

Board of Trustees

Washtenaw Community College

ACTION

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

Subject
Financial Reports - February 2021

Date
March 30, 2021

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for February 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

February 2021

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2020-21, the eight months ended February 28, 2021.

Revenue

As of February 28, 2021, Total Revenues were \$92.7 million; Total Expenditures and Operating Transfers were \$66.8 million. Revenues in total are behind the expected budget for the first eight months by approximately \$2.9 million.

Winter Tuition revenue of \$9.6 million is below year-to-date expected budgeted revenue of \$10.4 million. Through the end of February, Winter enrollment and credit hours are down by 5.5% and 3.1%, 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. Registration opened mid-March for the Spring/Summer term, as well as the Fall term.

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 \$55.4 million through February, which represents 94 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first eight 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 \$333,000 and \$377,000 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 February 28, 2021, represent 59 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$5.2 million less than what was expected through the first eight 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 \$2.2 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 8 months of operations.

Washtenaw Community College
 Revenues and Expenditures - General Fund
 Statement as of February 28, 2021

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,030,166	11,030,166	9,851,031	(1,179,136)
Tuition Winter	10,426,878	10,426,878	9,623,262	(803,616)
Tuition Spring	4,859,945	1,749,580	1,735,645	(13,936)
Student Fees	4,566,000	3,828,761	2,536,323	(1,292,438)
Total Tuition and Fees	30,882,989	27,035,385	23,746,260	(3,289,125)
Local Property Taxes	58,880,204	55,316,092	55,422,126	106,033
State Appropriations	14,045,232	9,320,155	10,228,405	908,250
Trade Partnerships	2,658,931	1,635,675	1,842,031	206,356
Investment Income	600,000	404,245	330,271	(73,974)
Other	1,930,845	1,214,560	881,652	(332,908)
Auxiliary Activities	786,850	612,651	235,721	(376,930)
Total Revenue	109,785,051	95,538,764	92,686,465	(2,852,299)
EXPENDITURES				
Humanities & Social Sciences	11,945,356	7,767,053	7,399,623	367,430
Math, Science & Engineering Technologies	9,635,874	6,115,595	5,994,389	121,206
Health Sciences	6,415,321	4,181,381	3,667,730	513,651
Business & Computer Technologies	7,680,113	4,958,441	4,437,355	521,086
Advanced Technologies & Public Service Careers	7,599,237	4,938,286	4,335,244	603,042
Continuing Education	736,374	396,313	230,702	165,611
Distance Learning	2,007,792	1,266,712	1,236,164	30,548
Instructional Support	14,885,975	9,569,582	8,151,403	1,418,179
Total Instruction	60,906,042	39,193,364	35,452,611	3,740,753
Student Services	9,791,285	6,004,188	4,839,527	1,164,661
Scholarships	1,474,458	1,142,598	1,041,156	101,442
Executive Management	2,144,333	1,351,669	1,135,447	216,221
General Admin - Institutional Services	4,401,226	2,669,051	4,380,681	(1,711,630)
MIS/Computer Services	8,578,402	5,922,074	5,834,792	87,282
Public Relations Development	3,035,989	1,972,924	1,643,530	329,394
Community Services	1,863,923	1,152,916	832,506	320,410
Physical Plant Operations	10,758,462	7,052,797	6,263,325	789,473
Utilities	2,089,700	1,318,326	1,287,803	30,523
Equipment	1,519,356	468,192	315,111	153,081
Total Non-Instruction	45,657,134	29,054,735	27,573,878	1,480,857
Total Expenditures	106,563,176	68,248,099	63,026,489	5,221,610
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)	(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	71,253,774	66,757,164	4,496,610
Operating Revenue Over Expenditures & Transfers	-	24,284,990	25,929,301	1,644,312
OTHER NON-OPERATING ACTIVITY				
Unrealized Gain/(Loss) on Investment	-	-	128,050	128,050
Total Revenue over Expenditures & Transfers	-	24,284,990	26,057,351	1,772,361

Capital Fund
Project Summary
February 28, 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
February 28, 2021

Since inception of fund:

General Fund Transfers	21,300,000	
Completed projects	(18,506,820)	
Projects in process	(2,607,350)	
Uncommitted Fund Balance	<u>185,830</u>	830

Completed Projects:

Final Cost

Projects completed in prior years	15,919,165
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Current year completed projects:

EC Boiler Control & Valve Repl	70,916
EC RPLC Campus Cooling Twr	1,306,349
GM Fire Alarm Upgrade	85,083
GM Library Lighting Replacement	67,133
Campus Wide Parking Lot Repairs	183,344
Campus Wide Concrete Repairs	84,210
Men' Hot Tub Replacement	163,056
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	286,591

Total Completed 18,506,820

Projects in Process or scheduled to begin:

Allocated Budget

ML Renovation	375,362
Campus Lighting Upgrades	120,000
Campus HVAC Repairs	145,000
ML Retention Pond Dredging	265,656
Campus Primary Heat Filtration	50,000
GM Garden Level Lighting Rplcmnt	65,000
Tunnel Waterproofing	50,000
Campus Wide LED Upgrades	70,000
Parking Lot 7 Lighting Replacement	80,000
Tunnel Lighting	50,000
* FY21 Campus Flooring Replacement	50,000
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
* Restroom Renovation	70,000

Total of other projects < \$50,000 each	145,000
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Total in Process 2,607,350

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 21

Expected Budget

DM Emergent Requirements	160,000
Total of other projects < \$50,000 each	25,000

Total Pending 185,000



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
February 28, 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	2,090,210.00	2,000,694.91	7.57%	2,317	780	2.282	2.314
Treasury Discounts -Amortizing	7,500,000.00	7,498,740.00	7,498,430.91	28.39%	170	119	0.064	0.065
State of Michigan Bonds	5,000,000.00	5,099,990.00	5,012,722.56	18.98%	2,216	1162	2.210	2.240
Municipal Bonds	11,840,000.00	12,477,802.60	11,901,594.24	45.06%	2,617	1322	2.507	2.542
	26,340,000.00	27,166,742.60	26,413,442.62	100.00%	1,823	909	1.740	1.764

Investments

Total Earnings	Month Ending 2/28/21	Fiscal Year 2020 - 2021 To Date	Month Ending 2/29/20	Fiscal Year 2019 - 2020 To Date
Current Year	38,287.75	314,022.82	56,584.89	424,028.11
Average Monthly Balance - Long Term Invested Balance		26,419,358.42		36,350,299.15
Effective Rate of Return - Long Term Invested Balance		1.78%		2.41%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 2/28/2021	0.05%	0.08%	0.75%	1.44%	2.08%

Reporting period 02/01/2021-02/28/2021