

**Board of Trustees**

Washtenaw Community College

**ACTION**

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

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Subject  
Financial Reports - December 2020

Date  
January 26, 2021

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**RECOMMENDATION**

That the Board of Trustees receive the Financial Reports for December 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

December 2020

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

## Revenue

As of December 31, 2020, Total Revenues were \$79.3 million; Total Expenditures and Operating Transfers were \$50.9 million. Revenues in total are behind the expected budget for the first quarter by approximately \$3.2 million.

Winter Tuition revenue of \$8.7 million is below year-to-date expected budgeted revenue of \$9.7 million as of the end of December. Through the first two weeks of the semester, Winter enrollment and credit hours are down by 5.8% and 3.6%, respectively. Similar to Fall semester, 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 Winter 2021. As a result, Student Fees were approximately \$1.3 million below budget.

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 \$46.6 million through December, which represents 79 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first six 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 December 31, 2020, represent 44 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$4.1 million less than what was expected through the first six 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 \$1.8 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 4,500 members have either cancelled or bridged their membership. As a result, net revenue transfers to the College have been eliminated for the first 6 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 December 31, 2020

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
<b>REVENUES</b>				
Tuition Fall	11,030,166	11,030,166	9,846,009	(1,184,158)
Tuition Winter	10,426,878	9,696,997	8,663,013	(1,033,984)
Tuition Spring	4,859,945	1,749,580	1,738,133	(11,448)
Student Fees	4,566,000	3,688,815	2,390,616	(1,298,199)
Total Tuition and Fees	<u>30,882,989</u>	<u>26,165,558</u>	<u>22,637,770</u>	<u>(3,527,787)</u>
Local Property Taxes	58,880,204	46,545,804	46,626,581	80,777
State Appropriations	14,045,232	7,087,616	7,765,123	677,507
Trade Partnerships	2,658,931	1,063,101	1,155,684	92,583
Investment Income	600,000	285,371	250,194	(35,177)
Other	1,930,845	894,243	682,445	(211,798)
Auxiliary Activities	786,850	455,688	148,063	(307,625)
<b>Total Revenue</b>	<b>109,785,051</b>	<b>82,497,379</b>	<b>79,265,859</b>	<b>(3,231,520)</b>
<b>EXPENDITURES</b>				
Humanities & Social Sciences	11,997,305	5,936,847	5,683,293	253,554
Math, Science & Engineering Technologies	9,669,245	4,654,558	4,537,847	116,711
Health Sciences	6,415,321	3,098,038	2,606,013	492,026
Business & Computer Technologies	7,680,113	3,731,897	3,389,318	342,579
Advanced Technologies & Public Service Careers	7,599,237	3,729,557	3,265,219	464,338
Continuing Education	733,054	288,832	148,677	140,155
Distance Learning	1,998,229	973,321	954,640	18,681
Instructional Support	14,893,587	7,112,884	6,082,156	1,030,728
Total Instruction	<u>60,986,091</u>	<u>29,525,934</u>	<u>26,667,161</u>	<u>2,858,772</u>
Student Services	9,356,408	4,441,112	3,571,940	869,171
Scholarships	1,908,235	723,789	624,701	99,088
Executive Management	2,144,333	1,027,482	885,469	142,013
General Admin - Institutional Services	4,327,790	2,019,681	3,393,288	(1,373,608)
MIS/Computer Services	8,575,210	4,657,516	4,570,480	87,036
Public Relations Development	3,020,239	1,496,274	1,298,643	197,630
Community Services	1,863,923	841,523	624,561	216,962
Physical Plant Operations	10,771,891	5,168,770	4,283,672	885,099
Utilities	2,089,700	934,963	929,160	5,803
Equipment	1,519,356	364,321	302,261	62,060
Total Non-Instruction	<u>45,577,085</u>	<u>21,675,431</u>	<u>20,484,176</u>	<u>1,191,255</u>
<b>Total Expenditures</b>	<b>106,563,176</b>	<b>51,201,364</b>	<b>47,151,337</b>	<b>4,050,027</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)	(725,000)	-	(725,000)
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>3,005,675</b>	<b>3,730,675</b>	<b>(725,000)</b>
<b>Total Expenditures and Operating Transfers</b>	<b>109,785,051</b>	<b>54,207,039</b>	<b>50,882,012</b>	<b>3,325,027</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>-</b>	<b>28,290,340</b>	<b>28,383,847</b>	<b>93,507</b>
<b>OTHER NON-OPERATING ACTIVITY</b>				
Transfer to Unexpended Plant - Budgeted	-	-	-	-
Transfer to Unexpended Plant - Unbudgeted	-	-	-	-
Unrealized Gain/(Loss) on Investment	-	-	128,050	128,050
<b>Total Revenue over Expenditures &amp; Transfers</b>	<b>-</b>	<b>28,290,340</b>	<b>28,511,897</b>	<b>221,556</b>

