

Board of Trustees

Washtenaw Community College

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

ACTION

Subject
Financial Reports October 2020

Date
November 17, 2020

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for October 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

October 2020

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2020-21, the four months ended October 31, 2020.

Revenue

As of October 31, 2020, Total Revenues were \$65.8 million; Total Expenditures and Operating Transfers were \$35.5 million. Revenues in total are behind the expected budget for the first quarter by approximately \$1.6 million.

Fall Tuition revenue of \$9.9 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 3.8%, 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 33 percent of the annual appropriation for the fiscal year. Appropriation payments for the current year began in October. While the College budgeted for an approximate 10% decrease in its annual appropriation (similar to the decrease in fiscal year 2019-20), the State approved budget restored the College's annual appropriation 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 the annual amount remains unknown, the first disbursement received in October was below the amount the College budgeted.

Receipts for Local Government Taxes are \$46.2 million through October, which represents 78.5 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first four months of the fiscal year 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 October 31, 2020, represent 30 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$2.9 million less than what was expected through the first four months 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 34 full time vacancies to 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. 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 \$1.3 million below budget. At this time, we expect a large portion of these positive variances to be permanent.

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

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,030,166	11,030,166	9,889,831	(1,140,335)
Tuition Winter	10,426,878	-	1,666	1,666
Tuition Spring	4,859,945	1,749,580	1,735,581	(14,000)
Student Fees	4,566,000	1,931,252	1,236,554	(694,698)
Total Tuition and Fees	<u>30,882,989</u>	<u>14,710,998</u>	<u>12,863,632</u>	<u>(1,847,367)</u>
Local Property Taxes	58,880,204	46,151,579	46,221,148	69,569
State Appropriations	14,045,232	4,465,077	5,115,735	650,658
Trade Partnerships	2,658,931	905,782	984,025	78,244
Investment Income	600,000	201,311	168,119	(33,192)
Other	1,930,845	680,954	409,267	(271,687)
Auxiliary Activities	786,850	283,349	74,244	(209,105)
Total Revenue	109,785,051	67,399,051	65,836,171	(1,562,880)
EXPENDITURES				
Humanities & Social Sciences	11,997,305	3,713,875	3,629,554	84,321
Math, Science & Engineering Technologies	9,669,245	2,976,481	2,953,801	22,681
Health Sciences	6,415,321	1,961,223	1,696,534	264,688
Business & Computer Technologies	7,680,113	2,409,819	2,186,117	223,702
Advanced Technologies & Public Service Careers	7,594,477	2,444,441	2,108,943	335,498
Continuing Education	733,054	176,414	94,742	81,672
Distance Learning	1,998,229	633,965	589,225	44,740
Instructional Support	14,996,391	4,810,754	4,021,343	789,410
Total Instruction	<u>61,084,135</u>	<u>19,126,971</u>	<u>17,280,259</u>	<u>1,846,713</u>
Student Services	9,183,882	2,760,211	2,405,727	354,484
Scholarships	1,907,795	723,583	513,554	210,029
Executive Management	2,124,834	701,486	586,566	114,920
General Admin - Institutional Services	4,550,099	1,875,408	2,332,792	(457,384)
MIS/Computer Services	8,516,138	3,321,926	3,284,080	37,846
Public Relations Development	2,958,407	973,948	874,842	99,107
Community Services	1,843,110	562,058	431,318	130,739
Physical Plant Operations	10,785,720	3,524,626	3,123,507	401,119
Utilities	2,089,700	617,632	578,456	39,176
Equipment	1,519,356	466,185	338,639	127,546
Total Non-Instruction	<u>45,479,041</u>	<u>15,527,063</u>	<u>14,469,481</u>	<u>1,057,582</u>
Total Expenditures	106,563,176	34,654,034	31,749,740	2,904,294
OPERATING TRANSFERS				
Unexpended Plant				
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	38,022,209	35,480,415	2,541,794
Operating Revenue Over Expenditures & Transfers	-	29,376,841	30,355,756	978,915
OTHER NON-OPERATING ACTIVITY				
Transfer to Unexpended Plant - Budgeted	-	-	-	-
Transfer to Unexpended Plant - Unbudgeted	-	-	-	-
Unrealized Gain/(Loss) on Investment	-	-	93,717	93,717
Total Revenue over Expenditures & Transfers	-	29,376,841	30,449,473	1,072,632

Capital Fund
Project Summary
October 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	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
October 31, 2020

Since inception of fund:

General Fund Transfers	21,300,000	
Completed projects	(18,178,056)	
Projects in process	(2,293,209)	
Uncommitted Fund Balance	828,735	123,735

Completed Projects:

Final Cost

Projects completed in prior years 15,919,831

Current year completed projects:

EC RPLC Campus Cooling Twr	1,306,548
GM Fire Alarm Upgrade	85,083
Campus Wide Parking Lot Repairs	183,344
Campus Wide Concrete Repairs	84,210
Men' Hot Tub Replacement	175,000
HFC Pool Resurfacing	96,125
EC Chiller Maintenance Overhaul	181,098
Total of FY21 completed projects < \$50,000 each	146,817

Total Completed **18,178,056**

Projects in Process or scheduled to begin:

Allocated Budget

EC Boiler Control & Valve Repl	75,000
ML Renovation	375,362
BE Store Front Entry	125,000
GM Library Lighting Replacement	67,596
Campus Lighting Upgrades	90,000
Campus HVAC Repairs	145,000
FE West Brick & Tuck Pointing Rprs	90,000
ML Retention Pond Dredging	269,000
Tunnel Waterproofing	70,000
* Parking Lot 7 Lighting Replacement	80,000
* FE Lighting Replacement	110,000
LA Fire Alarm Upgrade	116,251
* ML Gun Range Roof Replacement	100,000
OE HVAC Replacements	255,000
PS Handrail Replacement	50,000
Total of other projects < \$50,000 each	275,000

Total in Process **2,293,209**

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 21

Expected Budget

Roof Repairs - Phase 2	300,000
DM Emergent Requirements	200,000
Boiler Valves and Controllers	95,000
Total of other projects < \$50,000 each	110,000

Total Pending **705,000**



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
October 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	2,107,300.00	2,000,283.70	7.29%	2,317	900	2.282	2.314
Treasury Discounts -Amortizing	7,500,000.00	7,498,929.00	7,498,846.80	27.35%	121	61	0.092	0.094
State of Michigan Bonds	6,000,000.00	6,108,240.00	6,015,038.35	21.94%	2,111	1069	2.066	2.095
Municipal Bonds	11,840,000.00	12,498,947.40	11,907,051.40	43.42%	2,617	1442	2.507	2.542
	27,340,000.00	28,213,416.40	27,421,220.25	100.00%	1,801	943	1.733	1.758

Investments

Total Earnings	Month Ending 10/31/20	Fiscal Year 2020 - 2021 To Date	Month Ending 10/31/19	Fiscal Year 2019 - 2020 To Date
Current Year	39,503.15	160,528.30	48,926.07	207,873.11
Average Monthly Balance - Long Term Invested Balance		26,421,472.64		26,290,459.93
Effective Rate of Return - Long Term Invested Balance		1.82%		2.37%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 10/31/2020	0.11%	0.13%	0.38%	0.88%	1.43%

Reporting period 10/01/2020-10/31/2020