

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of June 11, 2019

Finance & Capital Committee members 2018-2019:

John DeGrace, Chair

John Durso

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 Trustee Jackson on the eleventh floor of the Administrative Tower at approximately 5:00 p.m.

Committee members present: John DeGrace, Chair
 John Durso
 Linda Green
 Wanda Jackson
 George Siberon
 Bridget Russell, Student Trustee

Committee members absent: Chair Gardyn
 Ed Powers
 Donna Tuman
 Kathy Weiss

Also in attendance: President Keen, VPs-Muscarella and Reznik, AVP Friedman,
 RSM Partner, Jen Katz (via telephone)

*VP Reznik advised that the preliminary report of the financial statements was presented to the BOT at the May 14, 2019 meeting by Jen Katz of RSM. The completed financial statements were issued by May 31, 2019 and filed with the appropriate agencies and the Department of Education. Jen Katz had an out of town meeting and could not be at the Finance & Capital meeting, but will give her presentation of the completed financial statements via telephone for fiscal year ended August 31, 2018 and the Report to the Board of Trustees.

AGENDA ITEMS

1. Discussion—Fiscal year ended August 31, 2018 and the Report to the Board of Trustees.

Jen Katz provided an overview of the key areas of the financial statements. The total assets for NCC is approximately \$239 million, an increase since last year. The largest driver are capital assets. This year OPEB (post-employment benefits) is approximately \$67 million with the adoption of GASB 75. NCC's liability is approximately \$28 million which is consistent with the prior year. There is a slight decrease in unearned revenue (cash received in advance of the semester). The non-current liability at 8/31/2018 was approximately \$568 million as compared to last year's total of approximately \$508 million. The largest driver is OPEB (post-employment benefits) liability – approximately \$489 million. The liability increased to approximately \$70 million. While liability increased, NCC has other resources overall but not as large as the increase in liability.

NCC has a net deficit on GAP basis of approximately \$295 million – approximately \$10 million increase from prior years. The total operating revenue for F/Y 2018 was approximately \$51 million—a decrease from prior years due to the drop in net tuition and fees and a higher amount of scholarship awards.

Operating expenses for F/Y 2018 were approximately \$247 million—a decrease from last year from approximately \$282 million. As a result, the operating loss for NCC was approximately \$226 million.

Total expenditures of federal awards were approximately \$49 million which was slightly down from prior years. In summary, RSM did not have any difficulty dealing with management, but found significant deficiency with internal controls—not having a College Comptroller, which affected the issuance of the financial statements, federal awards sections deficiencies, non-compliance matters.

The Report to the BOT (updated communication report): certain accounts needed to be corrected. The net impact of results of operation was approximately \$5.2 million. Exhibit A is the Management Representation letter which is a fully executed copy.

RSM will present their audit plan for the next fiscal year at the September, 2019 Finance & Capital Committee meeting.

2. **Minutes** of the Finance section of the Finance & Capital Committee meeting of May 14, 2019 were presented for approval. Trustee Green made a motion, seconded by Trustee Siberon. The minutes were approved.

3. **Pending College Procurement Agreements for Board approval**—VP Reznik indicated that four (4) separate procurement agreements involve Data Center renovations in the Library which are all capital improvement contracts. The expenditures are all above \$250,000 threshold for Board approval. Supporting documentation is provided and if there are any questions, VP Facilities Management Muscarella is present and can answer any questions. Short discussion followed. Trustee Green made a motion, seconded by Trustee Jackson. Items A-D were approved and will be forwarded to the full Board of Trustees for approval.

VP Reznik advised that there is an addendum to the Agenda—a Personal Service Contract with Dr. Keen in the amount of \$60,000. Dr. Keen will provide consulting services for the successful transition for the Office of the College President of Nassau Community College. The contract term of agreement is a 10-month period starting August 1, 2019. Trustee Siberon made a motion, seconded by Trustee Green. Item E was approved and will be forwarded to the full Board of Trustees for approval.

4. **Comptroller's Report**—March & April, 2019. VP Reznik advised that the March and April reports were conducted with no findings to report to the Board for Other Than Personnel Services (OTPS) as well as Personal Service Contracts (PSC). The April report contains the Aged A/R (Accounts Receivable) report and status of collections. Total tuition invoiced to students in FY 2019 to date was approximately \$89 million with approximately \$7 million outstanding as of May 31, 2019. Short discussion followed.

Dr. Keen spoke of the compliance problem mentioned by the RSM auditor concerning the NCC audit by the Department of Education. A discrepancy was found in a random sample of financial aid documents. NCC brought this to the Board of Trustees' attention previously, but wanted to review again. NCC was

fined for this discrepancy; our financial aid office has done an excellent job in numerous respects. There was a workshop given by the US Dept. of Education two weeks ago. Financial Aid staff was involved along with a number of other departments. It was a highly successful workshop; the Department of Education did not come because of problems; going forward, NCC is in great shape. Short discussion followed.

Dr. Keen advised that NCC is required to determine that a student receiving federal aid is attending class at the beginning and at different points throughout the semester. If a student registers and drops out, financial aid needs to correct the record. If a student gets to a certain part of the semester and drops out, financial aid needs to correct the record. If a student drops the class towards the end of the semester, financial aid needs to correct the record. The problem NCC encountered is the attendance reporting by the faculty and the way in which grades were assigned to students who dropped out at various times during the semester. NCC has corrected this to the greatest extent and hopes to have solved the problem.

Short discussion followed.

The meeting adjourned at 5:50 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance