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**Delta College
Board of Trustees
Dinner Meeting
November 12, 2019
Delta College Main Campus Room N7**

Board Present: A. Buckley, R. Emrich, S. Gannon, D. Middleton, M. Nash, M. Rowley, M. Thomas

Board Absent: M. Benecke, K. Lawrence-Webster

Others Present: D. Allen, L. Baker, N. Battinkoff, R. Battinkoff, N. Bovid, L. Brown, T. Brown, J. Carroll, W. Childs, P. Clark, E. Clement, A. Cramer, M. Crawmer, R. Curley, R. Curry, C. Curtis, R. Davis, S. DuFresne, J. Foco, P. Fox, J. Garn, J. Goodnow, L. Govitz, M. Groulx, L. Krukowski, S. Lewless, D. McQuiston, T. Moon, M. Mosqueda, J. Mulders, G. Przygocki, D. Sabourin, K. Schuler, A. Sovis, C. Thomas, A. Ursuy, B. Wesolek

Press Present: J. Hall, WSGW

Board Chair, D. Middleton called the meeting to order at 6:02 pm. She then turned the meeting over to Sarah DuFresne, Vice President of Business and Finance. She thanked the entire College staff for being responsible in their purchasing, budgeting and accounting. She thanked her staff, especially Angela Cramer, Controller and Jill Mulders, Senior Accounting Manager. She then turned the presentation over to Traci Moon of the audit firm, Andrew Hooper Pavlik PLC, who presented the results of the firm's audit for the fiscal year ending, June 30, 2019.

T. Moon also thanked the finance staff along with the entire College for their cooperation with the audit. She gave an overview of the services provided which included the audits of Delta College, the Foundation, WDCQ-TV, WUCX-FM, and the Uniform Guidance Audit of Federal Expenditures which all received an unmodified opinion. The Uniform Guidance audit did have one compliance finding.

T. Moon gave an overview of the operating results for the Fiscal Year 2019 which included fluctuations between 2018 and 2019 as follows:

- an increase of 7% in operating expense,
- a decrease of \$6.8 million in personal property tax loss reimbursement,
- a decrease of 8% in Pell revenue,
- an increase of \$10.2 million in gift revenue, and
- an increase of \$4.6 million in state capital appropriations.

All of this resulted in a net position of \$13.5 million compared to \$12.5 million in 2018. There were several things that accounted for the changes. The large decrease in personal property tax loss reimbursement is due to the unusual and significant increase in 2018. The Pell decrease is a result of fewer students. The gift revenues increase is largely due to the gifts received for the new Downtown Midland Center and the increase in state capital appropriations is due to the money received for the Downtown Saginaw Center.

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T. Moon also gave an overview of the net position for Fiscal Year 2019 which included:

- a \$4.7 million increase in state appropriation receivables (includes capital),
- a \$5.4 million increase in pledges received,
- a \$9.9 million increase in capital assets,
- a \$3.9 million increase in accrued payroll and other compensation, and
- a \$2.6 million increase in pension and OPEB net liabilities and deferred inflows.

Overall, there was a negative balance of \$(50.2) million compared to the prior year of \$(43.3) million in the unrestricted net position.

Future audit and accounting standards that will affect Delta College include GASB 84, Fiduciary Activities, Fiscal Year 2020 and GASB 87, Leases, Fiscal Year 2021. T. Moon and Delta's finance staff are already looking at GASB 84 to see exactly what impact it will have on the College. GASB 87 will most likely not affect the College as we currently don't have any leases.

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 2017, 2018 and 2019 and provided comparisons to Michigan community colleges of similar size. General fund revenues remained relatively similar to previous years except for the Personal Property Tax Loss Reimbursement. T. Moon also noted an increase in the Unfunded Actuarial Accrued Liability (UAAL) which shouldn't be a concern as these are monies that come in and then go out for Pension and OPEB.

In 2018 all of the colleges were required to input their information into a new system, the Michigan Community College Data Inventory Report. The new report doesn't group the colleges into their peer groups. Information was pulled from the colleges that were a part of our peer group for comparison. The comparison group includes Grand Rapids, Henry Ford, Kalamazoo Valley, Mott, Schoolcraft, Washtenaw, and Wayne County.

Delta College's instructional expense to total expenses is slightly higher than the peer group and does not include the employee severance plan. Public service, information technology and instructional support expenses are very similar as in years past. Student services, institutional administration and plan operation expenses were also very similar except for the significant increase in institutional administration due to the employee severance plan for 2019. Delta College's total expenses are very similar to those in our peer group except for instruction where we are at 50% and the peer group is at 42%.

T. Moon then discussed the Uniform Guidance Audit where a single audit is done on the federal money that the college receives, \$23.4 million. This is done in a separate statement for the federal expenditures regarding financial aid. There were no material weaknesses, and significant deficiencies identified. There was one audit compliance finding. The finding was in regards to the safeguarding of data. A risk assessment was not completed over the College's processes to insure controls were in place. This was a new requirement for this year. The College will need to perform the assessment.

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There being no further business, the dinner meeting was adjourned at 6:25 pm.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary