

**Board of Trustees**

Washtenaw Community College

**ACTION**

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

---

Subject  
Financial Reports - May 2021

Date  
June 16, 2021

---

**RECOMMENDATION**

That the Board of Trustees receive the Financial Reports for May 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

May 2021

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

## Revenue

As of May 31, 2021, Total Revenues were \$103.8 million; Total Expenditures and Operating Transfers were \$91.7 million. Revenues in total are behind the expected budget for the first eleven months by approximately \$2.9 million.

Spring Tuition revenue is ahead of the year-to-date budget by approximately \$394,000 with both headcount and credit hour enrollments exceeding budget assumptions. The Spring Tuition revenue amount includes 65% of the tuition revenue billed through May for the 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 \$3.1 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 \$1.4 million by the end of the fiscal year.

Receipts for Local Government Taxes are \$57.7 million through May, which represents 98 percent of the total budgeted revenue from property taxes. This is on pace with the expected collections through the first eleven 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 \$465,000 and \$506,000 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 May 31, 2021, represent 82 percent of the budgeted expenditures for the fiscal year. Overall expenditures are approximately \$7.6 million less than what was expected through the first eleven 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 \$3.7 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 eleven months of operations.

### Non-operating Transfers

As initially approved by the Board of Trustees in December 2019 and increased May 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 May 31, 2021

	Annual Budget	YTD Budget	YTD Actual	YTD Variance
<b>REVENUES</b>				
Tuition Fall	11,030,166	11,030,166	9,853,013	(1,177,154)
Tuition Winter	10,426,878	10,426,878	9,516,399	(910,479)
Tuition Spring	4,859,945	4,859,945	5,253,963	394,018
Student Fees	4,566,000	4,566,000	3,139,769	(1,426,231)
Total Tuition and Fees	<u>30,882,989</u>	<u>30,882,989</u>	<u>27,763,143</u>	<u>(3,119,846)</u>
Local Property Taxes	58,880,204	57,689,897	57,696,054	6,157
State Appropriations	14,045,232	12,668,963	13,923,328	1,254,365
Trade Partnerships	2,658,931	2,432,279	2,465,964	33,685
Investment Income	600,000	541,609	445,603	(96,005)
Other	1,930,845	1,753,531	1,247,297	(506,234)
Auxiliary Activities	786,850	779,058	304,023	(475,034)
<b>Total Revenue</b>	<b>109,785,051</b>	<b>106,748,325</b>	<b>103,845,413</b>	<b>(2,902,913)</b>
<b>EXPENDITURES</b>				
Humanities & Social Sciences	11,955,967	10,848,087	10,343,809	504,278
Math, Science & Engineering Technologies	9,640,093	8,651,167	8,509,204	141,963
Health Sciences	6,426,040	5,852,038	5,169,858	682,180
Business & Computer Technologies	7,679,318	7,011,225	6,212,553	798,672
Advanced Technologies & Public Service Careers	7,680,197	6,946,265	6,107,437	838,828
Continuing Education	734,874	540,077	328,066	212,011
Distance Learning	2,007,452	1,732,348	1,770,614	(38,267)
Instructional Support	14,854,731	13,410,280	11,052,929	2,357,351
Total Instruction	<u>60,978,672</u>	<u>54,991,488</u>	<u>49,494,470</u>	<u>5,497,017</u>
Student Services	9,777,210	8,406,785	6,736,991	1,669,793
Scholarships	1,474,458	1,210,620	1,180,454	30,166
Executive Management	2,133,753	1,920,116	1,529,221	390,894
General Admin - Institutional Services	4,276,488	3,579,130	5,847,953	(2,268,824)
MIS/Computer Services	8,614,540	7,841,127	7,674,673	166,454
Public Relations Development	3,068,425	2,715,729	2,212,637	503,092
Community Services	1,860,556	1,662,157	1,110,523	551,635
Physical Plant Operations	10,770,018	9,677,453	8,689,561	987,892
Utilities	2,089,700	1,787,525	1,744,109	43,417
Equipment	1,519,356	804,136	802,204	1,932
Total Non-Instruction	<u>45,584,504</u>	<u>39,604,777</u>	<u>37,528,326</u>	<u>2,076,451</u>
<b>Total Expenditures</b>	<b>106,563,176</b>	<b>94,596,265</b>	<b>87,022,797</b>	<b>7,573,468</b>
<b>OPERATING TRANSFERS</b>				
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	-
<b>Total Operating Transfers</b>	<b>3,221,875</b>	<b>3,588,175</b>	<b>4,675,675</b>	<b>(1,087,500)</b>
<b>Total Expenditures and Operating Transfers</b>	<b>109,785,051</b>	<b>98,184,440</b>	<b>91,698,472</b>	<b>6,485,968</b>
<b>Operating Revenue Over Expenditures &amp; Transfers</b>	<b>-</b>	<b>8,563,885</b>	<b>12,146,941</b>	<b>3,583,056</b>
<b>OTHER NON-OPERATING ACTIVITY</b>				
Transfer to Plant Fund - Capital Projects	-	-	(10,000,000)	(10,000,000)
Unrealized Gain/(Loss) on Investment	-	-	(137,446)	(137,446)
<b>Total Revenue over Expenditures &amp; Transfers</b>	<b>-</b>	<b>8,563,885</b>	<b>2,009,494</b>	<b>(6,554,391)</b>

