

## UAF Unreserved Fund Balance (UFB) Management Principles

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December 2017

- Fiscal Stewardship - at all times, know your unit's current and projected year-end fiscal position with accuracy.
- Positive Fiscal Position - complete the year with fewer expenses than realized revenue.
- Manage to an appropriate year-end balance for the size and complexity of your unit.

**Minimum UFB** - A reasonable amount of annual UFB is prudent and expected. Each unit will strive to have a minimum amount of UFB equivalent to 1% of total unrestricted revenues not including UA Intra-Agency Receipts. All units are expected to end the fiscal year with a positive balance. Units must inform the Associate Vice Chancellor for Financial Services of any projected deficits as soon as they are identified. Units will be required to repay any year-end deficits in excess of \$10,000 unless alternate arrangements are made, in writing, in advance.

**Maximum UFB** - Excessive UFB may suggest a failure to invest available resources in expected program deliveries and enhancements. To encourage effective use of current year operating funds while allowing for flexibility to meet future needs, the maximum UFB guidelines are set at:

- 4% of total revenues (not including Intra-Agency Receipts) for NGF units (unrestricted revenue total is less than 50% from General Fund and Tuition)
- 2% of total revenues (not including Intra-Agency Receipts) for GF units

**UFB Monitoring and Management** - To allow for reallocation of resources to current fiscal year operating funding gaps, a portion of UFB will be redirected when UFB at year end deviates in excess of the established variances of 1.5% of total unrestricted revenues for GF units or 2.0% of total unrestricted revenues for NGF units, based on April Management Report projections, or when UFB exceeds maximum guidelines. Redirected UFB will be pooled by division for distribution by the vice chancellor. The maximum UFB sweep will be determined as follows:

- High Accuracy
  - None if the amount of UFB is within established guidelines.
  - 80% of UFB over the maximum.
- Low Accuracy
  - 50% of total UFB.

**UFB Investment Strategies** - Investments of Unit UFB revenue (account code 9890) should be tied to one or more of the following strategic themes; Connect, Research, Engage, Educate and Prepare. Unit UFB revenue should only be used for investments that are one-time in nature such as equipment, library books, sponsored activity match support, bridge funding related to future base reductions or reallocations, faculty startups, facility upgrades for program needs, campus infrastructure and appearance, space moves, or special one-time program support.

**Exceptions to UFB Principles** - Units purposely managing to an identified resource level for extraordinary one-time expenses such as those above may enter into a central working capital agreement or submit a request for exception to the maximum UFB guideline along with the April Management Report. The Associate Vice Chancellor for Financial Services will review the requests and make recommendations to the Vice Chancellor for Administrative Services by May 15.