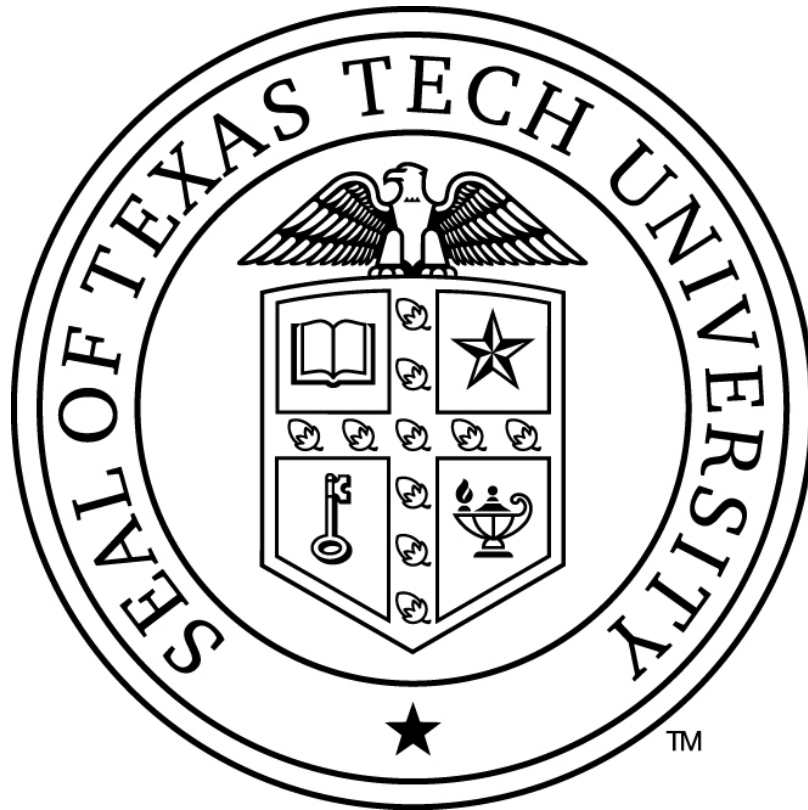


TEXAS TECH UNIVERSITY



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2019

LUBBOCK, TEXAS

Texas Tech University (733) Financial Statements

Presented herein are the financial statements for Texas Tech University for the year ended August 31, 2019. 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)
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**Texas Tech University (733)
Organizational Data**

Board of Regents

Officers of the Board

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

Members

	<i>Term Expires January 31, 2021</i>	
Ron Hammonds		Houston, TX
Christopher M. Huckabee		Fort Worth, TX
Mickey L. Long		Midland, TX
<hr/>		
	<i>Term Expires January 31, 2023</i>	
J. Michael Lewis		Dallas, TX
John Steinmetz		Dallas, TX
John Walker		Houston, TX
<hr/>		
	<i>Term Expires January 31, 2025</i>	
Mark Griffin		Lubbock, TX
Ginger Kerrick		Webster, TX
Dusty Womble		Lubbock, TX
<hr/>		
	<i>Term Expires May 31, 2020</i>	
Sean Lewis (Student Regent)		Detroit, MI

Fiscal Officers

Lawrence Schovanec	President
Noel Sloan	CFO and Vice President for Administration & Finance
Sharon Williamson	Assistant Vice President for Financial & Managerial Reporting
Eric Fisher	Chief Accounting Officer and Controller

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Texas Tech University (733)
Statement of Net Position
August 31, 2019 and 2018

	2019	Restated 2018
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 37,821,158.33	\$ 107,832,519.01
Restricted Cash and Cash Equivalents	3,370,607.87	23,771,393.47
Legislative Appropriations	117,149,874.85	106,884,943.66
Receivables:		
Federal	14,939,680.29	15,111,529.45
Student	7,988,872.56	7,645,216.99
Accounts	4,598,775.00	7,705,100.90
Interest and Dividends	922,304.78	816,046.75
Gifts	519,684.01	1,230,774.59
Other	1,631,184.00	1,590,476.76
Due From Other State Agencies	30,397,502.83	29,883,316.88
Inventories	2,419,446.44	2,796,107.62
Prepaid Items	49,440,271.51	44,302,451.09
Loans and Contracts	462,068.35	450,372.60
Other Current Assets	784,066.85	783,809.59
Total Current Assets	<u>272,445,497.67</u>	<u>350,804,059.36</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	863,277.04	3,710,408.75
Restricted Investments	366,360,264.32	342,557,847.68
Gift Receivables	1,796,593.68	2,373,883.96
Investments	645,349,451.70	555,996,654.39
Capital Assets:		
Non-Depreciable or Non-Amortizable	113,101,898.73	158,759,968.39
Depreciable or Amortizable	2,317,688,012.77	2,169,449,055.10
Accumulated Depreciation and Amortization	(1,297,099,192.18)	(1,212,139,669.45)
Total Non-Current Assets	<u>2,148,060,306.06</u>	<u>2,020,708,148.82</u>
Total Assets	<u>\$ 2,420,505,803.73</u>	<u>\$ 2,371,512,208.18</u>

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Texas Tech University (733)
Statement of Net Position
August 31, 2019 and 2018

	2019	Restated 2018
	<u>2019</u>	<u>2018</u>
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 23,906,849.53	\$ 19,569,438.70
Payroll Payable	40,550,292.29	35,304,238.95
Unearned Revenue	172,288,232.93	165,530,557.62
Due to Other State Agencies	604,434.33	582,054.11
Capital Lease Obligations	10,137.65	0.00
Capital Lease - Direct Borrowings	219,971.49	209,516.61
Employees' Compensable Leave	2,317,483.75	1,993,102.91
Funds Held for Others	22,238,671.56	21,844,957.25
Other Current Liabilities	4,178,929.14	3,854,363.64
Total Current Liabilities	<u>266,315,002.67</u>	<u>248,888,229.79</u>
Non-Current Liabilities:		
Employees' Compensable Leave	13,533,234.09	13,544,900.14
Capital Lease Obligations	24,869.90	0.00
Capital Lease - Direct Borrowings	230,948.09	450,919.58
Pollution Remediation Obligation	1,022,641.50	1,022,641.50
Total Non-Current Liabilities	<u>14,811,693.58</u>	<u>15,018,461.22</u>
Total Liabilities	<u>281,126,696.25</u>	<u>263,906,691.01</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources	18,146,739.57	12,496,261.36
Total Deferred Inflows of Resources	<u>18,146,739.57</u>	<u>12,496,261.36</u>
Net Position		
Net Investment in Capital Assets	1,133,698,337.26	1,116,069,354.04
Restricted:		
Nonexpendable:		
Endowments	102,806,480.60	102,201,397.77
Expendable:		
Capital Projects	18,341,762.77	20,588,416.36
Debt Service	62,045,836.87	63,599,494.82
Other	169,565,612.17	178,318,513.63
Unrestricted	<u>634,774,338.24</u>	<u>614,332,079.19</u>
Total Net Position	<u>\$ 2,121,232,367.91</u>	<u>\$ 2,095,109,255.81</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2019 and 2018

	2019	Restated 2018
Operating Revenues		
Tuition and Fees	\$ 6,740,227.13	\$ 6,695,142.15
Tuition and Fees - Pledged	434,801,370.69	415,621,855.28
Less Discounts and Allowances	(117,863,554.81)	(103,230,760.57)
Sales and Services of Auxiliary Enterprises - Pledged	169,918,481.27	159,335,989.78
Other Sales and Services	2,178,258.92	2,441,258.05
Other Sales and Services - Pledged	9,938,042.84	9,424,031.59
Federal Grants and Contracts	40,335,421.15	36,332,113.40
Federal Grant Pass-Throughs from Other State Agencies	2,431,048.03	3,203,562.45
State Grants and Contracts	209,334.70	229,352.55
State Grant Pass-Throughs from Other State Agencies	24,853,648.09	18,919,972.04
Local Governmental Grants and Contracts	1,157,139.44	788,154.88
Nongovernmental Grants and Contracts	13,372,917.46	13,823,652.45
Total Operating Revenues	<u>588,072,334.91</u>	<u>563,584,324.05</u>
Operating Expenses		
Cost of Goods Sold	14,615,732.05	14,145,736.31
Salaries and Wages	403,347,659.84	382,355,065.59
Payroll Related Costs	102,380,049.33	99,294,616.99
Professional Fees and Services	18,466,325.18	15,817,805.72
Travel	28,785,502.28	25,957,139.80
Materials and Supplies	33,522,781.96	31,784,047.53
Communications and Utilities	30,312,165.23	31,447,698.55
Repairs and Maintenance	27,277,564.01	26,533,282.21
Rentals and Leases	13,766,070.55	11,754,420.85
Printing and Reproduction	2,953,732.77	2,348,998.58
Federal Grant Pass-Through Expense	619,160.38	306,109.11
State Grant Pass-Through Expense	86,824.33	85,584.64
Depreciation and Amortization	90,906,401.83	86,926,920.42
Bad Debt Expense	0.00	28.13
Interest	8,710.13	5,275.74
Scholarships	64,939,987.87	58,597,190.56
Claims and Judgements	34,087.54	61,418.38
Other Operating Expenses	67,784,027.56	62,328,813.10
Total Operating Expenses	<u>899,806,782.84</u>	<u>849,750,152.21</u>
Operating Income (Loss)	<u>\$ (311,734,447.93)</u>	<u>\$ (286,165,828.16)</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended August 31, 2019 and 2018

	2019	Restated 2018
	<u>2019</u>	<u>2018</u>
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 195,552,195.54	\$ 190,357,157.34
Federal Grants and Contracts	42,468,428.52	40,222,482.51
Private Gifts	38,607,673.57	31,376,530.59
Private Gifts - Pledged	814,394.67	(2,052,995.28)
Investment Income (Expense)	(5,587,942.32)	7,344,475.13
Investment Income (Expense) - Pledged	14,958,643.94	16,784,437.75
Interest Expense on Capital Asset Financing	(27,631.61)	(19,224.20)
Gain (Loss) on Sale and Disposal of Capital Assets	(628,097.78)	(620,504.96)
Net Increase (Decrease) in Fair Value of Investments	4,275,167.31	9,174,164.57
Other Nonoperating Revenues (Expenses)	1,017,849.91	226,286.55
Other Nonoperating Revenues (Expenses) - Pledged	3,182,949.82	6,100,293.15
Total Nonoperating Revenues (Expenses)	<u>294,633,631.57</u>	<u>298,893,103.15</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(17,100,816.36)	12,727,274.99
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriations (HEAF)	49,225,809.00	49,225,809.00
Capital Contributions	22,198,446.79	18,008,857.14
Contributions to Permanent and Term Endowments	237,979.46	2,101,532.74
Legislative Transfers In (Out)	(24,676,323.50)	(28,589,296.41)
Interagency Transfers of Capital Assets - Increase	5,194.93	648,727.32
Interagency Transfers of Capital Assets - Decrease	(190,832.93)	(36,524.05)
Net Transfers from (to) Texas Tech University System Components	(12,014,000.55)	52,744.14
Net Transfers from (to) Other State Agencies	8,437,655.26	8,217,305.84
Net Other Revenues, Expenses, Gains, Losses and Transfers	<u>43,223,928.46</u>	<u>49,629,155.72</u>
Total Change in Net Position	<u>26,123,112.10</u>	<u>62,356,430.71</u>
Beginning Net Position (September 1) as Previously Reported	2,089,706,359.35	2,023,937,572.98
Restatement of Beginning Net Position	5,402,896.46	8,815,252.12
Beginning Net Position (September 1) as Restated	<u>2,095,109,255.81</u>	<u>2,032,752,825.10</u>
Ending Net Position (August 31)	<u>\$ 2,121,232,367.91</u>	<u>\$ 2,095,109,255.81</u>

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Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2019 and 2018

	2019	Restated 2018
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 14,917,793.99	\$ 11,076,854.62
Proceeds from Tuition and Fees	329,991,309.01	320,814,706.60
Proceeds from Grants and Contracts	79,800,927.10	71,385,156.73
Proceeds from Sales and Services of Auxiliary Enterprises	169,802,342.60	160,727,010.12
Proceeds from Collections of Loans to Students	690,375.49	794,529.33
Payments to Suppliers for Goods and Services	(63,377,417.56)	(60,491,033.78)
Payments to Employees for Salaries	(398,526,687.45)	(381,265,126.94)
Payments to Employees for Benefits	(101,954,968.38)	(98,881,798.49)
Payments for Loans Issued to Students	(702,071.24)	(674,935.69)
Payments for Other Expenses	(238,758,543.94)	(221,876,300.52)
Net Cash Provided (Used) by Operating Activities	<u>(208,116,940.38)</u>	<u>(198,390,938.02)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	191,976,248.50	193,201,614.67
Proceeds from Gifts	39,638,106.09	37,605,554.94
Proceeds from Nonoperating Grants and Contracts	42,359,475.48	40,497,078.98
Proceeds from Other Financing Activities	3,848,569.41	6,271,697.68
Proceeds from Agency Transactions	169,140,397.06	168,424,113.33
Proceeds from Transfers from Component Institutions	462,417.77	668,457.25
Proceeds from Transfers from Other State Agencies	10,607,579.83	10,415,658.03
Payments for Transfers to Component Institutions	(5,684,190.49)	(5,571,490.70)
Payments for Transfers to Other State Agencies	(5,681.40)	(5,806.04)
Payments for Other Uses	(167,181,640.38)	(170,551,909.63)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>285,161,281.87</u>	<u>280,954,968.51</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	70,882.71	459,410.03
Proceeds from Capital Gifts	18,053,533.90	13,221,192.38
Proceeds from Capital Appropriations	42,536,824.85	35,529,786.85
Proceeds from Transfers from Component Institutions	40,191,623.27	48,437,445.21
Payments for Transfers to Component Institutions	(72,716,925.60)	(73,157,799.03)
Payments for Additions to Capital Assets	(104,225,413.94)	(106,073,859.07)
Payments for Principal Paid on Capital Debt	(209,516.61)	(242,472.38)
Payments for Interest Paid on Capital Debt	(32,955.77)	(1,945,793.07)
Payments for Capital Leases	(7,366.16)	0.00
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (76,339,313.35)</u>	<u>\$ (83,772,089.08)</u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2019 and 2018

