

**Board of Trustees**  
Washtenaw Community College

**ACTION**

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

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Subject  
Financial Reports November 2020

Date  
December 15, 2020

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**RECOMMENDATION**

That the Board of Trustees receive the Financial Reports for November 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

November 2020

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

## Revenue

As of November 30, 2020, Total Revenues were \$74.4 million; Total Expenditures and Operating Transfers were \$43.3 million. Revenues in total are behind the expected budget for the first quarter by approximately \$3.4 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.

Winter 2021 tuition and fees are also trending behind budget, with tuition revenue lower by \$1.4 million and course fees \$600,000 below YTD budget. Similar to Fall 2020, much of this decline results from the pandemic impact of the College largely only being able to offer online courses.

While the College budgeted for an approximate 10% decrease in its annual State Aid 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 \$46.3 million through November, which represents 79 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 November 30, 2020, represent 37 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$3.6 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.

#### Operating Transfers

The Health & Fitness Center revenue has been significantly impacted by the pandemic. The HFC was fully closed for July through mid-September and upon reopening over 2,500 members have either cancelled or bridged their membership. As a result, net revenue transfers to the College have been eliminated for the first 5 months of operations. It is anticipated that this trend will continue at least through the upcoming winter months.

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

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
<b>REVENUES</b>				
Tuition Fall	11,030,166	11,030,166	9,869,931	(1,160,235)
Tuition Winter	10,426,878	7,403,083	5,985,891	(1,417,192)
Tuition Spring	4,859,945	1,749,580	1,734,888	(14,693)
Student Fees	4,566,000	3,355,817	2,050,995	(1,304,822)
Total Tuition and Fees	<u>30,882,989</u>	<u>23,538,647</u>	<u>19,641,705</u>	<u>(3,896,942)</u>
Local Property Taxes	58,880,204	46,346,631	46,422,985	76,354
State Appropriations	14,045,232	5,581,347	6,413,212	831,865
Trade Partnerships	2,658,931	905,782	1,073,073	167,291
Investment Income	600,000	257,918	209,913	(48,005)
Other	1,930,845	811,588	523,925	(287,663)
Auxiliary Activities	786,850	411,633	146,432	(265,201)
<b>Total Revenue</b>	<b>109,785,051</b>	<b>77,853,545</b>	<b>74,431,245</b>	<b>(3,422,300)</b>
<b>EXPENDITURES</b>				
Humanities & Social Sciences	11,997,305	4,926,616	4,656,891	269,725
Math, Science & Engineering Technologies	9,669,245	3,876,352	3,745,889	130,463
Health Sciences	6,415,321	2,616,038	2,119,370	496,668
Business & Computer Technologies	7,680,113	3,111,915	2,804,711	307,204
Advanced Technologies & Public Service Careers	7,599,237	3,147,867	2,734,661	413,206
Continuing Education	733,054	258,575	129,113	129,462
Distance Learning	1,998,229	798,676	738,806	59,870
Instructional Support	14,894,027	5,963,779	4,988,556	975,223
Total Instruction	<u>60,986,531</u>	<u>24,699,816</u>	<u>21,917,996</u>	<u>2,781,821</u>
Student Services	9,349,849	3,530,148	2,978,085	552,063
Scholarships	1,907,795	723,591	581,316	142,275
Executive Management	2,144,333	875,269	723,310	151,959
General Admin - Institutional Services	4,384,349	1,717,571	2,880,001	(1,162,429)
MIS/Computer Services	8,525,210	4,082,613	4,011,990	70,623
Public Relations Development	3,020,239	1,269,165	1,091,058	178,107
Community Services	1,863,923	729,899	528,561	201,337
Physical Plant Operations	10,771,891	4,432,521	3,810,433	622,088
Utilities	2,089,700	805,371	814,058	(8,687)
Equipment	1,519,356	336,900	262,275	74,624
Total Non-Instruction	<u>45,576,645</u>	<u>18,503,047</u>	<u>17,681,088</u>	<u>821,959</u>
<b>Total Expenditures</b>	<b>106,563,176</b>	<b>43,202,863</b>	<b>39,599,083</b>	<b>3,603,780</b>
<b>OPERATING TRANSFERS</b>				
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	-
<b>Total Operating Transfers</b>	<b>3,221,875</b>	<b>3,368,175</b>	<b>3,730,675</b>	<b>(362,500)</b>
<b>Total Expenditures and Operating Transfers</b>	<b>109,785,051</b>	<b>46,571,038</b>	<b>43,329,758</b>	<b>3,241,280</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>-</b>	<b>31,282,506</b>	<b>31,101,487</b>	<b>(181,020)</b>
<b>OTHER NON-OPERATING ACTIVITY</b>				
Transfer to Unexpended Plant - Budgeted	-	-	-	-
Transfer to Unexpended Plant - Unbudgeted	-	-	-	-
Unrealized Gain/(Loss) on Investment	-	-	90,044	90,044
<b>Total Revenue over Expenditures &amp; Transfers</b>	<b>-</b>	<b>31,282,506</b>	<b>31,191,531</b>	<b>(90,976)</b>

**Capital Fund**  
**Project Summary**  
**October 31, 2020**

ORG	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		17,967		17,967
	<b>Total Revenues</b>	<b>\$ 10,571,927</b>	<b>10,589,894</b>	<b>-</b>	<b>17,967</b>
<b>Construction/Repair Projects</b>					
<b>Storage Receiving Building</b>					
<b>Renovations:</b>					
70701	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>					
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
	<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>\$ 145,068</b>		

**Washtenaw Community College  
Deferred Maintenance Fund  
November 30, 2020**

**Since inception of fund:**

General Fund Transfers	21,300,000	
Completed projects	(18,231,222)	
Projects in process	(2,289,934)	
Uncommitted Fund Balance	<b>778,844</b>	133,844

**Completed Projects:**

Final Cost

Projects completed in prior years	15,919,831
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**Current year completed projects:**

EC RPLC Campus Cooling Twr	1,306,349
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	95,449
EC Chiller Maintenance Overhaul	181,098

Total of FY21 completed projects < \$50,000 each	200,857
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	<b>18,231,222</b>
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**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	265,725
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
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	<b>2,289,934</b>
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\* 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	50,000

	<b>645,000</b>
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**WCC Active Portfolio  
Portfolio Management  
Portfolio Summary  
November 30, 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>
Federal Agency Coupon Securities	2,000,000.00	2,105,870.00	2,000,386.51	7.57%	2,317	870	2.282	2.314
Treasury Discounts -Amortizing	7,500,000.00	7,499,537.00	7,499,415.55	28.39%	121	31	0.092	0.094
State of Michigan Bonds	5,000,000.00	5,108,650.00	5,014,459.42	18.98%	2,216	1252	2.210	2.241
Municipal Bonds	11,840,000.00	12,573,689.80	11,905,687.12	45.06%	2,617	1412	2.507	2.542
	<b>26,340,000.00</b>	<b>27,287,746.80</b>	<b>26,419,948.60</b>	<b>100.00%</b>	<b>1,810</b>	<b>949</b>	<b>1.748</b>	<b>1.772</b>

**Investments**

<b>Total Earnings</b>	<b>Month Ending 11/30/20</b>	<b>Fiscal Year 2020 - 2021 To Date</b>	<b>Month Ending 10/31/19</b>	<b>Fiscal Year 2019 - 2020 To Date</b>
Current Year	38,487.10	199,015.40	52,430.03	260,303.14
Average Monthly Balance - Long Term Invested Balance		26,421,218.63		26,313,539.27
Effective Rate of Return - Long Term Invested Balance		1.81%		2.37%

	<b>6 Month</b>	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>20 Year</b>
Treasury Yield Curve 11/30/2020	0.09%	0.11%	0.36%	0.84%	1.37%

Reporting period 11/01/2020-11/30/2020