

University of Toronto Forecast to April 30, 2003

**Operating Fund
Endowment Fund**



Prepared by: Financial Services
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UNIVERSITY OF TORONTO
Operating Fund Forecast
For the year ending April 30, 2003
(millions of dollars)

	<u>Budget</u>	<u>Forecasted</u>	<u>Variance</u>
	\$	Actuals	to Budget
		\$	fav/(unfav)
			\$
Revenue (page 4)	887.3 ¹		
Amortization of Investment Losses	<u>(7.2)</u>	880.1	884.2 ³
			4.1
Expense (page 6)	(904.3) ¹		
Current Service Pension Savings	<u>19.8</u>	(884.5)	(900.2) ³
			(15.7)
ANNUAL DEFICIT	<u>(4.4)</u>	(16.0)	(11.6)
Deficit, beginning of year	(16.0) ¹	(18.1) ²	(2.1)
CUMULATIVE DEFICIT	<u><u>(20.4)</u></u>	<u><u>(34.1)</u></u>	<u><u>(13.7)</u></u>

¹ As per the Budget Report for 2002-2003 (see pages 10 & 11)

² This is the actual deficit for fiscal year ending April 30, 2002

³ Actual revenues and expenses as reported in the financial statements will differ from these figures by the difference in faculties and divisions, between budgeted and actual allocations. These differences, whether positive or negative, are carried forward to next year as "funds committed". (See page 7 for more details)

University of Toronto
Operating Fund Forecast 2002-2003
Explanation of Major General University Operating Revenue and Expense Variances

GU - General University items that have an economic impact on the surplus or deficit position

DIV - Divisional items whether positive or negative, are carried forward to the next year as funds committed (see page 7)

Name	Budgeted	Projected	Variance	Explanation
	(\$ amounts in millions of dollars)			
<u>OPERATING REVENUES</u>				
GU: Provincial Grants	391.2	390.5	(0.7)	<p>The variance has two components which can be explained as follows: The unfavourable variance of \$0.7 million in government grants is due to: (a) \$3.2 million decrease in base operating grants where the budget had assumed a 1% inflation increase which did not materialize; (b) \$0.5 million decrease in performance-based funding which is measured by factors such as student graduation and employment rates (c) \$4.2 million as a late payment for enrolment increase not funded last year (d) the university will receive \$1.2 million less than expected for the Special Health Research Grant. The University and the Ontario government agreed that effective September 1993, the University would reduce its annual undergraduate medical enrolment by 75 students per year but would not suffer any corresponding decline in revenues for a period of 15 years. The means of carrying out this agreement was the payment of a special health research grant from 1994 to 2008. The method of payment is changing, resulting in a timing difference.</p> <p>The enrolment growth is addressed by the Accessibility Grants for graduate and undergraduate enrolment which is above target but has associated expenses.</p>
GU: Student Fees	272.6	285.5	12.9	<p>The university provides an enrolment count to the Ministry of Training, Colleges and Universities as at November 1, 2002. This count forms the basis for this forecast of student fees, which are expected to be over budget by \$12.9 million. The increase is due to special fee increases in Law, Commerce, Engineering and for international students and enrolment growth due to Phase 3 enrolment expansion, the extra MBA cohort and summer enrolment.</p>
GU/DIV: Endowment Income	34.6	34.6	0.0	<p>The endowment income budget of \$34.6 million is comprised of \$26.4 million in general university income and \$8.2 million in divisional revenue. The majority of the \$26.4 million is related to a book entry made to report student aid paid from restricted funds in the operating fund. This income budget is offset by an expense budget in the same amount, and any variance will be offset by an opposite variance in the expense budget, resulting in no impact to the deficit position. The \$8.2 million is related to the Endowed Chair Program and the variance will be part of the divisional carryforward with no impact to the deficit position.</p>

Name	Budgeted	Projected	Variance	Explanation
	(\$ amounts in millions of dollars)			
Possible Shortfall in Endowment Payout	0.0	0.0	0.0	An endowment study is being conducted. An expected reduction in the payout rate for the next few years is anticipated. A backstop from the operating budget may be required to help divisions cope with this reduction and continue to meet their contractual obligations (i.e. salaries for Endowed Chairs). The proposed payout rate of \$6.60 per unit has not yet been finalized.
GU: Federal Grants	21.0	21.0	0.0	Composed of: Canada Research Chairs \$21 million
GU: Indirect Cost Recovery on Federal Research Grants	14.6	14.6	0.0	This represents federal government funding of the indirect costs of federally funded research at the same level as last year. The federal government has announced this program in the recent federal budget. However, it is not yet known whether this program will apply to costs incurred in the 2002-2003 fiscal year. If it does not, the deficit will be worse by this amount.
GU: Stewardship and Investment Management Fee	7.3	7.3	0.0	These fees represent costs associated with endowment stewardship of \$5.5 million and indirect costs of investment management of \$1.8 million which are incurred within the University. These fees are recovered from the long-term capital appreciation pool, the expendable funds investment pool, and in the case of the latter fee, from pension funds. The intent is to recover these funds as planned.
GU: Investment Income Adjust: Amortization of Loss	13.7 <u>(7.2)</u> <u>6.5</u>	(14.0) <u>17.4</u> <u>3.4</u>	(27.7) <u>24.6</u> <u>(3.1)</u>	The investment income represents income earned on the University's Expendable Fund Investment Pool which is invested in both short and long-term investments. The unfavourable investment variance of \$3.1 million resulted from a lower than anticipated overall investment yield and a larger than anticipated deferral of losses on long-term investments to future years. Return from long-term investments was budgeted at 4.81%, but it's now forecasted to be a negative return of 5.63%. This negative variance is partially offset by a lower than expected distribution to pool participants. The long-term investment strategy will change to ensure that minimal losses are incurred in the future. Net losses remaining at April 30, 2003 will be written off over the next 4 years to April 30, 2007.
GU: Other Income	22.7	17.7	(5.0)	<p>This budget item is composed primarily of: overhead on contract research (\$13.0 million), application fees (\$6.0 million), overhead charged to academic programs (\$1.8 million), contributions from parking (\$1.1 million) and ancillary operations (\$0.5 million).</p> <p>The negative variance of \$5.0 million in research overhead on contract research is due to the receipt of lower than anticipated funding from the Research Performance Fund and Ontario Research Development Challenge Fund. Other items are essentially on target.</p>

Name	Budgeted	Projected	Variance	Explanation
	(\$ amounts in millions of dollars)			
DIV - Divisional Income	109.6	109.6	0.0	This category is comprised of revenue items which are budgeted in divisions and include \$66.3 million in student fees for self-funded programs such as the executive MBA, \$41.0 million for revenue from services, and \$2.3 million in government grants received directly by divisions. Any variances in this category are carried forward to the following year as funds committed and thereby do not have an economic impact on the surplus or deficit position.
Total Revenues	880.1	884.2	4.1	
As a % of Budget	100.0%	100.5%	0.5%	

Name	Budgeted	Projected	Variance	Explanation
	(\$ amounts in millions of dollars)			
<u>OPERATING EXPENDITURES</u>				
GU: Staff Benefits	0.0	(1.9)	1.9	Staff benefits are budgeted centrally and that projected cost is budgeted to be recovered from divisions using a standard costing method. A favourable variance of \$1.9 million is the result of the following: 1) The proposed extended health and dental premium rates for 02/03 were not implemented and therefore producing a favourable variance of \$1.4 million 2) The difference between the budgeted SBR (19.5%) and current SBR experience (19.4%) has resulted in a favourable variance of \$0.5 million.
GU: Enrolment Growth Fund	19.3	32.2	(12.9)	The budget report includes a strategy that provides funding for academic divisions whose enrolment is greater than the target enrolment assumed in the budget. An unfavourable variance of \$12.9 million is due to increased allocations to divisions for Phase 3 enrolment growth, the extra MBA cohort and student aid. Moreover, there is an allocation to the APF related to the tuition increase associated with Law, Commerce and Engineering programs.
GU: COPC Contingency	3.7	4.7	(1.0)	The COPC Contingency utilizes a pooled approach to address possible variances. The unfavourable variance of \$1.2 million is comprised primarily of (a) increase in federated block grants of \$0.4 million; (b) an increase in administrative support of \$0.4 million and (c) increase of \$0.2 million in foreign currency fluctuations due to exchange rates being higher than budgeted rates. These funds are required to protect the library book fund.
GU: Utilities	25.4	26.8	(1.4)	<p>The utilities budget comprises the costs for steam, oil, gas, power, water, and chilled water, as well as the costs of operating the central steam plant, electrical distribution and co-generation facilities. The projected unfavourable variance of \$1.1 million is very uncertain and is expected to go higher. The effect of the current cold weather and higher gas prices are still being assessed and should be available in a few days. The \$1.1 million reflects mainly the following:</p> <p>1) \$2.5 million in favourable variance due to the provincial government's decision to cap hydro rates at 4.3 cents/k retroactive to May 1, 2002, a 15.2% improvement against the budgeted rate.</p> <p>2) \$1.2 million negative variance due to higher than expected gas prices. This was due to a hotter summer and higher demand than expected.</p> <p>3) \$2.3 million negative variance reflecting start-up problems with the heat recovery project, and emergency repairs to the cogeneration facility. The co-gen problems required us to purchase expensive electricity rather than make it ourselves.</p> <p>4) \$0.3 million due to interruption of gas supply and the need to purchase higher priced gas. Possible offset from heat recovery project not yet known.</p>

Name	Budgeted	Projected	Variance	Explanation
	(\$ amounts in millions of dollars)			
GU: Legal Expenses	2.4	3.4	(1.0)	An increase in legal expenses for the current year is being forecasted as a result of ongoing litigation that has been resolved.
GU: Asbestos Abatement	0.0	0.8	(0.8)	This represents unexpected costs associated with the clean-up of asbestos contained in the steam tunnel and mechanical room.
GU: Academic Recruitment and Retention	2.6	2.6	0.0	At this time there is no forecasted variance for this item.
GU/DIV: Other General and Divisional Expenses	831.1	831.6	(0.5)	Divisional differences, whether positive or negative, are carried forward to next year as funds committed. General university variances impact the the surplus or deficit position.
Total Expenses	884.5	900.2	(15.7)	
As a % of Budget	100.0%	101.8%	-1.8%	

University of Toronto
Operating Fund Forecast 2002-2003
Funds Committed For Specific Purposes

Description		Planned April 30, 2003	Forecast April 30, 2003	Variance
	Divisional appropriations carried forward *	60.7	41.9	(18.8)
1	Research overhead	7.5	7.5	-
2	Other	4.7	4.7	-
	Funding sub-total	72.9	54.1	(18.8)
3	Employee future benefits other than pensions	(42.8)	(68.6)	(25.8)
4	Vacation pay liability	(9.2)	(9.7)	(0.5)
5	VEARP repayments	(5.4)	(3.6)	1.8
6	Deferred pension charge/(liability)	5.7	(29.3)	(35.0)
7	EFIP investment losses deferred	(22.6)	(40.0)	(17.4)
	Non-funding sub-total	(74.3)	(151.2)	(76.9)
		(1.4)	(97.1)	(95.7)

* includes purchase orders

- 1) Research overhead: Research overhead recoveries from customers in the calendar year are appropriated and available for spending in the following fiscal year.
- 2) Other: These represent unspent funds in respect of approved capital projects in progress at the end of the fiscal year and various initiatives to enhance the quality, structure and organization of programs and activities.
- 3) Employee future benefits other than pensions: these benefits include medical plans for pensioners, long-term disability and survivor income benefits. The future cost of these benefits must be recorded as an expense when earned instead of being expensed when premiums are paid. The amount shown above, which has been determined by the university's actuary, is recorded as a reduction to funds committed since this cost will be paid by divisions in future years or the prospective method. This amount is estimated to increase to \$145.0 million in the future.
- 4) Vacation pay liability: a vacation pay expense and a corresponding liability must be recorded to show the cost of vacation earned but not taken by non-academic employees. In the future, the divisions will incur these accrued vacation pay expenses.
- 5) VEARP repayments: the cost incurred under the voluntary early academic retirement program (VEARP) must be recorded as an expense when an individual decides to retire and the university agrees, not when the actual retirement occurs. Certain faculties pay the cost of early retirements over a maximum of three years.
- 6) Deferred pension charge: funds are set aside in an amount equal to the deferred pension charge for future years when the University will be required to record pension expense. The pension plan liability is recorded as a reduction in funds committed since the cost will be paid by divisions in future years.
- 7) EFIP investment losses deferred to future years: investment losses incurred by the expendable funds investment pool for the period to April 30, 2003 are being written-off against operations over 5 years from 2002-2003 to 2006-2007. This is the 4/5ths of the total loss which has not yet been written-off. Minimal losses are expected after April 30, 2003 due to a planned change to the long-term investment strategy.

University of Toronto
Divisional Carryforward Balances in \$ 000's
For the Period: May 1 to April 30

Note No.	Division	LR Contact	Forecasted 2002-03		2001-02		2000-01	1999-00	1998-99	1997-98	1996-97
			Finance	Div Forecast	Actual	Forecast					
1	Faculty of Arts and Science	Isaac Saboni	22,000	13,810	21,167	8,500	14,089	12,131	8,831	4,347	5,535
2	University College	Katherine Anne Boyd	0	0	304	0	192	164	179	123	130
3	New College (see A&S)	Chris Sparks	0	0	(37)	0	92	86	222	269	155
4	Innis College	Margot Kempton	0	0	7	29	76	45	128	(16)	107
5	Woodsworth College (see A&S)	Mary Jane Dundas	0	0	244	0	349	469	466	471	336
6	U of T at Scarborough	Helen Morissette	(2,706)	(2,706)	(1,325)	(212)	(1,252)	(2,760)	(3,604)	(3,113)	981
7	U of T at Mississauga	Christine Capewell	(3,500)	(3,500)	1,089	900	2,179	2,043	1,450	835	1,166
8	School of Continuing Studies	John Rawle	1,144	1,144	1,142	233	(243)	(999)	(1,985)	(784)	(406)
9	Munk Centre for International Studies	Diane Granato			289	0	162	34	0	0	0
10	School of Graduate Studies	Christy Kim	1,615	1,615	890	815	508	849	1,521	1,371	1,230
10	Graduate Centres and Institutes	Christy Kim	1,155	1,155	6,158	0	3,836	2,229	2,229	2,345	1,457
11	Faculty of Dentistry	Donna Crossan	(850)	(850)	(880)	(952)	(334)	(582)	43	111	756
12	Faculty of Medicine	Mike Low	23,000	21,359	23,314	16,738	16,710	15,093	11,225	11,865	11,435
13	Faculty of Nursing	Rosanne Lopers-Sweetman	750	233	948	150	905	310	252	337	630
14	Faculty of Pharmacy	Lilita Delgado	500	0	620	0	852	245	84	101	115
15	Faculty of Health & Physical Education	Terry Rubenstein	167	167	848	0	819	879	950	84	36
16	Faculty of Applied Science & Engineering	Catherine Lewis	7,000	1,006	9,162	2,903	9,307	3,724	2,613	2,188	1,389
17	School of Architecture & Landscape Architecture	Komala Prabhakar	0	(74)	18	(220)	136	(62)	162	39	(189)
18	Rotman School of Management	Rosemary Pierre	(15,056)	(15,056)	(11,179)	(7,600)	(5,271)	(711)	342	4	(225)
19	OISE/UT (including UTS)	Ken Burke / Wing Ng	4,400	4,400	5,730	5,300	4,749	5,115	6,566	4,717	781
20	Faculty of Forestry	Christina Lee	300	300	588	510	594	472	462	352	464
21	Faculty of Law	Kathy Tam/Annette Henry	0	0	495	0	288	137	90	186	134
22	Faculty of Information Studies	Susan Brown	430	430	639	250	508	291	237	56	(27)
23	Faculty of Music	May Tsang	(175)	(175)	170	(110)	175	151	76	177	120
24	Faculty of Social Work	Laila Saleh	1,718	1,718	1,982	1,947	1,965	1,656	1,363	655	524
25	Transitional Year Programme/Other Academic Costs	Grace Ramirez/Beata Fitzpatrick	33	33	(4,456)	(2,176)	(2,166)	429	1,060	1,997	3,332
26	U of T Computing	Ron Vander Kraats	2,000	1,430	2,185	1,400	2,008	2,972	2,478	1,997	2,697
27	St. George Library (incl Information Commons)	Alfred Cheng	(350)	(350)	206	(500)	467	907	1,453	179	254
27	St. George Book Fund	Alfred Cheng			0	0	0	0	0	2	21
28	Facilities & Services Maintenance	Joe Rodrigues	(834)	(834)	1,701	0	1,175	1,464	1,040	347	202
28	Co-generation Maintenance	Joe Rodrigues			0	0	0	0	0	1,024	675
29	Office of the Governing Council (incl Internal Audit)	Margaret McKone			(44)		55	72	126	102	101
30	Office of the President	John Harris	4	4	(3)	0	19	17	16	31	13
31	Institutional Costs	John Harris			12	0	105	354	386	274	426
31	AMS Integrated Systems	John Harris	74	74	13	0	32	120	628	553	1,026
31	Student Record System	Kathy Tseu	0	0	198	0	132	388	500	(36)	(2)
32	Assistant Vice-President Student Affairs	Patty McCarthy			0	0	0	0	0	(32)	840
33	Vice-President and Provost	Kathy Tseu			1,506	0	515	1,174	1,301	592	362
33	Vice -Provost and AVP (Planning & Budget)	Kathy Tseu			0	0	0	0	0	1,074	1,331
34	Vice-President Research and International Relations	Vivian Chan	(94)	(94)	(18)	100	6	73	120	227	409
34	Research Information System	Audrey Cheung			3	0	105	112	137	146	190
35	Vice-President Development and University Relations	Iris Chiu/Rivi Frankle	2,000	0	1,698	0	1,181	292	284	136	
35	Campaign Expenses	Iris Chiu/Rivi Frankle	(11,524)	(11,524)	(10,604)	(11,652)	(12,106)	(10,823)	(6,395)	(2,758)	(665)
35	Development Information System	Iris Chiu	0	0	0	0	0	0	0	3	(327)
36	Vice-President, Government and Institutional Relations	Carolyn Cannon			40	10	126				
37	Vice-President, Business Affairs	Sheila Brown	1,500	1,500	1,724	1,678	1,735	1,377	1,434	681	375
38	Financial Information System	Anne Chreptak			0	36	0	0	0	2	15
38	Vice-President, Human Resources	Anne Chreptak	500	122	564	84	1,005	349	1,082	1,371	1,280
38	Human Resource Information System	Anne Chreptak			0	0	0	53	355	1,254	1,915
39	Vice-President, Human Resources - G.U.	Anne Chreptak			739	321	1,650	1,381	1,160	1,013	812
40	Vice-President, Business Affairs - G.U.										
	Insurance reserve	Eric Fleming	6	6	51	0	0	0	0	0	0
	Long-term borrowing pool	Helen Choy/Pierre Piche	(2,914)	(2,914)	(1,476)	0	0	0	0	0	0
41	Student Services - St. George										
	Athletics & Recreation	Terry Rubenstein	0	0	0	0	0	0	0	1,828	1,064
	St. George Campus	Davis Elisha	1,616	1,616	1,952	1,044	1,448	1,230	985	738	741
42	Student Assistance - St. George										
	Recruitment & Retention	John Harris			1,112	1,000	1,298	1,216	1,926	1,042	1,329
	Graduate Fellowships	Christy Kim	30	30	158	(61)	70	(198)	442	124	341
	St. George Campus	Kathy Tseu	0	0	1,133	0	3,122	2,215	113	404	205
	Reserve for Market Value Fluctuation										
	Omnibus factor		8,000	8,000							
			41,939	22,075	60,777	20,465	53,373	46,183	44,533	41,035	45,596

University of Toronto
Operating Fund Forecast 2002-2003
Endowment Forecast

	Fiscal Year 2002	Forecasted Fiscal Year 2003
Opening Balance, May 1	1,176.2	1,199.7
Investment earnings (net of endowment stewardship fee)	(13.6)	(116.6)
Less: possible endowment payout of \$6.60 per unit (not yet decided)	(57.3)	(42.8)
	<u>(70.9)</u>	<u>(159.4)</u>
New donations	89.7	40.0
Transfer of donations to endowments	4.7	4.0
Balance	<u><u>1,199.7</u></u>	<u><u>1,084.3</u></u>

Table 1: Long Range Budget Projection (\$M)

	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	Six Year Total Change	Previous Six Year Total	Variance ¹
Projection of Operating Revenue									
Provincial Operating Grants	\$ 336.2	\$ 346.2	\$ 363.2	\$ 373.8	\$ 391.2	\$ 424.2	\$ 424.2	\$ 390.7	\$ 33.5
Tuition Fees	177.5	205.3	218.8	237.5	272.6	298.6	298.6	269.4	29.3
Total Grants plus Fees	513.6	551.5	582.0	611.3	663.8	722.9	722.9	660.1	62.8
Endowment Revenue for Chairs and Student Aid	23.5	26.3	29.7	34.1	34.6	40.8	40.8	40.8	
Revenue from a New Endowment for Graduate Student Aid									
Canada Research Chairs			6.8	14.3	21.0	29.3	29.3	29.3	
Indirect Cost Recovery on Federal Research Grants					14.6	22.0	22.0		22.0
Stewardship and Investment Management Fees				6.9	7.3	7.6	7.6	7.4	0.2
Investment Income	12.1	11.8	12.7	20.4	13.7	13.7	13.7	16.8	(3.1)
Other Income	16.4	20.2	20.0	21.7	22.7	22.5	22.5	19.8	2.7
Divisional Income	84.6	97.7	101.8	104.1	109.6	109.6	109.6	104.1	5.5
Total Operating Revenue	\$ 650.2	\$ 707.5	\$ 752.9	\$ 812.7	\$ 887.3	\$ 968.3	\$ 968.3	\$ 878.2	\$ 90.1
Projection of Operating Expenditures									
Operating Expenditures, Beginning of Budget Process for the Year	\$ 639.0	\$ 665.6	\$ 708.2	\$ 758.3	\$ 823.2	\$ 904.3	\$ 639.0	\$ 639.0	\$ -
Changes in Operating Expenditures, Year-Over-Year:									
Expenditures Funded by Endowment for Chairs and Student Aid	14.7	3.5	3.4	4.4	0.5	6.2	32.7	32.7	
Expenditures Funded by Divisional Income		13.1	4.1	2.3	5.5		25.0	19.5	5.5
Contractual Obligations and Policy Commitments	2.1	4.1	2.0	9.1	8.6	5.9	31.8	19.0	12.8
OTO Changes in Contractual Obligations and Policy Commitments	(1.2)	2.4	(1.1)	1.7	1.2	(1.0)	2.0	1.1	0.9
Cost of Compensation Settlements	12.1	13.6	20.5	16.6	23.7	24.8	111.3	97.5	13.8
Compensation Savings Due to Faculty Retirements	(2.8)	(2.6)	(2.0)	(2.6)	(3.0)	(3.4)	(16.3)	(16.3)	0.0
Enrolment Growth Fund	0.0	5.2	3.5	6.7	20.0	17.6	53.0	18.2	34.8
Student Aid Reinvestment	5.1	7.9	1.3	2.6	2.6	3.2	22.7	21.8	0.9
New Graduate Student Aid Funds			2.8	2.2	5.1	2.8	12.8	9.4	3.4
Canada Research Chair Fund (CRCF)			7.9	8.8	9.1	10.1	35.8	34.2	1.6
Salary Budget Transfers to Canada Research Chairs Fund			(2.2)	(2.4)	(2.2)	(2.6)	(9.4)	(9.4)	
Academic Priorities Funding (APF)									
Funds Available through Reallocation	5.9	5.9	5.3	5.5	12.3		34.9	34.5	0.4
Quality Enhancement Funds from Tuition Revenue	4.4	2.6	4.0	2.8	1.6	3.8	19.1	19.0	0.1
Other			1.9	1.0	1.5	0.8	5.2	4.6	0.6
Allocation to Divisions from Federal Indirect Cost Recoveries					3.7		3.7		3.7
Administrative Priorities	0.9	0.6	1.8	1.8	1.4	1.5	8.0	6.9	1.1
Campaign Costs				9.9			9.9	9.9	
Allocation to Rotman Under RCM, including MBA Fee Increases					9.4	5.0	14.4		14.4
Allocation to Scarborough Under RCM	1.9	2.5	1.7				6.1	6.1	
Allocation of Revenue to OISE/UT	0.3	0.8	1.7	0.7	0.7	0.7	5.0	5.0	0.0
Budget Reductions Remaining from Previous Plan	(16.9)	(16.9)	(0.4)				(34.2)	(34.2)	0.0
New Reduction Requirement					(13.6)	(8.0)	(21.6)	(14.6)	(7.0)
Reallocation Requirement			(6.1)	(6.3)	(6.7)	(7.4)	(26.6)	(26.2)	(0.5)
Operating Expenditure Budget For the year	\$ 665.6	\$ 708.2	\$ 758.3	\$ 823.2	\$ 904.3	\$ 964.1	\$ 964.1	\$ 877.6	\$ 86.5
Operating Surplus/(Deficit) for the year	\$ (15.4)	\$ (0.8)	\$ (5.4)	\$ (10.4)	\$ (17.0)	\$ 4.2	\$ 4.2	\$ 0.6	\$ 3.6

¹ Relative to the projections contained in the previous Budget Report (2001-02)

Table 2: Long Range Budget Projection (\$M)

	1998-99 Actual	1999-2000 Actual	2000-01 Actual	2001-02 Forecast	2002-03	2003-04
Planned Annual Operating Surplus/(Deficit)	\$ (15.1)	\$ (0.8)	\$ (5.4)	\$ (10.4)	\$ (17.0)	\$ 4.2
Current Service Pension Savings Available for Reallocation		16.8	17.7	18.6	19.8	21.2
	(15.1)	16.0	12.3	8.2	2.8	25.4
Transfer to Academic and Administrative Transitional funds		(2.5)	(3.6)	(1.8)		
Matching Fund Requirements						(14.0)
Amortization of Investment Losses				(9.0)	(7.2)	(5.6)
Transfer to Graduate Aid Endowment				(3.0)		
Transfer to Infrastructure Investment Fund		(14.3)	(14.1)	(14.8)		
	\$ (15.1)	\$ (0.8)	\$ (5.4)	\$ (20.4)	\$ (4.4)	\$ 5.8
One Time Only Deficit Control Measures	2.2	1.2	2.4	13.5		
Budgeted Surplus/(Deficit) for the Year	\$ (12.9)	\$ 0.4	\$ (3.0)	\$ (6.9)	\$ (4.4)	\$ 5.8
Adjustment of Budget to Forecast Actual	\$ 5.2	\$ 0.7	\$ (2.4)	\$ 1.7		
Accumulated Surplus/(Deficit), Beginning of Year	1.4	(6.3)	(5.3)	(10.7)	(16.0)	(20.3)
Accumulated Surplus/(Deficit), End of Year	\$ (6.3)	\$ (5.3)	\$ (10.7)	\$ (16.0)	\$ (20.3)	\$ (14.6)
Maximum Deficit Permissible by Policy	\$ (9.4)	\$ (10.1)	\$ (11.3)	\$ (12.2)	\$ (13.3)	\$ (14.5)