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Minnesota State Colleges and Universities

Audit Committee Presentation

Year ended June 30, 2024

Agenda

- Scope of assurance engagements
- Financial statement audit results
- Federal awards audit results



Audit Scope



System Wide
Financial
Statements & IT
Procedures



Revenue Fund



MN North Itasca
Student Housing



Student Financial
Aid



Perkins Close Outs



Financial Statement Audit Results



SYSTEM WIDE



REVENUE FUND



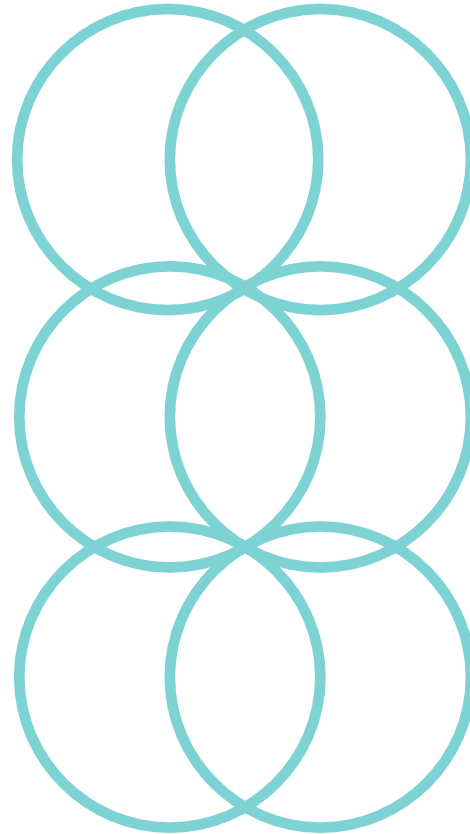
MN NORTH ITASCA
STUDENT HOUSING



Governance Communications

Overall

Difficulties



Estimates

Other



Federal Awards Audit Results



OVERALL OPINION ON
STUDENT FINANCIAL AID



OUR REACTIONS TO
FINDINGS



NEXT STEPS



Questions and Feedback

We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.



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FY2024 and FY2023 Audited Financial Statement Results

**Board of Trustees
Audit Committee Meeting**

November 19, 2024

SUMMARY OF OVERALL RESULTS

- » Unmodified opinion on:
 - System Wide audit
 - Revenue Fund audit
 - Minnesota North Itasca student housing audit

- » Overall Financial position improved compared to prior year for both System Wide and the Revenue Fund

- » GASB 68/75 continues to have a substantial impact on the reported condition of the system colleges and universities

OVERALL SYSTEM-WIDE FINANCIAL CONDITION IMPROVED

- » State appropriation increased by \$167.1M or 21.1 percent
- » Salaries and benefits, accounting for over two thirds of operating expenses, increased by \$64.0M or 4.5 percent *
- » FY2024 FYE enrollment increased by 2.5 percent. The first annual enrollment increase since FY2011
- » State appropriation increase was more than enough to cover increase in operating expenses and decrease to HEERF funding resulting in an improved financial condition compared to fiscal year 2023

*Excluding the effects of GASB 68/75

FISCAL YEARS ADJUSTED FOR LONG-TERM PENSION AND OPEB REPORTING REQUIREMENTS

- » GASB 68 and GASB 75 have 4 components on the Statements of Net Position

GASB STATEMENTS NO. 68 AND NO. 75 EFFECT (\$ in Thousands)		
Fiscal Year	FY2024	FY2023
Net pension liability	\$ 341,987	\$ 374,740
Other compensation benefits	93,151	72,570
Deferred inflow of resources	108,961	151,486
Deferred outflows of resources	(181,383)	(203,500)
Total downward impact on net position	\$ 362,716	\$ 395,296

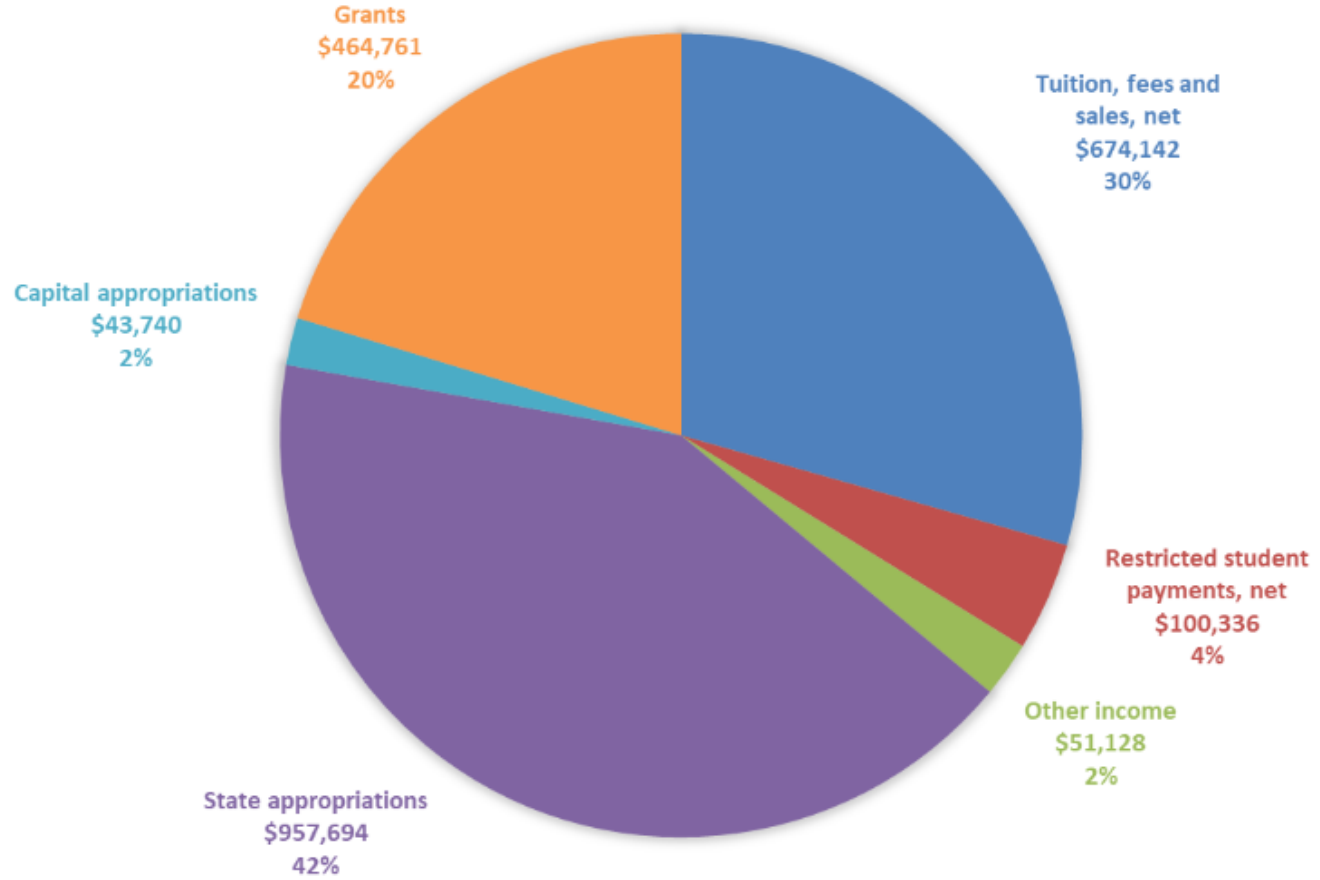
SYSTEMWIDE NET POSITION (UNRESTRICTED)

Unrestricted Net Position (\$ in Thousands)			
Components and changes	FY2024	FY2023	Change
Unrestricted net position balance at June 30	\$448,552	\$362,618	\$85,934
Removing GASB Statements 68/75 impact	362,716	395,296	(32,580)
Balance at June 30, without effect of GASB Stmts 68/75	\$811,268	\$757,914	\$53,354

SALARIES AND BENEFITS EXPENSE

Salaries and Benefits Expense (\$ in Thousands)			
Components and changes	FY2024	FY2023	Change
Salaries and Benefits Expense	\$1,465,845	\$1,286,006	\$ 179,839
Removing GASB Statements 68/75 impact	32,580	148,444	(115,864)
Balance at June 30, without effect of GASB Stmts 68/75	\$1,498,425	\$1,434,450	\$ 63,975

FISCAL YEAR 2024 REVENUE BY SOURCE (IN THOUSANDS)



