

Popular Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2019



OAKLAND
COMMUNITY
COLLEGE®

Excellence Empowered.®

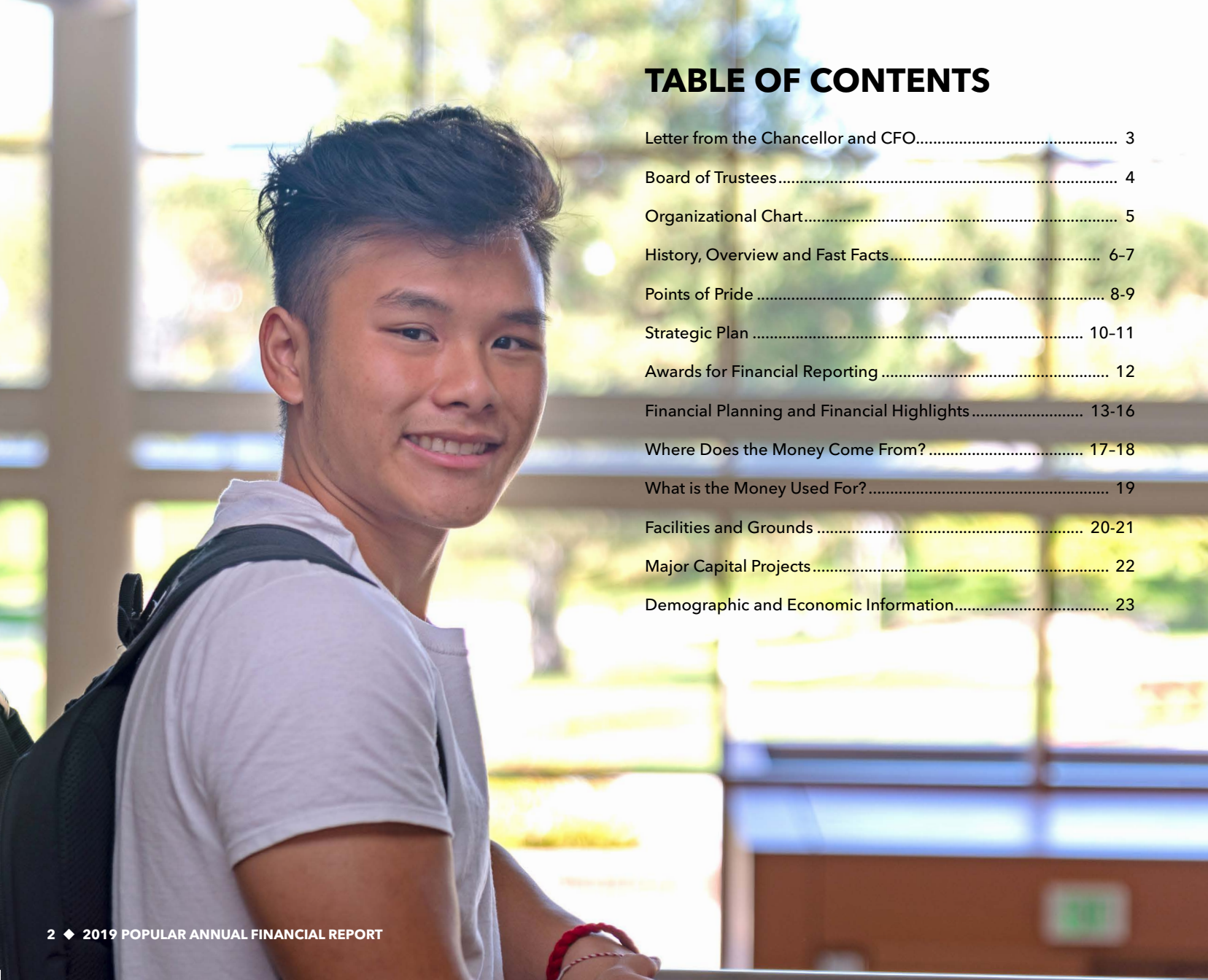


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A Letter from the Chancellor and Vice Chancellor for Administrative Services



Greetings:

Oakland Community College has been providing the residents of Oakland County and surrounding areas with high quality, accessible educational opportunities for more than five decades. Our mission is simple - OCC is committed to empowering our students to succeed and advancing our community - and it is reflected in everything we do. The College has welcomed over one million students to the institution and granted nearly 100,000 degrees and certificates since we opened our doors in 1965. OCC continues to provide students with affordable education and training, which provides pathways to employment which will help our community close the skills gap.

It is our pleasure to present Oakland Community College's Popular Annual Financial Report (PAFR) for the year ended June 30, 2019. This Popular Annual Financial Report (PAFR) is intended to provide the community with important financial information about the college in an easy-to-read, user-friendly format. We believe both integrity and transparency in financial reporting are essential to maintaining trust with our stakeholders.



Using data gleaned from the college's Comprehensive Annual Financial Report (CAFR), the PAFR includes information on budgeting, college finances, the organizational structure at OCC and the current strategic plan as well as statistical and historical information about the college. This report does not replace the CAFR, but includes important details relevant to the college's fiscal condition. Audited by Plante Moran, the CAFR received an unmodified opinion.

OCC continues its strong commitment to best-in-class financial management and fiscal stewardship as recognized by the Government Finance Officers Association (GFOA), an organization dedicated to enhancing and promoting the professional management of governmental financial resources. We have been recognized as a leader through our receipt of the Certificate of Achievement for Excellence in Financial Reporting for the past four years from the GFOA and our first Award for Outstanding Achievement in Popular Annual Financial Reporting for fiscal year 2018.

The college is grateful for the support offered by our Board of Trustees and the entire college community in developing this report. It is our hope the accurate and understandable financial information presented in this PAFR strengthens public confidence in Oakland Community College and educates our community about how tax dollars are being used to support students and positively impact the lives of Oakland County residents and our community at large.

Electronic copies of the CAFR and PAFR are available on the college's website at www.oaklandcc.edu. As you review this report, we invite you to share any questions, concerns or comments you may have by contacting raremias@oaklandcc.edu.

Sincerely,

A handwritten signature in black ink that reads "Peter Provenzano, Jr." in a cursive style.

Peter M. Provenzano, Jr., CPA, CGMA
Chancellor

A handwritten signature in black ink that reads "Roberta Remias" in a cursive style.

