



# Fleming College Financial Plan 2013-2014

**APPROVED: by the Board of Governors, May 1, 2013 #9.4**

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## **I. Summary**

The College has developed a conservative, balanced Financial Plan for 2013/14, based on the three over-arching strategies of the Strategic Mandate Agreement recently submitted to the province of Ontario:

1. Integrating education and work
2. Becoming Ontario's centre of excellence for applied education and applied research in environmental and natural resource sciences
3. Being a model of productivity and performance excellence in Ontario's post-secondary education system

The plan includes key investments in:

### **Growth:**

- modest growth planned through increases in international student enrolment and domestic enrolment in targeted program clusters
- tuition fees increases of 3%, in line with provincial government policies
- funding to support the launch of 7 new academic programs
- investment to increase outreach within domestic markets and further develop international markets

### **Teaching:**

- 3.2% increase in spending on full-time faculty
- 1.0% increase in spending on part-time teaching
- 66% of the planned budget increase over the prior year will be invested within academic areas

### **Staff:**

- a provision to increase part-time staff salaries. These salaries have been frozen for 7 years
- Administrators are eligible for a 1.75% increase, while senior administrative leader salaries remain frozen

### **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
- funding to support the launch of a new Learning Management System (Desire2Learn) in Spring 2013
- Joint work with the City of Peterborough and Student Administrative Council to complete the new Sports Fields at the Sutherland Campus
- Expansion of the Centre for Alternative Wastewater Treatment at the Frost Campus in Lindsay

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Total revenues and expenditures in this Financial Plan are balanced at \$97.4 million, a modest increase of 1.6% over the 2012/13 Update Budget. Capital investment is budgeted at \$27.5 million.

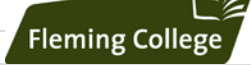
To accomplish the objectives of the 2013/14 Financial Plan, total Net Assets will see a slight decrease of \$203,000 from 2012/13. However, the College hopes to see this reduction replenished by actively pursuing growth in enrolment and seeking new donations.

<b>Fleming College Financial Plan Preliminary Budget 2013/14</b>				
<b>SUMMARY</b>				
(\$ 000's)				
	<b>2013/14 Preliminary Budget</b>	<b>2012/13 Update Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
<b>Revenue</b>				
Grants & Reimbursements	\$ 46,633	\$ 45,609	\$ 1,024	2.2%
Tuition & Other	35,466	33,685	1,781	5.3%
Amortization	3,741	3,710	31	0.8%
Skills, Bursaries, Ancillary & Projects	11,533	12,796	(1,263)	-9.9%
<b>Revenue</b>	<b>97,373</b>	<b>95,800</b>	<b>1,573</b>	<b>1.6%</b>
<b>Operating Expenses</b>	<b>80,499</b>	<b>77,216</b>	<b>3,283</b>	<b>4.3%</b>
Amortization Expense	5,200	5,633	(433)	-7.7%
Skills, Bursaries, Ancillary & Projects	11,674	12,951	(1,277)	-9.9%
<b>Expenses</b>	<b>97,373</b>	<b>95,800</b>	<b>1,573</b>	<b>1.6%</b>
<b>Excess of Revenue over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>		
	<b>Projected Balance Mar 31/14</b>	<b>2012/13 Update Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
<b>NET ASSETS</b>				
<b>Invested in Capital Assets</b>				
As of April 1, 1997	\$ 2,417	\$ 2,417	\$ -	
Since April 1, 1997	14,129	10,708	3,421	
<b>Total Invested in Capital Assets</b>	<b>16,546</b>	<b>13,125</b>	<b>3,421</b>	<b>26.1%</b>
<b>Unrestricted</b>				
Operating (Board Reserves)	(5,017)	(1,116)	(3,901)	
Accrued vacation pay, Future Benefits and Derivative & Sick Leave & PSA *	(10,608)	(10,759)	151	
<b>Total Unrestricted</b>	<b>(15,625)</b>	<b>(11,875)</b>	<b>(3,750)</b>	
<b>Internally Restricted</b>	<b>1,688</b>	<b>1,638</b>	<b>50</b>	
<b>Subtotal Net Assets</b>	<b>2,609</b>	<b>2,888</b>	<b>(279)</b>	<b>-9.7%</b>
<b>Externally restricted</b>	<b>6,288</b>	<b>6,212</b>	<b>76</b>	
<b>TOTAL NET ASSETS</b>	<b>\$ 8,897</b>	<b>\$ 9,100</b>	<b>\$ (203)</b>	<b>-2.2%</b>

\* Net Assets have been restated to reflect a change in Public Sector Accounting Board Policy not reflected in past Financial Plans for the treatment of Employee Benefit accruals. The 2012/13 Financial Plan (Preliminary Budget) stated accrual was \$7,533,000.

