

S.85-34

FOR INFORMATION

SIMON FRASER UNIVERSITY

MEMORANDUM

TO: Senate

FROM: W.R. Heath
Registrar

SUBJECT: Annual Report - For Information

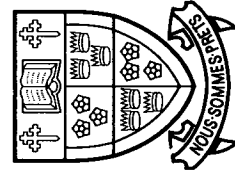
DATE: Aug 22/85

Section 31 of the University Act states: "The board shall make an annual report of its transactions to the universities council, in which shall be set out a balance sheet and a statement of revenue and expenditure for the year ending on the preceding March 31, and other particulars the universities council may require. A copy of the annual report shall be transmitted promptly to the senate."

A copy of the report is attached.

NOTE: AS COPIES OF THE 1984 FINANCIAL REPORT ARE IN SHORT SUPPLY, FOLLOWING PERUSAL, SENATORS ARE ASKED TO RETURN THE STATEMENTS TO THE OFFICE OF THE REGISTRAR (BOBBIE GRANT).

SIMON FRASER UNIVERSITY



FINANCIAL STATEMENT
FOR THE YEAR ENDING MARCH 31 1985

S I M O N F R A S E R U N I V E R S I T Y

Financial Statements
For the Year Ended March 31, 1985

I N D E X

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S I M O N F R A S E R U N I V E R S I T Y
General Operating Fund - Non-Academic Expenditures
For the Year Ended March 31, 1985

Schedule 6

(thousands of dollars)

	Salaries	Benefits	Operational Supplies & Expenses	Books and Student Periodicals Awards	Utilities	Contract Services	Professional Fees	Internal Cost Allocations	External Cost Recoveries	Total
Library	\$ 3,042	\$ 403	\$ 355	\$1,672		\$ 102		\$ 296	\$ (162)	\$ 5,708
Computing Centre	2,456	330	2,348				\$ 1	(4,621)	(682)	(168)
Plant Maintenance	2,279	324	1,203		\$1,906	1,496	70	77	(477)	6,878
Student Services										
Director's Office	119	16	35							170
Academic Advice Centre	147	17	17					4		185
Athletics and Recreation	989	113	542			18		8	(6)	1,664
Counselling Services	219	30	15							264
Financial Aid Office	549	42	34	\$2,200			4	67	(553)	2,892
Health Services	591	77	33							152
Other Services	26	2	35							63
	2,640	297	711	2,200		22	79	(559)		5,390
Administration and General										
Analytical Studies	136	18	17					44		215
Ancillary Services	348	51	(397)					11		13
Development Office	139	22	41			4		11		217
Finance	1,390	190	136			25		510		2,251
General University Requirements	7	61	553			268		28	(311)	578
Personnel/Employee Relations	437	61	61			2				589
President's Office	234	30	139			109		988		403
Registrar's Office	1,273	170	444			4		4		2,984
University Archives	84	10	14							112
University News Service	154	21	116					2		295
Vice President Academic Office	332	43	49							426
Vice President										
Administration Office	124	16	32			2				174
Vice President University										
Development Office	98	11	94			13		9		225
	4,756	704	1,299			427	1,607	(311)		8,482
	\$15,173	\$2,058	\$5,916	\$1,672	\$2,200	\$1,906	\$520	\$(2,562)	\$(2,191)	\$26,290

Prepared without audit



Province of
British Columbia

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

AUDITOR'S REPORT

To the Chairman and Members of the Board of Governors of
Simon Fraser University, and

To the Minister of Universities, Science and Communications
Province of British Columbia:

I have examined the balance sheet of Simon Fraser University as
at 31 March 1985 and the following statements for the year then
ended:

Statement 2 - Statement of revenue and expenditures and
changes in expendable fund balances

Statement 3 - Statement of changes in appropriated
expendable funds

Statement 4 - Statement of changes in non-expendable
funds

Statement 5 - Statement of changes in equity in plant
assets

My examination was made in accordance with generally accepted
auditing standards, and accordingly included such tests and other
procedures as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the
financial position of the University as at 31 March 1985 and the
results of its operations and changes in fund balances for the
year then ended in accordance with accounting principles
described in note 1 to the financial statements, applied, after
giving retroactive effect to the change in the method of
accounting for equipment and library acquisitions described in
note 1h) to the financial statements, on a basis consistent with
that of the preceding year.

Erma Morrison

Erma Morrison, F.C.A.
Auditor General

Victoria, British Columbia
13 June 1985

S I M O N F R A S E R U N I V E R S I T Y

Schedule 5

Schedule of General Operating Fund - Academic Expenditures
For the Year Ended March 31, 1985

(thousands of dollars)

	Salaries			Total	Benefits	Operational Supplies and Expenses	Equipment, Rentals and Alterations	Internal Cost Allocations	Total
	Academic	Instructional & Research	Other						
<u>Faculty of Arts</u>									
Dean's Office	\$ 130	\$ 15	\$ 239	\$ 384	\$ 45	\$ 54	\$ 17	\$ 15	\$ 515
Archaeology	431	69	134	634	76	83	34	11	838
Economics	1,224	386	118	1,728	192	62	20	148	2,150
English	1,757	191	109	2,057	260	51	16	17	2,401
Geography	944	142	157	1,243	150	55	17	61	1,526
History	1,123	79	54	1,256	160	46	16	7	1,485
Languages, Literature & Linguistics	1,383	145	164	1,692	214	36	17	22	1,981
Philosophy	497	66	50	613	81	24	5		723
Political Science	610	79	56	745	91	24	6	5	871
Psychology	1,362	297	258	1,917	237	108	33	126	2,421
Sociology and Anthropology	889	58	63	1,010	113	20	11	7	1,161
	10,350	1,527	1,402	13,279	1,619	563	192	419	16,072
	1,779	316	257	2,352	283	187	39	306	3,167
	3,040	189	614	3,843	400	478	114	43	4,878
<u>Faculty of Business Administration</u>									
Dean's Office	209	12	103	324	40	23	15	2	404
Centre for the Arts	914	120	340	1,374	164	206	57	4	1,805
Communication Studies	526	112	102	740	96	42	21	50	949
Computing Science	982	257	197	1,436	172	98	43	729	2,478
Criminology	790	128	116	1,034	120	62	27	59	1,302
Interdisciplinary Studies	345	23	59	427	51	46	11	48	583
Kinesiology	720	176	187	1,083	140	66	25	167	1,481
	4,486	828	1,104	6,418	783	543	199	1,059	9,002
<u>Faculty of Education</u>									
Dean's Office	64	42	112	218	26	57	30	4	335
Biological Sciences	1,663	281	551	2,495	317	381	78	135	3,406
Chemistry	1,436	183	329	1,948	259	221	57	229	2,714
Mathematics and Statistics	1,640	381	133	2,154	261	75	33	152	2,675
Physics	1,070	131	234	1,435	181	182	75	176	2,049
Science Workshops		3	487	490	72	26	6		594
Western Cdn. Univ. Marine Biological Society Grant							136		136
	5,873	1,021	1,846	8,740	1,116	942	415	696	11,909
<u>Other Expenditures</u>									
Animal Research Facility	643	4	60	64	8	7	10	30	89
Continuing Studies		14	681	1,338	95	372	162	4	1,997
Co-op Education		17	200	200	25	23	2	4	254
Graduate Studies			76	93	18	37	4	4	156
Instructional Media Centre			737	737	122	42	57		958
	643	35	1,754	2,432	268	481	235	38	3,454
	\$26,171	\$3,916	\$6,977	\$37,064	\$4,469	\$3,194	\$1,194	\$2,561	\$48,482

S I M O N F R A S E R U N I V E R S I T Y

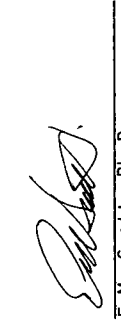
Statement 1

Balance Sheet
As at March 31, 1985
(thousands of dollars)

ASSETS	1985	1984	LIABILITIES AND FUND BALANCES	1985	1984
Cash and short term investments	\$ 28,212	\$ 25,767	Bank loans (Note 2)	\$ 2,194	\$ 2,297
Accounts receivable	2,804	1,949	Accounts payable and accrued liabilities (Note 6)	8,453	7,959
Inventories (Note 1e)	1,312	1,479	Long term debt (Note 3)	3,572	3,400
Prepaid expenses	143	187	Canada Mortgage and Housing Corporation Capital Financing Authority	40,743	40,720
Long term investments (market \$1,983; 1984 \$1,825)	1,944	1,813	Less sinking fund (Note 3)		
Plant assets			Non-expendable fund balances (Statement 4)	83	83
Land and buildings (Note 1f)	102,423	101,111	Student loan	4,579	2,938
Equipment (Note 1h)	23,027	21,116	Endowment		
Library acquisitions (Note 1h)	17,484	15,886			
			Expendable fund balances	1,670	1,798
			Sponsored research (Statement 2)	2,131	2,008
			Specific purpose (Statement 2)	2,570	2,358
			Pension plan reserve (Note 5)		
			Appropriated (Statement 3)	9,635	8,251
			General operating	2,255	2,255
			Capital	439	174
			Ancillary enterprises		
			Unappropriated (Statement 2)	209	927
			General operating	1,934	2,502
			Capital	(67)	69
			Ancillary enterprises		
			Equity in plant assets (Statement 5)	96,553	91,569
				\$177,359	\$169,308

Approved by the Board of Governors:


F.H. Moonen
Chairman, Board of Governors


E.M. Scott, Ph.D.
Vice President, Finance

S I M O N F R A S E R U N I V E R S I T Y

Schedule 4

Schedule of Academic Expenditures
For the Year Ended March 31, 1985

(thousands of dollars)

General Purpose Fund	Sponsored Research	Other Grants and Programmes	Capital Fund	Total Expenditures
				1985 1984
<u>Faculty of Arts</u>				
Dean's Office	\$ 515	\$ 42	\$ 1	\$ 605 \$ 512
Archaeology	838	252		1,097 1,062
Economics	2,150	64	7	2,236 2,142
English	2,401	49		2,461 2,485
Geography	1,526	103	71	1,707 1,657
History	1,485	86	2	1,576 1,582
Languages, Literatures & Linguistics	1,981	15	2	1,998 2,006
Philosophy	723	30		779 815
Political Science	871	26	2	904 928
Psychology	2,421	330	22	2,778 2,595
Sociology and Anthropology	1,161	29	1	1,191 1,144
	16,072	1,026	108	17,092 16,928
<u>Faculty of Business Administration</u>				
	3,167	99	17	3,324 3,405
<u>Faculty of Education</u>				
	4,878	208		5,086 5,720
<u>Faculty of Engineering Science</u>				
		78		78 602
<u>Faculty of Interdisciplinary Studies</u>				
Dean's Office	404			405 455
Centre for the Arts	1,805	7	19	1,891 1,873
Communication Studies	949	84	8	1,062 1,188
Computing Science	2,478	540	139	3,172 3,267
Criminology	1,302	279	7	1,613 1,678
Interdisciplinary Studies	583	268	69	1,005 681
Kinesiology	1,481	451	10	1,992 1,843
	9,002	1,629	252	11,080 10,985
<u>Faculty of Science</u>				
Dean's Office	335	82	24	441 311
Biological Sciences	3,406	1,780	86	5,272 5,161
Chemistry	2,714	1,249	158	4,121 3,816
Mathematics and Statistics	2,675	342	5	3,060 3,188
Physics	2,049	1,529	132	3,600 3,555
Science Workshops	594		8	602 524
Western Cdn. Universities' Marine Biological Society Grant	136			136 130
	11,909	4,982	413	17,405 16,685
<u>Other Expenditures</u>				
Animal Research Facility	89		22	111 76
Continuing Studies	1,997	6	18	2,021 2,066
Co-op Education	254		1	255 250
Graduate Studies	156			156 113
Instructional Media Centre	958			958 1,038
Programs of Distinction				
Reading and Study Skills Centre				
	3,454	6	41	3,501 3,501
<u>Total Academic Expenditures</u>	\$48,482	\$8,028	\$831	\$61,070 \$59,496

Prepared without audit

S I M O N F R A S E R U N I V E R S I T Y
Statement of Revenue and Expenditures and Changes in Expendable Fund Balances
For the Year Ended March 31, 1985
(thousands of dollars)

	General Operating		Sponsored Research		Specific Purpose (Schedule 2)	Ancillary Enterprises (Schedule 3)	Capital		Totals
	1985	1984	1985	1984			1985	1984	
REVENUE AND OTHER ADDITIONS									
Government grants and contracts									
Province of British Columbia	\$63,237	\$66,635	\$1,010	\$ 994	\$1,773		\$ 7,184	\$ 6,628	\$ 73,204
Other governments	6	29	6,560	5,842	840				7,406
Student fees - credit courses	10,521	9,104	31	30	54				85
- non-credit courses	386	361			653				11,174
- other	466	417			4				390
Gifts, grants and bequests	30	26	335	314	406		60	50	466
Sales of services and goods						\$3,687			831
Investment income	2,111	1,771			446		566	466	3,687
Miscellaneous income	465	367	26		82		36	250	3,123
Authorized capital borrowings							1,299	4,220	609
Interest earned on sinking fund							420	251	1,299
Interfund transfers in	54	212	16	106	671		1,071	1,945	4,220
	77,276	78,922	7,978	7,286	4,929		10,636	13,810	102,694
EXPENDITURES AND OTHER DEDUCTIONS									
Salaries - academic ranks	26,171	26,331	371	343	738				27,280
- other instruction and research	3,916	3,837	4,248	3,688	447				8,611
- other support staff	22,150	22,876			1,225	482			23,857
Total salaries	52,237	53,044	4,619	4,031	2,410	482			59,748
Employee benefits	6,527	6,517	227	208	165	47			6,966
Travel and personnel costs	1,436	1,376	703	594	258	8			2,271
Operating supplies and expenses	5,670	5,810	1,141	837	709	76			2,405
Equipment and furnishings	288	337	1,103	924	364	13	1,467	1,208	7,596
Equipment and facility rentals	1,968	1,787	34	20	12				3,235
Library acquisitions	1,672	1,553			21				2,014
Utilities	2,426	2,284	4	4	22	196			1,825
Scholarships, fellowships and bursaries	2,200	1,854			645				1,589
Contract services	1,603	1,655							2,648
Professional fees	592	755	187	146	145	181			2,845
Renovations and alterations	375	468	10	11	8	5			1,784
Debt servicing - interest						167			929
- principal						308			560
Cost of goods sold							5,893	5,528	6,201
Capital acquisitions							1,435	1,076	5,831
Internal cost allocations									1,462
External cost recoveries									2,062
Interfund transfers out									1,939
Net transfer to non-expendable funds									1,849
Transfer to pension plan reserve (Note 5)									2,401
	(1)	(2)			1	(14)	19		(2,315)
	(2,221)	(2,250)			(166)				*
	1,561	2,471	78		154				63
	5				58				39
	212	1,288							212
	76,550	78,947	8,106	6,775	4,806	3,558	10,663	12,575	101,871
	4,431	7,178				10	2,016	754	6,457
	(5,875)	(7,531)				(275)	(2,557)	(1,509)	(8,707)
	(1,444)	(353)				(265)	(541)	(755)	(2,250)
	(718)	(378)	(128)	511	123	(136)	(568)	480	(1,427)
Net Increase (Decrease) During Year	927	1,305	1,798	1,287	2,008	69	2,502	2,022	7,304
Fund Balance at Beginning of Year									
Fund Balance at End of Year	\$ 209	\$ 927	\$1,670	\$1,798	\$2,131	\$ (67)	\$1,934	\$2,502	\$5,877
									\$7,304

*Interfund transfers are excluded from totals.

Schedule 3

S I M O N F R A S E R U N I V E R S I T Y

Schedule of Revenue and Expenditures and Changes in Ancillary Enterprises Fund
For the Year Ended March 31, 1985

(thousands of dollars)

	Bookstore	Residences	Total 1985	Total 1984
REVENUE				
Sales of services and products	\$2,448	\$1,239	\$3,687	\$3,587
EXPENDITURES				
Salaries	343	139	482	491
Employee benefits	33	14	47	56
Travel and other personnel costs	1	7	8	17
Expendable supplies	35	41	76	59
Equipment and furnishings	10	3	13	6
Equipment rentals				3
Utilities	12	184	196	181
Contract services	17	164	181	183
Professional fees	4	1	5	
Renovations and alterations		167	167	205
Debt servicing - interest	87	221	308	303
- principal		27	27	25
Cost of goods sold	2,062	(14)	2,062	1,939
External cost recoveries			(14)	(14)
	2,604	954	3,558	3,454
APPROPRIATIONS				
Appropriations released from prior year		10	10	12
New appropriations		(275)	(275)	(99)
		(265)	(265)	(87)
Net increase (decrease) during year	(156)	20	(136)	46
Fund balance at beginning of year	27	42	69	23
Fund balance at end of year	\$(129)	\$62	\$(67)	\$69

Prepared without audit

S I M O N F R A S E R U N I V E R S I T Y

Statement 3

Statement of Changes in Appropriated Expendable Funds

For the Year Ended March 31, 1985

(thousands of dollars)

	General Operating	Ancillary Enterprises	Capital	Total 1985	Total 1984
Fund balance at beginning of year	\$8,251	\$174	\$2,255	\$10,680	\$ 9,508
Released from prior year's appropriation	(4,431)	(10)	(2,016)	(6,457)	(7,944)
Appropriations for the year	5,875	275	2,557	8,707	9,116
	\$9,695	\$439	\$2,796	\$12,930	\$10,680
DETAIL OF FUND BALANCE AT END OF YEAR	\$1,388		\$2,796	\$ 1,388	\$ 2,045
Provision for non-recurring expenditures				2,796	2,255
Provision for authorized projects					
Provision for equipment replacement and capital improvements		\$439		439	174
Provision for annualized costs	461			461	783
Authorized allocations to following fiscal year	673			673	711
Provision for research grants carryover	741			741	542
Reserve for self-insurance	200			200	400
Provision for library systems (GEAC)	999			999	
Provision for specific expenditure	4,615			4,615	2,970
Provision for contingencies	618			618	800
	\$9,695	\$439	\$2,796	\$12,930	\$10,680

S I M O N F R A S E R U N I V E R S I T Y

Schedule of Revenue and Expenditures and Changes in Specific Purpose Fund
For the Year Ended March 31, 1985

(thousands of dollars)

	Scholarships and Bursaries	Other Grants & Programs	Total 1985	Total 1984
REVENUE AND OTHER ADDITIONS				
Government grants and contracts - provincial	\$158	\$1,615	\$1,773	\$1,629
- federal		840	840	188
- other	46	8	54	43
Student fees - credit courses		653	653	512
- non credit courses		4	4	37
Gifts, grants and bequests	257	149	406	383
Investment income	389	57	446	350
Miscellaneous income		82	82	10
Interfund transfers in		671	671	530
	850	4,079	4,929	3,682
EXPENDITURES AND OTHER DEDUCTIONS				
Salaries - Academic ranks (Faculty)		738	738	330
- other instruction and research		447	447	135
- other support staff		1,225	1,225	1,043
Total salaries		2,410	2,410	1,508
Employee benefits		165	165	108
Travel and personnel costs		258	258	284
Operating supplies and expenses		709	709	586
Equipment and furnishings		364	364	395
Equipment and facility rentals		12	12	15
Library acquisitions		21	21	36
Utilities		22	22	14
Scholarships, fellowships, and bursaries	632	13	645	448
Professional fees		145	145	79
Renovations and alterations		8	8	2
Internal cost allocations		1	1	2
External cost recoveries		(166)	(166)	(51)
Interfund transfers out	109	45	154	322
Net transfer to non-expendable fund	58		58	39
	799	4,007	4,806	3,787
Net Increase (Decrease) during year	51	72	123	(105)
Fund balance at beginning of year	388	1,620	2,008	2,113
Fund balance at end of year	\$439	\$1,692	\$2,131	\$2,008

Prepared without audit

S I M O N F R A S E R U N I V E R S I T Y
Schedule of General Operating Expenditures
For the Year Ended March 31, 1985
(thousands of dollars)

