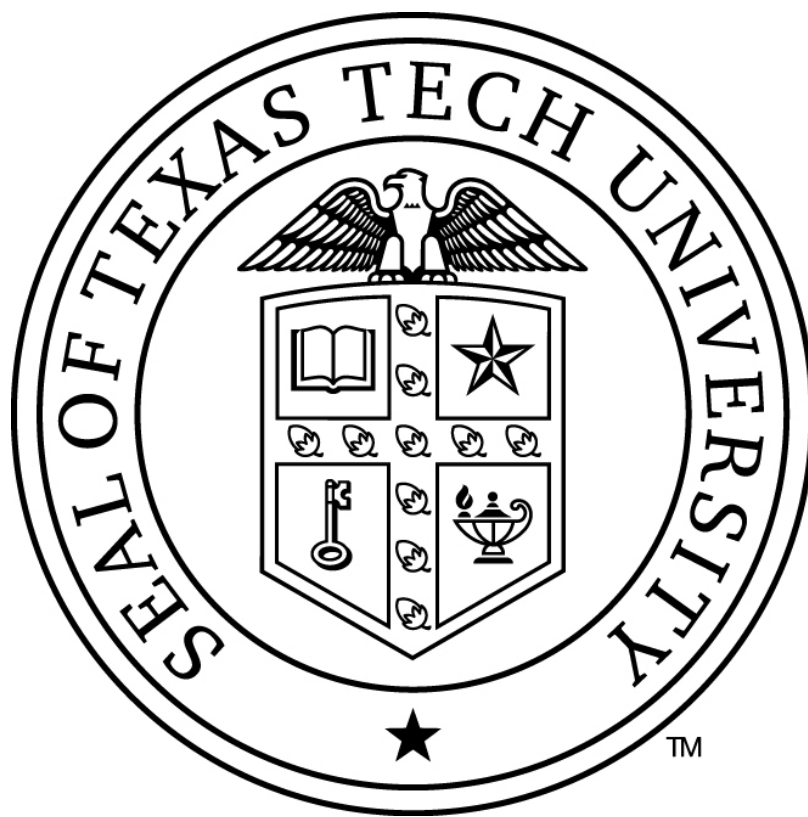


TEXAS TECH UNIVERSITY



ANNUAL FINANCIAL REPORT

FISCAL YEAR 2014

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY

LUBBOCK, TEXAS

For the Year Ended August 31, 2014

Texas Tech University

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

1925-2014

Texas Tech University (733)

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TEXAS TECH UNIVERSITY

Office of the President

November 17, 2014

Honorable Rick Perry
Governor of Texas

Honorable Susan Combs
Texas Comptroller

Ms. Ursula Parks
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 08/31/2014, 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 Elisabeth Grisham, Assistant Managing Director of Financial Services and Tax at 806-742-2970. Simone Barnhill, Managing Director of Office of Research Accounting may be contacted at 806-742-2985 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink that reads "M Duane Nellis".

Dr. M. Duane Nellis
President



TEXAS TECH UNIVERSITY

Financial Services and Tax

November 17, 2014

Dr. M. Duane Nellis
President
Texas Tech University
P.O. Box 42005
Lubbock, Texas 79409

President Nellis:

Submitted herein is the Annual Financial Report of Texas Tech University for the fiscal year ended August 31, 2014.

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,

Elisabeth Grisham

Elisabeth Grisham, CPA
Assistant Managing Director

Approved:

Sharon Williamson, CPA
Assistant Vice President for Financial and Managerial Reporting Services

Noel Sloan, JD, CPA
Vice President for Administration and Finance and Chief Financial Officer

Texas Tech University (733)

Organizational Data

August 31, 2014

Board of Regents

Term Expires

Mickey L. Long (**Chair**)January 31, 2015 Midland, TX

Larry K. Anders (**Vice Chair**)... ..January 31, 2017.....Dallas, TX

John EsparzaJanuary 31, 2019 Austin, TX

L. Frederick FrancisJanuary 31, 2019El Paso, TX

Tim Lancaster.....January 31, 2019 Abilene, TX

Debbie Montford... ..January 31, 2017 San Antonio, TX

Nancy Neal.....January 31, 2015Lubbock, TX

John D. SteinmetzJanuary 31, 2017Lubbock, TX

John WalkerJanuary 31, 2015 Houston, TX

Coby Ray (**Student Regent**).....May 31, 2015.....Lubbock, TX

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

Christina Martinez..... Executive Secretary

Fiscal Officers

M. Duane Nellis. President

Noel Sloan..... Vice President for Administration & Finance and CFO

Sharon Williamson.....AVP for Financial & Managerial Reporting Services

Elisabeth Grisham Assistant Managing Director

UNAUDITED

TEXAS TECH UNIVERSITY (733)

FINANCIAL STATEMENTS

Texas Tech University (733)
Statement of Net Position
August 31, 2014 and 2013

	2014	Restated 2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 95,853,573.60	\$ 151,063,954.01
Restricted:		
Cash and Cash Equivalents	33,148,402.24	50,268,048.38
Legislative Appropriations	59,227,449.06	48,327,106.21
Accounts Receivable, net:		
Federal Receivables	9,348,411.17	10,925,834.01
Interest and Dividends	322,437.39	152,161.58
Student Receivables	6,383,883.14	5,188,389.38
Gift Receivables	10,535,921.09	14,384,616.29
Accounts Receivable	5,113,035.92	4,686,608.34
Other Receivables	2,526,222.72	2,262,144.57
Due From Other State Agencies (Note 12)	22,978,454.60	17,107,308.60
Prepaid Items	31,251,120.66	27,514,304.89
Inventories	2,719,863.88	2,514,115.62
Loans and Notes Receivable, net	573,753.17	576,220.30
Other Current Assets	450,000.00	450,000.00
Total Current Assets	<u>280,432,528.64</u>	<u>335,420,812.18</u>
Non-Current Assets:		
Restricted:		
Cash and Cash Equivalents	39,612,792.31	40,837,582.91
Investments (Note 3)	264,940,948.36	213,178,324.42
Gift Receivables	21,590,828.53	20,205,455.07
Loans and Notes Receivable, net	1,136,295.17	435,056.63
Investments (Note 3)	346,218,604.78	244,241,980.04
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable	88,724,934.77	98,064,685.58
Depreciable or Amortizable	1,800,751,428.88	1,662,073,209.35
Accumulated Depreciation and Amortization	<u>(910,382,095.56)</u>	<u>(831,968,675.02)</u>
Total Non-Current Assets	<u>1,652,593,737.24</u>	<u>1,447,067,618.98</u>
Total Assets	<u>\$ 1,933,026,265.88</u>	<u>\$ 1,782,488,431.16</u>

UNAUDITED

Texas Tech University (733)
Statement of Net Position
August 31, 2014 and 2013

	2014	Restated 2013
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 19,986,338.39	\$ 16,694,002.03
Payroll Payable	27,849,530.80	24,378,960.71
Unearned Revenues	140,792,646.39	125,967,339.64
Due to Other State Agencies (Note 12)	1,431,497.48	1,164,687.33
Employees' Compensable Leave (Note 5)	1,444,034.95	1,442,290.38
Notes and Loans Payable (Note 4)	102,176,331.01	50,389,565.38
Revenue Bonds Payable (Note 5, 6)	20,276,708.13	19,532,303.16
Funds Held for Others	18,929,346.26	16,766,451.71
Other Current Liabilities	4,487,856.27	4,252,739.31
Total Current Liabilities	<u>337,374,289.68</u>	<u>260,588,339.65</u>
Non-Current Liabilities:		
Employees' Compensable Leave (Note 5)	10,589,589.71	10,576,796.18
Revenue Bonds Payable (Note 5, 6)	298,551,899.58	318,828,607.71
Total Non-Current Liabilities	<u>309,141,489.29</u>	<u>329,405,403.89</u>
Total Liabilities	<u>\$ 646,515,778.97</u>	<u>\$ 589,993,743.54</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	593,930,150.16	565,989,924.48
Restricted:		
Nonexpendable:		
Endowments	72,886,567.68	69,499,859.73
Expendable:		
Capital Projects	321,077.81	2,293,824.36
Higher Education Assistance Fund	37,122,051.54	40,484,615.48
Debt Service	31,210,372.68	27,226,182.10
Other	144,627,869.98	131,044,953.77
Unrestricted	406,412,397.06	355,955,327.70
Total Net Position	<u>\$ 1,286,510,486.91</u>	<u>\$ 1,192,494,687.62</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Operating Revenues		
Tuition and Fees	\$ 9,926,011.95	\$ 9,773,309.33
Tuition and Fees - Pledged	336,351,981.76	326,067,428.80
Less Discounts and Allowances	(78,234,415.98)	(69,741,602.17)
Sales and Services of Auxiliary Enterprises - Pledged	130,992,606.95	120,101,526.23
Other Sales and Services	1,997,567.72	2,226,720.38
Other Sales and Services - Pledged	7,532,838.39	7,869,269.86
Federal Grants and Contracts (Schedule 1A)	35,343,746.68	31,809,393.00
Federal Grant Pass-Throughs from Other State Agencies (Schedule 1A)	3,941,365.04	3,719,805.01
State Grants and Contracts	116,240.90	353,014.72
State Grant Pass-Throughs from Other State Agencies (Schedule 1B)	31,501,466.37	23,586,283.57
Local Governmental Grants and Contracts	829,507.64	764,927.70
Nongovernmental Grants and Contracts	9,219,226.73	6,754,193.36
Total Operating Revenues	<u>489,518,144.15</u>	<u>463,284,269.79</u>
Operating Expenses		
Salaries and Wages	328,455,164.38	308,811,807.45
Payroll Related Costs	81,003,669.13	73,887,089.47
Professional Fees and Services	6,262,685.27	6,137,201.27
Travel	22,361,753.15	19,942,852.16
Materials and Supplies	31,291,911.69	28,458,315.82
Communications and Utilities	29,588,222.70	27,423,925.16
Repairs and Maintenance	20,585,778.27	22,052,049.84
Rentals and Leases	7,238,572.17	8,057,459.95
Printing and Reproduction	2,752,494.47	3,051,471.42
Federal Pass-Through Expenses	1,308,146.11	1,128,179.70
State Pass-Through Expenses (Schedule 1B)	156,228.32	252,145.45
Depreciation and Amortization	87,233,279.68	84,396,490.10
Cost of Goods Sold	13,859,500.89	13,367,650.41
Bad Debt	92,908.09	96,621.52
Interest	16,054.37	5,851.32
Scholarships	50,127,579.62	46,117,975.57
Claims and Losses	0.00	14,326.87
Other Expenses	48,988,322.24	48,950,250.44
Total Operating Expenses	<u>731,322,270.55</u>	<u>692,151,663.92</u>
Operating Income (Loss)	\$ <u>(241,804,126.40)</u>	\$ <u>(228,867,394.13)</u>

UNAUDITED

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Nonoperating Revenues (Expenses)		
Legislative Revenue	\$ 177,369,312.28	\$ 155,039,053.48
Federal Grants and Contracts (Schedule 1A)	34,041,243.00	30,181,256.00
Private Gifts	30,965,385.05	37,362,056.26
Private Gifts - Pledged	4,020,088.56	13,826,610.51
Investment Income (Expense)	12,248,597.16	6,372,284.23
Investment Income (Expense) - Pledged	16,696,339.10	8,858,071.78
Interest Expense on Capital Asset Financing	(13,471,619.93)	(14,674,589.68)
Gain (Loss) on Sale and Disposal of Capital Assets	(649,027.14)	(1,698,748.25)
Net Increase in Fair Value of Investments	19,091,198.60	5,147,658.78
Other Nonoperating Revenues (Expenses)	4,201,422.51	672,832.37
Other Nonoperating Revenues (Expenses) - Pledged	1,023,136.80	3,712,510.28
Total Nonoperating Revenues (Expenses)	<u>285,536,075.99</u>	<u>244,798,995.76</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	<u>43,731,949.59</u>	<u>15,931,601.63</u>
Other Revenues, Expenses, Gains, Losses, and Transfers		
Capital Appropriations (HEAF)	23,936,088.00	23,936,088.00
Capital Contributions	3,432,341.64	2,922,040.57
Contributions to Permanent and Term Endowments	3,295,383.30	78,818.98
Increase Net Assets - Interagency Transfer Capital Assets (Note 12)	520,301.08	462,836.33
Decrease Net Assets - Interagency Transfer Capital Assets (Note 12)	(92,524.86)	(330,145.85)
Legislative Transfer to TTU System Administration (Note 12)	(1,710,587.00)	(1,667,837.00)
Net Transfers from Texas Tech Foundation, Inc.	19,622,777.62	19,228,113.34
Net Transfers to TTU Health Sciences Center	(1,245,972.98)	(1,292,302.66)
Net Transfers from TTU Health Sciences Center at El Paso	86,295.00	0.00
Net Transfers to TTU System Administration	(2,498,225.21)	(4,452,618.70)
Transfers from Other State Agencies (Note 12)	8,815,806.83	8,453,949.25
Transfers to Other State Agencies (Note 12)	(3,877,833.72)	(3,904,529.13)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>50,283,849.70</u>	<u>43,434,413.13</u>
TOTAL CHANGES IN NET POSITION	<u>\$ 94,015,799.29</u>	<u>\$ 59,366,014.76</u>
Beginning Net Position (September 1, 2013 and 2012)	1,192,494,687.62	1,133,128,672.86
Ending Net Position (August 31, 2014 and 2013)	<u>\$ 1,286,510,486.91</u>	<u>\$ 1,192,494,687.62</u>

Texas Tech University (733)
Matrix of Operating Expenses by Function
For the Year Ended August 31, 2014 and 2013

Natural Classification	Functional Classification					
	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Salaries and Wages	\$ 116,823,221.11	\$ 77,876,726.28	\$ 5,749,920.68	\$ 43,965,789.09	\$ 16,339,899.07	\$ 20,794,220.41
Payroll Related Costs	28,414,386.89	17,707,475.54	1,467,679.13	11,659,339.50	4,166,312.18	6,137,392.01
Professional Fees and Services	579,662.79	1,224,381.78	326,281.84	1,198,570.01	258,202.41	1,206,630.19
Travel	4,101,696.78	5,244,389.63	593,314.60	3,024,857.08	1,959,495.39	457,445.04
Materials and Supplies	4,770,481.07	8,210,321.28	529,323.76	4,659,934.09	1,748,501.52	1,088,430.47
Communications and Utilities	615,842.73	1,427,929.92	151,178.35	1,345,278.06	746,257.07	1,095,319.47
Repairs and Maintenance	630,471.12	1,714,192.37	198,051.72	2,620,327.59	474,853.05	452,518.81
Rentals and Leases	826,585.54	620,332.99	549,501.58	1,824,756.02	1,003,326.68	431,505.65
Printing and Reproduction	296,453.57	298,231.58	93,666.91	521,100.18	735,951.73	226,722.47
Federal Pass-Through Expenses		910,896.54	397,249.57			
State Pass-Through Expenses (Schedule 1B)		156,228.32				
Depreciation and Amortization						
Cost of Goods Sold	173,908.87	9,892.79	34,916.73	57,766.38		175,413.21
Bad Debt		84,986.46				7,921.63
Interest	664.51	2,733.80	219.88	2,817.65	2,485.37	1,040.98
Scholarships	4,567,554.37	5,020,382.33	107,152.45	685,438.85	329,145.32	30,267.35
Claims and Losses						
Other Expenses	2,221,118.00	7,872,270.71	1,858,805.14	4,525,162.15	9,775,251.93	5,353,589.26
Total Operating Expenses	\$ <u>164,022,047.35</u>	\$ <u>128,381,372.32</u>	\$ <u>12,057,262.34</u>	\$ <u>76,091,136.65</u>	\$ <u>37,539,681.72</u>	\$ <u>37,458,416.95</u>

UNAUDITED

Texas Tech University (733)
Matrix of Operating Expenses by Function
For the Year Ended August 31, 2014 and 2013

Natural Classification	Functional Classification				Total	Prior Year
	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization		
Salaries and Wages	\$ 6,775,453.64	\$ 63,657.76	\$ 40,066,276.34	\$	\$ 328,455,164.38	\$ 308,811,807.45
Payroll Related Costs	1,819,370.46	2,479.41	9,629,234.01		81,003,669.13	73,887,089.47
Professional Fees and Services	725,717.18		743,239.07		6,262,685.27	6,137,201.27
Travel	19,130.90	3,381.00	6,958,042.73		22,361,753.15	19,942,852.16
Materials and Supplies	2,492,882.31		7,792,037.19		31,291,911.69	28,458,315.82
Communications and Utilities	15,992,672.36		8,213,744.74		29,588,222.70	27,423,925.16
Repairs and Maintenance	9,454,954.35		5,040,409.26		20,585,778.27	22,052,049.84
Rentals and Leases	54,708.82		1,927,854.89		7,238,572.17	8,057,459.95
Printing and Reproduction	10,016.85		570,351.18		2,752,494.47	3,051,471.42
Federal Pass-Through Expenses					1,308,146.11	1,128,179.70
State Pass-Through Expenses (Schedule 1B)					156,228.32	252,145.45
Depreciation and Amortization				87,233,279.68	87,233,279.68	84,396,490.10
Cost of Goods Sold			13,407,602.91		13,859,500.89	13,367,650.41
Bad Debt					92,908.09	96,621.52
Interest	1,529.44		4,562.74		16,054.37	5,851.32
Scholarships		39,365,432.36	22,206.59		50,127,579.62	46,117,975.57
Claims and Losses					0.00	14,326.87
Other Expenses	1,779,866.07		15,602,258.98		48,988,322.24	48,950,250.44
Total Operating Expenses	\$ <u>39,126,302.38</u>	\$ <u>39,434,950.53</u>	\$ <u>109,977,820.63</u>	\$ <u>87,233,279.68</u>	\$ <u>731,322,270.55</u>	\$ <u>692,151,663.92</u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2014 and 2013

		Restated
	2014	2013
Cash Flows from Operating Activities		
Proceeds from Customers	\$ 8,460,190.76	\$ 10,190,677.06
Proceeds from Tuition and Fees	279,439,248.82	264,875,105.96
Proceeds from Grants and Contracts	81,252,438.04	67,687,603.96
Proceeds from Collection of Loans to Students	2,169,366.05	1,900,223.38
Proceeds from Sales and Services of Auxiliary Enterprises	134,643,893.02	119,152,751.56
Payments to Suppliers for Goods and Services	(55,170,587.27)	(53,559,090.06)
Payments to Employees for Salaries	(327,401,802.44)	(308,583,110.27)
Payments to Employees for Benefits	(78,586,460.98)	(70,902,630.63)
Payments for Loans Provided to Students	(2,868,137.46)	(2,156,310.52)
Payments for Other Expenses	(181,889,014.75)	(178,452,252.97)
Net Cash Used By Operating Activities	<u>(139,950,866.21)</u>	<u>(149,847,032.53)</u>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	161,817,971.24	154,017,066.03
Proceeds from Gifts	40,744,178.65	42,128,071.73
Proceeds from Transfers from Components	553,021.85	780,814.63
Proceeds from Transfers from Texas Tech Foundation, Inc.	20,919,374.69	19,324,997.95
Proceeds from Transfers from Other State Agencies	3,167,329.27	1,155,925.06
Proceeds from Nonoperating Grants and Contracts	34,041,243.00	37,527,726.00
Proceeds from Agency Transactions	176,185,726.84	161,610,465.92
Proceeds from Other Financing Activities	3,731,533.35	3,633,572.23
Payments for Transfers to Components	(5,921,512.04)	(8,193,572.99)
Payments for Transfers to Texas Tech Foundation, Inc.	(1,296,597.07)	(96,884.61)
Payments for Transfers to Other State Agencies	(3,877,833.72)	(3,904,529.13)
Payments for Other Uses	(174,057,013.96)	(159,078,801.37)
Net Cash Provided by Noncapital Financing Activities	<u>256,007,422.10</u>	<u>248,904,851.45</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	8,450.67	5,227.10
Proceeds from Capital Debt Issuance	70,200,000.00	40,219,584.44
Proceeds from Capital Appropriations	28,552,632.27	23,440,971.38
Payments for Additions to Capital Assets	(131,063,243.62)	(81,273,801.99)
Payments for Principal Paid on Capital Debt	(36,773,875.76)	(28,586,411.45)
Payments for Interest Paid on Capital Debt	(14,661,946.97)	(15,358,345.75)
Net Cash Used by Capital and Related Financing Activities	<u>(83,737,983.41)</u>	<u>(61,552,776.27)</u>
Cash Flows from Investing Activities		
Proceeds from Investment Sales and Maturities	81,506,282.01	141,134,689.27
Proceeds from Interest and Investment Income	15,637,726.42	15,772,956.19
Payments to Acquire Investments	(203,017,398.06)	(203,548,635.22)
Net Cash Used by Investing Activities	<u>(105,873,389.63)</u>	<u>(46,640,989.76)</u>
TOTAL NET CASH FLOWS	<u>\$ (73,554,817.15)</u>	<u>\$ (9,135,947.11)</u>
Beginning Cash & Cash Equivalents - September 1	242,169,585.30	251,305,532.41
Ending Cash & Cash Equivalents - August 31	<u>\$ 168,614,768.15</u>	<u>\$ 242,169,585.30</u>

UNAUDITED

Texas Tech University (733)
Statement of Cash Flows
For the Years Ended August 31, 2014 and 2013

	2014	Restated 2013
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating Loss	\$ (241,804,126.40)	\$ (228,867,394.13)
Adjustments:		
Depreciation Expense	87,233,279.68	84,396,490.10
Bad Debt	92,908.09	96,621.52
(Increase) Decrease in Accounts Receivables	(700,767.74)	1,640,663.40
(Increase) Decrease in Loans and Notes Receivable	(698,771.41)	(256,087.14)
(Increase) Decrease in Inventory	(205,748.26)	236,108.94
(Increase) Decrease in Prepaid Items	(2,842,127.47)	(1,283,597.05)
(Increase) Decrease in Due From Other State Agencies	(188,214.52)	767,585.79
Increase (Decrease) in Accounts Payables	271,914.90	(6,143,183.24)
Increase (Decrease) in Payroll Payables	1,053,361.94	228,697.18
Increase (Decrease) in Benefits Payable	2,417,208.15	2,777,090.61
Increase (Decrease) in Unearned Revenue	14,899,798.60	(2,319,953.74)
Increase (Decrease) in Employees' Compensable Leave	14,538.10	207,368.23
Increase (Decrease) in Due to Other State Agencies	266,810.15	(1,466,426.70)
Increase (Decrease) in Other Liabilities	239,069.98	138,983.70
Net Cash Used for Operating Activities	<u>\$ (139,950,866.21)</u>	<u>\$ (149,847,032.53)</u>
Noncash Transactions		
Donation of Capital Assets	\$ 3,432,341.64	\$ 2,922,040.57
Net Change in Fair Value of Investments	\$ 19,091,198.60	\$ 5,147,658.78
Other	\$ 736,128.63	\$ 204,564.17

TEXAS TECH UNIVERSITY (733)

**NOTES to the
FINANCIAL STATEMENTS**

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 five components of the Texas Tech University System. The other four components, reported separately, are Texas Tech University Health Sciences Center, Texas Tech University Health Sciences Center at El Paso, 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

The National Wind Resource Center (NWRC) is a not-for-profit 501(c)(3) organization, exempt from income taxes, and is reported as a blended component unit of Texas Tech University. See Note 19 for further discussion.

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.

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. 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 position, 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.

Cash and Cash Equivalents

For the purpose of financial statement reporting, Cash and Cash Equivalents are defined as all cash on hand, cash in banks, reimbursements due from the State Treasury, local balances of legislative appropriations (held in the State Treasury), and temporary investments with original maturities of 90 days

or less. Texas Tech University utilizes bank deposits and eligible investment pools as cash equivalents in its Short/Intermediate Term Investment Fund.

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.

Investments

Most investments are reported at fair value on the Statement of Net Position, as determined by quoted market prices, or in the case of limited partnerships, values as reported by the partnership managers and/or their third party administrators, in accordance with GASB Statement No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Money market and TexPool investments are reported at amortized cost provided the investment has a remaining maturity of one year or less at date of purchase. Changes in unrealized gain (loss) on the carrying value of the investments are reported as a component of net increase (decrease) in fair value of investments in the Statement of Revenues, Expenses, and Changes in Net Position. Investments are addressed in more detail in Note 3.

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

Student Receivables include tuition and fee charges to students and are recorded net of estimated uncollectible amounts. Accounts Receivable include auxiliary enterprise services provided to students, faculty, and staff and are recorded net of estimated uncollectible amounts.

Federal Receivables 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 an allowance for uncollectible pledges. Pledges vary from one to ten years and are used to support specifically identified University programs and initiatives.

Interest and Dividends 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 Items

Disbursements for insurance, 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. Disbursements for capital equipment that are paid, but deemed not yet received by year end, are also included in prepaid items.

Loans and Notes Receivable

These receivables are student loans 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 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 computed using the straight-line method over the estimated useful lives of the assets; generally 10 to 30 years for buildings and building improvements, 10 to 45 years for facilities and other improvements, 15 to 45 years for infrastructure, 3 to 15 years for furniture and equipment, 5 to 10 years for vehicles, 5 to 7 years for software and 15 years for library books.

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. Capital Asset activity for the current and prior fiscal years is shown in Note 2.

Payables

Accounts Payable and Payroll Payable represent the liability for the value of assets or services received, and wages/salaries owed at year end for which payment is pending.

Unearned Revenues

Unearned 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. Unearned Revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Employees' Compensable Leave

Employees' Compensable Leave Payable balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and the use of leave balances by covered

employees. Liabilities are reported separately as either current or noncurrent in the Statement of Net Position. Employees' Compensable Leave balances are further explained in Note 5.

Notes and Loans Payable

Notes and Loans 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.

Revenue Bonds Payable

Texas Tech University has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Revenue Bonds Payable are addressed in more detail in Notes 5 and 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 Position

Net Position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. They are presented in seven separate classes: Invested in Capital Assets, Net of Related Debt; Restricted Net Position which includes Nonexpendable Endowments and Expendable Capital Projects, Higher Education Assistance Fund, Debt Service and Other; and Unrestricted Net Position.

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Position

Restricted Net Position results 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 Position

Unrestricted Net Position consists of net position, which does not meet the definition of restricted net position. Unrestricted Net Position often has 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. Note 12 includes interfund activity and transactions by agency.

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 State 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) Construction in Progress, (3) Infrastructure, (4) Buildings and Building Improvements, (5) Facilities and Other Improvements, (6) Furniture and Equipment, (7) Vehicles, Boats and Aircraft, (8) Other Capital Assets, (9) Land Use Rights, (10) Computer Software, or (11) Other Intangible Capital Assets. The changes to fixed asset balances are summarized below.

UNAUDITED

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

As of August 31, 2014:

	PRIMARY GOVERNMENT							
	Balance 9/1/13	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'gty Trans	Reclassifications Dec-Int'gty Trans	Additions	Deletions	Balance 8/31/14
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	\$ 3,739,851.94							\$ 3,739,851.94
Construction in Progress	23,112,931.59		(78,387,532.28)			63,547,489.94		8,272,889.25
Other Capital Assets	71,211,902.05	(142,000.00)				5,642,291.53		76,712,193.58
Total Non-depreciable or Non-amortizable Assets	98,064,685.58	(142,000.00)	(78,387,532.28)	0.00	0.00	69,189,781.47	0.00	88,724,934.77
Depreciable Assets								
Buildings and Building Improvements	1,049,688,683.83		78,387,532.28			37,252,383.53	(831,582.59)	1,164,497,017.05
Infrastructure	30,419,533.51					1,006,728.44		31,426,261.95
Facilities and Other Improvements	155,937,167.26					3,894,599.05		159,831,766.31
Furniture and Equipment	157,935,674.86			608,715.73	(232,372.07)	15,059,299.08	(6,626,225.44)	166,745,092.16
Vehicle, Boats and Aircraft	13,331,769.31					762,753.89	(340,793.00)	13,753,730.20
Other Capital Assets	133,095,550.25					10,502,040.30	(265,681.76)	143,331,908.79
Total Depreciable Assets at Historical Cost	1,540,408,379.02	0.00	78,387,532.28	608,715.73	(232,372.07)	68,477,804.29	(8,064,282.79)	1,679,585,776.46
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(505,655,536.79)	254,411.88				(34,927,391.69)	790,003.46	(539,538,513.14)
Infrastructure	(11,285,211.18)					(1,029,834.34)		(12,315,045.52)
Facilities and Other Improvements	(65,575,161.67)					(5,215,381.78)		(70,790,543.45)
Furniture and Equipment	(102,839,552.79)			(88,414.65)	139,847.21	(13,914,107.40)	6,116,034.54	(110,586,193.09)
Vehicles, Boats and Aircraft	(9,900,604.08)	(54,519.04)				(927,915.66)	313,925.34	(10,569,113.44)
Other Capital Assets	(58,131,283.41)					(8,954,069.29)	186,841.64	(66,898,511.06)
Total Accumulated Depreciation	(753,387,349.92)	199,892.84	0.00	(88,414.65)	139,847.21	(64,968,700.16)	7,406,804.98	(810,697,919.70)
Depreciable Assets, Net	787,021,029.10	199,892.84	78,387,532.28	520,301.08	(92,524.86)	3,509,104.13	(657,477.81)	868,887,856.76
Intangible Capital Assets – Amortizable								
Computer Software – Intangible	121,664,830.33					662,550.85	(1,161,728.76)	121,165,652.42
Total Intangible Assets at Historical Cost	121,664,830.33	0.00	0.00	0.00	0.00	662,550.85	(1,161,728.76)	121,165,652.42
Less Accumulated Amortization for:								
Computer Software – Intangible	(78,581,325.10)					(22,264,579.52)	1,161,728.76	(99,684,175.86)
Total Accumulated Amortization	(78,581,325.10)	0.00	0.00	0.00	0.00	(22,264,579.52)	1,161,728.76	(99,684,175.86)
Amortizable Assets, Net	43,083,505.23	0.00	0.00	0.00	0.00	(21,602,028.67)	0.00	21,481,476.56
Business-Type Activities Capital Assets, Net	\$ 928,169,219.91	\$ 57,892.84	\$ 0.00	\$ 520,301.08	\$ (92,524.86)	\$ 51,096,856.93	\$ (657,477.81)	\$ 979,094,268.09

UNAUDITED

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

As of August 31, 2013:

	PRIMARY GOVERNMENT							Balance 8/31/13
	Balance 9/1/12	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'gny Trans	Reclassifications Dec-Int'gny Trans	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES								
Non-depreciable or Non-amortizable Assets								
Land and Land Improvements	\$ 3,724,592.94					\$ 15,259.00		\$ 3,739,851.94
Construction in Progress	2,955,011.70		(1,222,724.38)			21,380,644.27		23,112,931.59
Other Capital Assets	67,739,202.38					3,554,699.67	(82,000.00)	71,211,902.05
Total Non-depreciable or Non-amortizable Assets	74,418,807.02	0.00	(1,222,724.38)	0.00	0.00	24,950,602.94	(82,000.00)	98,064,685.58
Depreciable Assets								
Buildings and Building Improvements	1,020,273,962.81		1,222,724.38			28,191,996.64		1,049,688,683.83
Infrastructure	30,419,533.51							30,419,533.51
Facilities and Other Improvements	147,547,218.52					8,389,948.74		155,937,167.26
Furniture and Equipment	158,407,482.14	1,070,000.00		525,364.17	(896,671.21)	9,782,554.72	(10,953,054.96)	157,935,674.86
Vehicle, Boats and Aircraft	13,082,591.72			45,575.00	(19,955.00)	906,028.71	(682,471.12)	13,331,769.31
Other Capital Assets	122,812,044.88					10,989,632.37	(706,127.00)	133,095,550.25
Total Depreciable Assets at Historical Cost	1,492,542,833.58	1,070,000.00	1,222,724.38	570,939.17	(916,626.21)	58,260,161.18	(12,341,653.08)	1,540,408,379.02
Less Accumulated Depreciation for:								
Buildings and Building Improvements	(472,858,664.55)					(32,796,872.24)		(505,655,536.79)
Infrastructure	(10,259,571.56)					(1,025,639.62)		(11,285,211.18)
Facilities and Other Improvements	(59,842,735.50)					(5,732,426.17)		(65,575,161.67)
Furniture and Equipment	(98,842,595.01)	(1,078,631.46)		(361,820.29)	566,525.36	(13,339,580.97)	10,216,549.58	(102,839,552.79)
Vehicles, Boats and Aircraft	(9,526,939.46)	(26.79)		(45,575.00)	19,955.00	(976,589.17)	628,571.34	(9,900,604.08)
Other Capital Assets	(49,855,235.80)					(8,276,047.61)		(58,131,283.41)
Total Accumulated Depreciation	(701,185,741.88)	(1,078,658.25)	0.00	(407,395.29)	586,480.36	(62,147,155.78)	10,845,120.92	(753,387,349.92)
Depreciable Assets, Net	791,357,091.70	(8,658.25)	1,222,724.38	163,543.88	(330,145.85)	(3,886,994.60)	(1,496,532.16)	787,021,029.10
Intangible Capital Assets – Amortizable								
Computer Software – Intangible	121,677,434.89			400,610.81		1,078,169.37	(1,491,384.74)	121,664,830.33
Total Intangible Assets at Historical Cost	121,677,434.89	0.00	0.00	400,610.81	0.00	1,078,169.37	(1,491,384.74)	121,664,830.33
Less Accumulated Amortization for:								
Computer Software – Intangible	(57,599,062.65)	2,448.68		(101,318.36)		(22,249,334.32)	1,365,941.55	(78,581,325.10)
Total Accumulated Amortization	(57,599,062.65)	2,448.68	0.00	(101,318.36)	0.00	(22,249,334.32)	1,365,941.55	(78,581,325.10)
Amortizable Assets, Net	64,078,372.24	2,448.68	0.00	299,292.45	0.00	(21,171,164.95)	(125,443.19)	43,083,505.23
Business-Type Activities Capital Assets, Net	\$ 929,854,270.96	\$ (6,209.57)	\$ 0.00	\$ 462,836.33	\$ (330,145.85)	\$ (107,556.61)	\$ (1,703,975.35)	\$ 928,169,219.91

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. 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

The carrying amount of deposits as of August 31, 2014 and August 31, 2013 was \$56,282,887.21, and \$26,517,268.56 respectively, as presented below:

	FY 2014	FY 2013
CASH IN BANK – CARRYING VALUE		
Less: Certificates of Deposit included in carrying value and reported as Cash Equivalent	\$ 56,282,887.21	\$ 26,517,268.56
Less: Uninvested Securities Lending Cash Collateral included in carrying value and reported as Securities Lending Collateral		
Less: Securities Lending CD Collateral included in carrying value and reported as Securities Lending Collateral		
Cash in Bank per AFR	<u>\$ 56,282,887.21</u>	<u>\$ 26,517,268.56</u>
Proprietary Funds Current Assets Cash in Bank	\$ 22,105,632.29	\$ 15,009,206.23
Proprietary Funds Current Assets Restricted Cash in Bank	8,053,126.38	5,444,130.57
Proprietary Funds Non-Current Assets Restricted Cash in Bank	26,124,128.54	6,063,931.76
Cash in Bank per AFR	<u>\$ 56,282,887.21</u>	<u>\$ 26,517,268.56</u>

All of the University's deposits in excess of FDIC limits are fully collateralized. The collateral is held in the University's name by the pledging institution's agent. Also, the University has no foreign currency risk on deposits.

Business-Type Activities

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

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

As of August 31, 2014, the total bank balance for Business-Type Activities was \$53,057,460.38. At August 31, 2013, the balance was \$29,138,683.46.

Investments

The fair value of investments is as presented below for August 31, 2014 and August 31, 2013, respectively:

Business-Type Activities

Type of Security	Fair Value	
	FY 2014	FY 2013
U. S. Government		
U.S. Treasury Securities	\$ 71,233,892.68	\$ 43,010,529.56
U.S. Treasury TIPs	10,324,252.56	9,262,753.07
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	111,321,578.17	80,404,661.63
Corporate Obligations	570,161.76	
Corporate Asset and Mortgage Backed Securities	1,065,795.32	522,574.33
Equity	13,454,565.00	23,005,011.27
International Obligations (Gov't and Corp)	3,417,265.49	1,111,775.51
Fixed Income Money Market and Bond Mutual Fund	159,085,044.59	152,722,163.89
Mutual Funds	16,605,734.11	23,442,650.02
Other Commingled Funds	46,641,079.31	51,946,219.45
Other Commingled Funds (Texpool)	37,379,436.74	100,747,892.26
International Other Commingled Funds	49,812,222.38	41,284,201.31
Real Estate	7,933,315.12	6,989,161.65
Domestic Derivatives	379,099.90	
Externally Managed Investments:		
Domestic	187,526,081.24	121,431,648.53
International	570,057.03	2,545,051.36
Miscellaneous	278,876.71	278,776.32
Total Investments	\$ 717,598,458.11	\$ 658,705,070.16
Non-Current Investments	\$ 611,159,553.14	\$ 457,420,304.46
Items in Cash and Cash Equivalents:		
Money Market Funds	69,059,468.23	97,108,481.84
Texpool & TexSTAR Investments	37,379,436.74	104,176,283.86
Total Investments	\$ 717,598,458.11	\$ 658,705,070.16

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 held outside of those pools at August 31, 2014 and August 31, 2013.

Fiscal Year	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
2014	5	9999	Equity	\$ 99,867.42	
2013	5	9999	Equity	100,979.51	

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 investments. The LTIF and STIF do not have policy limits specific to international equity or debt. All exposures are through funds managed by external investment managers. The exposure to foreign currency risk as of August 31, 2014, and August 31, 2013 is presented below.

As of August 31, 2014:

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Other Commingled Funds	International Externally Managed Investments
05	9999	Argentine peso	\$ 4,266.89	\$ 354,209.40	
05	9999	Australian dollar			\$ 54.77
05	9999	Bermudean dollar	64,478.84		
05	9999	Brazilian real	403,884.28	3,562,559.88	
05	9999	Bulgarian lev	12,863.23		
05	9999	Canadian dollar	10,285.58	604,659.85	
05	9999	Cayman dollar	101,078.99		
05	9999	Chilean Peso	53,165.73	136,211.99	
05	9999	Chinese yuan	8,996.76	4,154,798.63	
05	9999	Colombian peso	378,345.36		
05	9999	Czech koruna	13,839.24	264,786.04	
05	9999	Danish krone		94,714.62	
05	9999	Egyptian pound		366,984.16	
05	9999	Euro	172,132.63	8,263,706.65	358,948.65
05	9999	Hong Kong dollar	24,475.18	1,368,306.30	
05	9999	Hungarian forint		7,705.65	
05	9999	Indian rupee	291,427.02	2,384,200.57	99,508.94
05	9999	Indonesian rupiah	10,859.78	505,857.75	
05	9999	Israeli shekel	2,577.65		
05	9999	Japanese yen		4,685,479.50	
05	9999	Kazakhstani tenge	21,985.12	76,989.39	
05	9999	Malaysian ringgit	158,133.14	687,526.63	
05	9999	Mexican peso	731,680.28	1,913,014.46	6,827.82
05	9999	Nigerian naira	137,728.86		
05	9999	Norwegian krone		63,143.08	6,827.82
05	9999	Panamanian balboa	1,576.62		
05	9999	Peruvian nuevo sol	165,114.04	106,600.69	
05	9999	Phillippino peso	1,026.06	233,676.83	
05	9999	Polish zloty		183,916.00	
05	9999	Pound sterling	72,336.92	4,635,230.98	77,405.57
05	9999	Qatari riyal		191,430.03	
05	9999	Romanian leu	6,406.59		
05	9999	Russian ruble	65,481.30	473,187.40	
05	9999	Singapore dollar	10,861.17	336,763.08	
05	9999	South African rand	249,952.38	1,945,150.37	
05	9999	South Korean won	4,141.76	4,063,081.01	
05	9999	Swedish krona	31,132.03	454,046.12	
05	9999	Swiss franc		2,202,202.48	20,483.46
05	9999	Taiwan dollar		3,667,068.98	
05	9999	Thai baht	175.18	446,222.69	
05	9999	Turkish lira	188,788.29	855,370.65	
05	9999	UAE dirham	18,068.59	523,420.52	
		Total	\$ 3,417,265.49	\$ 49,812,222.38	\$ 570,057.03

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

As of August 31, 2013:

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Other Commingled Funds	International Externally Managed Investments
05	9999	Argentine peso		\$ 327,709.11	
05	9999	Australian dollar		87,891.15	\$ 35.67
05	9999	Brazilian real	\$ 173,423.68	2,636,469.65	
05	9999	Canadian dollar		398,724.61	
05	9999	Chilean Peso	117,085.56	238,487.71	
05	9999	Chinese yuan		2,791,124.02	71.35
05	9999	Colombian peso	239,942.38		
05	9999	Czech koruna		317,109.36	
05	9999	Danish krone		69,025.24	
05	9999	Egyptian pound		176,662.59	
05	9999	Euro	114,736.97	8,415,851.97	2,437,128.62
05	9999	Hong Kong dollar		1,113,470.58	
05	9999	Indian rupee		1,403,799.19	107,815.72
05	9999	Indonesian rupiah		721,092.66	
05	9999	Japanese yen		4,293,770.09	
05	9999	Kazakhstani tenge		114,474.10	
05	9999	Malaysian ringgit		236,665.00	
05	9999	Mexican peso		1,682,725.14	
05	9999	Nigerian naira	131,611.94		
05	9999	Norwegian krone		94,909.70	
05	9999	Panamanian balboa		95,029.52	
05	9999	Peruvian nuevo sol	80,239.15	276,645.74	
05	9999	Phillippino peso		318,794.35	
05	9999	Pound sterling		4,201,701.56	
05	9999	Russian ruble	150,299.10	429,042.42	
05	9999	Singapore dollar		301,985.40	
05	9999	South African rand	104,436.73	1,383,967.70	
05	9999	South Korean won		2,605,173.76	
05	9999	Swedish krona		377,864.17	
05	9999	Swiss franc		2,527,541.86	
05	9999	Taiwan dollar		2,087,375.84	
05	9999	Thai baht		511,649.44	
05	9999	Turkish lira		823,106.18	
05	9999	UAE dirham		224,361.50	
		Total	\$ 1,111,775.51	\$ 41,284,201.31	\$ 2,545,051.36

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. As of August 31, 2014, the University's credit quality distribution for securities with credit risk exposure was as follows:

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

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	9999	U.S. Government Agency Obligations	\$111,321,578.17					
05	9999	Corporate Obligations						\$ 570,161.76
05	9999	Corporate Asset and Mortgage Backed Securities	\$ 1,065,795.32					
05	9999	International Obligations (Gov't and Corp)		\$ 56,384.88	\$ 655,773.25	\$ 1,757,157.91	\$ 285,341.67	\$ 662,607.78
			AAAf	Aaf	Af			Unrated
05	9999	Fixed Income Money Market and Bond Mutual Fund	\$ 69,059,468.23					\$ 90,025,576.36

The University's credit quality distribution for securities with credit risk exposure as of August 31, 2013 was as follows:

Standard & Poor's

Fund Type	GAAP Fund	Investment Type	AAA	AA	A	BBB	BB	Unrated
05	9999	U.S. Government Agency Obligations	\$ 80,404,661.63					
05	9999	Corporate Asset and Mortgage Backed Securities	\$ 522,574.33					
05	9999	International Obligations (Gov't and Corp)		\$ 28,572.63	\$ 94,389.74	\$ 609,697.69	\$ 132,968.35	\$ 246,147.10
			AAAf	Aaf	Af			Unrated
05	9999	Fixed Income Money Market and Bond Mutual Fund	\$ 97,108,481.84					\$ 55,613,682.05

Derivative Investing

The University's Investment Policy Statement for the LTIF allows investment in certain derivative securities. A derivative security is a financial instrument which derives its value from another security, currency, commodity or index.

The University entered into futures contracts, options, and swaps as efficient substitutes for traditional securities to reduce portfolio risks created by other securities, or in fully hedged positions to take advantage of market anomalies. The derivative contracts entered into during fiscal year 2014 all used market indices as underlying securities in order to gain and reduce market exposure in an efficient manner. The contracts are valued daily and the University's net equity in the contracts, representing unrealized gain or loss, is reported as a portion of Investments on the Statement of Net Position.

These instruments involve market and/or credit risk in excess of the amount recognized in the Statement of Net Position. Risks arise from the possibility that counterparties will be unable to meet the terms of their contracts and from movement in index values. Futures contracts have reduced counterparty credit risk since they are exchange-traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures, guarantees them against default. Counterparty risk for swaps and options is mitigated by

master netting agreements between the University and its counterparties, and by the posting of collateral on a daily basis.

The University's gross counterparty exposure, as of August 31, 2014, is presented below.

	Assets Notional	Liabilities Notional	Assets Fair Value as of August 31, 2014	Liabilities Fair Value as of August 31, 2014	Counterparty Rating
Futures	\$ 35,177,925.79	\$ 2,180,507.84	\$ 298,494.37	\$ 61,158.84	A
Options	20,165,963.09	12,199,411.53	774,214.30	626,017.53	A
Total Return Swaps	3,277,123.80			6,432.40	A

Texas Tech University had no derivative investment subject to reporting requirements as of August 31, 2013.

Note 4: Short-Term Debt

Texas Tech University had the following short-term debt outstanding as of August 31, 2014:

Business-Type Activities	Balance 9/1/2013	Additions	Reductions	Other Changes	Balance 8/31/2014
Notes and Loans Payable	\$ 50,389,565.38	\$ 70,200,000.00	\$ 18,413,234.37		\$ 102,176,331.01
Total Business-Type Activities	\$ 50,389,565.38	\$ 70,200,000.00	\$ 18,413,234.37	\$ 0.00	\$ 102,176,331.01

Texas Tech University had the following short-term debt outstanding as of August 31, 2013:

Business-Type Activities	Balance 9/1/2012	Additions	Reductions	Other Changes	Balance 8/31/2013
Notes and Loans Payable	\$ 21,512,538.24	\$ 40,219,584.44	\$ 11,342,557.30		\$ 50,389,565.38
Total Business-Type Activities	\$ 21,512,538.24	\$ 40,219,584.44	\$ 11,342,557.30	\$ 0.00	\$ 50,389,565.38

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. The TTU System intends to issue Revenue Financing System bonds in February of 2015 which will include a refunding of a portion of the University's outstanding commercial paper debt. Note 16 has additional information regarding the bond issue in fiscal year 2015 and the amount of commercial paper expected to be issued by February 2015. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at August 31, 2014 will mature in fiscal year 2015. Commercial paper has short maturities up to 270 days with interest rates for tax-exempt and taxable paper ranging from .04% to .14% and .10% to .15%, respectively.

Note 5: Long-Term Liabilities**Changes in Long-Term Liabilities**

During the year ended August 31, 2014, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 9/1/2013	Additions	Reductions	Other Changes	Balance 8/31/2014	Amounts due within one year	Amounts Due Thereafter
Revenue Bonds Payable	\$ 338,360,910.87		\$ 18,360,641.39	\$ (1,171,661.77)	\$ 318,828,607.71	\$ 20,276,708.13	\$ 298,551,899.58
Employees' Compensable Leave	12,019,086.56	\$ 14,538.10			12,033,624.66	1,444,034.95	10,589,589.71
Total Business-Type Activities	\$ 350,379,997.43	\$ 14,538.10	\$ 18,360,641.39	\$ (1,171,661.77)	\$ 330,862,232.37	\$ 21,720,743.08	\$ 309,141,489.29

During the year ended August 31, 2013, the following changes occurred in long-term liabilities:

Business-Type Activities	Balance 9/1/2013	Additions	Reductions	Other Changes	Balance 8/31/2014	Amounts due within one year	Amounts Due Thereafter
Revenue Bonds Payable	\$ 356,197,821.95		\$ 17,243,854.15	\$ (593,056.93)	\$ 338,360,910.87	\$ 19,532,303.16	\$ 318,828,607.71
Employees' Compensable Leave	11,811,718.33	\$ 207,368.23			12,019,086.56	1,442,290.38	10,589,589.71
Total Business-Type Activities	\$ 368,009,540.28	\$ 207,368.23	\$ 17,243,854.15	\$ (593,056.93)	\$ 350,379,997.43	\$ 20,974,593.54	\$ 329,418,197.42

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 for 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.

Revenue Bonds Payable

See Note 6 and Schedules 2A through 2F for detailed information on bond liability balances and transactions.

Notes and Loans Payable

Current and prior year notes payable activity and balances which were previously reported in Note 5 as long-term liabilities have been moved to Note 4 and reported as short-term debt. This reclassification was necessary because the bond issue to be used to refund a portion of the outstanding commercial paper debt is not expected to occur until February 2015.

Note 6: Bonded Indebtedness**Revenue Bonds Payable**

Several bond issues were outstanding as of August 31, 2014. These are summarized in the paragraphs that follow. Detailed supplemental bond information is disclosed in Schedules 2A through 2F.

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 renovations of Horn/Knapp dormitory and other University construction of capital improvements projects.

Issue Date September 23, 2003

Original Issue Amount \$32,995,000.00; all authorized bonds have been issued

Sources of Revenues All pledged revenues of Texas Tech University

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.

Issue Date February 2, 2006

Original Issue Amount \$161,220,476.00; all authorized bonds have been issued

Sources of Revenues All pledged revenues of Texas Tech University

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.

Issue Date March 3, 2009

Original Issue Amount \$104,352,181.17; all authorized bonds have been issued

Sources of Revenues All pledged revenues of Texas Tech University

Revenue Financing System Refunding and Improvement Bonds, 14th Series 2012A

Purpose: For refunding of \$55,089,500.00 of Revenue Financing System Commercial Paper Notes Series A and a partial current refunding of \$3,240,000.00 of Revenue Financing System Bonds Series 2001. For partial advanced refunding of \$13,460,000.00 of Revenue Financing System Bonds Series 2003. To provide new funding for the new College of Business Administration Building, the new TTU Boston &

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

18th Street Residence Hall and Dining Facility, Jones Stadium East Side Expansion and other University capital improvement projects.

Issue Date	February 1, 2012
Original Issue Amount	\$86,230,000.00; all authorized bonds have been issued
Sources of Revenues	All pledged revenues of Texas Tech University

Revenue Financing System Refunding Bonds, 15th Series 2012B (Taxable)

Purpose: For current refunding of \$27,710,000 of Revenue Financing System Bonds Taxable Series 2001.

Issue Date	February 1, 2012
Original Issue Amount	\$27,585,000.00; all authorized bonds have been issued
Sources of Revenues	All pledged revenues of Texas Tech University

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:

	Business - Type Activities	
	August 31, 2014	August 31, 2013
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 426,443,117.78	\$ 459,439,709.28
Term of Commitment for Year Ending 8/31	2038	2038
Percentage of Revenue Pledged	100%	100%
Current Year Pledged Revenue	\$ 568,583,759.65	\$ 527,479,942.18
Current Year Principal and Interest Paid	\$ 32,996,591.50	\$ 32,549,787.34

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

The Texas Tech University System Investment Policy Statement for the LTIF allows investment in certain derivative securities. Derivatives are financial instruments whose values are derived in whole or in part from the value of any one or more underlying assets or index of asset values. Investment derivatives are entered into with the intention of managing transaction or currency exchange risk in purchasing, selling or holding investments. These include futures contracts, options, and swaps.

The following disclosures summarize Texas Tech University's derivative activity as reported in the financial statements as of August 31, 2014.

Investment Derivatives	Changes in Fair Value		Fair Value at 8/31/2014		Notional
	Classification	Amount	Classification	Amount	
Futures	Investment Revenue	\$ 237,335.53	Investments	\$ 237,335.53	\$32,997,417.95
Options	Investment Revenue	148,196.77	Investments	148,196.77	7,966,551.56
Total Return Swaps	Investment Revenue	(6,432.40)	Investments	(6,432.40)	3,277,123.80

As of August 31, 2013, Texas Tech University held no material direct derivative investments.

Fair value

Derivative instruments are recorded at fair value. Futures contracts are marked-to-market daily and valued at closing market prices on valuation date. A daily variation margin between the daily value of the contracts and the value on the previous day is recorded and settled in cash with the broker the following morning. Options and swaps are valued using broker quotes, proprietary pricing agents or appropriate pricing models with primarily externally verifiable model inputs.

Investment Derivatives

Investment derivatives expose Texas Tech University to certain investment related risks. Texas Tech University discloses more detail about investment derivatives in Note 3.

Note 8: Leases

Texas Tech University had no outstanding capital leases as of August 31, 2014 or August 31, 2013.

