



North Dakota University System

Annual Financial Review Report

For Fiscal Year Ended June 30, 2021

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL REVIEW
Fiscal Year Ending 2021
Issue Date: March 1, 2022

The purpose of this report is to provide a financial analysis of each institution for fiscal year 2021. It is presented to provide an understanding of the financial health of each institution, as of June 30, 2021 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. **Note, these pages contain fiscal year 2020 data, pending the release of the fiscal year 2021 data by SHEEO in Spring 2022. At that time, this report will be updated and re-issued.** 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 fifteenth in state/local appropriations funding per FTE student, compared to a ranking of fourteenth in fiscal year 2019.

The operating income and net income margins ratios have been in the negative range for multiple years at most of the institutions and can fluctuate significantly from year to year. Factors such as large year-to-year variations in the actuarially-determined pension expense and increased depreciation expense as a result of additional buildings or building improvements can impact these ratios. Additionally, capital asset appropriations and capital grants and gifts can vary significantly from year-to-year and impact the net income margin. These ratios are not a concern at this time because all institutions have an acceptable CFI and maintain adequate appropriated reserves and additional designated reserves at levels required by the North Dakota State Board of Higher Education.

Overall, FTE Fall Enrollments have seen a decrease in the last several years at most of the institutions which is in line with national enrollment trends.

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

Formula: $\frac{\text{Expendable Net Position}}{\text{Long-Term Debt}}$
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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

Formula: $\frac{\text{Unrestricted Net Position and Expendable Net Position}}{\text{Annual Operating Expenses}}$

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

Formula: $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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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

Formula: $\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 52 \text{ weeks}$
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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 Ratio

Formula: $\frac{\text{Income (loss) before state appropriations-capital assets and capital grants and gifts}}{\text{Total Revenue (operating and non-operating)}}$

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.

A negative operating margin 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 Ratio

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 2020 report is used for fiscal year 2021. 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:	$\frac{\text{FY2021 Net Liquid Assets} - \text{FY2017 Liquid Assets}}{\text{FY2017 Liquid Assets}}$
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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:	$\frac{\text{FY2021 LT Liabilities} - \text{FY2017 LT Liabilities}}{\text{FY2017 LT Liabilities}}$
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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. **The data below will be updated for fiscal year 2021 upon release of the SHEEO report in Spring 2022.**

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.

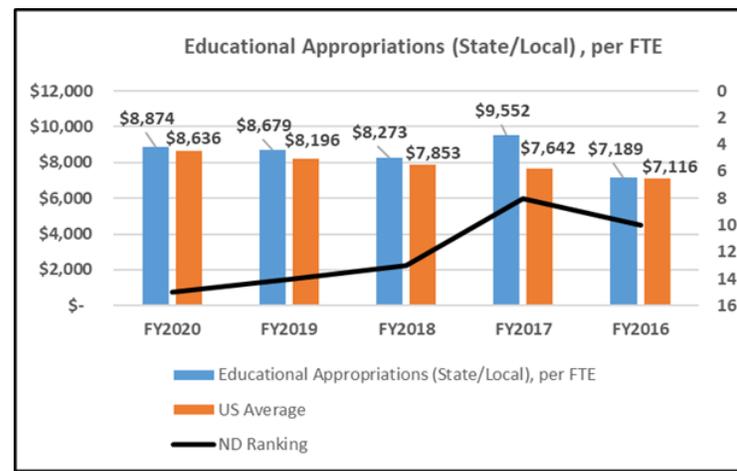
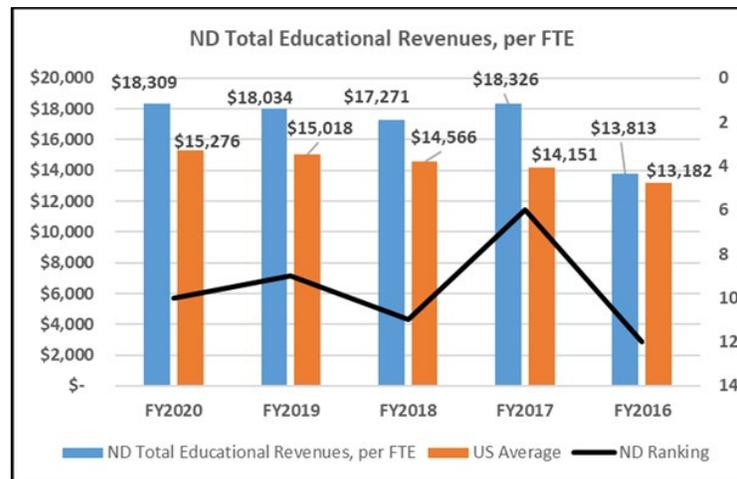
Source: FY2020 SHEEO State Higher Education Finance Report

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. **The data below will be updated for fiscal year 2021 upon release of the SHEEO report in Spring 2022.**

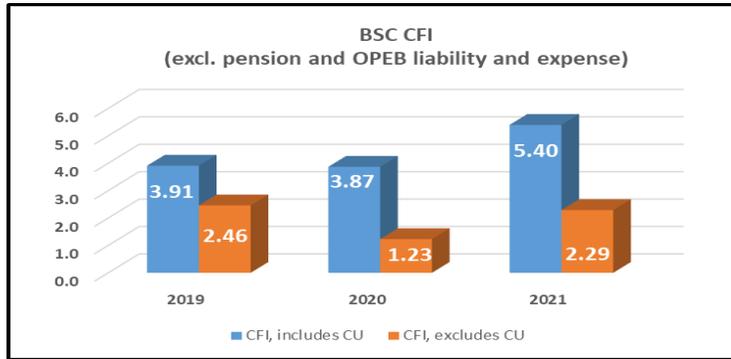
	FY2020	FY2019	FY2018	FY2017	FY2016
ND Total Educational Revenues per FTE	\$ 18,309	\$ 18,084	\$ 17,271	\$ 18,326	\$ 13,813
% increase (decrease)	32.5%				
US Average	\$ 15,276	\$ 15,018	\$ 14,566	\$ 14,151	\$ 13,192
% increase (decrease)	15.8%				
ND Ranking	10	9	11	6	12

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

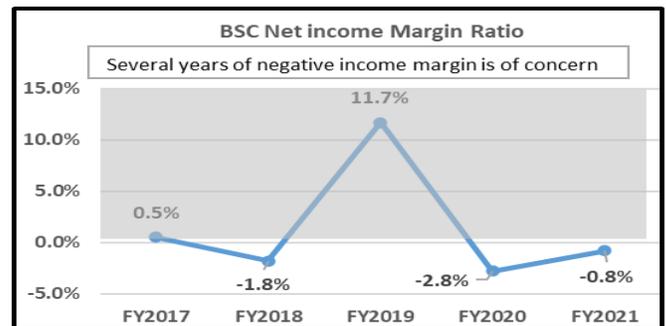
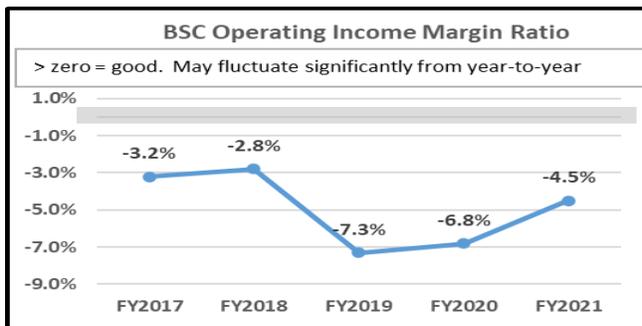
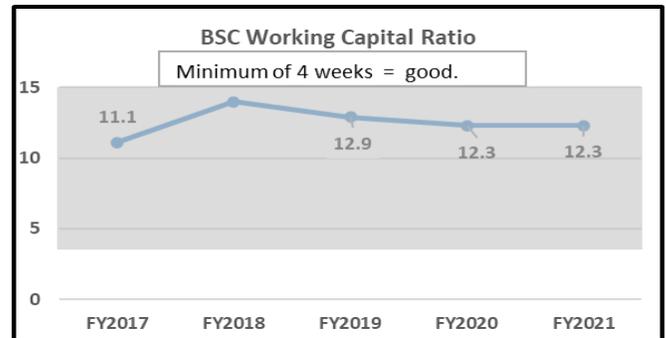
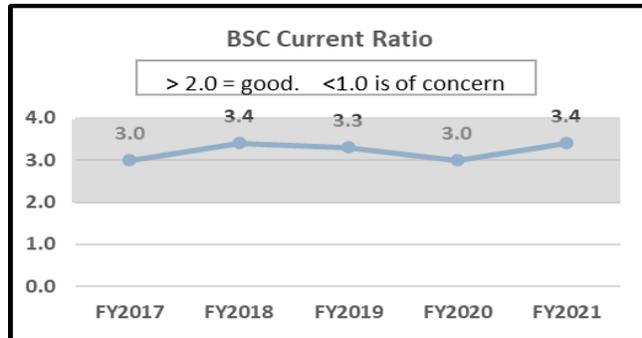
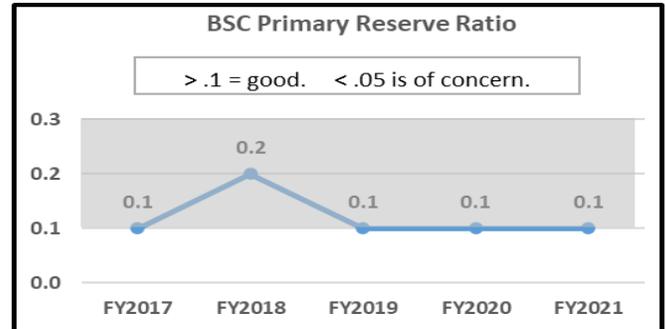
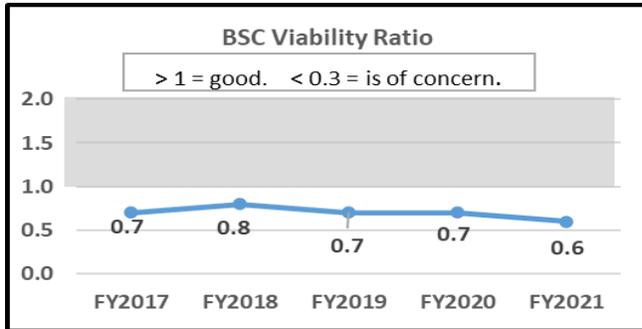
Source: FY2020 SHEEO State Higher Education Finance Report.



Bismarck State College (BSC)



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

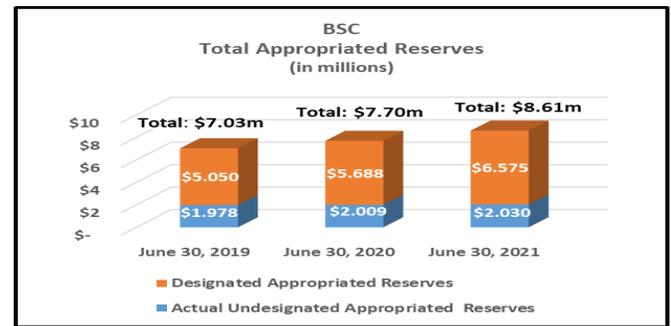
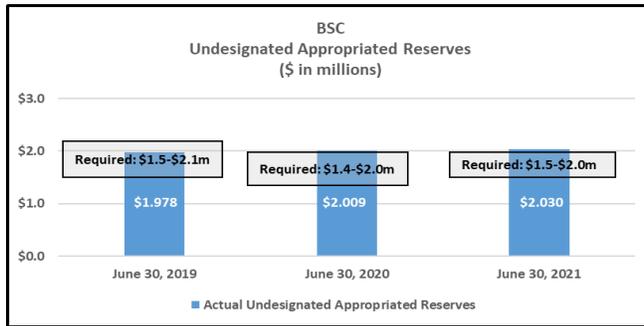


Appropriated Reserves

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.

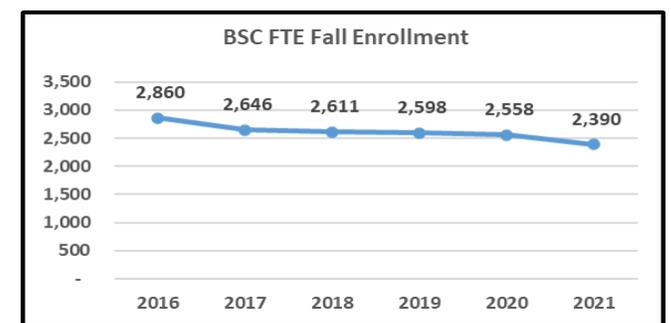
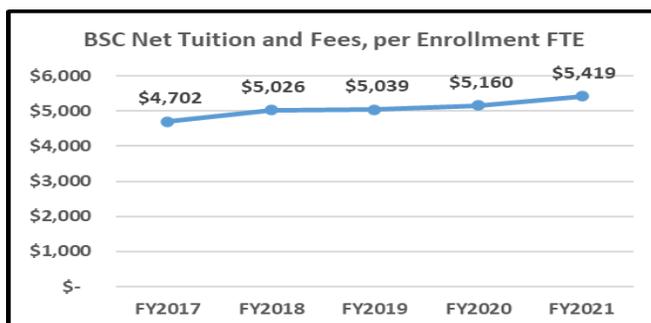
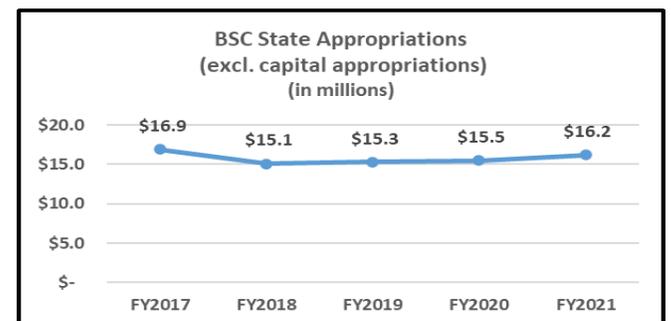
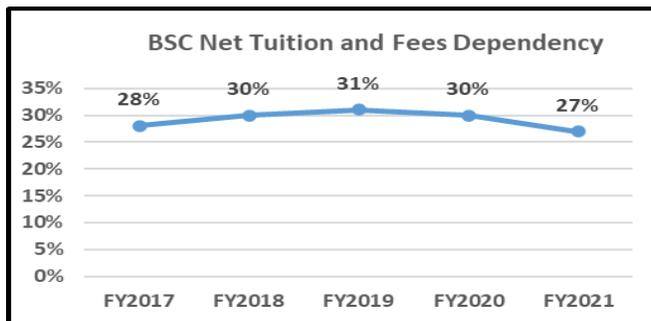
SBHE Policy 810. (1a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. BSC's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

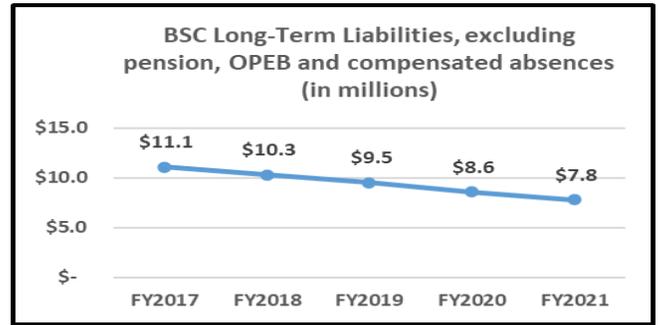
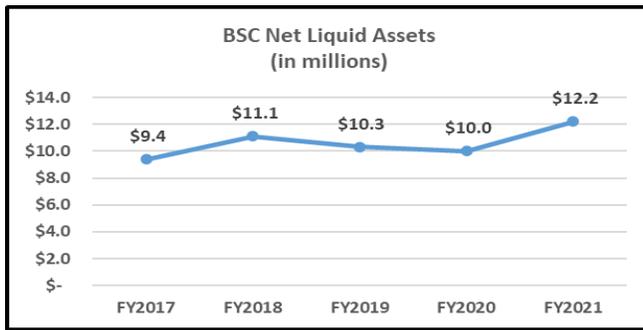
The information is presented on a cash basis.



Other Ratios:

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

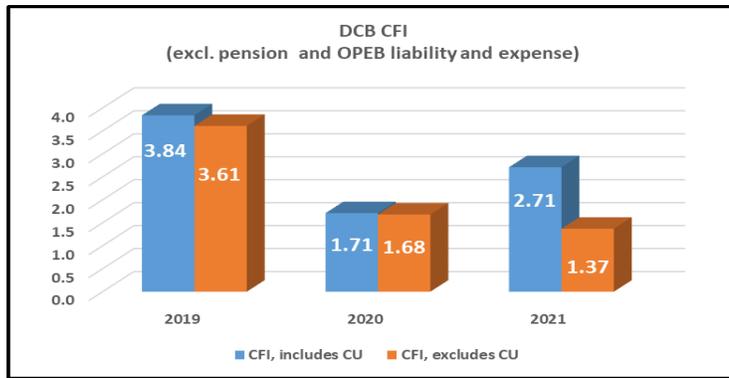




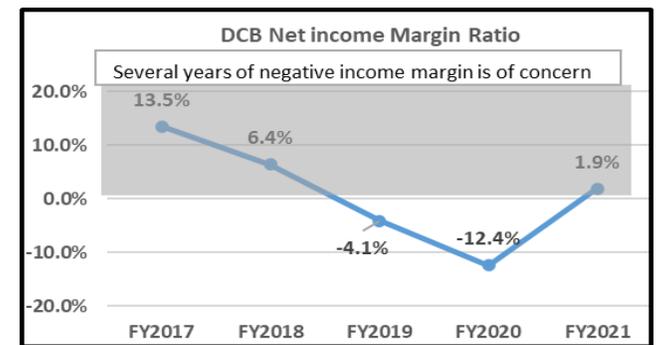
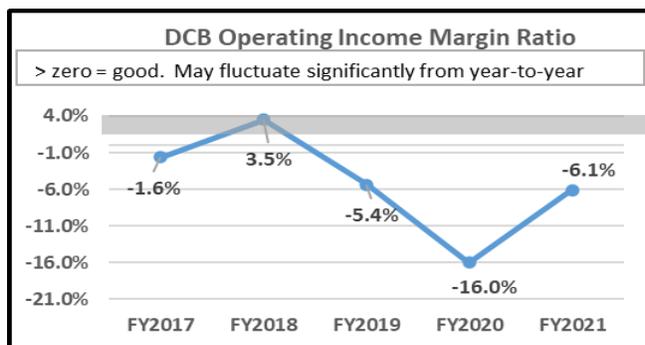
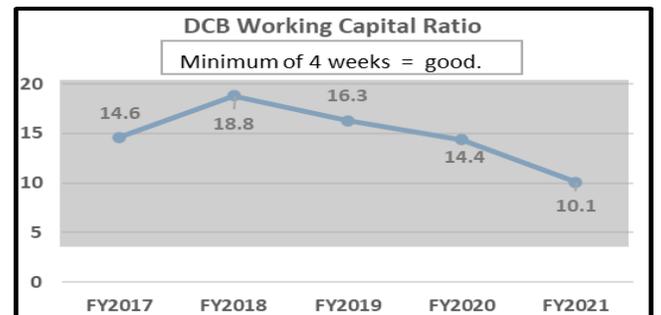
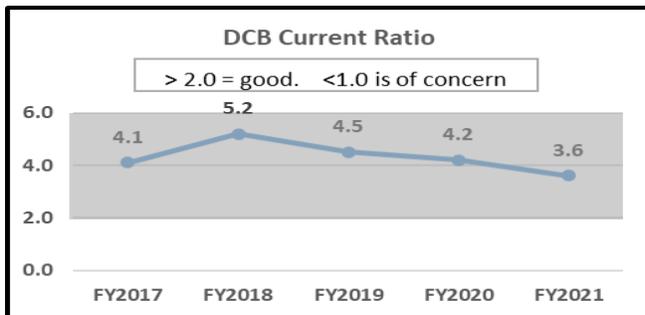
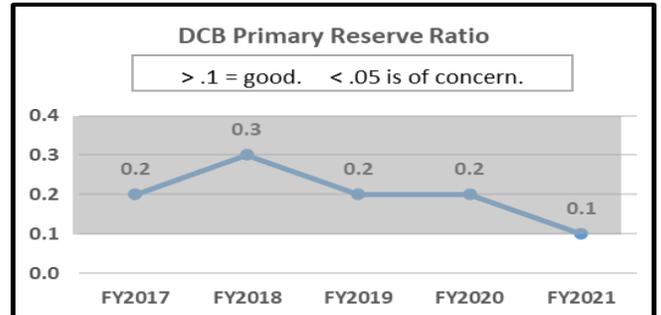
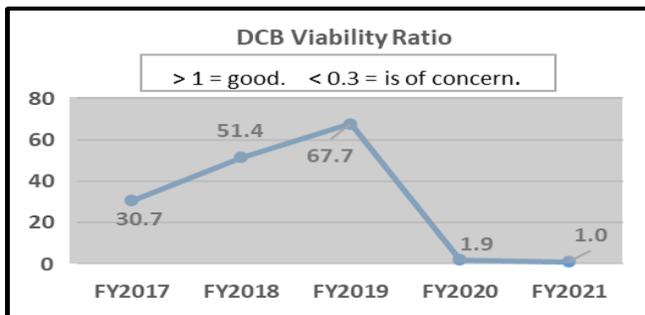
BSC Summary:

- The CFI increased due to:
 - strategic planning and conscious spending initiatives during COVID and managing expenses to align with enrollment declines.
 - an increase in covid related funds of \$5.5 million. There was only one distribution of covid funds in late fiscal year 2020 of \$661,720. FY2021 includes a full year of distribution of these funds that totaled \$6.2 million.
 - a reclassification of the state scholarship programs in FY2021 from agency funds to non-agency funds as a result of the GASB 84-Fiduciary Activities implementation. In fiscal years prior to FY2021, agency funds were excluded from the CFI calculation.
- The viability ratio has been below 1.0 for the last five years. The primary, current and working capital ratios remained stable.
- The operating income margin ratio has been below zero for the last five fiscal years but increased in FY2021 and FY2020.
- Fall enrollment has decreased each year since Fall 2016. Fall 2020 enrollment decreased 302 FTE (10.6 percent) from Fall 2016.
- Net tuition and fees, per Enrollment FTE has increased for each of the fiscal years 2017 through 2021. The FY2021 ratio increased 15.2 percent compared to FY2020.

Dakota College of Bottineau (DCB)



<i>CFI Zones</i>	<i>Public Institutions Composite Index</i>	<i>Outcomes</i>
<i>Above</i>	<i>1.10 to 10</i>	<i>No Review</i>
<i>In</i>	<i>0 to 1.0</i>	<i>Financial Panel Review if "in" for two or more consecutive years</i>
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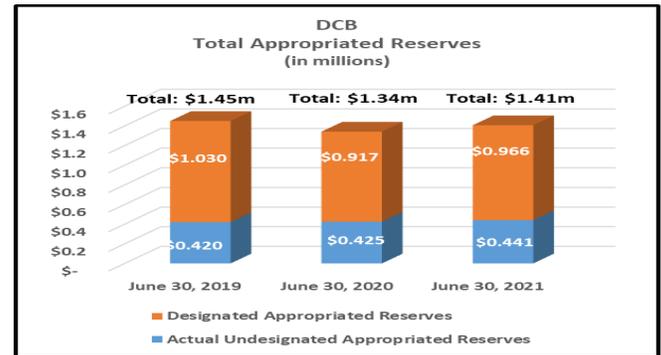
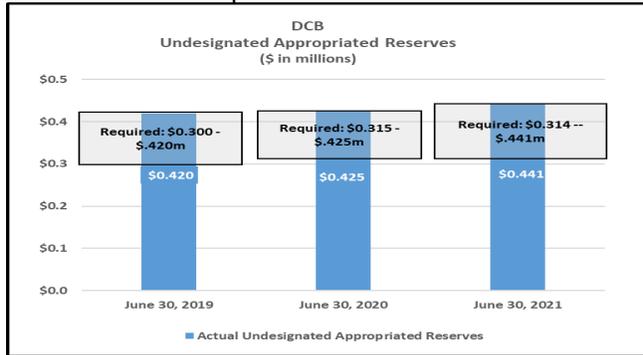


Appropriated Reserves

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.

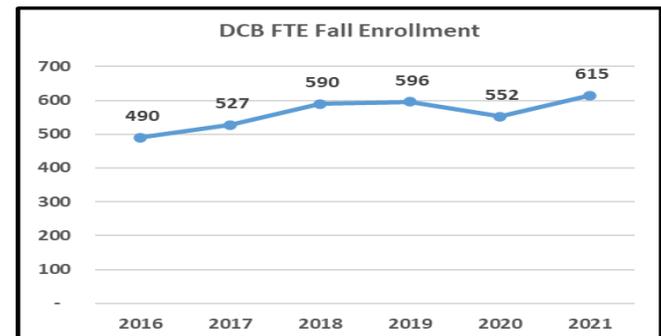
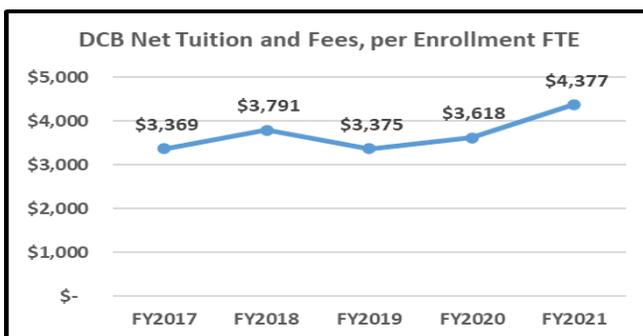
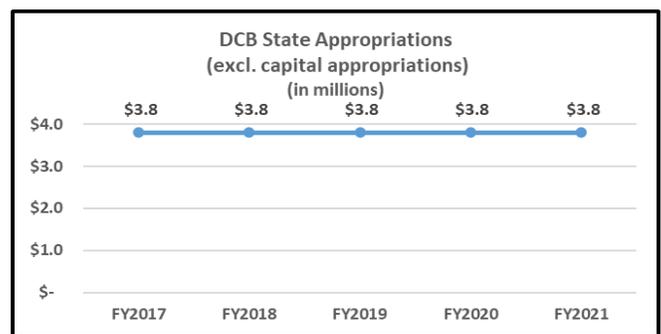
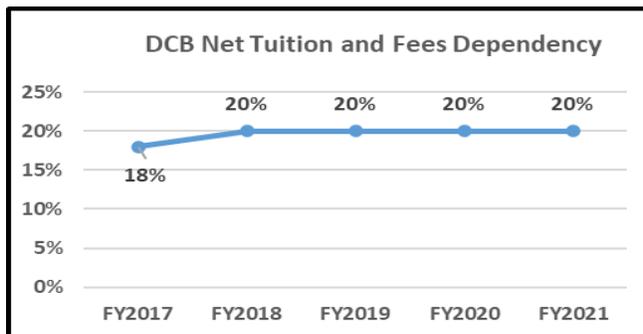
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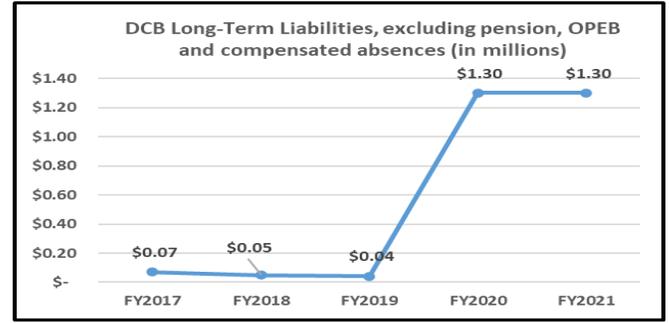
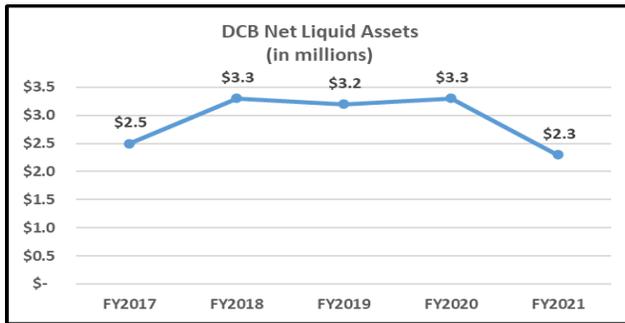
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Other Ratios:

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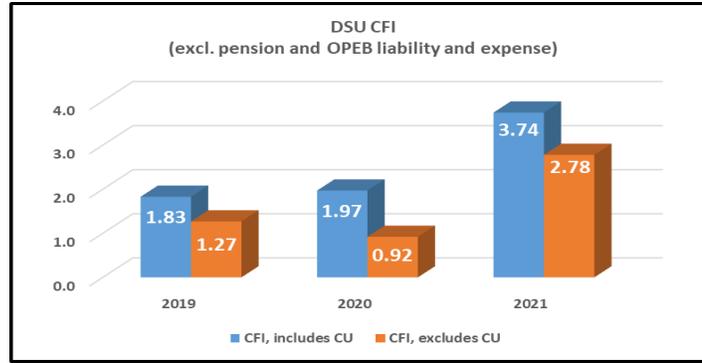




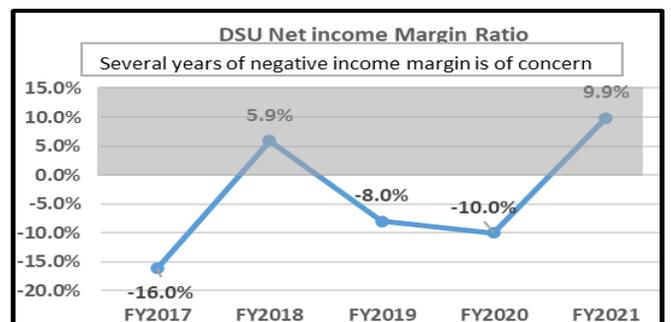
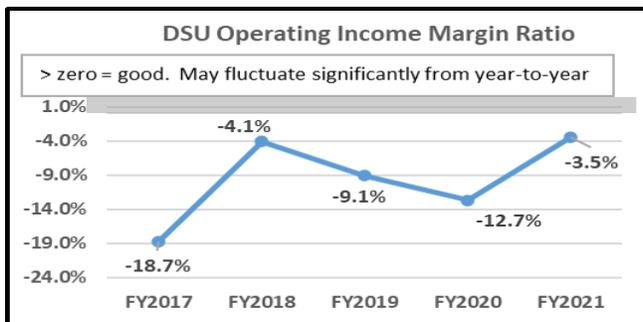
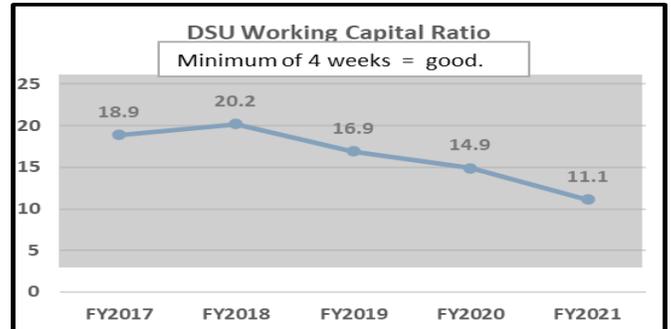
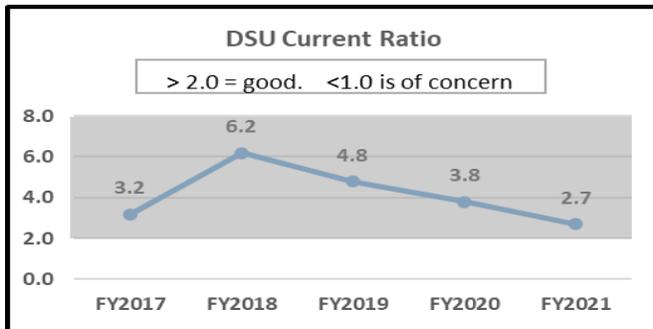
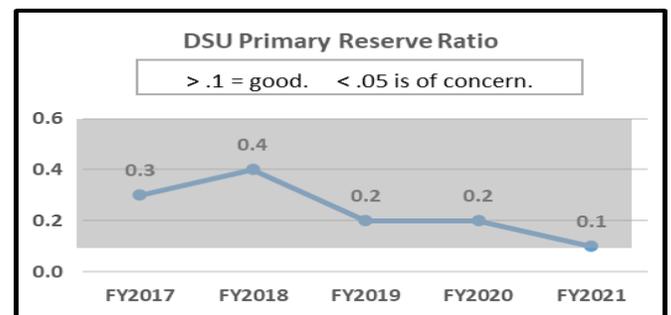
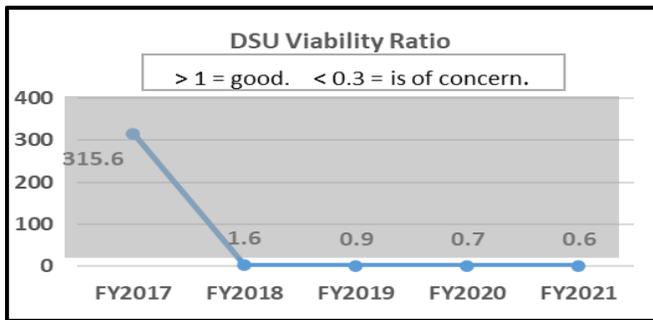
DCB Summary:

- CFI scores are solid.
- All other ratios are good or very good, although most have decreased for the last three consecutive years.
- While still in the acceptable range, the viability ratio decreased significantly in FY2020 and continued to decrease in FY2021 as a result capital leases of \$1.3 million for energy savings projects. Energy cost savings are expected to offset the lease payments.
- The operating income margin and net income margin ratios increased in FY2021 after decreasing in FY2019 and FY2020.
- Net tuition and fees, per Enrollment FTE has increased 29.9 percent compared to FY2017 while state appropriations remained unchanged at \$3.8 million for FY2017 - FY2021.

