



Hutchinson and Willmar, MN

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012

*Creating Opportunities,
Changing Lives.*



**Minnesota
STATE COLLEGES
& UNIVERSITIES**

Ridgewater College
ANNUAL FINANCIAL REPORT
For the year ended June 30, 2012

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This document is an internally prepared Annual Financial Report. It is meant to generally replicate an official GASB Annual Financial Report, but has not been reviewed by an independent auditor. This document is not required by MnSCU for Ridgewater College.

Administration

| | |
|--------------------|---------------------------------------------------------|
| Dr. Douglas Allen | President |
| Dr. Betty Strehlow | Vice President of Academic Affairs and Student Services |
| Dan Holtz | Vice President of Finance and Operations |
| Dr. Ron Pribble | Dean of Instruction |
| Mike Boehme | Dean of Instruction |
| Dr. Carl Polding | Dean of Instruction |
| Heidi Olson | Dean of Student Services |
| Kathy Schwantes | Dean of Customized and Continuing Education |
| Jim Molenaar | Regional Dean of Management Programs |
| Lynn Johnson | Director of Nursing |
| Jodi Knaus | Chief Human Resources Officer |
| Kelly Magnuson | Ridgewater College Foundation Executive Director |

Officials Issuing Document

| | |
|--------------------|---------------------------------------------------------|
| Dr. Douglas Allen | President |
| Dr. Betty Strehlow | Vice President of Academic Affairs and Student Services |
| Dan Holtz | Vice President of Finance and Operations |

Ridgewater College
Management's Discussion and Analysis Report
Year Ended June 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of Ridgewater College, a member of the Minnesota State Colleges and Universities system at June 30 2012 and 2011, and for the years then ended. This discussion has been prepared by management and should be read in conjunction with the financial statements which follow this section.

Ridgewater College is one of 32 colleges and universities comprising Minnesota State Colleges and Universities. The Minnesota State Colleges and Universities system is governed by a 15 member Board of Trustees appointed by the governor. Twelve trustees serve six-year terms, eight representing each of Minnesota's congressional districts and four serving at-large. Three student trustees, one from a state university, one from a community college, and one from a technical college, serve two-year terms. The Board of Trustees selects the Chancellor and has broad policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and policies and procedures.

The College is a comprehensive public institution of high learning offering education designed for transfer to a university as well as technical programs intended for direct entry into the workforce. Ridgewater's 5,762 students attend classes on campuses in Hutchinson and Willmar. Approximately 450 faculty and staff members are employed by the College. Additionally, the College has over 28,000 alumni.

As one of greater Minnesota's largest public colleges the College offers associates degrees, diplomas, certificates, participates in the Minnesota Transfer Curriculum and is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The largest programs based on enrollment are liberal arts, agriculture business, nursing and vehicle maintenance and repair.

FINANCIAL HIGHLIGHTS

The College's financial position remained strong in fiscal year 2012 with net assets increasing by \$1.8 million, or 5.5 percent. This follows a \$3.98 million, or 13.8 percent increase in net assets in fiscal year 2011. The College's unrestricted net assets increased by \$2.49 million, or 22.4 percent compared to a \$2.9 million increase, or 36 percent, in fiscal year 2011.

- Total assets increased slightly by \$0.64 million to \$45.6 million, compared to an increase of \$3.12 million in fiscal year 2011. Total liabilities decreased by \$1.15 million to \$10.9 million mainly due to the decrease in salaries and benefits payable compared to an increase of \$0.86 million in fiscal year 2011.
- Net assets, which represent the residual interest in the College's assets after liabilities are deducted, is comprised of our investment in capital assets, net of related debt, of \$20.66 million, restricted assets of \$0.38 million, and unrestricted assets of \$13.63 million.
- State appropriations revenue, excluding capital appropriations, totaled \$13.57 million and represents a 10.5 percent decrease from fiscal year 2011.
- Operating revenues, which include: Net tuition and fees, sales revenue and other income in fiscal year 2012 totaled \$14.18 million which is a 0.5 percent increase from fiscal year 2011.

Ridgewater College
Management's Discussion and Analysis Report
Year Ended June 30, 2012

- Enrollment decreased 4.4 percent in fiscal year 2012, compared to a .7 percent enrollment increase in fiscal year 2011.

USING THE FINANCIAL STATEMENTS

The College's financial report includes three financial statements: the statements of net assets, the statements of revenues, expenses and changes in net assets, and the reconciliation of net assets to budgetary fund balance report. These financial statements are prepared in accordance with applicable generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) through authoritative pronouncements.

STATEMENT OF NET ASSETS

The Statement of Net Assets present the financial position of Ridgewater College at the end of the fiscal year and include all assets and liabilities of the College, as measured using the accrual basis of accounting. The difference between total assets and total liabilities (net assets) is one indicator of the current financial condition of the College. Additionally, the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Capital assets are stated at historical cost less an allowance for depreciation, with current year depreciation reflected as a period expense on the statement of revenues, expenses and changes in net assets. A summary of the College's assets, liabilities and net assets as of June 30, 2012, 2011 and 2010 follows:

| (In Thousands) | | | |
|---------------------------------|--------------------|--------------------|--------------------|
| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Assets | | | |
| Current Assets | \$ 21,128 | \$ 19,706 | \$ 16,819 |
| Restricted Assets | 236 | 57 | 828 |
| Noncurrent assets | | | |
| Capital Assets, net | 24,232 | 25,185 | 24,161 |
| Other | 60 | 67 | 86 |
| Total Assets | 45,656 | 45,015 | 41,894 |
| Liabilities | | | |
| Current Liabilities | 4,308 | 5,050 | 5,955 |
| Noncurrent Liabilities | 6,675 | 7,087 | 7,038 |
| Total Liabilities | 10,983 | 12,137 | 12,993 |
| Net Assets | | | |
| Invested in capital assets, net | 20,663 | 21,306 | 20,241 |
| Restricted | 383 | 437 | 448 |
| Unrestricted Net Assets | 13,627 | 11,135 | 8,212 |
| Total Net Assets | \$ 34,673 | \$ 32,878 | \$ 28,901 |

Ridgewater College
Management's Discussion and Analysis Report
Year Ended June 30, 2012

Current unrestricted assets primarily consist of cash and cash equivalents and investments totaling \$19.1 million at June 30, 2012, \$17.8 million at June 30, 2011 and \$14.8 million at June 30, 2010. This represents over 4.5 months of operating expenses (excluding depreciation). This is compared to 3.5 months and 2.5 months for the fiscal years ended June 30, 2011 and 2010, respectively.

