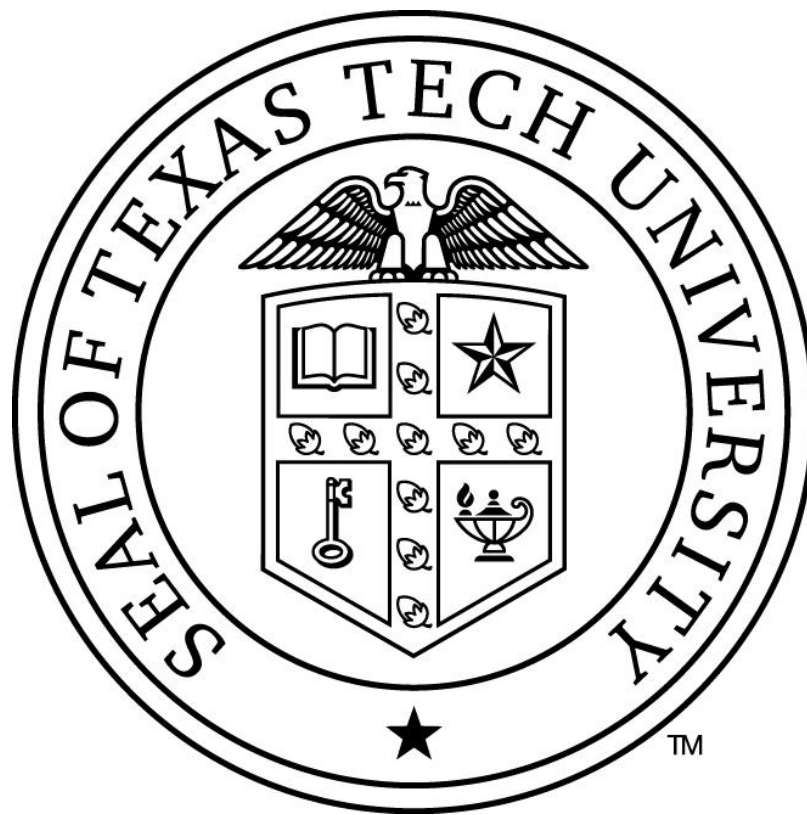


TEXAS TECH UNIVERSITY



ANNUAL FINANCIAL REPORT

FISCAL YEAR 2012

ANNUAL FINANCIAL REPORT

OF

TEXAS TECH UNIVERSITY

LUBBOCK, TEXAS

For the Year Ended August 31, 2012

Texas Tech University

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

1925-2012

Texas Tech University (733)

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TEXAS TECH UNIVERSITY

Office of the President

November 5, 2012

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 08/31/2012, in compliance with Texas Government Code Annotated, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts.

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

As indicated by the following letter of transmittal, this report has been prepared by the fiscal office of the University to provide a summary of the University's financial records. If you have any questions, please contact Debra Crowder, Director of Financial Reporting at 806-742-2970. Simone Barnhill, Managing Director of Sponsored Programs Accounting and Reporting may be contacted at 806-742-2985 for questions related to the Schedule of Expenditures of Federal Awards.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence Schovanec".

Lawrence Schovanec
Interim President



TEXAS TECH UNIVERSITY

Financial Services and Tax

November 5, 2012

Dr. Lawrence Schovanec
President
Texas Tech University
P.O. Box 42005
Lubbock, Texas 79409

Dear President Schovanec:

Submitted herein is the Annual Financial Report of Texas Tech University for the fiscal year ended August 31, 2012.

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

This Annual Financial Report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact me at 742-2970.

Sincerely,

Debra Crowder, CPA
Director of Financial Reporting

Approved:

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

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

**Texas Tech University (733)
Organizational Data
August 31, 2012**

Board of Regents

Term Expires

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

Larry K. Anders.....January 31, 2017Dallas, TX
L. Frederick FrancisJanuary 31, 2013El Paso, TX
Debbie Montford.....January 31, 2017 San Antonio, TX
Nancy Neal.....January 31, 2015Lubbock, TX
John F. Scovell.....January 31, 2013Dallas, TX
John D. SteinmetzJanuary 31, 2017Lubbock, TX
John WalkerJanuary 31, 2015 Houston, TX

Suzanne Taylor (**Student Regent**).. May 31, 2013 Austin, TX

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

Fiscal Officers

Lawrence Schovanec Interim President
Kyle Clark. CFO and Vice President for Administration and Finance
Sharon Williamson.....Interim Asst Vice President for Financial Affairs & Controller
Debra Crowder Director of Financial Reporting

UNAUDITED
TEXAS TECH UNIVERSITY (733)

FINANCIAL STATEMENTS

Texas Tech University (733)
Statement of Net Assets
August 31, 2012

ASSETS

Current Assets:

Cash and Cash Equivalents (Note 1)	\$	173,402,143.63
Restricted:		
Cash and Cash Equivalents (Note 1)		45,505,423.32
Legislative Appropriations		46,735,441.85
Accounts Receivable, net:		
Federal Receivables		20,585,928.95
Interest and Dividends		172,604.44
Student Receivables		4,173,935.52
Gift Receivables		12,722,239.54
Accounts Receivable		5,902,679.75
Other Receivables		2,621,490.58
Due From Other State Agencies (Note 12)		2,773,498.45
Prepaid Expenses		24,881,503.79
Consumable Inventories		524,586.64
Merchandise Inventories		2,225,637.92
Loans and Notes Receivable, net		371,484.34
Other Current Assets		450,000.00
Total Current Assets	\$	<u>343,048,598.72</u>

Non-Current Assets:

Restricted:		
Cash and Cash Equivalents (Note 1)	\$	40,275,897.50
Investments (Note 3)		193,554,803.82
Gift Receivables		12,728,417.80
Loans and Notes Receivable, net		383,705.45
Investments (Note 3)		196,826,053.23
Capital Assets (Note 2)		
Non-Depreciable or Non-Amortizable		74,418,807.02
Depreciable or Amortizable		1,614,220,268.47
Accumulated Depreciation and Amortization		(758,784,804.53)
Total Non-Current Assets	\$	<u>1,373,623,148.76</u>

Total Assets	\$	<u><u>1,716,671,747.48</u></u>
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Texas Tech University (733)
Statement of Net Assets (continued)
August 31, 2012

LIABILITIES

Current Liabilities:

Accounts Payable	\$	22,828,257.21
Payroll Payable		21,373,172.92
Deferred Revenues		128,229,543.39
Due to Other State Agencies (Note 12)		2,631,114.03
Employees' Compensable Leave (Note 5)		1,417,406.22
Notes and Loans Payable (Note 5)		21,512,538.24
Bonds Payable (Note 5)		17,836,911.08
Funds Held for Others		14,647,797.28
Other Current Liabilities		4,311,111.27
Total Current Liabilities	\$	<u>234,787,851.64</u>

Non-Current Liabilities:

Employees' Compensable Leave (Note 5)	\$	10,394,312.11
Bonds Payable (Note 5)		338,360,910.87
Total Non-Current Liabilities	\$	<u>348,755,222.98</u>

Total Liabilities

\$ 583,543,074.62

NET ASSETS

Invested in Capital Assets, Net of Related Debt \$ 574,220,589.02

Restricted:

Nonexpendable:

Endowments 81,735,374.17

Expendable:

Capital Projects 6,518,296.52

Higher Education Assistance Fund 33,536,685.24

Debt Service 27,939,431.63

Other 92,405,163.47

Unrestricted 316,773,132.81

Total Net Assets \$ 1,133,128,672.86

Total Liabilities and Net Assets

\$ 1,716,671,747.48

Texas Tech University (733)
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended August 31, 2012

Operating Revenues	
Tuition and Fees	\$ 6,021,758.88
Tuition and Fees - Pledged	323,985,129.10
Less Discounts and Allowances	(78,238,051.12)
Sales and Services of Auxiliary Enterprises - Pledged	113,909,673.40
Other Sales and Services	380,073.59
Other Sales and Services - Pledged	6,869,546.37
Federal Grants and Contracts (Schedule 1A)	32,924,657.54
Federal Grant Pass-Throughs from Other State Agencies (Schedule 1A)	4,076,518.88
State Grants and Contracts	3,126,866.94
State Grant Pass-Throughs from Other State Agencies (Schedule 1B)	18,222,969.99
Local Governmental Grants and Contracts	903,198.15
Nongovernmental Grants and Contracts	8,876,238.95
Total Operating Revenues	<u>\$ 441,058,580.67</u>
Operating Expenses	
Instruction	\$ 151,854,350.12
Research	107,323,564.64
Public Service	11,816,508.18
Academic Support	61,958,967.15
Student Services	33,874,757.61
Institutional Support	37,594,532.73
Operations and Maintenance of Plant	37,771,144.52
Scholarships and Fellowships	35,785,371.88
Auxiliary Enterprises	95,707,531.46
Depreciation and Amortization	78,517,981.41
Total Operating Expenses	<u>\$ 652,204,709.70</u>
Operating Income (Loss)	<u>\$ (211,146,129.03)</u>
Nonoperating Revenues (Expenses)	
Legislative Revenue	\$ 154,957,943.81
Federal Grants and Contracts (Schedule 1A)	33,600,548.98
Private Gifts	38,853,088.39
Private Gifts - Pledged	164,959.64
Investment Income (Expense)	13,423,397.10
Investment Income (Expense) - Pledged	4,232,917.92
Interest Expense on Capital Asset Financing	(14,618,633.15)
Gain (Loss) on Sale and Disposal of Capital Assets	(409,322.41)
Net Increase in Fair Value of Investments	6,171,198.20
Other Nonoperating Revenues (Expenses)	(3,500,026.24)
Other Nonoperating Revenues (Expenses) - Pledged	1,096,205.34
Total Nonoperating Revenues (Expenses)	<u>\$ 233,972,277.58</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ 22,826,148.55</u>
Other Revenues, Expenses, Gains, Losses, and Transfers	
Capital Appropriations (HEAF)	\$ 23,936,088.00
Capital Contributions	11,028,474.29
Contributions to Permanent and Term Endowments	654,688.62
Increase Net Assets - Interagency Transfer Capital Assets (Note 12)	117,441.61
Decrease Net Assets - Interagency Transfer Capital Assets (Note 12)	(21,735.86)
Legislative Transfer to TTU System Administration (Note 12)	(1,667,837.00)
Net Transfers from Texas Tech Foundation Inc.	32,431,969.28
Net Transfers to TTU Health Sciences Center	(997,581.74)
Net Transfers from TTU System Administration	192,113.31
Net Transfers from Angelo State University	1,666.98
Transfers from Other State Agencies (Note 12)	7,877,932.04
Transfers to Other State Agencies (Note 12)	(3,700,646.34)
Net Other Revenues, Expenses, Gains, Losses, and Transfers	<u>\$ 69,852,573.19</u>
TOTAL CHANGES IN NET ASSETS	<u>\$ 92,678,721.74</u>
Beginning Net Assets (September 1, 2011)	1,040,449,951.12
Ending Net Assets (August 31, 2012)	<u>\$ 1,133,128,672.86</u>

Texas Tech University (733)
Matrix of Operating Expenses by Natural Classification
For the Year Ended August 31, 2012

Function	Salaries and Wages	Payroll Related Costs	Professional Fees and Services	Travel	Materials and Supplies
Instruction	\$ 109,889,479.97	\$ 25,376,421.94	\$ 586,753.81	\$ 3,269,315.93	\$ 4,896,498.59
Research	65,346,717.09	13,586,123.14	802,175.56	4,481,466.80	7,048,080.34
Public Service	5,665,503.08	1,344,362.98	506,612.07	433,574.55	691,305.33
Academic Support	36,080,000.76	9,026,402.37	796,431.86	2,236,665.39	4,730,073.06
Student Services	14,715,260.50	3,542,638.53	560,684.95	1,530,116.90	1,369,310.84
Institutional Support	19,626,157.75	5,795,416.64	1,333,287.38	565,459.95	1,483,858.44
Operation and Maintenance of Plant	6,360,701.11	1,584,719.50	110,920.00	11,140.81	2,469,742.34
Scholarships and Fellowships	29,167.00	2,087.56			
Auxiliary Enterprises	37,500,051.85	8,634,125.76	1,002,767.78	4,224,384.44	7,248,042.79
Depreciation and Amortization					
Total Operating Expenses	\$ 295,213,039.11	\$ 68,892,298.42	\$ 5,699,633.41	\$ 16,752,124.77	\$ 29,936,911.73

Function	Communications and Utilities	Repairs and Maintenance	Rentals and Leases	Printing and Reproduction	Depreciation and Amortization
Instruction	\$ 758,226.02	\$ 531,943.73	\$ 830,501.15	\$ 398,325.76	\$
Research	1,420,480.55	1,403,600.03	594,069.33	157,103.31	
Public Service	193,038.52	111,405.97	562,454.25	131,866.98	
Academic Support	1,066,159.27	1,790,188.22	2,421,845.32	449,850.23	
Student Services	701,532.79	343,655.23	887,297.38	833,366.51	
Institutional Support	1,063,116.98	415,185.61	593,117.96	385,824.84	
Operation and Maintenance of Plant	14,993,350.53	10,295,329.90	69,863.09	3,146.83	
Scholarships and Fellowships					
Auxiliary Enterprises	6,548,113.72	4,892,533.41	2,557,255.70	393,976.35	
Depreciation and Amortization					78,517,981.41
Total Operating Expenses	\$ 26,744,018.38	\$ 19,783,842.10	\$ 8,516,404.18	\$ 2,753,460.81	\$ 78,517,981.41

Function	Scholarships	Cost of Goods Sold	Bad Debt	Interest	Claims and Losses
Instruction	\$ 3,591,028.71	\$ 174,224.58	\$	\$ 647.94	\$
Research	4,674,707.24	465.00	46,080.96	840.22	
Public Service	95,369.93	43,338.48	0.72	342.13	
Academic Support	721,709.51	65,078.11	14,851.36	739.17	
Student Services	298,098.94	17,156.90		601.40	
Institutional Support	30,279.65	42,870.60	513,958.05	1,505.60	(145,234.91)
Operation and Maintenance of Plant	3,234.35			631.27	
Scholarships and Fellowships	35,776,994.34		(22,877.02)		
Auxiliary Enterprises	166,759.07	11,440,205.30	(121,278.48)	2,454.45	21,300.00
Depreciation and Amortization					
Total Operating Expenses	\$ 45,358,181.74	\$ 11,783,338.97	\$ 430,735.59	\$ 7,762.18	\$ (123,934.91)

Function	Federal Pass-Through	State Pass-Through	Other Operating	Grand Total
Instruction	\$	\$ 23,941.10	\$ 1,527,040.89	\$ 151,854,350.12
Research	838,878.19	320,833.14	6,601,943.74	107,323,564.64
Public Service	469,437.36		1,567,895.83	11,816,508.18
Academic Support			2,558,972.52	61,958,967.15
Student Services			9,075,036.74	33,874,757.61
Institutional Support			5,889,728.19	37,594,532.73
Operation and Maintenance of Plant			1,868,364.79	37,771,144.52
Scholarships and Fellowships				35,785,371.88
Auxiliary Enterprises			11,196,839.32	95,707,531.46
Depreciation and Amortization				78,517,981.41
Total Operating Expenses	\$ 1,308,315.55	\$ 344,774.24	\$ 40,285,822.02	\$ 652,204,709.70

Texas Tech University (733)
Statement of Cash Flows
For the Year Ended August 31, 2012

Cash Flows from Operating Activities	
Proceeds from Customers	\$ 7,422,519.79
Proceeds from Tuition and Fees	246,596,887.49
Proceeds from Grants and Contracts	79,029,794.89
Proceeds from Collection of Loans to Students	1,212,124.85
Proceeds from Sales and Services of Auxiliary Enterprises	109,847,460.82
Payments to Suppliers for Goods and Services	(52,958,134.92)
Payments to Employees for Salaries	(296,249,249.94)
Payments to Employees for Benefits	(69,381,846.65)
Payments for Loans Provided to Students	(259,594.58)
Payments for Other Expenses	(158,869,317.66)
Net Cash Used By Operating Activities	<u>\$ (133,609,355.91)</u>
Cash Flows from Noncapital Financing Activities	
Proceeds from State Appropriations	\$ 140,135,375.22
Proceeds from Gifts	30,035,115.03
Proceeds from Transfers from Components	4,580,866.78
Proceeds from Transfers from Texas Tech Foundation, Inc.	32,431,969.28
Proceeds from Transfers from Other State Agencies	7,877,932.04
Proceeds from Nonoperating Grants and Contracts	33,600,548.98
Proceeds from Agency Transactions	59,593,895.98
Proceeds from Other Financing Activities	1,381,271.04
Payments for Transfers to Components	(7,035,663.98)
Payments for Transfers to Other State Agencies	(3,700,646.34)
Payments for Other Uses	(2,839,172.76)
Net Cash Provided by Noncapital Financing Activities	<u>\$ 296,061,491.27</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from Sale of Capital Assets	\$ 14,871.00
Proceeds from Capital Debt Issuance	162,234,613.65
Proceeds from Capital Appropriations	31,359,655.11
Payments for Additions to Capital Assets	(118,329,493.45)
Payments for Principal Paid on Capital Debt	(126,412,959.40)
Payments for Interest Paid on Capital Debt	(16,040,178.72)
Payments for Other Costs on Debt Issuance	(776,178.57)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (67,949,670.38)</u>
Cash Flows from Investing Activities	
Proceeds from Investment Sales and Maturities	\$ 201,276,038.35
Proceeds from Interest and Investment Income	24,612,910.05
Payments to Acquire Investments	(255,412,906.86)
Net Cash Used by Investing Activities	<u>\$ (29,523,958.46)</u>
TOTAL NET CASH FLOWS	<u><u>\$ 64,978,506.52</u></u>
Beginning Cash & Cash Equivalents - September 1, 2011	\$ 194,204,957.93
Ending Cash & Cash Equivalents - August 31, 2012	<u><u>\$ 259,183,464.45</u></u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	\$ (211,146,129.03)
Adjustments:	
Depreciation Expense	78,517,981.41
Bad Debt	430,735.59
(Increase) Decrease in Accounts Receivables	5,757,253.74
(Increase) Decrease in Loans and Notes Receivable	952,530.27
(Increase) Decrease in Inventory	(483,920.28)
(Increase) Decrease in Prepaid Expenses	(6,946,516.80)
(Increase) Decrease in Due From Other Agencies	(304,337.77)
Increase (Decrease) in Accounts Payables	4,450,364.37
Increase (Decrease) in Payroll Payables	(1,036,210.83)
Increase (Decrease) in Deferred Revenue	(4,302,885.05)
Increase (Decrease) in Compensable Leave	(489,548.23)
Increase (Decrease) in Due to Other Agencies	688,051.40
Increase (Decrease) in Other Liabilities	303,275.30
Net Cash Used for Operating Activities	<u>\$ (133,609,355.91)</u>
Noncash Transactions	
Donation of Capital Assets	\$ 11,028,474.29
Net Change in Fair Value of Investments	\$ 6,171,198.20
Other	\$ 80,248.73

UNAUDITED
TEXAS TECH UNIVERSITY (733)

**NOTES to the
FINANCIAL STATEMENTS**

UNAUDITED

TEXAS TECH UNIVERSITY (733)

Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

Blended Component Units

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 Standard No. 14 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.

Texas Tech Foundation, Inc. is a component unit of the consolidated Texas Tech University System since it serves the fundraising needs of all colleges, schools, programs, and campuses of the Texas Tech University System. No balances or activities associated with Texas Tech Foundation, Inc. are included in this Annual Financial Report.

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

Basis of Accounting

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

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

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 market value.

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

Description	Current Unrestricted	Current Restricted	Non-Current Restricted	Total
Cash on Hand	\$ 186,955.00	\$ 200.00	\$	\$ 187,155.00
Cash in Bank	17,349,712.96	2,724,054.59	1,556,131.63	21,629,899.18
Cash in State Treasury	24,547,949.58			24,547,949.58
Blackrock Temp Fund Institutional Shares	11,033,629.59	3,594,581.65	1,892,446.03	16,520,657.27
Invesco Short Term Investments Trust	12,472,156.79	4,063,231.01	2,139,176.72	18,674,564.52
UBS Select Prime Institutional Fund	12,470,401.85	4,062,659.28	2,138,875.72	18,671,936.85
LOGIC - Local Government Investment Co-op	12,474,041.42	4,063,844.99	2,139,499.97	18,677,386.38
TexPool & TexSTAR	82,867,296.44	26,996,851.80	30,409,767.43	140,273,915.67
Total Cash and Cash Equivalents	\$ 173,402,143.63	\$ 45,505,423.32	\$ 40,275,897.50	\$ 259,183,464.45

Investments

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

Restricted Assets

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

Inventories

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

Receivables

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

UNAUDITED

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

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

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

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

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

Prepaid Expenses

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

Loans and Notes Receivable

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

Capital Assets

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

Intangible capital assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds \$100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated computer software has a capitalization threshold of \$1,000,000, and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

Accounts Payable and Accrued Liabilities

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

Deferred Revenues

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

Employees' Compensable Leave Balances

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

Notes and Loans Payable

Notes payable represents amounts owed for commercial paper that was issued during the current accounting period. Notes and loans payable are further explained in Note 5.

Bonds Payable

Texas Tech University has a number of bond issues outstanding, most of which are supported either directly or indirectly by tuition revenue. Bonds payable are addressed in more detail in Note 6.

Funds Held for Others

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

Net Assets

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

Invested in Capital Assets, Net of Related Debt

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 Assets

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

Unrestricted Net Assets

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

Interfund Activity and Transactions

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

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

Note 2: Capital Assets

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the 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) Buildings and Building Improvements, (3) Infrastructure, (4) Furniture and Equipment, (5) Vehicles, Boats and Aircraft, (6) Construction in Progress, (7) Other Capital Assets, (8) Facilities and Other Improvements, (9) Land Use Rights, (10) Computer Software, or (11) Other Intangible Capital Assets. The changes to fixed asset balances are summarized below.

PRIMARY GOVERNMENT									
	Balance 9/1/11	Adjustments	Reclassifications Completed CIP	Reclassifications Inc-Int'gy Trans	Reclassifications Dec-Int'gy Trans	Additions	Deletions	Balance 8/31/12	
BUSINESS-TYPE ACTIVITIES									
Non-depreciable or Non-amortizable Assets									
Land and Land Improvements	\$ 3,724,592.94							\$ 3,724,592.94	
Construction in Progress	112,845,114.34		(169,625,990.34)			60,884,505.34	(1,148,617.64)	2,955,011.70	
Other Capital Assets	65,304,260.98					2,511,867.35	(76,925.95)	67,739,202.38	
Total Non-depreciable or Non-amortizable Assets	\$ 181,873,968.26	\$ 0.00	\$ (169,625,990.34)	\$ 0.00	\$ 0.00	\$ 63,396,372.69	\$ (1,225,543.59)	\$ 74,418,807.02	
Depreciable Assets									
Buildings and Building Improvements	\$ 822,060,610.03		\$ 169,625,990.34			\$ 29,029,058.87	\$ (441,696.43)	\$ 1,020,273,962.81	
Infrastructure	30,419,533.51							30,419,533.51	
Facilities and Other Improvements	146,111,736.80	(34,797.00)				1,470,278.72		147,547,218.52	
Furniture and Equipment	141,565,718.55	(176,948.33)		119,095.72	(26,775.44)	17,398,722.76	(472,331.12)	158,407,482.14	
Vehicle, Boats and Aircraft	12,545,992.07	211,745.33				1,015,808.09	(690,953.77)	13,082,591.72	
Other Capital Assets	111,404,401.00					11,657,395.62	(249,751.74)	122,812,044.88	
Total Depreciable Assets at Historical Cost	\$ 1,264,107,991.96	\$ 0.00	\$ 169,625,990.34	\$ 119,095.72	\$ (26,775.44)	\$ 60,571,264.06	\$ (1,854,733.06)	\$ 1,492,542,833.58	
Less Accumulated Depreciation for:									
Buildings and Building Improvements	\$ (444,953,976.13)					\$ (28,306,587.87)	\$ 401,899.45	\$ (472,858,664.55)	
Infrastructure	(9,233,925.89)					(1,025,645.67)		(10,259,571.56)	
Facilities and Other Improvements	(54,139,060.03)	15,254.92				(5,718,930.39)		(59,842,735.50)	
Furniture and Equipment	(86,353,269.55)	(2,766.96)		(1,654.11)	5,039.58	(12,948,700.44)	458,756.47	(98,842,595.01)	
Vehicles, Boats and Aircraft	(8,912,958.05)	(12,487.96)				(976,873.13)	375,379.68	(9,526,939.46)	
Other Capital Assets	(42,350,975.60)					(7,504,260.20)		(49,855,235.80)	
Total Accumulated Depreciation	\$ (645,944,165.25)	\$ 0.00	\$ 0.00	\$ (1,654.11)	\$ 5,039.58	\$ (56,480,997.70)	\$ 1,236,035.60	\$ (701,185,741.88)	
Depreciable Assets, Net	\$ 618,163,826.71	\$ 0.00	\$ 169,625,990.34	\$ 117,441.61	\$ (21,735.86)	\$ 4,090,266.36	\$ (618,697.46)	\$ 791,357,091.70	
Intangible Capital Assets – Amortizable									
Computer Software – Intangible	\$ 111,849,994.01					\$ 9,970,347.88	\$ (142,907.00)	\$ 121,677,434.89	
Total Intangible Assets at Historical Cost	\$ 111,849,994.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,970,347.88	\$ (142,907.00)	\$ 121,677,434.89	
Less Accumulated Amortization for:									
Computer Software – Intangible	\$ (35,704,985.94)					\$ (22,036,983.71)	\$ 142,907.00	\$ (57,599,062.65)	
Total Accumulated Amortization	\$ (35,704,985.94)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (22,036,983.71)	\$ 142,907.00	\$ (57,599,062.65)	
Amortizable Assets, Net	\$ 76,145,008.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (12,066,635.83)	\$ 0.00	\$ 64,078,372.24	
Business-Type Activities Capital Assets, Net	\$ 876,182,803.04	\$ 0.00	\$ 0.00	\$ 117,441.61	\$ (21,735.86)	\$ 55,420,003.22	\$ (1,844,241.05)	\$ 929,854,270.96	

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

As of August 31, 2012, the carrying amount of deposits was \$21,629,899.18 as presented below:

Business-Type Activities

CASH IN BANK – CARRYING VALUE	\$ 21,629,899.18
Less: Certificates of Deposit including in carrying value and reported as Cash Equivalent	
Less: Uninvested Securities Lending Cash Collateral including in carrying value and reported as Securities Lending Collateral	
Less: Securities Lending CD Collateral including in carrying value and reported as Securities Lending Collateral	
Cash in Bank per AFR	<u>\$ 21,629,899.18</u>
Proprietary Funds Current Assets Cash in Bank	\$ 17,349,712.96
Proprietary Funds Current Assets Restricted Cash in Bank	2,724,054.59
Proprietary Funds Non-Current Assets Restricted Cash in Bank	1,556,131.63
Cash in Bank per AFR	<u>\$ 21,629,899.18</u>

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

As of August 31, 2012, the total **bank balance** for Business-Type Activities was \$19,184,991.23.

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

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

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

Investments

As of August 31, 2012, the fair market value of investments is as presented below:

Type of Security	Fair Value
Business-Type Activities	
U. S. Government	
U.S. Treasury Securities	\$ 23,063,283.16
U.S. Treasury TIPs	2,611,904.71
U.S. Government Agency Obligations (Ginnie Mae, Fannie Mae, Freddie Mac, Sallie Mae, etc.)	43,968,712.30
Equity	14,975,095.81
International Obligations	3,785,003.68
Fixed Income Money Market and Bond Mutual Fund	197,775,455.59
Mutual Funds	14,307,223.18
Other Commingled Funds	39,250,519.98
Other Commingled Funds (Texpool)	127,771,178.07
International Other Commingled Funds	27,635,039.32
Real Estate	7,870,447.32
Externally Managed Investments:	
Domestic	98,436,331.94
International	1,470,279.59
Miscellaneous	278,843.09
Total Investments	\$ 603,199,317.74
Non-Current Investments	\$ 390,380,857.05
Items in Cash and Cash Equivalents:	
Money Market Funds	72,544,545.02
Texpool & TexSTAR Investments	140,273,915.67
Total Investments	\$ 603,199,317.74

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

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

Fund Type	GAAP Fund	Type	Uninsured and unregistered with securities held by the counterparty	Uninsured and unregistered with securities held by the counterparty’s trust department or agent but not in the state’s name
05	9999	Equity	\$ 86,877.34	\$ 0.00

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

Foreign currency risk for investments is the risk that changes in exchange rates will adversely affect the investment. The exposure to foreign currency risk as of August 31, 2012, is as follows.

Fund Type	GAAP Fund	Foreign Currency	International Obligation	International Other Comingled Funds	International Externally Managed Investments
05	9999	Argentine peso	\$ 80,125.79	\$ 310,502.40	
05	9999	Australian dollar		196,367.30	\$ 2,613.36
05	9999	Brazilian real	326916.17	2,311,244.49	
05	9999	Canadian dollar	2,579.95	284,366.53	
05	9999	Cayman dollar	18,575.62		
05	9999	CFA franc	105,704.12		
05	9999	Chilean Peso	263,596.89	152,203.86	
05	9999	Chinese yuan	23,440.66	2,138,656.40	67.01
05	9999	Colombian peso	254,456.51		
05	9999	Czech koruna		239,818.92	
05	9999	Danish krone		70,208.70	
05	9999	Dominican peso	49,756.12		
05	9999	Egyptian pound		173,342.80	
05	9999	Euro	279,150.33	3,424,505.08	1,349,582.42
05	9999	Hong Kong dollar	18,280.77	447,134.74	
05	9999	Indian rupee		1,352,165.00	118,016.80
05	9999	Indonesian rupiah	384,780.70	546,769.65	
05	9999	Iraqi dinar	30,517.09		
05	9999	New Israel shekel		74,341.73	
05	9999	Japanese yen		2,475,828.56	
05	9999	Kaakhstani tenge	98,701.41	105,880.95	
05	9999	Latvian lats	152,732.87		
05	9999	Lithuanian litas	124,795.73		
05	9999	Malaysian ringgit	663.41	53,154.04	
05	9999	Mexican peso	143,887.34	1,538,739.03	
05	9999	Norwegian krone		109,363.74	
05	9999	Panamanian balboa	25,578.33	37,546.33	
05	9999	Peruvian nuevo sol	70,100.85	257,052.17	
05	9999	Phillippino peso	275,833.21	225,231.54	
05	9999	Pound sterling	29,853.67	2,042,429.21	
05	9999	Qatari riyal	95,384.33		
05	9999	Russian ruble	47,913.30	338,105.51	
05	9999	Singapore dollar		319,342.84	
05	9999	South African rand	122,215.78	1,579,036.29	
05	9999	South Korean wan	25,283.48	2,182,589.53	
05	9999	Swedish krona		218,217.48	
05	9999	Swiss franc		1,504,262.45	
05	9999	New Taiwan dollar		1,503,229.78	
05	9999	Thai baht	663.41	719,753.15	
05	9999	New Turkish lira		606,038.61	
05	9999	UAE dirham	13,268.30	97,610.51	
05	9999	Uruguay peso	156,713.36		
		Venezuela bolivar	563,534.18		
		Total	\$ 3,785,003.68	\$ 27,635,039.32	\$ 1,470,279.59

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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University’s investment policy limits fixed income securities held by the STIF to those issued by the U.S. or its agencies and instrumentalities. As of August 31, 2012, the University’s credit quality distribution for securities with credit risk exposure was as follows.

Fund Type	GAAP Fund	Investment Type	Credit Quality					Unrated
			AAA	AA	A	BBB	BB	
05	9999	U.S. Government Agency Obligations	\$ 43,968,712.30					
05	9999	International Obligations		\$ 200,605.20	\$ 401,210.39	\$ 1,669,186.62	\$ 673,730.66	\$ 840,270.81
			AAAf	Aaf	Af			Unrated
05	9999	Fixed Income Money Market and Bond Mutual Fund	\$ 72,544,545.02					\$ 125,230,910.57

Derivative Investing

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

Note 4: Short-Term Debt

Texas Tech University has no outstanding short-term debt as of August 31, 2012.

Note 5: Long-Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2012, the following changes occurred in liabilities.

