



Fleming College Financial Plan 2016-2017

APPROVED: by the Board of Governors, April 27, 2016 #2

Table of Contents

I. Summary 3

II. Revenue 5

III. Expenditures..... 9

IV. Capital..... 11

I. Summary

The College has developed a prudent Financial Plan for 2016/17 that anticipates contributing \$1 million to college reserves.

Total revenues in this Financial Plan are forecasted at \$107.7 million, an increase of \$2.8 million (2.7%) from the 2015/16 Budget Update. Operating Expenditures are planned at \$106.7 million, \$2.6 million (2.5%) higher than 2015/16 Budget Update,

Key aspects of the Financial Plan are as follows:

- Operating Revenue increases from 2015/16 are primarily due to:
 - An increase in international enrolment projections along with an increase in tuition fees
 - Increases in several grants aligned with increased enrolment projections (BScN and Dual Credit)

- Operating Expenditures variance from 2015/16 are primarily due to the following:
 - Increases in FT Salary including collective agreement increases and increased pension benefit costs.
 - PT Salaries have been strategically reduced to be more in line with the College sector.
 - Non-Salary Operating expenses where possible have been held to inflationary increases.

- The Financial Plan includes the potential to place \$1,000,000 of international revenue into College Reserves should the conservatively budgeted international revenue be exceeded and the potential enrolment forecast be fully realized.

- Capital Investment is budgeted at \$4.1 million with \$1.5 million projected to be funded by capital grants.

The following table provides a high level Financial Summary:

Fleming College Financial Plan Preliminary Budget 2016/17

SUMMARY

(\$ 000's)

	Preliminary Budget 2016/2017	Budget Update 2015/2016	\$ Increase (Decrease)	% Increase (Decrease)
Revenue				
Grants & Reimbursements	\$ 46,244	\$ 45,958	\$ 287	0.6%
Student Tuition Fees	29,940	28,207	1,733	6.1%
Contract Training	1,269	1,318	(50)	-3.8%
Other Income	11,465	10,490	975	9.3%
Amortization	4,312	4,497	(185)	-4.1%
Skills, Bursaries, Ancillary & Projects	14,508	14,446	62	0.4%
Revenue	107,738	104,916	2,821	2.7%
Operating Expenses	85,809	83,709	2,101	2.5%
Amortization Expense	5,933	6,087	(155)	-2.5%
Skills, Bursaries, Ancillary & Projects	14,996	14,353	643	4.5%
Expenses	\$ 106,738	\$104,149	2,589	2.5%
Excess of Revenue over Expenditures	\$ 1,000	\$ 768		

	Projected Balance Mar 31/17	Projected Balance Mar 31/16	\$ Increase (Decrease)	% Increase (Decrease)
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NET ASSETS

Invested in Capital Assets

As of April 1, 1997	\$ 2,417	\$ 2,417	\$ -	
Since April 1, 1997	14,228	14,943	\$ (715)	
Total Invested in Capital Assets	16,645	17,360	(715)	-4.1%

Unrestricted

Operating (Board Reserves)	(722)	(2,113)	1,391	
Accrued vacation pay, Future Benefits and Derivative & Sick Leave & PSA *	(10,361)	(10,361)	(0)	
Total Unrestricted	(11,083)	(12,474)	1,391	-11.1%

Internally Restricted

Subtotal Net Assets	7,826	7,140	686	9.6%
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Externally restricted

TOTAL NET ASSETS	\$ 14,286	\$ 13,600	\$ 686	5.0%
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II. Revenue

College revenues are budgeted at \$ 107.7 million; an increase of \$2.8 million (2.7%) from the 2015/16 Budget Update.

Financial Plan - Preliminary Budget Fiscal Year 2016/2017



	Preliminary Budget 2016/2017	Budget Update 2015/2016	Budget Change	% Change
Revenue				
Grants and Reimbursements	\$ 46,244,404	\$ 45,957,693	\$ 286,711	0.6%
Student Tuition Fees	\$ 29,939,996	\$ 28,206,781	\$ 1,733,215	6.1%
Contract Training	\$ 1,268,848	\$ 1,318,483	\$ (49,635)	-3.8%
Other Income				
Other Income	\$ 7,008,479	\$ 6,254,775	\$ 753,704	12.1%
Ancillary Fees	\$ 4,456,441	\$ 4,235,575	\$ 220,866	5.2%
Total Other Income	\$ 11,464,920	\$ 10,490,350	\$ 974,570	9.3%
Amortization of Deferred Capital Contributions	\$ 4,312,000	\$ 4,497,000	\$ (185,000)	-4.1%
Total Operating Revenues	\$ 93,230,168	\$ 90,470,307	\$ 2,759,861	3.1%
Investments				
Skills Programs	\$ 3,438,796	\$ 3,678,690	\$ (239,894)	-6.5%
Tuition Holdback Bursaries	\$ 2,945,000	\$ 2,549,083	\$ 395,917	15.5%
Ministry Bursaries	\$ 287,300	\$ 257,400	\$ 29,900	11.6%
Special Projects	\$ 1,918,407	\$ 2,141,556	\$ (223,149)	-10.4%
Facilities Renewal and Renovation Projects	\$ 446,404	\$ 495,360	\$ (48,956)	-9.9%
Ancillary Operations	\$ 5,471,600	\$ 5,323,806	\$ 147,794	2.8%
Total Non Operating Revenues	\$ 14,507,507	\$ 14,445,895	\$ 61,612	0.4%
Total Revenue	\$ 107,737,675	\$ 104,916,202	\$ 2,821,473	2.7%

Highlights of significant budget assumptions and budget changes on revenue are summarized as follows.

1. Grants and Reimbursements

Grants are budgeted to increase by \$350,461 from the 2015/16 Budget Update as follows: (\$ 000's)

	<u>Preliminary 2016/17</u>	<u>Update 2015/16</u>	<u>Change</u>
Basic Operating Grant	\$29,850	\$29,970	\$ (120)
Enrolment Growth Grants	5,786	5,709	77
BScN Grant	3,890	3,657	233
Second Career Grant	743	853	(110)
Small Northern & Rural Grant	2,229	2,229	-
Apprentice Grant	1,173	834	339
Performance Funding Grant	468	464	4
Special Needs & Interpreter Grant	578	633	(55)
Municipal Tax Credit	434	440	(6)
CO-OP Diploma Apprentice Grant	305	339	(34)
Rental Grants	191	250	(59)
Medical & Clinical Grant	380	369	11
Misc. Recoveries	217	209	8
Grants and Reimbursements	<u>\$46,244</u>	<u>\$45,956</u>	<u>\$288</u>

Many of the grant forecasts are driven by enrolment forecasting and thus are subject to increases or decreases as enrolment changes.

The Basic Operating Grant is based on allocations provided from the province through the Ministry of Training Colleges and Universities (MTCU). Policy has been implemented where MTCU is recovering an amount from all colleges based on international student enrolments. Reduction in this grant is based on enrolment forecasts.

The Enrolment Growth grant is calculated under the College Funding Framework and is formula driven based on enrolment growth over the past 2 "audited" years (i.e. 2013/14 and 2014/15 growth is funded in 2016/17). Enrolment in domestic students over these two years has seen a slight increase, thus the corresponding increase in grant.

BScN Grant is again based on enrolment forecasts. This grant is specifically for the Bachelor of Science Nursing, delivered as a collaborative program with Trent University.

The Second Career program is funded based on annual enrolment which has been declining. Decline in enrolment is expected to continue, based on economic indicators.

Two new "pre-apprentice" programs were approved for 2016/2017, thus the increase in the Apprentice Grant.

2. Student Tuition Fees

Tuition fee revenue is expected to be \$29.9 million, up \$1.7 million (6.1%) from the 2015/16 Budget Update.

