

**Board of Trustees**  
Washtenaw Community College

**TAB C**

**ACTION**

4800 E. Huron River Drive  
Ann Arbor, Michigan 48105

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Subject  
Financial Reports (October 2019)

Date  
November 19, 2019

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**RECOMMENDATION**

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

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Prepared by: William Johnson

Title: Executive Vice President

CFO and Vice President of Finance

Recommended by: Rose B. Bellanca, Esq.

Rose B. Bellanca, President

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# Financial Narrative

October 2019

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

## Revenue

As of October 31, 2019, Total Revenues were \$67.3 million; Total Expenditures and Operating Transfers were \$38.5 million. Revenues in total are in line with the expected budget for the first four months of the fiscal year.

Fall Tuition revenue of \$11.8 million is slightly below budgeted revenue of \$12.1 million. Overall, enrollment and credit hours are down by 2.8% and 3.2%, respectively. This decline 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.

State Aid revenue reflects an accrual for four 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). The College received its first State Aid payment in October, which is on track to meet budgeted revenue for State Aid.

Receipts for Local Government Taxes are \$42.9 million through October, which represents 76.8 percent of the total budgeted revenue from property taxes and is on pace to meet the budgeted amount of tax revenue for the year.

## Expenditures

Total Expenditures through October 31, 2019, represent 32 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$500,000 less than what was expected through the first third 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 third 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.

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

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
<b>REVENUES</b>				
Tuition Fall	12,083,106	12,083,106	11,790,725	(292,381)
Tuition Winter	11,416,133	-	(5,339)	(5,339)
Tuition Spring	5,032,391	1,813,280	2,068,831	255,551
Student Fees	4,915,734	2,104,447	2,037,848	(66,599)
Total Tuition and Fees	33,447,364	16,000,833	15,892,065	(108,769)
Local Property Taxes	55,950,000	42,915,303	42,949,994	34,691
State Appropriations	14,683,926	5,015,975	5,021,769	5,794
Trade Partnerships	4,295,741	2,016,044	2,013,827	(2,217)
Investment Income	1,100,000	366,667	351,010	(15,657)
Other	1,930,458	641,178	639,394	(1,783)
Auxiliary Activities	1,308,350	377,406	411,894	34,488
<b>Total Revenue</b>	<b>112,715,839</b>	<b>67,333,405</b>	<b>67,279,952</b>	<b>(53,453)</b>
<b>EXPENDITURES</b>				
Humanities & Social Sciences	12,069,558	3,759,059	3,708,185	50,874
Math, Science & Engineering Technologies	9,261,329	2,945,889	2,965,474	(19,585)
Health Sciences	6,226,265	1,914,965	1,796,616	118,349
Business & Computer Technologies	7,364,213	2,278,518	2,275,671	2,847
Advanced Technologies & Public Service Careers	7,357,397	2,216,710	2,202,402	14,308
Continuing Education	679,815	217,400	221,313	(3,914)
Distance Learning	1,893,402	645,466	643,409	2,058
Instructional Support	15,476,109	5,363,799	5,324,280	39,519
Total Instruction	60,328,088	19,341,806	19,137,350	204,456
Student Services	9,797,047	3,059,095	2,803,383	255,713
Scholarships	1,918,520	832,859	722,808	110,052
Executive Management	2,155,838	707,779	686,325	21,454
General Admin - Institutional Services	6,450,809	2,574,930	2,758,664	(183,735)
MIS/Computer Services	9,028,460	3,152,248	3,251,645	(99,397)
Public Relations Development	2,917,219	952,967	890,309	62,658
Community Services	2,133,798	673,669	621,763	51,907
Physical Plant Operations	10,803,153	3,131,892	3,002,082	129,810
Utilities	2,089,700	619,356	668,415	(49,059)
Equipment	1,771,332	383,789	393,605	(9,816)
Total Non-Instruction	49,065,876	16,088,584	15,798,998	289,586
<b>Total Expenditures</b>	<b>109,393,964</b>	<b>35,430,390</b>	<b>34,936,348</b>	<b>494,042</b>
<b>OPERATING TRANSFERS</b>				
Unexpended Plant				
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	-
<b>Total Operating Transfers</b>	<b>3,321,875</b>	<b>3,571,038</b>	<b>3,571,038</b>	<b>-</b>
<b>Total Expenditures and Operating Transfers</b>	<b>112,715,839</b>	<b>39,001,428</b>	<b>38,507,386</b>	<b>494,042</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>-</b>	<b>28,331,978</b>	<b>28,772,567</b>	<b>440,589</b>
<b>OTHER NON-OPERATING ACTIVITY</b>				
Transfer to Unexpended Plant - Budgeted	-	-	-	-
Transfer to Unexpended Plant - Unbudgeted	-	-	-	-
Unrealized Gain/(Loss) on Investment	-	-	101,800	101,800
<b>Total Revenue over Expenditures &amp; Transfers</b>	<b>-</b>	<b>28,331,978</b>	<b>28,874,366</b>	<b>542,389</b>

**Capital Fund**  
**Project Summary**  
**October 31 , 2019**

Project Category	Budget	Actuals	Commitment	Balance
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>\$ 10,571,927</b>	<b>10,583,094</b>	<b>-</b>	<b>11,167</b>
<b>Construction/Repair Projects</b>				
<b>Storage Receiving Building</b>				
<b>Renovations:</b>				
SRB Addition	1,830,000	1,828,220	-	1,780
<b>Total Storage Receiving Building</b>	<b>\$ 1,830,000</b>	<b>\$ 1,828,220</b>	<b>\$ -</b>	<b>1,780</b>
<b>Campus Wide</b>				
<b>System Improvements:</b>				
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
<b>Total Campus Wide</b>	<b>\$ 8,741,927</b>	<b>\$ 8,616,606</b>	<b>\$ -</b>	<b>125,321</b>
<b>Grand Total Construction/Repair Projects</b>	<b>\$ 10,571,927</b>	<b>\$ 10,444,827</b>	<b>\$ -</b>	<b>127,101</b>
<b>Revenue Over (Under) Expenditures</b>		<b>\$ 138,268</b>		

Washtenaw Community College  
Deferred Maintenance Fund  
October 31, 2019

**Since inception of fund:**

General Fund Transfers	19,800,000
Completed projects	(12,465,654)
Projects in process	(6,651,837)
Uncommitted Fund Balance	<b>682,509</b>

**Completed Projects:**

	Final Cost
Projects completed in prior years	12,108,860
Current year completed projects:	
HFC Hot Water Capacity	328,168
Replace Concrete Sidewalks	9,000
Total of FY20 completed projects < \$50,000 each	19,626
<b>Total Completed</b>	<b>12,465,654</b>

**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 Womens Hot Tub Repair	223,762
HFC Locker Room Renovation	625,000
HFC Flooring Replacement	96,000
LA RPLC Chemistry Hood	840,000
LA-2nd FL Tile Corridor	400,000
LA-Roofing and Intake Rprs	60,000
ML Boiler Repl & System Mats	597,075
ML Gun Range AHU Repl	1,520,000
ML Renovation	379,000
EC Chiller Maintenance Overhaul	150,000
OE Underground Exhaust	70,000
OEB Exhaust Fan Rplcmts	55,000
Total of other projects < \$50,000 each	151,000
<b>Total in Process</b>	<b>6,651,837</b>

\* 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	138,000
<b>Total Pending</b>	<b>533,000</b>



**WCC Active Portfolio  
Portfolio Management  
Portfolio Summary  
October 31, 2019**

Washtenaw Community College  
4800 East Huron River Drive  
Ann Arbor, MI 48105  
(734)973-3300

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM/C 360 Equiv.</b>	<b>YTM/C 365 Equiv.</b>
Federal Agency Coupon Securities	6,000,000.00	6,057,190.00	5,991,007.48	23.55%	2,706	1438	2.423	2.457
State of Michigan Bonds	5,000,000.00	5,079,650.00	5,015,581.82	19.72%	2,167	1286	2.323	2.355
Municipal Bonds	14,340,000.00	14,632,313.77	14,431,377.10	56.73%	2,280	1243	2.499	2.534
	<b>25,340,000.00</b>	<b>25,769,153.77</b>	<b>25,437,966.40</b>	<b>100.00%</b>	<b>2,358</b>	<b>1,297</b>	<b>2.446</b>	<b>2.480</b>

**Investments**

<b>Total Earnings</b>	<b>Month Ending 10/31/2019</b>	<b>Fiscal Year 2019 - 2020 To Date</b>	<b>Month Ending 10/31/18</b>	<b>Fiscal Year 2018 - 2019 To Date</b>
Current Year	48,926.07	207,873.11	49,883.51	199,386.66
Average Monthly Balance - Long Term Invested Balance		26,290,459.93		26,049,117.42
Effective Rate of Return - Long Term Invested Balance		2.37%		2.30%

	<b>6 Month</b>	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>20 Year</b>
Treasury Yield Curve 10/31/2019	1.57%	1.53%	1.51%	1.69%	2.00%

Reporting period 10/01/2019-10/31/2019