



## FINANCIAL UPDATE FALL 2014

October 28 & 29, 2014

### TOPICS

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#### 1.0 FINANCIAL OVERVIEW

- 2.1 Operating vs. Consolidated Budget
- 2.2 Revenue and Expenditure Elements
- 2.3 Ancillary and Auxiliary Fees
- 2.4 Debt
- 2.5 Endowment Funds

#### 2.0 PROJECTED RESULTS – 2014/15

- 1.1 Operating Projections
- 1.2 Enrollment
- 1.3 Ancillary Operations

#### 3.0 GOING FORWARD

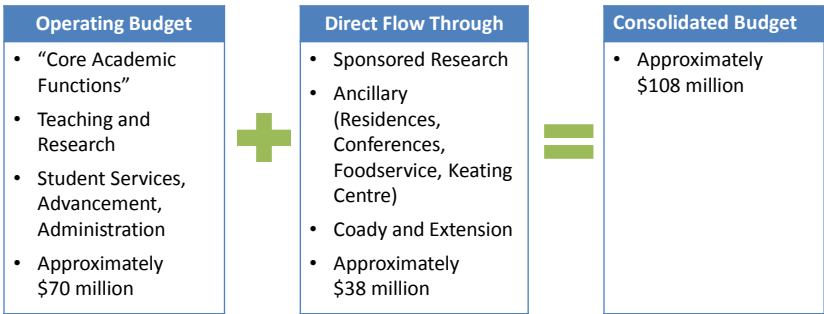
- 3.1 2015-16 Budget Scenarios
- 3.2 Budget Schedule
- 3.3 Budget Ideas from Campus – Updates
- 3.2 Next Steps



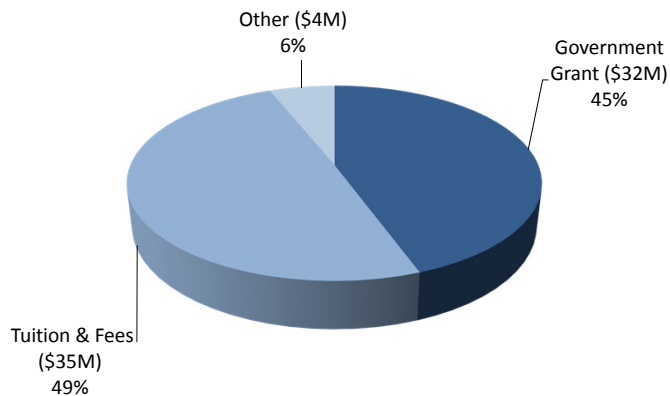
## FINANCIAL OVERVIEW

### OPERATING VS. CONSOLIDATED BUDGET

The Operating Budget will be the core focus in this discussion. Other Components of the Consolidated Budget have separate funding streams with separate reporting.



## OPERATING BUDGET REVENUE SOURCES – 2014/15



94% of Revenue is Government Grant and Fees

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## ANNUAL REVENUE GROWTH

### Tuition Fees:

- Capped at 3% per year

### Government Grants:

- Anticipate growth of 1% per year for next three years

### Enrolment:

- Enrolment has declined annually

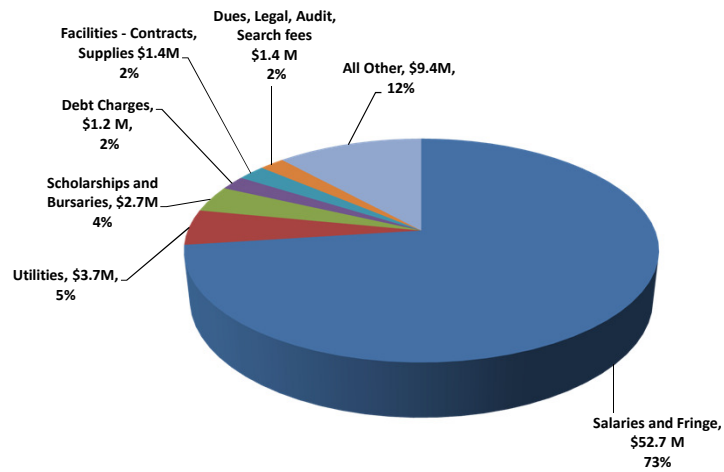
ANNUAL REVENUE GROWTH – approx. 2%

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## OPERATING BUDGET EXPENDITURES BY TYPE – 2014/15



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## PERMANENT STAFF POSITIONS

Permanent Positions	Academic (AVP)	Advancement	Finance and Administration	President's Office	Student Services	Grand Total
AUT Clinical	18					18
AUT Coady/Extension						0
AUT Faculty	204					204
AUT Lab Supervisors	32					32
AUT Librarians	10					10
AUT Limited Term	21					21
AUT Writing Centre	4					4
CAW Union			86			86
CUPE Union			12			12
NSGEU Union	51	5	30		9	95
Professional Staff	61	15	59	4	47	186
<b>Grand Total</b>	<b>401</b>	<b>20</b>	<b>187</b>	<b>4</b>	<b>56</b>	<b>668</b>

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## ANNUAL EXPENDITURE GROWTH

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### Salary & wage costs:

- 3.5 - 4% per year

### Inflation:

- 1.5 - 2% per year

ANNUAL EXPENDITURE GROWTH – approx. 3.5 - 4%



## SIGNIFICANT CHANGES TO OPERATING EXPENSES

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### Events Resulting in Added Cost

- Change to 3-2 teaching load (2008)
- Removal of mandatory retirement (2009)
- Collective agreements – Cost inflation 2.5-5%

### Events Resulting in Reduced Cost

- Deferral of costs
- Workforce restructuring
  - 60 + positions eliminated
  - 40 positions reduced in hours
- Hiring freeze, vacancies held
- Cuts to supplies, travel, non-essential



## STRUCTURAL DEFICIT

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Annual Revenue Growth – 2%

Annual Expenditure Growth – 3.5 – 4%

**Require an additional 175-200 students every year to balance budget**



## OTHER CHALLENGES/ISSUES

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Deferred maintenance:

- Facilities
- Equipment
- Technology

Short-Term Financing

Use of Auxiliary Fee revenue



ANCILLARY AND AUXILIARY FEES

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**Ancillary Fees:**

Fees for non-academic services

**Auxiliary Fees:**

Fees for supplies, equipment, labs, field trips, or other items that students must pay in order to enroll in or complete a program or course



ANCILLARY AND AUXILIARY FEES

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**Ancillary Fees:**

- Residences
- Food services
- Health services
- Student Union
- Recreation

**Auxiliary Fees:**

- Technology Fee
- Facilities Renewal Fee



## DEBT PROFILE

Long Term Debt – Financial Statements March 31, 2014			
	2014	Funding Sources	Notes
Residences	78,007,000	Rental Fees	New Residences Financing Added
Academic Facilities	8,514,000	Operating Budget	New Science Hall/Misc. Projects
SOFI Loan - Knowledge Infrastructure (Schwartz)	9,530,000	Donations - Fully Funded	Full payment of loan due Jan 21, 2015
<b>Total Long Term Debt</b>	<b>96,051,000</b>		
Interest Rate Risk:			
1. Residence Debt – Mortgage type facility; locked in interest for full term			
2. Academic Facilities Loan – Locked in Interest to April 2018			
3. SOFI Loan from NS Province – Low interest loan (1.5%) for five years; pledges received over five years for Schwartz to offset			

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## DEBT PROFILE

Internal Debt – as at March 31, 2014			
	2014	Funding Sources	Notes
Ancillary Services	6,535,264	Ancillary Fees	KMC/Boiler replacement
Technology & Infrastructure	385,553	Tech Fee	
Academic & Service Projects	12,008,756	Operating Budget	Music & Art/Nicholson/J. Bruce Brown/various other campus improvements
Other	873,300	Operating Budget	Campaign costs (pre 2001)
<b>Total Internal Debt</b>	<b>19,802,873</b>		

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## DEBT PROFILE

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### Total Debt – Year End 2013-14

Long Term Debt	\$96,051,000	
Short Term Debt (bank lines, floating)	\$14,157,500	Net from carrying deficits and internal debt offset by cash held for restricted purposes.
Total Debt – March 31, 2014	\$110,208,500	

### Key Changes in Debt Profile over the next year:

1. Payment of SOFI Loan in January 2015 will reduce L/T Debt by \$9.5M
2. Full Mortgage Payments for New Residences begin in November 2014
  - Annual financing costs increase by \$420K this year (5 months);
  - Full Year financing will add another \$550K in 2015-16
3. Retirement of \$3M Mortgage for Residence renovations in January 2015
  - Annual financing savings of \$375K

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## ENDOWMENT FUNDS

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### Bequests/Donations

- largely restricted for funding scholarships/chairs

### Obligation to Donors:

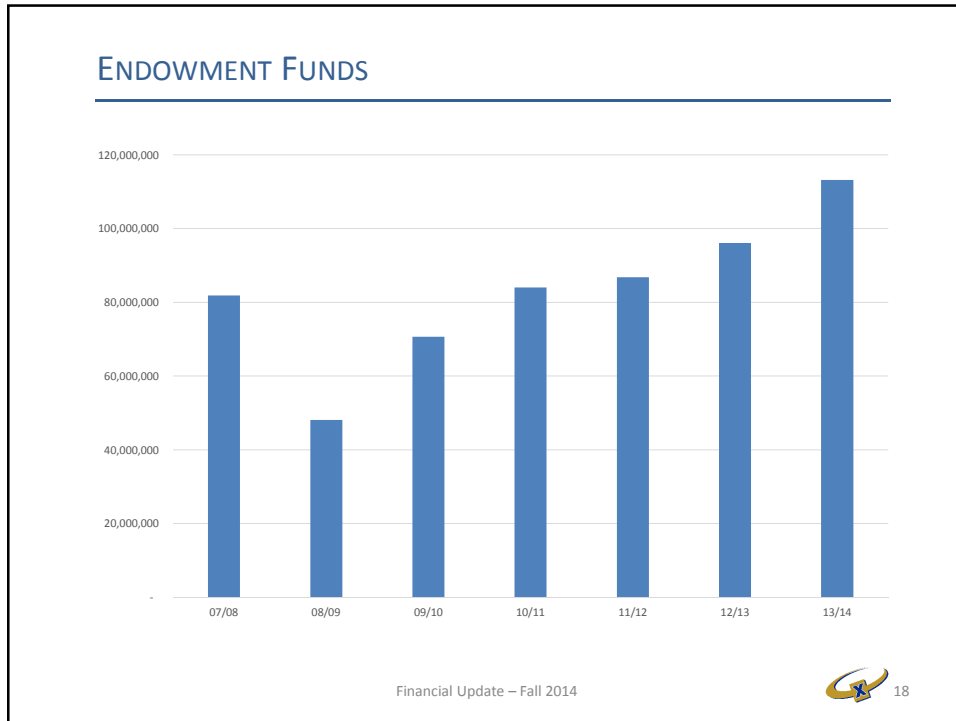
- preserve capital
- preserve purchasing power
- utilize income for designated purpose

### Payout level set to optimize funds available for use while meeting obligations to Donors

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### ENDOWMENT FUNDS

<b>Balance - April 1, 2007</b>		<b>84,327,311</b>
<b>Bequests/Donations</b>		<b>14,046,913</b>
<b>Investment Income</b>		<b>26,599,602</b>
<b>Capital Gains</b>		<b>11,695,953</b>
<b>Re-Invested Income</b>		<b>3,050,921</b>
		<b>139,720,701</b>
<b>Paid out</b>		<b>26,542,743</b>
<b>Balance - March 31, 2014</b>		<b>113,177,958</b>

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## PROJECTED OPERATING RESULTS

### 2014-15 PROJECTED OPERATING RESULTS

	ACTUAL FY 12/13	ACTUAL FY 13/14	BUDGET FY 14/15	PROJECTION FY 14/15
<b>REVENUE</b>				
Government Funding	\$ 32,591,920	\$ 31,730,313	\$ 31,857,400	\$ 31,955,491
Student Fees	33,207,630	33,452,409	35,381,500	34,918,000
Other Income	2,929,463	4,312,989	4,341,300	4,219,500
<b>Total Operating Revenue</b>	<b>\$ 68,729,013</b>	<b>\$ 69,495,711</b>	<b>\$ 71,580,200</b>	<b>\$ 71,092,991</b>
<b>EXPENDITURE</b>				
Salaries	\$ 43,725,614	\$ 44,108,280	\$ 45,335,200	\$ 44,976,600
Fringe Benefits	7,325,913	7,733,403	7,974,900	7,690,000
Other (Non-Salaried)	21,284,618	18,819,082	19,714,300	19,807,800
<b>Total Operating Expenditures</b>	<b>\$ 72,336,145</b>	<b>\$ 70,660,765</b>	<b>\$ 73,024,400</b>	<b>\$ 72,474,400</b>
Operating Surplus (Deficit)	\$ (3,607,132)	\$ (1,165,054)	\$ (1,444,200)	\$ (1,381,409)
Ancillary Surplus (Deficit)	\$ (897,392)	\$ 1,255	\$ 2,934	\$ (200,000)
<b>Consolidated Surplus (Deficit)</b>	<b>\$ (4,504,523)</b>	<b>\$ (1,163,799)</b>	<b>\$ (1,441,266)</b>	<b>\$ (1,581,409)</b>

## Operating Results – Fiscal 2014-15

### Revenue:

- Enrolment is down slightly from previous year; Budget Assumption was +25

### Expenditures:

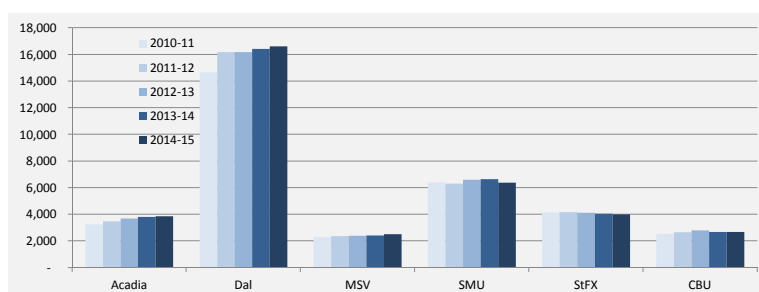
- On track for most areas
- Savings from timing of hires estimated at \$200K
- Contingency included in budget of \$250K

- **Good News – so far we are tracking toward budget.**
- **Challenge - the budget is a deficit of (\$1.4M)**



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## FULL TIME ENROLMENT TRENDRING – NS UNIVERSITIES



Full Time Enrolment – AAU Data as of October 1st

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	5 Year CAGR*	Change in FTE
Acadia	3,106	3,253	3,476	3,684	3,819	3,867	4.5%	+761
Dal	13,810	14,657	16,185	16,189	16,410	16,612	4%	+2,802
MSV	1,973	2,306	2,366	2,396	2,410	2,507	5%	+534
SMU	6,275	6,403	6,319	6,603	6,653	6,370	0.5%	+95
St.FX	4,123	4,138	4,166	4,115	4,047	4,014	-0.5%	(109)
CBU	2,532	2,544	2,658	2,794	2,675	2,671	1%	+139

\*Compounded Annual Growth Rate (CAGR) provides a constant rate of return over the time period. CAGR dampens the effect of year-to-year volatility on measurements.

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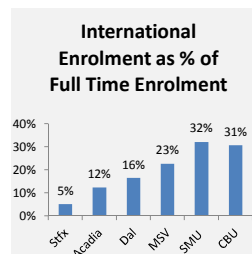


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## INTERNATIONAL ENROLMENT – MULTI YEAR TRENDING

International Students – AAU Data							5 year CAGR*
	09-10	10-11	11-12	12-13	13-14	14-15	
<b>St. FX</b>	233	235	241	233	204	208	-2%
<b>Acadia</b>	400	379	383	434	432	477	4%
<b>Dal</b>	1,219	1,613	2,094	2,261	2,505	2,739	18%
<b>MSV</b>	256	302	369	428	510	569	17%
<b>SMU</b>	1,325	1,465	1,636	1,918	2,067	2,049	9%
<b>CBU</b>	319	405	688	810	827	822	21%

Increase/Decrease					
	10-11	11-12	12-13	13-14	14-15
<b>St. FX</b>	2	6	-8	-29	4
<b>Acadia</b>	-21	4	51	-2	45
<b>Dal</b>	394	481	167	244	234
<b>MSV</b>	46	67	59	82	59
<b>SMU</b>	140	171	282	149	-18
<b>UCB</b>	86	283	122	17	-5



\*Compounded Annual Growth Rate (CAGR) provides a constant rate of return over the time period. CAGR dampens the effect of year-to-year volatility on measurements.

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## ANCILLARY OPERATIONS – BUDGET 2014-15

Summary								
	Fit & Rec	Keating Centre	Bus	Liquor Services	Residences	Food Services	Bookstore	Total
Revenue	520,000	702,000	216,000	225,000	13,109,000	8,705,000	2,475,000	25,952,000
Operating Expenses	531,000	1,453,000	249,500	293,000	5,995,500	8,703,745	2,247,000	19,472,745
Debt Payments					6,478,000			6,478,000
<b>Surplus (Deficit)</b>	<b>(11,000)</b>	<b>(751,000)</b>	<b>(33,500)</b>	<b>(68,000)</b>	<b>635,500</b>	<b>1,255</b>	<b>228,000</b>	<b>1,255</b>

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## Ancillary Operations – Fiscal 2014-15

### Revenue:

- Occupancy is currently up over last year and slightly above budget
- Normal attrition expected to put some pressure on room revenue – slightly below 93%
- Bookstore Revenue Down – offset with cost reductions

### Expenditures:

- Most areas tracking under at this point to offset most of revenue exposure

- **Financial Exposure estimated in the range of \$200K**
- **Potential to do better given trending to date**



## RESIDENCE OCCUPANCY 14/15 – OCTOBER 7TH

Hall	Bedtype available	# of beds	Occupied
Bishops	Single	170	168
	Double	34	34
MacKinnon	Single	17	16
	Double	106	93
Cameron	Single	23	23
	Double	144	131
Lane	Single	297	279
	Double	24	18
Riley	Single	114	114
	Double	46	41
O'Regan	Single	113	111
	Double	46	39
MacIsaac	Single	14	14
	Double	238	227
Governors	Single	162	161
	Double	64	59
Apartments	Power	126	116
	Somer	156	140
West Street	Apartment	17	16
		1911	1800

