COLUMBUS STATE COMMUNITY COLLEGE

Basic Financial Statements

June 30, 2016

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, 2015 through June 30, 2016. 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
Auditor of State

October 25, 2016

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

This page intentionally left blank.

COLUMBUS STATE COMMUNITY COLLEGE

TABLE OF CONTENTS

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, 2016 and June 30, 2015, 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.

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, 2016 and June 30, 2015, 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.

6479 REFLECTIONS DRIVE / DUBLIN, OH 43017 • (800) 890-8709
8260 NORTHCREEK DRIVE, SUITE 330 / CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
TWO PRESTIGE PLACE, SUITE 240 / DAYTON, OH 45342 • (937) 433-0400 • FAX (937) 433-0429
www.plattenburg.com

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, 2016, 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, 2016

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, 2016; and financial activity for the fiscal year July 1, 2015 through June 30, 2016, with selected comparative information for the fiscal year ended 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 a comprehensive, two-year state community college that provides quality programs to enhance the educational and employment opportunities of its students.

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. The transfer programs, Associate of Arts and Associate of Science, meet the majority of freshman and sophomore course requirements of bachelor's degree programs offered by four-year colleges and universities throughout the state. Specific transfer agreements with area colleges and universities have been and continue to be developed, including *Preferred Pathways®* partnerships with nine universities that 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 six 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

While financial resources continued to be limited, partnerships, reallocations, rigorous expense management, shared services, and challenging trade-offs allowed the College to maintain its solid financial position, including additional investments in strategic initiatives and assets allowed by underspending in several areas.

As a result of continued progress in new student enrollment and in student success initiatives, some increases were noted in enrollment after nearly three years of downward trends. Autumn and Spring semesters combined for an increased headcount of 7.8% over FY15, and an increase in full-time equivalents (FTEs) of 4.1%. Summer enrollments decreased with Summer 2015 decreasing nearly 21% from the prior year while Summer 2016 headcount was nearly flat to 2015 and FTEs declined by 2.0%. Overall, headcount for the year was up over 2% and FTEs were down just 1%. For the first year of the two-year biennium with no increase in tuition rates, tuition revenue results were similar to enrollment results being nearly flat to the prior year, decreasing by $170,000, or .28%.

FY16 was the first full year of Ohio's *College Credit Plus* program (*CCP*), which allows high school students to earn college credit while still in high school, while also making higher education more affordable. Over 2,600 high school students earned credit through the *College Credit Plus* at Columbus State in Autumn 2015 and Spring 2016 semesters, accounting for approximately 10% of total headcount for Columbus State enrollment and over 5% of total credit hours. Student headcounts, seats registered and credit hours registered more than doubled from Autumn 2014 to 2015 and increased from Spring 2015 to 2016 compared to the dual credit program that preceded *CCP*.

Overall, the College is reporting a positive Change in Net Position of $3.9 million for the fiscal year ended June 30, 2016, an increase of $2.1 million from 2015. Excluding $1.8 million for entries related to pension expense, discussed below under the section for Implementation of GASB 68, the Change in Net Position was an increase of $2.1 million for FY16 compared to a decrease of $1.2 million for FY15 (as adjusted for the impact of GASB 68). The $2.1 million increase for FY16 is largely due to $3.4 million in capital appropriations with the net of operating and non-operating activities resulting in a loss of $1.4 million before capital appropriations. This loss before capital appropriations is primarily attributed to spending for strategic initiatives which were not part of the primary FY16 operating budget, but rather funded from reserves that were allocated for those strategic purposes.

Implementation of GASB 68

During 2015, 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 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 new 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 and deferred inflows/outflows of resources related to pension on the accrual basis of accounting for the years ended June 30, 2016 and 2015. 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. Recognizing the progress in student success efforts, the College earned the distinction of an *Achieving the Dream Leader College*, a national designation awarded to community colleges that commit to improving student success and closing achievement gaps. The College was also selected for the American Association of Community Colleges (AACC) to participate in the *Pathways Project*, a national initiative funded by the Bill & Melinda Gates Foundation focused on designing and implementing structured academic and career pathways, and helping colleges to propel to the next level work already occurring on student success agendas. The College is also one of twenty community colleges from across the country participating in the AACC *Right Signals Initiative*, funded by the Lumina Foundation to develop a model for recognizable credentialing, including degrees, certificates, apprenticeships, and other quality credentials, serving students, colleges and employers.

During FY16, 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. Efforts were significantly bolstered by several grants that represent increasingly significant resources necessary to advance student success and affordability initiatives. The College was awarded over $20 million in FY16. The largest award, the *Central Ohio Partnership for College and Career Readiness Expansion*, was $11.5 million awarded by the U.S. Department of Education for the Investing in Innovation (i3) Award, and will help to build upon existing K-12 partnerships with seven Central Ohio districts. This award was the only community college-led project funded in the country and is the largest grant in the history of the College. Three other awards were the first awards received from the National Endowment for the Humanities (NEH), U.S. Environmental Protection Agency (EPA), and the National Security Agency (NSA). While the revenue received in FY16 from federal, state and local grants decreased by approximately $1.7 million from FY15, the i3 grant began in mid-FY16, and the majority of its work and expenses will be FY17-FY21. Additionally, FY15 included substantial funds from the Ohio Department of Education's *Straight A* grants that were one-time funds.

Funding from other multi-year grants continued in FY16 in support of the College's strategic priorities. These grants included:

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. During FY16, Northland High School was announced as the third Credits Count high school. Northland students will have an opportunity to pursue STEM professions through selected career pathways in engineering.

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.

The College has three National Science Foundation (NSF) grants, totaling nearly $1.5 million over three-year grant periods. The first grant is for educating the next generation of multi-craft manufacturing support technicians through a work study model, the second is to build an academic pathway for logistics engineering technicians, and the third is to create a cybersecurity program in computer science. These grants are in collaboration with several partners including Miami University, Franklin University, Eastland-Fairfield Career Center, the National CyberWatch Center at Prince George's Community College, two Worthington City high schools, industry partners such as Honda of America, and key regional partners.

The College also has grants from the U.S. Department of Labor, Employment and Training Administration through two consortia. The first is a four-year grant for $1,398,678 under the Trade Adjustment Assistance (TAA) Community College and Career Training Grants Program with Broward College as the lead consortium applicant. The project, Leveraging, Integrating, Networking, Coordinating Supplies (LINCS), will develop stackable certificates that will provide workers with skills suitable for entry and middle level employment in supply chain management. Under the second grant, a $1.1 million, four-year grant, Lorain County Community College is the lead institution among eleven community colleges collaborating in the Ohio Technical Skills Innovation Network (Ohio TechNet) program to offer a comprehensive solution to the challenge that many Ohio employers have in attracting workers for advanced manufacturing and technology jobs. Columbus State will focus on multi-craft manufacturing technology and welding with opportunity for participants to enroll in credential-granting programs in Welding Skills, CNC/Machining, and Industrial Maintenance, with options for further education and/or advanced certifications.

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 us to accelerate the work of student success and workforce development. Additionally, several of the grants have allowed the College to propel the initiative to digitize courses designed to enhance on-line offerings and dual credit programs.

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 FY15 were released in the spring of 2016 and Columbus State's composite score was 4.2 (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 and Regional Learning Centers

Autumn Semester began with the College's Regional Learning Center (RLC) for Dublin moving from its former location to a new facility, the Dublin Integrated Education Center (DIEC), made possible through an enhanced partnership with Ohio University. This partnership is designed to ensure college affordability, access, and education innovation, through new 2+2 allied health and other academic pathways for Columbus State students at the campus in Dublin and aims to draw students from many disciplines to prepare for vital careers in healthcare. The DIEC houses state-of-the-art laboratories and smart classrooms, including a patient simulator room and labs for anatomy, chemistry, and biology. Columbus State's Board of Trustees allocated funds up to $3.1 million for the relocation of the Dublin RLC. Actual costs were approximately $2.7 million.

The Center for Teaching and Learning Innovation was updated to allow faculty to enhance the College's on-line courses to improve student success, including students enrolled through *College Credit Plus*. The updates also support transitioning course content for mobile learning accessibility, course digitization and for the ongoing updating of courses. An updated design studio accommodates 14-20 designers and includes a Faculty Assistance Center and a large training room. The project cost was $999,357 funded entirely with state capital funds.

A one-stop center, *Student Central*, opened in February 2016, making it easier and more seamless to become a student at Columbus State by consolidating key functions into a "one stop" location for a single point-of-contact with broadly trained, customer-focused staff able to address most student inquiries. Space in Madison Hall, previously occupied by the Office of the Registrar, was updated to meet this objective. The total project cost was $1.5 million, with approximately $646,000 funded with FY15-16 state capital funds and the balance funded with local funds.

