

FINANCE COMMITTEE  
BOARD OF TRUSTEES  
MINUTES

Meeting of May 8, 2018

**Finance & Capital Committee members 2017-2018:**

**John DeGrace, Chair**

**Linda Green**

**Wanda Jackson**

**Edward Powers**

The meeting of the Finance Section of the Finance and Capital Committee of the Board of Trustees was called to order by Chair Gardyn on the eleventh floor of the Administrative Tower at approximately 5:05 p.m.

Committee members present: John DeGrace, Chair  
Linda Green  
Edward Powers  
Therese Russell, Student Trustee  
Donna Tuman  
Vice Chair Weiss  
Chair Gardyn (Ex-officio)

Committee members absent: Wanda Jackson

Also in attendance: President Keen, VPs Collins, Conzatti, Murray, Muscarella, and Reznik, Procurement Director Cappello, AVPs Friedman and Wright, Treasurer Hahn, Comptroller Izquierdo, Accounting Executive Gutman, and RSM Audit Staff

\*VP Reznik advised that the Independent Auditors (RSM) would like to give their presentation at the beginning of the Finance and Capital Committee meeting.

**AGENDA ITEMS**

7. Discussion: Draft Audited Financial Statements for the Year Ended August 31, 2017—Independent Auditors' (RSM) presentation and required audit communication. Jen Katz, Partner and Dan Bonnette, Relationship Lead Partner of RSM led the discussion. Jen Katz gave an overview of the required communication for the year ended August 31, 2017. She indicated that the audit is 95% complete, and that they are well ahead of the scheduled deadline of May 31, 2018. There were no new accounting policies that were adopted this year. Next year there will be a new significant accounting policy, but this will not have a significant impact to NCC. RSM did not identify any unusual transactions during the audit and is not aware of any misstatements or disagreements with management. Ms. Katz indicated that an audit conducted by the Department of Education (DOE) had 8 findings and that these findings were discussed with management. Management has responded to the DOE; RSM is evaluating the response. RSM is required to include these findings as part of their report.

A draft Management Representation letter was distributed to Board members. When RSM is ready to issue the final copy of the financial statements, President Keen and Finance management will be asked to sign the document. Short discussion followed. Jen Katz informed Board members that there is no separate management letter this year. During the first year RSM audited NCC, several areas in the IT

location were identified. RSM found that NCC has completed or is in the process of completing corrective actions in this area.

1. Minutes of the Finance section of the Finance & Capital Committee meeting of April 17, 2018 were presented for approval. Trustee Powers made a motion, seconded by Vice Chair Weiss. The minutes were approved.

2. Pending College Procurement Agreement—There were no Pending College Procurement Agreements to be presented at the May 8, 2018 meeting.

3. Comptroller's Report—March 2018. Comptroller Izquierdo advised that the March audit of OTPS and Personal Services Contracts were reviewed with no findings. Vice Chair Weiss questioned the amount under marketing /communications fee development strategies. Comptroller Izquierdo advised that all but \$633 of this is for Fisher Development, which is a lobbying firm. Regarding the Accounts Receivable report, spring 2018 collections are at 90% and the total amount for 2017/2018 is 93% collected. Our past experience of collection is 98.5%.

4. Donation: Trustee Powers made a motion, seconded by Trustee Green. The donation of the mobile x-ray system model GE AMX-4+ unit from Northwell Health, Manhasset Hospital will be recommended to the full Board of Trustees for approval.

5. Discussion: FY 2019 Budget (9/1/2018 to 8/31/2019). VP Reznik advised that she is presenting a balanced budget. An overview PowerPoint presentation was presented to Board members. There are only three methods available to balance this budget—increase tuition, decrease expenditures, and use of Fund Balance.

Discussion of decline of student FTE enrollment followed. Enrollment began to drop beginning in 2010 from approximately 19,000 FTEs down to approximately 13,000 FTEs. There was a 7.1% enrollment reduction in 2018 and NCC is anticipating approximately 6% decline in enrollment in the fall. Since 2015, NCC has lost 24% in enrollment.

Expenses: The total proposed 2019 operating budget is \$209,821,998 of which the majority is salary and fringe benefits representing 59% and 29% of the budget, respectively. Included in the salary assumption is \$3 million in savings. Three areas that are being considered for savings are: temporary lines, unfilled vacancies, and natural attrition. Included in the budget of \$209 million is an OTPS amount of \$26 million - \$8 million of which is non-discretionary (debt service and utility cost).

VP Reznik showed that NCC Expense budgets have been reduced considerably since 2014 as the FTEs decreased each year - the budget was approximately \$213 million in 2014.

Revenues: VP Reznik showed four (4) different slides regarding different levels of tuition increases and fund balance usage. Management recommends a tuition increase of \$248/year for an annual tuition of \$5,350 for full-time students.

The recommended budget includes a \$248/year tuition increase and requires \$5.5 million usage in Fund Balance. VP Reznik included a chart of tuition and fees from other neighboring institutions. For example, Suffolk County Community College (SCCC) tuition and fees are \$2,905/semester. NCC tuition and fees are \$2,940/semester are slightly higher than SCCC. Short discussion followed.

Total student enrollment and service fees will also be negatively impacted by the budgeted 6% decrease in enrollment for fall 2018. There will be \$100 increase per FTE in State Aid to \$2,847/FTE. Although there is an increase per FTE rate, the overall revenue will decrease due to the decrease in enrollment. There is no increase in the sponsor (Nassau County) contribution.

Fund Balance: The 2019 recommended budget will reduce Fund Balance to \$11.3 million reducing our Fund Balance as a percentage of prior year budget to 5.4%. NCC policy calls for a minimum of 4%. At the end of 2019, NCC should be slightly above the GFOA and SUNY established thresholds. At the end of 2018, NCC will be at approximately 8% of the Fund Balance requirement.

Dr. Keen reiterated what VP Reznik has presented does not specify exactly from what sources we will make up the approximately \$3 million. They will come from vacancies; there are quite a number of searches underway that will need to be reexamined; there is some attrition from retirements and the third source comes from the temporary faculty positions. The process will begin tomorrow in Cabinet. There will also be discussions with academic department chairs and administrative staff.

Trustee Green asked how much money is spent on temporary lines. Dr. Keen advised approximately \$2.7 million.

Frank Frisenda, NCCFT President was recognized to speak at the meeting. Professor Frisenda stated that he already discussed a saving strategy with administration of approximately \$3 million. He advised that he is concerned that now temporary lines are considered for savings. The Finance Committee was unable to respond due to ongoing negotiations that are discussed in Executive Session of the full Board of Trustees.

Vice Chair Weiss thanked VP Reznik for all the work that was done on the budget and commented that the amount of money taken from Fund Balance is understandable. It leaves NCC in better shape than two years ago when Fund Balance was below 4%. The budget as presented keeps NCC in line with neighboring schools.

Trustee Green made a motion, seconded by Trustee Powers. All were in favor of presenting the FY 2019 budget to the full Board of Trustees.

6. Discussion: Final Tuition and Fee Schedule Academic Year 2019. Trustee Green made a motion, seconded by Trustee Powers. All were in favor of presenting the Final Tuition and Fee Schedule to the full Board of Trustees for approval.

Trustee Powers commented about the 25% reduction in FTEs and the raising of tuition of approximately 5% each year. He feels that many factors need to be addressed as to why NCC has fewer new students. He further stated that employers in the private sector are hiring onsite certified teachers to educate their staff. The economy is better, and the marketplace has changed. There are surveys asking if education prepares students for the workplace—approximately 65-70% say no. NCC will need to make our current students marketable in the current workplace. The enrollment drop is approximately 7% this year and projected at approximately 6% for next year. NCC needs to reevaluate our programs. He thanked administration for the excellent presentation.

The meeting adjourned at 5:55 p.m.

Respectfully submitted,

Inna Reznik  
Vice President Finance