

# ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

## Office of the Vice President for Administration & Finance

April 21, 2021

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

### **FISCAL REPORT: September 1, 2020 – March 31, 2021**

The report of revenue and expenditures for the period September 1, 2020 to March 31, 2021 is attached. This report compares the projected 2020-2021 fiscal year to the un-official adjusted budget which reflects expected levels of State support and enrollment. The format of this report compares month activity to adjusted budget, current year to date activity to adjusted budget year to date, and projection to adjusted budget. This month's report reflects the impact of known changes to the recently approved state budget.

#### ***Year-to-Date Revenue Highlights***

Total year-to-date revenues for the seven-month period ending March 31, 2021, are 2.0% or \$982k more than the un-official adjusted budget expectations. The majority of the overage is resulted from the State repaying the college \$1.3 million which had been withheld from September and December quarterly payments. This overage was netted against chargebacks decreasing by \$170k and service fee decreasing by \$139k, both of which were impacted by lower than expected enrollments. Smaller revenue shortfalls due to the college being remote status occurred with self-sustaining revenue aka CAPE of \$77k, and other revenue of \$109k.

#### ***Year-to-Date Expenditures Highlights***

Total expenditures for the seven-month period ending March 31, 2021, are 3.6% or \$1.2 million below the un-official adjusted budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$607k from the adjusted budget, largely due to savings from employee retirements, the timing of filling open positions, and reductions in Federal Work Study payments. Employee benefit expenses are \$200k lower than budget due to the reduced number of employees during the period and the 2021 health insurance costs were less than budgeted. The cost savings of \$378k in Contract Services is the net result of the College continuing to be largely in remote status, and timing issues in vendor payments which will reverse themselves as the year progresses.

#### **Full Year Projections**

Full year projections are calculated using the actual results year-to-date, the monthly projections for the remainder of the year, and any new information that becomes known about particular line items. After seven months of FY21, we are currently projecting a profit of \$2.8 million for the year versus the un-official adjusted budgeted loss of \$452k. This projection reflects changes to the state budget for 2021 that were announced as part of the state budget process for fiscal year 2022. This projection also reflects more accurate personnel expenditures following an in-depth analysis of actual personnel costs for the first six months of the year.

Revenue projections are 2.6%, or \$1.5 million more than the un-official adjusted budget projections. Most of the variances were discussed in the March 17<sup>th</sup> 2021 budget narrative. Of note, actual spring tuition and fees were used in this month's projection, as well as the anticipation of the college receiving its scheduled fourth quarter payment without the 5% cut.

Expense projections are 2.9%, or \$1.7 million less than the un-official adjusted budget projections. Most of the variances are attributable to the following items:

1. reductions in personnel costs of due to non-budgeted retirements and savings due to the timing of filling open positions,
2. a reduction in employee benefits cost of \$260k due to actual health insurance premiums for the period January '21 through August '21 being less than originally budgeted,
3. and savings in contract services due to continuing to operate largely remotely in Spring '21.

## *FUND BALANCE*

The beginning fund balance increased \$670k compared to prior month's board report. This was related to the state paying the college the 20% owed from the June 2020 payment and was recognized in the 1920 academic year. At the beginning of the year, the College's unrestricted fund balance was 6.8% of its operating expenses. SUNY's general guideline for each community college, regardless of size, is to "work to establish unrestricted net assets ranging from 5% to 15% of its operating expenses." As noted above, the current projection indicates that the fund balance will be increase by \$2.8 million in this fiscal year, which will result in a level of 12.9% of operating expenses.

It should be noted that the College's estimated fund balance of \$7,445,244 is different from what our Sponsor Orange County reports as our fund balance due to different accounting standards. In its fund balance calculation, Orange County includes the college's restricted fund balance and adds back sick and vacation accruals that were recorded in the college's unrestricted fund. The County's methodology produces a higher unrestricted fund balance than that reported by the College in our audited financial statements.