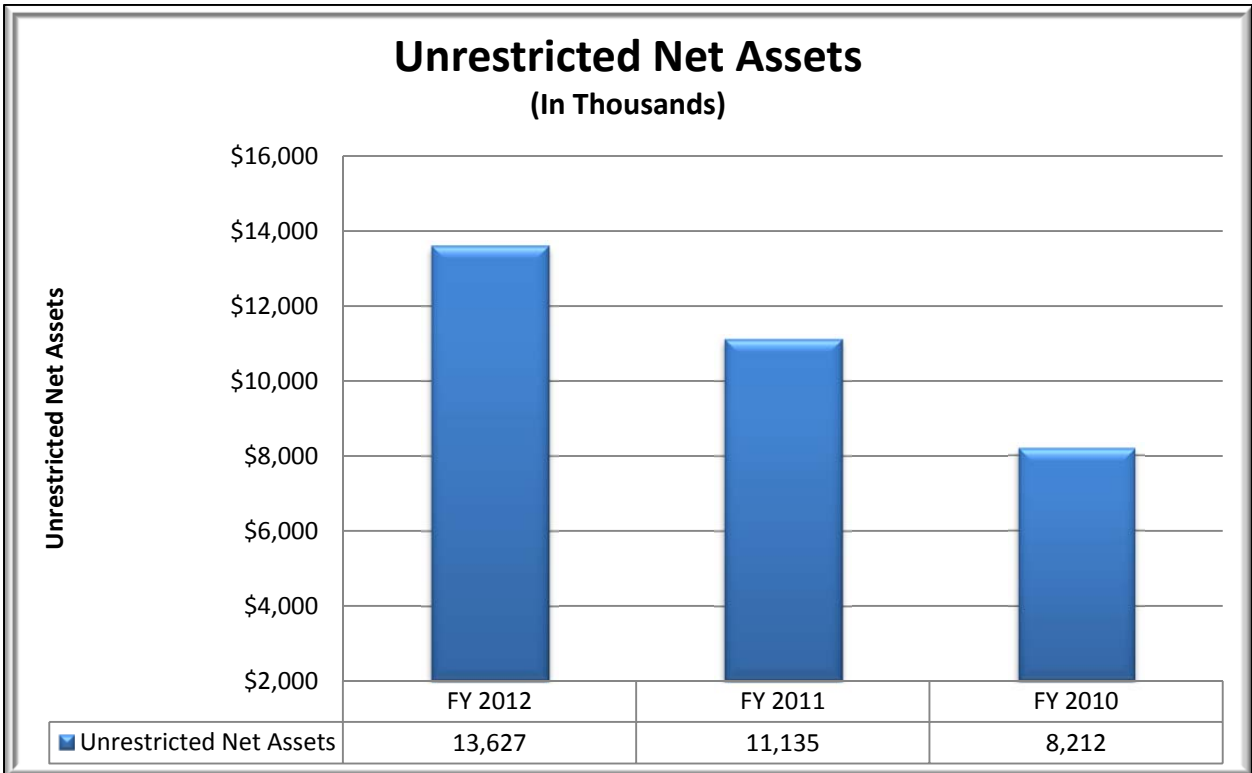
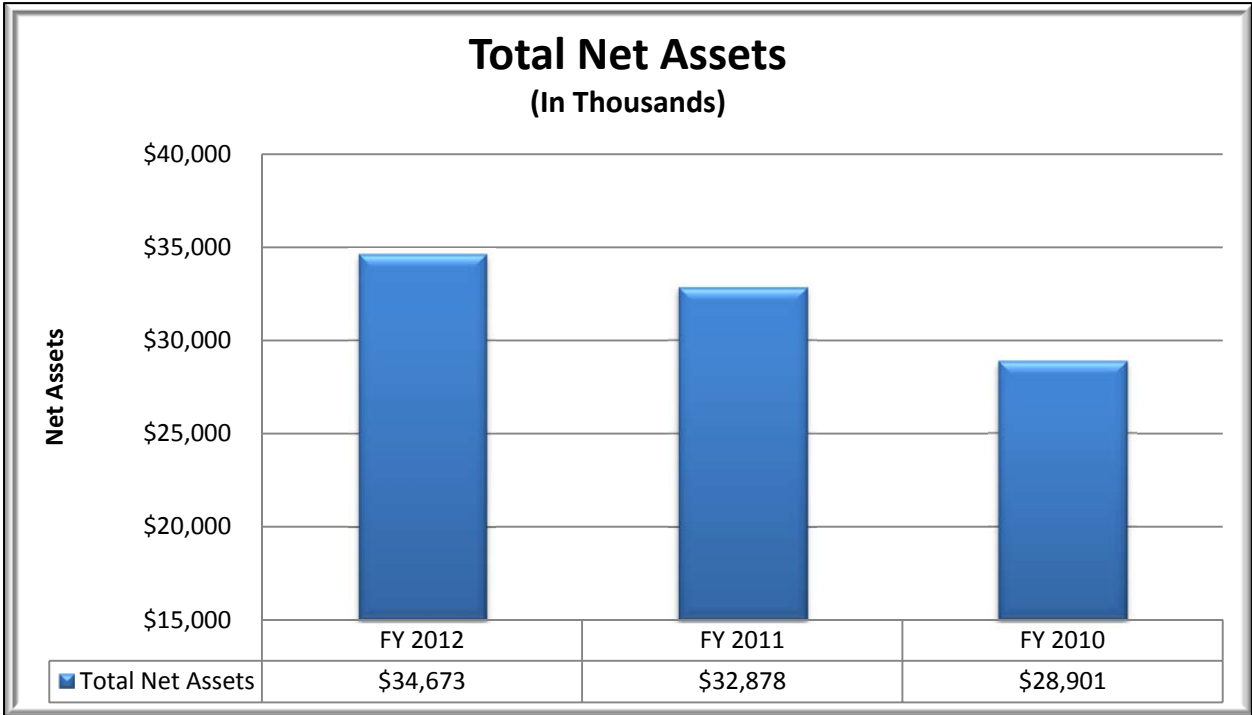
Current liabilities primarily consist of salaries and benefits payable, accounts payable, deferred revenue, the current portion of long-term debt and compensated absences payable. Salaries and benefits payable is the largest current liability category which totaled \$1.9 million at June 30, 2012, a decrease of 668K from the prior year due mainly to having a nine fewer accrual days in fiscal year 2012. A majority of the salaries and benefits payable represents approximately two months of earned salary for faculty who have elected to receive salaries over twelve months on a September 1 – August 31 year.

