

UNIVERSITY OF MAINE SYSTEM
Board of Trustees Meeting

October 24, 2025
Zoom Meeting

Special Board of Trustees Meeting

Present: **Trustees:** Trish Riley, Chair, Barbara Alexander, Heather Johnson, Donna Loring, Emily Cain, Roger Katz, Kelly Martin, Elise Baldacci, David MacMahon, Michael Michaud, Will Kemler, and John Moore **Chancellor:** Dannel Malloy. **University Presidents** Leigh Saufley, Jacqueline Edmondson, Joseph McDonnell. **System Staff:** Ryan Low, Carolyn Dorsey, Jeff St. John, Darla Reynolds, Tracy Elliott, Darla Reynolds, Amon Purinton, Sam Warren, Gretchen Catlin, Amie Parker, Jenny Boyden, Elizabeth Stickler. **Faculty Representatives:** Clyde Mitchell, **Student Representatives:** Griffin Goins

Absent: Lisa Eames, Pat Flood, Riley Worth

Friday, October 24, 2025

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 FY2025

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.

Audit Committee Chair Michaud thanked Chair Riley and the staff for their excellent work, acknowledging the significant effort everyone put into the process. On behalf of the Audit Committee, he reported:

- The auditors did not find any surprises, which is exactly how the committee likes it
- In audit terms, this is called a "CPA report: Clean, Predictable, and Accurate"

Chair Riley thanked Chair Michaud and introduced Darla Reynolds, noting she had done "yeoman's work" on the audit and would take the Board at a very high level through the findings.

Key Points Presented

Report Status (Introduction):

- Report still in draft mode pending Board approval
- 117 pages of extensive information

Audit Opinion (Slide 4):

- **Clean, unmodified opinion**
- Covers the System, its component unit, and its fiduciary activities

Accounting Changes (Slide 5): Two accounting changes for FY25:

1. The first change brought on new liability of \$3.4 million
2. The second change did not bring additional costs or liability but caused a shift in where certain costs are recorded

Scholarship Allowance Impact (Slide 6):

- Change in guidance related to scholarship allowance versus financial aid expense
- Graph showed the impact of the change
- Scholarship allowance now accounts for approximately 94% of total aid awarded

- Under old methodology in prior years: 83%

Operating Results - Condensed (Slide 7):

- System shows operating loss (as expected and stated in prior years)
- GASB requires certain revenue reporting that always results in operating loss
- Once non-operating revenues added: **Income before other changes in net position of \$13.8 million for FY25** (increased from prior year)
- **Other changes in net position: \$99 million**
- **Total change in net position for FY25: \$113.2 million**

Ms. Reynolds explained that "other changes in net position" includes capital grants and gifts - this revenue section supports items in the Statement of Net Position such as:

- Capital asset additions
- Endowment increases
- Reduction of debt

Full SRECNP Highlights (Slides 8-9): Ms. Reynolds pointed out two key lines:

- Scholarship allowance line shows healthy increase
- Student aid line shows big decrease
- Result of new NACUBO guidance on how higher education institutions should split financial aid between these two lines
- System not allowed to restate FY24 for this change, resulting in big swings this year
- Next year should be smoother

Statement of Net Position (Slide 10):

- **8% increase in total assets and deferred outflows**
- Cash and investments decreased (noted as only item on this page to highlight)
- System had positive investment returns
- Decline primarily related to System temporarily using this line to front construction costs
- System intends to reimburse with future revenue bond issuance
- Should be temporary decline only

Net Position Breakdown (Slide 11):

- **Total net position: \$1.193 billion**
- Percentage breakdown by categories relatively flat between the two years
- Unrestricted net position decreased from prior year
- Decrease relates to fronting construction costs
- **When new bonds issued** to reimburse construction costs:
 - Unrestricted net position should increase
 - Net investment in capital assets will decrease
 - Revenue bond issuance is neutral transaction for total net position but causes shift between categories

Fiduciary Activities (Remaining slides): Ms. Reynolds noted the remaining slides related to fiduciary activities but did not go into detail. She highlighted one item:

- Total liabilities: \$34 million last year, \$5 million this year
- Decrease because University of Southern Maine Foundation removed their assets from the System endowment pool on July 1, 2024

Ms. Reynolds concluded and offered to answer any questions.

Discussion

Chair Riley opened the floor for questions or concerns on this important business.

No questions or concerns were raised.

Resolution:

The FY2025 Annual Financial Report was presented earlier today to the Audit Committee. The Audit Committee approved the FY2025 Annual Financial Report with a recommendation to forward it to the full Board for the October 24, 2025 Special Board of Trustees Meeting.

On a motion by Trustee Michaud, 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 FY2025 Annual Financial Report as presented.

DATE OF NEXT MEETING

The next meeting of the Board of Trustees will be held on November 16-17, 2025 at the University of Maine at Farmington.

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