

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance

March 17, 2021

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

FISCAL REPORT: September 1, 2020 – February 28, 2021

The report of revenue and expenditures for the period September 1, 2020 to February 28, 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 six-month period ending February 28, 2021, are 0.6% or \$247k less than the un-official adjusted budget expectations. The majority of the shortfall is tied to chargebacks decreasing by \$127k and service fee decreasing by \$146k, 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 \$64k, and other revenue of \$94k.

Year-to-Date Expenditures Highlights

Total expenditures for the six-month period ending February 28, 2021, are 3.9% or \$1.1 million below the un-official adjusted budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$480k 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 \$188k lower than budget due to the reduced number of employees during the period. The cost savings of \$451k 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 six months of FY21, we are currently projecting a profit of \$36k for the year versus the un-official adjusted budgeted loss of \$452k.

Revenue projections are 1.5%, or \$857k 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, **13% reduction in tuition and fees for Spring '21, which is different from last month's projection of 15%**,
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. **reduce CARES Institutional funding by current estimated student CARES outstanding checks. CARES Institutional funding is only available up to the amount of the CARES Student portion that was expended and cleared.**
5. an \$80k reduction in interest income due to historically low treasury rates,
6. the elimination of parking fees and rental income in Spring and federal work study due to continued remote operation,
7. **the reduction of miscellaneous income**

Expense projections are 2.3%, 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 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 increase by \$36k in this fiscal year, which will result in a level of 7.0% of operating expenses.

It should be noted that the College's estimated fund balance of \$4,046,947 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.