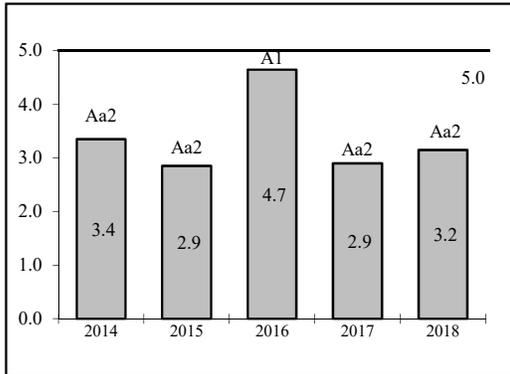


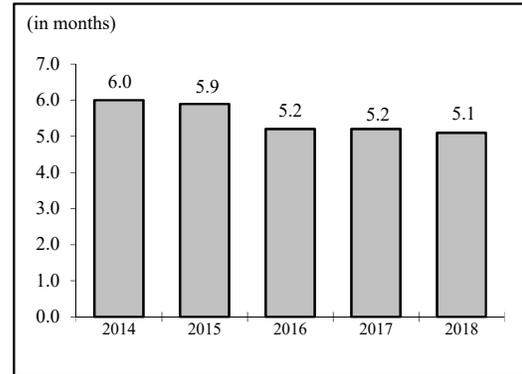
**The University of Texas at San Antonio
2018 Summary of Financial Condition**

Financial Condition: **Satisfactory**

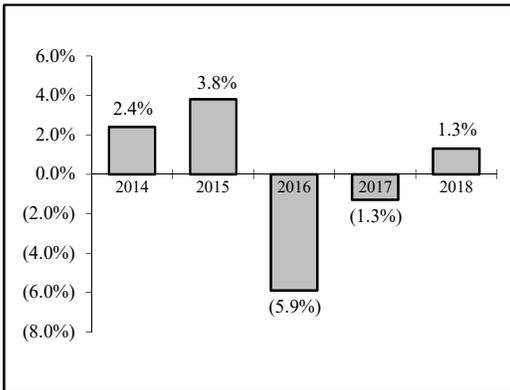
Moody's Overall Scorecard Rating



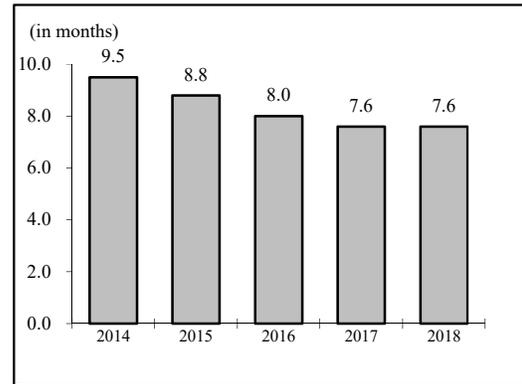
Operating Expense Coverage



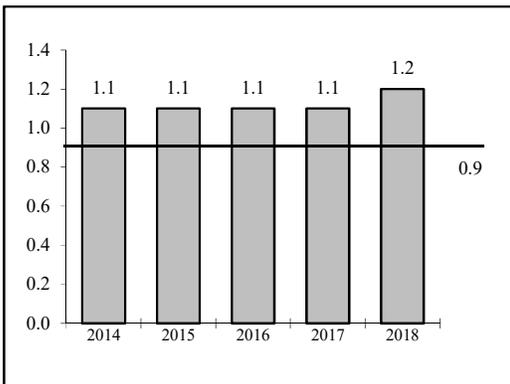
Annual Operating Margin



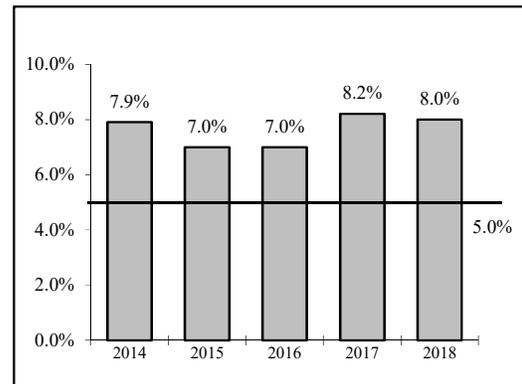
Cash on Hand



**Spendable Cash & Investments
to Total Debt**



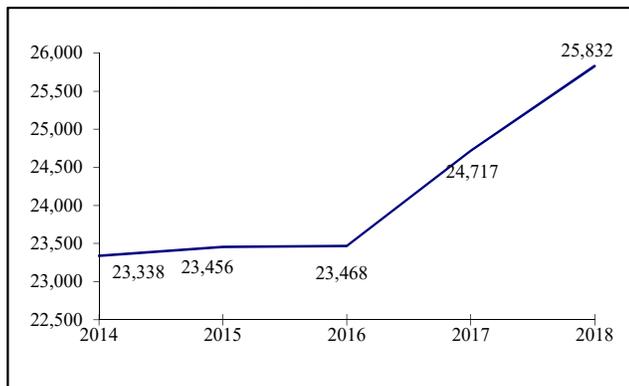
Debt Service to Operations



Note: FY 2017 was restated for the implementation of GASB 81.

The University of Texas at San Antonio 2018 Summary of Financial Condition

Full-time Equivalent Student Enrollment - Fall



Operating Expense Coverage Ratio - U. T. San Antonio's operating expense coverage ratio decreased slightly from 5.2 months in 2017 to 5.1 months in 2018 primarily due to the growth in total operating expenses (including interest expense) of \$15.9 million. The increase in total operating expenses was primarily attributable to the following: a \$6.3 million increase in salaries and wages and payroll related costs resulting primarily from a 2.0% merit increase; a \$5.7 million increase in scholarships and fellowships due to an increase in scholarships awarded; a \$4.7 million increase in professional fees and services driven by the increased use of consultants for various new strategic initiatives to assist with the grant accounting function and for several executive searches; and a \$2.0 million increase in other operating expenses primarily due to an increase in pass-through related expenses. These increases in expenses were partially offset by the following: a \$2.0 million decrease in repairs and maintenance due to a decrease in repair projects expensed; and a decrease in interest expense on capital asset financings of \$1.1 million.

Annual Operating Margin Ratio - U. T. San Antonio's annual operating margin ratio improved from (1.3%) for 2017 to 1.3% for 2018 as the growth in total operating revenues of \$29.7 million exceeded the growth in total operating expenses (including interest expense) of \$15.9 million, as discussed above. The increase in total operating revenues was primarily due to the following: a \$15.1 million increase in sponsored programs revenue (including nonexchange sponsored programs) driven by an increase in Pell grants, additional Texas Research Incentive Program (TRIP) funding received in 2018, and an increase in local sponsored program awards; and a \$14.3 million increase in net tuition and fees primarily resulting from increased enrollment and increased tuition and fee rates.

The U. T. System Board of Regents approved an allocation of \$4.75 million over the next four years from funds generated through the U. T. System Internal Lending Program (ILP) to launch an online degree program, with disbursement of funds as follows: \$0.9 million in 2018; \$1.2 million in 2019; \$1.3 million in 2020; and \$1.3 million in 2021. U. T. San Antonio spent only \$0.4 million of the ILP funds received in 2018. For purposes of this analysis only, operating revenues were adjusted to include \$0.4 million of the transfer to cover these expenses. Similar adjustments will be made to operating revenues in subsequent years for purposes of this analysis.

Cash on Hand Ratio - U. T. San Antonio's cash on hand ratio remained unchanged at 7.6 months in 2018. The stability of this ratio was primarily attributable to an increase in unrestricted cash and cash equivalents of \$22.9 million, as more cash was held in the treasury and short-term money market funds were higher, combined with the increase in total operating expenses as discussed above.

Spendable Cash & Investments to Total Debt Ratio - U. T. San Antonio's spendable cash and investments to total debt ratio increased from 1.1 times in 2017 to 1.2 times in 2018, which exceeded the minimum threshold of 0.9 times as provided by the Office of Finance. The slight increase in this ratio was due to the increase in total cash and cash equivalents and investments (net of total nonexpendable net position) of \$21.6 million, combined with a decrease of \$24.2 million in the amount of debt outstanding.

Debt Service to Operations Ratio - U. T. San Antonio's debt service to operations ratio decreased from 8.2% in 2017 to 8.0% in 2018; however, this ratio still exceeded the maximum threshold of 5.0% as provided by the Office of Finance. The reduction in this ratio was largely driven by the increase in total operating expenses as previously discussed.

Full-Time Equivalent (FTE) Student Enrollment - U. T. San Antonio's FTE student enrollment increased from 24,717 to 25,832 primarily due to an increase in undergraduate enrollment.

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. The maximum scorecard rating is 5.0.

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.

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

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 & Investments 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** (academic institutions only) - 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. Medical students are excluded because course numbers do not include a credit hour value.

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, 2018**

U. T. Arlington	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	655.11	Aa	0.45
Annual Change in Operating Revenues	5%	0.71%	Ba	0.60
<i>Total Weighted Market Profile</i>				1.05
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	16.62%	Aa	0.60
Max. Single Revenue Contribution	10%	55.32%	A	0.60
<i>Total Weighted Operating Performance</i>				1.20
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	703.82	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	1.00	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	356.60	Aaa	0.05
<i>Total Weighted Wealth & Liquidity</i>				0.80
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.73	Aa	0.30
Total Debt to Cash Flow	10%	3.22	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. Arlington - Overall Rating & Numeric Score			Aa2	3.5
U. T. Austin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	2,863.68	Aaa	0.15
Annual Change in Operating Revenues	5%	4.92%	A	0.30
<i>Total Weighted Market Profile</i>				0.45
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	17.03%	Aa	0.60
Max. Single Revenue Contribution	10%	28.91%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				0.70
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	6,020.34	Aaa	0.15
Spendable Cash & Inv. to Operating Exp.	10%	1.45	Aaa	0.10
Monthly Days Cash on Hand (in days)	5%	210.11	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.40
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	2.31	Aa	0.30
Total Debt to Cash Flow	10%	3.53	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, 2018**

U. T. Dallas	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	607.75	Aa	0.45
Annual Change in Operating Revenues	5%	2.86%	Baa	0.45
<i>Total Weighted Market Profile</i>				0.90
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	14.18%	Aa	0.60
Max. Single Revenue Contribution	10%	58.79%	A	0.60
<i>Total Weighted Operating Performance</i>				1.20
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	849.85	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.91	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	183.98	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.86	Aa	0.30
Total Debt to Cash Flow	10%	7.74	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. Dallas - Overall Rating & Numeric Score			Aa3	3.6
U. T. El Paso	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	395.70	A	0.90
Annual Change in Operating Revenues	5%	5.77%	A	0.30
<i>Total Weighted Market Profile</i>				1.20
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	10.96%	A	1.20
Max. Single Revenue Contribution	10%	40.74%	Aa	0.30
<i>Total Weighted Operating Performance</i>				1.50
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	415.37	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.72	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	105.93	Baa	0.45
<i>Total Weighted Wealth & Liquidity</i>				1.20
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.13	Aa	0.30
Total Debt to Cash Flow	10%	5.79	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. El Paso - Overall Rating & Numeric Score			Aa3	4.5

**Appendix B - Calculation of Moody's Scorecard Rating
Academic Institutions
As of August 31, 2018**

U. T. Permian Basin	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	116.65	A	0.90
Annual Change in Operating Revenues	5%	27.09%	Aaa	0.05
<i>Total Weighted Market Profile</i>				0.95
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	37.16%	Aaa	0.20
Max. Single Revenue Contribution	10%	36.15%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.50
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	76.10	A	0.90
Spendable Cash & Inv. to Operating Exp.	10%	0.44	A	0.60
Monthly Days Cash on Hand (in days)	5%	86.36	A	0.30
<i>Total Weighted Wealth & Liquidity</i>				1.80
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.25	A	0.60
Total Debt to Cash Flow	10%	3.92	Aaa	0.10
<i>Total Weighted Leverage</i>				0.70
U. T. Permian Basin - Overall Rating & Numeric Score			Aa3	4.0
U. T. Rio Grande Valley	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	443.99	Aa	0.45
Annual Change in Operating Revenues	5%	-0.11%	B	0.75
<i>Total Weighted Market Profile</i>				1.20
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	9.05%	A	1.20
Max. Single Revenue Contribution	10%	32.25%	Aaa	0.10
<i>Total Weighted Operating Performance</i>				1.30
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	247.31	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.49	A	0.60
Monthly Days Cash on Hand (in days)	5%	162.87	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				1.20
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.40	Aa	0.30
Total Debt to Cash Flow	10%	3.92	Aaa	0.10
<i>Total Weighted Leverage</i>				0.40
U. T. Rio Grande Valley - Overall Rating & Numeric Score			Aa3	4.1

**Appendix B - Calculation of Moody's Scorecard Rating
Academic Institutions
As of August 31, 2018**

U. T. San Antonio	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	518.52	Aa	0.45
Annual Change in Operating Revenues	5%	4.43%	A	0.30
<i>Total Weighted Market Profile</i>				0.75
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	14.65%	Aa	0.60
Max. Single Revenue Contribution	10%	48.18%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.90
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	507.13	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.78	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	238.70	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	1.20	Aa	0.30
Total Debt to Cash Flow	10%	4.31	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. San Antonio - Overall Rating & Numeric Score			Aa2	3.2
U. T. Tyler	Weight	Value	Rating	Weighted Scale
<i>Market Profile:</i>				
Operating Revenue (\$ in millions)	15%	144.40	A	0.90
Annual Change in Operating Revenues	5%	3.80%	Baa	0.45
<i>Total Weighted Market Profile</i>				1.35
<i>Operating Performance:</i>				
Operating Cash Flow Margin	20%	15.51%	Aa	0.60
Max. Single Revenue Contribution	10%	42.36%	Aa	0.30
<i>Total Weighted Operating Performance</i>				0.90
<i>Wealth & Liquidity:</i>				
Total Cash & Investments (\$ in millions)	15%	159.29	Aa	0.45
Spendable Cash & Inv. to Operating Exp.	10%	0.82	Aa	0.30
Monthly Days Cash on Hand (in days)	5%	208.15	Aa	0.15
<i>Total Weighted Wealth & Liquidity</i>				0.90
<i>Leverage:</i>				
Spendable Cash & Inv. to Total Debt	10%	0.80	Aa	0.30
Total Debt to Cash Flow	10%	6.53	Aa	0.30
<i>Total Weighted Leverage</i>				0.60
U. T. Tyler - Overall Rating & Numeric Score			Aa3	3.8

Appendix C - Moody's Scorecard Outcome Scale

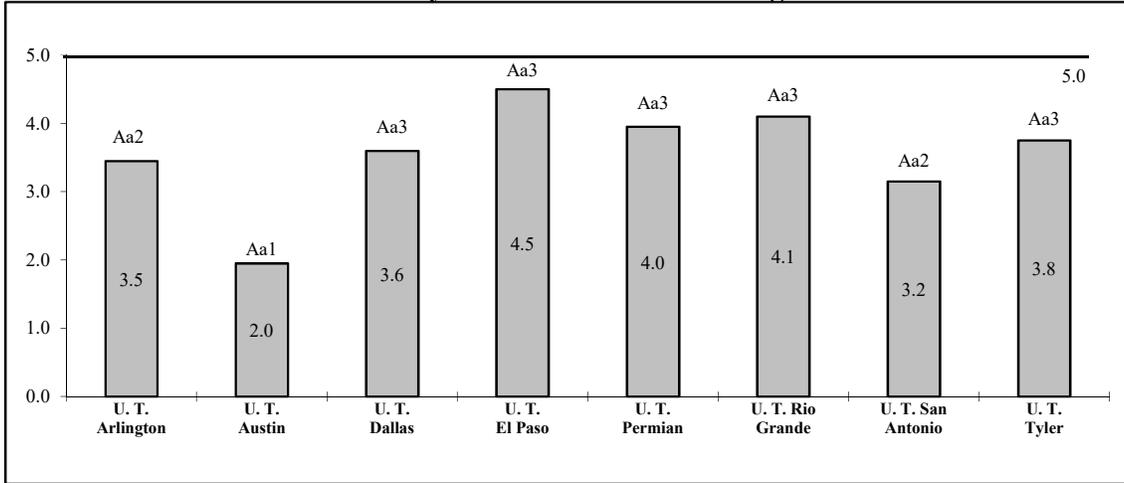
Scorecard Outcome	Aggregate Weighted Factor Score			
Aaa		x ≤	1.5	
Aa1	1.5	< x ≤	2.5	
Aa2	2.5	< x ≤	3.5	
Aa3	3.5	< x ≤	4.5	
A1	4.5	< x ≤	5.5	
A2	5.5	< x ≤	6.5	
A3	6.5	< x ≤	7.5	
Baa1	7.5	< x ≤	8.5	
Baa2	8.5	< x ≤	9.5	Investment Grade
Baa3	9.5	< x ≤	10.5	Investment Grade
Ba1	10.5	< x ≤	11.5	Speculative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

**Appendix D - Calculation of Annual Operating Margin
Academic Institutions
As of August 31, 2018
(In Millions)**

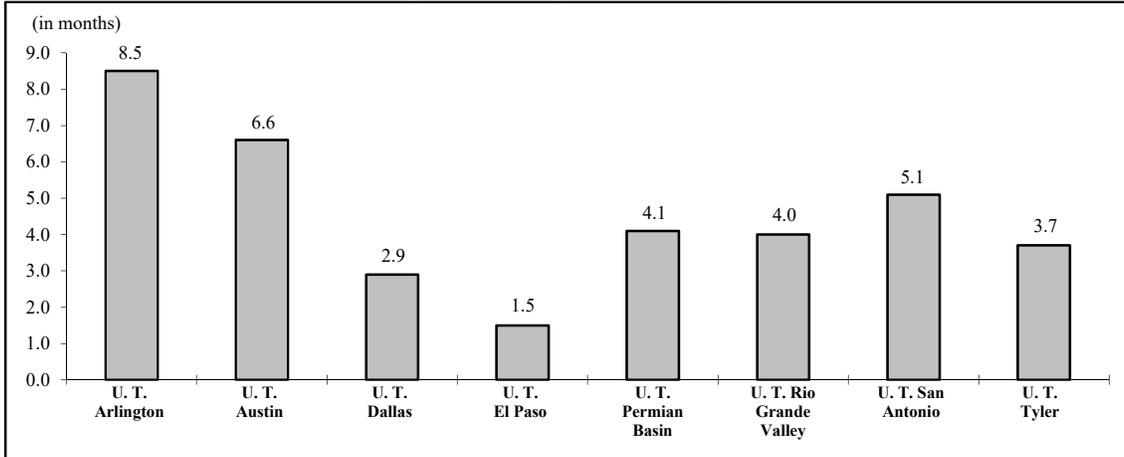
Institution	Income/(Loss) Before Other Rev., Exp., Gains/(Losses) & Transfers	Less: Nonoperating Items				Margin From SRECNP	Other Adjustments					Annual Operating Margin
		Other Nonop. Revenues	Other Nonop. Expenses	Gain/Loss on Sale of Cap. Assets	Net Increase/ (Decrease) in FV of Inv.		Minus: Realized Gains/ (Losses)	Plus: AUF, RAHC NSERB & TRB Supp.	Plus: ILP Funds Transfer	Plus: Hazelwood & NRUF Transfers	Plus: Interest Expense	
U. T. Arlington	\$ 49.4	0.5	(3.7)	(0.3)	2.3	50.5	(0.5)	-	-	0.4	(12.0)	39.4
U. T. Austin	23.6	28.1	(45.2)	(21.7)	237.0	(174.7)	0.1	357.8	-	1.6	(62.7)	121.8
U. T. Dallas	25.0	3.6	(0.8)	(0.5)	34.2	(11.6)	2.0	6.2	-	8.0	(26.0)	(25.4)
U. T. El Paso	21.6	-	(1.6)	(0.5)	13.7	10.0	0.3	-	-	0.5	(9.0)	1.2
U. T. Permian Basin	27.2	0.6	-	(0.6)	1.9	25.3	0.2	-	1.6	0.0	(6.7)	19.9
U. T. Rio Grande Valley	(1.2)	-	(0.8)	-	2.4	(2.8)	-	0.7	-	0.5	(6.0)	(7.7)
U. T. San Antonio	33.4	10.1	(1.4)	-	3.2	21.5	2.9	-	0.4	1.6	(13.6)	7.1
U. T. Tyler	8.8	-	-	(0.1)	3.4	5.5	-	-	-	0.2	(4.5)	1.1

**Appendix E - Academic Institutions' Evaluation Factors
2018 Analysis of Financial Condition**

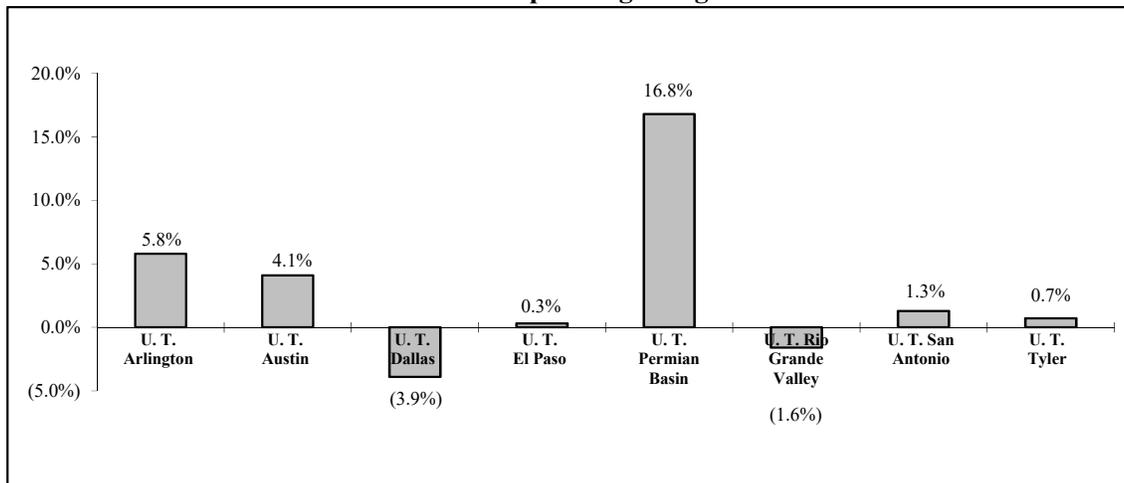
Moody's Overall Scorecard Rating



Operating Expense Coverage

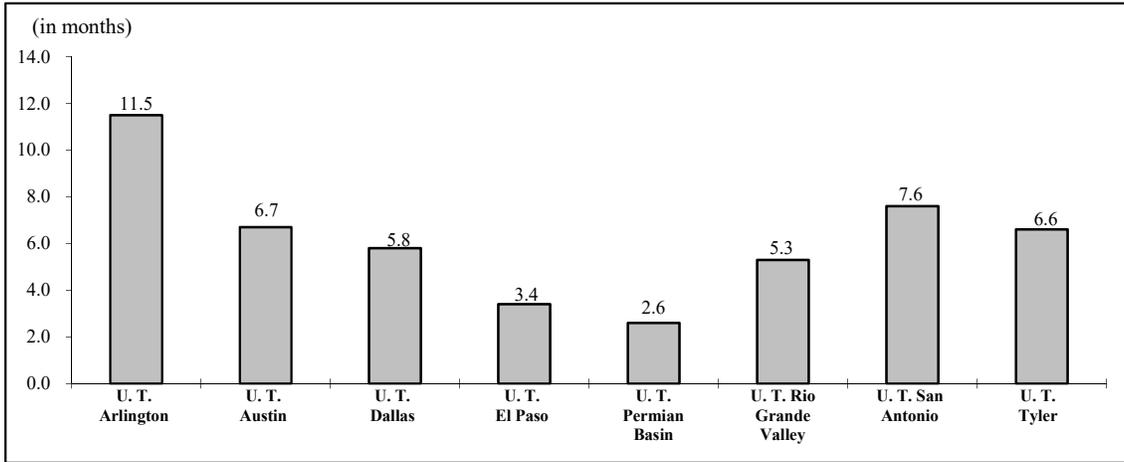


Annual Operating Margin

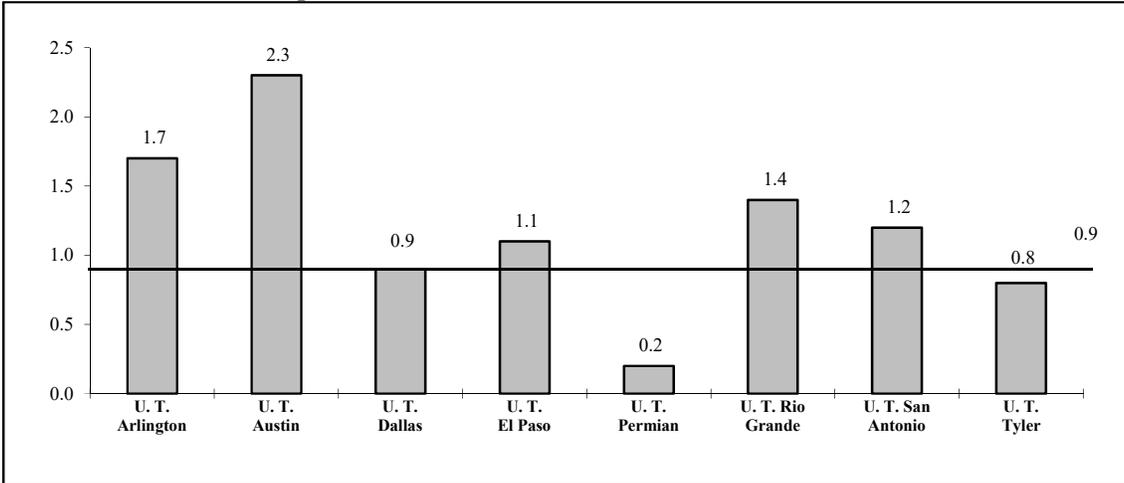


**Appendix E - Academic Institutions' Evaluation Factors
2018 Analysis of Financial Condition**

Cash on Hand



Spendable Cash and Investments to Total Debt



Debt Service to Operations