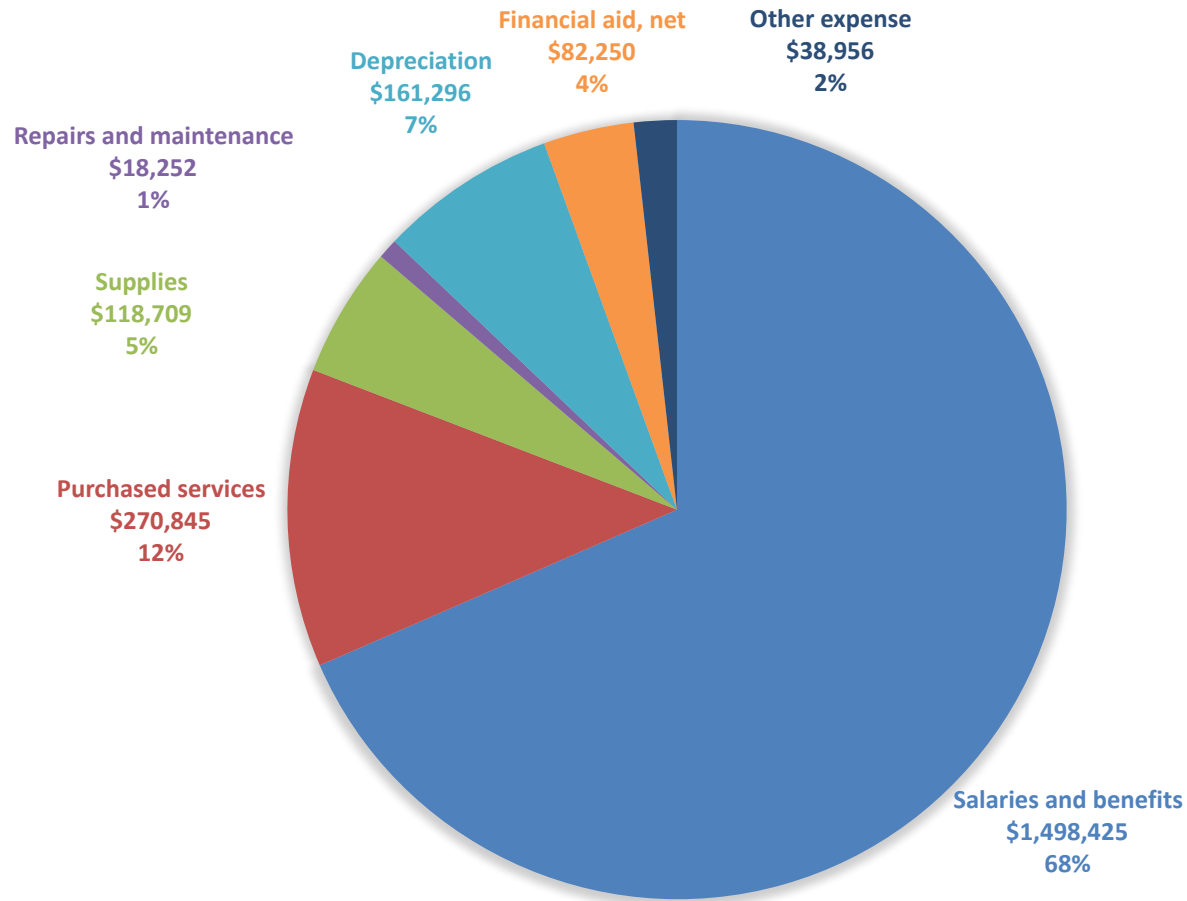
HEERF FUNDS FY2020 - 2024

(\$ in Thousands)	
Fiscal Year	Expenses/ Revenues
FY2020	\$ 56,955
FY2021	162,115
FY2022	328,745
FY2023	68,377
FY2024	5,990
Total	\$ 622,182

- Very small amount of HEERF funds received in fiscal year 2024
- Continues fiscal year 2023 trend of phasing out those funds completely

FISCAL YEAR 2024 OPERATING EXPENSES BY NATURAL CLASSIFICATION

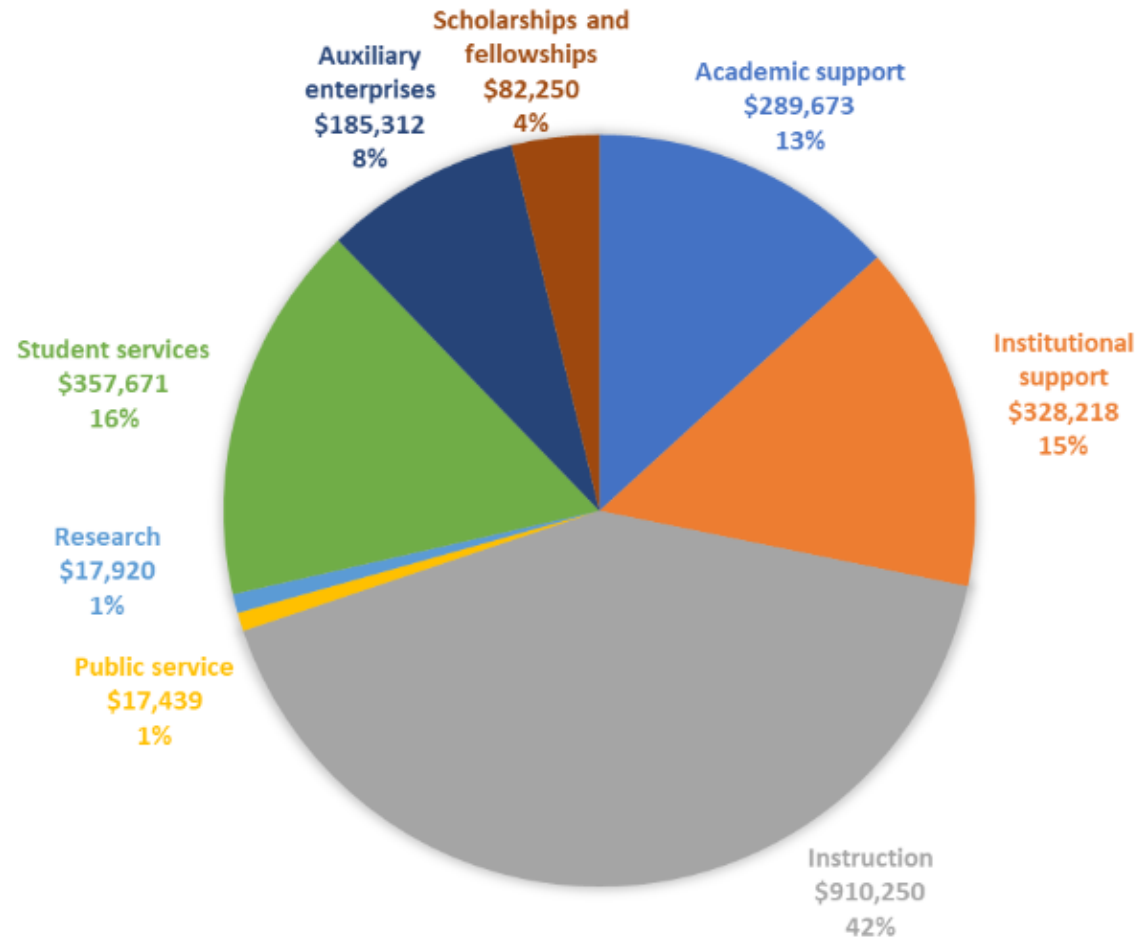
(In Thousands)



Excludes the impact of GASB Statements No. 68 and No. 75

FISCAL YEAR 2024 OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

(In Thousands)



Excludes the impact of GASB Statements No. 68 and No. 75

SYSTEM WIDE OPERATING MARGIN

Operating Margin (\$ in Thousands)				
Components and changes	FY2024	FY2024 W/O GASB 68/75	FY2023	FY2023 W/O GASB 68/75
Student revenue, net	\$ 774,478	\$ 774,478	\$ 759,197	\$ 759,197
State appropriation	957,694	957,694	790,580	790,580
Grants	464,761	464,761	481,934	481,934
Compensation	(1,465,845)	(1,498,425)	(1,286,006)	(1,434,450)
Non-compensation	(690,308)	(690,308)	(691,912)	(691,912)
All other revenues/(expenses), net	21,938	21,938	7,789	7,789
Operating margin	\$ 62,718	\$ 30,138	\$ 61,582	\$ (86,862)

REVENUE FUND

OPERATING MARGIN

Operating Margin (\$ in Thousands)				
Components and changes	FY2024	FY2024 W/O GASB 68/75	FY2023	FY2023 W/O GASB 68/75
Student revenue, net	\$ 106,049	\$ 106,049	\$ 98,316	\$ 98,316
Grants	-	-	731	731
Compensation	(27,553)	(27,918)	(24,145)	(27,768)
Non-compensation	(73,064)	(73,064)	(73,749)	(73,749)
All other revenues/(expenses), net	7,760	7,765	4,277	4,277
Operating margin	\$ 13,192	\$ 12,832	\$ 5,430	\$ 1,807

CONCLUSION AND NEXT STEPS

- » Overall long-term financial condition remains relatively stable, with an overall improvement from prior year
- » Per system procedure 7.13.6 Financial Health Indicators, the results of the financial health and stability measures will be shared with the Finance and Facilities committee in January 2025

Thank you.



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