COLUMBUS STATE COMMUNITY COLLEGE

Financial Report With Supplemental Information
For The Years Ended June 30, 2012 and 2011

And
Independent Auditors' Report

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Columbus State Community College, Franklin County, prepared by Parms & Company, LLC, for the audit period July 1, 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 Columbus State Community College is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

December 27, 2012

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COLUMBUS STATE COMMUNITY COLLEGE

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Columbus State Community College
Columbus, Ohio

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Columbus State Community College (the "College"), a component unit of the State of Ohio, as of and for the years ended June 30, 2012 and 2011, which collectively comprise the College's basic financial statements as listed in the table of contents. 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Columbus State Community College as of June 30, 2012 and 2011, and the respective changes in financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated October 12, 2012, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Parms & Company, LLC

October 12, 2012
Columbus, Ohio

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Columbus State Community College's Annual Report presents management's discussion and analysis ("MD&A") of the College's financial position as of June 30, 2012; and financial activity for the fiscal year July 1, 2011 through June 30, 2012, with selected comparative information for the fiscal year ended June 30, 2011, and June 30, 2010, when appropriate. This discussion should be read in conjunction with the accompanying financial statements and notes herein.

ABOUT THE COLLEGE

Columbus State Community College is the only open admissions state college in central Ohio, and it is the front door to higher education for more central Ohio residents than any other college or university. Columbus State is a comprehensive, two-year state community college that provides quality programs to enhance the educational and employment opportunities of its students.

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

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

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

ABOUT THE FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS AND TRENDS

Financial Stability

Despite the slow economic recovery, the College's financial health remained sound in 2012, primarily the result of growth in enrollment, though at a pace slower than in preceding years; state support; and prudent planning and budgeting guided by resource planning principles authorized by the Board of Trustees in November 2007. A close alignment of operating budget revenues and expenditures, and spending from reserves for various strategic purposes yielded the first year in many that the college did not yield a positive net income during the fiscal year.

For the year ended June 30, 2012, net assets, before capital appropriations, decreased by $13.2 million. This decrease is the result of expenditures that are not a part of the annual operating budget of the College. The largest of these initiatives for fiscal 2012 included various capital improvements and the renovation of a major academic building ($5.4 million), Voluntary Cash Separation Incentives and One-time Compensation ($4.9 million), *Think Again* Scholarships ($2.2 million), Switch to Semesters expenses ($2.0 million), and Delaware Campus start-up funding ($1.8 million).

Enrollment increased by 1.6% headcount and 1.8% full-time equivalents (FTEs) over 2011, with Autumn 2011 setting a record of 30,921 headcount and 20,258 FTEs. Tuition and fee revenue, net of scholarship allowances, increased by $4.8 million, or 7.1%. While Distance Learning courses experienced continued enrollment growth in 2012, where registered seats increased by 15% and FTEs increased by 14% over 2011, the increase in tuition is attributed to two primary factors. First, due to a realignment of the academic calendar for semesters, some tuition and fees for Summer quarter 2012 were recognized as fiscal 2012 revenue that would not have been recognized previously until fiscal 2013 (approximately $2.8 million). The increase in tuition is also a factor of the higher FTEs, largely attributed to more students taking more classes, trying to complete their programs of study prior to the switch to semesters. This was further evidenced by successive largest graduating classes for each respective quarter in 2012. The college's Delaware Campus experienced its first full year of academic classes, resulting in a headcount record of 1,257 in Autumn 2011, and increases exceeding 60% over 2011 for registered seats, headcounts and FTEs. The Delaware Campus not only expands access to students in the northern part of the College's 4-county district, it has allowed for a unique partnership to develop with The Ohio State University in which space can be shared and academic pathways created that make higher education even more affordable in the Central Ohio region.

The college received $5.5 million or 8.6% less in State Share of Instruction (SSI) funding versus the FY2011 SSI allocation because the American Recovery and Investment Act (ARRA or federal stimulus) funds received as part of the SSI allocation in 2011 and 2010, were unavailable in 2012. And for the sixth year in a row, tuition paid by students remained at $79 per credit hour for Columbus State through Summer Quarter 2012, the rate that has been charged since Summer Quarter 2006.

Financial Accountability

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

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

Columbus State again earned a strong rating on the composite score, scoring 4.6 for FY 2011. The College maintains an average of 4.8 on a scale of 0-5.

Capital Additions and Improvements

Work on several capital projects was initiated, progressed or completed in 2012.

The $5.5 million, state-funded renovation of Columbus Hall, which houses the College's Library, was completed by Autumn Quarter 2011.

The Board of Trustees approved a project budget of $15.2 million for the renovation of Union Hall. Dedicated in 1975, the College offers its health programs, and houses faculty and IT offices, and a cafeteria in Union Hall. The project includes an addition that will increase by 17,600 square feet the building's capacity from the current 100,000 gross square feet. The project is being funded by $6.5 million remaining from previous allocations in 2002 and May 2008, and an additional allocation of $8.7 million from the Capital Improvement and Land Acquisition Account in September 2010. The college had requested funds in its state capital request for the Union Hall renovation, and received $5.0 million for the Union Hall renovation in the state capital improvement appropriations legislation HB 482, signed into law by the Governor in April 2012 which will reduce the $8.7 planned to be funded from the Capital Improvement and Land Acquisition Account. Construction began in December 2011, the first phase is expected to be completed by December 2013, and the entire project by September 2015.

Through a unique partnership with the Reynoldsburg Public School District ("District"), the College is establishing a regional learning center in space the District has made available to the College rent-free. The District is spending $1.6 million to renovate the space the College will occupy, and the College's Board of Trustees allocated $1.4 million to furnish and equip the center, which is scheduled to open in January 2013. Classroom space leased nearby will be consolidated into this new center.

OTHER FACTORS TO CONSIDER

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

FINANCIAL STATEMENTS

The ***Statement of Net Assets*** details all College holdings (assets) such as cash, investments, accounts receivable, land and buildings; and liabilities including payments due to vendors, and short and long-term debt, as of June 30, 2012. The total amount of assets minus liabilities equals net assets. These net assets are categorized as follows:

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

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

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

The Columbus State Community College Development Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization that exists to provide financial assistance to the educational programs, services and facilities of the College. Because the restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. There are also separately issued financial statements for the Foundation. Operating results are not included in this Management Discussion and Analysis. Additional information regarding the Foundation is included in Note 16 and in the separately issued Foundation financial statements and audit report.

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

Statements of Net Assets (in thousands)

	2012	2011	Difference	2010	Difference
Assets					
Current assets	$ 163,233	$ 179,471	$ (16,238)	$ 161,741	$ 17,730
Non-current assets					
Capital assets	163,343	162,383	960	161,287	1,096
Other	3,929	3,309	620	2,688	621
Total assets	330,505	345,163	(14,658)	325,716	19,447
Liabilities					
Current Liabilities					
Accounts payable and accrued	13,163	24,663	(11,500)	9,940	14,723
Other current liabilities	1,310	1,265	45	1,220	45
Deferred revenue	27,320	17,490	9,830	16,243	1,247
Non-current liabilities					
Long-term liabilities	1,125	1,339	(214)	990	349
Annuities payable	-	-	-	-	-
Long-term debt	11,115	12,425	(1,310)	13,690	(1,265)
Total liabilities	54,033	57,182	(3,149)	42,083	15,099
Net Assets					
Invested in capital assets	150,918	148,693	2,225	146,377	2,316
Restricted	20,040	15,256	4,784	11,133	4,123
Unrestricted	105,514	124,032	(18,518)	126,123	(2,091)
Total net assets	$ 276,472	$ 287,981	$ (11,509)	$ 283,633	$ 4,348

As of June 30, 2012, current assets totaled $163.2 million compared to $179.5 million in fiscal year 2011, and $161.7 million in 2010. Year-to-year changes amounted to -9.0% and 11% in 2012 and 2011, respectively. The 2012 decrease in current assets is largely attributed to Summer quarter financial aid disbursements being applied before year end so that accounts receivable and cash held for refunds were $16.7 lower than June 30, 2011 balances. Additionally, 2012 was the first time in which registration for the Autumn term began before June 30, so June 30, 2012 included nearly $15 million in accounts receivable (and related deferred revenue) for Autumn semester. Cash and investments were also down compared to 2011 as a result of the net loss, before capital appropriations, of $13.2 million. The 2011 increase versus 2010 was primarily the result of a July 1, 2011 disbursement date for applying federal funds (Pell grants and direct loans) awarded for Summer quarter 2011 to student accounts. The impact of July 1 disbursements, net of credits for refunds of excess financial aid due, resulted in accounts receivable at June 30 that were $8.7 million higher than June 30, 2010. Cash balances at June 30, 2011 were also over $8 million higher than 2010 due to funds held for refunds of excess financial aid that had not yet been processed.

Total assets as of June 30, 2012, were $330.5 million compared to $345.2 million in fiscal year 2011, a 4.25% decrease. The decrease, $14.6 million, is primarily the result of the $16.2 million decrease in current assets discussed above. Capital assets increased $1.0 million, net of depreciation, representing primarily construction in progress on the renovation of Union Hall while other non-current assets increased by $0.6 million.

Capital assets, such as land, buildings, machinery and equipment, are the largest asset group at $163.3 million (49.4%), followed by cash and investments of $138.4 million (41.9%), and inventory and other assets at $28.8 million (8.7%). Cash and investments, as a percentage of total assets, are 6.3 percentage points lower than its proportion of total assets at June 30, 2011. Inventory and other assets have increased by nearly 4.0 percentage points, while capital assets have increased by 2.4 points. This shift in the composition of total assets from cash and investments to capital assets, inventory and other assets is due to the amount of operating losses sustained and more use of cash reserves, particularly for one-time initiatives, in 2012.

Liabilities

As of June 30, 2012, the College's current liabilities were $41.8 million, compared to $43.4 million in 2011. Of the total, $27.3 million was deferred revenue (Summer quarter and Autumn semester tuition revenues related to fiscal year 2013, credit bank, and deferred revenues related to grants and contracts), $13.2 million was accounts payable and accrued expenses, and $1.3 million was short-term debt. The $1.6 million decrease in current liabilities resulted from a $9.8 million increase in deferred revenue, offset by an $11.5 million decrease in accounts payable from 2011. The change in deferred revenue is due to $5.5 million less deferred for Summer quarter due to an academic calendar realignment for switching to semesters, so Summer quarter started earlier than previous summers and lasted only eight weeks instead of the traditional ten-week quarter. Additionally, for the first time, registration for the autumn term began before year end so $14.7 million was deferred for Autumn semester as of June 30, 2012. The decrease in accounts payable corresponds to the decrease in accounts receivable discussed above, resulting from the disbursement date for applying federal funds to student accounts and to the cash held for refunds of excess financial aid. After federal aid was disbursed to student accounts on July 1, 2011, a large portion of those funds were payable as refunds to students.

Non-current liabilities as of June 30, 2012 were $12.2 million, consisting of $11.1 million in long-term debt (revenue bonds) and other long-term liabilities of nearly $1.1 million. By comparison, non-current liabilities as of June 30, 2011 were $13.8 million consisting of $12.4 million in bonds payable and $1.4 million in long-term liabilities.

Total liabilities as of June 30, 2012 were $54 million compared to $57.2 million in fiscal year 2011. The $3.2 million change is primarily attributed to the $11.5 million decrease in accounts payable related to student refunds, as discussed above, the $9.8 million increase in deferred revenue resulting from the academic calendar realignment, and the decrease in long-term debt as a result of 2012 debt service payments. By contrast, total liabilities at June 30, 2011 increased from 2010 by $15.1 million, primarily attributed to a $14.7 million increase in accounts payable due to the disbursement date for applying federal funds as discussed above,

Net Assets

Net assets decreased by $11.5 million in 2012, compared to an increase of $4.3 million in 2011. This decrease from 2011's change in net assets is the result of a net loss, before capital appropriations, of $13.2 million, and capital appropriations that were nearly a quarter of those reported for FY11. Revenues, including capital appropriations, for 2012, decreased by approximately $11.3 million from 2011 while expenses increased by $6.2 million. The most significant increase in operating revenue was student tuition and fees ($4.8 million), while significant decreases occurred in State appropriations ($5.4 million), Pell grant revenue ($5.3 million), and capital appropriations ($4.5 million). Substantial increases occurred in about half of the reported areas of expense with institutional support having the largest increase of $7.3 million. Other significant expense increases included instruction ($3.7 million), while scholarships and fellowships decreased by $5.6 million.

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

	2012	2011	Difference	2010	Difference
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $23.5, $23.4, and $21.1 million in 2012, 2011, and 2010, respectively)	$ 72,489	$ 67,689	$ 4,800	$ 66,180	$ 1,509
Federal, state, and private grants and contracts	7,887	9,004	(1,117)	7,023	1,981
Auxiliary enterprises	15,559	15,749	(190)	15,951	(202)
Other	755	259	496	182	77
Total operating revenues	96,690	92,701	3,989	89,336	3,365
OPERATING EXPENSES					
Educational and general	169,929	158,518	11,411	138,498	20,020
Scholarships and fellowships	37,252	42,855	(5,603)	34,472	8,383
Depreciation expense	6,819	6,297	522	5,917	380
Auxiliary enterprises	14,667	14,822	(155)	14,921	(99)
Total operating expenses	228,667	222,492	6,175	193,808	28,684
Operating income (loss)	(131,977)	(129,791)	(2,186)	(104,472)	(25,319)
NON-OPERATING REVENUES (EXPENSES)					
State appropriations	58,855	64,292	(5,437)	62,808	1,484
Investment income (net of expense)	576	597	(21)	1,111	(514)
Pell Grant Revenue	60,002	65,350	(5,348)	54,470	10,880
Other non-operating revenues	(680)	(2,292)	1,612	(5,463)	3,171
Net non-operating revenues	118,753	127,947	(9,194)	112,926	15,021
Income (loss) before capital appropriations	(13,224)	(1,844)	(11,380)	8,454	(10,298)
Capital appropriations and gifts	1,715	6,192	(4,477)	12,893	(6,701)
Change in net assets	(11,509)	4,348	(15,857)	21,347	(16,999)
Net assets, beginning of year	287,981	283,633	4,348	262,286	21,347
Net assets, end of year	$ 276,472	$ 287,981	$ (11,509)	$ 283,633	$ 4,348

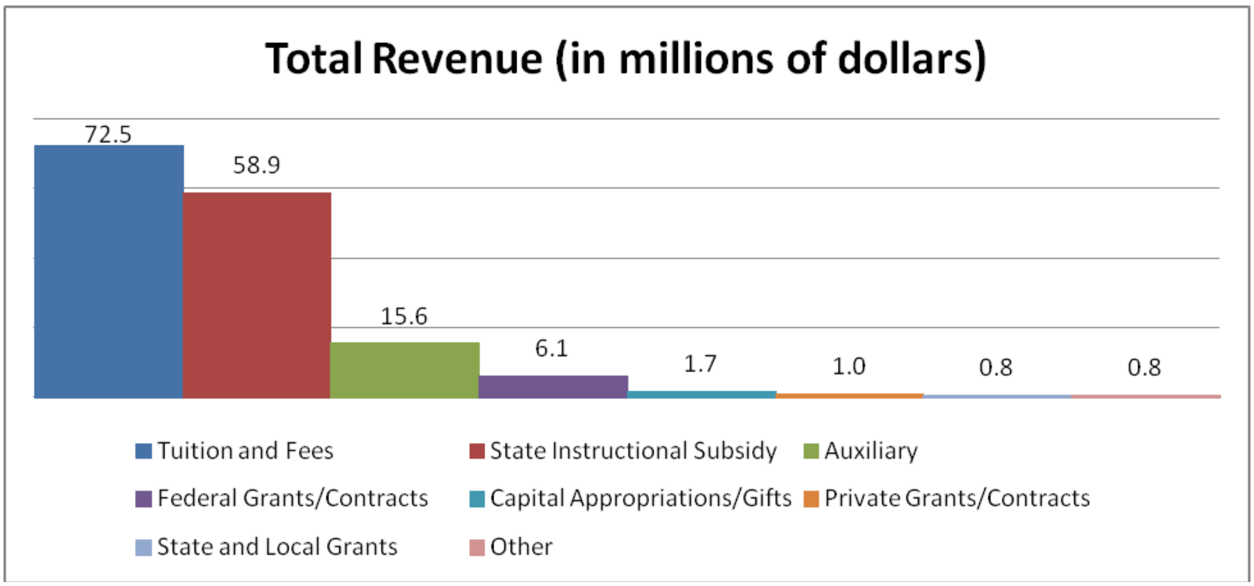
Revenues

Fiscal year 2012 revenues totaled $217.3 million, a 5% decrease compared to $228.5 million in fiscal year 2011. The only significant area of increase was $4.8 million in Student tuition and fees, resulting primarily from the recognition of nearly $3 million in Summer quarter 2012 revenue due to the academic calendar realignment for switching from quarter to semesters; the increase was also attributed to FTE growth experienced in each quarter of 2012, averaging approximately 1.8% for the year. Significant revenue decreases were noted in state appropriations ($5.4 million), Pell grant revenue ($5.3 million), and $4.5 million less in capital appropriations as the Library renovations concluded.

The majority of College revenues come from three sources: 1) State instructional subsidy ($58.9 million), 2) Student tuition and fees ($72.5 million), and 3) Federal, state, and private grants and contracts, including Pell grant revenue ($67.9 million).

Of $66.9 million in federal and state grants and contracts, 90.2% are awarded to students through the federal Pell grant and Supplemental Educational Opportunity Grant (SEOG) programs. These funds are used for student tuition ($23.5 million) and education-related expenses.

The major sources of College revenues for fiscal year 2012 are presented below.

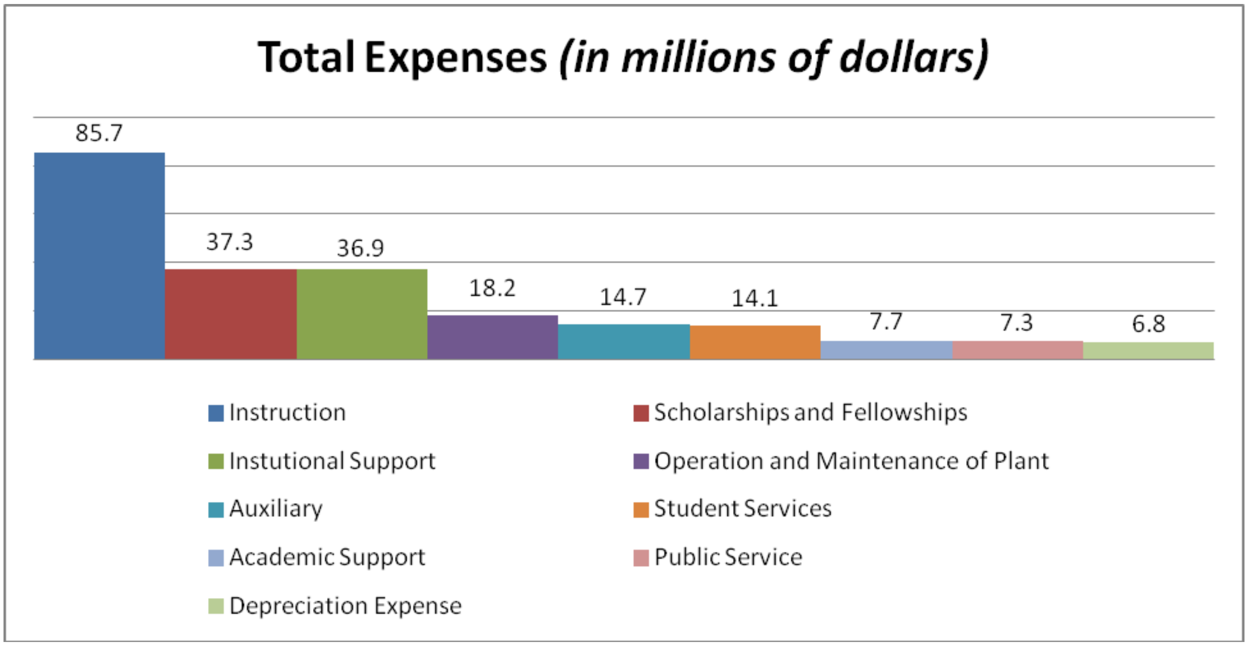


Expenses

Fiscal year 2012 expenses totaled $228.7 million compared to $222.5 million in fiscal year 2011, an increase of $6.2 million, or 2.8%. Of this increase, approximately $7.3 million was incurred in the area of Institutional Support, which included costs related to the college's Voluntary Cash Separation Incentive Program and one-time compensation for employees meeting performance expectations. A fluctuation was also noted in Instruction, which increased $3.7 million. Similar to the increase discussed in Student Tuition and Fees, increases in Instruction are primarily costs related to Summer quarter 2012 as a result of the academic calendar realignment for switching to semesters.

Scholarships and Fellowships had the most significant decrease among expenses, decreasing by $5.6 million, 13.1%, a direct result of decreased enrollment and lower student eligibility for Summer, 2012 financial aid, due to the academic calendar realignment.

Fiscal year 2012 expenditures are shown below:



Statements of Cash Flows *(in thousands)*

Net cash provided (used) by:	2012	2011	2010
Operation activities	($139,213)	($116,287)	($82,468)
Non capital financing activities	118,776	127,948	112,743
Capital financing activities	(8,177)	(3,101)	(7,547)
Investing activities	22,930	(361)	(14,114)
Net increase/(decrease)in cash	(5,684)	8,199	8,614
Cash-beginning of year	17,602	9,403	789
Cash-end of year	$ 11,918	$ 17,602	$ 9,403

Ending cash balances for fiscal years 2010 through 2012 were $9.4 million, $17.6 million, and $11.9 million, respectively. Each month, cash flow projections are evaluated to determine when funds can be invested to maximize investment earnings (typically, at the beginning of each quarter/semester when tuition and fees are paid, funds are transferred to STAR Ohio), or when funds should be transferred back for operations (usually during the latter part of each quarter/semester). Cash balances after June 30, 2010 have been higher due to a change in banking services where higher compensating balances are maintained to maximize earnings credits thereby minimizing banking fees. At June 30, 2011, balances were higher due to funds on hand that were refunded to students at the beginning of July after financial aid funds were disbursed and applied to the respective student accounts on July 1. As of June 30, 2012, such balances were not as high due to an earlier start of Summer quarter, resulting from the academic calendar realignment for switching to semesters, so more refunds had been distributed prior to June 30.

Major sources of cash in 2012 were State appropriations of $58.9 million, tuition and fees of $67.0 million, and gifts, grants, and contracts totaling $70.4 million.

The most significant uses of cash were payments for salaries and benefits of $131.9 million, payments to suppliers of $63.8 million, $37.3 million disbursed for student scholarships and financial aid, and $7.8 million for the purchase of capital assets.

Budgets

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

Columbus State takes a balanced, practical approach to budgeting. Revenues are based upon reasonable enrollment projections and tuition rates approved by the Board of Trustees, providing a solid budget parameter on this revenue calculation, and estimates of state instructional subsidy allocations provided by the Ohio Board of Regents. State instructional subsidy revenues are treated as operating revenues for budget purposes.

Mission and goals, together with current and predicted economic environment and local conditions, all factor into the development of expense budgets. Expenses are constrained by budgeted revenues.

As noted on the Budget Comparison below, expenditures exceeded revenues by approximately $13.8 million. All of this is due to expenses incurred for activities approved by the Board of Trustees to be funded by reserves on a one-time basis rather than from the current year's operating revenues. Such approved expenses included: Switch 2 Semesters project work ($2.0 million), Voluntary Cash Separation Incentive program ($2.5 million), One-time performance compensation ($2.4 million), Delaware Campus start-up operations ($1.8 million), Think Again Scholarships ($2.2 million), and various space efficiency upgrades ($2.0 million).

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

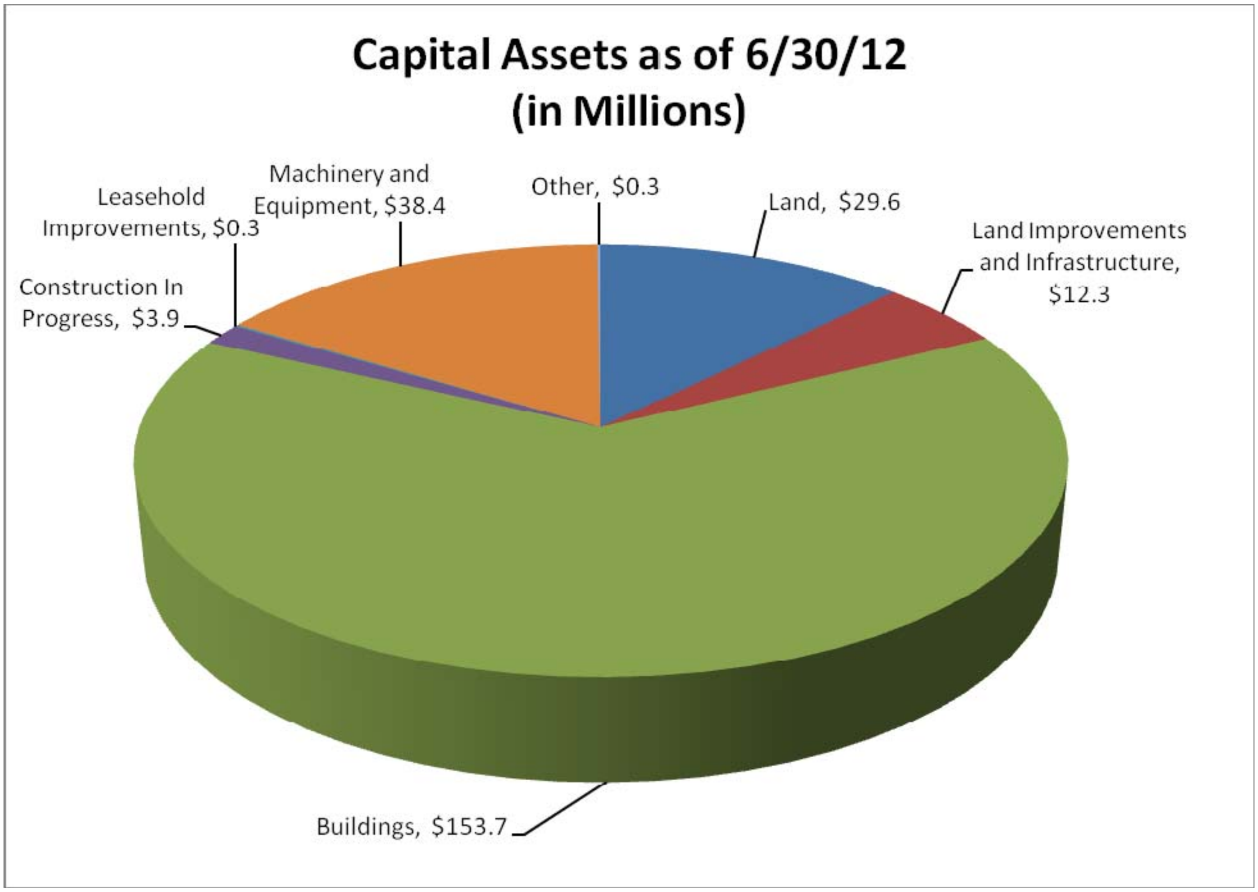
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 12 (in thousands)

Budgeted Operations	Original Budget	Revised Budget	Percent % Change	Actual	Percent % Change
Revenues					
College	$154,492	$157,554	1.98%	$155,942	-1.02%
Auxiliary	15,279	15,066	-1.39%	15,559	3.27%
Total Revenues	$169,771	$172,620	1.68%	$171,501	-0.65%
Expenditures					
College	$152,954	$156,763	2.49%	$170,666	8.87%
Auxiliary	15,112	15,066	-0.30%	14,667	-2.65%
Total Expenditures	$168,066	$171,829	2.24%	$185,333	7.86%
Net Revenues	$1,705	$791	-53.61%	$(13,832)	-1849%

Capital Assets

Capital assets consist of land, land improvements, infrastructure (roads, underground utilities, etc.), buildings, equipment, vehicles, library books, as well as buildings under construction. Capital assets are recorded at "cost" at the time of acquisition. This acquisition cost is allocated over the useful life of the asset and recorded as depreciation expense. At June 30, 2012, the College had $238.5 million in capital assets and $75.2 million in accumulated depreciation, for a total of $163.3 million in net capital assets.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2012.



By comparison, as of June 30, 2011, the College had recorded $230.8 million in capital assets and $68.4 million in accumulated depreciation, for a total of $162.4 million in net capital assets. A detailed summary of additions, deletions, and depreciation of assets can be found in Note 4 – Capital Assets.

Debt

As of June 30, 2012, the College had $12.425 million of outstanding debt as follows:

		(in millions)
General Receipts Bonds:	2007	$ 3.545
General Receipts Bonds	2003	8.880
Total		$ 12.425

FACTORS IMPACTING FUTURE PERIODS

Strategic and Master Planning

During FY12, President David Harrison implemented new master planning and strategic planning processes for Columbus State. In 2011, the college launched a master planning process in order to align with community and regional initiatives and to help set a course for infrastructure expansion. In early 2012, the College simultaneously launched a strategic planning process and became an Achieving the Dream (AtD) institution, setting the stage for an integrated, data-driven approach to student success and credential attainment.

With a focus on access and college readiness, student success and attainment, workforce development and economic impact, a strategic planning team has proposed a draft of the College's updated mission, vision, and values. The proposal will be subject to college-wide review this Autumn with approval by the Board of Trustees expected by year end. This new articulation will largely be driven by AtD principles, with an emphasis on increasing student completion and closing achievement gaps within student groups. The disciplined approach to data analysis called for in the AtD approach will provide a framework for the College's revised operational measures, continuous improvement initiatives, and the annual budget planning process.

State Support and Enrollment

There are two factors that typically impact the budget for the College: state support and enrollment.

During the biennium that included FY 2010 and FY2011, the State of Ohio's subsidy allocation to Ohio's public colleges and universities, appropriated as the State Share of Instruction (SSI), was comprised of both state revenues and American Recovery and Investment Act (ARRA or federal stimulus) funds. The ARRA funds were approximately $9.3 million or 16% of the total SSI received by the College in FY11. While education remains a priority for Ohio's Governor and legislature, the College's allocation for FY12 SSI decreased by nearly $5.5 million due to the gap left by the one-time ARRA monies. In preparation for the loss of these monies, and uncertainties of the FY12-13 state budget, the college continued a rigorous process of budgeting more tightly, continued pursuit of efficiency measures, better aligned variable expenses to related revenues, and analyzed more carefully proposed expenses compared to prior year actuals. To continue serving a growing population of students while keeping tuition affordable, the FY12 budget was not only balanced with a net decrease of 8.6% SSI, but also without a tuition increase as discussed below.

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

Tuition and Enrollment

In FY10, the Board of Trustees approved a 3.5% increase in tuition for the winter and spring quarters, thereby increasing tuition from $79 per quarter credit hour to $81.75, the maximum increase allowed by the State's biennial budget legislation enacted in mid-July 2009. The Board of Trustees also approved a waiver of this increase for winter and spring quarters of FY10, and subsequently extended the tuition waiver through 2011 (ending June 30, 2011), with the Chancellor's approval, and extended it again through Summer quarter 2012, the last term under the quarter system, and approved by the Chancellor. For six consecutive years, students' paid tuition at $79 per credit hour.

Enrollment grew dramatically at Columbus State from FY 2009 through FY2011 – a total of just over 30%, or an average of 10% per year – and continued to grow in FY12 albeit at a slower pace, 1.8% in Full-Time Equivalent (FTE) students. The college maintains a prudent approach to budgeting by including prior year growth into its base, but it does not budget new growth in the current climate of uncertainty to mitigate the risk of spending at a level that may not be sustainable if state support is cut or enrollment takes an unexpectedly large dip, as it has with the recent switch to semesters.

Quarters to Semesters and Impact on Enrollment

Because of a switch from a quarter-based to a semester-based calendar effective Autumn Semester 2012, the College budgeted a 5% decline in enrollment for FY13 based on other institutions' experiences when they made a similar calendar switch. As at other institutions that switched calendars effective Autumn Semester 2012, enrollment dropped notably more than planned and appropriate budget adjustments have been and continue to be made.

The switch from quarters to semesters was approved and funded by the Board of Trustees pursuant to a ten year strategic plan adopted by the Ohio Board of Regents in 2008. A budget not to exceed $6 million was authorized, project milestones were met and a successful conversion occurred when students were welcomed on August 29, 2012 to the first semester-based calendar term at Columbus State. While some funds continue to support students through the conversion process through Spring Semester 2013, the majority of the work has been completed and the project will be under budget.

Partnerships

The college implemented several partnerships in FY12, including:

- *OSU Preferred Pathways.* This program allows students to pursue with intention a specific academic pathway that they start at Columbus State and with successful completion guarantees admission at The Ohio State University.