	2019	Restated 2018
	<u> </u>	<u> </u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	\$ 158,825,771.48	\$ 99,459,355.68
Proceeds from Interest and Investment Income	32,675,227.29	27,786,801.33
Payments to Acquire Investments	<u>(285,465,304.90)</u>	<u>(132,211,681.46)</u>
Net Cash Provided (Used) by Investing Activities	<u>(93,964,306.13)</u>	<u>(4,965,524.45)</u>
 Total Net Cash Flows	 <u>(93,259,277.99)</u>	 <u>(6,173,583.04)</u>
 Beginning Cash and Cash Equivalents (September 1)	 135,314,321.23	 141,487,904.27
 Ending Cash and Cash Equivalents (August 31)	 <u>\$ 42,055,043.24</u>	 <u>\$ 135,314,321.23</u>
 Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (311,734,447.93)	\$ (286,165,828.16)
Adjustments:		
Depreciation and Amortization Expense	90,906,401.83	86,926,920.42
Bad Debt Expense	0.00	28.13
(Increase) Decrease in Accounts Receivable	1,319,463.82	(2,161,623.86)
(Increase) Decrease in Loans and Notes Receivable	(11,695.75)	119,593.64
(Increase) Decrease in Inventories	376,661.18	175,294.54
(Increase) Decrease in Other Assets	(257.26)	(6,430.44)
(Increase) Decrease in Due From Other State Agencies	(1,627,484.16)	(524,855.53)
(Increase) Decrease in Prepaid Items	(4,740,898.81)	(4,454,577.89)
Increase (Decrease) in Accounts Payable	4,723,163.44	2,328,081.50
Increase (Decrease) in Payroll Payable	4,820,972.39	1,089,938.65
Increase (Decrease) in Unearned Revenue	6,725,677.91	3,951,458.25
Increase (Decrease) in Employees' Compensable Leave	312,714.79	1,091,644.15
Increase (Decrease) in Due to Other State Agencies	22,380.22	(845,574.84)
Increase (Decrease) in Benefits Payable	425,080.95	412,818.50
Increase (Decrease) in Other Liabilities	365,327.00	(327,825.08)
Net Cash Used for Operating Activities	<u>\$ (208,116,940.38)</u>	<u>\$ (198,390,938.02)</u>
 Noncash Transactions		
Donations of Capital Assets	\$ 5,455,235.36	\$ 4,817,980.42
Net Increase (Decrease) in Fair Value of Investments	4,275,167.31	9,174,164.57
Borrowing Under Capital Lease Purchase	41,599.19	0.00
Other	<u>(499,082.13)</u>	<u>1,208,707.41</u>
Total Noncash Transactions	<u>\$ 9,272,919.73</u>	<u>\$ 15,200,852.40</u>

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Texas Tech University (733)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2019 and 2018

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Cost of Goods Sold	\$ 130,331.38	\$ -	\$ 10,412.68	\$ 7,366.20	\$ 1,265.42	\$ 955,069.97
Salaries and Wages	141,078,849.61	94,861,719.88	6,082,678.42	50,451,345.66	21,559,982.87	23,141,541.88
Payroll Related Costs	34,938,999.42	22,888,739.95	1,692,210.28	14,476,490.97	6,084,643.18	7,105,735.19
Professional Fees and Services	771,994.76	1,632,480.24	561,288.10	3,367,263.45	1,477,311.79	9,100,844.62
Travel	5,064,241.59	5,866,510.86	713,694.62	4,050,082.06	1,943,182.62	476,625.81
Materials and Supplies	4,548,022.85	8,561,896.51	926,685.88	4,964,972.43	1,694,293.36	731,290.33
Communications and Utilities	877,365.00	1,234,907.05	169,261.62	1,594,550.07	1,073,190.09	998,865.25
Repairs and Maintenance	750,305.21	2,692,872.97	229,020.25	2,604,256.22	572,007.61	169,810.80
Rentals and Leases	2,009,746.09	680,066.12	613,471.45	3,771,683.23	1,865,365.80	1,550,195.95
Printing and Reproduction	194,357.93	318,670.25	127,551.18	684,628.13	628,400.05	156,653.61
Federal Grant Pass-Through Expense	7,603.62	143,820.12	467,736.64	0.00	0.00	0.00
State Grant Pass-Through Expense	0.00	86,824.33	0.00	0.00	0.00	0.00
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	0.00
Interest	236.39	3,096.07	177.99	1,020.82	164.17	21.18
Scholarships	8,915,553.30	8,480,065.79	375,457.56	960,105.97	647,829.77	800.00
Claims and Judgements	0.00	0.00	0.00	33,333.33	0.00	754.21
Other Operating Expenses	3,335,414.02	9,970,069.02	2,007,031.05	7,108,748.69	10,962,879.87	2,153,716.46
Total Operating Expenses	<u>\$ 202,623,021.17</u>	<u>\$ 157,421,739.16</u>	<u>\$ 13,976,677.72</u>	<u>\$ 94,075,847.23</u>	<u>\$ 48,510,516.60</u>	<u>\$ 46,541,925.26</u>

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Texas Tech University (733)
Matrix of Operating Expenses Reported by Function
For the Years Ended August 31, 2019 and 2018

Operating Expenses	Operations & Maintenance of Plant	Scholarships & Fellowships	Auxiliary Enterprises	Depreciation & Amortization	Grand Total	Restated 2018
Cost of Goods Sold	\$ -	\$ -	\$ 13,511,286.40	\$ -	\$ 14,615,732.05	\$ 14,145,736.31
Salaries and Wages	7,354,953.45	44,185.08	58,772,402.99	0.00	403,347,659.84	382,355,065.59
Payroll Related Costs	2,184,421.44	1,574.43	13,007,234.47	0.00	102,380,049.33	99,294,616.99
Professional Fees and Services	660,045.76	0.00	895,096.46	0.00	18,466,325.18	15,817,805.72
Travel	27,688.36	0.00	10,643,476.36	0.00	28,785,502.28	25,957,139.80
Materials and Supplies	3,865,534.99	0.00	8,230,085.61	0.00	33,522,781.96	31,784,047.53
Communications and Utilities	16,553,191.67	0.00	7,810,834.48	0.00	30,312,165.23	31,447,698.55
Repairs and Maintenance	13,374,395.98	0.00	6,884,894.97	0.00	27,277,564.01	26,533,282.21
Rentals and Leases	349,055.44	0.00	2,926,486.47	0.00	13,766,070.55	11,754,420.85
Printing and Reproduction	1,886.07	0.00	841,585.55	0.00	2,953,732.77	2,348,998.58
Federal Grant Pass-Through Expense	0.00	0.00	0.00	0.00	619,160.38	306,109.11
State Grant Pass-Through Expense	0.00	0.00	0.00	0.00	86,824.33	85,584.64
Depreciation and Amortization	0.00	0.00	0.00	90,906,401.83	90,906,401.83	86,926,920.42
Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	28.13
Interest	2,693.11	0.00	1,300.40	0.00	8,710.13	5,275.74
Scholarships	0.00	45,531,003.90	29,171.58	0.00	64,939,987.87	58,597,190.56
Claims and Judgements	0.00	0.00	0.00	0.00	34,087.54	61,418.38
Other Operating Expenses	7,187,197.06	0.00	25,058,971.39	0.00	67,784,027.56	62,328,813.10
Total Operating Expenses	<u>\$ 51,561,063.33</u>	<u>\$ 45,576,763.41</u>	<u>\$ 148,612,827.13</u>	<u>\$ 90,906,401.83</u>	<u>\$ 899,806,782.84</u>	<u>\$ 849,750,152.21</u>