



UNIVERSITY OF
KING'S
COLLEGE • HALIFAX

2018/2019 OPERATING BUDGET

- Prepared June 6, 2018

- Approved June 21, 2018

Introduction

This document describes the University of King's College 2018/19 operating budget. This is the third year for which King's has presented a budgeted operating deficit, the first being in 2016/17.

At its March 23, 2017 Board meeting, the Board of Governors endorsed a multi-year approach to balancing King's operating budget. The 2017/18 budget was considered a "course correction budget", the first in a series that will together over a number of years (three being the target) achieve a sustainable balanced budget. Each year's deficit must be meaningfully lower than the prior year and the budget must contain measures that move the University towards the multi-year objective.

After three consecutive years of enrolment declines (2014/15 – 2016/17) followed by a year of slightly higher first year enrolment (2017/18), King's is anticipating another slightly higher first year enrolment in 2018/19. Special targeted investments in recruitment and retention from the internally restricted funds (i.e., Reserve Fund) in 2016/17 and 2017/18 are believed to have had a positive impact on enrolment. It is prudent to continue making further investments in recruitment and retention activities in order to achieve the enrolment levels necessary to return King's to sustainability. The impact of the previous years' enrolment declines is evident as King's presents its third consecutive budgeted operating deficit which is higher than the last as a result of an increase in expenditures outpacing an increase in revenue. As Schedule 2 shows, projections for the following two years (assuming enrolments in the Foundation Year Program of 200 and 220 respectively) reflect a smaller deficiency of revenue over expenses; however, the operating cash deficits are projected to be higher primarily due to the increase in debt servicing costs (principal and interest) in those years.

Universities across North America continue to experience a complex environment as we adjust to changing demographics, the higher cost of an education, reductions in government funding or funding that does not keep pace with inflation, cyclical enrolment trends and significant and sustained drops in enrolments in the humanities. Similar to King's, many other Atlantic universities have experienced and continue to experience multi-year budgeted deficits associated with reduced or flat enrolments. The fact that King's did not experience a fourth consecutive year of enrolment declines last year and is not anticipating a decline this year is encouraging; however, more than avoidance of enrolment declines is needed in the coming year.

The development of a budget for the University of King's College is a collective effort requiring contributions from and consultations with many different people, committees, programs, departments, forums and processes. The preparation of the operating budget is the responsibility of the President and the Bursar with the advice of the Budget Advisory Committee (BAC) and support of the Director of Finance.

The BAC is the primary vehicle through which the Bursar and the President, and therefore the Finance, Audit & Risk Committee (FAR) and the Board of Governors through them, receive advice from the community on the budget. The role of the BAC is to provide advice on the overall design of the Budget and on all of its major elements and choices. The BAC is to give

advice on issues or options or budgetary strategy brought to it by the administration or by others, and to identify and provide input on approaches, strategies, options or choices that it identifies through its own deliberations. All proposed choices of significance relating to both expenditures and revenues are to be presented to the BAC in a way that enables the BAC to provide informed advice on the choices and alternative choices or courses of action. It is critical that the BAC be provided with the information, analysis and explanation on the issues on which its advice is sought - or on which it decides to provide advice - that will allow the BAC the time it requires to fully explore the issues and to formulate its considered advice. Another critical role for the BAC is to scrutinize and to provide its advice on the rationale for and the defensibility of the budget submissions received from academic programs and administrative departments. The BAC also plays a critical role in recommending changes to student academic, auxiliary and ancillary fees based on analysis and information provided by the Bursar's Office.

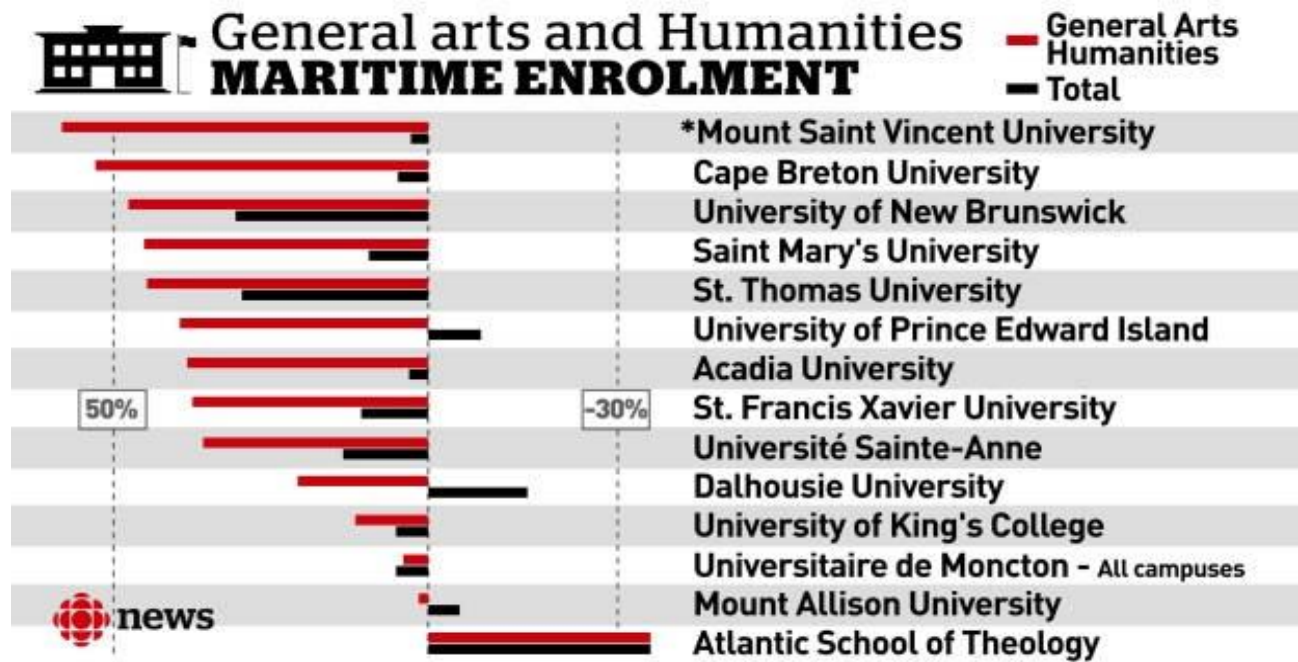
The BAC has met 16 times since September 2017, starting two months earlier than in prior years. The FAR Committee also held monthly meetings rather than quarterly meetings to allow for timely input and guidance during the budget preparation process. The President and the Bursar held three town halls on College finances during the academic year (each of which was conducted in the afternoon and then repeated in the evening of the same day) which were attended by a small group of students, BAC members, faculty and staff. These town halls were an opportunity for the university community to receive information on and to provide input into the budgetary process including significant budgetary issues and student fees. The President and Bursar consulted with the King's Students' Union (KSU) executive on changes to student tuition and fees for 2018/19 at a meeting in mid-March.

The 2018/19 operating budget includes the academic, administrative and ancillary activities of the university in the operating fund. This means that revenues, expenses and cash flow items associated with the other university funds such as the restricted and capital funds are not part of the operating budget.

The budget focus is on balancing cash flow in the operating fund; that is, a non-negative cash flow. Cash flow from operations (the excess of revenues over expenses) has to fund certain financing and investing activities. An example of a financing activity is long term debt principal repayment. Examples of investing activities include the purchase of furniture and equipment needed to maintain operations and the purchasing of library books and journals.

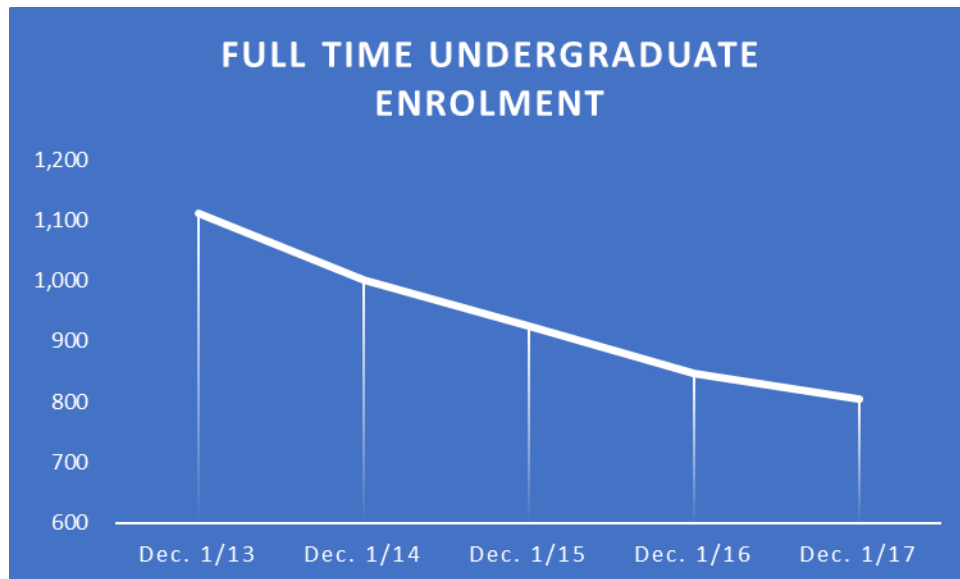
Fiscal Context

Enrolment is the primary driver of operating revenue generating 83% of total university operating revenues (including the government grant). Universities in Nova Scotia and elsewhere are facing difficulty maintaining and increasing enrolment; in 2017/18, only five of the 16 Atlantic universities had an increase in full-time undergraduate enrolment (four in the prior year). The number of full-time undergraduates majoring in humanities programs in the Maritime provinces is down about 45% over the past decade (February 2016, Maritime Provinces Higher Education Commission (MPHEC)) and continues to decline.

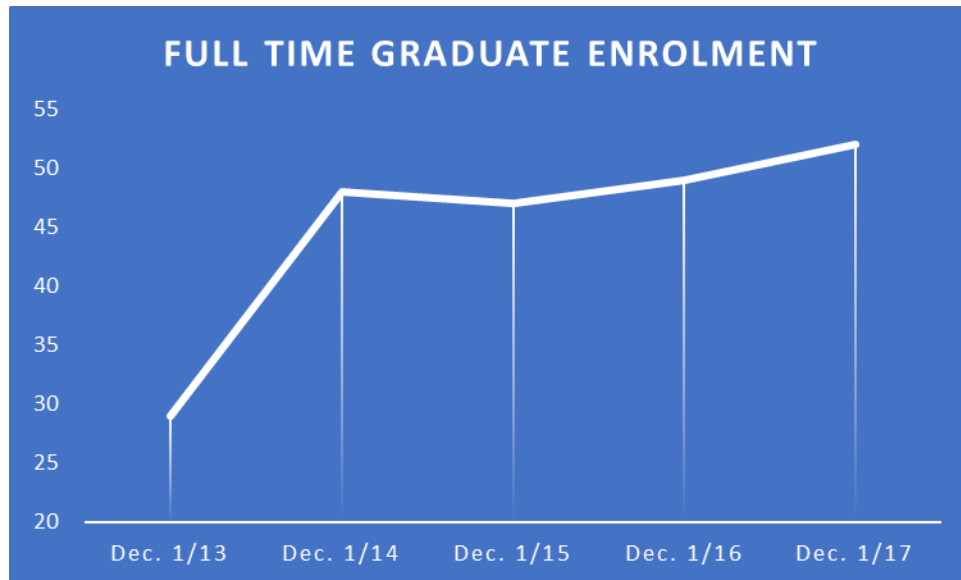


*This table reflects the number of full-time undergraduate students enrolled in degree programs in both humanities and general arts programs, which encompasses students who have not picked an arts major yet. It does not include social sciences. For Mount Saint Vincent, the school says a change in when students declared their major in earlier years inflates the percentage. The humanities-specific decline for the Mount is 45 per cent over the same period. (CBC, February 16, 2016)

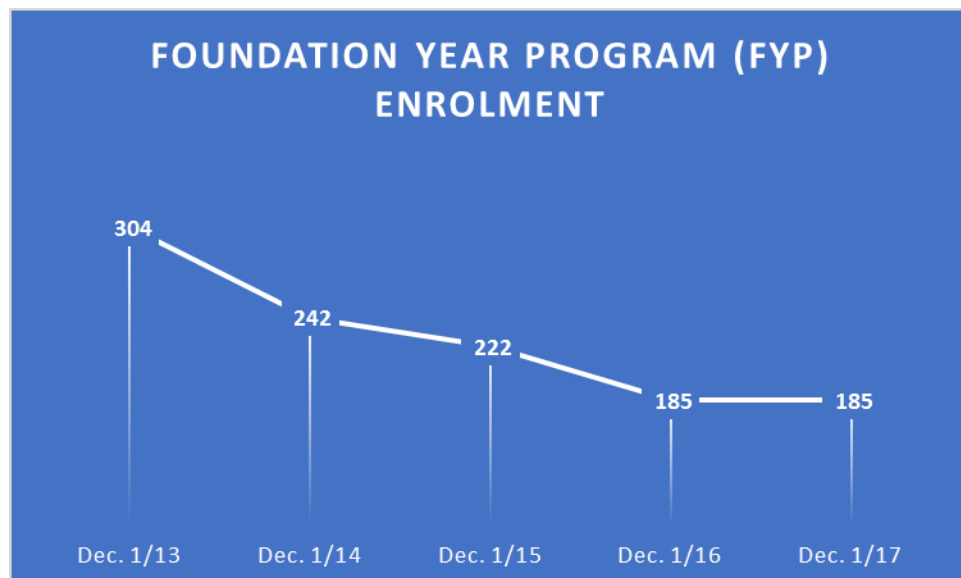
As of December 1, 2017, full-time undergraduate enrolment at King's was 805, a decrease of 306 or 27.5% from the high on December 1, 2013.



Offsetting the decline to some extent is an increase in graduate enrolment from 29 to 52, a 79.3% increase. 2013/14 was the first year of the Master of Fine Arts (MFA) program, a two-year program; hence, enrolment only reflects the first year.



Enrolment in the Foundation Year Program (FYP) on December 1, 2017 was 185 (the same as it was on December 1, 2016), a decline of 39.1% over four years. Based on applications and deposits received to date, the university is expecting a fall 2018 FYP class of 190 (195 minus five withdrawals between September 1 and October 15). Despite the small anticipated increase in FYP enrolment for fall 2018, the smaller 2017, 2016, and 2015 FYP classes are having a negative impact as these classes represent all three years of the upper year programs in 2018/19.



The cumulative impact of the previous years' enrolment declines combined with an overall eight-year operating grant reduction of 5% and increasing costs (primarily salaries), continues to increase the imbalance between the resources to fund the university's activities and the costs of those activities.

Departmental operating budgets were permanently reduced by \$946,000 since 2014/15 with an additional \$67,000 in reductions incorporated into the 2018/19 budget bringing total reductions to over \$1 million in a five-year period.

As noted above, special targeted investments in recruitment and retention from the internally restricted funds (i.e., the Reserve Fund) in 2016/17 and 2017/18 appear to have had a positive impact on enrolment. First year enrolment has stabilized after three years of declines and appears to be on the upturn, albeit at an incremental rate.

In fiscal year 2018, King's sought legal advice and opinion to determine if two funds held in the endowment fund, specifically the Bicentennial Fund and the General Fund, which have been treated as endowed funds, are endowed funds in law. The legal opinion received stated that the funds in question are not subject to any legal restrictions preventing the monies in these two funds from being used in ways that benefit the University, as determined by the University's Board of Governors. Consequently, effective April 1, 2017, these funds are being managed as distinct internally restricted funds. The balances in the internally restricted funds, including the previously established Reserve Fund, were as follows on March 31, 2018:

Bicentennial Fund	\$ 2,271,000
General Fund	6,472,000
Reserve Fund	<u>2,103,000</u>
Total	<u>\$10,846,000</u>

These funds are invested along with the endowment funds and generate returns and garner investment management fees. Special investments from the internally restricted funds in 2016/17 and 2017/18 for recruitment and retention came out of the Reserve Fund. The balance in this fund started at \$2.224 million. Since 2016/17 \$387,000 has been withdrawn from these funds for special investments in recruitment and retention. A 4% draw (the same as on the endowment fund) has been taken on these funds since 2015/16. Retirements under the enhanced voluntary retirement program (EVRP) for faculty implemented in 2017 are being funded out of this fund. The balance in this fund still exceeds \$2 million.

The Bicentennial Fund will be accounted for separately and managed for the purposes for which it was established, namely:

- Library operations including maintenance and repair;
- Bursaries and scholarships;
- Programs; and
- Faculty support

The General Fund will be accounted for separately and will be managed for the purposes of funding expenditures and special initiatives as determined by the Board of Governors to be important for the University's continuing viability, including as necessary to honor the intentions of donors to benefit the University's ongoing well-being and mission.

There are a number of reasons for making deliberate choices as to how internally restricted funds will be applied to offset the deficit rather than simply allowing this to happen as a matter of budgetary management. These are:

- a) To maximize the extent to which the funds are applied in areas of expenditure that are either aligned with the specific donor intentions or most closely related to the interest that donors can be presumed to have had in the University's continuing well-being; and
- b) To apply internally restricted funds to areas of expenditure that are most immediately or directly related to the Board-endorsed strategy of moving towards a balanced budget over multiple years (i.e., three to four) primarily by restoring enrolment.

Subject to developments that may occur or decisions that may be made over the next several years, deficits may have to be offset by withdrawals from internally restricted funds for several more years. There may be advantages in deciding how these withdrawals will be applied not only in the current year but also in 2019/20 and 2020/21. One of these advantages is the predictability this provides. Another advantage is the consistency of this approach with the current plan for restoring King's financial stability over a three to four-year timeframe in which (a) the focus continues to be on restoring enrolment; and (b) each budget is intended to be part of a multi-year plan to return to a sustainable balanced budget. A further potential benefit is to enable multi-year planning in work on enrolment, particularly on recruitment. Another advantage is that spending additional money over a number of years in areas of interest to potential and current students, can create opportunities to increase awareness of the reasons for choosing and remaining at King's.

The availability of internally restricted funds also provides an opportunity to make multi-year investments to both support King's focus on enrolment and to provide increased support and opportunity for students, faculty and staff while the University continues to face financial challenges. The advantage of doing so on a multi-year basis is the opportunity this creates for multi-year planning and therefore for the better use of available funds.

In this context, utilization of internally restricted funds in 2018/19, 2019/20 and 2020/21 needs to achieve a combination of the following objectives:

- a) Ensure King's has the spending capacity it needs to continue to operate in the short-term while work continues to restore financial stability over the longer term;
- b) For internally restricted funds raised through donations, maximize alignment between how the money is used and what we know or can assume about the purposes for which money was raised or donated;
- c) Contribute to success in restoring enrolment, including a first-year class of 250 or more students and retention at or above current levels; and
- d) Support activities that are of value to students, faculty and staff and that contribute to the University's academic mission.

The framework being explored is not being explored without regard to the reality that if enrolment does not show significant improvement in the next recruitment cycle, a plan for

seriously reducing the annual deficit by making deep reductions in spending will have to be ready for implementation. The President, Vice-President and Bursar will be developing a comprehensive list of options for such a plan over the summer months so that it can be ready for consideration by the University early in the upcoming academic year. The idea is that, should the University's revenues fail to materially improve over the next 10 to 12 months, a plan for implementing significant structural spending reductions will be ready for implementation as an alternative to another budget in which a comparable projected deficit is managed by a comparable transfer of funds from internally restricted funds. In the meantime, options for smaller scale expenditure reductions will continue to be explored.

Operating budget for 2018/19

The operating budget is developed using departmental revenue and expense submissions supplemented by calculations of faculty and staff salaries and benefits. This total by department or spending category represents the cost of the activities in that area which is matched with the resources available to the operating budget to fund the activities.

For 2018/19, department heads were once again instructed to maintain operating budgets at prior year levels or lower. Increases were only permitted in exceptional circumstances and department heads were required to bring proposals before the BAC for consideration. Once the preliminary operating deficit for 2018/19 was known, certain departments were asked to make additional reductions as a result of not fully expending their prior year budget and/or as a result of enrolment declines. These reductions are described in the specific departmental expense sections below.

After careful consideration and deliberation, the BAC recommended seven budget increase proposals including the following:

1. Facilities requested one-time funding to replace the Library floor. The condition of the floor is aesthetically unappealing but, more importantly, it poses a safety hazard. Both the BAC and Library & Archives Committee have approved the replacement of the Library floor. The proposed project involves the replacement of all existing engineered hardwood flooring throughout the main floor which includes the Library Committee Room, the Rare Book Consulting Room, the Librarian's office and main floor hallways. The replacement flooring will look like the original floor did when new. The budget for the floor replacement is \$100,000.
2. FYP requested that the writing coach position, which was a pilot program in the 2017/18 academic year and was funded by internally restricted funds, be permanently included in the FYP budget going forward. The success of the program is evident by the improvement in winter retention rates. The amount requested was \$21,000. FYP requested an additional \$2,000 to finance Diversity lectures. Both were approved by the BAC.
3. Athletics requested \$5,000 to increase coach honorariums to make King's more competitive with universities of similar size. Comparator data was provided to the BAC to assist in evaluating this proposal. Subsequent to this proposal the BAC decided to allow the Athletics departmental budget to fluctuate year-to-year based on the annual travel schedules of the

sports teams. This is explained in more detail under the departmental expense section below.

4. On the direction of the President made after discussions at a FAR Committee meeting, the Registrar made a proposal to increase awards offered to prospective students in efforts to convert more offers into acceptances to boost fall 2018 enrolment. Additional offers of \$480,000 would mean a likely uptake of \$200,000; the scholarships, awards and bursaries budget has been increased by \$200,000.
5. Members of the Chapel Music Program brought forward a proposal for a part-time Marketing/Publicity Assistant to the Choir Manager at an annual cost of \$15,000. Members of the Chapel Music Program view this position as helping to maximize the value of the Chapel Music Program by tackling three areas of the program that have considerable growth potential – recruitment, marketing and funding. Substantially increasing efforts in these areas, with the help of King’s, was a recommendation of the report entitled “A Review of the Chaplaincy Services and the Chapel Choir at King’s College in Halifax” conducted in October 2015 by external reviewers holding similar positions at other universities. The Choir Manager, as a part-time position, does not have sufficient time to dedicate to this work with the other administrative duties of her role. This will allow the Choir Manager to pursue more long-term goals towards ensuring the viability and sustainability of the Chapel Music Program. The proposal was initially brought before the BAC in February and again in May after the BAC requested that Chapel Music meet with the Advancement Office and Registrar’s Office to explore a closer collaboration and coordination with these offices on recruitment, marketing and fundraising initiatives for King’s as a whole. The BAC has given its provisional endorsement of this position which is subject to several conditions and the agreement of objectives and outcomes. The President intends to accept the advice of the BAC subject to the proposed conditions being satisfied and if he is satisfied that there will be appropriate collaboration with the Registrar’s Office and the Advancement Office.
6. The Vice President and Interim Dean of Students brought forward a Sexual Violence Awareness, Prevention & Response Policy implementation budget proposal for consideration. The Province of Nova Scotia has mandated all universities to have stand alone policies that address sexual violence, including sexual harassment and consent and to have established guidelines for the creation of these policies in fiscal year 2018/19. The Board has mandated the President to ensure such a policy is adopted and effectively implemented. A request for \$52,000 was made to provide for the initial stages of implementation of this new policy which is expected to be presented to the Board for its consideration and approval in the fall. The amount of funding for subsequent years and how funding is applied in this and subsequent years will be determined in the future after the policy is finalized and approved by the Board.
7. The Registrar requested a budget increase of \$45,000 for part-time recruiters and \$22,000 for marketing-related recruitment expenditures such as promotional materials and social media. Rather than seeking funding from the internally restricted funds on a year-by-year basis, a request is being made to incorporate these amounts into the ongoing operating budget of the Registrar’s office. In 2017/18, \$25,000 was added to the part-time recruitment budget and was funded by the internally restricted funds. The increase of

\$22,000 noted above for marketing was included under the Advancement office 2017/18 budget and was also funded by internally restricted funds. Both items are deemed necessary on an ongoing basis to address King's critical enrolment situation.

The total cost of these proposals (without factoring in the potential impact on revenue) is \$462,000. The departmental expense sections below for Academic; Advancement; Athletics; Facility operations; General college administration and other; Registrar's office, recruitment & academic support; Chapel music; and Scholarships, awards and bursaries provide further details.

In addition to the proposed increases to departmental operating budgets as described above, a proposal was brought before the BAC by the Advancement and Registrar's offices for a carryover of unexpended internally restricted funds from 2017/18. No new spending from the internally restricted funds is being sought by either office.

With the targeted investments from the internally restricted funds (i.e., Reserve Fund) in 2016/17 and 2017/18, King's has made progress in stabilizing enrolment. Traditional recruitment efforts undertaken by King's in the past without the support of the full range of recruitment activities typically utilized by other universities may have contributed to the sharp decline in first year enrolment over a three-year period when interest in the humanities sharply declined for all universities. King's is fortunate that it has a reputation for academic excellence among those who know King's; however, it is recognized that it must use targeted social media marketing and other kinds of outreach and relationship-building to interest more students and to persuade more of those interested to choose King's.

Of the \$300,000 requested investment in 2016/17, \$80,000 was spent on a website redesign and refresh and \$112,000 on an enrolment management strategy. A request was made before the BAC to carry forward \$100,000 of unexpended funds into 2017/18 [for a reputational research study (\$50,000), photography and video (\$40,000) and social media (\$10,000)]. In addition to the \$100,000 carryover from 2016/17, an additional \$190,000 in new funds was requested in 2017/18 [for a writing coach pilot program (\$25,000), familiarization tours (\$65,000), part-time recruiters (\$25,000), advertising (\$17,500), promotional materials (\$17,500) and an alumni recruitment strategy (\$40,000)] for a total of \$290,000. Of the \$290,000 approved spending for 2017/18, \$195,000 was spent. The 2017/18 and 2016/17 operating budget documents on King's website provide further details as well as the table below entitled "use of internally restricted funds".

The Advancement office, with the support of the President, would like to once again carryover the \$50,000 for a reputational research study (approved in the 2016/17 budget) as well as \$20,000 of the unexpended alumni recruitment strategy funds into 2018/19.

The Registrar's office, with the support of the President, would like to carryover \$48,000 of the unexpended \$50,000 from the familiarization tours budget. This will be expended over a three-year period at \$16,000 per year (\$9,000 for campus tours and \$7,000 for open houses and events).

After carefully considering the foregoing, the BAC has recommended acceptance of these proposals. In other words, it has recommended the carryover of \$50,000 for the reputational

study; \$20,000 of the unexpended alumni recruitment strategy funds; and the expenditure in 2018/19 of \$16,000 of the \$48,000 in unexpended familiarization tour funds. The President agrees with these recommendations from the BAC subject to the understanding that expenditure in each case depends upon development of plans approved by the President.

In March 2017, the Board of Governors approved the segregation of funds in the internally restricted funds (i.e., the “Reserve Fund”) to finance an Enhanced Voluntary Retirement Program (EVRP) offered to faculty. The cost to finance the program would be the replacement cost of 50% of the eligible faculty member’s course load in the first year. Four of the 10 eligible faculty members have expressed interest in the program. If all 10 faculty members chose to participate, the cost could reach \$500,000. Two faculty members are participating in the program effective July 1, 2018. Included in the 2018/19 budget is the cost to replace one of these faculty members at \$49,000. At this time, it is uncertain if there will be a cost to replace the other faculty member. This cost will be offset by the application of internally restricted funds.

Further information on the use of internally restricted funds from the Reserve Fund can be found in the table on “use of internally restricted funds” below. The departmental expense sections below provide further details for the Registrar’s office, recruitment and academic support; Advancement and Academic on the allocation of internally restricted funds that offset the expenses included in these departmental budgets.

The operating fund budget deficit for 2018/19 stands at \$2,259,000, an increase of \$1,695,000 over the prior year actual deficit and \$853,000 over the prior year budget deficit. Schedule 1 provides a high-level reconciliation between the budget deficit for 2018/19 and the actual deficit for 2017/18. Budgeted revenue for 2018/19 is lower than 2017/18 actual revenue by \$283,000 and expenses are higher by \$1,062,000. The deficit for 2017/18 was reduced by the allocation of the remaining balance in the internally restricted pension funds of \$200,000. This is not an option in 2018/19.

Schedules:

To assist in the analysis of the 2018/19 budget the following schedules are attached:

- Schedule 1 provides a reconciliation of the 2017/18 operating fund actual deficit to the 2018/19 operating fund budget deficit.
- Schedule 2 compares the 2018/19 budget for operating fund revenue, expenditures and other cash related items with the 2017/18 operating fund budget and the 2017/18 unaudited operating fund actual results. It also provides projections for 2019/20 and 2020/21.
- Schedule 3 provides a comparison of revenues and expenses by department.
- Schedule 4 provides a reconciliation between departmental expenses included in the 2017/18 operating fund budget to the departmental expenses included in the 2018/19 operating fund budget.

Operating budget summary:

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Revenue	\$ 17,949,000	\$ 18,581,000	\$ 18,298,000
Expenses	19,123,000	19,028,000	20,090,000
Deficiency of revenue over expenditures	\$ (1,174,000)	\$ (447,000)	\$ (1,792,000)
Debt repayment	\$ (547,000)	\$ (369,000)	\$ (434,000)
Capital expenditures funded by operations	(175,000)	(143,000)	(168,000)
Use of internally restricted operating funds	290,000	195,000	135,000
Use of internally restricted pension funds	200,000	200,000	-
Cash deficit from financing & investing	\$ (232,000)	\$ (117,000)	\$ (467,000)
Net cash excess (deficit)	\$ (1,406,000)	\$ (564,000)	\$ (2,259,000)

Long-term debt:

A \$5.3 million loan facility was arranged in 2012/13 to replace all the existing debt. The facility is a 3.09% interest rate swap with a 20-year maturity. A new debt facility was arranged in 2015/16 in the amount of \$1.5 million at a 3.23% interest rate swap and 20-year maturity to fund a soffit, gutter, window and chimney project for the A&A building (including the Bays). In 2016/17 \$1.9 million was borrowed at a 2.63% interest rate swap and 20-year maturity to finance the North Pole Bay residence renovation project. In November 2017 King's obtained financing for the 2017/18 capital budget totaling \$2.035 million (including the \$1.375 million energy efficiency and sustainability project) at a 3.64% interest rate swap and 20-year maturity. At the same time, King's obtained an additional \$2.6 million to finance the 2016/17 and 2017/18 operating cash deficits at a 3.25% interest rate swap and 7-year maturity. The deficit financing loan is interest only for the first two years with principal to be repaid over the remaining five years. A summary of the long-term debt position follows:

	Actual 2015/16	Actual 2016/17	Actual 2017/18	Budget 2018/19
Loans - opening balance	\$ 4,874,000	\$ 6,150,000	\$ 7,716,000	\$ 11,982,000
Principal payments made	(224,000)	(334,000)	(369,000)	(434,000)
Additional funds borrowed	1,500,000	1,900,000	4,635,000	-
Loans outstanding	\$ 6,150,000	\$ 7,716,000	\$ 11,982,000	\$ 11,548,000

Capital expenditures:

The operating budget includes items funded from operating cash flow such as major repairs that qualify as capital additions to the buildings (not funded by long term debt or capital contributions) as well as the purchase of other fixed assets such as books, computers, equipment and furniture. A summary of all budgeted capital expenditures for the coming year is presented below:

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Library books	\$ 53,000	\$ 42,000	\$ 40,000
Journalism equipment	10,000	-	16,000
Facilities alterations & renovations capitalized	112,000	101,000	112,000
Capital expenditures funded by operations	\$ 175,000	\$ 143,000	\$ 168,000

Other than what is noted above, there is no capital budget for 2018/19. King’s was authorized by a Resolution passed by the Board of Governors in June 2017 (and amended in December 2017) to expend up to \$300,000 from the internally restricted funds to enable King’s to:

- Plan and ready itself for a residence renovation to be completed in 2018-19 or a later year in accordance with the Campus Master Plan;
- Plan for the consolidation and reconfiguration of the Journalism School in accordance with the Campus Master Plan, including the assessment of the feasibility of reconfiguring space and making consequential renovations in the A&A Building; and
- Determine the work necessary to satisfy the accessibility requirements stemming from the recently passed *Accessibility Act*.

All three items noted above are in various stages of progress; however, none of the projects are likely to go ahead based on either internal or borrowed financing in the upcoming fiscal year.

Use of internally restricted funds:

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Capital preparedness*	\$ -	\$ 55,000	\$ -
Part-time recruiters**	25,000	25,000	-
FYP writing coach pilot program**	25,000	19,000	-
Advertising, promotional materials, photography, video, social media	85,000	65,000	-
Enhanced Voluntary Retirement Program (EVRP) (previously approved)	-	-	49,000
Reputational research study (carry over in 2018/19)	50,000	-	50,000
Alumni recruitment strategy (carry over in 2018/19)	40,000	16,000	20,000
Familiarization tours (carry over in 2018/19)***	65,000	15,000	16,000
Use of internally restricted operating funds	\$ 290,000	\$ 195,000	\$ 135,000

* As described above under “Capital expenditures” above, the Board of Governors authorized up to \$300,000 to be expended from internally restricted funds for capital preparedness. These funds are expended through the Facilities Management Department and such spending is offset with internally restricted funds. As at March 31, 2018, \$245,000 remains to be spent. This expenditure is not reflected in the budget, nor is the application of the offsetting funds (one offsets the other).

** These items are now included as part of the applicable departments’ regular operating budgets rather than being considered a one-time allocation of internally restricted funds.

***As at March 31, 2018, \$50,000 was unexpended. The Registrar has requested that \$16,000 of this amount be carried forward to expend in each of the following three years on campus tours (\$9,000) and open houses/events (\$7,000).

Major Assumptions:

- Government grant - increased by 1% (over prior year actual). The entire operating grant with the exception of the 1% increase was advanced in early April. The 2018/19 1% increase is being tied to the successful achievement of outcomes contained in the outcomes agreement between King’s and the Province. The budget assumes King’s will be successful in the achievement of its outcomes. One such outcome is that universities are to have stand-alone policies that address sexual violence, including sexual harassment and consent.
- Student academic fees – to increase by 3% including the international differential.
- Student ancillary fees – due to the increasing gap in fees charged by King’s in comparison to the fees charged by Dalhousie, there will be no increase in any of the student ancillary fees charged by King’s in 2018/19. Dalhousie is increasing its fees by 3%; therefore, the health service (wellness) fee charged to King’s students that flows directly to Dalhousie will increase by 3%. Now that the new fitness facility at Dalhousie is open, the new “fitness &

recreation facility renewal fee” will be imposed in the fall of 2018 and will be \$90 per full time student per term. This fee was previously approved by the King’s Board of Governors in 2013. The technology fee was permanently removed in 2017/18 with the approval of the Board of Governors.

- Student residence fees – a market comparison was performed for the second year in a row and, again, King’s rates were found to be at the top of the market for rooms of similar condition and age. It is recommended that room rates be held constant for an additional year especially in light of the number of vacancies expected.
- Meal plan fees – King’s negotiated a food service contract with a new provider which took effect on July 1, 2017. Under the terms of the contract, meal plan prices for the fall will increase annually based on the all-in Nova Scotia consumer price index (CPI) annual increase as of the previous December. Meal plan prices are also affected by the number of board days in residence. The meal plan prices for 2017/18 were based on 216 days in residence while the meal plan prices for 2018/19 are based on 219 days. This, in combination with a 1.7% increase in the NS CPI rate will mean a 3.1% increase in all meal plans for 2018/19.
- Total fall undergraduate student enrolment headcount (part-time and full-time) is down 9.1% relative to 2017/18 budgeted enrolment and down 8.6% relative to 2017/18 actual enrolment.
- For the second year in a row, after significant declines over a three period, FYP enrolment is holding steady in relation to the 2017/18 actual enrolment and down only slightly (2.6%) relative to 2017/18 budgeted enrolment. FYP 2018/19 budgeted enrolment is down 37.7% as compared to the high in 2013/14. Smaller FYP classes in 2017/18, 2016/17 and 2015/16 are having a significant impact on upper year undergraduate enrolment in 2018/19 leading to a budgeted headcount that is less than 800.
- On a positive note, graduate enrolment is on the rise, particularly in the Master of Fine Arts (MFA) program which currently has a wait list. Enrolment for that program is expected to exceed 50 in 2018/19. The Master of Journalism (MJ) program underwent an external review in 2016/17 and is currently being restructured. Changes are anticipated in fiscal year 2020/21.

Enrolment (headcount as of October 15):

		Approved Budget 2017/18	Actual 2017/18	Budget 2018/19
Fall	Undergraduate	837	833	761
	Graduate	46	53	62
	Total	883	886	823
Winter	Undergraduate	795	797	729
	Graduate	45	50	59
	Total	840	847	788

FYP included above:

Fall	195	189	190
Winter	187	182	183

- The policy of a 4% draw from the investment portfolio (including endowments and internally restricted funds) will continue plus an additional ¼% administrative charge for managing and accounting for the funds. This was recommended by the College Task Force for 2015/16 and has been factored into the budget ever since due to financial requirements.
- With the exception of the seven-member UKCTA (University of King's College Teachers Association) bargaining unit (representing Faculty Fellows and Senior Fellows in the Humanities), all Faculty and staff salaries are tied to Dalhousie salary scales. Dalhousie and its Dalhousie Faculty Association ratified their new collective agreement in 2017/18 retroactive to July 1, 2017. The NSGEU collective agreement is still being negotiated; therefore, salary increases affecting staff are unknown and assumptions had to be made for budgeting purposes. The 2018/19 budget includes seven Faculty Fellows and Senior Fellows, an increase of two over the 2017/18 budget and one over 2017/18 actuals. An additional Faculty Fellow was hired in 2017/18 in the event FYP enrolment exceeded 196 (which would warrant the additional hire). Due to a paternity leave in 2017/18, a Senior Fellow contract had to be extended which is mandated by the collective agreement. The collective agreement also mandates the hire of a new Senior Fellow each year which explains the additional position included in the 2018/19 budget.

REVENUE

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Government grant	\$ 5,929,000	\$ 5,929,000	\$ 5,988,000
Student academic fees	6,663,000	6,891,000	6,569,000
Student ancillary fees	997,000	977,000	1,116,000
Student residence fees	1,437,000	1,623,000	1,572,000
Investment income	1,919,000	1,938,000	1,923,000
Sale of goods and services	322,000	392,000	332,000
Conference services	232,000	261,000	334,000
Gifts	384,000	486,000	366,000
Other government grants	66,000	84,000	98,000
Total revenue	\$ 17,949,000	\$ 18,581,000	\$ 18,298,000

Student academic fees:

Tuition - decrease of \$94,000 over the 2017/18 budget. This is primarily due to the decline in enrolment as discussed under “Major Assumptions” above. Full time equivalent enrolment by program for Fall is shown below. The decline in enrolment is slightly offset by a 3% increase in tuition rates and an improvement in winter retention rates (budget assumes an average of the last three years’ retention).

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
FYP (Foundation Year Program)	195	189	190
BA (Bachelor of Arts)	450	450	396
BSC (Bachelor of Science)	63	80	63
BM (Bachelor of Music)	12	5	0
BJH (Bachelor of Journalism Honours)	73	65	73
BJ (Bachelor of Journalism 1-year)	30	26	25
MJ (Master of Journalism)	6	10	10
MFA (Master of Fine Arts)	40	43	52
Total FTEs	869	868	809
International FTE included above	40	36	38

Tuition by program is shown in the table below.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Arts & Science	\$ 4,795,000	\$ 5,066,000	\$ 4,571,000
Journalism (4-year and 1-year BJ)	1,135,000	1,080,000	1,141,000
Master of Journalism (MJ)	51,000	76,000	86,000
Master of Fine Arts (MFA)	313,000	335,000	410,000
International fees	369,000	334,000	361,000
Total student academic fees	\$ 6,663,000	\$ 6,891,000	\$ 6,569,000

Journalism tuition includes tuition from Dalhousie students (while enrolment above does not).

Student ancillary fees:

Ancillary fees – increase of \$119,000 over the 2017/18 budget. As can be seen from the table below, this is primarily the result of the new Dalhousie fitness & recreation facility renewal fee (included with the athletic fee) as described above under “Major Assumptions”. This accounts for \$131,000 in additional fees. All other academic fees have declined as a result of lower enrolment with the exception of the MFA mentor fee due to the increase in enrolment in that program. Summer programming fees including Study Abroad and Humanities for Young People (HYP) are also included here. The study abroad course is being held in Berlin, Germany this year while it was held in Florence, Italy for the previous two years. There was a wait list for this course this year. HYP participation is expected to be similar to what it was in the summer of 2017.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Facility renewal fee	\$ 239,000	\$ 242,000	\$ 223,000
Athletic fee	227,000	232,000	337,000
MFA mentor fee	130,000	139,000	166,000
Journalism course fee	72,000	63,000	68,000
College fee	60,000	62,000	54,000
FYP fee	58,000	56,000	57,000
Study abroad fees (admin & travel)	65,000	65,000	96,000
Humanities for Young People (HYP)	59,000	31,000	29,000
Other administrative fees	87,000	87,000	86,000
Total student ancillary fees	\$ 997,000	\$ 977,000	\$ 1,116,000

Student residence fees:

Full occupancy is 264 beds. Based on deposits received to date, occupancy in 2018/19 is expected to be similar to what it was in 2017/18. Factors contributing to increased occupancy over the 2017/18 budget include more upper year students and non-King's students residing in residence. In 2018/19 the number of returning students has increased while the number of non-King's students has decreased.

The room rates for 2018/19 continue to be held 2016/17 rates.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Total beds	273	273	273
Closed/unavailable beds*	(7)	(11)	(9)
Beds vacant on move-in day	(65)	(41)	(43)
Withdrawals (full fall, half winter)	(8)	(9)	(8)
Total beds occupied	193	212	213
Occupancy rate as a % of total beds	70.7%	77.7%	78.0%
Occupancy rate as a % of available beds	72.6%	80.9%	80.7%

*Alex Hall (4 beds in basement), rooms converted to junior don suites (3 beds). Also, actual for 2017/18 includes 4 North Pole beds held as 'hostel rooms' for day students. The 2018/19 budget includes 2 such beds based on actual usage in 2017/18.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Room fees	\$ 1,372,000	\$ 1,484,000	\$ 1,498,000
Meal plan fees	65,000	139,000	74,000
Total Student residence fees	\$ 1,437,000	\$ 1,623,000	\$ 1,572,000
Number of meal plans	222	224	240

As noted above under "Major Assumptions", King's negotiated a new food service contract on July 1, 2017. Meal plan prices for 2018/19 are increasing by 3.1% over 2017/18 prices. Under the new arrangement, King's earns commission on a sliding scale based on the number of meal plans sold (8% - 14%). Under the former arrangement King's invoiced students for the full price of the meal plans and paid the food service provider for the total cost of the meal plans sold. The cost of food that King's now pays is only for the residence dons' meal plans since they are offered room and board for their services. The cause of the variance between the 2017/18 actual meal plan fees and the 2017/18 budgeted meal plan fees relates to the April 2017 meal

plan revenue under the previous food service arrangement of \$84,000. April 2017 was the last month of the winter 2017 semester which fell in the 2017/18 fiscal year. This was inadvertently not included in the budget; however, the offsetting cost of the food of \$83,000 was also excluded from the budget and is described below under the “Residence and other student services” budget.

Investment income:

The endowment draw each year is calculated at 4% of the average market value of the previous three fiscal years. The budgeted investment income for 2018/19 is slightly lower than 2017/18 due to a higher market value year being dropped and a lower market value year being added to the three-year calculation. The reason the 2017/18 actuals were slightly higher than the 2017/18 budget was the result of higher than budgeted scholarship endowment donations which were included in the base on which the 4% draw is calculated.

As recommended by the College Task Force, an administrative charge of $\frac{3}{4}\%$ was taken in 2015/16, an increase from $\frac{1}{2}\%$ in the year prior. The administrative charge has been set at $\frac{3}{4}\%$ since the 2015/16 budget.

Also recommended by the College Task Force in 2015/16, an additional \$40,000 was withdrawn from the Divinity endowment in 2015/16 representing a portion of previously undrawn funds from prior years. This practice continues to be in place whereby \$40,000 has been annually applied to the Chapel Music program budget. At the end of fiscal year 2018/19 the balance of undrawn funds will be just under \$52,000.

King’s also draws 4% on the internally restricted funds. These funds are invested with our endowment funds and are included on the endowment schedule so that investment income and management fees can be allocated to them.

Other Revenue Assumptions:

Sale of goods and services - increase of \$10,000 over prior year budget. This is primarily the result of higher catering and conference services commission (at 14%) from our new food service provider. The prior year budget was included without any basis of comparison. In 2017/18, King’s was chosen as the recipient institution of \$31,000 in forfeited Registered Education Savings Plan (RESP) contributions. A different post-secondary institution is chosen each year to receive these funds. Also included in 2017/18 actual results is additional Athletic income of \$32,000 related to ticket sales from hosting the women’s national soccer championships. This ticket revenue was offset by additional costs of hosting the event which is reflected in the Athletics department budget below.

Conference services – increase of \$102,000 over prior year’s budget and \$73,000 over prior year actuals. King’s has been operating conference services since 2014/15. The business has continually been growing with fiscal year 2017/18 being the first year that King’s has generated a profit. A detailed listing of summer events supporting the 2018/19 budget figure has been provided by the Ancillary Services Manager. A number of larger conferences explains the year over year increase in revenue. A large component of revenue generated by conference services

is related to tourist activity from online booking sites such as Booking.com and Expedia.ca. This type of revenue does not generate large margins due to the additional costs associated with it (i.e., linens, cleaning, online booking commissions, credit card fees, continental breakfasts, etc.). Summer 2018 will be the third year for the “King’s Kids” day camp that runs from the first of July to the end of August. The first year was not overly successful due to lack of exposure. In 2017, ads were run in the Metro newspaper which has increased the number of children enrolled. In 2018, further advertising was done in a publication that is distributed by HRM schools to students. King’s will reassess this program after the 2018 season to consider if it is a viable option for the future. The expense section below provides more information on conference services.

Gifts – decrease of \$18,000 from the prior year budget primarily due to the prior year budget being overly optimistic regarding Chapel Music gifts and sponsorships. The increase in actual 2017/18 gifts was the result of an individual scholarship gift in the amount of \$75,000, donations to the Humanities for Young People (HYP) program of \$36,000 and higher annual fund giving of \$12,000.

The operating budget excludes gifts to the endowment fund and capital contributions as they are not utilized to fund operating expenditures. Investment income reflects the returns generated from endowment fund gifts.

Other government grants – increase of \$32,000 over the prior year budget due to provincial funding for the Humanities for Young People (HYP) program and for a special consultant totaling \$24,000. The 2018/19 budget also includes federal funding for 2018 summer employment in the amount of \$7,000. Actual results for 2017/18 include provincial funding for a special consultant of \$16,000.

EXPENSES

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Academic (excluding Journalism equipment)	\$ 5,880,000	\$ 5,647,000	\$ 6,167,000
Allotment to Dalhousie	3,800,000	3,896,000	3,976,000
Facility operations (excluding capital renovations)	1,742,000	1,824,000	1,798,000
Residence & other student services	471,000	566,000	498,000
Scholarships, awards and bursaries	1,137,000	1,164,000	1,363,000
Other student support	97,000	79,000	76,000
Utilities, taxes & insurance	586,000	519,000	469,000
Advancement	934,000	821,000	889,000
Athletics	524,000	625,000	671,000
Bursar's office	570,000	561,000	591,000
General college administration and other	337,000	344,000	346,000
Library (excluding Library books)	444,000	421,000	394,000
President's office	541,000	516,000	542,000
Registrar's office, recruitment & academic support	828,000	788,000	887,000
Sexual violence awareness, prevention & response policy	-	-	52,000
Divinity & chapel	143,000	150,000	139,000
Chapel music	229,000	232,000	227,000
Professional fees	100,000	101,000	150,000
Investment management fees	175,000	155,000	176,000
Conference services	184,000	249,000	249,000
Interest & service charges	401,000	370,000	430,000
Total expenses	\$ 19,123,000	\$ 19,028,000	\$ 20,090,000

General comment:

Expenses in the table above are organized by department or cost category. The budget for each department reflects both compensation and operating expenditures. These expenditures are broken down further in the departmental budget tables that follow.

Permanent departmental reductions totaling \$946,000 are included in both the 2017/18 and 2018/19 budgets. Further departmental reductions of \$67,000 have been incorporated into the 2018/19 budget bringing total reductions to more than \$1 million since 2014/15.

The 2018/19 overall expense budget is higher than the 2017/18 expense budget by \$967,000. Salaries and benefits are increasing by \$529,000 (described in the next section). Other significant increases include \$200,000 added to the scholarships, awards and bursaries budget to convert more offers into acceptances in efforts to increase fall enrolment and an increase in the Dalhousie allotment of \$176,000 (due to increasing costs at Dalhousie, offset by slightly

lower enrolment). A number of smaller increases have been incorporated into the budget and are discussed under the individual departmental budgets that follow.

Salaries and benefits:

Salaries and benefits are the largest component of university expenses. Salaries and benefits as a percentage of total expenses is 49.0% and was 49.1% in 2017/18. If the direct cost component of the Dalhousie allotment is included (61% of the total Dalhousie allotment represents direct costs, i.e., the salaries and benefits of professors, while 39% represents overhead) in the total this percentage increases to 61.1% and 61.1% respectively. The Dalhousie allotment represents the cost that Dalhousie charges King's for teaching its students minus the cost to King's of teaching Dalhousie students. The section below on the Dalhousie allotment provides further details.

Total budgeted operating salaries and benefits is \$9,848,000. Included in that figure is \$8,049,000 for permanent and contract faculty and staff with the casual (including employed students) budget accounting for \$568,000. Benefits including pension make up the remaining \$1,231,000. The 2017/18 budget figure of \$9,366,000 consisted of \$7,602,000 faculty and staff, \$564,000 casual and \$1,200,000 benefits making up the difference. Each department budget below has its share of the compensation cost.

The permanent and contract faculty and staff salary budget has increased by \$447,000 or 5.9%. Several staffing changes have impacted the budget by \$207,000 which are discussed under the relevant departmental budgets below. After removing these items, the year over year increase equates to \$240,000 or 3.2%. King's follows the Dalhousie Faculty Association (DFA) salary scale for faculty salaries. The DFA collective agreement was ratified during 2017/18; therefore, faculty salary increases are known for both July 1, 2017 and July 1, 2018. For staff salaries, King's follows the Dalhousie NSGEU salary scale and the Dalhousie Professional and Managerial Group salary scale (DPMG). The NSGEU collective agreement expired in June 2017. Negotiations are still ongoing with the NSGEU group; therefore, assumptions were made with respect to annual staff increases for both July 1, 2017 and July 1, 2018. The DPMG group follows the increases negotiated with the NSGEU group.

Casual salaries have increased by \$4,000 over the prior year primarily due to increased Conference Services' requirements resulting from increased business \$11,000, higher athletic coaches' honorariums to be more competitive \$5,000 and other various small increases \$6,000, offset by lower Facilities operations summer employment as a result of one of the employees assuming a vacant laborer position in Facilities operations \$18,000.

Benefits including pension are \$31,000 higher than 2017/18. Pension expense is \$25,000 higher while benefits other than pension are \$6,000 higher. Pension expense fluctuates with changes in salary; this change is reasonable in light of the salary changes noted above. Benefits other than pension have increased due to an increase in both health (8%) and dental (6%) premiums which are cost-shared with employees 60% and 50% respectively. The increase in health and dental premiums is partially offset by lower group life premiums.

The departmental budgets below provide further details.

Academic:

The Academic budget includes the salaries and benefits of all King's faculty as well as the administrative positions, technicians, teaching assistants and student employees that support King's academic programs. Operating expenditures include all costs incurred to offer King's academic programs including the cost of PROs (persons retained from outside) who teach individual courses and are not employees of King's.

Academic salaries and benefits in the 2018/19 budget are \$317,000 higher than the 2017/18 budget and \$510,000 higher than 2017/18 actuals. There are a number of factors contributing to this increase:

- Average annual faculty salary increases of 3.7% account for approximately \$192,000 of the difference. Dalhousie and the Dalhousie Faculty Association ratified their collective agreement during 2017/18. The effective date of the agreement is July 1, 2017. The 2018/19 budget includes salary increases as per the agreement while the 2017/18 budget included estimates. Actual results for 2017/18 include retroactive salary increases for King's faculty dating back to July 1, 2017.
- While actual results for 2017/18 reflect retroactive salary increases for King's faculty dating back to July 1, 2017, they do not reflect retroactive salary increases for Carnegie and Equalization faculty replacements (on Dalhousie's payroll). Dalhousie invoices King's for the cost of replacing Carnegie and Equalization vacancies twice per year. Dalhousie faculty did not receive their retroactive salary increases in fiscal year 2017/18; therefore, Dalhousie will invoice King's for these retroactive increases in 2018/19. King's receives credit for the teaching portion of the Carnegie and Equalization faculty salaries and benefits annually on the Dalhousie-King's financial transfer agreement invoice. The amount King's will not be credited for related to retroactive salary increases amounts to \$32,000.
- Faculty and Senior Fellows in the Humanities - 2018/19 includes an additional Senior Fellow resulting from a paternity leave in 2017/18 (the collective agreement mandates the extension of contracts by the length of the leave) and an additional Faculty Fellow. The 2017/18 budget included five Faculty Fellows but an additional Faculty Fellow was hired (three-year contract) in the event that actual FYP enrolment exceeded 196. These positions contributed to an additional \$115,000 in salaries and benefits costs in the 2018/19 budget.
- The administrative leave of King's former Vice President (occurring from July 1, 2017 through June 30, 2018) was accrued into fiscal year 2016/17; therefore, the budget and actual results for 2017/18 exclude this salary. The subsequent sabbatical of the Vice President is reflected in the 2018/19 academic salaries and benefits budget and accounts for an additional \$120,000 in costs (July 1, 2018 – March 31, 2019).
- The budget reflects the cost to cover one faculty member's participation in the Enhanced Voluntary Retirement Program (EVRP) of \$49,000 (i.e., 50% of the workload of the participating faculty member) which will be funded by the internally restricted funds.

- The 2017/18 budget included a misconception regarding the replacements of Carnegie and Equalization professors who are on sabbatical. This resulted in the 2017/18 budget being higher by \$113,000 than it otherwise should have been.

The Carnegie and Equalization professor salaries and benefits are paid by King's even though they teach at Dalhousie. Annually, on the Allotment to Dalhousie invoice, Dalhousie credits King's for the teaching portion of the Carnegie salaries and benefits (in the 2/3 range) and the entire portion of the Equalization professor salaries and benefits. The salary costs shown below are net of the salary credits received from Dalhousie for the Carnegie and Equalization professors.

Academic operating costs have decreased by \$30,000 primarily due to additional reductions incorporated into the Journalism budget as a result of reduced enrolment. This is also the reason for lower actual operating costs for 2017/18.

The 2017/18 budget included a writing coach pilot program financed by the internally restricted funds of \$25,000. The actual amount expended was \$19,000. This program was deemed successful and the cost has been permanently included in the Foundation Year Program (FYP) budget in 2018/19. The 2018/19 budget reflects \$49,000 from the internally restricted funds to finance the Enhanced Voluntary Retirement Program (EVRP).

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Academic Programme Salaries	\$ 4,485,000	\$ 4,292,000	\$ 4,778,000
Academic Programme Benefits Other Than Pension	257,000	262,000	259,000
Academic Programme Pension	414,000	409,000	436,000
Academic Programme Salaries and Benefits	5,156,000	4,963,000	5,473,000
Academic Programme Operating costs	724,000	684,000	694,000
Total Academic	5,880,000	5,647,000	6,167,000
Cost covered by internally restricted funds	(25,000)	(19,000)	(49,000)
Net Academic	\$ 5,855,000	\$ 5,628,000	\$ 6,118,000

Allotment to Dalhousie:

The Allotment to Dalhousie represents the cost Dalhousie charges King's to teach its students, offset by a credit given to King's for teaching Dalhousie students. A total cost per student is calculated for all Dalhousie and King's students taught in the Faculty of Arts and Social Sciences (FASS) and the Faculty of Science (FoS) at Dalhousie. This cost includes the direct costs of these two faculties (representing 61% of the total cost), a substantial portion representing salaries and benefits of faculty in FASS and FoS, along with an overhead component (representing 39% of the total cost) based on the accessibility of Dalhousie services to King's students. This cost per student is applied to the number of students taught by each institution.

The billing from Dalhousie is always one year in arrears (i.e., it is based on enrolments and Dalhousie costs from the previous fiscal year). The enrolment piece is known at budget time. The difficulty in budgeting this item is in predicting Dalhousie’s total cost to teach King’s students as the previous year’s costs are not yet known (i.e., Dalhousie’s 2017/18 audited financial figures are not yet available). The budgeted cost increase has been set at 2.68% above the cost included in the 2017/18 invoice (which included a 2.68% year over year increase in that invoice). The net number of King’s students (i.e., King’s students who took classes at Dalhousie minus Dalhousie students who took classes at King’s) that King’s will be invoiced for in 2018/19 decreased by 0.9% from the prior year from 415 FTEs to 411 FTEs. The anticipated cost increase per FTE is higher than the enrolment decrease which explains the slight increase in the Allotment to Dalhousie as shown below.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Allotment to Dalhousie	\$ 3,800,000	\$ 3,896,000	\$ 3,976,000

Facility operations:

The 2018/19 salaries and benefits budget includes annual salary increases offset by a resignation in April that is not anticipated to be replaced until July 1. King’s currently does not have a plumber on staff. It is anticipated that the replacement hire will be a plumber and will replace two existing facilities vacancies (one of which has not been in the budget for a couple of years). It is also expected that this hire will result in reduced spending on plumbing contractors.

Housekeeping and security costs are both expected to increase by 3.5% over the prior year. Both of these costs exceeded budget in 2017/18. Cleaning was higher due to the addition of Prince Hall to the contract. Security was higher due to a number of events held on campus that were not part of the normal day-to-day security contract. The security contract will be going out to tender in fiscal year 2018/19.

Other expenditures include contracts and charges for elevators, waste removal, alarms, heating and ventilation equipment maintenance, snow removal and landscaping and other operating expenditures. The 2017/18 budget included a one-time expenditure of \$73,000 for upgrades to the Radical Bay residence to make it habitable. The 2018/19 budget includes the replacement of the Library floors at a cost of \$100,000. Actual spending on other costs exceeded budget primarily due to spending on capital preparedness as discussed under “Use of internally restricted funds” above of \$55,000 and the remainder on necessary maintenance and repairs. Additional savings of \$26,000 were incorporated into the 2018/19 budget.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 776,000	\$ 772,000	\$ 796,000
Housekeeping	369,000	379,000	392,000
Security	133,000	141,000	146,000
Other	464,000	532,000	464,000
Total Facility operations	1,742,000	1,824,000	1,798,000
Cost covered by internally restricted funds	-	(55,000)	-
Net cost of Facility operations	\$ 1,742,000	\$ 1,769,000	\$ 1,798,000

Residence & other student services:

As described above under “Student residence fees”, King’s entered into a food service contract on July 1, 2017 with a new food service provider. Under the former arrangement, King’s was invoiced for the cost of meal plans sold to students. Under the new arrangement, King’s has a commission-based model rather than a profit and loss model. What appears below under “Food services” is the cost of meal plans that King’s pays for (i.e., for the dons, Dean and Assistant Dean of students). The reason for the overage in 2017/18 relates to the cost of meal plans sold in April 2017 under the former arrangement which was described previously.

The change in Administrative and operational costs relates primarily to the replacement of the Dean of Students in 2017/18. The former Dean of Students left King’s in early February 2018 and was replaced with an Interim Dean (who does not reside in residence) until the end of June 2018. The new Dean of Students begins on July 1, 2018 and will reside in residence. The 2017/18 budget included making the Assistant Dean of Students full-time for a one-year period pending the outcome of an external review of Residence and other student services that was to be conducted in 2017/18. Due to the resignation of the Dean of Students and the hire of a replacement, this review was postponed and will be conducted later in the 2018/19 fiscal year. The Assistant Dean of Students position continues to be a full-time contract position in the 2018/19 budget.

An increase was incorporated into the 2018/19 budget of \$15,000 related to employer payroll remittances for dons’ taxable benefits which was not previously incorporated into the budget.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Food services	\$ 68,000	\$ 124,000	\$ 69,000
Administrative and operational	314,000	344,000	338,000
Student patrol	71,000	77,000	71,000
Student societies	18,000	21,000	20,000
Total Residence & other student services	\$ 471,000	\$ 566,000	\$ 498,000

Scholarships, awards and bursaries:

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Scholarships	\$ 874,000	\$ 830,000	\$ 1,076,000
Bursaries	155,000	181,000	179,000
Flow through scholarships	41,000	86,000	41,000
US/International awards	67,000	67,000	67,000
Total Scholarships, awards and bursaries	\$ 1,137,000	\$ 1,164,000	\$ 1,363,000

Other student support:

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Chapel music scholarships	\$ 21,000	\$ 17,000	\$ 16,000
Divinity scholarships & bursaries	20,000	20,000	20,000
Tuition waiver	56,000	42,000	40,000
Total other student support	\$ 97,000	\$ 79,000	\$ 76,000

Scholarships, awards and bursaries and other student support spending have increased by \$205,000 over the prior year budget and \$196,000 over the prior year actuals. This is primarily the result of \$200,000 in additional entrance awards offered to convert more offers into acceptances in efforts to boost first year enrolment.

The 2017/18 budget included \$32,000 in athletics awards which were considered a pilot program. Based on the success of these awards in attracting athletes to King's in 2017/18, these awards have been permanently included in the scholarship budget for 2018/19. Tuition waivers are budgeted based on specific employee dependents and can vary year over year.

Approximately half of the \$1.4 million scholarships, awards and bursaries and other student support budget (\$1,363,000 plus \$76,000 shown above) is funded by endowment income (\$570,000 net of fees), annual scholarship gifts (\$155,000) and government grants (\$25,000). Schedule 3 provides more details.

Utilities, taxes & insurance:

The 2017/18 actual results are much lower than budget primarily due to a very mild winter accompanied with low natural gas prices (King's purchases steam heat from Dalhousie). The 2017/18 budget included six months of savings from the energy efficiency and sustainability project that occurred in the summer of 2017. Annual savings are guaranteed at \$135,600, with half of these savings included in the 2017/18 budget (October – March at \$68,000) and full savings included in the 2018/19 budget. The full savings reflected in 2018/19 will be offset slightly by rate increases (assumed to be as follows: electricity 3.8%, water 7.5%, steam 3%).

Insurance has decreased from the 2017/18 budget as a result of a premium reduction related to the percentage of insurance inspection recommendations implemented as compared with the industry standard.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Electricity	\$ 195,000	\$ 187,000	\$ 160,000
Heat	248,000	201,000	195,000
Water	61,000	55,000	37,000
Insurance	77,000	73,000	73,000
Taxes	5,000	3,000	4,000
Total utilities, taxes & insurance	\$ 586,000	\$ 519,000	\$ 469,000

Advancement:

The 2017/18 salaries and benefits budget included the hire of two new communications and marketing positions effective July 1, 2017. The 2018/19 budget reflects the full year for one of these employees and reflects the resignation of the other employee hired in 2017/18. The replacement of this person is under review. In the meantime, the budget for the Advancement Office allocates the cost of filling this position for nine months to the communications budget so that communications services can be purchased from external advisors if such services are needed. The timing of the new hires along with annual salary increases are responsible for the higher salary and benefits budget for 2018/19.

When considering the non-salary budget line items below, it is important to factor in the application of the internally restricted funds when determining the increase/decrease in the non-salary 2018/19 budget in relation to 2017/18. The net cost of Advancement excluding salaries and benefits for each column is as follows:

- 2017/18 budget - \$210,000
- 2017/18 actual - \$194,000
- 2018/19 budget - \$229,000

The 2017/18 budget included the expenditure of \$175,000 in internally restricted funds for three items (as shown under “Use of internally restricted funds” above): \$50,000 for a reputational research study, \$40,000 for an Alumni recruitment strategy and \$85,000 for advertising, promotional materials, photography, video and social media. The reputational research study has yet to occur and the Director of Advancement has requested that these funds be carried forward to 2018/19. Of the \$40,000 for an Alumni recruitment strategy, \$16,000 was expended in 2017/18 and the Director of Advancement has requested a carryover of \$20,000 of these funds into 2018/19 for a total carryover amount of \$70,000. Of the \$85,000 approved for advertising, promotional materials, photography, video and social media, \$65,000 was expended.

After careful consideration and discussion, the BAC endorses the requested carryover of internally restricted funds into 2018/19. No new internally restricted funds are being requested. Expenditure of internally restricted funds will be conditional upon the development of recruitment plans approved by the President.

The increase in the 2018/19 net non-salary budget relates to additional communications spending as a result of the vacancy noted above.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 549,000	\$ 546,000	\$ 590,000
Alumni & development	87,000	82,000	66,000
Communications	246,000	165,000	192,000
Tidings & website	52,000	28,000	41,000
Total Advancement	934,000	821,000	889,000
Cost covered by internally restricted funds	(175,000)	(81,000)	(70,000)
Net cost of Advancement	\$ 759,000	\$ 740,000	\$ 819,000

Athletics:

Salary and benefits costs increased due to regular annual staff salary increases as well as a request for higher coach honorariums to make King's more competitive with other universities of its size.

Athletics teams and general expenses are impacted by the location of tournaments each year. It is difficult to impose an annual cost reduction directive on the Athletics department given that this aspect is out of their control. The budget for 2018/19 reflects a realistic budget requirement based on the anticipated travel schedules of the various teams. Actual results for 2017/18 are substantially higher than budget for two reasons. The first is that 2017/18 did not factor in a realistic travel budget for the sports teams and the second is that King's hosted the women's national soccer championships in 2017/18. Soccer championship ticket sales of \$32,000 assisted in defraying some of these costs.

The increase in the Dalhousie fee relates primarily to the new fitness & recreation facility renewal fee of \$180 per full time student per academic year as described above, offset by lower enrolment in 2018/19.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 245,000	\$ 259,000	\$ 263,000
Athletics teams and general	153,000	253,000	184,000
Dalhousie fee	126,000	113,000	224,000
Total Athletics	\$ 524,000	\$ 625,000	\$ 671,000

Bursar's office:

The salary and benefits increase relates to annual staff salary increases and includes certain salary reclassifications. The 2018/19 budget for non-salary accounts has increased by \$2,000 over the 2017/18 budget primarily due to equity officer travel and training costs.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 556,000	\$ 547,000	\$ 575,000
General expenses	5,000	5,000	5,000
Memberships and training	5,000	5,000	6,000
Travel	2,000	3,000	3,000
Computer support	2,000	1,000	2,000
Total Bursar's office	\$ 570,000	\$ 561,000	\$ 591,000

General college administration and other:

The change in salaries and benefits can be attributed to the new position of the Ancillary Services Manager. Formerly, the Conference Services Coordinator, the expanded role of the Ancillary Services Manager not only includes Conference Services but also the day-to-day management of external administrative contracts such as the food service contract, space agreements and contracts for the use of King's facilities. The salaries and benefits of this position are allocated 80% to conference services and 20% to general college administration. The position was hired on February 1, 2018. The 2017/18 budget assumed a higher salary and earlier start date. The 2018/19 budget includes the position for the full year. The 2017/18 actual results and budget included the now retired ½ time position of Director of Special Projects for the first quarter of the year. Half of the salary from this now retired position was diverted to fund a portion of the new positions in Advancement in 2017/18 and the other half to fund the Ancillary Services Manager position.

Membership fees have increased due to the new Nova Scotia Higher Education Information Shared Services (HISS) membership fee of \$13,000. This organization was previously funded by the Excellence and Innovation fund of the Province of Nova Scotia. This funding runs out during 2018/19; the organization must recoup its costs through its members which is how Interuniversity Services Inc. (ISI) operates.

The decrease in central information technology expenses relates to savings of \$14,000 that are expected to be achieved thanks to a recently formed consortium of NS universities (through ISI) that purchases Adobe software licenses. The postage & courier budget has increased based on actual expenditures in 2017/18. Office & general expense was increased by \$3,000 for menstrual health products on campus as requested by the King's Students' Union.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 66,000	\$ 56,000	\$ 60,000
Copyright	3,000	3,000	3,000
Membership/conference fees	64,000	66,000	77,000
Central information technology	119,000	118,000	105,000
Postage & courier	43,000	56,000	56,000
Office & general expense	42,000	43,000	45,000
Total General college administration	\$ 337,000	\$ 342,000	\$ 346,000

Library:

King's head librarian resigned from King's effective March 31, 2018. She is being replaced on a contract basis to June 30, 2019 by one of King's retired librarians at a reduced salary. Since the replacement librarian is retired there are also no pension contributions which results in further savings.

Despite student employment actual results for 2017/18 being lower than budget, this line item is being kept at the 2017/18 budget level for 2018/19.

The 2017/18 budget for miscellaneous shown below included a \$25,000 budget reduction which had not yet been allocated by the Library. The actual results reflect that allocation. Based on actual expenditures for Novanet in 2017/18 and anticipated expenditures for 2018/19, the Library was asked to reduce the budget for this line item by \$8,000.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 325,000	\$ 308,000	\$ 271,000
Student - part-time employment	48,000	39,000	48,000
Periodicals	35,000	19,000	18,000
Novanet	32,000	21,000	24,000
Miscellaneous	4,000	34,000	33,000
Total Library	\$ 444,000	\$ 421,000	\$ 394,000

President's office:

The overall budget for 2018/19 for the President's office is essentially the same as it was for 2017/18. The salaries and benefits budget for 2017/18 included a portion of the administrative leave of the outgoing Vice President. The cost of the administrative leave was prorated over the initial five-year term of the VP's contract plus the two-year extension for a total of 84 months. Three months of the 84-month contract (April – June 2017) or \$6,000 was included in the 2017/18 budget. The cost of the administrative leave was based on an estimated July 1, 2017 salary because Dalhousie was negotiating with its faculty union at the time and the salary scales were not available. The majority of the leave was recognized in the 2016/17 fiscal year (the administrative leave should have been accrued over the length of the contract but was not; it was substantially recognized in 2016/17). The impact to 2016/17 was \$174,000. When the Dalhousie salary scales became available, it was determined that the administrative leave calculation was based on a higher estimated salary amount than was actually the case. As a result, the amount accrued in 2016/17 was more than sufficient to cover the amount budgeted for in 2017/18; nothing had to be booked in 2017/18.

The 2017/18 salaries and benefits budget also included estimated salary increases (since the Dalhousie salary scales were not yet available) for the new Vice President and Executive Assistant to the President. There were some savings realized as a result of higher than actual estimates used.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 441,000	\$ 423,000	\$ 441,000
Other	19,000	15,000	19,000
Entertainment	17,000	18,000	18,000
Board of Governors / committees	4,000	3,000	4,000
Board of Governors travel & other	5,000	1,000	3,000
Encaenia & matriculation	34,000	34,000	36,000
Travel	21,000	22,000	21,000
Total President's office	\$ 541,000	\$ 516,000	\$ 542,000

Registrar's office, recruitment & academic support:

Salaries and benefits were lower in 2017/18 largely due to a two-month unpaid leave in the summer of 2017. There were also several staffing changes in 2017/18 that resulted in some savings relative to the timing of staff replacements. The budget for 2017/18 mistakenly excluded a 10-month part-time recruitment contract which is reflected under part-time help. The 2018/19 budget for salaries and benefits reflects a full staffing complement with no unpaid leaves and includes annual salary increases. The Registrar made a request before the BAC for an increase of \$45,000 in part-time recruitment salary contracts which the BAC recommended after careful consideration and discussion. The length of the recruitment contract dictates whether it is classified as a full-time salary or part-time help.

The internally restricted funds covered \$25,000 of the part-time help budget in 2017/18 and \$20,000 in 2016/17. The difference in 2018/19 is that the part-time help increase will not be covered by internally restricted funds. An increase in the part-time recruitment budget is deemed necessary in order to increase enrolment levels. Rather than considering special funding on an annual basis from the internally restricted funds, it is being included as part of the ongoing Registrar’s office budget.

The 2017/18 recruitment and academic support (non-salary) budget included \$65,000 for familiarization tours funded by internally restricted funds. Only \$15,000 of these funds were expended in 2017/18. The Registrar made a request before the BAC to carry forward the unexpended funds and apply \$16,000 to each of the next three fiscal years to assist with costs associated with campus tours (\$9,000) and open houses and events (\$7,000). After taking these items into account, the recruitment and academic support (non-salary) budget for 2018/19 is increasing by a further \$22,000 for marketing-related costs. This amount existed under the Advancement office budget in the prior year (for social media and promotional materials) and was funded by internally restricted funds. All other recruitment marketing-related expenditures reside in the Advancement office budget. Expenditure of internally restricted funds will be conditional upon the development of recruitment plans approved by the President.

The operations budget for 2018/19 is essentially unchanged from the 2017/18 budget. The reduction in actual spending for 2017/18 relates primarily to computer support and professional development which are deemed necessary in 2018/19.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 529,000	\$ 525,000	\$ 594,000
Part-time help	55,000	75,000	75,000
Recruitment & academic support (non-salary)	208,000	164,000	181,000
Operations	36,000	24,000	37,000
Total Registrar's office, recruitment & academic support	828,000	788,000	887,000
Cost covered by internally restricted funds	(90,000)	(40,000)	(16,000)
Net cost of Registrar's office, recruitment & academic support	\$ 738,000	\$ 748,000	\$ 871,000

Sexual violence awareness, prevention & response policy:

An allotment of \$52,000 has been set aside to provide for the initial stages of implementation of the Sexual Violence Awareness, Prevention & Response Policy which is expected to be presented to the Board for its consideration and approval in the fall. The amount of funding for subsequent years and how funding is applied in this and subsequent years will be determined in the future after the policy is finalized and approved by the Board.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Sexual violence awareness, prevention & response policy	\$ -	\$ -	\$ 52,000

Divinity and chapel:

Chapel expenses are largely funded through donations and a draw from endowment funds designated for Chapel purposes. Salaries and benefits for the chapel have increased slightly due to a small hourly rate increase for the Chapel Administrator.

After applying offerings revenue and endowment income, the Chapel, is budgeted to break even, with the exception of half of the Chaplain’s salary which the university contributes (\$40,000). Operations expenses exceeded budget in 2017/18 primarily due to higher hospitality expenses as well as higher clergy/preacher/speaker expenses which were funded by offerings.

	Approved Budget 2016/17	Unaudited Actual 2016/17	Budget 2018/19
Salaries & benefits	\$ 75,000	\$ 74,000	\$ 76,000
Chapel retreats	26,000	23,000	24,000
Operations	42,000	53,000	39,000
Total Divinity and chapel	\$ 143,000	\$ 150,000	\$ 139,000

Chapel music:

The music program’s net budget is a shortfall of \$71,000 (see Schedule 3) after applying \$40,000 in previously undrawn Divinity endowment income as noted under “Investment income” above. The Chapel Music program requested a part-time Marketing/Publicity Assistant at an annual cost of \$15,000. This position would assist the Choir Manager with recruitment and marketing-related functions. The BAC provisionally endorsed this request subject to several conditions and the agreement of objectives and outcomes. The President intends to accept the advice of the BAC subject to the proposed conditions being satisfied and if he is satisfied that there will be appropriate collaboration with the Registrar’s Office and the Advancement Office. The decrease in costs shown below relates to the Christmas and Easter concerts as well as other smaller concerts and is offset by a decrease in concert revenue.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Salaries & benefits	\$ 113,000	\$ 116,000	\$ 132,000
Concerts	74,000	73,000	53,000
Singers	17,000	23,000	17,000
Other operating costs	25,000	20,000	25,000
Total chapel music	\$ 229,000	\$ 232,000	\$ 227,000

Professional fees:

The professional fees budget for 2018/19 was increased to \$150,000 in light of a number of initiatives underway and on the horizon in 2018/19. Actual results for 2017/18 would have been \$162,000 had King's not received a \$61,000 cheque from the Nova Scotia Pension Services Corporation related to an overcharge of professional fees in 2016/17 on the transfer of both of its pension plans to the Nova Scotia Public Service Superannuation Plan (PSSP) on July 1, 2017.

King's expended \$42,000 in 2017/18 on professional fees related to consulting work with respect to a debt financing proposal and an accompanying elaborate financial projection model.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Professional fees	\$ 100,000	\$ 101,000	\$ 150,000

Interest & service charges:

Interest and service charges are up \$29,000 over the 2017/18 budget and \$60,000 over 2017/18 actual results. Actual bank charges in 2017/18 decreased primarily due to reduced use of the line of credit as a result of the deficit financing obtained in 2017/18.

The 2017/18 budget contained assumptions with respect to the amount of financing, the timing of financing and the interest rates of the financing King's would obtain in 2017/18. King's obtained two new debt issues in 2017/18 as described above under "Long-term debt". The amount of long-term loan interest included in the 2018/19 budget was derived from the loan amortization schedules of all five debt issues.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Bank charges	\$ 55,000	\$ 50,000	\$ 56,000
Long-term loan interest	346,000	320,000	374,000
Total Interest & service charges	\$ 401,000	\$ 370,000	\$ 430,000

Investment management fees:

Despite actual investment management fees for 2017/18 coming in \$20,000 below budget (resulting from discounted rates provided by King’s single investment manager), the budget for 2018/19 is being kept essentially unchanged from the 2017/18 budget. This is to allow for potentially higher fees related to an additional manager that offers alternative investments (that King’s existing investment manager does not offer) that will allow King’s to maximize the returns on its investment portfolio. King’s Investment Committee is currently evaluating two proposals to this effect.

Conference services:

Despite the increase in conference services revenue in the 2018/19 budget of \$73,000 over the 2017/18 actual results, the overall expense budget is being kept the same as the 2017/18 actual results. 20% of the Ancillary Services Manager’s salary and benefits is included under General administration as noted above. A large portion of the revenue increase relates to a number of larger conferences that are not expenditure-intensive unlike the online booking side of the conference services business. The revenue section above provides more information on conference services.

	Approved Budget 2017/18	Unaudited Actual 2017/18	Budget 2018/19
Conference services revenue	\$ 232,000	\$ 261,000	\$ 334,000
Conference services expenses	184,000	249,000	249,000
Profit/(loss)	\$ 48,000	\$ 12,000	\$ 85,000

Schedule 1

The University of King's College

Statement of Operations (Operating Fund) - Reconciliation

2017/18 Actual versus 2018/19 Budget

2017/18 actual operating fund deficit **\$ (564,000)**

Revenue impact - \$283,000 decrease

Enrolment impact (72 fewer undergraduate students, offset by 9 more graduate students)	\$	(314,000)	
Gifts (2017/18 included a \$75,000 individual gift)		(120,000)	
Residence meal plan revenue April 2017 (former food service provider)		(84,000)	
Government grant (1% increase)		59,000	
Conference services revenue		73,000	
Ancillary fees (new Dalhousie athletic facility fee offset by higher athletic expenses below)		131,000	
Other (net decrease)		<u>(28,000)</u>	(283,000)

Expense impact - \$1,107,000 increase

Salaries and benefits increases	\$	(731,000)	
Scholarships, awards & bursaries (\$200,000 funded by internally restricted funds)		(199,000)	
Higher Dalhousie athletic fee flowthrough		(131,000)	
Dalhousie allotment (higher cost offset by decline in enrolment)		(80,000)	
Interest on long term debt (new debt issues obtained in November 2017)		(60,000)	
Lower internally restricted fund spending (offset below)		(60,000)	
Sexual Violence Awareness, Prevention & Response Policy		(52,000)	
Investment management fees (new manager alternative funds)		(21,000)	
Utilities (full year savings energy efficiency project, offset by rate increases)		50,000	
Food service contract April 2017 (former food service provider)		83,000	
Departmental decreases/other		<u>139,000</u>	(1,062,000)

Other impact - \$50,000 negative impact

Debt repayment (new debt issues obtained in November 2017)	\$	(65,000)	
Use of internally restricted funds (i.e., reserve funds)		(60,000)	
Capital funded by operations		(25,000)	
Use of internally restricted pension funds (not available in 2018/19)		<u>(200,000)</u>	(350,000)

2018/19 operating fund budget deficit **\$ (2,259,000)**

Schedule 2

The University of King's College
Statement of Operations (Operating Fund)
2018-19 Operating Budget and Projections for 2019-20 and 2020-21

REFER TO NARRATIVE FOR EXPLANATION OF VARIANCES

	Budget	Unaudited Actual	Draft Budget	Projection	Projection	Favorable (Unfavorable)			
						2019 Budget to 2018		2019 Budget to 2018	
						Budget Comparison	Actual Comparison	Budget Comparison	Actual Comparison
	March 31, 2018	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	\$	%	\$	%
# of FYP Students (October 15)	195	189	190	200	220	-5	-3%	1	1%
Revenue:									
Government grant	\$ 5,929,000	\$ 5,929,000	\$ 5,988,000	\$ 6,168,000	\$ 6,353,000	\$ 59,000	1%	\$ 59,000	1%
Student academic fees	6,663,000	6,891,000	6,569,000	6,734,000	7,208,000	(94,000)	-1%	(322,000)	-5%
Student ancillary fees	997,000	977,000	1,116,000	1,093,000	1,139,000	119,000	12%	139,000	14%
Student residence fees	1,437,000	1,623,000	1,572,000	1,617,000	1,665,000	135,000	9%	(51,000)	-3%
Investment income	1,919,000	1,938,000	1,923,000	1,946,000	1,945,000	4,000	0%	(15,000)	-1%
Sale of goods and services	322,000	392,000	332,000	302,000	306,000	10,000	3%	(60,000)	-15%
Conference services	232,000	261,000	334,000	429,000	409,000	102,000	44%	73,000	28%
Gifts (annual fund & scholarship)	384,000	486,000	366,000	370,000	372,000	(18,000)	-5%	(120,000)	-25%
Other government grants	66,000	84,000	98,000	73,000	68,000	32,000	48%	14,000	17%
Total revenue	\$ 17,949,000	\$ 18,581,000	\$ 18,298,000	\$ 18,732,000	\$ 19,465,000	\$ 349,000	2%	\$ (283,000)	-2%
Expenses:									
Academic	\$ 5,880,000	\$ 5,647,000	\$ 6,167,000	\$ 6,387,000	\$ 6,601,000	\$ (287,000)	-5%	\$ (520,000)	-9%
Allotment to Dalhousie	3,800,000	3,896,000	3,976,000	3,843,000	3,914,000	(176,000)	-5%	(80,000)	-2%
Facility operations	1,742,000	1,824,000	1,798,000	1,748,000	1,800,000	(56,000)	-3%	26,000	1%
Residence & other student services	471,000	566,000	498,000	508,000	520,000	(27,000)	-6%	68,000	12%
Scholarships, awards and bursaries	1,137,000	1,164,000	1,363,000	1,379,000	1,399,000	(226,000)	-20%	(199,000)	-17%
Other student support	97,000	79,000	76,000	77,000	78,000	21,000	22%	3,000	4%
Utilities, taxes & insurance	586,000	519,000	469,000	485,000	500,000	117,000	20%	50,000	10%
Advancement	934,000	821,000	889,000	842,000	865,000	45,000	5%	(68,000)	-8%
Athletics	524,000	625,000	671,000	686,000	702,000	(147,000)	-28%	(46,000)	-7%
Bursar's office	570,000	561,000	591,000	612,000	633,000	(21,000)	-4%	(30,000)	-5%
General college administration	337,000	344,000	346,000	352,000	359,000	(9,000)	-3%	(2,000)	-1%
Library	444,000	421,000	394,000	447,000	461,000	50,000	11%	27,000	6%
President's office	541,000	516,000	542,000	561,000	580,000	(1,000)	0%	(26,000)	-5%
Professional fees	100,000	101,000	150,000	140,000	130,000	(50,000)	-50%	(49,000)	-49%
Registrar's office & recruitment	828,000	788,000	887,000	911,000	935,000	(59,000)	-7%	(89,000)	-13%
Sexual Violence Awareness, Prevention & Response Policy*	-	-	52,000	53,000	53,000	(52,000)	100%	(52,000)	100%
Investment management fees	175,000	155,000	176,000	181,000	187,000	(1,000)	-1%	(21,000)	-14%
Divinity & chapel	143,000	150,000	139,000	142,000	144,000	4,000	3%	11,000	7%
Chapel music	229,000	232,000	227,000	230,000	234,000	2,000	1%	5,000	2%
Conference services	184,000	249,000	249,000	283,000	294,000	(65,000)	-35%	-	0%
Interest & service charges	401,000	370,000	430,000	417,000	397,000	(29,000)	-7%	(60,000)	-16%
Total expenses	\$ 19,123,000	\$ 19,028,000	\$ 20,090,000	\$ 20,284,000	\$ 20,786,000	\$ (967,000)	-5%	\$ (1,062,000)	-6%
Deficiency of revenue over expenses	\$ (1,174,000)	\$ (447,000)	\$ (1,792,000)	\$ (1,552,000)	\$ (1,321,000)	\$ (618,000)	53%	\$ (1,345,000)	301%
Financing and investing activities:									
Debt repayment	\$ (547,000)	\$ (369,000)	\$ (434,000)	\$ (567,000)	\$ (951,000)	\$ 113,000	-21%	\$ (65,000)	18%
Use of internally restricted funds**	290,000	195,000	135,000	16,000	16,000	(155,000)	-53%	(60,000)	-31%
Capital funded by operations	(175,000)	(143,000)	(168,000)	(170,000)	(172,000)	7,000	-4%	(25,000)	17%
Use of internally restricted pension funds	200,000	200,000	-	-	-	(200,000)	-100%	(200,000)	-100%
Subtotal - Cash excess (deficit) from financing & investing	\$ (232,000)	\$ (117,000)	\$ (467,000)	\$ (721,000)	\$ (1,107,000)	\$ (235,000)	101%	\$ (350,000)	299%
Net decrease increase in cash	\$ (1,406,000)	\$ (564,000)	\$ (2,259,000)	\$ (2,273,000)	\$ (2,428,000)	\$ (853,000)	61%	\$ (1,695,000)	301%
Debt servicing costs (interest & principal)	948,000	739,000	864,000	984,000	1,348,000	84,000	9%	(125,000)	-17%

* The amount of funding for subsequent years and how funding is applied in this and subsequent years will be determined in the future after the policy is finalized and approved by the Board.
 **Refer to table on page 14.

Schedule 3

The University of King's College
Statement of Operations (Operating Fund) - Departmental Revenues and Expenses
 2018/19 Budget

	March 31, 2019 Budget	Check Sum Column	General University	Conference services	Academic	Facilities operations	Residence & other student services	Scholarships, awards & bursaries	Other student support	Advancement	Athletics	Bursar's office	Library	President's office	Registrar's office & recruitment	Divinity & chapel	Chapel music
Revenue:																	
Government grant	\$ 5,988,000	5,988,000	5,988,000														
Student academic fees	6,569,000	6,569,000	6,569,000														
Student ancillary fees	1,116,000	1,116,000	140,000		416,000	223,000					337,000						
Student residence fees	1,572,000	1,572,000					1,572,000										
Investment income	1,923,000	1,923,000	635,000		495,000			628,000					48,000	8,000		66,000	43,000
Sale of goods and services	332,000	332,000	123,000		17,000	14,000	10,000			8,000	75,000	12,000		5,000	2,000	14,000	52,000
Conference services	334,000	334,000		334,000													
Gifts (annual fund & scholarship)	366,000	366,000	110,000		10,000			155,000								26,000	65,000
Other government grants	98,000	98,000	51,000	5,000	15,000	2,000		25,000									
Total revenue	\$ 18,298,000	\$ 18,298,000	\$ 13,616,000	\$ 339,000	\$ 953,000	\$ 239,000	\$ 1,582,000	\$ 808,000	\$ -	\$ 8,000	\$ 412,000	\$ -	\$ 60,000	\$ 13,000	\$ 2,000	\$ 106,000	\$ 160,000
Expenses:																	
Compensation expenses	9,703,000	9,703,000	60,000		5,473,000	796,000	309,000			590,000	263,000	575,000	319,000	441,000	669,000	76,000	132,000
Operating expenses	3,153,000	3,153,000	286,000		694,000	1,002,000	120,000			299,000	184,000	16,000	75,000	101,000	218,000	63,000	95,000
Dalhousie athletics fee flowthrough	224,000	224,000									224,000						
Food service	69,000	69,000					69,000										
Conference services	249,000	249,000		249,000													
Allotment to Dalhousie	3,976,000	3,976,000	3,976,000														
Scholarships, awards and bursaries	1,363,000	1,363,000						1,363,000									
Other student support	76,000	76,000							76,000								
Utilities, taxes & insurance	469,000	469,000				469,000											
Professional fees	150,000	150,000	150,000														
Sexual violence awareness, prevention & response policy	52,000	52,000	52,000														
Investment management fees	176,000	176,000	52,000		50,000			58,000					4,000	1,000		7,000	4,000
Interest & service charges	430,000	430,000	430,000														
Total expenses	\$ 20,090,000	\$ 20,090,000	\$ 5,006,000	\$ 249,000	\$ 6,217,000	\$ 2,267,000	\$ 498,000	\$ 1,421,000	\$ 76,000	\$ 889,000	\$ 671,000	\$ 591,000	\$ 398,000	\$ 543,000	\$ 887,000	\$ 146,000	\$ 231,000
Excess (deficiency) of revenue over expenses	\$ (1,792,000)	\$ (1,792,000)	\$ 8,610,000	\$ 90,000	\$ (5,264,000)	\$ (2,028,000)	\$ 1,084,000	\$ (613,000)	\$ (76,000)	\$ (881,000)	\$ (259,000)	\$ (591,000)	\$ (338,000)	\$ (530,000)	\$ (885,000)	\$ (40,000)	\$ (71,000)
Financing and investing activities:																	
Debt repayment	\$ (434,000)	(434,000)	(434,000)														
Capital expenditures	(168,000)	(168,000)			(16,000)	(112,000)							(40,000)				
Use of internally restricted funds**	135,000	135,000			49,000					70,000					16,000		
Subtotal - Cash excess (deficit) from financing & investing	\$ (467,000)	\$ (467,000)	\$ (434,000)	\$ -	\$ 33,000	\$ (112,000)	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ -	\$ (40,000)	\$ -	\$ 16,000	\$ -	\$ -
Net (decrease) increase in cash	\$ (2,259,000)	\$ (2,259,000)	\$ 8,176,000	\$ 90,000	\$ (5,231,000)	\$ (2,140,000)	\$ 1,084,000	\$ (613,000)	\$ (76,000)	\$ (811,000)	\$ (259,000)	\$ (591,000)	\$ (378,000)	\$ (530,000)	\$ (869,000)	\$ (40,000)	\$ (71,000)

Schedule 4

The University of King's College

Statement of Operations (Operating Fund) - Departmental Expense Reconciliation

2018/19 Budget versus 2017/18 Budget

Department	March 31, 2018 Budget Expenses	Salary & Benefits	Other	March 31, 2019 Budget Expenses	Comments
Academic	5,880,000	317,000	(30,000)	6,167,000	Annual salary increases, an additional Senior Fellow and Faculty Fellow in 2018/19, sabbatical of former VP, coverage for one faculty member for EVRP, offset by Carnegie replacement budget overstatement in prior year. Lower Journalism spending due to lower enrolment.
Facility operations	1,742,000	20,000	36,000	1,798,000	Annual salary increases, offset by a two month vacancy. Increase in externally contracted services and replacement of library floors offset by improvements to Radical Bay in the prior year.
Residence & other student services	471,000	12,000	15,000	498,000	Departure of Dean of Students in early February 2018, replaced by Interim Dean until June 2018 (who does not reside in residence). New Dean July 1, 2018. Employer payroll remittances on dons' taxable benefits incorporated into the budget.
Advancement	934,000	41,000	(86,000)	889,000	Timing of new hires in prior year, temporary vacancy, annual salary increases. Additional communications spending due to temporary vacancy. Other spending differences relate to specific spending from internally restricted funds in each year. Amounts shown here are before the application of these funds.
Athletics	524,000	18,000	129,000	671,000	Annual salary increases and higher coach honorariums. Higher Dalhousie fees due to new fitness and recreation facility renewal fee \$98,000 offset by lower enrolment. Realistic sports team budget based on travel schedules \$31,000.
Bursar's office	570,000	19,000	2,000	591,000	Annual salary increases, \$2,000 for equity officer travel and training.
General college administration & other	337,000	(6,000)	15,000	346,000	Savings from Ancillary Services Manager position. HISS membership fees \$13,000, higher postage costs \$13,000, menstrual health products \$3,000, offset by Adobe savings \$14,000.
Library	444,000	(54,000)	4,000	394,000	Resignation of head librarian, replaced on a contract by a retiree. Novanet savings of \$8,000 offset by other increases of \$4,000.
President's office	541,000	-	1,000	542,000	2017/18 salary budget included higher than actual estimates of salary increases as DFA agreement was not yet available.
Registrar's office & recruitment	828,000	85,000	(26,000)	887,000	Prior year budget included a 2-month unpaid leave and is missing a 10-month recruitment contract. Current year includes annual salary increases and a \$45,000 increase in part-time recruitment budget. Other spending differences relate to an additional \$22,000 for marketing offset by specific spending from internally restricted funds in each year. Amounts shown here are before the application of these funds.
Divinity & chapel	143,000	1,000	(5,000)	139,000	Small salary increase for Chapel Administrator, offset by savings identified.
Chapel music	229,000	19,000	(21,000)	227,000	Annual salary increases, new part-time Chapel Music assistant, offset by lower concert expenses (and lower concert revenue)
Total expenses	\$ 12,643,000	\$ 472,000	\$ 34,000	\$ 13,149,000	