

FINANCE COMMITTEE
BOARD OF TRUSTEES
MINUTES

Meeting of November 10, 2015

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 5:10 p.m.

Trustees Present: Jorge Gardyn, Chair
 Anthony Cornachio
 John DeGrace
 Wanda Jackson
 Kathy Weiss
 Jennifer Borzym, Student Trustee

Also in attendance: Interim President Dolan
 Executive VP Saunders
 VPs Conzatti, Muscarella, Reznik
 AVPs Friedman-C, Friedman-S
 General Counsel for Government & Media Relations Cutolo
 Comptroller Izquierdo
 Treasurer Hahn
 CIO Lawless
 RSM Audit Team—Dan Bonnette, Partner; Jen Katz, Senior Manager

*Chair Gardyn appointed Jennifer Borzym, Student Trustee ad hoc as Chair and Trustee Weiss ad hoc to the Finance & Capital Committee for the November 10, 2015 meeting.

Prior to the start of the November 10, 2015 meeting, VP Reznik introduced the auditors, RSM US, LLP (formerly known as McGladrey LLP) who were present to do the required communication and presentation on the planned scope and timing of this year's audit. The auditors will begin the meeting.

AGENDA ITEMS

5. Discussion—2015 Audit Plan Presentation by Independent Auditors RSM (formerly McGladrey before October 2015 merger). Dan Bonnette, Partner at RSM, gave an overview of the objective of audit services. RSM will perform the audit of the financial statements of Nassau Community College as of August 31, 2015 in accordance with U.S. generally accepted auditing standards. Some of the significant audit areas will include: postemployment benefits liability, compensated absences, revenue recognition and deferral, student accounts receivable and related allowance for uncollectible accounts, salaries and related employee benefit costs, student financial aid and compliance with federal awards requirements. Senior Manager, Jen Katz went through the audit timeline advising the initial fieldwork commencing November through December 2015; final fieldwork ending April and May of 2016; draft financial statements within two weeks of receipt of OPEB information from Nassau Community College; draft audited financial statements for management review within one week of receipt of draft financial statements from NCC; final presentation no later than May 31, 2016.

Concern for this year's audit is the non-renewal of the Perkins Loan Program by Congress, and the administration of student loans after the spring 2016 semester. The Audit Team advised the Finance & Capital Committee members that should they have any questions or concerns to contact RSM US; contact information is located in the handout.

Short discussion followed regarding salary and employee benefit costs. Trustee Weiss asked if RSM will conduct payroll audit including individual identification prior to check distribution. RSM indicated that this will not be part of the audit. VP Reznik advised that additional controls presently exist as NCC employees are part of Nassau County (which is sanctioned by the Nassau County Civil Service Commission).

1. Minutes of the Finance Section of the Finance and Capital Committee meeting of October 13, 2015 could not be approved as members of the committee who were present for the October meeting were not present at the November 10, 2015 meeting. Minutes will be presented at the December 8, 2015 meeting for approval.

2. Pending College Procurement Agreements—Student Trustee Borzym introduced Item A (Vertual Logistics Institute for the Radiation Therapy Program) in the amount of \$159,782.00. Trustee Weiss asked if the term of the agreement is one year with an additional four years renewal. VP Reznik agreed and further advised that Item A is grant funded rather than funded through the operating budget.

Chair Gardyn made the motion, Trustee Weiss seconded and all were in favor of submitting the Pending College Procurement Agreement (Item A) to the full Board for approval.

3. Comptroller's Report of Expenditures—September, 2015. Comptroller Izquierdo advised that several expenses were reviewed for accuracy with some coding discrepancies noted; departments were advised to make sure that this does not reoccur. Regarding OTPS, the same type of review was performed as was done for the August report. The Petty Cash report reflected - \$128. The Accounts Receivable report on the last page – so far this year \$20.4 million has been collected on current receivables. NCC is still collecting from old receivables totaling \$492,000; \$56,000 which are very old receivables (prior to 2012).

4. Travel Requests—There is one travel in the amount of \$2,525.27 to be presented for approval. Chair Gardyn made a motion, seconded by Trustee Weiss; Trustee Cornachio opposed. The travel was approved.

6. Discussion—NCCFT Retirements, Costs & Savings. VP Reznik led the discussion and distributed a schedule showing a snapshot of NCC retirements. She explained that this schedule does not take into consideration any backfill, hiring assumptions, or solutions. As of January 1, 2015, NCC anticipated 50 retirements (the open period for retiring ended November 2, 2015). NCC met with the County & NIFA officials to ask for the same 10-year bond to pay for termination costs as was historically done by the County. NCC was allowed to borrow via only a two-year note instead. There were 28 retirements as of September 1, 2015, and one individual retired without the incentive. A \$7.5 million note was approved by NIFA to pay the cost of approximately 60 retirements; however, there were an additional 30-40 retirement letters received—making the cost much higher than originally anticipated. Gross savings from these retirements in 2016 equals approximately \$6.8 million (September and January retirements) before any consideration for replacement lines.

The debt service of \$7.5 million will cost NCC in interest approximately \$250,000-\$300,000. Revenue will decrease in 2016 by \$2.3 million unless there is an increase/decrease in spring enrollment.

Chair Gardyn asked if for future multi-year analyses if the decrease in enrollment could be set at 4%.

7. Discussion—FY 2015 Annual Report Presentation. Copies of the FY 2015 Annual Report were distributed at the beginning of the meeting. Board members requested to review the Annual Report first; therefore, discussion will take place at the December 8, 2015 meeting. Handout will be distributed to all recipients of the Finance package.

The meeting adjourned at 6:25 p.m.

Respectfully submitted,

Inna Reznik
Vice President Finance