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 will extend into FY17 with completion anticipated in summer of 2017. The total project budget is $1,156,000, and will be 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, commenced in May 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. Construction should be completed prior to the start of Autumn Semester 2016. The project budget is $650,000, funded with local funds.

State Capital Funds

In the FY15-16 state capital appropriations legislation (HB 497), Columbus State's total appropriation was $10.5 million. The monies have been and continue to be used to upgrade the College's technology infrastructure on several fronts, from replacing desktop computers to upgrading technology infrastructure to modernizing classroom technology to enhance teaching and learning. Funds were also used to expand student study spaces that include a modern technology infrastructure. State funds also provided modestly for ongoing maintenance projects, which include elevator upgrades discussed above. Approximately $3.4 million was expended and recognized as revenue in the FY16 financial statements compared to $4.7 million in FY15. The remainder from the FY15/16 capital appropriations were reappropriated in SB 260 for FY17-18, for continuing technology upgrades and for basic renovations, including an additional science lab on the Columbus campus.

In the FY17-18 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, $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. A fundraising campaign is being planned to support these and other projects outlined in a master plan framework adopted by the Board of Trustees in July 2013. A recently formed Capital Planning Implementation Team is assessing the impact of implementing the FY17-18 capital plan on other facilities and/or operations and will recommend project priorities for the FY19-24 capital plan. The College was also funded for FY17-18 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, 2016. The total amount of assets and deferred outflows minus liabilities and deferred inflows 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)

	2016	2015	Difference	2014	Difference
Assets					
Current assets	$ 102,844	$ 96,614	$ 6,230	$ 123,659	$ (27,045)
Noncurrent assets					
Capital assets	153,645	156,094	(2,449)	156,625	(531)
Other	49,847	69,221	(19,374)	57,847	11,375
Total Assets	306,336	321,929	(15,593)	338,131	(16,202)
Deferred Outflows of Resources					
Pension	32,441	13,578	18,863	11,738	1,840
Unamortized loss on refunding	232	298	(66)	371	(73)
Total Deferred Outflows of Resources	32,673	13,876	18,797	12,109	1,767
Total Assets & Deferred Outflows of Resources	$ 339,009	$ 335,805	$ 3,204	$ 350,240	$ (14,435)
Liabilities					
Current Liabilities					
Accounts payable and accrued	11,539	13,454	(1,915)	24,726	(11,272)
Debt, current portion	1,600	1,555	45	1,520	35
Unearned revenue	7,776	22,117	(14,341)	24,448	(2,331)
Noncurrent liabilities					
Debt, long-term portion	5,320	6,920	(1,600)	8,475	(1,555)
Net Pension Liability	198,714	176,533	22,181	208,925	(32,392)
Long-term liabilities	1,064	993	71	926	67
Total Liabilities	226,014	221,572	4,441	269,020	(47,448)
Deferred Inflows of Resources					
Pension	26,071	31,232	(5,161)	-	31,232
Total Deferred Inflows of Resources	26,071	31,232	(5,161)	-	31,232
Total Liabilities & Deferred Inflows of Resources	252,085	252,804	(720)	269,020	(16,216)
Net Position					
Invested in capital assets	146,725	147,619	(894)	146,630	989
Restricted	33,238	29,091	4,147	26,796	2,295
Unrestricted	(93,039)	(93,709)	670	(92,206)	(1,503)
Total Net Position	$ 86,923	$ 83,001	$ 3,923	$ 81,220	$ 1,781

As of June 30, 2016, current assets totaled $102.8 million compared to $96.6 million in FY15, an increase of $6.2 million, or 6%. Investments increased while accounts receivable decreased to account for most of the difference. A substantial portion of the increase from 2015 is due to more cash and short-term investments that were invested with shorter maturities; cash and short-term investments increased by $23.4 million, while long-term investments (non-current assets) decreased by $19.4 million. In total, cash and investment (short-term and long-term) increased by just $3.9 million, or 2.9%. The offsetting decrease in current assets is attributed to a decrease in accounts receivable of $16.5 million, 60.8%, the result of Autumn semester 2016 billing being deferred until July, 2016, while Autumn semester 2015 was billed in June, 2015. Similarly, there is a large decrease in the deferred tuition account from the timing noted above for Autumn semester 2016 compared to Autumn semester 2015. Total noncurrent assets decreased by $23.8 million, 31.9%, from 2015, due to the shift from long-term investments to cash and short-term investments as noted previously and excess of depreciation over capital asset additions.

Total assets as of June 30, 2016, were $306.3 million compared to $321.9 million in FY15, a 4.8% decrease, primarily the result of the timing of accounts receivable as discussed above, with most other changes between all other asset categories largely offsetting.

Capital assets, such as land, buildings, machinery and equipment, remains the largest asset group at $153.6 million (50.2%), followed by cash and investments of $137.4 million (44.9%), and inventory and other assets at $15.3 million (4.9%). Cash and investments, as a percentage of total assets, are 3.5 percentage points higher than its proportion of total assets at June 30, 2015. Inventory and other assets decreased by 7.8 percentage points, while capital assets increased by 1.7 points. The shift in the composition of total assets from inventory and other assets to cash and investments is due to lower accounts receivables for Autumn 2016, which were not billed until July, 2016.

Liabilities

As of June 30, 2016, the College's current liabilities were $20.9 million, compared to $37.1 million in 2015. Of the total in FY16, $7.8 million was unearned revenue (Summer semester tuition revenue related to fiscal year 2017, 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. For 2015, $22.1 million was unearned revenue (Summer and Autumn 2015 semester tuition revenues related to FY16, credit bank, and unearned revenues related to grants and contracts), $13.5 million was accounts payable and accrued expenses, and $1.5 million was the current portion of long-term debt. The $16.2 million decrease was primarily due to Autumn semester 2016 tuition that was not billed until July, 2016, where Autumn 2015 tuition was billed in June, 2015, thus decreasing unearned revenue by $14.3 million. There was also a decrease in accounts payable and accrued expenses of $1.9 million.

Noncurrent liabilities as of June 30, 2016 were $205.1 million, consisting of $5.3 million in long-term debt (general receipts bonds), other long-term liabilities (primarily compensated absences) of nearly $1.1 million, and net pension liability of $198.7 million. By comparison, noncurrent liabilities as of June 30, 2015 were $184.4 million consisting of $6.9 million in bonds payable, $993,000 in other long-term liabilities, and $176.5 million in net pension liability. The decrease in the long-term debt is due to debt service payments for 2016. The more significant increase in noncurrent liabilities occurred in the net pension liability, which increased by $22.2 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, 2016 were $226.0 million compared to $221.6 million in FY15. The $4.4 million change is primarily attributed to the increase of $22.2 million for net pension liability, lower unearned revenue of $14.3 million resulting from timing of billing for Autumn semester 2016 as discussed above, lower accounts payable, and the reduction in long-term debt as a result of 2016 debt service payments.

Net Position

Net position increased by $3.9 million in 2016. As discussed under Financial and Institutional Highlights, 2016 activity included a reduction to expenses of approximately $1.8 million related to pension activity. Excluding the impact of pension activities, the net position for FY16 increased by approximately $2.1 million, representing all other College operating, auxiliary, and grant activity, compared to a decrease in net position of $1.2 million in 2015.

The $2.4 million operating revenue decrease was largely due to decreases in financial aid and grant activity which were $1.7 million lower than FY15. Revenue for the Bookstore decreased by $236,000, due to the impact of lower Summer semester 2016 enrollment and textbook affordability initiatives. Additionally, tuition and fees were lower due to more discounts related to *College Credit Plus*.

In the area of operating expenses, as discussed later in this Management Discussion and Analysis, expenses were $4.2 lower than FY15. Scholarships and Fellowships had the largest decrease of $3.8 million, followed by Institutional Support with a decrease of $2.3 million, primarily due to one-time compensation that the College provided to all employees at the end of FY15; no one-time compensation was paid in FY16. Instructional and

Departmental Research decreased by $2.1 million, while Operation and Maintenance of Plant increased by $1.7. In FY16, all rental and utility payments, primarily related to regional learning centers, ($1.2 million) were part of Operation and Maintenance of Plant, where in FY15 similar costs were part of the Instructional and Departmental Research. Higher expenses were observed in Bookstore due to the College supplying textbooks for the *College Credit Plus* partner school districts.