Business-Type Activities	Balance 9/1/2011	Additions	Reductions	Balance 8/31/2012	Amounts due within one year	Amounts Due Thereafter
Notes and Loans Payable	\$ 50,619,091.16	\$ 36,027,701.00	\$ 65,134,253.92	\$ 21,512,538.24	\$ 21,512,538.24	\$ 0.00
Revenue Bonds Payable	292,648,522.90	126,565,822.79	63,016,523.74	356,197,821.95	17,836,911.08	\$ 338,360,910.87
Compensable Leave Payable	12,301,266.56		489,548.23	11,811,718.33	1,417,406.22	\$ 10,394,312.11
Total Business-Type Activities	\$ 355,568,880.62	\$ 162,593,523.79	\$ 128,640,325.89	\$ 389,522,078.52	\$ 40,766,855.54	\$ 348,755,222.98

Employees’ Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee’s resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Under state law, the accumulated hours are limited based on the employees’ length of service, with a maximum accrual of 532 hours for employees with 35 or more years of service. The expense and liability are recorded annually as these benefits accrue for employees. This obligation is paid from a central vacation pool account which collects the funding from the same funding source(s) from which the employee’s salary or wage compensation was paid. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Pollution Remediation Obligations

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

Bonds Payable

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

Notes and Loans Payable

Notes Payable represents commercial paper payable, which is issued to provide interim funding for long-term construction and equipment projects in advance of the issuance of authorized bonds. Even though commercial paper itself is short-term in nature, because the intent of the commercial paper issuance is to continue funding of these long-term projects to be financed by bond issues, the payable is reported as long-term debt. Debt service for the obligation is provided in general appropriation for tuition revenue bonds and revenue from various projects. All commercial paper outstanding at 8/31/12 will mature in fiscal year 2013. Commercial paper has short maturities up to 270 days with interest rates ranging from .08% to .18%.

Summary of Debt Service Requirements for Notes Payable

Fiscal Year	Balance Principal	Interest	Total
2013	\$ 21,512,538.24	\$ 64,537.61	\$ 21,577,075.85
2014			
2015			
2016			
2017			
All Other Years			
Total Requirements	\$ 21,512,538.24	\$ 64,537.61	\$ 21,577,075.85

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

Note 6: Bonded Indebtedness

Bonds Payable

Several bond issues were outstanding as of August 31, 2012. These are summarized in the paragraphs that follow.

Revenue Financing System Bonds, 7th Series 2001

Purpose:	Financing of renovation of Jones Stadium, Student Union and Student Recreational Center, and other projects; current refunding of a portion of Series A Notes; and costs of issuance
Original Issue Amount	\$107,355,000.00; all authorized bonds have been issued
Issue Date	January 23, 2002
Interest Rates	3.00% to 5.50%
Maturity Date Range	2002 through 2013
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$3,070,000.00 retired; \$3,240,000.00 refunded

Revenue Financing System Bonds, 8th Series 2001 (Taxable)

Purpose:	Financing of renovation of Jones Stadium and costs of issuance
Original Issue Amount	\$42,810,000.00; all authorized bonds have been issued
Issue Date	January 23, 2002
Interest Rates	3.46% to 6.75%
Maturity Date Range	2003 through 2031
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$27,710,000.00 refunded

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
Original Issue Amount	\$32,995,000.00; all authorized bonds have been issued
Issue Date	September 23, 2003
Interest Rates	2.00% to 5.25%
Maturity Date Range	2004 through 2023
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$1,490,000.00 retired; \$13,460,000.00 refunded

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

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

Purpose:	For advanced refunding of Series A Notes and Series 1999 and 2001 bonds, for construction of Murray Hall and renovation of the Student Union Building and various dormitories and other University construction of capital improvement projects
Original Issue Amount	\$161,220,476.00; all authorized bonds have been issued
Issue Date	February 2, 2006
Interest Rates	4.00% to 5.00%
Maturity Date Range	2007 through 2031
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$3,365,572.04 retired

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

Purpose:	For current refunding of Series A Notes in the aggregate principal amount of \$14,486,000 and Series 1999 bonds in the aggregate principal amount of \$32,377,742.71 and to pay for construction of the new College of Business Administration Building, renovation of the existing College of Business Administration Building, construction of the Lanier Professional Development Center, construction of the Student Leisure Pool, and other University construction of capital improvement projects.
Original Issue Amount	\$104,352,181.17; all authorized bonds have been issued
Issue Date	March 3, 2009
Interest Rates	4.00% to 5.25%
Maturity Date Range	2009 through 2038
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$6,478,133.44 retired

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 & 18 th Street Residence Hall and Dining Facility, Jones Stadium East Side Expansion and other University capital improvement projects.
Original Issue Amount	\$86,230,000.00; all authorized bonds have been issued
Issue Date	February 1, 2012
Interest Rates	2.00% to 5.00%
Maturity Date Range	2012 through 2036
Type of Bond	Revenue
Changes in Debt	\$86,230,000.00 issued; \$2,065,000.00 retired

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

Purpose:	For current refunding of \$27,710,000 of Revenue Financing System Bonds Taxable Series 2001.
Original Issue Amount	\$27,585,000.00; all authorized bonds have been issued
Issue Date	February 1, 2012
Interest Rates	.40% to 4.44%
Maturity Date Range	2012 through 2031
Type of Bond	Revenue
Changes in Debt	\$27,585,000.00 issued; \$400,000.00 retired

Sources of Debt-Service Revenue

On October 21, 1993, the governing board of the Texas Tech University System established a Revenue Financing System for the purpose of providing a financing structure for all revenue supported indebtedness of Texas Tech University System components. The source of revenues for debt service issued under the Revenue Financing System includes pledged general tuition, pledged tuition fee, pledged general fee and any other revenues, income, receipts, rentals, rates, charges, fees, including interest or other income, and balances lawfully available to Texas Tech University System components. Excluded from the revenues described above are amounts received under Article 7, Section 17 of the Constitution of the State of Texas, general revenue funds appropriated by the Legislature except to the extent so specifically appropriated, encumbered housing revenues, and practice plan funds.

Pledged Future Revenues

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

	Business - Type Activities
Pledged Revenue Required for Future Principal and Interest on Existing Revenue Bonds	\$ 491,989,496.62
Term of Commitment for Year Ending 8/31	2038
Percentage of Revenue Pledged	Unable to estimate
Current Year Pledged Revenue	\$ 537,011,719.12
Current Year Principal and Interest Paid.	\$ 31,889,575.98

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

Note 7: Derivative Instruments

As of August 31, 2012, Texas Tech University held no derivative instruments subject to reporting requirements.

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

Note 8: Leases

Texas Tech University had no outstanding capital leases as of August 31, 2012.

Texas Tech University has entered into various operating leases for buildings and equipment. Expenses for operating lease obligations included in the financial statements were \$722,581.53 for the fiscal year ended August 31, 2012.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2012 are as follows:

Fiscal Year Ended August 31,	
2013	\$ 737,337.28
2014	637,146.93
2015	313,105.20
2016	113,490.00
2017	113,490.00
Total Minimum Future Lease Rental Payments	\$ 1,914,569.41

Texas Tech University also leases building space to outside parties under various operating leases. Rental income from these leases of \$242,242.52 is included in the financial statements for the fiscal year ended August 31, 2012.

Leased space comprises approximately 14.7% of the total building space. The carrying value of the building is \$2,125,538.14, with a historical cost of \$5,182,795.13, and related accumulated depreciation of \$3,057,256.99 as of August 31, 2012. There were no reported contingent rental revenues.

Minimum future lease rental income under non-cancelable operating leases as of August 31, 2012 was as follows:

Fiscal Year Ended August 31,	
2013	\$ 228,697.00
2014	235,019.00
2015	237,454.00
2016	239,822.00
2017	240,163.64
Total Minimum Future Lease Rental Income	\$ 1,181,155.64

Note 9: Pension Plans

The State has established an Optional Retirement Program (ORP) for institutions of higher education. Participation in ORP is in lieu of participation in the Teacher Retirement System of Texas and is available to certain eligible employees. The contributions made by plan members and the employer for the fiscal year ended August 31, 2012 are:

Description	Year Ended 8/31/2012
Member Contributions	\$ 6,990,613.39
Employer Contributions	7,473,334.68
Total Contributions	\$ 14,463,948.07

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 Agencies or Due to Other Agencies
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

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

Individual balances and activity at August 31, 2012, follow.

