

Board of Trustees

Washtenaw Community College

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

ACTION

Subject
Financial Reports (March 2020)


Date
April 28, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for March 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, President

Financial Narrative

March 2020

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

Revenue

As of March 31, 2020, Total Revenues were \$103.8 million; Total Expenditures and Operating Transfers were \$82.0 million. Revenues in total are trending slightly behind of the expected budget for the first nine months of the fiscal year.

Winter Tuition revenue of \$11.1 million is slightly below budgeted revenue of \$11.4 million. Through March, 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. Registration opened mid-March for both the Spring/Summer and Fall terms. The COVID-19 pandemic continues to have a negative impact on enrollment for these semesters. The College has implemented a number of strategies to connect with students and explore online learning and virtual classroom learning options. Despite these initiatives, we expect enrollment for Spring to finish the year 25% under budget.

State Aid revenue reflects nine 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 \$54.6 million through March, which represents 97.6 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 March 31, 2020, represent 72 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$1,000,000 less than what was expected through the first nine 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 nine 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. Direct costs are also trending slightly lower than the expected budget through March 31, 2020. Given cost constraint initiatives the College has put into place, we expect these variances will become permanent.

Washtenaw Community College
 Revenues and Expenditures - General Fund
 Statement as of March 31, 2020

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,083,106	12,083,106	11,749,475	(333,631)
Tuition Winter	11,416,133	11,416,133	11,144,776	(271,357)
Tuition Spring	5,032,391	4,277,532	3,866,586	(410,946)
Student Fees	4,915,734	4,642,168	4,460,296	(181,872)
Total Tuition and Fees	<u>33,447,364</u>	<u>32,418,939</u>	<u>31,221,133</u>	<u>(1,197,806)</u>
Local Property Taxes	55,950,000	54,315,494	54,629,913	314,418
State Appropriations	14,683,926	10,850,445	11,429,728	579,283
Trade Partnerships	4,295,741	3,295,073	3,489,660	194,587
Investment Income	1,100,000	888,750	754,226	(134,524)
Other	1,930,458	1,407,420	1,263,699	(143,722)
Auxiliary Activities	1,308,350	1,013,241	974,705	(38,535)
Total Revenue	112,715,839	104,189,363	103,763,064	(426,299)
EXPENDITURES				
Humanities & Social Sciences	11,803,207	8,628,093	8,554,780	73,313
Math, Science & Engineering Technologies	9,337,211	6,831,265	6,846,439	(15,174)
Health Sciences	6,242,327	4,550,957	4,285,292	265,665
Business & Computer Technologies	7,327,486	5,388,412	5,403,805	(15,394)
Advanced Technologies & Public Service Careers	7,351,161	5,222,361	5,152,924	69,437
Continuing Education	720,140	503,243	443,855	59,388
Distance Learning	1,853,882	1,335,963	1,299,351	36,612
Instructional Support	15,715,302	11,353,673	10,716,545	637,127
Total Instruction	<u>60,350,716</u>	<u>43,813,966</u>	<u>42,702,992</u>	<u>1,110,974</u>
Student Services	9,995,670	7,188,215	6,731,152	457,064
Scholarships	1,918,598	1,534,956	1,501,159	33,797
Executive Management	2,198,367	1,539,422	1,420,847	118,576
General Admin - Institutional Services	5,983,552	4,601,039	5,988,223	(1,387,184)
MIS/Computer Services	9,095,565	6,367,686	6,396,731	(29,045)
Public Relations Development	3,153,679	2,430,012	2,222,466	207,546
Community Services	1,966,125	1,389,905	1,386,482	3,423
Physical Plant Operations	10,870,660	7,720,756	7,487,806	232,950
Utilities	2,089,700	1,498,561	1,494,313	4,248
Equipment	1,771,332	1,144,990	864,839	280,152
Total Non-Instruction	<u>49,043,248</u>	<u>35,415,542</u>	<u>35,494,016</u>	<u>(78,474)</u>
Total Expenditures	109,393,964	79,229,508	78,197,008	1,032,500
OPERATING TRANSFERS				
Repair & Maintenance	750,000	750,000	750,000	-
Debt Retirement	1,221,875	1,221,875	1,221,875	-
Health & Fitness Center	(1,750,000)	(1,312,500)	(1,312,500)	-
Deferred Maintenance	2,500,000	2,500,000	2,500,000	-
Furniture	600,000	600,000	600,000	-
Total Operating Transfers	3,321,875	3,759,375	3,759,375	-
Total Expenditures and Operating Transfers	112,715,839	82,988,883	81,956,383	1,032,500
Operating Revenue Over Expenditures & Transfers	-	21,200,480	21,806,681	606,201
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	400,855	400,855
Total Revenue over Expenditures & Transfers	-	21,200,480	22,207,536	1,007,056

Capital Fund
Project Summary
March 31, 2020

ORG	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:					
70701	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:					
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	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
March 31, 2020

Since inception of fund:

General Fund Transfers	19,800,000	
Completed projects	(16,421,938)	
Projects in process	(2,737,500)	
Uncommitted Fund Balance	640,562	395,562

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 **16,421,938**

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	182,000
Total of other projects < \$50,000 each	115,000

Total in Process **2,737,500**

* 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
March 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	2,000,000.00	2,114,530.00	1,999,564.09	7.57%	2,317	1114	2.283	2.314
Federal Agency Disc. -Amortizing	1,000,000.00	999,932.00	999,479.86	3.78%	61	35	0.543	0.550
Treasury Discounts -Amortizing	3,000,000.00	2,999,190.00	2,987,642.23	11.31%	151	115	1.152	1.168
State of Michigan Bonds	5,000,000.00	5,113,210.00	5,013,015.17	18.98%	2,167	1134	2.323	2.355
Municipal Bonds	15,340,000.00	15,813,619.00	15,416,601.46	58.36%	2,362	1287	2.493	2.528
	26,340,000.00	27,040,481.00	26,416,302.81	100.00%	1,984	1,065	2.219	2.250

Investments	Month Ending 3/31/2020		Fiscal Year 2019 - 2020 To Date		Month Ending 3/31/2019		Fiscal Year 2018 - 2019 To Date	
Total Earnings								
Current Year		48,408.91		472,437.02		50,481.51		450,227.53
Average Monthly Balance - Long Term Invested Balance				26,356,899.52				26,057,620.20
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 3/31/2020	0.15%	0.17%	0.37%	0.70%	1.15%

Reporting period 3/01/2020-3/31/2020