



Delta College

**Audited Financial Statements
and Other Financial Information**

June 30, 2007

DELTA COLLEGE

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

JUNE 30, 2007

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007**

The discussion and analysis of the financial statements of Delta College (the College) provides an overview of the College's financial activities for the years ended June 30, 2007, 2006 and 2005. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

These financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statements are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Capital expenditures are capitalized on the Balance Sheet instead of recording as an expense, and depreciation is recorded.

Activities are reported as either operating or nonoperating in accordance with the GASB Statement No. 35. Charges for services are recorded as operating revenues. Essentially all other types of revenue, including state appropriations and property tax levies are nonoperating. A public community college's reliance on state funding and local property taxes will result in reporting an operating deficit.

This annual financial report complies with these requirements and includes this management's discussion and analysis, the report of independent auditors, the financial statements, notes to financial statements, and supplemental information similar to commercial enterprises and private-sector institutions.

Over time, increases or decreases in net assets provide one indication of the financial health of an organization. To assess the overall health of the College, many other non-financial factors need also be considered such as trends in enrollment, condition of facilities, attention to workforce needs, success of graduates, and the strength of the faculty and staff.

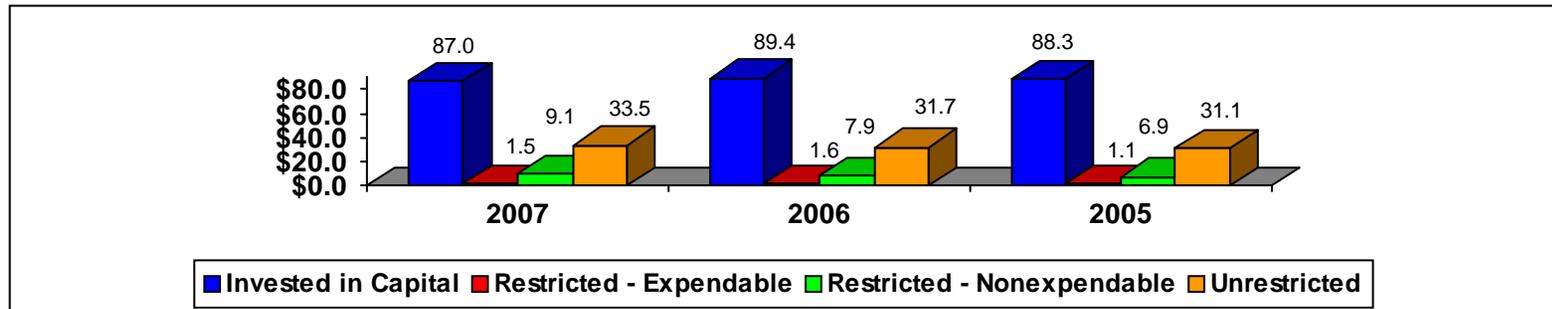
Financial Highlights

The College's financial position improved during both fiscal years ended June 30, 2007 and 2006. In 2007, the College's net assets increased \$.5 million over the previous year, which was less than 1%; whereas 2006 increased \$3.2 million or 3%. The 2007 increase was reflected primarily by an increase in unrestricted assets of \$1.8 million, an increase in nonexpendable assets of \$1.2 million related to endowment gifts, and a decrease in capital assets of \$2.4 million, which resulted from annual depreciation expense of \$3.4 million exceeding annual net capital additions of \$1.0 million. The 2007 increase was lower than expected by \$1.2 million due to a reduction in state appropriations revenue, as discussed in Note 5. The increase in 2006 was primarily attributable to capital investment in the College facilities through renovation projects and the related financing activities, with capital assets increasing by \$1.1 million. The 2006 increase was also due to endowment gifts received, with increases in such nonexpendable assets of \$1.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Financial Highlights - Continued

The following chart provides a graphical breakdown of net assets by category for the fiscal years ending June 30, 2007, 2006 and 2005, in millions:



Summary of Selected Financial Data

Following is a summary of the major components of the net assets of the College as of June 30, 2007, 2006 and 2005, in millions:

	<u>2007</u>	<u>2006</u>	<u>2007-2006 Change</u>	<u>2005</u>	<u>2006-2005 Change</u>
Current Assets	\$ 35.0	\$ 33.6	\$ 1.4	\$ 32.5	\$ 1.1
Long-Term Assets:					
Capital Assets, Net of Depreciation	87.0	89.4	(2.4)	88.3	1.1
Other	16.4	12.4	4.0	13.1	(.7)
Total Assets	\$ 138.4	\$ 135.4	\$ 3.0	\$ 133.9	\$ 1.5
Current Liabilities	\$ 7.3	\$ 4.8	\$ 2.5	\$ 6.5	\$ (1.7)
Net Assets:					
Invested in Capital Assets	87.0	89.4	(2.4)	88.3	1.1
Restricted – Expendable	1.5	1.6	(.1)	1.1	.5
Restricted – Nonexpendable	9.1	7.9	1.2	6.9	1.0
Unrestricted	33.5	31.7	1.8	31.1	.6
Total Net Assets	131.1	130.6	.5	127.4	3.2
Total Liabilities and Net Assets	\$ 138.4	\$ 135.4	\$ 3.0	\$ 133.9	\$ 1.5

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Summary of Selected Financial Data – Continued

During the year ended June 30, 2007, current assets increased by \$1.4 million, primarily due to increases in liquid assets consisting of cash and short-term investments of \$4.1 million with an offsetting decrease in state appropriations receivable of \$1.6 million. Combined with an increase in long-term investments of \$4.4 million, a decrease in capital assets of \$2.4 million and an increase in liabilities of \$2.5 million, these changes resulted in the overall \$.5 million increase in net assets.

During the year ended June 30, 2006, current assets increased \$1.1 million, primarily in liquid assets consisting of cash and short-term investments. Total pledges receivable, the majority relating to the WDCQ-TV Stations' digital conversion project capital campaign, decreased by \$900,000 as the fourth year of these five-year pledges came to a close. Combined with a \$1.1 million increase in capital assets and a decrease in liabilities of \$1.7 million, both primarily related to the completion of the J-Wing/East Courtyard facility renovation project, these changes resulted in the overall \$3.2 million increase in net assets.

The following summarizes the major components of the College's operating results for the years ended June 30, 2007, 2006 and 2005, in millions:

	2007	2006	2007-2006 Change	2005	2006-2005 Change
Operating Revenue					
Tuition and Fees	\$ 20.7	\$ 19.5	\$ 1.2	\$ 19.5	\$ 0
Grants and Contracts	12.9	12.6	.3	12.2	.4
Public Broadcasting Gifts	.8	.7	.1	.8	(.1)
Auxiliary Services	5.0	4.8	.2	4.6	.2
Other	2.6	2.9	(.3)	2.7	.2
Total Operating Revenue	<u>42.0</u>	<u>40.5</u>	<u>1.5</u>	<u>39.8</u>	<u>.7</u>
Operating Expenses					
Instruction	33.5	32.8	.7	32.5	.3
Public Services	2.8	2.8	0	2.7	.1
Instructional Support	7.0	6.8	.2	6.3	.5
Student Services	16.8	16.4	.4	16.1	.3
Institutional Administration	7.2	7.4	(.2)	7.3	.1
Operation and Maintenance of Facilities	6.2	6.9	(.7)	6.1	.8
Depreciation	3.4	3.4	0	3.2	.2
Total Operating Expenses	<u>76.9</u>	<u>76.5</u>	<u>.4</u>	<u>74.2</u>	<u>2.3</u>
Operating Loss	(34.9)	(36.0)	1.1	(34.4)	(1.6)

(continued on next page)

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Summary of Selected Financial Data – Continued

(continued from previous page)

	<u>2007</u>	<u>2006</u>	<u>2007-2006 Change</u>	<u>2005</u>	<u>2006-2005 Change</u>
Nonoperating Revenue (Expenses)					
State Appropriations	\$ 11.3	\$ 13.0	\$ (1.7)	\$ 13.4	\$ (.4)
Property Taxes	23.5	22.4	1.1	21.8	.6
Property Tax Appeal Refund	(3.8)	0	(3.8)	0	0
Other	3.3	2.6	.7	2.8	(.2)
Net Nonoperating Revenue	<u>34.3</u>	<u>38.0</u>	<u>(3.7)</u>	<u>38.0</u>	<u>0</u>
Other Revenue					
Capital Appropriations	0	0	0	.5	(.5)
Capital Grants and Contracts	0	0	0	.1	(.1)
Additions to Permanent Endowments	1.1	1.2	(.1)	.6	.6
Total Other Revenue	<u>1.1</u>	<u>1.2</u>	<u>(.1)</u>	<u>1.2</u>	<u>0</u>
Increase in Net Assets	.5	3.2	(2.7)	4.8	(1.6)
Net Assets – Beginning of Year	<u>130.6</u>	<u>127.4</u>	<u>3.2</u>	<u>122.6</u>	<u>4.8</u>
Net Assets – End of Year	<u>\$ 131.1</u>	<u>\$ 130.6</u>	<u>\$.5</u>	<u>\$ 127.4</u>	<u>\$ 3.2</u>

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from providing goods and services such as tuition and fees and food service and bookstore operations. In addition, certain federal, state, and private gifts and grants are considered operating if they are not for capital purposes and are considered a contract for services or are program-specific.

Operating revenue changes are highlighted by the following factors for the year ended June 30, 2007:

- Academic tuition and fee rates were increased 5% and enrollment totaled 206,000 credit hours, an increase of less than 1%. For the year, 82% of academic credit hours were in-district and 18% out of district.
- Of the \$20.7 million in Tuition and Fees, which was offset by \$5.4 million in scholarship allowances, and \$12.9 million in Grants and Contracts operating revenue, Corporate Services provided administration, education and training of \$4.5 million and \$2.2 million, respectively. Corporate Services Tuition and Fee revenue increased by 12%, primarily resulting from new training contracts during the year. Conversely Corporate Services Grants and Contracts revenue decreased by \$400,000.
- The Auxiliary services revenue consists primarily of sales in the Bookstore of \$4.8 million, which had offsetting scholarship allowances approximating \$1.2 million, Food Services of \$950,000, and Fitness & Recreation Center of \$430,000. Bookstore sales were \$300,000, or 6%, higher than 2006 levels, whereas Food Services and Fitness & Recreation Center increased by 14% and 5%, respectively.

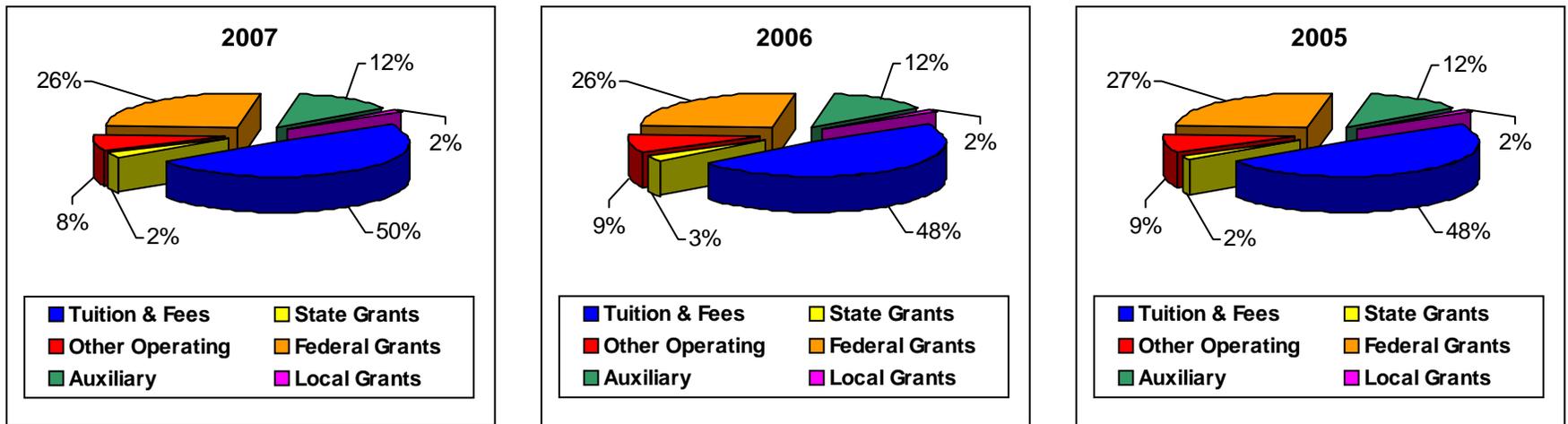
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Operating Revenue - Continued

Operating revenue changes are highlighted by the following factors for the year ended June 30, 2006:

- Academic tuition and fee rates were increased 5% and enrollment totaled 205,585 credit hours, an increase of 1.4%. For the year, 82% of academic credit hours were in-district and 18% out of district.
- Of the \$19.5 million in Tuition and Fees, which was offset by \$4.5 million in scholarship allowances, and \$12.6 million in Grants and Contracts operating revenue, Corporate Services provided administration, education and training of \$4.0 million and \$2.6 million, respectively. Corporate Services Tuition and Fee revenue decreased by 18%, resulting from the completion of the Saturn training contracts as of December 31, 2005. Conversely, Corporate Services Grants and Contracts revenue increased by 14%, primarily due to state-funded EDJT training grants.
- The Auxiliary services revenue consists primarily of sales in the Bookstore of \$4.5 million, which had offsetting scholarship allowances approximating \$1.1 million, Food Services of \$830,000, and Fitness & Recreation Center of \$410,000. Bookstore sales were consistent with 2005 levels, whereas Food Services and Fitness & Recreation Center increased by 9% and 21%, respectively.

The following is a graphic illustration of operating revenues by source for the years ended June 30, 2007, 2006 and 2005:



Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College.

Operating expense changes are highlighted by the following factors for the year ended June 30, 2007:

- General salary increases for the year approximated 3%. Medical insurance costs increased approximately 4% and required contributions to the Michigan Public School Employees' Retirement System effectively decreased by approximately 10% due to the retirement rate reduction discussed in Note 5.

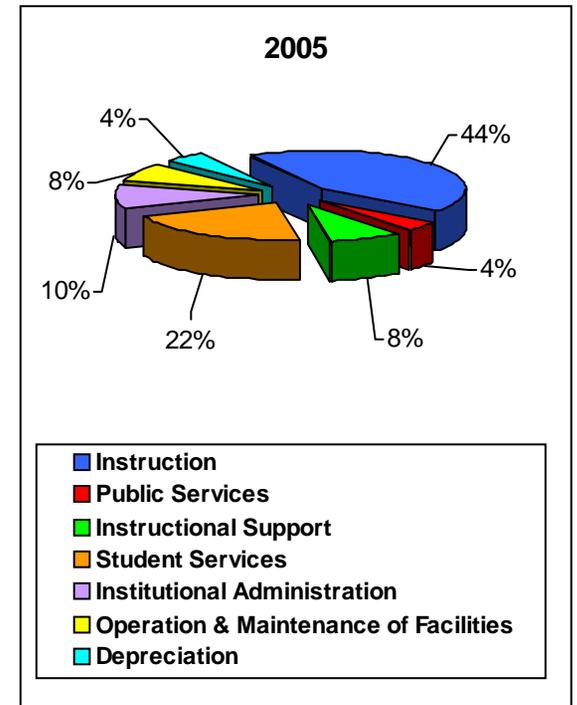
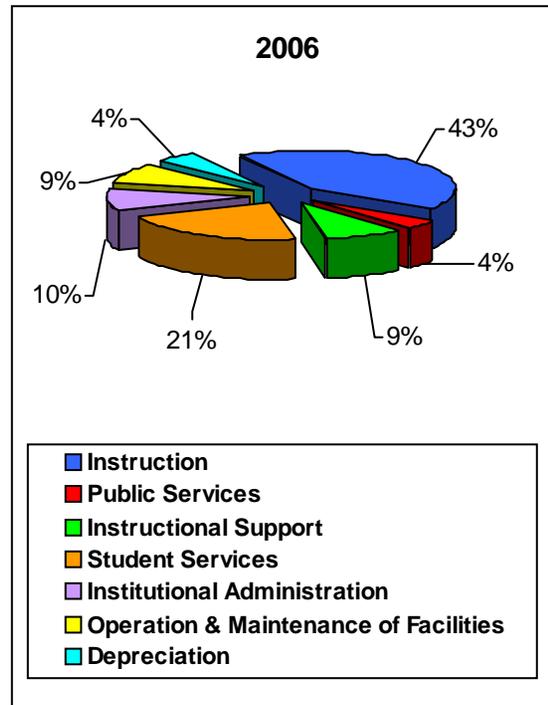
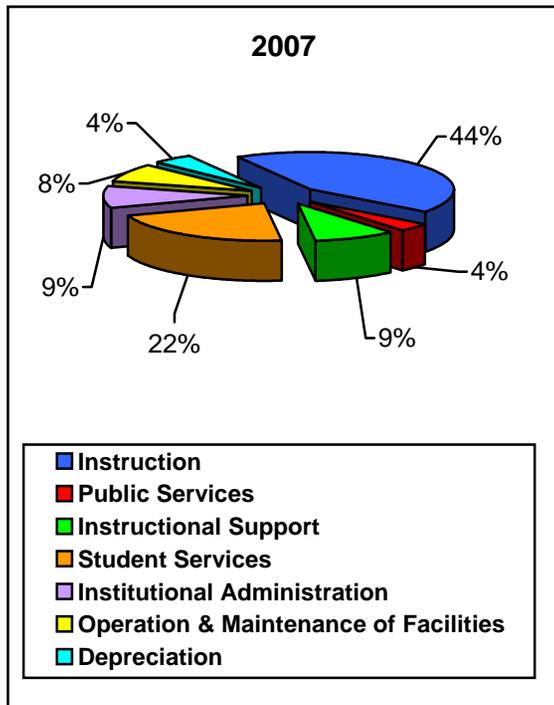
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Operating Expenses - Continued

Operating expense changes are highlighted by the following factors for the year ended June 30, 2006:

- General salary increases for the year approximated 4%. Medical insurance costs increased approximately 6% and required contributions to the Michigan Public School Employees' Retirement System increased by nearly 10% to a rate of 16.34% of eligible salary.
- Increases in Operation & Maintenance of Facilities expenses were primarily due to utility costs and non-capital furniture and equipment costs associated with the facility renovation projects that were completed during the year.

The following is a graphic illustration of operating expenses by function for the years ended June 30, 2007, 2006 and 2005:



MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Nonoperating Revenue (Expenses)

Nonoperating revenue are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), gifts and grants, and contracts that do not require any services to be performed. Nonoperating expenses are those that are not primarily incurred for operating purposes.

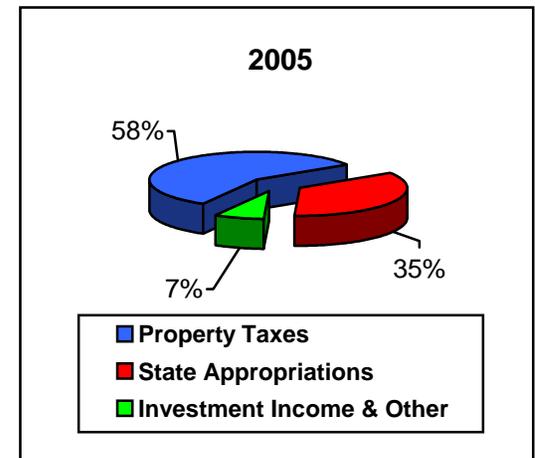
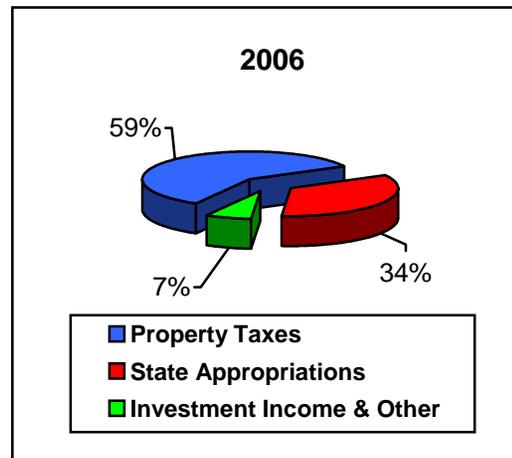
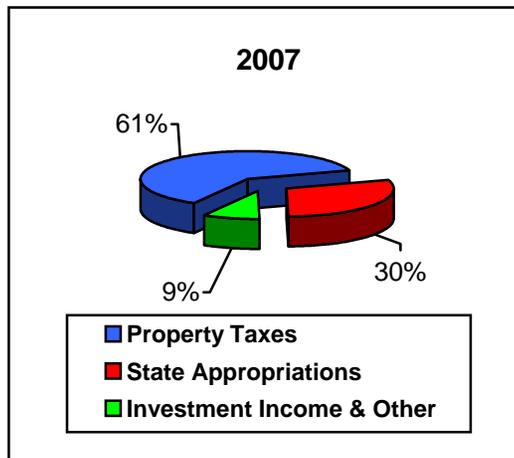
Nonoperating revenue and expense changes are highlighted by the following factors for the year ended June 30, 2007:

- State appropriations were originally enacted at \$13.3 million, which approximated a 2% increase over the prior year. As discussed in Note 5, this increase was offset by Governors' Executive Order 2007-3 and Public Act 17, which in total reduced state appropriations revenue by \$2.0 million for an annual total of \$11.3 million for 2007.
- The taxable value of property within the district increased 4% for the year for a total levy of \$23.4 million at a rate of 2.0427 mills.
- Investment income, including earnings and gains in the market value of endowment assets, provided \$3.1 million in nonoperating revenue.
- Settlement was reached on some large multi-year property tax appeals, resulting in refunds of \$3.8, as discussed in Note 8.

Nonoperating revenue changes are highlighted by the following factors for the year ended June 30, 2006:

- State appropriations were originally enacted at \$12.9 million, which approximated a 1% decrease from the prior year. This decrease was offset, however, by a Governors' Executive Order restoring the \$100,000 reduction from fiscal year 2005, thus resulting in total state aid revenue for 2006 of \$13.0 million.
- The taxable value of property within the district increased 3% for the year for a total levy of \$22.5 million at a rate of 2.0427 mills.
- Investment income, including earnings and gains in the market value of endowment assets, provided \$1.9 million in nonoperating revenue.
- New gifts to the College provided nonoperating revenue of \$900,000.

The following is a graphic illustration of nonoperating revenue by source for the years ended June 30, 2007, 2006 and 2005:



MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Other Revenue

Other revenue consists of items that are typically nonrecurring, extraordinary, or unusual to the College. Examples would be state capital appropriations, additions to permanent endowments, and transfers from related entities.

Changes in other revenue are highlighted by the following factors for the year ended June 30, 2007:

- New gifts to the College during the year provided \$1.1 million in additions to permanent endowments.

Changes in other revenue are highlighted by the following factors for the year ended June 30, 2006:

- New gifts to the College during the year provided \$1.2 million in additions to permanent endowments.

Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due
- Needs for external financing

The following summarizes the major cash flow components for the College for the years ended June 30, 2007, 2006 and 2005, in millions:

	2007	2006	2007-2006 Change	2005	2006-2005 Change
Cash Provided by (Used in):					
Operating Activities	\$ (30.4)	\$ (35.6)	\$ 5.2	\$ (32.2)	\$ (3.4)
Noncapital Financing Activities	36.7	38.1	(1.4)	36.7	1.4
Capital and Related Financing Activities	(.8)	(3.4)	2.6	(3.9)	.5
Investing Activities	(1.7)	(1.4)	(.3)	(4.9)	3.5
Net Increase (Decrease) in Cash	3.8	(2.3)	6.1	(4.3)	2.0
Cash – Beginning of Year	5.8	8.1	(2.3)	12.4	(4.3)
Cash – End of Year	<u>\$ 9.6</u>	<u>\$ 5.8</u>	<u>\$ 3.8</u>	<u>\$ 8.1</u>	<u>\$ (2.3)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Statement of Cash Flows - Continued

Cash and cash equivalents increased by a net of \$3.8 million during the year ended June 30, 2007. Operating cash flows increased over the prior year across almost all categories, with the greatest in Auxiliary enterprise charges in the amount of \$1.2 million. Cash used to purchase capital assets also significantly reduced in 2007 due to completion of the J-Wing/East Courtyard facility renovation project in the prior year.

Cash and cash equivalents decreased by \$2.3 million during the year ended June 30, 2006, primarily due to increases in payments to suppliers and employees, respectively, at \$1.2 million and \$1.9 million, both related to general cost increases. Payments to suppliers were also somewhat higher due to purchase of noncapital furniture and equipment related to completion of the J-Wing/East Courtyard facility renovation project. These increased outflows were partially offset by increases in cash from noncapital gifts and contributions of \$1.1 million.

Capital Assets

At June 30, 2007, the College had \$87.0 million, net of accumulated depreciation of \$35.6 million, invested in capital assets. Depreciation charges for the year totaled \$3.4 million. Details of these assets, shown net of accumulated depreciation, as of June 30, 2007, 2006 and 2005 are as follows:

	<u>2007</u>	<u>2006</u>	<u>2007-2006</u> <u>Change</u>	<u>2005</u>	<u>2006-2005</u> <u>Change</u>
Land and Improvements	\$ 3.8	\$ 3.9	\$ (.1)	\$ 2.4	\$ 1.5
Infrastructure	2.7	2.8	(.1)	2.0	.8
Buildings	76.9	79.0	(2.1)	76.9	2.1
Furniture and Equipment	3.4	3.5	(.1)	3.6	(.1)
Construction in Progress	.2	.2	0	3.4	(3.2)
Totals	<u>\$ 87.0</u>	<u>\$ 89.4</u>	<u>\$ (2.4)</u>	<u>\$ 88.3</u>	<u>\$ 1.1</u>

During the year ended June 30, 2007, no major facility renovation projects were initiated. The majority of net capital asset additions during 2007 included the new Datatel server for \$400,000 and various building, landscape, and road capital repair and maintenance projects totaling \$400,000.

In accordance with the College's Five-Year Capital Outlay Master Plan, the College began the \$5.8 million J-Wing/East Courtyard facility renovation project during the year ended June 30, 2005. This project included renovations to the existing H-wing, J-wing and East Courtyard to enhance and create twelve general classrooms and computer training laboratories and to re-design instructional support centers and general faculty offices. This project was funded entirely by institutional resources, including allocations from accumulated Plant Fund reserves, and was completed during the year ended June 30, 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

Debt

The College has no debt.

Economic Factors That Will Affect The Future

The economic position of the College is closely tied to that of the State of Michigan. The upcoming fiscal year 2007-2008 base state appropriations have not yet been determined by the State, and in light of the significant fiscal and economic concerns in the state, future appropriation funding levels are unpredictable. Strong fiscal constraints have allowed the College to keep tuition and fees as low as possible with an in-district rate increase of 2.6% for fiscal year 2007-2008. In addition to national concerns of rising medical costs, state mandated contributions to fund the medical component of the state pension fund is of growing concern to public schools and colleges in the State of Michigan. The state mandated pension contribution rate for fiscal year 2006-2007 was originally established at 17.74% of eligible payroll, a 9% increase from the 2005-2006 rate of 16.34%. Additionally, the 2007-2008 contribution rate was initially established at 18.56%, resulting in a 5% increase. Although the state retirement system provided a credit of \$828,800 for fiscal year 2006-2007 to offset the state appropriation reduction (refer to Note 5), as well as reduced the 2007-2008 contribution rate to 16.72%, future contributions are expected to continue to increase and may reach 20% by the end of the decade.

Local support of the College remains strong in enrollment levels and a relatively stable property tax base. Current financial plans and recent capital investments have strategically prepared the College to pursue the following Mission & Vision, as recently updated:

MISSION: Delta College is a responsive, dynamic community college. We educate, inspire, challenge and support a diverse community of learners to achieve academic, professional and personal excellence.

VISION: Delta College is our communities' first choice to learn, work and grow.

State fiscal problems will likely continue for some years. The College is prepared to face the significant challenge of meeting operating costs and serving an increased demand for services. The College will continue to provide excellent learning opportunities and great value for the educational dollar to create positive futures for the students and communities it serves.



ANDREWS HOOPER & PAVLIK P.L.C.
Certified Public Accountants

Report of Independent Auditors

Board of Trustees
Delta College

We have audited the accompanying financial statements of Delta College (the College) as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta College as of June 30, 2007 and 2006 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2007 on our consideration of Delta College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 1 to 10 is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Delta College financial statements. The other supplemental information as identified in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Andrews Hooper & Pavlik P.L.C.

Saginaw, Michigan
October 24, 2007

**BALANCE SHEETS
DELTA COLLEGE**

	JUNE 30,	
	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 9,587,580	\$ 5,797,667
Short-term investments (Note 2)	19,575,273	19,226,890
Property taxes receivable	39,340	60,687
State appropriations receivable (Note 5)	795,454	2,348,562
Federal and state grants receivable	828,013	1,245,798
Accounts receivable, net of allowance of \$1,441,648 in 2007 and \$1,232,952 in 2006	1,940,466	1,967,735
Pledges receivable (Note 3)	239,576	740,238
Inventories	898,532	1,249,913
Prepaid expenses and other assets	<u>1,111,799</u>	<u>984,532</u>
TOTAL CURRENT ASSETS	35,016,033	33,622,022
LONG-TERM INVESTMENTS (Note 2)	16,216,019	11,784,776
LONG-TERM PLEDGES RECEIVABLE (Note 3)	103,936	547,306
CAPITAL ASSETS (Note 4)	<u>87,031,280</u>	<u>89,443,469</u>
TOTAL ASSETS	<u>\$ 138,367,268</u>	<u>\$ 135,397,573</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,699,861	\$ 1,503,384
Accrued payroll and other compensation	2,720,608	2,605,912
Unearned revenue	<u>870,571</u>	<u>654,565</u>
TOTAL CURRENT LIABILITIES	7,291,040	4,763,861
NET ASSETS		
Invested in capital assets	87,031,280	89,443,469
Restricted for:		
Nonexpendable endowments	9,107,776	7,924,690
Expendable scholarships and awards	600,857	725,663
Instructional department uses	401,527	269,024
Public radio broadcasting activities	169,041	100,167
Other restricted uses	259,415	480,244
Unrestricted (Note 1)	<u>33,506,332</u>	<u>31,690,455</u>
TOTAL NET ASSETS	<u>131,076,228</u>	<u>130,633,712</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 138,367,268</u>	<u>\$ 135,397,573</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
DELTA COLLEGE**

	YEAR ENDED JUNE 30,	
	2007	2006
OPERATING REVENUE		
Tuition and fees, net of scholarship allowance of \$5,370,223 in 2007 and \$4,482,816 in 2006	\$ 20,725,692	\$ 19,479,615
Federal grants and contracts	11,106,536	10,639,416
State grants and contracts	958,014	1,137,916
Local and nongovernmental grants and contracts	823,008	793,171
Public broadcasting gifts	785,293	731,533
Auxiliary activities, net of scholarship allowance of \$1,245,830 in 2007 and \$1,055,994 in 2006	5,049,423	4,792,653
Miscellaneous	<u>2,588,642</u>	<u>2,887,248</u>
TOTAL OPERATING REVENUE	42,036,608	40,461,552
OPERATING EXPENSES		
Instruction	33,477,043	32,744,757
Public services	2,786,815	2,839,619
Instructional support	6,994,251	6,765,127
Student services	16,780,762	16,367,946
Institutional administration	7,208,630	7,444,431
Operation and maintenance of facilities	6,211,719	6,921,211
Depreciation expense	3,452,027	3,398,628
Fundraising expenses	21,945	23,919
Other expenses	<u>1,435</u>	<u>1,084</u>
TOTAL OPERATING EXPENSES	<u>76,934,627</u>	<u>76,506,722</u>
OPERATING LOSS	(34,898,019)	(36,045,170)
NONOPERATING REVENUE (EXPENSES)		
State appropriations	11,270,400	13,021,000
Property tax levy	23,472,467	22,414,367
Property tax appeal refund	(3,807,644)	-
Gifts	132,729	936,965
Special events, net of expenses of \$87,675 in 2007 and \$93,502 in 2006	163,421	149,457
Investment income, net of investment expense of \$93,282 in 2007 and \$83,770 in 2006	3,124,055	1,868,200
Loss on disposition of capital assets	(19,238)	(275,675)
Foundation grants and distributions to or for Delta College	<u>(77,265)</u>	<u>(74,035)</u>
NET NONOPERATING REVENUE (EXPENSES)	<u>34,258,925</u>	<u>38,040,279</u>
NET INCOME (LOSS) BEFORE OTHER REVENUE	(639,094)	1,995,109
OTHER REVENUE		
Capital gifts and grants	10,096	-
Additions to permanent endowments	<u>1,071,514</u>	<u>1,188,891</u>
TOTAL OTHER REVENUE	<u>1,081,610</u>	<u>1,188,891</u>
NET INCREASE IN NET ASSETS	442,516	3,184,000
NET ASSETS - BEGINNING OF YEAR	<u>130,633,712</u>	<u>127,449,712</u>
NET ASSETS - END OF YEAR	<u>\$ 131,076,228</u>	<u>\$ 130,633,712</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF CASH FLOWS
DELTA COLLEGE**

	YEAR ENDED JUNE 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 20,292,345	\$ 19,583,536
Grants and contracts	13,344,354	12,481,970
Public broadcasting gifts	785,293	731,533
Payments to suppliers	(34,346,168)	(36,074,535)
Payments to employees	(38,552,838)	(39,393,822)
Loans issued to students	(130,924)	(112,231)
Collection of loans from students	129,180	120,031
Auxiliary enterprise charges	5,468,985	4,278,252
Other	2,599,740	2,830,637
	<u>(30,410,033)</u>	<u>(35,554,629)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	12,823,508	12,959,100
Local property taxes	23,493,813	22,416,094
Property tax appeal refund	(1,670,581)	-
Gifts and contributions for other than capital purposes	1,954,843	2,398,481
Foundation special events receipts	163,421	149,457
Foundation grants and distributions to or for Delta College	(77,265)	(74,035)
Student organization and other agency transactions	57,423	291,374
	<u>36,745,162</u>	<u>38,140,471</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriations	-	785,121
Capital grant and gift proceeds	203,528	643,979
Purchase of capital assets	(1,064,762)	(4,929,825)
Proceeds from disposition of capital assets	5,686	108,548
	<u>(855,548)</u>	<u>(3,392,177)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	40,901,780	30,566,269
Investment income	1,645,792	1,192,210
Purchase of investments	(44,237,240)	(33,212,370)
	<u>(1,689,668)</u>	<u>(1,453,891)</u>
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	3,789,913	(2,260,226)
CASH AND CASH EQUIVALENTS - Beginning of year		
	<u>5,797,667</u>	<u>8,057,893</u>
CASH AND CASH EQUIVALENTS - End of year		
	<u>\$ 9,587,580</u>	<u>\$ 5,797,667</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS - Continued
DELTA COLLEGE

	YEAR ENDED JUNE 30,	
	2007	2006
RECONCILIATION OF OPERATING LOSS TO		
NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (34,898,019)	\$ (36,045,170)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,452,027	3,398,628
Allowance for uncollectible accounts	208,696	179,351
(Increase) decrease in assets:		
Federal and state grants receivable	417,785	(49,297)
Accounts receivable	(181,427)	(551,065)
Inventories	351,381	(83,971)
Prepaid assets and other current assets	(93,169)	(338,201)
Increase (decrease) in liabilities:		
Accounts payable	1,991	(1,354,328)
Accrued payroll and other compensation	114,696	(763,113)
Unearned revenue	216,006	52,537
	<u>216,006</u>	<u>52,537</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (30,410,033)</u>	<u>\$ (35,554,629)</u>

The accompanying notes are an integral part of these statements.

**NOTES TO FINANCIAL STATEMENTS
DELTA COLLEGE
JUNE 30, 2007**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Delta College is a Michigan community college whose financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*.

The College reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the Delta College Foundation discussed in Note 11 is included in the College’s reporting entity.

Significant accounting policies followed by Delta College are described below to enhance the usefulness of the financial statements to the reader:

Accrual Basis

The financial statements of Delta College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met. In accordance with GASB Statement No. 20, the College is required to follow all applicable GASB pronouncements. In addition, the College should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The College has elected not to apply FASB pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Investments

Investments are recorded at fair value, based on quoted market prices.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is calculated on property and equipment using the straight-line method over the estimated useful lives of the assets. *The American Health Association's Estimated Useful Lives of Depreciable Hospital Assets* was utilized as a guide in establishing useful lives of the College's property and equipment.

Revenue Recognition

State appropriations for operations are recognized as revenue on a proportionate basis over the period for which they are appropriated (see Note 5). Restricted Fund revenue is recognized only to the extent expended. Revenue received prior to year-end that are related to the next fiscal year are recorded as unearned revenue. As of June 30, 2007 and 2006, unearned tuition and fee revenue for the summer semester, which begins in late June or early July and ends in August, was \$621,740 and \$583,744, respectively. Additionally, advance payments totaling \$141,422 for the fall 2007 semester were received before June 30, 2007 and recorded as unearned revenue.

Gifts and Pledges

Gifts are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with the GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded at their discounted present value, net of allowance for uncollectible pledges.

Internal Service Activities

Revenue and expenses related to internal service activities approximating \$774,000 and \$814,000 for 2007 and 2006, respectively, have been eliminated. These activities include the College's bookstore, food service, fitness and recreation center, printing and copy services, vehicles, farmhouse, and planetarium gift shop and conference services.

Compensated Absences

Compensated absences represent the accumulated liability to be paid under the College's current vacation policy. Under the College's policy, employees accrue vacation on a bi-weekly basis at a rate that is dependent on the employee's pay class.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – Continued

Unrestricted Net Assets

As of June 30, 2007 and 2006, the College has designated the use of unrestricted net assets as follows:

	<u>2007</u>	<u>2006</u>
Designated for potential contingency in state appropriations	\$ 2,005,454	\$ 2,348,562
Designated for Corporate Service activities	531,816	293,769
Designated for property tax appeals	6,760,515	9,327,438
Designated for future capital outlay	13,367,346	10,065,584
Designated for funds functioning as endowments	3,649,952	3,172,692
Designated for College student loan program	298,314	284,538
Other designated fund activities	1,796,746	1,743,958
Unrestricted and unallocated	<u>5,096,189</u>	<u>4,453,914</u>
Total Unrestricted Net Assets	<u>\$33,506,332</u>	<u>\$ 31,690,455</u>

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The College considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The College considers all investments maturing within one year or less as of the balance sheet date to be short-term. The College's deposits and investments are included on the balance sheet at June 30, 2007 and 2006 under the following classifications:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 9,587,580	\$ 5,797,667
Short-term investments	19,575,273	19,226,890
Long-term investments	<u>16,216,019</u>	<u>11,784,776</u>
Total	<u>\$45,378,872</u>	<u>\$ 36,809,333</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

The amounts in the previous chart are classified in the following categories:

	2007	2006
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 18,887,187	\$ 16,566,360
Investments in securities and similar instruments	26,430,870	20,202,158
Petty cash and cash on hand	60,815	40,815
Total	\$ 45,378,872	\$ 36,809,333

Bank Deposits

The above deposits at June 30, 2007 and 2006 were reflected in the accounts of the bank (without recognition of checks written but not cleared, or of deposits in transit) at \$19,999,434 and \$17,727,425, respectively. Of these bank deposits, approximately \$706,000 and \$1,000,000, respectively, was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each financial institution within which it deposits College funds and assesses the level of risk of each. Only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Excluding Endowment Fund Investments

Credit Risk – Credit Risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. The College’s policy for reducing credit risk is to invest surplus funds, excluding Endowment Fund monies, in accordance with the provisions set forth in Michigan Public Act 331 of 1996, as amended through 1997. This Act allows the College to invest in: bonds, bills or notes of the United States or its agencies; obligations of the State of Michigan; corporate commercial paper rated prime by at least one of the standard rating services; bankers acceptances issued by and certificates of deposit of financial institutions which are members of the Federal Deposit Insurance Corporation; mutual funds and investment pools that are composed of authorized investment instruments; and certain repurchase agreements. The College does not have a formal investment policy further limiting its investment options. Endowment Fund investments are subject to a separate investment policy which is discussed in detail later in this footnote.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College does not have a formal policy limiting investment maturities; however, the College manages its exposure to interest rate risk by generally limiting investment maturities to less than three years.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

The following tables present the investments and maturities that the College held at June 30, 2007 and 2006, including commercial paper classified as cash equivalents and excluding the Endowment Fund investments:

Investment Type	S&P Quality Ratings	June 30, 2007	By Maturity		
		Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Certificates of Deposit	N/A	\$ 12,668,765	\$ 12,668,765	\$ -	\$ -
U.S. Agency Securities	AAA	3,989,800	-	3,989,800	-
Commercial Paper	A1+/P1, A1/P1	9,877,780	9,877,780	-	-
Total Investments		\$26,536,345	\$ 22,546,545	\$ 3,989,800	\$ -

Investment Type	S&P Quality Ratings	June 30, 2006	By Maturity		
		Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Certificates of Deposit	N/A	\$ 11,312,101	\$ 11,312,101	\$ -	\$ -
U.S. Agency Securities	AAA	6,935,502	4,966,900	-	1,968,602
Commercial Paper	A1+/P1	2,947,889	2,947,889	-	-
Total Investments		\$ 21,195,492	\$ 19,226,890	\$ -	\$ 1,968,602

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the organization’s investment in a single issuer. The College does not have a policy limiting the amount the College is allowed to invest in any one issuer; however, the College evaluates each issuer within which it invests College funds with and assesses the level of risk of each. The College invests with only those issuers with an acceptable estimated risk level.

The College’s investments at June 30, 2007 and 2006 were invested as follows, including commercial paper classified as cash equivalents and excluding the Endowment Fund investments:

Issuer	Investment Type	June 30, 2007		June 30, 2006	
		Fair Market Value	Percentage of Total	Fair Market Value	Percentage of Total
Federal Home Loan Bank	Bonds	\$ -	-	\$ 2,991,700	14%
Federal Home Loan Mortgage Corp.	Notes	1,994,200	7%	-	-
Federal National Mortgage Assn.	Notes	1,995,600	8%	3,943,802	18%
AIG Funding	Commercial Paper	990,424	4%	-	-
American Express Credit Corp.	Commercial Paper	1,988,723	7%	-	-
Citigroup Funding Inc.	Commercial Paper	-	-	992,689	5%
General Electric Capital Corporation	Commercial Paper	1,980,381	7%	977,553	5%
LaSalle Bank Corp.	Commercial Paper	990,424	4%	-	-
Prudential Funding LLC	Commercial Paper	980,526	4%	-	-
Toyota Motor Credit Corporation	Commercial Paper	2,947,302	11%	977,647	5%
Ann Arbor Commerce Bank	Certificate of Deposit	2,667,299	10%	1,582,010	7%
Capitol National Bank	Certificate of Deposit	-	-	1,049,616	5%
Citizen's Bank	Certificate of Deposit	-	-	2,000,000	9%
Comerica Bank	Certificate of Deposit	2,071,600	8%	-	-
Fifth Third Bank	Certificate of Deposit	3,117,410	12%	2,061,546	10%
Independent Bank	Certificate of Deposit	1,000,000	4%	1,000,000	5%
Wolverine Bank	Certificate of Deposit	3,812,456	14%	3,618,929	17%
Total Investments		<u>\$26,536,345</u>	<u>100%</u>	<u>\$ 21,195,492</u>	<u>100%</u>

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the College will not be able to recover the value of the investments that are in the possession of an outside party. The College does not have a formal policy addressing custodial credit risk; however, all of the College’s investments are issued in the name of the College. Custody of the College’s certificates of deposit remains with the financial institutions from which they were purchased, while the FNMA notes, FHLB bonds and commercial paper are held in safekeeping by National City Bank.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

Endowment Fund Investments

Credit Risk – The College has attempted to mitigate credit risk associated with Delta College Endowment Fund (The Fund) investments by contracting with Smith Barney (a division of Citigroup Global Markets Inc.) to manage the investments of The Fund. The College has established a formal investment and distribution policy that Smith Barney must adhere to in their management of the Endowment Fund. The investment and distribution policies of the Endowment Fund, as well as the investment returns, are established, monitored and evaluated by the College's Investment Advisory Committee, which reports directly to the Board of Trustees.

The Delta College Endowment Fund Investment and Distribution Policy limits investment of Endowment Fund monies to the following instruments: bonds, notes or treasury bills of the United States, or its agencies; investment grade corporate bonds; certificates of deposit of institutions which are members of the Federal Deposit Insurance Corporation; commercial paper rated prime by Moody's Investor Services and/or Standard & Poor's Corporation; certain bankers acceptances; convertible securities, bonds and preferred stocks; common stock traded on United States exchanges; foreign equity investments and American Depository Receipts (ADR's); and mutual funds. The following investments are prohibited: short sales, put and call options, margin purchases, commodities futures, direct investment in tangible assets, private placements, venture capital financing, and securities of the Investment Manager or its parent corporation including proprietary mutual funds.

Interest Rate Risk – In order to limit interest rate risk, the Endowment Fund investment policy stipulates various maturity limits. Commercial paper maturities may not exceed 270 days, bankers acceptances are limited to 180 day maturities, and the average weighted maturity of the fixed income portfolio shall fall within a range of 3-10 years.

Concentration of Credit Risk – The Delta College Endowment Fund Investment and Distribution Policy limits the investment in individual securities of any one issuer to 5% of the market value of the assets of The Fund, with a maximum of 15% invested in foreign equities and ADR's. The 5% limit does not apply to money market funds, mutual funds, or obligations of the United States federal government or its agencies. As of June 30, 2007 and 2006, the Endowment Fund did not hold any securities of any one issuer in excess of these limits.

Custodial Credit Risk – The Endowment Fund investment policy does not address the issue of custody. The Endowment Fund investments are held by Smith Barney as custodian, and are listed under the account name Delta College Endowment Fund. In the event that Smith Barney were to become insolvent, the account assets are protected by \$500,000 of coverage through the Securities Investor Protection Corporation (SIPC). Additionally, in the event of a forced liquidation of Citigroup Global Markets, Inc., losses in excess of those covered by SIPC, are covered by supplemental insurance protection subject to an aggregate loss limit of \$600 million maximum for the firm, with a \$1,900,000 cash limit per client. Smith Barney also carries insurance in excess of \$750 million to cover cash and securities held by their firm that may be deemed missing through theft, fire, employee dishonesty, or any unexplained disappearance.

Foreign Currency Risk – All foreign investments held by the Endowment Fund are in the form of ADR's and are denominated in U.S. currency.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

At June 30, 2007 the Endowment Fund had the following investments and maturities:

Investment Type	S&P Quality Ratings	Fair Market Value	By Maturity			
			Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate Bonds	AAA to A-	\$ 1,057,747	\$ 114,832	\$ 745,999	\$ 67,335	\$ 129,581
Corporate Convertible Bonds *	AAA to A-	879,755	-	123,200	-	756,555
	BBB+ to BBB-	655,830	-	104,788	99,720	451,322
International Convertible Bonds *	A+	94,401	-	-	-	94,401
	BBB to BBB-	130,800	-	-	-	130,800
Government Bonds	N/A	1,073,548	-	531,477	542,071	-
		3,892,081	\$ 114,832	\$ 1,505,464	\$ 709,126	\$ 1,562,659
Preferred Stock	N/A	457,143				
Equities	N/A	6,104,936				
Foreign Equities	N/A	1,772,059				
Total Investments		\$ 12,226,219				

* Due to the convertible feature of these investments, they are generally not held to maturity.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – Continued

At June 30, 2006 the Endowment Fund had the following investments and maturities:

Investment Type	S&P Quality Ratings	Fair Market Value	By Maturity			
			Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Corporate Bonds	AAA to A- BBB+	\$ 868,726	\$ 235,804	\$ 521,274	\$ 111,648	\$ -
Corporate Convertible Bonds *	AAA to A BBB+ to BBB-	94,778	-	-	-	94,778
International Convertible Bonds *	A+ BBB to BBB-	518,340	-	-	-	518,340
Government Bonds	N/A	527,308	-	-	-	527,308
		74,033	-	-	-	74,033
		236,712	-	-	-	236,712
		924,100	13,965	528,928	381,207	-
		<u>3,243,997</u>	<u>\$ 249,769</u>	<u>\$ 1,050,202</u>	<u>\$ 492,855</u>	<u>\$ 1,451,171</u>
Preferred Stock	N/A	480,108				
Equities	N/A	4,945,909				
Foreign Equities	N/A	<u>1,146,160</u>				
Total Investments		<u>\$ 9,816,174</u>				

* Due to the convertible feature of these investments, they are generally not held to maturity.

NOTE 3. PLEDGES RECEIVABLE

As of June 30, 2007 and 2006, donors to the College (including the Delta College Foundation) have made unconditional promises to give (pledges) approximating \$365,000 and \$1.4 million, respectively. Such pledges are discounted to their present value, assuming their respective terms, at applicable discount rates for total discounts at June 30, 2007 and 2006 of \$13,330 and \$72,364, respectively. Management has also established an allowance for uncollectible pledges in the amount of \$8,533 and \$39,821, respectively, as of June 30, 2007 and 2006. Pledges deemed uncollectible are charged against the allowance in the period that determination is made. At June 30, 2007 and 2006, the collection of pledges receivable, net of discount and allowance, are scheduled as follows:

	2007	2006
Less than one year	\$ 239,576	\$ 740,238
One to five years	<u>103,936</u>	<u>547,306</u>
Total	<u>\$ 343,512</u>	<u>\$ 1,287,544</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 4. CAPITAL ASSETS

The following tables present the changes in the various capital asset class categories for the years ended June 30, 2007 and 2006:

Year Ended June 30, 2007:

	<u>Estimated Useful Life</u>	<u>Beginning Balance</u>	<u>Additions/ Depreciation</u>	<u>Deletions</u>	<u>Ending Balance</u>
Depreciable Capital Assets:					
Buildings	40 years	\$ 99,343,932	\$ 405,950	\$ 25,189	\$ 99,724,693
Land improvements	20-40 years	3,808,229	15,065	-	3,823,294
Infrastructure	20-25 years	5,919,809	36,400	400	5,955,809
Furniture and equipment	5-20 years	11,259,613	653,484	449,098	11,463,999
Non-depreciable Capital Assets:					
Construction in progress		259,465	411,277	457,414	213,328
Land		1,351,560	-	-	1,351,560
Fine art collection		52,382	-	-	52,382
Total Capital Assets		121,994,990	1,522,176	932,101	122,585,065
Less Accumulated Depreciation:					
Buildings		20,347,535	2,446,894	7,163	22,787,266
Land improvements		1,285,753	153,533	-	1,439,286
Infrastructure		3,063,003	223,685	400	3,286,288
Furniture and equipment		7,855,230	627,915	442,200	8,040,945
Total Accumulated Depreciation		32,551,521	\$3,452,027	\$449,763	35,553,785
Capital Assets, Net		<u>\$ 89,443,469</u>			<u>\$ 87,031,280</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 4. CAPITAL ASSETS – Continued

Year Ended June 30, 2006:

	<u>Estimated Useful Life</u>	<u>Beginning Balance</u>	<u>Additions/ Depreciation</u>	<u>Deletions</u>	<u>Ending Balance</u>
Depreciable Capital Assets:					
Buildings	40 years	\$ 95,701,902	\$4,892,501	\$ 1,250,471	\$ 99,343,932
Land improvements	20-40 years	2,179,173	1,629,056	-	3,808,229
Infrastructure	20-25 years	4,888,892	1,030,917	-	5,919,809
Furniture and equipment	5-20 years	11,344,440	513,182	598,009	11,259,613
Non-depreciable Capital Assets:					
Construction in progress		3,354,801	4,457,138	7,552,474	259,465
Land		1,351,560	-	-	1,351,560
Fine art collection		41,500	10,882	-	52,382
Total Capital Assets		118,862,268	12,533,676	9,400,954	121,994,990
Less Accumulated Depreciation:					
Buildings		18,804,163	2,443,791	900,419	20,347,535
Land improvements		1,132,973	152,780	-	1,285,753
Infrastructure		2,841,139	221,864	-	3,063,003
Furniture and equipment		7,787,498	631,570	563,838	7,855,230
Total Accumulated Depreciation		30,565,773	\$ 3,450,005	\$1,464,257	32,551,521
Capital Assets, Net		<u>\$ 88,296,495</u>			<u>\$ 89,443,469</u>

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 5. RECOGNITION OF STATE APPROPRIATIONS

The College records revenue from state operating appropriations in accordance with the accounting method described in the annual funding bill passed by the State of Michigan (the State) legislation, which provides that state appropriations are recorded as revenue in the period for which they were appropriated. Accordingly, the College recognizes 100% of the state's fiscal year appropriations as revenue during the College's fiscal year. Also, since state appropriations are distributed over an 11-month period, October through August, the College records a receivable at June 30 each year for the subsequent payments received in July and August, and at June 30, 2006, the total accrued state appropriation receivable was \$2,348,562.

As of June 30, 2007, however, the College's year-end accrual reflected only the July 2007 payment of \$795,454. Although the State appropriated a total of \$13,309,200 for fiscal year 2006-2007 operations, Executive Order 2007-3 dated March 22, 2007 and Public Act 17 signed into law on June 6, 2007, respectively, reduced College appropriations by \$1,433,800 and \$605,000. Executive Order 2007-3 included a delay in the August 2007 payment of \$605,000 and a retirement rate reduction of \$828,800, and Public Act 17 delayed an additional \$605,000 from the August 2007 payment. Because there was no appropriated commitment by the State to honor the delayed August payment totaling \$1,210,000 for 2006-2007 operating purposes, the amount was not recognized as revenue or receivable at June 30, 2007. The retirement rate reduction of \$828,800 was also not recorded as state aid revenue as of June 30, 2007; rather it was credited to the College through a reduction in the required contributions to the Michigan Public School Employees' Retirement System for the 2006-2007 fiscal year and was recorded as a retirement expense reduction by the College for the year ended June 30, 2007.

Based on past experience, for each of the years ended June 30, 2007 and 2006, the College has designated a portion of its unrestricted net assets equal to the July and August payment amounts as estimates of the potential contingency in the event that the State were to change its method of distributing state appropriations that would cause the College to experience a permanent deferral or elimination of state appropriation revenue, as occurred during the 2006-2007 fiscal year.

NOTE 6. RETIREMENT PLANS

Defined Benefit Pension Plan – MPSERS

Plan Description – The majority of College employees participate in the Michigan Public School Employees' Retirement System (MPSERS), a statewide multiple employer cost-sharing defined benefit public school employee retirement system governed by the State of Michigan that provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPSERS provides two plans, the Basic Plan and the Member Investment Plan. An employee who participates in the Basic Plan may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service with a retirement benefit, payable monthly for life, equal to 1-1/2 percent of his or her final average compensation multiplied by the number of years of credited service. Final average compensation is the employee's highest total wages earned during a period of 60 consecutive calendar months.

An employee who participates in the Member Investment Plan (MIP) may retire at any age with 30 years of service, or at age 60 with 5 years of credited service, provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement allowance effective date, with a retirement benefit, payable monthly for life, equal to 1-1/2 percent of the participant's final average compensation multiplied by the number of years of credited service. Final average compensation is the employee's highest total wages earned during a period of 36 consecutive calendar months.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 6. RETIREMENT PLANS – Continued

Benefits under both plans, which are established by state statute, are fully vested upon reaching 10 years of service. Vested employees with less than 30 years of service may retire at age 55 under reduced benefits.

MPSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MPSERS at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy – Employer contributions to MPSERS result from the effects of implementing the School Finance Reform Act. Under these procedures, each College is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. For the year ended June 30, 2007, the College contributed a fixed rate of 16.34% of covered compensation for the months July through September and an effective rate of 14.17% for the remainder of the fiscal year. (The original contribution rate was set at 17.74% for the months October through June, but was reduced to the effective rate of 14.17% due to the retirement rate reduction of \$828,800 credited by the State in June 2007, as discussed in Note 5.) Basic plan members make no contributions, but MIP members contribute at rates ranging from 3.0% to 4.3% of covered compensation.

Post Retirement Benefits – Under the MPSERS Act, all retirees participating in MPSERS have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 0-20% of the monthly premium amount for the health, dental, and vision coverages. Required contributions for post-employment health care benefits are included as part of the College's total contribution to MPSERS as discussed above.

The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2004 through June 30, 2007.

	<u>2007</u>	Year Ended June 30, <u>2006</u>	<u>2005</u>
Funding percentage range	14.17%-16.34%	14.87%-16.34%	12.99%-14.87%
Total College payroll	\$38.4 million	\$39.2 million	\$37.5 million
MPSERS covered compensation	\$29.5 million	\$29.8 million	\$28.7 million
College contributions	\$4,300,000	\$4,759,000	\$4,132,000
Employee MIP contributions	\$718,000	\$701,000	\$640,000

Defined Contribution Plan – ORP

As an alternative pension option, the College offers all full-time faculty and full-time salaried administrative, professional and Corporate Services employees the opportunity to participate in an Optional Retirement Plan (ORP) administered by Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Upon eligibility to participate in the ORP, employees have 90 days in which to elect participation in either the ORP or the MPSERS plan. The election becomes irrevocable after the 90-day period.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 6. RETIREMENT PLANS – Continued

Funding for the plan consists entirely of employer contributions of 10% of each participating employee's includable compensation. Participants are immediately 100% vested in all ORP contributions. Participating employees elect their own allocation of contributions among the available investment vehicles offered by TIAA-CREF. ORP retirement benefits are based on the accumulation of contributions and the related investment income for each participant. Distribution of retirement benefits is available under the ORP when participants attain age 55.

During the years ended June 30, 2007 and 2006, compensation covered under the ORP approximated \$6,362,000 and \$6,399,000, respectively, resulting in contributions by the College of approximately \$636,000 and \$640,000.

NOTE 7. RISK MANAGEMENT

The College participates in the Michigan Community College Risk Management Authority (Authority) with other Michigan-based community colleges for claims relating to auto, property and liability. The Authority provides a risk pool program that operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts up to maximum coverage limits. The College pays an annual premium to the Authority and is responsible for a deductible and all costs, including damages, indemnification, and allocated loss adjustment expenses, for each claim that is within the College's Self-Insured Retention (SIR) limit. The College also participates in the stop loss provision of the plan, which is designed to limit the member's maximum cash payments during a July 1-June 30 year for costs falling within the College's SIR limit. Reinsurance is purchased by the Authority to further limit the risk of loss.

In addition, the College purchases commercial insurance for employee medical benefits and employee injuries (workers' compensation).

NOTE 8. CONTINGENT LIABILITIES

The College is aware of potential liabilities involving a large multi-year property tax appeal. A portion of the appeal was settled in July 2007 with payment required in September 2007 from the College in the amount of \$2,137,000, for which the College has accrued a liability payable as of June 30, 2007. If the remaining portion of this appeal is successful, the College will be required to repay an additional undeterminable amount of property taxes collected during the past seven years, plus statutory interest. Because the ultimate outcome of this appeal is unknown, the College has not recorded a liability in the accompanying financial statements, but as of June 30, 2007, has designated and set aside \$6,683,794 of its unrestricted net assets to cover any potential losses resulting from this appeal. Also, during the year ended June 30, 2007, another large multi-year property tax appeal was settled and the College repaid a total of \$1,671,000 upon settlement.

In the normal course of activities, the College is party to various legal actions. The College is of the opinion that the outcome of asserted claims outstanding will not have a material effect on the financial statements.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 9. OPERATING LEASE OBLIGATIONS

The College leases various training facilities and equipment under short-term operating leases, with total lease expense approximating \$224,000 and \$287,000, respectively, for the years ended June 30, 2007 and 2006. At June 30, 2007, the College has noncancellable future lease payments as follows:

<u>Payment Due</u>	<u>Amount</u>
Year Ending June 30, 2008	\$ 160,787
Year Ending June 30, 2009	<u>122,604</u>
Total	<u>\$ 283,391</u>

NOTE 10. CONTRACTUAL COMMITMENT

The College has outsourced the management and operational support of its information technology services. During the fiscal year ended June 30, 2007, the College renewed its contract with SunGard Higher Education for an additional seven-year term. The new contract period began on November 1, 2006. The current fee schedule calls for monthly payments of \$178,257 through October 2013, with a total contractual commitment of \$14,973,613.

NOTE 11. DELTA COLLEGE FOUNDATION

The Delta College Foundation (the Foundation) is an independent tax-exempt corporation formed for the purpose of receiving funds for the sole benefit of the College. Contributions received by the Foundation are transferred to the College to be used in the support of the College's educational programs. Such activities include contributing funds to the College's scholarship programs and endowment funds, supplementing or paying for professional development activities of the College's faculty and staff, and transferring donated equipment to the College to be used in general and occupational education programs. The College provides personnel support, supplies and equipment to the Foundation.

Based on the criteria set forth in GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, the Foundation is considered a component unit of Delta College. Accordingly, the activity and financial position of the Foundation have been blended with the College's in the accompanying financial statements.

At June 30, 2007 and 2006, the stated value of the net assets of the Foundation approximated \$971,000 and \$1,800,000, respectively, which included pledges receivable, net of an allowance for uncollectible pledges, of approximately \$276,000 and \$1,026,000, respectively. Grants and distributions to or on behalf of the College approximated \$2,271,000 and \$2,419,000, respectively, for the years ending June 30, 2007 and 2006.

The Delta College Foundation issues a financial report that includes financial statements and supplementary information. That report may be obtained by writing to Delta College Foundation at 1961 Delta Road, University Center, MI 48710.

NOTES TO FINANCIAL STATEMENTS - Continued
DELTA COLLEGE
JUNE 30, 2007

NOTE 12. ENDOWMENT SPENDING RATE POLICY

If a donor has not provided specific instructions, the Board of Trustees is authorized to spend the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is distributed is required to be spent for the purposes for which the endowment was established. Under the policy established by the Board, four percent of the previous five-year quarterly moving average market value of each individual endowment is authorized to be distributed annually, although actual distribution is limited to not decrease the individual endowment balances below that of the cumulative original value of the endowment contributions.

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
CONSOLIDATING BALANCE SHEET
DELTA COLLEGE
JUNE 30, 2007

	COMBINED TOTAL	ELIMINATION	GENERAL FUND	DESIGNATED FUND	AUXILIARY ACTIVITIES FUND	EXPENDABLE RESTRICTED FUND	STUDENT LOAN FUND	ENDOWMENT FUND	PLANT FUND	AGENCY FUND	FOUNDATION
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	\$ 9,587,580	\$ -	\$ 2,701,991	\$ 1,213,923	\$ 1,201,531	\$ 708,116	\$ 333,260	\$ 340,082	\$ 2,511,138	\$ 487,779	\$ 89,760
Short-term investments	19,575,273	-	5,095,356	5,970,069	-	-	-	-	7,899,733	-	610,115
Property taxes receivable	39,340	-	39,340	-	-	-	-	-	-	-	-
State appropriations receivable	795,454	-	795,454	-	-	-	-	-	-	-	-
Federal and state grants receivable	828,013	-	44,684	410,162	-	373,167	-	-	-	-	-
Accounts receivable	1,940,466	-	467,008	1,128,676	332,447	10,528	1,807	-	-	-	-
Pledges receivable	239,576	(67,620)	-	-	-	67,620	-	-	-	-	239,576
Inventories	898,532	-	165,008	-	733,524	-	-	-	-	-	-
Prepaid expenses and other assets	1,111,799	-	876,045	35,598	4,951	77,515	-	34,941	82,143	-	606
Due from (to) other funds	-	-	-	(64,086)	-	(35,914)	-	-	100,000	-	-
TOTAL CURRENT ASSETS	35,016,033	(67,620)	10,184,886	8,694,342	2,272,453	1,201,032	335,067	375,023	10,593,014	487,779	940,057
LONG-TERM INVESTMENTS	16,216,019	-	-	997,800	-	-	-	12,226,219	2,992,000	-	-
LONG-TERM PLEDGES RECEIVABLE	103,936	-	-	-	-	-	-	-	-	-	103,936
CAPITAL ASSETS											
Land and improvements	5,174,854	-	-	-	-	-	-	-	5,174,854	-	-
Infrastructure	5,955,809	-	-	-	-	-	-	-	5,955,809	-	-
Buildings	99,724,693	-	-	-	-	-	-	-	99,724,693	-	-
Furniture and Equipment	11,463,999	-	-	-	-	-	-	-	11,463,999	-	-
Fine Art collection	52,382	-	-	-	-	-	-	-	52,382	-	-
Construction in progress	213,328	-	-	-	-	-	-	-	213,328	-	-
Allowance for depreciation	(35,553,785)	-	-	-	-	-	-	-	(35,553,785)	-	-
TOTAL CAPITAL ASSETS	87,031,280	-	-	-	-	-	-	-	87,031,280	-	-
TOTAL ASSETS	\$ 138,367,268	\$ (67,620)	\$ 10,184,886	\$ 9,692,142	\$ 2,272,453	\$ 1,201,032	\$ 335,067	\$ 12,601,242	\$ 100,616,294	\$ 487,779	\$ 1,043,993
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts payable	\$ 3,699,861	\$ (67,620)	\$ 2,687,981	\$ 139,562	\$ 24,118	\$ 100,572	\$ 36,753	\$ -	\$ 217,668	\$ 487,779	\$ 73,048
Accrued payroll and other compensation	2,720,608	-	2,126,911	414,140	87,399	92,158	-	-	-	-	-
Unearned revenue	870,571	-	726,163	49,363	20,270	74,775	-	-	-	-	-
TOTAL CURRENT LIABILITIES	7,291,040	(67,620)	5,541,055	603,065	131,787	267,505	36,753	-	217,668	487,779	73,048
NET ASSETS											
Invested in capital assets	87,031,280	-	-	-	-	-	-	-	87,031,280	-	-
Restricted for:											
Nonexpendable endowments	9,107,776	-	-	-	-	-	-	8,951,290	-	-	156,486
Expendable scholarships and awards	600,857	-	-	-	-	483,876	-	-	-	-	116,981
Instructional department uses	401,527	-	-	-	-	118,067	-	-	-	-	283,460
Public broadcasting activities	169,041	-	-	-	-	169,041	-	-	-	-	-
Other restricted uses	259,415	-	-	-	-	177,694	-	-	-	-	81,721
Unrestricted (deficit)	33,506,332	-	4,643,831	9,089,077	2,140,666	(15,151)	298,314	3,649,952	13,367,346	-	332,297
TOTAL NET ASSETS	131,076,228	-	4,643,831	9,089,077	2,140,666	933,527	298,314	12,601,242	100,398,626	-	970,945
TOTAL LIABILITIES AND NET ASSETS	\$ 138,367,268	\$ (67,620)	\$ 10,184,886	\$ 9,692,142	\$ 2,272,453	\$ 1,201,032	\$ 335,067	\$ 12,601,242	\$ 100,616,294	\$ 487,779	\$ 1,043,993

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
CONSOLIDATING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	COMBINED TOTAL	ELIMINATION	GENERAL FUND	DESIGNATED FUND	AUXILIARY ACTIVITIES FUND	EXPENDABLE RESTRICTED FUND	STUDENT LOAN FUND	ENDOWMENT FUND	PLANT FUND	FOUNDATION
OPERATING REVENUE										
Tuition and fees, net of scholarship allowance of \$5,370,223 in 2007 and \$4,482,816 in 2006	\$ 20,725,692	\$ (5,370,223)	\$ 20,772,203	\$ 5,175,992	\$ -	\$ -	\$ -	\$ -	\$ 147,720	\$ -
Federal grants and contracts	11,106,536	-	18,400	-	-	11,088,136	-	-	-	-
State grants and contracts	958,014	-	-	-	-	958,014	-	-	-	-
Local and nongovernmental grants and contracts	823,008	-	-	-	-	823,008	-	-	-	-
Public broadcasting gifts	785,293	-	-	-	-	785,293	-	-	-	-
Auxiliary activities, net of scholarship allowance of \$1,245,830 in 2007 and \$1,055,994 in 2006	5,049,423	(1,245,830)	-	-	6,295,253	-	-	-	-	-
Current year expenditures for capital equipment and facility improvements	-	(1,064,762)	-	-	-	-	-	-	1,064,762	-
Miscellaneous	2,588,642	(5,686)	426,715	1,984,058	-	178,755	4,800	-	-	-
TOTAL OPERATING REVENUE	42,036,608	(7,686,501)	21,217,318	7,160,050	6,295,253	13,833,206	4,800	-	1,212,482	-
OPERATING EXPENSES										
Instruction	33,477,043	(313,037)	26,614,750	4,014,282	-	3,161,048	-	-	-	-
Public services	2,786,815	(46,421)	928,066	37,979	-	1,867,191	-	-	-	-
Instructional support	6,994,251	-	6,719,711	83,082	-	191,458	-	-	-	-
Student services	16,780,762	(6,635,124)	5,951,870	1,888,492	5,943,766	9,631,758	-	-	-	-
Institutional administration	7,208,630	(398,313)	6,103,783	1,078,508	-	-	-	-	417,063	7,589
Operation and maintenance of facilities	6,211,719	(287,920)	6,017,903	-	-	2,537	-	-	479,199	-
Depreciation expense	3,452,027	-	-	-	-	-	-	-	3,452,027	-
Fundraising expenses	21,945	-	-	-	-	-	-	-	-	21,945
Other expenses	1,435	(338,506)	-	-	-	-	1,435	338,506	-	-
TOTAL OPERATING EXPENSES	76,934,627	(8,019,321)	52,336,083	7,102,343	5,943,766	14,853,992	1,435	338,506	4,348,289	29,534
OPERATING INCOME (LOSS)	(34,898,019)	332,820	(31,118,765)	57,707	351,487	(1,020,786)	3,365	(338,506)	(3,135,807)	(29,534)
NONOPERATING REVENUE (EXPENSES)										
State appropriations	11,270,400	-	11,270,400	-	-	-	-	-	-	-
Property tax levy	23,472,467	-	23,472,467	-	-	-	-	-	-	-
Property tax appeal refund	(3,807,644)	-	(3,807,644)	-	-	-	-	-	-	-
Gifts	132,729	(2,193,303)	9,800	182,236	-	706,735	-	198,539	-	1,228,722
Special events, net of expenses of \$87,675 in 2007 and \$93,502 in 2006	163,421	-	-	-	-	-	-	-	-	163,421
Investment income, net of Endowment Fund investment expense of \$93,282 in 2007 and \$83,770 in 2006	3,124,055	(335,849)	795,695	530,122	-	215,497	10,411	1,306,919	522,068	79,192
Loss on disposition of capital assets	(19,238)	5,686	-	-	-	-	-	-	(24,924)	-
Foundation grants and distributions to or for Delta College	(77,265)	2,193,303	-	-	-	-	-	-	-	(2,270,568)
NET NONOPERATING REVENUE (EXPENSES)	34,258,925	(330,163)	31,740,718	712,358	-	922,232	10,411	1,505,458	497,144	(799,233)
NET INCOME (LOSS) BEFORE OTHER REVENUE	(639,094)	2,657	621,953	770,065	351,487	(98,554)	13,776	1,166,952	(2,638,663)	(828,767)
OTHER REVENUE										
Capital gifts and grants	10,096	-	-	-	-	10,096	-	-	-	-
Additions to permanent endowments	1,071,514	(2,657)	-	-	-	-	-	1,074,171	-	-
TOTAL OTHER REVENUE	1,081,610	(2,657)	-	-	-	10,096	-	1,074,171	-	-
INCREASE (DECREASE) IN NET ASSETS	442,516	-	621,953	770,065	351,487	(88,458)	13,776	2,241,123	(2,638,663)	(828,767)
TRANSFERS IN (OUT)	-	-	(466,832)	(3,046,153)	(217,495)	198,541	-	3,703	-	-
NET INCREASE (DECREASE) IN NET ASSETS	442,516	-	155,121	(2,276,088)	133,992	110,083	13,776	2,244,826	889,573	(828,767)
NET ASSETS - BEGINNING OF YEAR	130,633,712	-	4,488,710	11,365,165	2,006,674	823,444	284,538	10,356,416	99,509,053	1,799,712
NET ASSETS - END OF YEAR	\$ 131,076,228	\$ -	\$ 4,643,831	\$ 9,089,077	\$ 2,140,666	\$ 933,527	\$ 298,314	\$ 12,601,242	\$ 100,398,626	\$ 970,945

**SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
 DETAILS OF CERTAIN GENERAL FUND REVENUES
 DELTA COLLEGE
 YEAR ENDED JUNE 30, 2007**

TUITION AND FEES

Tuition	\$	16,902,805
Registration fees		738,565
Course and program fees:		
Excess contact hour fees		1,466,773
Technology fees		1,245,554
Welding, Nursing & Dental Hygiene program fees		99,354
Telecourse fees		21,378
Online course fees		<u>297,774</u>

TOTAL TUITION AND FEES \$ 20,772,203

MISCELLANEOUS REVENUE

Admission fees	\$	131,760
Collegiate ads		1,367
Credit by exam		9,398
Miscellaneous		87,519
Parking fines		8,073
Planetarium ticket sales		53,253
Rental of college facilities		58,612
Reserve parking		6,967
Testing		<u>69,766</u>

TOTAL MISCELLANEOUS REVENUE \$ 426,715

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF GENERAL FUND OPERATING EXPENSES
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	SALARIES	FRINGE BENEFITS	SUPPLIES & SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT & TRAVEL	TOTAL
INSTRUCTION						
Social Sciences	\$ 2,680,570	\$ 834,450	\$ 32,718	\$ -	\$ 28,000	\$ 3,575,738
Humanities	2,097,497	656,120	41,819	-	20,125	2,815,561
English	2,669,841	849,934	27,394	-	27,125	3,574,294
Mathematics & Computer Science	1,767,093	559,009	26,042	-	16,625	2,368,769
Sciences	2,936,061	856,654	96,459	-	26,228	3,915,402
Business & Information Technology	2,500,430	796,891	33,494	-	22,830	3,353,645
Health & Wellness	3,171,733	971,079	194,084	-	29,752	4,366,648
Technical Trades & Manufacturing	1,569,008	460,572	110,691	-	17,217	2,157,488
Instructional Equipment	-	-	487,205	-	-	487,205
TOTAL INSTRUCTION	19,392,233	5,984,709	1,049,906	-	187,902	26,614,750
PUBLIC SERVICES						
Television	294,776	108,949	34,076	-	-	437,801
Public Radio	53,817	24,863	-	-	-	78,680
Planetarium and Learning Center	178,895	66,338	54,698	15,130	3,159	318,220
Community Outreach	66,228	27,137	-	-	-	93,365
TOTAL PUBLIC SERVICES	593,716	227,287	88,774	15,130	3,159	928,066
INSTRUCTIONAL SUPPORT						
Office of Vice President of Instruction & Learning Services	161,630	54,170	8,567	-	6,354	230,721
Division Chairs	712,466	241,715	24,213	-	10,188	988,582
Academic Deans	415,722	142,583	25,588	-	15,074	598,967
Faculty Secretarial & Instructional Support	439,108	203,994	123,699	-	6,463	773,264
Instructional Support Information Technology	-	-	1,232,514	-	-	1,232,514
Computer & Multimedia Laboratories	145,141	12,041	44,517	-	-	201,699
Learning Resources Center	514,518	168,732	143,794	-	2,654	829,698
Teaching Learning Center	285,238	98,531	305	-	2,144	386,218
Academic Testing Center	51,187	10,176	230	-	-	61,593
Instructional Media Technology	95,817	26,627	30,589	-	-	153,033
Fitness & Aquatics Center Instructional Support	116,929	29,202	30,506	-	-	176,637
Midland Center Instructional Support	42,189	21,007	463	-	-	63,659
Teaching Enhancement Centers	188,870	77,304	37,008	-	22,913	326,095
Accreditation, Articulation & Assessment	114,281	34,115	17,568	-	28,981	194,945
Student Development Program	95,776	46,662	-	-	-	142,438
Honors Program	32,268	7,104	6,331	-	480	46,183
Possible Dream Program	42,596	13,836	456	-	118	57,006
Telelearning & Distance Learning	109,744	41,938	100,115	-	4,662	256,459
TOTAL INSTRUCTIONAL SUPPORT	3,563,480	1,229,737	1,826,463	-	100,031	6,719,711

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF GENERAL FUND OPERATING EXPENSES - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	SALARIES	FRINGE BENEFITS	SUPPLIES & SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT & TRAVEL	TOTAL
STUDENT SERVICES						
Office of Vice President of Student & Education Services	\$ 73,868	\$ 19,519	\$ 2,512	\$ -	\$ 4,734	\$ 100,633
Dean of Student & Educational Services	233,277	84,549	54,609	-	3,815	376,250
Student Services Support Information Technology	-	-	480,476	-	-	480,476
Admissions	363,920	175,525	66,848	-	6,123	612,416
Records & Registration	335,895	122,434	72,126	-	1,888	532,343
Guidance & Counseling	757,537	303,615	12,366	-	1,954	1,075,472
Financial Aid	468,090	195,607	22,333	-	3,354	689,384
Testing, Assessment & Retention	99,836	38,780	90,244	-	1,225	230,085
Student Activities	6,957	504	14,028	-	1,287	22,776
Career & Employment Services	183,655	85,059	15,740	-	737	285,191
Multicultural Services & Events	127,591	40,337	23,110	-	2,588	193,626
Marketing & Publications	-	-	568,867	-	527	569,394
Veteran Services	167	35	566	-	100	868
Student Newspaper	33,611	2,080	12,022	-	1,250	48,963
Disability Services	59,471	18,927	17,428	-	131	95,957
Commencement & Student Awards	-	-	14,014	-	-	14,014
Scholarships & Grants	-	-	260,455	-	-	260,455
Ricker Center	99,086	44,042	18,743	-	525	162,396
Intercollegiate Athletics	49,450	11,823	87,181	-	52,717	201,171
TOTAL STUDENT SERVICES	2,892,411	1,142,836	1,833,668	-	82,955	5,951,870

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF GENERAL FUND OPERATING EXPENSES - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	SALARIES	FRINGE BENEFITS	SUPPLIES & SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT & TRAVEL	TOTAL
INSTITUTIONAL ADMINISTRATION						
Board of Trustees	\$ -	\$ -	\$ 13,528	\$ -	\$ 16,674	\$ 30,202
Development Office	210,235	87,328	27,641	-	1,849	327,053
Affirmative Action	71,306	28,000	1,939	-	148	101,393
President's Office	237,944	74,293	52,044	-	15,311	379,592
Memberships	-	-	30,775	-	6,357	37,132
Miscellaneous	350	61,784	47,952	-	10,359	120,445
Strategic Planning	3,510	744	20,351	-	30,179	54,784
Legal, Audit & Consulting Services	-	-	97,878	-	-	97,878
Bank Fees & Collection Expenses	-	-	331,860	-	-	331,860
Insurance	-	61,655	407,204	-	-	468,859
Communications Technology	176,909	60,378	131,691	-	3,049	372,027
Business Services	233,594	97,444	14,992	-	1,148	347,178
Finance Office	585,320	234,065	51,935	-	6,765	878,085
Administrative Support Information Technology	30,734	8,432	713,569	17,069	1,132	770,936
Human Resources & Staff Recruitment	394,372	161,104	75,414	-	13,815	644,705
Senate	40,366	13,602	7,860	-	1,735	63,563
Post Office	59,305	27,711	6,869	-	-	93,885
Institutional Advancement	271,795	92,294	35,500	-	6,515	406,104
Administrative Services	332,092	101,608	11,067	-	1,611	446,378
Staff Training, Wellness & Professional Development	55,857	22,422	37,674	-	15,771	131,724
TOTAL INSTITUTIONAL ADMINISTRATION	2,703,689	1,132,864	2,117,743	17,069	132,418	6,103,783
OPERATION AND MAINTENANCE OF FACILITIES						
Public Safety	377,432	161,394	19,855	-	3,806	562,487
Facilities Management	508,027	179,472	649	-	6,367	694,515
Facility Operations	1,526,135	662,894	175,093	-	3,441	2,367,563
Utilities	-	-	1,765,588	-	-	1,765,588
Facility Maintenance & Improvements	-	-	318,011	22,062	-	340,073
Off-Campus Centers & President's House	-	-	287,677	-	-	287,677
TOTAL OPERATION AND MAINTENANCE OF FACILITIES	2,411,594	1,003,760	2,566,873	22,062	13,614	6,017,903
TOTAL GENERAL FUND OPERATING EXPENSES	\$ 31,557,123	\$ 10,721,193	\$ 9,483,427	\$ 54,261	\$ 520,079	\$ 52,336,083

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF DESIGNATED FUND
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	REVENUES					EXPENSES							NET INCREASE (DECREASE) IN NET ASSETS	NET ASSETS JUNE 30, 2007	
	NET ASSETS JULY 1, 2006	TUITION AND FEES	MISCELLANEOUS REVENUE	GIFTS	ENDOWMENT AND INVESTMENT INCOME	TOTAL REVENUE	SALARIES	FRINGE BENEFITS	SUPPLIES AND SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT AND TRAVEL	TOTAL EXPENSES			TRANSFERS IN(OUT)
INSTRUCTION															
Corporate Services	\$ 293,769	\$ 3,515,580	\$ -	\$ -	\$ -	\$ 3,515,580	\$ 1,533,584	\$ 516,709	\$ 1,226,396	\$ -	\$ 844	\$ 3,277,533	\$ -	\$ 238,047	\$ 531,816
Criminal Justice Training Programs	(370,694)	344,437	220	2,500	-	347,157	202,001	72,348	63,276	-	1,943	339,568	(1,075)	6,514	(364,180)
Workforce Development Center	22,779	319,942	-	-	-	319,942	223,107	62,091	91,368	-	2,488	379,054	57,864	(1,248)	21,531
Gifted and Fantastics Programs	-	25,320	-	-	-	25,320	6,349	1,587	10,191	-	-	18,127	-	7,193	7,193
TOTAL INSTRUCTION	(54,146)	4,205,279	220	2,500	-	4,207,999	1,965,041	652,735	1,391,231	-	5,275	4,014,282	56,789	250,506	196,360
PUBLIC SERVICES															
Global Awareness	2,252	-	-	2,305	1,274	3,579	-	-	1,809	-	-	1,809	-	1,770	4,022
Delta Productions	1,158	-	3,167	-	-	3,167	2,325	590	1,460	-	-	4,375	-	(1,208)	(50)
Young Author's Day	5,799	-	96	-	-	96	-	-	2,192	-	-	2,192	(3,703)	(5,799)	-
Telelearning Network	16,018	-	7,110	-	-	7,110	-	-	8,169	11,932	-	20,101	-	(12,991)	3,027
Sailing Program	(65,753)	6,821	-	-	874	7,695	3,648	279	5,575	-	-	9,502	-	(1,807)	(67,560)
TOTAL PUBLIC SERVICES	(40,526)	6,821	10,373	2,305	2,148	21,647	5,973	869	19,205	11,932	-	37,979	(3,703)	(20,035)	(60,561)
INSTRUCTIONAL SUPPORT															
College of Active Adults	2,247	-	-	-	-	-	-	-	-	-	-	-	-	-	2,247
President's Scholarship Program	276,689	-	-	-	18,313	18,313	-	-	-	-	-	-	-	18,313	295,002
President's Innovative Projects	11,746	-	-	-	-	-	-	-	300	-	10,398	10,698	25,000	14,302	26,048
Faculty & Instructional Development	60,308	-	69,470	1,000	-	70,470	840	164	27,768	-	31,524	60,296	-	10,174	70,482
International Activities	2,000	-	-	-	-	-	-	-	1,645	-	416	2,061	100	(1,961)	39
Library Resource Replacement	5,320	-	3,150	-	-	3,150	-	-	47	-	-	47	-	3,103	8,423
Photography Lab Printing	381	-	1,976	-	-	1,976	-	-	2,191	-	-	2,191	-	(215)	166
Art & Archive Projects	7,215	-	673	260	4,545	5,478	-	-	7,789	-	-	7,789	5,000	2,689	9,904
TOTAL INSTRUCTIONAL SUPPORT	365,906	-	75,269	1,260	22,858	99,387	840	164	39,740	-	42,338	83,082	30,100	46,405	412,311
STUDENT SERVICES															
Student Educational Initiatives	18,041	-	3,350	-	-	3,350	-	-	5,017	-	-	5,017	-	(1,667)	16,374
Social Science Olympics	3,011	-	-	-	-	-	-	-	800	-	-	800	-	(800)	2,211
Business Division Skill Day	-	-	518	-	-	518	-	-	-	-	-	-	-	518	518
Pioneer Athletic Fundraisers	3,455	-	35,609	10,987	-	46,596	-	-	31,832	-	4,546	36,378	(6,980)	3,238	6,693
Multicultural Events	1,324	-	2,450	-	-	2,450	-	-	1,292	-	-	1,292	-	1,158	2,482
Asset Group	37,063	-	267,766	-	-	267,766	-	-	266,816	-	-	266,816	-	950	38,013
Workstudy Co-op Programs	104,247	-	1,575,246	-	-	1,575,246	1,441,781	128,641	4,435	-	3,332	1,578,189	-	(2,943)	101,304
TOTAL STUDENT SERVICES	167,141	-	1,884,939	10,987	-	1,895,926	1,441,781	128,641	310,192	-	7,878	1,888,492	(6,980)	454	167,595
INSTITUTIONAL ADMINISTRATION															
Corporate Services Administration	-	963,892	-	460	-	964,352	528,513	150,934	176,974	-	2,495	858,916	(105,436)	-	-
Whiting Projects	56,918	-	-	-	43,246	43,246	-	-	44,539	-	450	44,989	-	(1,743)	55,175
UNUM Projects	573,632	-	-	-	11,870	11,870	-	-	-	-	-	-	-	11,870	585,502
Technology Improvements	49,367	-	-	-	-	-	-	-	-	-	-	-	-	-	49,367
Internet Access Technology	3,651	-	-	-	-	-	-	-	-	-	-	-	-	-	3,651
Administrative Projects	14,970	-	-	-	-	-	-	-	-	-	-	-	-	-	14,970
Administrative Cost Reserve	76,247	-	-	-	-	-	-	-	11	-	-	11	-	(11)	76,236
Administrative Reserve for Tax Appeals	9,327,438	-	-	-	450,000	450,000	-	-	-	-	-	-	(3,016,923)	(2,566,923)	6,760,515
Self Insurance	824,567	-	13,257	-	-	13,257	-	-	9,868	-	-	9,868	-	3,389	827,956
Gifts In Kind	-	-	-	164,724	-	164,724	-	-	137,724	-	27,000	164,724	-	-	-
TOTAL INSTITUTIONAL ADMINISTRATION	10,926,790	963,892	13,257	165,184	505,116	1,647,449	528,513	150,934	369,116	27,000	2,945	1,078,508	(3,122,359)	(2,553,418)	8,373,372
TOTAL DESIGNATED FUND	\$ 11,365,165	\$ 5,175,992	\$ 1,984,058	\$ 182,236	\$ 530,122	\$ 7,872,408	\$ 3,942,148	\$ 933,343	\$ 2,129,484	\$ 38,932	\$ 58,436	\$ 7,102,343	\$ (3,046,153)	\$ (2,276,088)	\$ 9,089,077

**SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
 DETAILS OF AUXILIARY ACTIVITIES FUND
 DELTA COLLEGE
 YEAR ENDED JUNE 30, 2007**

	NET ASSETS JULY 1, 2006	OPERATING REVENUES	EXPENSES				TOTAL EXPENSES	OPERATING INCOME (LOSS)	TRANSFERS IN(OUT)	NET ASSETS JUNE 30, 2007
			SALARIES	FRINGE BENEFITS	SUPPLIES AND SERVICES	CAPITAL EXPENSES				
AUXILIARY ACTIVITIES										
Bookstore	\$ 1,085,503	\$ 4,818,914	\$ 373,013	\$ 128,552	\$ 4,100,209	\$ -	\$ 4,601,774	\$ 217,140	\$ (217,000)	\$ 1,085,643
Food Services	107,799	953,216	388,052	141,950	414,710	-	944,712	8,504	-	116,303
Fitness & Recreation Center	155,835	428,144	205,495	57,673	72,897	-	336,065	92,079	(495)	247,419
Carlyon Farmhouse	4,782	364	-	-	-	-	-	364	-	5,146
Planetarium Gift Shop & Conference Services	(32,301)	42,798	9,588	1,320	27,079	-	37,987	4,811	-	(27,490)
Learning Resources Vending	5,812	6,227	-	-	6,275	-	6,275	(48)	-	5,764
TOTAL AUXILIARY ACTIVITIES	<u>1,327,430</u>	<u>6,249,663</u>	<u>\$ 976,148</u>	<u>\$ 329,495</u>	<u>\$ 4,621,170</u>	<u>\$ -</u>	<u>5,926,813</u>	<u>322,850</u>	<u>(217,495)</u>	<u>1,432,785</u>
INTERNAL SERVICE OPERATIONS										
Internal Service Operations	679,244	819,378	\$ 173,994	\$ 70,178	\$ 527,498	\$ 19,071	790,741	28,637	-	707,881
Elimination of Rebilled Charges	-	(773,788)	-	-	-	-	(773,788)	-	-	-
NET INTERNAL SERVICE OPERATIONS	<u>679,244</u>	<u>45,590</u>					<u>16,953</u>	<u>28,637</u>	<u>-</u>	<u>707,881</u>
TOTAL	<u>\$ 2,006,674</u>	<u>\$ 6,295,253</u>					<u>\$ 5,943,766</u>	<u>\$ 351,487</u>	<u>\$ (217,495)</u>	<u>\$ 2,140,666</u>

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF EXPENDABLE RESTRICTED FUND
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	REVENUES								EXPENSES								NET INCREASE (DECREASE) IN NET ASSETS	NET ASSETS JUNE 30, 2007
	NET ASSETS JULY 1, 2006	FEDERAL GRANTS AND CONTRACTS	STATE GRANTS AND CONTRACTS	LOCAL AND NONGOVERNMENTAL GRANTS AND CONTRACTS	MISCELLANEOUS REVENUE	GIFTS	ENDOWMENT AND INVESTMENT INCOME	TOTAL REVENUE	SALARIES	FRINGE BENEFITS	SUPPLIES AND SERVICES	CAPITAL EXPENDITURES	PROFESSIONAL DEVELOPMENT AND TRAVEL	TOTAL EXPENSES	TRANSFERS IN/(OUT)			
INSTRUCTION																		
Corporate Services Grants	\$ 60,816	\$ 1,720,661	\$ 433,823	\$ 84,298	\$ -	\$ 98,523	\$ 2,337,305	\$ 1,048,225	\$ 356,450	\$ 918,621	\$ -	\$ 10,739	\$ 2,334,035	\$ -	\$ 3,270	\$ 64,086		
Motorcycle Safety Training Programs	53,185	-	71,168	-	17,675	-	88,843	64,260	18,070	29,809	-	3,570	115,709	-	(26,866)	26,319		
Endowed Teaching Chair Program	26,620	-	-	-	-	2,558	14,900	3,250	730	4,642	-	5,236	13,858	-	1,042	27,662		
Criminal Justice Training Programs	(1,075)	-	20,458	-	12,980	-	33,438	12,986	4,627	15,825	-	-	33,438	1,075	1,075	-		
Technical Division Equipment Grant	-	168,654	-	-	-	-	168,654	-	-	17,606	151,048	-	168,654	-	-	-		
Solar Array Grant	-	50,000	-	-	-	-	50,000	-	-	-	145,420	-	145,420	95,420	-	-		
Perkins Voc Ed Grant - Instructional Equipment	-	349,934	-	-	-	-	349,934	-	-	333,365	16,569	-	349,934	-	-	-		
TOTAL INSTRUCTION	139,546	2,289,249	525,449	84,298	30,655	101,081	3,043,074	1,128,721	379,877	1,319,868	313,037	19,545	3,161,048	96,495	(21,479)	118,067		
PUBLIC SERVICE																		
Substance Abuse Grants	(26,692)	58,008	18,336	18,336	70	-	94,750	32,216	8,408	32,582	-	4,173	77,379	-	17,371	(9,321)		
Possible Dream Program	60,617	-	-	-	-	74,050	21,782	95,832	299	75	58,353	-	58,727	-	37,105	97,722		
MCC Venture Service Learning Grant	-	-	-	186	-	-	186	-	-	186	-	-	186	-	-	-		
Ogawkawing Mission Restoration Project	10,833	-	-	-	-	-	-	-	-	3,998	-	-	3,998	-	(3,998)	6,835		
Summer Enrichment Math Program	(5,830)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,830)		
SVRSI Wired Grant	-	4,295	-	-	-	-	4,295	-	-	4,295	-	-	4,295	-	-	-		
Tech Prep Grant	-	158,976	-	-	-	-	158,976	12,662	3,502	66,881	-	75,931	158,976	-	-	-		
Planetarium Be A Star	50,422	-	-	-	-	15,410	15,410	-	-	-	-	-	-	-	15,410	65,832		
Public Broadcasting - Television	54,550	-	-	677,633	138,719	579,488	6,768	1,402,608	383,514	140,702	781,690	13,770	1,333,549	-	69,059	123,609		
Public Broadcasting - Radio	45,617	-	-	-	9,311	215,901	5,512	230,724	92,325	37,482	91,529	5,589	230,081	(828)	(185)	45,432		
TOTAL PUBLIC SERVICE	189,517	221,279	18,336	696,155	148,100	869,439	2,002,781	521,016	190,169	1,039,514	19,359	97,133	1,867,191	(828)	134,762	324,279		
INSTRUCTIONAL SUPPORT																		
Water Treatment Instruction Development	4,569	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,569		
MEATA Spring Conference Grant	-	4,600	-	-	-	-	4,600	-	-	3,287	-	1,313	4,600	-	-	-		
Career Clusters Grant	-	1,479	-	-	-	-	1,479	814	484	47	-	134	1,479	-	-	-		
Fast Track Grants	-	8,188	-	-	-	-	8,188	-	-	-	-	8,188	8,188	-	-	-		
Perkins Voc Ed Grant - Professional & Curriculum Dev	-	177,191	-	-	-	-	177,191	100,847	45,200	19,989	-	11,155	177,191	-	-	-		
TOTAL INSTRUCTIONAL SUPPORT	4,569	191,458	-	-	-	-	191,458	101,661	45,684	23,323	-	20,790	191,458	-	-	4,569		
STUDENT SERVICES																		
Perkins Voc Ed Grant - Special Populations	-	207,769	-	-	-	-	207,769	178,716	52,173	20,735	-	1,027	252,651	44,882	-	-		
Career Transitions Grant	-	4,190	-	-	-	-	4,190	2,692	522	976	-	-	4,190	-	-	-		
MICUP/MTU Partnership Grant	-	-	7,315	-	-	-	7,315	3,893	1,359	-	-	2,063	7,315	-	-	-		
Michigan Adult Part Time Grants	-	-	32,050	-	-	-	32,050	-	-	32,050	-	-	32,050	-	-	-		
Michigan Educational Opportunity Grants	-	-	54,159	-	-	-	54,159	-	-	54,159	-	-	54,159	-	-	-		
Michigan Workstudy Grants	-	-	129,945	-	-	-	129,945	162,431	-	-	-	-	162,431	32,486	-	-		
Michigan Nursing Board Scholarships Grant	-	-	104,000	-	-	-	104,000	-	-	104,000	-	-	104,000	-	-	-		
Academic Competitiveness Grants	-	26,800	-	-	-	-	26,800	-	-	26,800	-	-	26,800	-	-	-		
Pell Grants	-	7,524,313	-	-	-	-	7,524,313	-	-	7,524,313	-	-	7,524,313	-	-	-		
Supplemental Educational Opportunity Grant	-	344,777	-	-	-	-	344,777	-	-	344,777	-	-	344,777	-	-	-		
Federal Workstudy Grant	-	248,850	-	-	-	-	248,850	279,242	-	30,689	-	-	309,931	61,081	-	-		
Job Locator and Development Grant	-	29,451	-	-	-	-	29,451	21,308	8,143	-	-	-	29,451	-	-	-		
Federal Workstudy Off-Campus	-	-	-	42,555	-	-	42,555	-	-	-	-	-	-	(42,555)	-	-		
At Risk Grants	-	-	85,605	-	-	-	85,605	65,152	20,453	-	-	-	85,605	-	-	-		
Scholarships & Awards	485,694	-	-	-	-	531,604	153,683	685,287	4,300	328	-	-	694,085	6,980	(1,818)	483,876		
TOTAL STUDENT SERVICES	485,694	8,386,150	413,074	42,555	-	531,604	9,527,066	717,734	82,978	8,827,956	-	3,090	9,631,758	102,874	(1,818)	483,876		
OPERATION AND MAINTENANCE OF FACILITIES																		
Michigan Justice Training Grant	4,118	-	1,155	-	-	-	1,155	-	-	245	-	2,292	2,537	-	(1,382)	2,736		
TOTAL OPERATION AND MAINTENANCE OF FACILITIES	4,118	-	1,155	-	-	-	1,155	-	-	245	-	2,292	2,537	-	(1,382)	2,736		
TOTAL EXPENDABLE RESTRICTED FUND	\$ 823,444	\$ 11,088,136	\$ 958,014	\$ 823,008	\$ 178,755	\$ 1,502,124	\$ 14,765,534	\$ 2,469,132	\$ 698,708	\$ 11,210,906	\$ 332,396	\$ 142,850	\$ 14,853,992	\$ 198,541	\$ 110,083	\$ 933,527		

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF ENDOWMENT FUND
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	NET ASSETS JULY 1, 2006	GIFTS	INTEREST & DIVIDENDS	NET GAIN ON INVESTMENTS	DISTRIBUTIONS	INVESTMENT FEES	NET ASSETS JUNE 30, 2007
ENDOWMENT FUNDS							
Margaret Adams Scholarship	\$ 9,577	\$ -	\$ 229	\$ 1,000	\$ (362)	\$ (82)	\$ 10,362
Athletic Scholarship	254,412	20,373	6,093	26,581	(7,458)	(2,192)	297,809
M. Seth Babcock Scholarship	14,473	-	347	1,511	(546)	(125)	15,660
Mary Ann (McGregor) Badour Scholarship	30,746	-	736	3,212	(924)	(265)	33,505
James & Joy Baker Scholarship	29,215	155	701	3,058	(929)	(252)	31,948
Ormond Barstow/Ludo Frevel Scholarly Award for Scholarly Achievement	26,933	-	645	2,813	(1,007)	(232)	29,152
Bay City Central Class of '41 Scholarship	47,791	5,200	1,147	5,002	(1,731)	(412)	56,997
Elzie & Muriel Beaver Scholarship	115,639	-	2,769	12,079	(4,355)	(996)	125,136
Leonard & Esther Bergstein Scholarship	19,670	-	471	2,055	(742)	(169)	21,285
Darrell R. Berry Scholarship	20,796	-	498	2,173	(785)	(179)	22,503
Alfred J. Bladecki Scholarship	9,070	-	217	947	(341)	(78)	9,815
Martin & Emma Block Scholarships	364,151	-	8,718	38,035	(3,642)	(3,136)	404,126
Peter and Barbra Boyse Program	17,132	2,040	430	1,866	(316)	(153)	20,999
Peter D. Boyse President's Scholar Program	770,422	710,931	29,710	119,411	(18,313)	(9,633)	1,602,528
Business Division Scholarship	130,851	-	3,133	13,667	(4,938)	(1,127)	141,586
Carlyon Farmhouse Maintenance	181,643	-	4,349	18,971	(5,944)	(1,564)	197,455
Donald & Betty Carlyon Scholarship	87,337	220	2,095	9,137	(3,023)	(753)	95,013
Donald & Betty Carlyon Endowed Teaching Chair	169,365	6,234	4,133	17,948	(6,234)	(1,479)	189,967
DeeMona Chatman Scholarship	17,149	-	411	1,791	(659)	(148)	18,544
William R. Collings Award for Outstanding Service & Academic Achievement	29,756	-	712	3,108	(596)	(256)	32,724
Lynn Conway Athletic Scholarship	15,411	200	372	1,620	(543)	(134)	16,926
Gilbert A. Currie Estate Student Loans	275,742	-	6,602	28,800	(10,411)	(2,375)	298,358
Delta Deltah's Scholarship	5,202	-	125	543	(196)	(45)	5,629
Delta College Employee-Sponsored Scholarship	101,387	175	2,427	10,590	(3,783)	(873)	109,923
Delta College Planetarium Fund	446,641	8,850	10,858	47,368	(15,410)	(3,897)	494,410
Robert DeVinney Endowed Teaching Chair	115,436	500	2,772	12,082	(4,000)	(996)	125,794
Dixon Family Scholarship	52,134	-	1,248	5,446	(2,043)	(449)	56,336
Herbert Doan Scholarship	8,063	-	193	841	(304)	(69)	8,724
B. Joe & Margery (Knepp) Dodson Scholarship	16,988	-	407	1,774	(663)	(146)	18,360
Frances Dolinski Scholarship	19,148	2,500	497	2,129	(693)	(175)	23,406
Henry Dolinski Scholarship	21,176	5,000	585	2,470	(742)	(203)	28,286
Dr. Louis W. Doll & Patricia Drury Scholarship	35,733	100	857	3,737	(1,339)	(308)	38,780
Dow Chemical Company Michigan Operations Award for Physical Science	20,000	-	479	2,088	(200)	(172)	22,195
Herbert H. & Barbara C. Dow Fund	38,420	-	920	4,014	(1,451)	(331)	41,572
Jerry & Terry Drake Scholarship & Broadcasting Program Support	178,045	7,980	4,285	18,694	(3,345)	(1,540)	204,119
Draper Family Scholarship	13,513	-	324	1,410	(510)	(116)	14,621
Gene R. Duckworth Scholarship	26,958	-	645	2,815	(1,018)	(232)	29,168
Fred E. Dulmage Award for Engineering & Technology	13,613	5,514	326	1,421	(514)	(117)	20,243
Eldon Enger & Fred Ross Scholarship	17,204	-	412	1,797	(658)	(148)	18,607
English Division Guest Lecturer	-	20,000	-	-	-	-	20,000
James E. & Leanne Lutz Erickson Scholarship	17,479	-	418	1,826	(636)	(151)	18,936
Faculty Executive Committee Award	4,537	-	109	474	(171)	(39)	4,910
Arthur J. & Bette L. Fisher Scholarship	213,351	-	5,108	22,284	(6,113)	(1,837)	232,793
Peter & Suzanne Frantz Award for Art	-	20,975	324	1,072	-	(84)	22,287
Dr. John & Joanne Fuller Scholarship	21,161	-	507	2,210	(758)	(182)	22,938
David R. Gamez Scholarship	-	39,361	372	1,557	-	(80)	41,210
Gerace Construction Scholarship	108,891	-	2,607	11,374	(3,955)	(938)	117,979
Gerity Broadcasting Company Scholarship	95,985	-	2,298	10,025	(3,624)	(827)	103,857
Gerstacker Faculty Recognition Award	23,750	-	569	2,482	(873)	(205)	25,723
Global Education Program	33,767	-	808	3,529	(1,274)	(291)	36,539

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF ENDOWMENT FUND - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	NET ASSETS JULY 1, 2006	GIFTS	INTEREST & DIVIDENDS	NET GAIN ON INVESTMENTS	DISTRIBUTIONS	INVESTMENT FEES	NET ASSETS JUNE 30, 2007
ENDOWMENT FUNDS - Continued							
Robert M. Gohlke Scholarship	\$ 28,725	\$ -	\$ 688	\$ 3,000	\$ (1,083)	\$ (247)	\$ 31,083
Gougeon Brothers, Inc. Award for Applied Industrial/Technical	-	20,000	-	-	-	-	20,000
Russell B. & Grace H. Green Scholarship	35,234	-	844	3,679	(1,277)	(303)	38,177
Priscilla Bogi Guritza Memorial Scholarship	22,379	-	536	2,338	(845)	(193)	24,215
Beki Gray Hadley Scholarship	34,712	-	831	3,627	(1,290)	(299)	37,581
Sarah Hansen Scholarship	9,043	200	218	953	(332)	(78)	10,004
Harry Hawkins Scholarship	15,151	-	363	1,581	(554)	(130)	16,411
Robert & Joyce Hetzler Family Award for Outstanding Service & Leadership	-	20,344	317	1,047	-	(84)	21,624
Hilde & Walter Heyman Scholarship	16,138	-	386	1,686	(590)	(139)	17,481
Ada E. Hobbs Scholarship	11,378	-	272	1,189	(430)	(98)	12,311
Home Builders Association of Bay, Midland & Saginaw Counties	17,288	-	414	1,806	(591)	(149)	18,768
Honors Student Scholarship	75,601	-	1,810	7,897	(2,869)	(651)	81,788
James R. & Anita H. Jenkins Family Scholarship	24,836	-	595	2,594	(858)	(214)	26,953
Phyllis E. Jones Memorial Scholarship	17,190	-	412	1,795	(625)	(148)	18,624
S. Preston & Dr. Betty B. Jones Scholarship	61,761	5,390	1,562	6,729	(1,615)	(554)	73,273
Dan E. Karn Memorial Scholarship	3,861	-	92	403	(146)	(33)	4,177
Kaufmann Family Scholarship	16,253	-	389	1,698	(591)	(140)	17,609
Robert F. Keicher Memorial Scholarship	17,654	373	428	1,870	(515)	(154)	19,656
Dale & Alma Keyser Scholarship	19,379	1,500	490	2,120	(642)	(174)	22,673
Walter J. & Sophia M. Kilar Scholarship	21,927	-	525	2,292	(828)	(189)	23,727
International Order of King's Daughters & Sons Scholarship	25,244	-	604	2,638	(953)	(217)	27,316
Oscar W. Kloha Scholarship	36,548	-	875	3,818	(1,380)	(315)	39,546
Robert I. & Marjorie H. Knepp Scholarship	82,399	12,217	2,163	9,235	(2,190)	(759)	103,065
W.R. & Edith Knepp Scholarship	206,559	-	4,945	21,576	(7,799)	(1,779)	223,502
W.R. Knepp, Jr. Scholarship	156,340	-	3,743	16,330	(5,903)	(1,346)	169,164
Daniel P. Kubiak Scholarship	17,132	-	410	1,791	(625)	(148)	18,560
Gary Laatsch Scholarship	32,963	150	792	3,450	(1,237)	(284)	35,834
Jack LaBreck Scholarship	5,627	-	135	586	(212)	(48)	6,088
Dr. Thomas H. Lane & Janis E. Landry-Lane Scholarship	25,663	17,500	835	3,625	(863)	(278)	46,482
Edward & Kathryn (Dunn) Langenburg Award for Education	-	20,293	238	786	-	(62)	21,255
Thomas & Rose Mary Laur Scholarship	31,254	-	748	3,265	(1,137)	(269)	33,861
Leo & Evelyn Levy Scholarship	17,135	-	410	1,791	(623)	(148)	18,565
Edward & Kathleen Lunt Scholarship	83,333	15,100	2,229	9,476	(1,752)	(779)	107,607
Karen MacArthur Endowed Teaching Chair	-	62,893	-	-	-	-	62,893
Thomas & Brenda Mahar Scholarship	20,961	-	502	2,189	(750)	(181)	22,721
Margaret McAlear Scholarship	31,388	50	751	3,280	(945)	(270)	34,254
James R. McIntyre Award for Health Sciences	15,823	5,000	379	1,652	(620)	(136)	22,098
Aceie & Thelma Micho Scholarship	32,471	-	777	3,393	(1,264)	(280)	35,097
Rhea Miller Scholarship	38,006	-	910	3,971	(1,389)	(327)	41,171
Richard & Gloria Miller Scholarship	18,436	750	450	1,959	(653)	(161)	20,781
Monitor Sugar Scholarship	16,253	-	389	1,698	(591)	(140)	17,609
Morley Foundation Award for Business Management	23,535	-	563	2,457	(889)	(203)	25,463
Wendell & Ethel Mullison Scholarship	22,861	-	547	2,389	(863)	(197)	24,737
W. Brock Neely Scholarship	-	18,186	270	905	-	(69)	19,292
William H. "Buddy" Oates Scholarship	27,652	-	662	2,888	(1,044)	(238)	29,920
Oscar P. & Louise H. Osthelder Scholarship	79,776	-	1,910	8,333	(3,012)	(687)	86,320
Jesse J. Oswald Scholarship	18,273	3,000	478	2,052	(672)	(168)	22,963
Otto C. Pressprich Fund	95,985	-	2,298	10,025	(3,624)	(827)	103,857
Cecelia Randall Scholarship	19,823	-	475	2,070	(749)	(171)	21,448
Skip Renker Award for Creative Writing	15,943	260	385	1,678	(635)	(138)	17,493
Renee Rookard Scholarship	65,309	130	1,565	6,828	(2,330)	(563)	70,939

SUPPLEMENTAL SCHEDULE OF OTHER FINANCIAL INFORMATION
DETAILS OF ENDOWMENT FUND - Continued
DELTA COLLEGE
YEAR ENDED JUNE 30, 2007

	NET ASSETS JULY 1, 2006	GIFTS	INTEREST & DIVIDENDS	NET GAIN ON INVESTMENTS	DISTRIBUTIONS	INVESTMENT FEES	NET ASSETS JUNE 30, 2007
ENDOWMENT FUNDS - Continued							
Harold & Norine Rupp Scholarship	\$ 16,040	\$ -	\$ 384	\$ 1,675	\$ (626)	\$ (138)	\$ 17,335
Saginaw County Child Development Centers Program	13,619	-	326	1,421	(493)	(117)	14,756
Saginaw Valley Manufacturing Technology Scholarship	30,278	-	725	3,163	(1,101)	(261)	32,804
Cliff & Grace Saladine Scholarship	23,970	-	574	2,504	(905)	(206)	25,937
Gene F. Shrum and Dee Dee (Shrum) Wacksman Scholarship	15,000	-	359	1,567	(150)	(129)	16,647
Van Dewitt & Ruth Simmons Scholarship	150,054	-	3,593	15,673	(5,664)	(1,292)	162,364
John M. Smith & William Wolgast Family Softball Scholarship	18,146	-	434	1,895	(692)	(156)	19,627
Paul Sowatsky Scholarship/Award	25,842	-	619	2,700	(976)	(223)	27,962
James Stark Scholarship	3,270	-	78	341	(123)	(28)	3,538
Eileen & Hugh Starks Scholarship	22,352	3,000	576	2,477	(769)	(203)	27,433
Sturm Family Broadcast Programming Fund	157,104	-	3,761	16,411	(5,932)	(1,353)	169,991
SunGard Higher Education Endowed Teaching Chair	118,407	-	2,835	12,368	(3,342)	(1,020)	129,248
Julius & Irene Sutto Award for Life Sciences	-	15,000	142	593	-	(30)	15,705
Paul & Margaret Thompson Scholarship	27,026	-	647	2,822	(985)	(233)	29,277
Margaret Timm Award for English	21,179	-	507	2,211	(663)	(182)	23,052
Ken & "Miss Mona" White Scholarship	18,782	230	453	1,975	(691)	(163)	20,586
Lola Bishop Whitney Award for Foreign Language	101,770	-	2,437	10,629	(3,777)	(876)	110,183
Alice & Jack Wirt Scholarship	186,278	-	4,460	19,456	(6,462)	(1,604)	202,128
Teresa Plackowski-Witucki Scholarship	16,200	-	388	1,693	(631)	(140)	17,510
Wolverine Bank Scholarship	31,405	-	752	3,280	(1,147)	(270)	34,020
Alton, Sr., Alma & Alton, Jr. Zucker Scholarship	71,751	-	1,718	7,495	(2,709)	(618)	77,637
Melvin & Hilda Zuehlke Scholarship and Special Needs Assistance Fund	118,186	-	2,830	12,344	(4,571)	(1,018)	127,771
TOTAL ENDOWMENT FUNDS	7,183,724	1,077,874	186,206	799,968	(230,866)	(65,616)	8,951,290
FUNDS FUNCTIONING AS ENDOWMENTS							
Peter and Barbra Boyse Program	108,579	100,000	2,600	11,340	(4,229)	(935)	217,355
Coca-Cola Scholarship	52,406	-	1,255	5,473	(1,877)	(451)	56,806
Delta College Public Radio Fund (Quasi)	48,853	-	1,170	5,103	(1,780)	(421)	52,925
Delta College Foundation Fund	881,402	-	21,102	92,063	(32,926)	(7,591)	954,050
Delta College Foundation Student Scholarships	117,794	915	2,820	12,304	(4,029)	(1,014)	128,790
Delta College Endowed Teaching Chair Challenge Grant Fund	84,511	-	2,023	8,827	-	(728)	94,633
Delta College Public TV Fund (Quasi)	7,278	37,564	920	3,984	(73)	(289)	49,384
Alden B. Dow Fund	45,743	-	1,095	4,779	(1,727)	(394)	49,496
Laughner Award	9,767	6,000	234	1,020	(369)	(84)	16,568
Possible Dream Program	764,992	54,060	18,846	82,079	(21,782)	(6,704)	891,491
Sailing School Program	23,863	-	571	2,494	(874)	(206)	25,848
UNUM Projects	314,374	-	7,527	32,837	(11,870)	(2,707)	340,161
Macaulay & Helen Whiting Fund	713,130	-	17,074	74,487	(26,104)	(6,142)	772,445
TOTAL FUNDS FUNCTIONING AS ENDOWMENTS	3,172,692	198,539	77,237	336,790	(107,640)	(27,666)	3,649,952
TOTAL	\$ 10,356,416	\$ 1,276,413	\$ 263,443	\$ 1,136,758	\$ (338,506)	\$ (93,282)	\$ 12,601,242



Delta College

Delta College
University Center

ENTITY IDENTIFICATION

No.: 1-38-603-4011-A1

Office of Management and Budget
Circular A-133 Reports for the
Year Ended June 30, 2007

Delta College

Federal Awards
Supplemental Information

Year ended June 30, 2007

Delta College
Federal Awards
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Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Delta College
University Center, Michigan

We have audited the financial statements of Delta College as of and for the year ended June 30, 2007, and have issued our report thereon dated October 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Delta College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Delta College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delta College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Andrews Hooper & Pavlik P.L.C.

October 24, 2007
Saginaw, Michigan



ANDREWS HOOPER & PAVLIK P.L.C.
Certified Public Accountants

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133

Board of Trustees
Delta College
University Center, Michigan

Compliance

We have audited the compliance of Delta College (College) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion Delta College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Delta College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and

material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the College's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Delta College as of and for the year ended June 30, 2007 and have issued our report thereon dated October 24, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Andrews Hooper & Paulik P.L.C.

Saginaw, Michigan
October 24, 2007

Delta College
Schedule of Expenditures of Federal Awards
Year ended June 30, 2007

Federal Agency/Pass-Through Agency/Program Title	Federal CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures	State Expenditures	Total Expenditures
Student Financial Assistance Cluster (Note 2)						
U.S. Department of Education - Direct Programs						
Federal Supplemental Educational						
Opportunity Grants Program (Note 4)	84.007	P007A061993	\$ 375,000	\$ 321,966	-	\$ 321,966
Federal Work-Study Program & America Reads Program (2006-2007) (Note 4)	84.033	P033A061993	310,000	277,672	-	277,672
Federal Pell Grant Program (2006-2007)	84.063	P063P061628	7,518,148	7,518,148	-	7,518,148
Academic Competitiveness Grant (ACG)	84.375	P375A061628	26,900	26,900	-	26,900
Total Student Financial Assistance Cluster			8,230,048	8,144,686	-	8,144,686
WIA Cluster						
U.S. Department of Labor - Workforce Investment Act						
(passed through Michigan Department of Labor & Economic Growth, then through Saginaw/Midland/Bay Counties Michigan Works! Administration, and then through the County of Saginaw)						
Workforce Investment Act - Adult	17.258	67435-96724-07	291,666	265,590	-	265,590
Workforce Investment Act - Adult	17.258	67450-96724-07	47,453	47,453	-	47,453
Workforce Investment Act - Dislocated Worker	17.260	67437-96724-07	249,082	225,758	-	225,758
			588,201	538,801	-	538,801
U.S. Department of Labor - Workforce Investment Act						
(passed through Michigan Department of Labor & Economic Growth)						
Workforce Investment Act - Career Clusters Implementation Grant	17.267	650W04-CC-1	27,300	1,479	-	1,479
Total WIA Cluster			615,501	540,280	-	540,280
Employment Services Cluster						
U.S. Department of Labor						
(passed through Michigan Department of Labor & Economic Growth, then through Saginaw/Midland/Bay Counties Michigan Works! Administration, and then through the County of Saginaw)						
Wagner-Peyser - Employment Services	17.207	67428-96724-07	574,549	541,914	-	541,914
Total Employment Services Cluster			574,549	541,914	-	541,914
Total Clusters			9,420,098	9,226,880	-	9,226,880
Other Federal Awards						
U.S. Department of Education						
(passed through the State of Michigan Department of Labor & Economic Growth)						
Vocational Education - Basic Grants to States						
Regional Allocation (2006-2007)	84.048	073510/70214	734,894	734,894	-	734,894
Local Administration (2007)	84.048	073250/70254	18,400	18,400	-	18,400
Professional Development	84.048	073290/70294	8,351	8,188	-	8,188
MEATA 2007 Spring Conference	84.048	073270/70275	5,000	4,600	-	4,600
Career Program Transition Grant	84.048	063490/7029CT4	6,000	4,190	-	4,190
Total Vocational Education - Basic Grants to States			772,645	770,272	-	770,272

See notes to Schedule of Expenditures of Federal Awards.

Delta College

Schedule of Expenditures of Federal Awards (continued)

Federal Agency/Pass-Through Agency/Program Title	Federal CFDA Number	Pass-Through Entity Project/Grant Number	Award Amount	Federal Expenditures	State Expenditures	Total Expenditures
U.S. Department of Education (passed through the State of Michigan Department of Labor & Economic Growth) Tech Prep Education	84.243	073540/7014-8	\$ 158,976	\$ 158,976	-	\$ 158,976
U.S. Department of Education Equipment & Technology Grant for Delta College's Technical Trades and Manufacturing Complex	84.116Z	P116Z050296	198,400	168,654	-	168,654
Total U.S. Department of Education			1,130,021	1,097,902	-	1,097,902
U.S. Small Business Administration (passed through Michigan Small Business & Technology Development Center, then through Grand Valley State University) Michigan Small Business & Technology Development Center	59.037	6-603001-Z-0023-06	141,704	71,826	-	71,826
Michigan Small Business & Technology Development Center	59.037	7-603001-Z-0023-07	190,000	90,299	-	90,299
Total U.S. Small Business Administration			331,704	162,125	-	162,125
U.S. Department of Health & Human Services (passed through Michigan Department of Community Health and Saginaw County Department of Public Health) Block Grant for Prevention and Treatment of Substance Abuse						
10/1/05 - 9/30/06 (Note 5)	93.959	License # 090038	84,000	19,728	\$ 13,152	32,880
10/1/06 - 9/30/07 (Note 5)	93.959	License # 090038	77,680	35,280	23,520	58,800
Total Block Grant for Prevention and Treatment of Substance Abuse			161,680	55,008	36,672	91,680
U.S. Department of Health & Human Services (passed through Michigan Department of Community Health and Saginaw County Department of Public Health) Drug-Free Communities Support Program Grants						
Mentor Training Program:						
10/1/05 - 9/30/06	93.276	License # 090038	5,000	1,200	-	1,200
10/1/06 - 9/30/07	93.276	License # 090038	1,800	1,800	-	1,800
Total Drug-Free Communities Support Program Grants			6,800	3,000	-	3,000
Total U.S. Department of Health & Human Services			168,480	58,008	36,672	94,680
U.S. Department of Energy (passed through the State of Michigan Department of Labor and Economic Growth Energy Office) Solar Array Grant	81.041	PLA-06-68	50,000	50,000	-	50,000
Total U.S. Department of Energy			50,000	50,000	-	50,000

See notes to Schedule of Expenditures of Federal Awards.

Delta College

Schedule of Expenditures of Federal Awards (continued)

<u>Federal Agency/Pass-Through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Project/Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Total Expenditures</u>
U.S. Department of Labor (passed through Saginaw Valley State University) WIRED Grant	17.261	61-7295-308	\$ 245,223	\$ 87,018	-	\$ 87,018
U.S. Department of Labor (passed through Saginaw/Midland/Bay Counties Michigan Works! Administration, and then through the County of Saginaw) H-1B Technical Skills Training Grant	17.261	67447-96724-04	<u>2,934,000</u>	<u>361,790</u>	-	<u>361,790</u>
Total U.S. Department of Labor			3,179,223	448,808	-	448,808
U.S. Department of Housing and Urban Development (passed through Huron County Economic Development Corp.) Community Development Block Grant Lapeer Metal Stamping (CDBG)	14.228	MSC204004-EDIG	<u>75,000</u>	<u>33,308</u>	-	<u>33,308</u>
Total U.S. Department of Housing and Urban Development			<u>75,000</u>	<u>33,308</u>	-	<u>33,308</u>
Total Other Federal Awards			<u>4,934,428</u>	<u>1,850,151</u>	<u>\$ 36,672</u>	<u>1,886,823</u>
Total Expenditures of Federal Awards			<u>\$14,354,526</u>	<u>\$ 11,077,031</u>	<u>\$ 36,672</u>	<u>\$ 11,113,703</u>
Stub period for July 1, 2005 through June 30, 2006 Student Financial Assistance Cluster U.S. Department of Education - Direct Programs Federal Pell Grant Program (2005-2006)	84.063	P063P051628	<u>\$ 6,960,542</u>	<u>\$ (607)</u>	<u>\$ -</u>	<u>\$ (607)</u>

See Notes to Schedule of Expenditures of Federal Awards.

Delta College

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Delta College (the "College") and is presented on the accrual basis of accounting which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

Summary of Noncash Assistance

The grantee received the following noncash assistance during the year ended June 30, 2007 that is not included on the schedule of expenditures of federal awards:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Amount</u>
Student Financial Assistance Cluster		
Federal Family Education Loans:	84.032	
Stafford subsidized		\$2,669,697
Stafford unsubsidized		2,218,961
Plus Loans		<u>39,792</u>
Total Federal Family Education Loans		<u>\$4,928,450</u>

Note 3. Grant Section Auditor's Report

Management has utilized Form R-7120 in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Delta College

Notes to Schedule of Expenditures of Federal Awards (continued)

Note 4. Student Financial Aid

As allowable and in accordance with federal regulation issued by the U.S. Department of Education, the College is carrying forward \$31,000 of its 2006-2007 Federal Work Study (84.033) Program award to the 2007-2008 award year. Also, the College carried forward \$28,705 of the 2006-2007 Federal Supplemental Education Opportunity Grant (84.007) to the 2007-2008 award year. The College received \$30,060 as an administrative cost allowance for Federal Work Study Program.

Note 5. Substance Abuse Grant Reporting Requirements

The State of Michigan Department of Community Health (the "State") requires that certain schedules be presented in reports related to audits of substance abuse grants. The following schedule of Center for Substance Abuse Services ("CSAS") budgeted, reported, and actual amounts required by the State of Michigan Department of Community Health is presented for two substance abuse grants received by the College. Both grants are fixed unit rate contracts, whereby the amount of funds received is fixed based on number of procedures performed and also limited to a certain dollar amount in total.

CSAS funding includes Local Alcohol Tax Funds at a rate of approximately 20 percent and the expenditure of such funds is included within the state expenditures column on the accompanying schedule of expenditures of federal awards.

For the award period October 1, 2005 to September 30, 2006, the budgeted, reported, and actual units provided for from July 1, 2006 through September 30, 2006, were as follows:

	Prevention Education Activities
Contract rate	\$ 80
CSAS recorded units of service:	
Units recorded by Delta College	411
Units audited	411
Variance between recorded and audited	-
Amount requested per audit	\$32,880
Maximum amount of fixed unit rate revenues	32,880
Variance	-

Delta College

Notes to Schedule of Expenditures of Federal Awards (continued)

Note 5. Substance Abuse Grant Reporting Requirements (continued)

Following is a summary of the budgeted, reported, and audited amounts related to the above units of service:

	<u>Budgeted</u>	<u>Reported Amount</u>			<u>Amount Subjected Auditing to Procedures</u>	<u>Variance</u>
	<u>October 1, 2005 to September 30, 2006</u>	<u>October 1, 2005 to June 30, 2006</u>	<u>July 1, 2006 To September 30, 2006</u>	<u>Total</u>		
Maximum amount of fixed unit rate revenues	\$ 84,000	\$ 51,120	\$32,880	\$ 84,000	\$ 84,000	—
Less non-MDCH/CSAS revenues:						
Fees and collections	—	—	—	—	—	—
Local	(16,800)	(10,224)	(6,576)	(16,800)	(16,800)	—
Fixed unit rate revenues billable to MDCH/CSAS	<u>\$ 67,200</u>	<u>\$ 40,896</u>	<u>\$26,304</u>	<u>\$ 67,200</u>	<u>\$ 67,200</u>	<u>—</u>
Source of MDCH/CSAS revenues:						
Federal	\$ 50,400	\$ 30,672	\$19,728	\$ 50,400	\$ 50,400	—
State	16,800	10,224	6,576	16,800	16,800	—
Total	<u>\$ 67,200</u>	<u>\$ 40,896</u>	<u>\$26,304</u>	<u>\$ 67,200</u>	<u>\$ 67,200</u>	<u>—</u>

For the period October 1, 2006 to June 30, 2007, the budgeted, reported, and actual units provided were as follows:

	<u>Prevention Education Activities</u>
Contract rate	<u>\$ 80</u>
CSAS recorded units of service:	
Units recorded by Delta College	735
Units audited	<u>735</u>
Variance between recorded and audited	<u>—</u>
Amount requested per audit	\$58,800
Maximum amount of fixed unit rate revenues	<u>58,800</u>
Variance	<u>—</u>

Delta College

Notes to Schedule of Expenditures of Federal Awards (continued)

Note 5. Substance Abuse Grant Reporting Requirements (continued)

Following is a summary of the budgeted, reported, and audited amounts related to the above units of service:

	<u>Budgeted</u>	<u>Reported Amount</u>		<u>Variance</u>
	<u>October 1, 2006 to June 30, 2007</u>	<u>October 1, 2006 to June 30, 2007</u>	<u>Amount Subjected Auditing to Procedures</u>	
Maximum amount of fixed unit rate revenues	\$ 77,680	\$ 58,800	\$ 58,800	-
Less non-MDCH/CSAS revenues:				
Fees and collections	-	-	-	-
Local	(15,536)	(11,760)	(11,760)	-
Fixed unit rate revenues billable to MDCH/CSAS	<u>\$ 62,144</u>	<u>\$ 47,040</u>	<u>\$ 47,040</u>	<u>-</u>
Source of MDCH/CSAS revenues:				
Federal	\$ 46,608	\$ 35,280	\$ 35,280	-
State	15,536	11,760	11,760	-
Total	<u>\$ 62,144</u>	<u>\$ 47,040</u>	<u>\$ 47,040</u>	<u>-</u>

Delta College

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weakness?	<u> </u> Yes	<u> X </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major programs:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weakness?	<u> </u> Yes	<u> X </u> None reported	

Type of auditor’s report issued on compliance for major programs:	<u>Unqualified</u>
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs:	<u>Name of Cluster and Federal Programs</u>
<u>CFDA Number</u>	
84.007	Student Financial Assistance Cluster: Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program & American Reads Program
84.032	Federal Family Education Loans
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grant
84.048	Vocational Education – Basic Grants to States
17.261	H-1B Technical Skills Training Grant

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$332,293</u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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Delta College

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Delta College

Summary Schedule of Prior Audit Findings

Year ended June 30, 2007

No matters were reported.



ANDREWS HOOPER & PAVLIK P.L.C.
Certified Public Accountants

Board of Trustees
Delta College
University Center, Michigan

We have audited the financial statements of Delta College as of and for the year ended June 30, 2007, and have issued our report thereon dated October 24, 2007.

In planning and performing our audit of the financial statements of the College as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Saginaw, Michigan
October 24, 2007

Andrews Hooper & Pavlik P.L.C.