

**Board of Trustees**  
Washtenaw Community College

TAB I

**ACTION**

4800 E. Huron River Drive  
Ann Arbor, Michigan 48105

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Subject

Date

Financial Reports (May 2018)

June 26, 2018

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**RECOMMENDATION**

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

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Prepared by: William Johnson

Recommended by: Rose B. Bellanca Ed.D.

Title: CFO and Vice President of Finance

Rose B. Bellanca, President

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# Financial Narrative

May 2018

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2017-18, the eleven months ended May 31, 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 May 31, 2018, Total Revenues were \$104.0 million; Total Expenditures and Operating Transfers were \$95.3 million. Revenues in total are ahead of the expected budget for the first eleven months of the year by approximately \$760,000.

Spring Tuition revenue is ahead of the annual budget by approximately \$34,000 with both headcount and credit hour enrollments surpassing last year, and registration activity continuing into June. The Spring Tuition revenue amount includes 65% of the tuition revenue billed through May 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 eleven months of the annual appropriation for the new fiscal year, along with additional revenue specifically appropriated to offset increases in the cost of the MPERS pension plan. The annual impact of this additional appropriation is unknown at this time, but as of the end of May, the College had received approximately \$190,000 of additional appropriations to offset pension costs.

Receipts for Local Government Taxes through May are \$50.6 million, or 98.5% of the total budget. In early June, the College received approximately \$940,000 from the County for delinquent taxes across the various jurisdictions. Once the final reconciliations are complete, we expect tax revenues to exceed the budget by roughly \$200,000.

## Expenditures

Total Expenditures through May 31, 2018, represent 90 percent of the budgeted expenditures for the fiscal year. Overall expenditures are slightly lower than what was expected through the first eleven months of the year, resulting in a positive variance of approximately \$380,000.

Direct expenditures are approximately \$770,000 better than budget, offset by a \$390,000 negative variance in personnel expenditures. The personnel variance is trending negative due to fewer vacancies than expected in the past few months and greater PT Faculty expense in response to the higher enrollment levels.

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 May 31, 2018**

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
<b>REVENUES</b>				
Tuition Fall	12,100,000	12,100,000	12,095,332	(4,668)
Tuition Winter	11,300,000	11,300,000	11,247,137	(52,863)
Tuition Spring	4,752,069	4,752,069	4,785,981	33,912
Student Fees	4,260,000	4,256,782	4,324,013	67,231
<b>Total Tuition and Fees</b>	<b>32,412,069</b>	<b>32,408,851</b>	<b>32,452,463</b>	<b>43,612</b>
Local Property Taxes	51,400,000	50,467,476	50,648,244	180,769
State Appropriations	14,558,874	13,422,924	13,618,433	195,509
Trade Partnerships	3,711,702	3,499,850	3,583,963	84,113
Investment Income	786,500	720,958	762,859	41,901
Other	1,764,825	1,564,458	1,700,268	135,810
Auxiliary Activities	1,226,650	1,145,539	1,222,434	76,895
<b>Total Revenue</b>	<b>105,860,620</b>	<b>103,230,056</b>	<b>103,988,665</b>	<b>758,608</b>
<b>EXPENDITURES</b>				
Humanities & Social Sciences	11,747,560	10,809,533	10,629,847	179,686
Math, Science & Engineering Technologies	8,897,370	8,124,729	8,086,491	38,238
Health Sciences	5,315,587	4,882,568	5,204,967	(322,399)
Business & Computer Technologies	7,042,671	6,478,608	6,447,343	31,265
Advanced Technologies & Public Service Careers	7,157,544	6,496,044	6,000,798	495,246
Continuing Education	644,962	552,472	455,751	96,721
Distance Learning	1,835,766	1,590,073	1,607,409	(17,336)
Instructional Support	13,452,677	12,202,077	11,004,167	1,197,911
<b>Total Instruction</b>	<b>56,094,137</b>	<b>51,136,105</b>	<b>49,436,773</b>	<b>1,699,332</b>
Student Services	8,904,836	7,990,051	7,134,999	855,052
Scholarships	1,558,402	1,497,888	1,357,595	140,293
Executive Management	2,100,673	1,842,037	1,682,059	159,978
General Admin - Institutional Services	2,824,764	2,564,595	7,207,126	(4,642,531)
MIS/Computer Services	7,847,903	6,681,755	6,158,150	523,604
Public Relations Development	3,525,438	3,072,211	2,434,303	637,907
Community Services	2,024,898	1,815,084	1,749,917	65,167
Physical Plant Operations	10,435,044	9,409,341	8,589,543	819,798
Utilities	2,103,493	1,917,224	1,930,748	(13,524)
Equipment	1,561,015	1,172,078	1,040,119	131,960
<b>Total Non-Instruction</b>	<b>42,886,466</b>	<b>37,962,265</b>	<b>39,284,559</b>	<b>(1,322,295)</b>
<b>Total Expenditures</b>	<b>98,980,603</b>	<b>89,098,370</b>	<b>88,721,332</b>	<b>377,038</b>
<b>OPERATING TRANSFERS</b>				
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	-
<b>Total Operating Transfers</b>	<b>6,152,475</b>	<b>6,571,225</b>	<b>6,571,225</b>	<b>-</b>
<b>Total Expenditures and Operating Transfers</b>	<b>105,133,078</b>	<b>95,669,595</b>	<b>95,292,557</b>	<b>377,038</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>727,542</b>	<b>7,560,462</b>	<b>8,696,108</b>	<b>1,135,646</b>
<b>OTHER NON-OPERATING ACTIVITY</b>				
Unrealized Gain/(Loss) on Investment	-	-	(331,730)	(331,730)
<b>Total Revenue over Expenditures &amp; Transfers</b>	<b>727,542</b>	<b>7,560,462</b>	<b>8,364,378</b>	<b>803,916</b>

**Capital Fund**  
**Project Summary**  
**May 31, 2018**

Project Category	Budget	Actuals	Commitment	Balance
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>\$ 10,571,927</b>	<b>10,582,694</b>	<b>-</b>	<b>10,767</b>
<b>Construction/Repair Projects</b>				
<b>Storage Receiving Building</b>				
<b>Renovations:</b>				
SRB Addition	1,830,000	1,828,220	-	1,780
<b>Total Storage Receiving Building</b>	<b>\$ 1,830,000</b>	<b>\$ 1,828,220</b>	<b>\$ -</b>	<b>1,780</b>
<b>Campus Wide</b>				
<b>System Improvements:</b>				
Classroom & Lab access Control	570,802	558,194	1,195	11,413
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
<b>Total Campus Wide</b>	<b>\$ 8,741,927</b>	<b>\$ 8,513,173</b>	<b>\$ 91,796</b>	<b>136,958</b>
<b>Grand Total Construction/Repair Projects</b>	<b>\$ 10,571,927</b>	<b>\$ 10,341,394</b>	<b>\$ 91,796</b>	<b>138,738</b>
<b>Revenue Over (Under) Expenditures</b>		<b>\$ 241,301</b>		

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

<b>Five Year Priority List at inception of fund - September 2012</b>	<b>12,570,900</b>
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	3,706,792
Projects funded through other budgeted sources	(821,900)
<b>Deferred Maintenance requirement 2012-2022</b>	<b><u>24,488,192</u></b>

Since inception of fund:

General Fund Transfers	15,300,000
Completed projects	(8,830,508)
Projects in process	(3,797,827)
Uncommitted Fund Balance	<b><u>2,671,665</u></b>

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	56,259
<b>Total Completed</b>	<b><u>8,830,508</u></b>

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 system	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
MLB-Boiler Replacement	290,000
MLB-Firing Range AHU Replacement	190,000
Total of other projects < \$50,000 each	35,000
<b>Total in Process</b>	<b><u>3,797,827</u></b>

\* Scheduled; no financial activity as of report date

Additional projects pending for next twelve months

	<u>Expected Budget</u>
CAMPUS-Flooring Replacement (Based upon assessment)	150,000
EC-Replace campus cooling tower with stainless steel unit	400,000
EXTERIOR-Concrete sidewalk replacement	80,000
FEB-Install addressable fire alarm system	110,000
FEB-Roof Replacement	60,000
FEB-Upgrade & Replace Lighting	75,000
GL-Handicap ramp replacement	100,000
GL-Northeast wall waterproofing & drain tile	62,000
THFC-The lap pool and therapy pool floor and walls need to be replaced with ceramic.	200,000
CLASB-Corridor Tile Flooring Replacement 2nd Floor	110,000
CLASB-Do an exploratory roof or air intake on the southeast side to the CLASB Addition	60,000
CLASB-Replace Chemistry Hoods	150,000
MLB-Replace seminar room walls	300,000
Total of other projects < \$50,000 each	658,000
<b>Total Pending</b>	<b><u>2,515,000</u></b>



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

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

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM/C 360 Equiv.</b>	<b>YTM/C 365 Equiv.</b>
Federal Agency Coupon Securities	7,000,000.00	6,826,612.22	6,984,124.10	26.82%	2,479	1649	2.110	2.139
Treasury Coupon Securities	2,000,000.00	1,986,616.58	1,988,788.93	7.64%	371	303	2.070	2.098
State of Michigan Coupon Securities	4,000,000.00	3,874,600.00	4,010,231.06	15.40%	2,505	1986	2.114	2.144
Municipal Bonds	13,000,000.00	12,890,230.00	13,061,813.74	50.15%	2,181	1300	2.395	2.428
	<b>26,000,000.00</b>	<b>25,578,058.80</b>	<b>26,044,957.83</b>	<b>100.00%</b>	<b>2,172</b>	<b>1,423</b>	<b>2.250</b>	<b>2.282</b>

<b>Investments</b>	<b>Month Ending 5/31/2018</b>	<b>Fiscal Year 2017 - 2018 To Date</b>	<b>Month Ending 5/31/17</b>	<b>Fiscal Year 2016 - 2017 To Date</b>
<b>Total Earnings</b>				
Current Year	49,317.56	518,422.02	45,720.29	447,619.63
Average Monthly Balance - Long Term Invested Balance		25,731,717.43		25,122,380.02
Effective Rate of Return - Long Term Invested Balance		2.20%		2.14%

	<b>6 Month</b>	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>20 Year</b>
<b>Treasury Yield Curve 5/31/2018</b>	<b>2.08%</b>	<b>2.23%</b>	<b>2.68%</b>	<b>2.83%</b>	<b>2.91%</b>

Reporting period 05/01/2018-05/31/2018