Community College Annual Reporting and Analysis Tool (CARAT)
User’s Guide

Purpose

The purpose of CARAT is to provide community college CFOs, Chief Executive Officers (CEOs), other community college management staff and Coordinating Board (CB) staff the ability to perform analysis and prepare reports on the community college Annual Financial Reports (AFRs) and Annual Investment Reports (AIRs). Individual colleges can prepare analyses comparing peer groups or the entire population of community colleges to assist in the management of their own college. Profiles for individual colleges and the data from specified exhibits and schedules of the AFR and the AIR will be entered by the respective colleges.

Certification Required

Each college will be asked to certify the data upon the completion of data entry by checking a certification box and by providing contact information for the official responsible for that data at the college.

Format

CARAT is completely web based and available at: https://www1.thecb.state.tx.us/apps/CARAT/. Each college will be assigned a password to access the data entry functions of CARAT. Password resets can be obtained by calling (512) 427-6133 or by e-mailing Thomas.Keaton@thecb.state.tx.us. The reporting functions are not restricted by password.

Data Entry

The log in screen, as pictured below, will ask for the institution, report type (either AFR or AIR), reporting year and the appropriate password. The Reports section is not password protected and will be covered later in this guide. Data should be entered from, and tie to, the college’s published reports.
Annual Financial Report

The main menu for data entry in the annual financial report, as pictured below, shows you all the data input sections including:

- Exhibit 1, Statement of Net Assets (SONA)
- Exhibit 2, Statement of Revenues, Expenses and Changes in Net Assets (SRECNA)
- Exhibit 3, Statement of Cash Flows
- Schedule A, Schedule of Operating Revenues
- Schedule B, Schedule of Operating Expenses by Object
- Ad Valorem Tax Information

An indicator of whether or not information has been entered is shown to the right of the link for each section. You can navigate to each section from here or simply select the first section and navigate from section to section. You can change the password at the bottom of this main page as pictured below.
You will also have the opportunity to certify all data entered via a link at the bottom of the main page. The certification page is pictured below and requires a checkbox statement and the entry of a point of contact for all the data.

Annual Investment Report

The input screens for the Annual Investment Report are similar in both design and function. The main menu is pictured below and includes links for all the data input sections including all the different types of investments. You’ll enter both the market and book values for each investment the college retains. The certification page looks identical to that used for the AFR. The password for the AIR is separate from that used for the AFR and can be changed at the bottom of this main page.
Reporting (Data Analysis) Tools

Access to the reporting tools is gained via the log in page. The reporting links are not password protected. There are four main links including a financial profile, general financial ratios, a SRECNA report and tax information.

For each reporting tool, users will be asked which institutions, which years and which elements they’d like to see. You’ll then be allowed to choose one of five output options including html, pdf or excel format. Multiple selections can be made using the control key.

A thorough explanation and source description for each financial ratio is provided in the Appendix to this guide.

Financial Profile

The financial profile report, as pictured below, allows you to see general financial information on each institution and for each year selected. The financial profile is a summary of the SRECNA.

![Financial Profile Report Image]

Financial Ratios

The financial ratios screen, as pictured on the following page, allows you to select ratios from three different categories to analyze. The primary ratios are those used in the calculation of the composite financial index and those used the most often including:

- Financial Vulnerability
- Primary Reserve
- Viability
- Debt Burden
- Net Operating Revenues
- Return on Net Assets
The FTE ratios provide a look at information on a per full time student equivalent basis as opposed to head count. For example, the state appropriations per FTE ratio provides the amount of dollars appropriated to the college for every full time student equivalent. These are per unit ratios. The FTE ratios are:

- Tuition & Fees per FTE student
- Academic Support per FTE student
- Institutional Support per FTE student
- Instructional Expense per FTE student
- State Appropriations per FTE student
- Educational Activities per FTE student
- FTE students to FTE Faculty
- Gross Assessed Tax Valuation per FTE student
- Net Assessed Tax Valuation per FTE student
- Total Tax Collected per FTE student

The other ratios are a collection of useful information on everything from debt service as a percentage of operating revenues to a current ratio (total current assets to total current liabilities). A full listing of these ratios includes:

- Total Current Assets to Total Current Liabilities
- Total Debt to Net Fixed Assets
- Total Academic Support Expenses to Total Operating Expenses
- Total Institutional Support Expenses to Total Operating Expenses
- Total Instructional Expenses to Total Operating Expenses
- Total Student Services Expenses to Total Operating Expenses
- Debt Service as a % of Operating Revenues
- State Allocations to Total Operating Expenses
- Income before other revenues to Total Operating Expenses
- Tuition and Fee Discounts to Total Tuition and Fee Revenue
- Instruction salaries to Total Educational Activities
- Support Staff Salaries to Total Educational Activities
• Scholarships to Total Educational Activities
• Percent of classes taught by full-time faculty
• Full time faculty to adjunct faculty

More detailed information as to what these ratios analyze, how they are calculated, and where the data resides in the financials is included in the Appendix to this guide.

SRECNA Report

The SRECNA Report screen, as pictured below, allows you to analyze specific elements of the SRECNA and compare them across years and schools. The financial profile is for the statement of net assets and the SRECNA report is for its name sake financial statement. The elements in the SRECNA report include:

• Auxiliary Enterprises
• Federal Grants and Contracts
• Local Grants and contracts
• Non-governmental grants and contracts
• Other operating revenue not listed
• Sales and services of educational activities
• State grants and contracts
• Tuition and fees
• Academic support
• Auxiliary enterprises
• Deprecation
• Institutional support
• Instruction
• Operation and maintenance of plant
• Public service
• Scholarships and fellowships
• Student services
• Interest on capital related debt
• Investment income
• Maintenance ad valorem taxes
• Other non-operating revenues not listed
• State appropriations
Tax Information

The tax information reporting tool is designed to provide analysis capability for the ad valorem tax information submitted by the schools. You can compare across years and schools the following data elements:

- Gross assessed valuation
- Net assessed valuation
- Authorized rate for operations
- Authorized rate for debt service
- Assessed rate for operations
- Assessed rate for debt service
- Current taxes collected
- Delinquent taxes collected
- Penalty and interest amount collected
- Total collected
- Percent of authorized rate levied

Password Resets/Questions/Contact Information

For any questions/comments or concerns, feel free to call the Coordinating Board at (512)427-6133 or e-mail Thomas.Keaton@thecb.state.tx.us.
### Appendix

#### Explanation of the Financial Ratios

<table>
<thead>
<tr>
<th>Ratios</th>
<th>Explanation</th>
<th>Format</th>
<th>Formula</th>
<th>Numerator</th>
<th>Source</th>
<th>Formula for Calculating Intermediate Totals</th>
<th>Denominator</th>
<th>Source</th>
<th>Formula for Calculating Intermediate Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before other revenues to Total Operating Expenses</td>
<td>Similar to net profit margin.</td>
<td>Pct.</td>
<td>Income before other revenues / Total Operating Expenses</td>
<td>SRECNA</td>
<td>Subtotal</td>
<td></td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Total Current Assets to Total Current Liabilities</td>
<td>Current ratio. Provides a measure of liability coverage.</td>
<td>Number</td>
<td>Total Current Assets / Total Current Liabilities</td>
<td>SONA</td>
<td>Total Current Assets</td>
<td></td>
<td>SONA</td>
<td>Total Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>Total Debt to Net Fixed Assets</td>
<td>Measures how much debt is assumed in relation to fixed assets.</td>
<td>Pct.</td>
<td>Total Debt / Net Fixed Assets</td>
<td>SONA</td>
<td>Total Liabilities</td>
<td></td>
<td>SONA</td>
<td>Capital Assets, net</td>
<td></td>
</tr>
<tr>
<td>Tuition and Fee Discounts to Total Tuition and Fee Revenue</td>
<td>Measures how much of the gross tuition and fees, as a percentage of the total, were discounted.</td>
<td>Pct.</td>
<td>Tuition &amp; Fee Discounts / Total Tuition &amp; Fee Revenue</td>
<td>SOOR</td>
<td>Total Scholarship, All &amp; Disc</td>
<td></td>
<td>SOOR</td>
<td>Total tuition &amp; Total fees</td>
<td></td>
</tr>
<tr>
<td>Total Instructional Expenses to Total Operating Expenses</td>
<td>In each case, measures the percentage of the total operating expense each category represents. Used for benchmarking and budgeting.</td>
<td>Pct.</td>
<td>Total Instructional Expenses / Total Operating Expenses</td>
<td>SRECNA</td>
<td>Instruction</td>
<td></td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
</tr>
<tr>
<td>State Allocations to Total Operating Expenses</td>
<td></td>
<td>Pct.</td>
<td>State Allocations / Total Operating Expenses</td>
<td>SRECNA</td>
<td>State Appropriation. &amp; State Grants</td>
<td></td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Total Academic Support Expenses to Total Operating Expenses</td>
<td></td>
<td>Pct.</td>
<td>Total Academic Support Expenses / Total Operating Expenses</td>
<td>SRECNA</td>
<td>Academic Support</td>
<td></td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Total Student Services Expenses to Total Operating Expenses</td>
<td></td>
<td>Pct.</td>
<td>Total Student Services Expenses / Total Operating Expenses</td>
<td>SRECNA</td>
<td>Student Services</td>
<td></td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Total Institutional Support Expenses to Total Operating Expenses</td>
<td></td>
<td>Pct.</td>
<td>Total Institutional Support Expenses / Total Operating Expenses</td>
<td>SRECNA</td>
<td>Institutional Support</td>
<td></td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
</tr>
<tr>
<td>Instruction salaries to Total Educational Activities</td>
<td>In each case, measures the percentage of the total educational activities (both unrestricted and restricted) each category represents. Used for</td>
<td>Pct.</td>
<td>Instruction Salaries / Total Educational Activities</td>
<td>SOOEOB</td>
<td>Instruction Salaries</td>
<td></td>
<td>SOOEOB</td>
<td>Total Educational Activity</td>
<td></td>
</tr>
<tr>
<td>Support Staff Salaries to Total Educational Activities</td>
<td></td>
<td>Pct.</td>
<td>Support Staff Salaries / Total Educational Activities</td>
<td>SOOEOB</td>
<td>Total Salaries - Instruct salaries</td>
<td></td>
<td>SOOEOB</td>
<td>Total Educational Activity</td>
<td></td>
</tr>
<tr>
<td>Ratios</td>
<td>Explanation</td>
<td>Format</td>
<td>Formula</td>
<td>AFR Source</td>
<td>Numerator</td>
<td>Denominator</td>
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</tr>
<tr>
<td>Scholarships to Total Educational Activities</td>
<td>benchmarking and budgeting.</td>
<td>Pct.</td>
<td>= Scholarships / Total Educational Activities</td>
<td>SOOEBO</td>
<td>Scholarships unrestricted + scholarships restricted</td>
<td>SOOEBO Total Educational Activity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of classes taught by full-time faculty</td>
<td>As name implies.</td>
<td>Pct.</td>
<td>= Number of Classes / FTE Faculty</td>
<td>CB</td>
<td>non AFR source</td>
<td>CB non AFR source; EDC data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full time faculty to adjunct faculty</td>
<td>Ratio of classes taught by part time faculty.</td>
<td>Number</td>
<td>= Full time faculty / part time faculty</td>
<td>CB</td>
<td>non AFR source</td>
<td>CB non AFR source; EDC data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTE Students to FTE Faculty</td>
<td>standard student faculty ratio</td>
<td>Number</td>
<td>= FTE Students / FTE Faculty</td>
<td>CB</td>
<td>FTSE</td>
<td>CB FTE faculty</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Expenses to FTE Students</td>
<td>All FTE ratios provide a look at costs (or revenue amount) on a per FTE basis.</td>
<td>Number</td>
<td>= Instructional Expenses / FTE Students</td>
<td>SRECNA</td>
<td>Instruction</td>
<td>CB FTSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Support to FTE Students</td>
<td></td>
<td>Number</td>
<td>= Academic Support / FTE Students</td>
<td>SRECNA</td>
<td>Academic Support</td>
<td>CB FTSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional Support to FTE Students</td>
<td></td>
<td>Number</td>
<td>= Institutional Support / FTE Students</td>
<td>SRECNA</td>
<td>Institutional Support</td>
<td>CB FTSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational Activities to FTE Students</td>
<td></td>
<td>Number</td>
<td>= Educational Activities / FTE Students</td>
<td>SOOEBO</td>
<td>Total Ed activities</td>
<td>CB FTSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees to Full Time Equivalent Students</td>
<td></td>
<td>Number</td>
<td>= Tuition &amp; Fees / FTE Students</td>
<td>SOOR</td>
<td>Total tuition and total fees</td>
<td>CB FTSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations to FTE Students</td>
<td></td>
<td>Number</td>
<td>= State Appropriations / FTE Students</td>
<td>SRECNA</td>
<td>State appropriations</td>
<td>CB FTSE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Reserve Ratio</td>
<td>Measures financial strength and flexibility; how long can they survive without additional revenue?</td>
<td>Number</td>
<td>= (unrestricted net assets + expendable restricted net assets) / (operating expenses + non-operating expenses)</td>
<td>SONA</td>
<td>see formula cell</td>
<td>SONA see formula cell</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on net assets ratio</td>
<td>Measures total economic return; similar to return on equity.</td>
<td>Pct.</td>
<td>= increase in net assets / total net assets</td>
<td>SRECNA</td>
<td>change in net assets</td>
<td>SONA total net assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratios</td>
<td>Explanation</td>
<td>Format</td>
<td>Formula</td>
<td>Numerator</td>
<td>AFR Source</td>
<td>Formula for Calculating Intermediate Totals</td>
<td>Denominator</td>
<td>AFR Source</td>
<td>Formula for Calculating Intermediate Totals</td>
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</tr>
<tr>
<td>Net operating revenues ratio</td>
<td>Indicates an operating surplus or deficit; similar to profit margin.</td>
<td>Pct.</td>
<td>( \frac{(\text{operating income (loss)} + \text{net non-operating revenues (expenses)})}{(\text{operating revenues} + \text{non-operating revenues})} )</td>
<td>SRECNA</td>
<td>see formula cell</td>
<td>SRECNA</td>
<td>see formula cell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viability ratio</td>
<td>Measures financial health; it's a coverage ratio; can they pay off all their debt?</td>
<td>Number</td>
<td>( \frac{\text{expendable net assets}}{\text{long term debt}} )</td>
<td>SONA</td>
<td>unrestricted + expendable</td>
<td>SONA</td>
<td>total non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt burden ratio</td>
<td>Measures how much of their total expense is for debt service.</td>
<td>Pct.</td>
<td>( \frac{\text{debt service}}{\text{total expenditures}} )</td>
<td>SRECNA</td>
<td>interest on capital debt</td>
<td>SRECNA</td>
<td>total op expenses + interest + non-operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial vulnerability ratio</td>
<td>Measures the float; like primary reserve but restricts resources on hand to only those that are unrestricted.</td>
<td>Number</td>
<td>( \frac{\text{Unrestricted net assets}}{\text{Total Operating Expenses}} )</td>
<td>SONA</td>
<td>unrestricted</td>
<td>SRECNA</td>
<td>Total operating Expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SRECNA - Statement of Revenues, Expenses an Changes in Net Assets  
SACF - Statement of Cash Flows  
SONA - Statement of Net Assets  
SOOR - Statement of Operating Revenues  
SOEBO - Statement of Operating Expenses by Object

Red indicates primary ratios  
Green shading indicates FTE ratios  
Blue shading indicates other ratios