Dickinson State University (DSU)



CFI Zones	Public Institutions Composite Index	Outcomes
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Below	-4.0 to -0.1	Financial Panel Review if "below" in any given year

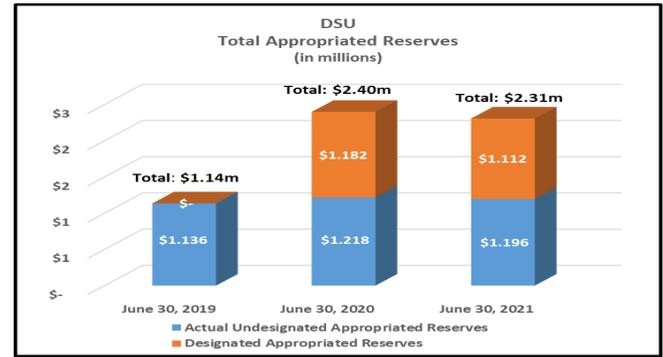
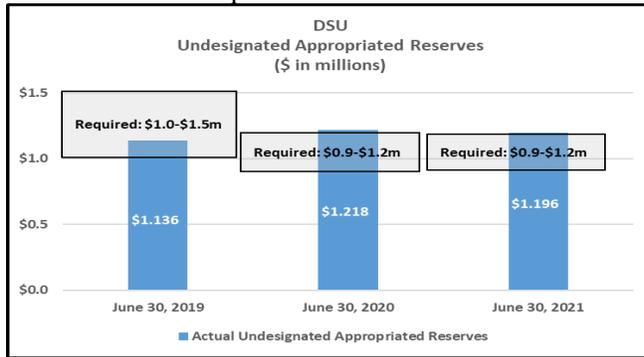


Appropriated Reserves

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.

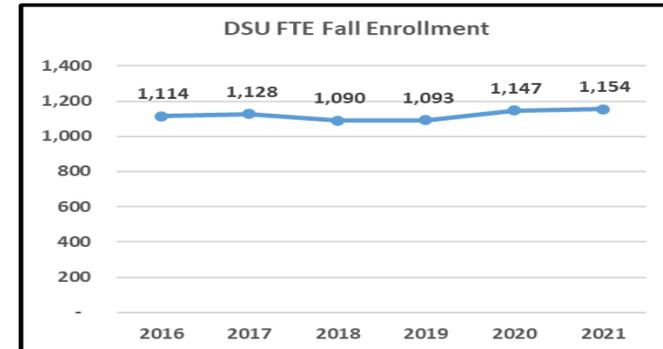
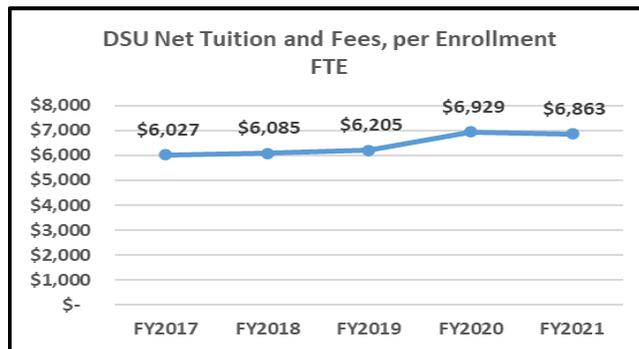
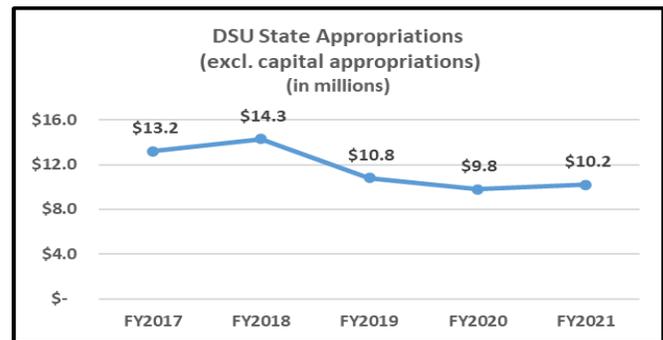
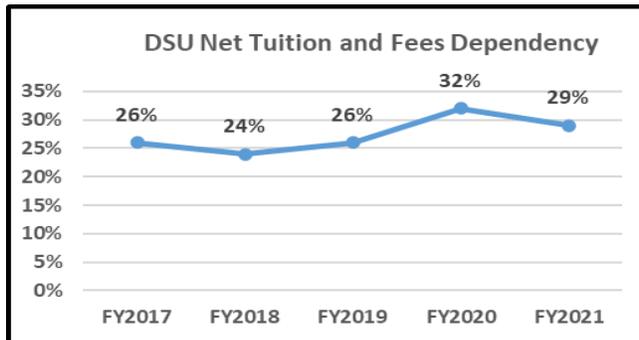
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. DSU's undesignated appropriated reserves are at 7.0 percent for FY2021 and FY2020 and 5.4 percent in FY2019.

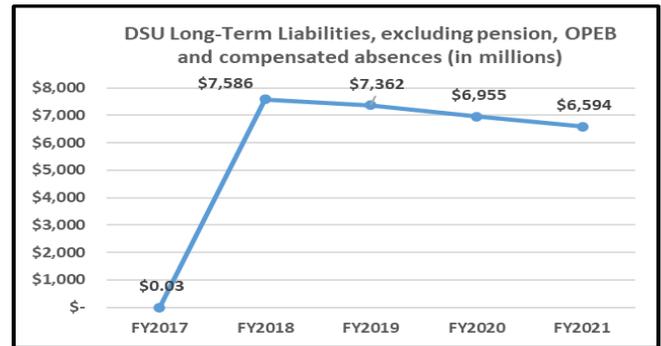
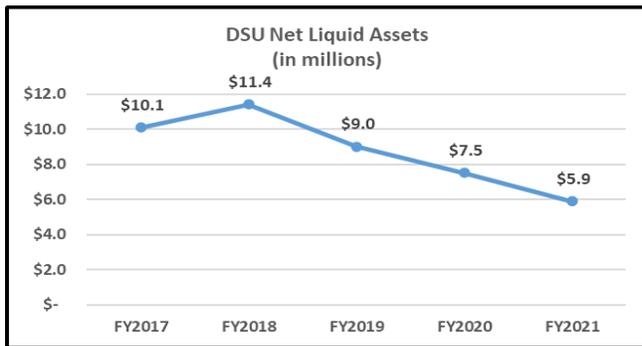
The information is presented on a cash basis.



Other Ratios:

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





DSU Summary:

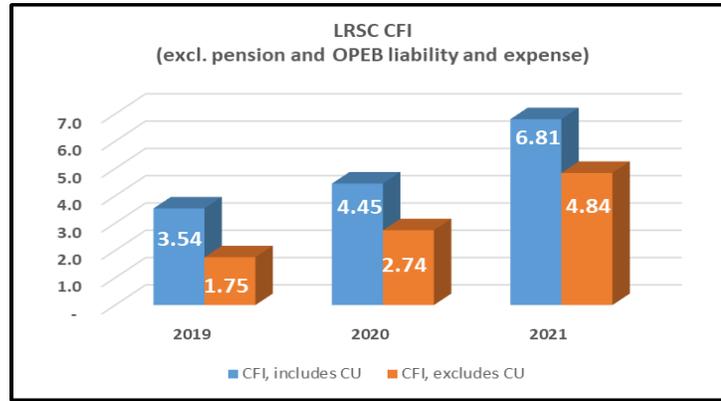
- CFI scores continue to improve. In FY2021, the increase is mainly attributed to
 - an increase in covid related funds of \$5.5 million. There was only one distribution of covid funds in late fiscal year 2020 of \$528,943. FY2021 includes a full year of distribution of these funds that totaled \$3.3 million.
 - an increase in state capital appropriations of \$3.2 million for Pulver Hall.
- 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 FY2018 and should be closely monitored going forward.
- The operating income margin ratio has been negative since FY2013 but increased in FY2021. Net income margin ratio increased significantly in FY2021 to a positive level due to state capital appropriations of \$3.6 million. Both ratios should be closely monitored going forward.
- 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 13.9 percent compared to FY2017 while state appropriations have decreased 22.7 percent for the same period.
- Fall enrollment increased has increased in each of the last three fiscal years.

In June 2014, DSU prepared a plan for the SBHE Budget and Finance Committee to address the negative trends for operating income margin ratio and enrollment.

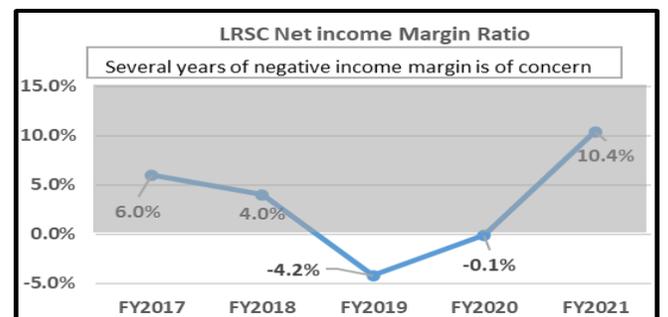
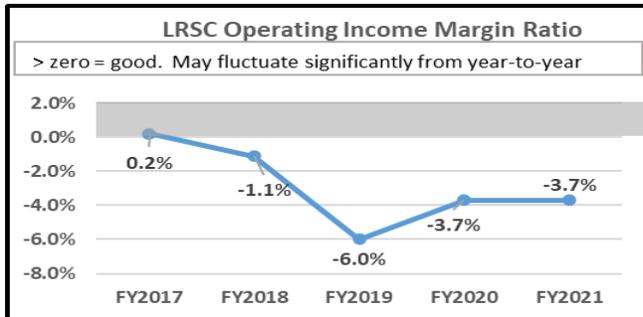
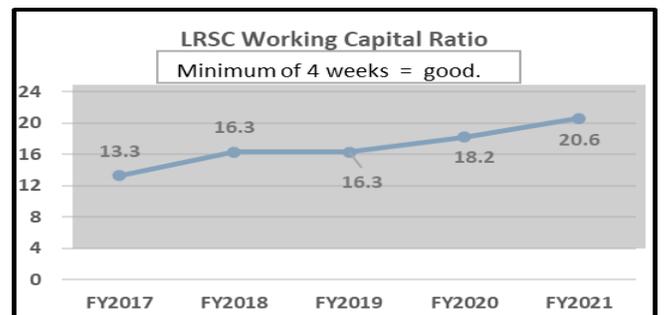
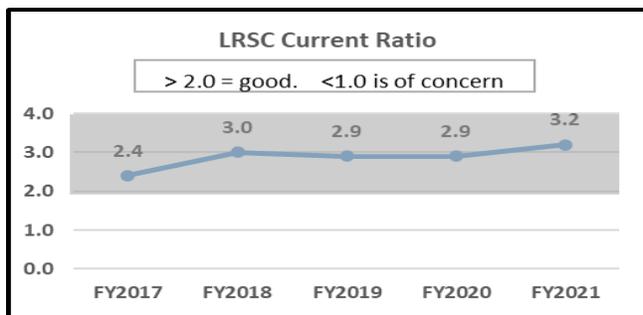
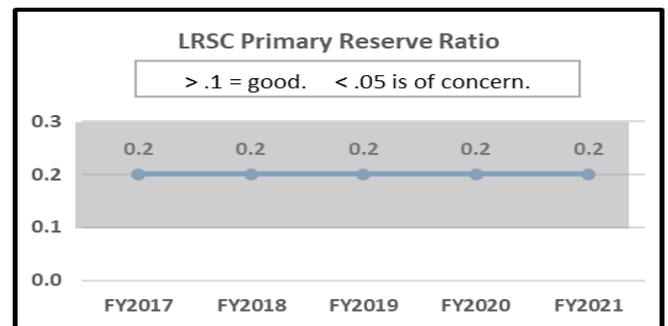
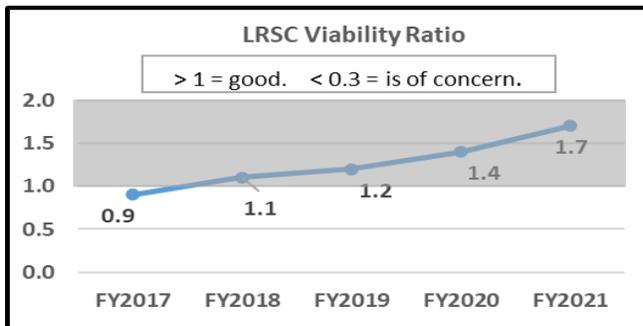
Plan Status Update: During FY2021 the DSU enrollment and retention rates increased from FY2020. Fall 2021 enrollment headcount numbers remained steady from 1,147 in Fall 2020 to 1,154 in Fall 2021. DSU Spring enrollment projections are also more favorable than the 2020 Spring semester. The improvements to residence life facilities and food services enhancements have also proven to be advantageous as we have seen an increase of 17 percent from Fall 2020 to Fall 2021. DSU continues to carefully monitor expenditures to maintain the current budget levels.

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 took a drastic approach and executed the expenditure reductions immediately. Because of these changes DSU was able to reduce the overall salary and operation expenses by \$4.8 million and significantly narrow the projected shortfall . The 2021 fiscal year ended with total revenues at \$27.1 million and total expenditures at 28.1 million. Resulting in a loss before capital grants, gifts and transfers of \$0.945 million in FY2021 compared to a loss of \$2.3 million in FY2020. Projections are showing a balanced budget in the 2021-2023 biennium. This will be closely monitored along with the student enrollment trends over the next four years.

Lake Region State College (LRSC)



CFI Zones	Public Institutions Composite Index	Outcomes
Above	1.10 to 1.0	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

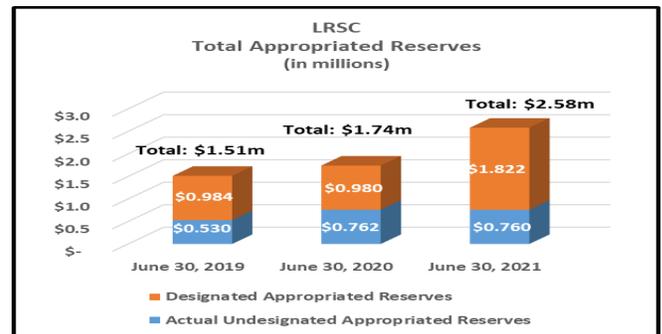
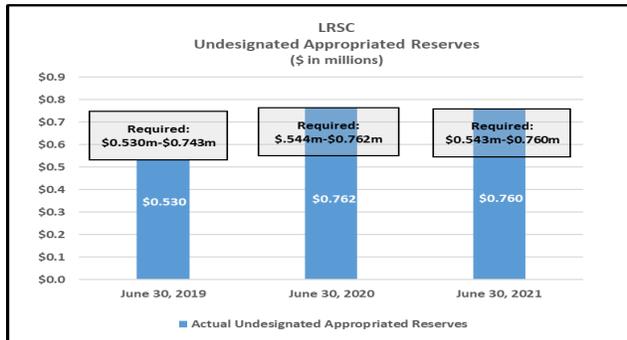


Appropriated Reserves

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.

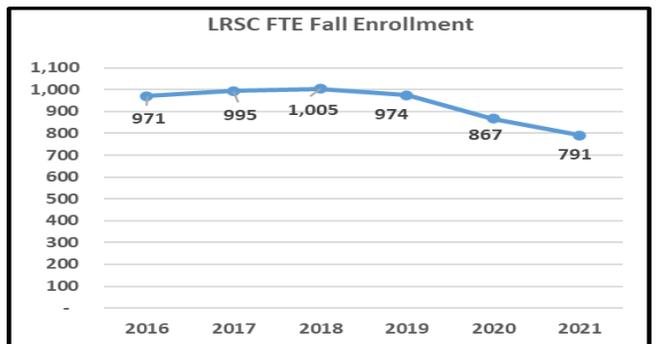
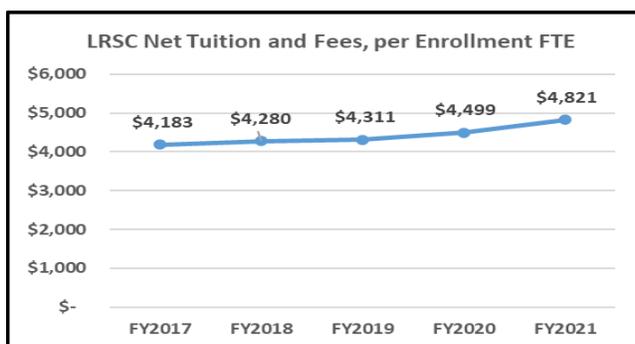
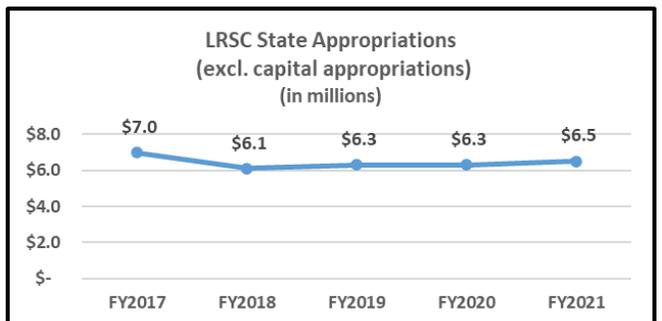
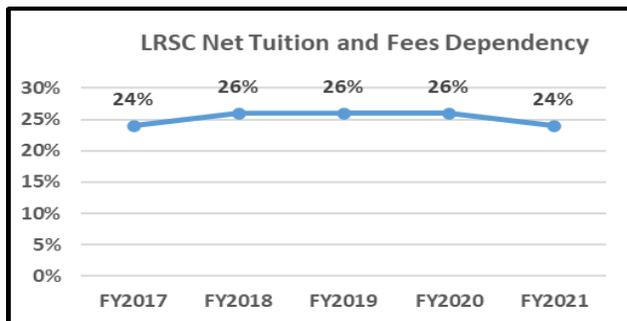
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. LRSC's undesignated appropriated reserves are at 7.0 percent for FY2021 and FY2020 and 5.0 percent in FY2019.

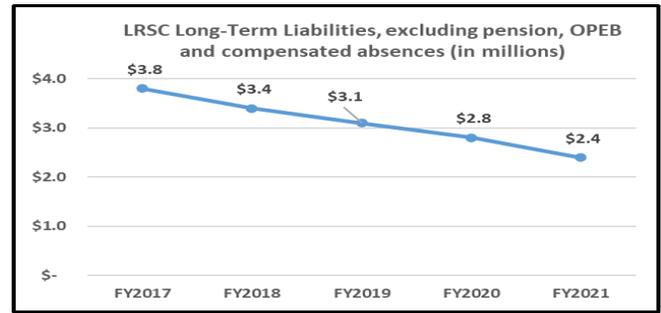
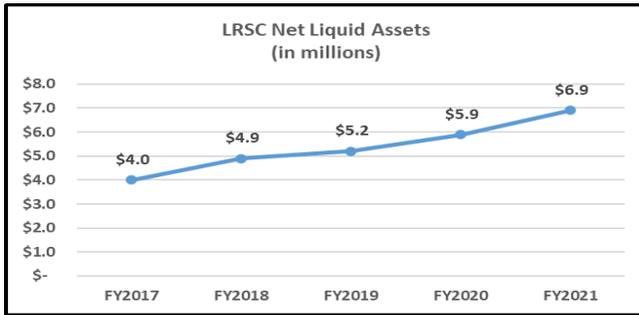
The information is presented on a cash basis.



Other Ratios:

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

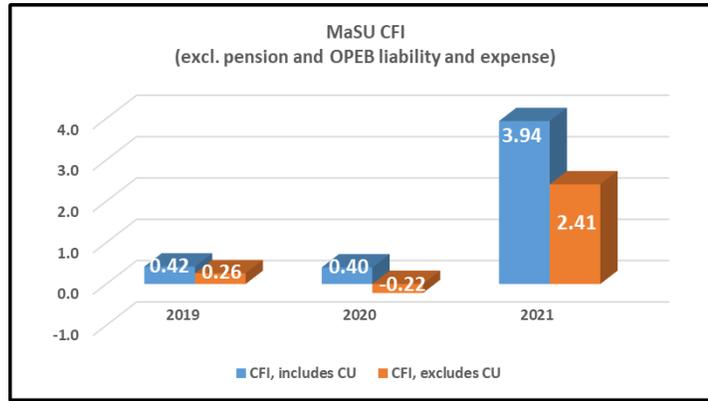




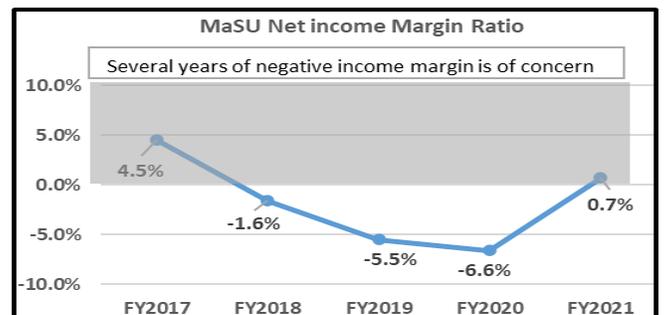
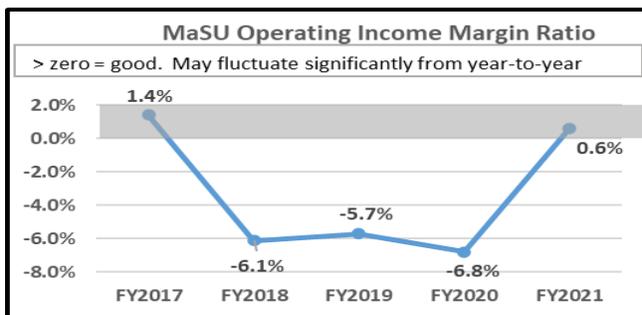
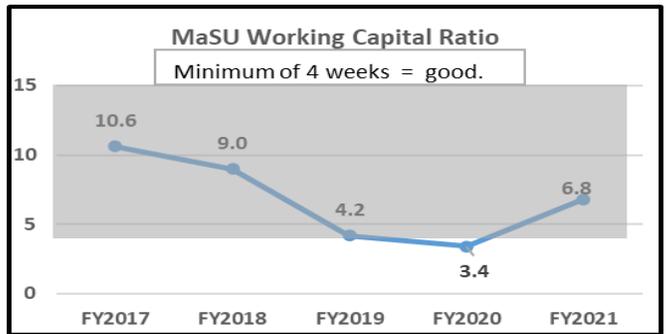
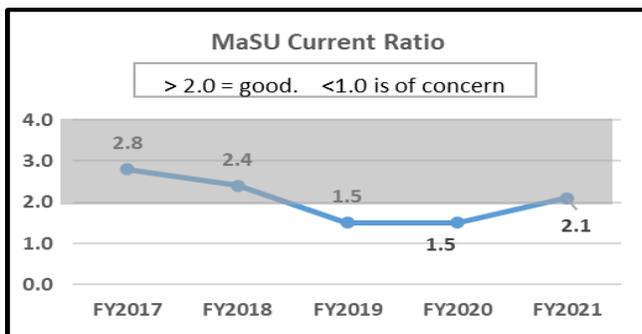
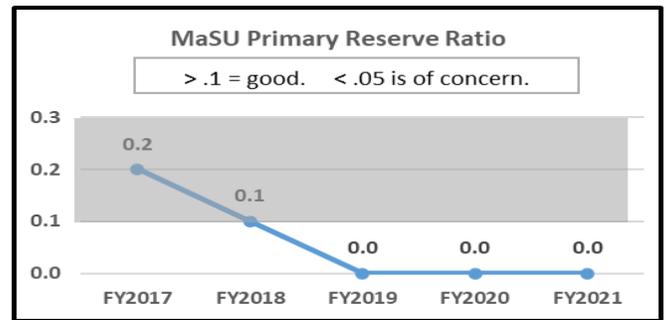
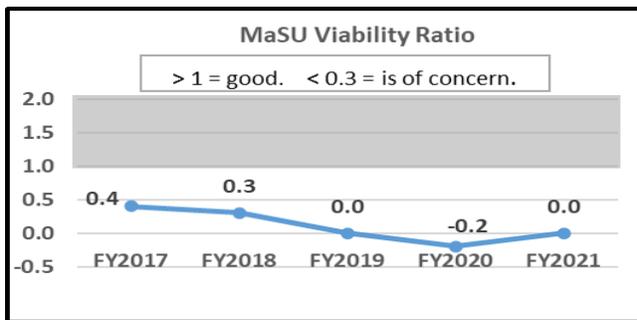
LRSC Summary:

- CFI scores increased in each of the last two fiscal years. The increase in FY2021 is mainly due to:
 - an increase in covid related funds of \$1.1 million. There was only one distribution of covid funds in late fiscal year 2020 of \$388,837. FY2021 includes a full year of distribution of these funds that totaled \$1.5 million.
 - An increase in state capital appropriations of \$935,000 related to the Hofstad Ag Building. Capital gifts from the foundation also increased by \$984,000. This represents the match for the Hofstad Ag Building.
 - An increase in LRSC Foundation net appreciation of endowment investments of \$1.6 million.
- All ratios continue to be good or very good, with the exception of the operating income margin ratio. However, it is not a concern at this time given the strength of the other ratios.
- Net tuition and fees, per Enrollment FTE increased 15.3 percent compared to FY2017.
- Fall 2020 FTE Enrollment has decreased since Fall 2016 and has decreased by 104 FTE or 10.7 percent since Fall 2016.

Mayville State University (MaSU)



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

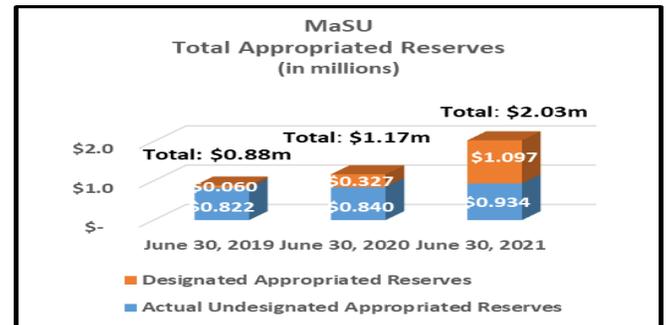
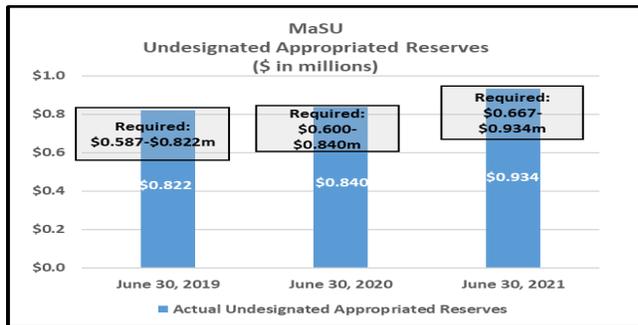


Appropriated Reserves

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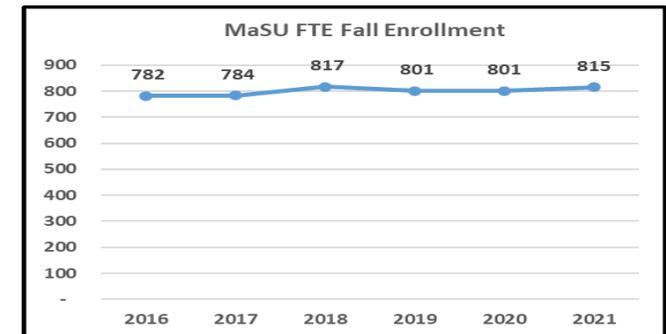
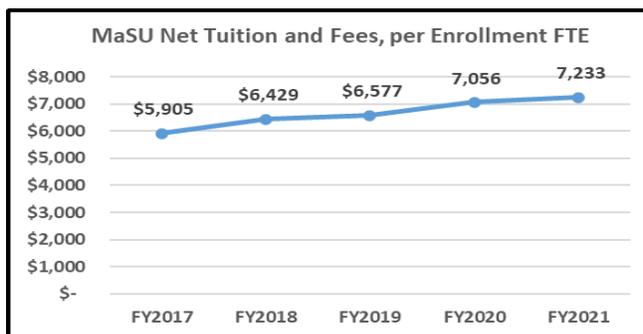
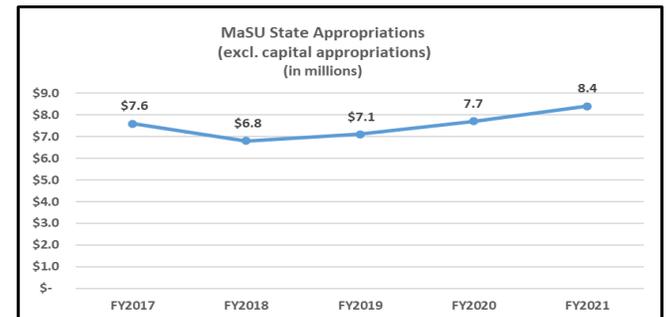
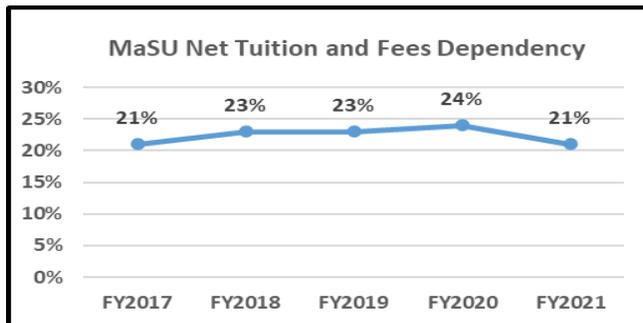
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. MaSU's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

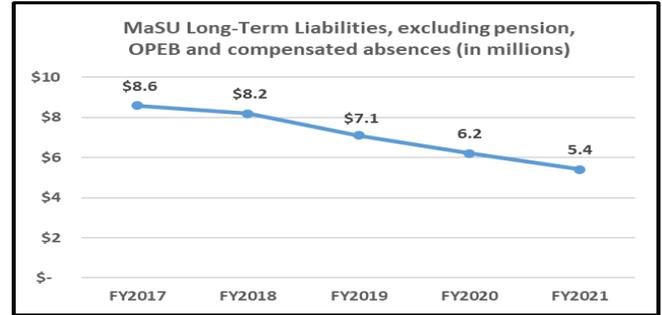
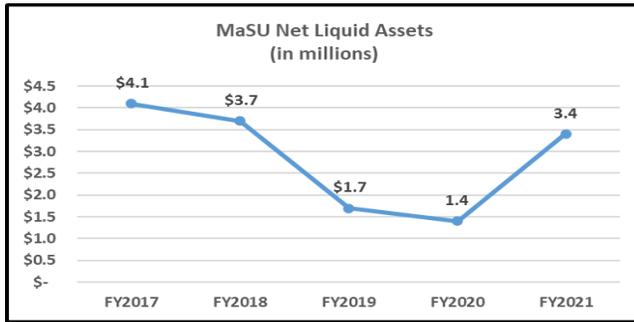
The information is presented on a cash basis.



Other Ratios:

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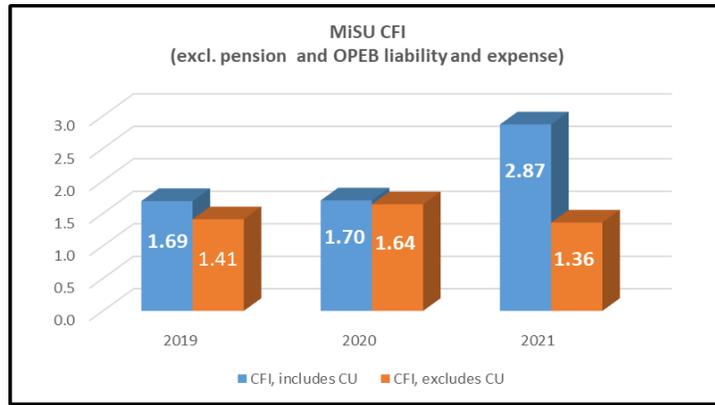


MaSU Summary:

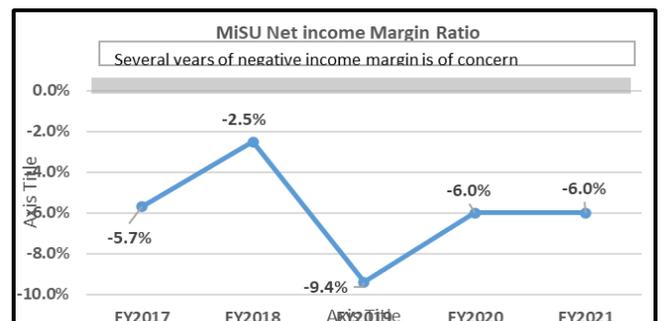
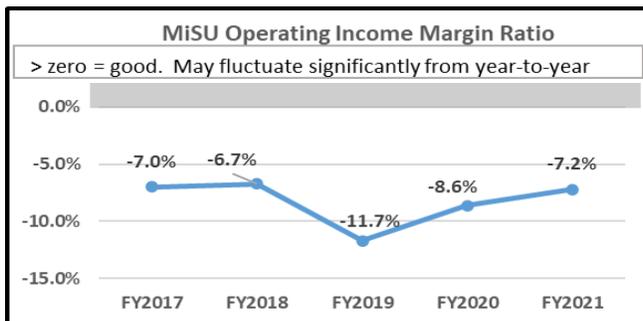
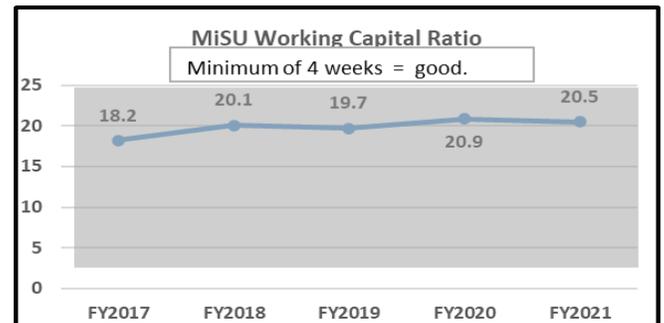
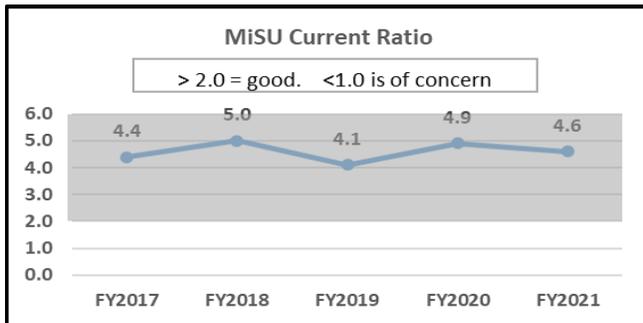
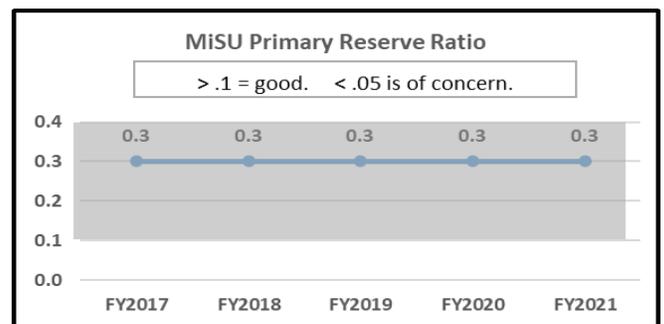
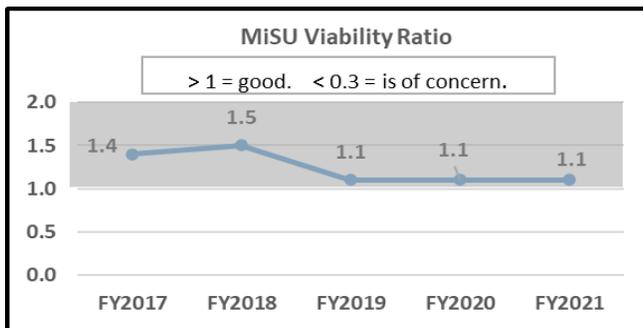
- CFI score, including CU, is in the “Above” zone in FY2021 after being in the “In” zone in FY2020 and FY2019. The CFI increased due to:
 - an increase in covid related funds of \$2.5 million. There was only one distribution of covid funds in late fiscal year 2020 of \$42,985. FY2021 includes a full year of distribution of these funds that totaled \$2.6 million.
 - an increase of \$2.5 million in endowment net investments return and contributions.
- The viability ratio and current ratio improved slightly in FY2021. The viability ratio and primary reserve ratio are below industry standards. The working capital ratio is now above the standard of a minimum of four weeks at 6.9 weeks.
- The operating income margin and the net income margin ratios are positive after being in the negative range in for the last three fiscal years.
- The ratios discussed above should still be carefully monitored going forward.
- Long-term liabilities have decreased every year since FY2017. However, MaSU should still be cautious about adding new debt in the future.
- Net tuition and fees, per Enrollment FTE have increased every year since FY2017 and increased 22.5 percent compared to FY2017.
- In FY2020 MaSU prepared a plan to address the CFI and negative operating and net income margin ratios.
 - FY2021 update: Mayville State University 2019 and 2020 CFI Composite Indexes were in the “In” Zone with scores between 0 and 1.0. The 2021 Composite Index increased to 3.94 moving out of the “In” zone. This change was accomplished by continued Foundation success resulting in increased assets and giving; and the campus had a positive operating income margin ratio for the first time in several years. The positive operating income margin ratio was accomplished through sacrifice and diligent efforts from campus administrators, faculty and staff adhering to tight budgets including vacant faculty and staff positions and reduced department operating budgets. The fiscal improvements have been an overwhelming effort by the campus. In addition to these initiatives, MaSU received \$2.5 million in HEERF monies in FY2021 compared to \$42,985 million in FY2020.

Moving forward, campus priorities will continue to focus on meeting student needs and providing an exceptional learning and working environment. The campus will prepare and continue to diligently monitor budgets and financial activities.

Minot State University (MiSU)



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

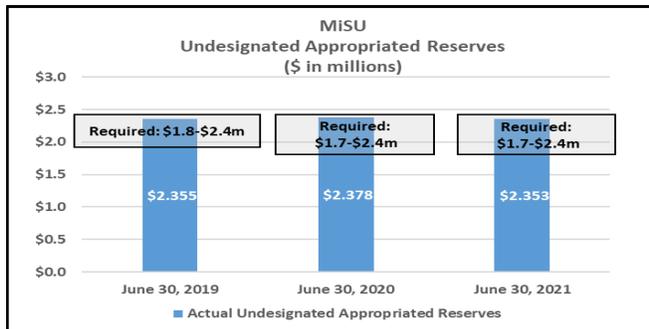


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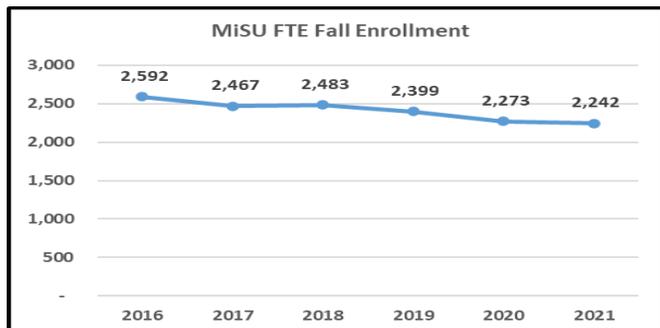
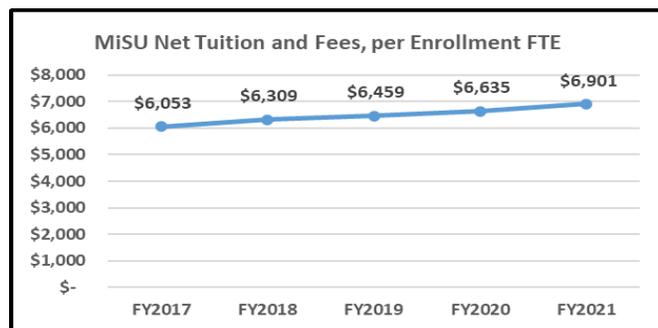
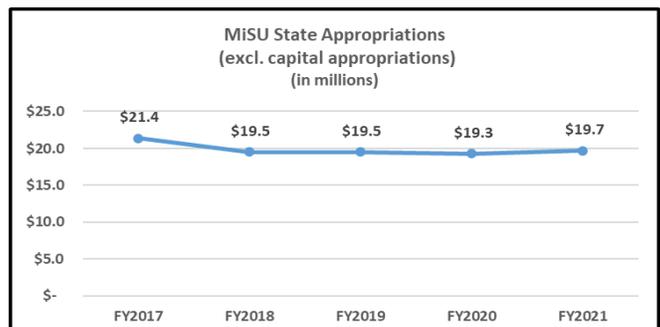
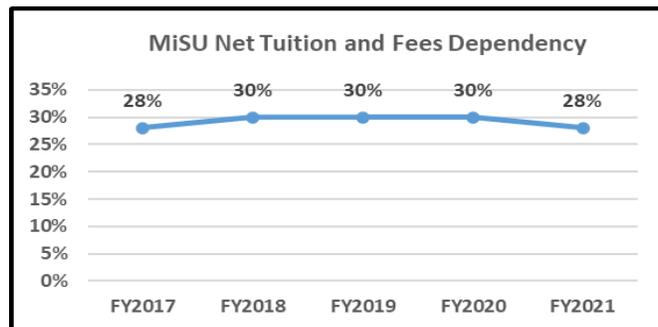
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. MiSU's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

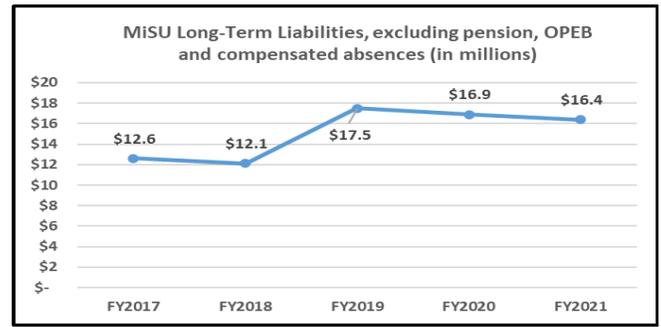
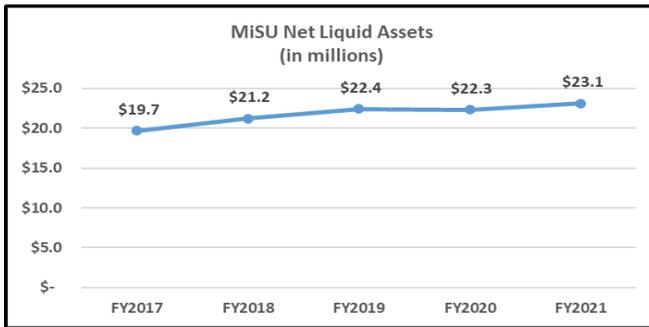
The information is presented on a cash basis.



Other Ratios:

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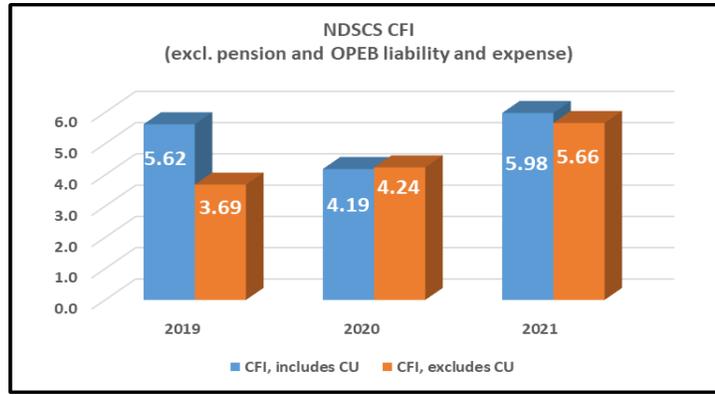




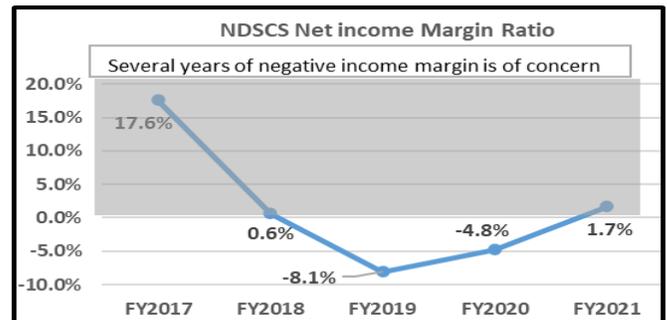
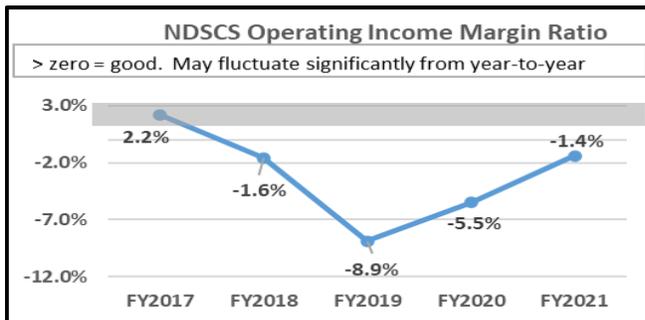
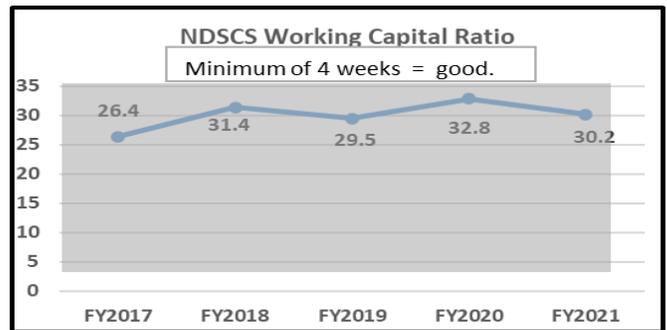
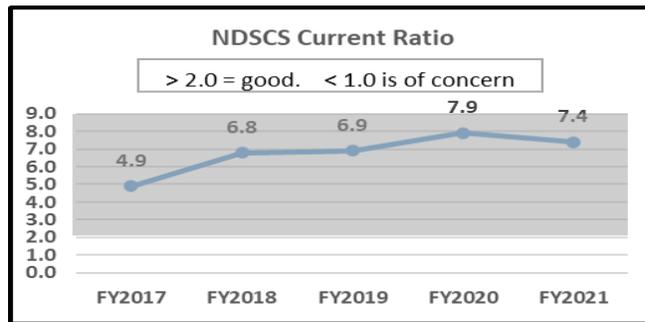
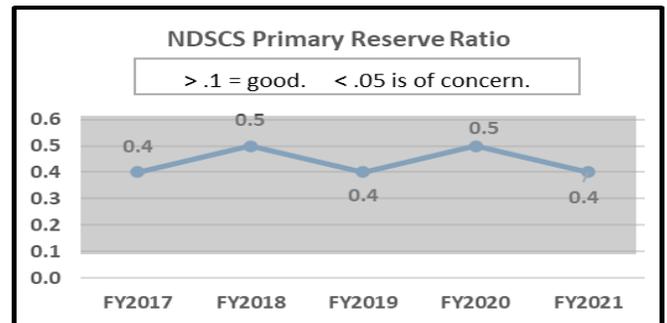
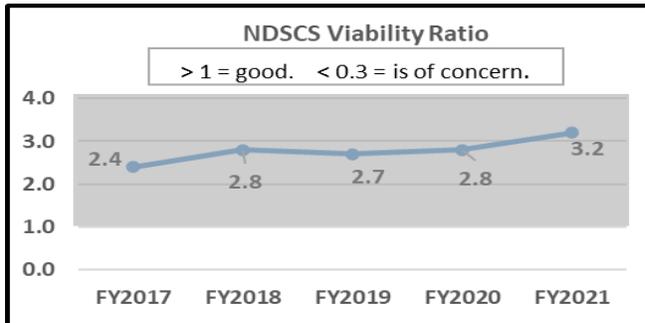
MiSU Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin and net income margin ratios. The operating income margin ratio, although negative, improved in FY2020 and FY2021. Given the strength of the other ratios, the negative operating income margin and net income margin ratios are not a concern at this time.
- Net tuition and fees, per enrollment FTE increased 14.0 percent compared to FY2017 and has increased for the last four fiscal years.
- Fall 2020 FTE Enrollment has decreased each year since FY2019. The decrease compared to Fall 2016 was 319 or 12.3 percent.

North Dakota State College of Science (NDSCS)



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

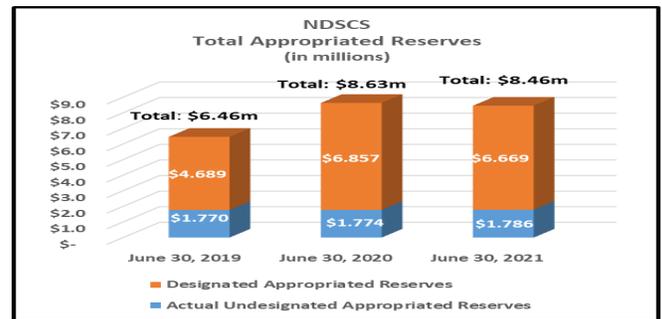
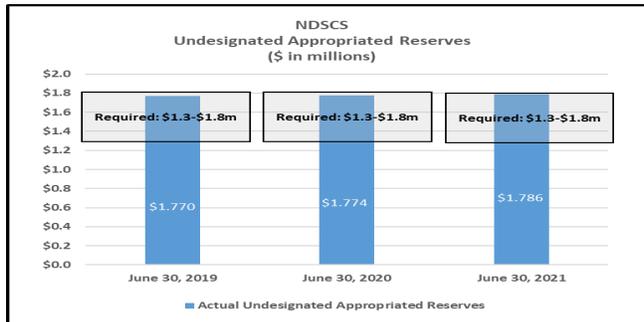


Appropriated Reserves

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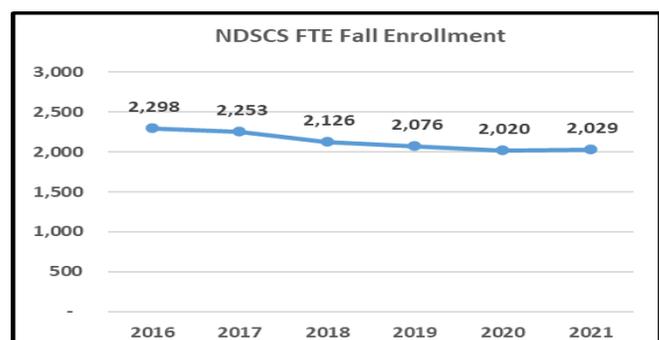
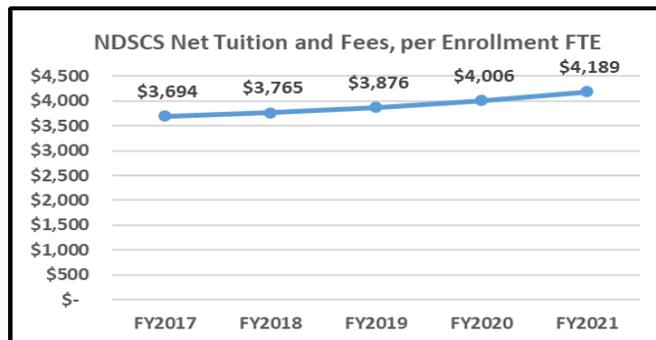
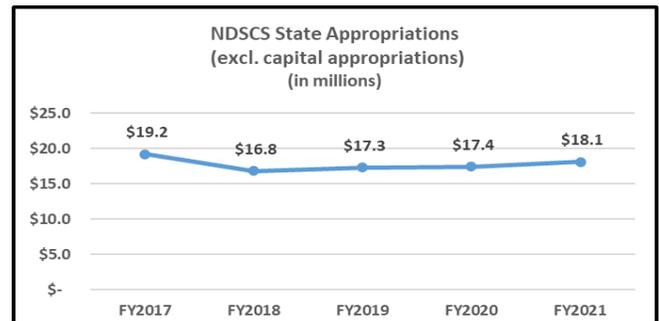
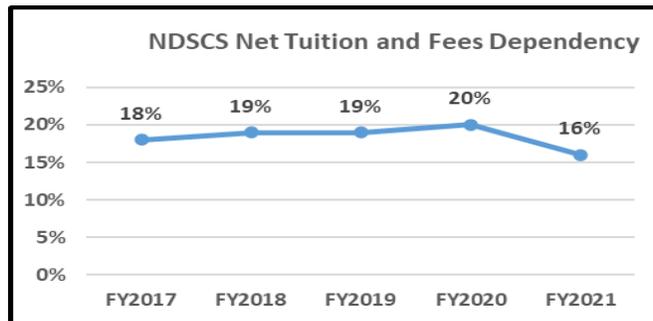
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. NDSCS's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

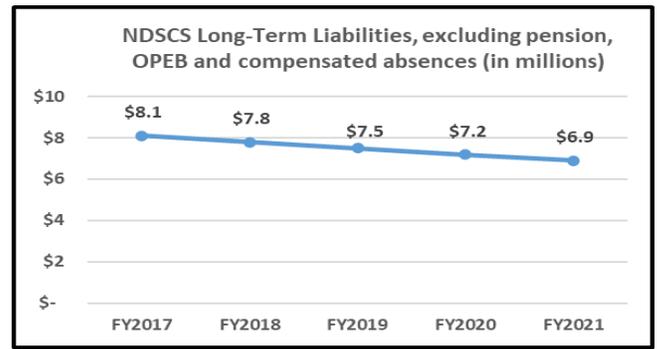
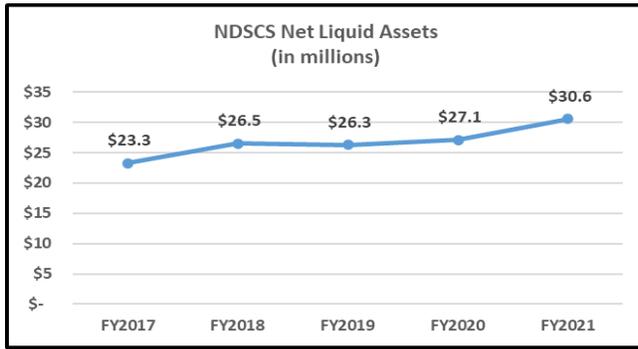
The information is presented on a cash basis.



Other Ratios:

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

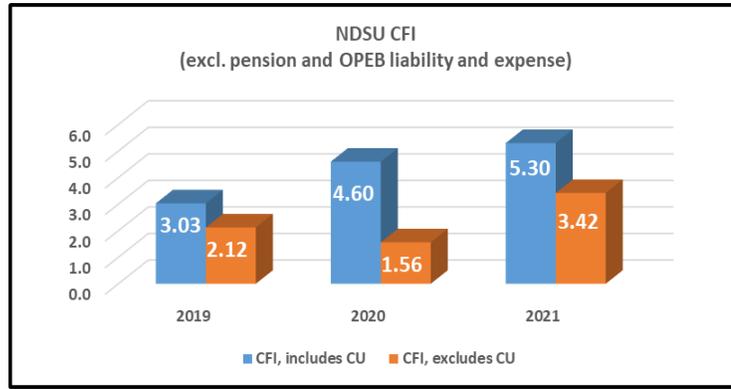




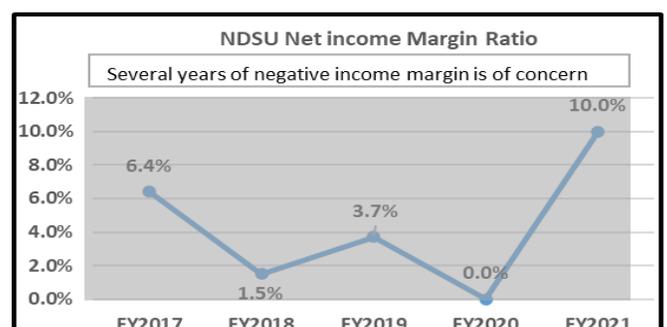
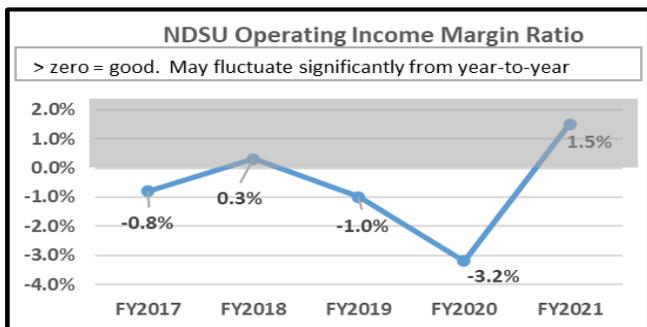
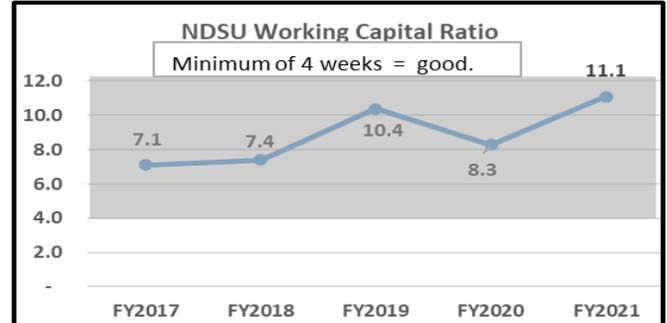
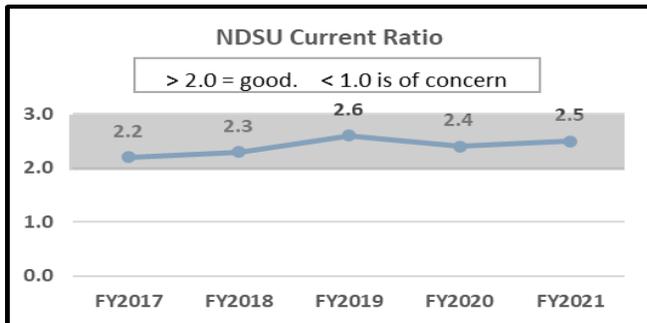
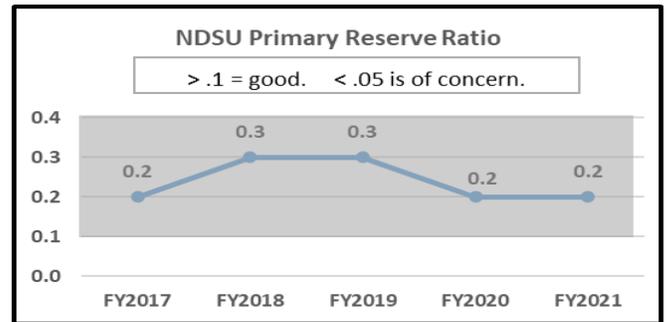
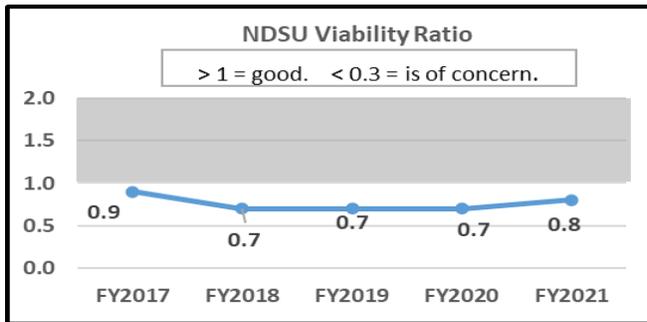
NDCS Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin ratio. However, the operating income margin ratio, although negative, has increased for the past two fiscal years. This ratio 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 13.4 percent compared to FY2017.
- Fall 2020 FTE enrollment decreased 12.1 percent compared to Fall 2019.

North Dakota State University (NDSU)



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

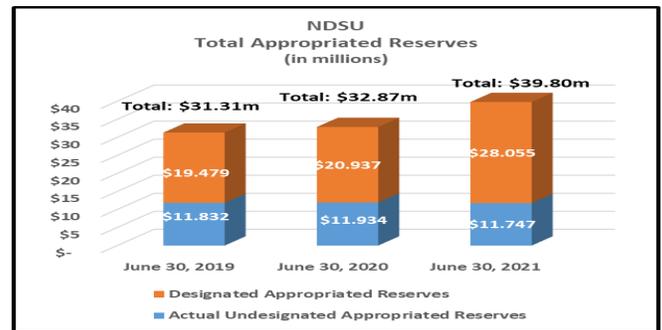
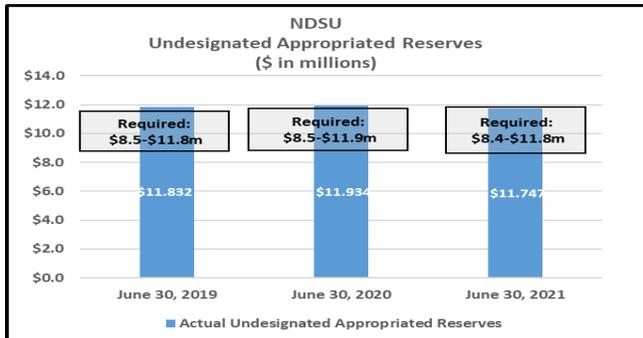


Appropriated Reserves

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.

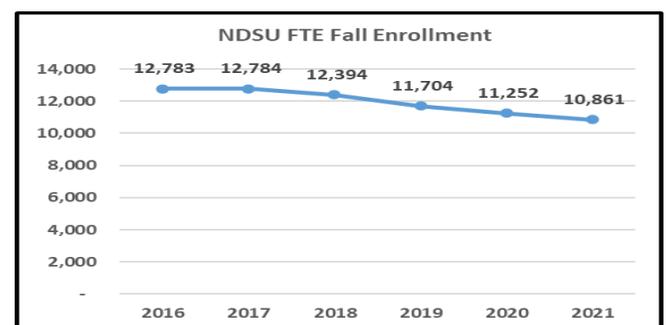
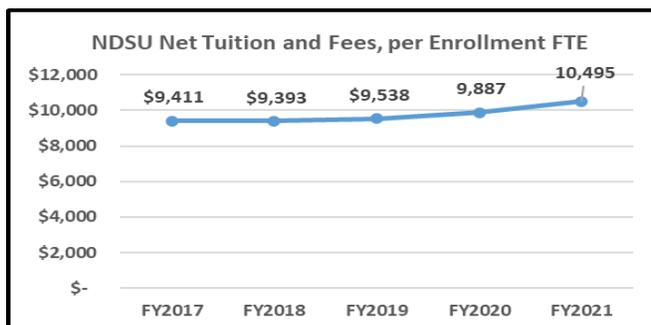
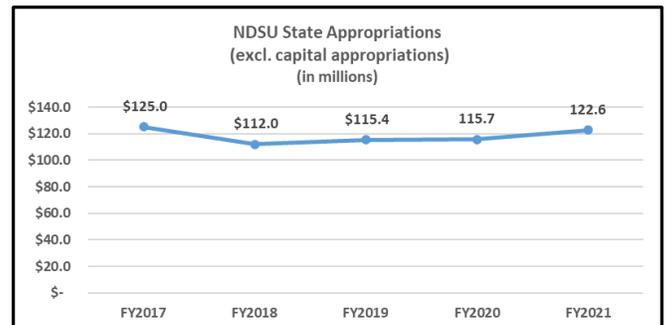
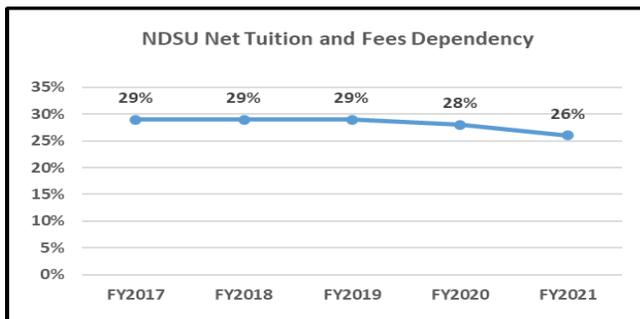
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. NDSU's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

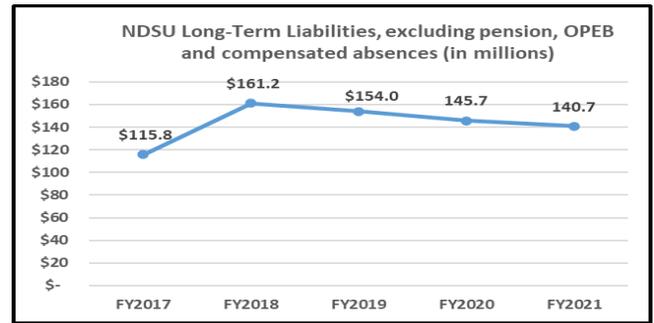
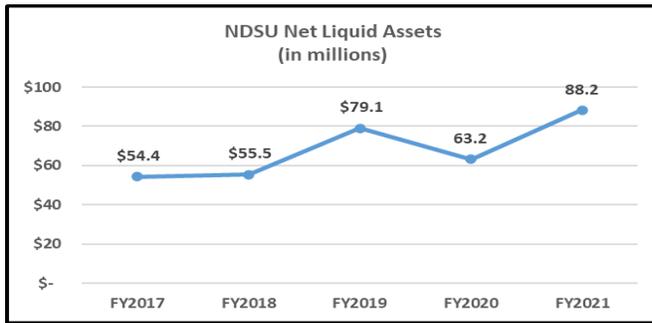
The information is presented on a cash basis.



Other Ratios:

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



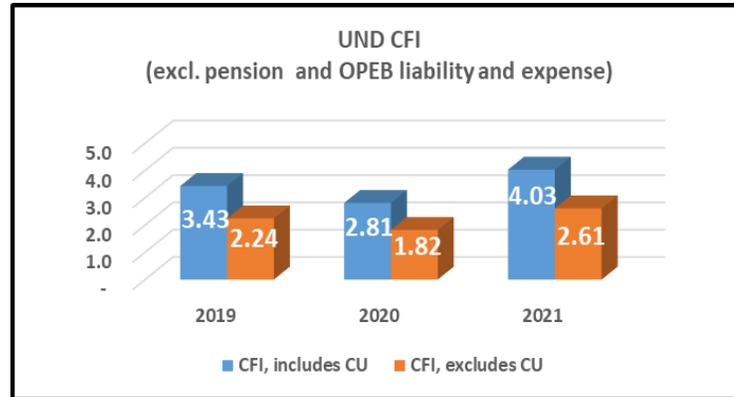


NDSU Summary:

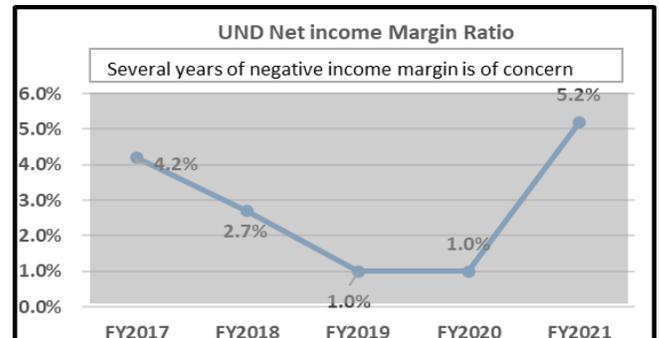
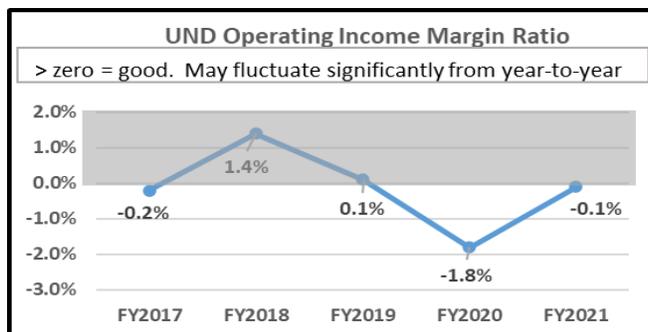
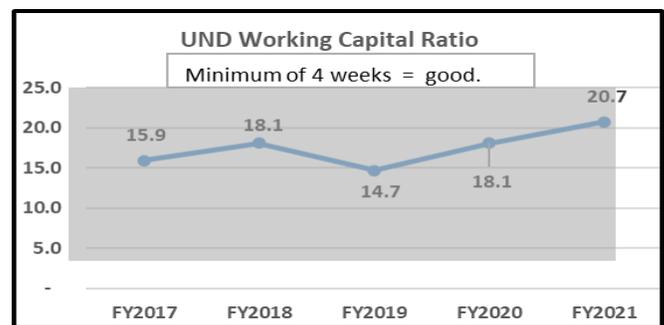
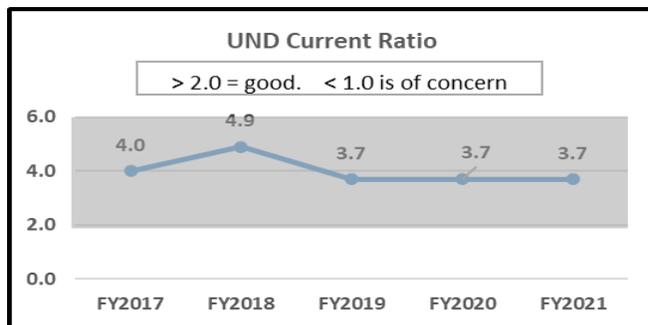
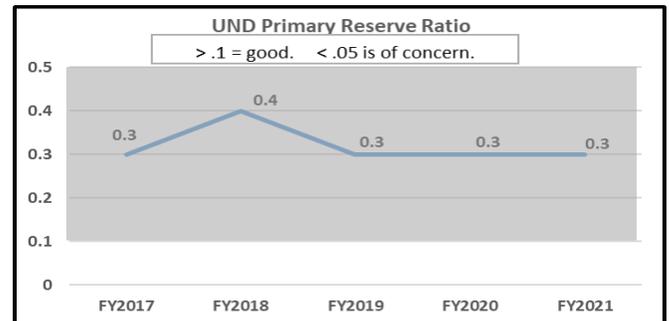
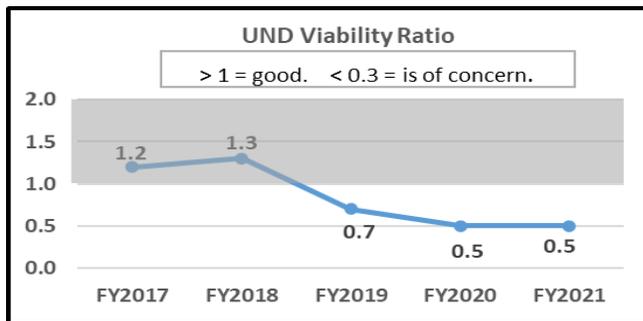
- CFI scores increased mainly as a result of:
 - Strong strategic financial planning by management during the Covid crisis.
 - an increase in covid related funds of \$25.8 million. There was only one distribution of covid funds in late fiscal year 2020 of \$7.6 million. FY2021 includes a full year of distribution of these funds that totaled \$33.5 million.
 - An increase in state appropriations for capital assets of \$29.9 million for Sugihara Hall.
- The primary reserve, current and working capital ratios are good or very good.
- The viability ratio of 0.8 is improving because NDSU has not added additional long-term debt since FY2018. The ratio is not a concern due to the strength of the other ratios.
- The operating income margin ratio is positive, at 1.5 percent in FY2021, improving after an abnormal low in FY2020 due to the Covid crisis.
- Net tuition and fees, per FTE enrollment increased every year, with the exception of FY2018. It increased 11.5 percent in FY2021 compared to FY2017.
- Fall 2020 FTE Enrollment declined by 1,531 or 11.98 percent compared to Fall 2016. Enrollment has declined each year since Fall 2016, with the exception of Fall 2017.
- Standard & Poor’s affirmed its ‘AA-‘rating with a stable outlook in a report dated April 16, 2021. According to S&P, “We assessed NDSU's enterprise profile as strong, characterized by modest matriculation rates, and good geographic diversity, which has helped offset local demographic pressures and FTE enrollment declines. We assessed the university's financial profile as very strong, characterized by solid available resources, good financial policies, good state funding environment and a low debt burden”.
- Moody’s Investors Service affirmed NDSU’s Aa3 stable issuer rating in a report dated November 4, 2021, but downgraded the rating on the Housing & Auxiliary Facilities System Revenue Bonds to A1 from Aa3 in conjunction with the release of the Higher Education Methodology affecting higher education institutions across the United States. According to Moody’s credit analysis for the stable Aa3 issuer rating, “The credit quality is supported by a very good regional brand and market position. NDSU is a top research institution within its five-state region and has \$400 million operating scope that includes expanding STEM programing and research. Like its midwestern peers, NDSU’s enrollment has been pressured by demographic shifts and increasing competition for college bound high school graduates. Favorably, NDSU has maintained robust tuition and auxiliary revenue that have driven sound operating results. Credit quality is further supported by strong wealth and liquidity that provides key stability amid waning enrollment. Financial leverage will remain manageable, even when including a net pension liability. Additionally, state appropriations, which represent significant operating revenue, have softened

in recent years. NDSU benefits from broad legislative support, but appropriations can be affected by the state economy that is highly concentrated in natural resources.”

University of North Dakota (UND)



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

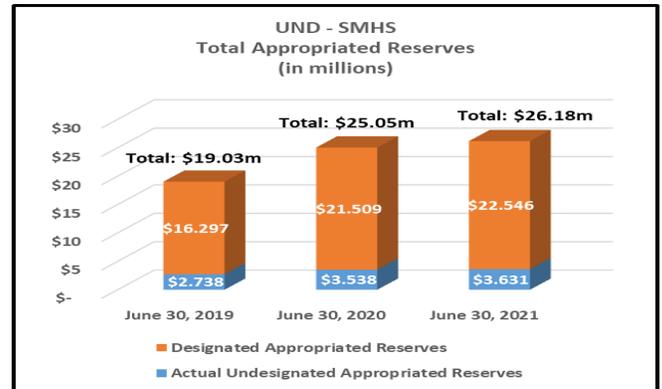
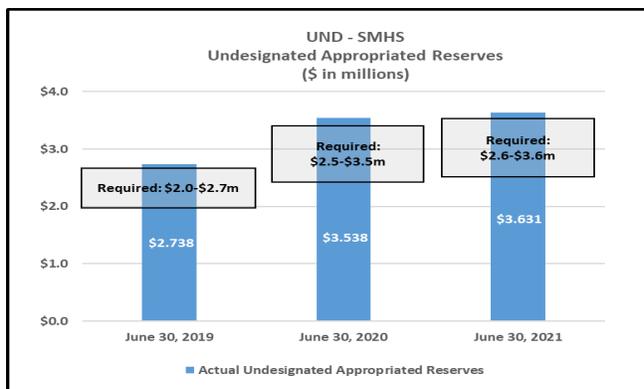
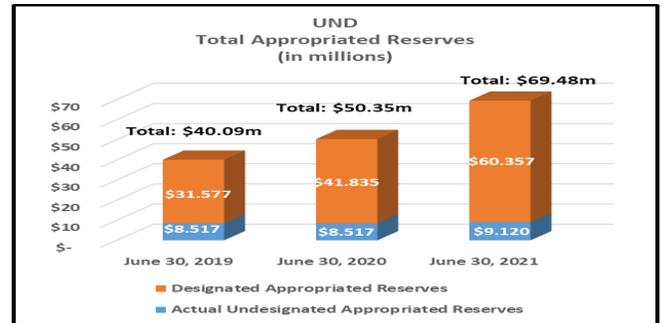
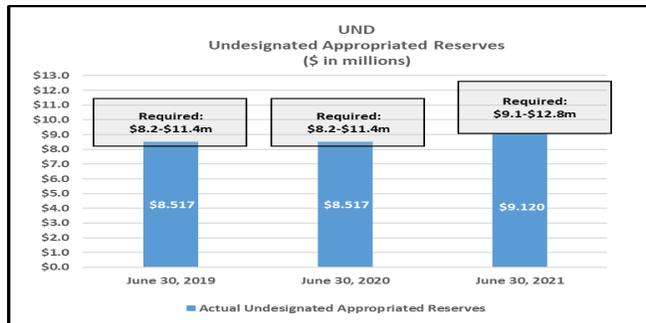


Appropriated Reserves

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.

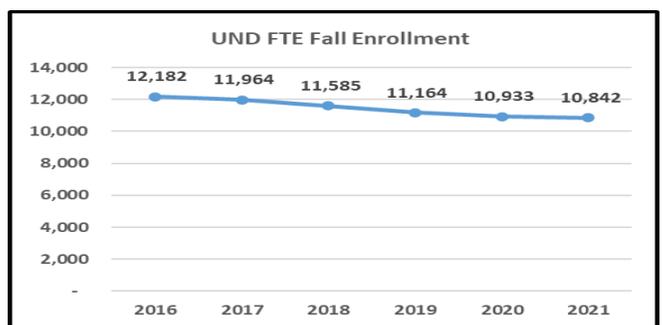
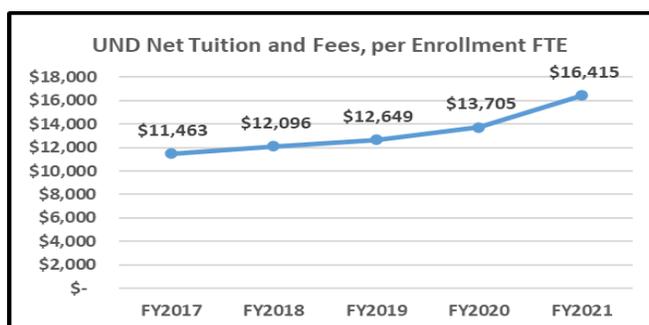
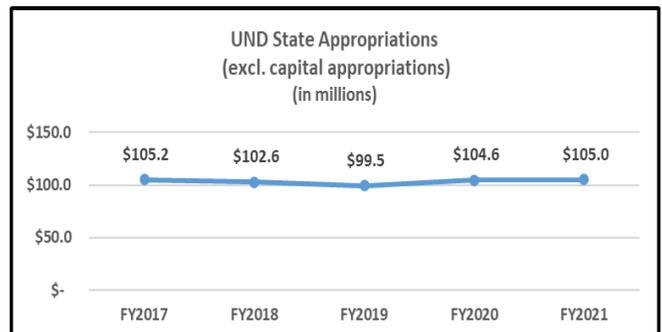
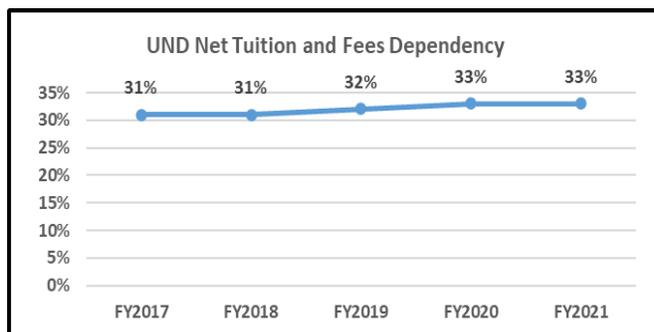
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. UND's undesignated appropriated reserves are at 5.0 percent for FY2021 and 5.2 percent for FY2020 and FY2019. The UND SMHS's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

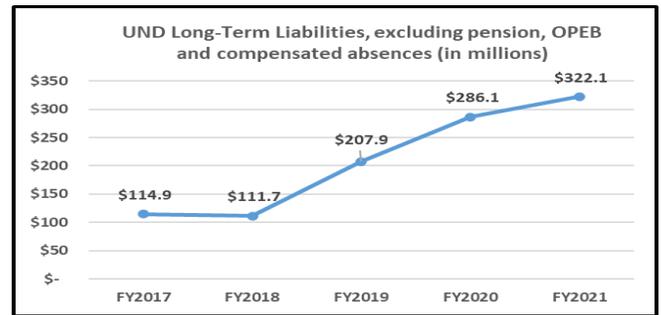
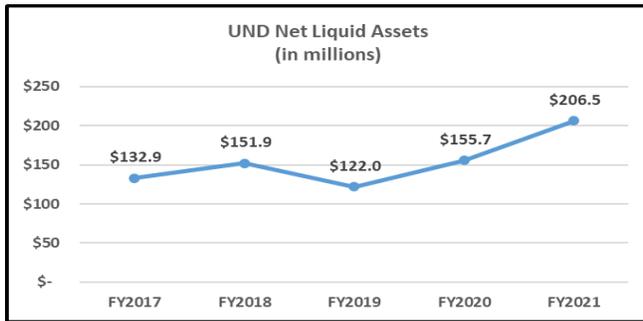
The information is presented on a cash basis.



Other Ratios:

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





UND Summary:

- CFI scores increased mainly due to:
 - an increase in covid related funds of \$20.0 million. There was only one distribution of covid funds in late fiscal year 2020 of \$5.8 million. FY2021 includes a full year of distribution of these funds that totaled \$25.6 million.
 - an increase in state capital appropriations of \$12.2 million for the Nistler College of Business & Public Administration Building.
 - an increase of \$71.0 million in net investment return by the UND Alumni Association and Foundation from FY2020 to FY2021.

- All other ratios are good or very good, with the exception of the viability ratio and operating income margin ratio. The viability ratio has been below 1.0 for the past three fiscal years. However, they are not a concern due to the strengths of the other ratios.

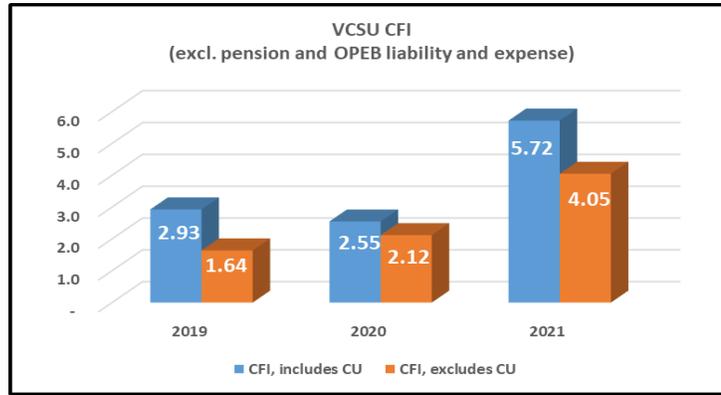
- Net income margin ratio and net liquid assets have steadily increased in FY2020 and FY2021.

- Long-term liabilities have increased \$207.2 million or 180.3 percent since FY2017 as a result of the issuance of certificates of participation in FY2019 of \$96.8 million (new steam plant and energy efficiency projects), housing and auxiliary facilities bonds in FY2020 of \$80.9 million (student-funded new Memorial Union) and facility improvement bonds of \$30.8 million (deferred maintenance).

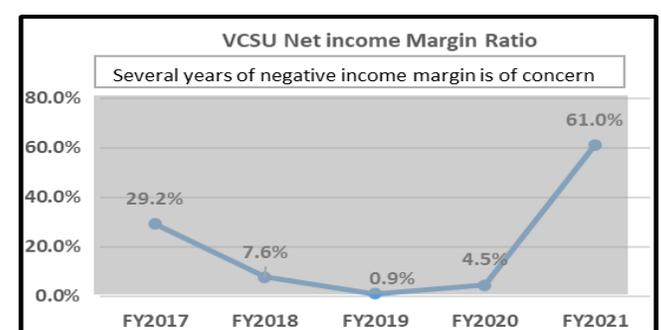
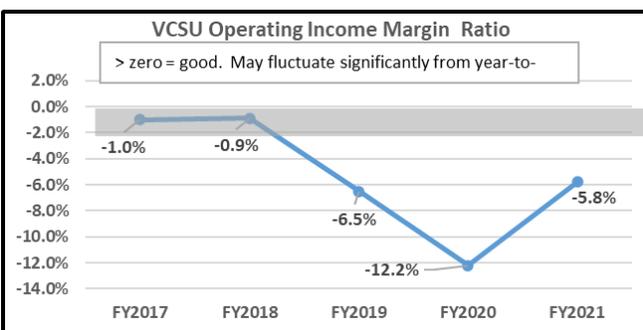
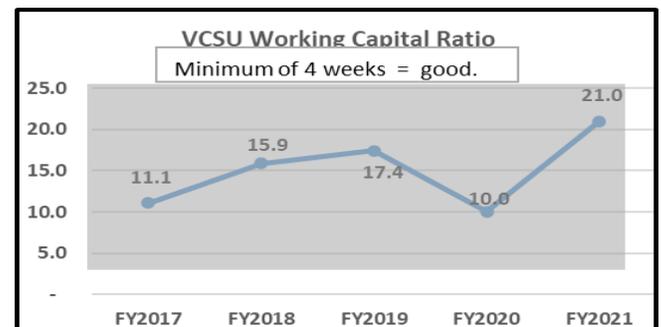
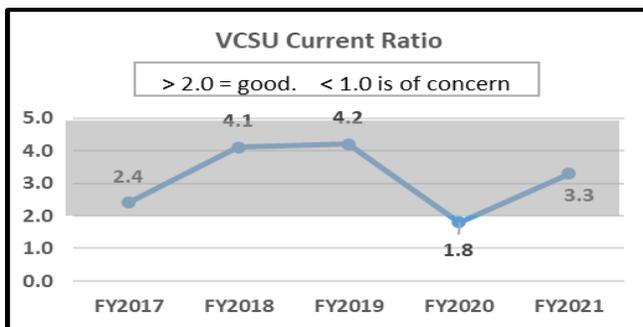
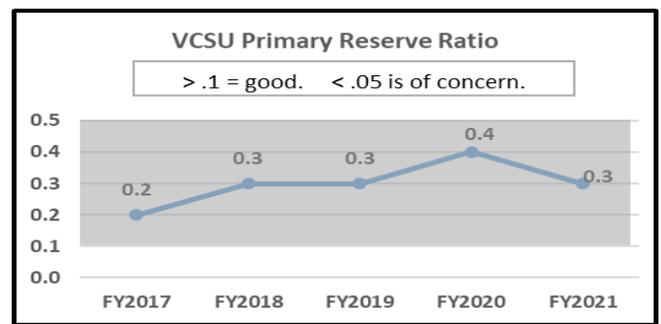
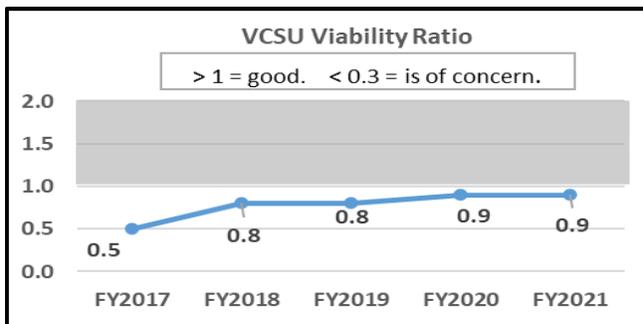
- Net tuition and fees, per FTE enrollment increased 43.2 percent since FY2017 and has increased every year since FY2017.

- Fall enrollment has decreased every year since Fall 2015. Fall 2020 enrollment decreased 1,249 or 10.3 percent compared to Fall 2016.

Valley City State University (VCSU)



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

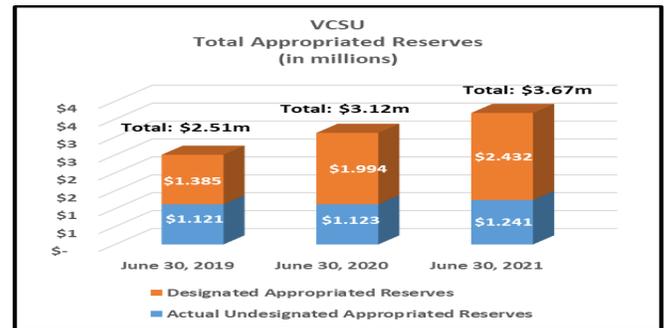
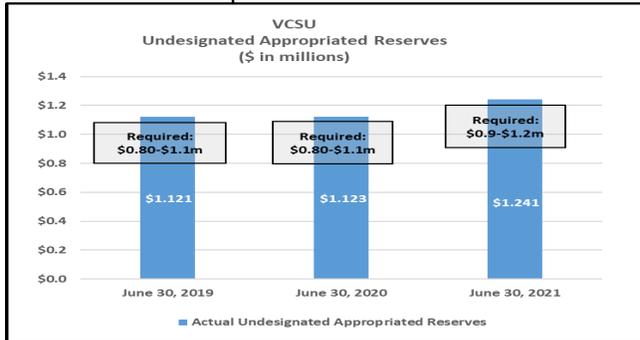


Appropriated Reserves

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.

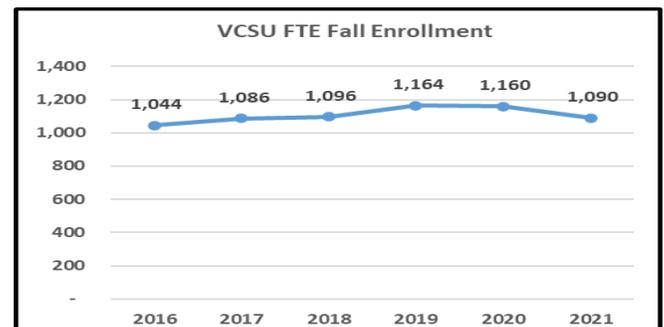
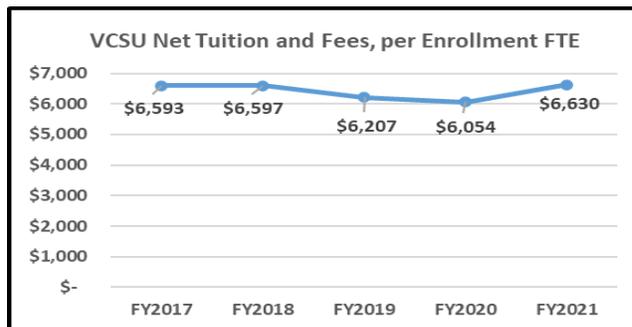
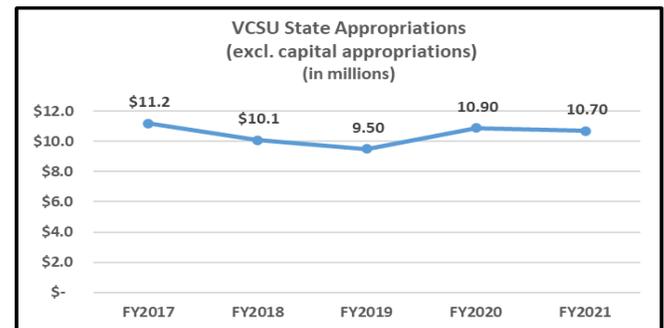
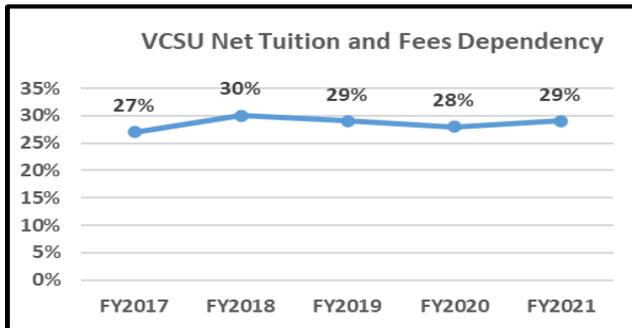
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. VCSU's undesignated appropriated reserves are at 7.0 percent for FY2021 and FY2020 and 6.8 percent for FY2019.

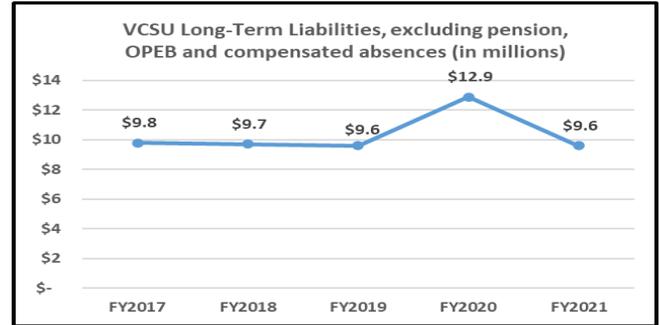
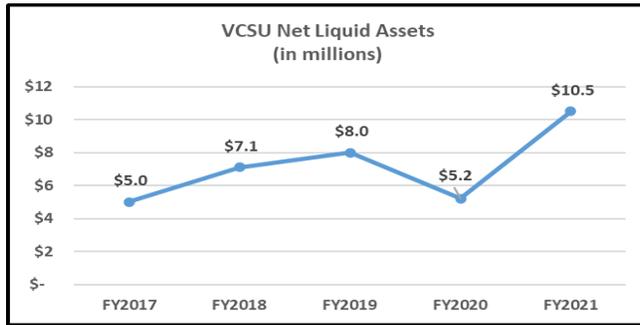
The information is presented on a cash basis.



Other Ratios:

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

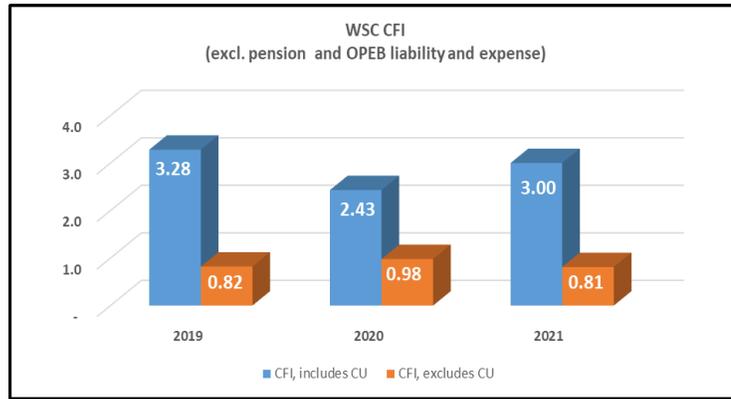




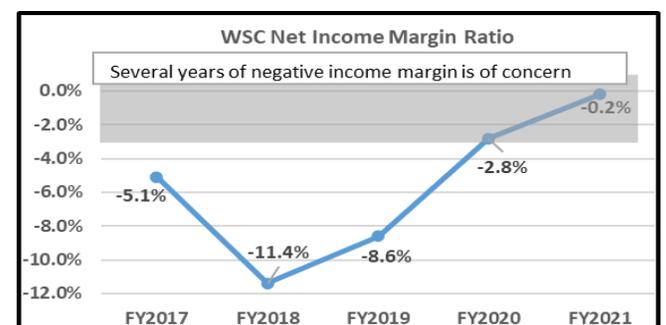
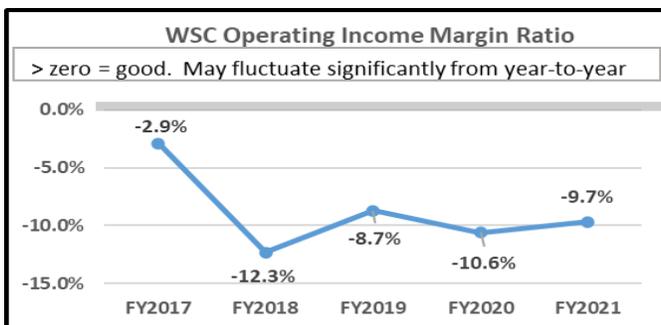
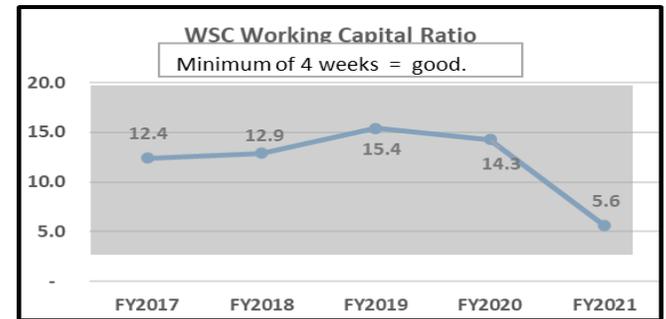
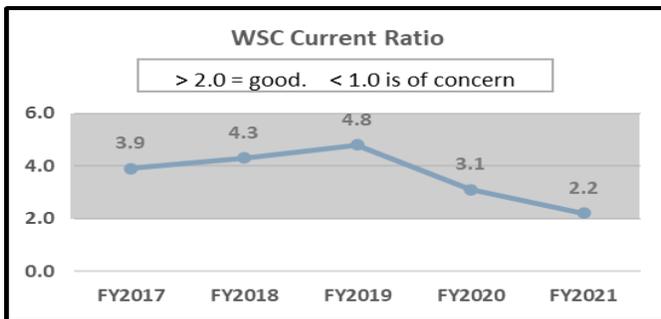
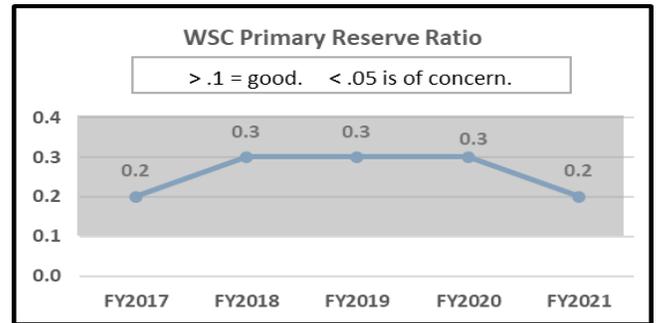
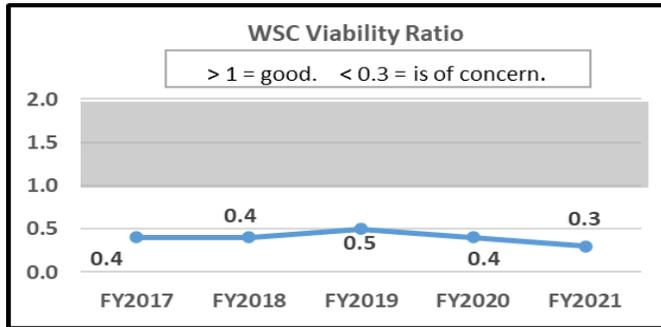
VCSU Summary:

- CFI scores increased mainly as a result of increases in state appropriations for capital assets of \$13.9 million and an increase in capital assets of \$15.5 million related to the Communications and Fine Arts Building.
- The primary reserve, current ratio and working capital ratios are good. The viability ratio remained at 0.9 in FY2021 which is slightly below general industry standards.
- The operating income margin ratio continues to trend negative but improved in FY2021. The net income margin ratio increased significantly due to an increase of state appropriations-capital assets of \$13.9 million for the Communications and Fine Arts Building.
- Fall 2020 FTE Enrollment increased 11.1 percent compared to Fall 2016 FTE enrollment but declined slightly in Fall 2021.

Willison State College (WSC)



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

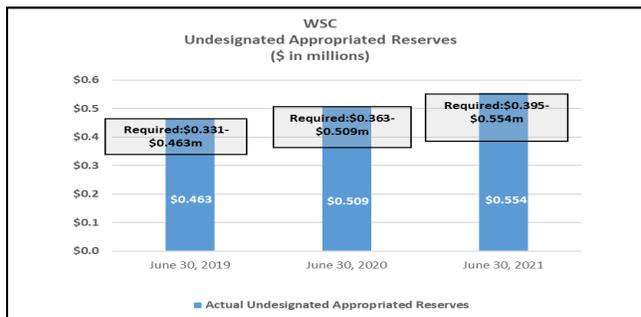


Appropriated Reserves

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.

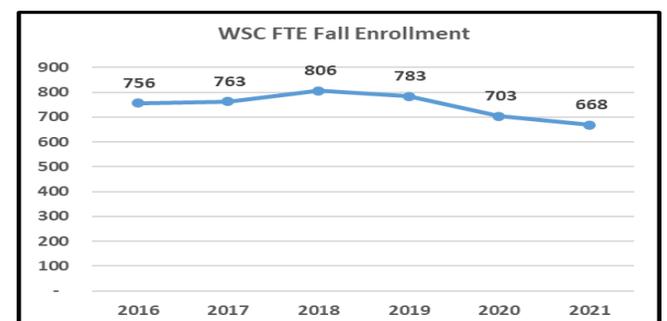
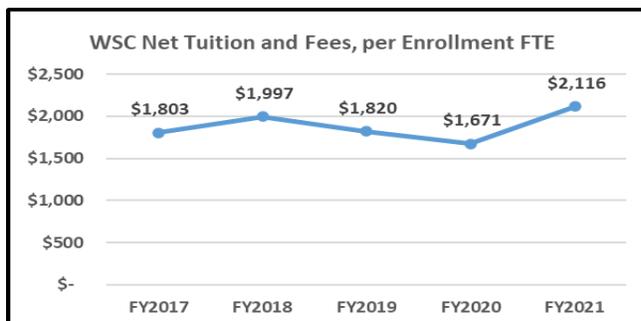
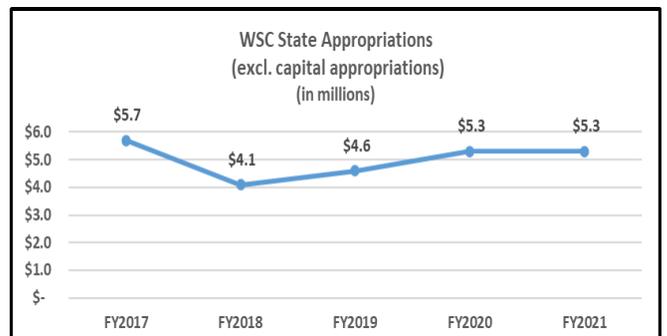
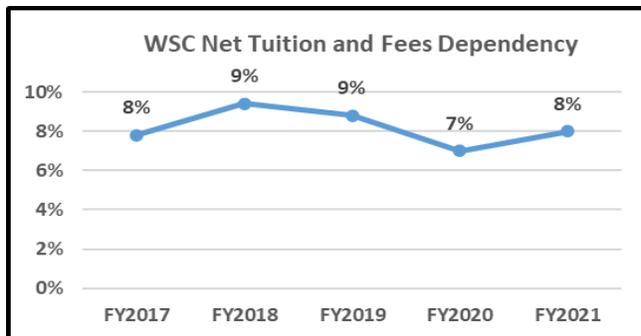
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. WSC's undesignated appropriated reserves are at 7.0 percent for FY2021, FY2020 and FY2019.

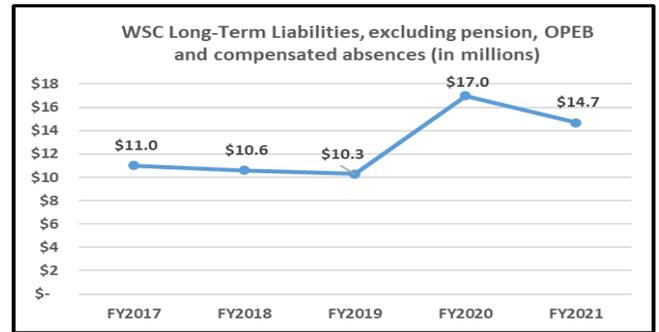
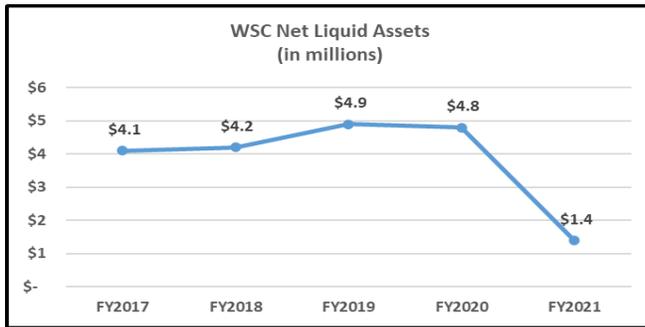
The information is presented on a cash basis.



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 in each of the three years.
- The viability ratio has been below 1.0 since FY2017 but based on the strong primary reserve, current ratio and working capital ratio continue to not be a concern at this time.
- The operating income margin ratio has been negative since FY2017. The net income margin ratio has been negative since FY2017, with the exception of FY2020.
- Net tuition and fees, per FTE enrollment increased 17.4 percent from FY2021.
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 between Fall 2016-Fall 2018 but decreased in Fall 2020 and Fall 2021. Fall 2020 FTE enrollment decreased 7.0 percent from Fall 2016.