Schedule 1

	Academic	Library	Student Services and Awards	Plant and Maintenance	Computing Centre	Administration and General	Total Expenditures	
							1985	1984
EXPENDITURES								
Salaries							\$ 26,171	\$ 26,331
Academic ranks	\$ 26,171						3,916	3,837
Other instruction and research	3,916						22,150	22,876
Other support staff	6,977	\$ 3,042	\$ 2,640	\$ 2,279	\$ 2,456	\$ 4,756		
Total salaries	37,064	3,042	2,640	2,279	2,456	4,756	52,237	53,044
Employee benefits	4,469	403	297	324	330	704	6,527	6,517
Travel and personnel costs	819	11	224	13	45	324	1,436	1,376
Operating supplies and expenses	2,465	223	392	1,055	831	704	5,670	5,810
Equipment and furnishings	229	9	24	2	3	21	288	337
Equipment and facility rentals	404	82	16	8	1,381	77	1,968	1,787
Library acquisitions		1,672					1,672	1,553
Utilities	351	22	35	1,906	23	89	2,426	2,284
Scholarships, fellowships, and bursaries			2,200				2,200	1,854
Contract services		102		1,496		5	1,603	1,655
Professional fees	72		22	70	1	427	592	755
Renovations and alterations	78	8	20	125	65	79	375	468
Internal cost allocations	2,561	296	79	77	(4,621)	1,607	(1)	(2)
External cost recoveries	(30)	(162)	(559)	(477)	(682)	(311)	(2,221)	(2,250)
Total	\$ 48,482	\$ 5,708	\$ 5,390	\$ 6,878	\$ (168)	\$ 8,482	\$ 74,772	\$ 75,188

Prepared without audit

S I M O N F R A S E R U N I V E R S I T Y

Statement of Changes in Equity in Plant Assets

For the Year Ended March 31, 1985

(thousands of dollars)

Statement 5

	1985	1984
EQUITY INCREASED BY		
Additions to plant assets		
Capitalized acquisitions		
- Capital Fund	\$11,849	\$ 4,763
Equipment expensed when acquired		
- Capital Fund	1,467	1,208
- Operating Fund	288	337
- Sponsored Research Fund	1,103	924
- Specific Purpose Fund	364	395
Library acquisitions expensed when acquired		
- Operating Fund	1,672	1,553
- Specific Purpose Fund	21	36
Pre-1984 equipment and library acquisitions expensed		
	6,764	38,859
Repayments of capital borrowings from provincial government grants	1,015	825
Interest earned on sinking fund	420	251
Ancillary enterprise operations	27	25
	8,226	39,960
EQUITY DECREASED BY		
Net capital borrowings	1,299	4,220
Equipment written off	1,844	5,332
Library dispositions	94	337
	3,237	9,889
Net increase during year	4,989	30,071
Equity at beginning of year	91,569	61,498
Equity at end of year	\$96,558	\$91,569

4) Commitments - Capital Fund

Total commitments under contracts for capital projects amount to \$213,000 as at March 31, 1985 (March 31, 1984 \$85,000).

5) Pension Plans

The University has two non-contributory pension plans. The administrative plan provides benefits based on years of service and the average of the best 5 years basic salary. Based on the actuarial determinations as at January 1, 1983, the plan is on a sound actuarial basis. The academic plan generally provides benefits on a money purchase basis but includes an option available to members who were in the plan at March 20, 1973 to choose benefits based on years of service and the average of the best 5 years basic salary. The actuarial liability resulting from the plan amendments of January 1, 1981 has been recognized by a pension reserve fund which is increased each year by application of the valuation rate of interest (9%) assumed by the fund actuary. The reserve has been increased from \$2,358,000 at March 31, 1984 to \$2,570,000 as at March 31, 1985.

Pension contributions, including government pension plan, in the amount of \$4,513,000 were charged to the General Operating Fund in 1984/85. (\$4,633,000 in 1983/84).

6) Group Life and Disability Insurance Policies

From 1971 to April 30, 1984, the University of British Columbia, Simon Fraser University and the University of Victoria participated in a joint committee (FRIBCO) to administer the reserve funds relating to the universities' group life and disability insurance policies. After the termination of the arrangement, Simon Fraser University received \$888,000 from FRIBCO as its share of funds accumulated to meet liabilities to employees under the benefit plans. Of this amount, \$879,000 is shown under "accounts payable and accrued liabilities" on the Balance Sheet.

