

Popular Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2020



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. Thank you to the voters of Oakland County for passing OCC's millage renewal by a resounding 72%! We are grateful to the community for renewing their commitment to OCC and recognizing the value the College brings to the region. The renewal of the millage allows OCC to continue as a leader in the region's economy by providing high-quality education to everyone.

The third quarter of the fiscal year brought some challenges due to the outbreak of a respiratory disease caused by a new coronavirus pandemic, now known as COVID-19. The governor's stay-at-home orders on March 24th had the College quickly transitioning all classes to remote learning and only essential operations being performed on our campuses. Our faculty and staff responded immediately by utilizing our technology resources to transition to a remote environment, providing continuation of student instruction, student services and all business and accounting operations.

Keeping students on track to their educational goals has always been our focus. We have worked closely with state and local experts in developing a tiered re-opening plan. The health and safety of our employees, student and community remain our top priority.

Mindful that part of the funding OCC receives is entrusted to us by taxpayers, our commitment to responsible resource management remains a priority. It is our pleasure to present Oakland Community College's Popular Annual Financial Report (PAFR) for the year ended June 30, 2020. This 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. It is our hope the graphs 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.

Using data gleaned from the college's Comprehensive Annual Financial Report (CAFR), the PAFR includes information on the 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 financial 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 five years from the GFOA and received the Award for Outstanding Achievement in Popular Annual Financial Reporting in 2018 and 2019.

The college is grateful for the support offered by our Board of Trustees and the entire college community in developing this report. 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,



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



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



PAMELA S. JACKSON
Secretary
Elected: Since 2016



SUSAN E. ANDERSON
Treasurer
Elected: Since 2016



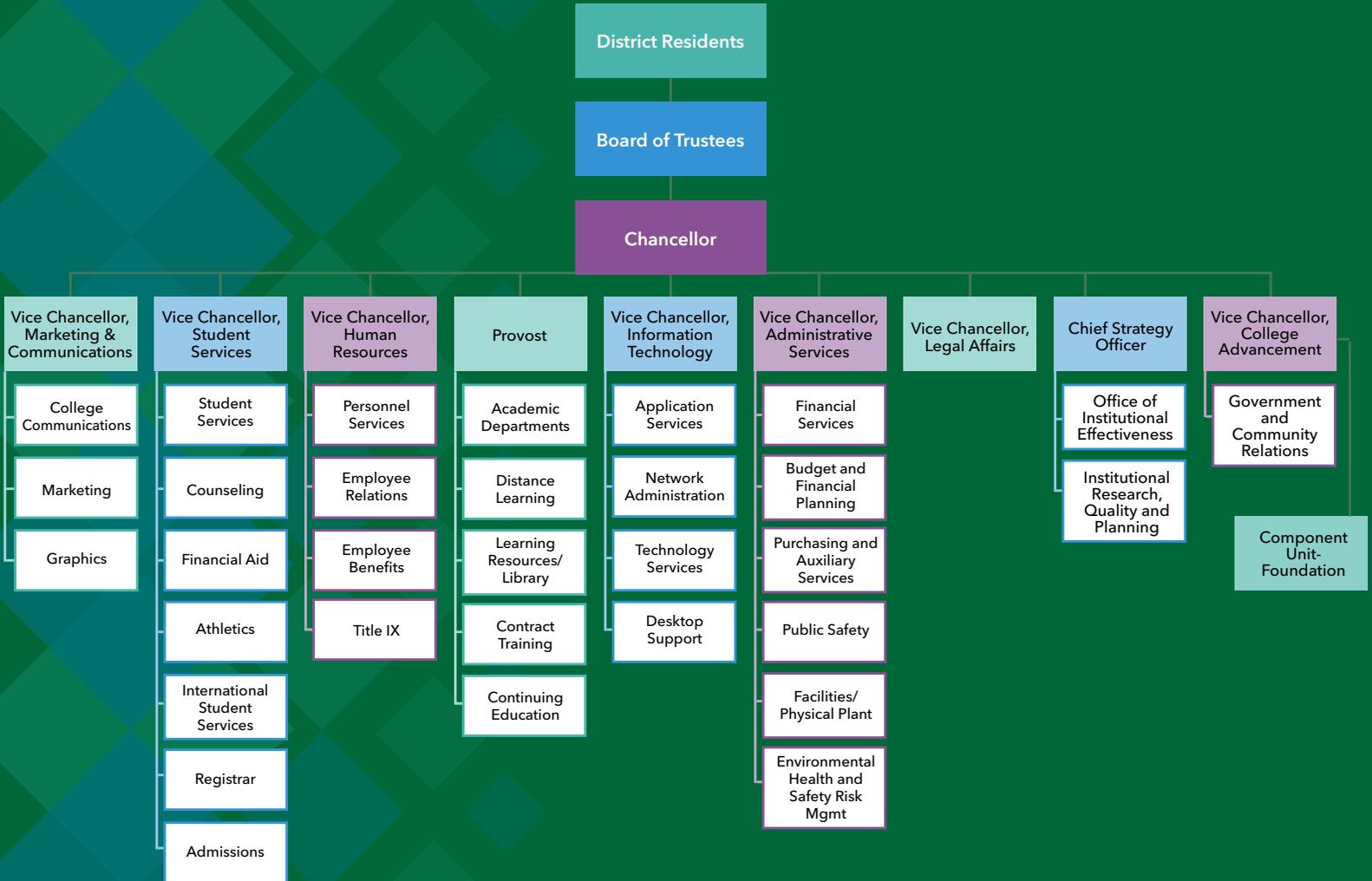
KATHLEEN A. BERTOLINI
Trustee
Elected: Since 2016



