



North Dakota University System

Annual Financial Review Report

For Fiscal Year Ended June 30, 2020

Updated July 12, 2021 for SHEEO data

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL REVIEW
Fiscal Year Ending 2020
Issue Date: July 12, 2021

The purpose of this report is to provide a financial analysis of each institution for fiscal year 2020. It is presented to provide an understanding of the financial health of each institution, as of June 30, 2020 and to identify trends over a period of time. It is not the intent of this report to compare ratios of one institution to the ratios of another, but rather to compare each institution to the identified industry standard where applicable. With the exception of the Composite Financial Index (CFI), these are general industry standards and not specific to higher education. However, they do provide a good benchmark to measure financial performance. In addition, individual ratio results do not stand on their own; rather, the results of all ratios and trends over time should be viewed together when considering the financial health of each institution.

Pages 6 -7 contain a national funding analysis with data provided by SHEEO. Nationally, in fiscal year 2020 North Dakota ranked tenth in total educational revenues per FTE, compared to a ranking of ninth in fiscal year 2019. North Dakota ranked ninth in state/local appropriations funding per FTE student, compared to a ranking of fourteenth in fiscal year 2019.

Formulas for CFI and Ratios Used in this Report

Composite Financial Index (CFI) Calculation

The CFI creates one overall measurement of financial health based on four core ratios: primary reserve ratio, net income ratio, viability ratio and return on net assets ratio. It is calculated by:

1. Determining the value of each ratio;
2. Converting the value of each ratio to strength factors along a common scale;
3. Multiplying the strength factors by specific weighting factors;
4. Totaling the resulting four numbers to reach the single CFI score.

When calculating these ratios for the CFI, the Higher Learning Commission (HLC) requires the following balances for the component units' accounts also be included:

1. Unrestricted, temporarily restricted net assets;
2. Total net assets;
3. Change in net assets;
4. Net investment in plant;
5. Total expenses;
6. Change in unrestricted net assets;
7. Total unrestricted revenues;
8. Long-term project related debt.

The component units (CU) included in these calculations are:

- Bismarck State College Foundation
- DCB Foundation
- Dickinson State University Heritage Foundation
- Lake Region Community College Foundation
- Mayville State University Foundation
- Minot State University Development Foundation
- North Dakota State College of Science Foundation
- NDSU Foundation and Alumni Association, NDSU Research & Technology Park, Inc.
- UND Aerospace Foundation, The UND Alumni Association and Foundation, REA Arena, Inc., UND Arena Services, Inc., UND Sports Facilities, Inc. and Arena Holdings Charitable LLC.
- VCSU Foundation
- Williston State College Foundation

Component unit balances are not included in other calculations in this report.

The CFI is presented for each institution and their component unit(s) listed above, as follows:

- CFI, including CU and excluding GASB 68 pension and GASB 75 OPEB liability and expense.
- CFI, excluding CU and excluding GASB 68 pension and GASB 75 OPEB liability and expense.

HLC uses the first measurement as its official CFI score. The second measurement is presented here for informational purposes only.

HLC uses the zones listed below to evaluate institutions:

CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

Viability Ratio

<p>Formula:</p> $\frac{\text{Expendable Net Position}}{\text{Long-Term Debt}}$

Measures ability to retire long-term debt using current resources. Expendable net position includes unrestricted net position and all expendable restricted net position, excluding net investment in plant. Long-term debt excludes compensated absences. A ratio of greater than 1.0 is good and a ratio of less than .3 is of concern.

Primary Reserve Ratio

<p>Formula:</p> $\frac{\text{Unrestricted Net Position and Expendable Net Position}}{\text{Annual Operating Expenses}}$
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Measures ability to operate at current levels without future revenues. A ratio of greater than .1 is good while a ratio of less than .05 is of concern.

Current Ratio

<p>Formula:</p> $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Measures ability to meet current obligations. A ratio of greater than two is good, while a ratio of less than 1.0 is of concern.

Working Capital Ratio

<p>Formula:</p> $\frac{\text{Current Assets}}{\text{Current Liabilities} - \text{Operating Expenses}} \times 52 \text{ weeks}$

Measures ability to sustain operations in a short-term emergency (4-6 weeks). While no industry standard is available, professional judgment suggests an institution should be able to cover a minimum of 4 weeks of operating expenses in the event of an emergency.

Operating Income Margin

Formula:	$\frac{\text{Income (loss) before state appropriations-capital assets and capital grants and gifts}}{\text{Total Revenue (operating and non-operating)}}$
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Measures current year financial results. A ratio of greater than zero is desired and indicates an institution is not spending more than it is taking in during the year. A ratio of greater than zero indicates an institution is adding to reserves.

The calculation includes state appropriations and other non-operating revenue as these revenues are used to fund operations. It excludes state appropriations for capital assets and capital grants and gifts.

Negative operating margins may occur when non-capitalized repairs are paid from appropriated repair and maintenance funds, a department is spending revenue earned in a prior year, or a department is spending more than earned in the current year.

Net Income Margin

Formula:	$\frac{\text{Increase (decrease) in net position}}{\text{Total Revenue (operating and non-operating)}}$
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Measures an institution's financial status in terms of current year operations. A positive margin indicates a net increase in current year fund balances. A negative margin results when current year expenditures exceed current year revenues, requiring institutions to draw on reserves or creating deficit spending.

Net Tuition and Fees, per FTE Enrollment

Formula:	$\frac{\text{Net Tuition and Fees}}{\text{FTE Enrollment}}$
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Compares net tuition and fees to FTE enrollment. Table 4 in the fall enrollment report for the start of the fiscal year is used. For example, the Fall 2018 report is used for fiscal year 2019. As with the previous ratio, factors such as programs offered, number of in-state versus out-of-state students, state appropriations and other funding sources may affect this ratio. In addition, the ratio is affected by undergraduate, graduate and professional career enrollment.

No standard benchmarks exist to measure this ratio against because costs and other factors across the nation can vary significantly. Therefore, the information is provided here for informational purposes only.

Net Tuition and Fees Dependency

Formula:	$\frac{\text{Net Tuition and Fees}}{\text{Total Revenues}}$
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Compares net tuition and fees to total operating and non-operating revenues. Factors such as programs offered, number of in-state versus out-of-state students, state funding levels and other funding sources may affect this ratio. Examples of other funding sources are gifts, auxiliary revenue and federal, state and private grants.

No standard benchmarks exist to measure this ratio against, because costs and other factors across the nation can vary significantly. Therefore, the information is provided here for informational purposes only.

Net liquid assets less current liabilities (FY2016 to FY2020)

Formula:	$\frac{\text{FY2020 Net Liquid Assets} - \text{FY2016 Liquid Assets}}{\text{FY2016 Liquid Assets}}$
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Measures the change in ability to meet current obligations over time. Liquid assets includes cash, current investments and current receivables less current liabilities. A positive percentage change is desirable as it indicates improvement over time in the ability to meet current obligations. A negative percentage change indicates decline in ability over time to meet current obligations.

The change in net liquid assets coupled with the current ratio indicates the change in financial liquidity from one year to another. The change in net liquid assets can fluctuate from year-to-year due to the liquid nature of current assets and current liabilities.

Long-term liabilities, excluding pension liability, OPEB liability and compensated absences

Formula:	$\frac{\text{FY2020 LT Liabilities} - \text{FY2016 LT Liabilities}}{\text{FY2016 LT Liabilities}}$
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Includes long-term liabilities, excluding pension liability, OPEB liability and compensated absences. A negative change indicates more debt was retired added over the three-year period. A positive change indicates more debt was added than retired.

FUNDING ANALYSIS – FY 2020 National per FTE Funding

State funding per FTE for the public institutions of higher education in North Dakota are above the national average, as are educational revenues (tuition and fees) per student.

FY 2020 Total Educational Revenue per FTE - Public Institutions of Higher Ed			
Total Educational Revenues Per FTE*		Educational Appropriations (State/Local) Per FTE*	
1 Illinois	25,476	1 Wyoming	21,802
2 Wyoming	25,455	2 Illinois	17,669
3 Delaware	24,021	3 Alaska	16,128
4 Connecticut	23,963	4 Hawaii	14,735
5 Michigan	22,796	5 New Mexico	14,268
6 Alabama	\$ 21,630	6 New York	12,252
7 Alaska	21,007	7 Connecticut	11,965
8 Hawaii	19,624	8 Tennessee	10,969
9 New York	18,531	9 North Carolina	10,742
10 North Dakota	18,309	10 Nebraska	10,485
11 New Mexico	18,277	11 Georgia	10,348
12 Vermont	18,119	12 Idaho	9,910
13 Minnesota	17,969	13 California	9,531
14 Tennessee	17,647	14 Nevada	9,430
15 Nebraska	17,306	15 North Dakota	8,874
16 South Carolina	17,225	16 Missouri	8,819
17 Iowa	17,041	17 Arkansas	8,788
18 Rhode Island	16,606	18 Washington	8,610
19 Missouri	16,533	19 Utah	8,399
20 Maryland	16,485	20 Massachusetts	8,287
21 Kentucky	16,254	21 Wisconsin	8,276
22 Ohio	16,228	22 Maryland	8,158
23 Indiana	16,220	23 Texas	8,147
24 Pennsylvania	16,088	24 Maine	8,102
25 South Dakota	16,077	25 Alabama	\$ 8,023
26 North Carolina	15,889	26 New Jersey	7,735
27 Colorado	15,748	27 Florida	7,714
28 Georgia	15,526	28 South Dakota	7,704
29 Mississippi	15,446	29 Minnesota	7,630
30 Maine	15,366	30 Kentucky	7,535
31 Wisconsin	15,256	31 Michigan	7,427
32 Virginia	15,097	32 Kansas	7,376
33 Oklahoma	15,092	33 Mississippi	7,166
34 New Jersey	15,037	34 Oregon	6,977
35 Utah	14,908	35 Rhode Island	6,878
36 New Hampshire	14,834	36 Montana	6,757
37 Oregon	14,830	37 Iowa	6,608
38 Massachusetts	14,599	38 South Carolina	6,586
39 Kansas	14,593	39 Virginia	6,519
40 Washington	14,505	40 Ohio	6,432
41 Montana	14,267	41 Oklahoma	6,393
42 Idaho	13,873	42 Indiana	6,388
43 Arkansas	13,734	43 Louisiana	6,143
44 Texas	13,669	44 Delaware	5,971
45 Arizona	13,531	45 West Virginia	5,905
46 Nevada	12,472	46 Arizona	5,480
47 California	12,330	47 Pennsylvania	5,412
48 West Virginia	12,272	48 Colorado	5,140
49 Louisiana	11,605	49 New Hampshire	4,321
50 Florida	10,074	50 Vermont	3,387
US	\$ 15,276	US	\$ 8,636

*Excluding Ag research, extension and med school funding.

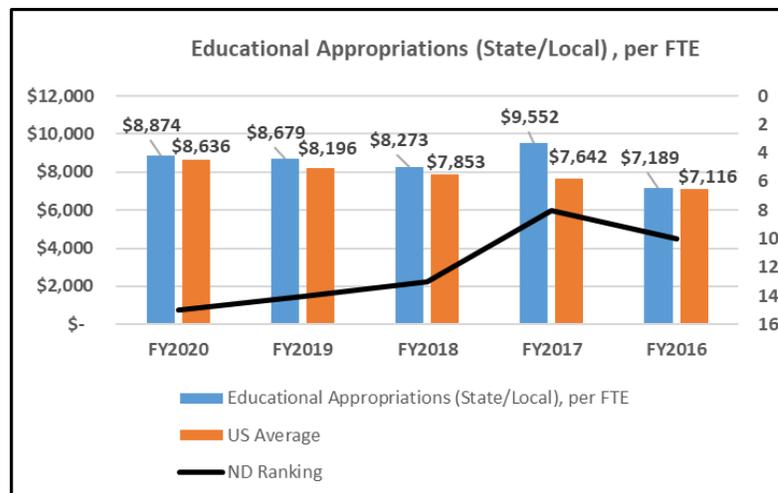
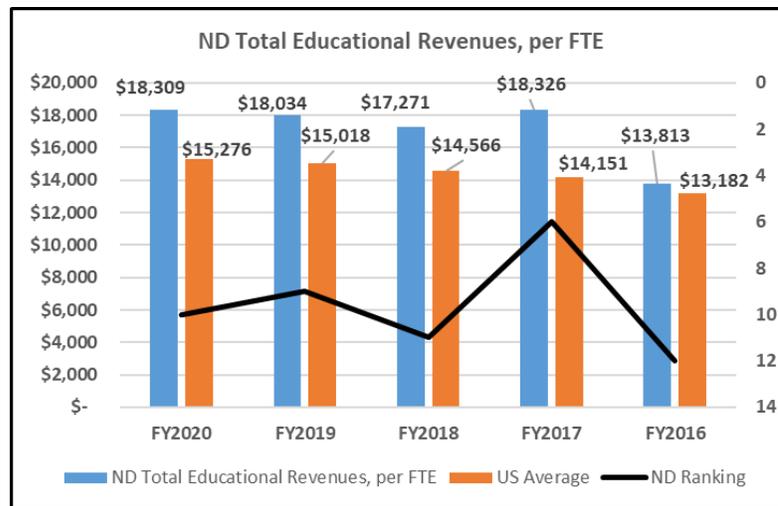
Source: FY2020 SHEEO State Higher Education Finance Report

North Dakota’s educational revenues per FTE has increased 32.5 percent since FY2016 while the US average increased 15.8 percent. North Dakota’s educational appropriations per FTE increased 23.4 percent while the US average increased 21.4 percent for the same period.

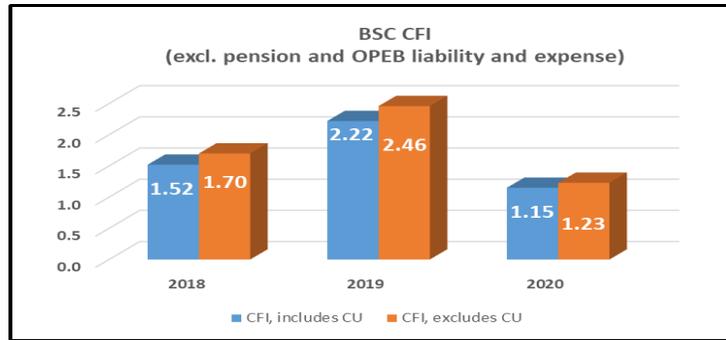
	FY2020	FY2019	FY2018	FY2017	FY2016
ND Total Educational Revenues per FTE	\$ 18,309	\$ 18,084	\$ 17,271	\$ 18,326	\$ 13,813
<i>% increase (decrease)</i>	32.5%				
US Average	\$ 15,276	\$ 15,018	\$ 14,566	\$ 14,151	\$ 13,192
<i>% increase (decrease)</i>	15.8%				
ND Ranking	10	9	11	6	12

	FY2020	FY2019	FY2018	FY2018	FY2018
Educational Appropriations (State/Local) per FTE	\$ 8,874	\$ 8,679	\$ 8,273	\$ 9,552	\$ 7,189
<i>% increase (decrease)</i>	23.4%				
US Average	\$ 8,636	\$ 8,196	\$ 7,853	\$ 7,642	\$ 7,116
<i>% increase (decrease)</i>	21.4%				
ND Ranking	15	14	13	8	10

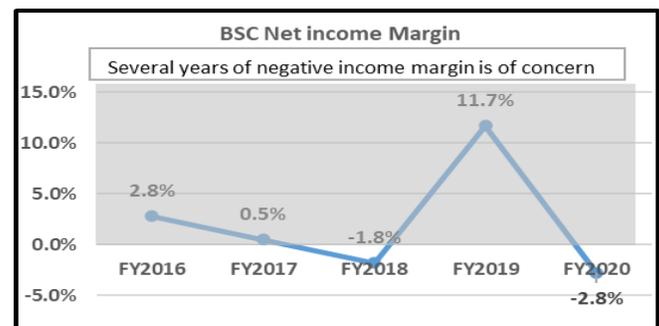
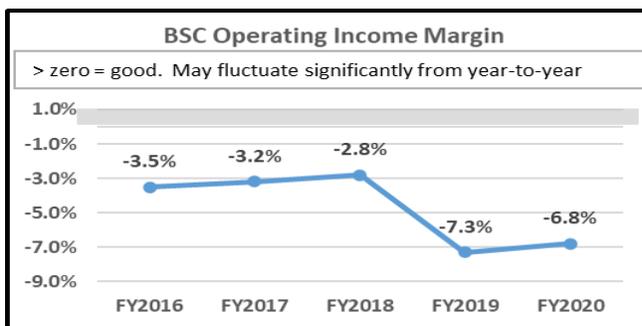
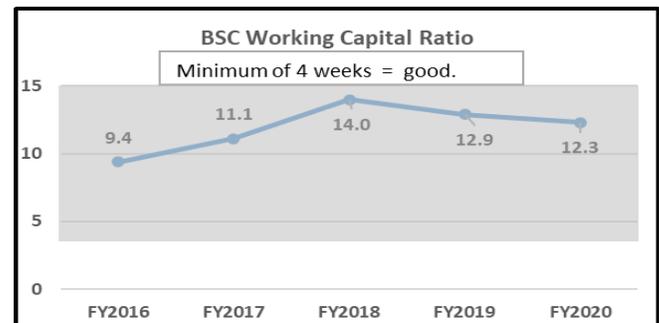
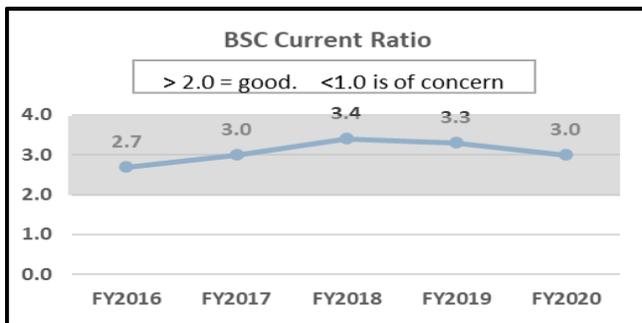
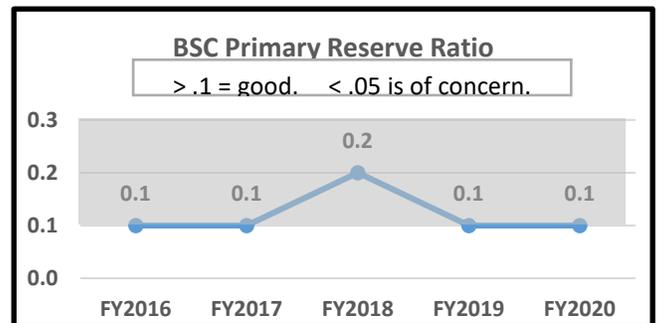
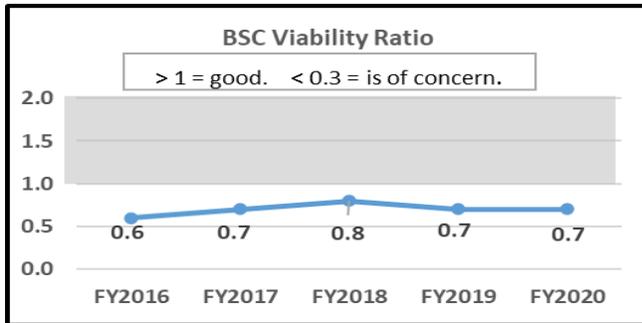
Source: FY2020 SHEEO State Higher Education Finance Report.



Bismarck State College (BSC)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

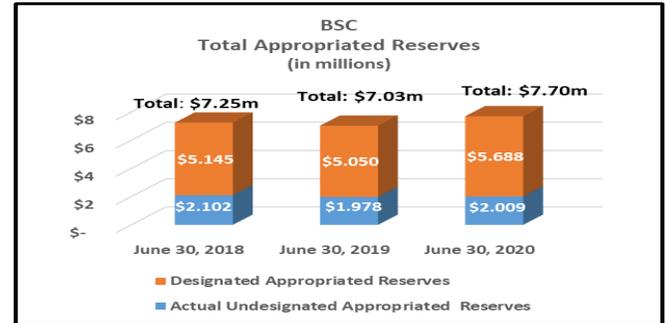
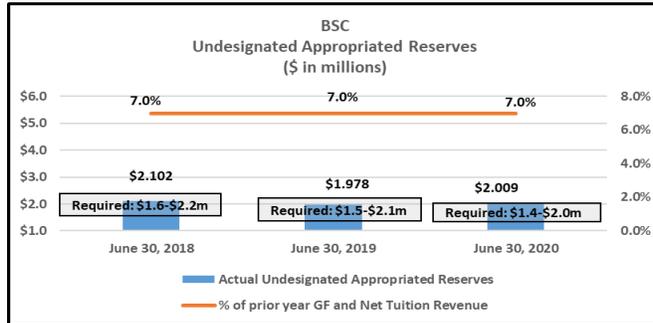


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

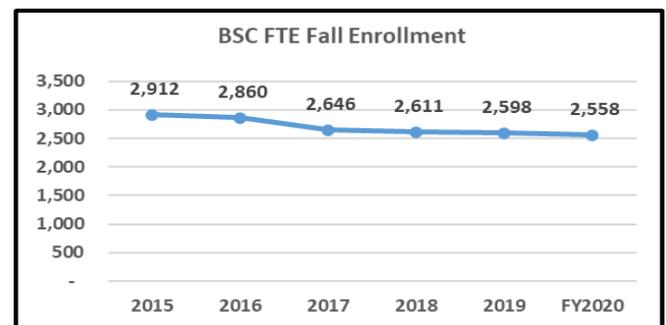
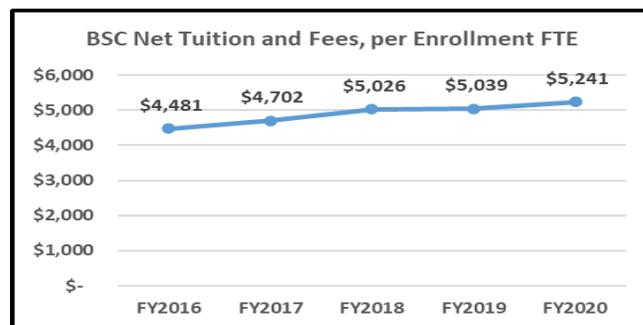
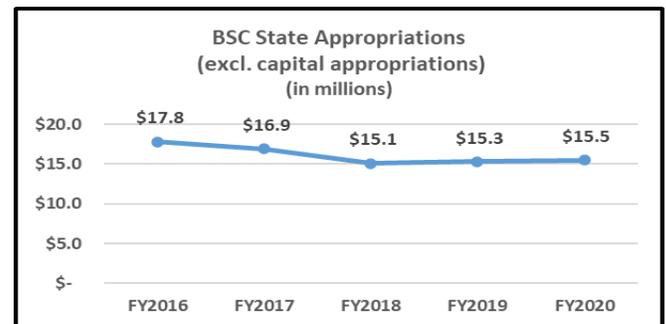
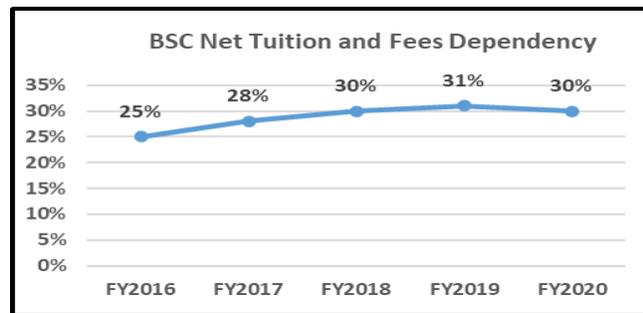
SBHE Policy 810. (1a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

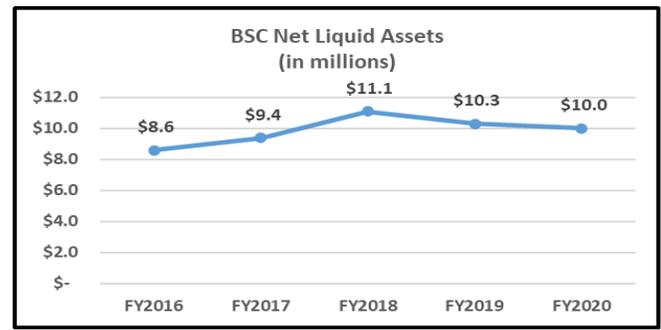
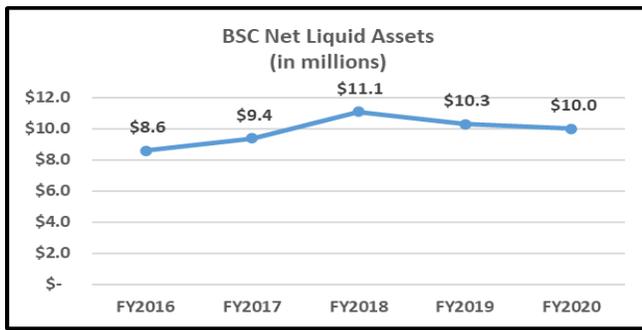
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

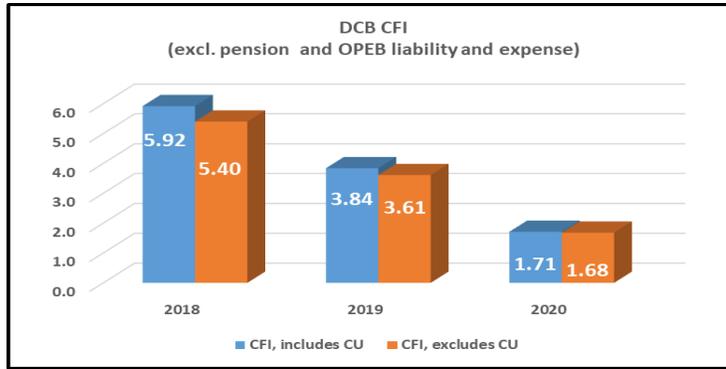




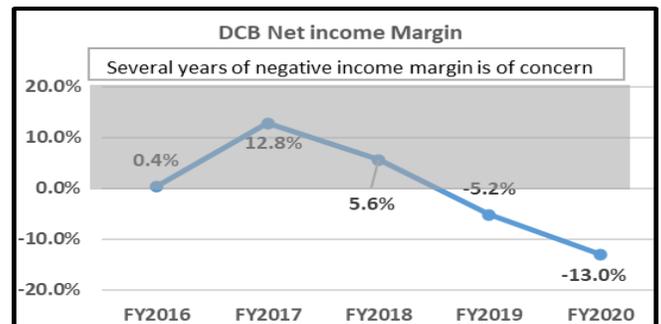
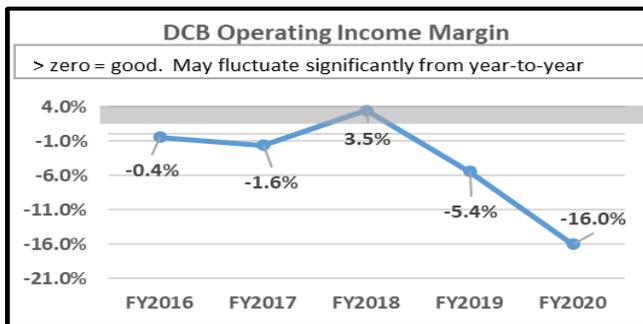
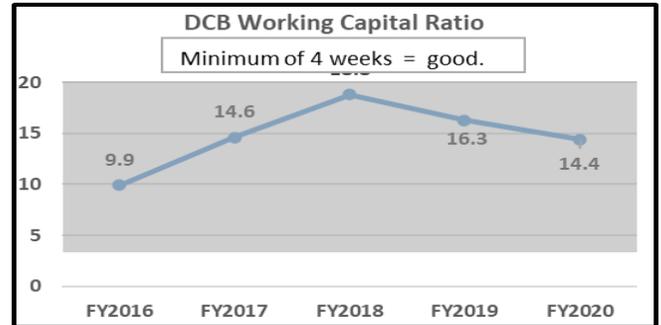
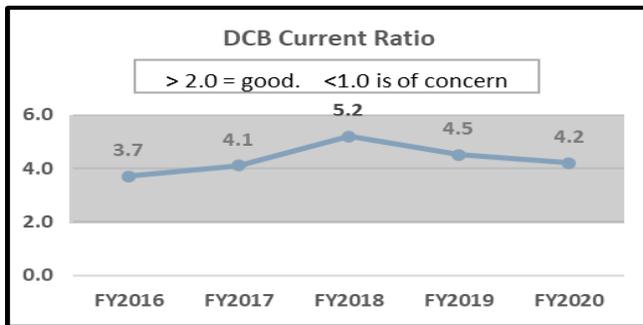
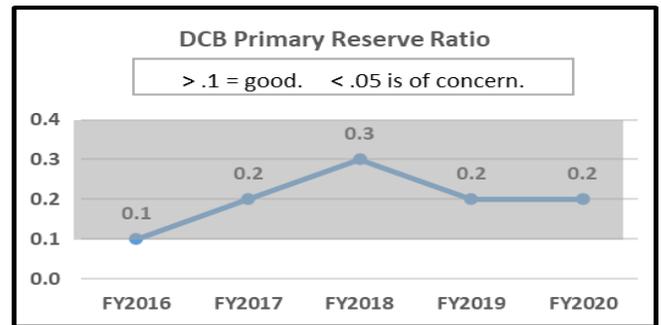
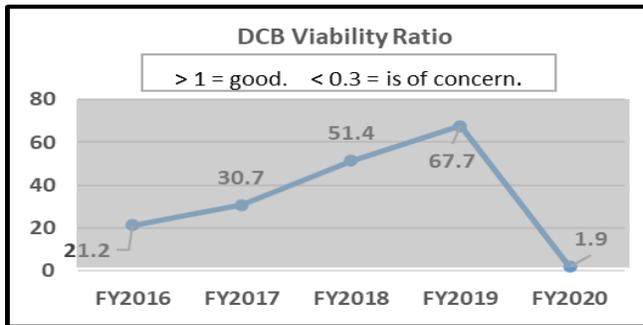
BSC Summary:

- CFI scores decreased in FY2020. The COVID-19 pandemic caused lost auxiliary revenue, unexpected additional refunds in tuition and decreased enrollments. Additionally, BSC paid employees bonuses out of energy local funds totaling approximately \$300,000 in January 2020 before the effects of COVID-19 were known.
- The ratios remained stable compared to FY2019.
- Operating income margin has been below zero for the last five fiscal years but increased slightly in FY2020.
- Net income margin increased significantly in FY2019 mainly as a result of an increase in state appropriation - capital assets of \$8.0 million. It decreased in F2020 to -2.8 percent.
- Fall enrollment has decreased each year since Fall 2015. It decreased 354 FTE (12.2 percent) from Fall 2015.
- Net tuition and fees, per Enrollment FTE has increased for each of the fiscal years 2016 through 2020. The FY2021 ratio increased 17.0 percent compared to FY2020.
- State appropriations decreased \$2.3 million or 12.9 percent from FY2016.

Dakota College of Bottineau (DCB)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

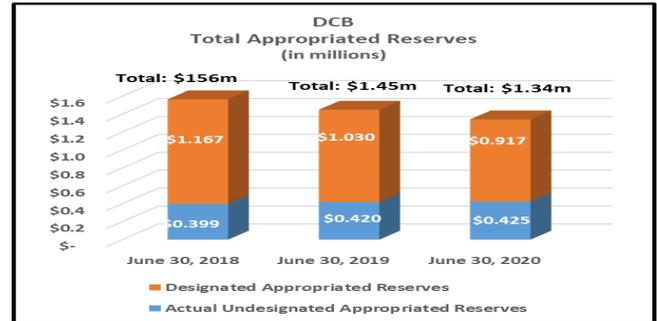
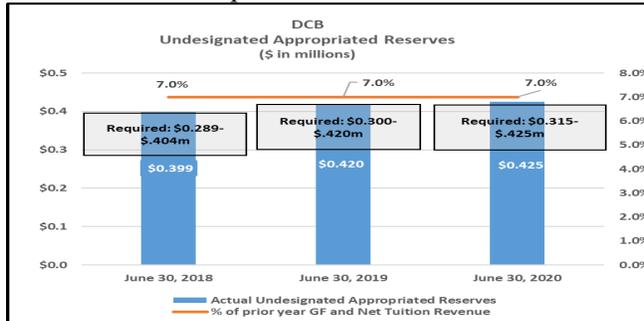


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

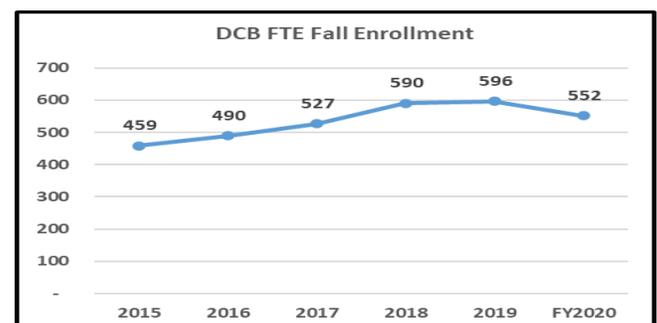
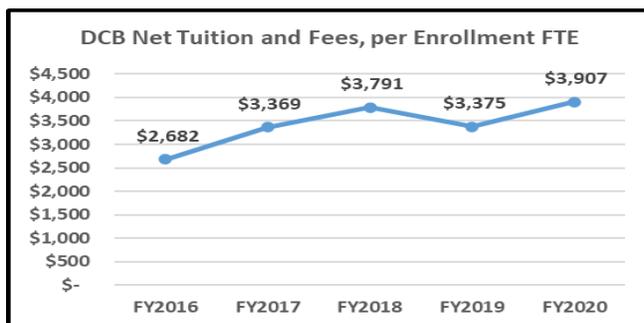
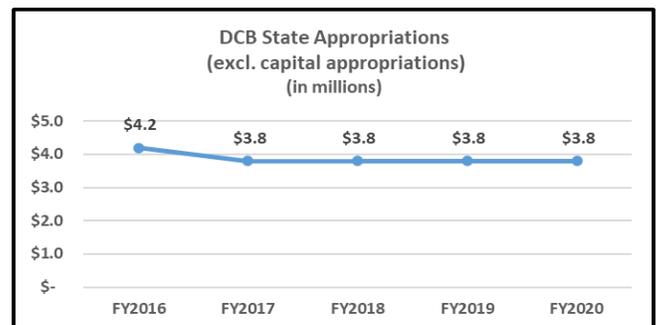
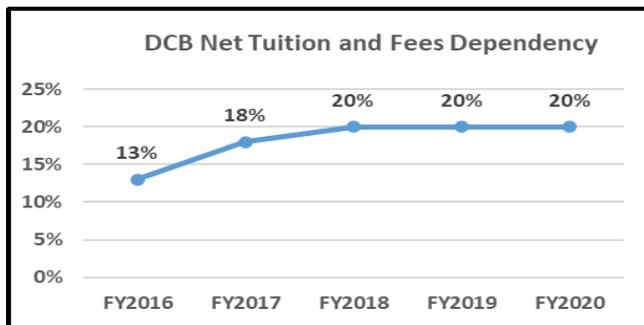
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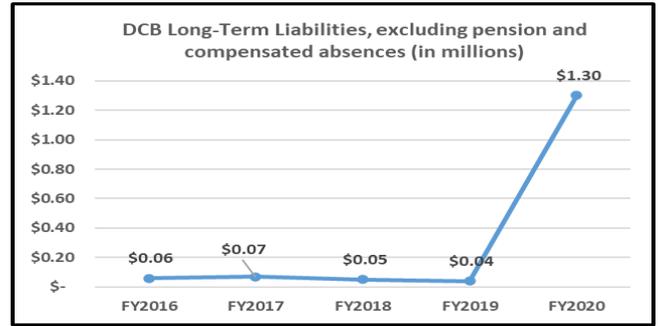
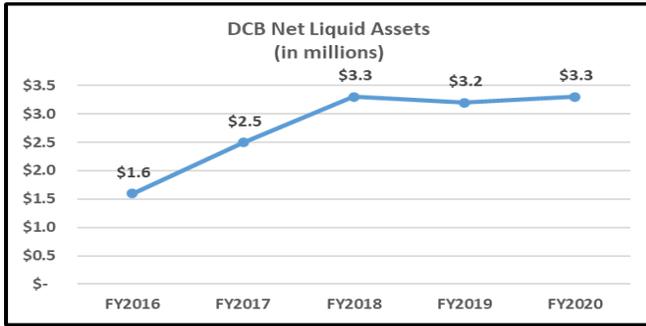
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Other Ratios:

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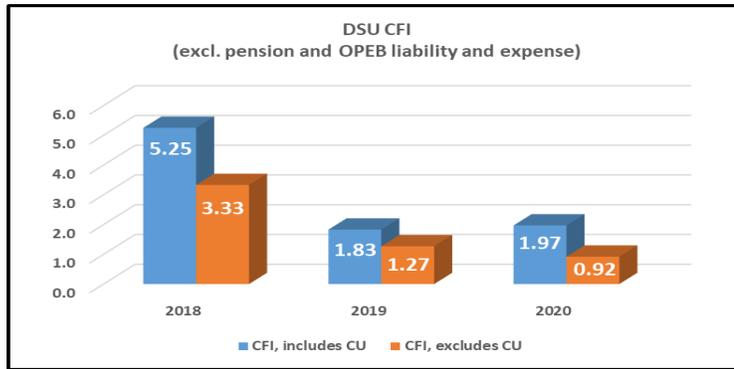




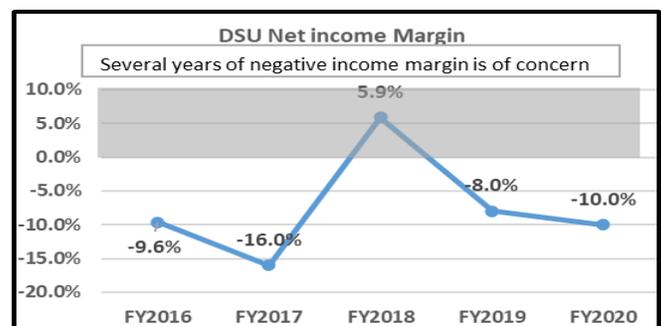
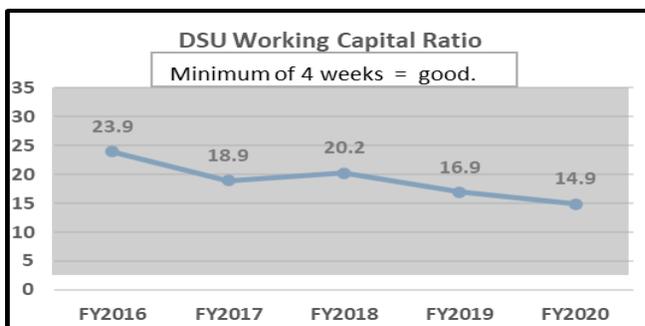
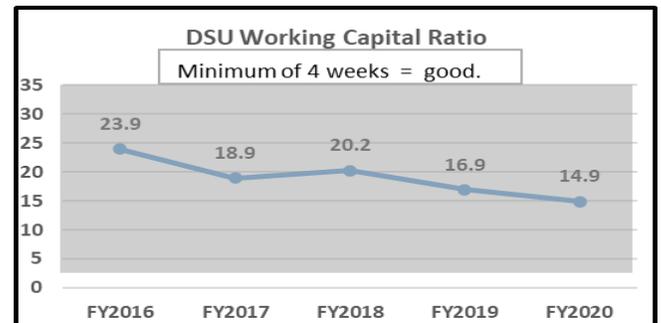
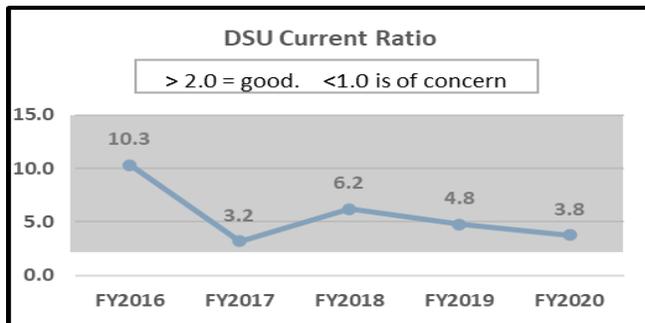
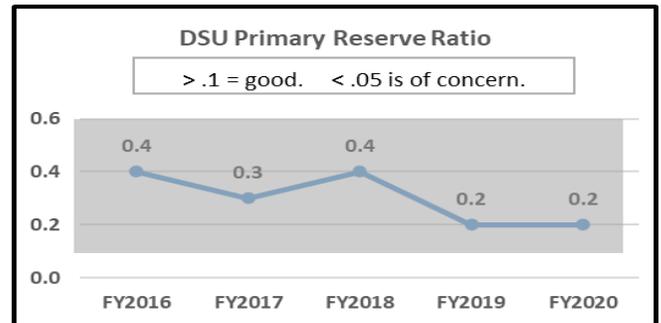
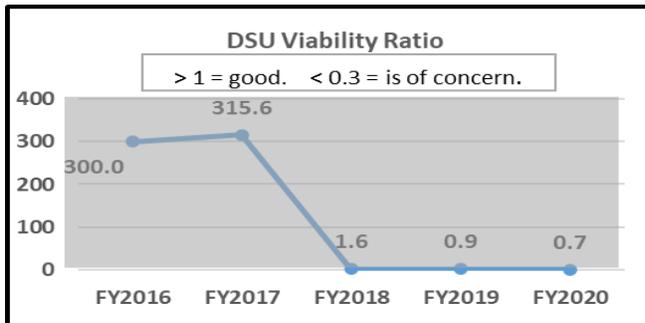
DCB Summary:

- CFI scores are solid, although the scores declined for the last two fiscal years.
- All other ratios are good or very good.
- While still in the acceptable range, the viability ratio decreased significantly as a result of an increase in capital leases of \$1.3 million for energy savings projects. The energy cost savings are expected to offset the lease payments.
- DCB’s operating income margin decreased each fiscal year for the last two fiscal years. The net income margin as decreased for the last three fiscal years. Both margins are negative in FY2019 and FY2020.
- Net tuition and fees, per Enrollment FTE has increased 45.7 percent compared to FY2016 while state appropriations decreased 10 percent for the same period.

Dickinson State University (DSU)



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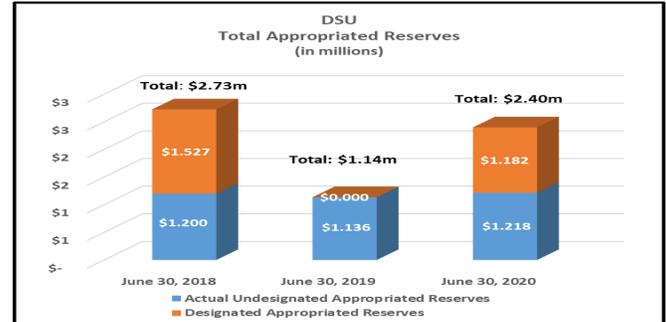
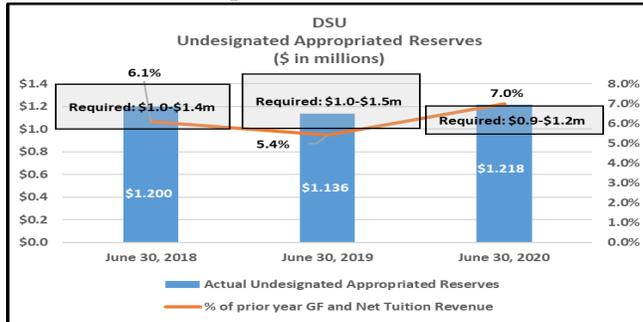


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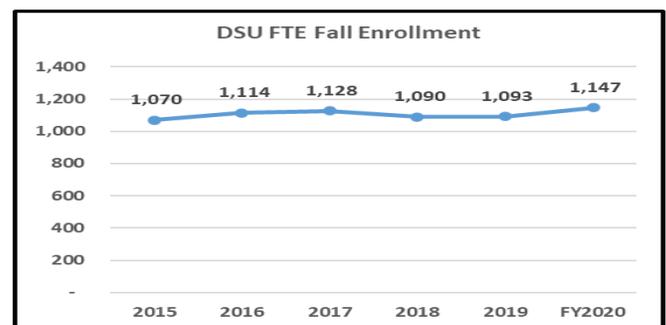
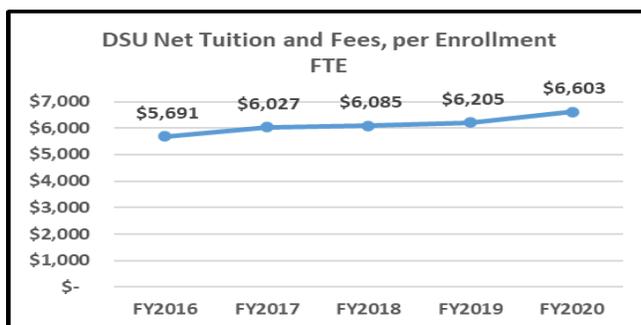
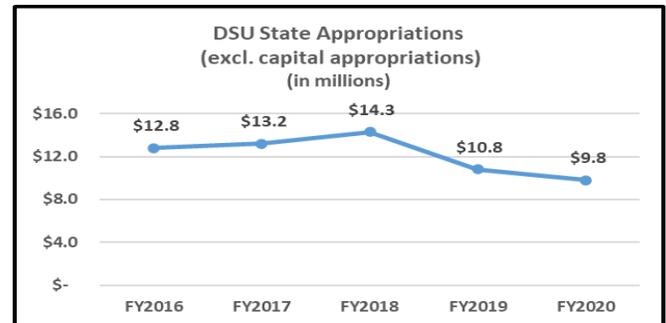
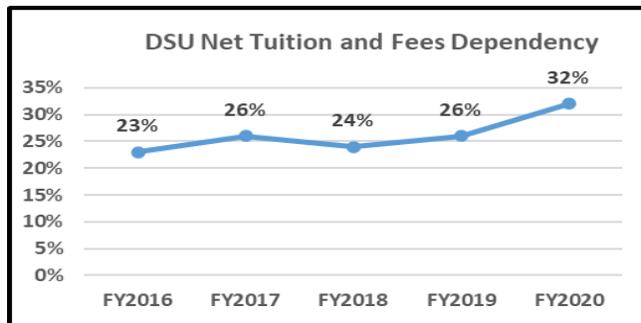
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

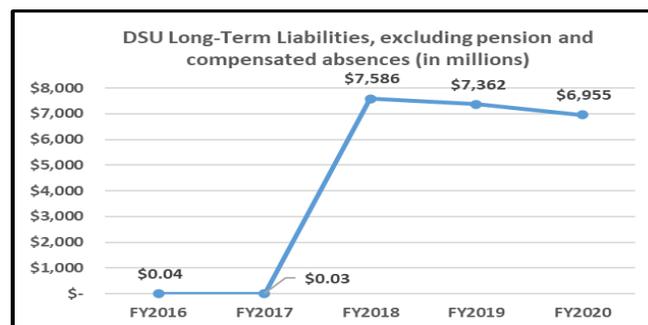
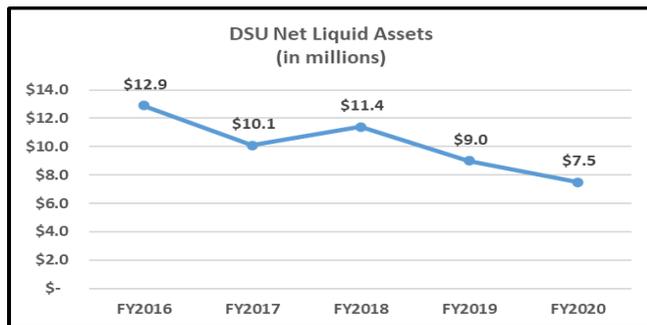
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.





DSU Summary:

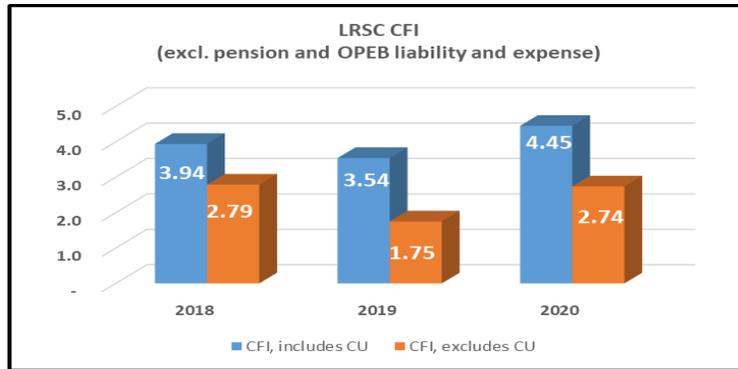
- CFI, including CU, increased slightly in FY2020 while the CFI, excluding CU fell below 1.0 in FY2020.
- Although the viability ratio, primary reserve ratio, current ratio and working capital ratio all are in the “good” range in FY2020, they have been trending downward since FY2016 and should be closely monitored going forward.
- The operating income margin has been negative since FY2013. The net income margin has been negative for the previous five years, with the exception of FY2018. Both margins should be closely monitored going forward.
- Net liquid assets decreased \$5.4 million or 41.9 percent compared to FY2016 due largely to reductions in state appropriation revenue and auxiliary revenues, resulting in DSU having to use reserves to cover operating expenditures.
- Long-term liabilities increased in FY2018 as a result of a notes payable for capital projects related to safety improvements and has decreased since then as debt payments are made.
- Net tuition and fees, per Enrollment FTE has increased 16.0 percent compared to FY2016 while state appropriations have decreased 23.4 percent for the same period.
- Fall enrollment increased each year in FY2016 through FY2020. It increased by 77 or 7.2 percent compared to Fall 2015 and by 54 or 4.9 percent compared to FY2019.

In June 2014, DSU prepared a plan for the SBHE Budget and Finance Committee to address the negative trends for operating income margin and enrollment. The plan outlined several steps taken by DSU since FY2012 that included reducing operating expenses, reducing FTE through retirements, reorganizations and attrition and enhanced marketing and recruitment efforts to increase enrollment.

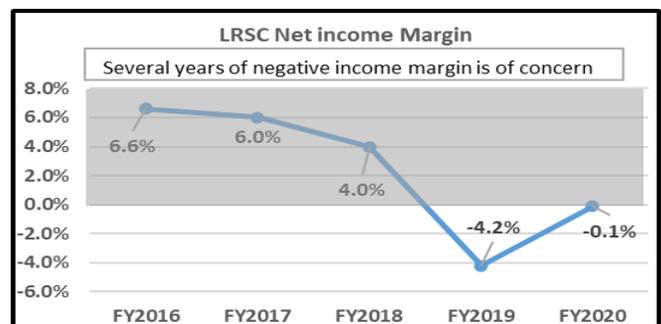
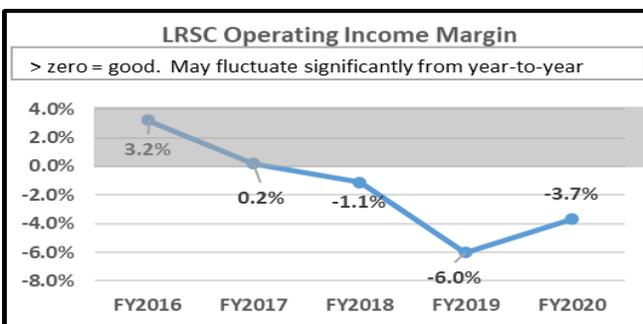
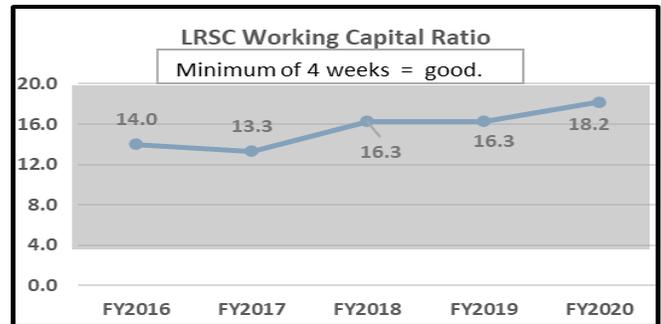
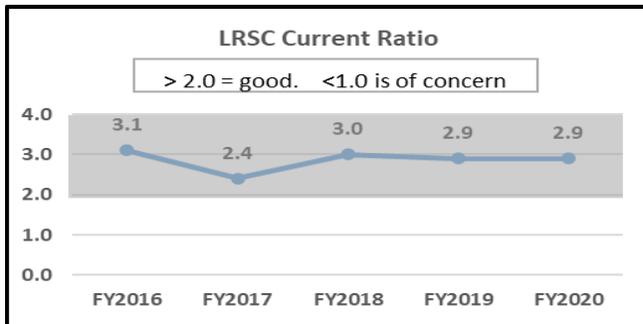
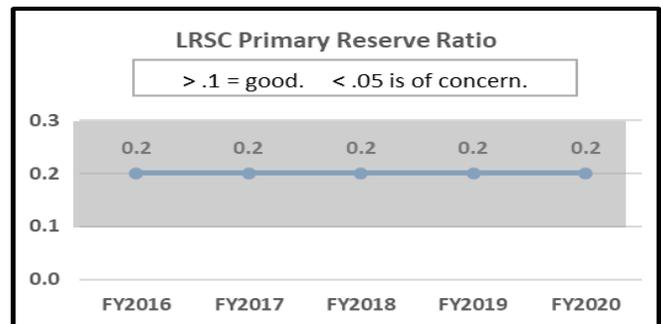
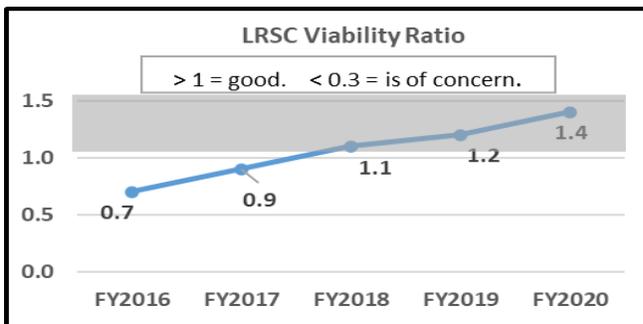
Plan Status Update: During FY2020 the DSU enrollment and retention rates decreased from FY2019, however, actual tuition and fees revenue increased due to an increased tuition rate. Fall 2020 enrollment headcount numbers increased significantly going from 1,350 in Fall 2019 to 1,441 in Fall 2020. DSU also expects to receive a benefit from the new tuition model which was implemented in Fall 2020. DSU continues to work on residence life facilities improvements and food services enhancements, both initiatives should improve student recruitment and retention. DSU continues to carefully monitor expenses. This will continue, along with re-allocation of existing funds, to maintain the expense budget at current levels or slightly lower when possible.

For the 2019 -2021 biennium DSU faced a budget shortfall of more than \$7.0 million, DSU reduced total budgeted expenses by \$5.3 million, \$1.2 million in operations and \$4.1 million in salaries and benefits. DSU will continue to carefully monitor expenses and reallocate expenses as needed. The four-year projection is showing a balanced budget in the 2021-2023 biennium.

Lake Region State College (LRSC)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if "in" for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

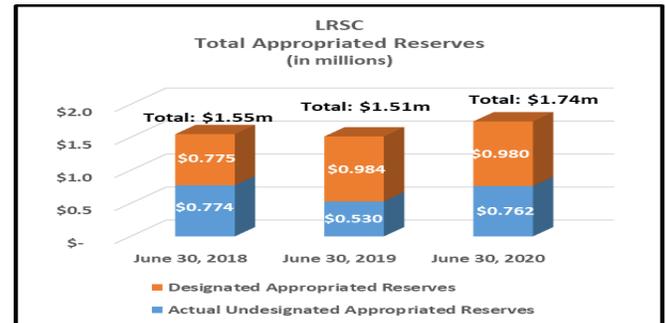
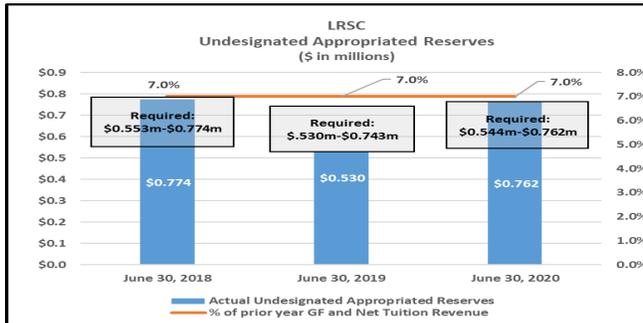


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

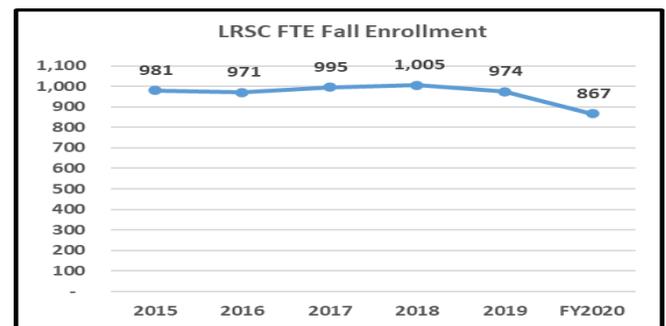
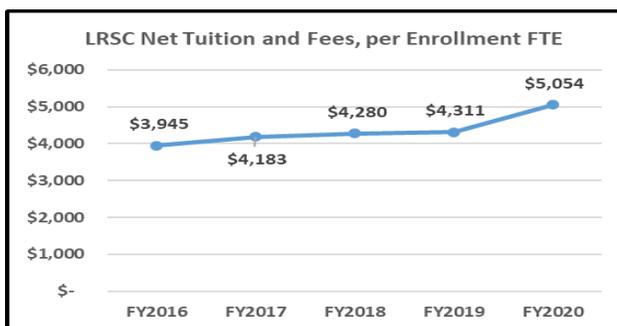
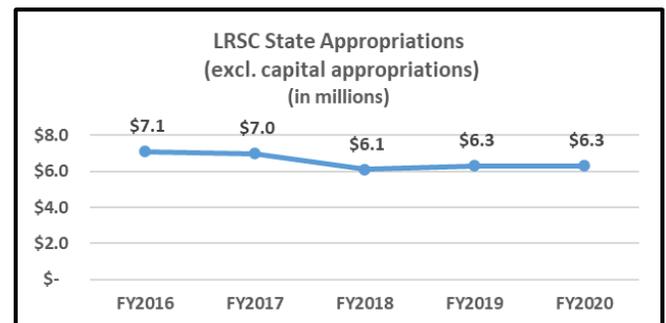
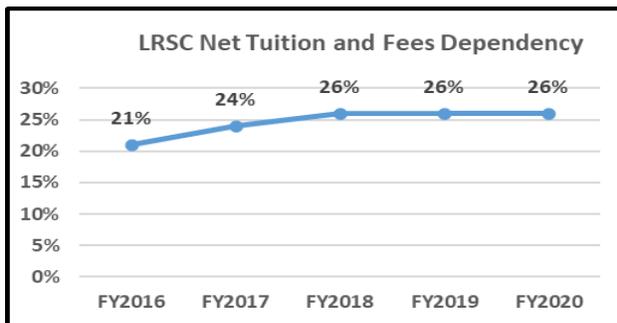
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

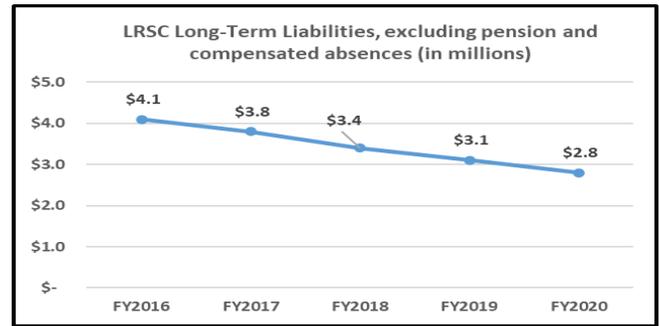
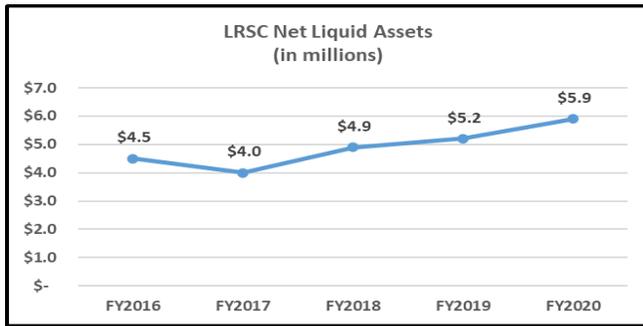
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

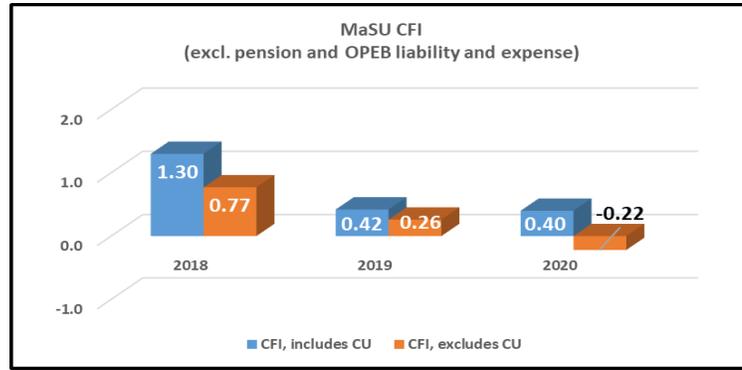




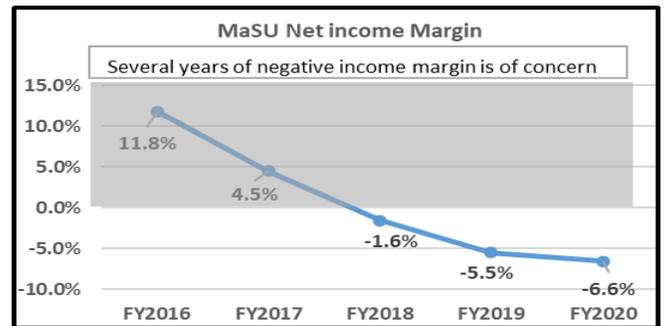
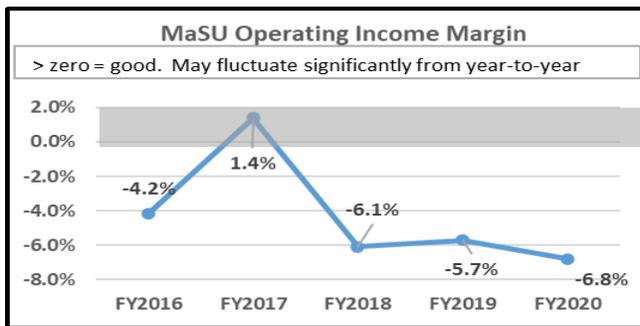
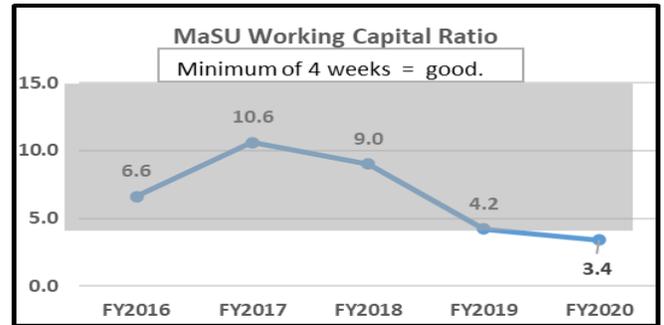
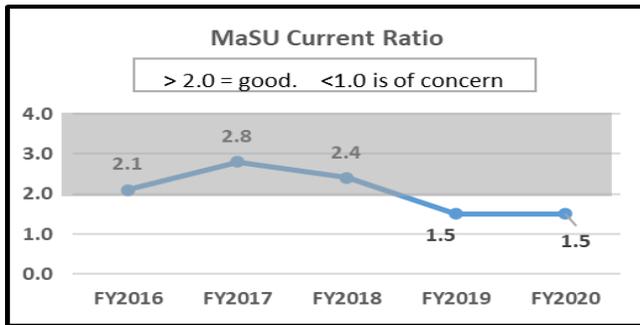
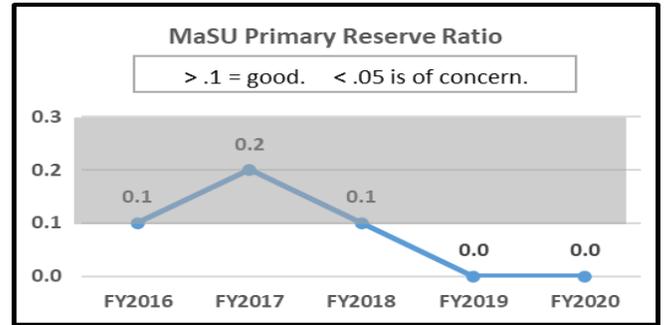
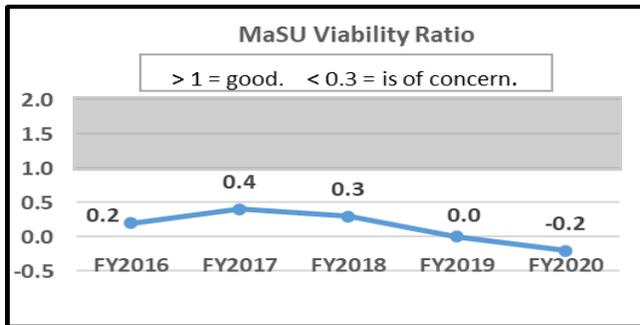
LRSC Summary:

- CFO scores are solid and increased from FY2019 to FY2020.
- All ratios are good or very good, with the exception of the operating income margin and net income margin. However, the negative margins are not a concern at this time given the strength of the other ratios.
- Net tuition and fees, per Enrollment FTE increased 28.1 percent compared to FY2016 while state appropriations decreased 11.3 percent for the same period.
- FTE Fall Enrollment has decreased since FY2018 and has decreased by 114 FTE or 11.6 percent since Fall2015.

Mayville State University (MaSU)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

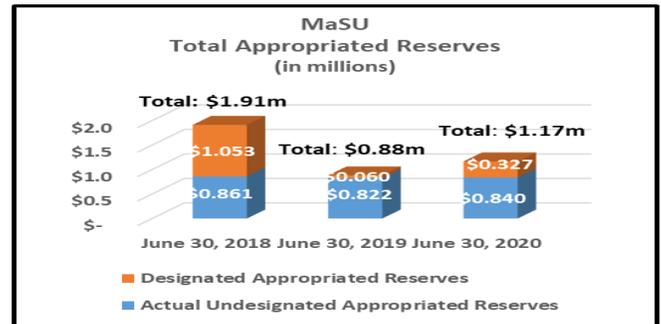
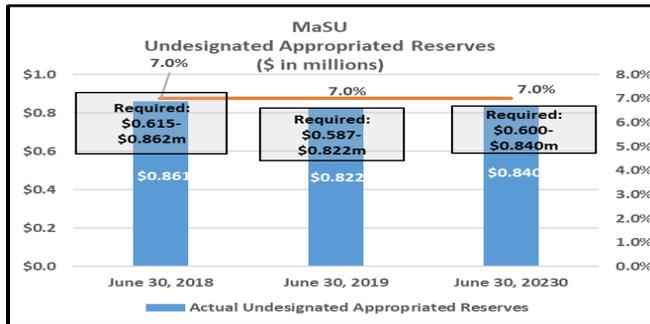


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

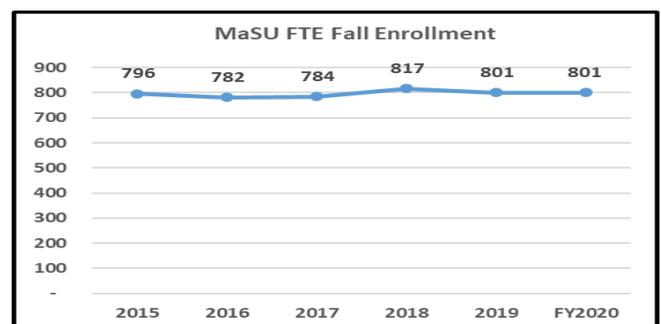
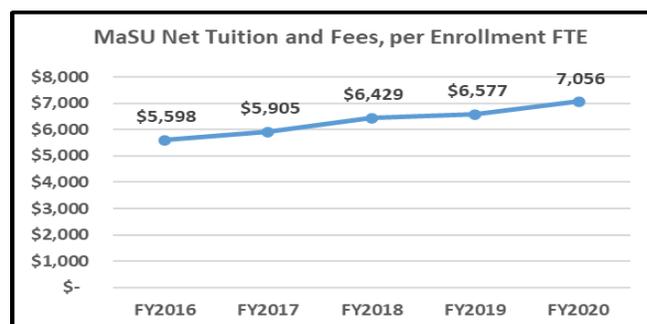
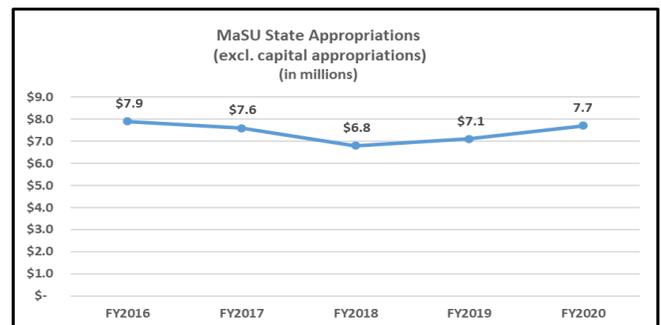
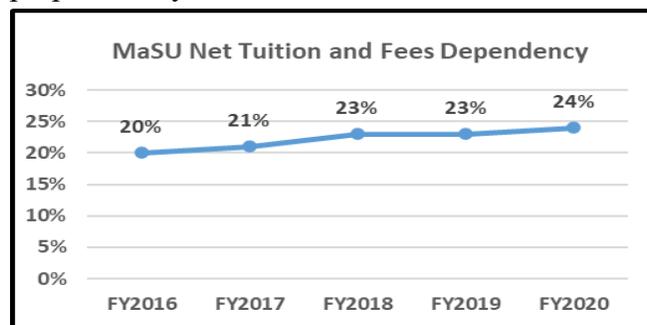
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

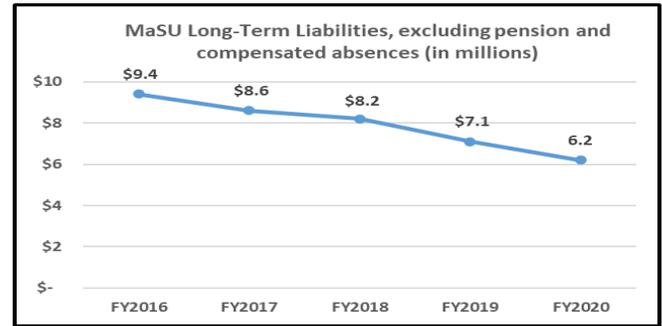
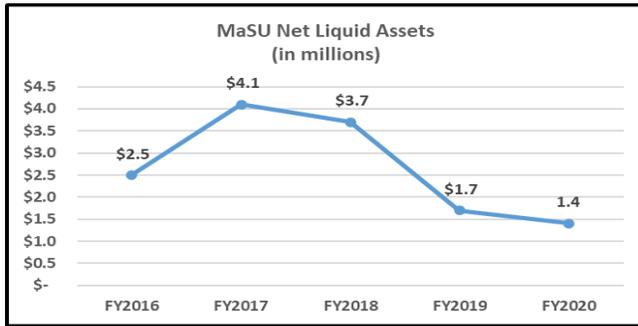
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

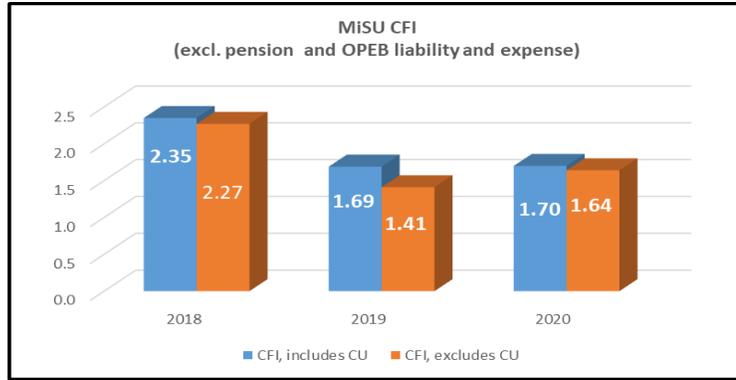




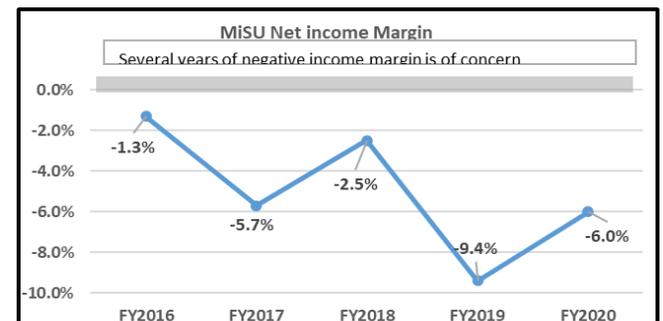
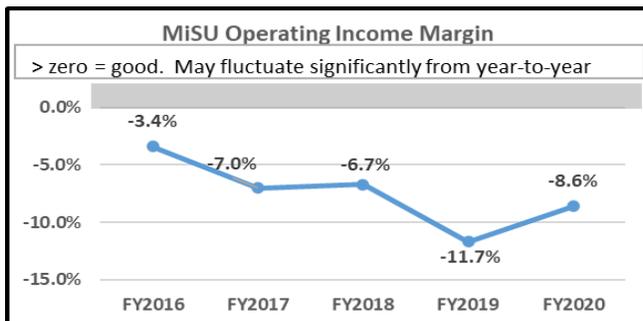
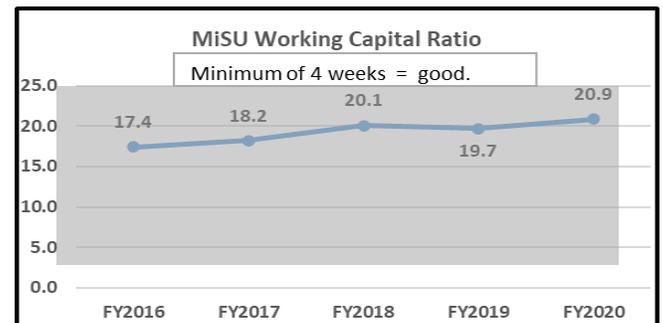
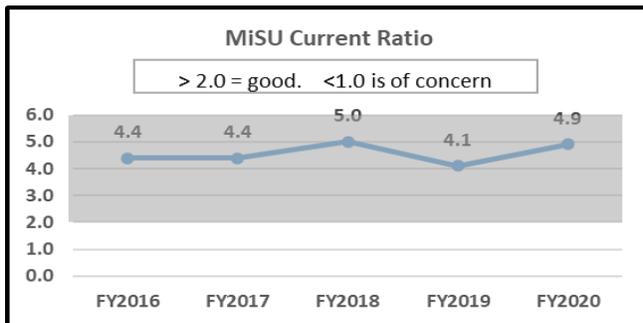
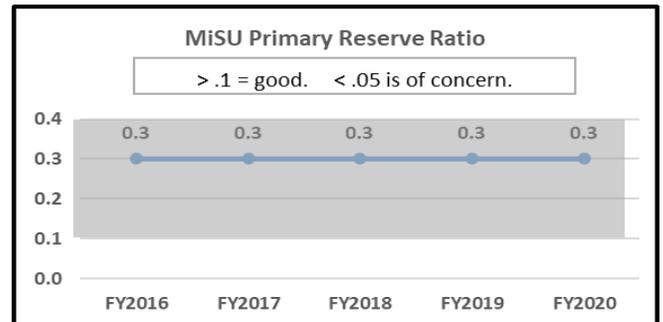
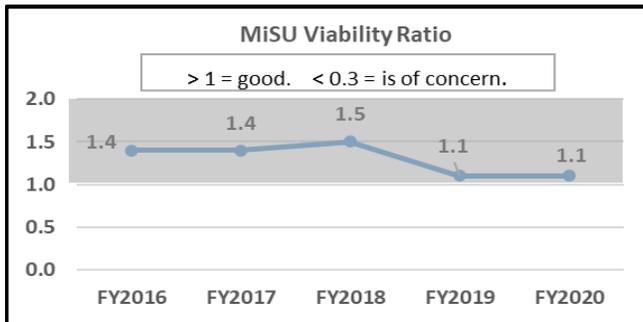
MaSU Summary:

- CFI score, including CU, is in the “In” zone for two consecutive years. The CFI, excluding CU, is negative in FY2020. The CFI should be carefully monitored going forward.
- All of the ratios are below the financial performance industry standards.
- The operating income margin and the net income margin have been in the negative range for the prior three fiscal years. The operating income margin has been in the negative range for four out of the last five years.
- The ratios and margins discussed above should be carefully monitored going forward.
- Long-term liabilities have decreased 34 percent since FY2016. However, with a viability ratio below zero, MaSU should be cautious about adding new debt in the future.
- Net tuition and fees, per Enrollment FTE increased 26.0 percent compared to FY2016 while state appropriations decreased 2.5 percent for the same period.
- Fall FTE Enrollment is relatively flat for Fall 2015 through 2020.
- MaSU is closely monitoring their financial situation and will be providing a financial plan update to the SBHE Budget and Finance Committee in the April 2021 meeting.

Minot State University (MiSU)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if "in" for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

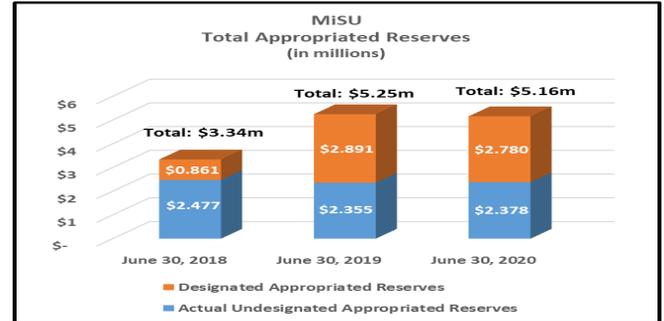
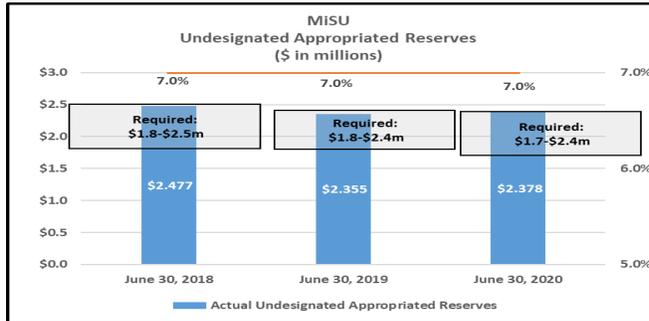


Appropriated Reserves

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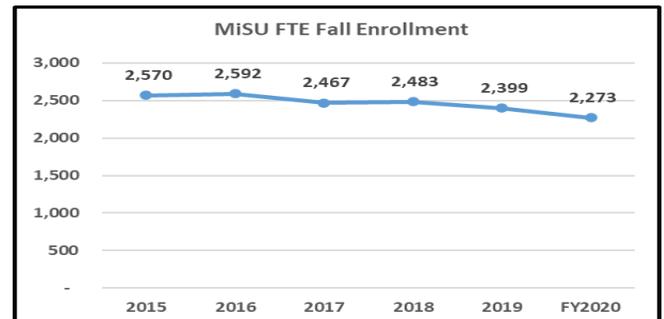
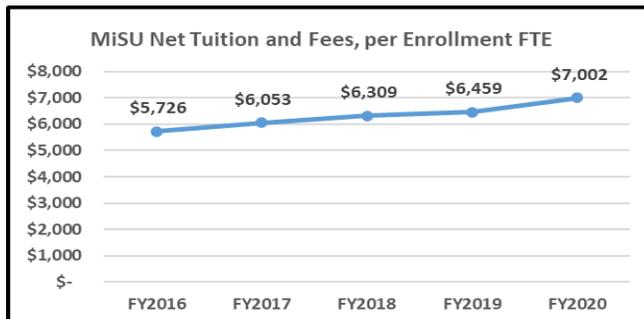
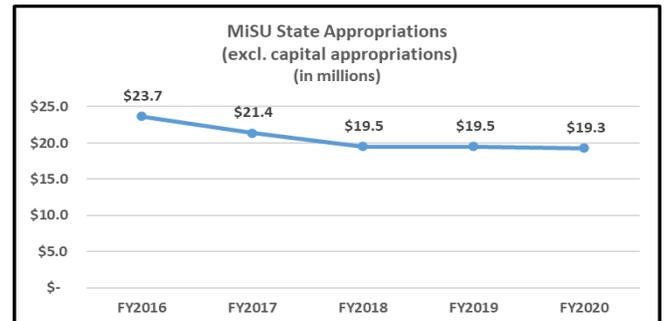
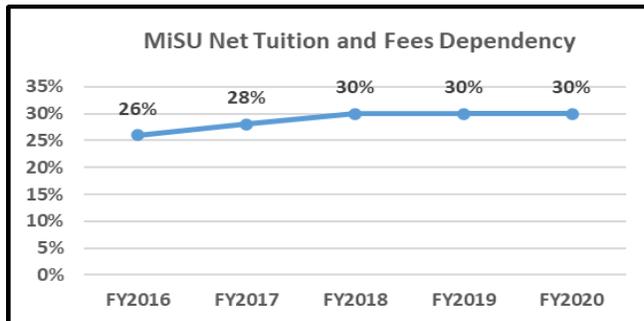
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

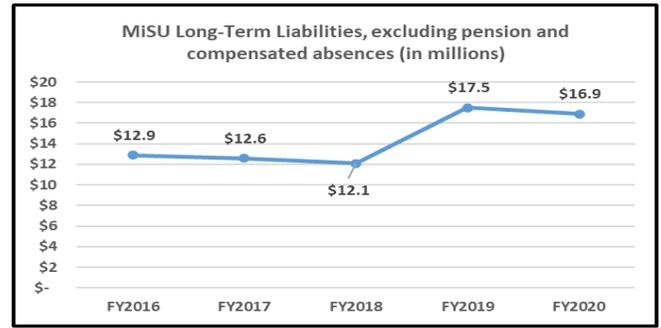
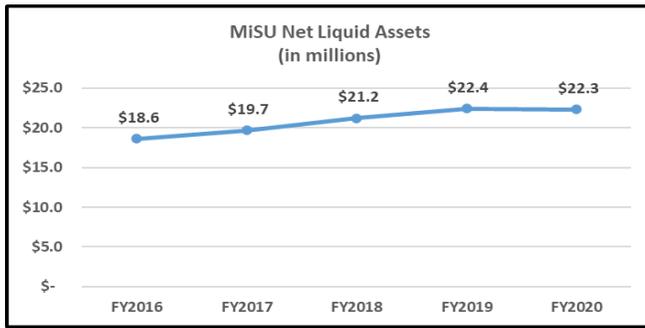
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

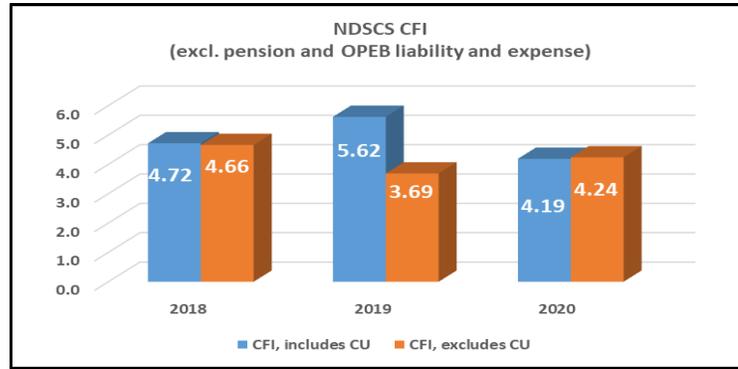




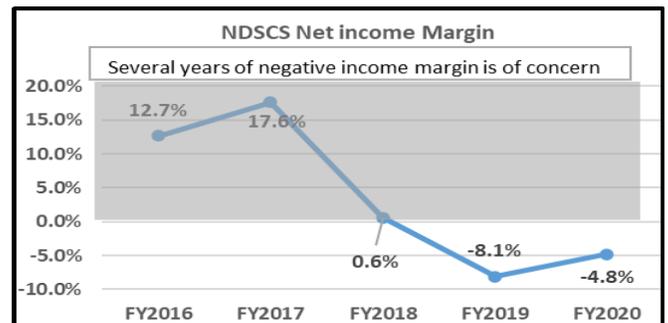
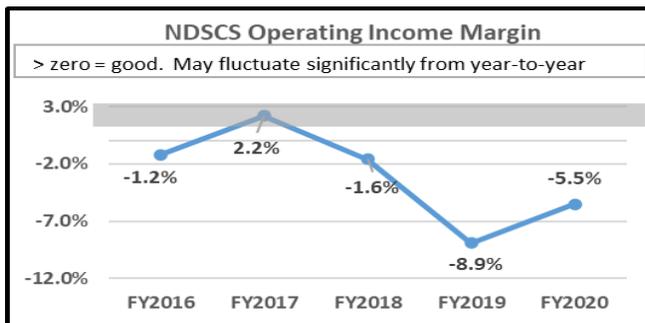
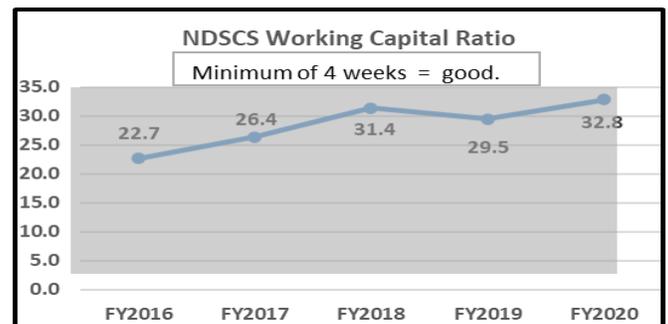
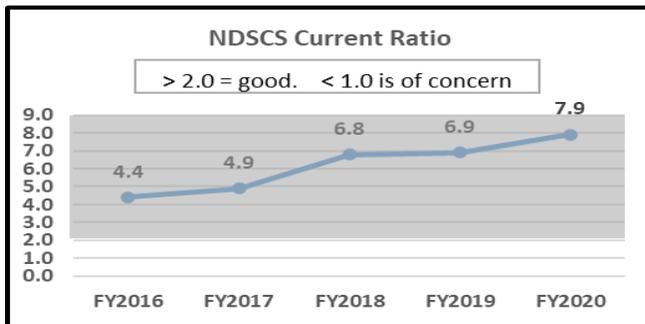
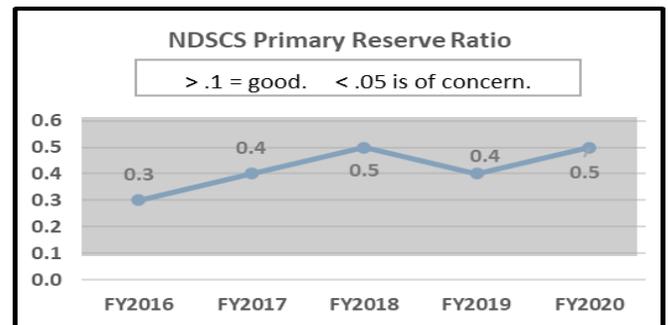
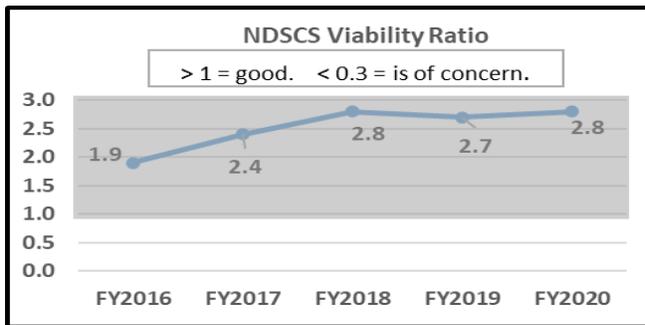
MiSU Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin and net income margin. Given the strength of the other ratios, the negative operating income margin and net income margin are not a concern at this time.
- Net tuition and fees, per enrollment FTE increased 22.3 percent compared to FY2016, while state appropriations decreased 18.6 percent for the same period.
- Fall FTE Enrollment decreased 11.6 percent from Fall 2015 and has decreased in each of the prior three years.

North Dakota State College of Science (NDSCS)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if "in" for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

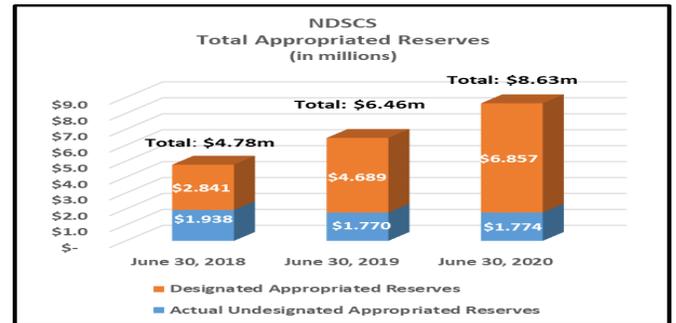
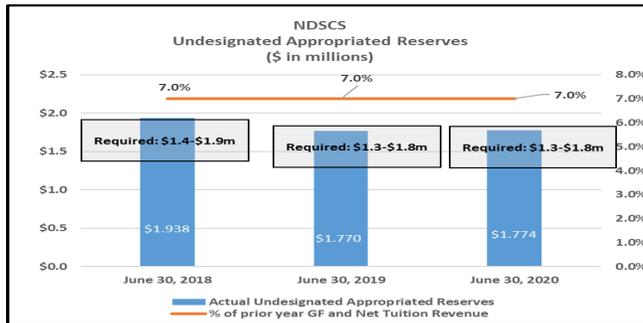


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

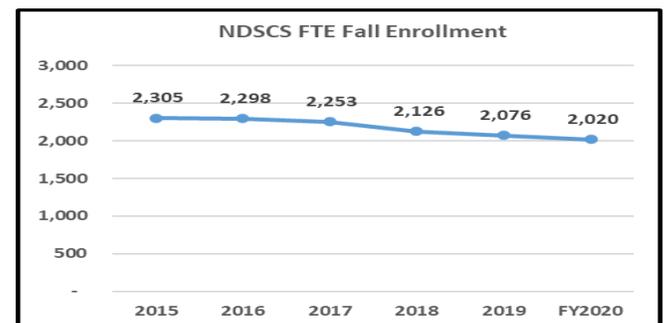
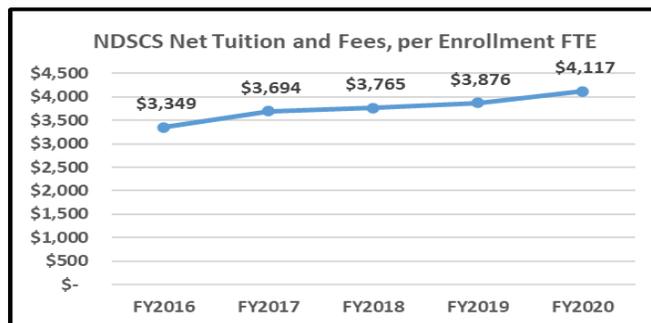
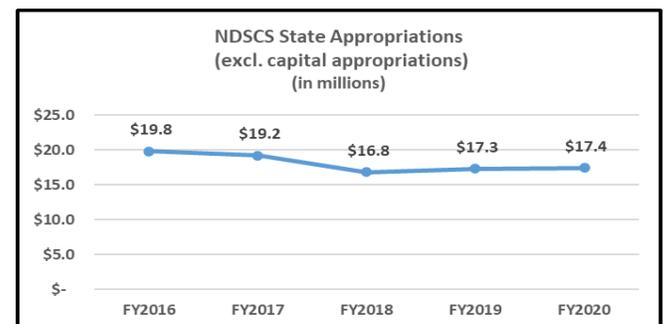
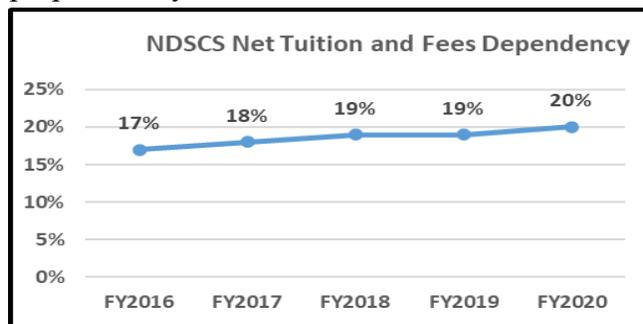
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

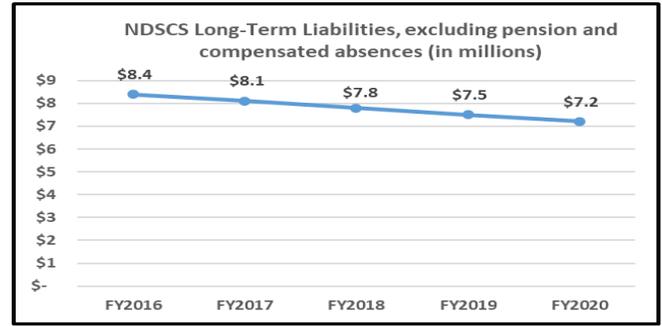
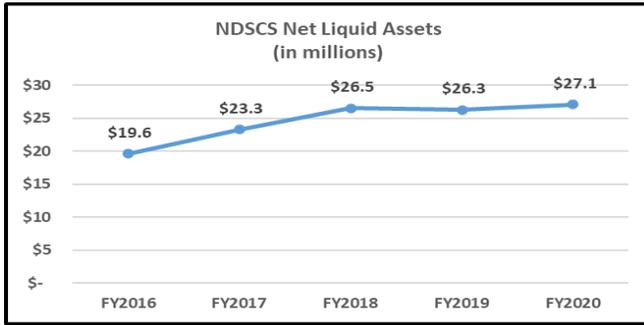
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

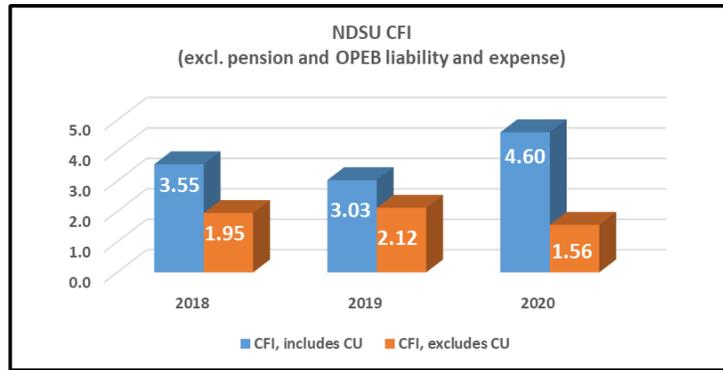




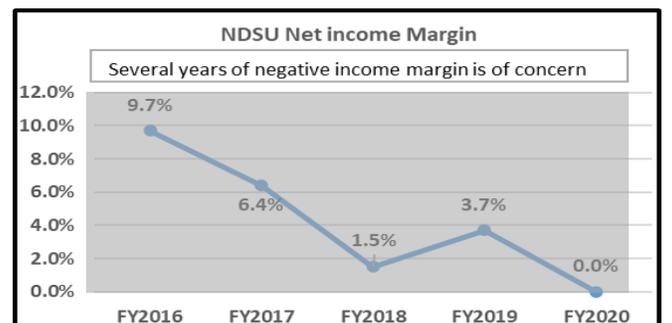
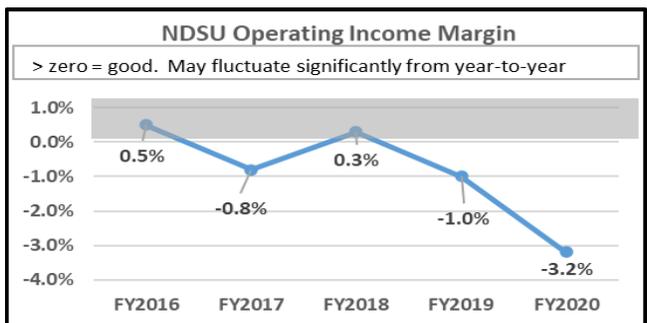
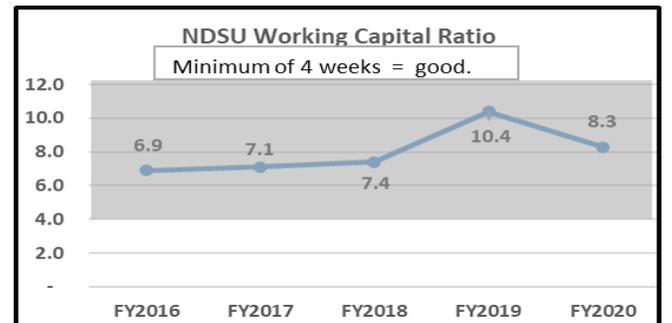
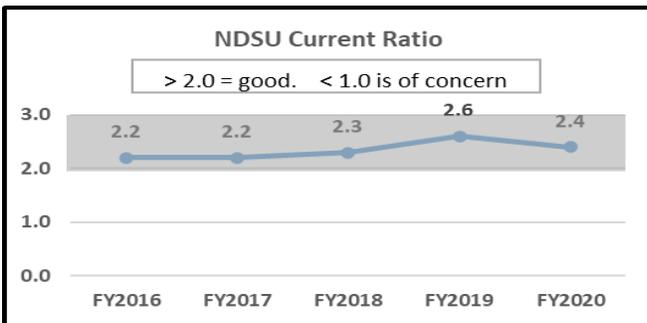
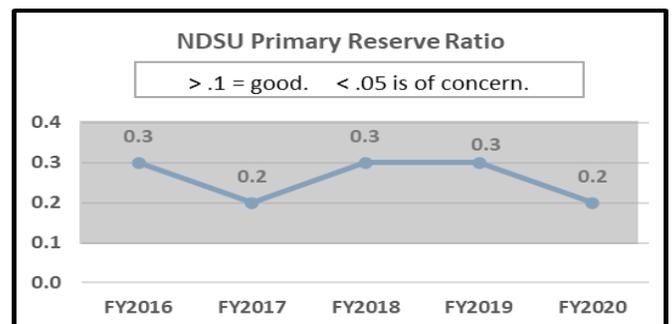
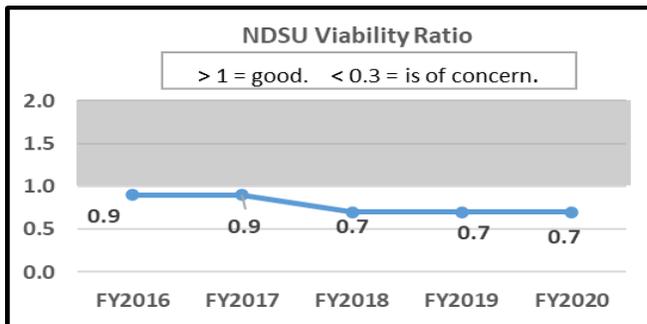
NDSCS Summary:

- CFI scores are solid.
- All other ratios continue to be good or very good, with the exception of the operating income margin and net income margin. These margins can fluctuate from year-to-year and are not a concern given the strength of the other ratios.
- Net tuition and fees, per enrollment FTE increased 22.9 percent compared to FY2016, while state appropriations decreased 12.1 percent for the same period.
- Starting in Fall 2016, enrollment has declined each year. Compared to Fall 2015, enrollment decreased by 285 or 12.4 percent in Fall 2020.

North Dakota State University (NDSU)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

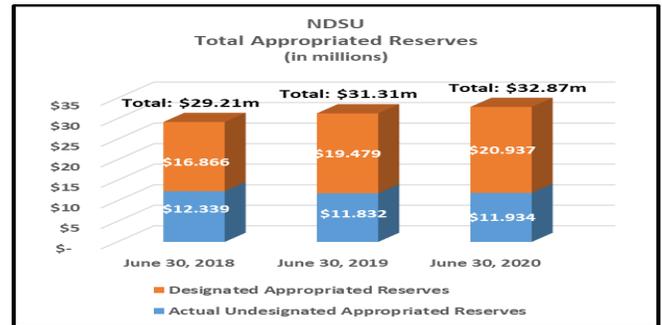
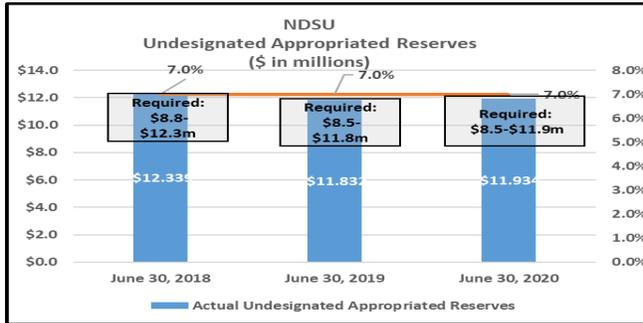


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

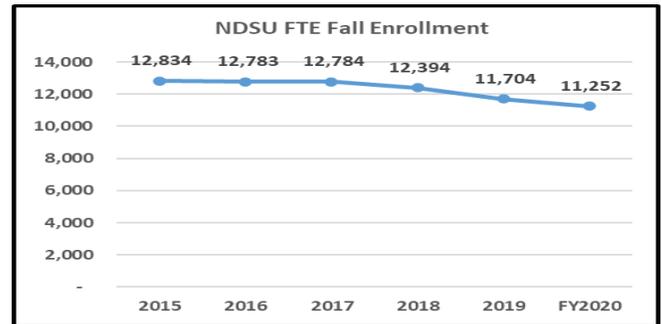
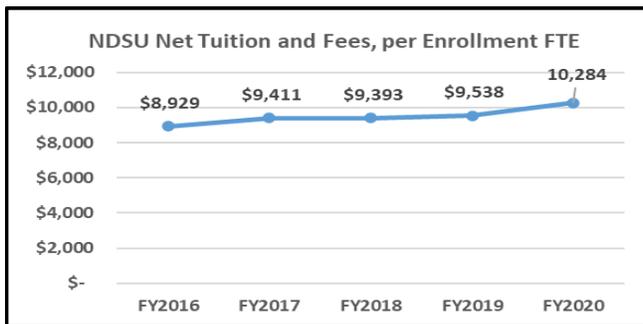
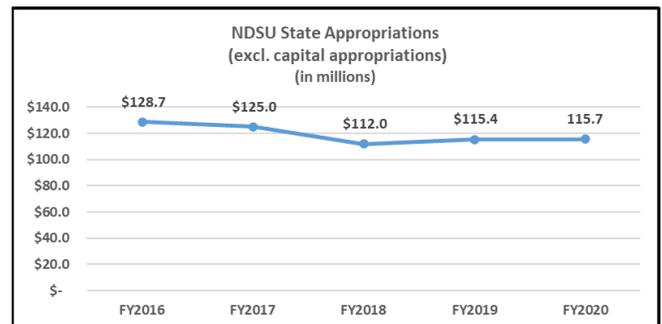
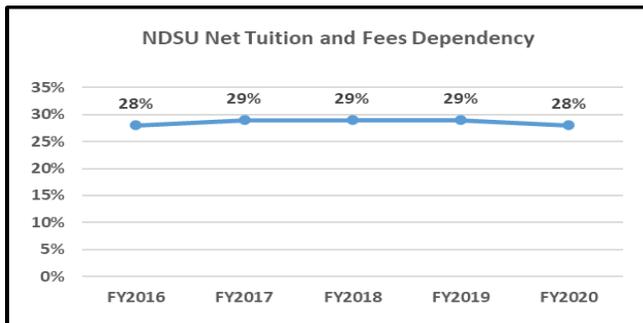
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

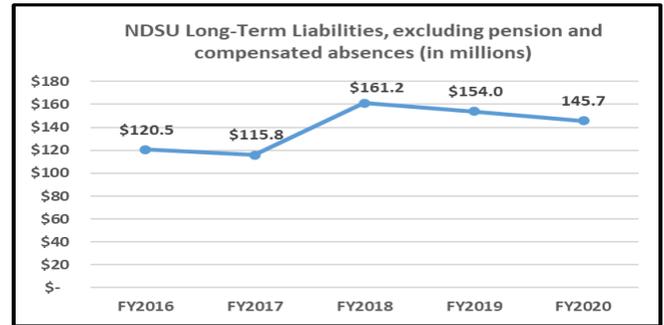
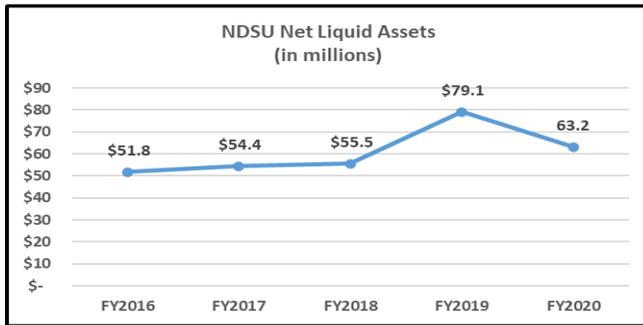
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

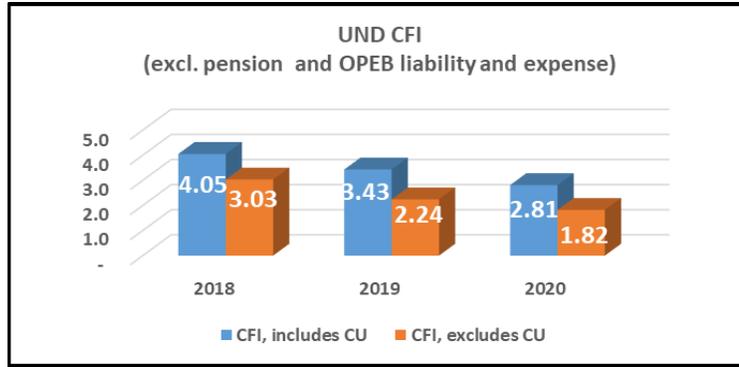




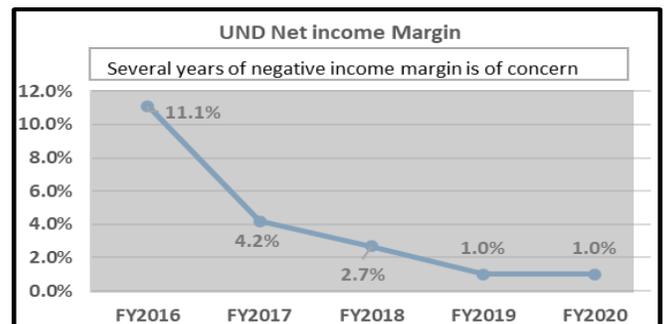
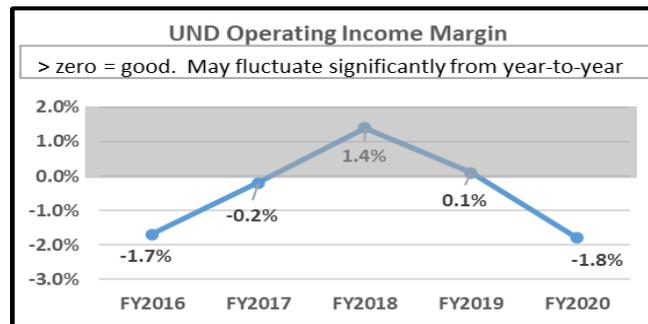
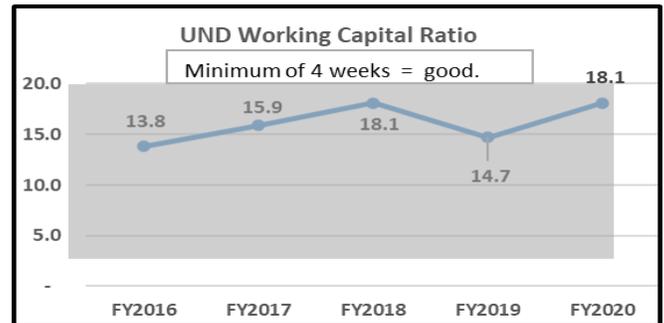
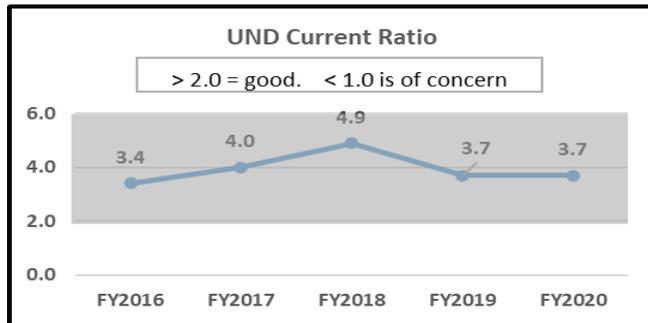
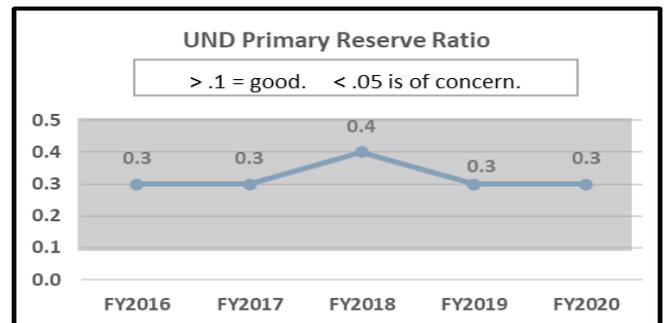
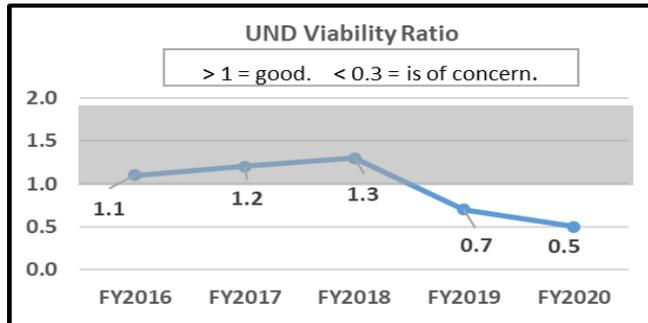
NDSU Summary:

- CFI scores are solid.
- The primary reserve, current and working capital ratios are good or very good.
- The viability ratio of 0.7 is not a concern at this time due to the strength of the other ratios.
- The operating income margin has been negative for three out of the previous five fiscal years, but it is not a concern at this time due to the strength of the other ratios.
- Net tuition and fees, per FTE enrollment increased 15.2 percent since FY2016 while state appropriations decreased 10.1 percent for the same period.
- Fall 2020 FTE Enrollment declined by 1,582 or 12.3 percent compared to Fall 2015. Enrollment has declined each year since Fall 2015, with the exception of Fall 2017.
- Standard & Poor’s reaffirmed its ‘AA-’ rating with a stable outlook in a report dated June 4, 2019. According to S&P, “We assessed NDSU’s enterprise profile as very strong, characterized by a modest decline in enrollment, solid matriculation rates, and good geographic diversity, which has helped offset local demographic pressures. We assessed the university’s financial profile as very strong, characterized by solid available resources, good financial policies, and a low debt burden”.

University of North Dakota (UND)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if "in" for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

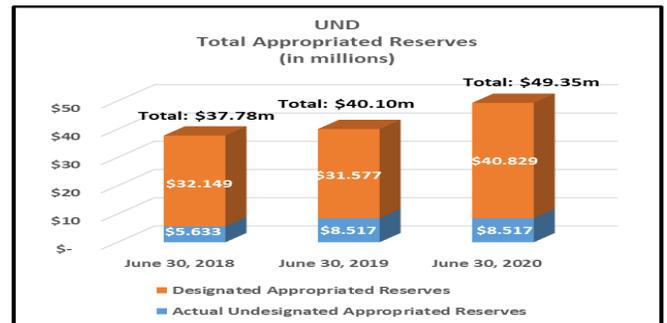
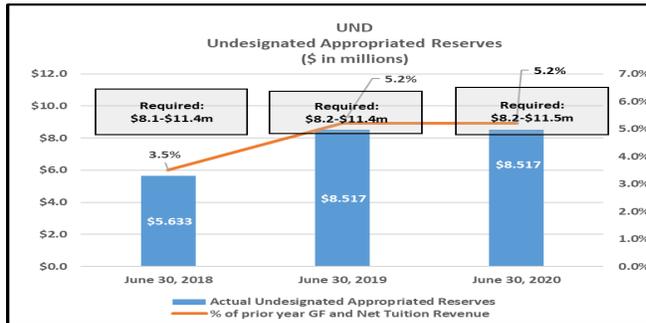


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

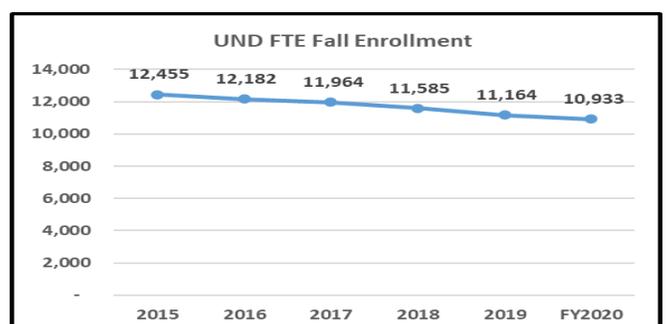
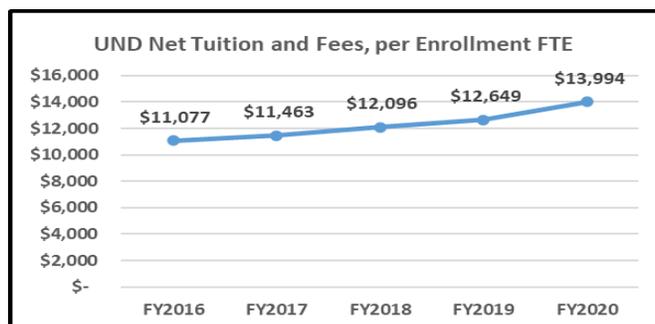
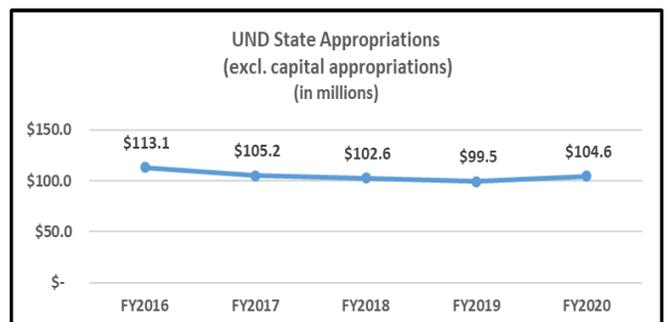
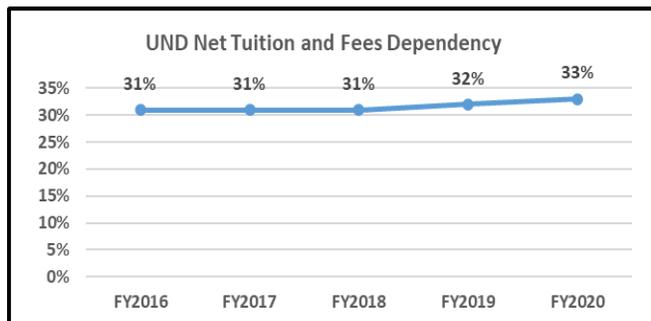
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

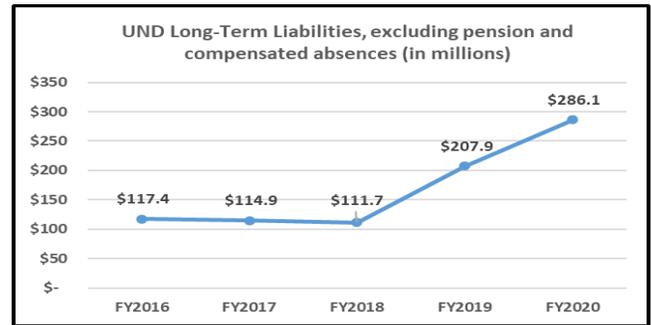
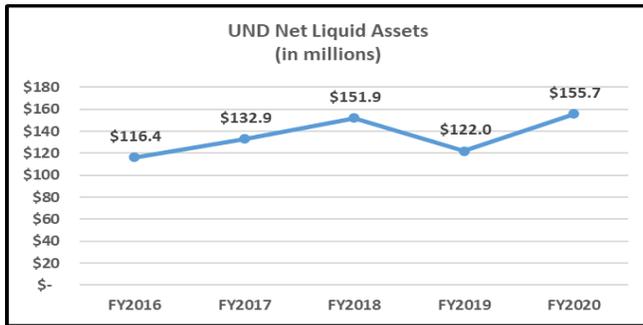
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.

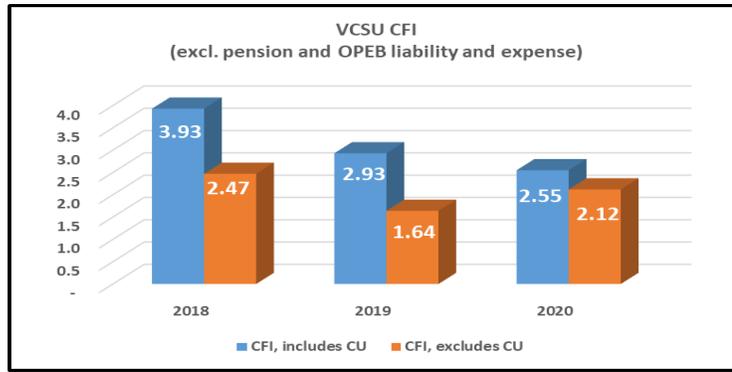




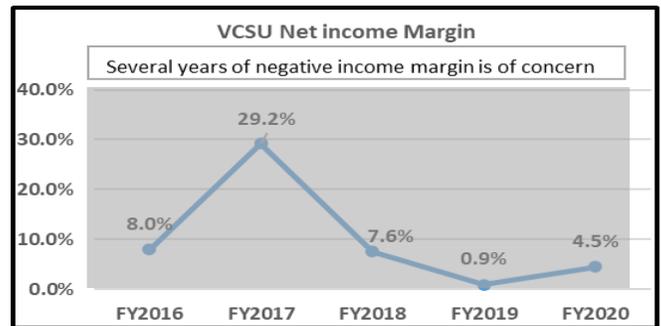
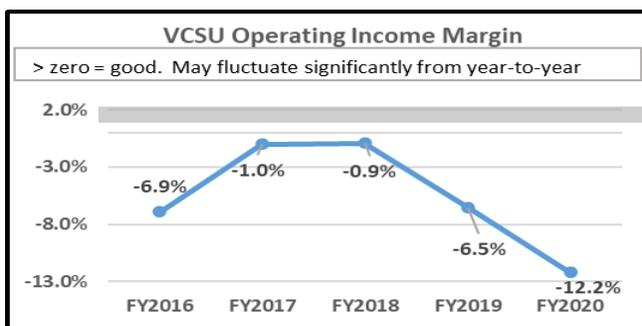
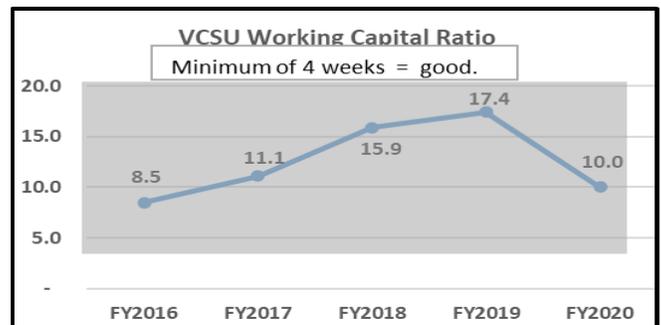
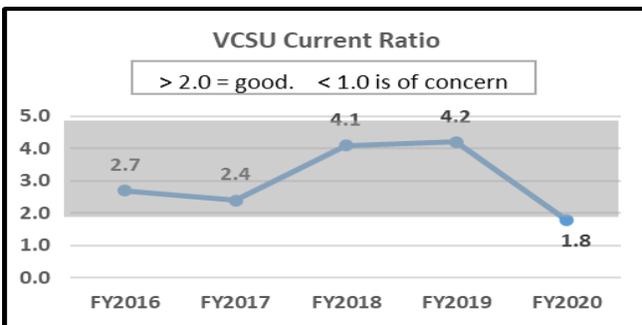
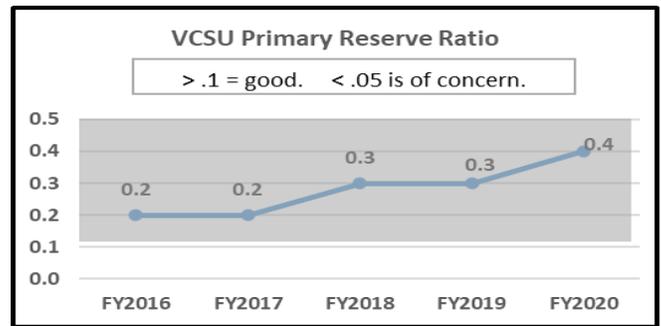
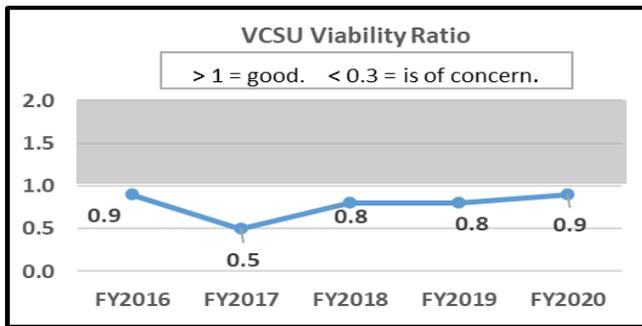
UND Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the viability ratio and operating income margin. However, they are not a concern at this time due to the strengths of the other ratios.
- Long-term liabilities have increased \$174.4 million or 148.6 percent since FY2018 as a result of the issuance of certificates of participation in FY2019 of \$96.8 million and housing and auxiliary facilities bonds in FY2020 of \$80.9 million. The certificates of participation were issued to fund the construction and operation of a new steam plant and make other energy conservation improvements.
- Net tuition and fees, per FTE enrollment increased 26.3 percent since FY2016 while state appropriations decreased 7.5 percent for the same period.
- Fall enrollment has decreased every year since Fall 2015. Fall 2019 enrollment decreased 1,522 or 12.2 percent compared to Fall 2015.

Valley City State University (VCSU)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

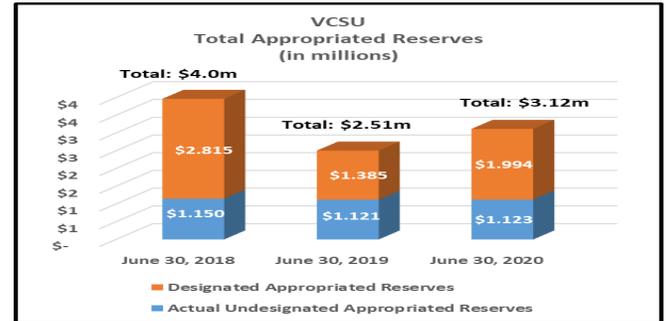
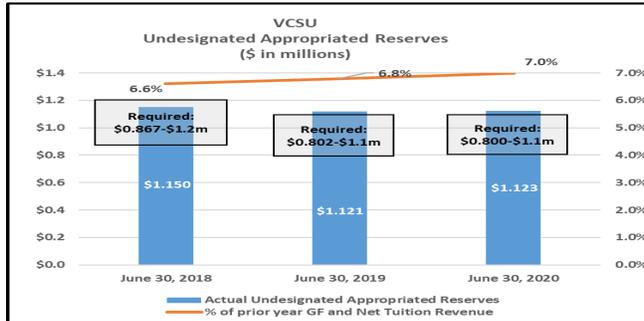


Appropriated Reserves

Unrestricted appropriated funds are set aside for two purposes: 1) undesignated reserves for sudden revenue shortfalls or unexpected expenses and 2) designated reserves for future programs, technology, strategic planning initiatives, etc., and other needs as determined by the institution.

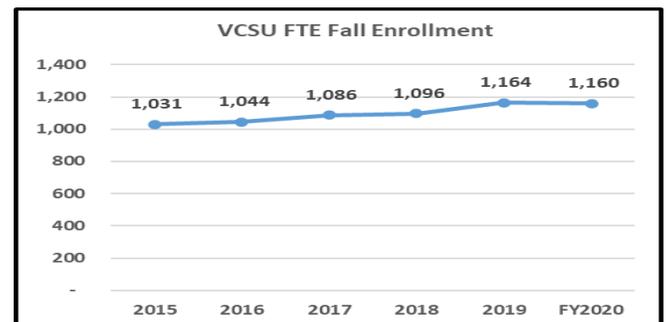
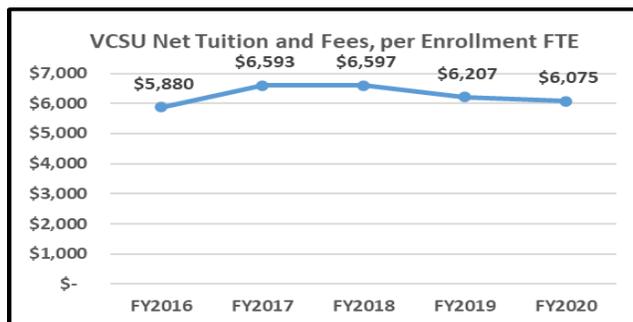
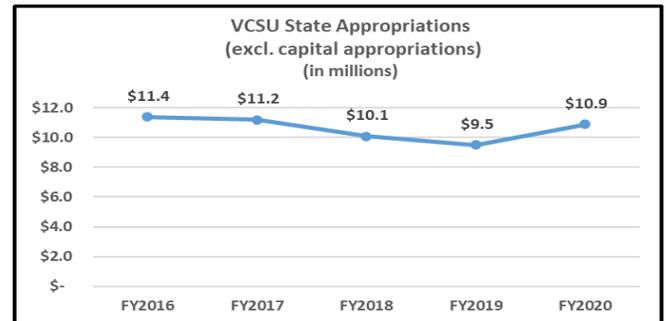
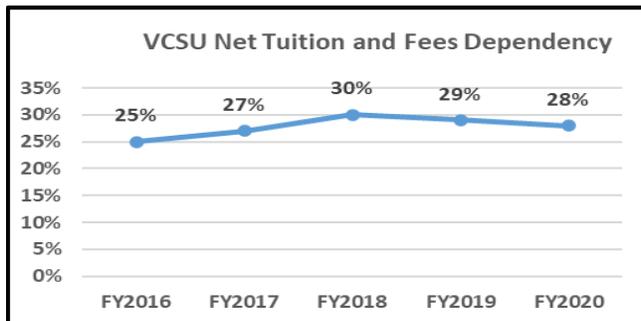
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

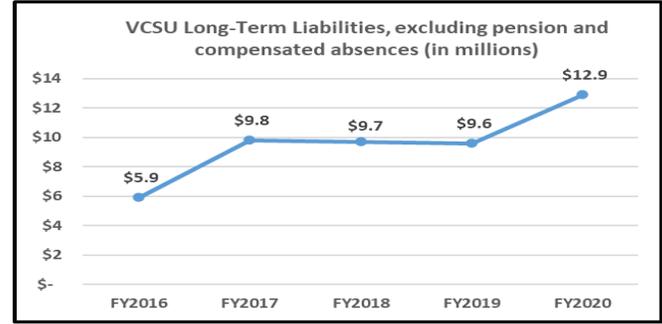
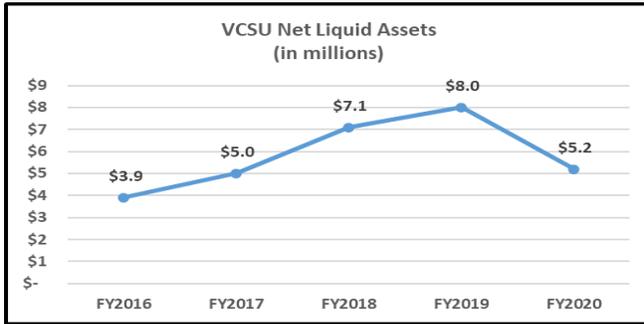
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.





VCSU Summary:

- CFI scores are solid.
- The primary reserve and working capital ratios are good. The viability and current ratios decreased in FY2020 and are below general industry standards.
- Operating income margin continues to trend negative, while the net income margin trends positive. The operating income margin has decreased since FY2018.
- Net tuition and fees, per FTE enrollment increased 3.3 percent since FY2016 while state appropriations decreased 4.4 percent for the same period.
- Fall 2020 FTE Enrollment increased 12.5 percent compared to Fall 2015 FTE enrollment.

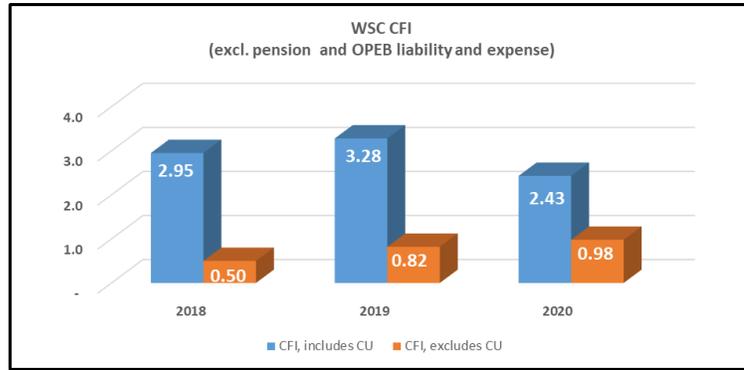
In June 2014, VCSU prepared a plan for the SBHE Budget and Finance Committee to address the negative trends. The plan called for careful monitoring of long-term debt and operating income margin.

Plan Status Update: VCSU provided an update to the SBHE Budget and Finance Committee in July 2017 and enumerated three strategies. Strategy 1–Activated Carbons project has potential for positive income generation and will help towards correcting the negative operating income margin. Strategy 2–Increased enrollment, retention, and persistence will lead to greater income. Strategy 3–VCSU plans to put 20 percent of new revenues towards correcting the operating income imbalance and reinvest 80% back into the institution. VCSU continues to carefully monitor the operating income margin. Strategy 1 and 3 is in process. Strategy 2 has been successful as VCSU had record enrollment in Fall2019. Fall2020 enrollment was slightly less than Fall2019. Additionally, the COVID-19 expenses and timing of revenues has caused challenges with this ratio.

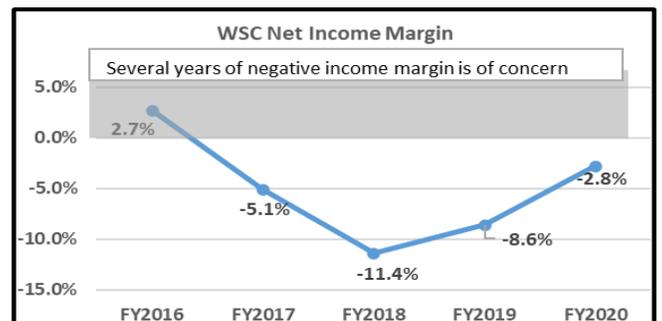
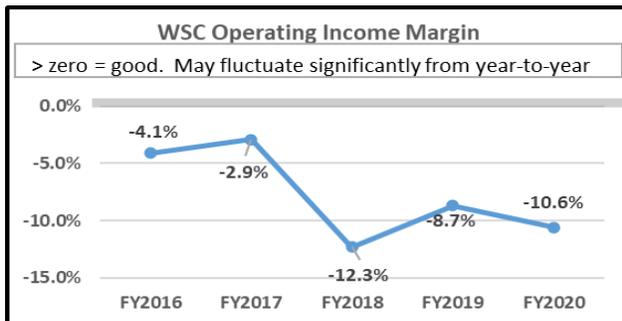
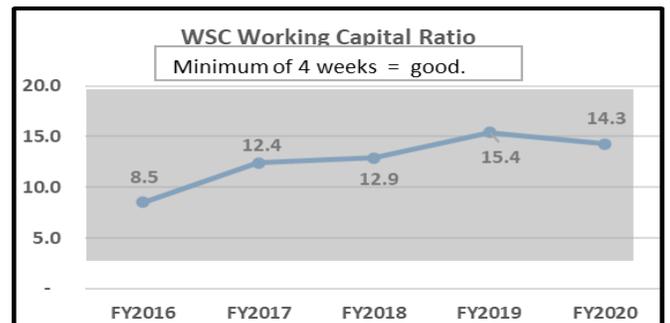
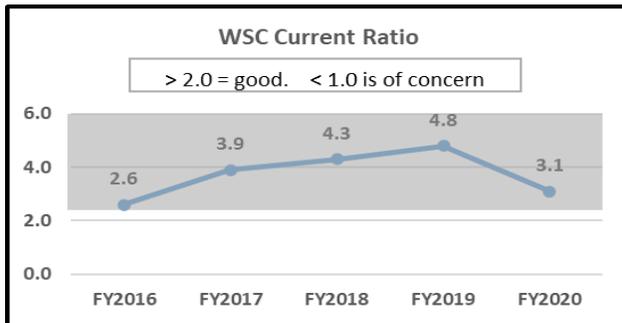
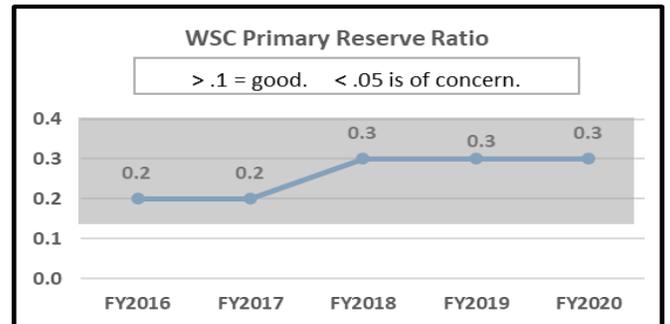
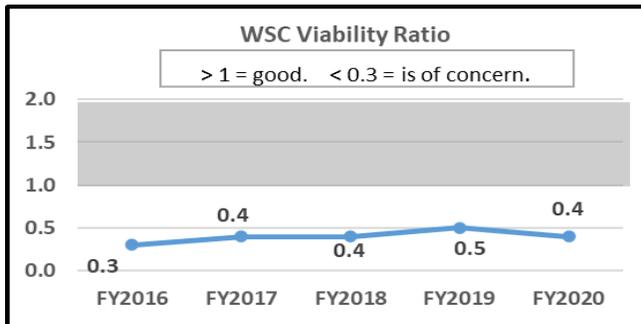
In FY2020, a timing difference occurred related to the refinancing of the 2010 Snoeynbos Bonds of \$3.2 million. The refinance was substantially completed by June 30, 2020, but the refinance final payments occurred on July 1, 2020. As a result of this timing difference, GASB accounting standards required both the original debt and the new debt to be reflected in VCSU’s general ledger at June 30, 2020. The table below illustrates the impact of this timing difference on the applicable ratios and balances. The pro-forma column excludes the impact of this timing difference.

Ratio	FY2020 Actual Ratio	FY2020 Proforma Ratio - Adjusted for bond refinance timing difference
Viability	0.9	0.8
Primary Reserve	0.4	0.3
Current	1.8	3.3
Working Capital	10.0	15.8
Operating Income Margin	-12.20%	-12.6%
Net Income Margin	4.50%	4.2%
Net Liquid Assets	\$5.2 million	\$8.3 million
Long-term Liabilities	\$12.9 million	\$9.8 million

Willison State College (WSC)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year

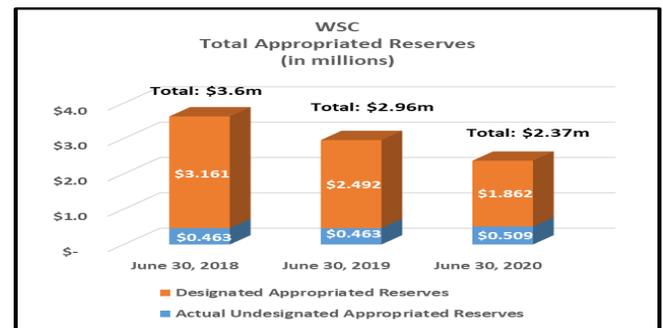
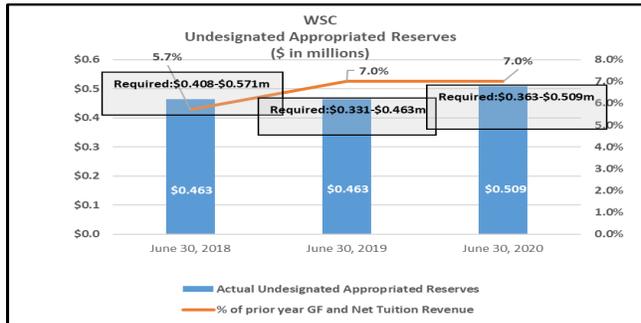


Appropriated Reserves

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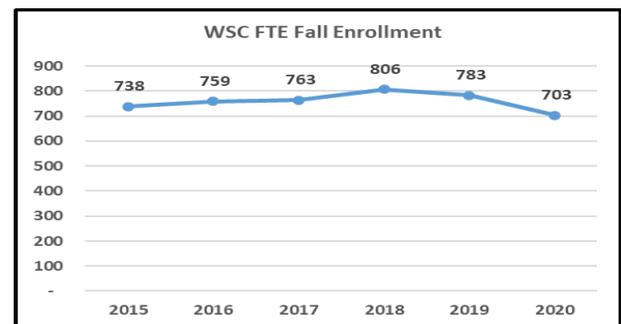
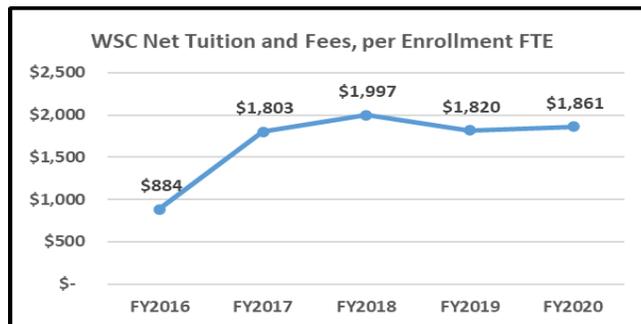
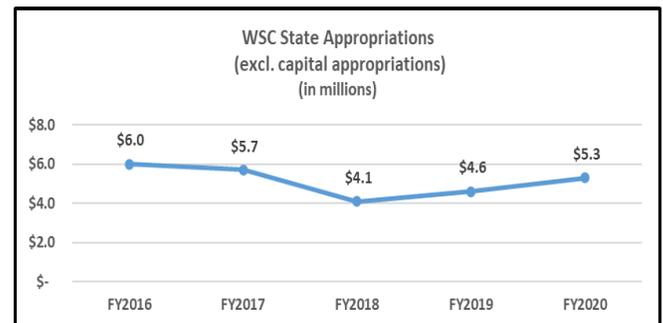
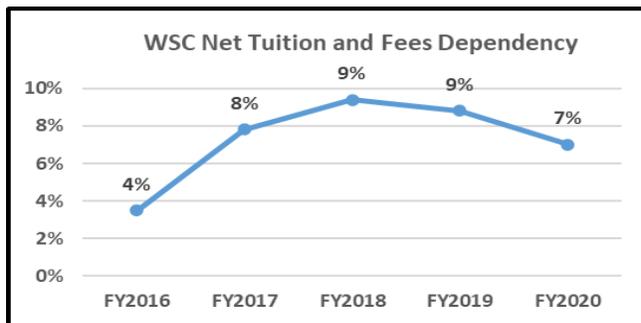
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

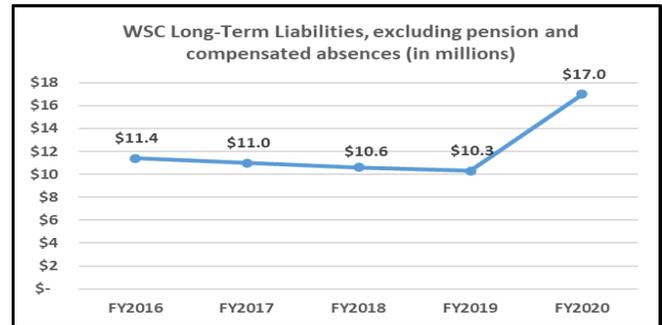
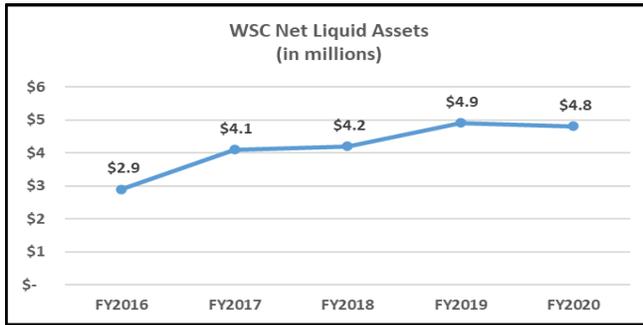
The information is presented on a cash basis.



Other Ratios:

No industry standard exists for the following ratios. They are presented here for informational purposes only.





WSC Summary

- CFI scores with the foundation balances are solid. However, CFI scores, excluding the foundation, have been in the “In” zone since FY2016.
- Viability ratio has been below 1.0 since FY2015 but based on the strong primary reserve, current ratio and working capital ratio it is not a concern at this time.
- Operating income margin has been negative since FY2016 and net income margin has been negative since FY2017. However, both margins have improved since FY2018.
- Net tuition and fees, per FTE enrollment increased 110.5 percent since FY2016 while state appropriations decreased 11.7 percent for the same period.
Note: The WSC Foundation Scholarships are recognized as gift revenue rather than tuition revenue, in accordance with GASB accounting standards.
- Fall 2020 FTE Enrollment increased every year from Fall 2015 through Fall 2018 and decreased in Fall 2019 and Fall 2020.