

Board of Trustees

Washtenaw Community College

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

ACTION

Subject
Financial Reports (May 2020)


Date
June 23, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for May 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

May 2020

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

Revenue

As of May 31, 2020, Total Revenues were \$108.5 million; Total Expenditures and Operating Transfers were \$98.1 million. Revenues in total are trending slightly behind of the expected budget for the first eleven months of the fiscal year.

A concerted effort across campus to bolster enrollment resulted in Spring semester enrollment coming to within \$100,000 of budget. The College has implemented a number of strategies to connect with students and explore online learning and virtual classroom learning options. Additional strategies include removing payment barriers, alleviating down payments, and not dropping students for not making arrangements. These initiatives may result in additional bad debt expense as part of the annual year-end adjustment.

State Aid revenue reflects eleven 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 remaining LCSA payment has been received in June and will exceed budgeted revenue by approximately \$100,000. 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. The College is currently monitoring the impact, if any, that the loss of revenue at the State level may have on remaining payments due to the College.

Receipts for Local Government Taxes are \$54.8 million through May, which represents 98.0 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.

The COVID-19 pandemic has also had a significant impact on a number of other revenue areas for the College. Interest rates have fallen to close to zero and as a result, the College's short-term investment strategy has fallen behind budget expectations. Contract training and community enrichment courses are often face-to-face classes and as such are not able to be offered at this time. The conference center has cancelled all of its events for the foreseeable future. The College expects these variances, among others, to be permanent and are reflected as such in the accompanying Statement of Revenue and Expenditures.

Expenditures

Total Expenditures through May 31, 2020, represent 86.2 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$2.6 million less than what was expected through the first eleven months of the year. This is due in large part 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 eleven 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 May 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 May 31, 2020

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,083,106	12,083,106	11,747,507	(335,599)
Tuition Winter	11,416,133	11,416,133	10,970,195	(445,938)
Tuition Spring	5,032,391	5,032,391	5,214,702	182,311
Student Fees	4,915,734	4,915,734	4,396,903	(518,831)
Total Tuition and Fees	<u>33,447,364</u>	<u>33,447,364</u>	<u>32,329,307</u>	<u>(1,118,057)</u>
Local Property Taxes	55,950,000	54,476,365	54,821,449	345,084
State Appropriations	14,683,926	13,189,432	13,908,659	719,227
Trade Partnerships	4,295,741	3,801,947	4,047,473	245,525
Investment Income	1,100,000	1,051,167	965,549	(85,618)
Other	1,930,458	1,765,473	1,363,901	(401,571)
Auxiliary Activities	1,308,350	1,249,067	1,033,741	(215,325)
Total Revenue	112,715,839	108,980,814	108,470,078	(510,736)
EXPENDITURES				
Humanities & Social Sciences	11,803,207	10,763,200	10,508,743	254,456
Math, Science & Engineering Technologies	9,337,211	8,471,609	8,445,996	25,613
Health Sciences	6,242,327	5,604,757	5,160,175	444,582
Business & Computer Technologies	7,327,486	6,667,297	6,627,889	39,408
Advanced Technologies & Public Service Careers	7,351,161	6,440,338	6,234,896	205,442
Continuing Education	721,340	589,445	467,935	121,509
Distance Learning	1,841,011	1,637,298	1,588,524	48,774
Instructional Support	15,728,523	13,912,195	12,724,023	1,188,172
Total Instruction	<u>60,352,266</u>	<u>54,086,138</u>	<u>51,758,182</u>	<u>2,327,956</u>
Student Services	9,995,470	9,037,314	8,405,192	632,122
Scholarships	1,918,598	1,730,258	1,572,725	157,532
Executive Management	2,198,367	1,869,180	1,687,895	181,285
General Admin - Institutional Services	5,995,262	5,708,590	7,107,595	(1,399,005)
MIS/Computer Services	9,095,565	7,651,241	7,674,640	(23,400)
Public Relations Development	3,153,679	2,841,270	2,639,166	202,104
Community Services	1,966,125	1,642,601	1,634,713	7,888
Physical Plant Operations	10,857,600	9,526,902	9,099,474	427,428
Utilities	2,089,700	1,822,340	1,772,177	50,163
Equipment	1,771,332	1,046,604	989,609	56,995
Total Non-Instruction	<u>49,041,698</u>	<u>42,876,300</u>	<u>42,583,187</u>	<u>293,113</u>
Total Expenditures	109,393,964	96,962,438	94,341,368	2,621,070
OPERATING TRANSFERS				
Repair & Maintenance	750,000	750,000	750,000	-
Debt Retirement	1,221,875	1,227,075	1,227,075	-
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	3,764,575	3,764,575	-
Total Expenditures and Operating Transfers	112,715,839	100,727,013	98,105,943	2,621,070
Operating Revenue Over Expenditures & Transfers	-	8,253,801	10,364,135	2,110,334
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	400,855	400,855
Total Revenue over Expenditures & Transfers	-	8,253,801	10,764,990	2,511,189

Capital Fund
Project Summary
May 31, 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
May 31, 2020

Since inception of fund:

General Fund Transfers	19,800,000	
Completed projects	(16,339,667)	
Projects in process	(3,583,146)	
Uncommitted Fund Balance	(122,813)	(122,813)

Completed Projects:

Final Cost

Projects completed in prior years	12,107,926	
Current year completed projects:		
HFC Hot Water Capacity	328,168	
ML Boiler Repl & System Mats	591,114	
ML Gun Range AHU Repl	1,504,993	
HFC 10 Yr Chiller Test	106,443	
HFC Womens Hot Tub Repair	177,242	
HFC Steam & Sauna Replacement	33,647	
LA RPLC Chemistry Hood	847,987	
LA-2nd FL Tile Corridor	375,505	
OEB Exhaust Fan Rplcmts	51,074	
OE Underground Exhaust	68,200	
Total of FY20 completed projects < \$50,000 each	147,367	
Total Completed	16,339,667	

Projects in Process or scheduled to begin:

Allocated Budget

EC Boiler Control & Valve Repl	75,000	
EC RPLC Campus Cooling Twr	1,340,000	
ML Renovation	500,500	
GM Fire Alarm Upgrade	85,000	
BE Store Front Entry	125,000	
* GM Library Lighting Replacement	90,000	
Campus Lighting Upgrades	90,000	
* Campus Concrete Repairs	90,000	
* Campus Repair Parking Lots	180,000	
Men' Hot Tub Replacement	175,000	
HFC Pool Resurfacing	100,000	
HFC Shower Vale Replacement	75,000	
* HFC Natatorium Lighting Replacement	75,000	
* FE West Brick & Tuck Pointing Rprs	90,000	
ML Retention Pond Dredging	185,000	
EC Chiller Maintenance Overhaul	182,646	
Total of other projects < \$50,000 each	125,000	
Total in Process	3,583,146	

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 20

Expected Budget

Less than \$50,000 - show in total:		
Total of other projects < \$50,000 each		-
Total Pending	-	



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
May 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.
Money Market	1,500,000.00	1,500,000.00	1,500,000.00	5.68%	1	1	-	-
Federal Agency Coupon Securities	3,000,000.00	3,127,448.33	3,006,987.43	11.38%	1,562	720	1.558	1.579
Treasury Discounts -Amortizing	5,000,000.00	4,998,587.00	4,992,820.41	18.89%	128	68	0.737	0.747
Miscellaneous Coupon Securities	5,000,000.00	5,110,100.00	5,011,988.52	18.97%	2,167	1073	2.322	2.355
Municipal Bonds	11,840,000.00	12,394,267.20	11,913,872.87	45.08%	2,617	1595	2.507	2.542
	26,340,000.00	27,130,402.53	26,425,669.23	100.00%	1,901	1,079	2.001	2.029

Investments

Total Earnings	Month Ending 5/31/2020	Fiscal Year 2019 - 2020 To Date	Month Ending 5/31/2019	Fiscal Year 2018 - 2019 To Date
Current Year	41,555.38	562,426.36	51,889.76	555,178.46
Average Monthly Balance - Long Term Invested Balance		26,367,705.27		26,061,025.19
Effective Rate of Return - Long Term Invested Balance		2.33%		2.32%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 5/29/2020	0.18%	0.17%	0.30%	0.65%	1.18%

Reporting period 5/01/2020-5/31/2020