

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject

Date

Financial Reports (April 2018)

May 22, 2018

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for April 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, Esq.
Rose B. Bellanca, President

Financial Narrative

April 2018

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2017-18, the ten months ended April 30, 2018. Both the Annual Budget and YTD Budget figures included in the Revenue and Expenditures – General Fund report reflect the revised 2018 budget approved by the Board of Trustees at their meeting on March 27, 2018.

Revenue

As of April 30, 2018, Total Revenues were \$102.1 million; Total Expenditures and Operating Transfers were \$87.1 million. Revenues in total are ahead of the expected budget for the first ten months of the year by approximately \$715,000.

Spring Tuition revenue is ahead of the year-to-date budget by over \$230,000 with both headcount and credit hour enrollments ahead of the pace of last year. The Spring Tuition revenue amount includes 65% of the tuition revenue billed through April for the upcoming Spring/Summer term (an estimate of what will be earned in this fiscal year), along with \$1.5 million of tuition revenue that was earned for the prior 2017 Spring/Summer term.

State Aid revenue reflects ten months of the annual appropriation for the new fiscal year, along with some additional revenue specifically appropriated to offset increases in the cost of the MPSERS pension plan. The total impact of this additional appropriation is unknown at this time, but as of the end of April, the College had received approximately \$170,000 of additional appropriations to offset pension costs.

Receipts for Local Government Taxes through April are \$50.5 million, or 98.3% of the total budget. At this point in the year, the various taxing jurisdictions are completing their final reconciliations and handling over their delinquent accounts to the County. We expect to receive that final payment from the County by early June.

Expenditures

Total Expenditures through April 30, 2018, represent 81 percent of the budgeted expenditures for the fiscal year. Overall expenditures are slightly lower than what was expected through the first ten months of the year, resulting in a small positive variance of approximately \$150,000.

Direct expenditures are approximately \$400,000 better than budget, offset by a \$250,000 negative variance in personnel expenditures. We believe these variances are timing differences, and we are on track to meet the revised budget goal.

The General Administrative category absorbed the vast majority of the revised budget adjustments. As a result, this category shows a large negative variance, which balances the positive variances in the other areas throughout the College. The negative variance in the Health Sciences Division is a result of strong enrollments driving additional instructional costs.

Washtenaw Community College
Revenues and Expenditures - General Fund
Statement as of April 30, 2018

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,100,000	12,100,000	12,095,332	(4,668)
Tuition Winter	11,300,000	11,300,000	11,248,706	(51,294)
Tuition Spring	4,752,069	4,475,837	4,712,455	236,618
Student Fees	4,260,000	4,234,259	4,313,812	79,553
Total Tuition and Fees	<u>32,412,069</u>	<u>32,110,096</u>	<u>32,370,305</u>	<u>260,209</u>
Local Property Taxes	51,400,000	50,441,135	50,510,187	69,052
State Appropriations	14,558,874	12,286,974	12,458,830	171,856
Trade Partnerships	3,711,702	3,456,313	3,504,792	48,479
Investment Income	786,500	655,417	688,107	32,690
Other	1,764,825	1,452,780	1,585,701	132,921
Auxiliary Activities	1,226,650	1,021,681	1,021,298	(383)
Total Revenue	105,860,620	101,424,396	102,139,222	714,825
EXPENDITURES				
Humanities & Social Sciences	11,747,560	9,796,815	9,638,538	158,277
Math, Science & Engineering Technologies	8,897,370	7,366,533	7,281,592	84,941
Health Sciences	5,315,587	4,461,056	4,809,535	(348,479)
Business & Computer Technologies	7,047,770	5,892,327	5,871,881	20,446
Advanced Technologies & Public Service Careers	7,159,664	5,922,994	5,440,658	482,336
Continuing Education	641,662	499,506	395,738	103,769
Distance Learning	1,835,766	1,423,853	1,437,523	(13,671)
Instructional Support	13,384,961	11,167,605	10,150,829	1,016,777
Total Instruction	<u>56,030,340</u>	<u>46,530,689</u>	<u>45,026,294</u>	<u>1,504,395</u>
Student Services	8,916,142	7,276,480	6,424,507	851,973
Scholarships	1,558,402	1,411,854	1,298,277	113,577
Executive Management	2,103,303	1,682,556	1,529,858	152,697
General Admin - Institutional Services	2,879,550	2,604,780	6,551,826	(3,947,046)
MIS/Computer Services	7,838,644	5,645,547	5,426,833	218,714
Public Relations Development	3,525,438	2,645,183	2,174,144	471,039
Community Services	2,024,898	1,636,872	1,579,134	57,738
Physical Plant Operations	10,439,378	8,569,808	7,813,178	756,630
Utilities	2,103,493	1,747,861	1,706,281	41,581
Equipment	1,561,015	905,817	978,467	(72,650)
Total Non-Instruction	<u>42,950,263</u>	<u>34,126,757</u>	<u>35,482,504</u>	<u>(1,355,747)</u>
Total Expenditures	98,980,603	80,657,446	80,508,798	148,648
OPERATING TRANSFERS				
Repair & Maintenance	1,500,000	1,500,000	1,500,000	-
Debt Retirement	1,927,475	1,927,475	1,927,475	-
Health & Fitness Center	(2,025,000)	(1,606,250)	(1,606,250)	-
Deferred Maintenance	4,500,000	4,500,000	4,500,000	-
Furniture	250,000	250,000	250,000	-
Total Operating Transfers	6,152,475	6,571,225	6,571,225	-
Total Expenditures and Operating Transfers	105,133,078	87,228,671	87,080,023	148,648
Operating Revenue Over Expenditures & Transfers	727,542	14,195,726	15,059,199	863,473
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(331,730)	(331,730)
Total Revenue over Expenditures & Transfers	727,542	14,195,726	14,727,469	531,743

**Capital Fund
Project Summary
April 30, 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		10,767		10,767
Total Revenues	\$ 10,571,927	10,582,694	-	10,767
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	552,785	6,041	11,976
CC - STEP Equipment	7,627,434	7,504,061	0	123,373
Campus Security System Upgrades	318,691	226,839	90,601	1,251
Campus Data Storage Upgrades	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,507,764	\$ 96,642	137,521
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,335,984	\$ 96,642	139,301
Revenue Over (Under) Expenditures		\$ 246,710		

**Washtenaw Community College
Deferred Maintenance Fund
April 30, 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)	3,612,400
Adjustments to budgets of started or completed projects	3,276,842
Projects funded through other budgeted sources	(821,900)
Deferred Maintenance requirement 2012-2022	<u>24,058,242</u>

Since inception of fund:

General Fund Transfers	15,300,000
Completed projects	(8,880,558)
Projects in process	(3,317,827)
Uncommitted Fund Balance	<u>3,101,615</u>

Completed Projects:

	<u>Final Cost</u>
Projects completed in prior years	6,465,248
Current year completed projects:	
THFC 2nd Floor Carpet Replacement	68,494
CLASB 2nd Fl to SC Storefront Replace	62,075
TIB NE & SE Storefront Replace	136,599
Parking Lots Replacement	1,855,744
Concrete Sidewalk Replacement FY17	72,617
CLASB 2nd Fl window and sill	113,472
Total of FY18 completed projects < \$50,000 each	106,309
Total Completed	<u>8,880,558</u>

Projects in Process or scheduled to begin:

	<u>Allocated Budget</u>
BEB Boiler&VAV Box Replacement	525,000
GMB Carpet/Flooring Replacement	170,000
EC Heating Pumps Replacement	432,827
EC Tunnels reinsulate primary heating water & chilled water piping	80,000
EC - Upgrade 13,200 v main campus fed with a power line conditioning sys	60,000
CLASB Humidification Boiler Replacement	260,000
OEB Sanitary Pipe Replacement	70,000
Maintenance Garage replace oil separator/sanitation line	120,000
BEB Fan Coil Units	600,000
EC Boiler Control & Valve Repl	75,000
Siemens Temp.control Panel Upgrade	130,000
PS - Expansion joint replacement and crack and joint repair	225,000
THFC Pool Filtration Piping & HX Rep	60,000
GMB Penthouse replace main building transformers	125,000
Replace Bus Loop	350,000
Total of other projects < \$50,000 each	35,000
Total in Process	<u>3,317,827</u>

WCC Active Portfolio
Portfolio Management
Portfolio Summary
April 30, 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	6,793,172.22	6,983,025.55	26.81%	2,479	1681	2.110	2.139
Treasury Coupon Securities	1,000,000.00	990,781.00	993,288.90	3.81%	388	303	1.918	1.945
State of Michigan Coupon Securities	4,000,000.00	3,853,720.00	4,010,347.47	15.40%	2,505	2017	2.114	2.144
Municipal Bonds	14,000,000.00	13,837,580.00	14,062,409.27	53.98%	2,096	1237	2.355	2.388
	26,000,000.00	25,475,253.22	26,049,071.19	100.00%	2,197	1,440	2.236	2.267

Investments	Month Ending 4/30/2018	Fiscal Year 2017 - 2018 To Date	Month Ending 4/30/17	Fiscal Year 2016 - 2017 To Date
Total Earnings				
Current Year	49,124.86	469,104.46	44,704.18	401,899.34
Average Monthly Balance - Long Term Invested Balance		25,703,241.03		25,081,069.36
Effective Rate of Return - Long Term Invested Balance		2.19%		1.92%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 4/30/2018	2.04%	2.24%	2.79%	2.95%	3.01%

Reporting period 4/01/2018-4/30/2018