



**Minutes of the Meeting of the Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
October 16, 2020
Murdock Hall Room 208, North Adams, MA 01247
Audio/Video Conference**

Members in attendance

Karen Kowalczyk, Chair
Denise Marshall
John Barrett

Others in attendance

Dr. James Birge, President
Mohan Boodram, Board Chair
Lisa Lescarbeau, Board Clerk
Curt Cellana, Accounting Manager, Administration and Finance
David DiIulis, O'Connor & Drew P.C.
Brian Rhodes MCLA Beacon News

Complying with the provisions of Massachusetts General Laws, and with a quorum present, Trustee Kowalczyk called the meeting to order at 8:30 a.m.

FY20 Audit

Curt Cellana introduced David DiIulis of O'Connor & Drew P.C.

David DiIulis of O'Connor & Drew provided the Committee with a report on the FY 2020 audit. He stated the firm's independence with respect to the College within the meaning of the pronouncements of the Independence Standards Board, GASB, and under Rule 101 of the AICPA Code of Professional Conduct.

The resulting unqualified opinion of the College's financial statements shows that there are no Material Weaknesses or Significant Deficiencies identified within the report. There were no findings in either the accounting practices or internal control procedures.

Mr. DiIulis reviewed a prepared document on required communications with the committee that outlined the auditors' responsibilities as well as accounting policies and the various steps taken during the audit. He commented on the upcoming GASB pronouncement, GASB Statement 87, which is related to operating leases.

Mr. DiIulis then reviewed Management Discussion and Analysis (MD&A) as well as the Audited Financial Statements and Footnotes for the year ending June 30, 2020. He noted that there were no major issues or disagreements with management.

With regard to Emphasis of Matters, Mr. DiIulis commented on restated prior balances with regards to the College's Other-Post Employment Benefits liability and the related deferred inflows and outflows.

Trustees discussed Note 14 – Related Party Transactions and requested follow-up as to who the related party is. President Birge stated that this note references the Foundation's board member who is an employee of, and manages the Foundation's endowment with, MountainOne.

In response to questions regarding the Perkins Loan program, President Birge provided a summary overview of the discontinued federal government secure loan program

The CARES Act funds were discussed including amounts expended (\$235k), the full grant (\$1.3mm), how the funds are accessed, and the hold on the \$650k balance due to the lack of guidance from the federal government on appropriate use of the funds.

Mr. DiIulis will attend the Board of Trustees meeting on October 22 to present the audit report to all Trustees.

Trustee Kowalczyk called for a vote to accept the FY 2020 audit for advancement to the full Board at the October 22, 2020 meeting.

Upon a motion duly made and seconded, it was:

VOTED: Unanimously to accept and advance the FY 2020 audited financial statements to the full board for acceptance at the October 22, 2020 Board of Trustees meeting.

FY21 YTD Budget Update

Mr. Cellana commented on the FY21 YTD financial report provided to the trustees noting that the report had no adjustments from the prior one due to the timing of meetings.

EY Parthenon

President Birge reviewed the audit of MCLA conducted by EY Parthenon. Their work encompassed a financial analysis of all state universities and colleges, which emerged from a request of the Executive Office of Education. MCLA met with EY Parthenon and provided the requested information.

Additionally, EY has been engaged through January to meet with institutions to find efficiencies in budgets, particularly in shared efficiencies that might exist between state universities and community colleges.

President Birge indicated that there are shared revenues through transfer programs with Berkshire Community College and discussions will follow regarding the potential for shared expenses. He expressed concern that the consultants from EY had little to no experience with higher education model and spent considerable time explaining to them the enrollment and tuition models, and the tuition remission cycle.

EY will present their findings, in aggregate, to the Board of Education on October 20.

Five Year Master Plan

In response to a question raised at the prior meeting of the Board of Trustees, the summary 2015 Master Plan Update was provided to the Committee. President Birge reviewed the eight capital priorities and responded to questions from Trustees.

Small Repairs Project Program

Mr. Cellana reviewed the list of projects being completed through funding from DCAMM's Small Repairs Project program. Seven of these projects will be complete by the end of October. Repairs to the Freel Library roof are anticipated to begin following the opening of received bids and the awarding of the project in the coming weeks. All projects funded through this program must be completed by June 30, 2021.

Ms. Kowalczyk questioned if there was planned maintenance and testing of the diesel generator that is part of the Small Repairs Projects, due to the fact that it is only used in emergencies, and was assured there are plans in place for maintenance and testing.

Other Business

At a prior meeting of the Board of Trustees, concern was expressed that Trustees were not seeing financial reports as part of the material provided for Board meetings. Trustees discussed the process for presenting materials to the full board from this Committee and agreed to provide copies of reports from these meetings at the following Board of Trustees meeting.

Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 9:38 a.m.