## II. Revenue

College revenues are budgeted at \$ 97.4 million; an increase of 1.6% from revenues from the 2012/2013 Update Budget.

<i>Financial Plan - Preliminary Budget</i>					
<i>Fiscal Year 2013/2014</i>					
		Preliminary Budget 2013/14	Update Budget 2012/13	Change	%
<b>Revenue</b>					
<b>Grants and Reimbursements</b>		\$ 46,633,229	\$ 45,609,255	\$ 1,023,974	2.2%
<b>Student Tuition Fees</b>		23,097,894	21,808,423	1,289,471	5.9%
<b>Contract Training</b>		806,481	715,533	90,948	12.7%
<b>Other Income</b>					
<b>Other Income</b>		7,548,084	7,155,775	392,309	5.5%
<b>Ancillary Fees</b>		4,013,165	4,004,379	8,786	0.2%
<b>Total Other Income</b>		11,561,249	11,160,154	401,095	3.6%
<b>Amortization of Deferred Capital</b>		3,741,000	3,710,275	30,725	0.8%
<b>Total Operating Revenues</b>		85,839,853	83,003,640	2,836,213	3.4%
<b>Skills Programs</b>		3,162,090	3,218,169	(56,079)	-1.7%
<b>Tuition Holdback Bursaries</b>		2,301,680	2,220,000	81,680	3.7%
<b>Ministry Bursaries</b>		463,600	622,655	(159,055)	-25.5%
<b>Special Projects</b>		1,580,600	2,380,412	(799,812)	-33.6%
<b>Facilities Renewal and Renovation Projects</b>		-	421,363	(421,363)	-100.0%
<b>Ancillary Operations</b>		4,024,740	3,933,956	90,784	2.3%
<b>Total Revenue</b>		\$ 97,372,563	\$ 95,800,195	\$ 1,572,368	1.6%

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## 1. Grants and Reimbursements

Grants are budgeted to increase by \$1.024 million from the 2012/13 Update Budget as follows: (\$ 000's)

	<u>Preliminary 2013-14</u>	<u>Update 2012-13</u>	<u>Change</u>
Basic Operating Grant	\$30,553	\$31,000	\$ (447)
Enrolment Growth Grants	5,239	3,536	1,703
BScN Grant	4,194	3,967	228
Second Career Grant	1,315	1,823	(508)
Northern & Rural Funding Grant	2,229	2,229	-
Apprentice Grant	692	658	34
Performance Funding Grant	518	505	13
Special Needs & Interpreter Grant	665	665	-
Municipal Tax Credit	468	468	-
CO-OP Diploma Apprentice Grant	130	130	-
Rental Grants	203	203	-
Medical & Clinical Grant	110	110	-
Misc. Recoveries	315	315	-
<b>Grants and Reimbursements</b>	<b><u>\$46,633</u></b>	<b><u>\$45,609</u></b>	<b><u>\$1,024</u></b>

The Operating grant is based on allocations provided from the province. In the 2012 Budget, the province, through the Ministry of Training Colleges and Universities (MTCU), announced an efficiency saving target for 2013/14 which resulted in reduced base operating grants for all Colleges and Universities by \$40M. Fleming's share of this reduction was calculated at \$338,483. MTCU also announced, in the 2012 budget, a reduction in the Operating grant equal to \$750 per student based on the college's intake of international students.

The Enrolment Growth grant has increased by \$1,703,000. This grant is calculated under the College Funding Framework and is formula driven based on enrolment growth over past 2 "audited" years (i.e. 2010/11 and 2011/12 growth is funded in 2013/14).

The Second Career grant has decreased by \$508,000. This is due to the change in criteria, implemented three years ago, resulting in a continued decline in individuals qualifying for Second Career funding. The intake of new Second Career students is budgeted the same as last year's intake numbers.

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## **2. Tuition Fees**

Tuition fee revenue is expected to be \$23.1 million, up \$1.3 million (6%) from last year's update budget.

