

**DELTA COLLEGE
BOARD OF TRUSTEES
DINNER MEETING
November 13, 2013
Delta College Main Campus Room N7**

Board Present: R. Emrich, K. Lawrence-Webster, J. MacKenzie, M. Rowley, E. Selby, D. Wacksman

Board Absent: K. Houston-Philpot, M. Nash, R. Stafford

Others Present: B. Baker, T. Brown, A. Cramer, E. Crane, C. Curtis, L. Dull, C. Dzurka, M. Gmeiner, J. Goodnow, L. Govitz, L. Holoman, J. Kendziorski, A. Howell, D. Lutz, J. Miller, T. Moon, M. Mosqueda, D. Peruski, G. Przygocki, K. Rees, D. Salinas, K. Schuler, S. Smith, A. Ursuy, B. Webb, S. Whitney, K. Wilson, S. Witzke

Press Present: H. Durham, Delta Collegiate, J. Hall, WSGW

Board Vice Chair, M. Rowley called the meeting to order at 6:03 p.m.

Traci Moon of the Audit firm Andrews Hooper Pavlik PLC was introduced by D. Lutz. Ms. Moon thanked D. Lutz and her staff including A. Cramer and S. Whitney for all of their hard work. She then presented the results of the firm's audit for the fiscal year ended June 30, 2013. 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, Broadcasting, and compliance testwork for the Office of Management and Budget (OMB) Circular A-133 including student financial assistance programs, public broadcasting service warning grant, alert, and response network act, and care and technical education (Perkins IV) programs.

T. Moon mentioned various matters of interest from the audit which included:

- Pledges receivable were \$1.8 million and capital gifts and grants were \$1.2 million at June 30, 2013. Both decreases were a direct result of the capital campaign to help fund the Health Professions Building Renovation.
- Pell grant revenue decreased by 10% or \$2.3 million, due to the decrease in the number of student who are eligible for federal financial aid programs.
- The assumptions for the amount of bad debts for student accounts, vendor and other accounts receivable calculated by the college are considered reasonable.
- Capitalized construction in progress in fiscal year 2012-2013 was \$6.0 million related to the chiller plant improvements, C-wing Micro Biology renovations, roof and fascia for various wings and other smaller projects.

- MPSERS required contributions increased approximately 5% for the 2012-2013 fiscal year and the college contributed \$8 million to the plan.
- Contributions to the Optional Retirement Plan (ORP) as an alternative to MPSERS were approximately \$714,000.
- The general fund balance was maintained at 10% of its operating revenue.
- The College adopted the accounting standards that modified the presentation of the statement of net positions instead of net assets.

T. Moon noted that everything was answered in the positive, there were no significant non audit services reported and no material weaknesses.

Ms. Moon went over the future audit and accounting standards issued by the Governmental Accounting Standards Board (GASB). In particular she discussed Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, applicable June 30, 2015 year-end. This would require Delta College to record on their books a portion of the pension liability. There has also been discussion and concerns as to whether or not Delta would be admitting to covering the cost if MPSERS were to fail and we did record the liability on our books. E. Selby asked if there were any recommendations, particularly proactive that should be considered.

D. Lutz noted that it is not a law but a standard that we would have to follow in order to receive a clean audit requiring us to record a portion of the unfunded pension liability. An estimated amount to cover the pension part only is noted in a footnote in the audit report for \$79 million. There is also an estimated \$91 million in post-employment benefits.

Ms. Moon provided comparison graphs showing general fund revenue sources and expenditures for the fiscal years ending in 2011, 2012 and 2013 and provided comparisons to Michigan community colleges of similar size. Delta College continues to collect slightly less tuition and expends a substantially greater proportion of its funds on instruction, compared to those colleges. The four separate audited financial statements were provided to Trustees prior to this meeting, titled Audited Financial Statements and other Financial Information (for the college as a whole), Management Information and Audited Financial Statements (for the Foundation), and Audited Financial Statements and Other Financial Information (for WUCX-FM Radio, and for WDCQ-TV).

There being no further business, the dinner meeting was adjourned at 6:32 p.m. G. Przygocki and D. Peruski took Board Members on a short tour of the newly renovated Health Professions Building.

Talisa Brown, Board Assistant Secretary

Andrea Ursuy, Board Secretary