

Financial Narrative

September 2018

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2018-19, the three months ended September 30, 2018.

Revenue

As of September 30, 2018, Total Revenues were \$57.6 million; Total Expenditures and Operating Transfers were \$28.2 million. Revenues in total are ahead of the expected budget for the first quarter by approximately \$230,000.

Fall Tuition revenue of \$12.1 million is on track with the budgeted revenue. Overall, slightly lower enrollment and credit hours (down by 0.1%) have been fully offset by increased Out of District enrollments, which yield a higher tuition rate. Revenue from Student Fees is down slightly due to the lower credit hour enrollment.

State Aid revenue reflects an accrual for 25 percent of the annual appropriation for the new fiscal year. Appropriation payments for the current year begin in October and are in line with what the College budgeted for the year. The biggest unknown for this line item is the amount coming from the Local Community Stabilization Authority (the make whole mechanism for lost personal property tax revenue), which we are expecting to know within the next month or two.

Receipts for Local Government Taxes are \$36.2 million through September, which represents 68.5 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first quarter and is a positive indication that we will meet, if not exceed, the budgeted amount of tax revenue for the year.

Expenditures

Total Expenditures through September 30, 2018, represent 24 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$260,000 less than what was expected through the first quarter of the year due to a positive personnel-related variance related to vacancies in part-time positions. 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 21 per month for the first quarter 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.

Operating Transfers

The full-year budgeted allocations for Deferred Maintenance, Campus Maintenance & Repair, and Furniture were transferred from the General Fund to the appropriate Plant Funds as of the first of the fiscal year. The transfer to the Debt Maintenance fund represents the first of two semi-annual interest payments on the College's outstanding bond debt. The next required payment, for both principal and interest, is due April 1, 2019. The Health & Fitness Center transfer is a transfer into the General Fund from the first quarter operations of the Center.

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

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,125,248	12,125,248	12,145,133	19,885
Tuition Winter	11,294,472	-	-	-
Tuition Spring	4,887,996	1,613,039	1,656,550	43,511
Student Fees	4,985,000	2,157,354	2,113,528	(43,826)
Total Tuition and Fees	<u>33,292,716</u>	<u>15,895,641</u>	<u>15,915,211</u>	<u>19,570</u>
Local Property Taxes	52,900,000	36,123,660	36,210,217	86,556
State Appropriations	14,696,374	3,441,875	3,445,640	3,765
Trade Partnerships	3,773,072	1,068,995	1,085,779	16,783
Investment Income	825,000	206,250	227,629	21,379
Other	1,835,364	405,873	475,501	69,628
Auxiliary Activities	1,218,650	216,000	228,187	12,187
Total Revenue	108,541,176	57,358,294	57,588,163	229,868
EXPENDITURES				
Humanities & Social Sciences	11,770,496	2,673,643	2,642,885	30,757
Math, Science & Engineering Technologies	8,753,752	1,985,401	2,060,760	(75,359)
Health Sciences	5,730,257	1,300,120	1,221,601	78,519
Business & Computer Technologies	7,192,726	1,633,789	1,641,175	(7,386)
Advanced Technologies & Public Service Careers	7,338,127	1,754,326	1,612,030	142,296
Continuing Education	588,555	119,237	128,122	(8,885)
Distance Learning	1,886,957	446,715	447,821	(1,106)
Instructional Support	14,054,101	4,174,395	4,078,720	95,675
Total Instruction	<u>57,314,971</u>	<u>14,087,626</u>	<u>13,833,115</u>	<u>254,511</u>
Student Services	8,906,096	2,038,712	1,908,463	130,249
Scholarships	1,668,520	695,202	681,223	13,979
Executive Management	2,145,162	543,308	553,082	(9,773)
General Admin - Institutional Services	7,460,852	1,839,796	2,171,595	(331,799)
MIS/Computer Services	8,098,604	2,056,452	1,978,373	78,079
Public Relations Development	3,139,405	593,900	574,751	19,149
Community Services	2,435,272	530,904	481,217	49,687
Physical Plant Operations	10,922,204	2,398,836	2,371,193	27,643
Utilities	2,089,700	470,206	466,607	3,600
Equipment	1,938,515	561,752	539,010	22,742
Total Non-Instruction	<u>48,804,330</u>	<u>11,729,068</u>	<u>11,725,512</u>	<u>3,555</u>
Total Expenditures	106,119,301	25,816,694	25,558,627	258,067
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	28,505,132	28,247,065	258,067
Operating Revenue Over Expenditures & Transfers	-	28,853,162	29,341,098	487,935
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(124,910)	(124,910)
Total Revenue over Expenditures & Transfers	-	28,853,162	29,216,188	363,025

Capital Fund
Project Summary
September 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		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	561,320	2,623	6,859
CC - STEP Equipment	7,627,434	7,504,061	-	123,373
Campus Security System Upgrades	318,691	315,938	1,502	1,251
Campus Data Storage Upgrades	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,605,398	\$ 4,125	132,404
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,433,619	\$ 4,125	134,183
Revenue Over (Under) Expenditures		\$ 149,476		

**Washtenaw Community College
Deferred Maintenance Fund
September 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)	4,782,971
Adjustments to budgets of started or completed projects	3,556,102
Projects funded through other budgeted sources	(821,900)
Deferred Maintenance requirement 2012-2022	25,508,073

<u>Since inception of fund:</u>	
General Fund Transfers	17,300,000
Completed projects	(9,533,909)
Projects in process	(5,911,099)
Uncommitted Fund Balance	1,854,992

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

<u>Projects in Process or scheduled to begin:</u>	<u>Allocated Budget</u>
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 Replacement	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
* LA-Replace Chemistry Hoods	700,000
Total of other projects < \$50,000 each	97,000
Total in Process	5,911,099

* Scheduled; no financial activity as of report date

<u>Additional projects pending for next twelve months</u>	<u>Expected Budget</u>
CAMPUS-Flooring Replacement (Based upon assessment)	100,000
FEB-Upgrade & Replace Lighting	75,000
GL-Northeast wall waterproofing & drain tile	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	375,000
Total Pending	1,282,000

WCC Active Portfolio
Portfolio Management
Portfolio Summary
September 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	YTMC 360 Equiv.	YTMC 365 Equiv.
Federal Agency Coupon Securities	7,000,000.00	6,771,770.00	6,987,296.03	26.82%	2,478	1527	2.110	2.139
Treasury Coupon Securities	2,000,000.00	1,990,827.58	1,993,553.05	7.65%	371	181	2.070	2.098
Miscellaneous Coupon Securities	4,000,000.00	3,846,530.00	4,009,765.42	15.39%	2,505	1864	2.114	2.144
Municipal Bonds	13,000,000.00	12,823,510.00	13,059,431.63	50.13%	2,180	1178	2.395	2.428
	26,000,000.00	25,432,637.58	26,050,046.13	100.00%	2,172	1,301	2.250	2.282

Investments	Month Ending 9/30/2018	Fiscal Year 2018 - 2019 To Date	Month Ending 9/30/17	Fiscal Year 2017 - 2018 To Date
Total Earnings				
Current Year	49,768.47	149,503.15	46,285.50	137,423.21
Average Monthly Balance - Long Term Invested Balance		26,048,596.35		25,571,686.44
Effective Rate of Return - Long Term Invested Balance		2.30%		2.15%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 9/28/2018	2.36%	2.59%	2.94%	3.05%	3.13%

Reporting period 09/01/2018-09/30/2018