

CONTINUING DISCLOSURE ANNUAL REPORT

Filed by

BOARD OF REGENTS OF THE TEXAS TECH UNIVERSITY SYSTEM



FISCAL YEAR 2014

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

Larry K. Anders Term Expires January 31, 2017 Dallas, TX
John D. Esparza Term Expires January 31, 2019 Austin, TX
L. Frederick Francis Term Expires January 31, 2019 El Paso, TX
Tim Lancaster Term Expires January 31, 2019 Abilene, TX
Mickey L. Long Term Expires January 31, 2015⁽¹⁾ Midland, TX
Debbie Montford Term Expires January 31, 2017 San Antonio, TX
Nancy Neal Term Expires January 31, 2015⁽¹⁾ Lubbock, TX
John D. Steinmetz Term Expires January 31, 2017 Lubbock, TX
John B. Walker Term Expires January 31, 2015⁽¹⁾ Houston, TX

Student Regent

Coby Ray Term Expires May 31, 2015 San Angelo, TX

Officers of the Board

Mickey L. Long Chairman
Larry K. Anders Vice Chairman
Ben W. Lock Secretary

Fiscal Officers

Robert L. Duncan Chancellor
Jim Brunjes Vice Chancellor and Chief Financial Officer
M. Duane Nellis TTU President
Tedd Mitchell TTUHSC President
Brian J. May ASU President
Richard Lange TTUHSC at El Paso President

(1) Christopher M. Huckabee and Ron Hammonds have been appointed as members of the Board to succeed Nancy Neal and John Walker, and Mickey L. Long has been reappointed as a member of the Board, all with terms expiring February 1, 2021. Such appointments are subject to the approval of the Texas Senate and taking the oath of office. The actual expiration date of the term depends on the date the successor is appointed, qualified, and takes the oath of office.

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 \$483 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 46,000 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 117 foreign countries. These students choose from among 152 undergraduate, 107 masters, and 64 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 Junction, Fredericksburg, Marble Falls, 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 4,900 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 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.

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)

	2014	2013	2012	2011	2010
Available Pledged Revenues	\$ 723,525	\$ 681,302	\$ 690,725	\$ 606,785	\$ 576,009
Pledgeable Unappropriated Funds and Reserve Balances	574,224	522,776	443,256	375,363	330,153
Total Pledged Revenues, Fund and Reserve Balances	<u>\$1,297,749</u>	<u>\$1,204,078</u>	<u>\$1,133,981</u>	<u>\$ 982,148</u>	<u>\$906,162</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, 2014, the University System had the following Parity Obligations:

Revenue Financing System

Revenue Financing System Bonds, 9 th Series 2003	\$ 270,000
Revenue Financing System Bonds, 10 th Series 2006	179,135,000
Revenue Financing System Bonds, 12 th Series 2009	111,585,000
Revenue Financing System Bonds, 14 th Series 2012A	148,105,000
Revenue Financing System Taxable Bonds, 15 th Series 2012B	25,540,000
Revenue Financing System Commercial Paper Notes	89,763,000
Revenue Financing System Taxable Commercial Paper Notes	25,200,000
TOTAL	<u>\$ 579,598,000</u>

Set forth below is a summary of the debt service requirements of all Parity Obligations outstanding as of August 31, 2014:



