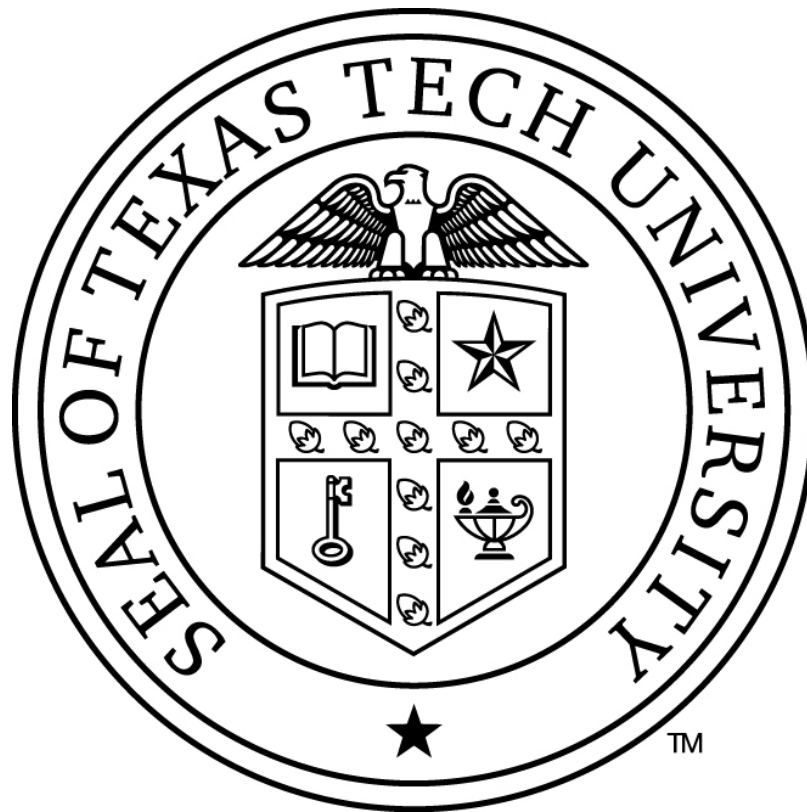


TEXAS TECH UNIVERSITY



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

LUBBOCK, TEXAS

Texas Tech University (733)

Financial Statements

Presented herein are the financial statements for Texas Tech University for the year ended August 31, 2018. These statements have been prepared in compliance with Governmental Accounting Standards Board pronouncements and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

This document supplements the Combined Annual Financial Report of the Texas Tech University System and provides a historical record of transactions relating to this particular institution.

The Combined Annual Financial Report of the Texas Tech University System includes primary statements as well as supplemental notes and schedules. The numbers therein are presented on a combined System-wide basis.

Texas Tech University (733)
Table of Contents

Organizational Data	1
Statement of Net Position	2
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows.....	6
Matrix of Operating Expenses Reported by Function.....	8

Texas Tech University (733)
Organizational Data

Board of Regents

Officers of the Board

Tim Lancaster, Chairman
Christopher M. Huckabee, Vice Chairman

Members

<i>Term Expires January 31, 2019</i>	
John Esparza	Austin, TX
L. Frederick "Rick" Francis	El Paso, TX
Tim Lancaster	Abilene, TX

<i>Term Expires January 31, 2021</i>	
Ronnie Hammonds	Houston, TX
Christopher M. Huckabee	Fort Worth, TX
Mickey L. Long	Midland, TX

<i>Term Expires January 31, 2023</i>	
J. Michael Lewis	Dallas, TX
John Steinmetz	Dallas, TX
John Walker	Houston, TX

<i>Term Expires May 31, 2019</i>	
Jane Gilmore (Student Regent)	Dallas, TX

Fiscal Officers

Lawrence Schovanec	President
Noel Sloan	CFO and Vice President for Administration & Finance
Sharon Williamson	Assistant Vice President for Financial & Managerial Reporting
Steph Smith	Interim Managing Director, Accounting Services

