

**AUDIT
FEBRUARY 12, 2020**

TAB	DESCRIPTION	ACTION
1	FY 2019 FINANCIAL RATIOS	Information item
2	FY 2019 NET POSITION BALANCES	Information item

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AUDIT
FEBRUARY 13, 2020

SUBJECT

FY 2019 College and Universities' Financial Ratios

REFERENCE

December 2011-2019

Annual Audit reports submitted to the Board

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.F.

BACKGROUND/DISCUSSION

The ratios presented measure the financial health of each institution and include a "Composite Financial Index" based on four key ratios. The ratios are designed as management tools to measure financial activity and key trends within an institution over time. They typically do not lend themselves to comparative analysis between institutions because of the varying missions and structures of the institutions and current strategic initiatives underway at a given institution at a given time.

Institution foundations are reported as component units in the college and universities' financial statements. The nationally-developed ratio benchmarks model is built around this combined picture.¹ An institution's foundation holds assets for the purpose of supporting the institution. Foundation assets are nearly all restricted for institution purposes and are an important part of an institution's financial strategy and financial health.

Ratio	Measure	Benchmark
Primary reserve	Sufficiency of resources and their flexibility; good measure for net assets	.40
Viability	Capacity to repay total debt through reserves	1.25
Return on net position	Whether the institution is better off financially this year than last	6.00%
Net operating revenues	Whether institution is living within available resources	2.00%
Composite Financial Index	Combines four ratios using weighting	3.0
Debt Burden	Institution's dependence on borrowed funds	<= 8%
Age of Capital Assets	Recent vs deferred investments	10 - 14

Three other ratios provided are the Debt Burden, Debt Coverage and Life of Capital Assets. The Debt Burden ratio is calculated as debt service divided by adjusted expenditure. The benchmark for this ratio is set by the institution for no

¹ See *Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks* (7th ed.). New York, NY: Prager, Sealy & Co., LLC; KPMG, LLP; Attain, LLC. The model's well vetted analysis developed by industry experts has been around and evolving since 1980. It is widely used and accepted in the higher education finance community.

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more than 8% per Board policy V.F. The Debt Coverage ratio is calculated as adjusted revenues divided by debt service. The benchmark for this ratio is set at 2. The Age of Capital Assets ratio is calculated as accumulated depreciation divided by depreciation expense. The benchmark for this ratio is 10 for research institutions and 14 for undergraduate liberal arts institutions.

IMPACT

These financial ratios and analyses are provided for the Board to review the financial health and year-to-year trends at the institutions. The ratios reflect a financial snapshot as of fiscal year end. The Audit Committee reviews key financial performance factors on a quarterly basis.

ATTACHMENTS

Attachment 1 - Boise State University
Attachment 2 - Idaho State University
Attachment 3 - University of Idaho
Attachment 4 - Lewis-Clark State College

STAFF COMMENTS AND RECOMMENDATIONS

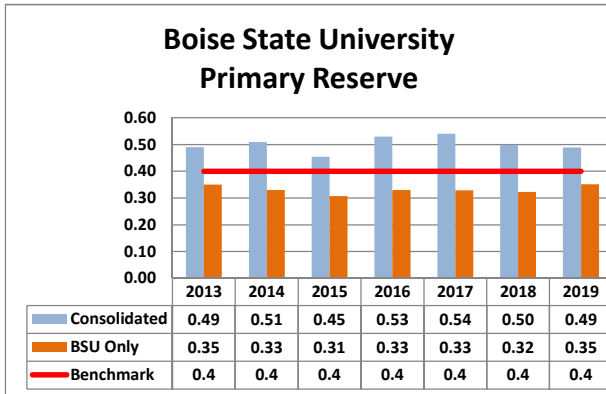
Institution representatives will be ready to provide a brief analysis of their financial ratios and answer Board members' questions.

BOARD ACTION

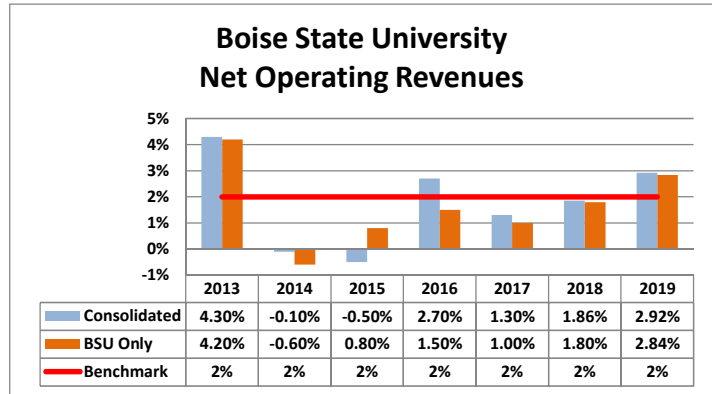
This item is for informational purposes only.

Boise State University

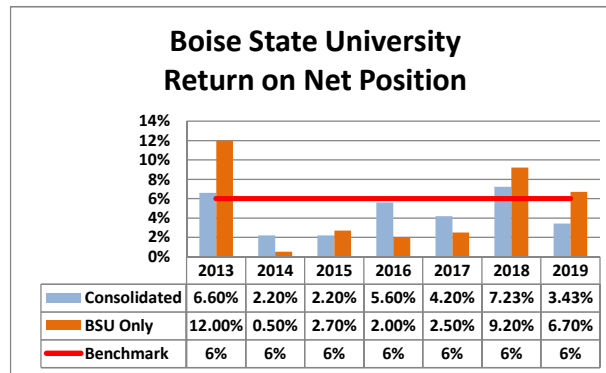
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Primary Reserve	0.49	0.51	0.45	0.53	0.54	0.50	0.49	0.40
	0.35	0.33	0.31	0.33	0.33	0.32	0.35	0.40
Net Operating Revenues	4.30%	-0.10%	-0.50%	2.70%	1.30%	1.86%	2.92%	2.00%
	4.20%	-0.60%	0.80%	1.50%	1.00%	1.80%	2.84%	2.00%
Return on Net Assets	6.60%	2.20%	2.20%	5.60%	4.20%	7.23%	3.43%	6.00%
	12.00%	0.50%	2.70%	2.00%	2.50%	9.20%	6.70%	6.00%
Viability	0.77	0.81	0.77	0.97	0.98	0.96	1.02	1.25
	0.49	0.50	0.49	0.58	0.57	0.56	0.68	1.25
CFI	3.20	2.21	1.99	3.15	2.83	3.10	2.90	3.00
	3.13	1.25	1.61	1.77	1.74	2.50	2.57	3.00



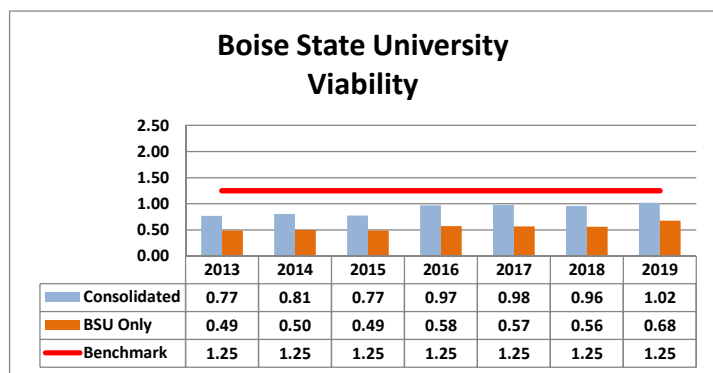
.40 indicates 5 months of operations can be covered by expendable reserves. Trend indicates whether institution has increased net worth in proportion to rate of growth in its operating size.



