noncash Transactions	\$ 18,892,985.24	\$ (31,262,683.01)

UNAUDITED

**Texas Tech University Health Sciences Center (739)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022**

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS AND CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 200,242,078.79	\$ 23,729,570.37	\$ 69,813,868.93	\$ 63,020,208.60	\$ 52,907,865.03	\$ 9,480,979.90	\$ 19,536,253.94
Payroll Related Costs	38,624,969.40	5,335,028.75	20,518,729.75	18,089,928.59	15,742,181.45	2,803,043.78	7,143,564.03
Professional Fees and Services	1,860,553.58	1,256,471.37	51,531,480.60	2,181,718.81	8,897,204.84	2,491,524.59	3,493,121.88
Travel	399,801.39	461,163.51	1,080,086.06	63,289.52	1,852,310.68	403,150.31	510,436.20
Materials and Supplies	632,477.10	3,374,676.27	12,538,425.50	10,111,121.29	5,807,423.37	1,751,125.50	203,124.24
Communications and Utilities	241,860.36	132,673.23	809,471.54	691,114.84	6,768,721.36	647,319.60	519,872.71
Repairs and Maintenance	157,478.64	900,754.98	602,614.82	299,568.86	4,366,099.79	1,470,049.50	(266,650.81)
Rentals and Leases	34,320.94	59,969.99	412,677.91	245,010.69	590,984.14	134,292.66	84,539.05
Printing and Reproduction	66,159.71	167,902.64	349,915.64	173,143.00	334,233.43	157,820.22	221,447.93
Federal Grant Pass-Through Expense	0.00	101,121.45	427,998.07	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	24,392.58	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	415,577.35	0.00
Interest	18.29	311.23	3,212.76	159.99	804.70	276.47	3,230.15
Scholarships	87,000.00	115,637.27	38,754.00	0.00	647,940.13	8,143.00	12,000.00
Claims and Judgments	0.00	0.00	0.00	0.00	0.00	0.00	500.00
Other Operating Expenses	2,870,774.89	5,619,673.11	5,802,869.69	2,226,645.61	47,060,862.34	6,955,562.04	2,317,971.13
TOTAL OPERATING EXPENSES	\$ 245,217,493.09	\$ 41,279,346.75	\$ 163,930,105.27	\$ 97,101,909.80	\$ 144,976,631.26	\$ 26,718,864.92	\$ 33,779,410.45

UNAUDITED

**Texas Tech University Health Sciences Center (739)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022**

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Salaries and Wages	\$ 6,302,005.40	\$ 3,755.00	\$ 294,726.11	\$ 0.00	\$ 445,331,312.07	\$ 412,923,032.08
Payroll Related Costs	2,417,292.64	262.89	105,614.02	0.00	110,780,615.30	102,773,352.51
Professional Fees and Services	3,005,871.32	0.00	0.00	0.00	74,717,946.99	69,181,712.69
Travel	28,218.29	0.00	30.00	0.00	4,798,485.96	2,859,111.29
Materials and Supplies	256,467.34	0.00	(15,312.60)	0.00	34,659,528.01	32,867,687.53
Communications and Utilities	8,507,383.01	0.00	2,563.04	0.00	18,320,979.69	19,246,487.38
Repairs and Maintenance	8,532,263.84	0.00	29,190.33	0.00	16,091,369.95	15,575,991.22
Rentals and Leases	(119,103.32)	0.00	1,937.95	0.00	1,444,630.01	1,386,635.07
Printing and Reproduction	17,925.45	0.00	7,925.35	0.00	1,496,473.37	1,308,274.01
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	529,119.52	595,076.84
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	24,392.58	68,551.17
Depreciation and Amortization	0.00	0.00	0.00	30,035,937.87	30,035,937.87	28,918,688.73
Bad Debt Expense	0.00	0.00	0.00	0.00	415,577.35	182,238.93
Interest	223.76	0.00	0.00	0.00	8,237.35	2,261.29
Scholarships	0.00	3,017,070.97	0.00	0.00	3,926,545.37	5,831,406.12
Claims and Judgments	0.00	0.00	0.00	0.00	500.00	70,000.00
Other Operating Expenses	7,455,964.95	12,949.24	186,738.15	0.00	80,510,011.15	76,799,294.69
TOTAL OPERATING EXPENSES	\$ 36,404,512.68	\$ 3,034,038.10	\$ 613,412.35	\$ 30,035,937.87	\$ 823,091,662.54	\$ 770,589,801.55

UNAUDITED

**Texas Tech University Health Sciences Center (739)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022**

There is no fiduciary activity to report for Texas Tech University Health Sciences Center for the years ended August 31, 2023 and 2022.

UNAUDITED

Texas Tech University Health Science Center (739)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

There is no fiduciary activity to report for Texas Tech University Health Sciences Center for the years ended August 31, 2023 and 2022.

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 43,815,575.63	\$ 56,718,750.54
Restricted Cash and Cash Equivalents	3,554,757.60	5,491,047.59
Legislative Appropriations	85,594,406.51	31,435,855.93
Receivables:		
Federal	402,578.98	343,150.07
Patient	8,259,689.75	9,069,923.55
Student	22,286.76	16,772.53
Contracts	17,661,385.70	17,147,928.46
Interest and Dividends	334,120.63	220,095.68
Gifts	605,880.00	605,880.00
Leases	440,354.43	100,351.20
Other	472,915.17	475,246.17
Due From Other State Agencies	3,337,326.50	3,295,366.54
Inventories	589,196.95	517,077.26
Prepaid Items	3,651,257.43	3,176,254.15
Loans and Contracts	44,090.46	51,375.86
Total Current Assets	168,785,822.50	128,665,075.53
Non-Current Assets:		
Restricted Cash and Cash Equivalents	(31.54)	(161.91)
Restricted Investments	68,317,814.74	62,338,568.64
Gifts Receivable	3,635,280.00	4,241,160.00
Leases Receivable	2,104,465.29	162,915.85
Loans and Notes Receivable	311,613.35	440,375.84
Investments	192,923,605.94	141,289,137.92
Capital Assets		
Non-Depreciable or Non-Amortizable	34,360,168.68	25,448,466.60
Depreciable or Amortizable	338,830,848.18	326,291,866.09
Accumulated Depreciation and Amortization	(165,102,250.74)	(155,408,024.65)
Right to Use Assets		
Amortizable	51,361,030.96	54,945,279.26
Accumulated Amortization	(13,177,085.36)	(7,906,488.33)
Total Non-Current Assets	513,565,459.50	451,843,095.31
Total Assets	\$ 682,351,282.00	\$ 580,508,170.84

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 7,262,830.91	\$ 7,701,525.67
Payroll Payable	14,807,248.25	14,218,728.03
Unearned Revenue	7,165,009.33	6,369,010.82
Due to Other State Agencies	18,776.22	169,855.99
Employees' Compensable Leave	1,429,024.19	1,561,915.29
Right to Use Lease Obligations	3,036,273.67	3,031,627.55
Right to Use Subscription Obligations	1,949,886.18	1,687,810.17
Funds Held for Others	155,703.76	152,918.20
Other Current Liabilities	73,780.69	78,069.77
Total Current Liabilities	35,898,533.20	34,971,461.49
Non-Current Liabilities:		
Employees' Compensable Leave	9,254,639.31	10,189,907.66
Right to Use Lease Obligations	31,011,384.30	38,518,694.01
Right to Use Subscription Obligations	4,156,964.96	5,424,873.79
Other Non-Current Liabilities	36,679.92	21,973.61
Total Non-Current Liabilities	44,459,668.49	54,155,449.07
Total Liabilities	\$ 80,358,201.69	\$ 89,126,910.56
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	2,544,261.89	262,516.00
Total Deferred Inflows of Resources	\$ 2,544,261.89	\$ 262,516.00
NET POSITION		
Net Investment in Capital Assets	\$ 201,728,342.67	\$ 191,245,467.75
Restricted:		
Nonexpendable:		
Endowments	36,881,333.59	36,081,405.34
Expendable:		
Capital Projects	5,238,118.07	5,800,711.07
Other	39,614,523.99	35,970,160.37
Unrestricted	315,986,500.10	222,020,999.75
Total Net Position	\$ 599,448,818.42	\$ 491,118,744.28

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, 2023 and 2022

	2023	Restated 2022
Operating Revenues		
Tuition and Fees	\$ 399,991.71	\$ 336,608.93
Tuition and Fees - Pledged	19,039,935.19	15,874,797.01
Less Discounts and Allowances	(3,300,987.60)	(2,954,414.05)
Professional Fees	63,413,190.71	57,620,664.19
Sales and Services of Auxiliary Enterprises - Pledged	349,949.96	290,445.84
Other Sales and Services	54,627.23	57,135.15
Other Sales and Services - Pledged	335,306.22	301,737.03
Federal Grants and Contracts	2,827,941.11	2,203,358.05
Federal Grant Pass-Throughs from Other State Agencies	767,952.17	762,710.52
State Grants and Contracts	1,637,038.22	1,712,002.25
State Grants and Contracts - Pledged	29,630.02	0.00
State Grant Pass-Throughs from Other State Agencies	7,579,405.29	4,457,556.91
Local Governmental Grants and Contracts	81,842,976.69	69,312,352.01
Local Governmental Grants and Contracts - Pledged	0.00	900.00
Nongovernmental Grants and Contracts	24,513,193.66	23,709,162.48
Nongovernmental Grants and Contracts - Pledged	78,781.09	31,240.50
Other Operating Revenues	20,666,869.43	25,863,254.97
Total Operating Revenues	220,235,801.10	199,579,511.79
Operating Expenses		
Salaries and Wages	165,057,809.20	162,052,249.32
Payroll Related Costs	38,065,131.02	37,556,265.82
Professional Fees and Services	14,422,674.47	7,645,713.21
Travel	1,691,479.66	1,009,724.73
Materials and Supplies	4,981,790.01	5,549,050.51
Communications and Utilities	5,558,970.42	5,836,316.22
Repairs and Maintenance	5,642,997.19	6,145,301.76
Rentals and Leases	1,637,980.79	1,832,128.09
Printing and Reproduction	235,448.65	450,124.03
Federal Grant Pass-Through Expense	17,679.49	29,275.12
State Grant Pass-Through Expense	73,225.17	248,719.32
Depreciation and Amortization	20,123,477.01	20,665,020.25
Bad Debt Expense	103,911.66	150,310.99
Interest	15,857.28	5,526.06
Scholarships	2,117,740.88	1,978,060.44
Other Operating Expenses	31,138,450.01	31,540,724.93
Total Operating Expenses	290,884,622.91	282,694,510.80
Operating Income (Loss)	\$ (70,648,821.81)	\$ (83,114,999.01)

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, 2023 and 2022

	2023	Restated 2022
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 144,354,150.02	\$ 80,558,351.17
Federal Grants and Contracts	1,004,560.10	1,299,303.51
Federal Grant Pass-Throughs from Other State Agencies	311,935.95	132,064.40
State Grant Pass-Throughs from Other State Agencies	16,112.00	29,734.00
Private Gifts	8,425,186.50	7,113,180.94
Investment Income (Expense)	2,607,873.54	1,603,537.73
Investment Income (Expense) - Pledged	4,964,613.58	4,110,907.75
Gain (Loss) on Sale and Disposal of Capital Assets	(32,537.34)	(15,938.32)
Net Increase (Decrease) in Fair Value of Investments	7,589,637.82	(14,802,275.63)
Interest Expense	(382,431.44)	(475,278.70)
Other Nonoperating Revenues (Expenses)	252,464.46	352,777.45
Other Nonoperating Revenues (Expenses) - Pledged	143,081.92	193,820.74
Total Nonoperating Revenues (Expenses)	<u>169,254,647.11</u>	<u>80,100,185.04</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	98,605,825.30	(3,014,813.97)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	5,557,572.00	5,557,572.00
Capital Contributions, Grants and Contracts	7,831,782.06	56,541.00
Contributions to Permanent and Term Endowments	71,928.57	71,928.57
Legislative Transfers In (Out)	(8,611,032.50)	(11,973,757.23)
Interagency Transfers of Capital Assets - Decrease	(215,673.98)	(6,779.54)
Net Transfers from (to) Texas Tech University System Components	5,095,644.30	(1,451,228.09)
Net Transfers from (to) Other State Agencies	(5,971.61)	837.50
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>9,724,248.84</u>	<u>(7,744,885.79)</u>
Total Change in Net Position	<u>108,330,074.14</u>	<u>(10,759,699.76)</u>
Beginning Net Position (September 1)	490,842,307.78	501,878,444.04
Restatements	<u>276,436.50</u>	<u>0.00</u>
Ending Net Position (August 31)	<u>\$ 599,448,818.42</u>	<u>\$ 491,118,744.28</u>

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 84,478,430.46	\$ 83,447,924.38
Proceeds from Tuition and Fees	16,853,142.48	14,577,660.43
Proceeds from Grants and Contracts	118,618,354.40	98,853,061.43
Proceeds from Sales and Services of Auxiliary Enterprises	371,529.22	308,389.76
Proceeds from Loan Programs	22,679,720.83	18,613,874.30
Payments to Suppliers for Goods and Services	(34,590,748.65)	(26,365,178.72)
Payments to Employees for Salaries	(165,884,048.66)	(161,541,422.89)
Payments to Employees for Benefits	(37,718,530.79)	(37,472,222.09)
Payments for Loans Issued to Students	(22,730,459.50)	(17,814,251.50)
Payments for Other Expenses	(33,132,465.65)	(33,338,460.32)
Net Cash Provided/(Used) by Operating Activities	(51,055,075.86)	(60,730,625.22)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	90,195,599.44	84,147,639.41
Proceeds from Gifts	8,490,995.07	7,178,989.51
Proceeds from Nonoperating Grants and Contracts	1,332,608.05	1,461,101.91
Proceeds from Other Financing Activities	398,525.16	466,788.94
Proceeds from Transfers from Component Institutions	1,156,336.36	1,264,930.97
Proceeds from Transfers In from Other State Agencies	2,840,402.00	1,739,744.77
Payments for Transfers to Component Institutions	(2,304,923.06)	(2,148,630.19)
Payments for Transfers to Other State Agencies	(13,065.61)	(2,445.50)
Net Cash Provided/(Used) by Noncapital Financing Activities	102,096,477.41	94,108,119.82
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	29,862.76	14,946.65
Proceeds from Capital Gifts, Grants and Contracts	6,431,423.00	612,000.00
Proceeds from Capital Appropriations	5,557,572.00	5,557,572.00
Proceeds from Transfers from Component Institutions	17,800,202.83	5,188,901.95
Payments for Transfers to Component Institutions	(23,000,312.33)	(19,466,649.82)
Payments for Additions to Capital Assets	(24,875,053.08)	(6,860,295.92)
Payments for Leases/SBITAs	(5,308,784.87)	(4,481,387.47)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(23,365,089.69)	(19,434,912.61)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	0.00	24,653,067.29
Proceeds from Interest and Investment Income	9,912,945.45	7,810,775.43
Payments to Acquire Investments	(52,428,591.84)	(30,450,088.43)
Net Cash Provided/(Used) by Investing Activities	(42,515,646.39)	2,013,754.29
TOTAL NET CASH FLOWS	\$ (14,839,334.53)	\$ 15,956,336.28

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 62,209,636.22	\$ 46,253,299.94
Ending Cash & Cash Equivalents (August 31)	<u>\$ 47,370,301.69</u>	<u>\$ 62,209,636.22</u>
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (70,648,821.81)	\$ (83,114,999.01)
Adjustments:		
Depreciation and Amortization Expense	20,123,477.01	20,665,020.25
(Increase) Decrease in Accounts Receivables	234,164.42	(3,348,896.15)
(Increase) Decrease in Loans and Notes Receivable	136,047.89	151,823.19
(Increase) Decrease in Inventories	(72,119.69)	62,093.37
(Increase) Decrease in Due From Other State Agencies	(91,927.70)	(280,202.26)
(Increase) Decrease in Prepaid Items	(475,003.28)	3,310,483.47
Increase (Decrease) in Accounts Payable	149,825.46	359,616.35
Increase (Decrease) in Unearned Revenue	795,998.51	1,316,551.24
Increase (Decrease) in Employees' Compensable Leave	(1,068,159.45)	38,480.05
Increase (Decrease) in Due To Other State Agencies	(151,079.77)	109,387.83
Increase (Decrease) in Other Liabilities	12,522.55	16.45
Net Cash Used for Operating Activities	<u>(51,055,075.86)</u>	<u>(60,730,625.22)</u>
 Noncash Transactions		
Donations of Capital Assets	2,012,359.06	56,541.00
Net Increase (Decrease) in Fair Value of Investments	7,589,637.82	(14,802,275.63)
Other	(62,400.10)	(30,884.97)
Total Noncash Transactions	<u>\$ 9,539,596.78</u>	<u>\$ (14,776,619.60)</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, 2023 and 2022**

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	HOSPITALS AND CLINICS	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 97,463,320.68	\$ 6,482,164.78	\$ 3,025,831.23	\$ 17,821,826.36	\$ 24,141,697.01	\$ 1,636,583.50	\$ 10,162,513.78
Payroll Related Costs	17,413,755.18	1,797,688.08	719,174.25	6,001,923.90	6,605,360.43	397,484.08	3,592,746.21
Professional Fees and Services	11,318,737.83	314,966.62	86,492.54	23,886.57	953,558.84	57,116.77	1,572,659.54
Travel	742,504.21	132,204.91	73,512.05	11,349.27	408,302.00	154,898.67	148,913.26
Materials and Supplies	1,340,104.75	735,569.50	78,699.11	562,226.27	1,623,782.31	152,030.20	100,648.30
Communications and Utilities	599,932.16	45,874.70	23,325.17	37,385.92	2,033,768.13	29,066.20	249,751.75
Repairs and Maintenance	254,337.87	577,289.76	12,012.56	219,220.67	2,291,498.66	31,043.57	532,355.80
Rentals and Leases	88,258.28	(3.54)	7,706.20	532,706.72	829,327.37	25,676.59	62,548.68
Printing and Reproduction	21,595.96	24,312.59	7,296.83	4,588.86	45,887.45	37,771.11	77,904.38
Federal Grant Pass-Through Expense	0.00	17,679.49	0.00	0.00	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	73,225.17	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	3,911.66	0.00
Interest	2,566.81	608.67	10.95	206.90	5,044.94	1,798.89	3,312.56
Scholarships	0.00	0.00	0.00	0.00	655,808.50	0.00	0.00
Other Operating Expenses	4,774,403.44	1,490,918.55	313,499.97	507,073.44	14,649,241.76	2,334,237.69	4,124,961.48
TOTAL OPERATING EXPENSES	\$ 134,019,517.17	\$ 11,692,499.28	\$ 4,347,560.86	\$ 25,722,394.88	\$ 54,243,277.40	\$ 4,861,618.93	\$ 20,628,315.74

UNAUDITED

**Texas Tech University Health Sciences Center at El Paso (774)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022**

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Salaries and Wages	\$ 4,232,702.55	\$ 0.00	\$ 91,169.31	\$ 0.00	\$ 165,057,809.20	\$ 162,052,249.32
Payroll Related Costs	1,497,350.76	0.00	39,648.13	0.00	38,065,131.02	37,556,265.82
Professional Fees and Services	95,255.76	0.00	0.00	0.00	14,422,674.47	7,645,713.21
Travel	19,795.29	0.00	0.00	0.00	1,691,479.66	1,009,724.73
Materials and Supplies	388,019.54	0.00	710.03	0.00	4,981,790.01	5,549,050.51
Communications and Utilities	2,520,796.54	0.00	19,069.85	0.00	5,558,970.42	5,836,316.22
Repairs and Maintenance	1,685,787.95	0.00	39,450.35	0.00	5,642,997.19	6,145,301.76
Rentals and Leases	85,027.41	0.00	6,733.08	0.00	1,637,980.79	1,832,128.09
Printing and Reproduction	9,797.03	0.00	6,294.44	0.00	235,448.65	450,124.03
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	17,679.49	29,275.12
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	73,225.17	248,719.32
Depreciation and Amortization	0.00	0.00	0.00	20,123,477.01	20,123,477.01	20,665,020.25
Bad Debt Expense	0.00	100,000.00	0.00	0.00	103,911.66	150,310.99
Interest	2,307.56	0.00	0.00	0.00	15,857.28	5,526.06
Scholarships	0.00	1,461,932.38	0.00	0.00	2,117,740.88	1,978,060.44
Other Operating Expenses	2,917,845.07	0.00	26,268.61	0.00	31,138,450.01	31,540,724.93
TOTAL OPERATING EXPENSES	\$ 13,454,685.46	\$ 1,561,932.38	\$ 229,343.80	\$ 20,123,477.01	\$ 290,884,622.91	\$ 282,694,510.80

UNAUDITED

Texas Tech University Health Sciences Center at El Paso (774)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

There is no fiduciary activity to report for Texas Tech University Health Sciences Center at El Paso for the years ended August 31, 2023 and 2022.

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, 2023 and 2022

There is no fiduciary activity to report for Texas Tech University Health Sciences Center at El Paso for the years ended August 31, 2023 and 2022.

UNAUDITED

**Angelo State University (737)
Statement of Net Position
August 31, 2023 and 2022**

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 46,604,321.08	\$ 31,219,262.36
Restricted Cash and Cash Equivalents	3,824,367.48	(1,154,685.03)
Legislative Appropriations	15,660,290.27	11,926,029.60
Receivables:		
Federal	983,988.52	2,774,804.30
Student	19,920,353.81	17,249,687.67
Accounts	1,505,132.42	873,889.23
Interest and Dividends	117,552.25	87,730.11
Gifts	3,682,970.59	3,427,890.33
Leases	55,998.62	51,154.76
Public-Private and Public-Public Partnership Installments	1,319,370.04	316,201.53
Due From Other State Agencies	228,912.55	144,294.06
Inventories	245,412.74	234,702.83
Prepaid Items	12,270,911.48	10,864,726.47
Loans and Contracts	60,175.28	135,142.30
Total Current Assets	<u>106,479,757.13</u>	<u>78,150,830.52</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	61.78	0.00
Restricted Investments	60,428,611.37	52,299,234.57
Gifts Receivable	2,625,480.00	4,087,005.30
Leases Receivable	1,297,182.27	1,353,106.47
Public-Private and Public-Public Partnership Installments Receivable	1,455,235.52	2,774,605.53
Investments	53,038,902.92	66,448,211.82
Capital Assets		
Non-Depreciable or Non-Amortizable	12,806,450.97	6,266,483.13
Depreciable or Amortizable	332,468,014.14	326,255,033.98
Accumulated Depreciation and Amortization	(203,214,092.04)	(191,512,222.92)
Right to Use Assets		
Amortizable	1,107,312.58	759,462.49
Accumulated Amortization	(760,374.13)	(406,499.67)
Total Non-Current Assets	<u>261,252,785.38</u>	<u>268,324,420.70</u>
Total Assets	<u>\$ 367,732,542.51</u>	<u>\$ 346,475,251.22</u>

UNAUDITED

Angelo State University (737)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 10,082,240.32	\$ 3,196,602.07
Payroll Payable	4,419,823.33	5,202,228.23
Unearned Revenue	50,193,516.27	45,504,595.61
Due to Other State Agencies	17,928.01	754.84
Right to Use Leases Obligations	11,871.92	55,250.73
Right to Use Subscription Obligations	0.00	304,634.96
Funds Held for Others	3,130,133.69	2,533,028.78
Other Current Liabilities	161.44	9,351.60
Total Current Liabilities	<u>67,855,674.98</u>	<u>56,806,446.82</u>
Non-Current Liabilities:		
Employees' Compensable Leave	3,170,211.82	3,161,220.66
Right to Use Lease Obligations	333,630.34	0.00
Other Non-Current Liabilities	2,071.18	12,086.31
Total Non-Current Liabilities	<u>3,505,913.34</u>	<u>3,173,306.97</u>
Total Liabilities	<u>71,361,588.32</u>	<u>59,979,753.79</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	3,685,894.89	4,157,220.93
Total Deferred Inflows of Resources	<u>3,685,894.89</u>	<u>4,157,220.93</u>
NET POSITION		
Net Investment in Capital Assets	142,407,311.52	141,362,257.01
Restricted:		
Nonexpendable:		
Endowments	50,696,111.09	47,758,066.84
Expendable:		
Other	36,352,502.25	27,531,405.43
Unrestricted	<u>63,229,134.44</u>	<u>65,686,547.22</u>
Total Net Position	<u>\$ 292,685,059.30</u>	<u>\$ 282,338,276.50</u>

UNAUDITED

Angelo State University (737)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
	<u>2023</u>	<u>2022</u>
Operating Revenues		
Tuition and Fees	\$ 4,444,465.80	\$ 4,098,939.40
Tuition and Fees - Pledged	74,173,133.18	65,358,830.53
Less Discounts and Allowances	(33,478,950.00)	(22,494,377.21)
Sales and Services of Auxiliary Enterprises - Pledged	12,315,246.38	12,464,548.50
Other Sales and Services - Pledged	1,115,949.03	962,017.74
Federal Grants and Contracts	2,015,228.23	1,272,424.07
Federal Grant Pass-Throughs from Other State Agencies	489,543.53	303,551.32
State Grant Pass-Throughs from Other State Agencies	8,560,868.38	7,036,667.50
Nongovernmental Grants and Contracts	601,990.22	1,041,104.00
Total Operating Revenues	<u>70,237,474.75</u>	<u>70,043,705.85</u>
Operating Expenses		
Salaries and Wages	60,257,527.84	58,412,908.13
Payroll Related Costs	19,159,019.31	18,588,644.19
Professional Fees and Services	3,024,823.01	1,939,389.49
Travel	2,147,583.00	1,924,296.24
Materials and Supplies	10,961,896.66	9,829,669.99
Communications and Utilities	3,709,981.09	4,005,452.95
Repairs and Maintenance	3,386,458.89	3,091,230.41
Rentals and Leases	846,491.59	812,761.10
Printing and Reproduction	340,920.42	389,419.35
Depreciation and Amortization	12,672,192.95	12,744,411.49
Bad Debt Expense	521,095.66	569,533.17
Interest	953.67	323.53
Scholarships	12,599,873.57	19,344,123.31
Other Operating Expenses	20,223,916.93	13,655,888.63
Total Operating Expenses	<u>149,852,734.59</u>	<u>145,308,051.98</u>
Operating Income (Loss)	<u>\$ (79,615,259.84)</u>	<u>\$ (75,264,346.13)</u>

UNAUDITED

Angelo State University (737)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 37,895,602.80	\$ 38,834,161.44
Federal Grants and Contracts	17,133,426.65	25,415,612.59
Federal Grant Pass-Throughs from Other State Agencies	119,482.74	79,753.78
Private Gifts	19,713,036.95	14,788,581.50
Investment Income (Expense)	11,732,316.78	12,508,585.25
Net Increase (Decrease) in Fair Value of Investments	1,878,604.89	(8,508,252.10)
Interest Expense	(584.42)	(9,432.37)
Other Nonoperating Revenues (Expenses) - Pledged	3,811,633.03	9,221,704.93
Total Nonoperating Revenues (Expenses)	92,283,519.42	92,330,715.02
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	12,668,259.58	17,066,368.89
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	6,792,999.00	6,792,999.00
Capital Contributions, Grants and Contracts	3,554,313.20	318,055.00
Lapsed Appropriations	(0.25)	(8.91)
Legislative Transfers In (Out)	(3,016,789.35)	(3,968,835.74)
Net Transfers from (to) Texas Tech University System Components	(9,771,624.21)	(5,042,406.50)
Net Transfers from (to) Other State Agencies	119,624.83	114,747.88
Net Other Revenues, Expenses, Gains, Losses, and Transfers	(2,321,476.78)	(1,785,449.27)
Total Change in Net Position	10,346,782.80	15,280,919.62
Beginning Net Position (September 1)	282,019,197.66	267,057,356.88
Restatements	319,078.84	0.00
Ending Net Position (August 31)	\$ 292,685,059.30	\$ 282,338,276.50

UNAUDITED

Angelo State University (737)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 1,115,838.84	\$ 960,937.95
Proceeds from Tuition and Fees	45,984,769.47	44,327,937.95
Proceeds from Grants and Contracts	13,301,411.82	9,802,115.42
Proceeds from Sales and Services of Auxiliary Enterprises	12,585,173.68	12,615,762.84
Proceeds from Loan Programs	106,140.09	120,053.59
Proceeds from Fiduciary Activities (Held 3 Months or Less)	30,751,748.36	34,253,200.29
Payments to Suppliers for Goods and Services	(24,254,934.57)	(22,009,782.83)
Payments to Employees for Salaries	(60,026,110.53)	(58,402,527.85)
Payments to Employees for Benefits	(20,163,850.36)	(19,789,031.44)
Payments for Loans Issued to Students	(45,864.65)	(131,497.05)
Payments for Fiduciary Activities (Held 3 Months or Less)	(30,154,643.45)	(34,155,297.43)
Payments for Other Expenses	(28,963,223.65)	(37,322,477.05)
Net Cash Provided/(Used) by Operating Activities	(59,763,544.95)	(69,730,605.61)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	34,161,342.13	34,469,865.74
Proceeds from Gifts	19,713,036.95	14,788,581.50
Proceeds from Nonoperating Grants and Contracts	17,252,909.39	25,495,366.37
Proceeds from Other Financing Activities	17,133,414.90	12,143,900.58
Proceeds from Transfers In from Other State Agencies	295,755.00	292,587.00
Payments for Transfers to Component Institutions	(578,892.00)	(538,810.00)
Payments for Transfers to Other State Agencies	(1,590.17)	(644.12)
Payments for Other Uses	(11,342,090.27)	(4,134,197.89)
Net Cash Provided/(Used) by Noncapital Financing Activities	76,633,885.93	82,516,649.18
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Gifts, Grants and Contracts	3,497,652.00	0.00
Proceeds from Capital Appropriations	6,792,999.00	6,792,999.00
Proceeds from Transfers from Component Institutions	1,751,167.15	2,985,010.38
Payments for Transfers to Component Institutions	(14,135,228.71)	(11,634,637.62)
Payments for Additions to Capital Assets	(13,279,483.17)	(7,123,725.81)
Payments for Leases	(24,128.01)	250,923.68
Net Cash Provided/(Used) by Capital and Related Financing Activities	(15,397,021.74)	(8,729,430.37)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	7,158,536.99	0.00
Proceeds from Interest and Investment Income	11,732,316.78	12,551,666.84
Payments to Acquire Investments	0.00	(16,510,640.28)
Net Cash Provided/(Used) by Investing Activities	18,890,853.77	(3,958,973.44)
TOTAL NET CASH FLOWS	\$ 20,364,173.01	\$ 97,639.76

UNAUDITED

Angelo State University (737)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 30,064,577.33	\$ 29,966,937.57
Ending Cash & Cash Equivalents (August 31)	\$ 50,428,750.34	\$ 30,064,577.33
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (79,615,259.84)	\$ (75,264,346.13)
Adjustments:		
Depreciation and Amortization Expense	12,672,192.95	12,744,411.49
Bad Debt Expense	521,095.66	569,533.17
(Increase) Decrease in Accounts Receivables	(576,891.19)	(11,295,694.06)
(Increase) Decrease in Loans and Notes Receivable	74,967.02	8,607.34
(Increase) Decrease in Inventories	(10,709.91)	(27,847.10)
(Increase) Decrease in Due From Other State Agencies	(84,618.49)	(42,097.60)
(Increase) Decrease in Prepaid Items	(919,570.50)	(170,972.35)
Increase (Decrease) in Accounts Payable	4,056,679.80	788,488.76
Increase (Decrease) in Payroll Payable	231,417.31	10,380.28
Increase (Decrease) in Unearned Revenue	4,688,920.66	4,074,202.94
Increase (Decrease) in Employees' Compensable Leave	8,991.16	(110,491.02)
Increase (Decrease) in Due To Other State Agencies	17,173.17	170.13
Increase (Decrease) in Benefits Payable	(1,013,822.21)	(1,089,896.23)
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	597,104.91	97,902.86
Increase (Decrease) in Deferred Inflows of Resources - PPP	(401,170.32)	0.00
Increase (Decrease) in Other Liabilities	(10,045.13)	(22,958.09)
Net Cash Used for Operating Activities	(59,763,544.95)	(69,730,605.61)
 Noncash Transactions		
Donations of Capital Assets	56,661.20	318,055.00
Net Increase (Decrease) in Fair Value of Investments	1,878,604.89	(8,508,252.10)
Other	(235,346.28)	(984,555.73)
Total Noncash Transactions	\$ 1,699,919.81	\$ (9,174,752.83)

UNAUDITED

Angelo State University (737)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	\$ 30,651,960.75	\$ 443,523.65	\$ 1,016,643.30	\$ 4,043,566.16	\$ 6,222,363.55	\$ 9,448,592.87
Payroll Related Costs	9,361,940.63	88,820.50	248,472.15	1,145,526.36	1,966,322.06	3,750,696.41
Professional Fees and Services	2,028,991.60	4,693.00	18,854.34	12,796.68	332,910.71	225,096.08
Travel	763,467.42	33,901.49	49,110.33	39,747.76	114,690.22	369,445.40
Materials and Supplies	1,812,816.90	115,452.93	297,310.76	236,391.65	354,558.58	1,596,232.42
Communications and Utilities	129,223.54	1,333.08	11,826.41	36,685.10	33,629.31	144,163.31
Repairs and Maintenance	378,148.43	4,280.44	74,640.44	86,963.63	125,978.48	561,766.27
Rentals and Leases	121,056.87	200.00	32,144.68	12,529.97	60,754.13	279,035.92
Printing and Reproduction	55,178.29	193.98	10,917.44	(9,314.42)	26,093.60	227,402.56
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	209,569.30
Interest	352.55	0.00	2.02	19.97	46.50	359.37
Scholarships	0.00	0.00	0.00	0.00	0.00	0.00
Other Operating Expenses	4,341,825.02	185,702.81	5,098,338.50	633,945.48	1,377,790.72	5,664,132.69
TOTAL OPERATING EXPENSES	\$ 49,644,962.00	\$ 878,101.88	\$ 6,858,260.37	\$ 6,238,858.34	\$ 10,615,137.86	\$ 22,476,492.60

UNAUDITED

Angelo State University (737)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Salaries and Wages	\$ 2,241,098.62	\$ 0.00	\$ 6,189,778.94	\$ 0.00	\$ 60,257,527.84	\$ 58,412,908.13
Payroll Related Costs	854,645.27	0.00	1,742,595.93	0.00	19,159,019.31	18,588,644.19
Professional Fees and Services	24,794.85	0.00	376,685.75	0.00	3,024,823.01	1,939,389.49
Travel	1,856.92	0.00	775,363.46	0.00	2,147,583.00	1,924,296.24
Materials and Supplies	665,219.25	0.00	5,883,914.17	0.00	10,961,896.66	9,829,669.99
Communications and Utilities	1,772,815.57	0.00	1,580,304.77	0.00	3,709,981.09	4,005,452.95
Repairs and Maintenance	941,926.86	0.00	1,212,754.34	0.00	3,386,458.89	3,091,230.41
Rentals and Leases	9,256.17	0.00	331,513.85	0.00	846,491.59	812,761.10
Printing and Reproduction	1,782.41	0.00	28,666.56	0.00	340,920.42	389,419.35
Depreciation and Amortization	0.00	0.00	0.00	12,672,192.95	12,672,192.95	12,744,411.49
Bad Debt Expense	0.00	0.00	311,526.36	0.00	521,095.66	569,533.17
Interest	5.15	0.00	168.11	0.00	953.67	323.53
Scholarships	0.00	12,599,873.57	0.00	0.00	12,599,873.57	19,344,123.31
Other Operating Expenses	972,390.86	0.00	1,949,790.85	0.00	20,223,916.93	13,655,888.63
TOTAL OPERATING EXPENSES	\$ 7,485,791.93	\$ 12,599,873.57	\$ 20,383,063.09	\$ 12,672,192.95	\$ 149,852,734.59	\$ 145,308,051.98

UNAUDITED

Angelo State University (737)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

There is no fiduciary activity to report for Angelo State University for the years ended August 31, 2023 and 2022.

UNAUDITED

Angelo State University (737)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

There is no fiduciary activity to report for Angelo State University for the years ended August 31, 2023 and 2022.

UNAUDITED

Midwestern State University (735)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 14,209,986.88	\$ 10,211,326.79
Unrestricted Short-Term Investments	16,211,925.29	9,833,462.86
Restricted Cash and Cash Equivalents	(1,272,650.07)	1,522,154.40
Restricted Short-Term Investments	576,649.70	1,161,517.88
Legislative Appropriations	2,602,901.68	2,683,765.40
Receivables:		
Federal	294,325.43	660,783.14
Student	10,840,144.53	9,549,571.00
Interest and Dividends	32,470.21	40,478.34
Gifts	190,349.11	186,616.77
Other	2,842,155.78	3,351,788.95
Due From Other State Agencies	82,577.98	93,293.61
Inventories	199,956.37	207,441.30
Prepaid Items	12,167,283.65	12,073,999.37
Total Current Assets	<u>58,978,076.54</u>	<u>51,576,199.81</u>
Non-Current Assets:		
Restricted Investments	8,236,777.87	7,472,960.60
Gifts Receivable	98,039.21	194,156.09
Investments	41,379,939.32	52,410,481.77
Capital Assets		
Non-Depreciable or Non-Amortizable	13,113,620.19	16,368,204.13
Depreciable or Amortizable	395,046,268.33	389,267,942.30
Accumulated Depreciation and Amortization	(256,239,005.40)	(240,399,939.84)
Right to Use Assets		
Amortizable	6,405,362.37	6,405,362.37
Accumulated Amortization	(2,533,244.74)	(1,570,168.91)
Total Non-Current Assets	<u>205,507,757.15</u>	<u>230,148,998.51</u>
Total Assets	<u>\$ 264,485,833.69</u>	<u>\$ 281,725,198.32</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	<u>2,144,940.40</u>	<u>2,339,934.98</u>
Total Deferred Outflows of Resources	<u>\$ 2,144,940.40</u>	<u>\$ 2,339,934.98</u>

UNAUDITED

Midwestern State University (735)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,591,807.99	\$ 2,108,495.04
Payroll Payable	4,550,814.57	4,777,875.07
Unearned Revenue	33,710,411.41	34,585,270.44
Due to Other State Agencies	1,485.66	3,090.46
Employees' Compensable Leave	312,442.82	322,223.03
Right to Use Lease Obligations	593,038.98	585,358.31
Right to Use Subscription Obligations	393,933.78	344,077.37
Revenue Bonds Payable	7,131,038.64	6,816,038.64
Other Current Liabilities	1,580,563.36	1,653,998.82
Total Current Liabilities	50,865,537.21	51,196,427.18
Non-Current Liabilities:		
Employees' Compensable Leave	1,723,759.08	1,862,705.57
Right to Use Lease Obligations	2,270,673.85	2,863,712.82
Right to Use Subscription Obligations	761,366.95	1,155,300.73
Revenue Bonds Payable	114,448,678.02	121,579,716.66
Other Non-Current Liabilities	97,183.24	99,137.02
Total Non-Current Liabilities	119,301,661.14	127,560,572.80
Total Liabilities	\$ 170,167,198.35	\$ 178,756,999.98
NET POSITION		
Net Investment in Capital Assets	\$ 32,326,406.92	\$ 39,051,911.67
Restricted:		
Nonexpendable:		
Endowments	5,519,541.13	5,477,048.06
Expendable:		
Capital Projects	398,183.21	1,532,112.04
Other	15,982,002.41	15,657,412.03
Unrestricted	42,237,442.07	43,589,649.52
Total Net Position	\$ 96,463,575.74	\$ 105,308,133.32

UNAUDITED

Midwestern State University (735)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Operating Revenues		
Tuition and Fees - Pledged	\$ 51,504,977.44	\$ 52,011,247.07
Less Discounts and Allowances	(17,567,893.95)	(18,166,477.70)
Sales and Services of Auxiliary Enterprises - Pledged	11,728,407.78	11,907,082.56
Other Sales and Services	1,224,461.33	1,235,211.54
Federal Grants and Contracts	1,696,515.96	1,526,085.60
Federal Grant Pass-Throughs from Other State Agencies	282,556.53	571,086.26
State Grant Pass-Throughs from Other State Agencies	4,725,502.03	4,605,327.70
Nongovernmental Grants and Contracts	2,812,156.79	2,024,957.71
Other Operating Revenues	1,705,183.13	1,591,587.09
Total Operating Revenues	58,111,867.04	57,306,107.83
Operating Expenses		
Salaries and Wages	44,077,530.89	44,244,062.83
Payroll Related Costs	14,653,577.84	14,649,152.87
Professional Fees and Services	6,550,428.78	5,586,869.48
Travel	2,077,478.02	1,906,233.77
Materials and Supplies	8,652,538.05	8,626,672.44
Communications and Utilities	3,001,257.17	3,022,358.64
Repairs and Maintenance	3,075,539.27	3,464,328.69
Rentals and Leases	404,219.33	467,311.51
Printing and Reproduction	135,212.95	196,131.14
Depreciation and Amortization	16,843,278.59	18,339,662.12
Bad Debt Expense	400,964.80	338,256.41
Interest	2,575.30	636.98
Scholarships	13,854,305.42	19,940,886.19
Total Operating Expenses	113,728,906.41	120,782,563.07
Operating Income (Loss)	\$ (55,617,039.37)	\$ (63,476,455.24)

UNAUDITED

Midwestern State University (735)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 25,147,599.65	\$ 25,336,477.03
Federal Grants and Contracts	11,453,649.03	21,943,089.82
Federal Grant Pass-Throughs from Other State Agencies	1,278.80	96,550.86
State Grant Pass-Throughs from Other State Agencies	5,500.00	5,500.00
Private Gifts	4,648,444.61	4,640,632.53
Investment Income (Expense)	2,666,485.34	12,426,129.76
Interest Expense on Capital Asset Financing	(4,369,885.98)	(4,644,106.81)
Gain (Loss) on Sale and Disposal of Capital Assets	0.00	(54,525.92)
Net Increase (Decrease) in Fair Value of Investments	1,971,466.05	(16,390,093.06)
Total Nonoperating Revenues (Expenses)	41,524,537.50	43,359,654.21
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(14,092,501.87)	(20,116,801.03)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEF)	4,933,200.00	4,933,200.00
Capital Contributions, Grants and Contracts	4,364,567.00	250,000.00
Lapsed Appropriations	0.00	40,383.57
Contributions to Permanent and Term Endowments	190,552.41	520,460.80
Legislative Transfers In (Out)	92,432.00	89,748.00
Net Transfers from (to) Texas Tech University System Components	(3,615,558.14)	0.00
Net Transfers from (to) Other State Agencies	(717,248.98)	(859,913.37)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	5,247,944.29	4,973,879.00
Total Change in Net Position	(8,844,557.58)	(15,142,922.03)
Beginning Net Position (September 1)	105,559,904.28	120,451,055.35
Restatements	(251,770.96)	0.00
Ending Net Position (August 31)	\$ 96,463,575.74	\$ 105,308,133.32

UNAUDITED

Midwestern State University (735)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 2,929,644.46	\$ 2,826,798.63
Proceeds from Tuition and Fees	32,316,174.28	33,085,808.78
Proceeds from Grants and Contracts	8,871,280.91	7,912,371.44
Proceeds from Sales and Services of Auxiliary Enterprises	12,313,571.74	11,706,851.03
Proceeds from Loan Programs	0.00	14,509.21
Payments to Suppliers for Goods and Services	(23,294,393.08)	(23,617,223.04)
Payments to Employees for Salaries	(44,453,318.09)	(44,877,193.14)
Payments to Employees for Benefits	(14,653,577.84)	(14,649,152.87)
Payments for Other Expenses	(13,956,701.18)	(19,143,304.73)
Net Cash Provided/(Used) by Operating Activities	(39,927,318.80)	(46,740,534.69)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	25,228,463.37	24,807,132.56
Proceeds from Gifts	4,822,313.77	5,467,755.47
Proceeds from Nonoperating Grants and Contracts	11,460,427.83	22,045,140.68
Proceeds from Transfers In from Other State Agencies	156,624.00	148,193.00
Payments for Transfers to Component Institutions	(317,130.42)	0.00
Payments for Transfers to Other State Agencies	(781,440.98)	(918,358.37)
Net Cash Provided/(Used) by Noncapital Financing Activities	40,569,257.57	51,549,863.34
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Gifts, Grants and Contracts	4,364,567.00	250,000.00
Proceeds from Other Capital and Related Financing Activities	27,281.40	363,063.67
Proceeds from Capital Appropriations	4,933,200.00	4,933,200.00
Proceeds from Transfers from Component Institutions	1,066,139.28	0.00
Payments for Transfers to Component Institutions	(4,364,567.00)	0.00
Payments for Additions to Capital Assets	(2,564,879.29)	(3,798,624.44)
Payments for Principal Paid on Capital Debt	(6,816,038.64)	(6,521,281.04)
Payments for Interest Paid on Capital Debt	(4,246,159.28)	(4,497,543.87)
Payments for Capital Leases	(929,435.67)	(562,667.76)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(8,529,892.20)	(9,833,853.44)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	24,700,565.98	8,975,527.67
Proceeds from Interest and Investment Income	2,579,295.76	55,761,847.73
Payments to Acquire Investments	(18,188,052.69)	(58,288,872.60)
Net Cash Provided/(Used) by Investing Activities	9,091,809.05	6,448,502.80
TOTAL NET CASH FLOWS	\$ 1,203,855.62	\$ 1,423,978.01

UNAUDITED

Midwestern State University (735)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 11,963,481.19	\$ 10,309,503.18
Restatement to Beginning Cash & Cash Equivalents	(230,000.00)	0.00
Beginning Cash & Cash Equivalents (September 1) as Restated	11,733,481.19	10,309,503.18
Ending Cash & Cash Equivalents (August 31)	\$ 12,937,336.81	\$ 11,733,481.19
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (55,617,039.37)	\$ (63,476,455.24)
Adjustments:		
Depreciation and Amortization Expense	16,843,278.59	18,339,662.12
Bad Debt Expense	400,964.80	338,256.41
(Increase) Decrease in Accounts Receivables	(804,731.82)	139,363.92
(Increase) Decrease in Inventories	7,484.93	(22,069.33)
(Increase) Decrease in Other Assets	109,067.79	109,067.79
(Increase) Decrease in Prepaid Items	(93,284.28)	804,125.45
Increase (Decrease) in Accounts Payable	482,169.19	(532,448.82)
Increase (Decrease) in Payroll Payable	(227,060.50)	(325,096.82)
Increase (Decrease) in Unearned Revenue	(874,859.03)	(1,802,896.72)
Increase (Decrease) in Employees' Compensable Leave	(148,726.70)	(308,033.49)
Increase (Decrease) in Other Liabilities	(4,582.40)	(4,009.96)
Net Cash Used for Operating Activities	(39,927,318.80)	(46,740,534.69)
Noncash Transactions		
Net Increase (Decrease) in Fair Value of Investments	1,971,466.05	(16,390,093.06)
Other	0.00	(54,525.92)
Total Noncash Transactions	\$ 1,971,466.05	\$ (16,444,618.98)

