

Board of Trustees

Washtenaw Community College

ACTION

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

Subject
Financial Reports - January 2021

Date
February 23, 2021

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for January 2021 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

January 2021

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2020-21, the seven months ended January 31, 2021.

Revenue

As of January 31, 2021, Total Revenues were \$87.0 million; Total Expenditures and Operating Transfers were \$59.5 million. Revenues in total are behind the expected budget for the first seven months by approximately \$2.9 million.

Winter Tuition revenue of \$9.7 million is below year-to-date expected budgeted revenue of \$10.4 million. Through the end of January, Winter enrollment and credit hours are down by 5.8% and 2.7%, 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 Fall 2020 and Winter 2021. As a result, for this academic year 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.

Receipts for Local Government Taxes are \$51.4 million through January, which represents 87 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first seven 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.

As noted on the accompanying Statement of Revenues and Expenditures, the Auxiliary Activities and Other sections of revenue are \$324,000 and \$290,000 under budget, respectively. 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 January 31, 2021, represent 52 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$4.1 million less than what was expected through the first seven 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 \$1.7 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 7 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 January 31, 2021

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,030,166	11,030,166	9,857,718	(1,172,449)
Tuition Winter	10,426,878	10,426,878	9,664,783	(762,095)
Tuition Spring	4,859,945	1,749,580	1,737,901	(11,680)
Student Fees	4,566,000	3,825,869	2,532,578	(1,293,291)
Total Tuition and Fees	<u>30,882,989</u>	<u>27,032,493</u>	<u>23,792,979</u>	<u>(3,239,514)</u>
Local Property Taxes	58,880,204	51,312,881	51,390,496	77,615
State Appropriations	14,045,232	8,203,885	8,996,764	792,879
Trade Partnerships	2,658,931	1,440,493	1,552,168	111,674
Investment Income	600,000	353,898	289,816	(64,082)
Other	1,930,845	1,085,819	795,842	(289,977)
Auxiliary Activities	786,850	490,639	166,665	(323,974)
Total Revenue	109,785,051	89,920,109	86,984,730	(2,935,378)
EXPENDITURES				
Humanities & Social Sciences	11,997,305	6,766,886	6,456,223	310,664
Math, Science & Engineering Technologies	9,669,245	5,321,071	5,188,001	133,070
Health Sciences	6,415,321	3,586,175	3,139,235	446,940
Business & Computer Technologies	7,680,113	4,281,921	3,868,947	412,974
Advanced Technologies & Public Service Careers	7,599,237	4,302,312	3,792,383	509,929
Continuing Education	733,054	329,122	183,908	145,215
Distance Learning	1,998,229	1,125,467	1,101,566	23,901
Instructional Support	14,892,075	8,383,275	7,170,626	1,212,649
Total Instruction	<u>60,984,579</u>	<u>34,096,230</u>	<u>30,900,889</u>	<u>3,195,341</u>
Student Services	9,790,185	5,248,618	4,265,338	983,280
Scholarships	1,474,458	1,026,078	1,017,292	8,787
Executive Management	2,144,333	1,198,428	1,018,256	180,171
General Admin - Institutional Services	4,327,790	2,391,861	4,127,981	(1,736,120)
MIS/Computer Services	8,576,722	5,398,582	5,259,661	138,921
Public Relations Development	3,020,239	1,748,398	1,496,307	252,092
Community Services	1,863,923	1,015,604	736,525	279,079
Physical Plant Operations	10,771,891	6,188,861	5,466,711	722,150
Utilities	2,089,700	1,097,177	1,136,317	(39,141)
Equipment	1,519,356	434,605	306,151	128,454
Total Non-Instruction	<u>45,578,597</u>	<u>25,748,213</u>	<u>24,830,539</u>	<u>917,674</u>
Total Expenditures	106,563,176	59,844,443	55,731,428	4,113,015
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)	(725,000)	-	(725,000)
Deferred Maintenance	1,500,000	1,500,000	1,500,000	-
Furniture	200,000	200,000	200,000	-
Total Operating Transfers	3,221,875	3,005,675	3,730,675	(725,000)
Total Expenditures and Operating Transfers	109,785,051	62,850,118	59,462,103	3,388,015
Operating Revenue Over Expenditures & Transfers	-	27,069,991	27,522,627	452,637
OTHER NON-OPERATING ACTIVITY				
Transfer to Unexpended Plant - Budgeted	-	-	-	-
Transfer to Unexpended Plant - Unbudgeted	-	-	-	-
Unrealized Gain/(Loss) on Investment	-	-	128,050	128,050
Total Revenue over Expenditures & Transfers	-	27,069,991	27,650,677	580,686

Capital Fund
Project Summary
January 31, 2021

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		17,967		17,967
Total Revenues	\$ 10,571,927	10,589,894	-	17,967
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
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		\$ 145,068		

Washtenaw Community College
Deferred Maintenance Fund
January 31, 2021

Since inception of fund:

General Fund Transfers	21,300,000	
Completed projects	(18,452,738)	
Projects in process	(2,497,418)	
Uncommitted Fund Balance	349,844	124,844

Completed Projects:

	Final Cost	
Projects completed in prior years	15,919,831	

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
Total of FY21 completed projects < \$50,000 each	290,313

Total Completed **18,452,738**

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	
Campus Primary Heat Filtration	50,000	
Tunnel Waterproofing	70,000	
* Campus Wide LED Upgrades	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	
* SC - Mechanical Design	310,000	
Total of other projects < \$50,000 each	150,000	

Total in Process **2,497,418**

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 21

	Expected Budget	
DM Emergent Requirements	200,000	
Total of other projects < \$50,000 each	25,000	

Total Pending **225,000**



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
January 31, 2021**

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	2,099,580.00	2,000,592.11	7.57%	2,317	808	2.282	2.314
Treasury Discounts -Amortizing	7,500,000.00	7,497,677.50	7,498,061.46	28.39%	170	147	0.064	0.065
State of Michigan Bonds	5,000,000.00	5,120,200.00	5,013,301.52	18.98%	2,216	1190	2.210	2.240
Municipal Bonds	11,840,000.00	12,585,084.00	11,902,958.53	45.06%	2,617	1350	2.507	2.542
	26,340,000.00	27,302,541.50	26,414,913.62	100.00%	1,823	937	1.740	1.764

Investments

Total Earnings	Month Ending 1/31/21	Fiscal Year 2020 - 2021 To Date	Month Ending 1/31/20	Fiscal Year 2019 - 2020 To Date
Current Year	38,351.75	275,735.07	53,570.01	367,443.22
Average Monthly Balance - Long Term Invested Balance		26,420,097.90		26,341,984.88
Effective Rate of Return - Long Term Invested Balance		1.79%		2.39%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 1/31/2021	0.07%	0.10%	0.45%	1.11%	1.68%

Reporting period 1/31/2021-1/31/2021