

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject

Date

Financial Reports (March 2019)

April 23, 2019

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for March 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

March 2019

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2018-19, the nine months ended March 31, 2019.

Revenue

As of March 31, 2019, Total Revenues were \$101.5 million; Total Expenditures and Operating Transfers were \$79.6 million. Revenues in total are ahead of the expected budget for the first nine months of the fiscal year by approximately \$1.2 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 nine 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 MPERS pension plan have pushed the year-to-date revenue ahead of budget.

Receipts for Local Government Taxes are \$52.1 million through March, which represents 98.5 percent of the total budgeted revenue from property taxes. This is ahead of the projected collections through the first nine 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 March 31, 2019, represent 72 percent of the budgeted expenditures for the fiscal year. Overall expenditures continue to be right on pace with what was projected through the first nine 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, while March experienced an increase to 31 vacancies.

Additionally, the vacancy savings for part-time personnel is offsetting an unbudgeted expense of approximately \$459,000 recorded in January related to an additional MPERS obligation for part time student workers. Passage of Public Act 512 in December, 2018 obligates community colleges to contribute to MPERS 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 MPERS 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 March 31, 2019

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,125,248	12,125,248	12,044,778	(80,470)
Tuition Winter	11,294,472	11,294,472	11,366,149	71,677
Tuition Spring	4,887,996	3,688,648	3,733,765	45,117
Student Fees	4,985,000	4,711,223	4,682,297	(28,926)
Total Tuition and Fees	<u>33,292,716</u>	<u>31,819,591</u>	<u>31,826,988</u>	<u>7,398</u>
Local Property Taxes	52,900,000	51,668,540	52,119,059	450,520
State Appropriations	14,696,374	10,820,062	11,073,648	253,586
Trade Partnerships	3,773,072	3,015,779	3,297,081	281,303
Investment Income	825,000	653,550	874,742	221,192
Other	1,835,364	1,333,497	1,336,002	2,506
Auxiliary Activities	1,218,650	878,483	1,028,022	149,540
Total Revenue	108,541,176	100,189,500	101,555,544	1,366,044
EXPENDITURES				
Humanities & Social Sciences	11,779,463	8,687,294	8,720,911	(33,618)
Math, Science & Engineering Technologies	8,753,365	6,443,024	6,480,242	(37,218)
Health Sciences	5,681,994	4,082,101	4,124,814	(42,713)
Business & Computer Technologies	7,220,896	5,317,974	5,584,812	(266,838)
Advanced Technologies & Public Service Careers	7,283,946	5,282,394	5,167,225	115,169
Continuing Education	610,068	416,098	399,635	16,463
Distance Learning	1,874,201	1,370,232	1,333,190	37,042
Instructional Support	14,070,092	10,497,893	10,025,252	472,641
Total Instruction	<u>57,274,025</u>	<u>42,097,009</u>	<u>41,836,080</u>	<u>260,929</u>
Student Services	9,195,970	6,742,318	6,270,220	472,098
Scholarships	1,668,520	1,495,425	1,474,666	20,760
Executive Management	2,130,537	1,476,451	1,464,571	11,879
General Admin - Institutional Services	7,377,371	5,189,276	6,391,598	(1,202,322)
MIS/Computer Services	8,109,260	5,786,397	5,624,736	161,661
Public Relations Development	3,227,702	2,110,463	1,976,493	133,970
Community Services	2,172,105	1,599,681	1,510,862	88,819
Physical Plant Operations	10,935,596	7,772,108	7,554,344	217,764
Utilities	2,089,700	1,569,821	1,572,025	(2,204)
Equipment	1,938,515	1,213,821	1,132,289	81,532
Total Non-Instruction	<u>48,845,276</u>	<u>34,955,760</u>	<u>34,971,804</u>	<u>(16,043)</u>
Total Expenditures	106,119,301	77,052,770	76,807,884	244,886
OPERATING TRANSFERS				
Repair & Maintenance	750,000	750,000	750,000	-
Debt Retirement	1,221,875	1,221,875	1,221,875	-
Health & Fitness Center	(1,750,000)	(1,312,500)	(1,312,500)	-
Deferred Maintenance	2,000,000	2,000,000	2,000,000	-
Furniture	200,000	200,000	200,000	-
Total Operating Transfers	2,421,875	2,859,375	2,859,375	-
Total Expenditures and Operating Transfers	108,541,176	79,912,145	79,667,259	244,886
Operating Revenue Over Expenditures & Transfers	-	20,277,356	21,888,285	1,610,929
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	417,235	417,235
Total Revenue over Expenditures & Transfers	-	20,277,356	22,305,519	2,028,164

Capital Fund
Project Summary
March 31 , 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
March 31, 2019

Since inception of fund:

General Fund Transfers	17,300,000
Completed projects	(11,504,362)
Projects in process	(4,725,997)
Uncommitted Fund Balance	<u><u>1,069,642</u></u>

Completed Projects:

	<u>Final Cost</u>
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 Tfrms	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	180,201
Total Completed	<u><u>11,504,362</u></u>

Projects in Process or scheduled to begin:

	<u>Allocated Budget</u>
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	119,100
Total in Process	<u><u>4,725,997</u></u>

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 20

	<u>Expected Budget</u>
BE-Replace Server room A/C units	50,000
Campus-DM Emergent Requirements	200,000
CAMPUS-Flooring Replacement (Based upon assessment)	150,000
Campus-Repair Asphalt Pavements	450,000
Campus-Replace concrete sidewalks	80,000
Campus-Replace VFDs Multiple locations	75,000
Campus-Upgrade Elevators	110,000
Campus-Upgrade Fire Alarm Panels	85,000
EC-Complete 10 Year Chiller overhaul	50,000
GL-Replace RTU and Controls	125,000
HFC-Locker Room Renovation	250,000
HFC-Replace free weight 10mm flooring	50,000
HFC-The lap pool and therapy pool floor and walls need to be replaced with ce	200,000
LA-Replace Corridor Floors	110,000
ML-Renovation Design	300,000
SC-Renovation Design	100,000
SR-Replace Dock 1 and 2 Dock Plates	70,000
Total of other projects < \$50,000 each	345,000
Total Pending	<u><u>2,800,000</u></u>



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
March 31, 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	6,947,632.22	6,991,505.74	25.81%	2,471	1439	2.226	2.257
Treasury Coupon Securities	1,000,000.00	999,340.00	999,509.86	3.69%	355	29	2.221	2.252
State of Michigan Bonds	5,000,000.00	4,988,265.69	5,026,900.80	18.56%	2,164	1498	2.190	2.221
Municipal Bonds	14,000,000.00	14,081,399.33	14,073,984.70	51.95%	2,077	978	2.394	2.427
	27,000,000.00	27,016,637.24	27,091,901.10	100.00%	2,131	1,159	2.307	2.339

Investments

Total Earnings	Month Ending 3/31/2019	Fiscal Year 2018 - 2019 To Date	Month Ending 3/31/18	Fiscal Year 2017 - 2018 To Date
Current Year	50,481.51	450,227.53	47,633.50	419,979.60
Average Monthly Balance - Long Term Invested Balance		26,057,620.20		25,668,658.01
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 03/31/2019	2.44%	2.40%	2.23%	2.41%	2.63%

Reporting period 03/01/2019-03/31/2019