

S.86-39

FOR INFORMATION

SIMON FRASER UNIVERSITY MEMORANDUM

TO: Senate

FROM: W.R. Heath
Registrar

SUBJECT: Annual Report - For Information

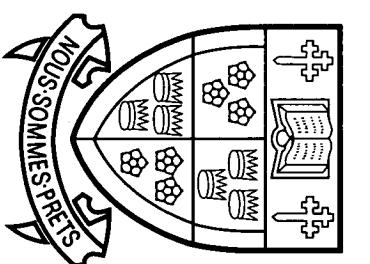
DATE: Sept. 18, 1986

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 1985 FINANCIAL REPORT ARE IN SHORT SUPPLY, IT IS REQUESTED THAT STATEMENTS BE RETURNED FOLLOWING PERUSAL TO THE OFFICE OF THE REGISTRAR (BOBBIE GRANT). (SENATORS ARE ASKED TO RETURN THE STATEMENTS FOLLOWING THE OCTOBER MEETING OF SENATE).

SIMON FRASER UNIVERSITY



FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 1986

SIMON FRASER UNIVERSITY

Financial Statements

For the Year Ended March 31, 1986

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SIMON FRASER UNIVERSITY

General Operating Fund - Non-Academic Expenditures

For the Year Ended March 31, 1986

Schedule 6

(thousands of dollars)

	<u>Salaries</u>	<u>Benefits</u>	<u>Supplies & Expenses</u>	<u>Books and Periodicals</u>	<u>Student Awards</u>	<u>Utilities</u>	<u>Contract Services</u>	<u>Professional Fees</u>	<u>Internal Cost Allocations</u>	<u>External Cost Recoveries</u>	<u>Total</u>
Library	\$ 3,041	\$ 415	\$ 1,128	\$ 1,667		\$ 24	\$ 92	\$ 302	\$ (186)	\$ 6,483	
Computing Services	2,327	319	2,277			28		\$ 5	(4,497)	(588)	(129)
Plant Maintenance	2,322	326	1,311			1,910	1,492	93	61	(474)	7,041
Student Services											
Director's Office	111	16	29		5		3	1	165		
Academic Advice Centre	147	18	18		3		6	8	192		
Athletics and Recreation	926	112	520		13		12	8	(11)	1,580	
Counselling Services	202	28	10		3		3			243	
Financial Aid Office	595	41	36		3		40			3,053	
Health Services	604	74	20		7		23			162	
Other Services	26	3	39		2		38			70	
	2,611	292	672		2,338	36		38	55	(577)	5,465
Administration and General											
Analytical Studies	127	17	11		2				29		186
Ancillary Services	531	78	(409)		15				1		216
Development Office	162	21	106		8				13		337
Finance	1,218	177	122		14				50		2,079
General University											
Personnel/Employee Relations	453	60	70		7				189		427
President's Office	258	32	125		5				36		626
Registrar's Office	1,260	176	452		5				1		431
University Archives	87	11	12		27				337		3,011
University News Service	164	19	112		1				1		116
Vice President Academic Office	319	44	53		4				5		298
* Vice President											425
Administration Office	138	17	28		1				1		185
Vice President University											
Development Office	186	20	46		4				20		277
Vice President Research and Information Systems Office											
	91	12	22		2				92		129
	4,994	824	1,239						5	611	(402)
									2	1,380	8,743
	\$15,295	\$2,176	\$6,627	\$1,667	\$2,338	\$2,090	\$1,589	\$747	\$12,699)	\$12,227)	\$27,603

* Executive Director, Administrative Services Office effective February 1, 1986

Prepared without audit



**Province of
British Columbia**

Office of the
Auditor General
Province of British Columbia

8 Bastion Square
Victoria
British Columbia
V8V 1X4

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

To the Minister of Post-Secondary Education
Province of British Columbia:

AUDITOR'S REPORT

I have examined the balance sheet of Simon Fraser University as at 31 March 1986 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 1986 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 on a basis consistent with that of the preceding year.

Erma Morrison
Erma Morrison, F.C.A.
Auditor General

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, 1986
 (thousands of dollars)

Salaries							Operational Expenses				
			<u>Other</u>	<u>Instructional & Research</u>	<u>Other</u>	<u>Total</u>	<u>Benefits</u>	<u>Supplies and Expenses</u>	<u>Equipment, Rentals and Alterations</u>	<u>Internal Cost Allocations</u>	Total
Faculty of Arts											
Dean's Office		\$ 88	\$ 10	\$ 239	\$ 337	\$ 44	\$ 35	\$ 15	\$ 9	\$ 440	
Archaeology		459	66	129	654	80	73	29	14	850	
Centre for the Arts		939	42	226	1,207	152	163	55	4	1,581	
Criminology		855	110	117	1,082	132	51	21	62	1,348	
Economics		1,328	351	111	1,790	208	54	28	131	2,211	
English		1,971	175	113	2,259	262	64	19	23	2,627	
Geography		929	119	158	1,206	150	63	25	58	1,502	
History		1,168	78	64	1,310	173	46	14	7	1,550	
Languages, Literature & Linguistics		1,313	161	173	1,647	207	38	17	1,937		
Philosophy		510	47	52	609	82	19	10	-	720	
Political Science		594	74	54	722	91	28	6	9	856	
Sociology and Anthropology		1,383	346	263	1,992	249	108	40	111	2,500	
Other Studies		325	60	73	880	115	29	11	9	1,044	
		12,609	9	20	354	51	18	5	3	431	
											19,597
Faculty of Applied Science											
Dean's Office		7	4	42	53	5	1	8	45	67	
Communication Studies		564	107	104	775	103	39	20	470	982	
Computing Science		1,063	211	255	1,529	185	114	50	121	2,348	
Kinesiology		807	172	188	1,167	152	82	36	42	1,558	
Natural Resources Management		176	4	42	222	30	35	6	42	335	
		2,617	498	631	3,746	475	271	120	678	5,290	
Faculty of Business Administration											
		1,932	268	245	2,445	310	199	43	265	3,262	
Faculty of Education											
		3,017	178	584	3,779	411	433	106	48	4,777	
Faculty of Interdisciplinary Studies											
		33		12	45	6	8	2	1	62	
Faculty of Science											
Dean's Office		83	49	107	239	26	34	16	3	318	
Biological Sciences		1,644	243	531	2,418	330	397	68	169	3,382	
Chemistry		1,481	186	328	1,955	269	204	57	302	2,827	
Mathematics and Statistics		1,700	366	126	2,192	274	82	34	236	2,818	
Physics		1,096	136	234	1,466	192	169	55	469	2,351	
Science Workshops											
		475	475	72	(5)	123		15		557	
		6,004	980	1,801	8,785	1,163	1,004	245	1,179	12,376	123
Other Expenditures											
Animal Research Facility		3	1	62	66	8		2	1	77	
Continuing Studies		665	49	591	1,305	95	610	189	56	2,255	
Co-op Education		2		259	261	28	28	3	1	321	
Graduate Studies		38	11	61	110	19	37	7	4	177	
Instructional Media Centre											
		708	61	1,630	2,339	265	730	262	62	3,718	888
Total Academic Expenditures		\$26,920	\$3,633	\$6,695	\$37,248	\$4,626	\$3,434	\$1,084	\$2,690	\$49,082	

Prepared without audit

SIMON FRASER UNIVERSITY

Statement 1

		Balance Sheet As at March 31, 1986 (thousands of dollars)	
		1986	1985
ASSETS			
Cash and short term investments	\$ 26,554	\$ 28,212	
Accounts receivable	2,959	2,804	
Inventories	1,404	1,312	
prepaid expenses	252	148	
Long term investments (market \$2,308; 1985 \$1,983)	2,244	1,944	
Plant assets			
Land and buildings	107,059	102,428	
Equipment	26,452	23,027	
Library acquisitions	19,132	17,484	
Non-expendable fund balances (Statement 4)			
Student loan			
Endowment			
Expendable fund balances			
Sponsored research (Statement 2)			
Pension plan reserve (Statement 2)			
Appropriated (Statement 3)			
General operating			
Ancillary enterprises			
Capital			
Unappropriated (Statement 2)			
General operating			
Ancillary enterprises			
Capital			
Equity in plant assets (Statement 5)			
	\$186,176	\$177,359	

Approved by the Board of Governors:

E. M. Scott, Ph. D.
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, 1986
 (thousands of dollars)

	<u>General Purpose</u>	<u>Sponsored Research</u>	<u>Other Grants and Programs</u>	<u>Capital</u>	<u>Total Expenditures 1985</u>
Faculty of Arts					
Dean's Office	\$ 440	\$ 41	\$ 28	\$ 16	\$ 523
Archaeology	850	280	28	24	1,182
Centre for the Arts	1,581	23		36	1,640
Criminology	1,348	275	2	16	1,642
Economics	2,211	81		9	2,301
English	2,627	48	7	5	2,687
Geography	1,502	128	5	15	1,650
History	1,550	74	7		1,650
Languages, Literatures & Linguistics	1,937	12	5	16	1,970
Philosophy	720	9		2	720
Political Science	856	31	33	4	924
Psychology	2,500	240	26	55	2,820
Sociology and Anthropology	1,044	32	4	9	1,083
Other Studies	431	121	56	3	611
	19,597	1,396	201	210	21,349
Faculty of Applied Science*					
Dean's Office	67	2			
Communication Studies	982	142	39	17	1,105
Computing Science	2,348	911	32	393	3,683
Engineering Science	235		1,120	18	1,373
Kinesiology	1,558	395	70	122	2,145
Natural Resources Management	335	75		3	418
	5,290	1,760	1,261	553	8,863
Faculty of Business Administration					
4,777	212		122	44	3,600
	3,262	172	983	67	5,030
					5,704
Faculty of Education					
	4,777	212	983	67	5,030
					5,704
Faculty of Interdisciplinary Studies**					
	62				62
					405
Faculty of Science					
Dean's Office					
Biological Sciences	318	20		10	343
Chemistry	3,382	2,007	22	144	5,355
Mathematics and Statistics	2,827	1,320		69	4,216
Physics	2,818	458	12	12	3,510
Science Workshops	2,351	1,112	68	123	3,803
WCLMS	557			8	555
	123		7		136
	12,376	4,917	109	366	17,405
Other Expenditures					
Animal Research Facility	77	2		2	81
Continuing Studies	2,255	38	2,232	23	4,548
Co-op Education	321	21		4	325
Graduate Studies	177			19	3,030
Instructional Media Centre	888	19			958
	3,718	61	2,232	48	6,059
Total Academic Expenditures	\$49,082	\$8,518	\$4,908	\$ 1,288	\$38,726
					\$61,070

*The Faculty of Applied Science was established in 1985/86.

**The Faculty of Interdisciplinary Studies was disbanded during 1985/86 as the result of a reorganization.

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, 1986

(thousands of Dollars)

Statement 2

<u>REVENUE AND OTHER ADDITIONS</u>												
		General	Operating	Sponsored	Research	Specific	Ancillary	Enterprises	Capital	Totals	1986	1985
Government grants and contracts												
Province of British Columbia												
Government of Canada												
Other governments												
Student fees												
-credit courses												
-non-credit courses												
- other												
Gifts, grants and bequests												
Sale of services and goods												
Investment income												
Miscellaneous income												
Authorized capital borrowings												
Interest earned on sinking fund												
Interfund transfers in												
<u>EXPENDITURES AND OTHER DEDUCTIONS</u>												
Salaries- academic ranks												
- other instruction and research												
- other support staff												
Total salaries												
Employee benefits												
Travel and personnel costs												
Operating supplies and expenses												
Equipment and facility rentals												
Library acquisitions												
Utilities												
Scholarships, fellowships and bursaries												
Contract services												
Professional fees												
Renovations and alterations												
Debt servicing - interest												
- principal												
Cost of goods sold												
Capital acquisitions												
Internal cost allocations												
External cost recoveries												
Interfund transfers out												
Net transfer to non-expendable funds												
Transfer to pension plan reserve												
<u>CHANGES IN FUND BALANCES</u>												
Change during year												
Change in appropriations (Statement 3)												
Net Increase (Decrease) During Year												
Fund Balance at Beginning of Year												
Fund Balance at End of Year												

*Interfund transfers are excluded from totals.

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

Schedule 3

Schedule of Revenue and Expenditures and Changes in Ancillary Enterprises Fund

For the Year Ended March 31, 1986

(thousands of dollars)

<u>REVENUE AND OTHER ADDITIONS</u>		Total 1986	Total 1985
Sale of services and goods		\$3,912	\$3,687
Interfund transfers in		55	
		3,957	3,687
 <u>EXPENDITURES AND OTHER DEDUCTIONS</u>			
Salaries	331	143	482
Employee benefits	37	15	47
Travel and personnel costs	2	13	8
Expendable supplies	52	47	76
Equipment and furnishings	2	9	11
Equipment rentals	1	1	13
Utilities	12	187	196
Contract services	12	153	181
Professional fees	22	19	22
Renovations and alterations	5	200	205
Debt servicing - interest	65	220	285
Cost of goods sold	2,067	28	23
External cost recoveries		2,057	2,062
Interfund transfers out		(18)	(14)
	341	341	
	2,608	1,338	3,558
		3,945	
 <u>CHANGES IN FUND BALANCE</u>			
Change during year	42	(21)	21
Change in appropriation		97	97
Net increase (decrease) during year	42	76	103
Fund balance at beginning of year	(129)	62	(57)
Fund balance at end of year	\$ (87)	\$138	\$51
			(\$67)

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 Appropriated Expendable Funds
For the Year Ended March 31, 1986
(thousands of dollars)

	General Operating	Ancillary Enterprises	Capital	Total 1986	Total 1985
Released from prior year's appropriation	\$(8,750)	\$(385)	\$(2,389)	\$(11,524)	\$(6,457)
Appropriations for the year	4,708	288	878	5,874	8,707
Change in appropriations	(4,042)	(97)	(1,511)	(5,650)	2,250
Fund Balance at beginning of year	9,695	439	2,796	12,930	10,680
Appropriated Fund Balance at end of year	<u><u>\$5,653</u></u>	<u><u>\$342</u></u>	<u><u>\$1,285</u></u>	<u><u>\$7,620</u></u>	<u><u>\$12,930</u></u>

DETAIL OF APPROPRIATED BALANCE AT END OF YEAR

Provision for non-recurring expenditures	\$1,503	\$1,285	\$ 1,503	\$ 1,388
Provision for authorized projects			1,225	2,796
Provision for equipment replacement and capital improvements			342	439
Provision for annualized costs	414	\$342	414	461
Authorized allocations to following fiscal year	600		600	673
Provision for research grants carryover	797		797	741
Reserve for self-insurance	200		200	200
Provision for library systems (GEAC)	249		249	999
Provision for specific expenditure	1,790		1,720	4,615
Provision for contingencies	100		100	618
	<u><u>\$5,653</u></u>	<u><u>\$342</u></u>	<u><u>\$1,285</u></u>	<u><u>\$ 7,620</u></u>
				\$12,930

SIMON FRASER UNIVERSITY
Schedule of Revenue and Expenditures and Changes in Specific Purpose Fund
For the Year Ended March 31, 1986
(thousands of dollars)

Schedule 2

<u>REVENUE AND OTHER ADDITIONS</u>		<u>Scholarships and Bursaries</u>	<u>Other Grants & programs</u>	<u>Total 1986</u>	<u>Total 1985</u>
Government grants and contracts-provincial	\$128	\$2,802	\$2,930	\$1,773	
-federal	93	997	1,050	840	
-other	62	19	61	54	
Student fees - credit courses		759	759	653	
- non credit courses				4	
Gifts, grants and bequests			954	406	
Investment income			653	446	
Miscellaneous income			427	82	
Interfund transfers in			3,929	671	
	1,038	9,785	10,823	4,929	
<u>EXPENDITURES AND OTHER DEDUCTIONS</u>					
Salaries - Academic ranks (Faculty)					
- other instruction and research					
- other support staff					
Employee benefits					
Total salaries	1,677	1,677	1,225	2,410	
Travel and personnel costs	2,914	2,914			
Operating supplies and expenses	216	216	165		
Equipment and furnishings	567	567	258		
Equipment and facility rentals	965	965	709		
Library acquisitions	1,109	1,109	364		
Scholarships, fellowships, and bursaries	51	51	12		
Utilities	27	27	21		
Contract Services	35	35	22		
Professional fees	10	10	645		
Renovations and alterations	393	393	145		
Internal cost allocations	32	32	8		
External cost recoveries	8	8	1		
Interfund transfers out	(219)	(219)	(166)		
Net transfer to non-expendable fund	157	179	154		
	90	(33)	58		
	1,037	6,309	7,836	4,806	
<u>CHANGES IN FUND BALANCE</u>					
Increase during year	1	3,476	3,477	123	
Fund balance at beginning of year	439	1,692	2,131	2,008	
Fund balance at end of year	\$ 440	\$5,168	\$3,603	\$2,131	

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 4Statement of Changes in Non-Expendable Funds
For the Year Ended March 31, 1986
(thousands of dollars)

	Student Loan	Endowment	Total 1985	Total 1985
<u>ADDITIONS TO FUND</u>				
Gifts, grants and bequests				
Province of British Columbia	\$535	\$535	\$1,478	
Interfund transfers in	337	337	100	63
Total additions	872	872		1,641
<u>DEDUCTIONS FROM FUND</u>				
Interfund transfers out	33	33		
Net increase during the year	839	839	1,641	
Fund balance at beginning of year	\$83	4,579	4,662	3,021
Fund balance at end of year	<u>\$83</u>	<u>\$5,418</u>	<u>\$5,501</u>	<u>\$4,662</u>

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, 1986

(thousands of dollars)

Schedule 1

EXPENDITURES	Academic	Library	Student Services and Awards	Plant and Maintenance	Computing Centre	Administration and General	Total Expenditures 1986	Total Expenditures 1985
Salaries								
Academic ranks	\$26,920						\$26,171	
Other instruction and research	3,633						3,916	
Other support staff	6,695						21,990	
Total salaries	<u>37,248</u>		<u>3,041</u>	<u>2,611</u>	<u>2,322</u>	<u>2,327</u>	<u>\$4,994</u>	<u>52,237</u>
Employee benefits								
Travel and personnel costs	4,626		415	292	326	319	824	6,802
Operating supplies and expenses	976		9	227	22	44	250	1,523
Equipment and furnishings	2,486		308	353	1,140	946	796	6,029
Equipment and facility rentals	323		618	35	4	6	24	5,670
Library acquisitions	361		76	19	6	1,248	86	1,010
Utilities	359		1,667	24	36	1,910	28	2,796
Scholarships, fellowships, and bursaries	93		2,338			1,492	92	1,672
Contract services	83		92			1,930	5	2,449
Professional fees	2,691		38			5	2,338	2,426
Renovations and alterations	83		117	38	139	33	611	2,000
Internal cost allocations	(186)		302	55	61	(4,497)	83	1,603
External cost recoveries	(164)		(57)	(474)	(588)	(402)	(1)	1,589
Total	\$49,082	\$6,483	\$5,465	\$7,041	\$ (129)	\$8,743	\$76,685	\$74,772
Reconciliation								
Expenditures - as above							5,681	1,778
Transfers and other deductions								
Total expenditures and other deductions - per Statement 2							\$82,366	\$76,550

SIMON FRASER UNIVERSITY
Statement of Changes in Equity in Plant Assets
For the Year Ended March 31, 1986
 (thousands of dollars)

Statement 5

	<u>1986</u>	<u>1985</u>
EQUITY INCREASED BY		
Additions to plant assets		
Capitalized acquisitions	\$ 4,950	\$ 1,849
- Capital Fund	1,923	1,467
- Equipment expensed when acquired	1,010	288
- Capital Fund	836	1,103
- Operating Fund	771	364
- Sponsored Research Fund		
- Specific Purpose Fund		
- Library acquisitions expensed when acquired	1,657	1,672
- Operating Fund	27	21
	<u>11,018</u>	<u>6,764</u>
Repayments of capital borrowings from provincial government grants	1,039	1,015
Interest earned on sinking fund	521	420
Ancillary enterprise operations	28	27
	<u>12,582</u>	<u>8,226</u>
EQUITY DECREASED BY		
Net capital borrowings	3,006	1,299
Equipment written off	1,833	1,844
Library dispositions	46	94
	<u>4,890</u>	<u>3,237</u>
Net increase during year	7,937	4,989
Equity at beginning of year	<u>96,553</u>	<u>91,569</u>
Equity at end of year	<u>\$104,495</u>	<u>\$96,558</u>

4) Pension Plans

The University pension plans for administrative and union staff provide benefits based on years of service and the average of the best five consecutive years' salary. The last actuarial valuation as at January 1, 1983 showed that the minimum pension benefit liabilities of the plans were fully funded.

The University pension plan for academic staff generally provides benefits on a money-purchase basis but includes an option to members who were in the plan on March 20, 1973 to choose benefits based on years of service and the average of the best five consecutive years' salary. The last actuarial valuation as at January 1, 1983 indicated an actuarial liability due to plan amendments effective January 1, 1981. The reserve established to provide for this liability has been increased to \$2,801,000 as at March 31, 1986 by application of the valuation rate of interest (9%) assumed by the plan actuary.

5) Early Retirement

Certain employees have opted for an early retirement provision offered by the university. The estimated cost of the pension enhancement as the result of this arrangement, in the amount of \$3,130,000, has been transferred from the General Operating Fund to the Specific Purpose Fund from which future payments for this purpose will be made. Of this amount, \$72,000 relates to employees retired in 1985/86, and \$2,358,000 relates to employees to be retired in 1986/87.

6) Group Life Insurance/Disability Reserve

The reserve represents funds earmarked for self-insured liability relating to group life and long-term disability plans. In the opinion of management, this reserve is adequate.

7) Commitments - Capital Fund

Total commitments under contracts for capital projects amounted to \$1,318,000 as at March 31, 1986 (March 31, 1985 \$213,000).

8) Restatement of Comparative Figures

Certain 1985 figures in the financial statements have been restated in order to conform with the financial statement presentation adopted in 1986.

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

NOTES TO FINANCIAL STATEMENTS

For the Year Ended March 31, 1986

1)	<u>Significant Accounting Policies</u>
a)	<u>General</u>
	<p>These financial statements have been prepared in accordance with accounting principles generally accepted for universities and with reference to 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).</p>
b)	<u>Fund Accounting</u>
	<p>Fund accounting procedures are employed 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.</p>
	<p>Funds have also been designated as expendable or non-expendable. Expendable funds may be expended within applicable restrictions. Non-expendable funds are maintained to generate investment income or to provide student loans.</p>
	<u>Expendable funds:</u>
	<ul style="list-style-type: none">- General Funds operating for general operations of the University under the direction of the Board of Governors.- Specific Purpose Funds restricted externally or internally for specific projects and purposes.- Sponsored Research Funds in the form of grants, research contracts and gifts designated for the support of research activities.- Ancillary Enterprises Funds for the residences and bookstore, which provide goods and services supplementary to the primary functions of teaching and research. These enterprises operate on a self-supporting basis.- Capital Funds provided for the acquisition of capital assets, major renovations, and repayment of long term debt.

B. Capital Financing Authority

Debenture Number	Maturity Date	Interest Rate	Face Value	Staking Fund Balance	Balance 1986	Outstanding 1985	Annual Payments Until Maturity
DUR #14	Dec 1, 1986	16.875%	\$ 292	\$ 104	\$ 188	\$ 218	\$ 82
DUR #28	Dec 10, 1990	9.75	2,927	-	2,927	-	393
DUR #27	Jul 6, 1991	13.50	458	56	402	458	113
DUR #1	Jun 9, 1998	9.41	2,000	606	1,394	1,498	237
DUR #2	Jan 10, 1999	9.82	2,000	518	1,432	1,572	245
DUR #3	Mar 9, 1999	10.16	3,700	902	2,938	2,954	466
DUR #4	Apr 10, 1999	10.26	800	201	359	637	102
DUR #5	Nov 9, 1999	10.68	3,700	763	2,937	3,085	485
DUR #6	Mar 10, 2000	12.74	2,000	418	1,532	1,668	304
DUR #7	Sep 10, 2000	12.55	2,100	354	1,746	1,825	315
DUR #8	Mar 10, 2001	13.13	210	34	176	184	33
DUR #9	Apr 10, 2001	13.66	2,500	289	2,211	2,294	396
DUR #10	May 8, 2001	13.69	2,280	257	2,023	2,094	362
DUR #11	Jul 10, 2001	14.81	1,880	208	1,572	1,730	320
DUR #12	Oct 9, 2001	17.00	1,000	110	890	922	192
DUR #13	Mar 10, 2002	16.10	1,756	184	1,572	1,626	321
DUR #15	May 10, 2002	15.25	1,980	161	1,810	1,878	345
DUR #16	Jun 10, 2002	14.96	1,000	81	910	949	171
DUR #17	Aug 10, 2002	16.53	1,400	111	1,289	1,330	262
DUR #18	Oct 8, 2002	14.16	2,000	156	1,841	1,902	327
DUR #19	Nov 10, 2002	13.43	1,607	124	1,433	1,529	251
DUR #20	Dec 10, 2002	12.01	1,000	77	923	952	142
DUR #21	Apr 5, 2003	11.59	2,000	105	1,835	1,950	276
DUR #22	May 2, 2003	11.53	2,545	132	2,413	2,482	349
DUR #23	Aug 2, 2003	11.51	1,000	50	950	976	137
DUR #24	Dec 1, 2003	11.79	1,000	48	932	977	140
DUR #25	Mar 1, 2004	12.13	2,099	99	2,000	2,053	300
DUR #26	Apr 2, 2004	12.60	1,000	25	975	1,000	148
			\$ 10,224	\$ 6,173	\$ 4,050	\$ 4,050	\$ 7,214

Annual payments consist of interest and sinking fund payments which are financed by the Province of British Columbia. Payments made in 1985/86 totalled \$6,818,000 (1984/85 \$6,617,000). The payments to the sinking fund are based on the discounted present values required to fund the repayment of the debt. The sinking fund balance consists of total sinking fund installments to March 31, 1986 plus interest earned. Sinking fund payments during 1985/86 amounted to \$1,089,000 (1984/85 \$1,015,000), and interest earned for 1985/86 was \$521,000 (1984/85 \$420,000).

Debenture DUR #14 is expected to be refinanced on a long term basis when it matures on December 1, 1986. The current balance of \$188,000 represents the Canadian equivalent of \$161,000 U.S., based on the exchange rate at the time of issue. If this amount were based on the exchange rate prevailing on March 31, 1986, the Canadian equivalent would be \$227,000.

The debentures are unconditionally guaranteed as to principal and interest by the Province of British Columbia.

	<u>Non-expendable funds</u>
	<ul style="list-style-type: none"> - Endowment Funds maintained as principal to generate income for defined purposes.
	<ul style="list-style-type: none"> - Student Loan A revolving fund from which short-term loans are made to students.
c)	<u>Accrual Accounting</u>
	<p>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, except that pension payments resulting from early retirement agreements are expensed as payments are made to retired employees or as annuities are purchased on their behalf.</p>
d)	<u>Appropriations</u>
	<p>Appropriations are established by the Board of Governors to provide for specific requirements in subsequent fiscal years. These appropriations are released when the related expenditures have been made.</p>
e)	<u>Inventories</u>
	<p>Inventories of supplies are stated at cost. Inventories of merchandise held for resale are stated at the lower of cost and net realizable value.</p>
f)	<u>Plant Assets</u>
	<p>Plant asset expenditures of all funds are recorded in the Statement of Revenue and Expenditures and Changes in Expendable Fund Balances. The capital assets are also recorded at cost on the Balance Sheet, with offsetting credits in the Equity in Plant Assets account. No provision is made for depreciation of plant assets.</p>
	<p>The asset balances at 31 March 1986 represent:</p>
a)	Land and buildings
b)	Equipment - items acquired in the current year and the seven preceding years
c)	Library acquisition - Library holdings since inception, net of deduction for estimated disposal and losses
	<p>No amount is shown on the Balance Sheet for the land initially granted to the university without cost. Subsequent acquisitions have been recorded at fair market value at the time of acquisition.</p>

g) Capital Transactions

Certain capital 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".

h) Cooperative Undertakings

i) The University is one of five university members of the Western Canadian Universities Marine Biological Society (WCUMBS) which operates a research station at Bamfield, British Columbia. The University's annual operating grant to the Society (1986 - \$130,000; 1985 - \$130,000) is recorded as an expenditure from the General Operating Fund.

ii) The University is one of four university members of a consortium which manages the Tri-Universities Meson Facility (TRIUMF) at the University of British Columbia. The facility is funded almost entirely by federal government grants and the University makes no direct financial contribution.

Initial 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 and TRIUMF are included.

2) Loans Payable

Loans are payable to the Bank of Nova Scotia (\$900,000) and the Province of British Columbia (\$1,384,000) at prime interest rate or lower. These loans represent interim financing for capital projects as authorized by the provisions of the Educational Institution Capital Finance Act or the Financial Administration Act. They will be retired from proceeds of long term debt.

3) Long Term Debt

Long term debt as at March 31 consists of the following:

A. Canada Mortgage and Housing Corporation

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Outstanding 1986</u>	<u>Annual Payment Including Interest Until Maturity</u>
Jan 1, 2017	5.375%	\$ 187	\$ 12
Jan 2, 2018	5.875%	932	942
Jul 1, 2019	6.875%	2,223	2,242
Total		\$35,344	\$3,372
			\$248

The debentures are secured by a floating charge on the respective student residences, recorded at the historical cost of \$6,142,000.