

Board of Trustees

Washtenaw Community College

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

ACTION

Subject
Financial Reports (February 2020)

Date
March 31, 2020

RECOMMENDATION

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

A ROLL CALL VOTE WILL BE TAKEN

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

February 2020

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2019-20, the eight months ended February 29, 2020.

Revenue

As of February 29, 2020, Total Revenues were \$98.8 million; Total Expenditures and Operating Transfers were \$72.6 million. Revenues in total are trending slightly ahead of the expected budget for the first eight months of the fiscal year.

Winter Tuition revenue of \$11.2 million is slightly below budgeted revenue of \$11.4 million. Through February, our variance to expected budget for both Fall and Winter semesters was 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 Spring/Summer 2019 courses occurring in fiscal 2019-20. Registration opened mid-March for both the Spring/Summer and Fall terms and early trends reveal that the COVID-19 pandemic is having a negative impact on enrollment for these semesters. While the rate of enrollment decline is dependent upon many variables tied to the pandemic, the College is implementing numerous strategies to mitigate the risk of lower tuition revenue.

State Aid revenue reflects eight 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 \$53.4 million through February, which represents 95.5 percent of the total budgeted revenue from property taxes and is slightly ahead of 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 February 29, 2020, represent 64 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$850,000 less than what was expected through the first eight 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 27 per month for the first eight 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	11,752,040	(331,066)
Tuition Winter	11,416,133	11,416,133	11,212,941	(203,192)
Tuition Spring	5,032,391	1,811,661	2,067,751	256,090
Student Fees	4,915,734	4,112,231	4,002,412	(109,819)
Total Tuition and Fees	<u>33,447,364</u>	<u>29,423,131</u>	<u>29,035,144</u>	<u>(387,987)</u>
Local Property Taxes	55,950,000	53,140,874	53,443,549	302,675
State Appropriations	14,683,926	9,680,951	10,190,262	509,311
Trade Partnerships	4,295,741	3,170,514	3,393,680	223,166
Investment Income	1,100,000	733,333	667,321	(66,012)
Other	1,930,458	1,186,599	1,229,181	42,582
Auxiliary Activities	1,308,350	868,357	870,204	1,847
Total Revenue	112,715,839	98,203,759	98,829,340	625,581
EXPENDITURES				
Humanities & Social Sciences	12,012,214	7,781,180	7,561,219	219,961
Math, Science & Engineering Technologies	9,233,592	5,983,165	6,043,787	(60,621)
Health Sciences	6,242,327	4,017,000	3,750,967	266,033
Business & Computer Technologies	7,327,486	4,748,018	4,723,291	24,727
Advanced Technologies & Public Service Careers	7,351,161	4,614,938	4,575,218	39,720
Continuing Education	721,290	427,712	401,760	25,952
Distance Learning	1,855,495	1,198,833	1,180,452	18,381
Instructional Support	15,742,421	10,159,535	9,704,819	454,716
Total Instruction	<u>60,485,986</u>	<u>38,930,381</u>	<u>37,941,512</u>	<u>988,869</u>
Student Services	9,924,564	6,365,998	6,015,952	350,046
Scholarships	1,918,598	1,584,956	1,473,867	111,088
Executive Management	2,198,367	1,358,782	1,273,623	85,159
General Admin - Institutional Services	5,932,307	4,020,907	5,327,805	(1,306,898)
MIS/Computer Services	9,093,952	5,712,646	5,662,690	49,956
Public Relations Development	3,142,373	2,185,228	1,985,781	199,446
Community Services	1,966,125	1,239,214	1,240,077	(863)
Physical Plant Operations	10,870,660	6,784,277	6,577,397	206,880
Utilities	2,089,700	1,329,093	1,330,225	(1,132)
Equipment	1,771,332	853,401	682,191	171,210
Total Non-Instruction	<u>48,907,978</u>	<u>31,434,500</u>	<u>31,569,608</u>	<u>(135,108)</u>
Total Expenditures	109,393,964	70,364,881	69,511,120	853,761
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	73,498,419	72,644,658	853,761
Operating Revenue Over Expenditures & Transfers	-	24,705,339	26,184,682	1,479,343
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	(26,546)	(26,546)
Total Revenue over Expenditures & Transfers	-	24,705,339	26,158,137	1,452,797

Capital Fund
Project Summary
February 29, 2020

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 February 29, 2020

Since inception of fund:

General Fund Transfers	19,800,000	
Completed projects	(16,421,939)	
Projects in process	(2,705,500)	
Uncommitted Fund Balance	672,561	427,561

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	
ML Gun Range AHU Repl	1,522,700	
HFC 10 Yr Chiller Test	110,000	
HFC Womens Hot Tub Repair	223,762	
LA RPLC Chemistry Hood	850,000	
LA-2nd FL Tile Corridor	410,000	
OEB Exhaust Fan Rplcmts	55,000	
OE Underground Exhaust	68,200	
Total of FY20 completed projects < \$50,000 each	148,173	
Total Completed	16,421,939	

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 Steam & Sauna Replacement	250,000	
ML Renovation	500,500	
Men' Hot Tub Replacement	175,000	
HFC Pool Resurfacing	100,000	
EC Chiller Maintenance Overhaul	180,000	
Total of other projects < \$50,000 each	85,000	
Total in Process	2,705,500	

* 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- Showerhead repairs	70,000	
Total of other projects < \$50,000 each	90,000	
Total Pending	245,000	



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
February 29, 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.
Money Market Accounts	2,000,000.00	2,000,000.00	2,000,000.00	7.57%	-	0	0.000	0.000
Federal Agency Coupon Securities	2,000,000.00	2,088,500.00	1,999,461.29	7.57%	2,317	1145	2.283	2.314
Treasury Discounts -Amortizing	2,000,000.00	1,989,180.00	1,985,857.78	7.52%	182	172	1.512	1.533
State of Michigan Bonds	5,000,000.00	5,126,650.00	5,013,528.51	18.98%	2,167	1165	2.323	2.355
Municipal Bonds	15,340,000.00	15,927,956.80	15,417,965.76	58.36%	2,362	1318	2.493	2.528
	26,340,000.00	27,132,286.80	26,416,813.34	100.00%	2,141	1,179	2.361	2.394

Investments

Total Earnings	Month Ending 2/29/2020	Fiscal Year 2019 - 2020 To Date	Month Ending 2/28/2019	Fiscal Year 2018 - 2019 To Date
Current Year	56,584.89	424,028.11	50,758.00	399,746.02
Average Monthly Balance - Long Term Invested Balance		26,350,299.15		26,053,811.21
Effective Rate of Return - Long Term Invested Balance		2.41%		2.30%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 2/29/2020	1.11%	0.97%	0.89%	1.13%	1.46%

Reporting period 2/01/2020-2/29/2020