



North Dakota University System

Annual Financial Review Report

For Fiscal Year Ended June 30, 2019

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL REVIEW
Fiscal Year Ending 2019
Issue Date: May 13, 2020

The purpose of this report is to provide a financial analysis of each institution for fiscal year 2019. It is presented to provide an understanding of the financial health of each institution, as of June 30, 2019 and to identify trends over a period of time. It is not the intent of this report to compare ratios of one institution to the ratios of another, but rather to compare each institution to the identified industry standard where applicable. With the exception of the Composite Financial Index (CFI), these are general industry standards and not specific to higher education. However, they do provide a good benchmark to measure financial performance. **In addition, individual ratio results do not stand on their own; rather, the results of all ratios and trends over time should be viewed together when considering the financial health of each institution.**

Pages 6 -7 contain a national funding analysis with data provided by SHEEO. Nationally, in fiscal year 2019 North Dakota ranked fourteenth in state/local appropriations funding per FTE student, compared to a ranking of thirteen in fiscal year 2018. North Dakota ranked ninth in total educational revenues, per FTE compared to a ranking of eleventh in fiscal year 2018.

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

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

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

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

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

Net Income Margin

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

Net Tuition and Fees, per FTE Enrollment

Formula:	$\frac{\text{Net Tuition and Fees}}{\text{FTE Enrollment}}$
-----------------	-------------------------------------------------------------

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

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

Net Tuition and Fees Dependency

Formula:	$\frac{\text{Net Tuition and Fees}}{\text{Total Revenues}}$
-----------------	-------------------------------------------------------------

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 (FY2013 to FY2016)

Formula:	$\frac{\text{FY2018 Net Liquid Assets} - \text{FY2014 Liquid Assets}}{\text{FY2014 Liquid Assets}}$
-----------------	-----------------------------------------------------------------------------------------------------

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:	$\frac{\text{FY2018 LT Liabilities} - \text{FY2014 LT Liabilities}}{\text{FY2014 LT Liabilities}}$
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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 2019 National per FTE Funding

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

FY 2019 Total Educational Revenue per FTE - Public Institutions of Higher Ed			
Total Educational Revenues Per FTE*		Educational Appropriations (State/Local) Per FTE*	
1 Wyoming	\$ 22,966	1 Wyoming	\$ 18,960
2 Delaware	22,325	2 Alaska	16,164
3 Illinois	21,889	3 Illinois	14,846
4 Alaska	21,803	4 Hawaii	14,698
5 Michigan	21,204	5 New Mexico	11,922
6 Alabama	19,844	6 North Carolina	10,896
7 Hawaii	19,730	7 Nebraska	10,116
8 Connecticut	19,456	8 Idaho	9,983
9 North Dakota	18,084	9 Georgia	9,638
10 Vermont	17,617	10 Tennessee	9,291
11 South Carolina	17,213	11 Nevada	9,179
12 Pennsylvania	17,162	12 New York	9,139
13 Minnesota	17,042	13 California	9,078
14 Nebraska	16,850	14 North Dakota	8,679
15 Iowa	16,819	15 Connecticut	8,458
16 North Carolina	16,346	16 Arkansas	8,368
17 Ohio	16,212	17 Texas	7,888
18 Tennessee	16,148	18 Massachusetts	7,859
19 New Jersey	16,135	19 Maryland	7,824
20 Rhode Island	15,873	20 Utah	7,688
21 Indiana	15,795	21 Maine	7,684
22 South Dakota	15,643	22 Minnesota	7,638
23 Oregon	15,587	23 Florida	7,542
24 Virginia	15,506	24 Kentucky	7,444
25 New Mexico	15,505	25 Washington	7,424
26 Maryland	15,228	26 Missouri	7,238
27 Colorado	15,225	27 Michigan	7,152
28 Kentucky	15,099	28 Alabama	7,031
29 Maine	14,934	29 Kansas	6,929
30 Mississippi	14,704	30 Wisconsin	6,846
31 Georgia	14,698	31 Oregon	6,703
32 Oklahoma	14,683	32 Mississippi	6,637
33 Arkansas	14,544	33 Oklahoma	6,617
34 Idaho	14,269	34 New Jersey	6,550
35 Kansas	14,233	35 South Carolina	6,465
36 Montana	14,160	36 Montana	6,427
37 New York	14,075	37 South Dakota	6,397
38 Massachusetts	13,960	38 Iowa	6,320
39 Missouri	13,836	39 Rhode Island	6,286
40 Utah	13,684	40 Ohio	6,262
41 Wisconsin	13,640	41 Indiana	6,139
42 Texas	13,520	42 Virginia	5,805
43 New Hampshire	13,239	43 Louisiana	5,795
44 Arizona	13,133	44 Delaware	5,431
45 Nevada	12,920	45 West Virginia	5,261
46 Washington	12,854	46 Arizona	5,247
47 West Virginia	12,139	47 Colorado	4,653
48 California	11,511	48 Pennsylvania	4,477
49 Louisiana	11,045	49 Vermont	2,914
50 Florida	10,262	50 New Hampshire	2,871
US	\$ 15,018	US	\$ 8,196

*Excluding Ag research, extension and med school funding.

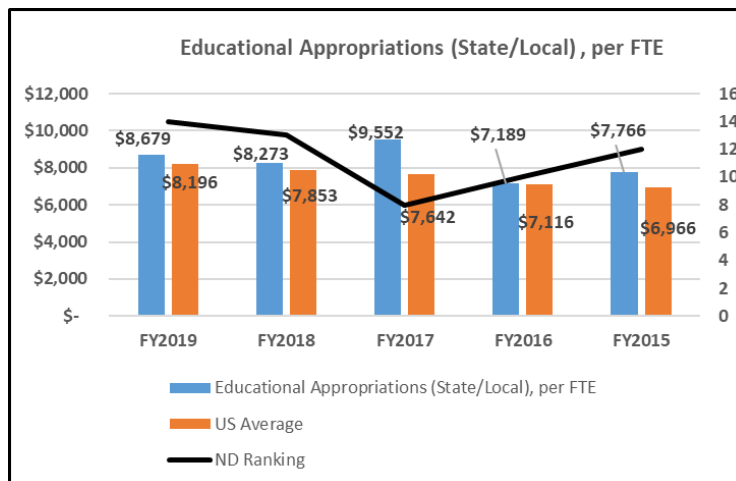
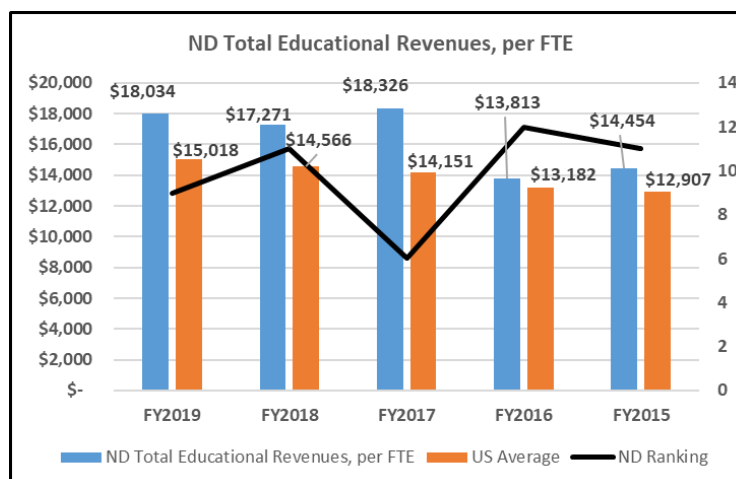
Source: FY2019 SHEEO State Higher Education Finance Report

North Dakota's educational revenues per FTE has increased 25.1 percent since FY2015 while the US average increased 16.4 percent. North Dakota's educational appropriations per FTE increased 11.8 percent while the US average increased 17.7 percent for the same period.

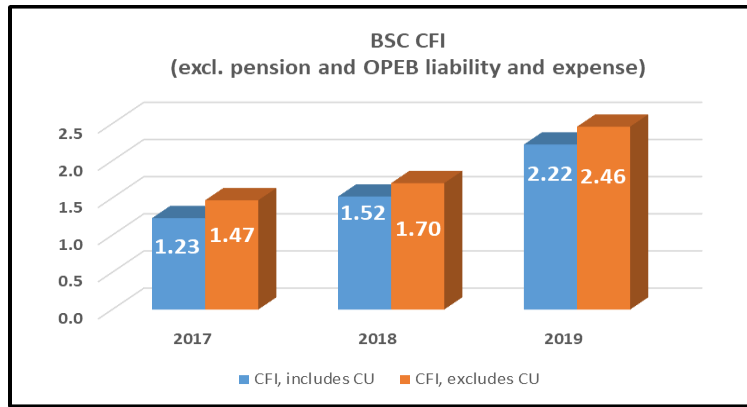
	FY2019	FY2018	FY2017	FY2016	FY2015
ND Total Educational Revenues per FTE	\$ 18,084	\$ 17,271	\$ 18,326	\$ 13,813	\$ 14,454
% increase (decrease)	25.1%				
US Average	\$ 15,018	\$ 14,566	\$ 14,151	\$ 13,192	\$ 12,907
% increase (decrease)	16.4%				
ND Ranking	9	11	6	12	11

	FY2019	FY2018	FY2017	FY2016	FY2015
Educational Appropriations (State/Local) per FTE	\$ 8,679	\$ 8,273	\$ 9,552	\$ 7,189	\$ 7,766
% increase (decrease)	11.8%				
US Average	\$ 8,196	\$ 7,853	\$ 7,642	\$ 7,116	\$ 6,966
% increase (decrease)	17.7%				
ND Ranking	14	13	8	10	12

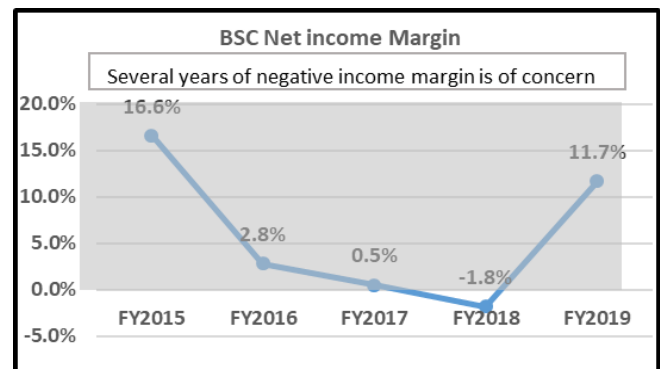
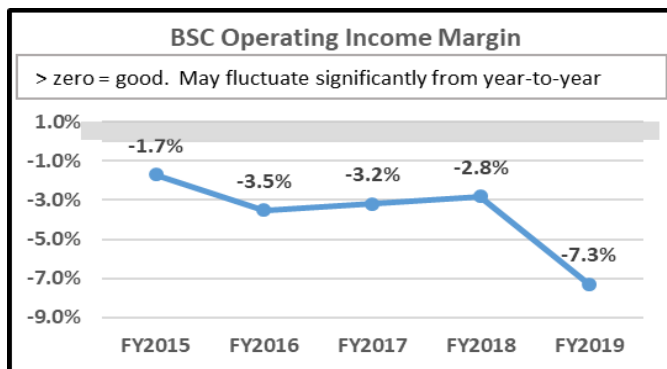
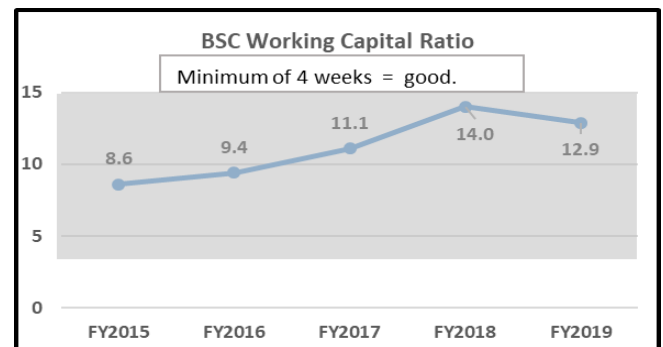
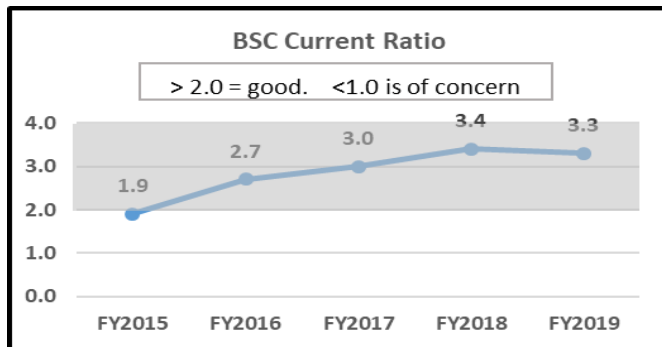
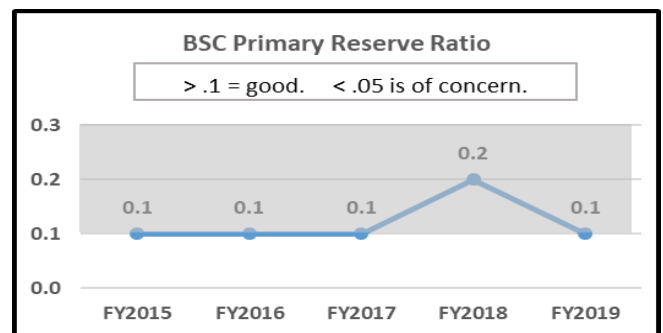
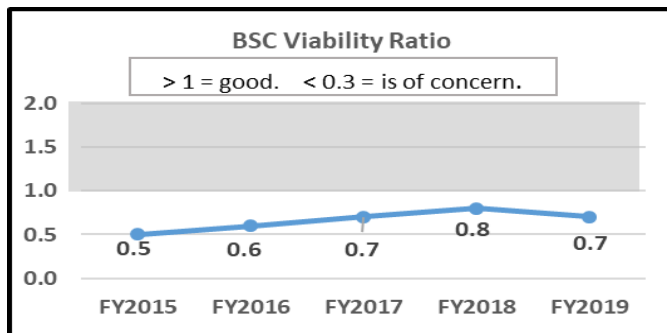
Source: FY2019 SHEEO State Higher Education Finance Report.



Bismarck State College (BSC)



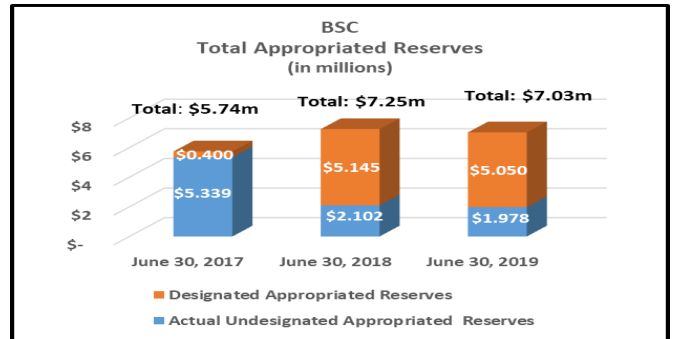
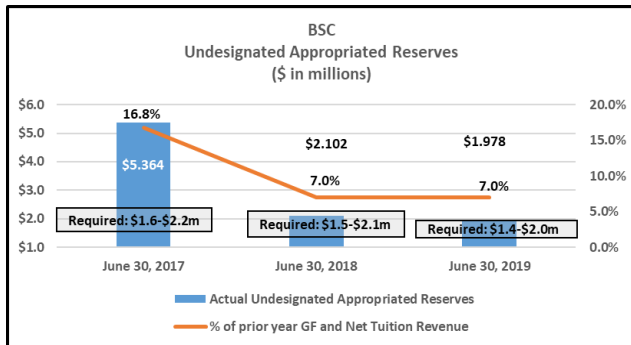
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Above	1.10 to 10	No Review
In	0 to 1.0	Financial Panel Review if “in” for two or more consecutive years
Below	-4.0 to -0.1	Financial Panel Review if “below” in any given year



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

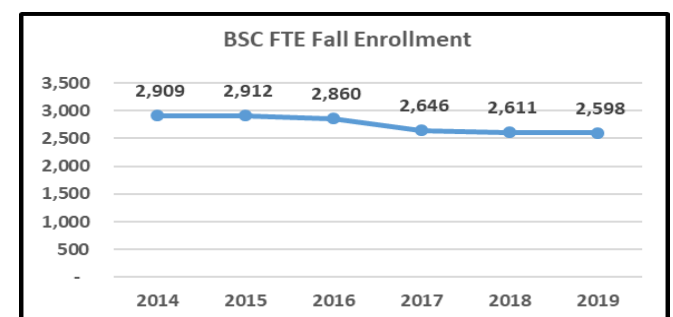
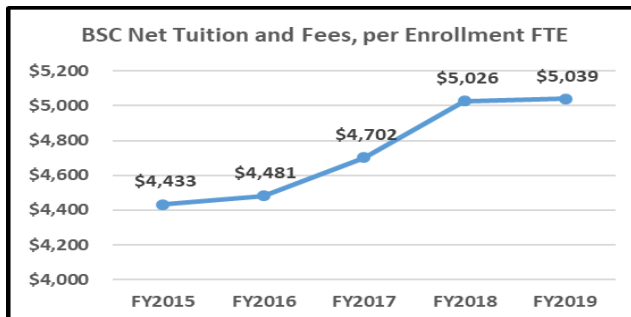
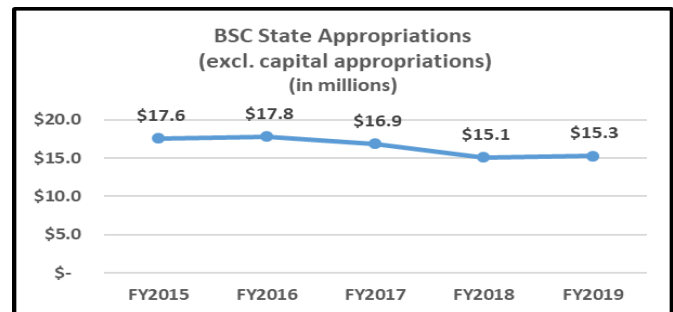
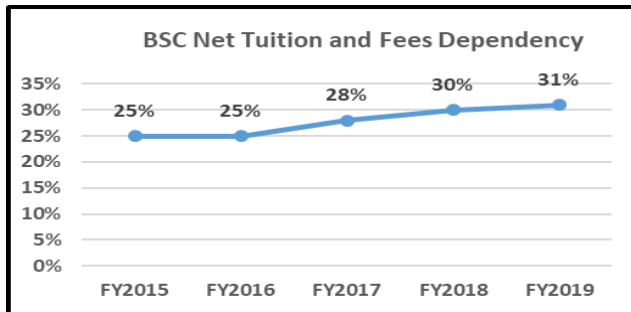
SBHE Policy 810. (1a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

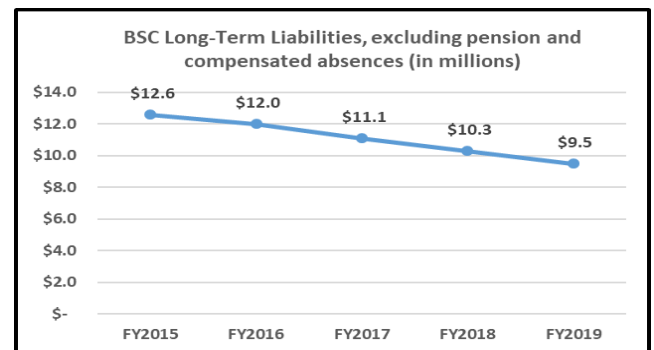
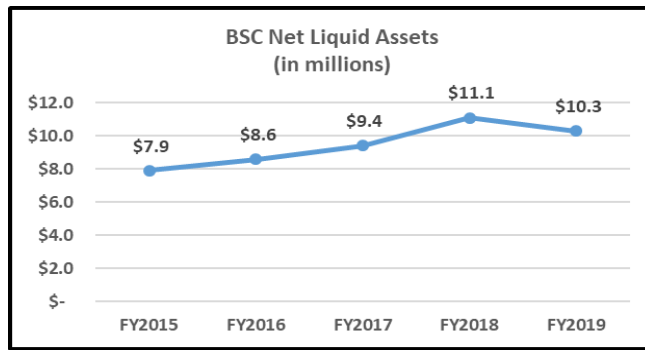
The information is presented on a cash basis.



