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BUDGET REVIEW



NASSAU COUNTY LEGISLATURE
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Inter-Departmental Memo

To: Hon. Howard Kopel, Chairman
All members of the Budget Review Committee

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "MC", next to the name Maurice Chalmers.

Date: December 18, 2012

Re: Nassau Community College – Year End 2011-12, First Quarter 2012-13

The following report summarizes the year-end FY 2011-12 financial results and the first quarter FY 2012-13 projections for the Nassau Community College.

Year-End FY 2011-12

The College ended FY 2011-2012 with an operating surplus of approximately \$3.7 million. Surpluses of \$2.1 million in budgeted revenues and \$1.6 million in expenses resulted in the positive variance to the budget.

Year-end expense obligations in FY 2012 were 0.2% higher than FY 2011 actuals primarily due to approximately \$751,636, or 0.4%, more in personal services over those of FY 2011. Salaries decreased by 0.6%, or \$780,254 but fringe benefits grew \$1.5 million, or 3.2%, over FY 2011 actuals. Compared to the adopted FY 2012 budget, expenses came in under budget generating a surplus of \$1.6 million. Most of the surplus, \$1.2 million, can be found in personal services with salary savings of \$888,700 from the College's workforce reduction policy. Smaller savings of \$264,862 were generated in fringe benefits. At the time of budget submission, NYSHIP health insurance growth rates were budgeted at 8% but actuals came in at about 3%, generating the savings. Utility costs also had a surplus since energy related costs, i.e. natural gas rates, were lower when compared to the anticipated rate increase when the budget was submitted.

Most OTPS expenses came in under budget for a total savings of \$464,733. The only areas that exceeded the adopted budget were general expenses and contractual services. The additional \$505,648

in general expenses was due to a large accrual at year's end. The accrual was the result of a settlement with the Department of Education. Contractual services exceeded the budget by \$72,295 due to underfunding of the physical education programs in FY 11-12.

The year-end 2011-2012 revenue was 1.0%, or \$2.1 million, greater than the budget. The College budgeted \$1.0 million in fund balance revenue which was not used since all the other revenue sources exceeded the budget by \$3.1 million, netting to \$2.1 million. The FY 2011-2012 budget contained fee increases, to defray rising costs, the increases resulted in a \$1.4 million surplus. In addition, state-aid revenue reflects a favorable increase of \$0.8 million. The College did not anticipate \$1.0 million from state operating, rental and high needs aid which were included in the state's financial budget. The revenue offset to expenses had a minimal increase of \$148,200 mainly from bookstore and training programs. Tuition revenues were \$0.7 million higher mainly due to the success in collecting past due student receivables. Student revenues, revenue in lieu of sponsor, surpassed the budget by \$0.7 million, a result of greater admission of out-of-County students than budgeted. Overall, the College had a good FY 2011-2012 and as result was able to replenish their fund balance as reflected in the table below:

Fund Balance Reconciliation	
Beginning Fund Balance FY 11-12	10,742,870
FY 11-12 Operating Results	3,683,472
Net End of Year 2012 Fund Balance	<u><u>14,426,342</u></u>
FY 12-13 Appropriation of Fund Balance	<u><u>(1,533,699)</u></u>
FY 12-13 Un-appropriated Fund Balance	<u><u>12,892,643</u></u>

*** Unaudited Year End as of December 2011*

1st Quarter 2012 - 13

The College is currently projecting expenses and revenues to net to a \$1.8 million shortfall for the FY 2012-13. To make up for the deficit, the College will monitor spending, part-time hiring and may not fill all vacant funded positions. A detailed analysis will be included in OLBR's mid-year report as more precise data becomes available.

cc: Hon. George Maragos, Nassau County Comptroller
Frank Moroney, Nassau County Chief Deputy Comptroller
Tim Sullivan, Deputy County Executive
Roseann D'Alleva, Acting Director, OMB
Evan Cohen, Executive Director, NIFA
David Gugerty, Minority Chief of Staff
Dan McCloy, Director of Law, Finance & Operations
Gregory May, Director of Legislative Affairs
William Muller, Clerk of the Legislature

Nassau County Community College
FY 2011 - 12 Expenses
Unaudited Year End Results

Object Class		Adopted Budget	Modified Budget	Aug 31-12 Actual	Variance Adopted To Actual	% Obligated
AA	Wages, Salaries & Fees	\$127,638,123	\$127,638,123	\$126,749,423	\$888,700	99.3%
AB	Employee Fringe Benefits	50,352,721	50,352,721	50,087,859	264,862	99.5%
	Subtotal PS	177,990,844	177,990,844	176,837,282	1,153,562	99.4%
BB	Equipment	2,383,543	2,383,543	2,363,490	20,053	99.2%
DD	General Expenses	7,953,987	7,953,987	8,459,635	(505,648)	106.4%
DE	Contractual Services	5,742,340	5,742,340	5,814,635	(72,295)	101.3%
DF	Utility Costs	5,620,286	5,620,286	5,004,994	615,292	89.1%
HH	Interfund Charges	3,200,000	3,200,000	2,792,670	407,330	87.3%
08	County Scholarships	55,000	55,000	55,000	0	100.0%
	Subtotal OTPS	24,955,156	24,955,156	24,490,423	464,733	98.1%
	Grand Total	<u>\$202,946,000</u>	<u>\$202,946,000</u>	<u>\$201,327,705</u>	<u>\$1,618,295</u>	<u>99.2%</u>

Nassau Community College
FY 2011 - 12 Revenue
Unaudited Year End Results

Codes	Revenue Source	Adopted Budget	Modified Budget	Aug 31 -12 Actual	Variance	%
					Adopted To Actual	Recognized
AA	Fund Balance - BOY	\$1,000,000	\$1,000,000	\$0	(\$1,000,000)	0.0%
BE	Investment Income	200,000	200,000	65,577	(\$134,423)	32.8%
BF	Rents and Recovery	400,000	400,000	12,799	(\$387,201)	3.2%
BG	Revenue Offset	4,008,000	4,008,000	4,156,200	\$148,200	103.7%
BJ	Interfund Revenues	0	0	0	\$0	*****
BK	Service Fees	6,031,000	6,031,000	7,466,949	\$1,435,949	123.8%
BL	Student Revenues	83,393,727	83,393,727	84,068,378	\$674,651	100.8%
BM	Revenue Lieu Sponsor	14,000,000	14,000,000	14,697,418	\$697,418	105.0%
FA	Federal Aid	250,000	250,000	41,415	(\$208,585)	16.6%
SA	State Aid	41,456,390	41,456,390	42,295,557	\$839,167	102.0%
TL	Property Taxes	52,206,883	52,206,883	52,206,886	\$3	100.0%
	Supplemental Appropriation	0	0	0	\$0	0.0%
	Total Revenues	<u>\$202,946,000</u>	<u>\$202,946,000</u>	<u>\$205,011,179</u>	<u>\$2,065,179</u>	<u>101.0%</u>