- *Co-location of OSU and Columbus State*. A unique partnership at Columbus State's Delaware Campus through which OSU-Marion students take courses offered by both Columbus State and OSU at a single site. OSU-Marion closed its former Delaware Center and is now housed on Columbus State's Delaware Campus, where many Columbus State and OSU-Marion staff work side by side and students of the respective institutions are sharing all resources such as library, tutoring, and computer labs.

- *Co-location of Columbus State, a high school and a career center*. A new and expanded regional learning center in Gahanna, previously housed in Gahanna-Lincoln High School. The expanded center has more academic offerings and student services than were possible in the previous location and is housed in Clark Hall, a new building that includes Columbus State, Eastland Career Center, and Gahanna-Lincoln High School.

- *Deeper partnerships with K-12 school districts to improve college readiness*. Regional Summits on College Access and Student Attainment began in Spring 2011 and continued through FY12 with representation of superintendents, principals, counselors, and higher education leaders to discuss current data and gaps, best practices, and current initiatives. The development of a framework for a regional strategy to help more students earn college degrees was completed in FY12. A Joint Resolution authorizing the *Central Ohio Compact* was approved by the Columbus State's Board of Trustees on September 28, 2012 and is being considered by other institutions' governing bodies this autumn.

- *Co-location of Columbus State and Reynoldsburg High School*. A shared services arrangement designed to accelerate college readiness, student success and credential attainment, Reynoldsburg City Schools and Columbus State have developed a dual enrollment partnership that makes Columbus State courses available to Reynoldsburg high school students, giving them the opportunity to earn a two-year associate degree with their high school diploma if they choose. The school district and Columbus State have entered into a rent-free agreement for space at the Reynoldsburg High School's Livingston building. The district renovated the space for classrooms, labs and offices, and Columbus State is equipping the space as a regional learning center and providing instruction and other support services.

Voluntary Separation

In May 2011, the Board of Trustees authorized a *Voluntary Cash Separation Incentive Plan* (the Plan). Given the continued complexities and uncertainties related to state funding for higher education, a softening enrollment, and proposed pension reform legislation, this Plan served to slow the growth of the college's payroll, the most significant expense in the operating budget, and has created opportunities to reorganize or reallocate positions to more effectively meet the college's student success objectives. In its first year (FY12), 61 employees chose to separate from the College at a cost of just over $3.0 million, and in its second year (FY13), up to 31 employees may leave pursuant to this program at an approximate cost of $800,000. Recognizing that a higher than normal rate of retirement could result in a potentially significant loss of institutional memory and experience, a Phased Retirement policy was also implemented that has been used in conjunction with the Plan, allowing more careful planning of a transition for employees in key positions whose unplanned departure could significantly impact current or future college operations.

Financial Sustainability

Columbus State has navigated various economic uncertainties in recent years, including this past fiscal year, in a manner that has allowed it to remain financially sound. As the College sets its strategic direction, goals and priorities, it remains vigilant in monitoring carefully its enrollment, revenue streams, and expenses, adjusting quickly and appropriately as necessary.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF NET ASSETS
As of June 30, 2012 and 2011

	2012		2011	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 11,918,266	$ 99,464	$ 17,602,450	$ 202,030
Investments	122,712,084	5,660,956	145,705,892	5,546,880
Accounts, Loans and Pledges Receivable	26,169,291	75,850	13,397,636	59,596
Inventories	1,987,389	-	2,311,335	-
Other Assets	445,754	-	453,705	-
Total Current Assets	163,232,784	5,836,270	179,471,018	5,808,506
Noncurrent Assets				
Investments	3,725,139	-	3,084,662	-
Other Noncurrent Assets	203,970	-	224,552	-
Capital Assets, Net	163,343,411	-	162,383,118	-
Total Noncurrent Assets	167,272,520	-	165,692,332	-
TOTAL ASSETS	**330,505,304**	**5,836,270**	**345,163,350**	**5,808,506**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	13,162,948	2,243	24,663,078	36,188
Debt, Current Portion	1,310,000	-	1,265,000	-
Deferred Revenue	27,319,573	-	17,490,443	-
Total Current Liabilities	41,792,521	2,243	43,418,521	36,188
Noncurrent Liabilities				
Long-term Liabilities	1,125,011	-	1,338,490	-
Debt, Long-term Portion	11,115,000	-	12,425,000	-
Total Noncurrent Liabilities	12,240,011	-	13,763,490	-
TOTAL LIABILITIES	**54,032,532**	**2,243**	**57,182,011**	**36,188**
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	150,918,411	-	148,693,118	-
Restricted				
Nonexpendable	-	3,646,520	-	3,559,881
Expendable	20,039,756	1,528,190	15,256,459	1,775,417
Unrestricted	105,514,605	659,317	124,031,762	437,020
TOTAL NET ASSETS	**$ 276,472,772**	**$ 5,834,027**	**$ 287,981,339**	**$ 5,772,318**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2012 and 2011

	2012		2011	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
REVENUES				
Operating Revenues				
Student Tuition and Fees (Net of Scholarship Allowances of $23,498,115 in 2012 and $23,398,946 in 2011)	$ 72,489,041	$ -	$ 67,688,687	$ -
Federal Grants and Contracts	6,131,443	-	6,493,312	-
State and Local Grants and Contracts	781,960	-	1,483,557	-
Private Grants and Contracts	973,359	634,617	1,027,202	672,886
Sales and Services of Educational Departments	18,812	-	25,099	-
Auxiliary Enterprises				
Bookstore	14,062,795	-	14,227,595	-
Other	1,496,614	-	1,521,574	-
Other Operating Revenues	736,795	-	234,445	-
Total Operating Revenues	**96,690,819**	**634,617**	**92,701,471**	**672,886**
EXPENSES				
Operating Expenses				
Educational and General				
Instruction and Departmental Research	85,661,725	-	81,968,013	-
Public Service	7,274,017	-	7,815,238	-
Academic Support	7,748,871	-	7,128,440	-
Student Services	14,061,520	-	13,508,156	-
Institutional Support	36,944,847	422,253	29,608,853	380,849
Operation and Maintenance of Plant	18,237,758	-	18,488,911	-
Scholarships and Fellowships	37,252,370	283,420	42,855,439	288,294
Depreciation Expense	6,819,311	-	6,296,562	-
Auxiliary Enterprises				
Bookstore	12,916,165	-	13,084,018	-
Other	1,750,952	-	1,738,365	-
Total Operating Expense	**228,667,536**	**705,673**	**222,491,995**	**669,143**
Operating Income (Loss)	**(131,976,717)**	**(71,056)**	**(129,790,524)**	**3,743**
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	58,854,540	-	64,291,911	-
Unrestricted Investment Income (Net of Investment Expense)	574,929	102,352	594,109	701,198
Restricted Investment Income (Net of Investment Expense)	1,524	30,413	2,863	183,784
Interest on Capital Asset Related Debt	(599,144)	-	(598,143)	-
Pell Grant	60,001,577	-	65,349,598	-
Other Nonoperating Revenue (Expense)	(80,472)	-	(1,693,379)	-
Net Nonoperating Revenues	**118,752,954**	**132,765**	**127,946,959**	**884,982**
Income (Loss)Before Other Revenues, Expenses, Gains, or Losses	**(13,223,763)**	**61,709**	**(1,843,565)**	**888,725**
Capital Appropriations	1,715,196	-	6,192,289	-
Change in Net Assets	**(11,508,567)**	**61,709**	**4,348,724**	**888,725**
NET ASSETS				
Net Assets-Beginning of Year	287,981,339	5,772,318	283,632,615	4,883,593
Net Assets-End of Year	**$ 276,472,772**	**$ 5,834,027**	**$ 287,981,339**	**$ 5,772,318**

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

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	2012		2011	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and Fees	$ 67,024,018	$ 47,584	$ 62,451,490	$ 47,214
Grants, Gifts and Contracts	10,414,380	538,030	6,742,185	565,789
Payments to Suppliers	(63,767,192)	(423,449)	(38,806,481)	(210,391)
Payments for Salaries and Benefits	(131,941,623)	-	(119,829,630)	-
Payments for Scholarships	(37,252,370)	(283,420)	(42,855,439)	(288,294)
Auxiliary Enterprise Receipts	15,554,288	-	15,751,422	-
Other Receipts (Payments)	755,607	-	259,543	-
Net Cash Provided By (Used In) Operating Activities	**(139,212,892)**	**(121,255)**	**(116,286,910)**	**114,318**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Appropriations	58,854,540	-	64,291,911	-
Pell Grant	60,001,577	-	65,349,598	-
Nonoperating Payments to Suppliers	(80,473)	-	(1,693,376)	-
Net Cash Provided By Noncapital Financing Activities	**118,775,644**	-	**127,948,133**	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Appropriations	1,467,028	-	6,110,212	-
Purchases of Capital Assets	(7,779,604)	-	(7,392,936)	-
Principal Paid on Debt	(1,265,000)	-	(1,220,000)	-
Interest Paid on Capital Debt	(599,144)	-	(598,143)	-
Net Cash Used In Capital Financing Activities	**(8,176,720)**	-	**(3,100,867)**	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchases) of Investments	22,353,331	(205,876)	(957,699)	(666,118)
Income on Investments	576,453	224,565	596,972	285,332
Net Cash Provided By (Used In) Investing Activities	**22,929,784**	**18,689**	**(360,727)**	**(380,786)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(5,684,184)**	**(102,566)**	**8,199,629**	**(266,468)**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**17,602,450**	**202,030**	**9,402,821**	**468,498**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 11,918,266**	**$ 99,464**	**$ 17,602,450**	**$ 202,030**
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Loss	$ (131,976,717)	$ (71,056)	$ (129,790,524)	$ 3,743
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) By Operating Activities:				
Depreciation Expense	6,819,311	-	6,296,562	-
Changes in Assets and Liabilities:				
Receivables, net	(12,771,656)	(16,254)	(8,744,459)	94,354
Other Assets	352,480	-	(449,794)	-
Accounts Payable & Accrued Liabilites	(11,465,440)	(33,945)	15,153,675	16,221
Deferred Revenue	9,829,130	-	1,247,630	-
Net Cash Provided By (Used In) Operating Activities	**$ (139,212,892)**	**$ (121,255)**	**$ (116,286,910)**	**$ 114,318**

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

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

Basis of Accounting

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities, issued in June and November 1999. The College reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34. GASB Statements No. 34 and 35, and subsequent statements establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following net assets categories:

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

- Restricted:
  - *Nonexpendable* - Net assets subject to externally imposed stipulations that they be maintained permanently by the College. Such assets include the permanent endowment funds of the College and Foundation.
  - *Expendable* - Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. These net assets principally represent amounts for specified capital construction projects.

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

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

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

GASB Pronouncements

During the fiscal year ended June 30, 2012, the provisions of GASB Statement No. 57, OPEB (Other Postemployment Benefit) Measurements by Agent Employers and Agent Multiple-Employer Plans and GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, became effective. These statements were considered by management but not found to have any impact on the current financial reporting or disclosures of the College. Additionally, GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, GASB Statement No. 61, The Financial Reporting Entity Omnibus, GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, are effective for the year ended June 30, 2013. Management has not yet determined the impact, if any, that implementation of these Statements will have on the College's financial reporting or disclosures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Management Estimates

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivables

At June 30, 2012 and 2011, accounts receivable consist primarily of student tuition and fees, and intergovernmental grants and contracts.

Inventory

Inventories consist principally of text books, educational materials and other merchandise sold by the bookstore and are stated at cost on the first-in-first-out (FIFO) basis.

Capital Assets

Capital assets with a unit cost of over $5,000, and all library books, are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Expenditures for construction in progress are capitalized as incurred. Interest expense related to construction is capitalized net of interest income earned on resources set aside for this purpose. Works of art, including assets held for public exhibition and education, which are protected and preserved, are not depreciated. Renovations to buildings, leasehold, infrastructure and land improvements that significantly increase the value or extend the life of the structure are capitalized. Routine maintenance and repairs are charged to expense as incurred. Depreciation of capital assets is computed using the straight-line method over the estimated useful life of the respective asset, generally 20 years for land improvements, 10-50 years for buildings and fixed equipment, 15 years for library books and 4 - 10 years for equipment. Depreciation expense is not allocated to the functional expenditure categories.

Deferred Revenue

Deferred revenue is comprised primarily of receipts relating to tuition and student fees in advance of the services to be provided and grant funds not earned as June 30, 2012 and 2011.

Note 1 - Summary of Significant Accounting Policies (Continued)

Operating Activities

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

Scholarship and Allowances and Student Aid

The College participates in federally funded Pell Grants, SEOG Grants, and Direct Lending programs. Federal programs are subject to an annual U.S. Office of Management and Budget Revised OMB Circular A-133 audit.

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

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

Pensions

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

Other Significant Accounting Policies

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

Note 2 - Cash, Cash Equivalents And Investments

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

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a formal deposit policy for custodial credit risk. At June 30, 2012 and 2011, $250,000 of the bank balance was covered by federal deposit insurance and the remaining portion $17,069,197 and $17,242,712, respectively, were uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank.

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

The College held $16,659,623 and $54,511,954 in STAR Ohio investments as of June 30, 2012 and 2011, respectively. STAR Ohio is an external investment pool and is considered a cash equivalent under GASB Statement No. 9. Oversight of the pool is through the Ohio Treasurer of State. The fair values of the College's position in the pool are the same as the value of their pool shares.

The following summarizes the value of investments at June 30, 2012 and 2011:

	Fair Value	
Description	2012	2011
STAR Ohio	$ 16,659,623	$ 54,511,954
U.S. Government Obligations	5,100,539	4,367,980
U.S. Agency Obligations	104,677,061	89,910,620
Total	$ 126,437,223	$ 148,790,554

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the College's investment policy limits investment portfolio maturities to five years or less.

As of June 30, 2012, the College had the following investments and maturities:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
STAR Ohio	$ 16,659,623	$ 16,659,623	$ -	$ -	$ -
U.S. Gov't Obligations	5,100,539	5,100,539	-	-	-
U.S. Agency Obligations	104,677,061	7,963,056	96,714,005	-	-
Total	$126,437,223	$ 29,723,218	$96,714,005	$ -	$ -

As of June 30, 2011, the College had the following investments and maturities:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
STAR Ohio	$ 54,511,954	$ 54,511,954	$ -	$ -	$ -
U.S. Gov't Obligations	4,367,980	4,367,980	-	-	-
U.S. Agency Obligations	89,910,620	56,415,112	33,495,508	-	-
Total	$148,790,554	$115,295,046	$33,495,508	$ -	$ -

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

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

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

Credit Rating (S&P/Moody's)	Total	STAR OHIO	U.S. Government Obligations	U.S. Agency Obligations
AA+/Aaa	$126,437,223	$16,659,623	$5,100,539	$104,677,061
Unrated	-	-	-	-
Total	$126,437,223	$16,659,623	$5,100,539	$104,677,061

The credit ratings of the College's interest-bearing investments at June 30, 2011 are as follows:

Credit Rating (S&P/Moody's)	Total	STAR OHIO	U.S. Government Obligations	U.S. Agency Obligations
AAA/Aaa	$148,790,554	$54,511,954	$4,367,980	$89,910,620
Unrated	-	-	-	-
Total	$148,790,554	$54,511,954	$4,367,980	$89,910,620

Concentration of Credit Risk. The College places limits on the amount that may be invested in any one issuer. The following table includes the percentage of the total for each investment type held by the College at June 30, 2012 and 2011:

	Percent of Total	
Type	**2012**	**2011**
STAR Ohio	13,18%	36.64%
U.S. Government Obligations	4.03%	2.93%
Government Agencies	82.79%	60.43%
	100.00%	100.00%

Custodial Credit Risk. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either a counterparty or the counterparty's trust department or agent but not in the government's name. As of June 30, 2012 and 2011, the College's investments in treasury bills and government agency securities were held in custody by a counterparty on behalf of the College.

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

Note 3 - Pledges, Grants and Accounts Receivable

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

2011	Gross Receivable	Allowance	Net Receivable
Students' and other	$21,120,329	$(12,369,501)	$8,750,828
Grants and contracts	4,646,808	-	4,646,808
Total	$25,767,137	$(12,369,501)	$13,397,636

Note 4 - Capital Assets

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

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

Note 4 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance June 30,2010	Additions	Deductions	Balance June 30, 2011
Land	$ 29,235,190	383,045	-	$ 29,618,235
Works of Art	286,500	-	-	286,500
Construction in Progress	332,915	3,584,951	-	3,917,866
Leasehold Improvements In Progress	-	66,387	-	66,387
Total cost of nondepreciable capital assets	29,854,605	4,034,383	-	33,888,988
Buildings	147,539,862	1,019,858	-	148,559,720
Improvements other than buildings	11,819,545	471,717	-	12,291,262
Leasehold Improvements	-	123,999	-	123,999
Moveable equip, furniture and library books	40,743,108	2,108,047	(6,935,644)	35,915,511
Total cost of depreciable capital assets	200,102,515	3,723,621	(6,935,644)	196,890,492
Total cost of capital assets	229,957,120	7,758,004	(6,935,644)	230,779,480
Less accumulated depreciation				
Buildings	37,492,375	3,798,093	-	41,290,468
Improvements other than buildings	1,970,486	225,098	-	2,195,584
Moveable equip, furniture & library books	29,207,515	2,273,371	(6,570,576)	24,910,310
Total accumulated depreciation	68,670,376	6,296,562	(6,570,576)	68,396,362
Capital assets, net	$161,286,744	1,461,442	(365,068)	$162,383,118

Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2012 and 2011, are as follows:

	2012	2011
Payable to vendors and contractors	$ 4,313,264	$ 16,952,658
Accrued expenses, primarily payroll and vacation leave	7,509,224	6,827,844
Employee withholdings and deposits payable to third parties	2,465,471	2,221,066
	$ 14,287,959	$ 26,001,568
Current	$ 13,162,948	$ 24,663,078
Noncurrent	$ 1,125,011	$ 1,338,490

Note 6 - Long Term Debt

Long-term debt as of June 30, 2012 and 2011 is summarized as follows:

	Balance June 30, 2011	New Debt	Reduction	Balance June 30, 2012	Current Portion	Noncurrent Portion
Series 2003 bonds with interest rates ranging from 2.0% to 4.5% due serially through 2023	$ 9,510,000	-	$ (630,000)	$ 8,880,000	$ 655,000	$ 8,225,000
Series 2007 bonds with interest rates ranging from 4.0% to 4.25% due serially through 2017	4,180,000	-	(635,000)	3,545,000	655,000	2,890,000
Total Bonds	$13,690,000	-	$(1,265,000)	$12,425,000	$1,310,000	$11,115,000
Compensated Absences	4,535,435	-	(252,577)	4,282,858	3,157,847	1,125,011
Total Long-Term Liabilities	$18,225,435	-	$(1,517,577)	$16,707,858	$4,467,847	$12,240,011

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

Years Ended June 30	Principal	Interest	Total
2013	1,310,000	507,879	1,817,879
2014	1,365,000	457,171	1,822,171
2015	1,415,000	403,531	1,818,531
2016	1,470,000	345,413	1,815,413
2017	1,530,000	284,138	1,814,138
2018 - 2021	3,405,000	730,845	4,135,845
2022 – 2023	1,930,000	131,175	2,061,175
Total	$12,425,000	$2,860,152	$15,285,152

Note 6 - Long-Term Debt (Continued)

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

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

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

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

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

Year	Series 2003
2018	$ 800,000
2019	830,000
2020	870,000
2021	905.000
2022	945,000
2023	985,000

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

The College also leases office space, parking, and classroom space for its off-campus sites and equipment under operating leases, which have ending dates ranging through 2015. Lease expense charged to operations was $2,070,145 and $1,607,443 during 2012 and 2011, respectively. Future minimum lease payments under operating leases at June 30, 2012, are as follows:

2013	$ 578,127
2014	578,127
2015	350,463
	$1,506,717

Note 7 - Compensated Absences

Fulltime College administrators and staff accrue vacation benefits. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the College. The amount of sick leave benefit payable at retirement is one-fourth of the value of the accrued but unused sick leave up to a maximum of 360 hours.

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

The liability for the cost of vacation and sick leave benefits is approximately $4,282,858 and $4,535,435 as of June 30, 2012 and 2011, respectively. Included in this liability at June 30, 2012, was a charge of $83,077 related to a voluntary separation incentive plan offered by the College. This charge represents the estimated additional payout of accrued sick leave for employees who are eligible for the Plan in fiscal 2013.

Note 8 - State Support

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

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

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

Note 9 - Retirement Plans

State Teachers Retirement System (STRS)

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

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

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

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

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service.

Note 9 - Retirement Plans (Continued)

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

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

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

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

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

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

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers. The College's contributions, which represent 100% of the required contribution, for the years ended June 30, 2012, 2011, and 2010 were $8,017,688, $7,531,226, and $6,772,777, respectively. Member and employer contributions actually made for DC and Combined Plan participants are available upon written request.

STRS issues a stand-alone financial report. Additional information or copies of STRS Ohio's *2011 Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771, by calling toll-free (888)227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Note 9 - Retirement Plans (Continued)

School Employees Retirement System of Ohio (SERS)

The College contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70%. The remaining 1.30% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The College's contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were $5,814,906, $5,469,955, and $4,825,959, respectively, which equaled the required contributions each year.

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

Alternative Retirement Plan

The State of Ohio requires public institutions of higher education to offer an alternative retirement plan. This option is an alternate to participating in the State Teachers Retirement System and the School Employees Retirement System. The alternative retirement plan shall be a defined-contribution plan, with the Ohio employer contribution rate of 3.5% for STRS and 6% for SERS. The College has implemented the alternative retirement plan. In fiscal years 2012, 2011 and 2010, the College's contributions were $36,106, $31,717 and $31,292, respectively for STRS and $60,519, $51,468 and $49,812, respectively for SERS.

Note 10 - Other Postemployment Benefits

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

State Teachers Retirement System (STRS)

Pursuant to 3307 of the Revised Code, the STRS Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2012, 2011, and 2010. The 14% employer contribution is the maximum rate established under Ohio law. The College's post-employment health care contributions for the years ended June 30, 2012, 2011, and 2010 were $572,692, $537,945, and $483,770, respectively.

Note 10 - Other Postemployment Benefits (Continued)

School Employees Retirement System of Ohio (SERS)

Medicare Part B Plan
The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2012 was $99.90 for most participants, but could be as high as $319.70 per month depending on their income. SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was .75%. The College contributions for the years ended June 30, 2012, 2011, and 2010, were $311,513, $296,942, and $261,982, respectively, which equaled the required contributions for each year.

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation is .55%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 % of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Heath Care Fund. The College contributions assigned to the Health Care Fund for the years ended June 30, 2012, 2011, and 2010 were $843,025, $1,136,461, and $639,409, respectively.

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

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

Note 11 - Risk Management

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

Beginning on July 1, 2010, the College became self-insured for their health, dental and vision benefits to its employees. The College self-funds the cost of the programs up to specified stop-loss insurance limits. Coverage during the policy period limits the maximum individual and aggregate losses. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. The estimated liability for claims incurred but not reported was determined based on averages of claims expenses paid during the period. The claims liability of $1,632,752 was reported at June 30, 2012, as required of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims be reported.

The following represents the claims activity for fiscal year 2012:

Claims Liability Balance at July 1, 2011	Current Year Claims and Changes in Estimates	Claim Payments	Claims Liability Balance at June 30, 2012
$1,261,131	9,287,198	8,915,577	$1,632,752

Note 12 - Capital Projects Commitments

At June 30, 2012 and 2011, the College was committed to future capital expenditures as follows:

	2012	2011
Contractual commitments:		
Union Hall Renovation	10,518,000	14,800,000
Clark Hall Gahanna	-	561,000
750 E. Long Street	-	335,000
Regional Learning Center - Reynoldsburg	1,400,000	-
Bolton Field Tarmac Repairs	-	196,000
Lab Upgrades	95,000	132,000
Total future project costs	$12,013,000	$16,024,000

Note 13 - Encumbrances

Encumbrances are contractual commitments made by the College for the purchase of goods and services. However, as of the balance sheet date, such goods have not been delivered or services rendered. Encumbrances (excluding amounts for Board allocations) were $7,557,857 and $2,233,096, as of June 30, 2012 and 2011.

Note 14 - Pending Litigation

At June 30, 2012, there were several lawsuits and claims pending against the College. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the College.

Note 15 – Contingency

The College is the beneficiary of a potential cash refund related to the purchase of the annuity to fund a charitable gift annuity the College received in prior years. During fiscal year 2010, the College purchased an annuity to fund the obligation. The policy provides that the College will receive a refund of any premium payment in excess of the obligations paid by the policy if all annuitants are deceased. The College paid $3,484,254 in premiums during 2010 to fund the annuity.

Note 16 - Operating Expenses By Natural Classification

The College's operating expenses by natural classification were as follows for the years ended June 30, 2012 and 2011:

	2012	2011
Salaries and wages	$106,820,633	$ 97,723,807
Employee benefits	26,046,775	25,147,569
Utilities	3,440,697	3,553,568
Supplies and other services	48,287,750	46,915,050
Depreciation	6,819,311	6,296,562
Student scholarships and financial aid	37,252,370	42,855,439
	$228,667,536	$222,491,995

Note 17 - Component Unit Disclosures

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

Organization

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

Note 17 - Component Unit Disclosures (Continued)

Cash, Cash Equivalents and Investments
The Foundation's cash is included in the College's consolidated cash, which is insured by the FDIC up to $250,000, as of June 30, 2012 and 2011. Uninsured cash funds held by the bank are subject to a collateral agreement covering all public funds held by the bank. As of June 30, 2012 and 2011, the Foundation had bank balances of $108,349 and $175,046 respectively.

Investments
The Foundation's investments are stated at market value, with changes in the market value being recognized as gains and losses during the period in which they occur. Market value is determined by market quotations. Investment earnings from endowment investments are credited to temporarily restricted funds and spent in compliance with donor restrictions placed on earnings. Investment earnings of non-endowment investments are recorded as unrestricted earnings and expended at the discretion of the Foundation's board. The following summarizes the cost and fair value of investments of the Foundation at June 30, 2012 and 2011:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Cash & Money Market Funds	$ 145,578	$ 145,578	$ 139,403	$ 139,403
Equity Funds	1,861,791	1,950,543	3,385,946	3,843,853
Common & Preferred Stock	2,876,252	3,321,309	1,173,567	1,337,668
Corporate Debt	221,435	243,526	167,391	188,287
Municipal Bonds	-	-	32,862	37,669
	$ 5,105,056	$ 5,660,956	$ 4,899,169	$ 5,546,880

Promises to Give
Unconditional promises to give consist of the following as of June 30, 2012 and 2011:

	2012	2011
Outstanding pledges at year end	$75,888	$59,619
Less: Discounts and allowance for uncollectible pledges	(38)	(23)
Unconditional promises to give, net	$75,850	$59,596

As of June 30, 2012:

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

As of June 30, 2011:

Amounts due to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$19,619	(19)	$19,600
One to five years	40,000	(4)	39,996
Total	$ 59,619	$ (23)	$59,596

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2012

	CFDA #	Pass Through Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Recipient			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		$ 364,101
Federal Direct Student Loans	84.268		99,232,365
Federal Work-Study Program	84.033		503,345
Federal Pell Grant Program	84.063		59,920,425
Total Student Financial Aid			160,020,236
TRIO Cluster			
TRIO Upward Bound	84.047		267,295
TRIO Student Support Services	84.042		235,651
TRIO Talent Search	84.044		221,070
Total Trio Cluster			724,016
Higher Education Institutional Aid	84.031A		373,887
Passed through State of Ohio Department of Education			
Career and Technical Education -- Basic Grants to States	84.048		394,928
Tech Prep Education	84.243		120,319
Twenty-First Century Community Learning Centers	84.287		315,835
Passed through the Ohio Board of Regents			
Career and Technical Education - Basic Grants to States	84.048		22,049
College Access Challenge Grant Program	84.378		50,156
Passed through Ohio Board of Regents to Wright State			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126A		1,570
Total U.S. Department of Education			162,022,996
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State of Ohio Department of Education			
Summer Food Service Program for Children	10.559		9,729
U.S. DEPARTMENT OF COMMERCE			
Passed through Connected Nation Inc.			
ARRA - Broadband Technology Opportunities Program	11.557		2,330
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Recipient			
Family and Community Violence Prevention Program	93.910		374,269
Passed through Central Ohio Workforce Investment Corporation			
Temporary Assistance for Needy Families	93.558		8,233
Passed Through Cuyahoga Community College			
ARRA - Health Information Technology Professionals in Health Care	93.721		370,428
Total U.S. Department of Health and Human Services			752,930

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2012

	CFDA #	Pass Through Number	Expenditures
U.S. DEPARTMENT OF LABOR			
Direct Receipient			
Department of Labor Employment Training Administration			
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275		2,205,372
Passed through Edison Biotechnology Center dba Bio Ohio			
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275		180,573
WIA Cluster			
Passed through Central Ohio Workforce Investment Corporation			
WIA Adult Program	17.258		1,731
ARRA - WIA Adult Program and WIA Dislocated Workers	17.258 and 17.260		3,908
WIA Youth Activities	17.259		239,024
Passed through Franklin County Department of Jobs and Family Services			
WIA Adult Program & WIA Dislocated Workers	17.258 and 17.260		84,919
Total WIA Cluster			329,582
Passed through Ohio Department of Jobs and Family Services			
Trade Adjustment Assistance	17.245		240,885
Total U.S. Department of Labor			2,956,412
U.S. DEPARTMENT OF VETERANS AFFAIRS, VETERANS BENEFITS ADMINISTRATION			
Direct Recipient			
Vocational Rehabilitation for Disabled Veterans	64.116		354,080
U.S. DEPARTMENT OF STATE - BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS			
Passed through Community Colleges for International Development			
Academic Exchange Programs - Undergraduate Programs	19.009		94,351
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Ohio Department of Public Safety			
Incentive Grant Program to Increase Motorcyclist Safety	20.612		1,053
U.S. SMALL BUSINESS ADMINISTRATION			
Passed through Ohio Department of Development			
Small Business Development Centers	59.037		630,196
THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Direct Recipient			
AmeriCorps	94.006		109,101
Passed through Ohio Campus Compact			
Learn and Serve American Higher Education	94.005		2,000
Total Corporation for National and Community Service			111,101

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2012

	CFDA #	Pass Through Number	Expenditures
NATIONAL SCIENCE FOUNDATION			
Passed through Ohio State University Research Foundation			
Computer and Information Science and Engineering	47.070		525
Mathematical and Physical Sciences	47.049		1,177
Education and Human Resources	47.076		69,953
Trans-NSF Recovery Act Research Support	47.082		3,774
Total National Science Foundation			75,429
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through State Library Board of Ohio			
Grants to States	45.310		13,885
TOTAL FEDERAL AWARD EXPENDITURES			$ 167,024,492

Note 1 - Significant Accounting Policies

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

Note 2 – Federal Direct Student Loan Program

The College is a direct lender for the Federal Direct Student Loan program. As part of the Health Care and Education Reconciliation Act of 2010, Colleges and Universities were mandated to switch to the Federal Direct Lending program by July 1, 2010. The following represents direct loans originated and disbursed during fiscal year 2012:

Federal Subsidized Direct Loans	43,211,782
Federal Unsubsidized Direct Loans	55,522,241
Federal PLUS Loans	498,342
Total Direct Student Loans	$99,232,365

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

Board of Trustees
Columbus State Community College

We have audited the financial statements of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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.

Compliance and Other Matters

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

We noted certain matters which we reported to management of the College in a separate letter dated October 12, 2012.

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

Parms & Company, LLC

October 12, 2012
Columbus, Ohio

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INDEPENDENT AUDITORS' 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

Board of Trustees
Columbus State Community College

Compliance

We have audited Columbus State Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on The 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 the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the 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.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures 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 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, others within the entity, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Parms & Company, LLC

October 12, 2012
Columbus, Ohio

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section I. Summary of Auditor's Results

A. *Financial Statements*:

1. Type of auditor's report issued: UNQUALIFIED

2. Internal control over financial reporting:

   a. Material weakness(es) identified? ___Yes _X_No

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

3. Noncompliance material to financial statements noted? ___Yes _X_No

B. *Federal Awards:*

1. Internal control over major programs:

   a. Material weakness(es) identified? ___Yes _X_No

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

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

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

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

   - Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.063, 84.268 and 84.375)
   - ARRA Competitive Grant – Department of Labor (17.275)

5. Dollar threshold used to distinguish between Type A and Type B programs: $ 2,033,764

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

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)
For the Year Ended June 30, 2012

Section II. Financial Statement Findings

No Findings

Section III. Federal Award Findings and Questioned Costs

No findings.

Section IV. Summary of Prior Audit Findings

No findings.

Dave Yost • Auditor of State

COLUMBUS STATE COMMUNITY COLLEGE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 8, 2013

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