UNAUDITED

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

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

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

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

UNAUDITED

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

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

UNAUDITED

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

	2018	Restated 2017
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 190,357,157.34	\$ 192,391,044.47
Federal Grants and Contracts	40,222,482.51	38,040,038.12
Private Gifts	4,543,327.94	4,459,323.95
Private Gifts - Pledged	(4,777,012.21)	7,208,833.15
Investment Income (Expense)	6,645,724.34	13,249,784.63
Investment Income (Expense) - Pledged	17,483,188.54	18,763,465.57
Interest Expense on Capital Asset Financing	(19,224.20)	0.00
Gain (Loss) on Sale and Disposal of Capital Assets	(620,504.96)	(1,078,427.70)
Net Increase (Decrease) in Fair Value of Investments	9,174,164.57	25,054,361.60
Other Nonoperating Revenues (Expenses)	226,286.55	577,819.92
Other Nonoperating Revenues (Expenses) - Pledged	6,100,293.15	3,033,496.71
Total Nonoperating Revenues (Expenses)	269,335,883.57	301,699,740.42
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(13,417,588.93)	31,515,012.55
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriations (HEAF)	49,225,809.00	49,225,809.00
Capital Contributions	5,325,868.95	4,989,111.38
Lapsed Appropriations	0.00	(1,472,657.00)
Contributions to Permanent and Term Endowments	2,101,532.74	2,201,261.49
Legislative Transfers In (Out)	(28,589,296.41)	(21,580,911.29)
Interagency Transfers of Capital Assets - Increase	648,727.32	3,926,020.96
Interagency Transfers of Capital Assets - Decrease	(36,524.05)	(127,829.18)
Net Transfers from (to) Texas Tech Foundation, Inc.	42,240,207.77	54,154,495.05
Net Transfers from (to) Texas Tech University System Components	52,744.14	24,418,880.22
Net Transfers from (to) Other State Agencies	8,217,305.84	10,178,765.78
Net Other Revenues, Expenses, Gains, Losses and Transfers	79,186,375.30	125,912,946.41
Total Change in Net Position	65,768,786.37	157,427,958.96
Beginning Net Position (September 1)	2,034,976,130.98	1,877,433,355.02
Restatement to Beginning Net Position	(11,038,558.00)	(10,923,741.00)
Restated Beginning Net Position (September 1)	2,023,937,572.98	1,866,509,614.02
Ending Net Position (August 31)	\$ 2,089,706,359.35	\$ 2,023,937,572.98

UNAUDITED

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

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

UNAUDITED

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

	2018	Restated 2017
	<u>2018</u>	<u>Restated 2017</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	\$ 99,459,355.68	\$ 125,874,505.48
Proceeds from Interest and Investment Income	27,786,801.33	23,435,613.34
Payments to Acquire Investments	<u>(132,211,681.46)</u>	<u>(200,083,767.51)</u>
Net Cash Used by Investing Activities	<u>(4,965,524.45)</u>	<u>(50,773,648.69)</u>
 Total Net Cash Flows	 <u>(6,173,583.04)</u>	 <u>12,712,178.94</u>
 Beginning Cash and Cash Equivalents (September 1)	 142,226,335.27	 128,957,532.33
Restatement to Beginning Cash and Cash Equivalents	<u>(738,431.00)</u>	<u>(181,807.00)</u>
Restated Beginning Cash and Cash Equivalents (September 1)	<u>141,487,904.27</u>	<u>128,775,725.33</u>
 Ending Cash and Cash Equivalents (August 31)	 <u>\$ 135,314,321.23</u>	 <u>\$ 141,487,904.27</u>
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (282,753,472.50)	\$ (270,184,727.87)
Adjustments:		
Depreciation and Amortization Expense	83,514,564.76	81,736,580.47
Bad Debt Expense	28.13	0.66
(Increase) Decrease in Accounts Receivable	(2,161,623.86)	5,714,953.29
(Increase) Decrease in Loans and Notes Receivable	119,593.64	1,017,368.59
(Increase) Decrease in Inventories	175,294.54	(363,694.36)
(Increase) Decrease in Other Assets	(6,430.44)	(327,379.15)
(Increase) Decrease in Due From Other State Agencies	(524,855.53)	(194,980.21)
(Increase) Decrease in Prepaid Items	(4,454,577.89)	(81,269.54)
Increase (Decrease) in Accounts Payable	2,328,081.50	(8,056,843.95)
Increase (Decrease) in Payroll Payable	1,089,938.65	(118,113.92)
Increase (Decrease) in Unearned Revenue	3,951,458.25	7,114,490.14
Increase (Decrease) in Employees' Compensable Leave	1,091,644.15	1,235,993.95
Increase (Decrease) in Due to Other State Agencies	(845,574.84)	(109,059.92)
Increase (Decrease) in Benefits Payable	412,818.50	1,247,219.87
Increase (Decrease) in Other Liabilities	<u>(327,825.08)</u>	<u>716,697.08</u>
Net Cash Used for Operating Activities	<u>\$ (198,390,938.02)</u>	<u>\$ (180,652,764.87)</u>
 Noncash Transactions		
Donations of Capital Assets	\$ 4,817,980.42	\$ 4,904,729.06
Net Increase (Decrease) in Fair Value of Investments	9,174,164.57	25,054,361.60
Borrowing Under Capital Lease Purchase	902,908.57	0.00
Other	<u>305,798.84</u>	<u>(458,369.76)</u>
Total Noncash Transactions	<u>\$ 15,200,852.40</u>	<u>\$ 29,500,720.90</u>

UNAUDITED

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

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Cost of Goods Sold	\$ 117,695.67	\$ 862.50	\$ 80,867.62	\$ 194.59	\$ 779.46	\$ 974,598.53
Salaries and Wages	134,157,561.05	92,660,394.00	6,358,683.61	49,806,579.01	19,549,372.83	21,302,853.22
Payroll Related Costs	34,912,173.74	21,995,801.46	1,745,431.16	14,011,886.30	5,483,238.69	6,395,243.47
Professional Fees and Services	602,227.16	1,627,679.73	483,792.94	1,434,384.61	869,686.43	9,808,681.34
Travel	5,198,828.24	5,491,446.17	616,523.72	3,140,107.66	1,851,489.51	354,109.22
Materials and Supplies	5,027,058.35	7,959,001.98	617,944.22	4,012,145.18	1,831,429.40	668,718.84
Communications and Utilities	871,470.14	1,797,247.00	161,671.56	1,753,422.29	1,169,991.92	968,758.23
Repairs and Maintenance	799,627.92	3,074,266.37	202,421.18	2,375,711.48	677,921.55	150,740.95
Rentals and Leases	1,696,802.94	954,850.30	550,445.56	2,547,534.07	1,735,585.70	1,126,039.60
Printing and Reproduction	189,345.61	213,120.45	78,741.90	488,503.75	522,890.89	148,528.79
Federal Grant Pass-Through Expense	27,532.17	66,434.74	212,142.20			
State Grant Pass-Through Expense		85,584.64				
Depreciation and Amortization						
Bad Debt Expense						28.13
Interest	1,377.44	1,263.00	12.55	161.67	10.00	24.49
Scholarships	4,802,272.71	7,977,004.81	149,918.36	956,641.46	172,716.66	
Claims and Judgements	15,050.98					6,367.40
Other Operating Expenses	3,198,824.04	9,102,951.26	1,858,743.21	6,081,986.75	10,960,834.51	2,254,862.76
Total Operating Expenses	\$ 191,617,848.16	\$ 153,007,908.41	\$ 13,117,339.79	\$ 86,609,258.82	\$ 44,825,947.55	\$ 44,159,554.97

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

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