COLUMBUS STATE COMMUNITY COLLEGE

Basic Financial Statements

June 30, 2018

PLATTENBURG
Certified Public Accountants

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

We have reviewed the *Independent Auditor's Report* of the Columbus State Community College, Franklin County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

October 23, 2018

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COLUMBUS STATE COMMUNITY COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Columbus State Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2018 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the College adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2018, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 11, 2018

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, 2018; and financial activity for the fiscal year July 1, 2017 through June 30, 2018, with selected comparative information for the fiscal years ended June 30, 2017, when appropriate. This discussion should be read in conjunction with the accompanying financial statements and notes herein.

ABOUT THE COLLEGE

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

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

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

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

ABOUT THE FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL AND INSTITUTIONAL HIGHLIGHTS

Enrollment, Tuition Revenue and Overall Financial Results

In FY18, Columbus State continued to prioritize the advancement of student success through initiatives launched under three prominent national programs: Guided Pathways, Achieving the Dream Leader College, and Right Signals, as well as other College initiatives, such as New Student Orientation, that had proven to be successful as pilots. While improvements have been made in most metrics, a slight downward trend in credit hours and course load per student has continued, especially in Summer semester.

Autumn and Spring semesters combined for an increased headcount of 1.3% over FY17, and an increase in full-time equivalents (FTEs) of 0.3%. Enrollment for Summer 2017, with nearly half of the revenue accounted for in FY18, decreased nearly 5.6% from Summer 2016 FTEs. Summer 2018, also with half of the associated revenue accounted for in FY18, showed improvement in preliminary enrollment with an increase of 0.9% over Summer 2017. Overall, enrollment for FY18 was nearly flat to FY17, with headcount increasing by 0.2% but FTEs decreasing by 0.7%. Like enrollment, tuition revenue results (excluding fees) were nearly flat, increasing by $621,000, 0.9%. The State's FY18-FY19 biennium budget froze tuition rates for the first year of the biennium but did allow for the implementation of a career services fee that was implemented in Spring semester.

With only modest increases in tuition revenue in FY18, financial resources remained limited, similar to the trend in recent years, requiring more aggressive reallocations, rigorous expense management, continued commitment to strategic partnerships, and challenging trade-offs to allow the College to maintain a solid financial position, including additional investments in strategic initiatives and assets allowed by underspending in several areas.

FY18 was the third full year of Ohio's *College Credit Plus* program (*CCP*), which allows high school students to earn college credit while still in high school, making higher education more affordable. Over 6,000 high school students earned credit through *College Credit Plus* in Autumn 2017 and Spring 2018 semesters, earning 42,785 credit hours, an increase of 28% over the prior year. While *CCP* at the College continued to grow, it grew at a slower rate than in FY17. After two full years, about one-fourth of the *CCP* students matriculate to Columbus State the year after they graduate from high school, and about one-third return at any point after high school.

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

Overall, the College is reporting a positive Change in Net Position of $58.2 million for the fiscal year ended June 30, 2018, an increase of $68.5 million from FY17 which reported a decrease in Change in Net Position of $10.3 million. Excluding $61.2 million for entries related to pension and other postemployment benefits (OPEB) expense, discussed below under the section for Implementation of GASB 68 and GASB 75, the Change in Net Position was a decrease of $3.0 million for FY18 compared to a decrease of $3.0 million for FY17.

GASB 68 and the Implementation of GASB 75

The net pension liability (NPL) is the largest single liability reported by the College at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," adopted by the College in FY2015. For fiscal year 2018, the College adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the College's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the College's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the College is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $76,580,232 to $19,053,133.

Student Success Initiatives and Grant Support

Columbus State continued to manage through the changing business environment of higher education and changes in the State's funding formula to one based entirely on performance, focusing on its strategic priorities of student success, workforce development and civic engagement. Grants continue to provide critical resources for developing new instructional practices, integrated supports and other innovative initiatives to achieve these strategic priorities.

During FY18, continued progress was made in the implementation of the objectives of the *Central Ohio Compact (COC)*, a regional strategy for college completion and career success objectives with representation from a variety of partners including public and private colleges and universities, K-12 school districts, workforce and economic development professionals and government officials. Funding from existing multi-year grants continued in FY18 in support of the College's strategic priorities. These grants included:

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

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

JPMorgan Chase awarded the College, also through the Development Foundation, $2.5 million as a part of its global *New Skills At Work* initiative. This funding allows the *Central Ohio Compact* to further engage employers in the identification and development of additional industry credentials, create infrastructure to align the region's measurable approach to responding to labor market needs, and raise community awareness of postsecondary career opportunities.

In FY18, the largest new grant that Columbus State was awarded was from the US Department of Education, Strengthening Institutions Programs (Title III), in the amount of nearly $2.1 million over five years. The goal of the grant is to increase the number of students earning degrees and certificates by 48% from 6,077 in 2016 each year, to 9,000 by 2022.

The College now has nine National Science Foundation grants, the largest number of any community college in the nation, totaling over $6 million awarded. These grants advance initiatives, including new programs, pathways and credentials, in high demand areas such as data analytics, cyber security, modern manufacturing, STEM programs, and many other advanced technologies.

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

Financial Accountability

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

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

Results for FY17 were released in the spring of 2018 and Columbus State's composite score was 4.2 (adjusted to exclude the impact of GASB 68). The College maintains an average score of 4.7 on a scale of 0-5.

School of Hospitality Management and Culinary Arts

After over two years of planning, construction commenced in spring 2018 on a new building, Mitchell Hall, which will house the School of Hospitality Management and Culinary Arts, along with other offices and services. Columbus State's Hospitality Management and Culinary Arts Programs, regarded as among the top 20 in the United States by FSR magazine, resides in outdated and cramped space in the basement of a 49-year-old building. The culinary and hospitality industry has become a key workforce and economic driver in Central Ohio. Stakeholders, including The City of Columbus, employers and other partners, are actively seeking the College's leadership in not only creating a stronger workforce and economic development partnership with the culinary and hospitality sector, but also in the development of the neighborhood of the College's Columbus Campus.

The new 80,000-square-foot, three-floor building will house the College's Hospitality Management and Culinary Arts Programs, including three state-of-the-art teaching kitchens, a pastry lab, a baking lab, a climate controlled lab, a beverage lab, two smart classrooms and a culinary theatre in addition to a professionally managed, student-staffed restaurant, a retail café and bakery, and a 400-seat banquet and conference center with onsite catering and a balcony overlooking downtown.

The total project budget for the building, projected to open for Autumn semester 2019, is $33.6 million, financed with a combination of state capital, privately-raised, and local funds. $10 million in state capital funds were included in the FY17-FY18 State Capital Appropriations (SB 310). Additionally, $2 million was re-appropriated to this project from other FY17-FY18 State Capital Appropriations for the College. In February 2018, a $2.5 million pledge toward the new building by Cameron Mitchell Restaurants was announced, the lead gift in a $10 million philanthropic campaign led by Cameron Mitchell, CEO and founder of Cameron Mitchell Restaurants and for whom the building, Mitchell Hall, will be named.

With $12 million in state capital funding and $10 million projected from the capital campaign, the balance, $11.6 million, is being funded locally through the issuance of general receipts bonds. In March 2018, the Columbus State Board of Trustees approved a resolution for the issuance and sale of general receipts bonds in a maximum aggregate principal amount not to exceed $23 million, in one or more separate series, as tax-exempt or taxable, among other established parameters. On June 28, 2018, the College closed on the issuance of $13 million Series 2018A General Receipts Bonds, maturing June 1, 2019, and 2027 through 2038, with a true interest cost of 3.522%. This issuance was the first issuance of new bonds for the College since 2003. The Series 2018A Bonds were rated "Aa2" by Moody's based on the College's participation in the Ohio Community and Technical College Credit Enhancement Program. The Series 2018A Bonds also have underlying ratings of "A1" and "A+" from Moody's and S&P, respectively. As the majority of funds pledged towards the capital campaign will be received over several years, the College was in the process of issuing Series 2018B Bonds; receipts from the capital campaign will fund the debt service for the Series 2018B Bonds, expected to settle on August 2, 2018.

Capital Additions and Improvements

The Elevator Modernization Project commenced to update controls on elevators in five campus buildings (Nestor Hall – 1992, Columbus Hall – 1973, Eibling Hall – 1968, Delaware Hall – 1976, and the Parking Garage – 1997). The updates will significantly improve the reliability of the elevators' operation and reduce risk and liability to the College. The work began in FY16 with the majority of the work completed during FY17, and full project completion in FY18. The total project cost was $1.17 M, funded by state capital funds reappropriated from the FY15-16 biennium.

In May 2017, approval was granted to conduct Phase 2 of the IT Closets Project. This project created six new IT Closets and renovated one existing IT Closet. This work included installation and upgrades to electrical and HVAC systems and access controls, addition of shell walls, and installation of previously purchased switches, racks, and other accessories. The project budget was $303,422, funded from state capital funds, and the work was completed during Autumn semester 2017.

During Spring semester 2018, the Audio-Visual System in the Conference Center Ballroom was renovated. As part of the Workforce Development building which opened in 2006, the system had exceeded the design capacities of the original system, limiting the College's ability to deliver effective presentations to students, faculty, staff, Conference Center customers and visitors. The renovation included the installation of a new audio visual system, a combination of electrical and information technology cabling, HVAC adjustments, ceiling modifications, and demolition of existing equipment. The total project cost was approximately $530,000, including $315,000 in equipment, and was locally funded with College reserves.

Also, during Spring semester 2018, work commenced on a major renovation of the cafeteria, named *Union Cafe* through a naming competition conducted during the construction project period. The cafeteria was opened in one of the College's oldest buildings, Union Hall, dedicated in 1975, and had only minor renovations and upgrades over the years. The renovation was planned in partnership with the College's food service partner, AVI Food Systems, to better serve students and create a high-energy learning environment with improved Wi-Fi connectivity and collaboration areas. The project budget is $2.24 million, funded by local Auxiliary funds and an investment by AVI that was part of the most recent food services contract. The work is scheduled to be completed in time for the beginning of Autumn semester 2018.

State Capital Funds

In the FY17-FY18 state capital appropriations legislation (SB 310), Columbus State's total appropriation was $14.6 million providing $10 million for updated space for a School of Hospitality Management and Culinary Arts facility, $3.6 million for an Academic Success Center, and $1 million towards modernizing space for a School of Business Technologies to include the relocation of Business Programs, Computer Sciences, and Media Creations. As noted above, $2 million was re-appropriated for the School of Hospitality Management and Culinary Arts building, Mitchell Hall. The College was also funded for FY17-FY18 as a partner in six community projects totaling $2.5 million. A Capital Planning Implementation Team was formed to further assess the impact of implementing the FY17-FY18 capital plan on other facilities and/or operations and recommended project priorities for the FY19-FY24 capital plan. Based on this plan, Columbus State's appropriation in the FY19-20 state capital appropriations legislation (HB 529), was also $14.6 million, providing $7 million for student success renovations, including the first, second and fourth floors of the Workforce Development (WD) building, the WD – Annex, Disability Services in Eibling Hall, and Madison Hall. Additionally, $6.6 million was appropriated for building and infrastructure repairs, including ADA upgrades, and $1 million was appropriated for academic and classroom space upgrades. The College was also funded for FY19-FY20 as a partner in five community projects totaling $1.125 million.

OTHER FACTORS TO CONSIDER

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

FINANCIAL STATEMENTS

The ***Statement of Net Position*** details all College holdings (assets) such as cash, investments, accounts receivable, land and buildings; and liabilities including payments due to vendors, and short and long-term debt, as of June 30, 2018. The total amount of assets and deferred outflows minus liabilities and deferred inflows equals net position. The net position is categorized as follows:

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

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

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

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

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $336,136 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $3,613,604. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 operating expenses under GASB 75	$127,654,084
Negative OPEB expense under GASB 75	3,613,604
2018 contractually required contribution	527,246
Adjusted 2018 operating expenses	131,794,934
Total 2017 operating expenses under GASB 45	194,912,694
Change in operating expenses not related to OPEB	($63,117,760)

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

COLUMBUS STATE COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018 and June 30, 2017
Unaudited

Statements of Net Position (in thousands)

	2018	2017	Difference
Assets			
Current assets	$ 99,141	$ 90,733	$ 8,408
Noncurrent assets			
Capital assets	153,018	153,458	(440)
Other	62,874	58,539	4,335
Total Assets	315,033	302,730	12,303
Deferred Outflows of Resources			
Pension	46,995	46,722	273
OPEB	1,633	336	1,297
Unamortized loss on refunding	141	171	(30)
Total Deferred Outflows of Resources	48,769	47,229	1,540
Total Assets and Deferred Outflows of Resources	$ 363,802	$ 349,959	$ 13,843
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	13,092	12,372	720
Debt, current portion	1,665	855	810
Capital Lease, Current Portion	179	-	179
Unearned revenue	7,882	7,795	87
Noncurrent liabilities			
Debt, long-term portion	17,448	4,465	12,983
Capital Lease	569	-	569
Net Pension Liability	179,174	241,314	(62,140)
Net OPEB Liability	49,733	57,863	(8,130)
Long-term liabilities	1,135	1,219	(84)
Total Liabilities	270,877	325,883	(55,006)
Deferred Inflows of Resources			
Pension	10,356	5,024	5,332
OPEB	5,286	-	5,286
Total Deferred Inflows of Resources	15,642	5,024	10,618
Total Liabilities and Deferred Inflows of Resources	286,519	330,907	(44,388)
Net Position			
Invested in capital assets	148,553	148,138	415
Restricted	40,345	36,676	3,669
Unrestricted	(111,616)	(165,761)	54,145
Total Net Position	$ 77,282	$ 19,053	$ 58,229

As of June 30, 2018, current assets totaled $99.1 million compared to $90.7 million in FY17, an increase of $8.4 million, or 9.27%. Short-term investments, due to the bond issuance that occurred at the end of June 2018 in the amount of $13.0 million accounted for the increase in Short Term Investments while Cash and Cash Equivalents decreased by just over $5.2 million dollars as a result of strategic use of College reserves to advance student success and investment decisions made to maximize earnings. A decrease in Inventories and Other Assets of approximately $900,000 and an increase in Accounts Receivable of $1.2 million account for the majority of the rest of the increase.

Total assets as of June 30, 2018, were $315.0 million compared to $302.7 million in FY17, a 4.06% increase, with the majority of the increase coming from the increased Investments, primarily the Series 2018A bond proceeds as well as less cash on hand. Capital assets, such as land, buildings, machinery and equipment, remain the largest asset group at $153.0 million (48.6%), followed by cash and investments of $145.6 million (46.2%), and accounts receivable, inventory and other assets at $16.3 million (5.2%). The largest change in the distribution of assets was an increase of 2.2 percentage points in the cash and investments, offset by a decrease of 2.1 points in capital assets, resulting from the Series 2018A bond issuance in June 2018, with the majority of the proceeds to be spent during FY19 for the construction of Mitchell Hall.

Liabilities

As of June 30, 2018, the College's current liabilities were $22.8 million, compared to $21.0 million in 2017. Of the total in FY18, $7.9 million was unearned revenue (Summer semester tuition revenue related to FY19, credit bank, and unearned revenues related to grants and contracts), $13.1 million was accounts payable and accrued expenses, and $1.84 million was the current portion of long-term debt and capital lease. The current portion of long-term debt increased $810,000 from FY17, as a result of the new bond issuance in June 2018 and the increase in principal due for the 2012 bonds. A debt service payment is due in FY19 for $800,000 for the new bonds. For FY17, $7.8 million was unearned revenue (Summer semester tuition revenues related to FY18, credit bank, and unearned revenues related to grants and contracts), $12.4 million was accounts payable and accrued expenses, and $855,000 was the current portion of long-term debt.

Noncurrent liabilities as of June 30, 2018 were $248.1 million, consisting of $17.5 million in long-term debt (general receipts bonds), other long-term liabilities (primarily compensated absences and capital leases) of $1.7 million, and net pension liability of $179.2 million. In addition, with the implementation of GASB 75, there is also net OPEB liability in the amount of $49.7 million. Please see footnote 12 for further information on GASB 75. By comparison, noncurrent liabilities as of June 30, 2017 were $304.9 million consisting of $4.5 million in bonds payable, $1.2 million in other long-term liabilities, and $241.3 million in net pension liability. The increase in the long-term debt is a result of the issuance of the Series 2018A general receipts bonds. The more significant decrease in noncurrent liabilities occurred in the net pension and OPEB liabilities, which decreased by $70.3 million. As discussed previously, the net pension and OPEB liabilities represent the College's proportionate share of each pension plan's collective net pension and OPEB liabilities; changes in pension and OPEB benefits, contribution rates, and return on investments affect the balances of these liabilities, but are outside the control of the College.

Total liabilities as of June 30, 2018 were $270.9 million compared to $325.9 million in FY17. The $55.0 million change is primarily attributed to the decrease of $62.1 million for net pension liability and $8.1 million for the net OPEB liability, offset by the increase in long-term debt as a result of new bonds issued.

Net Position

Net position increased by $58.2 million in FY18. FY18 activity included a decrease to expenses of approximately $61.2 million related to pension and OPEB activity. Excluding the impact of pension and OPEB activities, the net position for FY18 decreased by approximately $3.0 million, representing all other College operating, auxiliary, and grant activity, compared to a decrease in net position, also excluding the impact of pension activities, of $3.0 million in FY17. Operating revenue decreased $0.8 million. Tuition and fees were down $3 million and federal, state, local and private grants and contracts were up $2.7 million. Tuition and fees were down primarily as a result of an increase in scholarship allowances of $3.8 million from FY17. While PELL disbursements increased by $2.4 million over FY17, loans disbursed to students were down $10.1 million with more of the combined financial aid being directly applied to pay tuition and less excess aid being refunded to students. This financial aid that is applied to pay tuition and fees increases the scholarship allowance, which decreases overall net tuition revenue. A new Career Services Fee of $7.00 per credit hour was implemented in Spring 2018, which generated $1.2 million in tuition and fees.

Revenue for auxiliary enterprises, the Bookstore and food services, decreased by $570,413, primarily the result of increased textbook affordability initiatives for students, and the cafeteria being closed beginning in March 2018 for renovations. The *Union Café* is scheduled to open for Autumn semester.

In the area of operating expenses, expenses were $67.3 million lower than FY17. Education and general expenses were down $61.8 million, with the largest areas being Instructional and Departmental Research ($26.4 million), Operation and Maintenance of Plant ($12.9 million) and Institutional Support ($8.9 million). Included in the decrease in operating expenditures is the decrease in Pension Expense as a result of GASB 68 of $57.1 million and OPEB Expense as a result of GASB 75 of $4.1 million; excluding the impact of these GASB expenses (including $7.3 million increased expense in FY17), total expenses were nearly flat to FY17, increasing by just $1.2 million, or 0.67%.

Nonoperating revenues and expenses combined to increase by $2.4 million in FY18, primarily the result of the higher Pell grant revenue, which increased by $2.4 million.

Condensed versions of the College's revenues, expenses and changes in net position for the years ended June 30, 2018 and 2017 are presented below, along with a brief summary of the financial information contained therein.

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

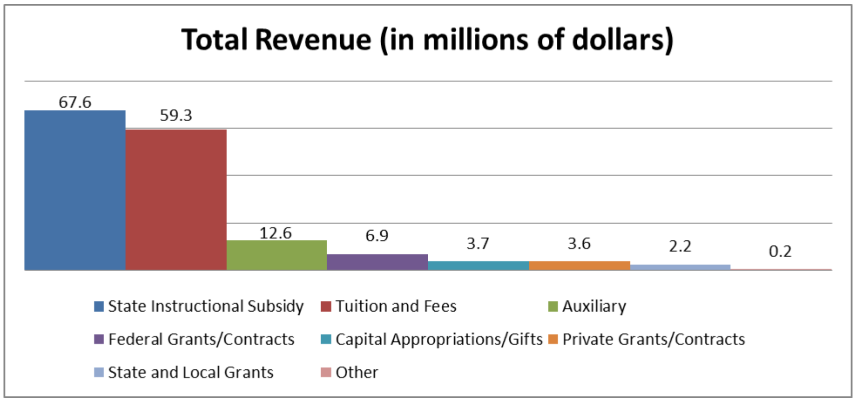
	2018	2017	Difference
OPERATING REVENUES			
Student tuition and fees (net of scholarship allowances of $21.4 and $17.5 in 2018 and 2017, respectively)	$ 59,251	$ 62,255	$ (3,004)
Federal, state, and private grants and contracts	12,739	10,018	2,721
Auxiliary enterprises	12,647	13,218	(571)
Other	211	186	25
Total operating revenues	84,848	85,677	(829)
OPERATING EXPENSES			
Educational and general	101,053	161,729	(60,676)
Scholarships and fellowships	10,877	12,206	(1,329)
Depreciation expense	8,177	7,980	197
Auxiliary enterprises	7,548	12,998	(5,450)
Total operating expenses	127,655	194,913	(67,258)
Operating income (loss)	(42,807)	(109,236)	66,429
NONOPERATING REVENUES (EXPENSES)			
State appropriations	67,598	67,247	351
Investment income (net of expense)	848	562	286
Pell Grant Revenue	31,205	28,798	2,407
Other non-operating revenues	(2,301)	(1,657)	(644)
Net nonoperating revenues	97,350	94,950	2,400
Income before capital appropriations	54,543	(14,286)	68,829
Capital appropriations and gifts	3,686	3,942	(256)
Increase in net position	58,229	(10,344)	68,573
Net position, beginning of year	19,053	29,397	(10,344)
Net position, end of year	$ 77,282	$ 19,053	$ 58,229

Revenues

FY18 revenues totaled $187.3 million, an increase of $1.7 million, 0.9%, compared to $185.7 million in FY17. The most significant area of note was an increase in federal, state, local and private grants and contracts, which increased by $2.7 million as the College continues to have an expanding grants portfolio. As discussed under Financial and Institutional Highlights, grants are utilized to establish best practices in advancing student success and completion, to advance workforce development and other strategic priorities, and to enable the College to develop and pilot programs that the operating budget would not necessarily allow given limited operating resources. Capital appropriations decreased by $256,620 while the State Share of Instruction (SSI) increased by $350,960. Auxiliary revenue for the Bookstore decreased by $535,108, 4.1%, as a result of many textbook affordability and digitization initiatives. Pell grant revenue increased by $2.4 million, as a result of changing demographics of our students and a campaign focused to encourage students to file for financial aid, and encouraging them to only take loans out when necessary. We also continue to see benefits from implementing national best practices in FY14 which delays the issuance of excess financial aid refunds until attendance and class participation are confirmed.

The majority of College revenues come from three sources: 1) State instructional subsidy ($67.6 million), 2) Student tuition and fees ($59.3 million), and 3) Federal, state, and private grants and contracts, including Pell grant revenue ($43.9 million). Of $40.3 million in federal and state grants and contracts, 78.7% are awarded to students through the federal Pell grant and Supplemental Educational Opportunity Grant (SEOG) programs. These funds are used for student tuition ($21.4 million) and education-related expenses.

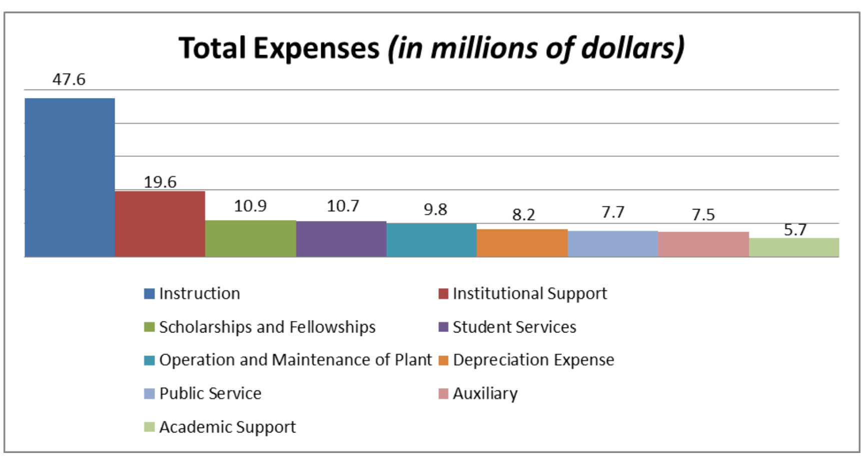
The major sources of College revenues for FY18 are presented below.



Expenses

FY18 expenses totaled $127.7 million compared to $194.9 million in FY17, a decrease of $67.3 million, or 34.5%; pension expense adjustments to comply with GASB 68 accounted for a majority of the decrease, or $57.1 million, while these adjustments increased expenses by $7.3 million in FY17. In addition, expenses were reduced by $4.1million for the implementation of GASB 75. Excluding these pension and OPEB amounts, expenses increased by $1.3 million, or .67%, over FY17. Increases occurred in Public Service ($1.7 million) which is primarily a result of spending grant funds that we were awarded; Instruction and Departmental Research ($2.4 million), primarily due to more sections offered for many courses and contractual increases; and Institutional Support ($2.9 million) due to expenditures including one-time compensation, expenses for new workforce development initiatives, and costs related to the 911 project. The largest decrease occurred in the Operation and Maintenance of Plant ($4.2 million), due to more spending that was capitalized versus expensed in FY18 ($3.6 million capitalized for Moveable equipment, furniture and library books in FY18 compared to $2.3 million in FY17), and lower spending from both reserves for strategic initiatives in this area and from the Technology and Facilities Maintenance Fee in FY18.

FY18 expenditures are shown below:



Statement of Cash Flows (in thousands)

Net cash provided (used) by:	2018	2017
Operation activities	($94,684)	($93,700)
Non capital financing activites	96,599	94,505
Capital financing activities	9,645	(5,566)
Investing activities	(15,164)	5,835
Net increase/(decrease) in cash	(3,604)	1,074
Cash - beginning of year	11,045	9,971
Cash - end of year	$7,441	$11,045

Ending cash balances for fiscal years 2018 and 2017 were $7.4 million and $11.0 million, respectively. Each month, cash flow projections are evaluated to determine when funds can be invested to maximize investment earnings (typically, at the beginning of each semester when tuition and fees are paid, funds are transferred to *STAROhio*), or when funds should be transferred back for operations (usually during the latter part of each semester). Cash balances in operating checking accounts are part of compensating balances maintained to maximize earnings credits thereby minimizing banking fees. Cash balances at the end of FY18 were lower than FY17 due to strategic spending of reserves as well as more cash that is invested to maximize investment earnings.

Major sources of cash in FY18 were state appropriations of $67.6 million, tuition and fees of $59.2 million, proceeds from new debt (including premium) of $14.6 million, and gifts, grants, and contracts totaling $11.7 million.

The most significant uses of cash were payments for salaries and benefits of $124.3 million, payments to suppliers of $43.2 million, $10.9 million disbursed for student scholarships and financial aid, and $7.7 million for the purchase of capital assets.

Budgets

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

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

As noted on the Budget Comparison below, College general fund and auxiliary operating revenues exceeded operating expenditures by $6.3 million. General fund revenue was nearly flat to what was budgeted in the revised budget while general fund operating expenses, before budgeted transfers, were approximately $5.2 million less than budget, resulting in net revenues of $5.2 million, before $3.7 million in budgeted transfers. The FY18 budget focused on budgeting closer to actual spending levels so that budget reallocations could be made into the College's strategic priorities: student success, workforce development and civic engagement. The budget included the reallocation of 75% of budgeted vacancies (while not impacting hiring) that contributed to less general fund net income for FY18, $1.5 million after transfers, compared to prior years where realized savings from vacancies were much higher. Interest income, which is not budgeted pursuant to *Resource Planning Principles*, added an additional $0.76 million to $5.2 million general fund net operating results (not reflected in the numbers below), for a total of nearly $6.0 million. Of the $6.0 million excess operating revenues over operating expenses for the College general fund, including interest, $3.7 million was allocated as of June 30, 2018 for start-up funding for the School of Hospitality Management and Culinary Arts, Student Success and Innovation, and other strategic initiatives. The remaining $2.3 million will be allocated to further advance strategic initiatives at a later date.

The analysis below does not include nearly $9.1 million for initiatives approved by the Board of Trustees to be funded by reserves on a non-recurring basis rather than from the current year's operating revenues. Such approved non-recurring expenses included: capital equipment ($1.5), technology initiatives ($0.1 million), student success and innovation ($1.3 million), *Think Again* scholarships ($0.6 million), School of Hospitality Management ($0.4 million), one-time compensation ($1.5 million), workforce development ($0.4 million), 911initiative ($.6 million), facilities assessments ($0.4 million), and WD ballroom AV renovation ($0.5 million), as well as several other smaller projects.

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

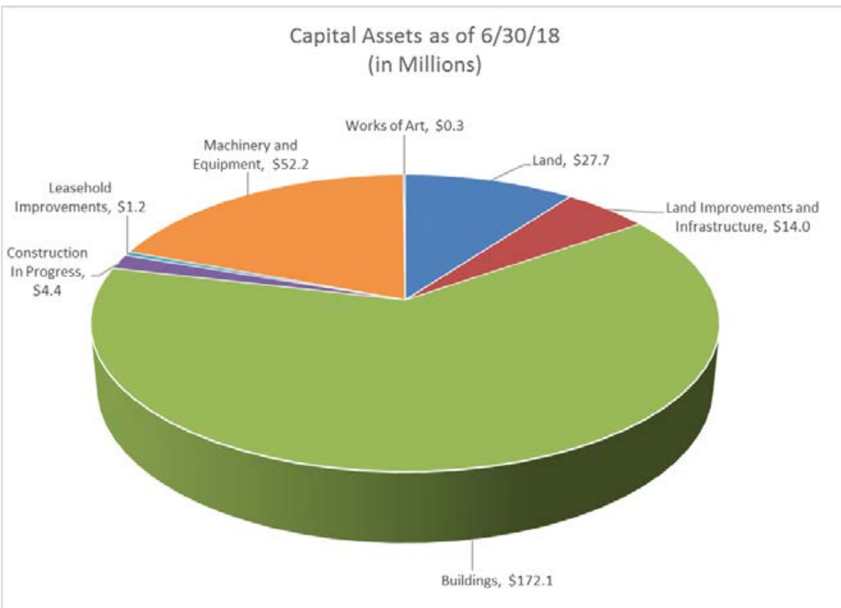
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 18 (in thousands)

Budgeted Operations	Original Budget	Revised Budget	Percent % Change	Actual	Percent % Change
Revenues					
College	$143,614	$144,506	0.62%	$144,573	0.05%
Auxiliary	12,850	11,687	-9.06%	12,647	8.22%
Total Revenues	$156,464	$156,194	-0.17%	$157,221	0.66%
Expenditures					
College	$143,614	$144,506	0.62%	$139,324	-3.59%
Auxiliary	12,850	11,645	-9.38%	11,554	-0.79%
Total Expenditures	$156,464	$156,150	-0.20%	$150,878	-3.38%
Net Revenues	$0	$43	N/A	$6,343	14813%

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, 2018, the College had $271.9 million in capital assets and $118.9 million in accumulated depreciation, for a total of $153.0 million in net capital assets. There was an increase in Construction in Progress in FY18 with the construction of Mitchell Hall, as well as the renovation of Union Café.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2018, which total $271.9 million.



By comparison, as of June 30, 2017, the College had recorded $264.8 million in capital assets and $111.3 million in accumulated depreciation, for a total of $153.5 million in net capital assets. A detailed summary of additions, deletions, and depreciation of assets can be found in Note 5 – Capital Assets.

Outstanding Bond Debt

As of June 30, 2018, the College had $19.11 million of outstanding bond debt, which includes a premium of $1.65 million on the 2018A bonds, as follows:

		(in millions)
General Receipts Bonds:	2012	$ 4.46
General Receipts Bonds:	2018A	$ 14.65

FACTORS IMPACTING FUTURE PERIODS

State Support and Enrollment
Of many factors that impact the budget for the College, there are three that are discussed below: state support, tuition rates and enrollment. State support is appropriated in the biennial budget bill as State Share of Instruction (SSI) and is distributed by formula. SSI is projected to represent approximately 45% of the College's operating revenues for FY19. Tuition policy, including caps, are also established in the biennial budget bill.

State Support
SSI for higher education remained flat to FY17 levels for both years of the State's biennial operating budget for FY18 and FY19 in House Bill 49, as enacted; however, the SSI for FY19 that was projected by the Ohio Department of Higher Education for Columbus State increased by 0.2%, from $67.36M to $67.48M as a result of College performance within the key success metrics with the State's funding formula.

As of FY15, the State's funding formula became entirely based on performance. Associate degree completions, certificate completions, and transfers to public or private four-year institutions are cost-based and account for 25 percent of the subsidy allocation. Course completions comprise 50% of the formula and are also cost-based. The distributions from these components are weighted for student populations that are underserved yet whose success is critical to the State meeting its postsecondary attainment needs. The weights, referred to as "access categories," include adults, low-income students, minority students, and a fourth access factor for academically underprepared students was introduced for math for FY18 and FY19. Success points for progress-related metrics, such as defined numbers of credit hours reflecting the thresholds in their college coursework and measures related to developmental education courses that yield enrollments in college-level coursework, account for remaining 25% of the formula and are unweighted with regard to access categories. To neutralize the impact of unusual circumstances in any given year, the data used to calculate formula earnings are based on a 3-year average. There is no provision for "stop loss," a factor that mitigates the loss of subsidy beyond a defined percentage compared to the prior year.

A Community College Funding Consultation is considering additional formula adjustments for FY20 and FY21 which could impact each of the three components of the funding models as well as the access categories, and will also consider how applied bachelor's degrees will be incorporated into the formula. The impact of any changes in the components cannot be estimated at this time, and the inclusion of bachelor's degrees into the formula could have adverse impacts on institutions that are not yet offering applied bachelor's degrees unless additional funds are appropriated by the State for higher education, or specifically for these degrees.

Tuition and Enrollment
Tuition increases are limited by the State Legislature. House Bill 49 as enacted allowed for an increase in tuition charged per credit hour in FY19. At the earliest, we will not know if an increase in tuition is allowable for FY20 until late June, well after the College's budget is presented to its Board of Trustees in May 2019. As noted in the Financial and Institutional Highlights section earlier in this document, increases have occurred in headcount but FTEs have continued to decline in recent years, a trend experienced by many of the Ohio community colleges, which directly impacts tuition revenue. Much of the headcount increase is attributed to *College Credit Plus*, but *CCP* participants tend to take fewer credit hours per semester and revenue received for over 60% of these credit hours are discounted from standard tuition rates, causing more downward pressure on tuition revenue. *CCP* funding is based on per college credit hour amounts where, for FY19, a ceiling of the lower of in-state tuition ($152.93 at Columbus State) or $166.28 is determined by using 83% of the State's K-12 per pupil funding amount divided by 30 and a floor of $41.57 is determined as 25% of the State's default ceiling amount of $166.28. Rates vary based on the location of the course delivery and who provides the instruction.

The College maintains a prudent approach to budgeting as demonstrated by its FY19 budget, which is balanced on the assumption that enrollment will be flat to FY18 with continued increases in *CCP*. The College's in-state tuition rate remains one of the lowest among Ohio's community colleges and the lowest among non-levy community colleges. The College continues to advocate a systemic view of college affordability, educating students and their families on affordable pathways yielded by combining up to two years at a community college with the balance at a university. Students participating in *CCP*, earning college credits while still in high school, make college even more

affordable. Initiatives in the areas of new student enrollment and other non-*CCP* student success initiatives will continue and are important to overall financial sustainability as *CCP* becomes a bigger component of overall enrollment but at a lower proportion of overall tuition revenue.

Series 2018B General Receipts Bonds

As noted under Financial and Institutional Highlights, funding for the building, Mitchell Hall, for the School of Hospitality Management and Culinary Arts included an issuance of Series 2018B Bonds (the "Bonds"). The College closed on $9,000,000 General Receipts Bonds, Series 2018B (Federally Taxable), on August 2, 2018. The Bonds are authorized to be issued as drawdown bonds, where $9,000,000 represents the maximum authorized amount, not the total principal borrowed at closing, which can be drawn down for up to 24 months until the conversion date (as defined in the Series 2018B Bond Form included with the Eighth Supplemental Trust Agreement). The entire principal amount of the Series 2018B Bonds shall mature on August 1, 2026. The Bonds shall bear interest at variable interest rates, in accordance with the formula and terms set forth in the Series 2018B Bond Form. On any date on or after the conversion date, the College may provide notice of its election to convert the then-outstanding principal amount to a fixed rate of interest, in accordance with the formula and terms set forth in the Series 2018B Bond Form. In no event shall the fixed rate exceed six percent (6.00%) per annum. At closing, an initial draw of $52,000 was used to pay cost of issuance expenses, no additional draws were made through October 11, 2018.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENT OF NET POSITION
As of June 30, 2018

	2018	
ASSETS	Columbus State Community College	Component Unit Development Foundation
Current Assets		
Cash and Cash Equivalents	$ 5,809,792	$ 2,575,576
Investments - Short-Term	75,484,837	5,735,513
Investments - Current Restricted	1,478,531	-
Accounts, Loans and Pledges Receivable	12,856,126	4,016,468
Inventories	1,517,396	-
Other Assets	1,994,191	-
Total Current Assets	99,140,873	12,327,557
Noncurrent Assets		
Cash and Cash Equivalents	1,630,837	-
Investments	61,243,239	2,825,687
Other Noncurrent Assets - Pledges Receivable	-	2,388,232
Capital Assets, Net	153,018,320	-
Total Noncurrent Assets	215,892,396	5,213,919
TOTAL ASSETS	**315,033,269**	**17,541,476**
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized Loss on Bond Refunding	141,391	-
Pension STRS	33,397,205	-
Pension SERS	13,597,382	-
OPEB STRS	976,168	-
OPEB SERS	656,835	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**48,768,981**	**-**
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 363,802,250**	**$ 17,541,476**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENT OF NET POSITION
As of June 30, 2018

	2018	
	Columbus State Community College	Component Unit Development Foundation
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 13,091,917	$ 442,476
Debt, Current Portion	1,665,000	-
Capital Lease, Current Portion	178,980	-
Unearned Revenue	7,882,267	-
Total Current Liabilities	22,818,164	442,476
Noncurrent Liabilities		
Debt, Long-Term Portion	17,447,951	-
Long-Term Liabilities		
Compensated Absences	1,135,278	-
Capital Lease	569,244	-
Net Pension Liability STRS	102,959,009	-
Net Pension Liability SERS	76,215,316	-
Net OPEB Liability STRS	16,910,311	-
Net OPEB Liability SERS	32,822,603	-
Total Noncurrent Liabilities	248,059,712	-
TOTAL LIABILITIES	**270,877,876**	**442,476**
DEFERRED INFLOWS OF RESOURCES		
Pension STRS	9,956,708	-
Pension SERS	399,217	-
OPEB STRS	2,084,965	-
OPEB SERS	3,201,373	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**15,642,263**	**-**
TOTAL LIABILITIES AND DEFERRED INFLOWS	**286,520,139**	**442,476**
NET POSITION		
Net Investment in Capital Assets	148,553,320	-
Restricted		
Nonexpendable	-	3,362,145
Expendable	40,344,766	9,416,979
Unrestricted	(111,615,975)	4,319,876
TOTAL NET POSITION	**$ 77,282,111**	**$ 17,099,000**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2018

	2018	
	Columbus State Community College	Component Unit Development Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees (Net of Scholarship Allowances of $21,368,156 in 2018	$ 59,251,038	$ -
Federal Grants and Contracts	6,861,448	-
State and Local Grants and Contracts	2,228,017	-
Private Grants and Contracts	3,649,069	5,046,111
Sales and Services of Educational Departments	31,412	-
Auxiliary Enterprises		
Bookstore	12,389,879	-
Other	257,237	-
Other Operating Revenues	179,312	-
Total Operating Revenues	**84,847,412**	**5,046,111**
EXPENSES		
Operating Expenses		
Educational and General		
Instruction and Departmental Research	47,572,198	-
Public Service	7,713,310	-
Academic Support	5,703,348	-
Student Services	10,668,635	-
Institutional Support	19,588,520	1,536,764
Operation and Maintenance of Plant	9,806,489	-
Scholarships and Fellowships	10,876,501	274,099
Depreciation Expense	8,177,278	-
Auxiliary Enterprises		
Bookstore	7,459,631	-
Other	88,174	-
Total Operating Expense	**127,654,084**	**1,810,863**
Operating Income (Loss)	**(42,806,672)**	**3,235,248**
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	67,598,348	-
Unrestricted Investment Income (Net of Investment Expense)	827,506	257,393
Restricted Investment Income (Net of Investment Expense)	20,287	461,387
Interest on Capital Asset Related Debt	(95,758)	-
Pell Grant	31,205,371	-
Other Nonoperating Revenue (Expense)	(2,205,252)	-
Net Nonoperating Revenues	**97,350,502**	**718,780**
Income (Loss)Before Other Revenues and Expenses	**54,543,830**	**3,954,028**
Capital Appropriations	3,685,148	-
Change in Net Position	**58,228,978**	**3,954,028**
NET POSITION		
Net Position-Beginning of Year, Restated	**19,053,133**	**13,144,972**
Net Position-End of Year	**$ 77,282,111**	**$ 17,099,000**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

	2018	
	Columbus State Community College	Component Unit Development Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 59,176,293	$ 41,802
Grants, Gifts and Contracts	11,753,236	2,641,621
Payments to Suppliers	(43,196,888)	(1,432,893)
Payments for Salaries and Benefits	(124,305,459)	-
Payments for Scholarships	(10,876,501)	(274,099)
Auxiliary Enterprise Receipts	12,555,081	-
Other Receipts (Payments)	210,724	-
Net Cash Provided By (Used In) Operating Activities	**(94,683,514)**	**976,431**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	67,598,348	-
Pell Grant	31,205,371	-
Nonoperating Payments to Suppliers	(2,205,247)	-
Net Cash Provided By Noncapital Financing Activities	**96,598,472**	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Appropriations	3,685,148	-
Purchases of Capital Assets	(7,737,540)	-
Principal Paid on Debt	(855,000)	-
Proceeds from New Debt	14,647,951	
Interest Paid on Capital Debt	(95,758)	-
Net Cash Used In Capital Financing Activities	**9,644,801**	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchases) of Investments	(16,012,122)	(662,160)
Income on Investments	847,793	718,780
Net Cash Provided By (Used In) Investing Activities	**(15,164,329)**	**56,620**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(3,604,570)**	**1,033,051**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**11,045,199**	**1,542,525**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 7,440,629**	**$ 2,575,576**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

	2018	
	Columbus State Community College	Component Unit Development Foundation
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Loss	$ (42,806,672)	$ 3,235,248
Adjustments to Reconcile Net Operating Loss to Net Cash		
Provided (Used) By Operating Activities:		
Depreciation Expense	8,177,278	-
Changes in Assets and Liabilities and Deferred Inflows of Resources and Deferred Outflows of Resources Which Provided (Used) Cash:		
Receivables, Net	(1,239,168)	(2,362,688)
Inventory		
Other Assets	904,146	-
Accounts Payable & Accrued Liabilites	1,384,471	103,871
Unearned Revenue	87,089	
Unamortized Loss on Refunding	29,873	-
Net Pension Liability	(62,139,615)	
Net OPEB Liability	(8,130,321)	
Deferred Outflows of Resources - Net Pension Expense	(272,409)	
Deferred Outflows of Resources - Net OPEB Expense	(1,296,867)	
Deferred Inflows of Resources - Net Pension Expense	5,332,343	
Deferred Inflows of Resources - Net OPEB Expense	5,286,338	
Net Cash Provided By (Used In) Operating Activities	**$ (94,683,514)**	**$ 976,431**

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

Basis of Accounting

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

Basis of Presentation

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

GASB Pronouncements

In fiscal year 2018, the College implemented or is in the process of evaluating implementation of the following Governmental Accounting Standards issued by the Governmental Accounting Standards Board (GASB): GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 85, *Omnibus 2017*, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement to be implemented in future reporting period include: GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 87, *Leases*.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Periods. Actual results could differ from those estimates. Management estimates primarily relate to collectability of receivables and compensated absences. Actual results could differ from those estimates. Management estimates primarily relate to collectability of receivables and compensated absences.

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

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

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

Accounts Receivables
At June 30, 2018, 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, 5 years for library books and 4 - 10 years for equipment. Depreciation expense is not allocated to the functional expenditure categories.

Unearned Revenue
Unearned revenue is comprised primarily of receipts relating to tuition and student fees in advance of the services to be provided and grant funds not earned as of June 30, 2018.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

considered to be operating revenues. Included in non-operating revenues are state appropriations, Pell grant revenues, investment income, and gifts in accordance with GASB Statement No. 35. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Scholarship and Allowances and Student Aid

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

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

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

Deferred Outflows and Deferred Inflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the College, deferred outflows of resources are reported on the statement of net position at June 30, 2018 for an unamortized loss on bond refunding, for pension, and for OPEB. The deferred charge on refunding in the amount of $141,391 resulted from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows of resources related to pension and OPEB plans are explained in Note 11 and Note 12.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflows of resources for pensions and OPEB plans have been recorded on the statement of net position and are also explained further in Note 11 and Note 12.

Pensions and Other Postemployment Benefits (OPEB)

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

Change in Accounting Principle and Restatement of Net Position

For fiscal year 2018, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 85, Omnibus 2017, Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and

Note 1 - Summary of Significant Accounting Policies (Continued)

Certain Issues Related to OPEB Plan Reporting). GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	$76,580,232
Adjustments:	
Net OPEB Liability	(57,863,235)
Deferred Outflow - Payments Subsequent to Measurement Date	336,136
Restated Net Position June 30, 2017	$19,053,133

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

Other Significant Accounting Policies

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

Note 2 - Cash, Cash Equivalents And Investments

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

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a formal deposit policy for custodial credit risk. At June 30, 2018, $250,000 of the bank balance was covered by federal deposit insurance and the remaining portion $9,351,645, was uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank.

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

The following summarizes the value of investments at June 30, 2018:

Description	Fair Value 2018
STAR Ohio/STAR Plus	$ 40,073,006
Money Market Funds	4,238,650
Commercial Paper	24,683,708
Municipal Bonds	3,104,230
Corporate Bonds	958,910
U.S. Government Obligations	4,141,714
U.S. Agency Obligations	61,006,389
Total	$ 138,206,607

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, 2018, 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/STAR Plus	$ 40,073,006	$ 40,073,006	$ -	$ -	$ -
Money Market Funds	4,238,650	4,238,650	-	-	-
Commercial Paper	24,683,708	24,683,708	-	-	-
Municipal Bonds	3,104,230	997,445	2,106,785	-	-
Corporate Bonds	958,910	-	958,910	-	-
U.S. Gov't Obligations	4,141,714	-	4,141,714	-	-
U.S. Agency Obligations	61,006,389	6,970,561	54,035,828	-	-
Total	$ 138,206,607	$ 76,963,370	$ 61,243,237	$ -	$ -

The College held $40,073,006 in STAR Ohio and STAR Plus investments as of June 30, 2018. STAR Ohio is an external investment pool and is considered a cash equivalent under GASB Statement No. 9. Oversight of the pool is through the Ohio Treasurer of State. STAR Plus is endorsed by the Ohio Treasurer of State, administered by Public Funds Administrator (PFA), an Ohio business and is fully FDIC insured. The fair value of the College's position in the pool is the same as the value of its pool shares.

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. As of June 30, 2018, Standard & Poor rated STAR Ohio and STAR Plus investments as AAm and U.S. Government and Agency Obligations were rated AA+. Included in U.S. Agency Obligations were $1,956,560 in short term discount notes, as of June 30, 2018. 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, 2018, are as follows:

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

Credit Rating (S&P)	Total	STAR Ohio/ STAR Plus	Money Market	Commercial Paper	Corporate Bonds	US Govt Obligations & Muni Bonds	US Agency Obligations
AAAm	$ 38,512,530	$ 37,553,620			958,910		
AA+/AA/AA-	$ 66,313,475		4,159,416			3,104,230	59,049,829
Unrated	$ 33,380,602	2,519,386	79,234	24,683,708		4,141,714	1,956,560
Total	$ 138,206,607	$ 40,073,006	$ 4,238,650	$ 24,683,708	$ 958,910	$ 7,245,944	$ 61,006,389

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

Concentration of Credit Risk. The College places limits on the amount that may be invested in any one issuer. The following table includes the percentage of the total for each investment type held by the College at June 30, 2018:

Year	Total	STAR Ohio	Money Market	Commercial Paper	US Govt Obligations & Bonds	U.S. Agency Oblig.
2018	100.0%	29.0%	3.1%	17.9%	5.9%	44.1%

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, 2018, the College's investments were held in custody by a counterparty on behalf of the College.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates between the U.S. Dollar and foreign currencies could adversely affect an investment's value. The College had no direct exposure to foreign currency risk at June 30, 2018.

Note 3 - Pledges, Grants and Accounts Receivable

2018	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 37,651,634	$ (27,650,524)	$ 10,001,110
Grants and contracts	2,855,016	-	2,855,016
Total	$ 40,506,650	$ (27,650,524)	$ 12,856,126

Note 4 – Fair Value Measurements

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

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is

Note 4 – Fair Value Measurements (Continued)

significant to the valuation. The College's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The College has the following recurring fair value measurements of June 30, 2018:

Assets and Liabilites Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 4,238,650	$ -	$ 4,238,650	$ -
Municipal Bonds	3,104,230	-	3,104,230	-
Commercial Paper	24,683,708	-	24,683,708	-
Corporate Bonds	958,910		958,910	
U.S. Gov't Obligations	4,141,714	4,141,714	-	-
U.S. Agency Obligations	61,006,389	-	61,006,389	-
Total investments by fair value level	$ 98,133,601	$ 4,141,714	$ 93,991,887	$ -

Note 5- Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Land	$27,719,338	-	-	$27,719,338
Works of Art	$286,500	-	-	$286,500
Construction In Progress	349,246	4,017,528	-	$4,366,774
Total cost of nondepreciable capital assets	28,355,084	4,017,528	-	$32,372,612
Buildings	171,835,266	269,504	-	$172,104,770
Leasehold Improvements	1,224,344	-	-	$1,224,344
Improvements other than buildings	13,936,111	-	-	$13,936,111
Moveable equip, furniture and library books	49,480,039	3,648,529	(890,876)	$52,237,692
Total cost of depreciable capital assets	236,475,760	3,918,033	(890,876)	$239,502,917
Total cost of capital assets	$264,830,844	7,935,561	(890,876)	$271,875,529
Less accumulated depreciation				
Buildings	69,620,635	5,108,224	-	$74,728,859
Improvements other than buildings	3,697,660	247,568	-	$3,945,228
Moveable equip, furniture and library books	38,054,491	2,821,486	(692,855)	$40,183,122
Total Accumulated Depreciation	111,372,786	8,177,278	(692,855)	$118,857,209
Capital assets, net	$153,458,058	(241,717)	(198,021)	$153,018,320

Note 6 - Accounts Payable and Accrued Liabilities

	2018
Payable to vendors and contractors	$ 3,488,422
Accrued expenses, primarily payroll and vacation leave	8,287,282
Employee withholdings and deposits payable to third parties	2,451,491
	$ 14,227,195
Current	$ 13,091,917
Noncurrent	$ 1,135,278

Note 7 - Long Term Obligations

Long-term debt as of June 30, 2018 is summarized as follows:

	Balance June 30, 2017	Addition/ New Debt	Reduction	Balance June 30, 2018	Current Portion	Noncurrent Portion
Series 2018A bonds with interest rates ranging from 4.0% to 5.0% due serially through 2038	$ -	$ 13,000,000	$ -	$ 13,000,000	$ 800,000	$ 12,200,000
Premium on Bonds	-	1,647,951	-	1,647,951	-	1,647,951
Total Series 2018A	-	14,647,951	-	14,647,951	800,000	13,847,951
Series 2012 bonds with an interest rate of 1.65% due serially through 2023	5,320,000	-	(855,000)	4,465,000	865,000	3,600,000
Total Bonds	5,320,000	14,647,951	(855,000)	19,112,951	1,665,000	17,447,951
Net Pension Liability						
STRS	148,168,705	-	(45,209,696)	102,959,009	-	102,959,009
SERS	93,145,235	-	(16,929,919)	76,215,316	-	76,215,316
Total Net Pension Liability	241,313,940	-	(62,139,615)	179,174,325	-	179,174,325
Net OPEB Liability						
STRS	23,179,225	-	(6,268,914)	16,910,311	-	16,910,311
SERS	34,684,010	-	(1,861,407)	32,822,603	-	32,822,603
Total Net OPEB Liability	57,863,235	-	(8,130,321)	49,732,914	-	49,732,914
Compensated Absences	4,960,246	198,840	-	5,159,086	4,023,808	1,135,278
Capital Lease	940,120	-	(191,896)	748,224	178,980	569,244
Total Long-Term Liabilities	$ 310,397,541	$ 14,846,791	$ (71,316,832)	$ 253,927,500	$ 5,867,788	$ 248,059,712

Note 7 - Long Term Obligations (Continued)

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

Years ended June 30	Principal	Interest	Total
2019	1,843,980	666,329	2,510,309
2020	1,064,260	653,041	1,717,301
2021	1,084,694	633,086	1,717,780
2022	1,100,290	612,722	1,713,012
2023	920,000	592,030	1,512,030
2024 - 2038	12,200,000	5,744,850	17,944,850
	$ 18,213,224	$ 8,902,058	$ 27,115,282

The bonds are serviced by the general receipts of the College, except for receipts expressly excluded as stated in the trust indentures dated December 20, 2012 and June 28, 2018.

Note 8 – Operating 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 2042. Lease expense charged to operations was $2,066,434 during 2018. Future minimum lease payments under operating leases at June 30, 2018, are as follows:

2019	1,121,503
2020	1,108,775
2021	798,092
2022	742,969
2023-2042	1,099,545
	$ 4,870,884

Note 9 - Compensated Absences

Fulltime College administrators and staff accrue vacation benefits. For all classes of employees, any earned but unused vacation benefit is payable upon separation. 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 separation 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 $5,159,086 as of June 30, 2018.

Note 10 - State Support

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

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

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

Note 11 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

Note 11 - Defined Benefit Pension Plans (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and any liability for the contractually-required pension contribution outstanding at the end of the year is included in current liabilities. The College does not have any contractually-required pension contribution liability recorded at June 30, 2018.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.50 percent. The remaining 0.50 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund. The College's contractually required contribution to SERS was $5,947,290 for fiscal year 2018.

Note 11 - Defined Benefit Pension Plans (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

Note 11 - Defined Benefit Pension Plans (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $6,903,145 for fiscal year 2018.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$76,215,316	$102,959,009	$179,174,325
Proportion of the Net Pension Liability	1.275617%	0.46729176%	
Pension Expense	($2,589,350)	($41,852,298)	($44,441,648)

Note 11 - Defined Benefit Pension Plans (Continued)

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$3,280,043	$3,975,794	$7,255,837
Changes of assumptions	3,941,152	22,518,267	26,459,419
Differences between projected and actual earnings on pension plan investments	-	-	-
Changes in employer proportionate share	641,299	-	641,299
Differences between contributions and proportionate share of contributions	-	-	-
College contributions subsequent to the measurement date	5,734,888	6,903,145	12,638,033
Total Deferred Outflows of Resources	$13,597,382	$33,397,206	$46,994,588
Deferred Inflows of Resources			
Differences between expected and actual experience	-	$829,809	$829,809
Net difference between projected and actual earnings on persion plan investments	$361,778	3,397,768	3,759,546
Changes in employer proportionate share	37,439	5,729,131	5,766,570
Total Deferred Inflows of Resources	$399,217	$9,956,708	$10,355,925

$12,638,033 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$3,428,272	$2,689,034	$6,117,306
2020	4,628,662	6,555,580	11,184,242
2021	1,183,079	5,494,097	6,677,176
2022	(1,776,737)	1,798,641	21,904
Total	$7,463,276	$16,537,352	$24,000,628

Note 11 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class as of June 30, 2017 are summarized in the following table:

Note 11 - Defined Benefit Pension Plans (Continued)

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability as of: June 30, 2018 (dollars in thousands)	$105,767	$76,215	$51,460

Note 11 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	2.5 percent at age 70 to 12.50 percent at age 20
Investment Rate of Return	7.45 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	0% effictive July 1, 2017

Mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using mortality improvement scale MP-206. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study, effective July 1, 2017.

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was

Note 11 - Defined Benefit Pension Plans (Continued)

projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45)	Current Discount Rate (7.45%)	1% Increase (8.45%)
College's proportionate share of the net pension liability as of:			
June 30, 2018 (dollars in thousands)	$147,588	$102,959	$65,366

Note 12 – Defined Benefit OPEB Plans

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but

Note 12 – Defined Benefit OPEB Plans (Continued)

does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at http://www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the College's surcharge obligation was $314,844.

Note 12 – Defined Benefit OPEB Plans (Continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS was $527,246 for fiscal year 2018. Of this amount, $89,736, is reported as accrued liabilities.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, 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, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	1.21682486%	0.44265122%	
Proportion of the Net OPEB Liability Current Measurement Date	1.22301850%	0.43346460%	
Change in Proportionate Share	0.00619364%	-0.00918662%	
Proportionate Share of the Net OPEB Liability	$32,822,603	$16,910,311	$49,732,914
OPEB Expense	$1,546,513	($5,160,117)	($3,613,604)

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note 12 – Defined Benefit OPEB Plans (Continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ -	$976,168	$976,168
Changes in proportionate Share and difference between College contributions and proportionate share of contributions	129,589	-	129,589
College contributions subsequent to the measurement date	527,246	-	527,246
Total Deferred Outflows of Resources	$656,835	$976,168	$1,633,003
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ -	$ -
Changes of assumptions	3,114,696	1,362,179	4,476,875
Net difference between projected and actual earnings on OPEB plan investments	86,677	722,786	809,463
Changes in Proportionate Share and Difference between College contributions and proportionate share of contributions	-	-	-
Total Deferred Inflows of Resources	$3,201,373	$2,084,965	$5,286,338

$527,246 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	($1,103,231)	($245,032)	($1,348,263)
2020	(1,103,230)	(245,032)	(1,348,262)
2021	(843,655)	(245,032)	(1,088,687)
2022	(21,668)	(245,032)	(266,700)
2023	-	(64,335)	(64,335)
Thereafter	-	(64,334)	(64,334)
Total	($3,071,784)	($1,108,797)	($4,180,581)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations).

Note 12 – Defined Benefit OPEB Plans (Continued)

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

Note 12 – Defined Benefit OPEB Plans (Continued)

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

Note 12 – Defined Benefit OPEB Plans (Continued)

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
College's proportionate share of the net OPEB liability	$39,637,473	$32,822,603	$27,423,486

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$26,633,083	$32,822,603	$41,014,539

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table

Note 12 – Defined Benefit OPEB Plans (Continued)

with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55 %
Alternatives	17.00	7.09 %
Fixed Income	21.00	3.00 %
Real Estate	10.00	6.00 %
Liquidity Reserves	1.00	2.25 %
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include th
real rate of return and inflation of 2.25 percent and does not inclu
investment expenses. Over a 30-year period, STRS' investment
consultant indicates that the above target allocations should
generate a return above the actual rate of return, without net
value added by management.

Note 12 – Defined Benefit OPEB Plans (Continued)

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037.

Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
College's proportionate share of the net OPEB liability	$22,702,821	$16,910,311	$12,333,125

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB liability	$11,748,559	$16,910,311	$23,703,780

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage

Note 12 – Defined Benefit OPEB Plans (Continued)

of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Note 13 - Risk Management

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

The College is self-insured for its health, dental, vision and workers compensation 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 $1,744,424 was reported at June 30, 2018, as required of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims be reported.

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

Fiscal Year	Claims Liability Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Liability Balance at End of Year
2018	$1,638,262	12,375,829	12,269,667	$1,744,424
2017	$1,627,773	11,947,788	11,937,299	$1,638,262
2016	$1,492,011	10,077,656	9,941,894	$1,627,773

In addition to the expense incurred in claim payments, the College paid $1,276,085, $1,439,100 and $1,439,832 in fees for administration of the self-insurance plans for 2018, 2017, and 2016, respectively.

Note 14 - Capital Projects Commitments

At June 30, 2018, the College was committed to future capital expenditures as follows:

Contractual commitments:	2018
Mitchell Hall Construction	31,482,219
Conference Center 4th Floor Renovation	1,600,000
Utlity tunnel Reparis	1,500,000
Union Hall Food Service Renovation	1,330,944
Mobile Technology	825,429
Eibling Renovation	275,144
Total future project costs	$ 37,013,736

Note 15 - Pending Litigation

At June 30, 2018, 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 year ended June 30, 2018:

	2018
Salaries and wages	$ 98,204,709
Employee benefits	26,184,781
Impact of GASB 68	(57,079,681)
Impact of GASB 75	(4,140,850)
Utilities	3,285,640
Supplies and other services	42,145,707
Depreciation	8,177,278
Student scholarships and financial aid	10,876,501
	$127,654,085

Note 17 - Component Unit Disclosures

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

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

Note 17 - Component Unit Disclosures (Continued)

Cash, Cash Equivalents and Investments
The Foundation's cash and cash equivalents are included in the College's consolidated cash, which is insured by the FDIC up to $250,000, as of June 30, 2018. Uninsured cash funds held by US Bank are subject to a collateral agreement covering all public funds held by the bank. As of June 30, 2018, the Foundation had bank balances with US Bank of $2,575,576.

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, 2018.

	2018	
	Cost	Fair Value
Equity Funds	1,112,854	1,081,975
Common & Preferred Stock	6,546,636	7,225,193
Corporate Debt	257,602	254,032
	$7,917,092	$8,561,200

Promises to Give
Unconditional promises to give consist of the following as of June 30, 2018:

	2018
Outstanding pledges at year end	$6,558,902
Less: Discounts and allowance for uncollectible pledges	(189,202)
Unconditional promises to give, net	$6,369,700

As of June 30, 2018

Amounts due to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$3,981,468	-	$3,981,468
One to five years	2,577, 434	(189,202)	2,388,232
Total	$6,558,902	$(189,202)	$6,369,700

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, 2018, $2,080,000 has been paid to the annuitants.

Note 19 – Subsequent Event

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through October 11, 2018, the date the financial statements were available to be issued. The College closed on $9,000,000 General Receipts Bonds (the “Bonds”), Series 2018B (Federally Taxable), on August 2, 2018, for the purpose of financing a portion of the costs of the acquisition, construction, furnishing and equipping of a building for the School of Hospitality Management and Culinary Arts, including all related costs constituting “costs of facilities” as defined in Revised Code Section 3345.12(A)(10). The Bonds are authorized to be issued as drawdown bonds, where $9,000,000 represents the maximum authorized amount, not the total principal borrowed at closing, which can be drawn down for up to 24 months until the conversion date (as defined in the Series 2018B Bond Form included with the Eighth Supplemental Trust Agreement). The entire principal amount of the Series 2018B Bonds shall mature on August 1, 2026. The Bonds shall bear interest at variable interest rates, in accordance with the formula and terms set forth in the Series 2018B Bond Form. On any date on or after the conversion date, the College may provide notice of its election to convert the then-outstanding principal amount to a fixed rate of interest, in accordance with the formula and terms set forth in the Series 2018B Bond Form. In no event shall the fixed rate exceed six percent (6.00%) per annum. At closing, an initial draw of $52,000 was used to pay cost of issuance expenses, no additional draws were made through October 11, 2018.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Ten Fiscal Years (1)

SERS	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	1.2756173%	1.2726363%	1.274032%	1.242285%
College's Proportionate Share of the Net Pension Liability	$76,215,316	$93,145,235	$72,697,478	$62,871,338
College's Covered-Employee Payroll	$41,068,521	$39,531,879	$38,392,578	$36,140,472
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	185.581%	235.620%	189.36%	173.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%

(1) Information prior to 2015 is not available.

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

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Ten Fiscal Years (1)

STRS	2018	2017	2016	2015
College's Proportion of the Net Pension Liability	0.46729176%	0.44265122%	0.45597031%	0.46729176%
College's Proportionate Share of the Net Pension Liability	$102,959,009	$148,168,706	$126,016,857	$113,661,528
College's Covered-Employee Payroll	$46,931,536	$45,732,807	$47,744,310	$46,672,461
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	219.38%	323.99%	263.94%	243.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2015 is not available.

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

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information
Schedule of College Contributions--Pension
State Employees Retirement System of Ohio
Last Ten Fiscal Years

School Employees Retirement System	2018	2017	2016
Contractually Required Contribution	$5,734,888	$5,749,593	$5,534,463
Contributions in Relation to the Contractually Required Contribution	(5,734,888)	(5,749,593)	(5,534,463)
Contribution Deficiency (Excess)	$0.00	$0.00	$0.00
College Covered-Employee Payroll	$42,480,643	$41,068,521	$39,531,879
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%

2015	2014	2013	2012	2011	2010	2009
$5,374,961	$5,054,314	$5,040,444	$5,811,044	$5,467,455	$4,825,024	$4,465,944
(5,374,961)	(5,054,314)	(5,040,444)	(5,811,044)	(5,467,455)	(4,825,024)	(4,465,944)
$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$38,392,578	$36,140,472	$39,532,495	$41,553,409	$39,071,110	$34,472,777	$32,095,208
14.00%	13.99%	12.75%	13.98%	13.99%	14.00%	13.91%

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College Contributions--Pension

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

State Teachers Retirement System	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	$6,903,145	$6,570,415	$6,402,593	$6,573,275	$6,534,145	$7,308,424	$7,875,038	$7,570,317	$6,770,527	$6,101,860
Contributions in Relation to the Contractually Required Contribution	(6,903,145)	(6,570,415)	(6,402,593)	(6,573,275)	(6,534,145)	(7,308,424)	(7,875,038)	(7,570,317)	(6,770,527)	(6,101,860)
Contribution Deficiency (Excess)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
College Covered-Employee Payroll	$49,308,179	$46,931,536	$45,732,807	$47,744,310	$46,672,461	$52,203,027	$56,250,269	$54,073,694	$48,360,905	$43,584,712
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.77%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Ten Fiscal Years (1)

SERS	2018	2017
College's Proportion of the Net OPEB Liability	1.2230185%	1.2168249%
College's Proportionate Share of the Net OPEB Liability	$32,822,603	$34,684,010
College's Covered-Employee Payroll	$41,068,521	$39,531,879
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	79.92%	87.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Ten Fiscal Years (1)

STRS	2018	2017
College's Proportion of the Net OPEB Liability	0.43346460%	0.4426512%
College's Proportionate Share of the Net OPEB Liability	$16,910,311	$23,179,225
College's Covered-Employee Payroll	$46,931,536	$45,732,807
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	36.03%	50.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Contributions--OPEB

State Employees Retirement System of Ohio

Last Ten Fiscal Years (1)

Net OPEB Liability - SERS	2018	2017	2016
Contractually Required Contribution	$527,246	$336,136	$303,128
Contributions in Relation to the Contractually Required Contribution	(527,246)	(336,136)	(303,128)
Contribution Deficiency (Excess)	$0.00	$0.00	$0.00
College Covered-Employee Payroll	$42,480,643	$41,068,521	$39,531,879
Contributions as a Percentage of Covered Payroll	1.24%	0.82%	0.77%

2015	2014	2013	2012	2011	2010	2009
$314,819	$297,977	$305,977	$843,025	$1,136,461	$639,409	$1,773,841
(314,819)	(297,977)	(305,977)	(843,025)	(1,136,461)	(639,409)	(1,773,841)
$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$38,392,578	$36,140,472	$39,532,495	$41,553,409	$39,071,110	$34,472,777	$32,095,208
0.82%	0.82%	0.77%	2.03%	2.91%	1.85%	5.53%

(1) Includes Surcharge

See accompanying notes to the required supplementary information.

COLUMBUS STATE COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Contribution--OPEB

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

Net OPEB Liability - STRS	2018	2017	2016
Contractually Required Contribution	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	-	-	-
Contribution Deficiency (Excess)	0.00	0.00	0.00
College Covered-Employee Payroll	$49,308,179	$46,931,536	$45,732,807
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

2015	2014	2013	2012	2011	2010	2009
$0	$456,836	$520,925	$572,692	$537,945	$483,770	$403,413
-	(456,836)	(520,925)	(572,692)	(537,945)	(483,770)	(403,413)
0.00	0.00	0.00	0.00	0.00	0.00	0.00
$47,744,310	$46,672,461	$52,203,027	$56,250,269	$54,073,694	$48,360,905	$43,584,712
0.00%	0.98%	1.00%	1.02%	0.99%	1.00%	0.93%

See accompanying notes to the required supplementary information.

SERS Change in Assumptions - Net Pension Liability

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

STRS Change in Assumptions and Benefit Terms - Net Pension Liability

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

SERS Change in Assumptions-Net OPEB Liability

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

STRS Change in Assumptions-Net OPEB Liability

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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COLUMBUS STATE COMMUNITY COLLEGE

Single Audit Reports

June 30, 2018

PLATTENBURG
Certified Public Accountants

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COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

	CFDA #	Pass Through Number	Expenditures	Passed Through to Sub-recipient
US DEPARTMENT OF EDUCATION				
Direct Recipient				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$485,379	$0
Federal Direct Student Loans	84.268	N/A	$35,279,782	$0
Federal Work-Study Program	84.033	N/A	$400,988	$0
Federal Pell Grant Program	84.063	N/A	$31,151,480	$0
Total Student Financial Aid			**$67,317,629**	**$0**
TRIO Cluster				
TRIO Upward Bound	84.047	N/A	$273,075	$0
TRIO Student Support Services	84.042	N/A	$257,324	$0
TRIO Talent Search	84.044	N/A	$222,741	$0
Total TRIO Cluster			**$753,140**	**$0**
Investing in Innovation (i3) Fund	84.411B	N/A	$1,673,933	889,075
Pass through The Ohio State University				
Transition Programs for Students with Intellectual Disabilities Into Higher Education	84.407	P407A150080	$44,204	$0
Passed through Ohio Department of Education				
Career and Technical Education - Basic Grants to States	84.048	3L90	$260,816	$0
Twenty-First Century Community Learning Centers	84.287	3Y20	$449,624	$0
Direct Recipient				
Higher Education Institutional Aid	84.031	N/A	$76,566	$0
Total Department of Education			**$70,575,912**	**$889,075**
US DEPARTMENT OF AGRICULTURE				
Passed through Ohio Department of Education				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	3GEO	$8,062	$0
Total Child Nutrition Cluster			**$8,062**	**$0**
US DEPARTMENT OF LABOR				
Direct Recipient				
Trade Adjustment Assistance Community College and Career Training Training Grants	17.282	N/A	$89,475	$0
Passed through Lorain County Community College				
Trade Adjustment Assistance Community College and Career Training Training Grants	17.282	TC-26435-14-60-A-39	$258,821	$0
Passed through Franklin County Department of Job and Family Services				
WIA Cluster:				
WIA Adult Programs & Dislocated Workers	17.258 and 17.260	N/A	$16,177	$0
Total WIA Cluster			**$16,177**	**$0**
Passed through Ohio Department of Job and Family Services				
Trade Adjustment Assistance	17.245	N/A	$47,966	$0
Passed through the Alvis House				
Reintegration of Ex-Offenders	17.270	N/A	$11,531	$0
Total Department of Labor			**$423,970**	**$0**
US DEPARTMENT OF VETERANS AFFAIRS, VETERANS BENEFITS ADMINISTRATION				
Direct Recipient				
Vocational Rehabilitation for Disabled Veterans	64.116	N/A	**$390,649**	$0
US SMALL BUSINESS ADMINISTRATION				
Passed through Ohio Department of Development				
Small Business Development Centers	59.037	DEVFSB15, OSBG-15-201A; DEVFSBDC14, OSBG-14-105A; DEVFRSC14, OSBG-14-136	**$321,915**	$0
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Recipient				
AmeriCorps	94.006	N/A	**$36,305**	$0

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

	CFDA #	Pass Through Number	Expenditures	Passed Through to Sub-recipient
NATIONAL SCIENCE FOUNDATION				
Direct Recipient				
Education and Human Resources	47.076	N/A	$1,582,444	$174,858
Passed through Ohio State University Research Foundation				
Education and Human Resources	47.076	60042097-CSCC; RF01144350	$74,644	$0
Passed through Sinclair Community College				
Education and Human Resources	47.076	N/A	$39,111	$0
Total National Science Foundation			**$1,696,199**	**$174,858**
DEPARTMENT OF JUSTICE				
Passed through Ohio Attorney General				
Crime Victim Assistance	16.575	2017-VOCA-43557242 2018-VOCA-109309223 2018-VOCA-130296099 2018-VOCA-130442080	**$176,371**	$0
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Recipient				
Environmental Education Grants	66.951	N/A	**$32,362**	$0
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct Recipient				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development	45.162	N/A	**$46,211**	$0
DEPARTMENT OF DEFENSE, DEPARTMENT OF THE NAVY				
Passed through American Lightweight Materials Manufacturing Innovation Institute				
Basic and Applied Scientific Research	12.300	N/A	$38,899	$0
Direct Recipient				
GenCyber Grants Program	12.903	N/A	$19,997	$0
Total Department of Defense			**$58,896**	**$0**
DEPARTMENT OF TRANSPORTATION				
Passed through Stark Area Regional Transit Authority				
Federal Transit Cluster:				
Bus and Bus Facilities Formula Program	20.526	N/A	$12,156	$0
Total Federal Transit Cluster			**$12,156**	**$0**
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Direct Recipient				
Science	43.001	N/A	**$19,343**	$0
DEPARTMENT OF COMMERCE				
Passed through The Ohio State University				
Economic Development Cluster				
Economic Adjustment Assistance	11.307	06-40-06019	$62,579	$0
Total Economic Development Cluster			**$62,579**	**$0**
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through the State Library of Ohio				
Grants to States	45.310	N/A	**$4,999**	$0
TOTAL FEDERAL AWARD EXPENDITURES			**$73,865,929**	**$1,063,933**

See accompanying notes to the schedule of expenditures of federal awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Note 1 - Significant Accounting Policies

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

Note 2 – Federal Direct Student Loan Program

The College is a direct lender for the Federal Direct Student Loan program. The following represents direct loans originated and disbursed during fiscal year 2018:

CFDA Number	Program Name	Amount	
84.268	Federal Subsidized Direct Loans	$	18,208,999
84.268	Federal Unsubsidized Direct Loans	$	16,771,602
84.268	Federal PLUS Loans	$	299,180
	Total Federal Direct Student Loans	$	35,279,782

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2018, 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 11, 2018, wherein we noted the College adopted GASB No. 75 as disclosed in Note 1. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 11, 2018

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

Board of Trustees
Columbus State Community College

Report on Compliance for Each Major Federal Program

We have audited the Columbus State Community College's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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www.plattenburg.com

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

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

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

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

We have audited the financial statements of the business-type activities and discretely presented component unit of the College as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 11, 2018, which contained unmodified opinions on those financial statements, wherein we noted the College adopted GASB No. 75 as disclosed in Note 1. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
October 11, 2018

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant Deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
Student Financial Assistance Cluster	
Dollar threshold used to distinguish between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	Yes

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

None

Section III – Federal Award Findings and Questioned Costs

None

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2018

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

COLUMBUS STATE COMMUNITY COLLEGE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 8, 2018