TEXAS TECH UNIVERSITY SYSTEM RFS BONDS

DEBT SERVICE

ALL SERIES

as of August 31, 2014 to Maturity

Ending Period	Principal	Interest	Annual Debt Service	Obligations Balance
9/1/2014				464,635,000
8/31/2015	29,625,000	21,350,326	50,975,326	435,010,000
8/31/2016	29,065,000	20,093,280	49,158,280	405,945,000
8/31/2017	30,055,000	18,829,643	48,884,643	375,890,000
8/31/2018	30,865,000	17,414,082	48,279,082	345,025,000
8/31/2019	31,585,000	16,014,510	47,599,510	313,440,000
8/31/2020	33,030,000	14,550,976	47,580,976	280,410,000
8/31/2021	34,300,000	13,004,246	47,304,246	246,110,000
8/31/2022	27,070,000	11,581,446	38,651,446	219,040,000
8/31/2023	23,290,000	10,298,778	33,588,778	195,750,000
8/31/2024	23,765,000	9,135,457	32,900,457	171,985,000
8/31/2025	24,930,000	7,944,463	32,874,463	147,055,000
8/31/2026	26,170,000	6,692,447	32,862,447	120,885,000
8/31/2027	19,890,000	5,556,824	25,446,824	100,995,000
8/31/2028	19,130,000	4,604,845	23,734,845	81,865,000
8/31/2029	13,240,000	3,812,087	17,045,999	68,625,000
8/31/2030	10,410,000	3,243,621	13,648,699	58,215,000
8/31/2031	10,905,000	2,740,165	13,641,616	47,310,000
8/31/2032	6,000,000	2,272,750	8,270,826	41,310,000
8/31/2033	6,300,000	1,968,584	8,268,584	35,010,000
8/31/2034	6,620,000	1,648,081	8,262,901	28,390,000
8/31/2035	6,960,000	1,310,175	8,265,969	21,430,000
8/31/2036	7,315,000	954,900	8,266,864	14,115,000
8/31/2037	3,875,000	581,494	4,454,840	10,240,000
8/31/2038	4,075,000	379,694	4,454,694	6,165,000
8/31/2039	1,975,000	246,600	2,221,600	4,190,000
8/31/2040	2,055,000	167,600	2,222,600	2,135,000
8/31/2041	2,135,000	85,400	2,220,400	
	464,635,000	196,482,474	661,086,916	

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, 2014 to Maturity

Period Ending	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2014				165,326,393
8/31/2015	14,130,984	7,603,658	21,734,642	151,195,409
8/31/2016	13,015,431	7,034,354	20,049,785	138,179,979
8/31/2017	13,580,246	6,482,119	20,062,365	124,599,732
8/31/2018	14,250,586	5,812,043	20,062,629	110,349,147
8/31/2019	14,470,117	5,138,452	19,608,569	95,879,030
8/31/2020	15,174,719	4,440,504	19,615,223	80,704,311
8/31/2021	15,889,242	3,704,235	19,593,477	64,815,069
8/31/2022	12,777,359	3,006,188	15,783,547	52,037,710
8/31/2023	8,322,537	2,393,822	10,716,359	43,715,174
8/31/2024	8,722,609	1,967,693	10,690,303	34,992,564
8/31/2025	9,162,429	1,520,568	10,682,996	25,830,135
8/31/2026	9,637,241	1,050,576	10,687,817	16,192,894
8/31/2027	6,877,141	637,716	7,514,857	9,315,753
8/31/2028	7,235,469	284,901	7,520,370	2,080,284
8/31/2029	2,080,284	52,007	2,132,292	
	165,326,393	51,128,837	216,455,231	

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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 - ANGELO STATE UNIVERSITY

ALL SERIES

as of August 31, 2014 to Maturity

Ending Period	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2014				27,359,833
8/31/2015	2,780,000	1,301,170	4,081,170	24,579,833
8/31/2016	2,626,343	1,228,992	3,855,334	21,953,491
8/31/2017	2,756,131	1,097,675	3,853,806	19,197,359
8/31/2018	2,897,359	959,868	3,857,227	16,300,000
8/31/2019	1,510,000	815,000	2,325,000	14,790,000
8/31/2020	1,585,000	739,500	2,324,500	13,205,000
8/31/2021	1,650,000	660,250	2,310,250	11,555,000
8/31/2022	1,725,000	577,750	2,302,750	9,830,000
8/31/2023	695,000	491,500	1,186,500	9,135,000
8/31/2024	730,000	456,750	1,186,750	8,405,000
8/31/2025	770,000	420,250	1,190,250	7,635,000
8/31/2026	800,000	381,750	1,181,750	6,835,000
8/31/2027	840,000	341,750	1,181,750	5,995,000
8/31/2028	885,000	299,750	1,184,750	5,110,000
8/31/2029	925,000	255,500	1,180,500	4,185,000
8/31/2030	975,000	209,250	1,184,250	3,210,000
8/31/2031	1,015,000	160,500	1,175,500	2,195,000
8/31/2032	1,070,000	109,750	1,179,750	1,125,000
8/31/2033	1,125,000	56,250	1,181,250	
	27,359,833	10,563,204	37,923,037	

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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

ALL SERIES SUB TOTAL

TRB (Tuition Revenue Bonds)

as of August 31, 2014 to Maturity

Ending Period	Principal	Interest	Annual Debt Service	Obligations Balance
8/31/2014				11,310,839
8/31/2015	1,865,000	517,843	2,382,843	9,445,839
8/31/2016	1,741,272	472,292	2,213,564	7,704,567
8/31/2017	1,828,869	385,228	2,214,097	5,875,699
8/31/2018	1,920,699	293,785	2,214,483	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	
	11,310,839	2,173,648	13,484,487	

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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 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>	<u>Fall 2011</u>	<u>Fall 2010</u>
Texas Tech University	28,589	27,044	26,494	26,063	25,462
The Health Sciences Centers	1,442	1,346	1,305	1,154	972
Angelo State University	5,525	5,546	6,008	6,267	6,155
Undergraduate Total	35,556	33,936	33,807	33,484	32,589
<u>Graduate & Professional</u>					
Texas Tech University	6,526	6,067	5,986	6,264	6,175
The Health Sciences Centers	3,489	3,173	3,065	2,940	2,782
Angelo State University	1,069	990	880	817	701
Graduate Total	11,804	10,230	9,931	10,021	9,658
Total	44,640	44,166	43,738	43,505	42,247

Full-Time Equivalent Enrollment Information

<u>Undergraduate</u>	<u>Fall 2014</u>	<u>Fall 2013</u>	<u>Fall 2012</u>	<u>Fall 2011</u>	<u>Fall 2010</u>
Texas Tech University	26,603	25,240	23,619	23,453	22,984
The Health Sciences Centers	1,357	1,285	1,251	1,106	901
Angelo State University	5,101	5,204	5,628	5,856	5,781
Undergraduate Total	33,061	31,729	30,498	30,415	29,666
<u>Graduate & Professional</u>					
Texas Tech University	5,016	4,655	4,766	4,903	4,189
The Health Sciences Centers	3,119	2,832	2,721	2,589	2,435
Angelo State University	829	766	664	610	519
Graduate Total	8,964	8,253	8,151	8,102	7,143
Total	42,025	39,982	38,649	38,517	36,809

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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 (other than Texas Tech University Health Sciences Center and Health Sciences Center at El Paso) for each of the last five fall semesters:

Admissions and Matriculation Information

	2014	%	2013	%	2012	%	2011	%	2010	%
Freshman:										
Applications Submitted	25,519		21,922		20,639		20,656		19,486	
Applications Accepted	17,427	68.3	14,925	68.1	14,445	70.0	14,498	70.2	14,700	75.4
Matriculation	6,902	39.6	6,005	40.2	5,966	41.3	5,921	40.8	6,335	43.1
Matriculation from outside state	509	7.4	325	5.4	663	11.1	576	9.7	505	8.0
Transfers:										
Applications Submitted	6,139		5,625		5,264		5,493		5,399	
Applications Accepted	4,975	81.0	4,523	80.4	4,347	82.6	4,420	80.5	4,387	81.3
Matriculation	3,264	65.6	3,119	69.0	2,963	68.2	2,936	66.4	2,914	66.4
Matriculation from outside state	298	9.1	274	8.8	291	9.8	254	8.7	239	8.2
Graduates:										
Applications Submitted	8,094		5,303		6,083		6,112		6,807	
Applications Accepted	3,864	47.7	2,804	52.9	2,803	46.1	2,728	44.6	3,240	47.6
Matriculation	2,053	53.1	2,028	72.3	1,742	62.1	1,679	61.5	1,823	56.3
Matriculation from outside state	841	41.0	583	28.7	453	26.0	317	18.9	423	23.2

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 Comprehensive 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, 2010 through 2014.

Condensed Statement of Net Position
as of August 31
(in thousands)

	2014	Restated 2013	Restated 2012	2011	2010
Assets:					
Current Assets	685,715	770,743	771,009	727,951	723,306
Capital Assets, Net	1,451,533	1,402,227	1,413,353	1,357,096	1,236,086
Other Assets	1,722,154	1,377,298	1,216,368	1,247,514	1,161,920
Total Assets	\$3,859,402	\$3,550,268	\$3,400,730	\$3,332,561	\$3,121,312
Liabilities:					
Current Liabilities	\$ 506,421	\$ 409,312	\$ 375,911	\$ 432,643	\$ 406,583
Non-Current Liabilities	505,953	537,257	570,256	479,301	504,587
Total Liabilities	\$1,012,374	\$946,569	\$946,167	\$911,944	\$911,170
Net Position:					
Invested in Capital Assets, Net of Related Debt	\$ 885,550	\$ 853,461	\$ 862,710	\$ 842,500	\$ 745,619
Restricted					
Expendable:	466,768	410,257	369,077	329,459	281,744
Non-Expendable:					
Endowments	622,048	581,048	540,938	607,566	611,227
Unrestricted	872,662	758,933	681,838	641,092	571,552
Total Net Position	\$2,847,028	\$2,603,699	\$2,454,563	\$2,420,617	\$2,210,142
Liabilities and Net Position	\$3,859,402	\$3,550,268	\$3,400,730	\$3,332,561	\$3,121,312

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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, 2010 through 2014.

Statement of Revenues, Expenses and Changes in Net Position (unaudited)					
as of August 31					
(in thousands)					
	2014	Restated 2013	Restated 2012	2011	2010
Operating Revenues					
Tuition and Fees	\$ 14,561	\$ 14,843	\$ 7,684	\$ 7,294	\$ 7,245
Tuition and Fees: Pledged	430,453	418,438	416,376	376,249	320,787
Less Discounts and Allowances	(94,900)	(85,340)	(87,314)	(72,865)	(52,522)
Professional Fees	243,532	229,673	221,496	238,310	220,756
Professional Fees: Pledged	1,023	1,084	1,384		
Sales and Services of Auxiliary Enterprises: Pledged	144,636	134,543	127,435	112,352	103,094
Other Sales and Services	5,621	5,548	3,413	3,225	2,056
Other Sales and Services: Pledged	12,028	12,126	10,385	10,528	14,077
Federal Grants and Contracts	61,333	55,731	55,227	60,287	57,134
Federal Grants and Contracts: Pledged	4,984	4,938	4,621	4,387	3,732
Federal Pass-Through (net of administrative costs)	4,989	5,171	5,409	8,080	9,071
State Grants and Contracts	4,310	2,406	6,971	9,238	4,692
State Grants and Contracts: Pledged	392	441	558	265	377
State Pass-Through	44,443	36,297	29,868	39,430	36,036
Local Government Grants and Contracts	33,731	45,150	51,599	50,640	66,146
Local Government Grants and Contracts: Pledged	1,244	1,233	1,168	1,178	1,271
Nongovernmental Grants and Contracts	143,927	121,527	102,736	90,996	70,679
Nongovernmental Grants and Contracts: Pledged	2,537	2,615	2,173	2,223	2,491
Other Revenue	26,822	17,634			
Total Operating Revenues	\$ 1,085,666	\$ 1,024,058	\$ 961,189	\$ 941,817	\$ 867,122
Operating Expenses					
Cost of Goods Sold	\$ 13,860	\$ 13,368	\$ 11,783	\$ 11,031	\$ 10,717
Salaries and Wages	802,350	752,005	714,429	704,582	690,968
Payroll Related Costs	194,159	176,780	164,254	164,883	159,247
Professional Fees and Services	64,091	63,000	58,923	70,643	72,679
Travel	31,104	27,902	23,953	21,509	22,824
Materials and Supplies	71,871	67,367	68,019	67,648	70,348
Communications and Utilities	49,670	48,548	46,806	47,665	44,065
Repairs and Maintenance	37,706	37,639	33,957	34,391	36,327
Rentals and Leases	13,076	13,718	14,315	13,229	11,528
Printing and Reproduction	4,949	5,097	5,054	5,406	6,423
Federal Grant Pass Through Expense	1,503	1,576	1,229	4,060	
State Grant Pass Through Expense	473	520	514	117	
Depreciation and Amortization	125,461	121,511	113,594	100,322	78,849
Bad Debt Expense	262	724	1,169	686	195
Interest	23	11	14	16	27
Scholarships	67,587	65,019	74,215	60,896	53,596
Claims and Judgements	2,155	754	1,113	2,027	
Other Operating Expenses	107,285	103,125	77,443	86,728	102,540
Total Operating Expenses	\$ 1,587,585	\$ 1,498,665	\$ 1,410,785	\$ 1,395,839	\$ 1,360,333
Operating Income (Loss)	\$ (501,918)	\$ (474,607)	\$ (449,596)	\$ (454,022)	\$ (493,211)

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

Continued

	2014	Restated 2013	Restated 2012	2011	2010
Non-operating Revenues (Expenses)					
Legislative Revenue	\$ 422,207	\$ 355,250	\$ 373,528	\$ 384,305	\$ 379,596
Federal Grants and Contracts	45,225	41,132	45,246	47,661	42,827
Federal Grants Pass Throughs	-	-	-	8,341	18,485
State Grants Pass Throughs from Other State Agencies	38	45	2	-	-
Private Gifts	42,625	56,926	60,698	4,641	49,829
Private Gifts: Pledged	6,168	901	4,011	47,442	6,108
Investment Income	86,231	40,255	9,749	40,699	47,794
Investment Income: Pledged	27,065	20,277	10,191	8,606	7,869
Interest Expense on Capital Asset Financing	(21,249)	(24,707)	(24,016)	(21,468)	(23,282)
Loss on Sale and Disposal of Capital Assets	(1,172)	(2,067)	(1,118)	(2,171)	(6,717)
Net Increase (Decrease) in Fair Value of Investments	48,154	29,496	20,344	36,885	31,595
Other Non-operating Revenues (Expenses)	12,269	8,149	9,663	19,202	4,805
Other Non-operating Revenues (Expenses): Pledged	-1,512	2,936	1,322	2,631	5,266
Total Non-Operating Revenues (Expenses)	\$ 666,049	\$ 528,592	\$ 509,620	\$ 576,774	\$ 564,175
Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	\$ 164,130	\$ 53,985	\$ 60,024	\$ 122,751	\$ 70,964
Other Revenues, Expenses, Gains, Losses and Transfers					
Capital Appropriations (HEF)	\$44,653	\$44,653	\$44,653	\$44,653	\$45,969
Capital Contributions	3,871	3,182	11,676	55,449	61,119
Lapsed Appropriations	(3)	(1)	(1)	(1)	-
Additions to Permanent Endowments	31,583	48,889	21,137	428	3,329
Legislative Transfer Out	(2,765)	(2,707)	(2,920)	(9,921)	(2,947)
Increase Net Assets-Interagency Transfer of Capital	52	9	-	(2,881)	29
Decrease Net Assets-Interagency Transfer of Capital	(109)	(268)	-	-	(2)
Transfers In from Other State Agencies	8,816	8,454	7,878	-	-
Transfers Out from Other State Agencies	(6,900)	(7,061)	(10,375)	-	(8,098)
Net Other Revenues, Expenses, Gains, Losses and Transfers	\$ 79,199	\$ 95,149	\$ 72,048	\$ 87,728	\$ 99,394
Total Changes in Net Position	\$ 243,329	\$ 149,135	\$ 132,072	\$ 210,479	\$ 170,358
Beginning Net Position (September 1)	\$2,603,698	\$2,354,562	\$2,420,615	\$2,210,141	\$2,039,782
Restatement of Beginning Net Position		\$100,002	(198,125)	(6)	-
Ending Net Position (August 31)	\$ 2,847,028	\$2,603,698	\$ 2,354,562	\$ 2,420,615	\$ 2,210,141

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Set forth below reflects the condensed statement of cash flows of the University System as of August 31, 2010 through 2014.

Texas Tech University System					
Condensed Statement of Cash Flows					
as of August 31					
(in thousands)					
	2014	Restated 2013	Restated 2012	2011	2010
Cash Flow From					
Operating Activities	\$ (363,069)	\$ (363,295)	\$ (349,355)	\$ (327,728)	\$ (386,780)
Non-capital Financing Activities	554,146	499,481	524,149	412,323	501,076
Capital and Related Financing Activities	(111,110)	(88,409)	(102,828)	(136,927)	(111,510)
Investing Activities	(177,615)	(57,584)	(16,326)	(13,823)	(82,237)
Total Net Cash Flows	(97,647)	(9,807)	55,640	(66,155)	(79,451)
Cash & Cash Equivalents, Beginning of Year Sept 1	509,696	520,070	464,693	530,848	610,299
Restatement to Beginning Cash & Cash Equivalents		(567)	(831)		
Ending Cash & Cash Equivalents - August 31	\$ 412,049	\$ 509,696	\$ 519,502	\$ 464,693	\$ 530,848

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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, 2010 through 2014.

Capital Assets					
as of August 31					
(in thousands)					
	2014	Restated 2013	Restated 2012	2011	2010
Non-Depreciable or Non-amortizable Assets					
Land and Land Improvements	\$ 20,819	\$ 17,965	\$ 17,502	\$ 13,928	\$ 13,928
Construction in Progress	52,081	56,378	43,635	154,517	135,179
Other Tangible Capital Assets	79,711	73,799	70,160	67,644	65,314
Total Non-depreciable or Non-amortizable Assets	152,612	148,143	131,297	236,088	214,421
Depreciable Assets					
Building and Building Improvements	1,807,413	1,684,325	1,636,782	1,419,651	1,332,706
Infrastructure	43,722	41,719	41,719	41,719	41,719
Facilities and Other Improvements	182,060	175,412	166,329	164,731	162,532
Furniture and Equipment	294,029	280,799	271,821	245,496	216,073
Vehicle, Boats and Aircraft	18,292	17,240	16,808	16,193	16,486
Other Capital Assets	186,358	175,734	165,436	153,651	143,492
Total Depreciable Assets	2,531,875	2,375,228	2,298,895	2,041,440	1,913,009
Less Accumulated Depreciation for:					
Building and Building Improvements	(858,305)	(802,706)	(748,241)	(699,686)	(665,906)
Infrastructure	(17,391)	(15,927)	(14,472)	(13,005)	(11,515)
Facilities and Other Improvements	(81,910)	(75,753)	(69,082)	(62,453)	(55,309)
Furniture and Equipment	(188,660)	(172,405)	(161,235)	(142,606)	(129,839)
Vehicle, Boats and Aircraft	(13,560)	(12,662)	(12,209)	(11,544)	(10,954)
Other Capital Assets	(98,726)	(88,341)	(78,407)	(69,189)	(61,244)
Total Accumulated Depreciation	(1,258,552)	(1,167,794)	(1,083,645)	(998,483)	(934,766)
Depreciable Assets, Net	1,273,323	1,207,434	1,215,250	1,042,957	978,243
Amortizable Assets - Intangible					
Computer Software	133,532	133,077	131,465	119,815	65,921
Total Amortizable Assets - Intangible	133,532	133,077	131,465	119,815	65,921
Less Accumulated Amortization for:					
Computer Software	(107,933)	(86,426)	(64,658)	(41,764)	(22,498)
Total Accumulated Amortization	(107,933)	(86,426)	(64,658)	(41,764)	(22,498)
Amortizable Assets - Intangible, Net	25,599	46,651	66,807	78,051	43,423
Capital Assets, Net	\$ 1,451,534	\$ 1,402,227	\$ 1,413,353	\$ 1,357,096	\$ 1,236,086

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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 2012-13 and the current 2014-15 biennium of the State Budget. The 2016-17 biennium state budget is to be adopted at the 84th Legislative Session convening on January 13, 2015.

2012-2015 State Tuition Revenue Bond (TRB) Appropriations (In Thousands)

	2015	2014	2013	2012
Texas Tech University	\$9,052	\$9,053	\$9,243	\$9,230
TTU Health Sciences Center	12,370	12,512	12,914	12,916
Angelo State University	2,713	3,959	3,962	4,004
TTUHSC at El Paso	-	-	-	-
System Administration	-	-	-	-
Total TRBs	<u>\$24,135</u>	<u>\$25,524</u>	<u>\$26,119</u>	<u>\$26,150</u>

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	\$2,443.80	\$0.00	\$1,485.00	\$4,678.80	\$463.26
Non-Resident Undergrad (15 SCH)	\$6,180.00	\$2,443.80	\$0.00	\$1,485.00	\$10,108.80	\$448.47
Resident Graduate (12 SCH)	\$600.00	\$1,955.04	\$600.00	\$1,375.50	\$4,530.54	\$324.46
Non-Resident Graduate (12 SCH)	\$4,944.00	\$1,955.04	\$600.00	\$1,375.50	\$8,874.54	\$382.78
Resident Law (15 SCH)	\$1,200.00	\$5,518.80	\$2,400.00	\$2,197.50	\$11,316.30	\$904.32
Non-Resident Law (15 SCH)	\$6,180.00	\$5,518.80	\$2,400.00	\$2,197.50	\$16,296.30	\$909.72

Fixed Tuition and Fees

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
<u>FALL 2014 COHORT</u>						
Resident Undergrad (15 SCH)	\$750.00	\$2,815.50	\$0.00	\$1,485.00	\$5,050.50	\$537.60
Non-Resident Undergrad (15 SCH)	\$6,180.00	\$2,815.50	\$0.00	\$1,485.00	\$10,480.50	\$504.23

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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**Angelo State 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	\$1,600.20	\$0.00	\$1,471.00	\$3,821.20	\$294.54
Non-Resident Undergrad (15 SCH)	\$6,180.00	\$1,600.20	\$0.00	\$1,471.00	\$9,251.20	\$185.40
Resident Graduate (12 SCH)	\$600.00	\$1,397.76	\$540.00	\$1,431.00	\$3,851.16	\$199.22
Non-Resident Graduate (12 SCH)	\$4,944.00	\$1,280.16	\$540.00	\$1,431.00	\$8,195.16	\$148.32

Fixed Tuition and Fees

	State Mandated Tuition	Board Designated Tuition	Board Authorized Tuition	Mandatory Fees	Total Tuition & Fees	Financial Assistance Set Aside
<u>FALL 2014 COHORT</u>						
Resident Undergrad (15 SCH)	\$750.00	\$1,696.20	\$0.00	\$1,471.00	\$3,917.20	\$294.54
Non-Resident Undergrad (15 SCH)	\$6,180.00	\$1,696.20	\$0.00	\$1,471.00	\$9,347.20	\$185.40

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 2014-2015**

	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	\$8,000.00	\$ -	\$2,134.40	\$16,684.40	\$1,952.98
Year 3	\$6,550.00	\$8,000.00	-	\$2,074.40	\$16,624.40	\$1,952.98
Year 4	\$6,550.00	\$8,000.00	-	\$1,474.40	\$16,024.40	\$1,952.98
M.D. Non-Resident						
Year 1 - 2	\$19,650.00	\$8,000.00	-	\$2,134.40	\$29,784.40	\$1,821.98
Year 3	\$19,650.00	\$8,000.00	-	\$2,074.40	\$29,724.40	\$1,821.98
Year 4	\$19,650.00	\$8,000.00	-	\$1,474.40	\$29,124.40	\$1,821.98
Graduate Students						
Resident (24 SCH)	\$1,200.00	\$2,040.00	-	\$1,505.40	\$4,745.40	\$320.40
Non-Resident (24 SCH)	\$9,888.00	\$2,040.00	-	\$1,505.40	\$13,433.40	\$437.04
Allied Health Sciences						
Undergrad Level Resident						
Year 1 - 2 (37 SCH)	\$1,850.00	\$4,810.00	-	\$1,829.90	\$8,489.90	\$899.10
Undergrad Level Non-Resident						
Year 1 - 2 (37 SCH)	\$15,244.00	\$4,810.00	-	\$1,829.90	\$21,883.90	\$923.52
Graduate Level Resident						
Year 1 - 3 (37 SCH)	\$1,850.00	\$4,810.00	\$1,850.00	\$1,829.90	\$10,339.90	\$743.70
Graduate Level Non-Resident						
Year 1 - 3 (37 SCH)	\$15,244.00	\$4,810.00	\$1,850.00	\$1,829.90	\$23,733.90	\$923.52
Nursing						
Undergrad Level Resident						
Year 1 (34 SCH)	\$1,700.00	\$4,420.00	-	\$2,116.40	\$8,236.40	\$826.20
Year 2 (33 SCH)	\$1,650.00	\$4,290.00	-	\$2,106.40	\$8,046.40	\$801.90
Undergrad Level Non-Resident						
Year 1 (34 SCH)	\$14,008.00	\$4,420.00	-	\$2,116.40	\$20,544.40	\$848.64
Year 2 (33 SCH)	\$13,596.00	\$4,290.00	-	\$2,106.40	\$19,992.40	\$823.68
Graduate Level - Resident						
Year 1 (24 SCH)	\$1,200.00	\$3,120.00	\$1,200.00	\$1,586.40	\$7,106.40	\$482.40
Year 2 (18 SCH)	\$900.00	\$2,340.00	\$900.00	\$1,165.40	\$5,305.40	\$361.80
Graduate Level Non-Resident						
Year 1 (24 SCH)	\$9,888.00	\$3,120.00	\$1,200.00	\$1,586.40	\$15,794.40	\$599.04
Year 2 (18 SCH)	\$7,416.00	\$2,340.00	\$900.00	\$1,165.40	\$11,821.40	\$449.28

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	\$7,585.00	\$4,100.00	\$2,380.40	\$16,115.40	\$1,162.35
Year 2 & 3 (38 SCH)	\$1,900.00	\$7,030.00	\$3,800.00	\$2,350.40	\$15,080.40	\$1,077.30
Year 4 (52 SCH)	\$2,600.00	\$9,620.00	\$5,200.00	\$3,110.40	\$20,530.40	\$1,474.20
Pharmacy - Non-Resident						
Year 1 (41 SCH)	\$16,892.00	\$7,585.00	\$4,100.00	\$2,380.40	\$30,957.40	\$1,361.61
Year 2 & 3 (38 SCH)	\$15,656.00	\$7,030.00	\$3,800.00	\$2,350.40	\$28,836.40	\$1,261.98
Year 4 (52 SCH)	\$21,424.00	\$9,620.00	\$5,200.00	\$3,110.40	\$39,354.40	\$1,726.92

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 2014-2015**

	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	\$ 8,000.00	\$ -	\$ 2,279.30	\$ 16,829.30	\$ 1,952.98
Year 2	6,550.00	8,000.00	-	1,879.30	16,429.30	1,952.98
Year 3	6,550.00	8,000.00	-	2,029.30	16,579.30	1,952.98
Year 4	6,550.00	8,000.00	-	2,029.30	16,579.30	1,952.98
M.D. Non-Resident						
Year 1	19,650.00	8,000.00	-	2,279.30	29,929.30	1,821.98
Year 2	19,650.00	8,000.00	-	1,879.30	29,529.30	1,821.98
Year 3	19,650.00	8,000.00	-	2,029.30	29,679.30	1,821.98
Year 4	19,650.00	8,000.00	-	2,029.30	29,679.30	1,821.98
Nursing						
Undergrad Level Resident						
Year 1 (31 SCH)	1,550.00	4,030.00	-	2,227.00	7,807.00	803.70
Year 2 (32 SCH)	1,600.00	4,160.00	-	1,787.00	7,547.00	794.40
Nursing						
Undergrad Level Non-Resident						
Year 1 (31 SCH)	12,772.00	4,030.00	-	2,227.00	19,029.00	811.56
Year 2 (32 SCH)	13,184.00	4,160.00	-	1,787.00	19,131.00	811.32

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
2010	653,357	727,335	34,462	1,415,154
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

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, 2014. 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	14.74%	\$ 142,182
Money Market Funds	3.53%	34,078
Local Gov't Investment Pool	11.71%	112,936
Total Composite	29.99%	\$289,196
<u>Short Term Composite</u>		
Money Market Fund	0.00%	\$ 2
U.S. Agency Notes	20.20%	194,939
Treasury Notes	11.00%	106,505
Total Composite	31.20%	\$301,446
<u>Intermediate Composite</u>		
Local Gov't Investment Pool	4.21%	\$ 40,601
External Investment Managers	34.60%	376,585
Total Composite	38.81%	\$313,526
Total Fund	100.00%	\$1,007,828

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	19.22%	\$199,798
Fixed Income	4.38%	45,570
Alternative Investments	65.03%	675,926
Cash and Cash Equivalents	11.36%	118,097
Total	100.00%	\$1,039,391

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

Description	Allocation Percentage	Market Value
Mineral Rights	20.06%	\$6,838
Corporate Bonds	0.00%	1
Cash and Cash Equivalents	79.94%	27,246
Total	100.00%	\$34,085

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)**

2010	2011	2012	2013	2014
\$785,391	\$860,503	\$883,608	\$973,083	\$1,179,507

[End]