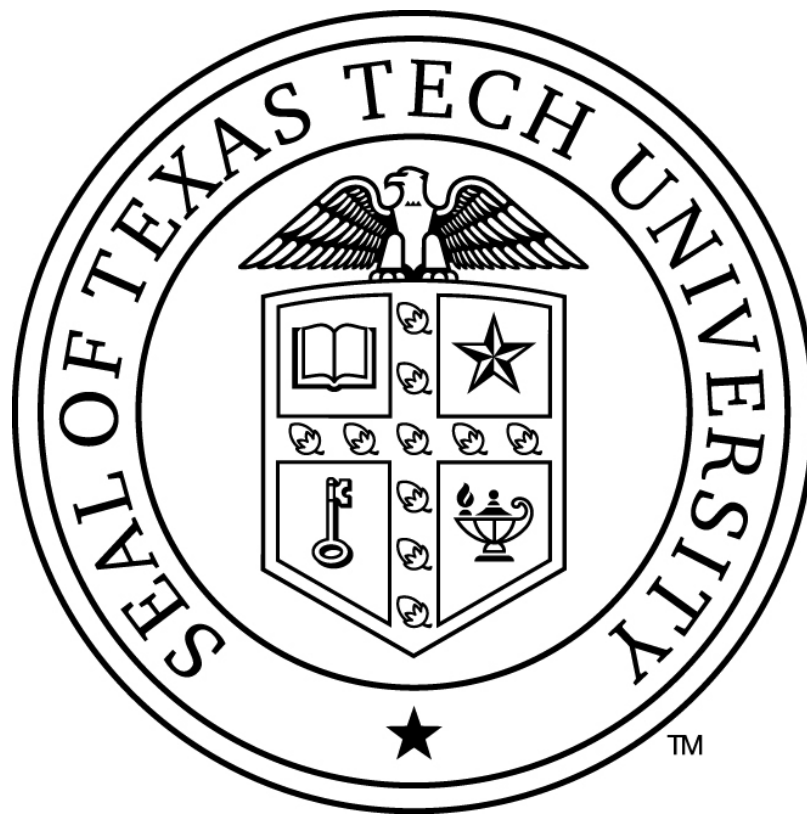


TEXAS TECH UNIVERSITY



ANNUAL FINANCIAL REPORT

FISCAL YEAR 2011

Texas Tech University

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

1925-2011

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY

LUBBOCK, TEXAS

For the Year Ended August 31, 2011

Texas Tech University (733)

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TEXAS TECH UNIVERSITY™

Office of the President

November 10, 2011

Honorable Rick Perry
Governor of Texas

Honorable Susan Combs
Texas Comptroller

Mr. John O'Brien
Director, Legislative Budget Board

Mr. John Keel, CPA
State Auditor

To Agency Heads Addressed:

We are pleased to submit the annual financial report of Texas Tech University for the year ended August 31, 2011, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the State of Texas *Comprehensive Annual Financial Report (CAFR)*; therefore, an opinion has not been expressed on the financial statements and related information contained in this report

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. If you have any questions, please contact Debra Crowder, Director of Financial Reporting at 806-742-2970. Simone Barnhill, Managing Director of Sponsored Programs Accounting and Reporting may be contacted at 806-742-2985 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in blue ink that reads "Guy Bailey".

Guy Bailey
President



TEXAS TECH UNIVERSITY

Financial Accounting & Reporting

November 10, 2011

Dr. Guy Bailey
President
Texas Tech University
P.O. Box 42005
Lubbock, Texas 79409

Dear President Bailey:

Submitted herein is the Annual Financial Report of Texas Tech University for the fiscal year ended August 31, 2011.

The accompanying Annual Financial Report has been prepared in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

This Annual 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 (CAFR); 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 742-2970.

Sincerely,

Debra Crowder, CPA
Director of Financial Reporting

Approved:

Sharon Williamson, CPA
Interim Assistant Vice President for Financial Affairs & Controller

Kyle Clark
Chief Financial Officer and Vice President for Administration & Finance

**Texas Tech University (733)
Organizational Data
August 31, 2011**

Board of Regents

Term Expires

Jerry E. Turner (**Chair**) January 31, 2013.....Blanco, TX
Mickey L. Long (**Vice Chair**) .. January 31, 2015..... Midland, TX

Larry K. Anders January 31, 2017.....Dallas, TX
L. Frederick Francis January 31, 2013.....El Paso, TX
John Huffaker..... January 31, 2015.....Amarillo, TX
Debbie Montford..... January 31, 2017.....San Antonio, TX
Nancy Neal..... January 31, 2015.....Lubbock, TX
John F. Scovell..... January 31, 2013.....Dallas, TX
John D. Steinmetz January 31, 2017.....Lubbock, TX

Jill Fadal (**Student Regent**) May 31, 2012..... Austin, TX

Ben W. Lock (**Staff**)..... Secretary

Fiscal Officers

Guy Bailey. President
Kyle Clark.....CFO and Vice President for Administration and Finance
Sharon Williamson..Interim Assistant Vice President for Financial Affairs & Controller
Debra Crowder. Director of Financial Reporting

UNAUDITED
TEXAS TECH UNIVERSITY (733)

FINANCIAL STATEMENTS

Texas Tech University (733)
Statement of Net Assets
August 31, 2011

ASSETS

Current Assets:

| | | |
|---|----|-----------------------|
| Cash and Cash Equivalents (Note 1) | \$ | 150,698,101.17 |
| Restricted: | | |
| Cash and Cash Equivalents (Note 1) | | (1,642,662.10) |
| Legislative Appropriations | | 39,336,440.37 |
| Accounts Receivable, net: | | |
| Federal Receivables | | 88,451,730.00 |
| Interest and Dividends | | 293,597.13 |
| Student Receivables | | 802,004.21 |
| Gift Receivables | | 4,800,621.42 |
| Accounts Receivable | | 7,043,876.95 |
| Other Receivables | | 1,701,459.00 |
| Due From Other State Agencies (Note 12) | | 2,469,160.68 |
| Prepaid Expenses | | 20,744,986.40 |
| Consumable Inventories | | 418,732.58 |
| Merchandise Inventories | | 1,847,571.70 |
| Loans and Notes Receivable, net | | 94,061.08 |
| Other Current Assets | | 450,000.00 |
| Total Current Assets | \$ | <u>317,509,680.59</u> |

Non-Current Assets:

| | | |
|---|----|-------------------------|
| Restricted: | | |
| Cash and Cash Equivalents (Note 1) | \$ | 45,149,518.86 |
| Investments (Note 3) | | 189,459,049.45 |
| Gift Receivables | | 11,012,414.30 |
| Loans and Notes Receivable, net | | 1,613,658.98 |
| Investments (Note 3) | | 147,449,343.23 |
| Capital Assets (Note 2) | | |
| Non-Depreciable or Non-Amortizable | | 181,873,968.26 |
| Depreciable or Amortizable | | 1,375,957,985.97 |
| Accumulated Depreciation and Amortization | | (681,649,151.19) |
| Total Non-Current Assets | \$ | <u>1,270,866,787.86</u> |

| | | |
|--------------|----|--------------------------------|
| Total Assets | \$ | <u><u>1,588,376,468.45</u></u> |
|--------------|----|--------------------------------|

Texas Tech University (733)
Statement of Net Assets (continued)
August 31, 2011

LIABILITIES

Current Liabilities:

| | | |
|---------------------------------------|----|-----------------------|
| Accounts Payable | \$ | 18,374,784.37 |
| Payroll Payable | | 22,409,383.75 |
| Deferred Revenues | | 132,499,307.39 |
| Due to Other State Agencies (Note 12) | | 1,943,062.63 |
| Employees' Compensable Leave (Note 5) | | 1,476,151.99 |
| Notes and Loans Payable (Note 5) | | 50,619,091.16 |
| Bonds Payable (Note 5) | | 14,883,925.80 |
| Funds Held for Others | | 13,134,328.11 |
| Other Current Liabilities | | 3,996,770.46 |
| Total Current Liabilities | \$ | <u>259,336,805.66</u> |

Non-Current Liabilities:

| | | |
|---------------------------------------|----|-----------------------|
| Employees' Compensable Leave (Note 5) | \$ | 10,825,114.57 |
| Bonds Payable (Note 5) | | 277,764,597.10 |
| Total Non-Current Liabilities | \$ | <u>288,589,711.67</u> |

| | | |
|-------------------|----|-----------------------|
| Total Liabilities | \$ | <u>547,926,517.33</u> |
|-------------------|----|-----------------------|

NET ASSETS

| | | |
|---|----|----------------|
| Invested in Capital Assets, Net of Related Debt | \$ | 557,288,105.02 |
| Restricted: | | |
| Nonexpendable: | | |
| Endowments | | 83,146,295.06 |
| Expendable: | | |
| Capital Projects | | 17,386,892.23 |
| Higher Education Assistance Fund | | 32,690,638.35 |
| Debt Service | | 22,263,687.84 |
| Other | | 58,747,780.37 |
| Unrestricted | | 268,926,552.25 |

| | | |
|------------------|----|-------------------------|
| Total Net Assets | \$ | <u>1,040,449,951.12</u> |
|------------------|----|-------------------------|

| | | |
|----------------------------------|----|--------------------------------|
| Total Liabilities and Net Assets | \$ | <u><u>1,588,376,468.45</u></u> |
|----------------------------------|----|--------------------------------|

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended August 31, 2011

| | |
|---|----------------------------|
| Operating Revenues | |
| Tuition and Fees | \$ 6,001,999.01 |
| Tuition and Fees - Pledged | 296,925,649.06 |
| Less Discounts and Allowances | (62,197,472.99) |
| Sales and Services of Auxiliary Enterprises - Pledged | 99,809,863.69 |
| Other Sales and Services | 111,593.33 |
| Other Sales and Services - Pledged | 6,600,372.16 |
| Federal Grants and Contracts (Schedule 1A) | 37,780,234.82 |
| Federal Grant Pass-Throughs from Other State Agencies (Schedule 1A) | 4,144,295.36 |
| State Grants and Contracts | 4,076,913.89 |
| State Grant Pass-Throughs from Other State Agencies (Schedule 1B) | 29,034,986.26 |
| Local Governmental Grants and Contracts | 1,008,552.65 |
| Nongovernmental Grants and Contracts | 9,706,552.55 |
| Total Operating Revenues | <u>\$ 433,003,539.79</u> |
| Operating Expenses | |
| Instruction | \$ 146,049,506.99 |
| Research | 109,494,213.83 |
| Public Service | 11,436,884.02 |
| Academic Support | 59,059,397.37 |
| Student Services | 32,328,747.93 |
| Institutional Support | 31,336,561.61 |
| Operations and Maintenance of Plant | 37,137,079.52 |
| Scholarships and Fellowships | 35,152,471.93 |
| Auxiliary Enterprises | 96,067,331.78 |
| Depreciation and Amortization | 67,061,116.05 |
| Total Operating Expenses | <u>\$ 625,123,311.03</u> |
| Operating Income (Loss) | <u>\$ (192,119,771.24)</u> |
| Nonoperating Revenues (Expenses) | |
| Legislative Revenue | \$ 158,027,428.44 |
| Federal Grants and Contracts (Schedule 1A) | 33,743,428.68 |
| Federal Grants Pass-Throughs from Other State Agencies (Schedule 1A) | 4,230,203.03 |
| Private Gifts | 6,091,808.25 |
| Private Gifts - Pledged | 4,640,760.28 |
| Investment Income (Expense) | 6,121,759.89 |
| Investment Income (Expense) - Pledged | 4,620,372.70 |
| Interest Expense on Capital Asset Financing | (13,523,430.34) |
| Loss on Sale and Disposal of Capital Assets | (1,466,711.87) |
| Net Increase in Fair Value of Investments | 7,979,869.63 |
| Other Nonoperating Revenues (Expenses) | 1,790,685.97 |
| Other Nonoperating Revenues (Expenses) - Pledged | 2,470,070.27 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 214,726,244.93</u> |
| Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers | <u>\$ 22,606,473.69</u> |
| Other Revenues, Expenses, Gains, Losses, and Transfers | |
| Capital Appropriations (HEAF) | \$ 23,936,088.00 |
| Capital Contributions | 54,989,631.02 |
| Additions to Permanent Endowments | 425,210.45 |
| Increase Net Assets - Interagency Transfer Capital Assets (Note 12) | 456,987.81 |
| Decrease Net Assets - Interagency Transfer Capital Assets (Note 12) | (289,089.99) |
| Legislative Transfer Out to TTU System Administration (Note 12) | (1,667,837.00) |
| Net Transfers from Texas Tech Foundation Inc. | 37,728,419.92 |
| Net Transfers to TTU Health Sciences Center | (1,251,136.79) |
| Net Transfers to TTU System Administration | (3,525,779.29) |
| Net Transfers to Angelo State University | (10,879.00) |
| Transfers to Other State Agencies (Note 12) | (3,192,891.96) |
| Net Other Revenues, Expenses, Gains, Losses, and Transfers | <u>\$ 107,598,723.17</u> |
| TOTAL CHANGES IN NET ASSETS | <u>\$ 130,205,196.86</u> |
| Beginning Net Assets (September 1, 2010) | 910,244,754.26 |
| Ending Net Assets (August 31, 2011) | <u>\$ 1,040,449,951.12</u> |

Texas Tech University (733)
Matrix of Operating Expenses by Natural Classification
For the Year Ended August 31, 2011

| Function | Salaries and Wages | Payroll Related Costs | Professional Fees and Services | Travel | Materials and Supplies |
|------------------------------------|--------------------------|-------------------------|--------------------------------|-------------------------|-------------------------|
| Instruction | \$ 106,137,857.99 | \$ 25,038,845.07 | \$ 471,188.82 | \$ 2,734,328.02 | \$ 4,344,809.22 |
| Research | 65,682,538.17 | 13,918,282.35 | 1,732,411.11 | 4,188,926.21 | 7,507,095.73 |
| Public Service | 5,054,021.53 | 1,210,179.00 | 637,602.52 | 348,124.17 | 719,532.67 |
| Academic Support | 34,472,263.97 | 8,724,097.05 | 843,114.11 | 1,785,402.68 | 4,588,063.96 |
| Student Services | 14,509,315.67 | 3,642,855.85 | 315,552.38 | 1,070,829.40 | 1,207,631.47 |
| Institutional Support | 19,606,885.48 | 5,569,748.95 | 1,033,169.59 | 366,421.98 | 888,528.25 |
| Operation and Maintenance of Plant | 6,944,106.48 | 1,745,390.49 | 200,304.46 | 11,717.92 | 2,540,827.62 |
| Scholarships and Fellowships | 34,240.00 | 2,542.37 | | | |
| Auxiliary Enterprises | 37,239,981.01 | 8,793,367.77 | 1,761,861.74 | 4,084,141.92 | 6,912,716.47 |
| Depreciation and Amortization | | | | | |
| Total Operating Expenses | \$ 289,681,210.30 | \$ 68,645,308.90 | \$ 6,995,204.73 | \$ 14,589,892.30 | \$ 28,709,205.39 |

| Function | Communications and Utilities | Repairs and Maintenance | Rentals and Leases | Printing and Reproduction | Depreciation and Amortization |
|------------------------------------|------------------------------|-------------------------|------------------------|---------------------------|-------------------------------|
| Instruction | \$ 857,842.28 | \$ 396,079.90 | \$ 958,530.77 | \$ 388,880.46 | \$ |
| Research | 1,986,845.91 | 1,070,581.12 | 491,258.80 | 258,412.60 | |
| Public Service | 254,708.54 | 112,150.10 | 431,423.62 | 154,385.13 | |
| Academic Support | 750,394.06 | 1,599,073.80 | 1,856,654.27 | 561,787.87 | |
| Student Services | 733,714.74 | 419,925.22 | 740,085.62 | 801,226.15 | |
| Institutional Support | 367,874.22 | 429,477.79 | 265,244.78 | 317,494.37 | |
| Operation and Maintenance of Plant | 13,484,567.70 | 11,364,654.94 | 105,394.92 | 5,524.16 | |
| Scholarships and Fellowships | | | | | |
| Auxiliary Enterprises | 7,708,945.25 | 4,816,174.46 | 2,604,293.39 | 433,276.94 | |
| Depreciation and Amortization | | | | | 67,061,116.05 |
| Total Operating Expenses | \$ 26,144,892.70 | \$ 20,208,117.33 | \$ 7,452,886.17 | \$ 2,920,987.68 | \$ 67,061,116.05 |

| Function | Scholarships | Cost of Goods Sold | Bad Debt | Interest | Claims and Losses |
|------------------------------------|-------------------------|-------------------------|--------------------|--------------------|----------------------|
| Instruction | \$ 2,783,379.28 | \$ 149,809.12 | \$ (37,374.15) | \$ 434.51 | \$ 910.00 |
| Research | 4,675,105.46 | | (108,158.82) | 1,084.35 | |
| Public Service | 119,438.38 | 72,372.81 | 34.74 | 387.25 | |
| Academic Support | 641,312.53 | 78,920.16 | 22,681.06 | 576.89 | |
| Student Services | 342,368.89 | 20,843.16 | | 906.38 | |
| Institutional Support | 90,108.65 | | 158,778.68 | 415.29 | 650,000.00 |
| Operation and Maintenance of Plant | | | | 158.28 | |
| Scholarships and Fellowships | 35,096,189.56 | | | | |
| Auxiliary Enterprises | 127,086.90 | 10,627,178.91 | (26,398.44) | 2,961.34 | 50,000.00 |
| Depreciation and Amortization | | | | | |
| Total Operating Expenses | \$ 43,874,989.65 | \$ 10,949,124.16 | \$ 9,563.07 | \$ 6,924.29 | \$ 700,910.00 |

| Function | Federal Pass-Through | State Pass-Through | Other Operating | Grand Total |
|------------------------------------|------------------------|----------------------|-------------------------|--------------------------|
| Instruction | \$ 31,902.31 | \$ | \$ 1,792,083.39 | \$ 146,049,506.99 |
| Research | 1,097,888.28 | 117,313.63 | 6,874,628.93 | 109,494,213.83 |
| Public Service | 376,466.48 | | 1,946,057.08 | 11,436,884.02 |
| Academic Support | | | 3,135,054.96 | 59,059,397.37 |
| Student Services | | | 8,523,493.00 | 32,328,747.93 |
| Institutional Support | | | 1,592,413.58 | 31,336,561.61 |
| Operation and Maintenance of Plant | | | 734,432.55 | 37,137,079.52 |
| Scholarships and Fellowships | | | 19,500.00 | 35,152,471.93 |
| Auxiliary Enterprises | | | 10,931,744.12 | 96,067,331.78 |
| Depreciation and Amortization | | | | 67,061,116.05 |
| Total Operating Expenses | \$ 1,506,257.07 | \$ 117,313.63 | \$ 35,549,407.61 | \$ 625,123,311.03 |

Texas Tech University
Statement of Cash Flows
For the Year Ended August 31, 2011

| | |
|---|----------------------------------|
| Cash Flows from Operating Activities | |
| Proceeds from Customers | \$ 6,611,293.36 |
| Proceeds from Tuition and Fees | 249,769,818.80 |
| Proceeds from Grants and Contracts | 74,870,548.79 |
| Proceeds from Collection of Loans to Students | 1,939,207.76 |
| Proceeds from Sales and Services of Auxiliary Enterprises | 99,312,749.68 |
| Payments to Suppliers for Goods and Services | (51,832,102.62) |
| Payments to Employees for Salaries | (292,051,193.93) |
| Payments to Employees for Benefits | (70,602,406.85) |
| Payments for Loans Provided to Students | (184,619.51) |
| Payments for Other Expenses | (146,889,737.78) |
| Net Cash Used By Operating Activities | <u>\$ (129,056,442.30)</u> |
| Cash Flows from Noncapital Financing Activities | |
| Proceeds from State Appropriations | \$ 156,148,051.31 |
| Proceeds from Gifts | 13,499,862.68 |
| Proceeds from Transfers from Components | 632,250.11 |
| Proceeds from Transfers from Texas Tech Foundation, Inc. | 38,468,448.34 |
| Proceeds from Nonoperating Grants and Contracts | 37,973,631.71 |
| Proceeds from Other Financing Activities | 2,644,738.25 |
| Payments for Transfers to Components | (7,087,882.19) |
| Payments for Transfers to Texas Tech Foundation, Inc. | (740,028.42) |
| Payments for Transfers to Other State Agencies | (3,192,891.96) |
| Payments for Agency Transactions | (62,035,982.92) |
| Payments for Other Uses | (59,845.87) |
| Net Cash Provided by Noncapital Financing Activities | <u>\$ 176,250,351.04</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Proceeds from Sale of Capital Assets | \$ 18,023.10 |
| Proceeds from Capital Debt Issuance | 20,114,000.00 |
| Proceeds from Capital Appropriations | 34,641,303.64 |
| Payments for Additions to Capital Assets | (108,811,968.91) |
| Payments for Principal Paid on Capital Debt | (34,298,016.79) |
| Payments for Interest Paid on Capital Debt | (14,660,569.16) |
| Net Cash Used by Capital and Related Financing Activities | <u>\$ (102,997,228.12)</u> |
| Cash Flows from Investing Activities | |
| Proceeds from Investment Sales and Maturities | \$ 76,947,537.03 |
| Proceeds from Interest and Investment Income | 12,028,371.87 |
| Payments to Acquire Investments | (99,809,954.49) |
| Net Cash Used by Investing Activities | <u>\$ (10,834,045.59)</u> |
| TOTAL NET CASH FLOWS | <u><u>\$ (66,637,364.97)</u></u> |
| Beginning Cash & Cash Equivalents - September 1, 2010 | \$ 260,842,322.90 |
| Ending Cash & Cash Equivalents - August 31, 2011 | <u><u>\$ 194,204,957.93</u></u> |
| Reconciliation of Operating Loss to Net Cash Flows from Operating Activities | |
| Operating Loss | \$ (192,119,771.24) |
| Adjustments: | |
| Depreciation Expense | 67,061,116.05 |
| Bad Debt | 9,563.07 |
| (Increase) Decrease in Accounts Receivables | (5,436,247.88) |
| (Increase) Decrease in Loans and Notes Receivable | 1,754,588.25 |
| (Increase) Decrease in Inventory | 6,207.78 |
| (Increase) Decrease in Prepaid Expenses | 138,331.87 |
| (Increase) Decrease in Due From Other Agencies | 625,005.50 |
| Increase (Decrease) in Accounts Payables | 978,538.30 |
| Increase (Decrease) in Payroll Payables | (2,369,983.63) |
| Increase (Decrease) in Deferred Revenue | 3,039,358.99 |
| Increase (Decrease) in Compensable Leave | (1,957,097.95) |
| Increase (Decrease) in Due to Other Agencies | (667,245.77) |
| Increase (Decrease) in Other Liabilities | (118,805.64) |
| Net Cash Used for Operating Activities | <u>\$ (129,056,442.30)</u> |
| Noncash Transactions | |
| Donation of Capital Assets | \$ 54,989,631.02 |
| Net Change in Fair Value of Investments | \$ 7,979,869.63 |
| Other | \$ 0.00 |

UNAUDITED

TEXAS TECH UNIVERSITY (733)

**NOTES to the
FINANCIAL STATEMENTS**

UNAUDITED

TEXAS TECH UNIVERSITY (733)

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 four components of the Texas Tech University System. The other three components, reported separately, are Texas Tech University Health Sciences Center, Angelo State University, and 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

Texas Tech Foundation, Inc. is a component unit of the consolidated Texas Tech University System since it serves the fundraising needs of Texas Tech University, Texas Tech University Health Sciences Center and Texas Tech University System Administration. No balances or activities associated with Texas Tech Foundation, Inc. are included in this Annual Financial Report.

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 Governmental Accounting Standards Board (GASB) Statements 34 and 35. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For financial reporting purposes, Texas Tech University is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services, and focus on determining operating income, changes in net assets, financial position, and cash flows. Accordingly, the University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

UNAUDITED

Texas Tech University (733) – Notes to the Financial Statements (continued)

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, TexPool and TexSTAR, and Blackrock Temp Fund 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 market value. Investment pool cash equivalents are recorded at fair market value.

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

| Description | Current Unrestricted | Current Restricted | Non-Current Restricted | Total |
|--|--------------------------|--------------------------|-------------------------|--------------------------|
| Cash on Hand | \$ 203,571.00 | \$ | \$ | \$ 203,571.00 |
| Cash in Bank | 2,955,964.84 | (34,721.41) | 493,091.93 | 3,414,335.36 |
| Cash in State Treasury | 41,489,372.43 | | | 41,489,372.43 |
| Blackrock Temp Fund | 12,598,015.32 | (191,013.82) | 2,417,324.02 | 14,824,325.52 |
| TexPool & TexSTAR | 93,451,177.58 | (1,416,926.87) | 42,239,102.91 | 134,273,353.62 |
| Total Cash and Cash Equivalents | \$ 150,698,101.17 | \$ (1,642,662.10) | \$ 45,149,518.86 | \$ 194,204,957.93 |

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.

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Texas Tech University (733) – Notes to the Financial Statements (continued)

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. Also included are scholarships paid in the current period for future terms.

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.

Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds \$100,000. 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. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

Accounts Payable and Accrued Liabilities

Accounts Payable and Payroll Payable represent the liability for the value of assets or services received, and wages/salaries owed 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 5.

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 6.

Funds Held for Others

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

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.

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Texas Tech University (733) – Notes to the Financial Statements (continued)

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.

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.

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Texas Tech University (733) – 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 (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, (8) Facilities and Other Improvements, (9) Land Use Rights, (10) Computer Software, or (11) Other Intangible Capital Assets. The changes to fixed asset balances are summarized below.

| | PRIMARY GOVERNMENT | | | | | | | | Balance 08/31/11 |
|---|---------------------|-------------|------------------------------------|--|--|--------------------|--------------------|--|---------------------|
| | Balance 09/01/10 | Adjustments | Reclassifications Completed CIP | Reclassifications Inc-Int'agy Trans | Reclassifications Dec-Int'agy Trans | Additions | Deletions | | |
| | | | | | | | | | |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | |
| Non-depreciable or Non-amortizable Assets | | | | | | | | | |
| Land and Land Improvements | \$ 3,724,592.94 | | | | | | | | \$ 3,724,592.94 |
| Construction in Progress | 118,789,774.27 | | (52,207,570.05) | | | 46,262,910.12 | | | 112,845,114.34 |
| Other Tangible Capital Assets | 63,197,880.25 | | | | | 2,539,797.26 | (433,416.53) | | 65,304,260.98 |
| Total Non-depreciable or Non-amortizable Assets | \$ 185,712,247.46 | \$ 0.00 | \$ (52,207,570.05) | \$ 0.00 | \$ 0.00 | \$ 48,802,707.38 | \$ (433,416.53) | | \$ 181,873,968.26 |
| Depreciable Assets | | | | | | | | | |
| Buildings and Building Improvements | \$ 746,007,320.18 | | \$ 52,207,570.05 | | | \$ 32,286,790.03 | \$ (8,441,070.23) | | \$ 822,060,610.03 |
| Infrastructure | 30,419,533.51 | | | | | | | | 30,419,533.51 |
| Facilities and Other Improvements | 144,548,809.88 | | | | | 1,562,926.92 | | | 146,111,736.80 |
| Furniture and Equipment | 124,705,050.10 | | | 176,745.13 | (702,958.10) | 23,005,702.14 | (5,618,820.72) | | 141,565,718.55 |
| Vehicle, Boats and Aircraft | 12,600,880.71 | | | 19,795.00 | (28,950.60) | 224,190.31 | (269,923.35) | | 12,545,992.07 |
| Other Capital Assets | 101,548,556.58 | | | | | 10,277,435.71 | (421,591.29) | | 111,404,401.00 |
| Total Depreciable Assets at Historical Cost | \$ 1,159,830,150.96 | \$ 0.00 | \$ 52,207,570.05 | \$ 196,540.13 | \$ (731,908.70) | \$ 67,357,045.11 | \$ (14,751,405.59) | | \$ 1,264,107,991.96 |
| Less Accumulated Depreciation for: | | | | | | | | | |
| Buildings and Building Improvements | \$ (431,824,501.85) | | | | | \$ (21,132,084.50) | \$ 8,002,610.22 | | \$ (444,953,976.13) |
| Infrastructure | (8,208,287.09) | | | | | (1,025,638.80) | | | (9,233,925.89) |
| Facilities and Other Improvements | (47,935,429.47) | | | | | (6,203,630.56) | | | (54,139,060.03) |
| Furniture and Equipment | (80,069,601.99) | | | (32,744.24) | 427,860.90 | (12,127,567.86) | 5,448,783.64 | | (86,353,269.55) |
| Vehicles, Boats and Aircraft | (8,218,178.42) | | | (19,795.00) | 14,957.81 | (954,792.46) | 264,850.02 | | (8,912,958.05) |
| Other Capital Assets | (35,769,905.10) | | | | | (6,581,070.50) | | | (42,350,975.60) |
| Total Accumulated Depreciation | \$ (612,025,903.92) | \$ 0.00 | \$ 0.00 | \$ (52,539.24) | \$ 442,818.71 | \$ (48,024,784.68) | \$ 13,716,243.88 | | \$ (645,944,165.25) |
| Depreciable Assets, Net | \$ 547,804,247.04 | \$ 0.00 | \$ 52,207,570.05 | \$ 144,000.89 | \$ (289,089.99) | \$ 19,332,260.43 | \$ (1,035,161.71) | | \$ 618,163,826.71 |
| Intangible Capital Assets - Amortizable | | | | | | | | | |
| Computer Software - Intangible | \$ 58,528,412.94 | | | \$ 402,059.17 | | \$ 53,433,572.38 | \$ (514,050.48) | | \$ 111,849,994.01 |
| Total Intangible Assets at Historical Cost | \$ 58,528,412.94 | \$ 0.00 | \$ 0.00 | \$ 402,059.17 | \$ 0.00 | \$ 53,433,572.38 | \$ (514,050.48) | | \$ 111,849,994.01 |
| Less Accumulated Amortization for: | | | | | | | | | |
| Computer Software - Intangible | \$ (17,077,476.07) | | | \$ (89,072.25) | | \$ (19,036,331.37) | \$ 497,893.75 | | \$ (35,704,985.94) |
| Total Accumulated Amortization | \$ (17,077,476.07) | \$ 0.00 | \$ 0.00 | \$ (89,072.25) | \$ 0.00 | \$ (19,036,331.37) | \$ 497,893.75 | | \$ (35,704,985.94) |
| Amortizable Assets - Intangible, Net | \$ 41,450,936.87 | \$ 0.00 | \$ 0.00 | \$ 312,986.92 | \$ 0.00 | \$ 34,397,241.01 | \$ (16,156.73) | | \$ 76,145,008.07 |
| Business-Type Activities Capital Assets, Net | \$ 774,967,431.37 | \$ 0.00 | \$ 0.00 | \$ 456,987.81 | \$ (289,089.99) | \$ 102,532,208.82 | \$ (1,484,734.97) | | \$ 876,182,803.04 |

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Note 3: Deposits, Investments, and Repurchase Agreements

Texas Tech University’s investment portfolio is invested pursuant to the parameters of applicable Texas law and the governing board’s Investment Policies. Under Texas law, Texas Tech University investments may be “any kind of investment that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in the management of their affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.” Under Texas law, Texas Tech University is required to invest its institutional funds according to written investment policies adopted by the Board of Regents. No person may invest Texas Tech University funds without express written authority from the governing board.

The governing investment policy is Regents’ Rules Chapter 09, “Investment and Endowments.” The majority of Texas Tech University assets are invested in two investment pools; the Long Term Investment Fund (LTIF) and the Short/Intermediate Term Investment Fund (STIF), both having their own stand-alone investment policies. 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. Other institutional funds not in the LTIF are invested in the STIF, a fixed income fund. Other assets include securities gifted to Texas Tech University with donor instructions to maintain in their original form, and bond proceeds invested in external investment pools.

Deposits of Cash in Bank

As of August 31, 2011, the carrying amount of deposits was \$3,414,335.36 as presented below:

Business-Type Activities

| | |
|---|------------------------|
| CASH IN BANK – CARRYING VALUE | \$ 3,414,335.36 |
| Less: Certificates of Deposit including in carrying value and reported as Cash Equivalent | 0.00 |
| Less: Uninvested Securities Lending Cash Collateral including in carrying value and reported as Securities Lending Collateral | 0.00 |
| Less: Securities Lending CD Collateral including in carrying value and reported as Securities Lending Collateral | 0.00 |
| Cash in Bank per AFR | <u>\$ 3,414,335.36</u> |
| Proprietary Funds Current Assets Cash in Bank | \$ 2,955,964.84 |
| Proprietary Funds Current Assets Restricted Cash in Bank | (34,721.41) |
| Proprietary Funds Non-Current Assets Restricted Cash in Bank | 493,091.93 |
| Cash in Bank per AFR | <u>\$ 3,414,335.36</u> |

These amounts consist of all cash in local banks and are included on the Statement of Net Assets as part of current unrestricted and restricted “Cash and Cash Equivalents” and non-current restricted “Cash and Cash Equivalents”.

As of August 31, 2011, the total **bank balance** for Business-Type Activities was \$26,531,103.09.

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The University’s policy is to require collateralization of bank balances in excess of FDIC protection. The balance below was transferred to the University’s primary depository, which has sufficient collateral after fiscal year-end.

| Fund Type | GAAP Fund | Uninsured and uncollateralized | Uninsured and collateralized with securities held by the pledging financial institution | Uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent but not in the state’s name |
|------------------|------------------|---------------------------------------|--|--|
| 05 | 9999 | \$ 0.00 | \$ 0.00 | \$ 0.00 |

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Investments

As of August 31, 2011, the fair market value of investments is as presented below:

| Type of Security | Fair Value |
|--|--------------------------|
| Business-Type Activities | |
| U. S. Government | |
| U.S. Treasury Securities | \$ 64,431,857.36 |
| U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.) | 20,723,366.64 |
| Equity | 4,738,174.35 |
| International Obligations | 394,949.93 |
| Fixed Income Money Market and Bond Mutual Fund | 117,571,403.01 |
| Mutual Funds | 1,634,344.61 |
| Other Commingled Funds | 39,052,483.17 |
| Other Commingled Funds (Texpool) | 112,539,348.45 |
| International Other Commingled Funds | 17,205,046.30 |
| Real Estate | 6,157,744.74 |
| Externally Managed Investments: | |
| Domestic | 99,488,648.90 |
| International | 1,789,533.72 |
| Miscellaneous | 279,170.64 |
| Total Investments | <u>\$ 486,006,071.82</u> |
| Non-Current Investments | \$ 336,908,392.68 |
| Items in Cash and Cash Equivalents: | |
| Blackrock Temp Fund | 14,824,325.52 |
| Texpool & TexSTAR Investments | 134,273,353.62 |
| Total Investments | <u>\$ 486,006,071.82</u> |

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the agency will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The University's investment policy is to require third party custody for the two investment pools, the LTIF and the STIF. The balances listed below relate to the securities outside of those pools

| Fund Type | GAAP Fund | Type | Uninsured and unregistered with securities held by the counterparty | Uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the state's name |
|-----------|-----------|--------|---|---|
| 05 | 9999 | Equity | \$ 78,167.79 | |

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The exposure to foreign currency risk as of August 31, 2011, is as follows.

| Fund Type | GAAP Fund | Foreign Currency | International Obligation | International Other Comingled Funds | International Externally Managed Investments |
|-----------|-----------|--------------------|--------------------------|-------------------------------------|--|
| 05 | 9999 | Argentine peso | | \$ 130,923.74 | |
| 05 | 9999 | Australian dollar | | 193,538.00 | \$ 38,807.87 |
| 05 | 9999 | Brazilian real | | 1,143,525.01 | |
| 05 | 9999 | Canadian dollar | | 323,638.54 | 9,515.06 |
| 05 | 9999 | Chilean peso | \$ 52,659.99 | 97,894.86 | |
| 05 | 9999 | Chinese yuan | 43,883.32 | 1,231,032.91 | 52,785.95 |
| 05 | 9999 | Colombian peso | 43,883.32 | | |
| 05 | 9999 | Czech koruna | | 133,786.44 | |
| 05 | 9999 | Danish krone | | 27,050.56 | |
| 05 | 9999 | Egyptian pound | | 72,626.93 | |
| 05 | 9999 | Euro | 78,990.01 | 2,030,092.84 | 1,562,984.58 |
| 05 | 9999 | Hong Kong dollar | | 552,833.70 | 31,580.95 |
| 05 | 9999 | Indian rupee | | 403,841.24 | 18,123.93 |
| 05 | 9999 | Indonesian rupiah | | 192,047.04 | |
| 05 | 9999 | New Israel shekel | 4,388.33 | | |
| 05 | 9999 | Japanese yen | | 2,059,204.69 | 25,894.57 |
| 05 | 9999 | Malaysian ringgit | | 91,188.58 | |
| 05 | 9999 | Mexican peso | 4,388.33 | 662,458.85 | |
| 05 | 9999 | New Zealand dollar | | 7,884.88 | |
| 05 | 9999 | Norwegian krone | | 71,322.34 | 11,350.11 |
| 05 | 9999 | Peruvian nuevo sol | 30,718.33 | 87,767.81 | |
| 05 | 9999 | Phillippino peso | | 87,767.81 | |
| 05 | 9999 | Pound sterling | | 1,847,584.24 | 3,602.13 |
| 05 | 9999 | Russian ruble | | 181,236.63 | |
| 05 | 9999 | Singapore dollar | | 374,160.54 | 8,948.69 |
| 05 | 9999 | South African rand | 109,708.31 | 867,204.05 | |
| 05 | 9999 | South Korean wan | | 1,223,276.70 | 18,712.96 |
| 05 | 9999 | Swedish krona | | 164,460.27 | |
| 05 | 9999 | Swiss franc | | 1,322,329.79 | 1,223.37 |
| 05 | 9999 | New Taiwan dollar | | 994,299.40 | 6,003.55 |
| 05 | 9999 | Thai baht | | 426,931.03 | |
| 05 | 9999 | New Turkish lira | | 203,136.88 | |
| 05 | 9999 | Uruguay peso | 26,329.99 | | |
| | | | | | |
| | | Total | \$ 394,949.93 | \$ 17,205,046.30 | \$ 1,789,533.72 |

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University’s investment policy limits fixed income securities held by the STIF to those issued by the U.S. or its agencies and instrumentalities. Fixed income mutual funds in the STIF must hold securities that are at least rated investment grade. As of August 31, 2011, the University’s credit quality distribution for securities with credit risk exposure was as follows.

| Fund Type | GAAP Fund | Investment Type | AAA | AA | A | BBB | BB | Unrated |
|-----------|-----------|--|------------------|--------------|--------------|---------------|--------------|-------------------|
| 05 | 9999 | U.S. Government Agency Obligations | \$ 20,723,366.64 | | | | | |
| 05 | 9999 | International Obligations | | \$ 23,302.05 | \$ 31,990.94 | \$ 134,677.93 | \$ 88,073.83 | \$ 116,905.18 |
| 05 | | | AAAf | Aaf | Af | | | Unrated |
| 05 | 9999 | Fixed Income Money Market and Bond Mutual Fund | \$ 14,824,325.52 | | | | | \$ 102,747,077.49 |

Derivative Investing

Texas Tech University has no material direct derivative investments. Investment managers in invested vehicles such as hedge funds do employ derivatives, and the values associated with those managers reflect those securities.

Note 4: Short-Term Debt

Texas Tech University has no outstanding short-term debt as of August 31, 2011.

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2011, the following changes occurred in liabilities.

| Business-Type Activities | Balance 9/1/2010 | Additions | Reductions | Balance 8/31/2011 | Amounts due within one year | Amounts Due Thereafter |
|---------------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|-----------------------------|--------------------------|
| Notes and Loans Payable | \$ 48,965,233.49 | \$ 20,114,000.00 | \$ 18,460,142.33 | \$ 50,619,091.16 | \$ 50,619,091.16 | \$ 0.00 |
| Revenue Bonds Payable | 308,706,617.68 | | 16,058,094.78 | 292,648,522.90 | 14,883,925.80 | \$ 277,764,597.10 |
| Compensable Leave Payable | 14,258,364.51 | | 1,957,097.95 | 12,301,266.56 | 1,476,151.99 | \$ 10,825,114.57 |
| Total Business-Type Activities | \$ 371,930,215.68 | \$ 20,114,000.00 | \$ 36,475,335.06 | \$ 355,568,880.62 | \$ 66,979,168.95 | \$ 288,589,711.67 |

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 accumulated hours are limited based on the employees’ length of service, with a maximum accrual of 532 hours for employees with 35 or more years of service. The expense and liability are recorded annually as these benefits accrue for employees. 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.

Pollution Remediation Obligations

Texas Tech University is waiting further review by the Texas Commission on Environmental Quality to determine the responsible party and the cost for pollution remediation activities on land that the University owns in Carson County, Texas.

Bonds Payable

See Note 6 for detailed information on bond liability balances and transactions.

Notes and Loans Payable

Notes Payable represents commercial paper payable, which is issued to provide interim funding for long-term construction and equipment projects in advance of the issuance of authorized bonds. Even though commercial paper itself is short-term in nature, because the intent of the commercial paper issuance is to continue funding of these long-term projects to be financed by bond issues, the payable is reported as long-term debt. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at 8/31/11 will mature in fiscal year 2012. Commercial paper has short maturities up to 270 days with interest rates ranging from .10% to .32%.

Summary of Debt Service Requirements for Notes Payable

| Fiscal Year | Balance Principal | Interest | Total |
|---------------------------|------------------------------|----------------------|-------------------------|
| 2012 | \$ 50,619,091.16 | \$ 151,857.27 | \$ 50,770,948.43 |
| 2013 | | | |
| 2014 | | | |
| 2015 | | | |
| 2016 | | | |
| All Other Years | | | |
| Total Requirements | \$ 50,619,091.16 | \$ 151,857.27 | \$ 50,770,948.43 |

Note 6: Bonded Indebtedness**Bonds Payable**

Several bond issues were outstanding as of August 31, 2011. These are summarized in the paragraphs that follow.

Revenue Financing System Bonds, 7th 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 2013 |
| Type of Bond: | Revenue |
| Changes in Debt: | \$0 issued; \$3,080,000.00 retired |

Revenue Financing System Bonds, 8th 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 | 3.46% to 6.75% |
| Maturity Date Range | 2003 through 2031 |
| Type of Bond | Revenue |
| Changes in Debt | \$0 issued; \$245,000.00 retired |

Revenue Financing System Refunding and Improvement Bonds, 9th Series 2003

| | |
|-----------------------|--|
| Purpose: | For current refunding of Series A Notes and Series 1993 bonds, for construction of the Experimental Sciences Building and renovation of Horn/Knapp dormitory and other University construction of capital improvement projects |
| Original Issue Amount | \$32,995,000; all authorized bonds have been issued |
| Issue Date | September 23, 2003 |
| Interest Rates | 2.00% to 5.25% |
| Maturity Date Range | 2004 through 2023 |
| Type of Bond | Revenue |
| Changes in Debt | \$0 issued; \$1,840,000.00 retired |

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Revenue Financing System Refunding and Improvement Bonds, 10th Series 2006

| | |
|-----------------------|---|
| Purpose: | For advanced refunding of Series A Notes and Series 1999 and 2001 bonds, for construction of Murray Hall and renovation of the Student Union Building and various dormitories and other University construction of capital improvement projects |
| Original Issue Amount | \$161,220,476; all authorized bonds have been issued |
| Issue Date | February 2, 2006 |
| Interest Rates | 4.00% to 5.00% |
| Maturity Date Range | 2007 through 2031 |
| Type of Bond | Revenue |
| Changes in Debt | \$0 issued; \$3,215,714.62 retired |

Revenue Financing System Refunding and Improvement Bonds, 12th Series 2009

| | |
|-----------------------|---|
| Purpose: | For current refunding of Series A Notes in the aggregate principal amount of \$14,486,000 and Series 1999 bonds in the aggregate principal amount of \$32,377,742.71 and to pay for construction of the new College of Business Administration Building, renovation of the existing College of Business Administration Building, construction of the Lanier Professional Development Center, construction of the Student Leisure Pool, and other University construction of capital improvement projects. |
| Original Issue Amount | \$104,352,181.17; all authorized bonds have been issued |
| Issue Date | March 3, 2009 |
| Interest Rates | 3.00% to 5.25% |
| Maturity Date Range | 2009 through 2038 |
| Type of Bond | Revenue |
| Changes in Debt | \$0 issued; \$7,457,159.84 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.

Pledged Future Revenues

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, makes a basic distinction between sales of receivables and future revenues, on the one hand, and the pledging of receivables or future revenues to repay a borrowing (a collateralized borrowing), on the other. The following table provides the pledged future revenue information for Texas Tech University's revenue bonds:

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Texas Tech University (733) – Notes to the Financial Statements (continued)

| | Business-Type Activities |
|--|-------------------------------------|
| Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds | \$ 420,882,924.35 |
| Term of Commitment for Year Ending 8/31 | 2038 |
| Percentage of Revenue Pledged | Unable to estimate |
| Current Year Pledged Revenue | \$ 475,182,528.11 |
| Current Year Principal and Interest Paid | \$ 30,516,368.09 |

Pledged revenue sources from business-type activities include income from tuition/fees, investments, other sales and services, TRB state appropriations, auxiliary activities, and plant gifts.

Note 7: Derivative Instruments

As of August 31, 2011, Texas Tech University held no derivative instruments subject to reporting requirements.

Note 8: Leases

Texas Tech University had no outstanding capital leases as of August 31, 2011.

Texas Tech University has entered into various operating leases for buildings and equipment. Expenses for operating lease obligations included in the financial statements were \$711,389.25 for the fiscal year ended August 31, 2011.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2011 are as follows:

| Fiscal Year Ended August 31, | |
|---|------------------------|
| 2012 | \$ 760,350.96 |
| 2013 | 525,732.48 |
| 2014 | 458,584.20 |
| 2015 | 258,969.00 |
| 2016 | 258,969.00 |
| Total Minimum Future Lease Rental Payments | \$ 2,262,605.64 |

Texas Tech University also leases building space to outside parties under various operating leases. Rental income from these leases of \$325,560.58 is included in the financial statements for the fiscal year ended August 31, 2011.

Leased space comprises approximately 22.7% of the total building space. The carrying value of the building is \$2,165,513.73, with a historical cost of \$5,121,138.86, and related accumulated depreciation of \$2,955,625.13 as of August 31, 2011. There were no reported contingent rental revenues.

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Minimum future lease rental income under non-cancelable operating leases as of August 31, 2011 was as follows:

| Fiscal Year Ended August 31, | |
|---|------------------------|
| 2012 | \$ 243,967.62 |
| 2013 | 231,516.53 |
| 2014 | 236,897.11 |
| 2015 | 243,042.99 |
| 2016 | 250,068.03 |
| Total Minimum Future Lease Rental Payments | \$ 1,205,492.28 |

Note 9: Pension Plans

The State has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System of Texas and is available to certain eligible employees. The contributions made by plan members and the employer for the fiscal year ended August 31, 2011 are:

| Description | Year Ended 8/31/2011 |
|----------------------------|-------------------------|
| Member Contributions | \$ 6,951,304.12 |
| Employer Contributions | 7,467,953.24 |
| Total Contributions | \$ 14,419,257.36 |

Note 10: Deferred Compensation (administering agencies only)

Not applicable.

Note 11: Postemployment Health Care and Life Insurance Benefits (administering agencies only)

Not applicable.

Note 12: Interfund Activity and Transactions

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.

Individual balances and activity at August 31, 2011, follow.

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Due from / to Other State Agencies

| Agency Name | Agency Number | D23 Fund | Due from Other State Agencies | Due to Other State Agencies |
|--|---------------|----------|-------------------------------|-----------------------------|
| Office of the Governor | 300 | 2506 | | \$ 122,500.00 |
| Office of the Governor | 300 | 5124 | | 1,256,103.60 |
| Office of the Governor | 300 | 6822 | \$ 41,123.68 | |
| Texas Workforce Commission | 320 | 0369 | 10,501.53 | |
| Texas Workforce Commission | 320 | 5026 | 87,779.38 | |
| Cancer Prevention and Research Institute of Texas | 542 | 7639 | 161,753.22 | |
| Texas Department of Agriculture | 551 | 0001 | 310,956.37 | |
| Texas Department of Agriculture | 551 | 0005 | 73,440.12 | |
| Texas Agrilife Research | 556 | 7999 | | 171,417.52 |
| Texas Water Development Board | 580 | 1358 | 405,072.34 | |
| Texas Water Development Board | 580 | 4832 | 29,017.66 | |
| Texas Commission on Environmental Quality | 582 | 0340 | 37,357.27 | |
| Texas Commission on Environmental Quality | 582 | 1515 | 3,160.65 | |
| Texas Department of Motor Vehicles | 608 | 5015 | 140,889.16 | |
| Texas Education Agency | 701 | 0148 | 190,730.69 | |
| Tarleton State University | 713 | 7999 | | 98,166.94 |
| The University of Texas at Arlington | 714 | 7999 | 165,871.10 | |
| The University of Texas at Austin | 721 | 7999 | | 5,547.25 |
| Texas A&M University - Kingsville | 732 | 7999 | | 16,587.10 |
| Midwestern State University | 735 | 7999 | | 56,361.83 |
| Angelo State University | 737 | 7999 | | 145,688.98 |
| Texas Tech University Health Sciences Center | 739 | 0001 | 107,035.82 | |
| Texas Tech University Health Sciences Center | 739 | 7999 | | 50,829.33 |
| The University of Texas Health Science Center at Houston | 744 | 7999 | 1,039.75 | |
| Stephen F. Austin University | 755 | 7999 | 415,441.02 | |
| Texas A&M University - Corpus Christi | 760 | 7999 | | 19,860.08 |
| Texas School for the Blind and Visually Impaired | 771 | 0001 | 106,287.26 | |
| Texas Parks and Wildlife Department | 802 | 0931 | 93,601.71 | |
| Texas Parks and Wildlife Department | 802 | 0951 | 88,101.95 | |
| Total Due from / Due to Other State Agencies | | | \$ 2,469,160.68 | \$ 1,943,062.63 |

Legislative Transfers In / Out

| Agency Name | Agency Number | D23 Fund | Legislative Transfers In | Legislative Transfers Out |
|---|---------------|----------|--------------------------|---------------------------|
| Texas Tech University System Administration | 768 | 0001 | | \$ 1,667,837.00 |
| Total Legislative Transfers In / Out | | | | \$ 1,667,837.00 |

Transfers to / from Other State Agencies

| Agency Name | Agency Number | D23 Fund | Transfers In | Transfers Out |
|---|---------------|----------|--------------|------------------------|
| Texas Higher Education Coordinating Board | 781 | 0001 | | \$ 86,259.95 |
| Texas Higher Education Coordinating Board | 781 | 5103 | | 2,831,628.05 |
| Texas Public Financing Authority | 347 | 0507 | | 269,983.81 |
| Texas Public Financing Authority | 347 | 0735 | | 5,020.15 |
| Total Transfers to / from Other State Agencies | | | | \$ 3,192,891.96 |

Interagency Capital Asset Transfers to / from Other State Agencies

| Agency Name | Agency Number | Net Asset Increase | Net Asset Decrease |
|---|---------------|----------------------|----------------------|
| Texas Tech University Health Sciences Center | 739 | \$ 456,684.31 | \$ 289,089.99 |
| Texas Department of Transportation | 601 | \$ 303.50 | |
| Total Capital Asset Transfers to / from Other State Agencies | | \$ 456,987.81 | \$ 289,089.99 |

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

Note 13: Continuance Subject to Review

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

Note 14: Adjustments to Fund Balances and Net Assets

Texas Tech University has no restatement of Fund Balance or Net Assets as of August 31, 2011.

Note 15: Contingencies and Commitments

At August 31, 2011, various 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 16: Subsequent Events

Texas Tech University System intends to issue Revenue Financing System Bonds totaling \$133 million in January of 2012. Texas Tech University’s portion of that issuance will total \$87 million, \$31 million of which has already been issued as commercial paper as of August 31, 2011.

Note 17: Risk Management

Texas Tech University by state law is required to be a participant in the Worker’s Compensation Program and Pool managed by the State Office of Risk Management (SORM). The University is assessed fees by SORM based upon claims cost, claim count, payroll and FTE. Total payments to SORM for fiscal year 2011 totaled \$897,638.36. The State Office of Risk Management pays all WCI claims. The Worker’s Compensation pool for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

The 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 state funds and 100% of the claims paid for employees from non-state funds. Total payments for unemployment compensation for fiscal year 2011 amounted to \$389,877.02. 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.

Texas Tech University (733) – Notes to the Financial Statements (continued)

Insurance for University vehicles owned or leased is purchased through commercial carriers. Liability limits are \$250,000 per person/\$500,000 per collision bodily injury, and \$100,000 per collision property damage for collisions occurring within Texas. Out of state limits are \$1,000,000 combined single limit per occurrence.

Note 18: Management Discussion and Analysis (MD&A)

- Texas Tech University continues to experience growth in student enrollment. Overall, the student enrollment count for fall, spring and summer terms for fiscal year 2011 increased from 76,859 to 80,159, resulting in a 4.3% increase compared to the enrollment count for the same terms in fiscal year 2010.
- Capital asset additions totaled \$169.6 million for the year ended August 31, 2011. A \$52.3 million increase in intangible software resulted from gifts-in-kind from Schlumberger Information Solutions of \$51.8 million, and Prosper Foundation of \$480,000.

Note 19: The Financial Reporting Entity

Texas Tech University is an agency of the State of Texas. Texas Tech University has no related organizations or joint ventures or jointly governed organizations.

Note 20: Stewardship, Compliance and Accountability

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

Note 21: N/A

Note 22: 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 by the University are summarized in the following table:

| Donor-Restricted Endowment | Amount of Net Appreciation | Reported in Net Assets |
|-----------------------------------|---------------------------------------|-------------------------------|
| True Endowments | \$ 14,596,266.63 | Restricted Nonexpendable |
| Term Endowments | <u>67,757.61</u> | Restricted Nonexpendable |
| Total | <u><u>\$ 14,664,024.24</u></u> | |

Note 23: Extraordinary and Special Items

Texas Tech University has no special or extraordinary items for the fiscal year ended August 31, 2011.

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Texas Tech University (733) – Notes to the Financial Statements (continued)

Note 24: Disaggregation of Receivable and Payable Balances

Receivables

Components of receivables as of August 31, 2011 are summarized below.

| <u>Type</u> | <u>Net Amount</u> |
|--|--------------------------------|
| Federal Receivables | \$ 88,451,730.00 |
| Interest and Dividends Receivable | 293,597.13 |
| Student Receivables | 802,004.21 |
| Gift Receivables, Current and Non-current | 15,813,035.72 |
| Accounts Receivable | 7,043,876.95 |
| Loans and Notes Receivable Current and Non-current | 1,707,720.06 |
| Other Receivables | <u>1,701,459.00</u> |
| Total Receivables | <u>\$115,813,423.07</u> |

Payables

Components of payables as of August 31, 2011 are summarized below.

| <u>Type</u> | <u>Net Amount</u> |
|-----------------------|--------------------------------|
| Accounts Payable | \$ 18,374,784.37 |
| Payroll Payable | <u>22,409,383.75</u> |
| Total Payables | <u>\$ 40,784,168.12</u> |

Note 25: Termination Benefits

Texas Tech University has no reportable voluntary or involuntary termination benefits as of August 31, 2011.

Note 26: Segment Information

Texas Tech University has no reportable segments.

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TEXAS TECH UNIVERSITY (733)

SUPPORTING SCHEDULES

Texas Tech University (733)
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Year Ended August 31, 2011

Note 1: Non-Monetary Assistance

Under the Federal Surplus Property (FSP) Program, Texas Tech University was donated property from the Texas Facilities Commission with a fair market value of \$8,302.72.

Note 2: Reconciliation

| | |
|---|-------------------------|
| Federal Grants and Contracts Operating (SRECNA) | \$ 37,780,234.82 |
| Federal Grants and Contracts Nonoperating (SRECNA) | 33,743,428.68 |
| Federal Pass-Through Grants from Other State Agencies Nonoperating (SRECNA) | 4,230,203.03 |
| Federal Pass-Through Grants from Other State Agencies (SRECNA) | 4,144,295.36 |
| Total Federal Revenues | <u>\$ 79,898,161.89</u> |

Reconciling Items:

Non-monetary Items

| | |
|--|----------|
| Donation of Federal Surplus Personal Property (39.003) | 8,302.72 |
|--|----------|

New Loans Processed

| | |
|---------------------------------------|-------------------|
| Federal Direct Student Loans (84.268) | 150,632,868.00 |
| Federal Perkins Loan Program (84.038) | <u>143,898.00</u> |

| | |
|--|---------------------------------|
| Total Pass-Through and Expenditures per Federal Schedule | <u><u>\$ 230,683,230.61</u></u> |
|--|---------------------------------|

Note 3: Student Loan Processed and Administrative Costs Recovered

| Program | CFDA | New Loans Processed | Administrative Costs Recovered | Total Loans Processed and Admin Costs Recovered | Ending Balance Previous Years' Loans |
|------------------------------|--------|--------------------------|--------------------------------------|---|--|
| Federal Direct Student Loans | 84.268 | \$ 150,632,868.00 | \$ - | \$ 150,632,868.00 | \$ - |
| Federal Perkins Loan Program | 84.038 | 143,898.00 | 0.00 | 143,898.00 | 0.00 |
| | | <u>\$ 150,776,766.00</u> | <u>\$ -</u> | <u>\$ 150,776,766.00</u> | <u>\$ -</u> |

Note 4: Depository Libraries for Governmental 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. The publications are not assigned a value by the government printing office.