**Capital Fund**  
**Project Summary**  
**May 31, 2021**

Project Category	Budget	Actuals	Commitment	Balance
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>\$ 20,571,927</b>	<b>20,589,894</b>	<b>-</b>	<b>17,967</b>
<b>Construction/Repair Projects</b>				
<b>MLB Building</b>				
<b>Renovations:</b>				
MLB Renovations	10,000,000	405,391	8,858,739	735,870
<b>Total MLB</b>	<b>10,000,000</b>	<b>405,391</b>	<b>8,858,739</b>	<b>735,870</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>\$ 20,571,927</b>	<b>\$ 10,850,217</b>	<b>\$ 8,858,739</b>	<b>\$ 862,971</b>
<b>Revenue Over (Under) Expenditures</b>		<b>\$ 9,739,677</b>		

Washtenaw Community College  
Deferred Maintenance Fund  
May 31, 2021

**Since inception of fund:**

General Fund Transfers	21,300,000	
Completed projects	(18,635,939)	
Projects in process	(2,337,851)	
Uncommitted Fund Balance	<b>326,211</b>	326,211

**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
<b>Total of FY21 completed projects &lt; \$50,000 each</b>	<b>313,653</b>

<b>Total Completed</b>	<b>18,635,939</b>
------------------------	-------------------

**Projects in Process or scheduled to begin:**

Allocated Budget

Campus Lighting Upgrades	120,000
Campus HVAC Repairs	177,857
ML Retention Pond Dredging	265,656
Campus Primary Heat Filtration	50,000
GL Renovations	90,000
GM Garden Level Lighting Rplcmnt	89,338
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	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	 197,000

<b>Total in Process</b>	<b>2,337,851</b>
-------------------------	------------------



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

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	4,000,000.00	4,082,990.00	4,001,003.31	14.85%	2,071	1254	1.716	1.740
Treasury Discounts -Amortizing	7,500,000.00	7,499,975.00	7,499,644.80	27.84%	170	27	0.064	0.065
State of Michigan Bonds	4,000,000.00	4,087,233.00	4,011,197.42	14.89%	2,564	1341	1.974	2.002
Municipal Bonds	11,340,000.00	11,952,726.31	11,425,297.97	42.41%	3,013	1898	2.379	2.412
	<b>26,840,000.00</b>	<b>27,622,924.31</b>	<b>26,937,143.50</b>	<b>100.00%</b>	<b>2,015</b>	<b>1,198</b>	<b>1.576</b>	<b>1.598</b>

**Investments**

<b>Total Earnings</b>	<b>Month Ending 5/31/21</b>	<b>Fiscal Year 2020 - 2021 To Date</b>	<b>Month Ending 5/31/20</b>	<b>Fiscal Year 2019 - 2020 To Date</b>
Current Year	33,779.42	424,443.71	41,555.38	562,426.36
Average Monthly Balance - Long Term Invested Balance		26,419,495.59		26,367,705.27
Effective Rate of Return - Long Term Invested Balance		1.75%		2.33%

	<b>6 Month</b>	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>20 Year</b>
Treasury Yield Curve 5/31/2021	0.03%	0.05%	0.79%	1.58%	2.18%

Reporting period 05/01/2021-05/31/2021