

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject

Date

Financial Reports (February 2018)

March 27, 2018

RECOMMENDATION

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

Prepared by: William Johnson

Recommended by: Rose B. Bellanca E.D.

Title: CFO and Vice President of Finance

Rose B. Bellanca, President

Financial Narrative

February 2018

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2017-18, the eight months ended February 28, 2018.

Revenue

As of February 28, 2018, Total Revenues were \$92.3 million; Total Expenditures and Operating Transfers were \$66.3 million. Revenues in total are ahead of the expected budget for the first eight months of the year by approximately \$1.4 million.

Winter Tuition revenue is in line with budget as of the end of February. As expected, overall credit hours are slightly behind last year; however, total dollars are holding steady due to more of those credits being charged at the higher Online and Out-state rates. Revenue from Student Fees, which trends with enrollment, is also showing a positive variance because of both the strong overall registration activity for the year, and increases in enrollments in occupational programs, which carry additional contact hour fees.

State Aid revenue reflects eight months of the annual appropriation for the new fiscal year, which is slightly more than what the College budgeted for the year. The State pays the annual appropriation in equal monthly installments from October through August. Contributing to the positive variance, the Local Community Stabilization Authority distribution came in approximately \$59,000 higher than the budgeted amount.

Receipts for Local Government Taxes are \$47.9 million through February, which represents 95 percent of the total budgeted revenue from property taxes. To-date, refunds of prior year taxes are running well below budget, indicating that this line item will outpace the current budget by at least \$500,000 for the year.

Expenditures

Total Expenditures through February 28, 2018, represent 64 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$2.1 million less than what was expected through the first eight months of the year.

The non-personnel variance items total approximately \$0.9 million. The variances are spread across all areas of campus. We consider a number of the variances to be timing differences; however, we do expect a significant portion will translate into permanent savings by the end of the year.

The personnel-related variance of approximately \$1.2 million is largely due to vacancies exceeding the budgeted vacancy level during the first eight months of the fiscal year. We view this largely as a permanent savings variance. For the year, vacancies were budgeted to provide savings of approximately \$2 million, based on an average of 20 vacant positions per month. Actual vacancies in full-time positions, however, have exceeded 30 each month since the beginning of the fiscal year. Additional savings from budgeted part-time positions have also contributed to the positive variance. As the savings from vacancies are realized throughout the year, 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.

Washtenaw Community College
Revenues and Expenditures - General Fund
Statement as of February 28, 2018

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,705,894	11,705,894	12,096,844	390,950
Tuition Winter	11,322,094	11,322,094	11,287,596	(34,498)
Tuition Spring	4,615,153	1,476,849	1,539,140	62,291
Student Fees	4,097,462	3,430,774	3,636,487	205,713
Total Tuition and Fees	<u>31,740,603</u>	<u>27,935,611</u>	<u>28,560,067</u>	<u>624,456</u>
Local Property Taxes	50,800,000	47,882,796	48,347,918	465,121
State Appropriations	14,402,000	9,890,884	10,014,745	123,862
Trade Partnerships	3,417,227	2,729,969	2,981,999	252,030
Investment Income	650,000	433,333	538,986	105,652
Other	1,879,435	1,301,581	1,111,569	(190,012)
Auxiliary Activities	1,198,000	732,833	720,026	(12,806)
Total Revenue	104,087,265	90,907,007	92,275,311	1,368,303
EXPENDITURES				
Humanities & Social Sciences	11,771,371	7,752,569	7,647,023	105,546
Math, Science & Engineering Technologies	8,893,015	5,822,993	5,776,074	46,920
Health Sciences	5,308,387	3,514,714	3,758,170	(243,456)
Business & Computer Technologies	7,028,302	4,662,146	4,569,405	92,741
Advanced Technologies & Public Service Careers	7,143,792	4,670,990	4,293,854	377,137
Continuing Education	635,262	403,706	297,969	105,737
Distance Learning	1,838,462	1,171,751	1,113,494	58,257
Instructional Support	13,228,306	9,105,080	8,445,236	659,844
Total Instruction	<u>55,846,897</u>	<u>37,103,951</u>	<u>35,901,225</u>	<u>1,202,726</u>
Student Services	8,909,644	5,849,580	5,166,945	682,635
Scholarships	1,518,402	1,168,608	1,156,530	12,078
Executive Management	2,104,488	1,320,917	1,242,113	78,805
General Admin - Institutional Services	6,628,883	4,502,021	5,454,793	(952,772)
MIS/Computer Services	7,306,991	5,029,246	4,704,429	324,817
Public Relations Development	3,370,803	2,084,777	1,762,349	322,428
Community Services	2,017,328	1,301,573	1,267,702	33,871
Physical Plant Operations	10,263,639	6,794,439	6,341,054	453,384
Utilities	2,181,700	1,428,968	1,430,441	(1,474)
Equipment	1,686,015	814,330	855,045	(40,715)
Total Non-Instruction	<u>45,987,893</u>	<u>30,294,459</u>	<u>29,381,402</u>	<u>913,057</u>
Total Expenditures	101,834,790	67,398,411	65,282,628	2,115,783
OPERATING TRANSFERS				
Repair & Maintenance	500,000	500,000	500,000	-
Debt Retirement	1,927,475	206,238	206,238	-
Health & Fitness Center	(1,675,000)	(837,500)	(1,187,500)	(350,000)
Deferred Maintenance	1,500,000	1,500,000	1,500,000	-
Total Operating Transfers	2,252,475	1,368,738	1,018,738	(350,000)
Total Expenditures and Operating Transfers	104,087,265	68,767,149	66,301,366	2,465,783
Operating Revenue Over Expenditures & Transfers	-	22,139,859	25,973,945	3,834,086
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(94,654)	(94,654)
Total Revenue over Expenditures & Transfers	-	22,139,859	25,879,291	3,739,433

**Capital Fund
Project Summary
February 28, 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	1,827,590	-	2,410
Total Storage Receiving Building	\$ 1,830,000	\$ 1,827,590	\$ -	2,410
Campus Wide				
System Improvements:				
Classroom & Lab access Control	570,802	552,707	5,349	12,746
CC - STEP Equipment	7,627,434	7,504,061	-	123,373
Campus Security System Upgrades	318,691	203,301	26,455	88,935
Campus Data Storage Upgrades	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,484,148	\$ 31,804	225,975
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,311,739	\$ 31,804	228,384
Revenue Over (Under) Expenditures		\$ 270,955		

**Washtenaw Community College
Deferred Maintenance Fund
February 28, 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	3,200,849
Projects funded through other budgeted sources	(821,900)
Deferred Maintenance requirement 2012-2022	<u>23,982,249</u>

Since inception of fund:

General Fund Transfers	12,300,000
Completed projects	(9,152,392)
Projects in process	(2,970,000)
Uncommitted Fund Balance	<u>177,608</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	65,341
TIB NE & SE Storefront Replace	136,599
Parking Lots Replacement	2,100,000
Concrete Sidewalk Replacement FY17	72,617
CLASB 2nd Fl window and sill	113,472
Total of FY18 completed projects < \$50,000 each	130,621
Total Completed	<u>9,152,392</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	85,000
EC Tunnels reinsulate primary heating water & chilled water piping	80,000
EC - Upgrade 13,200 v main campus fed with a power line conditioning syst	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>2,970,000</u>

Additional projects pending for this fiscal year

	<u>Expected Budget</u>
Total of other projects < \$50,000 each	140,000
Total Pending	<u>140,000</u>

WCC Active Portfolio
Portfolio Management
Portfolio Summary
February 28, 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	6,826,480.00	6,994,298.65	26.84%	2,484	1638	1.817	1.842
Treasury Coupon Securities	1,000,000.00	990,469.00	991,937.82	3.81%	388	364	1.918	1.945
State of Michigan Coupon Securities	4,000,000.00	3,871,570.00	4,010,580.29	15.39%	2,505	2078	2.114	2.144
Municipal Bonds	14,000,000.00	13,865,530.00	14,063,600.31	53.97%	2,096	1298	2.355	2.388
	26,000,000.00	25,554,049.00	26,060,417.07	100.00%	2,198	1,474	2.167	2.187

Investments	Month Ending 2/28/2018	Fiscal Year 2017 - 2018 To Date	Month Ending 2/28/17	Fiscal Year 2016 - 2017 To Date
Total Earnings				
Current Year	47,452.79	372,346.10	39,494.00	316,241.32
Average Monthly Balance - Long Term Invested Balance		25,625,111.45		24,998,477.21
Effective Rate of Return - Long Term Invested Balance		2.18%		1.90%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 2/28/2018	1.86%	2.07%	2.65%	2.87%	3.02%

Reporting period 2/01/2018-2/28/2018