



# Fleming College Financial Plan 2014-2015

**APPROVED: by the Board of Governors, April 30, 2014 #4**

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## **I. Summary**

The College has developed a balanced Financial Plan for 2014/15,

The plan includes key investments in:

### **Growth:**

- tuition fees increases of 3%, in line with provincial government policies
- funding to support the staff and infrastructure of the Kawartha Trade and Technology Centre (KTTC) opening September 2014.
- investment to increase outreach within domestic markets and further develop international markets, including a newly formed Product Development Office

### **Teaching:**

- 7.3% increase in spending on full-time faculty
- 68% of the planned budget expenditure increase over the prior year will be invested within academic areas

### **Capital/Investments in Facilities and Services:**

- Continued investment in the construction of the Kawartha Trades and Technology Centre for Sept. 2014 opening
- \$2 million capital investment strategy that includes upgrades to instructional equipment and learning spaces including all campuses
- \$1 million to support renewal and protection of our information technology across all campuses and residence

Total revenues and expenditures in this Financial Plan are balanced at \$103.3 million, an increase of 5.1% over the 2013/14 Update Budget. Capital investment is budgeted at \$14.8 million.

**Fleming College Financial Plan Preliminary Budget 2014/15**


**SUMMARY**

(\$ 000's)

|  | 2014/15<br>Preliminary<br>Budget  | 2013/14<br>Update<br>Budget       | \$<br>Increase<br>(Decrease) | %<br>Increase<br>(Decrease) |
|--|-----------------------------------|-----------------------------------|------------------------------|-----------------------------|
| <b>Revenue</b>   |                                   |                                   |                              |                             |
| Grants & Reimbursements  | \$ 46,639                         | \$ 46,566                         | \$ 73                        | 0.2%                        |
| Tuition & Other  | 39,015                            | 35,956                            | 3,059                        | 8.5%                        |
| Amortization   | 4,239                             | 3,527                             | 712                          | 20.2%                       |
| Skills, Bursaries, Ancillary & Projects                                      | 13,401                            | 12,238                            | 1,163                        | 9.5%                        |
| <b>Revenue</b>   | <b>103,294</b>                    | <b>98,287</b>                     | <b>5,007</b>                 | <b>5.1%</b>                 |
| <b>Operating Expenses</b>  | <b>84,157.43</b>                  | <b>81,131</b>                     | <b>3,026</b>                 | <b>3.7%</b>                 |
| Amortization Expense   | 5,783                             | 5,003                             | 780                          | 15.6%                       |
| Skills, Bursaries, Ancillary & Projects                                      | 13,354                            | 12,153                            | 1,201                        | 9.9%                        |
| <b>Expenses</b>  | <b>103,294</b>                    | <b>98,287</b>                     | <b>5,007</b>                 | <b>5.1%</b>                 |
| <b>Excess of Revenue over Expenditures</b>                                   | <b>\$ -</b>                       | <b>\$ -</b>                       |                              |                             |
|  |                                   |                                   |                              |                             |
|  | Projected<br>Balance<br>Mar 31/15 | Projected<br>Balance<br>Mar 31/14 | \$<br>Increase<br>(Decrease) | %<br>Increase<br>(Decrease) |
| <b>NET ASSETS</b>  |                                   |                                   |                              |                             |
| <b>Invested in Capital Assets</b>  |                                   |                                   |                              |                             |
| As of April 1, 1997  | \$ 2,417                          | \$ 2,417                          | \$ -                         |                             |
| Since April 1, 1997  | 15,484                            | 13,107                            | \$ 2,377                     |                             |
| <b>Total Invested in Capital Assets</b>                                      | <b>17,901</b>                     | <b>15,524</b>                     | <b>2,377</b>                 | <b>15.3%</b>                |
| <b>Unrestricted</b>  |                                   |                                   |                              |                             |
| Operating (Board Reserves)   | (5,114)                           | (2,737)                           | (2,377)                      |                             |
| Accrued vacation pay, Future Benefits<br>and Derivative & Sick Leave & PSA * | (10,714)                          | (10,714)                          | -                            |                             |
| <b>Total Unrestricted</b>  | <b>(15,828)</b>                   | <b>(13,451)</b>                   | <b>(2,377)</b>               |                             |
| <b>Internally Restricted</b>   | <b>2,276</b>                      | <b>2,276</b>                      | <b>-</b>                     |                             |
| <b>Subtotal Net Assets</b>   | <b>4,350</b>                      | <b>4,350</b>                      | <b>(0)</b>                   | <b>0.0%</b>                 |
| <b>Externally restricted</b>   | <b>6,289</b>                      | <b>6,289</b>                      | <b>-</b>                     |                             |
| <b>TOTAL NET ASSETS</b>  | <b>\$ 10,638</b>                  | <b>\$ 10,638</b>                  | <b>\$ (0)</b>                | <b>0.0%</b>                 |

## II. Revenue

College revenues are budgeted at \$ 103.3 million; an increase of 5.1% from the 2013/14 Update Budget.

| <i>Financial Plan - Preliminary Budget<br/>Fiscal Year 2014/2015</i> |  |  |                               |                  |              |
|--|--|---|-------------------------------|------------------|--------------|
|  |  | Preliminary<br>Budget<br>2014/2015  | Budget<br>Update<br>2013/2014 | Budget<br>Change | %<br>Change  |
| <b>Revenue</b>   |  |   |                               |                  |              |
| Grants and Reimbursements  |  | 46,639,349  | 46,566,474                    | 72,875           | 0.2%         |
| Student Tuition Fees   |  | 25,840,674  | 23,795,849                    | 2,044,825        | 8.6%         |
| Contract Training  |  | 1,355,845   | 901,916                       | 453,929          | 50.3%        |
| <b>Other Income</b>  |  |   |                               |                  |              |
| Other Income   |  | 7,712,056   | 7,245,393                     | 466,663          | 6.4%         |
| Ancillary Fees   |  | 4,106,068   | 4,013,165                     | 92,903           | 2.3%         |
| <b>Total Other Income</b>  |  | <b>11,818,124</b>   | <b>11,258,558</b>             | <b>559,566</b>   | <b>5.0%</b>  |
| <b>Amortization of Deferred Capital Contributions</b>                |  | <b>4,239,000</b>  | <b>3,527,000</b>              | <b>712,000</b>   | <b>20.2%</b> |
| <b>Total Operating Revenues</b>                                      |  | <b>89,892,992</b>   | <b>86,049,797</b>             | <b>3,843,195</b> | <b>4.5%</b>  |
| <b>Investments</b>   |  |   | -                             | -                |              |
| Skills Programs  |  | 3,602,327   | 3,162,091                     | 440,236          | 13.9%        |
| Tuition Holdback Bursaries   |  | 2,441,492   | 2,357,681                     | 83,811           | 3.6%         |
| Ministry Bursaries   |  | 369,288   | 463,655                       | -94,367          | -20.4%       |
| Special Projects   |  | 2,260,526   | 1,781,077                     | 479,449          | 26.9%        |
| Facilities Renewal and Renovation Projects                           |  | 573,000   | 479,920                       | 93,080           | 19.4%        |
| Ancillary Operations   |  | 4,154,606   | 3,993,258                     | 161,348          | 4.0%         |
| <b>Total Non Operating Revenues</b>                                  |  | <b>13,401,239</b>   | <b>12,237,682</b>             | <b>1,163,557</b> | <b>9.5%</b>  |
| <b>Total Revenue</b>   |  | <b>103,294,231</b>  | <b>98,287,479</b>             | <b>5,006,752</b> | <b>5.1%</b>  |

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

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## 1. Grants and Reimbursements

Grants are budgeted to increase by \$73,000 from the 2013/14 Update Budget as follows: (\$ 000's)

|                                   | <u>Preliminary<br/>2014/15</u> | <u>Update<br/>2013/14</u> | <u>Change</u> |
|-----------------------------------|--------------------------------|---------------------------|---------------|
| Basic Operating Grant             | \$30,173                       | \$30,591                  | \$ (418)      |
| Enrolment Growth Grants           | 5,846                          | 5,261                     | 585           |
| BScN Grant                        | 3,945                          | 4,194                     | (249)         |
| Second Career Grant               | 1,315                          | 1,315                     | -             |
| Northern & Rural Funding Grant    | 2,229                          | 2,229                     | -             |
| Apprentice Grant                  | 920                            | 692                       | 304           |
| Performance Funding Grant         | 505                            | 505                       | -             |
| Special Needs & Interpreter Grant | 652                            | 652                       | -             |
| Municipal Tax Credit              | 469                            | 469                       | -             |
| CO-OP Diploma Apprentice Grant    | 130                            | 130                       | -             |
| Rental Grants                     | 203                            | 203                       | -             |
| Medical & Clinical Grant          | 110                            | 110                       | -             |
| Misc. Recoveries                  | 142                            | 216                       | (74)          |
| <b>Grants and Reimbursements</b>  | <b>\$46,639</b>                | <b>\$46,566</b>           | <b>\$ 73</b>  |

The Operating grant is based on allocations provided from the province. In the 2012 Provincial Budget, the province, through the Ministry of Training Colleges and Universities (MTCU), announced an efficiency saving target for 2013/14 and 2014/15 which resulted in reduced base operating grants for all Colleges and Universities totalling \$40M. Fleming's share of this reduction for 2014/15 was calculated at \$418,000.

The Enrolment Growth grant will offset this decrease with an increase of \$584,843. This grant is calculated under the College Funding Framework and is formula driven based on enrolment growth over the past 2 "audited" years (i.e. 2011/12 and 2012/13 growth is funded in 2014/15).

BScN is projected to decline with revised enrolment projections under the collaborative agreement with Trent University.

Two new "pre-apprentice" programs were approved during 2013/14 that will continue for the full year in 2014/15, increasing the Apprenticeship Grant.

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## **2. Tuition Fees**

Tuition fee revenue is expected to be \$25.8 million, up \$2.0 million (8.6%) from last year's update budget.

Full Time domestic tuition is projected to increase from \$17.4 million to \$18.3 million (5.1%). Tuition fees have been increased by an average of three percent as of Sept 1, 2014 as per board approved rates. While total enrolment is not projected to increase over 2013/14, total tuition is projected to increase slightly more than 3% due to the mix of regular and high demand programs, as high demand programs are forecasting increased enrolment and they have higher tuition fees.

Tuition from International enrolment has been budgeted to increase from \$3.8 million to \$4.8 million in 2014/15. Past budgets have taken a very conservative approach in order to offset risk and volatility related to the international market. Building on the success of 2012/13 and 2013/14 recruitment, tuition is being forecasted in 2014/15 based on higher enrolments.

Part time enrolment is budgeted to match 2013/14 actuals, with a 3% increase in average fees.

## **3. Contract Training**

Contract training revenue has increased by \$453,929 recognizing new agreements being negotiated.

## **4. Other Income**

Overall, other income has increased by \$466,663 (6.4%) over the 2013/14 Update Budget. Other income is comprised of a variety of income streams from operations including bookstore, parking and cafeteria, as well as recovery from students for student supply fees and academic fees for field placements. Increases in the income from operating streams are projected to increase by \$222,000. A significant component of this increase is projected to come from an increase in parking fees, which will be re-invested into system enhancements, repairs and maintenance to parking lots and college roads. Increase in student recoveries is due to an increased number of field placements and increased cost of student supplies used within the classroom.

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## 5. Non-Operating Revenues

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

Skills Programs revenue has increased with the introduction of the new Youth Employment Fund mid-year in 2013/14.

Special Projects include newly negotiated agreements with the majority of projects being within 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. The mix of capital and expense will change from year to year.

The College Equipment Renewal Fund (CERF) will fund academic equipment and information technology this year totalling \$275,000. This revenue will be used to replace/upgrade classroom equipment across the college.

The Facilities Renewal Grant (FRG) totalling \$298,000 will fund deferred maintenance of college infrastructure


It is assumed that 100% of this funding will be used to offset non-capital investment for 2014/15.

Ancillary Operations are revenues in relation to the college residence.



### III. Expenditures

Expenditure budgets have been aligned with funding projections to provide for a balance preliminary budget as follows.

| <i>Financial Plan - Preliminary Budget<br/>Fiscal Year 2014/2015</i> |                                    |  |                  |               |  |
|--|------------------------------------|---|------------------|---------------|--|
|  | Preliminary<br>Budget<br>2014/2015 | Budget<br>Update<br>2013/2014   | Budget<br>Change | %<br>Change   |  |
| <b>Expenditures</b>  |                                    |   |                  |               |  |
| <b>Salaries and Benefits</b>   |                                    |   |                  |               |  |
| Salaries, Full Time  | 41,295,711                         | 38,495,598  | 2,800,113        | 7.3%          |  |
| Salaries, Part Time  | 11,652,729                         | 11,939,865  | - 287,136        | -2.4%         |  |
| Benefits   | 11,455,459                         | 10,674,738  | 780,721          | 7.3%          |  |
| <b>Total Salaries and Benefits</b>                                   | <b>64,403,899</b>                  | <b>61,110,201</b>   | <b>3,293,698</b> | <b>5.4%</b>   |  |
| <b>Non-Salary Expenses</b>   |                                    |   |                  |               |  |
| Instructional Support Costs  | 4,682,325                          | 4,603,574   | 78,751           | 1.7%          |  |
| Travel and Professional Development                                  | 1,165,114                          | 1,153,852   | 11,262           | 1.0%          |  |
| Advertising  | 1,114,178                          | 1,070,390   | 43,788           | 4.1%          |  |
| Telephone, Audit, Legal & Insurance                                  | 978,553                            | 924,699   | 53,854           | 5.8%          |  |
| Equipment Maintenance  | 431,000                            | 400,458   | 30,542           | 7.6%          |  |
| Plant and Security   | 2,699,003                          | 3,544,223   | - 845,220        | -23.8%        |  |
| Rentals and Taxes  | 980,598                            | 1,014,574   | - 33,976         | -3.3%         |  |
| Utilities  | 2,616,903                          | 2,208,403   | 408,500          | 18.5%         |  |
| Contract Services Trent  | 2,134,729                          | 2,155,058   | - 20,329         | -0.9%         |  |
| Services & Other   | 2,885,926                          | 2,879,126   | 6,800            | 0.2%          |  |
| Long Term Debt Interest  | 65,200                             | 66,805  | - 1,605          | -2.4%         |  |
| Amortization of Capital Assets                                       | 5,783,124                          | 5,003,000   | 780,124          | 15.6%         |  |
| <b>Total Non-Salary Expenses</b>                                     | <b>25,536,653</b>                  | <b>25,024,162</b>   | <b>512,491</b>   | <b>2.0%</b>   |  |
| <b>Total Operating Expenditures</b>                                  | <b>89,940,552</b>                  | <b>86,134,363</b>   | <b>3,806,189</b> | <b>4.4%</b>   |  |
| <b>Investments</b>   | <b>1,239,450</b>                   | <b>1,009,821</b>  | <b>229,629</b>   | <b>22.7%</b>  |  |
| <b>Skills Programs</b>   | <b>3,193,786</b>                   | <b>2,733,845</b>  | <b>459,941</b>   | <b>16.8%</b>  |  |
| <b>Tuition Holdback Bursaries</b>                                    | <b>2,441,492</b>                   | <b>2,357,681</b>  | <b>83,811</b>    | <b>3.6%</b>   |  |
| <b>Ministry Bursaries</b>  | <b>369,288</b>                     | <b>463,655</b>  | <b>- 94,367</b>  | <b>-20.4%</b> |  |
| <b>Special Projects</b>  | <b>2,260,526</b>                   | <b>1,781,077</b>  | <b>479,449</b>   | <b>26.9%</b>  |  |
| <b>Ancillary Operations</b>  | <b>3,849,137</b>                   | <b>3,807,037</b>  | <b>42,100</b>    | <b>1.1%</b>   |  |
| <b>Total Non Operating Expenditures</b>                              | <b>13,353,679</b>                  | <b>12,153,116</b>   | <b>1,200,563</b> | <b>9.9%</b>   |  |
| <b>Total Expenditures</b>  | <b>103,294,231</b>                 | <b>98,287,479</b>   | <b>5,006,752</b> | <b>5.1%</b>   |  |

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## **1. Full Time Salaries**

Full time (FT) salaries are budgeted based on the current College staff compliment and all Collective Agreements that are currently in place. This includes a full year's salary for FT faculty hired mid-way through 2013-14 and plans for new hires. FT salaries also include approved staff sabbaticals and a provision for sick leaves. Overall FT salary is projected to increase by \$2,800,113 (7.3%) over the 2013/14 Update Budget.

## **2. Part Time Salaries**

Part time (PT) salaries are expected to decrease by \$287,136 (2.4 %) from the 2013/14 Update Budget. This decrease is in relation to the planned addition of new FT staffing, thus requiring less part time staffing.

## **3. Benefits**

Benefits have increased \$780,721 from the Update Budget due to an increase in the added FT staff and increase in pension benefits under revised pension rules.

## **4. Plant and Security**

While Plant and Security expenses are shown as decreasing by \$845,220 from the 2013/14 Update Budget, it must be noted that there was a one-time extraordinary provision for an environmental remediation expense of \$1 M built into the 2013/14 Budget Update numbers. Excluding this extraordinary item, plant costs are budgeted to increase by \$154,780, which equals a 6% increase. This increase is the additional cost related to the college's new 83,700 sq. foot trades and technology building (KTTC) scheduled to open September 1, 2014.

## **5. Utilities**

Utilities rates are in a very volatile state currently and all indicators are forecasting significant increases within the utility industry. In addition to added utility costs for the KTTC, utilities forecasts have increased to account for these anticipated rising rates.

## **6. Amortization of Capital Assets**

Amortization expenses have increased by \$780,124 from the 2013/14 Update Budget. The calculation of amortization is based on the continuity schedule of capital assets with remaining book value requiring amortization. In particular, 2014/15 will see added amortization expense once the college's new KTTC building goes into service in September 2014.

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## 7. Initiatives and Investments

Initiatives and Investments totalling \$1,239,450 have been budgeted, which is \$229,629 (18.5%) higher than the 2013/14 Update Budget. 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 and personal computers, or are one time investments such as professional services that are not assets.

These 2014/15 planned investment include IT systems upgrades (such as upgrades on the College business systems, network servers, replacement of aging computers and multi-media equipment), class room equipment, building repairs and maintenance/renovations (including a planned investment in student library facilities, college way finding/signage improvements, and the development of a master plan for the Frost Campus).

In addition \$310,000 is included in expenditures for Ancillary operations (student residence) as one time investments.

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## IV. Capital

Capital spending in 2014/15 is budgeted at \$14.8 million of which \$10.9 million is from external funding sources. The balance of \$3.9 million is capital funded from operating.

The budgeted funded capital sources includes Provincial funding for KTTC (\$10,000,408), donated funds for KTTC (\$333,000), Canadian Foundation Innovation Fund with matching provincial funding for CAWT (\$158,680), Student association contribution for completion of the Sport Field Complex (\$285,000) and other fundraising contributions (\$140,000).

The remaining capital funded from operating includes contribution required to complete the KTTC (\$1,391,179), Academic capital (\$579,730), IT/Network equipment (\$504,098), Residence capital (\$377,000), Building Renovations (\$1,044,400), and Parking lot improvements (\$171,171).

Capital budgeted for 2014/15 is summarized below:

|                                   |                            |
|-----------------------------------|----------------------------|
| KTTC Building & Equipment         | \$11,724,587               |
| CAWT                              | 158,680                    |
| Sport Field Complex               | 285,000                    |
| Building Construction/Renovations | 1,044,400                  |
| Residence Capital                 | 377,000                    |
| Parking Lot & Grounds Equipment   | 171,171                    |
| Academic Equipment                | 579,730                    |
| Network Equipment                 | 504,098                    |
|                                   | <b><u>\$14,844,666</u></b> |