

OAKLAND COMMUNITY COLLEGE

Comprehensive Annual Financial Report



FISCAL YEARS

*Ending June 30, 2017
and June 30, 2016*

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Bloomfield Hills, Michigan

Oakland Community College

Bloomfield Hills, Michigan

Comprehensive Annual Financial Report Fiscal Years Ended June 30, 2017 and June 30, 2016

Prepared by:

Department of Financial Services

**OAKLAND COMMUNITY COLLEGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016**

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Introductory Section



October 18, 2017

Members of the Board of Trustees, and
Citizens of Oakland Community College District

The Comprehensive Annual Financial Report (CAFR) of Oakland Community College for the fiscal years ended June 30, 2017 and June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the net position and changes in net position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

Plante & Moran, Certified Public Accountants, have issued an unmodified opinion on Oakland Community College's financial statements for the years ended June 30, 2017 and 2016. The independent auditor's report is located at the front of the financial section of this document.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and a detailed discussion of the College's fiscal year 2017 financial performance, as well as comparisons to fiscal year 2016 and 2015. The MD&A complements this letter of transmittal and should be read in conjunction with it.

We strive for fiscally responsible planning for our immediate and future needs. We continue to exercise fiscal prudence, to maintain a healthy financial condition, and have minimal debt while maintaining our commitment to academic excellence. This report consists of management's representations concerning finances of the College. To provide a reasonable basis for making these representations, the College maintains an internal control framework designed both to protect the College's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the College's financial statements. The College's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The College has a five year forecast, which guides the College and assists in planning for a sustainable future. These forecasts are integrated into the College's academic planning to support student success and institutional growth.

In planning for the College's financial future, the College feels it is also important to budget and forecast information for the College's non-operating funds. Proactively planning for designated retirement reserves, health and insurance reserves, and capital and infrastructure outlays will enable the College to meet its financial obligations, as well as continue to maintain our facilities across five campuses and our administrative district office for decades to come. The College has in place a financial reserve policy that was adopted by the Board of Trustees and is meant to ensure financial sustainability for future years, while addressing the operating and capital needs of the College.

The College remains focused on student success and community need while maintaining a financially sustainable organization. Since OCC opened its doors, we have provided education to more than one million students. As the largest higher education institution in Oakland County, we have a profound impact on our community. We are encouraged by the continued dedication of our faculty, administrators, staff and the Board of Trustees to make Oakland Community College a great place of higher education. Oakland Community College's mission is to guide our students to success that fulfills community needs.

PROFILE OF THE COLLEGE

The Oakland Community College District (“the College” or “OCC”) was established by the electorate of Oakland County, Michigan, on June 8, 1964. The area served encompasses approximately 900 square miles and has an assessed valuation of over \$25 billion. The county contains 28 public school districts with 45 public high schools. In addition, there are 37 non-public high schools in the district. With an estimated population of 1.24 million people, Oakland County is home to a mix of urban and rural communities, encompassing 62 cities, villages and townships, including 32 downtown areas and many scenic natural settings.

The College opened in September 1965, with a record community college initial enrollment of 3,860 students on two campuses - Highland Lakes, a renovated hospital in what was Union Lake, and Auburn Hills, a former Army Nike missile site in what was Auburn Heights.

The Orchard Ridge Campus, with its award-winning architectural design, opened in Farmington Hills in September 1967. First housed in leased facilities in Oak Park, the Southeast Campus System expanded through the purchase and remodeling of buildings at a second site in Royal Oak. In 1980, the Oak Park facilities were replaced by a new campus in Southfield. The Royal Oak buildings were replaced by a new campus complex which opened in the fall of 1982.

Since 1964, over 1 million students have attended OCC, with over 85,000 degrees granted. Students receive a quality education that either prepares them for employment in diverse, in-demand fields, or starts their path toward other academic achievements and lifelong learning goals. Currently, OCC offers just over 100 certificate and degree programs reflecting in demand occupations in Oakland County, and provides unique academic, cultural and social experiences on each of its five campuses. Oakland Community College has become a source for community development and engagement since opening its doors more than 50 years ago providing a high quality, affordable higher education opportunity to our community.

OCC’s dedicated faculty and staff are committed to providing academic and developmental experiences that will allow each student to reach their full potential and enhance the diverse communities they serve. OCC is a caring College that values innovation, strong student outcomes, high-quality service, and professionalism, at an affordable price.

In 1966, the Community Colleges Act helped institutions such as OCC define their mission. In 2017 OCC redefined its mission statement to be succinct and focused. This new mission was officially approved by the Board of Trustees in September 2017.

MISSION

“OCC’s mission is to guide our students to success that fulfills community needs.”

HOW THE COLLEGE SUPPORTS ITS MISSION

To provide further understanding of how the College supports the mission and the individual needs of students and the community, strategic values were identified. In addition the College's vision addresses goals of the organization. The six values are as follows (*note: this new mission statement, values and vision were officially adopted by the College's Board of Trustees on August 29, 2017*):



VALUES

ACCESSIBILITY

Provide accessible educational opportunities, programs, and services

AFFORDABILITY

Offer affordable educational opportunities

DIVERSITY/INCLUSION

Embrace people and ideas to broaden and enrich our community

EXCELLENCE

Offer high-quality programs and services

RELEVANCE

Offer the most relevant education to our community

SOCIAL RESPONSIBILITY

Be socially responsible in our programs, services and activities

In addition to values, the College has a clear vision that focuses on who we want to be, what we intend to do and what we will have to do to achieve our mission and values.



BE:	DO:	HAVE:
<ul style="list-style-type: none"> · We will be externally recognized for our academic program excellence. · We will be viewed as the premier transfer institution because of the high quality preparation of our transfer students. · We will be recognized as the preeminent provider of community education and workforce training. 	<ul style="list-style-type: none"> · We will implement a student-focused service model. · We will streamline administrative practices to optimize operational effectiveness. · We will increase the flexibility, accessibility, and affordability of our academic programs. · We will increase our student completion rate. 	<ul style="list-style-type: none"> · We will have an organizational structure that supports student success. · We will have a strong financial position. · We will have a minimum of 15 nationally/regionally accredited academic programs/certifications. · We will have an accredited virtual campus.

Accreditation

Oakland Community College is accredited by The Higher Learning Commission of the North Central Association (website www.ncahlc.org). Numerous programs have individual accreditations, memberships or approval by state agencies and/or national associations or organizations.

Culinary Arts Program - American Culinary Federation; Accreditation Commission, National Restaurant Association

Dental Hygiene - American Dental Association Commission on Dental Accreditation

Diagnostic Medical Sonography - Commission on Accreditation of Allied Health Education Programs

Emergency Medical Services - CoAEMPS - Committee on Accreditation for the EMS Professions, Michigan Department of Health and Human Services

Fire Academy - Pro Board Fire Service Professional Qualifications System State of Michigan - Michigan Fire Fighters Training Council

Medical Assisting - Commission on Accreditation of Allied Health Education Programs

Nursing Associate Degree - Accreditation Commission for Education in Nursing, Michigan Board of Nursing

Paralegal - American Bar Association; American Association for Paralegal Education

Police Academy – State of Michigan – Michigan Commission on Law Enforcement Standards

Radiologic Technology - The Joint Review Committee on Education in Radiologic Technology

Respiratory Therapy - The Commission on Accreditation for Respiratory Care (CoARC)

Sign Language Studies – The Commission on Collegiate Interpreter Education

Surgical Technology - Commission on Accreditation of Allied Health Education Programs

Distance Education

In 2016, the College formed an implementation team and hired a Dean of Distance Education committed to implementing a full-service virtual campus to ensure student success. Together, this team brings a wealth of knowledge and experience in academic technologies, and is poised to lead the College to success in distance education. In May 2017, the College obtained approval by the North Central Association Higher Learning Commission to offer the Criminal Justice Generalist degree online. The accrediting body was impressed by the combined efforts of OCC's Faculty, Staff, and Administration to provide the highest quality online learning experience for the students. Currently the College is in the process of seeking additional accreditation to offer a second online degree program.

Integrated Planning

Oakland Community College has served students and the community for over 50 years with a strong focus on planning for the future and student success. OCC's Integrated Planning model provides a strong foundation for student success. As such, the College's goal is to align all plan elements to ensure a shared consciousness, transparency and accountability throughout the College.

Resource allocation is a critical component of College planning as we intentionally address maximizing the use of funds. The planning process promotes a systematic review and prioritization of resources, with budget allocation leading to efficiencies that support College goals.

Whether students attend OCC to earn a degree or improve job skills to enhance their professional careers, OCC is committed to supporting students in their educational journeys. Integrated planning starts with an Educational Master Plan "EMP" with a focus on 12 educational objectives. In the fall of 2017, the College is transitioning to a new strategic plan, with a focus on goals known as Vital Few Objectives "VFOs" in the key areas of financial vision, student success, community needs, process improvements and investments in people. Several objectives from the EMP will be carried over to the new plan and new teams will be formed to address one-year change initiatives that have been developed based on stakeholder (community, faculty, administration, students) feedback.

Educational Master Plan

DEVELOPMENTAL EDUCATION

1. Provide developmental education programs to cultivate the knowledge and skills necessary to succeed in college.

CURRICULUM

2. Review and revise academic offerings to ensure appropriate student learning and academic quality as directed by federal, state and accrediting agencies.
3. Set the direction for all curriculum to meet community needs and student interest.
4. Develop an honors program to enhance transferability and employability for eligible students.
5. Provide quality service learning and volunteerism opportunities to enhance student success and serve the community.

STUDENT LEARNING OUTCOMES

6. Improve assessment practices to enhance student learning and success.
7. Develop common course outcomes to provide consistency in learning outcomes regardless of location or delivery.
8. Create benchmarks for general education outcomes and assess student learning related to the benchmarks.
9. Evaluate the impact of pedagogical and curricular changes resulting from program assessment to determine efficacy of these changes.

ENROLLMENT MANAGEMENT

10. Develop an enrollment management plan through the effective integration of administrative processes, student services, curriculum planning, and market analysis to ensure student success, as well as develop student retention plans to improve the quality of student life and learning through comprehensive, accessible, and affordable higher education initiatives.
11. Enhance early college and dual enrollment programs to ensure the ability of high school students to acquire college credit at OCC.

DISTANCE LEARNING

12. Develop a strategic program of distance learning to increase access for our students and obtain Higher Learning Commission approval to offer online programming to ensure quality accredited distance learning opportunities.

FINANCIAL PLANNING

Another way Oakland Community College meets its mission is through financial accountability; the allocation and appropriate use of financial resources is a priority in all we do to serve our students and honor our fiduciary responsibility to the community

The College has continually addressed budget issues over the past several years by cutting costs throughout the College, eliminating positions, and delaying the replacement of vacant positions. In addition, the College prepares a five year forecast to better plan and meet the budget shortfalls head-on by looking at all sources of income and expenses across all funds within the College.

The College developed a financial reserve policy that was approved by the Board of Trustees in June 2015 to ensure sustainability for the future. The financial reserve policy addresses designations for operating expense reserve, retirement and insurance reserve, quasi-endowment reserve, as well as a designation for capital outlay to ensure the College is planning for its infrastructure and future capital needs. As the financial report shows, the College continues to cut costs, address non-general fund deficits through designated transfers, and plan for and record designations for pension plan unfunded liabilities.

Beginning with the fall 2016 term, the College moved from charging students per credit hour to per billable contact hour and streamlined the fees charges to students for registration, course fees, and transcripts. The College began charging by billable contact hour to address the additional cost of high contact courses such as science courses with labs, culinary courses, nursing courses, and courses in other health professions. For fiscal year 2017, the College did not raise its tuition rate, in moving to a contact billing hour model. Over the past several years, tuition rates have increased annually however, the College's In-District rate and overall fees still remain the lowest of the 28 Michigan community colleges. For fiscal year 2017, the College eliminated the separate Out-of-State/International student tuition rate by consolidating it with the Out-of-District tuition rate. This rate is about average when compared to the other 28 Michigan community colleges. OCC's Board of Trustees and executive leadership remains committed to offering affordable education to all students. With gross tuition and fees accounting for approximately a third of the College's revenue when compared to state appropriations and property taxes, and few viable options available to diversify revenue sources, the College finds itself with the challenge of balancing decreasing enrollment with increasing costs and decreasing revenue.

LOCAL ECONOMY

While OCC primarily serves Oakland County, the College recognizes that their graduates may live and be employed in nearby counties upon graduation. Therefore, the College examines data from a seven county region: Oakland, Genesee, Lapeer, Livingston, Macomb, Washtenaw, and Wayne Counties. Like the rest of the state, Oakland and nearby counties experienced a recession beginning in 2008. In the years following the recession, Oakland County has returned to the unemployment rates seen pre-recession. Oakland County's future is bright. Employment as well as housing starts, are up. In addition, Oakland County's per capita personal income (PCI) is the highest in any county in Michigan and higher than the state and national average.

More specifically related to available occupations and college programming, within this region, based on available third party data used by state agencies in Michigan, 149,726 projected annual job openings across all occupations and education levels. When OCC focuses on just those occupations most likely to need some post-secondary education but less than a bachelor's degree, there are approximately 73,889 job openings projected each year for the next five years in our region (based on the typical distribution educational requirements requested by employers).

OCC currently offers programs that lead to with a total of approximately 14,020 job openings in the region. For these occupations, the average of the median wages is \$24.87/hour.

The ten occupations supported by OCC programs (based on the number of projected job openings) include:

1. Registered Nurses
2. General and Operations Managers
3. Cooks, Restaurant
4. Accountants and Auditors
5. Medical Assistants
6. Software Developers, Applications
7. Automotive Service Technicians and Mechanics
8. Managers, All Other
9. Computer Systems Analysts
10. Management Analysts

In addition to considering the local economy, OCC also believes it is important to consider the regional supply in addition to demand; in other words, while there are approximately 14,000 openings related to programs OCC offers, the regional competition is also supplying graduates for many of the same occupations. Based on regional supply, OCC believes their top priorities for increasing enrollment to better meet community need include the following 10 programs:

1. General Accounting Certificate
2. Library Technician
3. Library Technician Certificate
4. Technological Sciences
5. International Commerce
6. Welding Technology Certificate
7. Hotel / Motel Management
8. Culinary Arts
9. Dental Hygiene
10. Fire Academy

Sources: Economic Modeling Specialist International; Oakland County Economic Outlook 2017-2022; OCC Institutional Effectiveness 2017

Prospects for the Future

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4. Technological Sciences
5. International Commerce
6. Welding Technology Certificate
7. Hotel / Motel Management
8. Culinary Arts
9. Dental Hygiene
10. Fire Academy

Included in the list of in-demand OCC programs above, when the College computes the difference between supply and demand in the region for each program, the College sees that the large majority of our programs (more than 70% each year) are leading to occupations that are in demand in the local region.

Source: OCC Institutional Effectiveness 2017

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Oakland Community College for its comprehensive annual financial report (CAFR) for the fiscal years ended June 30, 2016 and June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was selected by the College's Board of Trustees. The auditor's report on the financial statements and schedules is included in the financial section of this report.

Acknowledgments

The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the financial services department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Peter Provenzano, Jr.
Interim Chancellor



Roberta Remias
Interim Vice Chancellor
Administrative Services



Sharon Converse
Director
Financial Services

OAKLAND COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year Ended June 30, 2017

Board of Trustees

<u>Trustee Name</u>	<u>Position</u>	<u>Term Expiration</u>
John McCulloch	Chairperson	2020
Pamala Davis	Vice Chairperson	2018
Christine O'Sullivan	Secretary	2018
Susan Anderson	Treasurer	2022
Kathleen Bertolini	Trustee	2022
Shirley Bryant	Trustee	2020
Pamela Jackson	Trustee	2022

Cabinet Members

Peter Provenzano, Jr., Interim Chancellor
Dr. Mary Cathey Maze, Vice Chancellor for Academic Affairs
Roberta Remias, Interim Vice Chancellor for Administrative Services
Lori Przymusinski, Interim Vice Chancellor for Student Services
William MacQueen, Vice Chancellor for Human Resources
Robert J. Montgomery, Vice Chancellor for Information Technologies
Eileen Husband, General Counsel

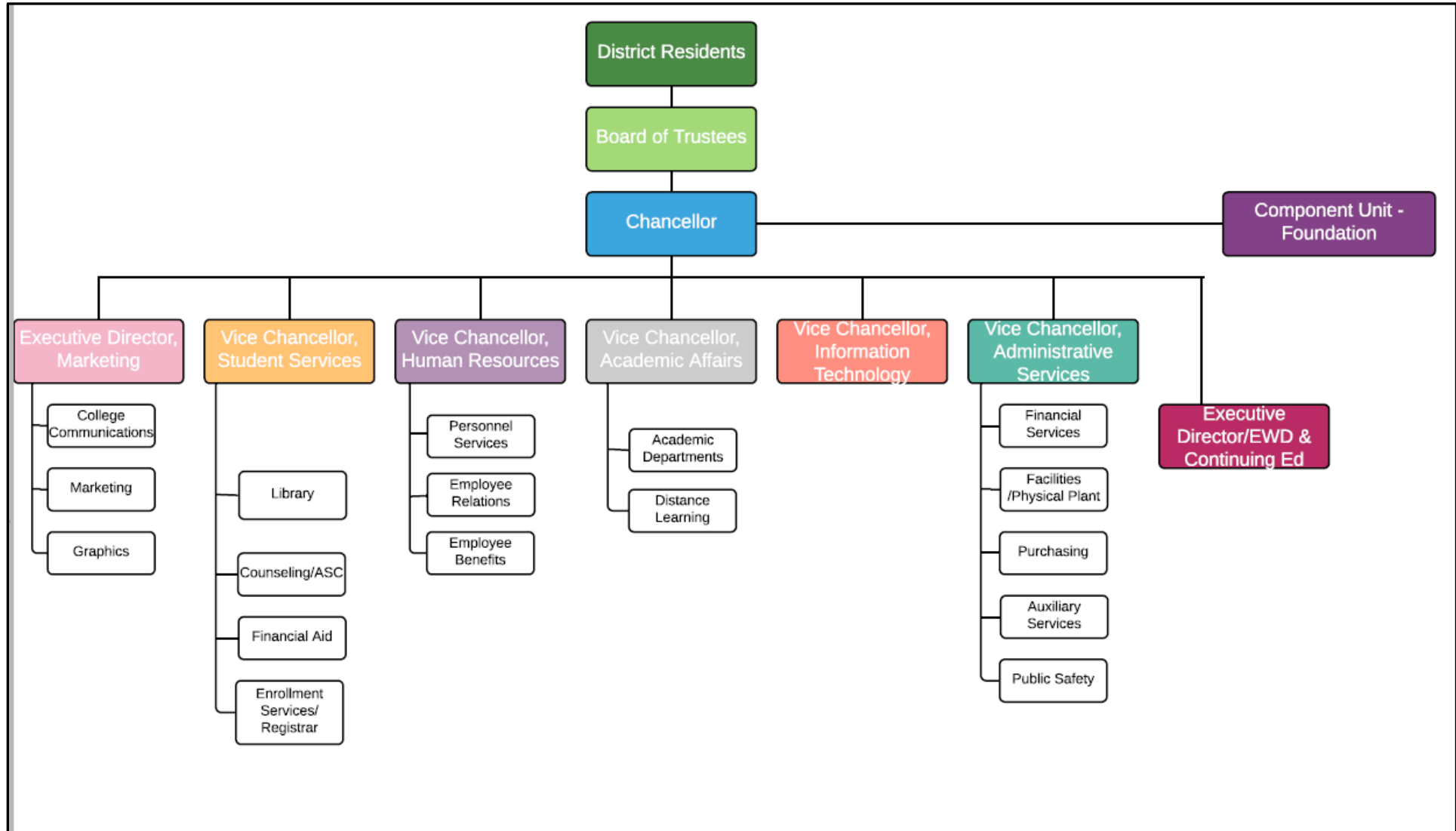
OFFICIALS ISSUING REPORT

Roberta Remias Interim Vice Chancellor for Administrative Services
Sharon Converse Director of Financial Services

DEPARTMENT ISSUING REPORT

Financial Services

Oakland Community College
Bloomfield Hills, Michigan





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Oakland Community College
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Financial Section

Independent Auditor's Report

To the Board of Trustees
Oakland Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Oakland Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2017 and 2016 and the related notes to the financial statements, which collectively comprise Oakland Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component unit was not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees
Oakland Community College

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Oakland Community College and its discretely presented component unit as of June 30, 2017 and 2016 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's proportionate share of the net pension liability, and schedule of college contributions on pages 17-29 and 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oakland Community College and its discretely presented component unit's basic financial statements. The other supplementary information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Trustees
Oakland Community College

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 18, 2017

OAKLAND COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of *Oakland Community College's* (the "College") financial statements provides an overview of the College's financial position at June 30, 2017, 2016 and 2015 and its financial activities for the three years ended June 30, 2017. Management has prepared the financial statements and related footnote disclosures in conjunction with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Use of this Report

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements, which consist of the statement of net position, the statement of revenue, expenses, and changes in net position, the statement of cash flows, and notes to the financial statements. Following the basic financial statements and footnotes are three supplementary schedules: the GASB 68 required supplemental information, the combining statement of net position and the combining statement of revenue, expenses, and changes in net position as of and for the years ended June 30, 2017 and June 30, 2016.

Financial Highlights

The financial statements report information on the College as a whole. These statements report the College's financial position as of June 30, 2017 and 2016 and changes in net position for the years ended June 30, 2017 and 2016. The College's Statement of Net Position at June 30, 2017 and 2016, had assets of \$408.6 million and \$396.7 million, respectively, and liabilities of \$202.7 million and \$200.6 million, respectively. In 2015, the College implemented GASB 68 and the recognized of the College's share of the Michigan Public School Employees' Retirement System (MPERS) unfunded net pension liability. The net pension liability at June 30, 2017 and June 30, 2016, was \$180.4 million and \$175.8 million, respectively. The net pension liability results from the College's participation in MPERS, a statewide, cost-sharing, multiple employer defined benefit public employee retirement system. The College's revenues and other support exceeded expenses by \$14.7 million, \$7.4 million and \$6.4 million in 2017, 2016 and 2015, respectively, primarily due to cost cutting measures across all departments including elimination of vacant positions or delays in rehiring for vacancies for all three years. Current assets totaled \$99.3 million, \$56.5 million and \$95.6 million in 2017, 2016 and 2015. The fluctuations in current assets from 2015 to 2017 were primarily the result of changes in the College's investment policy and portfolio. These changes were initiated by the new investment manager who was hired to manage the College's investments in April 2015. See further discussion of investments in this MD&A under Non-operating Revenues. The College's net position, which represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted, totaled \$215.6 million as of June 30, 2017, \$200.9 million as of June 30, 2016 and \$193.6 million as of June 30, 2015. In 2015, as a result of the implementation of GASB 68 as discussed above, there was a reduction of net position totaling \$168.9 million.

OAKLAND COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position and Statement of Revenue, Expenses, & Changes in Net Position

The following is a comparative analysis of key components of the statements of net position as of June 30:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets	\$ 99,349,740	\$ 56,481,165	\$ 95,616,940
Long-term investments	167,496,910	189,464,073	134,965,327
Capital assets	141,763,440	150,774,920	157,969,594
Total assets	<u>\$ 408,610,090</u>	<u>\$ 396,720,158</u>	<u>\$ 388,551,861</u>
Deferred Outflows of Resources	<u>\$ 21,975,402</u>	<u>\$ 18,569,103</u>	<u>\$ 18,145,369</u>
LIABILITIES			
Current liabilities	\$ 20,737,156	\$ 22,129,280	\$ 22,865,330
Long-term debt obligations	-	820,000	1,605,000
Net Pension Liability	180,430,177	175,812,730	168,146,098
Compensated absences	1,510,368	1,822,487	1,930,844
Total liabilities	<u>\$ 202,677,701</u>	<u>\$ 200,584,497</u>	<u>\$ 194,547,272</u>
Deferred Inflows of Resources	<u>\$ 12,307,124</u>	<u>\$ 13,779,278</u>	<u>\$ 18,587,061</u>
Net position			
Net investment in capital assets	\$ 140,943,440	\$ 149,169,920	\$ 155,614,594
Restricted:			
Expendable scholarships	1,081,533	931,894	931,783
Unrestricted	73,575,694	50,823,672	37,016,520
Total net position	<u>\$ 215,600,667</u>	<u>\$ 200,925,486</u>	<u>\$ 193,562,897</u>

Although unrestricted net position is not subject to externally imposed restrictions, virtually all of the College's unrestricted net position is designated for the purposes to fulfill its mission including designations for future retirement obligations and insurance, designations to meet the College's reserve policy for operating expenses and capital projects, and designations of quasi-endowment for future debt payments and scholarships. See Note 1 for further information about the College's unrestricted net position and its designations.

OAKLAND COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a comparative analysis of key components of the statements of revenue, expenses, and change in net position for the years ended June 30:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues			
Tuition and fees, net	\$ 33,089,583	\$ 33,402,037	\$ 32,872,669
Federal grants and contracts	3,384,815	4,066,362	4,312,702
State and local grants and contracts	1,391,492	1,505,418	1,648,464
Nongovernmental grants and contracts	571,140	643,012	564,692
Auxiliary activities	6,624,795	8,268,262	10,261,046
Miscellaneous	804,640	948,644	873,936
Total operating revenues	45,866,465	48,833,735	50,533,509
Less operating expenses	160,428,233	172,228,785	188,704,701
Operating loss	(114,561,768)	(123,395,050)	(138,171,192)
Non-operating revenues			
Pell grant revenue	17,424,284	21,850,205	31,655,877
State appropriations	23,847,244	21,645,361	21,351,179
State appropriations for UAAL	7,124,142	2,233,357	5,789,403
Property tax levy	80,835,825	79,964,027	77,283,938
Investment income	3,271,525	2,622,381	3,419,787
Net unrealized and realized Gain (loss) on investments	(3,266,071)	2,442,308	5,114,501
Net non-operating revenues	129,236,949	130,757,639	144,614,685
Increase in net position	\$ 14,675,181	\$ 7,362,589	\$ 6,443,493
Net position - beginning of year	200,925,486	193,562,897	356,007,810
Adjustment for change in accounting principle	-	-	(168,888,406)
Net Position, beginning of year, as restated	\$ 215,600,667	\$ 193,562,897	\$ 187,119,404
Net position - end of year	\$ 215,600,667	\$ 200,925,486	\$ 193,562,897

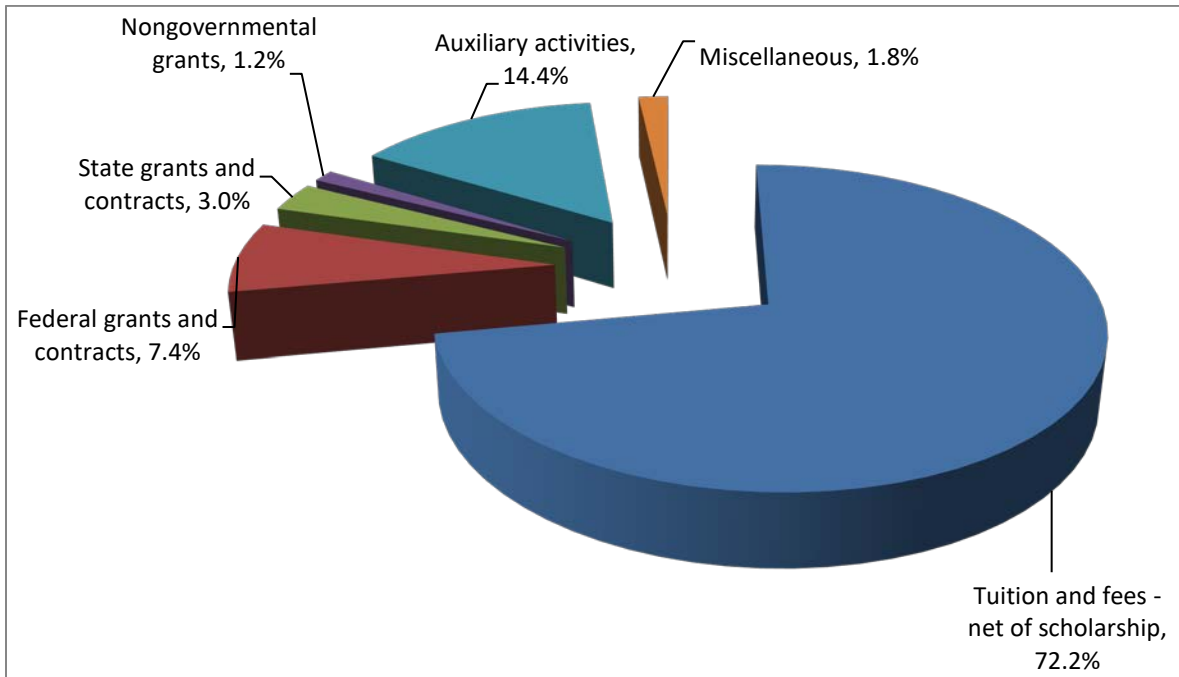
OAKLAND COMMUNITY COLLEGE
MANAGEMENT’S DISCUSSION AND ANALYSIS

Operating Revenues

Operating revenues include all transactions that result in sales and/or receipts from goods and services, such as tuition, fees, and bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. Operating revenues consisted of the following during the years ended June 30:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tuition and fees - net	\$ 33,089,583	\$ 33,402,037	\$ 32,872,669
Federal grants and contracts	3,384,815	4,066,362	4,312,702
State grants and contracts	1,391,492	1,505,418	1,648,464
Nongovernmental grants	571,140	643,012	564,692
Auxiliary activities	6,624,795	8,268,262	10,261,046
Miscellaneous	<u>804,640</u>	<u>948,644</u>	<u>873,936</u>
Total operating revenues	<u>\$ 45,866,465</u>	<u>\$ 48,833,735</u>	<u>\$ 50,533,509</u>

The following is a graphic illustration of operating revenues for fiscal year 2017:



OAKLAND COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Net student tuition and fee revenue (after scholarship allowance) decrease approximately 1 percent for the year ended June 30, 2017 and increased by 1.6 percent for the year ended June 30, 2016. For the year ended June 30, 2015, the net tuition decreased by 1.2 percent due to enrollment declines. Gross tuition and fee revenue decreased by 3.9 percent and 8.5 percent due to continued enrollment declines for fiscal years ended June 30, 2017 and 2016, respectively. For 2017, credit hours decreased by 10.3 percent from 2016. Credit hours decreased by 13.7 percent for 2016 from 2015. The credit hour declines are partially offset by tuition rate increases and changing the methodology to billable contact hours for some courses.
- In 2017, Federal grants and contracts decreased by 16.8 percent from 2016 and decreased in 2016 5.7 percent over 2015. These decreases are due to reduced receipts for several federal programs including federal work study. Decreased enrollment affected the federal grant programs. In 2015, Federal grants and contracts increased by 11.2 percent. The increase resulted from funding received from the Federal Supplemental Educational Opportunity Grant (FSEOG), the Vocational Education grant and various other Federal programs.
- Auxiliary services revenue decreased by approximately 19.9 percent, 19.4 percent and 15.9 percent during the years ended June 30, 2017, 2016 and 2015. The decreases are primarily due to a decrease in textbook sales resulting from declining enrollment. To help offset future declines of textbook sales, the bookstores offer a textbook rental program and have established competitive pricing. In addition, the bookstores have continued to cut costs and streamline operations in order to maintain their profit margin.
- In 2017, state and local grants and contracts decreased by 7.6 percent from 2016 due to reduced awards for state financial aid programs. In 2016, state and local grants and contracts decreased by 8.7 percent from 2015 due primarily to the completion of a state funded apprenticeship program as well as other reductions in other state awards.
- In 2017, Nongovernmental grants decreased by 11.2 percent from 2016 due to fewer local scholarship programs. Nongovernmental grants increased 13.9 percent from 2015 to 2016 due to an increase in the local promise zone award and other local awards.
- In 2017, miscellaneous revenues decreased 15 percent from 2016. In 2016, miscellaneous revenues increased 8.6 percent over 2015 due primarily to the sale of some obsolete machinery.

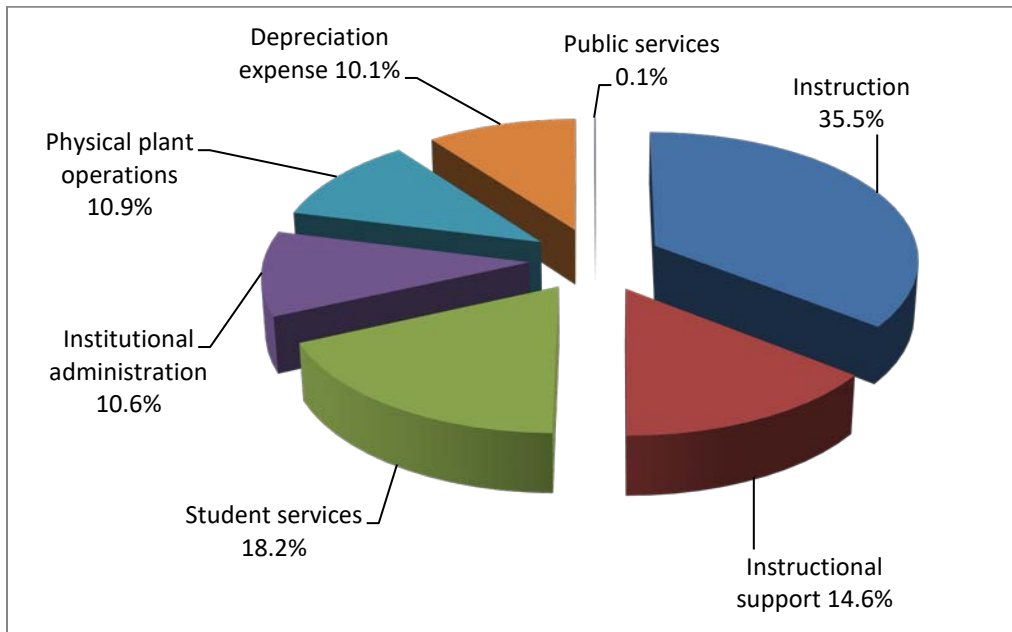
OAKLAND COMMUNITY COLLEGE
MANAGEMENT’S DISCUSSION AND ANALYSIS

Operating Expenses

Operating expenses are the costs for the College to conduct the programs necessary to carry out the primary purposes of the College. The operating expenses for the years ended June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 57,030,469	\$ 60,120,667	\$ 65,621,956
Instructional support	23,383,106	23,165,934	24,240,323
Student services	29,123,965	35,287,132	42,052,730
Institutional administration	17,068,984	18,808,298	20,786,105
Physical plant operations	17,418,448	18,714,603	19,571,831
Depreciation expense	16,268,145	15,993,976	16,247,859
Public services	135,116	138,175	183,897
Total operating expenses	<u>\$ 160,428,233</u>	<u>\$ 172,228,785</u>	<u>\$ 188,704,701</u>

The following is a graphic illustration of total operating expenses for the year ended June 30, 2017:



The primary operating expenses of the College are salaries, payroll taxes, and related fringe benefits. The College incurred \$105.4 million, \$111.8 million, and \$119.9 million of payroll-related expenses during the years ended June 30, 2017, 2016, and 2015 respectively. This represents approximately 65.7 percent of the College's operating expenses during 2017, 64.9 percent during 2016 and 63.5 percent in 2015. The continued decreases of payroll-related expenses are a result of the elimination of positions, streamlined operations, and a delay in hiring replacements for other vacant positions.

OAKLAND COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Payroll taxes and related fringe benefits decreased by 3.0 percent from 2016 to 2017 and 7.6 percent from 2015 to 2016 coinciding with the decrease in salaries and wages. In 2015, there was an increase in tax and benefit costs of 3.3 percent from 2014. In 2017, the UAAL state appropriations received were \$7.6 million, resulting in \$7.1 of revenue after consideration of GASB 68. In 2016, the UAAL state appropriations received were \$7.3 million, resulting in \$2.2 million of revenue after consideration of GASB 68. In 2015 and 2014, the increase in benefit cash disbursements by the College is a result of the \$5.8 million and \$3.4 million UAAL rate stabilization payments to MPSERS, respectively for the purpose of assisting in funding the MPSERS unfunded pension liability. In 2015, the UAAL payments were offset by increases of state appropriations as shown in the non-operating revenues. Without these additional payments, payroll taxes and related fringe benefit costs would have decreased to coincide with the elimination of positions and delays in hiring replacements of other vacant positions as previously mentioned.

Instruction decreased by 5.1 percent and 8.4 percent in 2017 and 2016, respectively, as a result of continued declining enrollment and new full-time faculty hired at lower steps replacing faculty that took the 2014 retirement incentives. Instructional Support remained relatively the same for 2017 as compared to 2016 expense but decreased in 2016 by 4.4 percent from 2015 due to cost cutting measures in those related departments. In 2015 Instructional Support increased slightly due primarily to step increases for salaries and additional MPSERS cost. Costs in Student Services continued to decrease due to the reduction of Pell grants and cost cutting measures in these related departments. Student Services expenses decreased by 17.5 percent in 2017, 16.1 percent in 2016 and in 2015 decreased by 15.1 percent. Institutional Administration decreased by 9.3 percent in 2017 and 9.5 percent in 2016 due to vacant positions and delays in hiring replacements. In 2015, Institutional Administration decreased 21.4 percent due primarily to the separation incentive plans that were expensed in 2014 and the employment changes previously mentioned. Physical Plant Operations decreased by 7.0 percent in 2017 and 4.4 percent in 2016 due to cost cutting measures and lower utility costs. Expenses related to Physical Plant Operations increased in 2015 by 3.8 percent due to the cost of the demolition at Highland Lakes and Southfield campuses in that year.

Non-operating Revenues (Expenses)

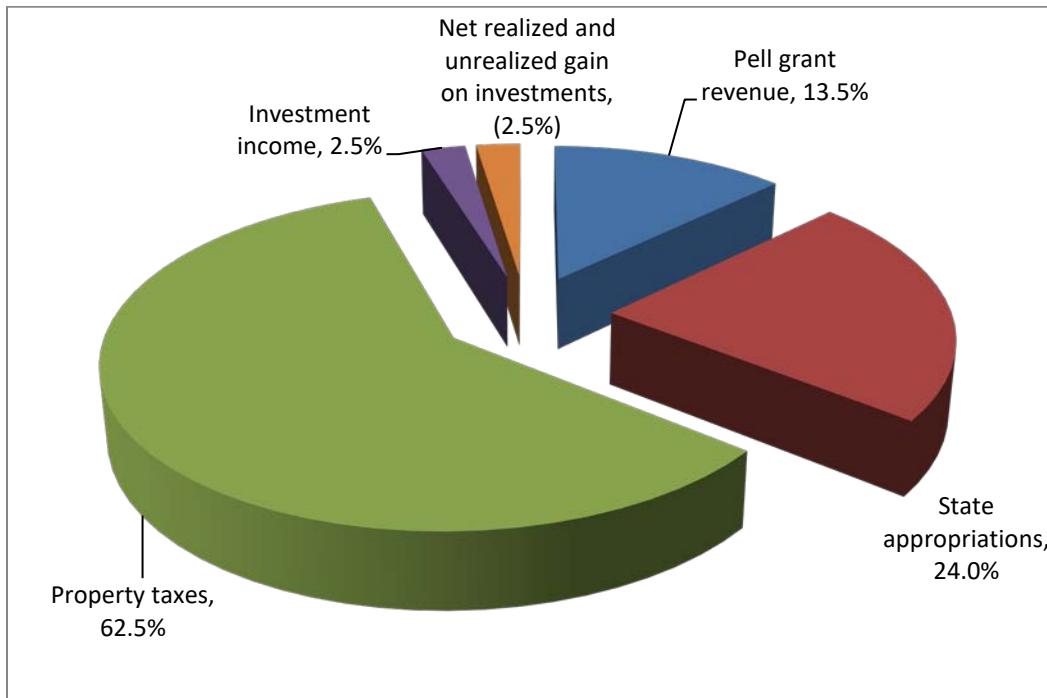
Non-operating revenues are all revenue sources that are not a result of College operations. They consist primarily of state appropriations, Pell grant revenue, property tax revenue, interest income and realized and unrealized gains and losses.

OAKLAND COMMUNITY COLLEGE
MANAGEMENT’S DISCUSSION AND ANALYSIS

Non-operating revenues for the years ended June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Non-operating revenues (expenses)			
Pell grant revenue	\$ 17,424,284	\$ 21,850,205	\$ 31,655,877
State appropriations	23,847,244	21,645,361	21,351,179
State appropriations for UAAL	7,124,142	2,233,357	5,789,403
Property taxes	80,835,825	79,964,027	77,283,938
Investment income	3,271,525	2,622,381	3,419,787
Net realized and unrealized gain (loss) on investments	<u>(3,266,071)</u>	<u>2,442,308</u>	<u>5,114,501</u>
Total non-operating revenues	<u>\$ 129,236,949</u>	<u>\$ 130,757,639</u>	<u>\$ 144,614,685</u>

The following is a graphic illustration of non-operating revenues by source for fiscal year 2017.



Over the past several years, Pell grant revenue has decreased due to the decline in enrollment and the number of student awards. Pell revenue decreased 20.3 percent, 31.0 percent and 17.9 percent in 2017, 2016 and 2015, respectively.

OAKLAND COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

There was an increase of \$2.2 million or 10.2 percent in state appropriations during 2017 and an increase of \$294,000 or 1.4 percent in state appropriations during 2016. For 2017, \$1.9 million was received for personal property tax reimbursement from the state and this is included in the annual state appropriation figure. Public Act 300 of 2012 instituted a 20.96 percent cap on the employer's share of the UAAL for reported MPSERS wages. This resulted in a state appropriation for UAAL of \$7.5 million and \$7.3 for 2017 and 2016, respectively, resulting in \$7.1 million and \$2.2 million of revenue after consideration of GASB 68 in 2017 and 2016, as well as MPSERS related cash outlay and expenses of equal amounts.

In 2017, property taxes increased by \$872,000 over 2016 and \$2.7 million from 2015 to 2016 as taxable values in Oakland County, Michigan continue to increase. In 2015, property tax revenues increased \$1.5 million over 2014.

As the economy grew stronger, investment income increased by 24.75 percent during 2017 and interest rates increased. Investment income decreased by 23.3 percent during 2016 and 16.2 percent during 2015 due to low and declining interest rates on money market funds, certificates of deposit, government agencies and sponsored enterprises securities and external investment pools.

Realized gains on investments were \$111,000 and \$224,000 in 2017 and 2016, respectively. In April 2015, the College hired the PFM Group to manage the College's portfolio. Following the transition, PFM recommended that the College rebalance its investment portfolio to reduce the average duration of investments held to ensure a proper amount of liquidity to meet operational contingencies. This rebalance required the College to sell longer term investments. Market conditions at the time of the sale resulted in the College recognizing a realized loss on investments of \$3.0 million which offset unrealized gains.

In 2016, with the assistance of PFM, the College continued to rebalance the investment portfolio to meet strategic investment objectives. This resulted in further year-over-year changes to the types and maturities of investments in the College's portfolio. See Note 2 to the financial statements for further information.

Unrealized gains and losses represent the fluctuation in the fair market value of investments. Bond values decline as interest rates increase and rise as interest rates decrease. In 2017, as a result of interest rate increases, the portfolio value declined and unrealized losses were \$3.3 million. In 2016 as a result of the portfolio rebalance previously mentioned, unrealized gains were \$2.2 million. The College recognized an unrealized gain of \$8.1 million in 2015. Unrealized gains and losses are primarily a result of market fluctuations in interest rates due to economic conditions in the United States. Approximately 99 percent of the investments held by the College are in government agencies and sponsored enterprises securities, whose prices were affected by the factors mentioned above. As the College intends to hold investments to maturity, it is unlikely that these unrealized gains and losses will be realized.

OAKLAND COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Cash Flows

Another method to assess the financial health of the College is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps assess:

- An entity's ability to generate net cash flows from operations
- Its ability to meet its obligations as they come due, and
- Its needs for external financing

Following is a comparative analysis of the cash flows of the College for the years ended June 30:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash provided by (used in):			
Operating activities	\$(100,378,704)	\$(103,675,594)	\$(122,694,916)
Noncapital financing activities	129,034,654	125,342,435	135,526,322
Capital and related financing activities	(8,062,598)	(9,554,802)	(6,819,669)
Investing activities	(12,368,280)	(62,931,486)	60,329,523
Net change	8,225,072	(50,819,447)	66,341,260
Cash and cash equivalents - beginning of year	27,578,328	78,397,775	12,056,515
Cash and cash equivalents - end of year	\$ 35,803,400	\$ 27,578,328	\$ 78,397,775

Net cash used in operating activities totaled \$100.4 million for 2017. This was financed by \$129.0 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used in capital and related financing activities totaled \$8.1 million during 2017. This consists of approximately \$7.3 million of capital additions and approximately \$859,000 of debt principal and interest payments. Net cash provided by investing activities totaled \$12.4 million. This consists of \$167.5 million of proceeds from the sale and maturities of investments, purchases of investments of \$185.4 million, and an offset by interest received during 2017 of approximately \$5.6 million. The net result of all cash flows is an increase in cash and cash equivalents of \$8.2 million for 2017.

Net cash used in operating activities totaled \$103.7 million for 2016. This was financed by \$125.3 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used in capital and related financing activities totaled \$9.6 million during 2016. This consists of approximately \$8.7 million of capital additions and approximately \$857,000 of debt principal and interest payments. Net cash provided by investing activities totaled \$62.9 million. This consists of \$125.3 million of proceeds from the sale and maturities of investments, purchases of investments of \$190.5 million, and an offset by interest received during 2016 of approximately \$2.3 million. The net result of all cash flows is a decrease in cash and cash equivalents of \$50.8 million for 2016.

OAKLAND COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Net cash used in operating activities totaled \$122.7 million for 2015. This was financed by \$135.5 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used in capital and related financing activities totaled \$6.8 million during 2015. This consists of approximately \$6.0 million of capital additions and approximately \$847,000 of debt principal and interest payments. Net cash provided by investing activities totaled \$60.3 million. This consists of \$158.5 million of proceeds from the sale and maturities of investments, purchases of investments of \$101.6 million, and an offset by interest received during 2015 of approximately \$3.4 million. The net result of all cash flows is an increase in cash and cash equivalents of \$66.3 million for 2015.

Capital Asset and Debt Administration

Capital Assets

The College had \$141.8 million and \$150.8 million invested in capital assets, net of accumulated depreciation of \$247.9 million and \$231.9 million at June 30, 2017 and 2016, respectively. Depreciation charges approximated \$16.3 and 16.0 million for the years ended June 30, 2017 and 2016, respectively.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Capital assets:			
Land and land improvements	\$ 28,268,618	\$ 27,987,219	\$ 27,903,216
Infrastructure	21,162,010	21,162,010	21,117,340
Buildings and improvements	289,226,354	288,091,158	281,785,242
Furniture, fixtures, and equipment	38,577,200	35,236,449	31,298,463
Library materials	9,339,765	9,239,713	9,439,366
Construction in progress	3,098,219	998,600	2,896,799
Accumulated depreciation	<u>(247,908,725)</u>	<u>(231,940,229)</u>	<u>(216,470,832)</u>
Total capital assets	<u>\$ 141,763,440</u>	<u>\$ 150,774,920</u>	<u>\$ 157,969,594</u>

Additions to capital assets during 2017, 2016 and 2015 included costs for both internal and external maintenance and renovation projects at various campus sites. Capital additions were \$7.3 million, \$8.8 million, and \$6.1 million during years 2017, 2016, and 2015, respectively. Additional information on the College's capital assets can be found in Note 3 of the Notes to Financial Statements.

OAKLAND COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The College had \$820,000, \$1.6 million, and \$2.4 million in long-term bonds outstanding for the years ended June 30, 2017, 2016, and 2015, respectively, and made debt repayments of \$785,000, \$750,000, and \$720,000 during the years 2017, 2016, and 2015, respectively. The College's general obligation bond rating was rated Aaa by Moody's in September 2003 upon issuance. More detailed information about the College's long-term liabilities is presented in the Note 5 of the Notes to Financial Statements.

Required Supplementary Information

With the implementation of GASB 68, the College is required to prepare certain schedules regarding the MPSERS liability, covered payroll and contributions. The required supplementary information includes a Schedule of College's Proportionate Share of Net Pension Liability and a Schedule of College Contributions.

Other Supplementary Information

Following the basic financial statements, the footnotes and required supplementary information are two comparative supplemental schedules, the Combining Statement of Net Position and Combining Statement of Revenue, Expenses and Changes in Net Position for years ended June 30, 2017 and 2016, respectively. The various funds presented on these statements are for internal purposes only. Though the Governmental Accounting Standards Board does not require this information for a fair and complete presentation, the statements do provide additional information regarding the various funds and activities of the College not disclosed in the basic statements.

The General Fund is the chief operating fund of the College, and had a net position of \$33.4 million and \$32.8 million excluding the GASB 68 liability at June 30, 2017 and 2016, respectively. This is an increase of \$583,000 from 2016 to 2017 and an increase of \$6.1 million from 2015 to 2016. In 2015, the College made transfers to clear cumulative deficits in designated funds which include Economic & Workforce Development, Police Academy, Fire Academy, Culinary/Food Services and the Auxiliary Funds for Childcare operations.

The designated fund related to the GASB 68 liability had a deficit net position of \$170.8 million and \$171.0 million as of June 30, 2017 and 2016, respectively. This fund is displayed separately on the Combining Statement of Net Position. Other funds of the College including the Designated Fund, Auxiliary Services Fund, Restricted Fund, Student Loan Fund, Endowment and Similar Funds, and Plant Funds comprise the remaining overall net position for a combined total of \$215.6 million in 2017 and \$200.9 million in 2016.

The Designated Fund's net position is designated for various instructional programs, including workforce development, future retirement costs, and rising health care costs. See Note 4 for a more detailed description of retirement liability. The Auxiliary Fund's net position is designated for various capital improvements and future operations at the College's bookstores and print shop. The Plant Fund is unrestricted and is designated for various capital projects.

OAKLAND COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors that will affect the Future

The economic position of the College is closely tied to that of Oakland County and the State of Michigan as it relates to property tax revenues and state appropriations. Oakland County's property tax values stabilized in 2016 and begun to increase in 2017 but current rates result in property tax revenues significantly lower than their peak nine years ago. Student enrollment has been decreasing over the past several years, a factor closely related to the improvement in the economy and lower unemployment. Student credit hours were 368,214 for fiscal year 2017, 410,459 for fiscal year 2016, and 475,581 for fiscal year 2015. The Board of Trustees approved new methodology for charging for tuition and moved to billable contact hours beginning with fall 2016 but did not increase the tuition rate. In addition, the Board of Trustees eliminated the Out of State/International tuition rate and now these students are billed at Out of District rates. In the previous 2 years, the Board of Trustees approved an increase in all tuition rates.

Payroll and related expenses represent approximately 65.7 percent and 64.6 percent of the total operating expenses reported on the June 30, 2017 and 2016, statement of revenue, expenses, and changes in net position. The College anticipates that payroll costs will stabilize for the next couple years as contracts are settled with minimal increases, positions are eliminated or there are delays in replacements for vacant positions, and the College moves to the hard cap for healthcare costs.

The Governmental Accounting Standards Board (GASB) serves as the authoritative body of accounting to establish and improve standards of state and local governmental accounting and financial reporting that provides useful information for users of financial reports, as well as guide and educate the public, including issuers, auditors, and users of those financial reports. In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the College to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS plan. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. Under GASB 75, the College's OPEB liability may be computed on a different basis than the current actuarial accrued liability, and the method of allocating the liability to each participating employer has not yet been determined, so the precise impact is not known. However, if we approximate the OPEB liability based on the College's proportionate share of the pension liability, the College's estimated liability is \$67.3 million as of June 30, 2017. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2018.

