

## **MASSACHUSETTS BAY COMMUNITY COLLEGE BOARD OF TRUSTEES**

Minutes of the October 16, 2018 Finance, Compliance, Personnel & Audit Committee meeting  
Alumni Board Room, Wellesley Hills Campus

**Committee members present:** Dan Juliani, Jamie Hoag, Matthew Kahn, Tom Peisch

**Staff members present:** David Podell, President; Neil Buckley, Vice President for Finance & Administrative Services; Steve Baccari, Controller; Marcus Edward, Assistant Vice President for Finance & Administrative Services; Debbie Georgopoulos, Executive Assistant for Finance & Administrative Services; Lynn Hunter, Vice President for Academic Affairs; Samaria Stallings, Director of Human Resources

**Guest presenters:** Nelia Kruger, David DiIulis from O'Connor & Drew P.C.

**Call to Order and Approval of Prior Meeting Minutes** –Committee Chair Dan Juliani confirmed quorum and called the meeting to order at 5:00 p.m. Mr. Juliani asked for the review of the prior committee meeting minutes (Item 1).

**MOTION:** Trustee Peisch made the motion to approve the minutes of the August 28, 2018 Committee meeting as presented. Trustee Kahn seconded, and the motion passed unanimously.

## **FINANCE ITEMS**

- **College Fiscal Year 2018 Audit Update & Report**  
President Podell introduced David DiIulis and Nelia Kruger from O'Connor & Drew who presented the College FY2018 Audit update to the Committee. Ms. Kruger will present the FY2018 update to the full Board at the Tuesday, October 23, 2018 Meeting.

Vice President Buckley explained that tying our internal reports to the financial statements would not produce accurate numbers as the internal budget to actual reports are on a cash basis and the financial statements are on an accrual basis. The financial statements include items that are not tracked in the internal budget to actual reports. Pension liabilities and expenses, OPEB liabilities and expenses, fringe benefits paid by the state on our behalf and depreciation expense are recorded in the financial statements but not included in the budget to actual reports. A portion of faculty salaries paid in FY2019 with FY2019 state appropriation funds is recorded in the budget to actual reports in FY2019 and in the fiscal statements in FY2018.

Mr. DiIulis reported that GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) was adopted and

implemented for FY2018. Mr. DiIulis reported that GASB 75 requires additional disclosures in the financial statements. A discussion ensued regarding the requirements of GASB 75 with regard to OPEB.

Mr. DiIulis also noted that GASB Statement 87 will affect lease reporting three years from now at which time leases will be required to be listed both as assets and liabilities on the balance sheet. The new reporting requirement may affect entities with debt covenants.

Mr. DiIulis reviewed the power point presentation of required communications, noting that single year financials statements are presented this year instead of the customary comparative statements. This is due to the implementation of GASB 75 in FY2018. To present comparative statements, the auditors would have required OPEB numbers for the last three years. Only two years of OPEB numbers were available. Any significant differences from FY2017 to FY2018 would be reflected in the Management Discussion and Analysis (MD&A) which presents a two-year comparison. Mr. DiIulis also noted that MassBay was one of only two of the 15 community colleges in MA to have positive unrestricted net assets. The other 13 colleges are in the red. Cash went up in FY2018 by \$2.4M when compared to FY2017.

**MOTION:** Trustee Peisch moved to accept the FY2018 Draft Audited Financial Statements, and recommend approval to the Full Board for consideration at the next board meeting. Trustee Kahn seconded and the motion passed unanimously.

- **FY2019 Budget Update and Discussion (Item 3)**

Vice President Buckley presented the report, noting the budget is on track, with a small positive revenue variance of approximately 3.9%. Enrollment is down about 5.5% in headcount. The College budgeted for 7.4% decrease in enrollment.

Permanent staff increased expenses are due to early retirement payments. While it is too early to project, early results seem to indicate we will end the year with a positive variance.

**MOTION:** Trustee Peisch moved to accept the FY2019 Budget vs Actual Report, and recommend approval to the full board for consideration at the next Board meeting. Trustee Hoag seconded and the motion passed unanimously.

- **Review of Student Accounts Receivable and Cash Report (Item 4)**

Vice President Buckley presented the reports. The accounts receivable number continues to go down. Vice President Buckley reported that total cash at September 30, 2018 was \$15,919,917 compared to \$15,588,350 at September 30, 2017, a difference of \$331,567.

A discussion regarding the format of the reports ensued. It is recommended the format presented at the meeting be expanded to include a supplemental schedule including year-to-date cash budget. Quarterly forecasting of cash would allow the Committee to gauge how the cash position is developing.

**MOTION:** Matt Kahn moved to accept the cash report format as such and add to the budget quarterly cash estimates. Jamie Hoag seconded the motion. Motion passed unanimously.

Vice President Buckley presented the different versions of the Student Accounts Report. There was a request that comparative semester receivables numbers and receivables numbers as a percentage of revenue should be included.

**MOTION:** Trustee Kahn moved to accept the reformatting of the Receivables Report, and recommend approval to the full board for consideration at the next board meeting. Trustee Peisch seconded and the motion passed unanimously.

Vice President Buckley would like to bring in two companies to make presentations regarding the College's investment of its cash. Further information will be forthcoming.

- **Review of College Liabilities (Item 5)**

Vice President Buckley presented the report for informational purposes. Operating leases for the Ashland and Framingham campuses are the College's biggest liability. MassBay entered into two new 5-year leases during the 1<sup>st</sup> quarter of FY2019 for technology upgrades.

- **Bank/Contract Board Resolution (Item 6)**

Vice President Buckley presented the resolutions to the Committee. The resolutions are reaffirmations of current signature authorizations.

**MOTION:** Trustee Peisch moved to accept the Board of Trustees Resolutions, and recommend approval to the full board for consideration at the next board meeting. Trustee Hoag seconded and the motion passed unanimously.

## **PERSONNEL ITEMS**

- **Personnel Actions Report (Item 7)**  
Director Samaria Stallings presented the report for informational purposes. Nine new full time employees have been hired. Director of Nursing position replaced Assistant Dean of Nursing position.
- **Recruitment Report (Item 8)**  
Director Samaria Stallings presented the report for informational purposes. Director of Nursing position replaced Assistant Dean of Nursing position.
- **Commissioner Santiago's memo regarding Reporting and Oversight of Presidential Time (Item 9)**  
Commissioner Santiago's memo of December 9, 2016 regarding reporting and oversight of Presidential attendance and accrued vacation and sick time was discussed. Samaria Stallings recommended revising the reporting process to conform to the Commissioner's recommendation that the President discloses to the full Board of Trustees on an annual basis his use of leave time during the respective period. Effective July 1, 2019, there is a cap of 50 days of accrued time for NUPs (previously 64). Presidents are now held accountable as non-unit professionals.

**MOTION:** Trustee Peisch moved to accept annual reporting of the President's attendance, in accordance with the December 9, 2016 memo from Commissioner Santiago, and recommend approval to the full board for consideration at the next board meeting. Trustee Hoag seconded and the motion passed unanimously.

## **OTHER**

Vice President Buckley suggested that a financial analysis of academic programs will be reviewed at a future meeting.


President Podell reported that at the request of the Student Success Committee, a report on the Nursing Program will be presented to the full board. The Associate Degree Nursing Program is in the red about \$500K per year. Other Health Science programs either have a smaller deficit or they are smaller or in the black.

In researching the productivity of the program, a very useful chart was developed which indicates revenue and expenses and the number of graduates. The new report will be presented for informational purposes at the full Board Meeting.

The College will be presenting the results of the Board of Registration of Nursing (BORN) Report. President Podell shared that the executive summary was not positive.

### Adjournment

**MOTION:** Trustee Kahn moved to adjourn, Tom Peisch seconded; Chair Juliani adjourned the meeting at 6:15 p.m.

 2/5/19  
Daniel Juliani                      Date  
Committee Chair  
Board of Trustees  
College

 2/5/19  
David Podell                      Date  
President  
Massachusetts Bay Community