

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance

February 17, 2020

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

FISCAL REPORT: September 1, 2020 – January 31, 2020

The report of revenue and expenditures for the period September 1, 2020 to January 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.

Year-to-Date Revenue Highlights

Total year-to-date revenues for the five-month period ending January 31, 2021, are 2.1% or \$724k better than the un-official adjusted budget expectations. The acknowledgement of \$791k CARES Act Institutional funds was the main cause of the overage. It also should be noted that the net Fall '20, Winter '20, and Spring '21 tuition, fees and chargeback revenues were comparable to the un-official adjusted budget. The adjusted budget includes \$1.7 million in revenues from the institutional portion of the CARES Act and \$218 thousand in revenue from the Hispanic Serving Institutions portion of the CARES Act. The College is eligible to utilize these funds once it has properly expended all the \$1.7 million it received in the student portion of the CARES Act. The College is on track to expend all the student CARES Act funds and the \$1.7 million institutional funds.

Year-to-Date Expenditures Highlights

Total expenditures for the five-month period ending January 31, 2021, are 7.9% or \$1.8 million below the un-official adjusted budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$342k 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 \$968k lower than budget largely due to January health care expense of \$830k not recorded as of yet. Normally health care bills are received the following month which causes the delay in acknowledging this expense. The remainder of savings from employee benefits were due to the reduced number of employees during the period. The cost savings of \$523k 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 five months of FY21, we are currently projecting a loss of \$140k for the year versus the budgeted loss of \$452k.

Revenue projections are 1.5%, or \$888k less than the un-official adjusted budget projections. Most of the variances are attributable to the following items:

1. using actual tuition and fees for Fall '20 and Winter '20, a 10% reduction for Summer '21, **15% reduction in tuition and fees for Spring '21, which is different from last month's projection of 20%**,
2. a reduction in state revenue due to actual quarterly payments being slightly higher than the state obligation. **This is a \$40k change from the previous month's projection.**
3. reduction in non-credit program revenues due to remote operations,
4. an \$80k reduction in interest income due to historically low treasury rates,
5. the elimination of parking fees and rental income in Spring due to continued remote operation,

Expense projections are 2.0%, or \$1.2 million less than the un-official adjusted budget projections. Most of the variances are attributable to the following items:

1. an \$849k addition to the personnel services line item approved by the Board of Trustees in October,

2. reductions in personnel costs of due to non-budgeted retirements and savings due to the timing of filling open positions,
3. 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,
4. and savings in contract services due to continuing to operate largely remotely in Spring '21.

FUND BALANCE

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 reduced by \$140k in this fiscal year, which will result in a level of 6.7% of operating expenses.

It should be noted that the College's estimated fund balance of \$3,870,359 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.