Full Time tuition is projected to increase from \$16.5 million to \$17.3 million (4.8%). Tuition fees have been increased as of Sept 1, 2013 as per board approved rates by an average of three percent. While enrolment is not projected to increase over 2012/13, total tuition is projected to increase by more than 3% due to the mix of regular and high demand programs as high demand programs have higher tuition fees. In addition 5 new "high demand" programs are being introduced in 2013/14.

Building on the success of 2012/13 recruitment, revenue from International enrolment has been budgeted to increase from \$2.8 million to \$3.1 million in 2013/14. While there may be upside, this revenue has been budgeted conservatively in order to offset risk related to the international market.

Part time enrolment is budgeted to match enrolment from 2012/13, with a 3% increase in average fees.

## **3. Contract Training**

Contract training revenue has increased by \$90,000 from the Update Budget mainly in the School of Business and Technology.

## **4. Other Income**

Overall, other income has increased by \$392,309 (5.5%) over the Update Budget. However, other income is comprised of a variety of income streams from operations including bookstore, parking and cafeteria and a variety of funds secured for projects with third party partners (i.e. Ontario Federation of Anglers and Hunters for Atlantic Salmon Operations). Project funds are subject to annual fluctuations based on individual project needs. For 2013/14 special project funds have been reduced by \$275,000. Increases in the income from operating streams are projected to increase by \$667,000. A significant component of this increase is projected to come from an increase in parking fees and a change in College policy to collect fines and penalties internally rather than through the municipality. This increase in parking revenue will be re-invested into enhancements, repairs and maintenance to parking lots and college roads.



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## 5. Facilities Renewal and Funded Projects


The revenue recorded in this category 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 \$276,000. 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.

100% of this funding is planned to be used as contribution to the purchase of capital assets, thus is reduced to \$0 within the operating plan.

### III. Expenditures

<i>Financial Plan - Preliminary Budget</i>					
<i>Fiscal Year 2013/2014</i>					
					
		Preliminary Budget 2013/14	Update Budget 2012/13	Change	%
<b>Expenditures</b>					
<b>Salaries and Benefits</b>					
Salaries, Full Time		38,854,753	37,296,817	1,557,936	4.2%
Salaries, Part Time		11,787,383	11,638,406	148,977	1.3%
Benefits		10,826,922	10,274,041	552,881	5.4%
<b>Total Salaries and Benefits</b>		<b>61,469,058</b>	<b>59,209,264</b>	<b>2,259,794</b>	<b>3.8%</b>
<b>Non-Salary Expenses</b>					
Instructional Support Costs		4,666,358	4,356,092	310,266	7.1%
Travel and Professional Development		1,191,729	1,139,873	51,856	4.5%
Advertising		1,070,007	915,810	154,197	16.8%
Telephone, Audit, Legal & Insurance		965,743	885,041	80,702	9.1%
Equipment Maintenance		364,958	382,968	(18,010)	-4.7%
Plant and Security		2,579,596	2,346,889	232,707	9.9%
Rentals and Taxes		1,027,814	972,905	54,909	5.6%
Utilities		2,074,263	2,096,261	(21,998)	-1.0%
Contract Services Trent		2,155,058	1,803,614	351,444	19.5%
Services & Other		2,867,126	3,016,071	(148,945)	-4.9%
Long Term Debt Interest		66,805	90,800	(23,995)	-26.4%
Amortization of Capital Assets		5,200,000	5,633,113	(433,113)	-7.7%
<b>Total Non-Salary Expenses</b>		<b>24,229,457</b>	<b>23,639,437</b>	<b>590,020</b>	<b>2.5%</b>
<b>Total Operating Expenditures</b>		<b>85,698,515</b>	<b>82,848,701</b>	<b>2,849,814</b>	<b>3.4%</b>
<b>Investments</b>		<b>820,000</b>	<b>882,327</b>	<b>(62,327)</b>	<b>-7.1%</b>
Skills Programs		2,756,567	2,798,352	(41,785)	-1.5%
Tuition Holdback Bursaries		2,301,681	2,220,000	81,681	3.7%
Ministry Bursaries		463,600	622,655	(159,055)	-25.5%
Special Projects		1,580,600	2,380,412	(799,812)	-33.6%
Facilities Renewal and Renovation Projects		-	421,363	(421,363)	-100.0%
Ancillary Operations		3,751,600	3,626,385	125,215	3.5%
<b>Total Expenditures</b>		<b>\$ 97,372,563</b>	<b>\$ 95,800,195</b>	<b>\$ 1,572,368</b>	<b>1.6%</b>
<b>Net</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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 2012-13. FT salaries also include approved staff sabbaticals and a provision for sick leaves. Overall FT salary is projected to increase by \$1,557,936 (4.2%) over the 2012/13 Update Budget

