

REPORT OF MINUTES

BOARD OF TRUSTEES SPECIAL MEETING

**BAY de NOC COMMUNITY COLLEGE
Board Room CB 201D
Escanaba, MI**

November 12, 2025

Chair Nick Chenier called the meeting to order at 4:31 p.m. ET and welcomed new trustee Cory Kuchenberg. Introductions were made.

Roll call was taken by Assistant Board Secretary, Laura Johnson.

Board Members Present: Joy Hopkins, Terri Mileski, Katie VanEnkevort, Steve Soderman, Cory Kuchenberg, Nick Chenier

Wendy Middaugh arrived at 4:34 p.m.

Board Members Absent: None

Administration: Beth Berube, Travis Blume, Tanner Brown, Alaina Kreis, Lynn Martinson, Penny Pavlat, Sherri Viau; Nerita Hughes joined remotely at 5:03 p.m.

Faculty: Amber Kinonen

Guests: Josh Sullivan, Adam StremLOW, & Amber Golden of Rehmann participated remotely.

Recorder: Laura Johnson, Assistant Board Secretary

Chair Nick Chenier stated that the meeting was called to receive the College audit reports for the Years Ended June 30, 2025 and 2024. The agenda was approved by unanimous consent.

There were no citizen introductions or public comments, and no conflicts of interest were declared by trustees.

The meeting was turned over to Josh Sullivan, Principal at Rehmann to review the audit reports. Josh reported that the College received a clean or unmodified opinion, which is the highest level of assurance that can be placed on financial statements. The audit report also references the College Foundation, although it is audited by another firm.

Josh reviewed the audit report documents and financial statements prepared by the College Administration. The reports are available on the College website at

<https://www.baycollege.edu/about/consumer-information/michigan-transparency-act.php>.

Statement of Revenues, Expenses & Changes in Net Position

Total net position increased ~\$4.4 million year over year. Cash also increased \$1.8 million over 2024.

Net OPEB (Other Post-Employment Benefits) is now an asset and is close to 140% fully funded at the State level based on the actuarial valuation. This was first recognized as an asset by the College last year and has increased from \$248,911 in 2024 to \$1.8 million in 2025.

Total liabilities were down \$4.2 million including the decrease of \$3.5 million in net pension liability and decrease in debt as debt payments were made.

There are two new line items under liabilities in accordance with the Governmental Accounting Standards Board (GASB) 101 pronouncement. The College must accrue the current portion of compensated absences under current liabilities and compensated absences, net of current portion under noncurrent liabilities. These amounts refer to the accrual of leave time (vacation and sick leave). The change is that in addition to accruing a vacation liability the College now also carries a liability for an estimate of what sick time will be used in the respective time periods. The related GASB 101 restatement of \$398,459 applies to the prior year however based on the dollar amount it made the most sense to run it through the current year in changes in net position.

Total operating revenue decreased ~\$200,000. While tuition and fees increased, so did scholarships, resulting in a net decrease of net tuition and fees. New accounting methodology moved "scholarship allowance" from a revenue in operating expenses to a reduction in operating revenue. Although there was a significant increase in scholarship allowance, the change did not impact the bottom line. Josh commented that comparatively, all but one of their client schools had a significant increase in scholarship allowance which decreased operating revenues.

Operating expenses overall are up yet Bay's decreased about \$200,000 due to the reporting changes for the pension OPEB and scholarship allowance. Josh congratulated the College for being good stewards of the community's tax dollars while emphasizing the reality of increasing costs.

Net nonoperating revenues including state appropriations, tax revenue, and Pell Grant, are up \$1.6 million. State appropriations were up ~\$450,000; property taxes up ~ \$240,000; and Pell Grants up ~\$760,000 as more students qualify for federal aid. Josh commented this is consistent with other schools.

Statement of Cash Flows

The Statement of Cash Flows reports the outflow of cash and change in cash from a noncapital financing perspective. Cash, cash equivalents and restricted cash at the end of the year increased by ~\$1.7 million compared to \$1.4 million in the prior year.

The supplementary information presenting MPSERS cost-sharing multiple-employer plans was reviewed.

Iron Mountain Campus Statement of Revenues, Expenses & Changes in Net Position

Operating expenses were up slightly but overall, the revenues and expenses were consistent compared to last year for the Iron Mountain campus.

Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) pronounced new standards GASB 103 Financial Reporting Model Improvements and GASB 104 Disclosure of Certain Capital Assets for FY26. These will change how the financial statements look but will not change the bottom line. Rehmann will work with the College on the new standards.

Schedule of Adjustments Passed

Under GASB 87 & 96, Rehmann prepared a schedule of proposed audit adjustments which are immaterial and not material to the financial statements and need not be recorded. The adjustments are related to IT subscriptions and leases. Leases over one-year and of a significant amount should be put on the statement of net position as an asset and a liability (i.e., expensing it as payments are made over the agreement and present values it as an asset). There is no significant effect on the bottom line. The estimated unrecorded lease amounts of \$333,463 under GASB 87 do not have overall significant impact and remain unrecorded. The ERP payments to Ellucian will be recorded as such going forward. Josh added that Rehmann can provide this reporting service, so the College need not purchase additional accounting software.

Josh praised the Business Office team, and everyone involved in the accounting process that led to strong financial results, noting that the Business Office does a great job.

Lynn Martinson introduced Alaina Kreis, Director of the Business Office and Sherri Viau, Senior Accountant and recognized their efforts throughout the year in addition to during the audit. Josh recognized Sherri for the vast amount of information she provides to them during the audit.

Steve Soderman requested clarification about the deficiency in internal controls over financial applications identified. Josh responded this is in response to a new audit standard that came out last year and requires that the College have controls in place over financial applications to identify the IT risks arising from third-party service providers and to review user accounts and entitlements for in-scope financial applications. Rehmann recommends the College implement a defined process to obtain and review third-party service providers'

SOC 1 (Systems & Organization Controls) reports annually and user accounts and entitlements for in-scope financial applications. Josh added that a common example is when an employee leaves and access to the system is not cut off timely or they never accessed the system. The College must document these SOC reports have been reviewed.

Lynn Martinson responded that the College has implemented these controls but has not documented the process well. Josh recommended noting exceptions and comments with a sign-off by the person who reviewed the information on the SOC reports and making them easily accessible when requested.

The deficiency was issued as a yellow book report because it would generally be reported in the single audit report. However, Rehmann is not able to issue the single audit at this time as the government has not finalized the compliance supplement, which specifies how auditors test for compliance with federal and state laws.

Trustees extended thanks to the Business Office team for a job well done.

It was moved by Joy Hopkins and seconded by Wendy Middaugh to:

“Accept and place on file the College Audit Reports and Report to Management for the years ended June 30, 2025 and 2024.” No further discussion. Motion carried unanimously.

It was moved by Katie VanEnkevort and seconded by Joy Hopkins to: **“Adjourn the meeting.”** Motion carried unanimously. The meeting adjourned at 5:25 p.m. ET.

Laura L. Johnson
Assistant Board Secretary

Completion
Date:

Approval Date:

Nicholas M. Chenier
Chair

Approval Date: