

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject
Financial Reports (February 2019)

Date
March 26, 2019

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for February 2019 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, Ed.D.*
Rose B. Bellanca, President

Financial Narrative

February 2019

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2018-19, the eight months ended February 28, 2019.

Revenue

As of February 28, 2019, Total Revenues were \$95.9 million; Total Expenditures and Operating Transfers were \$70.8 million. Revenues in total are ahead of the expected budget for the first seven months of the fiscal year by approximately \$1.4 million.

Winter Tuition revenue of \$11.4 million was ahead of the expected level as of the end of February. Concerted efforts across campus; the availability of late-starting classes; and the continued strength of the on-line offerings, have pushed winter tuition revenue ahead of budget. Overall enrollment was down just over one percent, which is in line with budgeted amounts. Registration opened mid-March for the Spring/Summer term, as well as the Fall term.

State Aid revenue reflects an accrual for eight 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. Additionally, payments from the State to offset increases in the cost of the MPSERS pension plan have pushed the year-to-date revenue ahead of budget.

Receipts for Local Government Taxes are \$50.8 million through February, which represents 96 percent of the total budgeted revenue from property taxes. This is ahead of the projected collections through the first eight months of the year. Refunds of prior year taxes are trending below budget, as are diversions to the local DDA's and TIFA's. These items, along with a better-than-expected increase in taxable values, support that the final tax revenue amount for the year will exceed the budget by \$500,000 or more.

Expenditures

Total Expenditures through February 28, 2019, represent 64 percent of the budgeted expenditures for the fiscal year. Overall expenditures continue to be right on pace with what was projected through the first eight months of the year.

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 have averaged just above 21 for the first eight months of the year, in line with the budget.

Additionally, the vacancy savings for part-time personnel is offsetting an unbudgeted expense of approximately \$459,000 recorded in January related to an additional MPSERS obligation for part time student workers. Passage of Public Act 512 in December, 2018 obligates community colleges to contribute to MPSERS any unfunded pension costs associated with part time student worker compensation for the four year period ending July 1, 2018. Community colleges may be obligated for additional amounts related to part time student workers that opt into the MPSERS participation for periods prior to 7/1/2014. Based upon a preliminary calculation by the Office of Retirement Systems

(ORS), it was estimated that WCC will be obligated to pay \$459,000 for the four year period ending 7/1/18. In January, the College chose to expense the preliminary amount, and make a payment to mitigate additional interest charges accruing between now and sometime after January 2020 when the final assessment is complete.

Washtenaw Community College
Revenues and Expenditures - General Fund
Statement as of February 28, 2019

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,125,248	12,125,248	12,047,669	(77,579)
Tuition Winter	11,294,472	11,294,472	11,414,204	119,732
Tuition Spring	4,887,996	1,613,039	1,655,253	42,214
Student Fees	4,985,000	4,175,704	4,147,850	(27,854)
Total Tuition and Fees	<u>33,292,716</u>	<u>29,208,463</u>	<u>29,264,976</u>	<u>56,513</u>
Local Property Taxes	52,900,000	50,217,659	50,773,817	556,158
State Appropriations	14,696,374	9,662,770	9,884,043	221,273
Trade Partnerships	3,773,072	2,936,671	3,182,887	246,217
Investment Income	825,000	565,467	773,483	208,016
Other	1,835,364	1,191,639	1,154,879	(36,760)
Auxiliary Activities	1,218,650	746,751	898,888	152,137
Total Revenue	108,541,176	94,529,419	95,932,972	1,403,553
EXPENDITURES				
Humanities & Social Sciences	11,758,315	7,647,782	7,670,375	(22,593)
Math, Science & Engineering Technologies	8,727,974	5,662,407	5,708,946	(46,540)
Health Sciences	5,718,226	3,660,394	3,637,411	22,983
Business & Computer Technologies	7,205,106	4,699,871	4,904,953	(205,082)
Advanced Technologies & Public Service Careers	7,277,857	4,700,421	4,581,240	119,181
Continuing Education	605,048	366,921	338,910	28,011
Distance Learning	1,888,897	1,231,657	1,193,966	37,691
Instructional Support	14,052,998	9,471,277	9,102,607	368,670
Total Instruction	<u>57,234,421</u>	<u>37,440,728</u>	<u>37,138,408</u>	<u>302,320</u>
Student Services	9,180,882	6,016,196	5,566,790	449,406
Scholarships	1,668,520	1,374,432	1,366,368	8,064
Executive Management	2,130,834	1,324,846	1,320,246	4,600
General Admin - Institutional Services	7,484,220	4,414,772	5,720,334	(1,305,562)
MIS/Computer Services	8,098,896	5,343,995	5,130,398	213,597
Public Relations Development	3,215,695	1,883,716	1,798,052	85,664
Community Services	2,173,509	1,387,721	1,343,771	43,950
Physical Plant Operations	10,904,109	6,843,654	6,674,015	169,639
Utilities	2,089,700	1,392,897	1,398,318	(5,421)
Equipment	1,938,515	1,062,538	1,043,433	19,104
Total Non-Instruction	<u>48,884,880</u>	<u>31,044,767</u>	<u>31,361,723</u>	<u>(316,957)</u>
Total Expenditures	106,119,301	68,485,494	68,500,132	(14,637)
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)	(875,000)	(875,000)	-
Deferred Maintenance	2,000,000	2,000,000	2,000,000	-
Furniture	200,000	200,000	200,000	-
Total Operating Transfers	2,421,875	2,250,938	2,250,938	-
Total Expenditures and Operating Transfers	108,541,176	70,736,432	70,751,070	(14,637)
Operating Revenue Over Expenditures & Transfers	-	23,792,986	25,181,903	1,388,916
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	176,277	176,277
Total Revenue over Expenditures & Transfers	-	23,792,986	25,358,179	1,565,193

**Capital Fund
Project Summary
February 28, 2019**

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	567,438	-	3,364
CC - STEP Equipment	7,627,434	7,504,061	-	123,373
Campus Security System Upgrades	318,691	317,723	-	968
Campus Data Storage Upgrades	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,613,302	\$ -	128,625
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,441,523	\$ -	130,405
Revenue Over (Under) Expenditures		\$ 141,572		

Washtenaw Community College
Deferred Maintenance Fund
February 28, 2019

Since inception of fund:

General Fund Transfers	17,300,000
Completed projects	(11,458,169)
Projects in process	(4,742,189)
Uncommitted Fund Balance	1,099,642

Completed Projects:

	Final Cost
Projects completed in prior years	9,529,223
Current year completed projects:	
GM Carpet/Flooring Replacement	173,430
CLASB Humidification Boiler Rplcmt	251,400
Maint Garage Oil Separator Rplc	109,100
BEB Fan Coil Units	611,079
GMB Penthouse Rplc Tfrmrs	150,000
Bus Loop Replacement	228,132
Campus Temperature Control Upgrades	114,652
Campus Concrete Rplc	102,000
FEB Roof Replacement	55,145
Total of FY19 completed projects < \$50,000 each	134,009
Total Completed	11,458,169

Projects in Process or scheduled to begin:

	Allocated Budget
EC Heating Pumps Rplcmt	418,822
EC Boiler Control & Valve Repl	75,000
EC RPLC Campus Cooling Twr	800,000
HFC Hot Water Capacity	375,000
FEB Upgrade & Replace Lighting	75,000
HFC Defender Tank	90,000
HFC Womens Hot Tub Repair	300,000
* HFC Chem Cntrlr & Chlorine Gen Rplc	97,000
LA RPLC Chemistry Hood	700,000
LA-2nd FL Tile Corridor	210,000
* LA-Roofing and Intake Rprs	60,000
ML Boiler Repl & System Mats	556,075
ML Gun Range AHU Repl	750,000
GL Handicap Ramp Rplc	100,000
Total of other projects < \$50,000 each	135,292
Total in Process	4,742,189

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 20

	Expected Budget
Campus - Resurface Parking Lots 6	600,000
HFC-ceramic lap pool and therapy pool floor and walls	200,000
SCB Renovation Design	100,000
MLB Renovation Design	300,000
Total of other projects < \$50,000 each	78,000
Total Pending	1,278,000



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
February 28, 2019**

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	6,879,050.00	6,992,788.72	26.82%	2,476	1375	2.110	2.139
Treasury Coupon Securities	1,000,000.00	998,620.00	998,985.92	3.83%	355	60	2.221	2.252
Miscellaneous Coupon Securities	5,000,000.00	4,939,735.69	5,027,414.13	19.28%	2,164	1529	2.190	2.221
Municipal Bonds	13,000,000.00	12,951,085.00	13,056,454.01	50.07%	2,180	1026	2.395	2.428
	26,000,000.00	25,768,490.69	26,075,642.78	100.00%	2,186	1,180	2.272	2.304

Investments	Month Ending 2/28/2019	Fiscal Year 2018 - 2019 To Date	Month Ending 2/28/18	Fiscal Year 2017 - 2018 To Date
Total Earnings				
Current Year	50,758.00	399,746.02	47,452.79	372,346.10
Average Monthly Balance - Long Term Invested Balance		26,053,811.21		25,625,111.45
Effective Rate of Return - Long Term Invested Balance		2.30%		2.18%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 02/28/2019	2.50%	2.54%	2.52%	2.73%	2.94%

Reporting period 02/01/2019-02/28/2019