

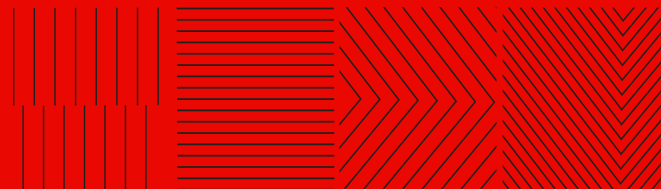


TEXAS TECH™

# ANNUAL FINANCIAL REPORT



**ADMINISTRATION  
& FINANCE**



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The Annual Financial Report for the 2024 Fiscal Year (FY 2024) at Texas Tech University provides insight into the university's financial activities and presents an overview of the institution's fiscal health. Below you will find a summary of the most noteworthy developments from this fiscal year.

The university's Board of Regents approved an approximately \$1.3 billion operating budget for the fiscal year beginning September 1, 2023, and ending August 31, 2024, which represents a year-over-year increase of 10.5%. This budget, the largest in university history, reaffirms Texas Tech's commitment to enhancing and furthering the academic and research enterprises of the institution.

In FY 2024, Texas Tech University took on the Strategic Enrollment Planning (SEP) process with Ruffalo Noel Levitz LLC, the Strategic Campus Alignment process with DumontJanks, and began allocating our Texas University Fund (TUF) resources.

### **Strategic Enrollment Planning (SEP)**

Our ability to adapt and thrive in a changing environment hinges on our ability to strategically plan for the future of enrollment at Texas Tech. As a result, we kicked off the SEP process in September to help the university understand more about enrollment trends, ideate plans for the impending enrollment cliff, and identify ways for Texas Tech to maintain and grow competitive positioning. Initiatives resulting from this effort include marketing & recruitment, program growth, development & innovation, financial aid & scholarships, student success, Texas Tech Online School, and financial well-being & literacy

### **Strategic Campus Planning**

We've partnered with DumontJanks to provide a data-informed approach and develop guiding principles as to how our campus continues to grow into the next century. Considering our institutional goals, academic programs and student life needs, analysis was done to determine how space is currently being used, how individuals navigate our campus and how we can better plan for collaboration among faculty and students to further our academic and research mission.

### **Texas University Fund (TUF)**

With the passage of the state constitutional amendment that created the TUF, we have worked to outline how these resources will be used to expand the research enterprise at Texas Tech. We expect additional growth in key areas of strength, including energy, agriculture, climate and national security.

FY 2024 gave us numerous opportunities to look toward and plan for our next 100 years. We look forward to continued growth and innovation that comes from these endeavors, and we thank you for your partnership along the way.



**Noel Sloan**

*Chief Financial Officer and Senior Vice President of Administration & Finance*  
**Texas Tech University**



# TEXAS TECH UNIVERSITY (733)

## BOARD OF REGENTS

### OFFICERS OF THE BOARD

Mark Griffin  
Ginger Kerrick Davis

Chairman  
Vice Chairwoman

### MEMBERS

Name	Residence	Term Expires
Mark Griffin	Lubbock	January 31, 2025
Ginger Kerrick Davis	Webster	January 31, 2025
Dusty Womble	Lubbock	January 31, 2025
Arcilia Acosta	Dallas	January 31, 2027
Cody Campbell	Fort Worth	January 31, 2027
Pat Gordon	El Paso	January 31, 2027
Clay Cash	Lubbock	January 31, 2029
Tim Culp	Midland	January 31, 2029
Shelley Sweatt	Wichita Falls	January 31, 2029
Jed Zeitouni (Student Regent)	Lubbock	May 31, 2025

### UNIVERSITY FISCAL OFFICERS

Lawrence Schovanec	President
Noel Sloan, CPA	Chief Financial Officer and Senior Vice President for Administration & Finance
Bradley Martin	Associate Vice President
Eric Fisher, CPA, CRA, CTP	Assistant Vice President and Controller



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Regents of  
Texas Tech University System  
Lubbock, Texas

We have reviewed the accompanying Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows of Texas Tech University (TTU), an agency of the State of Texas (the "State"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise TTU's basic financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

**Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of TTU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## Emphasis of Matter

While the results of our review are not modified with respect to this matter, the financial statements of TTU are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the State that are attributable to the transactions of TTU, as discussed in Note 1. Transactions associated with bonds, pensions, and other postemployment benefits related to TTU's activities in the name of Texas Tech University System (TTUS) are reported by TTUS and not TTU. The financial statements do not purport to, and do not, present fairly the financial position of the State or TTUS as of August 31, 2024, or the changes in financial position, or, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

TTU's financial statements for the year ended August 31, 2023, previously issued by management, were not audited or reviewed by an independent accountant. As discussed in Note 14 to the financial statements, management subsequently identified errors in those financial statements related to prepaid items and compensated absences. TTU has restated those financial statements to correct prepaids and compensated absences as discussed in note 14. Our conclusion is not modified with respect to this matter.

## Other Matters

### ***Prior Year Comparative Amounts***

TTU has elected to present prior year comparative amounts on its financial statements, but related disclosures are not included related to the prior year comparative amounts and, accordingly, the financial statements are not intended to be complete comparative financial statements. We were not engaged to review the financial statements for the year ended August 31, 2023 and, accordingly, take no responsibility for them. However, in performing our procedures, nothing came to our attention which would indicate that the comparative financial amounts were not fairly presented.

### ***Required Supplementary Information and Additional Supplementary Information.***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management.

The Organizational Data and the Matrix of Operating Expenses Reported by Function are additional supplementary information presented for purposes of additional analysis and are not required parts of the basic financial statements.

We have not audited, reviewed, or compiled the Required Supplementary Information or additional supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

**Crowe LLP**  
Crowe LLP

Houston, Texas  
February 19, 2025



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The objective of Management's Discussion and Analysis is to provide the reader of Texas Tech University's (TTU, Texas Tech, or the university) financial statements an enhanced understanding of its fiscal position, operating activities, and overall economic well-being for the year ended August 31, 2024, with comparative data from 2023. The MD&A was prepared by management and should be read in conjunction with the accompanying financial statements and notes. Additional information regarding TTU's educational programming, student success and community impact is available on TTU's website at [www.ttu.edu](http://www.ttu.edu).

### ABOUT TEXAS TECH UNIVERSITY

Formally established by the Texas Legislature in 1923, Texas Tech is an Institution of Higher Education headquartered in Lubbock, Texas (pop. 300,000+) with eight additional academic sites throughout the state of Texas, and two off-campus instructional sites in San Jose, Costa Rica, and Seville, Spain. Located on 1,800-acres showcasing Spanish Renaissance architecture, TTU is home to one of the country's largest public art collections.

TTU is part of the larger Texas Tech University System (TTUS or the System), which includes TTU System Administration, two other general academic institutions, and two health-related institutions. 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 apart from 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 President of TTU is appointed by and reports directly to the Chancellor.

Built on the values of West Texas – hard work, grit, and authenticity – the university graduates students who are job-ready, deeply engaged in service to their communities and well-positioned to succeed in the world. Texas Tech is committed to achieving research and scholarly accomplishments that compare favorably to the member institutions of the Association of American Universities (AAU).

For more than 100 years, Texas Tech has been a premier destination for those seeking a world-class education and a unique, personalized experience as a member of the Red Raider family. Athletics also play a central role at Texas Tech, with 16 varsity teams competing in the Big 12 Conference.

### MISSION & VISION

As a public research university, Texas Tech advances knowledge through innovative and creative teaching, research and scholarship. The university is dedicated to student success by preparing learners to be ethical leaders for a diverse and globally competitive workforce. The university is committed to enhancing the cultural and economic development of the state, nation and world.

## ACADEMICS

Texas Tech is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), the regional body for accreditation of degree-granting higher education institutions in the Southern states and other international sites, to award baccalaureate, masters, and doctorate degrees. The university offers over 150 undergraduate, 100 graduate, and 50 doctoral degree programs through 13 colleges. These programs equip students with the skills and knowledge needed to excel in their respective fields.

Our main campus in Lubbock is home to the Huckabee College of Architecture, College of Arts & Sciences, Davis College of Agricultural Sciences & Natural Resources, College of Education, College of Health & Human Sciences, College of Media and Communication, Rawls College of Business, J.T. & Margaret Talkington College of Visual & Performing Arts, School of Law and Whitacre College of Engineering, as well as the Honors College and the Graduate School. The new Texas Tech University School of Veterinary Medicine, the first new school of veterinary medicine in the state in more than 100 years, is in Amarillo, Texas.

## STUDENTS

Texas Tech is home to nearly 41,000 students and is one of only 22 universities in the country classified as a Carnegie ‘Very High Research Activity’ and a Hispanic Serving Institution. Our Fall 2023 student body was comprised of 80 percent undergraduates, 18 percent graduates and 2 percent other. These students represent all 50 states and over 100 countries.

Despite national challenges in declining enrollment for traditional college-age students, TTU has experienced enrollment growth of 16.5% over the last 10 years, welcoming 40,969 students for Fall 2024. In efforts to continue the momentum, TTU intensified the focus on increasing enrollment, kicking off comprehensive Strategic Enrollment Planning in 2023 to help the university understand more about enrollment trends, consider plans for the impending national demographic decrease in high school graduates, and identify ways for Texas Tech to maintain competitive positioning based on data-supported strategies that ensure our financial strength. Planning concluded with six focused strategies including the following:

- **Marketing and Recruitment:** Focus is on enhancing our digital footprint, aligning narratives within the university and making use of AI and chatbots.
- **Program Growth, Development & Innovation:** Focus on academic pathways, accelerated bachelor’s to master’s programs (internal recruitment strategies), establishing a degree program in human-centered AI and a task force around program innovation.
- **Financial Aid & Scholarships:** Maximize efficiency of financial aid and scholarship initiatives by optimizing financial assistance distribution, streamlining scholarship procedures, ensuring use of underutilized endowments and prioritizing scholarship creation to augment unrestricted scholarship funds through the upcoming Comprehensive Capital Campaign.
- **Student Success:** Increase retention rates among at-risk students and empower them to overcome obstacles and achieve academic success. Efforts will tackle root causes of attrition and implement targeted interventions.
- **Texas Tech Online School:** Establish Texas Tech’s Online School with priority around student

experience from inquiry to enrollment, continued offering of free micro-credential short courses, prior learning credit, 8-week and self-paced courses. This would have a focus on dedicated support for students, faculty and relevant degree options.

- **Financial Well-being & Literacy:** Improving and expanding efforts for all students and families related to financial wellbeing and literacy through the Red to Black Program by creating a new office in collaboration with Red to Black.

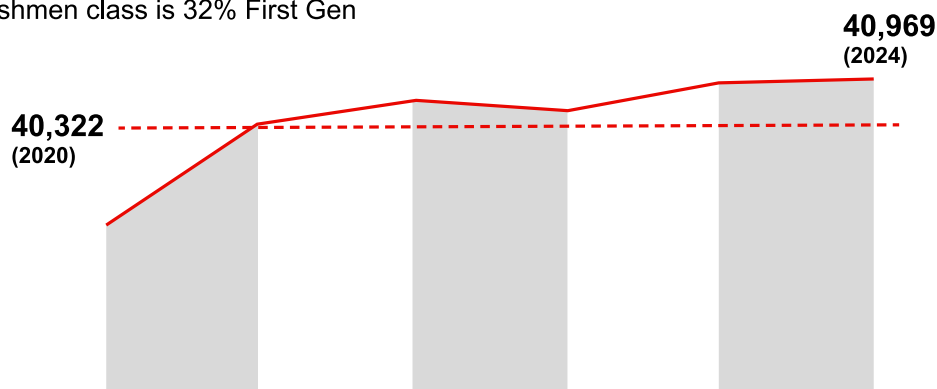
With a focus on access and opportunity for non-traditional students, TTU offers alternative pathways to degree completion. In May 2024, TTU launched a 10K Degree Completion Program at the Dallas-Fort Worth educational site, allowing students with 80 credit hours to finish their bachelor's degree in just one year with flexible courses and customizable areas of study for the non-traditional student.

Recognizing the impact of micro-credentials, Texas Tech Online launched programs to offer industry career certifications and micro-credentials. As of Fall 2024, more than 2,000 students have enrolled. These opportunities provide students advantages as they enter the workplace, focusing on in-demand skills such as cyber security, software development, and data analytics. Students who participate in micro-credential courses in Organizational Leadership can opt to convert these into 12 credits towards the Texas Tech 10K Degree Completion Program.

For Fall 2024, TTU reached a record 12,500 students who were new to the university. Undergraduate enrollment included 6,000+ Presidential Merit Scholars, and TTU now has 100+ National Merit Finalists on campus. This year's First Time in College class was comprised of 32% first generation students. TTU's response to changing demographics was reflected in one of the largest-ever transfer classes and highest number of returning students. In support of TTU's growing student population, TTU awarded \$200 million in scholarships and grants benefiting 76% of our students in 2024.

## ENROLLMENT

- Record 12,500 new students enrolled
- 6,000+ Presidential Merit Scholars and 100+ National Merit Finalists
- Freshmen class is 32% First Gen

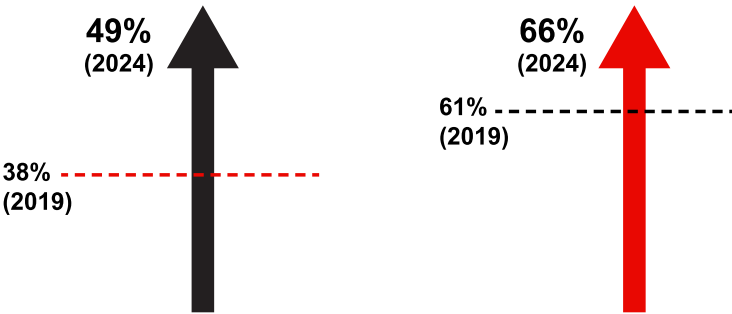




TTU is also sending increased numbers of graduates into the workforce. Texas Tech’s four-year graduation rate has increased by 11 percentage points, and the six-year graduation rate is up 5 percentage points over the last five years. Last year, Texas Tech awarded more than 10,000 degrees and certificates to more than 9,800 students, an increase of more than 40% over the last decade.

# GRADUATION RATES

- Record 10,000 degrees conferred to more than 9,800 students
  - FY19/20: 8,572 degrees
  - FY23/24: 9,994 degrees



## INFRASTRUCTURE SUPPORT

In other efforts, Texas Tech University also engaged an external firm to lead a Strategic Alignment study utilizing several data points, such as transit studies, stakeholder interviews, land use mapping, historical space utilization, to strategically plan for the growth of physical spaces and make actionable plans to enhance interactions. Considering institutional goals, academic programs, and student life needs, analysis is in progress to determine current utilization and identify patterns and connections between students, faculty, staff, and the community to better visualize our most collaborative areas.

In the last eight years, TTU has invested \$900 million in campus facilities, including opening the Academic Sciences Building (ASB) in 2024 as the first building completed on campus during TTU’s second century. The ASB includes teaching and laboratory space for five academic departments within the College of Arts & Sciences and embodies TTU’s commitment to interdisciplinary collaboration, cutting-edge research, and exceptional student experiences.

## RESEARCH

As with the ASB, TTU plans to align future investments in physical resources with the results of the Strategic Alignment study for maximization of campus facilities in support of growth strategies, including continued support of interdisciplinary scholarship and research while Texas Tech University focuses efforts to meet benchmarks shared by Association of American Universities (AAU) institutions. It is TTU’s intent to achieve status as a preeminent national research university by meeting these AAU benchmarks, and the university has set a 10-year goal with identified key indicators to get there, including an increase in competitively funded

federal research support. This past year, Texas Tech secured more than \$83 million in federal awards and more than \$122 million in total research awards, more than double the number just a decade ago.

# RESEARCH & SCHOLARLY ACTIVITY

- Over the last decade:
  - 60% increase in Total Research Expenditures
  - 90% increase in Federal Research Expenditures

**FEDERAL RESEARCH  
EXPENDITURES**

**\$63M+**

**TOTAL RESEARCH  
EXPENDITURES**

**\$255M+**

In the past five years, TTU has increased federal research expenditures from \$30 million to \$63 million and total research expenditures reached a record of more than \$255 million. By 2033, TTU aspires to reach \$200 million in federal research expenditures. Texas Tech plans to leverage increased state support for enhancement of research capabilities that would lay the groundwork for increases in federal research proposals, awards, and expenditures in future years. In 2023, Texas voted to support higher education with the establishment of the Texas University Fund (TUF), a nearly \$4 billion endowment to fund research activities at Texas universities. In 2024, TTU received a \$44 million TUF distribution that funds goals of hiring and supporting faculty, preparing students for the workforce through increased graduate and undergraduate research opportunities, and creating new technological innovations that will benefit the citizens of Texas.

With the realization of the TUF investment, and in alignment with strategic research themes, Texas Tech launched two new institutes – the Institute for One Health Innovation (IOHI) and the Institute for Critical Infrastructure Security (ICIS). In the past two years, TTU received \$60 million in federal appropriations that support research related to national security. Both institutes are tied to challenges of national impact, and TTU plans to seek additional state and federal funding to support related ongoing research.



## OVERVIEW OF FINANCIAL STATEMENTS

TTU's 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 TTU have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB) and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

The information contained in the financial statements of TTU is part of and included within the State of Texas's (the "State") Annual Comprehensive Financial Report (ACFR). The format of the Texas statewide financial statements presents a comprehensive perspective of the State's financial activities. The State's activities are divided into three types for presentation in the primary financial statements. They are Governmental Activities, Business-type Activities, and Component Units.

Texas Tech's financial activity is combined at the System level and reported to the Texas Comptroller of Public Accounts as a business-type activity. In addition to business-type activity, fiduciary fund activity is reported separately within the TTU Annual Financial Report. Under the business-type activity classification, TTU financial statements conform to the guidelines and presentation formats prescribed for proprietary funds; revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of when cash is exchanged.

TTU does not record debt-related activities, pension, or other post-employment benefit liabilities in its Annual Financial Report. This activity is held and recorded at the System level in the ACFR.

## FINANCIAL HIGHLIGHTS

TTU maintains and protects its strong financial condition. As of August 31, 2024, TTU's net position totaled \$2.9 billion, an increase over the prior year. In 2024, revenues totaled \$1.45 billion and expenses totaled \$1.19 billion. As shown later in the Statement of Cash Flows, Operating and Noncapital Financing cash inflows totaled \$89.2M. Total Net Cash Flows were (\$17.8) million, which included \$48.7 million net purchases of investments.

Over the past several fiscal years ending FY 2024, TTU has experienced steady growth in revenue streams from state and institutional sources as well as growth in enrollment, total net assets, unrestricted net assets, and endowments. Key to maintaining TTU's financial stability is the diversification of the institution's academic, research, auxiliary, and investment portfolio. The educational, research, and service components of the TTU mission provide the institution with diversified revenue – those include state appropriations, tuition and fees, auxiliary enterprises, and sponsored project revenue. The lack of dependence on any one type of funding and TTU's stable financial reserve allows the institution to maintain flexibility and financial stability in times of economic change.

TTU experienced steady growth in Unrestricted Net Position, increasing 84% over the last 5 years, mostly due to a combination of increases in investment earnings, pandemic reserves, fundraising, and federal relief funding to offset lost revenues. In 2024, Texas Tech philanthropic support set a record year, second to only two years prior when fundraising reached new heights in 2022. Texas Tech strives to continue these efforts with



the public launch of the 8-year Comprehensive Capital Campaign in October 2024, which began with a strong 4-year silent campaign that raised \$700 million from 75,000 donors. Because of this sound financial base, the University has focused efforts on planning for investments in strategic initiatives such as future enrollment planning and the analysis and growth of physical spaces.

TTU's largest expense, salaries and wages, reflects the commitment to recruiting top-quality faculty and staff to achieve its mission. Our culture of excellence and collaboration recently earned TTU recognition in the 2024 Great Colleges to Work For program for the sixth time in the last 10 years, with the Honor Roll distinction for the third year in a row, for being cited most frequently across all recognition categories.



## 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 TTU as of the end of the fiscal year. This is a point-in-time presentation of the financial status as of August 31, 2024, with comparative information for the previous year. 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 financial health when considered with nonfinancial factors such as enrollment and the condition of facilities. A summarized comparison of TTU's statement of net position at August 31, 2024 and 2023 follows:

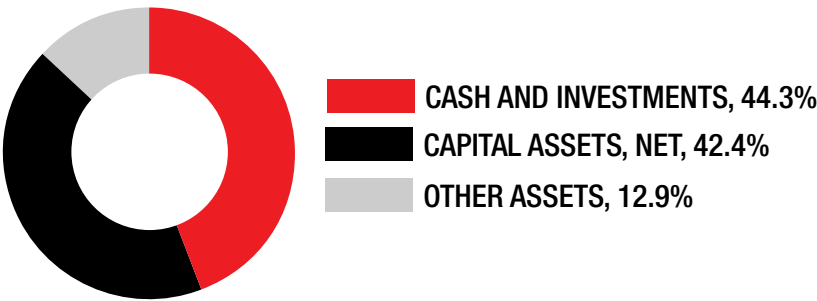
### Condensed Statement of Net Position (\$ in Millions)

	2024	Restated 2023
<b>Assets</b>		
Current Assets	\$ 462.5	\$ 401.3
Non-Current Investments	1,464.3	1,267.5
Capital Assets, Net	1,471.2	1,301.6
Right to Use Assets, Net	15.0	15.6
Other Non-Current Assets	59.6	81.7
<b>Total Assets</b>	<b>3,472.6</b>	<b>3,067.7</b>
<b>Liabilities</b>		
Current Liabilities	510.7	320.8
Non-Current Liabilities	30.0	69.0
<b>Total Liabilities</b>	<b>540.7</b>	<b>389.8</b>
Deferred Inflows of Resources	32.8	35.8
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>573.5</b>	<b>425.6</b>
<b>Net Position</b>		
Net Investment in Capital Assets	1,284.7	1,248.5
Restricted - Nonexpendable	108.2	107.0
Restricted - Expendable	341.3	311.7
Unrestricted	1,164.9	974.9
<b>Total Net Position</b>	<b>\$ 2,899.1</b>	<b>\$ 2,642.1</b>

**ASSETS**

The chart below depicts the makeup of TTU’s assets as of August 31, 2024.

**ASSETS**



TTU’s total assets increased by \$404.9 million, or 13.2%, to \$3.5 billion in 2024. Cash and investments increased by \$178.9 million, or 13.2% largely due to increased tuition revenue, gifts & grants, long term investment fund gains, and consolidated cash & investment pool increases. Legislative appropriations increased by \$60.2 million, or 34%, which consisted of TUF appropriations, institutional enhancement support, and Higher Education Funds. Net capital assets increased \$168.9 million, or 12.8%, due to increased construction in progress for the Womble Training Center and completion of the Academic Sciences Building, the Ranch Life Learning Center, Athletics South Endzone expansion, and Rip Griffin Park expansion and renovation.

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

The chart below depicts the makeup of TTU’s liabilities and deferred inflows of resources as of August 31, 2024.

**LIABILITIES AND DEFERRED INFLOWS**



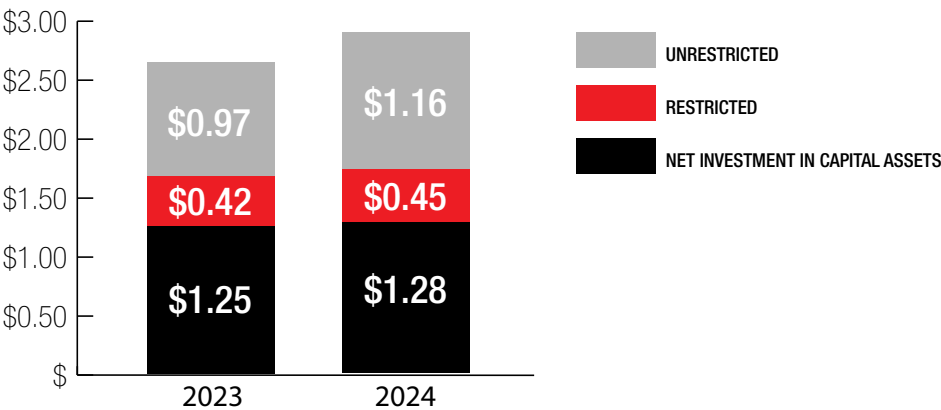
TTU’s total liabilities increased by \$151 million, or 38.7%, to \$540.7 million in 2024. Notes and loans payable from direct borrowings increased \$113.9 million, or 309%, due to construction draws and capitalized interest for construction projects for TTU Athletics. Accounts payable increased by \$20.2 million, or 54.6%, due to utilities invoice adjustments and construction project invoices. Unearned revenue increased by \$16.4 million, or 7.8%, primarily due to the receipt of funds for an agreement contingent upon meeting payroll expense targets during the 2024-2029 performance period.



NET POSITION

Net position increased by \$256.9 million, or 9.7%, to \$2.9 billion in 2024. The chart below depicts the makeup of TTU’s net position over the last two years.

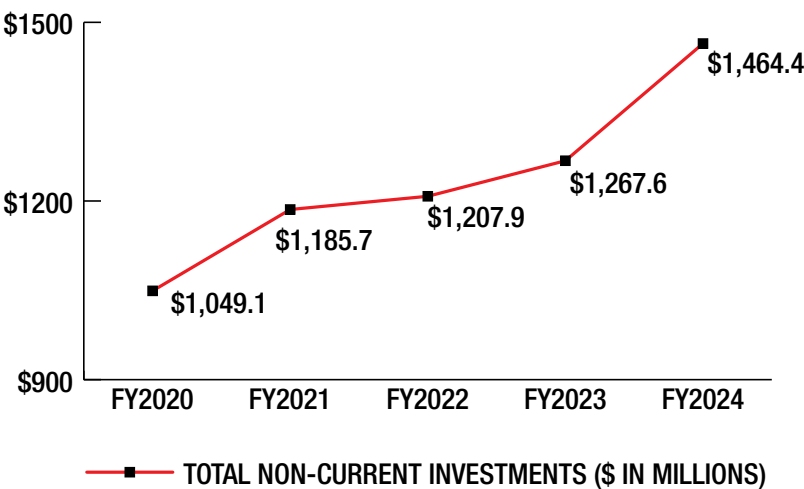
NET POSITION (\$ IN BILLIONS)



INVESTMENTS

Investment of funds gifted to TTU’s endowment is maintained through the System for all component institutions in the Long-Term Investment Fund (LTIF) under the direction of the Board of Regent’s investment policies. As of August 31, 2024, Texas Tech’s portion of investments totaled \$1,464.4 million in non-current investments. In 2024, total non-current investments included \$1,113.1 million classified as unrestricted investments and \$351.3 million classified as restricted investments. The chart below depicts TTU’s total non-current investments over a five-year trend.

TOTAL NON-CURRENT INVESTMENTS (\$ IN MILLIONS)



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

## 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 TTU. The following table summarizes TTU's revenues, expenses and changes in net position for the years ended August 31, 2024 and 2023:

Condensed Statement of Revenues, Expenses and Changes in Net Position (\$ in Millions)		
	2024	Restated 2023
Operating Revenues	\$ 720.0	\$ 693.4
Operating Expenses	1,184.2	1,114.2
Operating Income (Loss)	(464.2)	(420.8)
Nonoperating Revenues (Expenses)	562.5	457.6
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	98.3	36.8
Other Revenues, Expenses, Gains, Losses and Transfers	158.7	63.4
Total Change in Net Position	257.0	100.2
Beginning Net Position (September 1)	2,619.7	2,523.4
Restatements	22.4	18.5
Beginning Net Position (September 1) as Restated	2,642.1	2,541.9
Ending Net Position (August 31)	\$ 2,899.1	\$ 2,642.1

## REVENUES AND TRANSFERS FOR CORE ACTIVITIES

For the fiscal year ended August 31, 2024, revenues to support TTU's core activities totaled \$1.3 billion, an increase of 137.4 million, or 12.3%, from the prior year. This includes operating, nonoperating, and other transfers from state agencies used for operations such as \$54M in TUF and Hazlewood state funding received in FY 2024.

### Operating Revenues

Of that total, operating revenues comprised \$720 million, an increase of \$26.6 million, or 3.8 %, from the prior year. TTU's primary sources of operating revenues come from net tuition and fees, grants and contracts, and auxiliary enterprises.

### Net Tuition and Fees

Net tuition and fees are reflected net of associated discounts and allowances. In 2024, net tuition and fees totaled \$395.2 million, an increase of \$1.4 million, or .3%, primarily as a result of increases in gross scholarships for Pell grants, Presidential Scholarships, and Texas Higher Education Coordinating Board state grant programs coupled with student refunds included in scholarship expense.

### Grants and Contracts

Grants and contracts revenues are related to research programs that generally 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 and student financial aid. In 2024, these revenues totaled \$120.4 million, an increase of \$18.5 million, or 18.2%, from the prior year mostly due to increased Texas Research Incentive Program and Texas Grants funding.

## **Net Auxiliary Enterprises**

Net auxiliary enterprise revenues were earned from a host of activities such as athletics, housing and food service, bookstore, parking, and other activities. These revenues totaled \$182.5 million, an increase of \$6 million, or 3.4% in 2024.

## **Nonoperating Revenues**

Certain significant recurring revenues are considered nonoperating. TTU'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, state paid benefits for group health insurance, OASI, retirement contributions (TRS) and the optional retirement program, capital appropriations (HEF), and other state support, totaled \$327.1 million, an increase of \$51.5 million, or 18.7%, in 2024. The majority of this increase is attributed to a combination of increased formula funding, institutional enhancement support, and state paid benefits for higher state salary allocations including increased Higher Education Group Insurance (HEGI) allocations.

### **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, totaled \$72.2 million, a decrease of (\$21.9) million, or (23.3%), in 2024. This change was largely due to exhausting Coronavirus State and Local Fiscal Recovery Funds as the country continues to recover from the pandemic.

### **Gifts**

Private gifts, including capital contributions and contributions to endowments, of \$107.6 million, decreased (\$.5) million, or (.5%), in 2024 compared to 2023.

### **Investment Income Excluding the Change in Fair Value of Investments**

Investment income excluding the change in the fair value of investments totaled \$41.9 million, an increase of \$6.7 million, or 19.2%, in 2024 primarily due to an increase in realized gains compared to 2023.

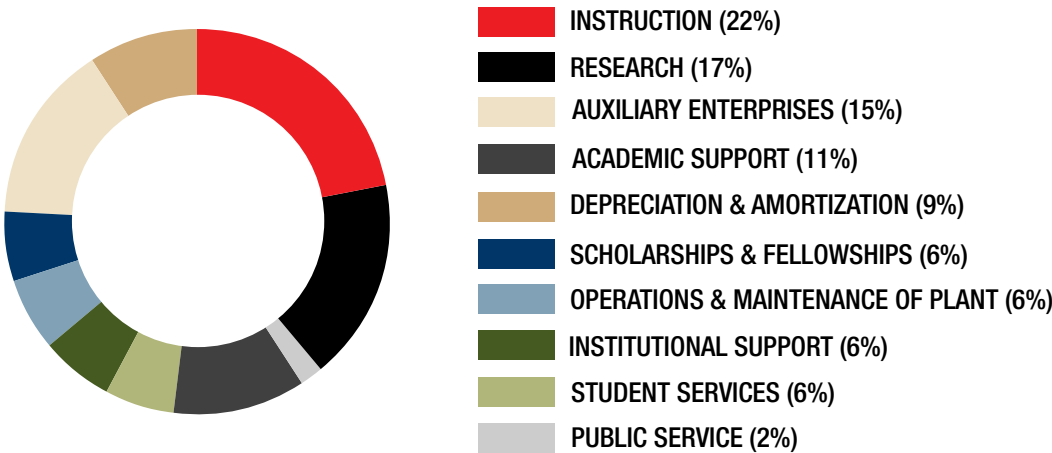
### **Net Increase in Fair Value of Investments**

The net increase in the fair value of TTU's investments totaled \$103.9 million, an increase of \$62.2 million, or 17.7% in 2024. This primarily resulted from more favorable market conditions in 2024.