Net assets represent the residual interest in the College's assets after liabilities are deducted. The College's financial position improved significantly during fiscal year 2012 with net assets increasing by \$1.80 million, or 5.5 percent. This follows a \$3.98 million, or 13.8 percent increase in net assets in fiscal year 2011 and a \$3.84 million, or 15 percent increase in net assets in fiscal year 2010.

| Summarized Net Assets (Unaudited) | | | |
|------------------------------------------|--------------------|--------------------|--------------------|
| (In Thousands) | | | |
| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Net Assets | | | |
| Invested in capital assets, net | 20,663 | 21,306 | 20,241 |
| Restricted | 383 | 437 | 448 |
| Unrestricted | 13,627 | 11,135 | 8,212 |
| Total Net Assets | \$ 34,673 | \$ 32,878 | \$ 28,901 |

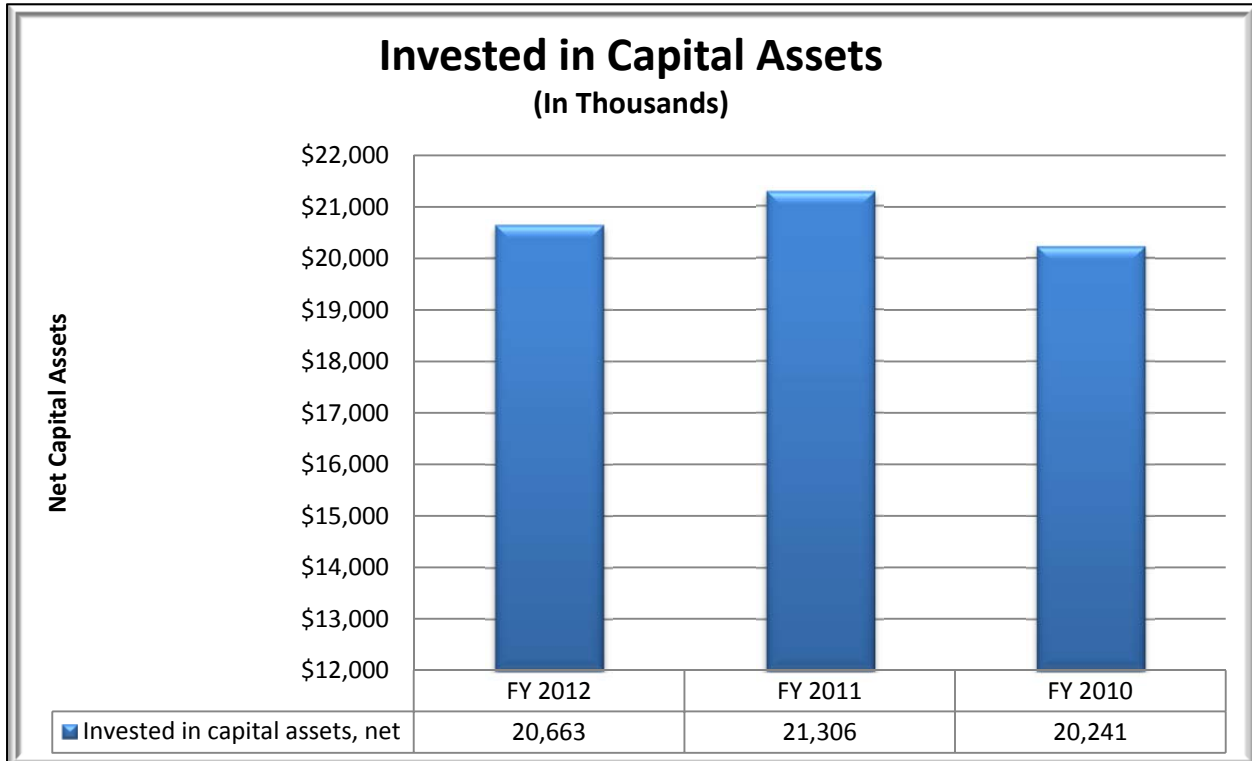
The College's unrestricted net assets of \$13.6 million increased by \$2.49 million, or 22.4 percent compared to a \$2.9 million increase, or 36 percent, in fiscal year 2011 and a \$586k increase, or 8 percent, in fiscal year 2010. Unrestricted net assets primarily consist of the College's general operating fund reserve, balances designated for programs, and balances designated for balancing the budget in fiscal years 2013 and 2014. Board policy requires the College to maintain a general operating fund reserve. Accordingly, the College's general operating fund reserve balances, calculated on the budgetary basis of accounting, totaled \$2.5 million, \$2.6 million and \$2.1 million for fiscal years ended June 30, 2012, 2011 and 2010, respectively.

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Invested in capital assets, net of related debt represents the College's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Restricted assets primarily include funding received for specific purposes, bond covenants, debt service, and funds reserved for legislatively mandated purposes.



The complete Statement of Net Assets prepared by MnSCU is available in the Financial Statement section following this Management's Discussion and Analysis Report.

CAPITAL AND DEBT ACTIVITIES

One of the critical factors in continuing the quality of Ridgewater College's academic and student life programs is the development and renewal of its capital assets. Ridgewater continues to implement its long-range plan to modernize its older facilities while planning for new construction. Capital assets, net of accumulated depreciation, totaled \$24.2 million as of June 30, 2012, a decrease of nearly \$1.0 million from the fiscal year 2011 total of \$25.2 million and an increase of \$71k from the fiscal year 2010 total of \$24.2 million.

Significant HEAPR projects received in fiscal year 2012 included \$345K for the replacement of the roof-top HVAC system on the Hutchinson Business Development Center (East Campus), \$465K for the C2 roof replacement project on the Willmar Campus and \$130K for the reconstruction of the Science building north door on the Willmar Campus.

In May 2012 Governor Dayton signed the 2012 bonding bill which totalled \$496 million. This bill included \$13.851 million in funding for Phase 2 of the College's Technical Instruction and Addition project which is the most significant project on the

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Willmar Campus in many years. Design work will begin immediately and continue until February 2013, construction is projected to begin in the spring of 2013.

Long-term debt, which consisted of General obligation bonds, totalled \$3.6 million at June 30, 2012, \$3.9 million at June 30, 2011 and \$3.9 million at June 30, 2010. General obligation bonds are primarily issued to finance new construction, renovation and major repair projects.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets present the College's results of operations for the year. When reviewing the full statement, users should note that GASB requires classification of state appropriations as non-operating revenue. A summarized statement for the fiscal years ended June 30, 2012, 2011 and 2010, respectively, follows:

| Summarized Statements of Revenue, Expenses, and Changes in Net Assets (Unaudited) | | | |
|------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| Internal Summary Document | | | |
| (In Thousands) | | | |
| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
| Operating Revenues: | | | |
| Tuition, auxiliary, and sales, net | \$ 13,816 | \$ 13,794 | \$ 14,495 |
| Other Income | 364 | 310 | 308 |
| Total Operating Revenues | 14,180 | 14,104 | 14,803 |
| Nonoperating Revenues: | | | |
| Appropriations | 13,571 | 15,156 | 15,966 |
| Grants | 10,252 | 11,487 | 11,117 |
| Capital appropriations | 499 | 2,407 | 3,907 |
| Other | 166 | 525 | 126 |
| Total Nonoperating Revenues | 24,488 | 29,575 | 31,116 |
| TOTAL REVENUES | 38,668 | 43,679 | 45,919 |
| Operating Expenses: | | | |
| Salaries | 24,359 | 25,636 | 26,615 |
| Non Personnel | 12,358 | 13,896 | 15,298 |
| Total Operating Expenses | 36,717 | 39,532 | 41,913 |
| Other | 156 | 170 | 162 |
| TOTAL EXPENSES AND OTHER | 36,873 | 39,702 | 42,075 |
| CHANGE IN NET ASSETS | 1,795 | 3,977 | 3,844 |

Tuition and state appropriations are the primary sources of funding for College operations. Tuition, Auxiliary and Sales revenue increased slightly in fiscal year 2012. This increase was primarily the result of a 4% increase in tuition and a decrease in student enrollment. Enrollment decreased by 4.4 percent in 2012 from 3,537 to 3,381 FYE's .

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State appropriations (excluding capital appropriations) decreased by \$1.6 million to \$13.57 million during fiscal year 2012 which represents a 10.5 percent decrease from the fiscal year ended, June 30, 2011. Capital appropriations have fluctuated the past three fiscal years with the College receiving of \$.50 million, \$2.4 million, and \$3.9 million for the fiscal years ended June 30, 2012, 2011, and 2010, respectively.

Resources expended for employee compensation decreased nearly \$1.3 million, or by 5 percent, to \$24.4 million for the fiscal year ended June 30, 2012. The salary for Faculty, and classified and unclassified employees were frozen again in fiscal year 2012 and no increases were given. The reduction in employee compensation is generally the result of prior year staffing reductions and retirements. Resources expended for non-payroll expenses decreased by \$1.5 million, or 11 percent, in FY 2012 due to overall budgeted spending reductions. This lower-than-inflation trend in non-payroll expenses was a key reason for the continued, financial improvement in FY 2012.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Ridgewater College maintained a solid financial standing in fiscal year 2012 despite another reduction in the state appropriation revenue of nearly \$1.6 million and an additional reduction of \$220K in fiscal year 2013. Looking forward, the College will again face significant challenges in three core areas over the next several years, including (1) maintaining adequate state appropriation support; (2) enrollment management; and, (3) pressure to limit tuition rate increases.

The College continues to rely heavily on state appropriations to maintain ongoing operations and to change and improve programs to meet the needs of the state's workforce. This reliance will continue to be strained as the State of Minnesota currently has a structural budget deficit of nearly \$1.1 billion that is already weighing heavy on the 2014-2015 biennium.

Enrollment continues to be a key challenge for the College as demographic projections continue to point to a decline in the number of high school graduates within the College's primary service area over the next five years. In response to this challenge, Ridgewater has placed an increased emphasis on enrollment management and student retention. The College's enrollment is projected to decrease by 4 percent in FY 2013 and remain flat in 2014 & 2015.

The College also faces pressure to keep tuition rate increases closer to or less than the rate of inflation after numerous years of tuition rate increases in excess of inflation as a function of state aid reductions or limited increases. As a part of the Higher Education Finance bill tuition was capped in FY 2012 at 4 percent for Minnesota resident undergraduate students. The College raised tuition in fiscal year 2013 by 3 percent and is projecting another 3 percent increase in fiscal year 2014. It is feasible that if state appropriations for the next biennium continue to decline that we may need to request higher tuition increases to compensate for limited state appropriations.

Other factors that could impact results for the next several years include collective bargaining which for 2012-2013 has not been settled yet. As pressure mounts, to increase salaries after nearly five years of minimal increases and the decline in, increasing health benefit costs,. State budget deficits will be pitted against wages which have been virtually frozen for five years. Health benefit costs are projected to increase significantly for the coming years.

In summary, these factors, along with projected increasing costs for purchased services and supplies, may result in a significant financial challenge for the College in fiscal years 2013, 2014, and 2015.

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REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Ridgewater College's financial position. Questions concerning information provided in this report or requests for additional financial information should be addressed to:

Dan Holtz
Vice President of Finance and Operations
Ridgewater College
2101 15th Avenue NW
Willmar, MN 56201
daniel.holtz@ridgewater.edu
320-222-5205

Ridgewater College
FINANCIAL STATEMENTS
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FUND TYPES

Activities included in the fund types are as follows:

GENERAL FUND

General operations
Customized training
State grants _
Capital projects
Imprest cash

ENTERPRISE

Bookstore
Computer store
Food service
Parking

REVENUE

Residence halls
Student union

SPECIAL REVENUE

Student activities
Health services
Intercollegiate activities
Child care
Federal financial aid
State financial aid
Private gifts and grants
Miscellaneous special revenues
Private scholarships
Endowments

AGENCY

Custodial accounts
Temporary accounts Federal grants

Ridgewater College
FINANCIAL STATEMENTS
Year Ended June 30, 2012

| RIDGEWATER COLLEGE | | | | | |
|--------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Comparative Statement of Net Assets (Unaudited) | | | | | |
| As of June 30, 2012 - 2008 | | | | | |
| (In thousands) | | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash & Equivalents | \$ 19,088 | \$ 17,767 | \$ 14,764 | \$ 13,653 | \$ 13,912 |
| Grants Receivable | 115 | 200 | 423 | 555 | 352 |
| Accounts receivable, net | 987 | 769 | 695 | 669 | 498 |
| Prepaid expense | 379 | 426 | 428 | 358 | 349 |
| Inventory | 540 | 537 | 501 | 1,015 | 756 |
| Student Loans and other assets, net | 19 | 7 | 8 | 7 | 19 |
| Securities lending collateral | - | - | - | - | 106 |
| Total current assets | 21,128 | 19,706 | 16,819 | 16,257 | 15,992 |
| Restricted Assets | 236 | 57 | 828 | 225 | 157 |
| Noncurrent Assets | | | | | |
| Student loans and other assets, net | 60 | 67 | 86 | 92 | 84 |
| Capital assets, net | 24,232 | 25,185 | 24,161 | 20,277 | 20,364 |
| Total noncurrent assets | 24,292 | 25,252 | 24,247 | 20,369 | 20,448 |
| Total Assets | 45,656 | 45,015 | 41,894 | 36,851 | 36,597 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Salaries payable | 1,921 | 2,589 | 2,567 | 2,700 | 2,784 |
| Accounts payable | 469 | 591 | 550 | 599 | 682 |
| Unearned revenue | 727 | 705 | 753 | 642 | 571 |
| Funds held for others | 193 | 183 | 395 | 428 | 400 |
| Current portion of long-term debt | 273 | 311 | 303 | 376 | 361 |
| Compensated absences payable/WC | 490 | 614 | 559 | 561 | 577 |
| Securities lending collateral | - | - | - | - | 106 |
| Payable from restricted assets | 235 | 57 | 828 | 225 | 157 |
| Total current liabilities | 4,308 | 5,050 | 5,955 | 5,531 | 5,638 |
| Noncurrent Liabilities | | | | | |
| Noncurrent portion of long-term debt | 3,296 | 3,567 | 3,618 | 2,863 | 3,063 |
| Compensated absences payable/WC | 3,264 | 3,417 | 3,326 | 3,306 | 3,075 |
| Capital contributions payable | 115 | 103 | 94 | 94 | 94 |
| Total noncurrent liabilities | 6,675 | 7,087 | 7,038 | 6,263 | 6,232 |
| Total Liabilities | 10,983 | 12,137 | 12,993 | 11,794 | 11,870 |
| Net Assets | | | | | |
| Invested in capital assets, net | 20,663 | 21,306 | 20,241 | 17,038 | 16,940 |
| Restricted expendable, other | 383 | 437 | 448 | 393 | 390 |
| Unrestricted | 13,627 | 11,135 | 8,212 | 7,626 | 7,397 |
| Total Net Assets | \$ 34,673 | \$ 32,878 | \$ 28,901 | \$ 25,057 | \$ 24,727 |

Ridgewater College
FINANCIAL STATEMENTS
Year Ended June 30, 2012

| RIDGEWATER COLLEGE | | | | | | | |
|--------------------------------------------------------|------------------|-----------------|---------------|------------------|------------------|------------------|------------------|
| Comparative Statement of Net Assets (Unaudited) | | | | | | | |
| As of June 30, 2012 - 2008 | | | | | | | |
| (In thousands) | | | | | | | |
| | 2012 | Change | | 2011 | 2010 | 2009 | 2008 |
| | | \$ | % | | | | |
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Cash & Equivalents | \$ 19,088 | \$ 4,324 | 29.3% | \$ 17,767 | \$ 14,764 | \$ 13,653 | \$ 13,912 |
| Grants Receivable | 115 | (308) | -72.8% | 200 | 423 | 555 | 352 |
| Accounts receivable, net | 987 | 292 | 42.0% | 769 | 695 | 669 | 498 |
| Prepaid expense | 379 | (49) | -11.4% | 426 | 428 | 358 | 349 |
| Inventory | 540 | 39 | 7.8% | 537 | 501 | 1,015 | 756 |
| Student Loans and other assets, net | 19 | 11 | 137.5% | 7 | 8 | 7 | 19 |
| Securities lending collateral | - | - | 0.0% | - | - | - | 106 |
| Total current assets | 21,128 | 4,309 | 25.6% | 19,706 | 16,819 | 16,257 | 15,992 |
| Restricted Assets | 236 | (592) | -71.5% | 57 | 828 | 225 | 157 |
| Noncurrent Assets | | | | | | | |
| Student loans and other assets, net | 60 | (26) | -30.2% | 67 | 86 | 92 | 84 |
| Capital assets, net | 24,232 | 71 | 0.3% | 25,185 | 24,161 | 20,277 | 20,364 |
| Total noncurrent assets | 24,292 | 45 | 0.2% | 25,252 | 24,247 | 20,369 | 20,448 |
| Total Assets | 45,656 | 3,762 | 9.0% | 45,015 | 41,894 | 36,851 | 36,597 |
| Liabilities | | | | | | | |
| Current Liabilities | | | | | | | |
| Salaries payable | 1,921 | (646) | -25.2% | 2,589 | 2,567 | 2,700 | 2,784 |
| Accounts payable | 469 | (81) | -14.7% | 591 | 550 | 599 | 682 |
| Deferred revenue | 727 | (26) | -3.5% | 705 | 753 | 642 | 571 |
| Funds held for others | 193 | (202) | -51.1% | 183 | 395 | 428 | 400 |
| Current portion of long-term debt | 273 | (30) | -9.9% | 311 | 303 | 376 | 361 |
| Compensated absences payable/WC | 490 | (69) | -12.3% | 614 | 559 | 561 | 577 |
| Securities lending collateral | - | - | 0.0% | - | - | - | 106 |
| Payable from restricted assets | 235 | (593) | -71.6% | 57 | 828 | 225 | 157 |
| Total current liabilities | 4,308 | (1,647) | -27.7% | 5,050 | 5,955 | 5,531 | 5,638 |
| Noncurrent Liabilities | | | | | | | |
| Noncurrent portion of long-term debt | 3,296 | (322) | -8.9% | 3,567 | 3,618 | 2,863 | 3,063 |
| Compensated absences payable/WC | 3,264 | (62) | -1.9% | 3,417 | 3,326 | 3,306 | 3,075 |
| Capital contributions payable | 115 | 21 | 22.3% | 103 | 94 | 94 | 94 |
| Total noncurrent liabilities | 6,675 | (363) | -5.2% | 7,087 | 7,038 | 6,263 | 6,232 |
| Total Liabilities | 10,983 | (2,010) | -15.5% | 12,137 | 12,993 | 11,794 | 11,870 |
| Net Assets | | | | | | | |
| Invested in capital assets, net | 20,663 | 422 | 2.1% | 21,306 | 20,241 | 17,038 | 16,940 |
| Restricted expendable, other | 383 | (65) | -14.5% | 437 | 448 | 393 | 390 |
| Unrestricted | 13,627 | 5,415 | 65.9% | 11,135 | 8,212 | 7,626 | 7,397 |
| Total Net Assets | \$ 34,673 | \$ 5,772 | 20.0% | \$ 32,878 | \$ 28,901 | \$ 25,057 | \$ 24,727 |

Ridgewater College
FINANCIAL STATEMENTS
Year Ended June 30, 2012

| RIDGEWATER COLLEGE | | | | | |
|------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| Comparative Statement of Revenue, Expenses, and Changes in Net Assets (Unaudited) | | | | | |
| For the Years Ended June 30, 2012 - 2008 | | | | | |
| (In Thousands) | | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Operating Revenues | | | | | |
| Tuition, auxiliary, and sales, net | \$ - | \$ - | \$ - | \$ - | \$ - |
| Tuition, net | \$ 9,873 | \$ 9,786 | \$ 9,729 | \$ 9,648 | \$ 9,280 |
| Fees, net | 1,563 | 1,544 | 1,537 | 1,669 | 1,580 |
| Sales and services, net | 2,380 | 2,464 | 3,229 | 712 | 1,356 |
| Federal Grants | | - | - | 5,741 | 5,161 |
| State Grants | | - | - | 2,253 | 2,473 |
| Other Income | 364 | 310 | 308 | 309 | 227 |
| Total Operating Revenues | <u>14,180</u> | <u>14,104</u> | <u>14,803</u> | <u>20,332</u> | <u>20,077</u> |
| Operating Expenses | | | | | |
| Salaries & Benefits | 24,359 | 25,636 | 26,615 | 27,295 | 26,024 |
| Purchased Supplies | 3,307 | 3,299 | 3,466 | 3,322 | 3,284 |
| Supplies | 4,143 | 4,727 | 5,397 | 2,750 | 2,496 |
| Repairs and maintenance | 806 | 787 | 1,226 | 1,025 | 1,343 |
| Depreciation | 1,917 | 1,984 | 1,768 | 1,712 | 1,699 |
| Financial Aid, net | 637 | 1,346 | 1,552 | 733 | 830 |
| Other expense | 1,548 | 1,753 | 1,889 | 2,232 | 1,907 |
| Total Operating Expenses | <u>36,717</u> | <u>39,532</u> | <u>41,913</u> | <u>39,069</u> | <u>37,583</u> |
| Operating Income (loss) | <u>(22,537)</u> | <u>(25,428)</u> | <u>(27,110)</u> | <u>(18,737)</u> | <u>(17,506)</u> |
| Nonoperating Revenue (Expenses) | | | | | |
| Appropriations | 13,571 | 15,156 | 15,966 | 17,413 | 17,530 |
| Federal Grants | 8,367 | 9,856 | 8,704 | - | - |
| State Grants | 1,776 | 1,493 | 2,162 | - | - |
| Private Grants | 109 | 138 | 251 | 401 | 42 |
| Interest Income | 48 | 373 | 21 | 15 | 13 |
| Interest expense | (154) | (168) | (162) | (131) | (193) |
| Grants to other organizations | - | - | - | (1) | (1) |
| Total nonoperating Revenues (expenses) | <u>23,717</u> | <u>26,848</u> | <u>26,942</u> | <u>17,697</u> | <u>17,391</u> |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | 1,180 | 1,420 | (168) | (1,040) | (115) |
| Capital appropriations | 499 | 2,407 | 3,907 | 1,351 | 1,687 |
| Donated assets and supplies | 118 | 152 | 48 | 6 | 30 |
| Transfers in | - | - | - | 20 | 66 |
| Transfers out | - | - | - | - | (43) |
| Gain (loss) on disposal of capital assets | (2) | (2) | 57 | (7) | (5) |
| Change in net assets | <u>1,795</u> | <u>3,977</u> | <u>3,844</u> | <u>330</u> | <u>1,620</u> |
| Total Net Assets, Beginning of Year | 9,771 | 5,794 | 1,950 | 1,620 | - |
| Change in Reporting Entity | | | | | - |
| Total Net Assets, Beginning of Year, as Restated | 9,771 | 5,794 | 1,950 | 1,620 | - |
| Total Net Assets, End of Year | <u>\$ 11,566</u> | <u>\$ 9,771</u> | <u>\$ 5,794</u> | <u>\$ 1,950</u> | <u>\$ 1,620</u> |

Ridgewater College
FINANCIAL STATEMENTS
Year Ended June 30, 2012

| RIDGEWATER COLLEGE | | | | | | | |
|------------------------------------------------------------------------|------------------|-----------------|----------------|------------------|------------------|------------------|------------------|
| Statement of Revenue, Expenses, and Changes in Net Assets (Unaudited) | | | | | | | |
| For the Years Ended June 30, 2012 - 2008 | | | | | | | |
| (In Thousands) | | | | | | | |
| | 2012 | Change | | 2011 | 2010 | 2009 | 2008 |
| | | \$ | % | | | | |
| Operating Revenues | | | | | | | |
| Tuition, net | \$ 9,873 | \$ 144 | 1.5% | \$ 9,786 | \$ 9,729 | \$ 9,648 | \$ 9,280 |
| Fees, net | 1,563 | 26 | 1.7% | 1,544 | 1,537 | 1,669 | 1,580 |
| Sales and service, net | 2,380 | (849) | -26.3% | 2,464 | 3,229 | 712 | 1,356 |
| Other Income | 364 | 56 | 18.2% | 310 | 308 | 309 | 227 |
| Total Operating Revenues | 14,180 | (623) | -4.2% | 14,104 | 14,803 | 12,338 | 12,443 |
| Operating Expenses | | | | | | | |
| Salaries & Benefits | 24,359 | (2,256) | -8.5% | 25,636 | 26,615 | 27,295 | 26,024 |
| Purchased Supplies | 3,307 | (159) | -4.6% | 3,299 | 3,466 | 3,322 | 3,284 |
| Supplies | 4,143 | (1,254) | -23.2% | 4,727 | 5,397 | 2,750 | 2,496 |
| Repairs and maintenance | 806 | (420) | -34.3% | 787 | 1,226 | 1,025 | 1,343 |
| Depreciation | 1,917 | 149 | 8.4% | 1,984 | 1,768 | 1,712 | 1,699 |
| Financial Aid, net | 637 | (915) | -59.0% | 1,346 | 1,552 | 733 | 830 |
| Other expense | 1,548 | (341) | -18.1% | 1,753 | 1,889 | 2,212 | 1,884 |
| Total Operating Expenses | 36,717 | (5,196) | -12.4% | 39,532 | 41,913 | 39,049 | 37,560 |
| Operating Income (loss) | (22,537) | 4,573 | -16.9% | (25,428) | (27,110) | (26,711) | (25,117) |
| Nonoperating Revenue (Expenses) | | | | | | | |
| Appropriations | 13,571 | (2,395) | -15.0% | 15,156 | 15,966 | 17,413 | 17,530 |
| Federal Grants | 8,367 | (337) | -3.9% | 9,856 | 8,704 | 5,741 | 5,161 |
| State Grants | 1,776 | (386) | -17.9% | 1,493 | 2,162 | 2,253 | 2,473 |
| Private Grants | 109 | (142) | -56.6% | 138 | 251 | 401 | 42 |
| Interest Income | 48 | 27 | 128.6% | 373 | 21 | 15 | 13 |
| Interest expense | (154) | 8 | -4.9% | (168) | (162) | (131) | (193) |
| Grants to other organizations | - | - | 0.0% | - | - | (1) | (1) |
| Total nonoperating Revenues (expenses) | 23,717 | (3,225) | -12.0% | 26,848 | 26,942 | 25,691 | 25,025 |
| Income (Loss) Before Other Revenues, Expenses, Gains, or Losses | 1,180 | 1,348 | -802.4% | 1,420 | (168) | (1,020) | (92) |
| Capital appropriations | 499 | (3,408) | -87.2% | 2,407 | 3,907 | 1,351 | 1,687 |
| Donated assets and supplies | 118 | 70 | 145.8% | 152 | 48 | 6 | 30 |
| Gain (loss) on disposal of capital assets | (2) | (59) | -103.5% | (2) | 57 | (7) | (5) |
| Change in net assets | 1,795 | (2,049) | -53.3% | 3,977 | 3,844 | 330 | 1,620 |
| Total Net Assets, Beginning of Year | 32,878 | | | 28,901 | 25,057 | 24,727 | 23,107 |
| Change in Reporting Entity | | | | | | - | - |
| Total Net Assets, Beginning of Year, as Restated | 32,878 | | | 28,901 | 25,057 | 24,727 | 23,107 |
| Total Net Assets, End of Year | \$ 34,673 | \$ 5,772 | 20.0% | \$ 32,878 | \$ 28,901 | \$ 25,057 | \$ 24,727 |

