



**Finance Report
February 21, 2025**

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LAKE SUPERIOR STATE UNIVERSITY

Finance Report February 21, 2025

Agenda Item #1: FY25 Annual Operating Dashboards

Information

Action

Discussion

Table 1: Approved General Fund Budget

The following table provides information on the Board approved FY25 plan for the General Fund (GF) by showing the unit's fund balance at the beginning of FY25 (or end-of-year for the previous fiscal year), the budgeted revenue, the budgeted expenditures which include transfers, and the end-of-year fund balance. The GF fund balance is expected to decrease by \$683,795 in FY25.

FY25 Performance Plan				
FY24 EOY Fund Balance	FY25 Budget Revenue	FY25 Budget Expenditures	FY25 Budget Gain/(Loss)	FY25 EOY Fund Balance
(423,539.59)	36,230,530.00	(36,914,325.00)	(683,795.00)	(1,107,334.59)

Table 2: General Fund Summary (February 4, 2025)

The table below shows the Board approved budget alongside the actual year-to-date (YTD) revenues and expenditures.

FY25 General Fund Approved Budget & Actual			
	Approved FY25 Budget	Actual FY25	
Revenue			
Tuition and Fees	19,384,430	18,920,608	97.6%
State Appropriations	15,482,500	9,131,816	59.0%
Gifts-Other	191,000	138,883	72.7%
Interest Income	120,000	-	0.0%
Department Activity	649,500	605,387	93.2%
Norris Center Revenue	147,600	47,880	32.4%
Arts Center Revenue	30,000	18,393	61.3%
Other Income	68,500	17,066	24.9%
Indirect Cost Recovery	157,000	78,727	50.1%
Total Revenue	36,230,530	28,958,759	79.9%
Expenditures			
Permanent Salaries	13,052,987	7,382,581	56.6%
Adjunct/Overload	767,450	234,962	30.6%
Summer/Winter Salaries	299,050	85,353	28.5%
Special Assignments	211,658	115,740	54.7%
Student Wages	588,922	299,868	50.9%
Overtime/Temp	207,572	160,120	77.1%
Fringe Benefits	5,592,286	3,533,165	63.2%
Scholarships	3,952,226	4,989,635	126.2%
University Waivers	1,270,585	1,146,738	90.3%
Debt Service	1,811,754	1,341,642	74.1%
Transfers	1,922,294	894,646	46.5%
Utilities	1,895,443	1,008,473	53.2%
Supplies & Services	5,342,099	2,781,813	52.1%
Total Expenditures	36,914,325	23,974,735	64.9%
Net Income/(Loss)	(683,795)	4,984,025	

Table 3: Housing Fund Summary

The following table provides information on the Board approved FY25 plan for Housing by showing the unit's fund balance at the beginning of FY25 (or end-of-year for the previous fiscal year), the budgeted revenue, the budgeted expenditures which include transfers, and the end-of-year fund balance. The Housing fund balance is expected to decrease by \$308,202 in FY25.

FY25 Performance Plan				
FY24 EOY Fund Balance	FY25 Budget Revenue	FY25 Budget Expenditures	FY25 Budget Gain/(Loss)	FY25 EOY Fund Balance
354,589.26	3,708,000.00	(4,016,202.00)	(308,202.00)	46,387.26

Table 4: Housing Detail (Revenue and Expenditures)
(February 4, 2025)

	FY25 Budget Revenue	FY25 Actual Revenue	% Budget Revenue	FY25 Budget Expenditures	FY25 Actual Expenditures	% Budget Expenditures
Housing Administration	6,150.00	6,778.49	110.22%	(1,320,522.58)	(729,017.81)	55.21%
Washer-Dryer	-	103.79		(5,000.01)	(139.21)	2.78%
425 West Easterday House	-	-		(3,397.97)	(1,597.59)	47.02%
Brady Hall	698,699.97	669,880.55	95.88%	(299,562.05)	(145,843.77)	48.69%
Osborn Hall	675,800.00	701,234.40	103.76%	(334,450.02)	(158,629.88)	47.43%
Student Village	1,027,099.92	1,023,399.64	99.64%	(246,056.06)	(105,704.68)	42.96%
Townhouses	530,199.99	525,781.61	99.17%	(134,028.97)	(75,863.97)	56.60%
Ontario Hall	-	(2,065.00)		(1,399.98)	(3,758.88)	268.50%
Huron Hall	61,000.00	64,356.25	105.50%	(32,346.02)	(14,337.90)	44.33%
Laker Hall	68,450.00	70,477.00	102.96%	(18,479.98)	(10,428.92)	56.43%
Chippewa House	67,150.01	72,688.50	108.25%	(29,569.95)	(12,502.58)	42.28%
Erie Hall	61,650.04	63,995.50	103.80%	(33,603.99)	(14,648.72)	43.59%
Hillside House	-			(500.00)	(427.28)	85.46%
Ryan House	-			(13,645.03)	(5,389.70)	39.50%
Easterday House	48,700.01	41,377.33	84.96%	(15,228.95)	(6,277.40)	41.22%
Brown Hall					(3.25)	
Moloney Hall	234,599.99	226,217.69	96.43%	(95,211.95)	(40,469.33)	42.50%
Neveu Hall	228,500.01	219,194.56	95.93%	(82,104.06)	(35,107.49)	42.76%
	3,707,999.94	3,683,420.31	99.34%	(2,665,107.57)	(1,360,148.36)	51.04%
Transfers				(1,351,094.00)	(788,144.00)	58.33%
Balance (End-of-Year)				(308,201.63)		
Balance (Current)					1,535,127.95	

Table 5: Cisler Operations Fund Summary

The following table provides information on the Board approved FY25 plan for Cisler Operations by showing the unit's fund balance at the beginning of FY25 (or end-of-year for the previous fiscal year), the budgeted revenue, the budgeted expenditures which include transfers, and the end-of-year fund balance. The Cisler Operations fund balance is expected to decrease by \$341,312 in FY25.

FY25 Performance Plan				
FY24 EOY Fund Balance	FY25 Budget Revenue	FY25 Budget Expenditures	FY25 Budget Gain/(Loss)	FY25 EOY Fund Balance
(1,074,390.86)	3,125,240.00	(3,466,551.73)	(341,311.73)	(1,415,702.59)

Table 6: Cisler Operations Detail (Revenue & Expenditures)
(February 4, 2025)

	FY25 Budget Revenue	FY25 Actual Revenue	% Budget Revenue	FY25 Budget Expenditures	FY25 Actual Expenditures	% Budget Expenditures
Food Services	1,970,790.00	2,101,928.41	106.65%	(2,218,198.74)	(1,739,232.03)	78.41%
Laker Cafe	-	-	0.00%	(162.00)	(19.50)	12.04%
Snack Bar-Galley	523,400.06	361,827.69	69.13%	(420,519.02)	(82,107.59)	19.53%
Library Grab n' Go	0.00	-		(39.00)	(19.50)	50.00%
Snack Shack-Norris	154,000.00	96,212.56	62.48%	(105,175.99)	(22,377.28)	21.28%
Catering & Bar Operations	427,500.01	229,731.79	53.74%	(423,407.64)	(225,822.98)	53.33%
Walker Cisler Center	34,250.00	26,074.10	76.13%	(297,049.34)	(131,409.38)	44.24%
WCC Guest Rooms	14,999.98	4,195.50	27.97%	(2,000.00)	(225.40)	11.27%
ID Cards	300.00	460.00	153.33%			
	3,125,240.05	2,820,430.05	90.25%	(3,466,551.73)	(2,201,213.66)	63.50%
Balance (End-of-Year)				(341,311.68)		
Balance (Current)					619,216.39	

Table 7: Athletics Fund Summary

The following table provides information on the Board approved FY25 plan for Athletics by showing the unit's fund balance at the beginning of FY25 (or end-of-year for the previous fiscal year), the budgeted revenue, the budgeted transfers, the budgeted expenditures, and the end-of-year fund balance. The Athletics fund balance is expected to decrease by \$1,249,639 in FY25.

