



North Dakota University System

Annual Financial Review Report

For Fiscal Year Ended June 30, 2022

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL REVIEW
Fiscal Year Ending 2022
Issue Date: March 22, 2023

The purpose of this report is to provide a financial analysis of each institution for fiscal year 2022. It is presented to provide an understanding of the financial health of each institution, as of June 30, 2022 and to identify trends over a period of time. It is not the intent 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 2021 data, pending the release of the fiscal year 2022 data by SHEEO in Spring 2023. At that time, this report will be updated and re-issued.** Nationally, in fiscal year 2022 North Dakota ranked tenth in total educational revenues per FTE, compared to tenth in fiscal year 2021. North Dakota ranked eighteenth in state/local appropriations funding per FTE student, compared to a ranking of eighteenth in fiscal year 2021.

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

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:	$\frac{\text{Current Assets}}{\text{Current Liabilities} - \text{Operating Expenses}} \times 52 \text{ weeks}$
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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:	Income (loss) <u>before</u> state appropriations-capital assets and capital grants and gifts
	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:	Increase (decrease) in net position
	Total Revenue (operating and non-operating)

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:	Net Tuition and Fees
	FTE Enrollment

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 2021 report is used for fiscal year 2022. 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:	Net Tuition and Fees
	Total Revenues

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 (FY2018 to FY2022)

Formula: **FY2022 Net Liquid Assets – FY2018 Liquid Assets**

FY2018 Liquid Assets

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: **FY2022 LT Liabilities – FY2018 LT Liabilities**

FY2018 LT Liabilities

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 – FY2021 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 information on this page and page 7 will be updated when the FY2022 data is released by SHEEO in the spring of FY2023.

FY 2021 Total Educational Revenue per FTE - Public Institutions of Higher Ed			
Total Educational Revenues Per FTE*		Educational Appropriations (State/Local) Per FTE*	
1 Wyoming	29,649	1 Wyoming	26,393
2 Illinois	26,318	2 Illinois	18,752
3 Delaware	23,313	3 Alaska	17,497
4 Michigan	23,119	4 New Mexico	15,134
5 Alaska	22,625	5 Hawaii	13,881
6 Vermont	22,142	6 New York	12,428
7 Minnesota	21,690	7 Minnesota	11,759
8 Connecticut	21,559	8 Tennessee	11,412
9 Alabama	20,446	9 Connecticut	11,287
10 North Dakota	19,695	10 Nebraska	11,113
11 New Mexico	18,819	11 North Carolina	11,090
12 Idaho	18,571	12 Idaho	10,612
13 New York	18,191	13 Washington	10,296
14 Tennessee	18,138	14 California	9,859
15 Hawaii	18,131	15 Georgia	9,844
16 Nebraska	17,887	16 Massachusetts	9,611
17 South Carolina	17,704	17 Missouri	9,504
18 Ohio	17,220	18 North Dakota	9,133
19 Missouri	17,032	19 Wisconsin	9,107
20 Kentucky	17,009	20 Maryland	9,050
21 Pennsylvania	16,947	21 Texas	9,039
22 Maryland	16,851	22 Arkansas	8,886
23 Indiana	16,535	23 Maine	8,724
24 Wisconsin	16,358	24 Utah	8,717
25 Iowa	16,245	25 Kansas	8,680
26 North Carolina	16,186	26 Florida	8,323
27 Mississippi	16,154	27 Michigan	8,197
28 Oregon	16,031	28 Mississippi	8,161
29 Virginia	15,992	29 Kentucky	7,931
30 Maine	15,822	30 New Jersey	7,753
31 Colorado	15,772	31 Alabama	7,733
32 Washington	15,756	32 South Dakota	7,665
33 Kansas	15,749	33 Montana	7,646
34 South Dakota	15,679	34 South Carolina	7,624
35 Massachusetts	15,257	35 Ohio	7,567
36 Rhode Island	15,224	36 Oregon	7,395
37 New Jersey	15,122	37 Vermont	7,370
38 Arizona	14,906	38 Virginia	7,215
39 Georgia	14,827	39 Delaware	6,984
40 Utah	14,755	40 Nevada	6,490
41 Texas	14,606	41 Indiana	6,408
42 Montana	14,594	42 West Virginia	6,309
43 Arkansas	14,514	43 Louisiana	6,209
44 Oklahoma	13,967	44 Arizona	6,194
45 New Hampshire	13,837	45 Rhode Island	6,137
46 West Virginia	13,179	46 Iowa	6,115
47 California	12,392	47 Pennsylvania	6,097
48 Louisiana	11,797	48 Oklahoma	5,838
49 Florida	10,625	49 Colorado	5,462
50 Nevada	9,044	50 New Hampshire	4,370
US	\$ 15,959	US	\$ 9,327

*Excluding Ag research, extension and med school funding.

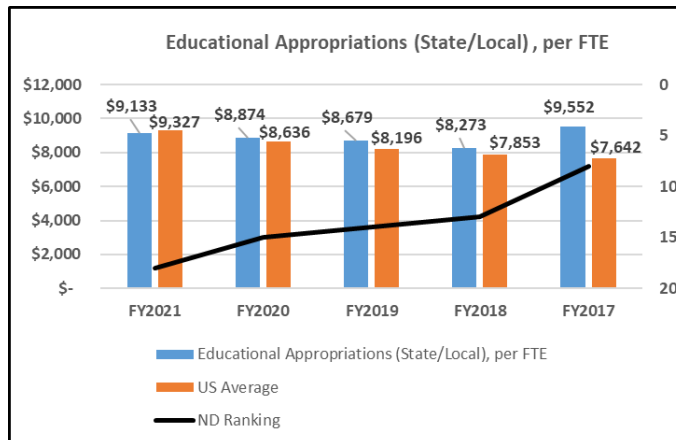
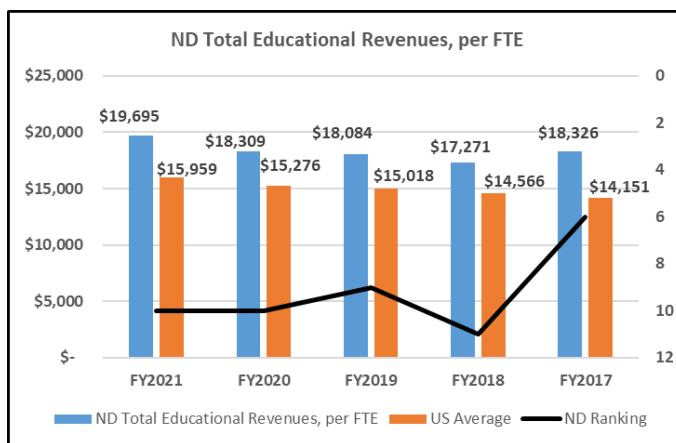
Source: FY2021 SHEEO State Higher Education Finance Report

Nationally, in fiscal year 2021 and 2020 North Dakota ranked tenth in total educational revenues per FTE. North Dakota ranked eighteenth in state/local appropriations funding per FTE student, compared to a ranking of fifteenth in fiscal year 2020. The information on this page will be updated when the FY2022 data is released by SHEEO in the spring of FY2023.

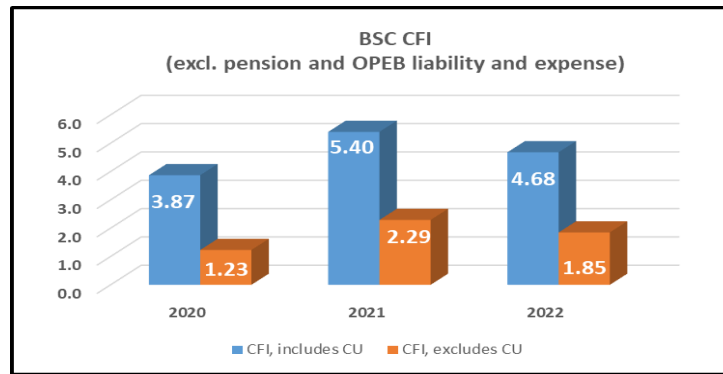
	FY2021	FY2020	FY2019	FY2018	FY2017
ND Total Educational Revenues per FTE	\$ 19,695	\$ 18,309	\$ 18,084	\$ 17,271	\$ 18,326
% increase (decrease)	7.5%				
US Average	\$ 15,959	\$ 15,276	\$ 15,018	\$ 14,566	\$ 14,151
% increase (decrease)	12.8%				
ND Ranking	10	10	9	11	6

	FY2021	FY2020	FY2019	FY2018	FY2017
Educational Appropriations (State/Local) per FTE	\$ 9,133	\$ 8,874	\$ 8,679	\$ 8,273	\$ 9,552
% increase (decrease)	-4.4%				
US Average	\$ 9,327	\$ 8,636	\$ 8,196	\$ 7,853	\$ 7,642
% increase (decrease)	22.0%				
ND Ranking	18	15	14	13	8

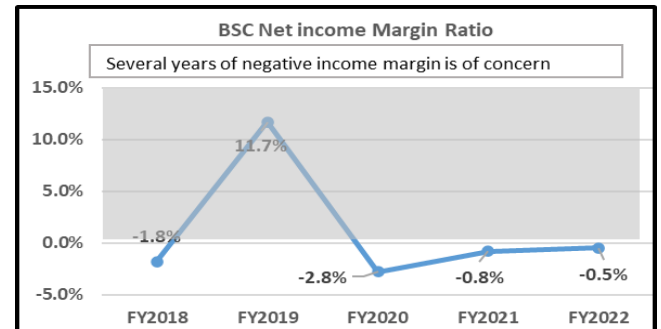
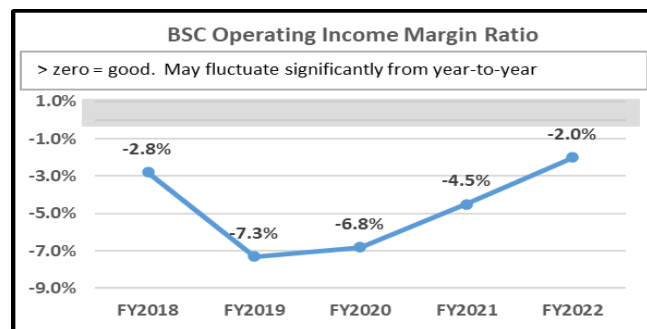
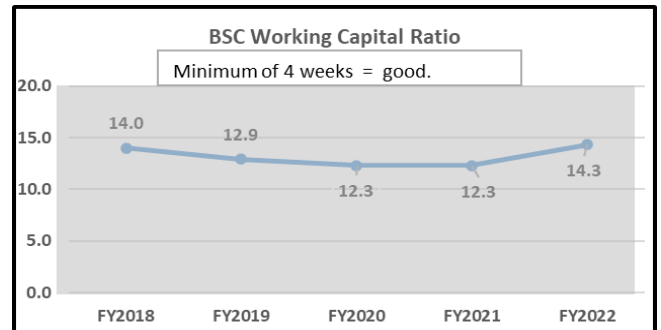
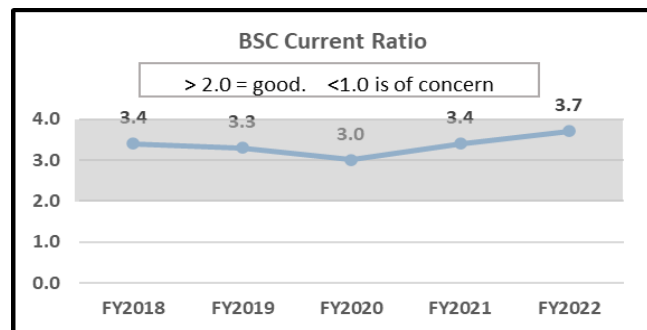
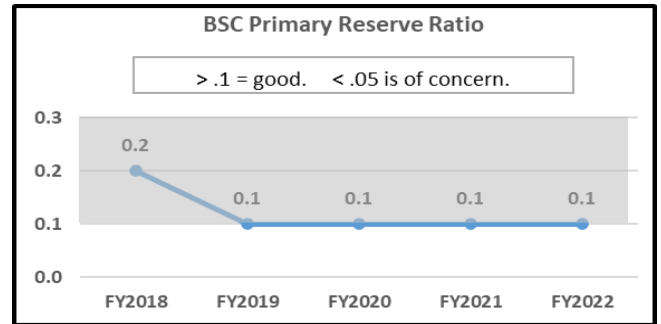
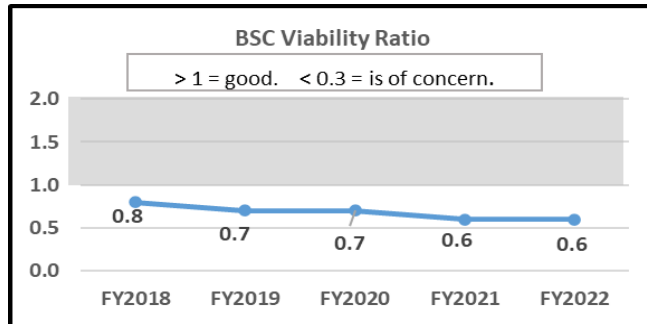
Source: FY2021 SHEEO State Higher Education Finance Report.



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

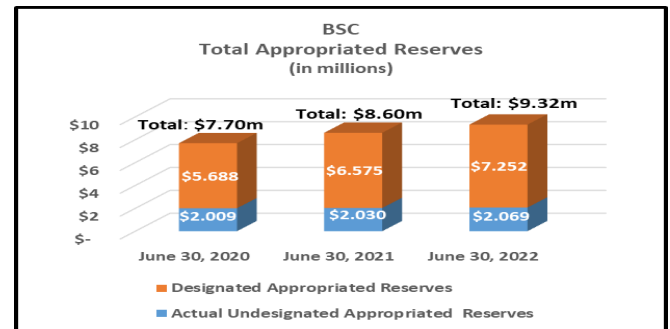
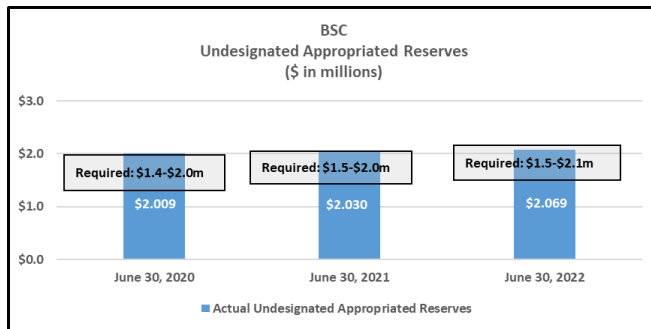


Appropriated Reserves

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.

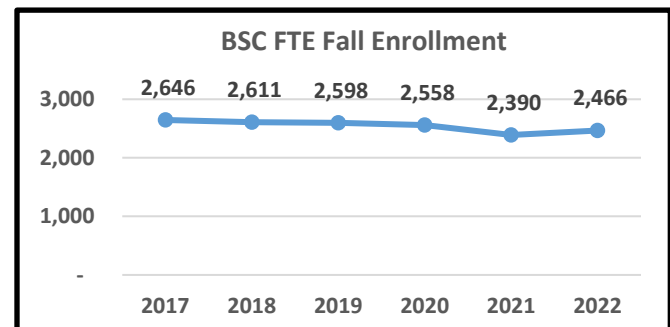
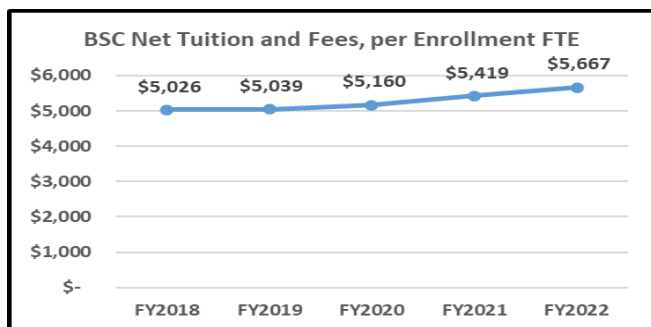
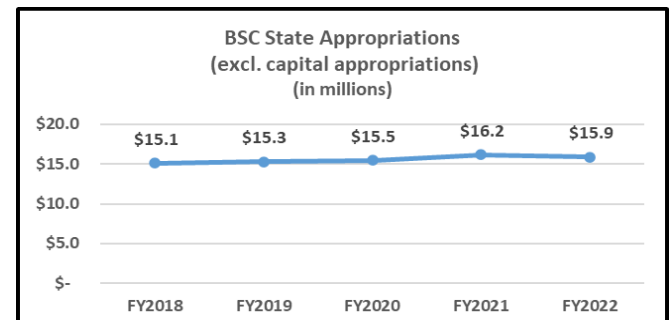
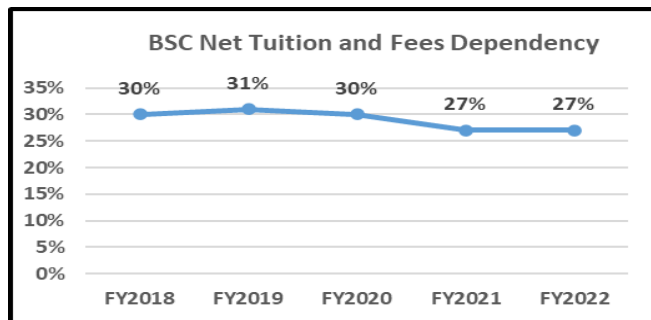
SBHE Policy 810. (1a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. BSC's undesignated appropriated reserves are at 6.9 percent for FY2022 and 7.0 percent for FY2021 and FY2020.