OPERATING EXPENSES

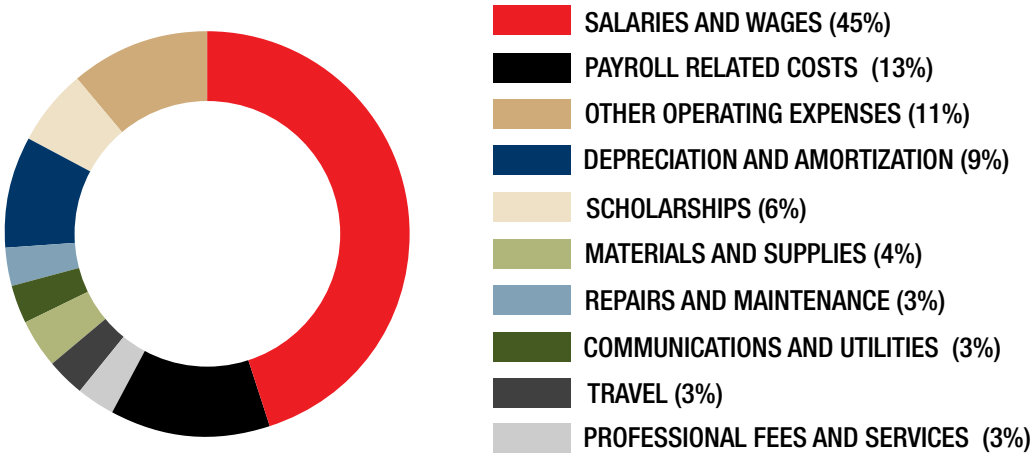
For the fiscal year ended August 31, 2024, operating expenses totaled \$1.2 billion. The operating expenses reflect TTU’s commitment to promoting instruction, research, public service and student support. Total operating expenses increased \$70 million, or 6.3%, in 2024 in response to the growing cost of providing support for the institution’s primary missions of instruction, research, and public service. 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, 2024.

NACUBO FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES



In addition to functional classification of operating expenses, the following graph also illustrates TTU’s operating expenses by natural classification for the year ended August 31, 2024.

NATURAL CLASSIFICATION OF OPERATING EXPENSES



## 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 TTU's financial flexibility and liquidity to meet obligations as they come due and the need for external financing. The following table summarizes TTU's statement of cash flows for the years ended August 31, 2024 and 2023:

Condensed Statement of Cash Flows (\$ in Millions)		
	2024	Restated 2023
Cash Provided (Used) by:		
Operating Activities	\$ (353.2)	\$ (313.2)
Noncapital Financing Activities	442.5	408.8
Capital and Related Financing Activities	(58.4)	(111.0)
Investing Activities	(48.7)	19.5
Total Net Cash Flows	(17.8)	4.1
Beginning Cash and Cash Equivalents (September 1)	92.5	88.4
Ending Cash and Cash Equivalents (August 31)	\$ 74.7	\$ 92.5

For the fiscal year ended August 31, 2024, ending cash and cash equivalents totaled \$74.7 million, a decrease of (\$17.9) million, or (19.3%), from the prior year.

Net cash used by operating activities should be viewed in conjunction with net cash provided by non-capital financing activities. State appropriations and gift contributions for operations are significant sources of recurring revenues in support of operating expenses, but they 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 2024, net cash used for capital and related financing activities decreased (\$52.6) million largely due to a combination of higher incoming debt proceeds draws and a decrease in debt service payment transfers for commercial paper compared to the prior year.

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.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

TTU 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 2024, construction in progress totaled \$92.8 million, a decrease of (\$54.8) million from the prior year, while building and building improvements increased by \$212.4. The net increase of capital assets was the result of



the completion of construction for buildings including Athletics projects, the Academic Sciences Building, and the Ranch Life Learning Center.

As of August 31, 2024, TTU had \$3,104.6 million in capital assets less \$1,618.4 million in associated depreciation and amortization for net capital and RTU assets of \$1,486.2 million.

**Capital and Right to Use Assets, Net at August 31**  
(\$ in Millions)

	2024	2023
Land and Land Improvements	\$ 10.3	\$ 10.3
Construction in Progress	92.8	147.6
Other Capital Assets	109.3	107.9
Buildings and Building Improvements	1,021.7	809.3
Infrastructure	13.6	14.3
Facilities and Other Improvements	68.4	69.1
Furniture and Equipment	81.9	70.4
Vehicles, Boats and Aircraft	3.0	2.4
Other Capital Assets	70.1	70.1
Computer Software - Intangible	0.1	0.2
Capital Assets, Net	1,471.2	1,301.6
Right to Use Assets, Net	15.0	15.6
Total Capital and Right to Use Assets, Net	\$ 1,486.2	\$ 1,317.2

TTU engages in the prudent use of debt to finance capital projects as a means of maximizing the management of financial and physical resources. Texas Education Code places authority with the governing board of TTUS for establishing a Revenue Financing System (RFS), a pooled revenue pledge for debt, therefore all debt is issued in the name of the Board of Regents of TTUS. TTUS manages a consolidated debt program across its five components with component institutions responsible for debt service funding. All debt-related activities are held at the System level, therefore debt is not included in TTU's financial statements. The portion of debt held at the system level attributed to capital projects for Texas Tech is funded by TTU through state appropriations and institutional funds.

## FINANCIAL STABILITY/ECONOMIC OUTLOOK

Texas Tech University is committed to teaching and the advancement of knowledge, providing the highest standards of excellence in higher education, fostering intellectual and personal development, and stimulating meaningful research and service as a comprehensive public research university.

Dedication to this goal is fostered through both public and private sector support of higher education. TTU'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 Texas Tech. In the 88th legislative session, Texas legislature made historic investments in funding for higher education public institutions.

Stability and growth are important factors of the university's operational and financial health. For 2024, TTU's overall operating budget increased to \$1,292.8 million or 10.5% growth from the prior year. This change is largely attributable to the increase in state appropriations. TTU's education and general (E&G) budgeted

revenues have increased by 43% from FY 2021 to FY 2024, increasing from \$329.0 million to \$471.6 million, as shown in the table below. Fluctuations in years include one-time funding of \$50 million in COVID-related Institutional Enhancement funds from the state in FY 2022 to support increased investments in academic excellence, student success, and faculty success. This level of state funding for Institutional Enhancement was renewed as a non-formula general revenue appropriation in FY 2024 along with investments in research with the TUF endowment.

## TTU TOTAL E&G BUDGET

(\$M)	FY2021	FY2022	FY2023	FY2024	3 Yr % Growth
Total E&G Budget	329.0	413.8	395.7	471.6	43%

Student enrollment and related semester credit hours (SCH) not only drive tuition and fee revenue, but also certain state appropriation investments in Texas general academic institutions.

Texas Tech receives both direct (formula funds and other funds based on needs) and indirect appropriations from the state. Direct state appropriations include two formula funding models, the Infrastructure Support formula and the Instruction and Operations formula, and an extra 10% teaching Experience Supplement for undergraduate SCH taught by tenured faculty.

The formula for Instruction and Operations Support includes state-designated funding multipliers applied to semester credit hours (SCH) for full-time student equivalent (FTSE) enrollment, weighted by discipline and program level. Therefore, positive enrollment trends, as highlighted previously overall and in more detail below, favorably impact Texas Tech funding from tuition and fee revenue as well as state appropriations.

## FTSE ENROLLMENT & WEIGHTED SCH

FTSE Enrollment	Fall 2022	Fall 2023	Fall 2024	2 Yr % Growth
Undergraduate	31,400	31,719	32,405	3.2%
Graduate	5,425	5,662	5,832	7.5%
Doctoral/Professional	534	629	735	37.6%
Total Student FTSE	37,359	38,010	38,972	4.3%
Wtd Semester Credit Hours	Fall 2022	Fall 2023	Fall 2024	2 Yr % Growth
WSCH	2,790,388	2,937,330	3,023,764	8.4%

Private, independent rating services continue to assign high credit-quality investment grades to the Texas Tech University System debt, indicating strong capacity to meet financial commitments over time as a lower risk investment. Ratings received include an Aa1 rating from Moody’s Investor Service, an AA+ rating from Fitch Ratings and an AA+ rating by Kroll Bond Rating Agency. TTUS overall is committed to maintaining its long history of strong credit ratings, which provides a high degree of flexibility to its components in securing capital funds on the most competitive terms. This flexibility, along with ongoing efforts toward revenue diversification and cost containment, will enable TTU to secure the necessary resources to support a consistent level of excellence in service to students, the research community, the State, and the nation.

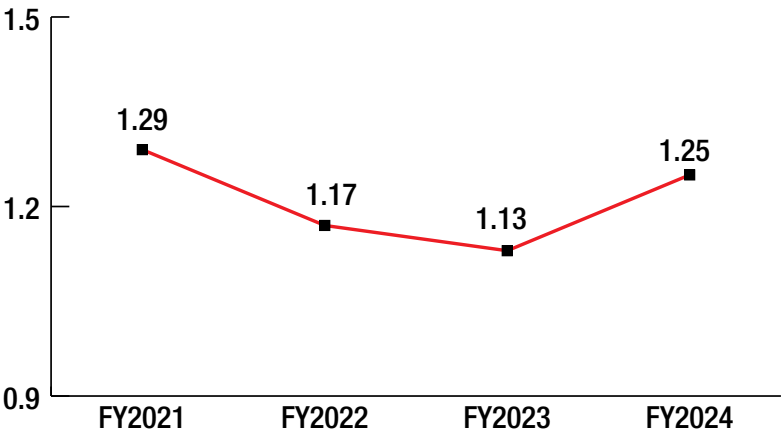
**Other Financial Indicators**

TTU’s financial growth and its effective management of expenditures, debt, capital investment, and fundraising all contribute to its overall financial stability and sustainability. Debt-related activities are maintained at the System level for all components. However, the following four core financial ratios have been calculated with the inclusion of TTU’s portion of debt-related activities for a more accurate picture of TTU’s financial health.

**Primary Reserve Ratio**

The primary reserve ratio is equal to expendable net assets (which excludes plant and endowment assets) divided by total expenses (excluding investment losses). The ratio measures the financial strength and flexibility of an institution by indicating how long it could function using its expendable reserves without relying on additional revenue. A primary reserve ratio of 0.40x or better allows a university the flexibility to transform the enterprise. 0.40x means that it has the ability to cover about five months of expenses (40% of 12 months). Generally, institutions operating at this level are able to carry on a reasonable level of activities and manage unforeseen adverse financial effects. Below, the graph shows that over the past four years, TTU has consistently had the means to cover over a year of expenses.

**PRIMARY RESERVE RATIO**



## Viability Ratio

This ratio is equal to expendable net assets divided by long-term debt. The ratio measures one of the most basic determinates of financial health: the availability of resources to cover debt should the institution need to settle its obligations as of the balance sheet date. A ratio over 1.25x generally indicates financial viability. The chart below shows TTU’s ability to pay off its debt with half of its expendable assets.

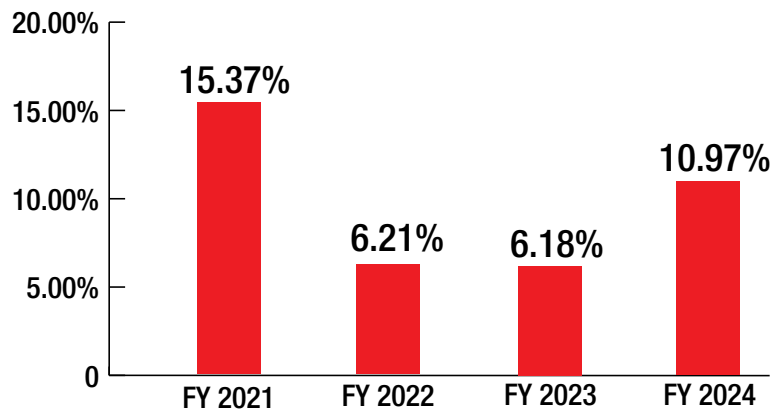
VIABILITY RATIO



## Return on Net Assets

The return on net assets ratio is equal to the change in net assets divided by the beginning total net assets for a given year. It measures whether or not the institution’s resources are growing. A rate return target in the range of 3 to 4 percent is normal. This chart shows healthy returns above the normal range. A robust fiscal year 2021 is aided by a 27% return on endowments.

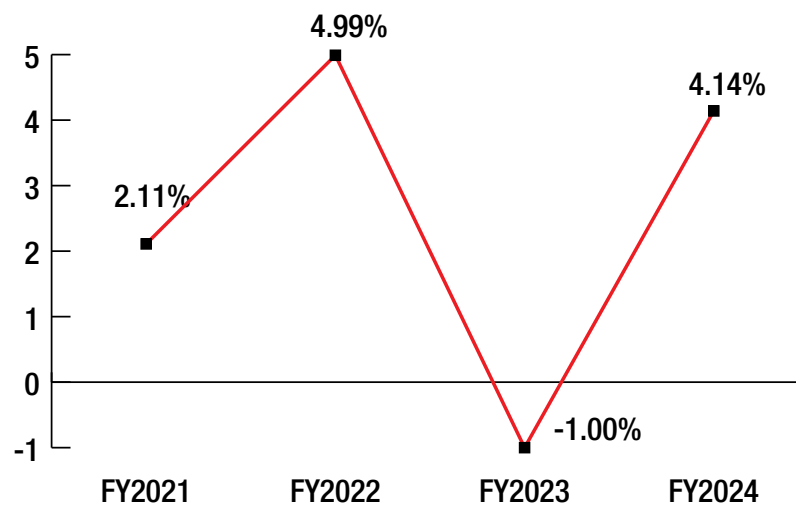
RETURN ON NET ASSETS



## Net Operating Revenues Ratio

This ratio is a primary indicator in explaining how surpluses affect the behavior of the other three core ratios. A large surplus or deficit in any given year directly impacts the amount of funds an institution adds to or subtracts from net assets. A positive ratio indicates an annual surplus. Generally speaking, the larger the surplus, the stronger an institution's financial performance. The ratio is calculated using operating income/loss plus non-operating net revenues (excluding any gains or losses). The target for this ratio should be between 2% and 7% and is best assessed on a trend line. As the chart below indicates, TTU typically operates within a healthy range with operating surpluses three out of four years. Fluctuation for FY 2023 represents a gap year in which TTU transitioned between a significant decrease in federal COVID-related grant funding and legislative appropriation increases that began in FY 2024 as ongoing support going forward for institutional enhancement, research, and other efforts that ramped up following the pandemic.

### NET OPERATING REVENUES RATIO



## CONTACTING TEXAS TECH UNIVERSITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of TTU's finances. General information regarding TTU can be found at <https://www.ttu.edu>. Questions concerning this report or requests for additional financial information should be directed to:

**Mr. Eric Fisher, CPA, CRA, CTP, Assistant Vice President and Controller**

**Email: [Eric.Fisher@ttu.edu](mailto:Eric.Fisher@ttu.edu)**

**Phone: 806.834.4713**

**Accounting Services**

**1901 University, Suite 308**

**Lubbock, Texas 79409**



# FINANCIAL STATEMENTS



**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2024 AND 2023**

	2024	Restated 2023
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 64,779,804.53	\$ 67,583,099.47
Restricted Cash and Cash Equivalents	4,163,836.46	7,924,558.63
Legislative Appropriations	237,255,487.32	177,066,256.58
Receivables (Note 24):		
Federal	18,992,777.06	17,080,061.02
Student	8,578,257.69	8,297,188.74
Accounts	8,662,701.94	7,581,826.49
Interest and Dividends	2,113,451.02	1,466,420.60
Gifts	16,646,463.49	15,661,159.49
Leases (Note 8)	262,590.27	558,181.81
Other	1,000,046.98	989,017.89
Due from Other State Agencies (Note 12)	2,735,158.28	6,377,382.57
Inventories	2,517,933.33	2,668,169.90
Prepaid Items	93,215,306.68	86,449,715.60
Loans and Contracts (Note 24)	328,517.97	330,882.06
Other Current Assets	1,236,547.23	1,251,242.24
Total Current Assets	<u>462,488,880.25</u>	<u>401,285,163.09</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	5,732,759.87	17,039,864.33
Restricted Investments (Note 3)	351,257,578.49	300,010,021.87
Gifts Receivable (Note 24)	51,344,933.02	57,490,667.51
Leases Receivable (Note 8, 24)	1,972,554.59	6,547,816.62
Public-Private Partnership Assets Receivable (Note 24, 27)	457,984.12	457,984.12
Other Non-Current Assets	119,623.98	119,623.98
Investments (Note 3)	1,113,106,374.44	967,543,327.67
Capital Assets (Note 2):		
Non-Depreciable or Non-Amortizable	212,407,763.67	265,825,826.72
Depreciable or Amortizable	2,862,994,785.26	2,555,992,424.97
Accumulated Depreciation and Amortization	(1,604,227,003.22)	(1,520,264,918.74)
Right to Use Assets (Note 2):		
Amortizable	29,214,330.20	24,554,156.98
Accumulated Amortization	(14,256,618.59)	(8,920,502.28)
Total Non-Current Assets	<u>3,010,125,065.83</u>	<u>2,666,396,293.75</u>
Total Assets	<u>\$ 3,472,613,946.08</u>	<u>\$ 3,067,681,456.84</u>

See Independent Accountants' Review Report and Notes to the Financial Statements

**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2024 AND 2023**

	2024	Restated 2023
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	\$ 57,290,740.41	\$ 37,050,037.18
Payroll Payable	50,006,374.33	48,069,651.12
Unearned Revenue	225,390,023.86	209,039,306.90
Due to Other State Agencies (Note 12)	4,420,312.82	3,610,251.40
Right to Use Lease Obligations (Note 5, 8)	673,163.75	657,820.22
Right to Use Subscription Obligations (Note 5, 8)	3,427,568.99	5,331,813.73
Notes and Loans Payable - Direct Borrowings (Note 5)	150,816,399.00	-
Employees' Compensable Leave (Note 5)	3,250,736.69	3,068,653.78
Funds Held for Others	10,796,668.19	9,075,644.60
Other Current Liabilities	4,629,556.61	4,892,685.90
Total Current Liabilities	<u>510,701,544.65</u>	<u>320,795,864.83</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 5)	20,857,733.17	18,572,185.82
Right to Use Lease Obligations (Note 5, 8)	4,834,311.18	949,256.01
Right to Use Subscription Obligations (Note 5, 8)	2,816,477.95	4,043,679.39
Notes and Loans Payable - Direct Borrowings (Note 5)	-	36,869,354.00
Pollution Remediation Obligation (Note 5)	1,529,525.50	1,529,525.50
Other Non-Current Liabilities	-	7,000,000.00
Total Non-Current Liabilities	<u>30,038,047.80</u>	<u>68,964,000.72</u>
Total Liabilities	<u>540,739,592.45</u>	<u>389,759,865.55</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Resources (Note 28)	32,811,399.67	35,776,753.54
Total Deferred Inflows of Resources	<u>32,811,399.67</u>	<u>35,776,753.54</u>
<b>Net Position</b>		
Net Investment in Capital Assets	1,284,631,082.55	1,248,496,013.98
Restricted:		
Nonexpendable:		
Endowments	108,247,886.23	106,991,749.00
Expendable:		
Capital Projects	79,221,955.81	86,375,173.78
Other	262,046,157.67	225,342,871.95
Unrestricted	<u>1,164,915,871.70</u>	<u>974,939,029.04</u>
Total Net Position	<u>\$ 2,899,062,953.96</u>	<u>\$ 2,642,144,837.75</u>

See Independent Accountants' Review Report and Notes to the Financial Statements



**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	Restated 2023
<b>Operating Revenues</b>		
Tuition and Fees	\$ 7,412,150.76	\$ 7,271,815.48
Tuition and Fees - Pledged	527,200,215.31	514,925,103.64
Less Discounts and Allowances	(139,420,701.45)	(128,359,321.98)
Sales and Services of Auxiliary Enterprises - Pledged	184,707,209.47	178,664,685.25
Less Discounts and Allowances	(2,194,822.38)	(2,157,256.20)
Other Sales and Services	8,521,302.46	8,701,686.26
Other Sales and Services - Pledged	13,364,276.86	12,438,389.53
Federal Grants and Contracts	61,253,751.07	55,964,547.04
Federal Grant Pass-Throughs from Other State Agencies	4,041,715.83	4,197,200.89
State Grants and Contracts	389,413.67	214,102.94
State Grant Pass-Throughs from Other State Agencies	36,066,187.54	21,922,906.01
Local Governmental Grants and Contracts	3,516,970.31	3,578,963.19
Nongovernmental Grants and Contracts	15,169,264.80	16,041,034.49
Total Operating Revenues	<u>720,026,934.25</u>	<u>693,403,856.54</u>
<b>Operating Expenses</b>		
Cost of Goods Sold	16,228,290.26	14,897,596.69
Salaries and Wages	528,436,697.61	490,451,486.14
Payroll Related Costs	148,973,890.41	138,394,738.94
Professional Fees and Services	30,879,372.30	29,010,329.67
Travel	32,888,008.74	30,995,959.90
Materials and Supplies	49,430,865.11	48,166,532.35
Communications and Utilities	39,821,828.38	35,951,241.31
Repairs and Maintenance	41,552,144.87	42,118,850.96
Rentals and Leases	17,215,278.95	14,780,443.66
Printing and Reproduction	3,110,535.02	2,981,719.18
Federal Grant Pass-Through Expense	1,145,684.85	1,027,858.62
State Grant Pass-Through Expense	-	(0.10)
Depreciation and Amortization (Note 2)	111,089,058.72	105,397,764.06
Interest	30,820.39	13,465.10
Scholarships	71,932,562.12	65,103,470.04
Claims and Judgements	-	190,000.00
Other Operating Expenses	91,496,563.58	94,710,406.86
Total Operating Expenses	<u>1,184,231,601.31</u>	<u>1,114,191,863.38</u>
Operating Income (Loss)	<u>\$ (464,204,667.06)</u>	<u>\$ (420,788,006.84)</u>

See Independent Accountants' Review Report and Notes to the Financial Statements

**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	Restated 2023
<b>Nonoperating Revenues (Expenses)</b>		
Legislative Revenue	\$ 275,704,409.03	\$ 225,709,489.17
Federal Grants and Contracts	61,263,819.98	61,675,107.77
Federal Grant Pass-Throughs from Other State Agencies	10,895,733.57	32,380,685.02
Private Gifts	69,856,994.58	56,690,878.29
Private Gifts - Pledged	1,921,210.67	2,191,659.37
Investment Income (Loss)	6,689,991.90	5,682,012.87
Investment Income (Loss) - Pledged	35,202,636.39	29,465,486.10
Interest Expense on Capital Asset Financing	(3,713,460.00)	(425,380.00)
Gain (Loss) on Sale and Disposal of Capital Assets	(2,445,917.32)	(907,483.64)
Net Increase (Decrease) in Fair Value of Investments	103,864,383.35	41,711,622.33
Interest Expense Other	(417,742.04)	(147,629.02)
Other Nonoperating Revenues	1,063,307.00	931,475.43
Other Nonoperating Revenues - Pledged	2,686,718.83	4,417,527.18
Other Nonoperating Expenses	(54,670.00)	(1,750,256.56)
Total Nonoperating Revenues (Expenses)	<u>562,517,415.94</u>	<u>457,625,194.31</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	98,312,748.88	36,837,187.47
<b>Other Revenues, Expenses, Gains, Losses and Transfers</b>		
Capital Appropriations (HEF)	51,379,460.50	49,874,746.00
Capital Contributions, Grants and Contracts	34,750,843.55	47,448,482.60
Lapsed Appropriations	(60.58)	-
Contributions to Permanent and Term Endowments	1,075,752.79	1,812,958.44
Legislative Transfers In (Out) (Note 12)	31,396,753.00	(14,907,519.00)
Interagency Transfers of Capital Assets - Increase (Note 2, 12)	4,154.85	4,215.81
Interagency Transfers of Capital Assets - Decrease (Note 2, 12)	(2,348.45)	(780,532.44)
Net Transfers from (to) Texas Tech University System Components (Note 12)	18,270,328.87	(27,867,935.12)
Net Transfers from (to) Other State Agencies (Note 12)	21,730,482.80	7,834,694.42
Net Other Revenues, Expenses, Gains, Losses and Transfers	<u>158,605,367.33</u>	<u>63,419,110.71</u>
Total Change in Net Position	<u>256,918,116.21</u>	<u>100,256,298.18</u>
Beginning Net Position (September 1) as Previously Reported	2,619,706,415.34	2,523,429,059.13
Restatement of Beginning Net Position (Note 14)	<u>22,438,422.41</u>	<u>18,459,480.44</u>
Beginning Net Position (September 1) as Restated	<u>2,642,144,837.75</u>	<u>2,541,888,539.57</u>
Ending Net Position (August 31)	<u><u>\$ 2,899,062,953.96</u></u>	<u><u>\$ 2,642,144,837.75</u></u>

See Independent Accountants' Review Report and Notes to the Financial Statements



**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	Restated 2023
<b>Cash Flows from Operating Activities</b>		
Proceeds from Customers	\$ 20,545,964.05	\$ 20,781,815.21
Proceeds from Tuition and Fees	397,899,637.80	391,437,226.84
Proceeds from Grants and Contracts	121,591,874.36	99,088,601.19
Proceeds from Sales and Services of Auxiliary Enterprises	182,690,906.38	179,386,213.98
Proceeds from Loan Programs	152,952,031.49	155,318,172.90
Proceeds from Fiduciary Activities Held 3 Months or Less	54,375,766.83	53,097,341.15
Payments to Suppliers for Goods and Services	(94,046,404.43)	(92,377,466.96)
Payments to Employees for Salaries	(527,041,703.22)	(487,651,079.61)
Payments to Employees for Benefits	(148,432,161.59)	(136,257,890.66)
Payments for Loans Issued to Students	(152,183,861.40)	(155,162,663.77)
Payments for Fiduciary Activities Held 3 Months or Less	(53,958,380.85)	(53,565,723.86)
Payments for Other Expenses	(307,630,924.36)	(287,249,882.00)
Net Cash Provided (Used) by Operating Activities	<u>(353,237,254.94)</u>	<u>(313,155,335.59)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Proceeds from State Appropriations	222,718,140.77	225,037,875.73
Proceeds from Gifts	73,461,274.53	61,363,493.65
Proceeds from Nonoperating Grants and Contracts	75,196,443.12	112,553,313.43
Proceeds from Other Financing Activities	3,725,889.27	4,749,685.57
Proceeds from Transfers from Component Institutions	637,381.33	4,501,349.76
Proceeds from Transfers from Other State Agencies	76,023,791.48	9,414,202.96
Payments for Transfers to Component Institutions	(8,235,840.72)	(7,802,371.14)
Payments for Transfers to Other State Agencies	(663,452.89)	(650,775.26)
Payments for Other Uses	(382,040.62)	(349,354.47)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>442,481,586.27</u>	<u>408,817,420.23</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	221,344.57	125,016.85
Proceeds from Capital Debt Issuances	113,947,045.00	36,869,354.00
Proceeds from Capital Contributions, Grants and Contracts	41,452,396.67	39,839,172.79
Proceeds from Capital Appropriations	44,176,437.44	44,851,748.10
Proceeds from Transfers from Component Institutions	57,802,404.99	39,044,002.10
Payments for Transfers to Component Institutions	(54,553,987.73)	(79,788,842.84)
Payments for Additions to Capital Assets	(250,091,730.07)	(180,933,722.70)
Payments for Interest Paid on Capital Debt	(3,713,460.00)	(425,380.00)
Payments for Leases and Subscriptions	(7,591,957.87)	(8,818,888.70)
Payments for Other Costs on Debt Issuance	(54,670.00)	(1,734,279.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (58,406,177.00)</u>	<u>\$ (110,971,819.40)</u>

See Independent Accountants' Review Report and Notes to the Financial Statements

**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024	Restated 2023
<b>Cash Flows from Investing Activities</b>		
Proceeds from Investment Sales and Maturities	\$ 126,684,394.80	\$ 13,092,782.06
Proceeds from Interest and Investment Income	52,836,256.61	45,772,452.98
Payments to Acquire Investments	(228,229,927.31)	(39,387,169.33)
Net Cash Provided (Used) by Investing Activities	(48,709,275.90)	19,478,065.71
 Total Net Cash Flows	(17,871,121.57)	4,168,330.95
 Beginning Cash and Cash Equivalents (September 1)	92,547,522.43	88,379,191.48
 Ending Cash and Cash Equivalents (August 31)	\$ 74,676,400.86	\$ 92,547,522.43
 <b>Reconciliation of Operating Loss to Net Cash Flows from Operating Activities</b>		
Operating Loss	\$ (464,204,667.06)	\$ (420,788,006.84)
Adjustments:		
Depreciation and Amortization Expense	111,089,058.72	105,397,764.06
(Increase) Decrease in Accounts Receivable	(4,433,010.56)	(2,402,300.74)
(Increase) Decrease in Loans and Notes Receivable	768,170.09	155,509.13
(Increase) Decrease in Inventories	150,236.57	1,284,861.53
(Increase) Decrease in Other Assets	18,536.06	(165,639.25)
(Increase) Decrease in Due From Other State Agencies	1,363,980.80	63,452.77
(Increase) Decrease in Prepaid Items	(9,310,631.39)	(7,680,994.47)
Increase (Decrease) in Accounts Payable	1,556,660.34	1,025,001.15
Increase (Decrease) in Payroll Payable	1,394,994.39	2,800,406.53
Increase (Decrease) in Unearned Revenue	5,700,290.60	4,584,532.47
Increase (Decrease) in Employees' Compensable Leave	2,467,630.26	2,267,303.38
Increase (Decrease) in Due to Other State Agencies	893,080.58	(692,615.46)
Increase (Decrease) in Benefits Payable	541,728.82	2,136,848.28
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	417,385.98	(468,382.71)
Increase (Decrease) in Deferred Inflows of Resources Public-Private Partnerships	(1,112,767.89)	(992,902.92)
Increase (Decrease) in Other Liabilities	(537,931.25)	319,827.50
Net Cash Used for Operating Activities	\$ (353,237,254.94)	\$ (313,155,335.59)
 <b>Noncash Transactions</b>		
Donations of Capital Assets	\$ 1,500,725.24	\$ 2,179,608.12
Net Increase (Decrease) in Fair Value of Investments	103,864,383.35	41,711,622.33
Other	(2,209,570.07)	2,165,972.68
Total Noncash Transactions	\$ 103,155,538.52	\$ 46,057,203.13

See Independent Accountants' Review Report and Notes to the Financial Statements

**TEXAS TECH UNIVERSITY (733)**  
**MATRIX OF OPERATING EXPENSES REPORTED BY FUNCTION**  
**FOR THE YEAR ENDED AUGUST 31, 2024 WITH COMPARATIVE TOTALS FOR 2023**

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Cost of Goods Sold	\$ 109,289.37	\$ -	\$ 14,850.43	\$ 32,509.49	\$ 19,000.00	\$ 1,658,281.42
Salaries and Wages	177,851,639.70	120,112,686.37	10,020,715.39	74,705,409.60	32,647,457.73	29,913,210.36
Payroll Related Costs	53,816,731.59	34,568,964.69	3,392,153.64	20,635,439.12	9,095,730.53	8,656,875.02
Professional Fees and Services	1,291,279.44	4,325,720.90	932,160.11	2,562,674.60	1,499,755.49	17,588,207.07
Travel	4,321,575.20	6,345,857.81	980,537.86	5,060,489.18	2,146,802.94	874,534.26
Materials and Supplies	8,202,550.56	14,454,631.81	1,186,309.43	7,083,089.33	3,652,128.80	1,001,774.14
Communications and Utilities	1,396,005.16	2,963,439.68	259,754.73	2,018,574.68	1,894,474.64	621,613.69
Repairs and Maintenance	905,568.71	2,704,481.59	540,802.79	2,534,346.09	1,143,121.15	235,799.79
Rentals and Leases	1,809,709.59	987,880.29	800,790.11	4,235,675.05	4,423,139.89	2,208,218.22
Printing and Reproduction	182,626.05	368,454.91	143,887.20	517,093.65	727,614.67	564,640.06
Federal Grant Pass-Through Expense	109,903.07	543,385.57	492,396.21	-	-	-
State Grant Pass-Through Expense	-	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
Interest	1,762.17	12,213.13	49.26	716.59	470.90	1,461.42
Scholarships	2,159,212.07	4,476,866.70	9,225.30	370,126.19	86,979.00	2,000.00
Claims and Judgements	-	-	-	-	-	-
Other Operating Expenses	5,183,716.63	13,879,020.73	3,717,134.24	10,962,480.82	15,048,146.84	5,185,370.36
2024 Total	<u>\$ 257,341,569.31</u>	<u>\$ 205,743,604.18</u>	<u>\$ 22,490,766.70</u>	<u>\$ 130,718,624.39</u>	<u>\$ 72,384,822.58</u>	<u>\$ 68,511,985.81</u>
2023 Total as Restated	<u>\$ 236,986,542.37</u>	<u>\$ 193,610,268.70</u>	<u>\$ 20,407,843.72</u>	<u>\$ 121,789,055.97</u>	<u>\$ 70,431,802.22</u>	<u>\$ 65,808,192.00</u>

See Independent Accountants' Review Report and Notes to the Financial Statements

**TEXAS TECH UNIVERSITY (733)**  
**MATRIX OF OPERATING EXPENSES REPORTED BY FUNCTION**  
**FOR THE YEAR ENDED AUGUST 31, 2024 WITH COMPARATIVE TOTALS FOR 2023**

Operating Expenses	Operations & Maintenance of Plant	Scholarships & Fellowships	Auxiliary Enterprises	Depreciation & Amortization	Total
Cost of Goods Sold	\$ -	\$ -	\$ 14,394,359.55	\$ -	\$ 16,228,290.26
Salaries and Wages	10,846,964.60	-	72,338,613.86	-	528,436,697.61
Payroll Related Costs	2,858,986.56	-	15,949,009.26	-	148,973,890.41
Professional Fees and Services	924,958.89	-	1,754,615.80	-	30,879,372.30
Travel	42,044.30	-	13,116,167.19	-	32,888,008.74
Materials and Supplies	4,495,201.71	-	9,355,179.33	-	49,430,865.11
Communications and Utilities	20,336,828.48	-	10,331,137.32	-	39,821,828.38
Repairs and Maintenance	22,433,620.39	-	11,054,404.36	-	41,552,144.87
Rentals and Leases	603,549.70	-	2,146,316.10	-	17,215,278.95
Printing and Reproduction	5,593.55	-	600,624.93	-	3,110,535.02
Federal Grant Pass-Through Expense	-	-	-	-	1,145,684.85
State Grant Pass-Through Expense	-	-	-	-	-
Depreciation and Amortization	-	-	-	111,089,058.72	111,089,058.72
Interest	13,861.34	-	285.58	-	30,820.39
Scholarships	-	64,578,461.94	249,690.92	-	71,932,562.12
Claims and Judgements	-	-	-	-	-
Other Operating Expenses	8,572,809.39	-	28,947,884.57	-	91,496,563.58
2024 Total	<u>\$ 71,134,418.91</u>	<u>\$ 64,578,461.94</u>	<u>\$ 180,238,288.77</u>	<u>\$ 111,089,058.72</u>	<u>\$ 1,184,231,601.31</u>
2023 Total as Restated	<u>\$ 67,792,717.47</u>	<u>\$ 57,844,338.82</u>	<u>\$ 174,123,338.05</u>	<u>\$ 105,397,764.06</u>	<u>\$ 1,114,191,863.38</u>

See Independent Accountants' Review Report and Notes to the Financial Statements

**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024			2023		
	Custodial Funds			Custodial Funds		
	External Investment Pool Non-Trusted	Other Custodial	Total	External Investment Pool Non-Trusted	Other Custodial	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ -	\$ 5,803,962.58	\$ 5,803,962.58	\$ -	\$ 4,841,066.99	\$ 4,841,066.99
Investments (Note 3)	13,416,323.93	-	13,416,323.93	12,708,999.14	-	12,708,999.14
Other Assets	-	17,999.99	17,999.99	-	18,999.99	18,999.99
Total Assets	13,416,323.93	5,821,962.57	19,238,286.50	12,708,999.14	4,860,066.98	17,569,066.12
<b>Liabilities</b>						
Accounts Payable	-	-	-	-	1,450.23	1,450.23
Total Liabilities	-	-	-	-	1,450.23	1,450.23
<b>Net Position</b>						
Restricted for Pool Participants	13,416,323.93	-	13,416,323.93	12,708,999.14	-	12,708,999.14
Restricted for External Entities and Individuals	-	5,821,962.57	5,821,962.57	-	4,858,616.75	4,858,616.75
Total Net Position	\$ 13,416,323.93	\$ 5,821,962.57	\$ 19,238,286.50	\$ 12,708,999.14	\$ 4,858,616.75	\$ 17,567,615.89

See Independent Accountants' Review Report and Notes to the Financial Statements



**TEXAS TECH UNIVERSITY (733)**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023**

	2024			2023		
	Custodial Funds			Custodial Funds		
	External Investment Pool Non-Trusted	Other Custodial	Total	External Investment Pool Non-Trusted	Other Custodial	Total
<b>Additions</b>						
Investment Income						
From Investing Activities						
Net Increase (Decrease) in Fair Value of Investments	\$ 1,215,317.34	\$ -	\$ 1,215,317.34	\$ 428,839.76	\$ -	\$ 428,839.76
Interest, Dividends and Other	163,383.34	161,547.17	324,930.51	159,374.44	125,787.51	285,161.95
Total Investing Income (Loss)	1,378,700.68	161,547.17	1,540,247.85	588,214.20	125,787.51	714,001.71
Less Investing Activities Expense	(90,377.52)	(9,914.02)	(100,291.54)	(86,928.28)	(8,997.54)	(95,925.82)
Total Net Investment Income (Loss)	1,288,323.16	151,633.15	1,439,956.31	501,285.92	116,789.97	618,075.89
Other Additions						
Other Revenue	-	2,642,188.88	2,642,188.88	-	1,767,214.71	1,767,214.71
Total Other Additions	-	2,642,188.88	2,642,188.88	-	1,767,214.71	1,767,214.71
Total Additions	1,288,323.16	2,793,822.03	4,082,145.19	501,285.92	1,884,004.68	2,385,290.60
<b>Deductions</b>						
Other Expenses	580,998.37	1,830,476.21	2,411,474.58	558,824.58	1,854,406.29	2,413,230.87
Total Deductions	580,998.37	1,830,476.21	2,411,474.58	558,824.58	1,854,406.29	2,413,230.87
Total Change in Net Position	707,324.79	963,345.82	1,670,670.61	(57,538.66)	29,598.39	(27,940.27)
Beginning Net Position (September 1)	12,708,999.14	4,858,616.75	17,567,615.89	12,766,537.80	4,829,018.36	17,595,556.16
Ending Net Position (August 31)	\$ 13,416,323.93	\$ 5,821,962.57	\$ 19,238,286.50	\$ 12,708,999.14	\$ 4,858,616.75	\$ 17,567,615.89

See Independent Accountants' Review Report and Notes to the Financial Statements

# NOTES TO THE FINANCIAL STATEMENTS



**TEXAS TECH UNIVERSITY (733)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General Introduction**

Texas Tech University (TTU) is an agency of the State of Texas (the State), 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.

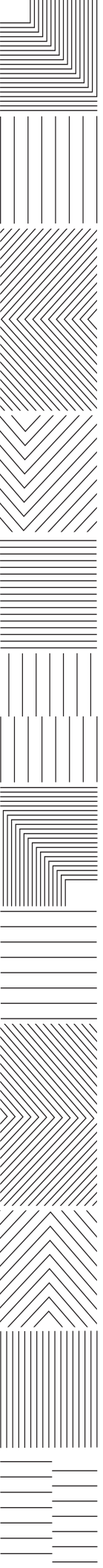
TTU is part of the larger Texas Tech University System (TTUS), which includes Texas Tech University System Administration (TTUSA), Texas Tech University Health Sciences Center (HSC), Texas Tech University Health Sciences Center at El Paso (HSC El Paso), Angelo State University (ASU), and Midwestern State University (MSU). TTUS is governed by a nine-member Board of Regents (the Board) appointed by the Governor of Texas. Members of the Board serve six-year, staggered terms apart from 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 TTUS and is appointed by and reports directly to the Board. The President of TTU is appointed by and reports directly to the Chancellor.

TTUS and TTU have elected to define TTU's reporting entity to include only activities in TTU's name. TTU's proportional share of liabilities in the name of TTUS are reported by TTUSA. Transactions associated with bonds, pensions, and other postemployment benefits related to TTU's activities in the name of TTUS are not reported by TTU. However, TTU has elected to make limited disclosures concerning these matters in Notes 6, 9 and 11. The associated financial activities related to these items and required disclosures are made within the TTUS Annual Combined Financial Report.

As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of TTU's financial reporting entity. Although legally separate, Red Raider Facilities Foundation, Inc. (RRFF) is considered part of the reporting entity as a blended component unit based on its relationship with TTU. RRFF is described in more detail in Note 19. No other entities have been included in TTU's reporting entity.

Effective August 31, 2020, TTU 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 report. TTU holds funds for external entities that are invested in the Long Term Investment Fund. These funds are reported as External Investment Pool Non-Trusted Funds in the Fiduciary Statements. TTU holds other funds for external entities and individuals that are not derived from TTU's revenues; TTU has no administrative or direct financial involvement with these funds, which are for the benefit of the external entities and individuals. These funds are reported as Other Custodial Funds in the Fiduciary Statements.





GASB 84 allows business-type activities to report activities that would otherwise be considered custodial funds in the TTU Statement of Net Position and 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 Statement of Cash Flows at August 31, 2024 and 2023, respectively.

## **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 (i.e., whether 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**

TTU prepares an annual budget which is approved by the Board. The budget for appropriated funds is prepared biennially and represents 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 an 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. TTU records and reports its deposits in the general deposit account at cost.

## **Investments**

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

## **Legislative Appropriations**

This item represents the balance of General Revenue Funds and Higher Education Funds (HEF) as of August 31 as calculated in the Texas State Comptroller's General Revenue Reconciliation.

## **Restricted Assets**

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include 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. They are recorded net of estimated uncollectible amounts based upon a review of outstanding receivables and historical collection information.

Federal receivables consist of amounts due from the federal government in connection with federal sponsored projects and federal student aid.

Student receivables consist of tuition, fee, and auxiliary sales and services due from students.

Accounts receivable consist of amounts due in connection with nonfederal sponsored projects and various other accrued items not included in any other receivable category.

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

Gifts receivable consist of pledges. Pledges vary from one to ten years and are used to support specifically identified TTU programs and initiatives.

Leases receivable consist of amounts due from noncancellable leases with terms greater than 12 months where TTU is the lessor. Leases receivable are recorded at the present value of lease receipts expected during the



lease term. Short-term leases, those with a maximum possible term of 12 months or less at commencement, are recognized as collected.

Other receivables consist of items such as contractual agreements with third parties for the payment of student charges, travel advances and returned checks.

### **Public-Private Partnership Assets Receivable**

GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements, defines PPPs as arrangements in which TTU 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 TTU for a period of time in an exchange or exchange-like transaction. For PPPs that are not service concession arrangements, TTU recognizes assets receivable for new assets purchased or constructed by the operator based on the estimated carrying value of the assets when ownership is transferred.

### **Loans and Contracts**

Loans and contracts are receivables related to student loans administered by TTU. They are recorded net of estimated uncollectible amounts based upon a review of outstanding balances and historical collection information.

### **Capital and Right to Use Assets**

#### **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.

TTU 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.

## **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 where TTU is the lessee, TTU recognizes an intangible right-to-use asset as of the contract commencement date. Right-to-use assets are measured at the initial value of the liability plus any payments made before commencement and initial direct costs.

Amortization for right-to-use assets is computed using the straight-line method over the shorter of the contract term or estimated useful lives of the assets; however, if the underlying contract contains a purchase option that is reasonably certain of being exercised, it is instead amortized over the estimated useful life of the asset.

Capital and right-to-use asset activity for the current fiscal year is shown in Note 2.

## **Payables**

Accounts payable represent 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.

## **Unearned Revenues**

Unearned revenues include amounts for tuition and fees, 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. This category also includes current unearned revenues associated with a location incentives agreement with Amarillo Economic Development Corporation.

## **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 non-current in the Statement of Net Position and are explained in more detail in Note 5.

## **Right to Use Obligations**

For leases and SBITAs with a term greater than 12 months where TTU is the lessee, TTU recognizes a liability as of the contract commencement date. 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 and SBITAs, those with a maximum possible term of 12 months or less at commencement, are expensed as incurred.

Leases and SBITAs are covered in more detail in Note 8.

### **Notes and Loans Payable – Direct Borrowings**

Direct borrowings have terms negotiated directly with the lender and are not offered for public sale. See Note 5 for additional details.

### **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. TTU's obligation is discussed in detail in Note 5.

### **Funds Held for Others**

Current balances in funds held for others result from TTU acting as an agent or fiduciary for other organizations when 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.

### **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. TTU reports 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 agencies that receive resources pursuant to an irrevocable split-interest agreement to 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. TTU has both unconditional lead and remainder interests in irrevocable split-interest agreements.

### **Other Liabilities**

Other liabilities consist primarily of advance deposits received from students for residence hall occupancy in the next fiscal year. This category also includes non-current unearned revenues associated with a location incentives agreement with the 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 non-current (amounts due thereafter) in the Statement of Net Position.

## **Net Position – Business-Type Activities**

Net position for business-type activities reflects the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. It is presented in the following categories:

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

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

### **Restricted Net Position**

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

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

### **Unrestricted Net Position**

Unrestricted net position includes assets whose use by TTU is not subject to externally imposed restrictions. They may be designated for specific purposes by action of management or the Board.

## **Net Position – Fiduciary Activities**

Net position for fiduciary activities reflects the difference between assets and liabilities. It is presented in the following categories:

### **Restricted for Pool Participants**

Net position related to external investment pool non-trusted custodial funds.

### **Restricted for External Entities and Individuals**

Net position related to all other custodial funds.

## **Interfund Activity and Transactions**

TTU is regularly involved in both interfund activity and interfund transactions. Interfund activity refers to financial interactions between funds (including blended component units) and is related to internal events. Interfund transactions refer to financial interactions with legally separate entities (i.e., discrete component units and other governments) and are related 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) and other COVID-19 Supplemental Appropriation Acts that provide economic support to offset additional expenses and forgone revenue. During fiscal year 2024, TTU received a total of \$14,382,762.44 from these relief programs. During fiscal year 2023, the TTU received a total of \$45,220,016.75 from these relief programs.

As of August 31, 2024, the remaining funds available from these relief programs totaled \$1,478,774.68.

## NOTE 2: CAPITAL ASSETS AND INTANGIBLE RIGHT TO USE ASSETS

A summary of changes in capital assets for the year ended August 31, 2024 is presented below.

### Business-Type Activities

	Reclassifications						
	Balance 9/1/2023	Completed CIP	Inc-Int'agy Trans	Dec-Int'agy Trans	Additions	Deletions	Balance 8/31/2024
<b>Non-Depreciable or Non-Amortizable Assets</b>							
Land and Land Improvements	\$ 10,268,159.59	\$ -	\$ -	\$ -	\$ 9,690.00	\$ -	\$ 10,277,849.59
Construction in Progress	147,628,685.22	(235,727,955.59)	-	-	182,061,076.96	(1,166,801.82)	92,795,004.77
Other Capital Assets	107,928,981.91	101,300.00	-	-	1,307,627.40	(3,000.00)	109,334,909.31
Total Non-Depreciable or Non-Amortizable Assets	265,825,826.72	(235,626,655.59)	-	-	183,378,394.36	(1,169,801.82)	212,407,763.67
<b>Depreciable Assets</b>							
Buildings and Building Improvements	1,810,340,328.01	232,956,182.17	-	-	45,849,107.75	-	2,089,145,617.93
Infrastructure	36,083,457.97	-	-	-	-	-	36,083,457.97
Facilities and Other Improvements	192,300,349.43	-	-	-	5,344,798.84	-	197,645,148.27
Furniture and Equipment	276,874,444.09	2,670,473.42	19,144.00	(9,395.00)	29,196,719.59	(18,205,648.36)	290,545,737.74
Vehicles, Boats and Aircraft	16,138,743.14	-	33,115.00	(77,964.82)	1,407,067.08	(1,042,149.88)	16,458,810.52
Other Capital Assets	222,426,857.58	-	-	-	9,399,589.04	(538,678.54)	231,287,768.08
Total Depreciable Assets at Historical Cost	2,554,164,180.22	235,626,655.59	52,259.00	(87,359.82)	91,197,282.30	(19,786,476.78)	2,861,166,540.51
Less Accumulated Depreciation for:							
Buildings and Building Improvements	(1,001,142,407.58)	-	-	-	(66,370,997.30)	-	(1,067,513,404.88)
Infrastructure	(21,744,884.26)	-	-	-	(783,939.72)	-	(22,528,823.98)
Facilities and Other Improvements	(123,248,913.12)	-	-	-	(5,994,579.74)	-	(129,243,492.86)
Furniture and Equipment	(206,442,132.36)	-	(14,989.15)	7,046.55	(19,417,321.10)	17,221,733.51	(208,645,662.55)
Vehicles, Boats and Aircraft	(13,699,265.55)	-	(33,115.00)	77,964.82	(787,093.23)	1,030,644.72	(13,410,864.24)
Other Capital Assets	(152,322,404.37)	-	-	-	(8,878,077.28)	36,638.48	(161,163,843.17)
Total Accumulated Depreciation	(1,518,600,007.24)	-	(48,104.15)	85,011.37	(102,232,008.37)	18,289,016.71	(1,602,506,091.68)
Depreciable Assets, Net	1,035,564,172.98	235,626,655.59	4,154.85	(2,348.45)	(11,034,726.07)	(1,497,460.07)	1,258,660,448.83
<b>Intangible Capital Assets - Amortizable</b>							
Computer Software - Intangible	1,828,244.75	-	-	-	-	-	1,828,244.75
Total Intangible Assets at Historical Cost	1,828,244.75	-	-	-	-	-	1,828,244.75
Less Accumulated Amortization for:							
Computer Software - Intangible	(1,664,911.50)	-	-	-	(56,000.04)	-	(1,720,911.54)
Total Accumulated Amortization	(1,664,911.50)	-	-	-	(56,000.04)	-	(1,720,911.54)
Amortizable Assets - Intangible, Net	163,333.25	-	-	-	(56,000.04)	-	107,333.21
Capital Assets, Net	\$ 1,301,553,332.95	\$ -	\$ 4,154.85	\$ (2,348.45)	\$ 172,287,668.25	\$ (2,667,261.89)	\$ 1,471,175,545.71



A summary of changes in intangible right to use assets for the year ended August 31, 2024 is presented below.

Business-Type Activities				
	Balance 9/1/2023	Additions	Deletions	Balance 8/31/2024
<b>Right to Use Assets - Amortizable</b>				
Land	\$ 218,308.07	\$ -	\$ (58,404.61)	\$ 159,903.46
Buildings and Building Improvements	2,242,994.78	5,227,496.10	(610,056.67)	6,860,434.21
Subscription Assets	22,092,854.13	3,908,866.72	(3,807,728.32)	22,193,992.53
Total Right to Use Amortizable Assets	24,554,156.98	9,136,362.82	(4,476,189.60)	29,214,330.20
Less Accumulated Amortization for:				
Land	(66,042.78)	(21,125.77)	-	(87,168.55)
Buildings and Building Improvements	(797,126.45)	(1,119,891.41)	200,700.07	(1,716,317.79)
Subscription Assets	(8,057,333.05)	(7,660,033.13)	3,264,233.93	(12,453,132.25)
Total Accumulated Amortization	(8,920,502.28)	(8,801,050.31)	3,464,934.00	(14,256,618.59)
<b>Right to Use Assets, Net</b>	<b>\$ 15,633,654.70</b>	<b>\$ 335,312.51</b>	<b>\$ (1,011,255.60)</b>	<b>\$ 14,957,711.61</b>

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

### NOTE 3: DEPOSITS, INVESTMENTS, AND REPURCHASE AGREEMENTS

TTU's investment balances consist primarily of amounts invested in the portfolio that is managed at the consolidated level by TTUS. The portfolio is invested pursuant to the parameters of applicable Texas law and the Board's Investment Policies. Under Texas law, TTU 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." The law also requires TTU to invest its institutional funds according to written investment policies adopted by the Board. No person may invest TTU funds without express written authority from the Board.

The governing investment policy is Regents' Rules Chapter 09, "Investments and Endowments." The majority of the TTU assets are invested in two of the TTUS investment funds—the Long Term Investment Fund (LTIF) 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. 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 are invested in the CCIP. The published Regent's Rules Chapter 09, "Investments and Endowment," the LTIF 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, 2024 and August 31, 2023 is presented below.

### Business-Type Activities

	FY24	FY23
Cash in Bank - Carrying Amount	\$ (5,289,756.46)	\$ 21,396,016.11
Proprietary Funds Current Assets Cash in Bank	\$ (15,186,302.79)	\$ (3,568,356.85)
Proprietary Funds Current Assets Restricted Cash in Bank	4,163,786.46	7,924,508.63
Proprietary Funds Non-Current Assets Restricted Cash in Bank	5,732,759.87	17,039,864.33
Cash in Bank per AFR	\$ (5,289,756.46)	\$ 21,396,016.11

### Fiduciary Activities

	FY24	FY23
Cash in Bank - Carrying Amount	\$ 5,803,962.58	\$ 4,841,066.99
Fiduciary Funds Current Assets Cash in Bank	\$ 5,803,962.58	\$ 4,841,066.99
Cash in Bank per AFR	\$ 5,803,962.58	\$ 4,841,066.99

**Custodial credit risk for deposits** is the risk that, in the event of the failure of a depository financial institution, TTU 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. TTU maintains depository relationships with limited banking institutions by depository agreements between TTU and the respective banking institution. State law requires that TTU'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 TTU's deposits in excess of FDIC limits are fully collateralized. The collateral is held in TTU's name by the pledging institution's agent. TTU also has no foreign currency risk on deposits.

## Fair Value Measurements

TTU 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.

The fair value of investments at each level as of August 31, 2024 is presented below.

<b>Business-Type Activities</b>					
Type of Security	Fair Value Hierarchy				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	Total
U.S. Treasury Securities	\$ 19,152,513.07	\$ -	\$ -	\$ -	\$ 19,152,513.07
U.S. Government Agency Obligations	125,568,170.79	-	-	-	125,568,170.79
Equity	280,048,490.15	-	-	57,952,742.46	338,001,232.61
Fixed Income Money Market and Bond Mutual Fund	455,305,230.29	-	-	-	455,305,230.29
Mutual Funds - Domestic	77,635,572.54	-	-	-	77,635,572.54
Other Commingled Funds	-	14,178,622.82	330,489.89	-	14,509,112.71
Real Estate	-	-	1,796,807.37	3,145,578.45	4,942,385.82
Domestic Derivatives	-	6,901,229.32	-	-	6,901,229.32
Externally Managed Investments:					
Domestic	(26,282.35)	219,768,203.04	34,392,657.52	207,469,753.33	461,604,331.54
International	-	158,794.65	-	7,483,507.83	7,642,302.48
Miscellaneous	-	-	25,937,448.59	-	25,937,448.59
Total Investments	\$ 957,683,694.49	\$ 241,006,849.83	\$ 62,457,403.37	\$ 276,051,582.07	\$ 1,537,199,529.76
Non-Current Investments	\$ 884,848,117.66	\$ 241,006,849.83	\$ 62,457,403.37	\$ 276,051,582.07	\$ 1,464,363,952.93
Items in Cash and Cash Equivalents:					
Money Market Funds	72,835,576.83	-	-	-	72,835,576.83
Total Investments	\$ 957,683,694.49	\$ 241,006,849.83	\$ 62,457,403.37	\$ 276,051,582.07	\$ 1,537,199,529.76

<b>Fiduciary Activities</b>					
Type of Security	Fair Value Hierarchy				
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Net Asset Value	Total
Equity	\$ 616,954.65	\$ -	\$ -	\$ 2,508,872.40	\$ 3,125,827.05
Fixed Income Money Market and Bond Mutual Fund	1,229,229.42	955,615.05	-	-	2,184,844.47
Other Commingled Funds	-	323,692.24	4,364.02	-	328,056.26
Real Estate	-	-	-	136,177.42	136,177.42
Domestic Derivatives	-	298,765.91	-	-	298,765.91
Externally Managed Investments:					
Domestic	482.19	4,169,187.46	410,169.00	2,400,194.58	6,980,033.23
International	-	2,163.63	-	360,455.96	362,619.59
Total Investments	\$ 1,846,666.26	\$ 5,749,424.29	\$ 414,533.02	\$ 5,405,700.36	\$ 13,416,323.93
Non-Current Investments	\$ 1,846,666.26	\$ 5,749,424.29	\$ 414,533.02	\$ 5,405,700.36	\$ 13,416,323.93
Total Investments	\$ 1,846,666.26	\$ 5,749,424.29	\$ 414,533.02	\$ 5,405,700.36	\$ 13,416,323.93

## Investments Reported at NAV

Per GASB 72, TTU uses the net asset value (NAV) per share as a method for determining fair value for its investments as of August 31, 2024, as presented below.

Business-Type Activities						
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 214,953,261.16	Monthly	Annually	30 days	90 days	\$ 33,436,663.67
Private Equity	57,952,742.46	4 years	5 years	1 year	1 year	18,102,367.78
Real Estate	3,145,578.45	4 years	5 years	1 year	1 year	1,473,907.97
	<u>\$ 276,051,582.07</u>					<u>\$ 53,012,939.42</u>

Fiduciary Activities						
Investment Strategy	Fair Value	Frequency Range Low	Frequency Range High	Notice Period Range Low	Notice Period Range High	Unfunded Commitment
Alternative	\$ 2,760,650.54	Monthly	Annually	30 days	90 days	\$ 914,353.83
Private Equity	2,508,872.40	4 years	5 years	1 year	1 year	783,682.17
Real Estate	136,177.42	4 years	5 years	1 year	1 year	63,807.97
	<u>\$ 5,405,700.36</u>					<u>\$ 1,761,843.97</u>

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 TTU 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, TTU 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 TTUS's investment regulation do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. TTUS's investment policy is to require third party custody for the LTIF and CCIP. The balances listed below relate to the securities held outside of those pools as of August 31, 2024.

### Business-Type Activities

Type	Uninsured and Unregistered with Securities Held by the Counterparty
Equity	\$ 4,527,646.80

Fiduciary Funds had no custodial credit risk for investments as of August 31, 2024.

**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, 2024, TTU 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. TTU's investments in U.S. Government Agency and Municipal 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 and CCIP do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. TTU's exposure to foreign currency risk as of August 31, 2024 is presented below.

#### Business-Type Activities

Foreign Currency	Investments
British Pound	\$ 1,293,138.88
Euro	6,349,163.60
<b>Total</b>	<b>\$ 7,642,302.48</b>

#### Fiduciary Activities

Foreign Currency	Investments
British Pound	\$ 62,286.25
Euro	300,333.34
<b>Total</b>	<b>\$ 362,619.59</b>

**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 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. TTU's credit quality distribution for securities with credit risk exposure as of August 31, 2024 is presented below.

#### Business-Type Activities

Standard & Poor's

Investment Type	AAA	Unrated
U.S. Government Agency Obligations	\$ 125,568,170.79	\$ -

Investment Type	AAAF	Aaf	Unrated
Fixed Income Money Market and Bond Mutual Fund	\$ 175,036,713.18	\$ 105,346,192.76	\$ 174,922,324.35

#### Fiduciary Activities

Standard & Poor's

Investment Type	Unrated
Fixed Income Money Market and Bond Mutual Fund	\$ 2,184,844.47



## Investment Derivative Instruments

The LTIF Investment Policy Statement allows investment in certain derivative securities. Derivative securities 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. The LTIF held options and total return swaps as investment derivatives during fiscal year 2024.

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 LTIF's derivative investment instruments are reported using Level 2 inputs. Derivatives are discussed more in Note 7.

The LTIF 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 2024 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 Statement of Net Position, and changes in fair value of certain derivatives are reported as investment revenue in the 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 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 TTUS and its counterparties, and by the posting of collateral on a daily basis.

As of August 31, 2024, Business-Type Activities had no exposure to investment **foreign currency risk in derivative investments**.

As of August 31, 2024, Fiduciary Activities had no exposure to **foreign currency risk in derivative investments**.

## Texas University Fund

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 TUF is administered by Texas Safekeeping Trust Company and the endowment is not reflected in the financial statements of TTU.

Total net position of the TUF as of August 31, 2024 was \$4,216,437,242.31. By acts of Legislature and provisions of the State Constitution, the net income of the TUF is divided amongst four Texas research institutions. TTU's share of distributions was \$44.4 million for the fiscal year ended August 31, 2024.

Additionally, eligible institutions, including TTU, are entitled to include their portion of the TUF corpus when reporting institutional endowment funds to certain external agencies. As of August 31, 2024, based on statute, TTU's portion would equal approximately one-third of 75% of the year-end total.

## NOTE 4: SHORT-TERM DEBT

TTU had no short-term debt outstanding for the years ended August 31, 2024 and August 31, 2023.

## NOTE 5: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended August 31, 2024 is presented below.

Business-Type Activities	Balance 9/1/2023	Additions	Reductions	Restatement/ Adjustment	Balance 8/31/24	Amounts due within One Year	Amounts due Thereafter
Right to Use Lease Obligations	\$ 1,607,076.23	\$ 5,227,496.10	\$ 1,327,097.40	\$ -	\$ 5,507,474.93	\$ 673,163.75	\$ 4,834,311.18
Right to Use Subscription Obligations	9,375,493.12	3,896,511.72	7,027,957.90	-	6,244,046.94	3,427,568.99	2,816,477.95
Employee's Compensable Leave	20,028,821.99	2,467,630.26	-	1,612,017.61	24,108,469.86	3,250,736.69	20,857,733.17
Notes and Loans Payable - Direct Borrowings	36,869,354.00	113,947,045.00	-	-	150,816,399.00	150,816,399.00	-
Pollution Remediation Obligation	1,529,525.50	-	-	-	1,529,525.50	-	1,529,525.50
<b>Total</b>	<b>\$ 69,410,270.84</b>	<b>\$ 125,538,683.08</b>	<b>\$ 8,355,055.30</b>	<b>\$ 1,612,017.61</b>	<b>\$ 188,205,916.23</b>	<b>\$ 158,167,868.43</b>	<b>\$ 30,038,047.80</b>

### Right to Use Lease Obligations

TTU is a lessee for various noncancellable leases of buildings and land. For leases with a maximum possible term of 12 months or more TTU recognizes a lease liability and an intangible right-to-use lease asset. At the commencement of a lease, TTU 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 TTU's right to use lease obligations is provided in Note 8.

### Right to Use Subscription Obligations

TTU is a lessee for various noncancellable subscription-based information technology arrangements (SBITAs). For SBITAs with a maximum possible term of 12 months or more TTU recognizes a subscription liability and an intangible right-to-use subscription asset. At the commencement of a subscription term, TTU 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 TTU'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 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.

## Notes and Loans Payable - Direct Borrowings

As of August 31, 2024, Red Raider Facilities Foundation (RRFF), a blended component unit of TTU, had notes and loans payable - direct borrowings. These include a tax-exempt construction loan with \$62,914,942.00 and a taxable construction loan with \$11,268,659.00 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.

Debt service issued for the two loans as of August 31, 2024 is presented below.

Year	Principal	Interest	Total
2025	\$ 150,816,399.00	\$ 6,189,082.00	\$ 157,005,481.00
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
<b>Total</b>	<b>\$ 150,816,399.00</b>	<b>\$ 6,189,082.00</b>	<b>\$ 157,005,481.00</b>

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 periodically updated, most recently in fiscal year 2021 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.

## NOTE 6: BONDED INDEBTEDNESS

On October 21, 1993, the Board of TTUS established a Revenue Financing System (RFS) for the purpose of providing a financing structure for all revenue supported indebtedness of TTUS 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 TTUS 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.

All bonded indebtedness associated with TTU activities is issued by TTUSA through RFS. TTU does not report its proportional share of debt, but rather it is reported by TTUSA. TTU revenues, as defined above, are pledged to support debt. A portion of the debt represents capital construction assistance project (CCAP) revenue bonds historically funded by the Legislature through general revenue appropriations. TTU expects future legislative appropriations to meet debt service requirements for CCAP revenue bonds, historically funded through general revenue appropriations.

Required information related to consolidated TTUS bonded indebtedness and pledged revenue is included in Note 6 and supporting schedules 2A through 2F of the TTUS Annual Combined Financial Report.

NOTE 7: DERIVATIVES

The LTIF Investment Policy Statement allows investment in certain derivative securities. Derivative securities 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.

A summary of TTU's derivative activity as reported in the financial statements as of August 31, 2024 is presented below.

Business-Type Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2024		
	Classification	Amount	Classification	Amount	Notional
Options	Investment Revenue	\$ (302,411.39)	Investments	\$ -	\$ -
Total Return Swaps	Investment Revenue	\$ 1,779,218.23	Investments	\$ 6,901,229.32	\$ 122,138,461.55

Fiduciary Activities

Investment Derivatives	Changes in Fair Value		Fair Value at August 31, 2024		
	Classification	Amount	Classification	Amount	Notional
Options	Investment Revenue	\$ (13,091.90)	Investments	\$ -	\$ -
Total Return Swaps	Investment Revenue	\$ 77,025.37	Investments	\$ 298,765.91	\$ 5,287,580.92

TTU 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.

The fair value of derivatives at each level as of August 31, 2024 is presented below.

Business-Type Activities				
Investment Derivative Instruments	August 31, 2024	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest Rate Swaps	\$ 6,901,229.32	\$ -	\$ 6,901,229.32	\$ -

Fiduciary Activities				
Investment Derivative Instruments	August 31, 2024	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest Rate Swaps	\$ 298,765.91	\$ -	\$ 298,765.91	\$ -

## 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 TTU to certain investment related risks. Additional detail about investment derivatives and risk is disclosed 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 2024, TTU's lease contracts and subscription-based information technology arrangements have been examined according to GASB 87 and GASB 96 standards; the details for these are presented below.

