

**Delta College
Board of Trustees
Dinner Meeting
November 14, 2017
Delta College Planetarium and Learning Center**

Board Present: M. Benecke, A. Buckley, R. Emrich, K. Lawrence-Webster, D. Middleton, M. Morrissey, M. Nash, M. Rowley

Board Absent: E. Selby

Others Present: J. Bamberg, V. Bledsoe, L. Brown, T. Brown, J. Carroll, P. Clark, A. Cramer, M. Crawmer, R. Curry, S. DuFresne, J. Goodnow, L. Govitz, W. Harness, L. Kloc, S. Lewless, D. Lutz, J. Miller, T. Moon, M. Mosqueda, T. Nadolski, K. Nelson, G. Przygocki, L. Ramseyer, J. Ruterbusch, K. Schuler, L. Smith, I. Swilley, A. Ursuy, B. Webb, L. Ziolkowski

Press Present: J. Hall (WSGW), K. Lazzaro (Delta Collegiate), J. Sierocki (Delta Collegiate)

Board Chair, R. Emrich called the meeting to order at 6:17 p.m. R. Emrich then turned the meeting over to D. Lutz, Vice President of Business and Finance who introduced 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, 2017.

T. Moon began by thanking all the employees that helped with the audit, especially Angela Cramer and Sarah DuFresne. T. Moon 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.

T. Moon gave an overview of the operating results for the Fiscal Year 2017 which included:

- Fluctuations between 2017 and 2016 include the following:
 - a decrease of 1% in operating revenue
 - no change in operating expense
 - an increase of 1% in the base state operating appropriations
 - a decrease of 11% in Pell revenue (a result of lower enrollment)
 - an increase of 171% in investment income

All of this resulted in a net position of \$4.8 million compared to \$300,000 in 2016.

T. Moon also gave an overview of the net position for Fiscal Year 2017 which included:

- a \$6.1 million overall decrease in cash, cash equivalent and short-term and long-term investments
- a \$2.3 million decrease in capital assets
- an increase of \$200,000 in pension related liability accounts (GASB 68)

Overall, there was a negative balance of \$(20.1) million compared to the prior year of \$(27.4) million in the unrestricted net position.

Future audit and accounting standards that will affect Delta College include GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, Fiscal Year 2018; and ASU 2014-14, Presentation of Financial Statement of 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 2015, 2016 and 2017 and provided comparisons to Michigan community colleges of similar size. New on the revenue side is \$2.5 million that was received as payment for the Personal Property Tax Loss Reimbursement. The phase out began in 2012.

Delta College continues to collect slightly less tuition and expends a greater proportion of its funds on instruction, compared to the peer group. The gap in instruction expense compared to the peer group remained steady between 5% to 6%, 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, around \$24 million. 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. The major programs included were student financial aid and the trade adjustment assistance program.

D. Lutz discussed what the impact of GASB 75 would be for next year. Preliminary estimates based on this year's numbers would be \$31.5 million in liability for the unfunded medical benefit. This will be in addition to the \$82 million liability for the pension. We will still have a positive overall net position.

D. Lutz thanked the entire staff at the college for being responsible with their purchasing, budgeting and accounting and in following the rules, processes and standards that have been set which then results in a clean audit. She also thanked her staff including Angela Cramer, Senior Accountant, and Sarah DuFresne, Controller, for all of their hard work. She noted that the audit documents received tonight are prepared by them, not the audit firm. It is a very complex process and both Sarah and Angela are bright and highly dedicated. Finally, J. Goodnow extended appreciation to D. Lutz for all of her leadership.

There being no further business, the dinner meeting was adjourned at 6:45 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary