

2016-17

Trimester 2 Report

May 1, 2016 to December 31, 2016



Message from leadership

This report is designed to encourage thoughtful discussion and suggestions for future planning purposes. It covers the period from May 1, 2016 to December 31, 2016. It is designed to link financial and operational information in an increasingly transparent manner and celebrate some of our identified accomplishments. Input and recommendations for future budget decisions are encouraged and can be emailed to budgetreport@brocku.ca

As highlighted in the Trimester 1 Report, we started the year with a mitigation target to eliminate an anticipated budget deficit of \$3.9 million on a funding basis. In the recent past we have managed similar challenges by exceeding tuition and operating grant forecasts while also gathering savings from hiring delays and some reduction of other budgeted expenses as the year progressed and we gained greater confidence in our budget forecasts.

The Trimester 1 Report highlighted we were forecasting to be down about 107 undergraduate students from budget. This impacts tuition, operating grant and ancillary revenue projections. It also poses problems for future budget planning and has required careful attention as we develop strategies for 2017-18. Fortunately, this Trimester 2 Report now identifies headcount enrolment to be up 53 students from budget combined with changes in student mix, thus providing a more healthy overall projection for 2017-18.

We thank everyone for their conscious response to enrolment as well as to curtail spending where possible following the trimester 1 projected deficit of \$4.7 million. The actions taken has noticeably adjusted our financial trajectory for this year. Currently, the budget forecast for 2016-17 is a surplus of \$156 thousand.

In the coming months we continue to work with the Ministry on our new SMA and the new grant funding model.



Tom Traves, Interim President and Vice-Chancellor



Thomas Dunk, Interim Provost and Vice-President Academic



Joffre Mercier, Interim Vice-President, Research



Brian Hutchings, Vice-President, Administration

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This report contains certain forward-looking information. In preparing the Trimester 2 Report, certain assumptions and estimates were necessary. They are based on information available to management at the time of preparing the budget. Users are cautioned that actual results may vary.

Throughout the text in this report, financial values have been rounded to the nearest thousand unless otherwise stated.

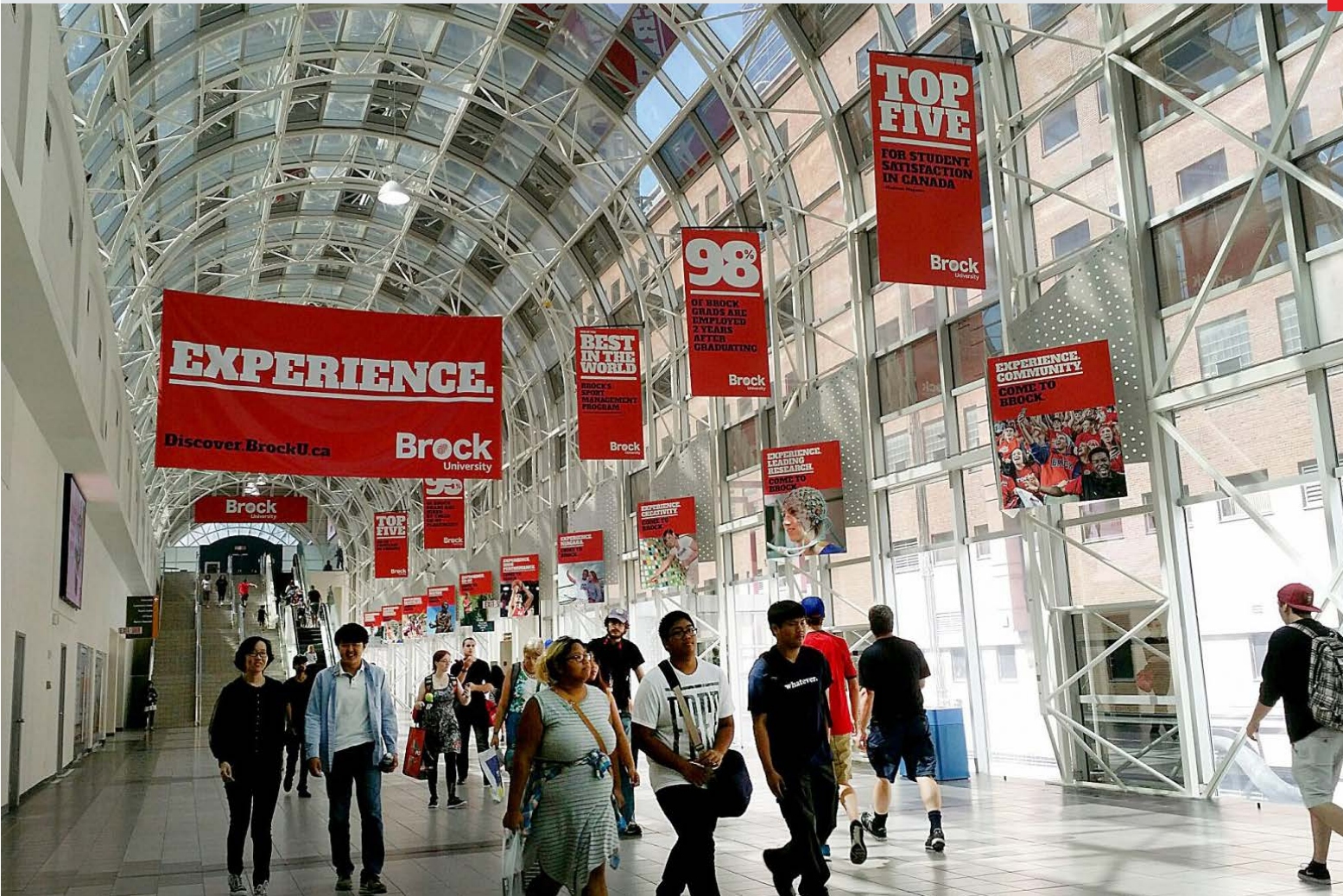
Financial results

The following table illustrates the trimester two forecast for the University compared to budget and prior year actual. The information is presented on a funding basis, which represents committed cash, and based on the audited financial statements prepared in accordance with accounting standards for not for-profit organizations (NFPS). A reconciliation of the two presentations can be found on [page 28](#).

Figure 1

(\$000s)	Funding		NFPS		Funding	NFPS
	2016-17 Forecast	2016-17 Budget	2016-17 Forecast	2016-17 Budget	2015-16 Actual	2015-16 Actual
Revenue						
Student fees	157,824	157,635	157,824	157,635	151,471	151,471
Grant revenue	92,606	92,152	91,742	91,288	93,326	92,462
Internal chargebacks	8,876	8,073			7,522	
Inter-fund revenue	4,438	3,658			683	
Other revenue	46,083	45,893	70,945	69,987	48,705	69,107
Total revenue	309,827	307,411	320,511	318,910	301,707	313,040
Operating costs						
Personnel costs	(199,903)	(202,903)	(200,790)	(203,690)	(194,580)	(195,754)
Inter-fund expenses	(19,540)	(18,654)			(11,314)	
Other operating costs	(90,228)	(89,774)	(117,648)	(118,842)	(91,303)	(110,871)
Total operating costs	(309,671)	(311,331)	(318,438)	(322,532)	(297,197)	(306,625)
Mitigation target		3,920		3,920		
Funding surplus (deficit)	156	-	2,073	298	4,510	6,415

(Note: Certain reclassifications were made to the 2016-17 budget and 2015-16 actuals as compared to the figures presented in the 2016-17 Budget Report and the 2015-16 Annual Report, as part of the conversion to the new finance system – Workday. These reclassifications will be detailed in the 2017-18 Budget Report.)



September



6 Brock scholarships offer once-in-a-lifetime opportunities for international students. brocku.ca/brock-news/2016/09/brock-scholarships-offer-once-in-a-lifetime-opportunities-for-international-students/



3 Brock researchers including Michael Busseri, receive \$3.7 million funding from the federal granting agency SSHRC. brocku.ca/brock-news/2016/09/brock-researchers-receive-3-7-million-funding-from-federal-grantingagency-sshr/



4 Wellness Award recipients Jessica She-Ting Wong's and Nicholas Lepore's extensive volunteer service and passion for promoting wellness and giving back to the community, make them the epitome of what the Wellness Award stands for. brocku.ca/brock-news/2016/09/wellness-award-recipients-announced/



3 SSHRC awards \$2.5 million for Brock-led international Words in the World Project, led by Professor Gary Libben. brocku.ca/brock-news/2016/09/sshr-awards-2-5-million-for-brock-led-international-language-project/



4 Brock Cares Day of Service was a huge success, with more than 200 student volunteers and 40 community partners participating. brocku.ca/brock-news/2016/09/brock-cares-day-of-service-a-huge-success/



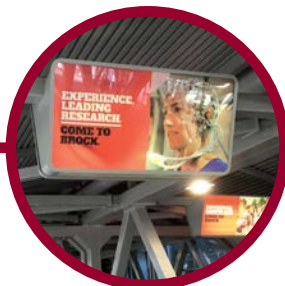
3 PhD student Christina Garchinski, right, using film to educate, receives prestigious SSHRC fellowship. brocku.ca/brock-news/2016/09/phd-student-using-film-to-educate-receives-prestigious-sshr-fellowship/



1 A record Brock University crowd of 3,532 people rock the Meridian Centre watching the Badgers men's hockey team. brocku.ca/brock-news/2016/09/record-brock-crowd-rocks-meridian-centre/



1 The \$22-million Goodman School of Business expansion will benefit students and the community. brocku.ca/brock-news/2016/09/22-million-goodman-school-of-business-expansion-will-benefit-students-and-the-community/



1 Brock launches "Experience" focused recruitment campaign. brocku.ca/brock-news/2016/09/brock-launches-experience-focused-recruitment-campaign/



4 Assistant Professor Zachary Spicer was recognized internationally for urban politics research. brocku.ca/brock-news/2016/09/professor-recognized-internationally-for-urban-politics-research/



3 New Brock research says self-talk determines success in exercise during heat. brocku.ca/brock-news/2016/09/new-brock-u-research-says-self-talk-determines-success-in-exercise-during-heat/



3 Three Brock University PhD students aim to develop a natural form of pest control that promotes plant growth. aginnovationario.ca/en/funky-fungi-healthy-fields/#more-1551

October



1 Interim President Tom Traves sends a greeting to the Brock community. brocku.ca/brock-news/2016/10/a-greeting-from-interim-president-tom-traves/



4 Hundreds attend White Privilege Symposium at Brock. brocku.ca/brock-news/2016/10/hundreds-attend-white-privilege-symposium-at-brock/



3 Brock education expert Kimberly Maich, produces video tutorials and publishes a book on autism in Ont. brocku.ca/brock-news/2016/10/brock-education-expert-produces-video-tutorials-and-publishes-book-on-autism-in-ontario/



4 Celebrating the Rochon-Burnett street naming, Brock's Healing Garden and Aboriginal Student Services office new home. brocku.ca/brock-news/2016/10/rochon-burnett-street-naming-honours-a-woman-who-worked-to-help-others/



4 Souper Star lunch kicks off \$145,000 United Way campaign. brocku.ca/brock-news/2016/10/souper-star-lunch-kicks-off-145000-united-way-campaign/



3 Students from Brazil researching Zika at Brock. brocku.ca/brock-news/2016/10/students-from-brazil-researching-zika-at-brock/



2 Brock marks 100th Convocation ceremony! brocku.ca/brock-news/2016/10/brock-marks-100th-convocation-ceremony-saturday/



4 "Don't suffer in silence:" Badgers talk mental health with school kids. brocku.ca/brock-news/2016/10/dont-suffer-in-silence-badgers-talk-mental-health-with-school-kids/



3 Brock student Madi Fuller, speaking at Niagara Leadership Summit for Women. brocku.ca/brock-news/2016/10/student-speaking-at-niagara-leadership-summit-for-women/



3 Brock research addresses migrant worker loneliness and isolation through movement. brocku.ca/brock-news/2016/10/brock-research-addresses-migrant-worker-loneliness-isolation-through-movement/



2 Brock student Kevin McGuiness's horror movie gets international attention. brocku.ca/brock-news/2016/10/brock-students-horror-movie-getting-international-attention/



3 Brock team finds first Aedes aegypti mosquitoes in Canada. brocku.ca/brock-news/2016/10/brock-team-finds-first-aedes-aegypti-mosquitoes-in-canada/

Brock University's Integrated Strategic Plan: Strategic priorities

- 1 Ensure Brock is a preferred place to work and study.
- 2 Support Brock's undergraduate student-centred focus while maintaining excellence in graduate education.
- 3 Foster excellence in research, scholarship and creativity.
- 4 Serve the social, cultural and economic well-being of the University, as well as the local, national and global communities.
- 5 Encourage transdisciplinary initiatives.
- 6 Promote internationalization.
- 7 Practise accountability, fiscal responsibility and stewardship.

November



3 Brock gets \$16M from Ottawa and Queen's Park for innovation complex and green energy project. brocku.ca/brock-news/2016/11/brock-gets-16m-from-ottawa-and-queens-park-for-innovation-complex-and-green-energy-project/



3 Award-winning filmmaker and Brock grad, Adrian Thiessen (BA '09), releases first feature film in Niagara. brocku.ca/brock-news/2016/11/award-winning-filmmaker-and-brock-grad-releases-first-feature-film-in-niagara/



3 Brock's Niagara Community Observatory and the University at Buffalo's School of Architecture and Planning, team up to create a project. brocku.ca/brock-news/2016/11/brock-university-at-buffalo-launch-cross-border-economic-research-project/



2 The award for children of migrant workers allows Sayuri Gutierrez (BA '16), to earn her degree and fulfill a promise. brocku.ca/brock-news/2016/11/with-a-degree-earned-a-promise-fulfilled/



4 Brock grad student chosen for national Stand UP! campaign against bullying. brocku.ca/brock-news/2016/11/brock-grad-student-chosen-for-national-stand-up-campaign-against-bullying/



1 As international numbers rise, Brock's student experience gets high marks. brocku.ca/brock-news/2016/11/as-international-numbers-rise-brocks-student-experience-gets-high-marks/



4 David Grimes, Brock alum, is leading a UN agency and making a global difference. brocku.ca/brock-news/2016/11/brock-alum-leading-un-agency-is-making-a-global-difference/



1 Brock University named one of Hamilton-Niagara's top employers. brocku.ca/brock-news/2016/11/brock-university-named-one-of-hamilton-niagaras-top-employers/



3 Cutting-edge technology keeps Brock at the forefront of research and learning. brocku.ca/brock-news/2016/11/cutting-edge-technology-keeps-brock-at-the-forefront-of-research/



3 Funding announced for Brock's research of boxing program for women and trans survivors of violence. brocku.ca/brock-news/2016/11/funding-announced-for-brock-led-research-of-boxing-program-for-women-trans-survivors-of-violence/

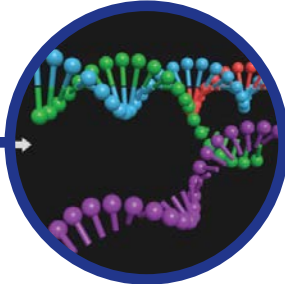


3 Goodman School of Business professor Barbara Sainty, receives FCPA honour. brocku.ca/brock-news/2016/11/goodman-school-of-business-professor-receives-fcpa-honour/



4 Brock student, Quynn Oates, raises awareness on sexual violence with digital campaign. brocku.ca/brock-news/2016/11/student-raises-awareness-on-sexual-violence-with-digital-campaign/

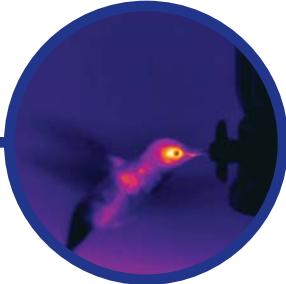
December



3 Computers with DNA? Brock team working to help make it happen. brocku.ca/brock-news/2016/12/computers-with-dna-brock-team-working-to-help-make-it-happen/



1 Child and Youth Studies student, Keely Grossman, wins accessibility award. brocku.ca/brock-news/2016/12/child-and-youth-studies-student-wins-accessibility-award/



3 Brock biologist part of team studying hibernation in female hummingbirds. brocku.ca/brock-news/2016/12/brock-biologist-part-of-team-studying-hibernation-in-female-hummingbirds/



4 Celebrating 10 years of Service-Learning on Conversations with Goodman. brocku.ca/brock-news/2016/12/podcast-celebrating-10-years-of-service-learning-on-conversations-with-goodman/



4 Distinguished alumna Mary Ann Edwards honoured by province. brocku.ca/brock-news/2016/12/distinguished-alumna-mary-ann-edwards-honoured-by-province/



2 History day brings 500 high school students to Brock. brocku.ca/brock-news/2016/12/history-day-brings-500-high-school-students-to-brock/



4 Concurrent Ed students deliver holiday cheer to elementary kids. brocku.ca/brock-news/2016/12/concurrent-ed-students-to-deliver-holiday-cheer-at-local-school-thursday/



3 Radio documentary by Brock professor Catherine Parayre goes national. brocku.ca/brock-news/2016/12/radio-documentary-by-brock-prof-goes-national/



3 Goodman student wins 3M Canada case at DeGroote MBA competition. brocku.ca/brock-news/2016/12/goodman-student-wins-3m-canada-case-at-degroote-mba-competition/



3 Brock named in world's top 200 exercise and sport science research schools. brocku.ca/brock-news/2016/12/brock-makes-list-of-top-200-exercise-and-sport-science-research-schools-worldwide/



1 Experiential learning inspires Brock student to make a difference in Niagara. brocku.ca/brock-news/2016/12/experiential-learning-inspires-brock-student-to-make-a-difference-in-niagara/

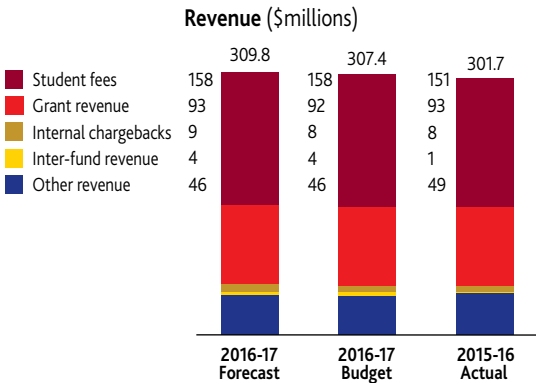
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Taking a closer look at some of the numbers

Financial review of funding results

Figure 2



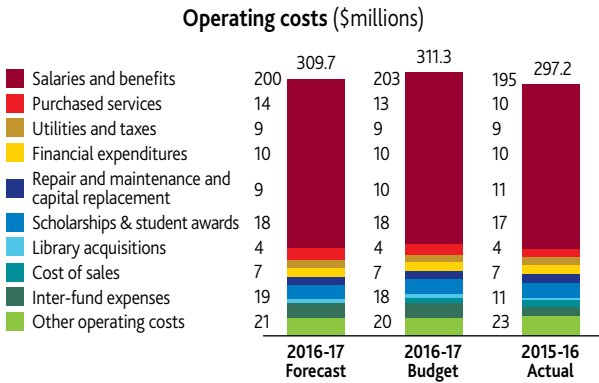
Revenue

Revenue forecast is \$2.4 million above budget. Despite early concerns in trimester one of being under budget, overall revenue is now forecasted to be very close to budget. Although global tuition is forecast \$0.7 million behind budget and ESL tuition is forecast \$0.6 million behind budget, international student programs (ISP) tuition revenue is forecast \$1.1 million over budget. Grant revenue is \$0.5 million over budget which is due to the higher domestic undergraduate enrolment forecasted. Other revenue is forecasted \$0.2 million ahead of budget with lower forecasted ancillary revenue of \$2.1 million offset by forecasted \$0.6 million in one-time funding related to tax rebates which are to be transferred to the contingency reserve, and higher forecasted interest income by \$0.6 million.

Expense

Overall, operating costs are forecast \$1.7 million below budget. Personnel costs are the largest driver, forecast at \$3.0 million less than budget. This reduction in forecast in personnel is expected given the mitigation measures currently in place and is consistent with past experience. Offsetting this decrease in an increase in non-personnel operating costs of \$1.3 million. After the contingency reserve transfer for the one-time tax rebates of \$0.6 million, purchased services are forecasted higher than budget, offset by reductions in repairs and maintenance and capital replacement costs, as well as scholarships and student awards. An observation noted is at December

Figure 3



31st personnel costs are 64 per cent spent to forecast and other operating costs (excluding inter-funding expenses) are 64 per cent spent to forecast. (Note: since this is the first time reporting by trimester, a comparative to last year is unavailable.)

It should be noted that starting in the Trimester 1 report, we are separately reporting inter-fund revenue and expenses. These transactions represent transfer between funds, including to and from reserves. As such, the 2015-16 and 2014-15 funding actual transfers are also being separately reported for comparison purposes. See Appendix 1 for multi-year comparative financial results.



Review of trimester two forecast to trimester one and budget

We remind readers that this trimester report is the summation of submissions by units across the University. This report is forward-looking and requires certain assumptions and estimates. Units base their projections on information available to them at the time of preparing the report. Users are cautioned that actual results may differ.

Since we began reporting financial information in this capacity we have documented the approval of deficit budgets followed by actual year-end surplus. The history is detailed in Figure 4 below.

Figure 4

(\$000s)	2014-15	2015-16	2016-17
Funding surplus/(deficit)			
Budget	(3,221)	(3,937)	(3,920)
First forecast (Q2/T1) ⁽¹⁾	(2,551)	(1,620)	(4,696)
Second forecast (Q3/T2) ⁽¹⁾	371	2,350	156
Final actual results	7,514	4,510	
Funding surplus/(deficit) as a percentage of revenue			
Final actual revenue ⁽²⁾	298,785	301,707	309,827
Budget	(1.1%)	(1.3%)	(1.3%)
First forecast (Q2/T1) ⁽¹⁾	(0.9%)	(0.5%)	(1.5%)
Second forecast (Q3/T2) ⁽¹⁾	0.1%	0.8%	0.1%
Final actual results	2.5%	1.5%	

(1) In 2014-15 and 2015-16 Q2 represents the second quarter and Q3 represents the third quarter. In 2016-17 T1 represents trimester one and T2 represents trimester two.
(2) 2016-17 represents the trimester two forecast.