Full time tuition is based on the college enrolment plan that is detailed to the program level using approved tuition rates that vary by program. Overall, the enrolment plan is projecting domestic enrolments to remain relatively flat, while growth is anticipated in international enrolments. Tuition fees have been increased by an average of three percent as of September 1, 2016 as per board approved rates.

3. Other Income

Overall, Other Income has increased by \$1.0 million (9.3%) from the 2015/16 Budget Update. Other Income is comprised of a variety of income streams from operations, including provincially funded projects/programs, administrative fees, bookstore, and food services, as well as recovery from students for student supply fees, academic fees for field placements, and international student health fees. All sources of these funds are projected to increase.

The most significant increases in budget are from the following sources:

- An increase of \$0.17 million in administration fees related to the increase in withdrawal fees from international students.
- An increase of \$0.16 million related to increased enrolments in the provincially funded Dual Credit Program with high school students.
- An increase of \$0.15 million is projected related to recoveries/chargeback of facility costs.
- An increase of \$0.1 million is related to research operations.

4. Non-Operating Revenues

Non-operating revenues vary significantly year over year as many are based on contractual agreements negotiated annually.

Special Projects include newly negotiated funding agreements, primarily for projects managed through the Office of Applied Research and the CAWT.

Facility Renewal and Renovation Projects revenue represents funding received from MTCU for facility and other projects as well as funding received and allocated for items under \$5,000 of value, such as academic equipment and personal computers. Items over \$5,000 are deemed capital assets. The mix between capital asset and expense will change from year to year depending on the nature and value of these items.

The College Equipment Renewal Fund (CERF) applies to academic and information technology equipment, and is estimated to total \$276,000. This revenue will be used to replace/upgrade classroom equipment across the College.

The Facilities Renewal Grant (FRG), estimated at \$966,800, will fund deferred maintenance of College infrastructure.

Of the total eligible grant funding (CERF and FRG), \$446,404 is planned to be used to offset non-capital asset investments for 2016/17. The balance of the grant will be offsetting capital asset projects.

Ancillary Operations revenues are associated with the College residence and parking operations.

III. Expenditures

College expenditures are budgeted at \$106.7 million, an increase of \$2.6 million (2.5%) over 2015/16 budget update. Expenditures have been aligned with funding projections to provide for a \$1 million surplus, or contribution to college reserves.

Financial Plan - Preliminary Budget
Fiscal Year 2016/2017



	Preliminary Budget 2016/2017	Budget Update 2015/2016	Budget Change	% Change
Expenditures				
Salaries and Benefits				
Salaries, Full Time	\$ 41,583,392	\$ 40,281,624	\$ 1,301,768	3.2%
Salaries, Part Time	\$ 12,171,905	\$ 12,376,186	\$ (204,281)	-1.7%
Total Salaries	\$ 53,755,297	\$ 52,657,810	\$ 1,097,487	2.1%
Total Benefits	\$ 11,845,765	\$ 11,517,720	\$ 328,045	2.8%
Total Salaries and Benefits	\$ 65,601,062	\$ 64,175,530	\$ 1,425,532	2.2%
Non-Salary Expenses				
Instructional Support Costs	\$ 4,855,764	\$ 4,731,184	\$ 124,580	2.6%
Travel and Professional Development	\$ 1,239,898	\$ 1,210,805	\$ 29,093	2.4%
Advertising	\$ 974,302	\$ 972,922	\$ 1,380	0.1%
Telephone, Audit, Legal & Insurance	\$ 1,260,443	\$ 1,354,007	\$ (93,564)	-6.9%
Equipment Maintenance	\$ 513,214	\$ 461,370	\$ 51,844	11.2%
Plant and Security	\$ 2,200,788	\$ 2,283,756	\$ (82,968)	-3.6%
Rentals and Taxes	\$ 874,412	\$ 885,598	\$ (11,186)	-1.3%
Utilities	\$ 2,847,866	\$ 2,645,558	\$ 202,308	7.6%
Contract Services Trent	\$ 2,017,781	\$ 1,806,091	\$ 211,690	11.7%
Services & Other	\$ 3,368,830	\$ 3,126,981	\$ 241,849	7.7%
Long Term Debt Interest	\$ 55,000	\$ 54,841	\$ 159	0.3%
Amortization of Capital Assets	\$ 5,932,645	\$ 6,087,152	\$ (154,507)	-2.5%
Total Non-Salary Expenses	\$ 26,140,943	\$ 25,620,265	\$ 520,678	2.0%
Total Operating Expenditures	\$ 91,742,005	\$ 89,795,795	\$ 1,946,210	2.2%
Investments				
Skills Programs	\$ 3,438,796	\$ 3,678,690	\$ (239,894)	-6.5%
Tuition Holdback Bursaries	\$ 2,945,000	\$ 2,549,083	\$ 395,917	15.5%
Ministry Bursaries	\$ 287,300	\$ 257,400	\$ 29,900	11.6%
Special Projects	\$ 1,918,407	\$ 2,141,556	\$ (223,149)	-10.4%
Ancillary Operations	\$ 5,416,294	\$ 5,116,287	\$ 300,007	5.9%
Total Non Operating Expenditures	\$ 14,995,670	\$ 14,352,904	\$ 642,766	4.5%
Total Expenditures	\$ 106,737,675	\$ 104,148,699	\$ 2,588,976	2.5%

