

Board of Trustees
Washtenaw Community College

TAB H

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject

Date

Financial Reports (May 2019)

June 25, 2019

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for May 2019 as follows; General Fund, Deferred Maintenance Fund, Capital Fund, and Combined Schedule of Investments-All Funds.

Prepared by: William L Johnson

Recommended by: Rose B. Bellanca, Ed.D.

Title: Executive Vice President of Administration & CFO

Rose B. Bellanca, President

Financial Narrative

May 2019

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

Revenue

As of May 31, 2019, Total Revenues were \$107.8 million; Total Expenditures and Operating Transfers were \$94.1 million. Revenues in total are ahead of the expected budget for the first eleven months of the fiscal year by approximately \$1.5 million.

Spring Tuition revenue is behind the year-to-date budget by approximately \$70,000. Both headcount and credit hour enrollments remain in line with projected assumptions, however lower revenue will be recognized in FY19 due to a later semester start date. The Spring Tuition revenue amount includes 60% of the tuition revenue billed through May for the current Spring/Summer term (an estimate of what will be earned in this fiscal year), along with \$1.6 million of tuition revenue that was earned for the prior 2018 Spring/Summer term.

State Aid revenue reflects an accrual for eleven months of the annual appropriation for the fiscal year, along with two payments totaling approximately \$818,000 from the Local Community Stabilization Authority (LCSA), (the make whole mechanism for lost personal property tax revenue). 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 \$52.8 million through May, which represents 99.9 percent of the total budgeted revenue from property taxes. This is ahead of the projected collections through the first eleven 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 \$600,000 or more.

Expenditures

Total Expenditures through May 31, 2019, represent 89 percent of the budgeted expenditures for the fiscal year. Overall expenditures continue to be right on pace with what was projected through the first eleven 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 through May experienced an increase to nearly 31 vacancies. Additionally, YTD part-time vacancy savings will help to offset the one-time cost of \$459,000 related to settling the MPSERS PT Student matter.

Washtenaw Community College
Revenues and Expenditures - General Fund
Statement as of May 31, 2019

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,125,248	12,125,248	12,042,254	(82,994)
Tuition Winter	11,294,472	11,294,472	11,347,395	52,923
Tuition Spring	4,887,996	4,800,436	4,730,821	(69,615)
Student Fees	4,985,000	4,931,098	4,957,227	26,129
Total Tuition and Fees	33,292,716	33,151,254	33,077,696	(73,558)
Local Property Taxes	52,900,000	52,315,662	52,837,407	521,745
State Appropriations	14,696,374	13,539,082	13,906,687	367,605
Trade Partnerships	3,773,072	3,536,682	3,836,083	299,402
Investment Income	825,000	825,000	1,061,982	236,982
Other	1,835,364	1,750,550	1,801,093	50,543
Auxiliary Activities	1,218,650	1,155,228	1,268,951	113,723
Total Revenue	108,541,176	106,273,458	107,789,899	1,516,441
EXPENDITURES				
Humanities & Social Sciences	11,774,379	10,710,150	10,842,076	(131,926)
Math, Science & Engineering Technologies	8,753,365	7,949,178	8,037,140	(87,962)
Health Sciences	5,673,866	5,066,982	5,047,258	19,724
Business & Computer Technologies	7,224,980	6,558,406	6,911,115	(352,709)
Advanced Technologies & Public Service Careers	7,278,338	6,465,447	6,383,408	82,039
Continuing Education	615,988	519,899	471,721	48,178
Distance Learning	1,874,201	1,669,885	1,636,875	33,010
Instructional Support	14,016,201	12,630,506	12,028,357	602,149
Total Instruction	57,211,318	51,570,453	51,357,949	212,504
Student Services	9,228,743	8,383,205	7,870,321	512,884
Scholarships	1,669,877	1,628,473	1,600,079	28,393
Executive Management	2,140,537	1,797,787	1,744,202	53,585
General Admin - Institutional Services	7,390,328	6,335,612	7,652,772	(1,317,160)
MIS/Computer Services	8,109,460	6,804,050	6,777,935	26,115
Public Relations Development	3,217,702	2,667,628	2,467,971	199,657
Community Services	2,181,490	1,979,807	1,954,418	25,389
Physical Plant Operations	10,941,631	9,709,731	9,410,748	298,983
Utilities	2,089,700	1,928,590	1,861,531	67,059
Equipment	1,938,515	1,466,723	1,359,999	106,724
Total Non-Instruction	48,907,983	42,701,606	42,699,976	1,629
Total Expenditures	106,119,301	94,272,059	94,057,925	214,133
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	97,131,434	96,917,300	214,133
Operating Revenue Over Expenditures & Transfers	-	9,142,024	10,872,599	1,730,575
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	417,235	417,235
Total Revenue over Expenditures & Transfers	-	9,142,024	11,289,833	2,147,809

Capital Fund
Project Summary
May 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	3,304	60
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	\$ 3,304	125,321
Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,441,523	\$ 3,304	127,101
Revenue Over (Under) Expenditures		\$ 141,572		

**Washtenaw Community College
Deferred Maintenance Fund
May 31, 2019**

Since inception of fund:

General Fund Transfers	17,300,000
Completed projects	(11,504,362)
Projects in process	(5,313,502)
Uncommitted Fund Balance	<u><u>482,137</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
Replace Concrete Sidewalks	80,000
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
HFC Locker Room Renovation	275,000
HFC Flooring Replacement	96,000
LA RPLC Chemistry Hood	746,505
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
OEB Exhaust Fan Rplcmts	55,000
Total of other projects < \$50,000 each	154,100
Total in Process	<u><u>5,313,502</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-Flooring Replacement (Based upon assessment)	150,000
Campus-Repair Asphalt Pavements	450,000
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	200,000
LA-Replace Corridor Floors	110,000
ML-Renovation Design	300,000
SC-Renovation Design	95,000
SR-Replace Dock 1 and 2 Dock Plates	70,000
Total of other projects < \$50,000 each	315,000

Total Pending 2,485,000



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
May 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	9,500,000.00	9,498,313.19	9,485,480.37	36.33%	1,861	1048	2.270	2.302
State of Michigan Bonds	5,000,000.00	5,025,830.00	5,018,148.46	19.25%	2,166	1438	2.323	2.356
Municipal Bonds	11,500,000.00	11,662,410.00	11,560,915.97	44.38%	2,256	1122	2.597	2.634
	26,000,000.00	26,186,553.19	26,064,544.80	100.00%	2,095	1,156	2.426	2.459

Investments

Total Earnings	Month Ending 5/31/2019	Fiscal Year 2018 - 2019 To Date	Month Ending 4/30/18	Fiscal Year 2017 - 2018 To Date
Current Year	51,889.76	555,178.46	49,317.56	518,422.02
Average Monthly Balance - Long Term Invested Balance		26,061,025.19		25,731,717.43
Effective Rate of Return - Long Term Invested Balance		2.32%		2.20%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 05/31/2019	2.35%	2.21%	1.93%	2.14%	2.39%

Reporting period 05/01/2019-05/31/2019