

Board of Trustees

Washtenaw Community College

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

ACTION

Subject
Financial Reports (April 2020)

Date
May 19, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for April 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

April 2020

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2019-20, the ten months ended April 30, 2020.

Revenue

As of April 30, 2020, Total Revenues were \$106.4 million; Total Expenditures and Operating Transfers were \$88.9 million. Revenues in total are trending slightly behind of the expected budget for the first ten months of the fiscal year.

Due to the COVID-19 pandemic, Spring tuition and fee revenue is behind the estimated year-to-date budget by approximately \$800,000. The College has implemented a number of strategies to connect with students and explore online learning and virtual classroom learning options. A concerted effort across campus to bolster enrollment for the Spring term is ongoing.

State Aid revenue reflects ten 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. 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 \$54.7 million through April, which represents 97.8 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 April 30, 2020, represent 79 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$1.5 million less than what was expected through the first ten 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 ten 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 April 30, 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 April 30, 2020

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	12,083,106	12,083,106	11,748,163	(334,943)
Tuition Winter	11,416,133	11,416,133	11,078,419	(337,714)
Tuition Spring	5,032,391	4,881,419	4,696,768	(184,651)
Student Fees	4,915,734	4,865,977	4,337,889	(528,088)
Total Tuition and Fees	<u>33,447,364</u>	<u>33,246,635</u>	<u>31,861,239</u>	<u>(1,385,397)</u>
Local Property Taxes	55,950,000	54,367,809	54,710,732	342,923
State Appropriations	14,683,926	12,019,938	12,669,193	649,255
Trade Partnerships	4,295,741	3,717,038	3,968,113	251,075
Investment Income	1,100,000	1,052,190	886,625	(165,565)
Other	1,930,458	1,593,398	1,276,219	(317,179)
Auxiliary Activities	1,308,350	1,132,479	1,022,856	(109,623)
Total Revenue	112,715,839	107,129,488	106,394,977	(734,511)
EXPENDITURES				
Humanities & Social Sciences	11,803,207	9,631,502	9,529,401	102,101
Math, Science & Engineering Technologies	9,337,211	7,608,389	7,636,916	(28,527)
Health Sciences	6,242,327	5,078,201	4,758,245	319,956
Business & Computer Technologies	7,327,486	6,020,344	6,035,149	(14,805)
Advanced Technologies & Public Service Careers	7,351,161	5,807,339	5,703,973	103,366
Continuing Education	720,140	533,315	454,065	79,250
Distance Learning	1,841,011	1,457,221	1,440,162	17,059
Instructional Support	15,729,723	12,531,818	11,687,552	844,265
Total Instruction	<u>60,352,266</u>	<u>48,668,127</u>	<u>47,245,464</u>	<u>1,422,663</u>
Student Services	9,995,470	8,075,632	7,550,000	525,632
Scholarships	1,918,598	1,555,073	1,556,019	(946)
Executive Management	2,198,367	1,679,378	1,549,241	130,137
General Admin - Institutional Services	5,995,262	5,047,034	6,568,364	(1,521,330)
MIS/Computer Services	9,095,565	7,010,051	7,009,336	715
Public Relations Development	3,153,679	2,701,318	2,462,418	238,900
Community Services	1,966,125	1,539,549	1,510,692	28,856
Physical Plant Operations	10,857,600	8,563,167	8,227,585	335,582
Utilities	2,089,700	1,650,111	1,627,812	22,298
Equipment	1,771,332	1,233,635	881,763	351,872
Total Non-Instruction	<u>49,041,698</u>	<u>39,054,947</u>	<u>38,943,230</u>	<u>111,717</u>
Total Expenditures	109,393,964	87,723,074	86,188,694	1,534,380
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	91,482,449	89,948,069	1,534,380
Operating Revenue Over Expenditures & Transfers	-	15,647,038	16,446,907	799,869
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	400,855	400,855
Total Revenue over Expenditures & Transfers	-	15,647,038	16,847,762	1,200,724

Capital Fund
Project Summary
April 30, 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
April 30, 2020

Since inception of fund:

General Fund Transfers	19,800,000
Completed projects	(16,418,382)
Projects in process	(3,127,500)
Uncommitted Fund Balance	<u><u>254,118</u></u>

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	106,443
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	<u>148,173</u>
Total Completed	<u><u>16,418,382</u></u>

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
Campus Concrete Repairs	90,000
Campus Repair Parking Lots	90,000
Men' Hot Tub Replacement	175,000
HFC Pool Resurfacing	100,000
HFC Shower Vale Replacement	75,000
HFC Natatorium Lighting Replacement	75,000
EC Chiller Maintenance Overhaul	182,000
Total of other projects < \$50,000 each	<u>175,000</u>
Total in Process	<u><u>3,127,500</u></u>

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 20

Expected Budget

Campus-Upgrade Fire Alarm Panels	85,000
Total of other projects < \$50,000 each	90,000
Total Pending	<u><u>175,000</u></u>



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
April 30, 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	2,118,790.00	1,999,666.89	7.57%	2,317	1084	2.282	2.314
Federal Agency Disc. -Amortizing	1,000,000.00	999,988.00	999,925.69	3.79%	61	5	0.543	0.550
Treasury Discounts -Amortizing	3,000,000.00	2,999,250.00	2,990,467.23	11.32%	151	85	1.152	1.168
State of Michigan Bonds	5,000,000.00	5,101,380.00	5,012,501.86	18.97%	2,167	1104	2.323	2.355
Municipal Bonds	15,340,000.00	15,754,260.00	15,415,237.18	58.35%	2,362	1257	2.493	2.528
	26,340,000.00	26,973,668.00	26,417,798.85	100.00%	1,984	1,035	2.219	2.250

Investments

Total Earnings	Month Ending 4/30/2020	Fiscal Year 2019 - 2020 To Date	Month Ending 4/30/2019	Fiscal Year 2018 - 2019 To Date
Current Year	48,433.96	520,870.98	53,061.17	503,288.70
Average Monthly Balance - Long Term Invested Balance		26,362,435.82		26,060,705.22
Effective Rate of Return - Long Term Invested Balance		2.37%		2.32%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 4/30/2020	0.11%	0.16%	0.36%	0.64%	1.05%

Reporting period 4/01/2020-4/30/2020