FY25 Performance Plan					
FY24 EOY Fund Balance	FY25 Budget Revenue	FY25 Budget Transfers	FY25 Budget Expenditures	FY25 Budget Gain/(Loss)	FY25 EOY Fund Balance
(1,971,063.46)	475,200.00	1,608,991.96	(3,333,830.84)	(1,249,638.88)	(3,220,702.34)

Table 8: Athletics Detail (Revenue & Expenditures)
(February 4, 2025)

	FY25 Budget Revenue	FY25 Actual Revenue	% Budget Revenue	FY25 Budget Expenditures	FY25 Actual Salaries	FY25 Actual Supplies	% Budget Expenditures
Athletic Administration	287,400.00	219,077.50	76.23%	(551,426.49)	(257,123.52)	(112,618.29)	67.05%
Sports Information				(169,137.12)	(89,575.48)	(7,703.81)	57.52%
Athletic Trainer				(206,345.01)	(98,932.58)	(7,665.86)	51.66%
Mens Hockey	160,000.00	175,236.75	109.52%	(1,090,649.26)	(263,985.42)	(443,374.45)	64.86%
Mens Basketball	15,000.00	4,807.00	32.05%	(346,046.77)	(115,115.38)	(115,639.56)	66.68%
Mens Tennis				(47,115.77)	(6,308.42)	(13,660.51)	42.38%
Mens Golf				(44,628.16)	(4,466.34)	(26,027.92)	68.33%
Mens Junior Varsity Basketball				(13,889.51)			0.00%
Mens Swimming & Diving		750.89		(46,320.72)	(17,466.76)	(2,908.56)	43.99%
Womens Volleyball	5,800.00	8,075.00	139.22%	(175,964.38)	(41,757.25)	(78,081.36)	68.10%
Womens Basketball	7,000.00	3,562.58	50.89%	(322,824.28)	(101,812.69)	(97,699.99)	61.80%
Womens Tennis				(47,080.69)	(6,308.43)	(16,165.36)	47.73%
Womens Golf				(44,328.16)	(4,703.69)	(24,557.84)	66.01%
Womens Junior Varsity Basketball							
Womens Swimming & Diving		771.65		(46,320.72)	(17,466.80)	(2,887.43)	43.94%
Cross Country				(61,857.44)	(22,639.59)	(23,825.40)	75.12%
Track-Field				(119,896.36)	(21,578.73)	(20,059.18)	34.73%
	475,200.00	412,281.37	86.76%	(3,333,830.84)	(1,069,241.08)	(992,875.52)	61.85%
Transfers				1,608,991.96	897,547.00		55.78%
Balance (End-of-Year)				(1,249,638.88)			
Balance (Current)					(752,288.23)		

Table 9: Institutional Cash

Institutional and Component Unit cash holdings as of January 31, 2025.

	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan
Cash at CSB	2,516,286	5,843,152	2,580,572	3,237,396	4,144,863	6,311,756	8,650,621
Cash at Huntington	3,467,037	3,476,875	3,485,909	3,494,471	3,502,229	3,509,841	3,517,144
Cash at Nicolet	273,940	274,496	275,049	275,558	276,019	276,522	277,003
Cash at BMO - USD	725,936	0	0	4,740	4,351	4,059	3,729
CD at Soo Co-Op	288,586	289,480	290,378	291,249	0	0	0
CD at 4Front	272,689	272,782	272,874	272,964	273,057	273,147	273,147
LSSU Investments at Schwab	7,039,020	7,069,823	7,101,511	7,142,666	6,167,017	6,190,000	6,213,003
LSSU Cash at Schwab	104,778	104,818	104,858	130,479	181,272	181,287	181,295
Foundation Cash investment at Schwab	(2,570,205)	(2,570,205)	(2,570,205)	(2,595,805)	(2,646,579)	(2,646,579)	(2,646,579)
Foundation Cash for CFRE	52,959	52,859	52,859	52,859	52,859	52,859	52,859
Foundation Unrestricted Cash	(251,343)	(251,343)	(251,443)	(251,443)	(251,543)	(256,543)	(256,643)
LSSU Cash at GovMIC	1,752,905	1,760,836	1,768,379	773,664	275,215	276,302	277,363
Total	13,672,588	16,323,574	13,110,742	12,828,799	11,978,759	14,172,652	16,542,942
Cash at BMO - Canadian \$	195,095	838,047	838,047	838,047	1,266,555	1,096,484	1,096,484

Suggested Actions/Motions:

None



**Finance Report
February 21, 2025**

Agenda Item #2: FY25 Fund Balance Summary Dashboards

- Information
 Action
 Discussion

Purpose:

The purpose of this item is to provide an overview of the University’s financials by summarizing the fund balances of the major fund areas of the University. Six years of history and the current year-to-date values are provided. Some discussion is provided for each major fund.

Background:

During the July 2023 Board meeting, a broader presentation of the financials was requested by the Board. This agenda item was created to address that request and has been included since July of 2023. All LSSU fund areas are discussed and where appropriate, financial summaries are provided. All dashboard data was acquired on February 4, 2025. All FY25 balances are year-to-date (YTD).

Information:

General Funds (1xxx):

The General Fund contains Fund 1000 (commonly referred to as the General Fund (GF)) and 122 other funds (1001 – 1Z99), commonly referred to as Professional Development (PD) funds. Fund 1000 (the GF) is the University’s main operating fund.

	2019	2020	2021	2022	2023	2024	2025
Fund 1000 (General Fund)	(1,504,849.18)	(3,390,975.11)	14,494.84	27,702.54	(187,930.24)	(423,539.59)	4,486,184.03
Funds 1001 - 1Z99	349,906.68	418,112.75	579,291.27	649,786.34	618,243.43	666,246.63	696,329.08
	(1,154,942.50)	(2,972,862.36)	593,786.11	677,488.88	430,313.19	242,707.04	5,182,513.11

Designated Funds (15xxxx):

There are 64 active Designated Funds. These funds were created for specific (designated/restricted) purposes; about 25 hold funds that have been transferred in from the Foundation for a designated purpose. The largest fund in the group is the Charter School 3% fund with about \$3M in annual activity. There are 4 funds with balances over \$50,000. Three funds are designated as unrestricted and are broken out in the following table.

	2019	2020	2021	2022	2023	2024	2025
Designated Funds	1,179,851.47	1,332,964.57	1,101,563.08	957,303.40	561,174.92	1,625,649.99	1,787,853.56
Unrestricted Funds	474,165.76	508,281.64	352,367.89	1,306,529.01	575,614.88	140,106.94	436,766.94
	1,654,017.23	1,841,246.21	1,453,930.97	2,263,832.41	1,136,789.80	1,765,756.93	2,224,620.50

External Funds (2xxxx & 2xxxxx):

The External Funds are comprised of grants and the expendable amounts of the Scholarships. There are over 300 funds in this grouping. No dashboard will be presented.

Auxiliary Funds (3xxx):

There are 56 active Auxiliary Funds; grouped by functional area.

	2019	2020	2021	2022	2023	2024	2025
Housing (31xx)	430,359.07	595,344.72	298,235.64	384,384.93	497,074.40	379,947.14	1,932,475.38
Cisler Operations (32xx)	(2,025,130.56)	(1,956,014.00)	(1,447,443.32)	(752,184.38)	(992,284.15)	(1,074,390.86)	(455,174.47)
Health Care Center (36xx)	2,107.84	(111,819.55)	(105,110.67)	73,389.42	(32,077.66)	(157,934.65)	(260,403.39)
Athletics (37xx)	(381,733.09)	(385,423.00)	(47,753.17)	(240,867.61)	(1,005,126.54)	(1,890,210.29)	(2,669,676.63)
Student Government (38xx)	185,668.65	244,012.82	324,218.09	178,976.60	152,243.58	156,107.55	243,219.63
Club Sports (39xx)	4,960.02	4,387.84	3,973.58	15,660.84	96,252.26	75,234.41	98,551.57
Other Auxiliary	1,201,471.14	1,126,148.65	930,488.01	1,364,109.94	1,172,676.01	1,098,331.37	1,059,604.86
	(582,296.93)	(483,362.52)	(43,391.84)	1,023,469.74	(111,242.10)	(1,412,915.33)	(51,403.05)

Loan Funds (4xx & 4xxx):

Loan Funds contain funding for students. There are about 10 loans available. Loan Funds are not directly utilized by LSSU. No dashboard will be presented.

LSSU Endowment (6xxxx):

The 6xxxx funds hold 62 endowments held by LSSU. The endowments were set up before the LSSU Foundation existed. There is no active fund raising occurring within this fund group. For the most part, these funds are utilized for student scholarships. Unrestricted funds are shown separately.

	2019	2020	2021	2022	2023	2024	2025
Unrestricted	251,850.66	279,809.22	323,682.98	344,613.24	344,867.21	350,386.51	328,966.15
Restricted	11,995,533.38	11,776,179.52	15,143,064.60	12,198,104.62	13,393,831.13	14,634,744.16	14,945,428.30
	12,247,384.04	12,055,988.74	15,466,747.58	12,542,717.86	13,738,698.34	14,985,130.67	15,274,394.45

Reserve Funds (7xx):

The Reserve Funds were historically created to hold funding for LSSU when it was self-insured. While self-insured, there was a need to hold funds for claims and deductibles; sometimes as high as \$500,000 per claim. Now that LSSU is fully insured for health insurance and worker compensation, the need to hold larger fund balances has diminished.

The largest volume of activity has historically been, and continues to be, in the health insurance reserve fund (\$4.5M - \$5M annually). LSSU and employees pay into the fund, and payments to carriers are made from the fund.

As of FY25, LSSU will now report on two MPSERS funds. All financial entries made by LSSU for these funds are directed by the State. The funds were created to track the liability associated with the State of Michigan’s (MPSERS) retirement plan. In FY24 this liability became a receivable. It now shows as a \$4.8M asset on LSSU’s books.

	2019	2020	2021	2022	2023	2024	2025
MUSIC-Insurance Reserve	251,347.48	251,347.48	251,347.48	251,347.48	251,347.48	244,744.39	(66,011.37)
Workers Comp	1,976,172.18	2,049,664.91	2,098,415.17	584,456.97	572,558.28	554,594.07	572,169.17
Unemployment Comp	276,925.87	325,870.96	389,671.18	426,304.79	449,466.19	475,625.06	490,947.22
Empl Tuition Waiver-Rebate							(88,340.62)
Health Insurance Res	1,610,730.94	1,458,091.37	1,612,407.83	560,357.54	637,083.51	618,633.15	478,302.73
MPSERS Net Pension Liability	(15,392,916.00)	(16,269,618.00)	(16,520,077.00)	(12,560,865.00)	(5,425,201.03)	2,799,335.97	2,799,335.97
MPSERS OPEB Liability	(3,736,096.00)	(2,785,652.00)	(1,111,560.00)	756,236.00	1,245,349.00	2,045,684.00	2,045,684.00
	(15,013,835.53)	(14,970,295.28)	(13,279,795.34)	(9,982,162.22)	(2,269,396.57)	6,738,616.64	6,232,087.10
Total Witout MPSERS	4,115,176.47	4,084,974.72	4,351,841.66	1,822,466.78	1,910,455.46	1,893,596.67	1,387,067.13

These funds do not belong to LSSU. As noted by the Auditors (Rehmann)...

“Regarding the MPSERS question, while that is an asset this year, there really is no operational value to it as the plan is in constant fluctuation and so you don’t really have access to those funds. The amount just needs to be shown on your balance sheet however cannot really be used for anything.”

Agency Funds (8xxx):

There are 50 active agency funds. These are generally a combination of LSSU-based or LSSU-connected entities that have funds at LSSU; where the funds are intended for LSSU’s use. Examples of agency funds are scholarships and University clubs. These funds are also used as clearing areas for LSSU benefits. No dashboards will be presented.

Foundation Endowments (8xxxxx):

There are about 406 active funds in this area, including six unrestricted, operational funds. All endowed funds are broken into two areas: the endowed portion and an expendable portion. Non-endowed funds are just listed as expendable.

	2019	2020	2021	2022	2023	2024	2025
Unrestricted	1,549,802.25	1,500,611.39	494,839.06	387,604.55	417,862.96	354,046.10	200,431.06
Restricted	<u>16,874,942.73</u>	<u>17,065,324.72</u>	<u>19,822,076.82</u>	<u>22,175,412.78</u>	<u>23,616,571.11</u>	<u>24,337,382.00</u>	<u>23,896,709.29</u>
	18,424,744.98	18,565,936.11	20,316,915.88	22,563,017.33	24,034,434.07	24,691,428.10	24,097,140.35

Plant Funds (9xxx):

Plant Funds are comprised of funds that can be used to maintain or improve the campus infrastructure as well as funds that are used for debt-service. Debt-service funds have been omitted from this discussion. Occasionally, grant funds may reside here if there is a significant component of infrastructure development. Those grant funds are not shown here.

	2019	2020	2021	2022	2023	2024	2025
Marine Laker Collect	199.31	199.31	199.31	199.31	199.31	199.31	199.31
Other Norris Project	106,399.12	3,233.47	3,233.47	0.00	0.00	0.00	0.00
Norris Maintenance	0.00	3,528.50	3,528.50	3,528.50	3,528.50	0.00	0.00
Capital Reserve	113,696.56	161,252.74	344,666.98	580,671.90	759,181.72	858,976.77	589,318.67
Renovation-Ada Project	15,318.00	15,318.00	15,318.00	15,318.00	11,817.05	11,817.05	11,817.05
Auxiliary R-R	290,735.30	66,133.77	245,378.25	501,260.61	480,246.20	10,181.08	160,463.75
Housing Furnishings	78,374.43	58,610.74	70,026.55	89,072.03	132,250.06	40,226.76	104,941.76
Telephone Reserve	84,327.56	84,327.56	84,327.56	84,327.56	84,327.56	84,327.56	84,327.56
Parking Reserve	230,248.96	130,248.96	61,377.96	111,377.96	136,535.73	174,393.73	189,487.73
Cooper Gym Floor Replacement-Norris	0.00	0.00	0.00	42,520.08	42,520.08	42,520.08	42,520.08
CFRE Construction-Non-State Reimb	0.00	10.89	(38,716.53)	39,783.26	0.00	0.00	0.00
Business Bldg Planning-Construction	(58,627.03)	(27,882.03)	0.00	0.00	0.00	0.00	0.00
Sim Center Building	2,778.02	0.00	0.00	0.00	0.00	0.00	0.00
Campus Expansion	(49,760.00)	(46,360.00)	99,123.90	102,623.90	106,023.90	109,423.90	111,404.90
CFRE - State Project	11,367.41	1,116,604.21	(955,084.83)	(217,250.65)	(25,000.00)	0.00	0.00
ARL Htchery Renovations 2018	<u>430,549.50</u>	<u>430,549.50</u>	<u>428,619.79</u>	<u>399,144.48</u>	<u>399,144.48</u>	<u>385,940.48</u>	<u>356,907.93</u>
	1,255,607.14	1,995,775.62	361,998.91	1,752,576.94	2,130,774.59	1,718,006.72	1,651,388.74

Overall Operational Fund Summary:

The following funds are considered the core operational areas of LSSU.

	2019	2020	2021	2022	2023	2024	2025-YTD
General Fund (1000)	(1,504,849.18)	(3,390,975.11)	14,494.84	27,702.54	(187,930.24)	(423,539.59)	4,486,184.03
General Fund (1xxx)	349,906.68	418,112.75	579,291.27	649,786.34	618,243.43	666,246.63	696,329.08
Auxiliary Funds	(582,296.93)	(483,362.52)	(43,391.84)	1,023,469.74	(111,242.10)	(1,412,915.33)	(51,403.05)
Designated Funds	1,654,017.23	1,841,246.21	1,453,930.97	2,263,832.41	1,136,789.80	1,765,756.93	2,224,620.50
Reserve Funds	4,115,176.47	4,084,974.72	4,351,841.66	1,822,466.78	1,910,455.46	1,893,596.67	1,387,067.13
Plant Funds	<u>1,255,607.14</u>	<u>1,995,775.62</u>	<u>361,998.91</u>	<u>1,752,576.94</u>	<u>2,130,774.59</u>	<u>1,718,006.72</u>	<u>1,651,388.74</u>
	5,287,561.41	4,465,771.67	6,718,165.81	7,539,834.75	5,497,090.94	4,207,152.03	10,394,186.43



Agenda Item #3: FY25 Year-to-Date Summary

Information

Action

Discussion

Purpose:

The purpose of this item is to provide the year-to-date activity of the General and Auxiliary Funds.

Background:

The Board approved the General Fund (GF) budget at the November 2024 Board meeting. Auxiliary Fund budgets were also approved at the November 2024 Board meeting.

FY25 General Fund Report (Tables 1 and 2):

For FY25, the Board approved a GF budget that would increase the GF deficit from \$423,540 to \$1,107,335; a loss of \$683,795. The GF performance plan is shown in Table 1.

Table 2 shows GF revenues of \$23.97M. Revenues are at 65% of budget which is reasonable for this time of year. Tuition and fee revenue (Fall, Winter, Spring) is at 99.4% of budget. If the only additional revenues realized were the State appropriations, the GF would end the year at 97.4% of budget. There are no significant concerns with the revenue estimate at this time.

Expenditures are at 64.9% of budget; 59.6% of the way through the year. Salary/Fringe expenditures are at 57% of budget, 59.6 % of the way through the year.

Areas of concern include utility expenditures (62% of budget; \$200,000), scholarships (117% of budget; \$750,000)

FY25 Housing Report (Tables 3 and 4):

Table 3 shows the FY25 plan for Housing. The Board approved a budget that would reduce the fund balance from \$354,589 to \$46,387 by year-end.

Table 4 shows year-to-date (YTD) revenues and expenditures. Revenues are at 99% of budget.

Expenditures are at 58% of budget, 60% of the way through the year. Transfers are at 58% of budget, 60% of the way through the year.

There are no concerns at this time with Housing revenues or expenditures.

FY25 Cisler Operations Report (Tables 5 and 6):

Table 5 shows the FY25 plan for Cisler Operations. The Board approved a budget that would increase the deficit from \$1,074,391 to a deficit of \$1,415,703 by year-end.

Table 6 shows year-to-date (YTD) revenues and expenditures. Revenues are at 90% of budget, which is typical for this time of year. Actual student food service revenue is at 99.2% of budget.

Expenditures are at 63.5% of budget, 60% of the way through the year.

We still expect additional catering and concessions revenue. There are no concerns at this time.

FY25 Athletics Report (Tables 7 and 8):

Table 7 shows the FY25 plan for Athletics. The Board approved a budget that would increase the deficit from \$1,971,063 to a deficit of 3,220,702 by year-end.

Table 8 shows year-to-date (YTD) revenues and expenditures. Revenues are at 87% of budget.

Expenditures are at 62% of budget and transfers are at 56% of budget, 60% of the way through the year. There are no concerns at this time.

Cash Balances (Table 9):

LSSU and Foundation cash is comingled in some cash funds. Since some of the Foundation cash is designated as unrestricted, it has been broken out. Additionally, Canadian funds have been broken out and are reported separately.

The overall balance of \$16.5M has increased by about \$4M this the last report, as is typical for this time of year. However, this is the lowest recorded balance since the CFO has been in this position. The average balance for January 31 is \$19M for the last nine (9) years.

Please note that the cash report includes restricted and unrestricted funds. Only unrestricted funds can be used for the day-to-day operation of LSSU, therefore not all these funds are available for typical operation. Additionally, a positive fund balance does not necessarily indicate an availability of cash. In other words, the General Fund and Auxiliary Fund only have a small claim to this cash. It generally belongs to other funds.

Fund Balance Dashboard Notes:

General Fund: The large balance is due to spring tuition and fee payments. The fund balance is expected to decrease through year-end, and expected to end near the projected value.

Designated Funds: \$1.7M in Charter School funds makes up the bulk of the funds. The Fund Balance is expected to decrease by year-end.

Auxiliary Funds: The large balance in Housing is due to collected spring housing revenue. All fund balances are expected to decrease through year-end.

Reserve Funds: These are understated by about \$300,000 due to insurance payments, related to the CAS fire that have not yet been received.

Plant Funds: Transfers to the Plant Fund have been reduced for FY25, therefore we expect to see this fund balance decline throughout the year (especially the Capital Reserve).

Overall Summary: There are sufficient fund balances (\$10.4M) recorded at this time for FY25.

Note: A positive fund balance does not necessarily correlate to an equal amount of cash. Generally cash is less than the fund balance.

Other Financial Events:

There are several other financial events worth noting. They are presented below.

- 1) Completion of the FY24 Annual Financial Statements (Audit).

The FY24 Audit is complete. The final version is provided as Appendix A and is available on the LSSU website at: <https://www.lssu.edu/resources/about-lssu/contact-lssu/business-operations/financial-statements/>

- 2) Standards & Poors Annual Report:

The annual Standards and Poors (S&P) Report can be found in Appendix B. In summary, S&P found no reason to alter its previous rating of LSSU and chose to continue its BBB+ rating with a negative outlook. This is exactly the same outcome as the previous year.

Suggested Actions/Motions:

No action required.



LAKE SUPERIOR STATE UNIVERSITY

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Agenda Item #4: FY26 Budget Planning and Status

Information

Action

Discussion

Purpose:

The purpose is to provide the Board with a summary of plans for the FY26 budget cycle, and to gather feedback from the Board before continuing FY26 planning.

Background:

LSSU has seen larger than desired year-end short-falls in the General, Auxiliary, and Reserve funds. This has led to a \$4.2M fund balance loss since FY21.

	2021	2022	2023	2024
GF + Aux	550,394.27	1,700,958.62	319,071.09	(1,170,208.29)
Reserve Funds	<u>4,351,841.66</u>	<u>1,822,466.78</u>	<u>1,910,455.46</u>	<u>1,893,596.67</u>
	4,902,235.93	3,523,425.40	2,229,526.55	723,388.38

With Board approved budget deficits of about \$3.5M for FY25 and no expectation for an increase in the Reserve fund balance, the truly “operational” funds of LSSU will be depleted by year-end. As such, LSSU has begun planning for an overall balanced financial picture for FY26. The goal is to adjust some areas to result in surpluses, and then allow other areas to continue to operate at a lower deficit; with an overall net zero (or near zero) position for LSSU.

LSSU is looking to adjust FY25 revenues and expenditures by \$5M for FY26. Many details of the proposals have been shared with LSSU leadership, the Budget Advisory Committee, the Shared Governance Leadership Committee, and the campus community via various meetings and a Town Hall meeting. Feedback from those sessions have been useful in prioritizing and quantifying the proposed adjustments necessary for FY26.

Information:

In preparing for FY25, LSSU proposed several “one-time” cuts in order to achieve the \$3.5M deficit budget. Many of the “one-time” cuts will need to remain in effect through FY26 in order to achieve the \$5M reduction necessary. They are denoted as “continued FY25 cuts” in the planning documents. As LSSU plans for FY26, leadership is looking at continuing most FY25 cuts, pursuing new revenue streams, and reducing expenditures; resulting in an altogether adjustment of about \$5M for FY26.

Appendix C shows the list of proposed FY26 budget adjustments. They are broken into two major categories: revenues and reductions. The adjustments total about \$5M. As previously noted, these proposed changes have been vetted at various campus meetings and feedback from those meetings was incorporated into this current listing. Altogether, about \$8.5M of potential adjustments have been discussed.

Each of the two categories (revenues and reductions) is further broken down by likelihood of implementation and amount of time studied. The Senior Management Team is ready to discuss the listed items and their likelihood of implementation at the upcoming Board meeting.

Planning to Execute	
Proposed	
Under Consideration	
Other Options	

Summary:

Each proposed action has been reviewed and discussed and assigned to a level of confidence given what is known at this time. These are discussed below. The first four areas are tied to controlling and reducing expenditures.

Planning to Execute Reductions or Continued Cuts (\$2,458,705):

Item Considered	Amount	Notes
Continued Academics spending cuts	1,100,000	Continue the one-time cuts from FY25
Continued Facilities cuts	300,000	Continue the one-time cuts from FY25
Scholarship savings	300,000	Develop Process for FY26 and FY27
Athletic Operational Efficiencies	523,705	Reduce FY25 by \$300,000; repeat for FY26
Organizational Structure Savings	200,000	Units to Identify
Vacation pay-out policy changes	35,000	Need to edit policy (2 Phases). Execute Phase I

Proposed Reductions (\$525,000):

Item Considered	Amount	Notes
FLSA Savings	25,000	Move staff from B3 to B1
Staff cut or not replaced	200,000	To Balance the Budgets: Probably < \$500,000
TIAA savings	200,000	8/3/3 or 8/2/2 for AP effective asap (4/4/4 shown)
Reduce housing footprint	100,000	Review underway

Reductions under Consideration (\$40,000):

Item Considered	Amount	Notes
Faculty special assignments/adjunct/overload	40,000	Fewer special assignments/adjunct/overload

Other Reduction Options (\$200,000):

Item Considered	Amount	Notes
Other Athletics savings	200,000	Operational savings
Heath Care Cost Sharing (AP)	Not yet quantified	Looking at 80/20 cost share model (AP)
Heath Care Cost Sharing (FA)	Not yet quantified	Looking at 80/20 cost share model (FA)
Heath Care Cost Sharing (ESP)	Not yet quantified	Looking at 80/20 cost share model (ESP)
Food Service Changes	Not yet quantified	Under Review

In summary, the proposals for expenditure controls and reductions are to continue \$1.4M in cuts and execute another \$1,823,705 for FY26.

The next four areas are proposed new sources of revenue.

Proposed New Revenue Streams (\$563,624):

Item Considered	Amount	Notes
Annual CSO savings	500,000	Confirmed with CFO
Senior Processing Fee (\$50)	15,000	Quantify what the fee would cover (new policy/fee)
Rental fees	48,624	FY25 and forward

Proposed New Revenue Streams (\$860,000):

Item Considered	Amount	Notes
Increased General Fund Revenue	450,000	Assume steady enrollment
Increase Health Services Revenue	260,000	New Plan via Student Fees
Foundation support	100,000	Request made 12-6-24.
New Athletic revenue	50,000	Summer Enrollments
New Housing Plan	Not yet quantified	Up to \$300,000

New Revenues under Consideration (\$343,000):

Item Considered	Amount	Notes
Increase housing revenue (outside use)	100,000	Review underway
New ACHA Women's Hockey	243,000	Per Tory's Report

Other New Revenue Options (\$202,000):

Item Considered	Amount	Notes
New food partner (Considine)	12,000	\$1,000/mo for rent?
Sell property	50,000	051-062-022-00
Sell property	140,000	051-062-009-55

The proposals are to seek new revenue totaling \$1,968,624 for FY26.

Impacts:

LSSU has attempted to spread the impact across the entire campus, while maintaining the integrity of academics and the student experience. If every action noted was implemented, and all other factors were held constant, then the impact on the General and Auxiliary Funds (monetarily) would look as follows.

The GF would see a surplus of about \$1.5M, but the Auxiliary Funds would still experience a deficit of about \$1M.

	General Fund		
	FY25	Adjustments	FY26
Revenue	36,230,530	1,608,624	37,839,154
Expenditures	(33,182,260)	813,800	(32,368,460)
Transfers	(3,734,048)	(200,000)	(3,934,048)
			<u>1,536,646</u>

Net amount (\$500,000) would be utilized in the Plant and Designated Fund yielding a near balanced FY26 when viewed as an entire institution.

	Auxiliary Funds		
	FY25	Adjustments	FY26
Revenue	9,405,419	360,000	9,765,419
Expenditures	(11,838,142)	485,905	(11,352,237)
Transfers	508,246	0	508,246
			<u>(1,078,572)</u>

The Senior Management Team is prepared to answer questions on the specific impacts and to discuss the feedback from the campus.

Suggested Actions/Motions:

LSSU seeks the Board's comments and thoughts on moving forward.



Agenda Item #5: Approval DTE Easements

Information

Action

Discussion

Purpose:

The purpose is to secure Board approval of two easements to DTE.

Background:

The Board has previously approved two easements to DTE for upgrades to their system near the LSSU Steam Plant. DTE has continued to work on the project and is now requesting two (2) additional easements. One is along the south side of Easterday Avenue from one of the initial easements to the intersection of Easterday and Meridian Streets. The other easement is about 310 feet down Meridian, toward the entrance of the Norris Center.

Information:

Appendix D contains the details regarding the easements. One request is for a 10 foot-wide easement centered on the pipeline, extending east from Easement #1 to the intersection of Easterday Avenue and Meridian. The second easement is for a 10' by 40' section on Meridian.

This is a standard easement, with typical indemnity and restoration language. Full legal descriptions and drawings are provided in Appendix D.

Suggested Actions/Motions:

The President recommends approval of the easements to DTE as presented within this agenda item and Appendix D. The President also recommends the Board approve and authorize the President and/or the CFO to sign any and all documents regarding this easement.



Agenda Item #6: Approval of City Easements

Information

Action

Discussion

Purpose:

The purpose is to secure Board approval of easements to the city of Sault Ste. Marie.

Background:

As part of the Meridian Street project, the city is proposing the installation of new crossing signals and lighting at the intersection of Easterday Avenue and Meridian; at no cost to LSSU. A short video describing the project has been provided. The video is named "Meridian Street Project.mp4".

Information:

This intersection is heavily used by LSSU and currently has only one controlled crossing signal. This project would place new crossing signals and lighting at all four corners of the intersection. The project is scheduled to begin later this summer. LSSU currently owns all four corners and the city is requesting easements for the installation and maintenance of the signals and lighting. Some easements were already provided when the Meridian Street project began. This request expands on the previous easements.

Additionally, an easement is requested to create an accessible access to the NE corner of the intersection from an existing sidewalk (all located behind Brady Hall). The other corners have adequate access.

Appendix E contains the details regarding the easements (east and west easements).

These are standard easements, with typical indemnity and restoration language. Full legal descriptions and drawings are provided in Appendix E.

Suggested Actions/Motions:

The President recommends approval of the Easements to the city of Sault Ste. Marie as presented within this agenda item and Appendix E. The President also recommends the Board approve and authorize the President and/or the CFO to sign any and all documents regarding these easements.



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Agenda Item #7: Request for Approved Account Signers

Information

Action

Discussion

Purpose:

The purpose is to secure Board approval to open a new account at Central Savings Bank (CSB); determine the signers for that account; ensure signers are up-to-date at CSB and other banking institutions; and to determine the signers for a Safe Deposit Box at Huntington Bank.

Information:

LSSU would like to open a new CSB interest-bearing savings account named the “Laker Hockey Legacy Fund” to hold pass-through funds from a donor, until funds are needed by LSSU.

LSSU would like to ensure signers for all banks are up-to-date. Current institutions include: Central Savings Bank, Huntington Bank, GovMic, Schwab, Nicolet Bank, BMO of Canada, and 4Front Credit Union.

Institutions typically require that Boards take action to name who should be signers on the account and what authority each signer should have (Query Only, deposit, check-writing, or ability to Add/Delete other signers) in the form of a motion that appears in the minutes.

Signers are typically the President, CFO, and Controller.

Suggested Actions/Motions:

The President recommends the Board approved the creation of a new funds at CSB called the “Laker Hockey Legacy Fund” with authorized signers as noted below.

Name	Position	Query	Execute Transactions	Add/Delete User
Dr. David Travis	President	X		X
Morrie Walworth	CFO		X	X
Yah-Sheba Jenkins	Controller		X	X

The President recommends the Board appoint authorized signers for all Central Savings Bank, Huntington Bank, GovMic, Schwab, Nicolet Bank, BMO of Canada, and 4Front Credit Union accounts as follows (removing all other names):

Name	Position	Query	Execute Transactions	Add/Delete User
Dr. David Travis	President	X		X
Morrie Walworth	CFO		X	X
Yah-Sheba Jenkins	Controller		X	X

The President recommends the Board grant access to the Huntington Bank Safe Deposit Box #644 to Morrie Walworth, Yah-Sheba Jenkins, Katie Kelsey, and Lauren Pierce (removing all other names).

The President recommends that the Board authorize the President and/or CFO to sign, on the Board's behalf, all documents necessary to carry out the actions approved herein provided signed meeting minutes are presented to the banking institution.

Appendix A

FY24 Annual Financial Statements (Audit)

The FY24 Annual Financial Statements (the Audit) have been provided as a separate attachment (FY24 LSSU Annual Financial Statements.pdf).

It can be found online at:

<https://www.lssu.edu/resources/about-lssu/contact-lssu/business-operations/financial-statements/>

Appendix B

Annual Standards & Poors Report

S&P Global
Ratings

RatingsDirect®

Lake Superior State University, Michigan; Public Coll/Univ - Unlimited Student Fees

Primary Credit Analyst:

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Enterprise Risk Profile--Adequate

Financial Risk Profile--Strong

Lake Superior State University, Michigan; Public Coll/Univ - Unlimited Student Fees

Credit Profile

Lake Superior St Univ ED (AGI)		
<i>Unenhanced Rating</i>	BBB+(SPUR)/Negative	Affirmed
Lake Superior St Univ PCU_USF (AGI)		
<i>Unenhanced Rating</i>	BBB+(SPUR)/Negative	Affirmed

Many issues are enhanced by bond insurance.

Credit Highlights

- S&P Global Ratings affirmed its 'BBB+' underlying rating (SPUR) on Lake Superior State University Board of Trustees, Mich.'s series 2018 revenue bonds and series 2021 revenue refunding bonds, issued for Lake Superior State University (LSSU).
- The outlook remains negative.

Security

The university's bonds are secured by an irrevocable pledge of, and first lien on, general revenue of LSSU. This revenue consists primarily of student fees and tuition, gross revenue from the operation of the auxiliary system, unrestricted grants and gifts, and unrestricted investment income. We view this as equivalent to a pledge of unlimited student fees. The pledge specifically excludes state appropriations and restricted revenue.

As of June 30, 2024, LSSU had \$34.6 million in debt obligations outstanding, including \$31.4 million in long-term bonds. LSSU's maximum annual debt service (MADS) burden is 4.4%, which we consider average. It has no near-term plans for additional debt.

Credit overview

We assessed LSSU's enterprise risk profile as adequate, characterized by a small and decreasing full-time equivalent (FTE) enrollment and variable retention rates. We assessed LSSU's financial risk profile as strong, characterized by a recent trend of operating deficits, sufficient financial resources for the rating, and a solid endowment per FTE. Combined, these credit factors led to an anchor of 'bbb+' and a final rating of 'BBB+.'

The rating reflects our assessment of LSSU's:

- Small FTE enrollment of 1,294 students, representing a 25% decrease from fall 2020 to fall 2024;
- Trend of full-accrual operating deficits, which we expect is likely to continue in fiscal 2025; and
- Ongoing capital and deferred maintenance pressure, with a very high average age of plant at 25.6 years.

These factors are offset by LSSU's:

- Above-median financial resources relative to operations and debt as of fiscal 2024; and

Lake Superior State University, Michigan; Public Coll/Univ - Unlimited Student Fees

- Manageable debt burden, with no additional debt plans.

Established in 1946 as part of a technical university, LSSU is the smallest of Michigan's 15 state-supported universities. It began granting four-year degrees in 1966, and became an autonomous university with its own board in 1967. The main 115-acre campus is in Sault Ste. Marie, on the eastern side of Michigan's Upper Peninsula, on the Canadian border. LSSU is known for its programs in fisheries and wildlife management, engineering, teacher education, nursing, and criminal justice. It also operates small academic sites in Petoskey and Escanaba. In fall 2024, LSSU launched a Master of Business Administration program.

Environmental, social, and governance

We analyzed LSSU's environmental, social, and governance credit factors pertaining to its market position, management and governance, and financial performance. We believe LSSU is affected by changing demographic and population trends, which we view as a social risk. We anticipate demographic pressure will continue, with fewer graduating high school students in Michigan expected for the next several years. We found environmental and governance credit factors neutral in our credit rating analysis.

Outlook

The negative outlook reflects our view of LSSU's weakening enrollment and financial performance. While management is working to establish academic niches and appropriately scale operations, we believe the university may continue to face demand pressure due to regional demographic trends, which could further pressure operations and dilute financial resources.

Downside scenario

We could lower the rating if enrollment fails to stabilize or if financial performance does not improve. We could also lower the rating if LSSU issues additional debt without a commensurate growth in financial resources.

Upside scenario

We could revise the outlook to stable if enrollment stabilizes or grows during the outlook period, with operations returning to near break-even levels, while the university maintains financial resources around current levels.

Credit Opinion

Enterprise Risk Profile--Adequate

Market position and demand

LSSU reported total FTE enrollment of 1,294 students in fall 2024, representing a 5.4% decrease from 1,368 students in fall 2023. FTE enrollment has decreased in four consecutive years, falling 25.2% since fall 2020. FTE enrollment decreased 5.0% in fall 2023 and 12.8% in fall 2022. Management attributes the recent enrollment trend to demographic pressure in the region and the economic environment, with prospective students considering trade schools or entering the workforce. We believe this is reflected in LSSU's weaker matriculation rates in recent years, with first-year

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matriculation rates of 12.3% in fall 2024 and 15.21% in fall 2023, compared with 14.9% in fall 2022 and 21.0% in fall 2021. In our view, LSSU's enrollment is vulnerable to large swings due to its small size. Additionally, we believe demographic trends in the region combined with a highly competitive environment for students will likely make enrollment growth challenging.

To stabilize enrollment, LSSU has increased its programmatic offerings, including launching cannabis-related majors that focus on chemistry and business (Michigan legalized cannabis in 2018). It also continues to offer programs in its traditional strengths, including fisheries and wildlife management, robotics, and engineering. For fall 2024, LSSU launched a prison education program and a master's degree in business administration. Management aims to improve student success and retention through LSSU's Laker Success peer mentor program. The first-year retention rate improved to 79.0% in fall 2024, up from 69.0% in fall 2023, which we view favorably.

Freshman applications increased 8.8% in fall 2024, partially offsetting a 15.2% decrease in fall 2023. Selectivity and matriculation rates also weakened to 94.3% and 12.3%, respectively. Both measures are below rating category medians. Selectivity was 85.5% in fall 2023 and 79.6% in fall 2022. Approximately 87% of LSSU's students come from Michigan. LSSU historically also draws students from Canada, and hopes to increase recruitment there in the outlook period.

Management and governance

Dr. David Travis joined LSSU as its eleventh president in June 2024. Dr. Travis previously served as provost and vice chancellor for academic affairs at the University of Wisconsin-River Falls, and holds both bachelor's and master's degrees from the University of Georgia. LSSU also named a new controller since our most recent review and continues to operate with an interim CFO, who previously served in the same role and has over 30 years of experience at the university. We would view stability within LSSU's senior management positively.

The LSSU board of trustees is the governing body for the university. The board, consisting of eight members, is responsible for oversight of the president, assessing university programs, and maintaining fiscal oversight and responsibility over the university's finances.

LSSU is currently operating under a five-year strategic plan that launched in 2020. The plan's strategic initiatives focus on student learning and development, diversity, fiscal resilience and operational excellence, community partnerships and engagement, and sustainability.

The university has a formal policy for investment management and operates according to a master capital plan. LSSU does not have a formal reserve and liquidity or debt management policy, although reserve levels are reviewed on an annual basis. LSSU maintains cyber insurance and has taken sufficient steps, in our view, to identify and protect assets and data from cyber-attacks.

Financial Risk Profile--Strong

Financial performance

In fiscal 2024, the university generated a net adjusted operating deficit of \$4.4 million, or a negative 6.6% margin. Total adjusted operating revenue decreased 1.9%, with net tuition revenue falling 3.4%. Total adjusted operating expenses

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decreased 2.5%, reflecting a 14.4% drop in instructional expense. In fiscal 2023, LSSU generated a negative 7.1% operating margin due to a 4.8% increase in total adjusted operating expenses. We would view further demonstrated progress toward break-even operations favorably. However, if large deficits continue, we could lower the rating.

State appropriations were \$21.6 million, or 34.3% of fiscal 2024 adjusted operating revenue. In fiscal 2023, LSSU received a total of \$24.1 million in appropriations. The university has received additional appropriations from the state to address pension funding, which are expected to reduce contributions. These appropriations totaled approximately \$2.5 million in fiscal 2022, \$9.0 million in fiscal 2023, and \$6.0 million in fiscal 2024. Management expects to receive a base operating appropriation of \$15 million to \$16 million for fiscal 2025.

Historically, the university's revenue is relatively diverse, and in fiscal 2024 consisted primarily of net tuition, and fees (31%), state appropriations (34%), auxiliary income (15%), and research (12.5%). LSSU's tuition discount rate, 40% in fiscal 2024, has remained relatively flat over the last four years and is somewhat high for a public university, in our view.

Financial resources

As of fiscal 2024, LSSU reported total cash and investments, including foundation resources of \$57.1 million. Fiscal 2024 levels represent a 7.5% increase from \$53.1 million in fiscal 2023 and a 10.5% increase from \$51.7 million in fiscal 2022. The university's financial resources equal 84.7% of adjusted operating expenses and 165.1% of total debt. Both ratios exceed rating category medians and, in our view, remain sufficient for the rating.

As of June 30, 2024, management reported that LSSU and the foundation had a combined market value of \$39.7 million, with good liquidity. LSSU's endowment spending has historically been about 4.5%, which we view as sustainable. Additionally, the university holds \$9.3 million in cash and cash equivalents and \$5.0 million in short-term investments, which we believe provides sufficient near-term liquidity.

LSSU historically has limited fundraising; however, it concluded a campaign in 2022 for its Center for Freshwater Research and Education. The overall cost of the facility was about \$14.2 million, to which the state contributed \$8.9 million, and management fundraised for LSSU's share of \$5.3 million.

Debt and contingent liabilities

In addition to the university's bonds of \$31.4 million, LSSU has \$3.2 million in other obligations, including loans, vendor financed agreements, and subscription-based IT arrangements. The additional obligations do not pose a significant liquidity risk, in our view. While LSSU has no near-term plans for additional debt, it has a very high average age of plant, in our view, equal to 25.6 years as of fiscal 2024, which indicates deferred maintenance and the potential need for additional debt beyond the outlook period.

