



Monroe Community College

STATE UNIVERSITY OF NEW YORK

Presentation of Financial Forecast

Big firm capability. Small firm personality.

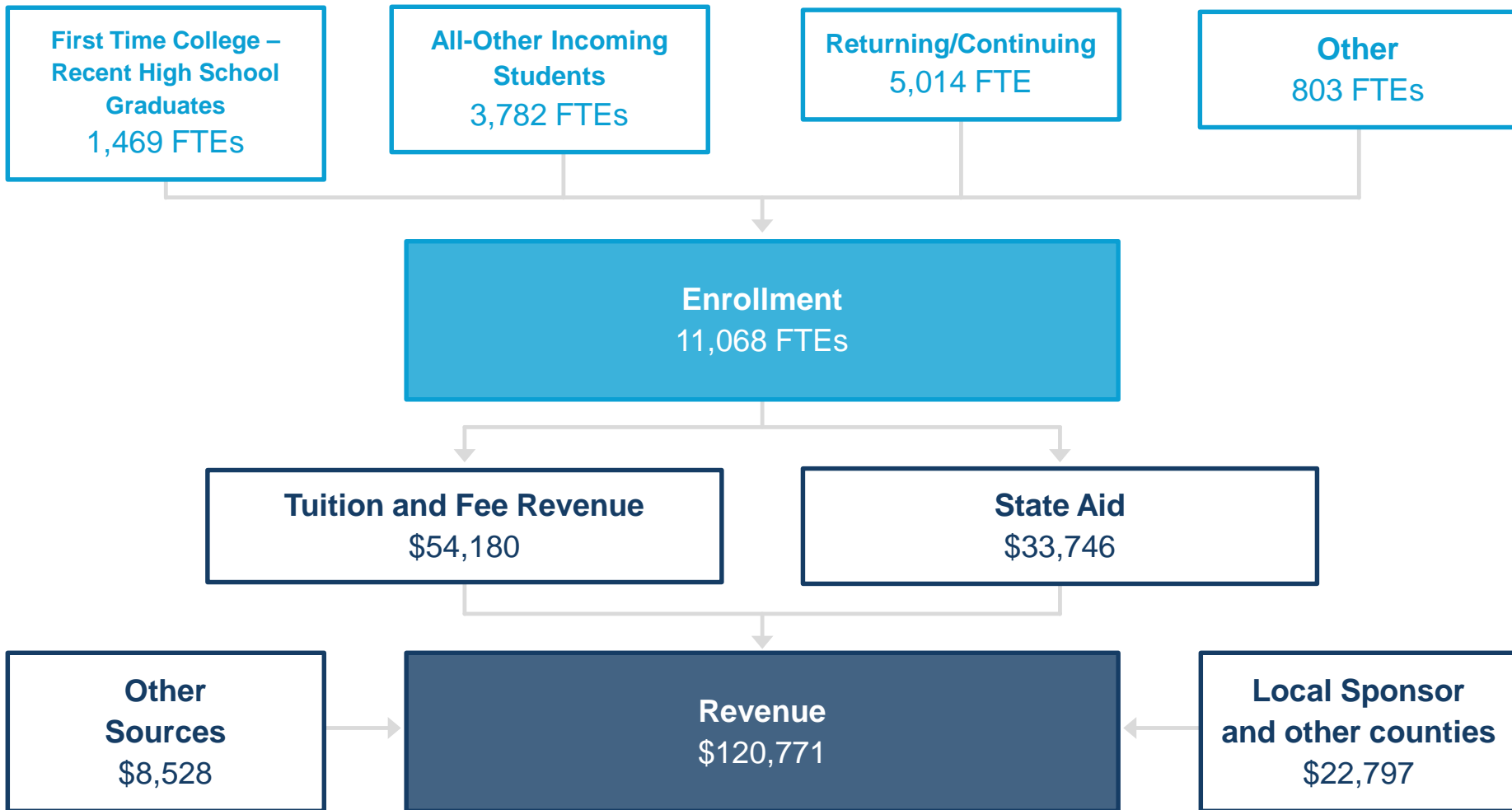
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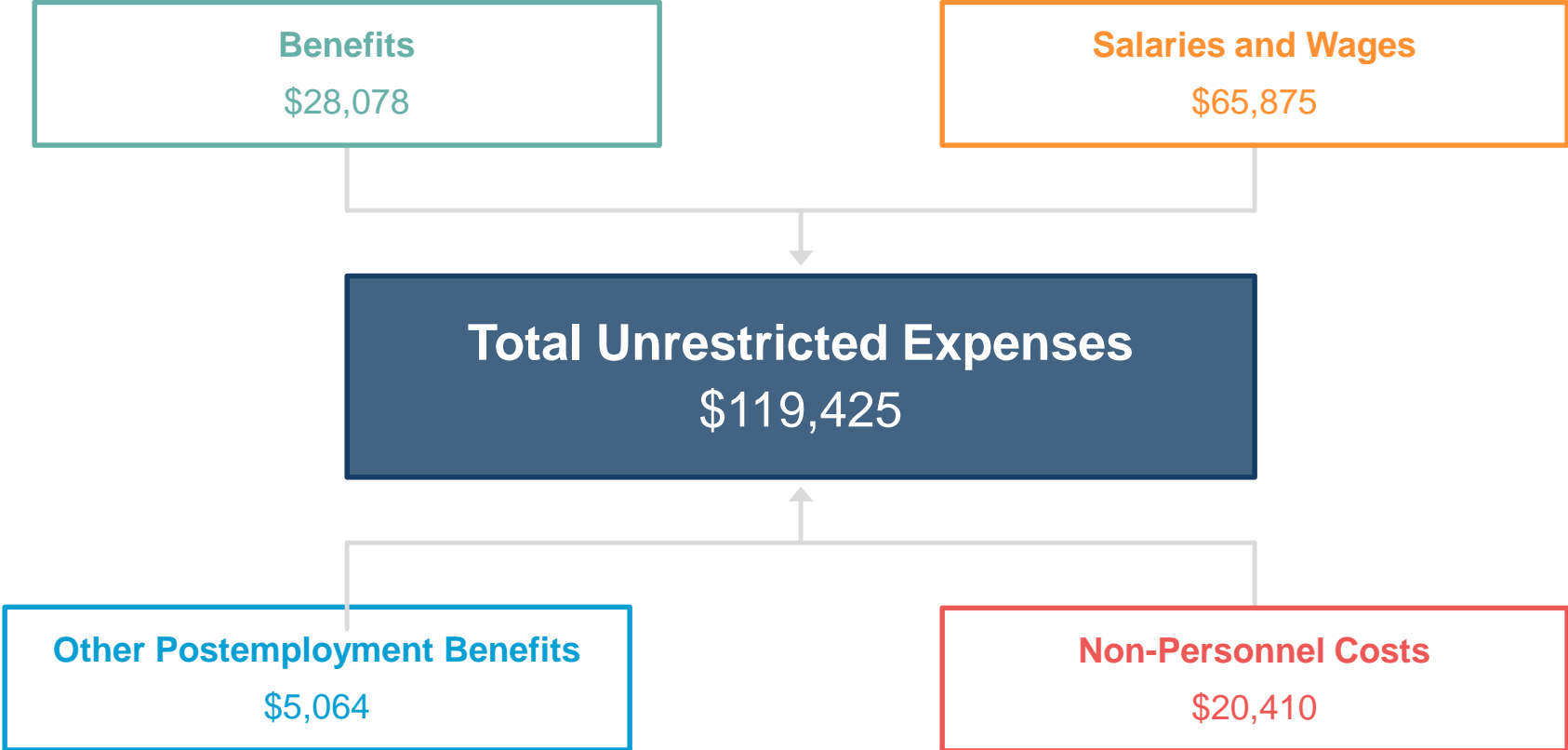
Procedures Performed

- At the request of Monroe Community College's Board of Trustees (the College), we performed an agreed-upon procedures engagement over the presentation of the historical unrestricted operating fund balance and historical unrestricted operating fund balance as a percent of operating expenses and the financial forecast of the College's change in unrestricted operating fund balance for the years ending August 31, 2019 through 2023.
 - At the BOT's College's request we agreed specific assumptions to supporting documentation, trend analysis, knowledge of the industry and funding sources, and inquiry with management of the College. The specific assumptions include:
 - Enrollment, including Monroe County high school graduation class size, market share, and retention
 - Tuition and fees
 - State and local appropriations
 - Employee head count
 - Salary and wages, and rates of benefits, including other postemployment benefits

Community College Operating Model—Revenue – 2018 (\$000's) omitted



Community College Operating Model—Expenses – 2018 (\$000's) omitted



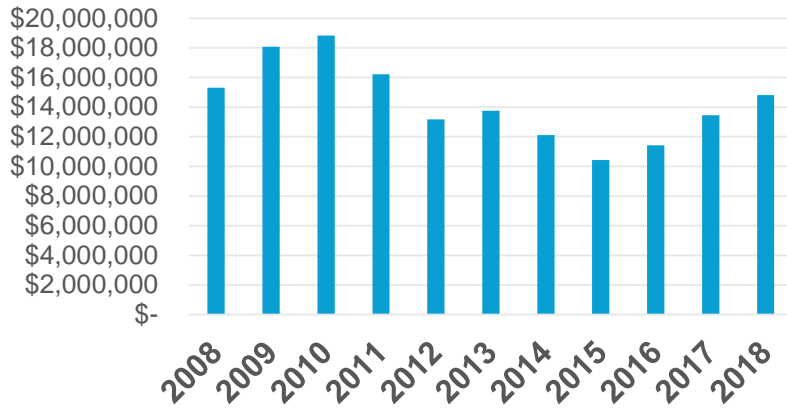
Community College Operating Model

- Fund Balance (savings account) is a tool that the Community College's use to limit current and future risks such as revenue shortfalls and unexpected expenditures.
- Establishing and maintaining an adequate ending fund balance allows Community College's to stabilize overall revenue in order to maintain instructional programs for students, even when unexpected revenue shortfalls or unexpected expenditure needs occur.
- When a Community College's unrestricted operating revenue exceeds unrestricted operating expense, the College grows its fund balance and vice versa.
- As of August 31, 2018, the College has an unrestricted operating fund balance of \$14.8 million, which is 12.4% of unrestricted operating expenses. The College has the ability to cover approximately 1.5 months of operating expenses with its fund balance.
- State Guidelines recommend a fund balance of 5 – 15% of **unrestricted operating expenses.**

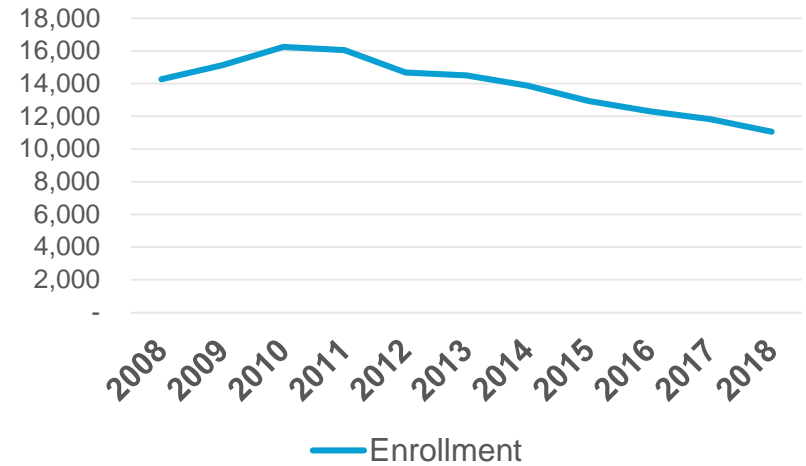
DISCLAIMER: The results contained herein include forecasts, other predictive statements that contain uncertain assumptions and expectations based on currently available information provided to Bonadio & Co., LLP by the College. These forecasted results are based on a variety of factors and such assumptions, and they involve risks, variables and uncertainties. The actual performance of the College's operating fund balance may differ significantly from those forecasted in this report. Consequently, no guarantee is presented or implied as to the accuracy of specific forecasts and assumptions contained herein.

Historical Analysis

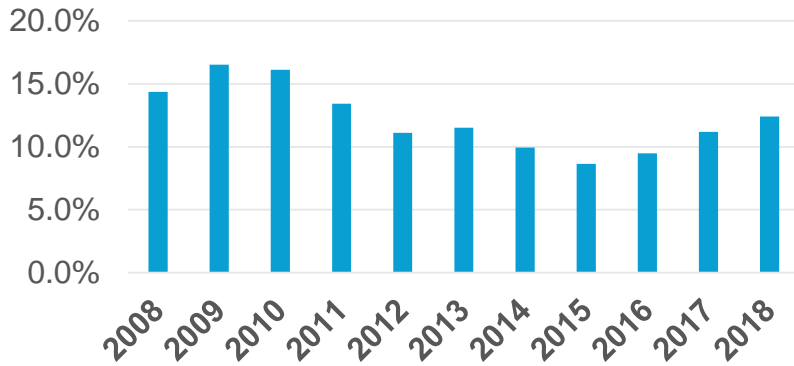
Unrestricted Fund Balance



Enrollment



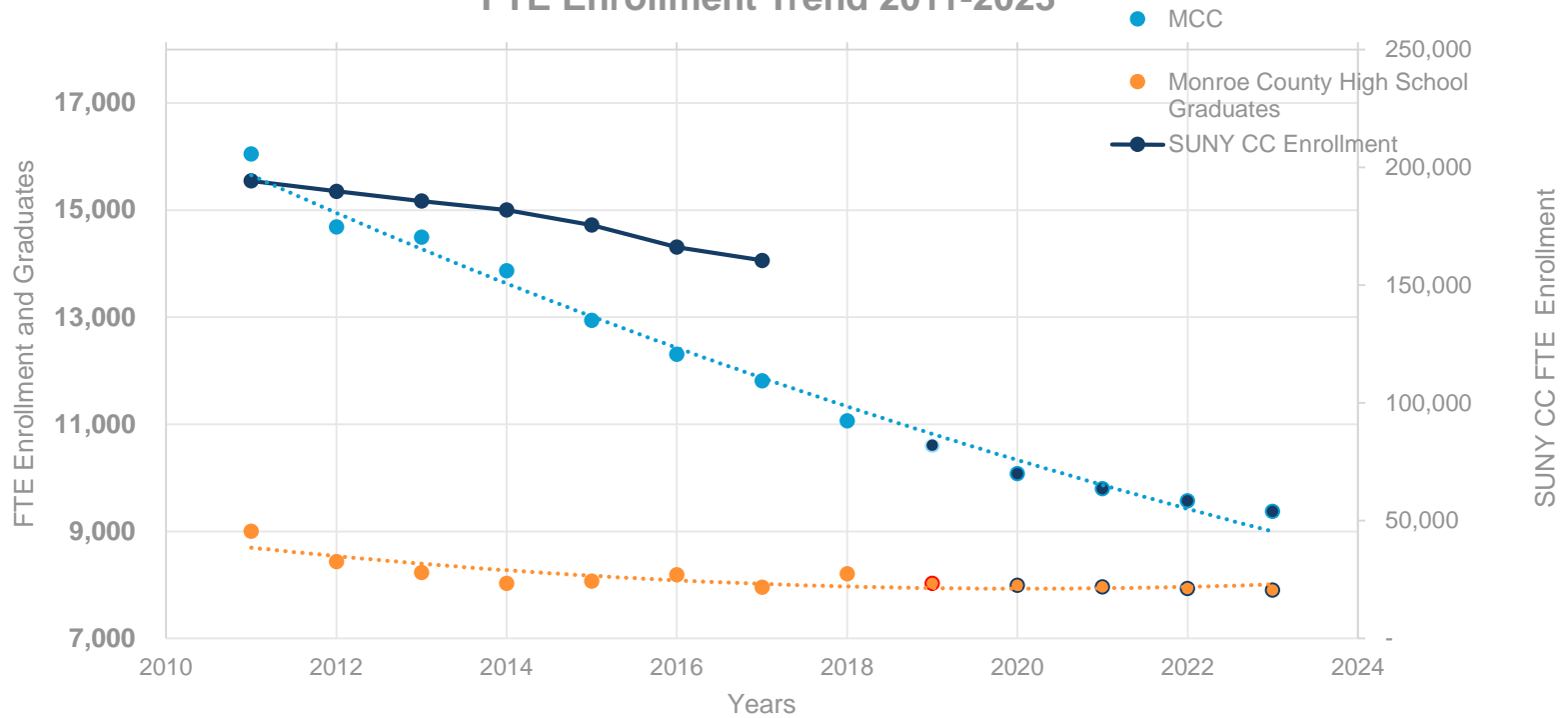
Unrestricted Fund Balance as Percent of Unrestricted Expenses



Though the College's enrollment has declined since its peak in 2010, they have been able to stabilize fund balance as a % of operating expenses.

Key Indicators

FTE Enrollment Trend 2011-2023

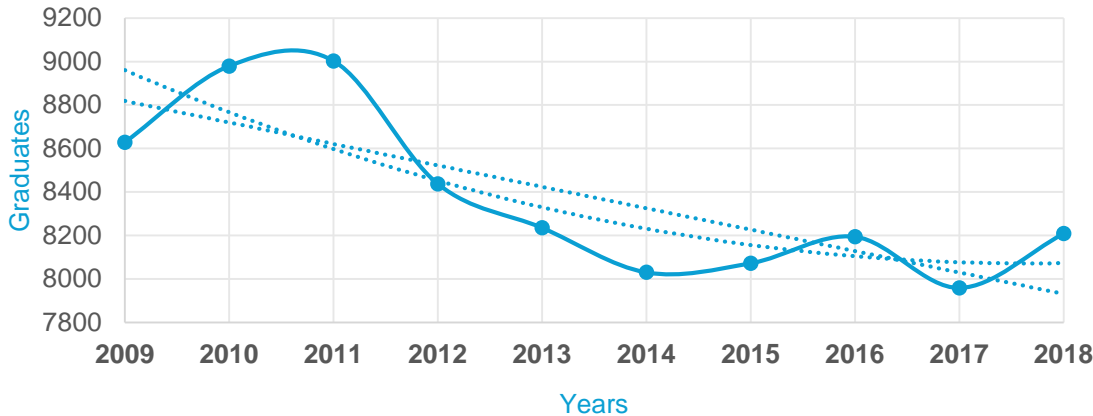


The Colleges enrollment, based on full-time equivalent (FTE) students, has declined 4,979 between 2011 and 2018 at a cumulative annual rate of -4.28% and is forecasted to decline an additional 1,695 FTEs between 2018 and 2023.

SUNY Community College declined 33,691 FTE between 2011-2017 at a cumulative annual rate of -2.69%.

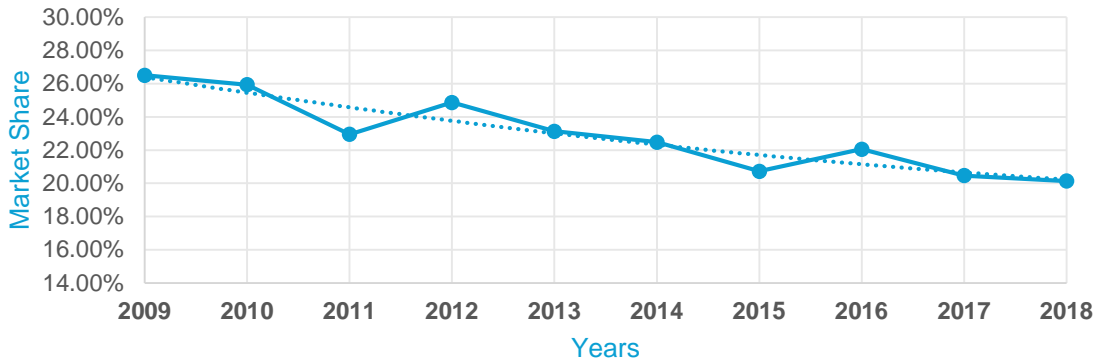
Key Indicators

Monroe County HS Grads: Total Market 2009-2018



Monroe County High School graduates have declined by 800 students between 2011 and 2018. Based on the population estimates, high school graduates in Monroe County will continue to decline for the next decade.

Market Share of High School Entrants from Monroe County: 2009-2018



In addition, the College's market share of Monroe County graduates has declined from 27.5% in 2009 to 20.0% in the fall of 2018.

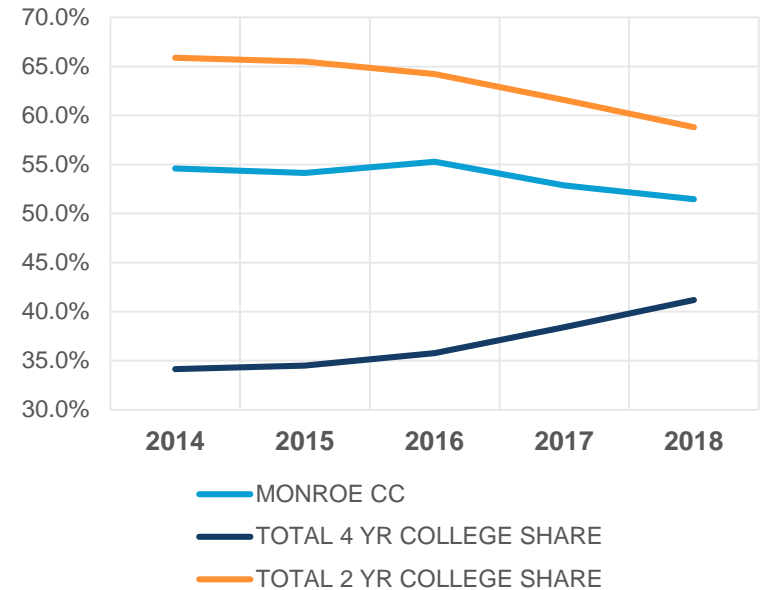
Key Indicators

Total Monroe County High School Graduates Enrolled in SUNY System

	2014	2015	2016	2017	2018
MONROE CC	1805	1673	1807	1629	1559
Brockport (4 yr)	244	236	291	299	356
SUNY Buffalo (4 yr)	158	170	195	188	194
SUNY Geneseo (4 yr)	133	146	136	153	145
Finger Lakes CC (2yr)	183	170	134	141	112
Genesee CC (2yr)	120	90	80	74	52
Niagara County CC (2yr)	12	13	20	4	9
All other (2 yr)	57	78	58	50	50
All other (4 yr)	593	514	548	544	553
TOTAL MONROE COUNTY GRAD	3305	3090	3269	3082	3030

MONROE CC	54.6%	54.1%	55.3%	52.9%	51.5%
Brockport (4 yr)	7.4%	7.6%	8.9%	9.7%	11.7%
SUNY Buffalo (4 yr)	4.8%	5.5%	6.0%	6.1%	6.4%
SUNY Geneseo (4 yr)	4.0%	4.7%	4.2%	5.0%	4.8%
Finger Lakes CC (2yr)	5.5%	5.5%	4.1%	4.6%	3.7%
Genesee CC (2yr)	3.6%	2.9%	2.4%	2.4%	1.7%
Niagara County CC (2yr)	0.4%	0.4%	0.6%	0.1%	0.3%
All other (2 yr)	1.7%	2.5%	1.8%	1.6%	1.7%
All other (4 yr)	17.9%	16.6%	16.8%	17.7%	18.3%
% OF TOTAL MONROE COUNTY GRADuates ENROLLED IN SUNY SYSTEM	100.0%	100.0%	100.0%	100.0%	100.0%

TOTAL 4 YR COLLEGE SHARE	34.1%	34.5%	35.8%	38.4%	41.2%
TOTAL 2 YR COLLEGE SHARE	65.9%	65.5%	64.2%	61.6%	58.8%



Since 2017, the College's market share of Monroe County Graduates attending a SUNY School has declined. There has been a shift to the 4 year SUNY Institutions.

Based on source information provided by William Dixon, Institutional Research

Forecasted Unrestricted Change in Operating Fund Balance as prepared by the College's management

- Significant assumptions utilized by the College in preparation of the financial forecast:
 - Enrollment will continue to decline by 2.7% a year, consistent with the trend and key indicators.
 - The full time tuition rate is forecasted to remain flat at \$4,380 for 2020, increase to \$4,480 in 2021 and 2022 and increase to \$4,580 in 2023.
 - State aid per FTE is forecasted to increase \$100 per FTE in 2020 and 2022, and \$50 per FTE in 2021 and 2023.
 - Local sponsorship is forecasted to remain flat through 2023.
 - Out of county chargeback rate is forecasted to increase at a cumulative annual growth rate of 14.2% throughout the forecast period.
 - Full- time and part-time retention are expected to be 48% and 35%, respectively.
 - Salary increases (all inclusive) are forecasted to be 1.5% annually.
 - College employee headcount is forecasted to remain flat.
 - Other postemployment benefit plan contributions are expected to increase at a cumulative annual growth rate of 4.2% throughout the forecast period.

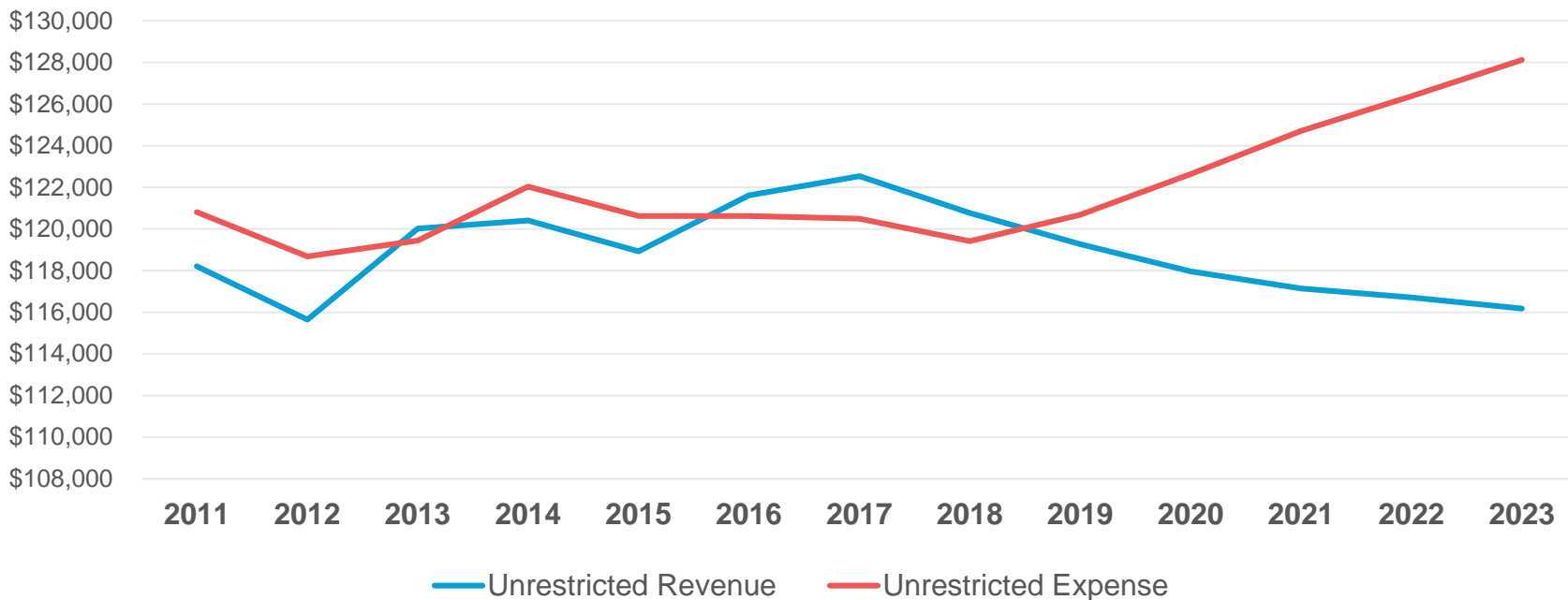
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Forecasted Unrestricted Change in Operating Fund Balance as prepared by the College's management

	Actual 2018	Estimated 2019	Forecasted			
			2020	2021	2022	2023
Student Revenue:						
Student Tuition Revenue	\$ 49,316	\$ 48,260	\$ 45,089	\$ 45,257	\$ 44,208	\$ 44,232
Student Technology Fees	4,864	4,726	5,395	5,242	6,052	5,929
Total Student Revenues	54,180	52,985	50,484	50,500	50,260	50,161
Appropriations And Other Unrestricted Revenue:						
State Appropriations	33,746	32,942	32,475	31,419	31,245	30,789
Local Sponsor Contribution	19,130	19,130	19,130	19,130	19,130	19,130
Charges To Nonresidents	1,519	1,275	1,382	1,196	1,168	1,169
Charges To Other Counties	3,667	3,924	5,550	6,020	6,358	6,726
Interest And Rental Revenue	-	1,741	1,864	1,713	1,479	1,193
Other Sources Including Other	8,528	7,284	7,085	7,164	7,080	7,010
Total Appropriations And Other Unrestricted Revenue	66,591	66,297	67,486	66,641	66,460	66,016
Total Unrestricted Revenues	120,771	119,282	117,971	117,141	116,720	116,177
Unrestricted Operating Expenses:						
Personal Services	65,875	66,786	67,233	67,750	68,307	68,892
Employee Benefits	28,078	28,436	29,219	29,962	30,738	31,546
Other Postemployment Benefits	5,064	5,200	5,496	5,810	6,141	6,491
Contractual Expenses	19,662	19,700	19,700	20,000	20,000	20,000
Equipment	747	570	1,000	1,200	1,200	1,200
Total Unrestricted Expenses	119,425	120,693	122,648	124,720	126,385	128,127
Changes In Unrestricted Fund Balance	1,346	(1,411)	(4,677)	(7,579)	(9,664)	(11,950)
Unrestricted Fund Balance - Beginning Of Year	13,462	14,808	13,397	8,720	1,141	(8,524)
Unrestricted Fund Balance - End Of Year	\$ 14,808	\$ 13,397	\$ 8,720	\$ 1,141	\$ (8,524)	\$ (20,474)

Forecasted Unrestricted Change in Operating Fund Balance

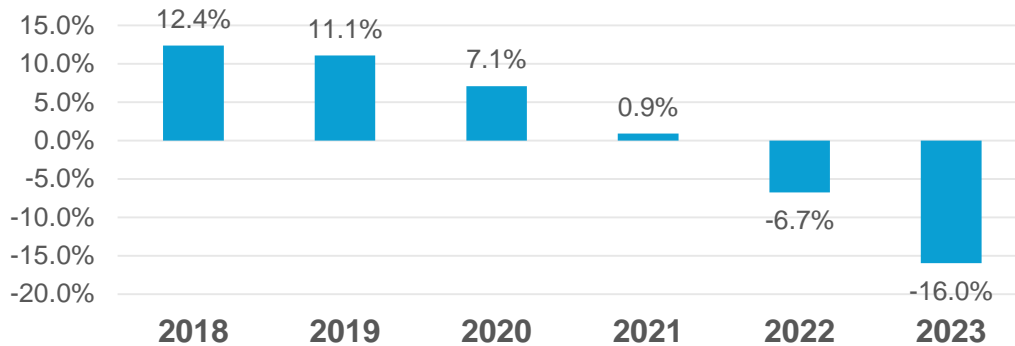
Unrestricted Revenue to Expense
Historical 2011-2018, Forecasted 2019-2023



The forecast projects because of declining enrollment starting in 2019, the College will utilize unrestricted fund balance to cover operating expenses.

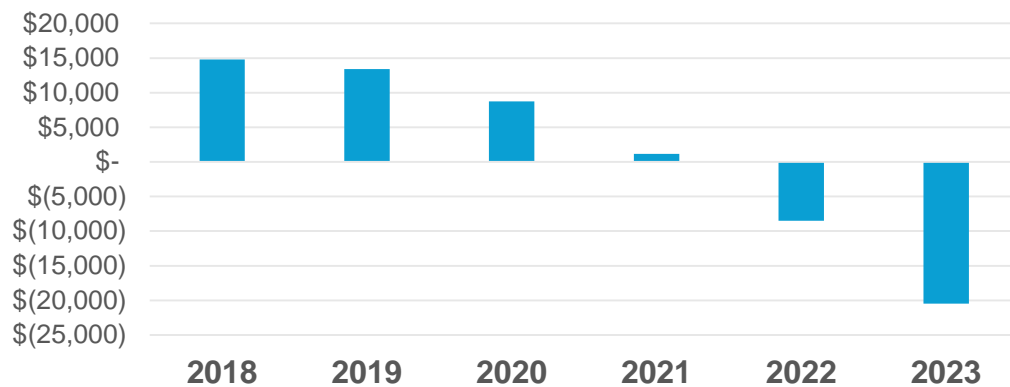
Forecasted Unrestricted Change in Operating Fund Balance

Unrestricted Fund Balance as Percent of Unrestricted Expenses



Based on the financial forecast, the College's unrestricted fund balance will be a deficit by 2022 and the unrestricted fund balance as a % of unrestricted operating expenses will be under 5% by 2021.

Unrestricted Fund Balance ('000's)



Observations

- At the College's current path, the **forecasted deficit** in unrestricted fund balance is \$20.5 million by 2023.
- Enrollment at the College and all SUNY Community Colleges is expected to continue to decline through 2023.
- Based on our preliminary analysis, the College will need to undergo a **fundamental change in its cost structure** by fiscal 2021 to remain financially viable.

QUESTIONS?

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