COLUMBUS STATE COMMUNITY COLLEGE

Basic Financial Statements

June 30, 2017

PLATTENBURG
Certified Public Accountants

Dave Yost • Auditor of State

Board of Trustees
Columbus State Community College
550 East Spring Street
Columbus, Ohio 43216

We have reviewed the *Independent Auditor's Report* of the Columbus State Community College, Franklin County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Columbus State Community College is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

October 27, 2017

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COLUMBUS STATE COMMUNITY COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Columbus State Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Columbus State Community College Development Foundation, Inc. (the Foundation) which represents 100 percent of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2017 and June 30, 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 13, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Columbus State Community College's Annual Report presents management's discussion and analysis ("MD&A") of the College's financial position as of June 30, 2017; and financial activity for the fiscal year July 1, 2016 through June 30, 2017, with selected comparative information for the fiscal years ended June 30, 2016 and June 30, 2015, when appropriate. This discussion should be read in conjunction with the accompanying financial statements and notes herein.

ABOUT THE COLLEGE

Columbus State Community College ("the College") is the region's only open-access institution, and it is the front door to higher education for more central Ohio residents than any other college or university. Columbus State is one of the largest and most comprehensive colleges in Ohio, providing affordable, high-quality programs to enhance the educational and employment opportunities of its increasingly diverse student body.

Founded in 1963 as the Columbus Area Technician School, Columbus State has been serving the Central Ohio region for over 50 years. After its beginning, in the basement of Central High School in Columbus, Ohio with an enrollment of 67 students, the School was re-chartered in 1965 as the Columbus Technical Institute (CTI) to serve students in a four-county service district that includes Franklin, Delaware, Union and Madison counties. CTI established itself in Aquinas Hall at the College's current Spring Street location. In 1987, the College was re-chartered as Columbus State Community College in order "to provide additional educational opportunities to area residents" and has risen to prominence as one of the nation's premier comprehensive community colleges.

Columbus State has a strong commitment to technical education, offering the Associate of Applied Science and the Associate of Technical Studies degree programs in business, health, human services, public service, and engineering technologies to prepare graduates for immediate employment. Columbus State has transfer agreements with dozens of four-year institutions. The Associate of Arts and Associate of Science fulfill the freshman and sophomore course requirements of bachelor's degree programs offered by any public university in Ohio and *Preferred Pathway®* partnerships with nine universities guarantee admission to students who successfully complete an associate's degree at Columbus State.

Columbus State has two campuses (Columbus, Ohio and Delaware County), and five regional learning centers throughout its four-county service district. These centers allow students to take courses closer to where they live and work. The College is a leader in distance education with the largest number of sections and enrollments in on-line education of all community colleges in Ohio, which allows many students to take classes from their homes, a library or wherever it is convenient. The College also offers degree-oriented college-level courses to qualified high school students through the *College Credit Plus* (*CCP*) program; courses are taught at the high schools, online, or at one of Columbus State's campuses or regional learning centers.

ABOUT THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities, issued in June and November 1999. The College reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34.

In addition to this MD&A, a full set of financial statements, complete with notes, is presented in the next section of this annual report, including:

- ***Statement of Net Position;***
- ***Statement of Revenues, Expenses, and Changes in Net Position; and***
- ***Statement of Cash Flows***

These statements include the College, its Auxiliaries, and the Columbus State Community College Development Foundation.

Management's discussion and analysis is focused on the primary institution and its auxiliaries.

It is management's intention to discuss significant financial data based upon currently known facts, decisions and conditions that have already occurred. There are factors, however, that may impact future periods, which are considered in the last section of this discussion.

FINANCIAL AND INSTITUTIONAL HIGHLIGHTS

Enrollment, Tuition Revenue and Overall Financial Results

Columbus State is in a class of its own being the only College in the nation to be part of three prominent initiatives that are advancing student success: the American Association of Community Colleges *Guided Pathways* initiative, *Achieving the Dream Leader College*, and *Right Signals,* a Lumina Foundation program. While some of the success gains realized by the College in recent years have plateaued, which is expected from more mature *Achieving the Dream* schools, the College still had its largest graduating class in its history, progressed in closing the performance gap as measured by course completion for low income students and for students of color, and increased credentials awarded to African American students, all despite recent years of flat to slightly declining enrollment that is well below historic highs experienced in 2011-12.

Autumn and Spring semesters combined for an increased headcount of 3.4% over FY16, but a decrease in full-time equivalents (FTEs) of 1.4%. Enrollment for Summer 2017 decreased nearly 5.6% from Summer 2016 FTEs, and Summer 2016 was 2.0% below the previous year. Overall, headcount for FY17 was up over 2% and FTEs were down approximately 1.8%. Because the state's FY16-FY17 biennium again froze tuition rates, , tuition revenue results (excluding fees) were similar to enrollment results, decreasing by $1.2 million, or 1.72%.

With lower tuition revenue in FY17, financial resources were limited, similar to the trend in recent years, requiring more aggressive reallocations, rigorous expense management, continued commitment to strategic partnerships, and challenging trade-offs to allow the College to maintain a solid financial position, including additional investments in strategic initiatives and assets allowed by underspending in several areas.

FY17 was the second full year of Ohio's *College Credit Plus* program (*CCP*), which allows high school students to earn college credit while still in high school, making higher education more affordable. Over 4,900 high school students earned credit through *College Credit Plus* in Autumn 2016 and Spring 2017 semesters. While *CCP* at the college continued to grow, it grew at a slower rate than in FY16. After two full years, about one fourth of the *CCP* students matriculate to Columbus State the year after they graduate from high school, and about one third return at any point after high school.

Student participation in the *College Credit Plus* program continues to increase, becoming a larger share of the overall enrollment of the College. However, because the *CCP* population tends to take fewer classes/credit hours per term than traditional students, total College headcount has increased but FTEs have decreased, as noted above. Additionally, as two-thirds of *CCP* credits are discounted below standard tuition rates, more downward pressure on tuition revenue has resulted.

Overall, the College is reporting a negative Change in Net Position of $10.3 million for the fiscal year ended June 30, 2017, a decrease of $14.2 million from 2016. Excluding $7.3 million for entries related to pension expense, discussed below under the section for Implementation of GASB 68, the Change in Net Position was a decrease of $3.0 million for FY17 compared to an increase of $2.1 million for FY16.

Implementation of GASB 68

During FY15, the College adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the College's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by state statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the College. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the College's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the College is reporting a net pension liability of $241.3 million and $198.7 million, and net deferred inflows/outflows of resources totaling $41.7 million and $6.4 million related to pensions on the accrual basis of accounting for the years ended June 30, 2017 and 2016, respectively. The implementation in FY15 also had the effect of restating net position at June 30, 2014, from $278,407,485 to $81,220,359.

Student Success Initiatives and Grant Support

Columbus State continued to manage through the changing business environment of higher education and changes in the state's funding formula to one based entirely on performance, focusing on its strategic priorities of student success, workforce development and civic engagement. The impact of grants in advancing these strategic priorities can be felt throughout the college and our community. Some examples during FY17 include: 309 refugee and immigrant participants in after-school activities, 985 business contracts were served by the Small Business Development Center, 176 students earned scholarships or stipends, at least 1,340 underserved students were provided support services, 303 external partners collaborated with Columbus State on grant-funded initiatives, and over $858,000 in new equipment was purchased for the College through external grants.

During FY17, much progress was made in the implementation of the objectives of the *Central Ohio Compact (COC)*, a regional strategy for college completion and career success objectives with representation of a variety of partners including public and private colleges and universities, K-12 school districts, workforce and economic development professionals and government officials. Funding from multi-year grants continued in FY17 in support of the College's strategic priorities. These grants included:

The US Department of Education Investing in Innovation (i3) grant, *Central Ohio Partnership for College and Career Readiness Expansion*, was in its first full year of funding. The grant has helped to build upon existing K-12 partnerships with seven high-poverty Central Ohio Districts.

The American Electric Power (AEP) Foundation awarded the College, through the Development Foundation, $5 million for a 5-year pilot, *The Credits Count*^{SM} program, to prepare students for STEM (science, technology, engineering, and math) careers at five (5) Columbus City high schools.

JPMorgan Chase awarded the College, also through the Development Foundation, $2.5 million as a part of Chase's five-year, $250 million global *New Skills At Work* initiative. Columbus is one of nine international investment markets for this initiative aimed at addressing the skills gap that exists across many industries. Funding from JPMorgan Chase allows the *Central Ohio Compact* to further engage employers in the identification and development of additional industry credentials, create infrastructure to align the region's measurable approach to responding to labor market needs, and raise community awareness of postsecondary career opportunities.

During FY17, the College had eight National Science Foundation, Advanced Technological Education grants, the largest number of any community college in the nation. These grants include funding for Cyber Security; Additive Manufacturing; Data Analytics Technician Advancement (DATA); Logistics Engineering Technology Pathway; Logistics Engineering Technology Work Study; LSAMP (Louis Stokes Alliances for Minority Participation) Broadening Participation Research in STEM Education; Modern Manufacturing Work Study; SMARTT Mobile Application Development; and Scholarships in Science, Technology, Engineering and Mathematics Program (S-STEM). Two of these grants are described in more detail below.

The goal of the DATA grant is to establish a Data Analytics Technician Advancement (DATA) Pathway in the Central Ohio region to increase the supply of qualified technicians. The career pathway will have two tracks: one for incoming students from regional high schools; and one for veterans and underemployed incumbent workers.

The S-STEM scholarship program, not only provides scholarship support for students, but also other support services that help with student success. Some of those services include a summer bridge program for incoming freshmen, a STEM Club, a dedicated STEM advisor and STEM resource center, career counseling and internship opportunities as well as peer mentoring.

Resources provided by federal, state, local, and corporate grants and other partners, for College personnel devoted to this work and other expenses that would otherwise have been funded from the College's increasingly limited operating budget, have allowed the College to accelerate the work of student success and workforce development. As some of the multi-year grants start to expire over the next couple of years, the College will be looking for additional funding to continue this work while also reallocating within the operating budget to integrate and operationalize at full scale those practices that have proven successful in advancing strategic priorities.

Financial Accountability

Senate Bill 6 of the 122nd General Assembly, enacted into law in 1997, was designed to increase financial accountability of state colleges and universities by using a standard set of measures, using year-end audited financial statements, to monitor the fiscal health of each institution. Three ratios are calculated, from which a summary score, termed the Composite Score, is determined, which is the primary indicator of fiscal health. The three ratios calculated, and the respective weight of each in determining the composite score, are as follows:

- Viability Ratio – 30%
- Primary Reserve Ratio – 50%
- Net Income Ratio – 20%

Results for FY16 were released in the spring of 2017 and Columbus State's composite score was 4.6 (adjusted to exclude the impact of GASB 68). The College maintains an average score of 4.7 on a scale of 0-5.

Capital Additions and Improvements

The Elevator Modernization Project commenced to update controls on elevators in five campus buildings (Nestor Hall – 1992, Columbus Hall – 1973, Eibling Hall – 1968, Delaware Hall – 1976, and the Parking Garage – 1997). The updates will significantly improve the reliability of the elevators' operation and reduce risk and liability to the College. The work which began in FY16 continued through FY17 with the majority of the work completed by the end of FY17, however there will continue to be some work into FY18. The total project cost through FY17 was $1.1M, funded by state capital funds reappropriated from the FY15-16 biennium.

Repaving of Jefferson Avenue and Grove Street, between Spring Street and Cleveland Avenue, both owned and maintained by Columbus State Community College, was completed prior to the start of Autumn 2016. Recent severe winters accelerated the deterioration of the pavement resulting in more constant and expensive maintenance requirements. The project included new approaches to meet ADA requirements and complete sidewalks that make the entire road pedestrian-friendly. The project cost $0.6M, funded with local funds.

A classroom in the Center for Technology and Learning was converted to a new fully functioning science laboratory. The new lab was designed with the flexibility to offer classes across various science disciplines and provides additional laboratory space to ensure that the College can schedule the classes needed by students. The project cost was $510,000 and was completed for Spring semester 2017 classes.

The largest capital addition for FY17 was a property acquisition. To maintain its current parking capacity as well as secure the southeast boundary of the campus, a parking lot that had been leased in recent years, to maintain sufficient parking capacity on the Columbus campus, was purchased at a cost of $2.2 million.

State Capital Funds

In the FY17-FY18 state capital appropriations legislation (SB 310), Columbus State's total appropriation was $14.6 million providing $10 million for updated space for a School of Hospitality Management and Culinary Arts facility, $3.6 million for an Academic Success Center, and $1 million towards modernizing space for a School of Business Technologies to include the relocation of Business Programs, Computer Sciences, and Media Creations. Program planning began for a new culinary building to be constructed on the Columbus campus. This project will use a construction manager at risk (CMR) delivery method which allows for faster project delivery and broader opportunities for engaging subcontractors. The Board of Trustees approved the CMR contract with Gilbane

Building Company in FY17, allowing for construction contractor input throughout the design process, the pre-construction phase. Construction is scheduled to begin in spring of FY18 with anticipated completion by autumn of FY20. In addition to the $10 million appropriated in SB 310, the building will be funded by a combination of privately-raised and local funds. A Capital Planning Implementation Team was formed to further assess the impact of implementing the FY17-FY18 capital plan on other facilities and/or operations and will recommend project priorities for the FY19-FY24 capital plan. The College was also funded for FY17-FY18 as a partner in six community projects totaling $2.5 million.

OTHER FACTORS TO CONSIDER

There are many indicators of quality in higher education institutions, including but not limited to numbers of graduates, numbers of transfer students, student retention and course completion rates, job placement statistics, salary ranges of recent graduates, and the appearance and condition of physical plant facilities. Financial statements assess only the quality of the College's financial condition.

FINANCIAL STATEMENTS

The ***Statement of Net Position*** details all College holdings (assets) such as cash, investments, accounts receivable, land and buildings; and liabilities including payments due to vendors, and short and long-term debt, as of June 30, 2017. The total amount of assets and deferred outflows minus liabilities equals net position. The net position is categorized as follows:

- Net Investment in Capital Assets
- Restricted – Nonexpendable (permanent endowment funds of the Development Foundation)
- Restricted – Expendable (primarily amounts for specified construction projects)
- Unrestricted

The ***Statement of Revenues, Expenses and Changes in Net Position*** shows the revenues earned and expenses incurred during the year, and the net increase/decrease in net position. This statement is prepared under the accrual basis of accounting whereby revenues and expenditures are recognized when the service is provided and the resource(s) is/are used. This principle, called the "matching concept," is best demonstrated in the College's collection of student tuition. For example, most tuition is collected within the first week of each academic term, yet the revenue is distributed evenly over a four to five-month period (for semesters) to match the expenditures (resources) used to generate the revenue.

The ***Statement of Cash Flows*** presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital financing and investment activities. The ***Statement of Cash Flows*** shows the sources and uses of the College's cash. The ***Statement of Cash Flows*** also helps readers assess: a) the College's ability to generate future cash flows, b) the College's ability to meet obligations as they become due, and c) the College's need for external financing.

The Columbus State Community College Development Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt organization that exists to provide financial assistance to the educational programs, services and facilities of the College. Because the restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB No. 61, The Financial Reporting Entity: Omnibus. There are also separately issued financial statements for the Foundation. Operating results are not included in this Management Discussion and Analysis. Additional information regarding the Foundation is included in Note 17 and in the separately issued Foundation financial statements and audit report.

Recall that the Statement of Net Position provides the perspective of the College as a whole. Condensed versions of the College's financial statements are presented below, along with a brief summary of the financial information contained therein.

Statements of Net Position (in thousands)

	2017	2016	Difference	2015	Difference
Assets					
Current assets	$ 90,734	$ 102,844	$ (12,110)	$ 96,614	$ 6,230
Noncurrent assets					
Capital assets	153,458	153,645	(186)	156,094	(2,449)
Other	58,539	49,847	8,692	69,221	(19,374)
Total Assets	302,731	306,336	(3,604)	321,929	(15,593)
Deferred Outflows of Resources					
Pension	46,722	32,441	14,281	13,578	18,863
Unamortized loss on refunding	171	232	(61)	298	(66)
Total Deferred Outflows of Resources	46,893	32,673	14,220	13,876	18,797
Total Assets and Deferred Outflows of Resources	$ 349,624	$ 339,009	$ 10,614	$ 335,805	$ 3,204
Liabilities					
Current Liabilities					
Accounts payable and accrued	12,372	11,539	833	13,454	(1,915)
Debt, current portion	855	1,600	(745)	1,555	45
Unearned revenue	7,795	7,776	19	22,117	(14,341)
Noncurrent liabilities					
Debt, long-term portion	4,465	5,320	(855)	6,920	(1,600)
Net Pension Liability	241,314	198,714	42,600	176,533	22,181
Long-term liabilities	1,219	1,064	155	993	71
Total Liabilities	268,020	226,014	42,006	221,572	4,441
Deferred Inflows of Resources					
Pension	5,024	26,071	(21,047)	31,232	(5,161)
Total Deferred Inflows of Resources	5,024	26,071	(21,047)	31,232	(5,161)
Total Liabilities and Deferred Inflows of Resourc	273,044	252,085	20,959	252,804	(720)
Net Position					
Invested in capital assets	148,138	146,725	1,413	147,619	(894)
Restricted	36,676	33,238	3,437	29,091	4,147
Unrestricted	(108,234)	(93,039)	(15,195)	(93,709)	670
Total Net Position	$ 76,580	$ 86,923	$ (10,343)	$ 83,001	$ 3,923

As of June 30, 2017, current assets totaled $90.7 million compared to $102.8 million in FY16, a decrease of $12.1 million, or 11.8%. Short-term investments decreased while cash and accounts receivable increased to account for most of the difference. A substantial portion of the $12.1 million decrease from FY16 is due to more investments with longer maturities; cash and short-term investments decreased by $12.9 million, while long-term investments (non-current assets) increased by $8.7 million. In total, cash and investments (short-term and long-term) decreased by just $4.2 million, or 3.1%. This overall decrease in cash and investments is the result of higher spending for strategic purposes funded from reserves, not the primary FY17 operating budget, including items such as the purchase of property (parking lot).

Total assets as of June 30, 2017, were $302.7 million compared to $306.3 million in FY16, a 1.18% decrease, with the majority of the decrease coming from the strategic use of cash, as mentioned above. Capital assets, such as land, buildings, machinery and equipment, remain the largest asset group at $153.5 million (50.7%), followed by cash and investments of $133.2 million (44%), and accounts receivable, inventory and other assets at $16 million (5.3%). Cash and investments, as a percentage of total assets, are 0.8 percentage points lower than its proportion of total assets at June 30, 2016. Inventory and other assets increased by 0.3 percentage points, while capital assets increased by 0.5 points. Overall, there were no significant changes in the distribution of total assets.

Liabilities

As of June 30, 2017, the College's current liabilities were $21 million, compared to $20.9 million in 2016. Of the total in FY17, $7.8 million was unearned revenue (Summer semester tuition revenue related toFY18, credit bank, and unearned revenues related to grants and contracts), $12.4 million was accounts payable and accrued expenses, and $855,000 was the current portion of long-term debt. For FY16, $7.8 million was unearned revenue (Summer and Autumn 2016 semester tuition revenues related to FY17, credit bank, and unearned revenues related to grants and contracts), $11.5 million was accounts payable and accrued expenses, and $1.6 million was the current portion of long-term debt.

Noncurrent liabilities as of June 30, 2017 were $247 million, consisting of $4.5 million in long-term debt (general receipts bonds), other long-term liabilities (primarily compensated absences) of $1.2 million, and net pension liability of $241.3 million. By comparison, noncurrent liabilities as of June 30, 2016 were $205.1 million consisting of $5.3 million in bonds payable, $1.1million in other long-term liabilities, and $198.7 million in net pension liability. The decrease in the long-term debt is due to debt service payments for FY17. The more significant increase in noncurrent liabilities occurred in the net pension liability, which increased by $42.6 million. As discussed previously, the net pension liability represents the College's proportionate share of each pension plan's collective net pension liability; changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the College.

Total liabilities as of June 30, 2017 were $268.0 million compared to $226.0 million in FY16. The $42.0 million change is primarily attributed to the increase of $42.6 million for net pension liability and the reduction in long-term debt as a result of FY17 debt service payments.

Net Position

Net position decreased by $10.3 million in FY17. As discussed under Financial and Institutional Highlights, FY17 activity included an increase to expenses of approximately $7.3 million related to pension activity. Excluding the impact of pension activities, the net position for FY17 decreased by approximately $3.0 million, representing all other College operating, auxiliary, and grant activity, compared to an increase in net position of $2.1 million in FY16.

Operating revenue increased $3.0M. Tuition and fees were up $2.2M and federal, state, local and private grants and contracts were up $0.9M. Tuition and fees were up primarily as a result of two new fees established to meet ongoing technology and facility needs. These fees, the Technology and Facilities Fee and the On-line Course Fee, generated approximately $4.5 million in revenue while tuition decreased approximately $1.2 million due to overall lower FTEs and discounts related to increased *College Credit Plus* activity, as discussed under Financial and Institutional Highlights. Other fees (such as lab fees and parking), decreased approximately $113,000.

Revenue for auxiliary enterprises, the Bookstore and food services, decreased by just $55,000, primarily the result of a new food service management agreement. Bookstore revenue remained nearly flat despite the impact of discounts on books provided to high schools in the *College Credit Plus* program, as well as other textbook affordability initiatives.

In the area of operating expenses, expenses were $18.6 million higher than FY16. Education and general expenses were up $21.9 million, with the largest areas being Instructional and Departmental Research ($6.7M), Operation and

Maintenance of Plant ($5.8M) and Institutional Support ($4.8M). Included in the increase in operating expenditures is the increase in Pension Expense as a result of GASB 68 of $7.3M. Scholarships and Fellowships had a decrease of $3.5 million.

Nonoperating revenues and expenses combined to increase by $0.8 million in FY17, with the most significant factors being the lower Pell grant revenue, which decreased by $2.3 million and state appropriations that increased by $3.4 million.

Condensed versions of the College's revenues, expenses and changes in net position for the years ended June 30, 2017, 2016 and 2015 are presented below, along with a brief summary of the financial information contained therein.

Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

	2017	2016	Difference	2015	Difference
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $17.5, $16.7, and $15.3 million in 2017, 2016, and 2015, respectively)	$ 62,255	$ 60,033	$ 2,222	$ 60,204	$ (171)
Federal, state, and private grants and contracts	10,018	9,130	888	10,856	(1,726)
Auxiliary enterprises	13,218	13,273	(55)	13,520	(247)
Other	186	190	(4)	474	(284)
Total operating revenues	85,677	82,626	3,051	85,054	(2,428)
OPERATING EXPENSES					
Educational and general	161,729	139,835	21,894	141,748	(1,913)
Scholarships and fellowships	12,206	15,720	(3,514)	19,503	(3,783)
Depreciation expense	7,980	7,853	127	7,060	793
Auxiliary enterprises	12,998	12,860	138	12,238	622
Total operating expenses	194,913	176,268	18,645	180,549	(4,281)
Operating income (loss)	(109,236)	(93,642)	(15,594)	(95,495)	1,853
NONOPERATING REVENUES (EXPENSES)					
State appropriations	67,247	63,860	3,387	61,436	2,424
Investment income (net of expense)	562	1,119	(557)	667	452
Pell Grant Revenue	28,798	31,110	(2,312)	33,684	(2,574)
Other non-operating revenues	(1,657)	(1,922)	265	(3,242)	1,320
Net nonoperating revenues	94,950	94,167	783	92,545	1,622
Income before capital appropriations	(14,286)	525	(14,811)	(2,950)	3,475
Capital appropriations and gifts	3,942	3,398	544	4,731	(1,333)
Increase in net position	(10,344)	3,923	(14,267)	1,781	2,142
Net position, beginning of year	86,924	83,001	3,923	81,220	1,781
Net position, end of year	$ 76,580	$ 86,924	$ (10,344)	$ 83,001	$ 3,923

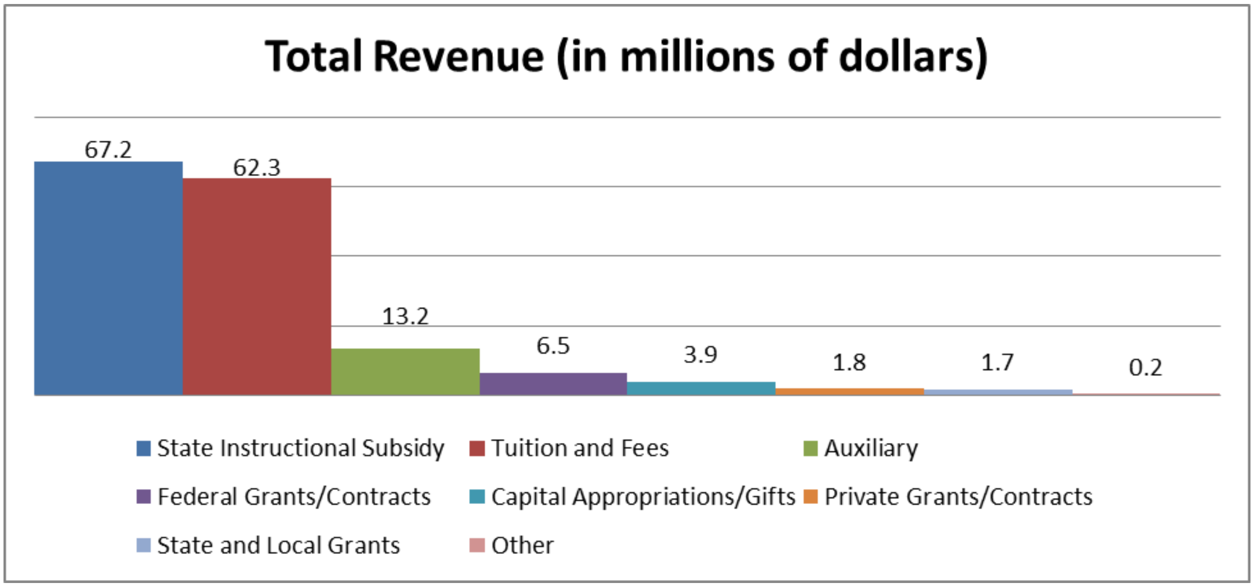
Revenues

FY17 revenues totaled $185.7 million, an increase of $4.7 million, 2.6%, compared to $181 million in FY16. The most significant area of note was an increase in student tuition and fees of $2.2 million; primarily resulting from the revenue from two new fees established in FY17 as tuition revenue actually decreased. In addition, federal, state, local and private grants and contracts increased by $0.9 as the College continues to have an expanding grants portfolio. As discussed under Financial and Institutional Highlights, grants are utilized to establish best practices in advancing student success and completion, to advance workforce development and other strategic priorities, and to enable the College to develop and pilot programs that the operating budget would not necessarily allow given limited operating resources. Capital appropriations also increased by $543,573 while the State Share of Instruction (SSI) increased by $3.4 million. Auxiliary revenue for the Bookstore was nearly flat, increasing by $43,030, 0.3%, despite the impact of lower enrollment and many affordability and digitization initiatives on revenues as sales improved in many non-textbook areas, such as computers, supplies and other general merchandise. Pell grant revenue decreased by $2.3 million, as a result of changing demographics of our students and lower enrollment in the traditional, non-*College Credit Plus* population. We also continue to see benefits from implementing national best practices in FY14 which delays the issuance of excess financial aid refunds until attendance and class participation are confirmed.

The majority of College revenues come from three sources: 1) State instructional subsidy ($67.2 million), 2) Student tuition and fees ($62.3 million), and 3) Federal, state, and private grants and contracts, including Pell grant revenue ($38.8 million).

Of $37 million in federal and state grants and contracts, 76.1% are awarded to students through the federal Pell grant and Supplemental Educational Opportunity Grant (SEOG) programs. These funds are used for student tuition ($17.5 million) and education-related expenses.

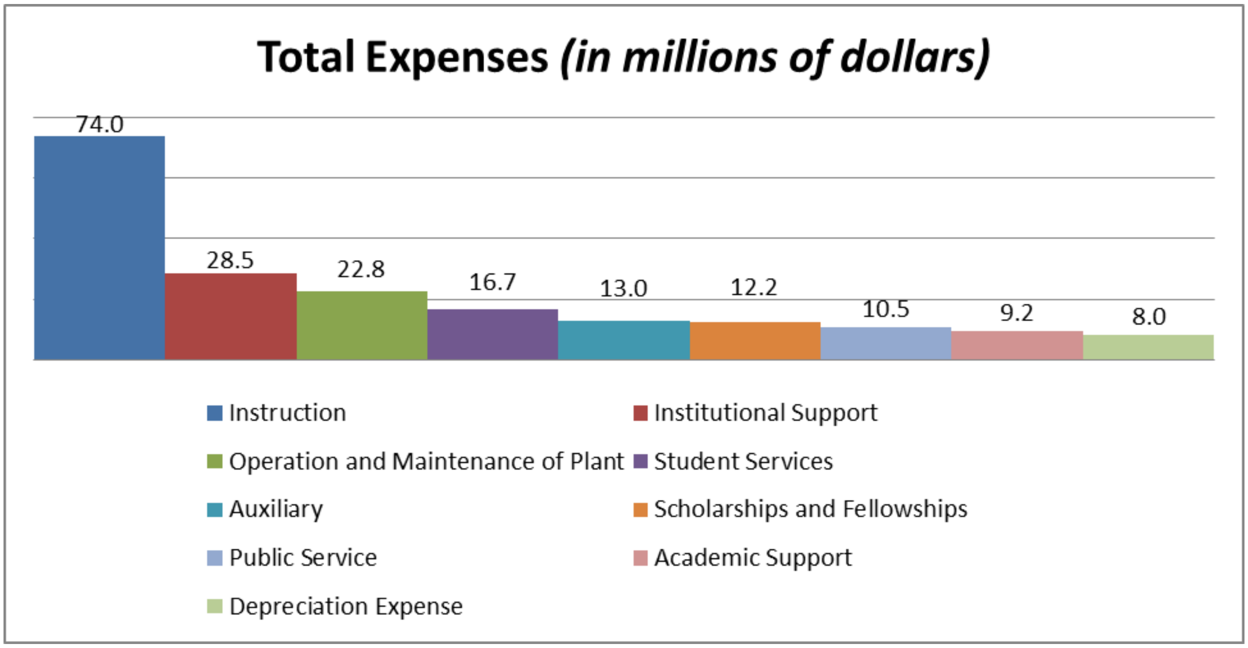
The major sources of College revenues for FY17 are presented below.



<u>Expenses</u>

FY17 expenses totaled $194.9 million compared to $176.3 million in FY16, an increase of $18.6 million, or 10.6%; pension expense resulting from entries to comply with GASB 68 accounted for nearly half of this increase, or $9.1 million, as these entries added $7.3 million to expenses in FY17 but reduced expenses by $1.8 million in FY16. Excluding these pension amounts, expenses increased by $9.5 million, or 5.4%, over FY16. The majority of the $9.5 million increase in operating expenses occurred in Operation and Maintenance of Plant, which increased by $4.5 million as a result of needed facilities maintenance afforded by a portion of the new Technology and Facilities Fee; Institutional Support increased by $3.7 million as a result of new board initiatives and increases in payroll and benefits; and Public Service increased by $2.0 million (primarily new grant activity). Scholarships and Fellowships expenses decreased by $3.5 million as a result of the continued best practices of financial aid refunds, in addition to less Pell grants awarded, due to enrollment levels, as discussed in Financial Highlights and in the revenues discussion.

FY17 expenditures are shown below:



Net cash provided (used) by:	2017	2016	2015
Operation activities	($93,700)	($86,574)	($94,336)
Non capital financing activites	94,505	93,207	92,147
Capital financing activities	(5,566)	(3,720)	(3,587)
Investing activities	5,835	(4,689)	10,311
Net increase/(decrease) in cash	1,074	(1,776)	4,535
Cash - beginning of year	9,971	11,747	7,212
Cash - end of year	$11,045	$9,971	$11,747

Ending cash balances for fiscal years 2017, 2016 and 2015 were $11.0 million, $10.0 million and $11.7 million, respectively. Each month, cash flow projections are evaluated to determine when funds can be invested to maximize investment earnings (typically, at the beginning of each semester when tuition and fees are paid, funds are transferred to *STAROhio*), or when funds should be transferred back for operations (usually during the latter part of each semester). Cash balances in operating checking accounts are part of compensating balances maintained to maximize earnings credits thereby minimizing banking fees. Cash balances at the end of FY17 were higher than FY16 due to cash received from grants and contracts at the very end of the fiscal year (June 29th and June 30th). Cash balances at the end of FY16 were lower than FY15 due to some investment custodial accounts that were being converted at the end of FY15 due to a transition to a new investment advisor for those accounts.

Major sources of cash in FY17 were state appropriations of $67.2 million, tuition and fees of $61.7 million, and gifts, grants, and contracts totaling $38.2 million.

The most significant uses of cash were payments for salaries and benefits of $118.0 million, payments to suppliers of $55.4 million, $12.2 million disbursed for student scholarships and financial aid, and $7.8 million for the purchase of capital assets.

Budgets

College policy requires the Board of Trustees to approve an operational budget before June 30 for the fiscal year that begins July 1, and only the Board of Trustees has authority to allocate funds for expenses not included in the approved operating budget. A mid-year budget adjustment is reviewed and approved by the Board of Trustees in January of each year, and at other times if necessary. The operating budget focuses on revenues and expenses produced from daily operations as well as budgeted expenditures for capital improvements, equipment, and debt service. In addition to College policy, the preparation of general fund operating budgets is guided by *Resource Planning Principles* adopted by the Board in November 2007 and revised in November 2013.

Columbus State takes a balanced, practical approach to budgeting. Revenues are based upon reasonable enrollment projections and tuition rates approved by the Board of Trustees, providing a solid budget parameter on this revenue calculation, and estimates of state instructional subsidy allocations provided by the Ohio Department of Higher Education. State instructional subsidy revenues are treated as operating revenues for budget purposes. Mission and goals, together with current and predicted economic environment and local conditions, all factor into the development of expense budgets. Expenses are constrained by budgeted revenues.

As noted on the Budget Comparison below, revenues exceeded expenditures by $6.2 million. General fund revenue was nearly flat to what was budgeted in the revised budget. Payroll savings and more favorable results in expenses incurred for self-insured medical benefits, and continued improvement in reducing bad debt expense as a result of best practices for attendance verification and financial aid disbursement practices implemented in FY14. Interest income, which is not budgeted pursuant to *Resource Planning Principles*, was half of what it was in FY16, but still added an additional $0.6 million to net operating results (not reflected in the numbers below). Of the $3.6 million excess revenues over expenses for the College general fund, $1.7 million was allocated as of June 30, 2017 for one-time compensation.

The analysis below does not include nearly $11.5 million for initiatives approved by the Board of Trustees to be funded by reserves on a non-recurring basis rather than from the current year's operating revenues. Such approved non-recurring expenses included: purchase of parking lot ($2.2 million), capital equipment ($1.6), strategic growth initiatives ($1.8 million), technology initiatives ($1.8 million), student success and innovation ($1.5 million), *Think Again* scholarships ($0.6 million), School of Hospitality Management ($0.4 million), Jefferson/Grove paving ($0.5 million) and other space efficiency upgrades ($0.5 million)

Budgeted and actual results for College and Auxiliaries operations are presented below.

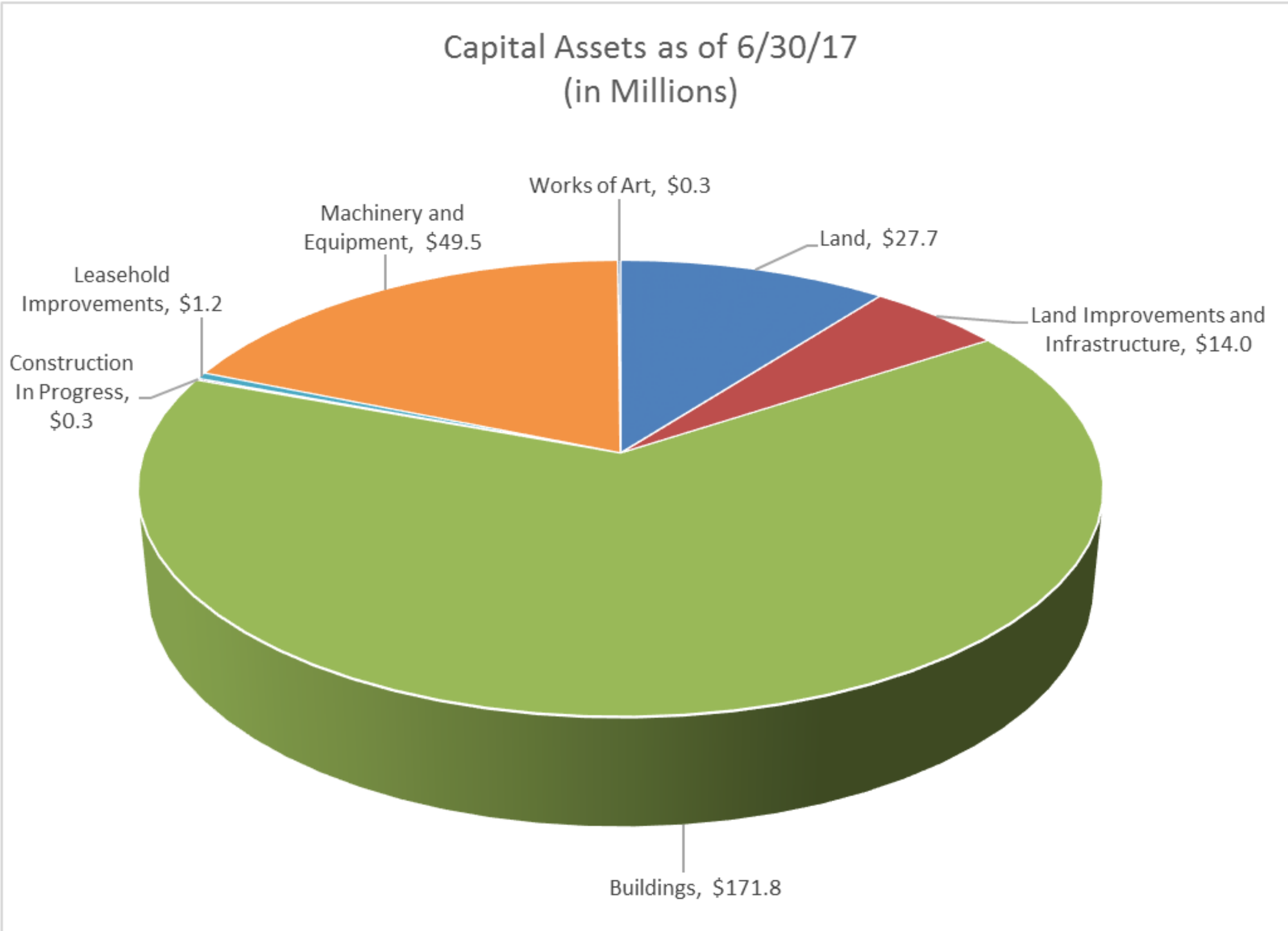
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 17 (in thousands)

Budgeted Operations	Original Budget	Revised Budget	Percent % Change	Actual	Percent % Change
Revenues					
College	$143,120	$143,143	0.02%	$143,225	0.06%
Auxiliary	12,370	12,718	2.81%	13,218	3.93%
Total Revenues	$155,490	$155,862	0.24%	$156,443	0.37%
Expenditures					
College	$143,120	$143,120	0.00%	$137,215	-4.13%
Auxiliary	12,368	12,717	2.82%	12,998	2.21%
Total Expenditures	$155,488	$155,837	0.22%	$150,213	-3.61%
Net Revenues	$2	$25	1247.16%	$6,230	25172%

Capital Assets

Capital assets consist of land, land improvements, infrastructure (roads, underground utilities, etc.), buildings, equipment, vehicles, library books, as well as buildings under construction. Capital assets are recorded at "cost" at the time of acquisition. This acquisition cost is allocated over the useful life of the asset and recorded as depreciation expense. At June 30, 2017, the College had $264.8 million in capital assets and $111.3 million in accumulated depreciation, for a total of $153.5 million in net capital assets.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2017.



FACTORS IMPACTING FUTURE PERIODS

State Support and Enrollment
There are two factors that typically impact the budget for the College: state support and enrollment. State support is appropriated in the biennial budget bill as State Share of Instruction (SSI) and is distributed by formula. SSI is projected to represent approximately 47% of the College's operating revenues for FY18.

State Support
SSI for FY18 was budgeted to be flat to FY17, because, at the time of the College's budget preparation, Ohio's budget had not been completed yet. SSI for higher education remained flat to FY17 levels for both years of the state's biennial operating budget for FY18 and FY19 in House Bill 49, as enacted; however, the SSI for FY18 that was projected by the Ohio Department of Higher Education for Columbus State increased from $67M to $67.7M as a result of College performance within the key success metrics discussed below.

As of FY15, the state's funding formula became entirely based on performance. Associate degree completions, certificate completions, and transfers to public or private four-year institutions are cost-based and account for 25 percent of the subsidy allocation. Course completions comprise 50% of the formula and are also cost-based. The distributions from these components are weighted for student populations that are underserved yet whose success is critical to the state meeting its postsecondary attainment needs. The weights, referred to as "access categories," include adult, low-income, and minority students. Success points for progress-related metrics, such as defined numbers of credit hours reflecting the thresholds in their college coursework and measures related to developmental education courses that yield enrollments in college-level coursework, account for remaining 25% of the formula and are unweighted with regard to access categories.

To neutralize the impact of unusual circumstances in any given year, the data used to calculate formula earnings are based on a 3-year average. There is no provision for "stop loss," a factor that mitigates the loss of subsidy beyond a defined percentage compared to the prior year.

Additional formula adjustments were effective for FY16 and FY17 in the access categories. They include the introduction of a fourth access factor, academic preparation, for identifying at-risk students and new access weights within the Completion Milestone funding component to account for all four access factors. With the continued strategic emphasis on student success initiatives, including initiatives in collaboration with the College's K-12 partners, where many of these initiatives are funded by external grants, the College is positioned to maximize its SSI allocation in the performance-based formula.

Tuition and Enrollment
House Bill 49 as enacted does not permit any tuition increase for the first year of the biennium, FY18, keeping tuition rates at the same rate for the fourth straight year, but does allow for an increase of $10 per credit hour in FY19. As noted in the Financial and Institutional Highlights section earlier in this document, increases have occurred in headcount but FTEs have continued to decline in recent years, which directly impacts tuition revenue. Much of the headcount increase is attributed to *College Credit Plus*, but *CCP* participants tend to take fewer credit hours per semester and revenue received for approximately 60% of these credit hours are discounted from standard tuition rates, causing more downward pressure on tuition revenue. *CCP* funding is based on per college credit hour amounts where, in FY18, a ceiling of the lower of in-state tuition ($135.93 at Columbus State) or $166.28 is determined by using 83% of the state's K-12 per pupil funding amount divided by 30 and a floor of $41.57 is determined as 25% of the state's default ceiling amount of $166.28. Rates vary based on the location of the course delivery and who provides the instruction.

The College maintains a prudent approach to budgeting as demonstrated by its FY18 budget, which is balanced on the assumption that tuition revenue will be just slightly higher than FY17 by 0.74%, based primarily on continued increases in *CCP*. The College's in-state tuition rate remains the third lowest among Ohio's 23 community colleges and the lowest among non-levy community colleges. The College continues to advocate a systemic view of college affordability, educating students and their families on affordable pathways yielded by combining up to two years at a community college with the balance at a university. Students participating in *CCP*, earning college credits while still in high school, make college even more affordable. Initiatives in the areas of new student enrollment and other non-*CCP* student success initiatives will continue and are important to overall financial sustainability as *CCP* becomes a bigger component of overall enrollment but at a lower proportion of overall tuition revenue.

Financial Sustainability
Columbus State has navigated various economic uncertainties in recent years, none more dramatic than the enrollment decline that occurred in FY13 when the College transitioned from a quarter-based to a semester-based academic calendar, as well as subsequent enrollment declines, and has done so in a manner that has allowed it to remain financially sound.

Among the many steps it has taken to maintain its financial strength, the College sold or closed underperforming assets, reduced its payroll through a 3-year voluntary separation program, and created partnerships with K-12 and university partnerships, including shared space and shared services that have yielded more effective use of the public's resources. The College continues a rigorous process of budgeting tightly, pursuing more efficient processes, improving alignment of variable expenses to related revenues, analyzing more carefully proposed expenses to prior year spending, and increasingly seeking grants to support strategic initiatives before they are implemented at full scale and funded by the operating budget. As the College sets its strategic direction, goals and priorities, it remains vigilant in monitoring carefully its enrollment, revenue streams, and expenses, adjusting quickly and appropriately as necessary.

Facilities Considerations

As noted previously under Financial and Institutional Highlights, the College's total appropriation in the FY17-FY18 state capital improvement appropriations legislation was $14.6 million towards a Hospitality Management and Culinary Arts facility (HMCA), an Academic Success Center, and a School of Business Technologies. For HMCA, a site has been selected for a new building, an architect and construction manager at risk have been engaged and design is well underway. For the Academic Success Center and the School of Business Technologies, it has not yet been determined if a new building(s) will be built or if existing space will be repurposed and upgraded. For all three projects, a fundraising campaign is being planned to compliment state capital to fully fund these projects. Additionally, consideration will be given to other funding options including use of reserves, future state capital allocations, and other financing options. Municipal advisors have been engaged to assist in evaluating financing options for the HMCA building with an anticipated bond issue in spring 2018. As the final debt service on the Series 2007 bonds was made in FY17, that funding capacity will become available for new debt service necessary for the new building within the current budget. The relocation of the existing Hospitality Management program will create space for other programs or offices; a team has been chartered to assess the impact of these three projects on existing facilities, other potential programs/operations, and to prepare priorities for the FY19-24 capital plan.

The primary food service operation on the Columbus campus, a food court, was built in 1975. While the space has been periodically renovated over its 40 year existence, no significant upgrades have taken place over the past decade and it remains largely unchanged and outdated. In partnership with the College's food services partner, AVI FoodSystems, a long overdue upgrade of the food court is being planned with renovation anticipated to begin in spring 2018. The newly renovated food court will be open in time for autumn 2018 semester.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF NET POSITION
As of June 30, 2017 and 2016

	2017		2016	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 11,045,199	$ 1,542,525	$ 9,971,541	$ 1,070,469
Investments - Short-Term	62,320,831	5,207,178	76,460,629	5,033,867
Investments - Current Restricted	1,334,521		1,159,890	
Accounts, Loans and Pledges Receivable	11,616,958	3,942,012	10,580,683	2,357,439
Inventories	2,386,906	-	3,084,339	-
Other Assets	2,028,829	-	1,586,972	-
Total Current Assets	90,733,244	10,691,715	102,844,054	8,461,775
Noncurrent Assets				
Investments	58,539,134	2,691,862	49,847,266	2,128,117
Other Noncurrent Assets - Pledges Receivable	-	100,000	-	1,990,352
Capital Assets, Net	153,458,058	-	153,644,511	-
Total Noncurrent Assets	211,997,192	2,791,862	203,491,777	4,118,469
				-
TOTAL ASSETS	**302,730,436**	**13,483,577**	**306,335,831**	**12,580,244**
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Loss on Bond Refunding	171,264	-	231,535	-
Pension STRS	24,859,126		18,855,237	-
Pension SERS	21,863,052	-	13,586,202	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**46,893,442**	**-**	**32,672,974**	**-**
TOTAL ASSETS AND DEFERRED OUTFLOWS	**349,623,878**	**13,483,577**	**339,008,805**	**12,580,244**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	12,372,238	338,605	11,539,412	247,651
Debt, Current Portion	855,000	-	1,600,000	-
Unearned Revenue	7,795,178	-	7,776,331	-
Total Current Liabilities	21,022,416	338,605	20,915,743	247,651
Noncurrent Liabilities				
Debt, Long-Term Portion	4,465,000	-	5,320,000	-
Long-Term Liabilities				
Compensated Absences	1,218,708	-	1,064,449	-
Net Pension Liability STRS	148,168,705	-	126,016,857	-
Net Pension Liability SERS	93,145,235	-	72,697,478	-
Total Noncurrent Liabilities	246,997,648	-	205,098,784	-
TOTAL LIABILITIES	**268,020,064**	**338,605**	**226,014,527**	**247,651**
DEFERRED INFLOWS OF RESOURCES				
Pension STRS	4,964,376	-	18,417,994	-
Pension SERS	59,206	-	7,653,146	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**5,023,582**	**-**	**26,071,140**	**-**
TOTAL LIABILITIES AND DEFERRED INFLOWS	**273,043,646**	**338,605**	**252,085,667**	**247,651**
NET POSITION				
Net Investment in Capital Assets	148,138,057	-	146,724,511	-
Restricted				
Nonexpendable	-	4,138,218	-	4,109,870
Expendable	36,676,136	5,959,146	33,237,711	5,570,799
Unrestricted	(108,233,961)	3,047,608	(93,039,084)	2,651,924
TOTAL NET POSITION	**$ 76,580,232**	**$ 13,144,972**	**$ 86,923,138**	**$ 12,332,593**
	-	-		

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2017 and 2016

	2017		2016	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
REVENUES				
Operating Revenues				
Student Tuition and Fees (Net of Scholarship Allowances of $17,521,770 in 2017 and $16,704,807 in 2016)	$ 62,254,567	$ -	$ 60,032,607	
Federal Grants and Contracts	6,524,495	-	4,738,322	-
State and Local Grants and Contracts	1,676,854	-	2,027,143	-
Private Grants and Contracts	1,816,506	1,864,267	2,364,701	1,021,358
Sales and Services of Educational Departments	34,866	-	51,348	-
Auxiliary Enterprises				
Bookstore	12,924,987	-	12,881,957	-
Other	292,543	-	390,718	-
Other Operating Revenues	150,688	-	138,859	-
Total Operating Revenues	**85,675,506**	**1,864,267**	**82,625,655**	**1,021,358**
EXPENSES				
Operating Expenses				
Educational and General				
Instruction and Departmental Research	73,958,053	-	67,240,227	-
Public Service	10,530,834	-	8,156,825	-
Academic Support	9,246,875	-	8,701,713	-
Student Services	16,739,601	-	15,073,679	-
Institutional Support	28,499,836	1,568,867	23,699,036	1,785,014
Operation and Maintenance of Plant	22,752,929	-	16,963,341	-
Scholarships and Fellowships	12,206,097	238,810	15,719,811	230,666
Depreciation Expense	7,980,345	-	7,853,375	-
Auxiliary Enterprises				
Bookstore	12,859,753	-	12,613,370	-
Other	138,371	-	247,054	-
Total Operating Expense	**194,912,694**	**1,807,677**	**176,268,431**	**2,015,680**
Operating Income (Loss)	**(109,237,188)**	**56,590**	**(93,642,776)**	**(994,322)**
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	67,247,388	-	63,859,734	-
Unrestricted Investment Income (Net of Investment Expense)	552,072	271,074	1,116,204	29,789
Restricted Investment Income (Net of Investment Expense)	9,667	484,715	3,258	43,901
Interest on Capital Asset Related Debt	(113,843)	-	(159,488)	-
Pell Grant	28,799,358	-	31,109,879	-
Other Nonoperating Revenue (Expense)	(1,542,128)	-	(1,762,640)	-
Net Nonoperating Revenues	**94,952,514**	**755,789**	**94,166,947**	**73,690**
Income (Loss)Before Other Revenues and Expenses	**(14,284,674)**	**812,379**	**524,171**	**(920,632)**
Capital Appropriations	3,941,768	-	3,398,195	-
Change in Net Position	**(10,342,906)**	**812,379**	**3,922,366**	**(920,632)**
NET POSITION				
Net Position-Beginning of Year	**86,923,138**	**12,332,593**	**83,000,772**	**13,253,225**
Net Position-End of Year	**$ 76,580,232**	**$ 13,144,972**	**$ 86,923,138**	**$ 12,332,593**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

CASH FLOWS FROM OPERATING ACTIVITIES	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
Tuition and Fees	$ 61,653,401	$ 38,115	$ 57,833,854	$ -
Grants, Gifts and Contracts	9,450,382	2,131,931	12,013,996	2,107,985
Payments to Suppliers	(55,407,586)	(1,477,913)	(39,717,857)	(2,265,495)
Payments for Salaries and Benefits	(118,015,735)	-	(114,035,763)	-
Payments for Scholarships	(12,206,097)	(238,810)	(15,719,811)	(230,666)
Auxiliary Enterprise Receipts	13,368,740	-	14,705,022	-
Other Receipts (Payments)	7,456,862	-	(1,653,059)	-
Net Cash Provided By (Used In) Operating Activities	**(93,700,033)**	**453,323**	**(86,573,618)**	**(388,176)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Appropriations	67,247,388	-	63,859,734	-
Pell Grant	28,799,358	-	31,109,879	-
Nonoperating Payments to Suppliers	(1,542,126)	-	(1,762,640)	-
Net Cash Provided By Noncapital Financing Activities	**94,504,620**	-	**93,206,973**	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Appropriations	3,941,768	-	3,398,195	-
Purchases of Capital Assets	(7,793,892)	-	(5,403,644)	-
Principal Paid on Debt	(1,600,000)	-	(1,555,000)	-
Interest Paid on Capital Debt	(113,843)	-	(159,488)	-
Net Cash Used In Capital Financing Activities	**(5,565,967)**	-	**(3,719,937)**	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchases) of Investments	5,273,299	(737,056)	(5,808,118)	(322,801)
Income on Investments	561,739	755,789	1,119,462	73,689
Net Cash Provided By (Used In) Investing Activities	**5,835,038**	**18,733**	**(4,688,656)**	**(249,112)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,073,658**	**472,056**	**(1,775,238)**	**(637,288)**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**9,971,541**	**1,070,469**	**11,746,779**	**1,707,757**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 11,045,199**	**$ 1,542,525**	**$ 9,971,541**	**$ 1,070,469**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	2017		2016	
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
Operating Loss	$ (109,237,188)	$ 56,590	$ (93,642,776)	$ (994,322)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) By Operating Activities:				
Depreciation Expense	7,980,345	-	7,853,375	
Changes in Assets and Liabilities and Deferred Inflows of Resources and Deferred Outflows of Resources Which Provided (Used) Cash:				
Receivables, Net	(1,036,276)	305,779	16,458,749	1,086,626
Inventory	697,433	-	(69,103)	
Other Assets	(441,858)	-	786,808	
Accounts Payable and accrued liabilities	987,085	90,954	(1,842,927)	(480,480)
Unearned Revenue	18,847	-	(14,341,325)	-
Unamortized loss on Refunding	60,271	-	66,846	-
Net Pension Liability	42,599,605	-	22,181,469	-
Deferred Outflows of Resources - Net Pension Expense	(14,280,739)	-	(5,160,869)	-
Deferred Inflows of Resources - Net Pension Expense	(21,047,558)	-	(18,863,865)	-
Net Cash Provided By (Used In) Operating Activities	**$ (93,700,033)**	**$ 453,323**	**$ (86,573,618)**	**$ (388,176)**

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Columbus State Community College (the College) is part of the University System of Ohio and was chartered as the Columbus Technical Institute. In 1986, the College was established as a college district by the Ohio Board of Regents. On July 1, 1987, the College was granted a provisional charter as a state community college, which was made permanent on September 10, 1993. As such, the College is one of the state-supported colleges and universities in Ohio. The College is a component unit of the primary reporting entity of the State of Ohio. The financial statements present the financial position and results of operations of the College along with the Columbus State Community College Development Foundation, as a component unit of the College.

Columbus State Community College Development Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization that exists to provide financial assistance to the educational programs, services and facilities of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity Omnibus.

The College operates under the direction of a nine member Board of Trustees who are appointed by the Governor. A President is appointed by the Board of Trustees to oversee day-to-day operations of the College. An appointed treasurer is the custodian of funds and is responsible for the fiscal control of the resources of the College.

The College was organized principally to offer educational programs beyond high school, normally not exceeding two years in duration, and leading to the award of an associate degree. The College offers programs in the arts and sciences, career and technical training, and adult and continuing education, as outlined in ORC Section 3358.01.

Basis of Accounting

The financial statements of the College have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by providers have been met. The College reports as a Business Type Activity (BTA). BTAs are those activities that are financed in whole or part by fees charged to external parties for goods and services.

Basis of Presentation

The College's basic financial statements consists of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The College reports as a special purpose government engaged solely in "business type activities" under GASB.

Note 1 - Summary of Significant Accounting Policies (Continued)

Net position is the difference between the College's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources. GASB establishes standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted:
  - *Nonexpendable* - Net position subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the permanent endowment funds of the Foundation.

  - *Expendable* - Net position whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. The net position principally represent amounts for specified capital construction projects.

- Unrestricted: Net position whose use by the College is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

It is the College's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The financial statement presentations required by GASB 34 and 35 are intended to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

GASB Pronouncements

As of June 30, 2016, the College retrospectively applied Governmental Accounting Standards Board (GASB) Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. For fiscal year 2017, the College has implemented GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *"Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* and GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.*

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. There was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in

Note 1 - Summary of Significant Accounting Policies (Continued)

paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financials statements of the College.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as no-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financials statements of the College.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payment made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the College.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates. Management estimates primarily relate to collectability of receivables and compensated absences.

Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The College makes investments in accordance with the Board of Trustees' policy, which conforms to the authority granted in the Ohio Revised Code. The purchase of specific investment instruments is at the discretion of the College's Treasurer within these policy guidelines. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are reported at fair value.

The College's investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the College.

Accounts Receivables

At June 30, 2017 and 2016, accounts receivable consist primarily of student tuition and fees, and intergovernmental grants and contracts.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventory
Inventories consist principally of text books, educational materials and other merchandise sold by the bookstore and are stated at cost on the first-in-first-out (FIFO) basis.

Capital Assets
Capital assets with a unit cost of over $5,000, and all library books, are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Expenditures for construction in progress are capitalized as incurred. Interest expense related to construction is capitalized net of interest income earned on resources set aside for this purpose. Works of art, including assets held for public exhibition and education, which are protected and preserved, are not depreciated. Renovations to buildings, leasehold, infrastructure and land improvements that significantly increase the value or extend the life of the structure are capitalized. Routine maintenance and repairs are charged to expense as incurred. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of the respective asset, generally 20 years for land improvements, 10-50 years for buildings and fixed equipment, 5 years for library books and 4 - 10 years for equipment. Depreciation expense is not allocated to the functional expenditure categories.

Unearned Revenue
Unearned revenue is comprised primarily of receipts relating to tuition and student fees in advance of the services to be provided and grant funds not earned as of June 30, 2017 and 2016.

Operating Activities
The College defines operating activities, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for goods and services received. Nearly all of the College's expenses are from exchange transactions. All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are state appropriations, Pell grant revenues, investment income, and gifts in accordance with GASB Statement No. 35. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Scholarship and Allowances and Student Aid
The College participates in federally funded Pell Grants, SEOG Grants, and Direct Lending programs. Federal programs are subject to an annual U.S. Office of Management and Budget Uniform Guidance audit.

Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, is provided to students as awarded by third parties and is accounted for as a third party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues.

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between stated charges for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Deferred Inflows
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported on the statement of net position at June 30, 2017 and 2016 for an unamortized loss on bond refunding and for pensions in the amounts of $171,264 and $231,535, respectively, resulted from the difference in the carrying value of refunded debt and its reacquisition price, and for pensions. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources for pensions have been recorded on the statement of net position and is also explained further in Note 11.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Other than employer contributions subsequent to the measurement date, the College made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Other Significant Accounting Policies
Other significant accounting policies are set forth in the financial statements and accompanying notes.

Reclassifications
Certain classifications have been made to the 2016 financial statement presentations to conform to the 2017 financial statement presentations.

Note 2 - Cash, Cash Equivalents and Investments
Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the College to disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure. Current restricted investments on the statement of net position represent capital component funds received from the State of Ohio, held for debt service on long-term debt and long-term capital projects.

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a formal deposit policy for custodial credit risk. At June 30, 2017 and 2016, $250,000 of the bank balances were covered by federal deposit insurance and the remaining portions, $14,436,396 and $12,358,194, respectively, were uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank.

Note 2 - Cash, Cash Equivalents and Investments (Continued)

The following summarizes the value of investments at June 30, 2017 and 2016:

Description	Fair Value 2017	Fair Value 2016
STAR Ohio	$ 37,350,954	$ 42,886,504
Money Market Funds	166,400	126,014
Commercial Paper	11,506,879	5,973,539
Municipal Bonds	4,506,227	7,884,921
U.S. Government Obligations	4,393,103	4,768,130
U.S. Agency Obligations	64,270,923	65,828,678
Total	$ 122,194,486	$ 127,467,786

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the College's investment policy limits investment portfolio maturities to five years or less.

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

		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
STAR Ohio	$ 37,350,954	$ 37,350,954	$ -	$ -	$ -
Money Market Funds	166,400	166,400	-	-	-
Commercial Paper	11,506,879	11,506,879	-	-	-
Municipal Bonds	4,506,227	2,350,137	2,156,090	-	-
U.S. Gov't Obligations	4,393,103	249,715	4,143,388	-	-
U.S. Agency Obligations	64,270,923	12,031,269	52,239,654	-	-
Total	$ 122,194,486	$ 63,655,354	$ 58,539,132	$ -	$ -

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

		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
STAR Ohio	$ 42,886,504	$ 42,886,504	$ -	$ -	$ -
Money Market Funds	126,014	126,014	-	-	-
Commercial Paper	5,973,539	5,973,539	-	-	-
Municipal Bonds	7,884,921	5,016,941	2,867,980	-	-
U.S. Gov't Obligations	4,768,130	3,511,005	1,257,125	-	-
U.S. Agency Obligations	65,828,678	20,106,517	45,722,161	-	-
Total	$ 127,467,786	$ 77,620,520	$ 49,847,266	$ -	$ -

The College held $37,350,954 and $42,886,504 in STAR Ohio and STAR Plus investments as of June 30, 2017 and 2016, respectively. STAR Ohio is an external investment pool and is considered a cash equivalent under GASB Statement No. 9. Oversight of the pool is through the Ohio Treasurer of State.

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. As of June 30, 2017 and 2016, Standard & Poor rated STAR Ohio investments as AAm and

Note 2 - Cash, Cash Equivalents and Investments (Continued)

U.S. Government and Agency Obligations were rated AA+. Included in U.S. Agency Obligations were $2,384,653 and $6,153,551 in short term discount notes, as of June 30, 2017 and 2016, respectively. The government money market funds and U.S. Agency short term discount notes were not rated.

The credit ratings of the College's interest-bearing investments at June 30, 2017, are as follows:

Credit Rating (S&P)	Total	STAR Ohio	Money Market	Commercial Paper	US Govt Obligations & Muni Bonds	US Agency Obligations
AAAm	$ 37,349,047	$ 37,349,047	$ -	$ -	$ -	$ -
AA+/AA/AA-	$ 65,457,876	-	30,175	-	3,541,431	61,886,270
Unrated	$ 19,387,563	1,907	136,225	11,506,879	5,357,899	2,384,653
Total	$ 122,194,486	$ 37,350,954	$ 166,400	$ 11,506,879	$ 8,899,330	$ 64,270,923

The credit ratings of the College's interest-bearing investments at June 30, 2016, are as follows:

Credit Rating (S&P)	Total	STAR Ohio	Money Market	Commercial Paper	US Govt Obligations & Muni Bonds	US Agency Obligations
Aam	$ 27,812,863	$ 27,812,863	$ -	$ -	$ -	$ -
AA+/AA/AA-	$ 72,335,136	-	6,958	-	12,653,051	59,675,127
Unrated	$ 27,319,787	15,073,641	119,056	5,973,539	-	6,153,551
Total	$ 127,467,786	$ 42,886,504	$ 126,014	$ 5,973,539	$ 12,653,051	$ 65,828,678

Investments indicated as unrated by S&P above may have ratings available from other ratings agencies.

Concentration of Credit Risk. The college places limits on the amount that may be invested in any one issuer. The following table includes the percentage of the total for each investment type held by the College at June 30, 2017 and 2016:

Year	Total	STAR Ohio	Money Market	Commercial Paper	US Govt Obligations & Municipal Bonds	U.S. Agency Oblig.
2017	100.0%	30.6%	0.1%	9.4%	7.3%	52.6%
2016	100.0%	33.6%	0.1%	4.7%	9.9%	51.7%

Custodial Credit Risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either a counterparty or the counterparty's trust department or agent but not in the government's name. As of June 30, 2017 and 2016, the College's investments were held in custody by a counterparty on behalf of the College.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates between the U.S. Dollar and foreign currencies could adversely affect an investment's value. The College had no direct exposure to foreign currency risk at June 30, 2017 and 2016.

Note 3 - Pledges, Grants and Accounts Receivable

2017	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 36,414,174	$ (26,808,330)	$ 9,605,844
Grants and contracts	2,011,114	-	2,011,114
Total	$ 38,425,288	$ (26,808,330)	$ 11,616,958

2016	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 35,017,185	$ (25,744,939)	$ 9,272,246
Grants and contracts	1,308,437	-	1,308,437
Total	$ 36,325,622	$ (25,744,939)	$ 10,580,683

Note 4 – Fair Value Measurements

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

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

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

Assets and Liabilites Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 166,400	$ -	$ 166,400	$ -
Municipal Bonds	4,506,227	-	4,506,227	-
Commercial Paper	11,506,879	-	11,506,879	-
U.S. Gov't Obligations	4,393,103	4,393,103	-	-
U.S. Agency Obligations	64,270,923	-	64,270,923	-
Total investments by fair value level	$ 84,843,532	$ 4,393,103	$ 80,450,429	$ -

Note 4 – Fair Value Measurements (Continued)

Assets and Liabilites Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 126,014	$ -	$ 126,014	$ -
Municipal Bonds	7,884,921	-	7,884,921	-
Commercial Paper	5,973,539		5,973,539	
U.S. Gov't Obligations	4,768,130	4,768,130	-	-
U.S. Agency Obligations	65,828,678		65,828,678	-
Total investments by fair value level	$ 84,581,282	$ 4,768,130	$ 79,813,152	$ -

Note 5 - Capital Assets

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

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Land	$25,518,235	2,201,103	-	$27,719,338
Works of art	286,500	-	-	286,500
Construction in progress	-	349,246	-	349,246
Total cost of nondepreciable capital assets	25,804,735	2,550,349	-	28,355,084
Buildings	169,568,313	2,266,953	-	171,835,266
Leasehold improvements	1,224,344	-	-	1,224,344
Improvements other than buildings	13,304,348	631,763	-	13,936,111
Moveable equip, furniture and library books	47,148,830	2,345,135	(13,926)	49,480,039
Total cost of depreciable capital assets	231,245,835	5,243,851	(13,926)	236,475,760
Total cost of capital assets	257,050,570	7,794,200	(13,926)	264,830,844
Less accumulated depreciation				
Buildings	64,625,711	4,994,924	-	69,620,635
Improvements other than buildings	3,450,092	247,568	-	3,697,660
Moveable equip, furniture and library books	35,330,256	2,737,853	(13,618)	38,054,491
Total Accumulated Depreciation	103,406,059	7,980,345	(13,618)	111,372,786
Capital assets, net	$153,644,511	$ (186,145)	$ (308)	$153,458,058

Note 5 - Capital Assets (Continued)

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

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Land	$25,518,235	-	-	$25,518,235
Works of art	286,500	-	-	286,500
Construction in progress	894,105	-	(894,105)	-
Total cost of nondepreciable capital assets	26,698,840	-	(894,105)	25,804,735
Buildings	168,225,657	1,342,656	-	169,568,313
Leasehold improvements	253,503	970,841	-	1,224,344
Improvements other than buildings	12,433,777	870,571	-	13,304,348
Moveable equip, furniture and library books	44,248,068	3,214,024	(313,262)	47,148,830
Total cost of depreciable capital assets	225,161,005	6,398,092	(313,262)	231,245,835
Total cost of capital assets	251,859,845	6,398,092	(1,207,367)	257,050,570
Less accumulated depreciation				
Buildings	59,710,919	4,914,792	-	64,625,711
Improvements other than buildings	3,202,524	247,568	-	3,450,092
Moveable equip, furniture and library books	32,852,160	2,691,015	(212,919)	35,330,256
Total Accumulated Depreciation	95,765,603	7,853,375	(212,919)	103,406,059
Capital assets, net	$156,094,242	$ (1,455,283)	$ (994,448)	$153,644,511

Note 6 - Accounts Payable and Accrued Liabilities

	2017	2016
Payable to vendors and contractors	$ 2,906,331	$ 2,618,259
Accrued expenses, primarily payroll and vacation leave	8,251,196	7,559,711
Employee withholdings and deposits payable to third parties	2,433,419	2,425,891
	$ 13,590,946	$ 12,603,861
Current	$ 12,372,238	$ 11,539,412
Noncurrent	$ 1,218,708	$ 1,064,449

Note 7 - Long Term Obligations

Long-term debt as of June 30, 2017 is summarized as follows:

	Balance June 30, 2016	Addition/ New Debt	Reduction	Balance June 30, 2017	Current Portion	Noncurrent Portion
Series 2007 bonds with interest rates ranging from 4.0% to 4.25% due serially through 2017	$ 765,000	-	$ (765,000)	$ -	$ -	$ -
Series 2012 bonds with an interest rate of 1.65% due serially through 2023	6,155,000	-	(835,000)	$ 5,320,000	855,000	4,465,000
Total Bonds	6,920,000	-	(1,600,000)	5,320,000	855,000	4,465,000
Net Pension Liability						
STRS	126,016,857	22,151,848	-	148,168,705	-	148,168,705
SERS	72,697,478	20,447,757	-	93,145,235	-	93,145,235
Total Net Pension Liability	198,714,335	42,599,605	-	241,313,940	-	241,313,940
Compensated Absences	4,455,307	504,939	-	4,960,246	3,741,538	1,218,708
Total Long-Term Liabilities	$ 210,089,642	$ 43,104,544	$ (1,600,000)	$ 251,594,186	$ 4,596,538	$ 246,997,648

Note 7 - Long Term Obligations (Continued)

	Balance June 30, 2015	Addition/ New Debt	Reduction	Balance June 30, 2016	Current Portion	Noncurrent Portion
Series 2007 bonds with interest rates ranging from 4.0% to 4.25% due serially through 2017	$ 1,500,000	-	$ (735,000)	$ 765,000	$ 765,000	$ -
Series 2012 bonds with an interest rate of 1.65% due serially through 2023	6,975,000	-	(820,000)	6,155,000	835,000	5,320,000
Total Bonds	8,475,000	-	(1,555,000)	6,920,000	1,600,000	5,320,000
Net Pension Liability						
STRS	113,661,528	12,355,329		126,016,857	-	126,016,857
SERS	62,871,338	9,826,140		72,697,478	-	72,697,478
Total Net Pension Liability	176,532,866	22,181,469	-	198,714,335	-	198,714,335
Compensated Absences	4,091,131	364,176	-	4,455,307	3,390,858	1,064,449
Total Long-Term Liabilities	$ 189,098,997	$ 22,545,645	$ (1,555,000)	$ 210,089,642	$ 4,990,858	$ 205,098,784

Principal and interest amounts on bond obligations for the next five years and thereafter are as follows:

Years ended June 30	Principal	Interest	Total
2018	855,000	87,780	942,780
2019	865,000	73,672	938,672
2020	880,000	59,400	939,400
2021	895,000	44,880	939,880
2022	905,000	30,113	935,113
2023	920,000	15,180	935,180
	$ 5,320,000	$ 311,025	$ 5,631,025

The bonds are serviced by the general receipts of the College, except for receipts expressly excluded as stated in the trust indentures dated December 20, 2012.

Note 8 - Leases

The College leases office space, parking, and classroom space for its regional learning centers and equipment under operating leases, which have ending dates ranging through 2022. Lease expense charged to operations was $2,343,548 and $2,312,493 during 2017 and 2016, respectively. Future minimum lease payments under operating leases at June 30, 2017, are as follows:

2018	1,229,406
2019	1,109,441
2020	1,096,713
2021	784,945
2022	729,822
	$ 4,950,327

Note 9 - Compensated Absences

Fulltime College administrators and staff accrue vacation benefits. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the College. The amount of sick leave benefit payable at retirement is one-fourth of the value of the accrued but unused sick leave up to a maximum of 360 hours. The College accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "vesting method" which is set forth in Appendix C, Example 5 of GASB Statement No. 16, Accounting for Compensated Absences. Under the vesting method, the College calculates the probability factor that employees will meet retention and eligibility requirements.

The liability for the cost of vacation and sick leave benefits is approximately $4,960,246 and $4,455,307 as of June 30, 2017 and 2016, respectively.

Note 10 - State Support

The College is a state-assisted institution of higher education and receives an outcomes-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Department of Higher Education, adjusted to state resources available.

In addition to the current operating subsidies, the State of Ohio provides the funding for and constructs major plant facilities for the College. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn causes the construction and subsequent lease of the facility by the Ohio Department of Higher Education. Such facilities are capitalized by the College as buildings (upon completion) or as construction in progress until completion and turn over to the College by the Ohio Department of Higher Education. Neither the obligation for the revenue bonds issued by the Ohio Public Facilities Commission nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. The debt service is funded through appropriations to the Ohio Department of Higher Education by the General Assembly.

The facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State of Ohio.

Note 11 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the College's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which pensions are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and any liability for the contractually-required pension contribution outstanding at the end of the year is included in current liabilities. The College does not have any contractually-required pension contribution liability recorded at June 30, 2017 or June 30, 2016.

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Note 11 - Defined Benefit Pension Plans (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The College's contractually required contributions to SERS were $5,749,593 and $5,534,463 for fiscal years 2017 and 2016, respectively.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – College faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that

Note 11 - Defined Benefit Pension Plans (Continued)

varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, eleven percent of the thirteen percent member rate effective for fiscal year 2016 goes to the DC Plan and one percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The College's contractually required contributions to STRS were $6,570,415 and $6,402,593for fiscal years 2017 and 2016, respectively.

Note 11 - Defined Benefit Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2017, the net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$93,145,235	$148,168,705	$241,313,940
Proportion of the Net Pension Liability	1.2726363%	0.44265122%	
Pension Expense	$10,326,560	$9,264,757	$19,591,317

For the fiscal year ended June 30, 2016, the net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$72,697,478	$126,016,857	$198,714,335
Proportion of the Net Pension Liability	1.2740316%	0.45597031%	
Pension Expense	$7,474,661	$6,067,243	$13,541,904

Note 11 - Defined Benefit Pension Plans (Continued)

At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,256,314	$5,986,728	$7,243,042
Changes of assumptions	6,217,954	-	6,217,954
Differences between projected and actual earnings on pension plan investments	7,683,129	12,301,983	19,985,112
Changes in employer proportionate share	956,062		956,062
Differences between contributions and proportionate share of contributions	-	-	-
College contributions subsequent to the measurement date	5,749,593	6,570,415	12,320,008
Total Deferred Outflows of Resources	$21,863,052	$24,859,126	$46,722,178
Deferred Inflows of Resources			
Net difference between projected and actual earnings on persion plan investments	$0	$0	$0
Changes in employer proportionate share	59,206	4,964,376	5,023,582
Total Deferred Inflows of Resources	$59,206	$4,964,376	$5,023,582

At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Differences between expected and actual experience	$1,160,341	$5,764,661	$6,925,002
Changes of assumptions	-	-	-
Differences between projected and actual earnings on pension plan investments	5,440,018	6,325,773	11,765,791
Changes in employer proportionate share	1,451,381		1,451,381
Differences between contributions and proportionate share of contributions	-	362,210	362,210
College contributions subsequent to the measurement date	5,534,463	6,402,593	11,937,056
Total Deferred Outflows of Resources	$13,586,203	$18,855,237	$32,441,440
Deferred Inflows of Resources			
Net difference between projected and actual earnings on persion plan investments	$7,653,146	$15,770,861	$23,424,007
Changes in employer proportionate share	-	2,647,134	2,647,134
Total Deferred Inflows of Resources	$7,653,146	$18,417,995	$26,071,141

Note 11 - Defined Benefit Pension Plans (Continued)

$12,320,008 reported as deferred outflows of resources related to pension at June 30, 2017 resulting from College contributions subsequent to June 30, 2016 measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. $11,937,056 reported as deferred outflows of resources related to pension at June 30, 2016 resulting from College contributions subsequent to the June 30, 2015 measurement date was recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	4,220,018	1,492,725	$5,712,743
2019	4,214,482	1,492,725	$5,707,207
2020	5,411,168	6,213,341	$11,624,509
2021	2,208,584	4,125,544	$6,334,128
Total	$16,054,252	$13,324,335	$29,378,587

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Note 11 - Defined Benefit Pension Plans (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016 are presented below:

2016	
Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement. The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class as of June 30, 2016 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50 %	4.75 %
Non-US Stocks	22.50 %	7.00 %
Fixed Income	19.00 %	1.50 %
Private Equity	10.00 %	8.00 %
Real Assets	15.00 %	5.00 %
Multi-Asset Strategies	10.00 %	3.00 %
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.50% at June 30, 2016. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Note 11 - Defined Benefit Pension Plans (Continued)

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability as of:			
June 30, 2016	$123,318	$93,145	$67,889
June 30, 2015	$100,805	$72,697	$49,028
(Dollars in Thousands)			

Actuarial Assumptions - STRS

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Note 11 - Defined Benefit Pension Plans (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016.

Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the College's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability as of:			
June 30, 2016	$196,904	$148,169	$107,057
June 30, 2015	$175,047	$126,017	$84,555
(dollars in thousands)			

Changes Between Measurement Date and Report Date In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes not known, the overall decrease to the net pension liability is expected to be significant.

Note 12 - Postemployment Benefits

School Employees Retirement System

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For the year ended June 30, 2017, the health care allocation was 0.00 percent. For the year ended June 30, 2016, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. The minimum compensation level was established at $23,500 and $23,000 for fiscal years 2017 and 2016, respectively. Statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal years 2017 and 2016, the College's surcharge obligations were $182,872 and $243,000, respectively.

The College's contributions for health care for the fiscal year ended June 30, 2015 was $314,819; none of the College's employer contribution was allocated to the Health Care Fund in FY16 or FY17.

State Teachers Retirement System

Plan Description – The College participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Note 12 - Postemployment Benefits (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016, and 2015, STRS did not allocate any employer contributions to post-employment health care.

Note 13 - Risk Management

The College uses a number of methods to assess and reduce risk of operations. Risk management programs like driver training, professional certifications, safety training in the use of equipment, first aid training like cardio-pulmonary resuscitation (CPR) and the like are conducted to inhibit injury and reduce the results thereof. Such programs are administered internally, contracted externally, or coordinated through partnerships with other public entities. Also, the College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The College procures various insurance coverage for property damage, crime, general liability, liquor liability, and automobile insurance. Coverage amounts vary in terms of peril insured against. The College has not had a significant reduction in coverage from the prior year. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

The College is self-insured for its health, dental and vision benefits to its employees. The College self-funds the cost of the programs up to specified stop-loss insurance limits. Coverage during the policy period limits the maximum individual and aggregate losses. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. The estimated liability for claims incurred but not reported was determined based on averages of claims expenses paid during the period. The claims liabilities of $1,638,262 and $1,627,773 were reported at June 30, 2017 and 2016, respectively, as required of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims be reported.

The following represents the claims activity for the last three fiscal years:

Fiscal Year	Claims Liability Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Liability Balance at End of Year
2017	$1,627,773	11,947,788	11,937,299	$1,638,262
2016	$1,492,011	10,077,656	9,941,894	$1,627,773
2015	$1,903,214	10,109,369	10,520,572	$1,492,011

In addition to the expense incurred in claim payments, the College paid $1,439,100, $1,439,832, and $1,246,861 in fees for administration of the self-insurance plans for 2017, 2016, and 2015, respectively.

Note 14 - Capital Projects Commitments

At June 30, the College was committed to future capital expenditures as follows:

Contractual commitments:	2017	2016
Repaving Campus Streets	-	562,126
Office Space Renovations	121,342	
Parking Lot Improvements	51,824	
Hospitality (SHMCA)	$13,600,000	$ 198,900
Total future project costs	$13,773,166	$ 761,026

Note 15 - Pending Litigation

At June 30, 2017, there were several lawsuits and claims pending against the College. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the College.

Note 16 - Operating Expenses By Natural Classification

The College's operating expenses by natural classification were as follows for the years ended June 30, 2017 and 2016:

	2017	2016
Salaries and wages	$ 93,755,050	$ 89,284,698
Employee benefits	25,019,969	23,895,117
Utilities	3,230,593	3,129,061
Supplies and other services	52,720,640	36,386,369
Depreciation	7,980,345	7,853,375
Student scholarships and financial aid	12,206,097	15,719,811
	$ 194,912,694	$ 176,268,431

Note 17 - Component Unit Disclosures

The following disclosures relate to the Columbus State Community College Development Foundation, Inc. (the Foundation). Copies of the Foundation's separately issued financial statements can be obtained by contacting the Foundation's business office.

Organization

The Foundation is a private nonprofit organization that reports under the provisions of FASB Accounting Standards Codification (ASC) No. 958 "Not-for-Profit Entities." As such, certain revenue recognition criteria and presentation features are different from GASB revenue and recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial statements for these differences.

Cash, Cash Equivalents and Investments

The Foundation's cash and cash equivalents are included in the College's consolidated cash, which is insured by the FDIC up to $250,000, as of June 30, 2017. Uninsured cash funds held by US Bank are subject to a collateral agreement covering all public funds held by the bank. As of June 30, 2017 and 2016, the Foundation had bank balances with US Bank and Morgan Stanley (2016 only) of $1,542,525 and $1,070,469, respectively.

Investments

The Foundation's investments are stated at market value, with changes in the market value being recognized as gains and losses during the period in which they occur. Market value is determined by market quotations. Investment earnings from endowment investments are credited to temporarily restricted funds and spent in compliance with donor restrictions placed on earnings. Investment earnings of non-endowment investments are recorded as unrestricted earnings and expended at the discretion of the Foundation's board. The following summarizes the cost and fair value of investments of the Foundation at June 30, 2017 and 2016:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	1,089,945	1,093,321	1,068,092	1,087,335
Common & Preferred Stock	3,642,511	4,113,857	3,880,703	3,946,532
Corporate Debt	2,699,004	2,691,862	2,091,543	2,128,117
	$7,431,460	$7,899,040	$7,040,338	$7,161,984

Promises to Give

Unconditional promises to give consist of the following as of June 30, 2017 and 2016:

	2017	2016
Outstanding Pledges at Year End	$4,042,012	$4,299,918
Less: Discounts and allowances for uncollectible pledges	-	(9,720)
Unconditional provises to give, net	$4,042,012	$4,290,198

Note 17 - Component Unit Disclosures (Continued)

As of June 30, 2017

Amounts to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$3,942,012	-	$3,942,012
One to five years	$100,000	-	100,000
Total	$4,042,012	-	$4,042,012

As of June 30, 2016

Amounts to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$2,299,848	-	$2,299,848
One to five years	$1,990,350	-	1,990,350
Total	$4,290,198	-	$4,290,198

Note 18 - Contingency

The College is the beneficiary of potential cash refunds related to the purchase of annuities to fund two charitable gift annuities the College received in prior years. During fiscal year 2010, the College purchased two annuities to fund the obligations. The policies provide that the College will receive refunds of any premium payment in excess of the obligations paid by the policies if all annuitants are deceased. The College paid $3,484,254 in premiums during 2010 to fund the annuities. As of June 30, 2017, $1,820,000 has been paid to the annuitants.

Required Supplementary Information

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

Last Three Fiscal Years (1)

	2017	2016	2015
College's Proportion of the Net Pension Liability	1.2726363%	1.274032%	1.2422850%
College's Proportionate Share of the Net Pension Liability	$93,145,235	$72,697,478	$62,871,338
College's Covered-Employee Payroll	$39,531,879	$38,392,578	$36,140,472
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.620%	189.36%	173.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%

(1) Information prior to 2014 is not available.

Note: Amounts presented as of the College’s measurement date which is the prior fiscal year end.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

Last Three Fiscal Years (1)

	2017	2016	2015
College's Proportion of the Net Pension Liability	0.44265122%	0.45597031%	0.46729176%
College's Proportionate Share of the Net Pension Liability	$148,168,706	$126,016,857	$113,661,528
College's Covered-Employee Payroll	$45,732,807	$47,744,310	$46,672,461
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	323.99%	263.94%	243.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%

(1) Information prior to 2014 is not available.

Note: Amounts presented as of the College’s measurement date which is the prior fiscal year end.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of College Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

School Employees Retirement System	2017	2016	2015
Contractually Required Contribution	$5,749,593	$5,534,463	$5,374,961
Contributions in Relation to the Contractually Required Contribution	(5,749,593)	(5,534,463)	(5,374,961)
Contribution Deficiency (Excess)	$0.00	$0.00	$0.00
College Covered-Employee Payroll	$41,068,521	$39,531,879	$38,392,578
Contributions as a Percentage of	14.00%	14.00%	14.00%

	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$5,054,314	$5,040,444	$5,811,044	$5,467,455	$4,825,024	$4,465,944	$4,158,505
Contributions in Relation to the Contractually Required Contribution	(5,054,314)	(5,040,444)	(5,811,044)	(5,467,455)	(4,825,024)	(4,465,944)	(4,158,505)
Contribution Deficiency (Excess)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
College Covered-Employee Payroll	$36,140,472	$39,532,495	$41,553,409	$39,071,110	$34,472,777	$32,095,208	$29,805,734
Contributions as a Percentage of	13.99%	12.75%	13.98%	13.99%	14.00%	13.91%	13.95%

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of College Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

State Teachers Retirement System	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$6,570,415	$6,402,593	$6,573,275	$6,534,145	$7,308,424	$7,875,038	$7,570,317	$6,770,527	$6,101,860	$5,653,634
Contributions in Relation to the Contractually Required Contribution	(6,570,415)	(6,402,593)	(6,573,275)	(6,534,145)	(7,308,424)	(7,875,038)	(7,570,317)	(6,770,527)	(6,101,860)	(5,653,634)
Contribution Deficiency (Excess)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
College Covered-Employee Payroll	$46,931,536	$45,732,807	$47,744,310	$46,672,461	$52,203,027	$56,250,269	$54,073,694	$48,360,905	$43,584,712	$40,383,102
Contributions as a Percentage of	14.00%	14.00%	13.77%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

COLUMBUS STATE COMMUNITY COLLEGE

COLUMBUS STATE
COMMUNITY COLLEGE

Single Audit Reports

June 30, 2017

PLATTENBURG
Certified Public Accountants

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2017

	CFDA #	Pass Through Number	Expenditures	Passed Through to Sub-recipient
US DEPARTMENT OF EDUCATION				
Direct Recipient				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$502,080	$0
Federal Direct Student Loans	84.268	N/A	$45,394,383	$0
Federal Work-Study Program	84.033	N/A	$414,312	$0
Federal Pell Grant Program	84.063	N/A	$28,675,147	$0
Total Student Financial Assistance			**$74,985,922**	**$0**
TRIO Cluster				
TRIO_Upward Bound	84.047	N/A	$277,184	$0
TRIO_Student Support Services	84.042	N/A	$247,648	$0
TRIO_Talent Search	84.044	N/A	$224,831	$0
Total Trio Cluster			**$749,663**	**$0**
Investing in Innovation (i3) Fund	84.411B	N/A	$1,280,722	$684,589
Passed through The Ohio State University				
Transition Programs for Students with Intellectual Disabilities Into Higher Education	84.407A	P407A150080	$4,205	$0
Passed through Ohio Department of Education				
Career and Technical Education - Basic Grants to States	84.048	3L90	$321,564	$0
Twenty-First Century Community Learning Centers	84.287	3Y20	$709,375	$0
Passed through Otterbein University				
National Professional Development Program	84.195N	OU2016	$1,221	$0
Total Department of Education			**$78,052,672**	**$684,589**
US DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education				
Summer Food Service Program for Children	10.559	3GE0	$5,689	$0
US DEPARTMENT OF LABOR				
Direct Recipient				
Trade Adjustment Assistance Community College and Career Training Training Grants	17.282	N/A	$637,769	$0
Passed through Lorain County Community College				
Trade Adjustment Assistance Community College and Career Training Training Grants	17.282	TC-26435-14-60-A-39	$191,672	$0
Passed through Franklin County Department of Job and Family Services				
WIA Adult Programs & Dislocated Workers	17.258 and 17.260		$10,079	$0
Passed through Ohio Department of Job and Family Services				
Trade Adjustment Assistance	17.245		$42,682	$0
Total Department of Labor			**$887,891**	**$0**
US DEPARTMENT OF VETERANS AFFAIRS, VETERANS BENEFITS ADMINISTRATION				
Direct Recipient				
Vocational Rehabilitation for Disabled Veterans	64.116	N/A	$487,519	$0
US SMALL BUSINESS ADMINISTRATION				
Passed through Ohio Department of Development				
Small Business Development Centers	59.037	DEVFSB15, OSBG-15-201A; DEVFSBDC14, OSBG-14-105A; DEVFRSC14, OSBG-14-136	$403,439	$0
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Recipient				
AmeriCorps	94.006	N/A	$46,534	$0

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2017

	CFDA #	Pass Through Number	Expenditures	Passed Through to Sub-recipient
NATIONAL SCIENCE FOUNDATION				
Direct Recipient				
Education and Human Resources	47.076	N/A	$889,416	$0
Passed through Ohio State University Research Foundation				
Education and Human Resources	47.076	60042097-CSCC; RF01144350	$67,084	$0
Passed through Sinclair Community College				
Education and Human Resources	47.076		$22,378	$0
Total National Science Foundation			**$978,878**	**$0**
DEPARTMENT OF JUSTICE				
Passed through Ohio Attorney General				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-VOCA-22895856	$183,392	$0
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Recipient				
Environmental Education Grants	66.951	N/A	$46,309	$0
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Recipient				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	N/A	$30,798	$0
DEPARTMENT OF DEFENSE, DEPARTMENT OF THE NAVY				
Passed through American Lightweight Materials Manufacturing Innovation Institute				
Basic and Applied Scientific Research	12.300	N/A	$13,517	$0
Direct Recipient				
GenCyber Grants Program	12.903	N/A	$70,118	$0
DEPARTMENT OF TRANSPORTATION				
Passed through Stark Area Regional Transit Authority				
Buses and Bus Facilities Formula Program	20.526	N/A	$4,175	$0
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Recipient				
Science	43.001	N/A	$5,270	$0
DEPARTMENT OF COMMERCE				
Passed through The Ohio State University				
Economic Adjustment Assistance	11.307	06-40-06019	$8,242	$0
TOTAL FEDERAL AWARD EXPENDITURES			**$81,218,754**	**$684,589**

See Notes to Schedule of Expenditures of Federal Awards

COLUMBUS STATE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the College's financial statements. The College did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2 – Federal Direct Student Loan Program

The College is a direct lender for the Federal Direct Student Loan program. The following represents direct loans originated and disbursed during fiscal year 2017:

CFDA Number	Program Name	Amount	
84.268	Federal Subsidized Direct Loans	$	20,679,110
84.268	Federal Unsubsidized Direct Loans	$	24,410,104
84.268	Federal PLUS Loans	$	275,169
	Total Federal Direct Student Loans	$	45,364,383

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Columbus State Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 13, 2017. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 13, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

Board of Trustees
Columbus State Community College

Report on Compliance for Each Major Federal Program

We have audited the Columbus State Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and discretely presented component unit of the College as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 13, 2017, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 13, 2017

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant Deficiency(s) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant Deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

Student Financial Assistance Cluster
Investing in Innovation – CFDA 84.411 B
Trade Adjustment Assistance Community College and Career Training – CFDA 17.282
Educatin and Human Resources – CFDA 47.076

Dollar threshold used to distinguish between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2017

Columbus State Community College had no prior audit findings or questioned costs.

COLUMBUS STATE COMMUNITY COLLEGE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 9, 2017