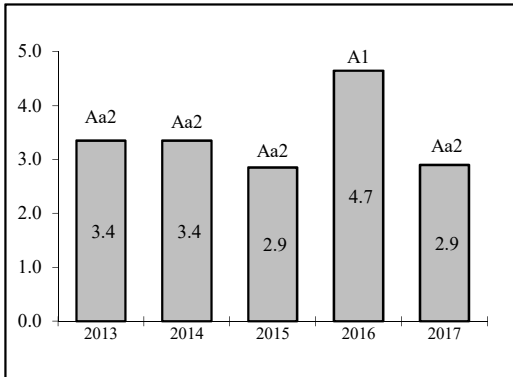


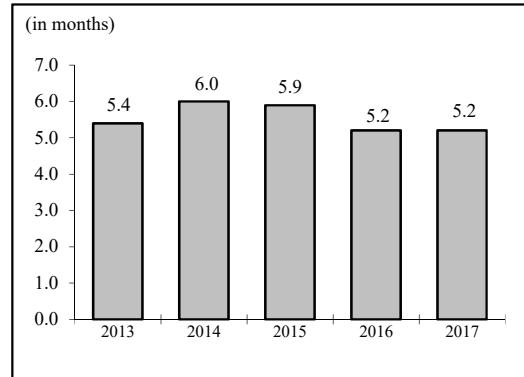
The University of Texas at San Antonio
2017 Summary of Financial Condition

Financial Condition: **Satisfactory**

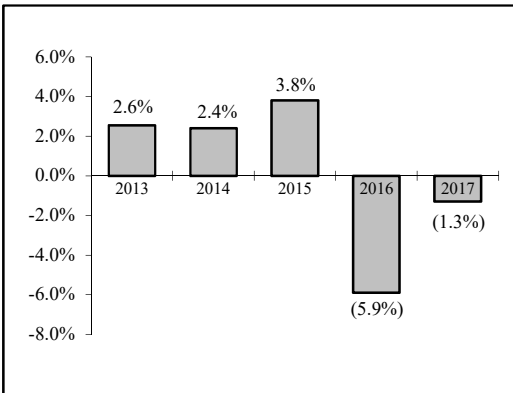
Moody's Overall Scorecard Rating



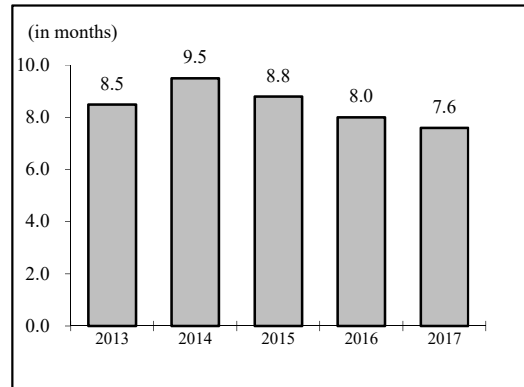
Operating Expense Coverage



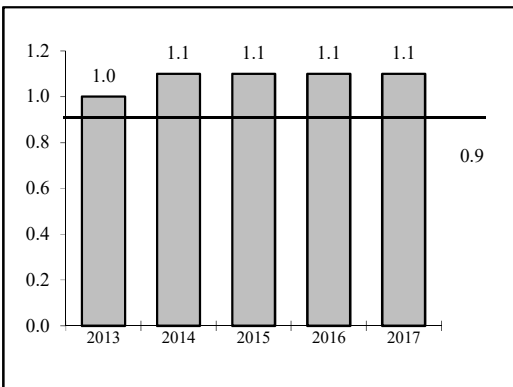
Annual Operating Margin



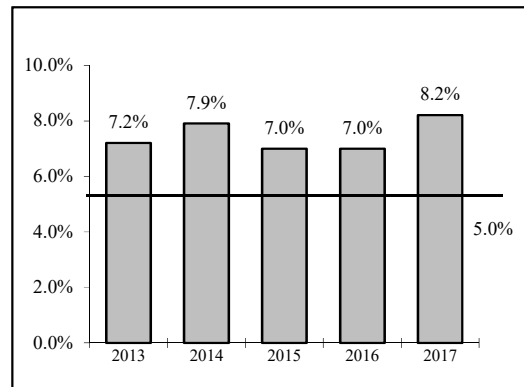
Cash on Hand



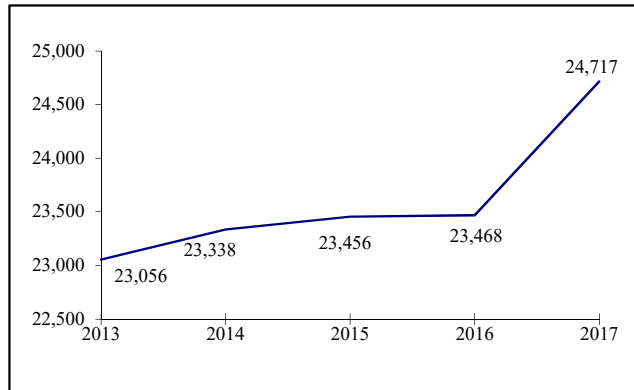
Spendable Cash & Investments to Total Debt



Debt Service to Operations



The University of Texas at San Antonio
2017 Summary of Financial Condition
Full-time Equivalent
Student Enrollment - Fall



Operating Expense Coverage Ratio - U. T. San Antonio's operating expense coverage ratio remained unchanged at 5.2 months in 2017. The stability of this ratio was attributable to minimal growth in both total unrestricted net assets and total operating expenses (including interest expense).

Annual Operating Margin Ratio - U. T. San Antonio's annual operating margin ratio improved from (5.9%) for 2016 to (1.3%) for 2017 as the growth in total operating revenues of \$32.2 million outpaced the growth in total operating expenses of only \$9.3 million. The increase in total operating revenues was primarily due to the following: a \$10.5 million increase in sponsored programs revenue (including nonexchange sponsored programs) largely driven by increased funding from the TEXAS Grant program and other federal sponsored programs, an increase in Pell Grants and increased funding from several small private grants; a \$9.7 million increase in state appropriations (including tuition revenue bond supplemental funding); a \$6.7 million increase in gifts for operations due to an overall increase in gifts in 2017 combined with the write-off in 2016 of a \$3.9 million pledge for an endowment that was erroneously recorded as an operating gift; and a \$5.2 million increase in net tuition and fees as a result of a 2,474 increase in total semester credit hour enrollment as well as a one-day increase in the number of fall semester class days that occurred before the end of the fiscal year. Total operating expenses increased largely due to the following: a \$6.5 million increase in salaries and wages and payroll related costs resulting from recruitment and retention efforts associated with the GoldStar Initiative to recruit top-tier researchers, equity increases and increased benefits costs; a \$2.9 million increase in repairs and maintenance as a result of maintenance on various classrooms, grounds and vehicles; and a \$1.2 million increase in travel due to the football team's travel incurred for the bowl game, most of which was reimbursed by the NCAA/Conference USA.

Cash on Hand Ratio - U. T. San Antonio's cash on hand ratio decreased from 8.0 months in 2016 to 7.6 months in 2017. The decrease in this ratio was attributable to a \$22.8 million decrease in unrestricted cash and cash equivalents as more cash was used for capital and debt service payments combined with normal fluctuations in cash.

Spendable Cash & Investments to Total Debt Ratio - U. T. San Antonio's spendable cash and investments to total debt ratio remained unchanged at 1.1 times in 2017 and exceeded the minimum threshold of 0.9 times as provided by the Office of Finance. The stability of this ratio was due to the growth in total cash and cash equivalents and investments (net of nonexpendable net position) of \$9.5 million offset with an increase in the amount of debt outstanding of \$34.8 million. The increase in the debt outstanding was related to debt issued for the Science and Engineering Building.

Debt Service to Operations Ratio - U. T. San Antonio's debt service to operations ratio increased from 7.0% in 2016 to 8.2% in 2017 due to an increase of \$7.2 million in debt service payments. This ratio exceeded the maximum threshold of 5.0% as provided by the Office of Finance.

Full-Time Equivalent (FTE) Student Enrollment - U. T. San Antonio's FTE student enrollment increased from 23,468 to 24,717 due to an increase in undergraduate FTEs of 1,141 as well as small increases in graduate and doctoral programs.

Appendix A - Definitions of Evaluation Factors

1. **Moody's Overall Scorecard Rating** – The Moody's Overall Scorecard Rating has four broad factors important to Moody's in their assessment of university ratings:

- Market Profile
- Operating Performance
- Wealth and Liquidity, and
- Leverage

There are nine sub-factor calculations under these four broad factors and each sub-factor is assigned a weight and a value. After calculating each sub-factor, the results are mapped to a Moody's rating category. Then, the sub-factor ratings are converted to alpha numeric values, which are multiplied by the assigned weights and summed to produce an aggregate weighted score. That aggregate score is then mapped to the appropriate Moody's rating. See Appendix B for each institution's calculation.

2. **Operating Expense Coverage Ratio** – This ratio measures an institution's ability to cover future operating expenses with available year-end balances. This ratio is expressed in number of months coverage.

$$\frac{\text{Total Unrestricted Net Position}}{\text{Total Operating Expenses} + \text{Interest Expense on Debt}} * 12$$

3. **Annual Operating Margin Ratio** – This ratio indicates whether an institution is living within its available resources.

$$\frac{\text{Op Rev} + \text{GR} + \text{Op Gifts} + \text{NonexchSP} + \text{Inv Inc} + \text{RAHC\&AUF Trans} + \text{NSERB Appr} + \text{TRB Supp} + \text{Hazelwood Trans} - \text{Op Exp} \& \text{Int Exp}}{\text{Op Rev} + \text{GR} + \text{Op Gifts} + \text{NonexchSP} + \text{Inv Inc} + \text{RAHC\&AUF Trans} + \text{NSERB Approp} + \text{TRB Supp} + \text{Hazelwood Trans}}$$

4. **Cash on Hand** – This measures the number of months an institution could continue to pay operating expenses from existing unrestricted cash and investments in the absence of additional revenue.

$$\frac{\text{Unrestricted Cash and Investments that can be liquidated within one month}}{\text{Operating Expenses} - \text{Depreciation Expense}} * 12$$

5. **Spendable Cash & Investment to Total Debt Ratio** – This ratio examines the ability of an institution to repay bondholders from wealth that can be accessed over time or for a specific purpose. Debt capacity thresholds are provided by the Office of Finance. The minimum spendable cash and investments to total debt ratio is 0.9 times.

$$\frac{\text{Cash and Investments less permanently Restricted Net Position}}{\text{Debt not on Institution's Books}}$$

6. **Debt Service to Operations Ratio** – This ratio examines the institution's dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenses. Debt capacity thresholds are provided by the Office of Finance. The maximum debt service to operations ratio is 5.0%.

$$\frac{\text{Debt Service Transfers}}{\text{Operating Exp. (excluding Scholarships Exp.)} + \text{Interest Exp.}}$$

7. **Full-Time Equivalent (FTE) Student Enrollment** - Total semester credit hours taken by students during the fall semester, divided by factors of 15 for undergraduate students, 12 for graduate and special professional students, and 9 for doctoral students to arrive at the full-time equivalent (FTE) students represented by the course hours taken.

Appendix A - Definitions of Evaluation Factors (Continued)

The categories, which are utilized to indicate the assessment of an institution's financial condition, are "Satisfactory," "Watch," and "Unsatisfactory." In most cases the rating is based upon the trends of the financial ratios unless isolated financial difficulties in particular areas are material enough to threaten the overall financial results.

Satisfactory – an institution assigned this assessment exhibits a general history of relatively stable or increasing financial ratios. The operating expense coverage ratio should be at or above a two-month benchmark and should be stable or improving. The annual operating margin ratio could be both positive and negative during the trend period due to nonrecurring items. Some of these items include unexpected reductions in external sources of income, such as state appropriations, gifts and investment income, all of which are unpredictable and subject to economic conditions. A benchmark has not been established for cash on hand although it should be stable or improving. A standard for the Moody's overall scorecard rating has not yet been established. The Office of Finance uses the Moody's overall scorecard rating, spendable cash and investments to total debt ratio, and debt service to operations ratio which are the same ratios the bond rating agencies calculate for the System. Trends in these ratios can help determine if an institution has additional debt capacity or has assumed more debt than it can afford to service. In general, an institution's spendable cash and investments to total debt should exceed the Office of Finance's standard of 0.9 times, while the debt service to operations ratio should fall below the Office of Finance's standard of 5.0%. Full-time equivalent (FTE) student enrollment must be relatively stable or increasing. Isolated financial difficulties in particular areas may be evident, but must not be material enough to threaten the overall financial health of an institution.

Watch – an institution assigned this assessment exhibits a history of relatively unstable or declining financial ratios. The operating expense coverage ratio can be at or above a two-month benchmark, but typically shows a declining trend. Annual operating margin ratio is negative or near break-even during the trend period due to recurring items, material operating difficulties or uncertainties caused by either internal management decisions or external factors. Cash on hand could be decreasing. Trends in the Moody's overall scorecard rating, spendable cash and investments to total debt ratio, and debt service to operations ratio can help determine if an institution has additional debt capacity or has assumed more debt than it can afford to service. FTE student enrollment can be stable or declining, depending upon competitive alternatives or recruitment and retention efforts. Isolated financial difficulties in particular areas may be evident and can be material enough to threaten the overall financial health of an institution.

Unsatisfactory – an institution assigned this assessment exhibits a history of relatively unstable financial ratios. The operating expense coverage ratio may be below a two-month benchmark and shows a declining trend. The annual operating margin ratio is predominately volatile or negative during the trend period due to material operating difficulties or uncertainties caused by either internal management decisions or external factors. Cash on hand could be decreasing to extremely low levels. Trends in the Moody's overall scorecard rating, spendable cash and investments to total debt ratio, and debt service to operations ratio can help determine if an institution has additional debt capacity or has assumed more debt than it can afford to service. The FTE student enrollment can be stable or declining, depending upon competitive alternatives or recruitment and retention efforts. Widespread financial difficulties in key areas are evident and are material enough to further threaten the overall financial health of an institution. For institutions rated "Unsatisfactory," the Chancellor and the appropriate Executive Vice Chancellors will request the institutions to develop a specific financial plan of action to improve the institution's financial condition. By policy, institutions rated "Unsatisfactory" are not permitted to invest in the Intermediate Term Fund. Progress towards the achievement of the plans will be periodically discussed with the Chief Business Officer and President, and representatives from the System Offices of Business, Academic, and/or Health Affairs, as appropriate.

**Appendix B - Calculation of Moody's Scorecard Rating
Academic Institutions
As of August 31, 2017**

U. T. Arlington	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	650.53	Aa	0.45
Annual Change in Operating Revenues	5%	5.51%	A	0.30
<i>Total Weighted Market Profile</i>				0.75
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	20.43%	Aaa	0.20
Max. Single Revenue Contribution	10%	53.31%	A	0.60
<i>Total Weighted Operating Performance</i>				0.80
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	653.76	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.98	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	344.43	Aaa	0.05
<i>Total Weighted Wealth & Liquidity</i>				0.80
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.72	Aa	0.30
Total Debt to Cash Flow	10%	2.47	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. Arlington - Overall Rating & Numeric Score			Aa2	2.8
U. T. Austin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	2,727.13	Aaa	0.15
Annual Change in Operating Revenues	5%	4.42%	A	0.30
<i>Total Weighted Market Profile</i>				0.45
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	16.72%	Aa	0.60
Max. Single Revenue Contribution	10%	28.14%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				0.70
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	5,599.41	Aaa	0.15
Spendable Cash & Inv. to Operating Exp.	10%	1.41	Aaa	0.10
Monthly Days Cash on Hand (in days)	5%	225.12	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.40
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	2.13	Aa	0.30
Total Debt to Cash Flow	10%	3.76	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. Austin - Overall Rating & Numeric Score			Aa1	2.0

**Appendix B - Calculation of Moody's Scorecard Rating
Academic Institutions
As of August 31, 2017**

U. T. Dallas	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	590.84	Aa	0.45
Annual Change in Operating Revenues	5%	-0.24%	B	0.75
<i>Total Weighted Market Profile</i>				1.20
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	14.95%	Aa	0.60
Max. Single Revenue Contribution	10%	57.99%	A	0.60
<i>Total Weighted Operating Performance</i>				1.20
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	776.77	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.85	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	176.98	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.75	Aa	0.30
Total Debt to Cash Flow	10%	7.68	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. Dallas - Overall Rating & Numeric Score			Aa3	3.9
U. T. El Paso	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	374.11	A	0.90
Annual Change in Operating Revenues	5%	1.82%	Ba	0.60
<i>Total Weighted Market Profile</i>				1.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	7.86%	A	1.20
Max. Single Revenue Contribution	10%	38.17%	Aa	0.30
<i>Total Weighted Operating Performance</i>				1.50
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	378.20	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.65	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	99.06	Baa	0.45
<i>Total Weighted Wealth & Liquidity</i>				1.20
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.94	Aa	0.30
Total Debt to Cash Flow	10%	9.10	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. El Paso - Overall Rating & Numeric Score			A1	4.8

**Appendix B - Calculation of Moody's Scorecard Rating
Academic Institutions
As of August 31, 2017**

U. T. Permian Basin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	91.79	A	0.90
Annual Change in Operating Revenues	5%	15.47%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.95
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	25.15%	Aaa	0.20
Max. Single Revenue Contribution	10%	37.42%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.50
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	74.68	A	0.90
Spendable Cash & Inv. to Operating Exp.	10%	0.44	A	0.60
Monthly Days Cash on Hand (in days)	5%	73.81	Baa	0.45
<i>Total Weighted Wealth & Liquidity</i>				1.95
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.22	A	0.60
Total Debt to Cash Flow	10%	7.81	Aa	0.30
<i>Total Weighted Leverage</i>				0.90
U. T. Permian Basin - Overall Rating & Numeric Score			Aa3	4.3
U. T. Rio Grande Valley	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	445.01	Aa	0.45
Annual Change in Operating Revenues	5%	9.87%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	13.97%	Aa	0.60
Max. Single Revenue Contribution	10%	34.39%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				0.70
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	242.53	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.51	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	159.11	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.24	Aa	0.30
Total Debt to Cash Flow	10%	2.81	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. Rio Grande Valley - Overall Rating & Numeric Score			Aa1	2.5

**Appendix B - Calculation of Moody's Scorecard Rating
Academic Institutions
As of August 31, 2017**

U. T. San Antonio	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	496.53	Aa	0.45
Annual Change in Operating Revenues	5%	8.61%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.50
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	12.82%	Aa	0.60
Max. Single Revenue Contribution	10%	46.99%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.90
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	480.56	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.75	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	239.81	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.06	Aa	0.30
Total Debt to Cash Flow	10%	5.52	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. San Antonio - Overall Rating & Numeric Score			Aa2	2.9
U. T. Tyler	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	139.12	A	0.90
Annual Change in Operating Revenues	5%	11.81%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.95
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	14.20%	Aa	0.60
Max. Single Revenue Contribution	10%	40.87%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.90
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	139.80	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.71	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	198.28	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.71	A	0.60
Total Debt to Cash Flow	10%	7.03	Aa	0.30
<i>Total Weighted Leverage</i>				0.90
U. T. Tyler - Overall Rating & Numeric Score			Aa3	3.7

Appendix C - Moody's Scorecard Outcome Scale

Scorecard Outcome	Aggregate Weighted Factor Score
Aaa	$x \leq 1.5$
Aa1	1.5 < $x \leq 2.5$
Aa2	2.5 < $x \leq 3.5$
Aa3	3.5 < $x \leq 4.5$
A1	4.5 < $x \leq 5.5$
A2	5.5 < $x \leq 6.5$
A3	6.5 < $x \leq 7.5$
Baa1	7.5 < $x \leq 8.5$
Baa2	8.5 < $x \leq 9.5$
Baa3	9.5 < $x \leq 10.5$
Ba1	10.5 < $x \leq 11.5$
Ba2	11.5 < $x \leq 12.5$
Ba3	12.5 < $x \leq 13.5$
B1	13.5 < $x \leq 14.5$
B2	14.5 < $x \leq 15.5$
B3	15.5 < $x \leq 16.5$
Caa1	16.5 < $x \leq 17.5$
Caa2	17.5 < $x \leq 18.5$
Caa3	18.5 < $x \leq 19.5$
Ca	$x > 19.5$

Investment
Grade

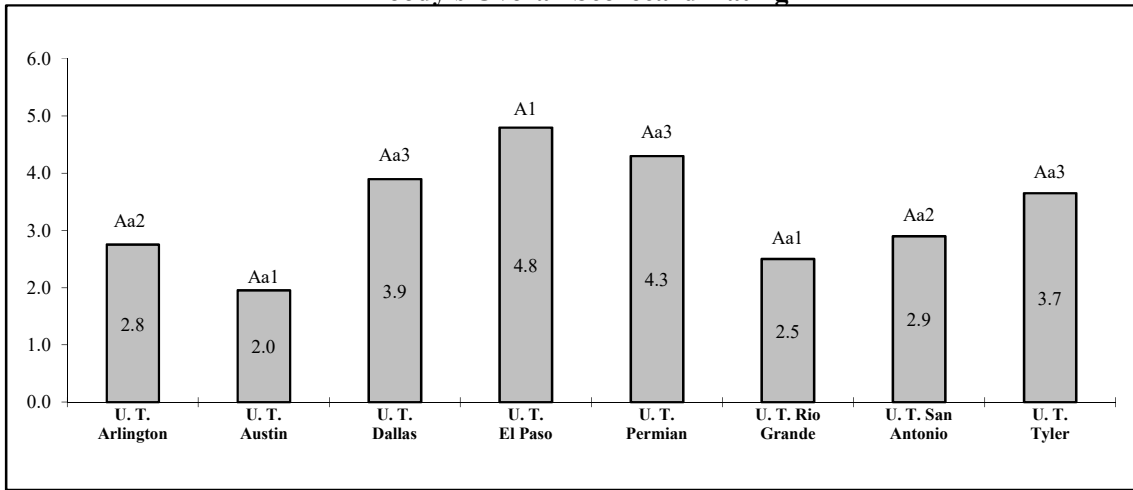
Speculative
Grade

**Appendix D - Calculation of Annual Operating Margin
Academic Institutions
As of August 31, 2017
(In Millions)**

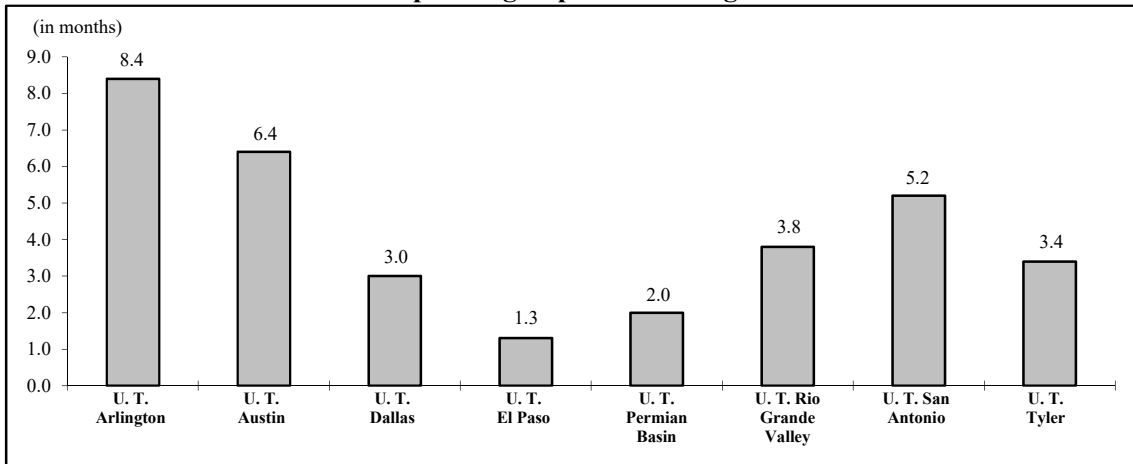
Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNA	Other Adjustments					Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus:	Plus:	Plus:	Plus:	Plus:	
							Realized Gains/ (Losses)	AUF, RAHC NSERB & TRB Supp.	GEF Transfer	Hazelwood Transfers	Interest Expense	
U. T. Arlington	\$ 98.8	0.3	(0.1)	(1.3)	27.7	72.2	-	5.4	-	0.7	(11.6)	66.8
U. T. Austin	166.7	90.5	(1.6)	(15.1)	276.6	(183.6)	-	345.6	-	1.6	(48.2)	115.5
U. T. Dallas	36.4	0.5	(0.5)	-	35.8	1.0	6.0	12.0	-	0.4	(23.5)	(16.1)
U. T. El Paso	8.1	-	-	(1.1)	20.6	(11.0)	0.3	5.4	-	0.4	(9.6)	(15.1)
U. T. Permian Basin	8.9	2.6	-	-	3.1	3.3	0.3	3.7	-	0.1	(6.7)	0.1
U. T. Rio Grande Valley	22.5	-	-	-	8.8	13.8	-	5.9	-	0.5	(6.5)	13.9
U. T. San Antonio	24.7	-	-	-	21.2	3.6	2.8	5.4	-	1.6	(14.6)	(6.8)
U. T. Tyler	6.6	-	-	-	7.2	(0.7)	-	4.6	-	0.2	(5.2)	(1.0)

**Appendix E - Academic Institutions' Evaluation Factors
2017 Analysis of Financial Condition**

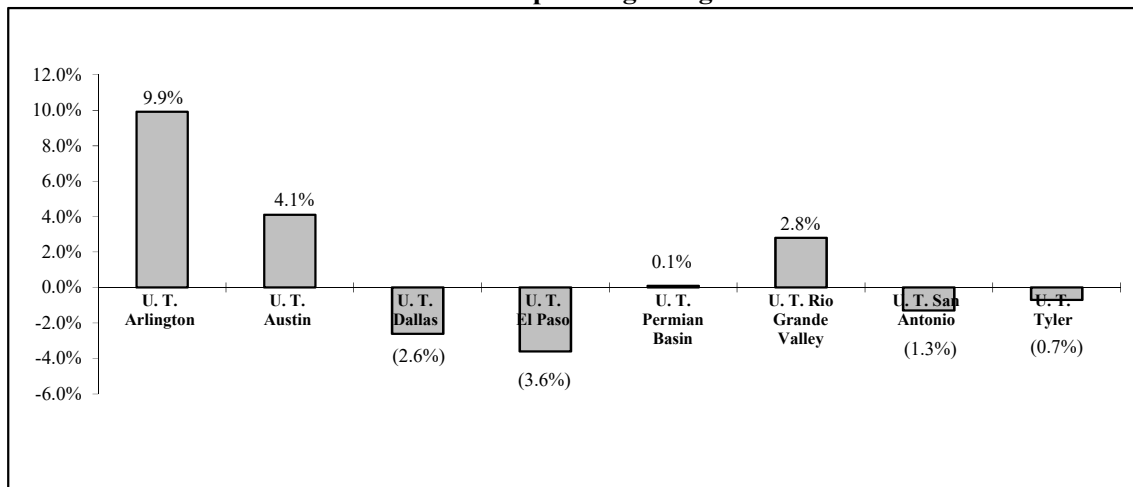
Moody's Overall Scorecard Rating



Operating Expense Coverage

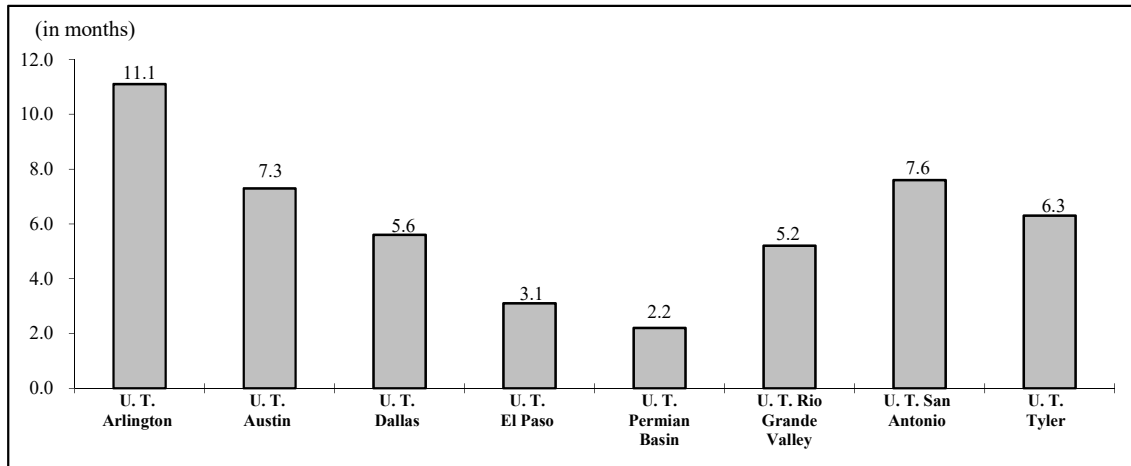


Annual Operating Margin

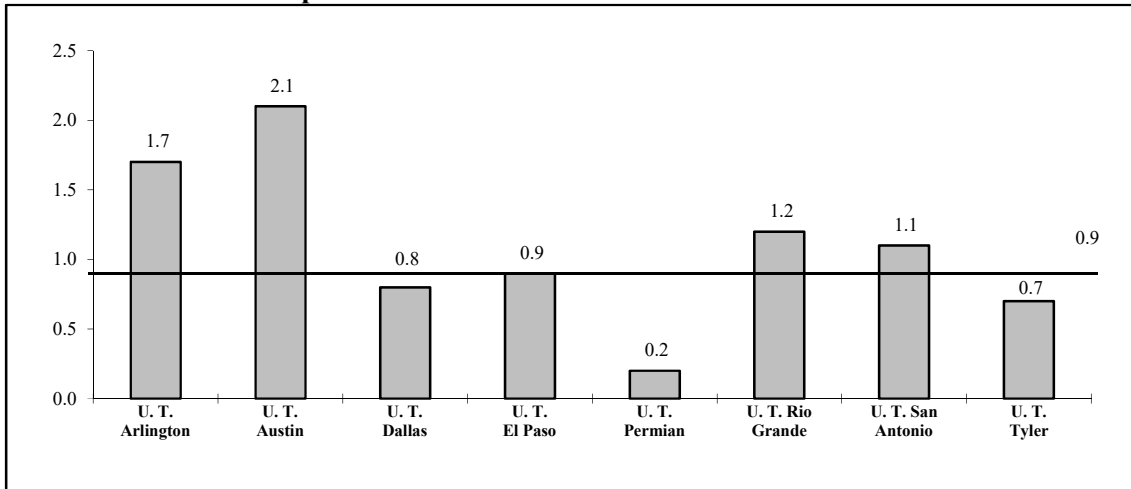


**Appendix E - Academic Institutions' Evaluation Factors
2017 Analysis of Financial Condition**

Cash on Hand



Spendable Cash and Investments to Total Debt



Debt Service to Operations

