

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance September 22, 2021

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

FISCAL REPORT: September 1, 2020 – August 31, 2021

The report of revenue and expenditures for the period September 1, 2020 to August 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 twelve-month period ending August 31, 2021, are 3.8% or \$2.3 million more than the un-official adjusted budget expectations. The majority of the overage was related to the State paying \$2.0 million of the 20% reduction that the State was planning on withholding from the college. The overages were netted against chargebacks decreasing by \$62k, non-credit courses decreasing by \$88k, and other revenue decreasing by \$323k. Cares funding variance was due to the college drawing down the H.S.I funding which is not included in the un-official adjusted budget. The college also drew down \$103,500 in CRRSAA and \$354K in ARP funding that was not part of the un-official adjusted budget.

Year-to-Date Expenditures Highlights

Total expenditures for the twelve-month period ending August 31, 2021, are 3.8% or \$2.2 million below the un-official adjusted budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$1.5 million 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 \$482k 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 overage of \$10k in Contract Services is the net result of the College continuing to be largely in remote status, costs related to pool testing, 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 twelve months of FY21, we are currently projecting a profit of 3.47 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 and benefit expenditures following an in-depth analysis of monthly costs for the period ending July 31st.

Revenue projections are 3.7%, or \$2.2 million more than the un-official adjusted budget projections. This variance was predominantly related to the State repaying the college \$1.9 million which had been previously reduced from the quarterly payments, and the college acknowledging \$218k of 'HSI and \$104k of CRRSAA and \$354k of ARP funding.

Expense projections are 2.2%, or \$1.3 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 overages in contract services due to continuing to operate largely remotely in Spring '21. COVID pool testing expenses of \$354k predominately caused the overage.
4. Equipment line includes \$400k that is accrued for future IT and Facilities purchases.

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 increase by \$3.07 million in this fiscal year, which will result in a level of 13.39% of operating expenses.

It should be noted that the College's estimated fund balance of \$7,745,994 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.