## Lease Liabilities

TTU is a lessee for various noncancellable leases of buildings and land. A summary of TTU'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, 2024 and August 31, 2023:

Business-Type Activities		Fund Type		FY24	FY23
Proprietary Fund				\$ 911,813.49	\$ 889,602.94



Future minimum lease payments as of August 31, 2024 are as follows:

**Business-Type Activities**

Fiscal Year Ended August 31	Principal	Interest	Total Future Minimum Lease Payments
2025	\$ 673,163.75	\$ 320,982.05	\$ 994,145.80
2026	684,586.92	156,966.25	841,553.17
2027	425,491.69	139,028.51	564,520.20
2028	428,918.80	125,864.55	554,783.35
2029	434,236.48	111,157.62	545,394.10
2030-2034	2,323,895.79	315,011.51	2,638,907.30
2035-2039	537,181.50	10,540.50	547,722.00
<b>Total</b>	<b>\$ 5,507,474.93</b>	<b>\$ 1,179,550.99</b>	<b>\$ 6,687,025.92</b>

## Variable Disclosures

Variable payments based on the use of the underlying asset are not included in the lease liability because they are not fixed in substance — therefore, these payments are not included in the lease liabilities. In fiscal year 2024, TTU had one partially variable payment and one variable only lease not included in the liabilities presented above. These variable payments included costs for a user-based lease and fluctuations to the measurements of another contract.

**Business-Type Activities**

Variable Payments	FY24	FY23
(Not included in lease liability)	\$ 350,006.49	\$ -

## Future Leases

TTU has two noncancellable lease commitments for which the terms had not yet commenced as of August 31, 2024. Both leases commence in September 2024. The agreements range in terms through year 2028 with a future commitment of \$107,856.

## Lease Income

TTU is a lessor for various noncancellable leases of buildings, land and rooftop space (for antennas) to outside parties. Included in the revenues reported in the financial statements is the following amount of rental income received as of August 31, 2024 and August 31, 2023:

**Business-Type Activities**

Fund Type	FY24	FY23
Proprietary Fund	\$ 632,863.84	\$ 625,821.68

Future minimum lease rental income as of August 31, 2024 is as follows:

**Business-Type Activities**

Fiscal Year Ended August 31	Principal	Interest	Total Future Minimum Lease Income
2025	\$ 262,590.27	\$ 41,078.65	\$ 303,668.92
2026	51,847.31	39,818.25	91,665.56
2027	52,215.46	38,889.00	91,104.46
2028	54,569.60	38,002.52	92,572.12
2029	57,202.07	36,867.17	94,069.24
2030-2034	327,401.85	166,469.30	493,871.15
2035-2039	406,177.66	129,874.52	536,052.18
2040-2044	500,068.14	82,555.08	582,623.22
2045-2049	229,161.48	32,879.22	262,040.70
2050-2054	69,999.50	18,600.50	88,600.00
2055 and beyond	223,911.52	24,168.48	248,080.00
<b>Total</b>	<b>\$ 2,235,144.86</b>	<b>\$ 649,202.69</b>	<b>\$ 2,884,347.55</b>

## Subscription Liabilities

TTU is a lessee for various noncancellable subscription-based information technology arrangements. A summary of TTU'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 or due under subscription liability as of August 31, 2024 and August 31, 2023:

**Business-Type Activities**

Fund Type	FY24	FY23
Proprietary Fund	\$ 6,667,789.38	\$ 5,722,804.98

Future minimum subscription payments as of August 31, 2024 are as follows:

**Business-Type Activities**

Fiscal Year Ended August 31	Principal	Interest	Total Future Minimum Subscription Payments
2025	\$ 3,427,568.99	\$ 167,331.37	\$ 3,594,900.36
2026	1,720,433.97	75,663.26	1,796,097.23
2027	595,482.46	15,431.22	610,913.68
2028	500,561.52	5,247.16	505,808.68
<b>Total</b>	<b>\$ 6,244,046.94</b>	<b>\$ 263,673.01</b>	<b>\$ 6,507,719.95</b>

## Variable Disclosures

Of these leases, six 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.

**Business-Type Activities**

Variable Payments	FY24	FY23
(Not included in subscription liability)	\$ 1,618,594.06	\$ 1,878,854.44

## Future Subscription Agreements

TTU has three IT subscriptions or software as a service commitments for which the terms had not yet commenced as of August 31, 2024. All of these commitments will commence in September 2024. These agreements range in terms up to year 2028 with a total future commitment of \$ 9,075,329.

## NOTE 9: DEFINED BENEFIT PENSION PLAN AND DEFINED CONTRIBUTION PENSION PLAN

### Defined Benefit Pension Plan

TTU participates 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 TTU's proportionate share of the TRS net pension liability is not included in this report. Instead, full reporting and disclosures of the plan as required by GASB 68, *Accounting and Reporting for Pensions*, are included in the TTUS Annual Combined Financial Report. The following disclosures are intended for overview purposes only.

The Teacher Retirement System of Texas is the administrator of the TRS Plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The employers of the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload 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 for TRS may be obtained from:

#### Teacher Retirement System of Texas

1000 Red River Street

Austin, Texas 78701-2698

The contributory percentage of participant salaries by the members (employees) was 8.00% for both fiscal years 2024 and 2023. The contributory percentage of participant salaries by the employer (TTU) was 8.00% for fiscal year 2024 and 7.75% for fiscal year 2023.

TTU's contributions to the TRS Plan, excluding the State match, were \$16,569,543.43 for the year ended August 31, 2024 and \$15,608,915.52 for the year ended August 31, 2023. Contributions made by the State on behalf of TTU to the TRS Plan amounted to \$9,135,232.25 for the year ended August 31, 2024 and \$6,794,713.09 for the year ended August 31, 2023.

### Defined Contribution Pension Plan

The State has 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. These types of investments are authorized by Internal Revenue Code, Section 403(b). With the purchase of these individual contracts, the State has effectively transferred the obligation for the payment of benefits to the companies. 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 TTU have any additional or unfunded liability for this program.

Additional information for the ORP is included in the ORP Participation Report Summary published annually by the Texas Higher Education Coordinating Board. The report can be obtained from:

**Statewide Coordinator, Optional Retirement Program**

**Texas Higher Education Coordinating Board**

**P. O. Box 12788**

**Austin, Texas 78711**

The contributory percentage of participant salaries by the members (employees) was 6.65% for both fiscal years 2024 and 2023. The contributory percentage of participant salaries by the employer (TTU) was 6.8% in both fiscal years 2024 and 2023. 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 2024 and 2023 and will remain so subject to legislative change.

ORP contributions made by plan members and TTU for the fiscal years ended August 31, 2024 and 2023 are presented below.

	FY24		FY23	
Member Contributions	\$	8,830,884.47	\$	8,480,823.59
Employer Contributions		9,240,368.93		8,897,559.41
<b>Total</b>	\$	18,071,253.40	\$	17,378,383.00

## NOTE 10: DEFERRED COMPENSATION

TTU employees may elect to defer a portion of their earnings for income tax and investment purposes, pursuant to authority granted in Texas Government Code, Sec 609.001.

The State's 457 Plan (the 457 Plan) complies with Internal Revenue Code, Section 457. The 457 Plan is referred to as the TexaSaver Deferred Compensation Plan and is available to all employees. Deductions, purchased investments, and earnings attributed to the 457 Plan are the property of the State and subject only to the claims of the State's general creditors. Participant rights under the 457 Plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the 457 Plan account for each participant. The State has no liability under the 457 Plan, and it is unlikely that 457 Plan assets will be used to satisfy the claims of general creditors in the future.

TTU also administers a Tax-Deferred Account Program (the Program), created in accordance with Internal Revenue Code, Section 403(b). All eligible employees can participate. The Program is a private plan, and the deductions, purchased investments, and earnings attributed to each employee's 403(b) plan are held by vendors chosen by the employee. The vendors may be insurance companies, banks, or approved non-bank trustees such as mutual fund companies. The assets of the Program do not belong to TTU, and thus it does not have a liability related to the Program.

## NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the State contributes to a plan administered by the Employees Retirement System of Texas (ERS) that provides other postemployment health benefits (OPEB) in the form of health care, life, and dental insurance benefits to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551. ERS implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, in fiscal year 2017. Complete disclosure of the State's OPEB can be found in the State of Texas' Annual Comprehensive Financial Report. OPEB liabilities for retired TTU employees are reported by TTUSA. Full disclosures of the related plans, as required by GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are included in the TTUS Combined Financial Report.

## NOTE 12: INTERFUND ACTIVITY AND TRANSACTIONS

As explained in Note 1 on interfund activity and transactions, there are numerous transactions between funds and agencies. Interfund activity refers to financial interactions between funds (including blended component units) and is related to internal events. Interfund transactions refer to financial interactions with legally separate entities (i.e., discrete component units and other governments) and are related to external events.

At year-end, agencies report interfund activity and transactions (including accruals) as interfund receivable or interfund payable, due from state agencies or due to state agencies, transfers in or transfers out, legislative transfers in or legislative transfers out, interagency capital asset transfers in or interagency capital asset transfers out.



## Interfund Receivables/Payables

As of August 31, 2024, TTU had no outstanding interfund receivables/payables.

## Due From/To State Agencies

As of August 31, 2024, TTU had outstanding due from/to state agencies. These were primarily on various federal and state pass-through agreements, though also included balances with the Comptroller on National Research University Fund activity. Details about due from/to state agencies as of August 31, 2024 and August 31, 2023 are presented below.

### Business-Type Activities

Agency Name	Agency Nbr	D23 Fund	FY24		FY23	
			Due From	Due To	Due From	Due To
Component Agencies						
Midwestern State University	735	7999	\$ -	\$ 22,268.87	\$ -	\$ 69,821.20
Texas Tech University Health Sciences Center	739	7999	41,673.26	55,441.37	39,439.99	17,719.55
Total Due From/To Component Agencies			41,673.26	77,710.24	39,439.99	87,540.75
Other Agencies						
Office of Court Administration	212	7999	185,739.71	-	137,451.49	-
Governor – Fiscal	300	7999	-	-	3,888,325.10	-
Texas Workforce Commission	320	7999	104,869.73	197,662.14	92,209.11	46,189.40
Department of State Health Services	537	7999	244,977.06	-	154,815.27	-
Cancer Prevention and Research Institute of Texas	542	7999	219,537.02	-	328,636.63	-
Department of Agriculture	551	7999	5,712.09	-	15,398.64	-
Texas A&M AgriLife Extension Service	555	7999	60,331.68	11,655.20	24,428.89	1,937.88
Texas A&M AgriLife Research	556	7999	165,188.99	3,679.80	149,914.72	-
Texas Water Development Board	580	7999	248,190.63	-	203,413.10	440,547.69
Texas Department of Motor Vehicles	608	0802	-	-	1,000.00	-
Texas Education Agency	701	7999	270,006.53	3,684,287.95	174,394.87	2,608,153.24
Texas A&M Engineering Experiment Station	712	7999	-	-	5,656.01	-
Tarleton State University	713	7999	-	22,164.75	-	15,497.55
University of Texas at Arlington	714	7999	12,053.41	-	62,607.27	-
Texas A&M University at Galveston	718	7999	-	66,768.75	-	-
University of Texas System	720	7999	-	13,660.62	-	16,671.62
University of Texas at Austin	721	7999	348.57	-	13,480.76	-
University of Texas at El Paso	724	7999	22,179.21	-	-	-
University of Houston	730	7999	-	14,110.64	-	-
University of Texas of the Permian Basin	742	7999	-	15,961.66	-	50,532.75
University of Texas at San Antonio	743	7999	2,570.70	-	2,570.70	-
University of Texas Health Science Center at Houston	744	7999	-	-	35,312.81	-
University of Texas Rio Grande Valley	746	7999	17,223.65	-	-	-
University of Texas at Tyler	750	7999	-	1,267.75	7,091.04	-
University of North Texas	752	7999	-	-	566.08	-
West Texas A&M University	757	7999	-	33,788.94	-	104,423.47
University of North Texas Health Science Center at Fort Worth	763	7999	-	587.19	-	1,685.92
Texas School for the Blind and Visually Impaired	771	7999	63,090.24	-	30,657.70	-
University of North Texas at Dallas	773	7999	-	25,499.52	-	-
Texas Higher Education Coordinating Board	781	0001	-	236,599.86	-	146,006.29
Texas Higher Education Coordinating Board	781	7999	-	6,917.29	-	-
Parks and Wildlife Department	802	7999	160,340.25	-	404,135.89	55.16
Comptroller – State Fiscal	902	0214	911,125.55	7,990.52	605,876.50	91,009.68
Total Due From/To Other Agencies			2,693,485.02	4,342,602.58	6,337,942.58	3,522,710.65
Total Due From/To State Agencies			\$ 2,735,158.28	\$ 4,420,312.82	\$ 6,377,382.57	\$ 3,610,251.40

## Legislative Transfers In From/Out To State Agencies

For the year ended August 31, 2024, TTU had legislative transfers out to TTUSA for debt service and system administration support. It also had legislative transfers in from the Comptroller for research support from the Texas University Fund and for Hazlewood exemptions for veterans and/or their dependents. Details about legislative transfers in from/out to state agencies for the years ended August 31, 2024 and August 31, 2023 are presented below.

### Business-Type Activities

Agency Name	Agency Nbr	D23 Fund	FY24		FY23	
			Transfers In	Transfers Out	Transfers In	Transfers Out
<b>Component Agencies</b>						
Texas Tech University System Administration	768	0001	\$ -	\$ 22,620,371.00	\$ -	\$ 16,177,927.00
Total Legislative Transfers In From/Out To Component Agencies			-	22,620,371.00	-	16,177,927.00
<b>Other Agencies</b>						
Comptroller – State Fiscal	902	0001	54,017,124.00	-	1,270,408.00	-
Total Legislative Transfers In From/Out To Other Agencies			54,017,124.00	-	1,270,408.00	-
<b>Total Legislative Transfers In From/Out To State Agencies</b>			<b>\$ 54,017,124.00</b>	<b>\$ 22,620,371.00</b>	<b>\$ 1,270,408.00</b>	<b>\$ 16,177,927.00</b>

## Transfers In From/Out To State Agencies

For the year ended August 31, 2024, TTU had transfers out to TTUSA for debt service and system administration support, transfers in from TTUSA of debt proceeds for capital projects, and transfers with HSC and HSC El Paso for various purposes. It also had transfers with TX DMV for license plate scholarships and with the Comptroller for both research support from the National Research University Fund and Hazlewood exemptions for veterans and/or their dependents. Details about transfers in from/out to state agencies for the years ended August 31, 2024 and August 31, 2023 are presented below.

### Business-Type Activities

Agency Name	Agency Nbr	D23 Fund	FY24		FY23	
			Transfers In	Transfers Out	Transfers In	Transfers Out
<b>Component Agencies</b>						
Texas Tech University Health Sciences Center	739	7999	\$ 204,393.00	\$ 303,845.72	\$ 165,516.18	\$ 344,959.31
Texas Tech University System Administration	768	7999	58,232,943.32	39,852,011.73	43,375,395.68	71,056,227.67
Texas Tech University Health Sciences Center – El Paso	774	7999	2,450.00	13,600.00	4,440.00	12,100.00
Total Transfers In From/Out To Component Agencies			58,439,786.32	40,169,457.45	43,545,351.86	71,413,286.98
<b>Other Agencies</b>						
Texas Department of Motor Vehicles	608	0802	(1,000.00)	1,882.97	1,000.00	2,943.10
Comptroller – State Fiscal	902	0210	922,267.00	-	882,277.00	-
Comptroller – State Fiscal	902	0214	21,472,668.69	661,569.92	7,602,192.68	647,832.16
Total Transfers In From/Out To Other Agencies			22,393,935.69	663,452.89	8,485,469.68	650,775.26
<b>Total Transfers In From/Out To State Agencies</b>			<b>\$ 80,833,722.01</b>	<b>\$ 40,832,910.34</b>	<b>\$ 52,030,821.54</b>	<b>\$ 72,064,062.24</b>

## Interagency Capital Asset Transfers In From/Out To State Agencies

Interagency capital asset transfers in from/out to state agencies are included in Note 2. Details for the years ended August 31, 2024 and August 31, 2023 are presented below.

### Business-Type Activities

Agency Name	Agency Nbr	FY24		FY23	
		Transfers In	Transfers Out	Transfers In	Transfers Out
Component Agencies					
Texas Tech University Health Sciences Center	739	\$ 4,154.85	\$ 2,348.45	\$ 4,215.81	\$ -
Texas Tech University System Administration	768	-	-	-	780,532.44
Total Interagency Capital Asset Transfers In From/Out To Component Agencies		4,154.85	2,348.45	4,215.81	780,532.44
Total Interagency Capital Asset Transfers In From/Out To State Agencies		\$ 4,154.85	\$ 2,348.45	\$ 4,215.81	\$ 780,532.44

## NOTE 13: CONTINUANCE SUBJECT TO REVIEW

TTU is not subject to the Texas Sunset Act.

## NOTE 14: ADJUSTMENTS TO BEGINNING NET POSITION, FUND BALANCES OR FUND NET POSITION

GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, effective FY 2024, defines the following categories and prescribed accounting treatment for all of the following: change in accounting principle, change in accounting estimate, change to or within the reporting agency, and correction of error(s) in previously issued financial statements. During fiscal year 2024, TTU had adjustments to beginning net position as summarized below.

### Correction of Errors in 2023 Financial Statements

During fiscal year 2024, TTU determined federal student aid expense should align with the fiscal year of tuition and fee revenue to which it is applied, rather than its historic practice of expensing in the year disbursed. As a result of this error, fiscal year 2023 prepaid items were understated by \$24,050,440.02 of federal student aid disbursed for fall 2024, tuition and fee discounts and allowances overstated by \$3,272,089.19, scholarship expense overstated by \$706,852.78, and beginning net position understated by \$20,071,498.05.

Due to reporting logic errors, TTU discovered accrued compensable leave balances did not reflect the total population of employees. As a result, fiscal year 2023 current employees' compensable leave was understated by \$212,141.53, non-current employees' compensable leave understated by \$1,399,876.08, and beginning net position overstated by \$1,612,017.61.

The beginning net position effect of correcting these errors is presented below.

### Business-Type Activities

	FY23		FY23	
	as Previously Reported	Error Correction	as Restated	
Beginning Net Position	\$ 2,523,429,059.13	\$ 18,459,480.44	\$ 2,541,888,539.57	

Financial statement line items restated as a result of these error corrections are presented below.

#### Business-Type Activities

	FY23		FY23	
	as Previously Reported	Error Correction	as Restated	
<b>Statement of Net Position</b>				
<b>Current Assets</b>				
Prepaid Items	\$ 62,399,275.58	\$ 24,050,440.02	\$ 86,449,715.60	
<b>Current Liabilities</b>				
Employees' Compensable Leave	2,856,512.25	212,141.53	3,068,653.78	
<b>Non-Current Liabilities</b>				
Employees' Compensable Leave	17,172,309.74	1,399,876.08	18,572,185.82	
<b>Net Position</b>				
Restricted Expendable Other	201,292,431.93	24,050,440.02	225,342,871.95	
Unrestricted	\$ 976,551,046.65	\$ (1,612,017.61)	\$ 974,939,029.04	
<b>Statement of Revenues, Expenses and Changes in Net Position</b>				
<b>Operating Revenues</b>				
Tuition and Fee Discounts and Allowances	\$ (131,631,411.17)	\$ 3,272,089.19	\$ (128,359,321.98)	
<b>Operating Expenses</b>				
Scholarships	65,810,322.82	(706,852.78)	65,103,470.04	
<b>Beginning Net Position</b>	2,523,429,059.13	18,459,480.44	2,541,888,539.57	
<b>Ending Net Position</b>	\$ 2,619,706,415.34	\$ 22,438,422.41	\$ 2,642,144,837.75	

## NOTE 15: CONTINGENCIES AND COMMITMENTS

### Contingencies

#### Unpaid Claims and Lawsuits

At August 31, 2024, various lawsuits and claims involving TTU were pending. While the ultimate liability with respect to litigation and other claims asserted against TTU 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 TTU's financial statements.

#### Federal Assistance

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

### Arbitrage

Rebatable arbitrage is defined by Internal Revenue Code, Section, 148 as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government. As previously noted, TTU does not report its proportionate share of bonds issued through RFS and, accordingly, does not report any associated arbitrage liability; this liability is instead reported by TTUSA.

## Commitments

### Construction

TTU has entered into contracts for the construction and renovation of various facilities; the unspent balance of these contracts as of August 31, 2024 was \$61,636,729.27.

### Investment Funds

TTU's investment portfolio is managed by TTUS, which 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, 2024, the remaining commitment - domestic for TTU's business-type activities was \$53,559,052.17.

As of August 31, 2024, the remaining commitment - domestic for TTU's fiduciary activities was \$1,770,578.62.

## NOTE 16: SUBSEQUENT EVENTS

TTU has no subsequent events to report.

## NOTE 17: RISK MANAGEMENT

TTU is exposed to various risks of loss related to property—fire, windstorm, or other loss of capital assets; general and employer liability—resulting from alleged wrongdoings by employees and others; net income—due to fraud, theft, administrative errors or omissions, and business interruptions; and personnel—unexpected expense associated with employee health, termination, or death. As an agency of the State, TTU and its employees are covered by various immunities and defenses that limit some of these risks of loss, particularly in liability actions brought against TTU or its employees.

TTU is subject to Enterprise Risk Management (ERM) processes governed by TTUS Regulation 1.1.1, Enterprise Risk Management-Standards of Practice. The ERM framework is overseen by the Chancellor and TTU President; it is designed to identify, treat, and monitor risks which threaten the achievement of strategic plan goals and/or continuing operational activities. TTU participates in the TTUS insurance programs for auto, buildings, directors' and officers', and cyber liability insurance; it also purchases commercial general and excess liability insurance on RRFF property.

TTU, 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). TTU is 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. Total payments to SORM for fiscal years 2024 and 2023 were \$913,167.35 and \$924,925.71, respectively. The Workers' Compensation plan was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.



TTU has self-insured arrangements for Unemployment Compensation Fund coverage. The State pays 50% of claims for employees paid from state funds. TTU pays the remainder for employees paid from state funds and 100% of the claims paid from non-state funds. Total payments for unemployment compensation for fiscal years 2024 and 2023 were \$84,905.20 and \$103,139.67, respectively. 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.

The Texas Motor Vehicle Safety Responsibility Act requires that every nongovernmental vehicle operated on a state highway be insured for minimum liability in the amount of \$30,000/\$60,000 bodily injury and \$25,000 property damage. However, TTU has chosen to carry liability insurance on its licensed vehicles in the amount of \$250,000/\$500,000/\$100,000 with \$1,000,000 per accident. The coverage exceeds the extent of the waivers of State immunity specified in the Texas Tort Claims Act.

TTU's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. TTU had no known claim liabilities as of August 31, 2024 or August 31, 2023.

## **NOTE 18: MANAGEMENT'S DISCUSSION AND ANALYSIS**

See Management's Discussion and Analysis section.

## **NOTE 19: THE FINANCIAL REPORTING ENTITY**

See Note 1 for detail regarding the reporting entity. Additional details regarding Red Raider Facilities Foundation, Inc. (RRFF) are provided below.

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 TTUS 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.

Condensed financial statements for RRFF are presented below. Balances and amounts shown in these statements are included in the balances and amounts shown on the financial statements in this Annual Financial Report.

**Red Raider Facilities Foundation, Inc.**  
**Condensed Statement of Net Position**  
**August 31, 2024 and 2023**

	2024	2023
Total Assets	\$ 282,360,704.00	\$ 143,095,740.00
Total Liabilities	180,050,283.00	49,597,043.00
Net Position		
Net Investment in Capital Assets	35,174,385.00	10,047,260.00
Restricted Expendable - Capital Projects	67,136,036.00	83,451,437.00
Total Net Position	<u>\$ 102,310,421.00</u>	<u>\$ 93,498,697.00</u>

**Red Raider Facilities Foundation, Inc.**  
**Condensed Statement of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended August 31, 2024 and 2023**

	2024	2023
Operating Revenues	\$ -	\$ -
Operating Expenses		
Professional Fees and Services	215,744.00	397,076.00
Depreciation and Amortization	469,130.00	-
Other Operating Expenses	150,725.00	14,345.00
Total Operating Expenses	<u>835,599.00</u>	<u>411,421.00</u>
Operating Income (Loss)	<u>(835,599.00)</u>	<u>(411,421.00)</u>
Nonoperating Revenues (Expenses)		
Investment Income (Loss) - Pledged	241,355.00	539,955.00
Interest Expense on Capital Asset Financing	(3,713,460.00)	(425,380.00)
Other Nonoperating Revenues - Pledged	56,303.00	-
Other Nonoperating Expenses	(54,670.00)	(1,734,279.00)
Total Nonoperating Revenues (Expenses)	<u>(3,470,472.00)</u>	<u>(1,619,704.00)</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	<u>(4,306,071.00)</u>	<u>(2,031,125.00)</u>
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Contributions, Grants and Contracts	13,117,795.00	22,662,692.00
Net Other Revenues, Expenses, Gains, Losses and Transfers	<u>13,117,795.00</u>	<u>22,662,692.00</u>
Total Change in Net Position	8,811,724.00	20,631,567.00
Beginning Net Position (September 1)	93,498,697.00	72,867,130.00
Ending Net Position (August 31)	<u>\$ 102,310,421.00</u>	<u>\$ 93,498,697.00</u>

**Red Raider Facilities Foundation, Inc.**  
**Condensed Statement of Cash Flows**  
**For the Years Ended August 31, 2024 and 2023**

	2024	2023
Net Cash Provided (Used) by Operating Activities	\$ (253,821.00)	\$ (399,572.00)
Net Cash Provided (Used) by Noncapital Financing Activities	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,816,076.00)	2,681,260.31
Net Cash Provided (Used) by Investing Activities	298,044.00	474,065.00
Total Net Cash Flows	(11,771,853.00)	2,755,753.31
Beginning Cash and Cash Equivalents (September 1)	16,706,664.00	13,950,910.69
Ending Cash and Cash Equivalents (August 31)	\$ 4,934,811.00	\$ 16,706,664.00

## NOTE 20: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

TTU has no material stewardship, compliance, or accountability issues.

## NOTE 21: UNDEFINED BY TEXAS COMPTROLLER

Reserved for future use by Texas Comptroller.

## 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 TTU'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 TTU. TTU'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	Reported in Statement of Net Position	Amount of Net Appreciation*	
		FY24	FY23
True Endowments	Restricted Expendable	\$ 60,309,310.47	\$ 51,431,421.94

*\*\*There was a positive fair value adjustment totaling \$8,877,888.53 for fiscal year 2024 and a negative fair value adjustment totaling \$(534,094.77) for fiscal year 2023.*

## NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

TTU had no special or extraordinary items to report for the years ended August 31, 2024 and August 31, 2023.

## NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Components of receivables as of August 31, 2024 and net receivables as of August 31, 2023 are presented below.

### Business-Type Activities

	FY24			FY23	
	Gross Receivables	Allowances	Net Receivables	Net Receivables	
<b>Current Receivables</b>					
Federal	\$ 18,992,777.06	\$ -	\$ 18,992,777.06	\$ 17,080,061.02	
Student	34,237,674.21	(25,659,416.52)	8,578,257.69	8,297,188.74	
Accounts	8,662,701.94	-	8,662,701.94	7,581,826.49	
Interest and Dividends	2,113,451.02	-	2,113,451.02	1,466,420.60	
Gifts	17,599,871.00	(953,407.51)	16,646,463.49	15,661,159.49	
Leases	262,590.27	-	262,590.27	558,181.81	
Other	5,812,845.53	(4,812,798.55)	1,000,046.98	989,017.89	
Total Current Receivables	87,681,911.03	(31,425,622.58)	56,256,288.45	51,633,856.04	
<b>Non-Current Receivables</b>					
Gifts	51,397,115.00	(52,181.98)	51,344,933.02	57,490,667.51	
Leases	1,972,554.59	-	1,972,554.59	6,547,816.62	
Public-Private Partnership Assets	457,984.12	-	457,984.12	457,984.12	
Total Non-Current Receivables	53,827,653.71	(52,181.98)	53,775,471.73	64,496,468.25	
<b>Total Receivables</b>	<b>\$ 141,509,564.74</b>	<b>\$ (31,477,804.56)</b>	<b>\$ 110,031,760.18</b>	<b>\$ 116,130,324.29</b>	
<b>Loans and Contracts Receivable</b>					
Current Loans and Contracts	\$ 1,422,509.31	\$ (1,093,991.34)	\$ 328,517.97	\$ 330,882.06	
<b>Total Loans and Contracts Receivable</b>	<b>\$ 1,422,509.31</b>	<b>\$ (1,093,991.34)</b>	<b>\$ 328,517.97</b>	<b>\$ 330,882.06</b>	

TTU had no reportable disaggregation of payable balances for the years ended August 31, 2024 and August 31, 2023.

## NOTE 25: TERMINATION BENEFITS

TTU has voluntary and involuntary terminations in the ordinary course of business. Payments for related termination benefits, when offered, were immaterial. Thus, TTU had no reportable benefits for the years ended August 31, 2024 and August 31, 2023.

## NOTE 26: SEGMENT INFORMATION

TTU had no reportable segments for the years ended August 31, 2024 and August 31, 2023.

## 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 2024, TTU had three arrangements that fit the criteria of a PPP; all were public-private partnerships.

A general description of each PPP, including status, term and duration, for the year ended August 31, 2024 is presented below.

**Business-Type Activities**

Arrangement Name	Construction Status	Term of Concession	Meets Definition of SCA*	Contract Begin	Contract End
Athletics Facilities Concessions and Catering	N/A	19 years	Yes	2010	2029
Campus Bookstore	Complete	4 years	Yes	2021	2025
Texas Tech Club	Complete	5 years	No	2022	2027

\*Service Concession Arrangement

For all three PPPs, the underlying PPP asset was an existing asset of TTU. Improvements were made to the underlying assets of the Campus Bookstore and the Texas Tech Club. In addition, new assets were purchased for the Texas Tech Club and are reflected as PPP assets receivable.

The nature and extent of rights retained by TTU as transferor under the PPP arrangements include, but are not limited to, maintaining residual interest of the utility of the assets used in PPP arrangements 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 TTU.

TTU reported PPP amounts for the year ended August 31, 2024 as presented below.

**Business-Type Activities**

Arrangement Name	Receivable for PPP Assets*	Deferred Inflows of Resources	Variable and Other Payments
Athletics Facilities Concessions and Catering	\$ -	\$ -	\$ 2,548,717.06
Campus Bookstore	-	142,898.06	787,636.11
Texas Tech Club	457,984.12	1,857,277.23	453,864.47
<b>Total</b>	<b>\$ 457,984.12</b>	<b>\$ 2,000,175.29</b>	<b>\$ 3,790,217.64</b>

\*PPP asset receivable is recorded at the operator's estimated carrying value of the asset when ownership is transferred.

TTU reported PPP amounts for the year ended August 31, 2023 as presented below.

**Business-Type Activities**

Arrangement Name	Receivable for PPP Assets*	Deferred Inflows of Resources	Variable and Other Payments
Athletics Facilities Concessions and Catering	\$ -	\$ -	\$ 2,253,151.16
Campus Bookstore	-	448,749.12	773,834.47
Texas Tech Club	457,984.12	2,625,805.59	465,750.05
<b>Total</b>	<b>\$ 457,984.12</b>	<b>\$ 3,074,554.71</b>	<b>\$ 3,492,735.68</b>

\*PPP asset receivable is recorded at the operator's estimated carrying value of the asset when ownership is transferred.



## Availability Payment Arrangements

TTU had no availability payment arrangements for the years ended August 31, 2024 and August 31, 2023.

## NOTE 28: DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

TTU had no deferred outflows of resources for the years ended August 31, 2024 and August 31, 2023.

TTU reported deferred inflows of resources for the years ended August 31, 2024 and August 31, 2023 as presented below.

Business-Type Activities	Deferred Inflows of Resources		FY24	FY23
Public-Private Partnerships (Note 27)			\$ 2,000,175.29	\$ 3,074,554.71
Irrevocable Split-Interest Agreements			28,672,881.60	25,682,797.33
Leases (Note 8)			2,138,342.78	7,019,401.50
<b>Total</b>			<b>\$ 32,811,399.67</b>	<b>\$ 35,776,753.54</b>

## NOTE 29: TROUBLED DEBT RESTRUCTURING

TTU had no outstanding receivables whose terms were modified pursuant to troubled debt restructuring for the years ended August 31, 2024 and August 31, 2023.

## NOTE 30: FINANCIAL GUARANTEES

TTU had no non-exchange, exchange, or exchange-like financial guarantees to report for the years ended August 31, 2024 and August 31, 2023.

## NOTE 31: TAX ABATEMENTS

TTU had no tax abatement arrangements for the years ended August 31, 2024 and August 31, 2023.

## NOTE 32: GOVERNMENTAL FUND BALANCES

Disclosure of restrictions/covenants which cause governmental fund balances to be committed and restricted does not apply to TTU as a proprietary fund of the State.









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