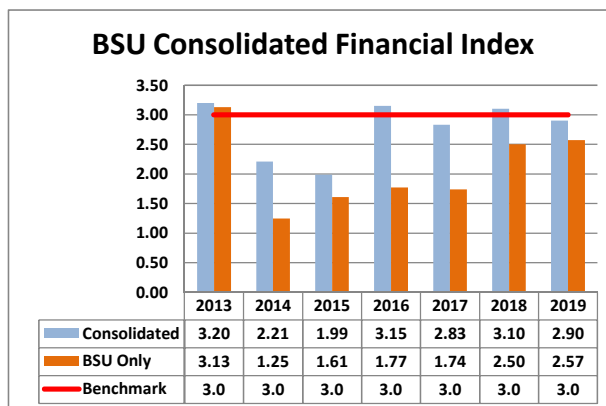
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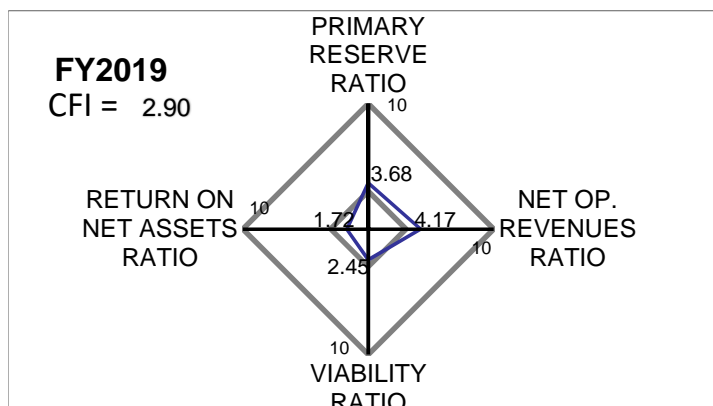
Measures total economic return: higher is better. Lower is okay if it reflects the strategy and mission in setting up for future returns.



Measures ability to meet entire debt obligation with expendable net assets as of a balance sheet date.

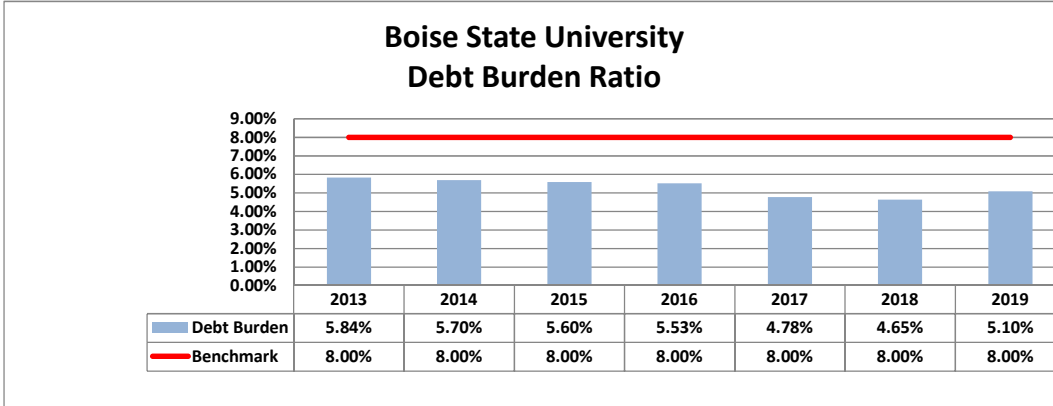


Indicates overall financial health. Ratio range of 3-5 is ideal time to direct resources toward transformation.

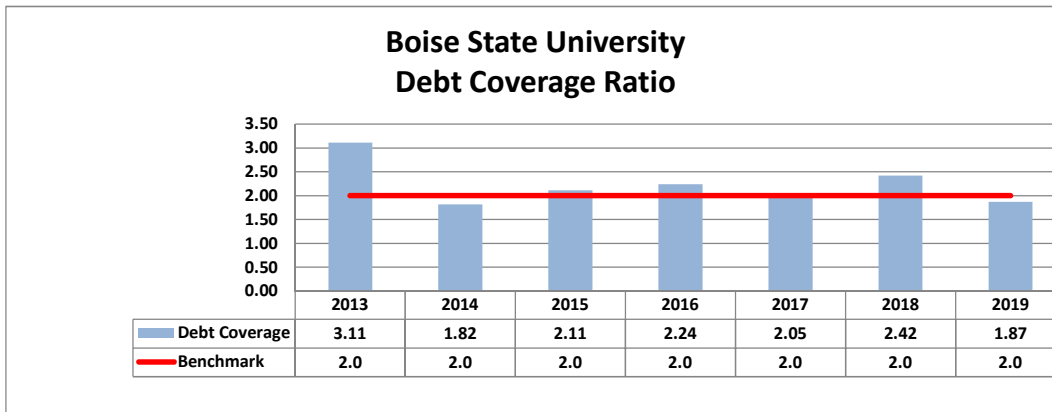


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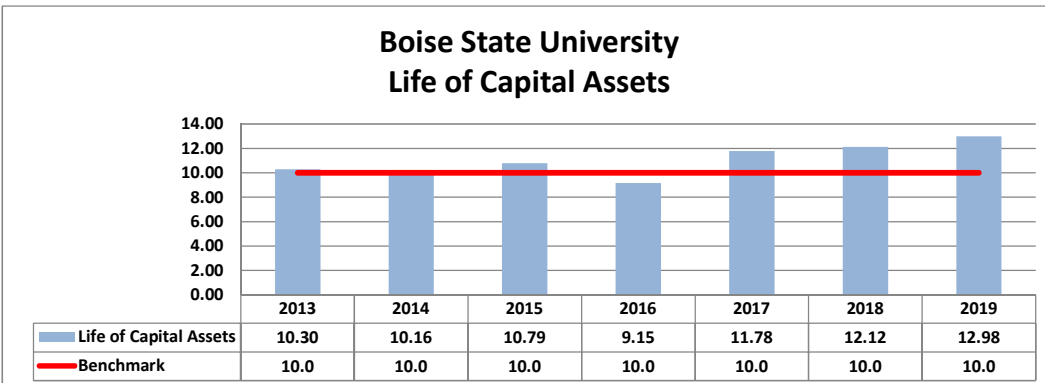
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Debt Burden	5.84%	5.70%	5.60%	5.53%	4.78%	4.65%	5.10%	8.00%
Debt Coverage	3.11	1.82	2.11	2.24	2.05	2.42	1.87	2.00
Life of Capital Assets	10.30	10.16	10.79	9.15	11.78	12.12	12.98	10.00



Reflects reliance on borrowed funds as a source of funds.



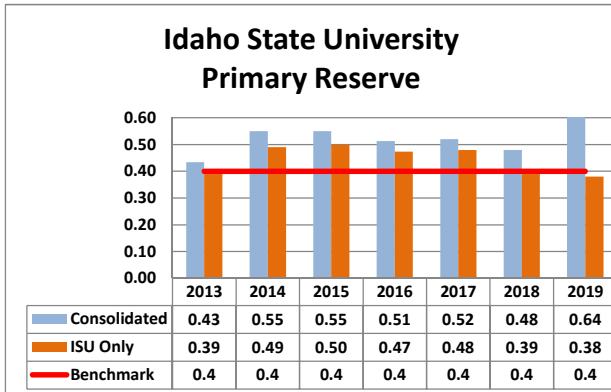
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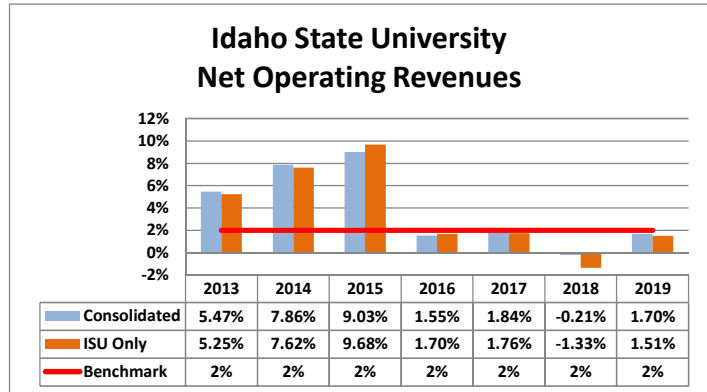
Higher ratio indicates more deferred reinvestment in plant facilities in the future

Idaho State University

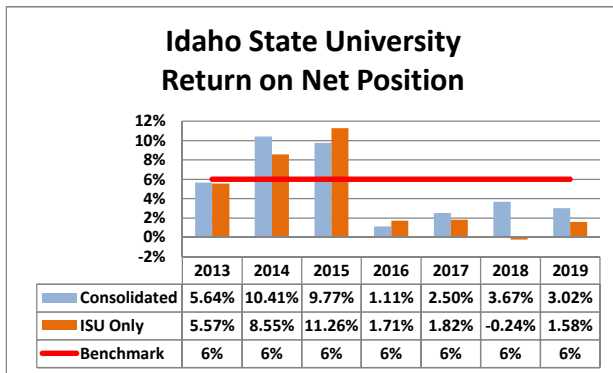
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Primary Reserve	0.43	0.55	0.55	0.51	0.52	0.48	0.64	0.40
	0.39	0.49	0.50	0.47	0.48	0.39	0.38	0.40
Net Operating Revenues	5.47%	7.86%	9.03%	1.55%	1.84%	-0.21%	1.70%	2.00%
	5.25%	7.62%	9.68%	1.70%	1.76%	-1.33%	1.51%	2.00%
Return on Net Assets	5.64%	10.41%	9.77%	1.11%	2.50%	3.67%	3.02%	6.00%
	5.57%	8.55%	11.26%	1.71%	1.82%	-0.24%	1.58%	6.00%
Viability	1.49	2.02	2.29	2.56	2.91	3.02	4.86	1.25
	1.43	1.92	2.23	2.54	2.87	2.67	3.04	1.25
CFI	3.74	5.19	5.35	3.83	4.32	4.13	5.73	3.00
	3.54	4.75	5.31	3.79	4.09	3.05	3.92	3.00



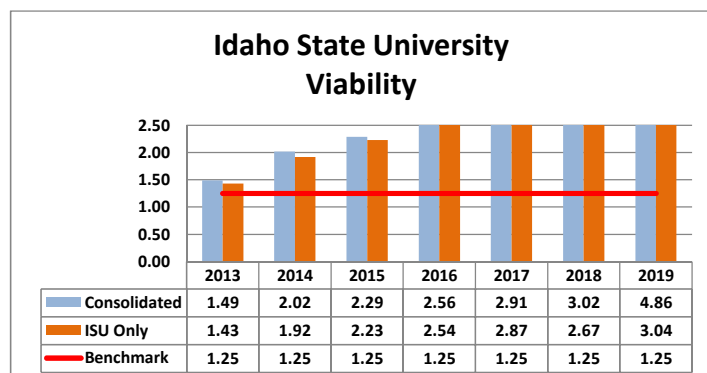
.40 indicates 5 months of operations can be covered by expendable reserves. Trend indicates whether institution has increased net worth in proportion to rate of growth in its operating size.



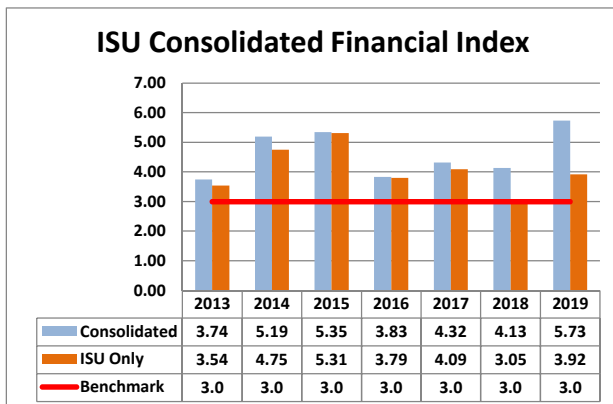
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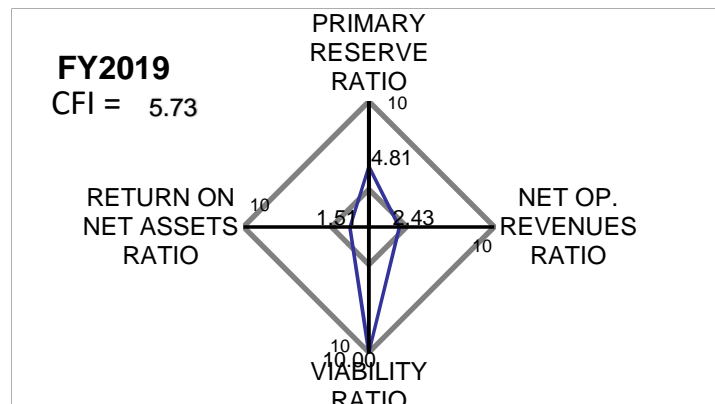
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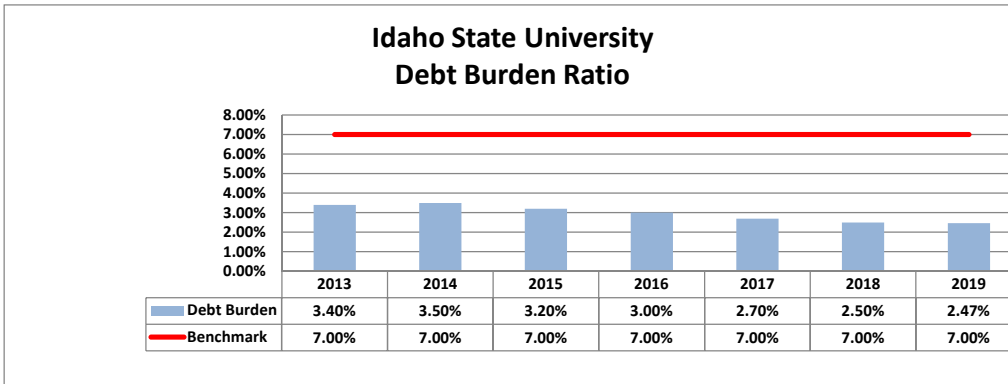


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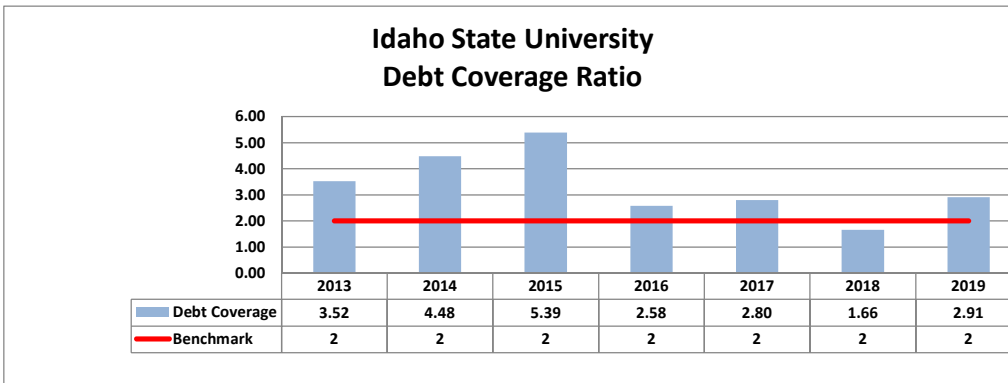


Idaho State University

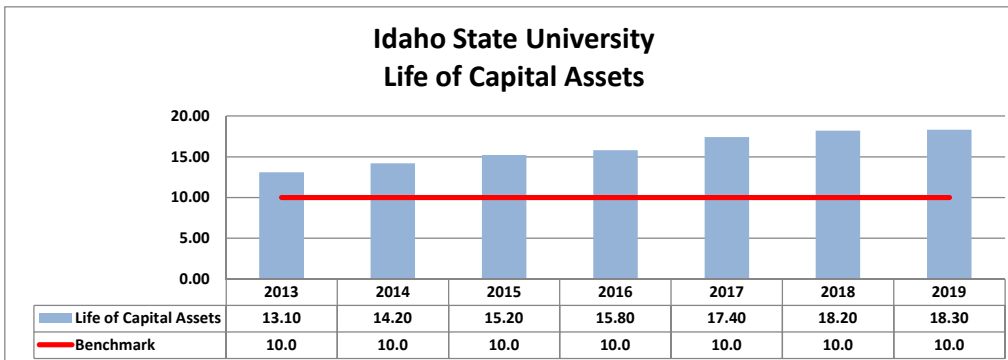
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Debt Burden	3.40%	3.50%	3.20%	3.00%	2.70%	2.50%	2.47%	7.00%
Debt Coverage	3.52	4.48	5.39	2.58	2.80	1.66	2.91	2.00
Life of Capital Assets	13.10	14.20	15.20	15.80	17.40	18.20	18.30	10.00



Reflects reliance on borrowed funds as a source of funds.



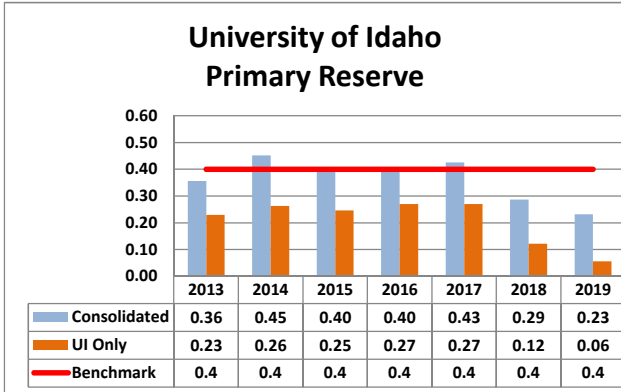
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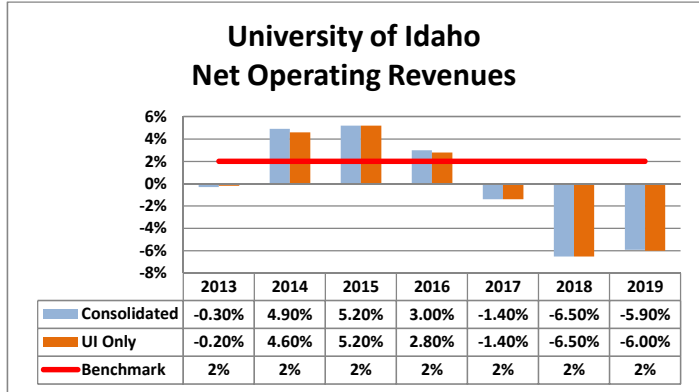
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University of Idaho

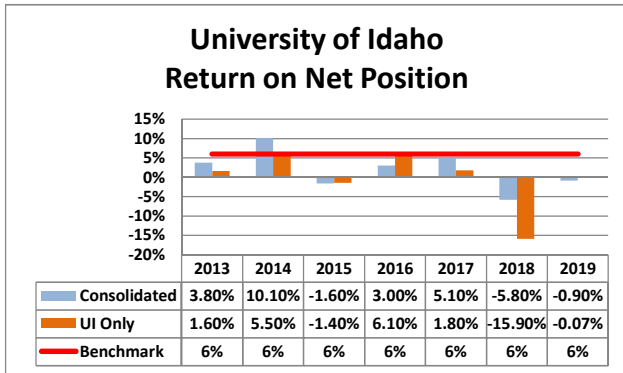
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Primary Reserve	0.36	0.45	0.40	0.40	0.43	0.29	0.23	0.40
	0.23	0.26	0.25	0.27	0.27	0.12	0.06	0.40
Net Operating Revenues	-0.30%	4.90%	5.20%	3.00%	-1.40%	-6.50%	-5.90%	2.00%
	-0.20%	4.60%	5.20%	2.80%	-1.40%	-6.50%	-6.00%	2.00%
Return on Net Assets	3.80%	10.10%	-1.60%	3.00%	5.10%	-5.80%	-0.90%	6.00%
	1.60%	5.50%	-1.40%	6.10%	1.80%	-15.90%	-0.07%	6.00%
Viability	0.84	1.12	0.79	0.83	0.96	0.70	0.58	1.25
	0.51	0.61	0.46	0.53	0.58	0.28	0.13	1.25
CFI	1.98	3.84	2.31	2.48	2.24	(0.16)	0.17	3.00
	1.16	2.42	1.63	2.16	1.17	(1.96)	(1.26)	3.00



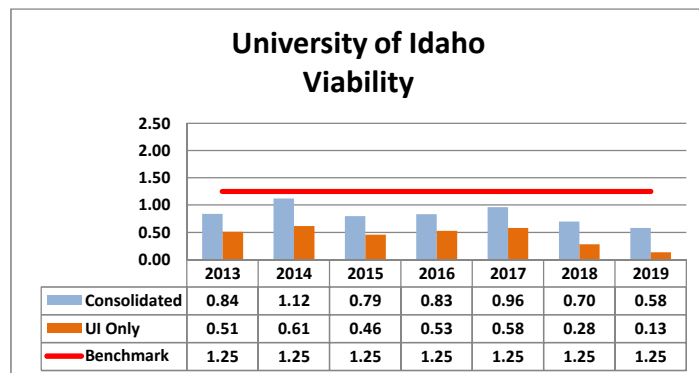
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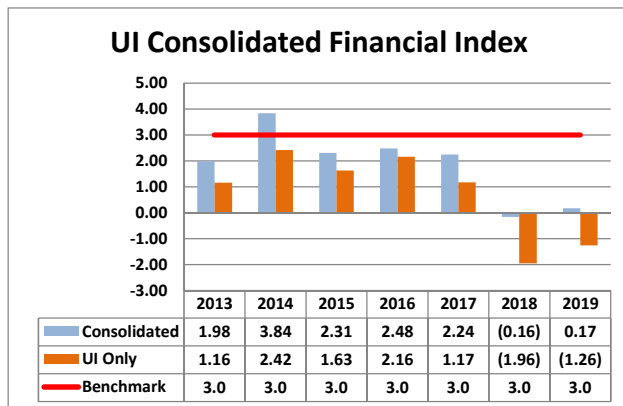
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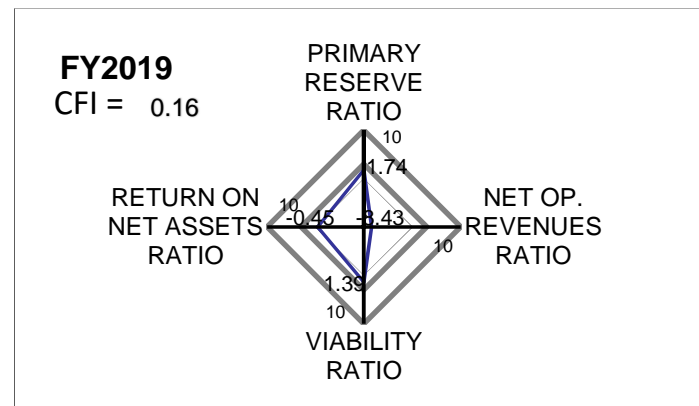
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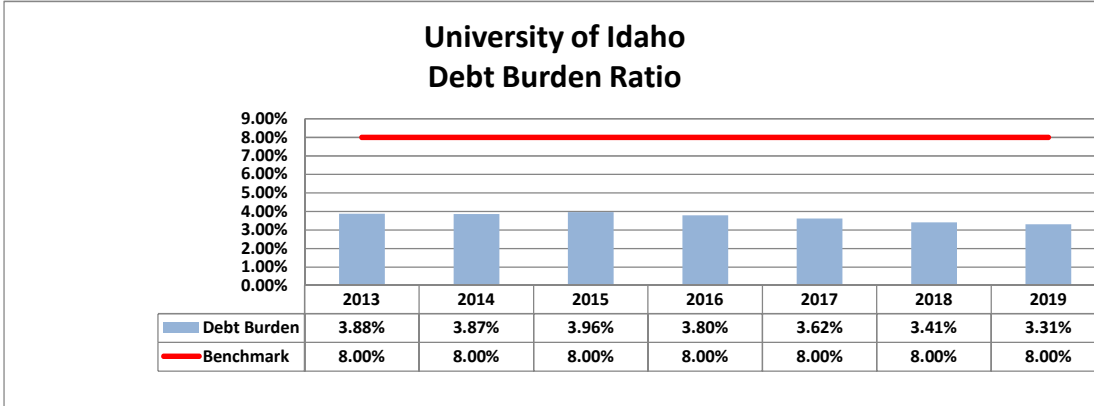


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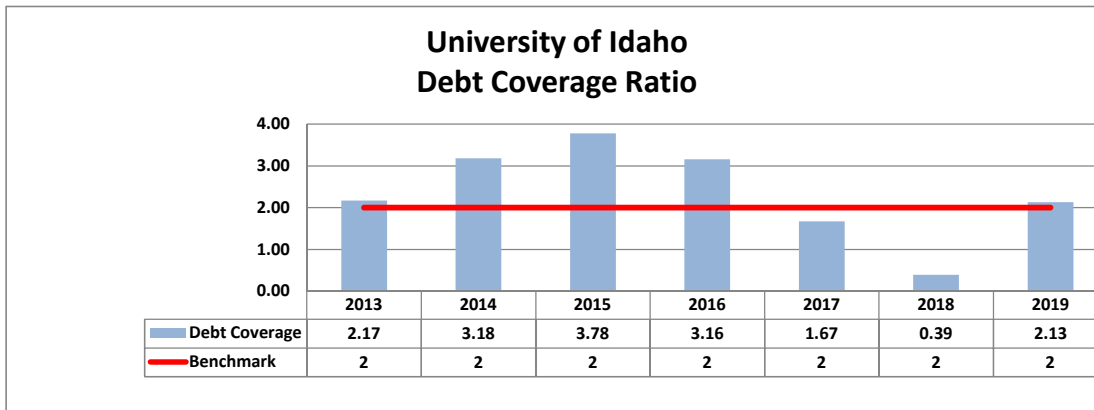


University of Idaho

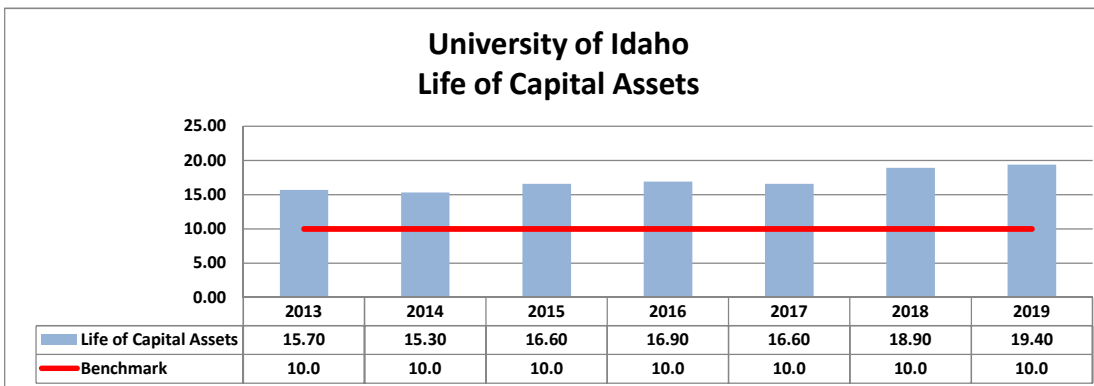
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Debt Burden	3.88%	3.87%	3.96%	3.80%	3.62%	3.41%	3.31%	8.00%
Debt Coverage	2.17	3.18	3.78	3.16	1.67	0.39	2.13	2.00
Life of Capital Assets	15.70	15.30	16.60	16.90	16.60	18.90	19.40	10.00



Reflects reliance on borrowed funds as a source of funds.



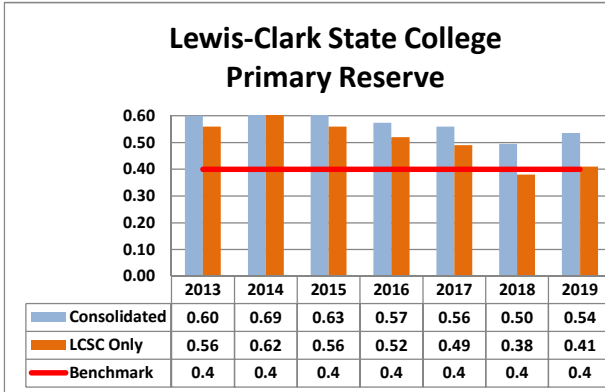
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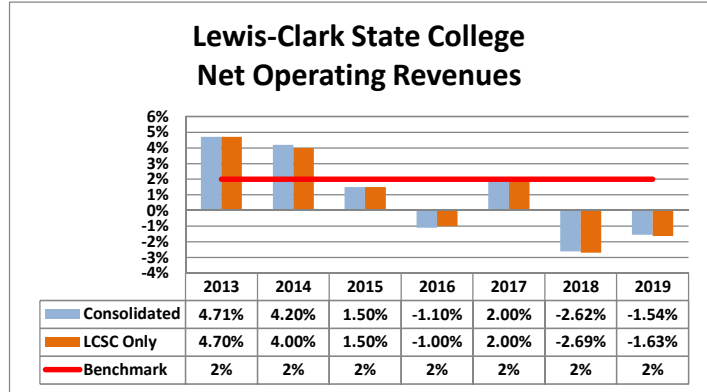
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Lewis-Clark State College

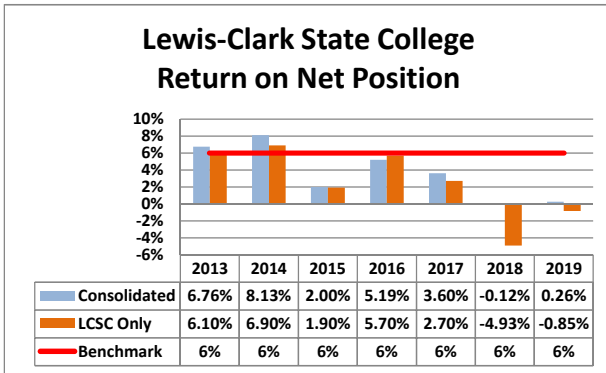
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Primary Reserve	0.60	0.69	0.63	0.57	0.56	0.50	0.54	0.40
	0.56	0.62	0.56	0.52	0.49	0.38	0.41	0.40
Net Operating Revenues	4.71%	4.20%	1.50%	-1.10%	2.00%	-2.62%	-1.54%	2.00%
	4.70%	4.00%	1.50%	-1.00%	2.00%	-2.69%	-1.63%	2.00%
Return on Net Assets	6.76%	8.13%	2.00%	5.19%	3.60%	-0.12%	0.26%	6.00%
	6.10%	6.90%	1.90%	5.70%	2.70%	-4.93%	-0.85%	6.00%
Viability	5.54	8.41	10.21	17.00	10.00	10.00	10.00	1.25
	5.09	7.53	9.04	15.17	10.00	10.00	10.00	1.25
CFI	7.57	10.29	10.64	16.14	5.61	4.42	4.72	3.00
	7.03	9.22	9.48	14.53	5.36	3.61	4.25	3.00



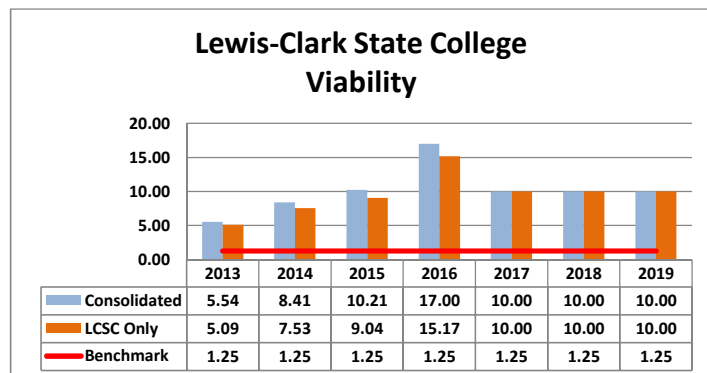
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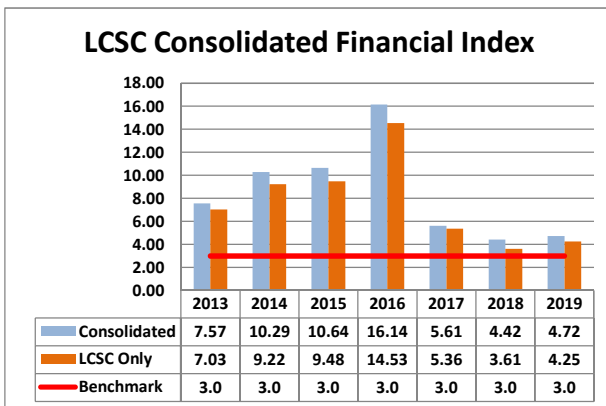
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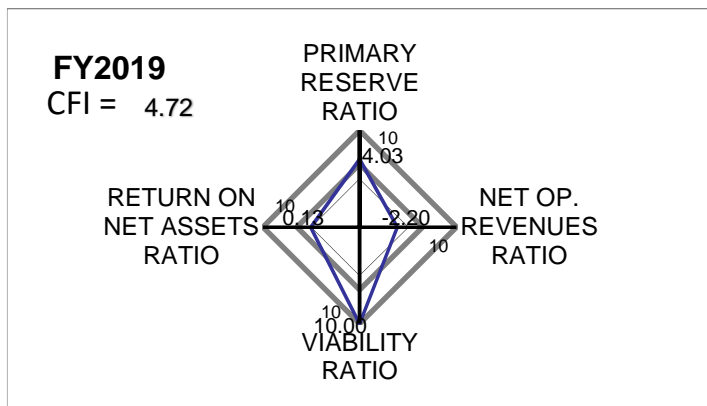
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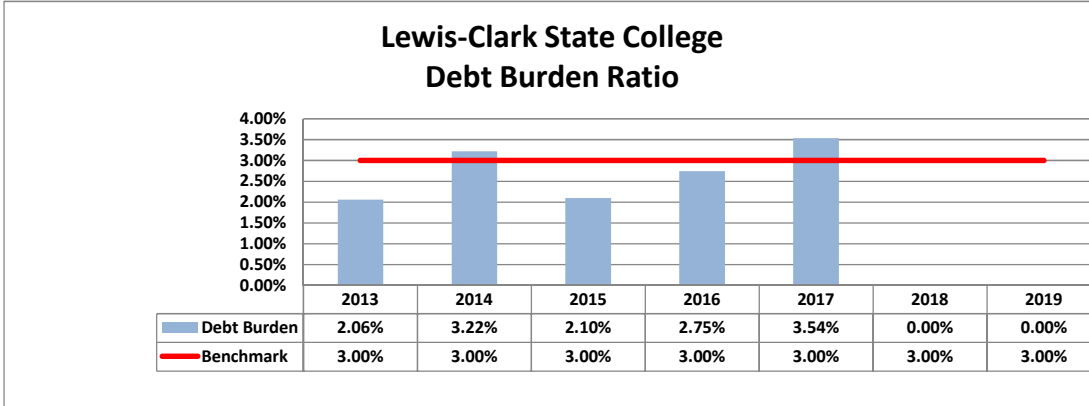