Budget based on 93% Occupancy – currently at 94%

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## 3.0 GOING FORWARD

### OPERATING BUDGET SCENARIOS – 2015/16

	ACTUAL FY 12/13	ACTUAL FY 13/14	BUDGET FY 14/15	PROJECTION FY 14/15	FY 15-16		
					BASE	MID	HIGH
					Flat Enrolment	+50 and +10 Intern'l	+100 and +25 Intern'l
<b>REVENUE</b>							
Government Funding	\$ 32,591,920	\$ 31,730,313	\$ 31,857,400	\$ 31,955,491	\$ 32,243,210	\$32,243,210	\$32,243,210
Student Fees	33,207,630	33,452,409	35,381,500	34,918,000	35,879,740	36,411,740	36,771,270
Other Income	2,929,463	4,312,989	4,341,300	4,219,500	3,918,063	3,918,063	3,918,063
<b>Total Operating Revenue</b>	<b>\$ 68,729,013</b>	<b>\$ 69,495,711</b>	<b>\$ 71,580,200</b>	<b>\$ 71,092,991</b>	<b>\$ 72,041,012</b>	<b>\$72,573,012</b>	<b>\$72,932,542</b>
<b>EXPENDITURE</b>							
Salaries	\$ 43,725,614	\$ 44,108,280	\$ 45,335,200	\$ 44,976,600	\$ 46,561,611	\$46,561,611	\$46,561,611
Fringe Benefits	7,325,913	7,733,403	7,974,900	7,690,000	8,168,032	8,168,032	8,168,032
Other (Non-Salaried)	21,284,618	18,819,082	19,714,300	19,807,800	20,927,909	20,927,909	20,927,909
<b>Total Operating Expenditures</b>	<b>\$ 72,336,145</b>	<b>\$ 70,660,765</b>	<b>\$ 73,024,400</b>	<b>\$ 72,474,400</b>	<b>\$ 75,657,552</b>	<b>\$75,657,552</b>	<b>\$75,657,552</b>
Operating Surplus (Deficit)	\$ (3,607,132)	\$ (1,165,054)	\$ (1,444,200)	\$ (1,381,409)	\$ (3,616,540)	\$ (3,084,540)	\$ (2,725,010)
Ancillary Surplus (Deficit)	\$ (897,392)	\$ 1,255	\$ 2,934	\$ (200,000)	\$ (587,600)	\$ (200,780)	\$ 241,275
<b>Consolidated Surplus (Deficit)</b>	<b>\$ (4,504,523)</b>	<b>\$ (1,163,799)</b>	<b>\$ (1,441,266)</b>	<b>\$ (1,581,409)</b>	<b>\$ (4,204,140)</b>	<b>\$ (3,285,320)</b>	<b>\$ (2,483,734)</b>

\*Breakeven = 520 additional full time tuition fees

## 2015-16 Budget Schedule

- Target for Budget approval moved to March – prior to new fiscal year start
- Improvement for planning horizon, budget usage, and alignment of election cycle for SU Executive (involved from beginning to end of budget setting)

### Proposed Schedule

•Full Year Deliberations of Budget Committee	Started in June/July
•Campus Presentation (Early Indicators)	October
•Budget Discussion Paper to Campus	Early November
•Departmental Submissions	Mid January
•First Budget Draft	End of January
Final Draft – Finance Committee	Early March
•Presentation to Campus	Mid March
•Board Approval	March 27 <sup>th</sup>
•Budget Upload	April

10/30/2014



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## INITIATIVES IN PROGRESS

### 1. Grow Revenue:

- Enrolment Focus – Full Stakeholder Involvement
- Provincial Government Funding
- Tuition

### 2. Program Prioritization and Review

- Review of Report Recommendations - Opportunities

### 3. Energy Initiatives

### 4. Other

- New revenue sources
- Continuous improvement

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## Campus Feedback – [budgetideas@stfx.ca](mailto:budgetideas@stfx.ca)

- **Cost Controls** – lower heat in buildings, move to e-testing, stop buying bottled water, stop using search firms/hire internally
- **Program Offerings** – go through summer, expand program offering, enhance Co-op program, develop more partnerships
- **New Revenue** – paid parking, lab fees, campus renewal fee, other
- **Information** – stop cutting, stop trying to balance, more info on expenses
- **Recruitment Strategy** – recruit in rural Canada, guarantee employment policy, expand services for international
- **Solicit Help** – Alumni drive, local business to help support, employee giving campaign (ask for gift and donations)
- **Space Utilization** – change timetable to improve utilization, close underutilized space



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## NEXT STEPS – FINANCIAL PLANNING

### 1. Budget Preparation

- Budget Discussion Paper - Early November
- Budget Guidelines Established for Campus Budget Submissions
- Budget Approval – March 31, 2015

### 2. Growing Revenue

- Need annual revenue growth of at least 3.5% to offset annual costs - enrolment, endowment, other
- Make use of all residence space (Mount currently not used)

### 3. Cost Controls

- Review of all costs and ability to impact
- Service delivery options – look for efficiencies
- Space utilization
- Linking of expenditures to organizational goals

### 4. Multi Year Plan for Financial Sustainability

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Discussion/Questions