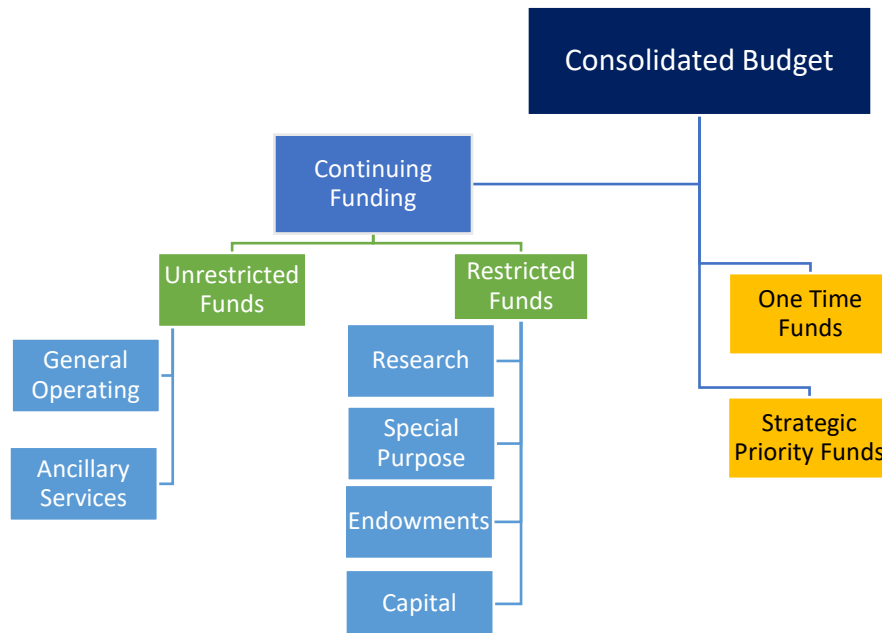


OPERATING VS RESTRICTED BUDGETS

The University presents a consolidated budget, comprised of unrestricted and restricted funds, to the Board of Governors for approval. The [Budget Advisory Committee \(BAC\)](#) focuses on the general operating fund budget as, generally, the budgets for the other funds are determined by external conditions.



The difference between unrestricted funds and restricted funds is that the University has more flexibility in how it spends unrestricted funds, but can only spend restricted funds in ways that are allowed by the external agencies, donors and organisations that contributed the funds to the University.

General Operating

The largest fund is the general operating fund, which is an unrestricted fund. General operating funds are used to pay for the operating expenses of the institution. The major budget revenue line items are government operating grants, tuition fees, investment income, sales of services and products. The major expenditure line items include compensation costs, facilities operations, scholarships and materials and services.

Even in unrestricted funds there are "non-discretionary" costs (utilities, insurance), which must be provided for prior to allocations for other expenditures.

Ancillary Services

This fund relates to the University's business enterprise that provides services and products to the internal and external communities. Ancillary Services operations include the bookstore, printing, housing, food, conference services and parking.

The University requires Ancillary Services to operate on a breakeven basis, with no budget allocations from the University's general operating fund. Ancillaries are required to fund all of its capital repairs and maintenance, as well as the purchase of new capital assets required for their operations. Funding for large capital purchases is provided for by allocations to capital reserves from Ancillary Services operations' net revenues.



BUDGET BRIEF CONTEXT FOR 2018-19 BUDGET

Ancillary Services also contributes to the general operations of the University by remitting an annual dividend of \$200,000 to the University general operating fund. Since 1995, Ancillary Services has contributed to the University's general operating fund in excess of \$4.25 million. Housing Services transfers an annual commitment of \$350,000 to the central University Housing Maintenance Reserve for general maintenance costs on the student housing facilities and supports \$565,000 annually in mortgage payments for student residences. Annually, Ancillary Services also pays \$800,000 to the University for central services (finance, facilities, and human resources) plus \$425,000 in utility costs.

Research

The expenses in this fund are for sponsored research activities specifically funded by restricted grants and donations. Funding agencies providing sponsored research grants include Natural Sciences & Engineering Research Council (NSERC), Social Sciences and Humanities Research Council (SSHRC), Canadian Institutes of Health Research (CIHR), Canada Research Chairs (CRC) and business and industry partners.

Special Purpose / Scholarships

The expenses in this fund relate to scholarship and bursary programs and other activities involving teaching and community service specifically funded by restricted grants and donations.

Endowments

Endowments consist of externally restricted donations received by the University, the principal of which is required to be maintained intact in perpetuity. Investment income earned on endowments must be used in accordance with the various purposes established by the donors and the expenses in the fund reflect the expenditure terms of the restricted donations.

Restricted Capital

Capital expenditures for specific capital projects are included in the restricted capital fund. For example, the University has received grants in the past for such capital projects as the construction of Markin Hall, the Community Sports Stadium, and most recently for the Destination Project (Phase I). These funds cannot be allocated or used for any other purpose other than for which it was specifically provided. Any excess funds that were not used in the projects would be required to be returned to the granting agency (e.g. Government) that provided the funds.

WHY DOES THE UNIVERSITY SPEND MONEY ON CAPITAL PROJECTS WHEN IT NEEDS MONEY TO OPERATE?

The University has a legal obligation to only spend funds in ways that are allowed by the conditions of the source of funds.

Generally, large capital projects are funded from restricted funding sources. For example, the University received a specific grant to construct Markin Hall and those funds could not be spent on any other project or for operating expenses.

The Campus Alberta Grant that is received from the Province may be allocated by the University in the manner that the University deems appropriate, as approved by the Board of Governors. Other grants may have conditions on them; for example, the Infrastructure Maintenance Program Grant (IMP) may only be spent on government approved deferred maintenance projects. If the University chose to not spend money on deferred maintenance projects, the IMP Grant would have to be returned to the Provincial Government. If any IMP grants were to be returned this would likely reduce any future IMP grants the University may receive.