7) Restatement of Comparative Figures

Certain 1984 figures in the financial statements have been restated in order to conform with the financial statement presentation adopted in 1985.

The reporting of funds has been changed to identify Ancillary Enterprises and Sponsored Research as separate funds. The March 31, 1984 fund balances for Operating and Specific Purpose have been adjusted accordingly.

NOTES TO FINANCIAL STATEMENTS

March 31, 1985

1) Significant Accounting Policies

a) General

These financial statements have been prepared in accordance with accounting principles generally accepted for universities as described in the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada", published in 1984 by the Canadian Association of University Business Officers (CAUBO).

b) Fund Accounting

The University accounts are maintained in conformity with fund accounting procedures in order to recognize restrictions imposed on the use of resources. Under these procedures, resources are classified into funds in accordance with objectives authorized by the Board of Governors or otherwise specified.

Funds have been classified as expendable or non-expendable. Expendable funds are those which may be expended in their entirety within any specified restrictions. Non-expendable funds must be maintained at no less than the original fund balance.

Funds have been combined for reporting purposes into the following major groups:

Expendable funds:

- General Operating Fund comprises funds used in the general operations of the University.
- Specific Purpose Fund consists of grants and donations for designated purposes and income earned on endowment funds.
- Sponsored Research Fund consists of gifts, grants or research contracts which are specifically earmarked for support of research activities.
- Ancillary Enterprises provide goods and services supplementary to the primary functions of teaching and research on a charge-for-service basis. These enterprises include residences and bookstore. Expenses include direct operating costs and payments of interest and principal on debentures relating to the residences. No administrative overhead has been applied except for imputed interest on bookstore inventory balances.
- Capital Fund comprises amounts received for the acquisition of capital assets, major renovations, and repayment of long term debt.

B. Capital Financing Authority

Maturity Date	Interest Rate	Face Value	Sinking Fund Balance	Balance Outstanding Mar 31/85	Annual Payments
(thousands of dollars)					
Dec 1, 1986	16.875%	\$ 292	\$ 74	\$ 218	\$ 76
Jul 6, 1991	13.50	458		458	113
Jun 9, 1998	9.41	2,000	502	1,498	237
Jan 10, 1999	9.82	2,000	428	1,572	245
Mar 9, 1999	10.16	3,700	746	2,954	466
Apr 10, 1999	10.26	800	163	637	102
Nov 9, 1999	10.68	3,700	615	3,085	485
Mar 10, 2000	12.74	2,000	332	1,668	304
Sep 10, 2000	12.55	2,100	275	1,825	315
Mar 10, 2001	13.13	210	26	184	33
Apr 10, 2001	13.66	2,500	206	2,294	396
May 8, 2001	13.69	2,280	186	2,094	362
Jul 10, 2001	14.81	1,880	150	1,730	320
Oct 1, 2001	17.00	1,000	78	922	192
Mar 10, 2002	16.10	1,756	130	1,626	321
May 10, 2002	15.25	1,980	102	1,878	345
Jun 10, 2002	14.96	1,000	51	949	171
Aug 10, 2002	16.53	1,400	70	1,330	262
Oct 8, 2002	14.16	2,000	98	1,902	327
Nov 10, 2002	13.43	1,607	78	1,529	251
Dec 10, 2002	12.01	1,000	48	952	142
Apr 5, 2003	11.59	2,000	50	1,950	276
May 2, 2003	11.53	2,545	63	2,482	349
Aug 2, 2003	11.53	1,000	24	976	137
Dec 1, 2003	11.79	1,000	23	977	140
Mar 1, 2004	12.13	2,099	46	2,053	300
Apr 2, 2004	12.60	1,000		1,000	148
Total (Statement 1)		\$45,307	\$4,564	\$40,743	\$6,815

Annual payments consist of interest and sinking fund payments which are financed by the Province of British Columbia. Payments made in 1984/85 totalled \$6,617,000 (1983/84 \$5,668,000). The payments to the sinking fund are based on the discounted present values required to fund fully the repayment of the debt by respective maturity dates. The sinking fund balance consists of total sinking fund instalments to March 31, 1985 plus interest earned thereon. Sinking fund payments made during 1984/85 amounted to \$1,015,000 (1983/84 \$825,000). Earned interest thereon recorded for 1984/85 is \$420,000 (1983/84 \$251,000).

The long term debt includes \$193,000 repayable in U.S. funds. This amount was recorded at the Canadian equivalent as at the date of receipt and is currently shown at \$218,000 Canadian. If this amount were based on the exchange rate prevailing on March 31, 1985, the Canadian equivalent would be \$267,000.

Non-expendable funds:

- Endowment Fund consists of amounts received or appropriated with the stipulation that the principal will be invested and the resultant earned income expended for specific purposes.
- Student Loan Fund is a revolving fund from which loans are made to students.

The balance sheet consolidates the assets and liabilities of all funds. Statements and schedules of revenue and expenditures and changes in fund balances show the revenue and expenditures in each fund.

c) Accrual Accounting

The University follows the accrual basis of accounting as recommended by CAUBO. Revenue is recorded when received or receivable and expenditures when goods or services are received. Employee vacation pay entitlements are not accrued.

d) Appropriations

Appropriations are established for future expenditures of a specific or major nature and to make provision for certain unexpended allocations. Provision has been made in the General Operating Fund for the costs of approved early retirements and buy-outs.

e) Inventories

Inventories of supplies are stated at cost. Inventories of merchandise held for resale are stated at the lower of cost and net realizable value.

f) Land, Building and Equipment

Construction costs for buildings and other facilities, including original equipment and furniture, major renovation costs and new equipment funded under the Educational Institution Capital Finance Act are capitalized in the Capital Fund. Other equipment and furniture are expensed as the costs are incurred in the various funds.

In accordance with CAUBO guidelines capital items expensed in all funds have been recorded at cost on the Balance Sheet with offsetting credits to the equity account. The balance as at March 31, 1985 includes items expensed during 1984/85 and the seven preceding years. The March 31, 1984 balance has been adjusted accordingly.

The University is a member of the Western Canadian Universities Marine Biological Society (WCUMBS) which operates a research facility at Bamfield, British Columbia. Contributions in the amount of \$347,000 to WCUMBS for capital acquisitions are recorded as plant assets on the Balance Sheet. No other amounts pertaining to WCUMBS are included.

No provision is made for depreciation of buildings and equipment.

g) Capital Transactions

Certain capital fund expenditures are financed under borrowing authority granted by the Province of British Columbia. These authorized borrowings are shown under "Revenue and Other Additions" in Statement 2. Payments for capitalized assets and repayment of debt are shown under "Expenditures and Other Deductions".

Acquisition costs are added and borrowings are deducted from the Equity in Plant Assets account in Statement 5. Sinking fund deposits and interest earnings are added thereto.

h) Change in Accounting Policy

In previous years equipment expenses in the various funds and library acquisitions in excess of base level were not recorded as assets. In order to conform with CAUBO guidelines these expenditures are now capitalized on the Balance Sheet as well as being expensed in the individual funds. The offset is recorded in the Equity in Plant Assets account. Equipment items are retained on the Balance Sheet for eight years and then deleted; library holdings are reduced in the year items are removed from the collection. These changes are disclosed in Statement 5.

2) Bank Loans and Accounts Payable

Demand notes totalling \$2,194,000 are payable to the Bank of Nova Scotia at the prime interest rate. They represent interim financing for capital construction projects as authorized by the provisions of the Educational Institution Capital Finance Act. Bank loans are retired from the proceeds of long term debt issued under the authority of the Act.

Accounts payable and receivable include accrued interest in the amount of \$1,654,000 (1984-\$955,000) on short and long term borrowings.

3) Long Term Debt

A. Canada Mortgage & Housing Corporation

Maturity Date	Interest Rate	Balance Outstanding Mar 31/85	Outstanding Mar 31/84	Annual Payment Including Interest
(thousands of dollars)				
Jan 1, 2017	5.375%	\$ 188	\$ 191	\$ 12
Jan 2, 2018	5.875%	942	951	65
Jul 1, 2019	6.875%	2,242	2,258	171
Total		\$3,372	\$3,400	\$248

The debentures are secured by a floating charge on the student residences.