Roberta A. Remias, CPA
Vice Chancellor for Administrative Services

A 7-member Board of Trustees governs Oakland Community College in all policy matters of the college requiring attention or action. The trustees, in collaboration with the college Chancellor, are charged with fulfilling the goals set forth in the college Mission Statement. The members of the board are elected on a non-partisan, at-large basis by voters living within the college district, an area that generally coincides with the boundaries of Oakland County. Trustees serve as volunteers and are not paid for their services. All appointments are for six year terms. The administrative responsibilities of Oakland Community College has been delegated by the Board of Trustees to the Chancellor and administrative staff.



JOHN P. MCCULLOCH
Board Chairperson
Elected: Since 2014



PAMALA M. DAVIS
Vice Chairperson
Elected: Since 1994



CHRISTINE M. O'SULLIVAN
Secretary
Elected: Since 2012



SUSAN E. ANDERSON
Treasurer
Elected: Since 2016



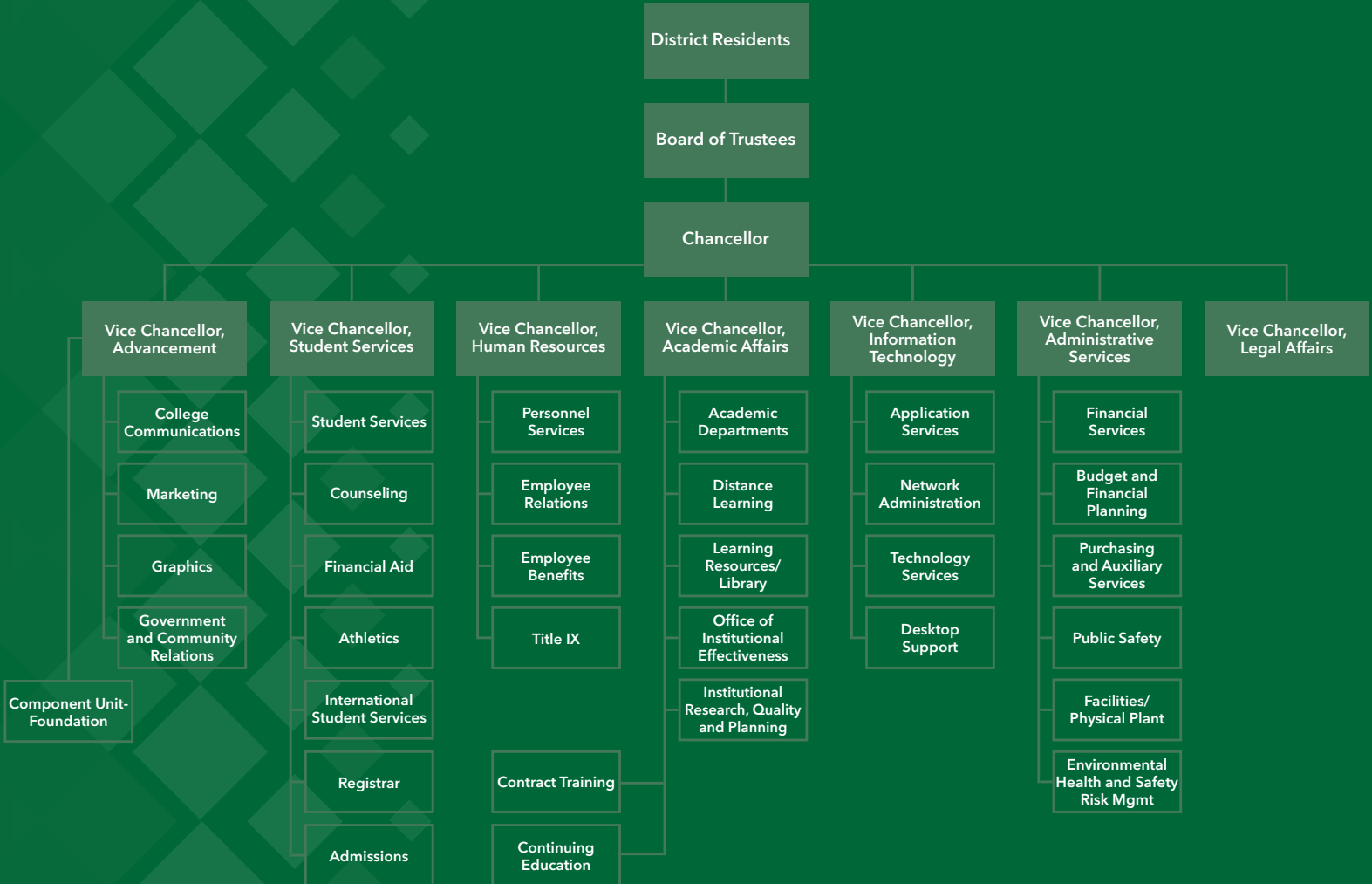
KATHLEEN A. BERTOLINI
Trustee
Elected: Since 2016



SHIRLEY J. BRYANT
Trustee
Elected: Since 2008



PAMELA S. JACKSON
Trustee
Elected: Since 2016



HISTORY AND OVERVIEW OF OAKLAND COMMUNITY 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 nearly 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.

Fast **FACTS**



More than
1 million
students have attended OCC



90,000+
degrees and certificates granted



1 of every **41 jobs**
in Oakland County
is supported by OCC
activities and students



\$94.50 cost per
contact hour
– among the *lowest*
in Michigan



#1 transfer
institution
in Michigan



18% ROI
OCC students' historical
return on investment in OCC

STUDENTS by the numbers

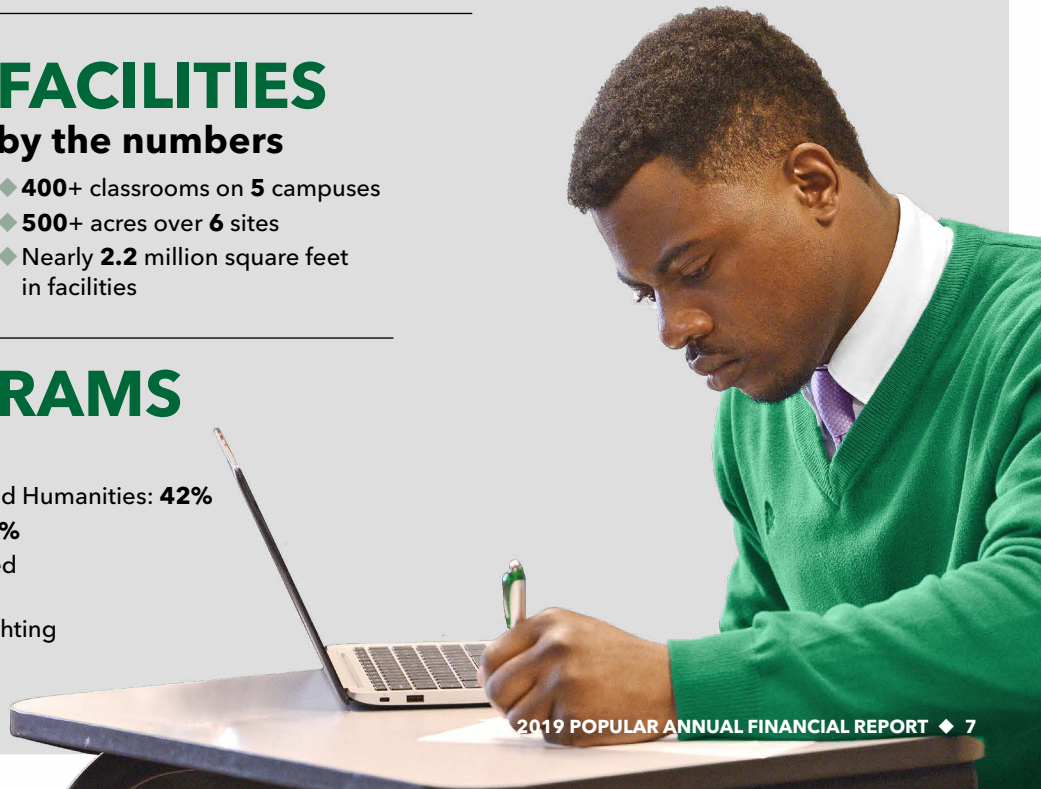
- ◆ Credit hours taken in 2019: **314,029**
- ◆ Unduplicated head count: **25,217**
- ◆ **40.7%** male; **53.5%** female
- ◆ **75%** are part-time students

FACILITIES by the numbers

- ◆ **400+** classrooms on **5** campuses
- ◆ **500+** acres over **6** sites
- ◆ Nearly **2.2** million square feet
in facilities

most popular PROGRAMS by the numbers

- ◆ Liberal Arts and Sciences, General Studies and Humanities: **42%**
- ◆ Health Professions and related programs: **17%**
- ◆ Business, Management, Marketing and related support services: **14%**
- ◆ Homeland Security, Law Enforcement, Firefighting and related protective services: **14%**
- ◆ Computer and Information Sciences and related support services: **5%**



2019 POINTS OF PRIDE



COLLEGE

College Academics & Student Services

- ◆ Online campus: 100% ADA compliant/recognized educational leader; 24/7 student services to assist students anytime/anywhere
- ◆ Gold status by Michigan Veterans Affairs Agency
- ◆ Oakland Early College ranked nationally by *US News*, bronze medal
- ◆ \$250,000 + awarded in scholarship dollars
- ◆ Faculty and administration as expert speakers at national, regional and state conferences
- ◆ Ranked as one of Michigan's safest college/university by the American National Council for Home Safety and Security

Economics & Employability

- ◆ International/Global Center
- ◆ Headquarters to Asian Pacific American Chamber of Commerce and Consul Generals Corps of Michigan
- ◆ Global Endorsement Certificate
- ◆ Workforce & Economic Development: Leader in business and industry providing \$8 million in contract training to 15 companies
- ◆ HURCO – OCC's Advanced Technology Center hosts HURCO's first regional sales room providing state-of-the-art equipment and training for students and faculty
- ◆ FANUC – partner and global leader in automation for manufacturing
- ◆ MOPAR Career Automotive Program – one of only five in Michigan

Administration

- ◆ AACC National Safety Award
- ◆ Comprehensive Annual Financial Report Financial Award of Excellence, one of only two community colleges in Michigan

- ◆ Award for Outstanding Achievement for the Popular Annual Financial Report
- ◆ New brand campaign
- ◆ Higher Learning Commission Reaffirms College Accreditation for 10 Years
- ◆ OCC Partnership with Detroit Institute of Arts' Inside|Out Program

Athletics

- ◆ 16 MCCA Eastern Conference Award recipients
- ◆ 8 NJCAA All-Region XII Award recipients
- ◆ 2 NJCAA All-American Award recipients
- ◆ 2 MCCA Eastern Conference Championships-softball and golf
- ◆ 2 MCCA Eastern Conference Coach of the Year Award recipients-Rick Coatta and Jamie Corona
- ◆ 2 National Tournament Appearances-volleyball and golf
- ◆ 21 Academic All-Conference Athletes
- ◆ 4 NJCAA Academic All-American Athletes

Programs

- ◆ Nursing: Largest associate degree program in the nation
- ◆ Largest ESL program in Michigan
- ◆ Sign Language Interpreter Program: First and only accredited program in Michigan, one of five accredited associate degree programs nationwide
- ◆ Surgical Tech: 95 percent student licensing pass rate
- ◆ Public Safety: Largest police academy in southeast Michigan
- ◆ Public Safety: Fire Academy is only nationally and internationally accredited program in Michigan
- ◆ Public Safety: Exclusive provider of Homeland Security education to TSA employees throughout Michigan

- ◆ Culinary: National ice carving champions
- ◆ Culinary: Perennial winner of national ACF chef and student awards
- ◆ Robotics: 2018 grant from the National Science Association

PEOPLE

Faculty/Staff & Students

- ◆ American Culinary Federation Presidential Medallion Award and Honorable Order of the Golden Toque Award: Kevin Enright, Culinary Faculty
- ◆ American Culinary Federation Student Chef of the Year and Michigan Chefs de Cuisine Association's Student Chef of the Year: Hitome Tomobe, Student
- ◆ Benjamin A. Gilman International Scholarship Recipient: Kelli Rodocker, Student
- ◆ Crain's Detroit Business "Notable Women in Education Leadership": Dr. M. Cathey Maze, Vice Chancellor for Academic Services
- ◆ International Association of Business Communicators Silver Quill and Renaissance Excellence Awards: Marketing & Communications Department
- ◆ Kresge Art Fellow: Tylonn Sawyer, Art Faculty
- ◆ Michigan Developmental Education Consortium's Educator of the Year Award: Sub Subbarao, English Faculty
- ◆ Michigan Psychology Association Fellow: Dr. Krishna Silianos, Behavioral Sciences Faculty
- ◆ National Council for Marketing and Public Relations Silver Medallion Awards: Marketing & Communications Department
- ◆ President of Michigan Region Phi Theta Kappa Honor Society: Elena Wong, Student
- ◆ Rotary Foundation Paul Harris Fellow: Candy Geeter, OCC Foundation Associate Director

STRATEGIC PLAN

In 1966, the Community Colleges Act helped institutions such as OCC define their mission. In 2018 OCC redefined its mission statement to be succinct and focused.

Mission

"OCC is committed to empowering our students to succeed and advancing our community."

How the College Supports Its Mission/Strategic Planning

In the fall of 2018, the college's mission and values were revised to become more action oriented and reflect the vision of the college's leadership. The Strategic Planning Committee (SPC), consists of members of the Chancellor's Executive Council as well as the Executive Director of Institutional Effectiveness, and the Chair of the Academic Senate. This committee set a goal to enhance the clarity and focus of the overall strategic plan. Accordingly, the six existing values were combined into three to highlight the most important concepts of the overall value statements. These values provide further understanding of how the college supports the mission and the individual needs of students and the community. The three values are as follows:

- ◆ **Accessible** – We welcome people of diverse backgrounds and abilities.
- ◆ **Excellent** – We offer high-quality and relevant educational experiences, and celebrate the accomplishments of our people.
- ◆ **Ethical** – We act with respect, integrity, and kindness, and carefully steward the resources entrusted to us.

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. This was previously reflected in eleven vision statements. The SPC observed that the existing vision statements needed to be more succinct and inspirational. The updated vision statements seek to provide improved clarity and inspiration for the future while providing a framework for the overall strategic plan.



OCC's vision

Excellence in all we do...

- ◆ Become the college of choice.
- ◆ Become the partner of choice.
- ◆ Become the employer of choice.

In addition, the college's strategic objectives are now organized by each of these three components of the vision. The strategic objectives are goals and measures of the college's progress. They have been refined and aligned under the college's new vision statement.

Become the college of choice.

- ◆ Enhance and innovate educational offerings.
- ◆ Improve the student experience.
- ◆ Guide students to their desired outcomes.

Become the partner of choice.

- ◆ Grow partnerships.

Become the employer of choice.

- ◆ Increase employee engagement.

The College continues to plan strategically and the SPC was expanded in the late summer of 2019 to continue to update and formulate objectives and initiatives. The purpose of this cross-college, expanded group was to build upon the strong

foundation that already exists within the strategic plan by adding a longer-term planning dimension. The SPC reviewed key data trends across the College, discussed improvements to the strategic planning process and brainstormed and prioritized the most important focus areas

for Oakland Community College over the next four years. As strategic planning has matured at OCC, the overall strategy and focus has been enhanced to ensure effective processes for running the college (present) and advancing the college (future).



Awards for Financial Reporting

The Government Finance Officers Association (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 year ended June 30, 2018. This was the fourth consecutive year that the college has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal regulations.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR for fiscal year ended June 30, 2019 continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

In addition, the GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Oakland Community College for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement

in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Oakland Community College submitted and received this popular award for the first time in 2018. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.



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, 2018

Christopher P. Morrill

Executive Director/CEO

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 Board has a fiduciary responsibility to ensure that public funds are used in a transparent, ethical, and fiscally responsible manner. As such, the Board recently adopted a policy to ensure financial sustainability for the future. The policy requires that the college budgets to ensure a net position that reflects a minimum of three months of operating expenses. In addition to the operating expense reserve, the college also has designated funds for quasi endowment and capital outlay.

Oakland Community College makes every effort to keep tuition affordable with modest inflationary increases annually. In addition, three years ago the college

streamlined the fees charged to students for registration, course fees, and transcripts into a once per semester fee of \$100. The college charges students billable contact hours 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. While over the past several years, tuition rates have increased annually, the college's In-District rate and overall fees remain the lowest of the 28 Michigan community colleges. Beginning in fiscal year 2017, the college eliminated the 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 27 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. As mentioned earlier, the college has addressed these shortfalls and balanced the budget by cutting costs throughout the college and gaining efficiencies.



FINANCIAL HIGHLIGHTS

The following is an overview of the college's financial operations for the fiscal year ended June 30, 2019. The information contained within this Popular Annual Financial Report (PAFR) is extracted from the financial information contained within the FY2019 Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in conformance with generally accepted accounting principles (GAAP) and is audited by the college's independent auditors, Plante Moran, receiving an unmodified opinion. The financial information for the college's Foundation, a component unit, is not included within this PAFR. The statistical and demographic data is taken from various sources and is unaudited. The CAFR and PAFR are both available on the college's website: oaklandcc.edu/about/transparency-at-occ.

The Statement of Net Position most notably includes the college's assets, liabilities and net position as of the last day of the fiscal year, June 30, 2019. An asset is an economic resource. Anything tangible or intangible that can be owned or controlled to produce value and that is held by the college to produce positive economic value is an asset. Current assets include accounts receivable and inventory, while capital assets include such items as buildings and equipment. A liability is defined as the future sacrifices of economic benefits that the entity is obliged to make to other entities as a result of past transactions or other past events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future. Net Position is the residual of all other elements presented in the Statement of Net Position. The Statement of Net Position also includes deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of college's activities, which are supported primarily by property taxes, state appropriations and tuition and fees.

