Fiscal Highlights

For Fiscal Year 2012
ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR 2012

Presented by:

Dr. Ashok Roy
Vice President for Finance & Administration/CFO

and

Myron Dosch, CPA
Controller
FISCAL 2012 MARKED A YEAR OF GOOD PROGRESS, STABILITY & STRENGTH FOR THE UNIVERSITY OF ALASKA

- State support very robust – 46% of revenues.
- Net asset growth robust – 13.7% (FY11 to F12).
- Debt levels modest (annual debt service 2.5% of unrestricted revenues – Board policy permits up to 5%).
- Total operating expenses grew only 3% growth (FY11 to FY12).
- Rating agency Morningstar awarded a “Gold” rating to the T. Rowe Price College Savings Plan. This makes us in the top 4 College Savings Plans in the country.
STABILITY & STRENGTH

• Operating funds were invested (126 M) prudently for necessary liquidity, maximum security, reasonable returns.

• Received unqualified opinion, the most favorable outcome of the audit process, from our External Auditors (KPMG, LLP).

• We are pleased to report that the University of Alaska arcs towards progress and growth, driving transformation across Alaska and the continents.
LOOKING AHEAD

• As we exit FY12, UA remains a strong, healthy, market-leading provider of higher education.

• We are entering Fiscal 2013 with an exciting list of transformation projects to implement throughout the year.

• Several key challenges to higher education, in the national and global ecosystem, are expected in the years to come.
## UNIVERSITY OF ALASKA
### CONDENSED STATEMENTS OF NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 157,492</td>
<td>$ 166,984</td>
</tr>
<tr>
<td>Other noncurrent assets</td>
<td>296,779</td>
<td>238,581</td>
</tr>
<tr>
<td>Capital assets, net of depreciation</td>
<td>1,097,258</td>
<td>952,898</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,551,529</td>
<td>1,358,463</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>118,119</td>
<td>115,212</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>157,042</td>
<td>120,630</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>275,161</td>
<td>235,842</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets, net of debt</td>
<td>931,674</td>
<td>835,564</td>
</tr>
<tr>
<td>Restricted – expendable</td>
<td>74,102</td>
<td>30,825</td>
</tr>
<tr>
<td>Restricted – nonexpendable</td>
<td>130,513</td>
<td>129,317</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>140,079</td>
<td>126,915</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>$ 1,276,368</td>
<td>$ 1,122,621</td>
</tr>
</tbody>
</table>

($ in Thousands)
### CONDENSED STATEMENTS OF REVENUES & EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Operating Appropriations</td>
<td>$ 358,441</td>
<td>$ 346,644</td>
</tr>
<tr>
<td>Capital Appropriations and Grants</td>
<td>170,026</td>
<td>117,779</td>
</tr>
<tr>
<td>Student Tuition and Fees, net</td>
<td>123,971</td>
<td>116,104</td>
</tr>
<tr>
<td>Federal Grants and Contracts</td>
<td>160,415</td>
<td>172,561</td>
</tr>
<tr>
<td>State, Local and Private Grants</td>
<td>76,351</td>
<td>67,416</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>39,813</td>
<td>39,265</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>3,015</td>
<td>22,777</td>
</tr>
<tr>
<td>Other</td>
<td>23,178</td>
<td>30,882</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>955,210</td>
<td>913,428</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student and Academic</td>
<td>359,953</td>
<td>351,560</td>
</tr>
<tr>
<td>Research</td>
<td>135,928</td>
<td>140,453</td>
</tr>
<tr>
<td>Public Service</td>
<td>38,842</td>
<td>37,547</td>
</tr>
<tr>
<td>Operations and Maintenance</td>
<td>65,476</td>
<td>62,772</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>95,372</td>
<td>86,950</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>38,288</td>
<td>37,947</td>
</tr>
<tr>
<td>Depreciation</td>
<td>58,403</td>
<td>57,170</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>9,201</td>
<td>6,270</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>801,463</td>
<td>780,669</td>
</tr>
<tr>
<td><strong>Increase in Net Assets</strong></td>
<td>$ 153,747</td>
<td>$ 132,759</td>
</tr>
</tbody>
</table>

($ in Thousands)
NET ASSETS

2010 | 2011 | 2012
---|---|---
$738 | $836 | $932
$128 | $129 | $131
$17 | $31 | $74
$107 | $127 | $140

Unrestricted
Restricted – expendable
Restricted – nonexpendable
Capital assets, net of debt
REVENUE MIX

- State Appropriations ($358m, 46%)
- Federal Grants and Contracts ($160m, 20%)
- Tuition and Fees ($124m, 16%)
- State, Private and Local Grants ($76m, 10%)
- Auxiliaries ($40m, 5%)
- Other ($25m, 3%)

Total Revenue: $560m
EXPENDITURE MIX

- Salaries & Benefits ($491m, 61%)
- Contractual Services ($144m, 18%)
- Supplies & Materials ($66m, 8%)
- Other ($14m, 2%)
- Student Aid ($29m, 4%)
- Depreciation ($58m, 7%)
- Student Aid ($29m, 4%)
- Depreciation ($58m, 7%)
- Other ($14m, 2%)
- Supplies & Materials ($66m, 8%)
- Contractual Services ($144m, 18%)
EXPENDITURE MIX BY FUNCTION

- Student & Academic: $360m (45%)
- Research: $136m (17%)
- Operations & Maintenance: $66m (8%)
- Institutional Support: $95m (12%)
- Auxiliaries: $38m (5%)
- Depreciation: $58m (7%)
- Other: $9m (1%)
OPERATING CASH & INVESTMENTS ($126M)

- **Cash** ($20m, 16%)
- **Money Market Funds** ($50m, 40%)
- **U.S. Treasuries** ($5m, 4%)
- **Federal Agencies** ($9m, 7%)
- **Corporate Bonds** ($42m, 33%)
Debt outstanding: $154.4 million
In FY13: UAF Public Private Partnership Dining ($25m); Deferred Maintenance ($23m)
VIABILITY RATIO

(Measures debt burden and debt capacity)

Norm = 3 (see red line)

Fiscal Year

Value

Expendable Net Assets
Debt

2010 2011 2012
RETURN ON NET ASSETS RATIO

(Measures the return on total net assets)

Norm = 3 (see red line)

Change in Net Assets
Total Net Assets

Fiscal Year

Value
PRIMARY RESERVE RATIO

(Measures the level of reserves relative to expenses)

Norm = 3 (see red line)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2</td>
</tr>
<tr>
<td>2011</td>
<td>2.5</td>
</tr>
<tr>
<td>2012</td>
<td>3</td>
</tr>
</tbody>
</table>

Expendable Net Assets
Total Expenses
Composite Financial Index (CFI) (1 of 2)
(Measures overall financial health)

CFI:
- 38% Primary Reserve Ratio
- 37% Viability Ratio
- 25% Return on Net Assets Ratio

Norm = 3 (see red line)
COMPOSITE FINANCIAL INDEX (CFI) (2 OF 2)

Key:
- Blue triangle = University of Alaska
- Inside triangle = Norm
- Outside triangle = Outer limit of scale