

**DELTA COLLEGE
BOARD OF TRUSTEES
DINNER MEETING
November 8, 2016
Delta College Main Campus Room N7**

Board Present: R. Emrich, K. Houston-Philpot, D. Middleton, M. Morrissey, M. Nash, M. Rowley, D. Wacksman

Board Absent: E. Selby, K. Lawrence-Webster

Others Present: R. Battinkoff, S. Bishop, V. Bledsoe, L. Brown, T. Brown, P. Clark, E. Crane, R. Curley, R. Curry, L. Dull, C. Drake, J. Goodnow, L. Govitz, F. Hoffman, S. Lewless, D. Lutz, J. Miller, T. Moon, M. Mosqueda, D. Peruski, G. Przygocki, L. Ramseyer, K. Randolph, S. Rushing, K. Schuler, J. Stahl, A. Ursuy, B. Webb, S. Whitney

Press Present: J. Hall, WSGW; B. Henika, Delta Collegiate

Board Chair M. Rowley called the meeting to order at 6:07 p.m.

D. Lutz began the presentation of the annual audit by introducing Traci Moon of the audit firm, Andrews Hooper Pavlik PLC, who presented the results of the firm's audit for the fiscal year ending, June 30, 2016.

T. Moon began by thanking the administration for all of their help and efforts in making this audit successful. All of the audits were found to be unmodified and there were no exceptions, deficiencies or material weaknesses. The audits included the financial statements of Delta College, the Foundation, WDCQ-TV, WUCX-FM, and the Uniform Guidance Audit on Federal Expenditures which is still in process.

T. Moon gave an overview of the operating results for the Fiscal Year 2016 which included:

- Fluctuations between 2016 and 2015 include the following:
 - an increase of 3% in operating revenue
 - an increase of 1% in operating expenses (includes GASB 68 pension expense)
 - a decrease of 5% in state operating and capital appropriations
 - a decrease of 13% in Pell revenue (a result of lower enrollment)
 - a decrease of 66% in gifts

All of this resulted in an increase in net position of \$300,000, compared to \$7.1 million in 2015.

T. Moon also gave an overview of net position for Fiscal Year 2016 which included:

- a \$3.2 million overall increase in cash, cash equivalent along with short-term and long-term investments

- a \$1.4 million decrease in pledges receivable due to the final payment received on the Dow STEM Explorer vehicle.
- an increase of \$800,000 in pension related liability accounts due to GASB 68

Overall, there was a negative balance of \$27.4 million as of June 30, 2016 compared to the prior year of negative \$27.8 million in the unrestricted net position.

Future audit and accounting standards that will affect Delta College include:

- GASB 75 – Accounting and Financial Report for Postemployment Benefits other than Pensions, Fiscal Year 2018, which will require the college to record their portion of the liability for the health care through MPSERS; and
- ASU 2014-14 – Presentation of Financial Statements for Not-for-Profit Entities, Fiscal Year 2019.

T. Moon noted that there were no difficulties encountered during the audit, no audit adjustments, no passed adjustments, no disagreements with management, and no management letter.

T. Moon provided comparison graphs showing general fund revenue sources and expenditures for the fiscal years ending in 2014, 2015 and 2016 and provided comparisons to Michigan community colleges of similar size. Delta College continues to collect slightly less tuition and expends a greater proportion of its funds on instruction, compared to the group. The gap in instruction expense compared to the peer group remained steady around 5%, over the last four years. The comparison group includes Grand Rapids, Henry Ford, Kalamazoo Valley, Mott, Schoolcraft, Washtenaw, and Wayne County as determined by the State.

T. Moon then discussed the Uniform Guidance Audit where a single audit is done on the federal money that the college receives. This is done in a separate statement for the federal expenditures regarding financial aid. There were no material weaknesses, significant deficiencies identified or issues of noncompliance. This report is still in process.

D. Lutz thanked her staff including Angela Cramer, Senior Accountant, and Shelly Whitney, Controller, for all of their hard work.

There being no further business, the dinner meeting was adjourned at 6:30 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary