



Massachusetts College of Liberal Arts
BOARD OF TRUSTEES FISCAL AFFAIRS COMMITTEE
Minutes of the Meeting of October 22, 2024
87 Blackinton St, North Adams
Audio/Video Conference

Members in Attendance

Chair Denise Marshall*, Brenda Burdick*, Buffy Lord, Mohan Boodram*

Members Absent

Darlene Rodowicz

Others in Attendance

James Birge, President, Curt Cellana, Joseph DaSilva, Lisa Lescarbeau, Clerk
David DiIulis, Withum Smith+Brown

*Denotes remote participation

As allowed by executive order of the Governor of Massachusetts, in compliance with the provisions of Massachusetts General Laws, Chapter 30 and 15A, Section 9, and with a quorum present in-person and via audio/video-conference, the Fiscal Affairs Committee of the Board of Trustees of October 22, 2024, with Committee Chair Marshall presiding was called to order at 8:33 a.m.

FY24 Fourth Quarter Actual

VP DaSilva provided an overview of FY24 fourth quarter actual fiscal reporting including revenue and expenses. Highlights of budget actual include:

Revenue:

- \$227k variance in total revenue
- \$1.4m variance in state revenue due to collective bargaining
- Tuition and fee revenues were up as a result of increased enrollment
- \$792k variance in scholarship funds as these amounts were unknown at the time of budget approval
- \$65k variance in interest resulting from the College's investment strategy

Expenses:

- Line AA \$550k savings as a result of open and unfilled positions
- Line CC \$541k savings in adjunct faculty and part-time student employment
- Lines EE \$250k savings resulting from departmental underspending
- Line RR \$444k variance correlates to grants revenue
- Line UU \$217k savings due to two projects that were not completed in FY24

The year ended with net revenue of \$1.1m, eliminating the need to access reserve funds as approved for the FY24 budget.

FY 23 Audited Financial Statements

Mr. DiIulis of Withum provided the Committee with a report on the FY 2024 audit. He 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.

The resulting unmodified opinion on 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 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.

There were no transactions entered into during the year for which there is a lack of authoritative guidance or consensus, and all significant transactions have been recognized in the financial statements in the proper period.

There were no disagreements with management, no major issues discussed with management prior to retention, no difficulties encountered in performing the audit, no uncorrected misstatements and no other findings or issues that are significant or relevant to be communicated to those charged with governance.

Significant written communications between the auditor and management include the engagement letter, and a management representation letter that will be signed following approval by the Board of Trustees. No pervasive financial statement fraud risks were identified.

Mr. DiIulis provided an overview of the College's financial statements as provided in the audit report including the statements of net position and of cash flows.

Pages 4-12 of the report are Management Discussion and Analysis which are consistent with audit findings.

Mr. DiIulis provided highlights from the Notes to Financial Statements beginning on page 19, Notes to Required Supplementary Information beginning on page 63, and the Report on Internal Control beginning on page 74 of the provided audit report.

In response to a question regarding the reporting of dormitory trust funds, it was noted that this is included with revenue as fees.

Upon a motion duly made and seconded, with no further discussion, by roll call vote, it was unanimously:

VOTED: To accept and advance the FY 2024 audited financial statements to the Board of Trustees consideration at their October 24, 2024, meeting.

Mr. Pelland of Withum will attend the Board of Trustees meeting immediately following this meeting to present the audit report.

Mr. DiIulis departed meeting.

FY 25 First Quarter Actuals

VP DaSilva provided an overview of FY25 first quarter fiscal reporting including revenue and expenses. Highlights of first quarter actuals include:

Revenue:

- State revenue variance of \$375k resulting from paying trust fund expenses quarterly with State Appropriation revenues – MCLA receives approximately \$2M more in State Appropriation revenues that it needs to pay for full-time salary expenses. MCLA is the only state college/university that has sufficient state revenues to cover all full-time employee salaries – thus avoiding paying the fringe cost of approximately 42%-\$3%.
- Tuition and fees are expected to be under budget by \$300k due to lower enrollment
- Interest income under budget by \$9k due to market fluctuations
- Total revenue for the quarter is slightly under budget by \$3.5k

Expenses:

- Line KK over budget \$50k. This is offset by use of reserves of \$420k for the year for van purchases, consulting services for financial aid, and strategic planning implementation.
- Line SS and TT are \$0 because of timing

Net revenue is \$212k for the quarter.

In response to questions regarding enrollment, VP DaSilva stated that the impact of lower enrollment is reported in the FY25 full year forecast. Lower enrollment is in part due to FAFSA filing issues and the announcement of free community college.

FY25 Budget Forecast

VP DaSilva presented the FY25 budget forecast with the following highlights:

- Total revenue as of June 30 is projected to be a \$940k loss
- Open positions are projected to be under budget by \$600k salaries, and \$217k special comp.

- Net revenue at year's end is projected to be a \$75k loss. Expense adjustments will be made to end the year with a balanced budget.

Capital Projects

VP DaSilva provided an update on the College's capital projects supported by DCAMM Fair Share funding for decarbonization projects including the replacement of the roof on Venable Hall, patio doors on the campus center, fluorescent light bulbs, Venable roof fans, campus-wide building automations, and hot water heater replacement.

DCAMM FY24-28 critical repair funding of \$4.5m supported HVAC and electrical upgrades in the Amsler Campus Center, and emergency generator installation for the Flagg townhouses.

DCAMM critical infrastructure fully funded the campus water and steam line replacement project which was completed in August 2024.

Phase one of a campus signage project has been completed for \$194k. Signage has improved wayfinding on campus and a second phase will add building identification signage.

Investments

VP DaSilva referred members to the investment reports for the first quarter of FY25, which provide information on account performance. The \$10m invested with Francis Investments now has a balance of \$12m. The LPL Financials investment of \$6m now has a market value of \$6.5m. These funds are in US Treasuries that are laddered over three month increments with the income reinvested when the Treasuries are renewed.

Adjournment

There being no further business to come before the committee, the meeting was adjourned at 9:36 a.m.