

Board of Trustees

Barton Community College

August 8, 2017 Study Session

COMPOSITE FINANCIAL INDEX (SM)

The Composite Financial Index paints a composite picture of the financial health of the institution at a point in time. The Index is built with the values of its four component ratios:

- Primary Reserve – a measure of the level of financial flexibility
- Net Income Ratio – a measure of the operating performance
- Return on Net Assets – a measure of overall asset return and performance
- Viability – a measure of the organizations' ability to cover debt with available resources

Once each of the four ratios are calculated, there is an additional process measuring the relative strength of the score and its importance in the mix of creating a composite score. This results in the production of one weighted score for each indicator and when added together the result is the Composite Financial Index. The strength factors and CFI score are standardized scores that fall along a scale of -4 to 10.

A CFI score of 3 is the threshold of institutional financial health.

Annual Institutional Data Update (AIDU)

	FY2016	FY2015	FY2014
Primary Reserve	1.82	1.94	1.51
Net Income Ratio	0.53	1.00	0.04
Return on Net Assets	0.00	0.00	0.00
Viability	2.07	2.09	1.62
Composite Financial Index	4.42	5.03	3.20