Other Ratios:

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

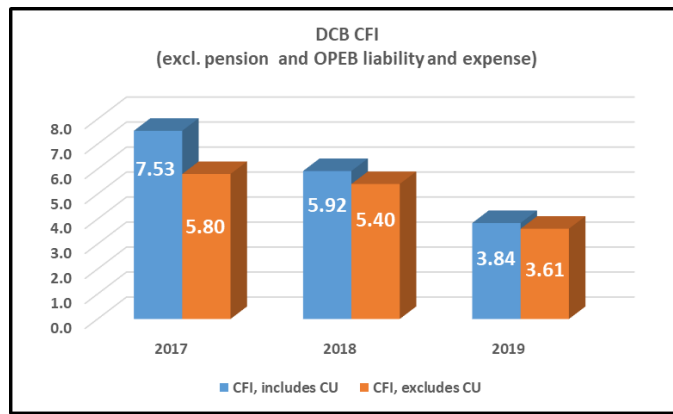




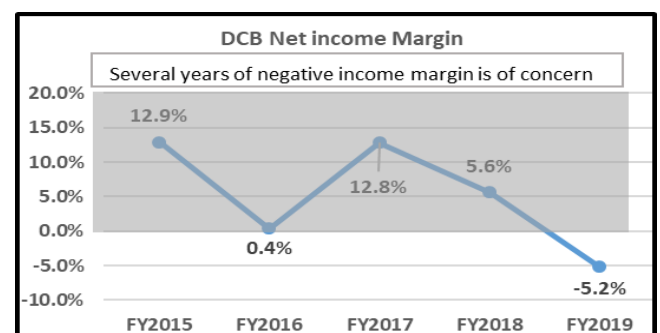
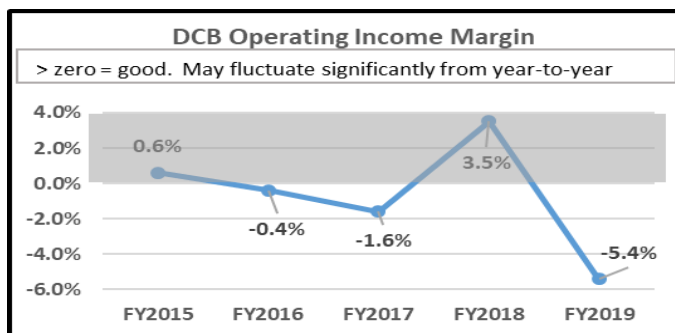
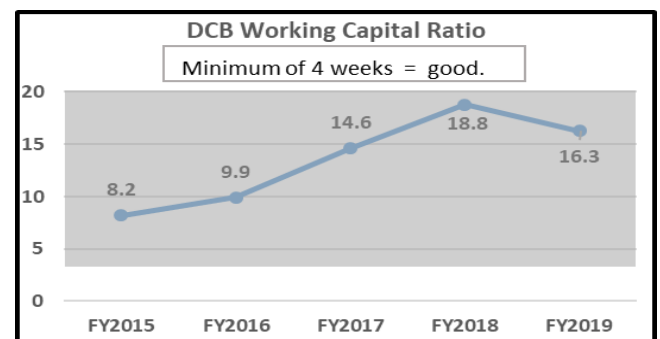
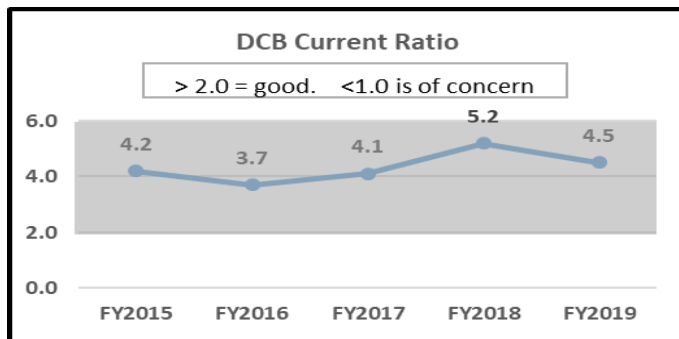
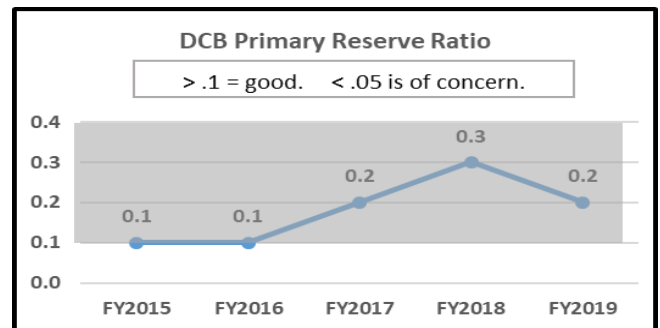
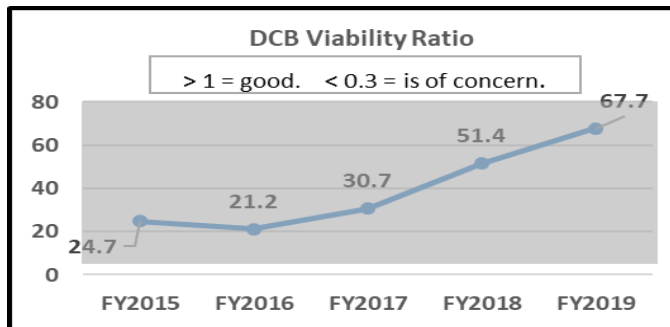
BSC Summary:

- CFI scores are solid and have improved in each of the last three years.
- The viability ratio, current ratio and working capital ratio increased from FY2015. However, the viability ratio, primary reserve ratio, current ratio and working capital ratio decreased slightly in FY2019 compared to FY2018.
- Operating income margin has been below zero for the last five fiscal years.
- Net income margin increased significantly in FY2019 mainly as a result of an increase in state appropriation- capital assets of \$8.0 million.
- Fall enrollment decreased 311 (10.7 percent) from Fall 2014.
- FY2019 Net tuition and fee, per Enrollment FTE increased \$608, or 13.7 percent, from FY2015.
- State appropriations decreased \$2.3 million or 13.1 percent from FY2015. However, they increased slightly from 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

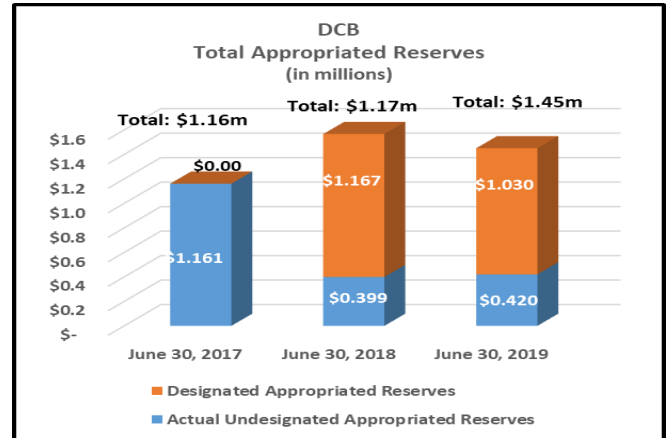
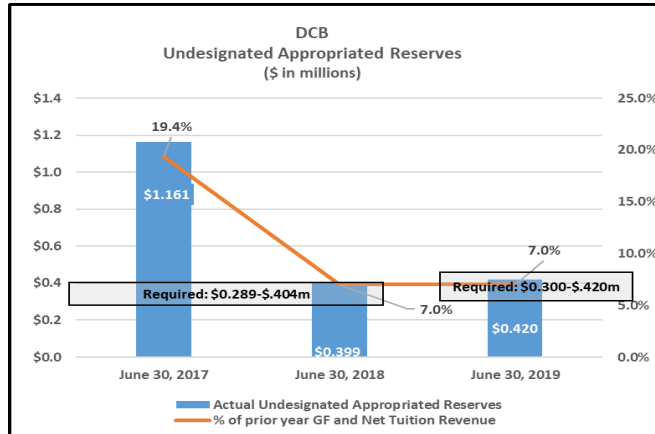


Appropriated Reserves

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.

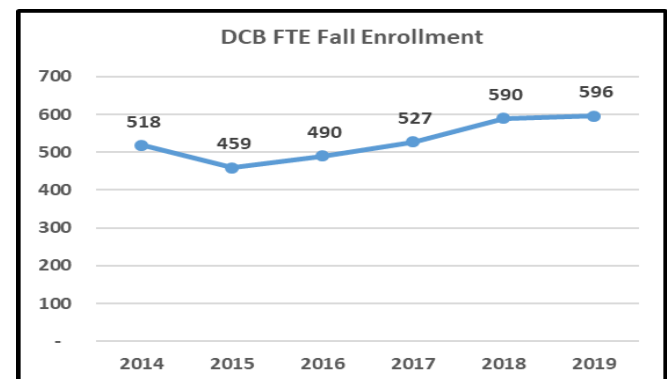
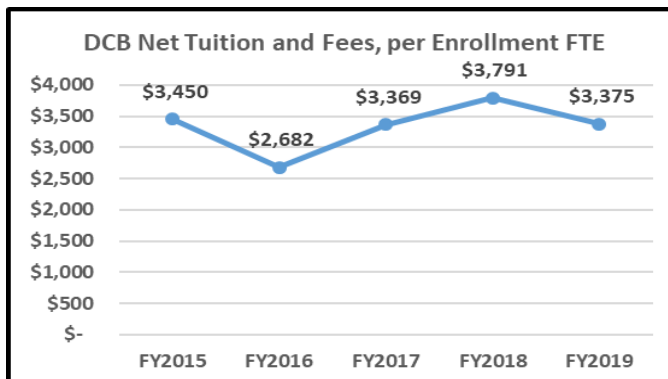
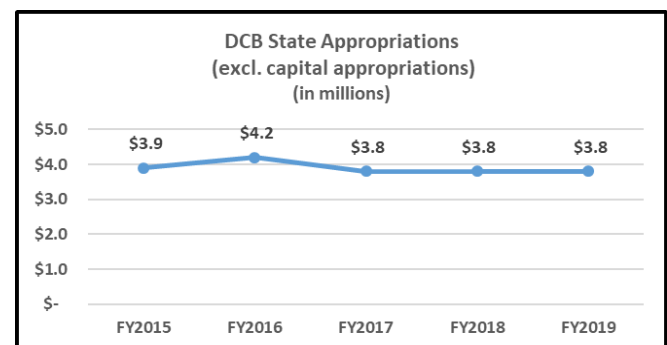
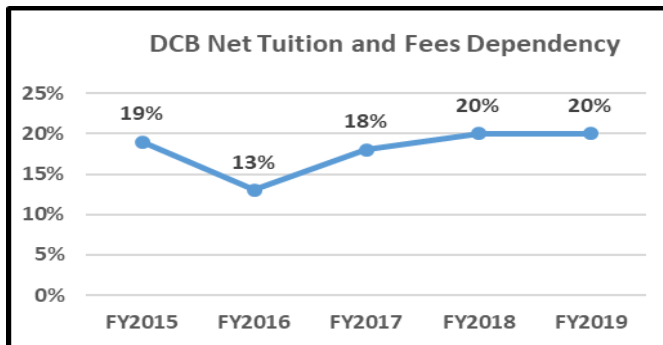
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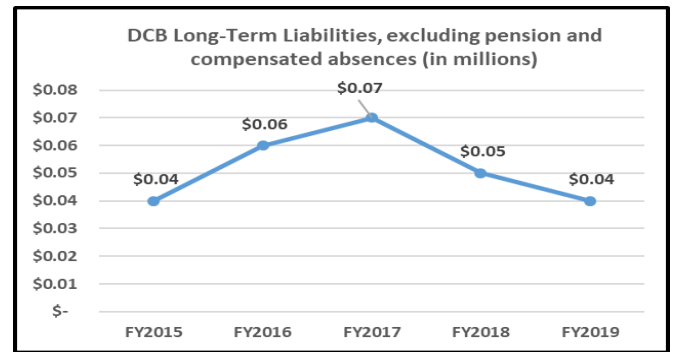
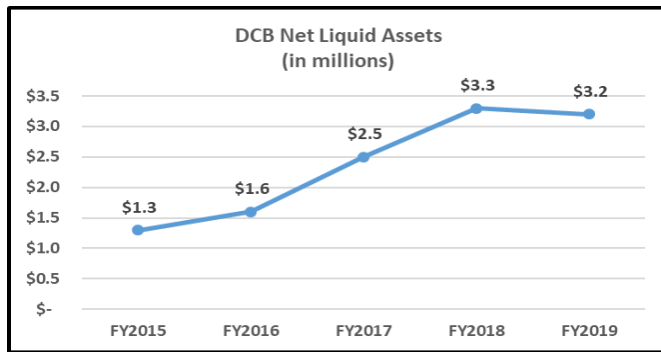
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Other Ratios:

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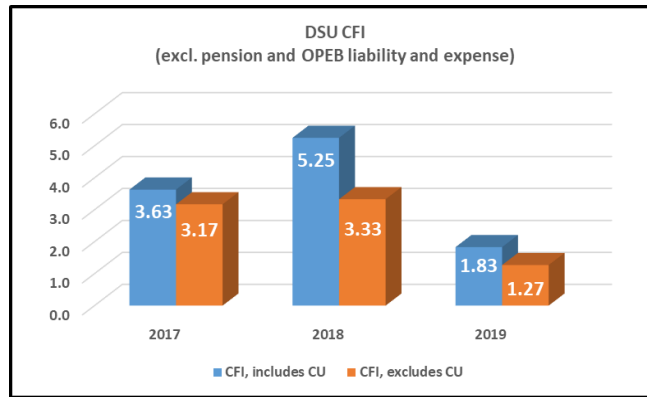




DCB Summary:

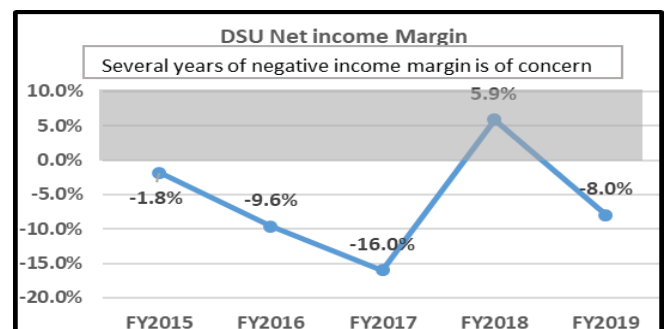
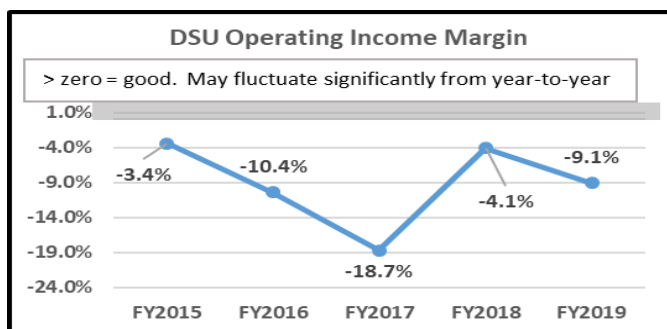
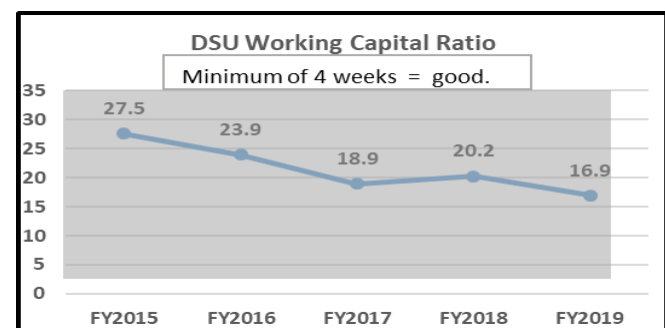
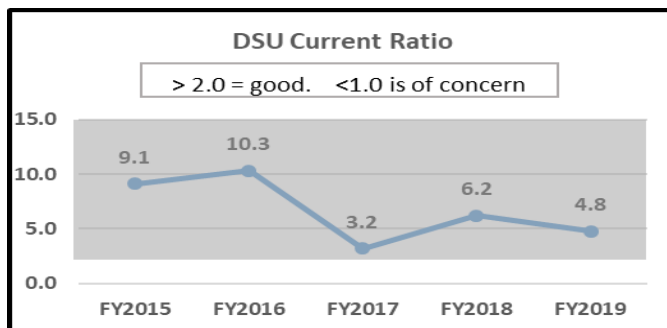
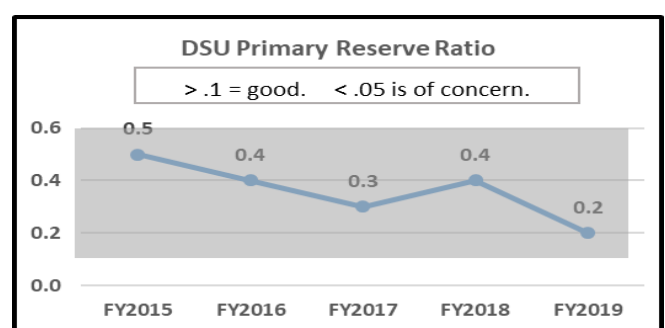
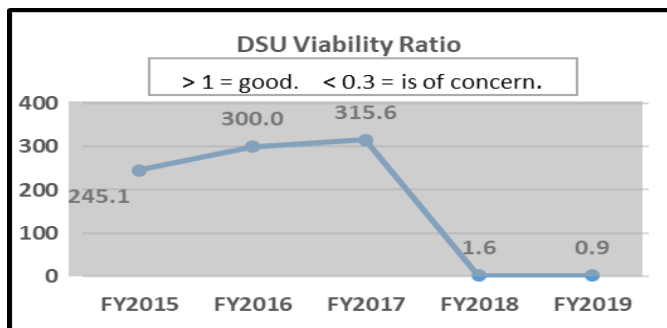
- CFI scores are solid, although the scores declined in FY2018 and FY2019.
- All other ratios are good or very good.
- DCB's operating expenses increased \$1.1 million mainly as a result of an increase in salary and wages for additional nursing department staff and additional costs incurred related to DCB's HLC standard accreditation review as well as advertising campaigns.
- Fall 2018 enrollment increased by 78 (15.1 percent) from Fall 2014.
- FY2018 Net tuition and fee, per Enrollment FTE decreased slightly compared to FY2014 and decreased by 11.0 percent compared to FY2018.

