



## **North Dakota University System**

### **Annual Financial Review Report**

For Fiscal Year Ended June 30, 2023

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**FINANCIAL REVIEW**  
**Fiscal Year Ending 2023**  
**Issue Date: April 10, 2024**  
**Updated for SHEEO Data: June 26, 2024**

The purpose of this report is to provide a financial analysis of each institution for fiscal year 2023. It is presented to provide an understanding of the financial health of each institution, as of June 30, 2023 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. Nationally, in fiscal year 2023 North Dakota ranked 19<sup>th</sup> in total educational revenues per FTE, compared to tenth in fiscal year 2022. North Dakota ranked 33rd in state/local appropriations funding per FTE student, compared to a ranking of 23rd in fiscal year 2022.

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. Because the actuarially-determined pension expense is usually a significant expense and can fluctuate significantly from year-to-year, the operating income and net income margins are shown with and without pension expense in this report. 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.

# 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 included here for informational purposes only.

HLC uses the zones listed below to evaluate institutions:

<b>CFI Zones</b>	<b>Public Institutions Composite Index</b>	<b>Outcomes</b>
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**

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

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**

<b>Formula:</b> $\frac{\text{Unrestricted Net Position and Expendable Net Position}}{\text{Annual Operating Expenses}}$
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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**

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

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

**Working Capital Ratio**

<b>Formula:</b> $\frac{\text{Current Assets}}{\text{Current Liabilities}} \times 52 \text{ weeks}$
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Measures ability to sustain operations in a short-term emergency (4-6 weeks). While no industry standard is available, professional judgment suggests an institution should be able to cover a minimum of 4 weeks of operating expenses in the event of an emergency.

**Operating Income Margin Ratio**

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

<b>Formula:</b>	$\frac{\text{Increase (decrease) in net position}}{\text{Total Revenue (operating and non-operating)}}$
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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**

<b>Formula:</b>	$\frac{\text{Net Tuition and Fees}}{\text{FTE Enrollment}}$
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Compares net tuition and fees to FTE enrollment. Table 4 in the fall enrollment report for the start of the fiscal year is used. For example, the Fall 2022 report is used for fiscal year 2023. 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**

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

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

**Net liquid assets less current liabilities (FY2019 to FY2023)**

<b>Formula:</b>	$\frac{\text{FY2023 Net Liquid Assets – FY2019 Liquid Assets}}{\text{FY2019 Liquid Assets}}$
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Measures the change in ability to meet current obligations over time. Liquid assets includes cash, current investments and current receivables less current liabilities. A positive percentage change is desirable as it indicates improvement over time in the ability to meet current obligations. A negative percentage change indicates decline in ability over time to meet current obligations.

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

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

<b>Formula:</b>	$\frac{\text{FY2023 LT Liabilities} - \text{FY2019 LT Liabilities}}{\text{FY2019 LT Liabilities}}$
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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 – Fiscal Year 2023 National per FTE Funding -

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

FY 2023 Total Educational Revenue per FTE - Public Institutions of Higher Ed					
Total Educational Revenues Per FTE*		Educational Appropriations (State/Local) Per FTE*			
1	Illinois	31,076	1	Illinois	22,590
2	Alabama	28,692	2	New Mexico	21,953
3	Michigan	27,134	3	Alaska	20,160
4	Delaware	25,937	4	Wyoming	18,531
5	New Mexico	25,348	5	Hawaii	16,672
6	Alaska	25,300	6	Tennessee	15,422
7	Connecticut	23,929	7	Connecticut	14,862
8	Wyoming	22,801	8	New York	14,816
9	Tennessee	22,316	9	Alabama	14,549
10	Vermont	21,705	10	Georgia	13,911
11	Hawaii	21,378	11	Nebraska	13,046
12	New York	21,272	12	North Carolina	12,961
13	Idaho	21,056	13	Idaho	12,655
14	Minnesota	20,355	14	Massachusetts	11,972
15	Nebraska	19,765	15	California	11,801
16	Maryland	19,480	16	Maryland	11,452
17	Kentucky	19,441	17	Washington	11,233
18	Georgia	19,220	18	Utah	10,956
19	North Dakota	19,139	19	Michigan	10,490
20	Colorado	18,726	20	Texas	10,335
21	Indiana	18,717	21	Kentucky	10,236
22	South Dakota	18,599	22	Florida	10,029
23	Pennsylvania	18,592	23	Arkansas	9,859
24	Missouri	18,526	24	Kansas	9,859
25	Texas	18,320	25	Wisconsin	9,814
26	Iowa	18,299	26	Minnesota	9,746
27	North Carolina	18,262	27	Missouri	9,688
28	Oklahoma	18,238	28	South Dakota	9,644
29	South Carolina	18,203	29	New Jersey	9,635
30	Virginia	18,152	30	Maine	9,453
31	Oregon	18,115	31	Mississippi	9,159
32	Utah	18,094	32	Virginia	9,112
33	Ohio	18,073	33	North Dakota	8,813
34	Mississippi	17,945	34	Nevada	8,590
35	Wisconsin	17,736	35	Oklahoma	8,500
36	Massachusetts	17,608	36	Oregon	8,412
37	New Jersey	17,306	37	South Carolina	7,728
38	Kansas	17,098	38	Ohio	7,669
39	Rhode Island	16,891	39	West Virginia	7,654
40	Arkansas	16,846	40	Louisiana	7,628
41	Arizona	16,419	41	Pennsylvania	7,327
42	Maine	15,575	42	Montana	7,213
43	Montana	15,091	43	Indiana	7,201
44	West Virginia	14,788	44	Arizona	7,103
45	California	14,518	45	Iowa	6,981
46	New Hampshire	13,951	46	Rhode Island	6,900
47	Louisiana	13,662	47	Delaware	6,816
48	Florida	12,490	48	Colorado	6,603
49	Nevada	11,570	49	Vermont	5,649
50	Washington	1,794	50	New Hampshire	3,990
<b>US</b>	<b>\$</b>	<b>18,301</b>	<b>US</b>	<b>\$</b>	<b>11,040</b>

\*Excluding Ag research, extension and med school funding.

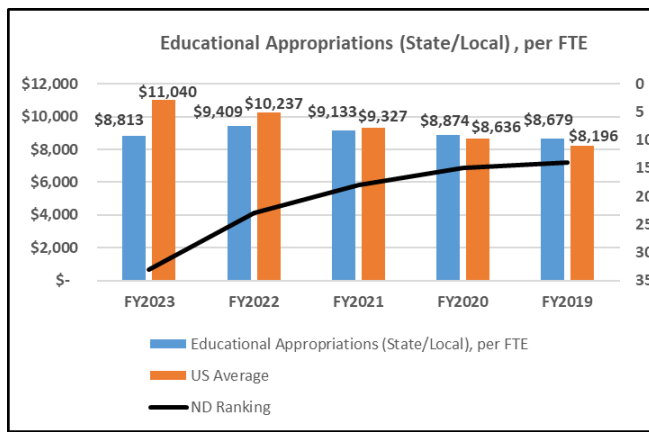
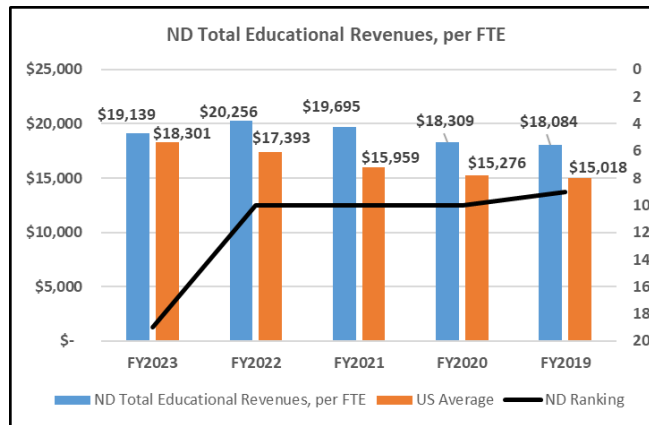
Source: Fiscal Year 2023 SHEEO State Higher Education Finance Report

Nationally, North Dakota ranked tenth in total educational revenues per FTE for the past three years. North Dakota ranked twenty-third in state/local appropriations funding per FTE student, compared to a ranking of eighteenth in fiscal year 2021.

	FY2023	FY2022	FY2021	FY2020	FY2019
<b>ND Total Educational Revenues per FTE</b>	\$ 19,139	\$ 20,256	\$ 19,695	\$ 18,309	\$ 18,084
<i>% increase (decrease)</i>	5.8%				
US Average	\$ 18,301	\$ 17,393	\$ 15,959	\$ 15,276	\$ 15,018
<i>% increase (decrease)</i>	21.9%				
ND Ranking	19	10	10	10	9

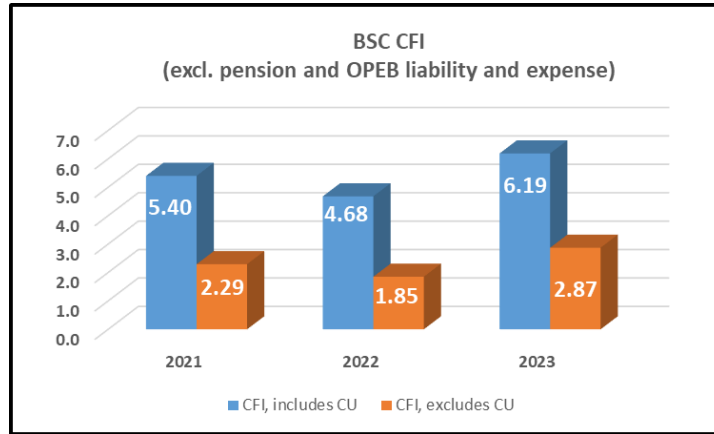
	FY2023	FY2022	FY2021	FY2020	FY2019
<b>Educational Appropriations (State/Local) per FTE</b>	\$ 8,813	\$ 9,409	\$ 9,133	\$ 8,874	\$ 8,679
<i>% increase (decrease)</i>	1.5%				
US Average	\$ 11,040	\$ 10,237	\$ 9,327	\$ 8,636	\$ 8,196
<i>% increase (decrease)</i>	34.7%				
ND Ranking	33	23	18	15	14

Source: Fiscal Year 2023 SHEEO State Higher Education Finance Report.

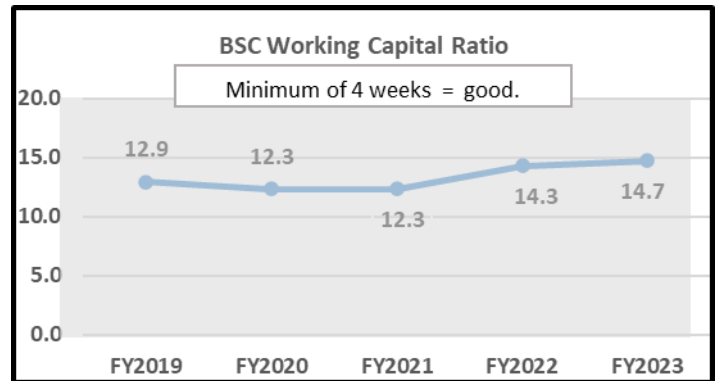
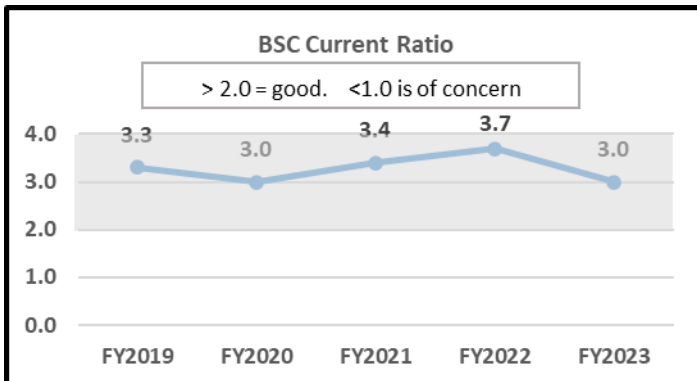
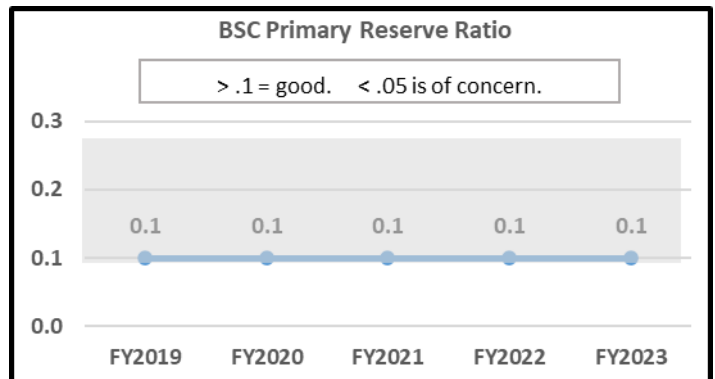
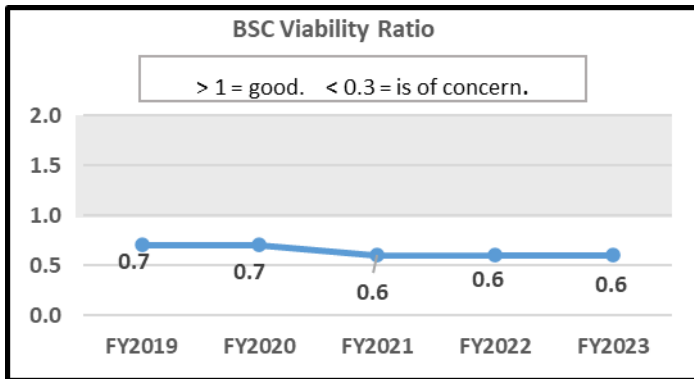


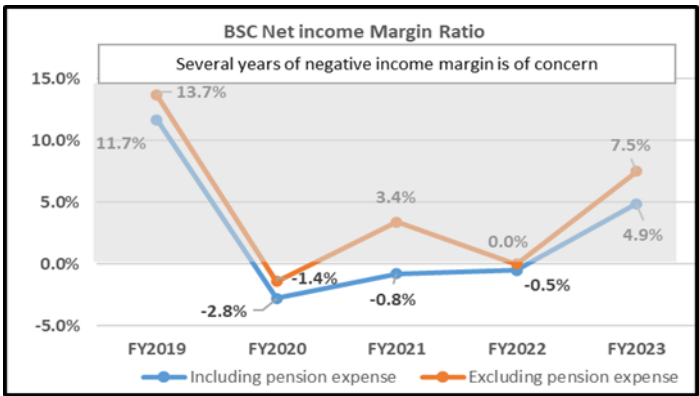
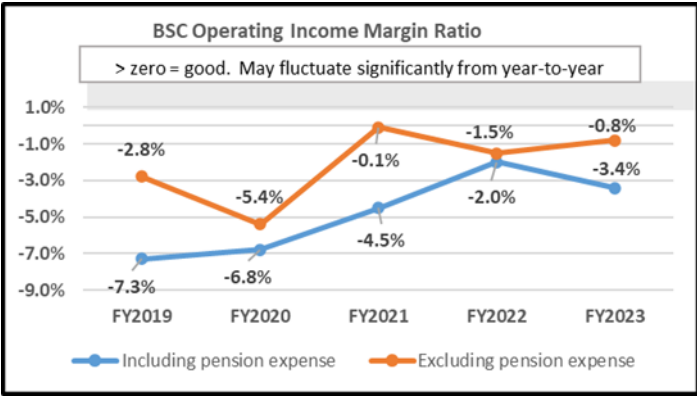


# Bismarck State College (BSC)



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



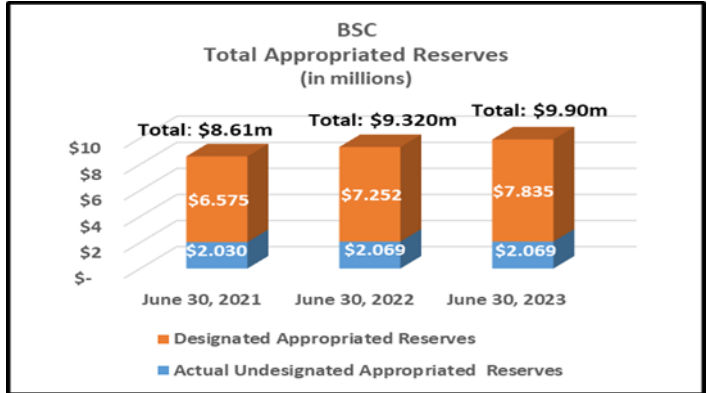
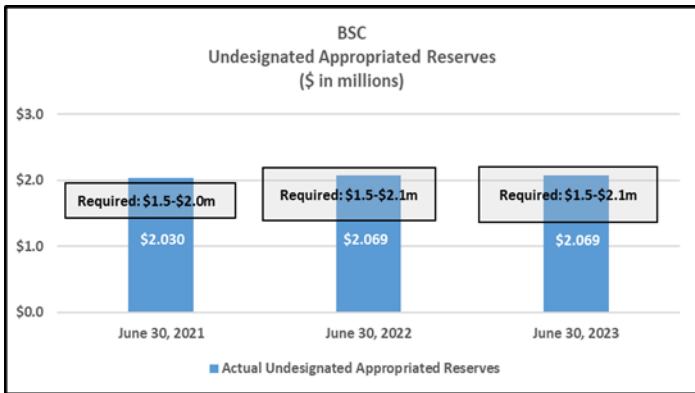


**Appropriated Reserves**

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.

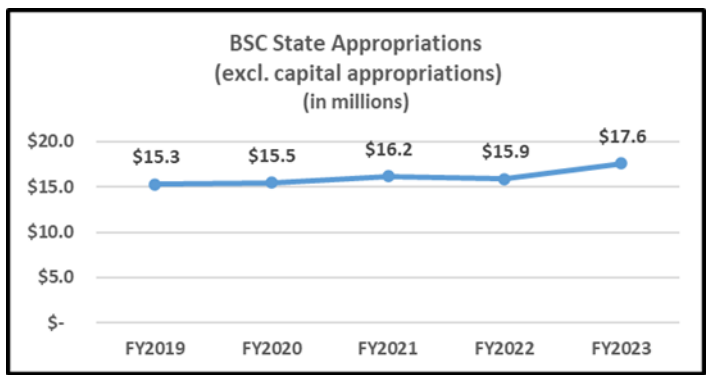
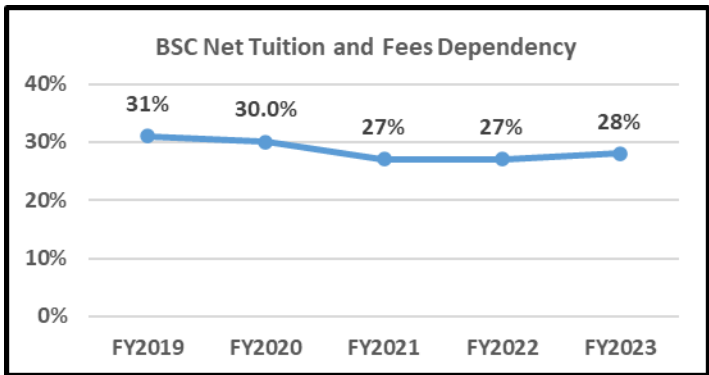
SBHE Policy 810. (1a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. BSC's undesignated appropriated reserves are at 7.0 percent for fiscal year 2023 and 6.9 percent for fiscal year 2022 and 7.0 percent for fiscal year 2021.

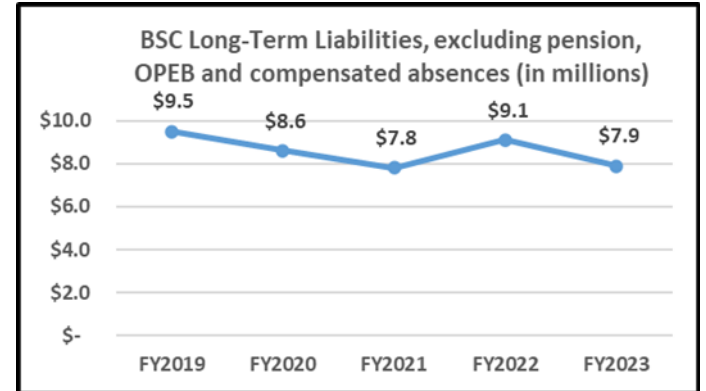
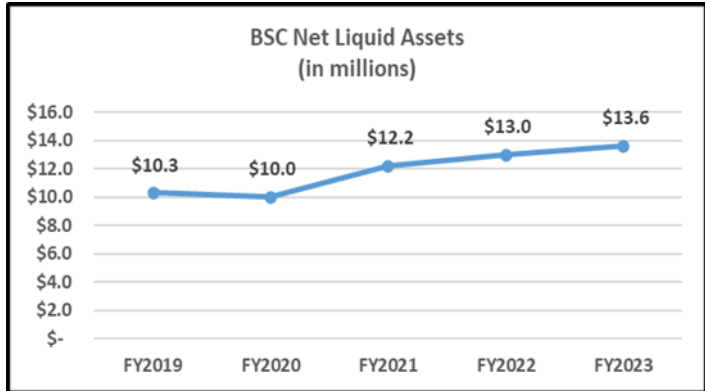
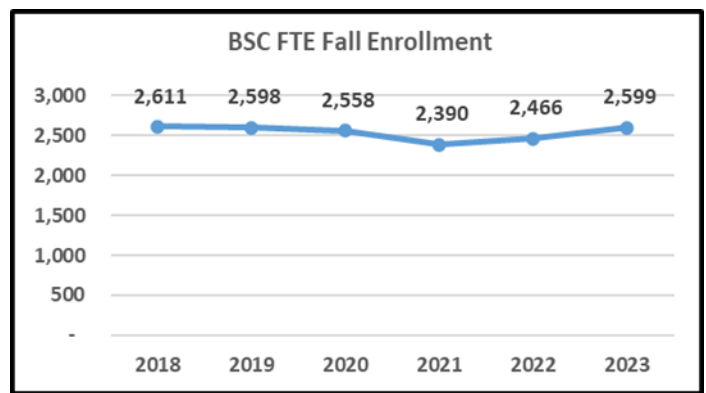
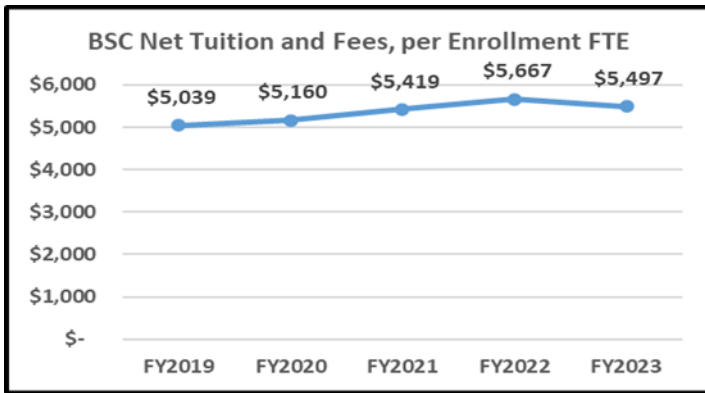
The information is presented on a cash basis.



**Other Ratios:**

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

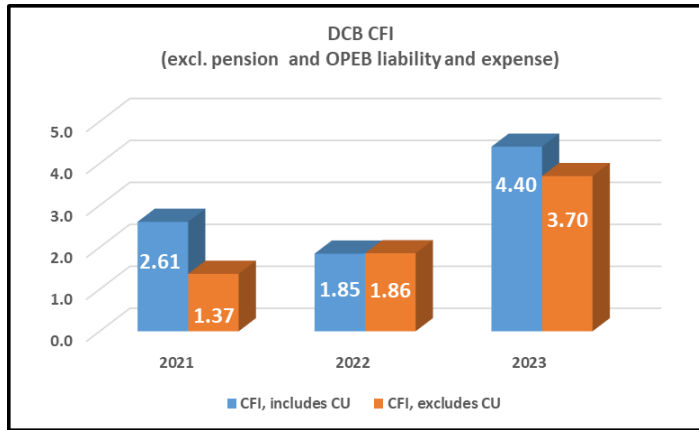




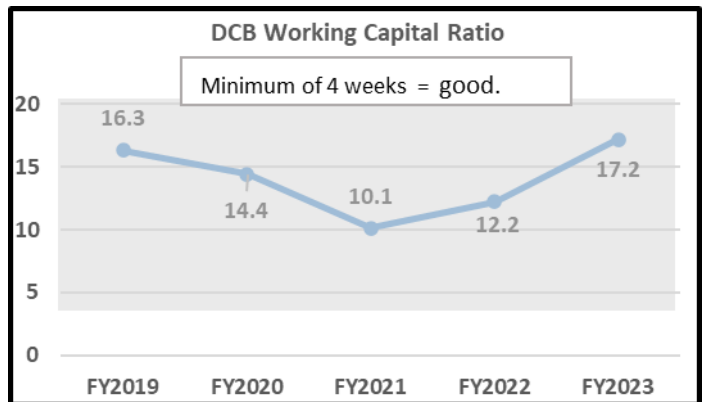
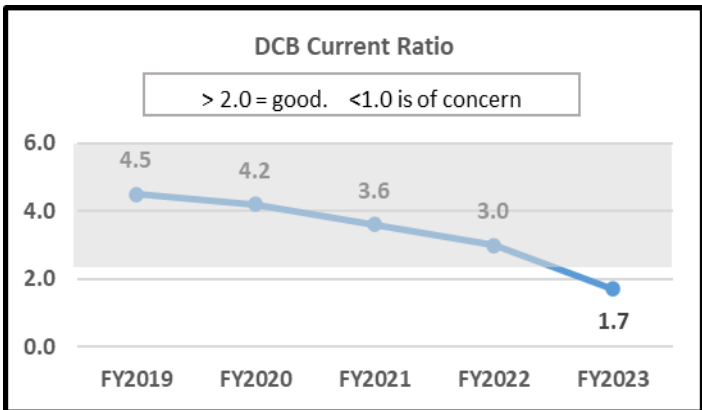
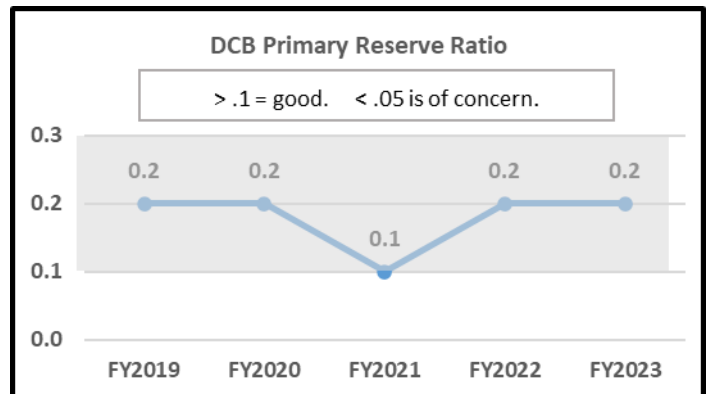
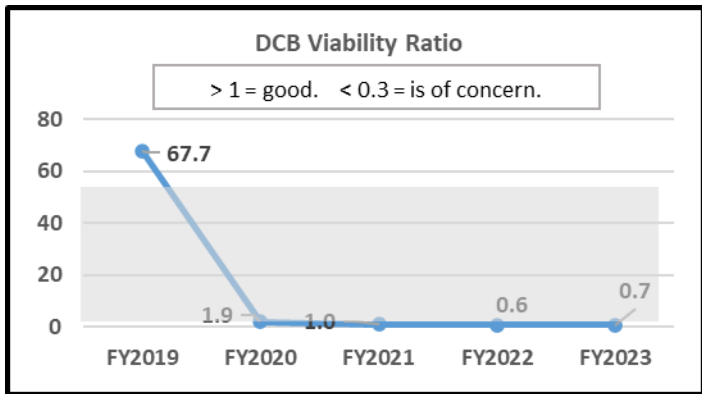
**BSC Summary**

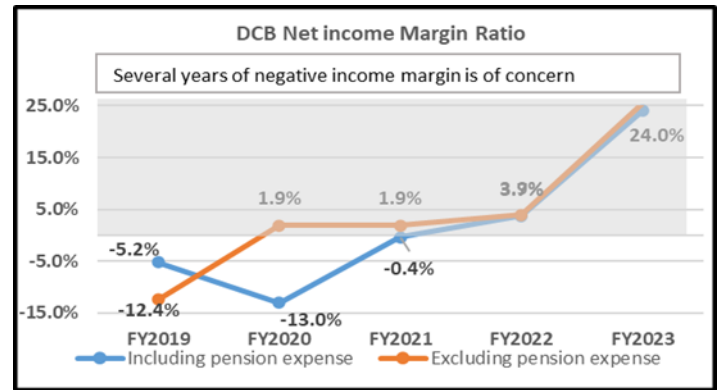
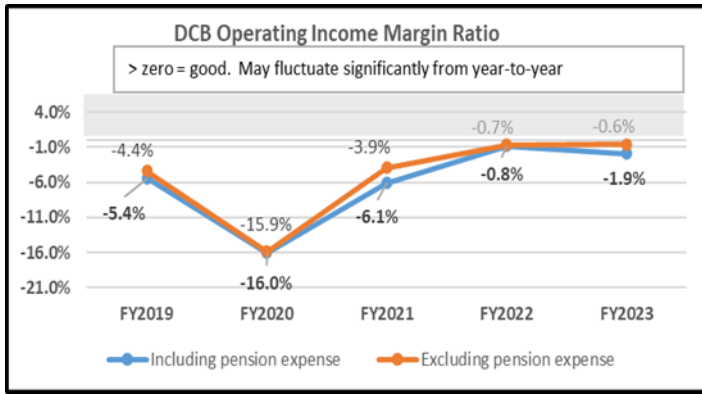
- The CFI scores are solid.
- The viability ratio has been below 1.0 for several years. However, the primary, current and working capital ratios are solid.
- The operating income margin ratio, excluding pension expense, has been below zero for the last five fiscal years but has increased for three out of the last five fiscal years.
- Fall 2022 enrollment decreased 5.6 percent since Fall 2018. Fall 2023 enrollment of 2,599 increased 5.4 percent from Fall 2022 enrollment of 2,466.
- Net Tuition and Fees Dependency decreased from 31 percent in fiscal year 2019 to 28 percent in fiscal year 2023.

# 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



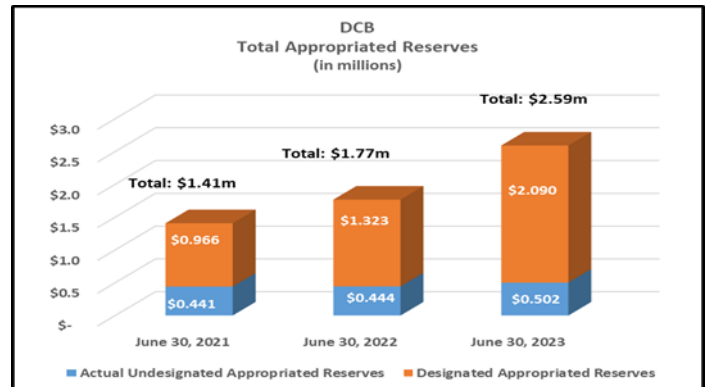
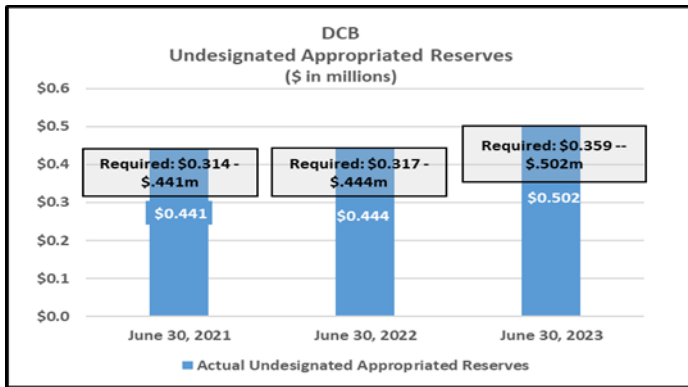


**Appropriated Reserves**

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.

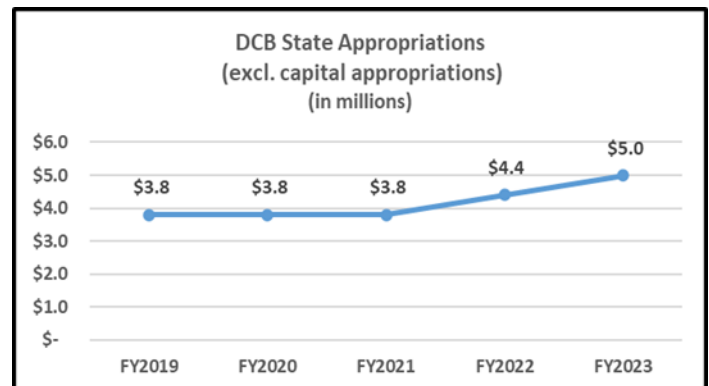
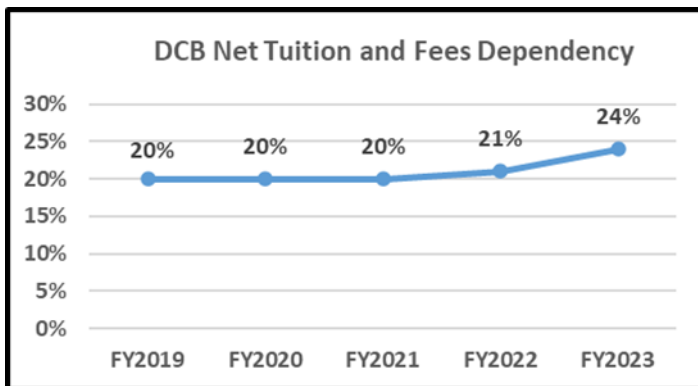
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. DCB's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

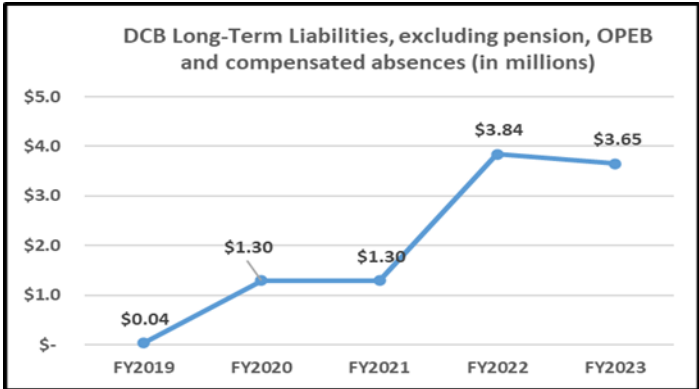
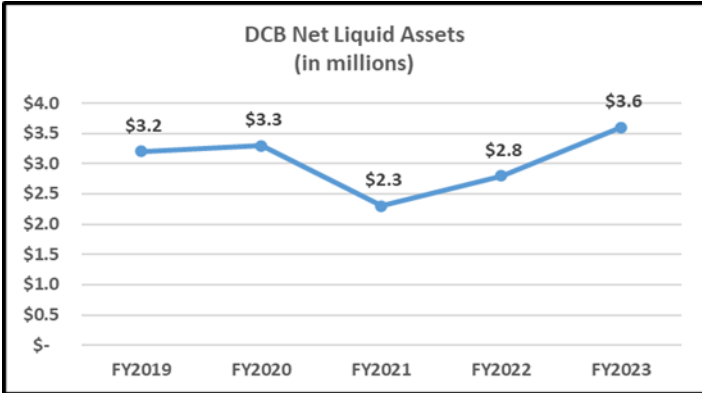
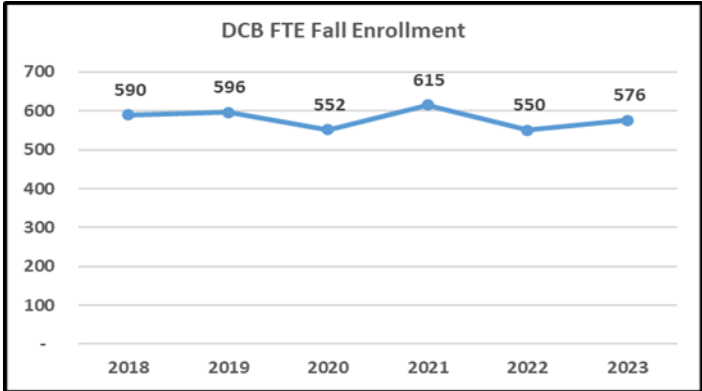
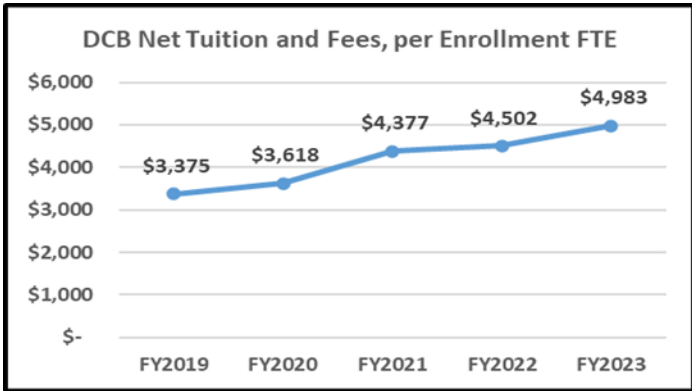
The information is presented on a cash basis.



**Other Ratios:**

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

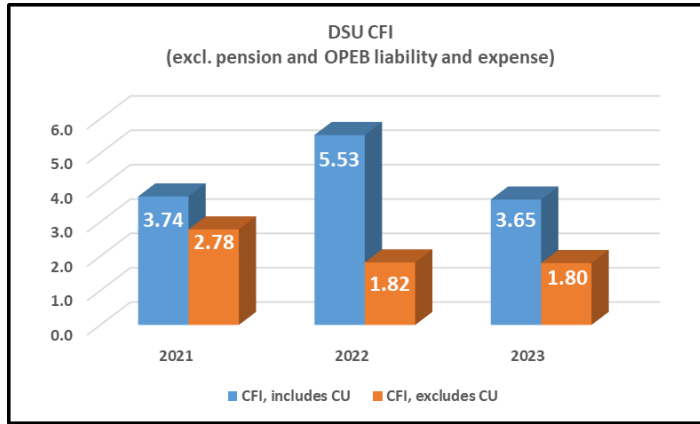




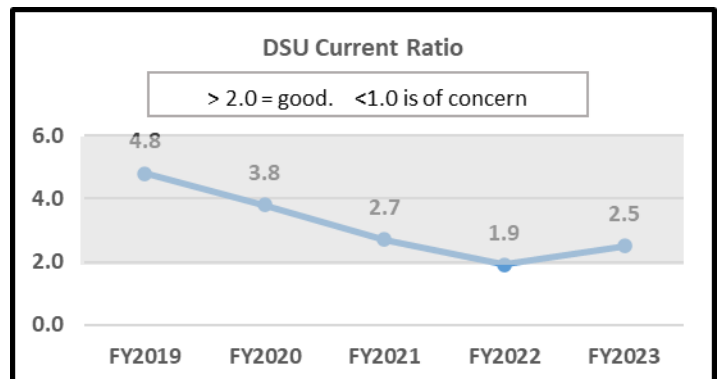
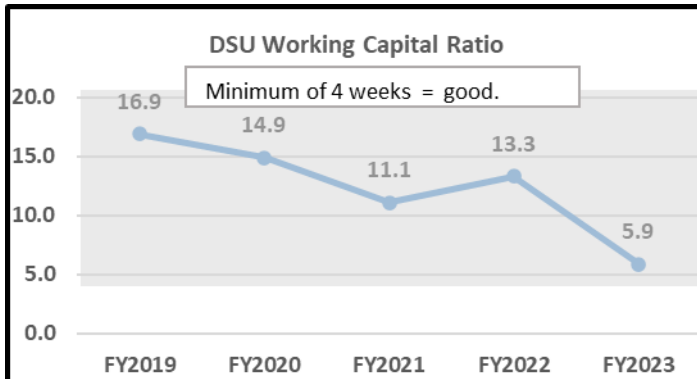
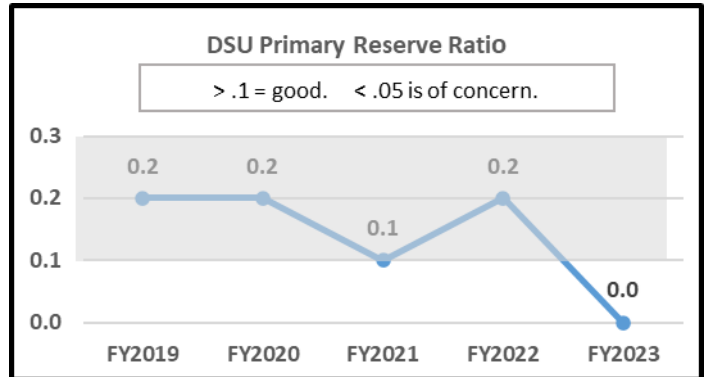
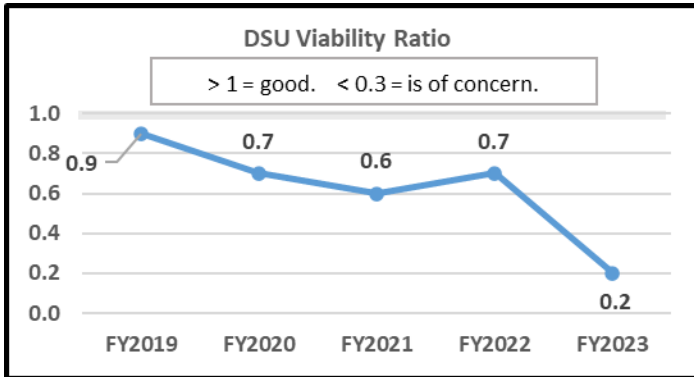
**DCB Summary:**

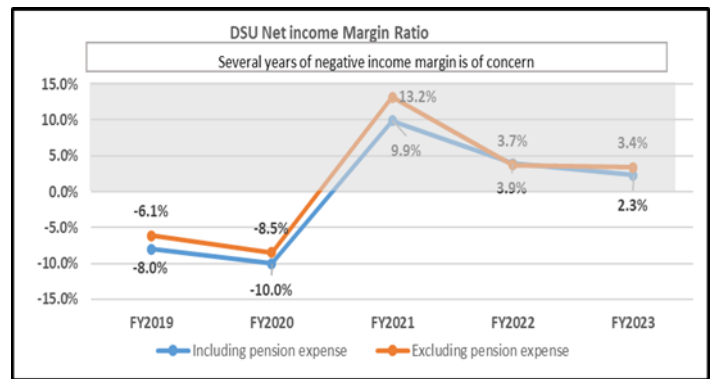
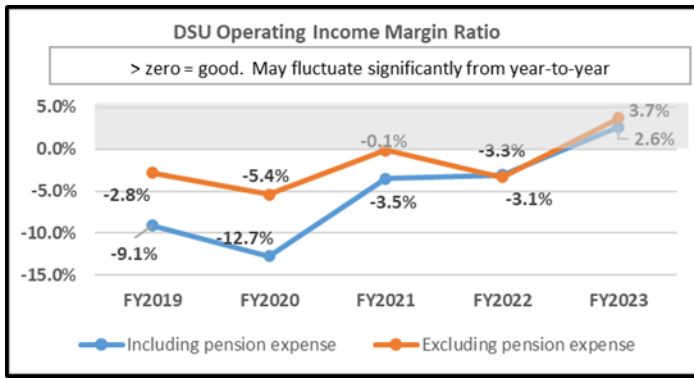
- CFI scores are solid.
- The viability ratio was below 1.0 in fiscal year 2022 and fiscal year 2023 but it is not a concern at this time given DCB’s strong CFI score. The decrease is the result of capital leases of \$1.3 million beginning in fiscal year 2022 for energy savings projects. Energy cost savings are expected to offset the lease payments.
- The net income margin ratios increased in the last three fiscal years.
- FTE Fall 2022 enrollment decreased to 550 or 6.78 percent compared to Fall 2018 enrollment of 590. Fall 2023 enrollment increased to 576 compared to 550 in Fall 2022.
- Long-term liabilities increased \$2.5 million in fiscal year 2022 due to the issuance of Housing and Auxiliary Facilities Revenue Bonds that will mature in fiscal year 2046.

# Dickinson State University (DSU)



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



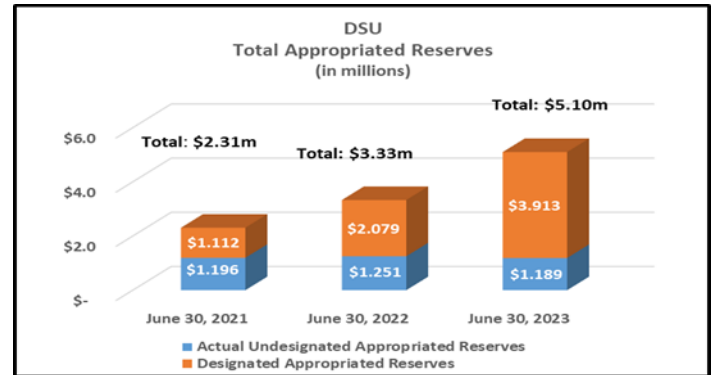
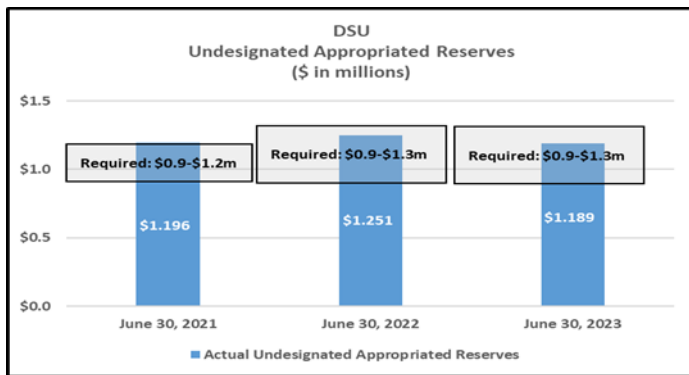


**Appropriated Reserves**

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.

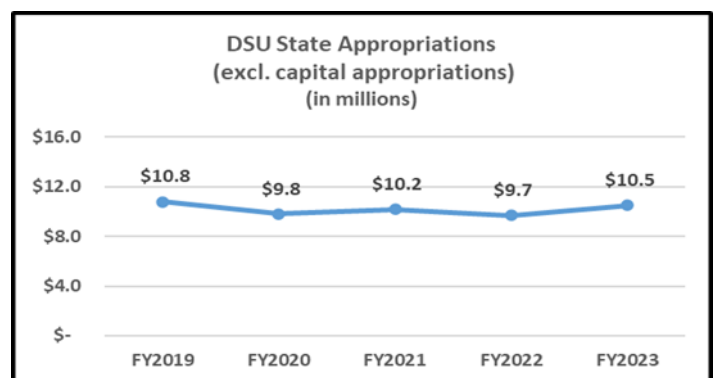
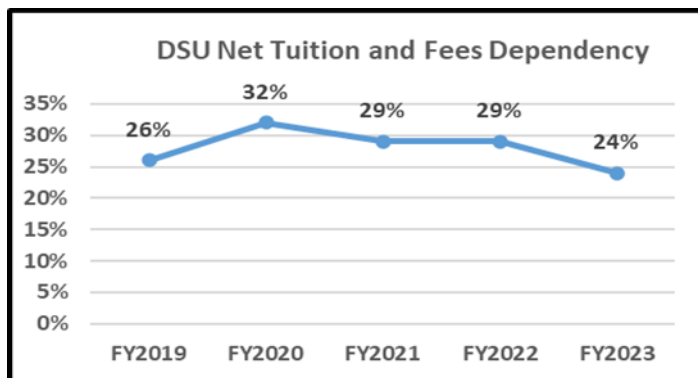
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. DSU's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

The information is presented on a cash basis.

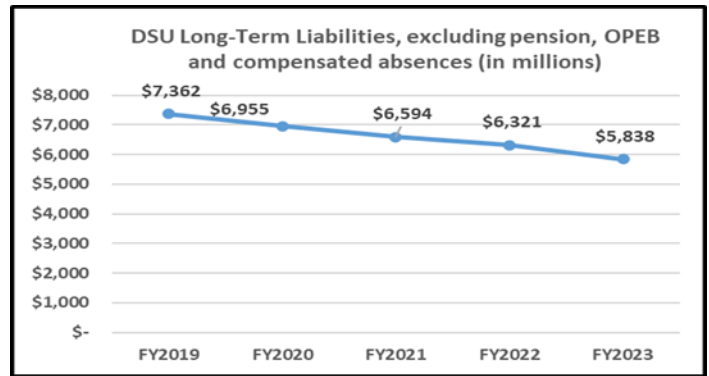
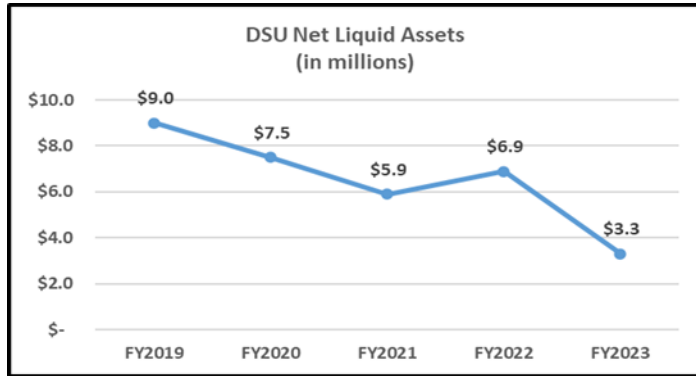
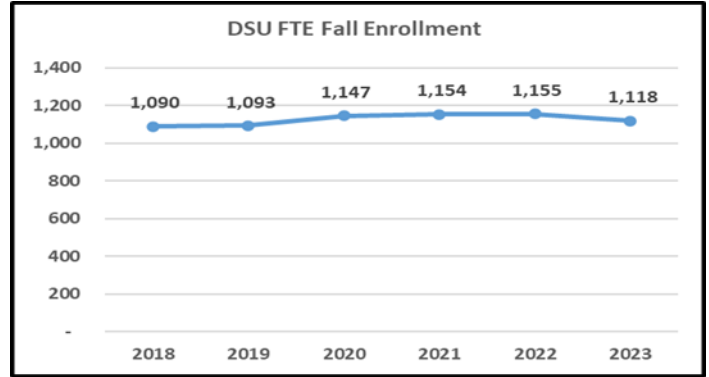
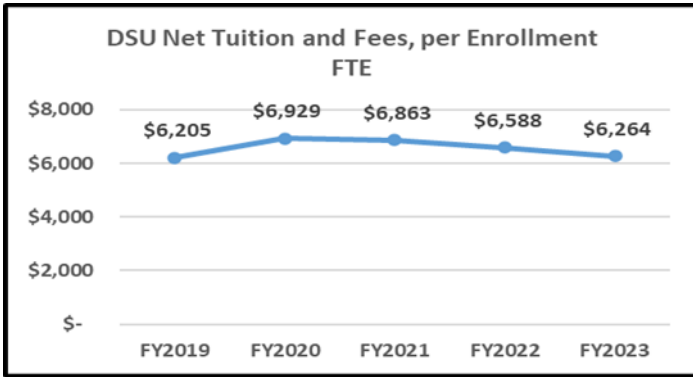


**Other Ratios:**

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



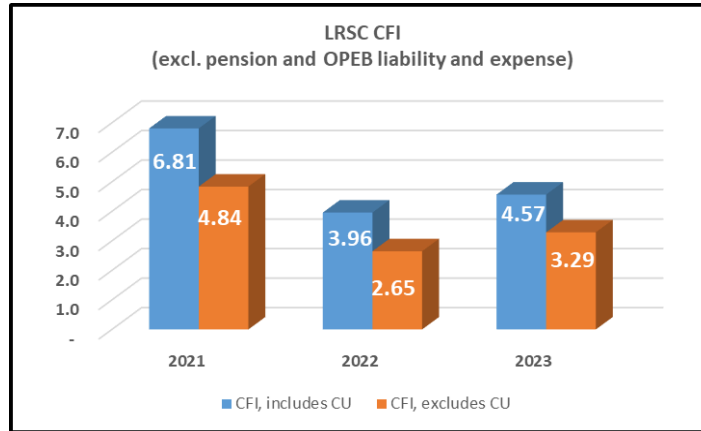




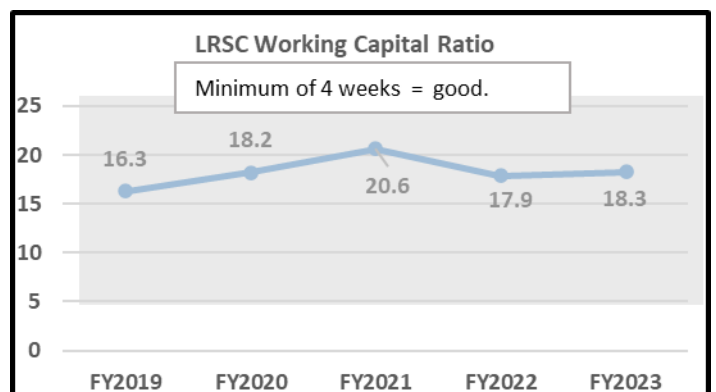
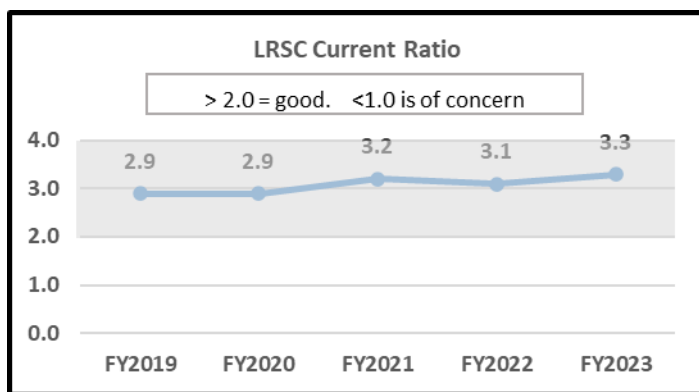
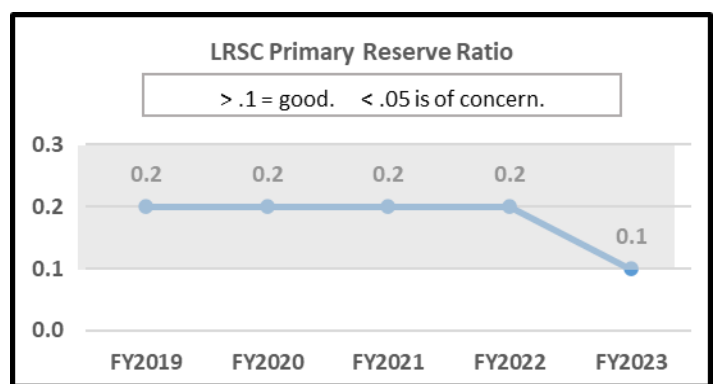
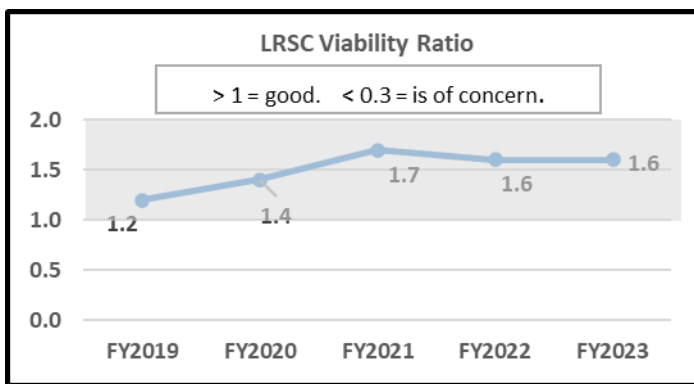
**DSU Summary:**

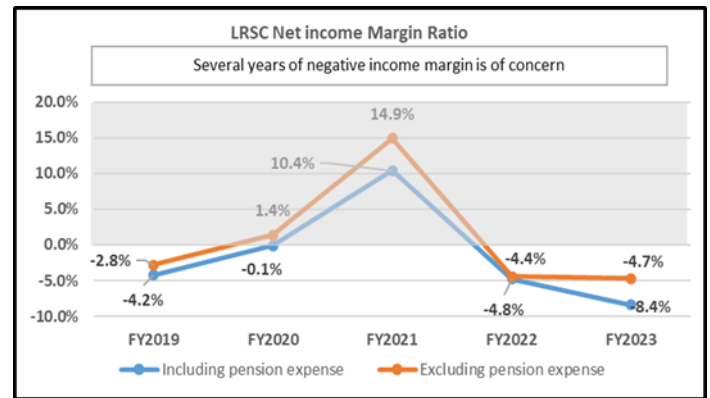
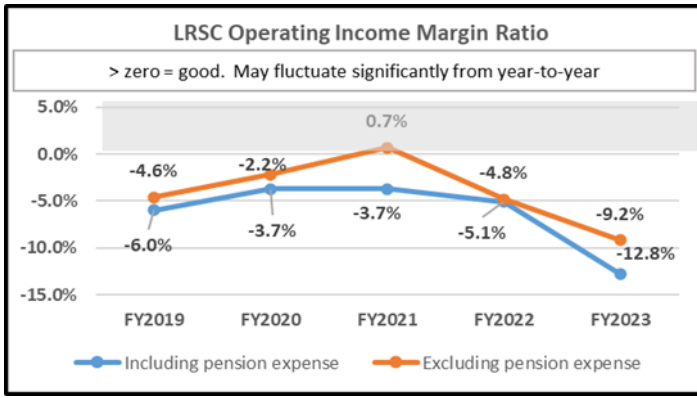
- DSU’s CFI scores are solid.
- The viability ratio decreased to 0.2 in fiscal year 2023 from 0.7 in fiscal year 2022. It has been under 1.0 for several years. The primary ratio decreased to 0.0 in fiscal year 2023 compared to 0.2 in fiscal year 2022. Going forward, DSU should ensure revenues are recorded timely and expenses are closely monitored.
- The current ratio and working capital ratio are strong.
- The operating income margin ratio, including and excluding pension expense, increased to above zero in fiscal year 2023.
- FTE Fall 2022 enrollment of 1,155 increased 6.0 percent compared to Fall 2018 enrollment of 1,090. The Fall 2023 enrollment decreased to 1,118 compared to the Fall 2022 enrollment of 1,155.
- Fiscal year 2023 net liquid assets decreased to \$3.3 compared to \$6.9 in fiscal year 2022. Net liquid assets have decreased every year since fiscal year 2019, except for fiscal year 2022. Note that liquid assets balances, such as cash and accounts receivable, can fluctuate from year-to-year due to the payment and receipts cycles.

## 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



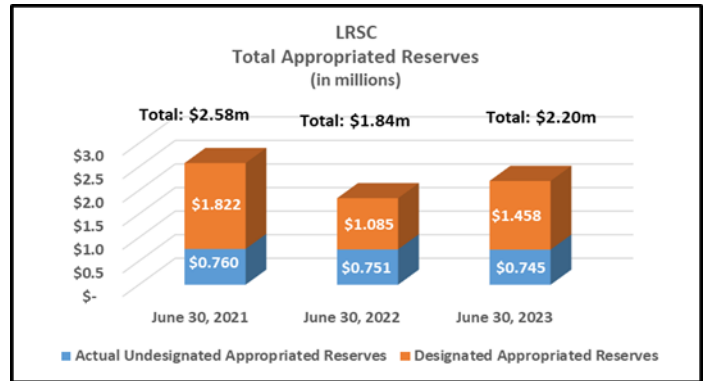
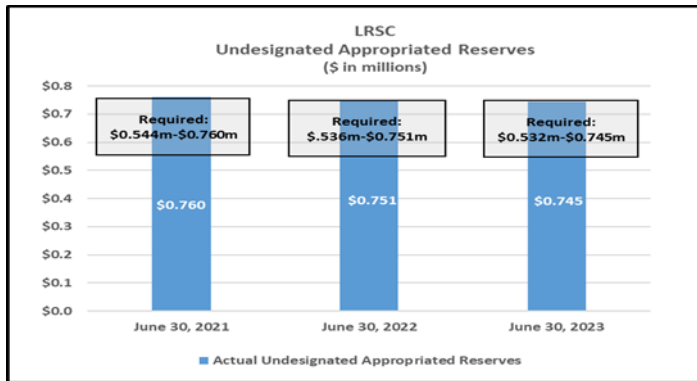


### Appropriated Reserves

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.

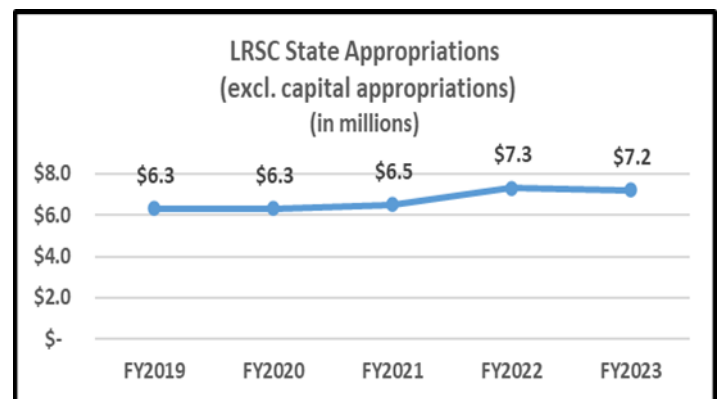
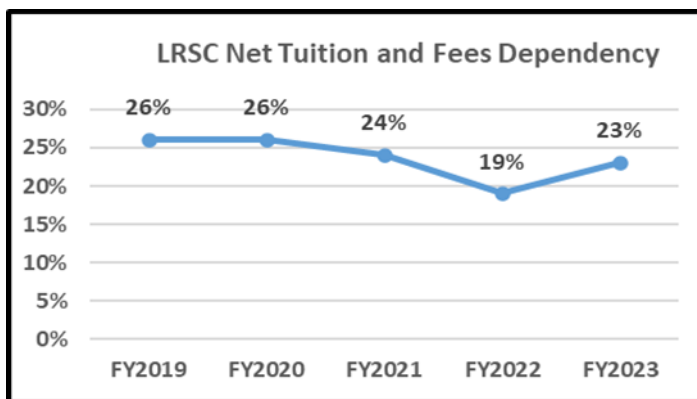
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. LRSC's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

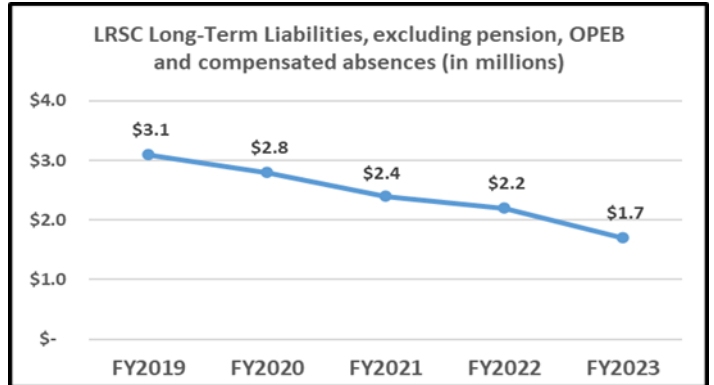
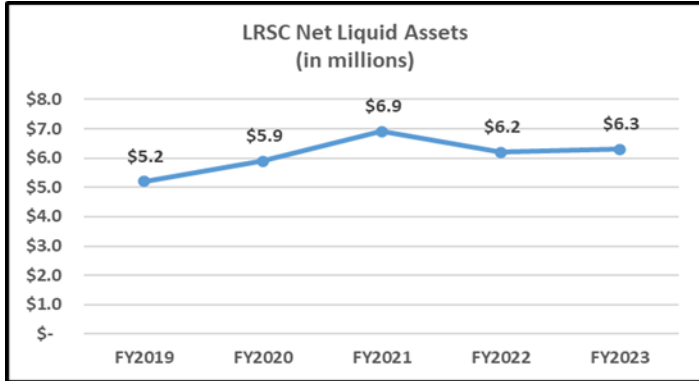
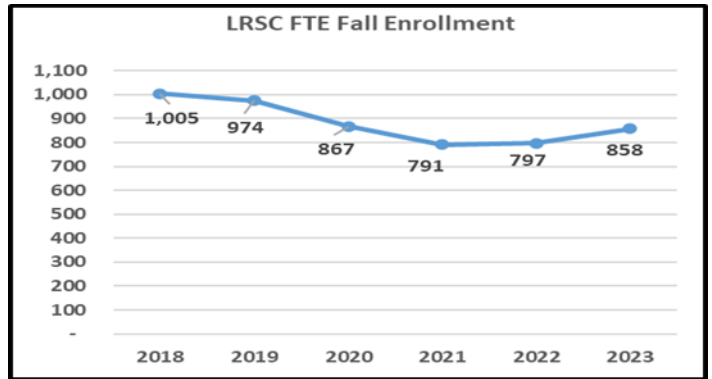
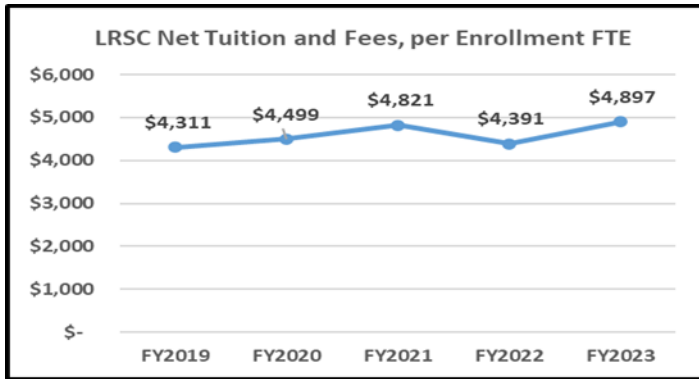
The information is presented on a cash basis.



### Other Ratios:

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

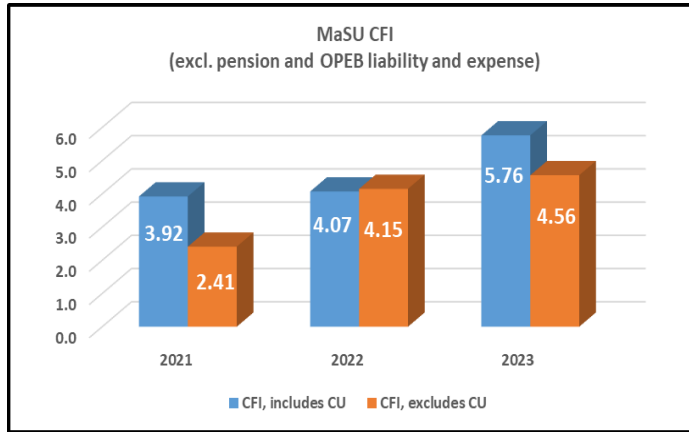




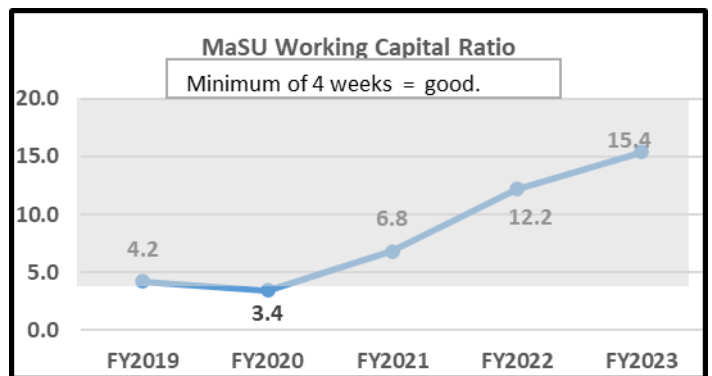
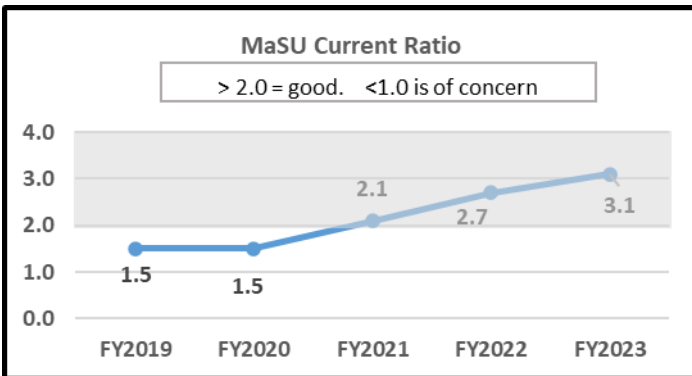
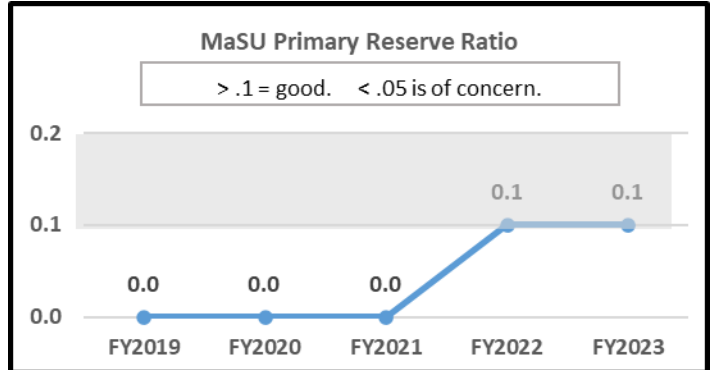
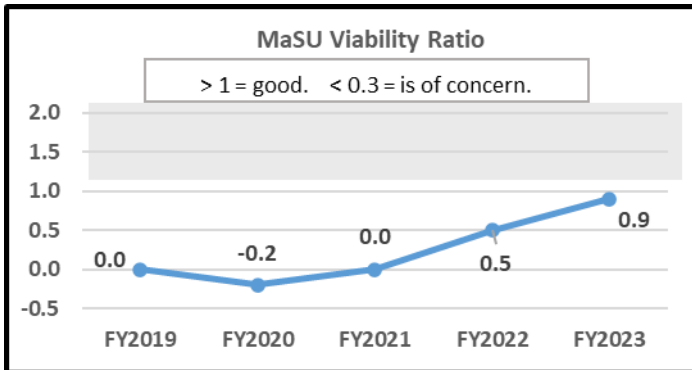
**LRSC Summary:**

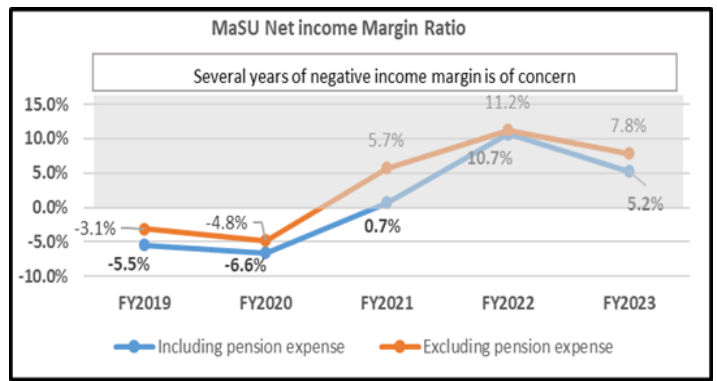
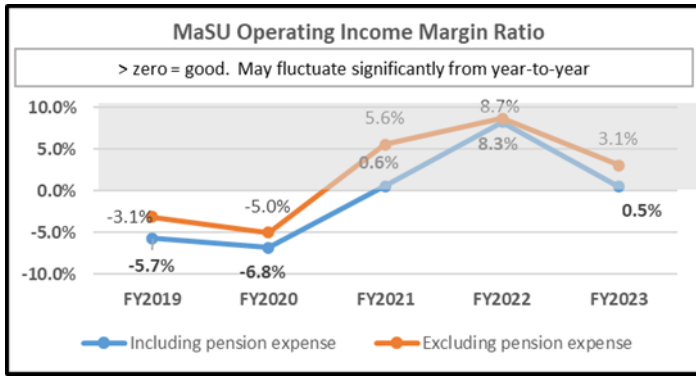
- CFI scores are solid.
- All ratios continue to be good or very good, with the exception of the operating income margin ratio and the net income margin ratio. However, it is not a concern at this time given the strength of the other ratios.
- Fall 2022 FTE Enrollment of 797 decreased 20.7 percent from Fall 2018 enrollment of 1,005. Fall 2023 enrollment of 858 increased 7.7 percent compared to Fall 2022 of 797.

# 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



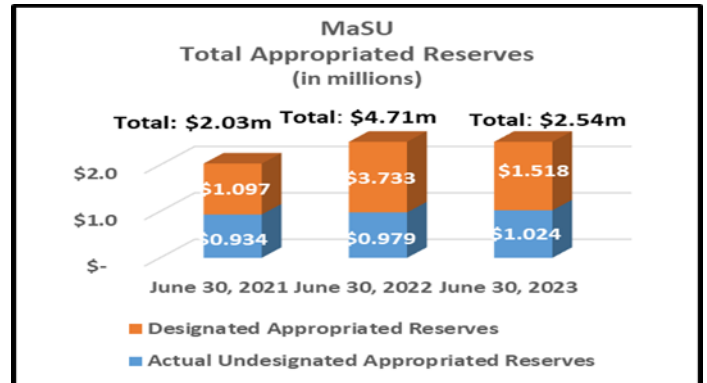
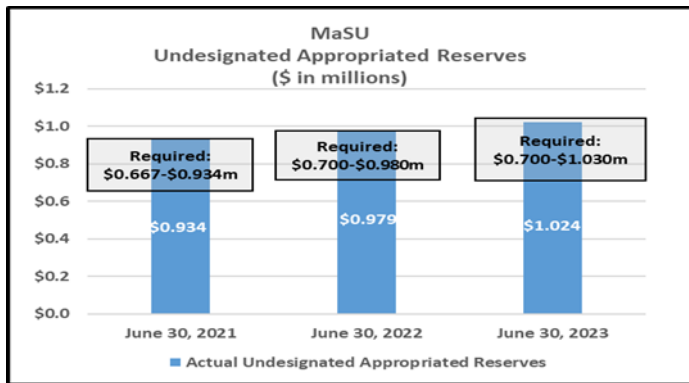


**Appropriated Reserves**

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.

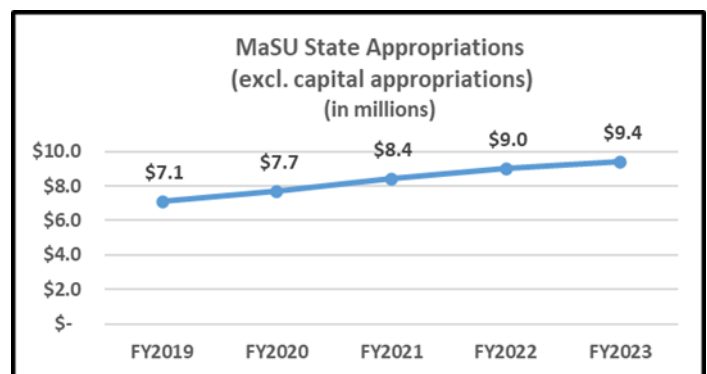
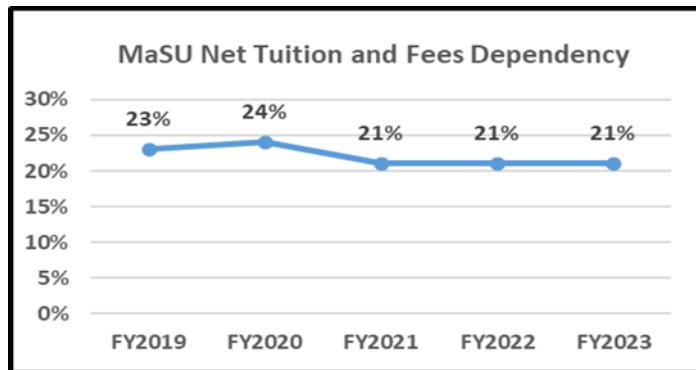
SBHE Policy 810. (1 a). **Undesignated Reserve** states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. MaSU's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

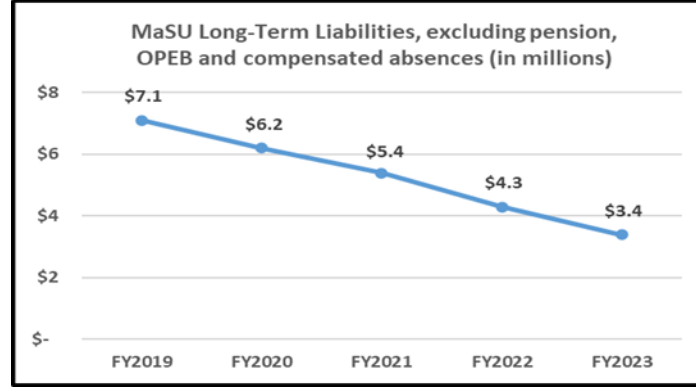
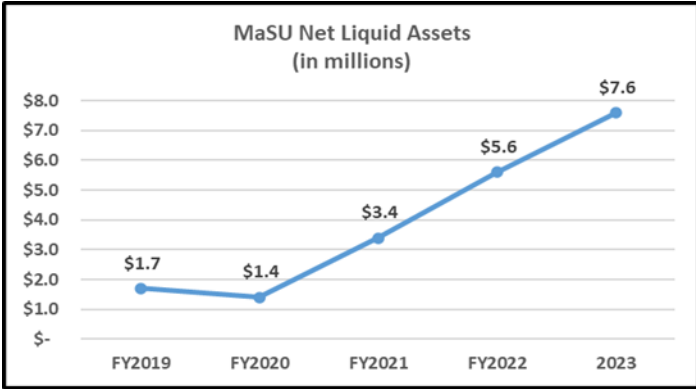
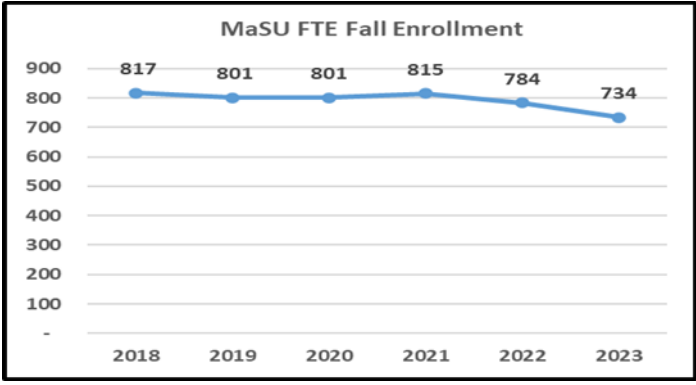
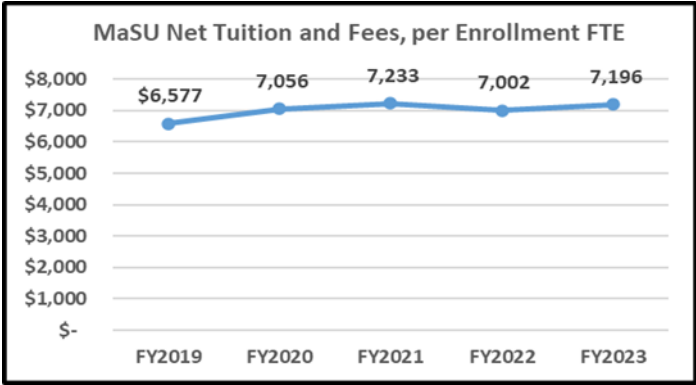
The information is presented on a cash basis.



**Other Ratios:**

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

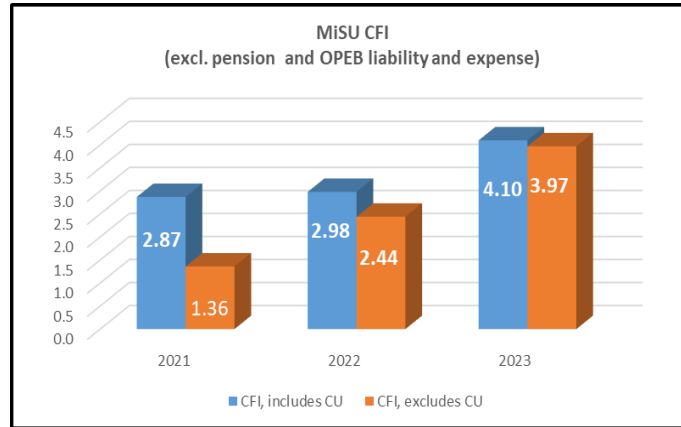




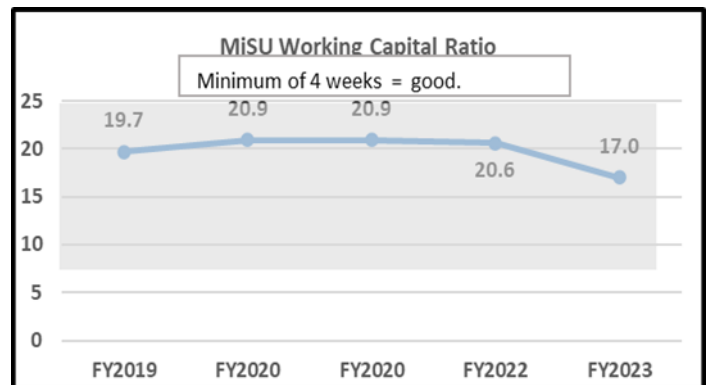
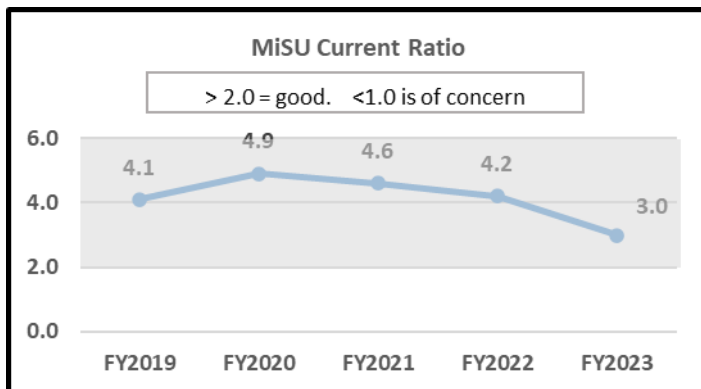
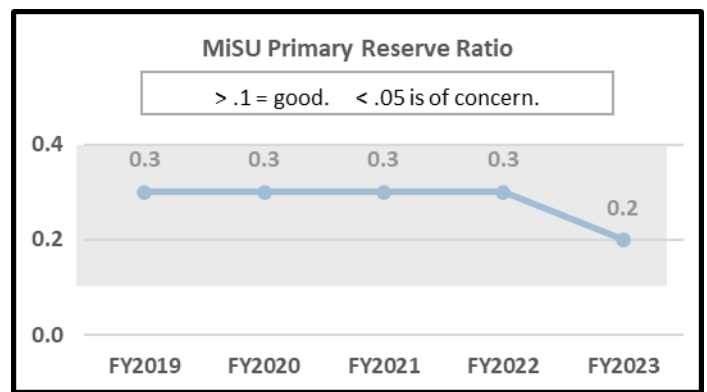
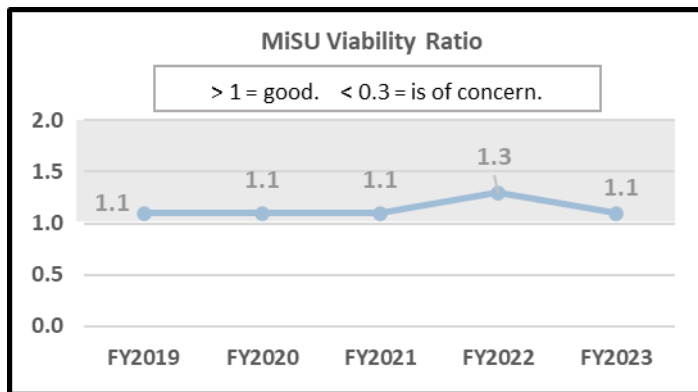
**MaSU Summary:**

- CFI scores are solid and have increased in fiscal years 2023 and 2022.
- The viability, current and working capital ratio have increased every year since fiscal year 2021.
- The operating income and net income margin, including and excluding pension expense, have been above zero since fiscal year 2021.
- Fall enrollment of 784 decreased 4.0 percent in Fall 2022 compared to Fall 2018 enrollment of 817. Compared to Fall 2022, the Fall 2023 enrollment decreased by 50 compared to Fall 2022 enrollment.

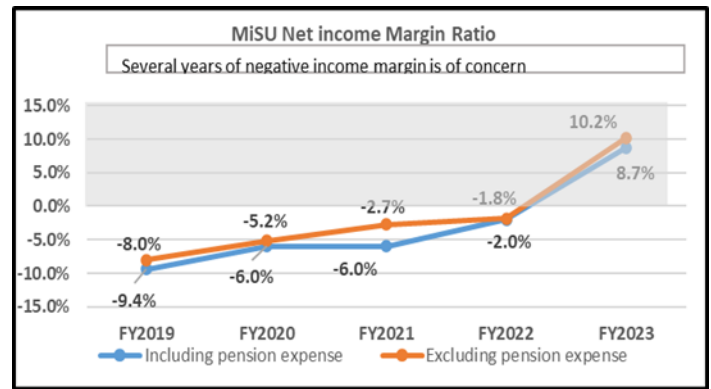
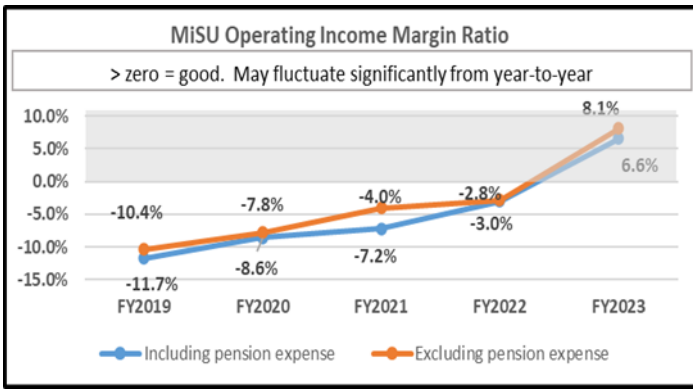
# Minot State University (MiSU)



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





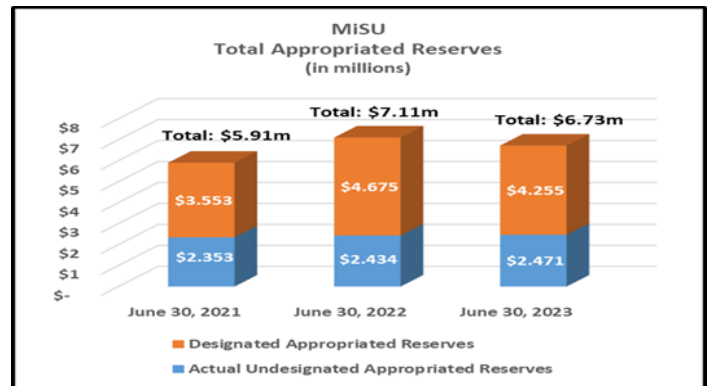
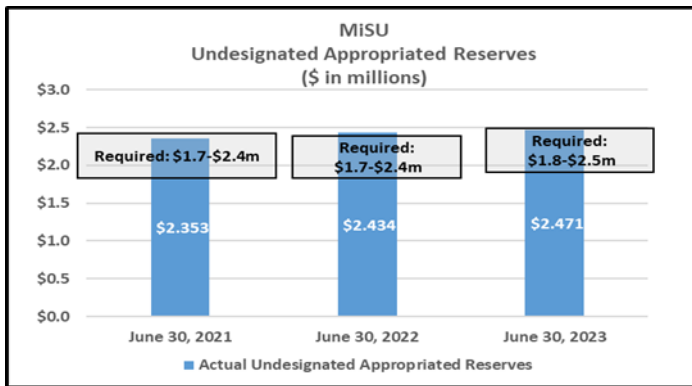


**Appropriated Reserves**

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.

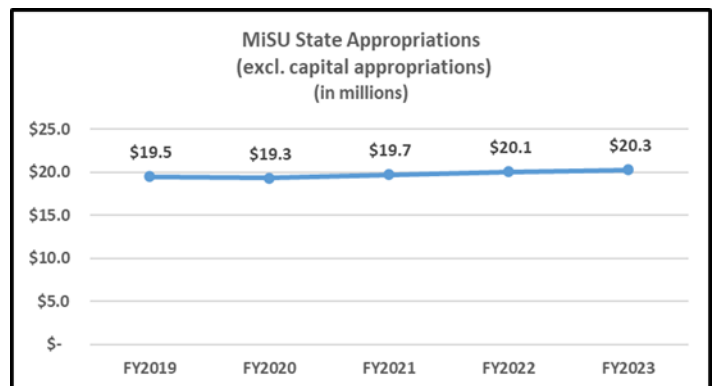
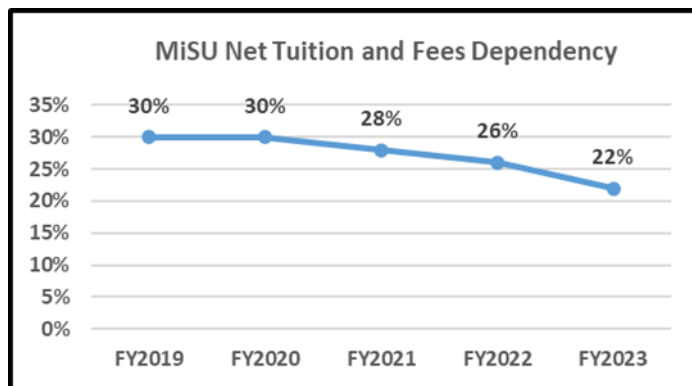
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. MiSU's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

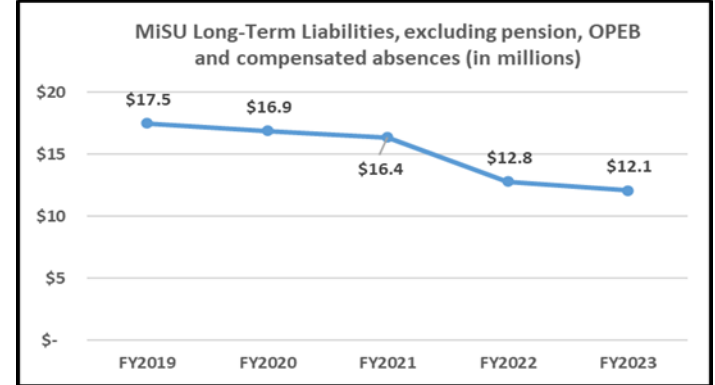
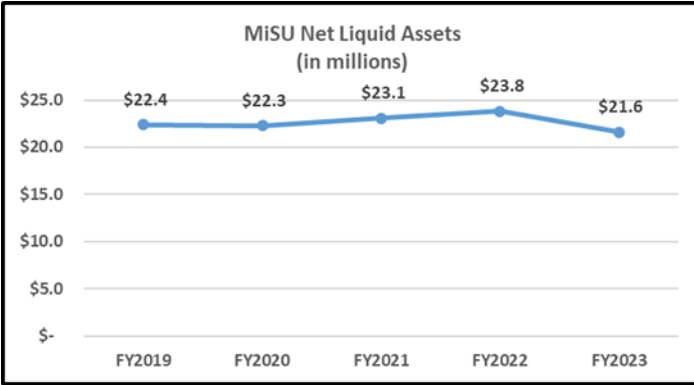
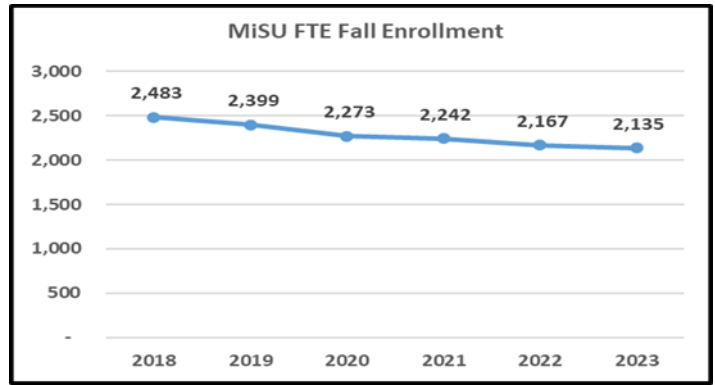
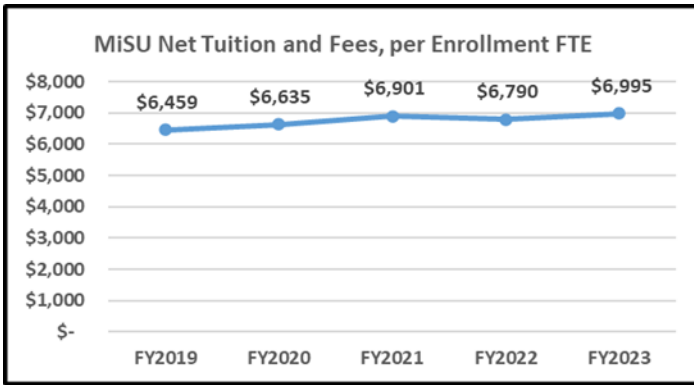
The information is presented on a cash basis.



**Other Ratios:**

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

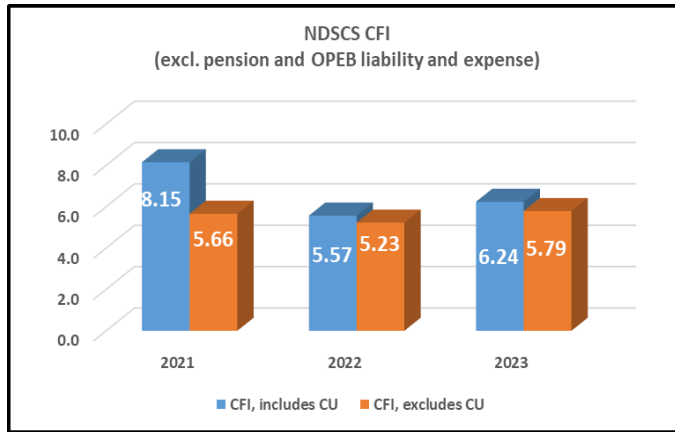




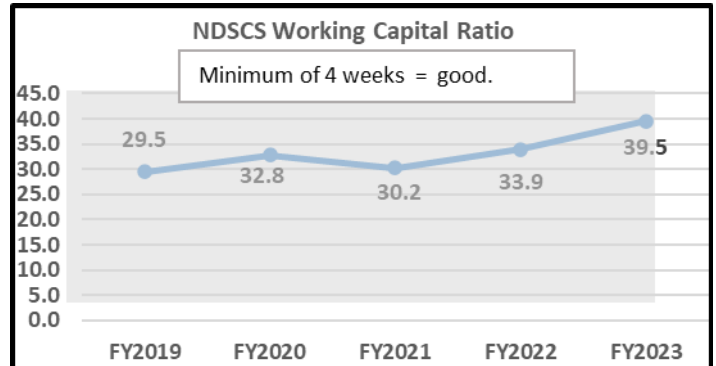
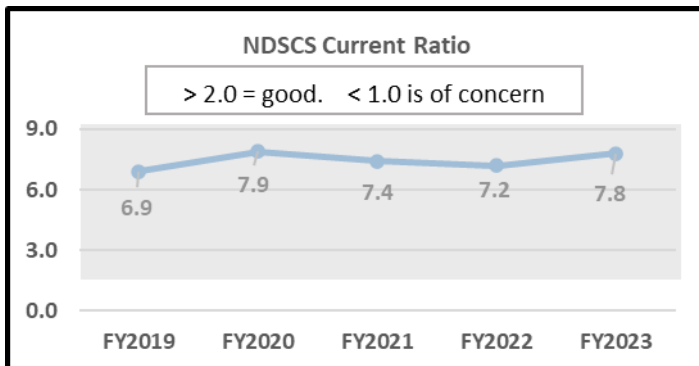
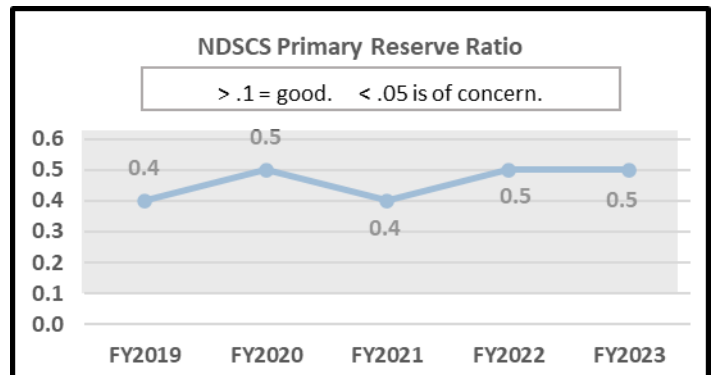
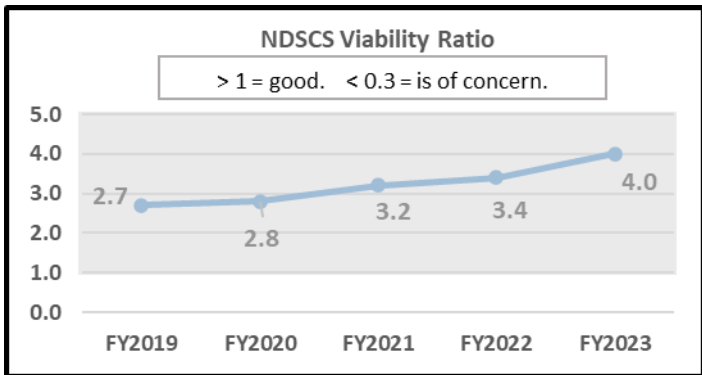
**MiSU Summary:**

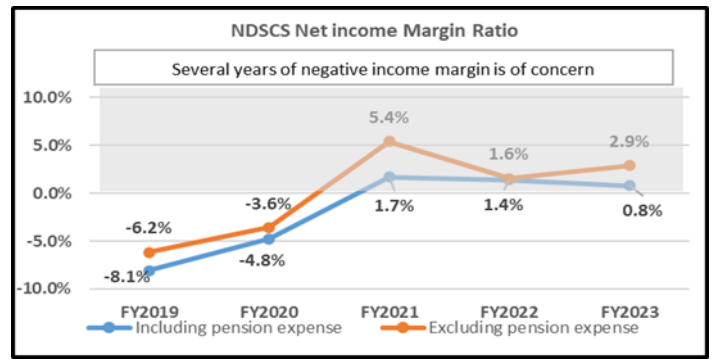
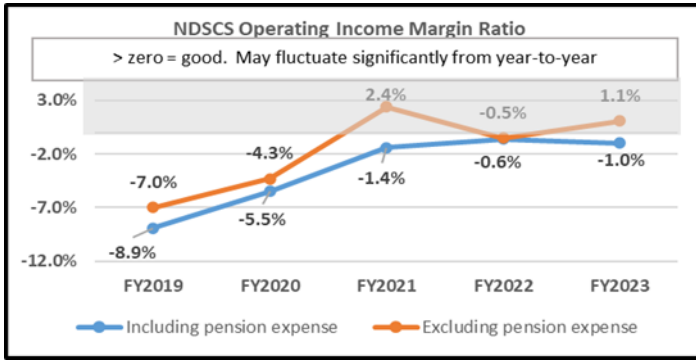
- CFI scores are solid.
- The ratios are all within the acceptable range however the current ratio has decreased in the last three fiscal years and the viability, primary and working capital ratios have decreased since fiscal year 2022.
- The operating income margin and net income margin have increased since fiscal year 2019 and both are above zero in fiscal year 2023.
- Fall enrollment decreased each year since fiscal year 2019. The Fall 2022 enrollment decreased 12.7 percent to 2,167 since Fall 2018. Fall 2023 enrollment decreased slightly to 2,135 compared to 2,167 in Fall 2022.

# 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



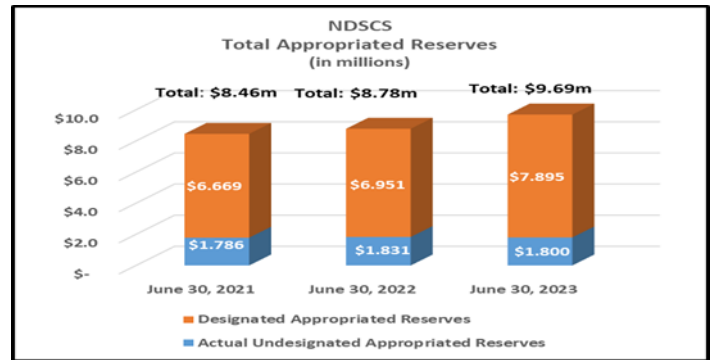
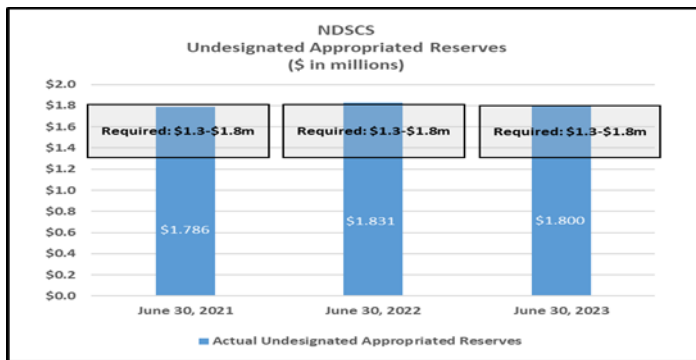


**Appropriated Reserves**

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.

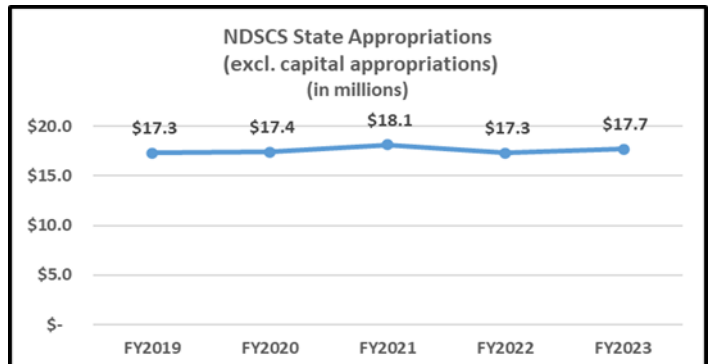
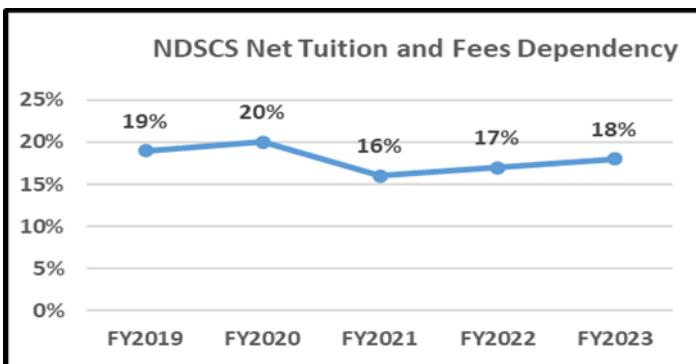
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. NDCS's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

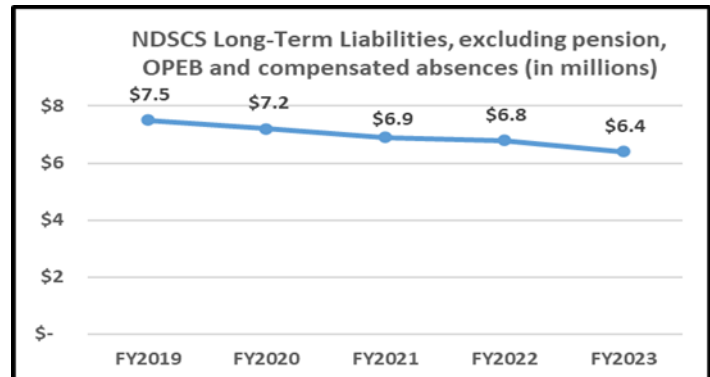
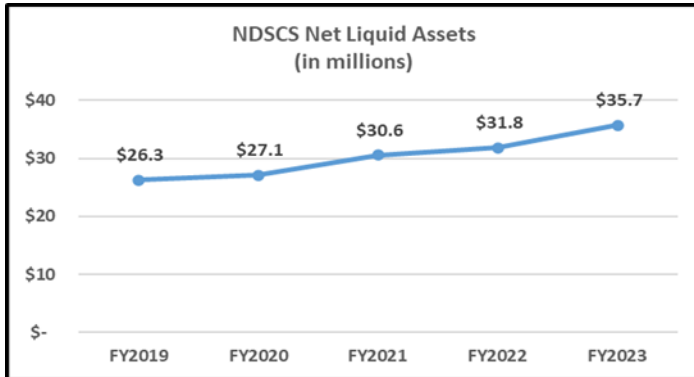
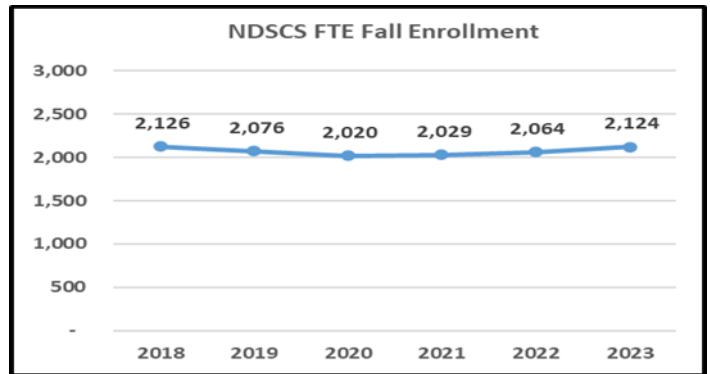
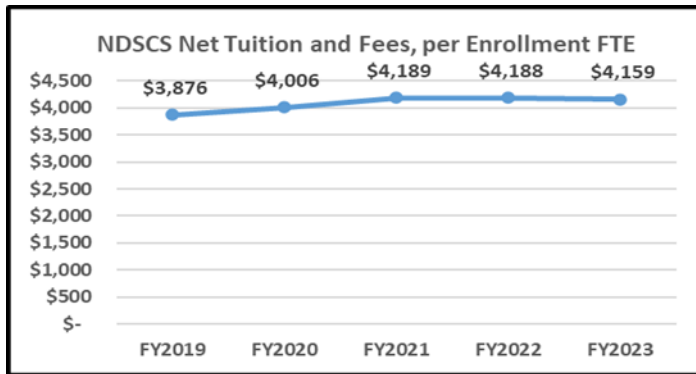
The information is presented on a cash basis.



**Other Ratios:**

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

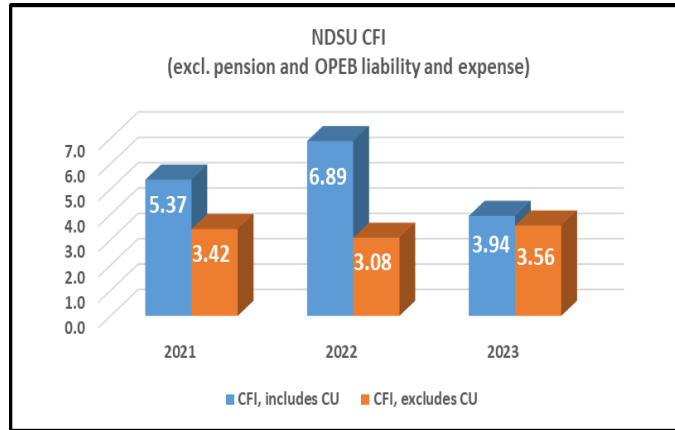




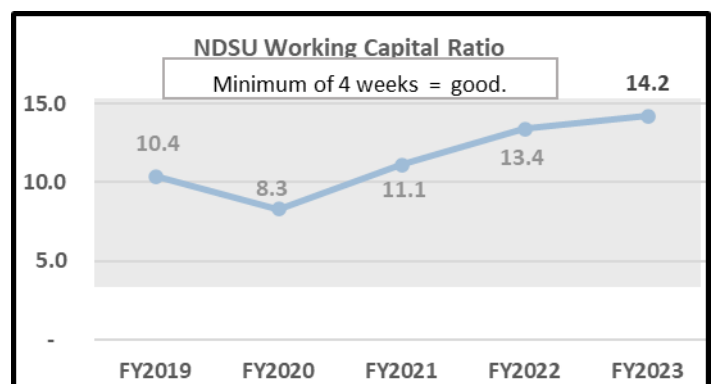
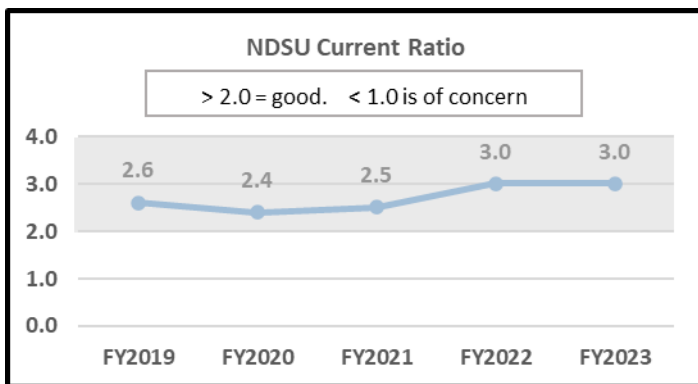
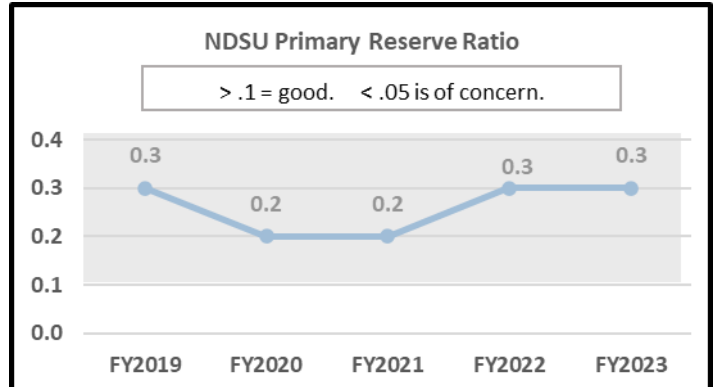
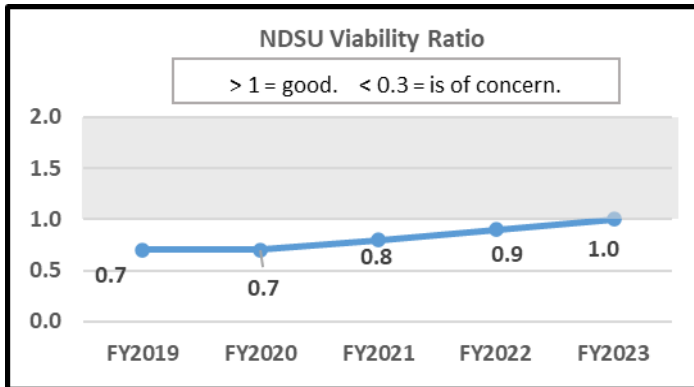
**NDSCS Summary:**

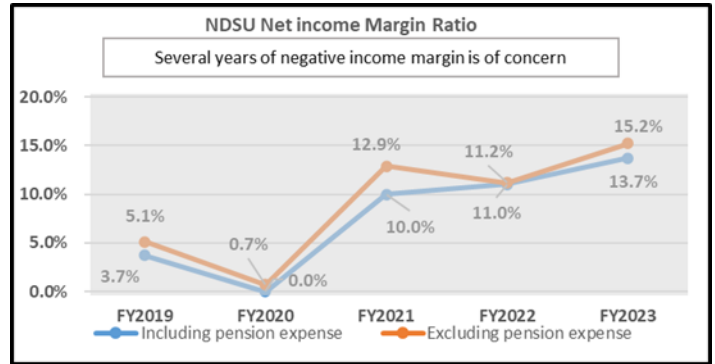
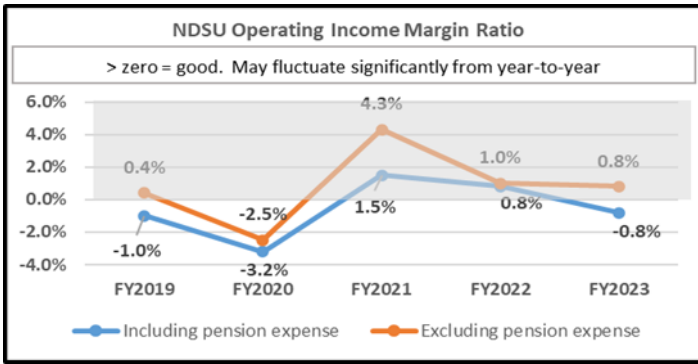
- CFI scores are solid.
- All other ratios are good or very good, with the exception of the operating income margin ratio, including pension expense. The operating income margin, excluding pension expense, is positive and the net income margin, including and excluding pension expense, are positive. These ratios can fluctuate from year-to-year and are not a concern given the strength of the other ratios.
- Fall 2022 FTE enrollment of 2,064 decreased 2.9 percent compared to Fall 2018 enrollment of 2,126. The Fall 2023 enrollment of 2,124 increased by 60 compared to the Fall 2022 enrollment.

# 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



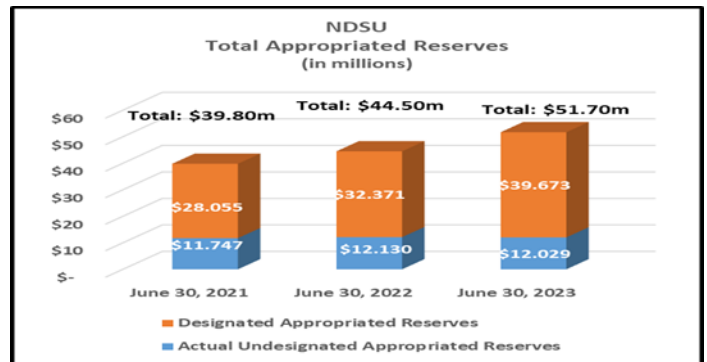
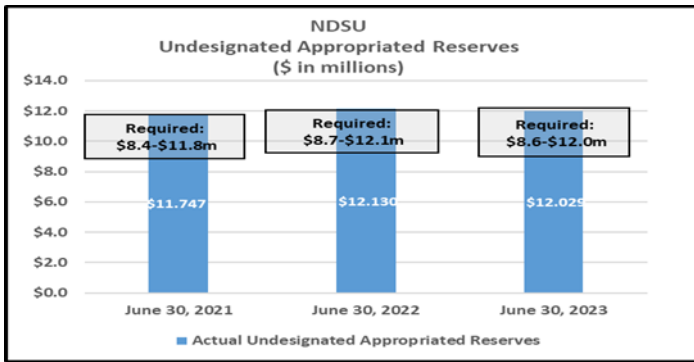


**Appropriated Reserves**

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.

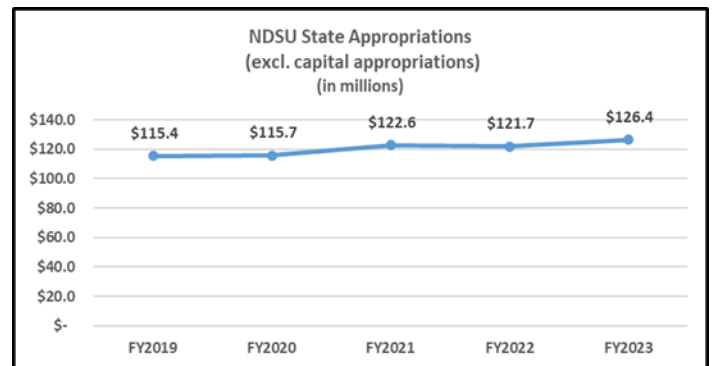
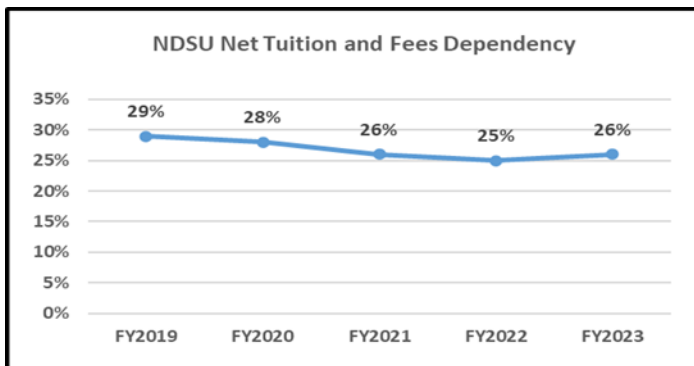
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. NDSU's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

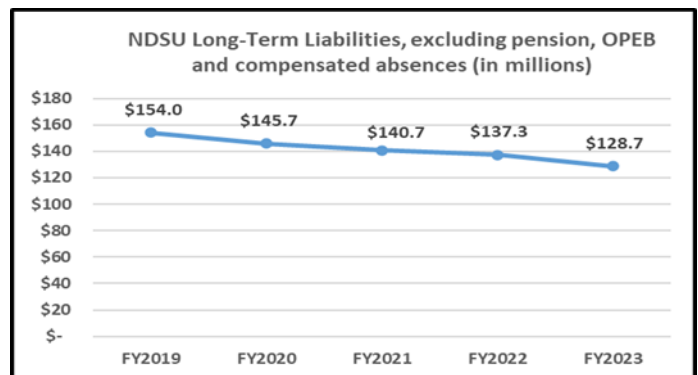
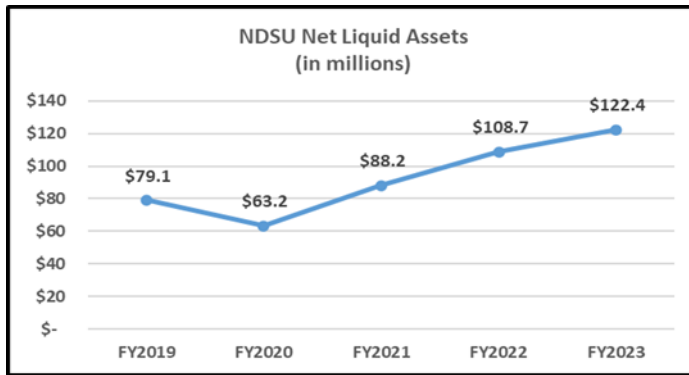
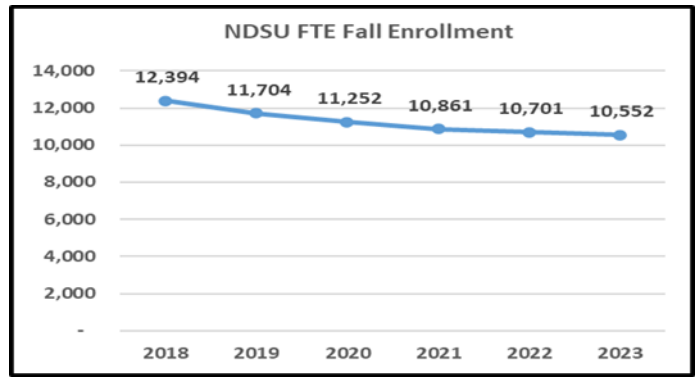
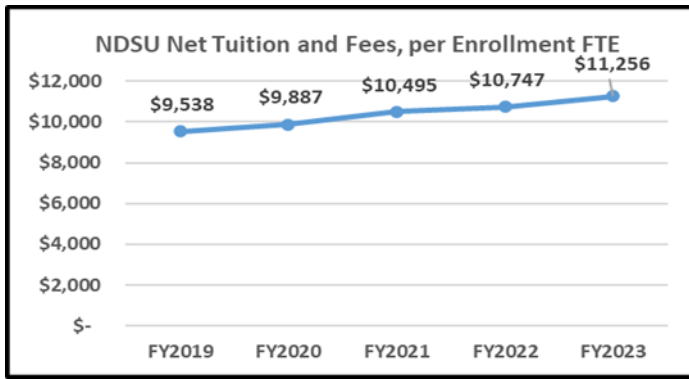
The information is presented on a cash basis.



**Other Ratios:**

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





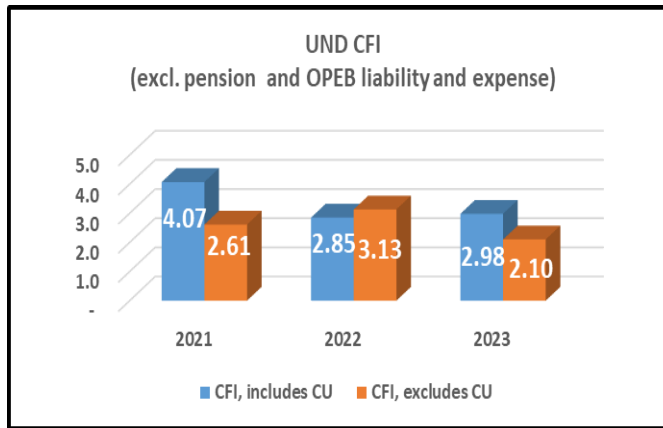
**NDSU Summary:**

- CFI scores are solid.
- The ratios are good or very good.
- The operating income margin ratio, excluding pension expense, has been positive since fiscal year 2017. The net income margin ratios, including and excluding pension expense, has been positive for the last five fiscal years.
- Fall 2022 FTE Enrollment declined by 1,693 or 13.7 percent compared to Fall 2018. The Fall 2023 enrollment of 10,552 decreased compared to the Fall 2022 enrollment of 10,701. Enrollment has declined each year since Fall 2018.
- 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 programming and research. Like its midwestern peers, NDSU’s enrollment has been pressured by demographic shifts and increasing competition for college bound high school graduates. Favorably, NDSU has maintained robust tuition and auxiliary revenue that have driven sound operating results. Credit quality is further supported by strong wealth and liquidity that provides key stability amid waning enrollment. Financial leverage will remain manageable, even when including a net pension liability. Additionally, state appropriations, which

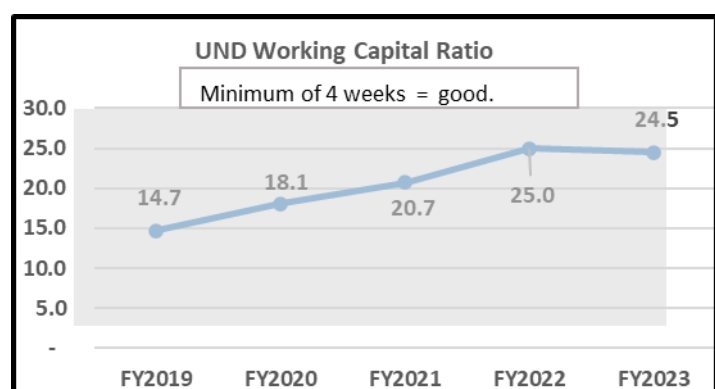
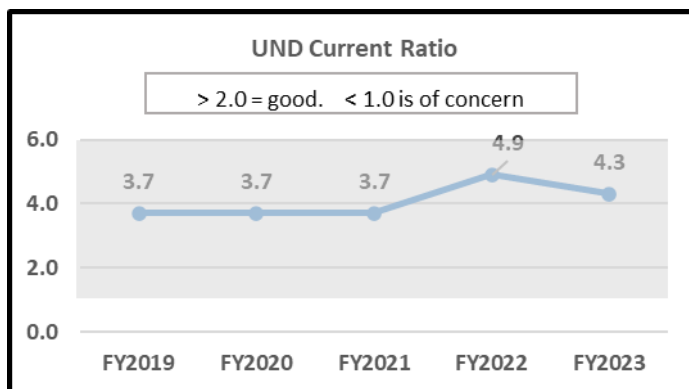
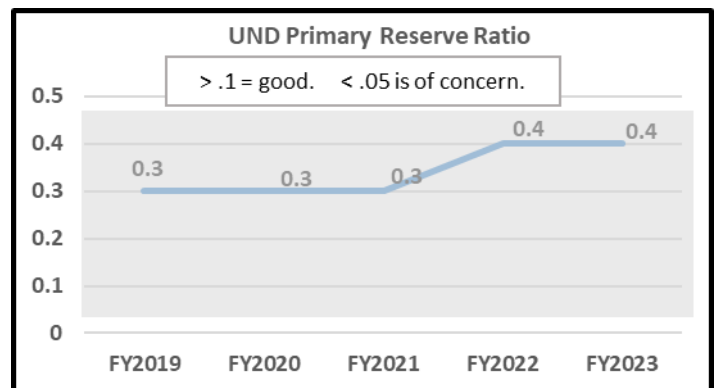
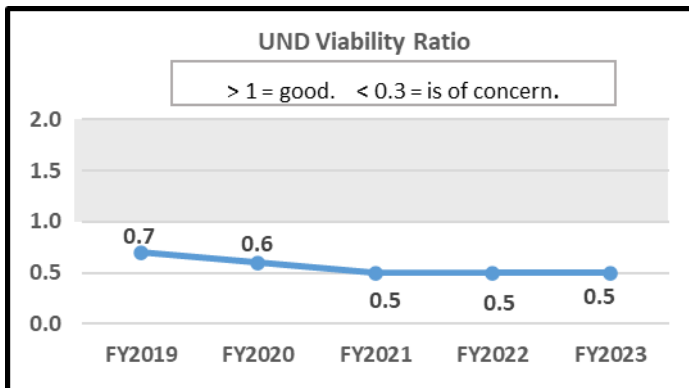


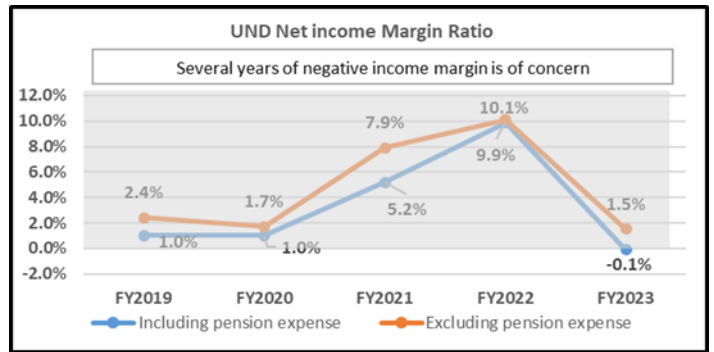
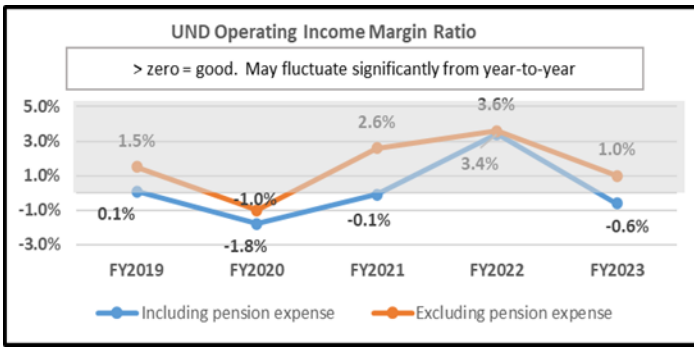
represent significant operating revenue, have softened in recent years. NDSU benefits from broad legislative support, but appropriations can be affected by the state economy that is highly concentrated in natural resources”.

# University of North Dakota (UND)



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



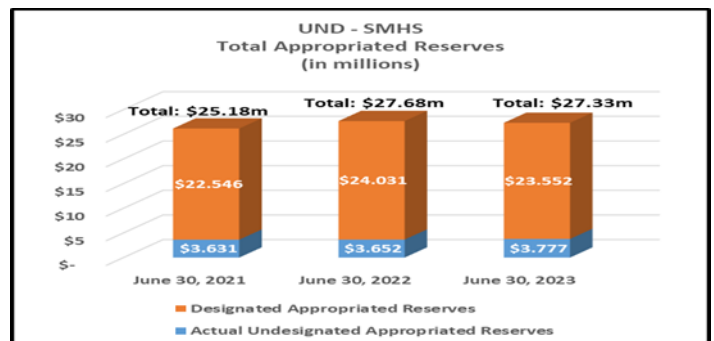
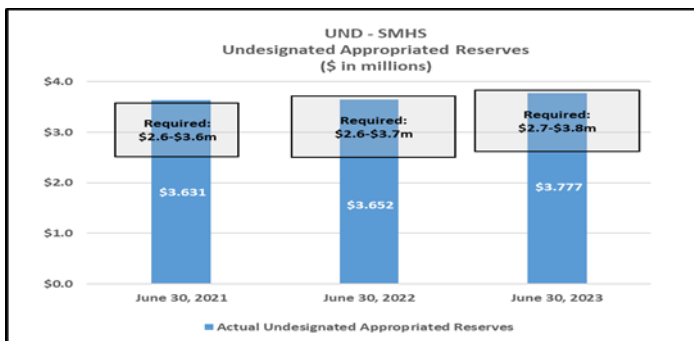
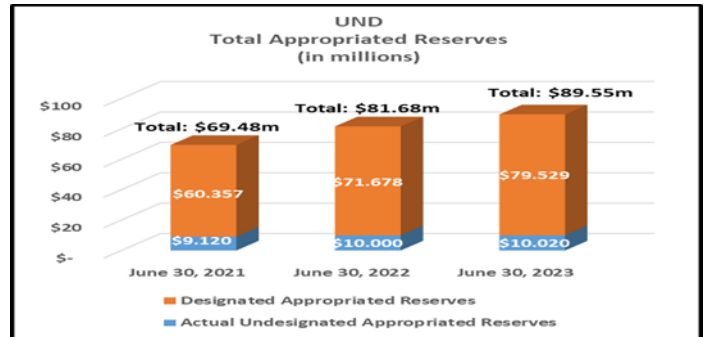
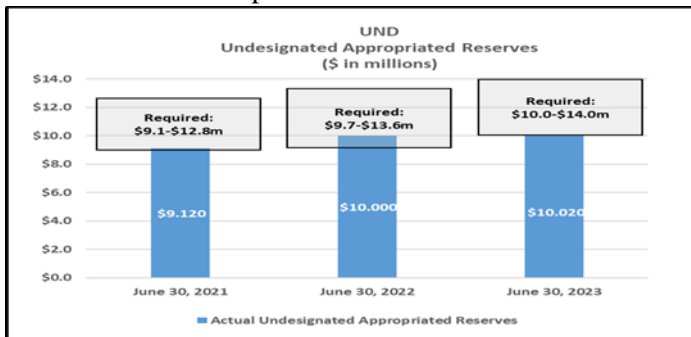


**Appropriated Reserves**

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.

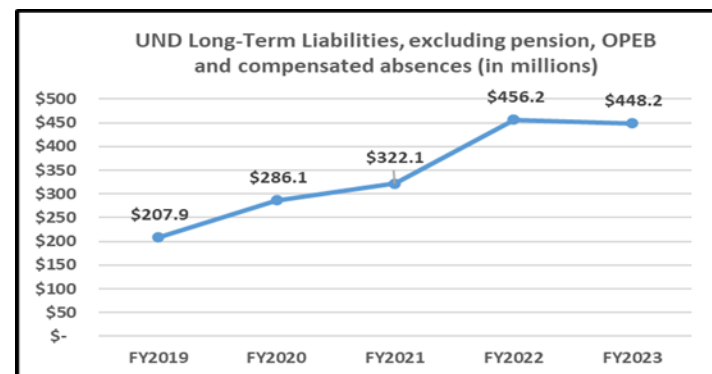
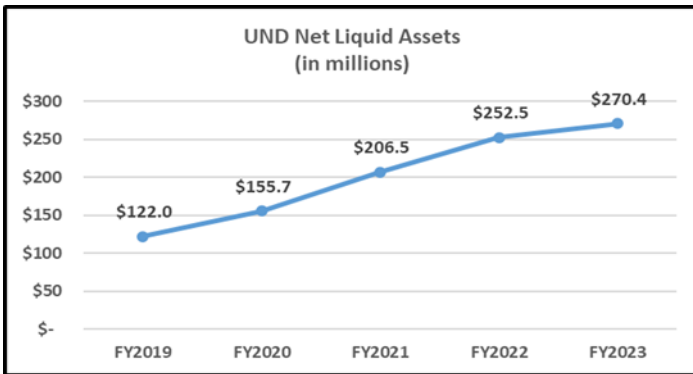
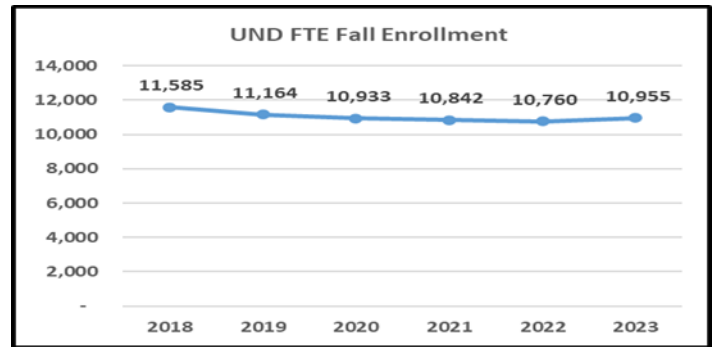
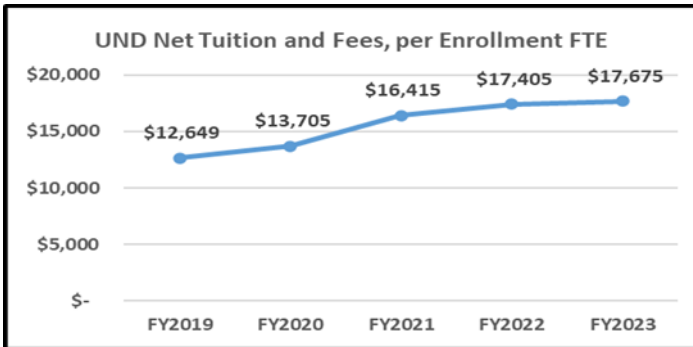
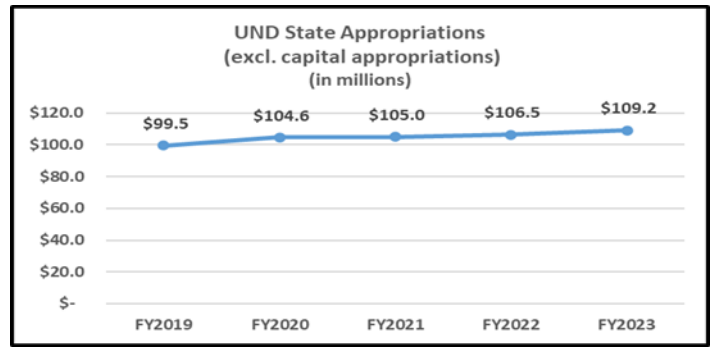
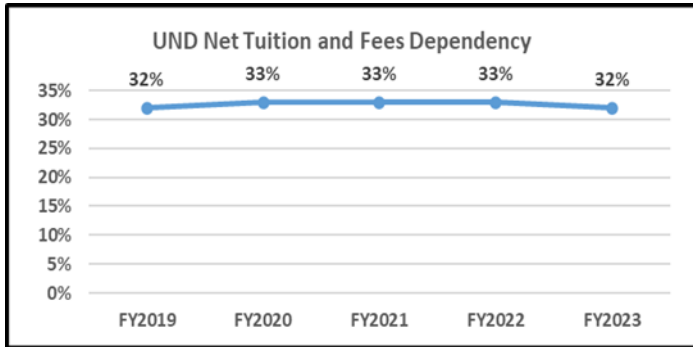
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. UND's undesignated appropriated reserves are at 5.0 percent for fiscal year 2021, 5.1 percent for fiscal year 2022 and 5.0 percent in fiscal year 2023. The UND SMHS's undesignated appropriated reserves are at 7.0 percent for fiscal years 2021, 2022 and 2023.

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.

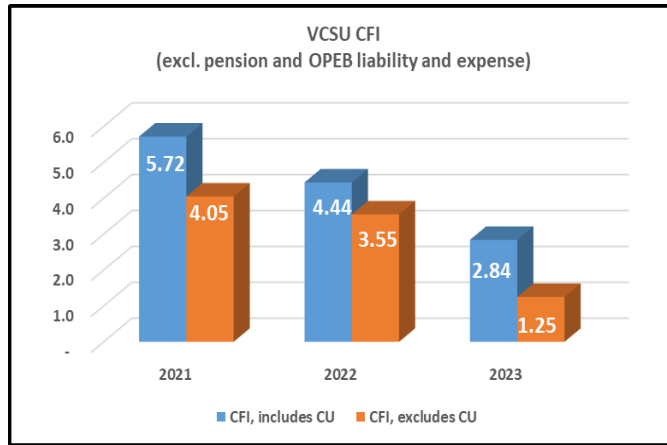


**UND Summary:**

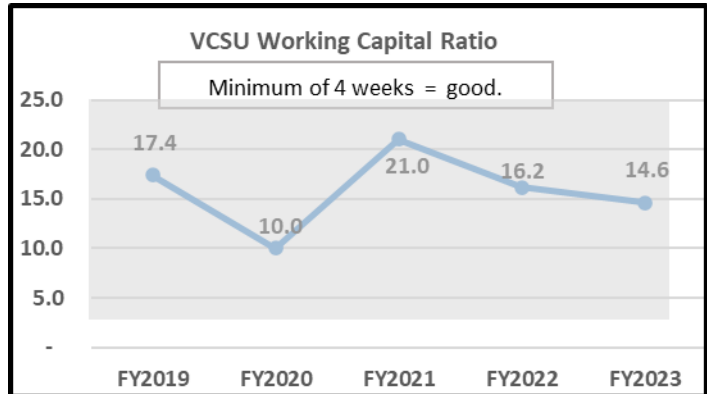
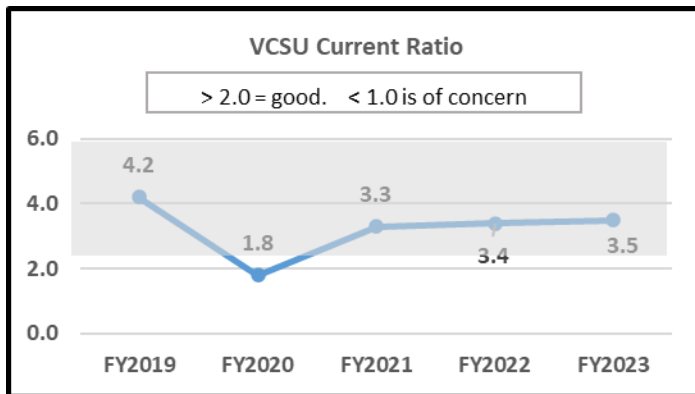
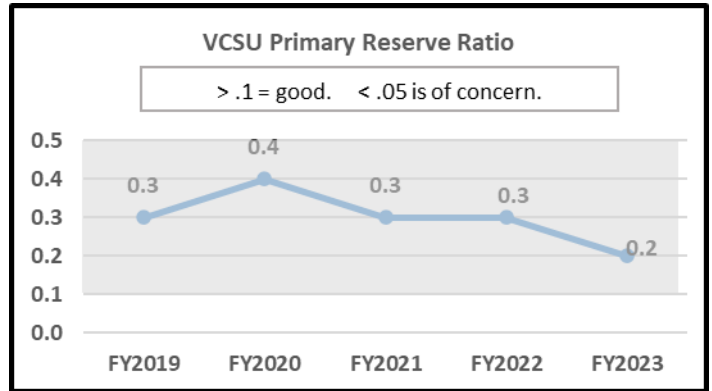
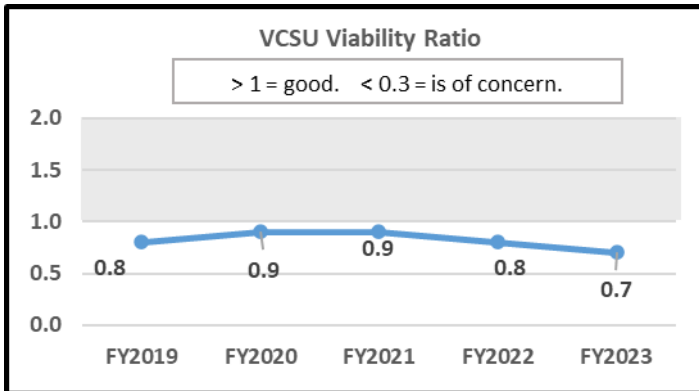
- CFI scores are solid.
- All other ratios are good or very good, with the exception of the viability ratio. The viability ratio has been below 1.0 for the past four fiscal years. However, it is not a concern at this time due to the strengths of the other ratios.
- Long-term liabilities have increased \$240.3 million or 115.6 percent since fiscal year 2019 as a result of the issuance of :
  - certificates of participation in fiscal year 2019 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 fiscal year 2020.

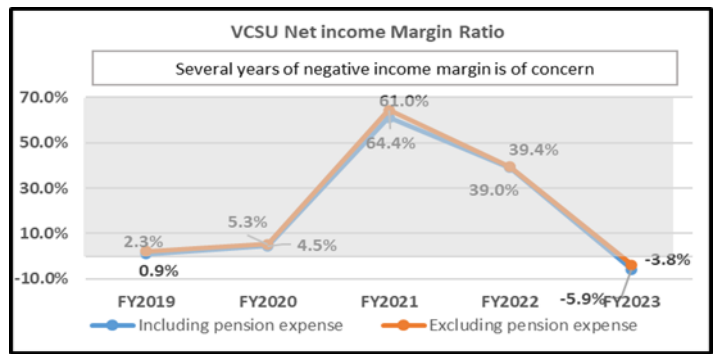
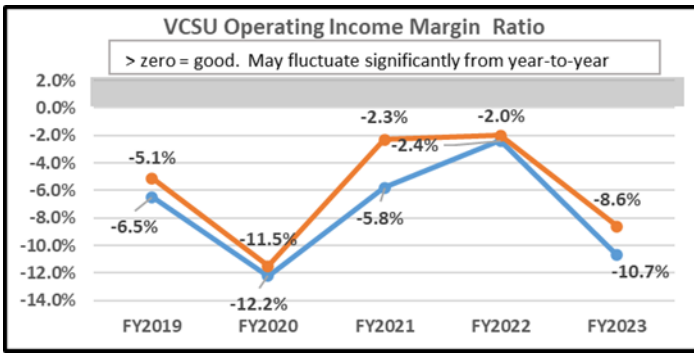
- certificates of participation of \$133.0 million for new and existing housing projects in fiscal year 2022.
- Fall 2022 enrollment of 10,760 decreased by 195 or 1.8 percent compared to Fall 2018 enrollment but decreased 825 or 7.1 percent compared to Fall 2018 enrollment. Fall 2023 enrollment of 10,955 increased 1.8 percent or 195 compared to Fall 2022 enrollment.

# 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



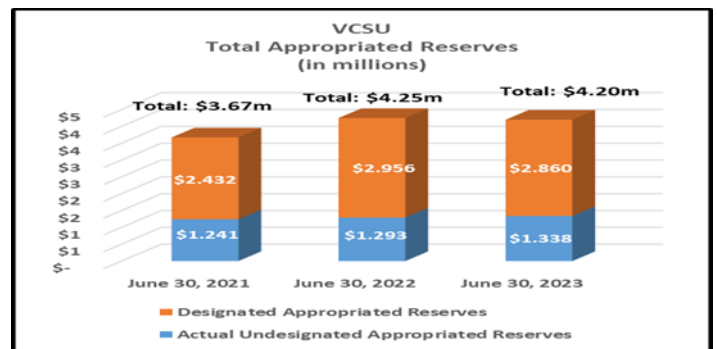
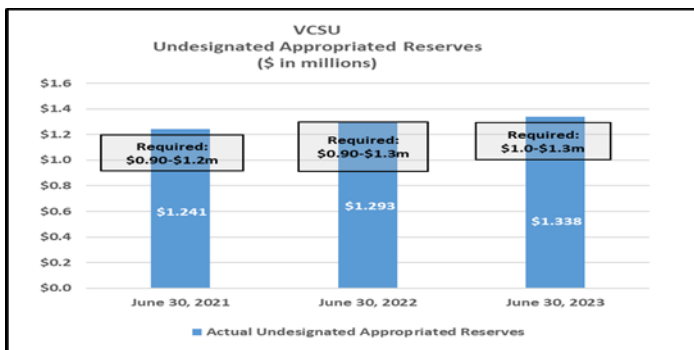


**Appropriated Reserves**

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.

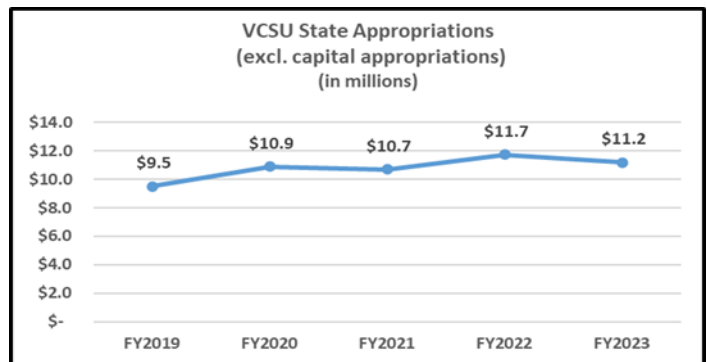
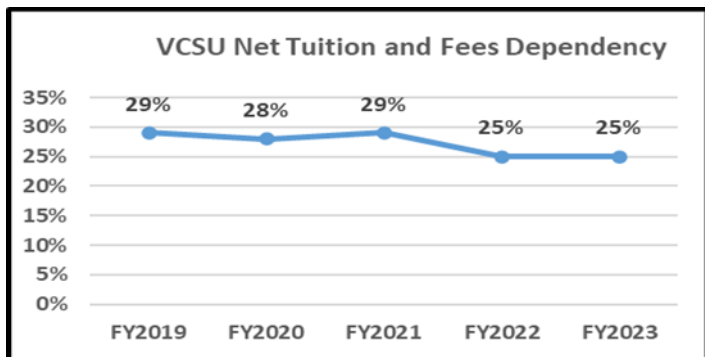
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. VCSU's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

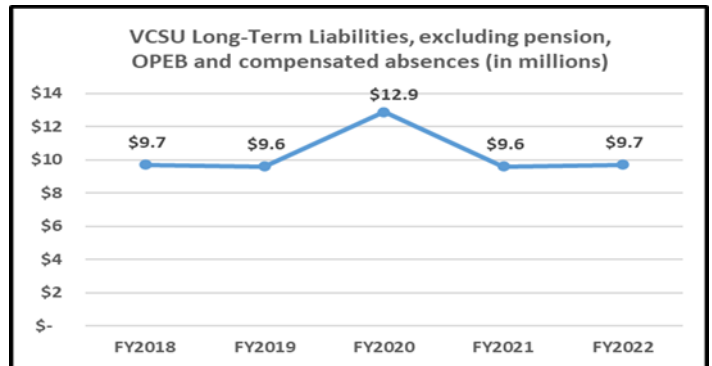
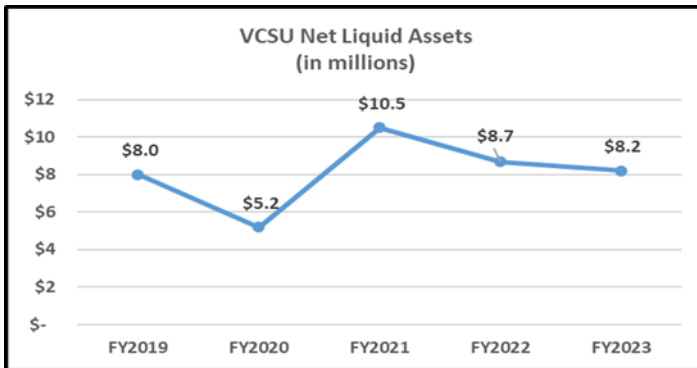
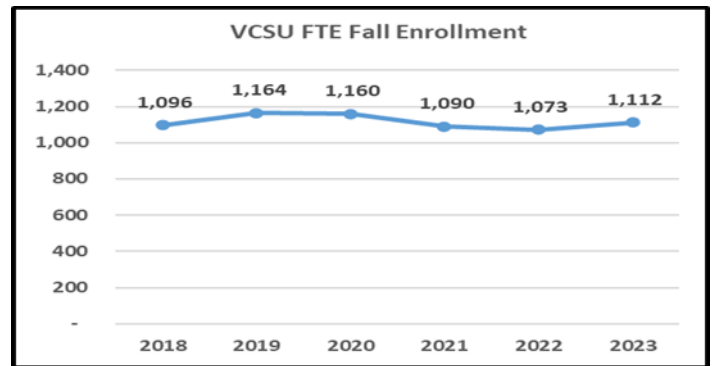
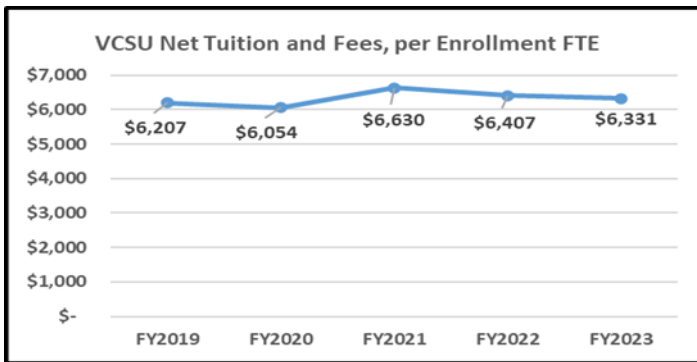
The information is presented on a cash basis.



**Other Ratios:**

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



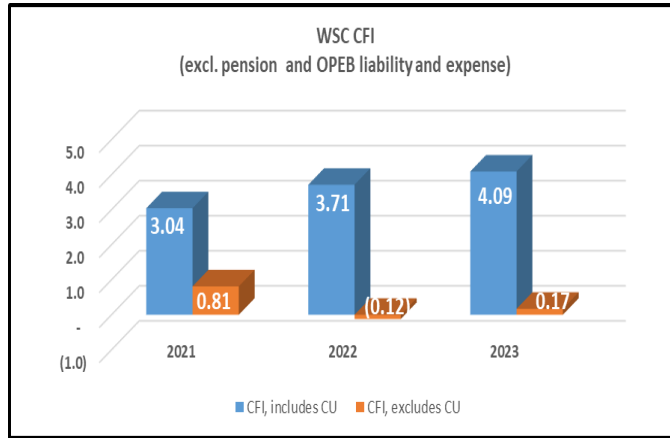


**VCSU Summary:**

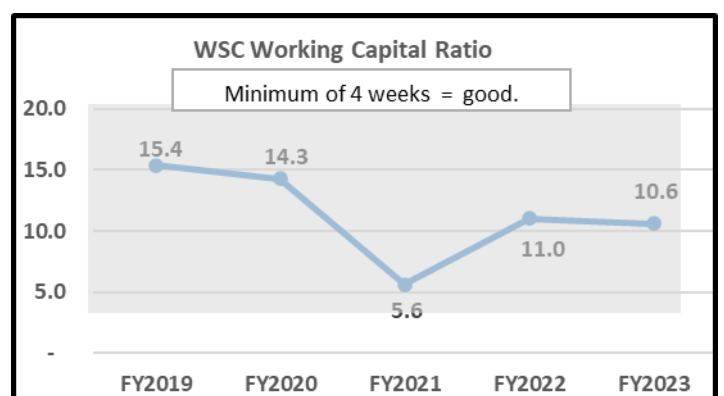
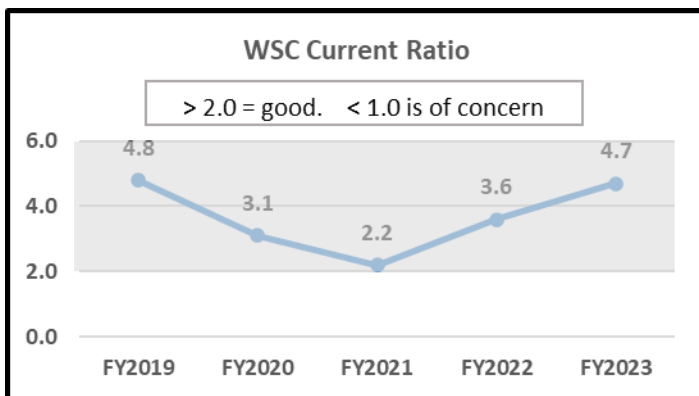
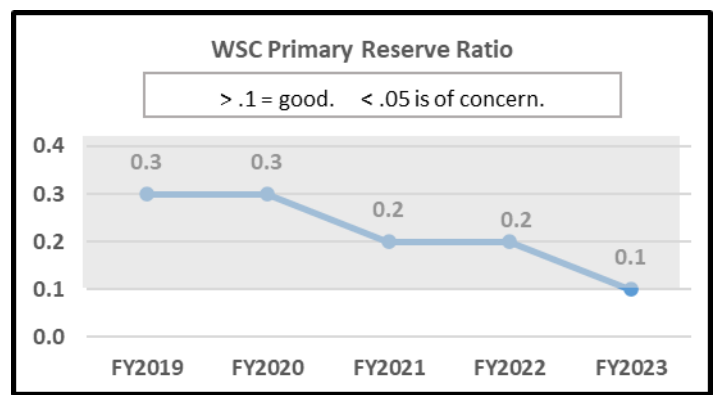
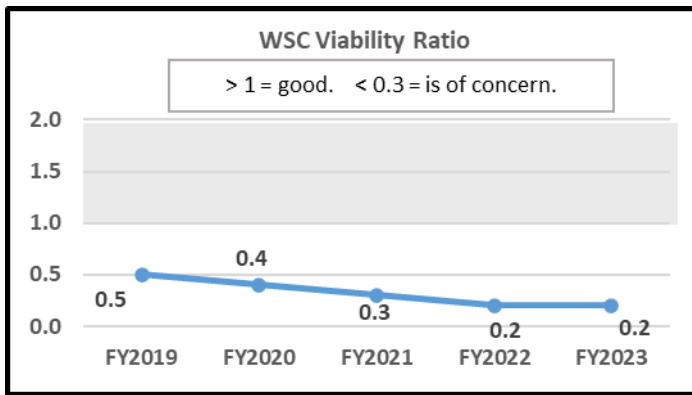
- CFI scores are solid, although they declined in fiscal years 2023 and 2022
- The primary reserve, current ratio and working capital ratios are good. The viability ratio has been below 1.0 since fiscal year 2018 but it is not a concern at this time, given the strength of the other ratios.
- The operating income margin, including and excluding pension expense, has been negative for the last five years.
- FTE 2022 enrollment of 1,073 declined 2.1 percent from Fall 2018 of 1,096. Fall 2023 enrollment of 1,112 increased 3.6 percent compared to Fall 2022.

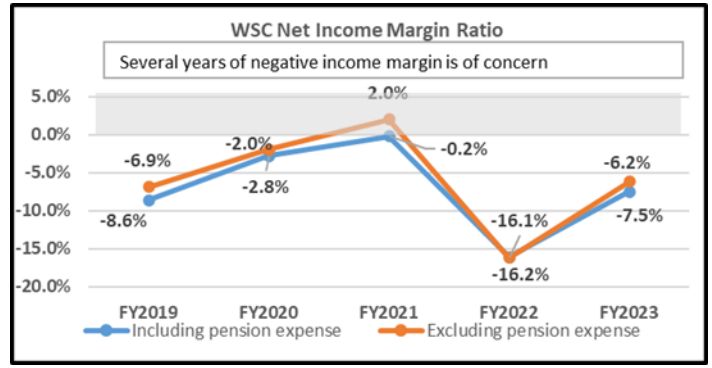
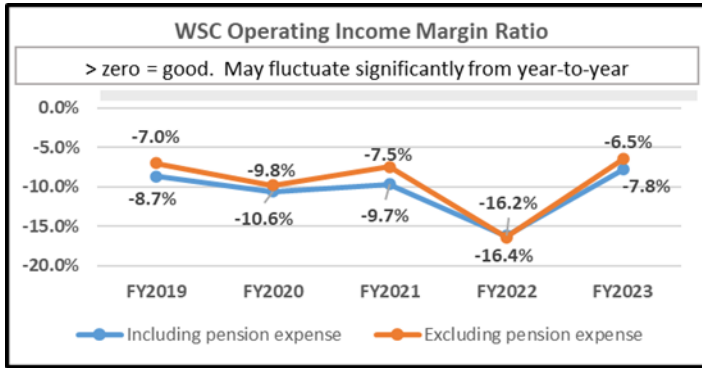


# Willison State College (WSC)



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



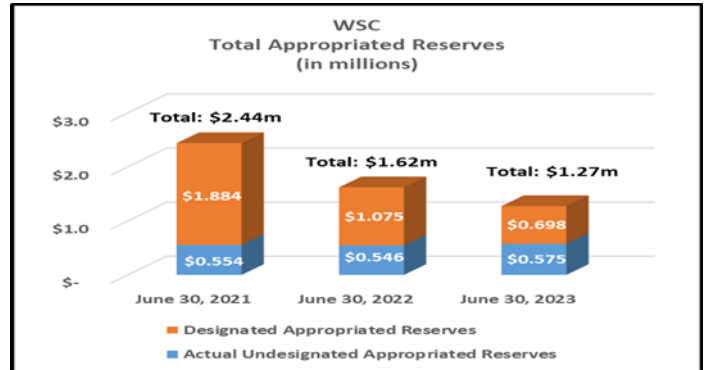
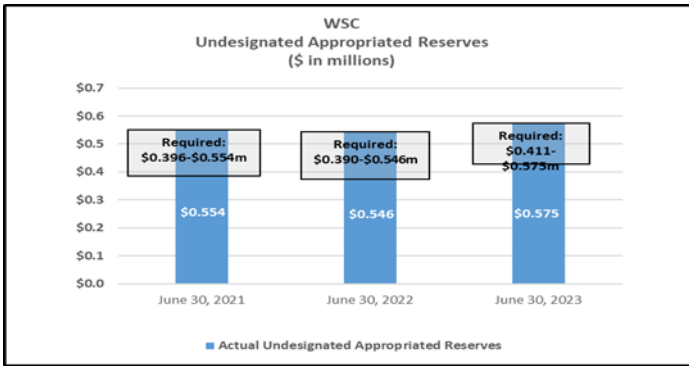


### Appropriated Reserves

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.

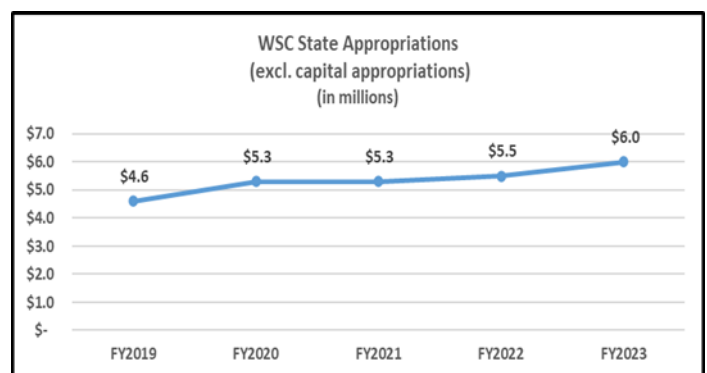
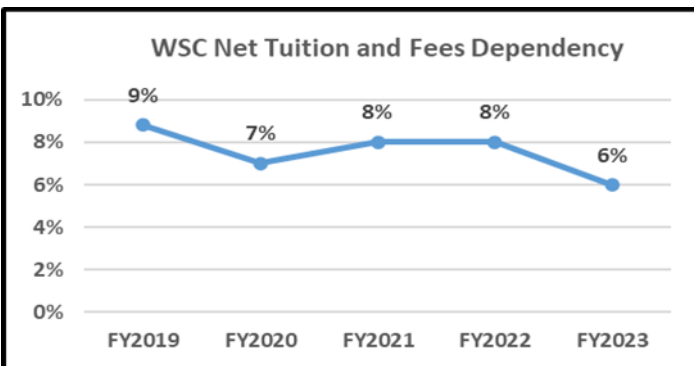
SBHE Policy 810. (1 a). Undesignated Reserve states colleges and universities shall target establishing and thereafter maintain an undesignated appropriated funds (i.e. general fund and tuition) reserve of between 5-7 percent of the previous fiscal years' actual general fund and net tuition revenue. WSC's undesignated appropriated reserves are at 7.0 percent for fiscal years 2023, 2022 and 2021.

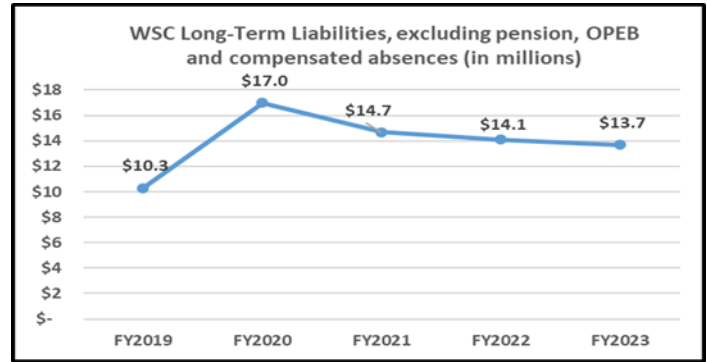
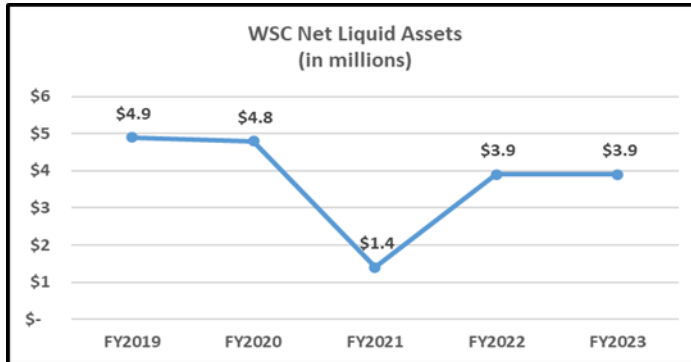
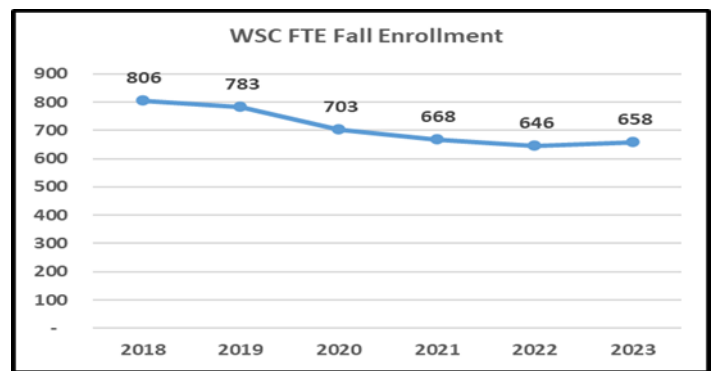
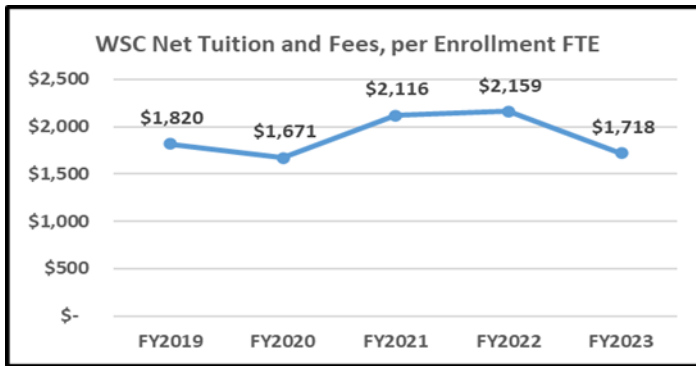
The information is presented on a cash basis.



### Other Ratios:

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





### WSC Summary

- CFI scores, including the foundation balances, are solid. However, CFI scores, excluding the foundation, are significantly lower and they were in the “Below” zone for fiscal year 2022.
- WSC prepared a plan to address the CFI and negative operating and net income margin ratios which addresses increasing student fees for the first time in more than six years, declining enrollments and reducing operating expenses.

To address increasing student fees:

- a. The Technology fee has a committee that is meeting to increase the amount of the fee per credit to adjust for inflation costs,
- b. WSC is convening with Student Senate to review the increased cost of the student fee that gets allocated to Athletics, Student Life, and our Housing Bond.

To address declining enrollments the following actions have been taken:

- a. WSC has been working on collaborating with local organizations and businesses to gain more presence in the community to show that we offer more to non-traditional students.
- b. Marketing efforts have included sending brochures and visiting local high schools to increase dual credit and early entry enrollment. WSC is also looking to expand our outreach boundary into southern Canada.

The following has been implemented to help reduce operating costs:

- a. A hiring “frost” is still 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.
- b. Travel expenses continued to be limited in all departments, including athletics.
- c. All departments are being asked to review their department budgets to find efficiencies.
- d. WSC’s full-time grant writer is working with staff and faculty to find additional funding sources.

- The viability ratio has been below 1.0 since fiscal year 2018 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 ratio has been negative for several years. The net income margin ratio, including pension expense, has also been negative for several years while the net income margin, excluding pension, has been negative for the last four out of five years.
- Net tuition and fees, per FTE enrollment decreased 5.6 percent from fiscal year 2022.  
Note: The WSC Foundation Scholarships are recognized as gift revenue rather than tuition revenue, in accordance with GASB accounting standards.
- Fall 2022 FTE Enrollment of 646 decreased 19.9 percent from Fall 2018 enrollment of 806. Fall 2023 enrollment of 658 increased 1.86 percent compared to Fall 2022 FTE enrollment.