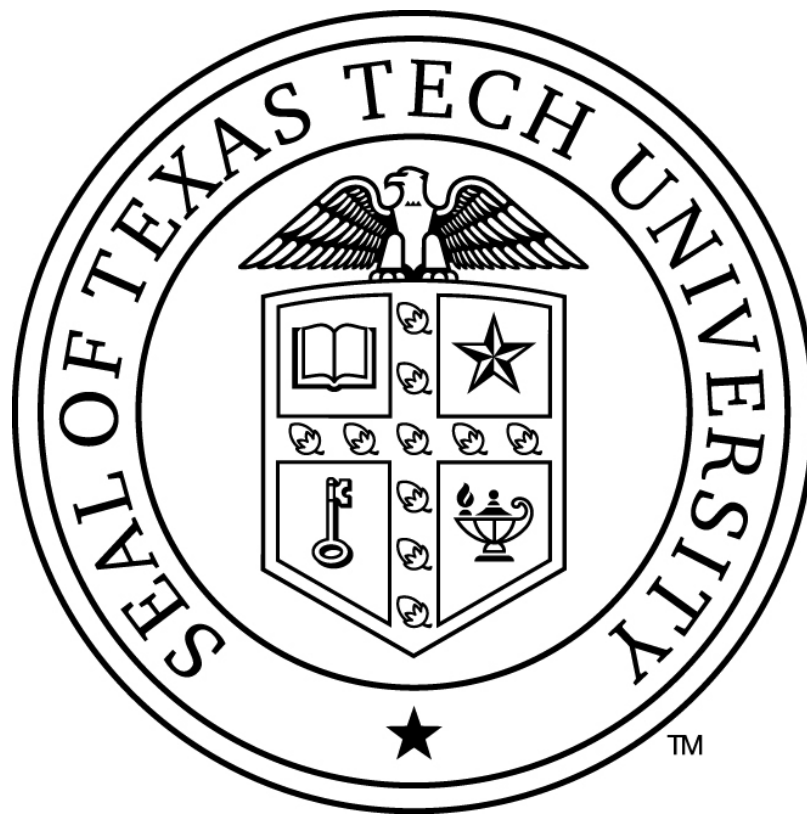


# TEXAS TECH UNIVERSITY



## ANNUAL FINANCIAL REPORT

FISCAL YEAR 2011

Texas Tech University

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

1925-2011

**ANNUAL FINANCIAL REPORT**

**OF**

**TEXAS TECH UNIVERSITY**

**LUBBOCK, TEXAS**

**For the Year Ended August 31, 2011**

# Texas Tech University (733)

## Table of Contents

<b>Letters of Transmittal</b> .....	1
<b>Organizational Data</b> .....	3
<b>Financial Statements:</b>	
Statement of Net Assets .....	5
Statement of Revenues, Expenses and Changes in Net Assets .....	7
Matrix of Operating Expenses by Natural Classification .....	8
Statement of Cash Flows .....	9
<b>Notes to the Financial Statements:</b>	
Notes to the Financial Statements .....	11
<b>Supporting Schedules:</b>	
Schedule 1A      Schedule of Expenditures of Federal Awards.....	32
Schedule 1B      Schedule of State Grant Pass-Throughs from/to State Agencies .....	34
Schedule 2A      Miscellaneous Bond Information .....	36
Schedule 2B      Changes in Bond Indebtedness .....	37
Schedule 2C      Debt Service Requirements .....	38
Schedule 2D      Analysis of Funds Available for Debt Service .....	39
Schedule 2E      Defeased Bonds Outstanding .....	40
Schedule 2F      Early Extinguishment and Refunding .....	41
Schedule 3      Reconciliation of Cash in State Treasury .....	42



TEXAS TECH UNIVERSITY™

Office of the President

November 10, 2011

Honorable Rick Perry  
Governor of Texas

Honorable Susan Combs  
Texas Comptroller

Mr. John O'Brien  
Director, Legislative Budget Board

Mr. John Keel, CPA  
State Auditor

To Agency Heads Addressed:

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

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

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

Sincerely,

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

Guy Bailey  
President



TEXAS TECH UNIVERSITY

Financial Accounting & Reporting

November 10, 2011

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

Dear President Bailey:

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

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

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

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

Sincerely,

Debra Crowder, CPA  
Director of Financial Reporting

Approved:

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

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

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

**Board of Regents**

**Term Expires**

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

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

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

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

**Fiscal Officers**

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

UNAUDITED  
**TEXAS TECH UNIVERSITY (733)**

**FINANCIAL STATEMENTS**



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

**ASSETS**

## Current Assets:

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

## Non-Current Assets:

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

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

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

**LIABILITIES**

## Current Liabilities:

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

## Non-Current Liabilities:

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

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

**NET ASSETS**

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

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

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

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

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

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

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

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

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

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

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

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

UNAUDITED  
**TEXAS TECH UNIVERSITY (733)**

**NOTES to the  
FINANCIAL STATEMENTS**

UNAUDITED

**TEXAS TECH UNIVERSITY (733)**

**Notes to the Financial Statements**

**Note 1: Summary of Significant Accounting Policies**

**Reporting Entity**

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

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

**Blended Component Units**

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

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

**Basis of Accounting**

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

UNAUDITED

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

**Cash and Cash Equivalents**

For the purpose of financial statement reporting, cash equivalents are short-term highly liquid investments with an original maturity of three months or less. Included in this category are demand deposits in banks,

local funds held by the state, state reimbursements in transit, repurchase agreements, TexPool and TexSTAR, and Blackrock Temp Fund investments.

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

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

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

**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 Statewide Property Accounting System (SPA). Assets are depreciated over the estimated useful life of the asset using the straight-line method.

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

### **Accounts Payable and Accrued Liabilities**

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

**Deferred Revenues**

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

**Employees' Compensable Leave Balances**

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

**Notes and Loans Payable**

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

**Bonds Payable**

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

**Funds Held for Others**

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

**Net Assets**

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

***Invested in Capital Assets, Net of Related Debt***

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

***Restricted Net Assets***

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

## UNAUDITED

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

### ***Unrestricted Net Assets***

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

### **Interfund Activity and Transactions**

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

UNAUDITED

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

**Note 2: Capital Assets**

Depreciation of capital assets is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation of capital assets is based on allocation methods and estimated lives prescribed by the Statewide Property Accounting (SPA) system. Accumulated depreciation is classified by capital asset category, providing for an estimation of the net book value of each asset category.

Capital assets are categorized as (1) Land and Land Improvements, (2) Buildings and Building Improvements, (3) Infrastructure, (4) Furniture and Equipment, (5) Vehicles, Boats and Aircraft, (6) Construction in Progress, (7) Other Capital Assets, (8) Facilities and Other Improvements, (9) Land Use Rights, (10) Computer Software, or (11) Other Intangible Capital Assets. The changes to fixed asset balances are summarized below.

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

UNAUDITED

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

**Note 3: Deposits, Investments, and Repurchase Agreements**

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

The governing investment policy is Regents’ Rules Chapter 09, “Investment and Endowments.” The majority of Texas Tech University assets are invested in two investment pools; the Long Term Investment Fund (LTIF) and the Short/Intermediate Term Investment Fund (STIF), both having their own stand-alone investment policies. Endowment funds and certain eligible long-term institutional funds are invested in the LTIF, which invests in equity and fixed income securities, as well as alternative investments such as hedge funds and private equity, and is operated using a total return philosophy. Other institutional funds not in the LTIF are invested in the STIF, a fixed income fund. Other assets include securities gifted to Texas Tech University with donor instructions to maintain in their original form, and bond proceeds invested in external investment pools.

**Deposits of Cash in Bank**

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

**Business-Type Activities**

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

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

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

UNAUDITED

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.

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

UNAUDITED

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

**Investments**

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

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

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

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

UNAUDITED

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

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

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



UNAUDITED

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

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

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

**Derivative Investing**

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

**Note 4: Short-Term Debt**

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

**Note 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

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

**Employees’ Compensable Leave**

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

**Pollution Remediation Obligations**

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

**Bonds Payable**

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

**Notes and Loans Payable**

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

*Summary of Debt Service Requirements for Notes Payable*

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

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

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

**Revenue Financing System Bonds, 7<sup>th</sup> Series 2001**

Purpose:	Financing of renovation of Jones Stadium, Student Union and Student Recreational Center, and other projects, current refunding of a portion of Series A Notes, and costs of issuance
Original Issue Amount:	\$107,355,000; all authorized bonds have been issued
Issue Date:	January 23, 2002
Interest Rates:	3.00% to 5.50%
Maturity Date Range:	2002 through 2013
Type of Bond:	Revenue
Changes in Debt:	\$0 issued; \$3,080,000.00 retired

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

Purpose:	Financing of renovation of Jones Stadium and costs of issuance
Original Issue Amount	\$42,810,000; all authorized bonds have been issued
Issue Date	January 23, 2002
Interest Rates	3.46% to 6.75%
Maturity Date Range	2003 through 2031
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$245,000.00 retired

**Revenue Financing System Refunding and Improvement Bonds, 9<sup>th</sup> Series 2003**

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

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

**Revenue Financing System Refunding and Improvement Bonds, 10<sup>th</sup> Series 2006**

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

**Revenue Financing System Refunding and Improvement Bonds, 12<sup>th</sup> 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	February 2, 2009
Interest Rates	4.00% to 5.25%
Maturity Date Range	2009 through 2038
Type of Bond	Revenue
Changes in Debt	\$0 issued; \$7,457,159.84 retired

**Sources of Debt-Service Revenue**

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

**Pledged Future Revenues**

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

UNAUDITED

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

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

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

**Note 7: Derivative Instruments**

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

**Note 8: Leases**

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

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

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

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

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

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

UNAUDITED

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

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

**Note 9: Pension Plans**

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

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

**Note 10: Deferred Compensation (administering agencies only)**

Not applicable.

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

Not applicable.

**Note 12: Interfund Activity and Transactions**

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

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

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

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

UNAUDITED

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

**Due from / to Other State Agencies**

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

**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
<b>Total Legislative Transfers In / Out</b>				<b>\$ 1,667,837.00</b>

**Transfers to / from Other State Agencies**

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

**Interagency Capital Asset Transfers to / from Other State Agencies**

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

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

**Note 13: Continuance Subject to Review**

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

**Note 14: Adjustments to Fund Balances and Net Assets**

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

**Note 15: Contingencies and Commitments**

At August 31, 2011, various lawsuits and claims involving Texas Tech University were pending. While the ultimate liability with respect to litigation and other claims asserted against the University cannot be precisely estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is in legal counsel’s opinion, not likely to have a material effect on the University.

**Note 16: Subsequent Events**

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

**Note 17: Risk Management**

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

The University has self-insured arrangements for Unemployment Compensation Fund coverage. The State of Texas pays 50% of claims for employees paid from state funds. The University pays the remainder for employees paid from state funds and 100% of the claims paid for employees from non-state funds. Total payments for unemployment compensation for fiscal year 2011 amounted to \$389,877.02. The claims for employees paid from non-state funds are funded by interest earnings on the Unemployment Compensation Fund balance and utilization of fund balance.



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

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

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

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

**Note 19: The Financial Reporting Entity**

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

**Note 20: Stewardship, Compliance and Accountability**

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

**Note 21: N/A**

**Note 22: Donor Restricted Endowments**

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

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

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

**Note 23: Extraordinary and Special Items**

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

UNAUDITED

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

**Note 24: Disaggregation of Receivable and Payable Balances**

**Receivables**

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

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

**Payables**

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

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

**Note 25: Termination Benefits**

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

**Note 26: Segment Information**

Texas Tech University has no reportable segments.

UNAUDITED  
**TEXAS TECH UNIVERSITY (733)**

**SUPPORTING SCHEDULES**

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

**Note 1: Non-Monetary Assistance**

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

**Note 2: Reconciliation**

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

Reconciling Items:

*Non-monetary Items*

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

*New Loans Processed*

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

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

**Note 3: Student Loan Processed and Administrative Costs Recovered**

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

**Note 4: Depository Libraries for Governmental Publications**

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

**Note 5: Unemployment Insurance Funds**

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

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

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

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

**Note 7: Federal Deferred Revenue**

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

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

**Note 8: Supplemental Nutrition Assistance Program (SNAP)**

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

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

**Pass-through from:**

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

UNAUDITED

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

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

UNAUDITED

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

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



UNAUDITED

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

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

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

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

UNAUDITED

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

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

UNAUDITED

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

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

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

UNAUDITED

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

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

UNAUDITED

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

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

UNAUDITED

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

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