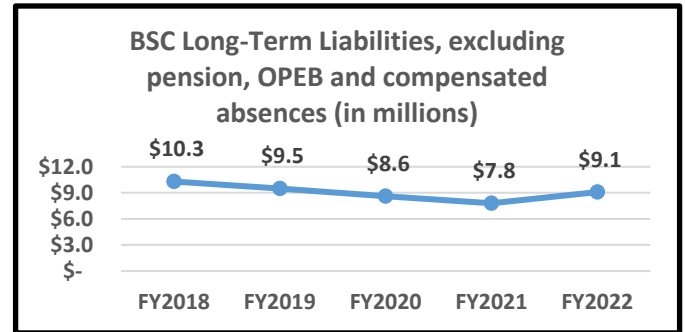
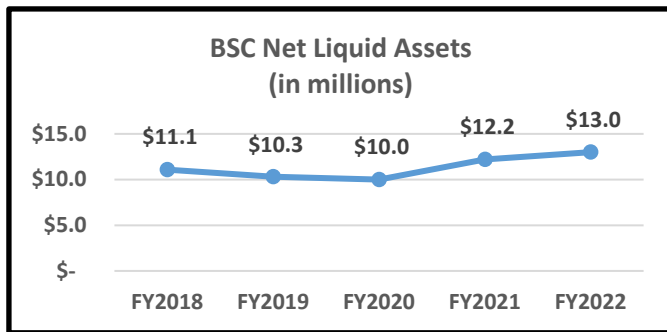
The information is presented on a cash basis.



Other Ratios:

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

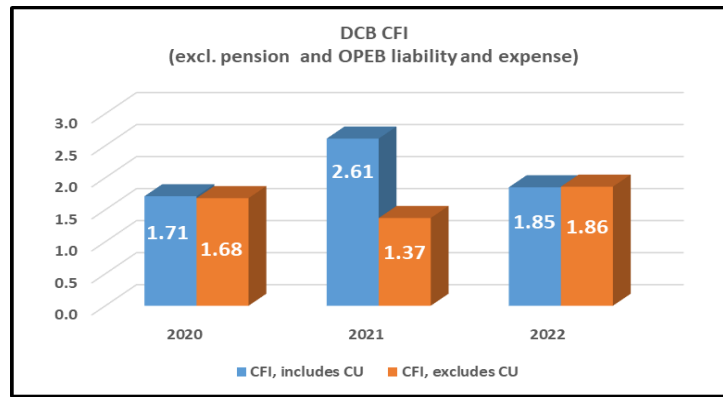




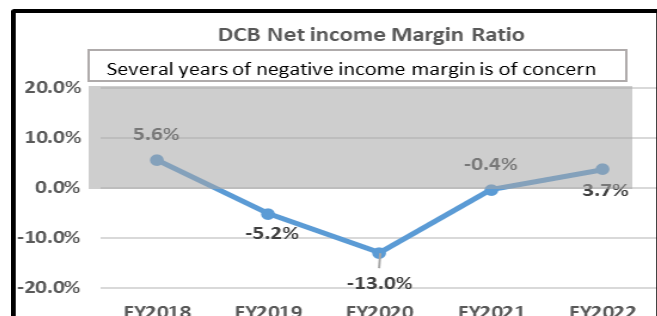
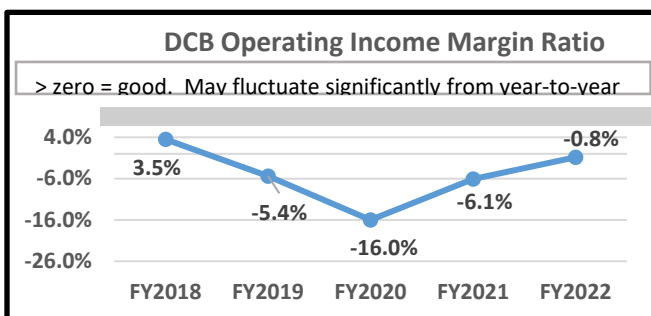
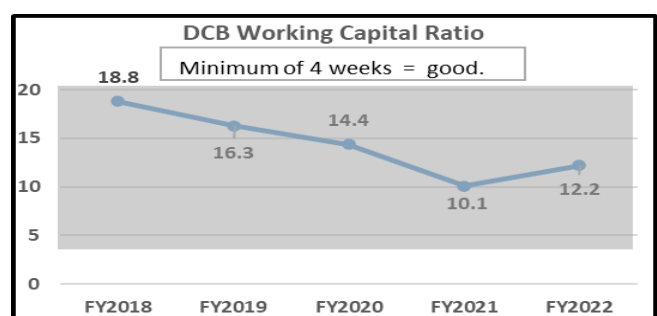
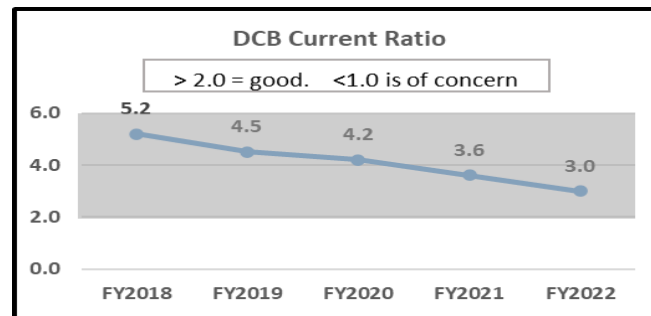
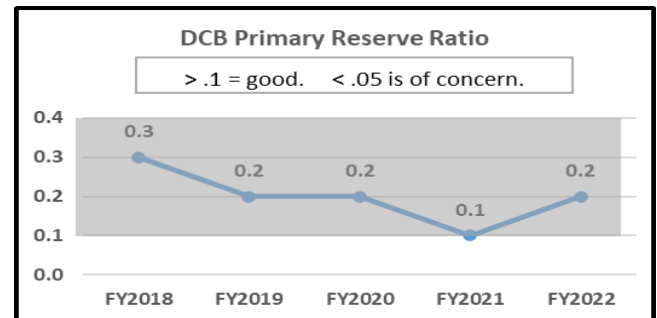
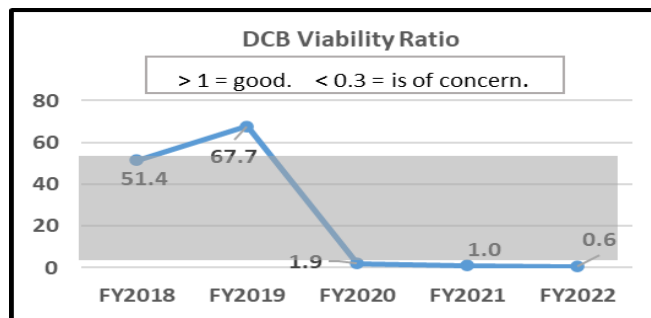
BSC Summary

- The CFI scores are all in the “Above” zone.
- The viability ratio has been below 1.0 for the last five years. However, the primary, current and working capital ratios continue to remain stable.
- The operating income margin ratio has been below zero for the last five fiscal years but the ratio increased during the last three fiscal years.
- Fall 2021 enrollment decreased 9.7 percent since Fall 2017. Fall 2022 enrollment increased slightly at 3.2 percent from Fall 2021.
- Net tuition and fees, per Enrollment FTE has increased for each of the fiscal years 2018 through 2022. The FY2022 ratio increased 12.8 percent from FY2018.
- Net liquid assets increased 17.1 percent in FY2022 compared to FY2018.

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

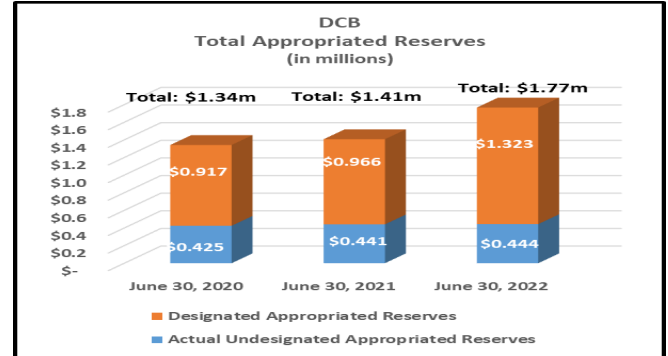
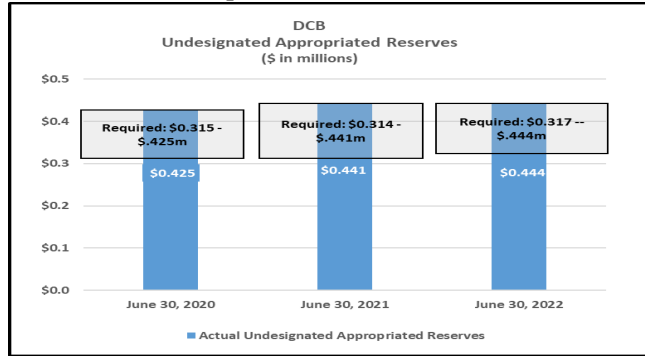


Appropriated Reserves

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.

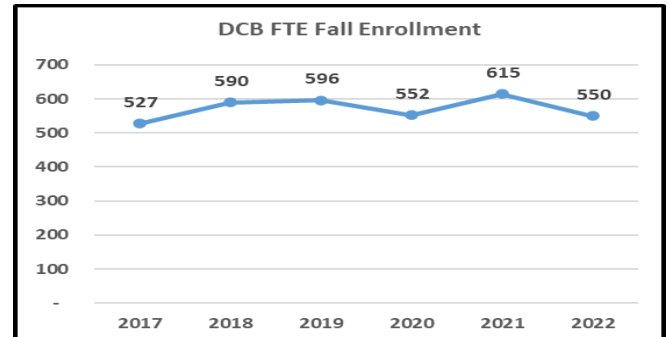
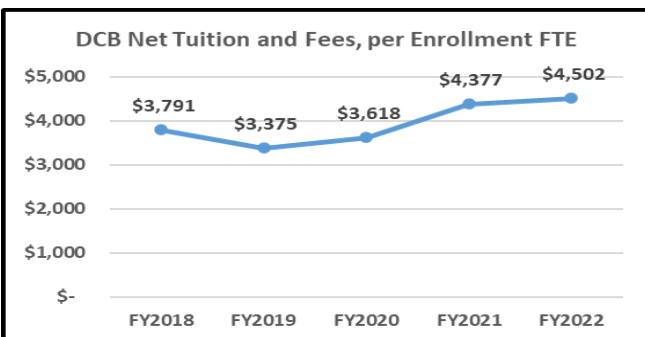
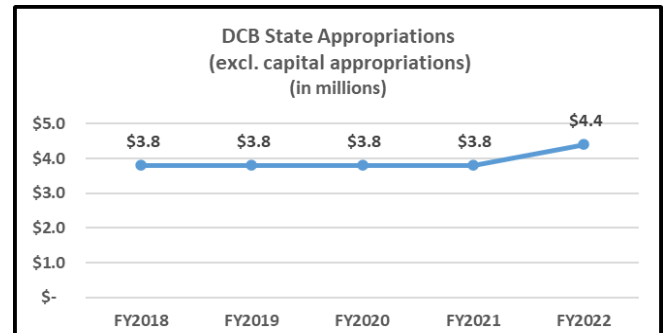
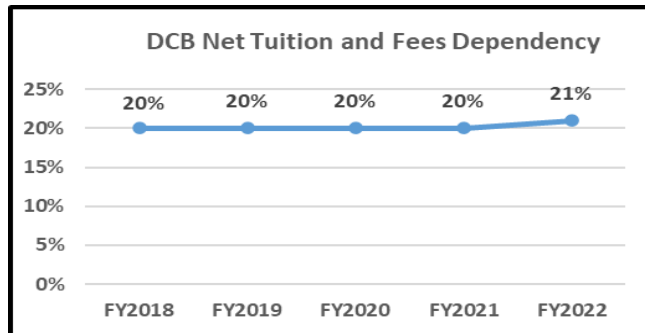
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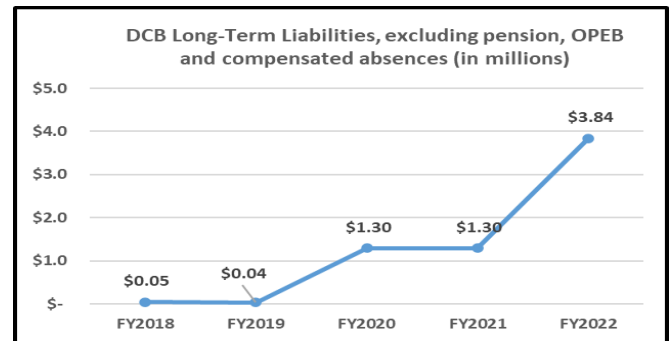
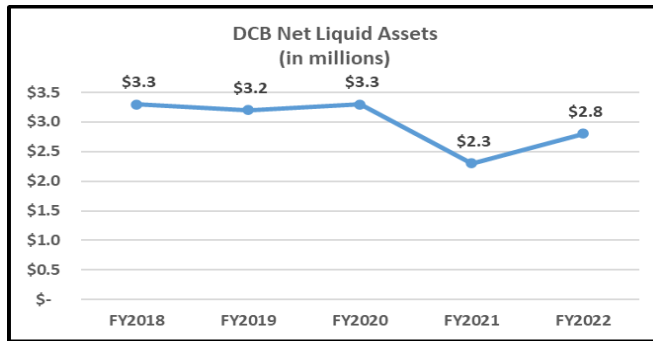
The information is presented on a cash basis.



Other Ratios:

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

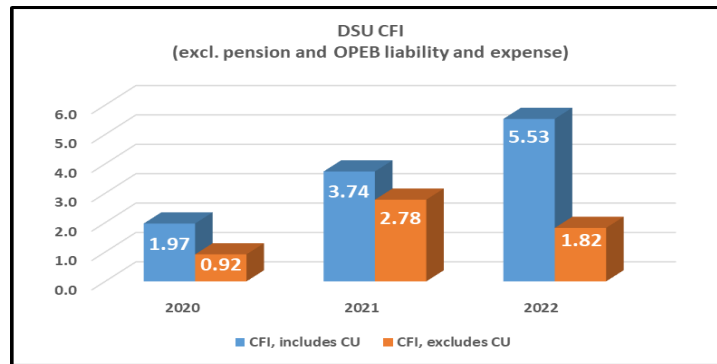




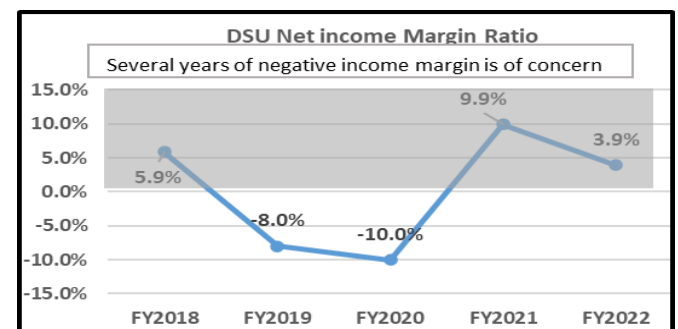
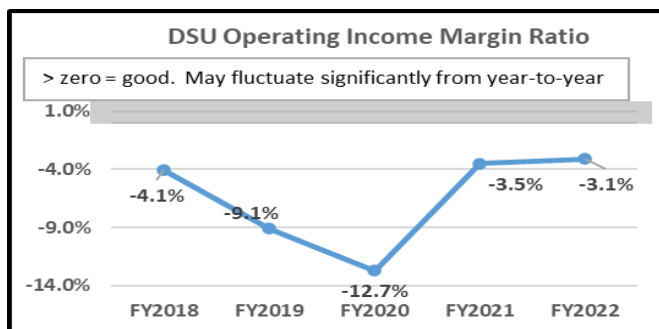
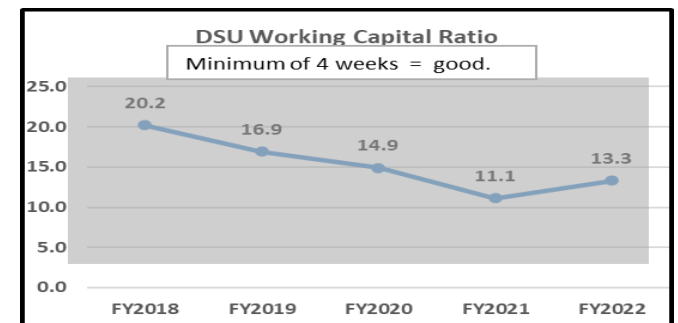
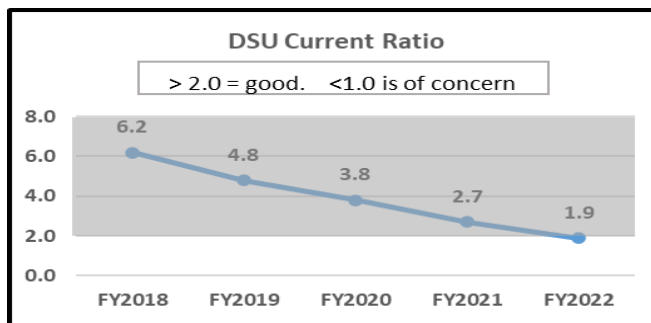
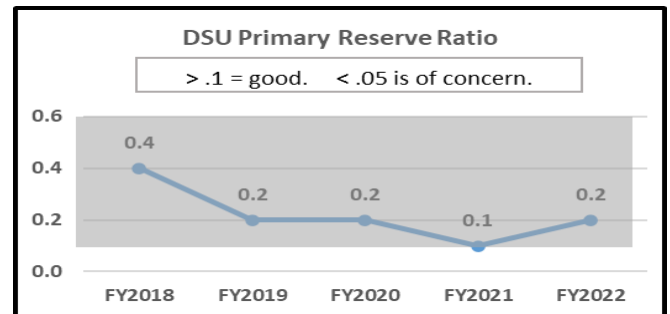
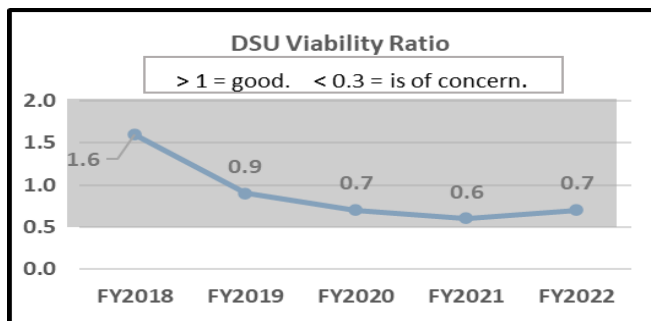
DCB Summary:

- CFI scores are solid.
- The viability ratio fell below 1.0 in FY2022 but it is not a concern at this time. The decrease is the result of capital leases of \$1.3 million for energy savings projects. Energy cost savings are expected to offset the lease payments.
- All other ratios are good or very good, although the current ratio has decreased for the last five years.
- The operating income margin and net income margin ratios continued to increase in FY2022.
- Net tuition and fees, per Enrollment FTE increased 18.8 percent compared to FY2018 while state appropriations increased 15.8 percent compared to FY2018.
- FTE Fall 2021 enrollment increased to 615 or 16.7 percent compared to Fall 2017. Fall 2022 enrollment decreased to 550.
- Long-term liabilities increased \$2.5 million due to the issuance of Housing and Auxiliary Facilities Revenue Bonds that will mature in FY2026.

