

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject

Date


Financial Reports (October 2018)

November 27, 2018

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for October 2018 as follows:
General Fund, Deferred Maintenance Fund, Capital Fund, and Combined Schedule of
Investments-All Funds.

Prepared by: William Johnson
Title: CFO and Vice President of Finance

Recommended by: 
Rose B. Bellanca, President

Financial Narrative

October 2018

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2018-19, the four months ended October 31, 2018.

Revenue

As of October 31, 2018, Total Revenues were \$65.8 million; Total Expenditures and Operating Transfers were \$36.9 million. Revenues in total are ahead of the expected budget for the first four months by approximately \$580,000.

Fall Tuition revenue of \$12.1 million is just slightly below the budgeted revenue. Overall, slightly lower enrollment and credit hours (down by 0.1%) have been nearly offset by increased Out of District enrollments, which yield a higher tuition rate. Revenue from Student Fees is down slightly due to a lower level of Contact Hour fees as compared to last year.

State Aid revenue reflects an accrual for four months' of the annual appropriation for the fiscal year, along with a partial payment of approximately \$364,000 from the Local Community Stabilization Authority (LCSA), (the make whole mechanism for lost personal property tax revenue). The State has indicated that the remaining LCSA payment, now expected in May 2019, will be between 100% and 134% of the initial payment, which will leave us in range of our budget of approximately \$800,000.

Receipts for Local Government Taxes are \$41.8 million through October, which represents 79.0 percent of the total budgeted revenue from property taxes. This is ahead of the expected collections through the first four months and is a positive indication that we will likely exceed the budgeted amount of tax revenue for the year.

Expenditures

Total Expenditures through October 31, 2018, represent 32 percent of the budgeted expenditures for the fiscal year. Overall expenditures are right on pace with what was expected through the first third of the year, with small positive personnel-related variances related to vacancies in part-time positions offsetting some negative timing variances in non-personnel spending. For the year, vacancies in full-time positions were budgeted to provide savings of approximately \$2 million, based on an average of 20-25 vacant positions per month. Actual vacancies averaged just above 20 per month for the first four months of the year, on target with the budget. As the year progresses, the various divisions will show a positive variance to budget and the General Administrative category, which holds the budgeted vacancy savings, will reflect an over-budget condition.

Washtenaw Community College
Revenues and Expenditures - General Fund
Statement as of October 31, 2018

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,125,248	12,125,248	12,095,536	(29,712)
Tuition Winter	11,294,472	-	-	-
Tuition Spring	4,887,996	1,613,039	1,656,550	43,511
Student Fees	4,985,000	2,151,310	2,122,396	(28,914)
Total Tuition and Fees	<u>33,292,716</u>	<u>15,889,597</u>	<u>15,874,482</u>	<u>(15,115)</u>
Local Property Taxes	52,900,000	41,383,231	41,778,649	395,418
State Appropriations	14,696,374	4,953,160	4,956,681	3,521
Trade Partnerships	3,773,072	1,827,957	1,840,931	12,974
Investment Income	825,000	275,000	333,710	58,710
Other	1,835,364	550,738	556,584	5,846
Auxiliary Activities	1,218,650	287,590	409,944	122,355
Total Revenue	108,541,176	65,167,272	65,750,980	583,708
EXPENDITURES				
Humanities & Social Sciences	11,770,381	3,703,699	3,715,636	(11,937)
Math, Science & Engineering Technologies	8,726,871	2,741,279	2,811,534	(70,255)
Health Sciences	5,685,926	1,769,997	1,796,669	(26,672)
Business & Computer Technologies	7,182,590	2,229,949	2,326,130	(96,181)
Advanced Technologies & Public Service Careers	7,275,484	2,319,979	2,235,775	84,204
Continuing Education	596,556	163,776	202,865	(39,089)
Distance Learning	1,886,517	617,240	620,453	(3,214)
Instructional Support	14,037,500	5,242,334	5,120,434	121,900
Total Instruction	<u>57,161,825</u>	<u>18,788,251</u>	<u>18,829,496</u>	<u>(41,245)</u>
Student Services	8,899,245	2,726,153	2,586,255	139,899
Scholarships	1,668,520	711,498	687,061	24,436
Executive Management	2,137,464	684,361	708,702	(24,341)
General Admin - Institutional Services	7,623,326	2,352,324	2,690,863	(338,539)
MIS/Computer Services	8,104,195	2,933,034	2,803,413	129,621
Public Relations Development	3,139,150	837,400	814,722	22,678
Community Services	2,435,272	782,129	741,802	40,327
Physical Plant Operations	10,922,089	3,142,198	3,091,185	51,014
Utilities	2,089,700	594,962	599,139	(4,177)
Equipment	1,938,515	707,086	675,192	31,894
Total Non-Instruction	<u>48,957,476</u>	<u>15,471,145</u>	<u>15,398,333</u>	<u>72,812</u>
Total Expenditures	106,119,301	34,259,397	34,227,829	31,567
OPERATING TRANSFERS				
Repair & Maintenance	750,000	750,000	750,000	-
Debt Retirement	1,221,875	175,938	175,938	-
Health & Fitness Center	(1,750,000)	(437,500)	(437,500)	-
Deferred Maintenance	2,000,000	2,000,000	2,000,000	-
Furniture	200,000	200,000	200,000	-
Total Operating Transfers	2,421,875	2,688,438	2,688,438	-
Total Expenditures and Operating Transfers	108,541,176	36,947,835	36,916,267	31,567
Operating Revenue Over Expenditures & Transfers	-	28,219,438	28,834,713	615,276
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(124,910)	(124,910)
Total Revenue over Expenditures & Transfers	-	28,219,438	28,709,803	490,366

Capital Fund
Project Summary
October 31, 2018

Project Category	Budget	Actuals	Commitment	Balance
Revenues				
State Appropriation CC - STEP Equipment	4,516,749	4,516,749	-	0
General Fund	6,055,178	6,055,178	-	0
Misc. Revenue		11,167		11,167
Total Revenues	\$ 10,571,927	10,583,094	-	11,167
Construction/Repair Projects				
Storage Receiving Building				
Renovations:				
SRB Addition	1,830,000	1,828,220	-	1,780
Total Storage Receiving Building	\$ 1,830,000	\$ 1,828,220	\$ -	1,780
Campus Wide				
System Improvements:				
Classroom & Lab access Control	570,802	561,385	2,623	6,794
CC - STEP Equipment	7,627,434	7,504,061	-	123,373
Campus Security System Upgrades	318,691	317,647	-	1,044
Campus Data Storage Upgrades	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,607,173	\$ 2,623	132,131
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,435,393	\$ 2,623	133,911
Revenue Over (Under) Expenditures		\$ 147,701		

**Washtenaw Community College
Deferred Maintenance Fund
October 31, 2018**

Five Year Priority List at inception of fund - September 2012	12,570,900
New projects identified - 2015	5,420,000
Additional Projects undertaken (not on above lists)	4,827,971
Adjustments to budgets of started or completed projects	4,326,152
Projects funded through other budgeted sources	(821,900)
Deferred Maintenance requirement 2012-2022	<u>26,323,123</u>

Since inception of fund:

General Fund Transfers	17,300,000
Completed projects	(9,533,909)
Projects in process	(6,031,099)
Uncommitted Fund Balance	<u>1,734,992</u>

Completed Projects:

	Final Cost
Projects completed in prior years	9,533,909
Total Completed	<u>9,533,909</u>

Projects in Process or scheduled to begin:

	Allocated Budget
GMB Carpet/Flooring Replacement	174,222
EC Heating Pumps Replacement	432,827
EC - Upgrade 13,200 v main campus fed with a power line conditioning system	60,000
CLASB Humidification Boiler Replacement	260,000
Maintenance Garage replace oil separator/sanitation line	120,000
BEB Fan Coil Units	615,000
GMB Penthouse replace main building transformers	150,000
EC Boiler Control & Valve Repl	75,000
Siemens Temp.control Panel Upgrade	130,000
Replace Bus Loop	350,000
Campus-Concrete sidewalk replacement and GL-Correct curb height	102,000
THFC Pool Filtration Piping & HX Rep	60,000
HFC Hot Water System	375,000
FEB-Roof Replacement	60,000
ML-Boiler Replacment	556,075
ML-Firing Range AHU Replacement	693,975
GL-Handicap ramp replacement	100,000
EC-Replace campus cooling tower with stainless steel unit	800,000
FEB-Upgrade & Replace Lighting	75,000
LA-Replace Chemistry Hoods	700,000
Total of other projects < \$50,000 each	142,000
Total in Process	<u>6,031,099</u>

Additional projects pending for next twelve months

	Expected Budget
CAMPUS-Flooring Replacement (Based upon assessment)	100,000
GL-Northeast wall waterproofing & draintile	62,000
HFC-The lap pool and therapy pool floor and walls need to be replaced	200,000
LA-Corridor Tile Flooring Replacement 2nd Floor	110,000
LA-Exploratory roof or air intake on the southeast side to the CLASB Addition	60,000
ML-Replace seminar room walls	300,000
Total of other projects < \$50,000 each	330,000
Total Pending	<u>1,162,000</u>



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
October 31, 2018**

Washtenaw Community College
4800 East Huron River Drive
Ann Arbor, MI 48105
(734)973-3300

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C 360 Equiv.	YTM/C 365 Equiv.
Federal Agency Coupon Securities	7,000,000.00	6,753,490.00	6,988,394.57	26.83%	2,478	1496	2.110	2.139
Treasury Coupon Securities	2,000,000.00	1,991,600.00	1,994,322.04	7.66%	372	149	2.070	2.098
Miscellaneous Coupon Securities	4,000,000.00	3,837,640.00	4,009,649.00	15.39%	2,505	1833	2.114	2.144
Municipal Bonds	13,000,000.00	12,805,455.00	13,058,836.11	50.13%	2,180	1147	2.395	2.428
	26,000,000.00	25,388,185.00	26,051,201.72	100.00%	2,172	1,270	2.250	2.282

Investments	Month Ending 10/31/2018	Fiscal Year 2018 - 2019 To Date	Month Ending 10/31/17	Fiscal Year 2017 - 2018 To Date
Total Earnings				
Current Year	49,883.51	199,386.66	47,360.53	184,783.74
Average Monthly Balance - Long Term Invested Balance		26,049,117.42		25,571,436.36
Effective Rate of Return - Long Term Invested Balance		2.30%		2.17%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 10/31/2018	2.49%	2.69%	2.98%	3.15%	3.30%

Reporting period 10/01/2018-10/31/2018