

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance

February 16, 2022

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

FISCAL REPORT: September 1, 2021 – January 31, 2022

The report of revenue and expenditures for the period September 1, 2021 to January 31, 2022 is attached. This report compares the projected 2021-2022 fiscal year to the budget which reflects expected levels of State support and enrollment. The format of this report compares month activity to budget, current year to date activity to budget year to date, and projection to budget.

Year-to-Date Revenue Highlights

Total year-to-date revenues for the five-month period ending January 31, 2022, are 4.1% or \$1.5 million lower than the budget expectations. Enrollment declines of 17% for Fall and Spring are the major contributing factors to the shortfall. As you recall the college budgeted for 10% reduction. These shortfalls impacts tuition, fees, and chargeback revenues. There was also a 58.8%, or \$196k decline in Non-Credit Courses which are offered by the college's Continuing and Professional Development Education department also known as CAPE.

Year-to-Date Expenditures Highlights

Total expenditures for the five-month period ending January 31, 2022, are 8.3% or \$2.0 million below the budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$1.4 million from the 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 \$512k lower than budget largely due to vacant positions not yet filled. Contract Services is less than budget by \$87k and Equipment is over budget by \$1k.

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 month period of FY22, we now project a positive bottom line of \$345k.

Revenue projections are 2.7%, or \$1.7 million less than the budget projections. Most of the variances are attributable to the following items:

1. Enrollment decline of 17% for the Fall and Spring are larger than the college's budget decline of 10%.
2. Decrease in Federal and Local Work Study due to 50% of classes being offered remote.
3. Decrease in the expectation of rental income
4. Reduction in non-credit program revenues.

Expense projections are 3.3%, or \$2.1 million less than the budget projections. Most of the variances are attributable to the net reductions in personnel costs due to non-budgeted retirements, and savings due to the timing of filling open positions. A review was completed comparing budgeted positions with the most recent payroll and additional salary savings were identified due to vacant positions that occurred after the budget was created. This revised projection includes partial year funding for 3 non budgeted positions totaling \$97k. A comprehensive analysis of personnel costs when the 6 month financial statements are presented to the committee. The revised projection also includes the actual 12% increase in health insurance costs effective January 1, 2022. This increase is 8% more than what the college budgeted, resulting in additional health care costs of \$436k. Contract Services projections include an additional \$364k in consulting costs who will be used to temporary fill some of the college vacancies and provide assistance to CAPE to bolster Self Sustaining revenues. This projection reflects increased utility projected in an earlier month.

FUND BALANCE

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." The current projection indicates that the operating fund balance plus restricted fund balance will result in a level of 11.55% of operating expenses.

It should be noted that the College's estimated operating fund balance of \$7,031,712 is different from what our Sponsor Orange County report. The County fund balance calculation 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 of adding back sick and vacation accruals produces a higher unrestricted fund balance than that reported by the College in our audited financial statements.