UNAUDITED

Midwestern State University (735)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	INSTRUCTION	RESEARCH	PUBLIC SERVICE	ACADEMIC SUPPORT	STUDENT SERVICES	INSTITUTIONAL SUPPORT
Salaries and Wages	23,823,081.26	463,857.67	606,708.38	4,096,615.23	6,599,147.01	4,007,728.15
Payroll Related Costs	7,803,420.15	92,933.15	165,240.11	1,393,475.41	2,029,391.30	1,380,775.83
Professional Fees and Services	429,236.44	124,818.54	194,482.96	1,059,236.17	1,479,355.70	1,601,423.26
Travel	765,382.55	33,357.14	13,453.48	279,335.92	877,716.57	95,929.83
Materials and Supplies	868,746.61	108,541.98	284,383.11	1,209,538.31	1,925,165.55	577,937.19
Communications and Utilities	26,982.22	2,186.73	7,021.65	6,467.06	298,889.86	(1,157.38)
Repairs and Maintenance	201,806.52	3,200.00	62,971.16	488,605.69	601,356.99	225,414.69
Rentals and Leases	112,320.62	670.00	13,701.74	49,947.38	133,369.08	65,095.67
Printing and Reproduction	11,033.37	326.65	13,148.40	38,519.41	103,451.93	(50,800.97)
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	400,964.80	0.00
Interest	153.90	28.70	12.76	245.61	680.53	305.58
Scholarships	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENSES	\$ 34,042,163.64	\$ 829,920.56	\$ 1,361,123.75	\$ 8,621,986.19	\$ 14,449,489.32	\$ 7,902,651.85

UNAUDITED

Midwestern State University (735)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022

OPERATING EXPENSES	OPERATIONS & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Salaries and Wages	3,040,096.43	0.00	1,440,296.76	0.00	44,077,530.89	44,244,062.83
Payroll Related Costs	1,411,153.50	0.00	377,188.39	0.00	14,653,577.84	14,649,152.87
Professional Fees and Services	205,286.31	0.00	1,456,589.40	0.00	6,550,428.78	5,586,869.48
Travel	0.00	0.00	12,302.53	0.00	2,077,478.02	1,906,233.77
Materials and Supplies	499,798.43	0.00	3,178,426.87	0.00	8,652,538.05	8,626,672.44
Communications and Utilities	1,382,602.40	0.00	1,278,264.63	0.00	3,001,257.17	3,022,358.64
Repairs and Maintenance	29,801.36	0.00	1,462,382.86	0.00	3,075,539.27	3,464,328.69
Rentals and Leases	38,348.71	0.00	(9,233.87)	0.00	404,219.33	467,311.51
Printing and Reproduction	1,252.31	0.00	18,281.85	0.00	135,212.95	196,131.14
Depreciation and Amortization	0.00	0.00	0.00	16,843,278.59	16,843,278.59	18,339,662.12
Bad Debt Expense	0.00	0.00	0.00	0.00	400,964.80	338,256.41
Interest	541.28	0.00	606.94	0.00	2,575.30	636.98
Scholarships	0.00	13,854,305.42	0.00	0.00	13,854,305.42	19,940,886.19
TOTAL OPERATING EXPENSES	\$ 6,608,880.73	\$ 13,854,305.42	\$ 9,215,106.36	\$ 16,843,278.59	\$ 113,728,906.41	\$ 120,782,563.07

UNAUDITED

**Midwestern State University (735)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022**

There is no fiduciary activity to report for Midwestern State University for the years ended August 31, 2023 and 2022.

UNAUDITED

Midwestern State University (735)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

There is no fiduciary activity to report for Midwestern State University for the years ended August 31, 2023 and 2022.

UNAUDITED

Texas Tech University System Administration (768)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,786,686.83	\$ 3,250,791.92
Restricted Cash and Cash Equivalents	169,185.98	238,930.22
Legislative Appropriations	546,938.91	601,323.92
Receivables:		
Interest and Dividends	26,949.69	70,651.97
Other	22,933.40	15,703.90
Prepaid Items	28,371.59	29,713.35
Total Current Assets	<u>3,581,066.40</u>	<u>4,207,115.28</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	319,120,379.72	61,990,145.76
Restricted Investments	99,690,815.62	93,878,890.67
Investments	66,621,059.67	68,650,022.53
Capital Assets		
Non-Depreciable or Non-Amortizable	672,419.24	390,486.05
Depreciable or Amortizable	42,891,324.99	31,758,217.66
Accumulated Depreciation and Amortization	(24,567,446.42)	(12,948,733.46)
Right to Use Assets		
Amortizable	1,646,786.07	1,648,831.15
Accumulated Amortization	(1,109,956.28)	(559,813.10)
Total Non-Current Assets	<u>504,965,382.61</u>	<u>244,808,047.26</u>
Total Assets	<u>\$ 508,546,449.01</u>	<u>\$ 249,015,162.54</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflow of Resources		
Deferred Outflows of Resources	<u>290,364,593.00</u>	<u>403,926,077.40</u>
Total Deferred Outflows of Resources	<u>\$ 290,364,593.00</u>	<u>\$ 403,926,077.40</u>

UNAUDITED

Texas Tech University System Administration (768)
Statement of Net Position
August 31, 2023 and 2022

	2023	Restated 2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 174,234.81	\$ 257,683.79
Payroll Payable	2,362,825.13	2,137,101.81
Short-Term Debt Commercial Paper Notes	55,355,000.00	75,911,000.00
Claims and Judgments	1,088,118.60	1,122,049.91
Right to Use Lease Obligations	81,032.92	116,006.79
Right to Use Subscription Obligations	436,090.39	435,322.98
Employees' Compensable Leave	317,419.08	250,106.32
Revenue Bonds Payable	69,967,480.40	56,107,895.30
Net OPEB Liability	30,550,915.00	27,446,781.00
Other Current Liabilities	1,625,152.01	1,165,590.62
Total Current Liabilities	161,958,268.34	164,949,538.52
Non-Current Liabilities:		
Claims and Judgments	4,765,548.40	4,638,254.09
Employees' Compensable Leave	2,092,437.97	1,862,050.94
Right to Use Lease Obligations	3,911.97	85,968.79
Right to Use Subscription Obligations	14,947.46	451,037.85
Revenue Bonds Payable	883,093,757.90	673,005,331.75
Net OPEB Liability	769,135,247.00	992,427,539.00
Net Pension Liability	363,554,074.00	156,543,241.00
Total Non-Current Liabilities	2,022,659,924.70	1,829,013,423.42
Total Liabilities	\$ 2,184,618,193.04	\$ 1,993,962,961.94
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	349,842,750.00	345,063,289.00
Total Deferred Inflows of Resources	\$ 349,842,750.00	\$ 345,063,289.00
NET POSITION		
Net Investment in Capital Assets	\$ (655,766,499.06)	\$ (716,277,569.76)
Restricted:		
Nonexpendable:		
Endowments	767,608.81	745,398.81
Expendable:		
Capital Projects	22,652,326.66	985,498.57
Other	91,395,261.76	92,578,233.45
Unrestricted	(1,194,598,599.20)	(1,064,116,572.07)
Total Net Position	\$ (1,735,549,901.03)	\$ (1,686,085,011.00)