Dickinson State University (DSU)



Note: FY2017 CFI with CU includes the DSU Heritage Foundation. The foundation was created in November 2015. FY2016 CFI with CU includes the financial information for the DSU Foundation. This foundation went into receivership in 2014. Therefore, DSU Foundation's net asset balances as of December 31, 2013 were used for FY2016 CFI calculations. This is the most recent financial information available for the foundation. The foundation is expected to be fully dissolved in FY2019.

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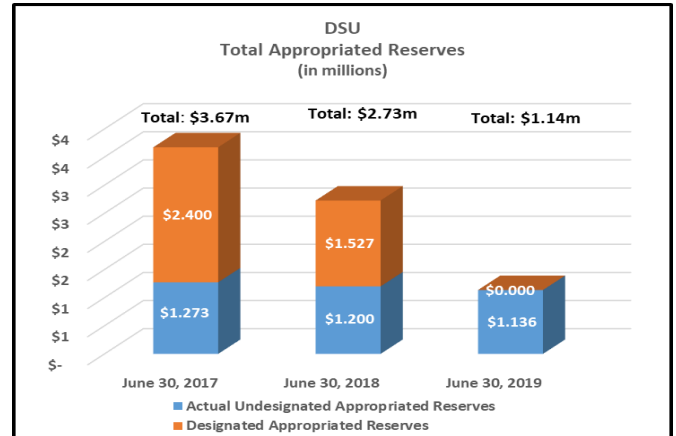
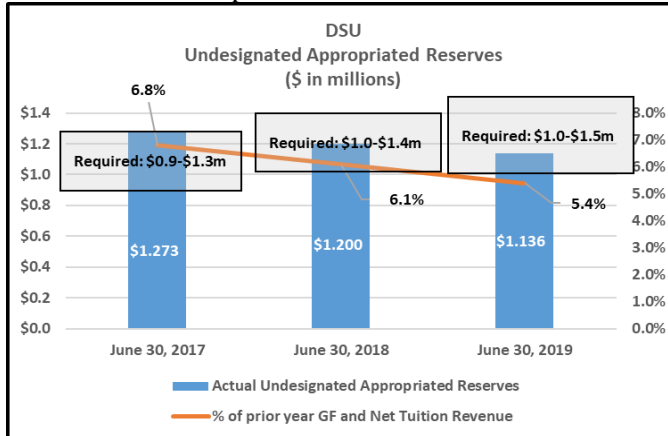


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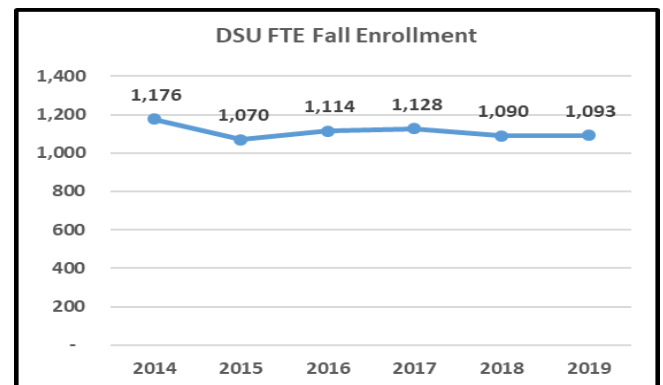
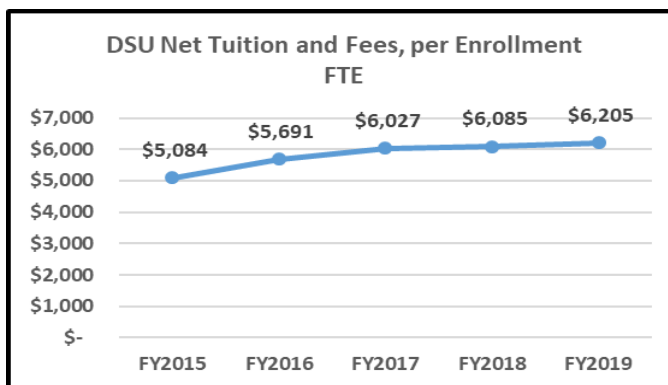
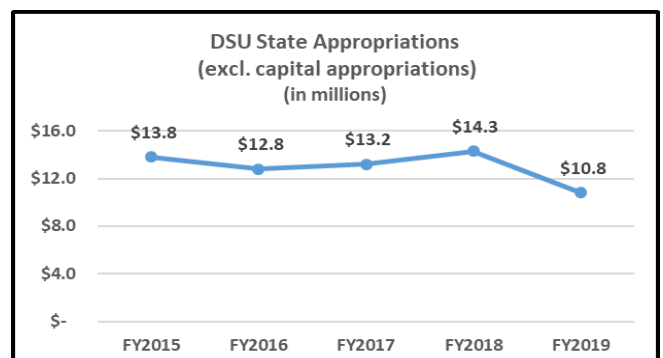
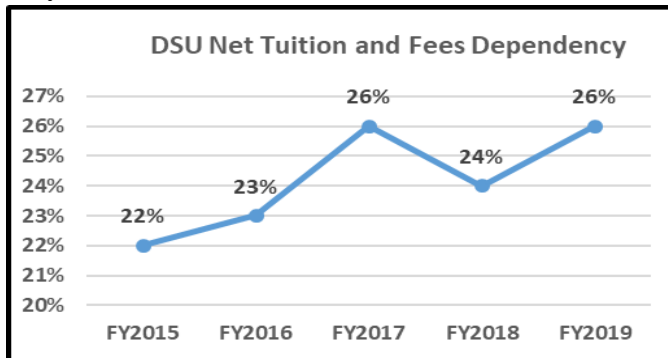
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

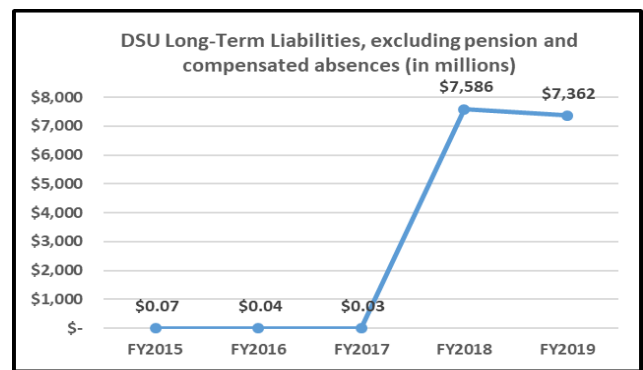
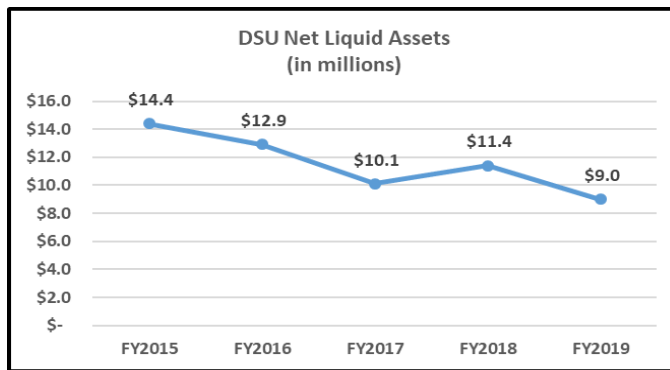
The information is presented on a cash basis.



Other Ratios:

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





DSU Summary:

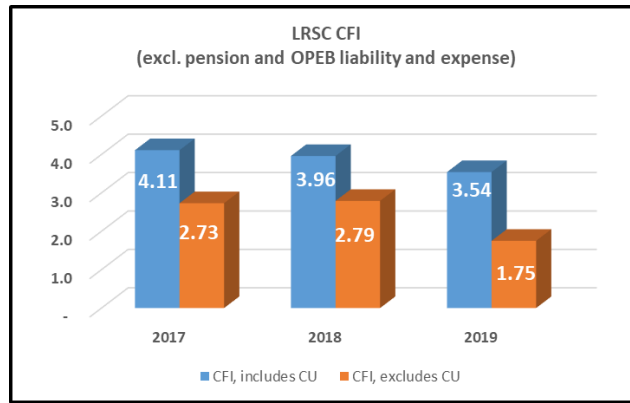
- CFI scores are in the “Above” zone but decreased significantly in FY2019.
- The viability ratio, primary reserve ratio, current ratio and the working capital ratio have decreased since FY2015. Although all are in the “good” range in FY2019, they have been trending downward and should be closely monitored going forward.
- The operating income margin has been negative since FY2013. The net income margin has been negative for the previous five years, with the exception of FY2018. Both margins should be closely monitored going forward.
- Long-term liabilities increased in FY2018 as a result of a notes payable for capital projects related to safety improvements.
- FY2019 Fall enrollment decreased by 83 or (7.0 percent) from Fall 2014. It increased by three compared to FY2018.

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

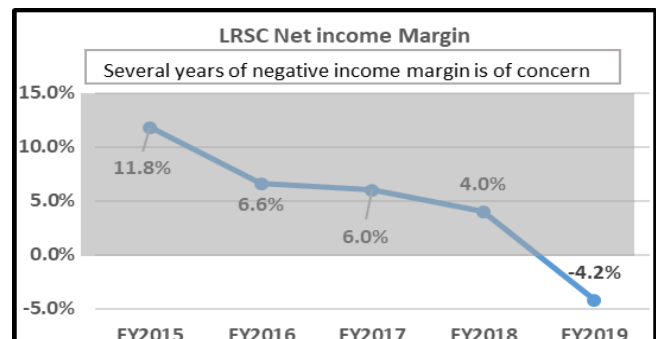
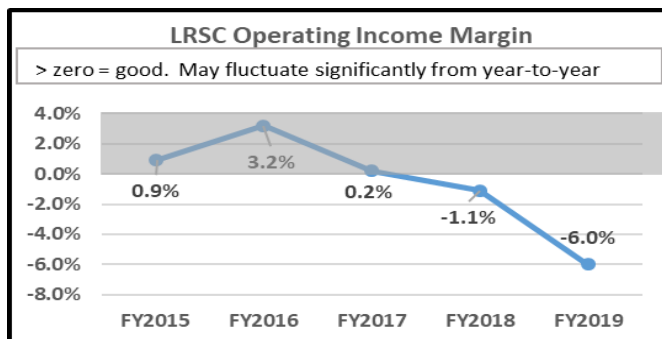
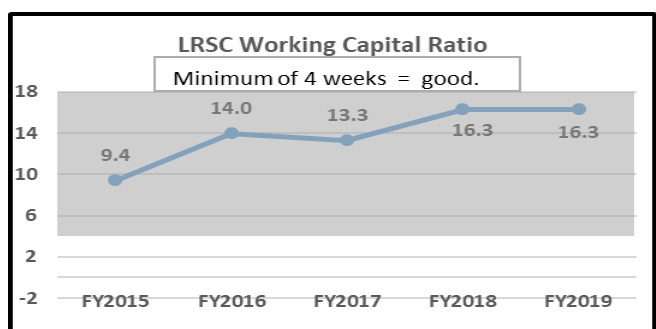
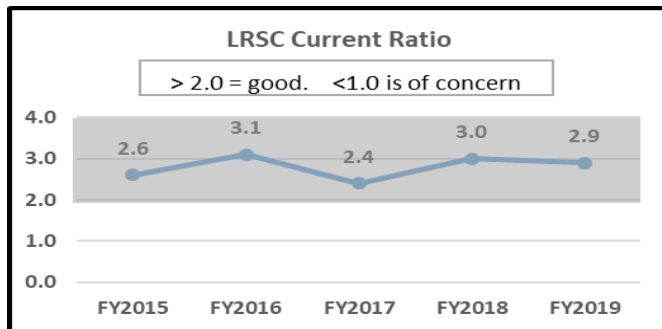
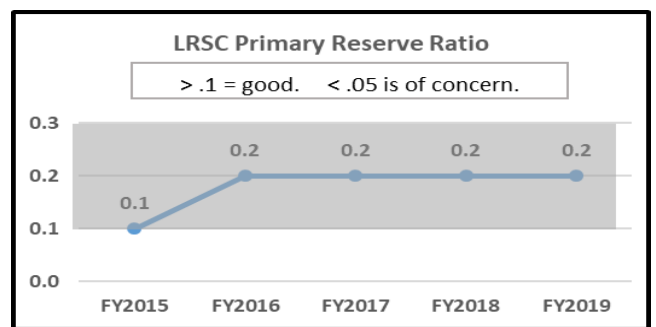
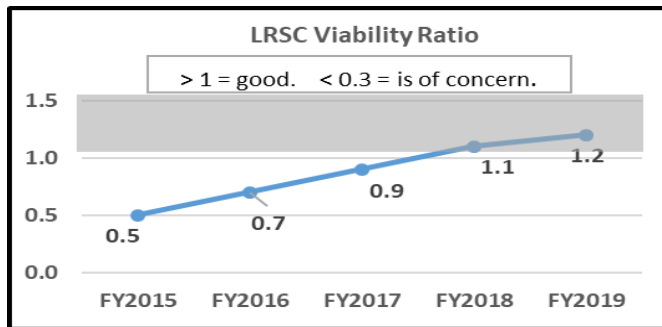
Plan Status Update: During FY2019 the DSU enrollment and retention rates continue to reflect modest increases; actual tuition and fee revenues are flat. Fall 2019 enrollment numbers were flat but the retention percentage decreased from 71% to 68%. The partnership with an external enrollment management partner is in the third full year. DSU continues to work on residence life facilities improvements and food services enhancements, both initiatives should improve student recruitment and retention. DSU continues to carefully monitor expenses. This will continue, along with re-allocation of existing funds, to maintain the expense budget at current levels or slightly lower when possible. As internal funds are re-allocated, the emphasis is placed upon maintaining current budget levels in academic areas and student-centered services. The DSU Four-Year Financial Plan is in its very early stages, but early indications are positive, and the projections are on track

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

Lake Region State College (LRSC)



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

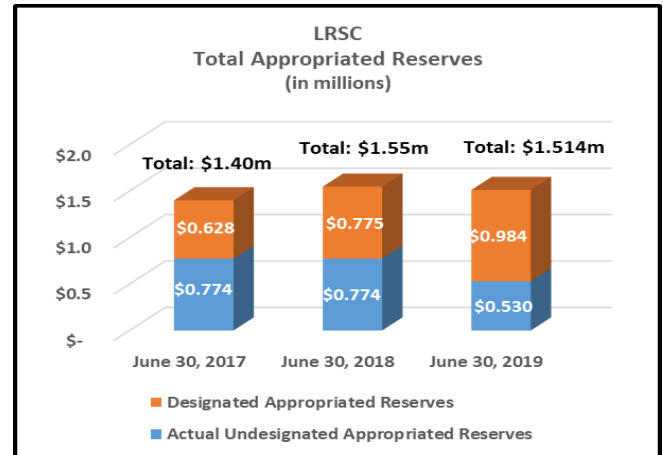
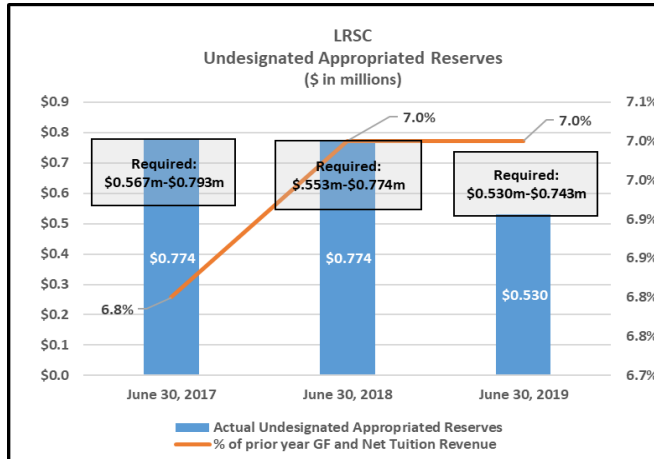


Appropriated Reserves

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

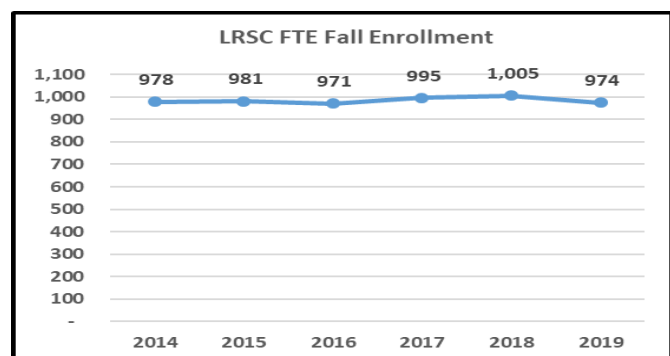
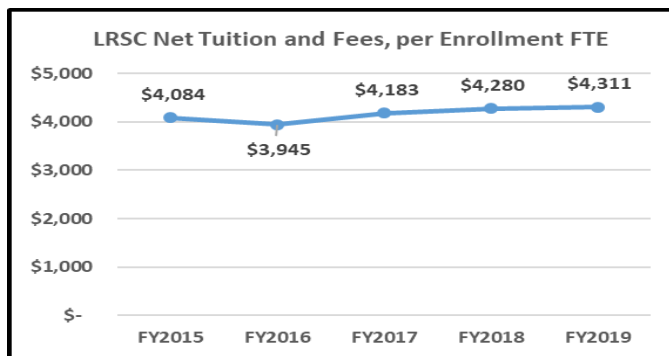
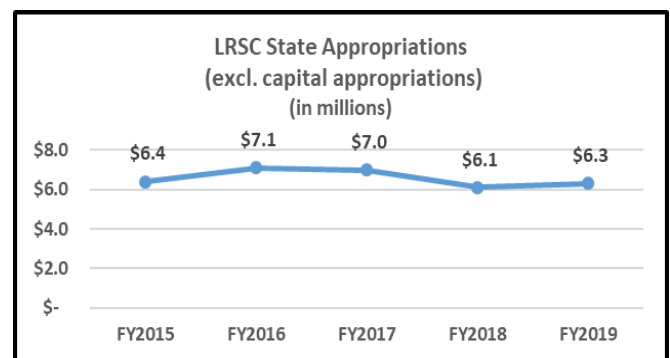
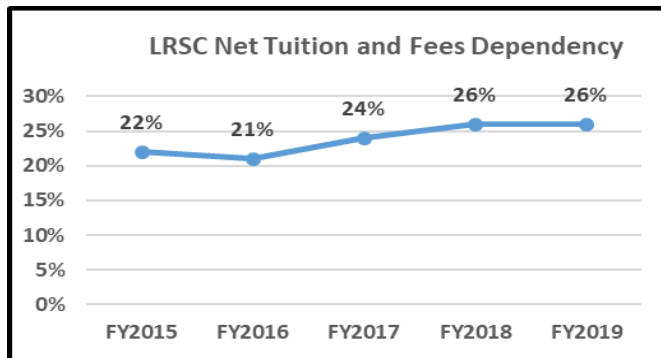
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

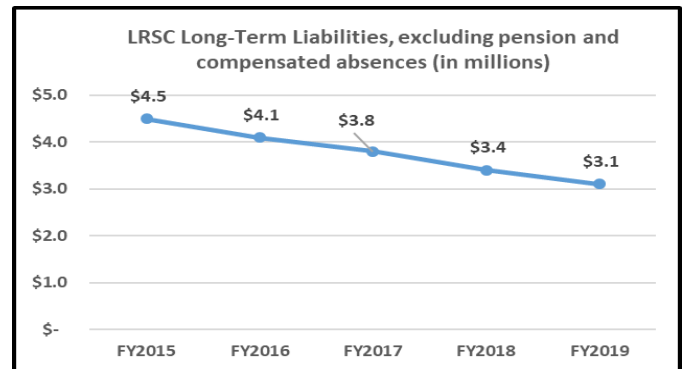
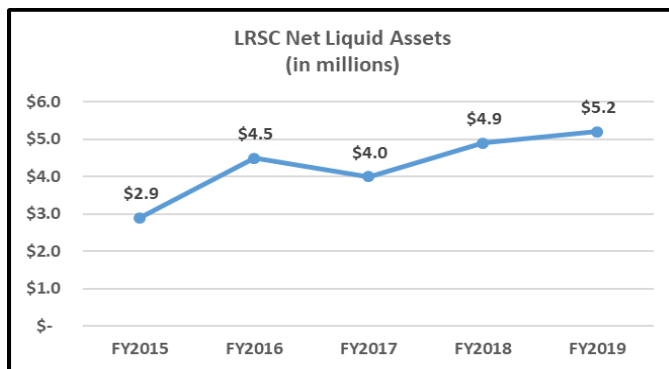
The information is presented on a cash basis.



