Financial Condition Analysis
of Texas Public Community
College Districts

March 2019
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Texas Higher Education Coordinating Board

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Agency Mission
The mission of the Texas Higher Education Coordinating Board is to provide leadership and coordination for Texas higher education and to promote access, affordability, quality, success, and cost efficiency through 60x30TX, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision
The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy
The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The Coordinating Board’s core values are:
Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.
Efficiency: We accomplish our work using resources in the most effective manner.
Collaboration: We develop partnerships that result in student success and a highly qualified, globally competitive workforce.
Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

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Executive Summary

An annual report about the financial condition of the state’s community colleges is required by a rider in Senate Bill 1, General Appropriations Act (Section 12, page III-217), 85th Texas Legislature (See Appendix B). The objective of the report, and the accompanying Excel workbook, is to provide an assessment of the overall financial health of public community colleges and to identify the potential for financial stress at specific community colleges.

This analysis is intended to be a broad financial evaluation. Other key performance indicators must be taken into account to gain a more robust and complete understanding of institutional strength. This analysis is not intended for peer-group comparisons or for benchmarking purposes.

With the implementation of Governmental Accounting Standards Board (GASB) pronouncements 68 and 75, community college districts experienced significant turbulence in the financial condition metrics for Fiscal Year (FY) 2015 and (FY) 2018. Statements 68 and 75 are summarized below:

GASB 68 Summary

“The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.”

GASB 75 Summary

“The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.”

To create additional transparency, the GASB 68 and 75 implementation transferred pension and other post-employment benefit (OPEB) liability from the state-level financial statements of the Teachers Retirement System (TRS) and Employers Retirement System (ERS) to the individual financial statements of the institutions. This transfer increased the visibility of pension and OPEB liability at the community college district level. The overall effect to statewide financial ratios and to the financial condition of community college districts was substantial.

Ratios referenced in this report are commonly used by external entities to measure the health of higher education institutions. A Composite Financial Index (CFI) has been calculated to provide one metric to efficiently analyze the financial health of all districts. Other ratios used in this analysis include an equity ratio and a leverage ratio. For the purpose of this report, the implementation of GASB 68 and 75 have been removed from the calculation of these metrics for (FY) 2018, based on the updated KPMG report.

1 For more information, see Strategic financial analysis for higher education, 7th edition, KPMG, Prager, Sealy & Co., Bearing Point, summer 2016.
Overview

There are 50 public community college districts in Texas, the oldest dating back to 1869. They are locally controlled governmental entities established via an election process.

State statute specifies that newly created districts must have 15,000 secondary students and a minimum assessed property valuation of $2.5 billion. Seven of the existing districts do not currently meet that standard.

To a significant degree, local control enables districts to determine their own financial destiny. State law and rules of the Texas Higher Education Coordinating Board (THECB or Coordinating Board) impose some limitations, but local autonomy and demographics account for much of the variation in resource allocation and revenue collection².

Community college districts have four primary funding sources: state formula funding, local property tax revenue, tuition and fee revenue, and other income that is largely from federal funds. Although some districts have endowments, they are more commonly found in universities. Revenue from endowments is most often used for tuition assistance, as opposed to operations.

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² Texas Research League, Bench marks for community and junior colleges in Texas, August 1993.
Noncurrent Liabilities to Net Position Comparison

There are two financial components considered in analyzing the financial condition of Texas community colleges. A comparison of an institution’s noncurrent liabilities or long-term debt to its cash or net position are instrumental in determining an institution’s financial condition.

The year-to-year comparison in figure 1 shows total noncurrent liabilities to net position. The graph does not include the impacts of GASB 68 and 75 implementation for FY 2018. Total noncurrent liabilities have increased $2.72 billion since FY 2008. Most of the increase is due to the issuance of general obligation (GO) bonds by the institutions. For FY 2018, the total noncurrent liabilities for Texas public community colleges was $5.80 billion. Overall, Texas public community colleges are managing the growth they have experienced. Net position has increased $3.09 billion since FY 2008, to $7.23 billion in FY 2018.

Figure 1. Comparison of statewide noncurrent liabilities to net position of Texas public community colleges.

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Noncurrent Liabilities</td>
<td>$3.08</td>
<td>$4.88</td>
<td>$5.17</td>
<td>$5.26</td>
<td>$5.34</td>
<td>$5.80</td>
</tr>
<tr>
<td>Net Position</td>
<td>$4.14</td>
<td>$5.77</td>
<td>$6.08</td>
<td>$6.42</td>
<td>$6.80</td>
<td>$7.23</td>
</tr>
</tbody>
</table>

*Without GASB 68 and 75 implementation.
Financial Analysis in Higher Education

The concept of using selected indicators, such as ratios, during the course of financial analysis dates back to at least 1980. Financial analysis can measure success against institutional objectives and provide useful information that can form a basis for sound planning.

The overall financial health of an institution can be assessed via two dimensions of inquiry. First, is the institution financially capable of successfully carrying out its current programs? Second, is the institution able to carry out its intended programs well into the future?

Along with these two dimensions, four key financial questions need to be asked:

- Are resources sufficient and flexible enough to support the mission?
- Are resources, including debt, managed strategically to advance the mission?
- Does asset performance and management support the strategic direction?
- Do operating results indicate the institution is living within available resources?

A widely accepted metric called the Composite Financial Index (CFI) is often used to address these four key questions. The index was developed over time by a consortium of consulting companies led by KPMG and introduced in 1999. Many institutions, including the U.S. Department of Education, the State of Ohio Board of Regents, credit-rating agencies, and countless institutions of higher education, employ the index or similar approaches.

The CFI blends four core financial ratios into one metric, providing a more balanced view of an institution’s finances since weakness in one measure can be offset by strength in another. Additionally, measuring the index over time provides a glimpse of the progress institutions are making toward achieving financial goals.

The Coordinating Board has been calculating the CFI and sharing related data with community college districts since 2007.

The CFI includes the following four core ratios: Primary Reserve, Viability, Return on Net Position, and Operating Margin.

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For more information, see Strategic financial analysis for higher education, 6th edition, KPMG, Prager, Sealy & Co., Bearing Point, 2005.
Metrics Used in This Report

This report uses a Composite Financial Index (CFI) to provide one metric to efficiently analyze the financial health of all Texas community college districts. Other metrics used in this analysis include an equity ratio and a leverage ratio.

The threshold for the CFI was established by considering the original work conducted by KPMG in creating the index and industry practice. Using the CFI is the single best method to assess overall financial condition. While variability exists in the statewide CFI when looking at a year-to-year comparison, the overall financial condition of public community colleges improved in the four years prior to 2015, with the statewide CFI increasing from 3.0 in FY 2011 to 3.3 in FY 2014. FY 2018 has demonstrated an improvement statewide with 2018 achieving a CFI index of 3.7.

Composite Financial Index

The composite financial index (CFI) measures the overall health of an institution by combining four ratios into a single metric. The four core ratios used in the CFI include return on net position, operating margin, primary reserve, and viability ratio.

Calculation – The CFI is computed using a four-step methodology:

1. Computing the values of the core ratios
2. Calculating strength factors by dividing the core ratios by threshold values
3. Multiplying the factors by specific weights
4. Totaling the resulting scores to obtain the Composite Financial Index

<table>
<thead>
<tr>
<th>Core Ratio</th>
<th>Value</th>
<th>Strength Factor</th>
<th>Weight</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Net Position</td>
<td>0.02</td>
<td>Factor</td>
<td>20%</td>
<td>Score</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>0.007</td>
<td>Factor</td>
<td>10%</td>
<td>Score</td>
</tr>
<tr>
<td>Primary Reserve</td>
<td>0.133</td>
<td>Factor</td>
<td>35%</td>
<td>Score</td>
</tr>
<tr>
<td>Viability Ratio</td>
<td>0.417</td>
<td>Factor</td>
<td>35%</td>
<td>Score</td>
</tr>
</tbody>
</table>

Composite Financial Index = Total Score

Results – The 2018 combined CFI for public community colleges is 3.7, which is an increase from 3.6 in 2017 and exceeds the statewide standard of 2.0 or greater. The standard was met by 41 of the 50 districts. CFI numbers generally range from 0.0 to 10.0, although it is possible to have a CFI higher than 10.0 or below zero. A year-to-year comparison of statewide CFI can be seen in figure 2 on the following page.
Figure 2. A year-to-year comparison of the Texas public community colleges composite financial index.
Financial Ratios

Primary Reserve Ratio

The primary reserve ratio measures financial strength and flexibility by comparing expendable net position to total expenses, as expressed in figure 3. This measure answers the question, “How long can the institution survive without additional net position generated by operating revenue?”

Calculation – Total expendable net position + unrestricted net position / operating expenses + interest expense on debt.*

*Interest expense on debt includes all debt, both tax and other revenue supported.

Results – The 2018 statewide ratio for public community colleges is .49, which is an increase from .47 in 2017. A ratio of 0.14 or greater is the standard used in this report. The standard was met by 46 of the 50 districts.

Figure 3. A year-to-year comparison of the Texas public community colleges primary reserve ratio.

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<tr>
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</thead>
<tbody>
<tr>
<td>Primary Reserve Ratio</td>
<td>0.44</td>
<td>0.44</td>
<td>0.46</td>
<td>0.47</td>
<td>0.49</td>
</tr>
<tr>
<td>Standard &gt; .14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
</tr>
</tbody>
</table>

*Without GASB 68 and 75 implementation.
Viability Ratio

The viability ratio measures the financial health of the institution by comparing total expendable net position to total noncurrent liabilities, as expressed in figure 4. This ratio is similar to a coverage ratio used in the private sector to indicate the ability of an organization to cover its long-term debt and answers the question, “How much of the debt can the institution pay off with existing resources?”

Calculation – Total expendable net position + unrestricted net position / noncurrent liabilities, excluding general obligation (GO) debt.

Results – The 2018 statewide ratio for public community colleges is 1.37, which is an increase from 1.28 in 2017. A ratio of 0.42 or greater is the state standard, which was met by 43 of the 50 districts.

Figure 4. A year-to-year comparison of the Texas public community colleges statewide viability ratio.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Viability Ratio</td>
<td>1.16</td>
<td>1.22</td>
<td>1.28</td>
<td>1.28</td>
<td>1.37</td>
</tr>
<tr>
<td>Standard &gt; .42</td>
<td>0.42</td>
<td>0.42</td>
<td>0.42</td>
<td>0.42</td>
<td>0.42</td>
</tr>
</tbody>
</table>

*Without GASB 68 and 75 implementation.
**Return on Net Position**

Return on net position measures total economic return during the fiscal year, as expressed in figure 5. This measure is similar to the return on equity ratio used in examining for-profit concerns and answers the question, “Is the institution better off financially than it was a year ago?”

**Calculation** – Change in net position / Total net position (beginning of year)

**Results** – The 2018 statewide ratio for public community colleges is 6.3 percent, which is an increase from 6.0 percent in 2017. A positive return is the standard used in this report and this standard was met by 47 of the 50 districts.

**Figure 5.** A year-to-year comparison of the Texas public community colleges statewide net position.

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Net Position</td>
<td>3.0%</td>
<td>5.4%</td>
<td>5.6%</td>
<td>6.0%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Standard Positive Return</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

*With GASB 68 and 75 implementation removed.*
Operating Margin

Operating Margin indicates an operating surplus or deficit in the given fiscal year, as expressed in figure 6. This ratio is similar to a profit margin and answers the question, "Did the institutions balance operating expenses with available revenue?" Depreciation expense is included to reflect the use of physical assets in measuring operating performance.

Calculation – Total income - total operating expense / Total income*  
*Includes all operating revenue plus formula funding, property tax, and Title IV federal revenue.

Results – The 2018 statewide margin for public community colleges is 4.6 percent, which is a decrease from 4.8 percent in 2017. A positive margin is the standard used in this report. The standard was met by 37 of the 50 districts.

Figure 6. A year-to-year comparison of the Texas public community colleges statewide operating margin.

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</tr>
</thead>
<tbody>
<tr>
<td>Operating Margin</td>
<td>5.9%</td>
<td>5.0%</td>
<td>4.8%</td>
<td>4.8%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Standard Positive Margin</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Operating Margin was not affected by GASB 68 or 75 implementation.
Equity Ratio

The equity ratio measures capital resources available and a college’s ability to borrow, as expressed in figure 7. The U.S. Department of Education (ED) introduced this ratio to enhance reporting for institutions that do not have long-term debt. The ED uses financial ratios, in part, to provide oversight to institutions participating in programs authorized under Title IV of the Higher Education Act.

Calculation – Net position / Total assets

Results – The 2018 statewide ratio for public community colleges is 50.2 percent, which is a decrease from 50.7 percent in 2017. A ratio of 20 percent or greater is the standard used in this report. The standard was met by 49 of the 50 districts.

Figure 7. A year-to-year comparison of the Texas public community colleges statewide equity ratio.
Leverage Ratio

The leverage ratio measures the amount of debt in relation to net position and provides an indication of the amount of interest and principle the institution must absorb in the future, as expressed in figure 8. This ratio is similar to the debt-to-equity ratio used in the private sector. The leverage ratio differs from the viability ratio in that investment in physical plant assets is included as part of the numerator. Long-term debt includes bonds payable, excluding GO bonds and long-term liabilities.

Calculation – Long-term debt / Total net position

Results – The 2018 statewide ratio for the public community colleges is .24, which remains the same as 2017. A ratio of less than 2.0 is the standard used in this report. The standard was met by 49 of the 50 districts.

Figure 8. A year-to-year comparison of the Texas public community colleges statewide leverage ratio.

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Leverage Ratio</td>
<td>0.28</td>
<td>0.30</td>
<td>0.24</td>
<td>0.24</td>
<td>0.24</td>
</tr>
<tr>
<td>Standard &lt; 2</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

*With GASB 68 and 75 implementation removed.

Appendix A contains the indicators for the 50 districts for FY 2018. An Excel workbook is available that contains all the financial data used for the indicators and includes data for Fiscal Years 2003 to 2018.

The financial data used in this analysis came from the Community College Annual Reporting and Analysis Tool (CARAT) and is available online at: http://reports.thecb.state.tx.us/approot/carat/afr_reports.htm.

Data are reported by the institutions and came from published annual financial reports.
Financial Condition

As seen in table 1 below, 47 of the 50 Texas public community college districts have moderate or no indication of financial stress, which means they met four or more of the seven indicators. Thirty of these meet the threshold for all indicators. In FY 2018, 47 community college districts had moderate or no indication of financial stress. Currently, three community college districts do not meet four or more indicators, which means they could be experiencing some financial stress.

Table 1. A year-to-year comparison of the number of Texas public community colleges meeting the individual indicators.

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Met all 7 indicators</td>
<td>39</td>
<td>31</td>
<td>29</td>
<td>30</td>
<td>29</td>
<td>28</td>
<td>30</td>
</tr>
<tr>
<td>Met 6 indicators</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Met 5 indicators</td>
<td>1</td>
<td>7</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Met 4 indicators</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Met 3 indicators</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Met 2 or fewer indicators</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

*Without GASB 68 and/or 75 implementation.

The three institutions below were requested to provide a brief detail explanation as to the cause of their not meeting four or more indicators. The remaining three are worthy of additional discussion:

Frank Phillips College

Frank Phillips College did not meet four of the indicator thresholds. The operating margin was negative. Expendable and unrestricted net position was negative, which lowered the primary reserve and viability ratios below the state standard. In the previous eight years, the college has had a negative operating margin and has not met the 2.0 threshold on the CFI.

Institutional Comments – Dr. Jud Hicks, President

"On behalf of Frank Phillips College, we would like to provide an explanation regarding the College’s financial ratios for the year ending 2018. We understand that these ratios do show financial stress but we would like to acknowledge that we have had some improvement in the last year.

From a financial perspective, we as a college operate on a balanced budget excluding depreciation expense. Every year we recognize approximately $350,000 of depreciation expense which directly relates to our decrease in net position. Our net position improved this year from $(244,618) to $(224,618). This growth is directly related to an increase in Federal, State and Local grants received. We believe our small community college is headed in the right direction and will continue in this direction in the future.

Last year we discussed growing new programs and increasing our contact hours, we are working hard to accomplish this goal. Our overall contact hours were flat this year with a slight increase on the academic side and a slight decrease on the
career and technical side. In our Career and Technical Education we have employed a new Dean with a new drive and focus on expanding our CTE programs. We have started a new CTE program at both our branch campuses that should bring additional revenue with little related expense. We have updated our Distance Learning Classrooms on all of our campuses so that we can teach from any of these campuses, which will lead to a direct decrease in instructional salaries while increasing tuition revenue. Another positive about the updates to these classrooms is that we can tap into the expertise of the citizens in our rural communities and broadcast it anywhere in our service area.

In 2018, we were able to move into a new building for our Dalhart campus and in February of 2019 opened a new welding facility at that location. We are constantly working with our local communities to offer programs that will directly fill high-demand career fields. We are also collaborating with several counties and hospitals in a rural nursing program. We have dedicated hospital staff that will assist in teaching these courses so that there will be little to minimal impact in our expense. We are anticipating growth in tuition and fees in the upcoming year, with our completed CTE programs, new branch facilities, and increased focus on our rural nursing program.

We believe that the changes above, as well as additional strategies not listed, and the support of our local communities will keep us headed in a positive direction. We are confident that our financial indicators will continue to improve and resolve with the persistent focus on these changes."

Northeast Texas College

Northeast Texas College did not meet four of the indicator thresholds. The operating margin was negative. The college’s expendable and unrestricted net position improved from FY 2017, which increased the institution’s viability and primary reserve ratios to just below the state standard.

Institutional Comments – Jeffrey W. Chambers, Vice President of Administrative Services

"Operating Margin
NTCC missed this indicator due to lower student enrollment than expected, lower than anticipated auxiliary enterprise revenue, and increases in depreciation expense from additional assets put into service following renovation projects. A combination of cuts and other adjustments were made, but were not enough to balance expenditures to lower than anticipated revenue.

Primary Reserve Ratio
NTCC’s is below standard primarily due to the increase of depreciation expense noted above and higher annual interest cost due to increased bonded debt taken on within the last 3 years.

Viability Ratio
NTCC’s viability ratio is below the standard due to a significant amount of bonded debt added within the last 3 years. This debt has allowed renovation to aged facilities and planning for future enrollment growth.

Composite Financial Index
All of the above reasons, in combination, resulted in missing the composite index as well. “
Tyler Junior College

Tyler Junior College did not meet four of the indicator thresholds. The return on net position was negative, and CFI is below the state standard of 2.0. The increase in noncurrent liabilities and the reduction in operating and nonoperating expenses caused the primary reserve and viability ratios to improve but remain below the state standard.

Institutional Comments – Sarah E. Van Cleef, CPA, Vice President for Financial and Administrative Affairs, Chief Financial Officer

"On August 16, 2016, Standard and Poor’s assigned a AA+ rating to Tyler Junior College’s series 2016 maintenance tax notes and affirmed its AA+ rating on the District’s outstanding general obligation (GO) bonds with a stable outlook.” The District recently completed a rating review during 2018 and anticipates affirmation of its AA+ rating on the outstanding maintenance tax notes as well as the outstanding GO bonds.

The calculations for the ratios in the Financial Condition Analysis allow institutions to exclude the debt generated by the issuance of General Obligation Bonds; however, the treatment of the debt generated by the issuance of Maintenance Tax Notes is treated like Combined Fee Revenue Bonds for some of the ratio calculations – which they are not. The District’s Maintenance Tax Notes have the same dedicated debt service as General Obligation Bonds, property taxes. Therefore, the Maintenance Tax Note debt should be consistently excluded as well. The exclusion of Maintenance Tax Note debt decreases TJC’s Noncurrent Liabilities by over $18.5 million.

During the FY2018 financial year, the transfer of capital campaign pledges from the TJC Foundation for the construction of the Rogers Nursing and Health Sciences Building in FY2015 ended. This resulted in a decrease of miscellaneous revenue of approximately $750,000. As a note, in FY2017, there was a one-time settlement payment of $220,000. Additionally, the District’s Waivers and Exemptions increased over $300,000 over FY2017.

Taking into consideration the treatment of Maintenance Tax Notes, the timing of capital campaign pledges, as well as the non-routine miscellaneous revenue of FY2017, the adjustments to the ratio calculations are significant and would drastically improve the ratio analysis for FY2018.”
## Appendix A: Composite Financial Index, Core Financial, and Other Financial Ratios

**Fiscal Year 2018 General Obligation Bond Debt Excluded**

<table>
<thead>
<tr>
<th>Financial Stress Indicators</th>
<th>District</th>
<th>Composite Financial Index</th>
<th>Return on Net Position</th>
<th>Operating Margin</th>
<th>Primary Reserve</th>
<th>Viability Ratio</th>
<th>Equity Ratio</th>
<th>Leverage Ratio</th>
</tr>
</thead>
</table>
FY 2018 Primary Reserve
Without GASB 68 and 75 Implementation

Standard is Greater than 0.14; 92 Percent of the Institutions Meet Standard.
FY 2018 Viability Ratio
Without GASB 68 and 75 Implementation

Standard is Greater than 0.42; 86 Percent of the Institutions Meet Standard.
FY 2018 Return on Net Position
Without GASB 68 and 75 Implementation

Standard is Greater than 0.00 (Positive Return); 94 Percent of the Institutions Meet Standard.
FY 2018 Operating Margin

Standard is Greater than 0.00 (Positive Return); 74 Percent of the Institutions Meet Standard.
FY 2018 Equity Ratio
Without GASB 68 and 75 Implementation

Standard is Greater than 20 Percent; 98 Percent of the Institutions Meet Standard.
FY 2018 Leverage Ratio
Without GASB 68 and 75 Implementation

Standard is Less than 2.0; 98 Percent of the Institutions Meet Standard.
Appendix B House Bill 1 Authorizing Financial Condition Report

Senate Bill 1, General Appropriations Act (Section 12, page III-217), 85th Texas Legislature

“Each community college shall provide to the Texas Higher Education Coordinating Board financial data related to the operation of each community college using the specific content and format prescribed by the Coordinating Board. Each community college shall provide the report no later than January 1st of each year.

The Coordinating Board shall provide an annual report due on May 1 to the Legislative Budget Board and Governor’s Office about the financial condition of the state’s community college districts.”
Appendix C General Comments from Institutions

No responses received.
This document is available on the Texas Higher Education Coordinating Board website:
http://www.thecb.state.tx.us

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