The University of Texas at San Antonio
2013 Summary of Financial Condition

Financial Condition: Satisfactory

Composite Financial Index

Operating Expense Coverage Ratio

(in months)

Annual Operating Margin Ratio

Expendable Resources to Debt Ratio

Debt Burden Ratio

Debt Service Coverage Ratio
The University of Texas at San Antonio
2013 Summary of Financial Condition
Full-time Equivalent
Student Enrollment - Fall

Composite Financial Index (CFI) - U. T. San Antonio’s CFI increased from 3.0 in 2012 to 3.3 in 2013 primarily as a result of an increase in the return on net position ratio. The increase in the return on net position ratio was largely driven by an $11.3 million reduction in the amount of debt outstanding.

Operating Expense Coverage Ratio - U. T. San Antonio’s operating expense coverage ratio increased from 4.2 months in 2012 to 5.4 months in 2013 due to a $50.9 million increase in total unrestricted net position. The increase in total unrestricted net position was primarily attributable to an increase in the amount of unexpended plant funds classified as unrestricted primarily due to the use of a consistent methodology across all U. T. institutions for classifying unexpended plant funds between restricted and unrestricted funds as determined by U. T. System. Prior to 2013, U. T. San Antonio classified the majority of net position in unexpended plant funds as restricted. Also contributing to the increase in total unrestricted net position was normal operating activities in current unrestricted funds.

Annual Operating Margin Ratio - U. T. San Antonio’s annual operating margin ratio decreased from 4.1% for 2012 to 2.6% for 2013 due to the growth in total operating expenses of $13.3 million exceeding the growth in total operating revenues of $5.7 million. The increase in total operating revenue was primarily attributable to the following: a $17.3 million increase in sponsored programs revenue (including nonexchange sponsored programs and excluding the unspent portion of Texas Research Incentive Program (TRIP) funding) attributable to a change in reporting Pell Grants in 2013 as explained below; and a $2.8 million increase in other operating revenues as a result of the Information Security Assurance Initiative Project-Deloitte IT Assessment. These increases in revenue were largely offset by a $12.2 million decrease in net tuition and fees caused by an increase in tuition discounting as a result of the change in reporting of Pell Grants as discussed below. The increase in total operating expenses was primarily due to the following: a $7.1 million increase in salaries and wages and payroll related costs attributable to merit increases and increased cost of benefits; a $2.4 million increase in scholarships and fellowships expense due to additional funds received for the TEXAS Grant Program; a $1.9 million increase in repairs and maintenance as a result of increased building repairs and maintenance due to various non-capitalized renovation projects related to refurbishing and renovating offices and increased computer repairs and maintenance as a result of expenses incurred to enhance computer security; a $1.8 million increase in depreciation and amortization expense related to various capital projects that were completed and placed into service in 2013; and a $1.1 million increase in professional fees and services attributable to increased enrollment in the Extended Education Program which generated increased expenses for educational training fees that are required for various certifications.

Late in 2013 U. T. San Antonio received $2.2 million in TRIP funding from the Texas Higher Education Coordinating Board. Given that these funds were received so close to year-end, U. T. San Antonio was not able to spend $0.6 million of these funds in 2013. Therefore, in order to more appropriately match revenues with expenses the $0.6 million of unspent TRIP funding was removed from 2013 nonexchange sponsored programs revenue. When the 2014 Analysis of Financial Condition is prepared, the $0.6 million will be added to 2014 nonexchange sponsored programs revenue. Additionally, in 2013 the State Auditor’s Office made a determination that Pell Grants should not be deferred to match the related tuition fee. This resulted in the institutions reporting 2 years of activity in 2013 for both nonexchange sponsored programs revenue and scholarships and fellowships expense (a component of tuition discounting); however, this change has no impact on the annual operating margin.

Expendable Resources to Debt Ratio - U. T. San Antonio’s expendable resources to debt ratio increased from 0.7 in 2012 to 0.8 in 2013. The increase in this ratio was primarily due to the decrease in the debt outstanding.

Debt Burden Ratio - U. T. San Antonio’s debt burden ratio increased from 6.9% in 2012 to 7.2% in 2013 as a result of a $2.0 million increase in debt service payments.

Debt Service Coverage Ratio - U. T. San Antonio’s debt service coverage ratio decreased from 2.6 in 2012 to 2.4 in 2013. The decrease in this ratio was caused by both the reduction in operating performance, as discussed in the annual operating margin ratio, and the increase in debt service payments.

Full-Time Equivalent (FTE) Student Enrollment - U. T. San Antonio’s FTE student enrollment decreased by 5%. The decline in enrollment was due to a smaller incoming class of undergraduates for Fall 2013 as a result of increased admission standards, combined with an increased number of students graduating during the 2012-2013 academic year.