UNAUDITED

Texas Tech University System Administration (768)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Operating Revenues		
Other Sales and Services - Pledged	\$ 8,014.61	\$ 6,339.50
Total Operating Revenues	8,014.61	6,339.50
Operating Expenses		
Salaries and Wages	13,921,346.40	11,476,483.14
Payroll Related Costs	108,291,630.91	98,459,618.70
Professional Fees and Services	1,497,147.75	1,623,679.80
Travel	325,693.49	168,181.88
Materials and Supplies	335,839.05	200,286.08
Communications and Utilities	192,011.50	178,532.01
Repairs and Maintenance	567,289.27	174,828.98
Rentals and Leases	342,345.70	293,267.70
Printing and Reproduction	14,643.51	25,378.04
Depreciation and Amortization	2,348,532.52	2,128,022.35
Claims and Judgments	1,053,023.15	973,742.49
Other Operating Expenses	(791,153.91)	(2,041,793.48)
Total Operating Expenses	128,098,349.34	113,660,227.69
Operating Income (Loss)	(128,090,334.73)	(113,653,888.19)
Nonoperating Revenues (Expenses)		
Legislative Revenue	2,876,788.60	2,856,654.87
Private Gifts	252,077.75	1,168.87
Private Gifts - Pledged	4,603,000.00	3,476,079.37
Investment Income (Expense)	4,477,183.85	968,766.27
Investment Income (Expense) - Pledged	1,850,407.47	1,693,471.39
Interest Expense on Capital Asset Financing	(23,256,599.12)	(21,977,633.86)
Gain (Loss) on Sale and Disposal of Capital Assets	(1,773.56)	0.00
Net Increase (Decrease) in Fair Value of Investments	5,568,573.98	(7,212,042.70)
Interest Expense	(1,078.56)	(1,902.47)
Other Nonoperating Revenues (Expenses)	44,565.00	(53,650.25)
Other Nonoperating Revenues (Expenses) - Pledged	(1,677,567.57)	0.00
Total Nonoperating Revenues (Expenses)	(5,264,422.16)	(20,249,088.51)
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	(133,354,756.89)	(133,902,976.70)
Other Revenues, Expenses, Gains, Losses, and Transfers		
Contributions to Permanent and Term Endowments	22,210.00	25,600.00
Legislative Transfers In (Out)	40,722,800.35	58,791,519.40
Interagency Transfers of Capital Assets - Increase	1,274,566.74	442,612.18
Net Transfers from (to) Texas Tech University System Components	41,870,289.77	274,143.07
Net Other Revenues, Expenses, Gains, Losses, and Transfers	83,889,866.86	59,533,874.65
Total Change in Net Position	(49,464,890.03)	(74,369,102.05)
Beginning Net Position (September 1)	(1,686,160,821.73)	(1,611,715,908.95)
Restatements	75,810.73	0.00
Ending Net Position (August 31)	\$ (1,735,549,901.03)	\$ (1,686,085,011.00)

UNAUDITED

Texas Tech University System Administration (768)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Cash Flows from Operating Activities		
Proceeds from Sales and Services of Auxiliary Enterprises	\$ 8,014.61	\$ 6,339.50
Proceeds from Fiduciary Activities (Held 3 Months or Less)	132,466,297.56	118,997,045.80
Payments to Suppliers for Goods and Services	(917,771.83)	(400,493.10)
Payments to Employees for Salaries	(13,778,781.03)	(11,141,433.78)
Payments to Employees for Benefits	(3,044,852.56)	(2,559,264.39)
Payments for Fiduciary Activities (Held 3 Months or Less)	(132,466,297.56)	(118,997,045.80)
Payments for Other Expenses	(2,317,341.61)	(635,013.52)
Net Cash Provided/(Used) by Operating Activities	(20,050,732.42)	(14,729,865.29)
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	2,931,173.61	2,805,095.42
Proceeds from Gifts	4,877,287.75	3,502,848.24
Proceeds from Other Financing Activities	0.00	45,022.00
Proceeds from Transfers from Component Institutions	15,975,341.74	14,681,473.29
Payments for Transfers to Component Institutions	(10,014,413.58)	(6,242,874.87)
Net Cash Provided/(Used) by Noncapital Financing Activities	13,769,389.52	14,791,564.08
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt Issuances	325,352,906.55	41,532,000.00
Proceeds from Transfers from Component Institutions	137,578,777.38	112,417,909.88
Payments for Transfers to Component Institutions	(60,946,615.42)	(61,790,845.83)
Payments for Additions to Capital Assets	(39,990.53)	(157,103.82)
Payments for Principal Paid on Capital Debt	(120,713,000.00)	(72,215,000.00)
Payments for Interest Paid on Capital Debt	(24,044,158.54)	(23,168,515.50)
Payments for Leases	(834,094.83)	(436,911.59)
Payments for Other Costs on Debt Issuance	(1,665,952.57)	(87,357.25)
Net Cash Provided/(Used) by Capital and Related Financing Activities	254,687,872.04	(3,905,824.11)
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	4,319,374.16	3,146,843.60
Proceeds from Interest and Investment Income	10,878,581.54	6,497,071.24
Payments to Acquire Investments	(7,008,100.21)	(26,789,080.82)
Net Cash Provided/(Used) by Investing Activities	8,189,855.49	(17,145,165.98)
TOTAL NET CASH FLOWS	\$ 256,596,384.63	\$ (20,989,291.30)

UNAUDITED

Texas Tech University System Administration (768)
Statement of Cash Flows
For the Years Ended August 31, 2023 and 2022

	2023	Restated 2022
Beginning Cash & Cash Equivalents (September 1)	\$ 65,479,867.90	\$ 86,469,159.20
Ending Cash & Cash Equivalents (August 31)	\$ 322,076,252.53	\$ 65,479,867.90
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (128,090,334.73)	\$ (113,653,888.19)
Adjustments:		
Depreciation and Amortization Expense	2,348,532.52	2,128,022.35
Pension Expense	42,920,029.00	5,427,029.00
OPEB Expense	104,348,269.40	125,826,856.00
(Increase) Decrease in Accounts Receivables	(7,229.50)	618.24
(Increase) Decrease in Prepaid Items	1,341.76	(9,000.97)
(Increase) Decrease in Deferred Outflows of Resources	62,172,995.00	(63,156,791.00)
Increase (Decrease) in Accounts Payable	(83,448.98)	127,268.94
Increase (Decrease) in Payroll Payable	142,565.37	335,049.36
Increase (Decrease) in Employees' Compensable Leave	297,699.79	538,518.67
Increase (Decrease) in Claims and Judgments	93,363.00	(96,808.00)
Increase (Decrease) in Benefits Payable	83,157.95	297,561.31
Increase (Decrease) Net OPEB Liability	(288,076,938.00)	7,911,597.00
Increase (Decrease) in Deferred Inflows	183,799,265.00	19,594,102.00
Net Cash Used for Operating Activities	(20,050,732.42)	(14,729,865.29)
 Noncash Transactions		
Net Increase (Decrease) in Fair Value of Investments	5,568,573.98	(7,212,042.70)
Total Noncash Transactions	\$ 5,568,573.98	\$ (7,212,042.70)

UNAUDITED

**Texas Tech University System Administration (768)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2023 and 2022**

OPERATING EXPENSES	ACADEMIC SUPPORT	INSTITUTIONAL SUPPORT	OPERATIONS & MAINTENANCE OF PLANT	DEPRECIATION & AMORTIZATION	GRAND TOTAL	Restated 2022
Salaries and Wages	\$ 900,251.89	\$ 13,021,094.51	\$ 0.00	\$ 0.00	\$ 13,921,346.40	\$ 11,476,483.14
Payroll Related Costs	248,410.65	108,043,220.26	0.00	0.00	108,291,630.91	98,459,618.70
Professional Fees and Services	109,065.12	1,388,082.63	0.00	0.00	1,497,147.75	1,623,679.80
Travel	18,977.95	306,715.54	0.00	0.00	325,693.49	168,181.88
Materials and Supplies	210,058.93	117,437.49	8,342.63	0.00	335,839.05	200,286.08
Communications and Utilities	24,541.70	165,911.21	1,558.59	0.00	192,011.50	178,532.01
Repairs and Maintenance	455,018.89	87,459.70	24,810.68	0.00	567,289.27	174,828.98
Rentals and Leases	2,159.06	340,186.64	0.00	0.00	342,345.70	293,267.70
Printing and Reproduction	2,733.48	11,910.03	0.00	0.00	14,643.51	25,378.04
Depreciation and Amortization	0.00	0.00	0.00	2,348,532.52	2,348,532.52	2,128,022.35
Claims and Judgments	1,053,023.15	0.00	0.00	0.00	1,053,023.15	973,742.49
Other Operating Expenses	23,904.39	(845,252.30)	30,194.00	0.00	(791,153.91)	(2,041,793.48)
TOTAL OPERATING EXPENSES	\$ 3,048,145.21	\$ 122,636,765.71	\$ 64,905.90	\$ 2,348,532.52	\$ 128,098,349.34	\$ 113,660,227.69

UNAUDITED

Texas Tech University System Administration (768)
Combined Statement of Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022

There is no fiduciary activity to report for Texas Tech University System Administration for the years ended August 31, 2023 and 2022.

UNAUDITED

**Texas Tech University System Administration (768)
Combined Statement of Changes in Fiduciary Net Position
For the Years Ended August 31, 2023 and 2022**

There is no fiduciary activity to report for Texas Tech University System Administration for the years ended August 31, 2023 and 2022.