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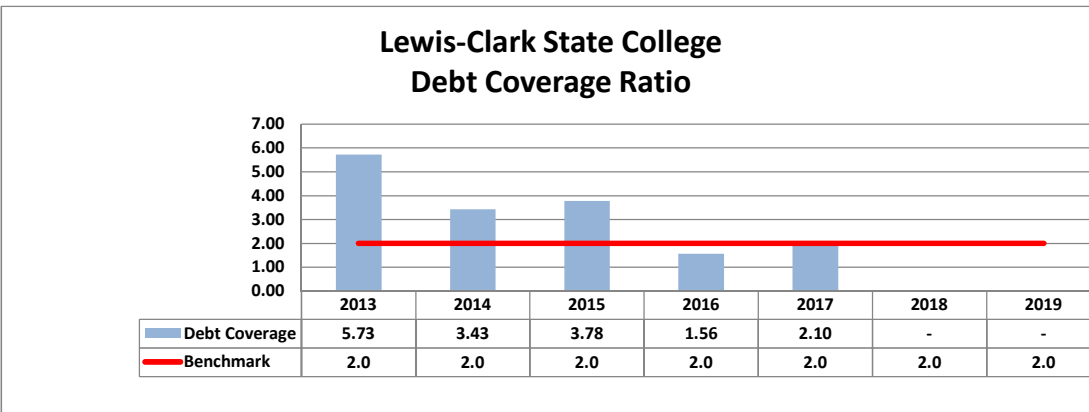


Lewis-Clark State College

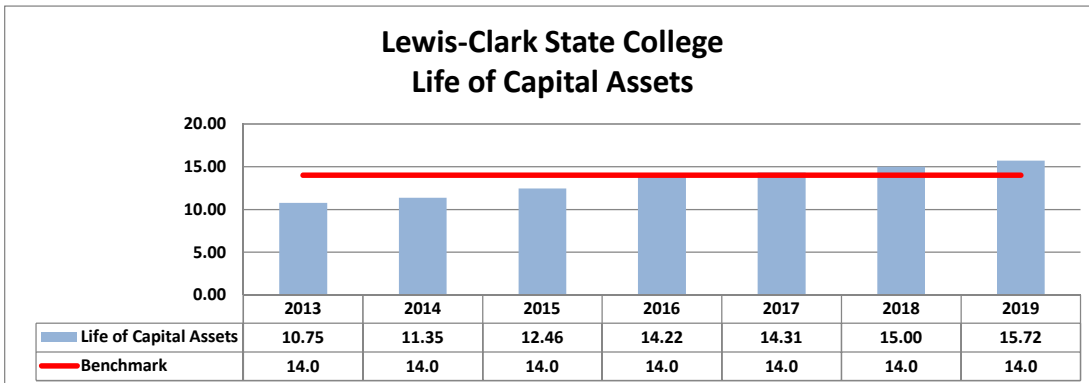
	2013	2014	2015	2016	2017	2018	2019	Benchmark
Debt Burden	2.06%	3.22%	2.10%	2.75%	3.54%	0.00%	0.00%	3.00%
Debt Coverage	5.73	3.43	3.78	1.56	2.10	-	-	2.00
Life of Capital Assets	10.75	11.35	12.46	14.22	14.31	15.00	15.72	10.00



Reflects reliance on borrowed funds as a source of funds.



Reflects ability of excess income over adjusted expenses to cover annual debt service payments



Higher ratio indicates more deferred reinvestment in plant facilities in the future

AUDIT
FEBRUARY 13, 2020

SUBJECT

FY 2019 College and Universities' Unrestricted Net Position Balances

REFERENCE

December 2012-2019 Annual Audit reports submitted to the Board

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education Governing Policies & Procedures, Section V.B.

BACKGROUND/DISCUSSION

Net position balances provide a tool to gauge the amount and types of assets held by an institution. An analysis of unrestricted expendable assets provides insights into some of the "reserves" which might be available in order for an institution to meet emergency needs. The net position balances as of June 30, 2019 for Boise State University, Idaho State University, the University of Idaho, and Lewis-Clark State College are attached. The net position reports for the four institutions are broken out by the following categories:

Invested in capital assets, net of related debt: This represents an institution's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included.

Restricted, expendable: This represents resources which an institution is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted, nonexpendable: This represents endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: This represents resources derived from student tuition and fees, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises are defined as substantially self-supporting activities that provide services for students, faculty and staff. Not all sources of revenue noted above are necessarily present in the unrestricted position.

Within the category of **Unrestricted Position**, the institutions reserve funds for the following:

Obligated: Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for

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outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which contractual commitments exist.

Designated: Designated net position represents balances not yet legally contracted but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative cost recovery returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note: Designated reserves are not yet legally contracted, so technically they are still subject to management decision or reprioritization. However, it's critical to understand that these net position balances are a snapshot in time as of June 30, 2019, so reserves shown as "designated" on this report could become "obligated" at any point in the current fiscal year.

Unrestricted Funds Available: Balance represents reserves available to bridge uneven cash flows as well as future potential funding shortfalls such as:

- Budget reductions or holdbacks
- Enrollment fluctuations
- Unfunded enrollment workload adjustment (EWA)
- Unfunded occupancy costs
- Critical infrastructure failures

IMPACT

The volatility of state funding as well as fluctuations in enrollment and tuition revenue necessitates that institutions maintain fund balances sufficient to stabilize their operating budgets. As such, Board Policy V.B. sets a minimum target reserve of 5%, as measured by "Unrestricted Available" funds divided by annual operating expenses. The institutions' unrestricted funds available as a percent of operating expenses over the past five fiscal years are as follows:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
BSU:	5.1%	5.3%	5.5%	3.8%	5.1%
ISU:	15.6%	11.8%	7.8%	5.7%	5.2%
UI:	5.1%	5.4%	5.0%	(1.6%)	(7.9%)
LCSC:	6.3%	6.0%	5.2%	5.1%	1.6%

ATTACHMENTS

- Attachment 1 - BSU Net Position Balances
- Attachment 2 - ISU Net Position Balances
- Attachment 3 - UI Net Position Balances
- Attachment 4 - LCSC Net Position Balances

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STAFF COMMENTS AND RECOMMENDATIONS

Boise State University and Idaho State University met the Board's 5% reserve target in FY19.

University of Idaho has reported a negative \$34.0 million for its "Unrestricted – Available" net position, which results in a negative ratio of 7.9% unrestricted available net position to FY19 operating expenses. The University's aggregate financial performance for FY19 excluding capital expenditures is negative \$19.3 million. The University has implemented strategic budget reductions in fiscal years 2019 and 2020, with further permanent reductions in the process of being planned for FY 2021 with expected improvements in both net position and cash/investment reserves.

Lewis-Clark State College's (LCSC) change in net position is attributable due to obligations increased for the Career Technical Education Building based on bids that came in higher than anticipated. LCSC continues to move forward to build the building designed without incurring indebtedness and is seeking to bridge the gap with grants and fundraising. Because the picture is as of June 30, and those efforts have continued, LCSC has received an additional \$805,000 since June 30. If LCSC had those commitments prior to June 30, the College would have been in a position where the reserve ratio was at 3.11%, not 1.62%. LCSC has two other major funding sources considering their request; either one of which would raise the rate above the 5% threshold.

Representatives from the institutions are ready to provide a brief analysis of their financial net position balances and year-to-year trends.

BOARD ACTION

This item is for informational purposes only.

BOISE STATE UNIVERSITY
Net Position Balances
As of June 30, 2019

	6/30/2019
Net Position:	
1 Invested in capital assets, net of related debt	313,743,782
2 Restricted, expendable	23,492,709
3 Restricted, nonexpendable	-
4 Unrestricted	<u>126,158,523</u>
5 Total Net Position	463,395,014
Unrestricted Net Position:	126,158,523
Obligated (Note A)	
6 Debt Reserves	21,553,418
Capital Projects	
7 Facilities	5,906,801
8 Equipment	3,004,851
Program Commitments	
9 Academic	6,764,656
10 Research	460,647
11 Other (Auxilliary and Student Affairs)	2,432,184
12 Administrative Initiatives	<u>4,460,799</u>
13 Total Obligated	44,583,356
Designated (Note B)	
Capital Projects	
14 Facilities	34,715,033
15 FFE	5,298,353
16 Program Commitments	
17 Academic	10,723,353
18 Research	6,260,337
19 Other (includes Auxilliary)	1,785,880
20 Administrative Initiatives	1,832,123
21 Total Designated	<u>60,615,079</u>
22 Unrestricted Funds Available (Note C)	20,960,088
23 FY18 Operating Expenses	410,106,761
24 Ratio of Unrestricted Funds Available to operating expenses	5.11%
25 5% of operating expenses (minimum reserve target)	20,505,338
26 Two months of operating expenses	68,351,127
27 Ratio of Unrestricted Funds Available to two months of operating expenses	31%
28 Number of days expenses covered by Unrestricted Funds Available	19

Note A: **Obligated** - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service and staffing commitments for outstanding debt and personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: **Designated** - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: **Unrestricted Funds Available** - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

- Unfunded Enrollment Workload Adjustment (EWA)
- Budget reductions or holdbacks
- Enrollment fluctuations



IDAHO STATE UNIVERSITY
Net Asset Balances
As of June 30, 2019

Net Assets:		FY19
1	Invested in capital assets, net of related debt	\$156,573,903
2	Restricted, expendable	\$13,566,812
3	Restricted, nonexpendable	
4	Unrestricted	\$81,957,684
5	Total Net Assets	\$252,098,399
 Unrestricted Net Assets:		 81,957,684
Obligated (Note A)		
6	Debt Reserves	5,854,189
	Capital Projects	
7	Facilities	13,475,847
8	Equipment	5,405,699
	Program Commitments	
9	Academic	9,696,245
10	Research	-
11	Other	
12	Administrative Initiatives	775,000
	Other	-
13	Total Obligated	35,206,980
Designated (Note B)		
	Capital Projects	
14	Facilities	4,014,000
15	Equipment	
	Program Commitments	
16	Academic	16,675,000
17	Research	2,000,000
18	Other	4,600,000
19	Administrative Initiatives	225,000
20	Other	-
21	Planned Budget Shortfall	6,175,200
22	Total Designated	33,689,200
23	Unrestricted Available (Note C)	13,061,504
24	Operating expenses	252,645,730
25	Ratio of Unrestricted Funds Available to operating expenses	5.2%
26	5% of operating expenses (minimum available reserve target)	12,632,287
27	Two months operating expenses	42,107,622
28	Ratio of Unrestricted Funds Available to two months of operating expenses	31%
29	Number of days expenses covered by Unrestricted Funds Available	19

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are: enrollment fluctuations, budget reductions or holdbacks.



University of Idaho

University of Idaho

Net Position Balances

As of June 30, 2019

Information Taken from Audited Financial Statements, Footnotes and Associated Workpapers

1	Net Position:	
2	Invested in capital assets, net of related debt	\$ 251,956,088
3	Restricted, expendable	38,281,066
4	Unrestricted	(13,852,237)
5	Total Net Position	\$ 276,384,917
6	Unrestricted Net Position:	\$ (13,852,237)
7	Obligated (Note A)	
	- Debt Service Obligations	\$ 12,989,706
	- Capital Project and Equipment Fund Obligations	7,168,074
	Total Obligated Funds	\$ 20,157,780
9	Unrestricted Available Excluding OPEB Net Position (Note C)	\$ (34,010,017)
10	Operating expenses	\$429,127,326
11	Ratio of Unrestricted Funds Available to operating expenses	-7.9%
12	5% of operating expenses (minimum available reserve target)	\$21,456,366
13	Two months operating expenses	\$71,521,221
14	Ratio of Unrestricted Funds Available to two months of operating expenses	-48%
15	Number of days expenses covered by Unrestricted Funds Available	(29)

NOTES

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are:

Budget reductions or holdbacks
 Enrollment fluctuations
 Unfunded Enrollment Workload Adjustment (EWA)

Lewis-Clark State College

Net Position Balances

As of June 30, 2019

Information Taken from Workpapers Relating to Audited Financial Statements

1 Net Position:	LCSC
2 Invested in capital assets, net of related debt	\$52,850,968
3 Restricted, expendable	3,168,953
4 Restricted, nonexpendable	0
5 Unrestricted	18,784,556
6 Total Net Position	<u><u>\$74,804,477</u></u>
7	
8 Unrestricted Net Position:	\$18,784,556
9 Obligated (Note A)	
10 Debt Service	\$0
11 Program Commitments	322,832
12 Capital Projects	8,247,341
13 Total Obligated	<u>\$8,570,173</u>
14	
15 Designated (Note B)	
16 Capital Projects	
17 Facilities	\$0
18 Equipment	3,042,800
19 Program Commitments	
20 Academic	1,960,380
21 Other	2,563,727
22 Other	1,769,582
23 Total Designated	<u>\$9,336,489</u>
24	
25 Unrestricted Available (Note C)	<u><u>\$877,894</u></u>
26	
27 Operating expenses	\$54,048,733
28 Ratio of Unrestricted Funds Available to operating expenses (1)	1.62%
29 Ratio of Designated and Unrestricted Funds Available to operating expenses	18.9%
30 Ratio of Obligated, Designated and Unrestricted Funds Available to operating expenses	34.8%
31 5% of operating expenses (minimum available reserve target)	\$2,702,437
32	
33 Two months operating expenses	\$9,008,122
34 Ratio of Unrestricted Funds Available to two months of operating expenses	10%
35 Number of days expenses covered by Unrestricted Funds Available	6
(1) Subsequent events: \$805,000 in grants/donations for the Career & Technical Education facility	\$805,000
Ratio of Unrestricted Funds Available to operating expenses including subsequent events	3.11%

Note A: Obligated - Contractual obligations represent a variety of agreements which support initiatives or operations that have moved beyond management planning into execution. Obligations include contracts for goods and services, including construction projects. Obligations contain debt service commitments for outstanding debt and staffing commitments for personnel. These amounts also consist of inventories and other balances for which a contractual commitments exist.

Note B: Designated - Designated net assets represent balances that are not yet legally contracted, but have been dedicated to initiatives that have been deemed to be strategic or mission critical. Balances include capital or maintenance projects that are in active planning phases. Facility and administrative returns from sponsored projects (grants and contracts) are reinvested in infrastructure or on efforts to obtain additional grant funding. Documented central commitments to initiatives that have been approved at an executive level are designated.

Note C: Unrestricted Funds Available - Balance represents reserves available to bridge uneven cash flows as well as future potential reduced funding. Current examples of potential future reductions are: