

**Orange County Community College  
(A Component Unit of the  
County of Orange, New York)**

**Financial Statements and Required Reports  
under Uniform Guidance as of  
August 31, 2021  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# ORANGE COUNTY COMMUNITY COLLEGE

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## INDEPENDENT AUDITOR'S REPORT

March 15, 2022

To the Board of Trustees of  
Orange County Community College :

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Orange County Community College (College) (a component unit of Orange County, New York) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Orange County Community College Association, Inc. and the Educational Foundation of Orange County Community College, Inc., which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange County Community College Association, Inc. and the Educational Foundation of Orange County Community College, Inc., which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **Auditor's Responsibility (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of Orange County Community College as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the College's 2020 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated May 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent in all material respects with the audited financial statements from which it was derived.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedules on pages 41 through 43 as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements. The accompanying other supplementary information on pages 44 through 47 presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part, 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **Other Matters (Continued)**

#### *Other Information (Continued)*

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplementary information in the schedules on pages 44 through 47 has not been subjected to the auditing procedures applied within the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Bonadio & Co., LLP*

# ORANGE COUNTY COMMUNITY COLLEGE

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) AS OF AND FOR THE YEARS ENDED AUGUST 31, 2021

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The following management discussion and analysis (MD&A) presents a comprehensive overview of Orange County Community College's financial position as of August 31, 2021 and the results of its operations for the year then ended. This MD&A should be read in conjunction with the audited financial statements and related footnotes of Orange County Community College (the "College"), which directly follow the MD&A.

The College is a comprehensive two-year public college. The funding for the College comes from the following primary sources: student tuition revenues, sponsor contribution, state aid, Federal Title IV student financial aid program and other federal, state, and local grants. The financial statements also include the financial activity of Orange County Community College Association, Inc. (the "Association") and the Educational Foundation of Orange County Community College, Inc. (the "Foundation"). The Association, which reports on June 30, year-end, oversees student fees, agency accounts, food service, bookstore, lab school, and certain endowment funds. The Foundation, which also reports on a June 30, year-end, was formed solely for the purposes of furthering the educational mission of the College by providing for capital improvements, the purchase of academic equipment, and scholarships. The Association and the Foundation are reported as component units under the provision of Governmental Accounting Standards Board (GASB) Statement No. 14, *the Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

### Overview of Financial Statements

The financial statements of the College have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board ("GASB"). The financial statements presented include the statement of net position, statements of revenues and expenses and changes in net position, as well as statements of cash flows and the footnote disclosures. These statements provide information on the financial position of the College and the result of its operations for the year. A description of these statements follows.

The statement of net position presents the assets and deferred outflow of resources, liabilities and deferred inflows of resources and net position of the College as of the end of the fiscal year, representing the financial position at a specific point in time. The assets of the College are classified into two categories: current and noncurrent. The current assets represent those resources which the College expects to be available for use to satisfy current obligations. This consists of cash, investments, and student accounts receivable net of allowance for uncollectible accounts. The noncurrent assets represent those assets which are more fixed in nature such as property plant and equipment. Liabilities are classified into current and long-term (noncurrent) obligations. Current liabilities are those obligations, which will be paid within one year. This classification consists mostly of accounts payable, accrued liabilities, and unearned revenues. Unearned revenues are student tuition and fees paid in the current fiscal year, but applicable to future semesters. Long-term liabilities represent obligations or restrictions that are non-current and are not expected to be paid or recognized in the current fiscal year. Included in this classification are long-term obligations such as accruals for compensated absences and post-retirement benefits.

The Statement of Revenues, Expenses, and Changes in Net Position present the changes in the College's financial position for the fiscal year. Because the College uses an accrual basis of accounting, revenues and expenditures are recorded when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

## **Overview of Financial Statements (Continued)**

Thus, revenues and expenses reported in this statement include items that will result in cash received or disbursed in future fiscal periods (e.g., accounts receivable for the receipt of amounts due from students and others for services already rendered or an accrued liability for the future payment of compensated absences).

The Statement of Cash Flows provides information on the major sources and uses of cash during the year and is reported on the direct method. The direct method of cash flow reporting portrays net cash from operating, investing, capital and related financing activities, and noncapital financing activities.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the financial statements and the accompanying notes, this report also contains certain supplementary information concerning the College's financial activities.

## **Financial Highlights**

As of August 31, 2021, the College's net position decreased \$10.4 million to (\$76.7) million. This decrease was primarily due to the College acknowledging OPEB expense of \$13.3 million, depreciation expense net capital additions of \$3.2 million, reduction in pension expense of \$2.3 million related to GASB 68, and the College had an operating profit of \$3.8 million.

Operating revenues in 2021 increased to about \$26.7 million. Net non-operating revenue increased by approximately \$904 thousand to \$46.3 million. Investment income remains modest due to low interest rates based on the current economic conditions. The College is adjusting to changing demographics which impacts tuition revenues as well as state aid.

Operating expenses decreased \$6.8 million or 7.5% from fiscal year 2020. This decrease is primarily due to the change in Pension expense under GASB 68 of (\$2.3) million in fiscal year ending August 31, 2021 versus \$3.2 million in fiscal year ending August 31, 2020. Another contributing factor to the decrease is the change of OPEB expense under GASB 75 of \$13.3 million in fiscal year ending August 31, 2021 versus \$15.4 million in fiscal year ending August 31, 2020.

The balance of this document will discuss each of the financial statements in more detail.

## **Statement of Net Position**

The Statement of Net Position presents the financial position of the College at the end of the fiscal year, August 31, 2021. During the fiscal year, the College's total assets increased by \$6.8 million due primarily to there being a TRS net pension asset of approximately \$6.2 million in current year and none in prior year. The College's total liabilities decreased \$9.9 million primarily due ERS net pension liability decreasing approximately \$12.9, an increase in its OPEB liability by approximately \$4.8 million and a decrease in TRS net pension liabilities of approximately \$988 thousand.

The decrease in net position during the past year was approximately \$10.4 million was primarily due to the college acknowledging OPEB expense of \$13.3 million, depreciation expense net capital additions of \$3.2 million, reduction in pension expense of \$2.3 million related to GASB 68, and the college had an operating profit of \$3.8 million.



**Financial Highlights** (Continued)**Statement of Net Position** (Continued)

The table below reflects the financial position August 31, 2021 and 2020:

	Fiscal Year 2021	Fiscal Year 2020	Dollar Change	Percent Change
Current assets	\$ 19,730,426	\$ 15,925,936	\$ 3,804,490	23.9%
Net pension asset	6,181,792	-	6,181,792	100.0%
Capital assets, net	<u>120,069,856</u>	<u>123,282,099</u>	<u>(3,212,243)</u>	-2.6%
 Total assets	 <u>145,982,074</u>	 <u>139,208,035</u>	 <u>6,774,039</u>	 4.9%
Deferred outflows of resources				
Pension related	12,760,054	11,462,732	1,297,322	11.3%
OPEB related	<u>23,481,015</u>	<u>30,749,396</u>	<u>(7,268,381)</u>	-23.6%
Total deferred outflows of resources	<u>36,241,069</u>	<u>42,212,128</u>	<u>(5,971,059)</u>	-14.1%
Current liabilities	8,293,774	9,096,739	(802,965)	-8.8%
Long-term liabilities	<u>228,235,455</u>	<u>237,342,948</u>	<u>(9,107,493)</u>	-3.8%
Total liabilities	<u>236,529,229</u>	<u>246,439,687</u>	<u>(9,910,458)</u>	-4.0%
Deferred inflows of resources				
Pension related	20,379,432	1,259,980	19,119,452	1517.4%
OPEB related	1,150,023	-	1,150,023	100.0%
Deferred amounts on NYS TAP	<u>856,261</u>	<u>-</u>	<u>856,261</u>	100.0%
Total deferred inflows of resources	<u>22,385,716</u>	<u>1,259,980</u>	<u>21,125,736</u>	1676.7%
Net position:				
Investment in capital assets	119,994,344	123,173,810	(3,179,466)	-2.6%
Unrestricted	<u>(196,686,146)</u>	<u>(189,453,314)</u>	<u>(7,232,832)</u>	-3.8%
Total net position	<u>\$ (76,691,802)</u>	<u>\$ (66,279,504)</u>	<u>\$ (10,412,298)</u>	-15.7%

**Current Assets**

Current assets increased \$3,804,490, or 23.9%, compared to the previous year. Current assets are those assets that are available to satisfy current obligations and primarily consists of cash and cash equivalents and accounts receivable.

**Capital Assets (net)**

Capital assets decreased approximately \$3.2 million, or 2.6%, compared to the 2020 fiscal year. This is a result of the college recognizing \$4.3 million in depreciation expense compared to making \$1.1 million in additions. The College is dedicated to updating its facilities, maintaining, and improving buildings and infrastructure on the two campuses. This year the College's capital projects included repairing Kaplan façade, Physical Education Center Building critical maintenance, and replacing Bio-Tech Building cooling towers, windows and renovations.

**Financial Highlights** (Continued)

A summary of capital assets and related accumulated depreciation compared to prior year follows:

<u>Category</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Land	\$ 10,873,272	\$ 10,873,272	\$ -	0.0%
Construction in progress	380,421	-	380,421	100.0%
Buildings and improvements	171,736,156	172,367,709	(631,553)	-0.4%
Furniture and equipment	10,148,882	20,312,261	(10,163,379)	-50.0%
Total	193,138,731	203,553,242	(10,414,511)	-5.1%
Less: accumulated depreciation	(73,068,875)	(80,271,143)	7,202,268	9.0%
Net capital assets	<u>\$120,069,856</u>	<u>\$123,282,099</u>	<u>\$ (3,212,243)</u>	-2.6%

**Deferred Outflows of Resources**

A deferred outflow of resources is defined as the use of net assets applicable to a future reporting period. The College reports these pension related items based on actuarial calculations provided by NYSTRS and NYSLERS. Additional information about these deferred outflows are available in the notes to the financial statements.

**Current Liabilities**

Current liabilities decreased by approximately \$770 thousand, or 8.5%, compared to previous year. Current liabilities are those liabilities that will be paid within one year and consist of accounts payable and accrued liabilities, unearned revenues and long-term liabilities due within the next year.

**Non-Current Liabilities**

Non-current liabilities decreased approximately \$9.1 million, or 3.8%, compared to previous year. Non-current liabilities consist of compensated absences, post-retirement health benefits, capital leases, and net pension liability. This decrease was primarily due to a net increase in the OPEB liability of approximately \$4.8 million and decrease in net pension liabilities of approximately \$13.9 million.

**Deferred Inflows of Resources**

Deferred inflows of resources are net assets acquired by the College that are applicable to a future reporting period. In 2021, the College had deferred inflows of resources from pension related items for NYSTRS and the NYSLERS pension plans. Additional information about these deferred inflows are available in the Notes to the Financial Statements.

## **Financial Highlights** (Continued)

### **Statement of Revenues, Expenses and Changes in Net Position**

- Total operating revenues for fiscal year 2021 were \$26.7 million, which consists of tuition and fees, grants (federal (including HEERF funding \$2.4), state, local, and non-governmental) and other sources. Total operating revenue increased \$1.4 million compared to prior year.
- Operating expenses for fiscal year 2021 were \$84.4 million which includes salaries, benefits, equipment and contractual services for all of the College's functional areas (instruction, academic support, libraries, student services, general administration, general institutional services, and maintenance & operation of plant), student aid, and depreciation. Operating expenses decreased \$6.8 million, or 7.5%, from the prior year.
- Non-operating revenues totaled \$46 million and include state and local appropriations and investment income. Non-operating revenues increased approximately \$904 thousand, or 2% from the prior year.
- The decrease in net position for fiscal year 2021 was \$10.4 million. This decrease was primarily due to the college acknowledging OPEB expense of \$13.3 million, depreciation expense net capital additions of \$3.2 million, reduction in pension expense of \$2.3 million related to GASB 68, and the college had an operating profit of \$3.8 million.

As required by generally accepted accounting principles, state and local appropriations are considered non-operating revenues even though these revenues are at the core of operations for the College and other community colleges in the SUNY system.

### **Revenue Overview**

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Tuition and fees, net	\$ 19,457,846	\$ 19,845,064	\$ (387,218)	-2.0%
Federal, state and local grants/contracts	4,528,937	4,820,902	(291,965)	-6.1%
Other operating income	<u>2,697,229</u>	<u>621,131</u>	<u>2,076,098</u>	334.2%
Operating revenues	<u>26,684,012</u>	<u>25,287,097</u>	<u>1,396,915</u>	5.5%
Government appropriations:				
State of New York	12,280,989	13,440,660	(1,159,671)	-8.6%
Orange County	19,052,882	19,052,882	-	0.0%
County chargebacks	2,343,544	2,344,342	(798)	0.0%
Student financial aid	12,603,569	10,469,605	2,133,964	20.4%
Investment income	<u>28,629</u>	<u>98,346</u>	<u>(69,717)</u>	-70.9%
Non-operating revenues	<u>46,309,613</u>	<u>45,405,835</u>	<u>903,778</u>	2.0%
Capital Appropriations	<u>1,066,850</u>	<u>1,488,064</u>	<u>(421,214)</u>	-28.3%
Total revenue	<u>\$ 74,060,475</u>	<u>\$ 72,180,996</u>	<u>\$ 1,879,479</u>	2.6%

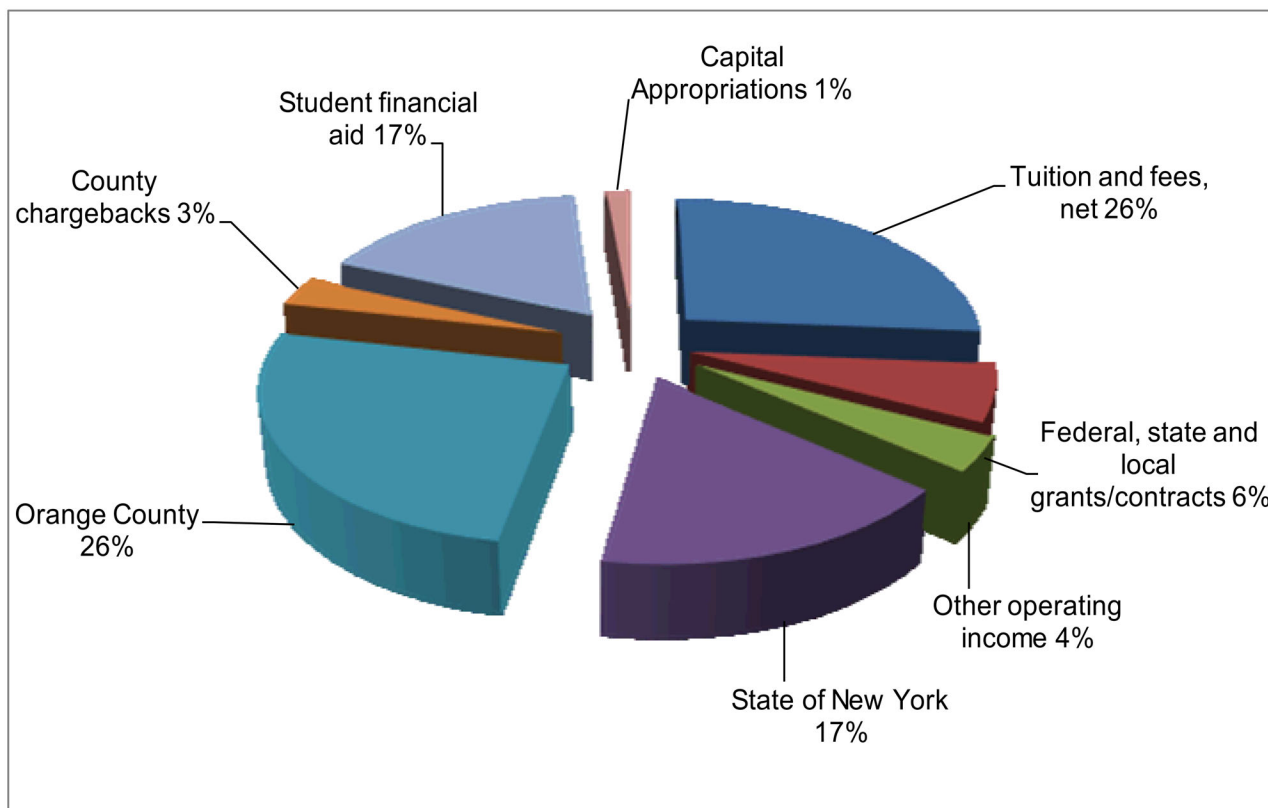
## **Financial Highlights** (Continued)

### **Operating Revenue**

#### **Tuition and Fees:**

Tuition and fee revenue (net of the allowance for scholarships provided to students of \$4,786,220), was \$19,457,846, a decrease of \$387 thousand, or 2%, from the previous year. Total full-time student headcount for the fall, spring and summer semesters combined, decreased from 4,985 in 2020 to 4,385 in 2021. Full-time equivalent students decreased from 4,202 in 2020 to 3,857 in 2021.

The College's fiscal year 2021 revenues came from the following sources:



#### **Grant and Contract Revenue:**

The College receives a variety of Federal, State, Local and Non-Governmental grants. Amounts received under federal, state and local sponsored programs were \$4.5 million, a decrease of approximately \$292 thousand from the prior year.

#### **Other Operating Income:**

The College received \$2.4 million dollars HEERF funds which are included in the Other Operating Income Revenue as of August 31, 2021.

## **Financial Highlights** (Continued)

### **Non-Operating Revenue**

#### **State and County Appropriations:**

A large portion of revenue for the College comes from state and county appropriations, which for financial reporting purposes, are classified as non-operating revenue. State appropriations totaled \$12.3 million and \$13.4 million for the years ended August 31, 2021 and 2020, respectively. County appropriations totaled \$19.1 and \$19.1 million for the years ended August 31, 2021 and 2020, respectively.

### **Expense Overview**

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating expenses:				
Instruction	\$ 35,858,001	\$ 40,859,523	\$ (5,001,522)	-12.2%
Academic support	4,232,833	4,167,926	64,907	1.6%
Libraries	1,461,187	1,607,396	(146,209)	-9.1%
Student services	5,706,132	5,331,020	375,112	7.0%
Plant maintenance	10,544,109	10,911,448	(367,339)	-3.4%
General administration	8,627,845	12,205,316	(3,577,471)	-29.3%
Institutional support	5,922,906	6,727,831	(804,925)	-12.0%
Student aid	7,817,350	4,785,209	3,032,141	63.4%
Depreciation	4,346,081	4,696,726	(350,645)	-7.5%
Total	<u>\$ 84,516,444</u>	<u>\$ 91,292,395</u>	<u>\$ (6,775,951)</u>	-7.4%

Operating expenses decreased \$6.8 million or 7.5% from fiscal year 2020. This decrease is primarily due to the change in GASB 68 Pension expense of (\$2.3) million in fiscal year ending August 31, 2021 versus \$3.2 million in fiscal year ending August 31, 2020. Another contributing factor to the decrease is the change of OPEB expense under GASB 75 of \$13.3 million in fiscal year ending August 31, 2021 versus \$15.4 million in fiscal year ending August 31, 2020. In addition, the Student aid increased by \$3.0 million due to the issuance of HEERF funds of \$3.1 million to students.

#### **Student Aid:**

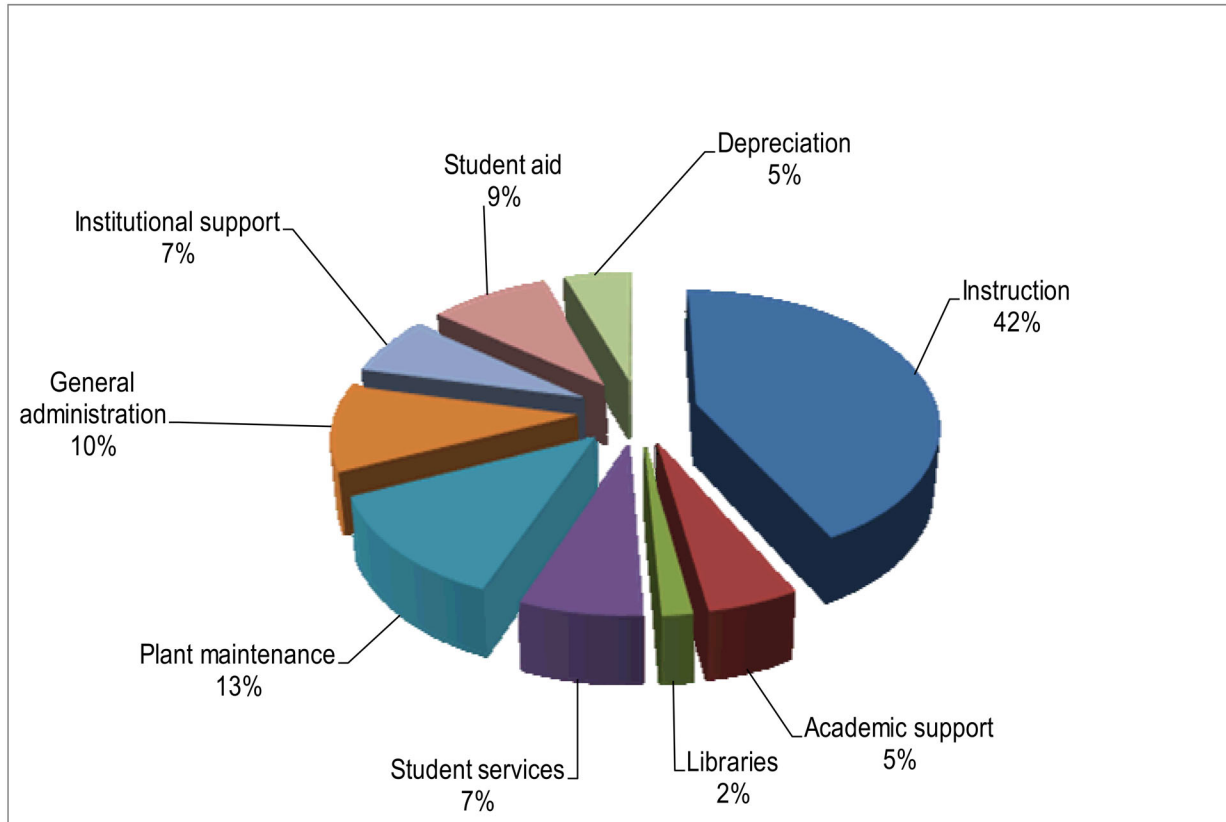
On the College's financial statement, scholarships used to satisfy student tuition and fees are reported as an allowance (offset) to the respective revenue classification up to the amount of the student charges. The amount reported as expense represents amounts refunded to the student in excess of College charges.

Total scholarships and fellowships, including Federal and State grant programs, were \$12.6 million for the fiscal year ended August 31, 2021. Of this amount, \$4.8 million was classified as a scholarship allowance and \$7.8 million was classified as expense. Major scholarships and grants received during the year include \$6.7 million from the federal PELL grant program, \$3.1 million Student HEERF, and \$2.5 million from the New York State Tuition Assistance Program (TAP).

## **Financial Highlights** (Continued)

### **Expense Overview** (Continued)

The College's 2021 expenses came from the following sources:



### **Economic Factors that will affect the future**

The College is committed to offering quality academic programs at an affordable price. However, there are a number of economic factors that continue to make this a complex challenge. The primary economic factors to consider are:

1. COVID-19 Pandemic
2. Changing demographics of the County
3. Declining number of college ready high school graduates
4. Increasing competition from other colleges and universities
5. Increasing costs and demands for technology and associated support
6. Increasing costs for health benefits
7. Increase in operational costs associated with newer, larger, technology-enhanced buildings and costs to maintain aging buildings

## **Financial Highlights** (Continued)

### **Economic Factors that will affect the future** (Continued)

The needs that may not be met by County/State funding underscore the importance of College-wide efforts to increase other funding sources, including philanthropy, and sponsored projects. In order to accomplish this, the College continues to seek grants and sponsors for transformational initiatives that will make SUNY Orange the college of choice for our residents and those residing in surrounding counties.

### **Requests for Information**

This financial report is designed to provide a general overview of Orange County Community College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or request for any additional information should be addressed to:

Paul Martland  
Vice President for Administration and Finance  
Orange County Community College  
115 South Street  
Middletown, NY 10940

**ORANGE COUNTY COMMUNITY COLLEGE**  
(A Component Unit of the County of Orange, New York)

**STATEMENT OF NET POSITION**  
**August 31, 2021**

(with summarized comparative totals for 2020)

	2021		2020	
	Primary Institution	Discretely Presented Component Units	Primary Institution	Discretely Presented Component Units
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 16,776,812	\$ 1,173,501	\$ 11,901,006	\$ 1,224,665
Student accounts receivable, net of allowance for doubtful accounts of \$3,855,824	2,077,630	-	1,740,502	-
Funds held for student activities and agency funds	-	648,955	-	507,181
Other accounts receivable	-	109,238	715,349	129,833
Pledges receivable	-	-	-	-
Grants receivable	791,075	-	1,477,576	-
Prepaid expense and inventories	84,909	44,028	91,503	31,664
Total current assets	19,730,426	1,975,722	15,925,936	1,893,343
<b>NONCURRENT ASSETS:</b>				
Investments and donor advised funds	-	17,819,564	-	14,720,969
Pledges receivable, net	-	2,812,718	-	3,283,452
Charitable remainder trust receivable	-	1,256,360	-	1,027,401
Net pension asset - TRS	6,181,792	-	-	-
Capital assets, net of accumulated depreciation	120,069,856	213,903	123,282,099	217,994
Total noncurrent assets	126,251,648	22,102,545	123,282,099	19,249,816
Total assets	145,982,074	24,078,267	139,208,035	21,143,159
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - ERS pension	9,643,402	-	8,437,951	-
Deferred outflows of resources - TRS pension	3,116,652	-	3,024,781	-
Deferred outflows of resources - OPEB	23,481,015	-	30,749,396	-
Total deferred outflows of resources	36,241,069	-	42,212,128	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	743,599	-	1,412,869	-
Accrued liabilities	3,323,668	488,348	3,226,610	466,883
Compensated absences, current portion	-	10,355	-	9,802
Unearned revenues	4,193,861	6,803	4,424,483	34,500
Current portion of long-term liabilities	32,646	76,000	32,777	71,000
Total current liabilities	8,293,774	581,506	9,096,739	582,185
<b>NONCURRENT LIABILITIES:</b>				
Net pension liability - ERS	44,991	-	12,969,884	-
Net pension liability - TRS	-	-	988,311	-
PPP loan	-	152,555	-	-
Security deposits	-	15,000	-	15,000
Total Other postemployment benefits	226,764,466	1,661,740	221,922,017	1,656,321
Compensated absences	1,383,132	-	1,387,224	-
Unearned revenues	-	4,167	-	9,167
Funds held for student activities and agency funds	-	648,955	-	507,181
Capital lease obligations	42,866	-	75,512	-
Total noncurrent liabilities	228,235,455	2,482,417	237,342,948	2,187,669
Total liabilities	236,529,229	3,063,923	246,439,687	2,769,854
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - ERS pension	13,482,884	-	700,571	-
Deferred inflows of resources - TRS pension	6,896,548	-	559,409	-
Deferred inflows of resources - OPEB	1,150,023	-	-	-
Deferred amounts of New York State TAP	856,261	-	-	-
Total Deferred Inflows of Resources	22,385,716	-	1,259,980	-
<b>NET POSITION</b>				
Net investment in capital assets	119,994,344	213,903	123,173,810	217,994
Restricted - unexpendable	-	5,640,533	-	4,646,667
Restricted - expendable	-	16,508,978	-	14,463,266
Unrestricted	(196,686,146)	(1,349,070)	(189,453,314)	(954,622)
Total net position	\$ (76,691,802)	\$ 21,014,344	\$ (66,279,504)	\$ 18,373,305

The accompanying notes are an integral part of these statements.



**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED AUGUST 31, 2021**  
(with summarized comparative totals for 2020)

	2021		2020	
	Primary Institution	Discretely Presented Component Units	Primary Institution	Discretely Presented Component Units
<b>OPERATING REVENUES:</b>				
Student tuition and fees (net of scholarship allowances of \$4,786,220)	\$ 19,457,846	\$ -	\$ 19,845,064	\$ -
Federal, state and local grants and contracts	4,528,937	-	4,820,902	-
Auxiliary services	-	766,405	-	1,069,192
Other operating revenues	<u>2,697,229</u>	<u>107,509</u>	<u>621,131</u>	<u>104,510</u>
Total operating revenues	<u>26,684,012</u>	<u>873,914</u>	<u>25,287,097</u>	<u>1,173,702</u>
<b>OPERATING EXPENSES:</b>				
Instruction	35,858,001	-	40,859,523	-
Academic support	4,232,833	-	4,167,926	-
Libraries	1,461,187	-	1,607,396	-
Student services	5,706,132	220,635	5,331,020	221,843
General administration	8,627,845	200,698	12,205,316	306,697
General institutional	5,922,906	-	6,727,831	-
Operation and maintenance of plant	10,544,109	-	10,911,448	-
Student aid (net of scholarship allowances of \$4,786,220)	7,817,350	554,716	4,785,209	619,268
Fund raising	-	94,091	-	93,341
Auxiliary services	-	1,180,458	-	1,284,898
Depreciation	<u>4,346,081</u>	<u>10,491</u>	<u>4,696,726</u>	<u>10,169</u>
Total operating expenses	<u>84,516,444</u>	<u>2,261,089</u>	<u>91,292,395</u>	<u>2,536,216</u>
Operating loss	<u>(57,832,432)</u>	<u>(1,387,175)</u>	<u>(66,005,298)</u>	<u>(1,362,514)</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>				
State appropriations - operating aid	12,280,989	-	13,440,660	-
County appropriations	19,052,882	-	19,052,882	-
County chargeback	2,343,544	-	2,344,342	-
Student aid and grants	12,603,569	-	10,469,605	-
Operating contribution	-	17,000	-	(6,664)
Net loss from discontinued operations	-	-	-	-
Gifts and donations	-	507,533	-	655,373
Investment income, net	28,629	3,973,681	98,346	724,574
Other nonoperating revenue	44,060	-	-	-
Interest expense	<u>(389)</u>	<u>-</u>	<u>(984)</u>	<u>-</u>
Total nonoperating revenue (expenses), net	<u>46,353,284</u>	<u>4,498,214</u>	<u>45,404,851</u>	<u>1,373,283</u>
Income (loss) before capital appropriations	(11,479,148)	3,111,039	(20,600,447)	10,769
<b>CAPITAL APPROPRIATIONS</b>	<u>1,066,850</u>	<u>(470,000)</u>	<u>1,488,064</u>	<u>(800,000)</u>
Change in net position	(10,412,298)	2,641,039	(19,112,383)	(789,231)
NET POSITION - beginning of year	<u>(66,279,504)</u>	<u>18,373,305</u>	<u>(47,167,121)</u>	<u>19,162,536</u>
NET POSITION - end of year	<u>\$ (76,691,802)</u>	<u>\$ 21,014,344</u>	<u>\$ (66,279,504)</u>	<u>\$ 18,373,305</u>

The accompanying notes are an integral part of these statements.

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**  
(with summarized comparative totals for 2020)

	Primary Institution	
	2021	2020
<b>Cash flows from operating activities:</b>		
Cash received for tuition and fees	\$ 18,839,176	\$ 19,178,401
Cash received from grants, contracts, and scholarships	5,267,634	4,639,779
Other cash receipts	2,697,229	621,131
Cash payments for salaries and benefits	(38,484,856)	(32,092,136)
Cash payments for supplies and services	(23,451,156)	(30,468,731)
Cash payments for scholarships and financial aid	(7,817,350)	(4,785,209)
Net cash flow used in operating activities	(42,949,323)	(42,906,765)
<b>Cash flows from noncapital financing activities:</b>		
Cash received from the State of New York	12,996,338	12,747,376
Cash received from Orange County	19,052,882	19,052,882
Cash received from other New York State Counties for chargebacks	2,343,544	2,344,342
Cash received from federal and state financial aid grants	13,459,830	9,788,148
Net cash flow provided by noncapital financing activities	47,852,594	43,932,748
<b>Cash flows from capital and related financing activities:</b>		
Cash received from Orange County	1,066,850	1,488,064
Payments for the purchase of capital assets	(1,089,777)	(1,636,850)
Payment of principal on capital leases	(32,777)	(46,317)
Payment of interest on capital leases	(390)	(985)
Net cash flow provided (used) in capital and related financing activities	(56,094)	(196,088)
<b>Cash flows from investing activities:</b>		
Cash received related to interest on deposits	28,629	98,346
Net cash flow provided by investing activities	28,629	98,346
Change in cash and cash equivalents	4,875,806	928,241
Cash and cash equivalents - beginning of year	11,901,006	10,972,765
Cash and cash equivalents - end of year	\$ 16,776,812	\$ 11,901,006

The accompanying notes are an integral part of these statements.

(Continued)

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

(with summarized comparative totals for 2020) (Continued)

	Primary Institution	
	2021	2020
<b>Reconciliation of operating loss to net cash flows used in operating activities:</b>		
Operating loss	\$ (57,832,432)	\$ (66,005,298)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,346,081	4,696,726
Bad debt expense	621,060	914,043
Changes in assets, liabilities and deferred inflows and outflows of resources:		
Student accounts receivable	(958,188)	(227,472)
Grants receivable	686,501	(317,903)
Prepaid expenses and inventories	6,594	94,554
Net pension asset	(6,181,792)	932,961
Deferred outflows of resources	5,971,059	(7,159,926)
Accounts payable	(669,270)	(174,171)
Accrued liabilities	97,058	492,811
Unearned revenue	(230,622)	(535,870)
Net pension liability	(13,913,204)	10,325,404
Deferred inflows of resources	20,269,475	(2,491,602)
Compensated absences	(4,092)	291,926
Other post employment benefits payable	4,842,449	16,257,052
Net cash flow used in operating activities	\$ (42,949,323)	\$ (42,906,765)
<b>Supplemental disclosure of cash flow information</b>		
Change in student accounts receivable related to nonoperating revenues	\$ (50,060)	\$ 8,050
Change in grants receivable related to nonoperating revenues	\$ 412,499	\$ (398,059)
Change in deferred inflows related to nonoperating revenues	\$ (856,261)	\$ (681,456)
Noncash capital contributions related to capital asset acquisition	\$ 1,066,850	\$ 1,488,064

The accompanying notes are an integral part of these statements.

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**COMBINING STATEMENTS OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNITS**  
**August 31, 2021**

	<u>OCCC Association</u>	<u>OCCC Foundation</u>	<u>Total Discretely Presented Component Units</u>
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash	\$ 510,532	\$ 662,969	\$ 1,173,501
Funds held for student activities and agency funds	648,955	-	648,955
Accounts receivable	109,238	-	109,238
Prepaid expenses and other assets	<u>8,079</u>	<u>35,949</u>	<u>44,028</u>
Total current assets	<u>1,276,804</u>	<u>698,918</u>	<u>1,975,722</u>
NONCURRENT ASSETS:			
Investments and donor advised funds	-	17,819,564	17,819,564
Pledges receivable	-	2,812,718	2,812,718
Charitable remainder trust receivable	-	1,256,360	1,256,360
Capital assets, net	<u>193,761</u>	<u>20,142</u>	<u>213,903</u>
Total noncurrent assets	<u>193,761</u>	<u>21,908,784</u>	<u>22,102,545</u>
Total assets	<u>1,470,565</u>	<u>22,607,702</u>	<u>24,078,267</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	50,299	438,049	488,348
Compensated absences	10,355	-	10,355
Unearned revenues	6,803	-	6,803
Current portion of long term liabilities	<u>76,000</u>	<u>-</u>	<u>76,000</u>
Total current liabilities	<u>143,457</u>	<u>438,049</u>	<u>581,506</u>
NONCURRENT LIABILITIES:			
PPP loan	152,555	-	152,555
Security deposits	15,000	-	15,000
Unearned revenue, net of current portion	4,167	-	4,167
Funds held for student activities and agency funds	648,955	-	648,955
Other postemployment benefits	<u>1,661,740</u>	<u>-</u>	<u>1,661,740</u>
Total noncurrent liabilities	<u>2,482,417</u>	<u>-</u>	<u>2,482,417</u>
Total liabilities	<u>2,625,874</u>	<u>438,049</u>	<u>3,063,923</u>
<b>NET POSITION</b>			
Net Investment in capital assets	193,761	20,142	213,903
Restricted:			
Nonexpendable	-	5,640,533	5,640,533
Expendable	-	16,508,978	16,508,978
Unrestricted	<u>(1,349,070)</u>	<u>-</u>	<u>(1,349,070)</u>
Total net position	<u>\$ (1,155,309)</u>	<u>\$ 22,169,653</u>	<u>\$ 21,014,344</u>

The accompanying notes are an integral part of these statements.

(Continued)

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**COMBINING STATEMENTS OF NET POSITION -**  
**DISCRETELY PRESENTED COMPONENT UNITS (Continued)**  
**August 31, 2020**

	OCCC Association	OCCC Foundation	Total Discretely Presented Component Units
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash	\$ 756,620	\$ 468,045	\$ 1,224,665
Funds held for student activities and agency funds	507,181	-	507,181
Accounts receivable	125,224	4,609	129,833
Prepaid expenses and other assets	7,371	24,293	31,664
Total current assets	1,396,396	496,947	1,893,343
NONCURRENT ASSETS:			
Investments and donor advised funds	-	14,720,969	14,720,969
Pledges receivable	-	3,283,452	3,283,452
Charitable remainder trust receivable	-	1,027,401	1,027,401
Capital assets, net	199,889	18,105	217,994
Total noncurrent assets	199,889	19,049,927	19,249,816
Total assets	1,596,285	19,546,874	21,143,159
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	48,047	418,836	466,883
Unearned revenues	9,802	-	9,802
Other liabilities	34,500	-	34,500
Current portion of long term liabilities	71,000	-	71,000
Total current liabilities	163,349	418,836	582,185
NONCURRENT LIABILITIES:			
Security deposits	15,000	-	15,000
Unearned revenue, net of current portion	9,167	-	9,167
Funds held for student activities and agency funds	507,181	-	507,181
Other postemployment benefits	1,656,321	-	1,656,321
Total noncurrent liabilities	2,187,669	-	2,187,669
Total liabilities	2,351,018	418,836	2,769,854
<b>NET POSITION</b>			
Net Investment in capital assets	199,889	18,105	217,994
Restricted:			
Nonexpendable	-	4,646,667	4,646,667
Expendable	-	14,463,266	14,463,266
Unrestricted	(954,622)	-	(954,622)
Total net position	\$ (754,733)	\$ 19,128,038	\$ 18,373,305

The accompanying notes are an integral part of these statements.

**ORANGE COUNTY COMMUNITY COLLEGE**  
(A Component Unit of the County of Orange, New York)

**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED AUGUST 30, 2021**

	OCCC <u>Association</u>	OCCC <u>Foundation</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Auxiliary enterprises	\$ 766,405	\$ -	\$ 766,405
Other revenues	<u>-</u>	<u>107,509</u>	<u>107,509</u>
Total operating revenues	<u>766,405</u>	<u>107,509</u>	<u>873,914</u>
<b>OPERATING EXPENSES:</b>			
Student services	-	220,635	220,635
Scholarships and student aid	-	554,716	554,716
Auxiliary enterprises	1,180,458	-	1,180,458
General administration	-	200,698	200,698
Fundraising	-	94,091	94,091
Depreciation and amortization	<u>7,528</u>	<u>2,963</u>	<u>10,491</u>
Total operating expenses	<u>1,187,986</u>	<u>1,073,103</u>	<u>2,261,089</u>
Operating income (loss)	<u>(421,581)</u>	<u>(965,594)</u>	<u>(1,387,175)</u>
<b>NONOPERATING REVENUE (EXPENSES):</b>			
Gifts and donations	-	507,533	507,533
Net loss from discontinued operations	-	-	-
Operating contribution to College	20,688	(3,688)	17,000
Investment income, net	<u>317</u>	<u>3,973,364</u>	<u>3,973,681</u>
Total nonoperating revenue (expenses), net	<u>21,005</u>	<u>4,477,209</u>	<u>4,498,214</u>
<b>CAPITAL APPROPRIATIONS</b>	<u>-</u>	<u>(470,000)</u>	<u>(470,000)</u>
CHANGE IN NET POSITION	(400,576)	3,041,615	2,641,039
NET POSITION - beginning of year	<u>(754,733)</u>	<u>19,128,038</u>	<u>18,373,305</u>
NET POSITION - end of year	<u>\$ (1,155,309)</u>	<u>\$ 22,169,653</u>	<u>\$ 21,014,344</u>

The accompanying notes are an integral part of these statements.

(Continued)

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**DISCRETELY PRESENTED COMPONENT UNITS (Continued)**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	OCCC Association	OCCC Foundation	Total
<b>OPERATING REVENUES:</b>			
Auxiliary enterprises	\$ 1,069,192	\$ -	\$ 1,069,192
Other revenues	-	104,510	104,510
Total operating revenues	1,069,192	104,510	1,173,702
<b>OPERATING EXPENSES:</b>			
Student services	-	221,843	221,843
Scholarships and student aid	-	619,268	619,268
Auxiliary enterprises	1,284,898	-	1,284,898
General administration	-	306,697	306,697
Fundraising	-	93,341	93,341
Depreciation and amortization	7,956	2,213	10,169
Total operating expenses	1,292,854	1,243,362	2,536,216
Operating income (loss)	(223,662)	(1,138,852)	(1,362,514)
<b>NONOPERATING REVENUE (EXPENSES):</b>			
Gifts and donations	-	655,373	655,373
Net loss from discontinued operations	-	-	-
Operating contribution to College	41,010	(47,674)	(6,664)
Investment income, net	705	723,869	724,574
Total nonoperating revenue (expenses), net	41,715	1,331,568	1,373,283
<b>CAPITAL APPROPRIATIONS</b>	-	(800,000)	(800,000)
CHANGE IN NET POSITION	(181,947)	(607,284)	(789,231)
NET POSITION - beginning of year	(572,786)	19,735,322	19,162,536
NET POSITION - end of year	\$ (754,733)	\$ 19,128,038	\$ 18,373,305

The accompanying notes are an integral part of these statements.

# ORANGE COUNTY COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

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### 1. THE ORGANIZATION

Orange County Community College (the "College" or "Primary Institution"), a component unit of the County of Orange, New York, was established under Article 126 of the Education Act of the State of New York under the sponsorship of Orange County and is operated by a Board of Trustees under Paragraph (c) of Subdivision 6 of Section 6304 of the Education Act of the State of New York. Accordingly, the operations of the College are principally funded by the State of New York, the County and the College's students.

The following discretely presented component units are included in the College's reporting entity because of the significance of their operational or financial relationships to the College.

*Orange County Community College Association, Inc.*

Orange County Community College Association, Inc. ("Association") is organized under the not-for-profit laws of New York State to supplement and conduct activities and services for the students, faculty, staff and alumni of the College. The Association's fiscal year end is June 30 and the financial statements are presented as of and for the year ended June 30, 2021 and 2020.

*Educational Foundation of Orange County Community College, Inc., D.B.A. SUNY Orange Foundation*

Educational Foundation of Orange County Community College, Inc. ("Foundation") is organized under the not-for-profit laws of New York State to raise funds to provide scholarships and to provide support for initiatives that will have a significant and measurable impact on students, faculty and staff of the College. The Foundation's year-end is June 30 and the financial statements are presented as of and for the year ended June 30, 2021 and 2020.

Separately issued financial statements for the Association and the Foundation may be obtained from their offices at 115 South Street, Middletown, New York.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States, as prescribed by the Governmental Accounting Standards Board (GASB).

The College reports as a special purpose government engaged in business-type activities, as defined by generally accepted accounting principles to include public colleges and universities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the College consist of management's discussion and analysis; classified statements of net position; statements of revenues, expenses, and changes in net position that distinguishes between operating and nonoperating revenues and expenses; and statements of cash flows, using the direct method of presentation.

The College's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with generally accepted accounting principles. Those nonoperating activities include the College's operating and capital appropriations from the State and County, federal and state aid, net investment income and interest paid on capital debt.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Financial Dependency**

The College is economically dependent on appropriations from New York State and the County of Orange, New York, to carry out its operations. These appropriations represented significant nonoperating revenue sources for the year ended August 31, 2021.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with maturities of less than three months at the time of purchase.

