EDISON STATE COMMUNITY COLLEGE

ANNUAL REPORT
WITH SUPPLEMENTAL INFORMATION
June 30, 2012 and 2011

Dave Yost • Auditor of State

Board of Directors
Edison State Community College
1973 Edison Drive
Piqua, Ohio 45356

We have reviewed the *Independent Auditor's Report* of the Edison State Community College, Miami County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2011 through June 30, 2012. 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 Edison State Community College is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

December 10, 2012

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EDISON STATE COMMUNITY COLLEGE
Piqua, Ohio

ANNUAL REPORT
June 30, 2012 and 2011

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Independent Auditor's Report

To the Board of Trustees
Edison State Community College

We have audited the accompanying statements of net assets of Edison State Community College (the "College") and its discretely presented component unit as of June 30, 2012 and 2011 and the related results of its operations 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 audits 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edison State Community College and its discretely presented component unit at June 30, 2012 and 2011 and the results of its operations and changes in net assets and cash flows, if applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13 to the financial statements, the Foundation's June 30, 2011 financial statements have been restated to correct a misstatement.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012 on our consideration of Edison State Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions 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 considered in assessing the results of our audit.

To the Board of Trustees
Edison State Community College

The accompanying other supplemental information and schedule of expenditures of federal awards are presented for the purpose 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, as identified on pages 3-15, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

October 8, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Edison State Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2012 and 2011. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with College management.

Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*. This Statement requires a comprehensive look at the entity as a whole and presents a long-term view of the entity's finances. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis – for Public Colleges and Universities,* which applies these standards to public colleges and universities.

The standards require three basic financial statements: the statement of net assets, the statement of revenue, expenses, and changes in net assets, and the statement of cash flows.

This annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements in the above-referred format, notes to financial statements, and supplemental information.

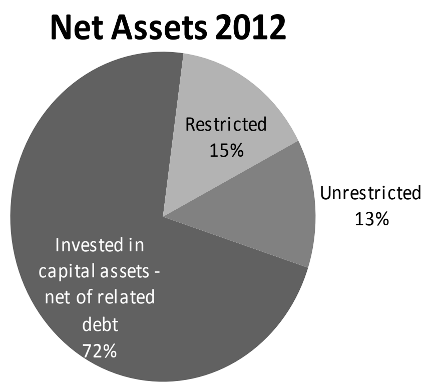
These statements include all assets and liabilities under the accrual basis of accounting, which is the same as the accounting used by most private sector institutions. All of the current year's revenue and expenses are taken in account regardless of when the cash is received or paid.

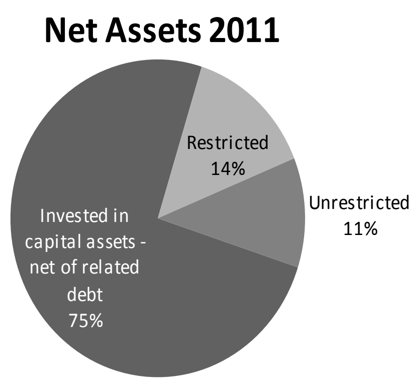
Financial Highlights

In the fiscal year ended June 30, 2012, the College's revenue and other support exceeded expenses, creating an increase in net assets of $953,816, and unrestricted net assets increased by $402,598. Although revenue declined from 2011, operating expenses also declined. A total of $475,000 of the increase in total net assets was the result of the Edison Foundation transferring that same amount of Inventing Tomorrow Together Capital Campaign funds to the College. Those restricted funds can only be used by the College for debt service on the Series 2006 bonds which were issued to finance construction of the Emerson Center.

In addition, the cash and short-term investment position of the College increased by $991,661.

The following charts provide a graphical breakdown of net assets by category for the fiscal years ended June 30, 2012 and 2011.





The Statements of Net Assets and the Statements of Revenue, Expenses, and Changes in Net Assets

One of the most important questions asked about the College's finances is whether the College as a whole is better off or worse off as a result of the year's activities. The Statements of Net Assets and the Statements of Revenue, Expenses, and Changes in Net Assets report information on the College as a whole and on its activities in a way that helps answer this question. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider many other non-financial factors, such as the trend and quality of applicants, class size, student retention, strength of faculty, condition of the buildings, and the safety of campus, to assess the overall health of the College. Although the College's financial position was stronger at June 30, 2012 than it was in the prior year, it did not improve as much as it did in 2011. That was a result of careful cost containment and increased tuition rates offset by lower enrollment and reduced state support. The College's financial position in fiscal year 2011 improved dramatically over 2010 primarily as a result of a significant increase in enrollment in 2011 along with a large transfer from the Edison Foundation to the College.

The following is a summary of the major components of net assets and operating results of the College as of and for the years ended June 30, 2012, 2011, and 2010:

	2012	2011	2010
Current assets	$ 10,522,930	$ 9,263,487	$ 8,216,034
Noncurrent assets			
Capital assets - Net	17,833,880	17,862,192	18,509,053
Other	1,003,237	1,516,451	-
Total assets	$ 29,360,047	$ 28,642,130	$ 26,725,087
Current liabilities	$ 5,501,882	$ 5,584,429	$ 5,704,124
Noncurrent liabilities	3,667,444	3,820,796	4,134,354
Total liabilities	9,169,326	9,405,225	9,838,478
Net Assets			
Invested in capital assets - Net of related debt	14,568,793	14,393,344	14,727,050
Restricted	3,071,768	2,695,999	906,677
Unrestricted	2,550,160	2,147,562	1,252,882
Total net assets	20,190,721	19,236,905	16,886,609
Total liabilities and net assets	$ 29,360,047	$ 28,642,130	$ 26,725,087

	Years Ended June 30		
	2012	2011	2010
Operating revenues			
Student tuition and fees	$ 9,977,166	$ 10,289,354	$ 9,373,739
Less grants and scholarships	(6,151,638)	(6,249,923)	(4,780,011)
Net student tuition and fees	3,825,528	4,039,431	4,593,728
Federal grants and contracts	654,593	381,116	661,795
State and local grants and contracts	105,046	186,209	210,323
Auxiliary activities	333,599	302,213	830,065
Other operating revenues	164,570	196,557	184,251
Total operating revenues	5,083,336	5,105,526	6,480,162
Operating expenses			
Educational and general instruction			
Instruction	7,113,594	7,450,109	7,015,022
Public service	746,005	775,868	777,437
Academic support	1,062,891	1,023,024	927,814
Student services	1,764,416	2,068,881	2,185,489
Institutional support	4,286,844	4,417,859	4,070,714
Plant operations and maintenance	1,441,299	1,573,059	1,556,857
Depreciation	988,764	1,023,013	1,132,835
Student aid	228,444	231,284	242,286
Auxiliary enterprises - bookstore	10,297	11,020	746,051
Total operating expenses	17,642,554	18,574,117	18,654,505
Operating loss	(12,559,218)	(13,468,591)	(12,174,343)
Nonoperating revenues (expenses) and other revenues			
Federal grants and contracts	6,050,015	6,096,452	4,936,064
State appropriations including ARRA funds	6,564,156	7,232,828	7,129,112
Interest expense	(168,828)	(179,820)	(193,611)
Other nonoperating revenues	548,160	2,196,969	191,611
Capital grants	334,249	334,249	334,249
Capital appropriations	185,282	138,209	706,962
Total nonoperating revenues and other revenues	13,513,034	15,818,887	13,104,387
Change in net assets	$ 953,816	$ 2,350,296	$ 930,044

Operating Revenue

Operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition and fees and bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for service.

The following factors had a significant impact on the fiscal year 2012 operating revenue:

- Student tuition and fees decreased by 3.0%, or $312,188 because academic year 2011/2012 enrollment was down by 6.8% as compared to the prior year. The enrollment decline was partially offset by an increase in tuition and fees of $4.30 per credit hour, or 3.5%. Net student tuition and fees declined by $213,903, or 5.3%.

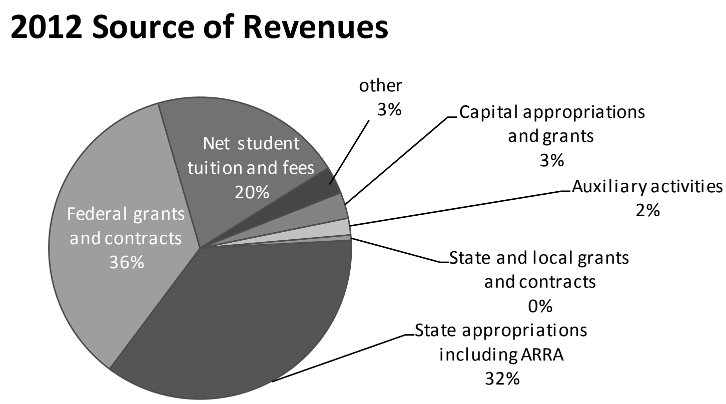
- Federal grants and contracts revenue increased by $273,477 or 71.8%, because the College received a $450,600 Energy Efficiency Conservation Block Grant that was awarded in late FY2011. Although the grant was awarded in FY2011, the revenue was received in FY2012 as expenses which it funded were incurred. That grant was offset by decreases in other federal grants.
- State and Local Grants were $81,163 or 43.6% lower than in 2011 due to the almost total elimination of State Tech Prep funding.

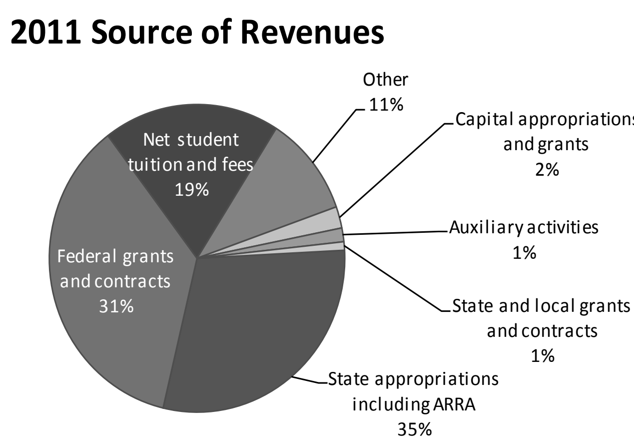
The following factors had a significant impact on fiscal year 2011 operating revenue:

- Academic year 2010/2011 enrollment was up by 4.9% as compared to the prior year, and fees were increased by 3.46% per credit hour. As a result, student tuition and fees revenue increased by $915,615. However, net student tuition and fees decreased because grants and scholarships increased by 31% - primarily as a result of more students qualifying for Pell Grants.

- Federal grants and contracts revenue decreased by 42.4%, or $280,679 because the College completed the Department of Labor Community Based Job Training Grant in fiscal year 2010. Consequently, there was no significant revenue from that item in 2011.
- In November 2009, Edison State Community College contracted with the Follett Higher Education Group to operate the Edison Bookstore. In accordance with that agreement, Follett pays Edison a commission based on a percentage of the bookstore sales. As a result, Edison no longer recognizes sales revenue for the bookstore, but instead recognizes only the commission revenue. In 2010, the College still recognized the sales revenue for the first five months of the year until Follett assumed responsibility for operating the bookstore. Consequently, revenue from auxiliary activities were $527,852, or 63.6%, lower in 2011 as compared to fiscal year 2010. However, the College's profits from the bookstore remained very healthy for 2011.
- In addition, the College no longer presents Auxiliary revenue net of grants and scholarships due to the change from sales revenue to commissions.

The following is a graphic illustration of total revenue by source:





Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and functions of the College.

Fiscal year 2012 expenses were affected by the following:

- Instructional spending was down by $336,515, or 4.5%, primarily because lower enrollment enabled the College to reduce the number of course sections offered, thus reducing the expense of part-time faculty.

- Student services spending was $304,465, or 14.7% lower due to two factors. The largest was the almost complete elimination by the State of Ohio of the Tech Prep grant program and its attendant expenses. The remainder of the decrease was a result of cost savings and expense management in several of the departments.
- Institutional support spending decreased by $131,015, or 3.0% as a result of the presidential search being completed in 2011 thus resulting in elimination of those expenses in 2012.
- Plant Operations and maintenance declined by $131,760 or 8.4% as a result of energy savings and reductions in repair and maintenance expenses which were achieved without deferring maintenance

Fiscal year 2011 expenses were affected by the following:

- Instructional spending was up by $435,087, or 6.2%, primarily because two vacant dean positions were filled near the beginning of fiscal year 2011 and additional instructors were hired to fill new or vacant positions in sciences, engineering, and information technology. The College also made new investments in classroom technology and nursing accreditation renewal.

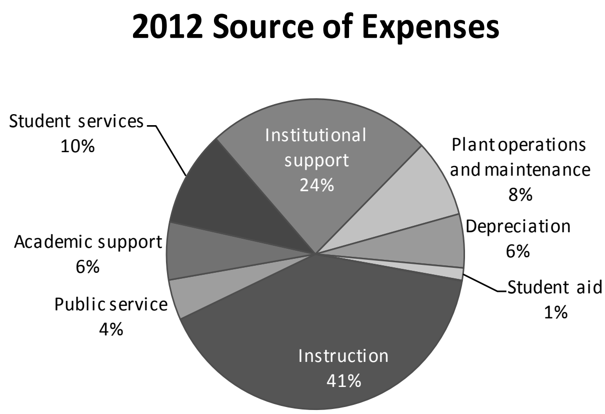
- Student services spending was $116,608, or 5.3% lower due to the completion of the Department of Labor Community Based Job Training Grant in the prior year which reduced spending for that initiative by $316,807. That savings was partially offset by increased personnel costs to expand and improve services to students.

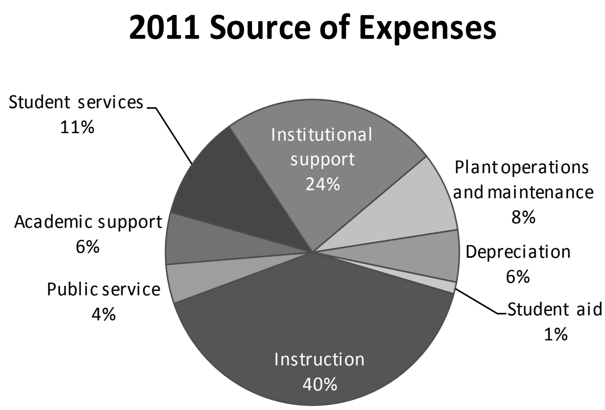
- Institutional support spending increased by $347,145, or 8.5%. Most of that was due to the retirement of Edison's long-time president, resulting in expenses for a presidential search and the payout of unaccrued benefits. In addition, Edison invested funds for the implementation of new reporting and financial software as well as information technology consulting to improve financial aid processing.

- Depreciation Expense declined by $109,822, or 9.7% as a result of some capitalized equipment being fully depreciated.

- Due to the agreement with Follett Higher Education Group described above under Operating Revenue, the College no longer has the expense of cost of goods sold, or personnel for the Edison State Community College Bookstore. Consequently, the 2011 bookstore expenses only reflect the cost software used to link the store's point of sale system with the College's ERP system to enable students to purchase books and supplies with their financial aid. In 2010, the College still recognized the expenses for five months of all operational and merchandise costs for the bookstore. Consequently, the 2011 bookstore expense is only 1.5% of what it was in 2010, and it will remain at a very low level for the foreseeable future.

The following is a graphic illustration of total expenses by function:





Nonoperating and Other Revenues

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations and certain federal grants and contracts.

Fiscal year 2012 nonoperating and other revenues were significantly affected by the following factors:

- State appropriations including ARRA funds, known as State Share of Instruction, decreased by 9.2% or $668,672 due to a lower state appropriation for all state colleges and universities.
- Gifts from the Foundation included $475,000 of contributions collected by the Inventing Tomorrow Together Capital Campaign in FY2012 and transferred from the Foundation to the College. In addition, scholarship and other funds transferred amounted to $50,720. The total of $525,720 was significantly lower than the total in FY2011, because in FY2011, the Foundation transferred all of the gifts from the Foundation that were received as pledge commitments in FY2011 and prior years. See below for more information about FY2011.

Fiscal year 2011 nonoperating and other revenues were significantly affected by the following factors:

- Federal grants and contracts increased by $1,160,388 or 23.5% primarily because a higher percentage of students were eligible for Pell Grants, but also because of increased enrollment. The increase in Pell Grants has no direct impact on the College's net assets, because they are subtracted from student tuition and fees under operating revenue.
- State appropriations, including ARRA funds, known as State Share of Instruction, increased by 1.5%, or $103,716.
- Gifts from the Foundation increased by $1,929,060, or 780%. That was a result of the Edison Foundation transferring accumulated funds collected by the Inventing Tomorrow Together Capital Campaign to the College. Prior to fiscal year 2011, the Foundation only transferred the amount of Capital Campaign Funds necessary to make debt service payments on the Series 2006 Bonds.
- Capital appropriations decreased $568,753, or 80.5%, because the only state-funded renovation/building project that the College had in fiscal year 2011 was the completion of a project begun in fiscal year 2010 to renovate and create science labs.

Statement of Cash Flows

Another way to assess the financial health of the College is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the entity during a period. The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its needs for external financing

Cash Flows for the Years Ended June 30, 2012, 2011, and 2010

	2012	2011	2010
Cash provided by (used in):			
Operating activities	$ (11,870,472)	$ (12,581,056)	$ (10,953,055)
Noncapital financing activities	13,139,891	15,505,646	12,312,397
Capital and related fnancing activities	(832,322)	(392,281)	(340,179)
Investing activities	(159,267)	(3,286,952)	476
Net increase (decrease) in cash and cash equivalents	277,830	(754,643)	1,019,639
Cash and cash equivalents - beginning of year	1,497,372	2,252,015	1,232,376
Cash and cash equivalents - end of year	$ 1,775,202	$ 1,497,372	$ 2,252,015

The College's cash position improved by $277,830 in fiscal year 2012. The primary reason for that increase was revenue exceeded expenses by $953,816, although the impact on cash position was partially offset by an increase in accounts receivable and the use of cash to make principal payments on debt and to purchase investments.

In fiscal year 2011, the College's cash position decreased by $754,643 primarily because of an investment of $1,791,105 of cash in short-term certificates of deposit which reduced the cash position by a like amount.

Capital Assets

As of June 30, 2012, the College had $31.5 million in capital assets, less accumulated depreciation of $13.7 million for a net of $17.8 million invested. Depreciation charges totaled approximately $1.0 million for the current and prior fiscal years, and $1.1 million for 2010.

The net book value of capital assets at June 30, 2012, 2011, and 2010 is as follows:

	2012	2011	2010
Land and land improvements	$ 751,218	$ 738,554	$ 759,084
Building and improvements	6,745,340	6,522,231	6,529,660
Student conference center	3,383,952	3,553,561	3,722,810
Center for Excellence	6,314,193	6,472,826	6,632,637
Equipment	639,072	574,915	600,557
Vehicles	105	105	5,014
Capital work in progress	-	-	259,291
Total	$ 17,833,880	$ 17,862,192	$ 18,509,053

Long-Term Debt

In December 2010, the College retired a 5.75% series 2000 Revenue Bond. The College currently has bonds payable which consist of a 4.0% series 2006 General Receipts Bond due December 2026. Scheduled interest and principal payments have been made on the bonds.

For more detailed information on current outstanding debt, see Notes 5 and 6 to the financial statements.

Economic Factors and Future Years' Budgets

In the year 2012, community colleges are being pushed to make bigger changes and in new directions. Both national and state trends are exerting pressure on Edison State Community College to make fundamental changes in the way the College views and carries out its mission. Fortunately, the College has been adapting its plans and operations to that end since the Ohio Board of Regents initiated the University System of Ohio and adopted the "Strategic Plan for Higher Education 2008-2017".

The most challenging change facing community colleges in general as well as Edison State Community College is the change from emphasizing enrollment to student success. Community colleges have traditionally been charged with the primary mission of providing access to higher education for all potential students. "Access" was defined by open-enrollment admissions policies, low-cost tuition, a high level of student services – especially in the area of financial aid processes, a wide variety of academic programs, and locational convenience to the geographically place-bound. As a result of that emphasis on access, the allocation formulas for state support to state community colleges have traditionally been based solely on enrollment with a few adjustments made to encourage lower tuition rates.

The downside to the emphasis on access was that many people who became students of community colleges did not complete a program or course of study that prepared them for future employment. Those students were given the access and opportunity to prepare for a better future, but they were not successful in doing so. Not only was that a failure to help those students achieve a better future, it was also a failure for the employers who need qualified workers.

As the 21st Century began, it was apparent to educators, researchers, legislators, employers, and the population in general that both two- and four-year institutions needed to improve on the number of students who successfully completed programs of study. In the state of Ohio, government leaders saw that as essential to improving the state's economic competitiveness both on a national and global level. As a result, Ohio's "Strategic Plan for Higher Education 2008-2017" set goals of increasing the number of students graduating from state institutions from 72,657 per year to 100,000 per year in 2017. The goal for associate degree attainment was set for 28,000 per year in 2017 as compared to the 18,156 associate degrees awarded prior to the goal being set. To that end, state colleges and universities committed to specific goals for success over the next 10 years. Those goals meant that each institution was charged with enrolling more students, graduating a significantly higher percentage of them, and doing so in less time.

As part and parcel of that effort to improve student success, representatives from the University System of Ohio institutions worked with the Ohio Board of Regents to make significant changes to the formula used to allocate state support – known as the State Share of Instruction or SSI – to the various colleges and universities. Whereas in the past that allocation was made predominantly on the basis of enrollment, the new SSI formula also included allocation based on "success points". The conferees who designed the new formula quickly came to realize that the definition of success is very different for two-year and four-year institutions. Whereas success at a four-year institution can be narrowly defined as degree attainment (e.g., receiving a bachelor's degree), success for a community college student can mean several different things. Although some community college students have a goal of attaining an associate degree, success for others might be completing their freshman year at the two-year school and then transferring to a four-year school where they will pursue a bachelor's degree. For some it might mean acquiring a certificate that provides them with the training and credentials to move into a better paying occupation. For yet others, it might just mean that they need to take a particular course that their employer wants them to have so that they will be qualified for a promotion. Students at the branch campuses of four-year universities also have unique goals which are different from students at main campuses of universities and community colleges.

As a result, the conferees made the decision to create three different formulas for SSI allocation – one for two-year colleges, one for four-year universities, and a third formula for branch campuses of universities. They also recommended that the state legislature appropriate separate pools of funding for each sector, and that was passed by the Ohio Legislature in the 2010/2011 biennial budget.

The new formulas included components that encouraged the institutions to achieve their sector's definition of success. For the two-year institutions, that included: measurements of completing developmental/remedial course work that would prepare them for success in subsequent courses, the number of students completing 15 or 30 credit hours of coursework, associate degrees completed, and students transferring to Ohio, four-year universities. That success component of the formula was phased in gradually over the next four years, with 10% of the total allocation in Fiscal Year 2013 being based on the success components.

As we complete the 2012/2013 biennia, representatives of the state colleges and universities are working on further changes to the SSI allocation formulas to be used in the upcoming biennial budget for the State of Ohio. At this point, it is too early to predict what the exact nature of those changes will be. However, it is widely expected that the new formula will not only continue to emphasize academic success, but that the weighting for success will be increased significantly beyond the current 10%. The greatest challenge to improving the formula for the community colleges will continue to be defining what success means for students in ways that can be measured consistently across all of the colleges in that sector.

For the community colleges, the key going forward will be to continually improve the success rates of our students. However, we are still charged with providing access, or open enrollment, to our service areas. So we must achieve new goals while continuing to achieve the old ones. Fortunately, we have been working toward those ends for the past four years, and several national organizations are providing support with research and similar resources.

Finally, the other important and worthwhile change pressuring Ohio community colleges is work force development. In the state of Ohio, as in the rest of the country, we have students graduating with degrees that do not improve their employability while at the same time employers have job openings which they cannot fill due to a lack of qualified workers. Leaders of state government who want our citizens to prosper, Ohio to be globally competitive, and our educational system to remain vibrant see the need for colleges and universities to do a better job of matching the education and training which they provide with the needs of current and future employers.

The challenges of improving student success, maintaining access, and better preparing students for prosperous careers require innovation, commitment, and dependable state funding.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF NET ASSETS
Years Ended June 30, 2012 and 2011

	College 2012	College 2011	College Related Foundation 2012	College Related Foundation 2011
Assets				
Current Assets				
Cash and cash equivalents	$ 1,775,202	$ 1,497,372	$ -	$ -
Investments	2,533,196	1,819,365	-	-
Accounts and pledges receivable (net)	6,046,271	5,782,294	105,717	245,900
Prepaid expenses and other	158,502	148,718	4,085	3,950
Inventories	9,759	15,738	-	-
Total current assets	10,522,930	9,263,487	109,802	249,850
Noncurrent Assets				
Account and pledges receivable (net)	-	-	96,790	207,080
Restricted investments	1,003,237	1,516,451	303,254	503,801
Investments	-	-	1,517,769	1,474,496
Capital assets (net)	17,833,880	17,862,192	-	-
Total noncurrent assets	18,837,117	19,378,643	1,917,813	2,185,377
Total assets	$ 29,360,047	$ 28,642,130	$ 2,027,615	$ 2,435,227
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accruals	$ 764,798	$ 504,531	$ -	$ 431
Accrued salaries, wages, and benefits	598,521	847,106	-	-
Deferred revenues	3,896,971	4,013,934	-	-
Capital lease obligation, current	81,592	63,858	-	-
Long-term debt, current	160,000	155,000	-	-
Total current liabilities	5,501,882	5,584,429	-	431
Noncurrent Liabilities				
Accrued compensated absences	298,707	225,662	-	-
Capital lease obligation	178,737	245,134	-	-
Long-term debt	3,190,000	3,350,000	-	-
Total liabilities	9,169,326	9,405,225	-	431
Net Assets				
Invested in capital assets - net of related debt	14,568,793	14,393,344	-	-
Restricted - expendable	3,071,768	2,695,999	672,847	1,046,920
Restricted - nonexpendable	-	-	132,332	133,232
Unrestricted	2,550,160	2,147,562	1,222,436	1,254,644
Total net assets	20,190,721	19,236,905	2,027,615	2,434,796
Total liabilities and net assets	$ 29,360,047	$ 28,642,130	$ 2,027,615	$ 2,435,227

See Notes to Financial Statements.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended June 30, 2012 and 2011

	College 2012	College 2011	College Related Foundation 2012	College Related Foundation 2011
Operating revenue				
Student tuition and fees	$ 9,977,166	$10,289,354	$ -	$ -
Less grants and scholarships	(6,151,638)	(6,249,923)	-	-
Net student tuition and fees	3,825,528	4,039,431	-	-
Federal grants and contracts	654,593	381,116	-	-
State and local grants and contracts	105,046	186,209	-	-
Auxiliary enterprises - bookstore	333,599	302,213		
Gifts	-	-	286,629	326,710
Other operating revenue	164,570	196,557	-	-
Total revenues, gains and other support	5,083,336	5,105,526	286,629	326,710
Operating expenses				
Instruction	7,113,594	7,450,109	-	-
Public service	746,005	775,868	-	-
Academic support	1,062,891	1,023,024	-	-
Student services	1,764,416	2,068,881	-	-
Institutional support	4,286,844	4,417,859	188,158	191,313
Plant operations and maintenance	1,441,299	1,573,059	-	-
Depreciation and amortization	988,764	1,023,013	-	-
Student aid	228,444	231,284	-	-
Auxiliary enterprises	10,297	11,020	-	-
Total operating expenses	17,642,554	18,574,117	188,158	191,313
Operating (loss) income	(12,559,218)	(13,468,591)	98,471	135,397
Nonoperating revenues (expenses)				
Federal grants and contracts	6,050,015	6,096,452	-	-
State appropriations	6,564,156	6,178,613	-	-
Federal stabilization fund (ARRA)	-	1,054,215	-	-
Gifts - including $525,720 and $2,176,280 from	-			
Foundation for 2012 and 2011, respectively	525,720	2,176,366	7,747	48,350
Investment income, net of expense	41,350	20,603	34,294	175,635
Interest expense	(168,828)	(179,820)	-	-
Loss on fixed asset disposals	(18,910)	-	-	-
Transfer from Edison Foundation	-	-	(547,693)	(2,202,218)
Total nonoperating revenues (expenses)	12,993,503	15,346,429	(505,652)	(1,978,233)
Income (loss) before other revenues, expenses, gains, or losses	434,285	1,877,838	(407,181)	(1,842,836)
Capital grants	334,249	334,249	-	-
Capital appropriation	185,282	138,209	-	-
Total other revenues	519,531	472,458	-	-
Change in Net Assets	953,816	2,350,296	(407,181)	(1,842,836)
Net assets at beginning of year	19,236,905	16,886,609	2,434,796	4,277,632
Net assets at end of year	$20,190,721	$19,236,905	$ 2,027,615	$ 2,434,796

See Notes to Financial Statements.

