

CONTINUING DISCLOSURE ANNUAL REPORT

Filed by

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM



FISCAL YEAR 2015

Pursuant to Undertaking Provided to
Permit Compliance with SEC Rule 15c2-12
Relating to
Each Issue of the Board's Outstanding Parity Obligations Issued since 1996

Texas Tech University System
Lubbock, Texas

Board of Regents

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This information is being provided by the Board of Regents (“Board”) of the Texas Tech University System (“University System”) in compliance with the contractual undertaking (“Undertaking”) to provide annual reports of financial information and operating data, as required by Rule 15c2-12 (“Rule”) of the Securities and Exchange Commission, regarding each issue of the Board’s outstanding Parity Obligations issued since 1996 (“Issues”).

This Annual Report contains financial information and operating data with respect to the University System. Information in this Annual Report has been compiled from the University System’s records and other sources which are believed by the Board to be reliable. This report is provided in satisfaction of the Board’s Undertaking, and contains information prescribed by the Rule. The Board does not make any warranty concerning the usefulness of such information to a decision to invest in, hold, or sell bonds, notes, or other obligations payable, in whole or in part, from the sources pledged for the payment of the Issues. Information agreed to be provided by the Board may be reported in full text herein, or may be incorporated by reference to certain other publicly available documents. The Board is required by the Undertaking to provide information annually by a date not more than 180 days following the close of its fiscal year, for as long as any of the Issues are outstanding.

General Overview

The Texas Tech University System is composed of a central administrative agency, the Texas Tech University System Administration, and four component institutions – Texas Tech University, Texas Tech University Health Sciences Center, and Angelo State University, and Texas Tech University Health Sciences Center at El Paso. These four separate academic institutions are governed by the ten-member Board of Regents. The Regents are appointed by the Governor of the State of Texas to six-year terms with the exception of a student Regent who is appointed to a one-year term. The Chancellor is the chief executive officer of the System and is appointed by, and reports directly to, the Board of Regents. The Chancellor is supported by the Texas Tech University System Administration.

The Texas Tech University System employs more than 17,000 faculty and staff. The annual combined budget of the System is approximately \$1.7 billion. Approximately \$425 million of these funds are appropriated by the Texas Legislature and about \$184 million in research expenditures annually. The total enrollment across all components is more than 49,000 students.

The Texas Tech University System is committed to providing the highest quality and most efficient resources and services to its components. Throughout all institutions and centers, the University System strives to increase accessibility, enhance instruction and infrastructure formula funding, provide necessary financial aid, produce and commercialize new technologies, strengthen academic quality and reputation, advance research, improve productivity and efficiency, and further the quality and availability of health care for all Texans.

Texas Tech University, based in Lubbock, Texas, was established in 1923 as Texas Technological College. The University is one of the state’s largest major comprehensive universities in terms of square miles. Over 35,000 students enroll annually, coming from 49 states and more than 113 foreign countries. These students choose from among 106 undergraduate, 103 masters, and 54 doctoral programs through ten different colleges, School of Law and the Graduate School. The University also hosts over 60 research centers and institutions. The University has limited educational facilities located in the Texas cities of El Paso, Junction, Fredericksburg, Marble Falls, Highland Lakes, and Waco, Collin County, TX and in Seville, Spain. Since 1996, Texas Tech University is a charter member of the Big 12 Conference with sixteen NCAA Division I competing varsity sports.

Texas Tech University Health Sciences Center (“TTUHSC”) has an enrollment of over 4,400 students in its five schools of Medicine, Nursing, School of Allied Health Sciences, Pharmacy and Biomedical Sciences. The Lubbock campus serves as the administrative hub for the Health Sciences Center, with regional campuses located

in Abilene, Amarillo, the Permian Basin (Odessa/Midland), and the Dallas/Fort Worth metroplex. Once a regional campus, TTUHSC at El Paso is now a separate component institution of the University System. See below.

The Texas Tech Physician Associates (“TTPA”), a non-profit medical practice comprised of faculty and staff from the Texas Tech University Health Sciences Center, serves more than 250,000 patients annually in 108-county area stretching from Texas Panhandle south to the Permian Basin and west into New Mexico. TTPA provides a direct teaching base for the students enrolled at TTUHSC and with clinics.

Since 1989, TTUHSC provided medical services to the Texas State Prisons. In 1993, TTUHSC formally partnered with the Texas Department of Criminal Justice (“TDCJ”) and the University of Texas Medical Branch (“UTMB”) at Galveston in providing comprehensive correctional managed health care services to more than 32,000 adult offenders in Texas state prisons. TTUHSC serves the prisons located in West Texas where as UTMB serves East Texas. Full funding for these services is appropriated bi-annually through the State Legislature Budget process. These services from TTUHSC are accredited by the American Correctional Association (ACA).

Angelo State University, based in San Angelo, was established in 1928 as San Angelo College; in 1965 new legislation was passed to create Angelo State College. ASU’s campus covers more than 268 acres and enrolls approximately 7,000 students from 210 of Texas’ 254 counties, 41 other states, and 22 countries. The Texas Legislature (80th Regular Session) passed House Bill 3564 and pursuant to the statute, the governance, control, management and property of Angelo State University were transferred from the Texas State University System to the Texas Tech University System, effective September 1, 2007.

Texas Tech University Health Sciences Center at El Paso, historically structured as a regional campus under the Texas Tech University Health Sciences Center, received authorization May 18th 2013 when Gov. Rick Perry signed Senate Bill 120 making TTUHSC at El Paso the fourth component institution effective immediately. Existing since 1973, the campus has grown significantly to serve the El Paso community through education, research and patient care. Programs include the Paul L. Foster School of Medicine, Gayle Greve Hunt School of Nursing and Graduate School of Biomedicine where students receive a comprehensive, practical education preparing them for the health care field. El Paso, the fourth most populous city in the state of Texas and nineteenth in the US, is a medical hub of West Texas and Southern New Mexico. The region has been federally designated as a medically underserved area.

Accreditation The institutions, agencies, and services comprising the University System are members of the following professional associations and accredited by those which apply accreditation standards: Commission on Colleges of the Southern Association of Colleges and Schools; National Commission on Accrediting; Association of Texas Colleges and Universities; American Council on Education; Association of American Colleges; American Association of State Colleges and Universities, Council on Higher Education; Association of Urban Universities; National Association of State Universities and Land-Grant Colleges; and Liaison Committee on Medical Education.

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Pledged Revenues

As outlined in the Master Resolution, Parity Obligations are secured by Pledged Revenues of the University System's Revenue Financing System. The Pledged Revenues consist of Revenue Funds and lawfully available (unappropriated) reserve and fund balances with certain exceptions. Revenue Funds are defined in Section 55.01 of the Texas Education Code as revenues, incomes, receipts, rentals, rates, charges, fees, grants, and tuition levied or collected from any public or private source by an institution of higher education, including interest or other income from those funds.

Set forth below is the information relating to the University System's Pledged Revenues for the last five fiscal years.

Texas Tech University System Pledged Revenues (in thousands)

	2015	2014	2013	2012	2011
Available Pledged Revenues	\$ 731,255	\$ 723,525	\$ 681,302	\$ 690,725	\$ 606,785
Pledgeable Unappropriated Funds and Reserve Balances	651,190	574,224	522,776	443,256	375,363
Total Pledged Revenues, Fund and Reserve Balances	<u>\$1,382,446</u>	<u>\$1,297,749</u>	<u>\$1,204,078</u>	<u>\$1,133,981</u>	<u>\$982,148</u>

1. Excludes State appropriations for the reimbursement of debt service on certain Tuition Revenue Bonds of the University System.
2. In addition to current year Pledged Revenues, any unappropriated or reserve fund balances remaining at year-end are available for payment of the subsequent year's debt service. In addition, historically, the Board has set aside certain reserve fund balances for specified University System purposes ("quasi-endowment balances").

Outstanding Obligations

As of August 31, 2015, the University System had the following Parity Obligations:

Revenue Financing System

Revenue Financing System Bonds, 10 th Series 2006	11,320,000
Revenue Financing System Bonds, 12 th Series 2009	102,210,000
Revenue Financing System Bonds, 14 th Series 2012A	139,530,000
Revenue Financing System Taxable Bonds, 15 th Series 2012B	24,670,000
Revenue Financing System Taxable Bonds, 16 th Series 2015A	73,255,000
Revenue Financing System Taxable Bonds, 17 th Series 2015B	245,300,000
Revenue Financing System Commercial Paper Notes	22,483,000
TOTAL	<u>\$ 618,768,000</u>

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Set forth below is a summary of the debt service requirements of all Parity Obligations outstanding as of August 31, 2015:



TEXAS TECH UNIVERSITY SYSTEM RFS BONDS

DEBT SERVICE

ALL SERIES

As of August 31, 2015 to Maturity

Date	Principal	Coupon	Interest	Debt Service	Bond Balance
8/31/2015					596,285,000
8/31/2016	38,160,000	**	21,727,235	59,887,235	558,125,000
8/31/2017	40,235,000	**	20,448,494	60,683,494	517,890,000
8/31/2018	42,595,000	**	19,317,469	61,912,469	475,295,000
8/31/2019	41,620,000	**	18,087,800	59,707,800	433,675,000
8/31/2020	42,605,000	**	16,746,310	59,351,310	391,070,000
8/31/2021	41,255,000	**	15,323,293	56,578,293	349,815,000
8/31/2022	33,645,000	**	14,010,432	47,655,432	316,170,000
8/31/2023	29,820,000	**	12,783,278	42,603,278	286,350,000
8/31/2024	30,310,000	**	11,649,337	41,959,337	256,040,000
8/31/2025	31,435,000	**	10,482,744	41,917,744	224,605,000
8/31/2026	26,050,000	**	9,345,147	35,395,147	198,555,000
8/31/2027	25,710,000	**	8,282,710	33,992,710	172,845,000
8/31/2028	25,055,000	**	7,246,471	32,301,471	147,790,000
8/31/2029	19,110,000	**	6,341,891	25,451,891	128,680,000
8/31/2030	17,200,000	**	5,607,833	22,807,833	111,480,000
8/31/2031	17,290,000	**	4,898,465	22,188,465	94,190,000
8/31/2032	14,725,000	**	4,131,854	18,856,854	79,465,000
8/31/2033	15,440,000	**	3,415,451	18,855,451	64,025,000
8/31/2034	15,060,000	**	2,685,120	17,745,120	48,965,000
8/31/2035	10,210,000	**	2,079,704	12,289,704	38,755,000
8/31/2036	9,155,000	**	1,619,447	10,774,447	29,600,000
8/31/2037	5,790,000	**	1,171,855	6,961,855	23,810,000
8/31/2038	6,065,000	**	892,890	6,957,890	17,745,000
8/31/2039	4,045,000	**	679,563	4,724,563	13,700,000
8/31/2040	4,210,000	**	517,052	4,727,052	9,490,000
8/31/2041	3,485,000	**	364,090	3,849,090	6,005,000
8/31/2042	1,410,000	4.172%	221,116	1,631,116	4,595,000
8/31/2043	1,470,000	4.172%	161,039	1,631,039	3,125,000
8/31/2044	1,530,000	4.172%	98,459	1,628,459	1,595,000
8/31/2045	1,595,000	4.172%	33,272	1,628,272	
	596,285,000		220,369,821	816,654,821	

Set forth below reflects a portion of all Parity Obligations identified as Tuition Revenue Bonds (TRB). For more information, see “Tuition Revenue Bonds” in the “Selected Financial Information” section as listed below.

TEXAS TECH UNIVERSITY SYSTEM RFS BONDS
DEBT SERVICE



ALL SERIES SUB TOTAL
TRB (Tuition Revenue Bonds)
As of August 31, 2015 to Maturity

Period Ending	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2015				156,913,541
8/31/2016	15,310,431	5,757,338	21,067,769	141,603,110
8/31/2017	15,799,720	5,272,468	21,072,188	125,803,390
8/31/2018	17,329,710	4,727,120	22,056,830	108,473,680
8/31/2019	16,259,690	4,140,961	20,400,651	92,213,990
8/31/2020	16,304,680	3,534,013	19,838,693	75,909,310
8/31/2021	16,919,660	2,885,212	19,804,872	58,989,650
8/31/2022	13,794,650	2,262,970	16,057,620	45,195,000
8/31/2023	9,270,000	1,719,626	10,989,626	35,925,000
8/31/2024	9,645,000	1,361,908	11,006,908	26,280,000
8/31/2025	10,000,000	983,763	10,983,763	16,280,000
8/31/2026	6,040,000	650,816	6,690,816	10,240,000
8/31/2027	4,990,000	387,250	5,377,250	5,250,000
8/31/2028	5,250,000	131,250	5,381,250	
	156,913,541	33,814,695	190,728,236	

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The two aforementioned tables include all Angelo State University debt that has been issued as part of the University System Revenue Financing System. Prior to September 1, 2007, Angelo State was under the Texas State University System (“TSUS”) umbrella. The University System is in agreement with TSUS on which portion of Angelo State’s debt outstanding is considered Texas State System’s obligation and Angelo State is to continue to make payments.

Set forth below is the remaining debt service schedule for Angelo State’s portion of TSUS Revenue Financing System.

TEXAS STATE UNIVERSITY SYSTEM RFS BONDS
DEBT SERVICE
DEBT SERVICE - ANGELO STATE UNIVERSITY
ALL SERIES
as of August 31, 2015 to Maturity

Date	Principal	Interest	Annual Debt Service	Bond Balance
8/31/2015			2,515,242	7,030,000
8/31/2016	1,295,000	351,500	1,646,500	5,735,000
8/31/2017	850,000	286,750	1,136,750	4,885,000
8/31/2018	890,000	244,250	1,134,250	3,995,000
8/31/2019	935,000	199,750	1,134,750	3,060,000
8/31/2020	985,000	153,000	1,134,750	2,075,000
8/31/2021	1,015,000	103,750	1,118,750	1,060,000
8/31/2022	1,060,000	53,000	1,113,000	-
	7,030,000	1,392,000	10,933,992	

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Set forth below is the remaining debt service schedule for Angelo State’s portion of TSUS Revenue Financing System identified as Tuition Revenue Bonds (TRB). For more information, see “Tuition Revenue Bonds” in the “Selected Financial Information” section as listed below.

TEXAS STATE UNIVERSITY SYSTEM RFS BONDS
DEBT SERVICE - ANGELO STATE UNIVERSITY
TRB (Tuition Revenue Bonds)
as of August 31, 2015 to Maturity

Date	Principal	Interest	Annual Debt Service	Bond Balance
8/31/2015			1,118,500	6,470,000
8/31/2016	795,000	323,500	1,118,500	5,675,000
8/31/2017	840,000	283,750	1,123,750	4,835,000
8/31/2018	880,000	241,750	1,121,450	3,955,000
8/31/2019	925,000	197,750	1,122,750	3,030,000
8/31/2020	975,000	151,500	1,126,500	2,055,000
8/31/2021	1,005,000	102,750	1,107,750	1,050,000
8/31/2022	1,050,000	52,500	1,102,500	-
	6,470,000	1,353,500	8,941,700	

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Enrollment

Set forth below is the fall semester headcount and full-time equivalent enrollment at Texas Tech University System for each of the last five fall semesters:

Headcount Enrollment Information

<u>Undergraduate</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>	<u>Fall 2011</u>
Texas Tech University	29,237	28,632	27,044	26,494	26,063
Health Sciences Center	1,355	1,362	1,243	1,305	1,154
Health Sciences Center at El Paso	137	105	103		
Angelo State University	7,273	5,425	5,546	6,008	6,267
Undergraduate Total	<u>38,002</u>	<u>35,524</u>	<u>33,936</u>	<u>33,807</u>	<u>33,484</u>
<u>Graduate & Professional</u>					
Texas Tech University	6,622	6,526	6,067	5,986	6,264
Health Sciences Center	3,119	3,101	2,871	3,065	2,940
Health Sciences Center at El Paso	387	363	302		
Angelo State University	1,235	1,069	990	880	817
Graduate Total	<u>11,363</u>	<u>11,059</u>	<u>10,230</u>	<u>9,931</u>	<u>10,021</u>
Total	<u>49,365</u>	<u>46,583</u>	<u>44,166</u>	<u>43,738</u>	<u>43,505</u>

Full-Time Equivalent Enrollment Information

<u>Undergraduate</u>	<u>Fall 2015</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>	<u>Fall 2011</u>
Texas Tech University	28,002	27,418	25,959	25,390	25,116
Health Sciences Center	1,277	1,277	1,182	1,251	1,106
Health Sciences Center at El Paso	128	105	103		
Angelo State University	5,866	5,100	5,205	5,628	5,856
Undergraduate Total	<u>35,273</u>	<u>33,900</u>	<u>32,449</u>	<u>32,269</u>	<u>32,078</u>
<u>Graduate & Professional</u>					
Texas Tech University	5,399	5,339	4,972	4,937	5,144
Health Sciences Center	2,731	2,731	2,530	2,721	2,589
Health Sciences Center at El Paso	387	363	302		
Angelo State University	975	828	766	664	610
Graduate Total	<u>9,492</u>	<u>9,261</u>	<u>8,570</u>	<u>8,322</u>	<u>8,343</u>
Total	<u>44,765</u>	<u>43,161</u>	<u>41,019</u>	<u>40,591</u>	<u>40,421</u>

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Admissions and Matriculation

Set forth below is the information relating to admissions and matriculation for Texas Tech University System for the general academic institutions (Texas Tech University and Angelo State University) for each of the last five fall semesters:

Admissions and Matriculation Information

	2015	%	2014	%	2013	%	2012	%	2011	%
Freshman:										
Applications Submitted	26,979		25,519		21,922		20,639		20,656	
Applications Accepted	17,555	65.1	17,427	68.3	14,925	68.1	14,445	70.0	14,498	70.2
Matriculation	6,485	36.9	6,902	39.6	6,005	40.2	5,966	41.3	5,921	40.8
Matriculation from outside state	476	7.3	509	7.4	325	5.4	663	11.1	576	9.7
Transfers:										
Applications Submitted	5,984		6,139		5,625		5,264		5,493	
Applications Accepted	5,048	84.4	4,975	81.0	4,523	80.4	4,347	82.6	4,420	80.5
Matriculation	3,343	66.2	3,264	65.6	3,119	69.0	2,963	68.2	2,936	66.4
Matriculation from outside state	342	10.2	298	9.1	274	8.8	291	9.8	254	8.7
Graduates:										
Applications Submitted	8,583		8,049		5,303		6,083		6,112	
Applications Accepted	3,809	44.4	3,864	48.0	2,804	52.9	2,803	46.1	2,728	44.6
Matriculation	3,337	87.6	2,053	53.1	2,028	72.3	1,742	62.1	1,679	61.5
Matriculation from outside state	763	22.9	841	41.0	583	28.7	453	26.0	317	18.9

Financial Statements

The University System is an agency of the State and its financial records reflect compliance with applicable State statutes and regulations. The fiscal year of the State and the University System begins on September 1 of each year. Annually, an unaudited financial report dated as of August 31, is prepared for the University System no later than November 20 and then delivered to the Governor and the State Comptroller of Public Accounts. The State in turn issues an audited Combined Annual Financial Report (CAFR), prepared in accordance with generally accepted accounting principles, encompassing all activities generally considered part of the State. The State Auditor's Office annually audits the general-purpose activities of the State and contracts with an outside firm to audit certain portions in compliance with federal audit procedures. Both the State Auditor and contracted auditing firm each express an opinion of the CAFR. However, neither the State Auditor nor the contracted auditing firm express opinions on the financial reports of individual agencies and/or member units, including the University System. Therefore, no independent audit of the University System is required.

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Set forth below reflects the condensed statement of net position of the University System as of August 31, 2011 through 2015.

Texas Tech University System
Condensed Statement of Net Position
as of August 31
(in thousands)

	2015	Restated 2014	Restated 2013	Restated 2012	2011
Assets:					
Current Assets	646,279	686,050	770,743	771,009	727,951
Non-Current Capital Assets, Net	1,467,174	1,456,811	1,402,227	1,413,353	1,357,096
Non-Current Assets	1,853,990	1,732,346	1,377,298	1,216,368	1,247,514
Total Assets	\$3,967,443	\$3,875,208	\$3,550,268	\$3,400,730	\$3,332,561
Deferred Outflows of Resources:					
Total Deferred Outflows of Resources	\$ 28,439	\$ 15,376			
Liabilities:					
Current Liabilities	\$ 426,747	\$ 499,902	\$ 409,312	\$ 375,911	\$ 432,643
Non-Current Liabilities	790,961	704,872	537,257	570,256	479,301
Total Liabilities	\$ 1,217,708	\$1,204,774	\$946,569	\$946,167	\$911,944
Deferred Inflows of Resources:					
Total Deferred Inflows of Resources	\$ 49,527	\$ 0			
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$ 850,610	\$ 876,825	\$ 853,461	\$ 862,710	\$ 842,500
Non-Expendable:					
Endowments	649,580	627,514	581,048	540,938	607,566
Restricted:					
Expendable:	457,998	493,314	410,257	369,077	329,459
Unrestricted	770,458	688,156	758,933	681,838	641,092
Total Net Position	\$ 2,728,646	\$2,685,809	\$2,603,699	\$2,454,563	\$2,420,617

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Set forth below reflects the statement of revenues, expenses, and changes in net position of the University System as of August 31, 2011 through 2015.

Statement of Revenues, Expenses and Changes in Net Position (unaudited)
as of August 31
(in thousands)

	2015	Restated 2014	Restated 2013	Restated 2012	2011
Operating Revenues					
Tuition and Fees	\$ 15,583	\$ 14,561	\$ 14,843	\$ 7,684	\$ 7,294
Tuition and Fees: Pledged	468,870	430,453	418,438	416,376	376,249
Less Discounts and Allowances	(103,795)	(96,670)	(85,340)	(87,314)	(72,865)
Professional Fees	253,869	243,532	229,673	221,496	238,310
Professional Fees: Pledged	793	1,023	1,084	1,384	
Sales and Services of Auxiliary Enterprises: Pledged	159,940	144,636	134,543	127,435	112,352
Other Sales and Services	9,006	5,621	5,548	3,413	3,225
Other Sales and Services: Pledged	12,419	12,028	12,126	10,385	10,528
Federal Grants and Contracts	59,801	61,333	55,731	55,227	60,287
Federal Grants and Contracts: Pledged	4,605	4,984	4,938	4,621	4,387
Federal Pass-Through (net of administrative costs)	5,445	4,989	5,171	5,409	8,080
State Grants and Contracts	3,029	4,310	2,406	6,971	9,238
State Grants and Contracts: Pledged	377	392	441	558	265
State Pass-Through	36,800	44,443	36,297	29,868	39,430
Local Government Grants and Contracts	43,029	33,731	45,150	51,599	50,640
Local Government Grants and Contracts: Pledged	1,171	1,244	1,233	1,168	1,178
Nongovernmental Grants and Contracts	143,885	143,927	121,527	102,736	90,996
Nongovernmental Grants and Contracts: Pledged	2,333	2,537	2,615	2,173	2,223
Other Revenue	28,247	26,822	17,634		
Total Operating Revenues	\$ 1,145,409	\$ 1,083,896	\$ 1,024,058	\$ 961,189	\$ 941,817
Operating Expenses					
Cost of Goods Sold	\$ 15,151	\$ 13,860	\$ 13,368	\$ 11,783	\$ 11,031
Salaries and Wages	840,625	802,350	752,005	714,429	704,582
Payroll Related Costs	207,720	194,159	176,780	164,254	164,883
Professional Fees and Services	64,588	64,091	63,000	58,923	70,643
Travel	31,396	31,104	27,902	23,953	21,509
Materials and Supplies	75,680	71,871	67,367	68,019	67,648
Communications and Utilities	51,394	49,670	48,548	46,806	47,665
Repairs and Maintenance	38,556	37,706	37,639	33,957	34,391
Rentals and Leases	14,558	13,076	13,718	14,315	13,229
Printing and Reproduction	4,861	4,949	5,097	5,054	5,406
Federal Grant Pass Through Expense	1,002	1,503	1,576	1,229	4,060
State Grant Pass Through Expense	246	473	520	514	117
Depreciation and Amortization	128,752	125,722	121,511	113,594	100,322
Bad Debt Expense	1,705	262	724	1,169	686
Interest	12	23	11	14	16
Scholarships	69,515	65,817	65,019	74,215	60,896
Claims and Judgements	1,383	2,155	754	1,113	2,027
Other Operating Expenses	120,302	107,285	103,125	77,443	86,728
Total Operating Expenses	\$ 1,667,447	\$ 1,586,075	\$ 1,498,665	\$ 1,410,785	\$ 1,395,839
Operating Income (Loss)	\$ (522,039)	\$ (502,179)	\$ (474,607)	\$ (449,596)	\$ (454,022)

