

**Delta College
Board of Trustees
Dinner Meeting
November 13, 2018
Delta College Main Campus Room N7**

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

Board Absent: A. Buckley, D. Middleton, K. Peatross

Others Present: R. Battinkoff, T. Boudrot, N. Bovid, T. Brown, J. Carroll, P. Clark, A. Cramer, M. Crammer, R. Curry, S. DuFresne, J. Goodnow, L. Govitz, S. Jensen, L. Kloc, S. Lewless, J. Miller, T. Moon, M. Mosqueda, J. Mulders, T. Nadolski, G. Przygocki, D. Roebuck, R. Schlaack, K. Schuler, A. Ursuy, B. Webb, B. Wesolek

Press Present: J. Hall, WSGW

Board Chair, R. Emrich called the meeting to order at 6:00 pm. He then turned the meeting over to Sarah DuFresne, Vice President of Business and Finance. 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, 2018.

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.

T. Moon gave an overview of the operating results for the Fiscal Year 2018 which included fluctuations between 2017 and 2018 as follows:

- no change in operating revenue
- an increase of 2% in operating expense
- no change in the base state operating appropriations
- an increase of \$6.9 million in personal property tax loss reimbursement
- an increase of 8% in Pell revenue
- an increase of 3% in investment income

All of this resulted in a net position of \$12.6 million compared to \$4.8 million in 2017. This is highly unusual because of the large increase in personal property tax loss reimbursement. This is not expected to occur again.

T. Moon also gave an overview of the net position for Fiscal Year 2018 which included:

- a \$14.1 million overall increase in cash, cash equivalent and short-term and long-term investments
- a \$1.4 million increase in accounts payable
- an increase of \$34.8 million in pension and Other Postemployment Benefits (OPEB) liability offset by a \$2.2 million net increase in deferred outflow or resources (GASB 68 and 75)

Overall, there was a negative balance of \$(20.1) million compared to the prior year of \$(20.1) million in the unrestricted net position. OPEB restatement was \$32.5 million.

Future audit and accounting standards that will affect Delta College include ASU 2014-14, Presentation of Financial Statements of Not-for-Profit Entities, Fiscal Year 2019; and GASB 87, Leases, Fiscal Year 2021. ASU 2014-14 will not have a huge impact on the Foundation but will change the way their financial statements are presented. GASB 87 will only affect the College if we are leasing. The current lease with the Saginaw Ricker Center is expected to end before this standard would be implemented.

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 2016, 2017 and 2018 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 and the Unfunded Actuarial Accrued Liability.

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 has remained steady 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, \$24.9 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, workforce innovation opportunity and employment services which were determined by cost and risk.

There being no further business, the dinner meeting was adjourned at 6:32 p.m.

Talisa Brown, Assistant Board Secretary

Andrea Ursuy, Board Secretary