

Board of Trustees
Washtenaw Community College

TAB C

ACTION

4800 E. Huron River Drive
Ann Arbor, Michigan 48105

Subject
Financial Reports (December 2019)

Date
January 28, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for December 2019 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

December 2019

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

Revenue

As of December 31, 2019, Total Revenues were \$85.0 million; Total Expenditures and Operating Transfers were \$55.4 million. Revenues in total are trending slightly ahead of the expected budget for the first six months of the fiscal year.

Winter Tuition revenue of \$10.3 million is slightly below year-to-date expected budgeted revenue of \$10.6 million as of the end of December. Through the first week of the semester, Winter enrollment and credit hours are down by 2.5% and 3.3%, 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. Concerted efforts across campus are ongoing to increase enrollments for later-starting Winter courses. 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 six 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 continued to push the year-to-date revenue ahead of budget.

Receipts for Local Government Taxes are \$44.4 million through December, which represents 79.4 percent of the total budgeted revenue from property taxes. This is slightly ahead of the projected collections through the first six months of the year. Refunds of prior year taxes continue to trend 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 December 31, 2019, represent 48 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$1 million less than what was expected through the first six 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 29 per month for the first six 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 December 31, 2019, 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	11,764,613	(318,493)
Tuition Winter	11,416,133	10,617,004	10,325,313	(291,691)
Tuition Spring	5,032,391	1,811,661	2,067,751	256,090
Student Fees	4,915,734	3,954,277	3,871,998	(82,279)
Total Tuition and Fees	33,447,364	28,466,047	28,029,675	(436,373)
Local Property Taxes	55,950,000	44,287,110	44,414,826	127,717
State Appropriations	14,683,926	7,341,963	7,711,331	369,368
Trade Partnerships	4,295,741	2,643,240	2,742,973	99,733
Investment Income	1,100,000	613,750	544,038	(69,712)
Other	1,930,458	866,102	919,703	53,601
Auxiliary Activities	1,308,350	615,830	654,246	38,417
Total Revenue	112,715,839	84,834,042	85,016,791	182,749
EXPENDITURES				
Humanities & Social Sciences	12,069,558	5,949,728	5,761,567	188,161
Math, Science & Engineering Technologies	9,261,329	4,571,135	4,572,918	(1,783)
Health Sciences	6,231,564	3,004,966	2,729,837	275,129
Business & Computer Technologies	7,365,374	3,608,127	3,525,088	83,039
Advanced Technologies & Public Service Careers	7,357,397	3,471,887	3,449,188	22,699
Continuing Education	679,815	325,357	307,849	17,507
Distance Learning	1,892,768	965,896	925,936	39,960
Instructional Support	15,590,581	7,816,662	7,465,505	351,157
Total Instruction	60,448,386	29,713,757	28,737,889	975,868
Student Services	9,785,652	4,736,626	4,406,589	330,038
Scholarships	1,918,598	1,083,750	1,005,926	77,824
Executive Management	2,168,324	1,025,420	960,268	65,153
General Admin - Institutional Services	6,460,793	2,930,443	3,993,491	(1,063,048)
MIS/Computer Services	9,031,062	4,493,228	4,482,756	10,472
Public Relations Development	2,917,219	1,560,298	1,402,136	158,163
Community Services	1,979,337	932,508	930,044	2,464
Physical Plant Operations	10,823,561	4,995,909	4,789,802	206,106
Utilities	2,089,700	1,018,804	1,027,864	(9,060)
Equipment	1,771,332	742,012	494,917	247,095
Total Non-Instruction	48,945,578	23,518,999	23,493,793	25,206
Total Expenditures	109,393,964	53,232,756	52,231,682	1,001,074
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	56,366,294	55,365,220	1,001,074
Operating Revenue Over Expenditures & Transfers	-	28,467,748	29,651,571	1,183,823
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(26,546)	(26,546)
Total Revenue over Expenditures & Transfers	-	28,467,748	29,625,026	1,157,278

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 December 31, 2019

Since inception of fund:

General Fund Transfers	19,800,000
Completed projects	(13,416,491)
Projects in process	(5,781,000)
Uncommitted Fund Balance	<u><u>602,509</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
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	28,626
Total Completed	<u><u>13,416,491</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	110,000
HFC Locker Room Renovation	625,000
HFC Flooring Replacement	96,000
LA RPLC Chemistry Hood	840,000
LA-2nd FL Tile Corridor	410,000
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	151,000
Total in Process	<u><u>5,781,000</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
December 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	6,000,000.00	6,032,140.00	5,992,610.31	22.63%	2,705	1376	2.423	2.457
Miscellaneous Coupon Securities	5,000,000.00	5,062,170.00	5,014,555.17	18.97%	2,167	1225	2.323	2.355
Municipal Bonds	15,340,000.00	15,530,327.00	15,420,694.34	58.35%	2,362	1378	2.493	2.528
	26,340,000.00	26,624,637.00	26,427,859.82	100.00%	2,403	1,349	2.445	2.479

Investments

Total Earnings	Month Ending 12/31/2019	Fiscal Year 2019 - 2020 To Date	Month Ending 12/31/2018	Fiscal Year 2018 - 2019 To Date
Current Year	53,570.07	313,873.21	49,905.45	299,082.57
Average Monthly Balance - Long Term Invested Balance		26,329,870.78		26,050,386.28
Effective Rate of Return - Long Term Invested Balance		2.38%		2.30%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 12/31/2019	1.60%	1.59%	1.69%	1.92%	2.25%

Reporting period 12/01/2019-12/31/2019