



## **Treasurer's Report of the 2018-2019 Annual Budget**

The 2018-2019 Annual Budget provides the College with the resources required to deliver on the commitments detailed in the 2018-2019 Business Plan and the College's 2017-2022 Strategic Plan. The Budget projects an in-year deficit of \$5.5 million, which is being funded from reserve funds maintained in the Internally Restricted Net Asset accounts.

The Fair Workplaces, Better Jobs Act became law in November 2017, advancing several important changes to the Employment Standards Act that will drive cost adjustments related primarily to increased compensation, equal pay for equal work, and enhanced leave benefits. These changes result in an estimated \$25 million impact to the College's operating expenditures year-over-year. The College leadership team and staff are committed to making the necessary adjustments to our programs and services to return to a balanced budget by 2020-2021.

Many of the mitigation strategies that the College will undertake to offset the impacts will take multiple years to implement. Despite these challenges, the College remains committed to living our values of caring, learning, integrity and respect as well as delivering the highest quality education and services to our learners and our employees.

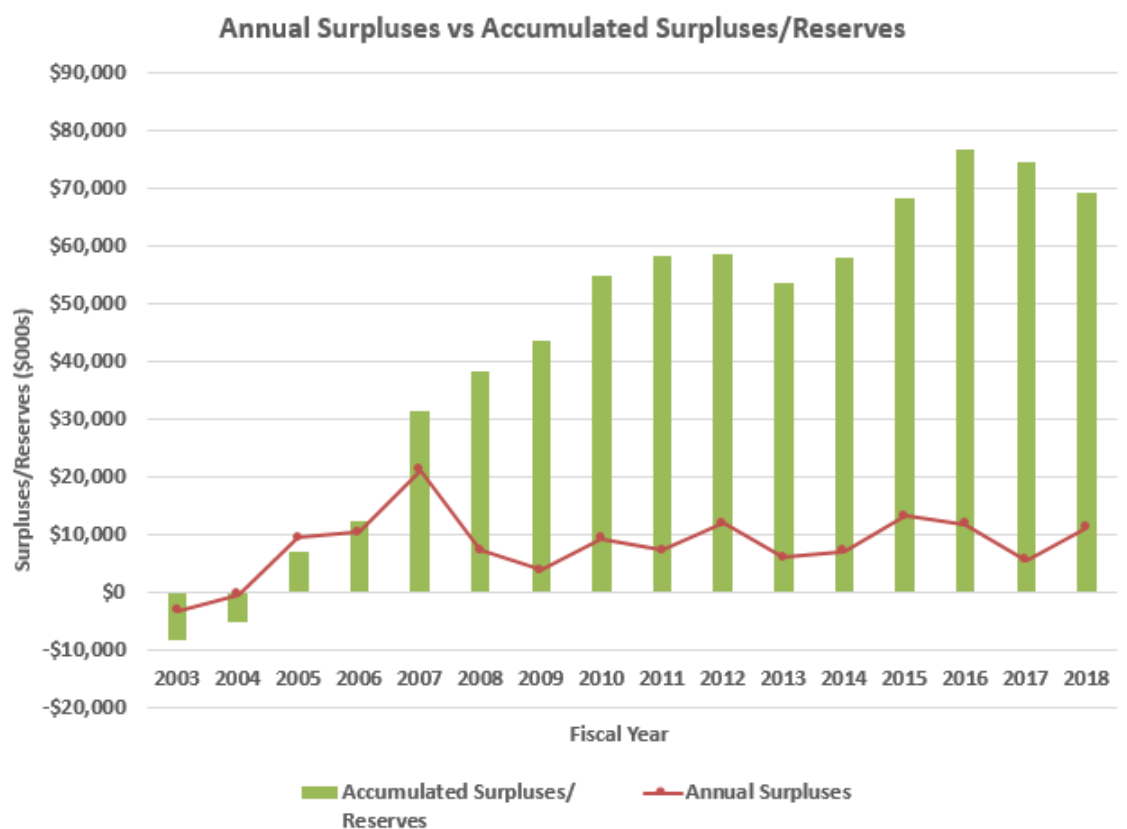
This budget continues the College's history of investing in the future of the College and its people. Investments in a changing workplace, new capital building developments, physical and information technology infrastructure, and process improvements will result in an enhanced learner experience.

### **Internally Restricted Net Assets/Accumulated Surpluses**

Last year, the College concluded fiscal year 2016-2017 with a net contribution of \$5.6 million, exceeding the 2016-2017 Annual Budget deficit of \$6.7 million with a variance of 3.7% of total budgeted expenditures. In addition to various operating savings, this positive variance was primarily achieved because of a \$1.8 million underestimation of the enrolment growth and tuition fees, a \$7.4 million underestimation of the Strategic Investment Priorities revenue, a \$2.3 million increase due to International onshore enrolment growth, and an \$800,000 increase in investment revenue.

The College has grown its accumulated surplus balance during the past 15 years in the Internally Restricted Net Asset accounts. These funds are managed closely to provide resources to fund Strategic Investment Priorities that will enhance the overall experience of learners. The College continues to show strong annual surpluses. The College draws on reserves to fund projects such as the Workday enterprise resource planning system upgrade and the DARE District. The accumulated surpluses and healthy balance of the

Internally Restricted Net Assets enables the College to address significant capital investment requirements and address unanticipated operating budget challenges.



Through a business planning process that continues to engage all areas of the College, a series of major initiatives aimed at making improvements to our employees' workplaces, academic facilities, student services and business process automation that require drawing down funds from internally restricted accounts were identified.

The President is submitting a recommendation to the Board of Governors to approve spending from the College's Specific Reserves and Reserve Funds for Future Capital Expansion within Internally Restricted Net Assets for the following significant capital projects and initiatives in 2018-2019:

<b>2018-2019 Expenditures from Internally Restricted Net Assets</b>	
Information Technology and Physical Infrastructure Renewal Projects	\$1,411,000
DARE District (this is not an additional new request but is within the allocation approved at the May 3, 2016 Board of Governors Meeting)	2,424,000
Energy Savings Contract 2 (ESCO2) – Energy Savings Measures (this is not an additional new request but within the allocation approved in the 2016-2017 Annual Budget)	2,184,000
Student One Stop Space (this is not an additional new request but within the allocation approved at the October 16, 2017 Board of Governors meeting)	2,750,000
Pedestrian Bridge to Rapid Transit Station (this is not an additional new request but within the allocation approved at the June 12, 2017 Board of Governors meeting)	646,000
Athletics and Recreation Complex (this is not an additional new request but within the allocation approved at the June 12, 2017 Board of Governors meeting)	330,000
Enterprise Resource Planning System Upgrades (this request includes funding to complete the Workday implementation; a separate report is presented requesting approval of the revised Workday project budget).	7,000,000
College Ancillary Services Renewal and Development	458,000
Academic and Administrative Equipment	500,000
2017-2018 Approved Multi-Year Strategic Investment Priorities Expenditures Deferred to 2018-2019	5,000,000
<b>Total Expenditures from Internally Restricted Net Assets</b>	<b>\$22,703,000</b>

The College is ensuring that it is compliant with the amendments to the Employment Standards Act. This will require a drawdown on the College's Contingency Reserve Fund for 2018-2019 that was established by the Board of Governors in 2012 to address unanticipated opportunities and challenges. The President is submitting a recommendation to the Board of Governors to approve the spending of \$5.5 million from this Contingency Reserve Fund.

The College continues to plan for medium and long-term investment requirements and has budgeted for the following additions to our internally restricted accounts:

<b>Internally Restricted Net Assets</b>	<b>2018-2019 Budgeted Contributions</b>
Specific Reserves	
• Ancillary Services Reserve Funds	\$1,062,000
• Information Technology and Physical Infrastructure Renewal Fund	3,000,000
General Reserve Funds – Future Capital Expansion	2,000,000
Contingency Reserve Fund	591,000
<b>Total Budgeted Contributions to Internally Restricted Funds</b>	<b>\$6,653,000</b>

Please refer to the Net Assets Continuity Schedule for more information on budgeted contributions and expenditures from Internally Restricted Net Assets.

