

Popular Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2018



**OAKLAND
COMMUNITY
COLLEGE™**
Excellence *Empowered.*™

THE POWER OF OCC

To look around our community is to be reminded of the **power of OCC**.

It's the spark that energizes every office, exam room, precinct, classroom, and job site.

It's a community-driven dedication to doing **excellent work**, raising **excellent families**, and building an **excellent future** for our diverse and amazing region.

The power of OCC is the **power to move minds** and **change lives**...

...to turn **potential** into **professional**.

...to start a **new family tradition** of higher education.

...to dream **bigger**, and achieve **more**.

The **power** to honor our region's tradition of **persistence** and **innovation**...

Even as our community sets a bold new course **for the future**.

We're defined by our **quality**, and devoted to our **students**.

We're **powered** by our faculty, and **empowered** by our community.

We're over **50 years** strong, bringing **excellence** to our economy, environment, and workforce.

We are OCC. Excellence
Empowered.™



TABLE OF CONTENTS

Letters from the Chancellor and CFO	4-5
Board of Trustees.....	6
Organizational Chart.....	7
History, Overview and Fast Facts.....	8-9
Points of Pride	10-11
Strategic Plan	12-14
Financial Planning and Financial Highlights	15-19
Where Does the Money Come From?	20-21
What is the Money Used For?	22
Facilities and Grounds	23-24
Major Capital Projects.....	25
Demographic and Economic Information.....	26
Oakland Community College Foundation	27

A Letter from the Chancellor



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. Since OCC opened its doors over 50 years ago, we have provided education to more than one million students. The college exercises careful stewardship of the financial resources the public entrusts to us, both through local property taxes and state financial support. 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 that integrity and transparency in financial reporting are essential to maintaining trust with our stakeholders. I personally thank the community for its support, and for being a partner with the college to help our students succeed both in college and beyond.

The PAFR provides a snapshot of Oakland Community College's financial performance and major initiatives at the end of its fiscal year, June 30, 2018, as well as statistical and historical information about the college. The financial information contained in this report is derived from the 2018 Comprehensive Annual Financial Report (CAFR), prepared in conformity with Generally Accepted Accounting Principles (GAAP). 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.

As Oakland Community College begins another fiscal year, we find the college is well positioned to meet the needs of our students and community.

Respectfully,

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

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

A Letter from the Vice Chancellor for Administrative Services



It is my pleasure to present Oakland Community College's first Popular Annual Financial Report (PAFR) for the year ended June 30, 2018. This report was prepared by the Financial Services department of Oakland Community College and contains a variety of information presented in a straightforward, simplified format. 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, including the college's mission, values and Vital Few Objectives. In addition, the fiscal year 2018 "points of pride" are included along with information on our facilities and capital projects, and statistics on our students and employees.

The administration, faculty and staff at OCC continue to work diligently to fulfill the college's mission of being committed to empowering students to succeed and advancing our community. We strive to provide high-quality, accessible educational opportunities. Our tuition remains among the lowest in Michigan helping to reduce the cost of attaining a degree or certificate. Participation in programs like the Higher Learning Commission's Persistence and Completion Academy demonstrates the college's commitment to ensuring that students succeed in reaching their educational goals.

OCC also 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 by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. We have been recognized as a leader through our receipt of the Certificate of Achievement for Excellence in Financial Reporting for the past three years from the GFOA. I am proud that OCC was once more a recipient of this prestigious award from the country's leading government finance organization.

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 that 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 my office at raremi@oaklandcc.edu.

Sincerely,

A handwritten signature in black ink that reads "Roberta Remias". The signature is written in a cursive, flowing 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



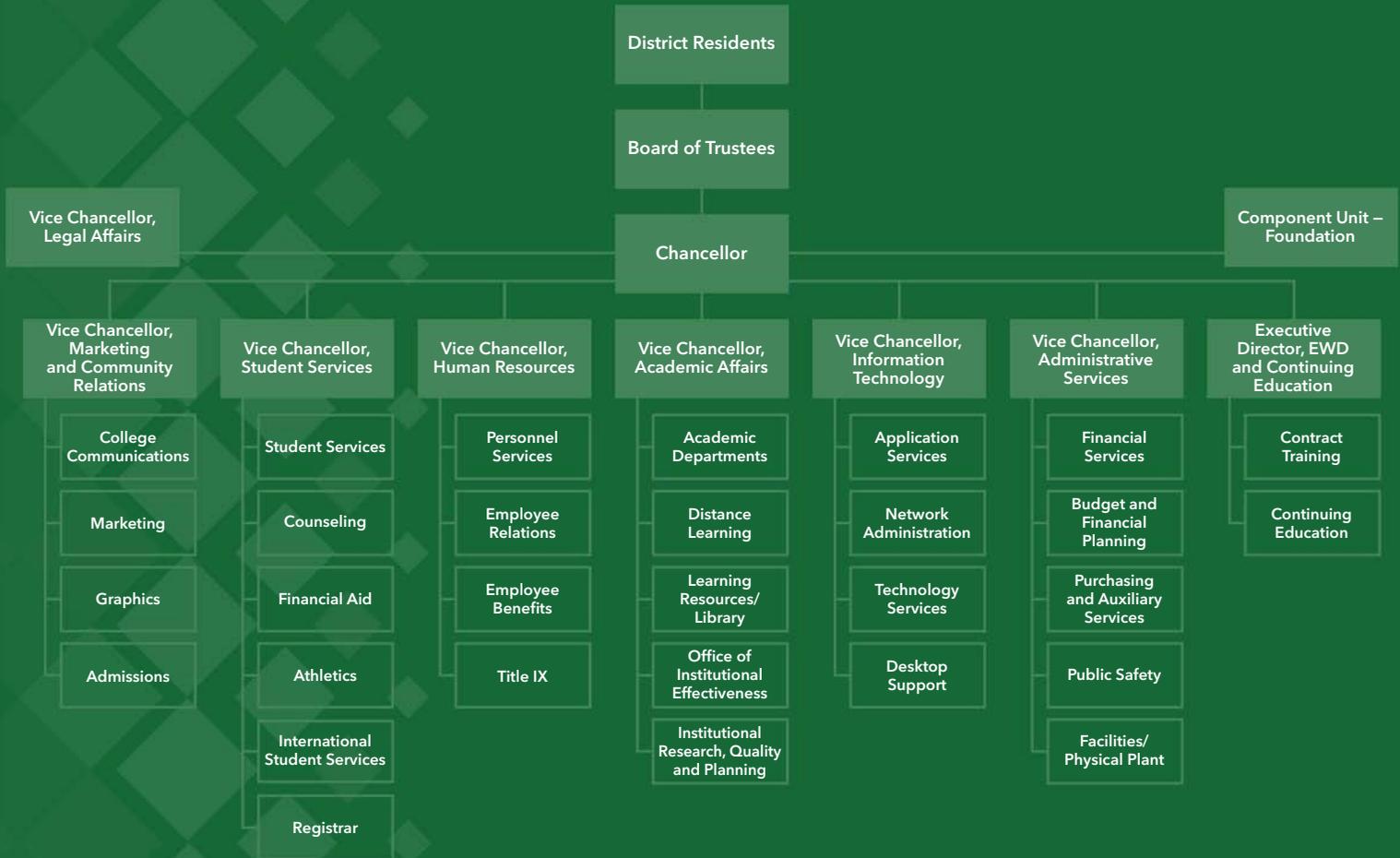
KATHLEEN A. BERTOLINI
Trustee
Elected: Since 2016



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.



\$92 cost per contact hour
– among the **lowest** in Michigan



#1 transfer institution
in Michigan



\$200,000+ awarded in scholarship dollars annually



19/1
average student/faculty ratio



The **only 911 dispatch academy** in Michigan



Largest Nursing associate degree program in the nation



Fire Academy: only nationally and internationally accredited program



First & only accredited Sign Language Interpreter program in Michigan – **1 of 5 nationwide**



Surgical Tech and Nursing: **95%** student licensing **pass rate**



2,726 degrees awarded in 2018



96 active academic programs

STUDENTS by the numbers

- ◆ Credit hours taken in 2018: **337,533**
- ◆ Unduplicated head count: **27,113**
- ◆ **43.3%** male; **54.9%** female (1.8% unreported)
- ◆ **80.2%** 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%**

Fast **FACTS**

2018 POINTS OF PRIDE



COLLEGE

College Academics & Student Services

- ◆ #1 transfer institution in Michigan
- ◆ 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
- ◆ \$220,000+ awarded in scholarship dollars
- ◆ Faculty and administration as expert speakers at national, regional and state conferences

Economics & Employability

- ◆ International/Global Center
- ◆ Headquarters to Asian Pacific American Chamber of Commerce and Consul Generals Corps of Michigan
- ◆ Two signed agreement in Wuhan, China (Polytechnic Institute, Railway Station) to provide student exchange program
- ◆ 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 four in Michigan
- ◆ Oakland County partner in inaugural MiCareerQuest Southeast

Administration

- ◆ AACC National Safety Award
- ◆ CAFR Financial Award of Excellence, one of only two community colleges in Michigan
- ◆ New brand campaign
- ◆ First co-branded community college/university digital billboard campaign

Athletics

- ◆ MCCA Eastern Conference Champions: Softball, Volleyball
- ◆ 2018 National Tournament Qualifier: Golf, Volleyball
- ◆ Four Academic All-American Athletes
- ◆ 40% of athletes earned athletic and/or academic awards

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 awards
- ◆ Robotics: 2018 grant from the National Science Association

PEOPLE

Faculty/Staff & Students

- ◆ 2018 AACC National Faculty Award Finalist: Julie Gunkelman, Math Faculty – one of only four nationally
- ◆ 2018 American Academy Chef Service Award: Kevin Enright, Culinary Faculty
- ◆ 2018 *Michigan Chronicle* 40 under 40: Jahquan Hawkins, Dean of Student Services
- ◆ 2018 Lifetime Achievement Award: Cindy Carbone, Academic Dean
- ◆ 2018 Lifetime Achievement Award: Carole Bennett, Faculty
- ◆ 2018 Michigan Chefs de Cuisine Student Chef of the Year Award: Andrew Dos Santos

Alumni

- ◆ 2018 *Crain's* 20 in their 20s: Paul Gallagher, President and CEO, Genesis In-Home Health Care
- ◆ 2018 Commander, International Space Station: Dr. Andrew Feustel, NASA astronaut
- ◆ 2018 Olympic athlete: Alex Gamelin, skater
- ◆ 2018 Chef of the Year, Michigan Chefs de Cuisine: Chef Rob Coran, executive chef, Walnut Creek Country Club
- ◆ 2018 Pastry Chef of the Year, Michigan Chefs de Cuisine: Chef Mark Slessor, Royal Park Hotel
- ◆ 2018 Chef Educator of the Year, Michigan Chefs de Cuisine: Chef Terri Briggs
- ◆ 2018 Phi Theta Kappa, Distinguished Chapter Officer Award: Joseph Javier

STRATEGIC PLAN

In 1966, the Community Colleges Act helped institutions such as OCC define their mission. In the fall 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, the Executive Director of Planning, Quality & Accreditation 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 had 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 Vital Few Objectives (VFO's) are now organized by each of these three components of the vision. The VFO's 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 SPC identified the five most important existing initiatives within the strategic plan to be renewed for fiscal year 2019.

Updated Fiscal Year 2019 Initiatives

- ◆ Enhance utilization of people, processes and technology
- ◆ Implement processes to increase persistence and completion
- ◆ Foster key partnerships
- ◆ Improve collaboration, trust, respect and accountability
- ◆ Promote diversity throughout the college

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 for the fiscal year ended June 30, 2017. This was the third 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, 2018 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.

For the first time, Oakland Community College has submitted to the GFOA its annual budget document for the fiscal year beginning July 1, 2018 for the Distinguished Budget Presentation Award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. We believe our current annual budget document conforms to program requirements, and we look forward to the GFOA's consideration to determine the eligibility for the Distinguished Budget Presentation award.



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, 2018. The information contained within this Popular Annual Financial Report (PAFR) is extracted from the financial information contained within the FY2018 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: www.oaklandcc.edu.

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, 2018. 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.....	\$82.9
Non-current assets:	
Long Term Investment	\$210.1
Capital assets - non-depreciable.....	\$14.0
Capital assets, net of depreciation.....	\$126.0
▶ Total assets	\$433.0
▶ Total Deferred outflows of resources.....	\$37.9

LIABILITIES

Current liabilities	\$21.2
Non-current liabilities.....	\$237.2
▶ Total liabilities	\$258.4
▶ Total Deferred inflows of resources.....	\$32.0

NET POSITION

Net investment in capital assets	\$136.2
Restricted.....	\$1.2
Unrestricted.....	\$43.1
▶ Total net position	\$180.5

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in millions)

REVENUES

Operating revenues

Tuition and fees, net.....	\$30.8
Federal grants and contracts	\$3.1
State, local and non-governmental grants and contracts.....	\$6.5
Auxiliary and miscellaneous revenues....	\$6.5
▶ Total operating revenues.....	\$46.9

Non-operating revenues

Pell grant revenue.....	\$18.1
Property taxes	\$82.9
State appropriations.....	\$24.7
State appropriations for UAAL.....	\$9.0
Investment income	\$4.6
Net realized and unrealized loss on investments.....	-\$4.0
▶ Total non-operating revenues.....	\$135.3
▶ Total revenues	\$182.2

EXPENSES

Instruction.....	\$51.6
Instructional Support.....	\$22.7
Student Services	\$28.1
Institutional Administration/ Public Services	\$16.2
Information Technology.....	\$7.2
Physical plant operations.....	\$14.5
Depreciation	\$16.7
▶ Total expenses	\$157.0

Statement of Net Position

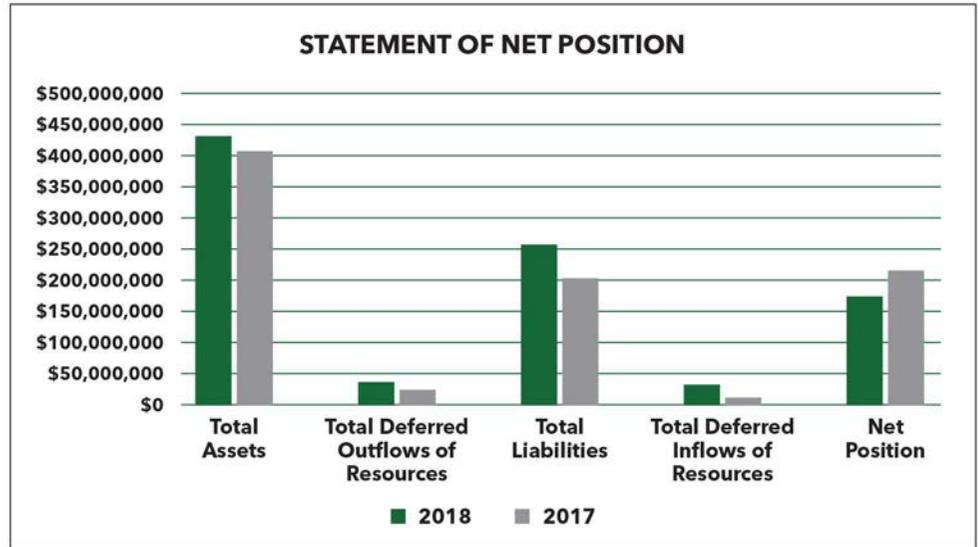
The financial statements report information on the college as a whole. These figures report the college's financial position as of June 30, 2018 and changes in net position for the year ended June 30, 2018. The college's Statement of Net Position at June 30, 2018, had assets of \$433.0 million, and liabilities of \$258.4 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, 2018 was \$173.5 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, 2018 was \$59.5 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 \$140.0 million invested in capital assets, net of accumulated depreciation of \$264.3 million at June 30, 2018. Additions to capital assets during 2018 included costs for both internal and external maintenance and renovation projects at various campus sites. Capital additions were \$14.9 million during 2018.

The college paid off its long-term bonds outstanding from 2003 during the year ended June 30, 2018 with a debt repayment of \$820,000. In 2018, the college entered into a 5-year installment purchase agreement for the purchase of computer hardware, software and maintenance. The college made the first installment payment in fiscal year 2018 and the remaining payments of principal and interest total \$4 million to be paid in December over the next four years.

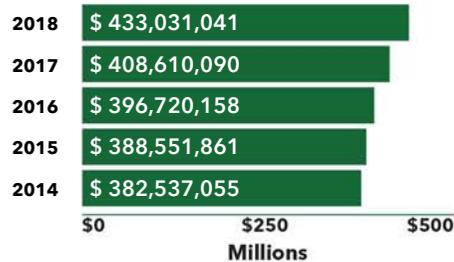
The college's revenues and other support exceeded expenses by \$25.3 million in 2018. This was primarily due to cost cutting measures across all departments including elimination of vacant positions or delays in rehiring for vacancies for the past few years. Current assets totaled \$82.9 million in 2018. 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 \$180.5 million as of June 30, 2018. Net position for the year ended June 30, 2018 reflects a restatement of beginning net position of \$60.4 million related to the implementation of GASB 75. 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.

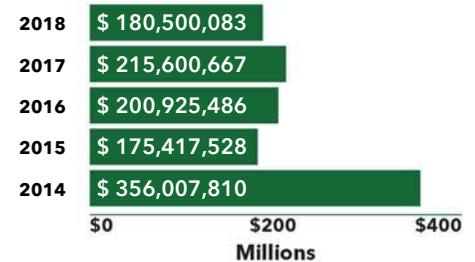


HISTORICAL INFORMATION

Total Assets

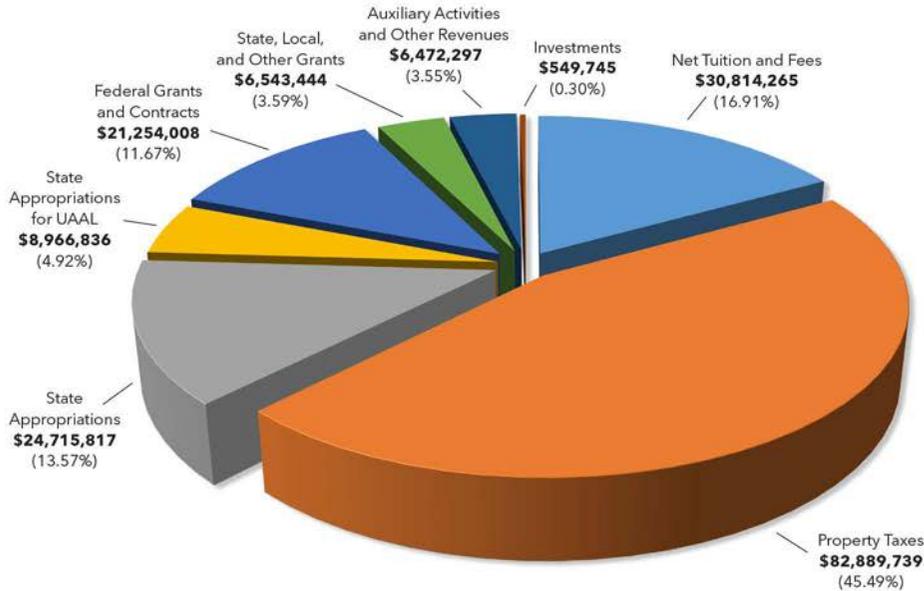


Total Net Position





WHERE DOES THE MONEY COME FROM?



Operating Revenues

◆ Net student tuition and fee revenue (after scholarship allowance) decreased approximately 6.9 percent for the year ended June 30, 2018. Gross tuition and fee revenue decreased by 4.7 percent due to continued enrollment declines for fiscal years ended June 30, 2018. Credit hours decreased by 8.3 percent for fiscal years ended June 30, 2018. The credit hour declines are partially offset by tuition rate increases and changing the methodology to billable contact hours for some courses.

- ◆ In 2018, Federal grants and contracts decreased by 8.2 percent from 2017. This decrease is due to reduced receipts for several federal programs including federal work study. Decreased enrollment affected the federal grant programs.
- ◆ Auxiliary services revenue decreased by approximately 16.1 percent during fiscal year ending June 30, 2018. The decrease is primarily due to a decrease in textbook sales resulting from declining enrollment and students purchasing their textbooks from other sources. To help offset future

declines of textbook sales, the bookstores offer a textbook rental program and have established competitive pricing. In addition, the bookstores have continued to cut costs and streamline operations in order to maintain their profit margin.

- ◆ In 2018, state and local grants increased by \$4.5 million as a result of the receipt of the state's Community College Skilled Trade Equipment program grant (CCSTEP) for equipment. The purpose of the CCSTEP grant was to provide Michigan Community Colleges funding through the skilled trades equipment program to ensure they can deliver educational programs in high-wage, high-skill, and high-demand occupations.
- ◆ In 2018, non-governmental grants increased by 13.4 percent from 2017 due to an increase in scholarship programs.
- ◆ In 2018, miscellaneous revenues increased 13.4 percent from 2017 due to facilities rentals and the sale of obsolete equipment and furniture.

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. However, in 2018, Pell revenue increased slightly by 4.1 percent.
- ◆ There was an increase of \$2.7 million or 8.8 percent in state appropriations during 2018.
- ◆ Personal property tax reimbursement from the state in the amount of \$2.3 million for 2018 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 \$8.2 million for 2018, resulting in \$9.0 million of revenue after consideration of GASB 68 and GASB 75 in 2018, as well as MPSERS related cash outlay and expenses of equal amounts.
- ◆ In 2018, property taxes increased by \$2.1 million over 2017. The increases over the past few years are a result of taxable values in Oakland County, Michigan continuing to increase.
- ◆ As the economy grew stronger, investment income increased by 40.2 percent during 2018 as interest rates increased.

◆ Realized losses on investments were \$1.1 million in 2018 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 2018, as a result of interest rate increases, the portfolio value declined and unrealized losses were \$4.0 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 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.

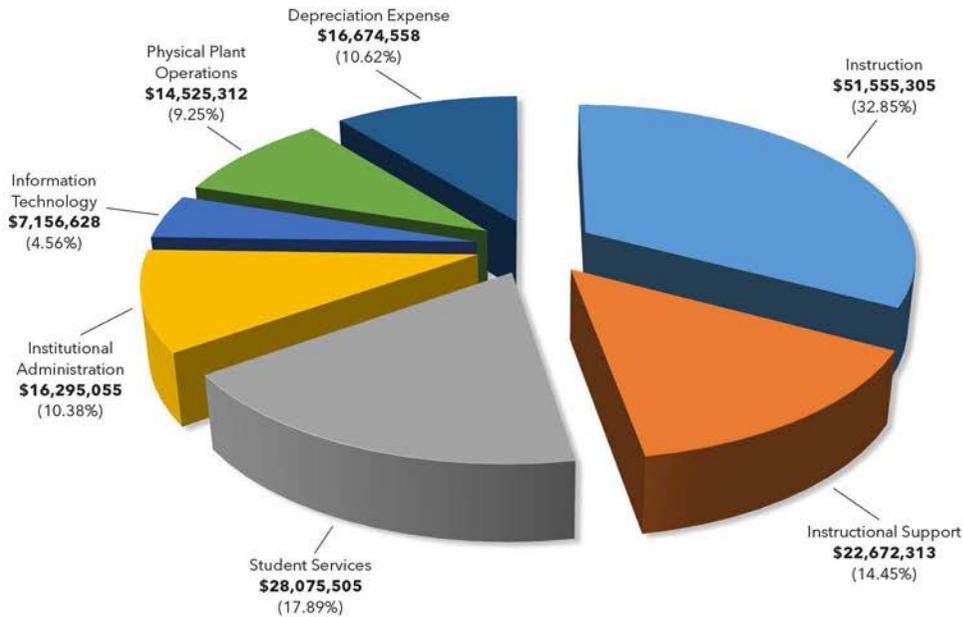
PROPERTY TAXES: WHERE DOES YOUR DOLLAR GO?

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
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, 2018. This represents

approximately 64.7 percent of the college's operating expenses during 2018. The decrease 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 decreased by 7.0 percent from 2017 to 2018 coinciding with the decrease in salaries and wages. In 2018, the UAAL state appropriations received were

\$8.2 million, resulting in \$9.0 million of revenue after consideration of GASB 68 and GASB 75. Despite these additional payments, payroll taxes and related fringe benefit costs have decreased to coincide with the elimination of positions and delays in hiring replacements of other vacant positions as previously mentioned.

- ◆ Instruction decreased 3.1 percent in 2018, as a result of continued declining enrollment and new full-time faculty hired at lower steps replacing faculty that have retired.
- ◆ Instructional Support increased by 3.0 percent in 2018.
- ◆ Costs in Student Services remained relatively the same in 2018 when compared to 2017 and decreased by .4 percent.
- ◆ Institutional Administration expenses were relatively flat in 2018 as compared to 2017 increasing by 1.6 percent.
- ◆ Information Technology expense decreased slightly in 2018 from 2017 by 1.6 percent due to salary and benefit cost reductions and other cost cutting measures in the department.
- ◆ Physical Plant Operations decreased by 16.6 percent in 2018. These reductions are due to cost cutting measures and lower utility costs.

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 \$17 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)

	2018*	2017	2016	2015	2014
Faculty Full-Time	220	216	236	248	225
Faculty Part-Time	720	723	651	1114	967
Total Faculty	940	939	887	1362	1192
Administrators	78	77	77	85	82
Support Full-Time	380	358	381	416	438
Support Part-Time	100	121	96	79	144
Total Support	480	479	477	495	582
Actual Total Employees Reported	1498	1495	1441	1942	1856
Total FTE	899	897	865	1165	1115

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
2008	\$60.10	0.03	\$74.30	0.81
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

Out-of-District Tuition

ACADEMIC YEAR BEGINNING IN FALL	TUITION RATE	INCREASE (DECREASE) PERCENT	MICHIGAN COMMUNITY COLLEGE AVERAGE	PERCENT OF STATE AVERAGE
2008	\$101.70	0.03	\$121.13	0.84
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



An Empowering FOUNDATION

The OCC Foundation is a nonprofit 501(c)(3) corporation whose purpose is to support the mission of Oakland Community College. From the beginning in 1965, the mission was to offer financial support to the college and make education “affordable and accessible” for all students. While still focused on student scholarships, over time the Foundation has taken new directions in response to community needs. Support has expanded to include academic programs, special projects, and campus facilities, touching every aspect of OCC’s work. In 2018, the Foundation provided more than 185 scholarships totaling more than \$180,000. Foundation endowments total almost \$2 million. Your support of the OCC Foundation offers hope and opportunity for our students and the community we serve. Through your generosity, people in our community achieve self-sufficiency through training in the professional trades. OCC’s unique role as both the starting point for attaining an affordable four-year degree and the path to immediate employment means your support has a lasting effect on our whole community. The students who today benefit from the Foundation’s work become the professionals our community so pressingly needs – first responders, nurses, welders, chefs and many others. For more information on how you can make a difference for a student, visit www.oaklandcc.edu/foundation.



OAKLAND COMMUNITY COLLEGE™

Foundation

www.oaklandcc.edu

248.341.2000



**OAKLAND
COMMUNITY
COLLEGE™**
Excellence *Empowered.*™

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