COLUMBUS STATE COMMUNITY COLLEGE

Financial Report With Additional Information
For The Years Ended June 30, 2007 and 2006

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Columbus State Community College, Franklin County, prepared by Parms & Company, LLC, for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 9, 2008

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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 statements of net assets of Columbus State Community College (the College), a component unit of the State of Ohio, and its discretely presented component unit, as of June 30, 2007 and 2006, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the Columbus State Community College as of June 30, 2007 and 2006, and the respective results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated October 15, 2007, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis presented on pages 3 through 14 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2007, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of Columbus State Community College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Parms & Company, LLC

October 15, 2007
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, 2007; and financial activity for the fiscal year July 1, 2006 through June 30, 2007, with selected comparative information for the fiscal year ended June 30, 2006, and June 30, 2005, when appropriate. This discussion should be read in conjunction with the accompanying financial statements and notes herein.

ABOUT THE COLLEGE

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

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

As a comprehensive community college, Columbus State has a strong commitment to technical education, offering the Associate of Applied Science and the Associate of Technical Studies degree programs in areas ranging from Accounting and Business to Veterinary Technology. As of Autumn 2006, there are 82 two-year technical associate degree programs, 4 associate degree programs, and 69 one-year certificate programs. The transfer programs, Associate of Arts and Associate of Science, meet the majority of freshman and sophomore course requirements of bachelor's degree programs. Specific transfer agreements with many four-year colleges and universities throughout the state have also been developed. Additionally, the College offers many non-credit classes through its Community Education and Workforce Development Division which seeks to extend the College's resources through a wide array of courses and seminars geared to meet the community's learning and training needs. These include classes in technology, business, health, and human and social services. Approximately 19,700 students take non-credit classes annually.

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

ABOUT THE FINANCIAL STATEMENTS

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS AND TRENDS

Financial Sustainability

The college budgets with the goal of keeping tuition affordable while offering high quality and convenient academic programs. In 2006, several measures were taken to ensure the fiscal stability of the college following a year of a slight enrollment decline, and concerns about the strength of the state's economy and uncertainty about the future of higher education funding. Those measures continued to support the college's fiscal stability through 2007, resulting in an increase in net assets of $15.1 million. Revenues were higher as a result of favorable investment income, $4.1 million, and increased enrollment, where headcount was 1% higher than 2006 while the average credit hour load carried by students resulted in a 2% increase in full-time equivalents (FTE). The College's Voluntary Early Retirement Program, offered in fiscal year 2006, along with the restructuring of health care programs served to contain increases in personnel and benefits costs. A refunding in April 2007 of Series 1997 bonds yielded savings of approximately $327,000, 5.6%, over the remaining 10-year life of the bonds. Moody's Investor's Services (Moody's) and Standard and Poor's Rating Services (S&P), assigned the credit ratings of A1 (outlook stable) and A/stable, respectively, on the new Series 2007 General Receipts Refunding Bonds. These ratings were also affirmed for the Series 2003 and Series 1997 General Receipts Bonds.

Economic Impact

A study was conducted which examined the college's financial impact on students, taxpayers and the four-county service district (Delaware, Franklin, Madison, and Union). Pickaway County was also included in the study based on classes now offered at Teays Valley High School. The report concluded that Columbus State Community College generates more than $737 million annually for the central Ohio economy, compared to $250 million reported in a similar study five years ago. This increase is reflective of the growth in the college since 2002, as well as changes in the central Ohio economy. Of the $737 million, $656 million is attributed to increased earnings of students who have taken Columbus State classes.

Auxiliary Operations

Several activities were realigned with Auxiliary Services, which had previously consisted primarily of the bookstore and the college's Child Development Center. In October 2006, the Child Development Center became part of the Auxiliary Services Department (formerly reporting within the Learning Systems Division); in March 2007, Bridgeview Golf Course and Driving Range was added; and finally, a food services program, formerly accounted for in the general fund, was transitioned, effective July 1, 2007, within Auxiliary Services. These moves aligned similar revenue-generating operations under common management and will shift many expenses to the auxiliary fund that were previously part of the general fund.

In October 2006, the College opened the Discovery Exchange, a 37,000 square foot facility that houses the bookstore, warehouse, copying/printing operations, a new café and convenience store. $7 million of debt, from the 2003 issue, is being retired by revenues generated by the bookstore and related auxiliary enterprises.

Facilities Improvements

In May of 2002, the Board of Trustees approved a $12.97 million locally-funded facilities plan that included renovations to several college facilities and the relocation of several college offices and functions for more effective alignment. Over the past several years, a number of those projects and moves have been accomplished and yielded positive results. In FY 2006, a campus committee reviewed and reaffirmed the Plan's remaining projects, and considered new initiatives for space vacated by tenants who moved into the new Bookstore/Retail Complex and the Center for Workforce Development. An updated plan that has over a dozen individual projects aimed at increasing effectiveness and efficiency of college functions and services was approved by the President. Many of those projects are completed, and others are well underway. Key projects include space expansion for the college's distance learning program that will enhance the college's ability to further develop and administer on-line programs, and permanent space for the college's Department of Public Safety. Funding for the various projects in the updated plan will come from both State of Ohio basic renovation appropriations and local capital allocations, including 2003 bond proceeds available as a result of the Discovery Exchange and Child Development Center being completed under budget.

Self Assessment of Internal Controls

Recognizing the importance of establishing, maintaining, and evaluating internal accounting controls sufficient to provide reasonable assurance of accountability for public funds, the college launched an initiative for evaluating the internal controls and control environment within the college. This program is being adapted for the college based on the program and tools used by the State of Ohio (the State's Internal Accounting Control Program (IACP) started in 1992). During FY 2007, an initial internal accounting control self-assessment was conducted for each cost center and major transaction cycle within the college. The results of this assessment will be evaluated over the next year to identify areas where controls should be improved and correction action plans will be developed where necessary. This process is intended to be ongoing, with regular self-assessments and reviews of internal controls.

Capital Equipment

The college has a significant investment in capital equipment, over $30 million, funded from state moneys for instructional and data processing equipment and from local college capital equipment funds. In response to recommendations made in last year's audit, the college implemented several measures to enhance controls over budgeting, purchasing and accounting for capital equipment. Budgeting for purchases from local funds was previously a separate process from budgeting for items reimbursable from the Ohio Board of Regents Instructional and Data Processing Equipment appropriation. This process is now coordinated for a holistic view of capital equipment needs and to ensure that no item is duplicated in the two respective budgets. Each item on the annual approved capital equipment list is identified by a line item number and the account to be charged. Budget controls are used within the purchasing system, similar to budgets for operating costs, to ensure that approved budgets cannot be exceeded, and the line item must be valid in order for a purchase order to be issued. Process enhancements and the format of the approved capital equipment list will also allow for monitoring and reporting the status of purchases throughout the year, particularly near year-end cut-off processes, and facilitate submission of reimbursement requests from the Ohio Board of Regents Instructional and Data Processing Equipment appropriations in a more timely manner.

OTHER FACTORS TO CONSIDER

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

FINANCIAL STATEMENTS

The ***Statement of Net Assets*** details all College holdings (assets) such as cash, investments, accounts receivable, land and buildings; and liabilities including payments due to vendors, and short and long-term debt, as of June 30, 2007. 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.

Certain items have been reclassified for the year ended June 30, 2006 to conform to classifications used for the year ended June 30, 2007.

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

Statement of Net Assets (in thousands)

	2007	2006	Difference	2005	Difference
Assets					
Current assets	$ 119,343	$ 109,803	$ 9,540	$ 97,705	$ 12,098
Non-current assets					
Capital assets	139,692	138,086	1,606	131,203	6,883
Other	2,299	1,728	571	3,621	(1,893)
Total assets	261,334	249,617	11,717	232,529	17,088
Liabilities					
Current Liabilities					
Deferred revenue	11,207	10,953	254	9,115	1,838
Accounts payable	9,419	11,668	(2,249)	11,971	(303)
Other current liabilities	2,180	1,565	615	1,500	65
Non-current liabilities					
Long-term debt	17,710	19,740	(2,030)	21,250	(1,510)
Annuities payable	2,261	2,321	(60)	2,375	(54)
Other	642	536	106	762	(226)
Total liabilities	43,419	46,783	(3,364)	46,973	(190)
Net Assets					
Invested in capital assets	124,712	121,044	3,668	110,901	10,143
Restricted	2	93	(91)	3,737	(3,644)
Unrestricted	93,201	81,697	11,504	70,918	10,779
Total net assets	$ 217,915	$ 202,834	$ 15,081	$ 185,556	$ 17,278

Assets

As of June 30, 2007, current assets totaled $119.3 million compared to $109.8 million in fiscal year 2006, and $97.7 million in 2005. Year-to-year increases amounted to 8.7% and 12.4% in 2007 and 2006, respectively. Most of the increases are the result of increased net assets that have been invested and higher return on investments. Cash, cash equivalents and investments increased by $12.2 million and $7.7 million in 2007 and 2006, respectively, while the increase in net assets, excluding Invested in Capital Assets, was $11.4 million and $7.1 million in each of those years.

Total assets as of June 30, 2007, were $261.3 million compared to $249.6 million in fiscal year 2006, a 4.7% increase. The increase, $11.7 million, is largely the result of increased net assets, as discussed under revenues on the next page, and capital additions, from both capital appropriations and locally funded projects.

Capital assets such as land, buildings, machinery and equipment are the largest asset group at $139.7 million (53.5%), followed by cash and investments of $106.0 million (40.5%); and inventory and other assets at $15.5 million (6.0%). The percentage of capital assets is comparable to 2006. Cash and investments have increased approximately 3.0 percentage points (from 37.6% of total assets), as a result of operations for the year, where unrestricted net assets increased by $11.5 million. Inventory and other assets have decreased by 1.1 percentage point (from 7.1% of total assets) due to improved collections on delinquent receivables referred for collection and the impact of cash as a larger proportion of total assets.

Liabilities

As of June 30, 2007, the College's current liabilities were $22.8 million, compared to $24.2 million in 2006, a decrease of 5.7%. Of that total, $11.2 million was deferred revenue (summer quarter tuition revenues related to fiscal year 2008 and credit bank), $9.4 million in accounts payable and $2.2 million of short-term debt. Most of the decrease resulted from lower construction payables as construction projects in progress or nearing completion at the end of 2006 were completed during fiscal year 2007.

Non-current liabilities as of June 30, 2007, were $20.6 million consisting of $17.71 million in long-term debt (revenue bonds), $2.3 million in annuities payable, and other long-term liabilities of $0.6 million. By comparison, non-current liabilities as of June 30, 2006 were $22.6 million consisting of $19.74 million in bonds payable, $2.3 million in annuities payable, and $0.5 million in long-term liabilities.

Total liabilities as of June 30, 2007 were $43.4 million compared to $46.8 million in fiscal year 2006. The decrease is attributed to current year debt service, and the reduction in contractor payables as discussed above.

Net Assets

Net assets increased by $15.1 million in 2007, compared to the increase of $17.3 million in 2006. Increases were noted in tuition and fees ($3.9 million), investment income ($1.1 million), and other non-operating revenues/expenses ($1.9 million; 2006 included expenses associated with loss on disposal of buildings raised for the new construction of the Center for Workforce Development, Child Development Center and the Discovery Exchange), while the most significant decrease noted was in capital appropriations ($4.4 million) due to less state funded projects (planning and design for Delaware campus during 2007).

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

	2007	2006	Difference	2005	Difference
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowances of $11.3, $10.9, and $9.6 million in 2007, 2006, and 2005, respectively)	$ 53,468	$ 49,557	$ 3,911	$ 46,450	$ 3,107
Federal, state, and private grants and contracts	30,081	31,089	(1,008)	27,582	3,507
Auxiliary enterprises	10,298	9,638	660	9,992	(354)
Other	665	1,102	(437)	741	361
Total operating revenues	94,512	91,386	3,126	84,765	6,621
OPERATING EXPENSES					
Educational and general	108,111	105,512	2,599	99,921	5,591
Scholarships and fellowships	14,212	14,617	(405)	11,523	3,094
Auxiliary enterprises	10,342	9,362	980	9,277	85
Depreciation expense	4,480	3,920	560	3,565	355
Total operating expenses	137,145	133,411	3,734	124,286	9,125
Operating income (loss)	(42,633)	(42,025)	(608)	(39,521)	(2,504)
NON-OPERATING REVENUES (EXPENSES)					
State appropriations	53,099	53,317	(218)	53,976	(659)
Investment income (net of expense)	4,102	3,050	1,052	1,480	1,570
Other non-operating revenues	(1,626)	(3,560)	1,934	(1,779)	(1,781)
Net non-operating revenues	55,575	52,807	2,768	53,677	(870)
Income before capital appropriations	12,942	10,782	2,160	14,156	(3,374)
Capital appropriations and gifts	2,138	6,496	(4,358)	13,093	(6,597)
Increase in net assets	15,080	17,278	(2,198)	27,249	(9,971)
Net assets, beginning of year	202,834	185,556	17,278	158,307	27,249
Net assets, end of year	$ 217,914	$ 202,834	$ 15,080	$ 185,556	$ 17,278

Revenues

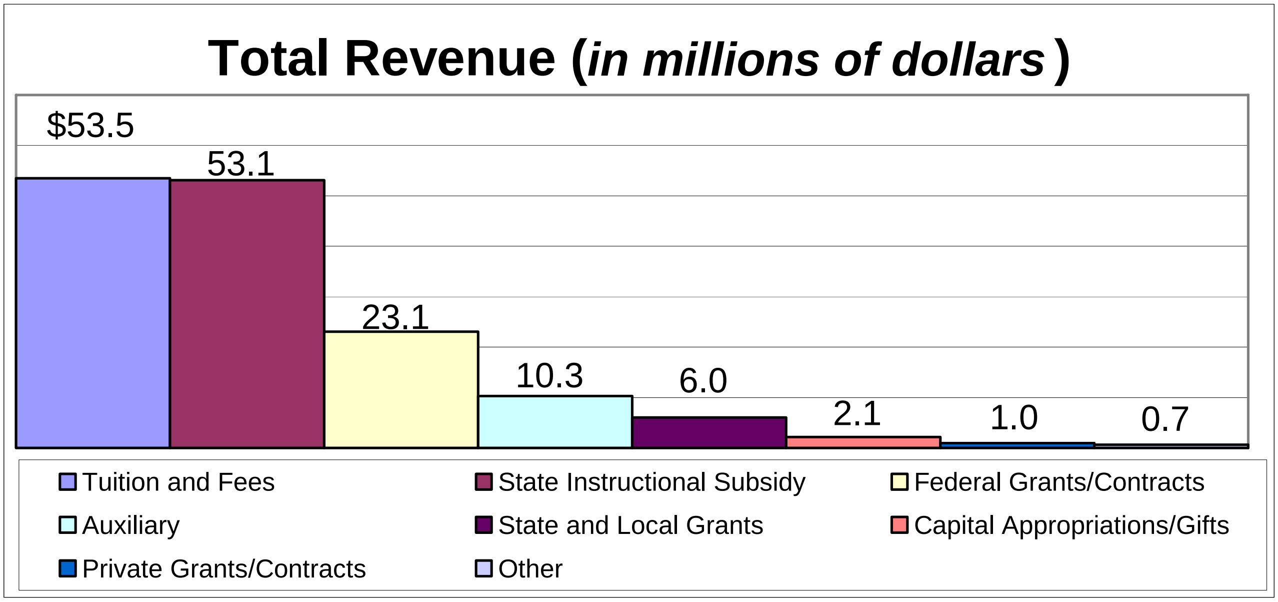
Total fiscal year 2007 revenues equaled $149.8 million compared to $151.2 million in fiscal year 2006. The most significant area of increase was $3.9 million in student tuition and fees, while capital appropriations decreased by $4.4 million and private grants and contracts decreased by $1.0 million.

The majority of College revenues come from three sources: 1) State instructional subsidy ($53.1 million), 2) Student tuition and fees ($53.5 million), and 3) Federal, state, and private grants and contracts ($30.1 million).

Of $29.1 million in federal and state grants and contracts, 84.5% are awarded to students through the federal Pell grant and State of Ohio instructional grant programs. These funds are used for student tuition ($11.3 million) and education-related expenses.

Other significant revenue sources are: Auxiliary enterprises ($10.3 million) and State capital appropriations used for construction, renovation and maintenance of facilities ($2.1 million).

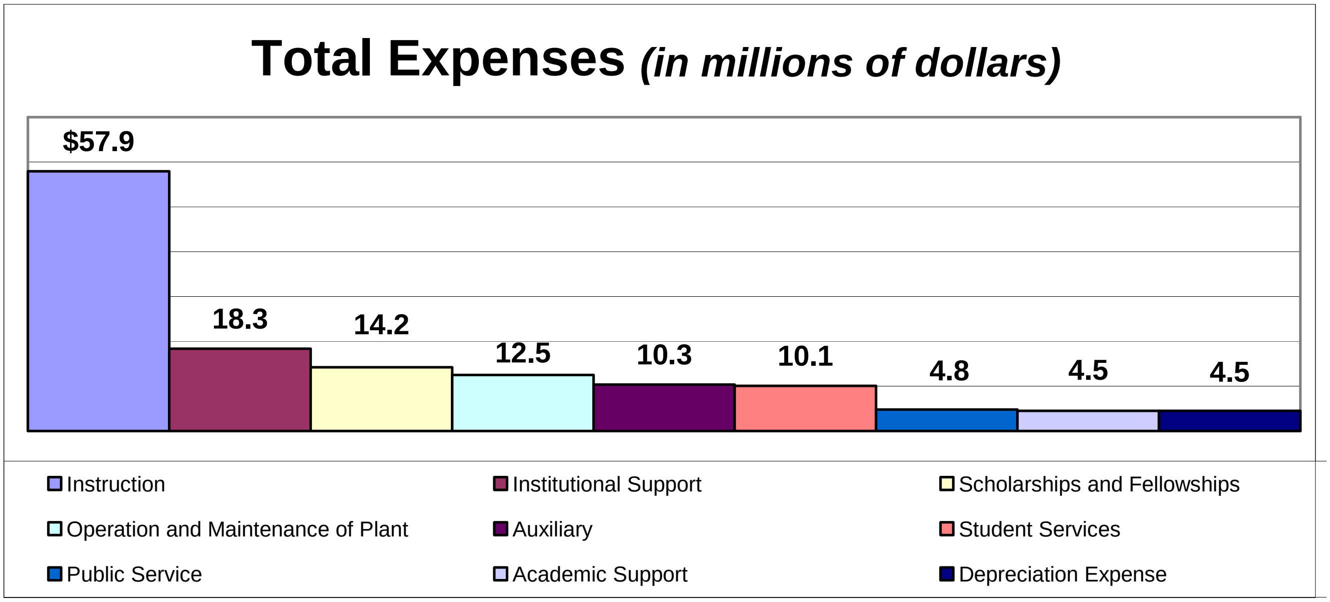
The major sources of College revenues for fiscal year 2007 are presented below.



<u>Expenses</u>

Fiscal year 2007 expenses totaled $137.1 million as compared to $133.4 million in fiscal year 2006, an increase of $3.7 million. Of this increase, approximately $3.2 million is attributable to increases in Instruction and departmental research. As a result of the Voluntary Early Retirement (ERI) offered in fiscal year 2006, there were many vacancies in 2006 that were filled in 2007 as well as annual increases and related benefits. Expenses for operation and maintenance of plant increased by nearly $1.7 million over 2006. Much of this increase is attributed to increasing natural gas prices and a full year of operating two new facilities (Center for Workforce Development and Child Development Center) and eight months for a third new facility (Discovery Exchange). The most significant decrease was in Institutional Support, which was $2.1 million lower than the prior year. The decrease is due to the ERI, where most of the retirements were effective as of June 30, 2006, resulting in $3.4 million in 2006 expense. The last retirements were effective August 31, 2006, hence, 2007 expense was $1.6 million.

Fiscal year 2007 expenditures are shown below:



Statement of Cash Flows *(in thousands)*

Net cash provided (used) by:	2007	2006	2005
Operation activities	(37,947)	($37,909)	($37,508)
Non capital financing activities	52,470	50,718	53,835
Capital financing activities	(6,450)	(8,202)	(12,859)
Investing activities	(5,634)	(11,481)	(2,427)
Net increase in cash	2,439	(6,874)	1,041
Cash-beginning of year	6,836	13,710	12,669
Cash-end of year	$ 9,275	$ 6,836	$13,710

Ending cash balances for fiscal years 2005 through 2007 were $13.7 million, $6.8 million, and $9.3 million, respectively. Each month, cash flow projections are evaluated to determine when funds can be invested to maximize investment earnings (typically, at the beginning of each quarter when tuition and fees are paid, funds are transferred to STAR Ohio), or when funds should be transferred back for operations (usually during the latter part of each quarter). Cash balances were higher at June 30, 2007 due to the higher anticipated outflows in early July.

Major sources of cash in 2007 were State appropriations of $53.1 million, tuition and fees of $53.5 million, and gifts, grants, and contracts totaling $30.1 million.

The most significant uses of cash were payments for salaries and benefits of $84.6 million, payments to suppliers of $33.9 million, and $2.1 million for the purchase of capital assets.

Budgets

College policy requires the Board of Trustees to approve an operational budget before June 30 for the fiscal year that begins July 1, and only the Board of Trustees shall have authority to allocate funds for expenses not included in the approved operating budget. The operating budget focuses on revenues and expenses produced from daily operations as well as budgeted expenditures for capital improvements, equipment, and debt service.

Columbus State takes a balanced, practical approach to budgeting. Revenues are based upon reasonable enrollment projections and tuition rates approved by the Board of Trustees, providing a solid budget parameter on this revenue calculation, and estimates of subsidy allocations provided by the Ohio Board of Regents. By board policy, the College engages in a mid-year budget adjustment. Mission and goals, together with current and predicted economic environment and local conditions, all factor into the development of expense budgets. Expenses are constrained by budgeted revenues.

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

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

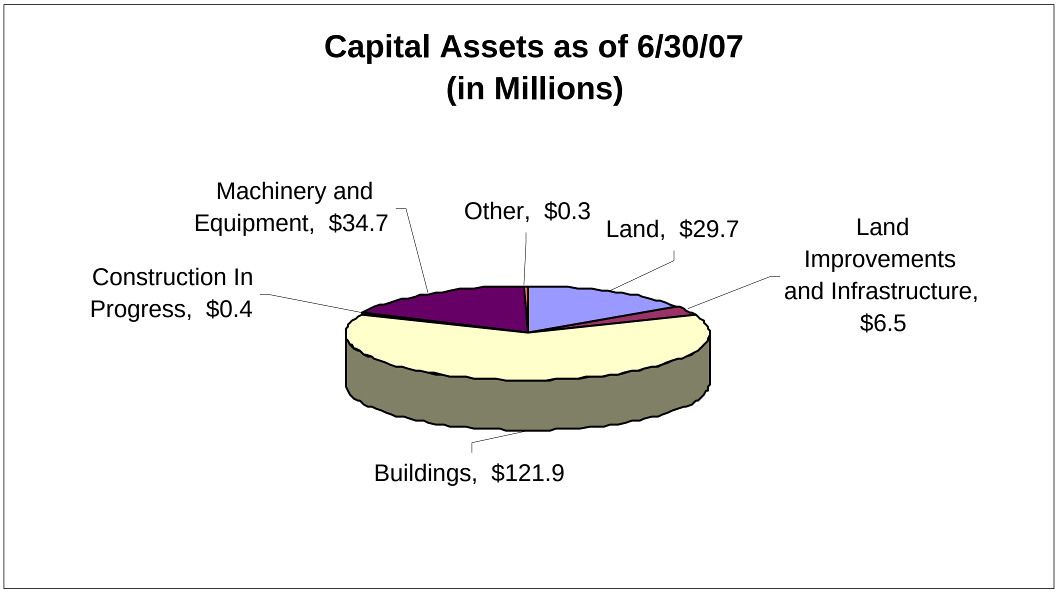
Columbus State Community College
Budget Comparisons – Budget to Actual
FY 07 (in thousands)

Budgeted Operations	Original	Revised	Percent		Percent
Revenues	Budget	Budget	% Change	Actual	% Change
College	$114,588	$117,781	2.79%	$119,011	1.04%
Auxiliary	10,750	10,713	-0.34%	10,298	-3.87%
Total Revenues	$125,338	$128,494	2.52%	$129,309	0.63%
Expenditures					
College	$114,524	$114,030	-0.43%	$107,031	-6.14%
Auxiliary	10,686	10,495	-1.79%	10,342	-1.46%
Total Expenditures	$125,210	$124,525	-0.55%	$117,373	-5.74%
Net Revenues	$128	$3,969	3000.78%	$11,936	200.73%

Capital Assets

Capital assets consist of land, land improvements, infrastructure (roads, underground utilities, etc.), buildings, equipment, vehicles, library books, as well as buildings under construction. Capital assets are recorded at "cost" at the time of acquisition. This acquisition cost is allocated over the useful life of the asset and recorded as depreciation expense.

The chart below illustrates the College's capital assets (by classification) as of June 30, 2007.



As of June 30, 2007, the College had recorded $193.5 million in capital assets and $53.9 million in accumulated depreciation, for a total of $139.7 million in net capital assets. A detailed summary of additions, deletions, and depreciation of assets can be found in Note 4 – Capital Assets.

Debt

As of June 30, 2007, the College had $19.83 million of outstanding debt as follows:

(in millions)

General Receipts Bonds:	2007	$ 5.92
General Receipts Bonds:	2003	$13.41
General Receipts Bonds	1997	$ 0.50
Total		$19.83

FACTORS IMPACTING FUTURE PERIODS

Traditionally, the factors that impact the budget for the College are enrollment and state support. For the State of Ohio's 2008-09 budget, significant importance has been placed on higher education, both in increasing enrollment statewide and in keeping tuition affordable. Based on the State's budget, basic funding through the State Share of Instruction (SSI) will be increased substantially. However, tuition will be frozen for the next two years, $79 per credit hour, and efficiency savings of 1% and 3% for 2008 and 2009, respectively, must be generated.

The Chancellor of the Board of Regents is leading a process that will produce a 10-year strategic plan for higher education in Ohio. While there is reason to be hopeful that higher education will continue to be a policy priority, the funding formulas used previously are being reexamined and new funding structures are expected. Proposed changes will likely be considered as part of the State of Ohio's FY 2010-2011 biennial budget.

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

- Delaware Campus
- Sustainability
- Enterprise Risk Management
- Accreditation

Delaware Campus
Progress continues on the development of 108 acres of land for the Delaware Campus. An architect has been selected and planning and design for the first 70,000 building is well underway, with planned groundbreaking in early 2008. $20 million has been appropriated by the General Assembly for this project. The college is exploring additional partnerships within Delaware County to build on those already established. A competition has been launched to generate proposals for strategic solutions to operating the new campus, engaging the Columbus campus faculty and staff. The new campus is scheduled for a 2010 opening.

Sustainability
While fiscal sustainability remains a primary objective in planning the College's programs and budgets, sustainability took on additional meaning during 2007, to encompass the sustainability of the environment for future generations. Initiatives include the following:

- The President signed onto the American College and University Presidents Climate Commitment, which provides a framework and support for America's colleges and universities to become climate neutral, recognizing the unique responsibility that institutions of higher education have in their communities and in training those who will develop solutions to reverse global warming.
- The College made a commitment to develop its Delaware campus as a "green" campus, and in its design and construction will abide by Leadership in Energy and Environmental Design (LEED) standards.
- CSCC is enrolled in the government sponsored Energy Star Program, where "Energy Star" compliant devices are purchased where possible.
- Ohio House Bill 251 will require the college to create a master plan for energy efficiency by December 2008, working toward energy savings of 20% by 2014. To prepare for and comply with the provisions of the bill, as well as further sustainability efforts, a Sustainability policy is being developed for approval by the Board of Trustees. A campus committee will also be chartered to coordinate sustainability activities.
- Among the myriad initiatives already underway, the college recently adopted several initiatives to reduce energy consumption, including consolidating its servers, adjusting its HVAC systems to have higher temperatures in warm weather and lower temperatures in cold weather, encouraging two-sided copying to save paper, purchasing only hybrid vehicles, and turning out lights when rooms are not in use. The college has also aggressively implemented a recycling program for plastic, cardboard and paper, resulting in a significant reduction in solid waste disposal.

Numerous efforts have engaged the entire campus community and many more initiatives are under consideration for the future.

Enterprise Risk Management
In addition to a campus-wide internal controls self-assessment, several initiatives are underway that will mitigate risks, including updating of the college's disaster recovery plan, conducting an information security risk analysis, updating records retention policies and practices, and updating practices related to treasury management.

Additionally, the college has devoted significant attention to updating its campus safety resources. In addition to building state-of-the-art space in which the Department of Public Safety can administer its programs, the college has reviewed its various security and safety systems and is preparing to update those that are outdated. A significant partnership with The Ohio State University is resulting in updated radios for the public safety officers will which will allow instant communication with other safety and security forces in the event of critical incidences.

Accreditation

Columbus State has been selected to participate in a new process, Academic Quality Improvement Program (AQIP), for accreditation. The college has been accredited by the Higher Learning Commission since 1971. Since 1999, there have been two methods for accreditation: AQIP and the Program for Educational Assessment of Quality (PEAQ). AQIP is a continuous quality improvement model involving a structured set of goal-setting, networking and accountability activities. It will help Columbus State define current and future initiatives, focus on priority action projects, and identify process improvement opportunities, whereas the previous PEAQ process, the traditional 10-year self-study for re-accreditation, judged the college based on evaluation of existing programs.

COLUMBUS STATE COMMUNITY COLLEGE

STATEMENTS OF NET ASSETS
As of June 30, 2007 and 2006

	2007		2006	
ASSETS	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
Current Assets				
Cash	$ 9,275,390	$ 277,073	$ 6,836,137	$ 119,970
Investments	94,701,482	4,417,349	85,515,587	3,827,907
Accounts, Loans and Pledges Receivable	12,677,922	495,245	15,402,165	1,331,600
Inventories	2,066,037	-	1,393,475	-
Other Assets	622,959	-	655,822	-
Total Current Assets	119,343,790	5,189,667	109,803,186	5,279,477
Noncurrent Assets				
Cash and Cash Equivalent	42,400	-	210,978	-
Investments	1,949,386	-	1,231,082	-
Other Noncurrent Assets	306,881	-	286,336	-
Capital Assets, Net	139,691,991	-	138,085,841	-
Total Noncurrent Assets	141,990,658	-	139,814,237	-
TOTAL ASSETS	**261,334,448**	**5,189,667**	**249,617,423**	**5,279,477**
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	9,419,291	64,554	11,667,765	732,296
Annuities Payable, Current Portion	59,883	-	54,747	-
Long-term Debt, Current Portion	2,120,000	-	1,510,000	-
Deferred Revenue	11,207,631	-	10,953,305	-
Total Current Liabilities	22,806,805	64,554	24,185,817	732,296
Noncurrent Liabilities				
Annuities Payable, Long-term Portion	2,260,945	-	2,320,828	-
Long-term Liabilities	641,803	-	536,500	-
Long-term debt, Long-term Portion	17,710,000	-	19,740,000	-
Total Noncurrent Liabilities	20,612,748	-	22,597,328	-
TOTAL LIABILITIES	**43,419,553**	**64,554**	**46,783,145**	**732,296**
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	124,712,131	-	121,044,248	-
Restricted				
Nonexpendable	-	3,146,701	-	3,084,926
Expendable	2,006	1,836,585	93,066	1,389,169
Unrestricted	93,200,758	141,827	81,696,964	73,086
TOTAL NET ASSETS	**$ 217,914,895**	**$ 5,125,113**	**$ 202,834,278**	**$ 4,547,181**

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, 2007 and 2006

	2007		2006	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
REVENUES				
Operating Revenues				
Student Tuition and Fees (Net of Scholarship Allowances of $11,307,649 in 2007 and $10,895,716 in 2006)	$ 53,467,759	-	$ 49,557,151	-
Federal Grants and Contracts	23,076,992	-	23,191,652	-
State and Local Grants and Contracts	6,654,962	-	6,258,798	-
Private Grants and Contracts	971,614	661,807	1,638,470	1,656,400
Sales and Services of Educational Departments	43,950	-	23,790	-
Auxillary Enterprises				
Bookstore	9,237,530	-	9,212,446	-
Other	1,059,774	-	425,674	-
Other Operating Revenues	621,828	-	1,077,999	-
Total Operating Revenues	**95,134,409**	**661,807**	**91,385,980**	**1,656,400**
EXPENSES				
Operating Expenses				
Educational and General				
Instruction and Departmental Research	57,946,013	-	54,738,273	-
Public Service	4,777,808	-	5,730,250	-
Academic Support	4,508,307	-	4,433,726	600,000
Student Services	10,085,356	-	9,362,041	-
Institutional Support	18,324,353	355,676	20,439,610	534,740
Operation and Maintenance of Plant	13,092,812	-	10,808,214	-
Scholarships and Fellowships	14,211,893	330,488	14,616,591	485,946
Depreciation Expense	4,479,666	-	3,920,340	-
Auxiliary Enterprises				
Bookstore	9,140,581	-	8,711,338	-
Other	1,200,776	-	651,001	-
Total Operating Expense	**137,767,565**	**686,164**	**133,411,384**	**1,620,686**
Operating Income (Loss)	**(42,633,156)**	**(24,357)**	**(42,025,404)**	**35,714**
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	53,099,293	-	53,316,691	-
Unrestricted Investment Income (Net of Investment Expense)	4,017,901	211,745	3,003,992	98,005
Restricted Investment Income (Net of Investment Expense)	83,734	390,544	45,802	101,971
Interest on Capital Asset Related Debt	(996,335)	-	(960,579)	-
Other Nonoperating Expense	(629,568)	-	(2,598,914)	-
Net Nonoperating Revenues	**55,575,025**	**602,289**	**52,806,992**	**199,976**
Income Before Other Revenues, Expenses, Gains, or Losses	**12,941,869**	**577,932**	**10,781,588**	**235,690**
Capital Grants and Gifts	-	-	600,000	-
Capital Appropriations	2,138,748	-	5,895,928	-
Increase in Net Assets	**15,080,617**	**577,932**	**17,277,516**	**235,690**
NET ASSETS				
Net Assets-Beginning of Year -Restated (Note 18)	202,834,278	4,547,181	185,556,762	4,311,491
Net Assets-End of Year	**$ 217,914,895**	**$ 5,125,113**	**$ 202,834,278**	**$ 4,547,181**

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, 2007 and 2006

	2007		2006	
	Columbus State Community College	Component Unit Development Foundation	Columbus State Community College	Component Unit Development Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and Fees	$ 52,831,700	$ -	$ 50,830,928	$ -
Grants, Gifts and Contracts	33,718,204	898,162	30,069,723	906,540
Payments to Suppliers	(36,787,449)	(423,418)	(32,776,157)	(427,304)
Payments for Salaries and Benefits	(84,460,499)	-	(82,156,954)	-
Payments for Scholarships	(14,211,893)	(330,488)	(14,616,591)	(485,946)
Auxiliary Enterprise Receipts	10,297,304	-	9,638,120	-
Other Receipts (Payments)	665,775	-	1,101,787	-
Net Cash Provided By (Used In) Operating Activities	**(37,946,858)**	**144,256**	**(37,909,144)**	**(6,710)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Appropriations	53,099,293	-	53,316,691	-
Nonoperating Payments to Suppliers	(629,568)	-	(2,598,914)	-
Net Cash Provided By Noncapital Financing Activities	**52,469,725**	-	**50,717,777**	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Appropriations	2,138,748	-	6,730,619	-
Proceeds from New Debt	5,920,000	-	-	-
Purchases of Capital Assets	(6,117,294)	-	(12,471,683)	-
Principle Paid on Debt	(7,394,747)	-	(1,500,052)	-
Interest Paid on Capital Debt	(996,335)	-	(960,579)	-
Net Cash Used In Capital Financing Activities	**(6,449,628)**	-	**(8,201,695)**	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Bond Proceeds Released From (Invested In) Restricted Cash	168,578	-	(3,599)	-
Sales and (Purchases) of Investments	(9,904,199)	(167,362)	(14,526,871)	(334,763)
Income on Investments	4,101,635	180,209	3,049,794	143,594
Net Cash Provided By (Used In) Investing Activities	**(5,633,986)**	**12,847**	**(11,480,676)**	**(191,169)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,439,253**	**157,103**	**(6,873,738)**	**(197,879)**
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**6,836,137**	**119,970**	**13,709,875**	**317,849**
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 9,275,390**	**$ 277,073**	**$ 6,836,137**	**$ 119,970**
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Gain (Loss)	(42,633,156)	(24,357)	(42,025,404)	35,714
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) By Operating Activities:				
Depreciation Expense	4,479,666		3,920,340	
Changes in Assets and Liabilities:				
Receivables, net	2,124,243	836,355	(1,583,811)	(1,149,860)
Other Assets	(660,242)		(365,121)	
Accounts Payable & Accrued Liabilites	(1,511,703)	(667,742)	306,480	1,107,436
Deferred Revenue	254,334	-	1,838,372	-
Net Cash Provided By (Used In) Operating Activities	**(37,946,858)**	**144,256**	**(37,909,144)**	**(6,710)**

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

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

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

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

Basis of Presentation

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

- 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.

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Note 1 - **Summary of Significant Accounting Policies** (Continued)

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

Accounts Receivables
At June 30, 2007 and 2006, accounts receivable consist primarily of student tuition and fees, and intergovernmental grants and contracts.

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

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

Deferred Revenue
Deferred revenue is comprised primarily of receipts relating to tuition and student fees in advance of the services to be provided and grant funds not earned as June 30, 2007 and 2006.

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, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Reclassifications
Certain reclassifications have been made to the 2006 financial statements presentations to conform with the 2007 financial statements presentations.

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.

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At June 30, 2007 and 2006, $200,000 of the bank balance was covered by federal deposit insurance and the remaining portion $11,867,967 and $9,795,478, respectively, were uninsured but collateralized by pools of securities pledged by the depository bank and held in the name of the bank.

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

As of June 30, 2007, the College had the following investments and maturities:

		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
STAR Ohio	$ 26,061,041	$26,061,041	$ -	$ -	$ -
U.S. Agency Obligations	70,589,827	30,101,952	40,487,875	-	-
Total	$96,650,868	$56,162,993	$40,487,875	$ -	$ -

As of June 30, 2006, 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	$ 25,965,765	$25,965,765	$ -	$ -	$ -
U.S. Agency Obligations	60,780,904	50,326,217	10,454,687	-	-
Total	$86,746,669	$76,291,982	$10,454,687	$ -	$ -

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

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

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

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

The credit ratings of the College's interest-bearing investments at June 30, 2006, are as follows:

Credit Rating (Moody's)	Total	STAR OHIO	U.S. Agency Obligations
Aaa	$86,746,669	$ 25,965,765	$ 60,780,904
Unrated	-	-	-
Total	$86,746,669	$ 25,965,765	$60,780,904

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, 2007 and 2006:

	Percent of Total	
Type	2007	2006
STAR Ohio	26.96%	29.93%
Government Agencies	73.04%	70.07%
	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, 2007 and 2006, the College's investments in treasury bills and government agency securities were held in custody by a counterparty on behalf of the College.

Note 3 - Pledges, Grants and Accounts Receivable

2007	Gross Receivable	Allowance	Net Receivable
Students' and other	$ 8,218,770	(3,861,157)	$ 4,357,613
Grants and contracts	8,320,309	-	8,320,309
Total	$16,539,079	(3,861,157)	$ 12,677,922
2006			
Students' and other	$ 7,401,642	(3,677,030)	$ 3,724,612
Pledge	600,000	-	600,000
Grants and contracts	11,077,553	-	11,077,553
Total	$19,079,195	(3,677,030)	$ 15,402,165

The pledge receivable as of June 30, 2006 represented a non-monetary capital asset contribution of a Federal Express used jet, valued at $600,000 to be received in fiscal year 2007.

Note 4 - Capital Assets

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

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

Note 4 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2006, was as follows:

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Land	$29,674,722	-	-	$29,674,722
Works of Art	286,500	-	-	286,500
Construction in Progress	19,338,585	4,982,112	(18,849,583)	5,471,114
Total cost of nondepreciable capital assets	49,299,807	4,982,112	(18,849,583)	35,432,336
Buildings	91,197,272	24,118,491	(898,857)	114,416,906
Improvements other than buildings	5,772,980	-	-	5,772,980
Moveable equip, furniture and library books	31,882,201	2,428,169	(1,635,707)	32,674,663
Total cost of depreciable capital assets	128,852,453	26,546,660	(2,534,564)	152,864,549
Total cost of capital assets	178,152,260	31,528,772	(21,384,147)	188,296,885
Less accumulated depreciation				
Buildings	24,459,241	2,206,655	(248,724)	26,417,172
Improvement other than buildings	398,518	211,096	-	609,614
Moveable equip, furniture & library books	22,090,605	1,502,589	(408,936)	23,184,258
Total accumulated depreciation	46,948,364	3,920,340	(657,660)	50,211,044
Capital assets, net	$131,203,896	27,608,432	(20,726,487)	$138,085,841

The 2007 additions include $465,908 in moveable equipment, furniture and library books, and $157,493 in related accumulated depreciation related to Bridgeview Golf Course and Driving Range.(Bridgeview). Bridgeview was previously an investment reported in the assets of the college but was restructured as of March 16, 2007 into the Auxiliary operations of the College. As of that date, all of the existing assets and liabilities of Bridgeview were incorporated into the assets and liabilities of the College. Net of this accumulated depreciation reported as an addition in 2007, depreciation additions were $4,479,666.

As discussed further in Note 18, prior period adjustments were made to correct previously reported balances at July 1, 2005. Most of these adjustments corrected activity (additions, deletions, and depreciation) reported for existing moveable equipment, furniture and library books that were less than the College's $5,000 unit cost for capitalization when this capitalization policy changed in 2002.

Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2007 and 2006, are as follows:

	2007	2006
Payable to vendors and contractors	$ 5,848,754	$ 8,097,477
Accrued expenses, primarily payroll and vacation leave	3,745,098	3,139,006
Employee withholdings and deposits payable to third parties	467,242	967,790
Total accounts payable and accrued liabilities	$10,061,094	$12,204,273
Current portion	$ 9,419,291	$11,667,773
Noncurrent portion	$ 641,803	$ 536,500

Note 6 - Long Term Debt

Long-term debt as of June 30, 2007 and 2006, is summarized as follows:

	Balance June 30, 2006	New Debt	Reduction	Balance June 30, 2007	Current Portion	Noncurrent Portion
Series 1997 bonds with interest rates ranging from 3.95 to 5.75%, due serially through 2016	$ 6,790,000	-	(6,290,000)	500,000	$500,000	$ -
Series 2003 bonds with interest rates ranging from 2.0% to 4.5% due serially through 2023	14,460,000	-	(1,050,000)	13,410,000	1,075,000	12,335,000
Series 2007 bonds with interest rates from 4.0 to 4.25%	-	5,920,000	-	5,920,000	545,000	5,375,000
Annuity Obligation	2,375,575	-	(54,747)	2,320,828	59,883	2,260,945
Total	$23,625,575	5,920,000	(7,394,747)	$22,150,828	$2,179,883	$19,970,945

Note 6 - Long Term Debt (Continued)

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

Years Ended June 30,	Principal	Interest	Total
2008	$ 2,179,883	1,006,286	$ 3,186,169
2009	1,745,500	919,143	2,664,643
2010	1,796,644	854,236	2,650,880
2011	1,328,366	790,016	2,118,382
2012 - 2016	7,471,894	3,099,720	10,571,614
2017 - 2021	4,979,260	1,520,067	6,499,327
2022 - 2026	2,405,194	352,128	2,757,322
2027 - 2030	244,088	23,539	267,627
Total	$ 22,150,829	8,565,135	$ 30,715,964

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, 1997, and December 1, 2003.

Series 2007 bonds were issued in April 2007 for the purpose of paying the costs of refunding a portion of the College's outstanding General Receipts Bonds, Series 1997, and the costs of issuance of the Series 2007 bonds. The Series 1997 bonds were issued in the principal amount of $9,995,000, of which $6,330,000 was outstanding at April 1, 2007. Those Series 1997 bonds maturing on December 1 in the years 2008, 2009, 2010 and 2016 will be called for redemption on December 1, 2007 (the Redemption Date) at a redemption price equal to 101% of the principal amount of the Series 1997 bonds redeemed plus accrued interest. Proceeds from the sale of the Series 2007 bonds, and a portion of moneys the College held on deposit in the Series 1997 Construction Account, are on deposit in an Escrow Account to pay the bond service charges on the Series 1997 bonds due on the Redemption Date. The Series 2007 bonds are not subject to redemption prior to maturity.

At the sole option of the College, the Series 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 1997	
12/01/2007	101%
Series 2003	
6/1/2014 and thereafter	100%

The Series 2003 bonds maturing June 1, 2020, and June 1, 2023, in the aggregate principal amount of $5,335,000 (the "Term Bonds"), are also subject to mandatory sinking-fund redemption in part by lot pursuant to the terms of the First Supplement Trust Agreement.

Note 6 - Long-Term Debt (Continued)

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 classroom space for its off-campus sites under operating leases, which have ending dates ranging through August 2013. Future minimum lease payments under operating leases at June 30, 2007, are as follows:

2008	$ 628,922
2009	595,044
2010	596,439
2011	604,233
2012	448,179
2013	55,467
	$ 2,928,284

Note 7 - Compensated Absences

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

The College accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "vesting method" which is set forth in Appendix C, Example 5 of GASB Statement No. 16, *Accounting for Compensated Absences*. Under the vesting method, the College calculates the probability factor that employees will meet retention and eligibility requirements. The liability for the cost of vacation and sick leave benefits is approximately $2,774,419 and $2,505,800 as of June 30, 2007 and 2006, respectively.

Note 8 - State Support

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

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

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

Note 9 - Retirement Plans

State Teachers Retirement System (STRS)

The College's faculty is covered by the State Teachers Retirement Systems of Ohio (STRS). Substantially all other employees are covered by the School Employees Retirement System (SERS). These retirement programs are statewide cost-sharing multiple employer defined benefit pension plans. They provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by State statute. STRS and SERS issue separate, publicly-available financial reports that include financial statements and required supplementary information. The SERS report may be obtained by writing to SERS, 300 East Broad Street, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. The STRS report may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, Ohio 43215-3771 or by calling (888) 227-7877.

The Revised Code of Ohio (ORC) provides STRS and SERS statutory authority for employee and employer contributions. The required, actuarially-determined contribution rates for plan members and the College for 2006 (date most recent information available) were 10% and 14% of covered payroll, for STRS, respectively, and 10% and 14% of covered payroll for SERS, respectively. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the STRS and SERS Retirement Boards.

Note 9 - Retirement Plans (Continued)

The College's contributions, which represent 100% of the required contribution, for the years ended June 30, 2007, and each of the two preceding years were as follows:

	STRS Annual Required Contribution	SERS Annual Required Contribution
2007	$ 5,118,714	$ 3,869,135
2006	5,118,842	3,726,359
2005	5,029,599	3,611,640

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. 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 year 2007, the College's contributions were $22,954 for STRS and $13, 923 for SERS. In fiscal year 2006, the College's contributions were $19,908 for STRS and $2,502 for SERS.

Note 10 - Other Postemployment Benefits

School Employees Retirement System (SERS)
SERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. At June 30, 2006, the employer contribution rate for state employers was 14.00% of covered payroll; 3.42% was the portion that was used to fund health care for the year. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established as $35,800. Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2006, were $158,751,207. As of June 30, 2006, the value of the health care fund was $295.6 million. There were 59,492 eligible benefit recipients.

State Teachers Retirement System (STRS)
STRS Ohio provides access to health care benefits for retirees who have a choice of three retirement plan options, a Defined Benefit or the Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

Pursuant to the ORC, the State Teachers Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. ORC grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2006, and June 30, 2005, the board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was $3.5 billion on June 30, 2006. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were $282,743,000. There were 119,184 eligible benefit recipients.

Note 11 - Risk Management

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

Note 12 - Capital Projects Commitments

At June 30, 2007 and 2006, the College was committed to future capital expenditures as follows:

	2007	2006
Contractual commitments		
Union Hall Boiler	$ 177,812	$ -
Aquinas Hall Roof	99,700	-
339 Cleveland Avenue	594,630	-
Eibling Hall	177,925	-
Delaware Campus	4,200,000	-
Total future project costs	$5,250,067	$ -

Note 13 - Encumbrances

Encumbrances are contractual commitments made by the College for the purchase of goods and services. However, as of the balance sheet date, such goods have not been delivered or services rendered. Encumbrances (excluding amounts for Board allocations) were $29,522 and $21,307, as of June 30, 2007 and 2006.

Note 14 - Pending Litigation

At June 30, 2007, there were several lawsuits and claims pending against the College. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the College.

Note 15 - Operating Expenses By Natural Classification

The College's operating expenses by natural classification were as follows for the years ended June 30, 2007 and 2006:

	2007	2006
Salaries and wages	$ 68,124,111	$ 65,948,456
Employee benefits	16,441,932	16,164,564
Utilities	3,127,910	3,011,602
Supplies and other services	31,382,053	29,749,831
Depreciation	4,479,666	3,920,340
Student scholarships and financial aid	14,211,893	14,616,591
	$137,767,565	$133,411,384

Note 16 - Component Unit Disclosures

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

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

Cash, Cash Equivalents and Investments
As of June 30, 2007, the Foundation had bank cash carrying value of $451,616, which was exposed to custodial credit risk. These funds were uninsured but collateralized with the collateral held by the pledging bank's trust department but not in the College's name.

Note 16 - Component Unit Disclosures (Continued)

Investments

The Foundation's investments are stated at market value, with changes in the market value being recognized as gains and losses during the period in which they occur. The following summarizes the cost and fair value of investments of the Foundation at June 30, 2007:

	2007		2006	
	Cost	Fair Value	Cost	Fair Value
Closed End Equity Funds	$ 3,161,713	$ 3,624,558	$ 3,070,945	$ 3,148,794
Common Stocks/Options	731,482	792,791	654,298	679,113
	$ 3,893,195	$ 4,417,349	$ 3,725,243	$ 3,827,907

Promises to Give

Unconditional promises to give consist of the following as of June 30, 2007 and 2006:

	2007	2006
Outstanding Pledges at Year End	$ 500,559	$1,369,743
Less: Discounts and allowance for uncollectible pledges	(24,150)	(39,440)
Unconditional promises to give, net	$476,409	$1,330,303

Included in the promise to give at June 30, 2006, was a non-monetary gift pledge of a Federal Express jet, the value of which was estimated at $600,000. The Foundation also reflected this gift as a liability to the College since the gift was a pass-through to the College aviation and law enforcement programs. The College also recorded this gift as a pledge receivable as of June 30, 2007. The gift of the Federal Express jet was transferred to the College during fiscal year 2007.

As of June 30, 2007:

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

As of June 30, 2006:

Amounts due to be received in:	Gross Amount	Allowance/ Discount	Net Amount
Less than one year	$ 932,925	-	$ 932,925
One to five years	436,818	(39,440)	397,378
Total	$ 1,369,743	(39,440)	$ 1,330,303

Note 17 - Termination Benefits

Government Accounting Standards Board Statement No. 47 - *Accounting for Termination Benefits* established guidelines for valuating and recording termination benefits due to voluntary or involuntary terminations. The standard became applicable for the fiscal year ended June 30, 2007. The Board of Trustees approved a Voluntary Early Retirement Incentive Program (ERI) in March 2005. In light of enrollment declines in 2005 and continued decreases in state funding for higher education, an ERI was offered, giving the College an opportunity to take a comprehensive look at the organizational structure to ensure the proper alignment of staff, administrators, faculty, and resources. Unallocated funds were designated to purchase three years of service for each interested employee meeting the eligible criteria set by the respective retirement system, School Employees Retirement System (SERS) and the State Teachers Retirement System (SRS). Individuals interested in taking advantage of the ERI had to sign up by September 30, 2005. The ERI program closed on June 30, 2006 for individuals retiring under the SERS, and closes on August 31, 2006 for those retiring under the STRS. Of 75 employees who signed up for the program, 62 retired, with approximately $5.1 million incurred by the College. Included in the $5.1 million incurred were the termination benefits for both SERS and STRS employees who had taken the ERI as of June 30, 2006. The ERI is governed by the rules in each retirement system.

Note 18 - Financial Statement Restatement

Prior period adjustments were made to correct reported balances at July 1, 2005. Many of these adjustments, amounting to $847,914, corrected activity (additions, deletions, and depreciation) reported for existing moveable equipment, furniture and library books that were less than the College's $5,000 unit cost for capitalization when this capitalization policy changed in 2002. Most of these adjustments came as a result of converting data previously provided from a third party to the College's internally maintained fixed asset system. Other adjustments included donated artwork that had not previously been recorded ($286,500), correcting the recognition of deferred revenue for lab fees ($1,532,008), and correcting amounts receivable from the Ohio Board of Regents for Instructional and Data Processing equipment ($214,600). There was one prior period adjustment related to fiscal year 2006 activities. A donated plane had previously been reported at a value of $1 million but the value was subsequently determined to be $600,000. The impact of the error corrections on July 1, 2005 was an increase to reported net assets of $2,451,822. The effect of the error correction in 2006 was a decrease in reported capital grants and gifts revenues of $400,000.

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

	CFDA #	Pass Through Entity Number	Disbursements
US DEPARTMENT OF EDUCATION			
Direct Recepient			
Student Financial Aid Cluster:			
FSEOG	84.007		$ 495,863
FFEL	84.032		33,135,480
Work Study	84.033		381,522
Academic Compteitiveness Grants	84.375		8,631
Federal Pell Grant	84.063		18,695,225
			52,716,721
TRIO Cluster			
TRIO Upward Bound	84.047		232,466
Student Support Services	84.042A		191,139
Educational Talent Search	84.044A		74,892
			498,498
Child Care Access Means Parents in School	84.335A		89,234
Business and International Education Projects	84.153		36,021
Passed through State Department of Education			
Vocational Education	84.048	20-C2	256,503
Technical Prep Grant	84.243	3E-00	623,902
Summer Food Service Program for Children	10.559		7,805
School Breakfast Program	10.553		7,085
21st Century	84.287		183,902
Passed through Greater Columbus Chamber of Commerce			
Fund for the Improvement of Postsecondary Education	84.116		83,724
Passed through Columbus Public Schools			
Teacher Quality Enhancement	84.336		194,345
Total Department of Education			54,697,740
US DEPARTMENT OF LABOR			
Passed through Central Ohio Workforce Investment Corporation			
WIA Adult Training	17.258		243,195
WIA Youth Activities	17.259		169,670
WIA Dislocated Workers	17.260		116,458
			529,323
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Recepient			
Head Start	93.600		141
Passed through Franklin County Jobs and Family Services			
Temporary Assistance for Needy Families	93.558		594,013
Refugee and Entrant Assistance State Administred Programs	93.566		21,207
Passed through State Department of Education			
Early Literacy	93.558		65,775
SMALL BUSINESS ADMINISTRATION			
Passed through Ohio Department of Development			
Small Business Development Center	59.037		244,890
TOTAL FEDERAL AWARD EXPENDITURES			$ 56,153,089

Note 1 - Significant Accounting Policies

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

Note 2 - Federal Family Education Loan Program

The amount included on the schedule of expenditures of federal awards represents new loans advanced during the fiscal year ended June 30, 2007. The College is not a direct lender of Federal Family Education Loans (FFELs). The amount represents the value of new FFELs awarded and disbursed to the College's students during the year as follows:

Federal Subsidized Stafford Loans	$ 18,084,258
Federal Unsubsidized Stafford Loans	14,473,188
Federal PLUS Loans	578,034
Total FFELs	$ 33,135,480

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

Board of Trustees
Columbus State Community College

We have audited the financial statements of Columbus State Community College (the College), a component unit of the State of Ohio, as of and for the year ended June 30, 2007, and have issued our report thereon dated October 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

Parms & Company, LLC

October 15, 2007
Columbus, Ohio

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

Board of Trustees
Columbus State Community College

Compliance

We have audited the compliance of Columbus State Community College, a component unit of the State of Ohio, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Columbus State Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Columbus State Community College's management. Our responsibility is to express an opinion on Columbus State Community College's compliance based on our audit.

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

In our opinion, Columbus State Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

A control deficiency in the entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Parms & Company, LLC

October 15, 2007
Columbus, Ohio

COLUMBUS STATE COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

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. Reportable condition(s) 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. Reportable condition(s) identified that are not considered to be material weakness(es)?	___Yes _X_No
2.	Type of auditor's report issued on compliance for major programs:	UNQUALIFIED
3.	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___Yes _X_No
4.	Identification of major programs by program name (CFDA Number(s)):	
	• Student Financial Assistance Cluster (84.007, 84.032, 84.033, 84.375 and 84.063)	
5.	Dollar threshold used to distinguish between Type A and Type B programs:	$ 690,528
6.	Auditee qualified as low-risk auditee?	_X_Yes ___No

Section II. Financial Statement Findings

No findings.

Section III. Federal Award Findings and Questioned Costs

No findings.

Section IV. Summary of Prior Audit Findings

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

Mary Taylor, CPA
Auditor of State

COLUMBUS STATE COMMUNITY COLLEGE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 22, 2008

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