STATEMENT OF NET POSITION

(in millions)

ASSETS

| | |
|---|----------------|
| Current Assets..... | \$70.3 |
| Non-current assets: | |
| Long Term Investments..... | \$264 |
| Capital assets - non-depreciable..... | \$11.4 |
| Capital assets, net of depreciation..... | \$118.8 |
| ▶ Total assets | \$464.5 |
| ▶ Total Deferred outflows of resources | \$68.3 |

LIABILITIES

| | |
|--|----------------|
| Current liabilities | \$20.3 |
| Non-current liabilities..... | \$245.0 |
| ▶ Total liabilities | \$265.3 |
| ▶ Total Deferred inflows of resources..... | \$51.7 |

NET POSITION

| | |
|--|----------------|
| Net investment in capital assets | \$127.3 |
| Restricted..... | \$1.3 |
| Unrestricted..... | \$87.2 |
| ▶ Total net position | \$215.8 |

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in millions)

REVENUES

Operating revenues

| | |
|--|--------|
| Tuition and fees, net..... | \$29.9 |
| Federal grants and contracts | \$3.1 |
| State, local and non-governmental grants and contracts..... | \$1.7 |
| Auxiliary and miscellaneous revenues.... | \$5.6 |
| ▶ Total operating revenues..... | \$40.3 |

Non-operating revenues

| | |
|---|---------|
| Pell grant revenue..... | \$15.5 |
| Property taxes | \$86.1 |
| State appropriations..... | \$24.9 |
| State appropriations for UAAL..... | \$6.7 |
| Investment income | \$7.8 |
| Net realized and unrealized gain on investments..... | \$9.3 |
| ▶ Total non-operating revenues..... | \$150.3 |

▶ **Total revenues**

\$190.6

EXPENSES

| | |
|--|--------|
| Instruction..... | \$51.5 |
| Instructional Support..... | \$18.9 |
| Student Services | \$26.1 |
| Institutional Administration/ Public Services | \$15.8 |
| Information Technology..... | \$7.9 |
| Physical plant operations..... | \$17.7 |
| Depreciation | \$17.3 |

▶ **Total expenses**

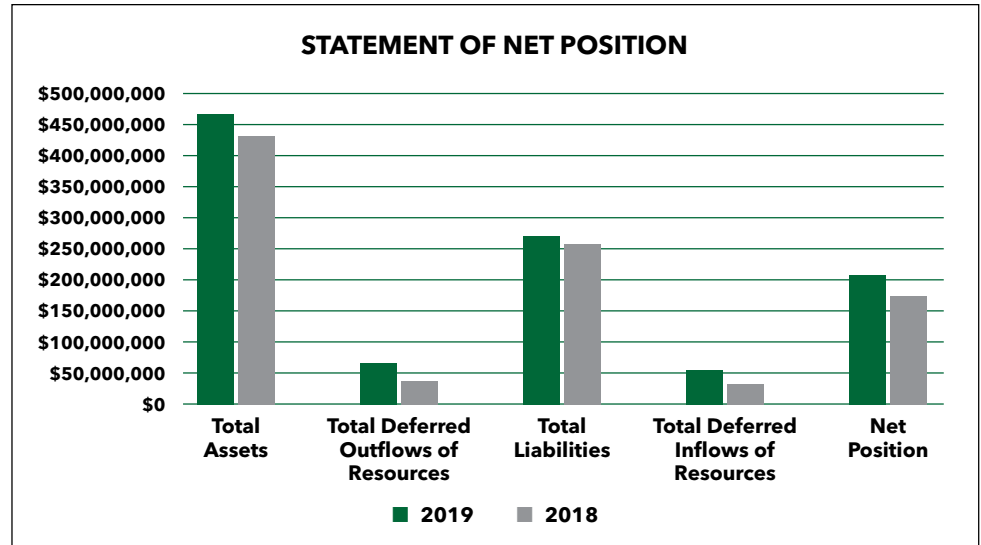
\$155.2

Statement of Net Position

The financial statements report information on the college as a whole. These figures report the college's financial position as of June 30, 2019 and changes in net position for the year ended June 30, 2019. The college's Statement of Net Position at June 30, 2019, had assets of \$464.5 million, and liabilities of \$265.3 million. In 2015, the college implemented GASB 68 and recognized the college's share of the Michigan Public School Employees' Retirement System (MPSERS) unfunded net pension liability. The net pension liability at June 30, 2019 was \$192.3 million. In 2018, the college implemented GASB 75 and recognized the college's share of the MPSERS unfunded OPEB liability. The net OPEB liability at June 30, 2019 was \$49.3 million. The net pension and OPEB liabilities result from the college's participation in MPSERS, a statewide, cost-sharing, multiple employer defined benefit public employee retirement system. The college has \$130.2 million invested in capital assets, net of accumulated depreciation of \$281.2 million at June 30, 2019. Additions to capital assets during 2019 included costs for both internal and external maintenance and renovation projects at various campus sites. Capital additions were \$7.5 million during 2019. In 2019, the College paid its second payment on a 5-year installment purchase agreement for the purchase of computer

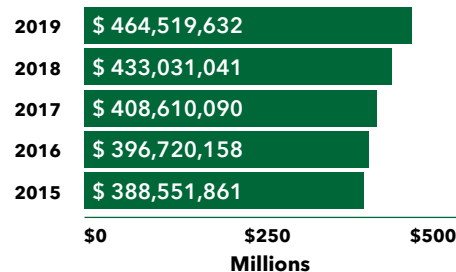
hardware, software and maintenance. The remaining payments of principal and interest total \$3.0 million to be paid in December over the next three years. The college's revenues and other support exceeded expenses by \$35.4 million in 2019. This was primarily due to cost cutting measures across all departments including elimination of vacant positions or delays in rehiring for vacancies for the past few years as well as an unrealized gain on investments at June 30, 2019 of \$10.0 million. Current assets totaled \$70.3 million in 2019. The fluctuations in current assets for the past few years were primarily the result of changes in the college's investment policy and portfolio.

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 \$215.8 million as of June 30, 2019. Although unrestricted net position is not subject to externally imposed restrictions, virtually all of the college's unrestricted net position is designated to fulfill the college's 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.

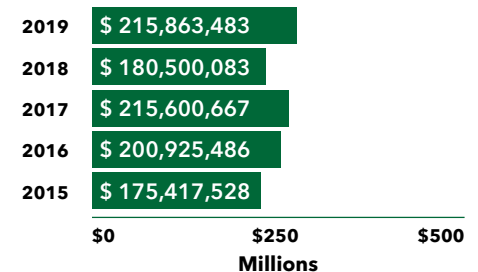


HISTORICAL INFORMATION

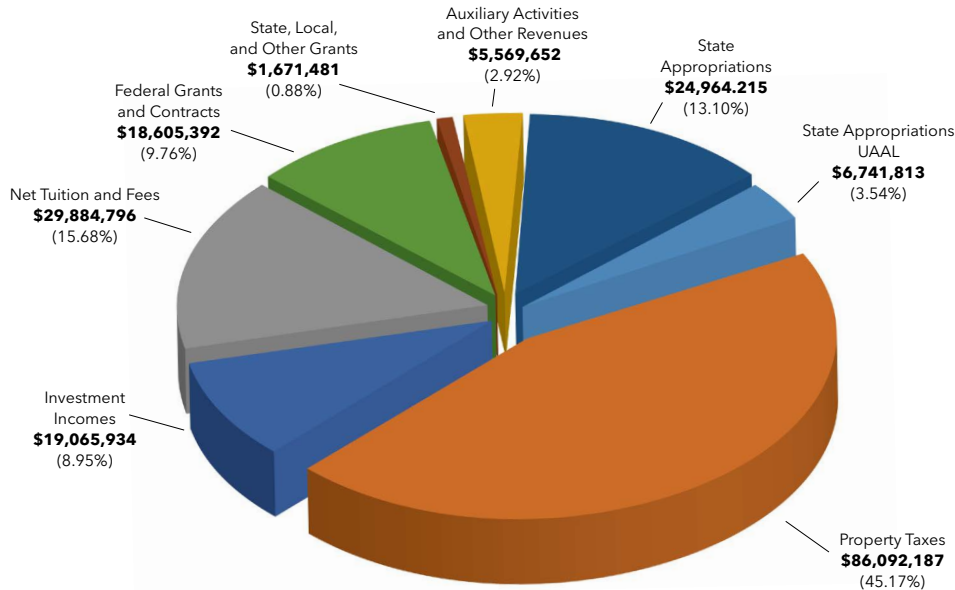
Total Assets



Total Net Position



WHERE DOES THE MONEY COME FROM?



Operating Revenues

- ◆ Net student tuition and fee revenue (after scholarship allowance) decreased approximately 3.0 percent for the year ended June 30, 2019. Gross tuition and fee revenue decreased by 5.9 percent due to continued enrollment declines for fiscal year ended June 30, 2019. Credit hours decreased by almost 7.0 percent for fiscal year ended June 30, 2019. The credit hour declines are partially offset by tuition rate increases and changing the methodology to billable contact hours for some courses.
- ◆ In 2019, Federal grants and contracts revenue increased by almost 1.0 percent from 2018. This increase is due to receipts for several federal programs including federal work study. Decreased enrollments continue to affect the federal grant programs but for 2019 there was a slight increase.
- ◆ Auxiliary services revenue decreased by approximately 14.5 percent during fiscal year ending June 30, 2019. The decrease

is due to a combination of circumstances including providing students with more affordable textbook options, like rental programs and digital books, enrollment declines, and the many other available sources for students to purchase textbooks. In addition, the bookstores have continued to cut costs and streamline operations in order to maintain their profit margin.

- ◆ In 2019, state grants and contracts revenue decreased by 84 percent because in 2018 there was a one-time \$4.5 million receipt of the state's Community College Skilled Trade Equipment program grant (CCSTEP) for equipment.
- ◆ Non-governmental grants increased by 12.5 percent from 2018 due to an increase in scholarship programs.
- ◆ In 2019, miscellaneous revenue decreased 10.7 percent from 2018 due to fewer sales of obsolete equipment and furniture, a decrease in rebate programs and other miscellaneous receipts.

Non-operating revenues

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.

- ◆ Over the past several years, Pell grant revenue has decreased due to the decline in enrollment and the number of student awards. In 2019, Pell revenue decreased by 14.7 percent.
- ◆ There was a decrease of \$2.0 million or 5.9 percent in state appropriations during 2019.
- ◆ Personal property tax reimbursement from the state in the amount of \$2.1 million for 2019 was received and 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 \$7.1 million for 2019, resulting in \$6.7 million of revenue after consideration of GASB 68 and GASB 75 in 2019, as well as MPSERS related cash outlay and expenses of equal amounts.
- ◆ In 2019, property taxes increased by \$3.2 million over 2018 or 3.9 percent. The increases over the past few years are a result of taxable values in Oakland County, Michigan continuing to increase.
- ◆ During 2019, as the economy grew stronger and interest rates increased, investment income increased by 40.2 percent.

◆ Realized losses on investments were \$1.1 million in 2019 as a result of rebalancing and investment changes. With the assistance of the PFM Group, the college periodically rebalances the investment portfolio to continually meet strategic investment objectives. This results in year-over-year changes to the types and maturities of investments in the college's portfolio. 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 2019, as a result of an interest rate decline in June, the portfolio value increased and unrealized gains were \$10.3 million. Unrealized gains and losses are primarily a result of market fluctuations in interest rates due to economic conditions in the United States. Nearly 90 percent of the investments held by the college are in government agencies and sponsored enterprise 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.

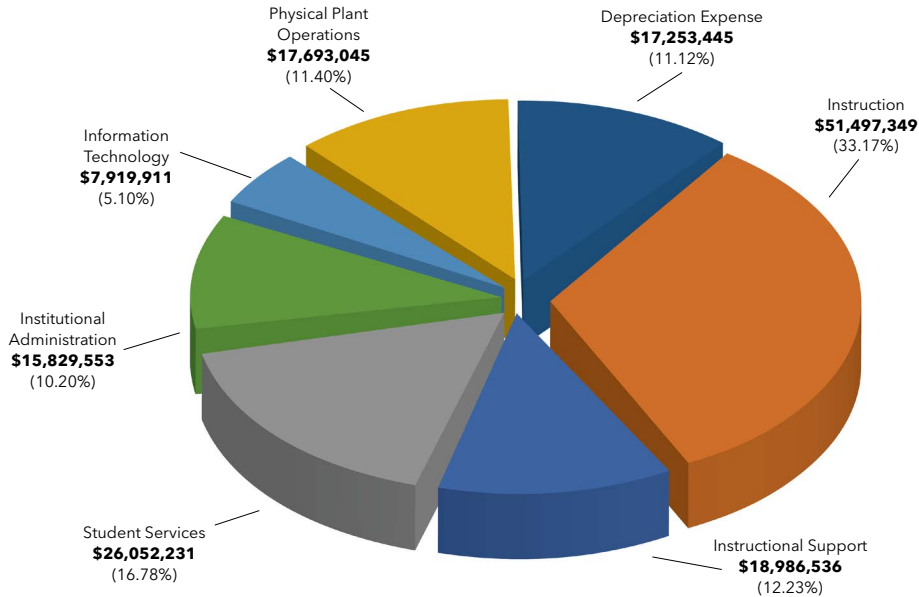
PROPERTY TAXES: WHERE DOES YOUR DOLLAR GO?

The Oakland County Treasurer's office is responsible for the collection and distribution of property tax revenue. Property taxes support cities, villages, townships, the county, libraries, parks and recreation, and school districts. Oakland Community College also receives a portion of these property taxes. The following illustrates the distribution of Oakland County property tax dollars by government entity. For every dollar of property tax, Oakland Community College received \$.04.



| | |
|--|----------------|
| ■ School Districts/State Education | \$ 0.55 |
| ■ Cities, Villages, Townships | \$ 0.30 |
| ■ County Operating | \$ 0.09 |
| ■ Parks & Recreation/Zoo/Art/Huron Clinton | \$ 0.02 |
| ■ Oakland Community College | \$ 0.04 |
| TOTAL | \$ 1.00 |

WHAT IS THE MONEY USED FOR?



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 primary operating expenses of the college are salaries, payroll taxes, and related fringe benefits. The college incurred \$101.5 million of payroll-related expenses during the year ended June 30, 2019. This represents approximately 65.4 percent of the college's operating

expenses during 2019. The decrease over the past several years of payroll-related expenses are a result of the elimination of positions, streamlined operations, and a delay in hiring replacements for other vacant positions.

Payroll taxes and related fringe benefits increased by 1.6 percent from 2018 to 2019. In 2018, the UAAL state appropriations received were \$7.1 million, resulting in \$6.7 million of revenue after consideration of GASB 68 and GASB 75. Despite these

additional payments, payroll taxes and related fringe benefit costs have only slightly increased and over the past several years the lower tax and benefits costs for the College coincide with the elimination of positions and delays in hiring replacements of other vacant positions as previously mentioned.

- ◆ Instruction decreased slightly in 2019, as a result of continued declining enrollment and new full-time faculty hired at lower steps replacing faculty that have retired.
- ◆ Instructional Support decreased by 16.3 percent in 2019.
- ◆ Costs in Student Services decreased by 7.2 percent in 2019 primarily due to bookstore cost of sales and scholarship declines.
- ◆ Institutional Administration expenses decreased by 3.2 percent in 2019.
- ◆ Information Technology expense increased in 2019 from 2018 by 10.7 percent due to contracted salaries and expenses for software and hardware.
- ◆ Physical Plant Operations increased by 21.8 percent in 2019. These increases are a result of maintenance and repair expenses as well as utility increases.

FACILITIES AND GROUNDS

Oakland Community College is a large, multi-campus, two-year institution of higher education located in Oakland County. The Oakland Community College physical plant is made up of five academic campuses and one administrative campus. There are 527 acres of land, 70 buildings and over 2.1 million square feet of space. The estimated value of the college buildings exceeds \$700 million and annual physical plant costs approximate \$25 million.



Budgeting for Facilities

As our facilities wear with age and heavy use, we must strategically plan to ensure we are meeting the needs and expectations of our students and community while at the same time, balancing the financial challenges currently present in higher education. The average building at OCC is approximately 33 years old.

In 1995, the taxpayers of Oakland County approved a .8 mill levy to provide additional financial resources to assist the college in building and maintaining facilities, offering new programs, and providing student scholarships. The millage was renewed by voter consent in 2002 and again in 2010. These funds have been used for their proposed purposes and are a critical part of our capital budget.

Each year, the college budgets General Fund dollars to be transferred to the Plant Fund for capital and equipment needs. Recent capital projects funded through the Plant Fund include maintenance and replacement, large equipment and major building projects.

With over 2 million square feet of building space, OCC maintains a large footprint. To assist in prioritizing facility needs, the college has employed a consulting firm to

provide a comprehensive facility condition needs assessment. The assessment, which is done every 5 years and was last completed in August 2017, is the starting point for future project planning. In addition to the report, the consultants also provide the college with an interactive database that is maintained by the college to monitor costs and track improvements and renovations.



The comprehensive facility condition needs assessment was performed to accomplish the following objectives:

- ◆ Provide an inventory of the college's facilities in a database format to be easily updated and maintained by OCC personnel and allow for quick access to facilities information.

- ◆ Determine the condition of the buildings and grounds at OCC and provide the data in a concise format, allowing quick determination of the current replacement value and condition of each facility.
- ◆ Determine a Facilities Condition Needs Index (FCNI) for each building, each campus and OCC as a whole. The FCNI is a benchmark index that rates the condition of existing college buildings and is used by facilities managers nationwide to quantify and prioritize deferred maintenance projects for capital planning purposes.
- ◆ Assist OCC in meeting the goals of its Mission Statement through timely maintenance of the physical backbone of the college – the buildings of OCC.

Based on the report, we have prioritized our major capital projects into the ten buildings with the highest deferred maintenance needs. These ten buildings are all student-utilized spaces that require attention in order to continue providing adequate instructional space for student learning and safety.

MAJOR CAPITAL PROJECTS

In consideration of upgrading facilities and looking to better serve faculty and students while reducing emergency repairs, maintenance and energy cost, the college has developed a Rolling Five Year Capital Plan. This plan considers major capital planning on a college wide basis. The assessment of existing facilities showed the infrastructure components of many buildings have aged significantly. Despite ongoing maintenance and repair, which in most cases has extended the expected usable life beyond industry standards, OCC is currently faced with a large amount of deferred maintenance.

Utilizing the facility needs assessment report provided by the consultants, along with consideration for programmatic needs of the college community, we have prioritized the projects. The Board of Trustees has dedicated \$30 million a year for the next five years for these projects. Each year, during the budget process the Board will approve the specific project(s) for the following year's budget. During the FY 2019 budget process, Auburn Hills C-Building was selected as the top priority. The next four projects have funding approval and will be strategically chosen based on overall student and community need during the budgeting process for that fiscal year. Auburn Hills C-Building was selected because it is a highly used building on our Auburn Hills campus.

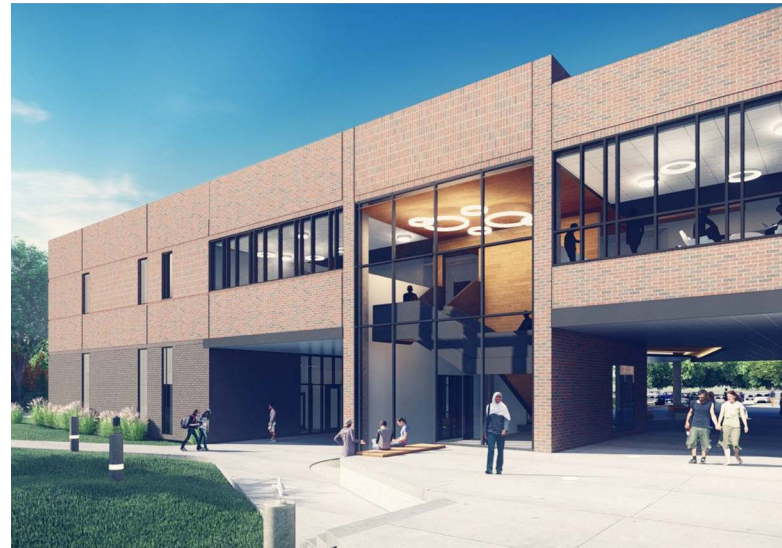
The building is the home of various science and computer information system (CIS) classrooms. It is also a connector building for the Auburn Hills campus which is used by many students to travel from one side of campus to the other.

Auburn Hills C-Building was originally constructed as a second floor in 1970 and the first floor was added later. We have experienced water infiltration on the first floor, the second floor echoes as you walk on it and classrooms are out of date. OCC has a continued desire to be a leader in the science, technology, engineering, and mathematics (STEM) field as there continues to be a high demand for these students. As such, the science and CIS classroom space did not provide adequate learning spaces for students.

The renovation goals for this building are to provide an inviting facility, with state-of-the-art science and CIS classrooms and laboratories. The college will create cutting edge spaces that will enhance the educational experience for students and faculty for the next 40 years.

Active learning classrooms will be integrated into the plans to support innovative teaching methods with flexible work space. There is also a plan to make use of natural lighting and windows to provide inviting study spaces that will promote student collaboration and interaction. Accessibility, ADA regulations and inclusion issues will be thoughtfully considered and addressed throughout the renovation project.

Although the roadmap for future projects has not been fully developed, it will be focused on the future, with flexible spaces that provide rich technological opportunities, active learning spaces and inviting study spaces. Oakland Community College's Capital Plan is an investment in the college, the community and the students.



DEMOGRAPHIC AND ECONOMIC INFORMATION

Full-time Equivalent Employees - Last Ten Fiscal Years (Unaudited)

| | 2019* | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| Faculty Full-Time | 210 | 207 | 216 | 236 | 248 |
| Faculty Part-Time | 525 | 531 | 723 | 651 | 1114 |
| Total Faculty | 735 | 738 | 939 | 887 | 1362 |
| Administrators | 83 | 81 | 77 | 77 | 85 |
| Support Full-Time | 360 | 350 | 358 | 381 | 416 |
| Support Part-Time | 110 | 107 | 121 | 96 | 79 |
| Total Support | 470 | 457 | 479 | 477 | 495 |
| Actual Total Employees Reported | 1288 | 1276 | 1495 | 1441 | 1942 |
| Total FTE | 773 | 766 | 897 | 865 | 1165 |

Notes:

Management occupations in IPEDS = administration in this report

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

*2018 figures are estimated – IPEDS data not yet complete

Source: IPEDS report – categories defined as instruction, management. All other categories listed under Support.

In-District Tuition

| ACADEMIC YEAR BEGINNING IN FALL | TUITION RATE | INCREASE (DECREASE) PERCENT | MICHIGAN COMMUNITY COLLEGE AVERAGE | PERCENT OF STATE AVERAGE |
|---------------------------------|--------------|-----------------------------|------------------------------------|--------------------------|
| 2009 | \$60.10 | – | \$76.70 | 0.78 |
| 2010 | \$66.70 | 0.11 | \$81.38 | 0.82 |
| 2011 | \$66.70 | – | \$85.91 | 0.78 |
| 2012 | \$71.40 | 0.07 | \$90.03 | 0.79 |
| 2013 | \$76.40 | 0.07 | \$94.43 | 0.81 |
| 2014 | \$82.00 | 0.07 | \$98.13 | 0.84 |
| 2015 | \$88.00 | 0.07 | \$102.13 | 0.86 |
| 2016 | \$88.00 | – | \$106.10 | 0.83 |
| 2017 | \$90.00 | 0.02 | \$110.03 | 0.82 |
| 2018 | \$92.00 | 0.02 | \$114.07 | 0.81 |

Out-of-District Tuition

| ACADEMIC YEAR BEGINNING IN FALL | TUITION RATE | INCREASE (DECREASE) PERCENT | MICHIGAN COMMUNITY COLLEGE AVERAGE | PERCENT OF STATE AVERAGE |
|---------------------------------|--------------|-----------------------------|------------------------------------|--------------------------|
| 2009 | \$101.70 | – | \$125.35 | 0.81 |
| 2010 | \$112.90 | 0.11 | \$133.24 | 0.85 |
| 2011 | \$112.90 | – | \$140.66 | 0.80 |
| 2012 | \$125.20 | 0.11 | \$148.12 | 0.85 |
| 2013 | \$139.10 | 0.11 | \$155.66 | 0.89 |
| 2014 | \$154.00 | 0.11 | \$161.78 | 0.95 |
| 2015 | \$171.00 | 0.11 | \$169.07 | 1.01 |
| 2016 | \$171.00 | – | \$176.58 | 0.97 |
| 2017 | \$174.00 | 0.02 | \$183.15 | 0.95 |
| 2018 | \$178.00 | 0.02 | \$189.78 | 0.94 |



oaklandcc.edu

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OAKLAND
COMMUNITY
COLLEGE®
Excellence *Empowered.*®

Oakland Community College is accredited by the Higher Learning Commission (hlcommission.org), a regional accreditation agency recognized by the U.S. Department of Education.