Note 5: Unemployment Insurance Funds

Texas Tech University was not the recipient of CFDA 17.225 funding for fiscal year 2011.

Note 6: Rebates for the Special Supplemental Food Program For Women, Infants, and Children (WIC)

Texas Tech University was not the recipient of CFDA 10.557 funding for fiscal year 2011.

Texas Tech University (733)
 Schedule 1A - Schedule of Expenditures of Federal Awards (continued)
 For the Year Ended August 31, 2011

Note 7: Federal Deferred Revenue

The deferred revenue total of \$788,477.99 represents advanced payments on Federal grants and contracts.

| CFDA | Deferred Revenue September 1, 2010 | Increase/ (Decrease) | Deferred Revenue August 31, 2011 |
|--------|---------------------------------------|-------------------------|-------------------------------------|
| 10.000 | \$ 4,716.46 | \$ (4,716.46) | \$ - |
| 10.001 | 65,943.41 | (65,943.41) | - |
| 10.200 | 17,917.63 | (17,917.63) | - |
| 10.206 | 58,117.20 | (58,117.20) | - |
| 10.290 | 16,963.14 | (9,442.61) | 7,520.53 |
| 10.303 | 3,366.81 | (3,366.81) | - |
| 10.309 | - | 7,204.20 | 7,204.20 |
| 10.600 | 1,950.00 | (1,950.00) | - |
| 10.903 | 1,216.09 | (1,216.09) | - |
| 10.961 | - | 2,275.50 | 2,275.50 |
| 11.000 | 2,500.00 | (2,500.00) | - |
| 12.000 | 53,111.81 | (19,303.56) | 33,808.25 |
| 12.300 | 22,218.19 | (22,218.19) | - |
| 12.351 | - | 94,135.02 | 94,135.02 |
| 12.401 | 18,638.56 | (18,638.56) | - |
| 12.431 | 284,080.25 | (283,402.66) | 677.59 |
| 12.800 | 16,366.63 | 61,522.09 | 77,888.72 |
| 14.850 | 4,812.16 | (4,812.16) | - |
| 12.910 | - | 501,936.74 | 501,936.74 |
| 15.000 | 14.60 | (14.60) | - |
| 15.506 | 263.76 | (263.76) | - |
| 15.640 | - | 13,963.40 | 13,963.40 |
| 15.660 | - | 9,755.01 | 9,755.01 |
| 15.812 | 653.55 | (653.55) | - |
| 16.560 | 449.35 | (449.35) | - |
| 17.259 | 7,919.97 | (7,919.97) | - |
| 17.260 | 10,119.65 | (10,119.65) | - |
| 43.000 | 7,647.75 | (6,830.75) | 817.00 |
| 43.001 | 8,818.57 | (2,911.69) | 5,906.88 |
| 43.002 | 4.93 | (4.93) | - |
| 45.149 | 6,000.00 | (4,361.16) | 1,638.84 |
| 47.041 | 13,517.59 | (6,384.06) | 7,133.53 |
| 47.049 | 33,025.36 | (33,025.36) | - |
| 47.075 | 36.21 | (36.21) | - |
| 47.076 | 719.94 | (719.94) | - |
| 47.078 | 10,247.38 | (10,247.38) | - |
| 47.082 | 2,394.50 | (2,394.50) | - |
| 66.509 | 2,593.76 | (2,593.76) | - |
| 66.513 | 1.32 | (1.32) | - |
| 66.514 | - | 17,226.57 | 17,226.57 |
| 81.000 | 1,043.73 | 2,891.39 | 3,935.12 |
| 81.087 | 3,219.60 | (3,037.97) | 181.63 |
| 84.007 | 41,186.65 | (41,186.65) | - |
| 84.027 | 42,708.27 | (42,708.27) | - |
| 84.048 | - | 649.60 | 649.60 |
| 84.069 | 33,358.00 | (33,358.00) | - |
| 84.325 | 1,209.34 | 614.52 | 1,823.86 |
| 84.378 | 34,438.25 | (34,438.25) | - |
| 93.000 | 42,921.58 | (42,921.58) | - |
| 93.104 | 354.65 | (354.65) | - |
| 93.600 | 711.26 | (711.26) | - |
| 93.856 | 1,867.85 | (1,867.85) | - |
| 94.006 | 2,189.50 | (2,189.50) | - |
| | <u>\$ 881,555.21</u> | <u>\$ (93,077.22)</u> | <u>\$ 788,477.99</u> |

Note 8: Supplemental Nutrition Assistance Program (SNAP)

Texas Tech University was not the recipient of CFDA 10.551 funding for fiscal year 2011.

Texas Tech University (733)
 Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
 For the Year Ended August 31, 2011

Pass-through from:

| Agency Number | Agency Name Grant ID / Grant Description | Amount |
|------------------|--|----------------------|
| 300 | Office of the Governor | |
| | 300.0005 Emerging Technology Grant | \$ 1,274,491.32 |
| | <i>Total Office of the Governor</i> | <u>1,274,491.32</u> |
| 542 | Cancer Prevention and Research Institute of Texas | |
| | 542.0013 Microfluidic Technology for Screening of Tumor Cells | 85,584.30 |
| | 542.0014 Partnership for Cancer Prevention in Rural Communities | 70,319.43 |
| | 542.0015 Guidelines for Treating Tobacco Use and Dependence in Oncology and Primary Care Settings | <u>30,701.81</u> |
| | <i>Total for Cancer Prevention and Research Institute of Texas</i> | <u>186,605.54</u> |
| 551 | Texas Department of Agriculture | |
| | 551.0001 Determination of Individual Fibers | 23,907.32 |
| | 551.0003 Enology and Viticulture Education and Research Grant | 238,423.71 |
| | 551.0004 Enology Grant | 143,796.29 |
| | 551.0005 Evaluation of Fiber Properties | 82,074.35 |
| | 551.0007 Fabric Care and Finishing Issues | 4,968.68 |
| | 551.0009 Food and Fibers Research Grant | (30,168.72) |
| | 551.0010 Further Development of Naked Tufted | 25,283.11 |
| | 551.0014 Molecular Breeding for Improvement | 14,600.78 |
| | 551.0015 Multidisciplinary Approach to Study | 34,342.37 |
| | 551.0016 New Approach to Impart Super Oleoph | 35,283.15 |
| | 551.0017 Optimizing the Use of the Advances | 35,688.41 |
| | 551.0018 T09 44 Cotton Specific Decontaminant | 33,069.49 |
| | 551.0019 T09 50 Self Cleaning Cotton Nanofibers | 25,475.86 |
| | 551.0020 Tb 8053 08 Enhancing Cotton Fiber | 38,623.01 |
| | 551.0021 Texas Agricultural Research Database | <u>42,882.77</u> |
| | <i>Total for Texas Department of Agriculture</i> | <u>748,250.58</u> |
| 556 | Texas Agrilife Research | |
| | 556.0004 Feedyard | <u>77,400.00</u> |
| | <i>Total for Texas Agrilife Research</i> | <u>77,400.00</u> |
| 580 | Texas Water Development Board | |
| | 580.0018 WSC - Agriculture Water Conservation | 814,100.70 |
| | 580.0019 WSC - Research | <u>106,790.19</u> |
| | <i>Total for Texas Water Development Board</i> | \$ <u>920,890.89</u> |

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Texas Tech University (733)
 Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies (continued)
 For the Year Ended August 31, 2011

| Agency Number | Agency Name Grant ID / Grant Description | Amount |
|-----------------------------|---|-------------------------|
| 582 | Texas Commission on Environmental Quality | |
| | 582.0005 Removal of Pharmaceutical and Personal Care Product Microcontaminants | \$ 95,010.98 |
| | 582.0011 Refining Rates for On-site Surface Application | 80,483.01 |
| | 582.0012 TEHI Texarkana Wood Air Quality Assessment | (752.45) |
| | 582.0028 High Strength Waste Water Training | <u>9,737.32</u> |
| | <i>Total for Texas Commission on Environmental Quality</i> | <u>184,478.86</u> |
| 720 | University of Texas System | |
| | 720.0002 Joint Admission Medical Program (JAMP) | <u>15,812.80</u> |
| | <i>Total for University of Texas System</i> | <u>15,812.80</u> |
| 781 | Texas Higher Education Coordinating Board | |
| | 781.0007 General Academic Enrollment Growth | 166,252.20 |
| | 781.0008 TEXAS Grant Program | 14,638,266.00 |
| | 781.0010 Advanced Research Program | (84,292.68) |
| | 781.0020 Engineering Recruitment Program | 74,172.08 |
| | 781.0021 Texas Research Incentive Program - HB51 | 9,738,287.89 |
| | 781.0023 College Work Study Program | 125,389.53 |
| | 781.0024 5th Year Accounting Students Scholarship Program | 68,672.00 |
| | 781.0026 College Readiness Initiative | 76,380.65 |
| | 781.0028 Top 10% Scholarships | 379,721.00 |
| | 781.0033 Combat Exemption Program SB297 | 12,949.47 |
| | 781.0035 TANF Program HB1479 | 3,961.64 |
| | 781.0036 Early High School Program HB1479 | 145,938.95 |
| | 781.0037 Certified Education Aide Program | <u>281,357.54</u> |
| | <i>Total for Texas Higher Education Coordinating Board</i> | <u>25,627,056.27</u> |
| | Total State Grant Pass-through Revenues from Other State Agencies | <u>\$ 29,034,986.26</u> |
| Pass-through to: | | |
| 555 | Texas Agrilife Extension Service | |
| | 733.0002 An Integrated Approach to Water Conservation | \$ 89,377.78 |
| | 733.0003 Texas Enology Teaching Research and Extension Program | <u>27,935.85</u> |
| | <i>Total for Texas Agrilife Extension Service</i> | <u>117,313.63</u> |
| | Total State Grant Pass-through Expenditures to Other State Agencies | <u>\$ 117,313.63</u> |

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Texas Tech University (733)
 Schedule 2A - Miscellaneous Bond Information
 For the Year Ended August 31, 2011

| Description of Issue | Bonds Issued to Date | Range of Interest Rates | | Scheduled Maturities | | First Call Date |
|--|----------------------------|----------------------------|---------|----------------------|--------------|-----------------------|
| | | | | First Year | Last Year | |
| Revenue Bonds | | | | | | |
| Rev Fin Sys Bds 7th Ser '01 | \$ 107,355,000.00 | 3.0000% | 5.5000% | 2002 | 2013 | 2/15/2012 |
| Rev Fin Sys Bds Tax 8th Ser '01 | 42,810,000.00 | 3.4600% | 6.7500% | 2003 | 2031 | 8/15/2012 |
| Rev Fin Sys Ref & Imp Bds 9th Ser '03 | 32,995,000.00 | 2.0000% | 5.2500% | 2004 | 2023 | 8/15/2013 |
| Rev Fin Sys Ref & Imp Bds 10th Ser '06 | 161,220,476.00 | 4.0000% | 5.0000% | 2007 | 2031 | 2/15/2016 |
| Rev Fin Sys Ref & Imp Bds 12th Ser '09 | <u>104,352,181.17</u> | 3.0000% | 5.2500% | 2009 | 2038 | 2/15/2019 |
| Total | <u>\$ 448,732,657.17</u> | | | | | |

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Texas Tech University (733)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Year Ended August 31, 2011

| Description of Issue | Bonds Outstanding 9/1/10 | Bonds Issued | Bonds Matured or Retired | Bonds Refunded or Extinguished | Bonds Outstanding 8/31/11 |
|--|--------------------------------|-----------------|--------------------------------|--------------------------------------|---------------------------------|
| Revenue Bonds | | | | | |
| Rev Fin Sys Bds 7th Ser '01 | \$ 9,390,000.00 | \$ | \$ 3,080,000.00 | \$ | \$ 6,310,000.00 |
| Rev Fin Sys Bds Tax 8th Ser '01 | 27,955,000.00 | | 245,000.00 | | 27,710,000.00 |
| Rev Fin Sys Ref & Imp Bds 9th Ser '03 | 19,560,000.00 | | 1,840,000.00 | | 17,720,000.00 |
| Rev Fin Sys Ref & Imp Bds 10th Ser '06 | 153,811,699.34 | | 3,215,714.62 | | 150,595,984.72 |
| Rev Fin Sys Ref & Imp Bds 12th Ser '09 | 91,823,749.24 | | 7,457,159.84 | | 84,366,589.40 |
| Total | <u>\$ 302,540,448.58</u> | <u>\$</u> | <u>\$ 15,837,874.46</u> | <u>\$</u> | <u>\$ 286,702,574.12</u> |

| | Unamortized Premium | Net Bonds Outstanding 8/31/10 | Amounts Due Within One Year |
|--|------------------------|-------------------------------------|-----------------------------------|
| Rev Fin Sys Bds 7th Ser '01 | \$ | \$ 6,310,000.00 | \$ 3,070,000.00 |
| Rev Fin Sys Bds Tax 8th Ser '01 | | 27,710,000.00 | 260,000.00 |
| Rev Fin Sys Ref & Imp Bds 9th Ser '03 | | 17,720,000.00 | 1,490,000.00 |
| Rev Fin Sys Ref & Imp Bds 10th Ser '06 | | 150,595,984.72 | 3,365,572.04 |
| Rev Fin Sys Ref & Imp Bds 12th Ser '09 | 5,945,948.78 | 90,312,538.18 | 6,698,353.76 |
| Total | <u>\$ 5,945,948.78</u> | <u>\$ 292,648,522.90</u> | <u>\$ 14,883,925.80</u> |

Note: 12th Series amounts due within one year includes bond premium amortization of \$220,220.32

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Texas Tech University (733)
 Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2011

| Description of Issue | Fiscal Year | Principal | Interest |
|--|-------------|--------------------------|--------------------------|
| Revenue Bonds | | | |
| Rev Fin Sys Bds 7th Ser '01 | 2012 | 3,070,000.00 | 347,050.00 |
| | 2013 | 3,240,000.00 | 178,200.00 |
| | | <u>6,310,000.00</u> | <u>525,250.00</u> |
| Rev Fin Sys Bds Tax 8th Ser '01 | 2012 | 260,000.00 | 1,843,215.00 |
| | 2013 | 310,000.00 | 1,825,665.00 |
| | 2014 | 330,000.00 | 1,804,740.00 |
| | 2015 | 1,390,000.00 | 1,782,465.00 |
| | 2016 | 450,000.00 | 1,688,640.00 |
| | 2017 - 2021 | 5,390,000.00 | 7,691,587.50 |
| | 2022 - 2026 | 8,235,000.00 | 5,446,500.00 |
| | 2027 - 2031 | 11,345,000.00 | 2,341,350.00 |
| | | <u>27,710,000.00</u> | <u>24,424,162.50</u> |
| Rev Fin Sys Ref & Imp Bds 9th Ser '03 | 2012 | 1,490,000.00 | 868,450.00 |
| | 2013 | 1,570,000.00 | 791,950.00 |
| | 2014 | 1,145,000.00 | 722,643.75 |
| | 2015 | 1,210,000.00 | 660,825.00 |
| | 2016 | 1,275,000.00 | 595,593.75 |
| | 2017 - 2021 | 7,470,000.00 | 1,878,300.00 |
| | 2022 - 2023 | 3,560,000.00 | 180,250.00 |
| | | <u>17,720,000.00</u> | <u>5,698,012.50</u> |
| Rev Fin Sys Ref & Imp Bds 10th Ser '06 | 2012 | 3,365,572.04 | 7,097,772.24 |
| | 2013 | 3,528,673.64 | 6,925,416.10 |
| | 2014 | 7,198,177.85 | 6,657,244.81 |
| | 2015 | 7,576,001.21 | 6,287,890.33 |
| | 2016 | 7,965,693.85 | 5,899,347.95 |
| | 2017 - 2021 | 54,474,363.07 | 22,837,151.44 |
| | 2022 - 2026 | 44,862,098.88 | 11,114,388.04 |
| | 2027 - 2031 | 21,625,404.18 | 2,089,257.70 |
| | | <u>150,595,984.72</u> | <u>68,908,468.61</u> |
| Rev Fin Sys Ref & Imp Bds 12th Ser '09 | 2012 | 6,478,133.44 | 3,835,196.89 |
| | 2013 | 6,380,180.51 | 3,578,030.61 |
| | 2014 | 6,547,463.54 | 3,352,215.05 |
| | 2015 | 6,800,811.91 | 3,083,982.80 |
| | 2016 | 5,850,000.00 | 2,767,712.50 |
| | 2017 - 2021 | 19,150,000.00 | 10,465,562.50 |
| | 2022 - 2026 | 20,410,000.00 | 5,869,562.50 |
| | 2027 - 2031 | 10,455,000.00 | 1,226,803.13 |
| | 2032 - 2036 | 1,555,000.00 | 406,015.64 |
| | 2037 - 2038 | 740,000.00 | 39,375.00 |
| | | <u>84,366,589.40</u> | <u>34,624,456.62</u> |
| Total Principal and Interest | | <u>\$ 286,702,574.12</u> | <u>\$ 134,180,350.23</u> |

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Texas Tech University (733)
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2011

| Description of Issue | Pledged and Other Sources and Related Expenditures for FY2011 | | | |
|------------------------------------|---|--|------------------|------------------|
| | Net Available for Debt Service | | Debt Service | |
| | Total Pledged and Other Sources | Operating Expenses/Expenditures and Capital Outlay | Principal | Interest |
| Revenue Bonds: | | | | |
| RFS Bds 7th Series 2001 | | | \$ 3,080,000.00 | \$ 508,750.00 |
| RFS Bds Tax 8th Series 2001 | | | 245,000.00 | 1,857,915.00 |
| RFS Ref & Imp Bds 9th Series 2003 | | | 1,840,000.00 | 951,700.00 |
| RFS Ref & Imp Bds 10th Series 2006 | | | 3,215,714.62 | 7,246,225.87 |
| RFS Ref & Imp Bds 12th Series 2009 | | | 7,457,159.84 | 4,113,902.76 |
| Total | \$ 475,182,528.11 | \$ (B) | \$ 15,837,874.46 | \$ 14,678,493.63 |

(A) Beginning balances as of 09/01/2011 of \$177,777,183.56 are not included in "Total Pledged and Other Sources".

(B) Expenditures associated with pledged sources were approximately \$ 366,655,283.56

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Texas Tech University (733)
Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2011

| <u>Description of Issue</u> | <u>Year</u> <u>Refunded</u> | <u>Par Value</u> <u>Outstanding</u> |
|---|--------------------------------|--|
| Revenue Bonds | | |
| Revenue Financing System Bonds, 7th Series 2001 | 2006 | \$ <u>71,975,000.00</u> |
| Total | | \$ <u><u>71,975,000.00</u></u> |

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Texas Tech University (733)
 Schedule 2F - Early Extinguishment and Refunding
 For the Year Ended August 31, 2011

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

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Texas Tech University (733)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2011

| <u>Cash in State Treasury</u> | <u>Unrestricted</u> | <u>Restricted</u> | <u>Current Year Total</u> |
|---------------------------------------|---------------------|-------------------|---------------------------|
| Local Revenue Fund 0255 | \$ 41,489,372.43 | \$ | \$ 41,489,372.43 |
| Total Cash in State Treasury (Note 1) | \$ 41,489,372.43 | \$ | \$ 41,489,372.43 |