

MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES

Minutes of the October 25, 2022, Board Finance & Administration Committee meeting
Webex Meeting – Facebook Livestream at massbay.edu

Committee members participating: Matthew Kahn, Chair; Diane Schmalensee, Ex-officio; Dune Thorne, Trustee. **Not present:** Ilissa Povich.

Staff members participating: David Podell, President; Marcus Edward, Vice President for Finance & Administration; Steve Baccari, Controller; Courtney Jackson, Vice President for Academic Affairs and Provost; Jeremy Solomon, Associate Vice President for Institutional Advancement, Marketing, and Communications; Deborah Georgopoulos, Executive Assistant for Finance & Administration.

Guests: David DiIulis, Principal & Joseph Messina, Supervisor from O'Connor & Drew

Call to Order and Introductions

Committee Chair Matthew Kahn called the meeting to order at 8:02 a.m.

Approval of Prior Meeting Minutes *(Item 1)*.

The Chair asked for the review of the prior committee meeting minutes.

MOTION: Trustee Thorne made the motion to approve the minutes of the August 30, 2022, Board of Trustees' Finance & Administration Committee meeting as presented. Trustee Kahn seconded. Motion passed unanimously.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Dune Thorne YES.

Approval of the Fiscal Year 2022 College Audit *(Item 2)*

President Podell introduced David DiIulis and Joe Messina from O'Connor & Drew.

Vice President Edward noted the Auditors would be presenting the College's FY2022 Audit. The Uniform Guidance (UG) Audit is pending. The deadline for filing the UG audit is March 31, 2023.

David DiIulis reported a difficult audit year due to the implementation of a new Governmental Accounting Standards Board (GASB 87) related to leases. Additionally, the State information necessary to prepare the audit was provided late this year.

Joe Messina reviewed the Required Communications, noting that O'Connor & Drew issued an unmodified (clean) opinion on the Financial Statements. No material weaknesses or significant deficiencies were noted with the Report on Internal Controls over Financial Reporting and on Compliance and other Matters. The documentation needed for the audit were provided by Vice President Marcus Edward and Controller Steve Baccari. An unmodified (clean) opinion was also reported last year.

David Dilulis reviewed the Financials. It is noted within the report that GASB 87, related to leases, was implemented this year, resulting in a change in the financial statements. The Management Discussion & Analysis (MD&A) is written by management and reviewed by the auditors to ensure it is consistent with the audited numbers. This provides a good summary of what transpired over the year.

The Statement of net position (equivalent of balance sheet in for profit organizations) as of June 30, 2022, reflects \$67.5M of total assets (majority in cash \$30M, and capital assets \$33M), and total liabilities of approximately \$16M. The difference between assets and liabilities, factoring in deferred outflows and inflows of resources, results in a net position of approximately \$46.6M. Net position increased significantly over last year. The bottom line (change in net position) was very good at \$19.1M.

It was noted that the College received about \$13.3M in total CARES Act awards. The full amount has been spent (i.e., earned) over the last two years.

As a component unit of the College, certain areas of the Foundation's Financial Statements were extracted and included in the College's statements. Vice President Edward will forward a copy of the Foundation's audited financial statements to the Finance & Administration Committee.

Mr. Dilulis reiterated that a clean report was issued for the Foundation and no material deficiencies were noted.

MOTION: Trustee Kahn made the motion to accept the College FY2022 Audit Update and Report and recommend approval to the Full Board. Trustee Schmalensee seconded. Motion passed unanimously.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Dune Thorne YES.

O'Connor & Drew will attend the Full Board Meeting on November 1, 2022.

Mr. Dilulis and Mr. Messina left the meeting at 8:36 a.m.

FINANCE ITEMS

Revised FY2023 Budget. (Item 3)

President Podell explained that there are significant unknowns, including the state allocation and enrollment, when the budget was initially developed in June. A deliberately conservative budget is presented in late spring, and then revised in the Fall. The revised budget has more revenue than was anticipated last spring. Enrollment was better than budget in the Fall, and the state allocation was better than budget. Discussion with the Executive Team determined that some of the additional revenue will be applied toward College priorities identified in the Strategic Plan.

Vice President Marcus Edward explained that Personnel is the largest cost at the College (70% of the budget). Budgeting conservatively ensures there is less chance of having to cut the budget, and therefore, jobs. President Podell noted that the increases addressed "pain points" at the College necessary to keep the College strong.