The budgeted 2018-2019 fiscal year-end total balance of unrestricted net assets plus internally restricted net assets are as follows:

<b>Unrestricted and Internally Restricted Net Assets</b>	
Unrestricted Net Assets	\$1,000,000
Internally Restricted Net Assets	
• Appropriations	100,000
• Specific Reserves	
○ Other Projects and Initiatives	15,394,000
○ Ancillary Services Reserve Fund	5,194,000
○ Employment Stabilization Fund	557,000
• Contingency Reserve Fund	3,822,000
• Reserve Fund – Future Capital Expansion	24,700,000
<b>Total Unrestricted and Internally Restricted Net Assets</b>	<b>\$49,767,000</b>

## **Challenges and Opportunities Facing the College**

The development of the Annual Budget required significant engagement from the Algonquin College Leadership Team and input from the entire College community. With the passing of the Fair Workplaces, Better Jobs Act on November 22, 2017, the College was immediately faced with an estimated \$25 million operating cost impact each year going forward.

In response, a task force was established to identify risk mitigation options that were subsequently presented to a steering committee for decisions. This steering committee was comprised of the Algonquin College Executive Team and representatives from the Algonquin Students' Association and the Support Staff Union. An invitation was issued to the Academic Staff Union but was declined. The steering committee decided on budget and operating adjustments totalling close to \$15 million in 2018-2019. There is further work to be done to execute on these decisions and close the remaining gap in our operating budget by 2020-2021.

The Ministry of Advanced Education and Skills Development renewed its college sector funding model in 2017-2018. This new corridor funding model is intended to improve student outcomes, support differentiation linked to colleges' Strategic Mandate Agreements, provide more predictable funding and support enrolment planning. While the corridor funding model is a more predictable model, it will no longer provide year-to-year grant funding increases for domestic enrolment growth. This change requires the College to pay even more attention to program costs and ensure that there are sufficient margins generated to support the overhead and corporate costs of the College.

The part-time College support staff are now certified as a bargaining unit represented by the Ontario Public Sector Employee Union. In the coming months, it is anticipated that bargaining will commence for a new collective agreement between Ontario colleges and the part-time support staff bargaining unit. This will result in updated terms and conditions of employment for all of the College's part-time support staff. There will likely be adjustments required to the College's operating budget once this new collective agreement is finalized.

In the spring of 2014, the College received an audit report on its deferred maintenance that stated that the College's physical deferred maintenance liability had grown from \$41-million in 2010 to \$87 million in 2014. While the Province has committed to increasing funding for deferred maintenance for the college sector over the coming years (\$26 million in 2014-2015 increasing to \$100 million by 2019-2020), Algonquin's share will not be sufficient to reduce this liability. With over \$700 million in facilities and infrastructure, the College should be investing approximately \$14 million (or 2% of the \$700 million replacement value) each year. In addition, the College has in excess of \$47 million in information, communications and technology (ICT) infrastructure that should be renewed at a rate of about 4% to 6% per year (\$1.9 million to \$2.9 million). Aging academic equipment is another major concern as the College receives insufficient funding to keep our technology current.

The College relies on people, processes and technology to operate and transform its service operations and program delivery. Several significant investments are being made in the College's enterprise resource planning information technology systems to support transformation. Workday is being implemented to replace the College's human resources, payroll and financial information systems. A new learning management system will be implemented by Fall 2018. The College continues to invest in the Salesforce platform as its customer relationship management solution. In the near future, the College will begin to upgrade its most significant business application, the student information system.

## **Assumptions**

A number of assumptions were made in the preparation of estimates to be included in the Annual Budget. A list of the most significant assumptions for 2018-2019 follows:

### Revenues

- The Enrolment Envelope, Differentiation Envelope and Special Purpose Grant funding will be held stable;
- Tuition fee rates for funded programs have been budgeted with a 3% increase;
- Enrolment growth in full-time post-secondary programs is projected to increase by 3.2% over 2017-2018 projected enrolment levels due to growth in existing programs, international enrolments, the launch of new programs, and improved retention; and
- The following other non-funded revenue sources have been updated to respond to the projected enrolment changes, the economy, international opportunities, and anticipated market conditions:
  - Contract Activity;
  - International Premium and Tuition; and
  - College Ancillary Services.

### Operating Expenditures

- Wage increases for all faculty and staff will not exceed the current range of wage increases in the public sector and are based on current collective agreements and legislation. Other expenditures will increase at a rate consistent with the rate of inflation or will remain constant; and
- In response to the challenges and opportunities identified above, several operating budget adjustments have been included to ensure that the College is presenting a budget that complies with Ministry directives and sets a course to return to a balanced budget by 2020-2021.

### Funding for Strategic Investment Priorities

Through the alignment of operating revenues and expenditures within the Province's funding and tuition fee framework, the College is able to direct contributions from non-funded activities to Strategic Investment Priorities. Priority setting has been based on investments that are deemed to be essential, support the College's strategic directions, support transformation of services, renew curriculum and develop new programs, deliver high quality instructional equipment for students, and mitigate the risk of physical and technological infrastructure failure.

More specifically, the Annual Budget provides funding for the following initiatives:

- Developing additional hybrid courses, online programs, graduate certificates and degree programs to meet the needs of today's student;
- Campus expansion with the construction of the DARE District;
- Developing the Indigenous Gathering Circle and Institute for Indigenous Entrepreneurship;
- Continuing with the implementation of the Workday finance, human resources, and payroll enterprise resource planning system;
- Implementing strategies to improve employee engagement; and
- Continuing to upgrade and improve the service and reliability of wired and wireless networks.

## Risks

We believe that this budget is reasonable under the circumstances. The following identifies and assesses major risks:

RISK SCHEDULE			
Risk Identification	Risk Level in 2018-2019	Likelihood in 2018-2019	Risk Mitigation
International Enrolment Less than Projection Resulting in Reduced Tuition and Fee Revenue	Major	Possible	<ul style="list-style-type: none"> <li>• New Programs</li> <li>• Conversion of Applications to Registrations</li> <li>• Retention Initiatives</li> <li>• International Recruitment</li> <li>• Increase Winter Intakes</li> </ul>
Costs to Implement Fair Workplaces, Better Jobs Act Exceed Budget	Major	Possible	<ul style="list-style-type: none"> <li>• Ongoing Programs and Services Reviews</li> <li>• Organizational Design</li> <li>• Contingency Funds</li> </ul>
Provincial Operating Grants Less than Budgeted	Moderate	Unlikely	<ul style="list-style-type: none"> <li>• Reduce Direct Expenses</li> <li>• Defer Strategic Investments</li> </ul>
Other Revenues Less than Budgeted	Moderate	Possible	<ul style="list-style-type: none"> <li>• International Initiatives</li> <li>• Contract Training</li> </ul>
Labour Relations	Moderate	Possible	<ul style="list-style-type: none"> <li>• Support Negotiations Between College Employer Council and OPSEU Part-Time Support Staff Bargaining Unit</li> </ul>
Information Technology Assets and Services – Business Interruption	Moderate	Possible	<ul style="list-style-type: none"> <li>• Upgraded IT Infrastructure</li> <li>• Cyber Security Internal Audit</li> <li>• Business Continuity/Disaster Recovery Planning</li> </ul>
Major Capital Projects Exceed Budget	Major	Possible	<ul style="list-style-type: none"> <li>• Project Governance Structure</li> <li>• Ongoing Monitoring and Reporting</li> </ul>



## Budget Impact

The 2018-2019 Annual Budget provides adequate resources for programs and services to operate the College and fund initiatives that support the 2017-2022 Strategic Plan. In order to produce a compliant budget, a number of budget reduction and expansion initiatives were implemented including:

Budget Reductions	Impact
Reduce/Terminate Agreements	\$440,000 Sponsorship Agreements \$300,000 Service Agreements Re-tendered
Adjust Program Mix	\$1,118,300 in Annual Net Operating Cost Reductions
Staffing Model Changes	\$3,514,000 in Organizational Re-structuring of Full-time and Part-time Employees
Non-Salary Budgets	\$5,041,000 Reduction in Budgets for Travel, Meetings, Equipment, Cost of Goods Sold, Supplies and Other Miscellaneous Accounts

Budget Expansion	Impact
International Enrolment Increase	\$6,336,000 Increase in Full-Time Tuition and Fee Revenues
College Ancillary Services Revenue	\$30,000 Residence Occupancy Model \$100,000 Price Increases in Food and Retail \$200,000 Parking Pass Rate Increase
Student/Client Fee Increases	\$65,000 Test Centre Fee Increase \$60,000 Corporate Training Price Increase \$27,000 Peer Tutoring Fee Increase

More specifically, this budget includes provisions for the following program and service improvements:

- Effective academic advising and retention initiatives;
- Professional development opportunities for employees; and
- Digital and physical infrastructure support.

Additional details of new initiatives are included in the College's annual Business Plan.

### **Thank you to the College Budget Committee**

I would like to conclude by thanking all of those involved in the development of the Annual Budget for their hard work and ongoing commitment to the College, with a special mention of the efforts of the College Budget Committee (CBC):

- Christopher Janzen, (Chair), Dean, Faculty of Technology and Trades
- Diane McCutcheon, (Vice-Chair), Director, Labour Relations
- Diane Charlebois, Manager, Information Technology Services Finance and Administration
- Dave Donaldson, (College Facilities and Infrastructure Committee Chair), Dean, School of Business
- Doreen Jans, (Resource), Acting Manager, Corporate Budgeting
- Christine Kelsey, OPSEU Local Support Staff Union President
- Mark Leduc, Executive Director, Academic Operations and Planning
- Alanna McDonell, Director, Marketing
- Ron Deganadus McLester, Executive Director, Truth, Reconciliation and Indigenization
- Ernest Mulvey, Director, International Education Centre
- Krista Pearson, (College Technology Committee Chair), Registrar
- Grant Perry, (Resource), Acting Director, Finance and Administrative Services
- Todd Schonewille, Director, Physical Resources
- Emily Woods, (Resource), Acting Associate Director, Financial Services

Duane McNair

Treasurer and Vice-President, Finance and Administration

# PRO FORMA SUMMARY

(all figures in \$ 000's)

	Actual 2016-2017	Annual Budget 2017-2018	Q3 Projection 2017-2018	Annual Budget 2018-2019	Pro Forma 2019-2020	Pro Forma 2020-2021
<b>Funded Activity/College Operations</b>						
Revenue	\$ 237,141	\$ 238,674	\$ 240,119	\$ 250,944	\$ 255,999	\$ 264,991
Expenditures <sup>1</sup>	220,176	227,176	223,750	249,153	248,480	252,567
Net Contribution	16,965	11,498	16,369	1,791	7,519	12,424
<b>Contract Activity &amp; Other Non-Funded Activity</b>						
Revenue	27,236	27,358	27,910	29,537	29,183	29,034
Expenditures	26,085	26,306	26,306	27,465	27,073	26,862
Net Contribution	1,151	1,052	1,604	2,072	2,110	2,172
<b>College Ancillary Services</b>						
Revenue	41,816	44,991	40,512	44,407	44,211	45,598
Expenditures <sup>1</sup>	33,766	36,945	33,850	36,615	36,634	37,351
Net Contribution	8,050	8,046	6,662	7,792	7,577	8,247
<b>International Education Centre</b>						
Revenue <sup>2</sup>	16,562	24,015	28,658	34,994	36,665	39,323
Expenditures	13,695	18,111	24,434	24,400	24,410	25,661
Net Contribution	2,867	5,904	4,224	10,594	12,255	13,662
<b>Strategic Investment Priorities</b>						
Revenue	9,157	20,585	24,801	5,410	10,476	28,680
Expenditures <sup>3</sup>	37,890	54,211	56,832	42,932	36,052	58,209
Net Contribution	(28,733)	(33,626)	(32,031)	(37,522)	(25,576)	(29,529)
<b>Non-Cash Revenue Adjustments</b>						
Capital Grants recorded as Deferred Capital Contributions	(8,144)	(19,000)	(24,500)	(4,700)	(10,400)	(27,900)
Amortization of Deferred Capital Contributions	7,295	8,000	8,000	8,500	8,900	9,000
<b>Non-Cash Expenditure Adjustments</b>						
Expenditures to be Capitalized	20,293	40,000	44,900	22,200	13,500	33,000
Amortization Expense	(13,958)	(16,500)	(14,300)	(16,400)	(18,000)	(18,600)
Change in Vacation, Sick Leave & Post-Employment Benefits	(207)	185	185	150	150	150
<b>Net Contribution as per Public Sector Accounting Standards (PSAS)</b>	<b>\$ 5,579</b>	<b>\$ 5,559</b>	<b>\$ 11,113</b>	<b>\$ (5,523)</b>	<b>\$ (1,965)</b>	<b>\$ 2,626</b>

1- Expenditures do not include contributions to reserve funds, nor does it include principal repayments of debt.

2 - Reflects a change for 2017-2018 in the methodology for recording the split of international fee premiums between Funded Activity and the International Education Centre.

3 - Strategic Investment Priorities Expenditures includes authorized and proposed spending from Internally Restricted Net Assets.



## PRO FORMA SUMMARY

(all figures in \$ 000's)

	Actual 2016-2017	Annual Budget 2017-2018	Q3 Projection 2017-2018	Annual Budget 2018-2019	Pro Forma 2019-2020	Pro Forma 2020-2021
<b>Net Assets</b>						
Unrestricted	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Investment in Capital Assets	64,960	81,901	81,025	93,731	91,029	90,031
Vacation, Sick Leave and Post-Employment Benefits	(18,948)	(18,215)	(18,763)	(18,613)	(18,463)	(18,313)
Internally Restricted						
Appropriations	100	100	100	100	100	100
Specific Reserves	30,949	11,065	31,385	21,145	14,893	18,846
Contingency Reserve Fund	8,471	8,685	8,753	3,822	9,487	9,824
Reserve Funds - Future Capital Expansion	33,765	27,402	27,909	24,700	25,875	25,060
Interest Rate Swaps	(10,126)	(7,391)	(7,873)	(6,762)	(5,673)	(4,686)
Endowments	24,395	23,996	25,295	25,895	26,495	27,095
<b>TOTAL NET ASSETS</b>	<b>\$ 134,566</b>	<b>\$ 128,543</b>	<b>\$ 148,831</b>	<b>\$ 145,018</b>	<b>\$ 144,743</b>	<b>\$ 148,957</b>



# STATEMENT OF FINANCIAL POSITION

(all figures in \$ 000's)

	March 31, 2018 Annual Budget	March 31, 2018 Q3 Projection	March 31, 2019 Proposed Budget
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Short Term Investments	\$ 26,723	\$ 44,195	\$ 37,245
Accounts Receivable	22,000	20,000	19,000
Inventory	2,000	1,650	1,600
Prepaid Expenses	2,500	2,500	2,300
	<b>53,223</b>	<b>68,345</b>	<b>60,145</b>
Investments	49,629	65,548	55,868
Endowment Assets	23,996	25,295	25,895
Capital Assets	288,599	294,059	299,859
<b>TOTAL ASSETS</b>	<b>\$ 415,447</b>	<b>\$ 453,247</b>	<b>\$ 441,767</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts Payable & Accrued Liabilities	\$ 19,000	\$ 27,800	\$ 27,000
Accrued Salaries & Employee Deductions Payable	8,200	8,600	8,900
Deferred Revenue	27,400	30,000	31,000
Current Portion of Long Term Debt	3,106	3,106	3,298
	<b>57,706</b>	<b>69,506</b>	<b>70,198</b>
Long Term Debt	45,168	45,168	41,870
Vacation, Sick Leave & Post-Employment Benefits	18,215	18,763	18,613
Deferred Capital Contributions	158,424	164,760	160,960
Interest Rate Swaps	7,391	6,219	5,108
<b>Net Assets</b>			
Unrestricted	1,000	1,000	1,000
Investment in Capital Assets	81,901	81,025	93,731
Vacation, Sick Leave & Post-Employment Benefits	(18,215)	(18,763)	(18,613)
Internally Restricted	47,252	68,147	49,767
Interest Rate Swaps	(7,391)	(7,873)	(6,762)
Endowment Fund	23,996	25,295	25,895
	<b>128,543</b>	<b>148,831</b>	<b>145,018</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 415,447</b>	<b>\$ 453,247</b>	<b>\$ 441,767</b>

# REVENUE SCHEDULE

(all figures in \$ 000's)

	Funded Activity/ College Operations	Contract Activity & Other Non-Funded Activity	College Ancillary Services	International Education Centre	Strategic Investment Priorities	Annual Budget 2018-2019	Q3 Projection 2017-2018	Annual Budget 2017-2018	Actual 2016-2017
<b>Grants</b>									
Post Secondary Activity	\$ 107,891	\$ -	\$ -	\$ -	\$ -	\$ 107,891	\$ 102,531	\$ 107,215	\$ 109,475
Capital & Equipment	-	-	-	-	2,540	2,540	21,820	20,498	6,021
Apprentice	5,148	-	-	-	-	5,148	7,448	5,136	5,464
Flow-Through Student Aid	1,659	-	-	-	-	1,659	1,659	1,658	1,324
<b>TOTAL GRANTS</b>	114,698	-	-	-	2,540	117,238	133,458	134,507	122,284
<b>Tuition Fees</b>									
Full-Time Post Secondary	79,905	-	-	30,359	-	110,264	97,721	94,854	89,928
Full-Time Non-Funded	-	1,981	-	95	-	2,076	1,595	1,429	1,397
Part-Time	10,257	1,799	-	-	-	12,056	11,759	12,003	12,022
Adult Training	1,026	-	-	-	-	1,026	1,102	1,234	1,203
Student IT & Mobile Computing Fees	7,629	-	-	-	-	7,629	7,157	7,469	8,217
<b>TOTAL TUITION FEES</b>	98,817	3,780	-	30,454	-	133,051	119,334	116,989	112,767
<b>Contract Educational Services</b>									
Provincially Funded Programs	-	13,651	-	-	-	13,651	17,006	12,428	13,499
Corporate & Other Programs	4,853	9,957	-	1,437	-	16,247	17,129	14,709	14,879
Grants, Fees & Other Income Associated with Contract Activity	-	-	-	-	-	-	44	1,999	1,229
<b>TOTAL CONTRACT EDUCATIONAL SERVICES</b>	4,853	23,608	-	1,437	-	29,898	34,179	29,136	29,607
<b>COLLEGE ANCILLARY SERVICES SALES</b>	-	-	44,407	-	-	44,407	40,512	44,991	41,816
<b>Other</b>									
Students' Association Contribution									
(Indigenous Gathering Circle & Athletics and Recreation Complex)	-	-	-	-	2,870	2,870	107	-	53
Capital Campaign	-	-	-	-	-	-	87	87	-
Early Learning Centre	1,029	-	-	-	-	1,029	1,011	1,012	998
Student Ancillary Fees	6,283	61	-	-	-	6,344	5,382	6,085	6,282
Investment Income	1,285	-	-	-	-	1,285	2,165	1,165	2,268
Internal Transfer of International Revenue <sup>1</sup>	12,332	166	-	-	-	12,498	10,152	8,983	6,637
Algonquin College - Saudi Arabia Net Equity Share of Gain/(Loss)	-	-	-	-	-	-	-	-	(4,828)
Miscellaneous	11,647	1,922	-	3,103	-	16,672	15,613	12,668	14,028
<b>TOTAL OTHER</b>	32,576	2,149	-	3,103	2,870	40,698	34,517	30,000	25,438
<b>TOTAL REVENUE</b>	\$ 250,944	\$ 29,537	\$ 44,407	\$ 34,994	\$ 5,410	\$ 365,292	\$ 362,000	\$ 355,623	\$ 331,912

1 - Reflects a change for 2017-2018 in the methodology for recording the split of international tuition fee premium between Funded Activity and International.

Funded Activity/College Operations	\$ 250,944	\$ 240,119	\$ 238,674	\$ 237,141
Contract Activity & Other Non-Funded Activity	29,537	27,910	27,358	27,236
College Ancillary Operations	44,407	40,512	44,991	41,816
International Education Centre	34,994	28,658	24,015	16,562
Strategic Investment Priorities	5,410	24,801	20,585	9,157
<b>Total Revenue</b>	<b>\$ 365,292</b>	<b>\$ 362,000</b>	<b>\$ 355,623</b>	<b>\$ 331,912</b>

# EXPENDITURES SCHEDULE

(all figures in \$ 000's)

	Funded Activity/ College Operations	Contract Activity & Other Non-Funded Activity	College Ancillary Services	International Education Centre	Strategic Investment Priorities	Annual Budget 2018-2019	Q3 Projection 2017-2018	Annual Budget 2017-2018	Actual 2016-2017
<b>Full-Time Salaries &amp; Benefits</b>									
Full-Time Salaries & Benefits - Academic	\$ 69,538	\$ 1,875	\$ -	\$ -	\$ -	\$ 71,413	\$ 60,995	\$ 70,130	\$ 66,773
Full-Time Salaries & Benefits - Administration	21,537	2,124	1,596	1,640	-	26,897	26,296	28,748	26,002
Full-Time Salaries & Benefits - Support	35,776	3,308	4,327	580	-	43,991	42,372	44,814	40,966
<b>Total Full-Time Salaries &amp; Benefits</b>	<b>126,851</b>	<b>7,307</b>	<b>5,923</b>	<b>2,220</b>	<b>-</b>	<b>142,301</b>	<b>129,663</b>	<b>143,692</b>	<b>133,741</b>
<b>Other Staff Salaries &amp; Benefits</b>									
Other Staff Salaries & Benefits - Academic	41,447	4,137	-	203	-	45,787	33,257	28,402	30,638
Other Staff Salaries & Benefits - Administration	1,780	1,788	157	343	-	4,068	4,784	4,237	4,142
Other Staff Salaries & Benefits - Support	12,142	2,295	2,775	341	-	17,553	11,378	8,916	10,909
<b>Total Other Staff Salaries &amp; Benefits</b>	<b>55,369</b>	<b>8,220</b>	<b>2,932</b>	<b>887</b>	<b>-</b>	<b>67,408</b>	<b>49,419</b>	<b>41,555</b>	<b>45,689</b>
<b>TOTAL SALARY &amp; BENEFITS</b>	<b>182,220</b>	<b>15,527</b>	<b>8,855</b>	<b>3,107</b>	<b>-</b>	<b>209,709</b>	<b>179,082</b>	<b>185,247</b>	<b>179,430</b>
<b>Other Operating</b>									
Mandated Student Aid	6,892	-	-	5	-	6,897	7,898	6,698	6,146
Contingencies	7,630	-	-	-	-	7,630	3,876	5,528	4,304
Long Term Debt Interest	774	-	1,997	-	-	2,771	2,968	2,968	3,153
Contract Services	8,974	6,395	2,110	4,071	-	21,550	23,603	20,292	18,862
Instructional Supplies & Equipment	3,737	1,742	64	38	-	5,581	6,857	7,168	6,875
Information Technology	7,806	157	258	143	-	8,364	8,625	8,474	7,554
Marketing and Promotion	2,017	558	250	381	-	3,206	3,726	3,610	4,088
Building Maintenance & Utilities	13,638	50	3,256	-	-	16,944	16,209	16,647	14,682
Flow-Through Student Aid	1,659	-	-	-	-	1,659	1,854	1,658	1,319
Cost of Goods Sold	1,078	2	17,243	-	-	18,323	16,635	19,473	18,203
Internal Transfer of International Revenue <sup>1</sup>	-	-	-	12,499	-	12,499	10,153	8,983	6,637
Algonquin College- Saudi Arabia Net Equity Share of Loss	-	-	-	-	-	-	2,900	-	-
Other	12,728	3,034	2,582	4,156	-	22,500	23,954	21,792	22,469
<b>TOTAL OTHER OPERATING</b>	<b>66,933</b>	<b>11,938</b>	<b>27,760</b>	<b>21,293</b>	<b>-</b>	<b>127,924</b>	<b>129,258</b>	<b>123,291</b>	<b>114,292</b>
<b>STRATEGIC INVESTMENT PRIORITIES EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,932</b>	<b>42,932</b>	<b>56,832</b>	<b>54,211</b>	<b>37,890</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 249,153</b>	<b>\$ 27,465</b>	<b>\$ 36,615</b>	<b>\$ 24,400</b>	<b>\$ 42,932</b>	<b>\$ 380,565</b>	<b>\$ 365,172</b>	<b>\$ 362,749</b>	<b>\$ 331,612</b>

1 - Reflects a change for 2017-2018 in the methodology for recording the split of international tuition fee premium between Funded Activity and International.

Funded Activity/College Operations	\$ 249,153	\$ 223,750	\$ 227,176	\$ 220,176
Contract Activity & Other Non-Funded Activity	27,465	26,306	26,306	26,085
College Ancillary Operations	36,615	33,850	36,945	33,766
International Education Centre	24,400	24,434	18,111	13,695
Strategic Investment Priorities	42,932	56,832	54,211	37,890
<b>Total Expenditures</b>	<b>\$ 380,565</b>	<b>\$ 365,172</b>	<b>\$ 362,749</b>	<b>\$ 331,612</b>

## STRATEGIC INVESTMENT PRIORITIES SCHEDULE

(all figures in \$ 000's)

	Grants & Fundraising	College Funded	Annual Budget 2018-2019	Q3 Projection 2017-2018	Annual Budget 2017-2018	Actual 2016-2017
<b>Source of Funds</b>						
Facilities Renewal Grant	\$ 980	\$ -	\$ 980	\$ 1,467	\$ 966	\$ 1,934
College Equipment Renewal Fund Grant	560	-	560	560	560	560
Apprenticeship Enhancement Fund Grant	1,000	-	1,000	2,894	2,338	2,631
Capital Campaign	-	-	-	87	87	225
Alumni Affinity Sponsorship for DARE District	-	-	-	50	-	-
Post Secondary Institutions Strategic Investment Fund (PSISIF) Grant	-	-	-	16,650	16,634	3,527
Students' Association Contribution	2,870	-	2,870	200	-	-
50th Anniversary Commemoration Grant	-	-	-	2,893	-	-
Other	-	-	-	-	-	280
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,410</b>	<b>-</b>	<b>5,410</b>	<b>24,801</b>	<b>20,585</b>	<b>9,157</b>
<b>Expenditures</b>						
<i>Campus Expansion</i>						
DARE District		2,123	2,123	34,135	34,103	6,642
Apprenticeship Enhancement Fund Electrical Lab			-	556		
Apprenticeship Enhancement Fund Welding Lab			-	1,838	1,838	2,631
Indigenous Gathering Circle	200	905	1,105	220		
Student One Stop Space		5,000	5,000	1,776		
Pedestrian Bridge to Bus Rapid Transit Station		646	646	-	-	-
Athletics and Recreation Complex	2,670	330	3,000	-	-	-
<i>Total Campus Expansion</i>	<b>2,870</b>	<b>9,004</b>	<b>11,874</b>	<b>38,525</b>	<b>35,941</b>	<b>9,273</b>
<i>Other</i>						
College Technologies	-	10,590	10,590	6,772	6,215	9,898
College Space & Infrastructure	980	3,592	4,572	5,364	4,754	8,973
New Program Initiatives	-	864	864	1,232	610	915
Academic & Other Equipment	560	590	1,150	1,633	575	1,715
Initiatives & Opportunities	-	12,334	12,334	7,312	5,333	4,960
College Ancillary Services		448	448	1,449	683	2,156
Appropriations	-	100	100	34	100	-
Apprenticeship Enhancement Fund	1,000	-	1,000	500	-	-
Adjustment for Anticipated Underspend	-	-	-	(5,988)	-	
<i>Total Other</i>	<b>2,540</b>	<b>28,518</b>	<b>31,058</b>	<b>18,308</b>	<b>18,270</b>	<b>28,617</b>
<b>TOTAL EXPENDITURES</b>	<b>5,410</b>	<b>37,522</b>	<b>42,932</b>	<b>56,832</b>	<b>54,211</b>	<b>37,890</b>
<b>NET CONTRIBUTION</b>	<b>\$ -</b>	<b>\$ (37,522)</b>	<b>\$ (37,522)</b>	<b>\$ (32,031)</b>	<b>\$ (33,626)</b>	<b>\$ (28,733)</b>





## NET ASSETS CONTINUITY SCHEDULE

(all figures in \$ 000's)

	Q3 Projection March 31, 2018	2018-2019 Budgeted In Year Use of Funds	2018-2019 Budgeted Year End Adjustments	Budgeted Balance March 31, 2019
<b>Appropriations</b>	\$ 100	\$ 100	\$ 100	\$ 100
<b>Specific Reserves</b>				
Other Projects & Initiatives	26,305	16,641	5,730	15,394
Ancillary Services Reserve Fund	4,528	458	1,124	5,194
Employment Stabilization Funds	552	-	5	557
	31,385	17,099	6,859	21,145
<b>Contingency Reserve Fund</b>	8,753	-	(4,931)	3,822
<b>Reserve Funds</b>				
Future Capital Expansion	27,909	5,504	2,295	24,700
<b>TOTAL INTERNALLY RESTRICTED NET ASSETS <sup>1</sup></b>	<b>\$ 68,147</b>	<b>\$ 22,703</b>	<b>\$ 4,323</b>	<b>\$ 49,767</b>
<b>TOTAL UNRESTRICTED NET ASSETS <sup>1</sup></b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000</b>
<b>Investment in Capital Assets</b>	\$ 81,025	\$ -	\$ 12,706	\$ 93,731
<b>Vacation, Sick Leave &amp; Post-Employment Benefits</b>	(18,763)	-	150	(18,613)
<b>Interest Rate Swaps</b>	(7,873)	-	1,111	(6,762)
<b>Endowment Fund</b>	25,295	-	600	25,895
<b>TOTAL NET ASSETS</b>	<b>\$ 148,831</b>	<b>\$ 22,703</b>	<b>\$ 18,890</b>	<b>\$ 145,018</b>

1 - Budgeted balances of Internally Restricted Net Assets and Unrestricted Net Assets includes the impact of budgeted expenditures from Appropriations, Specific Reserves and Reserve Funds, as well as contributions to Reserve Funds for the fiscal year 2018-2019. The Board of Governors Financial Management Policy requires that the Board of Governors approve any spending from Reserve Funds.

# SUMMARY OF FUNDED POSITIONS

	3rd Quarter 2017-2018				Position Changes			Proposed Budget 2018-2019			
	Admin	Support	Academic	Total	Opened	Closed	Transferred	Admin	Support	Academic	Total
<b>President &amp; Board of Governors</b>											
President's Office	4	-	-	4	-	-	-	4	-	-	4
Aboriginal Services & Partnerships <sup>1</sup>	-	-	-	-			4	1	2	1	4
Total	4	-	-	4	-	-	4	5	2	1	8
<b>Human Resources</b>											
Human Resources <sup>2</sup>	23	2	1	26	-	-	(9)	17			17
Labour Relations <sup>2</sup>				-	-	-	4	4			4
Talent Management & Organizational Development <sup>2</sup>				-	-	-	5	2	2	1	5
Total	23	2	1	26	-	-	-	23	2	1	26
<b>Finance and Administration</b>											
Vice-President's Office	2	-	-	2	-	-	-	2	-	-	2
College Ancillary Services	17	74	-	91	-	-	-	17	74	-	91
Finance & Administrative Services	10	27	-	37			-	10	27	-	37
Physical Resources	11	38	-	49			-	11	38	-	49
Risk Management	9	1	-	10			-	9	1	-	10
Total	49	140	-	189	-	-	-	49	140	-	189
<b>Student Services</b>											
Vice-President's Office	2	-	-	2	-	-	-	2	-	-	2
Aboriginal Services & Partnerships <sup>1</sup>	1	2	1	4	-	-	(4)	-	-	-	-
Student Support Services	10	45	18	73	-	-	-	10	45	18	73
Algonquin College Foundation	3	3	-	6	-	-	-	3	3	-	6
Registrar	11	66	-	77	-	-	-	11	66	-	77
Total	27	116	19	162	-	-	(4)	26	114	18	158
<b>Innovation and Strategy</b>											
Vice-President's Office	3	-	-	3	-	-	-	3	-	-	3
International and Strategic Planning	12	11	20	43	-	-	-	12	11	20	43
Applied Research & Development	1	2	-	3			1	2	2	-	4
Business Development & Corporate Training	4	7	-	11			-	4	7	-	11
Information Technology Services	18	87	-	105			(1)	17	87	-	104
Total	38	107	20	165	-	-	-	38	107	20	165
<b>Academic Services</b>											
Vice-President's Office	3	-	-	3	-	-	-	3	-	-	3
Academic Operations and Planning	10	12	3	25	-	-	2	10	12	5	27
Faculty of Arts, Media & Design	8	32	112	152	-	-	-	8	32	112	152
School of Business	5	8	88	101	-	-	-	5	8	88	101
School of Hospitality & Tourism	3	9	44	56	-	-	-	3	9	44	56
Faculty of Technology & Trades	6	27	161	194	-	-	(1)	6	27	160	193
Algonquin College Heritage Institute	4	11	13	28	-	-	(1)	4	11	12	27
Faculty of Health, Public Safety & Community Studies	8	30	122	160	-	-	-	8	30	122	160
Centre for Continuing & Online Learning	8	17	-	25	-	-	-	8	17	-	25
Personal Development Institute	-	1	-	1	-	-	-	-	1	-	1
Algonquin College in the Ottawa Valley	7	32	29	68	-	-	-	7	32	29	68
Total	62	179	572	813	-	-	-	62	179	572	813
<b>Communications, Marketing and External Relations</b>											
Marketing	2	20	-	22	-	-	-	2	20	-	22
Communications	4	3	-	7	-	-	-	4	3	-	7
Total	6	23	-	29	-	-	-	6	23	-	29
<b>COLLEGE TOTAL</b>	209	567	612	1,388	-	-	-	209	567	612	1,388

The complement report represents the total number of positions for each of the College's major Areas.

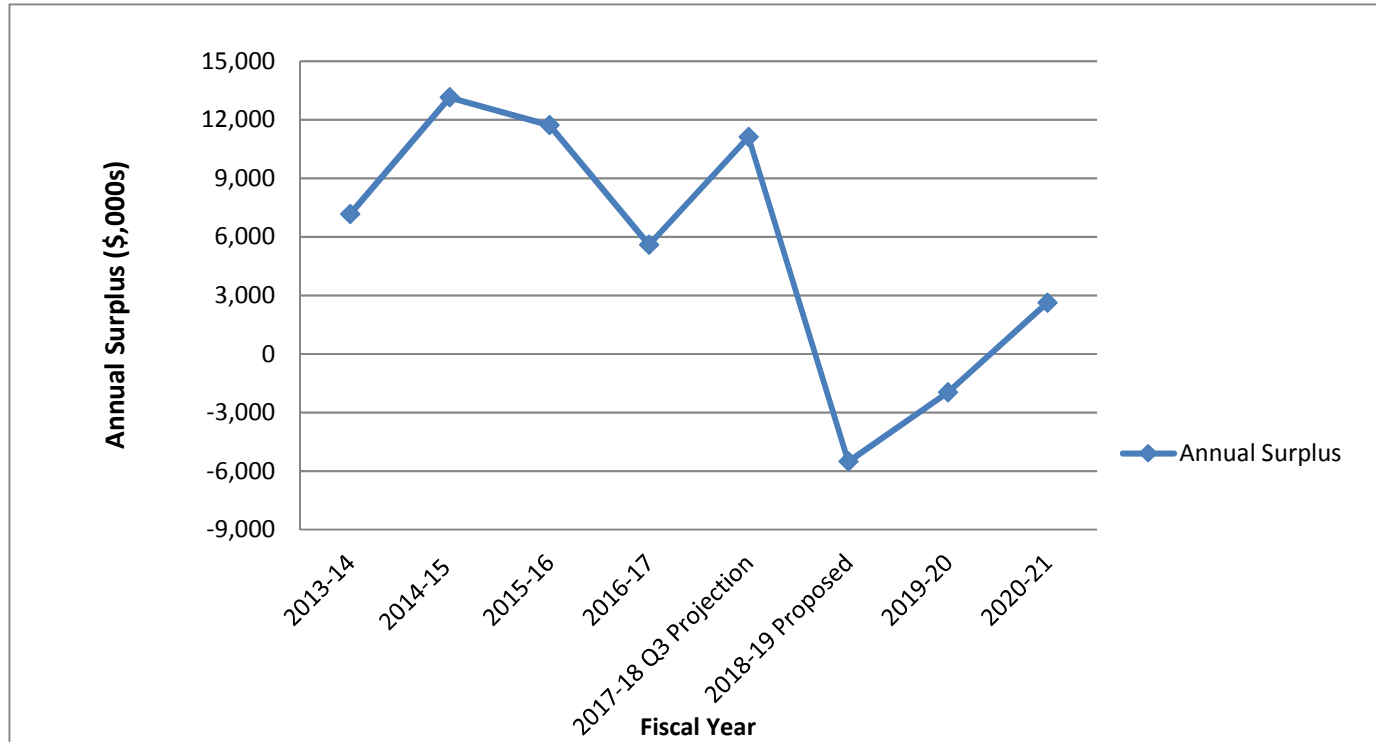
Not all positions are 100% funded in the budget, as some positions are vacant at the start of the year, and other positions have a start date projected other than April 1st.

<sup>1</sup> Aboriginal Services & Partnerships moved from Student Services to President and Board of Governors for 2018-2019.

<sup>2</sup> New sectors Labour Relations and Talent Management & Organizational Development were created for 2018-2019 under the Human Resources Area.

In addition to the above, the budget supports: 2,258 semestered enrolments in the Collaborative Programs; 1,723 semestered enrolments in Full-Time Non-Funded Programs; and 2,476 Seat Purchases in the Apprentice Programs.

### Operating Results: Annual Surplus



**Objective:**

Measures the excess of revenues over expenses in a given year.

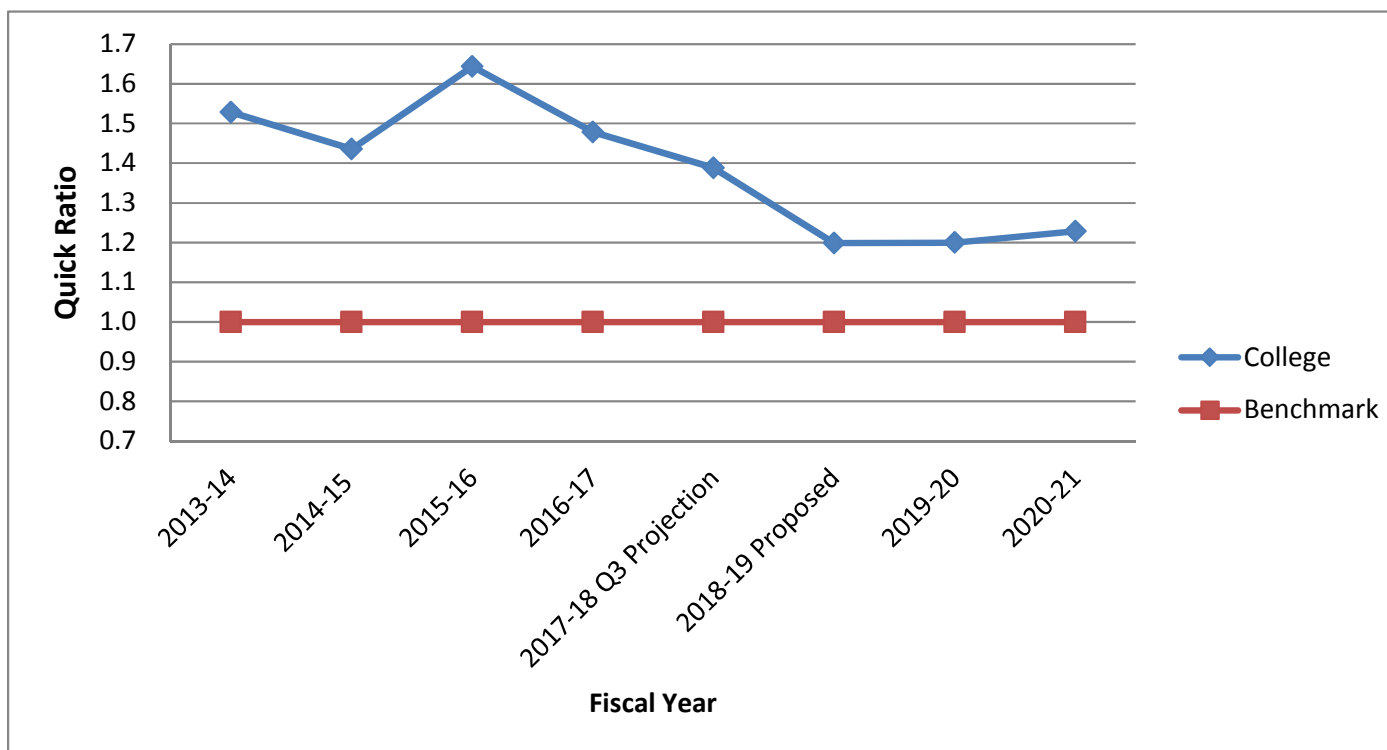
**Benchmark:**

Must be greater than \$0.

**Rationale:**

An annual deficit or declining surpluses may indicate a decline in an institution's financial health.

### Measuring Liquidity: Quick Ratio



#### **Objective:**

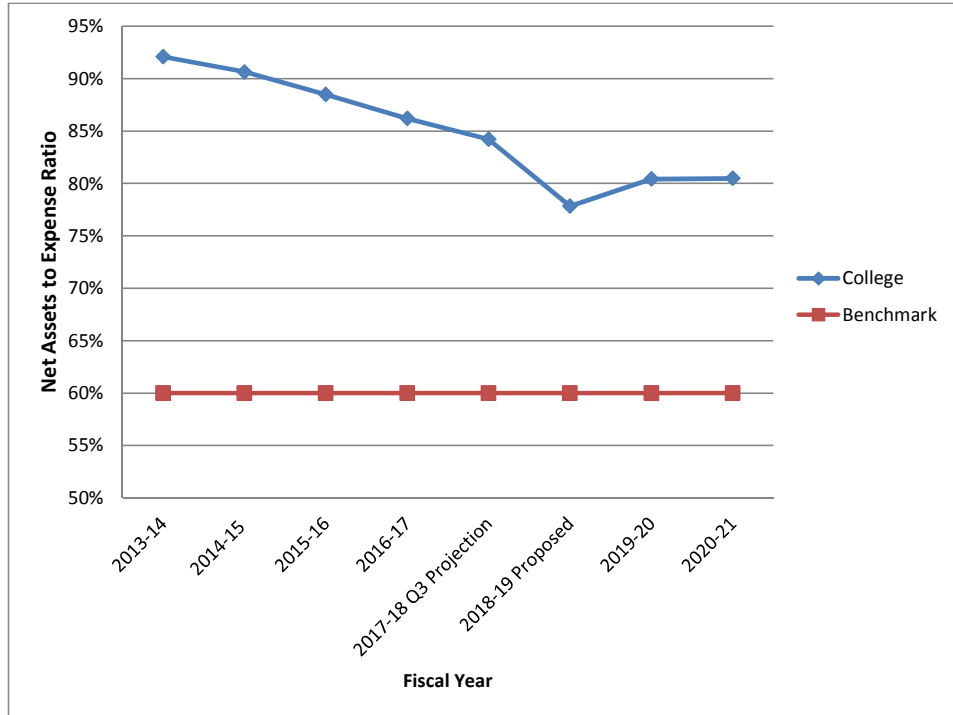
Fiscal performance indicator testing the college's ability to pay its short term maturing obligations (e.g. biweekly payroll payments).

#### **Benchmark:**

A ratio of 1 or higher indicates that a college should be able to meet its short term obligations.

**Rationale:** A ratio of 1 is a typical business standard. Less than 1 may indicate that a college is not able to meet its short term obligations. When including surplus cash invested in longer term investments (greater than 1 year) Algonquin's Quick Ratio is 1.65 for 2018-2019.

### Operating Results: Net Assets to Expense Ratio



**Objective:**

A traditional indicator to ascertain the ability of a college to continue operations in the event there is a delay in revenue streams.

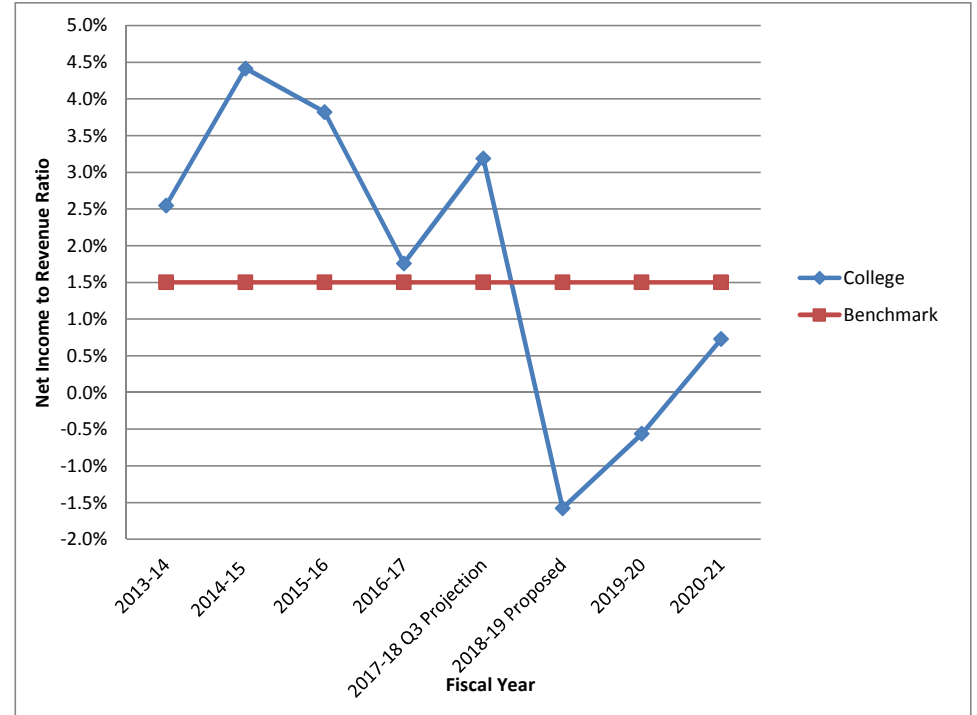
**Benchmark:**

60% or higher.

**Rationale:**

A net balance that is less than 60% of annual expenses may indicate a lower tolerance for variable or volatile revenues.

### Operating Results: Net Income to Revenue Ratio



**Objective:**

This ratio measures the return an institution generates on each dollar of revenue.

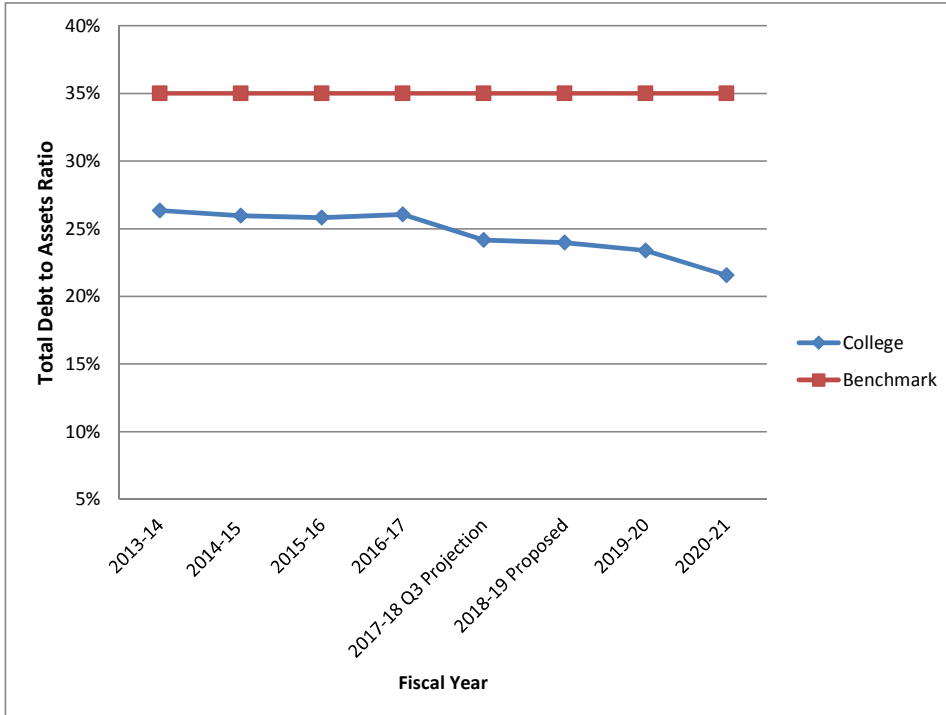
**Benchmark:**

Less than 1.5% may be a concern because it may indicate that the college may not be able to recover from a deficit position in a reasonable period of time.

**Rationale:**

A surplus less than 1.5% of revenues indicates that small changes in expenses or revenues may result in annual deficits for the institution.

Managing Debt: Total Debt to Assets Ratio



**Objective:**

Measures the proportion of total assets that are financed by debt. A high or increasing value may be predictive of future liquidity problems or a reduced ability to borrow money in the future.

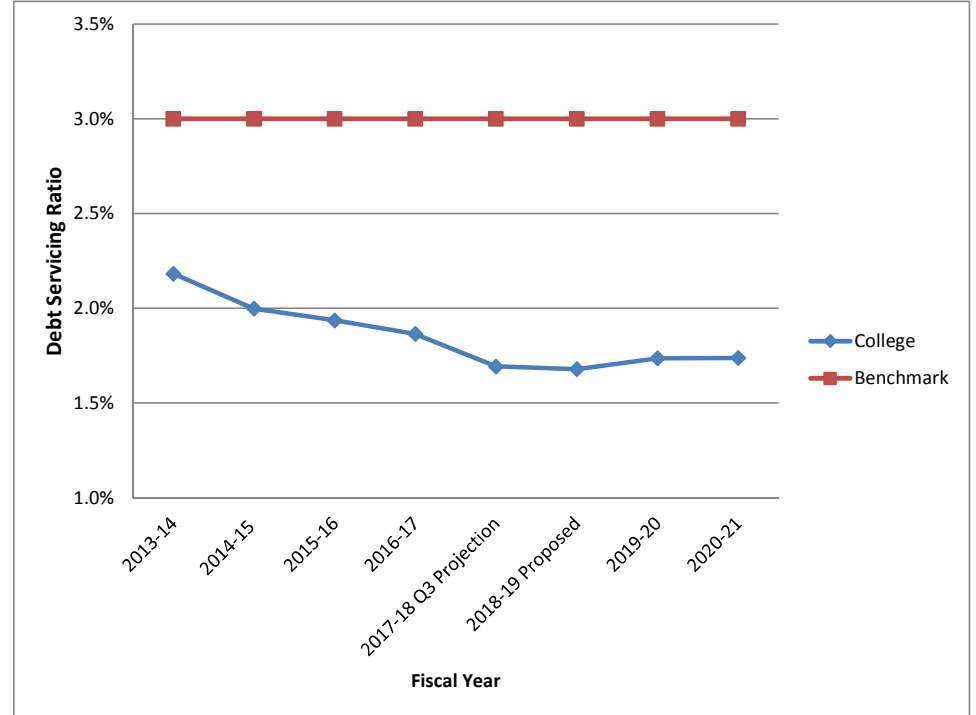
**Benchmark:**

Greater than 35% leads to a concern as this may indicate that a college will not be able to finance their ongoing operations due to the debt burden.

**Rationale:**

A high debt burden may indicate that the institution is vulnerable to its creditors, or will have reduced liquidity or a reduced ability to borrow in the future.

Managing Debt: Debt Servicing Ratio



**Objective:**

This ratio measures the College's spending on servicing the debt portfolio.

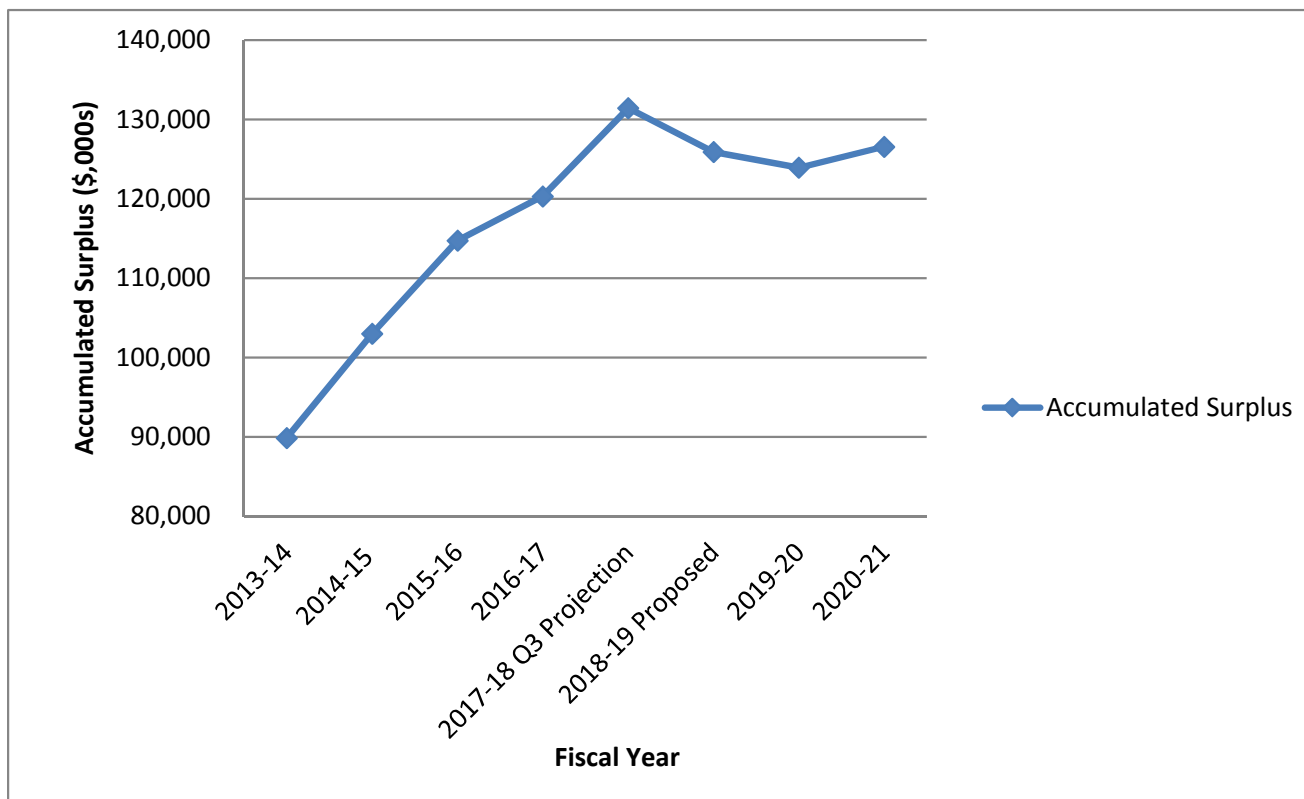
**Benchmark:**

A ratio of 3% or lower, based on historical trend analysis and industry standard.

**Rationale:**

A ratio of greater than 3% may indicate a reduced or restricted cash flow as the College is spending less than 97% of revenues on core services.

### Accumulated Surplus/(Deficit)



**Objective:**

Represents the cumulative wealth that an institution has under its own control to assist with ongoing operations.

**Benchmark:**

Must be greater than \$0

**Rationale:** An accumulated deficit indicates that the college may have borrowed to support its past operations and will have to make up this difference in the future.