

Financial Narrative

March 2018

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2017-18, the nine months ended March 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 March 31, 2018, Total Revenues were \$98.3 million; Total Expenditures and Operating Transfers were \$79.5 million. Revenues in total are ahead of the expected budget for the first nine months of the year by approximately \$350,000.

Spring Tuition revenue is off to a strong start with enrollments ahead of the pace of last year. The Spring Tuition revenue amount includes 65% of the tuition revenue billed in March 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 nine months of the annual appropriation for the new fiscal year, along with some additional revenue specifically appropriated to offset increases in cost of the MPSERS pension plan. The total impact of this additional appropriation is unknown at this time, but as of the end of March, the College had received approximately \$150,000 of additional appropriations to offset pension costs.

Receipts for Local Government Taxes are just shy of \$50.0 million through March, on pace with the revised budget.

Expenditures

Total Expenditures through March 31, 2018, represent 75 percent of the budgeted expenditures for the fiscal year. Overall expenditures are on pace with what was expected through the first nine months of the year as presented in the revised budget.

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.

Transfers to the Plant Funds for Deferred Maintenance, Campus Maintenance & Repair, and Furniture Replacement were recorded in March, as per amounts approved in the revised budget.

Washtenaw Community College
Revenues and Expenditures - General Fund
Statement as of March 31, 2018

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,100,000	12,100,000	12,095,332	(4,668)
Tuition Winter	11,300,000	11,300,000	11,255,665	(44,335)
Tuition Spring	4,752,069	3,774,904	3,822,104	47,199
Student Fees	4,260,000	4,092,370	4,137,291	44,921
Total Tuition and Fees	<u>32,412,069</u>	<u>31,267,274</u>	<u>31,310,391</u>	<u>43,117</u>
Local Property Taxes	51,400,000	49,952,855	49,975,088	22,234
State Appropriations	14,558,874	11,151,091	11,299,227	148,136
Trade Partnerships	3,711,702	2,972,115	3,060,308	88,193
Investment Income	786,500	589,875	616,737	26,862
Other	1,764,825	1,334,671	1,294,368	(40,303)
Auxiliary Activities	1,226,650	922,349	983,031	60,683
Total Revenue	105,860,620	98,190,230	98,539,151	348,921
EXPENDITURES				
Humanities & Social Sciences	11,746,348	8,755,993	8,633,842	122,151
Math, Science & Engineering Technologies	8,899,295	6,602,212	6,514,624	87,589
Health Sciences	5,328,621	4,007,418	4,311,467	(304,049)
Business & Computer Technologies	7,047,770	5,283,607	5,202,037	81,570
Advanced Technologies & Public Service Careers	7,159,664	5,287,738	4,856,990	430,748
Continuing Education	636,262	457,431	350,385	107,046
Distance Learning	1,835,948	1,290,781	1,282,421	8,361
Instructional Support	13,379,509	10,156,704	9,274,652	882,052
Total Instruction	<u>56,033,417</u>	<u>41,841,885</u>	<u>40,426,418</u>	<u>1,415,467</u>
Student Services	8,922,510	6,555,375	5,776,178	779,196
Scholarships	1,558,402	1,332,999	1,226,705	106,295
Executive Management	2,103,303	1,515,689	1,396,070	119,619
General Admin - Institutional Services	2,851,534	2,609,200	6,052,336	(3,443,135)
MIS/Computer Services	7,949,793	5,297,300	5,064,659	232,641
Public Relations Development	3,434,179	2,217,208	1,962,779	254,428
Community Services	2,023,579	1,462,225	1,400,131	62,094
Physical Plant Operations	10,439,378	7,723,586	7,085,509	638,077
Utilities	2,103,493	1,558,168	1,543,355	14,813
Equipment	1,561,015	784,619	874,265	(89,646)
Total Non-Instruction	<u>42,947,186</u>	<u>31,056,369</u>	<u>32,381,987</u>	<u>(1,325,618)</u>
Total Expenditures	98,980,603	72,898,255	72,808,405	89,850
OPERATING TRANSFERS				
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	-
Total Operating Transfers	6,152,475	6,571,225	6,571,225	-
Total Expenditures and Operating Transfers	105,133,078	79,469,480	79,379,630	89,850
Operating Revenue Over Expenditures & Transfers	727,542	18,720,750	19,159,521	438,771
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(331,730)	(331,730)
Total Revenue over Expenditures & Transfers	727,542	18,720,750	18,827,791	107,041

**Capital Fund
Project Summary
March 31, 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	0	123,373
Campus Security System Upgrades	318,691	203,388	114,052	1,251
Campus Data Storage Upgrades	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,484,235	\$ 119,401	138,291
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,311,826	\$ 119,401	140,701
Revenue Over (Under) Expenditures		\$ 270,869		

**Washtenaw Community College
Deferred Maintenance Fund
March 31, 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	3,280,620
Projects funded through other budgeted sources	(821,900)
Deferred Maintenance requirement 2012-2022	<u>24,062,020</u>

Since inception of fund:

General Fund Transfers	15,300,000
Completed projects	(8,884,337)
Projects in process	(3,317,827)
Uncommitted Fund Balance	<u>3,097,836</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	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	110,087
Total Completed	<u>8,884,337</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	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 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>3,317,827</u>

WCC Active Portfolio
Portfolio Management
Portfolio Summary
March 31, 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.
Money Market Accounts	2,000,000.00	2,000,000.00	2,000,000.00	7.67%	-	0	0.000	0.000
Federal Agency Coupon Securities	5,000,000.00	4,858,020.00	4,994,483.93	19.16%	3,328	2252	2.125	2.154
Treasury Coupon Securities	1,000,000.00	991,290.00	992,624.44	3.81%	388	333	1.918	1.945
State of Michigan Coupon Securities	4,000,000.00	3,891,720.00	4,010,463.89	15.39%	2,505	2047	2.114	2.144
Municipal Bonds	14,000,000.00	13,921,095.00	14,063,004.79	53.96%	2,096	1267	2.355	2.388
	26,000,000.00	25,662,125.00	26,060,577.05	100.00%	2,360	1,563	2.249	2.281

Investments	Month Ending 3/31/2018	Fiscal Year 2017 - 2018 To Date	Month Ending 3/31/17	Fiscal Year 2016 - 2017 To Date
Total Earnings				
Current Year	47,633.50	419,979.60	40,953.84	357,195.16
Average Monthly Balance - Long Term Invested Balance		25,668,658.01		25,217,818.15
Effective Rate of Return - Long Term Invested Balance		2.18%		1.89%

Treasury Yield Curve 3/31/2018	6 Month	1 Year	5 Year	10 Year	20 Year
	1.93%	2.09%	2.56%	2.74%	2.85%

Reporting period 3/01/2018-3/31/2018