COLUMBUS STATE COMMUNITY COLLEGE

Financial Report With Additional Information
For The Years Ended June 30, 2008 and 2007

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Columbus State Community College, Franklin County, prepared by Parms & Company, LLC for the audit period July 1, 2007 through June 30, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 8, 2009

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COLUMBUS STATE COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Columbus State Community College
Columbus, Ohio

We have audited the accompanying statements of net assets of Columbus State Community College (the College), a component unit of the State of Ohio, and its discretely presented component unit, as of June 30, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the Columbus State Community College as of June 30, 2008 and 2007, and the respective results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated October 15, 2008, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis presented on pages 3 through 15 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2008, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of Columbus State Community College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Parms & Company, LLC

October 15, 2008
Columbus, Ohio

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Columbus State Community College's Annual Report presents management's discussion and analysis ("MD&A") of the College's financial position as of June 30, 2008; and financial activity for the fiscal year July 1, 2007 through June 30, 2008, with selected comparative information for the fiscal year ended June 30, 2007, and June 30, 2006, when appropriate. This discussion should be read in conjunction with the accompanying financial statements and notes herein.

ABOUT THE COLLEGE

Columbus State Community College is Ohio's largest state community college. As an access institution, the College provides higher education that is high-quality, affordable, and convenient.

The College opened in 1963 as the Columbus Area Technician School in the basement of Central High School and served 67 students. In 1965, it was re-chartered as the Columbus Technical Institute (CTI) to serve students in a four-county service district. CTI established itself in Aquinas Hall at the College's current Spring Street location. In 1987, the College was re-chartered as Columbus State Community College in order "to provide additional educational opportunities to area residents."

As a comprehensive community college, Columbus State has a strong commitment to technical education, offering the Associate of Applied Science and the Associate of Technical Studies degree programs in business, health, human services, public service, and engineering technologies to prepare graduates for immediate employment. The transfer programs, Associate of Arts and Associate of Science, meet the majority of freshman and sophomore course requirements of bachelor's degree programs offered by four-year colleges and universities throughout the state. Specific transfer agreements with area colleges and universities have also been developed.

The College supports a four-county service district that includes Delaware, Franklin, Madison and Union Counties. A partnership with Ohio University has also been developed to offer classes in Pickaway County. In addition to the downtown Columbus campus, Columbus State operates ten Off-Campus Centers throughout central Ohio. These suburban centers allow students to take courses closer to where they live and work. The College's on-line programs allow many students to take classes from their homes, library or wherever it is convenient.

ABOUT THE FINANCIAL STATEMENTS

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

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

- ***Statement of Net Assets;***
- ***Statement of Revenues, Expenses, and Changes in Net Assets 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 HIGHLIGHTS AND TRENDS

Financial Sustainability

The College's financial health remained sound in 2008, with growth in enrollment and increased state subsidy. Enrollment increased by nearly 5.3% full-time equivalents (FTEs) over 2007, with a corresponding increase of $3 million, or 5.7%, in tuition revenue. In enacting the current biennial budget for the State of Ohio, tuition was frozen for two years for all institutions at the rate that each was charging its students in FY2007, $79 per credit hour for Columbus State, while state subsidy for higher education was increased to begin to reverse the trend of rising tuition rates. This resulted in an increase of $2 million, 3.7%, in the State Share of Instruction (SSI) received by Columbus State in 2008. Each state institution was also required to demonstrate savings of 1% of annual revenues in 2008 through operational efficiencies or collaborations. Columbus State exceeded the 1%, $1 million, efficiency savings requirement, reporting savings of more than $4 million for 2008.

Campus Safety

Like colleges and universities across the country, Columbus State has been examining its various public safety systems. During 2007, the College engaged a consultant to perform a study on campus safety. Also, during this time, the Governor asked the Chancellor of the Ohio Board of Regents to assemble a campus safety task force on which several representatives of Columbus State participated. Of several initiatives that resulted from these efforts, a new Campus Safety Policy was developed and approved by the Board of Trustees. A campus safety plan was developed calling for upgrading various systems to enhance the College's ability to centrally monitor various alarm and other systems, secure priority areas across campus, enhance public address communication capabilities, and address the structure and leadership of the College's Department of Public Safety. The Board of Trustees authorized the arming of the College's commissioned peace officers and allocated $2.5 million for strategic campus safety initiatives for system enhancements. In addition to work that was already underway, many of the recommendations from both the consultant and the Ohio Board of Regents commenced in 2008, while others will be implemented over time.

Capital Additions and Improvements

Several capital projects commenced or progressed in 2008. The most significant of these projects is the Delaware Campus. After nearly 6 years, starting with a Feasibility Study in 2002, groundbreaking took place in July 2008, with opening expected in spring 2010. The total project budget is nearly $25 million, of which $20.7 million has been appropriated in the State of Ohio's capital improvement bill. The balance of the project will be funded by local funds allocated by the Board and with funds remaining from the construction of the Center for Workforce Development, if approved by the State.

In FY 2006, a committee, the Columbus Campus Planning Committee, reviewed and reaffirmed remaining projects from a 2002 facilities plan, and considered new initiatives for space vacated by tenants who moved into the new Bookstore/Retail Complex and the Center for Workforce Development. An updated plan with over a dozen individual projects aimed at increasing effectiveness and efficiency of college functions and services was approved by the President. Many of those projects are completed, and others are well underway. Key projects included space expansion for the College's distance learning program to enhance the College's ability to further develop and administer on-line programs (339 Cleveland Avenue) and permanent space for the College's Department of Public

Safety. Funding for the various projects in the updated plan will come from both State of Ohio basic renovation appropriations and local capital allocations, including 2003 bond proceeds available as a result of the Discovery Exchange and Child Development Center being completed under budget.

With a budget of nearly $1.1 million, the renovation of 339 Cleveland Avenue was completed in 2008, consolidating the Teaching Learning Resource Center and the Curriculum Development Department into a single location, and providing a facility for the creation of a Teaching Excellence Center for Faculty training. This facility was designated as the Center for Teaching and Learning Innovation.

As discussed above, one of the recommendations of the Columbus Campus Planning Committee was that space vacated by the old bookstore, in Delaware Hall, house the Department of Public Safety, consolidate warehouse space for IT and Physical Plant, update the fitness center to benefit Student Athletics, and consolidate and update space for the Massage Therapy and Sports and Exercise Sciences programs. The project budget is estimated at $4.9 million, with a $4.7 allocation appropriated in the State of Ohio capital improvements bill and $175,000 from local funds. The project is estimated to be completed by late Fall 2009.

Another project resulting from recommendations of the Columbus Campus Planning Committee was the renovation, including roof replacement, of 356 Grant Avenue, creating "swing space" for temporarily housing College employees while their work areas are being renovated. The project was completed at just under $800,000, funded by $575,000 from the State of Ohio and the balance supplemented by local funds. The first temporary residents, from the Office of Information Technology, are currently occupying the space.

Resource Planning Principles

At its 2007 winter retreat, and in subsequent board meetings, the Board of Trustees discussed the need to align the College's unrestricted resources with the College's programmatic priorities. In November 2007, the Board authorized Resource Planning Principles as follows:

- The College's annual general fund operating budget will be balanced within a positive margin of 1 – 2%.
- An unrestricted Budget/Tuition Stabilization account was established to minimize the potential impact of unanticipated fluctuations in enrollment and/or the state's economy, which impacts the state's ability to pay the College appropriated subsidies.
- The College no longer includes income earned on investments as a revenue source in balancing its operating budget.
- Any unexpected positive net income resulting for any fiscal year will be allocated to the following, or other accounts deemed necessary as recommended by the President and approved by the Board of Trustees:
    - Budget/Tuition Stabilization – funds shall be allocated to this account in an amount sufficient to maintain a balance in the account equal to 10% of the general fund revenues.
    - Teaching and Learning.
    - Capital improvements and asset maintenance.

Given declining interest rates and weak economic conditions, both state and federal, these guidelines were prudent and timely in planning beyond 2008.

OTHER FACTORS TO CONSIDER

There are many indicators of quality in higher education institutions, including but not limited to student retention 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 Assets*** 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, 2008. The total amount of assets minus liabilities equals net assets. These net assets are categorized as follows:

- Invested in Capital Assets, Net of Related Debt
- Restricted – Nonexpendable (permanent endowment funds of the College and Foundation)
- Restricted **–** Expendable (primarily amounts for specified construction projects)
- Unrestricted

The ***Statement of Revenues, Expenses and Changes in Net Assets*** shows the revenues earned and expenses incurred during the year, and the net increase/decrease in net assets. This statement is prepared under the accrual basis of accounting whereby revenues and expenditures are recognized when the service is provided and the resource(s) is/are used. This principle, called the "matching concept", is best demonstrated in the College's collection of student tuition. For example, most tuition is collected within the first eight days of each academic quarter, yet the revenue is distributed evenly over the three-month period 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. 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 16 and in the separately issued Foundation financial statements and audit report.

Certain items have been reclassified for the year ended June 30, 2007 to conform to classifications used for the year ended June 30, 2008.

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

Statement of Net Assets (in thousands)

	2008	2007	Difference	2006	Difference
Assets					
Current assets	$ 135,096	$ 119,343	$ 15,753	$ 109,803	$ 9,540
Non-current assets					
Capital assets	139,671	139,692	(21)	138,086	1,606
Other	1,434	2,299	(865)	1,728	571
Total assets	276,201	261,334	14,867	249,617	11,717
Liabilities					
Current Liabilities					
Deferred revenue	12,492	11,208	1,284	10,953	255
Accounts payable	10,356	9,419	937	11,668	(2,249)
Other current liabilities	1,701	2,180	(479)	1,565	615
Non-current liabilities					
Long-term debt	16,620	17,710	(1,090)	19,740	(2,030)
Annuities payable	2,195	2,261	(66)	2,321	(60)
Other	684	642	42	536	106
Total liabilities	44,048	43,420	628	46,783	(3,363)
Net Assets					
Invested in capital assets	128,952	124,409	4,543	121,044	3,365
Restricted	64	2	62	93	(91)
Unrestricted	103,137	93,503	9,634	81,697	11,806
Total net assets	$ 232,153	$ 217,914	$ 14,239	$ 202,834	$ 15,080

Assets

As of June 30, 2008, current assets totaled $135.1 million compared to $119.3 million in fiscal year 2007, and $109.8 million in 2006. Year-to-year increases amounted to 13.2% and 8.7% in 2008 and 2007, respectively. Most of the increases are the result of increased net assets that have been invested and higher return on investments as a result of favorable rates for longer maturities. Cash, cash equivalents and investments increased by $13.9 million and $12.2 million in 2008 and 2007, respectively, while the increase in net assets, excluding Invested in Capital Assets, was $9.6 million and $11.8 million in each of those years.

Total assets as of June 30, 2008, were $276.2 million compared to $261.3 million in fiscal year 2007, a 5.7% increase. The increase, $14.9 million, is largely the result of increased net assets, as discussed under revenues on the next page, and capital additions, from both capital appropriations and locally funded projects.

Capital assets such as land, buildings, machinery and equipment are the largest asset group at $139.7 million (50.6%), followed by cash and investments of $119.9 million (43.4%); and inventory and other assets at $16.6 million (6.0%). Cash and investments have increased approximately 3.0 percentage points (from 40.5% of total assets), as a result of operations for the year, where net assets increased by $14.2 million. Inventory and other assets have remained the same (at 6% of total assets) while the percentage of capital assets, which changed by only $21,331, has decreased from 53.5% to 50.6% due to the impact of cash as a larger proportion of total assets.

Liabilities

As of June 30, 2008, the College's current liabilities were $24.5 million, compared to $22.8 million in 2007, an increase of 7.6%. Of that total, $12.5 million was deferred revenue (summer quarter tuition revenues related to fiscal year 2009 and credit bank), $10.4 million in accounts payable and $1.7 million of short-term debt. Most of the $2.1 million increase occurred in Accounts Payable, which increased by $1.3 million, resulting from more construction payables for projects in progress or commencing at the end of 2008, and Deferred Revenue, which also increased by $1.3 million, directly related to higher summer 2008 registrations and higher maximum Pell awards.

Non-current liabilities as of June 30, 2008, were $19.5 million consisting of $16.6 million in long-term debt (revenue bonds), $2.2 million in annuities payable, and other long-term liabilities of $0.7 million. By comparison, non-current liabilities as of June 30, 2007 were $20.6 million consisting of $17.7 million in bonds payable, $2.3 million in annuities payable, and $0.6 million in long-term liabilities.

Total liabilities as of June 30, 2008 were $44.0 million compared to $43.4 million in fiscal year 2007. The decrease is attributed to current year debt service, partially offset by higher deferred revenue and accounts payable.

Net Assets

Net assets increased by $14.2 million in 2008, compared to the increase of $15.1 million in 2007. Increases totaling $12.1 million were noted in most revenue areas, both operating and non-operating, including: tuition and fees ($3.1 million); state appropriations, including capital appropriations ($3.4 million); grants and contracts, including Pell ($3.7 million); and investment income ($1.4 million). The total $13.1 million increase in expenses was proportional to the increase in revenues, with the most significant increases occurring in Instruction ($5.4 million), scholarships and fellowships ($2.9 million), and student services ($1 million).

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

	2008	2007	Difference	2006	Difference
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $11.8, $11.3, and $10.9 million in 2008, 2007, and 2006, respectively)	$ 56,536	$ 53,468	$ 3,068	$ 49,557	$ 3,911
Federal, state, and private grants and contracts	12,299	11,592	707	11,619	(27)
Auxiliary enterprises	11,404	10,298	1,106	9,638	660
Other	58	665	(607)	1,102	(437)
Total operating revenues	80,297	76,023	4,274	71,916	4,107
OPERATING EXPENSES					
Educational and general	117,383	108,733	8,650	105,512	3,221
Scholarships and fellowships	17,131	14,212	2,919	14,617	(405)
Auxiliary enterprises	11,311	10,342	969	9,362	980
Depreciation expense	4,936	4,480	456	3,920	560
Total operating expenses	150,761	137,767	12,994	133,411	4,356
Operating income (loss)	(70,464)	(61,744)	(8,720)	(61,495)	(249)
NON-OPERATING REVENUES (EXPENSES)					
State appropriations	55,084	53,099	1,985	53,317	(218)
Pell Grant Revenue	22,125	19,111	3,014	19,470	(359)
Investment income (net of expense)	5,487	4,102	1,385	3,050	1,052
Other non-operating revenues	(1,556)	(1,626)	70	(3,560)	1,934
Net non-operating revenues	81,140	74,686	6,454	72,277	2,409
Income before capital appropriations	10,676	12,942	(2,266)	10,782	2,160
Capital appropriations and gifts	3,562	2,138	1,424	6,496	(4,358)
Increase in net assets	14,238	15,080	(842)	17,278	(2,198)
Net assets, beginning of year	217,915	202,834	15,081	185,556	17,278
Net assets, end of year	$ 232,153	$ 217,914	$ 14,239	$ 202,834	$ 15,080

Revenues

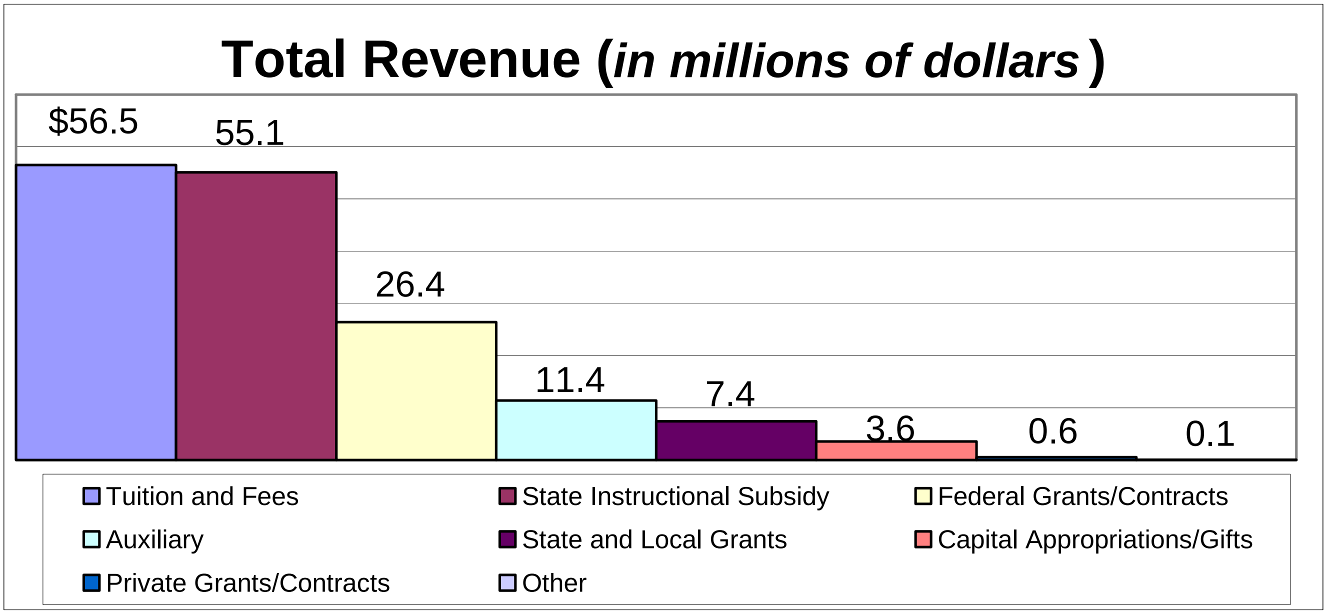
Total fiscal year 2008 revenues equaled $161.1 million compared to $150.4 million in fiscal year 2007. The most significant areas of increase were $3.0 million each in student tuition and fees and Pell grant revenue, $2.0 million in state appropriations, and $1.4 million each in capital appropriations and investment income.

The majority of College revenues come from three sources: 1) State instructional subsidy ($55.1 million), 2) Student tuition and fees ($56.5 million), and 3) Federal, state, and private grants and contracts, including Pell grant revenue ($34.4 million).

Of $33.8 million in federal and state grants and contracts, 81.4% are awarded to students through the federal Pell grant and State of Ohio instructional grant programs. These funds are used for student tuition ($11.8 million) and education-related expenses.

Other significant revenue sources are: Auxiliary enterprises ($11.4 million) and State capital appropriations used for construction, renovation and maintenance of facilities ($3.6 million).

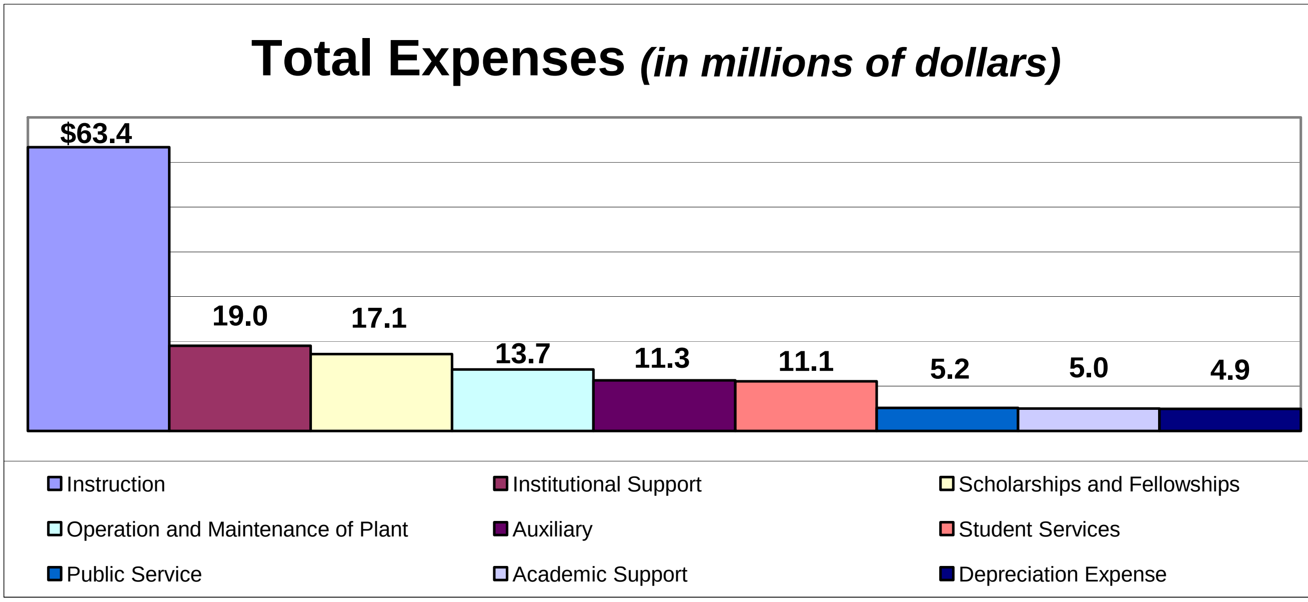
The major sources of College revenues for fiscal year 2008 are presented below.



Expenses

Fiscal year 2008 expenses totaled $150.7 million as compared to $137.8 million in fiscal year 2007, an increase of $13.0 million. Of this increase, approximately $5.4 million is attributable to increases in instruction and departmental research, the result of a statewide emphasis placed on education and workforce development, and related enrollment increases in 2008. Additionally, there were more positions that were filled in 2007 and 2008 after being vacated as a result of the Voluntary Early Retirement (ERI) offered in fiscal year 2006. Scholarships and Fellowships increased by nearly $3.0 million due to higher enrollment and higher maximum awards available to Pell grant recipients.

Fiscal year 2008 expenditures are shown below:



Statement of Cash Flows *(in thousands)*

Net cash provided (used) by:	2008	2007	2006
Operation activities	($64,612)	($57,058)	($57,379)
Non capital financing activities	76,511	71,581	70,188
Capital financing activities	(3,459)	(6,450)	(8,202)
Investing activities	(6,278)	(5,634)	(11,481)
Net increase in cash	2,162	2,439	(6,874)
Cash-beginning of year	9,275	6,836	13,710
Cash-end of year	$ 11,437	$ 9,275	$ 6,836

Ending cash balances for fiscal years 2006 through 2008 were $6.8 million, $9.3 million, and $11.4 million, respectively. Each month, cash flow projections are evaluated to determine when funds can be invested to maximize investment earnings (typically, at the beginning of each quarter when tuition and fees are paid, funds are transferred to STAR Ohio), or when funds should be transferred back for operations (usually during the latter part of each quarter). Cash balances were higher at June 30, 2008 due to the timing of the start of summer quarter classes, where only one day of summer quarter 2008 occurred before year end compared to a full week of summer quarter 2007 classes occurring before the previous year ends.

Major sources of cash in 2008 were State appropriations of $55.1 million, tuition and fees of $57.6 million, and gifts, grants, and contracts totaling $33.2 million.

The most significant uses of cash were payments for salaries and benefits of $92.4 million, payments to suppliers of $35.6 million, $17.1 million disbursed for student scholarships and financial aid, and $3.6 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 shall have authority to allocate funds for expenses not included in the approved operating budget. The operating budget focuses on revenues and expenses produced from daily operations as well as budgeted expenditures for capital improvements, equipment, and debt service.

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 subsidy allocations provided by the Ohio Board of Regents. By board policy, the College engages in a mid-year budget adjustment. 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.

State instructional subsidy revenues are treated as operating revenues for budget purposes as they are heavily weighted on enrollment.

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

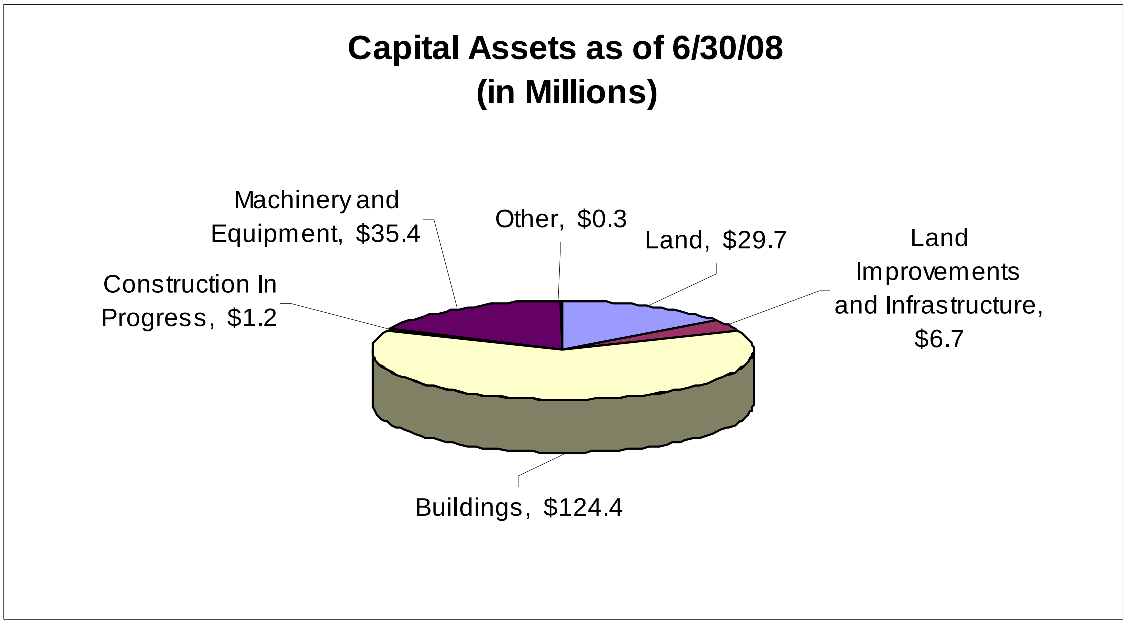
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 08 (in thousands)

Budgeted Operations Revenues	Original Budget	Revised Budget	Percent % Change	Actual	Percent % Change
College	$118,869	$122,496	3.05%	$128,913	5.24%
Auxiliary	12,629	12,178	-3.57%	11,404	-6.36%
Total Revenues	$131,498	$134,674	2.42%	$140,317	4.19%
Expenditures					
College	$118,642	$118,175	-0.39%	$115,776	-2.03%
Auxiliary	12,420	12,009	-3.31%	11,311	-5.81%
Total Expenditures	$131,062	$130,184	-0.67%	$127,087	-2.38%
Net Revenues	$436	$4,490	929.82%	$13,230	194.65%

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.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2008.



As of June 30, 2008, the College had recorded $197.7 million in capital assets and $58 million in accumulated depreciation, for a total of $139.7 million in net capital assets. A detailed summary of additions, deletions, and depreciation of assets can be found in Note 4 – Capital Assets.

Debt

As of June 30, 2008, the College had $18.255 million of outstanding debt as follows:

(in millions)

General Receipts Bonds:	2007	$ 5.920
General Receipts Bonds	2003	$ 12.335
Total		$ 18.255

FACTORS IMPACTING FUTURE PERIODS

Traditionally, the two factors that impact the budget for the College most are enrollment and state support. Planning for 2009 and beyond will undoubtedly be impacted by these factors as well as the state of the state and national economies. For the State of Ohio's 2008-09 budget, significant importance was placed on higher education, both in increasing enrollment statewide and in keeping tuition affordable. Tuition was frozen for two years, at $79 per credit hour, and the College was required to generate efficiency savings of 1% and 3% for 2008 and 2009, respectively, in exchange for substantial increases in basic funding through the State Share of Instruction (SSI). Since that biennium budget was approved, it has been reduced two times without corresponding reductions in support for higher education. Also, over the past year, a 10-year strategic plan (2008 – 2017) for the University System of Ohio was submitted to the Governor and Ohio legislature by the Chancellor of the Ohio Board of Regents, with 20 accountability measures based on 4 goals: Accessibility, Quality, Affordability and Efficiency, and Economic Leadership. While the significance of the investment in higher education is clear, uncertainty remains for the near term relative to the state and national economies, and because the specifics of funding formulas for colleges and universities for the period beyond FY2009 are unknown at this time. Aligning with the 10-year strategic plan (2008 – 2017) for the University System of Ohio, the Board of Trustees of the College defined 5 strategic direction and goals for the College for 2008 – 2011 which include:

- Access
- Student Success
- Human Capacity Development
- Sustainability (see below)
- Academic Quality Improvement (see below)

Of many other initiatives underway, the following are a few that will continue to require significant resources over the next two years:

- Delaware Campus
- Sustainability
- Accreditation

Delaware Campus

As discussed in the Financial Highlights and Trends for 2008, construction of the first building on the Delaware campus got underway in July 2008. Several committees are in place to plan operations for that campus in anticipation of Spring 2010 opening. The College continues to explore additional partnerships within Delaware County to build on those already established.

Sustainability

While fiscal sustainability remains a primary objective in planning the College's programs and budgets, sustainability took on additional meaning during 2007, to encompass the sustainability of the environment for future generations, resulting in Board approval of the College's first sustainability policy. Among many sustainability initiatives underway, significant efforts over the next year will be committed to the following priorities:

- Sustainability was one of five goals established by the Board of Trustees for 2008 – 2011, which will include a reduction in energy consumption of 20% by 2014 and a 5% decrease in the College's greenhouse gas emissions footprint, both over the baseline year of 2004. Gas emissions inventories have been established for the baseline year of 2004.
- The College made a commitment to develop its Delaware campus as a "green" campus, and in its design and construction of the first building on that campus will abide by Leadership in Energy and Environmental Design (LEED) standards. The first building should minimally meet the silver level of LEEDs certification.
- Ohio House Bill 251 requires the College to create a master plan for energy efficiency by December 2008, working toward energy savings of 20% by 2014.
- The President signed onto the American College and University Presidents Climate Commitment, which provides a framework and support for America's colleges and universities to become climate neutral, recognizing the unique responsibility that institutions of higher education have in their communities and in training those who will develop solutions to reverse global warming. A gas emissions inventory required by the commitment was submitted in September 2008, and other requirements were included in the College's sustainability policy and procedures.

Accreditation

Columbus State has been selected to participate in a new process, Academic Quality Improvement Program (AQIP), for its accreditation. The College has been accredited by the Higher Learning Commission since 1971. Since 1999, there have been two methods for accreditation: AQIP and the Program for Educational Assessment of Quality (PEAQ). AQIP is a continuous quality improvement model involving a structured set of goal-setting, networking and accountability activities. It will help Columbus State define current and future initiatives, focus on priority action projects, and identify process improvement opportunities on a cyclical, continuous basis, whereas the previous PEAQ process, the traditional 10-year self-study for re-accreditation, judged the College based on evaluation of existing programs. To demonstrate its utmost support for the AQIP process, the Board of Trustees included it as one of the five college goals authorized for 2008 – 2011. With the recent completion of the analysis phase and annual report submission to the AQIP/Higher Learning Commission by the action project sponsors, next year's efforts will be focused on the successful completion of the process improvement phase of the work and development of an on-line systems portfolio.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF NET ASSETS
As of June 30, 2008 and 2007

	2008		2007	
ASSETS	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
Current Assets				
Cash	$ 11,436,872	$ 299,929	$ 9,275,390	$ 277,073
Investments	107,309,069	4,191,880	94,701,482	4,417,349
Accounts, Loans and Pledges Receivable	14,125,043	458,824	12,677,922	495,245
Inventories	1,595,665	-	2,066,037	-
Other Assets	628,973	-	622,959	-
Total Current Assets	135,095,622	4,950,633	119,343,790	5,189,667
Noncurrent Assets				
Cash and Cash Equivalent	2,901	-	42,400	-
Investments	1,145,921	-	1,949,386	-
Other Noncurrent Assets	286,299	-	306,881	-
Capital Assets, Net	139,670,660	-	139,691,991	-
Total Noncurrent Assets	141,105,781	-	141,990,658	-
TOTAL ASSETS	**276,201,403**	**4,950,633**	**261,334,448**	**5,189,667**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	10,356,466	127,597	9,419,291	64,554
Annuities Payable, Current Portion	65,500	-	59,883	-
Long-term Debt, Current Portion	1,635,000	-	2,120,000	-
Deferred Revenue	12,492,066	-	11,207,631	-
Total Current Liabilities	24,549,032	127,597	22,806,805	64,554
Noncurrent Liabilities				
Annuities Payable, Long-term Portion	2,195,445	-	2,260,945	-
Long-term Liabilities	683,922	-	641,803	-
Long-term debt, Long-term Portion	16,620,000	-	17,710,000	-
Total Noncurrent Liabilities	19,499,367	-	20,612,748	-
TOTAL LIABILITIES	**44,048,399**	**127,597**	**43,419,553**	**64,554**
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	128,952,358	-	124,409,811	-
Restricted				
Nonexpendable	-	3,268,701	-	3,146,701
Expendable	63,613	1,655,964	2,006	1,836,585
Unrestricted	103,137,033	(101,629)	93,503,078	141,827
TOTAL NET ASSETS	**$ 232,153,004**	**$ 4,823,036**	**$ 217,914,895**	**$ 5,125,113**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2008 and 2007

	2008		2007	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
REVENUES				
Operating Revenues				
Student Tuition and Fees (Net of Scholarship Allowances of $11,789,885 in 2008 and $11,307,649 in 2007)	$ 56,536,318	-	$ 53,467,759	-
Federal Grants and Contracts	4,280,526	-	3,965,395	-
State and Local Grants and Contracts	7,441,472	-	6,654,962	-
Private Grants and Contracts	576,740	710,245	971,614	661,807
Sales and Services of Educational Departments	20,323	-	43,950	-
Auxiliary Enterprises				
Bookstore	9,867,245	-	9,237,530	-
Other	1,536,838	-	1,059,774	-
Other Operating Revenues	37,808	-	621,828	-
Total Operating Revenues	**80,297,270**	**710,245**	**76,022,812**	**661,807**
EXPENSES				
Operating Expenses				
Educational and General				
Instruction and Departmental Research	63,363,417	-	57,946,013	-
Public Service	5,162,834	-	4,777,808	-
Academic Support	5,034,176	-	4,508,307	-
Student Services	11,074,237	-	10,085,356	-
Institutional Support	19,025,187	461,979	18,324,353	355,676
Operation and Maintenance of Plant	13,723,827	-	13,092,812	-
Scholarships and Fellowships	17,131,485	340,797	14,211,893	330,488
Depreciation Expense	4,935,826	-	4,479,666	-
Auxiliary Enterprises				
Bookstore	9,556,559	-	9,140,581	-
Other	1,753,512	-	1,200,776	-
Total Operating Expense	**150,761,060**	**802,776**	**137,767,565**	**686,164**
Operating Income (Loss)	**(70,463,790)**	**(92,531)**	**(61,744,753)**	**(24,357)**
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	55,084,275	-	53,099,293	-
Unrestricted Investment Income (Net of Investment Expense)	5,415,995	(173,969)	4,017,901	211,745
Restricted Investment Income (Net of Investment Expense)	70,629	(35,577)	83,734	390,544
Interest on Capital Asset Related Debt	(729,600)	-	(996,335)	-
Pell Grant	22,125,275		19,111,597	
Other Nonoperating Expense	(826,975)	-	(629,568)	-
Net Nonoperating Revenues	**81,139,599**	**(209,546)**	**74,686,622**	**602,289**
Income Before Other Revenues, Expenses, Gains, or Losses	**10,675,809**	**(302,077)**	**12,941,869**	**577,932**
Capital Appropriations	3,562,300	-	2,138,748	-
Increase in Net Assets	**14,238,109**	**(302,077)**	**15,080,617**	**577,932**
NET ASSETS				
Net Assets-Beginning of Year	217,914,895	5,125,113	202,834,278	4,547,181
Net Assets-End of Year	**$ 232,153,004**	**$ 4,823,036**	**$ 217,914,895**	**$ 5,125,113**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	2008		2007	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and Fees	$ 57,572,810		$ 52,831,700	$ -
Grants, Gifts and Contracts	11,099,460	746,666	14,606,607	898,162
Payments to Suppliers	(35,572,017)	(398,936)	(36,787,449)	(423,418)
Payments for Salaries and Benefits	(92,043,313)	-	(84,460,499)	-
Payments for Scholarships	(17,131,485)	(340,797)	(14,211,893)	(330,488)
Auxiliary Enterprise Receipts	11,404,083	-	10,297,304	-
Other Receipts (Payments)	58,131	-	665,775	-
Net Cash Provided By (Used In) Operating Activities	**(64,612,331)**	**6,933**	**(57,058,455)**	**144,256**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Appropriations	55,084,275	-	53,099,293	-
Pell Grant	22,125,275	-	19,111,597	-
Nonoperating Payments to Suppliers	(698,967)	-	(629,568)	-
Net Cash Provided By Noncapital Financing Activities	**76,510,583**	-	**71,581,322**	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Appropriations	3,562,300	-	2,138,748	-
Proceeds from New Debt	-	-	5,920,000	-
Purchases of Capital Assets	(4,656,588)	-	(6,117,294)	-
Principle Paid on Debt	(1,634,883)	-	(7,394,747)	-
Interest Paid on Capital Debt	(729,600)	-	(996,335)	-
Net Cash Used In Capital Financing Activities	**(3,458,771)**	-	**(6,449,628)**	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Bond Proceeds Released From Restricted Cash	39,499	-	168,578	-
Purchases of Investments	(11,804,122)	(184,716)	(9,904,199)	(167,362)
Income on Investments	5,486,624	200,639	4,101,635	180,209
Net Cash Provided By (Used In) Investing Activities	**(6,277,999)**	**15,923**	**(5,633,986)**	**12,847**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,161,482**	**22,856**	**2,439,253**	**157,103**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**9,275,390**	**277,073**	**6,836,137**	**119,970**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 11,436,872**	**$ 299,929**	**$ 9,275,390**	**$ 277,073**
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Loss	(70,463,790)	(92,531)	(61,744,753)	(24,357)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) By Operating Activities:				
Depreciation Expense	4,935,826		4,479,666	
Changes in Assets and Liabilities:				
Receivables, net	(1,447,220)	36,421	2,124,243	836,355
Other Assets	484,940		(660,242)	
Accounts Payable & Accrued Liabilites	593,479	63,043	(1,511,703)	(667,742)
Deferred Revenue	1,284,434	-	254,334	-
Net Cash Provided By (Used In) Operating Activities	**(64,612,331)**	**6,933**	**(57,058,455)**	**144,256**

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.

The College operates under the direction of a nine member Board of Trustees who are appointed by the Governor with the advice and consent of the Ohio Senate. 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 liberal arts and sciences, technical training, and adult and continuing education, as outlined in ORC Section 3358.01.

Basis of Presentation

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), including 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. GASB Statements No. 34 and 35, and subsequent statements establish 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 assets categories:

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

- Restricted:
  - *Nonexpendable* - Net assets subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the permanent endowment funds of the College and Foundation.
  - *Expendable* - Net assets 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. These net assets principally represent amounts for specified capital construction projects.

Note 1 - Summary of Significant Accounting Policies (Continued)

- Unrestricted: Net assets whose use by the College is not subject to externally imposed stipulations. Unrestricted net assets 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 assets are available.

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows.

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 provider 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.

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting, the College does not apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

GASB Pronouncements

During the fiscal year ended June 30, 2008, the provisions of GASB Statement No. 45 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement No. 50 – Pension Disclosures became effective and were adopted by the College. These new pronouncements required additional disclosures related to the College's retirement plans and other postemployment benefits other than pensions. Such additional disclosures are provided in Notes 9 and 10 to these financial statements.

The following summarizes recent GASB Statements issued which will become effective in subsequent financial statement reporting years:

- GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation, effective for periods beginning after December 15, 2007.
- GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, effective for periods beginning after June 15, 2009.
- GASB Statement No. 52, Land and Other Real Estate Held as Investments by Endowments, effective for periods beginning after June 15, 2008.
- GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, effective for periods beginning after June 15, 2009.

Management does not expect any of the new statements to have a significant impact on the financial reporting of the College.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments
The College makes investments in accordance with the Board of Trustees' policy, which conforms with 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.

Accounts Receivables
At June 30, 2008 and 2007, 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. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the life of the structure are capitalized. Routine maintenance and repairs are charged to expense as incurred. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of the respective asset, generally 20 years for land improvements, 10 - 50 years for buildings and fixed equipment, 15 years for library books and 4 - 10 years for equipment. Depreciation expense is not allocated to the functional expenditure categories.

Deferred Revenue
Deferred revenue is comprised primarily of receipts relating to tuition and student fees in advance of the services to be provided and grant funds not earned as June 30, 2008 and 2007.

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

Scholarship and Allowances and Student Aid
The College participates in federally funded Pell Grants, SEOG Grants, and Federal Family Education Loan programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Scholarship and Allowances and Student Aid (Continued)

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 assets. 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.

Pensions

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

Management Estimates

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

Other Significant Accounting Policies

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

Previous Year's Financial Information

Certain reclassifications have been made to the 2007 comparative information to conform to the 2008 presentation.

Note 2 - Cash, Cash Equivalents And Investments

Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the College to disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure. Noncurrent cash and investments on the statement of net assets represent funds remaining from bond issuance proceeds.

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 deposit policy for custodial credit risk. At June 30, 2008 and 2007, $200,000 of the bank balance was covered by federal deposit insurance and the remaining portion $13,975,957 and $11,867,967, respectively, were uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank.

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, 2008, the College had the following investments and maturities:

		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
STAR Ohio	$30,862,609	$30,862,609	$ -	$ -	$ -
U.S. Gov't Obligations			-	-	-
U.S. Agency Obligations	77,592,381	37,661,782	39,930,599	-	-
Total	$108,454,990	$68,524,391	$39,930,599	$ -	$ -

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

As of June 30, 2007, 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	$26,061,041	$26,061,041	$ -	$ -	$ -
U.S. Gov't Obligations	-	-	-	-	-
U.S. Agency Obligations	70,589,827	30,101,952	40,487,875	-	-
Total	$96,650,868	$56,162,993	$40,487,875	$ -	$ -

Credit Risk. The College's investments, as stated above were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's rating service has assigned STAR Ohio an AAAm money market rating.

The credit ratings of the College's interest-bearing investments at June 30, 2008, are as follows:

Credit Rating (Moody's)	Total	STAR OHIO	U.S. Government Obligations	U.S. Agency Obligations
Aaa	$108,454,990	$30,862,609	$ -	$77,592,381
Unrated	-	-	-	-
Total	$108,454,990	$30,862,609	$ -	$77,592,381

The credit ratings of the College's interest-bearing investments at June 30, 2007 are as follows:

Credit Rating (Moody's)	Total	STAR OHIO	U.S. Government Obligations	U.S. Agency Obligations
Aaa	$96,650,868	$26,061,041	$ -	$70,589,827
Unrated	-	-	-	-
Total	$96,650,868	$26,061,041	$ -	$70,589,827

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, 2008 and 2007:

	Percent of Total	
Type	2008	2007
STAR Ohio	28.46%	26.96%
Treasury Bills		-
Government Agencies	71.54%	73.04%

100.00%	100.00%

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

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, 2008 and 2007, the College's investments in treasury bills and government agency securities were held in custody by a counterparty on behalf of the College.

Note 3 - Pledges, Grants and Accounts Receivable

2008	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 9,439,183	(5,533,145)	$ 3,906,038
Grants and contracts	10,219,005	-	10,219,005
Total	$19,658,188	(5,533,145)	$14,125,043

2007	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 8,218,770	(3,861,157)	$ 4,357,613
Grants and contracts	8,320,309	-	8,320,309
Total	$16,539,079	(3,861,157)	$12,677,922

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Land	$29,674,722	-	-	$29,674,722
Works of Art	286,500	-	-	286,500
Construction in Progress	442,035	771,853	(36,360)	1,177,528
Total cost of nondepreciable capital assets	30,403,257	771,853	(36,360)	31,138,750
Buildings	121,930,266	2,496,137	-	124,426,403
Improvements other than buildings	6,536,672	191,260	-	6,727,932
Moveable equip, furniture and library books	34,682,274	1,619,513	(860,792)	35,440,995
Total cost of depreciable capital assets	163,149,212	4,306,910	(860,792)	166,595,330
Total cost of capital assets	193,552,469	5,078,763	(897,152)	197,734,080
Less accumulated depreciation				
Buildings	28,874,635	2,696,475	-	31,571,110
Improvement other than buildings	942,946	325,153	-	1,268,099
Moveable equip, furniture & library books	24,042,897	1,914,198	(732,884)	25,224,211
Total accumulated depreciation	53,860,478	4,935,826	(732,884)	58,063,420
Capital assets, net	$139,691,991	142,937	(164,268)	$139,670,660

Note 4 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Land	$ 29,674,722	-	-	$29,674,722
Works of Art	286,500	-	-	286,500
Construction in Progress	5,471,114	442,035	(5,471,114)	442,035
Total cost of nondepreciable capital assets	35,432,336	442,035	(5,471,114)	30,403,257
Buildings	114,416,906	7,917,476	(404,116)	121,930,266
Improvements other than buildings	5,772,980	763,692	-	6,536,672
Moveable equip, furniture and library books	32,674,663	2,919,720	(912,109)	34,682,274
Total cost of depreciable capital assets	152,864,549	11,600,888	(1,316,225)	163,149,212
Total cost of capital assets	188,296,885	12,042,923	(6,787,339)	193,552,469
Less accumulated depreciation				
Buildings	26,417,172	2,577,650	(120,187)	28,874,635
Improvement other than buildings	609,614	333,332	-	942,946
Moveable equip, furniture & library books	23,184,258	1,726,177	(867,538)	24,042,897
Total accumulated depreciation	50,211,044	4,637,159	(987,725)	53,860,478
Capital assets, net	$138,085,841	7,405,764	(5,799,614)	$139,691,991

Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2008 and 2007, are as follows:

	2008	2007
Payable to vendors and contractors	$6,421,850	$ 5,848,754
Accrued expenses, primarily payroll and vacation leave	4,141,706	3,745,098
Employee withholdings and deposits payable to third parties	476,832	467,242
	$11,040,388	$10,061,094
Current	$10,356,466	$ 9,419,291
Noncurrent	683,922	641,803

Note 6 - Long Term Debt

Long-term debt as of June 30, 2008 and 2007 is summarized as follows:

	Balance June 30, 2007	New Debt	Reduction	Balance June 30, 2008	Current Portion	Noncurrent Portion
Series 1997 bonds with interest rates ranging from 3.95 to 5.75%, due serially through 2016	$ 500,000	-	(500,000)	$ -	$ -	$ -
Series 2003 bonds with interest rates ranging from 2.0% to 4.5% due serially through 2023	13,410,000	-	(1,075,000)	12,335,000	1,090,000	11,245,000
Series 2007 bonds with interest rates ranging from 4.0% to 4.25% due serially through 2017	5,920,000	-	-	5,920,000	545,000	5,375,000
Annuity Obligation	2,320,828	-	(59,883)	2,260,945	65,500	2,195,445
Total	$22,150,828	-	(1,634,883)	$20,515,945	$1,700,500	$18,815,445

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

Years Ended June 30	Principal	Interest	Total
2009	$1,700,500	$917,143	$2,617,643
2010	1,781,645	854,236	2,635,881
2011	1,298,365	790,016	2,088,381
2012	1,350,717	736,339	2,087,056
2013	1,403,757	680,449	2,084,206
2014-2018	7,198,419	2,764,385	9,962,804
2019-2023	5,245,390	1,267,617	6,513,007
2024 – 2028	537,152	222,275	759,427
Total	$20,515,945	$8,232,460	$28,748,405

Note 6 - Long-Term Debt (Continued)

The bonds are serviced by the general receipts of the College, except for receipts expressly excluded as stated in the trust indentures dated April 1, 2007, and December 1, 2003.

At the sole option of the College, 2003 bonds maturing on or after June 1, 2014 are subject to prior redemption, in whole on any date or part (in integral multiples of $5,000). The following summarizes redemption prices (expressed as percentages of the principle amount redeemed), plus accrued interest to the redemption date:

Redemption Dates (inclusive)	Redemption Price
Series 2003	
06/01/2014 and thereafter	100%

The Series 2003 maturing June 1, 2020, and June 1, 2023, in the aggregate principal amount of $5,335,000, (the "Term Bonds"), are also subject to mandatory sinking-fund redemption in part by lot pursuant to the terms of the First Supplement Trust Agreement. The Series 2007 bonds are not subject to redemption prior to maturity.

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

Year	Series 2003	Series 2007
2011	$ -	-
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2016	-	-
2018	800,000	-
2019	830,000	-
2020	870,000	-
2021	905,000	-
2022	945,000	-
2023	985,000	-

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

Operating Lease Obligation

The College also leases classroom space for its off-campus sites under operating leases, which have ending dates ranging through 2013. Future minimum lease payments under operating leases at June 30, 2008, are as follows:

2009	$595,044
2010	596,439
2011	604,233
2012	448,179
2013	55,467
	$2,299,362

Note 7 - Compensated Absences

College faculty and support staff accrue vacation benefits. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the College. The amount of sick leave benefit payable at retirement is one-fourth of the value of the accrued but unused sick leave up to a maximum of 320 hours.

The College accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "vesting method" which is set forth in Appendix C, Example 5 of GASB Statement No. 16, Accounting for Compensated Absences. Under the vesting method, the College calculates the probability factor that employees will meet retention and eligibility requirements.

The liability for the cost of vacation and sick leave benefits is approximately $2,975,569 and $2,774,419 as of June 30, 2008 and 2007, respectively.

Note 8 - State Support

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

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

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

Note 9 - Retirement Plans

State Teachers Retirement System (STRS)

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

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

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefits (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan.

Note 9 - Retirement Plans (Continued)

In the Combined Plan, member contributions are allocated to investment choices by the member, the employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

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

DC Plan Benefits – Benefits are established under Sections 3307.8 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

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

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

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

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are guaranteed.

Note 9 - Retirement Plans (Continued)

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teacher Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The College's contributions, which represent 100% of the required contribution, for the years ended June 30, 2008, 2007, and 2006 were $5,647,778, $5,118,714, and $5,118,842, respectively.

STRS issues stand-alone financial reports that include financial statements and required supplementary information. The STRS report may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3371, by calling (888)227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

School Employees Retirement System of Ohio (SERS)
Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The College's contributions to SERS for the years ended June 30, 2008, 2007, and 2006 were $4,173,968, $ 3,869,135, and $3,726,359, respectively, which equaled the required contributions each year.

Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

Alternative Retirement Plan
The State of Ohio requires public institutions of higher education to offer an alternative retirement plan. This option is an alternate to participating in both the State Teachers Retirement System and the School Employees Retirement System. The alternative retirement plan shall be a defined-contribution plan, with the Ohio employer contribution rate of 3.5% for STRS and 6% for SERS. The College has implemented the alternative retirement plan. In fiscal years 2008 and 2007, the College's contributions were $26,897 and $22,954, respectively for STRS and $26,846 and $13, 923, respectively for SERS.

Note 10 - Other Postemployment Benefits

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

State Teachers Retirement System (STRS)
STRS provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The Revised Code grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

Note 10 - Other Postemployment Benefits (Continued)

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For fiscal years ended June 30, 2007, and June 30, 2006, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $4.1 billion on June 30, 2007. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were $265,558,000. There were 122,934 eligible benefit recipients.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007, and 2006. The 14% employer contribution is the maximum rate established under Ohio law. The College's post-employment health care contributions for the years ended June 30, 2008, 2007, and 2006 were $403,413, $365,622, and $365,632, respectively.

School Employees Retirement System of Ohio (SERS)

Medicare Part B Plan
The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was $93.50; SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007, the actuarially required allocation was .68%. The College contributions for the years ended June 30, 2008, 2007, and 2006, were $202,734, $187,928, and $180,993, respectively, which equaled the required contributions for the year.

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

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2007 annual valuation, was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The College contributions for the years ended June 30, 2008, 2007, and 2006 were $1,406,183, $1,318,401, and $1,250,250, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2007, the minimum compensation level was established at $35,800.

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

Note 11 - 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. The College has an agreement with Wells Fargo Insurance Services, LLC, a risk management and brokerage company, to aid in this area. 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, law enforcement, liquor liability, golf club management liability, and automobile insurance. Coverage amounts vary in terms of peril insured against. The College has not had a significant reduction in coverage from the prior year. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years.

Note 12 - Capital Projects Commitments

At June 30, 2008 and 2007, the College was committed to future capital expenditures as follows:

	2008	2007
Contractual commitments		
Aquinas Hall Boiler	$ 25,000	$ -
Delaware Hall Renovation	175,000	-
Delaware Campus	4,200,000	4,200,000
Union Hall Boiler	-	177,812
Aquinas Hall Roof	-	99,700
339 Cleveland Avenue	-	594,630
Eibling Hall	-	177,925
Total future project costs	$4,400,000	$5,250,067

Note 13 - Encumbrances

Encumbrances are contractual commitments made by the College for the purchase of goods and services. However, as of the balance sheet date, such goods have not been delivered or services rendered. Encumbrances (excluding amounts for Board allocations) were $46,240 and $29,522, as of June 30, 2008 and 2007.

Note 14 - Pending Litigation

At June 30, 2008, 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 15 - Operating Expenses By Natural Classification

The College's operating expenses by natural classification were as follows for the years ended June 30, 2008 and 2007:

	2008	2007
Salaries and wages	$ 74,265,733	$ 68,124,111
Employee benefits	18,183,778	16,441,932
Utilities	3,201,897	3,127,910
Supplies and other services	33,042,341	31,382,053
Depreciation	4,935,826	4,479,666
Student scholarships and financial aid	17,131,485	14,211,893
Total	$150,761,060	$137,767,565

Note 16 - 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 financials statements can be obtained by contacting the Foundation's business office.

Organization

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue and recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial statements for these differences.

Cash, Cash Equivalents and Investments

As discussed in Note 2, Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the disclosure of essential risk information about deposits and investments. As of June 30, 2008, the Foundation had bank cash carrying value of $285,960, which was exposed to custodial credit risk. These funds were uninsured but collateralized with the collateral held by the pledging bank's trust department but not in the College's name.

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. The following summarizes the cost and fair value of investments of the Foundation at June 30, 2008:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Closed End Equity Funds	$ 2,985,939	$ 3,111,907	$ 3,161,713	$ 3,624,558
Common Stocks/Options	1,085,777	1,079,973	731,482	792,791
	$ 4,071,716	$ 4,191,880	$ 3,893,195	$ 4,417,349

Promises to Give

Unconditional promises to give consist of the following as of June 30, 2008 and 2007:

	2008	2007
Outstanding pledges at year end	$ 450,909	$ 500,559
Less: Discounts and allowance for uncollectible pledges	(5,688)	(24,150)
Unconditional promises to give, net	$ 445,221	$ 476,409

As of June 30, 2008:

	Gross Amount	Allowance/ Discount	Net Amount
Amounts due to be received in:			
Less than one year	$210,909	-	$210,909
One to five years	240,000	(5,688)	234,312
Total	$450,909	(5,688)	$445,221

As of June 30, 2007:

	Gross Amount	Allowance/ Discount	Net Amount
Amounts due to be received in:			
Less than one year	$ 190,559	-	$ 190,559
One to five years	310,000	(24,150)	285,850
Total	$ 500,559	(24,150)	$ 476,409

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

	CFDA #	Pass Through Number	Disbursements
US DEPARTMENT OF EDUCATION			
Direct Recipient			
Student Financial Aid Cluster:			
FSEOG	84.007		$ 559,400
FFEL	84.032		38,448,139
Work Study	84.033		333,720
Academic Competitiveness Grants	84.375		41,967
Federal Pell Grant	84.063		22,114,825
			61,498,051
TRIO Cluster			
TRIO Upward Bound	84.047		294,167
TRIO Student Support Services	84.042		235,635
TRIO Talent Search	84.044		211,624
			741,426
Child Care Access Means Parents in School	84.335		33,676
Business and International Education Projects	84.153		23,586
Passed through State Department of Education			
Career and Technical Education - Basic Grants to States	84.048	20-C2	277,558
Career and Technical Education - Basic Grants to States	84.048		2,997
Tech Prep Education	84.243	3E-00	331,095
Twenty -First Century Community Learning Centers	84.287	3Y20	125,073
Passed through Columbus Public Schools			
Teacher Quality Enhancement Grants	84.336		124,386
Total Department of Education			**63,157,848**
US DEPARTMENT OF LABOR			
Direct Recipient			
WIA Pilots, Demonstrations, and Research Projects	17.261		41,592
Passed through Central Ohio Workforce Investment Corporation			
WIA Cluster			
WIA Adult Program	17.258		341,196
WIA Youth Activities	17.259		57,485
WIA Dislocated Workers	17.260		7,756
Total WIA Cluster			448,029

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

	CFDA #	Pass Through Number	Disbursements
Employment Service/Wagner-Peyser Funded Activities	17.207		134,188
Passed through Ohio Department of Jobs and Family Services			
Trade Adjustment Assistance	17.245		20,203
Passed through Franklin County Jobs and Family Services			
WIA Adult Programs	17.258		39,342
Total Department of Labor			641,762
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Franklin County Jobs and Family Services			
Temporary Assistance for Needy Families	93.558		721,643
Refugee and Entrant Assistance_State Administered Programs	93.566		174,631
Total Department of Health and Human Services			896,274
SMALL BUSINESS ADMINISTRATION			
Passed through Ohio Department of Development			
Small Business Development Center	59.037		505,280
VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS			
Vocational Rehabilitation for Disabled Veterans	64.116		15,450
DEPARTMENT OF TRANSPORTATION			
Passed through Public Utilities Commission of Ohio			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		20,016
DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education			
Summer Food Service Program for Children	10.559		7,944
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
AmeriCorps	94.006		63,847
NATIONAL SCIENCE FOUNDATION			
Passed through OSURF			
Mathematical and Physical Sciences	47.049		21,803
TOTAL FEDERAL AWARD EXPENDITURES			$ 65,330,224

COLUMBUS STATE COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 1 - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the College's financial statements.

Note 2 - Federal Family Education Loan Program

The amount included on the schedule of expenditures of federal awards represents new loans advanced during the fiscal year ended June 30, 2008. The College is not a direct lender of Federal Family Education Loans (FFELs). The amount represents the value of new FFELs awarded and disbursed to the College's students during the year as follows:

Federal Subsidized Stafford Loans	$24,121,765
Federal Unsubsidized Stafford Loans	13,809,219
Federal PLUS Loans	517,155
Total FFELs	$ 38,448,139

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INDEPENDENT AUDITORS' 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 the financial statements of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Parms & Company, LLC

October 15, 2008
Columbus, Ohio

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Columbus State Community College

Compliance

We have audited the compliance of Columbus State Community College, a component unit of the State of Ohio, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Columbus State Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Columbus State Community College's management. Our responsibility is to express an opinion on Columbus State Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus State Community 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. Our audit does not provide a legal determination on Columbus State Community College's compliance with those requirements.

In our opinion, Columbus State Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Columbus State Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Columbus State Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in the entity's internal control over compliance 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 noncompliance with the type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with the type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parms & Company, LLC

October 15, 2008
Columbus, Ohio

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

Section I. Summary of Auditor's Results

A. *Financial Statements*:

1.	Type of auditor's report issued:	UNQUALIFIED
2.	Internal control over financial reporting:	
a.	Material weakness(es) identified?	___Yes _X_No
b.	Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___Yes _X_No
3.	Noncompliance material to financial statements noted?	___Yes _X_No

B. *Federal Awards:*

1.	Internal control over major programs:	
a.	Material weakness(es) identified?	___Yes _X_No
b.	Significant deficiency(ies) identified that are Not considered to be material weakness(es)?	___Yes _X_No
2.	Type of auditor's report issued on compliance for major programs:	UNQUALIFIED
3.	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___Yes _X_No
4.	Identification of major programs by program name (CFDA Number(s)):	
	• Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.375 and 84.063)	
5.	Dollar threshold used to distinguish between Type A and Type B programs:	$ 794,068
6.	Auditee qualified as low-risk auditee?	_X_Yes ___No

Section II. Financial Statement Findings

No findings.

Section III. Federal Award Findings and Questioned Costs

No findings.

Section IV. Summary of Prior Audit Findings

The prior audit report contained no audit findings and no questioned costs.

Mary Taylor, CPA
Auditor of State

COLUMBUS STATE COMMUNITY COLLEGE

FRANKLIN COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 20, 2009

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