Dickinson State University (DSU)



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Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
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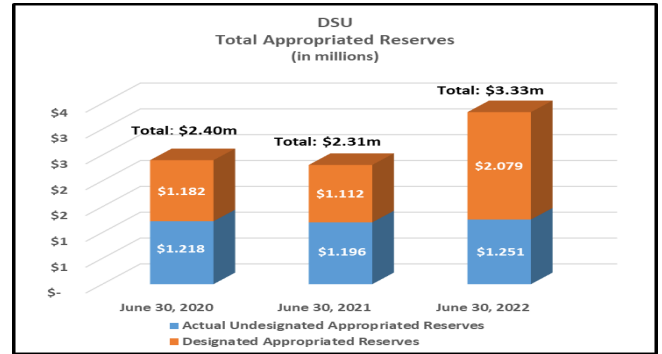
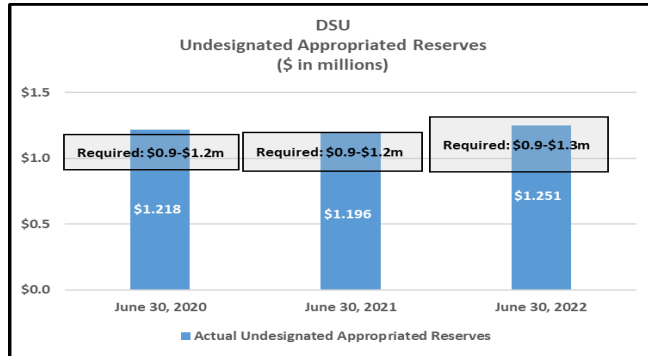


Appropriated Reserves

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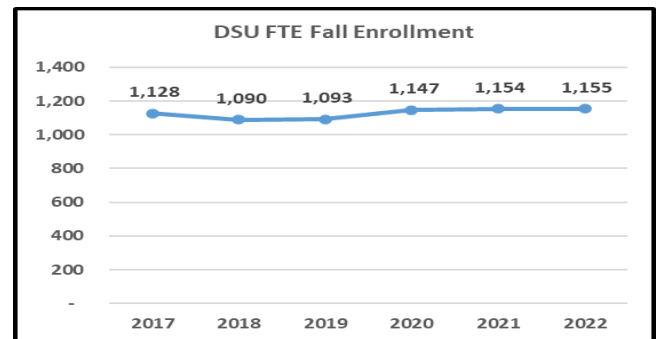
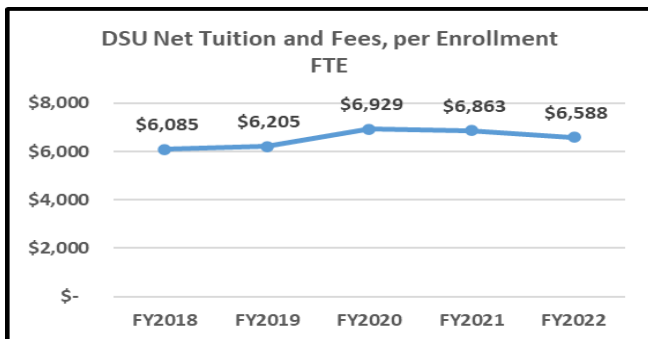
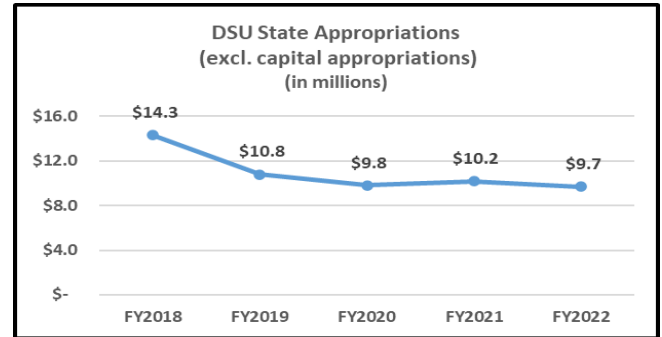
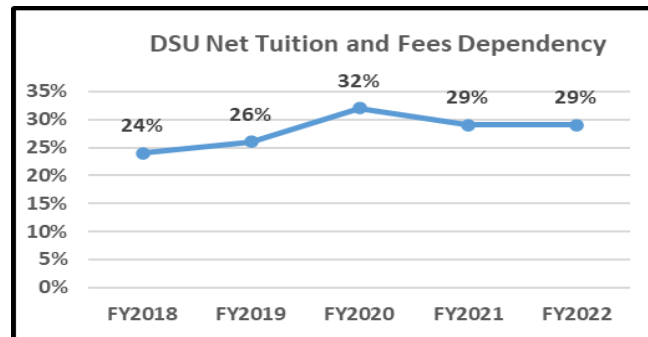
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. DSU's undesignated appropriated reserves are at 7.0 percent for FY2022, FY2020 and FY2021.

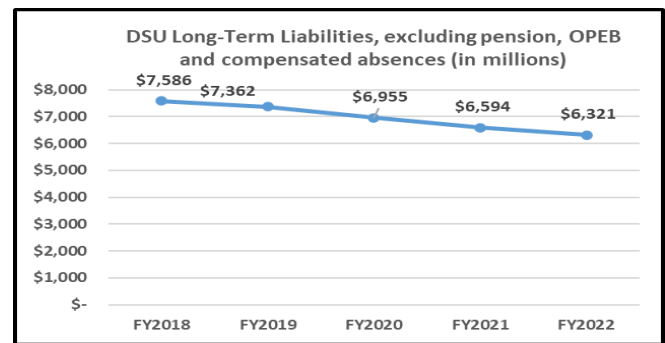
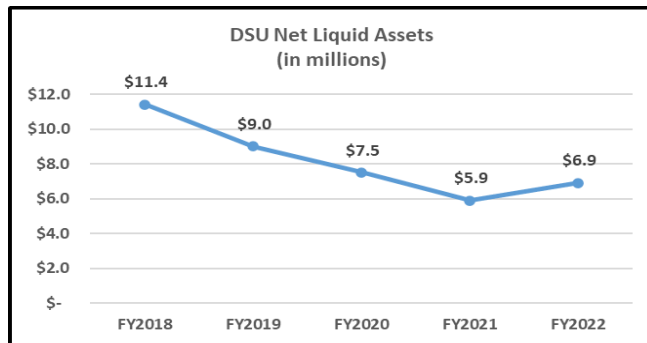
The information is presented on a cash basis.



Other Ratios:

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

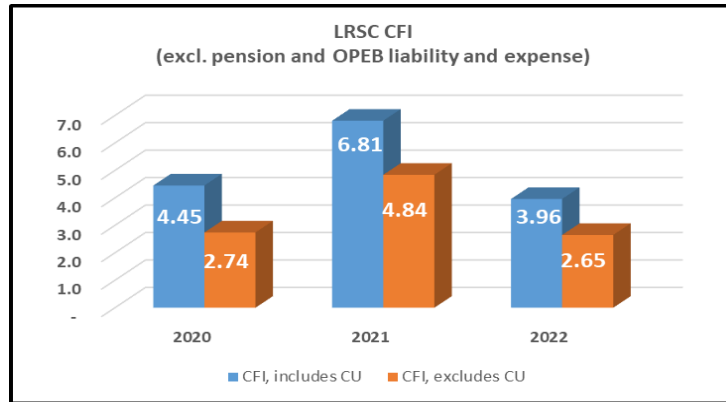




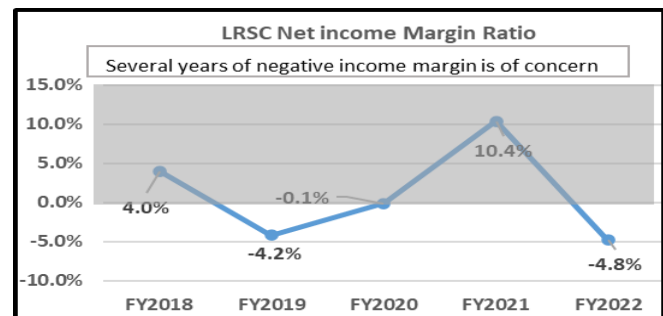
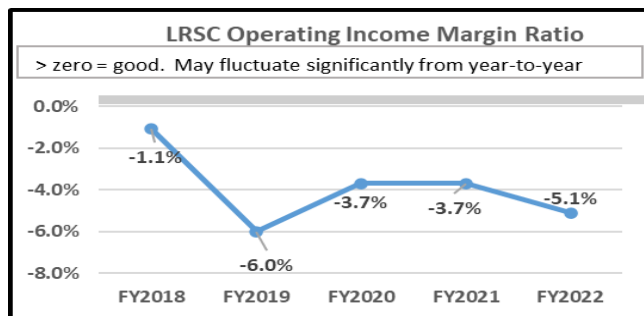
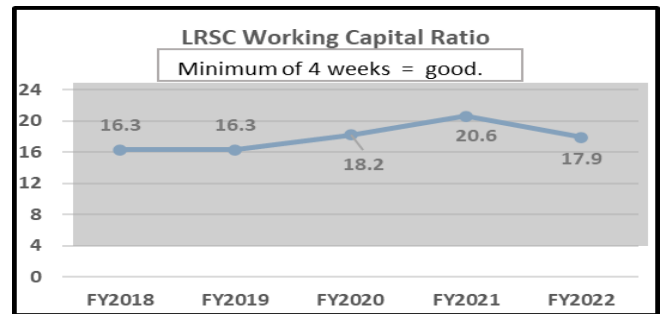
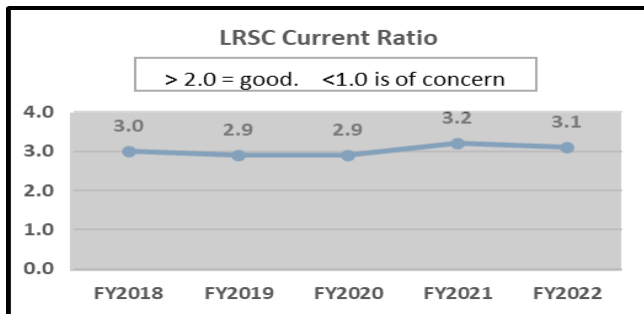
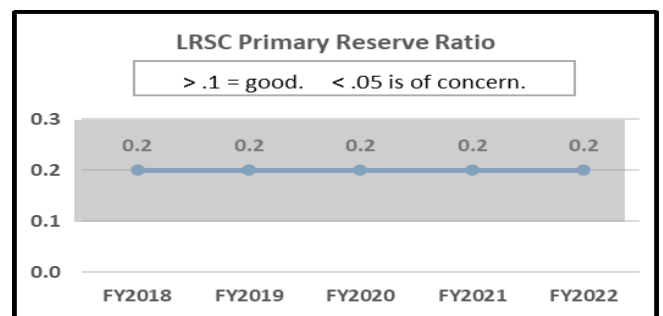
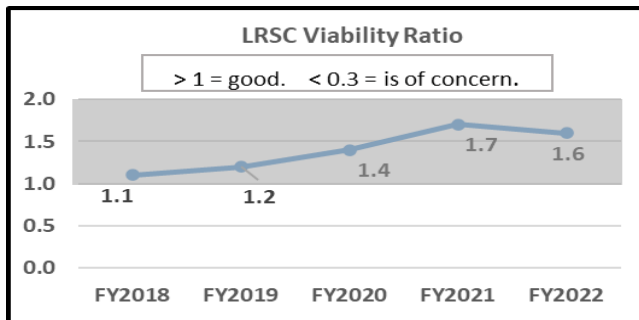
DSU Summary:

- The CFI, including CU, score has continued to improve since FY2020. The FY2022 CFI, including CU, score increased 48 percent from FY2021 and the increase is attributed to the following:
 - An increase in the DSU Heritage Foundation net assets of \$12.4 million or 92.5 percent compared to FY2021.
 - An increase federal stimulus appropriations of \$6.8 million compared to \$3.3 million in FY2021. The increase represents an increase of \$3.5 million or 106.5 percent.
- The CFI, excluding CU, score decreased 34 percent since FY2021 but is still well within the “Above” zone.
- Although the current ratio trend is continuously downward, the working capital ratio this fiscal year increased 19.8 percent since FY2021.
- While the operating margin income ratio trend remains negative, it slightly improved in FY2022.
- The net income margin ratio decreased since FY2021 due to a decrease in private grants and contracts at almost \$4.0 million, which will be recognized for the next school fiscal year.
- FY2022 net liquid assets increased 17.0 percent since FY2021, indicating the ability to improve its financial liquidity. However, it is important to note that liquid assets balances, such as cash and accounts receivable, can fluctuate from year-to-year due to the payment and receipts cycles.
- Fall enrollment trend has increased since FY2019.
- Net tuition and fees per Enrollment FTE trend decreased 4.9 percent since FY2020. It decreased by 4.0 percent compared to FY2021 due to no increase in tuition and fees for the students in three fiscal years.

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

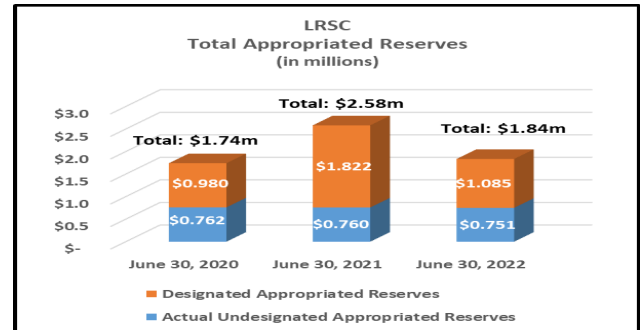
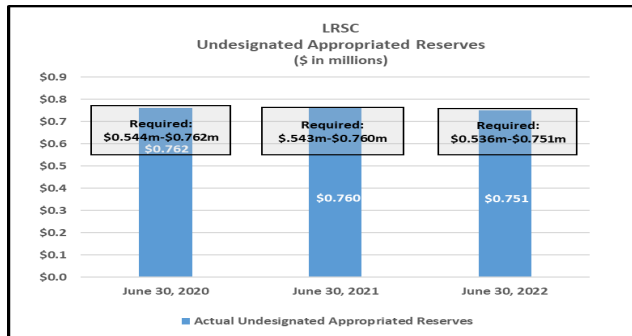


Appropriated Reserves

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.

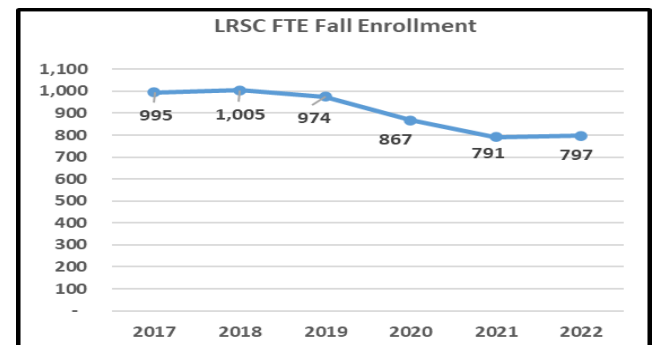
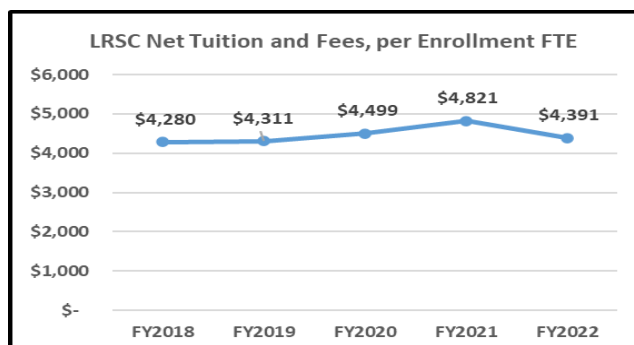
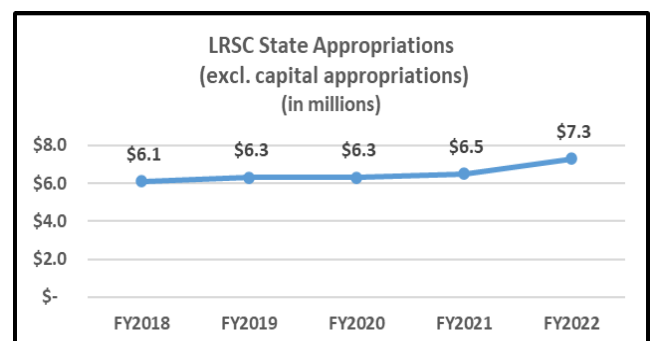
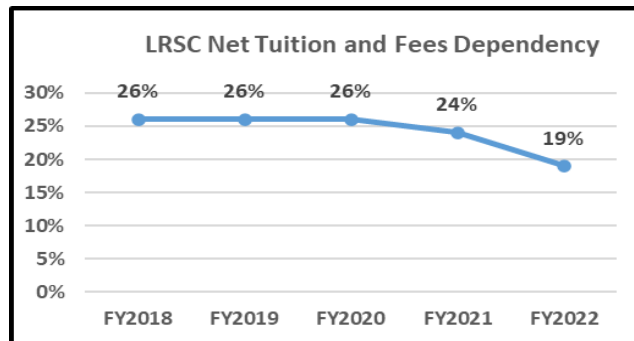
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. LRSC's undesignated appropriated reserves are at 5.0 percent for FY2020 and 7.0 percent in FY2021 and FY2022..

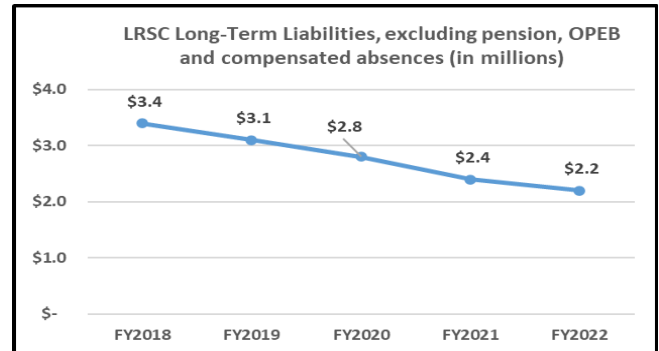
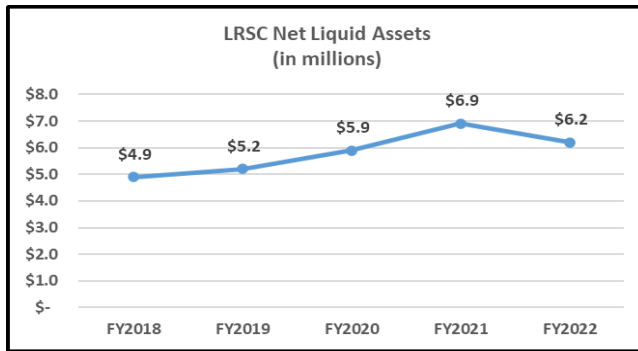
The information is presented on a cash basis.



Other Ratios:

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

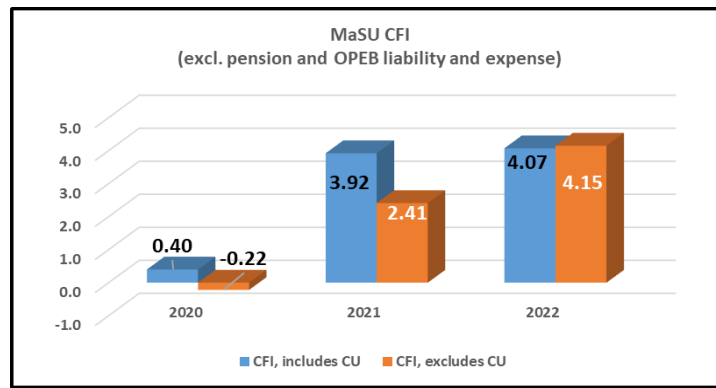




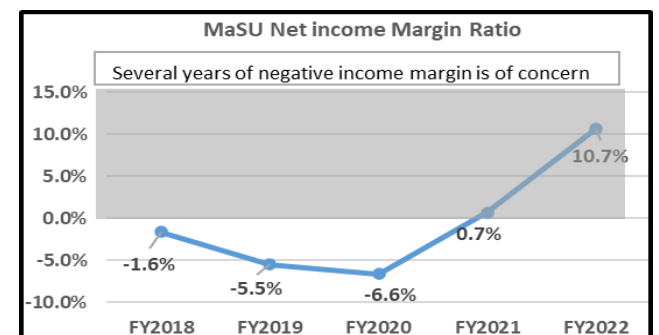
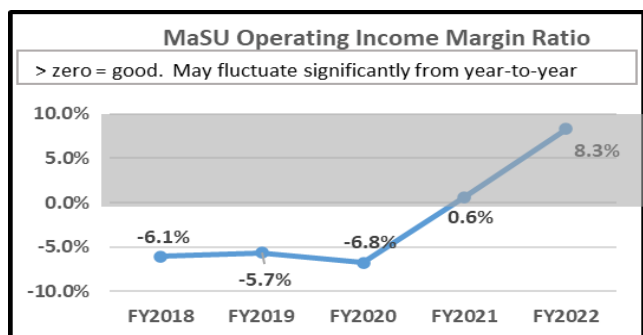
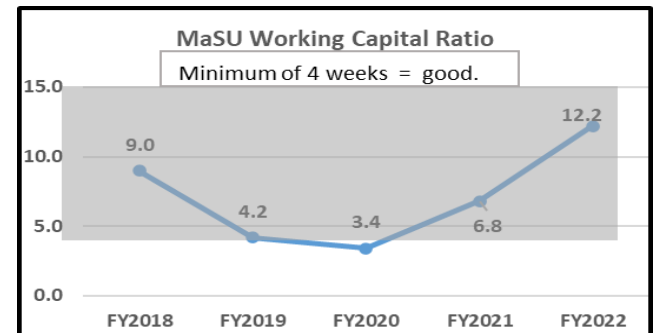
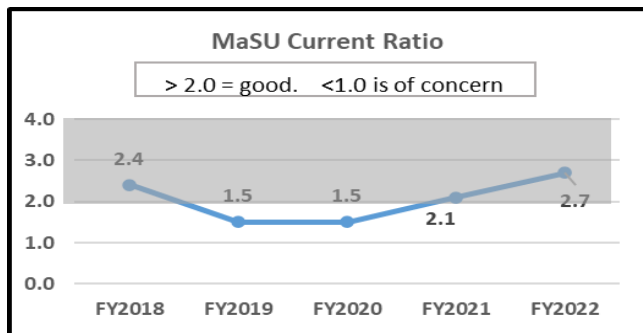
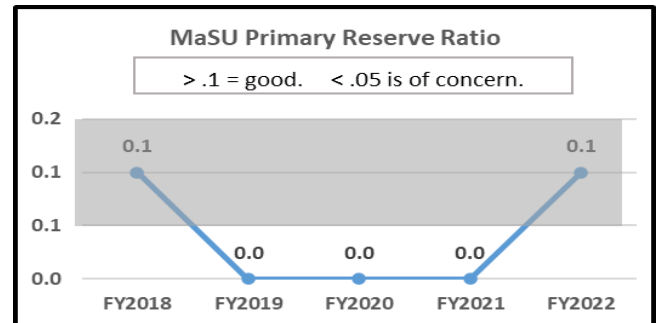
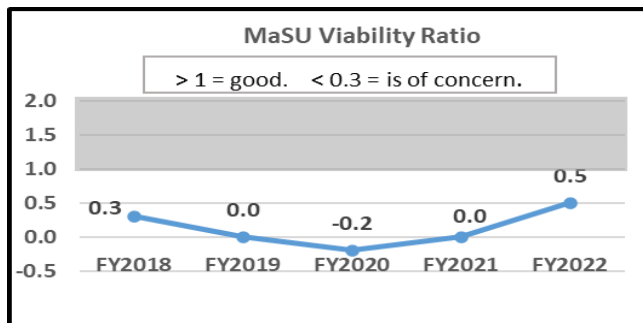
LRSC Summary:

- CFI scores are solid.
- 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 dependency decreased to 19 percent in FY2022 compared to 26 percent in FY2018.
- Fall 2021 FTE Enrollment decreased 20.5 percent from Fall 2017. Fall 2022 enrollment increased slightly compared to Fall 2021.

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

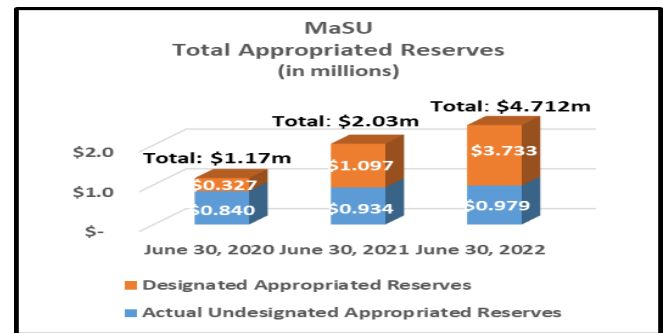
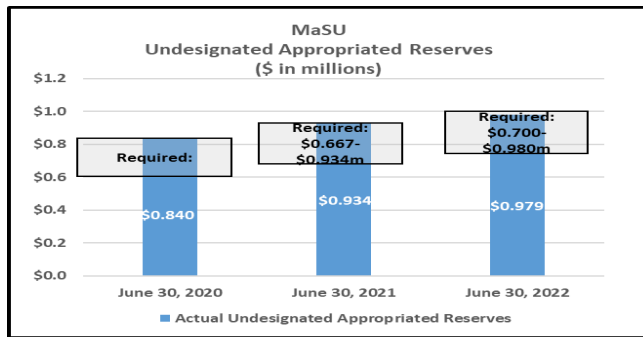


Appropriated Reserves

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.

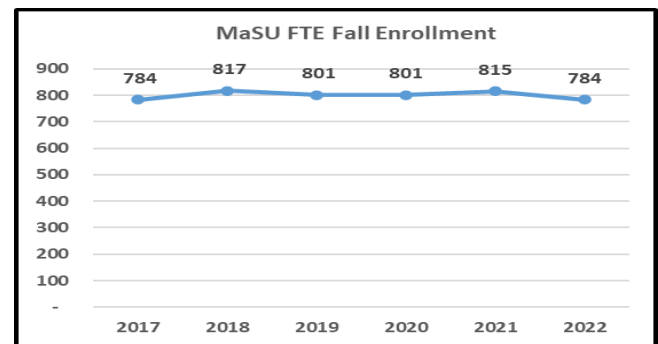
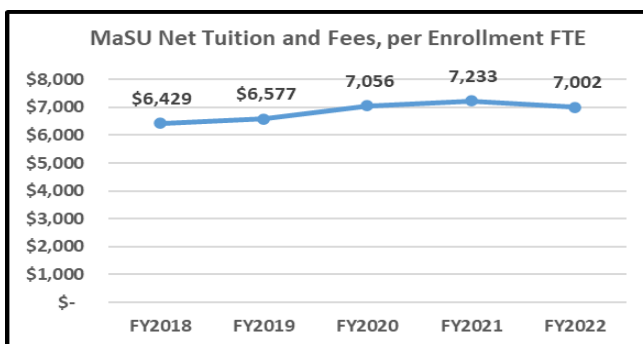
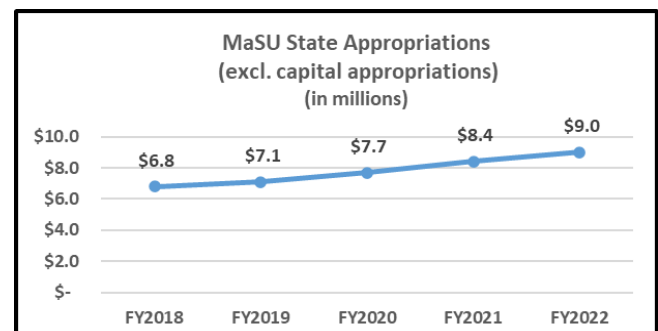
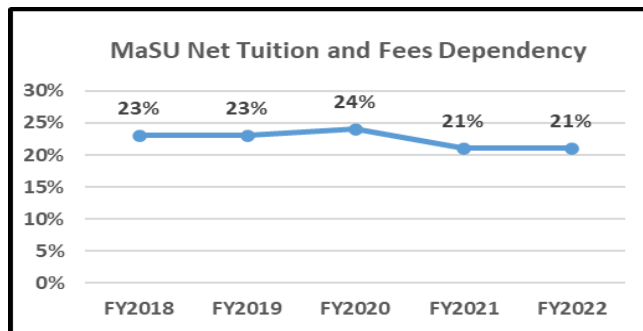
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. MaSU's undesignated appropriated reserves are at 7.0 percent for FY2022, FY2021 and FY2020.

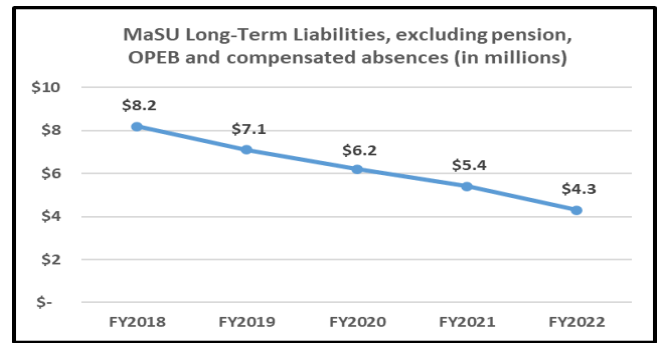
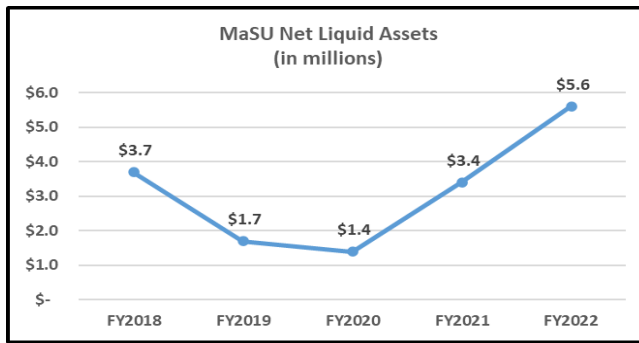
The information is presented on a cash basis.



Other Ratios:

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

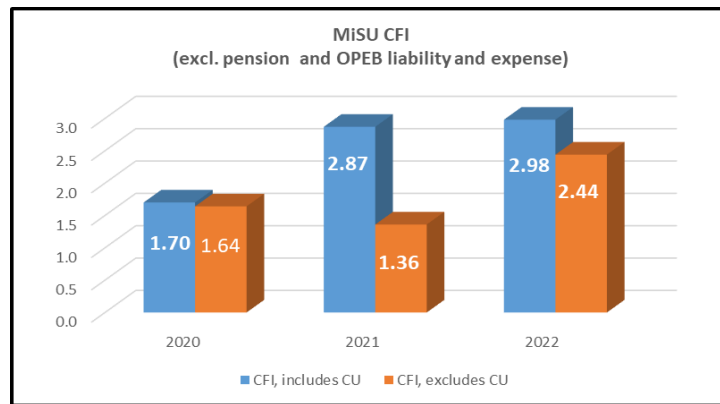




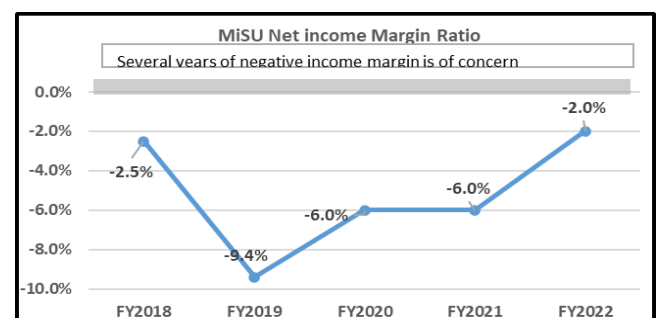
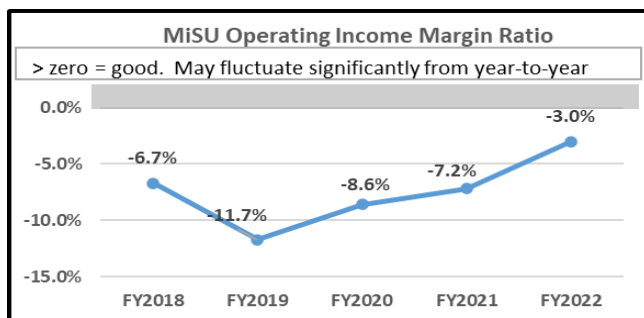
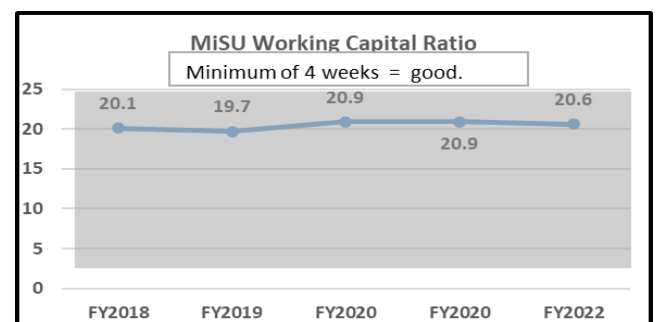
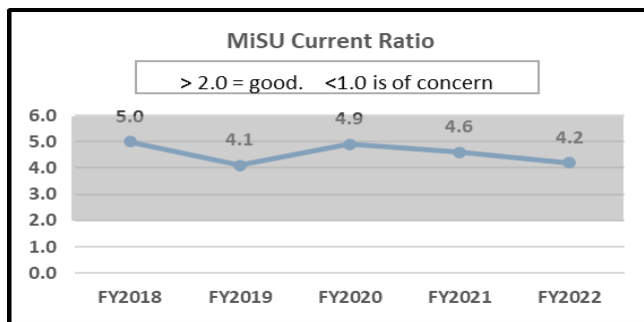
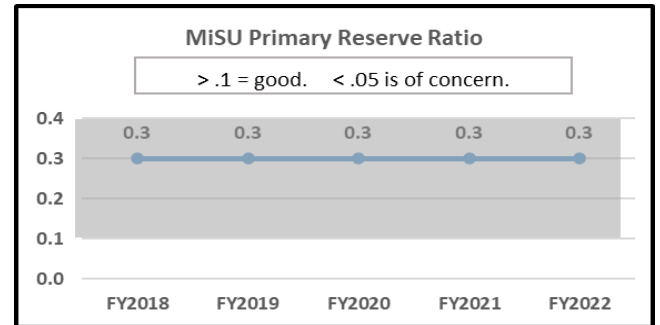
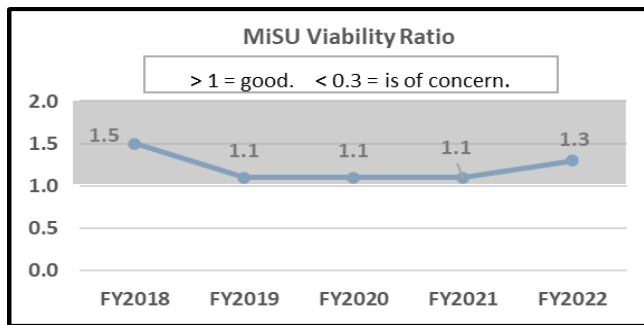
MaSU Summary:

- CFI score, including CU, is in the “Above” zone in FY2022 and FY2021 after being in the “In” zone in FY2020.
- The viability ratio, primary reserve, current and working capital ratios improved in FY2022. All are now above the industry standard with the exception of the viability.
- Net tuition and fees, per Enrollment FTE increased 8.9 percent and state appropriations increased 32.3 percent since FY2018.
- Fall enrollment remained stable from 2017-2022.
- Standard and Poor’s affirmed its BBB+ rating with outlook improved to “stable” for 2022.

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

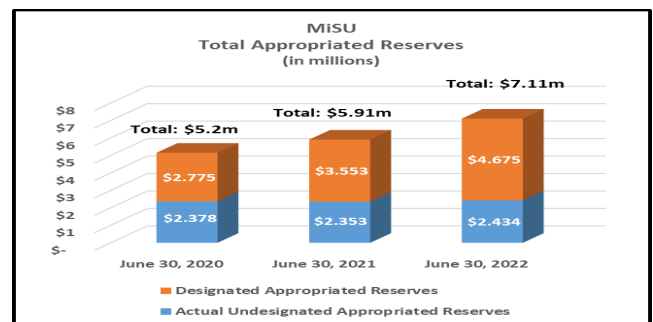
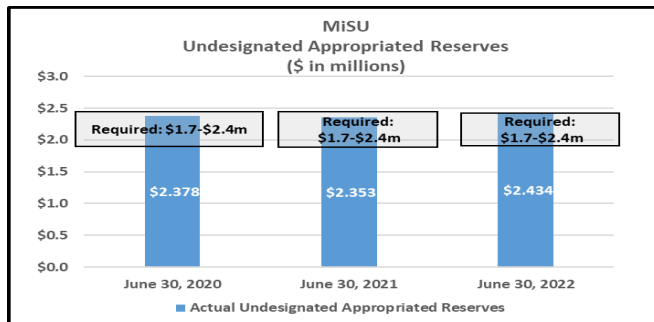


Appropriated Reserves

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.

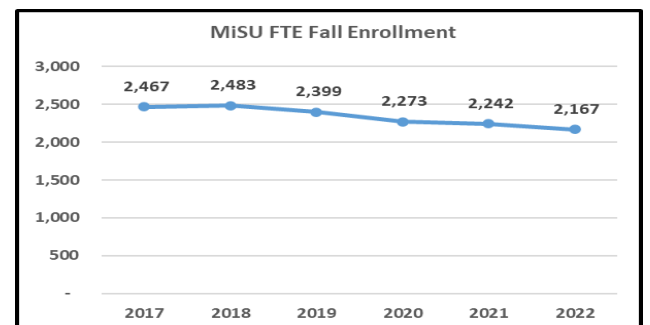
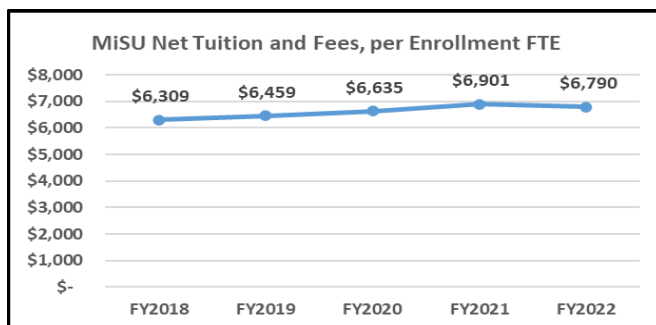
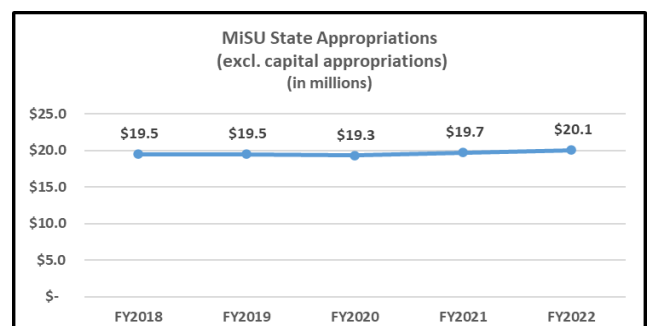
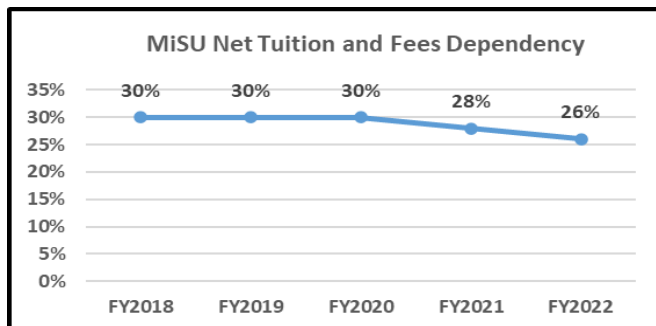
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. MiSU's undesignated appropriated reserves are at 7.0 percent for FY2022, FY2021 and FY2019.

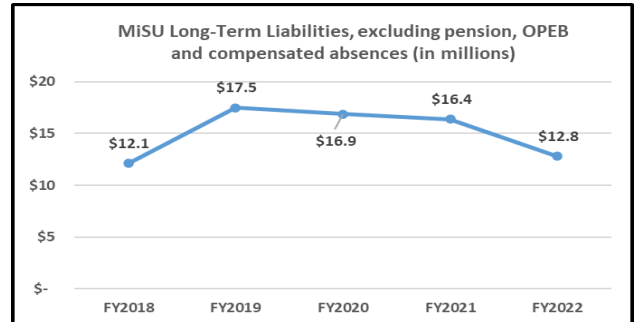
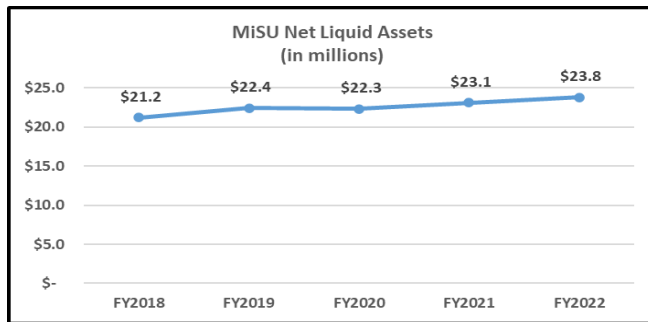
The information is presented on a cash basis.



Other Ratios:

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

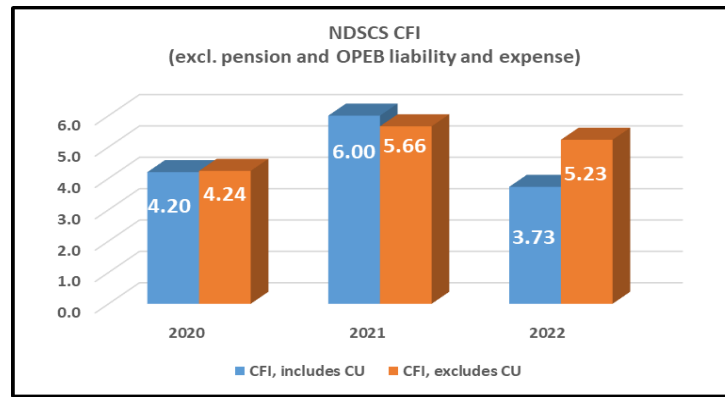




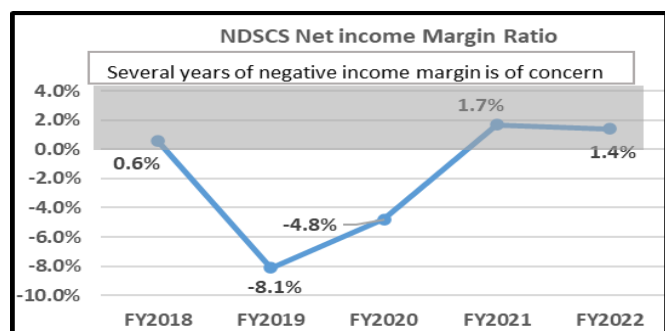
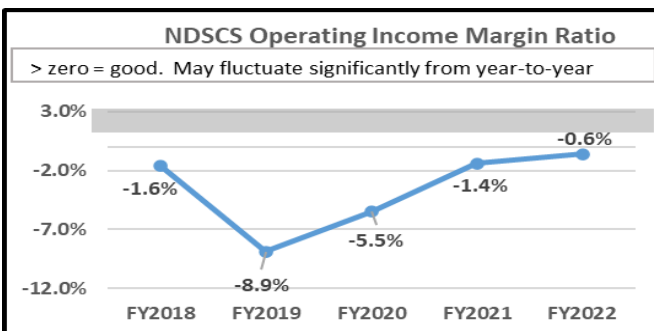
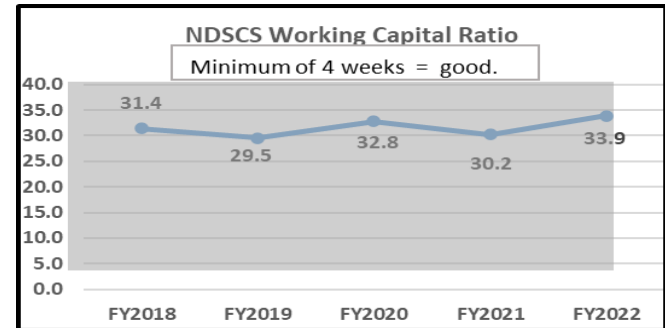
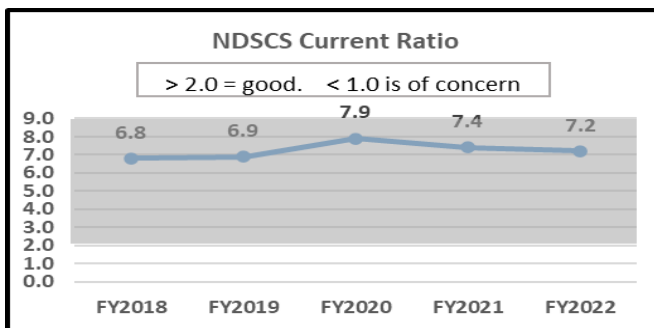
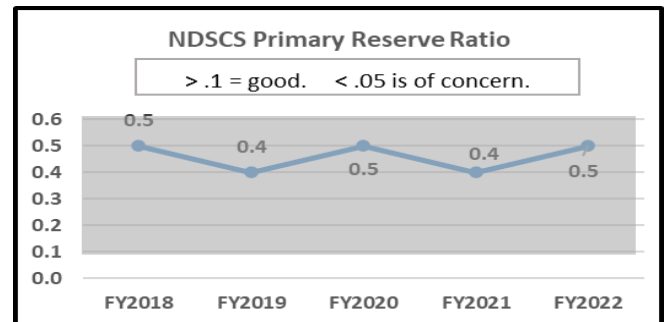
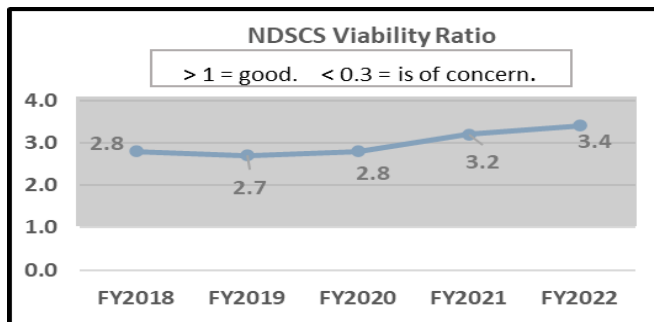
MISU Summary:

- 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, have improved starting in FY2020. Given the strength of the other ratios, the negative operating income margin and net income margin ratios are not a concern at this time.
- Fall 2020 enrollment has decreased each year since FY2019. The Fall 2021 enrollment decreased 9.1 percent since Fall 2017. The Fall 2022 enrollment decreased 10 percent compared to Fall 2021.

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

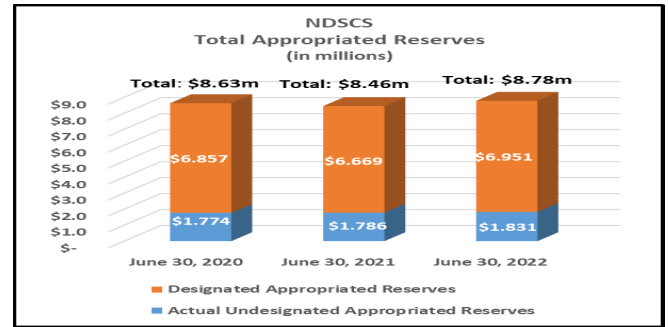
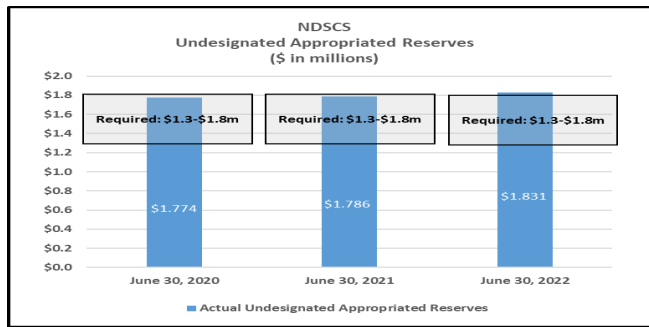


Appropriated Reserves

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.

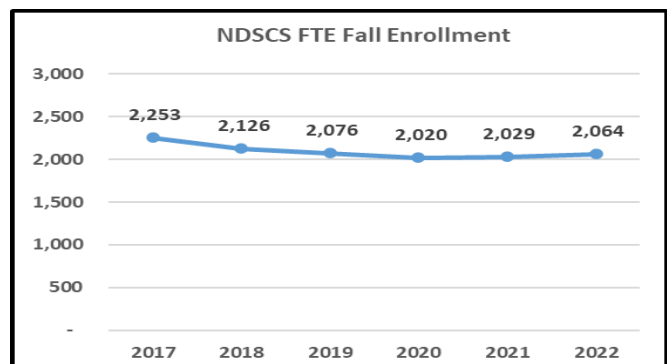
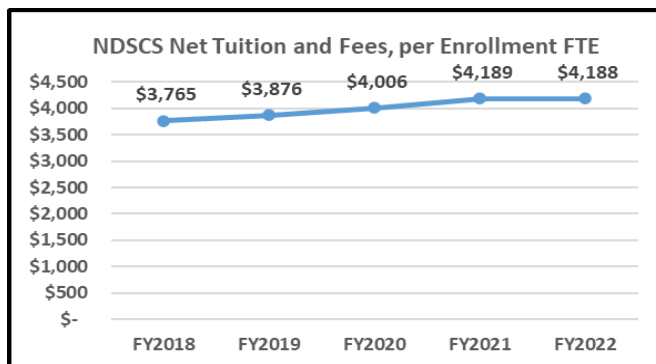
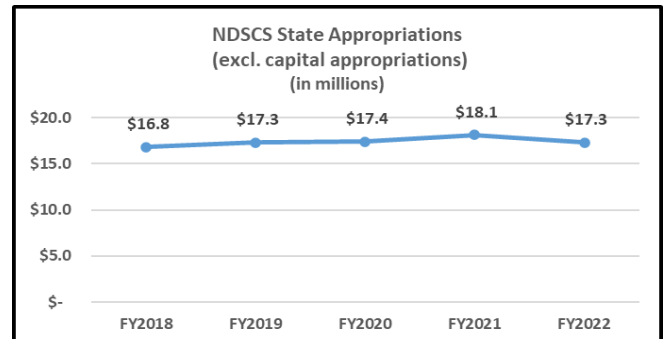
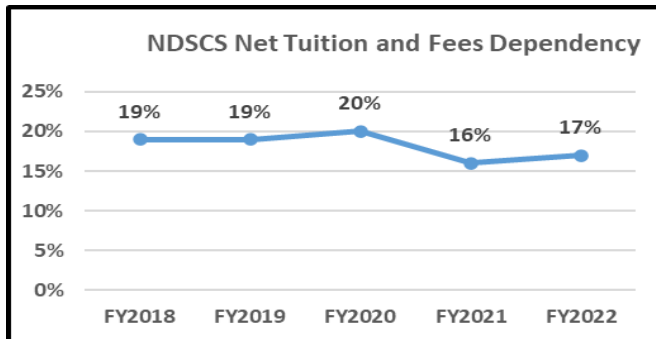
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. NDSCS's undesignated appropriated reserves are at 7.0 percent for FY2022, FY2021 and FY2020.

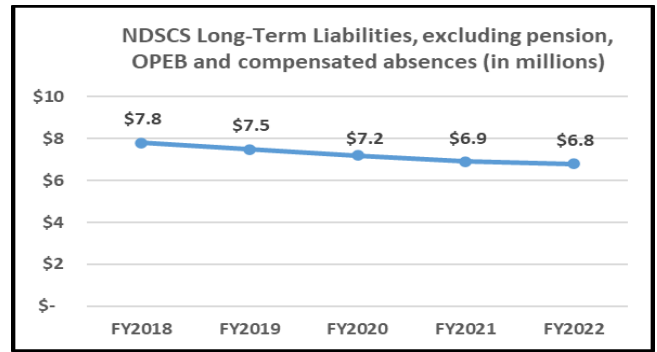
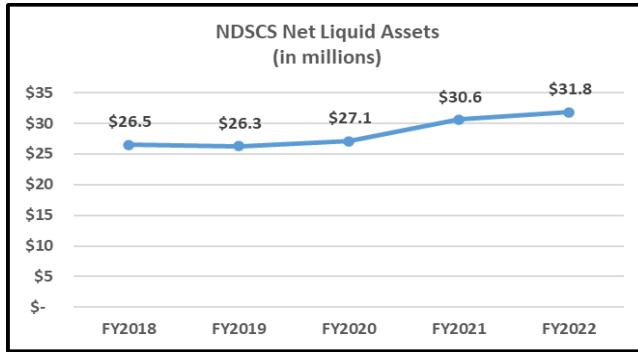
The information is presented on a cash basis.



Other Ratios:

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

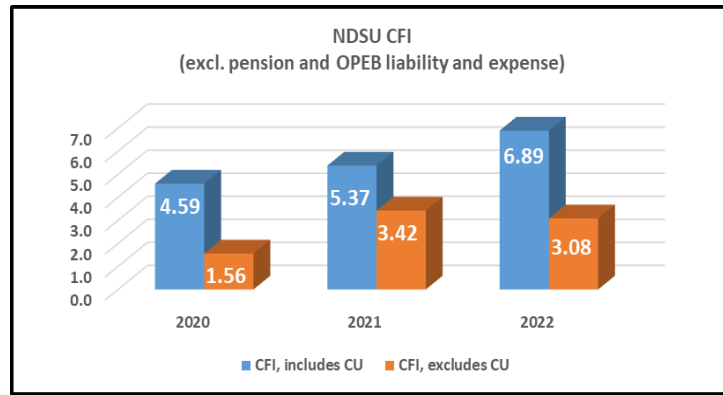




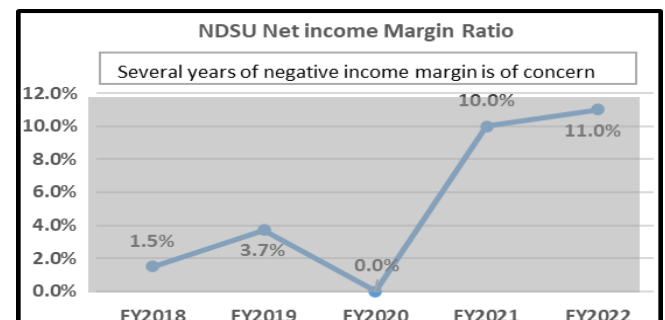
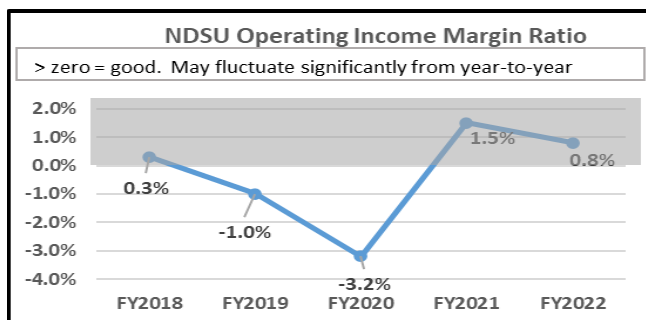
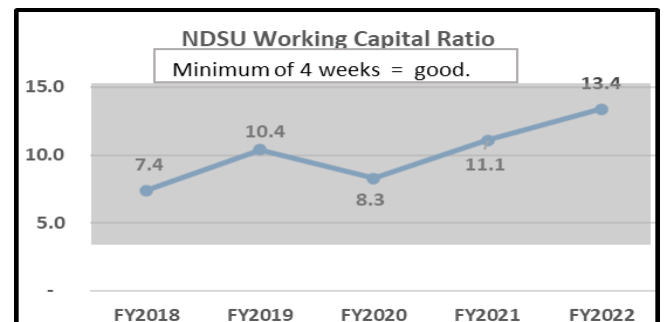
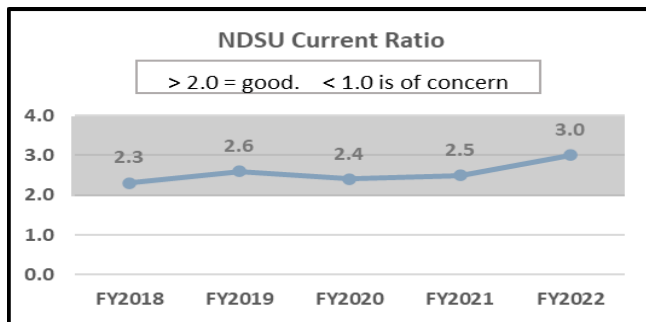
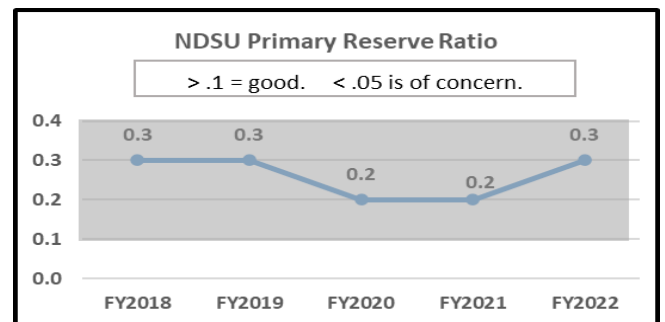
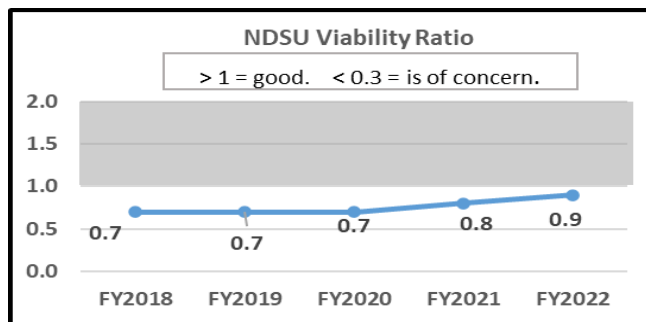
NDSCS Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin ratio. However, the operating income margin ratio, although negative, increased for the past three fiscal years. This ratio can fluctuate from year-to-year and is not a concern given the strength of the other ratios.
- Net tuition and fees, per enrollment FTE increased 11.2 percent compared to FY2018.
- Fall 2021 FTE enrollment decreased 9.9 percent compared to Fall 2017.

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

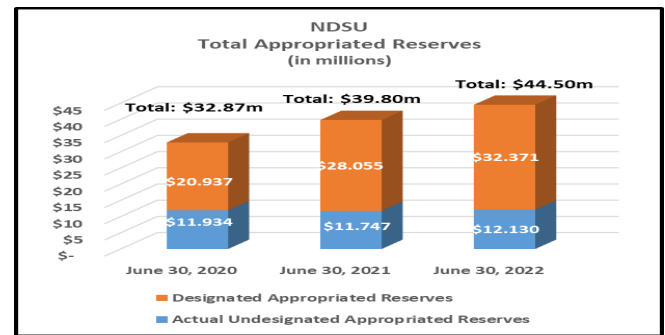
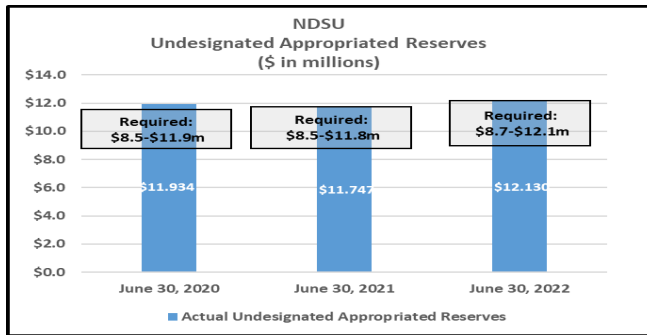


Appropriated Reserves

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.

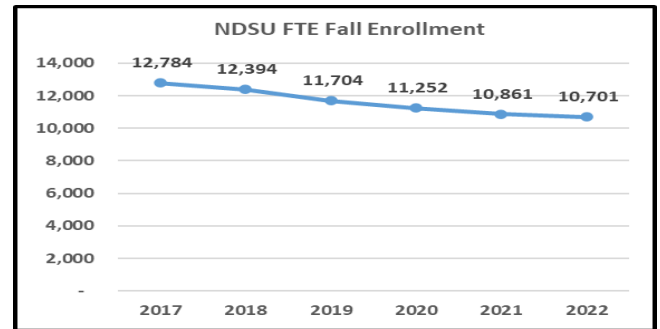
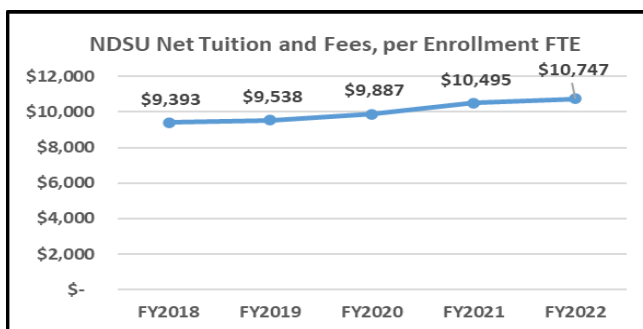
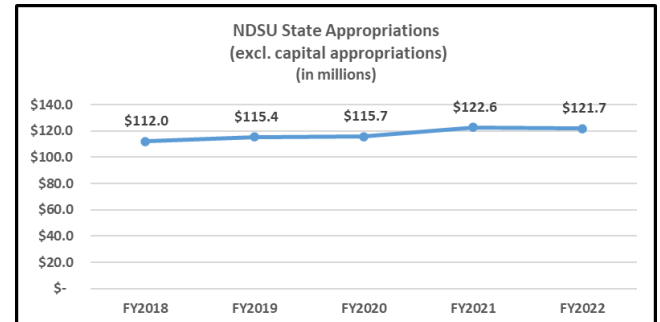
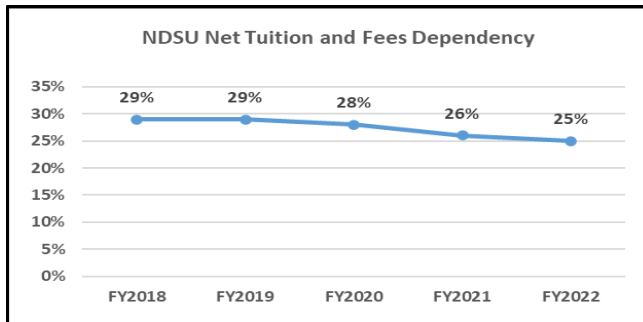
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. NDSU's undesignated appropriated reserves are at 7.0 percent for FY2022, FY2021 and FY2020.

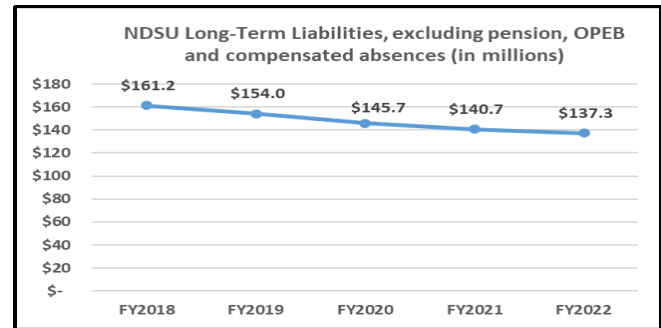
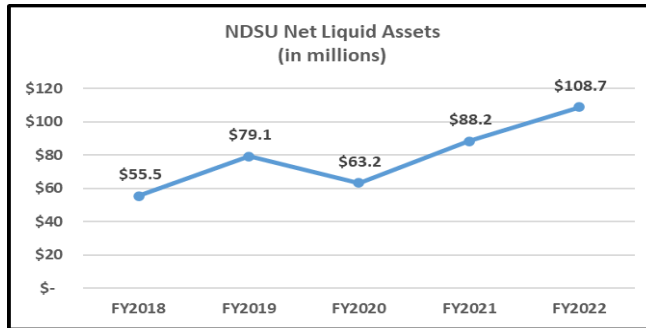
The information is presented on a cash basis.



Other Ratios:

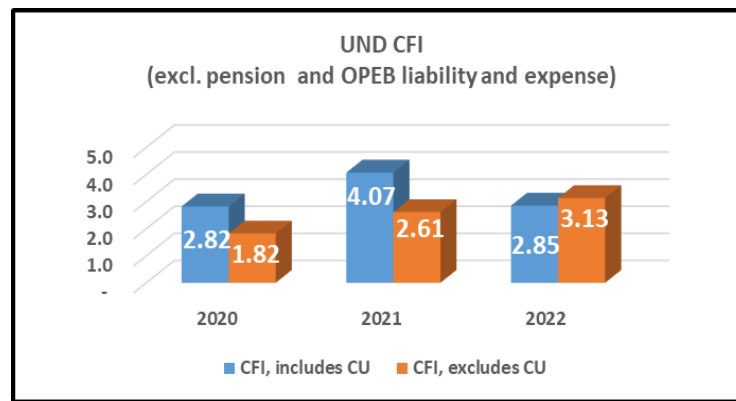
No industry standard exists for the following ratios. They are presented here for informational purposes only.



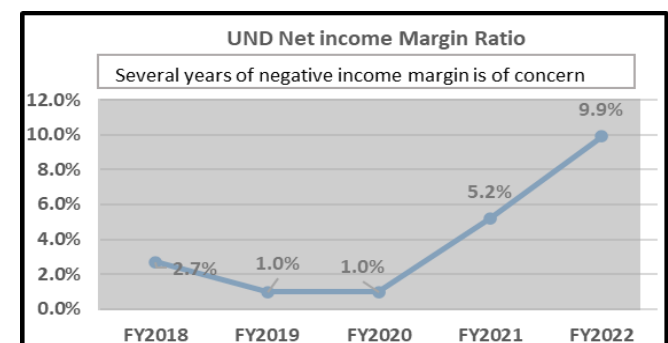
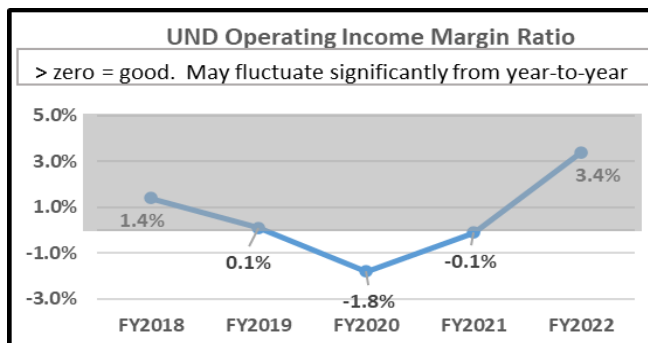
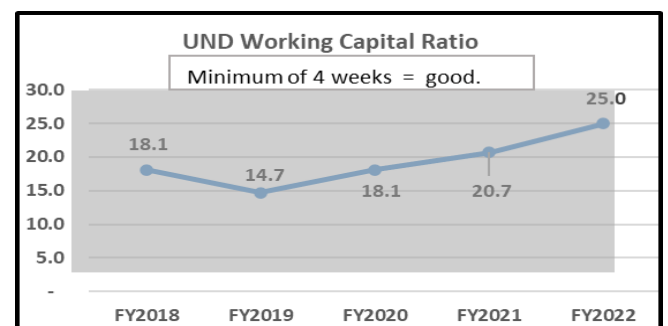
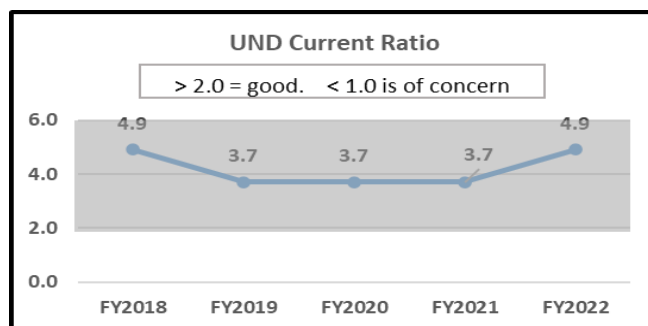
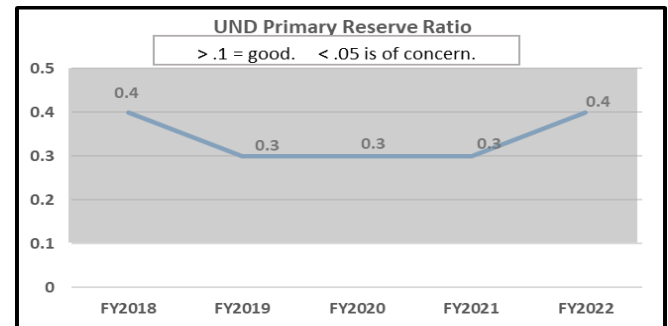
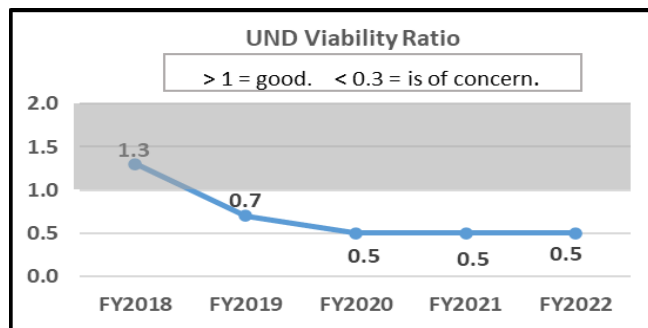


NDSU Summary:

- CFI scores are solid.
- The primary reserve, current and working capital ratios are good or very good.
- The viability ratio of 0.9 continues to improve and is not a concern at this time.
- Net tuition and fees, per enrollment FTE has increased every year since FY2018. It increased 14.4 percent in FY2022 compared to FY2018.
- Net tuition and fees dependency decreased from 29 percent in FY2018 to 25 percent in FY2022, while state appropriations increased 8.66 percent in FY2022 compared to FY2018.
- Fall 2021 FTE Enrollment declined by 1,923 or 15.0 percent compared to Fall 2017. Enrollment has declined each year since Fall 2017.
- Standard & Poor's affirmed its 'AA-' rating with a stable outlook in a report dated December 9, 2022. According to S&P, "We assessed NDSU's enterprise profile as strong, characterized by good matriculation rates and geographic diversity, offset by weakened retention rates in recent years and full-time equivalent (FTE) enrollment declines. We assessed the university's financial profile as very strong, characterized by solid available resources, 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."



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

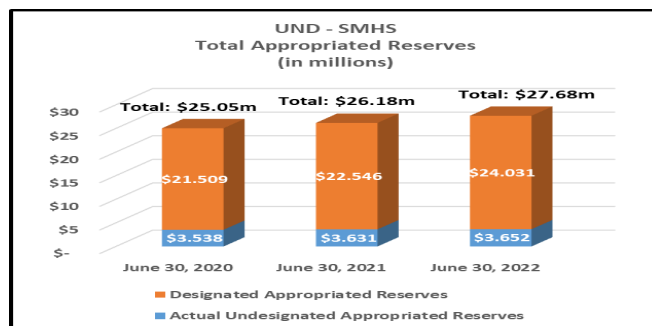
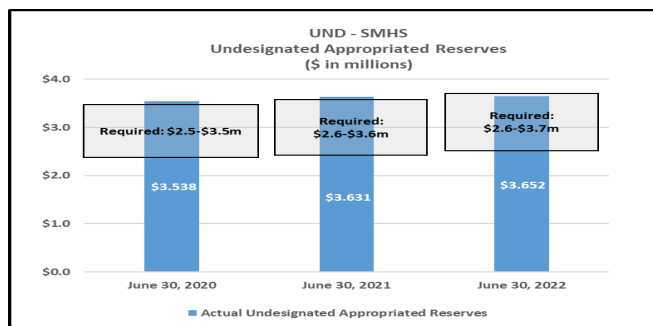
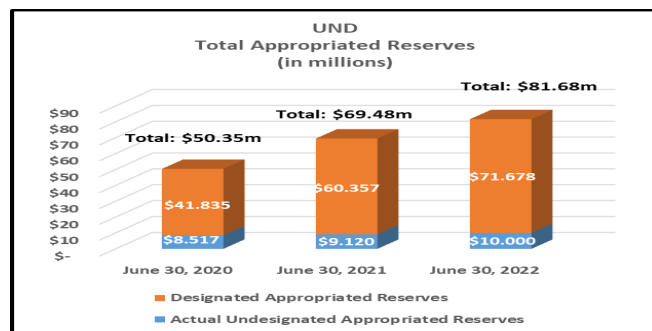
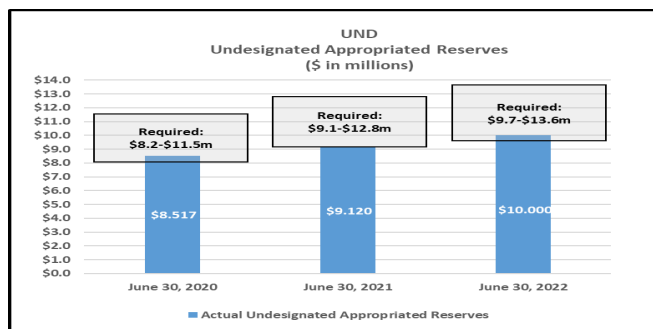


Appropriated Reserves

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.

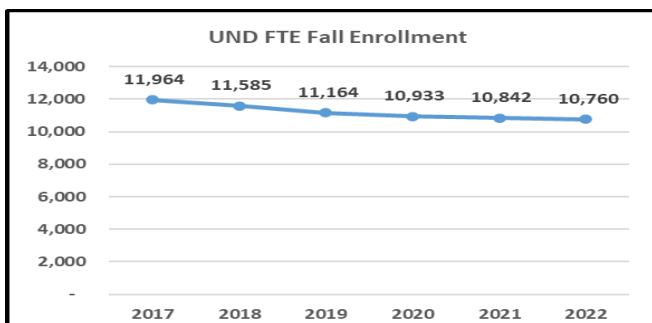
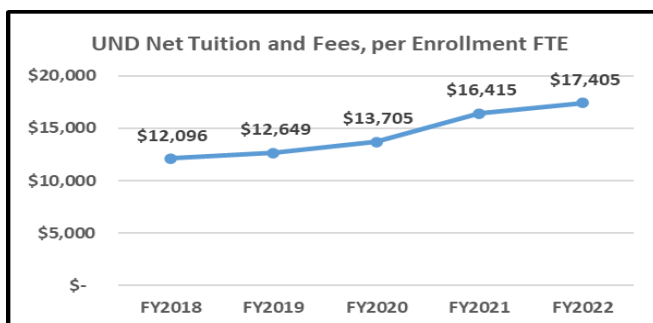
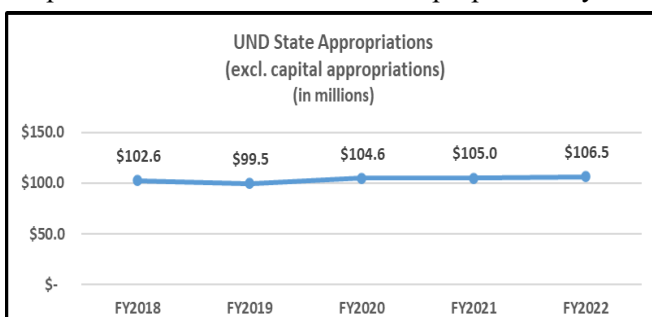
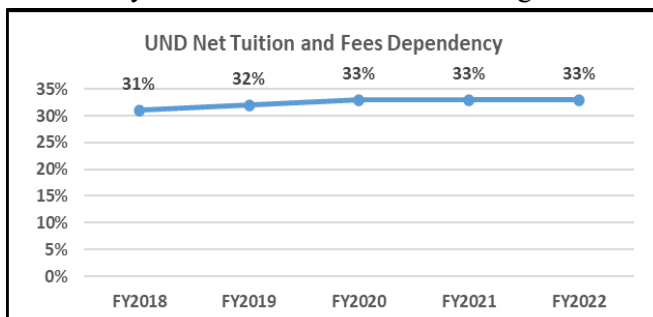
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. UND's undesignated appropriated reserves are at 5.2 percent for FY2020, 5.0 percent for FY2021 and 5.1 percent for FY2022. The UND SMHS's undesignated appropriated reserves are at 7.0 percent for FY2020, FY2021 and FY2022.

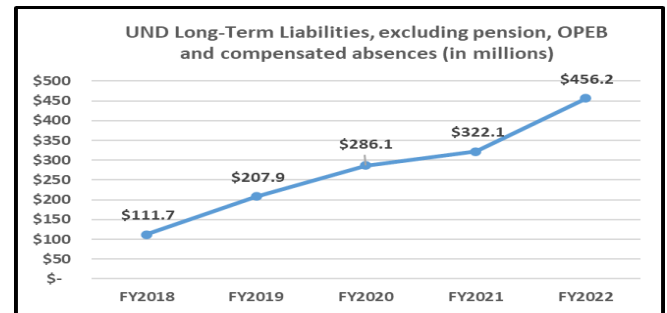
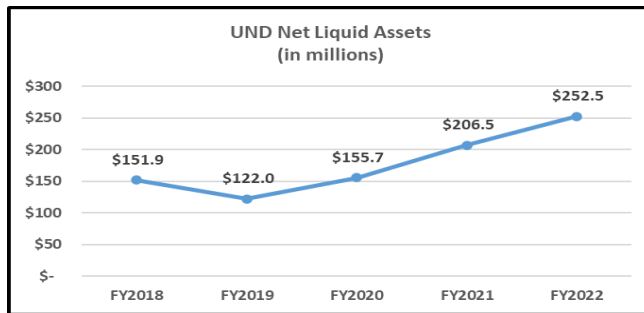
The information is presented on a cash basis.



Other Ratios:

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

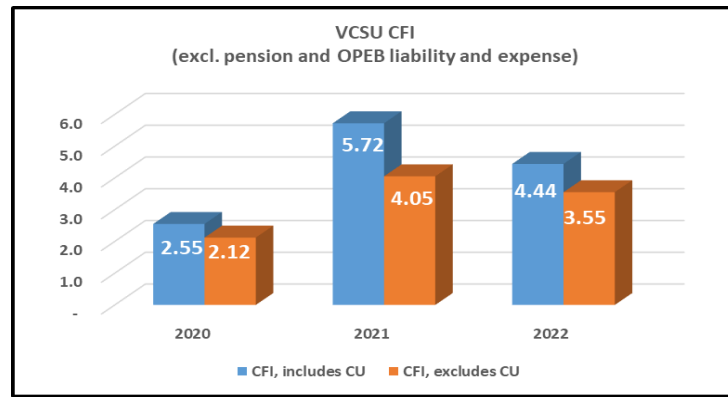




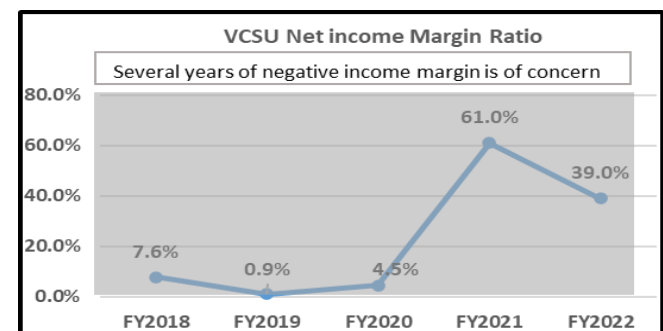
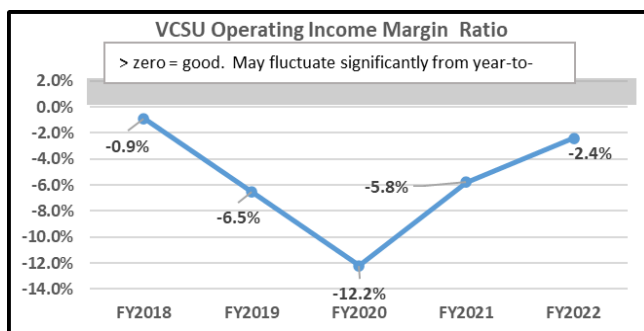
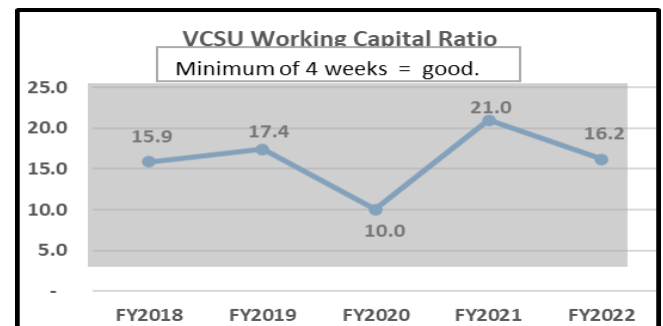
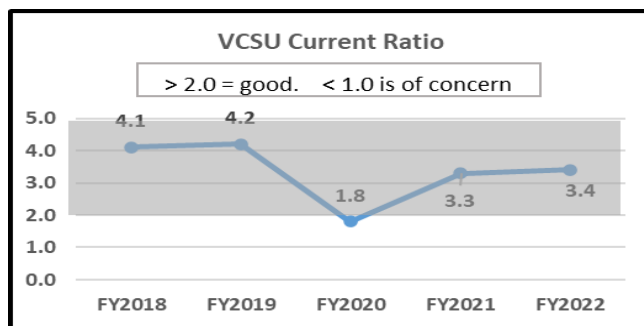
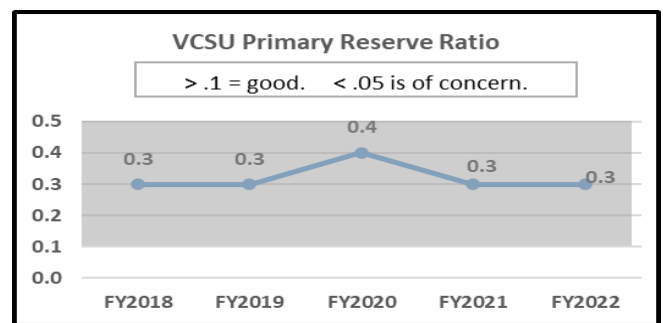
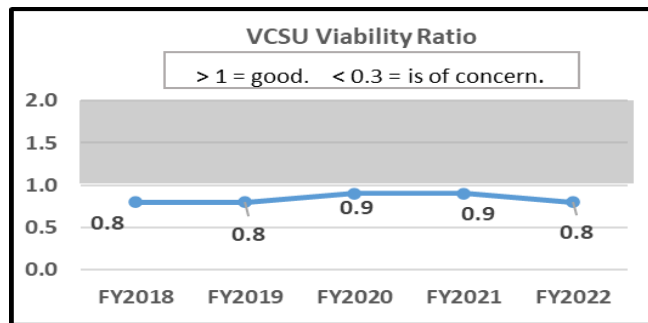
UND Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the viability ratio. The viability ratio has been below 1.0 for the past four fiscal years. However, it is not a concern at this time due to the strengths of the other ratios.
- Long-term liabilities have increased \$344.5 million or 308.4 percent since FY2018 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 of \$80.9 million (student-funded new Memorial Union) and facility improvement bonds of \$30.8 million (deferred maintenance) in FY2020.
 - certificates of participation of \$133.0 million for new and existing housing projects in FY2022.
- Net tuition and fees, per FTE enrollment increased 43.9 percent since FY2018 and has increased every year since FY2017.
- Fall enrollment has decreased every year since Fall 2015. Fall 2021 enrollment decreased 1,122 or 9.43 percent compared to Fall 2017.

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

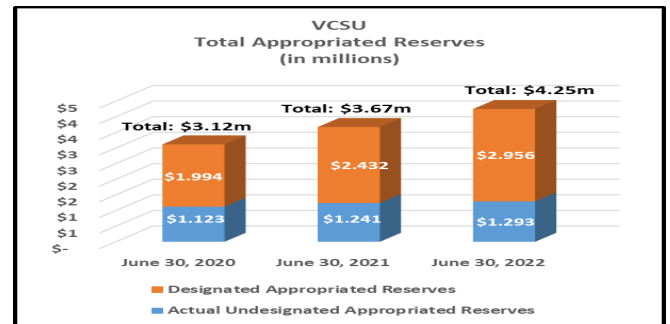
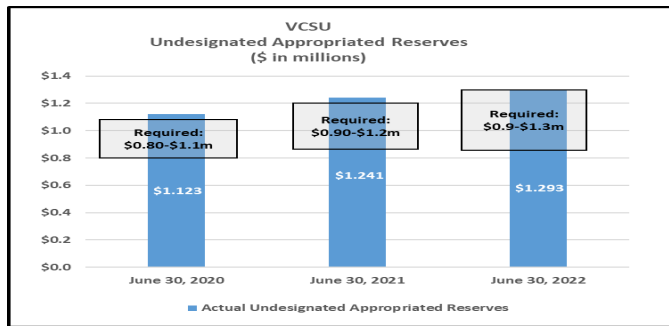


Appropriated Reserves

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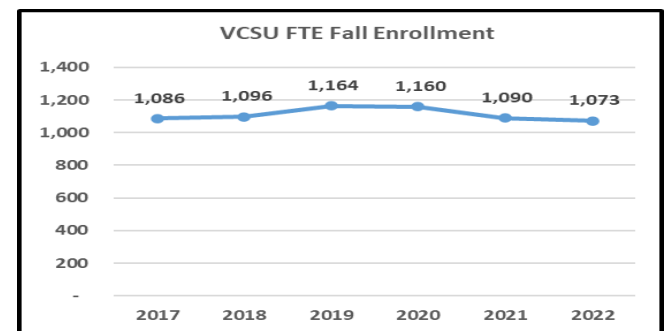
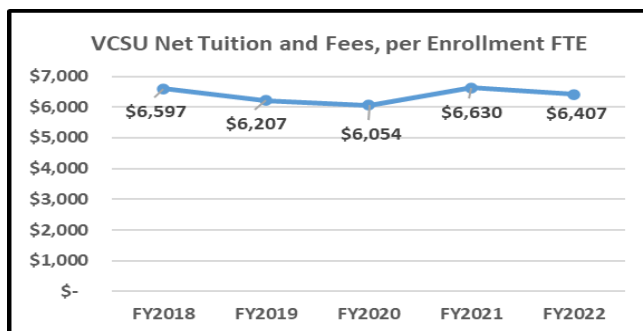
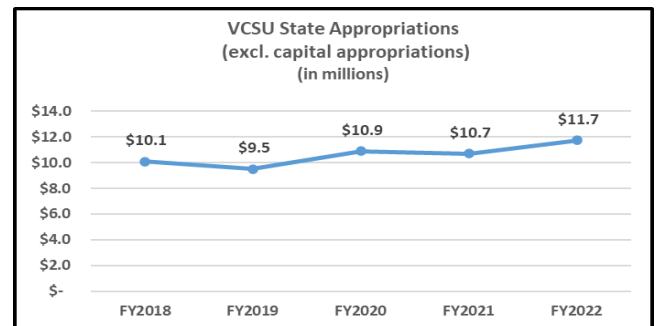
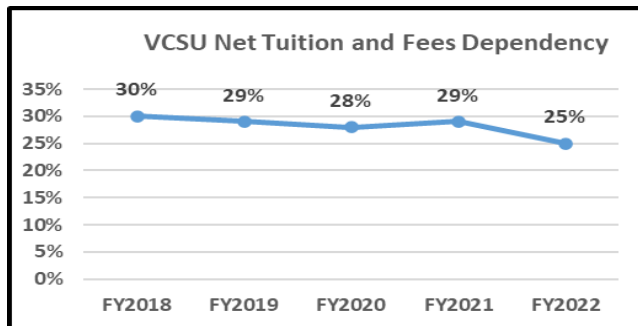
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. VCSU's undesignated appropriated reserves are at 7.0 percent for FY2022 and FY2021 and 6.8 percent for FY2020.

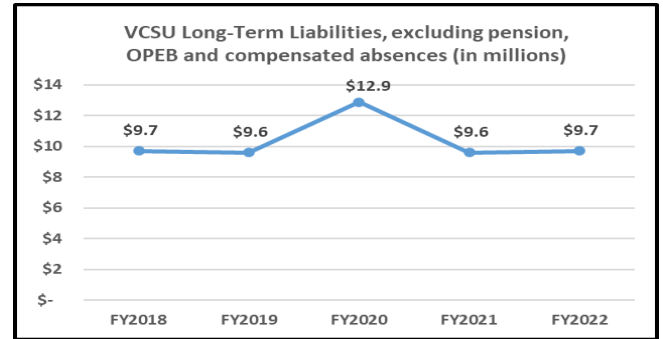
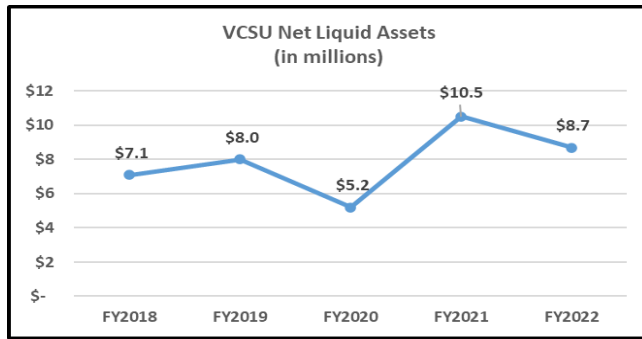
The information is presented on a cash basis.



Other Ratios:

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

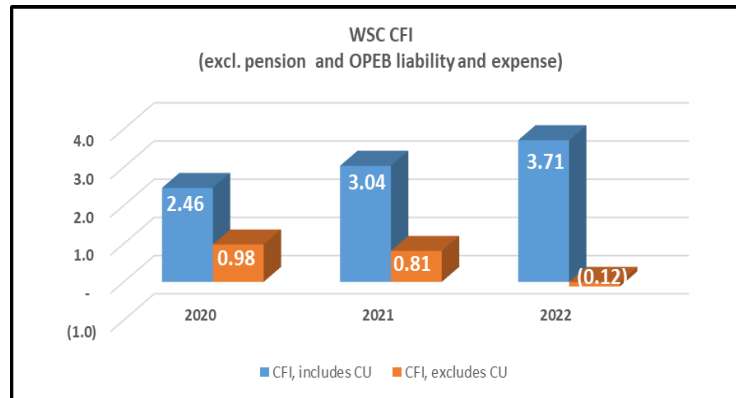




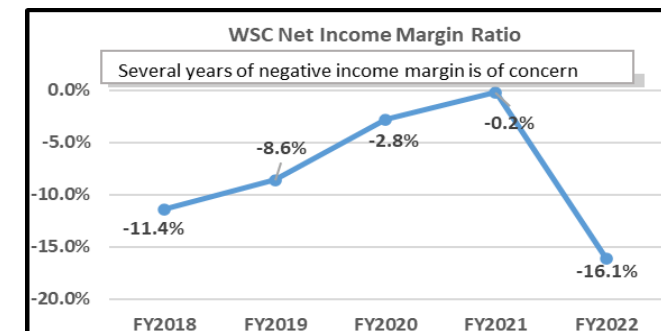
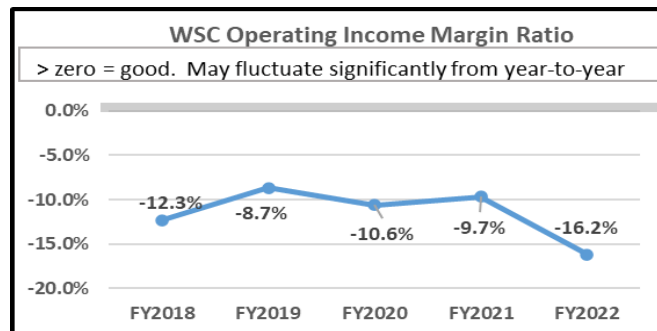
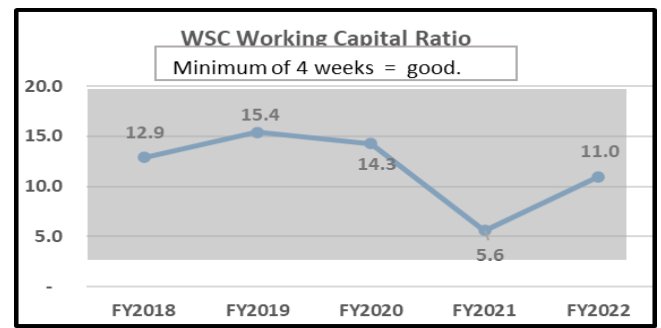
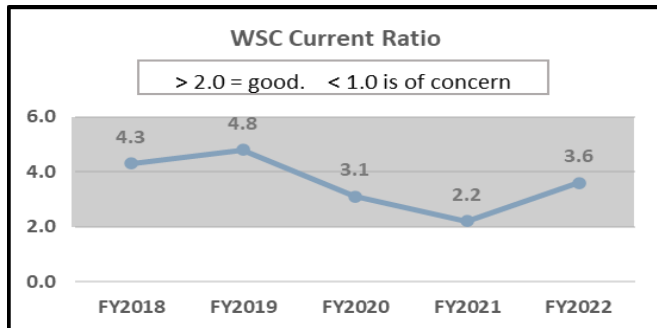
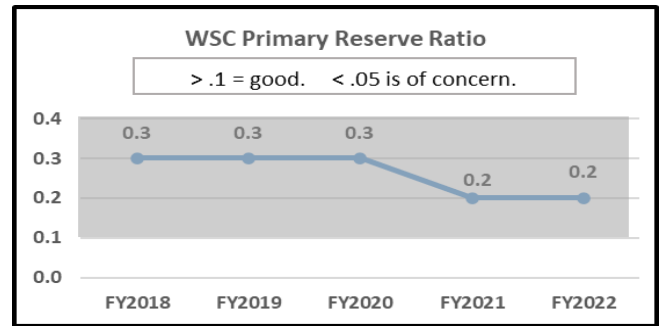
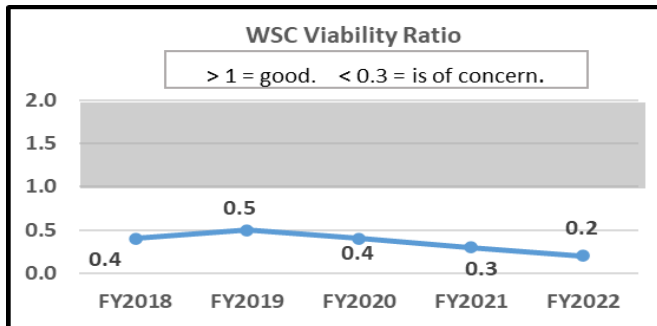
VCSU Summary:

- CFI scores are solid.
- The primary reserve, current ratio and working capital ratios are good. The viability ratio has been below 1.0 since FY2018 but it is not a concern at this time, given the strength of the other ratios.
- The operating income margin continues to trend negative but has improved since FY2021.
- Net tuition and fees dependency decreased from 30 percent in FY2018 to 25 percent in FY2022.

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

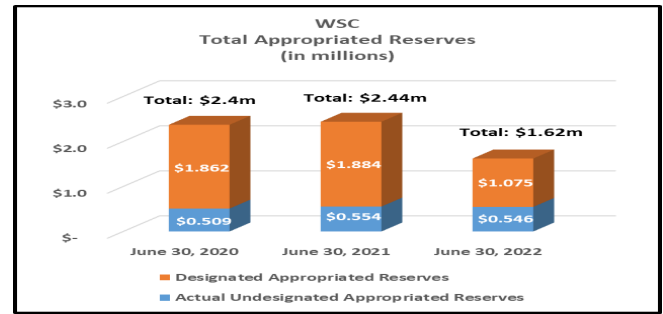
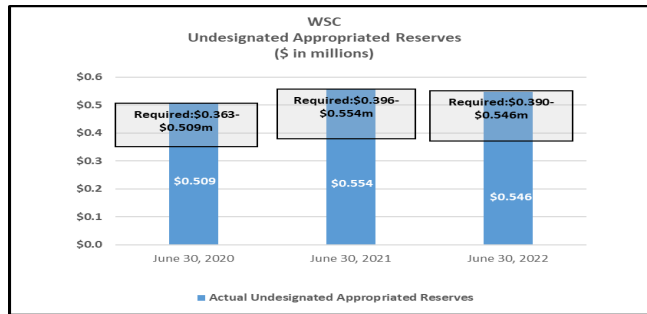


Appropriated Reserves

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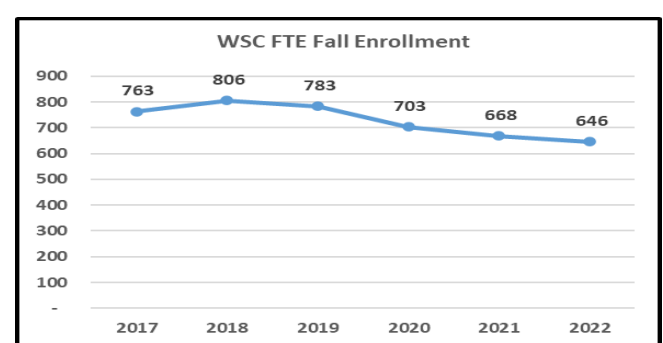
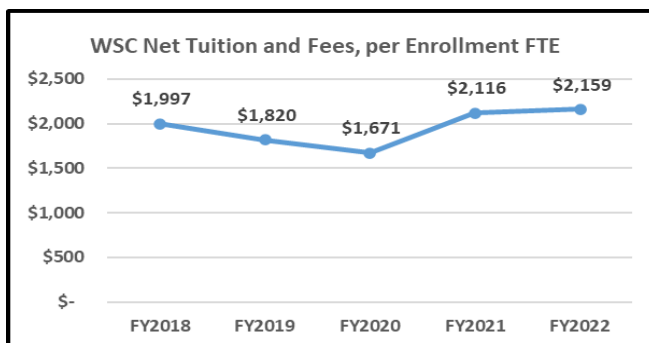
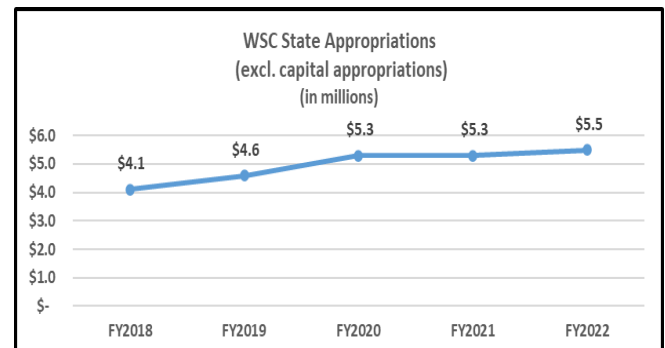
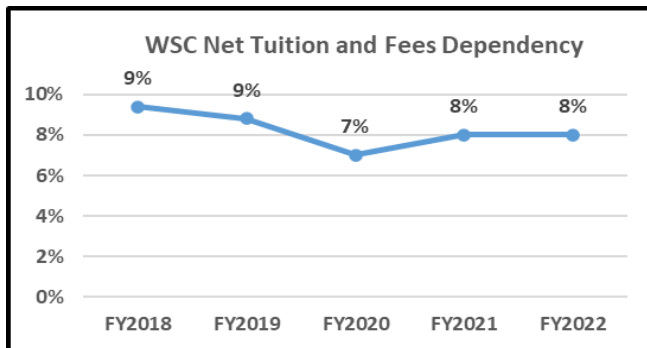
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. WSC's undesignated appropriated reserves are at 7.0 percent for FY2022, FY2021 and FY2020.

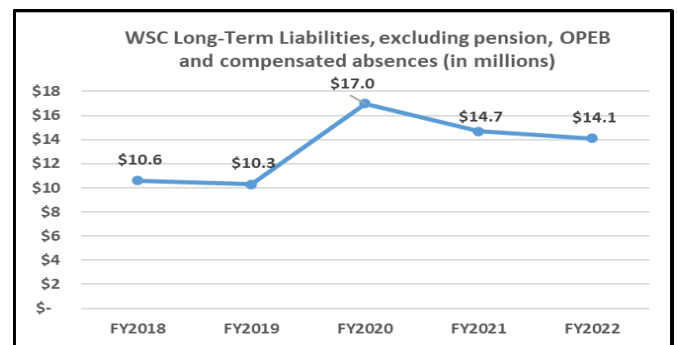
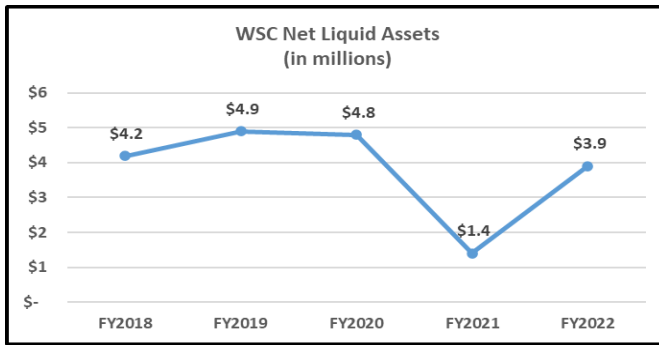
The information is presented on a cash basis.



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 “Below” zone for FY2022 and the “In” zone for FY2020 and FY2021.

WSC has prepared a plan to address the CFI and negative operating and net income margin ratios. The plan addresses declining enrollments as well as reducing operating expenses.

To address declining enrollments the following actions have been taken:

- Two recruiters were hired with financial assistance from the WSC Foundation. These recruiters will visit every high school in the 53-county scholarship region.
- A Director of Marketing was also hired and the Marketing Department’s operating budget was increased by 125 percent.
- Changes have been made to the regional scholarship that increases the eligibility. These include no longer needing to be a recent graduate. Part-time degree-seeking and online students are now also eligible.

The following has been implemented to help reduce operating costs:

- A hiring “frost” is in place, and positions are being evaluated when turnover occurs. This has resulted in holding some positions open for longer than normal and shifting some job duties to combine positions.
 - Travel expenses are being limited in all departments, including athletics.
 - All departments are being asked to review their department budgets to find efficiencies.
 - A grant writer was recently hired to help find alternative funding sources for operations.
- The viability ratio has been below 1.0 since FY2017 but based on the strong primary reserve, current ratio and working capital ratio it is not be a concern at this time.
 - The operating income margin and net income margin ratios have been negative since FY2017.
 - Net tuition and fees, per FTE enrollment increased 8.1 percent from FY2022.
Note: The WSC Foundation Scholarships are recognized as gift revenue rather than tuition revenue, in accordance with GASB accounting standards.
 - Fall 2021 FTE Enrollment decreased 12.5 percent from Fall 2017 and 3.3 percent compared to Fall 2021.