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

JUNE 30

	College		Component Unit - Foundation	
	2017	2016	2017	2016
ASSETS				
Current assets				
Cash and cash equivalents	\$ 35,803,400	\$ 27,578,328	\$ 226,410	\$ 211,496
Accrued interest	744,615	1,192,664	-	-
Short-term investments	48,930,905	14,141,958	5,290,309	4,688,676
Property taxes receivable - net of allowance	153,351	61,769	-	-
State appropriations receivable	5,330,698	5,225,439	-	-
Federal and state grants receivable	1,774,238	2,346,463	-	-
Accounts receivable - net of allowance	1,458,624	1,971,186	80,857	58,404
Inventories	1,653,084	1,942,679	-	-
Prepaid expenses and other assets	3,500,825	2,020,679	-	-
Total current assets	99,349,740	56,481,165	5,597,576	4,958,576
Long-term investments	167,496,910	189,464,073	-	-
Capital assets – non-depreciable	12,647,398	10,547,779	-	-
Capital assets – depreciable, net of accumulated depreciation	129,116,042	140,227,141	-	-
Total assets	\$ 408,610,090	\$ 396,720,158	\$ 5,597,576	\$ 4,958,576
Deferred outflows of resources-deferred pension amounts	\$ 21,975,402	\$ 18,569,103	\$ -	\$ -
LIABILITIES				
Current liabilities				
Current portion of long-term debt obligations	\$ 820,000	\$ 785,000	\$ -	\$ -
Accounts payable	6,334,431	6,901,659	-	-
Accrued interest payable	6,287	12,174	-	-
Accrued payrolls, vacation, and other compensation	7,788,622	7,822,728	-	-
Unearned revenue	2,684,470	3,024,688	-	-
Deposits held for others	3,103,346	3,583,031	-	-
Total current liabilities	20,737,156	22,129,280	-	-
Long-term debt obligations - net of current portion	-	820,000	-	-
Net pension liability	180,430,177	175,812,730	-	-
Compensated absences - net of current portion	1,510,368	1,822,487	-	-
Total liabilities	\$ 202,677,701	\$ 200,584,497	\$ -	\$ -
Deferred inflows of resources-deferred pension amounts	\$ 12,307,124	\$ 13,779,278	\$ -	\$ -
NET POSITION				
Net investment in capital assets	140,943,440	149,169,920	-	-
Restricted:				
Nonexpendable endowments	-	-	1,772,866	1,657,704
Expendable scholarships and grants	1,081,533	931,894	968,144	813,061
Unrestricted	73,575,694	50,823,672	2,856,566	2,487,811
Total net position	\$ 215,600,667	\$ 200,925,486	\$ 5,597,576	\$ 4,958,576

The accompanying notes are an integral part of these financial statements.

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30

	College		Component Unit - Foundation	
	2017	2016	2017	2016
Operating revenues				
Tuition and fees - net of scholarship allowance of \$12,829,220 in 2017 and \$14,390,405 in 2016	\$ 33,089,583	\$ 33,402,037	\$ -	\$ -
Federal grants and contracts	3,384,815	4,066,362	-	-
State and local grants and contracts	1,391,492	1,505,418	-	-
Nongovernmental grants and contracts	571,140	643,012	-	-
Auxiliary activities	6,624,795	8,268,262	-	-
Miscellaneous	804,640	948,644	-	-
Total operating revenues	45,866,465	48,833,735	-	-
Operating expenses				
Instruction	57,030,469	60,120,667	-	-
Instructional support	23,383,106	23,165,934	-	-
Student services	29,123,965	35,287,132	-	-
Institutional administration	17,068,984	18,808,298	310,195	225,559
Physical plant operations	17,418,448	18,714,603	-	-
Depreciation	16,268,145	15,993,976	-	-
Public services	135,116	138,175	-	-
Total operating expenses	160,428,233	172,228,785	310,195	225,559
Operating loss	(114,561,768)	(123,395,050)	(310,195)	(225,559)
Non-operating revenues (expenses)				
Pell grant revenue	17,424,284	21,850,205	-	-
State appropriations	23,847,244	21,645,361	-	-
State appropriations for UAAL	7,124,142	2,233,357	-	-
Property taxes	80,835,825	79,964,027	-	-
Gifts	-	-	361,845	344,482
Investment income	3,271,525	2,622,381	136,095	182,871
Net realized and unrealized gain (loss) on investments	(3,266,071)	2,442,308	451,255	(230,743)
Net non-operating revenues	129,236,949	130,757,639	949,195	296,610
Increase in net position	14,675,181	7,362,589	639,000	71,051
Net position - beginning of year	200,925,486	193,562,897	4,958,576	4,887,525
Net position - end of year	\$ 215,600,667	\$ 200,925,486	\$ 5,597,576	\$ 4,958,576

The accompanying notes are an integral part of these financial statements.

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30

	2017	2016
Cash flows from operating activities		
Tuition and fees	\$ 33,261,926	\$ 33,550,369
Grants and contracts	5,919,672	6,990,911
Payments to suppliers	(77,627,940)	(79,700,032)
Payments to employees	(69,361,797)	(73,733,748)
Auxiliary enterprise charges	7,429,435	9,216,906
Net cash used in operating activities	\$ (100,378,704)	\$ (103,675,594)
Cash flows from noncapital financing activities		
Pell grant revenue	17,424,284	21,850,205
Direct loan receipts	19,153,872	21,204,063
Direct loan disbursements	(19,153,872)	(21,204,063)
Property taxes	80,744,243	79,945,730
State appropriations	30,866,127	23,546,500
Net cash provided by noncapital financing activities	\$ 129,034,654	\$ 125,342,435
Cash flows from capital and related financing activities		
Purchase of capital assets	(7,204,053)	(8,698,256)
Principal paid on capital debt	(785,000)	(750,000)
Interest paid on capital debt	(73,545)	(106,546)
Net cash used in capital and related financing activities	\$ (8,062,598)	\$ (9,554,802)
Cash flows from investing activities		
Purchase of investments	(185,446,232)	(190,530,436)
Interest on investments	5,592,193	2,262,181
Proceeds from sales and maturities of investments	167,485,759	125,336,769
Net cash used by investing activities	\$ (12,368,280)	\$ (62,931,486)
Net change in cash and cash equivalents	\$ 8,225,072	\$ (50,819,447)
Cash and cash equivalents - beginning of year	\$ 27,578,328	\$ 78,397,775
Cash and cash equivalents - end of year	\$ 35,803,400	\$ 27,578,328

The accompanying notes are an integral part of these financial statements.

OAKLAND COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30

Reconciliation of Operating Loss to Net Cash Used in Operating Activities

	2017	2016
Operating loss	\$ (114,561,768)	\$ (123,395,050)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	16,268,145	15,993,975
Loss on disposal of capital assets	15,046	-
Provision for uncollectible receivables	1,455,061	1,659,619
Changes in operating assets and liabilities which (used) provided cash		
Accounts receivable	(942,500)	(990,886)
Federal and state grants receivable	572,225	776,119
Inventories	289,595	554,667
Prepaid assets and other current assets	(1,480,146)	164,753
Accounts payable	(567,228)	(693,953)
Accrued payroll and other compensation	(346,225)	(107,682)
Deposits held for others	(479,685)	448,130
Unearned revenue	(340,218)	(520,401)
Deferred outflows of resources	(3,406,299)	(423,734)
Deferred inflows of resources	(1,472,154)	(4,807,783)
Pension Liability	4,617,447	7,666,632
Net cash used in operating activities	\$ (100,378,704)	\$ (103,675,594)

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - Oakland Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with the accounting principles as prescribed by the Governmental Accounting Standards Board and as outlined in the *State of Michigan Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

The Oakland Community College Foundation (the "Foundation") is discretely reported as part of the College's reporting entity (although it is legally separate and governed by its own Board of Directors) because its sole purpose is to provide support to the College. Audited financial statements of the Foundation may be obtained by contacting Daniel Jenuwine, Executive Director of the Foundation, 2480 Opdyke Road, Bloomfield Hills, Michigan 48304-2266.

Basis of Accounting – Oakland Community College

The financial statements of the College have been prepared using an economic resources management focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Basis of Accounting - Component Unit

The Foundation is a nonprofit organization that reports under the provisions of Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board ("GASB") revenue recognition and presentation features. The Foundation financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board ("FASB"). With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Significant Accounting Policies

Significant accounting policies followed by Oakland Community College are described below to enhance the usefulness of the financial statements to the reader:

Cash and Cash Equivalents - Cash and cash equivalents consist of all deposit accounts and highly liquid investments with an initial maturity of three months or less.

Accounts Receivable - Accounts receivable are recorded net of allowance for uncollectible amounts of approximately \$1.4 million and \$1.6 million as of June 30, 2017 and 2016, respectively. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience, including experience with Title IV returns. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Investments - Investments are stated at fair value, based on quoted market prices or other observable inputs and may not be indicative of net realizable value or reflective of future fair value.

Risks and Uncertainties – The College invests in various instruments which are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of net position.

Inventories - Inventories are stated at the lower of first-in, first-out (cost) or market.

Capital Assets - Capital assets consist of property and equipment that are stated at cost, or, in the case of donated property, at estimated fair value on the date the gift was received. Depreciation is provided for property and equipment on a straight-line basis over the estimated useful lives of the assets. Expenditures for property and equipment greater than \$5,000 are capitalized.

Unearned Revenue - Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2017 includes \$2.7 million of tuition for the 2017 summer term, which began on May 8, 2017 and ended on August 24, 2017. Unearned revenue at June 30, 2016 includes \$3.0 million of tuition for the 2016 summer term, which began on May 9, 2016 and ended on August 24, 2016. Grants received prior to qualifying expenditures are also included in unearned revenue.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition - Revenue from state appropriations are recognized in accordance with the accounting method described in the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*, which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted.

Operating revenues of the College consist of tuition and fees, certain grants and contracts, and sales and services of educational activities. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state appropriations, property taxes, and Federal Pell grants are components of non-operating and other revenues. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Property taxes are recorded as revenue when received, which approximates the amounts when levied. Property taxes are levied on December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by municipalities within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to the counties in which the district is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the counties' tax revolving funds. These payments are usually received within three to five months after the delinquency date.

During the years ended June 30, 2017 and 2016, 1.5707 and 1.5819, respectively of tax per \$1,000 of taxable property value in the College taxing district was levied for general operating purposes on all property. Total operating property tax revenue was \$80.8 million and \$79.9 million for the years ended June 30, 2017 and 2016, respectively.

Scholarship Allowance - Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowance in the statement of revenues, expenses, and changes in net position. Scholarship allowance is the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Expenses - Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees’ Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Deferred Outflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government deferred outflows of resources related to the net pension liability, see Note 4 for more information.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position reports a separate section for net deferred inflows of resources. This separate financial statement element, net deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue or expense reduction) until that time. The government deferred inflows of resources related to the net pension liability, see Note 4 for more information. Deferred inflows of resources at June 30, 2017 include \$5.5 million for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and \$6.8 million related to the pension plan as described in Note 4. Deferred inflows of resources at June 30, 2016 include \$5.1 million for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and \$8.7 million related to the pension plan as described in Note 4.

Use of Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Actual results may differ from estimated amounts.

Net Position - GASB No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Unrestricted Net Position - Unrestricted net position represents net position that is not subject to externally imposed restrictions. In fiscal year 2017 and 2016 the College's unrestricted net position is comprised of the following:

	<u>2017</u>	<u>2016</u>
Designated for future capital outlay and major maintenance	\$ 108,229,176	\$ 85,587,794
Designated for quasi-endowment	17,975,871	18,358,638
Designated for auxiliary activities, net	7,264,234	6,882,144
Restricted purchases for CCSTEP grant	(1,142,199)	(205,820)
Designated for instructional programs (designated fund)	2,503,574	2,300,156
Designated for future retirement contributions (designated fund)	71,099,690	71,099,690
Designated for future health, property, casualty insurance (designated fund)	5,000,000	5,000,000
Designated for GASB 68/unfunded pension liability	(170,761,899)	(171,022,905)
Unrestricted and unallocated net position	33,407,247	32,823,975
	<u>\$ 73,575,694</u>	<u>\$ 50,823,672</u>

In 2015, the Board approved a new Financial Reserves and Designated Funds Policy in order to meet cash flow requirements, maintain a strong credit rating, and allow for flexibility to respond to changes in the economic environment. With the policy, the College shall maintain the following financial designations for operating funds:

1. Not less than four months of operating expenditures of the total combined funds based on annual audited expenditures for the past three years.
2. Not less than one year of expected capital expenditures.

Additionally, funds are designated for retirement fund, quasi-endowment, and health and property casualty fund. The current balances in the unrestricted and designated funds listed above meet the requirements of this policy.

Net Investment In Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position –

- Nonexpendable - Net position subject to externally imposed constraints that they be maintained permanently by the College. Nonexpendable net position includes corpus portion (historical value) of gifts to the College's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

- Expendable – Net position whose use by the College is subject to externally imposed constraints that can be fulfilled by actions of the College pursuant to those constraints or that expire by the passage of time.

Adoption of New Standard – For the year ended June 30, 2017, the College implemented GASB Statement No. 77, *Tax Abatement Disclosures*, which improves disclosure of tax abatement information, such as how the tax abatements affect the College’s financial statements, operations, and ability to raise resources in the future, by reporting (1) the College’s own tax abatement agreements, and (2) those entered into by other governments that reduce the College’s tax revenues. See Note 10, regarding the effect of this pronouncement on the College.

2. CASH AND INVESTMENTS

Deposits - State law limits the College to invest in demand accounts, negotiable certificates of deposit, saving accounts, or other interest-earning deposit accounts of banks that are members of the Federal Deposit Insurance Corporation (FDIC). \$704,627 and \$704,366 of cash and certificates of deposit was covered by FDIC insurance and \$37,613,510 and \$29,253,141 of cash and certificates of deposit was not covered by FDIC insurance at June 30, 2017 and 2016, respectively. In addition, commercial paper in the amount of \$14.5 million and \$9.0 million as of June 30, 2017 and 2016, respectively, are included as short term investments and are not subject to FDIC insurance provisions.

Investments - Investment policies as set forth by the Board of Trustees also authorize the College to invest in bonds, bills, or notes of the United States or of an agency of instrumentality of the United States or obligations of the State of Michigan. Funds may also be invested in commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the FDIC and commercial paper of corporations located in Michigan. The aforementioned investment policy is in accordance with State of Michigan law.

Reports are submitted to the Board of Trustees on a quarterly basis to provide a performance report of investments. The Board of Trustees has authorized PFM Group to make investment decisions in accordance with policies set forth by the Board of Trustees.

Fair Value Measurements - The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The College's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The College has the following recurring fair value measurements as of June 30, 2017 and 2016:

	2017	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level				
Debt Securities				
U.S. Treasury securities	\$ 66,837,829	\$ -	\$ 66,837,829	\$ -
Supra-National Agency Bond/Note	20,692,158	-	20,692,158	-
Tax-Exempt Municipal Bonds	250,378	-	250,378	-
Federal Agency Mortgage-Backed Securities	17,365,086	-	17,365,086	-
Federal Agency Collateralized Mortgage Obligations	36,569,669	-	36,569,669	-
Federal Agency Bonds/Notes	59,510,821	-	59,510,821	-
Total investments by fair value level	\$ 201,225,941	\$ -	\$ 201,225,941	\$ -
Investments at cost				
Certificates of deposit	726,824			
Commercial paper	14,475,050			
Total Investments	\$ 216,427,815			

	2016	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level				
Debt Securities				
U.S. Treasury securities	\$ 57,864,552	\$ -	\$ 57,864,552	\$ -
Tax-Exempt Municipal Bonds	265,675	-	265,675	-
Federal Agency Mortgage-Backed				

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Securities	12,214,549	-	12,214,549	-
Federal Agency Collateralized Mortgage Obligations	44,997,534	-	44,997,534	-
Federal Agency Bonds/Notes	78,544,553	-	78,544,553	-
Total investments by fair value level	\$ 193,886,863	\$ -	\$ 193,886,863	\$ -
Investments at cost				
Certificates of deposit	720,968			
Commercial paper	8,998,200			
Total Investments	\$ 203,606,031			

The fair value of the U.S. Treasury securities, tax-exempt municipal bonds, and federal government agency securities at June 30, 2017 and 2016 was determined primarily based on level 2 inputs. The College estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The College did not have any Level 1 or Level 3 investments as of June 30, 2017 and June 30, 2016.

The College's cash and investments are included on the statements of net position under the following classifications as of June 30:

	2017	2016
Cash and cash equivalents	\$ 35,803,400	\$ 27,578,328
Short-term investments	48,930,905	14,141,958
Long-term investments	167,496,910	189,464,073
Total	\$ 252,231,215	\$ 231,184,359

The amounts are categorized as follows at June 30:

	2017	2016
Bank deposits (checking, savings, cash sweep accounts)	\$ 35,803,400	\$ 27,578,328
Investments	216,427,815	203,606,031
Total	\$ 252,231,215	\$ 231,184,359

Interest Rate Risk - The College does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

As of June 30 2017, the College had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-4 Years</u>	<u>5-10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury securities	\$ 66,837,829	\$ -	\$ 66,837,829	\$ -	\$ -
Supra-National Agency Bond/Note	20,692,158	-	20,692,158	-	-
Tax-Exempt Municipal Bonds	250,378	-	250,378	-	-
Federal Agency Mortgage- Backed Securities	17,365,086	-	-	1,463,790	15,901,296
Federal Agency Collateralized Mortgage Obligations	36,569,669	-	8,508,197	19,380,541	8,680,931
Federal Agency Bonds/Notes	59,510,821	34,455,855	23,573,326	1,481,640	-
Certificates of deposit and commercial paper	15,201,874	14,475,050	-	726,824	-
Total	<u>\$216,427,815</u>	<u>\$48,930,905</u>	<u>\$119,861,888</u>	<u>\$23,052,795</u>	<u>\$ 24,582,227</u>

As of June 30 2016, the College had the following investments and maturities:

	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-4 Years</u>	<u>5-10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury securities	\$ 57,864,552	\$ -	\$ 57,864,552	\$ -	\$ -
Tax-Exempt Municipal Bonds	265,675	-	-	265,675	-
Federal Agency Mortgage- Backed Securities	12,214,549	-	-	1,957,516	10,257,033
Federal Agency Collateralized Mortgage Obligations	44,997,534	4,444,531	11,039,461	17,087,080	12,426,462
Federal Agency Bonds/Notes	78,544,553	-	74,995,463	3,549,090	-
Certificates of deposit and commercial paper	9,719,168	8,998,200	-	720,968	-
Total	<u>\$203,606,031</u>	<u>\$13,442,731</u>	<u>\$143,899,476</u>	<u>\$23,580,329</u>	<u>\$ 22,683,495</u>

* Treasury, Federal Mortgage Obligation and Federal Agency bonds are subject to monthly, quarterly, or semiannual interest and/ or principal payments. The maturities are based on the stated date of the last principal and interest payment. These investments may be callable and have interest rates ranging from .75 to 6.25 in 2017 and .07 percent to 6.25 percent in 2016.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Credit Risk - State law limits investments in commercial paper to corporations rated prime by at least one of the standard rating services. The College uses Standard & Poor's and Moody's Investors Service to monitor ratings and the College portfolio is invested in accordance with these guidelines.

The College fixed income investments by credit rating at June 30, 2017 and 2016 were as follows:

	Credit Rating - 2017					Total
	AA+/Aaa	AAA/Aaa	AA+	A-1/P-1	A-1+/P-1	
Government Agencies and Sponsored Enterprises Bonds	\$ 180,283,405	\$ 20,692,158	\$ -	\$ -	\$ -	\$ 200,975,563
Certificates of Deposit	-	-	-	-	726,824	726,824
Commerical Paper	-	-	-	14,475,050	-	14,475,050
Municipal Bonds	-	-	250,378	-	-	250,378
Total	<u>\$ 180,283,405</u>	<u>\$ 20,692,158</u>	<u>\$ 250,378</u>	<u>\$ 14,475,050</u>	<u>\$ 726,824</u>	<u>\$ 216,427,815</u>

	Credit Rating - 2016					Total
	AA+/Aaa	AA+	A-1/P-1	A-1+/P-1	Not Rated	
Government Agencies and Sponsored Enterprises Bonds	\$ 193,621,188	\$ -	\$ -	\$ -	\$ -	\$ 193,621,188
Certificates of Deposit	-	-	-	-	720,968	720,968
Commerical Paper	-	-	-	-	8,998,200	8,998,200
Municipal Bonds	-	265,675	-	-	-	265,675
Total	<u>\$ 193,621,188</u>	<u>\$ 265,675</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,719,168</u>	<u>\$ 203,606,031</u>

Custodial Credit Risk - All of the College's investments are in the name of the College or, as applicable, the investments are in trust accounts with each financial institution from which they were purchased.

Concentration of Credit Risk – Other than government securities, the amount of funds invested in one financial institution shall not exceed 5% of the total investment portfolio of the College. In the event there

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

is a merger/acquisition of two or more financial institutions in which the College's funds are invested, the College will require a one-year (1-year) period of time within which to divest funds from its accounts, such that the total amount of funds invested in one financial institution does not exceed 5 percent.

More than five percent of the College's investments at June 30, 2017 and 2016 were invested as follows:

Issuer	2017	2016
Federal Home Loan Bank	12%	9%
Federal National Mortgage Association	18%	20%
Federal Home Loan Mortgage Corporation	17%	16%
U.S. Treasury	33%	30%
Tennessee Valley Authority	6%	20%

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Useful Life</u> <u>Years</u>
Capital assets - non-depreciable					
Land	\$ 9,549,179	\$ -	\$ -	\$ 9,549,179	
Construction in progress	<u>998,600</u>	<u>3,486,791</u>	<u>(1,387,172)</u>	<u>3,098,219</u>	
Total capital assets – non-depreciable	<u>\$ 10,547,779</u>	<u>\$ 3,486,791</u>	<u>\$ (1,387,172)</u>	<u>\$ 12,647,398</u>	
Capital assets - depreciable					
Land improvements	\$ 18,438,040	\$ -	\$ 281,399	\$ 18,719,439	5-25
Buildings and improvements	288,091,158	29,422	1,105,773	289,226,353	5-40
Furniture, fixtures and equipment	35,236,449	3,508,102	(167,351)	38,577,200	5-20
Library materials	9,239,713	247,395	(147,343)	9,339,765	15
Infrastructure	<u>21,162,010</u>	<u>-</u>	<u>-</u>	<u>21,162,010</u>	10-25
Total capital assets - depreciable	<u>\$ 372,167,370</u>	<u>\$ 3,784,919</u>	<u>\$ 1,072,478</u>	<u>\$ 377,024,767</u>	
Less accumulated depreciation					
Land improvements	\$ 11,771,748	\$ 708,415	\$ -	\$ 12,480,163	
Buildings and improvements	165,742,246	12,772,585	-	178,514,831	
Furniture, fixtures and equipment	28,729,464	2,065,564	(152,306)	30,642,722	
Library materials	7,604,865	195,839	(147,343)	7,653,361	
Infrastructure	<u>18,091,906</u>	<u>525,742</u>	<u>-</u>	<u>18,617,648</u>	
Total accumulated depreciation	<u>\$ 231,940,229</u>	<u>\$ 16,268,145</u>	<u>\$ (299,649)</u>	<u>\$ 247,908,725</u>	
Total capital assets – depreciable, net	<u>\$ 140,227,141</u>			<u>\$ 129,116,042</u>	
Net capital assets	<u>\$ 150,774,920</u>			<u>\$ 141,763,440</u>	

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Useful Life</u> <u>Years</u>
Capital assets - non-depreciable					
Land	\$ 9,549,179	\$ -	\$ -	\$ 9,549,179	
Construction in progress	<u>2,896,799</u>	<u>5,582,528</u>	<u>(7,480,727)</u>	<u>998,600</u>	
Total capital assets – non-depreciable	<u>\$ 12,445,978</u>	<u>\$ 5,582,528</u>	<u>\$ (7,480,727)</u>	<u>\$ 10,547,779</u>	
Capital assets - depreciable					
Land improvements	\$ 18,354,037	\$ -	\$ 84,003	\$ 18,438,040	5-25
Buildings and improvements	281,785,242	10,316	6,295,600	288,091,158	5-40
Furniture, fixtures and equipment	31,298,463	3,018,400	919,586	35,236,449	5-20
Library materials	9,439,366	188,057	(387,710)	9,239,713	15
Infrastructure	<u>21,117,340</u>	<u>-</u>	<u>44,670</u>	<u>21,162,010</u>	10-25
Total capital assets - depreciable	<u>\$ 361,994,448</u>	<u>\$ 3,216,773</u>	<u>\$ 6,956,149</u>	<u>\$ 372,167,370</u>	
Less accumulated depreciation					
Land improvements	\$ 10,993,641	\$ 778,107	\$ -	\$ 11,771,748	
Buildings and improvements	152,967,601	12,774,645	-	165,742,246	
Furniture, fixtures and equipment	27,227,559	1,638,773	(136,868)	28,729,464	
Library materials	7,804,622	187,953	(387,710)	7,604,865	
Infrastructure	<u>17,477,409</u>	<u>614,497</u>	<u>-</u>	<u>18,091,906</u>	
Total accumulated depreciation	<u>\$ 216,470,832</u>	<u>\$ 15,993,975</u>	<u>\$ (524,578)</u>	<u>\$ 231,940,229</u>	
Total capital assets – depreciable, net	<u>\$ 145,523,616</u>			<u>\$ 140,227,141</u>	
Net capital assets	<u>\$ 157,969,594</u>			<u>\$ 150,774,920</u>	

The College capitalized interest costs of \$67,658 and \$101,045 for the years ended June 30, 2017 and 2016, respectively.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description – The College participates in the Michigan Public School Employees’ Retirement System (MPERS or System), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the College. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees’ Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> , or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing MI 48909.

Contributions – Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each College’s contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

The College’s contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

July 1, 2015 – September 30, 2015	18.76% - 23.07%
October 1, 2015 – September 30, 2016	14.56% - 18.95%
October 1, 2016 – June 30, 2017	15.27% - 19.03%

Depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The College's required and actual cash contributions to the plan for the years ended June 30, 2017 and 2016 were \$16.0 million and \$16.8 million, respectively. Contributions of \$5.5 million and \$5.1 million in cash received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the year ended June 30, 2017 and 2016. These funds were also remitted to the system.

Benefits Provided – Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death, and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. For some members that do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Net Pension Liability, Deferrals, and Pension Expense – At June 30, 2017 and 2016, the College reported a liability of \$180.4 million and \$175.8 million, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2015 and September 30, 2014, which used update procedures to roll forward the estimated liability to September 30, 2016 and September 30, 2015. The College’s proportion of the net pension liability was based on a projection of its long-term share of contributions to the MPSERS pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2016 and September 30, 2015, the College’s proportion was 0.72319 and 0.71981 percent, respectively.

For the year ended June 30, 2017 and 2016, the College recognized pension expense of \$15.1 million and \$12.7 million, respectively. At June 30, 2017, the College reported deferred inflows of resources related to pensions net of deferred outflows of resources from the following sources:

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,248,636	\$ 427,624
Changes of Assumptions	2,820,885	-
Net difference between projected and actual earnings on pension plan investments	2,998,748	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions	638,791	6,378,564
Reporting Unit contributions subsequent to the measurement date	13,268,342	-
Total	\$ 21,975,402	\$ 6,806,188

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 582,343
Changes of Assumptions	4,328,882	-
Net difference between projected and actual earnings on pension plan investments	897,382	-
Changes in proportion and differences between Reporting Unit contributions and proportionate share of contributions	10,781	8,119,793
Reporting Unit contributions subsequent to the measurement date	13,332,058	-
Total	\$ 18,569,103	\$ 8,702,136

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (709,574)
2019	(945,462)
2020	2,829,206
2021	726,702
Thereafter	-
Total	\$ 1,900,872

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions – The total pension liability as of September 30, 2016 and September 30, 2015, was based on the results of an actuarial valuation date of September 30, 2015 and September 30, 2014, and rolled forward, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method Entry age normal cost actuarial cost method

Assumed rate of return 7.00 to 8.00 percent, net of investment expenses based on the groups

Rate of pay increases 3.50 percent

Mortality basis RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB

The actuarial assumptions used for the September 30, 2015 valuation were based on the results of an actuarial experience study for the period October 1, 2007 to September 30, 2012. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

Discount Rate – The discount rate used to measure the total pension liability was 7.00-8.00 percent depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables for 2017 and 2016, respectively:

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	2017	
	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	5.9%
Alternative Investment Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.9%
Real Estate & Infrastructure Pools	10.0%	4.3%
Absolute Return Pools	15.5%	6.0%
Short Term Investment Pools	2.0%	0.0%
Total	<u>100.0%</u>	

	2016	
	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	5.9%
Alternative Investment Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.9%
Real Estate & Infrastructure Pools	10.0%	4.3%
Absolute Return Pools	15.5%	6.0%
Short Term Investment Pools	2.0%	0.0%
Total	<u>100.0%</u>	

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the College, calculated using the discount rate of 7.00-8.00 percent depending on the plan option, as well as what the College’s net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current rate for 2017 and 2016, respectively:

	<u>2017</u>		
	<u>1.00 percent decrease</u> <u>(7.00 percent)</u>	<u>Current Discount Rate</u> <u>(8.00 percent)</u>	<u>1.00 percent increase</u> <u>(9.00 percent)</u>
Net Pension Liability	\$ 232,348,653	\$ 180,430,177	\$ 136,657,911

	<u>2016</u>		
	<u>1.00 percent decrease</u> <u>(7.00 percent)</u>	<u>Current Discount Rate</u> <u>(8.00 percent)</u>	<u>1.00 percent increase</u> <u>(9.00 percent)</u>
Net Pension Liability	\$ 226,667,678	\$ 175,812,730	\$ 132,939,926

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS financial report.

Changes since the measurement date – On February 23, 2017, MPSERS’ approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation by 0.5 percent. The actuarial computed employer contributions and the net pension liability for the measurement period ending September 30, 2017 will increase as a result of this change.

Payable to the Pension Plan – At June 30, 2017, the College reported a payable of \$2.3 million for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017, consisting of pension contribution payable plus any other amounts owed to the pension plan including the UAAL payments for July and August 2017.

Postemployment Benefits Other Than Pensions (OPEB) - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS Board of trustees annually sets the employer contribution rate to fund the benefits on a pay as you go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 2.2 percent to 2.71 percent of covered payroll for the period October 1, 2014 through September 30, 2015 and from 6.4 percent to 6.83 percent for the period from October 1, 2015 through September 30, 2016 and from 5.69 percent to 5.91 percent from October 1, 2016 through June 30, 2017 dependent upon the employee’s date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403B account.

The College's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2017, 2016, and 2015 were \$3.3 million, \$3.3 million, and \$3.4 million, respectively. The College's required and actual contributions for the Personal Healthcare Fund/457 accounts for the years ended June 30, 2017, 2016 and 2015 were approximately \$218,000, \$296,000 and \$243,000.

Defined Contribution Plan

Existing professional MPSERS members and new professional employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP plan is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under the ORP, the percentage contributed by the College is 11 percent for the years ended June 30, 2017 and 2016. The payroll for the College's employees covered by the optional plan was \$12.1 million and \$12.3 million for fiscal years ended 2017 and 2016, respectively. College contributions were made in the amount required by the plan and totaled approximately \$1,332,000 and \$1,351,000 for fiscal years 2017 and 2016, respectively. Under the member investment plan, employees may contribute 4% of gross wages in addition to the College's contribution.

In addition to the MPSERS and ORP plans, the College also offers deferred compensation plans to all of its full-time and part-time employees (excluding student workers) under Sections 403(b) and 457(b) of the U.S. Internal Revenue Code. The College does not contribute to these plans but employees may make elective deferrals up to amounts allowable by current tax law.

5. LONG-TERM LIABILITIES

In September 2003, the College issued bonds in the amount of \$13,380,000 to refund the 1993 Community College Improvement and Refunding bonds in order to accomplish a net savings of debt service costs. The College's debt and other long-term liabilities consist of the following as of June 30, 2017 and June 30, 2016, respectively:

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	Interest Rate	Maturity Date	July 1, 2016	Additions	Reductions	June 30, 2017	Due in One Year
Bonds Payable							
2003 Community College Refunding Bond dated September 25, 2003	4.15% to 4.60%	2018	\$ 1,605,000	\$ -	\$ 750,000	\$ 820,000	\$ 820,000
Other long-term obligations							
Compensated absences			2,429,982	490,589	906,747	2,013,824	503,456
Total			\$ 4,034,982	\$ 490,589	\$ 1,656,747	\$ 2,833,824	\$ 1,323,456

	Interest Rate	Maturity Date	July 1, 2015	Additions	Reductions	June 30, 2016	Due in One Year
Bonds Payable							
2003 Community College Refunding Bond dated September 25, 2003	4.15% to 4.60%	2018	\$ 2,355,000	\$ -	\$ 750,000	\$ 1,605,000	\$ 785,000
Other long-term obligations							
Compensated absences			2,574,458	334,993	479,469	2,429,982	607,495
Total			\$ 4,929,458	\$ 334,993	\$ 1,229,469	\$ 4,034,982	\$ 1,392,495

Total principal and interest maturities on bonds for years after June 30, 2017 are as follows:

Years Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	820,000	37,720	857,720

6. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and workers' compensation as well as medical benefits provided to employees. The College has purchased commercial insurance for medical benefits and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for claims related to all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Community College Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority which the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

7. SELF-INSURANCE

The College is partially self-insured for dental, vision, and worker's compensation. The self-insured healthcare plan ended December 31, 2015 when the College changed the primary healthcare provider for all groups to MESSA, Michigan Education Special Services Association. The self-insured healthcare plan previously covered approximately 400 employees and their dependents. Claims were funded by the College and paid by the plan administrator on a fiscal year basis. Actual payments were based on claims filed. An insurance policy covered claims in excess of \$150,000 per covered employee and/or their dependent. The College paid all administrative costs of the plan.

Changes in self-insured employee benefit liabilities during 2017, 2016, and 2015 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 1,023,274	\$ 1,619,682	\$ 1,529,460
Claims incurred and changes in estimates	1,066,286	5,250,335	7,722,522
Claim and premium payments	<u>(1,058,459)</u>	<u>(5,846,743)</u>	<u>(7,632,300)</u>
Balance, end of year	<u>\$ 1,031,101</u>	<u>\$ 1,023,274</u>	<u>\$ 1,619,682</u>

8. COMMITMENTS AND CONTINGENCIES

In the normal course of its activities, the College is a party to various legal actions. It is the opinion of College officials that potential claims in excess of insurance coverage resulting from the pending litigation would not have a material effect on the financial statements.

In addition to the discharge of current liabilities at June 30, 2017 the College has commitments to complete existing contracts in the amount of approximately \$103,000, related principally to renovations of campus buildings and facilities.

9. FEDERAL DIRECT LENDING PROGRAM

The College distributed \$19.2 million and \$21.2 million for student loans through the U.S. Department of Education federal direct lending program for the years ended June 30, 2017 and 2016, respectively. These distributions and related funding source are not included as revenues or expenses in the accompanying financial statements.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

10. TAX ABATEMENTS

The College receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Personal Property Tax Relief in Distressed Communities (PA 328 of 1998) and Brownfield Redevelopment Agreements granted by cities and townships within Oakland County that impact the College. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; PA 328 allows distressed communities to abate personal property tax on new investments; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2017, the College's property tax revenues were reduced by \$729,000 under these programs. The College was unable to obtain tax abatement information for the year ended June 30, 2016.

There are no abatements made by the College.

11. OAKLAND COMMUNITY COLLEGE FOUNDATION

Oakland Community College Foundation is a separate legal entity established as a 501(c)(3) corporation to accept, collect, hold, and invest donations made for the promotion of educational and cultural activities at and on behalf of the College. The net position of the component unit is restricted for those purposes.

These assets and all activity of the Foundation are reported as a discretely presented component unit in the College's financial statements. The stated value of the net position of the Foundation totaled \$5,597,576 and \$4,958,576 for the years ended June 30, 2017 and 2016, respectively.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified.

Temporarily restricted net position is available for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Scholarships	\$ 836,370	\$ 699,033
Educational Development Programs	72,611	60,785
Time-restricted pledges for scholarships	<u>59,163</u>	<u>53,243</u>
Temporarily restricted net position	<u>\$ 968,144</u>	<u>\$ 813,061</u>

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Permanently restricted net position contains donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified purposes. Investment earnings available for distribution are recorded as temporarily restricted net position, as the donors have imposed purpose restrictions on the earnings. Permanently restricted net position consists of endowments invested in perpetuity, the income from which is restricted by donors for future scholarships to students enrolled at Oakland Community College.

Non-expendable endowments total \$1,772,866 and \$1,657,704 at June 30, 2017 and 2016, respectively.

For the year ending June 30, 2017, the Foundation's investments total \$5.3 million and are comprised of \$1.6 million in bond funds and \$3.7 million in equities. The Foundation investments for the year ending June 30, 2016 total \$4.7 million and are comprised of \$1.5 million in bond funds and \$3.2 million in equities. All investments are stated at fair value based on quoted market prices for active markets using Level 1 inputs.

The College provides personnel support, supplies, and equipment to the Foundation.

12. RELATED PARTY TRANSACTIONS

One member of the Foundation's board of directors is employed by a firm that had a contract with the College in 2017 and 2016. The College has contracted with the firm for real estate consulting.

During the years ended June 30, 2017 and 2016, the College has made payments to the real estate firm for consulting and fees totaling \$30,098 and \$220,000, respectively. At June 30, 2017 and 2016, the amount owed by the College to the real estate firm was approximately \$0 and \$5,000, respectively. The College had no commitments to complete existing contracts with the real estate firm at June 30, 2017.

13. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the College to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the MPSERS Plan. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2018.

OAKLAND COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

In June 2017, the GASB issued Statement No. 87, Leases, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The new lease standard is expected to have a significant effect on the College's financial statements as a result of the SDA and SCU 14 leases described in Note 11 that are classified as operating leases, including an increase in lease receivables and deferred inflows. The effects on the statement of revenues, expenses and changes in net position is not expected to be significant. The provisions of this statement are effective for the College's financial statements for the year ended June 30, 2021.

**Required
Supplementary
Information**

**Oakland Community College
Required Supplementary Information**

	As of Plan's Year End September 30, 2016	As of Plan's Year End September 30, 2015	As of Plan's Year End September 30, 2014
Schedule of College's Proportionate Share of Net Pension Liability:			
College's proportion of the collective MPSERS net pension liability:			
As a percentage	0.72319%	0.71981%	0.76338%
Amount	\$ 180,430,177	\$ 175,812,730	\$ 168,146,098
College's covered-employee payroll	\$ 59,818,652	\$ 61,196,987	\$ 72,324,070
College's proportionate share of the collective MPSERS pension liability, as a percentage of the College's covered MPSERS employee payroll	301.63%	287.29%	232.49%
MPSERS fiduciary net position as a percentage of the total pension liability	63.01%	63.17%	66.20%
	As of the College's Year End June 30, 2017	As of the College's Year End June 30, 2016	As of the College's Year End June 30, 2015
Schedule of College Contributions:			
Statutorily required MPSERS contribution	\$ 15,843,941	\$ 16,686,480	\$ 13,627,516
Contributions in relation to the actuarially determined contractually required contribution	\$ 15,843,941	\$ 16,686,480	\$ 13,627,516
Contribution deficiency (excess)	-	-	-
Covered MPSERS employee payroll	\$ 54,746,693	\$ 58,488,573	\$ 66,866,413
Contributions as a percentage of covered employee payroll	28.94%	28.53%	20.38%

GASB 68 was implemented in fiscal year 2015. The pension schedules in this section are intended to show information for ten years for the College's MPSER program. Additional years' information will be reported as it becomes available. There were no changes in benefit terms or assumptions.

Statistical Section

OAKLAND COMMUNITY COLLEGE

STATISTICAL SECTION

This part of Oakland Community College's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures and required supplementary information convey regarding the overall financial condition of the College.

Financial Trends

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the College's most significant revenue sources, tuition and property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment within which the College's financial activities take place.

Sources: Unless otherwise noted, information in these schedules is derived from the College's annual financial statements for the relevant year.

OAKLAND COMMUNITY COLLEGE
FINANCIAL TRENDS
Statements of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating revenues										
Tuition and fees - net of scholarship allowances	\$ 33,089,583	\$ 33,402,037	\$ 32,872,669	\$ 33,270,772	\$ 31,900,280	\$ 30,682,101	\$ 34,881,514	\$ 31,573,799	\$ 31,662,372	\$ 30,393,301
Federal grants and contracts	3,384,815	4,066,362	4,312,702	3,876,655	3,887,874	4,691,722	4,999,403	4,172,319	2,900,215	2,790,226
State and local grants and contracts	1,391,492	1,505,418	1,648,464	1,548,661	1,426,239	1,384,088	1,794,843	1,524,038	3,904,281	4,086,135
Nongovernmental grants and contracts	571,140	643,012	564,692	590,285	511,922	484,949	448,471	343,714	867,766	373,423
Auxiliary activities	6,624,795	8,268,262	10,261,046	12,200,396	12,906,898	15,141,832	14,864,046	15,430,569	12,461,892	12,632,396
Miscellaneous	804,640	948,644	873,936	871,599	1,175,927	1,003,944	701,216	849,422	925,764	953,340
Total operating revenues	45,866,465	48,833,735	50,533,509	52,358,368	51,809,140	53,388,636	57,689,493	53,893,861	52,722,290	51,228,821
Operating expenses										
Instruction	57,030,469	60,120,667	65,621,956	67,646,107	66,479,106	65,556,803	66,262,027	66,029,749	63,017,040	59,469,286
Instructional support	23,383,106	23,165,934	24,240,323	24,185,517	23,297,132	25,794,283	26,194,266	26,014,081	24,583,658	27,157,395
Student services	29,123,965	35,287,132	42,052,730	49,503,907	52,663,702	58,493,539	57,299,698	55,864,954	42,949,167	37,480,056
Institutional administration	17,068,984	18,808,298	20,786,105	26,433,446	20,629,787	17,089,430	15,091,884	17,139,674	17,378,541	15,687,877
Physical plant operations	17,418,448	18,714,603	19,571,831	18,836,110	17,297,259	18,090,879	18,267,769	17,537,688	18,245,141	15,627,929
Depreciation expense	16,268,145	15,993,976	16,247,859	16,243,130	16,111,950	14,480,618	14,485,327	14,062,493	12,989,861	12,028,020
Public services	135,116	138,175	183,897	199,175	155,300	125,519	135,397	245,994	371,780	396,375
Total operating expenses	160,428,233	172,228,785	188,704,701	203,047,392	196,634,236	199,631,071	197,736,368	196,894,633	179,535,188	167,846,938
Operating (loss) income	(114,561,768)	(123,395,050)	(138,171,192)	(150,689,024)	(144,825,096)	(146,242,435)	(140,046,875)	(143,000,772)	(126,812,898)	(116,618,117)
Non-operating revenues (expenses)										
Pell grant revenue	17,424,284	21,850,205	31,655,877	38,540,245	41,875,041	46,250,250	43,105,025	37,313,859	18,903,271	12,860,165
State appropriations	23,847,244	21,645,361	21,351,179	20,738,014	21,529,088	19,455,900	20,133,700	20,133,700	20,133,698	21,469,602
State appropriations for UAAL	7,124,142	2,233,357	5,789,403	3,373,764	-	-	-	-	-	-
Property taxes	80,835,825	79,964,027	77,283,938	75,763,312	75,349,203	76,179,522	82,991,098	94,265,848	98,787,177	98,852,768
Investment income	3,271,525	2,622,381	3,419,787	3,289,341	4,581,658	5,430,891	6,254,578	6,850,528	8,493,972	9,335,397
Unrealized gain on investments	(3,266,071)	2,442,308	5,114,501	1,212,830	(11,059,428)	3,676,962	(3,966,786)	2,141,836	357,983	951,539
Net non-operating revenues	129,236,949	130,757,639	144,614,685	142,917,506	132,275,562	150,993,525	148,517,615	160,705,771	146,676,101	143,469,471
Income (loss) before transfers	14,675,181	7,362,589	6,443,493	(7,771,518)	(12,549,534)	4,751,090	8,470,740	17,704,999	19,863,203	26,851,354
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net position	14,675,181	7,362,589	6,443,493	(7,771,518)	(12,549,534)	4,751,090	8,470,740	17,704,999	19,863,203	26,851,354
Net position - beginning of year	200,925,486	193,562,897	356,007,810	363,779,328	376,328,862	371,577,772	363,107,032	345,402,033	325,538,830	298,687,476
Adjustment for change in accounting principle	-	-	(168,888,406)	-	-	-	-	-	-	-
Net Position - beginning of year, as restated	200,925,486	193,562,897	187,119,404	363,779,328	376,328,862	371,577,772	363,107,032	345,402,033	325,538,830	298,687,476
Net position - end of year	\$ 215,600,667	\$ 200,925,486	\$ 193,562,897	\$ 356,007,810	\$ 363,779,328	\$ 376,328,862	\$ 371,577,772	\$ 363,107,032	\$ 345,402,033	\$ 325,538,830

Source: Oakland Community College's Audited Financial Statements
excluding Oakland Community College Foundation

Notes: For years 2008-2009, Information Technology expenditures were spread based on methodology used for 2010-2017.

OAKLAND COMMUNITY COLLEGE
FINANCIAL TRENDS
Statement of Net Position
Last Ten Fiscal Years
(Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assets										
Current assets										
Cash and cash equivalents	\$ 35,803,400	\$ 27,578,328	\$ 78,397,775	\$ 12,056,515	\$ 6,615,914	\$ 9,135,529	\$ 6,991,609	\$ 16,255,341	\$ 29,702,199	\$ 23,670,260
Accrued Interest	744,615	1,192,664	832,464	805,402	831,270	1,136,271	1,105,171	1,174,018	1,133,551	1,212,739
Short-term investments	48,930,905	14,141,958	1,004,729	2,207,878	5,600,448	4,025,813	867,125	3,443,895	5,387,681	18,648,851
Property taxes receivable - net of allowance	153,351	61,769	43,472	53,693	54,662	62,451	66,675	114,492	1,176,156	301,979
State appropriations receivable	5,330,698	5,225,439	4,893,221	4,328,926	4,972,564	3,537,438	3,660,674	3,660,674	3,660,672	3,581,492
Federal and state grants receivable	1,774,238	2,346,463	3,122,582	999,037	1,196,651	1,464,565	3,061,276	1,188,229	1,806,335	1,276,196
Accounts receivable - net of allowance	1,458,624	1,971,186	2,639,919	1,983,704	2,938,438	1,913,912	3,299,610	1,714,829	1,594,552	1,506,901
Inventories	1,653,084	1,942,679	2,497,346	3,959,835	3,901,354	3,843,361	3,586,675	3,646,490	2,625,490	2,268,231
Prepaid expenses and other assets	3,500,825	2,020,679	2,185,432	2,424,154	1,174,433	1,618,187	2,812,361	1,149,590	930,221	1,038,925
Total current assets	99,349,740	56,481,165	95,616,940	28,819,144	27,285,734	26,737,527	25,451,176	32,347,558	48,016,857	53,505,574
Long-term investments	167,496,910	189,464,073	134,965,327	185,584,466	188,542,980	194,085,068	191,816,374	188,303,701	160,690,848	137,183,351
Bond issuance costs, net	-	-	-	-	-	62,402	72,802	83,202	93,602	104,003
Capital assets - non-depreciable	12,647,398	10,547,779	12,445,978	10,316,899	6,136,075	9,027,448	33,039,687	20,209,986	9,336,662	18,639,677
Capital assets - depreciable	129,116,042	140,227,141	145,523,616	157,816,546	167,792,458	169,938,703	149,238,594	152,909,158	155,815,900	144,164,793
Total assets	\$ 408,610,090	\$ 396,720,158	\$ 388,551,861	\$ 382,537,055	\$ 389,757,247	\$ 399,851,148	\$ 399,618,633	\$ 393,853,605	\$ 373,953,869	\$ 353,597,398
Deferred Outflows of Resources	21,975,402	18,569,103	18,145,369	-	-	-	-	-	-	-
Liabilities										
Current liabilities										
Current portion of long-term debt obligations	\$ 820,000	\$ 785,000	\$ 750,000	\$ 720,000	\$ 690,000	\$ 670,000	\$ 640,000	\$ 1,005,000	\$ 1,120,000	\$ 1,140,000
Accounts payable	6,334,431	6,901,659	7,595,612	3,938,673	5,688,772	4,411,553	7,636,686	7,374,402	5,467,183	6,540,552
Accrued interest payable	6,287	12,174	17,675	22,774	27,547	32,013	36,173	42,358	48,758	54,765
Accrued payrolls, vacation, and other compensation	7,788,622	7,822,728	7,822,053	12,135,277	8,820,777	8,233,146	8,536,538	10,868,842	9,878,615	7,963,167
Unearned revenue	2,684,470	3,024,688	3,545,089	3,612,883	4,338,262	3,887,256	4,179,112	4,043,666	3,621,510	2,925,963
Deposits held for others	3,103,346	3,583,031	3,134,901	1,863,407	1,349,935	586,000	703,212	437,469	431,023	436,987
Total current liabilities	20,737,156	22,129,280	22,865,330	22,293,014	20,915,293	17,819,968	21,731,721	23,771,737	20,567,089	19,061,434
Long-term debt obligations - net of current portion	-	820,000	1,605,000	2,355,000	3,075,000	3,765,000	4,435,000	5,075,000	6,080,000	7,200,000
Net pension liability *	180,430,177	175,812,730	168,146,098	-	-	-	-	-	-	-
Compensated absences - net of current portion	1,510,368	1,822,487	1,930,844	1,881,231	1,987,626	1,937,318	1,874,140	1,899,836	1,904,747	1,797,134
Total liabilities	202,677,701	200,584,497	194,547,272	26,529,245	25,977,919	23,522,286	28,040,861	30,746,573	28,551,836	28,058,568
Deferred Inflows of Resources	12,307,124	13,779,278	18,587,061	-	-	-	-	-	-	-
Net position										
Net investment in capital assets	140,943,440	149,169,920	155,614,594	165,058,445	170,163,533	174,531,151	177,203,281	167,039,144	157,952,562	154,464,470
Restricted:										
Nonexpendable endowments	-	-	-	-	-	-	-	-	-	-
Expendable scholarships and grants	1,081,533	931,894	931,783	966,250	879,784	855,472	820,070	394,782	664,960	715,171
Loans	-	-	-	-	-	-	46,486	45,010	42,568	37,927
Unrestricted	73,575,694	50,823,672	37,016,520	189,983,115	192,736,011	200,942,239	193,507,935	195,628,096	186,741,943	170,321,262
Total net position	\$ 215,600,667	\$ 200,925,486	\$ 175,417,528	\$ 356,007,810	\$ 363,779,328	\$ 376,328,862	\$ 371,577,772	\$ 363,107,032	\$ 345,402,033	\$ 325,538,830

Source: Oakland Community College's Audited Financial Statements
excluding Oakland Community College Foundation

*NOTE: In 2015 and beyond, GASB 68 required the College to record the MPSERS net pension liability.

OAKLAND COMMUNITY COLLEGE
FINANCIAL TRENDS
Net Position
Last Ten Fiscal Years
(Unaudited)

	2017	2016	2015 *	2014	2013	2012	2011	2010	2009	2008
Net Position:										
Net investment in capital assets	\$ 140,943,440	\$ 149,169,920	\$ 155,614,594	\$ 165,058,445	\$ 170,163,533	\$ 174,531,151	\$ 177,203,281	\$ 167,039,144	\$ 157,952,562	\$ 154,464,470
Restricted for:										
Expendable scholarships and grants	1,081,533	931,894	931,783	966,250	879,784	855,472	820,070	394,782	664,960	715,171
Loan programs	-	-	-	-	-	-	46,486	45,010	42,568	37,927
Unrestricted	73,575,694	50,823,672	37,016,520	189,983,115	192,736,011	200,942,239	193,507,935	195,628,096	186,741,943	170,321,262
Total Net Position	\$ 215,600,667	\$ 200,925,486	\$ 175,417,528	\$ 356,007,810	\$ 363,779,328	\$ 376,328,862	\$ 371,577,772	\$ 363,107,032	\$ 345,402,033	\$ 325,538,830

Source: Oakland Community College's Audited Financial Statements
excluding Oakland Community College Foundation

*2015 Total Net Position reflects the implementation of GASB 68 and the College reported a Net Pension Liability of \$168.9 million as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014

OAKLAND COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2016 Levy Year vs. 2007 Levy Year
(Unaudited)

2016 Levy Year				2007 Levy Year			
2015 Taxpayer	2016 Taxable Valuation*	Rank (1)	Percentage of Total College District Taxable Valuation (\$)	2007 Taxpayer	2007 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$)
Detroit Edison Company/DTE	\$555,571,295	1	1.06%	General Motors	\$782,748,642	1	1.28%
Consumers Energy	300,826,979	2	0.58%	Daimler-Chrysler Corporation	513,883,120	2	0.84%
FCA Auburn Hills Owner LLC (formerly Chrysler)	164,630,200	3	0.31%	Detroit Edison Company/DTE	475,009,890	3	0.78%
Enbridge Energy	121,746,620	4	0.23%	Consumers Energy	185,904,660	4	0.30%
SP III West Bloomfield LLC	111,168,900	5	0.21%	Stuart Frankel/Somerset	145,616,300	5	0.24%
Frankel/Forbes/Cohn	86,905,570	6	0.17%	Taubman/12 Oaks/Great Lakes Crossing	141,803,730	6	0.23%
International Transmission (ITC)	84,114,201	7	0.16%	Bre Southfield (formerly Town Centre Delawar	111,199,580	7	0.18%
SL Town Etal	76,509,990	8	0.15%	Ford Motor Company	94,724,520	8	0.16%
Taubman/Great Lakes Crossing	75,742,270	9	0.14%	AT&T	89,746,670	9	0.15%
General Motors	69,642,320	10	0.13%	Ramco-Gershenson	78,535,910	10	0.13%

*May include estimated figures

Source:

Source: (1) Oakland County, Michigan 2016 and 2007 Comprehensive Annual Financial Report

OAKLAND COMMUNITY COLLEGE
REVENUE CAPACITY
Assessed Value and Taxable Value of Property
Last Ten Fiscal Years
(Unaudited)

Levy Year	Taxable Valuation (1)	Tax Rates (per \$1,000) of Valuation (1)	Taxes Extended	Collections through 30-Jun Each Year*	Percent of Taxes Extended Uncollected through June 30 Each Year
2017	\$ 54,208,963,060	1.5555	\$ 84,322,042	\$ -	-
2016	52,295,382,258	1.5707	82,140,357	79,715,391	2.95%
2015	51,443,802,777	1.5819	81,378,952	78,880,599	3.07%
2014	48,929,134,262	1.5844	77,523,320	76,153,703	1.77%
2013	48,161,785,123	1.5844	76,307,532	74,815,207	1.96%
2012	48,192,050,516	1.5844	76,355,485	74,584,846	2.32%
2011	49,765,743,185	1.5844	78,848,844	76,524,910	2.95%
2010	54,063,168,992	1.5844	85,657,685	82,850,940	3.28%
2009	61,295,611,996	1.5844	97,116,768	93,658,743	3.56%
2008	63,574,269,173	1.5844	100,727,072	97,771,877	2.93%

Source:

(1) Tax Rate Request (Form L-4029)

(*) Per OCC Financial Services

OAKLAND COMMUNITY COLLEGE
REVENUE CAPACITY
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Levy Year	Levy	Collection through June 30 Each Year*	Collections through June 30 as a percentage of the Levy	Collections in subsequent years*	Total Collections to date	Total Collections to date as percentage of levy
2017	\$ 84,322,042	----	----	----	----	----
2016	82,145,586	79,596,766	96.90%	118,625	79,596,766	96.90%
2015	81,378,952	78,880,599	96.93%	18,798	78,880,599	96.93%
2014	77,523,320	76,153,703	98.23%	89,144	76,242,847	98.35%
2013	76,307,532	74,815,207	98.04%	12,615	74,827,822	98.06%
2012	76,355,485	74,584,846	97.68%	217	74,585,063	97.68%
2011	78,848,844	76,524,910	97.05%	150	76,525,060	97.05%
2010	85,657,685	82,850,940	96.72%	18,473	82,869,413	96.74%
2009	97,116,768	93,658,743	96.44%	270,311	93,929,054	96.72%
2008	100,727,072	97,771,877	97.07%	216,072	97,987,950	97.28%

Source:

(*) Per OCC Financial Services Department

--- Information is unavailable

OAKLAND COMMUNITY COLLEGE
DEBT CAPACITY
 Legal Debt Margin
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Taxable Valuation	State Equalized Value (SEV) (1)	Debt Limit (2)	Total Outstanding Debt	Total Additional Debt Allowable for All Tax Debt	Total Additional Debt Allowable for Limited Tax Debt (3)	Additional Limited Tax Debt Could Legally Incur	Per Capita
2017	\$ 54,208,963,060	\$ 65,554,572,199	\$ 9,833,185,830	\$ 820,000	\$ 9,832,365,830	\$ 656,795,722	\$ 655,975,722	0.00
2016	52,295,382,258	60,806,103,774	9,120,915,566	1,605,000	9,119,310,566	609,311,038	607,706,038	1.29
2015	51,443,802,777	55,084,607,293	8,262,691,094	2,355,000	8,260,336,094	552,096,073	549,741,073	1.90
2014	48,929,134,262	51,429,923,815	7,714,488,572	3,075,000	7,711,413,572	515,549,238	512,474,238	2.48
2013	48,161,785,123	50,839,024,966	7,625,853,745	3,765,000	7,622,088,745	509,640,250	505,875,250	3.05
2012	48,192,050,516	52,453,460,343	7,868,019,051	4,435,000	7,863,584,051	525,784,603	521,349,603	3.63
2011	49,765,743,185	57,745,076,507	8,661,761,476	5,075,000	8,656,686,476	578,700,765	573,625,765	4.19
2010	54,063,168,992	67,858,986,149	10,178,847,922	6,080,000	10,172,767,922	679,839,861	673,759,861	5.05
2009	61,295,611,996	74,491,081,562	11,173,662,234	7,200,000	11,166,462,234	746,160,816	738,960,816	6.00
2008	63,574,269,173	77,331,082,036	11,599,662,305	8,340,000	11,591,322,305	774,560,820	766,220,820	6.95

Source: (1) *Oakland County Equalization Reports*
 (2) 15% of SEV - P.A. 331 of 1966, Section 389.122
 (3) The College may incur indebtedness that is not greater than 1.5% of the first \$250,000,000 of SEV of taxable property within the College district and 1% of the excess SEV over \$250,000,000 without a vote of the electors of the College.

OAKLAND COMMUNITY COLLEGE

Outstanding Debt
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	Student Union Revenue Bond - 1971	2003 College Refunding Bond	Other Debt	Total Outstanding Debt
2017	\$ -	\$ 820,000	\$ -	\$ 820,000
2016	-	1,605,000	-	1,605,000
2015	-	2,355,000	-	2,355,000
2014	-	3,075,000	-	3,075,000
2013	-	3,765,000	-	3,765,000
2012	-	4,435,000	-	4,435,000
2011	-	5,075,000	-	5,075,000
2010	75,000	6,005,000	-	6,080,000
2009	235,000	6,965,000	-	7,200,000
2008	375,000	7,965,000	-	8,340,000

Source: Oakland Community College's Audited Financial Statements

**OAKLAND COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
PERSONAL INCOME PER CAPITA**

County of Oakland
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income	Unemployment Rate (3)
2017	not available	not available	not available	
2016	1,242,304 *	\$ 78,829,158 *	\$ 63,454 *	3.70%
2015	1,242,304	78,829,158	63,454	5.00%
2014	1,239,897	75,349,173	60,771	6.60%
2013	1,232,713	71,010,281	57,605	7.90%
2012	1,221,391	70,059,248	57,360	8.20%
2011	1,211,211	65,538,124	54,110	9.50%
2010	1,202,930	59,931,707	49,821	11.80%
2009	1,200,890	58,335,550	48,577	13.00%
2008	1,199,545	63,436,227	52,884	6.60%

*Information not available to Oakland County at time of their 2016 publication

Source: (1) Information from Oakland County 2016 CAFR, Table 12, U.S. Census Bureau, <http://www.census.gov>

(2) Information from Oakland County 2016 CAFR, U.S. Department of Commerce Bureau of Economic Analysis

(3) U.S. Bureau of Labor Statistics

<http://data.bls.gov/map/MapToolServlet?state=26&datatype=unemployment&year=2015&period=M03&survey=la&map=county&seasonal=u>

**OAKLAND COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION**

Full-time Equivalent Employees

Last Ten Fiscal Years

(Unaudited)

	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008
Administrators	75	77	85	82	76	86	98	98	102	102
Full-Time	74	76	84	82	76	86	98	98	102	102
Part-Time	1	1	1	0	0	0	0	0	0	0
Faculty	898	887	1362	1192	1458	1240	1329	1264	1058	982
Full-Time	238	236	248	225	243	252	249	251	247	241
Part-Time	660	651	1114	967	1215	988	1080	1013	811	741
Support	472	477	495	582	622	611	493	492	531	513
Full-Time	376	381	416	438	458	455	441	440	475	477
Part-Time	96	96	79	144	164	156	52	52	56	36
Actual Total Employees Reported	1445	1441	1942	1856	2156	1937	1920	1854	1691	1597
Total FTE	867	865	1165	1115	1237	1174	1165	1144	unavailable	unavailable

Notes:

Management occupations in IPEDS = administration in this report

All other non-instructional, non-management occupations = support in this report

*2017 figures are estimated - IPEDS data not yet complete

Source: IPEDS report - categories defined as Instruction, management. All other categories listed under Support.

OAKLAND COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION

Physical Facility Information

Last Ten Fiscal Years

(Unaudited)

Facilities Data	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Size of campus (acres)										
Auburn Hills	170.00	170.00	170.00	170.00	170.00	170.00	170.00	170.00	170.00	170.00
Highland Lakes	157.07	157.07	157.07	157.07	157.07	157.07	157.07	157.07	157.07	157.07
Orchard Ridge	147.00	147.00	147.00	147.00	147.00	147.00	147.00	147.00	147.00	147.00
Royal Oak	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40	7.40
Southfield	32.47	32.47	32.47	21.08	15.68	10.78	10.78	10.78	10.78	10.78
Administration	8.69	8.69	8.69	8.69	8.69	8.69	8.69	8.69	8.69	8.69
Total acreage	522.63	522.63	522.63	511.24	505.84	500.94	500.94	500.94	500.94	500.94
Square footage of gross building space										
Auburn Hills	632,951	632,951	632,951	632,951	632,951	632,951	620,756	620,756	561,317	561,317
Highland Lakes	315,502	315,502	315,502	384,243	384,243	384,243	384,243	384,243	380,118	380,118
Orchard Ridge	506,273	506,273	506,273	506,273	506,273	506,273	506,273	506,273	506,273	506,273
Royal Oak	534,594	534,594	534,594	534,594	534,594	534,594	534,594	534,594	540,222	540,222
Southfield	164,004	164,004	164,004	164,004	164,004	164,004	164,004	92,204	92,204	92,204
Administration	31,119	31,119	31,119	31,119	31,119	31,119	31,119	31,119	31,119	31,119
Leased Facilities	-	-	20,528	20,528	20,528	20,528	20,528	20,528	20,528	20,528
Total square footage	2,184,443	2,184,443	2,204,971	2,273,712	2,273,712	2,273,712	2,261,517	2,189,717	2,131,781	2,131,781
Number of classrooms*										
Auburn Hills	156	156	156							
Highland Lakes	59	59	59							
Orchard Ridge ¹	102	102	106							
Royal Oak	50	50	50							
Southfield	43	43	43							
Administration	-	-	-							
Leased Facilities	-	-	2							
Total number of classrooms	410	410	416							

Source: Information from Oakland Community College, Dept of Physical Facilities

*Historical classroom data unavailable for 2008-2013

**OAKLAND COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION**

Top Ten Principal Employers
2016 Employers vs. 2007 Employers
(Unaudited)

2016					2007				
Employer	Product/Service	Income Rank	No. of Employees	% of Total District Population	Employer	Product/Service	Income Rank	No. of Employees	% of Total District Population
Beaumont Health System	Health care system	1	17,896	1.44%	Beaumont Health System	Health care system	2	12,588	1.05%
FCA US LLC (formerly Chrysler)	Automobile manufacturer	2	12,564	1.01%	Chrysler Group LLC	Automobile manufacturer	3	10,113	0.84%
General Motors Corporation	Automobile manufacturer	3	9,242	0.74%	General Motors Corporation	Automobile manufacturer	1	15,555	1.30%
Ascension Michigan (formerly St. John Providence)	Health care system	4	4,408	0.35%	Ascension Michigan (formerly St. John Providence)	Health care system	6	4,139	0.34%
U.S. Postal Service	Postal service	5	4,195	0.34%	U.S. Postal Service	Postal service	8	3,970	0.33%
Oakland County Government	Government	6	3,432	0.28%	Oakland County Government	Government	4	4,573	0.38%
Henry Ford Health System	Health care system	7	3,405	0.27%	Henry Ford Health System	Health care system	n/a	n/a	n/a
Trinity Health (formerly St. Joseph Mercy)	Health care system	8	3,098	0.25%	Trinity Health (formerly St. Joseph Mercy)	Health care system	9	3,707	0.31%
Magna International of America Inc.	Automotive parts supplier	9	2,199	0.18%	Magna International of America Inc.	Automotive parts supplier	n/a	n/a	n/a
Comerica Bank	Financial Institution	10	2,163	0.17%	Comerica Bank	Financial Institution	n/a	n/a	n/a
Electronic Data Systems (EDS)		-	-	-	Electronic Data Systems (EDS)	Computer corporation	5	4,396	0.37%
Blue Cross/Blue Shield of Michigan		-	-	-	AT&T Michigan	Communications	7	4,051	0.34%
Zieger Health Care Corp		-	-	-	Blue Cross/Blue Shield	Health insurance provider	10	2,442	0.20%

Source: (1) Oakland County 2016 Comprehensive Annual Financial Report

OAKLAND COMMUNITY COLLEGE

REVENUE CAPACITY

Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated - Credit courses
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Fiscal Year Equated Student (FYES)	Unduplicated Headcount	Total Credit Hours	In District Tuition Rate	Out of District Tuition Rate	Out of State Tuition Rate	Tuition & Fees per FYES	Total Tuition and Fee Revenue *
2017	11,877	29,644	368,214	\$ 88.00 **	\$ 171.00	\$ 171.00	\$ 3,866.20	\$ 45,918,802
2016	13,241	32,936	410,459	88.00	171.00	240.00	3,609.43	47,792,442
2015	15,341	37,684	475,581	82.00	154.00	216.00	3,243.17	49,753,491
2014	17,136	45,043	531,223	76.40	139.10	195.15	3,082.38	52,819,596
2013	18,345	47,764	568,691	71.40	125.20	175.80	2,840.31	52,105,568
2012	19,571	49,578	606,704	66.70	112.90	158.40	2,617.18	51,220,869
2011	19,858	51,601	615,593	66.70	112.90	158.40	2,557.67	50,790,229
2010	19,895	49,468	616,757	60.10	101.70	142.70	2,319.47	46,145,816
2009	17,281	46,592	535,721	60.10	101.70	142.70	2,315.25	40,009,768
2008	16,029	44,058	496,906	58.50	99.00	138.85	2,285.25	36,630,338

Source: Oakland Community College's Annual Financial Reports, Institutional Research and ACS reports.

*Tuition and Fee revenue for credit courses before scholarship allowance

** In Fiscal Year 2017 the College began billing based on "Contact Hours" or billable credit hours which may exceed the number of credit hours earned for additional contact with instructor, lab hours, clinicals, etc.

OAKLAND COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
 Student Population Demographics
 (Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Credit hours	368,214	410,459	475,581	531,223	568,691	606,704	615,593	616,757	535,721	496,906
Unduplicated Student Head count	29,644	32,936	37,684	45,043	47,764	49,578	51,601	49,468	46,592	44,058
Fall Term, 1/10th day statistics										
Male	43.0%	43.6%	43.2%	42.3%	41.4%	41.0%	39.7%	40.3%	39.5%	39.0%
Female	55.5%	55.7%	55.9%	56.6%	57.1%	56.9%	57.7%	46.3%	56.7%	57.0%
Unreported	1.5%	0.7%	0.9%	1.1%	1.5%	2.1%	2.6%	3.3%	3.9%	4.0%
Part-time	78.0%	73.1%	72.1%	71.0%	69.7%	68.5%	67.1%	64.9%	64.3%	66.0%
Full-time	22.0%	26.9%	27.9%	29.0%	30.3%	31.5%	32.9%	35.1%	35.7%	34.0%
Average Age	25.0	25.7	25.9	26.5	26.9	27.2	27.5	27.8	27.7	27.2
Median Age	22.0	22.0	22.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0

Sources: OCC, Office of Institutional Research One-Tenth Day Student Information File, One-Tenth Day Official Enrollment Report

**Other
Supplementary
Information
Section**

OAKLAND COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	Combined Total	General Fund	Pension * Liability Fund	Designated Fund	Auxiliary Services Fund	Restricted Fund	Student Loan Fund	Endowment and Similar Funds	Plant Fund	Agency Fund
ASSETS										
Current assets										
Cash and cash equivalents	\$ 27,578,328	\$ 27,569,778	\$ -	\$ 150	\$ 8,400	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest	1,192,664	401,150	-	-	-	-	-	791,514	-	-
Short-term investments	14,141,958	14,141,958	-	-	-	-	-	-	-	-
Property taxes receivable, net	61,769	61,769	-	-	-	-	-	-	-	-
State appropriations receivable	5,225,439	5,225,439	-	-	-	-	-	-	-	-
Federal and state grants receivable	2,346,463	-	-	-	-	2,346,463	-	-	-	-
Accounts receivable, net	1,971,186	1,088,511	-	239,170	471,044	-	-	-	-	172,461
Inventories	1,942,679	-	-	24,736	1,917,943	-	-	-	-	-
Prepaid expenses and other assets	2,020,679	2,020,679	-	-	-	-	-	-	-	-
Due from (to) other funds	-	(158,788,536)	-	78,135,790	4,489,637	(1,573,831)	-	(11,326,766)	85,653,136	3,410,570
Total current assets	56,481,165	(108,279,252)	-	78,399,846	6,887,024	772,632	-	(10,535,252)	85,653,136	3,583,031
Long-term investments	189,464,073	160,570,183	-	-	-	-	-	28,893,890	-	-
Capital assets - nondepreciable	10,547,779	-	-	-	-	-	-	-	10,547,779	-
Capital assets - depreciable										
Land improvements	18,438,040	-	-	-	-	-	-	-	18,438,040	-
Infrastructure	21,162,010	-	-	-	-	-	-	-	21,162,010	-
Buildings and improvements	288,091,158	-	-	-	-	-	-	-	288,091,158	-
Equipment	35,236,449	-	-	-	-	-	-	-	35,236,449	-
Library materials	9,239,713	-	-	-	-	-	-	-	9,239,713	-
Accumulated depreciation	(231,940,229)	-	-	-	-	-	-	-	(231,940,229)	-
Total capital assets - depreciable	140,227,141	-	-	-	-	-	-	-	140,227,141	-
Total assets	\$ 396,720,158	\$ 52,290,931	\$ -	\$ 78,399,846	\$ 6,887,024	\$ 772,632	\$ -	\$ 18,358,638	\$ 236,428,056	\$ 3,583,031
Deferred Outflows of Resources	\$ 18,569,103	\$ -	\$ 18,569,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES										
Current liabilities										
Current portion of long-term debt obligations	\$ 785,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785,000	\$ -
Accounts payable	6,901,659	6,848,491	-	-	-	-	-	-	53,168	-
Accrued interest payable	12,174	-	-	-	-	-	-	-	12,174	-
Accrued payrolls, vacation, and other compensation	7,822,728	7,819,953	-	-	2,775	-	-	-	-	-
Unearned revenue	3,024,688	2,976,025	-	-	2,105	\$ 46,558	-	-	-	-
Deposits held for others	3,583,031	-	-	-	-	-	-	-	-	3,583,031
Total current liabilities	22,129,280	17,644,469	-	-	4,880	46,558	-	-	850,342	3,583,031
Long-term debt obligations - net of current portion	820,000	-	-	-	-	-	-	-	820,000	-
Net Pension Liability	175,812,730	-	175,812,730	-	-	-	-	-	-	-
Compensated absences - net of current portion	1,822,487	1,822,487	-	-	-	-	-	-	-	-
Total liabilities	\$ 200,584,497	\$ 19,466,956	\$ 175,812,730	\$ -	\$ 4,880	\$ 46,558	\$ -	\$ -	\$ 1,670,342	\$ 3,583,031
Deferred Inflows of Resources	\$ 13,779,278	\$ -	\$ 13,779,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION										
Net investment in capital assets	149,169,920	-	-	-	-	-	-	-	149,169,920	-
Restricted:										
Expendable scholarships and grants	931,894	-	-	-	-	931,894	-	-	-	-
Unrestricted	50,823,672	32,823,975	(171,022,905)	78,399,846	6,882,144	(205,820)	-	18,358,638	85,587,794	-
Total net position	\$ 200,925,486	\$ 32,823,975	\$ (171,022,905)	\$ 78,399,846	\$ 6,882,144	\$ 726,074	\$ -	\$ 18,358,638	\$ 234,757,714	\$ -

* The Pension Liability Fund reflect GASB 68 adjustments and state appropriations for UAAL.

OAKLAND COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Combined Total	General Fund	Pension Liability Fund	Designated Fund	Auxiliary Services Fund	Restricted Fund	Student Loan Fund	Endowment and Similar Funds	Plant Fund	Agency Fund
ASSETS										
Current assets										
Cash and cash equivalents	\$ 35,803,400	\$ 35,794,850	\$ -	\$ 150	\$ 8,400	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued interest	744,615	138,194	-	-	-	-	-	606,421	-	-
Short-term investments	48,930,905	47,165,609	-	-	-	-	-	1,765,296	-	-
Property taxes receivable, net	153,351	153,351	-	-	-	-	-	-	-	-
State appropriations receivable	5,330,698	5,330,698	-	-	-	-	-	-	-	-
Federal and state grants receivable	1,774,238	-	-	-	-	1,774,238	-	-	-	-
Accounts receivable, net	1,458,624	607,411	-	189,043	360,116	257,434	-	-	-	44,620
Inventories	1,653,084	-	-	24,570	1,628,514	-	-	-	-	-
Prepaid expenses and other assets	3,500,825	3,500,825	-	-	-	-	-	-	-	-
Due from (to) other funds	-	(185,942,154)	-	78,389,594	5,270,823	(2,069,486)	-	(7,045,932)	108,338,429	3,058,726
Total current assets	99,349,740	(93,251,216)	-	78,603,357	7,267,853	(37,814)	-	(4,674,215)	108,338,429	3,103,346
Long-term investments	167,496,910	144,846,824	-	-	-	-	-	22,650,086	-	-
Capital assets - nondepreciable	12,647,398	-	-	-	-	-	-	-	12,647,398	-
Capital assets - depreciable										
Land improvements	18,719,439	-	-	-	-	-	-	-	18,719,439	-
Infrastructure	21,162,009	-	-	-	-	-	-	-	21,162,009	-
Buildings and improvements	289,226,354	-	-	-	-	-	-	-	289,226,354	-
Equipment	38,577,200	-	-	-	-	-	-	-	38,577,200	-
Library materials	9,339,765	-	-	-	-	-	-	-	9,339,765	-
Accumulated depreciation	(247,908,725)	-	-	-	-	-	-	-	(247,908,725)	-
Total capital assets - depreciable	129,116,042	-	-	-	-	-	-	-	129,116,042	-
Total assets	\$ 408,610,090	\$ 51,595,608	\$ -	\$ 78,603,357	\$ 7,267,853	\$ (37,814)	\$ -	\$ 17,975,871	\$ 250,101,869	\$ 3,103,346
Deferred Outflows of Resources	21,975,402	\$ -	\$ 21,975,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES										
Current liabilities										
Current portion of long-term debt obligations	\$ 820,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 820,000	\$ -
Accounts payable	6,334,431	6,231,482	-	-	-	-	-	-	102,949	-
Accrued interest payable	6,287	-	-	-	-	-	-	-	6,287	-
Accrued payrolls, vacation, and other compensation	7,788,622	7,784,986	-	-	3,619	-	-	-	17	-
Unearned revenue	2,684,470	2,661,525	-	93	-	22,852	-	-	-	-
Deposits held for others	3,103,346	-	-	-	-	-	-	-	-	3,103,346
Total current liabilities	20,737,156	16,677,993	-	93	3,619	22,852	-	-	929,253	3,103,346
Long-term debt obligations - net of current portion	-	-	-	-	-	-	-	-	-	-
Net Pension Liability	180,430,177	-	180,430,177	-	-	-	-	-	-	-
Compensated absences - net of current portion	1,510,368	1,510,368	-	-	-	-	-	-	-	-
Total liabilities	\$ 202,677,701	\$ 18,188,361	\$ 180,430,177	\$ 93	\$ 3,619	\$ 22,852	\$ -	\$ -	\$ 929,253	\$ 3,103,346
Deferred Inflows of Resources	12,307,124	\$ -	\$ 12,307,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION										
Net investment in capital assets	140,943,440	-	-	-	-	-	-	-	140,943,440	-
Restricted:										
Expendable scholarships and grants	1,081,533	-	-	-	-	1,081,533	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Unrestricted	73,575,694	33,407,247	(170,761,899)	78,603,264	7,264,234	(1,142,199)	-	17,975,871	108,229,176	-
Total net position	\$ 215,600,667	\$ 33,407,247	\$ (170,761,899)	\$ 78,603,264	\$ 7,264,234	\$ (60,666)	\$ -	\$ 17,975,871	\$ 249,172,616	\$ -

OAKLAND COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016

	Combined Total	Eliminations	General Fund	Pension * Liability Fund	Designated Fund	Auxiliary Services Fund	Restricted Fund	Student Loan Fund	Endowment and Similar Funds	Plant Fund	Agency Fund
Operating revenues											
Tuition and fees - net of scholarship allowance of \$14,390,405	\$ 33,402,037	\$ (14,390,405)	\$ 45,333,572	\$ -	\$ 2,458,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants and contracts	4,066,362	-	-	-	4,959	-	4,061,403	-	-	-	-
State and local grants and contracts	1,505,418	-	-	-	13,900	-	1,491,518	-	-	-	-
Nongovernmental grants and contracts	643,012	-	-	-	-	-	643,012	-	-	-	-
Auxiliary activities	8,268,262	(745,276)	-	-	-	9,013,538	-	-	-	-	-
Miscellaneous	948,644	-	191,198	-	497,456	75,308	12,300	-	-	172,382	-
Total operating revenues	48,833,735	(15,135,681)	45,524,770	-	2,975,185	9,088,846	6,208,233	-	-	172,382	-
Operating expenses											
Instruction	60,120,667	(442,822)	55,707,721	2,407,069	1,856,390	-	592,309	-	-	-	-
Instructional support	23,165,934	(91,822)	19,314,686	750,689	1,847,356	-	1,345,025	-	-	-	-
Student services	35,287,132	(14,534,787)	14,176,701	524,735	56,162	7,949,622	27,098,809	-	-	15,890	-
Institutional administration	18,808,298	(55,120)	17,404,750	468,247	70,290	908,218	4,670	-	-	7,243	-
Physical plant operations	18,714,603	(9,035)	17,327,447	513,064	-	-	-	-	-	883,127	-
Depreciation expense	15,993,976	-	-	-	-	-	-	-	-	15,993,976	-
Public services	138,175	(2,095)	-	4,668	125,602	-	10,000	-	-	-	-
Total operating expenses	172,228,785	(15,135,681)	123,931,305	4,668,472	3,955,800	8,857,840	29,050,813	-	-	16,900,236	-
Operating (loss) income	(123,395,050)	-	(78,406,535)	(4,668,472)	(980,615)	231,006	(22,842,580)	-	-	(16,727,854)	-
Non-operating revenues (expenses)											
Pell grant revenue	21,850,205	-	-	-	-	-	21,850,205	-	-	-	-
State appropriations	21,645,361	-	21,645,361	-	-	-	-	-	-	-	-
State appropriations for UAAL	2,233,357	-	-	2,233,357	-	-	-	-	-	-	-
Property taxes	79,964,027	-	79,964,027	-	-	-	-	-	-	-	-
Investment income	2,622,381	-	2,388,203	-	-	-	-	-	234,178	-	-
Unrealized gain on investments	2,442,308	-	2,437,173	-	-	-	-	-	5,135	-	-
Net non-operating revenues	130,757,639	-	106,434,764	2,233,357	-	-	21,850,205	-	239,313	-	-
Income (loss) before transfers	7,362,589	-	28,028,229	(2,435,115)	(980,615)	231,006	(992,375)	-	239,313	(16,727,854)	-
Transfers in (out)	-	-	(21,941,787)	-	1,233,966	-	786,666	-	(187,343)	20,108,498	-
Increase (decrease) in net position	7,362,589	-	6,086,442	(2,435,115)	253,351	231,006	(205,709)	-	51,970	3,380,644	-
Net position - beginning of year	193,562,897	-	26,737,533	(168,587,790)	78,146,495	6,651,138	931,783	-	18,306,668	231,377,070	-
Adjustment of change in accounting principle	-	-	-	-	-	-	-	-	-	-	-
Net position - beginning of year, as restated	193,562,897	-	26,737,533	(168,587,790)	78,146,495	6,651,138	931,783	-	18,306,668	231,377,070	-
Net position - end of year	\$ 200,925,486	\$ -	\$ 32,823,975	\$ (171,022,905)	\$ 78,399,846	\$ 6,882,144	\$ 726,074	\$ -	\$ 18,358,638	\$ 234,757,714	\$ -

* The Pension Liability Fund reflect GASB 68 adjustments and state appropriations for UAAL.

OAKLAND COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017

	Combined Total	Eliminations	General Fund	Pension Liability Fund	Designated Fund	Auxiliary Services Fund	Restricted Fund	Student Loan Fund	Endowment and Similar Funds	Plant Fund	Agency Fund
Operating revenues											
Tuition and fees - net of scholarship allowance of \$12,829,220	\$ 33,089,583	\$ (12,829,220)	\$ 43,928,401	\$ -	\$ 1,990,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants and contracts	3,384,815	-	-	-	3,183	-	3,381,632	-	-	-	-
State and local grants and contracts	1,391,492	-	-	-	13,900	-	1,377,592	-	-	-	-
Nongovernmental grants and contracts	571,140	-	-	-	-	-	571,140	-	-	-	-
Auxiliary activities	6,624,795	(749,492)	-	-	-	7,374,095	-	-	-	192	-
Miscellaneous	804,640	-	240,568	-	482,967	67,667	4,200	-	-	9,238	-
Total operating revenues	45,866,465	(13,578,712)	44,168,969	-	2,490,452	7,441,762	5,334,564	-	-	9,430	-
Operating expenses											
Instruction	57,030,469	(466,865)	52,011,509	3,448,033	1,441,071	-	575,380	-	-	21,341	-
Instructional support	23,383,106	(85,065)	18,836,998	1,114,573	1,845,968	-	1,650,632	-	-	20,000	-
Student services	29,123,965	(12,966,579)	12,901,399	779,656	61,716	6,337,548	21,996,475	-	-	13,750	-
Institutional administration	17,068,984	(52,375)	15,620,714	706,221	67,839	722,124	1,755	-	-	2,706	-
Physical plant operations	17,418,448	(7,398)	17,061,195	807,791	-	-	-	-	-	(443,140)	-
Depreciation expense	16,268,145	-	-	-	-	-	-	-	-	16,268,145	-
Public services	135,116	(430)	-	6,861	118,685	-	10,000	-	-	-	-
Total operating expenses	160,428,233	(13,578,712)	116,431,815	6,863,135	3,535,279	7,059,672	24,234,242	-	-	15,882,802	-
Operating (loss) income	(114,561,768)	-	(72,262,846)	(6,863,135)	(1,044,827)	382,090	(18,899,678)	-	-	(15,873,372)	-
Non-operating revenues (expenses)											
Pell grant revenue	17,424,284	-	-	-	-	-	17,424,284	-	-	-	-
State appropriations	23,847,244	-	23,847,244	-	-	-	-	-	-	-	-
State appropriations for UAAL	7,124,142	-	-	7,124,142	-	-	-	-	-	-	-
Property taxes	80,835,825	-	80,835,825	-	-	-	-	-	-	-	-
Investment income	3,271,525	-	2,932,026	-	-	-	-	-	339,499	-	-
Unrealized loss on investments	(3,266,071)	-	(3,023,649)	-	-	-	-	-	(242,422)	-	-
Net non-operating revenues	129,236,949	-	104,591,446	7,124,142	-	-	17,424,284	-	97,077	-	-
Income (loss) before transfers	14,675,181	-	32,328,600	261,007	(1,044,827)	382,090	(1,475,394)	-	97,077	(15,873,372)	-
Transfers in (out)	-	-	(31,745,328)	-	1,248,244	-	688,655	-	(479,844)	30,288,273	-
Increase (decrease) in net position	14,675,181	-	583,272	261,007	203,417	382,090	(786,739)	-	(382,767)	14,414,901	-
Net position - beginning of year	200,925,486	-	32,823,975	(171,022,905)	78,399,846	6,882,144	726,074	-	18,358,638	234,757,714	-
Adjustment of change in accounting principle	-	-	-	-	-	-	-	-	-	-	-
Net position - beginning of year, as restated	200,925,486	-	32,823,975	(171,022,905)	78,399,846	6,882,144	726,074	-	18,358,638	234,757,714	-
Net position - end of year	\$ 215,600,667	\$ -	\$ 33,407,247	\$ (170,761,898)	\$ 78,603,263	\$ 7,264,234	\$ (60,665)	\$ -	\$ 17,975,871	\$ 249,172,615	\$ -