1. Full Time Salaries

Full time (FT) salaries are budgeted based on the current College staff complement and all Collective Agreements that are currently in place. FT salaries also include approved staff sabbaticals and a provision for sick leaves. Overall FT salary is projected to increase by \$1.3 million (3.2%) over the 2015/16 Budget Update.

2. Part Time Salaries

Part time (PT) salaries are expected to decrease by \$0.2 (1.7%) from the 2015/16 Budget Update. This decrease is primarily related to strategic efforts across the college to reduce discretionary costs, and align with College system best practices.

3. Non-Salary Expenditures

Overall non-salary expenditures are projected to increase with inflation; however efforts have been implemented to hold and/or reduce discretionary costs to align expenditure budgets with funding available.

4. Utilities

Overall, utilities are projected to increase in 2016/17 by \$0.2 million (7.6%). Energy efficiency projects and investments have been designed that will help to control energy increases, such as the replacement of high cost lighting with more efficient LED fixtures across the College, and an increased focus on sustainable practices.

5. Contract Services Trent

Expenditures under the collaborative agreement with Trent University for the Bachelor of Science Nursing program have been aligned with program delivery efficiencies proposed by both Trent and Fleming.

6. Initiatives and Investments

Initiatives and Investments totalling \$1.3 million are being planned for this year.

Many of these expenditures, while capital in nature, do not qualify as additions to capital assets; they are either below capital thresholds (\$5,000 per item), such as academic equipment/tools, or are one time investments such as professional services that are not considered assets.

These 2016/17 planned investments including upgrades to our IT systems, replacement of classroom equipment, building repairs and maintenance/renovation for a total of \$ 1 million. (\$0.4 million of this planned investment expense is eligible for grant offset from MTCU funding). In addition, \$0.3 million is included in expenditures for Ancillary Operations (maintenance in student residences and parking lots) as one time investments.

IV. Capital

Capital spending in 2016/17 is budgeted at \$4.1 million of which \$1.5 million is from various funding grants. The balance of \$2.5 million is capital funded from operating.

Capital budgeted for 2016/17 is summarized below:

	College Funded	Grant Funded	Total Capital
Building Construction/Renovations	\$ 886,975	1,258,095	2,145,070
Network/IT Systems	842,642		842,642
Academic Equipment	600,538		600,538
Residence Capital	100,000		100,000
Grounds/Parking Lot	84,961	141,546	226,507
Applied Research		150,000	150,000
	<u>\$ 2,515,116</u>	<u>1,549,641</u>	<u>4,064,757</u>