

MID-YEAR FINANCIAL UPDATE TO AUDIT COMMITTEE

Ashok K. Roy, Ph.D., CIA, CBA
Vice President for Finance &
Administration/CFO

June 7th, 2013

STUDENT DINING HALL PROJECT AT UAF

(A PUBLIC- PRIVATE PARTNERSHIP)

- ◉ Board of Regents approved project & issuance of 2012 Bonds: Sept 27, 2012
- ◉ Developer: Lorig Associates, LLC.
- ◉ General Contractor: GHEMM Company
- ◉ Bond Issued by: Community Properties Alaska Inc.
- ◉ Cost of Project: \$27.5 M
- ◉ Effective interest rate: 3.4%
- ◉ UAF Annual rent: \$1.45M

STUDENT DINING HALL PROJECT AT UAF (A PUBLIC- PRIVATE PARTNERSHIP)

◎ STATUS

- Completion date: July 20, 2014
- Construction started in April 2013
- On schedule

PROJECTED UNRESERVED FUND Reference 58

BALANCE ON JUNE 30, 2013 (CARRY FORWARD)

	<u>UAF</u>	<u>UAA</u>	<u>UAS</u>	<u>SW</u>	<u>Total</u>
Projections	6.2M	\$7.9M	\$1.3M	\$0.8M	\$16.2M
As % of unrestricted & restricted revenues	1.5%	3.0%	2.4%	1.6%	1.9%

Note:

- Projections based on management reports from MAUs on April 1
- UA guidelines specify unreserved fund balance be 2% to 6% of unrestricted and restricted revenues

INVESTMENTS

- a) Operating Cash Portfolio (thru March 31, 2013)
- Portfolio Size: \$167M average balance
 - Total Earnings: \$640K
 - Rate of Return: 0.39%

 - This Portfolio is currently invested as follows:
 - 1/3 Cash (yield 0.13%)
 - 1/3 high quality bonds maturing May- July (yield 0.18%)
 - 1/3 high quality bonds maturing over next 3.5 years (yield 1.30%)

INVESTMENTS

Note:

- The cash and short term bonds are used to fund the University's liquidity needs
- Cash balances are at their lowest in June and early July due to the timing of the State Appropriation. We have held higher than normal cash balances this Spring semester pending purchases of the Bragaw Building

INVESTMENTS

b) Land Grant Endowment

- Portfolio Size: \$135M
- Total Earnings: \$12.4M
- Rate of Return: 10.0%

Note:

- Performance for the quarter ended 3/31/13 was strong (at 4.3%) bringing fiscal year-to-date performance to 10%.

- Outsourcing of Investment management of Consolidated Endowment Fund by Investment Committee of UA Foundation
 - To Cambridge Associates, Boston
 - Transition expected to occur in July

TUITION & FEE WAIVERS

- ◉ University Regulation 05.10.080 updated in January 2013
- ◉ President has delegated to each Chancellor authority to waive tuition & fees, based on written determination in the best interest of the university
- ◉ This authority may not be re-delegated by chancellors.
- ◉ Only those waivers funded thru unrestricted funds and are ad hoc. Not waivers approved by the Board or President (e.g. senior citizens, UA scholars)
- ◉ An annual reporting requirement is now in place for control purposes
- ◉ Status:
 - Waiver report for FY13 is due Sept. 1, 2013

COLLEGE SAVINGS PROGRAM

- ◉ My note dated May 1, 2013 to President
- ◉ Due to size of the portfolio, regulatory agencies, etc. working on Policies to better document the process for Board and University oversight

DEVELOP A FRAUD POLICY & PROCEDURES

- ◉ Currently UA does not have a system-wide fraud policy. There are statements on websites of various departments about the prohibition of fraudulent activities, but nothing that applies system-wide. BOR Policy P02.07 “Information Resource” has a couple of references that indicate fraudulent activity is prohibited
- ◉ Most big universities have such a policy to prevent and detect fraud, waste, and abuse and hold accountable those who engage in it
- ◉ Other schools have fraud policy as a commitment to high standards of ethical behaviors
- ◉ CAE working to develop a policy to address this

NEW TRAVEL & EXPENSE MANAGEMENT MODULE

- ◎ More Comprehensive Travel Data
 - Know where our travelers are – risk management and 911 tool
 - Better record of airline, hotel, car rental usage for possible preferred rates
- ◎ Analytical Reporting of Travel Expenses
 - Standardization of data entry provides better reporting in all aspects
- ◎ Streamlining of Travel Process
 - Eliminates paper-shuffling and allows for ad-hoc electronic approval process
 - Automatic calculation of per diem
 - Minimize errors
 - Align all travelers with BOR travel regulations