Other Ratios:

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

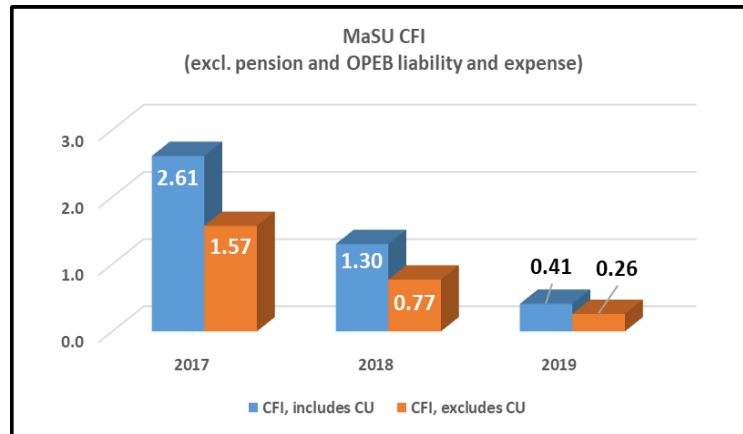




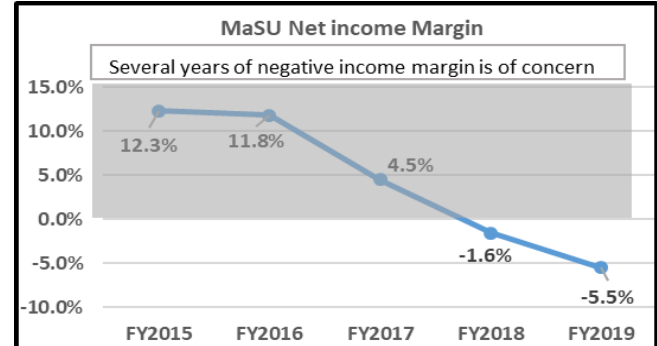
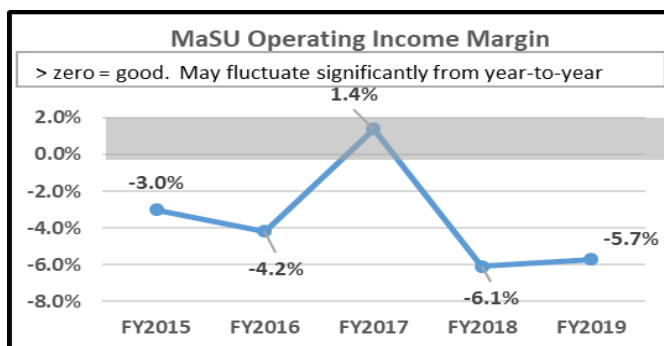
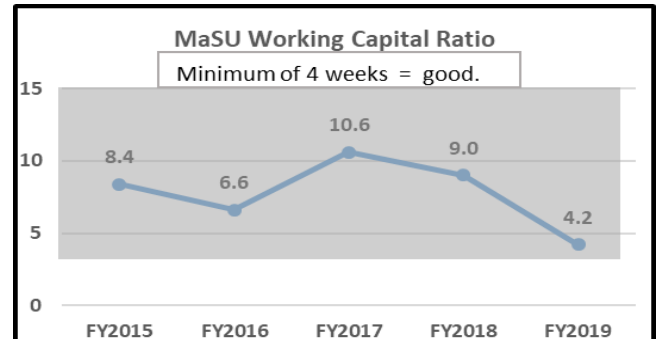
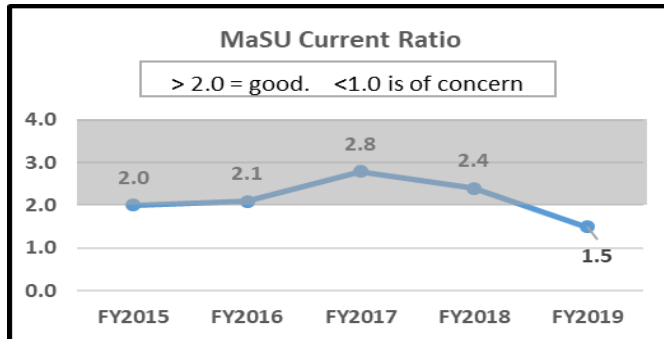
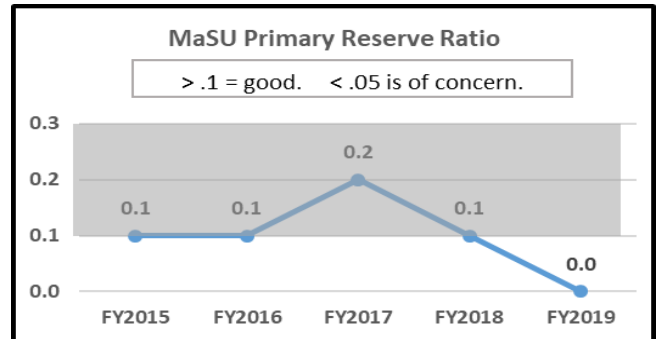
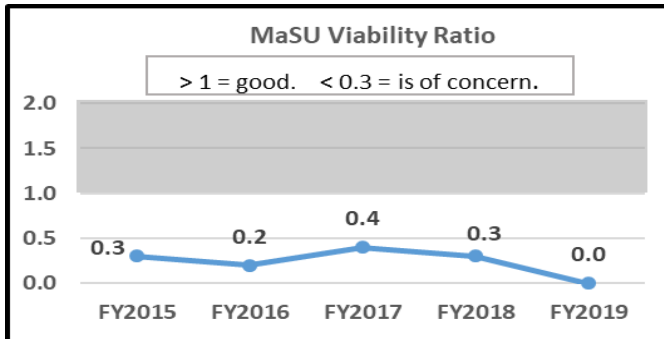
LRSC Summary:

- CFO scores are solid, although the CFI excluding CU decreased from 2.79 in FY2018 to 1.75 in FY2019.
- All ratios are good or very good, with the exception of the operating income margin and net income margin. However, the negative margins are not a concern at this time given the strength of the other ratios.

Mayville State University (MaSU)



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

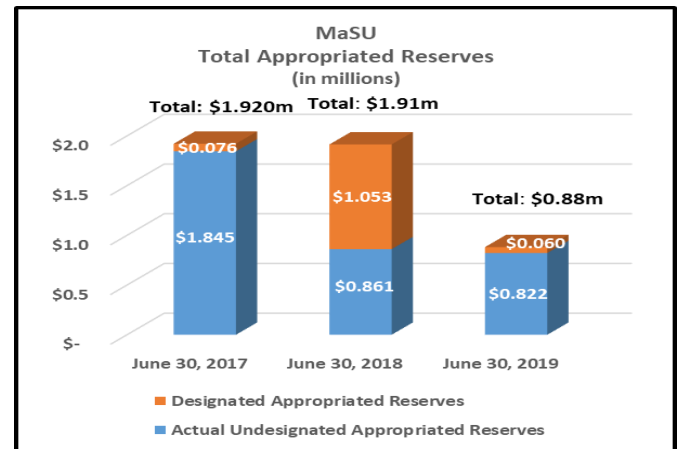
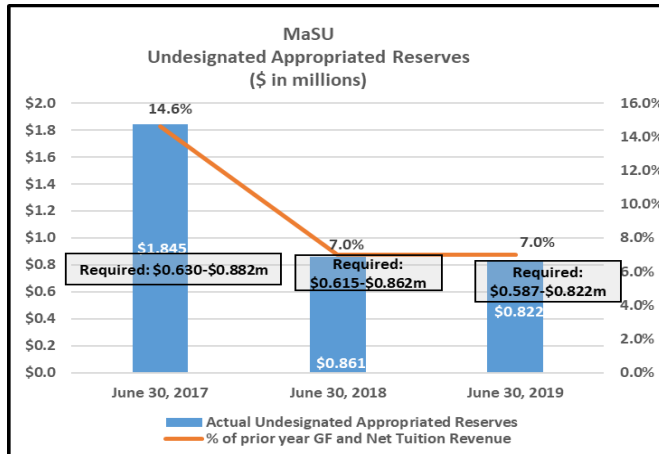


Appropriated Reserves

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

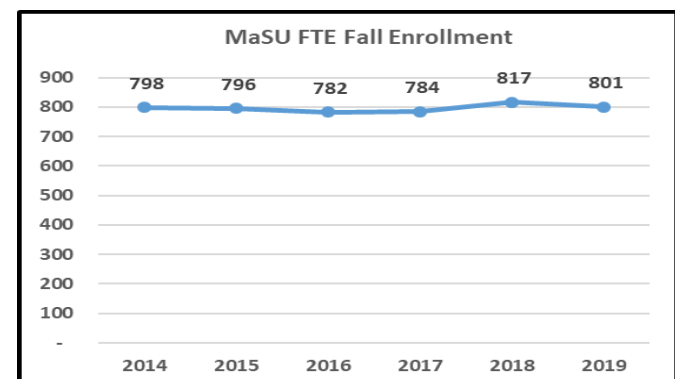
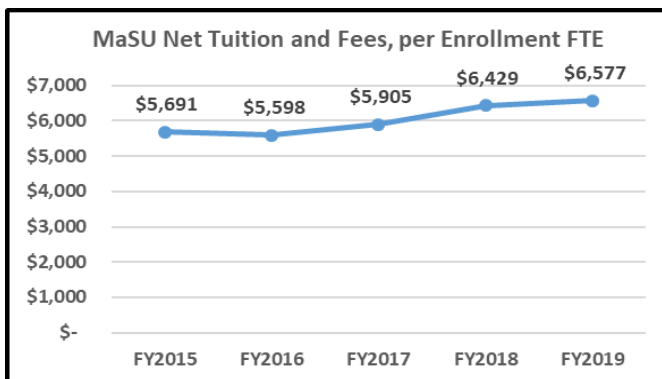
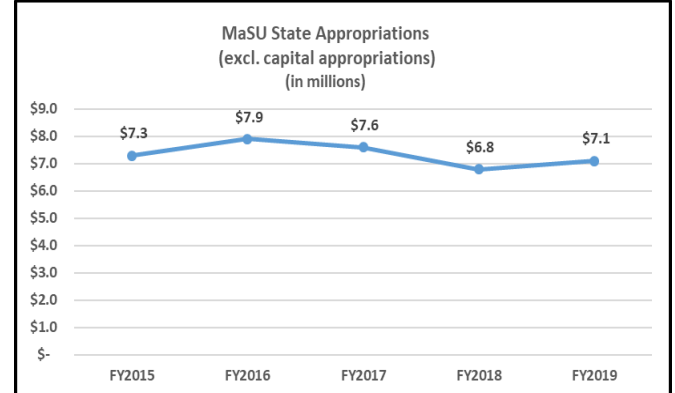
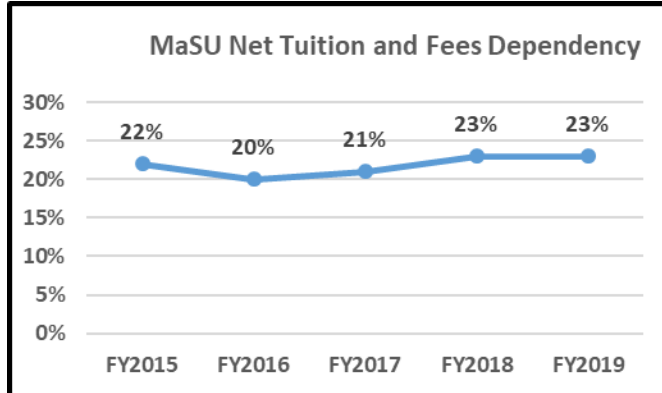
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

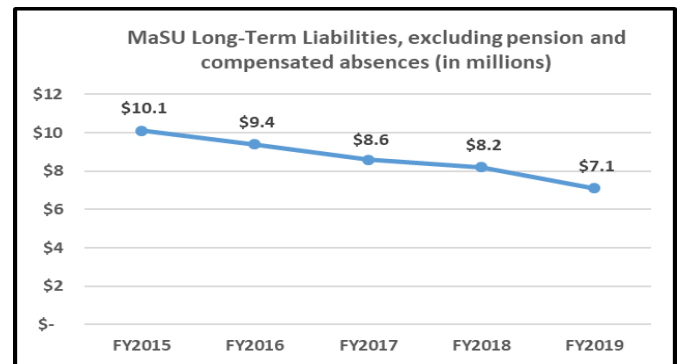
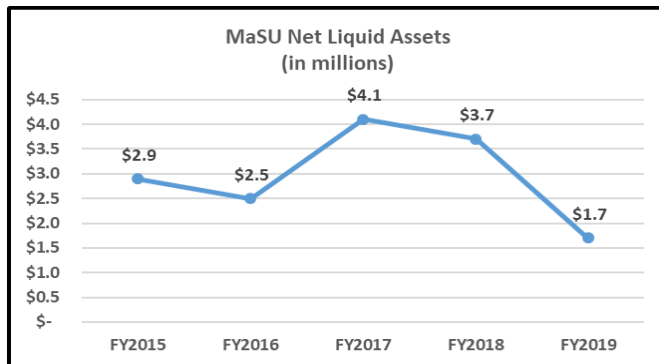
The information is presented on a cash basis.



Other Ratios:

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

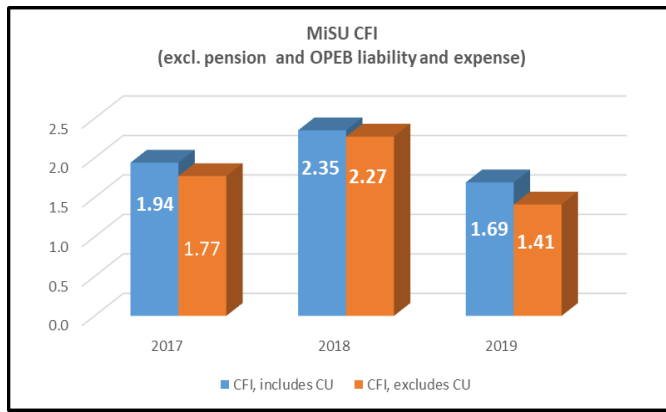




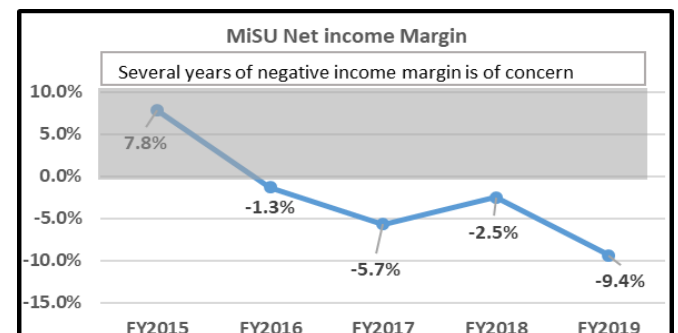
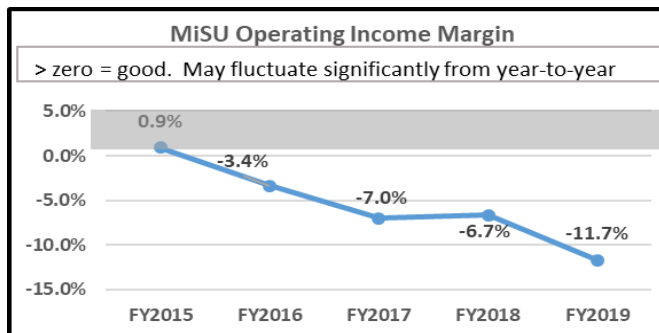
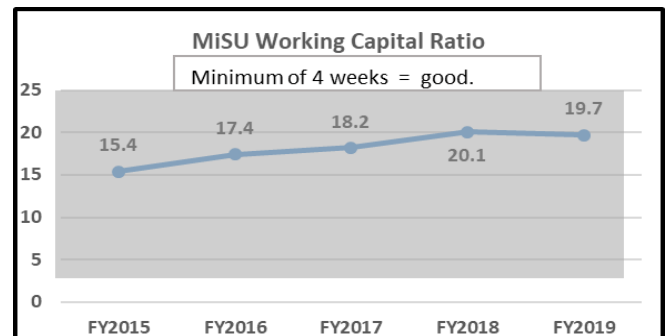
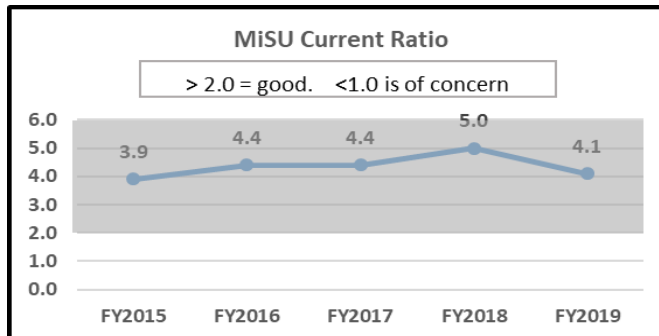
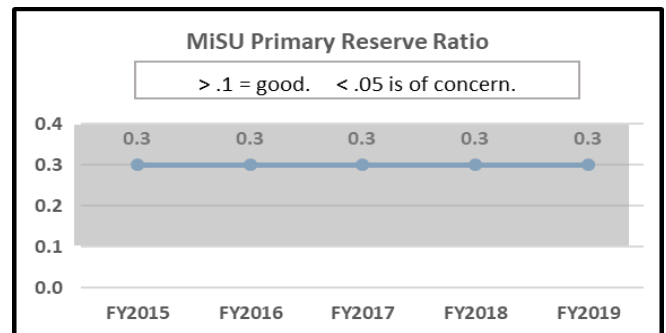
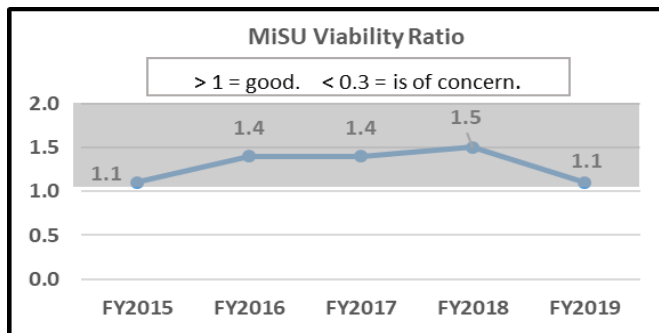
MaSU Summary:

- CFI scores are in the “In” zone. They have declined significantly in FY2018 and FY2019 and should be carefully monitored going forward.
- The viability ratio has been below zero for FY2015 through FY2019.
- The primary reserve ratio fell below zero for the first time since FY2015. The current ratio fell below 2.0 for the first time since FY2015.
- While the working capital ratio of 4.2 is above 4.0, it declined in FY2018 and FY2019
- Although the operating income margin can fluctuate from year to year, it has been negative for four out of the past five years.
- The net income margin has decreased for the past four fiscal years. The margin was negative in FY2018 and FY2019.
- The ratios and margins discussed above should be carefully monitored going forward.
- Long-term liabilities have decreased since FY2015. However, with a viability ratio below zero, MaSU should be cautious about adding new debt in the future.
- Enrollment decreased slightly compared to FY2018 and is relatively flat compared to FY2014.

