

Board of Trustees

Washtenaw Community College

ACTION

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

Subject
Financial Reports - March 2021

Date
April 27, 2021

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for March 2021 as follows: General Fund, Deferred Maintenance Fund, Capital Fund, and Combined Schedule of Investments-All Funds.

Prepared by: William Johnson
Title: Executive Vice President of Finance
and CFO

Recommended by: *Rose B. Bellanca, Esq.*
Rose B. Bellanca, President

Financial Narrative

March 2021

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

Revenue

As of March 31, 2021, Total Revenues were \$98.5 million; Total Expenditures and Operating Transfers were \$75.6 million. Revenues in total are behind the expected budget for the first nine months by approximately \$3.0 million.

Winter Tuition revenue of \$9.6 million is below expected budgeted revenue of \$10.4 million. Through the end of March, Winter enrollment and credit hours are down by 5.6% 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 has also impacted Contact Hour fees, as many Lab courses were either offered at reduced capacity or were not offered for Fall 2020, Winter 2021, or Spring/Summer 2021. As a result, for this academic year Student Fees were approximately \$1.4 million below budget. Registration opened mid-March for the Spring/Summer term, as well as the Fall term. Though registration activity is ongoing, initial enrollments for the Spring/Summer term are showing a positive trend and indicate that we may meet or slightly exceed 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 \$57.0 million through March, which represents 97 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first nine 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 \$452,000 and \$456,000 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 March 31, 2021, represent 67 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$6.2 million less than what was expected through the first nine 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 \$2.5 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 nine months of operations.

Washtenaw Community College
 Revenues and Expenditures - General Fund
 Statement as of March 31, 2021

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,030,166	11,030,166	9,854,066	(1,176,101)
Tuition Winter	10,426,878	10,426,878	9,573,012	(853,866)
Tuition Spring	4,859,945	3,936,555	4,058,504	121,949
Student Fees	4,566,000	4,351,520	2,945,187	(1,406,333)
Total Tuition and Fees	<u>30,882,989</u>	<u>29,745,119</u>	<u>26,430,769</u>	<u>(3,314,350)</u>
Local Property Taxes	58,880,204	56,948,608	57,048,528	99,920
State Appropriations	14,045,232	10,436,424	11,460,046	1,023,622
Trade Partnerships	2,658,931	1,726,036	1,925,720	199,684
Investment Income	600,000	447,119	370,934	(76,185)
Other	1,930,845	1,496,383	1,040,620	(455,763)
Auxiliary Activities	786,850	707,121	254,968	(452,154)
Total Revenue	109,785,051	101,506,811	98,531,585	(2,975,226)
EXPENDITURES				
Humanities & Social Sciences	11,955,967	8,804,047	8,374,051	429,995
Math, Science & Engineering Technologies	9,639,811	6,925,985	6,811,257	114,727
Health Sciences	6,426,040	4,757,895	4,215,262	542,633
Business & Computer Technologies	7,679,318	5,636,570	5,033,846	602,724
Advanced Technologies & Public Service Careers	7,595,887	5,556,948	4,894,134	662,813
Continuing Education	734,874	472,329	286,918	185,411
Distance Learning	2,007,452	1,406,194	1,373,422	32,772
Instructional Support	14,939,323	10,781,369	9,087,259	1,694,110
Total Instruction	<u>60,978,672</u>	<u>44,341,336</u>	<u>40,076,150</u>	<u>4,265,186</u>
Student Services	9,826,971	6,778,968	5,328,021	1,450,948
Scholarships	1,474,458	1,168,850	1,094,204	74,646
Executive Management	2,133,753	1,499,469	1,270,979	228,490
General Admin - Institutional Services	4,219,369	2,889,368	4,869,706	(1,980,338)
MIS/Computer Services	8,608,201	6,715,582	6,550,396	165,185
Public Relations Development	3,074,475	2,217,695	1,838,463	379,232
Community Services	1,863,625	1,289,557	931,835	357,723
Physical Plant Operations	10,774,596	7,942,138	7,032,323	909,815
Utilities	2,089,700	1,477,641	1,429,764	47,877
Equipment	1,519,356	840,830	533,942	306,888
Total Non-Instruction	<u>45,584,504</u>	<u>32,820,099</u>	<u>30,879,634</u>	<u>1,940,465</u>
Total Expenditures	106,563,176	77,161,435	70,955,784	6,205,651
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	1,225,675	1,225,675	-
Health & Fitness Center	(1,450,000)	(1,087,500)	-	(1,087,500)
Deferred Maintenance	1,500,000	1,500,000	1,500,000	-
Furniture	200,000	200,000	200,000	-
Total Operating Transfers	3,221,875	3,588,175	4,675,675	(1,087,500)
Total Expenditures and Operating Transfers	109,785,051	80,749,610	75,631,459	5,118,151
Operating Revenue Over Expenditures & Transfers	-	20,757,202	22,900,127	2,142,925
OTHER NON-OPERATING ACTIVITY				
Transfer to Unexpended Plant - Budgeted	-	-	-	-
Transfer to Unexpended Plant - Unbudgeted	-	-	-	-
Unrealized Gain/(Loss) on Investment	-	-	(137,446)	(137,446)
Total Revenue over Expenditures & Transfers	-	20,757,202	22,762,681	2,005,479

