

Board of Trustees

Washtenaw Community College

ACTION

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

Subject
Financial Reports - April 2021

Date
May 25, 2021

RECOMMENDATION

That the Board of Trustees receive the Financial Reports for April 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

April 2021

The financial narrative discusses the financial operating performance of Washtenaw Community College for fiscal year 2020-21, the ten months ended April 30, 2021.

Revenue

As of April 30, 2021, Total Revenues were \$102.1 million; Total Expenditures and Operating Transfers were \$83.9 million. Revenues in total are behind the expected budget for the first ten months by approximately \$3.0 million.

Spring Tuition revenue is ahead of the year-to-date budget by approximately \$334,000 with both headcount and credit hour enrollments exceeding budget assumptions. The Spring Tuition revenue amount includes 65% of the tuition revenue billed through April for the upcoming Spring/Summer term (an estimate of what will be earned in this fiscal year), along with \$1.7 million of tuition revenue that was earned for the prior 2020 Spring/Summer term. For fiscal year 2020-21 in total, tuition and fees remain approximately \$3.2 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 \$57.6 million through April, which represents 98 percent of the total budgeted revenue from property taxes. This is slightly ahead of the expected collections through the first ten 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 \$482,000 and \$526,000 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 April 30, 2021, represent 74 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$7.0 million less than what was expected through the first ten 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 33 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 \$3.5 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 ten months of operations.

Non-operating Transfers

As initially approved by the Board of Trustees in December 2019 and increased April 2021, the \$10 million Morris Lawrence Building Renovation Capital Project has been funded with a transfer from the general fund.

Washtenaw Community College
 Revenues and Expenditures - General Fund
 Statement as of April 30, 2021

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
REVENUES				
Tuition Fall	11,030,166	11,030,166	9,853,013	(1,177,154)
Tuition Winter	10,426,878	10,426,878	9,538,684	(888,194)
Tuition Spring	4,859,945	4,714,147	5,047,813	333,666
Student Fees	4,566,000	4,550,880	3,101,748	(1,449,132)
Total Tuition and Fees	30,882,989	30,722,071	27,541,257	(3,180,813)
Local Property Taxes	58,880,204	57,475,702	57,593,177	117,474
State Appropriations	14,045,232	11,552,693	12,691,687	1,138,994
Trade Partnerships	2,658,931	2,358,240	2,381,846	23,605
Investment Income	600,000	491,391	410,661	(80,730)
Other	1,930,845	1,710,068	1,184,556	(525,512)
Auxiliary Activities	786,850	763,409	281,549	(481,860)
Total Revenue	109,785,051	105,073,574	102,084,733	(2,988,841)
EXPENDITURES				
Humanities & Social Sciences	11,955,967	9,830,826	9,344,276	486,550
Math, Science & Engineering Technologies	9,639,811	7,778,232	7,626,741	151,492
Health Sciences	6,426,040	5,339,619	4,729,145	610,474
Business & Computer Technologies	7,679,318	6,353,374	5,627,840	725,534
Advanced Technologies & Public Service Careers	7,595,887	6,276,268	5,524,013	752,254
Continuing Education	734,874	542,389	312,980	229,408
Distance Learning	2,007,452	1,565,277	1,552,624	12,653
Instructional Support	14,939,323	12,074,640	10,099,087	1,975,553
Total Instruction	60,978,672	49,760,625	44,816,706	4,943,918
Student Services	9,822,982	7,519,536	6,108,914	1,410,622
Scholarships	1,474,458	1,187,365	1,143,687	43,678
Executive Management	2,133,753	1,707,944	1,397,705	310,239
General Admin - Institutional Services	4,217,019	3,214,089	5,473,759	(2,259,670)
MIS/Computer Services	8,614,540	7,322,502	7,071,749	250,753
Public Relations Development	3,074,475	2,539,269	2,031,335	507,934
Community Services	1,863,625	1,476,354	1,021,658	454,696
Physical Plant Operations	10,774,596	8,908,813	7,946,713	962,100
Utilities	2,089,700	1,610,708	1,601,988	8,720
Equipment	1,519,356	1,051,190	640,591	410,599
Total Non-Instruction	45,584,504	36,537,770	34,438,099	2,099,671
Total Expenditures	106,563,176	86,298,394	79,254,805	7,043,589
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	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	89,886,569	83,930,480	5,956,089
Operating Revenue Over Expenditures & Transfers	-	15,187,004	18,154,253	2,967,248
OTHER NON-OPERATING ACTIVITY				
Transfer to Plant Fund - Capital Projects	-	-	(10,000,000)	(10,000,000)
Unrealized Gain/(Loss) on Investment	-	-	(137,446)	(137,446)
Total Revenue over Expenditures & Transfers	-	15,187,004	8,016,806	(7,170,198)

Capital Fund
Project Summary
April 30, 2021

Project Category	Budget	Actuals	Commitment	Balance
Revenues				
State Appropriation CC - STEP Equipment	4,516,749	4,516,749	-	0
General Fund	16,055,178	16,055,178	-	0
Misc. Revenue		17,967		17,967
Total Revenues	\$ 20,571,927	20,589,894	-	17,967
Construction/Repair Projects				
MLB Building				
Renovations:				
MLB Renovations	10,000,000	375,362	-	9,624,638
Total MLB	10,000,000	375,362	-	9,624,638
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	\$ 20,571,927	\$ 10,820,189	\$ -	\$ 9,751,739
Revenue Over (Under) Expenditures		\$ 9,769,706		

Washtenaw Community College
Deferred Maintenance Fund
April 30, 2021

Since inception of fund:

General Fund Transfers	21,300,000	
Completed projects	(18,635,939)	
Projects in process	(2,266,513)	
Uncommitted Fund Balance	397,548	397,548

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 313,653

Total Completed **18,635,939**

Projects in Process or scheduled to begin:

Allocated Budget

Campus Lighting Upgrades	120,000
Campus HVAC Repairs	137,857
ML Retention Pond Dredging	265,656
Campus Primary Heat Filtration	50,000
* GL Renovations	90,000
GM Garden Level Lighting Rplcmnt	85,000
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	100,000
ML Gun Range Roof Replacement	100,000
OE HVAC Replacements	255,000
GL Roof Restoration	180,000
SC - Mechanical Design	343,000
Restroom Renovation	70,000

Total of other projects < \$50,000 each 200,000

Total in Process **2,266,513**

* Scheduled; no financial activity as of report date



**WCC Active Portfolio
Portfolio Management
Portfolio Summary
April 30, 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	2,083,810.00	2,000,900.51	7.58%	2,317	719	2.282	2.314
Treasury Discounts -Amortizing	7,500,000.00	7,499,862.50	7,499,235.76	28.39%	170	58	0.064	0.065
State of Michigan Bonds	5,000,000.00	5,084,317.00	5,011,564.67	18.98%	2,216	1101	2.210	2.240
Municipal Bonds	11,840,000.00	12,401,592.40	11,898,865.65	45.05%	2,617	1261	2.507	2.542
	26,340,000.00	27,069,581.90	26,410,566.59	100.00%	1,823	848	1.740	1.764

Investments

Total Earnings	Month Ending 4/30/21	Fiscal Year 2020 - 2021 To Date	Month Ending 4/30/20	Fiscal Year 2019 - 2020 To Date
Current Year	38,314.15	390,664.29	48,433.96	520,870.98
Average Monthly Balance - Long Term Invested Balance		26,417,891.24		26,362,435.82
Effective Rate of Return - Long Term Invested Balance		1.77%		2.37%

	6 Month	1 Year	5 Year	10 Year	20 Year
Treasury Yield Curve 4/30/2021	0.03%	0.05%	0.86%	1.65%	2.19%

Reporting period 04/01/2021-04/30/2021