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

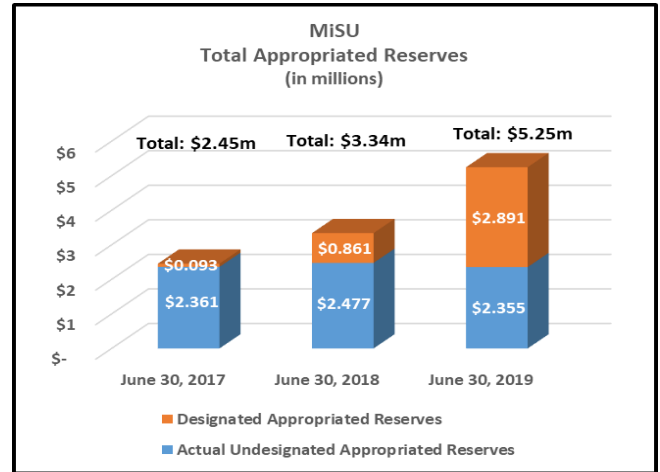
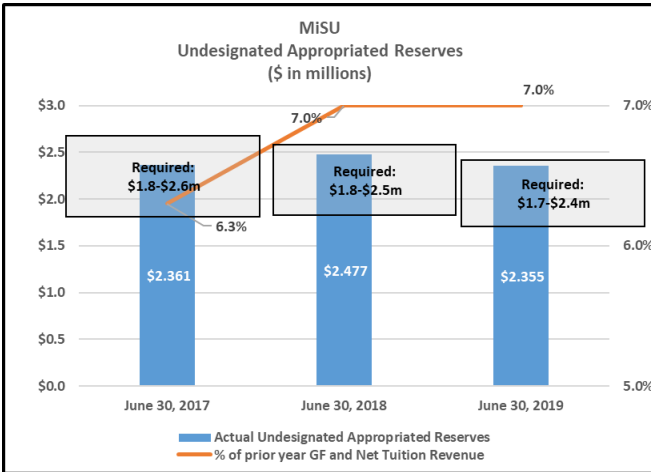


Appropriated Reserves

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.

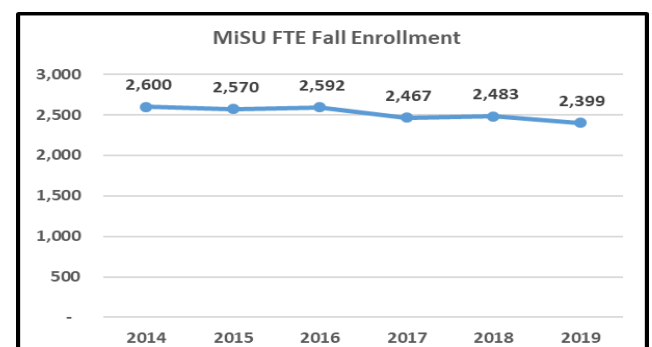
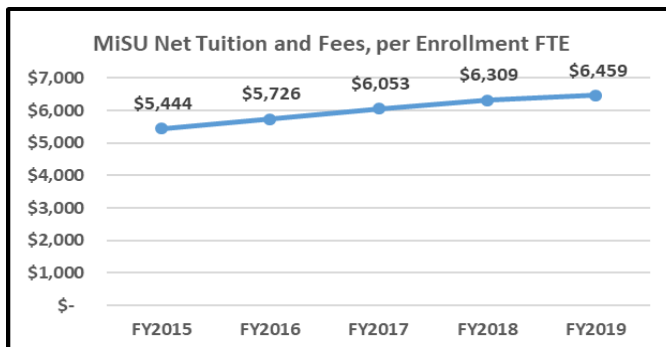
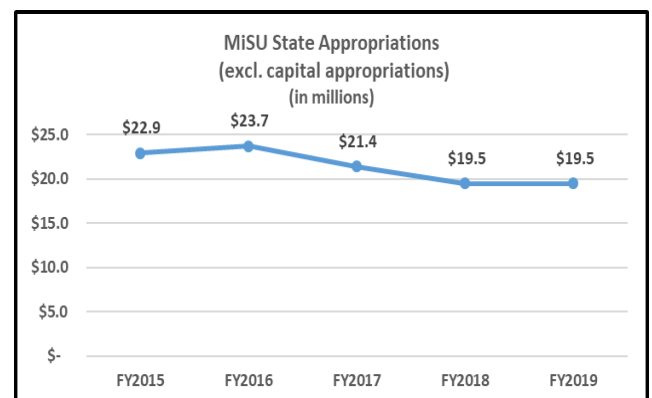
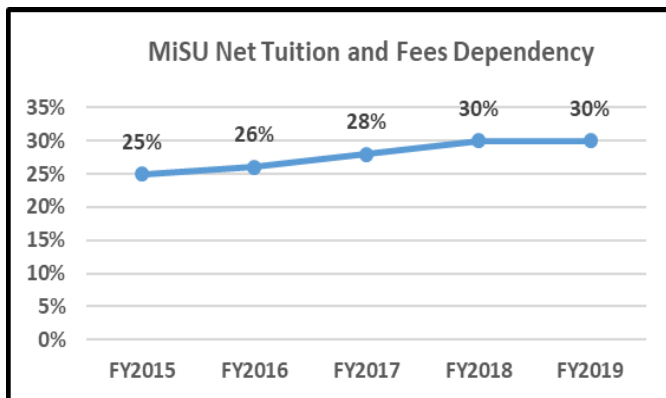
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

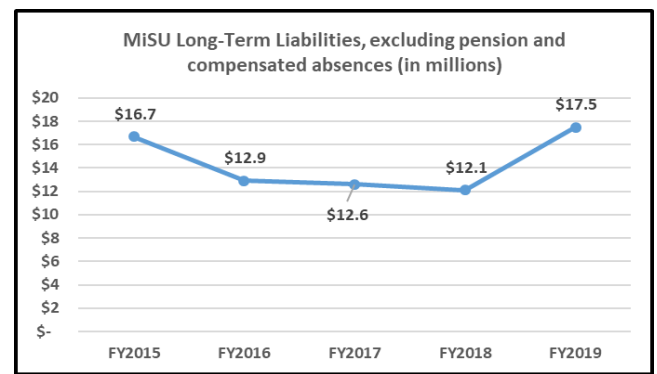
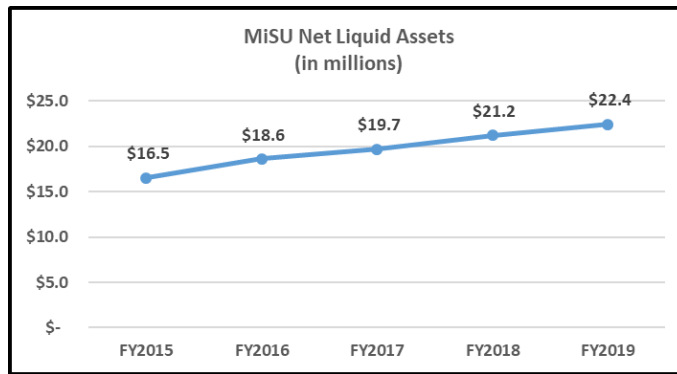
The information is presented on a cash basis.



Other Ratios:

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

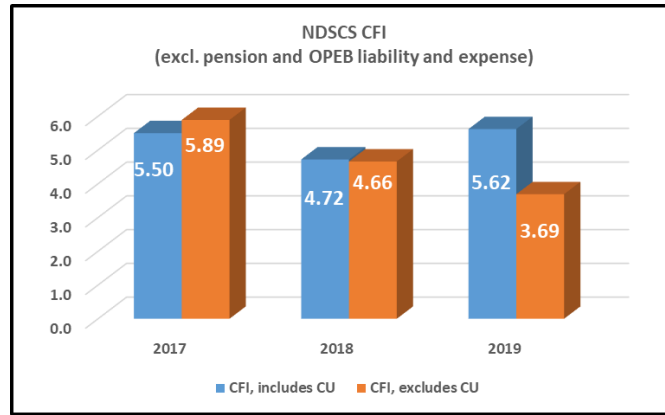




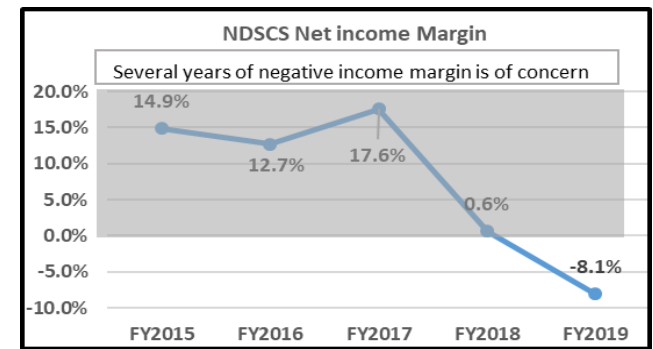
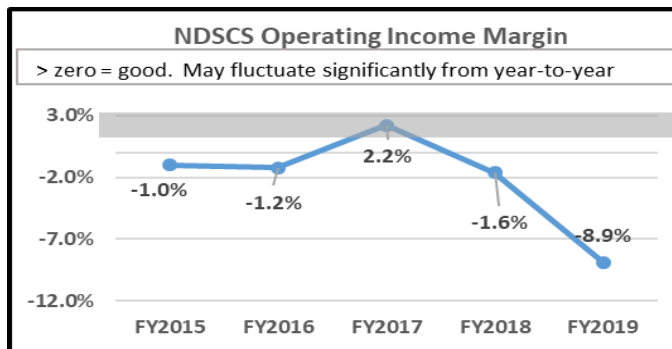
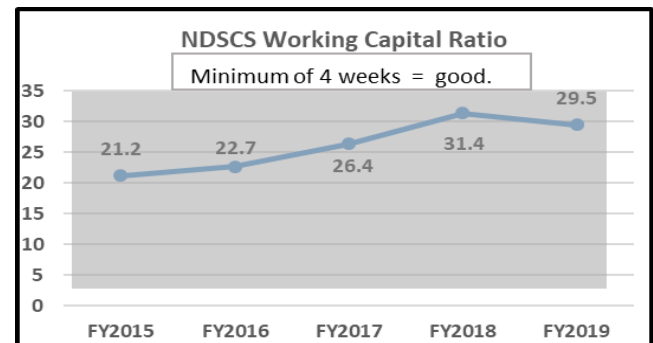
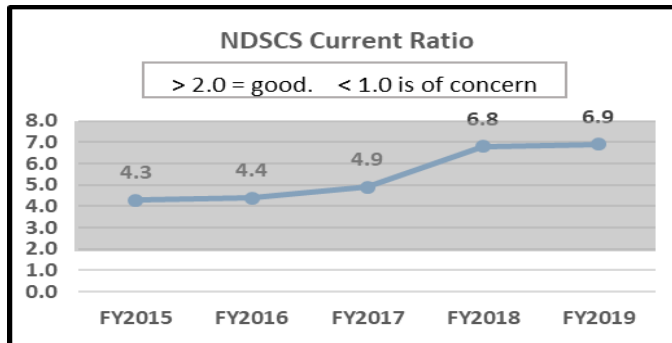
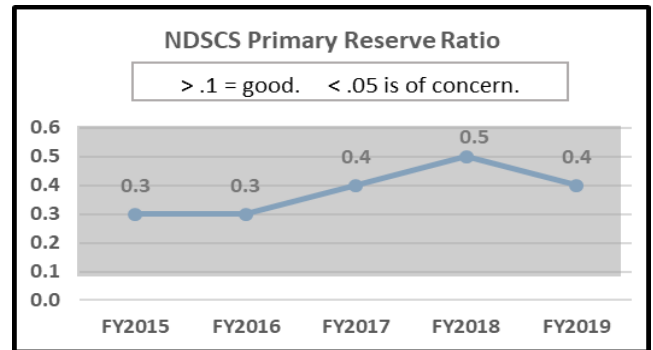
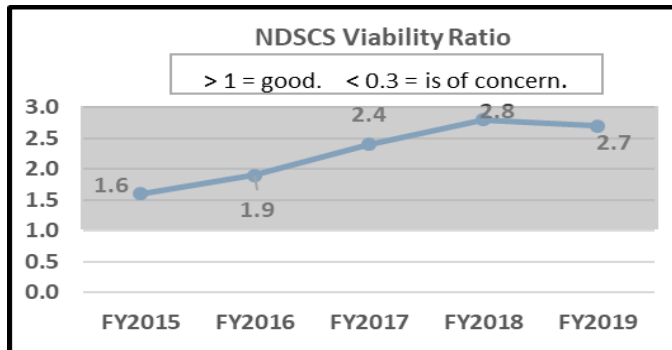
MISU Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin and net income margin. Given the strength of the other ratios, the negative operating income margin and net income margin are not a concern at this time. If depreciation expense is eliminated from the calculation, both ratios would be a positive 12.9 percent and 13.0 percent for the operating income and net income ratios, respectively.
- MISU increased its appropriated reserves by 1.91 million from FY2018.
- Net tuition and fees, per enrollment FTE increased 18.6 percent from FY2015 while state appropriations decreased 14.8 percent for the same period.
- Enrollment decreased 7.7 percent from FY2015.

North Dakota State College of Science (NDSCS)



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

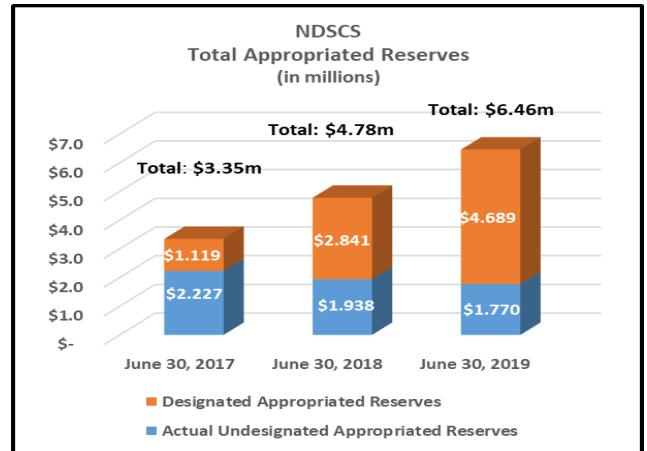
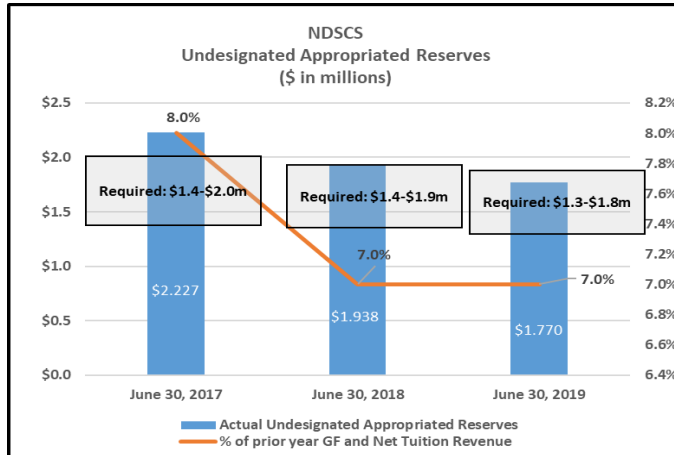


Appropriated Reserves

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

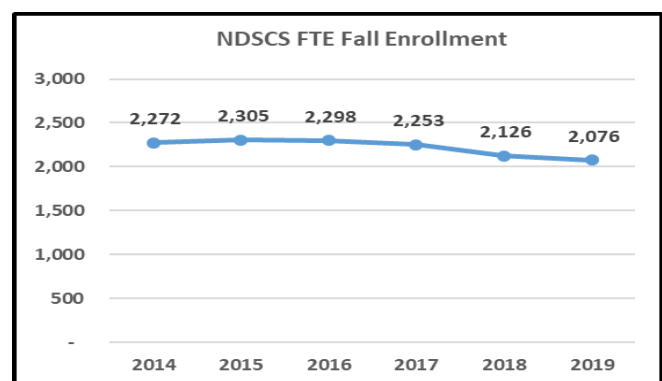
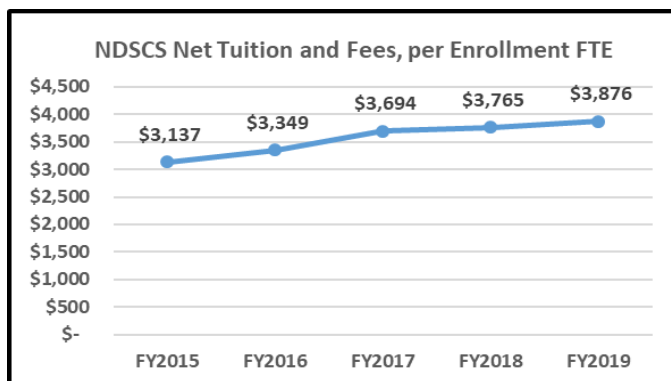
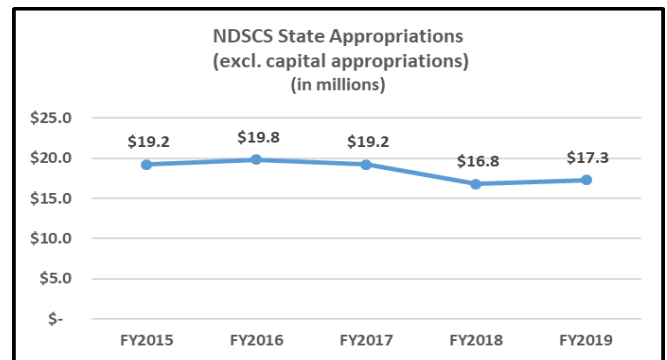
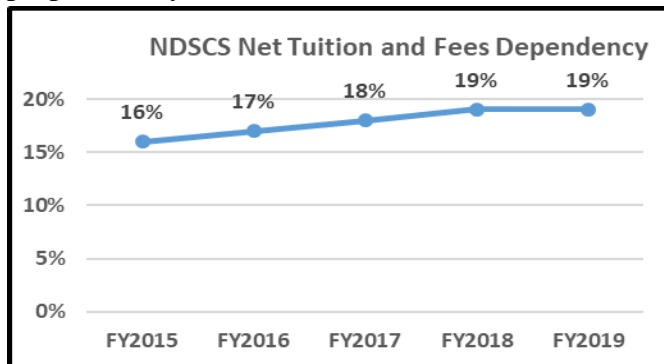
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

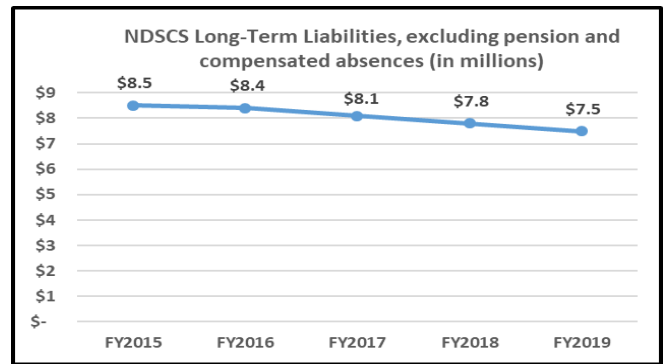
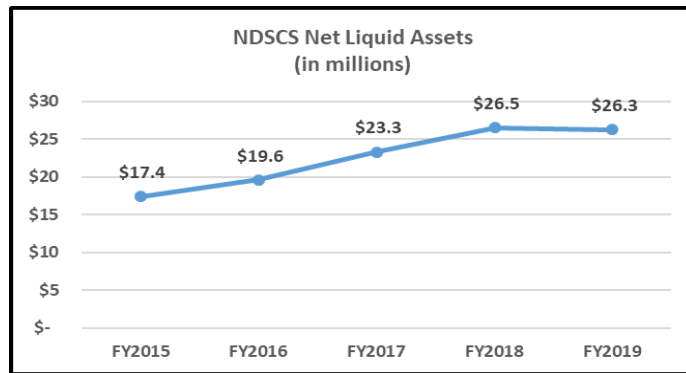
The information is presented on a cash basis.



Other Ratios:

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

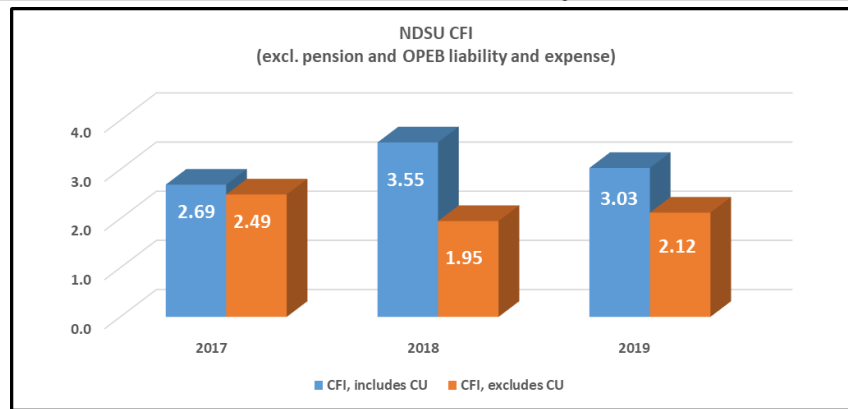




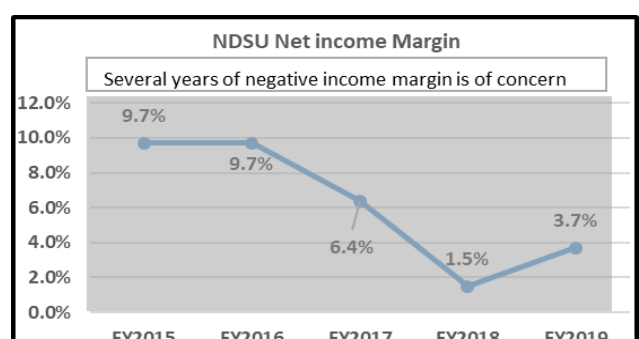
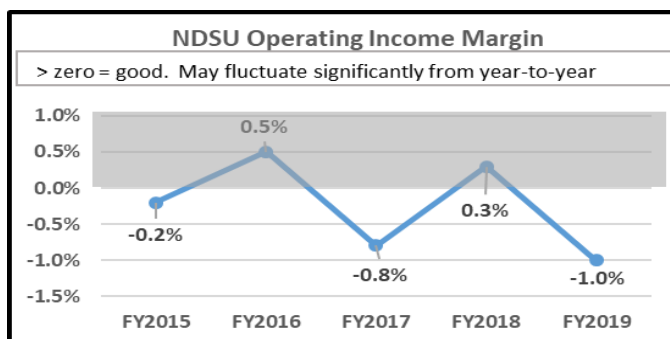
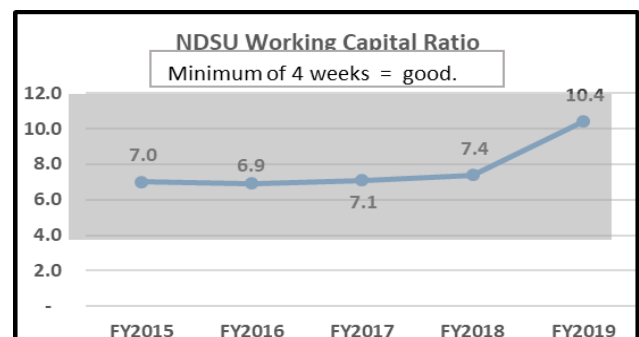
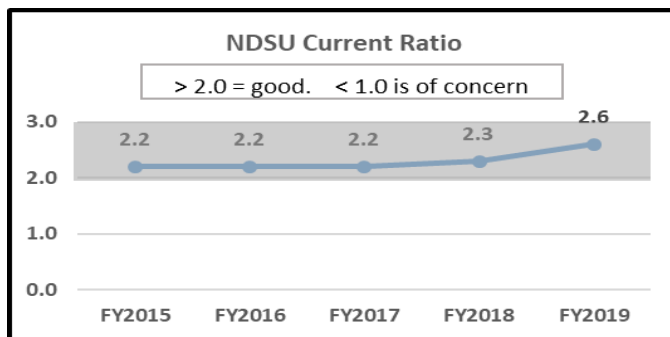
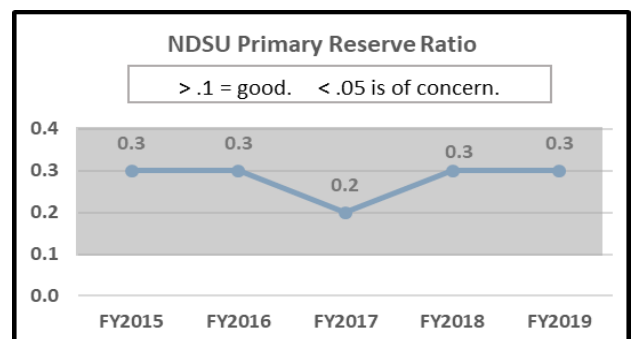
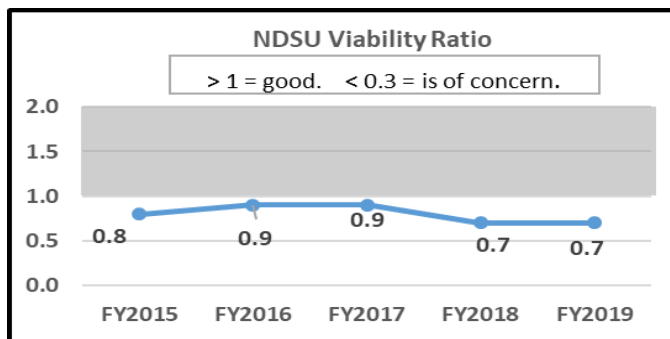
NDSCS Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin and net income margin. These margins can fluctuate from year-to-year and is not a concern given the strength of the other ratios.
- Net tuition and fees, per enrollment FTE increased 23.6 percent while state appropriations decreased 9.9 percent since FY2015.
- Starting in FY2016, enrollment has declined each year. Compared to Fall 2014, enrollment decreased by 196 or 8.6 percent in FY2019.
- Net liquid assets have increased \$8.9 million or 51.1 percent while long-term liabilities have decreased by \$1.0 million or 11.8 percent since FY2015

North Dakota State University (NDSU)



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

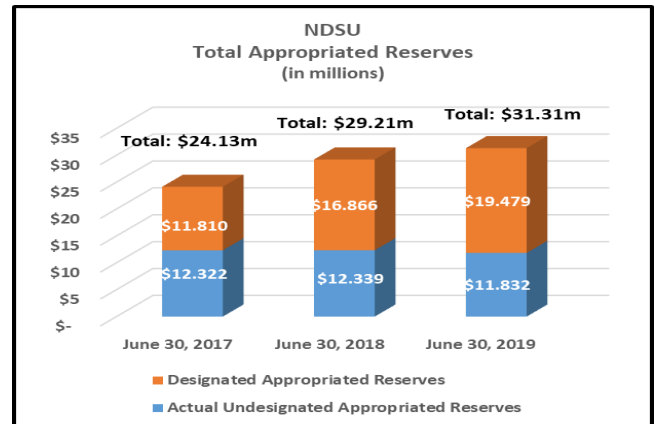
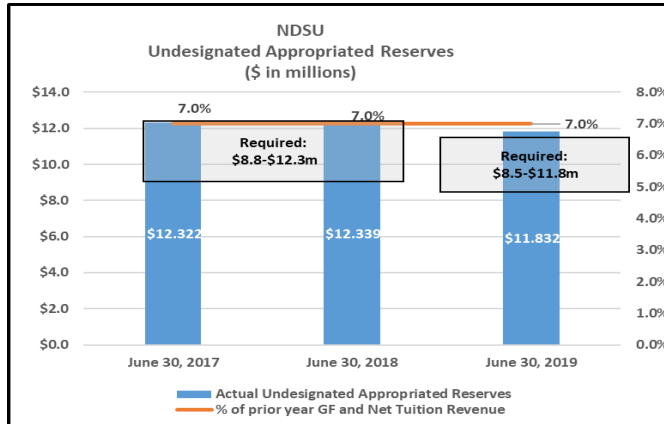


Appropriated Reserves

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

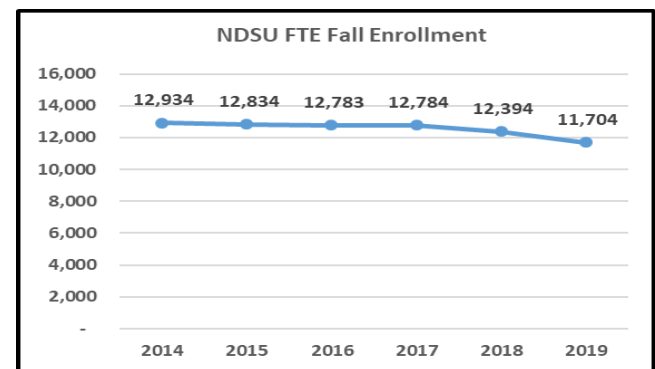
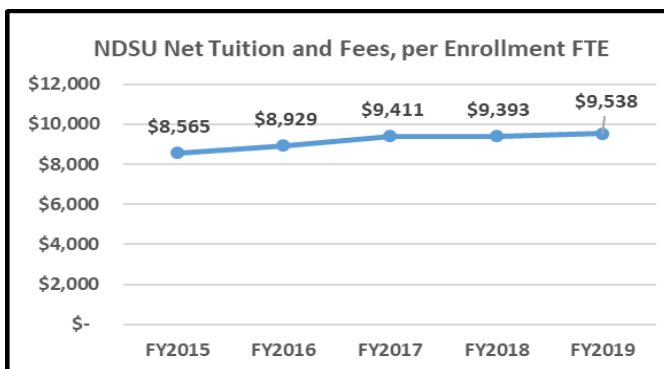
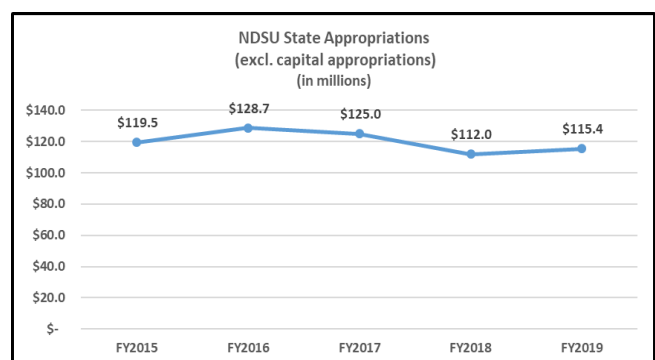
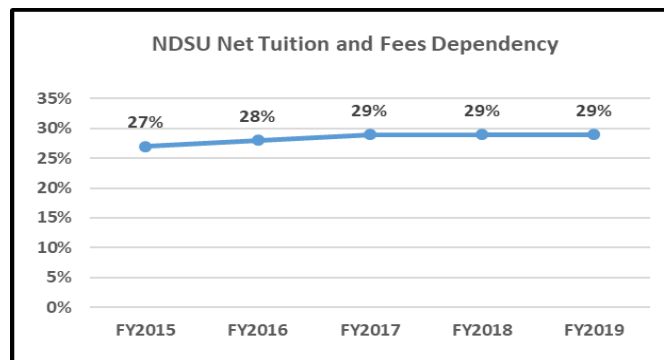
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

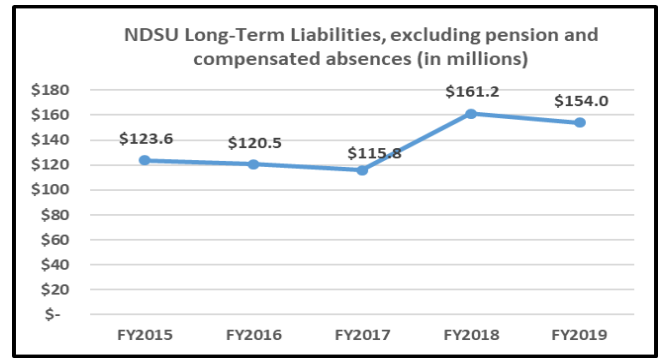
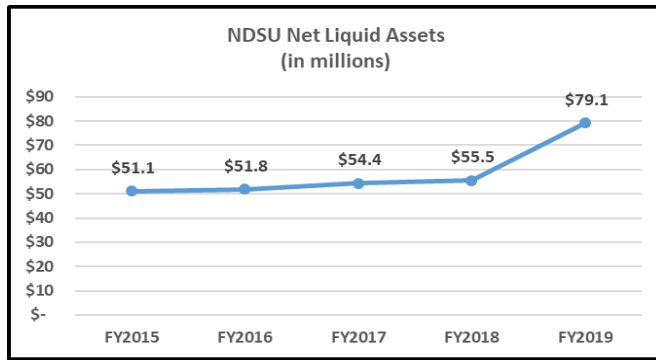
The information is presented on a cash basis.



Other Ratios:

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

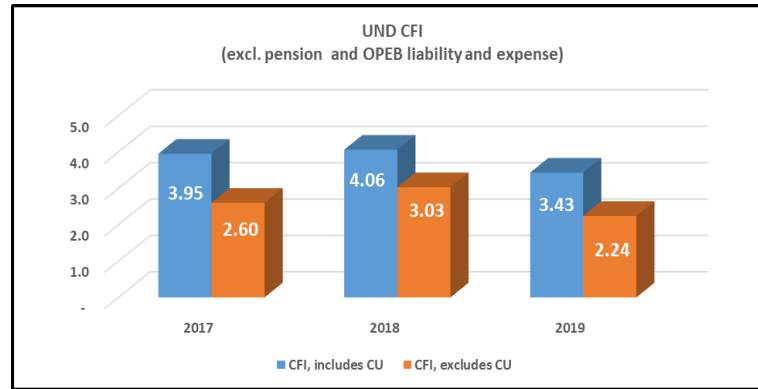




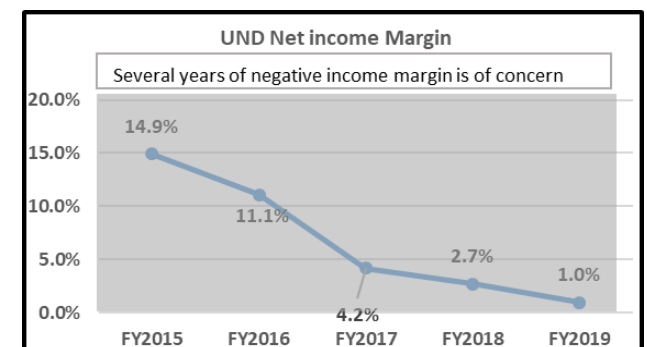
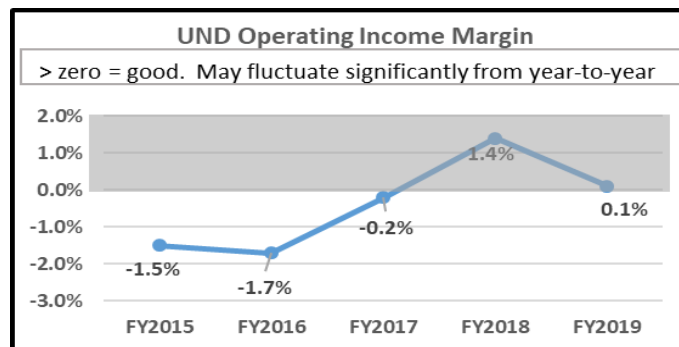
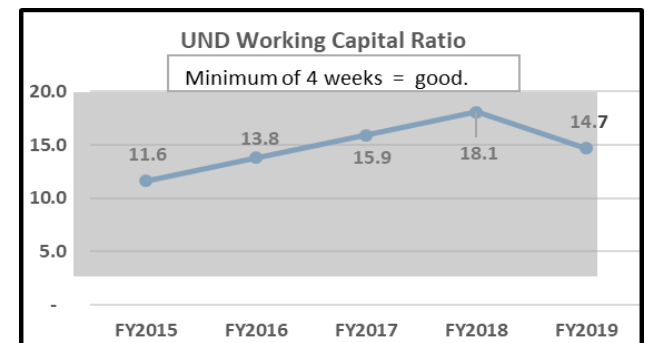
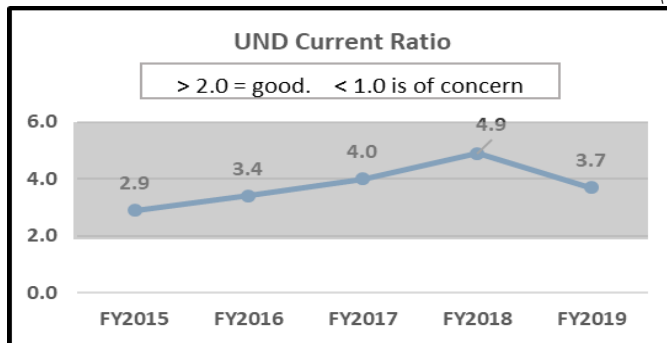
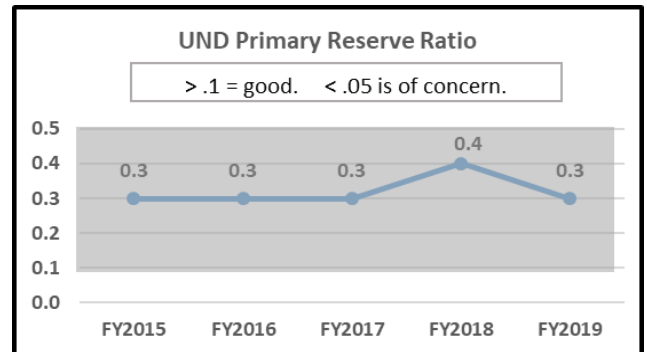
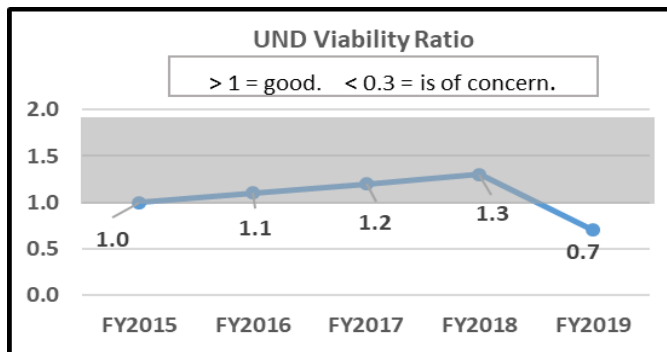
NDSU Summary:

- CFI scores are solid.
- The primary reserve, current and working capital ratios and net income margin are all good or very good.
- The viability ratio of 0.7 and the operating income margin of -1.0 percent are not a concern at this time due to the strength of the other ratios.
- Net tuition and fees, per FTE enrollment increased 11.4 percent since FY2015 while state appropriations decreased 3.4 percent for the same period.
- Fall Enrollment 2019 declined by 1,230 or 9.5 percent compared to Fall 2014. Compared to Fall 2018, enrollment in the Fall of 2018 declined by 690 or 5.6 percent.
- Net liquid investments increased \$28.0 million or 54.8 percent, compared to FY2015. The increase is mainly attributed to an increase in unrestricted cash and current investments. The increase of \$23.6 or 42.5 percent from FY2018 is due to an increase in current investments of \$24.0 million and a corresponding decrease in non-current investments.
- Standard & Poor's reaffirmed its 'AA-' rating with a stable outlook in a report dated June 4, 2019. According to S&P, "We assessed NDSU's enterprise profile as very strong, characterized by a modest decline in enrollment, solid matriculation rates, and good geographic diversity, which has helped offset local demographic pressures. We assessed the university's financial profile as very strong, characterized by solid available resources, good financial policies, and a low debt burden."

University of North Dakota (UND)



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

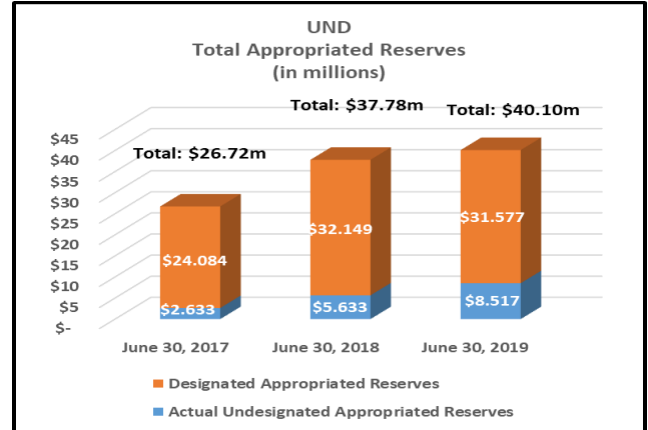
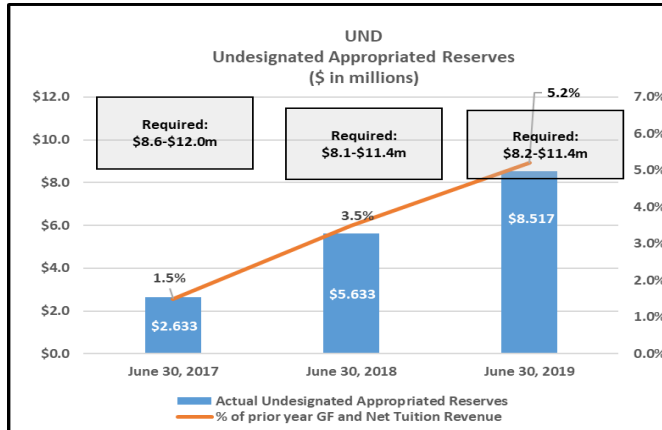


Appropriated Reserves

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

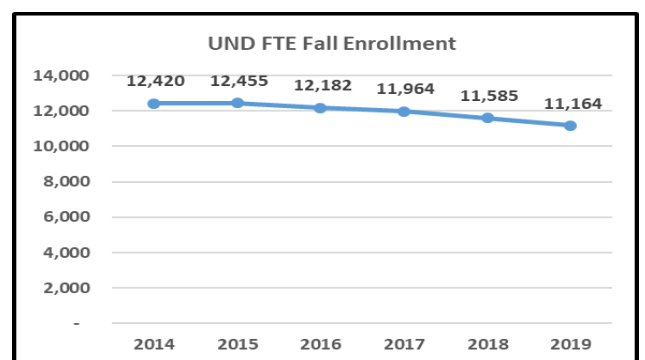
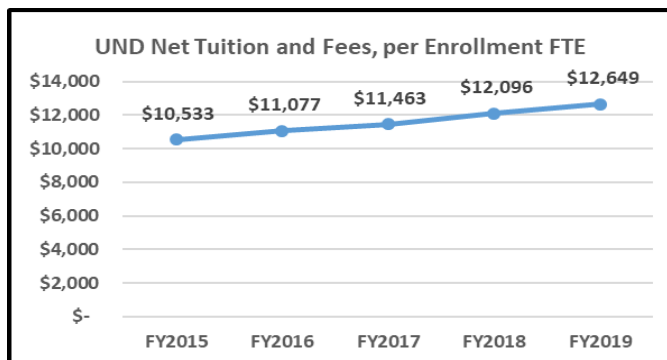
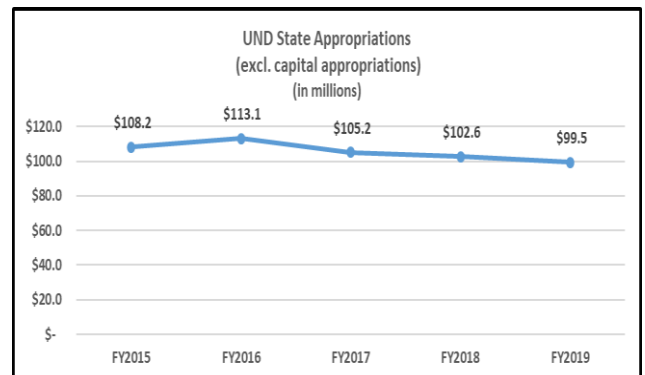
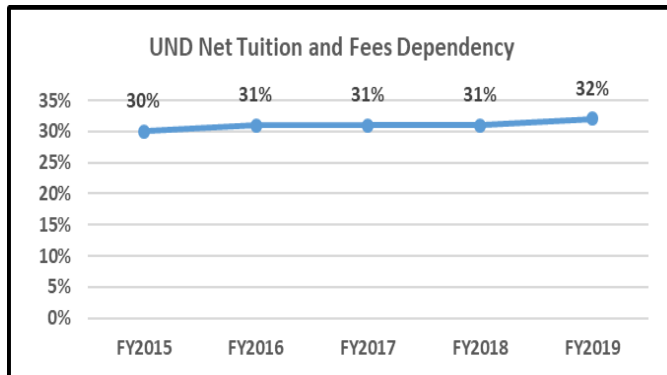
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

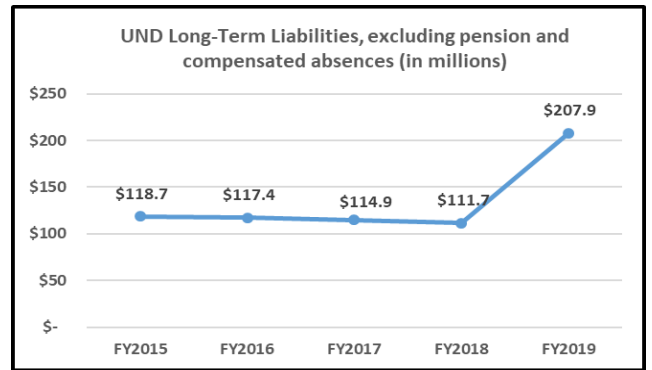
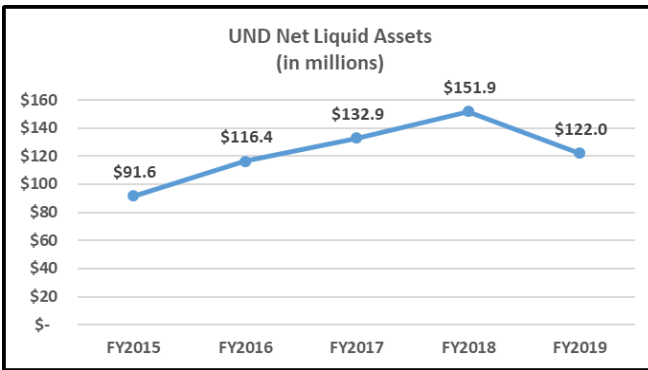
The information is presented on a cash basis.



Other Ratios:

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

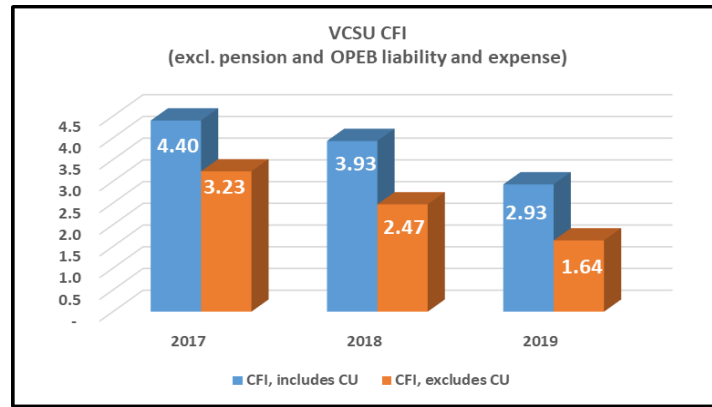




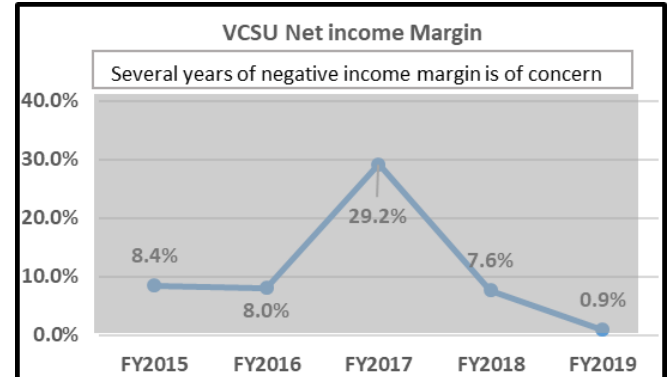
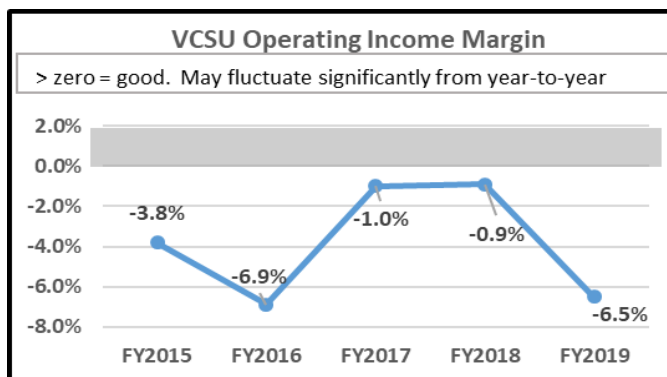
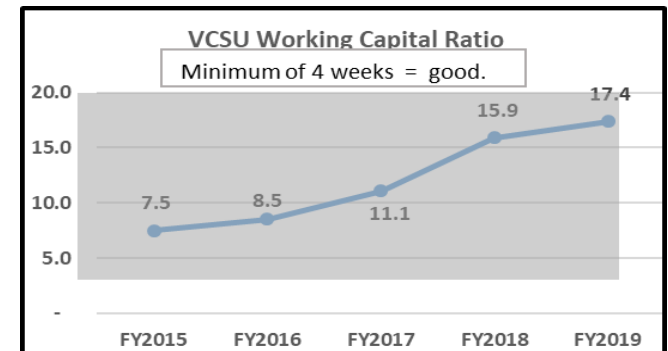
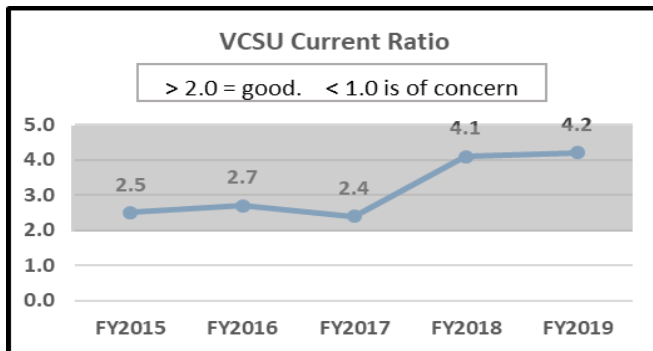
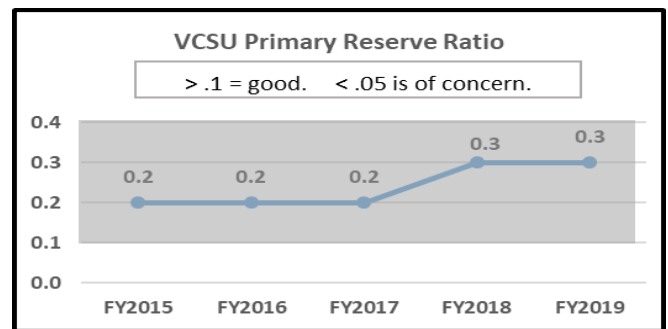
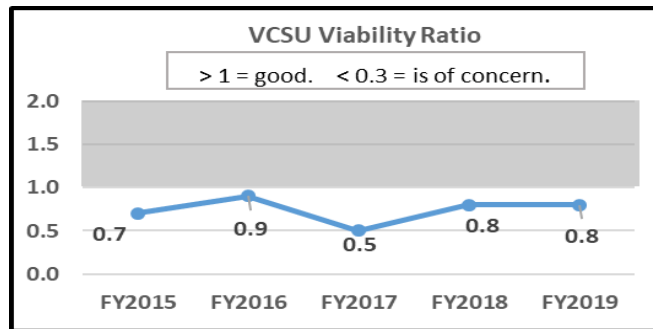
UND Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the viability ratio. However, it is not a concern at this time due to the strengths of the other ratios.
- Long-term liabilities increased as a result of the issuance of certificates of participation by UND in the amount of \$96.8 million. The certificates of participation to construct and operate a new steam plant and make other energy conservation improvements.
- Undesignated appropriated reserves are now within the 5 – 7 percent range established in SBHE policy.
- Net tuition and fees, per FTE enrollment increased 20.0 percent since FY2015. State appropriations decreased from FY2015 by \$8.70 million or 8 percent.
- Fall enrollment has decreased every year, except in Fall 2015. Fall 2019 enrollment decreased 1,256 or 10 percent compared to Fall 2014.

Valley City State University (VCSU)



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

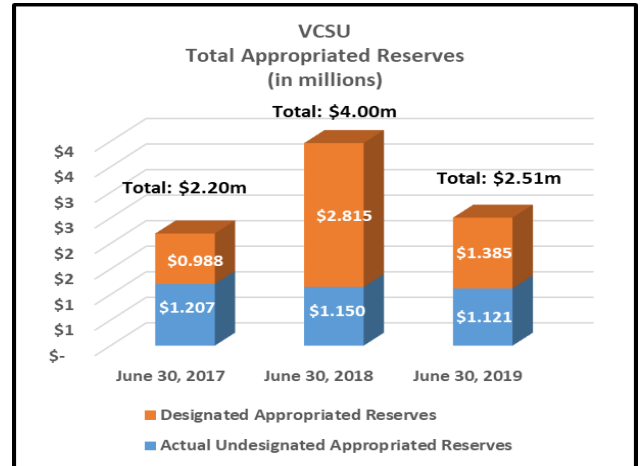
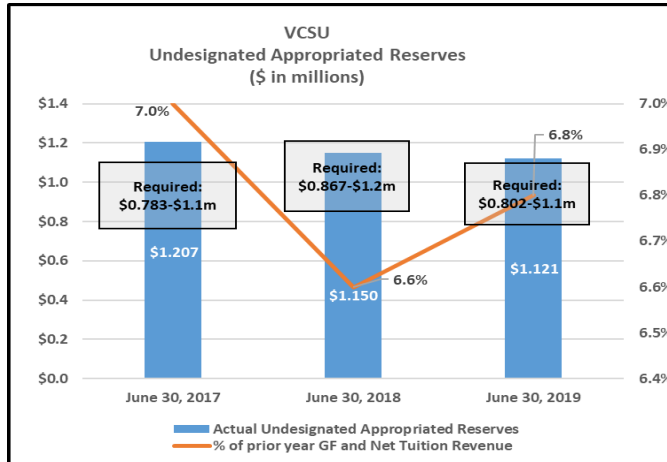


Appropriated Reserves

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

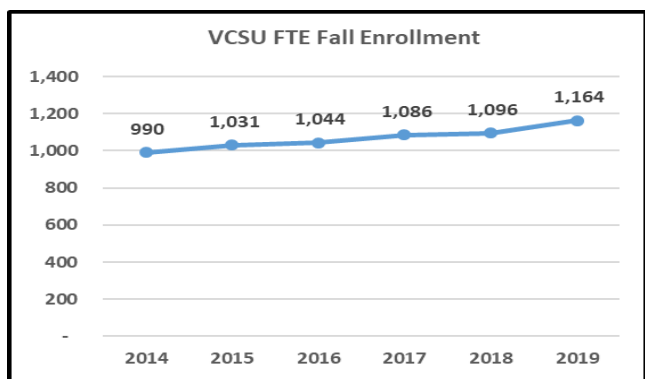
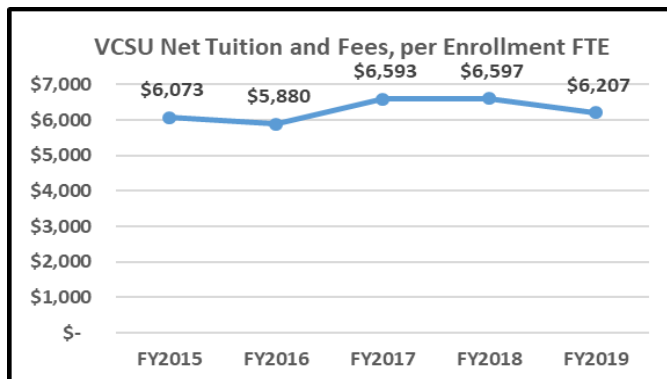
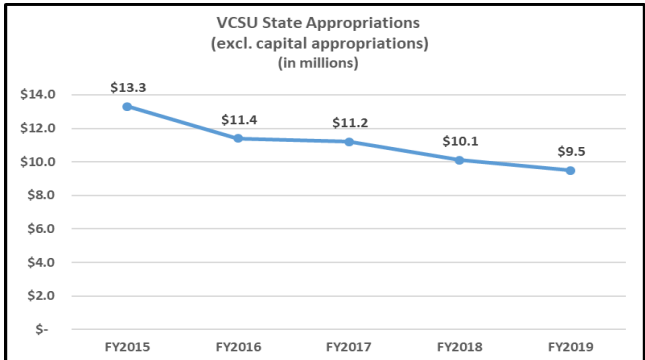
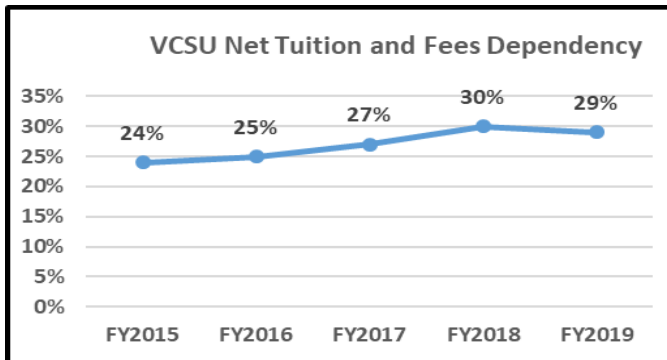
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

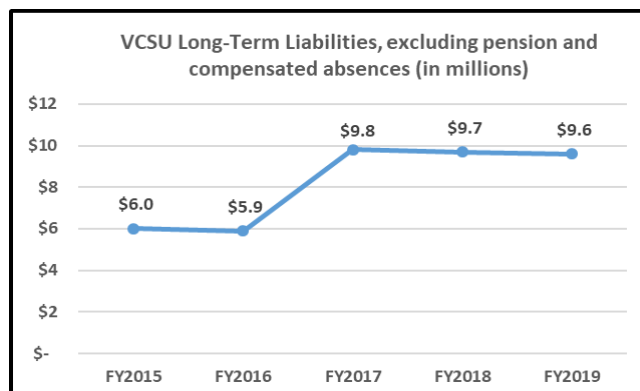
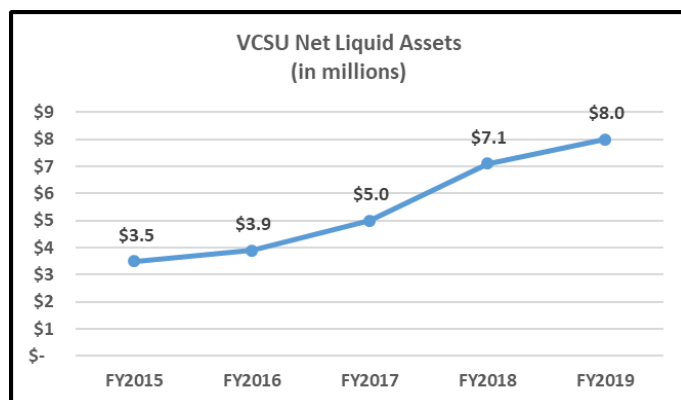
The information is presented on a cash basis.



Other Ratios:

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





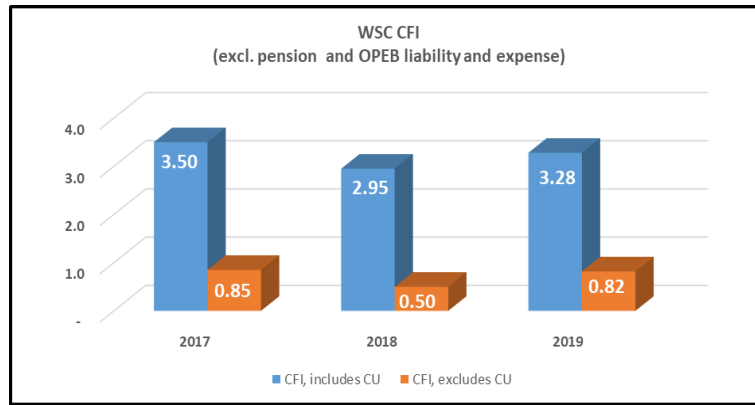
VCSU Summary:

- CFI scores are solid.
- All other ratios are good or very good, with the exception of the viability ratio and the operating income margin. Given the strength of the other ratios, it is not a concern at this time.
- FTE Fall enrollment has increased every year since the Fall 2014. Enrollment has increased 174 or 17.6 percent since Fall 2014.
- FY2019 Net tuition and fees, per FTE has decreased every year since FY2017.
- Net tuition and fees dependency increased from 24 percent in FY2015 to 29 percent in FY2019. State appropriations decreased \$3.8 million or 28.6 percent since FY2015.

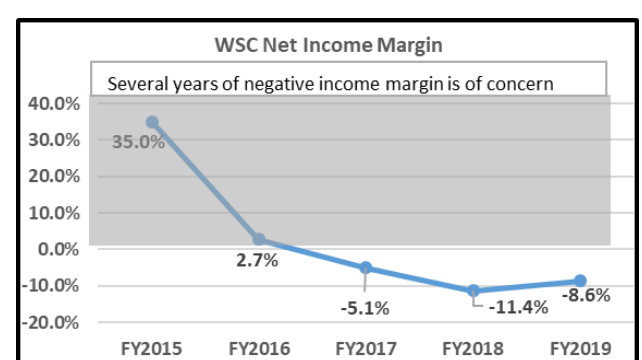
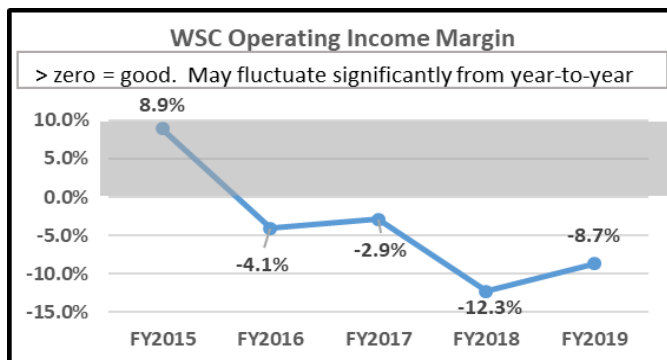
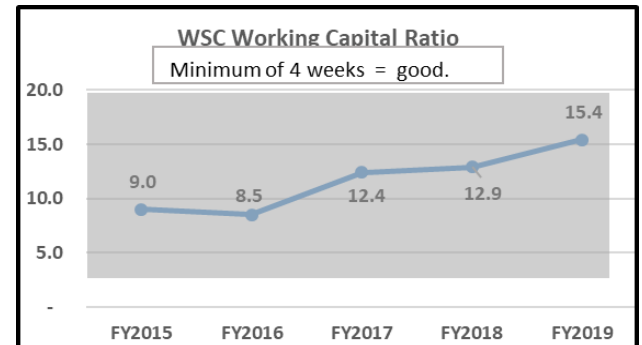
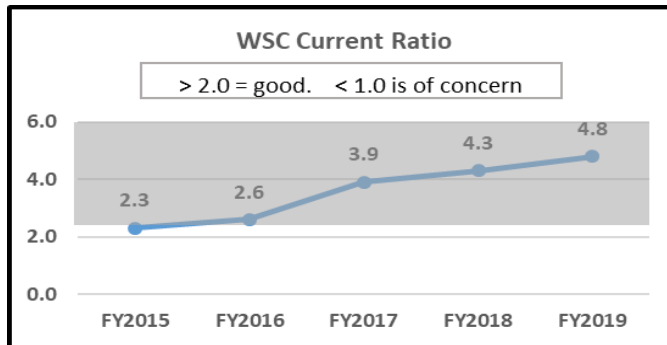
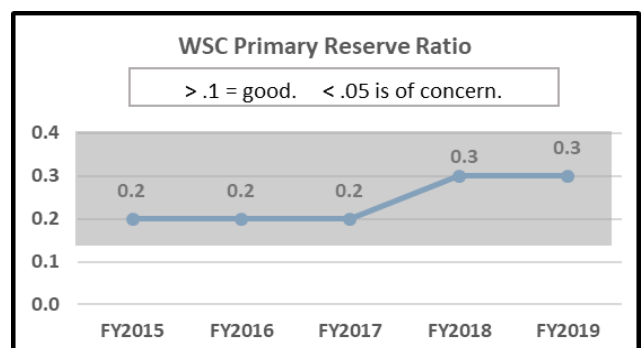
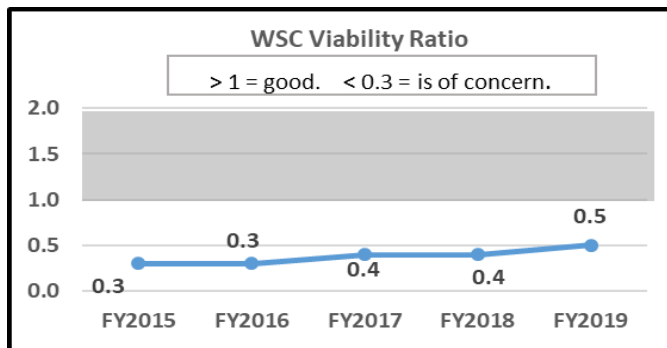
In June 2014, VCSU prepared a plan for the SBHE Budget and Finance Committee to address the negative trends. The plan called for careful monitoring of long-term debt and operating income margin, excluding depreciation.

Plan Status Update: VCSU provided an update to the SBHE Budget and Finance Committee in July 2017 where three strategies were enumerated. Strategy 1 – Activated Carbons project has potential for positive income generation and will help towards correcting our negative operating income margin. Strategy 2 – Increased enrollment, retention, and persistence will lead to greater income that will also help the imbalance. Strategy 3 – VCSU plans to put 20 percent of new revenues towards correcting this operating income imbalance and reinvest 80% back into the University. VCSU continues to carefully monitor the operating income margin. There were no changes to the plan in FY2019. Strategy 1 and 3 is in process. Strategy 2 has been successful as VCSU had record enrollment in Fall2019.

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

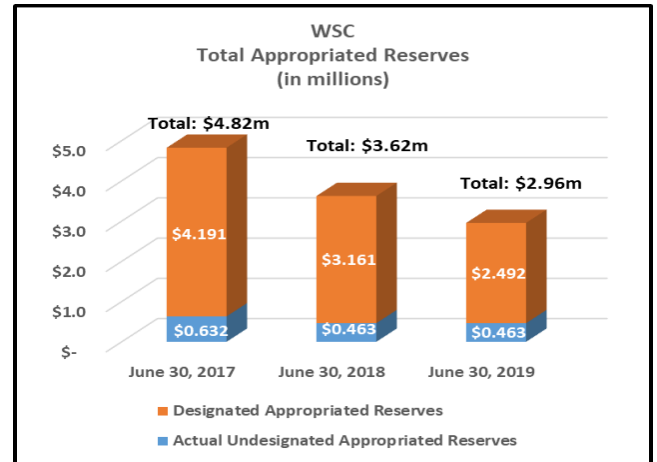
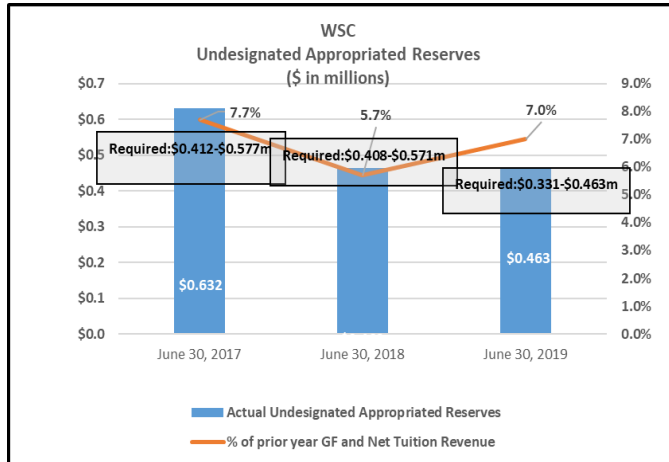


Appropriated Reserves

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

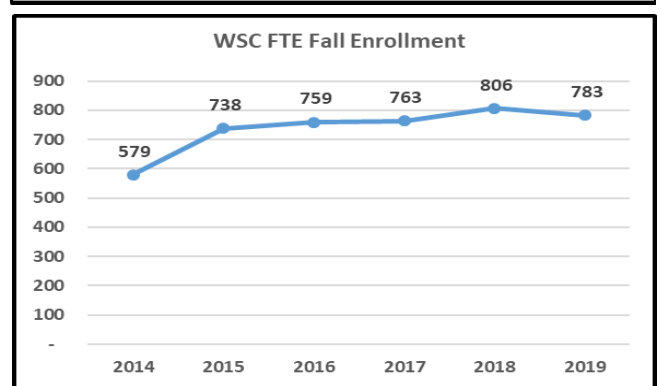
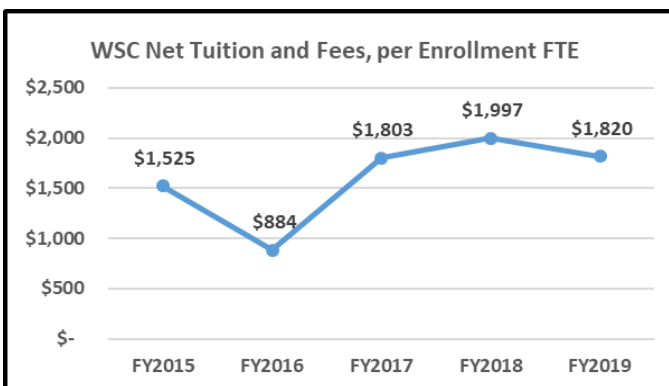
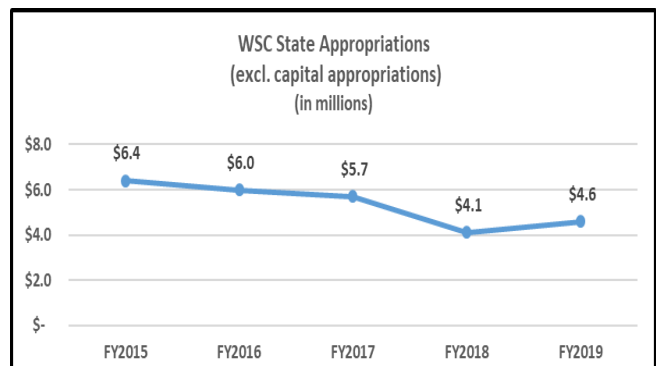
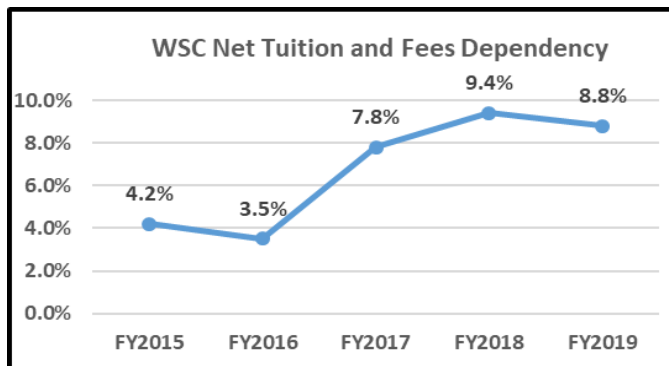
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue.

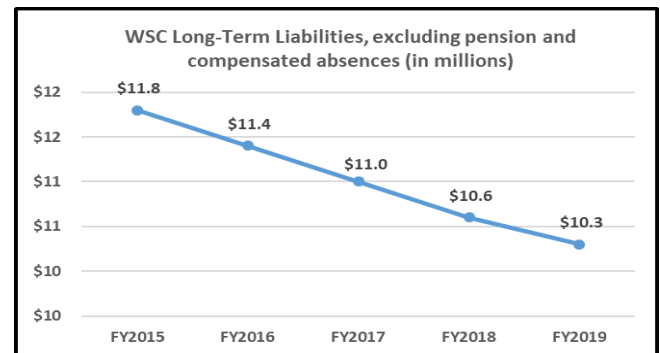
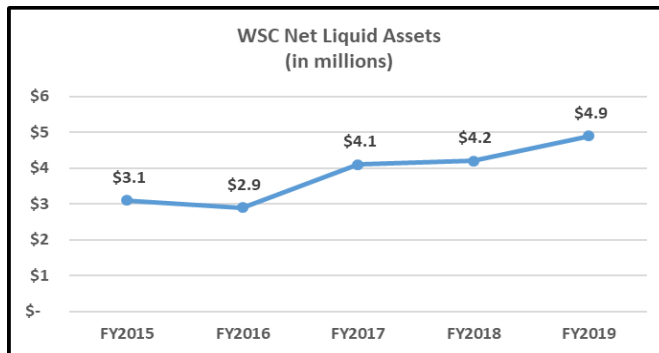
The information is presented on a cash basis.



Other Ratios:

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





WSC Summary:

- CFI scores with the foundation balances are solid. However, CFI scores, excluding the foundation, are in the “In” zone for FY2016, FY2017 and FY2018.
- Viability ratio has been below 1.0 since FY2015 but based on the strong primary reserve, current ratio and working capital ratio it is not a concern at this time.
- Operating income margin has been negative for past four out of five years and net income margin has been negative for the past three years. Based on the strength of the other ratios, it is not a concern at this time.
- Net tuition and fees dependency increased since FY2016 as a result of:
 - An increase in tuition rates,
 - A decrease in state appropriations of 28 percent and
 - A decrease in scholarship payments received from the WSC Foundation. The decrease in WSC Foundation Scholarship is related to the order of application of Financial Aid payments to student accounts. Effective in FY2017, Pell, SEOG and North Dakota State Grants began applying first to student accounts before WSC Williams County or WSC Regional Scholarships. WSC Williams County and WSC Regional scholarships are not refundable to students.

Note: The WSC Foundation Scholarships are recognized as gift revenue rather than tuition revenue, in accordance with GASB accounting standards.

- FTE Fall enrollment increased every year from Fall 2014 through Fall 2018 and decreased slightly in FY2019. Enrollment increased 204 FTE’s or 35 percent from Fall 2014. The increase in Enrollment can be associated with the Regional Scholarships provided by the WSC Foundation. The Regional Scholarship provides Tuition and Fees to qualifying students. The Regional scholarship is for full-time students who graduated from a high school in Williams County and nine other nearby counties in North Dakota and Montana. The WSC Foundation has also provided housing scholarships for students in Frontier Hall and has extended this scholarship into FY2020 and FY2021.

In June 2014, WSC prepared a plan for the SBHE Budget and Finance Committee to address the negative trends in the viability ratio, working capital ratio, operating income margin and increase in long-term debt. The plan included incurring no additional debt service in the short-term, exploring options to reduce debt service for Frontier Hall and the TrainND building, implementing significant budget cuts and reducing staff turnover.

Plan Status Update: The WSC Foundation is conducting a \$2 million fundraising campaign to buy down the principal on the debt of Frontier Hall. As of January 28th, 2020, the Foundation has raised cash donations totaling \$1.4 million and pledges (\$150,000) for a total of \$1,550,000 and on track to be completed by the end of FY2020.

TrainND has implemented the One Basin One Way program, which is a statewide safety program in the oil and gas sector, we expect there will be an additional 17,000 students to attend this program. TrainND has added a gas plant operations apprenticeship that is scheduled to begin FY2021 and has expanded the course offerings to meet the needs of the workforce training needs in Northwestern North Dakota.

WSC Operating Net Income posted a loss of 8.6 percent for FY2019 up from -11.4 percent the year prior. WSC was able to respond to the drastic reduction in appropriated funding that was received in the 2017-2019 Biennium. WSC has continued to keep positions unfilled and there is still a requirement prior to hiring that all requests go through the WSC President prior to opening any positions of employment. WSC has seen an increase in appropriation in the FY2020/2021 Biennium while keeping positions unfilled.