Pursuant to LSSU's series 2018 and series 2021 bond documents, the board agrees to fix, make, and adjust all fees, rates, rentals and charges and other items of general revenue in an amount sufficient to provide annually sums equal to at least 2.0x annual debt service on its bonds plus 1.0x to meet annual debt service requirements on all additional subordinate obligations. LSSU reported coverage of 12.1x and 12.4x in fiscal years 2023 and 2024, respectively, and expects to remain in compliance during the current fiscal year.

The university allowed employees the option to participate in the Michigan Public School Employees Retirement

Lake Superior State University, Michigan; Public Coll/Univ - Unlimited Student Fees

System (MPERS), a cost-sharing, multiple-employer, defined-benefit plan through the state, which includes a retiree health plan. Enrollment in MPERS ended Dec. 31, 1995. As of June 30, 2024, LSSU reported a liability of \$694,452, down from \$9.8 million as of fiscal 2023, for its proportionate share of the MPERS net pension liability (last measured as of Sept. 30, 2023). LSSU contributes to the MPERS, and we understand that the overall pension funded status is 66.3% as of fiscal 2024, up from 61.0% in fiscal 2023. LSSU's pension and other postemployment benefit expense, relative to adjusted operating expense, was approximately 12.5%, which we view as high, but this is expected to decrease, given recent state support and the overall reduction in the pension liability.

Lake Superior State University, Michigan--Enterprise and financial statistics						
	--Fiscal year ended June 30--					Medians for 'BBB' category rated public colleges & universities
	2025	2024	2023	2022	2021	2023
Enrollment and demand						
Full-time-equivalent enrollment	1,294	1,368	1,440	1,652	1,730	3,659
Undergraduates as a % of total enrollment	100.0	100.0	100.0	95.0	95.4	88.2
First-year acceptance rate (%)	94.3	85.5	79.6	73.1	69.5	84.5
First-year matriculation rate (%)	12.3	15.2	14.9	21.0	26.9	21.7
First-year retention rate (%)	79.0	69.0	55.0	65.0	60.0	MNR
Six-year graduation rate (%)	50.0	56.0	54.0	49.0	49.0	47.3
Financial performance						
Adjusted operating revenue (\$000s)	N.A.	62,963	64,166	65,236	63,413	MNR
Adjusted operating expense (\$000s)	N.A.	67,393	69,089	65,942	56,292	MNR
Net adjusted operating margin (%)	N.A.	(6.6)	(7.1)	(1.1)	12.7	(4.6)
Estimated operating gain/loss before depreciation (\$000s)	N.A.	1,055	297	3,979	11,553	MNR
Tuition discount (%)	N.A.	40.4	38.4	41.9	39.3	38.2
Student dependence (%)	N.A.	45.6	45.8	48.4	47.8	43.8
State appropriations to revenue (%)	N.A.	34.3	37.5	27.5	22.7	30.6
Research dependence (%)	N.A.	12.5	9.5	9.9	8.0	6.4
Financial resources						
Endowment market value (\$000s)	N.A.	39,708	36,015	31,643	37,557	36,015
Related foundation market value (\$000s)	N.A.	28,560	25,739	22,444	25,286	MNR
Cash and investments including foundation (\$000s)	N.A.	57,087	53,109	51,650	56,451	62,301
Cash and investments including foundation to operations (%)	N.A.	84.7	76.9	78.3	100.3	65.1
Cash and investments including foundation to debt (%)	N.A.	165.1	144.6	144.3	149.7	141.6
Debt						
Foundation debt (\$000s)	N.A.	N.A.	N.A.	N.A.	N.A.	MNR
Total debt with foundation (\$000s)	N.A.	34,579	36,721	35,795	37,705	42,211
Current MADS burden (%)	N.A.	4.4	4.3	4.4	5.1	4.2

Lake Superior State University, Michigan; Public Coll/Univ - Unlimited Student Fees

Lake Superior State University, Michigan--Enterprise and financial statistics (cont.)

	--Fiscal year ended June 30--					Medians for 'BBB' category rated public colleges & universities
	2025	2024	2023	2022	2021	2023
Average age of plant (years)	N.A.	25.6	25.9	27.6	28.5	15.3

Total adjusted operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adjusted operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100*(net adjusted operating income/adjusted operating expense). Student dependence = 100*(gross tuition revenue + auxiliary revenue) / adjusted operating revenue. Current MADS burden = 100*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term and long-term investments. Average age of plant = accumulated depreciation/depreciation and amortization expense. N.A.--Not available. MNR--Median not reported. MADS--Maximum annual debt service.

Appendix C

Proposed FY26 Budget Adjustments

Item Considered	Amount	Notes
Continued Academics spending cuts	1,100,000	Continue the one-time cuts from FY25
Continued Facilities cuts	300,000	Continue the one-time cuts from FY25
Continued scholarship savings	300,000	Continue the one-time cuts from FY25
Athletic Operational Efficiencies	523,705	Reduce FY25 by \$300,000; repeat for FY26
Organizational Structure Savings	200,000	Units to Identify
Vacation pay-out policy changes	35,000	Need to edit policy (2 Phases). Execute Phase I
FLSA Savings	25,000	Move staff from B3 to B1
Staff cut or not replaced	200,000	To Balance the Budgets: Probably < \$500,000
TIAA savings	200,000	8/3/3 or 8/2/2 for AP effective asap (4/4/4 shown)
Reduce housing footprint	100,000	Review underway
Faculty special assignments/adjunct/overload	40,000	Fewer special assignments/adjunct/overload
Other Athletics savings	200,000	Transportation savings
Heath Care Cost Sharing (AP)	-	Look at 85/15 cost share model (AP)
Heath Care Cost Sharing (FA)	-	Look at 85/15 cost share model (FA)
Heath Care Cost Sharing (ESP)	-	Look at 85/15 cost share model (ESP)
Food Service Changes	-	Under Review
Sabbatical cuts	-	Could reopen contract
Faculty Association concessions	-	Could reopen contract
Academic restructuring savings	-	Plan halted 12-5-2024
Changes to scholarships	-	Start with Freshmen in FY27
Use of uncommitted scholarship funds	-	Use 2xxxx funds in concert with Laker Promise - FY27
Other (not yet identified)	-	
	3,223,705	Saving Realized
Annual CSO savings	500,000	Confirmed with CFO
Senior Processing Fee (\$50)	15,000	Quantify what the fee would cover (new policy/fee)
Phoenix property	48,624	FY25 and forward
Increased General Fund Revenue	450,000	Assume steady enrollment
Increase Health Services Revenue	260,000	New Plan via Student Fees
Foundation support	100,000	Request made 12-6-24.
New Athletic revenue	50,000	Summer Enrollments
Increase housing revenue (outside use)	100,000	Review underway
New ACHA Women's Hockey	243,000	Per Tory's Report
New food partner (Considine)	12,000	\$1,000/mo for rent?
Sell property	50,000	051-062-022-00
Sell property	140,000	051-062-009-55
Other (not yet identified)	-	
	1,968,624	New Revenues
	5,192,329	Total Adjustments

Appendix D

Proposed DTE Easements

Click this link to open the DTE Easement Proposal.



Appendix E

Proposed City Easements

There are four embedded documents. Select them to view the information.



East Easement



West Easement



Temporary Easement



Layout