

Review Report

Institutional Update 2012-2013 for Lake Region State College

Financial Information

Type	FY 2012	FY 2011	FY 2010
Ending month of fiscal year	June	June	June
Last Completed Audit Year (example 2012)	2012	2011	2010
Did you receive your last completed audit within 6 months of the close of your fiscal year?	Yes	Yes	No
Was your most recent financial audit UNQUALIFIED?	Yes	Yes	Yes
Did your most recent audit report include a going concern for disclosure?	No	No	

Composite Financial Index												
	FY 2012				FY 2011				FY 2010			
Primary Reserve Ratio Calculation	Data	Str	Wt	CFI	Data	Str	Wt	CFI	Data	Str	Wt	CFI
Institution unrestricted net assets	3,078,020				3,561,106				3,312,238			
Institution expendable restricted net assets	+ 629,498				524,104				658,117			
Component Unit (C.U.) unrestricted net assets	+ 726,570				716,921				638,751			
C.U. temporary restrict net assets	+ 1,146,047				1,123,884				760,649			
C.U. net investment in plant	- 0				0				0			
Numerator Total	5,580,135				5,926,015				5,369,755			
Institution operating expenses	15,814,977				13,806,082				12,195,988			
Institution nonoperating expenses	+ 42,557				50,114				62,589			
Elimination of inter-entity amounts	+ 0				0				0			
C.U. total expenses	+ 461,348				507,488				448,778			
Denominator Total	16,318,882				14,363,684				12,707,355			
Primary reserve ratio (p. 58*)	/ 0.342	2.57	0.35	0.90	0.413	3.11	0.35	1.09	0.423	3.18	0.35	1.11
Net Operating Revenue Ratio Calculation												
Institution operating income (loss)	-7,517,141				6,195,795				-5,131,174			
Institution net nonoperating revenues	+ 6,350,981				6,197,577				5,718,019			
C.U. change in unrestricted net assets	+ 9,649				78,170				301,286			
Elimination of inter-entity amounts	+ 0				0				0			
Numerator Total	-1,156,511				12,471,542				888,131			
Institution operating revenues	8,297,836				7,610,287				7,064,814			
Institution nonoperating revenues	+ 6,393,538				6,247,691				5,780,608			
C.U. total unrestricted revenues	+ 470,997				585,658				750,064			
Elimination of inter-entity amounts	+ 0				0				0			
Denominator Total	15,162,371				14,443,636				13,595,486			
Net Operating Revenue ratio (p. 86*)	/ -0.076	-4.00	0.10	-0.40	0.863	10.00	0.10	1.00	0.065	5.00	0.10	0.50
Return on Net Assets ratio calculation												
Change in net assets plus C.U. change in net assets	2,473,227				720,579				1,397,836			
Elimination of inter-entity amounts	+ 0				0				0			
Divided by total net assets + C.U. total net assets (beginning of year)	7,300,937				9,998,112				9,338,216			
Return on Net Assets ratio (p. 74*)	/ 0.339	10.00	0.20	2.00	0.072	3.60	0.20	0.72	0.150	7.50	0.20	1.50
Viability ratio calculation												
Numerator - Expendable net assets	5,580,135				5,926,015				5,369,755			

(from Primary Reserve Numerator)												
Institution long-term debt (total project-related debt)	5,411,045						0					1,519,002
C.U. long-term debt (total project-related debt)	+	0					0					0
Denominator - Total Long-term + C.U. debt (total project-related debt)		5,411,045					0					1,519,002
Viability ratio (p. 64*) /	1.031	2.47	0.35	0.86			0.000	10.00	0.35	3.50		3.535 8.48 0.35 2.97
Total-Composite Financial Indicator Score (CFI)				3.4						6.3		6.1

Comments

2012: LRSC substantially increased its debt load when it entered into a fifteen-year energy performance contract and borrowed \$4,881,045 of the total funding needed to construct a wind tower. Construction was in progress as of June 30, 2013.

2011: None

2010: None

What the Total Composite Financial Indicator Score (CFI) Means to You

The chart below identifies three zones in which the CFI scores shown above will fall: Above, In, and Below. Each zone specifies a range of CFI scores, with different ranges for private and public institutions. Following the close of the Institutional Update, the Commission will review all the financial data reported and will identify any institutions that have CFI scores in the **Below** zone for a **single** year or the **In** zone for **two consecutive** years. The Commission will notify those institutions about possible follow-up needed on their financial condition, including review by the Commission's Financial Panel Review process.

Zones	Private Institutions (-1 to 3) Composite Index	Public Institutions (-4 to 10) Composite Index	Outcomes
Above	1.5 to 3.0	1.1 to 10	No Review
In	1.0 to 1.4	0 to 1.0	Financial Panel Review if "In" for two or more consecutive years.
Below	-1.0 to 0.9	-4.0 to -0.1	Financial Panel Review if "Below" in any given year.