**Capital Fund**  
**Project Summary**  
**December 31, 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		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>				
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
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  
December 31, 2020

**Since inception of fund:**

General Fund Transfers	21,300,000
Completed projects	(18,363,282)
Projects in process	(2,577,418)
Uncommitted Fund Balance	<b>359,300</b>

**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
GM Library Lighting Replacement	67,633
Campus Wide Parking Lot Repairs	183,344
Campus Wide Concrete Repairs	84,210
Men' Hot Tub Replacement	175,000
HFC Pool Resurfacing	95,449
FE West Brick & Tuck Pointing Rprs	64,427
EC Chiller Maintenance Overhaul	181,098
<b>Total of FY21 completed projects &lt; \$50,000 each</b>	<b>200,857</b>

<b>Total Completed</b>	<b>18,363,282</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	25,000
Campus Lighting Upgrades	120,000
Campus HVAC Repairs	145,000
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	116,331
* ML Gun Range Roof Replacement	100,000
OE HVAC Replacements	255,000
* GL Roof Restoration	180,000
PS Handrail Replacement	50,000
* SC - Mechanical Design	310,000

Total of other projects < \$50,000 each	300,000
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<b>Total in Process</b>	<b>2,577,418</b>
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\* Scheduled; no financial activity as of report date

**Projects anticipated to begin in FY 21**

Expected Budget

DM Emergent Requirements	200,000
Boiler Valves and Controllers	95,000
Total of other projects < \$50,000 each	50,000

<b>Total Pending</b>	<b>345,000</b>
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**WCC Active Portfolio  
Portfolio Management  
Portfolio Summary  
December 31, 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	2,103,580.00	2,000,489.30	8.54%	2,317	839	2.282	2.314
Treasury Discounts -Amortizing	4,500,000.00	4,499,959.00	4,499,865.20	19.22%	122	12	0.091	0.092
State of Michigan Bonds	5,000,000.00	5,115,260.00	5,013,880.46	21.41%	2,216	1221	2.210	2.240
Municipal Bonds	11,840,000.00	12,611,922.80	11,904,322.82	50.83%	2,617	1381	2.507	2.542
	<b>23,340,000.00</b>	<b>24,330,721.80</b>	<b>23,418,557.78</b>	<b>100.00%</b>	<b>2,026</b>	<b>1,038</b>	<b>1.960</b>	<b>1.987</b>

**Investments**

<b>Total Earnings</b>	<b>Month Ending 12/31/20</b>	<b>Fiscal Year 2020 - 2021 To Date</b>	<b>Month Ending 12/31/19</b>	<b>Fiscal Year 2019 - 2020 To Date</b>
Current Year	38,367.92	237,383.32	53,570.07	313,873.21
Average Monthly Balance - Long Term Invested Balance		26,420,838.51		26,329,870.78
Effective Rate of Return - Long Term Invested Balance		1.80%		2.38%

	<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%	0.10%	0.36%	0.93%	1.45%

Reporting period 12/01/2020-12/31/2020