

**Board of Trustees**

Washtenaw Community College

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

**ACTION**

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Subject  
Financial Reports (February 2020)

Date  
March 31, 2020

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**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**

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Prepared by: William Johnson  
Title: Executive Vice President of Finance  
and CFO

Recommended by: *Rose B. Bellanca, Ed.D.*  
Rose B. Bellanca, President

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# 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
<b>REVENUES</b>				
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
<b>Total Revenue</b>	<b>112,715,839</b>	<b>98,203,759</b>	<b>98,829,340</b>	<b>625,581</b>
<b>EXPENDITURES</b>				
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>
<b>Total Expenditures</b>	<b>109,393,964</b>	<b>70,364,881</b>	<b>69,511,120</b>	<b>853,761</b>
<b>OPERATING TRANSFERS</b>				
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	-
<b>Total Operating Transfers</b>	<b>3,321,875</b>	<b>3,133,538</b>	<b>3,133,538</b>	<b>-</b>
<b>Total Expenditures and Operating Transfers</b>	<b>112,715,839</b>	<b>73,498,419</b>	<b>72,644,658</b>	<b>853,761</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>-</b>	<b>24,705,339</b>	<b>26,184,682</b>	<b>1,479,343</b>
<b>OTHER NON-OPERATING ACTIVITY</b>				
Unrealized Gain/(Loss) on Investment	-	-	(26,546)	(26,546)
<b>Total Revenue over Expenditures &amp; Transfers</b>	<b>-</b>	<b>24,705,339</b>	<b>26,158,137</b>	<b>1,452,797</b>

**Capital Fund**  
**Project Summary**  
**February 29, 2020**

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  
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	<b>672,561</b>	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	
<b>Total Completed</b>	<b>16,421,939</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 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	
<b>Total in Process</b>	<b>2,705,500</b>	

\* 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	
<b>Total Pending</b>	<b>245,000</b>	



**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

<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>
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
	<b>26,340,000.00</b>	<b>27,132,286.80</b>	<b>26,416,813.34</b>	<b>100.00%</b>	<b>2,141</b>	<b>1,179</b>	<b>2.361</b>	<b>2.394</b>

**Investments**

<b>Total Earnings</b>	<b>Month Ending 2/29/2020</b>	<b>Fiscal Year 2019 - 2020 To Date</b>	<b>Month Ending 2/28/2019</b>	<b>Fiscal Year 2018 - 2019 To Date</b>
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%

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

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