Revenue

- Tuition and fees show an increase of approximately \$172,000. The revised budget is based on an unchanged anticipated 5% decline in enrollment. Fall enrollment came in at 2.4% down. At this time, spring and summer enrollments are unknown.
- The state appropriation increased by \$378,700.
- Dependence on CARES ACT reserves has been reduced by \$250K.
- The College has submitted for COVID reimbursement from FEMA to fund prior expenses. It is anticipated the College will receive in excess of 200K. As a result, \$238,516 has been included in the revised budget.

Expenses

- The largest increase is in the Permanent Staff line. Staffing has been strengthened in Health Sciences, Information Technology, Grants Management, and Public Safety.
- An increase was made in the Consultants' line, mainly for PeopleSoft Consultants in Financial Aid. A discussion followed, regarding the difficulty in finding PeopleSoft-experienced people.
- Debt renewal costs came in higher than projected due to inflation and leased equipment with better specs.

MOTION: Trustee Kahn made the motion to accept the Revised FY2023 Budget and recommend approval to the Full Board. Trustee Schmalensee seconded. Motion passed unanimously

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Dune Thorne YES.

Cash & Investment Position by Month *(Item 5)*

Vice President Marcus Edward reviewed the Cash & Investment Comparison Report. The Investment snapshot indicates that \$20M was transferred to Charles Schwab on September 19. The September 30 ending balance for investments is \$19,320,620. The investments earned approximately \$11K in dividends and interest and there is an unrealized loss of approximately \$691K. Trustee Thorne cautioned to not be concerned by the negative change in the month end balance as this is a long-term investment strategy. The Cash and Investment Comparison shows a year over year increase of \$91K.

Investment Summary *(Item 6)*

Vice President Marcus Edward presented the Investment Summary Report which shows where the funds are distributed.

Portfolio Overview *(Item 7)*

Vice President Edward reviewed the Monthly Executive Summary Report from Prime Buchholz as of September 30, 2022. A brief discussion of the investment portfolio followed. The Committee is pleased with the Report and the investment allocation.

Representatives from Prime Buchholz will attend the December, March, and June Committee Meetings.

Student Accounts Receivable and Cash & Investment Report (Item 4)

Marcus Edward reviewed the Student Receivables Comparison Report, noting the College is doing better on receivables by \$62K (1%). Considering that Receivables are impacted by the Cares Act Funds being exhausted, and payment of balance no longer being required for transcripts, along with the fact that the Student Accounts Office has a critical vacancy of a collections position, the Student Accounts Team did a commendable job.

- The Monthly Cash & Investment Comparison Report shows the cash balances over a period of 5 years has been consistent.
- Vice President Edward clarified that though the CARES funds have been recognized in the Audit, there remains \$6.4M left to spend.
- President Podell noted a decrease in cash will be seen next month because the College has paid DCAMM \$2.3M that was “owed” to them for the new building. The remaining \$3.3 DCAMM obligation will be met by MassBay directly purchasing furniture and equipment for the new building. Much of the \$5.6M we promised to contribute to DCAMM has been raised, and more will be raised through the Capital Campaign.

Dune Thorne signed off at 9:00.

PERSONNEL ITEMS

Personnel Actions Report (Item 8)

President Podell presented the report to the Committee. New hires include:

Junianny Dos Santos –Administrative Assistant II - Development in the Office of Institutional Advancement & Alumni Relations. Reports to Executive Director Mishawn Davis-Eyene.

Catherine Gildae - Assistant Dean for Institutional Research in the Office of Institutional Advancement & Alumni Relations. Reports to Vice President Courtney Jackson.

Nell (Nellie) Miller –Administrative Assistant I in the Office of the Registrar. Reports to Registrar Laura Lavallee.

Amanda Ferrari –Executive Assistant to the Vice President for Academic Affairs and Provost in the Chief Academic Officer's Office. Reports to Vice President Courtney Jackson.

Two employees left the College.

Recruitment Report (Item 9)

Two vacancies are noted on the Recruitment Report:

Assistant Dean of Nursing – reporting to Lynne Davis (Jean Dyer currently serves as an interim Director of Nursing).

Assistant Director of Administration – New position reporting to Joe DeLisle.

ADJOURNMENT

MOTION: Trustee Kahn moved to adjourn the meeting, seconded by Trustee Schmalensee.

ROLL CALL:

Matthew Kahn YES; Diane Schmalensee YES; Dune Thorne.

Chair Kahn adjourned the meeting at 9:02 a.m.



Matthew Kahn
Committee Chair
Board of Trustees

Date



David Podell
President
Massachusetts Bay Community College

Date