Texas Tech University has entered into various operating leases for buildings and equipment. Expenses for operating lease obligations included in the financial statements were \$1,166,409.92 and \$600,270.10 for the fiscal year ended August 31, 2014 and August 31, 2013.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2014 are as follows:

Fiscal Year Ended August 31,	
2015	\$ 1,287,521.64
2016	1,087,840.33
2017	789,483.85
2018	677,548.18
2019	517,823.76
2020-2024	2,589,118.80
2025-2029	2,589,118.80
2030-2034	2,172,458.80
2035-2038	65,383.12
Total Minimum Future Lease Rental Payments	\$ 11,776,297.28

Texas Tech University also leases building space to outside parties under various operating leases. Rental income from these leases of \$269,299.60 and \$236,288.24 is included in the financial statements for the fiscal year ended August 31, 2014 and August 31, 2013.

Leased space comprises approximately 14.7% of the total building space. The carrying value of the building is \$1,935,666.21 and \$2,034,493.65 as of August 31, 2014 and August 31, 2013, with a historical cost of \$5,182,795.13, and related accumulated depreciation of \$3,247,128.92 and \$3,148,301.48 as of August 31, 2014 and August 31, 2013. There were no reported contingent rental revenues.

Minimum future lease rental income under non-cancelable operating leases as of August 31, 2014 was as follows:

Fiscal Year Ended August 31,	
2015	\$ 269,663.96
2016	269,961.96
2017	274,443.60
2018	274,792.07
2019	31,740.00
Total Minimum Future Lease Rental Income	\$ 1,120,601.59

Note 9: Pension Plans and Optional Retirement Program

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, 2014 and August 31, 2013 are:

Description	FY 2014	FY 2013
Member Contributions	\$ 7,527,929.62	\$ 7,124,209.82
Employer Contributions	8,239,824.08	7,564,222.99
Total Contributions	\$ 15,767,753.70	\$ 14,688,432.81

Note 10: Deferred Compensation (administering agencies only)

Not applicable.

Note 11: Postemployment Health Care and Life Insurance Benefits

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 State Agencies or Due to Other State 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, 2014 and August 31, 2013, follow.

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

Due from / Due to Other State Agencies

As of August 31, 2014:

Agency Name	Agency Number	D23 Fund	Due from Other State Agencies	Due to Other State Agencies
Office of the Governor	300	5124		\$ 1,010,458.63
Department of State Health Services	537	0273	\$ 43,793.83	
Cancer Prevention and Research Institute of Texas	542	7639	166,795.61	
Texas Department of Agriculture	551	5026	5,785.70	
Texas AgriLife Extension Service	555	7999	89,518.09	99.39
Texas AgriLife Research	556	7999	20,872.33	532.60
Texas Water Development Board	580	1358	439,002.36	
Texas Commission on Environmental Quality	582	1515	5,667.08	
Texas Commission on Environmental Quality	582	1535	23,803.56	
Soil and Water Conservation Board	592	0001	55,740.37	
Texas Department of Motor Vehicles	608	5015	12,922.52	
Texas Education Agency	701	0148	181,102.11	
Texas A&M Engineering Experiment Station	712	7999	21,794.13	12,790.91
Tarleton State University	713	7999		43,056.74
The University of Texas at Arlington	714	7999	73,912.83	
The University of Texas System	720	7999		2,037.67
The University of Texas at Austin	721	7999	18,091.46	11,452.24
The University of Texas Medical Branch	723	7999	12,954.34	
Midwestern State University	735	7999		29,956.35
Angelo State University	737	7999		681.58
Texas Tech University Health Sciences Center	739	0001	204,833.64	
Texas Tech University Health Sciences Center	739	7999	4,389.83	123,514.64
University of Texas Health Science Center at Houston	744	7999	9,727.36	
Stephen F. Austin State University	755	7999	398,221.96	
West Texas A&M University	757	7999		122,896.65
Texas School for the Blind and Visually Impaired	771	0001	75,223.32	
Texas Higher Education Coordinating Board	781	0001		74,020.08
Texas Parks and Wildlife	802	0921	113,932.21	
Texas Parks and Wildlife	802	0951	136,858.30	
Texas Parks and Wildlife	802	3043	39,077.87	
Comptroller of Public Accounts	902	0214	20,824,433.79	
Total Due from / Due to Other State Agencies			\$ 22,978,454.60	\$ 1,431,497.48

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

As of August 31, 2013:

Agency Name	Agency Number	D23 Fund	Due from Other State Agencies	Due to Other State Agencies
Office of the Governor	300	5124		\$ 660,136.80
Texas Workforce Commission	320	5026	\$ 29,810.02	
Department of State Health Services	537	0001	4,419.21	
Department of State Health Services	537	0273	81,531.74	
Cancer Prevention and Research Institute of Texas	542	7639	121,392.78	
Texas Department of Agriculture	551	5026	32,095.87	1,697.53
Texas AgriLife Extension Service	555	7999	41,643.02	39,634.48
Texas AgriLife Research	556	7999	22,302.74	8,424.74
Texas Water Development Board	580	1358	193,149.28	
Texas Commission on Environmental Quality	582	1515	3,883.60	
Texas Department of Motor Vehicles	608	5015	8,433.92	
Texas Education Agency	701	0148	293,361.58	
Texas A&M University System	710	7999		40,018.08
Texas A&M Engineering Experiment Station	712	7999	12,852.99	19,164.25
Tarleton State University	713	7999		91,977.98
The University of Texas at Arlington	714	7999	78,559.59	
The University of Texas System	720	7999		3,025.54
The University of Texas at Austin	721	7999		722.68
The University of Texas Medical Branch	723	7999	20,996.84	
Midwestern State University	735	7999		71,815.56
Angelo State University	737	7999		10,436.72
Texas Tech University Health Sciences Center	739	0001	174,868.32	
Texas Tech University Health Sciences Center	739	7999	6,920.96	18,208.32
The University of Texas at San Antonio	743	7999	14,506.52	
Texas State University San Marcos	754	7999		26,800.27
Stephen F. Austin State University	755	7999	415,441.02	
Sul Ross State University	756	7999		9,124.09
West Texas A&M University	757	7999		89,389.06
Texas A&M University Corpus Christi	760	7999	17,815.49	1,902.71
Texas School for the Blind and Visually Impaired	771	0001	74,756.75	
Texas Higher Education Coordinating Board	781	0001	22,635.44	72,208.52
Texas Parks and Wildlife	802	0951	94,532.02	
Texas Parks and Wildlife	802	5043	13,296.87	
Comptroller of Public Accounts	902	0214	15,175,956.23	
State Energy Conservation Office	907	0224	152,145.80	
Total Due from / Due to Other State Agencies			\$ 17,107,308.60	\$ 1,164,687.33

Legislative Transfers In / Out

As of August 31, 2014:

Agency Name	Agency Number	D23 Fund	Legislative Transfers In	Legislative Transfers Out
Texas Tech University System Administration	768	0001		\$ 1,710,587.00
Total Legislative Transfers In / Out				\$ 1,710,587.00

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

As of August 31, 2013:

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

As of August 31, 2014:

Agency Name	Agency Number	D23 Fund	Transfers In	Transfers Out
Texas Higher Education Coordinating Board	781	0001		\$ 99,948.53
Texas Higher Education Coordinating Board	781	5103		3,777,885.19
Comptroller of Public Accounts	902	0214	\$ 8,815,806.83	
Total Transfers to / from Other State Agencies			\$ 8,815,806.83	\$ 3,877,833.72

As of August 31, 2013:

Agency Name	Agency Number	D23 Fund	Transfers In	Transfers Out
Texas Public Financing Authority	347	0507		\$ 114,788.74
Texas Public Financing Authority	347	0735		573.48
Texas Higher Education Coordinating Board	781	0001		96,697.58
Texas Higher Education Coordinating Board	781	5103		3,692,469.33
Comptroller of Public Accounts	902	0214	8,453,949.25	
Total Transfers to / from Other State Agencies			\$ 8,453,949.25	\$ 3,904,529.13

Interagency Capital Asset Transfers to / from Other State Agencies

As of August 31, 2014:

Agency Name	Agency Number	Net Asset Increase	Net Asset Decrease
Texas Health Department	537	\$ 2,367.86	
Texas A&M University	711		\$ 92,524.86
Texas Tech University Health Sciences Center	739	475,978.64	
University of Texas	754	32,405.44	
Texas Parks and Wildlife	802	9,549.14	
Total Capital Asset Transfers to / from Other State Agencies		\$ 520,301.08	\$ 92,524.86

As of August 31, 2013:

Agency Name	Agency Number	Net Asset Increase	Net Asset Decrease
Texas Tech University Health Sciences Center	739	\$ 453,933.14	\$ 61,766.09
Texas A&M Engineering Experiment Station	712		32,170.21
Texas State University - San Marcos	754		236,209.55
Department of State Health Services	537	8,903.19	
Total Capital Asset Transfers to / from Other State Agencies		\$ 462,836.33	\$ 330,145.85

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 Position

Texas Tech University had a restatement to beginning Net Position due to the correction of an Accounts Receivable Other Allowance:

Net Position reported as of 8/31/2013	\$1,194,319,353.64
A/R Other Decrease and Tuition/Fee Pledged Revenues Decrease	<u>(1,824,666.02)</u>
Net Position restated as of 9/1/2013	\$1,192,494,687.62

Also, there were several reclassifications on the financial statements for the year ended August 31, 2013 for comparative financial statement purposes and are shown below. These reclassifications did not result in a change to beginning net position.

Statement	Description	FY 2013 As Reported	Correction	FY 2013 As Corrected
Reclassification of funding from Texas Tech Foundation Inc. to Texas Tech University; Revenue Offset for A/R Allowance changed from Nonoperating to Operating; Revenue items redefined between Pledged and Unpledged Revenues				
SRECNP	Tuition and Fees	5,984,142.42	3,789,166.91	9,773,309.33
SRECNP	Tuition and Fees - Pledged	332,445,827.89	(4,553,733.07)	327,892,094.82
SRECNP	Private Gifts	37,529,539.26	(167,483.00)	37,362,056.26
SRECNP	Private Gifts - Pledged	13,659,127.51	167,483.00	13,826,610.51
SRECNP	Investment Income (Expense)	21,747,024.85	(15,374,740.62)	6,372,284.23
SRECNP	Investment Income (Expense) - Pledged	5,658,281.19	3,199,790.59	8,858,071.78
SRECNP	Other Nonoperating Revenues (Expenses)	678,832.37	(6,000.00)	672,832.37
SRECNP	Other Nonoperating Revenues (Expenses) - Pledged	2,941,944.12	770,566.16	3,712,510.28
SRECNP	Net Transfers from Texas Tech Foundation, Inc.	7,053,163.31	12,174,950.03	19,228,113.34
Cash Flow	Proceeds from Tuition and Fees	265,639,672.12	(764,566.16)	264,875,105.96
Cash Flow	Proceeds from Transfers from Texas Tech Foundation Inc.	7,150,047.92	12,174,950.03	19,324,997.95
Cash Flow	Proceeds from Other Financing Activities	2,869,006.07	764,566.16	3,633,572.23
Cash Flow	Proceeds from Interest and Investment Income	27,947,906.22	(12,174,950.03)	15,772,956.19
Reclassification of Aircraft Rentals				
SRECNP	Travel	18,642,604.42	1,300,247.74	19,942,852.16
SRECNP	Rentals and Leases	9,357,707.69	(1,300,247.74)	8,057,459.95
Matrix	Travel	18,642,604.42	1,300,247.74	19,942,852.16
Matrix	Rentals and Leases	9,357,707.69	(1,300,247.74)	8,057,459.95
Reclassification of Endowment Net Appreciation				
SNP	Net Position, Nonexpendable-Endowments	86,145,197.27	(16,645,337.54)	69,499,859.73
SNP	Net Position, Restricted, Expendable, Other	114,399,616.23	16,645,337.54	131,044,953.77
Reclassification of Employee Benefits				
Cash Flow	Payments to Employees for Salaries	(305,806,019.66)	(2,777,090.61)	(308,583,110.27)
Cash Flow	Payments to Employees for Benefits	(73,679,721.24)	2,777,090.61	(70,902,630.63)
Cash Flow	Adjustments Increase (Decrease) in Payroll Payables	3,005,787.79	(2,777,090.61)	228,697.18
Cash Flow	Adjustments Increase (Decrease) in Benefit Payable	0.00	2,777,090.61	2,777,090.61

Note 15: Contingencies and Commitments

At August 31, 2014 and August 31, 2013, 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.

Investment Funds

Texas Tech University entered into capital commitments with investment managers for future funding of investment funds. Investment funds include hedge fund pools, private investment pools, public market funds and other alternative investments managed by external investment managers. The fair value of externally managed investments and remaining commitments as of August 31, 2014 and 2013 are presented in the table below.

Description	FY 2014	FY 2013
Total Unfunded Commitments	\$ 28,793,692.38	\$ 22,846,870.60
Fair Value - Domestic	187,526,081.24	121,431,648.53
Fair Value - International	570,057.03	2,545,051.36

Note 16: Subsequent Events

Texas Tech University System intends to issue Revenue Financing System Bonds totaling \$111 million in February of 2015. Texas Tech University's portion of that issuance will total \$102 million, \$60 million of which has already been issued as commercial paper as of August 31, 2014.

The System also intends to issue Revenue Financing System Commercial Paper Notes that are Tax-Exempt and Taxable totaling \$36 million by February of 2015. The University's portion of that issuance will total \$30 million to finance various construction projects.

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 2014 and 2013 totaled \$749,477.81 and \$806,771.76, respectively. The State Office of Risk Management pays all WCI claims. The Worker's Compensation pool for the fiscal year was funded by a .5 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 percent of claims for employees paid from state funds. The University pays the remainder for employees paid from state funds and 100 percent of the claims paid for employees from non-state funds. Total payments for unemployment compensation for fiscal year 2014 and 2013 amounted to \$135,763.21 and \$165,292.01 respectively. The claims for employees paid from non-state funds are funded by interest earnings on the Unemployment Compensation Fund balance and utilization of fund balance.

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 does not issue an audited AFR or have any material amounts or events to disclose.

Note 19: The Financial Reporting Entity

Texas Tech University is an agency of the State of Texas, and is one of five components of the Texas Tech University System.

The National Wind Resource Center (NWRC) is a not-for-profit 501(c)(3) organization, exempt from income taxes, and is reported as a blended component unit of Texas Tech University. The NWRC was founded to support research at Texas Tech University. Based on the application of GASB Statement No. 14 *The Financial Reporting Entity* and GASB Statement No. 61 *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* criteria, the NWRC's financial data has been blended into the financial data of Texas Tech University due to the significance of its financial relationship with the University. Effective September 1, 2014, NWRC will be absorbed by Texas Tech University.

The condensed financial statements for NWRC as of August 31, 2014 and 2013 are presented below.

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

**Texas Tech University
National Wind Resource Center**

	<u>2014</u>	<u>2013</u>
Condensed Statement of Net Position		
Total Current Assets	\$ 166,550.18	\$ 304,260.36
Total Current Liabilities	<u>166,550.18</u>	<u>0.00</u>
Net Position:		
Expendable:		
Other	0.00	304,260.36
Unrestricted	<u> </u>	<u> </u>
Total Net Position	\$ <u>0.00</u>	\$ <u>304,260.36</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues		
State Grant Pass-Throughs (Schedule 1B)	\$ (241,550.18)	\$ 0.00
Operating Expenses		
Research	<u>62,710.18</u>	<u>90,054.24</u>
Operating Income (Loss)	<u>(304,260.36)</u>	<u>(90,054.24)</u>
Total Change in Net Position	<u>(304,260.36)</u>	<u>(90,054.24)</u>
Beginning Net Position (September 1, 2013 and 2012)	304,260.36	394,314.60
Ending Net Position (August 31, 2014 and 2013)	\$ <u>0.00</u>	\$ <u>304,260.36</u>

Condensed Statement of Cash Flows

Net Cash Provided (Used) by Operating Activities	\$ <u>(304,260.36)</u>	\$ <u>(90,054.24)</u>
Total Net Cash Flows	<u>(304,260.36)</u>	<u>(90,054.24)</u>
Beginning Cash and Cash Equivalents (September 1, 2013 and 2012)	304,260.36	394,314.60
Ending Cash and Cash Equivalents (August 31, 2014 and 2013)	\$ <u>0.00</u>	\$ <u>304,260.36</u>

Note 20: Stewardship, Compliance and Accountability

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

Note 21:

Not applicable.

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:

	Amount Net Appreciation*		
	FY 2014	Restated FY 2013	
True Endowments	\$ 24,162,552.15	\$ 16,571,081.99	Restricted Expendable
Term Endowments	117,104.95	74,255.55	Restricted Expendable

*There was a positive fair value adjustment totaling \$7,651,915.34 for fiscal year 2014, and a positive fair value adjustment of \$4,404,911.29 for fiscal year 2013.

The System's spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives while protecting the inflation-adjusted value of the principal. The following factors are considered in the spending policy: the duration and preservation of the LTIF, the purposes of the System and the LTIF, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the System and the overall investment policy. The distribution of spendable earnings shall not exceed 6% nor be less than 4% of the average NAV of the LTIF for the 12 quarters just ended.

Note 23: Extraordinary and Special Items

Texas Tech University has no special or extraordinary items for the fiscal year ended August 31, 2014 or August 31, 2013.

Note 24: Disaggregation of Receivable and Payable Balances

Texas Tech University has no reportable disaggregation of receivable or payable balances for the year ended August 31, 2014 or August 31, 2013.

Note 25: Termination Benefits

Texas Tech University has no reportable voluntary or involuntary termination benefits as of August 31, 2014 or August 31, 2013.

Note 26: Segment Information

Texas Tech University has no reportable segments as of August 31, 2014 or August 31, 2013.

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

Note 27: Service Concession Arrangements

Texas Tech University has no reportable service concession arrangements as of August 31, 2014 or August 31, 2013.

Note 28: Deferred Outflows and Deferred Inflows of Resources

Texas Tech University had no deferred outflows or deferred inflows of resources for the year ended August 31, 2014 or August 31, 2013.

Note 29: Troubled Debt Restructuring

Texas Tech University had no outstanding receivables whose terms were modified pursuant to troubled debt restructuring for the year ended August 31, 2014 or August 31, 2013.

Note 30: Non-Exchange Financial Guarantees

Texas Tech University had no outstanding non-exchange financial guarantees for the year ended August 31, 2014 or August 31, 2013.

TEXAS TECH UNIVERSITY (733)

SUPPORTING SCHEDULES

Texas Tech University (733)
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Year Ended August 31, 2014

Note 1: Non-Monetary Assistance

Texas Tech University was not the recipient of any non-monetary federal assistance for fiscal year 2014.

Note 2: Reconciliation

Federal Grants and Contracts Operating (SRECNP)	\$ 35,343,746.68
Federal Grants and Contracts Nonoperating (SRECNP)	34,041,243.00
Federal Grant Pass-Throughs from Other State Agencies (SRECNP)	3,941,365.04
Total Federal Revenues	<u>\$ 73,326,354.72</u>

Reconciling Items:***New Loans Processed***

Federal Direct Student Loans (84.268)	162,229,697.00
Federal Perkins Loan Program (84.038)	365,337.00

Other

Fixed Price Agreements	(56,014.40)
Texas A&M Research Foundation	(1,067.82)
Other Reconciling Items	(9,572.30)
Total Pass-Through and Expenditures per Federal Schedule	<u>\$ 235,854,734.20</u>

Note 3: Student Loans 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	\$ 162,229,697.00	\$ -	\$ 162,229,697.00	\$ -
Federal Perkins Loan Program	84.038	365,337.00	-	365,337.00	1,844,926.68
		<u>\$ 162,595,034.00</u>	<u>\$ -</u>	<u>\$ 162,595,034.00</u>	<u>\$ 1,844,926.68</u>

Perkins Loan Program is outsourced to Campus Partners.

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 2014.

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 2014.

Note 7: Federal Unearned Revenue

N/A

Note 8: Supplemental Nutrition Assistance Program (SNAP)

Texas Tech University was not the recipient of CFDA 10.551 funding for fiscal year 2014.

Texas Tech University (733)
Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
For the Year Ended August 31, 2014

Pass-through from:

Agency Number	Agency Name Grant ID / Grant Description	Amount
300	Office of the Governor	
	300.0006 Texas Emerging Technology Grants	\$ 1,141,756.54
	<i>Total Office of the Governor</i>	<u>1,141,756.54</u>
457	Texas State Board of Public Accountancy	
	457.0001 Fifth Year Accounting Student Scholarship Program	25,942.00
	<i>Total for Texas State Board of Public Accountancy</i>	<u>25,942.00</u>
537	Department of State Health Services	
	537.0012 Public Health Emergency Response	97.05
	<i>Total for Department of State Health Services</i>	<u>97.05</u>
542	Cancer Prevention and Research Institute of Texas	
	542.0023 Health Behavior Change Through Public and Professional Education and Training	(72.00)
	542.0026 Health Behavior Change Through Public and Professional Education and Training	(117.59)
	542.0291 High Impact/High-Risk Research Awards	55,392.46
	542.0403 High Impact/High-Risk Research Awards	113,938.37
	542.0430 Individual Investigator Research Awards	256,626.83
	<i>Total for Cancer Prevention and Research Institute of Texas</i>	<u>425,768.07</u>
555	Texas A&M AgriLife Extension Service	
	555.0008 Quail Education and Research Initiative	104,764.74
	<i>Total for Texas A&M AgriLife Extension Service</i>	<u>104,764.74</u>
580	Texas Water Development Board	
	580.0018 WSC - Agriculture Water Conservation	730,670.75
	<i>Total for Texas Water Development Board</i>	<u>730,670.75</u>
592	Soil and Water Conservation Board	
	592.0002 Water Supply Enhancement	213,246.85
	<i>Total for Soil and Water Conservation Board</i>	<u>213,246.85</u>
710	Texas A&M University System	
	710.0008 ETF-NCTM Research Program	40,018.08
	<i>Total for Texas A&M University System</i>	<u>40,018.08</u>
720	University of Texas System	
	720.0002 Joint Admission Medical Program (JAMP)	12,918.33
	<i>Total for University of Texas System</i>	<u>12,918.33</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, 2014

Agency Number	Agency Name Grant ID / Grant Description	Amount
738	University of Texas at Dallas	
	738.0001 Texas Analog Research Superiority Program	69,977.28
	<i>Total for University of Texas at Dallas</i>	<u>69,977.28</u>
781	Texas Higher Education Coordinating Board	
	781.0008 TEXAS Grant Program	11,578,333.00
	781.0010 Advanced Research Program	23,688.44
	781.0021 Texas Research Incentive Program HB51	13,332,074.77
	781.0023 College Work Study Program	167,982.00
	781.0026 College Readiness Initiative	5,250.00
	781.0028 Top 10% Scholarships	949,500.00
	781.0029 Work Study Mentorship Program	50,000.00
	781.0039 Outreach and Success	20,000.00
	781.0069 Hazelwood Exemption HB 1025	2,427,864.00
	<i>Total for Texas Higher Education Coordinating Board</i>	<u>28,554,692.21</u>
802	Texas Parks and Wildlife	
	802.0064 Orchid Conservation: Species Status Assessments and Field Biology	3,508.99
	802.0074 Orchid Conservation: Species Status Assessments and Field Biology	19,946.64
	802.0075 HEG Quail Habitat Improvements on Private Lands in the Rolling Plains of TX	131,370.76
	802.0076 Mapping Suitable Habitat for TX Horned Lizards in Central TX	26,788.08
	<i>Total for Texas Parks and Wildlife</i>	<u>181,614.47</u>
	Total State Grant Pass-through Revenues from Other State Agencies	<u>\$ 31,501,466.37</u>
Pass-through to:		
555	Texas Agrilife Extension Service	
	733.0002 An Integrated Approach to Water Conservation	\$ 106,712.72
	<i>Total for Texas Agrilife Extension Service</i>	<u>106,712.72</u>
556	Texas A&M AgriLife Research	
	733.0004 Auditing Irrigation Systems in the Texas High Plains	11,286.77
	<i>Total for Texas A&M AgriLife Research</i>	<u>11,286.77</u>
752	University of North Texas	
	733.0007 CPRIT Beam Scanning Radar for Tumor Tracking in Lung Cancer Radiotherapy	38,228.83
	<i>Total for University of North Texas</i>	<u>38,228.83</u>
	Total State Grant Pass-through Expenditures to Other State Agencies	<u>\$ 156,228.32</u>

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Texas Tech University (733)
Schedule 2A - Miscellaneous Bond Information
For the Year Ended August 31, 2014

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Final Maturity Date	
Revenue Bonds						
Rev Fin Sys Ref & Imp Bds 9th Ser '03	\$ 32,995,000.00	2.0000%	5.2500%	2004	2/15/2023	8/15/2013
Rev Fin Sys Ref & Imp Bds 10th Ser '06	161,220,476.00	4.0000%	5.0000%	2007	2/15/2031	2/15/2016
Rev Fin Sys Ref & Imp Bds 12th Ser '09	104,352,181.17	3.0000%	5.2500%	2009	2/15/2038	2/15/2019
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	86,230,000.00	2.0000%	5.0000%	2012	8/15/2036	8/15/2021
Rev Fin Sys Ref Bds Tax 15th Ser '12B	<u>27,585,000.00</u>	0.4000%	4.4400%	2012	8/15/2031	8/15/2021
Total	<u>\$ 412,382,657.17</u>					

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Texas Tech University (733)
Schedule 2B - Changes in Bonded Indebtedness
For the Year Ended August 31, 2014

Description of Issue	Bonds Outstanding 9/1/13	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/14
Revenue Bonds					
Rev Fin Sys Ref & Imp Bds 9th Ser '03	\$ 1,200,000.00	\$	\$ 1,145,000.00	\$	\$ 55,000.00
Rev Fin Sys Ref & Imp Bds 10th Ser '06	143,701,739.04		7,198,177.85		136,503,561.19
Rev Fin Sys Ref & Imp Bds 12th Ser '09	71,508,275.45		6,547,463.54		64,960,811.91
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	79,220,000.00		2,645,000.00		76,575,000.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B	26,365,000.00		825,000.00		25,540,000.00
Total	<u>\$ 321,995,014.49</u>	<u>\$</u>	<u>\$ 18,360,641.39</u>	<u>\$</u>	<u>\$ 303,634,373.10</u>

	Unamortized Premium	Unamortized Discount	Adjustments	Net Bonds Outstanding 8/31/14	Amounts Due Within One Year
Rev Fin Sys Ref & Imp Bds 9th Ser '03	\$	\$	\$	\$ 55,000.00	\$ 5,000.00
Rev Fin Sys Ref & Imp Bds 10th Ser '06				136,503,561.19	7,576,001.21
Rev Fin Sys Ref & Imp Bds 12th Ser '09	5,285,287.82			70,246,099.73	7,021,032.23
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	9,908,946.79			86,483,946.79	4,804,674.69
Rev Fin Sys Ref Bds Tax 15th Ser '12B				25,540,000.00	870,000.00
Total	<u>\$ 15,194,234.61</u>	<u>\$</u>	<u>\$</u>	<u>\$ 318,828,607.71</u>	<u>\$ 20,276,708.13</u>

Note: 12th Series amount due within one year includes bond premium amortization of \$220,220.32.
The 14th Series amount due within one year includes bond premium amortization of \$919,674.69.

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Texas Tech University (733)
Schedule 2C - Debt Service Requirements
For the Year Ended August 31, 2014

Description of Issue	Fiscal Year	Principal	Interest
Revenue Bonds			
Rev Fin Sys Ref & Imp Bds 9th Ser '03	2015	\$ 5,000.00	\$ 2,681.25
	2016	5,000.00	2,418.75
	2017	5,000.00	2,156.25
	2018	5,000.00	1,893.75
	2019	5,000.00	1,631.25
	2020 - 2023	30,000.00	3,000.00
		<u>55,000.00</u>	<u>13,781.25</u>
Rev Fin Sys Ref & Imp Bds 10th Ser '06	2015	7,576,001.21	6,287,890.35
	2016	7,965,693.85	5,899,347.98
	2017	8,086,453.51	5,498,044.31
	2018	10,857,618.59	5,067,873.01
	2019	11,338,290.68	4,598,924.34
	2020 - 2024	49,748,649.38	15,696,708.57
	2025 - 2029	35,945,853.97	4,952,334.31
	2030 - 2031	4,985,000.00	226,912.50
		<u>136,503,561.19</u>	<u>48,228,035.37</u>
Rev Fin Sys Ref & Imp Bds 12th Ser '09	2015	6,800,811.91	3,083,982.79
	2016	5,850,000.00	2,767,712.50
	2017	6,140,000.00	2,467,962.50
	2018	3,015,000.00	2,239,087.50
	2019	3,165,000.00	2,084,587.50
	2020 - 2024	18,465,000.00	7,812,437.50
	2025 - 2029	18,715,000.00	2,691,537.50
	2030 - 2034	1,400,000.00	558,931.27
	2035 - 2038	1,410,000.00	152,775.00
		<u>64,960,811.91</u>	<u>23,859,014.06</u>
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	2015	3,885,000.00	3,605,212.50
	2016	4,005,000.00	3,488,662.50
	2017	4,135,000.00	3,368,512.50
	2018	4,330,000.00	3,161,762.50
	2019	4,550,000.00	2,945,262.50
	2020 - 2024	19,230,000.00	11,535,900.00
	2025 - 2029	13,755,000.00	7,746,250.00
	2030 - 2034	15,600,000.00	4,136,750.00
	2035 - 2036	7,085,000.00	535,750.00
		<u>76,575,000.00</u>	<u>40,524,062.50</u>
Rev Fin Sys Ref Bds Tax 15th Ser '12B	2015	870,000.00	899,819.00
	2016	870,000.00	888,335.00
	2017	890,000.00	875,111.00
	2018	1,315,000.00	858,023.00
	2019	1,345,000.00	826,200.00
	2020 - 2024	7,360,000.00	3,502,217.50
	2025 - 2029	8,815,000.00	2,060,864.00
	2030 - 2031	4,075,000.00	273,282.00
		<u>25,540,000.00</u>	<u>10,183,851.50</u>
Total Principal and Interest		<u>\$ 303,634,373.10</u>	<u>\$ 122,808,744.68</u>

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Texas Tech University (733)
Schedule 2D - Analysis of Funds Available for Debt Service
For the Year Ended August 31, 2014

Pledged and Other Sources and Related Expenditures for FY 2014				
Description of Issue	Net Available for Debt Service			
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Debt Service	
			Principal	Interest
Revenue Bonds:				
Rev Fin Sys Ref & Imp Bds 9th Ser '03			\$ 1,145,000.00	\$ 32,868.75
Rev Fin Sys Ref & Imp Bds 10th Ser '06			7,198,177.85	6,657,244.82
Rev Fin Sys Ref & Imp Bds 12th Ser '09			6,547,463.54	3,352,215.04
Rev Fin Sys Ref & Imp Bds 14th Ser '12A			2,645,000.00	3,684,562.50
Rev Fin Sys Ref Bds Tax 15th Ser '12B			825,000.00	909,059.00
Total	<u>\$ 568,583,759.65</u>	<u>(B)</u>	<u>\$ 18,360,641.39</u>	<u>\$ 14,635,950.11</u>

(A) Beginning balances as of 09/01/13 of \$345,797,888.04 are not included in "Total Pledged and Other Sources".

(B) Expenditures associated with pledged sources were approximately \$452,194,535.77.

Texas Tech University (733)
Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2014

Description of Issue	Year Refunded	Par Value Outstanding
Revenue Bonds	-	\$ 0.00

UNAUDITED

Texas Tech University (733)
Schedule 2F - Early Extinguishment and Refunding
For the Year Ended August 31, 2014

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

Texas Tech University (733)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2014

Cash in State Treasury	Unrestricted	Restricted	Current Year Total
Local Revenue Fund 0255	\$ 5,671,150.97	\$	\$ 5,671,150.97
Total Cash in State Treasury	\$ 5,671,150.97	\$	\$ 5,671,150.97