

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

October 25, 2024
Zoom Meeting

Special Board of Trustees Meeting

Present: Trish Riley, Chair, Lisa Eames, Vice Chair, Barbara Alexander, Pat Flood, Emily Cain, Elise Baldacci, Roger Katz, Kelly Martin, Philip Hussey, David MacMahon, Michael Michaud, Will Kemler, and John Moore **Chancellor:** Dannel Malloy. **University Presidents** Jenifer Cushman, Deb Hedeon, Joseph McDonnell. **System Staff:** Ryan Low, Carolyn Dorsey, Jeff St. John, Darla Reynolds, Sam Warren, Elizabeth Stickler. **Faculty Representatives:** Libin Louis, **Student Representatives:** Griffin Goins

Absent: Donna Loring, Pender Makin,

Friday, October 25, 2024

Trustee Riley, Chair, welcomed everyone and called the meeting to order. She stated that the Board meeting was being held virtually, in accordance with the Board of Trustee Policy 215 – Remote Public Meetings. The Trustees participating by technology will be counted towards a quorum. To confirm Trustee attendance and to ensure the Trustees can clearly hear and understand the proceedings and each other, the Clerk performed a roll call of the Board of Trustees members present.

CALL TO ORDER

Chair Riley called the meeting to order at 12:00 p.m. and welcomed the Board members, The Clerk called the roll, confirming a quorum was present.

AGENDA ITEM

Annual Financial Report FY2024

Chair Riley thanked the Audit Committee and staff for their thorough work on the audit, noting that while these meetings tend to be quick, they represent extensive behind-the-scenes effort. She invited Audit Committee Chair Michaud to provide comments.

Trustee Michaud commended the staff, particularly Darla Reynolds and Tracy Elliott, for their excellent work and noted that audits are rigorous and detailed undertakings requiring significant effort.

Chair Riley invited Darla Reynolds, Director of Accounting, to present a condensed version of the report previously reviewed by the Audit Committee.

Presentation Summary

Ms. Reynolds presented key highlights from the 113-page FY2024 Annual Financial Report:

Independent Audit Results:

- The auditors provided an unmodified (clean) opinion on three sets of financial statements: the System, the University of Maine Foundation (discretely presented component unit), and the System's fiduciary funds.

New Accounting Standards:

- GASB 94 implementation resulted in bringing a \$24 million capital asset onto the books with an offsetting deferred inflow of resources, related to UMaine's Boutique Hotel P3 agreement.

OPEB Plan Impact:

- The System had no net OPEB liability for FY24, as OPEB trust assets exceeded the liability for the self-insured retiree health plan.
- The OPEB plan had a net positive impact of \$6 million to net position.

Operating Results:

- Total operating revenues: \$511 million
- Total operating expenses: \$850 million
- Operating loss: \$339 million (expected under GASB standards, which require key revenues to be classified as non-operating)
- Operating expenses increased 5%, driven by increased grant activity (\$24 million), negotiated compensation increases, and inflation.
- Instruction expenses decreased due to the special retirement incentive offered to faculty during FY22 and FY23.

Non-Operating Revenues and Net Position:

- After applying non-operating revenues, the System ended FY24 with income before other changes of \$8.2 million, a marked improvement from the prior year's loss.
- Other changes in net position totaled \$74 million (up 36%), including capital appropriations, capital grants and gifts, and endowment returns.
- Total change in net position: \$82.3 million (compared to \$31 million in the prior year).

Financial Position:

- Total assets at June 30, 2024: Strong liquidity with \$266 million in cash and operating investments.
- Non-current assets: Just under \$1.3 billion (up \$92 million from prior year).
- Net capital assets increased \$81 million, representing \$139 million in new capital investment less \$57 million in accumulated depreciation.
- Total net position as of June 30, 2024: \$1.1 billion.
- Unrestricted net position decreased \$12 million, reflecting operational returns, principal payments on debt, and capital asset investments.

Fiduciary Financial Statements:

- Two sets of fiduciary financial statements were included as required.

Discussion

Trustee Alexander asked whether any aspects of the audit raised concerns about short-term events that may not be sustainable for future net position.

Trustee Michaud responded that the Audit Committee has been monitoring grant management, particularly ensuring compliance across multiple grants with different criteria and subcontractors. He noted that risk management is part of the Audit Committee's ongoing work plan.

Vice Chancellor Low added that the Finance, Facilities & Technology Committee will review the System's five-year forecast in December, which will provide detailed analysis of ongoing versus one-time revenues at both the System and campus levels.

Trustee MacMahon emphasized an important indicator of financial accuracy: the trial balance that started the audit in September remained unchanged when the audit was finalized, with no adjustments required. This reflects the accuracy and dedication of the Accounting team.

Chair Riley noted this demonstrates strong financial management that provides a solid foundation for the System's work.

The FY2024 Annual Financial Report was presented earlier today to the Audit Committee. The Audit Committee approval the FY2024 Annual Financial Report with a recommendation to forward it to the full Board for the October 25, 2024 Special Board of Trustees Meeting.

On a motion by Trustee Eames, which was seconded by Trustee Cain, and approved by a roll call vote of all Trustees present, the Board of Trustees accepted the recommendation of the Audit Committee and approved the FY2024 Annual Financial Report as presented.

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DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on November 17-18, 2024 at the University of Maine.

Additional information about the meeting can be found on the Board of Trustees website:

<https://www.maine.edu/board-of-trustees/meeting-agendas-materials/board-of-trustees/>

Adjournment

Elizabeth Stickler, Clerk