Nonoperating revenues and expenses combined to increase by $1.6 million in FY16, with the most significant factors being the lower Pell Grant Revenue, which decreased by $2.6 million and State appropriations that increased by $2.4 million. Other nonoperating revenue/expense decreased by $1.3 million due to less expenditures on equipment that was expensed (more capitalized spending) which amounted to $1.7 million in FY16 compared to $2.9 in FY15. As discussed under Financial and Institutional Highlights, the College received $10.5 million from the FY15-16 state capital legislation of which $3.4 million was recognized as revenue in FY16, compared to $4.7 in FY15; the balance was reappropriated for FY17-18.

Condensed versions of the College's revenues, expenses and changes in net position for the years ended June 30, 2016, 2015 and 2014 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)

	2016 (GASB 68)	2015 (GASB 68)	Difference	2014 (GASB 27)	Difference
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $16.7, $15.3, and $19.6 million in 2016, 2015, and 2014, respectively)	$ 60,033	$ 60,204	$ (171)	$ 60,983	$ (779)
Federal, state, and private grants and contracts	9,130	10,856	(1,726)	6,416	4,440
Auxiliary enterprises	13,273	13,520	(247)	14,943	(1,423)
Other	190	474	(284)	538	(64)
Total operating revenues	82,626	85,054	(2,428)	82,880	2,174
OPERATING EXPENSES					
Educational and general	139,835	141,748	(1,913)	136,424	5,324
Scholarships and fellowships	15,720	19,503	(3,783)	21,279	(1,776)
Depreciation expense	7,853	7,060	793	6,984	76
Auxiliary enterprises	12,860	12,238	622	13,244	(1,006)
Total operating expenses	176,268	180,549	(4,281)	177,931	2,618
Operating income (loss)	(93,642)	(95,495)	1,853	(95,051)	(444)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	63,860	61,436	2,424	61,009	427
Investment income (net of expense)	1,119	667	452	394	273
Pell Grant Revenue	31,110	33,684	(2,574)	39,771	(6,087)
Other non-operating revenues	(1,922)	(3,242)	1,320	(289)	(2,953)
Net nonoperating revenues	94,167	92,545	1,622	100,885	(8,340)
Income before capital appropriations	525	(2,950)	3,475	5,834	(8,784)
Capital appropriations and gifts	3,398	4,731	(1,333)	2	4,729
Increase in net position	3,923	1,781	2,142	5,836	(4,055)
Net position, beginning of year	83,001	81,220	1,781	N/A	N/A
Net position, end of year	$ 86,924	$ 83,001	$ 3,923	$ 81,220	$ 1,781

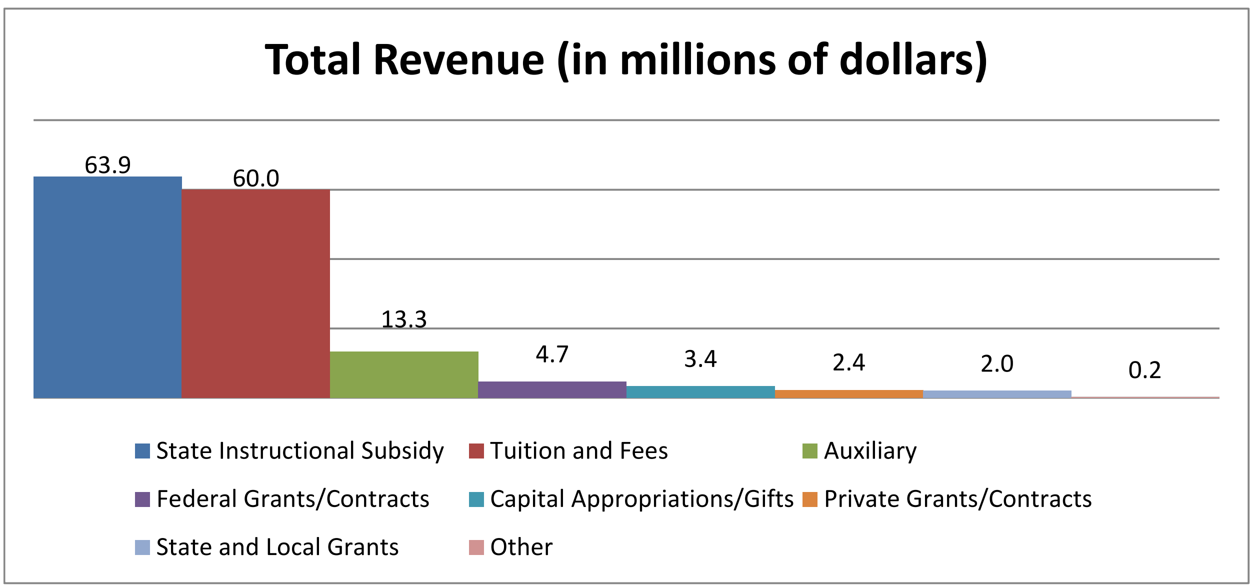
Revenues

FY16 revenues totaled $181 million, a decrease of 2.1% compared to $184.9 million in FY15. The most significant area of note was a decrease in State and Local Grants and Contracts, with the largest being income recognized in FY15 from AEP, JPMorgan Chase, the City of Columbus (ended in October 2015) and those related to the State of Ohio *Straight A* grants (most ended at June 30, 2015). Capital appropriations also decreased by $1.3 million while the State Share of Instruction (SSI) increased by $2.4 million. Tuition and fees were almost flat to last year. Auxiliary revenue for the Bookstore decreased by $.2 million due to the impact of initiatives that continue to provide more affordable options for students. Pell grant revenue decreased as a result of changing demographics of our students, including *College Credit Plus* students that are ineligible for financial aid. While the expected family contribution went up, almost all Pell eligible students still received full Pell. 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 ($63.9 million), 2) Student tuition and fees ($60 million), and 3) Federal, state, and private grants and contracts, including Pell grant revenue ($40.2 million).

Of $37.9 million in federal and state grants and contracts, 83.9% are awarded to students through the federal Pell grant and Supplemental Educational Opportunity Grant (SEOG) programs. These funds are used for student tuition ($16.7 million) and education-related expenses.

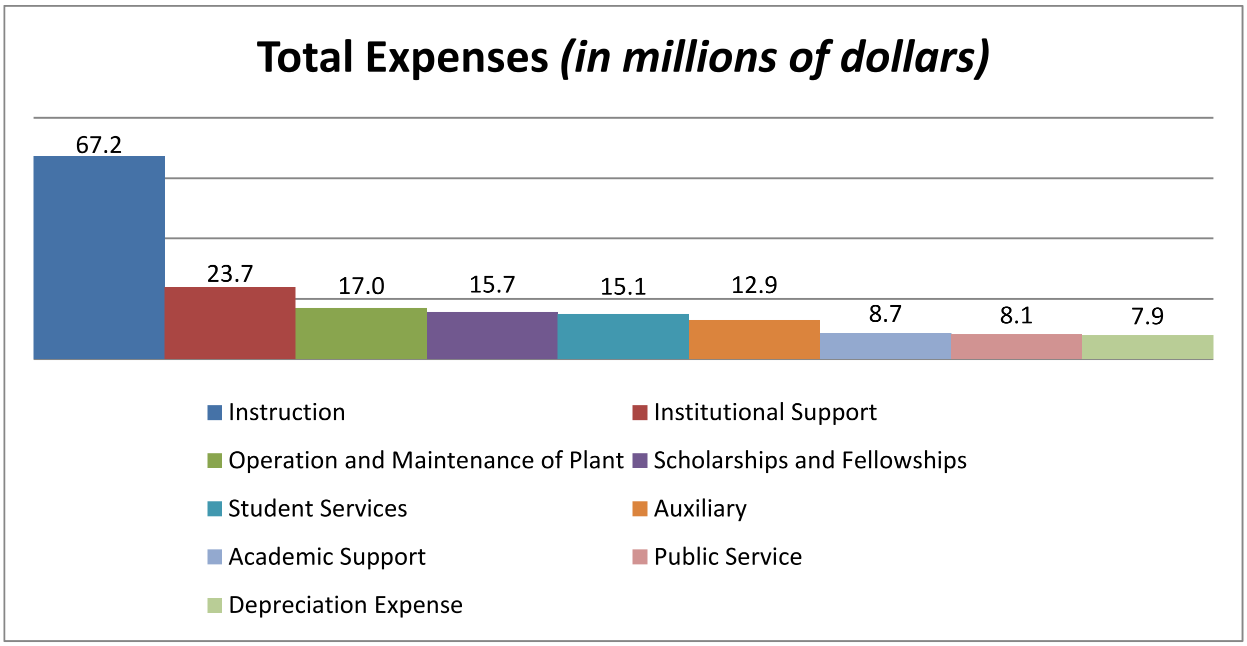
The major sources of College revenues for FY16 are presented below.



Expenses

FY16 expenses totaled $176.3 million compared to $180.5 million in FY15, a decrease of $4.2 million, or 2.4%; excluding approximately $1.8 million and $3.0 million in reductions to pension expense resulting from entries to comply with GASB 68 for FY16 and FY15, respectively, College operating expenses decreased by $5.4 million, or -5.3%. The majority of the $5.4 million decrease in operating expenses occurred in Scholarships and Fellowships. Scholarships and Fellowships expenses decreased by $3.8 million as a result of the continued best practices of financial aid refunds, in addition to less Pell grants awarded, as discussed in the revenues discussion. Decreases also occurred in Institutional Support due to one-time compensation that was provided to faculty and staff in FY15, but not in FY16.

FY15 expenditures are shown below:



Statement of Cash Flows (in thousands)

Net cash provided (used) by:	2016	2015	2014
Operation activities	($86,574)	($94,336)	($86,429)
Non capital financing activites	93,207	92,147	100,749
Capital financing activities	(3,720)	(3,587)	(6,046)
Investing activities	(4,689)	10,311	(13,125)
Net increase/(decrease) in cash	(1,776)	4,535	(4,851)
Cash - beginning of year	11,747	7,212	12,063
Cash - end of year	$9,971	$11,747	$7,212

Ending cash balances for fiscal years 2016, 2015 and 2014 were $10.0 million, $11.7 million and $7.2 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 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. Cash balances at the end of FY14 were lower due to efforts to invest more funds in longer maturities to maximize earnings following a revision to the College's investment policy.

Major sources of cash in 2016 were State Appropriations of $63.9 million, tuition and fees of $57.8 million, and gifts, grants, and contracts totaling $43.1 million.

The most significant uses of cash were payments for salaries and benefits of $114.0 million, payments to suppliers of $39.7 million, $15.7 million disbursed for student scholarships and financial aid, and $5.4 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 (formerly named the Ohio Board of Regents). 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 approximately $7.9 million, where Auxiliary had net revenues of $35,000, while the College general fund had net revenues, before interest and additional transfers and allocations, of $7.9 million. Factors contributing to the College general fund's excess of revenues over expenditures in FY16 include tuition revenue that was $917,000 more than the revised budget, fees and other revenues were about $730,000 higher than projected, 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*, nearly doubled from FY15, adding an additional $1.1 million to net operating results (not reflected in the numbers below). Of the $7.9 million excess revenues over expenses for the College general fund, $6.1 million was allocated as of June 30, 2016 as follows: $1.1 million – capital equipment, $1.0 million – Student Success and Innovation, and $4.3 million – capital improvements. The remaining $1.8 million net revenue, along with interest income of $1.1 million will be allocated for strategic initiatives in January 2017.

The analysis below does not include nearly $8.5 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: strategic growth initiatives ($1.8 million), technology initiatives and other instructional and capital equipment ($2.3 million), student success and innovation ($1.4 million), *Think Again* scholarships ($0.5 million), and Student Central, Madison Hall One Stop Center ($.7 million).

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

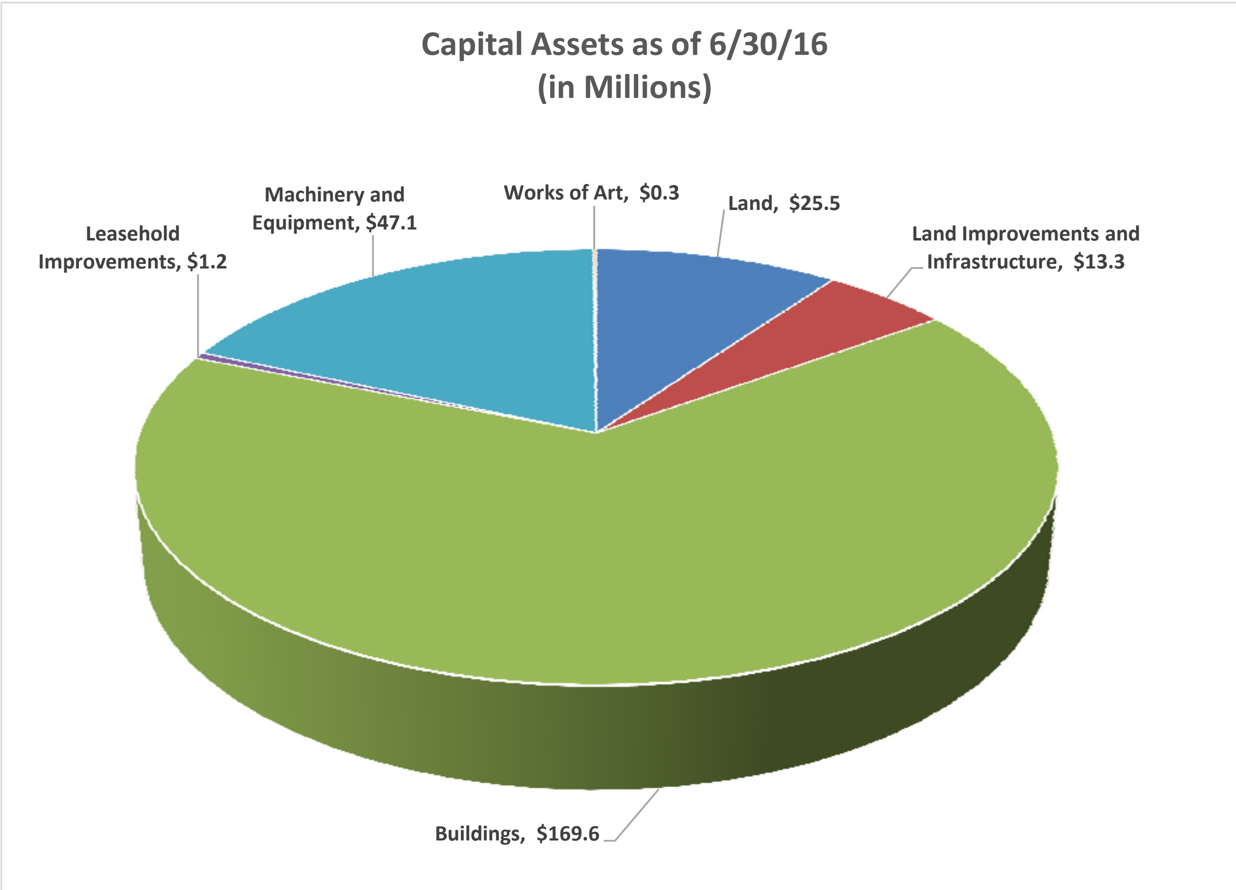
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 16 (in thousands)

Budgeted Operations	Original Budget	Revised Budget	Percent % Change	Actual	Percent % Change
Revenues					
College	$135,574	$139,124	2.62%	$141,161	1.46%
Auxiliary	13,522	12,864	-4.87%	13,273	3.18%
Total Revenues	$149,096	$151,988	1.94%	$154,434	1.61%
Expenditures					
College	$135,574	$139,102	2.60%	$133,278	-4.19%
Auxiliary	13,411	12,801	-4.55%	13,238	3.41%
Total Expenditures	$148,985	$151,903	1.96%	$146,516	-3.55%
Net Revenues	$111	$85	-23.42%	$7,918	9216%

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, 2016, the College had $257.0 million in capital assets and $103.4 million in accumulated depreciation, for a total of $153.6 million in net capital assets.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2016.



By comparison, as of June 30, 2015, the College had recorded $251.9 million in capital assets and $95.8 million in accumulated depreciation, for a total of $156.1 million in net capital assets. A detailed summary of additions, deletions, and depreciation of assets can be found in Note 4 – Capital Assets.

<u>Debt</u>

As of June 30, 2016, the College had $6.92 million of outstanding debt, excluding net pension liability discussed previously, as follows:

		(in millions)
General Receipts Bonds:	2012	$ 6.16
General Receipts Bonds:	2007	$ 0.76
Total		$ 6.92

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 FY17.

State Support
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. In FY16, Columbus State led Ohio's community colleges in transfers to universities for all students including access students and for the total number of certificates awarded for all students, including access students. Success points, a component of performance funding first introduced in 2011, continue to be part of the funding formula 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. Success points account for 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 longer any 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
As discussed in the Financial and Institutional Highlights section earlier in this document, as a result of progress in new student enrollment and in student success initiatives, some increases were noted in enrollment after three years of downward trends. The College maintains a prudent approach to budgeting as demonstrated by its FY16 budget which was balanced on the assumption that tuition revenue would be 5% lower than the prior year, and its FY17 budget, which is balanced on the assumption that tuition revenue will be flat to FY16.

While the College charged students the same tuition for six consecutive years through 2012, saving students and their families approximately $30 million over this extended period of time, it raised tuition for FY15 at the $100 cap legislated in HB 59. For the FY16/17 biennium, HB 64, the State's biennial budget legislation, prohibited tuition increases except in exceptional circumstances (requiring approvals beyond the College's Board of Trustees), but provided additional state subsidy. The College's in-state tuition remains the third lowest among Ohio's 23 community colleges and the lowest among non-levy community colleges. Additionally, HB 64 included a provision that required the board of trustees of each state institution of higher education to develop and implement a plan by October 15, 2015 to provide all in-state undergraduate students the opportunity to reduce the student cost of earning a degree by five percent. Tuition increase boundaries for FY18-19 and state subsidy allocations will be unknown until early 2017, and finalized by June 30, 2017. Shortfalls in state revenues are projected for the next biennium, reason for continued prudent budgeting by the College.

The College continues to advocate a systemic view of college affordability, educating students and their families on affordable pathways yielded by combining two years at a community college with two years at a university. Students participating in *CCP*, earning college credits while still in high school, make college even more affordable.

College Credit Plus (CCP), Ohio's new dual enrollment program became effective September 17, 2014, a part of HB 487, signed into law on June 16, 2014. *CCP* replaced Ohio's Post-Secondary Enrollment Options program (PSEO) and all other alternative dual credit programs and was operational for the 2015/16 school year. All public school districts and public institutions of higher education must participate. *CCP* funding is based on per college credit hour amounts where, in FY16, a ceiling of $163.23 is determined by using 83% of the state's K-12 per pupil funding amount and a floor of $40.81 is determined as 25% of the ceiling. Rates vary based on the location of the course delivery and who provides the instruction. The law requires college fees to be waived and school districts to cover textbook costs but allows alternative payment structures if agreed to by a school district and a public institution of higher education. For FY16, Columbus State entered into agreements with some school districts to charge its in-state tuition rate of $135.93 as the ceiling and to cover textbook costs for the 2015/16 school year. Credit hours more than doubled through dual credit programming from FY15 to FY16. This is mostly due to the State's *CCP* program beginning in the 2015-16 school year. While final payments under *CCP* for FY16 have not yet been finalized, it is anticipated that total FY16 revenue through the *CCP* program and other dual credit funding will be nearly $2 million. Continued growth is anticipated in the *CCP* program, particularly as *CCP* is touted as an essential consideration in college affordability. 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 FY17-18 state capital improvement appropriations legislation was $14.6 million towards a School of Hospitality Management and Culinary Arts (SHMCA), an Academic Success Center, and a School of Business Technologies. For the SHMCA, an architect has been engaged and a site selected for a new building. 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. 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 work of this team will also encompass the results of facilities assessments to be completed in FY17 in five areas: space utilization, building assessments, energy master plan, computerized maintenance management software (CMMS), and ADA assessments, which will inform future capital plans, allowing for more informed decision-making.

The College continues to assess the value of its regional learning centers (RLCs) and the availability of partnership opportunities when possible, as it did when the Dublin RLC was relocated to the new Ohio University Dublin Integrated Education Center in FY16 and when the Gahanna RLC was consolidated in the Reynoldsburg RLC at the beginning of FY16. The current lease for the Westerville RLC will expire in FY18; this RLC will be evaluated to determine if the lease will be renewed or if other opportunities exist to serve this region more effectively. The College was notified that space currently leased for its Fire Science program will no longer be available after FY17; options are being pursued to continue academic programming in suitable space. The College was also notified that a current lot that is presently leased for student parking would be put up for sale during FY17. Due to the importance of that lot for student parking and for the longer-term interests of the College, a purchase of that property is being negotiated.

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 updates 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 renovation of the food court is being planned in F17 with renovation anticipated in FY18. Additionally, to supplement the space of the existing food court in Union Hall, additional food service offerings will be established in the Bookstore and in Davidson Hall. These projects will be funded by AVI and by College auxiliary fund reserves.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF NET POSITION
As of June 30, 2016 and 2015

	2016		2015	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 9,971,541	$ 1,070,469	$ 11,746,779	$ 1,707,757
Investments - Short-Term	76,460,629	5,033,867	51,470,633	6,729,741
Investments - Current Restricted	1,159,890	-	967,620	-
Accounts, Loans and Pledges Receivable	10,580,683	2,357,439	27,039,432	1,658,712
Inventories	3,084,339	-	3,015,236	-
Other Assets	1,586,972	-	2,373,779	-
Total Current Assets	102,844,054	8,461,775	96,613,479	10,096,210
Noncurrent Assets				
Investments	49,847,266	2,128,117	69,221,414	109,442
Other Noncurrent Assets - Pledges Receivable	-	1,990,352	-	3,775,705
Capital Assets, Net	153,644,511	-	156,094,242	-
Total Noncurrent Assets	203,491,777	4,118,469	225,315,656	3,885,147
				-
TOTAL ASSETS	**306,335,831**	**12,580,244**	**321,929,135**	**13,981,357**
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Loss on Bond Refunding	231,535	-	298,381	-
Pension STRS	18,855,237	-	7,667,513	-
Pension SERS	13,586,202	-	5,910,062	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**32,672,974**	**-**	**13,875,956**	**-**
TOTAL ASSETS AND DEFERRED OUTFLOWS	**339,008,805**	**12,580,244**	**335,805,091**	**13,981,357**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	11,539,412	247,651	13,453,898	728,132
Debt, Current Portion	1,600,000	-	1,555,000	-
Unearned Revenue	7,776,331	-	22,117,656	-
Total Current Liabilities	20,915,743	247,651	37,126,554	728,132
Noncurrent Liabilities				
Debt, Long-Term Portion	5,320,000	-	6,920,000	-
Long-Term Liabilities				
Compensated Absences	1,064,449	-	992,890	-
Net Pension Liability STRS	126,016,857	-	113,661,528	-
Net Pension Liability SERS	72,697,478	-	62,871,338	-
Total Noncurrent Liabilities	205,098,784	-	184,445,756	-
TOTAL LIABILITIES	**226,014,527**	**247,651**	**221,572,310**	**728,132**
DEFERRED INFLOWS OF RESOURCES				
Pension STRS	18,417,994	-	21,027,814	-
Pension SERS	7,653,146	-	10,204,195	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**26,071,140**	**-**	**31,232,009**	**-**
TOTAL LIABILITIES AND DEFERRED INFLOWS	**252,085,667**	**247,651**	**252,804,319**	**728,132**
NET POSITION				
Net Investment in Capital Assets	146,724,511	-	147,619,242	-
Restricted				
Nonexpendable	-	4,109,870	-	4,054,875
Expendable	33,237,711	5,570,799	29,090,979	6,670,405
Unrestricted	(93,039,084)	2,651,924	(93,709,449)	2,527,945
TOTAL NET POSITION	**$ 86,923,138**	**$ 12,332,593**	**$ 83,000,772**	**$ 13,253,225**

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, 2016 and 2015

	2016		2015	
	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 $16,704,807 in 2016 and $15,349,551 in 2015)	$ 60,032,607	$ -	$ 60,203,614	$ -
Federal Grants and Contracts	4,738,322	-	4,413,062	-
State and Local Grants and Contracts	2,027,143	-	4,080,929	-
Private Grants and Contracts	2,364,701	1,021,358	2,361,682	1,010,370
Sales and Services of Educational Departments	51,348	-	33,418	-
Auxiliary Enterprises				
Bookstore	12,881,957	-	13,117,788	-
Other	390,718	-	401,998	-
Other Operating Revenues	138,859	-	440,723	-
Total Operating Revenues	**82,625,655**	**1,021,358**	**85,053,214**	**1,010,370**
EXPENSES				
Operating Expenses				
Educational and General				
Instruction and Departmental Research	67,240,227	-	69,382,159	-
Public Service	8,156,825	-	9,012,742	-
Academic Support	8,701,713	-	6,794,343	-
Student Services	15,073,679	-	15,232,397	-
Institutional Support	23,699,036	1,785,014	26,018,221	2,587,098
Operation and Maintenance of Plant	16,963,341	-	15,307,892	-
Scholarships and Fellowships	15,719,811	230,666	19,503,010	227,558
Depreciation Expense	7,853,375	-	7,059,701	-
Auxiliary Enterprises				
Bookstore	12,613,370	-	12,074,554	-
Other	247,054	-	163,111	-
Total Operating Expense	**176,268,431**	**2,015,680**	**180,548,130**	**2,814,656**
Operating Income (Loss)	**(93,642,776)**	**(994,322)**	**(95,494,916)**	**(1,804,286)**
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	63,859,734	-	61,435,814	-
Unrestricted Investment Income (Net of Investment Expense)	1,116,204	29,789	666,468	28,585
Restricted Investment Income (Net of Investment Expense)	3,258	43,901	448	5,481
Interest on Capital Asset Related Debt	(159,488)	-	(269,388)	-
Pell Grant	31,109,879	-	33,684,097	-
Other Nonoperating Revenue (Expense)	(1,762,640)	-	(2,973,100)	-
Net Nonoperating Revenues	**94,166,947**	**73,690**	**92,544,339**	**34,066**
Income (Loss)Before Other Revenues and Expenses	**524,171**	**(920,632)**	**(2,950,577)**	**(1,770,220)**
Capital Appropriations	3,398,195	-	4,730,990	-
Change in Net Position	**3,922,366**	**(920,632)**	**1,780,413**	**(1,770,220)**
NET POSITION				
Net Position-Beginning of Year (Restated 2015)	**83,000,772**	**13,253,225**	**81,220,359**	**15,023,445**
Net Position-End of Year	**$ 86,923,138**	**$ 12,332,593**	**$ 83,000,772**	**$ 13,253,225**

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, 2016 and 2015

	2016		2015	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
Tuition and Fees	$ 57,833,854	$ -	$ 59,110,817	$ 44,556
Grants, Gifts and Contracts	12,013,996	2,107,985	22,703,559	2,886,608
Payments to Suppliers	(39,717,857)	(2,265,495)	(55,511,796)	(1,866,314)
Payments for Salaries and Benefits	(114,035,763)	-	(111,991,601)	-
Payments for Scholarships	(15,719,811)	(230,666)	(19,503,010)	(227,558)
Auxiliary Enterprise Receipts	14,705,022	-	13,381,895	-
Other Receipts (Payments)	(1,653,059)	-	(2,525,687)	-
Net Cash Provided By (Used In) Operating Activities	**(86,573,618)**	**(388,176)**	**(94,335,823)**	**837,292**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Appropriations	63,859,734	-	61,435,814	-
Pell Grant	31,109,879	-	33,684,097	-
Nonoperating Payments to Suppliers	(1,762,640)	-	(2,973,101)	-
Net Cash Provided By Noncapital Financing Activities	**93,206,973**	**-**	**92,146,810**	**-**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Appropriations	3,398,195	-	4,730,990	-
Purchases of Capital Assets	(5,403,644)	-	(6,528,364)	-
Principal Paid on Debt	(1,555,000)	-	(1,520,000)	-
Interest Paid on Capital Debt	(159,488)	-	(269,388)	-
Net Cash Used In Capital Financing Activities	**(3,719,937)**	**-**	**(3,586,762)**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchases) of Investments	(5,808,118)	(322,801)	9,644,072	(263,431)
Income on Investments	1,119,462	73,689	666,916	34,066
Net Cash Provided By (Used In) Investing Activities	**(4,688,656)**	**(249,112)**	**10,310,988**	**(229,365)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(1,775,238)**	**(637,288)**	**4,535,213**	**607,927**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**11,746,779**	**1,707,757**	**7,211,566**	**1,099,830**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 9,971,541**	**$ 1,070,469**	**$ 11,746,779**	**$ 1,707,757**

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, 2016 and 2015

	2016		2015	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Loss	$ (93,642,776)	$ (994,322)	(95,494,916)	(1,804,286)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) By Operating Activities:				
Depreciation Expense	7,853,375	-	7,059,701	-
Changes in Assets and Liabilities and Deferred Inflows of Resources and Deferred Outflows of Resources Which Provided (Used) Cash:				
Receivables, Net	16,458,749	1,086,626	12,947,766	1,920,794
Inventory	(69,103)	-	(624,429)	-
Other Assets	786,808	-	(1,761,811)	-
Accounts Payable and accrued liabilities	(1,842,927)	(480,480)	(11,204,701)	720,784
Unearned Revenue	(14,341,325)	-	(2,330,568)	-
Unamortized loss on Refunding	66,846	-	72,963	-
Net Pension Liability	22,181,469	-	(32,392,232)	-
Deferred Outflows of Resources - Net Pension Expense	(5,160,869)	-	(1,839,603)	-
Deferred Inflows of Resources - Net Pension Expense	(18,863,865)	-	31,232,007	-
Net Cash Provided By (Used In) Operating Activities	**$ (86,573,618)**	**$ (388,176)**	**$ (94,335,823)**	**$ 837,292**

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

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***,** GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, become effective for fiscal years 2017 and 2018. Management has not determined the effect of these pronouncements on the financial statements of the College.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2016 and 2015, accounts receivable consist primarily of student tuition and fees, and intergovernmental grants and contracts.

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, 15 years for library books and 4 - 10 years for equipment. Depreciation expense is not allocated to the functional expenditure categories.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2016 and 2015.

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.

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, 2016 and 2015 for an unamortized loss on bond refunding and for pensions in the amounts of $231,535 and $298,381, respectively, resulted from the difference in the carrying value of refunded debt and its reacquisition price. 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Change in Accounting Principle

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.

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 2015 financial statement presentations to conform to the 2016 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, 2016 and 2015, $250,000 of the bank balances were covered by federal deposit insurance and the remaining portions, $12,358,194 and $18,406,776,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, 2016 and 2015:

	Fair Value	
Description	**2016**	**2015**
STAR Ohio/STAR Plus	$ 42,886,504	$ 38,070,950
Money Market Funds	6,099,552	3,078,104
Municipal Bonds	7,884,921	9,750,843
U.S. Government Obligations	4,768,130	5,289,655
U.S. Agency Obligations	65,828,678	65,470,115
Total	$ 127,467,785	$ 121,659,667

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, 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	6,099,552	6,099,552	-	-	-
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	$ 127,467,785	$ 77,620,519	$ 49,847,266	$ -	$ -

As of June 30, 2015, 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	$ 38,070,950	$ 38,070,950	$ -	$ -	$ -
Money Market Funds	3,078,104	3,078,104	-	-	-
Municipal Bonds	9,750,843	1,845,450	7,905,393	-	-
U.S. Gov't Obligations	5,289,655	1,521,740	3,767,915	-	-
U.S. Agency Obligations	65,470,115	7,922,009	57,548,106	-	-
Total	$ 121,659,667	$ 52,438,253	$ 69,221,414	$ -	$ -

The College held $42,886,504 and $38,070,950 in STAR Ohio and STAR Plus investments as of June 30, 2016 and 2015, 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. STAR Plus is endorsed by the Ohio Treasurer of State, administered by Public Funds Administrator (PFA), an Ohio business and is fully FDIC insured. The fair value of the College's position in the pool is the same as the value of its pool shares.

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, 2016 and 2015, Standard & Poor rated STAR Ohio investments as AAA and U.S. Government and Agency Obligations were rated AA+. Included in U.S. Agency Obligations were $6,153,551 and $12,404,560 in short term discount notes, as of June 30, 2016 and 2015, respectively. The government money market funds and U.S. Agency short term discount notes were not rated.

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

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	US Govt Obligations & Municipal Bonds	US Agency Obligations
AAAm	$ 27,812,863	$ 27,812,863	$ -	$ -	$ -
AAA to A-	$ 72,335,136	-	6,958	12,653,051	59,675,127
Unrated	$ 27,319,786	15,073,641	6,092,594	-	6,153,551
Total	$ 127,467,785	$ 42,886,504	$ 6,099,552	$ 12,653,051	$ 65,828,678

The credit ratings of the College's interest-bearing investments at June 30, 2015, are as follows:

Credit Rating (S&P)	Total	STAR Ohio	Money Market	US Govt Obligations & Municipal Bonds	US Agency Obligations
AAAm	$ 23,039,469	$ 23,039,469	$ -	$ -	$ -
AAA to A	$ 59,141,534	-	-	6,075,979	53,065,555
Unrated	$ 39,478,664	15,031,481	3,078,104	8,964,519	12,404,560
Total	$ 121,659,667	$ 38,070,950	$ 3,078,104	$ 15,040,498	$ 65,470,115

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, 2016 and 2015:

Year	Total	STAR Ohio	Money Market	US Govt Obligations & Municipal Bonds	U.S. Agency Oblig.
2016	100.0%	33.6%	4.8%	9.9%	51.7%
2015	100.0%	31.3%	2.5%	12.4%	53.8%

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, 2016 and 2015, 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, 2016 and 2015.

Note 3 - Pledges, Grants and Accounts Receivable

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

2015	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 46,464,749	$ (24,964,232)	$ 21,500,517
Grants and contracts	5,538,915	-	5,538,915
Total	$ 52,003,664	$ (24,964,232)	$ 27,039,432

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. Leve 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, 2016 and 2015:

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	$ 6,099,552	$ 6,099,552	$ -	$ -
Municipal Bonds	7,884,921	7,884,921	-	-
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	$ 84,581,281	$ 84,581,281	$ -	$ -

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, 2015	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	$ 3,078,104	$ 3,078,104	$ -	$ -
Municipal Bonds	9,750,844	9,750,844	-	-
U.S. Gov't Obligations	5,289,655	5,289,655	-	-
U.S. Agency Obligations	65,470,114	65,470,114	-	-
Total investments by fair value level	$ 83,588,717	$ 83,588,717	$ -	$ -

Note 5 - Capital Assets

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 5 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Land	$25,518,235	-	-	$25,518,235
Works of art	286,500	-	-	286,500
Construction in progress	8,302,613	3,654,057	(11,062,565)	894,105
Total cost of nondepreciable capital assets	34,107,348	3,654,057	(11,062,565)	26,698,840
Buildings	158,664,127	9,561,530	-	168,225,657
Leasehold improvements	324,721	-	(71,218)	253,503
Improvements other than buildings	12,433,777	-	-	12,433,777
Moveable equip, furniture and library books	39,951,661	4,436,955	(140,548)	44,248,068
Total cost of depreciable capital assets	211,374,286	13,998,485	(211,766)	225,161,005
Total cost of capital assets	245,481,634	17,652,542	(11,274,331)	251,859,845
Less accumulated depreciation				
Buildings	54,971,713	4,739,206	-	59,710,919
Improvements other than buildings	2,954,956	247,568	-	3,202,524
Moveable equip, furniture and library books	30,929,387	2,072,927	(150,154)	32,852,160
Total Accumulated Depreciation	88,856,056	7,059,701	(150,154)	95,765,603
Capital assets, net	$156,625,578	$ 10,592,841	$ (11,124,177)	$156,094,242

Note 6 - Accounts Payable and Accrued Liabilities

	2016	2015
Payable to vendors and contractors	$ 2,618,259	$ 3,538,392
Accrued expenses, primarily payroll and vacation leave	7,559,711	8,679,360
Employee withholdings and deposits payable to third parties	2,425,891	2,229,036
	$ 12,603,861	$ 14,446,788
Current	$ 11,539,412	$ 13,453,898
Noncurrent	$ 1,064,449	$ 992,890

Note 7 - Long Term Obligations

Long-term debt as of June 30, 2016 is summarized as follows:

	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

Note 7 - Long Term Obligations (Continued)

	Balance June 30, 2014	Addition/ New Debt	Reduction	Balance June 30, 2015	Current Portion	Noncurrent Portion
Series 2007 bonds with interest rates ranging from 4.0% to 4.25% due serially through 2017	$ 2,205,000	-	$ (705,000)	$ 1,500,000	$ 735,000	$ 765,000
Series 2012 bonds with an interest rate of 1.65% due serially through 2023	7,790,000	-	(815,000)	6,975,000	820,000	6,155,000
Total Bonds	9,995,000	-	(1,520,000)	8,475,000	1,555,000	6,920,000
Net Pension Liability						
STRS	135,028,248	-	(21,366,720)	113,661,528	-	113,661,528
SERS	73,896,850	-	(11,025,512)	62,871,338	-	62,871,338
Total Net Pension Liability	208,925,098	-	(32,392,232)	176,532,866	-	176,532,866
Compensated Absences	3,819,249	271,882	-	4,091,131	3,098,241	992,890
Total Long-Term Liabilities	$ 222,739,347	$ 271,882	$ (33,912,232)	$ 189,098,997	$ 4,653,241	$ 184,445,756

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

Years ended June 30	Principal	Interest	Total
2017	$ 1,600,000	$ 117,814	$ 1,717,814
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
2022-2023	1,825,000	45,293	1,870,293
	$ 6,920,000	$ 428,839	$ 7,348,839

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 and April 1, 2007.

The series 2007 bonds are not subject to redemption prior to maturity.

.

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 2021. Lease expense charged to operations was $2,312,493 and $2,044,135 during 2016 and 2015, respectively. Future minimum lease payments under operating leases at June 30, 2016, are as follows:

2017	$ 1,572,105
2018	1,004,907
2019	823,694
2020	728,502
2021	720,812
	$ 4,850,020

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 $4,455,307 and $4,091,131 as of June 30, 2016 and 2015, 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, 2016 or June 30, 2015.

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, 2016 and 2015, the allocation to pension, death benefits, and Medicare B was 14.0% and 13.18%, respectively. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund for the fiscal year ended June 30, 2015.

The College's contractually required contributions to SERS were $5,534,463 and $5,374,961 for fiscal years 2016 and 2015, 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, 2015, and will be increased one percent next year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 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 2016 contribution rates were equal to the statutory maximum rates.

The College's contractually required contributions to STRS were $6,402,593 and $6,573,275 for fiscal years 2016 and 2015, 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, 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

For the fiscal year ended June 30, 2015, the net pension liability was measured as of June 30, 2014, 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	$62,871,338	$113,661,528	$176,532,866
Proportion of the Net Pension Liability	1.242285%	0.46729176%	
Pension Expense	$3,697,350	$5,251,058	$8,948,408

Note 11 - Defined Benefit Pension Plans (Continued)

At June 30, 2016, 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	$1,160,341	$5,764,661	$6,925,002
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

At June 30, 2015, 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	$535,102	$1,094,239	$1,629,341
College contributions subsequent to the measurement date	5,374,961	6,573,275	11,948,236
Total Deferred Outflows of Resources	$5,910,063	$7,667,514	$13,577,577
Deferred Inflows of Resources			
Net difference between projected and actual earnings on persion plan investments	$10,204,195	$21,027,814	$31,232,009
Total Deferred Inflows of Resources	$10,204,195	$21,027,814	$31,232,009

Note 11 - Defined Benefit Pension Plans (Continued)

$11,937,056 reported as deferred outflows of resources related to pension a June 30, 2016 resulting from College contributions subsequent to June 30, 2015 measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. $11,948,236 reported as deferred outflows of resources related to pension at June 30, 2015 resulting from College contributions subsequent to the June 30, 2014 measurement date was recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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:			
2017	$349,288	$2,707,001	$3,056,289
2018	349,288	2,707,001	$3,056,289
2019	354,693	2,707,005	$3,061,698
2020	(1,451,863)	(2,155,656)	($3,607,519)
Total	($398,594)	$5,965,351	$5,566,757

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, 2015 and 2014 are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 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 Group 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, 2015 and 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. 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 (7.75 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 7.75 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 (6.75 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, 2015	$100,805	$72,697	$49,028
June 30, 2014	$89,699	$62,871	$40,307
(Dollars in Thousands)			

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015 and 2014 actuarial valuation was determined 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, 2015 and 2014 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

Note 11 - Defined Benefit Pension Plans (Continued)

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:

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, 2015 and 2014. 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, 2015 and 2014.

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, 2015 and 2014.

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:

Note 11 - Defined Benefit Pension Plans (Continued)

	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, 2015	$175,047	$126,017	$84,555
June 30, 2014	$162,719	$113,662	$72,176
(dollars in thousands)			

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, 2016, the health care allocation was 0.00 percent. For the year ended June 30, 2015, 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 $23,000 and $20,450 for fiscal years 2016 and 2015, 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 2016 and 2015, the College's surcharge obligations were $243,000 and $224,493, respectively.

The College's contributions for health care for the fiscal years ended June 30, 2015 and 2014 were $314,819 and $297,777, respectively; none of the College's employer contribution was allocated to the Health Care Fund in FY16.

Note 12 - Postemployment Benefits (Continued)

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.

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 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. For 2014, the contributions for health care were $456,836.

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 $1,627,773 and $1,492,011were reported at June 30, 2016 and 2015, 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.

Note 13 - Risk Management (Continued)

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
2016	$1,492,011	10,077,656	9,941,894	$1,627,773
2015	$1,903,214	10,109,369	10,109,369	$1,492,011
2014	$1,379,218	9,549,599	9,025,603	$1,903,214

In addition to the expense incurred in claim payments, the College paid $1,439,832, $1,246,861, and $1,007,740 in fees for administration of the self-insurance plans for 2016, 2015, and 2014, respectively.

Note 14 - Capital Projects Commitments

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

Contractual commitments:	2016	2015
One-Stop Center/Madison Hall	$ -	$ 741,000
Repaving Campus Streets	562,126	650,000
Hospitality (SHMCA)	$ 198,900	$ -
Total future project costs	$ 761,026	$1,391,000

Note 15 - Pending Litigation

At June 30, 2016, 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, 2016 and 2015:

	2016	2015
Salaries and wages	$ 89,284,698	$ 92,412,739
Employee benefits	23,895,117	20,611,996
Utilities	3,129,061	3,279,249
Supplies and other services	36,386,369	37,681,435
Depreciation	7,853,375	7,059,701
Student scholarships and financial aid	15,719,811	19,503,010
	$ 176,268,431	$ 180,548,130

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, 2016. 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, 2016 and 2015, the Foundation had bank balances with US Bank and Morgan Stanley (2015 only) of $1,070,469 and $1,709,757, 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, 2016 and 2015:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Equity Funds	1,068,092	1,087,335	5,321,154	5,491,218
Common & Preferred Stock	3,880,703	3,946,532	1,045,767	1,208,806
Corporate Debt	2,091,543	2,128,117	123,132	139,159
	$7,040,338	$7,161,984	$6,490,053	$6,839,183

Promises to Give

Unconditional promises to give consist of the following as of June 30, 2016 and 2015:

	2016	**2015**
Outstanding Pledges at Year End	$4,299,918	$5,439,383
Less: Discounts and allowances for uncollectible pledges	(9,720)	(8,388)
Unconditional provises to give, net	$4,290,198	$5,430,995

Note 17 - Component Unit Disclosures (Continued)

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

As of June 30, 2015

Amounts to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$1,655,290	-	$1,655,290
One to five years	$3,775,705	-	3,775,705
Total	$5,430,995	-	$5,430,995

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, 2016, $1,560,000 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 Two Fiscal Years (1)

	2015	2014
College's Proportion of the Net Pension Liability	1.2740316%	1.242285%
College's Proportionate Share of the Net Pension Liability	$72,697,478	$62,871,338
College's Covered-Employee Payroll	$38,392,578	$36,140,472
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	189.356%	173.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%

(1) Information prior to 2013 is not available.

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 Two Fiscal Years (1)

	2015	2014
College's Proportion of the Net Pension Liability	0.45597031%	0.46729176%
College's Proportionate Share of the Net Pension Liability	$126,016,857	$113,661,528
College's Covered-Employee Payroll	$47,744,310	$46,672,461
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	263.94%	243.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%

(1) Information prior to 2013 is not available.

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	$5,534,463	$5,374,961	$5,054,314	$5,040,444	$5,811,044	$5,467,455	$4,825,024	$4,465,944	$4,158,505	$3,866,609
Contributions in Relation to the Contractually Required Contribution	(5,534,463)	(5,374,961)	(5,054,314)	(5,040,444)	(5,811,044)	(5,467,455)	(4,825,024)	(4,465,944)	(4,158,505)	(3,866,609)
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	$39,531,879	$38,392,578	$36,140,472	$39,532,495	$41,553,409	$39,071,110	$34,472,777	$32,095,208	$29,805,734	$27,643,635
Contributions as a Percentage of	14.00%	14.00%	13.99%	12.75%	13.98%	13.99%	14.00%	13.91%	13.95%	13.99%

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	2016	2015	2014
Contractually Required Contribution	$6,402,593	$6,573,275	$6,534,145
Contributions in Relation to the Contractually Required Contribution	(6,402,593)	(6,573,275)	(6,534,145)
Contribution Deficiency (Excess)	0.00	0.00	0.00
College Covered-Employee Payroll	$45,732,807	$47,744,310	$46,672,461
Contributions as a Percentage of	14.00%	13.77%	14.00%

2013	2012	2011	2010	2009	2008	2007
$7,308,424	$7,875,038	$7,570,317	$6,770,527	$6,101,860	$5,653,634	$5,206,288
(7,308,424)	(7,875,038)	(7,570,317)	(6,770,527)	(6,101,860)	(5,653,634)	(5,206,288)
0.00	0.00	0.00	0.00	0.00	0.00	0.00
$52,203,027	$56,250,269	$54,073,694	$48,360,905	$43,584,712	$40,383,102	$37,187,770
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

This page intentionally left blank.

COLUMBUS STATE COMMUNITY COLLEGE

Single Audit Reports

June 30, 2016

PLATTENBURG
Certified Public Accountants

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2016

	CFDA #	Pass Through Number	Expenditures	Passed Through to Sub-recipient
US DEPARTMENT OF EDUCATION				
Direct Recipient				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$670,622	$0
Federal Direct Student Loans	84.268	N/A	$51,787,307	$0
Federal Work-Study Program	84.033	N/A	$388,508	$0
Federal Pell Grant Program	84.063	N/A	$31,073,728	$0
Total Student Financial Aid			**$83,920,165**	**$0**
TRIO Cluster				
TRIO Upward Bound	84.047	N/A	$269,695	$0
TRIO Student Support Services	84.042	N/A	$233,127	$0
TRIO Talent Search	84.044	N/A	$259,989	$0
Total Trio Cluster			**$762,811**	**$0**
Investing in Innovation (I3) Fund	84.411B	N/A	$87,769	3,898
Passed through Ohio Department of Education				
Career and Technical Education - Basic Grants to States	84.048	3L90	$337,911	$0
Twenty-First Century Community Learning Centers	84.287	3Y20	$657,402	$0
Passed through Otterbein University				
National Professional Development Program	84.195N	OU2016	$11,317	$0
Total Department of Education			**$85,777,375**	**$3,898**
US DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education				
Summer Food Service Program for Children	10.559	3GEO	$6,911	$0
US DEPARTMENT OF LABOR				
Employment and Training Administration				
Direct Recipient				
Trade Adjustment Assistance Community College and Career Training	17.282	N/A	$326,376	$0
Passed through Lorain County Community College				
Trade Adjustment Assistance Community College and Career Training	17.282	TC-26435-14-60-A-39	$281,098	$0
Passed through Ohio Board of Regents				
H-1B Job Training Grants	17.268	A1415150382	$172,347	$0
Passed through Franklin County Department of Job and Family Services				
WIA Adult Programs & Dislocated Workers	17.258 and 17.260	WIA 2016	$27,850	$0
Passed through Ohio Department of Job and Family Services				
Trade Adjustment Assistance	17.245	TAA 2016	$63,053	$0
Total Department of Labor			**$870,724**	**$0**
US DEPARTMENT OF VETERANS AFFAIRS, VETERANS				
Direct Recipient				
Vocational Rehabilitation for Disabled Veterans	64.116	N/A	$561,957	$0
US SMALL BUSINESS ADMINISTRATION				
Passed through Ohio Department of Development				

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2016

	CFDA #	Pass Through Number	Expenditures	Passed Through to Sub-recipient
Small Business Development Centers	59.037	DEVFSB15, OSBG-15-201A; DEVFSBDC14, OSBG-14-105A; DEVFRSC14, OSBG-14-136	$477,490	$0
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Recipient				
AmeriCorps	94.006	N/A	$41,354	$0
NATIONAL SCIENCE FOUNDATION				
Direct Recipient				
Education and Human Resources	47.076	N/A	$411,870	$0
Passed through Ohio State University Research Foundation				
Education and Human Resources	47.076	60042097-CSCC; RF01144350	$21,509	$0
Total National Science Foundation			**$433,379**	**$0**
DEPARTMENT OF JUSTICE				
Passed through Ohio Attorney General				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-VOCA-22895856	$12,092	$0
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Recipient				
Ohio Environmental Protection Agency	66.951	N/A	$11,711	$0
NATIONAL SECURITY AGENCY				
Direct Recipient				
Gencyber Program	12.903	N/A	$7,910	$0
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Recipient				
National Endowment for the Humanities	45.162	N/A	$743	$0
TOTAL FEDERAL AWARD EXPENDITURES			**$88,201,646**	**$3,898**

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 2 CFR 200, Subpart F. 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 2016:

CFDA Number	Program Name	Amount
84.268	Federal Subsidized Direct Loans	$22,710,730
84.268	Federal Unsubsidized Direct Loans	29,071,944
84.268	Federal PLUS Loans	4,633
	Total Federal Direct Student Loans	$51,787,307

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, 2016, 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, 2016. 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*.

6479 REFLECTIONS DRIVE / DUBLIN, OH 43017 • (800) 890-8709
8260 NORTHCREEK DRIVE, SUITE 330 / CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
TWO PRESTIGE PLACE, SUITE 240 / DAYTON, OH 45342 • (937) 433-0400 • FAX (937) 433-0429
www.plattenburg.com

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, 2016

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, 2016. 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, 2016.

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

8260 NORTHCREEK DRIVE, SUITE 330 / CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760
TWO PRESTIGE PLACE, SUITE 240 / DAYTON, OH 45342 • (937) 433-0400 • FAX (937) 433-0429
www.plattenburg.com

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, 2016, 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, 2016, 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, 2016

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

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
TRIO Cluster
Career and Technical Education – Basic Grants to States – CFDA 84.048

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, 2016

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

Dave Yost · Auditor of State

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 10, 2016

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov