



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

March 15, 2023

Financial Ratio Report

Background

Annually, the Commissioner's Office prepares a system-wide report for the USHE Board to measure institutional financial health. Three ratios (viability, debt burden, and composite score) are reported that have historically proven to be good basic measures of higher education fiscal health. These measures are adopted from the KPMG publication *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks*¹ using industry standards and formulas:

- **Viability Ratio** — measures how many times an institution can cover its entire long-term debt obligation using its total expendable net assets. A ratio of 1:1 or greater indicates that an institution has sufficient expendable net assets to satisfy debt obligations. As the ratio falls below 1:1, the institution's ability to respond to adverse conditions from internal resources diminishes, as does its ability to attract capital from external sources and its flexibility to fund new objectives.
- **Debt Burden Ratio** — measures an institution's dependence on borrowed funds to finance its operation by measuring the relative cost of borrowing to overall expenditures. Industry standards recommend 7% as the upper threshold for a healthy institution. The higher the ratio, the fewer resources are available for other operational needs. A level trend, or a decreasing trend, indicates that debt service has sufficient coverage, whereas a rising trend signifies an increasing demand on financial resources to pay back debt.
- **Composite Index** — this calculation combines and weights four ratios (primary reserve, net operating revenues, return on net assets, and viability) into one financial metric. This allows a weakness or strength in a specific ratio to be offset by another ratio result, thereby allowing a more holistic approach to understanding the institution's total financial health. KPMG's publication establishes a threshold value of 3.0 for institutions considered to have a good financial position.

¹ KPMG Institutes, *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks*, 7th edition, <http://nacubo.org/>

Institutional Controllers submitted all financial information from their audited annual financial statements and will have reviewed the results with Chief Financial Officers, Budget Officers, and OCHE staff. In FY22, all the reported ratios were impacted with the implementation of GASB 87. This required some leases to be reported on the balance sheet as debt. Because this was not required in previous years, this impacts all the debt-related ratios in the report. The standards were not changed, but explanations of institutions not meeting the standard are included below.

Ratios Not Meeting Standards

Utah Tech University

Utah Tech's viability ratio dropped from 0.45 in FY21 to 0.27 in FY22. The school's composite index also dropped from 3.22 in FY21 to 2.69 in FY22. The institution continues to see rapid growth in its student body, which has driven the school to address aged or inadequate facilities to accommodate this increasing student base. This need, coupled with high construction costs, has negatively impacted the viability, debt burden, and composite index. To ensure they can make their debt service payments, Utah Tech put a bonding umbrella in place for the original Campus View Suites student housing bond that pledged all the institution's non-appropriated general (gross) revenues for repayment of bonds. Although the bonding umbrella is a good safety net, Utah Tech has been able to fund bond payments from specific user fees. The institution has also committed \$500,000 annually to an institution bond reserve in addition to any bond reserve requirements.

Southern Utah University

Southern Utah University's composite index score dropped from 6.80 in FY21 to 2.96 in FY22. On June 30, 2022, the school issued \$10.9M in bonds, which increased the long-term portion of that debt by \$9.7M. Southern Utah University also saw an increase of \$18.4M in its long-term debt due to implementing GASB 87. These two items resulted in a combined increase in long-term debt of \$28.1M.

Noteworthy Ratios

Salt Lake Community College

Salt Lake Community College's viability ratio went from 16.87 in FY21 to 9.45 in FY22. This year's lower ratio is due to the school implementing GASB 87, and that ratio is still above the standard.

Southern Utah University

Southern Utah University's viability ratio dropped from 4.11 in FY21 to 1.75 in FY22. The two components of this ratio are the expendable net assets and total long-term debt. In FY22, the school saw an increase in net assets of \$2,881,245 and an increase in long-term debt of \$28,944,208. The viability ratio dropped

because of the increase in their long-term debt from the \$10.9M bonds that were issued and the \$18.4M impact from implementing GASB 87. The ratio is still above the standard.

Commissioner's Recommendation

This is an information item only; no action is required.

Attachments

Financial Ratio Report - FY22

Utah System of Higher Education

Viability Ratio	FY18	FY19	FY20	FY21	FY22
University of Utah	2.32	2.49	2.25	2.51	2.22
Utah State University	1.67	1.95	1.53	2.08	2.14
Weber State University	3.10	3.48	3.78	4.64	5.07
Southern Utah University	2.81	2.82	3.16	4.11	1.75
*Snow College	0.98	1.26	1.31	1.70	2.67
Utah Tech University	0.63	0.60	0.31	0.45	0.27
Utah Valley University	3.77	4.18	2.47	3.47	3.53
Salt Lake Community College	8.20	9.58	13.16	16.87	9.45
*Mountainland Technical College	0.87	0.69	1.00	1.96	3.01

Viability Ratio measures how many times an institution can cover their entire long-term debt obligation using their total Expendable Net Assets. A ratio of 1:1 or greater indicates that an institution has sufficient expendable net assets to satisfy debt obligations.

Debt Burden Ratio	FY18	FY19	FY20	FY21	FY22
University of Utah	3.4%	2.7%	2.7%	4.0%	2.2%
Utah State University	2.5%	2.2%	2.4%	2.3%	2.4%
Weber State University	2.0%	1.9%	1.8%	1.6%	1.5%
Southern Utah University	2.7%	2.3%	2.1%	2.2%	2.2%
*Snow College	2.7%	2.4%	2.4%	1.0%	1.7%
Utah Tech University	2.4%	3.1%	2.5%	2.7%	3.9%
Utah Valley University	2.3%	1.5%	2.3%	1.8%	1.6%
Salt Lake Community College	0.0%	0.7%	0.7%	0.6%	0.6%
*Mountainland Technical College	2.4%	2.2%	2.2%	1.7%	1.5%

Debt Burden Ratio measures an institution's dependence on borrowed funds to finance its operation, by measuring the relative cost of borrowing to overall expenditures. The industry has established 7.0% as the upper threshold for a healthy institution. Debt Service is defined as Interest Expense + Principal Payments. Total Expenditure is defined as Total Expenses - Depreciation Expense + Principal Payments.

Composite Index	FY18	FY19	FY20	FY21	FY22
University of Utah	5.11	5.04	4.71	5.63	3.96
Utah State University	3.49	4.17	3.82	6.15	3.97
Weber State University	5.14	5.84	5.83	7.96	4.98
Southern Utah University	3.60	3.68	3.31	6.80	2.96
*Snow College	3.12	2.19	1.63	3.20	4.35
Utah Tech University	1.89	2.09	2.80	3.22	2.69
Utah Valley University	5.89	6.31	5.18	7.05	5.97
Salt Lake Community College	6.79	5.01	6.51	6.90	5.73
*Mountainland Technical College	2.10	1.65	2.29	4.15	3.48
System Wide Score - Weighted Avg.	4.84	4.77	4.51	5.83	3.98
System Wide Score - Simple Avg.	4.12	4.00	4.01	5.67	4.23

Composite Index: this calculation combines and weights all four ratios (primary reserve, net operating revenues, return on net assets, and viability) into one single financial metric. This allows a weakness or strength in a specific ratio to be offset by another ratio result, thereby allowing a more holistic approach to understanding the institution's total financial health.

Industry Standards & Formulas

1:1

Expendable Net Assets
Long-Term Debt

< 7.0%

Debt Service
Total Expenditure

> 3.00

This is a combination of four financial ratios and the higher the number the greater the institutions financial health

Source: Excerpts from "Strategic Financial Analysis for Higher Education," 7th Edition (Prager, Sealy & Co., LLC)

*Some of the above calculations are based on financials that have not been audited. The numbers are subject to change but we do not expect any significant differences in the ratios above

Appendix – Financial Ratio Data

University of Utah					
Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	757,165,000	750,207,000	757,882,000	820,913,000	835,609,618
Net Position Unrestricted	1,884,954,000	2,184,226,000	2,396,035,000	2,749,324,000	2,936,382,801
Expendable Net Position	2,642,119,000	2,934,433,000	3,153,917,000	3,570,237,000	3,771,992,419
Net Position Restricted-Non-Expendable	604,497,000	633,722,000	629,359,000	820,051,000	794,882,021
Net Position Restricted-Non-Expendable	604,497,000	633,722,000	629,359,000	820,051,000	794,882,021
Long Term Debt-Current	74,285,000	84,452,334	93,858,543	74,641,642	89,842,290
Long Term Debt-Non-Current	1,066,917,000	1,094,884,826	1,309,247,073	1,349,932,976	1,606,524,251
Total Long-Term Debt	1,141,202,000	1,179,337,160	1,403,105,616	1,424,574,618	1,696,366,541
Beginning Net Position	4,978,908,000	5,501,821,000	5,990,936,000	6,385,713,000	7,189,457,784
Ending Net Position	5,567,486,000	5,980,021,000	6,431,837,000	7,192,517,000	7,512,634,907
Increase (Decrease) in Net Position	588,578,000	478,200,000	440,901,000	806,804,000	323,177,123
Interest Expense	41,942,000	65,552,000	41,987,000	78,050,000	54,884,134
Depreciation Expense	222,591,000	236,321,000	247,453,000	277,697,000	310,918,377
Principal Payments	110,571,000	69,280,000	96,258,000	154,689,000	87,804,842
Total Expenses	4,585,138,000	5,105,317,000	5,311,744,000	5,997,162,000	6,761,356,264
Operating Revenue	4,390,605,000	4,825,426,000	5,062,988,000	5,685,372,000	6,272,061,324
Non-Operating Revenue	619,811,000	681,911,000	635,862,000	950,908,000	644,614,484
Capital and Endowment Additions	205,242,000	141,732,000	55,301,000	167,686,000	167,858,000
Total Revenues	5,173,716,000	5,583,517,000	5,752,645,000	6,803,966,000	7,084,533,808
Net Non-Operating Revenues	577,869,000	616,359,000	634,356,000	919,835,000	475,250,904
Net Non-Operating Revenues	577,869,000	616,359,000	634,356,000	919,835,000	475,250,904

Utah State University

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	225,915,233	235,919,473	244,405,552	333,447,768	354,905,095
Net Position Unrestricted	194,423,914	235,814,535	290,129,831	372,274,367	372,675,602
Expendable Net Position	420,339,147	471,734,008	534,535,383	705,722,135	727,580,697
Net Position Restricted-Non-Expendable	141,644,718	149,442,413	155,829,338	167,630,092	177,493,362
Net Position Restricted-Non-Expendable	141,644,718	149,442,413	155,829,338	167,630,092	177,493,362
Long Term Debt-Current	9,129,281	9,092,891	9,952,963	9,866,922	12,045,600
Long Term Debt-Non-Current	242,805,264	233,203,908	339,461,836	329,894,639	327,819,240
Total Long-Term Debt	251,934,545	242,296,799	349,414,799	339,761,561	339,864,840
Beginning Net Position	1,229,439,684	1,269,381,044	1,370,984,265	1,448,492,830	1,635,737,004
Ending Net Position	1,269,381,044	1,363,679,618	1,448,492,830	1,635,817,662	1,689,084,000
Increase (Decrease) in Net Position	39,941,360	94,298,574	77,508,565	187,324,832	53,346,996
Interest Expense	6,539,164	8,710,766	9,841,796	8,778,969	12,778,085
Depreciation Expense	48,888,124	51,165,284	53,059,756	56,821,556	61,891,708
Principal Payments	47,829,906	9,141,649	9,159,891	10,427,085	9,861,925
Total Expenses	733,720,380	820,398,788	833,752,194	877,043,516	1,011,064,092
Operating Revenue	461,038,498	537,822,409	559,213,489	560,209,760	610,304,540
Non-Operating Revenue	315,480,903	339,468,382	318,289,076	474,014,377	394,234,502
Capital and Endowment Additions	32,638,809	57,996,969	45,483,672	30,144,211	59,872,046
Total Revenues	773,661,740	914,697,362	911,260,759	1,064,368,348	1,064,411,088
Net Non-Operating Revenues	279,984,433	318,877,984	306,563,598	464,286,578	335,279,248
Net Non-Operating Revenues	279,984,433	318,877,984	306,563,598	464,286,578	335,279,248

Weber State University

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	67,339,976	68,672,087	61,777,525	79,081,997	77,033,289
Net Position Unrestricted	88,409,783	95,766,913	107,599,810	145,444,181	151,662,218
Expendable Net Position	155,749,759	164,439,000	169,377,335	224,526,178	228,695,507
Net Position Restricted-Non-Expendable	104,605,640	110,974,030	112,338,244	141,611,543	135,365,274
Net Position Restricted-Non-Expendable	104,605,640	110,974,030	112,338,244	141,611,543	135,365,274
Long Term Debt-Current	2,909,362	2,979,362	3,054,944	3,231,634	3,541,634
Long Term Debt-Non-Current	47,290,832	44,311,470	41,703,186	45,120,343	41,578,708
Total Long-Term Debt	50,200,194	47,290,832	44,758,130	48,351,977	45,120,342
Beginning Net Position	544,454,795	570,735,900	620,648,511	646,132,558	730,263,509
Ending Net Position	570,735,900	620,648,511	646,132,558	730,263,509	724,921,435
Increase (Decrease) in Net Position	26,281,105	49,912,611	25,484,047	84,130,951	(5,342,074)
Interest Expense	1,840,955	1,760,107	1,444,189	1,374,486	1,413,014
Depreciation Expense	17,299,707	18,013,006	18,704,747	19,419,461	20,202,373
Principal Payments	2,610,000	2,690,000	2,760,000	2,790,000	2,925,000
Total Expenses	240,454,335	253,768,737	251,126,743	273,427,368	304,149,622
Operating Revenue	107,000,651	111,908,413	111,233,651	103,978,018	102,859,435
Non-Operating Revenue	144,413,769	155,589,853	157,719,968	239,164,798	185,407,066
Capital and Endowment Additions	17,161,975	37,943,189	9,101,360	14,415,503	10,541,047
Total Revenues	266,735,440	303,681,348	276,610,790	357,558,319	298,807,548.00
Net Non-Operating Revenues	142,572,814	153,829,746	156,275,779	237,790,312	183,994,052
Net Non-Operating Revenues	142,572,814	153,829,746	156,275,779	237,790,312	183,994,052

Southern Utah University

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	40,296,434	34,868,949	30,135,864	33,864,841	24,873,110
Net Position Unrestricted	33,180,962	30,266,557	32,064,732	49,112,182	60,985,158
Expendable Net Position	73,477,396	65,135,506	62,200,596	82,977,023	85,858,268
Net Position Restricted-Non-Expendable	22,698,727	23,705,648	24,738,427	33,391,324	31,421,601
Net Position Restricted-Non-Expendable	22,698,727	23,705,648	24,738,427	33,391,324	31,421,601
Long Term Debt-Current	3,304,338	3,395,266	3,462,137	4,005,021	7,884,921
Long Term Debt-Non-Current	22,842,332	19,688,302	16,222,149	16,193,696	41,258,004
Total Long-Term Debt	26,146,670	23,083,568	19,684,286	20,198,717	49,142,925
Beginning Net Position	219,282,683	221,062,466	231,036,645	230,428,836	259,152,795
Ending Net Position	221,062,466	231,036,645	231,036,754	259,152,795	273,047,339
Increase (Decrease) in Net Position	1,779,783	9,974,179	109	28,981,024	13,894,544
Interest Expense	1,070,333	311,276	290,648	257,065	622,913
Depreciation Expense	7,472,652	7,958,166	8,091,458	9,311,495	11,006,988
Principal Payments	2,758,815	3,417,016	3,343,950	3,486,913	3,950,505
Total Expenses	147,352,795	165,569,417	176,881,525	177,299,785	210,474,617
Operating Revenue	75,762,675	86,507,230	88,998,079	89,889,650	98,681,514
Non-Operating Revenue	70,452,818	75,353,615	81,846,961	112,064,723	117,556,468
Capital and Endowment Additions	3,987,418	15,313,653	6,335,458	4,326,436	17,110,989
Total Revenues	149,132,578	175,543,596	176,881,634	206,280,809	233,348,971
Net Non-Operating Revenues	69,382,485	73,722,713	81,548,097	111,807,658	100,300,434
Net Non-Operating Revenues	69,382,485	73,722,713	81,548,097	111,807,658	100,300,434

Snow College

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	5,266,322	7,944,964	8,232,470	7,713,726	7,602,371
Net Position Unrestricted	9,253,930	10,111,703	10,113,734	14,818,351	25,706,749
Expendable Net Position	14,520,252	18,056,667	18,346,204	22,532,077	33,309,120
Net Position Restricted-Non-Expendable	5,839,027	6,508,994	7,024,179	10,004,274	9,686,368
Net Position Restricted-Non-Expendable	5,839,027	6,508,994	7,024,179	10,004,274	9,686,368
Long Term Debt-Current	681,226	739,885	800,445	782,780	797,198
Long Term Debt-Non-Current	14,205,818	13,547,658	13,239,590	12,456,810	11,662,131
Total Long-Term Debt	14,887,044	14,287,543	14,040,035	13,239,590	12,459,330
Beginning Net Position	94,457,518	116,646,845	124,281,618	124,319,590	130,132,223
Ending Net Position	116,646,845	124,281,618	124,013,426	130,132,223	139,721,208
Increase (Decrease) in Net Position	22,189,327	7,634,773	-268,192	5,812,633	9,588,985
Interest Expense	781,220	586,019	272,511	341,646	337,535
Depreciation Expense	5,052,408	5,346,790	5,503,154	5,721,720	5,995,609
Principal Payments	561,880	669,740	964,271	185,766	780,260
Total Expenses	54,596,462	57,216,581	55,958,775	60,911,430	70,703,683
Operating Revenue	14,779,775	15,927,460	13,973,320	15,121,525	19,289,358
Non-Operating Revenue	36,923,042	39,343,601	40,359,341	48,832,968	52,820,447
Capital and Endowment Additions	25,864,192	10,192,704	1,935,462	2,769,570	8,294,689
Total Revenues	76,785,789	64,851,354	55,690,583	66,724,063	80,404,494
Net Non-Operating Revenues	36,141,822	38,731,190	39,781,801	48,095,885	52,614,275
Net Non-Operating Revenues	36,141,822	38,731,190	39,781,801	48,095,885	52,614,275

Utah Tech University

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	19,593,791	14,972,705	11,916,362	18,366,134	14,968,790
Net Position Unrestricted	11,477,948	14,281,285	16,294,891	26,370,944	29,609,114
Expendable Net Position	31,071,739	29,253,990	28,211,253	44,737,078	44,577,904
Net Position Restricted-Non-Expendable	21,876,830	23,893,056	23,040,339	22,725,255	24,012,228
Net Position Restricted-Non-Expendable	21,876,830	23,893,056	23,040,339	22,725,255	24,012,228
Long Term Debt-Current	1,336,902	1,812,024	1,982,473	2,798,256	164,088,183
Long Term Debt-Non-Current	48,302,751	46,752,778	89,555,383	97,392,331	2,909,460
Total Long-Term Debt	49,639,653	48,564,802	91,537,856	100,190,587	166,997,643
Beginning Net Position	174,834,583	183,155,962	193,764,759	227,154,716	250,384,623
Ending Net Position	183,155,962	194,460,988	227,361,662	249,945,523	309,784,106
Increase (Decrease) in Net Position	8,321,379	11,305,026	33,596,903	22,790,807	59,399,483
Interest Expense	1,215,046	1,973,092	1,369,253	1,581,914	3,739,603
Depreciation Expense	6,684,305	6,970,943	7,933,733	9,131,245	10,970,167
Principal Payments	1,349,085	1,459,384	1,674,875	1,727,061	2,534,629
Total Expenses	111,327,709	117,814,741	127,829,759	129,924,434	168,659,636
Operating Revenue	56,015,163	57,347,317	61,110,804	55,329,463	62,621,378
Non-Operating Revenue	59,391,826	67,648,971	74,905,276	92,016,847	97,427,915
Capital and Endowment Additions	5,945,520	6,131,942	29,661,663	5,368,931	64,270,223
Total Revenues	119,649,088	129,119,767	161,426,662	152,715,241	224,319,516
Net Non-Operating Revenues	57,688,405	65,640,508	70,654,195	90,434,933	97,427,915.00
Net Non-Operating Revenues	57,688,405	65,640,508	70,654,195	90,434,933	97,427,915.00

Utah Valley University

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	83,962,083	64,707,877	92,099,189	84,275,163	85,913,486
Net Position Unrestricted	102,118,156	126,459,323	114,493,918	188,565,821	174,522,177
Expendable Net Position	186,080,239	191,167,200	206,593,107	272,840,984	260,435,663
Net Position Restricted-Non-Expendable	34,757,550	39,785,573	40,718,850	52,128,603	70,928,826
Net Position Restricted-Non-Expendable	34,757,550	39,785,573	40,718,850	52,128,603	70,928,826
Long Term Debt-Current	3,655,486	3,835,213	5,267,071	5,307,860	4,679,664
Long Term Debt-Non-Current	45,695,427	41,860,215	78,536,033	73,228,173	69,160,633
Total Long-Term Debt	49,350,913	45,695,428	83,803,104	78,536,033	73,840,297
Beginning Net Position	528,803,364	567,265,274	621,087,593	674,166,714	766,972,746
Ending Net Position	572,309,458	622,014,818	674,166,714	766,307,209	851,939,306
Increase (Decrease) in Net Position	43,506,094	54,749,544	53,079,121	92,140,495	84,966,560
Interest Expense	4,133,796	1,723,815	2,072,761	2,383,873	2,156,769
Depreciation Expense	17,052,818	18,273,218	19,535,894	19,796,956	21,562,763
Principal Payments	3,198,915	3,360,987	6,369,613	4,796,499	4,907,423
Total Expenses	336,881,398	359,420,366	375,774,904	406,326,790	455,745,708
Operating Revenue	163,682,513	173,266,832	202,927,503	174,821,920	180,240,357
Non-Operating Revenue	204,581,121	210,144,804	228,176,248	307,632,652	360,471,911
Capital and Endowment Additions	16,257,654	32,482,089	7,450,704	16,012,713	55,688,406
Total Revenues	380,387,492	414,169,910	428,854,025	498,467,285	600,400,674
Net Non-Operating Revenues	200,447,325	208,420,989	218,475,818	307,632,652	300,783,505
Net Non-Operating Revenues	200,447,325	208,420,989	218,475,818	307,632,652	300,783,505

Salt Lake Community College

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	7,066,298	7,859,641	5,985,661	5,348,299	8,573,531
Net Position Unrestricted	104,652,157	108,853,622	137,222,703	156,347,721	156,429,808
Expendable Net Position	111,718,455	116,713,263	143,208,364	161,696,020	165,003,339
Net Position Restricted-Non-Expendable	842,330	848,379	853,412	841,456	842,755
Net Position Restricted-Non-Expendable	842,330	848,379	853,412	841,456	842,755
Long Term Debt-Current	1,446,772	1,274,016	1,298,497	1,321,840	2,069,922
Long Term Debt-Non-Current	12,177,861	10,903,845	9,584,560	8,262,721	15,398,180
Total Long-Term Debt	13,624,633	12,177,861	10,883,057	9,584,561	17,468,102
Beginning Net Position	320,678,759	369,330,187	371,788,867	391,906,334	423,935,596
Ending Net Position	369,330,187	371,788,867	391,468,739	421,328,451	434,123,274
Increase (Decrease) in Net Position	48,651,428	2,458,680	19,679,872	29,422,117	10,187,678
Interest Expense	9,583	305,584	282,169	258,605	233,678
Depreciation Expense	11,090,100	12,512,711	12,118,233	12,191,898	13,042,332
Principal Payments	18,755	1,183,773	1,040,018	1,090,018	1,140,018
Total Expenses	203,467,357	212,267,015	205,176,768	226,637,178	251,221,199
Operating Revenue	78,687,222	75,352,500	73,184,316	62,101,625	58,093,435
Non-Operating Revenue	135,883,445	143,085,803	155,918,060	188,906,339	202,006,091
Capital and Endowment Additions	39,308,918	1,939,662	359,124	5,051,331	1,309,351
Total Revenues	252,118,785	214,725,695	224,856,640	256,059,295	261,408,877
Net Non-Operating Revenues	134,122,645	137,433,533	151,313,200	184,739,999	195,083,387
Net Non-Operating Revenues	134,122,645	137,433,533	151,313,200	184,739,999	195,083,387

Mountainland Technical College

Financial Statement Data	2018	2019	2020	2021	2022
Net Position Restricted-Expendable	1,034,892	1,046,954	54,755	-	-
Net Position Unrestricted	1,608,200	885,834	2,459,545	4,308,570	5,667,138
Expendable Net Position	2,643,092	1,932,788	2,514,300	4,308,570	5,667,138
Net Position Restricted-Non-Expendable	636,382	638,167	639,478	-	-
Net Position Restricted-Non-Expendable	636,382	638,167	639,478	-	-
Long Term Debt-Current	268,842	282,425	301,890	317,297	333,705
Long Term Debt-Non-Current	2,785,907	2,503,482	2,201,592	1,884,295	1,550,590
Total Long-Term Debt	3,054,749	2,785,907	2,503,482	2,201,592	1,884,295
Beginning Net Position	29,110,032	31,370,954	35,182,148	37,504,921	69,916,097
Ending Net Position	31,370,954	35,182,148	38,199,154	69,916,097	71,554,615
Increase (Decrease) in Net Position	2,260,922	3,811,194	3,017,006	32,411,176	1,638,518
Interest Expense	139,742	162,533	148,951	129,485	114,079
Depreciation Expense	1,107,832	1,233,242	1,285,237	2,110,792	2,363,776
Principal Payments	256,089	268,842	282,425	301,890	317,297
Total Expenses	17,570,045	20,426,223	20,799,921	26,761,111	30,973,674
Operating Revenue	5,127,898	4,631,449	5,290,143	8,428,554	10,326,362
Non-Operating Revenue	13,049,343	14,804,578	16,440,306	18,769,087	21,643,361
Capital and Endowment Additions	1,793,468	4,963,923	2,242,042	31,974,646	636,414
Total Revenues	19,830,967	24,237,417	23,816,927	59,172,287	32,606,137
Net Non-Operating Revenues	12,909,601	14,642,045	16,284,742	18,469,897	21,643,361
Net Non-Operating Revenues	12,909,601	14,642,045	16,284,742	18,469,897	21,643,361

Appendix – Core Ratios for Composite Index

Ratio	Calculation	Notes
Primary reserve ratio	Expendable Net Assets/Total Expenses	This ratio indicates the financial strength and flexibility of an institution. It reflects how long an institution could function using its expendable reserves without relying on additional net assets generated by operations
Net Operating Revenues	$(\text{Operating income (Loss) + net nonoperating revenues(expenses)}) / (\text{Operating revenues + nonoperating revenues(expenses)})$	This ratio tells if the institution can cover its operating activities by using their operating revenues
Return on Net Assets	Change in Net Assets/Beginning Net Assets	This represents the return on net asset investments for the year
Viability	Expendable Net Assets/Long-Term debt	This represents the availability of expendable net assets to cover debt should the institution need to settle its obligations as of the balance sheet date

There is a belief that there should be a stronger emphasis on retained wealth and strategic use of debt as these are stronger indicators of long-term institutional financial health. Because of this, there is a stronger weighting placed on the primary reserve and viability ratios.

Paul Morris
Vice President of Administrative Affairs
Paul.Morris@utahtech.edu
435.652.7504

February 3, 2023

Dr. David R. Woolstenhulme
Commissioner of Higher Education
60 South 400 West
Salt Lake City, Utah 84101

Subject: UT Financial Ratio Response

Dear Dr. Woolstenhulme:

Purpose

The purpose of this memo is to provide additional information relative to Utah Tech University's current Viability, Debt Burden, and Composite Index Ratio.

Explanation

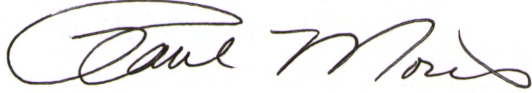
Utah Tech University (UT) is rapidly growing and evolving as Utah's newest public university. This transformation, coupled with aged, inadequate, or non-existent infrastructure, has placed the institution in the position of needing to build new facilities that will accommodate a rapidly growing student-body. Many of the needed new facilities are self-support operations (new buildings that must be financed by bonds and repaid by user fees) as the State of Utah does not pay for these facilities. These new facilities consist of three new student housing buildings (1,450 student beds), about half of the Human Performance Center (student recreation portion of the building), and the East and West side improvements to Greater Zion Stadium.

UT's need to bond to build new facilities, over a relatively short period of time, at today's high construction cost negatively impacts the Viability, Debt Burden, and Composite Index ratios. On a more positive note, UT bonded for all these projects at historically low interest rates. As UT borrowed these funds with 30-year bonds, UT will greatly benefit by repaying the funds with significantly inflated dollars over the term of the bond. Further, as UT continues to evolve into a stronger economy of scale, the institution will improve these Ratios over time as the institution continues to increase in enrollments and appropriations, resulting in increased revenues (Expendable Net Assets) relative to debt levels.

To ensure that UT is able to make its debt service payments, UT put a bonding umbrella in place for the original Campus View Suites student housing bond that pledged nearly all of the institution's non-appropriated general (gross) revenues for repayment of bonds. This bonding umbrella gives the institution a debt coverage ratio far beyond the typical 1.1X. In fact, the debt coverage ratio for FY22 is 3.33X under the bonding umbrella. The advantage of the general revenue bond is to guard against technical default as the revenue committed to pay bond payments is not limited to the specific user fees. Although the bonding umbrella is a good safety net to support payment of the bonds, UT

has been able to fund bond payments from the specific user fees. Further, UT has committed \$500,000 annually to an institutional bond reserve. These funds are in addition to any reserve funds required as part of the bond agreements.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Morris". The signature is fluid and cursive, with a large initial "P" and "M".

Paul Morris
VP of Administrative Affairs