Figure 5: What has changed in the trimester two forecast of \$0.2 million surplus?

Let's look at it from originally established budget of \$3.9 million deficit (better by \$4.1 million)	Let's look at it from the trimester one forecast (T1) of a \$4.7 million deficit (better by \$4.9 million)
<ul style="list-style-type: none">Budgeted headcount enrolment is forecasted to be beaten by 53 students (37 undergraduate and 16 graduate).The headcount enrolment beat combined with mix change⁽¹⁾ results in lower global tuition revenue of \$0.7 million but higher general operating grant revenue of \$0.3 million.ISP revenue is higher than budget by \$1 million.Personnel costs forecasted under budget by \$3 million.	<ul style="list-style-type: none">The headcount enrolment forecast increased over trimester one forecast by 142 students (144 undergraduates offset by a decrease of 2 graduates).The headcount enrolment beat vs. T1 combined with mix change⁽¹⁾ results in higher global tuition revenue of \$1.8 million.Other student fees are forecast almost \$0.4 million higher than T1.Inter-fund revenue is forecast \$1.0 million higher than T1.Personnel costs forecasted lower than T1 by \$1.3 million.

(1) Mix change includes domestic and international, full time and part-time, Faculty and program.

There are often two questions regarding these results – why does this occur and what happens to the surplus funds. Figure 5 highlights the main differences for 2016-17 between the trimester two forecast presented in this report and the budget originally established as well as to the trimester one forecast.

To answer what happens to the surplus funds at year-end, the fiscal framework identifies "the best investment is an investment in ourselves". These funds have historically gone to support capital projects such as the Cairns Family Health and Bioscience Research Complex (CFHBRC) and Brock LINC. In addition, a Provost fund has been established. At the time of writing this report this fund has \$1.5 million remaining after investments allocated in 2016-17 to support areas such as enhanced marketing initiatives and experiential learning. Funds have also been set aside in a contingency reserve. The contingency fund is forecasted to be \$2.6 million at the end of this fiscal year, representing 1 per cent of the budget.

Tuition and enrolment

Figure 6 below details forecasted tuition revenue by program type, separated by where the tuition is reported. The majority of tuition is reported in University Global, which is further detailed based on Faculty of major (teaching Faculty of enrolment) in Figure 7.

Figure 6: Tuition by reporting unit

(\$000s)	2016-17 Forecast	2016-17 Budget	2015-16 Actual	Listed below
Total tuition revenue in University Global	134,304	135,035	127,953	(1)
Tuition revenue budgeted in respective departments				
Professional Masters Preparation Program (Business) (PMPP)	817	668	612	(2)
International Masters Business Administration (IMBA)	6,897	5,901	5,558	(2)
International Master of Accountancy (IMAcc)	1,410	1,762	1,450	(2)
Masters Preparation Certificate in Education (MPCE)	486	270	265	(3)
International Masters of Education (MEd)	851	722	1,118	(3)
Masters of Arts Applied Linguistics (MA LING)	57	147	163	(4)
Material Physics	42			(6)
Total International Student Programs (ISP)s	10,560	9,470	9,166	
Continuing Teacher Education – Additional Qualifications (AQ)	761	662	952	(3)
Center for Adult Education and Community Outreach (CAECO)*	975	905	1,082	(3)
Other Education programs	83	99	74	(3)
Intensive English Language Program (IELP)	3,313	4,120	3,754	(5)
Summer English Language Program (SELP)	456	272	317	(5)
Total other self-funded programs	5,588	6,058	6,179	
Tuition revenue in respective department	16,148	15,528	15,345	
Total tuition revenue	150,452	150,563	143,298	
Fee revenue	7,372	7,072	8,173	
Total student fees	157,824	157,635	151,471	

* Includes Aboriginal Adult Education.
Departments the tuition revenue is reported in: (1) University Global; (2) Goodman School of Business; (3) Faculty of Education; (4) Faculty of Social Sciences; (5) Student Services; (6) Faculty of Mathematics and Science

Overall forecasted tuition revenue is slightly lower than budget by \$0.1 million. International student program (ISP) tuition saw an increase of \$1.1 million over budget driving mainly from the International MBA program resulting from higher than budgeted enrolment in this program. However offsetting this increase was a decline in ESL tuition revenue of \$0.6 million as compared to budget.

Global tuition was the main factor in the lower than budgeted tuition, which saw forecast missing budget by \$0.7 million. As Figure 9 details, undergraduate international headcount is forecasted to be 25 lower than set out in the budget. This decrease is offset by a forecasted beat in domestic headcount of 62 and overall graduate headcount of 16. Due to the international vs. domestic rate differential this mix change results in a lower than budgeted forecast

for tuition revenue. As compared to actual enrolment last year, undergraduate headcount is forecasted to increase 201 students, however this increase would have been less if not for the teacher's education enrolment returning to a more normalized level. Remember, the Province temporarily cut intake in 2015-16 to create capacity so it could change the length of program from one year to two. Although the risk of missing the enrolment targets that was identified at the time the budget was being developed doesn't appear to have been realized this year as a whole, the importance of enrolment mix and the dependence on international enrolment is highlighted. It further signals the need for reflection going forward, especially considering outgoing years are expected to have increased pressure on domestic enrolment due to demographic trends.

Figure 7: Tuition revenue in University Global

(\$000s)	2016-17 Actuals as of Feb. 8, 2017	2016-17 Budget
Undergraduate – domestic		
Faculty of Applied Health Sciences	21,938	21,556
Goodman School of Business	18,994	19,014
Faculty of Education	6,095	6,291
Faculty of Humanities	10,234	10,374
Faculty of Mathematics and Science	11,081	10,937
Faculty of Social Sciences and Undeclared Arts	30,145	30,513
No Faculty	258	275
Total undergraduate – domestic	98,745	98,960
Graduate – domestic		
Faculty of Applied Health Sciences	1,180	1,065
Goodman School of Business	1,314	1,131
Faculty of Education	1,265	1,322
Faculty of Humanities	529	485
Faculty of Mathematics and Science	719	704
Faculty of Social Sciences	2,633	2,449
Total graduate – domestic	7,640	7,156
Total domestic	106,385	106,116
Undergraduate – VISA		
Faculty of Applied Health Sciences	1,339	997
Goodman School of Business	10,738	11,720
Faculty of Education	44	33
Faculty of Humanities	514	434
Faculty of Mathematics and Science	2,856	2,582
Faculty of Social Sciences and Undeclared Arts	9,166	9,733
No Faculty	120	110
Total undergraduate – VISA	24,777	25,609
Graduate – VISA		
Faculty of Applied Health Sciences	142	116
Goodman School of Business	1,411	1,510
Faculty of Education	68	76
Faculty of Humanities	109	117
Faculty of Mathematics and Science	1,123	881
Faculty of Social Sciences	570	610
Total graduate – VISA	3,423	3,310
Total VISA	28,200	28,919
Total tuition revenue in University Global	134,585	135,035
Forecasted change to April 30, 2017 ⁽¹⁾	(281)	
Total 2016-17 Forecast	134,304	

(1) Forecasted change from Feb. 8, 2017 to April 30, 2017 includes attrition, back-dated drops, late fall registration for winter term per credit graduate programs, etc.

Figure 8

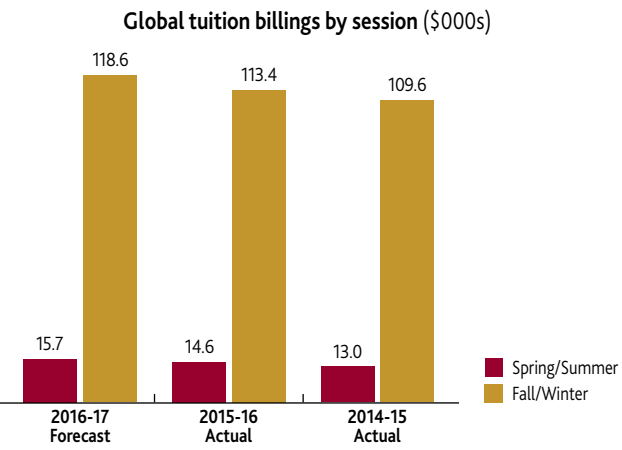


Figure 9: Student enrolment by types

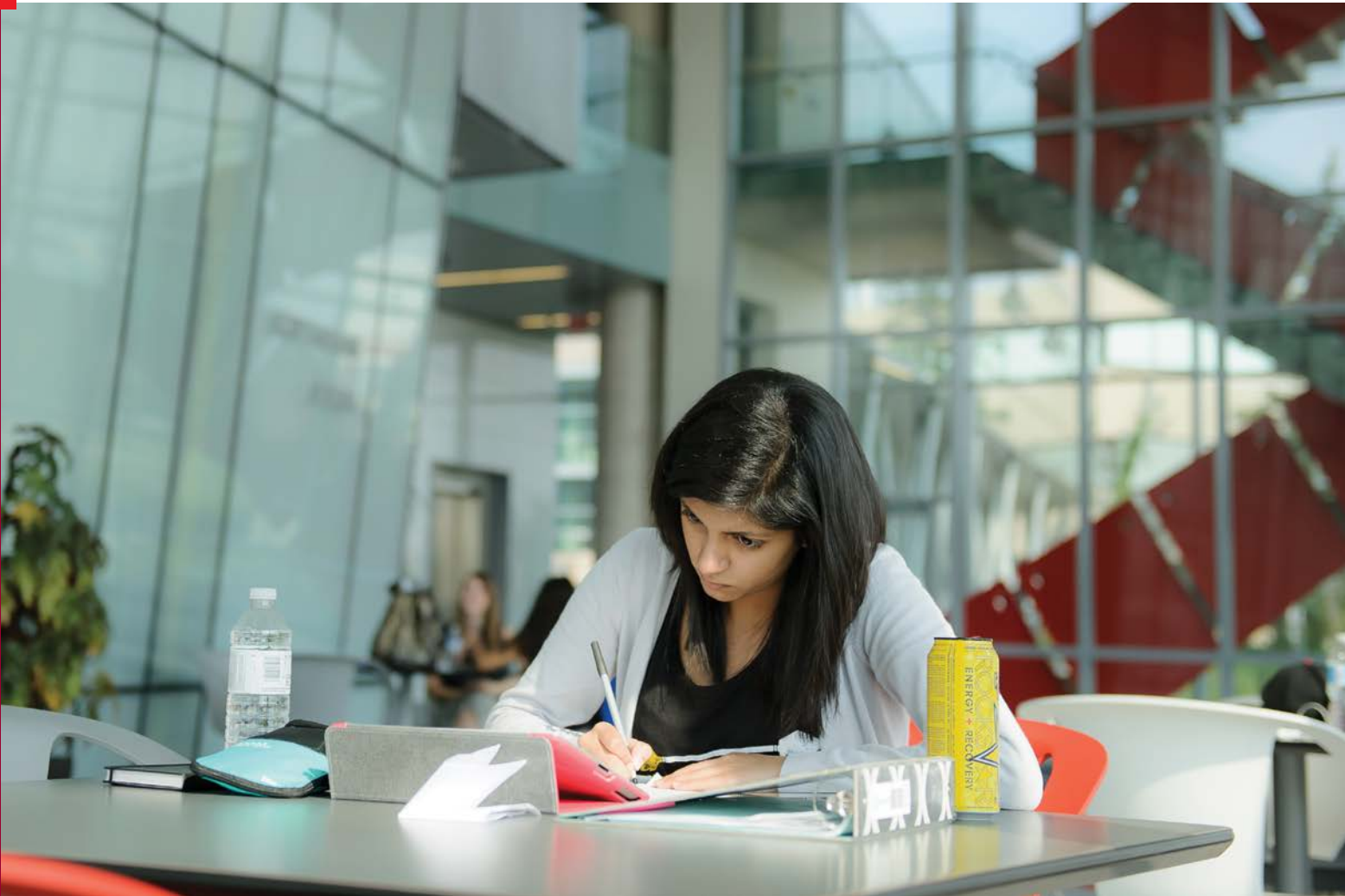
Type	2016-17 Forecast		2016-17 Budget		2015-16 Actual		2014-15 Actual	
	Headcount ⁽¹⁾	FTE ⁽²⁾	Headcount ⁽¹⁾	FTE ⁽²⁾	Headcount ⁽¹⁾	FTE ⁽²⁾	Headcount ⁽¹⁾	FTE ⁽²⁾
Undergraduate – Domestic	15,707	15,564	15,645	15,752	15,557	15,578	15,865	15,835
Undergraduate – Visa	1,307		1,332		1,256		1,289	
Graduate – Domestic	1,094		1,674		1,088	1,380	1,079	1,382
Graduate – Visa	596				561		591	
Total	18,704		18,651		18,462	16,958	18,824	17,217

(1) Represents Fall student headcount full-time (FT) and part-time (PT). For a definition refer to pg 88 of the 2016-17 Budget Report.
(2) Represents full-time equivalent (FTE) students. For a definition refer to pg 88 of the 2016-17 Budget Report.

Figure 10: Fiscal full-time equivalent enrolment

FFTE ⁽¹⁾	Grant eligible			Grant Ineligible			Total		
	2016-17 Forecast	2015-16 Actual	Change	2016-17 Forecast	2015-16 Actual	Change	2016-17 Forecast	2015-16 Actual	Change
Spring/summer	1,829	1,798	1.7%	937	972	(3.6%)	2,766	2,770	(0.1%)
Fall	7,376	7,369	0.1%	1,402	1,297	8.1%	8,778	8,666	1.3%
Winter	7,154	7,121	0.5%	1,360	1,329	2.3%	8,514	8,450	0.8%
Total	16,359	16,288	0.4%	3,699	3,598	2.8%	20,058	19,886	0.9%

(1) Fiscal full-time equivalent enrolment (FFTE) – For a definition refer to page 88 of the 2016-17 Budget Report.



Operating grants

As detailed in Figure 11 below, over the last number of years grant revenue has been on the decline. The majority of grant revenue is generated from the Basic Operating Grant which represents 76 per cent of the general operating grants and 70 per cent of all grant revenue based on the 2016-17 forecast which has decreased from 83 per cent and 76 per cent in 2013-14. This reduction in the basic operating grant has been due to a range of saving measures the government introduced over the past number of years. Then in 2015-16 as part of their change in funding of teacher education, the Teacher Education portion of the Basic Operating Grant was pulled out and calculated separately including the reduction of the BIU for each teacher education student from 2.0 to 1.5 over a three-year period. The total overall anticipated reduction due to this change is \$1.99 million.

The Undergraduate Accessibility Fund is variable and changes with the number of students, with the University only receiving grant if there is positive domestic growth

over the base year. The forecast for this grant is showing an increase over budget of \$0.3 million, due to the increase in forecasted undergraduate domestic enrolment, as previously discussed.

The Graduate Expansion grant was forecast flat to budget. Although Masters enrolment is forecasted higher than budget, this increase will not be funded with the grant as we are already over the maximum funding allotment. At this point Brock has 62 unfunded Masters FTEs (over the maximum), equating to approximately \$0.6 million and Brock is under the maximum funded PhD FTEs by 20, equating to approximately \$0.5 million.

Specific purpose grants have remained fairly consistent over the last few years with the main change due to Teacher's Education Transition Funding in 2015-16 (\$1.1 million) and 2014-15 (\$0.6 million).

It should also be noted that the Ontario government is in the final stages of developing a new grant funding model which could greatly impact Brock's funding going forward.

Figure 11: General operating grants

(\$000s)	2016-17 Forecast	2016-17 Budget	2015-16 Actual	2014-15 Actual	2013-14 Actual
Fixed operating grants					
Basic Operating Grant	64,785	64,785	68,768	71,505	72,772
Program specific grants					
Teacher Education Basic Operating Grant	5,183	5,183			
Nursing Grant	2,716	2,716	2,797	2,790	2,955
	7,899	7,899	2,797	2,790	2,955
Enrolment-based grants					
Undergraduate Accessibility Fund	5,406	5,147	5,824	5,461	5,440
Graduate Expansion Grant	2,307	2,307	2,019	1,947	1,879
	7,713	7,454	7,843	7,408	7,319
Other general operating grants					
General Access and Quality Grant	3,769	3,769	3,719	3,770	3,766
Performance Fund	700	700	762	746	701
	4,469	4,469	4,481	4,516	4,467
Total general operating grants	84,866	84,607	83,889	86,219	87,513
Specific purpose grants	7,740	7,545	9,437	8,367	7,811
Total grant revenue	92,606	92,152	93,326	94,586	95,324

Our people

Our people are what make everything possible at our University. Figure 12 below illustrates the cost of personnel costs in aggregate by personnel group.

Figure 12: Personnel costs by group

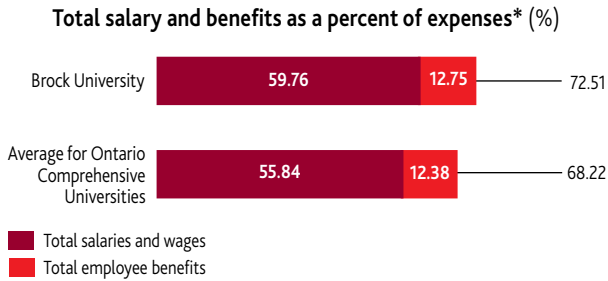
Personnel Group ⁽¹⁾	Salary/Wage (\$000s)	Benefits (\$000s)	2016-17 Forecast	2016-17 Budget	2015-16 Actual	2014-15 Actual
Faculty and Professional Librarians	86,127	16,709	102,836	102,767	99,742	96,884
Admin/Professional	36,796	8,862	45,658	48,249	45,478	44,629
CUPE 4207 – Unit 1	11,895	1,226	13,121	13,838	13,316	13,136
OSSTF	8,192	2,412	10,604	11,302	10,801	10,816
CUPE 1295 FT	6,609	2,131	8,740	8,841	8,494	8,310
SAC	4,773	800	5,573	5,074	4,636	4,718
Other	12,362	1,909	14,271	13,732	13,013	15,602
Total	166,754	34,049	200,803	203,803	195,480	194,095
Transfer to employee future benefits reserve (EFB)		(900)	(900)	(900)	(900)	(900)
Total personnel	166,754	33,149	199,903	202,903	194,580	193,195

(1) **Faculty and Professional Librarians** – BUFA members, Professional Librarians, Associate Deans, Associate Vice-Presidents of Research and Associate Librarian; **Admin/Professional** – administrative/professional and exempt staff; **CUPE 4207 – Unit 1** – instructors, teaching assistants, lab demonstrators, course co-ordinators and marker/graders; **OSSTF** – support and technical staff; **CUPE 1295 FT** – full-time maintenance, trades and custodial staff; **SAC** – Senior Administrative Council; **Other** – all other union groups, part-time teaching and non-teaching positions, stipend transfers and vacation reduction.

Our personnel cost per student continues to show very competitively to other Ontario Comprehensive Universities (see statement of operations metrics [page 30](#)); however, as shown in Figure 13, as a percentage of the total operating budget we continue to spend more on personnel costs as compared to other comprehensive universities.

Please note that Figure 13 is based on 2014-15 Council of Ontario Finance Officers (COFO) reporting of expenses. Although comparative information for 2015-16 is not yet available, Brock University’s salary and benefits as a percent of expenses for 2015-16 has not changed significantly. Also interesting to note, as detailed in Figure 14, the majority of personnel costs lie directly under the Provost (79 per cent) and the Vice-President, Administration (19 per cent).

Figure 13



*Based on 2014-15 COFO reporting of expenses.

Figure 14

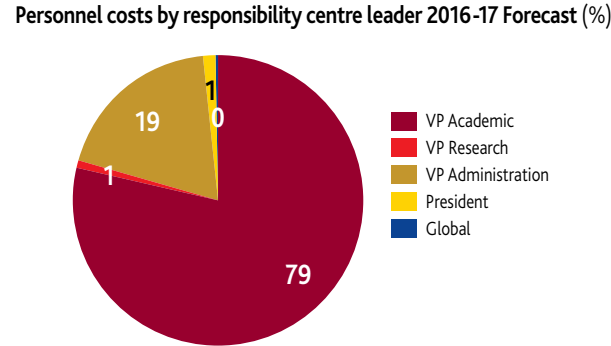


Figure 15 below brings teaching revenue and personnel costs by teaching faculty together. It illustrates on a cost basis some significant ratio differences. These ratio differences align with those seen on a student to faculty ratio as illustrated in the 2016-17 Fiscal Framework report on page 13.

Figure 15

Personnel costs (\$000s)	2016-17 Forecast		Global tuition revenue ⁽¹⁾ 2016-17 Budget	Ratio
	Faculty and Professional Librarians	CUPE 4207 – Unit 1 and non-union instructors ⁽²⁾		
Faculty of Applied Health Sciences	14,232	2,454	23,734	1.42
Goodman School of Business	20,906	1,208	33,375	1.51
Faculty of Education	9,596	3,570	7,722	0.59
Faculty of Humanities	14,725	2,752	11,410	0.65
Faculty of Mathematics and Science	13,933	2,464	15,104	0.92
Faculty of Social Sciences	26,998	4,876	43,305	1.36
Library and other units	2,446	184		
No Faculty			385	
Total	102,836	17,508	135,035	

(1) Tuition revenue is shown on a per teaching Faculty basis based on Faculty of major (teaching Faculty of enrolment).
(2) Non-union instructors personnel costs are included in "other" in Figure 12.





Unit budgets and forecasts

Funding budget by responsibility centre

Figure 16 details the funding budget and forecast by responsibility centre where all personnel costs, operating costs and revenue have been grouped by their responsibility centre, which in turn are grouped into one of the following categories: Teaching Faculties, Academic Support, Student Specific, Shared Services, Ancillary, Space and Global. (Note: Certain reclassifications were made to the 2016-17 budget as compared to the figures presented in the 2016-17 Budget Report as part of the conversion to the new finance system – Workday, as well as an allocation from University Global related to administrative rate increases. These reclassifications will be detailed in the 2017-18 Budget Report.)

Figure 16: Funding budget by responsibility centre

(\$000s)	2016-17 Forecast				2016-17 Budget				Change of "Net" amounts
	Revenue	Personnel costs	Non-personnel costs	Net	Revenue	Personnel costs	Non-personnel costs	Net	
Teaching Faculties									
Faculty of Applied Health Sciences	302	(18,876)	(734)	(19,308)	174	(19,186)	(750)	(19,762)	454
Faculty of Education	3,442	(16,648)	(1,562)	(14,768)	2,837	(16,293)	(1,869)	(15,325)	557
Faculty of Humanities	587	(19,819)	(1,022)	(20,254)	410	(20,346)	(1,301)	(21,237)	983
Faculty of Mathematics and Science	590	(20,563)	(759)	(20,732)	131	(20,441)	(786)	(21,096)	364
Faculty of Social Sciences	316	(34,372)	(1,337)	(35,393)	119	(34,922)	(1,304)	(36,107)	714
Goodman School of Business	10,711	(25,018)	(3,748)	(18,055)	9,667	(24,760)	(3,889)	(18,982)	927
Total Teaching Faculties	15,948	(135,296)	(9,162)	(128,510)	13,338	(135,948)	(9,899)	(132,509)	3,999
Academic Support									
Centre for Pedagogical Innovation	14	(723)	(175)	(884)	23	(792)	(180)	(949)	65
Graduate Studies	309	(1,221)	(354)	(1,266)	260	(1,354)	(188)	(1,282)	16
Library	84	(4,816)	(4,359)	(9,091)	85	(4,845)	(4,486)	(9,246)	155
Research services	2,241	(1,442)	(2,466)	(1,667)	2,256	(1,560)	(2,338)	(1,642)	(25)
Total Academic Support	2,648	(8,202)	(7,354)	(12,908)	2,624	(8,551)	(7,192)	(13,119)	211
Student Specific									
Athletics and Recreation	5,534	(4,156)	(2,317)	(939)	5,311	(3,856)	(2,343)	(888)	(51)
Co-op, Career Services and Experiential Learning	2,243	(2,578)	(451)	(786)	1,973	(2,830)	(374)	(1,231)	445
Student Services	10,737	(11,772)	(4,947)	(5,982)	11,203	(12,746)	(4,347)	(5,890)	(92)
Total Student Specific	18,514	(18,506)	(7,715)	(7,707)	18,487	(19,432)	(7,064)	(8,009)	302

Figure 16 continued

(\$000s)	2016-17 Forecast				2016-17 Budget				Change of "Net" amounts
	Revenue	Personnel costs	Non-personnel costs	Net	Revenue	Personnel costs	Non-personnel costs	Net	
Shared Services									
Development and Alumni Relations	721	(1,635)	(820)	(1,734)	726	(1,656)	(815)	(1,745)	11
Financial Services	228	(2,754)	(486)	(3,012)	130	(2,764)	(446)	(3,080)	68
Human Resources	211	(3,059)	(734)	(3,582)	220	(3,320)	(762)	(3,862)	280
Information Technology Services	525	(5,667)	(2,220)	(7,362)	581	(6,098)	(1,878)	(7,395)	33
Leadership		(2,611)	(575)	(3,186)		(2,659)	(500)	(3,159)	(27)
Marketing and Communications	300	(1,048)	(1,439)	(2,187)	315	(1,148)	(1,139)	(1,972)	(215)
Shared Services Support		(1,509)	(368)	(1,877)		(1,433)	(225)	(1,658)	(219)
University Services	3,053	(1,469)	(1,817)	(233)	3,068	(1,476)	(1,836)	(244)	11
Total Shared Services	5,038	(19,752)	(8,459)	(23,173)	5,040	(20,554)	(7,601)	(23,115)	(58)
Ancillary									
Ancillary Operations	16,430	(2,455)	(8,712)	5,263	17,189	(2,638)	(8,907)	5,644	(381)
Residence	16,408	(2,653)	(13,246)	509	17,005	(2,904)	(13,547)	554	(45)
Total Ancillary	32,838	(5,108)	(21,958)	5,772	34,194	(5,542)	(22,454)	6,198	(426)
Space									
Campus Security	63	(1,429)	(1,094)	(2,460)	70	(1,455)	(1,089)	(2,474)	14
Facilities Management	743	(12,179)	(3,731)	(15,167)	670	(12,579)	(3,495)	(15,404)	237
Financing	287		(6,217)	(5,930)	287		(6,217)	(5,930)	-
Hybrid Space and Performing Arts Centre	301		(944)	(643)	381		(989)	(608)	(35)
Utilities, Taxes and Insurances	2,792		(10,205)	(7,413)	2,721		(10,279)	(7,558)	145
Total Space	4,186	(13,608)	(22,191)	(31,613)	4,129	(14,034)	(22,069)	(31,974)	361
Global									
Capital	4,598		(12,271)	(7,673)	4,591		(12,264)	(7,673)	-
Scholarships, Bursaries and Student Awards	1,096		(16,738)	(15,642)	992		(17,422)	(16,430)	788
University global	224,961	569	(3,920)	221,610	224,016	1,158	(2,463)	222,711	(1,101)
Total Global	230,655	569	(32,929)	198,295	229,599	1,158	(32,149)	198,608	(313)
Total University	309,827	(199,903)	(109,768)	156	307,411	(202,903)	(108,428)	(3,920)	4,076





Figure 16 details the trimester two forecast of \$156 thousand surplus compared to the budget deficit of \$3.9 million by responsibility centre. The Teaching Faculties forecast the largest improvement over the originally established budget. Overall the Teaching Faculties are forecasting increased revenue of \$2.6 million, mainly as a result of increased ISP tuition revenue in Education of \$0.3 million and Goodman School of Business of \$0.8 million. In addition to the ISP revenue there was a change in accounting in certain transactions to gross up revenue and personnel costs. This has no impact on the surplus/deficit but it does increase revenue and personnel costs so they are no longer reflecting net. The Teaching Faculties are forecasting to be below budget in personnel costs by \$0.7 million, however including the reclassification noted above, this reduction in personnel costs is actually closer \$1.5 million. This decrease is mainly due to the mitigation measures in place, including hiring delays. Teaching Faculties are also forecasting to beat the operating costs budget by \$0.7 million.

Other areas to note within the University includes the Ancillary units, which are forecasting to miss their budgeted contribution by \$0.4 million, specifically the Campus Store and Conference services. Academic Support is forecasting to be better than budget by \$0.2 million, with the majority of the savings in the Library operating costs (non-acquisitions). Student Specific units are also forecasting better than budget by \$0.3 million. This is mainly due to higher than expected revenues in Co-op. Also Facilities Management is expecting savings over budget by \$0.2 million, mainly in personnel costs, and utilities are expected to be less than budget by \$0.1 million.

Treasury

Operating fund investment scorecard

Operating investments have achieved 93 per cent of budget as we reach 67 per cent of the way through the fiscal year, as shown in Figure 17. Average cash balances are down \$2.2 million or 2.5 per cent compared to the same time last year; however, operating investment income is ahead by \$95 thousand or 15 per cent compared to the same time last year. Figure 18 on the following page outlines monthly investment income performance compared to 2015-16. Figure 19 outlines monthly cash balances where we see a continued trend of students deferring payment for the winter term in accordance with recent Provincial regulations. Brock's highest cash balance is always in September; however, we notice the month end balance in September continues to decline year over year as student payment deferrals grow. Despite a lower average balance year over year,

the investment income favourable variance is attributed to improved yield driven from the guaranteed investment certificate (GIC) ladder investment strategy taking shape⁽¹⁾. A summary of investment holdings as of Dec. 31, 2016 is shown in Figure 20. Operating investment income is on track to meet budget with a positive variance expected.

The sinking fund performed exceptionally well during the first eight months of fiscal 2016-17, generating a 5.9 per cent return or 8.8 per cent annualized. Despite this strong performance, short-term volatility is common and expected with this fund. Management continues to recommend this fund as a long-term investment strategy to fund the 2045 payout of the University's \$93 million debenture and the employee future benefits reserve. The fund requires a 5 per cent annual rate of return to achieve its goal and this rate of return is aligned with the asset mix and skill of the fund manager.

(1) An investment strategy in which GICs that have different maturities are assembled into a portfolio.

Figure 17: Summary investment income – Operating Funds

(\$000s) Unless otherwise stated	2016-17 Actuals to Dec. 31, 2016	2016-17 Budget	% of budget achieved	2015-16 Actual
Operating investment income	745	800	93%	971
Sinking fund	331	287	116%	186
Employee future benefits reserve	109		NA	38
Investment income	1,185	1,087	109%	1,195



Figure 18

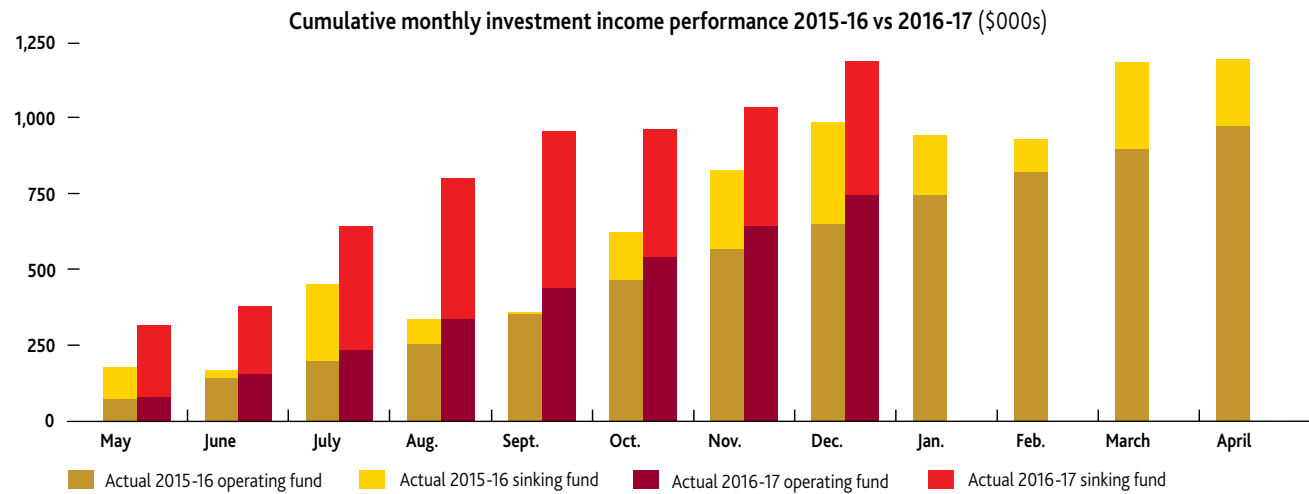


Figure 19

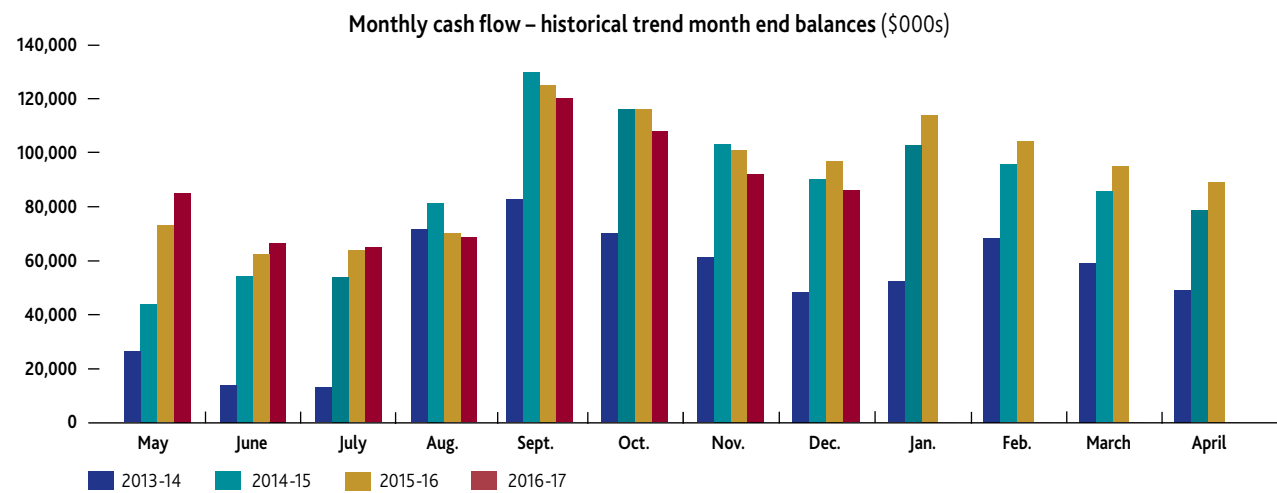


Figure 20: Summary of investment holdings

(\$000s) Unless otherwise stated	Market value as at Dec. 31, 2016	Annualized rate of return	Fees	Net annualized rate of return
Scotia asset management				
Bonds		NA	0.20%	NA
Money market		NA	0.15%	NA
Total for account	-			
Scotiabank				
General account (\$20 million average minimum balance)	26,690	1.05%	0.00%	1.05%
30 Day GIC	15,000	1.20%	0.00%	1.20%
7 Month GIC	2,500	1.30%	0.00%	1.30%
8 Month GIC	2,500	1.33%	0.00%	1.33%
9 Month GIC	2,500	1.37%	0.00%	1.37%
10 Month GIC	2,500	1.46%	0.00%	1.46%
1 Year GIC	2,500	1.66%	0.00%	1.66%
2 Year GIC	2,500	2.10%	0.00%	2.10%
2 Year GIC	5,000	2.00%	0.00%	2.00%
2 Year GIC	5,000	1.71%	0.00%	1.71%
Total for account	66,690	1.31%	0.00%	1.31%
BMO Nesbitt Burns				
Savings Account	9	1.10%	0.05%	1.05%
HISA		NA	0.05%	NA
1 Year GIC	5,000	1.65%	0.05%	1.60%
2 Year GIC	5,150	1.75%	0.05%	1.70%
90 Day GIC		NA	0.05%	NA
Total for account	10,159	1.70%	0.05%	1.65%
TD Waterhouse				
No holdings		0.00%	0.00%	0.00%
Total for account	-	0.00%	0.00%	0.00%
Mawer – balanced fund				
Sinking fund	5,978			
Employee future benefits reserve	2,835			
Total for account	8,813	8.84%	0.25%	8.59%
Portfolio consolidated total	85,662	2.13%	0.03%	2.10%

Our debt

Figure 21 details the current and projected external debt of the University. It does not reflect any new external debt going forward. At the time of writing this report, there are no approved projects that would require additional debt financing and as such no new debt has been reflected.

Figure 21: Outstanding debt

(\$000s) (unless otherwise noted)	Actual			Budget April 30, 2017	Forecast				
	April 30, 2014	April 30, 2015	April 30, 2016		April 30, 2018	April 30, 2019	April 30, 2020	April 30, 2021	April 30, 2022
Bond	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000
CFHBRC building	26,925	26,269	25,583	24,863	24,109	23,319	22,491	21,623	20,714
Residence	17,513	16,801	16,037	15,215	14,333	13,385	12,366	11,271	10,095
Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA)		17,400	16,680	15,960	15,240	14,520			
Total debt	137,438	153,470	151,300	149,038	146,682	144,224	127,857	125,894	123,809
Debt reduction strategy									
Sinking fund	4,770	5,462	5,647	6,021	6,322	6,639	6,970	7,319	7,685
Debt repayment reserve		475	950	1,695	2,717	4,020		2,937	6,159
M. Walker donation – MIWSFPA		5,045	5,181	5,321	5,465	5,612			
Other donations – MIWSFPA		250	324	399	473	548			
Total assets for debt reduction	4,770	11,232	12,102	13,436	14,977	16,819	6,970	10,256	13,844
Net debt	132,668	142,238	139,198	135,602	131,705	127,405	120,887	115,638	109,965

(1) Fiscal full-time enrolment (FFTE) – used for tuition and grant forecasting. For a definition refer to page 88 of the 2016-17 Budget Report.

As set out in the Fiscal Framework document, any new debt capital financing is highly dependent on donations and/or other incremental sources of funding. The fiscal framework does identify that if any debt is recommended that debt only be issued where: 1. The debt is for capital purposes; 2. A strong financial case can be made with significant visibility to a reasonable rate of return that considers capital, maintenance and operating costs; and 3. The capital project is forecasted to be net cash flow positive within two to three years.

In March 2015, the Board of Trustees approved a debt reduction strategy that would see \$0.475 million set aside each year starting in 2014-15. As presented in the 2016-17 Fiscal Framework document, a revised debt reduction strategy was established to repay the loan on the Marilyn I. Walker School of Fine and Performing Arts (MIWSFPA) by it’s renewal date in 2019-20; the loan on the CFHBRC building by 2024-25 and the debt (other than the bond) on

residence loans by 2029-30. When the debt is paid off, the Fiscal Framework identifies the funding being repurposed to support deferred maintenance infrastructure initiatives and the sinking fund to repay the 40-year bullet taken out in 2005 for \$93 million in 2045.

The next maturity of external debt is June 3, 2019 related to the new debt of \$18 million financed in fiscal 2014-15. The amount due at maturity will be \$14.46 million. Other future debt maturities can be found in the audited financial statements of the University.

The requirement for the debt reduction strategy is supported by Brock’s key debt metrics found on **Page 30**, Figure 36, which also compares these metrics to that of the median and average of other universities in our comprehensive category.

Figure 22: Long-term debt

	Interest rate	Payment terms	Date to be paid in full	Annual payment (\$000s)
Earp/Lowenberger – Residence	7.200%	Monthly blended payments of principal and interest of \$162,443.70.	October 2028	1,949
CFHBRC Building	4.690%	Monthly blended payments of principal and interest of \$158,668.10. Interest rate swap on \$28 million. Payment based on 25 year amortization.	July 2037	1,904
MIWSFPA Building	2.450%	Loan is setup as a serial debenture with declining interest payments as the principal is paid off. Monthly fixed payments of principal \$60,000 plus interest. Interest rate swap on \$18 million. Payment based on 25 year amortization.	June 2019	Approx 1,150
Debenture payable (bullet)	4.967%	Interest payable semi-annually \$2,309,655.	December 2045	4,619

Debt retirement assets

	Required rate of return	Payment terms	Date to be paid in full	Annual payment (\$000s)
Sinking fund investment	5.000%	Policy requires Brock to annually review sinking fund investment performance and required contributions. Interest rate reduced to 5% through Fiscal Framework.	December 2045	Determined annually
MIWSFPA investment	2.700%	\$5 million endowment being repurposed to pay down debt at the request of the Donor. Cash invested in a BNS GIC earning an arbitrage spread of 25bps until loan renews in 2019.	June 2019	NA
Debt reduction reserve	N/A	\$475,000 annual contribution to an internally restricted reserve for debt repayment approved by the Board of Trustees on March 12, 2015.	NA	475

Figure 23: Debt metrics

	DBRS published range current credit rating	2015-16 Fiscal year	2014-15 Fiscal year
Fiscal full-time equivalent (FFTE)		19,885	20,052
Total long-term debt/FFTE (\$)	10.000 – 15.000	7,609	7,654
Interest coverage ratio	1.3 times to 2.5 times	3.35 times	4.55 times
Surplus-to-revenue	0% to 1% (5 year average)	2.0%	5.4%



Pension

The pension plan continues to be a topic of interest at our University and for many Universities across the Province. Our plan has continued to experience positive returns over the past couple of years as illustrated in Figure 24. As previously communicated the plan was 99.1 per cent funded on a going concern basis and 105 per cent on a solvency basis at July 1, 2014. Every three years the financial health of the plan is recalculated and is currently planned for July 1, 2017. In preparation we performed a valuation estimate at Jan. 1, 2017 on the pension plan, testing various assumptions on discount rates and salary growth. These estimates returned going concern deficits ranging from \$12.0 million to \$19.0 million which compares to a going concern deficit of \$3.6 million at July 1, 2014. The funding shortfall has increased due to the reduction in the discount rate assumption from 6.0% to 5.5%; however, somewhat mitigated due to pension fund asset performance being greater than expected (ie. 16.2% for the period from July 1, 2014 to January 1, 2017 compared with the assumed 15.7%). These estimates suggest Brock will require approximately \$2.0 million in additional annual contributions into the pension plan to amortize the going concern deficit once the new valuation is filed July 1, 2017. This additional \$2.0 million is being factored into the 2017-18 budget. The valuation estimates also considered funding from a solvency basis. Pension plans with a solvency ratio of 0.85 or less are required to file annual valuations instead of triennial valuations. The pension plan has an estimated solvency ratio of 1.06, as such, the next valuation after July 1, 2017 would be required by July 1, 2020.

Figure 25 details the initiatives which have been undertaken to mitigate risk and maintain the health of the plan for all stakeholders.

Figure 25: Mitigation options

Risk type	Mitigation strategy
Pension deficit, funding level and volatility	Planning is ongoing to make additional payments into the pension plan to fund the deficit. The 2017-18 budget plans for additional payments of \$2 million. The Province supports 50/50 funding. Other risk management strategies are also supportive of reducing this risk type.
Currency risk	While currently the pension plan has no currency hedges, a US dollar hedging strategy is in place.
Asset mismatch risk	An asset liability study has been performed to inform the investment strategy.
Equity return risk	Investment managers are monitored utilizing subject matter experts. Investment managers are selected to help project on the downside. A recent change to global managers was enacted (moved from Aberdeen to Mawer and Carnegie). Diversification into alternative asset classes is ongoing. Recommendations to diversify into real estate investments are being considered. Ultimately lower returns and lower interest rates would mean higher payments into the plan.

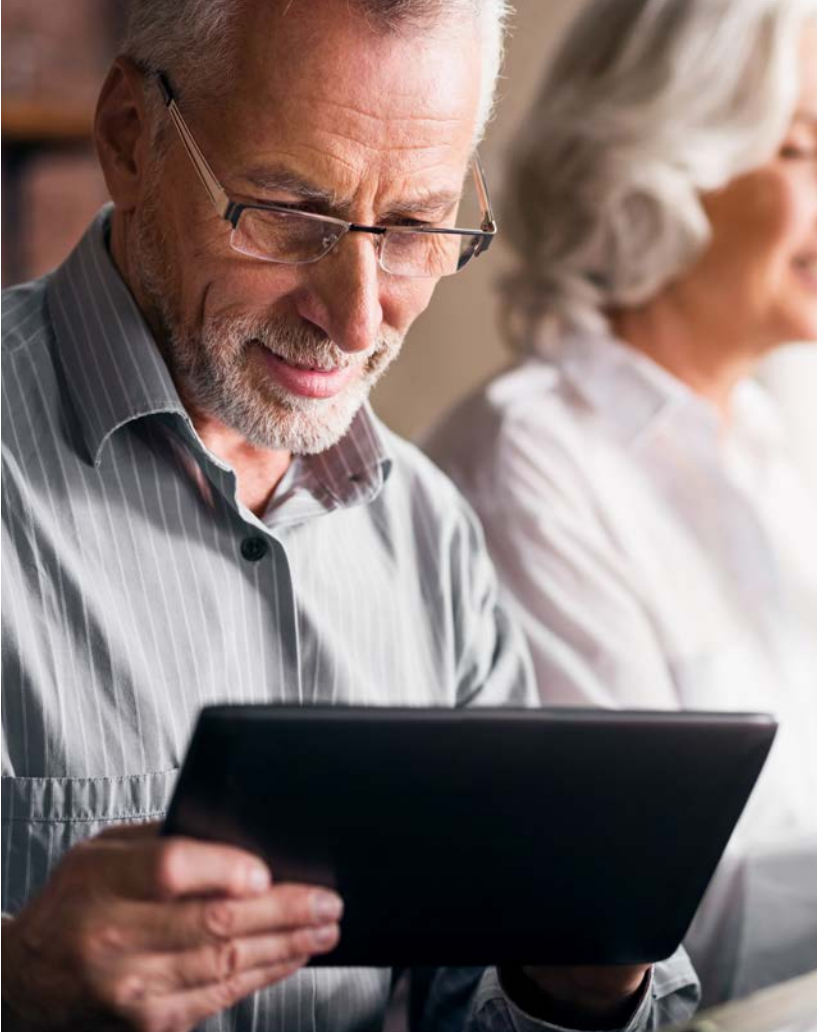
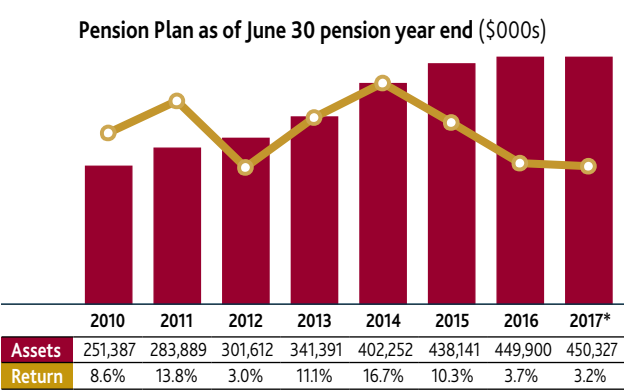


Figure 24



*Forecast based on Actuals as of Dec. 31, 2016.

Capital

University infrastructure investment is ongoing as we invest in new and current space and technology to support and improve the teaching and learning experience. Figure 26 illustrates the number of open capital and related projects. These projects include all 2016-17 and prior projects as well as 24 Facilities Management and 20 Information Technology Services 2017-18 projects which have already been opened. Figure 27 illustrates the activity with respect to the type and dollar amount of projects by Facilities Management (FM) and Information Technology Service (ITS).

Figure 26: Status of capital projects as of Dec. 31, 2016

(\$000s)	Facilities Management	Information Technology Services
Open projects as of April 30, 2016	105	40
Projects opened to Dec. 31, 2016	37	21
Projects closed/completed to Dec. 31, 2016	(45)	(11)
Remaining projects open Dec. 31, 2016	97	50

Figure 27: Capital and related project summary

Project type (\$000s)	Revenue/funding	Spending to Dec. 31, 2016	Remaining to spend
Facilities Management			
Above surface/sub surface utilities and distribution	717	(239)	478
Adaptations/renovations and major renewal projects	6,758	(5,624)	1,134
AODA* projects	536	(170)	366
Audits and studies	1,043	(572)	471
Buildings	4,708	(4,360)	348
Energy conservation and demand management	227	(118)	109
FM – surplus/(deficit)	407		407
Major capital projects	56,051	(3,228)	52,823
New construction and replacement (under \$1M)	77	(64)	13
Other facilities management projects	30	(16)	14
Residence projects	2,326	(1,326)	1,000
Roads, parking lots, walkways, structures, surface drainage	328	(163)	165
Vehicles and wheeled equipment	351	(114)	237
Total Facilities Management projects	73,559	(15,994)	57,565
Information Technology Services			
Enterprise software projects	5,580	(3,983)	1,597
Hardware ever-greening and growth projects	3,711	(2,118)	1,593
IT infrastructure projects	324	(237)	87
ITS – surplus/(deficit)	73		73
Total Information Technology Services projects	9,688	(6,338)	3,350
Total capital and related projects	83,247	(22,332)	60,915

* AODA – Accessibility for Ontarians with Disabilities.

Paramount to the Facilities Management project selection is the ongoing emphasis to reduce the outstanding deferred maintenance backlog as reported in the condition assessments performed by VFA Inc. The outstanding deferred maintenance balance based on the VFA Asset List Report 2010-2015 was \$141 million which

translates into a facilities condition index (FCI) rating of 0.18 which is considered poor compared to other Ontario Universities with an FCI index of 0.10. As a reminder the higher the FCI index the poorer the infrastructure condition. Figure 28 highlights the major projects which were ongoing as of Dec. 31, 2016.

Figure 28: Major capital projects by total spend

Project (\$000s)	Revenue/funding	Spending to Dec. 31, 2016	Remaining to spend
Facilities Management major capital projects			
Goodman school expansion project	24,131	(2,242)	21,889
Goodman facilities	2,000		2,000
Strategic Investment Fund Grant – Schmon tower student services centre atrium (The Brock Linc)	19,274	(865)	18,409
Strategic Investment Fund Grant – Direct Energy Efficiency Project (DEEP)	10,378	(121)	10,257
Planning for future major capital projects	268		268
Facilities Management major capital projects	56,051	(3,228)	52,823
Information Technology Services major capital projects			
Workday Finance System	4,800	(3,744)	1,056
Total major capital projects	60,851	(6,972)	53,879

Capital fund balance activity

Figure 29 highlights the forecasted activity and ending balance of internally restricted capital and infrastructure projects and reserves (the capital fund).

Figure 29: Capital fund activity

(\$000s)	FM	ITS	Total capital fund	Source
Opening balance (April 30, 2016)	6,927	2,335	9,262	Audited Financial Statements
2016-17 approved capital and related project budget (recorded as an expense in operating costs)	8,087	4,177	12,264	2016-17 Budget
Horizon rebate revenue (transfer from operating)	7		7	Equipment replacement incentive and building recommissioning incentive
Other transfers from operating (various units)	182		182	Unit forecasts
Funding from encumbrance reserve	260		260	
Goodman School of Business funding	24,000		24,000	Board of Trustees Approval
Strategic Investment Fund Grant funding	4,065		4,065	Ministry of Advanced Education and Skills Development
Additional one-time Facilities Renewal Program Funds	956		956	Ministry of Advanced Education and Skills Development
Less: forecasted spending	(9,870)	(4,627)	(14,497)	Capital plan
Less: funding projected to be recorded as deferred revenue or pledges outstanding	(29,021)		(29,021)	
Forecasted ending balance (April 30, 2017)	5,593	1,885	7,478	
Components				
Work-in-progress	5,593	835	6,428	
Reserve		1,050	1,050	
Total	5,593	1,885	7,478	

Trimester two and remaining year activity

This year we moved to trimester reporting which resulted in units preparing forecasts earlier then in prior years. This change was done in an attempt to better match financial reporting with the inherent timing of operations of Brock. We appreciate everyone who contributed to make this report and forecast possible.

Figure 30 below details the in-year activity and forecast on a funding basis for trimester two. Personnel costs as of Dec. 31 are only 64 per cent spent and other operating costs (excluding inter-funding expenses) are only 64 per cent spent to Dec. 31, which suggests that the trimester two forecast may still be slightly aggressive. (Note: since this is the first time reporting by trimester, a comparative to last year is unavailable).

Figure 30: Funding in-year activity and forecast

(\$000s)	2015-16 Funding actual	2016-17 Funding budget	Activity from May 1 to Dec. 31	Forecast for Jan. 1 to April 30	2016-17 Funding Forecast @ Dec. 31
Revenue					
Student fees	151,471	157,635	158,327	(503)	157,824
Grant revenue	93,326	92,152	59,029	33,577	92,606
Internal chargebacks	7,522	8,073	6,054	2,822	8,876
Inter-fund revenue	683	3,658	3,182	1,256	4,438
Other revenue	48,705	45,893	36,813	9,270	46,083
Total revenues	301,707	307,411	263,405	46,422	309,827
Operating costs					
Personnel costs	(194,580)	(202,903)	(128,226)	(71,677)	(199,903)
Inter-fund expenses	(11,314)	(18,654)	(16,871)	(2,669)	(19,540)
Other operating costs	(91,303)	(89,774)	(57,581)	(32,647)	(90,228)
Total operating costs	(297,197)	(311,331)	(202,678)	(106,993)	(309,671)
Mitigation target		3,920			
Funding surplus/(deficit)	4,510	-	60,727	(60,571)	156



Funding forecast presented in accordance with NFPS

Throughout this report financial information has been reported on a funding basis (sometimes referred to as committed cash basis). Figure 31 details the entries and reclassifications required to convert the funding budget to be in accordance with the Canadian accounting standards for not-for-profit organizations (NFPS). Please refer

to page 91 of the 2016-17 Budget Report for detailed explanations of these adjustments and reclassifications.

Starting in the Trimester 1 Report, inter-fund revenue and expenses are being reported separately. Since transfers between funds are not reported in the NFPS they have been eliminated. Those eliminations either represent NFPS adjustments or are reclassifications as detailed in the additional column reported in Figure 31.

Figure 31

(\$000s)	2016-17 NFPS budget	2016-17 Funding forecast	NFPS adjustments	Note	Reclass of inter-funding	Eliminate Internal chargebacks	2016-17 NFPS forecast
Revenue							
Student fees	157,635	157,824					157,824
Grant revenue	91,288	92,606	(864)	1			91,742
Internal Chargebacks		8,876				(8,876)	
Inter-fund revenue		4,438	(2,131)	2	(2,307)		
Other revenue	69,987	46,083	22,555	3-5	2,307		70,945
Total revenue	318,910	309,827	19,560		-	(8,876)	320,511
Personnel costs	(203,690)	(199,903)	(887)	10-11			(200,790)
Inter-fund expenses	-	(19,540)	15,001	8-9	4,539		
Operating costs	(118,842)	(90,228)	(31,757)	3-7	(4,539)	8,876	(117,648)
Total costs	(322,532)	(309,671)	(17,643)		-	8,876	(318,438)
Mitigation target	3,920						
Funding surplus	298	156	1,917		-	-	2,073

Figure 32

Note	Reconciliation of NFPS adjustments (\$000s)
1 Capital grants	(864)
2 Funding from reserves	(2,131)
3 Amortization of deferred capital contributions	7,560
4 Research, including fellowships	12,459
5 Endowment & Trust Spending	2,536
Total revenue adjustments	19,560
3 Amortization of capital assets	(19,400)
4 Research, including fellowships	(12,459)
5 Endowment & Trust Spending	(2,536)
6 Principal payments	2,261
7 Non-capital purchases in the capital fund net of capital purchases from operating	377
8 Funding of reserves – personnel	900
8 Funding of reserves – operating	13,814
9 Sinking fund	287
10 Post-retirement benefits	(1,300)
11 Pension	413
Total costs adjustments	(17,643)

In addition, the “capital purchases” adjustment as reported in the 2016-17 Budget Report has been separated. Funding of the capital and infrastructure projects and reserves (the capital fund) have been isolated and eliminated as part of adjustment #8 in Figure 32. The non-capital portion of purchases in the capital fund, net of the purchase of capital assets made in the operating fund represent adjustment #7 in Figure 32. Further details of these eliminations will be provided in the 2017-18 Budget Report and 2016-17 Annual Report yet to be published.



Internally restricted reserves

The funding basis is prepared on a committed cash receipts/disbursements accounting basis and recognizes transfers to/from reserves and other funds as revenue/expenses. An example of this is the \$12 million budgeted for the capital and related project program recorded in the funding budget as an operating expense. As a general rule, by budgeting these transfers we can ensure we have not overextended and have the actual cash to pay for planned initiatives. In this respect, we maintain a number of internally restricted

reserves. Figure 33 details these reserves as well as their forecasted activity to the end of the year.

The forecast for the operating project accounts, research funds with no external obligations, start-up funds, and professional expense reimbursement accounts are forecasted to have no change. While funding from the funding budget does exist for these reserves, the expectation is an equal amount of spending will occur. The change in each of the remaining funds is based on the expected funding/spending in each reserve during the year.

Figure 33: Internally restricted reserve balances

(\$000s)	Opening balance (May 1, 2016)	Forecast increase/(decrease)	Forecasted closing balance (April 30, 2017)
Capital and infrastructure projects and reserves	9,262	(1,784)	7,478
Operating project accounts	1,077		1,077
Research funds with no external obligations	2,089		2,089
Start-up funds	910		910
Professional expense reimbursement (PER) accounts	2,546		2,546
Sinking fund	5,647	287	5,934
Employee future benefits reserve	1,826	900	2,726
Debt repayment reserve	950	475	1,425
Contingency reserve	2,001	616	2,617
Strategic initiative fund	2,200	(738)	1,462
Encumbrance reserve	1,025	(790)	235
Total	29,533	(1,034)	28,499

A number of these reserves can be allocated to the Teaching Faculties. Figure 34 below, details the balances of three of these reserves along with the balance of external research grants as of the end of the second trimester – Dec. 31, 2016.

Figure 34: Balances by Faculty as of Dec. 31, 2016

(\$000s)	Research funds with no external obligations	Start-up funds	PER and accountable allowance accounts	External Research Grants	Total
Faculty of Applied Health Sciences	154	314	133	555	1,156
Faculty of Education	(29)	(1)	64	195	229
Faculty of Humanities	2		109	216	327
Faculty of Mathematics and Science	(244)	(62)	80	1,819	1,593
Faculty of Social Sciences	256	64	174	2,088	2,582
Goodman School of Business	(489)	(29)	60	489	31
Library	4		18		22
Other units	(1)		25	2,272	2,296
Total	(347)	286	663	7,634	8,236

Statement of operations metrics

The following metrics were developed to identify areas of strength as well as improvement. They detail key operating metrics on a per-student headcount basis of Brock versus the median and weighted-average of the 14 other Canadian comprehensive universities.

Figure 35

By student headcount	Brock			Median ⁽¹⁾		Average ⁽¹⁾	
	April 2017 Forecast	April 2016	April 2015	April 2016	April 2015	April 2016	April 2015
Student fees (primarily tuition) ⁽²⁾	8.44	8.20	7.75	8.36	8.20	8.26	7.79
Grant	5.94	5.87	5.91	9.69	10.52	10.74	11.09
Personnel costs	10.74	10.60	10.26	13.47	12.89	13.65	13.48
Scholarships	0.94	0.99	0.94	1.26	1.14	1.36	1.38
Interest on long-term debt	0.39	0.40	0.40	0.27	0.31	0.27	0.28
Investment income	0.06	0.06	0.09	0.42	0.67	0.49	0.67

(1) Calculated using financial information from 14 other comprehensive universities.
(2) Brock 2015 and 2016 metrics have been adjusted to account for reclassifications.

A few observations: Brock is fairly in line with the comparative universities on student fees; the grant revenue per-student metric dispels the commonly held assumption that all students are funded on an equal basis; although Brock has the lowest personnel costs per-student, it does not specifically speak to any one reason (i.e. productivity, employee levels, etc.); and the interest and investment income metrics are in line with the financial health metrics, shown in Figure 36.

Financial health metrics

Figure 36

	Brock ⁽¹⁾			Median ⁽²⁾		Weighted average ⁽²⁾	
	April 2017 Forecast	April 2016	April 2015	April 2016	April 2015	April 2016	April 2015
Primary reserve ratio	10.0%	11.7%	11.9%	24.9%	28.3%	37.6%	38.2%
Debt burden ratio	3.0%	3.1%	3.2%	2.5%	2.6%	3.1%	3.0%
Interest burden %	2.5%	2.6%	2.7%	1.8%	1.8%	1.6%	1.6%
Interest coverage	2.90	3.35	4.55	3.49	6.76	5.81	5.98
Viability ratio	22.2%	24.5%	23.8%	133.9%	185.0%	101.8%	122.4%
Net operating revenues ratio	4.3%	7.5%	9.2%	10.1%	7.6%	15.7%	9.7%
Employee future benefits per student ⁽³⁾	N/A	\$(1.12)	\$(0.56)	\$(3.46)	\$(3.40)	\$(3.26)	\$(2.71)
Endowment per student headcount	\$4.54	\$4.50	\$4.34	\$6.96	\$7.12	\$6.89	\$7.03

(1) Certain ratios have been restated to align with the Council of Ontario Universities (COU) metrics to improve comparability across various reporting agencies.
(2) Calculated using financial information from 14 other comprehensive universities.
(3) The employee future benefit reserve per student of \$0.05 has been excluded from Brock's April 2015 figure of comparative purposes.

Refer to Appendix 2 for calculation definitions of the metrics and to page 47 of the 2015-16 Annual Report for further explanations.

Appendix 1

Multi-year financial results on a funding basis

Figure 37

(\$000s)	2016-17 Forecast	2016-17 Budget	2015-16 Actual	2014-15 Actual
Revenue				
Student fees	157,824	157,635	151,471	145,167
Grant revenue	92,606	92,152	93,326	97,324
Internal chargebacks	8,876	8,073	7,522	7,111
Inter-fund revenue	4,438	3,658	683	180
Other revenue	46,083	45,893	48,705	49,003
Total revenue	309,827	307,411	301,707	298,785
Operating costs				
Personnel costs	(199,903)	(202,903)	(194,580)	(192,894)
Inter-fund expenses	(19,540)	(18,654)	(11,314)	(15,364)
Other operating costs	(90,228)	(89,774)	(91,303)	(83,013)
Total operating costs	(309,671)	(311,331)	(297,197)	(291,271)
Mitigation target		3,920		
Funding surplus (deficit)	156	-	4,510	7,514



Financial health metrics definitions

Metric	Definition	Formula
Primary reserve ratio (%)	<p>The primary reserve ratio compares expendable net assets to total expenses and provides an indication of an institution's financial strength and flexibility by determining how long the institution could function using its expendable reserves without relying on additional net assets generated by operations.</p> <p>Expendable Net Assets include: unrestricted surplus (deficit), internally restricted net assets and internally restricted endowments, adjusted for the non-cash component of employee future benefits.</p>	$\text{Primary reserve ratio} = \frac{\text{expendable net assets}}{\text{total expenses}}$
Debt burden ratio (Non-cash basis)	<p>The debt burden ratio measures how an institution utilizes a greater portion of its annual expenditures to fund debt obligations. The ratio is calculated by dividing total current debt obligations, which include interest expenses and principal payments, by operating expenses.</p>	$\text{Debt burden ratio} = \frac{(\text{interest expense} + \text{principal payments})}{\text{total expenses}}$
Interest burden %	<p>The Interest burden ratio compares the level of current debt service with the institution's total expenses. It is an indicator of debt affordability, as it examines the percentage of total expenses used to cover an institution's cost of servicing its debt. The ratio is calculated as interest expense over total expenses (adjusted for amortization of capital assets).</p>	$\text{Interest burden ratio} = \frac{\text{interest expense}}{(\text{total expenses} - \text{amortization})}$
Interest coverage ratio	<p>Interest coverage ratio measures how many times an institution could pay its current interest payment with its available earnings. The ratio is calculated by dividing earnings before interest, depreciation and amortization (EBIDA) during a given period by the amount an institution must pay in interest on its debts during the same period.</p>	$\text{Interest coverage ratio} = \frac{\text{EBIDA}}{\text{interest expense}}$
Viability ratio	<p>The viability ratio is a basic determinant of an institution's financial health, as it provides an indication of the funds on hand to settle its long-term obligations. It is calculated as expendable net assets over long-term debt.</p> <p>Expendable net assets include: unrestricted surplus (deficit), internally restricted net assets and internally restricted endowments, adjusted for the non-cash component of employee future benefits.</p> <p>Long-Term Debt is total external long-term debt as disclosed in the institution's financial statements without adding the current portion that may be included in accounts payable.</p>	$\text{Viability ratio} = \frac{\text{expendable net assets}}{\text{long-term debt}}$
Net operating revenues ratio	<p>The net operating revenues ratio provides an indication of the extent to which institutions are generating positive cash flows in the long run to be financially sustainable. The ratio is calculated as cash flow from operating activities over total revenues.</p>	$\text{Net operating revenues ratio} = \frac{\text{cash flow from operating activities}}{\text{total revenues}}$



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