

COLUMBUS STATE COMMUNITY COLLEGE
A COMPONENT UNIT OF THE STATE OF OHIO

Financial Statements and Additional Information
For the Years Ended June 30, 1999 and 1998
and
Independent Auditors' Report Thereon

Reports On Internal Controls and Compliance

COLUMBUS STATE COMMUNITY COLLEGE

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

Board of Trustees
Columbus State Community College
Columbus, Ohio

We have reviewed the Independent Auditor's Report of the Columbus State Community College, Franklin County, prepared by Parns & Company, for the audit period July 1, 1998 through June 30, 1999. 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

December 20, 1999



CERTIFIED PUBLIC ACCOUNTANTS

♦ 400 East Town Street
Suite 200
Columbus, Ohio 43215

♦ Office (614) 224-3078
Fax (614) 224-4616

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Columbus State Community College
Columbus, Ohio

We have audited the accompanying balance sheet of Columbus State Community College, a component unit of the State of Ohio, as of June 30, 1999 and 1998, and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the years then ended. These financial statements are the responsibility of Columbus State Community College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, and the standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbus State Community College as of June 30, 1999 and 1998, and the changes in fund balances and the current funds revenues, expenditures, and other changes for the years then ended, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The year 2000 supplementary information on pages 24 - 27 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that Columbus State Community College's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Columbus State Community College does business are or will become year 2000 compliant.

The additional information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Columbus State Community College.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 of Columbus State Community College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 9, 1999 on our consideration of Columbus State Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Farms & Company, Inc.

October 9, 1999
Columbus, Ohio

COLUMBUS STATE COMMUNITY COLLEGE
BALANCE SHEET

As of June 30, 1999 and 1998

<u>Assets</u>	<u>Current Funds</u>				<u>Loan Funds</u>	
	<u>Unrestricted</u>		<u>Restricted</u>		<u>1999</u>	<u>1998</u>
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>		
Cash and Cash Equivalents	\$36,866,963	\$34,076,263	-	-	11,005	15,262
Investments	11,285,824	12,429,289	-	-	-	-
Accounts receivable, net	2,893,509	2,820,317	-	-	-	-
Other receivables	-	-	-	-	-	-
State appropriation receivable	-	-	-	-	-	-
Notes receivable	-	-	-	-	512,990	556,266
Accrued interest receivable	185,456	244,143	-	-	-	-
Inventories	1,355,523	976,972	-	-	-	-
Prepaid expenses	5,094	29,705	-	-	-	-
Deposits with trustees	-	-	-	-	-	-
Investment in plant	-	-	-	-	-	-
Interfund receivables	<u>3,306,998</u>	<u>3,042,287</u>	<u>140,154</u>	<u>139,090</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$55,899,367</u>	<u>\$53,618,976</u>	<u>140,154</u>	<u>139,090</u>	<u>523,995</u>	<u>571,528</u>
 <u>Liabilities and Fund Balance</u>						
Accounts payable - trade	\$ 1,427,090	\$ 3,161,127	-	-	-	-
Accounts payable - other	623,815	-	-	-	-	-
Compensated absences	1,222,898	-	-	-	-	-
Accrued payroll liabilities	1,009,525	-	-	-	-	-
Interfund payables	7,270,723	9,667,663	-	-	-	-
Accrued interest	-	-	-	-	-	-
Deferred income	4,627,023	4,545,091	-	-	-	-
Deposits	-	-	-	-	-	-
Capital lease obligation	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	-
Total liabilities	<u>\$16,181,074</u>	<u>17,373,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:						
Unrestricted - allocated	19,800,952	18,769,780	-	-	-	-
Unrestricted - unallocated	19,917,341	17,475,315	-	-	-	-
Restricted	-	-	140,154	139,090	523,995	571,528
Endowment	-	-	-	-	-	-
Investment in plant	-	-	-	-	-	-
Total fund balance	<u>39,718,293</u>	<u>36,245,095</u>	<u>140,154</u>	<u>139,090</u>	<u>523,995</u>	<u>571,528</u>
Total liabilities and fund balance	<u>\$55,899,367</u>	<u>\$53,618,976</u>	<u>140,154</u>	<u>139,090</u>	<u>523,995</u>	<u>571,528</u>

The accompanying notes are an integral part of these financial statements

<u>Plant Funds</u>		<u>Agency Funds</u>		<u>Component Unit Development Foundation</u>	
<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
-	-	70,283	11,884	\$ 302,935	\$ 48,877
243,966	119,768	-	-	2,281,738	1,852,605
-	-	-	-	100,000	-
-	-	187,462	106,667	-	-
-	-	-	-	-	-
-	-	-	-	14,733	18,018
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
815,362	1,173,743	-	-	-	-
111,838,674	108,459,999	-	-	-	-
<u>657,710</u>	<u>670,350</u>	<u>3,351,048</u>	<u>5,815,936</u>	<u>-</u>	<u>-</u>
<u>\$113,555,712</u>	<u>\$110,423,860</u>	<u>3,608,793</u>	<u>5,934,487</u>	<u>\$2,699,406</u>	<u>\$1,919,500</u>
77,619	77,619	-	-	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	185,187	25,196
63,092	65,329	-	-	-	-
-	-	-	-	-	-
-	-	3,608,793	5,934,487	-	-
48,821	172,102	-	-	-	-
<u>14,215,000</u>	<u>14,850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
14,404,532	15,165,050	3,608,793	5,934,487	185,187	25,196
-	-	-	-	-	-
-	-	-	-	523,563	176,581
243,966	119,768	-	-	905,724	750,259
-	-	-	-	1,084,932	967,464
<u>98,907,214</u>	<u>95,139,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>99,151,180</u>	<u>95,258,810</u>	<u>-</u>	<u>-</u>	<u>2,514,219</u>	<u>1,894,304</u>
<u>\$113,555,712</u>	<u>\$110,423,860</u>	<u>3,608,793</u>	<u>5,934,487</u>	<u>\$2,699,406</u>	<u>\$1,919,500</u>

COLUMBUS STATE COMMUNITY COLLEGE
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended June 30, 1999 and 1998

	Current Funds			
	Unrestricted		Restricted	
	Total Unrestricted		Educational and General	
	1999	1998	1999	1998
<u>Revenues and Other Additions</u>				
Unrestricted current fund revenue	\$76,022,763	\$70,483,435	-	-
State appropriates & grants - restricted	-	-	2,694,453	2,476,086
Federal grants & contracts - restricted	-	-	5,666,525	5,928,532
Private gifts, grants & contracts - restricted	-	-	121,110	90,192
Interest & adjustments on loans	-	-	-	-
Investment income - restricted	-	-	-	-
Other additions	7,088	8,437	-	-
Expended for plant facilities (includes \$2,342,198 charged to current fund expenditures)	-	-	-	-
Total revenues and other additions	76,029,851	70,491,872	8,482,088	8,494,810
<u>Expenditures and Other Deductions</u>				
Educational and general expenditures	65,194,624	55,924,959	8,481,024	8,368,390
Auxiliary enterprises	5,821,871	5,499,893	-	-
Other expenditures	16,877	13,746	-	-
Loan cancellations & write-offs	-	-	-	-
Administrative and collection cost	-	-	-	-
Expended for plant facilities	-	-	-	-
Total expenditures and other deductions	71,033,372	61,438,598	8,481,024	8,368,390
<u>Transfers among funds-additions/(deductions)</u>				
Non-mandatory:				
Student support services	-	405,149	-	(405,149)
Mandatory:				
Debt services	(1,400,000)	(1,400,000)	-	-
Computer lease payable	(123,281)	(124,577)	-	-
Total transfers	(1,523,281)	(1,119,428)	-	(405,149)
Net increase (decrease) for the year	3,473,198	7,933,846	1,064	(278,729)
Fund balances, beginning of year, restated	<u>36,245,095</u>	<u>28,311,249</u>	<u>139,090</u>	<u>417,819</u>
Fund balance at end of year	<u>\$39,718,293</u>	<u>\$36,245,095</u>	<u>140,154</u>	<u>139,090</u>

The accompanying notes are an integral part of these financial statements

Total Current Funds		Loan Funds		Plant Funds		Component Unit	
				Investment In Plant		Development Foundation	
1999	1998	1999	1998	1999	1998	1999	1998
76,022,763	70,483,435	-	-	-	-	\$ -	\$ -
2,694,453	2,476,086	-	-	114,218	114,218	-	-
5,666,525	5,928,532	-	-	-	-	-	-
121,110	90,192	-	-	-	-	1,058,865	865,541
-	-	10,351	6,286	-	-	-	-
-	-	-	-	-	-	288,912	274,095
7,088	8,437	-	-	54,788	195,953	-	100
-	-	-	-	5,850,480	2,385,351	-	-
84,511,939	78,986,682	10,351	6,286	6,019,486	2,695,522	1,347,777	1,139,736
73,675,648	64,293,349	-	-	-	-	727,862	764,017
5,821,871	5,499,893	-	-	-	-	-	-
16,877	13,746	-	-	-	-	-	-
-	-	57,580	6,602	-	-	-	-
-	-	304	1,497	-	-	-	-
-	-	-	-	3,650,397	757,074	-	-
79,514,396	69,806,988	57,884	8,099	3,650,397	757,074	727,862	764,017
-	-	-	-	-	-	-	-
(1,400,000)	(1,400,000)	-	-	1,400,000	1,400,000	-	-
(123,281)	(124,577)	-	-	123,281	124,577	-	-
(1,523,281)	(1,524,577)	-	-	1,523,281	1,524,577	-	-
3,474,262	7,655,117	(47,533)	(1,813)	3,892,370	3,463,025	619,915	375,719
36,384,185	28,729,068	571,528	573,341	95,258,810	91,795,785	1,894,304	1,518,585
39,858,477	36,384,185	523,995	571,528	99,151,180	95,258,810	\$2,514,219	\$1,894,304

COLUMBUS STATE COMMUNITY COLLEGE
STATEMENT OF CURRENT FUND, REVENUE, EXPENDITURES AND OTHER CHANGES

For The Years Ended June 30, 1999 and 1998

	Unrestricted			
	Educational and General		Auxiliary	
	1999	1998	1999	1998
<u>Revenues and Other Additions</u>				
Educational and general:				
Tuition, fees and other student charges	\$33,467,959	\$31,330,508	-	-
State appropriations	33,070,151	28,801,318	-	-
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Private gifts, grants and contracts	489,141	536,330	-	-
Sales and services	10,202	7,858	6,501,035	5,839,366
Interest income	2,083,220	2,140,931	-	-
Other sources	401,055	1,827,124	-	-
Other additions:				
President's discretionary fund revenues	7,088	8,437	-	-
Total Revenues and Other Additions	69,528,816	64,652,506	6,501,035	5,839,366
 <u>Expenditures and Other Deductions</u>				
Educational and general:				
Instructional & Department Research	32,669,809	30,329,594	-	-
Public Service	1,195,738	711,606	-	-
Academic Support	2,165,211	1,713,596	-	-
Student Services	6,507,201	5,853,310	-	-
Institutional Support	9,882,017	8,930,461	-	-
Operation and Maintenance of Plant	12,774,648	8,386,392	-	-
Scholarships & Fellowships	-	-	-	-
Total Educational and General Expenditures	65,194,624	55,924,959	-	-
President's discretionary fund expenses	16,877	13,746	-	-
Auxiliary enterprises expenses	-	-	5,821,871	5,499,893
Transfers-Additions (Deductions):				
Mandatory	1,466,731	1,471,016	56,550	53,561
Non-Mandatory	103,305	(301,844)	(103,305)	(103,305)
Total expenditures and transfers	66,781,537	57,107,877	5,775,116	5,450,149
Net Increase (Decrease) in Fund Balances	\$ 2,747,279	\$ 7,544,629	725,919	389,217

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

<u>Unrestricted</u>		<u>Restricted</u>		<u>Total Current</u>	
<u>Total</u>		<u>Educational</u>		<u>Funds</u>	
<u>Unrestricted</u>		<u>and General</u>			
<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
33,467,959	31,330,508	-	-	\$33,467,959	\$31,330,508
33,070,151	28,801,318	-	114,218	33,070,151	28,915,536
-	-	5,666,525	5,928,532	5,666,525	5,928,532
-	-	2,694,453	2,361,868	2,694,453	2,361,868
489,141	536,330	121,110	90,192	610,251	626,522
6,511,237	5,847,224	-	-	6,511,237	5,847,224
2,083,220	2,140,931	-	-	2,083,220	2,140,931
401,055	1,827,124	-	-	401,055	1,827,124
<u>7,088</u>	<u>8,437</u>	<u>-</u>	<u>-</u>	<u>7,088</u>	<u>8,437</u>
76,029,851	70,491,872	8,482,088	8,494,810	84,511,939	78,986,682
32,669,809	30,329,594	-	-	32,669,809	30,329,594
1,195,738	711,606	-	-	1,195,738	711,606
2,165,211	1,713,596	-	-	2,165,211	1,713,596
6,507,201	5,853,310	-	-	6,507,201	5,853,310
9,882,017	8,930,461	-	-	9,882,017	8,930,461
12,774,648	8,386,392	-	-	12,774,648	8,386,392
<u>-</u>	<u>-</u>	<u>8,481,024</u>	<u>8,368,390</u>	<u>8,481,024</u>	<u>8,368,390</u>
65,194,624	55,924,959	8,481,024	8,368,390	73,675,648	64,293,349
16,877	13,746	-	-	16,877	13,746
5,821,871	5,499,893	-	-	5,821,871	5,499,893
1,523,281	1,524,577	-	-	1,523,281	1,524,577
<u>-</u>	<u>(405,149)</u>	<u>-</u>	<u>405,149</u>	<u>-</u>	<u>-</u>
<u>72,556,653</u>	<u>62,558,026</u>	<u>8,481,024</u>	<u>8,773,539</u>	<u>81,037,677</u>	<u>71,331,565</u>
<u>3,473,198</u>	<u>7,933,846</u>	<u>1,064</u>	<u>(278,729)</u>	<u>\$ 3,474,262</u>	<u>\$ 7,655,117</u>

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

1. Summary of Significant Accounting and Reporting Policies

The significant accounting policies followed by Columbus State Community College (the College), are described below to enhance the usefulness of the financial statements to the reader.

Organization

In 1967, the College became part of the State of Ohio higher education system 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.

Statutory Requirements

The accounts of the College are maintained in accordance with the Uniform Manual of Accounts and Financial Reports for State-Assisted Colleges and Universities of Ohio, published by the Auditor of State of Ohio. Essentially, this manual follows the principles promulgated by the American Institute of Certified Public Accountants' industry audit guide entitled, Audits of Colleges and Universities, prepared by the committee on college and university accounting and auditing. Also, similar principles are recommended by the American Council on Education.

Accrual Basis

The financial statements of the College are prepared on the accrual basis in accordance with generally accepted accounting principles for state-assisted colleges and universities. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred, without regard to the time of receipt or payment. The statement of current fund revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operation or the net income or loss as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of moveable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) as transfers of a non-mandatory nature for all other cases.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

1. Summary of Significant Accounting and Reporting Policies

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, its accounts are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated or distinguished from unrestricted funds allocated to specific purposes by actions of the Board of Trustees. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use on achieving any of its institutional purposes. All accounts are classified into the following groups:

Current Funds
Endowment Funds
Loan Funds
Plant Funds
Agency Funds

Current Funds are available for current operations and are subdivided as follows:

Educational and General funds are unrestricted and available for general operating purposes.

Auxiliary Enterprise funds are available for the operation of the bookstore and child care center operated primarily for students and staff.

Restricted funds are available for current operating purposes but only in compliance with restrictions specified by donors or grantors.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

1. Summary of Significant Accounting and Reporting Policies

Fund Accounting (continued)

Endowment funds represent contributions in which the donor has stipulated, as a condition of the gift, that the principal be maintained intact and only the investment income of the fund be expended as the donor has specified.

Loan Funds are available for loans to students. Loans granted are receivables until repaid at which time such monies are then available for new loans.

Plant Funds include two self-balancing sub-groups:

Unexpended funds include resources derived from various sources to finance the acquisition of long-life assets.

Investment in Plant includes all long-life assets in the service of the College, and construction in progress. Physical properties, which include land, buildings, improvements, equipment, and library books, are principally stated at cost. In accordance with generally accepted accounting principles for colleges and universities, depreciation is not provided.

To the extent current funds are used to finance plant assets, the amounts so provided are accounted for (a) as expenditures of current funds and additions to property and equipment in plant funds, in the case of moveable equipment and capital projects; (b) as mandatory transfers, in the case of required provisions for debt amortization and interest; and (c) as transfers of a non-mandatory nature in other cases.

Agency Funds include resources held by the College on behalf of others in the capacity of custodian or fiscal agents.

Cash and Investments

Cash consists primarily of petty cash, cash held in demand accounts and time deposits maturing within one year. Investments consist primarily of overnight repurchase agreements.

Investments in debt securities that are not classified as held-to-maturity and equity securities that have readily determinable fair values are carried on the College's books at their market values at June 30, 1999 and 1998. All other investments are carried at amortized cost which, including accrued interest, approximate market. Securities received as a gift are carried at fair market value at the date of the gift.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

1. Summary of Significant Accounting and Reporting Policies

Inventories

The College's inventories consist principally of books and supplies of the bookstore. Bookstore inventories at year-end are stated at the lower of cost or market basis (first-in, first-out). During interim periods, cost is based upon an estimated cost (percentage) of sales which historically has approximated actual cost. At or near year-end, a complete physical inventory is counted, valued, and adjustments, if any, are recorded.

Deferred Credits

Deferred credits in the current unrestricted fund are principally comprised of receipts relating to tuition and lab fees received in advance of services to be provided. The College recognizes tuition revenue over the academic quarter for which these receipts relate. Lab fee receipts are recognized when the lab fee expenses are incurred.

Allocated Fund Balance

As of June 30, 1999 and 1998, the Board of Trustees had allocated \$19,800,952 and \$18,769,780 of unrestricted fund balance to cover the cost of specific projects.

Gifts and Pledges

Gifts are recorded when received. Gifts pledged are not included in the financial statements because it is not practicable to determine the net realizable value or period of collection.

Government Grants and Contracts

Government grants and contracts with the College normally provide for the recovery of direct costs and indirect costs. The College recognizes revenue associated with direct costs as incurred. There were no indirect cost recovery for these programs.

Development Foundation

The Development Foundation operates under a separate board exclusively to generate, receive, hold, invest, manage, and allocate funds and property for the advancement, achievement, and support of the educational programs and services of Columbus State and its beneficiaries (students and the community). The Development Foundation has been included in the College's financial statements as a component unit of the College.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

1. Summary of Significant Accounting and Reporting Policies

Development Foundation (Continued)

The Columbus State Community College Development Foundation, Inc. (the Development Foundation) is a not-for-profit Ohio corporation formed in 1982.

President's Discretionary Fund

The President's Discretionary Fund is a separate fund from the operating and capital funds. The source of funds is from other than public (governmental) monies or student fees, as specified by the Board of Trustees. Expenditures are to promote or enhance the College's image, educational programs, operations, entertainment, contributions, and other appropriate expenditures not provided for in the College's operating budget. For purposes of presentation, the activities of the President's Discretionary Fund have been included with unrestricted fund activities.

Other

The College is exempt from income taxes as a political subdivision under federal income tax laws and regulations of the Internal Revenue Service.

2. Cash and Cash Equivalents

In accordance with GASB Statement No. 3, cash deposits are categorized to give an indication of the level of risk assumed by the College. The categories are as follows:

- Category 1 - Insured or collateralized with securities held by the College or by it's agent in the College's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the College's name.
- Category 3 - Uncollateralized.

As of June 30, 1999:

<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Balance Per Bank</u>		
		<u>Risk Category</u>		
		<u>1</u>	<u>2</u>	<u>3</u>
\$37,251,186	\$38,174,587	\$ 200,000	\$37,974,587	\$ -

The difference between cash carrying amount and bank balance represent normal reconciling items (outstanding checks, cash on hand, and deposits in transit). Of the total cash in bank accounts, \$8,174,587 was held in demand accounts, and \$30,000,000 was in certificates of deposit.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

3. Investments

Statement No. 3 of the Government Accounting Standards Board requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year-end. These categories follow:

- Category 1 - Investments that are insured or registered, or for which securities are held by the College or its agent in the name of the College.
- Category 2 - Investments that are uninsured and unregistered, with securities held by the broker's trust department or agent in the College's name.
- Category 3 - Investments that are uninsured and unregistered, with the securities held by the broker or dealer, or by its trust department or agent but not in the College's name.

The following summarizes the carrying value and fair value of investments at June 30, 1999 and 1998:

<u>Description</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Fair Value</u>
June 30, 1999:			
Overnight repurchase agreement	\$11,285,824	11,285,824	\$11,285,824
Common and preferred stock	755,944	1,433,329	1,433,329
Bonds due beyond one year	654,099	660,564	660,564
Money market funds	187,845	187,845	187,845
Star Ohio	<u>243,966</u>	<u>243,966</u>	<u>243,966</u>
Total Investments	<u>\$13,127,678</u>	<u>13,811,528</u>	<u>\$13,811,528</u>
June 30, 1998:			
Overnight Repurchase Agreement	\$12,429,289	12,429,289	\$12,429,289
Common and preferred stock	619,321	1,047,034	1,047,034
Bonds due beyond one year	653,618	677,552	677,552
Money market funds	128,019	128,019	128,019
Star Ohio	<u>119,768</u>	<u>119,768</u>	<u>119,768</u>
Total Investments	<u>\$13,950,015</u>	<u>14,401,662</u>	<u>\$14,401,662</u>

The collateral for the repurchase agreement, which consists of U.S. Government securities, is held by the Federal Reserve Bank of Cleveland in the member bank's name (Category 3). The Star Ohio investment account is an external investment pool. Oversight of the pool is through the Treasurer of State. The fair value of the College's position in the pool is the same as the value of its pool share. Such investments are not required to be categorized in accordance with Governmental Accounting Standards Board Statement No. 3. All other investments are Category 1.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

4. Accounts Receivable

Accounts receivable at June 30, 1999 and 1998 are net of allowance for doubtful accounts as summarized below:

	1999	1998
Accounts Receivable, Gross	\$4,035,637	\$3,748,647
Allowance For Doubtful Accounts	(1,046,128)	(928,330)
Accounts Receivable, Net	\$2,989,509	\$2,820,317

5. Notes Receivable

Notes receivable (net allowance for doubtful accounts of \$10,062 and \$14,562, as of June 30, 1999 and 1998, respectively) primarily represent Perkins loans outstanding. The fund balances related to this program principally represent advances which are ultimately refundable to the federal government.

6. Investment in Plant

The June 30, 1999 and 1998 investment in plant consists of the following:

	1999	1998
Land	\$ 19,212,028	\$ 19,128,773
Improvements other than buildings	4,115,462	4,115,462
Buildings	51,567,167	51,169,605
Moveable equipment and furniture	24,525,824	24,741,465
Construction-in-progress	12,418,193	9,304,694
Total	\$111,838,674	\$108,459,999

7. Bonds Payable

Bonds payable at June 30, 1999 consist of the following:

	Original Issuance Amount	Bond Interest Rates	Amount Outstanding
General Receipts Refunding Bonds:			
Series 1993 due serially through 2010	\$6,565,000	3.95-5.00%	\$4,815,000
Series 1997 due serially through 2016	\$9,995,000	3.90-5.75%	\$9,400,000

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

7. Bonds Payable (continued)

Principal and interest amounts due within each of the next five years and thereafter on obligations outstanding at June 30, 1999, are as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2000	655,000	750,050
2001	715,000	719,593
2002	730,000	686,360
2003	770,000	651,102
2004	810,000	613,080
2005 and thereafter	<u>10,535,000</u>	<u>3,711,606</u>
Total	<u>\$14,215,000</u>	<u>\$7,131,791</u>

The bonds are serviced by the general receipts of the College, excepting out receipts expressly excluded as stated in the trust indentures dated November 1, 1993, and April 1, 1997.

Optional Redemption. At the sole option on the College, the Series 1993 and 1997 bonds maturing on or after June 1, 2004 and December 1, 2007, respectively, are subject to prior redemption, in whole on any date or in part (in integral multiples of \$5,000). The following summarizes redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

<u>Redemption Dates (inclusive)</u>	<u>Redemption Price</u>
Series 1993:	
6/1/2003 to 5/31/2004	102%
6/1/2004 to 5/31/2005	101%
6/1/2005 and thereafter	100%
Series 1997:	
12/1/2007 to 11/30/2008	101%
12/1/2008 and thereafter	100%

Mandatory Redemption. The Series 1993 and 1997 bonds maturing on June 1, 2010, and December 1, 2016, respectively, in the aggregate principal amount of \$1,550,000 and \$4,205,000, respectively, (the "Term Bonds"), are also subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the First Supplemental Trust Agreement.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

7. Bonds Payable (continued)

The mandatory sinking fund redemptions will occur at a redemption price equal to 100% of the principal amount redeemed plus interest accrued to the redemption date, without premium, and according to the following schedules:

<u>Year</u>	<u>Series 1993</u>	<u>Series 1997</u>
2008	\$500,000	\$ -
2009	515,000	-
2010	535,000	-
2011	-	610,000
2012	-	640,000
2013	-	680,000
2014	-	715,000
2015	-	760,000
2016	-	800,000

Term Bonds redeemed other than by mandatory redemption, or purchases for cancellation, may be credited against the applicable mandatory redemption requirements.

8. Capital Leases

The institution had certain lease agreements in effect for data processing equipment, with a carrying value of \$358,214 as of June 30, 1999, which are considered capital leases. These agreements had ending dates ranging through March 2000 and had imputed interest rates ranging from 5.27% to 5.46%.

For fiscal year 1999, the interest portion of the lease payment of \$6,224 is included in the instructional support category of the education and general expenditures. Correspondingly, the reduction of the principal portion of the lease payment of \$123,281 during the fiscal year, is shown as a mandatory transfer from the current fund to the plant fund. Contingent or sublease rentals and lease commitments under operating leases that have initial or remaining lease terms in excess of one year are not significant.

Future minimum lease payments under these capital leases, together with the present value of minimum lease payments subsequent to June 30, 1999 are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$48,821	696	\$49,517
Total	\$48,821	696	\$49,517

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

9. State Support

The College is a state-assisted institution of higher education which receives a student enrollment-based instructional 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 on the College's campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn initiates the construction and subsequent lease of the facility by the Ohio Board of Regents. Such facilities are reflected as buildings or construction in progress in the accompanying balance sheet.

Neither the obligation for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on 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.

10. Capital Project Commitments

At June 30, 1999, the College was committed to future capital expenditures as follows:

	<u>Unaudited</u>
Contractual Commitments:	
Rhodes/Madison Renovation	\$3,636,713
Campus Mallway	288,400
Cleveland Avenue Parking Lot	213,685
Parking Garage	137,269
Franklin Hall Roof Replacement	109,059
Union Hall Signage	58,500
Bookstore Entrance	<u>47,700</u>
Total Future Project Costs	<u>\$4,491,326</u>

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

11. Retirement Plans

The College's faculty is covered by State Teachers Retirement Systems 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 and SERS issue separate, publicly available financial reports that include financial statements and required supplementary information.

Funding Policy. The Ohio Revised Code provides STRS and SERS statutory authority for employee and employer contributions. The required, actuarially determined, contribution rates for plan members and the College for 1999 were 9.3% and 14% covered payroll, for STRS respectively, and 9% and 14% of covered payroll for SERS respectively.

The College's contributions, which represent 100% of the required contributions, for the year ended June 30, 1999 and for each of the two preceding years is as follows:

Year Ended <u>June 30</u>	STRS Annual Required <u>Contributions</u>	SERS Annual Required <u>Contributions</u>
1999	\$3,196,616	\$2,067,199
1998	2,958,634	1,804,791
1997	2,693,727	1,641,471

In addition to the retirement benefits described above, STRS and SERS provide post-retirement health care benefits. STRS and SERS provide comprehensive health care benefits to retirees with 10 or more years of qualifying service credit and offer coverage to their dependents on a deduction basis. Coverage includes hospitalization, medical expenses, prescription drugs, and reimbursement of monthly Medicare premiums. STRS and SERS determine the amount, if any, of the associated health care cost that will be absorbed by STRS and SERS. Under Ohio law, medical cost paid from the funds of STRS and SERS are included on the employer contribution rate. STRS and SERS currently allocate 8% and 4.98% of covered payroll, respectively, to fund the health care program for retirants.

COLUMBUS STATE COMMUNITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 1999 and 1998

12. Compensated Absences

Columbus State Community College employees earn vacation and sick leave on a monthly basis. Employees may accrue vacation benefits up to a maximum of 240 hours (30 days). 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 with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 30 days.

The College follows the policy for accruing sick leave liability. The College accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with 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 GASB Statement No. 16, *Accounting for Compensated Absences*. Under the vesting method, the College calculates the probability that groups of employees will become eligible to receive termination payments. These probability ratios are then applied by the College to the accumulated leave balance for that current group of College employees.

As of June 30, 1999, the estimated accrued vacation and sick leave liability was approximately \$1,222,898.

13. 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 \$229,741 as of June 30, 1999.

14. Pending Litigation

At June 30, 1999, 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.

ADDITIONAL INFORMATION

COLUMBUS STATE COMMUNITY COLLEGE
BALANCE SHEET
June 30, 1999

	<u>Current Funds</u>				<u>Total Current Funds</u>
	<u>Unrestricted</u>		<u>Total Unrestricted</u>	<u>Restricted</u>	
	<u>Educational and General</u>	<u>Auxiliary</u>		<u>Educational and General</u>	
<u>Assets</u>					
Cash and cash equivalents	\$36,721,420	137,016	36,858,436	-	\$36,858,436
Investments	11,285,824	-	11,285,824	-	11,285,824
Accounts receivable, net	2,695,126	294,383	2,989,509	-	2,989,509
Accrued interest receivable	185,456	-	185,456	-	185,456
Inventories	-	1,355,523	1,355,523	-	1,355,523
Prepaid expenses	5,094	-	5,094	-	5,094
Investment in plant	-	-	-	-	-
Interfund receivables	-	<u>3,210,998</u>	<u>3,210,998</u>	<u>140,154</u>	<u>3,351,152</u>
Total Assets	<u>\$50,892,920</u>	<u>4,997,920</u>	<u>55,890,840</u>	<u>140,154</u>	<u>\$56,030,994</u>
<u>Liabilities and Fund Balance</u>					
Accounts payable	\$ 4,239,372	43,956	4,283,328	-	\$ 4,283,328
Interfund payables	7,270,723	-	7,270,723	-	7,270,723
Deferred income	<u>4,627,023</u>	-	<u>4,627,023</u>	-	<u>4,627,023</u>
Total Liabilities	16,137,118	43,956	16,181,074	-	16,181,074
<u>Fund Balance:</u>					
Unrestricted-allocated	19,782,952	4,953,964	24,736,916	-	24,736,916
Unrestricted-unallocated	14,972,850	-	14,972,850	-	14,972,850
Restricted	-	-	-	140,154	140,154
Endowment	-	-	-	-	-
Investment in plant	-	-	-	-	-
Total Fund Balance	<u>34,755,802</u>	<u>4,953,964</u>	<u>39,709,766</u>	<u>140,154</u>	<u>39,849,920</u>
Total Liabilities and Fund Balance	<u>\$50,892,920</u>	<u>4,997,920</u>	<u>55,890,840</u>	<u>140,154</u>	<u>\$56,030,994</u>

ADDITIONAL INFORMATION

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF CURRENT REVENUES - EDUCATIONAL AND GENERAL
For the Year Ended June 30, 1999

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>Tuition, Fees, and Other Charges</u>			
Instructional	\$29,979,066	-	\$29,979,066
Non-Credit Instructional	854,206	-	854,206
Laboratory Fees	1,079,026	-	1,079,026
Application & Matriculation	439,565	-	439,565
Parking and Parking Fines	758,928	-	758,928
Other	<u>357,168</u>	<u>-</u>	<u>357,168</u>
 Total tuition, fees & other student charges	 <u>33,467,959</u>	 <u>-</u>	 <u>33,467,959</u>
 <u>State Appropriations</u>			
Instructional Subsidy	31,276,917	-	31,276,917
Other through Regents	<u>1,793,234</u>	<u>-</u>	<u>1,793,234</u>
 Total state appropriations	 <u>33,070,151</u>	 <u>-</u>	 <u>33,070,151</u>
 <u>Gifts, Grants & Contracts</u>			
Federal	-	5,666,525	5,666,525
State	-	2,694,453	2,694,453
Private	<u>489,141</u>	<u>121,110</u>	<u>610,251</u>
 Total Gifts, Grants & Contracts	 <u>489,141</u>	 <u>8,482,088</u>	 <u>8,971,229</u>
 <u>Sales & Services</u>			
Data Center Services	<u>10,202</u>	<u>-</u>	<u>10,202</u>
 Total Sales and Services	 <u>10,202</u>	 <u>-</u>	 <u>10,202</u>
 <u>Other Sources</u>			
Interest	2,083,220	-	2,083,220
Rental	145,305	-	145,305
Food Service	113,189	-	113,189
Other	<u>142,561</u>	<u>-</u>	<u>142,561</u>
 Total Other Sources	 <u>2,484,275</u>	 <u>-</u>	 <u>2,484,275</u>
 Total Current Revenue	 <u>\$69,521,728</u>	 <u>8,482,088</u>	 <u>\$78,003,816</u>

ADDITIONAL INFORMATION

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF CURRENT EXPENDITURES - EDUCATIONAL AND GENERAL
For the Year Ended June 30, 1999

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<u>Instructional & Departmental Research</u>			
Business	\$ 7,161,018	-	\$ 7,161,018
Engineering	4,318,540	-	4,318,540
Health	6,608,750	-	6,608,750
General	13,533,078	-	13,533,078
Public Service	<u>1,048,423</u>	<u>-</u>	<u>1,048,423</u>
Total Instructional and Departmental Research	<u>32,669,809</u>	<u>-</u>	<u>32,669,809</u>
<u>Public Service</u>			
Non-credit Instruction	<u>1,195,738</u>	<u>-</u>	<u>1,195,738</u>
Total Public Service	<u>1,195,738</u>	<u>-</u>	<u>1,195,738</u>
<u>Academic Support</u>			
Libraries	1,086,995	-	1,086,995
Distance learning	94,815	-	94,815
Academic Administration	<u>983,401</u>	<u>-</u>	<u>983,401</u>
Total Academic Support	<u>2,165,211</u>	<u>-</u>	<u>2,165,211</u>
<u>Student Services</u>			
Vice President	173,855	-	173,855
Student Health Service	215,657	-	215,657
Counseling	923,326	-	923,326
Admissions	602,758	-	602,758
Registration	825,461	-	825,461
Financial Aid & Veterans Office	1,262,849	-	1,262,849
Student Activities	856,722	-	856,722
Handicapped	650,712	-	650,712
Data Processing Center	<u>995,861</u>	<u>-</u>	<u>995,861</u>
Total Student Services	6,507,201	-	6,507,201

ADDITIONAL INFORMATION

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF CURRENT EXPENDITURES - EDUCATIONAL AND GENERAL
For the Year Ended June 30, 1999

(Continued)

<u>Institutional Support</u> (continued)	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
President's Office	\$ 1,224,210	-	\$ 1,224,210
Vice President for Business	1,895,381	-	1,895,381
Vice President for Education	453,235	-	453,235
Vice President for Planning	275,660	-	275,660
Personnel	839,864	-	839,864
Public Relations	2,093,152	-	2,093,152
Safety and Security	1,222,172	-	1,222,172
Word Processing	247,013	-	247,013
Office Services	181,125	-	181,125
Data Center Operations	1,087,097	-	1,087,097
Institutional Research	<u>363,108</u>	<u>-</u>	<u>363,108</u>
Total Institutional Support	<u>9,882,017</u>	<u>-</u>	<u>9,882,017</u>
 <u>Operation and Maintenance of Plant</u>			
Administration	344,026	-	344,026
Custodial and Maintenance	3,761,236	-	3,761,236
Equipment and Improvements	6,456,030	-	6,456,030
Utilities	2,092,141	-	2,092,141
Property Insurance	<u>121,215</u>	<u>-</u>	<u>121,215</u>
Total Operation and Maintenance of Plant	<u>12,774,648</u>	<u>-</u>	<u>12,774,648</u>
 <u>Scholarships and Fellowships</u>			
Scholarships	-	-	-
Grant-in-aid	<u>-</u>	<u>8,481,024</u>	<u>8,481,024</u>
Total Scholarships and Fellowships	<u>-</u>	<u>8,481,024</u>	<u>8,481,024</u>
Total Current Expenditures - Educational & General	<u>\$65,194,624</u>	<u>8,481,024</u>	<u>\$73,675,648</u>

ADDITIONAL INFORMATION

COLUMBUS STATE COMMUNITY COLLEGE
STATEMENT OF AUXILIARY OPERATIONS

For the Year Ended June 30, 1999

	<u>Bookstore</u>	<u>Child Care Center</u>	<u>Total</u>
Sales	\$6,161,970	-	\$6,161,970
Less: Cost of sales	<u>4,601,656</u>	<u>-</u>	<u>4,601,656</u>
Gross Margin	1,560,314	-	1,560,314
Tuition	-	263,920	263,920
Registration	-	150	150
Title 20	<u>-</u>	<u>74,995</u>	<u>74,995</u>
Total Revenue	1,560,314	339,065	1,899,379
Operating expenditures	<u>773,710</u>	<u>446,505</u>	<u>1,220,215</u>
Net income	786,604	(107,440)	679,164
Transfers In (Out)	(56,550)	103,305	46,755
Fund balance at beginning of period	<u>4,345,727</u>	<u>(117,682)</u>	<u>4,228,045</u>
Fund balance at end of period	<u>\$5,075,781</u>	<u>(121,817)</u>	<u>\$4,953,964</u>

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF DEVELOPMENT FOUNDATION OPERATIONS

Revenues, Support and Expenses
and Changes in Fund Balances
For the Year Ended June 30, 1999

	<u>Current Funds</u>		Endowment	<u>Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Fund</u>	
Revenues and Support:				
Contributions	\$545,044	390,909	117,468	\$1,053,421
Game Machines	-	5,443	-	5,443
Other	-	-	-	-
Investment Income - Realized	6,889	50,202	-	57,091
Investment Income - Unrealized	<u>(8,393)</u>	<u>240,214</u>	<u>-</u>	<u>231,821</u>
Total Revenues and Support	543,540	686,768	117,468	1,347,776
Expenses:				
Scholarships	10,900	493,474	-	504,374
Program Expenses	-	-	-	-
Special Project Expenses	-	-	-	-
Other Expenses	-	128,000	-	128,000
Operating Expenses	<u>95,487</u>	<u>-</u>	<u>-</u>	<u>95,487</u>
Total Expenses	106,387	621,474	-	727,861
Excess (Deficiency) of Revenue and Support Over Expenses	437,153	65,294	117,468	619,915
Inter-Fund Transfers	<u>(90,171)</u>	<u>90,171</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Fund Balances	346,982	155,465	117,468	619,915
Fund Balance, Beginning (Restated)	<u>176,581</u>	<u>750,259</u>	<u>967,464</u>	<u>1,894,304</u>
Fund Balance, Ending	<u>\$ 523,563</u>	<u>905,724</u>	<u>1,084,932</u>	<u>\$ 2,514,219</u>

Columbus State Community College
Required Supplemental Disclosure
(UNAUDITED)
As of June 30, 1999

YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect Columbus State Community College's operations.

Columbus State Community College has completed an inventory of computer systems and other equipment necessary to conducting the College's operations. Columbus State Community College has identified the following systems requiring year 2000 remediation:

SYSTEM DESCRIPTION	EVAL. STAGE	STATUS
<u>Business Systems</u>		
Financial Aid and Accounting	V&T	In progress; Final testing has not been completed
General Ledger	V&T	In progress; Final testing has not been completed
Budgeting System	V&T	In progress; Final testing has not been completed
Purchasing System	V&T	In progress; Final testing has not been completed
Payroll Processing System	V&T	In progress; Final testing has not been completed
Direct Deposit File Transfer	V&T	In progress; Final testing has not been completed
ARP Check Transfer System	V&T	In progress; Final testing has not been completed
Student Fee Collection & A/R System	V&T	In progress; Final testing has not been completed
Financial Aid Management System	V&T	Compliant
First Star ACH Disbursement	V&T	Third party vendor system; vendor states system is year 2000 compliant

Business Systems (continued)		
Check Reconciliation System	V&T	Third party vendor system; vendor states system is year 2000 compliant
Student Loan Clearinghouse	V&T	Compliant
PC Check Writing System	V&T	Compliant
Bookstore Cybercash System - Point of Sale	V&T	Compliant
Bookstore Registers	V&T	Compliant
Bookstore Retail Management System	V&T	Compliant
Administration Systems		
Human Resource - Management Info. System	V&T	In progress; Final testing has not been completed
Applicant Processing	V&T	In progress; Final testing has not been completed
Grade/Transcript Processing	V&T	Compliant
Student Registration System	V&T	In progress; Final testing has not been completed
Student Prospect System	V&T	Compliant
Library Management System	V&T	Compliant
Accreditation Reporting	V&T	Compliant
Alumni Tracking System	V&T	Compliant
Information Transfer With - Dept. of Education (Whiz-Kid Software)	Assess.	Third party vendor system; Awaiting vendor statement of year 2000 compliance
Department of Education System	V&T	Third party vendor system; vendor states system is year 2000 compliant
Degree Audit System	V&T	Compliant
Hershey Credit Transfer System	V&T	Compliant

Environmental Systems		
HVAC System	V&T	Third party vendor system; vendor states system is year 2000 compliant
Heating and Air Conditioning	V&T	Third party vendor system; vendor states system is year 2000 compliant
ADT Alarm System - Intrusion Alert System	V&T	Compliant
Liebert Security System - Card Access System	V&T	In progress; System expected to be compliant
Telephone PBX System	V&T	Compliant
Bookstore Internet Web Access	V&T	Compliant
Bookstore UPS Backup	V&T	Compliant
Outbound Server	V&T	Compliant
Curriculum Development System	V&T	Compliant
Physical Facilities	V&T	Compliant
Student ID Card System	V&T	Compliant
Student SITE System	V&T	In progress; Final testing has not been completed
ACD Server	V&T	Compliant
CSNet Modem Rack	V&T	Compliant
DIAL Voice Mail System	V&T	Compliant
Periphohics VRU System	V&T	Compliant

In accordance with Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, the College is submitting its mission critical systems to the following stages of work to address Year 2000 issues:

- Awareness Stage (Aware.) - Establishing a budget and project plan for dealing with the Year 2000 issue;
- Assessment Stage (Assess.) - Identifying the systems and components for which Year 2000 compliance work is needed;
- Remediation Stage (Remed.) - Making changes to systems and equipment;
- Validation/Testing Stage (V&T) - Validating and testing the changes that were made during the remediation stage.

As of June 30, 1999, the College had not entered into any significant contractual agreements with respect to making computer systems year 2000 compliant. The College believes its mission critical systems are in a manageable or acceptable stage of readiness as of June 30, 1999, and believes that it will be able to operate and provide its mission critical services as of January 1, 2000 and thereafter.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the College is or will be Year 2000 ready, that the College's remediation efforts will be successful in whole or part, or that parties with whom the College does business will be Year 2000 ready.

COLUMBUS STATE COMMUNITY COLLEGE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 1999

FEDERAL GRANTOR/ Pass-through Entity/ <u>Program Title</u>	Pass- Through Entity <u>Number</u>	Federal CFDA <u>Number</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF EDUCATION:			
No pass-through entity:			
Federal Supplemental Educational Opportunity Grants		84.007	\$ 205,452
Federal Family Education Loans (Note C)		84.032	9,505,120
Federal Work-Study Program		84.033	226,440
Federal Perkins Loan Program (Note D)		84.038	39,980
Federal Pell Grant Program (Note B)		84.063	<u>5,343,504</u>
Total Student Financial Assistance Cluster			15,320,496
Passed through the Ohio Department of Education:			
Vocational Education - Basic Grants to States (Note F)	20-C2	84.048	154,936
Tech-Prep Education	3E-00	84.243	<u>268,021</u>
Total U.S. Department of Education			422,957
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
No pass-through entity:			
NSL Program (Note D)		93.342	<u>-</u>
Total U.S. Department of Health & Human Services			-
U.S. DEPARTMENT OF LABOR			
Passed through the Ohio Department of Education:			
Employment Services and Job Training - Pilot and Demonstration Program (Note F)	WK-BE	17.249	<u>161,349</u>
Total U.S. Department of Labor			<u>161,349</u>
Total Federal Assistance			<u>\$15,904,802</u>

COLUMBUS STATE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 1999

Note A: Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the College's federal award programs. The schedule has been prepared on the cash basis of accounting.

Note B: Award Authorizations

The Pell expenditures as of the September 30, 1999 FISAP report submission were \$5,343,504 and reflect the Pell Grant expenditures as of the date of report submission for fiscal year 1999. The College has until December of 1999 to complete all student award adjustment submissions.

Note C: Guaranteed Student Loan Processing

During the fiscal year ended June 30, 1999, the College processed \$9,505,120 of new loans under the Guaranteed Student Loan Program (which includes Stafford Loans and Parents' Loans for Undergraduate Students) all of which were disbursed by outside lending institutions.

Note D Perkins Loan Program

This amount consists of collection costs of \$6,075 associated with the Perkins Loan Program and \$38,076 in new loans advanced to eligible students. As of June 30, 1999, \$505,901 was outstanding in loans under the Perkins Loan Program.

Note E Nursing Student Loan Program

During the fiscal year there were no new loan advances made under this program. As of June 30, 1999, \$853 was outstanding under the Nursing Student Loan Program.

Note F Fiscal Agent Activities

During the fiscal year ended June 30, 1999, the College acted as a fiscal agent for several entities, providing basic fiscal accounting functions on their behalf (receipt of funds, disbursement processing, and recording of transactions). The College does not provide any direct oversight of grant compliance. The entities are responsible for ensuring that grant expenditures incurred and submitted for payment by the College are in compliance with the terms of the grant. Fiscal agent relationships existed for the Employment Services and Job Training program and the Vocational Education - Basic Grants to States program, which are included on the schedule of expenditures of federal awards.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Columbus State Community College

We have audited the financial statements of Columbus State Community College as of and for the year ended June 30, 1999, and have issued our report thereon dated October 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Columbus State Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Columbus State Community College in a separate letter dated October 9, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Columbus State Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Columbus State Community College in a separate letter dated October 9, 1999.

This report is intended for the information and use of management, Columbus State Community College, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Farms & Company, Inc.

October 9, 1999
Columbus, Ohio

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Columbus State Community College

Compliance

We have audited the compliance of Columbus State Community College (CSCC) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. CSCC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Columbus State Community College's management. Our responsibility is to express an opinion on CSCC's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 CSCC'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. Our audit does not provide a legal determination on CSCC's compliance with those requirements.

In our opinion, Columbus State Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Columbus State Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CSCC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Columbus State Community College, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Parms & Company, Inc.

October 9, 1999
Columbus, Ohio

COLUMBUS STATE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS REQUIRED UNDER OMB CIRCULAR A-133 § .505 (d)

For the Year Ended June 30, 1999

Section I. Summary of Auditor's Results

A. *Financial Statements:*

1. Type of auditor's report issued: UNQUALIFIED
2. Internal control over financial reporting:
 - Material weakness(es) identified? ___Yes XNo
 - Reportable condition(s) identified that are not considered to be material weakness(es)? ___Yes XNo
3. Noncompliance material to financial statements noted? ___Yes XNo

B. *Federal Awards:*

1. Internal control over major programs:
 - Material weakness(es) identified? ___Yes XNo
 - Reportable condition(s) identified that are not considered to be material weakness(es)? ___Yes XNo
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 XNo
4. Identification of major programs by program name (CFDA Number(s)):
 - Student Financial Aid Cluster of Programs
5. Dollar threshold used to distinguish between Type A and Type B programs: \$ 477,144
6. Auditee qualified as low-risk auditee? ___Yes XNo

COLUMBUS STATE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS REQUIRED UNDER OMB CIRCULAR A-133 § .505 (d)

For the Year Ended June 30, 1999
(continued)

Section II. Financial Statement Findings

No financial statement findings.

Section III. Federal Award Findings and Questioned Costs

No federal award findings or questioned costs.

COLUMBUS STATE COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 1999

<u>Finding Number</u>	<u>Status</u>
1998-001	Corrective action was taken.
1998-002	Corrective action was taken.



CERTIFIED PUBLIC ACCOUNTANTS

◆ 400 East Town Street
Suite 200
Columbus, Ohio 43215

◆ Office (614) 274 3078
Fax (614) 274 4616

October 9, 1999

Board of Trustees
Columbus State Community College

We have audited the financial statements of the Columbus State Community College as of and for the year ended June 30, 1999, and have issued our report thereon dated October 9, 1999 which was an unqualified opinion.

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we provide certain information about matters relating to our audit that may assist you in your obligation to oversee the financial reporting and disclosure process for which management of Columbus State Community College is responsible. Accordingly, we have prepared the following comments to assist the Board of Trustees in fulfilling that obligation.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

We conducted our audit of the financial statements of Columbus State Community College, for the year ended June 30, 1999 in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about the financial statements. Consequently, the scope of our audit was designed to provide us with a reasonable basis for our opinion on the 1999 financial statements.

Those standards also require that we obtain an understanding of CSCC's internal control structure sufficient to enable us to properly plan our audit. Consequently, our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. For year ended June 30, 1999, we also performed our audit of the College in accordance with *Government Auditing Standards* and requirements of OMB Circular A-133. Those standards and OMB Circular A-133 require that we issue a report on our understanding of the internal controls and the assessment of control risk, and on compliance with laws and regulations. In accordance with those standards, we have issued our reports on internal controls and compliance in a separate document.

SIGNIFICANT AND UNUSUAL ACCOUNTING POLICIES

The significant accounting policies are discussed in the notes to the financial statements. The financial statements are prepared in conformity with generally accepted accounting principles (GAAP), consistent with previous year's financial statements. We noted no significant changes or initial selection of accounting policy during the current year, nor were there any significant unusual transactions.

MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgements. Those judgements are normally based on knowledge and experience about the past and current events and assumptions about future events. Significant estimates used by management in the preparation of the 1999 financial statements include the collectibility of accounts receivable and accrued compensated absences.

CONSULTATION WITH OTHER ACCOUNTANTS

To our knowledge, management had no consultations with other accountants about auditing and accounting matters.

MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

There were no issues discussed with management concerning auditing standards, accounting principles, or any other matters in connection with our retention as auditors.

SIGNIFICANT AUDIT ADJUSTMENTS

Audit adjustments proposed by us were reviewed and concurred with management of the College.

OTHER MATTERS AND EMERGING ISSUES

- New Financial Reporting Model (GASB 34)

The Government Accounting Standards Board (GASB) has issued a new reporting model for state and local governments and has proposed it be applied to public colleges and universities. This new reporting model will significantly change the reporting basis for government entities to follow reporting rules for "business-type activities." The College's current fund based financial statements would be replaced by a single-column balance sheet and income statement.

Depreciation would be utilized and the standards require the presentation of a statement of cash flows. In addition, the financial statements would be preceded by a Management Discussion and Analysis section, which would explain key financial trends.

The new reporting model is effective for fiscal years beginning after June 15, 2001 for entities with revenues in excess of \$100 million, June 15, 2002 for entities with revenues of \$10 to \$100 million, and June 15, 2003 for governments with less than \$10 million in revenues.

We experienced no difficulties in dealing with management relating to the performance of our audit. We received the full cooperation of management and staff with whom we had contact. We experienced no disagreements or difficulties with management about the application of accounting principles, scope of the audit, disclosures included in the financial statements, or the wording of the audit reports.

We would like to thank management and the staff of CSCC for their cooperation during the engagement. This letter is intended for the information and use of management, Columbus State Community College, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Parks & Company, Inc.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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.

By: *Susan Babbitt*

Date: JANUARY 6, 2000