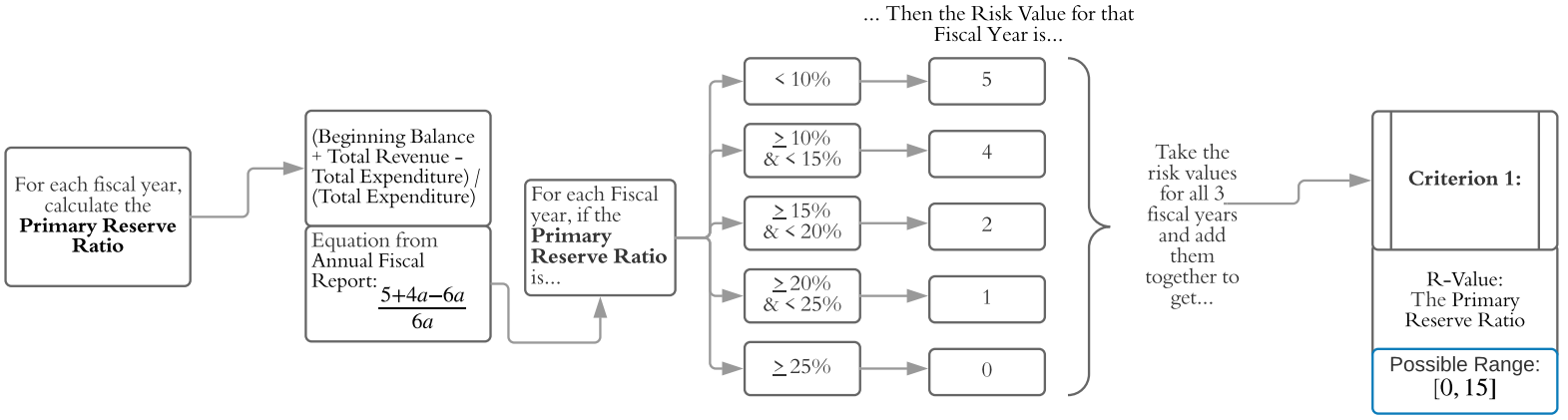
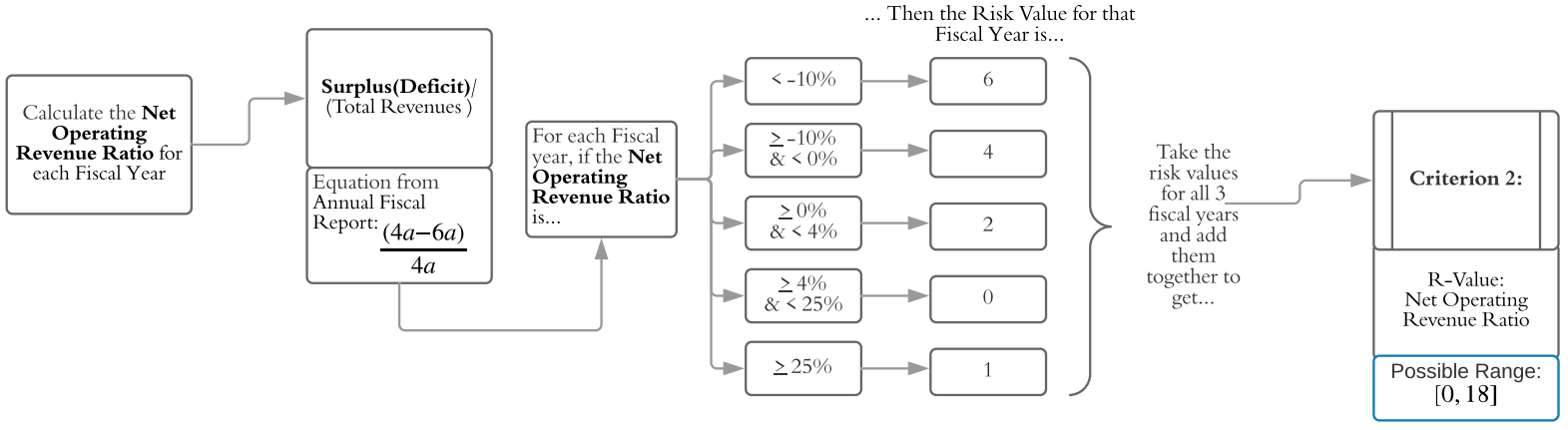
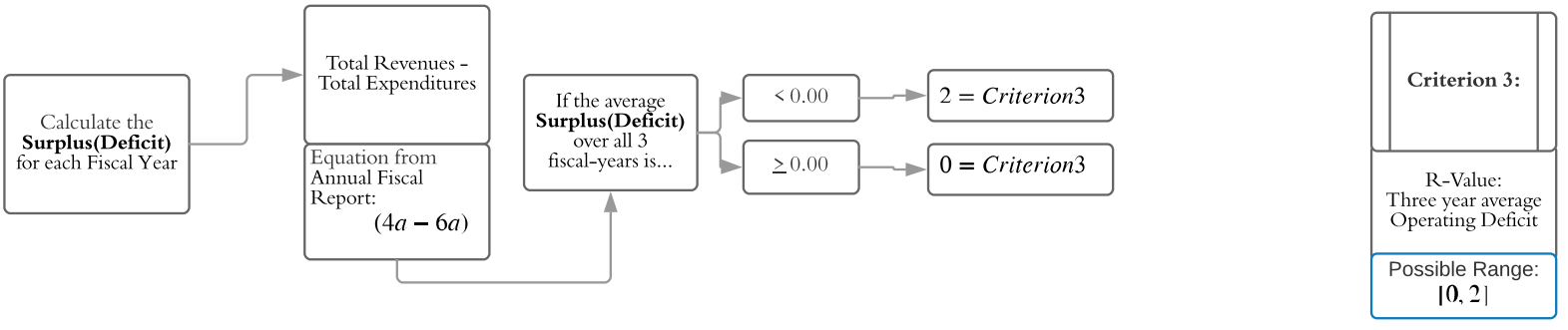
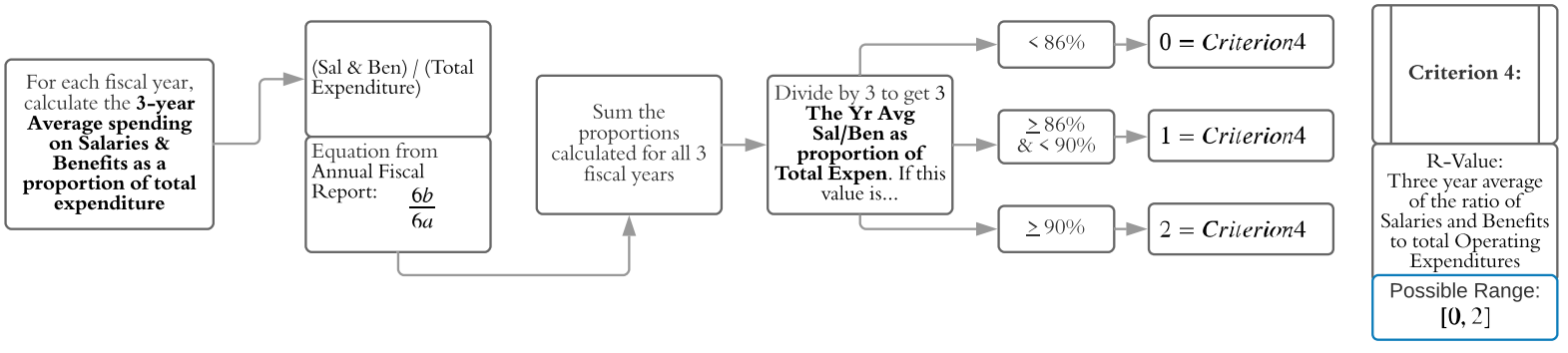

... Then the Risk Value for that Fiscal Year is...
For each fiscal year, calculate the **Primary Reserve Ratio**
(Beginning Balance + Total Revenue - Total Expenditure) / (Total Expenditure)
Equation from Annual Fiscal Report: $\frac{5+4a-6a}{6a}$
For each Fiscal year, if the **Primary Reserve Ratio** is...
< 10%
5
≥ 10% & < 15%
4
≥ 15% & < 20%
2
≥ 20% & < 25%
1
≥ 25%
0
Take the risk values for all 3 fiscal years and add them together to get...
Criterion 1:
R-Value: The Primary Reserve Ratio
Possible Range: [0, 15]


... Then the Risk Value for that Fiscal Year is...
Calculate the **Net Operating Revenue Ratio** for each Fiscal Year
Surplus(Deficit)/ (Total Revenues)
Equation from Annual Fiscal Report: $\frac{(4a-6a)}{4a}$
For each Fiscal year, if the **Net Operating Revenue Ratio** is...
< -10%
6
≥ -10% & < 0%
4
≥ 0% & < 4%
2
≥ 4% & < 25%
0
≥ 25%
1
Take the risk values for all 3 fiscal years and add them together to get...
Criterion 2:
R-Value: Net Operating Revenue Ratio
Possible Range: [0, 18]


Calculate the **Surplus(Deficit)** for each Fiscal Year
Total Revenues - Total Expenditures
Equation from Annual Fiscal Report: $(4a - 6a)$
If the average **Surplus(Deficit)** over all 3 fiscal-years is...
< 0.00
2 = *Criterion*3
≥ 0.00
0 = *Criterion*3
Criterion 3:
R-Value: Three year average Operating Deficit
Possible Range: [0, 2]


For each fiscal year, calculate the **3-year Average spending on Salaries & Benefits as a proportion of total expenditure**
(Sal & Ben) / (Total Expenditure)
Equation from Annual Fiscal Report: $\frac{6b}{6a}$
Sum the proportions calculated for all 3 fiscal years
Divide by 3 to get 3 **The Yr Avg Sal/Ben as proportion of Total Expen**. If this value is...
< 86%
0 = *Criterion*4
≥ 86% & < 90%
1 = *Criterion*4
≥ 90%
2 = *Criterion*4
Criterion 4:
R-Value: Three year average of the ratio of Salaries and Benefits to total Operating Expenditures
Possible Range: [0, 2]

From Fiscal Year #1 to Fiscal Year #3, calculate The % Change in Enrollment

Change in Actual Full Time Equivalent Students (FTES) from years 1 to 3

Equation from Annual Fiscal Report:

$$\frac{18b{:}FY3 - 18b{:}FY1}{18b{:}FY1}$$

If the % Change in Enrollment is...

- < -10% → 3 = *Criterion5*
- ≥ -10% & < 0% → 2 = *Criterion5*
- ≥ 0% & < 2% → 1 = *Criterion5*
- ≥ 2% → 0 = *Criterion5*

Criterion 5:

R-Value: Enrollment Change

Possible Range: [0, 3]

For each fiscal year, calculate the **% Funded Ratio**

Funded Ratio (Actuarial Value of plan Assets/AAL)

Equation from Annual Fiscal Report: 11*c*

For the current Fiscal year, if the **% Funded** is...

... Then the Risk Value for that Fiscal Year is...

- < 33% → 1 = *Criterion6*
- ≥ 33% → 0 = *Criterion6*

Criterion 6:

R-Value: ARC Contribution

Possible Range: [0, 1]

Calculate the **% Change in Cash Balance** (Unencumbered cash)

Change in **Cash Balance** from years 3 to 2

Equation from Annual Fiscal Report:

$$\frac{14{:}FY3 - 14{:}FY2}{14{:}FY2}$$

Change in **Cash Balance** from years 2 to 1

Equation from Annual Fiscal Report:

$$\frac{14{:}FY2 - 14{:}FY1}{14{:}FY1}$$

Find the Risk-Value for each percent change.

The Cash-Change brakets and their corresponding Risk-values are...

a % change of...	Has a corresponding risk factor of...
< -50%	3
> -50% & <-5%	2
> -5% & <0%	1
> 0%	0

Add the 2 risk-values together to get...

Criterion 7:

R-Value: Cash Change

Possible Range: [0, 6]

Audit Concerts / Audit Deficiency Summary (Criterion 8)

Summarize Material Weaknesses and Significant Deficiencies from annual audit report:

This information is manually included based on the Fiscal Analyst's discresion

For Each Fiscal Year, if an "Audit Deficiency" is found...

... Then the Risk Value for Cohort Year is...

- "Yes" → 1
- "No" → 0

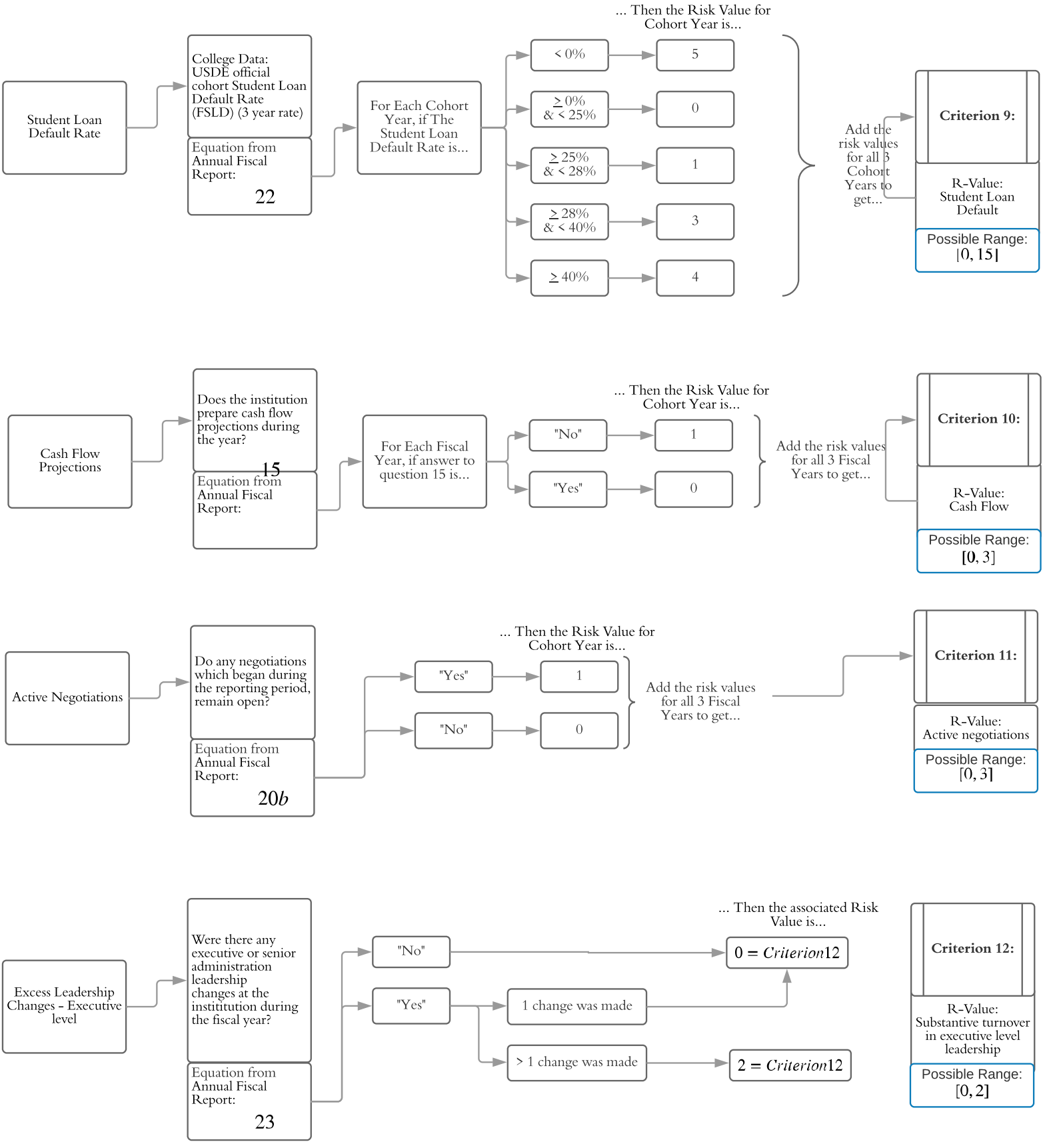
Add the risk values for all 3 Fiscal Years to get...

Criterion 8:

R-Value: Audit Deficiency Summary

Possible Range: [0, 3]

Possible Range for **2018** FY: [0, 2]


Student Loan Default Rate
College Data: USDE official cohort Student Loan Default Rate (FSLD) (3 year rate)
Equation from Annual Fiscal Report:
22
For Each Cohort Year, if The Student Loan Default Rate is...
... Then the Risk Value for Cohort Year is...
< 0%
5
≥ 0% & < 25%
0
≥ 25% & < 28%
1
≥ 28% & < 40%
3
≥ 40%
4
Add the risk values for all 3 Cohort Years to get...
Criterion 9:
R-Value: Student Loan Default
Possible Range: [0, 15]
Cash Flow Projections
Does the institution prepare cash flow projections during the year?
15
Equation from Annual Fiscal Report:
For Each Fiscal Year, if answer to question 15 is...
... Then the Risk Value for Cohort Year is...
"No"
1
"Yes"
0
Add the risk values for all 3 Fiscal Years to get...
Criterion 10:
R-Value: Cash Flow
Possible Range: [0, 3]
Active Negotiations
Do any negotiations which began during the reporting period, remain open?
Equation from Annual Fiscal Report:
20b
... Then the Risk Value for Cohort Year is...
"Yes"
1
"No"
0
Add the risk values for all 3 Fiscal Years to get...
Criterion 11:
R-Value: Active negotiations
Possible Range: [0, 3]
Excess Leadership Changes - Executive level
Were there any executive or senior administration leadership changes at the institution during the fiscal year?
Equation from Annual Fiscal Report:
23
"No"
"Yes"
1 change was made
> 1 change was made
... Then the associated Risk Value is...
0 = Criterion12
2 = Criterion12
Criterion 12:
R-Value: Substantive turnover in executive level leadership
Possible Range: [0, 2]