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)
Continued

	2015	Restated 2014	Restated 2013	Restated 2012	2011
Non-operating Revenues (Expenses)					
Legislative Revenue	\$ 424,356	\$ 422,207	\$ 355,250	\$ 373,528	\$ 384,305
Federal Grants and Contracts	45,860	45,225	41,132	45,246	47,661
Federal Grants Pass Throughs	-	-	-	-	8,341
State Grants Pass Throughs from Other State Agencies	52	38	45	2	-
Private Gifts	63,151	53,594	56,926	60,698	4,641
Private Gifts: Pledged	4,303	6,168	901	4,011	47,442
Investment Income	38,083	86,676	40,255	9,749	40,699
Investment Income: Pledged	18,511	27,065	20,277	10,191	8,606
Interest Expense on Capital Asset Financing	(24,773)	(21,249)	(24,707)	(24,016)	(21,468)
Loss on Sale and Disposal of Capital Assets	(1,389)	(1,172)	(2,067)	(1,118)	(2,171)
Net Increase (Decrease) in Fair Value of Investments	(59,284)	47,998	29,496	20,344	36,885
Other Non-operating Revenues (Expenses)	9,303	12,269	8,149	9,663	19,202
Other Non-operating Revenues (Expenses): Pledged	3,520	(6,344)	2,936	1,322	2,631
Total Non-Operating Revenues (Expenses)	\$ 521,693	\$ 672,474	\$ 528,592	\$ 509,620	\$ 576,774
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	\$ (346)	\$ 170,295	\$ 53,985	\$ 60,024	\$ 122,751
Other Revenues, Expenses, Gains, Losses and Transfers					
Capital Appropriations (HEF)	\$44,653	\$44,653	\$44,653	\$44,653	\$44,653
Capital Contributions	3,064	3,871	3,182	11,676	55,449
Lapsed Appropriations	(835)	(3)	(1)	(1)	(1)
Additions to Permanent Endowments	14,168	31,583	48,889	21,137	428
Legislative Transfer Out	(2,383)	(2,765)	(2,707)	(2,920)	(9,921)
Increase Net Assets-Interagency Transfer of Capital Assets	0	52	9	-	(2,881)
Decrease Net Assets-Interagency Transfer of Capital Assets	(65)	(109)	(268)	-	-
Transfers In from Other State Agencies	10,004	8,816	8,454	7,878	-
Transfers Out from Other State Agencies	(25,424)	(6,900)	(7,061)	(10,375)	-
Net Other Revenues, Expenses, Gains, Losses and Transfers	\$ 43,183	\$ 79,199	\$ 95,149	\$ 72,048	\$ 87,728
Total Changes in Net Position	\$ 42,837	\$ 249,494	\$ 149,135	\$ 132,072	\$ 210,479
Beginning Net Position (September 1)	\$2,685,809	\$2,603,698	\$2,454,563	\$2,420,615	\$2,210,141
Restatement of Beginning Net Position		(167,383)		(98,124)	(6)
Ending Net Position (August 31)	\$ 2,728,646	\$ 2,685,809	\$2,603,698	\$ 2,454,563	\$ 2,420,615

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Set forth below reflects the condensed statement of cash flows of the University System as of August 31, 2011 through 2015.

	2015	2014	Restated 2013	Restated 2012	2011
Cash Flow From					
Operating Activities	\$ (363,069)	\$ (363,069)	\$ (363,295)	\$ (349,355)	\$ (327,728)
Non-capital Financing Activities	554,146	554,146	499,481	524,149	412,323
Capital and Related Financing Activities	(111,110)	(111,110)	(88,409)	(102,828)	(136,927)
Investing Activities	(177,615)	(177,615)	(57,584)	(16,326)	(13,823)
Total Net Cash Flows	(97,647)	(97,647)	(9,807)	55,640	(66,155)
Cash & Cash Equivalents, Beginning of Year Sept 1	412,049	509,696	520,070	464,693	530,848
Restatement to Beginning Cash & Cash Equivalents			(567)	(831)	
Ending Cash & Cash Equivalents - August 31	\$ 314,402	\$ 412,049	\$ 509,696	\$ 519,502	\$ 464,693

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Set forth below represents the ending capital assets balances published in Note 2 to the Combined Financial Statements for the University System as of August 31, 2011 through 2015.

	Capital Assets as of August 31 (in thousands)				
	2015	2014	Restated 2013	Restated 2012	2011
Non-Depreciable or Non-amortizable Assets					
Land and Land Improvements	\$ 20,955	\$ 20,819	\$ 17,965	\$ 17,502	\$ 13,928
Construction in Progress	13,776	52,081	56,378	43,635	154,517
Other Tangible Capital Assets	82,482	79,711	73,799	70,160	67,644
Total Non-depreciable or Non-amortizable Assets	117,214	152,612	148,143	131,297	236,088
Depreciable Assets					
Building and Building Improvements	1,941,785	1,807,413	1,684,325	1,636,782	1,419,651
Infrastructure	43,722	43,722	41,719	41,719	41,719
Facilities and Other Improvements	192,298	182,060	175,412	166,329	164,731
Furniture and Equipment	302,888	294,029	280,799	271,821	245,496
Vehicle, Boats and Aircraft	19,222	18,292	17,240	16,808	16,193
Other Capital Assets	195,327	186,358	175,734	165,436	153,651
Total Depreciable Assets	2,695,242	2,531,875	2,375,228	2,298,895	2,041,440
Less Accumulated Depreciation for:					
Building and Building Improvements	(923,167)	(858,305)	(802,706)	(748,241)	(699,686)
Infrastructure	(18,946)	(17,391)	(15,927)	(14,472)	(13,005)
Facilities and Other Improvements	(88,195)	(81,910)	(75,753)	(69,082)	(62,453)
Furniture and Equipment	(200,735)	(188,660)	(172,405)	(161,235)	(142,606)
Vehicle, Boats and Aircraft	(14,720)	(13,560)	(12,662)	(12,209)	(11,544)
Other Capital Assets	(109,850)	(98,726)	(88,341)	(78,407)	(69,189)
Total Accumulated Depreciation	(1,355,613)	(1,258,552)	(1,167,794)	(1,083,645)	(998,483)
Depreciable Assets, Net	1,339,629	1,273,323	1,207,434	1,215,250	1,042,957
Amortizable Assets - Intangible					
Computer Software	135,498	133,532	133,077	131,465	119,815
Total Amortizable Assets - Intangible	135,498	133,532	133,077	131,465	119,815
Less Accumulated Amortization for:					
Computer Software	(125,167)	(107,933)	(86,426)	(64,658)	(41,764)
Total Accumulated Amortization	(125,167)	(107,933)	(86,426)	(64,658)	(41,764)
Amortizable Assets - Intangible, Net	10,331	25,599	46,651	66,807	78,051
Capital Assets, Net	\$ 1,467,174	\$ 1,451,534	\$ 1,402,227	\$ 1,413,353	\$ 1,357,096

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Selected Financial Information

Tuition Revenue Bonds. A portion of the Parity Obligations of the University System constitute Tuition Revenue Bonds (defined in Chapter 55 of the Texas Education Code). Tuition Revenue Bonds issued by the University System carry no additional pledge or security and constitute Parity Obligations of the University System which are equally and ratably secured by and payable from a pledge of and lien on Pledged Revenues on parity with all other Parity Obligations of the University System. The State Legislature has appropriated funds to reimburse the University System in prior years in an amount equal to all or a portion of the debt service on the University System's Tuition Revenue Bonds.

The University System can provide no assurances with respect to any future appropriations by the State Legislature. Future levels of State appropriations are dependent upon the ability and willingness of the State Legislature to make appropriations to the University System taking into consideration the availability of financial resources and other potential uses of such resources.

Set forth below reflects the Tuition Revenue Bond Appropriations in the past 2014-15 and the current 2016-17 biennium of the State Budget.

2014-2017 State Tuition Revenue Bond (TRB) Appropriations

(In Thousands)

	2017	2016	2015	2014
Texas Tech University	\$7,166	\$7,162	\$9,052	\$9,053
TTU Health Sciences Center	5,704	5,695	12,370	12,512
Angelo State University	2,740	2,738	2,713	3,959
TTUHSC at El Paso	6,668	6,667	-	-
System Administration	-	-	-	-
Total TRBs	\$22,278	\$22,261	\$24,135	\$25,524

Note: Additional TRB appropriations in the amount of \$19.1 million have been approved by the Legislative Budget Board (LBB) for fiscal year 2017 in relation to new TRB project authority established in the 2015 84th Texas Legislative Session. The System awaits written approval from the LBB until the additional funds can be expended.

Tuition and Fees Each component institution that grants degrees charges tuition and fees as set by the State Legislature and the Board under Chapters 54 and 55 of the Texas Education Code. Tuition charges are comprised of "State Mandated Tuition" and "Board Designated Tuition." Mandatory fees comprise charges of certain activities and services utilized by all students. Each component institution charges various types of fees and in various amounts.

Fixed Rate Tuition Sections 54.016 and 54.017 of the Texas Education Code authorize the state's general academic teaching institutions and junior colleges to provide an option for fixed price tuition beginning in fall 2014. Both Texas Tech University and Angelo State University have chosen to offer fixed price tuition plans. This option "freezes" only the designated tuition portion of a student's cost of attendance for a period of twelve continuous semesters equating to four academic years. Incoming undergraduates, either via transfer from another institution or no prior college attendance, beginning with the fall 2014 semester are eligible to choose the fixed rate tuition plan. Dual high school credit is not considered prior college attendance. Students who have previously enrolled at Texas Tech University or Angelo State University and are returning from another institution and students classified either as graduate or non-resident distance education are not eligible for the plan. The opt-in period starts at registration for classes and ends on the day before the first day of class. Students can opt-out one-

time at any time but will be reverted to original designated tuition rate in the succeeding semester. Students who elected to not participate will not be able to opt-in at a later date. The fixed tuition rate will be set each academic year for the incoming undergraduate classes.

Any changes in tuition or fees will originate and be recommended by the President of the component institution, reviewed by the Chancellor and approved by the Board. Any changes in tuition will be implemented only after thorough consultation and review.

Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance to resident and non-resident students by each institution, excluding the Health Sciences Centers, for the 2014-15 academic year based on 15 semester credit hours (SCH) per semester for undergraduate students, 12 semester credit hours (SCH) per semester for graduate students.

**Texas Tech University
Tuition and Fees
Academic Year 2014-2015**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad (15 SCH)	\$750.00	\$2,548.35	\$0.00	\$1,485.00	\$4,783.35	\$391.25
Non-Resident Undergrad (15 SCH)	\$6,600.00	\$2,548.35	\$0.00	\$1,485.00	\$10,633.35	\$198.00
Resident Graduate (12 SCH)	\$600.00	\$2,038.68	\$600.00	\$1,375.50	\$4,614.18	\$313.00
Non-Resident Graduate (12 SCH)	\$5,280.00	\$2,038.68	\$600.00	\$1,375.50	\$9,294.18	\$158.40
Resident Law (15 SCH)	\$1,200.00	\$5,623.35	\$2,400.00	\$2,197.50	\$11,420.85	\$904.32
Non-Resident Law (15 SCH)	\$6,600.00	\$5,623.35	\$2,400.00	\$2,197.50	\$16,820.85	\$198.00

Fixed Tuition and Fees

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
2014-15 Cohort Resident Undergrad (15 SCH)	\$750.00	\$2,815.50	\$0.00	\$1,485.00	\$5,050.50	\$537.60
2014-15 Cohort Non-Resident Undergrad (15 SCH)	\$6,600.00	\$2,815.50	\$0.00	\$1,485.00	\$10,900.50	\$198.00
2015-16 Cohort Resident Undergrad (15 SCH)	\$750.00	\$2,928.15	\$0.00	\$1,485.00	\$5,163.15	\$560.13
2015-16 Cohort Non-Resident Undergrad (15 SCH)	\$6,600.00	\$2,928.15	\$0.00	\$1,485.00	\$11,013.15	\$198.00

NOTE: A fixed international student fee of \$75 for TTU students & \$50 for ASU students is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

**Angelo State University
Tuition and Fees
Academic Year 2015-2016**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
Resident Undergrad (15 SCH)	\$750.00	\$1,680.00	\$0.00	\$1,502.00	\$3,932.00	\$310.50
Non-Resident Undergrad (15 SCH)	\$6,600.00	\$1,680.00	\$0.00	\$1,502.00	\$9,782.00	\$198.00
Resident Graduate (12 SCH)	\$600.00	\$1,344.00	\$540.00	\$1,462.00	\$3,946.00	\$208.80
Non-Resident Graduate (12 SCH)	\$5,280.00	\$1,344.00	\$540.00	\$1,462.00	\$8,626.00	\$158.40

Fixed Tuition and Fees

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
2014-15 Cohort Resident Undergrad (15 SCH)	\$750.00	\$1,696.20	\$0.00	\$1,502.00	\$3,948.20	\$313.74
2014-15 Cohort Non-Resident Undergrad (15 SCH)	\$6,600.00	\$1,696.20	\$0.00	\$1,502.00	\$9,798.20	\$198.00
2015-16 Cohort Resident Undergrad (15 SCH)	\$750.00	\$1,780.80	\$0.00	\$1,502.00	\$4,032.80	\$330.66
2015-16 Cohort Non-Resident Undergrad (15 SCH)	\$6,600.00	\$1,780.80	\$0.00	\$1,502.00	\$9,882.80	\$198.00

NOTE: A fixed international student fee of \$75 for TTU students & \$50 for ASU students is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance for full-time resident and non-resident students at the Health Sciences Center.

**Health Sciences Center
Tuition and Fees
Academic Year 2015-2016**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
M.D. Resident						
Year 1 - 2	\$6,550.00	\$8,300.00	\$ -	\$2,334.40	\$17,184.40	\$1,866.98
Year 3	\$6,550.00	\$8,300.00	-	\$2,274.40	\$17,124.40	\$1,866.98
Year 4	\$6,550.00	\$8,300.00	-	\$1,474.40	\$16,324.40	\$1,866.98
M.D. Non-Resident						
Year 1 - 2	\$19,650.00	\$8,300.00	-	\$2,334.40	\$30,284.40	\$1,473.98
Year 3	\$19,650.00	\$8,300.00	-	\$2,274.40	\$30,224.40	\$1,473.98
Year 4	\$19,650.00	\$8,300.00	-	\$1,474.40	\$29,424.40	\$1,473.98
Graduate Students						
Resident (24 SCH)	\$1,200.00	\$2,160.00	-	\$1,505.40	\$4,865.40	\$338.40
Non-Resident (24 SCH)	\$10,560.00	\$2,160.00	-	\$1,505.40	\$14,225.40	\$475.20
Health Professions						
Undergraduate Level - Resident						
Year 1 - 2 (37 SCH)	\$1,850.00	\$5,069.00	-	\$1,829.90	\$8,748.90	\$950.90
Undergraduate Level - Non-Resident						
Year 1 - 2 (37 SCH)	\$16,280.00	\$5,069.00	-	\$1,829.90	\$23,178.90	\$993.45
Graduate Level - Resident						
Year 1 - 3 (37 SCH)	\$1,850.00	\$5,069.00	\$1,850.00	\$1,829.90	\$10,598.90	\$782.55
Graduate Level - Non-Resident						
Year 1 - 3 (37 SCH)	\$16,280.00	\$5,069.00	\$1,850.00	\$1,829.90	\$25,028.90	\$993.45
Nursing						
Undergraduate Level - Resident						
Year 1 (34 SCH)	\$1,700.00	\$4,658.00	-	\$2,116.40	\$8,474.40	\$873.80
Year 2 (33 SCH)	\$1,650.00	\$4,521.00	-	\$2,106.40	\$8,277.40	\$848.10
Undergraduate Level - Non-Resident						
Year 1 (34 SCH)	\$14,960.00	\$4,658.00	-	\$2,116.40	\$21,734.40	\$912.90
Year 2 (33 SCH)	\$14,520.00	\$4,521.00	-	\$2,106.40	\$21,147.40	\$886.05
Graduate Level - Resident						
Year 1 (24 SCH)	\$1,200.00	\$3,288.00	\$1,200.00	\$1,586.40	\$7,274.40	\$507.60
Year 2 (18 SCH)	\$900.00	\$2,466.00	\$900.00	\$1,165.40	\$5,431.40	\$380.70

Cont'd	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
Pharmacy - Resident						
Year 1 (41 SCH)	\$2,050.00	\$7,995.00	\$4,100.00	\$2,380.40	\$16,525.40	\$1,223.85
Year 2 (38 SCH)	\$1,900.00	\$7,410.00	\$3,800.00	\$2,350.40	\$15,460.40	\$1,134.30
Year 3 (38 SCH)	\$1,900.00	\$7,410.00	\$3,800.00	\$2,350.40	\$15,460.40	\$1,134.30
Year 4 (52 SCH)	\$2,600.00	\$10,140.00	\$5,200.00	\$3,110.40	\$21,050.40	\$1,552.20
Pharmacy - Non-Resident						
Year 1 (41 SCH)	\$18,040.00	\$7,995.00	\$4,100.00	\$2,380.40	\$32,515.40	\$1,457.55
Year 2 (38 SCH)	\$16,720.00	\$7,410.00	\$3,800.00	\$2,350.40	\$30,280.40	\$1,350.90
Year 3 (38 SCH)	\$16,720.00	\$7,410.00	\$3,800.00	\$2,350.40	\$30,280.40	\$1,350.90
Year 4 (52 SCH)	\$22,880.00	\$10,140.00	\$5,200.00	\$3,110.40	\$41,330.40	\$1,848.60

NOTE: A fixed international student fee of \$50 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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Set forth below is a table showing the State Mandated Tuition, Board Designated Tuition, Board Authorized Tuition, mandatory fees, and the amount set aside for financial assistance for full-time resident and non-resident students at the Health Sciences Center at El Paso.

**Health Sciences Center at El Paso
Tuition and Fees
Academic Year 2015-2016**

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition and Fees	Financial Assistance Set-Aside
M.D. Resident						
Year 1	\$ 6,550.00	\$ 8,300.00	\$ -	\$ 2,479.30	\$ 17,329.30	\$ 1,866.98
Year 2	6,550.00	\$ 8,300.00	-	2,479.30	17,329.30	1,866.98
Year 3	6,550.00	\$ 8,300.00	-	1,979.30	16,829.30	1,866.98
Year 4	6,550.00	\$ 8,300.00	-	1,979.30	16,829.30	1,866.98
M.D. Non-Resident						
Year 1	19,650.00	\$ 8,300.00	-	2,479.30	30,429.30	1,473.98
Year 2	19,650.00	\$ 8,300.00	-	2,479.30	30,429.30	1,473.98
Year 3	19,650.00	\$ 8,300.00	-	1,979.30	29,929.30	1,473.98
Year 4	19,650.00	\$ 8,300.00	-	1,979.30	29,929.30	1,473.98
Nursing Undergraduate Level - Resident						
Year 1 (31 SCH)	1,650.00	4,521.00	-	897.00	7,068.00	848.10
Year 2 (32 SCH)	1,600.00	4,384.00	-	887.00	6,871.00	822.40
Nursing Undergraduate Level - Non- Resident						
Year 1 (31 SCH)	14,520.00	4,521.00	-	897.00	19,938.00	886.05
Year 2 (32 SCH)	14,080.00	4,384.00	-	887.00	19,351.00	859.20