## **2. Part Time Salaries**

Part time (PT) salaries have increased by only \$148,977 (1.3%) from the 2012/13 Update Budget. A one percent salary increase is being implemented, for PT faculty and staff, which is the first increase the college has been able to provide to this group in a number of years.

## **3. Benefits**

Benefits have increased \$552,881 from the Update Budget mainly due to an increase in pension costs of \$265,000 and a \$135,000 increase in benefits for FT support staff under collective agreement terms.

## **4. Instructional Support Costs**

Instructional Support costs have increased \$310,266 from last year's Update Budget. A significant portion of this increase is due to software leasing and support costs related to the new learning management system acquired in 2012/13 and being implemented in 2013/14. Overall software maintenance costs have increased by \$152,000. Additional increases include the investment in new software to support enrolment management, customer relations and promotion management process improvement (\$60,000). The balance of the increase is related to new programs being introduced and inflation.

## **5. Advertising**

Overall advertising costs are projected to increase by \$154,197, representing the college's investment strategy to enhance advertising and promotion to promote enrolment growth and to secure donations.

## **6. Plant and Security**

Plant and Security expenses have increased by \$232,707 from the Update Budget. Increases were required in Contract Cleaning and Building expenses of \$53,000 due to inflationary increases in contracted services. In addition physical security service has been enhanced to include a 24/7 protection for students at Brealey and Frost campuses. The contract to provide this service has been increased by \$180,000.

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## **7. Services and Other**

Services and Other expenses have decreased by \$148,945. This includes a variety of reductions in level of services required. As example, use of interpreters' hours has been reduced resulting in savings of \$42,000. In addition, a contingency budget for special projects, traditionally budgeted centrally, has been distributed into specific departmental accounts such as advertising and promotion where investment is being planned.

## **8. Amortization of Capital Assets**

Amortization expenses have decreased by \$433,000 from the 2012/13 Update Budget. The calculation of amortization is based on the continuity schedule of capital assets with remaining book value requiring amortization. In particular, 2012/13 was the final year requiring amortization for the college's ERP (enterprise-wide business) system.

## **9. Initiatives and Investments**

Initiatives and Investments totalling \$820,000 have been budgeted, which is \$62,327 (7.1%) lower than the 2012/13 Update Budget. These expenditures, while capital in nature, are below the threshold to be considered an addition to capital assets; they are each under \$5,000 of value, such as academic equipment/tools and personal computers.

These 2013/14, planned investment include replacement of old staff and student computers for labs (\$340,000), class room equipment (\$250,000), modest renovations (\$30,000), student service equipment (\$40,000) and IT systems upgrades including network servers, storage, switches and conversion to Microsoft outlook as the college email platform (\$160,000).

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## IV. Capital

Capital spending in 2013/14 is budgeted at \$27.5 million of which \$22.1 million is from funded sources. The balance of \$5.3 million is capital funded from operating.

The budgeted funded capital sources include Provincial funding for KTTC (\$19,837,100), Canadian Foundation Innovation Fund with matching provincial funding for CAWT (\$1,429,300), Facility Renewal Program (FRG) (\$298,000), College Equipment Renewal Fund (CERF) (\$275,000) and donated capital (\$300,000).

The remaining capital from operating includes contribution required to KTTC (\$3,375,700), contribution to CAWT (\$186,700), Academic capital (\$751,800, of which 50% is in support of new programs), IT/Network equipment (\$277,500), Residence capital (\$375,000), Building Renovations (\$169,000), and Parking lot improvements (\$169,000).

Capital budgeted for 2013/14 is summarized below:

KTTC Building & Equipment	\$23,194,800
CAWT	1,616,000
Building Renovations	798,000
Residence Capital	375,000
Parking Lot & Equipment Capital	169,000
Academic Equipment	889,300
Network Equipment,	415,000
	<b><u>\$27,457,100</u></b>