EDISON STATE COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Student tuition and fees	$ 3,693,461	$ 4,696,900
Grants and contracts	498,851	(288,841)
Payments to vendors and employees	(16,572,868)	(17,428,953)
Auxiliary enterprises	333,599	302,213
Other receipts	176,485	137,625
Net cash from operating activities	(11,870,472)	(12,581,056)
Cash flows from noncapital financing activities		
State appropriations	6,564,156	7,232,828
Federal grants and contracts	6,050,015	6,096,452
Gifts	525,720	2,176,366
Net cash from noncapital financing activities	13,139,891	15,505,646
Cash flows from capital and related financing activities		
Capital grants	334,249	334,249
Capital appropriations	185,282	138,209
Purchases of capital assets	(960,452)	(371,932)
Interest paid on outstanding debt	(168,828)	(179,820)
Loss on fixed asset disposals	(18,910)	-
Principal paid on outstanding debt	(203,663)	(312,987)
Net cash from capital and related financing activities	(832,322)	(392,281)
Cash flows from investing activities		
Proceeds from maturities of investments	312,007	313,108
Purchase of Investments	(512,624)	(3,620,663)
Interest on investments	41,350	20,603
Net cash from investing activities	(159,267)	(3,286,952)
Net change in cash and cash equivalents	277,830	(754,643)
Cash and cash equivalents, beginning of year	1,497,372	2,252,015
Cash and cash equivalents, end of year	$ 1,775,202	$ 1,497,372
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	$ (12,559,218)	$ (13,468,591)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	983,640	1,018,792
Changes in assets and liabilities:		
Accounts receivable	(263,977)	(32,698)
Inventories	5,979	(1,258)
Prepaid expenses and other	(4,660)	22,965
Accounts payable and accruals	260,267	133,697
Accrued salaries, wages, and benefits	(175,540)	(29,032)
Deferred student fee income	(116,963)	(224,931)
Net cash from operating activities	$ (11,870,472)	$ (12,581,056)

See Notes to Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Edison State Community College (the "College") was chartered in 1973 under provisions of the Ohio Revised Code as the first State General and Technical College in Ohio. The College thus emerged without special local taxation as a two-year, public, co-educational, state-supported institution of higher learning. The College is exempt from federal income taxes pursuant to provisions of Section 115 of the Internal Revenue Code. Under its charter, the College is authorized to offer studies in the Arts and Sciences, Technical Education, and Adult Technical Education. The College, which is a component unit of the State of Ohio, is governed by a nine-member Board of Trustees. These members are appointed by the Governor of the State of Ohio.

Accrual Accounting: The accompanying financial statements have been prepared on the full accrual basis of accounting, whereby revenue is recognized in the period earned, or in the case of advances from other governments, when all eligibility requirements are met in accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Expenditures are recognized when the related liabilities are incurred.

Financial Statements: The College reports as "business-type activities," as defined by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.* Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Pursuant to GASB Statement No. 35, the College follows GASB guidance as applicable to its business-type activities, and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

The College has adopted GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This statement amends GASB Statement No. 14 to provide additional guidance for determining whether or not certain organizations, such as not-for-profit foundations, for which the primary institution is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the primary institution. The College has determined that the Edison Foundation, Inc. is a component unit of the College. The financial activity of the Edison Foundation, Inc. is included through a discrete presentation as part of the College's financial statements.

Net Asset Classifications: In accordance with GASB Statement No. 35 guidelines, the College's resources are classified into the following net asset categories:

Invested in Capital Assets. Capitalized physical assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Expendable. Net assets related to grants and contracts activity, whose use is subject to externally imposed restrictions.

Restricted - Nonexpendable. Net assets represent endowment contributions from donors that are permanently restricted as to principal.

Unrestricted. Net assets that are not subject to externally imposed restrictions. Unrestricted net assets may be designated for specific purposes by the Board of Trustees. Substantially all of the College's unrestricted net assets are designated for future uses or contingences.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Versus Nonoperating Revenue and Expenses: The College defines operating activities as reported on the statement of activities as those that generally result from exchange transactions such as payments received for providing goods or services and payments made for goods or services received. All of the College's expenses are from exchange transactions. Certain significant revenue streams relied on for operations as well as Pell grants, which are included in nonoperating federal grants and contracts on the statement of revenue, expenses and changes in net assets, are reported as non-operating revenue as required by GASB Statement No. 35 and recent updates in the GASB's *Implementation Guide*, including state appropriations, investment income, and state capital grants.

Cash and Cash Equivalents: For the purpose of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash and money market funds, stated at cost which approximates fair value. All certificates of deposit are included in investments on the statement of net assets.

Accounts Receivable: Accounts receivable primarily consist of tuition and fee charges to students. Accounts receivable also include amounts due from federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Allowance is determined based on historical analysis.

Deferred Revenue: Deferred revenue consists of the unearned portion of student tuition and fees for the summer session, and all of the recorded student tuition and fees collected resulting from early registration for the fall session. Deferred revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Investments: The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenue, expenses, and changes in net assets.

The restricted investments on the statement of net assets consists of Capital Campaign funds that are to be used toward the debt service payments on the Series 2006 bonds. These funds were raised by the Edison Foundation and are transferred to the College annually.

Capital Assets: Capital assets are recorded at cost or, if acquired by gift, at fair value at the date of the gift. When capital assets are sold or otherwise disposed of, the net carrying value of such assets is removed from the accounts and the invested in capital assets - net of related debt component of net assets is adjusted accordingly. Capital assets, with the exception of land, are depreciated on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Equipment and fixtures	3 - 20 years

The College's capitalization limit for equipment and furniture and fixtures is $5,000.

Grants and Scholarships: Student tuition and fees and bookstore revenue are presented net of grants and scholarships applied directly to student accounts. Grants and scholarships consist primarily of awards to students from the Federal Pell Grant Program. Payments made directly to students from grants and scholarships are presented as student aid.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Compensated Absences: Vested or accumulated vacation leave is recorded as an expenditure and liability of the current funds as the benefits accrue to employees. In accordance with the applicable accounting standards, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for an estimate of the amount of accumulated sick leave benefits that will be paid.

Use of Estimates: The preparation of the 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain prior year operating expenses have been reclassified to conform to the current year presentation. The reclassification was between instruction and academic support operating expense categories on the statement of revenue, expenses and changes in net assets. These reclassifications had no impact on the change in net assets or total net assets.

NOTE 2 - CASH AND INVESTMENTS

The College's Board of Trustees is responsible for establishing deposit and investment policies. Once established, the Board has delegated the day-to-day management to the Controller of the College. Deposit and investment policies are developed to insure compliance with state laws and regulations as well as to establish and maintain sound financial management practices. In accordance with the State of Ohio's and the College's policy, the College is authorized to invest cash in certificates of deposit, repurchase agreements, United States Treasury securities, federal government agency securities backed by the full faith of the government, municipal securities, and the State Treasurer's investment pool.

Cash and Cash Equivalents: At June 30, 2012, the carrying amount of the College's cash and cash equivalents was $1,775,202 (included in cash and cash equivalents in the statements of net assets) and the bank balances were $2,195,386. The differences between carrying amounts and bank balances are primarily due to outstanding checks and deposits in transit at June 30, 2012. Of the bank balances, the amounts covered by federal depository insurance were $1,850,145. The remaining balances of $345,241 were invested in United States government securities. These arrangements are in compliance with the Ohio Revised Code.

At June 30, 2011, the carrying amount of the College's cash and cash equivalents was $1,497,372 (included in cash and cash equivalents in the statements of net assets) and the bank balances were $1,679,248. The differences between carrying amounts and bank balances are primarily due to outstanding checks and deposits in transit at June 30, 2011. Of the bank balances, the amounts covered by federal depository insurance were $1,334,105. The remaining balances of $345,143 were invested in United States government securities. These arrangements are in compliance with the Ohio Revised Code.

Included in cash and cash equivalents is $12,231, which was on deposit in the State Treasurer's investment pool (STAR Ohio). STAR Ohio is an investment pool managed by the Ohio State Treasurer's office that allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. The College's deposit is valued at the pool's share price, which is the price the investment could be sold for on June 30, 2012. STAR Ohio has an AAA rating.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments: Investments are stated at their fair value of $3,536,433 and are invested in certificates of deposit covered by federal depository insurance.

The fair value and cost of deposits and investments, by type, at June 30, 2012 and 2011 are as follows:

	2012	2011
Cash	$ 1,762,971	$ 1,485,146
STAR Ohio	12,231	12,226
Certificates of deposit	3,536,433	3,335,816
Total	$ 5,311,635	$ 4,833,188

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2012 and 2011 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value. The Foundation has investments that are valued using Level 1 inputs, which are obtained directly from investment statements prepared by the institution holding the investments.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets or non-active markets (markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which there is little information released to the public). An example of a Level 2 input would be a price quote from a brokered market.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. However, the fair value measurement objective remains the same as it would for Level 1 and 2 inputs, in that it is based on an exit price from the perspective of a market participant that holds the asset or liability. In addition, Level 3 inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

	Fair Value Measurements at June 30, 2012		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Fixed income - Domestic	$ 643,487	$ -	$ -
Fixed income - International	53,068	-	-
Fixed income - U.S. agencies	257,361	-	-
Equities - Domestic	523,202	-	-
Equities - International	40,651	-	-
Total	$ 1,517,769	$ -	$ -

	Fair Value Measurements at June 30, 2011		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Fixed income - Domestic	$ 677,974	$ -	$ -
Fixed income - International	52,177	-	-
Fixed income - U.S. agencies	206,756	-	-
Equities - Domestic	468,675	-	-
Equities - International	68,914	-	-
Total	$ 1,474,496	$ -	$ -

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2012 and 2011 consist of billings for student fees and receivables arising from grants and are summarized as follows:

	2012	2011
Student charges	$ 3,797,744	$ 4,099,349
Post-secondary enrollment options program	1,916,466	1,376,243
Other	1,173,799	915,529
Allowance for doubtful accounts	(841,738)	(608,827)
Total	$ 6,046,271	$ 5,782,294

(Continued)

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the capital assets and related accumulated depreciation during the 2012 and 2011 fiscal years:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Cost:				
Land	$ 688,414	$ -	$ -	$ 688,414
Land improvements	569,075	30,702	-	599,777
Buildings and improvements	13,211,081	634,349	-	13,845,430
Student conference center	6,208,972	-	-	6,208,972
Center for Excellence	7,138,503	-	-	7,138,503
Equipment	3,441,591	310,491	(746,328)	3,005,754
Vehicles	74,162	-	-	74,162
Total	31,331,798	975,542	(746,328)	31,561,012
Less accumulated depreciation:				
Land improvements	518,935	18,038	-	536,973
Buildings and improvements	6,688,850	411,240	-	7,100,090
Student conference center	2,655,411	169,609	-	2,825,020
Center for Excellence	665,677	158,633	-	824,310
Equipment	2,866,676	226,120	(726,114)	2,366,682
Vehicles	74,057	-	-	74,057
Total	13,469,606	983,640	(726,114)	13,727,132
Capital assets - Net	$17,862,192	$ (8,098)	$ (20,214)	$ 17,833,880

(Continued)

NOTE 4 - CAPITAL ASSETS (Continued)

	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011
Cost:				
Land	$ 688,414	$ -	$ -	$ 688,414
Land improvements	569,075	-	-	569,075
Buildings and improvements	12,807,606	403,475	-	13,211,081
Student conference center	6,208,972	-	-	6,208,972
Center for Excellence	7,138,503	-	-	7,138,503
Equipment	3,549,101	226,855	(334,365)	3,441,591
Vehicles	80,162	-	(6,000)	74,162
Capital work in progress	259,291	-	(259,291)	-
Total	31,301,124	630,330	(599,656)	31,331,798
Less accumulated depreciation:				
Land improvements	498,405	20,530	-	518,935
Buildings and improvements	6,277,946	410,904	-	6,688,850
Student conference center	2,486,162	169,249	-	2,655,411
Center for Excellence	505,866	159,811	-	665,677
Equipment	2,948,544	253,391	(335,259)	2,866,676
Vehicles	75,148	4,907	(5,998)	74,057
Total	12,792,071	1,018,792	(341,257)	13,469,606
Capital assets - Net	$18,509,053	$ (388,462)	$ (258,399)	$ 17,862,192

There were no significant commitments remaining at year end for work in progress.

NOTE 5 - NONCURRENT LIABILITIES

Noncurrent liabilities as of June 30, 2012 and 2011 are summarized as follows:

	2012					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bond obligations	$ 3,505,000	$ -	$ 155,000	$ 3,350,000	$ 160,000	$ 3,190,000
Capital lease obligation	308,992	15,195	63,858	260,329	81,592	178,737
Total	3,813,992	15,195	218,858	3,610,329	241,592	3,368,737
Compensated absences	513,772	67,662	11,806	569,628	270,921	298,707
Total	$ 4,327,764	$ 82,857	$ 230,664	$ 4,179,957	$ 512,513	$ 3,667,444

(Continued)

NOTE 5 - NONCURRENT LIABILITIES (Continued)

	2011					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bond obligations	$ 3,756,570	$ -	$ 251,570	$ 3,505,000	$ 155,000	$ 3,350,000
Capital lease obligation	370,409	-	61,417	308,992	63,858	245,134
Total	4,126,979	-	312,987	3,813,992	218,858	3,595,134
Compensated absences	637,105	12,797	136,130	513,772	288,110	225,662
Total	$ 4,764,084	$ 12,797	$ 449,117	$ 4,327,764	$ 506,968	$ 3,820,796

During the year ended June 30, 2000, the College issued Bookstore Revenue Bonds, series 2000 for $800,000 at an interest rate of 5.75%. The bonds were used for paying costs of acquiring an information management system. Those bonds were retired in December 2010.

During the year ended June 30, 2007, the College issued General Receipts Bonds, series 2006 for $4,060,000 that bear interest at rates between 4.0% to 5.0% and that mature in 2027. Proceeds were used for paying construction costs of the Emerson Center. The bonds are collateralized by a pledge of general receipts of the College.

The College entered into the capital lease during the year ended June 30, 2006 to acquire energy conservation equipment. Payment is made at a quarterly amount of $18,749 that includes interest at an annual rate of 3.907% over a 10-year term ending in 2016.

The annual debt service requirements to maturity for the bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2013	$ 160,000	$ 150,708	$ 310,708
2014	165,000	144,208	309,208
2015	175,000	137,189	312,189
2016	180,000	129,645	309,645
2017	190,000	121,070	311,070
2018-2022	1,100,000	449,100	1,549,100
2023-2027	1,380,000	159,412	1,539,412
Total	$ 3,350,000	$ 1,291,332	$ 4,641,332

(Continued)

NOTE 5 - NONCURRENT LIABILITIES (Continued)

The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, 2012:

Year Ending June 30	
2013	$ 90,191
2014	74,996
2015	74,996
2016	38,461
Total minimum lease payment	278,644
Less amount representing interest	18,315
Present value of future minimum lease payments	$ 260,329

Accrued compensated absences - The College provides vacation benefits to employees, as defined by each respective labor contract and administrative policy. The liability has been recorded based on the number of days available for each employee. Additionally, the College accrues unused sick days for those employees who have met the conditions of the plan at year end.

NOTE 6 - STATE SUPPORT

The College is a State-assisted institution of higher education which receives a student-based subsidy determined annually using a formula devised by the Ohio Board of Regents.

In addition to the student subsidies, the State of Ohio provides the funding for construction and renovation of major plant facilities on the College campus. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC), which in turn provides for the construction and renovation of the facility by the Ohio Board of Regents. Upon completion of a construction project, the Board of Regents turns over control to the College which capitalizes the cost. Renovations are capitalized in the period incurred. In 2012, the roadway was seal coated and a portion of the Energy Efficiency Conservation Grant was funded. In 2011, the renovation of the existing science labs and the repurpose of classrooms as additional labs were completed.

Neither the obligation for the revenue bonds issued by the OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These are currently being funded through appropriations to the Board of Regents by the Ohio 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 established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a requirement exists to assess a special student fee uniformly applicable to students in state-assisted institutions of higher education throughout the state.

(Continued)

NOTE 7 - LEASE AGREEMENT

The College currently has a five-year lease agreement effective September 1, 2011 with Darke County Board of Commissioners for the facilities located in Greenville, Ohio with the option to renew for an additional five-year term. The annual rental expense under this agreement is $107,856. The annual rental expense under the additional five-year term is $112,170.

At June 30, 2012, minimum lease payments under this lease are as follows:

Year Ending June 30		
2013		$ 107,856
2014		107,856
2015		107,856
2016		107,856
2017		111,456
Thereafter		467,377
	Total minimum lease payments	$ 1,010,257

NOTE 8 - RETIREMENT PLANS

College faculty participate in either the State Teachers Retirement System of Ohio (STRS) or alternative retirements plan (ARP). Substantially all other employees participate in either the Ohio Public Employees' Retirement System (OPERS) or the ARP. Both STRS and OPERS are state-wide, cost-sharing, multi-employer plans. OPERS and STRS provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for STRS and OPERS is provided by state statute by Chapters 3307 and 145, respectively, of the Ohio Revised Code.

The financial statements and supplemental information for OPERS and STRS are made available for public inspection. The reports may be obtained by writing or calling:

OPERS
277 East Town Street
Columbus, OH 43215-4642
(614) 222-6705

STRS
275 East Broad Street
Columbus, OH 43215-3771
(614) 227-4002

The Ohio Revised Code provides statutory authority for employee and employer contributions. Effective January 1, 2010, the employee contribution rate was 10% for employees other than law enforcement. Effective January 1, 2010, the employer contribution rate for local government employers was 14%. The contribution requirements of plan members and the College are established and may be amended by state statute.

(Continued)

NOTE 8 - RETIREMENT PLANS (Continued)

The College's contributions to OPERS and STRS for the years ended June 30, 2012, 2011, and 2010 were as follows:

	Contribution	
Years	OPERS	STRS
2012	$ 499,248	$ 637,044
2011	516,542	704,701
2010	485,071	681,089

The contributions made by the College were equal to the required contributions for each year.

Certain full-time College faculty and unclassified staff have the option to choose the ARP in place of STRS or OPERS. The ARP is a defined contribution plan, which provides employees with the opportunity to establish individual retirement accounts with a defined group of investment options, with each participant having control of the assets and investment options associated with those assets. The administrators of the plan are the providers of the plan investment options. Authority to establish and amend benefits and contribution requirements for the ARP is provided by state statute per the Ohio Revised Code.

Under the provisions of ARP, the required contribution rates of plan participants are 10.0% of employees' covered compensation for employees who would otherwise participate in STRS or OPERS. The College contributes 10.5% of a participating faculty member's compensation and 13.23% of participating non-faculty compensation to the participant's account. The College is also required to contribute an additional 3.5% of employees' covered compensation to STRS and .77% of employees' covered compensation to OPERS. Plan participants' contributions to STRS and OPERS were $75,196 and $72,881 and the College contributions to the Plan providers amounted to $113,406 and $88,971, respectively, for the years ended June 30, 2012 and 2011. In addition, the amounts contributed to STRS and OPERS by the College on behalf of ARP participants were $22,593 and $17,234, respectively, for the years ended June 30, 2012 and 2011.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

STRS provides other postemployment benefits to all retirees and their dependents, while OPERS provides postretirement healthcare coverage to age and service restraints (and dependents) with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available under OPERS. A portion of each employer's contributions is set aside for the funding of postretirement health care. For STRS, this rate was 1% of the total 14% while the OPERS rate was .77% of the total 14% for the year ended June 30, 2012.

The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to STRS and OPERS. Postretirement health care under STRS is financed on a pay-as-you-go basis. Assets available in the health care reserve fund for STRS amounted to $3.2 billion as of June 30, 2011. The number of benefit recipients eligible for OPEB was 138,088 for STRS at June 30, 2011. The amount contributed by the College to STRS to fund these benefits was $45,503 for the year ended June 30, 2012.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Postretirement health care under OPERS is advanced-funded on an actuarially determined basis. The actuarial value of OPERS net assets available for OPEB at December 31, 2010 is $12.3 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $30.5 billion and $31.6 billion, respectively. The number of OPERS active contributing participants was 349,189 for the year ended December 31, 2011. For the year ended June 30, 2012, the College contributed $19,970 to OPERS for OPEB funding. Contributions equal the actuarially required contributions of the Plan for each year.

NOTE 10 - INSURANCE

The College maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The College also carries professional coverage for employees and its Board of Trustees. Over the past three years, settlement amounts related to these insured risks have been negligible.

NOTE 11 - CONTINGENCIES

The College receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. It is the opinion of management that any potential disallowance of claims would not have a material effect on the financial statements.

NOTE 12 - FEDERAL DIRECT LENDING PROGRAM

The College distributed $8,115,334 for student loans through the U.S. Department of Education federal direct lending program for the year ended June 30, 2012. The College distributed $7,852,665 for student loans through the U.S. Department of Education federal direct lending program for the year ended June 30, 2011. These distributions and related funding source are not included as expenses or revenue in the accompanying financial statements.

NOTE 13 - RELATED ORGANIZATION

The Edison Foundation, Inc. (the “Foundation”) is a separate not-for-profit entity organized for the purpose of promoting educational activities of the College. Since these resources held by the Foundation can be used only by and 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. The up to 25-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Amounts transferred to the College from the Foundation are recorded as nonoperating gifts in the accompanying financial statements.

(Continued)

NOTE 13 - RELATED ORGANIZATION (Continued)

The Foundation reports under FASB standards, including Accounting Standards Codification 958-205 (previously FASB Statement No. 117), *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Complete financial statements for the Foundation can be obtained from Edison State Community College, 1973 Edison Drive, Piqua, OH 45356.

The following is a summary of the Foundation's significant accounting and reporting policies presented to assist the reader in interpreting the financial statements and other data in this report.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions: Donations are recorded as revenue in the year received or when a bequest is legally finalized. Unconditional pledges are recorded in the period that the pledges are received. Conditional pledges are recorded in the period in which the conditions have been met. Funds from pledges to be collected in future years are recorded at net present value. All pledges are net of an allowance for doubtful collections.

Pledges Receivable: As of June 30, 2012 and 2011, contributors to the Foundation have outstanding unconditional pledges totaling $224,750 and $506,650, respectively. Gross pledges receivable have been discounted to a net present value of $208,769 and $466,990 as of June 30, 2012 and 2011, respectively, which represents fair market value. The discount rate was 5% for 2012 and 2011. An allowance for doubtful pledges of $6,263 and $14,010 has been applied to the gross receivable balance as of June 30, 2012 and 2011, respectively. The allowance is based upon management's judgment, past collection experience and other relevant factors. All pledges have been classified as temporarily restricted net assets since they will either expire or be fulfilled within a specified period of time. Net pledges are as follows:

	2012	2011
Less than one year	$ 105,716	$ 245,900
One to five years	96,790	207,080
Total	$ 202,506	$ 452,980

Investments: Investments are stated at fair value, and realized and unrealized gains and losses are reflected in the statements of revenue, expenses, and changes in net assets. Fair value is determined by market quotes. Donated investments are recorded at the fair market value at the time received. Realized gains or losses are determined based on the average cost method.

Investments by major types for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Corporate bonds	$ 511,457	$ 465,261
Equities	334,967	348,399
Mutual funds - Fixed income	442,459	471,646
Mutual funds - Equities	169,999	189,190
Real Estate Investment Trust	58,887	-
Total	$ 1,517,769	$ 1,474,496

(Continued)

NOTE 13 - RELATED ORGANIZATION (Continued)

Net realized and unrealized (losses) gains on investments were ($9,211) and $127,892 for the years ended June 30, 2012 and 2011, respectively. There were no capital gains distributions in either year.

Net Assets: Net assets are classified into three categories: (1) unrestricted net assets, which have no donor-imposed restrictions, (2) temporarily restricted net assets, which have donor-imposed restrictions that will expire or be satisfied in the future, and (3) permanently restricted net assets, which have donor-imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Foundation.

Restatement: The Foundation's financial statements for the year ended June 30, 2011 have been restated to correct beginning net asset classifications. As a result of the prior period adjustment, total net assets and total change in net assets were unchanged. The following beginning net asset classifications for fiscal year 2011 were affected by the changes as follows:

	As Originally Reported	As Restated	Effect of Change
Beginning Net Assets			
Unrestricted	$ 886,697	$1,183,670	$296,973
Temporarily Restricted	3,297,053	2,992,420	(304,633)
Permanently Restricted	93,882	101,542	7,660
Total Beginning Net Assets	$ 4,277,632	$4,277,632	$ -

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Reporting Entity Standards: In December 2010, the GASB issued Statement Number 61, *Financial Reporting Entity: Omnibus*. This standard is intended to improve the information presented about the financial reporting entity, which is made up of the College financial reporting entity and related entities (component units). The statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criteria, a financial benefit or burden relationship is also needed between the College and that organization for it to be included in the reporting entity as a component unit. The statement also modifies the criteria for reporting component units as if they were part of the College (i.e., blending). Blending should be used when the College and the component unit have a financial benefit or burden relationship, or management has operational responsibility for the component units. Additionally, for equity interests in legally separate organizations, the entity is required to report its interest as "restricted net assets – nonspendable." This standard is effective for financial statements for reporting periods beginning after June 15, 2012; however, earlier application is encouraged.

Private Sector Accounting Rules: In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This changes the requirement for the College to apply any private sector accounting guidance that existed as of November 30, 1989 and instead incorporates all such guidance in this statement. The College will no longer have the ability to choose to continue to follow FASB statements written after that date, although such guidance still qualifies as "other accounting literature" in the GAAP hierarchy. This pronouncement must be applied for years that begin after December 15, 2011.

(Continued)

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

Deferred Inflows/Outflows and Net Position: In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides financial reporting guidance for deferred inflows and outflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the College that is applicable to a future reporting period, and an acquisition of net assets by the College that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The standard also incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions for this standard are effective for financial statements for periods beginning after December 15, 2011.

Items Previously Reported as Assets and Liabilities*:* In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after June 30, 2014.

Accounting and Financial Reporting for Pensions*:* In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. The provisions of this Statement are effective for financial statements for periods beginning after June 30, 2014.

(Continued)

SUPPLEMENTAL INFORMATION

EDISON STATE COMMUNITY COLLEGE
Board of Trustees and Administrative Personnel
June 30, 2012

Board of Trustees	**Title**	**Term of Office**
Mrs. Judith K. Hartman	Chairman	2007-2013
Mr. Ed Curry	Trustee	2007-2013
Mrs. J. Kathryn Lukey	Trustee	2007-2013
Mr. Jim Thompson	Vice Chairman	2009-2015
Mrs. Mary K. Floyd	Trustee	2009-2015
Mr. Roger E. Luring	Trustee	2009-2015
Mr. Darryl D. Mehaffie	Trustee	2011-2017
Mr. Thomas P. Milligan	Trustee	2011-2017
Mr. Tony Wendeln	Trustee	2011-2017

College Administration	**Title**
Dr. Cristobal Valdez	President
Ms. Sharon Brown	Senior Vice President for Academic Affairs
Mr. Daniel Reke	Vice President for Administration and Finance
Mr. David Gansz	Vice President of Information Technology
Ms. Debbie Hirtzinger	Controller
Ms. Kathi Richards	Director of Financial Aid
Mr. Christopher Norman	Vice President of Institutional Advancement
Mrs. Linda Peltier	Vice President of Strategic Human Resources

Insurance
All employees were insured with WRM (Wright Risk Management) for $1,000,000. The effective date of the policy is May 1, 2012 to November 1, 2012.

Legal Counsel
Mike DeWine, Ohio Attorney General
Education Section
30 E. Broad St., 16th Floor
Columbus, OH 43215

College Location
1973 Edison Drive
Piqua, Ohio 45356

Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

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*

Independent Auditor's Report

To the Board of Trustees
Edison State Community College

We have audited the financial statements of Edison State Community College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 8, 2012. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Edison State Community College is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered Edison State Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

To the Board of Trustees
Edison State Community College

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the board of trustees, others within the College, 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.

Plante & Moran, PLLC

October 8, 2012

Plante & Moran, PLLC
3434 Granite Circle
Toledo, OH 43617
Tel: 419.843.6000
Fax: 419.843.6099
plantemoran.com

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

To the Board of Trustees
Edison State Community College

Compliance

We have audited the compliance of Edison State Community College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The major federal programs of Edison State Community College 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 Edison State Community College's management. Our responsibility is to express an opinion on Edison 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 Edison 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 Edison State Community College's compliance with those requirements.

In our opinion, Edison State Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

To the Board of Trustees
Edison State Community College

Internal Control Over Compliance

The management of Edison 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 Edison 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 information and use of management, the board of trustees, others within the College, 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.

Plante & Moran, PLLC

October 8, 2012

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Agency/Program Title	CFDA Number	Award Number	Federal Expenditures
U.S. Department of Education:			
Student Financial Aid Cluster -			
Direct programs:			
Federal Supplemental Education Opportunity Grants	84.007		$ 55,828
Federal Work Study	84.033		73,557
Federal Pell Grant	84.063		6,028,691
Federal Direct Student Loans	84.268		8,115,334
Total Student Financial Aid Cluster			14,273,410
Passed-through Ohio Board of Regents:			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	ARRA-EECBG-11-09	450,600
Secondary Career Technical Alignment Coordinator	84.048		4,000
Total Passed-through Ohio Board of Regents			454,600
Passed-through State of Ohio Department of Education:			
Vocational Education	84.048	VENT-ITE-12/13-065763	6,316
Vocational Education	84.048	U.S.A.S.#524	65,327
Child Care and Development Block Grant	93.575	403948	4,000
Total passed through State of Ohio Department of Education			75,643
Total expenditures of federal awards			**$ 14,803,653**

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Edison State Community College under programs of the federal government for the year ended June 30, 2012. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Edison State Community College, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Edison State Community College. Pass-through entity identifying numbers are presented where available.

Note 2 - Adjustments and Transfers

During the year ended June 30, 2012, there were the following transfers of grant overpayments:

Transferred from	Amount	Transferred to
Federal Supplemental Educational Opportunity Grant	$ 10,195	Federal Work Study

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ______ Yes __X__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063, and 84.268	Student Financial Aid Cluster
81.128	ARRA - Energy Efficiency and Conservation Block Grant

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? __X__ Yes ______ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

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EDISON STATE COMMUNITY COLLEGE

MIAMI 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
DECEMBER 20, 2012