The College's investment policies are governed by State statutes. The College has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The College is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its municipalities.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the College's name. As of August 31, 2021, none of the College's bank balance of \$18,019,242 was exposed to custodial credit risk as they were either insured or collateralized.

### **Accounts Receivable**

Accounts receivable are comprised of three major receivable categories: students, governments, and other.

- **Student Accounts Receivables** - This account includes amounts owed by students primarily for tuition and fees. Delinquent student accounts are written off after four years. Additionally, the College records a provision for uncollectible accounts receivable each year based on the estimated probability of collection.
- **Grants Receivables** - This account includes amounts owed by federal, state, local and private grants and contracts.

An allowance for uncollectible accounts has been provided for certain amounts, which may not be collectible within 30 days.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and improvements	10 - 50 years
Furniture and equipment	3 - 5 years

Pursuant to New York State Education Law relating to community colleges, title to real property is held by the County in trust for the use of the College in carrying out its institutional purposes. Any debt related to this real property is a legal obligation of the issuers, the Dormitory Authority of the State of New York ("DASNY") and/or the County. No revenues or assets of the College have been pledged or will be available to pay the principal and interest on this debt. Principal and interest payments on the debt are payable from amounts appropriated each year by the State of New York pursuant to the State of Education Law, and the County in the case of County-related debt through the College's budget, and from monies in the debt service reserve fund held by the DASNY trustees. The provisions of the State Education Law regarding the state appropriations for principal and interest payments do not constitute a legally enforceable obligation of the State. The College recognized State and County appropriation revenue for contributions of capital assets when the capital project is approved, the appropriation is made available and the expenditure is incurred.

### Unearned Revenues

Student revenue of \$4,193,861, which is received prior to August 31 and is applicable to the subsequent fall semester, is unearned and recognized as revenue in the following year concurrent with the commencement of the fall semester.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The College also reports deferred outflows of resources and deferred inflows of resources in relation to its pension and OPEB obligations. These amounts are detailed in the discussion of the College's pension and OPEB plans in Note 4.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Net Pension Liability (Asset)**

The net pension liability (asset) represents the College's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### **Total Other Post-Employment Benefits Liability**

In addition to providing the pension benefits through the New York State Employees' Retirement System and the New York State Teachers' Retirement System, the College provides post-employment health insurance coverage (OPEB) to its retired employees and their survivors. The College has retained an actuary to determine the College's total OPEB liability in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The disclosures relating to the College's total OPEB liability are reflected in Note 4.

### **Net Position**

The College classifies its resources into three net position categories:

- Net investment in capital assets contains the capital assets of the college, net of depreciation, and the indebtedness incurred to finance their acquisition and construction.
- Restricted nonexpendable net position is comprised of the Foundation's endowment. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity.

Restricted expendable net position includes Foundation donations that are restricted to use for specific purposes by the donor, capital grants and gifts, endowment income and appreciation, and other restricted resources. Funds that are restricted are utilized only for the specified purposes.

- Unrestricted net position is derived principally from student tuition and fees and investment income and is spent to meet the objectives of the College.

The College's policy is to first utilize available restricted expendable, and then unrestricted, resources in the conduct of its operations.

### **Classification of Revenue and Expense**

Operating revenues are those that result from the provision of services related to the College's principal purposes of instruction and are generally associated with exchange transactions. Nonoperating revenues result from activities that are not directly related to the College's principal purposes, but that exist in order to support them, and generally consist of nonexchange transactions. Other revenues arise from nonexchange transactions which provide funding for acquisitions of capital assets. Interest expense is reported as a nonoperating activity.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Revenue Recognition**

Student tuition and fees revenues are recognized in the period earned and are presented net of scholarships and allowances applied to students' accounts. Tuition and fees are also reduced by bad debt expense. Student tuition and fees collected in advance of the fiscal year are recorded as unearned advance payments in the statement of net position.

Grants and contracts revenues are recognized when the related expenditures are incurred. The unexpended portion of advance grant payments is recorded as unearned advance payments in the statement of net position.

Investment income includes interest is recognized on the accrual basis.

### **State Appropriations**

Operating aid received from the State University of New York are regulated by a financing formula contained in the State University regulations. Under the formula, the amount of basic state aid is limited to the lower of 40 percent of the College's net allowable operating costs or an established rate per full-time equivalent student (FTE) (\$2,688 for the year ended August 31, 2021) added to the College's Physical Space Rental and Next Generation New York Job Linkage Program aid.

### **County Chargebacks**

The College is authorized by the New York State Education Law to charge and collect from each county within the State for each nonresident student, an allocable portion of the local sponsor's operating and capital costs. The law requires that the capital chargebacks be separately accounted for and that the funds be utilized to meet capital expenditure requirements of future periods.

### **Income Taxes**

The College, the Foundation and the Association have received determination letters from the Internal Revenue Service stating that they are organizations as described in Sections 115(a)(2) and 501(c)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from Federal income taxes under Section 501(a) of the Code on income generated by activities that are substantially related to their tax-exempt purposes.

### 3. CAPITAL ASSETS

The activity in capital assets and accumulated depreciation for the year ended August 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 10,873,272	\$ -	\$ -	\$ 10,873,272
Construction in progress	<u>-</u>	<u>380,421</u>	<u>-</u>	<u>380,421</u>
Total non-depreciable cost	<u>10,873,272</u>	<u>380,421</u>	<u>-</u>	<u>11,253,693</u>
Capital assets that are depreciated:				
Buildings and improvements	172,367,709	709,355	(1,340,908)	171,736,156
Furniture and equipment	<u>20,312,261</u>	<u>-</u>	<u>(10,163,379)</u>	<u>10,148,882</u>
Total depreciable historical cost	<u>192,679,970</u>	<u>709,355</u>	<u>(11,504,287)</u>	<u>181,885,038</u>
Total investment in capital assets	<u>203,553,242</u>	<u>1,089,776</u>	<u>(11,504,287)</u>	<u>193,138,731</u>
Less accumulated depreciation:				
Buildings and improvements	60,661,273	3,627,015	(826,030)	63,462,258
Furniture and equipment	<u>19,609,870</u>	<u>719,066</u>	<u>(10,722,319)</u>	<u>9,606,617</u>
Total accumulated depreciation	<u>80,271,143</u>	<u>4,346,081</u>	<u>(11,548,349)</u>	<u>73,068,875</u>
Capital assets, net	<u>\$123,282,099</u>	<u>\$ (3,256,305)</u>	<u>\$ 44,062</u>	<u>\$120,069,856</u>

### 4. LONG TERM LIABILITIES

The activity in long-term liabilities for the year ended August 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-term liabilities:					
Capital lease obligation	\$ 108,289	\$ -	\$ 32,777	\$ 75,512	\$ 32,646
Compensated absences (*)	1,387,224	-	4,092	1,383,132	-
Net pension liability - ERS (*)	12,969,884	-	12,924,893	44,991	-
Net pension liability - TRS (*)	988,311	-	988,311	-	-
Total OPEB liability	<u>221,922,017</u>	<u>10,932,801</u>	<u>6,090,352</u>	<u>226,764,466</u>	<u>-</u>
Total long-term liabilities	<u>\$237,375,725</u>	<u>\$ 10,932,801</u>	<u>\$ 20,040,425</u>	<u>\$228,268,101</u>	<u>\$ 32,646</u>

(\*) – Additions and deletions to compensated absences and net pension liability – ERS are shown net as it is impractical to determine these amounts separately.

#### 4. LONG TERM LIABILITIES (Continued)

##### Capital Leases

The College has entered into installment purchase agreements for equipment. The agreements provide that payments for any future fiscal period will not be required should funding not be appropriated. Interest on the purchase agreements ranges from 4.156% to 11.11%.

The future minimum payments required under the leases as of August 31, 2021 are as follows:

	Principal	Interest	Total
2022	\$ 32,646	\$ 134	\$ 32,780
2023	21,432	-	21,432
2024	21,434	-	21,434
	<u>\$ 75,512</u>	<u>\$ 134</u>	<u>\$ 75,646</u>

Interest expense for 2021 related to capital lease obligations was \$389.

##### Compensated Absences

The College recognizes a liability for vested sick leave and other compensated absences with similar characteristics to the extent it is probable that the College will compensate the employees for the benefits through cash payments at retirement rather than be taken as absences due to illness or other contingencies.

The collective bargaining agreement between the County and the Civil Service Employees Association provides that upon death, retirement or separation from the County in good standing, employees will be paid the monetary value of accumulated unused vacation time in an amount not to exceed 45 days at the employee's current pay rate. Under the terms of the other existing collective bargaining agreement, with the Orange County United Educators, any employee who is eligible for retirement and retires from either the New York State Retirement System or from TIAA/CREF and who has unused days of sick leave shall be paid one day for each three unused sick days, up to a maximum of 45 days. The rate of pay shall be the current rate of pay for each employee.

#### 4. LONG TERM LIABILITIES (Continued)

##### Pension Plans

###### New York State and Local Employees' Retirement System

The College participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The College also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2021 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I 41J	25.20%
2 75I 41J	23.10%
3 A14 41J	18.30%
4 A15 41J	18.30%
5 A15 41J	15.30%
6 A15 41J1	10.70%

At August 31, 2021, the College reported a liability of \$44,991 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. The College's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. As measured at March 31, 2021, the College's proportion was .04518376%, which was a decrease of .00379509% from its proportion measured as of March 31, 2020.

#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

###### New York State and Local Employees' Retirement System (Continued)

For the year ended August 31, 2021, the College recognized pension expense of \$599,002. At August 31, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to the ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 549,465	\$ 12,924,144
Changes of Assumptions	8,272,444	156,021
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	7,910	402,719
Contributions subsequent to the measurement date	813,583	-
	<u>\$ 9,643,402</u>	<u>\$ 13,482,884</u>

ERS deferred outflows of resources of \$813,583 is a result from the College's accrued contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ERS will be recognized in pension expense as follows:

##### Plan's Year Ended March 31:

2022	\$ (932,367)
2023	(409,662)
2024	(782,973)
2025	(2,528,063)
2026	-
Thereafter	-
	<u>\$ (4,653,065)</u>

The total pension liability at March 31, 2021 measurement date was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. Significant actuarial assumptions used in the April 1, 2020 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary increases	4.40%
Projected COLAs	1.40%
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses



#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

###### New York State and Local Employees' Retirement System (Continued)

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study of the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic Equity	32.0%	4.05%
International Equity	15.0%	6.30%
Private Equity	10.0%	6.75%
Real Estate	9.0%	4.95%
Opportunistic Portfolio	3.0%	4.50%
Credit	4.0%	3.63%
Real Assets	3.0%	5.95%
Fixed Income	23.0%	0.00%
Cash	1.0%	0.50%
	<u>100.0%</u>	

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.90%) or 1 percentage point higher (6.90%) than the current rate:

	<u>1 % Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 12,487,836	\$ 44,991	\$ (11,430,224)

#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

###### New York State and Local Employees' Retirement System (Continued)

The components of the current year net pension liability of the ERS as of March 31, 2021, were as follows (amounts expressed in thousands):

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 220,680,157
Net position	(220,580,583)
Net pension liability (asset)	<u>\$ 99,574</u>
Fiduciary net position as a percentage of total pension liability	99.95%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of August 31, 2021 represent the projected employer contribution for the period of April 1, 2021 through August 31, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of August 31, 2021 were \$813,583.

###### New York State Teachers' Retirement System

The College participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The TRS is noncontributory except for employees who joined after July 26, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2019 was 10.62%.

At August 31, 2021, the College reported an asset of 6,181,792 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The College's proportion of the net pension asset was based on the College's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2021, the College's proportion was .03567300%, which was a decrease of .00009300% from its proportion measured as of June 30, 2020.

#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

##### New York State Teachers' Retirement System (Continued)

For the year ended August 31, 2021, the College recognized a contra-pension expense of \$344,997. At August 31, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 852,094	\$ 32,117
Changes of Assumptions	2,033,321	360,071
Net difference between projected and actual earnings on pension plan investments	-	6,469,884
Changes in proportion and differences between the College's contributions and proportionate share of contributions	135,066	34,476
Contributions subsequent to the measurement date	96,171	-
	<u>\$ 3,116,652</u>	<u>\$ 6,896,548</u>

TRS deferred outflow of resources of \$96,171 is a result from the College's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended August 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

##### Plan's Year Ended June 30:

2022	\$ (784,555)
2023	(901,529)
2024	(1,150,774)
2025	(1,541,794)
2026	296,150
Thereafter	206,435
	<u>\$ (3,876,067)</u>

#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

###### New York State Teachers' Retirement System (Continued)

The total pension liability for the June 30, 2021 measurement date was determined by using an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension asset to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
Projected Salary Increases	Rates of increase differ based on service. Rates have been calculated based upon recent NYSTRS member experience.										
	<table> <tr> <th><u>Service</u></th><th><u>Rate</u></th></tr> <tr> <td>5</td><td>5.18%</td></tr> <tr> <td>15</td><td>3.64%</td></tr> <tr> <td>25</td><td>2.50%</td></tr> <tr> <td>35</td><td>1.95%</td></tr> </table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. Active member mortality rates are based on plan member experience. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation date of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic Equity	33.0%	6.80%
International Equity	16.0%	7.60%
Global Equity	4.0%	7.10%
Real Estate Equity	11.0%	6.50%
Private Equity	8.0%	10.00%
Domestic Fixed Income	16.0%	1.30%
Global Bonds	2.0%	0.80%
Private Debt	1.0%	5.90%
Real Estate Debt	7.0%	3.30%
High-yield Bonds	1.0%	3.80%
Cash Equivalents	1.0%	-0.20%
	<u>100.0%</u>	

#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

###### New York State Teachers' Retirement System (Continued)

The discount rate used to measure the total pension asset was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the College's proportionate share of the net pension asset calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current rate:

	1 % Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of Net Pension liability (asset)	\$ (648,689)	\$ (6,181,792)	\$ (10,831,964)

The components of the collective net pension liability of TRS as of the June 30, 2021 measurement date were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 130,819,415,417
Net position	(148,148,457,363)
Net pension liability (asset)	<u>\$ (17,329,041,946)</u>
Fiduciary net position as a percentage of total pension liability	113.2%

Employer and employee contributions for the year ended June 30, 2021 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the College to TRS. Accrued retirement contributions as of August 31, 2021 represent employee and employer contributions for the fiscal year ended August 31, 2021 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of August 31, 2021 were \$663,934.

#### 4. LONG-TERM LIABILITIES (Continued)

##### Pension Plans (Continued)

###### Teachers' Insurance and Annuity Association College Retirement Equities Fund

The College participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). TIAA-CREF is a cost sharing multiple-employer defined contribution pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. TIAA-CREF issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing the Teacher's Insurance and Annuity Association - College Retirement Equities Fund, 730 Third Avenue, New York, New York 10017.

TIAA-CREF is a privately-operated defined contribution retirement plan which provides benefits to certain employees of the College. Under the plan, the College is required to make contributions based on gross salaries of the participants as follows:

Tier	Dates	Contribution
I	Membership prior to July 1, 1973	12% of the first \$16,500 of salary per calendar year, plus 15% of all salary above \$16,500
II	July 1, 1973 - July 26, 1976	12% of the first \$16,500 of salary per calendar year, plus 15% of all salary above \$16,500
III	July 27, 1976 - August 31, 1983	9% of the first \$16,500 of salary per calendar year, plus 12% of all salary above \$16,500
IV	September 1, 1983 - June 30, 1992	9% of the first \$16,500 of salary per calendar year, plus 12% of all salary above \$16,500
IV(a) & V	July 1, 1992 - March 31, 2012	8% of salary for the first seven years of service, then 13% thereafter
VI	April 1, 2012 and after	8% of salary for the first seven years of service, then 10% thereafter

Upon the completion of 366 days of service a lump sum contribution is made by the College for this initial vesting period and each pay period thereafter. An employee contribution of 3% of pay is required for Tiers 3, 4 and 5 which is eliminated after 10 years of service when the College will make an additional 3% contribution for these employees. The Tier 6 employee contribution is required for the duration of their membership as follows:

Wages of \$45,000 or less	3.00%
Wages of \$45,000 - \$55,000	3.50%
Wages of \$55,000 - \$75,000	4.50%
Wages of \$75,000 - \$100,000	5.75%
Wages greater than \$100,000	6.00%

For the year ended August 31, 2021, employee contributions totaled \$108,315 and the College recognized pension expense of \$1,263,131.

At August 31, 2021, the College reported payables to the defined contribution pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to TIAA-CREF.

#### 4. LONG-TERM LIABILITIES (Continued)

##### Other Postemployment Benefits

###### Plan Description

The College's single employer defined benefit OPEB plan, which administered by the College, provides medical benefits to retired employees and their eligible dependents.

The eligible requirements are determined by the employment contracts negotiated between the College and its employee groups and require that employees obtain 10 years of service and attain the minimum age of fifty-five to be eligible for subsidized health insurance benefits.

Medical benefits, including pharmaceutical costs, are provided through the New York State Health Insurance Plans whose premiums are considered community related. The College pays a variable percentage of the cost of premiums depending on the employee group as follows:

<b>Employee Group</b>	<b>Years of Service</b>	<b>Retiree Contribution</b>
Faculty	10+ (hired before May 5, 2005)	0%
	10 to 14 (hired on/after May 5, 2005)	50%
	15 to 19 (hired on/after May 5, 2005)	25%
	20 to 24 (hired on/after May 5, 2005)	10%
	25 plus (hired on/after May 5, 2005)	0%
Staff	10+ (hired before September 1, 2005)	0%
	10 to 14 (hired on/after September 1, 2005)	50%
	15 to 19 (hired on/after September 1, 2005)	25%
	20 to 24 (hired on/after September 1, 2005)	10%
	25 plus (hired on/after September 1, 2005)	0%
Civil Service	10+ (hired before May 6, 2004)	0%
	10 to 14 (hired on/after May 6, 2004)	50%
	15 to 19 (hired on/after May 6, 2004)	25%
	20 to 24 (hired on/after May 5, 2004)	10%
	25 plus (hired on/after May 5, 2004)	0%
Management/ Confidential	10+ (hired before September 1, 2019)	0%
	10 to 14 (hired on/after September 1, 2019)	50%
	15 to 19 (hired on/after September 1, 2019)	25%
	20 to 24 (hired on/after September 1, 2019)	10%
	25 plus (hired on/after September 1, 2019)	0%

Surviving spouses may elect to continue coverage by paying 100% of the cost. Surviving spouses that are over age 65 and eligible for Medicare, receive full reimbursement of Medicare Part B premiums.

The authority to establish and amend the benefit terms and financing requirements rests with the College Board of Trustees through negotiations with its employee groups. The plan does not accumulate assets to meet its future obligation in a trust that meets the criteria of GASB 75, page 4 and the plan is not administered through a trust or an equivalent arrangement. The OPEB plan does not issue a stand-alone financial report.

The College funds the cost of providing health care insurance to its retirees on a pay as you go basis. Total contributions to the plan to cover the College's share of retiree's insurance premiums for the year ended August 31, 2021 was \$4,709,679.

At September 1, 2020, the number of employees covered by the College's OPEB Plan:

Inactive employees or beneficiaries	
currently receiving benefits	290
Active employees	383
Total participants	<u>673</u>

#### 4. LONG-TERM LIABILITIES (Continued)

##### Other Postemployment Benefits (Continued)

###### Total OPEB Liability

The College's total OPEB liability of \$226,764,466 was measured as of August 31, 2021 and was determined by an actuarial valuation as of January 1, 2020, with update procedures used to roll forward the total OPEB liability to January 1, 2021. The changes in the OPEB liability are as follows:

Balance at August 31, 2020	\$ 221,922,017
Service cost	5,904,713
Interest	5,028,088
Changes of benefit terms	-
Changes in assumptions or other inputs	(1,380,673)
Differences between expected and actual experience	-
Benefit payments	<u>(4,709,679)</u>
Balance at August 31, 2021	<u>\$ 226,764,466</u>

###### Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal as a level percentage of payroll
Payroll Growth	3.00%
Discount Rate	2.29%
Healthcare Cost Trend Rates	7.0% for 2021, decreasing 0.5 percent annually to an ultimate rate of 4.50% in 2031

The discount rate was based on a 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Pub-2010 Healthy Male and Female Tables are based on the Employee and Healthy Annuitant Tables for both pre & post retirements projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

###### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (1.29%)	Current Discount (2.29%)	1% Increase (3.29%)
Total OPEB Liability	<u>\$ 279,514,024</u>	<u>\$ 226,764,466</u>	<u>\$ 187,142,872</u>



#### 4. LONG-TERM LIABILITIES (Continued)

##### Other Postemployment Benefits (Continued)

###### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6% decreasing to 3.5%) or 1 percentage point higher (8% decreasing to 5.5%) than the current healthcare cost trend rate (7% decreasing to 4.5%):

	<u>1% Decrease</u>	<u>Current Healthcare</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 181,625,782	\$ 226,764,466	\$ 287,971,981

###### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At August 31, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to Other Post-Employment Benefits the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 23,481,015	\$ 1,150,023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending August</u>	<u>Amount</u>
2022	\$ 7,037,731
2023	7,037,731
2024	6,960,858
2025	1,522,095
2026	(227,423)
Thereafter	-
	<u>\$ 22,330,992</u>

#### 5. TRANSACTIONS WITH COMPONENT UNITS

The Foundation solicits funds from private businesses and individuals for the benefit of the College. In the fiscal year ended August 31, 2021, the Foundation provided the College with payments for capital contributions, scholarships and programs totaling \$642,138.

A Memorandum of Understanding (MOU) dated June 30, 2019 provides for contributions from the College for various services including but not limited to fundraising, asset management and disbursement of funds. The College contributed \$180,000 to the Foundation for the fiscal year ended August 31, 2021.

## 5. TRANSACTIONS WITH COMPONENT UNITS (Continued)

The Association has an agreement with College which states that the College may purchase real estate owned by the Association for the purchase price plus closing costs regardless of market value at the time of transfer.

The Association is the Custodian and fiscal agent for the SUNY Orange Student Activities Fund. The College provided the Association, as custodian, \$269,700 in student activity fees for the year ended August 31, 2021.

## 6. COMMITMENTS AND CONTINGENCIES

### Operating Leases

The College leases buildings and equipment for use in its operations under operating lease agreements which expire at various times through August 2023. The non-cancellable agreements with terms of more than one year require the following minimum future annual lease payments as of August 31, 2021:

2022	\$ 54,084
2023	<u>52,860</u>
Total	<u>\$ 106,944</u>

Rent expense for its non-cancellable agreements with terms of more than one year for the year ended August 31, 2021 was \$56,830.

### Litigation

The College is a defendant in several lawsuits. While the outcome of these lawsuits or other proceedings against the College cannot be predicted with certainty, the College does not expect that these matters will have a material adverse effect on its financial position.

### State and Federal Grant Programs and State Aid

The College participates in various State and Federal grant programs. These programs are subject to program compliance audits by the granters or their representative. The audits of these programs are an on-going process, and many have not yet been conducted or completed. Accordingly, the College's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies cannot be determined at this time, although the College anticipates such amounts, if any, will not be material. The College's Federal compliance audit under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance") is performed in conjunction with the audit of the Sponsor and is included in the Sponsor's report.

The College is subject to audits of state aid by New York State. The amount of aid previously paid to the College, which may be disallowed, cannot be determined at this time, although the College anticipates such amounts, if any, to be immaterial.

## **6. COMMITMENTS AND CONTINGENCIES (Continued)**

### **Rate Adjustment – Operating Chargebacks**

The College is authorized by the New York State Education Law to charge and collect from each county within the state for each nonresident student an allocable portion of the operating costs of the College. The College calculates this charge on a yearly basis and bills the respective counties at this rate. This rate is adjusted by the state on a two-year lag period.

### **Risk Management**

The College is a participant in the Orange County Workers' Compensation Self Insurance Plan, a risk sharing pool, administered by Orange County to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims.

The College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and natural disasters. These risks are covered by commercial insurance purchased from an independent third party. The self-insured retention under these policies is \$1,000,000 in the aggregate.

## **7. COVID-19 PANDEMIC**

As of the date of this report, the United States continues to be affected by a national health emergency related to a virus, commonly known as the novel coronavirus (COVID-19). During 2020, the NYS Governor put the economy “on pause” in an effort to combat the spread of COVID-19. As a result, the College closed its campuses effective March 19, 2020 and moved to strictly online instruction for the remainder of the spring 2020 semester. The College also cancelled all athletics, travel, and other activities that required personal interactions. The College reopened its campus for the 2020 fall semester and is using a mixture of online and in person instruction to provide services to students. The overall short- and long-term consequences of COVID-19 on a national, regional, and local level are unknown, but there is the potential of a noteworthy negative economic impact. The impact of this situation specific to the College and its future results and financial position is not presently determinable.

In response to the economic impact the COVID-19 pandemic caused, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by the United States Congress and signed into law by the President on March 27, 2020. The CARES Act established the Education Stabilization Fund (ESF) to provide emergency relief funds to elementary and secondary schools and institutions of higher education. The ESF funds appropriated for higher education were established under the Higher Education Emergency Relief Fund (HEERF). HEERF funds were allocated to institutions based on criteria established by the Department of Education. At least 50% of the HEERF grant received by an institution was required to be awarded as direct emergency financial aid grants to students for expenses related to the disruption of campus operations due to the pandemic, with the remaining funding retained by institutions to offset the costs associated with changes to the delivery of instruction due to the pandemic and to defray institutional expenses, including room and board refunds.

For the fiscal year ended August 31, 2021, the College's allocation of HEERF funds totaled \$3,100,433 for emergency student grants, \$2,156,317 for the institutional portion, and additional \$221,679 in institutional aid. The HEERF fund revenue is recorded as Federal grants and contracts and other nonoperating revenue and the associated financial aid grants to students is recorded as student aid expense on the accompanying statement of activities and change in net assets for the year ended August 31, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**ORANGE COUNTY COMMUNITY COLLEGE**  
(A Component Unit of the County of Orange, New York)

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>										
Proportion of the net pension liability (asset)	0.04518376%	0.04897885%	0.05127220%	0.05326730%	0.05395000%	0.05461600%	0.05571200%			
Proportionate share of the net pension liability (asset)	\$ 44,991	\$ 12,969,884	\$ 3,632,791	\$ 1,719,173	\$ 5,069,337	\$ 8,765,985	\$ 1,882,101			
Covered-employee payroll	\$ 12,420,830	\$ 12,706,975	\$ 12,864,010	\$ 12,881,984	\$ 12,847,134	\$ 13,260,794	\$ 11,380,391			
Proportionate share of the net pension liability (asset)	0.36%	102.07%	28.24%	13.35%	39.46%	66.10%	16.54%			
as a percentage of its covered-employee payroll	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%			
Plan fiduciary net position as a percentage of the total pension liability (asset)										
<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>										
Proportion of the net pension liability (asset)	0.03567300%	0.03576600%	0.03591100%	0.03729100%	0.03826700%	0.03859400%	0.03555900%			
Proportionate share of the net pension liability (asset)	\$ (6,181,792)	\$ 988,311	\$ (932,961)	\$ (674,324)	\$ (290,866)	\$ 413,360	\$ (3,693,461)			
Covered-employee payroll	\$ 7,098,153	\$ 7,102,686	\$ 5,994,068	\$ 6,074,328	\$ 6,064,036	\$ 6,855,136	\$ 6,705,476			
Proportionate share of the net pension liability (asset)	-87.09%	13.91%	-15.56%	-11.10%	-4.80%	6.03%	-55.08%			
as a percentage of its covered-employee payroll	113.20%	97.80%	102.20%	101.53%	100.70%	99.01%	110.46%			
Plan fiduciary net position as a percentage of the total pension liability (asset)										

\* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**  
**SCHEDULE OF PENSION CONTRIBUTIONS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years*										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Contractually required contribution	\$ 1,907,580	\$ 1,736,394	\$ 1,765,792	\$ 1,830,419	\$ 1,921,938	\$ 2,013,841	\$ 2,309,490				Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.
Contributions in relation to the contractually required contribution	1,907,580	1,736,394	1,765,792	1,830,419	1,921,938	2,013,841	2,309,490				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 12,420,830	\$ 12,706,975	\$ 12,864,010	\$ 12,881,984	\$ 12,847,135	\$ 13,280,794	\$ 11,380,391				Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.
Contributions as a percentage of covered-employee payroll	15.36%	13.66%	13.73%	14.21%	14.96%	15.19%	20.29%				

**NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years*										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Contractually required contribution	\$ 676,454	\$ 629,298	\$ 636,570	\$ 595,284	\$ 710,705	\$ 908,991	\$ 1,175,470				Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.
Contributions in relation to the contractually required contribution	676,454	629,298	636,570	595,284	710,705	908,991	1,175,470				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 7,098,153	\$ 7,102,686	\$ 5,994,068	\$ 6,074,328	\$ 6,064,036	\$ 6,855,136	\$ 6,705,476				Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.
Contributions as a percentage of covered-employee payroll	9.53%	8.86%	10.82%	9.80%	11.72%	13.26%	17.53%				

\* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	Last Ten Fiscal Years *									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total OPEB Liability</b>										
Service cost	\$ 5,904,713	\$ 5,785,425	\$ 3,013,467	\$ 2,532,414						
Interest	5,028,088	4,594,201	5,961,700	6,132,965						
Changes of benefit terms	-	-	-	-						
Differences between expected and actual experience	-	-	-	-						
Changes in assumptions	(1,380,673)	10,640,905	32,867,621	-						
Benefit payments	(4,709,679)	(4,763,479)	(4,067,057)	(4,339,906)						
<b>Total change in total OPEB liability</b>	<b>4,842,449</b>	<b>16,257,052</b>	<b>37,775,731</b>	<b>4,325,473</b>						
<b>OPEB Plan Fiduciary Position</b>										
<b>Total OPEB liability - beginning</b>	<b>221,922,017</b>	<b>205,664,965</b>	<b>167,889,234</b>	<b>163,563,761</b>						
<b>Total OPEB liability - ending</b>	<b>\$ 226,764,466</b>	<b>\$ 221,922,017</b>	<b>\$ 205,664,965</b>	<b>\$ 167,889,234</b>						
<b>Covered-employee payroll</b>	<b>\$ 24,978,974</b>	<b>\$ 24,978,974</b>	<b>\$ 43,508,280</b>	<b>\$ 25,592,293</b>						
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>907.82%</b>	<b>888.44%</b>	<b>472.70%</b>	<b>656.01%</b>						

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Notes to schedule:**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Discount rate	2.29%	2.26%	3.00%	3.80%						
Healthcare trend rate:										
Initial rate	7.00%	7.00%	9.00%	9.00%						
Decreasing per year	0.50%	0.50%	0.50%	0.50%						
Ultimate rate	4.50%	4.50%	5.00%	5.00%						
Ultimate rate year	2031	2031	2026	2026						

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

*Plan Assets.* No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

\* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)**



**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**SCHEDULE OF REVENUES, EXPENSES AND OTHER CHANGES BY FUND (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Plant Fund</u>	<u>GAAP Reclassifications</u>	<u>Total</u>
<b>REVENUES AND OTHER ADDITIONS</b>					
Tuition and fees	\$ 23,672,842	\$ 571,224	\$ -	\$ (4,786,220)	\$ 19,457,846
Governmental appropriations:					
County of Orange	19,052,882	-	-	-	19,052,882
State of New York	12,280,989	-	-	-	12,280,989
Federal grants and contracts	355,583	4,173,354	-	-	4,528,937
Federal and State Financial Aid	-	19,977,211	-	(7,373,642)	12,603,569
Investment income	28,629	-	-	-	28,629
Operating and capital chargebacks	2,343,544	-	1,122,944	(56,094)	3,410,394
Other	<u>2,697,229</u>	<u>663,558</u>	<u>44,060</u>	<u>(663,558)</u>	<u>2,741,289</u>
Total Revenues	<u>60,431,698</u>	<u>25,385,347</u>	<u>1,167,004</u>	<u>(12,879,514)</u>	<u>74,104,535</u>
<b>EXPENSES AND OTHER DEDUCTIONS</b>					
Instruction	31,337,200	4,520,801	-	-	35,858,001
Academic support	4,232,833	-	-	-	4,232,833
Libraries	1,461,187	-	-	-	1,461,187
Student services	5,402,343	303,789	-	-	5,706,132
General administration	8,627,845	-	-	-	8,627,845
General institutional	6,619,632	-	-	(696,726)	5,922,906
Operation and maintenance of plant	10,567,035	-	-	(22,926)	10,544,109
Scholarships and fellowships	-	19,977,212	-	(12,159,862)	7,817,350
Interest expense	-	-	389	-	389
Depreciation	<u>-</u>	<u>-</u>	<u>4,346,081</u>	<u>-</u>	<u>4,346,081</u>
Total expenditures and other deductions	<u>68,248,075</u>	<u>24,801,802</u>	<u>4,346,470</u>	<u>(12,879,514)</u>	<u>84,516,833</u>
Net (decrease) increase for the year	<u>\$ (7,816,377)</u>	<u>\$ 583,545</u>	<u>\$ (3,179,466)</u>	<u>\$ -</u>	<u>\$ (10,412,298)</u>

The accompanying notes are an integral part of these schedules.

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**RECONCILIATION OF REVENUES AND EXPENSES AS REFLECTED IN THE ANNUAL  
REPORT TO THE AUDITED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>Revenues</u>	<u>Expenses</u>	
Unrestricted current funds (per annual report)	\$ 60,444,662	\$ 57,317,083	
Restricted current funds (per annual report)	12,597,902	12,597,902	
Plant Fund	<u>1,167,004</u>	<u>4,346,470</u>	
Totals (all funds)	<u>74,209,568</u>	<u>74,261,455</u>	
Adjustments to reconcile to financial statements:			
Scholarship allowances	(4,786,220)	(4,786,220)	
Plant fund adjustments	(56,094)	(56,094)	
Unrestricted fund adjustment	(12,965)	(54,403)	
GASB 75 OPEB expense	-	13,260,853	
GASB 68 pension expense	-	(2,272,866)	
NON-GAAP Federal direct loans recognized in the annual report as revenue	(7,373,642)	(7,373,642)	
Athletics/Kindercollege/Restricted Grants	12,787,445	12,203,900	
Eliminate interfund revenue and expense	(663,558)	(663,558)	
Unreconciled difference	-	(2,592)	
Rounding	<u>1</u>	<u>-</u>	
Adjusted totals	<u>74,104,535</u>	<u>84,516,833</u>	
Per audited financial statements:			
Operating revenue / expenses	26,684,012	84,516,444	
Nonoperating revenue / expenses	46,353,673	389	
Capital contributions	<u>1,066,850</u>	<u>-</u>	
Totals per financial statements	<u>74,104,535</u>	<u>84,516,833</u>	
	Annual Report	Unrestricted Current Fund	Reconciled Difference
2021 Total unrestricted expenses	\$ 57,317,083	\$ 68,305,070	\$ (10,987,987)
Less:			
2021 Total revenues - offset to expense plus costs not allowable for state-aid	<u>(4,246,298)</u>	<u>(4,246,298)</u>	<u>-</u>
2021 net operating costs	<u>\$ 53,070,785</u>	<u>\$ 64,058,772</u>	<u>\$ (10,987,987)</u>
Description of reconciled differences			
1) Other post employment benefits obligations			13,260,853
3) GASB 68/71 expenses			<u>(2,272,866)</u>
			<u>\$ 10,987,987</u>
	<u>Reported Amounts</u>		
Net Position / Fund Balance Reconciliation:			
Current Unrestricted Fund Balance *	\$ 6,687,020		
GASB 75 Liability	(226,764,466)		
Net pension liability - ERS	(44,991)		
Net pension asset - TRS	6,181,792		
Deferred outflows of resources - ERS pension	9,643,402		
Deferred outflows of resources - TRS pension	3,116,652		
Deferred inflows of resources - ERS pension	(13,482,884)		
Deferred inflows of resources - TRS pension	(6,896,548)		
Deferred outflows of resources - OPEB	23,481,015		
Deferred inflows of resources - OPEB	(1,150,023)		
Restricted fund balance	2,542,890		
Rounding	<u>(5)</u>		
Unrestricted Net Position (per financial statements)	<u>\$ (196,686,146)</u>		

\* Line 113 (column C) of annual report

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**SCHEDULE OF STATE OPERATING AID (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

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Total Operating Costs	\$ 57,317,083			
Total Revenue - Offset to Expense	(4,246,298)			
Costs Not Allowable for State Aid	<u>-</u>			
Net Operating Costs	<u>\$ 53,070,785</u>	@	40% =	<u>\$ 21,228,314</u> (a)
Rental Costs - Physical Space			\$	7,888
Next Generation NY Job Linkage Program			\$	-
Funded FTE Students - Basic Aid				
		Net FTE Allowable		
		Allowable		
2017-2018 Actual	4,530.8	x 0.20	=	906.2
2018-2019 Actual	4,545.8	x 0.30	=	1,363.7
2019-2020 Actual	4,202.3	x 0.50	=	<u>2,101.2</u>
2020-2021 Calculated FTE (20-30-50% Rule)				4,371.0
2020-2021 Funded FTE (Greater of 20-30-50% Rule or Prior Year Actual)				4,371.0
Funded FTE Students - Basic Aid	4,371.1	@	\$ 2,947.00 *	= 12,881,632
Funded FTE, Rental Costs, Small College and Next Generation NY Job Linkage Program			\$	<u>12,889,520</u> (b)
Basic Aid - Lesser of (a) or (b)			\$	<u>12,889,520</u>

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**SCHEDULE OF STATE-AIDABLE FTE TUITION RECONCILIATION (UNAUDITED)**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

Calculated tuition based on State-aidable FTE per Annual Report:

	Headcount Credit Hours and FTE	Rate	Equated Tuition
Full-time Student Headcount			
Fall 2020 full-time students per Form 05	2,481.00	\$ 2,688	\$ 6,668,928
Winter 2020 full-time students per Form 05	-	\$ 2,688	-
Spring 2021 full-time students per Form 1C	1,855.00	\$ 2,688	4,986,240
Summer 2021 full-time students per Form 1C	49.00	\$ 2,688	131,712
Total full-time headcount	4,385.00		
Total credit hours of full-time students	68,694.80		
Part-time Student Credit Hours			
Fall 2020 part-time credits per Form 05	23,676.80	\$ 224	5,303,603
Winter 2020 part-time credits per Form 1C	447.00	\$ 224	100,128
Spring 2021 part-time credits per Form 1C	21,680.00	\$ 224	4,856,320
Summer 2021 part-time credits per Form 1C	7,850.50	\$ 224	1,758,512
Fall 2020 State-aidable learning center activity per Form 24	163.30	\$ 224	36,579
Winter 2020 State-aidable learning center activity per Form 24	-	\$ 224	-
Spring 2021 State-aidable learning center activity per Form 24	223.00	\$ 224	49,952
Summer 2021 State-aidable learning center activity per Form 24	16.06	\$ 224	3,597
Total part-time credit hours	54,056.66		
Total credit hours	122,751.46		
Total state-aidable FTE	4,091.72		
Total calculated tuition based headcount and credit hours			23,895,571
Reconciliation to Annual Report and Audited Financial Statements:			
Less:			
Bad debt allowance charged to tuition			(621,060)
Difference in tuition for discounted classes			(1,849,100)
Calculated State-aidable non-credit remedial tuition			(1,787,878)
Learning centers - credits generated - no tuition charged			(90,129)
Calculated State-aidable non-credit remedial developmental			-
Other			621,314
Other - RRB (Refund Review Board), LOC (Letter of Credit), Over 60 Waivers, CCHS Waivers			(255,972)
Add:			
Non-credit remedial tuition revenue collected			25,162
Other - Miscellaneous (students Dropping Course and Refund Rate is less than Charge)			(110,303)
Tuition revenue reported on annual report (lines 206-208)			19,827,605
Add:			
Out-of-state resident tuition			758,897
Applications			43,140
Transcripts			51,726
Graduation			640
Lab Fees			313,892
Late Registration			99,500
New Student Fee			271,140
DDP Reentry Fee			342
Technology Fee			1,533,518
Assessment Fee			5,375
Cultural Affairs Fee			134,828
Health Professions Fee			145,601
Academic Support Fee			486,892
Tuition and fee revenue - current unrestricted fund			23,673,096
Add:			
Athletic Pgm Support			186,539
Child Care Fees			(42)
Bridge Program Enhanced Fee			236,009
Self-Sustaining Bridge Program Summer			6,000
Self-Sustaining Bridge Program Fall			74,880
Self-Sustaining Bridge Program Spr			67,584
Tuition and fee revenue - current unrestricted and restrict fund			24,244,066
Less:			
Scholarship allowance			(4,786,220)
Tuition and fee revenue per audited financial statements			\$ 19,457,846

The accompanying notes are an integral part of these schedules.

## **REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 15, 2022

To the Board of Trustees of  
Orange County Community College :

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Orange County Community College (College), (a component unit of the County of Orange, New York) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements and have issued our report thereon dated March 15, 2022. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the College's financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Governmental Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS** (Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bonadio & Co., LLP*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

March 15, 2022

To the Board of Trustees  
Orange County Community College :

**Report on Compliance for Each Major Federal Program**

We have audited the Orange County Community College's ("College") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Orange County Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2021.

(Continued)



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**  
(Continued)

**Report on Internal Control over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bonadio & Co., LLP*

**ORANGE COUNTY COMMUNITY COLLEGE**  
**(A Component Unit of the County of Orange, New York)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ 289,784
Federal Pell Grant Program	84.063	N/A	6,703,817
Federal Direct Student Loans	84.268	N/A	<u>7,373,642</u>
Total Student Financial Assistance Cluster			<u>14,367,243</u>
TRIO Student Support Services	84.042	N/A	248,666
Child Care Access Means Parents in School	84.335	N/A	49,956
Passed through New York State Department of Education			
Career and Technical Education - Basic Grants to States	84.048	N/A	87,649
Higher Education Intuition Aid	84.031	N/A	35,308
COVID-19 Education Stabilization Fund			
COVID-19 Education Stabilization Fund - Student Aid Portion	84.425E	N/A	3,100,433
COVID-19 Education Stabilization Fund - Institutional Portion	84.425F	N/A	2,156,317
COVID-19 Education Stabilization Fund - Minority Serving	84.425L	N/A	<u>221,679</u>
Total COVID-19 Education Stabilization Fund			<u>5,478,429</u>
Total U.S. Department of Education			<u>20,267,251</u>
Total Expenditures of Federal Awards			<u>\$ 20,267,251</u>

**Orange County Community College  
(A Component Unit of the County of Orange, New York)**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AUGUST 31, 2021**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Orange County Community College (the "College"), under programs of the federal government for the year ended August 31, 2021. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows for the College as a whole.

**2. BASIS OF ACCOUNTING**

The Schedule is prepared using generally accepted accounting principles, as described in the College's basic financial statements.

**3. INDIRECT COSTS**

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The College did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**4. MATCHING COSTS**

Matching costs, i.e., the College's share of certain program costs, are not included in the reported expenditures.

**5. SUBRECIPIENTS**

No amounts were provided to subrecipients.

**6. STUDENT LOAN PROGRAM**

*Federal Direct Student Loan Program (Assistance Listing # 84.268)*

During the year ended August 31, 2021, the College processed \$7,373,642 of new loans under the Federal Direct Student Loan Program (which includes subsidized and unsubsidized Direct Loans and Direct Parents' Loans for Undergraduate Students). With respect to the Federal Direct Student Loan Program, the College is only responsible for the performance of certain administrative duties; therefore, the College's financial statements do not include any amounts relative to these loans. The cumulative amount of total loans guaranteed and outstanding at August 31, 2021 is undeterminable.

**Orange County Community College  
(A Component Unit of the County of Orange, New York)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2021**

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**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiencies identified?

☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiencies identified

☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

☐ Yes ☒ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
---------------------------------	---------------------------------------

COVID-19 Education Stabilization Fund

84.425E	COVID-19 Education Stabilization Fund Student portion
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84.425F	COVID-19 Education Stabilization Fund Institution portion
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84.425L	COVID-19 Education Stabilization Fund Minority serving portion
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Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**Section II—Financial Statement Findings**

There were no matters noted that are required to be reported under *Government Auditing Standards*.

**Section III—Federal Award Findings and Questioned Costs**

There were no instances of material weaknesses, or noncompliance, including questioned costs noted, that are required to be reported under Uniform Guidance.