

ORANGE COUNTY COMMUNITY COLLEGE

Middletown, New York 10940

Office of the Vice President for Administration & Finance

November 17, 2021

To: Members of the Board of Trustees

From: Paul Martland, Vice President of Administration and Finance

FISCAL REPORT: September 1, 2021 – October 31, 2021

The report of revenue and expenditures for the period September 1, 2021 to October 31, 2021 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 two-month period ending October 31, 2021, are 5.5% or \$1.1 million lower than the budget expectations. Fall enrollment decline of 17% compared to the 10% budgeted decline is the major contributing factor to the shortfall. This shortfall impacts tuition, fees, and chargeback revenues. There was also a 53.1%, or \$94k 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 two-month period ending October 31, 2021, are 8.2% or \$916k below the budget. Each of the three major expense categories contributed to this positive variance. Personnel Services expenses are down \$704k 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 \$261k lower than budget largely due to vacant positions net yet filled. Contract Services is over budget by \$39k and Equipment is over budget by \$11k.

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 two month period of FY22, we continue to project a breakeven result.

Revenue projections are 3.3%, or \$2.1 million less than the budget projections. Most of the variances are attributable to the following items:

1. Fall '21 enrollment decline of 17% which is 7% larger than the college's budget decline of 10%. This additional unbudgeted decline will also impact Spring '22 enrollment, fees and chargeback revenues.
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 due to remote operations.

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. In the month of October, an additional cost savings in healthcare of \$250k was found compared to budget. The revised projection includes reinstatement of two unbudgeted positions.

Expense projections are unfavorably impacted by information received concerning a significant increase in energy supply costs. The college included an estimated additional cost of \$328k in this line item.

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 15.0% of operating expenses.

At the October 20, 2021 Audit and Finance Committee meeting it was determined that the negative Lab School Fund should be included in the college's operating fund balance. This change has been reflected in this month's report resulting in an estimated operating fund balance of \$6,554,382.

The college's operating fund balance 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.