

Board of Trustees
Washtenaw Community College

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject
Financial Reports (November 2019)

Date
December 17, 2019

RECOMMENDATION

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

Prepared by: William Johnson

Title: Executive Vice President

CFO and Vice President of Finance

Recommended by:

Rose B. Bellanca, Ed.D.

Rose B. Bellanca, President

Financial Narrative

November 2019

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2019-20, the five months ended November 30, 2019.

Revenue

As of November 30, 2019, Total Revenues were \$80.1 million; Total Expenditures and Operating Transfers were \$47.8 million. Revenues in total are trending slightly ahead of the expected budget for the first five months of the fiscal year.

Winter Tuition revenue of \$8.1 million is slightly below year-to-date expected budgeted revenue of \$8.2 million. Overall, Winter enrollment and credit hours are down by 1.7% and 2.5%, respectively. Similar to Fall semester, this variance is largely due to a decline in returning student enrollment, which is a result of sustained economic improvement and historic low unemployment rates, along with the impact of the College's efforts to improve student completion rates. Revenue from Student Fees is down slightly due to the lower credit hour enrollment. These declines are partially offset by a greater portion of Summer 2019 courses occurring in fiscal 2019-20.

State Aid revenue reflects five months of the annual appropriation for the fiscal year, along with a partial payment of approximately \$340,000 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 \$43.8 million through November, which represents 78.2 percent of the total budgeted revenue from property taxes. This is slightly ahead of the projected collections through the first five months of the year. Refunds of prior year taxes are trending below budget. In conjunction with a better-than-expected increase in taxable values, there is optimism that the final tax revenue amount for the year will exceed the budget.

Expenditures

Total Expenditures through November 30, 2019, represent 41 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$500,000 less than what was expected through the first five months of the year due to a positive personnel-related variance related to vacancies in full-time and part-time positions. 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 averaged 29 per month for the first five months of the year, slightly higher than the budget. As the year progresses, 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.

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,083,106	12,083,106	11,780,869	(302,237)
Tuition Winter	11,416,133	8,205,454	8,096,586	(108,868)
Tuition Spring	5,032,391	1,812,309	2,068,183	255,874
Student Fees	4,915,734	3,594,803	3,524,538	(70,265)
Total Tuition and Fees	<u>33,447,364</u>	<u>25,695,672</u>	<u>25,470,176</u>	<u>(225,496)</u>
Local Property Taxes	55,950,000	43,625,569	43,769,076	143,507
State Appropriations	14,683,926	6,285,469	6,471,865	186,396
Trade Partnerships	4,295,741	2,568,121	2,582,836	14,715
Investment Income	1,100,000	497,958	431,774	(66,183)
Other	1,930,458	801,257	818,334	17,077
Auxiliary Activities	1,308,350	560,913	594,427	33,514
Total Revenue	112,715,839	80,034,959	80,138,488	103,529
EXPENDITURES				
Humanities & Social Sciences	12,069,558	4,853,201	4,759,861	93,340
Math, Science & Engineering Technologies	9,261,329	3,758,045	3,791,626	(33,581)
Health Sciences	6,231,564	2,486,776	2,325,084	161,692
Business & Computer Technologies	7,364,213	2,957,709	2,939,457	18,252
Advanced Technologies & Public Service Careers	7,357,397	2,868,894	2,899,331	(30,437)
Continuing Education	679,815	287,354	274,975	12,379
Distance Learning	1,892,768	791,840	780,890	10,949
Instructional Support	15,456,523	6,563,628	6,450,010	113,618
Total Instruction	<u>60,313,167</u>	<u>24,567,447</u>	<u>24,221,235</u>	<u>346,213</u>
Student Services	9,785,652	3,935,932	3,693,327	242,605
Scholarships	1,918,520	957,859	897,534	60,325
Executive Management	2,168,324	870,233	823,763	46,469
General Admin - Institutional Services	6,441,629	2,889,768	3,378,977	(489,209)
MIS/Computer Services	9,031,062	3,920,526	3,917,973	2,553
Public Relations Development	2,917,219	1,336,014	1,217,911	118,104
Community Services	2,133,798	844,346	791,305	53,041
Physical Plant Operations	10,823,561	4,154,394	3,996,360	158,033
Utilities	2,089,700	882,298	879,778	2,520
Equipment	1,771,332	422,801	439,846	(17,045)
Total Non-Instruction	<u>49,080,797</u>	<u>20,214,170</u>	<u>20,036,773</u>	<u>177,397</u>
Total Expenditures	109,393,964	44,781,617	44,258,008	523,609
OPERATING TRANSFERS				
Repair & Maintenance	750,000	750,000	750,000	-
Debt Retirement	1,221,875	158,538	158,538	-
Health & Fitness Center	(1,750,000)	(437,500)	(437,500)	-
Deferred Maintenance	2,500,000	2,500,000	2,500,000	-
Furniture	600,000	600,000	600,000	-
Total Operating Transfers	3,321,875	3,571,038	3,571,038	-
Total Expenditures and Operating Transfers	112,715,839	48,352,655	47,829,046	523,609
Operating Revenue Over Expenditures & Transfers	-	31,682,304	32,309,442	627,138
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	101,800	101,800
Total Revenue over Expenditures & Transfers	-	31,682,304	32,411,242	728,938

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	570,742	-	60
CC - STEP Equipment	7,627,434	7,504,061	-	123,373
Campus Security System Upgrades	318,691	317,723	-	968
Huron River Dr Road Modifications	225,000	224,080	-	920
Total Campus Wide	\$ 8,741,927	\$ 8,616,606	\$ -	125,321

Grand Total Construction/Repair Projects	\$ 10,571,927	\$ 10,444,827	\$ -	127,101
---	----------------------	----------------------	-------------	----------------

Revenue Over (Under) Expenditures	\$ 138,268
--	-------------------

**Washtenaw Community College
Deferred Maintenance Fund
November 30, 2019**

Since inception of fund:

General Fund Transfers	19,800,000
Completed projects	(13,396,865)
Projects in process	(5,635,000)
Uncommitted Fund Balance	<u><u>768,135</u></u>

Completed Projects:

Final Cost

Projects completed in prior years	12,108,860
 Current year completed projects:	
HFC Hot Water Capacity	328,168
ML Boiler Repl & System Mats	597,075
Replace Concrete Sidewalks	9,000
HFC Womens Hot Tub Repair	223,762
LA-Roofing and Intake Rprs	60,000
OE Underground Exhaust	70,000
Total of FY20 completed projects < \$50,000 each	-
Total Completed	<u><u>13,396,865</u></u>

Projects in Process or scheduled to begin:

Allocated Budget

EC Boiler Control & Valve Repl	75,000
EC RPLC Campus Cooling Twr	1,340,000
HFC 10 Yr Chiller Test	70,000
HFC Locker Room Renovation	625,000
HFC Flooring Replacement	96,000
LA RPLC Chemistry Hood	840,000
LA-2nd FL Tile Corridor	400,000
ML Gun Range AHU Repl	1,520,000
ML Renovation	379,000
EC Chiller Maintenance Overhaul	180,000
OEB Exhaust Fan Rplcmts	55,000
Total of other projects < \$50,000 each	55,000
Total in Process	<u><u>5,635,000</u></u>

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 20

Expected Budget

Campus-Upgrade Elevators	110,000
Campus-Upgrade Fire Alarm Panels	85,000
HFC-The lap pool and therapy pool floor and walls need to be replaced with	200,000
Total of other projects < \$50,000 each	110,000
Total Pending	<u><u>505,000</u></u>



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
November 30, 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	6,000,000.00	6,050,100.00	5,991,808.90	22.25%	2,705	1407	2.423	2.457
Miscellaneous Coupon Securities	5,000,000.00	5,066,940.00	5,015,068.48	18.62%	2,167	1256	2.323	2.355
Municipal Bonds	15,840,000.00	16,066,559.40	15,922,058.63	59.13%	2,333	1365	2.491	2.526
	26,840,000.00	27,183,599.40	26,928,936.01	100.00%	2,385	1,354	2.445	2.479

Investments

Total Earnings	Month Ending 11/30/2019	Fiscal Year 2019 - 2020 To Date	Month Ending 11/30/18	Fiscal Year 2018 - 2019 To Date
Current Year	52,430.03	260,303.14	49,790.46	249,177.12
Average Monthly Balance - Long Term Invested Balance		26,313,539.27		26,049,724.49
Effective Rate of Return - Long Term Invested Balance		2.37%		2.30%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 11/30/2019	1.63%	1.60%	1.62%	1.78%	2.07%

Reporting period 11/01/2019-11/30/2019