Capital Fund
Project Summary
March 31, 2021

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

Washtenaw Community College
Deferred Maintenance Fund
March 31, 2021

Since inception of fund:

General Fund Transfers	21,300,000	
Completed projects	(18,608,877)	
Projects in process	(2,511,875)	
Uncommitted Fund Balance	179,248	14,248

Completed Projects:

	Final Cost	
Projects completed in prior years	15,919,165	

Current year completed projects:

EC Boiler Control & Valve Repl	60,016
EC RPLC Campus Cooling Twr	1,302,974
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
LA Fire Alarm Upgrade	116,331
Total of FY21 completed projects < \$50,000 each	286,591

Total Completed **18,608,877**

Projects in Process or scheduled to begin:

	Allocated Budget	
ML Renovation	375,362	
Campus Lighting Upgrades	120,000	
Campus Primary Heat Filtration	50,000	
Campus HVAC Repairs	137,857	
ML Retention Pond Dredging	265,656	
GM Garden Level Lighting Rplcmnt	85,000	
Tunnel Waterproofing	30,000	
Campus Wide LED Upgrades	90,000	
Parking Lot 7 Lighting Replacement	80,000	
Tunnel Lighting	50,000	
* FY21 Campus Flooring Replacement	50,000	
FE Lighting Replacement	110,000	
ML Gun Range Roof Replacement	100,000	
OE HVAC Replacements	255,000	
GL Roof Restoration	180,000	
SC - Mechanical Design	338,000	
Restroom Renovation	70,000	
Total of other projects < \$50,000 each	125,000	
	Total in Process 2,511,875	

* Scheduled; no financial activity as of report date

Projects anticipated to begin in FY 21

	Expected Budget	
DM Emergent Requirements	140,000	
Total of other projects < \$50,000 each	25,000	

Total Pending **165,000**



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
March 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	2,086,520.00	2,000,797.71	7.58%	2,317	749	2.282	2.314
Treasury Discounts - Amortizing	7,500,000.00	7,499,725.00	7,498,839.93	28.39%	170	88	0.064	0.065
State of Michigan Bonds	5,000,000.00	5,083,980.00	5,012,143.62	18.98%	2,216	1131	2.210	2.240
Municipal Bonds	11,840,000.00	12,388,453.50	11,900,229.94	45.06%	2,617	1291	2.507	2.542
	26,340,000.00	27,058,678.50	26,412,011.20	100.00%	1,823	878	1.740	1.764

Investments

Total Earnings	Month Ending 3/31/21	Fiscal Year 2020 - 2021 To Date	Month Ending 3/31/20	Fiscal Year 2019 - 2020 To Date
Current Year	38,327.32	352,350.14	48,408.91	472,437.02
Average Monthly Balance - Long Term Invested Balance		26,418,623.70		26,356,899.52
Effective Rate of Return - Long Term Invested Balance		1.78%		2.39%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 3/31/2021	0.05%	0.07%	0.92%	1.74%	2.31%

Reporting period 03/01/2021-03/31/2021