

**Board of Trustees**  
Washtenaw Community College

TAB C

**ACTION**

4800 E. Huron River Drive  
Ann Arbor, Michigan 48105

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Subject

Date

Financial Reports (September 2019)

October 22, 2019

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**RECOMMENDATION**

That the Board of Trustees receive the Financial Reports for September 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

Recommended by: Rose B. Bellanca, Esq.

Title: Executive Vice President

Rose B. Bellanca, President

CFO and Vice President of Finance

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# Financial Narrative

September 2019

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

## Revenue

As of September 30, 2019, Total Revenues were \$56.4 million; Total Expenditures and Operating Transfers were \$29.9 million. Revenues in total are ahead of the expected budget for the first quarter by approximately \$150,000.

Fall Tuition revenue of \$11.9 million is slightly below budgeted revenue of \$12.1. Overall, enrollment and credit hours (down by 2.8% and 3.2%, respectively). This decline is largely due to a decline in returning student enrollment, which is mainly attributed to sustained economic improvement and historic low unemployment rates. Revenue from Student Fees is down slightly due to the lower credit hour enrollment.

State Aid revenue reflects an accrual for 25 percent of the annual appropriation for the new fiscal year. Appropriation payments for the current year begin in October and are in line with what the College budgeted for the year. The recently approved state budget appropriations for community colleges resulted in a .9% increase for WCC, which is in line with our budgeted assumption. The biggest unknown for this line item is the amount coming from the Local Community Stabilization Authority (the make whole mechanism for lost personal property tax revenue), which we are expecting to know within the next month or two.

Receipts for Local Government Taxes are \$34.7 million through September, which represents 62 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first quarter and is a positive indication that we will meet, if not exceed, the budgeted amount of tax revenue for the year.

## Expenditures

Total Expenditures through September 30, 2019, represent 24 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$820,000 less than what was expected through the first quarter of the year due to a positive personnel-related variance related to vacancies in 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 25 per month for the first quarter of the year, on target with 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.

## Operating Transfers

The full-year budgeted allocations for Deferred Maintenance, Campus Maintenance & Repair, and Furniture were transferred from the General Fund to the appropriate Plant Funds as of the first of the fiscal year. The Health & Fitness Center transfer is a transfer into the General Fund from the first quarter operations of the Center.

**Washtenaw Community College**  
**Revenues and Expenditures - General Fund**  
**Statement as of September 30, 2019**

	<b>Annual Budget</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>YTD Variance</b>
<b>REVENUES</b>				
Tuition Fall	12,083,106	12,083,106	11,827,184	(255,922)
Tuition Winter	11,416,133	(2,581)	(5,339)	(2,758)
Tuition Spring	5,032,391	1,813,280	2,068,831	255,551
Student Fees	4,915,734	2,165,876	2,032,330	(133,546)
<b>Total Tuition and Fees</b>	<b>33,447,364</b>	<b>16,059,681</b>	<b>15,923,006</b>	<b>(136,675)</b>
Local Property Taxes	55,950,000	34,699,620	34,741,796	42,176
State Appropriations	14,683,926	3,508,482	3,524,279	15,797
Trade Partnerships	4,295,741	1,150,317	1,201,269	50,952
Investment Income	1,100,000	275,000	239,019	(35,981)
Other	1,930,458	477,655	541,831	64,176
Auxiliary Activities	1,308,350	365,862	241,950	(123,911)
<b>Total Revenue</b>	<b>112,715,839</b>	<b>56,536,616</b>	<b>56,413,150</b>	<b>(123,466)</b>
<b>EXPENDITURES</b>				
Humanities & Social Sciences	12,069,558	2,788,425	2,670,135	118,291
Math, Science & Engineering Technologies	9,261,329	2,224,739	2,169,857	54,882
Health Sciences	6,220,509	1,343,006	1,255,038	87,968
Business & Computer Technologies	7,538,528	1,716,566	1,627,502	89,064
Advanced Technologies & Public Service Careers	7,354,768	1,641,380	1,585,494	55,886
Continuing Education	680,198	139,101	133,989	5,112
Distance Learning	1,882,784	469,999	475,950	(5,951)
Instructional Support	15,460,195	4,067,848	4,352,701	(284,853)
<b>Total Instruction</b>	<b>60,467,869</b>	<b>14,391,064</b>	<b>14,270,666</b>	<b>120,398</b>
Student Services	9,654,032	2,258,171	2,093,959	164,212
Scholarships	1,918,520	959,260	722,032	237,228
Executive Management	2,145,838	527,998	505,710	22,288
General Admin - Institutional Services	6,518,865	2,095,598	2,122,965	(27,366)
MIS/Computer Services	8,975,125	2,424,082	2,597,370	(173,289)
Public Relations Development	2,927,219	727,296	663,518	63,778
Community Services	2,138,798	458,484	416,816	41,667
Physical Plant Operations	10,786,666	2,420,182	2,235,942	184,239
Utilities	2,089,700	528,167	525,301	2,866
Equipment	1,771,332	518,387	331,236	187,151
<b>Total Non-Instruction</b>	<b>48,926,095</b>	<b>12,917,625</b>	<b>12,214,849</b>	<b>702,776</b>
<b>Total Expenditures</b>	<b>109,393,964</b>	<b>27,308,689</b>	<b>26,485,515</b>	<b>823,174</b>
<b>OPERATING TRANSFERS</b>				
Unexpended Plant				
Repair & Maintenance	750,000	750,000	750,000	-
Debt Retirement	1,221,875	-	-	-
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>3,412,500</b>	<b>3,412,500</b>	<b>-</b>
<b>Total Expenditures and Operating Transfers</b>	<b>112,715,839</b>	<b>30,721,189</b>	<b>29,898,015</b>	<b>823,174</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>-</b>	<b>25,815,427</b>	<b>26,515,136</b>	<b>699,709</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>25,815,427</b>	<b>26,616,935</b>	<b>801,508</b>

**Capital Fund**  
**Project Summary**  
September 30 , 2019

ORG	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>					
70701	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>					
70002	Classroom & Lab access Control	570,802	570,742	-	60
70003	CC - STEP Equipment	7,627,434	7,504,061	-	123,373
70005	Campus Security System Upgrades	318,691	317,723	-	968
70006	Campus Data Storage Upgrades	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  
September 30, 2019

Since inception of fund:

General Fund Transfers	19,800,000
Completed projects	(12,465,654)
Projects in process	(6,641,837)
Uncommitted Fund Balance	<b>692,509</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	557,075
ML Gun Range AHU Repl	1,550,000
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>6,641,837</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

**Total Pending** **533,000**



**WCC Active Portfolio  
Portfolio Management  
Portfolio Summary  
September 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	8,500,000.00	8,556,255.97	8,492,816.01	32.12%	1,953	1036	2.414	2.448
State of Michigan Bonds	5,000,000.00	5,074,640.00	5,016,095.15	18.97%	2,167	1317	2.323	2.355
Municipal Bonds	12,840,000.00	13,135,879.17	12,932,741.40	48.91%	2,227	1101	2.542	2.577
	<b>26,340,000.00</b>	<b>26,766,775.14</b>	<b>26,441,652.56</b>	<b>100.00%</b>	<b>2,128</b>	<b>1,121</b>	<b>2.459</b>	<b>2.494</b>

**Investments**

Total Earnings	Month Ending 9/30/2019	Fiscal Year 2019 - 2020 To Date	Month Ending 9/30/18	Fiscal Year 2018 - 2019 To Date
Current Year	53,992.35	158,947.04	49,768.47	149,503.15
Average Monthly Balance - Long Term Invested Balance		26,253,853.31		26,048,596.35
Effective Rate of Return - Long Term Invested Balance		2.42%		2.30%

Treasury Yield Curve 09/30/2019	6 Month	1 Year	5 Year	10 Year	20 Year
	1.83%	1.75%	1.55%	1.68%	1.94%

Reporting period 09/01/2019-09/30/2019