

Board of Trustees

Washtenaw Community College

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

ACTION

Subject
Financial Reports (September 2020)

Date
October 27, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for September 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

September 2020

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2020-21, the three months ended September 30, 2020.

Revenue

As of September 30, 2020, Total Revenues were \$58.1 million; Total Expenditures and Operating Transfers were \$26.9 million. Revenues in total are behind the expected budget for the first quarter by approximately \$1.6 million.

Fall Tuition revenue of \$10.0 million is below budgeted revenue of \$11.0. Compared to the prior Fall semester, enrollment headcount and credit hours are down by 7.4% and 4.0%, respectively. While the drop in credit hours is better than the budgeted 6% reduction, the shift to mainly online course offerings at lower tuition rates than on-campus rates resulted in lower tuition revenue. The pandemic also impacted Contact Hour fees, as many Lab courses were either offered at reduced capacity or were not offered for Fall 2020. As a result, Student Fees were approximately \$700,000 below budget.

State Aid revenue reflects an accrual for 25 percent of the annual appropriation for the new fiscal year. Appropriation payments for the current year begin in October. The College budgeted for an approximate 10% decrease in its annual appropriation (similar to the decrease in fiscal year 2019-20). As the State passed its budget in September, the College was very pleasantly surprised to find out that its annual appropriation was restored to the pre-reduction levels of fiscal year 2019-20. The College will therefore show a growing positive variance to budget throughout fiscal year 2020-21. We expect this positive variance to grow to approximately \$1.5 million by the end of the fiscal year. This positive variance will more than likely be offset somewhat by a decrease in the Local Community Stabilization Authority revenue (the make whole mechanism for lost personal property tax revenue). While annual amounts remain unknown, early indications are that first disbursement to be received in the next month or two is below the amount the College budgeted.

Receipts for Local Government Taxes are \$40.4 million through September, which represents 68.6 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first quarter and is a positive indication that we will meet, if not exceed, the budgeted amount of tax revenue for the year.

The COVID-19 pandemic continues to have a significant impact on a number of other revenue areas for the college. Contract training and community enrichment courses have shifted to online class offerings when possible but enrollments have fallen behind budget for the first quarter. Additionally, conference center events remain cancelled.

Expenditures

Total Expenditures through September 30, 2020, represent 22 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$2.9 million less than what was expected through the first quarter of the year. This variance is attributed to both personnel and non-personnel items. The positive personnel-related variance stems from vacancy savings in excess of budget as well as savings from part-time positions. Currently, the College is averaging 33 full time vacancies to budget and part time personnel expenditures are running significantly below budget, as the College continues to operate primarily in a remote environment with a very limited number of students on campus. Reduced on campus activities have similarly impacted Non-personnel expenditures, which are \$1.2 million below budget. At this time, we expect a large portion of these positive variances to be permanent.

Operating Transfers

The full-year budgeted allocations for Deferred Maintenance, Campus Repair & Maintenance, Technology Infrastructure, and Furniture were transferred from the General Fund to the appropriate Plant Funds as of the first of the fiscal year. Due to the governor's executive order, The Health & Fitness Center remained close until mid-September. Accordingly no member dues were billed and a corresponding transfer into the General Fund was not made for the first quarter.

Washtenaw Community College
 Revenues and Expenditures - General Fund
 Statement as of September 30, 2020

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,030,166	11,030,166	9,972,506	(1,057,660)
Tuition Winter	10,426,878	-	(16,876)	(16,876)
Tuition Spring	4,859,945	1,749,580	1,725,954	(23,626)
Student Fees	4,566,000	1,934,337	1,247,157	(687,180)
Total Tuition and Fees	<u>30,882,989</u>	<u>14,714,083</u>	<u>12,928,741</u>	<u>(1,785,342)</u>
Local Property Taxes	58,880,204	40,365,289	40,405,131	39,842
State Appropriations	14,045,232	3,348,808	3,739,339	390,531
Trade Partnerships	2,658,931	480,546	531,016	50,470
Investment Income	600,000	142,447	125,744	(16,703)
Other	1,930,845	530,400	347,900	(182,501)
Auxiliary Activities	786,850	158,399	70,949	(87,450)
Total Revenue	109,785,051	59,739,972	58,148,820	(1,591,152)
EXPENDITURES				
Humanities & Social Sciences	11,997,305	2,769,771	2,594,701	175,070
Math, Science & Engineering Technologies	9,669,245	2,254,051	2,137,423	116,629
Health Sciences	6,415,321	1,455,498	1,071,299	384,198
Business & Computer Technologies	7,680,113	1,808,869	1,545,189	263,680
Advanced Technologies & Public Service Careers	7,594,477	1,840,179	1,417,192	422,987
Continuing Education	733,054	134,543	59,951	74,592
Distance Learning	1,998,229	471,638	411,224	60,414
Instructional Support	14,957,696	3,560,558	2,947,189	613,368
Total Instruction	<u>61,045,440</u>	<u>14,295,107</u>	<u>12,184,168</u>	<u>2,110,939</u>
Student Services	9,222,577	1,847,394	1,712,367	135,027
Scholarships	1,907,795	723,583	501,601	221,983
Executive Management	2,124,834	529,269	462,561	66,707
General Admin - Institutional Services	4,550,099	1,430,217	1,778,506	(348,289)
MIS/Computer Services	8,516,138	2,633,440	2,632,315	1,124
Public Relations Development	2,958,407	760,567	614,050	146,518
Community Services	1,843,110	416,621	311,660	104,961
Physical Plant Operations	10,785,720	2,599,180	2,172,031	427,149
Utilities	2,089,700	490,568	432,640	57,928
Equipment	1,519,356	357,749	335,241	22,508
Total Non-Instruction	<u>45,517,736</u>	<u>11,788,588</u>	<u>10,952,972</u>	<u>835,616</u>
Total Expenditures	106,563,176	26,083,695	23,137,140	2,946,555
OPERATING TRANSFERS				
Repair & Maintenance	300,000	300,000	300,000	-
Technology Infrastructure Upgrade	1,450,000	1,450,000	1,450,000	-
Debt Retirement	1,221,875	280,675	280,675	-
Health & Fitness Center	(1,450,000)	(362,500)	-	(362,500)
Deferred Maintenance	1,500,000	1,500,000	1,500,000	-
Furniture	200,000	200,000	200,000	-
Total Operating Transfers	3,221,875	3,368,175	3,730,675	(362,500)
Total Expenditures and Operating Transfers	109,785,051	29,451,870	26,867,815	2,584,055
Operating Revenue Over Expenditures & Transfers	-	30,288,102	31,281,005	992,902
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	-	-
Total Revenue over Expenditures & Transfers	-	30,288,102	31,281,005	992,902

Capital Fund
Project Summary
September 30, 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	Classroom & Lab Access Control	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
September 30, 2020

Since inception of fund:

General Fund Transfers	21,300,000	
Completed projects	(17,989,516)	
Projects in process	(1,966,409)	
Uncommitted Fund Balance	1,344,075	119,075

Completed Projects:

	<u>Final Cost</u>	
Projects completed in prior years	15,919,831	

Current year completed projects:

95119	75215	EC RPLC Campus Cooling Twr	1,306,548
95120	75112	GM Fire Alarm Upgrade	85,083
95120	75222	Campus Wide Parking Lot Repairs	183,344
95120	75224	Campus Wide Concrete Repairs	84,210
95120	75324	HFC Pool Resurfacing	96,125
95120	75415	EC Chiller Maintenance Overhaul	181,098
Current year completed projects < \$50,000 each			133,277

Total Completed **17,989,516**

Projects in Process or scheduled to begin:

	<u>Allocated Budget</u>		
95118	75210	EC Boiler Control & Valve Repl	75,000
95119	75509	ML Renovation	375,362
95120	75113	BE Store Front Entry	125,000
95120	75115	GM Library Lighting Replacement	90,000
95120	75220	Campus Lighting Upgrades	90,000
95120	75226	Campus HVAC Repairs	105,000
95120	75323	Men' Hot Tub Replacement	175,000
95120	75328	FE West Brick & Tuck Pointing Rprs	90,000
95120	75510	ML Retention Pond Dredging	225,000
95121	75227	Tunnel Waterproofing	70,000
95121	75417	LA Fire Alarm Upgrade	116,047
95121	75512	* ML Gun Range Roof Replacement	100,000
95121	75513	ML Exterior Waterproofing	40,000
Total of other projects < \$50,000 each			290,000

Total in Process **1,966,409**

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 21

	<u>Expected Budget</u>	
Roof Repairs - Phase 2	300,000	
FE Lighting Replacement	150,000	
OE Replace AC Unit Demo Labs	250,000	
DM Emergent Requirements	200,000	
Boiler Valves and Controllers	95,000	
Parking Lot Lighting Repairs	80,000	
Total of other projects < \$50,000 each	150,000	

Total Pending **1,225,000**



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
September 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	2,112,550.00	2,000,180.90	7.57%	2,317	931	2.282	2.314
Treasury Discounts -Amortizing	7,500,000.00	7,498,265.00	7,498,259.09	28.38%	121	92	0.092	0.094
Miscellaneous Coupon Securities	5,000,000.00	5,111,330.00	5,009,935.21	18.97%	2,168	951	2.322	2.354
Municipal Bonds	11,840,000.00	12,572,477.00	11,908,415.71	45.08%	2,617	1473	2.507	2.542
	26,340,000.00	27,294,622.00	26,416,790.91	100.00%	1,801	941	1.770	1.794

Investments

Total Earnings	Month Ending 9/30/2020	Fiscal Year 2020 - 2021 To Date	Month Ending 9/30/19	Fiscal Year 2019 - 2020 To Date
Current Year	38,946.86	121,025.15	53,992.35	158,947.04
Average Monthly Balance - Long Term Invested Balance		26,421,535.74		26,253,853.31
Effective Rate of Return - Long Term Invested Balance		1.83%		2.42%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 09/30/2020	0.11%	0.12%	0.28%	0.69%	1.23%

Reporting period 09/01/2020-09/30/2020