Ridgewater College
FINANCIAL STATEMENTS
Year Ended June 30, 2012

| RIDGEWATER COLLEGE | | | | | |
|-----------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Comparative Revenue, Expenses, and Changes in Net Assets (Unaudited) | | | | | |
| <i>Internal Summary Document</i> | | | | | |
| For the Years Ended June 30, 2012 - 2008 | | | | | |
| (In Thousands) | | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Operating Revenues | | | | | |
| Tuition, auxiliary, and sales, net | \$ 13,816 | \$ 13,794 | \$ 14,495 | \$ 12,029 | \$ 12,216 |
| Other Income | 364 | 310 | 308 | 309 | 227 |
| Total Operating Revenues | 14,180 | 14,104 | 14,803 | 12,338 | 20,077 |
| Nonoperating Revenue and Other | | | | | |
| Appropriations | 13,571 | 15,156 | 15,966 | 17,413 | 17,530 |
| Grants | 10,252 | 11,487 | 11,117 | 7,994 | 7,634 |
| Capital appropriations | 499 | 2,407 | 3,907 | 1,351 | 1,687 |
| Other | 166 | 525 | 126 | 442 | 151 |
| Total Nonoperating Revenue and Other | 24,488 | 29,575 | 31,116 | 27,200 | 19,368 |
| TOTAL REVENUE AND OTHER | 38,668 | 43,679 | 45,919 | 39,538 | 39,445 |
| Operating Expenses | | | | | |
| Salaries | 24,359 | 25,636 | 26,615 | 27,295 | 26,024 |
| Non Personnel | 12,358 | 13,896 | 15,298 | 11,774 | 11,559 |
| Total Operating Expenses | 36,717 | 39,532 | 41,913 | 39,069 | 37,583 |
| Other | 156 | 170 | 162 | 139 | 242 |
| TOTAL EXPENSES AND OTHER | 36,873 | 39,702 | 42,075 | 39,208 | 37,825 |
| CHANGE IN NET ASSETS | 1,795 | 3,977 | 3,844 | 330 | 1,620 |

Ridgewater College
FINANCIAL STATEMENTS
Year Ended June 30, 2012

| RIDGEWATER COLLEGE | | | | | |
|-----------------------------------------------------------------------------------|---------------|---------------|--------------|--------------|--------------|
| Reconciliation of Net Assets to Budgetary Fund Balance - General Fund (Unaudited) | | | | | |
| For the Years Ended June 30, 2012-2008 | | | | | |
| (In thousands) | | | | | |
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Total Net Assets | \$ 34,672 | \$ 32,878 | \$ 28,901 | \$ 25,057 | \$ 24,727 |
| Less Restricted Assets | | | | | |
| Invested in capital assets | (20,663) | (21,306) | (20,241) | (17,038) | (16,940) |
| Restricted net assets | (383) | (437) | (448) | (393) | (389) |
| Total unrestricted net assets | 13,626 | 11,135 | 8,212 | 7,626 | 7,398 |
| Less Non-General Fund Unrestricted Net Assets | | | | | |
| Enterprise Fund | (3,674) | (3,258) | (2,832) | (2,603) | (2,225) |
| Special Revenue Fund | (576) | (511) | (266) | (229) | (219) |
| General Fund - Unrestricted Net Assets | 9,376 | 7,366 | 5,114 | 4,794 | 4,954 |
| GAAP Accruals Not Recognized in Budget | | | | | |
| Compensated Absences/Early Termination/ Other compensation benefits | 3,702 | 3,983 | 3,836 | 3,867 | 3,649 |
| Other accruals, net | (741) | (586) | (690) | (1,144) | (835) |
| General Fund - unrestricted budgetary fund balance | 12,337 | 10,763 | 8,260 | 7,517 | 7,768 |
| Less Budgetary Designations | | | | | |
| External programs | - | - | - | - | - |
| Faculty contract obligations | - | - | - | (8) | (4) |
| Prior year encumbrances | - | (5) | (75) | (100) | (68) |
| Board required reserve | (2,505) | (2,577) | (2,100) | (2,160) | (2,399) |
| Designated for programs | (8,582) | (6,481) | (4,585) | (3,549) | (3,510) |
| Planned for next budget | (500) | (1,000) | (500) | (600) | (654) |
| Planned for next budget out two years | (750) | (700) | (1,000) | (1,100) | (1,133) |
| Undesignated budgetary fund balance | \$ - | \$ - | \$ - | \$ - | \$ - |