

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance January 20, 2020

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

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

The report of revenue and expenditures for the period September 1, 2020 to December 31, 2020 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 projected revenues for the four-month period ending December 31, 2020, fall short of the un-official adjusted budget expectations by 1.9% or \$516k. This shortfall is the result of reduced Spring '21 enrollment, which caused tuition, service fees, and chargeback revenues to decline by a total of \$842k. This reduction was partially offset by stronger than projected enrollment in the Fall '20 and Winter '21 terms. 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 has begun drawing down the institutional funds.

Year-to-Date Expenditures Highlights

Total expenditures for the four-month period ending December 31, 2020, are 3.4% below the un-official adjusted budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$334k 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 \$53k lower than budget largely due to the reduced number of employees during the period. The net cost savings of \$257k in Contract Services is partially the result of the College continuing to be largely in remote status, and partially due to 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 four months of FY21, we are currently projecting a loss of \$516k for the year versus the budgeted loss of \$452k. This total includes:

- A. an \$849k addition to the personnel services line item approved by the Board of Trustees in October,
- B. 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,
- C. actual tuition and fees for Fall '20 and Winter '20, a 20% reduction in tuition and fees for Spring '21 and a 10% reduction for Summer '21,
- D. reduction in non-credit program revenues due to remote operations,
- E. reductions in personnel costs of due to non-budgeted retirements and savings due to the timing of filling open positions,
- F. an \$80k reduction in interest income due to historically low treasury rates,
- G. the elimination of parking fees and rental income in Spring due to continued remote operation,
- H. 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 \$516k in this fiscal year, which will result in a level of 5.9% of operating expenses.

It should be noted that the College’s estimated fund balance of \$3,448,295 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 fund balance than that reported by the College in our audited financial statements.