**Northern Essex Community College**

**Board of Trustees Audit and Finance Sub-Committee Minutes**

**Wednesday, May 3, 2023**

**Attendees:** Trustees Jennifer Borislow, Lloyd Hamm, Sally O’Rorke, Evan Silverio,
 President Lane Glenn, Michael McCarthy, Anthony DeGregorio, and
 Marissa Elliott, Note-taker

Trustee Lloyd Hamm called the meeting to order at 4:00 pm and the minutes of the April, 2023 meeting were approved with a motion presented by Trustee Lloyd Hamm and seconded by Trustee Sally O’Rorke. All were in favor, none opposed.

**FY24 College Operating Budget**

The Audit & Finance Sub-Committee recommended that the Board of Trustees of Northern Essex Community College approve the FY2024 Operating Budget of $68,724,161, as detailed in the Financial Report.

The proposed FY2024 Operating Budget is based upon the following: estimated state appropriation support, the college’s Enrollment Plan, the college’s staff and faculty salaries & benefits plan, grants support, the $5.00 increase in the College Fee – Regular, and the $5.00 increase in the College Fee – Allied Health, and defined Other Operating Expenditures. The attached Financial Report further portrays the FY2024 proposed budget’s key assumptions and details.

The following key assumptions were noted **by Vice President Michael McCarthy:**

* Tuition revenue represents an increase of $1.42m or 6.89% over the FY23 Budget. The tuition revenue was calculated based on the credits submitted by the Provost Office of 61,712 which is an increase of 3,647 or 6.28% over the FY23 Budget.
* Student Financial Aid (SFA) using a discount rate of 38%--increased from 36% for FY23--due to the expiration of CARES/HEERF funding.
* Grants & Other Revenues, we are projecting a net revenue total of $19.6m which is similar to the FY23 Budget of $19.75m.
* Salaries & Benefits budget was updated to include both incurred and projected raises for the union contracts and NUPs; resulting in a net increase of $2.99m for FY24 over FY23. Projections include a modest turn-over rate for open positions during the year.
* The Benefits budget includes the state's new employee benefit rate of 43.36% and payroll tax rate of 2.45%.
* Other Operating Expenses for FY24 is $15.4m, a decrease of ($2.5M) or (12.5%) from FY23.The primary driver of the decrease is no CARES/HEERF funds/monies to be spent for FY24. The majority of the other operating expenses categories remain flat for FY24 from FY23.
* FY24 Depreciation Expense was increased to $4.236m to recognized new net FY23 capital assets.

* Bad Debt Expense $550k for FY24 is funded at the same as the FY23YE projection.
* FY24 State Appropriation not yet finalized, this FY24 budget submission utilizes the latest available information, this version of $32.5m represents an increase of $1.1m or 3.6% from FY23 budget.
* Net Investment Income initial projection for the year is ~$600k or ~4%.
* FY24 Capital Appreciation of $2.2m represents our current anticipated planned spend of our awarded Capital Appropriation for critical project repairs from the state of $4.6m to be expended during FY24 to FY28.
* Results in a projected FY2024 yearend breakeven change in Net Position.

 In October, the final budget will be presented, since Mass Reconnect and SOAR have not been accounted for as yet. Also, the remainder of CARES funding is earmarked to be spent; there is a slight possibility that we will receive an extension.

With no further business, the meeting was adjourned at 4:35 pm.

Respectfully submitted by Linda Buckley. May 31, 2023