SHIRLEY J. BRYANT
Trustee
Elected: Since 2008



CHRISTINE M. O'SULLIVAN
Trustee
Elected: Since 2012



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



\$97 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 2020: **302,264**
- ◆ Unduplicated head count: **24,387**
- ◆ **40%** male; **53.1%** female
- ◆ **75.3%** are part-time students

FACILITIES by the numbers

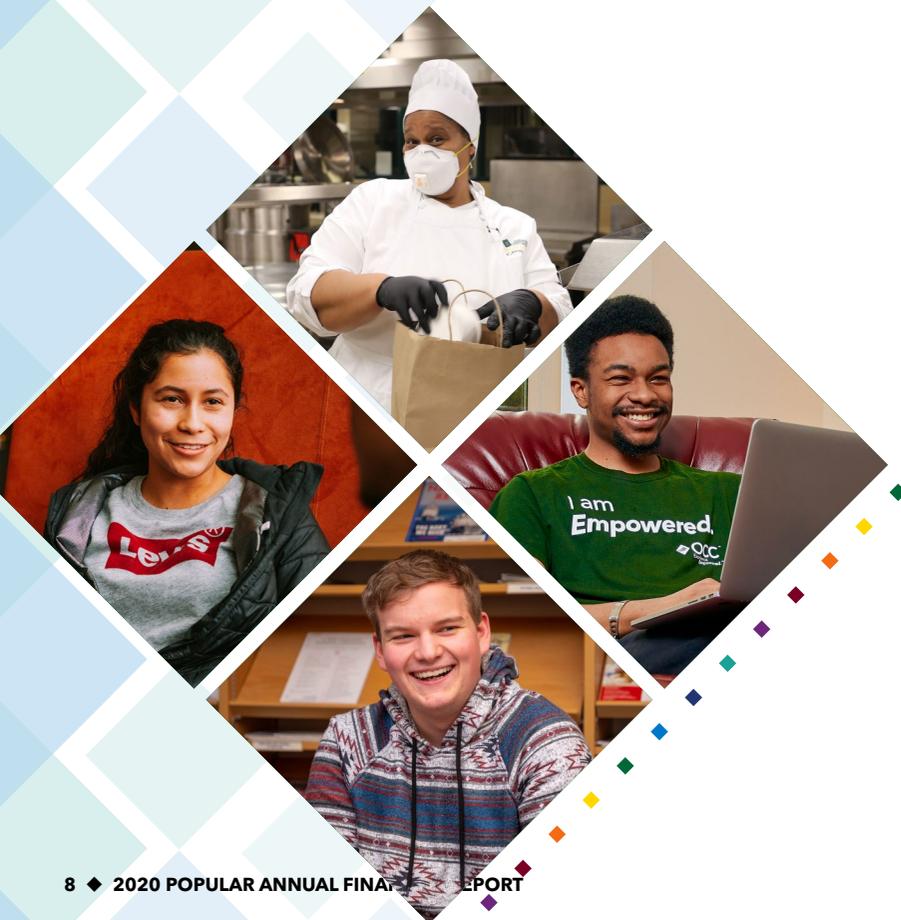
- ◆ **400+** classrooms on **5** campuses
- ◆ **500+** acres over **6** sites
- ◆ Nearly **2.2** million square feet
in facilities

most popular PROGRAMS by the numbers

- ◆ Business and Information Technology **18.6%**
- ◆ Communication, Arts, and Humanities **17.7%**
- ◆ Nursing and Health Professions **17.3%**
- ◆ Communication, Arts, and Humanities or Social Science **9.4%**
- ◆ Mathematics, Natural and Life Sciences **7.7%**
- ◆ Engineering, Manufacturing and Industrial Technologies **5.6%**
- ◆ Social Science **3.5%**
- ◆ Public Services **3.5%**
- ◆ Learning Resources **0.1%**
- ◆ Major Undeclared/Unknown **16.5%**



2020 POINTS OF PRIDE



COLLEGE

College Academics & Student Services

- ◆ At the beginning of the pandemic, more than 3000 courses were migrated within weeks to remote learning or online formats to ensure our students continue their education
- ◆ Using CARES Act funding, OCC awarded over \$1 million to nearly 2,100 students impacted by COVID-19
- ◆ Online campus is 100% ADA compliant and offers 24/7 student services to assist students anytime/anywhere
- ◆ Awarded Gold Status by Michigan Veterans Affairs Agency
- ◆ \$250,000 + awarded in scholarship dollars
- ◆ Faculty and administration as expert speakers at national, regional and state conferences
- ◆ OCC ranked #1 for best college in Michigan 2020 by edsmart.org based on affordability, student satisfaction, academic quality and salary after attending
- ◆ Offering nearly 100 degrees and certificates, OCC is one of Michigan's largest multi-campus community college and No. 1 transfer institution in the state

Programs

- ◆ One of the largest nursing associate degree programs in the nation
- ◆ Largest ESL program in Michigan
- ◆ Sign Language Interpreter Program is first and only accredited program in Michigan, one of five accredited associate degree programs nationwide
- ◆ Largest police academy in southeast Michigan
- ◆ Fire Academy is only nationally and internationally accredited program in Michigan
- ◆ Exclusive provider of Homeland Security education to TSA employees throughout Michigan

Administration

- ◆ During the height of the pandemic, loaned two ventilators to Henry Ford Health System and two ventilators to Ascension Health System from OCC's Respiratory Therapy program; donated much-needed Personal Protective Equipment (PPE) to Beaumont Health System
- ◆ OCC Foundation celebrated its 40th anniversary and marked its 10 millionth dollar raised
- ◆ 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
- ◆ OCC Partnership with Detroit Institute of Arts' Inside|Out Program featured 15 DIA reproductions across all campuses

Economics & Employability

- ◆ Economic and Workforce Development leader in business and industry providing nearly \$5 million in contract training to 22 companies
- ◆ OCC is top school in Michigan for awarding skills certifications through the National Coalition of Certification Centers (NC3)
- ◆ Auto servicing faculty head Claude Townsend is the only certified NC3 Master Instructor at a Michigan community college
- ◆ Lead college and fiduciary for a multi college and agency collaboration expanding apprenticeships in southeast Michigan through a \$4 million federal grant
- ◆ Sponsor of MICareerQuest drawing 10,000 high school students from six counties to explore professional trades careers
- ◆ OCC student apprentice Amanda Todd and her employer FEV North America were recognized with Michigan Works! Association Impact Award

PEOPLE

Faculty/Staff & Students

- ◆ Vice Chancellor Bobbie Remias Named One of Crain's "Notable Women in Finance"
- ◆ Kelly Flores, Program Coordinator for Sign Language Interpreter program, published her first book Principles of Interpreting
- ◆ English faculty David James published two books of poetry— A Gem of Truth and Nail Yourself Into Bliss
- ◆ English faculty Ryan Dillaha released his latest folk album—Closer to Better
- ◆ Academic Dean Cindy Carbone honored by Phi Theta Kappa for 25 years of service
- ◆ Culinary Studies Institute Chef Julie Selonke awarded with Michigan Educator of the Year by the American Culinary Federation
- ◆ Culinary Studies Institute student Hitomi Tomobe named the American Culinary Federation Student Chef of the Year
- ◆ Math faculty Julie Gunkelman named president of the Michigan affiliate of the American Mathematical Association of Two-Year Colleges
- ◆ OCC Marketing & Communications Department won three NCMPR Silver Medallion Awards, two IABC Renaissance Awards and one IABC Silver Quill Award for their innovation and marketing excellence

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

Over the past few years, the College’s mission and values have been 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 the Chair of the Academic Senate and other directors across all areas of the College. This committee continues to enhance the clarity and focus of the overall strategic plan. The purpose of this cross-college, expanded group is to build upon the strong foundation that already exists within the strategic plan by adding a longer-term planning dimension.