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

Due from / to Other State Agencies

Agency Name	Agency Number	D23 Fund	Due from Other Agencies	Due to Other Agencies
Office of the Governor	300	5124		\$ 22,302.97
Office of the Governor	300	5524		1,761,313.64
Office of the Governor	300	6822	\$ 63,763.70	
Texas Workforce Commission	320	5026	33,836.19	
Cancer Prevention and Research Institute of Texas	542	7639	421,210.29	
Texas Department of Agriculture	551	0001	126,012.94	
Texas Department of Agriculture	551	0005	74,027.61	
Texas Agrilife Extension Service	555	7999	46,086.05	54,842.09
Texas Agrilife Research	556	7999	70,727.79	111,498.46
Texas Water Development Board	580	1358	464,487.41	
Texas Water Development Board	580	4832	8,641.41	
Texas Commission on Environmental Quality	582	0340	20,126.95	
Texas Commission on Environmental Quality	582	1515	1,698.91	
Texas Department of Motor Vehicles	608	5015	91,369.91	
Texas Education Agency	701	0148	248,798.84	
Tarleton State University	713	7999		106,363.70
The University of Texas at Arlington	714	7999	51,279.69	
The University of Texas System	720	7999		1,915.78
The University of Texas at Austin	721	7999	3,949.25	
The University of Houston	730	7999		1,525.09
Texas A&M University - Kingsville	732	7999	12,367.18	
Midwestern State University	735	7999		55,664.31
Angelo State University	737	7999		7,082.72
The University of Texas at Dallas	738	7999	79,292.96	
Texas Tech University Health Sciences Center	739	0001	166,492.62	
Texas Tech University Health Sciences Center	739	7999		33,571.70
The University of Texas at San Antonio	743	7999		11,927.52
The University of North Texas	752	7999		7,178.96
Texas State University - San Marcos	754	7999	35,270.31	
Stephen F. Austin State University	755	7999	415,441.02	
Sul Ross State University	756	7999		10,368.38
West Texas A&M University	757	7999	33,502.76	103,776.54
Texas A&M University - Corpus Christi	760	7999	2978.02	14,437.96
Texas School for the Blind and Visually Impaired	771	0001	48,748.90	
The Higher Education Coordinating Board	781	0001	40,058.37	327,344.21
Texas Parks and Wildlife Department	802	0931	29,149.73	
Texas Parks and Wildlife Department	802	0951	184,179.64	
Total Due from / Due to Other Agencies			\$ 2,773,498.45	\$ 2,631,114.03

Legislative Transfers In / Out

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

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

Transfers to / from Other State Agencies

Agency Name	Agency Number	D23 Fund	Transfers In	Transfers Out
Texas Public Financing Authority	347	0507		\$ 118,546.04
Texas Public Financing Authority	347	0735		2,329.47
Texas Higher Education Coordinating Board	781	0001		92,070.21
Texas Higher Education Coordinating Board	781	5103		3,487,700.62
Comptroller of Public Accounts	902	0214	7,877,932.04	
Total Transfers to / from Other Agencies			\$ 7,877,932.04	\$ 3,700,646.34

Interagency Capital Asset Transfers to / from Other State Agencies

Agency Name	Agency Number	Net Asset Increase	Net Asset Decrease
Texas Tech University Health Sciences Center	739	\$ 117,441.61	\$ 21,735.86
Total Capital Asset Transfers to / from Other Agencies		\$ 117,441.61	\$ 21,735.86

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

Note 13: Continuance Subject to Review

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

Note 14: Adjustments to Fund Balances and Net Assets

Texas Tech University has no restatement of Fund Balance or Net Assets as of August 31, 2012.

Note 15: Contingencies and Commitments

At August 31, 2012, various lawsuits and claims involving Texas Tech University were pending. While the ultimate liability with respect to litigation and other claims asserted against the University cannot be precisely estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is in legal counsel’s opinion, not likely to have a material effect on the University.

Note 16: Subsequent Events

Texas Tech University has no subsequent events to disclose.

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 2012 totaled \$785,526.14. The State Office of Risk Management pays all WCI claims. The Worker’s Compensation pool for the fiscal year was funded by a .25 percent charge on non-educational and general gross payroll for paying its proportionate share of the SORM assessment.

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

The University has self-insured arrangements for Unemployment Compensation Fund coverage. The State of Texas pays 50% of claims for employees paid from state funds. The University pays the remainder for employees paid from state funds and 100% of the claims paid for employees from non-state funds. Total payments for unemployment compensation for fiscal year 2012 amounted to \$312,647.62. 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.

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

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

Texas Tech University continues to experience growth in student enrollment. Overall, the student enrollment count for fall, spring and summer terms for fiscal year 2012 increased from 80,159 to 82,740, resulting in a 3.22% increase compared to the enrollment count for the same terms in fiscal year 2011.

Note 19: The Financial Reporting Entity

Texas Tech University is an agency of the State of Texas, and is one of four 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 Standard No. 14 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.

Note 20: Stewardship, Compliance and Accountability

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

Note 21: N/A

Note 22: Donor Restricted Endowments

Expenditure of endowed funds is not allowed without the express consent of the donor. Most of Texas Tech's endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as designated by the donor. In other cases, endowment earnings are reinvested.

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

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

Donor-Restricted Endowment	Amount of Net Appreciation	Reported in Net Assets
True Endowments	\$ 12,366,682.75	Restricted Nonexpendable
Term Endowments	<u>54,591.43</u>	Restricted Nonexpendable
Total	<u><u>\$ 12,421,274.18</u></u>	

Note 23: Extraordinary and Special Items

Texas Tech University has no special or extraordinary items for the fiscal year ended August 31, 2012.

Note 24: Disaggregation of Receivable and Payable Balances

Receivables

Components of receivables as of August 31, 2012 are summarized below.

Type	Net Amount
Federal Receivables	\$ 20,585,928.95
Interest and Dividends Receivable	172,604.44
Student Receivables	4,173,935.52
Gift Receivables, Current and Non-current	25,450,657.34
Accounts Receivable	5,902,679.75
Loans and Notes Receivable Current and Non-current	755,189.79
Other Receivables	
Employee Travel	369,702.01
Contracts Receivable	2,196,841.19
Property Deposits	54,947.38
Total Other Receivables	<u>2,621,490.58</u>
Total Receivables	<u><u>\$ 59,662,486.37</u></u>

Payables

Components of payables as of August 31, 2012 are summarized below.

Type	Net Amount
Accounts Payable	\$
Student Payables	1,573,914.95
Retainages	2,485,463.97
Unclaimed Property	358,546.55
General Accounts Payable	18,410,331.74
Total Accounts Payable	22,828,257.21
Payroll Payable	<u>21,373,172.92</u>
Total Payables	<u><u>\$ 44,201,430.13</u></u>

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

Note 25: Termination Benefits

Texas Tech University has no reportable voluntary or involuntary termination benefits as of August 31, 2012.

Note 26: Segment Information

Texas Tech University has no reportable segments.

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TEXAS TECH UNIVERSITY (733)

SUPPORTING SCHEDULES

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Texas Tech University (733)
 Schedule 1A - Schedule of Expenditures of Federal Awards
 For the Year Ended August 31, 2012

Note 1: Non-Monetary Assistance

Texas Tech University did not receive any non-monetary federal assistance in fiscal year 2012.

Note 2: Reconciliation

Federal Grants and Contracts Operating (SRECNA)	\$ 32,924,657.54
Federal Grants and Contracts Nonoperating (SRECNA)	33,600,548.98
Federal Pass-Through Grants from Other State Agencies (SRECNA)	<u>4,076,518.88</u>
Total Federal Revenues	<u>\$ 70,601,725.40</u>

Reconciling Items:

New Loans Processed

Federal Direct Student Loans (84.268)	154,940,233.00
Federal Perkins Loan Program (84.038)	<u>132,500.00</u>

Total Pass-Through and Expenditures per Federal Schedule \$ 225,674,458.40

Note 3: Student Loan Processed and Administrative Costs Recovered

Program	CFDA	New Loans Processed	Administrative Costs Recovered	Total Loans Processed and Admin Costs Recovered	Ending Balance Previous Years' Loans
Federal Direct Student Loans	84.268	\$ 154,940,233.00	\$	\$ 154,940,233.00	\$
Federal Perkins Loan Program	84.038	132,500.00	113,820.00	246,320.00	
		<u>\$ 155,072,733.00</u>	<u>\$ 113,820.00</u>	<u>\$ 155,186,553.00</u>	<u>\$</u>

Note 4: Depository Libraries for Governmental Publications

The University participates as a depository library in the government printing office's depository libraries for government publications program, CFDA 40.001. The University is the legal custodian of government publications which remain the property of the federal government. The publications are not assigned a value by the government printing office.

Note 5: Unemployment Insurance Funds

Texas Tech University was not the recipient of CFDA 17.225 funding for fiscal year 2012.

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 2012.

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Texas Tech University (733)
 Schedule 1A - Schedule of Expenditures of Federal Awards (continued)
 For the Year Ended August 31, 2012

Note 7: Federal Deferred Revenue

The deferred revenue total of \$1,003,484.14 represents advanced payments on Federal grants and contracts.

CFDA	Deferred Revenue September 1, 2011	Increase/ (Decrease)	Deferred Revenue August 31, 2012
10.290	\$ 7,520.53	\$ (7,520.53)	\$
10.303		3.22	3.22
10.309	7,204.20	(7,204.20)	
10.961	2,275.50	(2,275.50)	
11.468		16,552.41	16,552.41
12.000	33,808.25	(18,532.65)	15,275.60
12.351	94,135.02	22,358.95	116,493.97
12.431	677.59	(677.59)	
12.800	77,888.72	(59,209.40)	18,679.32
12.910	501,936.74	247,517.80	749,454.54
15.640	13,963.40	(13,963.40)	
15.660	9,755.01	(9,755.01)	
43.000	817.00	10,672.99	11,489.99
43.001	5,906.88	(5,906.88)	
43.003		637.30	637.30
45.149	1,638.84	(1,638.84)	
47.041	7,133.53	970.65	8,104.18
47.050		9,202.80	9,202.80
47.082		10,831.57	10,831.57
66.509		70.12	70.12
66.514	17,226.57	(1,510.50)	15,716.07
81.000	3,935.12	(2,705.26)	1,229.86
81.049		204.39	204.39
81.087	181.63	128.28	309.91
84.031		3,020.37	3,020.37
84.047		2,234.41	2,234.41
84.048	649.60	876.38	1,525.98
84.153		15.53	15.53
84.325	1,823.86	15,043.33	16,867.19
93.000		5,565.41	5,565.41
	<u>\$ 788,477.99</u>	<u>\$ 215,006.15</u>	<u>\$ 1,003,484.14</u>

Note 8: Supplemental Nutrition Assistance Program (SNAP)

Texas Tech University was not the recipient of CFDA 10.551 funding for fiscal year 2012.

Texas Tech University (733)
 Schedule 1B - Schedule of State Grant Pass-Throughs From/To State Agencies
 For the Year Ended August 31, 2012

Pass-through from:

Agency Number	Agency Name Grant ID / Grant Description	Amount
300	Office of the Governor	
	300.0005 Emerging Technology Grant	\$ 2,164,972.70
	<i>Total for Office of the Governor</i>	<u>2,164,972.70</u>
457	Texas State Board of Public Accountancy	
	457.0001 5th Year Accounting Student Scholarship Program	17,646.00
	<i>Total for Texas State Board of Public Accountancy</i>	<u>17,646.00</u>
542	Cancer Prevention and Research Institute of Texas	
	542.0013 Microfluidic Technology for Screening of Tumor Cells	117,310.00
	542.0014 Partnership for Cancer Prevention in Rural Communities	137,571.66
	542.0015 Guidelines for Treating Tobacco Use and Dependence in Oncology and Primary Care Settings	102,888.51
	542.0382 Beam-Scanning Radar for Tumor Tracking in Lung Cancer	37,726.73
	<i>Total for Cancer Prevention and Research Institute of Texas</i>	<u>395,496.90</u>
551	Texas Department of Agriculture	
	551.0001 Determination of Individual Fibers	0.11
	551.0003 Enology and Viticulture Education and Research Grant	128,353.74
	551.0004 Enology Grant	78,703.40
	551.0005 Evaluation of Fiber Properties	0.01
	551.0007 Fabric Care and Finishing Issues	(0.01)
	551.0010 Further Development of Naked Tufted	(0.06)
	551.0014 Molecular Breeding for Improvement	844.63
	551.0015 Multidisciplinary Approach to Study	(0.18)
	551.0016 New Approach to Impart Super Oleoph	(0.07)
	551.0017 Optimizing the Use of the Advanced	(0.01)
	551.0018 T09 44 Cotton Specific Decontaminant	(0.02)
	551.0019 T09 50 Self Cleaning Cotton Nanofibers	(2,932.49)
	551.0021 Texas Agricultural Research Database	0.03
	551.0032 Natural Fibers Research Grant	92,682.16
	<i>Total for Texas Department of Agriculture</i>	<u>297,651.24</u>
580	Texas Water Development Board	
	580.0018 WSC - Agriculture Water Conservation	464,658.56
	580.0019 WSC - Research	(20,376.25)
	<i>Total for Texas Water Development Board</i>	<u>444,282.31</u>
582	Texas Commission on Environmental Quality	
	582.0005 Effectiveness and Utility of Surface Application for Removal of Pharmaceutical and Personal Care Product Microcontaminants	36,403.88
	582.0011 Refining Rates for On-site Surface Application	11,491.24
	582.0052 Design & Operation of Land Application Sterns	5,985.23
	<i>Total for Texas Commission on Environmental Quality</i>	<u>\$ 53,880.35</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, 2012

Agency Number	Agency Name Grant ID / Grant Description	Amount
720	University of Texas System	
	720.0002 Joint Admission Medical Program (JAMP)	\$ 10,777.73
	<i>Total for University of Texas System</i>	<u>10,777.73</u>
738	University of Texas - Dallas	
	738.0001 Texas Analog Research Superiority Program	90,668.95
	<i>Total for University of Texas- Dallas</i>	<u>90,668.95</u>
781	Texas Higher Education Coordinating Board	
	781.0008 TEXAS Grant Program	9,680,833.00
	781.0010 Advanced Research Program	(226,718.86)
	781.0021 Texas Research Incentive Program - HB51	3,814,940.87
	781.0023 College Work Study Program	155,285.66
	781.0026 College Readiness - Outreach	12,000.55
	781.0028 Top 10% Scholarships	1,112,355.00
	781.0029 Work Study Mentorship Program	75,000.00
	781.0033 Combat Exemption Program SB297	(2,405.46)
	781.0036 Early High School Program HB1479	127,353.05
	781.0037 Certified Education Aide Program	(1,050.00)
	<i>Total for Texas Higher Education Coordinating Board</i>	<u>14,747,593.81</u>
	Total State Grant Pass-through Revenues from Other State Agencies	\$ <u>18,222,969.99</u>
Pass-through to:		
555	Texas Agrilife Extension Service	
	733.0002 An Integrated Approach to Water Conservation	\$ 205,366.03
	733.0003 Texas Enology Teaching Research and Extension Program	14,422.15
	<i>Total for Texas Agrilife Extension Service</i>	<u>219,788.18</u>
556	Texas Agrilife Research	
	733.004 CPRIT Auditing Irrigation Systems in the Texas High Plains	17,365.77
	<i>Total for Texas Agrilife Research</i>	<u>17,365.77</u>
739	Texas Tech University Health Sciences Center	
	733.0005 CPRIT HR Integrated Microfluidic Technology for Screening of Metastatic Potential of Tumor Cells	54,432.07
	733.0006 CPRIT Implementation of the Clinical Practice Guidelines for Treating Tobacco Use in Oncology and Primary Care	23,941.10
	<i>Total for Texas Tech University Health Sciences Center</i>	<u>78,373.17</u>
752	University of North Texas	
	733.0007 CPRIT Beam Scanning Radar for Tumor Tracking	29,247.12
	<i>Total for University of North Texas</i>	<u>29,247.12</u>
	Total State Grant Pass-through Expenditures to Other State Agencies	\$ <u>344,774.24</u>

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Texas Tech University (733)
 Schedule 2A - Miscellaneous Bond Information
 For the Year Ended August 31, 2012

Description of Issue	Bonds Issued to Date	Range of Interest Rates		Scheduled Maturities		First Call Date
				First Year	Last Year	
Revenue Bonds						
Rev Fin Sys Bds 7th Ser '01	\$ 107,355,000.00	3.0000%	5.5000%	2002	2013	2/15/2012
Rev Fin Sys Bds Tax 8th Ser '01	42,810,000.00	3.4600%	6.7500%	2003	2031	8/15/2012
Rev Fin Sys Ref & Imp Bds 9th Ser '03	32,995,000.00	2.0000%	5.2500%	2004	2023	8/15/2013
Rev Fin Sys Ref & Imp Bds 10th Ser '06	161,220,476.00	4.0000%	5.0000%	2007	2031	2/15/2016
Rev Fin Sys Ref & Imp Bds 12th Ser '09	104,352,181.17	3.0000%	5.2500%	2009	2038	2/15/2019
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	86,230,000.00	2.0000%	5.0000%	2012	2036	8/15/2021
Rev Fin Sys Ref Bds Tax 15th Ser '12B	<u>27,585,000.00</u>	0.4000%	4.4400%	2012	2031	8/15/2021
Total	<u>\$ 562,547,657.17</u>					

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Texas Tech University (733)
 Schedule 2B - Changes in Bonded Indebtedness
 For the Year Ended August 31, 2012

Description of Issue	Bonds Outstanding 9/1/11	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/12
Revenue Bonds					
Rev Fin Sys Bds 7th Ser '01	\$ 6,310,000.00		\$ 3,070,000.00	\$ 3,240,000.00	\$
Rev Fin Sys Bds Tax 8th Ser '01	27,710,000.00			27,710,000.00	
Rev Fin Sys Ref & Imp Bds 9th Ser '03	17,720,000.00		1,490,000.00	13,460,000.00	2,770,000.00
Rev Fin Sys Ref & Imp Bds 10th Ser '06	150,595,984.72		3,365,572.04		147,230,412.68
Rev Fin Sys Ref & Imp Bds 12th Ser '09	84,366,589.40		6,478,133.44		77,888,455.96
Rev Fin Sys Ref & Imp Bds 14th Ser '12A		86,230,000.00	2,065,000.00		84,165,000.00
Rev Fin Sys Ref Bds Tax 15th Ser '12B		27,585,000.00	400,000.00		27,185,000.00
Total	\$ 286,702,574.12	\$ 113,815,000.00	\$ 16,868,705.48	\$ 44,410,000.00	\$ 339,238,868.64

	Unamortized Premium	Unamortized Gain/ (Loss) on Refunding	Net Bonds Outstanding 8/31/12	Amounts Due Within One Year
Rev Fin Sys Bds 7th Ser '01	\$	\$	\$	\$
Rev Fin Sys Bds Tax 8th Ser '01				
Rev Fin Sys Ref & Imp Bds 9th Ser '03			2,770,000.00	1,570,000.00
Rev Fin Sys Ref & Imp Bds 10th Ser '06			147,230,412.68	3,528,673.64
Rev Fin Sys Ref & Imp Bds 12th Ser '09	5,725,728.46		83,614,184.42	6,600,400.83
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	11,871,219.71	(637,994.86)	95,398,224.85	5,317,836.61
Rev Fin Sys Ref Bds Tax 15th Ser '12B			27,185,000.00	820,000.00
Total	\$ 17,596,948.17	\$ (637,994.86)	\$ 356,197,821.95	\$ 17,836,911.08

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 \$1,010,831.47,
 and loss on refunding amortization of (\$637,994.86).

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Texas Tech University (733)
 Schedule 2C - Debt Service Requirements
 For the Year Ended August 31, 2012

Description of Issue	Fiscal Year	Principal	Interest
Revenue Bonds			
Rev Fin Sys Ref & Imp Bds 9th Ser '03	2013	1,570,000.00	102,175.00
	2014	1,145,000.00	32,868.75
	2015	5,000.00	2,681.25
	2016	5,000.00	2,418.75
	2017	5,000.00	2,156.25
	2018 - 2022	35,000.00	6,400.00
	2023	5,000.00	125.00
		<u>2,770,000.00</u>	<u>148,825.00</u>
Rev Fin Sys Ref & Imp Bds 10th Ser '06	2013	3,528,673.64	6,925,416.08
	2014	7,198,177.85	6,657,244.82
	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 - 2022	54,483,214.79	20,436,174.69
	2023 - 2027	43,180,995.79	8,913,310.49
	2028 - 2031	15,211,202.04	1,193,267.55
		<u>147,230,412.68</u>	<u>61,810,696.27</u>
Rev Fin Sys Ref & Imp Bds 12th Ser '09	2013	6,380,180.51	3,578,030.61
	2014	6,547,463.54	3,352,215.04
	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 - 2022	16,700,000.00	9,569,312.50
	2023 - 2027	21,445,000.00	4,823,187.50
	2028 - 2032	6,010,000.00	814,059.39
	2033 - 2037	1,635,000.00	322,821.88
	2038	380,000.00	9,975.00
		<u>77,888,455.96</u>	<u>30,789,259.71</u>
Rev Fin Sys Ref & Imp Bds 14th Ser '12A	2013	4,945,000.00	3,783,462.50
	2014	2,645,000.00	3,684,562.50
	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 - 2022	22,405,000.00	13,583,925.00
	2023 - 2027	13,850,000.00	9,112,750.00
	2028 - 2032	14,785,000.00	5,635,000.00
	2033 - 2036	13,510,000.00	1,730,000.00
		<u>84,165,000.00</u>	<u>47,992,087.50</u>
Rev Fin Sys Ref Bds Tax 15th Ser '12B	2013	820,000.00	916,849.00
	2014	825,000.00	909,059.00
	2015	870,000.00	899,819.00
	2016	870,000.00	888,335.00
	2017	890,000.00	875,111.00
	2018 - 2022	6,935,000.00	3,925,868.00
	2023 - 2027	8,165,000.00	2,708,938.50
2028 - 2031	7,810,000.00	885,780.00	
		<u>27,185,000.00</u>	<u>12,009,759.50</u>
Total Principal and Interest		<u>\$ 339,238,868.64</u>	<u>\$ 152,750,627.98</u>

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Texas Tech University (733)
 Schedule 2D - Analysis of Funds Available for Debt Service
 For the Year Ended August 31, 2012

Description of Issue	Pledged and Other Sources and Related Expenditures for FY2012			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
Revenue Bonds:				
Rev Fin Sys Bds 7th Ser '01			\$ 3,070,000.00	\$ 257,950.00
Rev Fin Sys Bds Tax 8th Ser '01				921,607.50
Rev Fin Sys Ref & Imp Bds 9th Ser '03			1,490,000.00	523,562.50
Rev Fin Sys Ref & Imp Bds 10th Ser '06			3,365,572.04	7,097,772.24
Rev Fin Sys Ref & Imp Bds 12th Ser '09			6,478,133.44	3,835,196.89
Rev Fin Sys Ref & Imp Bds 14th Ser '12A			2,065,000.00	1,923,005.62
Rev Fin Sys Ref Bds Tax 15th Ser '12B			400,000.00	461,775.75
Total	\$ 537,011,719.12	\$ (B)	\$ 16,868,705.48	\$ 15,020,870.50

(A) Beginning balances as of 09/01/11 of \$214,634,465.81 are not included in "Total Pledged and Other Sources."

(B) Expenditures associated with pledged sources were approximately \$421,455,094.22.

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Texas Tech University (733)
Schedule 2E - Defeased Bonds Outstanding
For the Year Ended August 31, 2012

<u>Description of Issue</u>	<u>Year Refunded</u>	<u>Par Value Outstanding</u>
Revenue Bonds		
Rev Fin Sys Ref & Imp Bds 9th Ser '03	2012	\$ <u>13,460,000.00</u>
Total		\$ <u><u>13,460,000.00</u></u>

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Texas Tech University (733)
 Schedule 2F - Early Extinguishment and Refunding
 For the Year Ended August 31, 2012

Description of Issue	Category	Amount Extinguished or Refunded	Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Revenue Bonds					
Rev Fin Sys Bds 7th Ser '01	Current Refunding	\$ 3,240,000.00	\$ 3,120,000.00	\$ 120,000.00	\$ 230,832.42
Rev Fin Sys Bds Tax 8th Ser '01	Current Refunding	27,710,000.00	27,585,000.00	125,000.00	7,525,977.98
Rev Fin Sys Ref & Imp Bds 9th Ser '03	Advance Refunding	13,460,000.00	12,695,000.00	765,000.00	2,072,267.71
		<u>\$ 44,410,000.00</u>	<u>\$ 43,400,000.00</u>	<u>\$ 1,010,000.00</u>	<u>\$ 9,829,078.11</u>

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Texas Tech University (733)
Schedule 3 - Reconciliation of Cash in State Treasury
For the Year Ended August 31, 2012

<u>Cash in State Treasury</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Current Year Total</u>
Local Revenue Fund 0214	\$ 7,877,932.04		\$ 7,877,932.04
Local Revenue Fund 0255	<u>16,670,017.54</u>	<u>\$</u>	<u>16,670,017.54</u>
Total Cash in State Treasury (Note 1)	<u>\$ 24,547,949.58</u>	<u>\$</u>	<u>\$ 24,547,949.58</u>