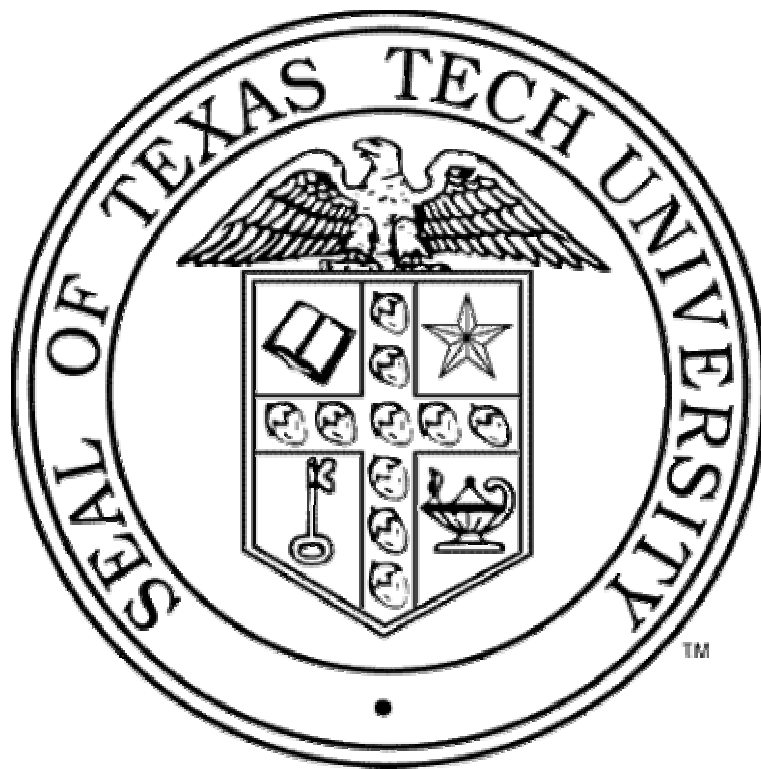


# TEXAS TECH UNIVERSITY



## ANNUAL FINANCIAL REPORT

FISCAL YEAR 2003

Texas Tech University

78 years of growth,  
progress, educational  
excellence, and service  
to the State of Texas.

1925-2003

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY

FOR THE YEAR ENDED AUGUST 31, 2003

LUBBOCK, TEXAS

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# TEXAS TECH UNIVERSITY

Office of the President

Box 42005  
Lubbock, Texas 79409-2005  
(806) 742-2121  
FAX (806) 742-2138

November 17, 2003

Honorable Rick Perry  
Governor of Texas

Honorable Carole Keeton Strayhorn  
Comptroller of Public Accounts

Mr. John Keel  
Director, Legislative Budget Board

Mr. Lawrence F. Alwin, CPA  
State Auditor

The attached Annual Financial Report of Texas Tech University is transmitted for inclusion in the State of Texas Annual Financial Report for the fiscal year ended August 31, 2003. The State Auditor has not audited the accompanying annual financial report and, therefore, has not expressed an opinion on the financial statements and related information contained in this report. This report is intended to present a complete picture of the fiscal affairs of the University for the year ended August 31, 2003.

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

Sincerely,

A handwritten signature in black ink that reads "Jon Whitmore".

Jon Whitmore  
President



TEXAS TECH UNIVERSITY

Office of Assistant Vice President for Fiscal Affairs  
and Comptroller

Box 41102  
Lubbock, Texas 79409-1102  
(806) 742-3255  
Fax (806) 742-0066

November 17, 2003

Jon Whitmore  
President  
Texas Tech University  
Lubbock, Texas 79409

Dear President Whitmore:

Submitted herein is the Annual Financial Report of Texas Tech University for the fiscal year ended August 31, 2003, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

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

If you have any questions, please contact me at 742-3255. Ms. Rebecca Perez may be contacted at 742-2985 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

Sharon Williamson, CPA  
Director of Tax Compliance and Reporting

Rebecca Hyde  
Director of Student and University Financial Services

Approved:

Nancy H. Whittaker, CPA  
Assistant Vice President for Fiscal  
Affairs and Comptroller

Charlie L. Stallings, CPA  
Associate Vice President  
for Fiscal Affairs

SSW:nh

# Texas Tech University

## Board of Regents

Carin Barth ..... Term Expires January 31, 2005 ..... Houston  
C. Robert Black..... Term Expires January 31, 2007 ..... Horseshoe Bay  
E. R. Brooks ..... Term Expires January 31, 2005 ..... Dallas  
J. Robert Brown ..... Term Expires January 31, 2007 ..... El Paso  
John W. Jones\* ..... Term Expires January 31, 2003 ..... Brady  
Nancy E. Jones\* ..... Term Expires January 31, 2003 ..... Abilene  
Brian C. Newby ..... Term Expires January 31, 2005 ..... Fort Worth  
J. Michael Weiss\* ..... Term Expires January 31, 2003 ..... Lubbock

\*The terms for these regents were set to expire on January 31, 2003. Regents continue to serve until replacements are appointed by the Governor. No replacements had been named as of August 31, 2003.

## Officers of the Board

C. Robert Black.....Chair  
Brian C. Newby.....Vice Chair  
Ben Lock.....Secretary

## Fiscal Officers

Jon Whitmore ..... President  
Charlie Stallings.....Associate Vice President for Fiscal Affairs  
Nancy H. Whittaker.....Assistant Vice President for Fiscal Affairs and Comptroller  
Rebecca S. Hyde.....Director of Student and University Financial Services  
Sharon S. Williamson ..... Director of Tax Compliance and Reporting

Texas Tech University  
Enrollment Data  
For The Year Ended August 31, 2003

Type of Student	Number of Students by Semester			
	Fall 2002	Spring 2003	Summer Term 2003	
			First	Second
Texas Resident	24,523	22,938	8,508	7,444
Blind/Deaf	8	5	2	2
Competitive Scholarship	71	62	27	28
Dependents	7	7	2	2
Faculty/Staff	24	25	16	10
Foreign	981	946	545	493
Good Neighbor	0	0	0	0
Hazelwood	28	22	7	10
Independent Study	10	11	9	2
Military	5	4	2	3
Nursing	46	45	4	2
Out-of-State	1,615	1,482	577	521
Teaching/Research Assistant	201	170	83	92
Valedictorian	28	18	12	11
Other	22	17	11	9
Totals	<u>27,569</u>	<u>25,752</u>	<u>9,805</u>	<u>8,629</u>