The SPC reviews key data trends across the College, discusses improvements to the strategic planning process and brainstorms and prioritizes the most important focus areas for Oakland Community College over the next few 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).

The College’s three values 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. The SPC’s goal is ensure that the College’s vision aligns with best practices at community colleges and fosters enthusiasm. The vision statements seek to provide 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.

Framework for Strategic Plan

Over five years ago, the College began working with a consulting firm to participate in a strategic planning process. This initially improved the College's long-range planning and overall approach to strategy development, deployment and execution. The renewed mission, value statements, and vision and strategic objectives are all results of this systematic approach to planning for the College's future.

Under the leadership of the College's Chief Strategy Officer, OCC continues to focus its attention on strategic planning and developing Strategic Directions.



The College's initial Strategic Directions are as follows:

Strategic Direction 1: *Optimize educational offerings and opportunities to meet the needs of the community.*

- ◆ Promote Educational Access
- ◆ Implement a Strategic Enrollment Management Framework
- ◆ Promote a Climate of Educational Innovation and Excellence
- ◆ Promote the Holistic Development of all Individuals
- ◆ Implement Innovative, Comprehensive and Effective Student Support Services
- Advance Diversity, Inclusion, Civility, and Equity Policy and Practice
- Improve Retention, Persistence, and Completion

Strategic Direction 2: *Improve Institutional Culture & Climate.*

- Promote a Culture of Accountability to Shared Goals
- Improve the Availability, Access, and Timely Publication of Essential Institutional Data
- Develop and Deploy Intentional Communication Structures and Systems
- Promote a Culture of Collaboration, Civility, Inclusion, and Equity

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, 2019. This was the fifth 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, 2020 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, 2019. This is the second year that the college has received this award. 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. We believe our current report for fiscal year ended June 30, 2020 continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to the GFOA to determine its eligibility for another award.

The College submitted its Budget and Financial Forecast for Fiscal Years 2019-2023 to the GFOA for consideration of the Award for Best Practices in Community College Budgeting. In order to receive this award, budget processes are evaluated based on a number of criteria that focus on optimizing student achievement within available resources. In March 2020, the GFOA presented the College with the Award for Best Practices in Community College Budgeting for the initial submission. The College has continued its involvement in this valuable program with annual applications for the

2020-2024 and the 2021-2025 budget years and is awaiting notification of those awards. The continued participation in this program represents the College's support of best practices in community college budgeting and a commitment to continued budget process excellence.



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, 2019

Christopher P. Morill

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. 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.

Fiscal year 2020 brought greater challenges with the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19 in the last quarter of the year. The College quickly pivoted to a remote online learning environment and had minimal employees on campus performing essential operations during the Stay-at-Home executive order. The College continued to maintain all financial operations and services to the College community utilizing technology to monitor both revenues and expenses for the last quarter of the fiscal year.

To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The severity of the continued impact due to COVID-19 on the College's financial

condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

The Board of Trustees has a fiduciary responsibility to ensure that public funds are used in a transparent, ethical, and fiscally responsible manner. The College has a policy approved by the Board that requires annual budgeting 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. The College's out of district/out of state rate is about average

when compared to the other 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, 2020. The information contained within this Popular Annual Financial Report (PAFR) is extracted from the financial information contained within the FY2020 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, 2020. 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..... \$55.5

Non-current assets:

Long Term Investments..... \$320.3

Capital assets - non-depreciable..... \$22.3

Capital assets, net of depreciation \$105.2

▶ **Total assets** **\$503.3**

▶ Total Deferred outflows
of resources \$68.8

LIABILITIES

Current liabilities \$23.2

Non-current liabilities..... \$253.8

▶ **Total liabilities** **\$277.0**

▶ Total Deferred inflows of resources..... \$47.5

NET POSITION

Net investment in capital assets \$125.6

Restricted..... \$0.4

Unrestricted..... \$121.6

▶ **Total net position** **\$247.6**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in millions)

REVENUES

Operating revenues

Tuition and fees, net.....	\$29.8
Federal grants and contracts	\$3.0
State, local and non-governmental grants and contracts.....	\$1.4
Auxiliary and miscellaneous revenues....	\$5.1
▶ Total operating revenues.....	\$39.3

Non-operating revenues

Pell grant revenue.....	\$14.6
CARES act revenue.....	\$1.7
Property taxes	\$89.6
State appropriations.....	\$23.3
State appropriations for UAAL.....	\$7.1
Investment income	\$8.4
Net realized and unrealized gain on investments.....	\$12.8
▶ Total non-operating revenues.....	\$157.5

▶ **Total revenues** **\$196.8**

EXPENSES

Instruction.....	\$54.6
Instructional Support.....	\$19.9
Student Services	\$27.6
Institutional Administration/ Public Services	\$18.4
Information Technology.....	\$9.1
Physical plant operations.....	\$18.1
Depreciation	\$17.4

▶ **Total expenses** **\$165.1**

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, 2020 and changes in net position for the year ended June 30, 2020. The college's Statement of Net Position at June 30, 2020, had assets of \$503.3 million, and liabilities of \$277.0 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, 2020 was \$206.5 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, 2020 was \$43.9 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.

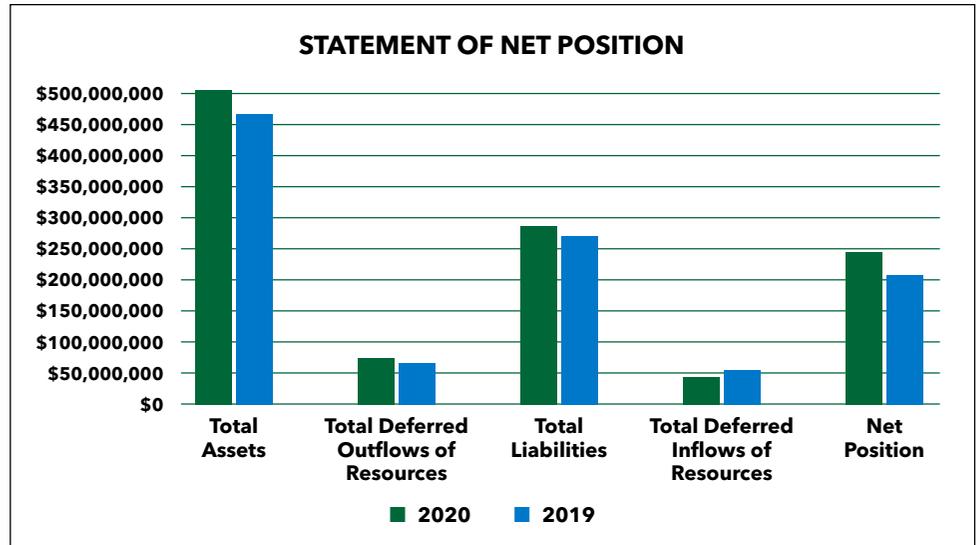
The college has \$127.6 million invested in capital assets, net of accumulated depreciation of \$298.1 million at June 30, 2020. Additions to capital assets during 2020 included costs for both internal and external maintenance and renovation projects at various campus sites. Capital additions were \$14.8 million during 2020. In 2020, the College paid its third 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 \$2.0 million to be paid in December over the next two years.

The college's revenues and other support exceeded expenses by \$31.7 million in 2020. This was primarily due to containing costs across all departments, an increase in property tax revenue as well as an increase in investment income and realized and unrealized gain on investments at June 30, 2020 of \$12.8 million. Current assets totaled \$55.5 million in 2020. The fluctuations in current assets for the past few years were primarily the result of changes in the college's investment policy and portfolio.

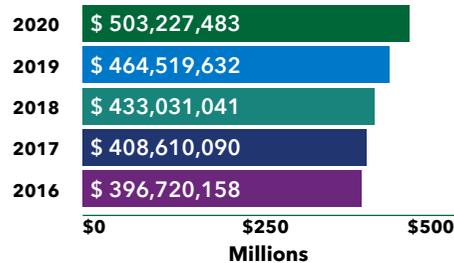
The college's net position, which represents the residual interest in the college's assets and deferred outflows after liabilities and deferred inflows are deducted, totaled \$215.8 million as of June 30, 2019. Although unrestricted net position is not subject to externally imposed restrictions, virtually 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.

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 \$247.6 million as of June 30, 2020. 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.

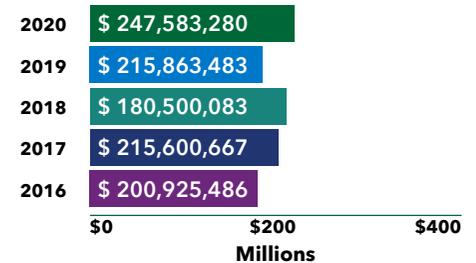


HISTORICAL INFORMATION

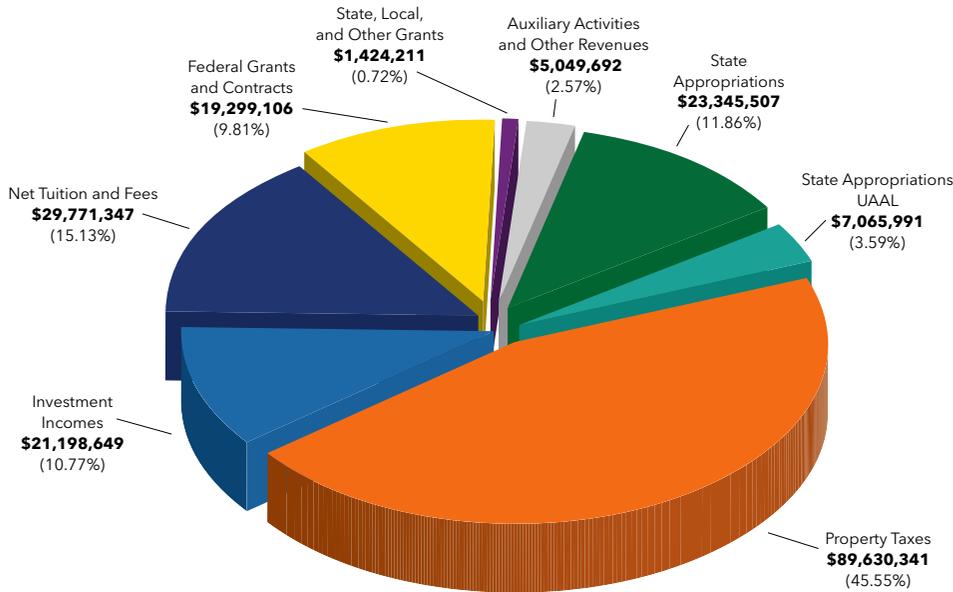
Total Assets



Total Net Position



WHERE DOES THE MONEY COME FROM?



Operating Revenues

◆ Net student tuition and fee revenue (after scholarship allowance) remained fairly stable with a modest decrease of less than .5 percent for the year ended June 30, 2020. Gross tuition and fee revenue also remained stable with a modest decrease of approximately .23 percent for fiscal year ended June 30, 2020. Contact hours decreased by 3.3 percent for fiscal year ended June 30, 2020. The contact hour declines in fiscal year 2020 are offset by the tuition rate increases of 3% for both In-district and Out-of-district tuition.

◆ In 2020, total Federal grants and contracts revenue increased by 3.7 percent from 2019. This increase is a result of the receipt of funding for the CARES grant for both direct payments to students and institutional expenses related to the disruption of campus operations due to COVID-19. Decreased enrollments continue to affect the revenue received for the federal Pell grant program and Federal Work Study program.

◆ Auxiliary services and other miscellaneous revenue decreased by approximately 9.3 percent during fiscal year ending June 30, 2020. 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 2020, state grants and contracts and other non-governmental grants revenue decreased by 14.8 percent from 2019 due to decreases in funding for several state and local programs and scholarships.

◆ 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.

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.

- ◆ In 2020, there was a decrease of \$1.3 million or 4.1 percent in total state appropriations from 2019. Initially, state appropriations including UAAL payments for fiscal year 2020 were forecasted to be approximately 3.5 percent higher than 2019. However, a state executive order in July 2020 cut state appropriations by 11 percent or \$2.5 million. These funds will be replaced with Coronavirus Relief Funds (CRF) in the same amount but will be recognized to the extent of qualified expenses in fiscal year 2021.
- ◆ Personal property tax reimbursement from the state in the amount of \$2.1 million 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 \$7.0 million for 2020, resulting in \$7.1 million of revenue after consideration of GASB 68 and GASB 75 in 2020 as well as MPSERS related cash outlay and expenses of equal amounts.
- ◆ In 2020, property taxes increased by \$3.5 million or 4.1 percent over 2019. These increases are a result of taxable values in Oakland County, Michigan continuing to increase.

- ◆ As the economy grew stronger and interest rates increased, investment income increased by 7.8 percent during 2020. Realized gains on investments were \$1.6 million in 2020. With the assistance of the College's investment manager, 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 are primarily a result of market fluctuations in interest rates due to economic conditions in the United States. 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 2020, with interest rate decreases, the unrealized gains were \$11.2 million. Nearly 90 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.

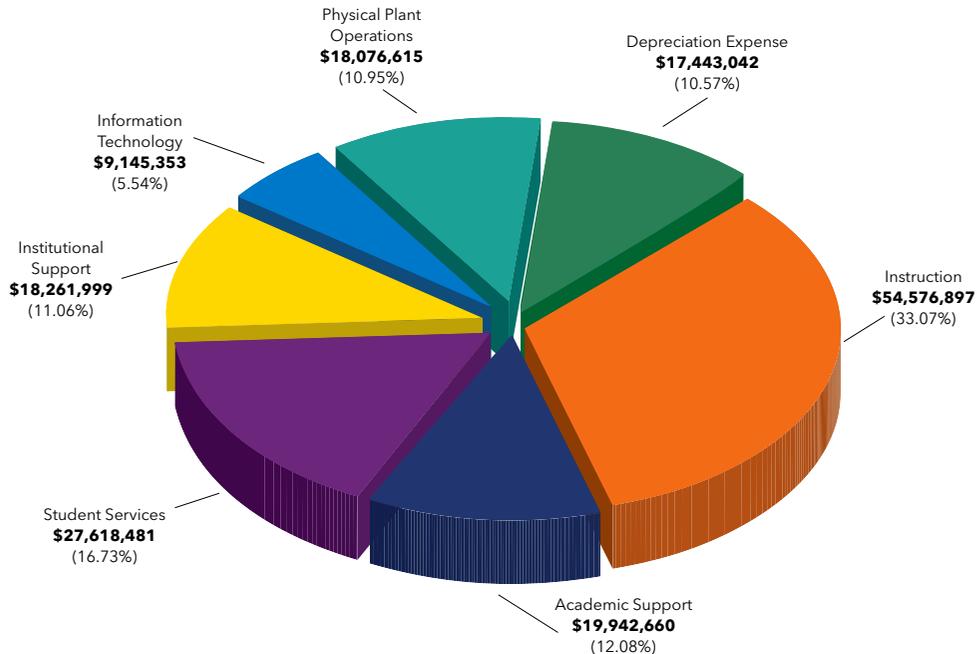
PROPERTY TAXES: WHERE DOES YOUR DOLLAR GO?

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.



Entity	Amount
Schools	\$0.55
Cities	\$0.30
County	\$0.09
Parks	\$0.02
OCC	\$0.04
TOTAL	\$1.00

WHAT IS THE MONEY USED FOR?



- ◆ Instruction costs increased by 6.0 percent in 2020. Academic Support expenses increased by 5.0 percent in 2020. Costs in Student Services increased by 6.0 percent in 2020. Institutional Support expenses increased by 15.4 percent in 2020. These increases in all categories are due primarily to the increase in payroll-related expenses.
- ◆ Information Technology expense increased in 2020 from 2019 by 15.5 percent due to contracted salaries and expenses for software and hardware.
- ◆ Physical Plant Operations increased by 2.2 percent in 2020. These increases are a result of maintenance and repair expenses as well as minimal utility increases.

Operating Expenses

Operating Expenses are the costs for the college to conduct the programs necessary to carry out the principal purposes of the college.

The primary operating expenses of the college are salaries, payroll taxes, and related fringe benefits. The college incurred \$110.5 million of payroll-related expenses during the year ended June 30, 2020. This represents approximately 67.0 percent of the college's operating expenses during 2020.

Salary expenses have increased in 2020 from 2019 by 8.9 percent. Payroll taxes and related fringe benefits increased by 23.7 percent from 2019 to 2020. In 2019, the UAAL state appropriations received were \$7.0 million, resulting in \$7.1 million of revenue after consideration of GASB 68 and GASB 75.

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

Over 25 years ago, 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, 2010 and again in November 2020. 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 of large equipment and infrastructure including boilers at the Orchard Ridge campus, roof replacement at Auburn Hills campus, and paving at various campuses. In addition, a major building project at Auburn Hills has begun.

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. Construction began on the Auburn Hills C-Building early in fiscal year 2020. Unfortunately, due to COVID-19 and the governor's executive stay-at-home order, construction was halted and delayed for a couple months but is back underway with estimated completion in the summer of 2021.

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)

	2020*	2019	2018	2017	2016
Faculty Full-Time	212	204	207	216	236
Faculty Part-Time	535	512	531	723	651
Total Faculty	747	716	738	939	887
Administrators	85	88	81	77	77
Support Full-Time	365	370	350	358	381
Support Part-Time	110	124	107	121	96
Total Support	475	494	457	479	477
Actual Total Employees Reported	1307	1298	1276	1495	1441
Total FTE	784	874	766	897	865

Notes:

Management occupations in IPEDS = administration in this report

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

*2020 figures are estimated – IPEDS data not yet complete

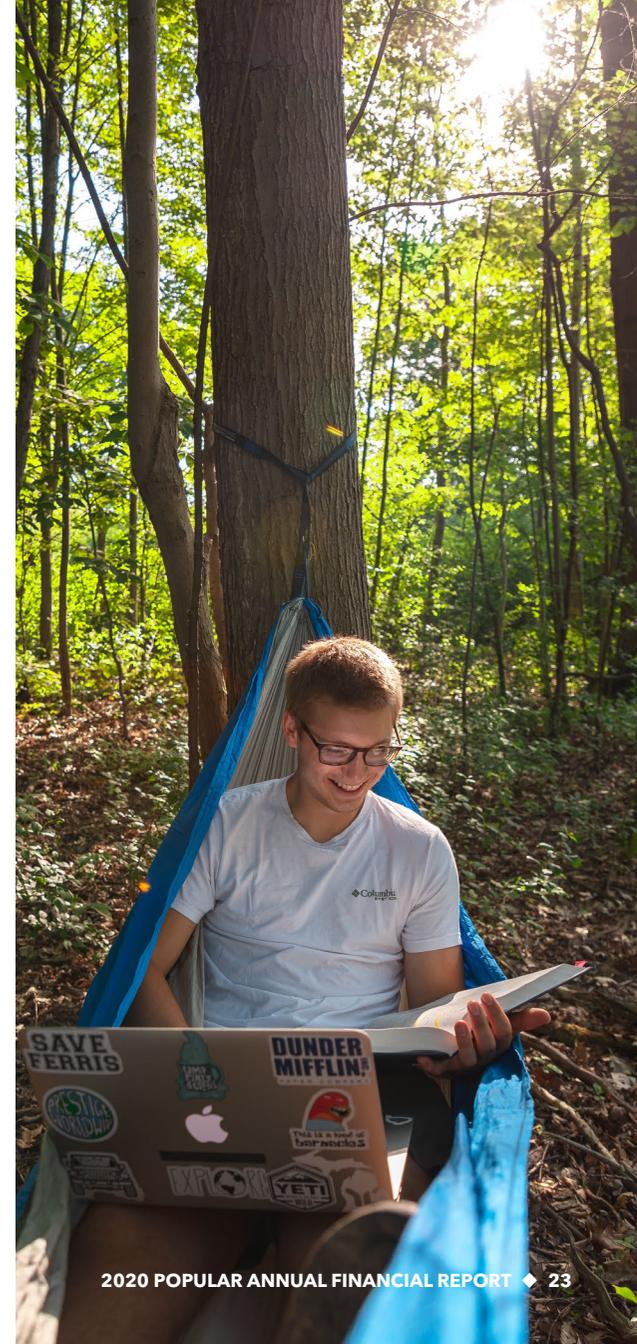
Source: IPEDS report – categories defined as instruction, management. All other categories listed under Support.

In-District Tuition

ACADEMIC YEAR BEGINNING IN FALL	TUITION RATE	INCREASE (DECREASE) PERCENT	MICHIGAN COMMUNITY COLLEGE AVERAGE	PERCENT OF STATE AVERAGE
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
2019	\$94.50	0.03	\$117.33	0.81

Out-of-District Tuition

ACADEMIC YEAR BEGINNING IN FALL	TUITION RATE	INCREASE (DECREASE) PERCENT	MICHIGAN COMMUNITY COLLEGE AVERAGE	PERCENT OF STATE AVERAGE
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
2019	\$183.00	0.03	\$189.54	0.97



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