

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105-4800

Subject
Financial Reports (January 2020)

Date
February 25, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for January 2020 as follows:
General Fund, Deferred Maintenance Fund, Capital Fund, and Combined Schedule of
Investments-All Funds.

Prepared by: William Johnson
Title: Executive Vice President of Finance
and CFO

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

Financial Narrative

January 2020

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2019-20, the seven months ended January 31, 2020.

Revenue

As of January 31, 2020, Total Revenues were \$93.4 million; Total Expenditures and Operating Transfers were \$64.4 million. Revenues in total are trending slightly ahead of the expected budget for the first seven months of the fiscal year.

Winter Tuition revenue of \$11.3 million is slightly below year-to-date expected budgeted revenue of \$11.4 million as of the end of January. 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. While enrollment for later-starting Winter courses continues to be strong, we expect revenue for the Winter semester to finish one to two percent below budget. 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 seven 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). Consistent with prior years, the remaining LCSA payment is anticipated to be received in May. Additionally, payments from the State to offset increases in the cost of the MPSERS pension plan have continued to push the year-to-date revenue ahead of budget.

Receipts for Local Government Taxes are \$49.7 million through January, which represents 88.8 percent of the total budgeted revenue from property taxes and is on par with projected collections. Refunds of prior year taxes continue to trend below budget and in conjunction with a better-than-expected increase in taxable values, FY 2020 tax revenue is forecasted to exceed budget by \$500,000.

Expenditures

Total Expenditures through January 31, 2020, represent 56 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$900,000 less than what was expected through the first seven months of the year due to a positive personnel-related variance stemming from 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 28 per month for the first seven 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. Although direct costs are also trending slightly lower than the expected budget through January 31, 2020, we consider most of these variances to be timing in nature.

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,083,106	12,083,106	11,756,701	(326,405)
Tuition Winter	11,416,133	11,416,133	11,262,537	(153,596)
Tuition Spring	5,032,391	1,811,661	2,067,751	256,090
Student Fees	4,915,734	4,099,361	3,994,365	(104,996)
Total Tuition and Fees	33,447,364	29,410,261	29,081,354	(328,907)
Local Property Taxes	55,950,000	49,528,869	49,706,362	177,493
State Appropriations	14,683,926	8,511,457	8,950,796	439,339
Trade Partnerships	4,295,741	3,045,315	3,169,346	124,031
Investment Income	1,100,000	670,000	605,128	(64,872)
Other	1,930,458	1,085,377	1,145,463	60,086
Auxiliary Activities	1,308,350	684,750	727,605	42,855
Total Revenue	112,715,839	92,936,029	93,386,053	450,024
EXPENDITURES				
Humanities & Social Sciences	12,069,558	6,795,830	6,574,314	221,516
Math, Science & Engineering Technologies	9,228,011	5,203,494	5,242,001	(38,507)
Health Sciences	6,231,564	3,465,542	3,203,738	261,804
Business & Computer Technologies	7,365,162	4,138,249	4,075,498	62,751
Advanced Technologies & Public Service Careers	7,357,397	4,007,554	3,973,413	34,141
Continuing Education	721,415	371,814	341,987	29,827
Distance Learning	1,874,502	1,085,360	1,064,281	21,079
Instructional Support	15,647,729	8,967,238	8,618,237	349,001
Total Instruction	60,495,338	34,035,080	33,093,468	941,613
Student Services	9,886,155	5,589,478	5,279,739	309,739
Scholarships	1,918,598	1,534,956	1,454,336	80,620
Executive Management	2,197,821	1,192,659	1,118,304	74,355
General Admin - Institutional Services	6,089,218	3,812,754	4,795,686	(982,932)
MIS/Computer Services	9,034,711	5,014,442	5,043,330	(28,888)
Public Relations Development	3,118,261	1,916,906	1,771,177	145,729
Community Services	1,958,769	1,075,311	1,093,965	(18,653)
Physical Plant Operations	10,834,061	5,964,652	5,817,789	146,863
Utilities	2,089,700	1,201,438	1,187,503	13,935
Equipment	1,771,332	904,635	644,929	259,706
Total Non-Instruction	48,898,626	28,207,231	28,206,757	474
Total Expenditures	109,393,964	62,242,312	61,300,225	942,087
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)	(875,000)	(875,000)	-
Deferred Maintenance	2,500,000	2,500,000	2,500,000	-
Furniture	600,000	600,000	600,000	-
Total Operating Transfers	3,321,875	3,133,538	3,133,538	-
Total Expenditures and Operating Transfers	112,715,839	65,375,850	64,433,763	942,087
Operating Revenue Over Expenditures & Transfers	-	27,560,179	28,952,290	1,392,111
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(26,546)	(26,546)
Total Revenue over Expenditures & Transfers	-	27,560,179	28,925,745	1,365,566

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
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Revenue Over (Under) Expenditures	\$ 138,268
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Washtenaw Community College
Deferred Maintenance Fund
January 31, 2020

Since inception of fund:

General Fund Transfers	19,800,000
Completed projects	(13,480,574)
Projects in process	(5,822,865)
Uncommitted Fund Balance	496,561

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
HFC Womens Hot Tub Repair	223,762
OEB Exhaust Fan Rplcmnts	55,000
LA-Roofing and Intake Rprs	13,787
OE Underground Exhaust	68,200
Total of FY20 completed projects < \$50,000 each	85,721
Total Completed	13,480,574

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	110,000
HFC Locker Room Renovation	625,000
HFC Flooring Replacement	96,000
LA RPLC Chemistry Hood	850,000
LA-2nd FL Tile Corridor	410,000
ML Gun Range AHU Repl	1,522,700
ML Renovation	500,500
EC Chiller Maintenance Overhaul	180,000
Total of other projects < \$50,000 each	113,665
Total in Process	5,822,865

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 20

	Expected Budget
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	90,000
Total Pending	375,000



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
January 31, 2020**

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	6,064,600.00	5,993,411.72	22.68%	2,705	1345	2.423	2.457
Miscellaneous Coupon Securities	5,000,000.00	5,088,630.00	5,014,041.83	18.97%	2,167	1194	2.323	2.355
Municipal Bonds	15,340,000.00	15,705,035.20	15,419,330.04	58.35%	2,362	1347	2.493	2.528
	26,340,000.00	26,858,265.20	26,426,783.59	100.00%	2,403	1,318	2.445	2.479

Investments

Total Earnings	Month Ending 1/31/2020	Fiscal Year 2019 - 2020 To Date	Month Ending 1/31/2019	Fiscal Year 2018 - 2019 To Date
Current Year	53,570.01	367,443.22	49,905.45	348,988.02
Average Monthly Balance - Long Term Invested Balance		26,341,984.88		26,051,082.26
Effective Rate of Return - Long Term Invested Balance		2.39%		2.30%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 1/31/2020	1.54%	1.45%	1.32%	1.51%	1.83%

Reporting period 1/01/2020-1/31/2020