NOTE: A fixed international student fee of \$50 is charged to all non-immigrant visa students for each term in which they enroll in the University System. Total tuition and fees includes amounts required to be set aside for financial assistance in accordance with applicable provisions of the Texas Education Code. The set-aside amounts are calculated as follows: from State Mandated Tuition not less than 15% nor more than 20% of each resident student's tuition charge and 3% of each non-resident student's tuition charge is set aside for Texas Public Education Grants (Section 56.033); \$2 for each semester hour for which a doctoral student is enrolled is set aside for the Doctoral Loan Incentive Program (Section 56.095); from Board Designated Tuition no less than 20% charged to resident undergraduate students in excess of \$46 per semester hour (Section 56.011) and no less than 15% charged to resident graduate students in excess of \$46 per semester hour is set aside for financial assistance (Section 56.012). Of the set-aside from Board Designated Tuition for resident undergraduate students, 5% charged to resident undergraduate students in excess of \$46 per semester hour is deposited in the State Treasury into the Texas B-On-Time Loan Program (Section 56.465). In addition, 15% of Board Designated Tuition charged to non-resident students in excess of \$46 per semester hour is set aside to provide financial assistance for non-resident students.

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Investment Programs and Policies. The Board is responsible for investment of University System funds held outside the State Treasury. To facilitate the investment of the University System funds, the Board has created two separate investment pools designated as the Short/Intermediate Term Investment Fund (the “SITIF”) and the Long-Term Investment Fund (the “LTIF”), which are governed overall by Regents’ Rules Chapter 09 “Investments and Endowments”, and individually by the Investment Policy Statement of each pool, codified as Board Policy Statements. The SITIF is centrally managed within the University System Office of Treasury and Cash Management under the direction of the Treasurer. The LTIF is centrally managed within the University System Office of Investments under the direction of the Chief Investment Officer.

Set forth below is the market value for each of the funds managed by the Board as of the end of the most recent five Fiscal Years.

**Market Value of Investment Funds
(in Thousands)**

August 31	SITIF	LTIF	ASU & Carr Foundation	Total Market Value
2011	680,122	779,611	31,862	1,491,595
2012	825,254	804,688	34,248	1,664,190
2013	824,934	881,750	33,474	1,740,157
2014	864,880	1,039,391	34,085	1,938,356
2015	1,067,550	1,045,577	42,555	2,155,682

Notes: (1) SITIF balance excludes demand depository accounts which are referenced in the SITIF allocation and MV chart below. (2) The “ASU & Carr Foundation” column includes assets held outside of the SITIF and LTIF for ASU and the Carr Foundation.

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The Short/Intermediate Term Investment Fund. The SITIF is a short/intermediate term pooled investment fund created by the Board for the collective investment of institutional funds of the University System. Except for endowment funds (and certain eligible institutional funds treated as endowments), all institutional funds of the University System are invested in the SITIF.

Set forth below is the asset allocation of the SITIF as of August 31, 2015. Currently, Angelo State University does not fully participate in the SITIF.

**Asset Allocation for the Short/Intermediate Term Fund
(in Thousands)**

Description	Allocation Percentage	Market Value
<u>Cash Composite</u>		
Depository Accounts	7.21%	\$76,919
Money Market Funds	0.95%	10,098
Local Gov't Investment Pool	10.76%	114,899
Total Composite	18.91%	\$201,915
<u>Short Term Composite</u>		
Money Market Fund	0.04%	\$401
U.S. Agency Notes	24.49%	261,476
Treasury Notes	13.19%	140,824
Total Composite	37.72%	\$402,701
<u>Intermediate Composite</u>		
Local Gov't Investment Pool	4.46%	\$47,630
External Investment Managers	38.90%	415,304
Total Composite	43.36%	\$462,934
Total Fund	100.00%	\$1,067,550

The Long-Term Investment Fund. The University System is benefited by certain eligible endowments and board approved institutional funds treated as endowments (“quasi-endowments”) collectively invested in the LTIF. The LTIF is a unitized pooled investment fund consisting of marketable securities and investments, land and other real estate holdings and mineral rights managed by unaffiliated investment managers selected by the Board upon the recommendation of the Investment Advisory Committee. To qualify for investment in the LTIF, endowment funds must be under the sole control of the Board and must not have donor imposed restrictions that prevent investment in equity securities or corporate debt, or prevent the expenditure of net realized appreciation. Endowment funds not meeting these requirements are invested in the SITIF or, if instructed by the donor, managed and safeguarded in their original form. The LTIF in its entirety is not classified as pledged revenues or fund balance to the payment of debt obligations. However, quasi-endowments and earning distributions are pledgeable.

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Set forth below is the asset allocation of the Long Term Investment Fund (LTIF) managed by the Board and Assets held outside of the SITIF and LTIF for the ASU and Carr Foundation Investments as of August 31, 2014.

**Asset Allocation for the Long Term Investment Fund
(in Thousands)**

Description	Allocation Percentage	Market Value
Equities	11.46%	\$119,863
Fixed Income	5.18%	54,123
Alternative Investments	82.21%	859,534
Cash and Cash Equivalents	1.15%	12,057
Total	100.00%	\$1,045,577

**Allocation of Assets held outside of SITIF, LTIF for ASU & Carr
Foundation
(in Thousands)**

Description	Allocation Percentage	Market Value
Mineral Rights	16.07%	\$6,838
Corporate Bonds	0.00%	\$1
Cash and Cash Equivalents	83.93%	35,716
Total	100.00%	\$42,555

Note: Angelo State University was added to Texas Tech University System on September 1, 2007. Its assets and those of its related Carr Foundation outside of the Long Term Investment Fund are included here as managed investments.

Set forth below is the market value for the University System endowment including funds managed by the Board and funds managed by third-parties as of the end of the most recent five Fiscal Years (as reported to the National Association of College and University Business Officers' ("NACUBO") Commonfund Study of Endowments Report).

**Board Managed and Third-Party Managed -
Market Value of Endowments
(in Thousands)**

2011	2012	2013	2014	2015
\$860,503	\$883,608	\$973,083	\$1,179,507	\$1,155,651

[End]