MEMORANDUM

DATE: 3/15/10

TO: Karin Baldwin, Manager Statewide Fund Accounting

FROM: Pat Pitney, Vice Chancellor for Administrative Services

RE: UAF Management Report for January 2010

The January 2010 management report for the University of Alaska Fairbanks is attached. The report is presented at the appropriation/allocation levels and includes the following:

- Revenue Detail by Source
- Auxiliary Activity
- Revenue and Expenditure Summaries for Unrestricted and Designated Funds
- Revenue and Expenditure Summaries for Restricted Funds.

**Unrestricted Funds:**

1) Indirect Cost Recovery revenue was projected to be flat in FY10 ($22.6M), however, we currently anticipate that ICR will increase 8% from last year for a total of $24M.

In FY10, Student Tuition and Fees are projected to increase 8.1% (or $2.6M) over the FY09 total of $31.9M. This is due to a 5% tuition increase and increased student enrollments. The FY10 tuition and fee revenue projection of $34.5M includes the anticipated tuition allowance of <$3.9M>. Increase in tuition revenue in the Rural College allocation from UALC/Cross Regional tuition may necessitate a request for additional receipt authority in FY10.

Total unrestricted University Receipts for Fairbanks Campus is expected to fall within its receipt authority once the FY09 carry forward is removed.

The Fairbanks Campus appropriation is expected to need an additional $10M in UA Intra-Agency Receipt authority. Due to a change in accounting procedures, Fairbanks Campus is now paying
its $10.5M utility bill as an expense to Fairbanks Campus and revenue to the Utility Recharge center. This change allows the Utility Recharge Center to bill the Fairbanks Campus using the same process as other users of its utilities. If Fairbanks Campus is unable to receive the additional receipt authority, we will reverse the current transaction and use a cost “transfer” as in previous years.

2) UAF is currently projecting an unrestricted (F1) carry forward of $4.9M (2.1% of projected revenue) and $8.4M for service center/leasing funds (F7, FE, FL). Based on the initial carry forward projections, UAF has suspended the maximum carry forward guideline as stated in the carry forward principles. This will allow departments to strategically use existing funds in anticipation of FY11 needs. Individual units projecting deficits have been identified and are actively working to mitigate these deficits in the current fiscal year.

3) With the exception of temporarily suspending the maximum carry forward guidelines for FY10, UAF is unaware of other transactions or circumstances that will have a significant impact on fiscal operations.

**Auxiliary Funds:**

4) Projections for auxiliary services suggest that the overall fund balance will decrease by $1.6M primarily due to planned renovations in the residence halls. The UAF Bookstore is projecting to break-even in FY10 due changes in Bookstore operations. UAF Parking Services is projecting a $130K operating deficit this year. Parking is looking at changes to the current fee structure to address operating shortfalls. UA Press is projecting a $216K fiscal year deficit; however, additional support from the UA Foundation is expected to help fund operations. The Rural College Bookstore is projecting a deficit of $316.5K due to book purchases made this fiscal year. The overall fund balance is expected to be a positive $190K.

**Restricted Funds:**

5) Units are optimistically projecting a 19% increase in Federal Receipts ($105M) over last year’s $88.5M total. However, the current rate of restricted fund expenditure suggests that restricted fund activity will be closer to $91.3M or a 3.2% increase over FY09. UAF has sufficient budget authority to support this level of activity. The Federal Receipt projection shown for Bristol Bay Campus is overstated by $1.9M. School of Fisheries & Ocean Sciences has inadvertently shown $4.4M in projected restricted University Receipts in the Fairbanks Campus allocation instead of Fairbanks Organized Research allocation. With the projected revenue applied to the correct allocation, we anticipate that restricted University Receipts will be within the authorized levels for both the Fairbanks Campus and Organized Research allocations. We will continue to work with unit fiscal managers to increase the accuracy of mid-year restricted fund projections.

Deficit balances in the restricted funds, when they exist, are covered with unrestricted revenues.