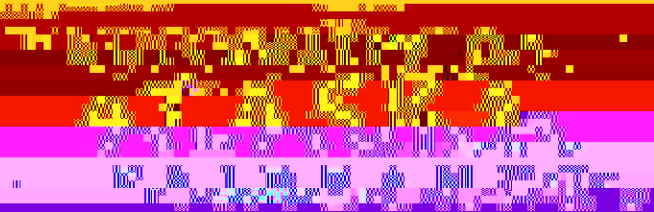




2014



Spring

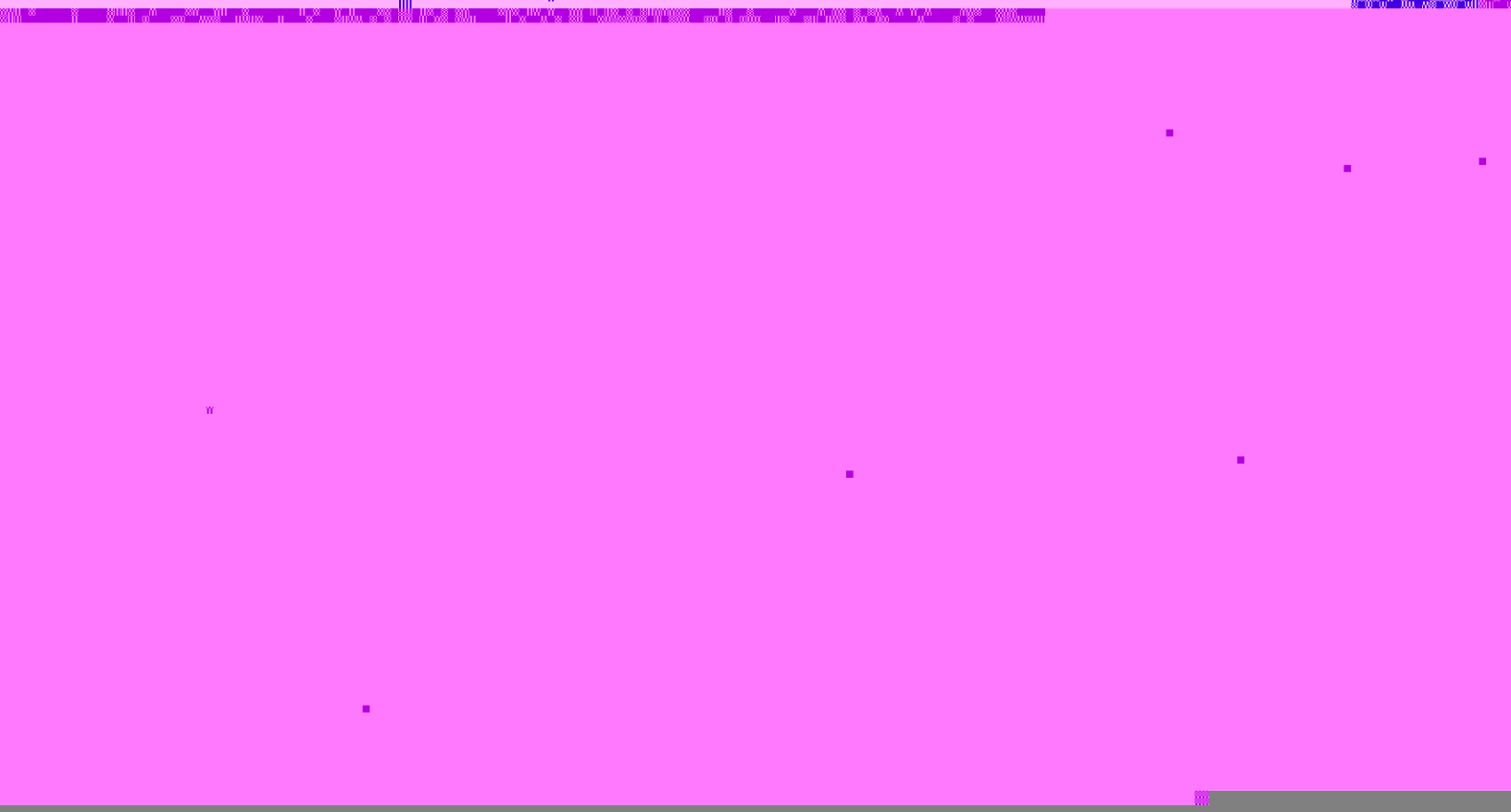
April

Wear your seat belt



Always

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- Combined the Accounts Payable Office with Budget and Cost Records
- Eliminated the central Travel Office
- Created the Office of Management and Budget
- Renamed Budget and Cost Records to Office of Finance and Accounting

Our stated goal in this reorganization was to create the capacity noted above, realize process efficiencies and do so with no additional FTEs added and with minimal cost increases.

Travel Process Improvements

We shifted the processing of travel expense reimbursements (TERs) to Human Resources, where a mechanism for processing payments to employees was already in place. This is the first step in shifting the focus from an extensive audit

Positions that are moved to reserved status, or are not recruited in the current fiscal year, will be revisited as part of the future year continuation budget process. Reserved positions can be returned to vacant status and vacant positions can be changed to reserve status at that time. This effort has greatly improved position management within UAF as well as UAF's

1. FY11 Unreserved Fund Balance Analysis

UAF is currently projecting an unrestricted (F1) unreserved fund balance of \$5.3M and \$17.4M for service center/leasing funds (F7, FE, FL). The projected F1 UFB is slightly below the target range of \$6M to \$9M and represents 1.4% of our total projected unrestricted and restricted revenues not including recharge centers or UA Intra Agency Receipts.

Cabinet	Projected F1 UFB
Chancellor	\$123.3
OIT	\$57.3
VC for Rural, Community & Native Education	\$377.9
Provost	\$1,183.3
Cooperative Extension Service	\$157.7
VC for Students	\$226.4
VC for University Advancement	\$331.4
VC for Administrative Services	\$418.0
VC for Research	\$1,057.0
Central Support (Scholarships, Debt Service, Utilities, etc.)	\$2,058.5
Total	\$5,328.0

The guidelines governing unreserved fund balance are set forth in the UAF Board Policy Manual, Section 4.6.17.0, which is available at <http://www.uaf.edu/finance/policies/>. The guidelines governing unreserved fund balance are set forth in the UAF Board Policy Manual, Section 4.6.17.0, which is available at <http://www.uaf.edu/finance/policies/>.

4. **Current fiscal year practice for distributing revenue within the campus**

A new ICR distribution model was approved and implemented for FY12. The new 60/40 distribution allows for 60% of the ICR to be dedicated to research investment and 40% to be dedicated to UAF supporting units and Statewide. This change was necessary to allow for investments in research facilities and undergraduate research.

UAF intends to continue the established methodology governing distribution of tuition revenue. Tuition is distributed 60% to the delivering department and 40% to central at the point of registration. We believe this model maximizes the benefit of dollars received and there are no plans to change it for the remainder of FY12.

5. **Current versus initial revenue projections**

The following chart shows to j ~~the~~ t o n A 0 0 0 3 > T j

Projected CIP Receipts as of January 2012 is significantly lower (19%) than originally anticipated last May. However, recent analysis shows that CIP labor should exceed last year's total of \$6.5M due to increased activity in both deferred maintenance and capital funded research projects. Anticipated UA Receipts are lower than originally projected by (3.8%). This original projected may have been affected by the \$4M one time Risk Insurance refund UAF received in FY11.

6. Projected Revenue relative to receipt authority

The following chart shows projected revenue over/under budget for each revenue source. As above, the University Receipt projection is net of prior year unreserved fund balance (\$22.7M) and Tuition and fee revenue includes the projected tuition allowance offset (\$5.5M).

SBS Budget Title	FY12 Budget	FY12 January Projected Revenue	Projected Revenue (Over) Under Budget
Federal Receipts	98,065.6	88,562.6	9,503.0
General Fund Match Appr	4,739.3	4,739.3	0.0
General Fund State Appr	158,391.0	160,091.0	1,700.0
Inter Agency Receipts	5,649.6	3,553.9	2,095.7
Interest Income	20.0	2.3	22.3
Dorm, Food & Auxil Serv	16,639.7	15,897.4	742.3
Student Tuition/Fees/Serv	48,347.6	40,382.7	7,964.9
Indirect Cost Recovery	26,225.1	23,901.9	2,323.2
U of A Receipts	50,687.9	44,168.4	6,519.5
CIP Receipts	5,439.3	6,061.4	622.1
Mental Hlth Trust Auth Receipts	222.5	222.5	0.0
Tech Voc Educ Progr Other	941.9	912.9	29.0
UA Intra Agency Transfers	30,783.5	31,277.2	493.7
	446,153.0	419,768.9	26,384.1

CIP Receipts are projected to exceed authority by approximately \$622.1K. UAF will continue to monitor

portion of the 7.5% buildings distribution of ICR assuming increasing research activity, private gifts, and additional reallocations.

UAF is also engaged in development of a public private partnership to provide a new dining facility and new student housing on the Fairbanks campus. As currently envisioned the public private partnership would own the new facilities and UAF would enter into a long term lease supported by both current and incremental auxiliary revenues. These projects are anticipated to require funding in the neighborhood of \$75 million. While not direct debt of the University, bonds associated with the projects will be secured by long term lease payments from the University and therefore will be listed with University debt and have an impact on University debt ratings. See [Attachment A](#).

Status of Series Q Bond Funded Deferred Maintenance Projects

The table below ~~is intended to provide information regarding the status of the Series Q Bond Funded Deferred Maintenance Projects as of the end of the reporting period.~~

Remaining Bonding Authority for Deferred Maintenance

UAF's remaining portion of the \$50M bonding authority totals \$11.5M and will be apportioned between four projects. First, the Critical Electrical Distribution

- 3% salary increase
- 6% decrease in average staff benefit rates
- 3.5% tuition increase

and analyzing accounts returned from a previously used collection agency. Beginning in December 2008, each student who had a balance with the University was mailed a student bill stamped "Remit to Avoid Further Collection Action". We continue to send out stamped notices each semester until we refer them to a collection agency and/or garnish their PFD.

In April 2010, UAF contracted with Cornerstone Credit as our "outside" collection agency. Approximately \$22,544 in student account debt that had been unsuccessfully collected in the past was transferred to them for collection. As of December 1, 2011 none of this debt had been successfully collected by Cornerstone and all accounts were returned to UAF. In November 2011 we contracted with Williams and Fudge Collection Agency because they specialize in higher education collections and are licensed to collect in all 50 states and internationally. Approximately \$175,686 in student account debt was transferred to them for collection. As of March 8, 2012 they have successfully collected \$3,270, returned \$3,765 as non collectable and \$1,010 was cleared by appeal. Several accounts are paid in full and others are in payment arrangements. Williams and Fudge allows a student 45 days to pay before they report to credit bureaus. When a student pays their account in full, the reporting is permanently removed from their account.

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and expect that there will be some level of increase in bad debt expenses in FY12 and FY13 to compensate for the steady increase in receivables over the period, especially in the over 90 days past due category.

UAF conducted two samplings for FY11 debt, one included the 50 highest balance accounts as of June 30, 2011 and one included statistical sampling of 50 accounts taken from the same report. For the statistical sampling a random number generator was used to obtain the sample (the original list was sorted by ID, not account balance). Each account was reviewed to determine if the June 30 balance had been paid. Accounts were then separated by balances in 31 60, 61 90, 91+ and future and extrapolated against the population.

Based on this analysis it is our opinion that approximately 4% of the outstanding balance at June 30, 2012 should be reserved as doubtful. We will be making appropriate adjustments over the course of the next two fiscal years to bring the allowance balance to this level. A similar analysis will be made as of June 30, 2012 and additional actions taken if warranted.

Conclusion

Multiple attempts are made at the campus level to collect on debt prior to referral to either a collection agency or PFD garnishment. The UAF Business Office contacts the student multiple times during the semester in an attempt to collect this debt. With the elimination of mailed monthly statements, the need to actively attempt to reach students about their debt is imperative. Between the suspensions of meal plans, notification under dorm room doors, and the six and twelve month mailings, the UAF Business Office potentially contacts the student as many as four times prior to beginning the PFD garnishment process or turning over to collections. All mailings and contacts are recorded in Banner for future reference.

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	FY12 Total Projected				
Projected Maintenance and Repair (M&R)	Routine Mtc	Scheduled Mtc	Reinvestment	Response Mtc	Mtc Expenditures
Fairbanks Campus Research/Academic/Admin	\$10,579,405	\$1,216,005	\$3,240,531	\$535,339	\$15,577,280
Fairbanks Campus Residence Life	1,248,000	176,000	401,000	80,000	1,905,000
Total Fairbanks Campus (Note 1)	11,827,405	1,392,005	3,641,531	615,339	17,476,280
FY12 M&R Target Fairbanks Campus					15,861,200
Over/(under) Target					1,615,081
UAF CRCD Total	\$853,333	\$177,371	\$116,968	\$60,404	\$1,208,076
FY12 M&R Target CRCD					855,800
Over/(under) Target					352,275
Total UAF FY12 Projected Maintenance and Repair					\$18,684,356
Total UAF FY12 Target					\$16,717,000
Total UAF FY12 Over/ (Under) Target					1,967,356

Note-1. Maintenance expenditures that are recorded in the Facilities Services (FS) work order system are coded by to the above categories. Those maintenance expenditures that are managed by other departments or that are performed by contractors may not be recorded in the FS work order system and therefore will not be coded by category. Much of those costs have been categorized in this report to the greatest extent