Term	Enrollment Trend Data (Fall Semester)	
	Students	Semester Hours
Fall 2002	27,569	343,394
Fall 2001	25,573	321,249
Fall 2000	24,558	310,112
Fall 1999	24,249	305,212
Fall 1998	24,158	305,338
Fall 1997	25,022	314,142
Fall 1996	24,717	310,783
Fall 1995	24,185	302,955
Fall 1994	24,083	297,569
Fall 1993	24,007	294,897
Fall 1992	24,215	299,015
Fall 1991	24,707	304,446



# FINANCIAL STATEMENTS

Texas Tech University  
Statement of Net Assets (Unaudited)  
August 31, 2003

ASSETS

<b>Current Assets:</b>	
Cash and Cash Equivalents (Note 1)	\$ 49,312,518
Short-Term Investments	44,432,872
Restricted:	
Cash and Cash Equivalents (Note 1)	15,789,213
Short-Term Investments	15,548,909
Legislative Appropriations	30,798,858
Accounts Receivable, net:	
Federal Receivables	6,583,510
Interest and Dividends	948,183
Student Receivables	1,008,403
Gift Receivables	10,061,706
Accounts Receivable	4,326,637
Other Receivables	363,250
Due From Other Agencies (Note 7)	2,331,162
Prepaid Expenses	13,426,374
Consumable Inventories	1,034,748
Merchandise Inventories	2,164,110
Loans and Notes Receivable, net	7,995,383
Other Current Assets	10,825
Total Current Assets	<u>206,136,661</u>
<b>Non-Current Assets:</b>	
Restricted:	
Cash and Cash Equivalents (Note 1)	39,084,902
Short-Term Investments	7,963,115
Investments	94,320,756
Gift Receivables	50,562,175
Loans and Notes Receivable, net	1,420,051
Investments	217,635,511
Capital Assets (Note 2)	
Non-Depreciable	173,481,337
Depreciable	759,965,067
Accumulated Depreciation	(410,025,543)
Total Non-Current Assets	<u>934,407,371</u>
<b>Total Assets</b>	<u><u>\$ 1,140,544,032</u></u>

LIABILITIES

<b>Current Liabilities:</b>	
Accounts Payable	\$ 30,253,744
Liabilities Payable from Restricted Assets	30,155,060
Accrued Liabilities (Note 4)	252,841
Deferred Revenues	58,987,750
Employees' Compensable Leave (Note 4)	1,874,443
Notes and Loans Payable (Note 4)	19,198,204
Bonds Payable (Note 4)	13,386,080
Funds Held for Others	8,446,920
Other Current Liabilities	670,011
Total Current Liabilities	<u>163,225,053</u>

Texas Tech University  
Statement of Net Assets (Unaudited)  
August 31, 2003

Non-Current Liabilities:

Interfund Payable (Note 7)	1,610,627
Employees' Compensable Leave (Note 4)	5,623,329
Bonds Payable (Note 4)	244,635,289
Total Non-Current Liabilities	<u>251,869,245</u>
Total Liabilities	<u>\$ 415,094,298</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	273,885,587
Restricted:	
Nonexpendable:	
Endowments	172,686,276
Expendable:	
Capital Projects	15,064,764
Higher Education Assistance Fund	24,481,083
Other	73,439,568
Unrestricted (Note 1)	165,892,456
Total Net Assets	<u>725,449,734</u>
Total Liabilities and Net Assets	<u>\$ 1,140,544,032</u>

See Accompanying Notes To Financial Statements

Texas Tech University  
Statement of Revenues, Expenses, and Changes in Net Assets (Unaudited)  
For the Year Ended August 31, 2003

Operating Revenues	
Tuition and Fees	\$ 37,215,170
Tuition and Fees - Pledged	92,979,986
Less Discounts and Allowances	(26,987,016)
Sales and Services of Auxiliary Enterprises - Pledged	62,474,124
Other Sales and Services	4,146,941
Other Sales and Services - Pledged	4,488,695
Federal Grants and Contracts (Schedule 1A)	41,368,166
Federal Grant Pass-Throughs (Schedule 1A)	2,380,469
State Grants and Contracts	2,841,639
State Grant Pass-Throughs (Schedule 1B)	8,885,938
Local Governmental Grants and Contracts	1,363,156
Nongovernmental Grants and Contracts	10,108,916
Total Operating Revenues	<u>241,266,184</u>
Operating Expenses (Note 23)	
Instruction	138,228,192
Research	45,683,450
Public Service	8,511,513
Academic Support	43,357,150
Student Services	20,956,954
Institutional Support	21,410,255
Operations and Maintenance of Plant	31,086,976
Scholarships and Fellowships	7,909,068
Auxiliary Enterprises	65,065,582
Depreciation and Amortization	19,995,547
Total Operating Expenses	<u>402,204,687</u>
Operating Income (Loss)	<u>(160,938,503)</u>
Nonoperating Revenues (Expenses)	
Legislative Revenue	131,930,287
Private Gifts	14,540,888
Private Gifts - Pledged	22,663,960
Investment Income	8,178,648
Investment Income - Pledged	5,061,611
Interest Expense on Capital Asset Financing	(13,408,420)
Loss on Sale and Disposal of Capital Assets	(4,281,691)
Net Increase in Fair Value of Investments	19,256,398
Other Nonoperating Revenues (Expenses)	15,833,535
Total Nonoperating Revenues (Expenses)	<u>199,775,216</u>
Income (Loss) before Other Revenues, Expenses, Gains, Losses, and Transfers	38,836,713
Other Revenues, Expenses, Gains, Losses, and Transfers	
Capital Appropriations (HEAF)	20,961,881
Transfers Out to TTU Health Sciences Center	(2,588,787)
Transfers Out to TTU System Administration	(6,930,832)
Legislative Transfer In (SORM) (Note 7)	675,951
Transfers In from Other Agencies (Note 7)	5,733,723
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>17,851,936</u>
TOTAL CHANGES IN NET ASSETS	<u>\$ 56,688,649</u>
Beginning Net Assets (September 1, 2002)	674,327,464
Restatements of Beginning Net Assets (Note 17)	<u>(5,566,379)</u>
Ending Net Assets (August 31, 2003)	<u>\$ 725,449,734</u>

See Accompanying Notes to Financial Statements

Texas Tech University  
Statement of Cash Flows (Unaudited)  
For the Year Ended August 31, 2003

Cash Flows from Operating Activities

Tuition and Fees	\$ 102,030,439
Grants and Contracts	63,097,759
Sales and Services of Auxiliary Enterprises	59,250,165
Other Sales and Services	8,659,514
Payments to Suppliers	(66,497,084)
Payments to Employees	(190,392,506)
Payments for Other Operating Activities	(116,577,329)
Net Cash Used By Operating Activities	<u>(140,429,042)</u>

Cash Flows from Noncapital Financing Activities

State Appropriations	133,856,985
Noncapital Gifts and Grants	22,549,799
Transfers In From Other State Agencies	5,733,723
Payments to Other Components	(9,519,619)
Proceeds from Agency Transactions	380,203
Other Noncapital Financing Activities	5,614,066
Net Cash Provided by Noncapital Financing Activities	<u>158,615,157</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from Capital Debt Issuance	12,291,000
Capital Appropriations	20,961,881
Purchases of Capital Assets	(83,258,922)
Principal Paid on Capital Debt	(12,784,571)
Interest Paid on Capital Debt	(13,926,875)
Net Cash Used by Capital and Related Financing Activities	<u>(76,717,487)</u>

Cash Flows from Investing Activities

Proceeds from Investment Sales and Maturities	264,477,833
Interest and Dividends Received	13,923,007
Purchases of Investments	(291,627,954)
Net Cash Used by Investing Activities	<u>(13,227,114)</u>

TOTAL NET CASH FLOWS	<u>\$ (71,758,486)</u>
----------------------	------------------------

Cash & Cash Equivalents - September 1, 2002	(1,910,997)
---	-------------

Restatement to Beginning Cash & Cash Equivalents (Note 17)	<u>177,856,116</u>
--	--------------------

Cash & Cash Equivalents	
-------------------------	--

September 1, 2002 Restated	<u>175,945,119</u>
----------------------------	--------------------

Ending Cash & Cash Equivalents - August 31, 2003	<u>\$ 104,186,633</u>
--	-----------------------

Reconciliation of Operating Loss to Net Cash Flows from Operating Activities

Operating Loss	(160,938,503)
----------------	---------------

Adjustments:

Depreciation Expense	19,995,547
(Increase) Decrease in Accounts Receivables	(919,429)
(Increase) Decrease in Loans and Notes Receivable	(3,299,834)
(Increase) Decrease in Inventory	(96,239)
(Increase) Decrease in Prepaid Expenses	(105,962)
Increase (Decrease) in Accounts Payables	13,265,689
Increase (Decrease) in Accrued Liabilities	(613,912)
Increase (Decrease) in Deferred Revenue	(7,957,538)
Increase (Decrease) in Compensable Leave	(109,888)
Increase (Decrease) in Other Liabilities	351,027
Net Cash Used for Operating Activities	<u>(140,429,042)</u>

## POLICIES AND NOTES

TEXAS TECH UNIVERSITY

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

Texas Tech University is one of the three components of the Texas Tech University System. The other two components, reported separately, are Texas Tech University Health Sciences Center and the Texas Tech University System Administration. Texas Tech University includes within this report all components as determined by an analysis of their relationship to Texas Tech University as listed below.

Blended Component Units

The Texas Tech University Foundation and the Texas Tech University Research Foundation are not-for-profit 501(c)(3) organizations, exempt from income taxes. The Texas Tech University Foundation was founded to financially support Texas Tech University. The Texas Tech University Research Foundation was founded to support the research activities of the University. Based on the application of the GASB Standard No. 14 criteria, The Texas Tech Foundation and the Texas Tech Research Foundation have been blended into these financial statements because of the significance of their financial relationship with the University.

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

Basis of Accounting

The accounting records of Texas Tech University are maintained using a modified accrual basis of accounting. Accounting data for most external reports, including this Annual Financial Report, are converted to full accrual basis of accounting in compliance with GASB Statements 34 and 35. For financial reporting purposes, Texas Tech University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents

For the purpose of financial statement reporting, cash equivalents are short-term highly liquid investments with an original maturity of three months or less. Included in this category are demand deposits in banks, local funds held by the state, state reimbursements in transit, repurchase agreements and Texpool investments.

The University records and reports its deposits in the general deposit account at cost. It records and reports its special deposit accounts at fair value. Investment pool cash equivalents are recorded at fair value.

## Texas Tech University – Notes to the Financial Statements (continued)

## Cash and Cash Equivalents as reported on the Statement of Net Assets

	Current Unrestricted	Current Restricted	Non-Current Restricted	Total
Cash on Hand	\$ 63,498	\$ 745		\$ 64,243
Cash in Bank	(3,823,526)	(1,321,730)	(718,654)	(5,863,910)
Cash in State Treasury	5,026,002			5,026,002
Repurchase Agreements	18,200,334	6,369,053	3,261,805	27,831,192
Texpool Investments	29,846,210	10,741,145	36,541,751	77,129,106
Total Cash and Cash Equivalents	\$ 49,312,518	\$ 15,789,213	\$ 39,084,902	\$ 104,186,633

## Investments

Texas Tech University accounts for its investments at fair market value, as determined by quoted market prices, in accordance with GASB Statement No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

## Restricted Assets

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

## Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories such as maintenance supplies, housing supplies, janitorial supplies, office supplies, and telecommunications supplies. Inventories are valued at cost, generally utilizing the last-in, first-out method.

## Receivables

Accounts receivable consist of tuition and fees charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable are recorded net of estimated uncollectible amounts.

Federal receivable includes amounts due from the federal, state, and local governments or private sources, in connection with reimbursement of allowable expenditures disbursed by the University's grants and contracts department.

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

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

Other receivables include year-end revenue accruals not included in any other receivable category.

## Prepaid Expenses

Disbursements for insurances, subscriptions, prepaid postage, prepaid travel costs and similar services paid in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods.



## Texas Tech University – Notes to the Financial Statements (continued)

## Loans and Notes Receivable

These receivables are student loans receivable that consist of amounts due from the Federal Perkins Loan Program, and from other loans administered by the University.

## Capital Assets

Furniture, equipment, and vehicles with a cost of more than \$5,000 and an estimated useful life in excess of one year are capitalized. Capitalization thresholds for buildings, building improvements, facilities and other improvements are \$100,000. The capitalization threshold for infrastructure is \$500,000. These assets are capitalized at cost. Donated assets are reported at fair market value as of the acquisition date. Routine repairs and maintenance and capital assets acquired for less than the threshold amounts are charges to operating expenses in the year in which the expense was incurred. Depreciation is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting System (SPA). Assets are depreciated over the estimated useful life of the asset using the straight-line method.

## Accounts Payable and Accrued Liabilities

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

## Deferred Revenues

Deferred Revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

## Employees' Compensable Leave Balances

Employees' Compensable Leave payable balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

## Notes and Loans Payable

Notes payable represents amounts owed for commercial paper that was issued during the current accounting period. Notes and loans payable are further explained in Note 4.

## Bonds Payable

Texas Tech University has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Bonds payable are addressed in more detail in Note 12.

## Funds Held for Others

Current balances in funds held for others result from the University acting as an agent or fiduciary for students and student organizations.

## Interfund Payable

Interfund payables are resources payable to other state agencies for Lone Star that assisted the University with utility costs. This payable is further explained in Note 7.

## Texas Tech University – Notes to the Financial Statements (continued)

## Net Assets

Net Assets are the difference between fund assets and liabilities. They are presented in three separate classes: Invested in Capital Assets – Net of Related Debt, Restricted and Unrestricted.

*Invested in Capital Assets, Net of Related Debt*

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Assets*

Restricted net assets result when constraints placed on net asset use are either externally imposed by a party external to the University such as creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Assets*

Unrestricted net assets consist of net assets, which do not meet the definition of restricted net assets. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be moved or modified.

## Unrestricted Net Assets as reported on the Statement of Net Assets

Reserved for:	
Encumbrances	\$ 4,973,008
Accounts Receivable	4,001,455
Inventory	2,894,924
Prepaid Expenses	3,138,652
Imprest Funds	455,498
Balances Subject to Reappropriation	784,683
Future Operating Budgets	98,245,073
Student Service Fees	1,294,546
Funds Functioning as Endowments	33,169,576
Unreserved	<u>16,935,041</u>
Total Unrestricted Net Assets	<u>\$ 165,892,456</u>

## Interfund Activity and Transactions

Texas Tech University is regularly involved in both interfund activity and interfund transactions. Interfund activity is defined as financial interaction between internal funds, including blended component units. Interfund transactions are defined as financial transactions between legally separate entities. Interfund activity and interfund transactions are both clearly identifiable and are eliminated where appropriate.

UNAUDITED

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

Note 2: Capital Assets

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system.

Accumulated depreciation is classified by capital asset category, providing for an estimation of the net book value of each asset category.

Capital assets are categorized as either (1) Land and Land Improvements, (2) Buildings and Building Improvements, (3) Infrastructure, (4) Furniture and Equipment, (5) Vehicles, Boats and Aircraft, (6) Construction in Progress, (7) Other Capital Assets, or (8) Facilities and Other Improvements. The changes to fixed asset balances are summarized below.

Business-type Activities:	Texas Tech University					Balance 08/31/03
	Balance 09/01/02	Adjustments	Reclasses	Additions	Deletions	
Non-depreciable Assets:						
Land and Land Improvements	\$ 1,926,393					\$1,926,393
Construction In Progress	59,168,527	(24,112)	1,136,878	36,633,698	(100,421)	96,814,570
Other Capital Assets	69,532,863			5,207,511		74,740,374
<b>Total Non-depreciable Assets</b>	<b>130,627,783</b>	<b>(24,112)</b>	<b>1,136,878</b>	<b>41,841,209</b>	<b>(100,421)</b>	<b>173,481,337</b>
Depreciable Assets:						
Buildings and Building Improvements	468,014,857	(5,625,896)		22,925,668	(146,254)	485,168,375
Infrastructure	24,147,196	(1,468,776)		783,305		23,461,725
Facilities and Other Improvements	105,087,973	(75,073)		13,369,760	(350,000)	118,032,660
Furniture and Equipment	82,851,828	(178,753)	331,566	10,812,957	(3,371,464)	90,446,134
Vehicles, Boats and Aircraft	7,672,909	(17,395)		786,505	(318,083)	8,123,936
Other Capital Assets	33,269,668	(80,599)		1,360,668		34,549,737
<b>Total depreciable assets at historical costs</b>	<b>721,044,431</b>	<b>(7,446,492)</b>	<b>331,566</b>	<b>50,038,863</b>	<b>(4,185,801)</b>	<b>759,782,567</b>
Less Accumulated Depreciation for:						
Buildings and Improvements	(328,934,063)	2,029,815		(5,065,505)	138,941	(331,830,812)
Infrastructure	(825,940)	4,491		(831,161)		(1,652,610)
Facilities and Other Improvements	(4,240,402)			(4,599,396)	30,434	(8,809,364)
Furniture and Equipment	(48,825,586)	77,729	(14,500)	(8,670,566)	2,730,144	(54,702,779)
Vehicles, Boats and Aircraft	(5,254,982)	(3,351)		(619,138)	288,944	(5,588,527)
Other Capital Assets	(3,987,166)	56,391		(3,374,619)		(7,305,394)
<b>Total Accumulated Depreciation</b>	<b>(392,068,139)</b>	<b>2,165,075</b>	<b>(14,500)</b>	<b>(23,160,385)</b>	<b>3,188,463</b>	<b>(409,889,486)</b>
<b>Depreciable Assets, Net</b>	<b>328,976,292</b>	<b>(5,281,417)</b>	<b>317,066</b>	<b>26,878,478</b>	<b>(997,338)</b>	<b>349,893,081</b>
<b>Business-type Activities Capital Assets, net:</b>	<b>\$459,604,075</b>	<b>\$(5,305,529)</b>	<b>\$1,453,944</b>	<b>\$68,719,687</b>	<b>\$(1,097,759)</b>	<b>\$523,374,418</b>

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

Blended Component Unit	Blended Component Unit – Texas Tech University Foundation Inc.					
	Balance 09/01/02	Adjustments	Reclasses	Additions	Deletions	Balance 08/31/03
Depreciable Assets:						
Buildings and Building Improvements		\$182,500				\$182,500
Total depreciable assets at historical costs:		182,500				182,500
Less Accumulated Depreciation for:						
Buildings and Improvements		(126,932)		(9,125)		(136,057)
Total Accumulated Depreciation		(126,932)		(9,125)		(136,057)
Depreciable Assets, Net		55,568		(9,125)		46,443
Business-type Activities						
Capital Assets, net:		\$55,568		(9,125)		\$46,443

Note 3: Deposits, Investments, and Repurchase Agreements

Texas Tech University is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

- A. The carrying amount of \$(5,863,910) for Cash in Bank (including restricted assets and blended component units) is presented below.
- B. The bank balance of Texas Tech University has been classified according to the following risk categories.
  1. Category 1 – Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity
  2. Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name
  3. Category 3 – Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name).

Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
\$194,477	\$315,578	\$0	\$510,055	\$(5,863,910)

Consisting of the following:

Demand Deposits	\$(6,255,510)
Imprest Funds	71,600.00
Imprest Funds – Travel	120,000.00
Cashier Accounts	200,000.00
Total Deposits Carrying Amounts	<u>\$(5,863,910)</u>

## Texas Tech University – Notes to the Financial Statements (continued)

## Investments

The fair values of investments as of the balance sheet date (including both short-term and long-term) are shown below. Investments are categorized to give an indication of the level of risk assumed by the agency at year-end. The three categories are:

Category 1: Investments that are insured or registered, or for which the securities are held by the agency, or its agent in the agency's name.

Category 2: Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the agency's name.

Category 3: Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the agency's name.

Type of Security	Category			Fair Value
	1	2	3	
U.S. Government and Agency Obligations	\$48,262,011.87			\$48,262,011.87
U.S. Government and Agency Mortgage Obligations	36,021,853.40			36,021,853.40
Collateralized Mortgage Obligations	72,077,352.20			72,077,352.20
Repurchase Agreements	27,831,192.24			27,831,192.24
Miscellaneous Investments	6,933,155.05			6,933,155.05
Corporate Stock	92,001,060.21		1,364,181.66	93,365,241.87
Totals	\$283,126,624.97		\$1,364,181.66	\$284,490,806.63
Uncategorized Investments:				
Real Estate and Mortgages				\$272,383.50
TexPool				77,129,106.01
Other Uncategorized Investments				122,969,164.27
Total Investments				\$484,861,460.41

## Reverse Repurchase Agreements

Texas Tech University, by statute, is authorized to enter into reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a broker-dealer or financial institution transfers cash to the Agency and the Agency transfers securities to the broker-dealer and promises to repay the cash plus interest in exchange for the same or similar securities. Credit risk exposure for the Agency arises when a broker-dealer does not return the securities or their value at the conclusion of the reverse repurchase agreement. There were no significant violations of legal or contractual provisions during the year.

## Derivative Investing

Included in the U.S. Government and Agency Securities category funds are investments in certain conservative mortgage derivative securities. A derivative security is an investment product which may be a security or contract which derives its value from another security, currency, commodity or index.

## Texas Tech University – Notes to the Financial Statements (continued)

The schedule below provides certain information of the different types of mortgage derivatives included in Texas Tech University's portfolio.

## Mortgage Derivative Securities

Type	Carrying Value
Planned Amortization Class Securities	\$72,077,352

## Note 4: Summary of Long-Term Liabilities

## Changes in Long-Term Liabilities

During the year ended August 31, 2003, the following changes occurred in liabilities.

Long-Term Liability Category	Balance 09/01/02	Increases	Decreases	Balance 08/31/03	Current Portion
Accrued Liabilities	\$866,753		\$613,912	\$252,841	\$252,841
Notes and Loans	7,435,000	12,291,000	527,796	19,198,204	19,198,204
Revenue Bonds	270,278,144		12,256,775	258,021,369	13,386,080
Compensable Leave	7,607,660	21,643	131,531	7,497,772	1,874,443
Total	\$286,187,557	\$12,312,643	\$13,530,014	\$284,970,186	\$34,711,568

## Accrued Liabilities

Accrued liabilities represents rebatable arbitrage which is defined by the Internal Revenue Code Section 148 as earnings on investments purchased with 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. This rebatable arbitrage must be paid to the federal government. The University is generally entitled to invest its bond proceeds at an unrestricted yield for a temporary period of three years beginning on the date of delivery of the bond issue. After the temporary period, unexpended proceeds must be invested at a yield not to exceed the yield on the bond issue. The rebatable arbitrage to the federal government is payable at the end of each five-year period from the delivery date and upon final redemption of all outstanding bonds of the issue.

The Revenue Financing System Bonds Series 1995, Third Series, 1996, and Sixth Series, 1999, and Commercial Paper Notes, Series A, were the only outstanding issues of the University calculated as having rebatable arbitrage totaling \$866,752.59 at August 31, 2002. For fiscal year 2003, the only outstanding issue of the University calculated as having rebatable arbitrage was the Revenue Financing System Bonds Sixth Series 1999 which totaled \$252,840.81 at August 31, 2003. This excess has been earned during the period when unrestricted yield is allowed on these funds. As required by the Internal Revenue Code, the University will restrict earnings on these funds after this unrestricted period ends to a yield not to exceed the yield on the bonds. The University has reserved funds representing the rebatable arbitrage amount in the event a payment is required on a future payment date.

## Texas Tech University – Notes to the Financial Statements (continued)

**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 capped depending 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 Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Bonds Payable**

See Note 12 for detailed information on bond liability balances and transactions.

**Notes and Loans Payable**

Commercial paper was issued during the fiscal year to finance various construction projects. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at 8/31/03 will be retired in fiscal year 2004. Commercial paper has short maturities up to 270 days with interest ranging from .85% to 1.75%.

*Summary of Debt Service Requirements for Notes Payable*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$19,198,204	\$38,123	\$19,236,327
2005			
2006			
2007			
2008			
All Other Years			
Total Requirements	<u>\$19,198,204</u>	<u>\$38,123</u>	<u>\$19,236,327</u>

**Note 5: Capital Leases**

As of August 31, 2003, Texas Tech University had no outstanding capital leases.

**Note 6: Operating Leases**

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

<u>Fiscal Year</u>	
2004	\$844,920
2005	101,322
2006	35,842
Total Minimum Future Lease Rental Payments	<u>\$982,084</u>

**Note 7: Interfund Balances/Activities**

As explained in Note 1 on interfund activities and transactions, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

Interfund Receivables or Interfund Payables  
 Due from Other Agencies or Due to Other Agencies  
 Transfers In or Transfers Out  
 Legislative Transfers In or Legislative Transfers Out

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

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

Individual balances and activity at August 31, 2003, follows:

<u>Interfund Payable</u>	<u>Non-Current Interfund Payable</u>	<u>Purpose</u>
Agency 907, D23 Fund 0515	<u>\$1,610,627</u>	Lone Star
Total Interfund Payable	<u><u>\$1,610,627</u></u>	

<u>Due from Other Agencies</u>	<u>Current Due from Other Agencies</u>
Texas Education Agency (Agency 701)	\$ 76,067.56
Texas School for the Blind (Agency 771)	25,582.79
Telecommunications Infra Fund Board (Agency 367)	580,954.60
Office of the Attorney General (Agency 302)	90,914.73
Texas Department of Transportation (Agency 601)	100,191.00
Texas Excellence Funds (Agency 902)	1,327,446.81
Texas Technology Workforce Development Grant (Agency 781)	<u>130,004.20</u>
Total Due from Other Agencies	<u>\$ 2,331,161.69</u>

<u>Transfers In From Other Agencies</u>	<u>Amount</u>
Texas Excellence Funds	\$5,733,723

<u>Legislative Transfer In</u>	<u>Amount</u>
State Office of Risk Management (SORM)	\$675,951

The detailed State Grant Pass-Through information is listed on Schedule 1B – Schedule of State Grant Pass-Throughs from/to State Agencies.

Note 8: Contingent Liabilities

The United States Department of Justice's Office of the Inspector General has issued Audit Report Number GR-80-01-017, ORI Number TX 15206U, dated August 31, 2001. This audit report questions \$356,106 of costs on Texas Tech University's Community Oriented Policing Services grant. The University believes that the questioned costs are valid and will pursue the matter until it is equitably resolved. No accrual has been made in this financial statement.

At August 31, 2003, other lawsuits and claims involving Texas Tech University were pending. While the ultimate liability with respect to litigation and other claims asserted against the University cannot be precisely estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is in legal counsel's opinion, not likely to have a material effect on the University.

Note 9: Continuance Subject to Review

Texas Tech University is not subject to the Texas Sunset Act.



## Texas Tech University – Notes to the Financial Statements (continued)

## Note 10: Risk Financing and Related Insurance

Texas Tech University by state law is required to be a participant in the Workers Compensation Program and Pool managed by the State Office of Risk Management (SORM). The University is assessed fees by SORM based upon claims experience, claim incidences, payroll size and FTE. SORM also determines the methodology for allocation to the major fund groups. The State Office of Risk Management pays all WCI claims. The Worker's Compensation plan for the fiscal year was funded by a 1.0 percent charge on gross payroll for non-educational and general funds.

The University has self-insured arrangements for Unemployment Compensation Fund coverage. The State of Texas pays 50% of claims for employees paid from state funds. The University pays the remainder for employees paid from non-educational and general funds. The Texas Tech University Unemployment Compensation Fund is currently funded by interest earnings on the fund.

The worker's compensation expense to Texas Tech University for fiscal year ended August 31, 2003 was \$1,317,986.14. The unemployment compensation insurance expense to Texas Tech University for fiscal year ended August 31, 2003 was \$136,398.37. These amounts represent the portion paid by Texas Tech University.

## Note 11: Segment Information

Texas Tech University has no reportable segments.

## Note 12: Bonded Indebtedness

## Bonds Payable

Several bond issues were outstanding as of August 31, 2003 which are summarized in the paragraphs that follow.

Revenue Financing System Refunding Bonds, Series 1993

Purpose:	Current and advance refunding of \$28,675,000 in principal amount of all the Revenue Bonds (excluding Housing System Revenue Bonds), Series 1967, 1968, 1970, 1971, 1973, 1974, 1975, 1977, 1978, 1985
Original Issue Amount:	\$29,320,000
Issue Date:	October 26, 1993; all authorized bonds have been issued
Interest Rates:	2.63% to 5.00%
Maturity Date Range:	1994 through 2007
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$2,430,000 retired

Revenue Financing System Bonds, Series 1995

Purpose:	Financing of Southwest Collection Library for Texas Tech University, other capital improvements, and the costs of issuing the bonds
Original Issue Amount:	\$14,000,000
Issue Date:	March 17, 1995; all authorized bonds have been issued
Interest Rates:	4.30% to 6.00%
Maturity Date Range:	1996 through 2015
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$568,400 retired

## Texas Tech University – Notes to the Financial Statements (continued)

Revenue Financing System Refunding and Improvement Bonds, Series 1996

Purpose:	Financing of arena complex, housing complex, and other capital projects and the advance refunding of Housing Revenue Bonds, Series 1962, 1963, 1966
Original Issue Amount:	\$71,285,000; all authorized bonds have been issued
Issue Date:	December 5, 1996
Interest Rates:	4.00% to 6.00%
Maturity Date Range:	1998 through 2017
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$3,945,000 retired

Revenue Financing System Bonds, Second Series 1996 (Taxable)

Purpose:	Financing of arena complex, other capital projects, and costs of issuance
Original Issue Amount:	\$7,380,000; all authorized bonds have been issued
Issue Date:	December 5, 1996
Interest Rates:	5.75% to 6.75%
Maturity Date Range:	1998 through 2017
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$725,000 retired

Revenue Financing System Refunding and Improvement Bonds, Series 1999

Purpose:	Current refunding of a portion of Series A Notes, advance refunding of Revenue Bonds, Series 1995, 1996 and financing of a new English building and other projects
Original Issue Amount:	\$99,467,818; all authorized bonds have been issued
Issue Date:	May 4, 1999
Interest Rates:	4.00% to 5.25%
Maturity Date Range:	1999 through 2029
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$1,208,375 retired

Revenue Financing System Bonds, Seventh Series 2001

Purpose:	Financing of renovation of Jones Stadium, Student Union and Student Recreational Center, and other projects, current refunding of a portion of Series A Notes, and costs of issuance
Original Issue Amount:	\$107,355,000; all authorized bonds have been issued
Issue Date:	January 23, 2002
Interest Rates:	3.00% to 5.50%
Maturity Date Range:	2002 through 2031
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$2,635,000 retired

## Texas Tech University – Notes to the Financial Statements (continued)

Revenue Financing System Bonds, Eighth Series 2001 (Taxable)

Purpose:	Financing of renovation of Jones Stadium and costs of issuance
Original Issue Amount	\$42,810,000; all authorized bonds have been issued
Issue Date	January 23, 2002
Interest Rates	3.00% to 5.50%
Maturity Date Range	2003 through 2023
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$745,000 retired

## Sources of Debt-Service Revenue

On October 21, 1993, the governing board of the Texas Tech University System established a Revenue Financing System for the purpose of providing a financing structure for all revenue supported indebtedness of Texas Tech University System components. The source of revenues for debt service issued under the Revenue Financing System 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 Texas Tech University System components. 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.

## Bonds Authorized But Unissued at Year End

House Bill 658 of the 77th Legislature codified as Section 55.1739 of the Texas Education Code, authorized the issuance of \$23,647,000 in the systemwide revenue financing program. As of August 31, 2003, the entire amount of this authorization remains unissued.

## Note 13: Subsequent Events

On September 24, 2003, the Texas Tech University System issued Revenue Financing System Bonds Series Nine in the amount of \$97,265,000 of which \$32,995,000 was issued for Texas Tech University. The purpose for issuing the bonds were to (i) acquire, purchase, construct, improve, renovate, enlarge or equip property, structures, facilities, roads or related infrastructure for the University (ii) retire \$9,843,204 of the Board of Regents of Texas Tech University System Revenue Financing System Commercial Paper Notes, Series A, (iii) currently refunding \$4,895,000 of the Board of Regents of Texas Tech University System Revenue Financing System Series 1 bonds and paying the costs of issuance of the bonds. The interest rates on the Series Nine bonds range from 2.25 percent to 5.25 percent. As a result of these transactions, Texas Tech University had Revenue Financing System Bonds outstanding of \$291,016,369 on September 24, 2003.

## Note 14: Related Parties – Relationship with Texas Tech University

The Alumni Association provided services on behalf of Texas Tech University for which the University paid \$102,528.63 during the 2003 fiscal year. These services include public relations and general support of the University through various scholarships and awards.

## Note 15: Stewardship, Compliance and Accountability

Texas Tech University has no material stewardship, compliance, and accountability issues.

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

Note 16: The Financial Reporting Entity and Joint Ventures

The Financial Reporting Entity

Texas Tech University is an agency of the State of Texas. As required by generally accepted accounting principles, these financial statements present Texas Tech University and its component units. The component units discussed below this note are included in the University's reporting entity because of the significance of their operational or financial relationships with the University.

Individual Component Unit Disclosures

The Texas Tech University Foundation and the Texas Tech University Research Foundation are blended component units of Texas Tech University. Although each is legally separate from Texas Tech University, the Texas Tech Foundation and the Texas Tech Research Foundation are reported as if they were part of the primary government.

The Texas Tech University Foundation is governed by a 30-member board whose appointment is approved by the Texas Tech Board of Regents.

The Texas Tech University Research Foundation is governed by a six-member board whose appointment is approved by the Texas Tech University Board of Regents. The Texas Tech University Research Foundation is currently inactive. However, the entity has not been deactivated.

Note 17: Restatement of Net Assets

The only material prior-period adjustments for Texas Tech University that required the restatement of beginning net assets relate to capital assets and accumulated depreciation changes for Texas Tech University and the University's blended component unit.

Net Assets as Reported at 8/31/02		\$674,327,464
Restatements		
TTU Capital Assets	\$ (7,417,979)	
TTU Accumulated Depreciation	2,165,075	
Component Unit Capital Asset	182,500	
Component Unit Accumulated Depreciation	(126,932)	
SPA Adjustments to TTU FY01 Accumulated Depreciation	(369,043)	
		(5,566,379)
Restated Net Assets at 8/31/02		<u>\$668,761,085</u>

Restatement of Beginning Cash and Cash Equivalents:

Cash and Cash Equivalents as Reported at 8/31/02		\$(1,910,997)
Restatements		
Repurchase Agreements	\$ 24,873,856	
Texpool Investments	152,982,260	
		177,856,116
Restated Cash and Cash Equivalents at 8/31/02		<u>\$175,945,119</u>

## Texas Tech University – Notes to the Financial Statements (continued)

## Note 18: Employee Retirement Plans (administering agencies only)

Not applicable

## Note 19: Deferred Compensation (administering agencies only)

Not applicable

## Note 20: Donor-Restricted Endowments

Expenditure of endowed funds is not allowed without the express consent of the donor. Most of Texas Tech'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.

Endowment assets are invested predominantly in the Long Term Investment Fund (LTIF). The LTIF has experienced varying performance since its inception. The cumulative effect of valuation changes assignable to endowment fund assets, held both by Texas Tech and Texas Tech Foundation, Inc. are summarized in the following table:

Donor-Restricted Endowment	Amounts of Net Appreciation	Reported in Net Assets
TTU Endowments	\$8,563,800	Restricted for Nonexpendable
TTU Foundation Endowments	15,797,713	Restricted for Nonexpendable
Total	<u>\$24,361,513</u>	

## Note 21: Management Discussion and Analysis

Financial Highlights

- The University continues to experience growth in student enrollment with a 7.8% increase in enrollment between the fall 2001 and the fall 2002 semesters.
- The current economic upturn has resulted in significant realized and unrealized endowment investment gains. Unrealized net changes in the fair value of investments increased net assets by \$10.7 million for the year ended August 31, 2003. Overall net assets increased by \$51.1 million for the year ended August 31, 2003 primarily due to increased investment returns, increased gift revenues, and overall expense reductions.
- Capital asset additions totaled \$67.4 million for the year ended August 31, 2003, excluding \$1.3 million of construction in progress that was completed during the year.

## Note 22: Post Employment Health Care and Life Insurance Benefits (UT and A&amp;M only)

Not applicable

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Texas Tech University - Notes to the Financial Statements (continued)

Note 23: Matrix of Operating Expenses By Natural Classification

Function	Salaries and Wages	Payroll Related Costs	Professional Fees and Services	Travel	Materials and Supplies
Instruction	\$ 96,929,607.25	\$ 21,580,661.68	\$ 3,639,900.35	\$ 3,044,373.55	\$ 3,625,182.90
Research	25,918,431.59	7,132,399.94	3,731,707.73	1,006,164.23	1,850,619.45
Public Service	3,967,995.64	1,328,873.30	387,447.58	187,463.52	331,113.24
Academic Support	18,498,112.11	6,764,851.17	2,972,366.54	954,314.30	2,903,720.56
Student Services	8,660,092.89	3,271,937.20	953,969.17	461,570.61	1,307,701.18
Institutional Support	9,274,726.91	3,342,709.43	974,603.59	471,554.41	835,986.85
Operation and Maintenance of Plant	6,328,445.75	4,853,199.13	1,415,003.43	684,638.46	6,939,687.06
Scholarships and Fellowships	176,368.25				
Auxiliary Enterprises	21,110,245.40	5,357,634.56	4,049,016.16	2,730,386.82	2,727,968.67
Depreciation and Amortization					

Total Operating Expenses	\$ 190,864,025.79	\$ 53,632,266.41	\$ 18,124,014.55	\$ 9,540,465.90	\$ 20,521,979.91
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Function	Communications and Utilities	Repairs and Maintenance	Rentals and Leases	Printing and Reproduction	Depreciation and Amortization
Instruction	2,619,873.18	1,978,892.04	1,399,182.90	1,933,994.50	
Research	1,348,864.59	1,645,521.80	462,429.38	639,184.40	
Public Service	235,699.84	306,585.44	86,157.54	119,089.66	
Academic Support	4,497,142.58	1,560,724.32	438,599.35	606,245.78	
Student Services	1,306,896.15	754,871.30	212,136.15	293,221.25	
Institutional Support	1,335,164.41	771,199.22	216,724.67	299,563.64	
Operation and Maintenance of Plant	3,910,759.07	4,119,685.52	314,657.32	434,929.22	
Scholarships and Fellowships					
Auxiliary Enterprises	7,714,428.81	2,558,719.69	868,612.54	597,045.14	
Depreciation and Amortization					19,995,547.00

Total Operating Expenses	\$ 22,968,828.63	\$ 13,696,199.33	\$ 3,998,499.85	\$ 4,923,273.59	\$ 19,995,547.00
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Function	Scholarships	Other Operating	Grand Total
Instruction	\$	\$ 1,476,523.73	\$ 138,228,192.08
Research		1,948,126.89	45,683,450.00
Public Service		1,561,087.24	8,511,513.00
Academic Support		4,161,073.29	43,357,150.00
Student Services		3,734,558.10	20,956,954.00
Institutional Support		3,888,021.87	21,410,255.00
Operation and Maintenance of Plant		2,085,971.04	31,086,976.00
Scholarships and Fellowships	7,732,699.75		7,909,068.00
Auxiliary Enterprises	1,478,001.53	15,873,522.78	65,065,582.10
Depreciation and Amortization			19,995,547.00

Total Operating Expenses	\$ 9,210,701.28	\$ 34,728,884.94	\$ 402,204,687.18
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## SCHEDULES

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Texas Tech University  
Schedule 1A - Schedule Of Expenditures Of Federal Awards  
For The Year Ended August 31, 2003

Note 1: Non-Monetary Assistance:

The "Donation Of Federal Surplus Personal Property" is presented at 23.3 percent of the original federal acquisition cost \$135,101.29. The surplus property is passed through from the Texas Building and Procurement Commission. The federal grantor is the General Services Administration (GSA) and the Federal CFDA number is 39.003. The estimated fair value for fiscal year 2003 is \$31,478.60.

Note 2: Reconciliation:

Federal Revenues (SRECNA)	\$	41,368,166.00
Federal Pass-Through Grants from other State Agencies (SRECNA)		<u>2,380,468.88</u>
Total Federal Revenues		43,748,634.88

Reconciling Items:

Pass-Through To State Entities	1,517,541.05
Pass-Through To Other Entities	1,104,410.41
Non-Monetary Assistance:	
Donation of Federal Surplus Property	31,478.60
New Loans Processed:	
Federal Family Education Loan Program	79,395,414.71
Federal Perkins Loan Program	139,117.00
Plant Funds	<u>91,590.98</u>
Total Pass-Through and Expenditures Per Federal Schedule	<u><u>\$ 126,028,187.63</u></u>



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Schedule 1A (Continued)

Note 3: Student Loans Processed and Administrative Costs Recovered:

Federal Grantor/CFDA Number/ Program Name	New Loans Processed	Administrative Costs Recovered	Total Loans Processed and Admin Costs Recovered	Ending Balance Previous Years' Loans
Department Of Education				
84.032 Federal Family Education Loans	\$ 79,395,414.71	\$	\$ 79,395,414.71	\$
84.038 Federal Perkins Loan Program	139,117.00	50.00	139,167.00	1,586,518.73
Total Department of Education	<u>\$ 79,534,531.71</u>	<u>\$ 50.00</u>	<u>\$ 79,534,581.71</u>	<u>\$ 1,586,518.73</u>

Note 4: Depository Libraries For Government Publications

The University participates as a depository library in the Government Printing Office's Depository Libraries for Government Publications Program, CFDA #40.001. The University is the legal custodian of government publications, which remain the property of the federal government. These publications are not assigned a value by the Government Printing Office.

Note 5: Unemployment Insurance

Texas Tech University does not have CFDA 17.225 Awards.

Note 6: Agency 320 Only

Note 7: Agency 501 Only

Note 8: Federal Deferred Revenue

Federal Deferred Revenue 9/01/02	\$ 4,286,721.21
Increase/ (Decrease)	<u>(4,028,384.42)</u>
Federal Deferred Revenue 8/31/03	<u>\$ 258,336.79</u>

UNAUDITED

Texas Tech University  
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies  
For the Year Ended August 31, 2003

Pass-Throughs From:

Office of Attorney General (Agency 302)

Premarital Education	\$ 73,741.38
Helping Young Children Through Divorce: Filial Therapy Groups For Custodial Parents	52,328.37
Implementing The Parenting Through Change Program with Latina Single Mothers	56,601.03
Post-Divorce Collaborative Family Assessment & Intervention With Texas Families	67,953.92

Texas Department of Agriculture (Agency 551)

Genetic Resources of Drought Resistance on Wild Emmer Wheat For Wheat Improvement	32,929.63
Development of Selected Ornamentals Tolerant To Recycled and Saline Irrigation	25,151.21

Texas Commission on Environmental Quality (Agency 582)

Distribution & Potential Sources of Perchlorate at the Southern High Plains Aquifer	130,000.00
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Telecommunications Infrastructure Fund Board (Agency 367)

Library	(935.68)
Discovery Grant	263,752.55
TIF: Infrastructure for Wireless Networking	603,829.00

Texas A&M University (Agency 711)

TPBA TIF Grant	1,364,000.00
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Texas Higher Education Coordinating Board (Agency 781)

Texas Grant Program	5,226,417.00
General Academic Enrollment Growth	304,965.00
Advanced Research Program	(11,965.90)
Advanced Technology Program	(27,215.66)
Developmental Education Program	47,677.00
College Work Study Program	39,621.39
5th Year Accounting Scholarship	25,934.00
Texas Technology Worforce Grant	149,221.74

Texas Agriculture Experiment Station (Agency 556)

TX Profit Program	67,930.00
TX Cotton Program	170,000.00
TX Equine Research	23,677.00
TX Beef Initiative	5,000.00
Imported Fire Ant Research and Management Program	195,325.00

Total Pass-Throughs from Other Agencies	<u>\$ 8,885,937.98</u>
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UNAUDITED

Texas Tech University  
Schedule 3 - Reconciliation of Cash in State Treasury  
As of August 31, 2003

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue (Fund 0255)	\$ 4,991,944.10	\$	\$ 4,991,944.10
Local Revenue (Fund 0269)	34,058.30		34,058.30
Total Cash in State Treasury (Note 1)	\$ 5,026,002.40	\$	\$ 5,026,002.40