AUDIT REPORT

COLUMBUS STATE COMMUNITY COLLEGE

FINANCIAL REPORT
With Supplemental Information

For the Years Ended June 30, 2013 and 2012

PARMS + COMPANY

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Columbus State Community College, Franklin County, prepared by Parms & Company, LLC, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

January 3, 2014

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COLUMBUS STATE COMMUNITY COLLEGE

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585 South Front Street
Suite 220
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Columbus State Community College
Columbus, Ohio

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, 2013 and 2012, 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 opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, 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 Columbus State Community College as of June 30, 2013 and 2012, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20 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 Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated October 14, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the 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.

Parms & Company, LLC

October 14, 2013
Columbus, Ohio

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, 2013; and financial activity for the fiscal year July 1, 2012 through June 30, 2013, with selected comparative information for the fiscal years ended June 30, 2012, and June 30, 2011, 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 only open admissions state college in central Ohio, 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.

The College opened in 1963 as the Columbus Area Technician School in the basement of Central High School and served 67 students. In 1965, it was re-chartered as the Columbus Technical Institute (CTI) to serve students in a four-county service district. 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."

As a comprehensive community college, 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.

The College supports a four-county service district that includes Delaware, Franklin, Madison and Union Counties. In addition to the downtown Columbus campus, Columbus State opened a second campus, the Delaware campus, in July 2010, with the first classes offered in Autumn quarter 2010. Nine regional learning centers are also operated throughout central Ohio. These suburban centers allow students to take courses closer to where they live and work. The College's on-line program, Ohio's largest distance learning program, allows many students to take classes from their homes, a library or wherever it is convenient.

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

Switch to Semesters/Enrollment

During Fiscal Year 2013 ("FY13"), Columbus State Community College experienced its first academic year in a semester-based calendar. In 2008, the Chancellor of the Ohio Board of Regents issued the Strategic Plan for Higher Education. Among other things, the Plan called for public colleges and universities to be on a semester academic calendar by fall 2012 to increase student transfer, mobility, student success, system-wide efficiencies, cost savings, and increased integration of the University System of Ohio. Columbus State was one of seventeen institutions that remained on quarters. In September 2010, the College's Board of Trustees approved a budget of up to $6.0 million for the work of converting from a quarter to a semester system. After nearly 3 years of planning and preparation, the first semester classes for autumn started on August 29, 2012, at two-thirds the budget allocated for the conversion.

Due to the transition to semesters, the academic and fiscal calendars realigned in a two-stage process as the start of the Summer terms in 2012 and 2013 moved from the last week of June in the prior quarter-based academic calendar (all revenue in the following fiscal year) to a June 18th start in Summer *Quarter* 2012 (22% of the term in FY12 and 78% in FY13), and then to a May 20th start in Summer *Semester* 2013 (46% of the term in FY13 and 54% in FY14). These calendar realignments resulted in one-time net gains in FY12 and FY13. For FY13, the one-time net gain, approximately $4.0 million, net of related instructional costs for the Summer terms, provided necessary resources on which the FY13 budget was balanced. In anticipation of the switch to semesters, and based on the experiences of other institutions that had switched from quarters to semesters, the FY13 budget assumed an enrollment decline of 5%, or $4.3 million. In addition to the one-time net gain discussed above, the FY13 budget was balanced with the anticipation that $3.1 million in Budget/Tuition Stabilization reserve funds would be needed.

With the transition to semesters and an improving economy came a larger than anticipated enrollment decline. After 31% growth in the three-year period that followed the worst recession since the Great Depression, enrollment growth slowed in FY12, peaking at 30,921 in Autumn 2011 and then Autumn 2012 enrollment headcount dropped by 17% to 25,650, while full-time equivalents (FTEs) decreased by nearly 25%, to 18,645, compared to the prior Autumn term. Students who could do so accelerated their work to graduate under the quarter-based academic calendar, yielding the two largest graduating classes, up that that point, in the College's history. Students who returned or continued under semesters took fewer credit hours than in quarters, and many other students who came to retool their skills in the wake of the economic crisis met their academic objectives and returned to the workforce as more jobs became available.

Despite the significantly larger than expected drop in enrollment and related decrease in tuition revenue, the financial health of the college remained sound in FY13 as a result of several factors including: continued prudent planning; swift efforts to reduce the operating budget to align with anticipated lower revenues as it became apparent that registration activity was not on pace to reach budgeted levels as the start of Autumn semester drew closer; strategic use of reserves accumulated during the years of significant growth and healthy investment returns; and steadfast engagement of the College's Board of Trustees and administration. *Resource Planning Principles* adopted by the Board of Trustees in November 2007 have effectively guided decision-making and strategic investments since their adoption. As a result of the actions necessary this year to adjust to the enrollment drop and to ensure the continued financial strength of the College, especially given reduced levels of state operating and capital support and increased reliance on tuition revenues, Trustees devoted considerable attention to financial planning throughout the year, and the *Resource Planning Principles* are being reviewed and updated in the context of the current and anticipated environments.

Although the enrollment drop resulted in a reduction of revenues nearly 5 times what was anticipated, over $16 million less than budgeted, and $8.8 million or 12% less than the prior year, spending was managed within the resources earned in FY13 so that $3.9 million budgeted from reserves from the Budget Tuition Stabilization and Delaware Campus Start-up accounts were not necessary to balance the year-end operating budget as anticipated. For the year ended June 30, 2013, net assets, before capital appropriations, decreased by $6.6 million. This decrease is the result of expenditures that are not a part of the College's annual operating budget such as depreciation ($7 million) and items strategically funded from reserves including one-time compensation and other benefits ($2.9 million), Voluntary Cash Separation Incentive Plan – Year 3 ($1.2 million), *Think Again* Scholarships ($783,000), and Switch to Semester expenses ($263,000).

Refinancing Outstanding General Receipts Bonds

The College's 2003 debt was sold with a call feature and was eligible to be refinanced. As interest rates remained at historic lows, much lower than the rates in 2003 when the bonds were issued, there was an opportunity for the College to realize significant interest savings over the remaining life of the issue by exercising the call. The Bond Resolution approved by the Board of Trustees required savings of at least 4% of the principal amount of the refunded bonds, a maximum principal amount of the new bonds of $8.8 million, a maximum true interest cost of 4%, and a final maturity not later than that of the bonds being retired, December 1, 2023. The closing took place on December 20, 2012 with $7.9 million bonds sold at 1.65%, a savings of $955,000, or 12%.

Discontinued Operations

As the College continues to align its core assets to meeting its student success and workforce development goals, limited financial and space resources compelled the College to discontinue operations of two auxiliary enterprises. The closure of the Child Development Center was announced on April 4, 2013, and the Center closed on June 15. Established in 1995, the Center provided daycare and early education for about 80 children of students and employees of the College as well as community parents. Operations of the Bridgeview Golf Course and Driving Range ended on May 31, 2013 and the property on which Bridgeview was operated was sold. Since February 2000, the Columbus State Community College Board of Trustees has served as Trustee of two Charitable Remainder Annuity Trusts which included the ownership, possession, and operation of the golf course and driving range, but also the authority to dispose of the real property for fair market value. The sale was completed on June 28, 2013 and a loss of $2.6 million was incurred which is presented on the Statement of Revenues, Expenses and Changes in Net Position as a Special Item.

Accreditation

The Higher Learning Commission's *Academic Quality Improvement Program* (AQIP) conducts Quality Checkup site visits to each institution during the fifth or sixth year in every seven-year cycle of AQIP participation to determine whether an institution continues to meet The Higher Learning Commission's *Criteria for Accreditation* and whether it is using quality management principles and building a culture of continuous improvement as participation in the AQIP requires. The College's Quality Checkup site visit was conducted September 18-20, 2012, and on December 19, 2012, the Higher Learning Commission of the North Central Association reaffirmed the accreditation of Columbus State Community College. The College's next reaffirmation of accreditation will be in 2019-20. This decision by the Commission concludes a seven-year process that began at Columbus State in 2006, when the college changed its accreditation format and adopted the Academic Quality Improvement Program option.

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%

Columbus State again earned a strong rating on the composite score, scoring 4.0 for FY 2012. The College maintains an average of 4.7 on a scale of 0-5.

Capital Additions and Improvements

Work continued on the renovation of Union Hall in FY2013. The Board of Trustees approved a project budget of $15.2 million for the renovation of Union Hall. Dedicated in 1975, the College offers its health programs, and houses faculty and information technology offices, and a cafeteria in Union Hall. The project includes an addition that will increase the building's capacity by 17,600 square feet from the current 100,000 gross square feet; the additional space in this new tower was opened for occupancy in FY2013. The initial project funding was based on $6.5 million remaining from previous allocations in 2002 and May 2008, and an additional allocation of $8.7 million from the Capital Improvement and Land Acquisition Account in September 2010. The College requested funds in its state capital request for the 2013-14 biennium, and received $5.0 million for the Union Hall renovation in the state capital improvement appropriations legislation HB 482, signed into law by the Governor in April 2012. The State's appropriation will reduce the $8.7 planned to be funded from the Capital Improvement and Land Acquisition Account. Construction began in December 2011, the first phase is expected to be completed by December 2013, and the entire project by December 2014.

Through a unique partnership with the Reynoldsburg City School District ("District"), the College established a regional learning center in space the District made available to the College rent-free. The regional learning center opened in January 2013. The District spent over $1.6 million to renovate the space the College now occupies, and the College spent approximately $1 million to furnish and equipment the space.

Vision, Mission and Values Statements

As part of the process to update the College's Strategic Plan, a strategic vision of the future was developed describing the value that Columbus State will deliver to its stakeholders, the College's statements of mission and values were reviewed and refined in light of the strategic vision articulated, and institutional priorities were identified that allow the College to achieve its strategic vision in alignment with the updated mission and values.

The College's mission and goals statements had last been revised in August 1998. This process, launched in October 2011, spanning nearly a year, concluded with approval by the Board of Trustees in January 2013 of the following:

> *Vision* – Columbus State Community College is Central Ohio's front door to higher education and a leader in advancing our region's prosperity.
>
> *Mission* – to educate and inspire, providing our students with the opportunity to achieve their goals.
>
> *Values* – student success, inclusion, quality, innovation, learning, partnership, stewardship, and leadership.

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, 2013. The total amount of assets minus liabilities equals net position. The net position is categorized as follows:

- Net Investment in Capital Assets
- Restricted – Nonexpendable (permanent endowment funds of the College and 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 eight days 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 Statement 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.

Condensed versions of the financial statements are presented below, along with a brief summary of the financial information contained therein.

Statement of Net Position (in thousands)

	2013	2012	Difference	2011	Difference
Assets					
Current assets	$ 159,369	$ 163,233	$ (3,864)	$ 179,471	$ (16,238)
Noncurrent assets					
Capital assets	159,284	163,343	(4,059)	162,383	960
Other	3,771	3,929	(158)	3,309	620
Total assets	322,424	330,505	(8,081)	345,163	(14,658)
Liabilities					
Current Liabilities					
Accounts payable and accrued	10,650	13,163	(2,513)	24,663	(11,500)
Debt, current portion	1,465	1,310	155	1,265	45
Unearned revenue	26,791	27,320	(529)	17,490	9,830
Noncurrent liabilities					
Long-term liabilities	952	1,125	(173)	1,339	(214)
Debt, long-term portion	9,995	11,115	(1,120)	12,425	(1,310)
Total liabilities	49,853	54,033	(4,180)	57,182	(3,149)
Net Position					
Invested in capital assets	147,824	150,918	(3,094)	148,693	2,225
Restricted	23,615	20,040	3,575	15,256	4,784
Unrestricted	101,132	105,514	(4,382)	124,032	(18,518)
Total net position	$ 272,571	$ 276,472	$ (3,901)	$ 287,981	$ (11,509)

As of June 30, 2013, current assets totaled $159.4 million compared to $163.2 million in fiscal year 2012, and $179.5 million in 2011. Year-to-year changes amounted to -2.4% and -9.0% in 2013 and 2012, respectively. The 2013 decrease in current assets is largely attributed to an earlier start for the summer term (May 20, 2013 versus June 18, 2012) so cash and investment balances were $8.0 million lower at June 30, 2013 compared to 2012 as a result of more summer term expenses incurred and all financial aid refunds being issued before year end. The decrease in cash and investments was partially offset by increases in accounts receivable ($3.3 million, or 12.6%) and inventory ($750,000, or 37.9%). The increase in accounts receivable represents $1.5 million due from trust accounts in which proceeds related to the sale of trust property are held; increases in student accounts receivable are attributed to higher average balances as a result of the expiration of the waiver of a tuition increase in place for Summer quarter 2012 and a 5.4% tuition increase effective Summer semester 2013. Inventory balances in 2013 were higher due to earlier adoptions and less out-of-stock merchandise; 2012 inventory levels were low due to final preparations and adoptions for the Switch to Semesters.

The decrease in current assets from 2011 to 2012 was largely attributed to Summer quarter financial aid disbursements being applied before year end (for the year ended June 30, 2011, financial aid for summer was not applied until July 1, 2011, after year end) so that accounts receivable and cash held for refunds in 2012 were $16.7 lower than June 30, 2011 balances. Additionally, 2012 was the first time in which registration for the Autumn term began before June 30, so June 30, 2012 included nearly $15 million in accounts receivable (and related unearned revenue) for Autumn semester. Cash and investments were also down compared to 2011 as a result of the net loss, before capital appropriations, of $13.2 million.

Total assets as of June 30, 2013, were $322.4 million compared to $330.5 million in fiscal year 2012, a 2.4% decrease. The decrease, $8.1 million, resulted from the $3.9 million decrease in current assets, discussed above, and a $4.0 million decrease in capital assets related primarily to the sale of trust property for which the College was a remainder beneficiary and the disposal of assets resulting from the discontinued operations of the Child Development Center and the Bridgeview Golf Course and Driving Range.

The decrease from 2011 to 2012, $14.6 million, was the result of the $16.2 million decrease in current assets discussed above. Capital assets increased $1.0 million, net of depreciation, representing primarily construction in progress on the renovation of Union Hall while other non-current assets increased by $0.6 million.

Capital assets, such as land, buildings, machinery and equipment, are the largest asset group at $159.3 million (49.4%), followed by cash and investments of $129.8 million (40.3%), and inventory and other assets at $33.3 million (10.3%). Cash and investments, as a percentage of total assets, are 1.6 percentage points lower than its proportion of total assets at June 30, 2012. Inventory and other assets increased by 1.6 percentage points, while capital assets remained the same percentage of total assets. This shift in the composition of total assets from cash and investments to inventory and other assets is due to more summer term expenses incurred before June 30 compared to 2012, higher Bookstore inventory levels as discussed previously, and more use of cash reserves for one-time initiatives in 2013.

<u>Liabilities</u>

As of June 30, 2013, the College's current liabilities were $38.9 million, compared to $41.8 million in 2012. Of the total, $26.8 million was unearned revenue (Summer and Autumn semester tuition revenues related to fiscal year 2014, credit bank, and unearned revenues related to grants and contracts), $10.6 million was accounts payable and accrued expenses, and $1.5 million was the current portion of long-term debt. The $2.9 million decrease in current liabilities resulted primarily from a $2.5 million decrease in accounts payable attributed to more construction payables related to the Union Hall renovation that were outstanding last year and the overall impact of budget reductions in FY13 and lower spending on non-personnel, discretionary expenses.

Current liabilities at June 30, 2012, decreased by $1.6 million from 2011, representing a $9.8 million increase in unearned revenue, offset by an $11.5 million decrease in accounts payable. The change in unearned revenue was due to $5.5 million less allocated to Summer quarter due to an academic calendar realignment for switching to semesters, so Summer quarter started earlier than previous summers and lasted only eight weeks instead of the traditional ten-week quarter. Additionally, $14.7 million was unearned for Autumn semester as of June 30, 2012. The decrease in accounts payable corresponds to the decrease in accounts receivable discussed above. After federal aid was disbursed to student accounts on July 1, 2011, a large portion of those funds were payable as refunds to students.

Noncurrent liabilities as of June 30, 2013 were $10.9 million, consisting of $10 million in long-term debt (general receipts bonds) and other long-term liabilities of nearly $950,000. By comparison, noncurrent liabilities as of June 30, 2012 were $12.2 million consisting of $11.1 million in bonds payable and $1.1 million in other long-term liabilities.

Total liabilities as of June 30, 2013 were $49.9 million compared to $54 million in fiscal year 2012. The $4.2 million change is primarily attributed to lower accounts payable at June 30, 2013, and the decrease in long-term debt as a result of 2013 debt service payments. By contrast, total liabilities at June 30, 2012 decreased from 2011 by $3.1 million, primarily attributed to $11.5 million less in accounts payable related to student refunds, as discussed above, $9.8 million more in unearned revenue resulting from the academic calendar realignment, and the decrease in long-term debt as a result of 2011 debt service payments.

Net Position

Net position decreased by $3.9 million in 2013, compared to a decrease of $11.5 million in 2012. The loss before capital appropriations and special items was $6.6 million in 2013 compared to $13.2 million in 2012, or $6.6 million less. The primary factor in the decrease in net position compared to last year was less reserve funding used for one-time purposes; other expenses were also much less than the prior year due to budget reductions and a realignment of expenses with adjusted revenues as a result of the enrollment drop and associated shortfall in budgeted tuition revenue.

Revenues, including capital appropriations, for 2013, decreased by approximately $16.2 million from 2012 while expenses decreased by $27.6 million. The most significant decreases in operating revenue were student tuition and fees ($8.8 million) and Pell grant revenue ($12.5 million), while the most significant increases occurred in State appropriations ($2.0 million), and capital appropriations ($3.6 million).

Substantial decreases occurred in most of the reported areas of expense including instruction ($8.0 million), scholarships and fellowships ($7.5 million), and institutional support ($7.5 million), which accounted for over 83% of the decreases. One-time expense reductions in 2013 compared to 2012 included $1.4 million less for *Think Again* scholarships as funds allocated were nearly exhausted; $1.7 million less for Switch to Semesters as most spending and preparation was nearing completion at June 30, 2012; $2.0 million less for Voluntary Cash Separation Incentives as Year 1 incentives in 2012 were higher than those offered for Year 2 in 2013, and there were fewer participants in 2013; and $1.9 million less for the Delaware Campus start-up costs as the approved business plan projected less reserves for 2013, Year 3, as the Campus would earn more SSI and tuition revenue to cover its operating expenses (although budgeted, no reserves were used in FY2013 for Delaware campus operations).

The 2012 decrease from 2011's change in net position resulted from a net loss, before capital appropriations, of $13.2 million, and capital appropriations that were nearly a quarter of those reported for FY11. Revenues, including capital appropriations, for 2012, decreased by approximately $11.3 million from 2011 while expenses increased by $6.2 million. The most significant increase in operating revenue was student tuition and fees ($4.8 million), while significant decreases occurred in State appropriations ($5.4 million), Pell grant revenue ($5.3 million), and capital appropriations ($4.5 million). Substantial increases occurred in about half of the reported areas of expense with institutional support having the largest increase of $7.3 million. Other significant expense increases included instruction ($3.7 million), while scholarships and fellowships decreased by $5.6 million.

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

	2013	2012	Difference	2011	Difference
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $18.9, $23.5, and $23.4 million in 2013, 2012, and 2011, respectively)	$ 63,683	$ 72,489	$ (8,806)	$ 67,689	$ 4,800
Federal, state, and private grants and contracts	6,870	7,887	(1,017)	9,004	(1,117)
Auxiliary enterprises	16,303	15,559	744	15,749	(190)
Other	424	755	(331)	259	496
Total operating revenues	87,280	96,690	(9,410)	92,701	3,989
OPERATING EXPENSES					
Educational and general	148,646	169,929	(21,283)	158,518	11,411
Scholarships and fellowships	29,738	37,252	(7,514)	42,855	(5,603)
Depreciation expense	6,996	6,819	177	6,297	523
Auxiliary enterprises	15,658	14,667	991	14,822	(156)
Total operating expenses	201,038	228,667	(27,629)	222,492	6,175
Operating income (loss)	(113,758)	(131,977)	18,219	(129,791)	(2,186)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	60,882	58,855	2,027	64,292	(5,437)
Investment income (net of expense)	212	576	(364)	597	(21)
Pell Grant Revenue	47,528	60,002	(12,474)	65,350	(5,348)
Other nonoperating expenses	(1,464)	(680)	(784)	(2,292)	1,612
Net nonoperating revenues	107,158	118,753	(11,595)	127,947	(9,194)
Income before capital appropriations	(6,600)	(13,224)	6,624	(1,844)	(11,380)
Capital appropriations and gifts	5,329	1,715	3,614	6,192	(4,477)
Special Item - Loss on sale of trust assets	(2,630)	-	(2,630)	-	-
Increase in net position	(3,901)	(11,509)	7,608	4,348	(15,857)
Net position, beginning of year	276,472	287,981	(11,509)	283,633	4,348
Net position, end of year	$ 272,571	$ 276,472	$ (3,901)	$ 287,981	$ (11,509)

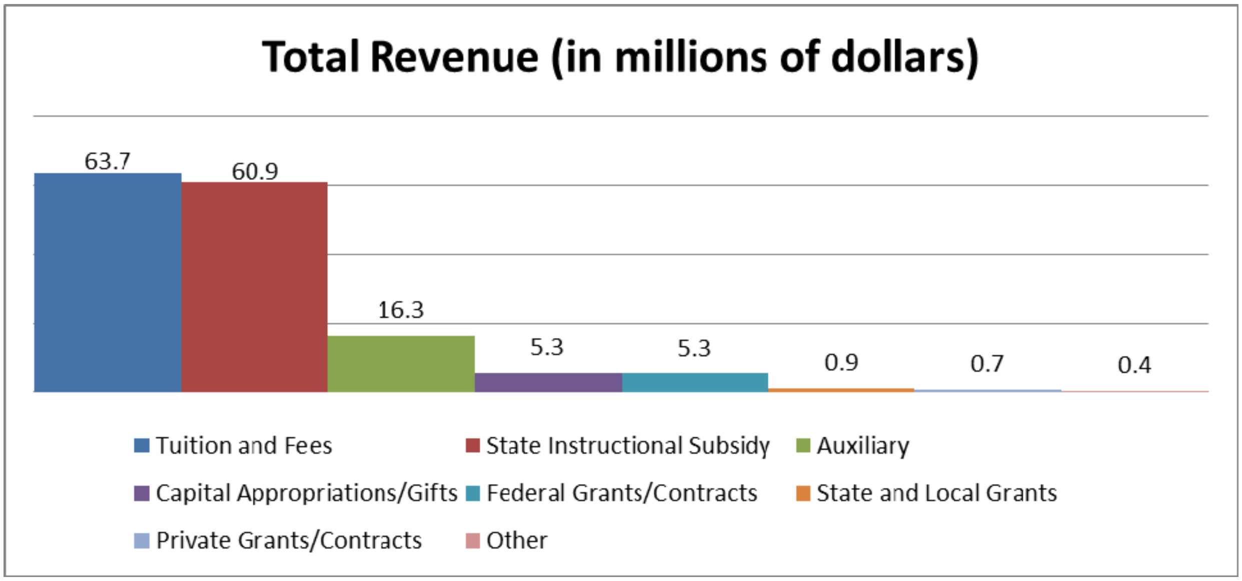
Revenues

FY13 revenues totaled $201.0 million, a 7.5% decrease compared to $217.3 million in fiscal year 2012. The only significant areas of increase were $2.0 million in state appropriations and $3.6 million in capital appropriations. Tuition and fees decreased by $8.8 million, 12.1%, as a result of the enrollment drop experienced for Autumn and Spring semesters. The decrease in tuition revenue was lessened due to the impact of more revenue for Summer quarter 2012 and Summer semester 2013 recognized in FY13 as the calendar realigned for semesters.

The majority of College revenues come from three sources: 1) State instructional subsidy ($60.9 million), 2) Student tuition and fees ($63.7 million), and 3) Federal, state, and private grants and contracts, including Pell grant revenue ($54.4 million).

Of $53.7 million in federal and state grants and contracts, 89.8% are awarded to students through the federal Pell grant and Supplemental Educational Opportunity Grant (SEOG) programs. These funds are used for student tuition ($18.9 million) and education-related expenses.

The major sources of College revenues for fiscal year 2013 are presented below.



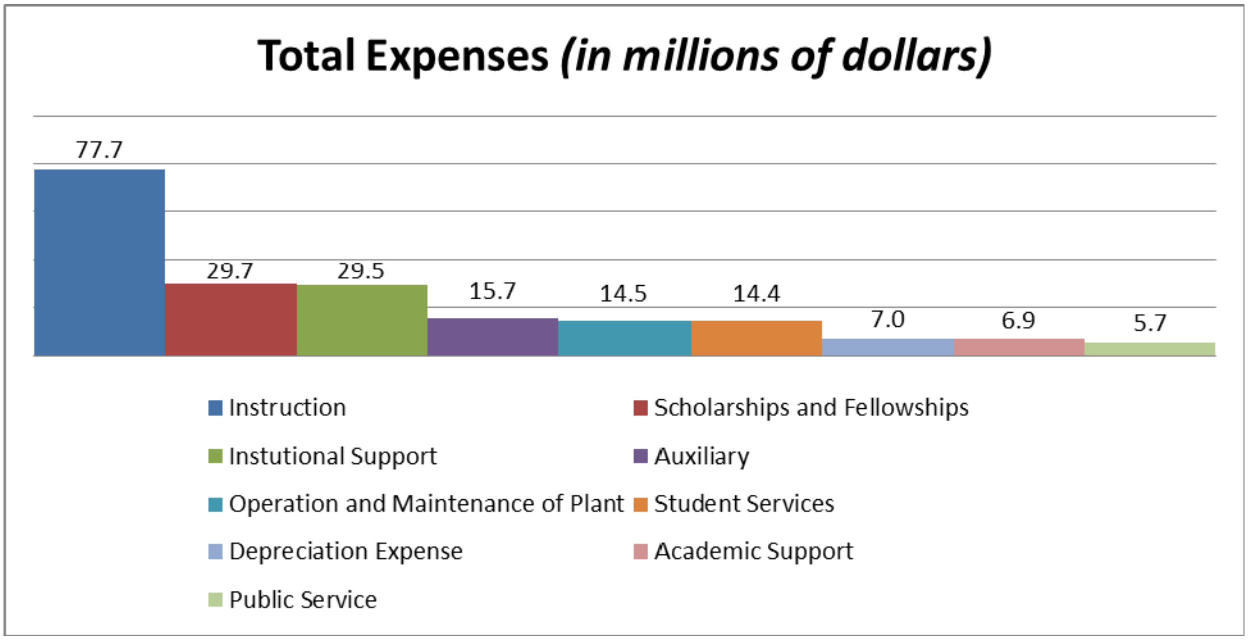
Expenses

Fiscal year 2013 expenses totaled $201.0 million compared to $228.7 million in fiscal year 2012, a decrease of $27.7 million, or 12.1%. Substantial decreases occurred in most reported areas of expense including instruction ($8.0 million), scholarships and fellowships ($7.5 million), and institutional support ($7.5 million). As a result of the drop in enrollment, all budgets were reduced, most vacant positions were not filled, and many other measures were taken to align expenses with revised revenue projections for the year. Additionally, expenses in 2013 were much lower than 2012 for several strategic initiatives such as $1.4 million less for *Think Again* scholarships as funds allocated were nearly exhausted; $1.7 million less for Switch to Semesters as most spending and preparation was nearing completion at June 30, 2012; $2.0 million less for Voluntary Cash Separation Incentives as Year 1 incentives in 2012 were higher than those offered for Year 2 in 2013 and more employees participated in the program; and $1.9 million less for the Delaware Campus start-up costs as the approved business plan projected less reserves for 2013, Year 3, as the Campus would earn more SSI and tuition revenue to cover its operating expenses.

Other nonoperating expenses for FY13 were $1.5 million, compared to $680,000 in FY12. $300,000 of the increase is the result of costs related to the closure and disposal of equipment and other assets of the Child Development Center and Bridgeview Golf Course and Driving Range. Nonoperating expense also includes interest on the College's bonds.

Since February 2000, the Columbus State Community College Board of Trustees has served as Trustee of two Charitable Remainder Annuity Trusts which included the ownership, possession, and operation of a golf course and driving range (discussed above under other nonoperating expenses), but also the authority to dispose of the real property for fair market value. At a special meeting of the Board of Trustees on February 20, 2013, the Board authorized the sale of the property; the sale was finalized on June 28, 2013. The Special Item – Loss on Sale of Trust Assets represents the $2.6 million loss resulting from the sale of the property.

Fiscal year 2013 expenditures are shown below:



Statement of Cash Flows *(in thousands)*

Net cash provided (used) by:	2013	2012	2011
Operation activities	($112,749)	($139,213)	($116,287)
Non capital financing activities	107,374	118,776	127,948
Capital financing activities	(3,344)	(8,177)	(3,101)
Investing activities	8,864	22,930	(361)
Net increase/(decrease)in cash	145	(5,684)	8,199
Cash-beginning of year	11,918	17,602	9,403
Cash-end of year	$ 12,063	$ 11,918	$ 17,602

Ending cash balances for fiscal years 2011 through 2013 were $17.6 million, $11.9 million, and $12.1 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 quarter/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 quarter/semester). Cash balances in operating checking accounts are part of compensating balances maintained to maximize earnings credits thereby minimizing banking fees. At June 30, 2011, balances were higher due to funds on hand that were refunded to students at the beginning of July, after financial aid funds were disbursed and applied to the respective student accounts on July 1. As of June 30, 2012, such balances were not as high due to an earlier start of Summer quarter, resulting from the academic calendar realignment for switching to semesters, so more refunds had been distributed prior to June 30. June 30, 2013 balances were comparable to those at June 30, 2012.

Major sources of cash in 2013 were State appropriations of $60.9 million, tuition and fees of $60.5 million, and gifts, grants, and contracts totaling $55.2 million.

The most significant uses of cash were payments for salaries and benefits of $120.8 million, payments to suppliers of $47.2 million, $29.7 million disbursed for student scholarships and financial aid, and $7.0 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. As discussed earlier, in addition to College policy, the preparation of general fund operating budgets is guided by the Board-adopted *Resource Planning Principles*.

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 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, expenditures exceeded revenues by approximately $2.8 million, where Auxiliary had positive net revenues of $0.6 million, while the College general fund had negative net revenues of $3.5 million. The revised budget for the College included $3.9 million from the Budget/Tuition Stabilization and Delaware Campus start-up funds which were not ultimately needed to balance the budget. The $3.5 million by which expenditures exceeded revenues in the Budget to Actual analysis below primarily represents expenses for activities 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: Switch to Semesters project work ($0.3 million), Voluntary Cash Separation Incentive program ($1.2 million), one-time performance compensation ($2.4 million), and *Think Again* scholarships ($0.8 million). The budget also included funds for capital equipment of which approximately $1.7 million were not spent before June 30, and not included in actual expenditures below, but added to reserves for FY14 needs.

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

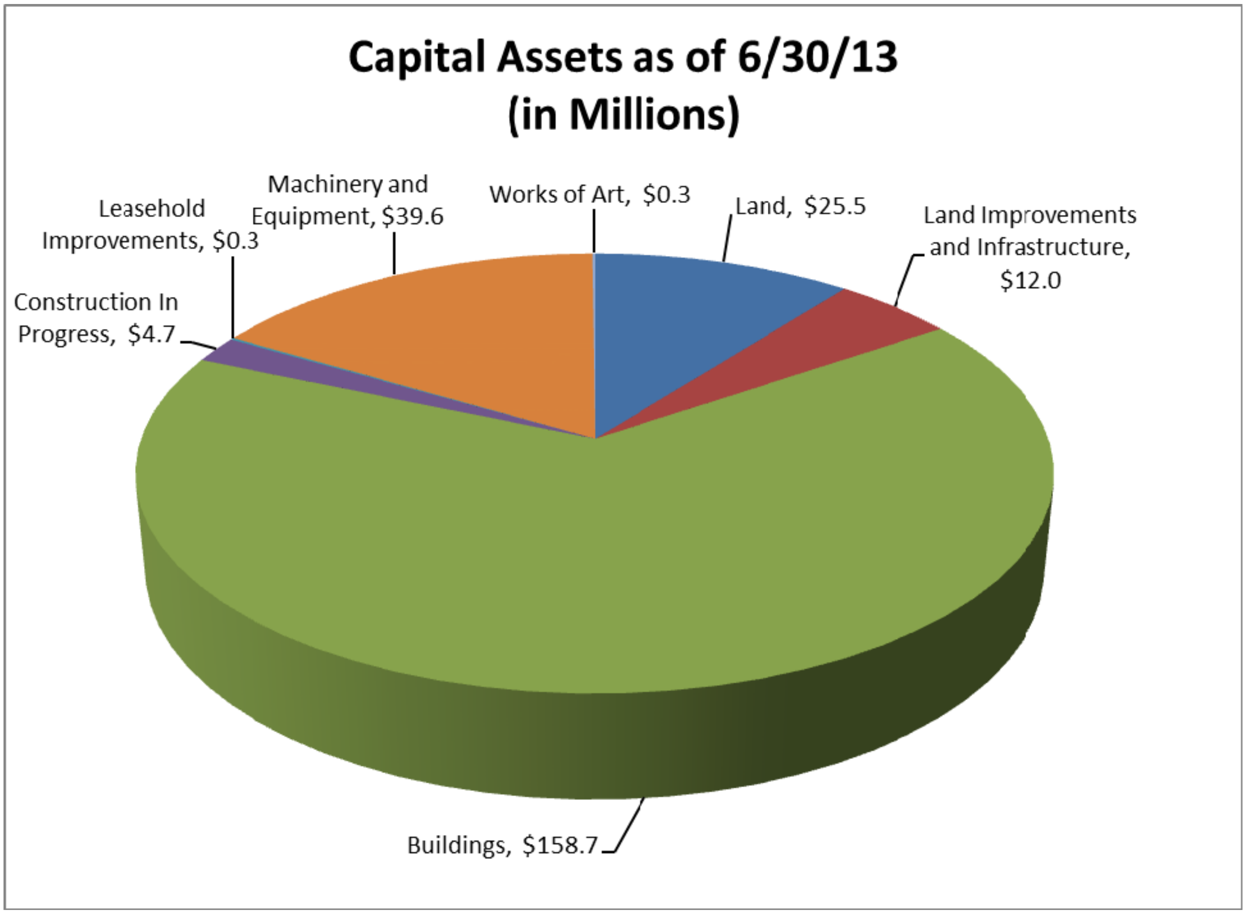
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 13 (in thousands)

Budgeted Operations	Original Budget	Revised Budget	Percent % Change	Actual	Percent % Change
Revenues					
College	$162,010	$145,014	-10.49%	$144,154	-0.59%
Auxiliary	14,954	15,730	5.19%	16,303	3.65%
Total Revenues	$176,964	$160,744	-9.17%	$160,457	-0.18%
Expenditures					
College	$159,864	$145,014	-9.29%	$147,642	1.81%
Auxiliary	14,861	15,219	2.41%	15,658	2.88%
Total Expenditures	$174,725	$160,233	-8.29%	$163,300	1.91%
Net Revenues	$2,239	$511	-77.18%	($2,843)	-656%

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, 2013, the College had $241.1 million in capital assets and $81.8 million in accumulated depreciation, for a total of $159.3 million in net capital assets.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2013.



By comparison, as of June 30, 2012, the College had recorded $238.5 million in capital assets and $75.2 million in accumulated depreciation, for a total of $163.3 million in net capital assets. A detailed summary of additions, deletions, and depreciation of assets can be found in Note 4 – Capital Assets.

Debt

As of June 30, 2013, the College had $11.46 million of outstanding debt as follows:

		(in millions)
General Receipts Bonds:	2012	$ 7.89
General Receipts Bonds:	2007	$ 2.89
General Receipts Bonds	2003	$ 0.68
Total		$ 11.46

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
A primary factor related to state support has historically been the inter-relatedness of community colleges' enrollment and student success. Because the funds available for Ohio's two-year institutions ("the sector") is a defined pool of dollars, and the formula is primarily enrollment-based, an institution has to grow in enrollment at a rate higher than the sector average to earn new subsidy dollars, all other things being equal. Additionally, beginning in 2011, performance funding is allocated as part of the formula used for subsidy distribution across community colleges and universities. Community colleges' points are earned on various measures including number of students who complete developmental education courses, earn defined numbers of credit hours, earn degrees, or transfer to a 4-year institution.

In September 2012, Governor Kasich, through the establishment of the Ohio Higher Education Funding Commission, charged the presidents of Ohio's public colleges and universities to develop a new formula for funding higher education that was based on student success and completion as opposed to enrollment. This approach, like that taken in the most recent capital appropriations budget, encouraged collaboration among the higher education leaders rather than competition, and built upon the Ohio Board of Regents Chancellor's Complete College Ohio Task Force report that recommended that state funding incentivize completion. Among the policy changes incorporated into the new community college formula are the following:

> *Funding in the first year of the biennium, FY14, will distribute 25% to success points, 25% based on course completion, and 50% based on enrollment. The community college presidents shall make a recommendation to the Chancellor on how to distribute funds for the second year of the biennium, FY15, with no distribution based on enrollment.*
>
> *A provision will be made in the new formula, starting in FY15, to reward the successful completion of an associate degree, certificate, or transfer to a university.*
>
> *The new formula will also be weighted to reward success in educating non-traditional and at-risk student populations in order to protect our access mission.*
>
> *There will be no 'stop loss' provision, which has historically served to prevent significant funding losses at institutions experiencing unexpected enrollment drops.*

Until the new formula is finalized sometime in FY14 for the fiscal year that begins July 1, 2014, funding from the State of Ohio's subsidy allocation to Ohio's public colleges and universities, appropriated as the State Share of Instruction (SSI), is uncertain. SSI currently represents nearly half of the College's operating revenues.

Given the uncertainties of the FY15 formula, as well as the enrollment drop experienced in FY13, the College continues a rigorous process of budgeting more tightly, continued pursuit of efficiency measures, better aligned variable expenses to related revenues, and analyzed more carefully proposed expenses compared to prior year actuals.

Tuition and Enrollment
As discussed in the Financial and Institutional Highlights, Autumn semester 2012 enrollment was 25% less FTEs than the prior autumn. Spring semester 2013 was comparable to Autumn 2012 whereas, historically, spring enrollment trended a bit less than autumn. The College maintains a prudent approach to budgeting by including prior year growth into its base, but it does not budget new growth in the current climate of uncertainty to mitigate the risk of spending at a level that may not be sustainable if state support is cut or enrollment unexpectedly dips further.

In FY10, the Board of Trustees approved a 3.5% increase in tuition for the Winter and Spring quarters, thereby increasing tuition from $79 per quarter credit hour to $81.75, the maximum increase allowed by the State's biennial budget legislation enacted in mid-July 2009. This increase was repeatedly waived by the Board of Trustees, with the Chancellor's approval, through Summer quarter 2012, the last term under the quarter system. For six consecutive years, students' paid tuition at $79 per credit hour. Effective with the first term under the semester calendar, Autumn semester, the waiver expired and the converted tuition rate was $122.62 per semester credit hour. Although the tuition cap allowed for FY13 was $200, the increase was delayed until Summer semester 2013 for Columbus State, in a continuing effort to keep tuition affordable and as low as possible for as long as possible, saving students and their families $28.6 million over this extended period of time. HB59 provided for tuition caps of $100 for each year of the FY14/15 biennium.

Strategic and Master Planning

The College began a comprehensive master planning process in August 2011 to align with community and regional initiatives and to help set a course for infrastructure expansion that aligned with the College's strategic goals. While the Plan yielded a master plan vision for both the Columbus and Delaware campuses, its implementation will be guided first and foremost by the following guiding principles that emerged through the process:

Enhance the Learning Environment
Enrich Student Life
Develop Strategic Partnerships
Use Resources Responsibly
Design for the Future
Preserve Unique Character

The Columbus State Community College Comprehensive Master Plan (the Plan) was authorized by the Columbus State Community College Board of Trustees in July 2013. The Plan is intended to be a flexible framework for articulating strategic priorities and making informed decisions on how resources can be used most effectively to meet the College's strategic goals: student success, workforce development, and civic engagement. Building community partnerships along with academic buildings, and expanding learning spaces, are key components of the Plan to move forward in coming years. The Plan also calls for replacing surface parking with green space, and adding parking garages to make the area more pedestrian-friendly and inviting. With no specific funding currently available, the College will implement the Plan over time and in partnership. The Plan is being used to inform a six-year capital plan due to the State of Ohio each biennium during which capital appropriations are considered by the State.

In early 2012, the College simultaneously launched a strategic planning process and became an *Achieving the Dream* (AtD) institution, setting the stage for an integrated, data-driven approach to student success and credential attainment.

With a focus on access and college readiness, student success and attainment, workforce development and economic impact, updated vision, mission, and values statements were submitted to the Board of Trustees for its approval in January 2013 as discussed under Financial and Institutional Highlights, concluding the first phase of the strategic planning process. The disciplined approach to data analysis called for in the AtD approach will continue to provide a framework for the second phase of the strategic planning process: identification of specific, measurable goals based on the newly defined vision, mission and values, continuous improvement initiatives, and the annual budget planning process.

Partnerships

The College continues to pursue partnerships as a vehicle to improve college readiness, enhance student success, advance the region's need for a highly skilled workforce, increase the number of students earning college degrees or certificates, and manage the costs of education for students, families and taxpayers. Regional Summits on College Access and Student Attainment began in Spring 2011 and continued through FY13 with representation of superintendents, principals, counselors, and higher education leaders to discuss current data and gaps, best practices, and current initiatives. The development of a framework for a regional strategy to help more students earn college degrees was completed in FY12. A Joint Resolution authorizing the *Central Ohio Compact* was approved by the Columbus State's Board of Trustees on September 28, 2012. This *Compact* commits to the goal of ensuring that 60% of Central Ohioans hold a postsecondary credential by 2025. The College is aggressively expanding dual enrollment programs with Central Ohio high schools as well as 2+2 and 3+1 bachelor's degree programs with four-year institutions.

Voluntary Separation

In May 2011, the Board of Trustees authorized a *Voluntary Cash Separation Incentive Plan* (the Plan). Given the continued complexities and uncertainties related to state funding for higher education, a softening enrollment, and proposed pension reform legislation that has now become law, this Plan served to slow the growth of the College's payroll, the most significant expense in the operating budget, and created opportunities to reorganize or reallocate positions to more effectively meet the College's student success objectives.

In the first two years (FY12 and FY13), 88 employees chose to voluntarily separate from the College pursuant to the Plan at an incentive payout cost of $3.3 million; upon separation, employees also cash out unused leave balances. In March of 2013, Year 3 of the Plan was authorized by the Board of Trustees for FY14, recognizing the continued benefits of slowing the growth of the overall payroll budget, flexibility to reallocate certain positions to better meet the needs of the College, and the ability to better plan attrition and succession. Recognizing that a higher than normal rate of retirement could result in a potentially significant loss of institutional memory and experience, a Phased Retirement policy was also implemented that has been used in conjunction with the Plan, allowing more careful planning of a transition for employees in key positions whose unplanned departure could significantly impact the College's current or future operations.

Financial Sustainability

Columbus State has navigated various economic uncertainties in recent years, none more dramatic than this past fiscal year, and has done so in a manner that has allowed it to remain financially sound. 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.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF NET POSITION
As of June 30, 2013 and 2012

	2013		2012	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 12,062,859	$ 92,131	$ 11,918,266	$ 99,464
Investments	114,532,343	6,301,020	122,712,084	5,660,956
Accounts, Loans and Pledges Receivable	29,478,369	182,160	26,169,291	75,850
Inventories	2,741,424	-	1,987,389	-
Other Assets	553,654	-	445,754	-
Total Current Assets	159,368,649	6,575,311	163,232,784	5,836,270
Noncurrent Assets				
Investments	3,252,717	-	3,725,139	-
Other Noncurrent Assets	518,148	-	203,970	-
Capital Assets, Net	159,284,238	-	163,343,411	-
Total Noncurrent Assets	163,055,103	-	167,272,520	-
TOTAL ASSETS	**322,423,752**	**6,575,311**	**330,505,304**	**5,836,270**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	10,649,609	21,178	13,162,948	2,243
Debt, Current Portion	1,465,000	-	1,310,000	-
Unearned Revenue	26,791,370	-	27,319,573	-
Total Current Liabilities	38,905,979	21,178	41,792,521	2,243
Noncurrent Liabilities				
Long-term Liabilities	951,633	-	1,125,011	-
Debt, Long-term Portion	9,995,000	-	11,115,000	-
Total Noncurrent Liabilities	10,946,633	-	12,240,011	-
TOTAL LIABILITIES	**49,852,612**	**21,178**	**54,032,532**	**2,243**
NET POSITION				
Net Investment in Capital Assets	147,824,238	-	150,918,411	-
Restricted				
Nonexpendable	-	3,691,298	-	3,646,520
Expendable	23,614,833	1,641,593	20,039,756	1,528,190
Unrestricted	101,132,069	1,221,242	105,514,605	659,317
TOTAL NET POSITION	**$ 272,571,140**	**$ 6,554,133**	**$ 276,472,772**	**$ 5,834,027**

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, 2013 and 2012

	2013		2012	
	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 $18,879,796 in 2013 and $23,498,115 in 2012)	$ 63,683,289	$ -	$ 72,489,041	$ -
Federal Grants and Contracts	5,273,222	-	6,131,443	-
State and Local Grants and Contracts	937,804	-	781,960	-
Private Grants and Contracts	659,045	718,212	973,359	634,617
Sales and Services of Educational Departments	71,934	-	18,812	-
Auxiliary Enterprises				
Bookstore	14,814,796	-	14,062,795	-
Other	1,488,685	-	1,496,614	-
Other Operating Revenues	351,610	-	736,795	-
Total Operating Revenues	**87,280,385**	**718,212**	**96,690,819**	**634,617**
EXPENSES				
Operating Expenses				
Educational and General				
Instruction and Departmental Research	77,705,050	-	85,661,725	-
Public Service	5,650,862	-	7,274,017	-
Academic Support	6,905,794	-	7,748,871	-
Student Services	14,386,521	-	14,061,520	-
Institutional Support	29,463,834	308,143	36,944,847	422,253
Operation and Maintenance of Plant	14,534,112	-	18,237,758	-
Scholarships and Fellowships	29,738,023	350,615	37,252,370	283,420
Depreciation Expense	6,996,236	-	6,819,311	-
Auxiliary Enterprises				
Bookstore	13,962,704	-	12,916,165	-
Other	1,694,910	-	1,750,952	-
Total Operating Expense	**201,038,046**	**658,758**	**228,667,536**	**705,673**
Operating Income (Loss)	**(113,757,661)**	**59,454**	**(131,976,717)**	**(71,056)**
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	60,882,213	-	58,854,540	-
Unrestricted Investment Income (Net of Investment Expense)	209,259	516,199	574,929	102,352
Restricted Investment Income (Net of Investment Expense)	2,843	144,453	1,524	30,413
Interest on Capital Asset Related Debt	(426,281)	-	(599,144)	-
Pell Grant	47,528,202	-	60,001,577	-
Other Nonoperating Revenue (Expense)	(1,038,942)	-	(80,472)	-
Net Nonoperating Revenues	**107,157,294**	**660,652**	**118,752,954**	**132,765**
Income (Loss)Before Other Revenues, Expenses, Gains, or Losses	**(6,600,367)**	**720,106**	**(13,223,763)**	**61,709**
Capital Appropriations	5,329,325	-	1,715,196	-
Special Item - Loss on Sale of Trust Assets	(2,630,590)	-	-	-
Change in Net Position	**(3,901,632)**	**720,106**	**(11,508,567)**	**61,709**
NET POSITION				
Net Position-Beginning of Year	276,472,772	5,834,027	287,981,339	5,772,318
Net Position-End of Year	**$ 272,571,140**	**$ 6,554,133**	**$ 276,472,772**	**$ 5,834,027**

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, 2013 and 2012

	2013		2012	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and Fees	$ 60,507,363	$ 44,767	$ 67,024,018	$ 47,584
Grants, Gifts and Contracts	7,652,047	567,135	10,414,380	538,030
Payments to Suppliers	(47,160,440)	(289,208)	(63,767,192)	(423,449)
Payments for Salaries and Benefits	(120,763,253)	-	(131,941,623)	-
Payments for Scholarships	(29,738,023)	(350,615)	(37,252,370)	(283,420)
Auxiliary Enterprise Receipts	16,329,560	-	15,554,288	-
Other Receipts (Payments)	423,544	-	755,607	-
Net Cash Provided By (Used In) Operating Activities	**(112,749,202)**	**(27,921)**	**(139,212,892)**	**(121,255)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Appropriations	60,882,213	-	58,854,540	-
Pell Grant	47,528,202	-	60,001,577	-
Nonoperating Payments to Suppliers	(1,036,300)	-	(80,473)	-
Net Cash Provided By Noncapital Financing Activities	**107,374,115**	-	**118,775,644**	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Appropriations	5,086,402	-	1,467,028	-
Purchases of Capital Assets	(7,039,706)	-	(7,779,604)	-
Principal Paid on Debt	(965,000)	-	(1,265,000)	-
Interest Paid on Capital Debt	(426,281)	-	(599,144)	-
Net Cash Used In Capital Financing Activities	**(3,344,585)**	-	**(8,176,720)**	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchases) of Investments	8,652,163	(311,773)	22,353,331	(205,876)
Income on Investments	212,102	332,361	576,453	224,565
Net Cash Provided By (Used In) Investing Activities	**8,864,265**	**20,588**	**22,929,784**	**18,689**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**144,593**	**(7,333)**	**(5,684,184)**	**(102,566)**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**11,918,266**	**99,464**	**17,602,450**	**202,030**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 12,062,859**	**$ 92,131**	**$ 11,918,266**	**$ 99,464**

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Loss	$ (113,757,661)	$ 59,454	$ (131,976,717)	$ (71,056)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) By Operating Activities:				
Depreciation Expense	6,996,237	-	6,819,311	-
Changes in Assets and Liabilities:				
Receivables, net	(1,839,668)	(106,310)	(12,771,656)	(16,254)
Other Assets	(1,176,113)	-	352,480	-
Accounts Payable & Accrued Liabilites	(2,443,794)	18,935	(11,465,440)	(33,945)
Unearned Revenue	(528,203)	-	9,829,130	-
Net Cash Provided By (Used In) Operating Activities	**$ (112,749,202)**	**$ (27,921)**	**$ (139,212,892)**	**$ (121,255)**

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. The 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:

Note 1 - Summary of Significant Accounting Policies (Continued)

- 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

During the fiscal year ended June 30, 2013, the provisions of GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, GASB Statement No. 61, The Financial Reporting Entity Omnibus, GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, became effective and were implemented by the College. The implementation of these statements did not have a significant effect on the financial statements of the College.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, GASB Statement No. 66, Technical Corrections -2012 (an amendment of GASB Statements No. 10 and No. 62), GASB Statement No. 67, Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25) and GASB Statement No. 70, Accounting and Reporting for Nonexchange Financial Guarantees, become effective, as of and for the year ended June 30, 2014. Management does not expect these statements to have a significant effect on the financial statements of the College. In addition, GASB Statement No. 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) and GASB Statement No. 69, Government Combinations and Disposals of Government Operations, become effective as of and for the year ended June 30, 2015. Management does not expect GASB Statement No. 69 to have a significant effect of the financial statements of the College. GASB Statement No. 68 is expected to have a significant effect on the College's financial statements.

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 collectibility 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, 2013 and 2012, 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.

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 June 30, 2013 and 2012.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Revised OMB Circular A-133 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 may report a separate category of deferred outflows of resources. Deferred outflows represent consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. As of June 30, 2013, the College reported no deferred outflows of resources.

In addition to liabilities, the statement of net position may report a separate category of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenues) until then. At June 30, 2013, the College reported no deferred inflows of resources.

Pensions

A pension cost provision is recorded when the related payroll is accrued and the obligation is incurred.

Other Significant Accounting Policies

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

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. Noncurrent cash and 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, 2013 and 2012, $250,000 of the bank balance was covered by federal deposit insurance and the remaining portion $14,403,299 and $17,069,197, respectively, were uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank.

The following summarizes the value of investments at June 30, 2013 and 2012:

	Fair Value	
Description	2013	2012
STAR Ohio	$ 30,201,619	$ 16,659,623
Money Market Funds	8,463,223	5,956,388
U.S. Government Obligations	1,000,000	5,100,539
U.S. Agency Obligations	78,120,218	98,720,673
Total	$ 117,785,060	$ 126,437,223

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, 2013, 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	$ 30,201,619	$30,201,619	$ -	$ -	$ -
Money Market Funds	8,463,223	8,463,223	-	-	-
U.S. Gov't Obligations	1,000,000	1,000,000	-	-	-
U.S. Agency Obligations	78,120,218	46,983,373	31,136,845	-	-
Total	$117,785,060	$86,648,215	$31,136,845	$ -	$ -

As of June 30, 2012, 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	$ 16,659,623	$ 16,659,623	$ -	$ -	$ -
Money Market Funds	5,956,388	5,956,388	-	-	-
U.S. Gov't Obligations	5,100,539	5,100,539	-	-	-
U.S. Agency Obligations	98,720,673	9,981,036	88,739,637	-	-
Total	$126,437,223	$ 37,697,586	$88,739,637	$ -	$ -

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

The College held $30,201,619 and $16,659,623 in STAR Ohio investments as of June 30, 2013 and 2012, 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. The fair values of the College's position in the pool are the same as the value of their 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, 2013 and 2012, Standard & Poor rated STAR Ohio investments as AAA and U.S. Government and Agency Obligations were rated AA+. Included in U.S. Government Obligations were $20,118,290 and $7,974,368, in short term discount notes, as of June 30, 2013 and 2012, respectively. The government money market funds and U.S. Agency short term discount notes were not rated.

The credit ratings of the College's interest-bearing investments at June 30, 2013 are as follows:

Credit Rating (S&P)	Total	STAR OHIO	Money Market	U.S. Government Obligations	U.S. Agency Obligations
AAA/AA+/AA+	$ 89,203,547	$30,201,619	$ -	$1,000,000	$58,001,928
Unrated	28,581,513	-	8,463,223	-	20,118,290
Total	$117,785,060	$30,201,619	$8,463,223	$1,000,000	$78,120,218

The credit ratings of the College's interest-bearing investments at June 30, 2012, are as follows:

Credit Rating (S&P)	Total	STAR OHIO	Money Market	U.S. Government Obligations	U.S. Agency Obligations
AAA/AA+/AA+	$112,506,467	$16,659,623	$ -	$5,100,539	$90,746,305
Unrated	13,930,756	-	5,956,388	-	7,974,368
Total	$126,437,223	$16,659,623	$5,956,388	$5,100,539	$98,720,673

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, 2013 and 2012:

Year	Total	STAR Ohio	Money Market	U.S. Govt Obligation	U.S. Agency Oblig.
2013	100.0%	25.6%	7.2%	0.9%	66.3%
2012	100.0%	13.2%	4.7%	4.0%	78.1%

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, 2013 and 2012, the College's investments in U.S. Government and Agency Obligations 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, 2013 and 2012.

Note 3 - Pledges, Grants and Accounts Receivable

2013	Gross Receivable	Allowance	Net Receivable
Students' and other	$47,941,960	$(21,175,896)	$26,766,064
Grants and contracts	2,712,305	-	2,712,305
Total	$50,654,265	$(21,175,896)	$29,478,369

2012	Gross Receivable	Allowance	Net Receivable
Students' and other	$41,301,562	$(17,298,955)	$24,002,607
Grants and contracts	2,166,684	-	2,166,684
Total	$43,468,246	$(17,298,955)	$26,169,291

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance June 30,2012	Additions	Deductions	Balance June 30, 2013
Land	$ 29,618,235	-	(4,100,000)	$ 25,518,235
Works of art	286,500	-	-	286,500
Construction in progress	3,869,975	1,503,564	(672,676)	4,700,863
Leasehold improvements in progress	-	-	-	-
Total cost of nondepreciable capital assets	33,774,710	1,503,564	(4,772,676)	30,505,598
Buildings	153,686,554	5,341,282	(301,699)	158,726,137
Leasehold improvements	324,721	-	-	324,721
Improvements other than buildings	12,291,262	-	(293,197)	11,998,065
Moveable equip, furniture and library books	38,407,435	1,844,875	(676,619)	39,575,691
Total cost of depreciable capital assets	204,709,972	7,186,157	(1,271,515)	210,624,614
Total cost of capital assets	238,484,682	8,689,721	(6,044,191)	241,130,212
Less accumulated depreciation				
Buildings	45,339,762	4,646,677	-	49,986,439
Improvements other than buildings	2,442,533	264,855	-	2,707,388
Moveable equip, furniture & library books	27,358,976	2,087,347	(294,176)	29,152,147
Total accumulated depreciation	75,141,271	6,998,879	(294,176)	81,845,974
Capital assets, net	$163,343,411	1,690,842	(5,750,015)	$159,284,238

Note 4 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
Land	$ 29,618,235	-	-	$ 29,618,235
Works of art	286,500	-	-	286,500
Construction in progress	3,917,866	3,398,838	(3,446,729)	3.869,975
Leasehold improvements in progress	66,387	-	(66,387)	-
Total cost of nondepreciable capital assets	33,888,988	3,398,838	(3,513,116)	33,774,710
Buildings	148,559,720	5,126,834	-	153,686,554
Leasehold improvements	123,999	200,722	-	324,721
Improvements other than buildings	12,291,262	-	-	12,291,262
Moveable equip, furniture and library books	35,915,511	6,869,290	(4,377,366)	38,407,435
Total cost of depreciable capital assets	196,890,492	12,196,846	(4,377,366)	204,709,972
Total cost of capital assets	230,779,480	15,595,684	(7,890,482)	238,484,682
Less accumulated depreciation				
Buildings	41,290,468	4,049,294	-	45,339,762
Improvements other than buildings	2,195,584	246,949	-	2,442,533
Moveable equip, furniture & library books	24,910,310	2,523,068	(74,402)	27,358,976
Total accumulated depreciation	68,396,362	6,819,311	(74,402)	75,141,271
Capital assets, net	$162,383,118	8,776,373	(7,816,080)	$163,343,411

Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2013 and 2012, are as follows:

	2013	2012
Payable to vendors and contractors	$ 1,660,196	$ 4,313,264
Accrued expenses, primarily payroll and vacation leave	7,921,828	7,509,224
Employee withholdings and deposits payable to third parties	2,019,218	2,465,471
	$ 11,601,242	$ 14,287,959
Current	$ 10,649,609	$ 13,162,948
Noncurrent	$ 951,633	$ 1,125,011

Note 6 - Long Term Debt

Long-term debt as of June 30, 2013 and 2012 is summarized as follows:

	Balance June 30, 2012	New Debt	Reduction	Balance June 30, 2013	Current Portion	Noncurrent Portion
Series 2003 bonds with an interest rate of 3.80% due serially through 2014	$ 8,880,000	-	$ (8,200,000)	$ 680,000	$ 680,000	-
Series 2007 bonds with interest rates ranging from 4.0% to 4.25% due serially through 2017	3,545,000	-	(655,000)	2,890,000	685,000	2,205,000
Series 2012 bonds with an interest rate of 1.65% due serially through 2023	-	7,900,000	(10,000)	7,890,000	100,000	7,790,000
Total Bonds	$12,425,000	7,900,000	$(8,865,000)	$11,460,000	$1,465,000	$9,995,000
Compensated Absences	4,282,858	-	(399,695)	3,883,163	2,931,530	951,633
Total Long-Term Liabilities	$16,707,858	$7,900,000	$(9,264,695)	$15,343,163	$4,396,530	$10,946,633

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

Years Ended June 30	Principal	Interest	Total
2014	1,465,000	261,675	1,726,675
2015	1,520,000	206,385	1,726,385
2016	1,555,000	163,219	1,718,219
2017	1,600,000	117,814	1,717,814
2018	855,000	87,780	942,780
2019 - 2022	3,545,000	208,065	3,753,065
2023	920,000	15,180	935,180
Total	$11,460,000	$1,060,118	$12,520,118

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, April 1, 2007, and December 1, 2003.

Note 6 - Long-Term Debt (Continued)

The Series 2003 bonds were issued in the principal amount of $17,160,000, of which $8,880,000 was outstanding at December 20, 2012. In December 2012, the College issued $7,900,000 in General Receipts Bonds with an interest rate of 1.65 percent to advance refund $7,545,000 of the $8,880,000 outstanding Series 2003 bonds with interest rates ranging from 3.80 to 4.50 percent. The net proceeds of $7,859,657 (after payment of bond issuance costs of $40,343) were used to purchase investment securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2003 bonds, except for $655,000 paid by the College on June 1, 2013 and $680,000 to be paid by the College, due on June 1, 2014. As a result, $7,545,000 of Series 2003 bonds are considered defeased and the liability for those bonds has been removed from the College's statement of net position. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $499,934. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2023 using the effective interest method. The difference between the cash flows required to service the Series 2003 bonds and those required to service the new debt is $954,780, with an economic gain of $331,957.

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

Note 7 - Leases

The College leases office space, parking, and classroom space for its off-campus sites and equipment under operating leases, which have ending dates ranging through 2016. Lease expense charged to operations was $2,211,498 and $2,070,145 during 2013 and 2012, respectively. Future minimum lease payments under operating leases at June 30, 2013, are as follows:

2014	$2,914,794
2015	2,031,609
2016	408,935
2017	353,600
2018	58,933
	$5,767,871

Note 8 - 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 $3,883,163 and $4,282,858 as of June 30, 2013 and 2012, respectively. Included in this liability at June 30, 2013, was a charge of $44,623 related to a voluntary separation incentive plan offered by the College. This charge represents the estimated additional payout of accrued sick leave for employees who are eligible for the Plan in fiscal 2014.

Note 9 - State Support

The College is a state-assisted institution of higher education and receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, 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 Board of Regents. 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 Board of Regents. 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 Board of Regents 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 10 - Retirement Plans

State Teachers Retirement System of Ohio (STRS)

The College's faculty is covered by the State Teachers Retirement System of Ohio (STRS). Substantially all other employees are covered by the School Employees Retirement System of Ohio (SERS). These retirement programs are statewide cost-sharing multiple employer defined benefit pension plans. They provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by State statute.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and the employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Note 10 - Retirement Plans (Continued)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on the years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31^{st} year of earned Ohio service credit is calculated at 2.5% instead of 2.2%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service.

Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

Note 10 - Retirement Plans (Continued)

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2012, were 10% of covered payroll for members and 14% for employers. The College's contributions, which represent 100% of the required contribution, for the years ended June 30, 2013, 2012, and 2011 were $7,292,953, $8,017,688, and $7,531,226, respectively. Member and employer contributions actually made for DC and Combined Plan participants are available upon written request.

STRS issues a stand-alone financial report. Additional information or copies of STRS Ohio's *2012 Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling toll-free (888)227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

School Employees Retirement System of Ohio (SERS)

The College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. 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 state statute per Chapter 3309 of the Ohio Revised Code. Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14% of annual covered payroll. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The College's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were $5,533,507, $5,814,906, and $5,469,955, respectively, which equaled the required contributions each year.

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources.*

Note 10 - Retirement Plans (Continued)

Alternative Retirement Plan

The State of Ohio requires public institutions of higher education to offer an alternative retirement plan. This option is an alternate to participating in the State Teachers Retirement System of Ohio and the School Employees Retirement System of Ohio. The alternative retirement plan shall be a defined-contribution plan, with the Ohio employer contribution rate of 3.5% for STRS and 6% for SERS. The College has implemented the alternative retirement plan. In fiscal years 2013, 2012 and 2011, the College's contributions were $42,395, $36,106 and $31,717, respectively for STRS and $53,625, $60,519 and $51,468, respectively for SERS.

Note 11 - Other Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan, both the State Teachers Retirement System of Ohio (STRS) and the School Employees Retirement System of Ohio (SERS) administer postemployment benefit plans. Both STRS and SERS issue publicly available, stand-alone financial reports, See Note 9.

State Teachers Retirement System of Ohio (STRS)

Pursuant to 3307 of the Revised Code, the STRS Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2012, 2011, and 2010 The 14% employer contribution is the maximum rate established under Ohio law. The College's post-employment health care contributions for the years ended June 30, 2013, 2012, and 2011 were $520,925, $572,692, and $537,945, respectively.

School Employees Retirement System of Ohio (SERS)

Medicare Part B Plan

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was $104.90 for most participants, but could be as high as $335.70 per month depending on their income. SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was .74%. The College contributions for the years ended June 30, 2013, 2012, and 2011, were $292,485, $311,513, and $296,942, respectively, which equaled the required contributions for each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

Note 11 - Other Postemployment Benefits (Continued)

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is .16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 % of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at $20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Heath Care Fund. The College contributions assigned to the Health Care Fund for the years ended June 30, 2013, 2012, and 2011 were $305,977, $843,025, and $1,136,461, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report.* The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources.*

Note 12 - 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, golf club management 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.

Beginning on July 1, 2010, the College became self-insured for their 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 liability of $1,379,218 and $1,632,752 was reported at June 30, 2013 and 2012, 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 12 - Risk Management (Continued)

The following represents the claims activity for fiscal year 2013 and 2012:

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
2013	$1,632,752	8,552,212	8,805,746	$1,379,218
2012	$1,261,131	9,287,198	8,915,577	$1,632,752

In addition to the expense incurred in claim payments, the College paid $1,082,322 and $1,212,300 in fees for administration of the self-insurance plans for 2013 and 2012, respectively.

Note 13 - Capital Projects Commitments

At June 30, 2013 and 2012, the College was committed to future capital expenditures as follows:

Contractual commitments:	2013	2012
Union Hall Renovation	$ 6,020,000	$10,518,000
Regional Learning Center - Reynoldsburg	-	1,400,000
Lab Upgrades	-	95,000
Total future project costs	$ 6,020,000	$12,013,000

Note 14 - Encumbrances

Encumbrances are contractual commitments made by the College for the purchase of goods and services. However, as of the balance sheet date, such goods have not been delivered or services rendered. Encumbrances (excluding amounts for Board allocations) were $1,523,355 and $7,557,857, as of June 30, 2013 and 2012.

Note 15 - Pending Litigation

At June 30, 2013, 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, 2013 and 2012:

	2013	2012
Salaries and wages	$97,316,443	$106,820,633
Employee benefits	23,413,162	26,046,775
Utilities	3,227,991	3,440,697
Supplies and other services	40,346,191	48,287,750
Depreciation	6,996,236	6,819,311
Student scholarships and financial aid	29,738,023	37,252,370
	$201,038,046	$228,667,536

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 FASB standards, including FASB Statement No. 117, Financial Statements of Not-for-Profit Organizations. 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 is included in the College's consolidated cash, which is insured by the FDIC up to $250,000, as of June 30, 2013 and 2012. Uninsured cash funds held by the bank are subject to a collateral agreement covering all public funds held by the bank. As of June 30, 2013 and 2012, the Foundation had bank balances of $192,941 and $108,349 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, 2013 and 2012:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Cash & Money Market Funds	$ 98,248	$ 98,248	$ 145,578	$ 145,578
Equity Funds	3,644,860	4,282,589	1,861,791	1,950,543
Common & Preferred Stock	1,402,243	1,618,145	2,876,252	3,321,309
Corporate Debt	224,224	250,573	221,435	243,526
Municipal Bonds	50,000	51,465	-	-
	$ 5,419,575	$ 6,301,020	$ 5,105,056	$ 5,660,956

Promises to Give
Unconditional promises to give consist of the following as of June 30, 2013 and 2012:

	2013	2012
Outstanding pledges at year end	$ 202,251	$ 75,888
Less: Discounts and allowance for uncollectible pledges	(20,091)	(38)
Unconditional promises to give, net	$ 182,160	$ 75,850

Note 17 - Component Unit Disclosures (Continued)

As of June 30, 2013:

Amounts due to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$107,100	(11,781)	$95,319
One to five years	95,151	(8,310)	86,841
Total	$202,251	(20,091)	$182,160

As of June 30, 2012:

Amounts due to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$75,888	(38)	$75,850
One to five years	-	-	-
Total	$75,888	$(38)	$75,850

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, 2013, $780,000 has been paid to the annuitants.

Note 19 - Special Item - Loss on Sale of Trust Assets

The College Board of Trustees has served as Trustee of two Charitable Remainder Annuity Trusts since February 2000, which included assets valued at $4.1 million at the time of the trusts' inceptions, and the ownership, possession and operations of a golf course and driving range, but also the authority to dispose of the real property for fair market value. The Board authorized the sale of the property in February 2013. The sale was completed on June 28, 2013 and resulted in a loss on disposal of the real property of $2,630,590. The College discontinued the related operations of Bridgeview Golf Course and Driving Range on May 31, 2013.

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

	CFDA #	Pass Through Number	Expenditures
US DEPARTMENT OF EDUCATION			
Direct Recipient			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		$ 669,128
Federal Work-Study Program	84.033		429,904
Federal Pell Grant Program	84.063		47,448,076
Federal Direct Student Loans	84.268		79,817,244
Total Student Financial Aid			128,364,352
TRIO Cluster			
TRIO Upward Bound	84.047		266,560
TRIO Student Support Services	84.042		204,853
TRIO Talent Search	84.044		202,087
Total Trio Cluster			673,500
Higher Education_Institutional Aid	84.031A		423,156
Passed through Ohio Department of Education			
Career and Technical Education -- Basic Grants to States	84.048		408,218
Twenty-First Century Community Learning Centers	84.287	6584	332,949
Passed through the Ohio Board of Regents			
Career and Technical Education - Basic Grants to States	84.048	Various	24,895
Passed through Ohio Board of Regents to Wright State			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126A	RSC0117027	12,783
Passed through Otterbein University			
National Professional Development Program	84.195N		11,015
Passed through Columbus Public Schools			
Race to the Top - District Grants	84.416		20,894
Total Department of Education			130,271,762
US DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Education			
Summer Food Service Program for Children	10.559		6,286
US DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Recipient			
Family and Community Violence Prevention Program	93.910		80,189
Passed through Central Ohio Workforce Investment Corporation			
Temporary Assistance for Needy Families	93.558	12TN1A9265	46,671
Passed through Ohio Department of Jobs and Family Services			
Child Care and Development Block Grant	93.575	12QAADOR	38,500

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

	CFDA #	Pass Through Number	Expenditures
Passed Through Cuyahoga Community College			
ARRA - Health Information Technology Professionals in Health Care	93.721	90CCC079/01	104,722
Total Department of Health and Human Services			270,082
US DEPARTMENT OF LABOR			
Employment and Training Administration			
Direct Recipient			
ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275		1,440,506
Passed through Edison Biotechnology Center dba Bio Ohio			
ARRA Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	GJ200761060A39	128,295
Passed through Ohio Board of Regents			
H-1B Job Training Grants	17.268	A1213150425	116,203
WIA Cluster			
Passed through Central Ohio Workforce Investment Corporation			
WIA Youth Activities	17.259	10Y01A9265	10,670
Passed through Franklin County Department of Job and Family Services			
WIA Adult Programs & Dislocated Workers	17.258 and 17.260		46,274
Total WIA Cluster			56,944
Passed through Ohio Department of Job and Family Services			
Trade Adjustment Assistance	17.245		188,221
Total Department of Labor			1,930,169
US DEPARTMENT OF VETERANS AFFAIRS, VETERANS BENEFITS ADMINISTRATION			
Direct Recipient			
Vocational Rehabilitation for Disabled Veterans	64.116		497,157
US DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Public Safety			
Incentive Grant Program to Increase Motorcyclist Safety	20.612	MOPI201225000 00090400	380
US SMALL BUSINESS ADMINISTRATION			
Passed through Ohio Department of Development			
Small Business Development Centers	59.037	ECDD12026 OSB106	430,505
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Recipient			
AmeriCorps	94.006		85,582

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

	CFDA #	Pass Through Number	Expenditures
NATIONAL ENDOWMENT FOR THE HUMANITIES			
Direct Recipient			
Promotion of the Humanities Public Programs	45.164		2,068
NATIONAL SCIENCE FOUNDATION			
Passed through Ohio State University Research Foundation			
Education and Human Resources	47.076	60014486	68,180
Trans-NSF Recovery Act Research Support	47.082	60019996	4,450
Total National Science Foundation			72,630
TOTAL FEDERAL AWARD EXPENDITURES			$ 133,566,621

COLUMBUS STATE COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the College's financial statements.

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 2013:

Federal Subsidized Direct Loans	$33,694,068
Federal Unsubsidized Direct Loans	45,854,909
Federal PLUS Loans	268,267
Total Direct Student Loans	$79,817,244

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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 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 years ended June 30, 2013 and 2012, 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 14, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 the 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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Parms & Company, LLC

October 14, 2013
Columbus, Ohio

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Columbus State Community College

Report on Compliance for Each Major Federal Program

We have audited Columbus State Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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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, 2013.

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, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Parms & Company, LLC

October 14, 2013
Columbus, Ohio

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Section I. Summary of Auditor's Results

A. *Financial Statements*:

1. Type of auditor's report issued: UNQUALIFIED

2. Internal control over financial reporting:

   a. Material weakness(es) identified? ___Yes _X_No

   b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___Yes _X_No

3. Noncompliance material to financial statements noted? ___Yes _X_No

B. *Federal Awards:*

1. Internal control over major programs:

   a. Material weakness(es) identified? ___Yes _X_No

   b. Significant deficiency(ies) identified that are Not considered to be material weakness(es)? ___Yes _X_No

2. Type of auditor's report issued on compliance for major programs: UNQUALIFIED

3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___Yes _X_No

4. Identification of major programs by program name (CFDA Number(s)):

   - U.S. Department of Education - Student Financial Assistance Cluster (84.007, 84.033, 84.063, and 84.268)
   - U.S. Department of Labor - ARRA Program of Competitive Grant for Worker Training and Placement in High Growth and Emerging Industry Sectors (17.275)

5. Dollar threshold used to distinguish between Type A and Type B programs: $ 1,612,481

6. Auditee qualified as low-risk auditee? _X_Yes ___No

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)
For the Year Ended June 30, 2013

Section II. <u>Financial Statement Findings</u>

No Findings

Section III. <u>Federal Award Findings and Questioned Costs</u>

No findings.

Section IV. <u>Summary of Prior Audit Findings</u>

No findings.

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
JANUARY 16, 2014