

Central Ohio Technical College
Audited Financial Statements

June 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Trustees
Central Ohio Technical College
1179 University Drive
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Central Ohio Technical College, Licking County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Central Ohio Technical College is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 7, 2010

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**CENTRAL OHIO TECHNICAL COLLEGE
NEWARK, OHIO**

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

November 20, 2009

Board of Trustees
Central Ohio Technical College
Licking County
1179 University Drive
Newark, OH 43055

Independent Auditor's Report

We have audited the accompanying financial statements of Central Ohio Technical College (the College) as of and for the years ended June 30, 2009 and 2008, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof 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 November 20, 2009, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Trustees
Central Ohio Technical College
Independent Auditor's Report
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. 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.

Rea & Associates, Inc.

CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009 and 2008

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of Central Ohio Technical College (COTC) for the year ended June 30, 2009, with comparative information for fiscal year 2008 and 2007. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About Central Ohio Technical College

Central Ohio Technical College offers an aggressive approach to technical education providing state-of-the-art training in the areas of allied health and public service, nursing, business and engineering. Chartered in 1971 to meet the region's growing need for technical training and education, COTC is the primary link between the region's businesses and the training and retraining of the workforce, a partnership that directly impacts the economic growth of the area.

Central Ohio Technical College is governed by a board of nine trustees who are responsible for the oversight of academic programs, budgets and general administration. The Governor of Ohio appoints three members and the Newark School Board appoints six members.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35).

In addition to this MD&A section, the financial report includes a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, a Statement of Cash Flows and Notes to the Financial Statements.

The **Statement of Net Assets** reflects the total assets, liabilities and net assets of COTC as of June 30, 2009, with comparative information as of June 30, 2008 and 2007. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at market value. Capital assets, which include the buildings, improvements, and equipment, are shown net of accumulated depreciation. Net assets are grouped in the following categories:

- Invested in capital assets, net of related debt
- Restricted – Nonexpendable (endowments funds)
- Restricted – Expendable (quasi-endowment funds)
- Unrestricted

The **Statement of Revenues, Expenses and Changes in Net Assets** details how net assets have increased during fiscal year 2009, with comparative information for fiscal year 2008 and 2007. GASB 35 requires state appropriations to be classified as non-operating revenues; so, generally, state-supported Colleges and universities will reflect an operating loss until non-operating items are included.

CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009 and 2008

The **Statement of Cash Flows** details how cash has increased (or decreased) during the fiscal year 2009. It breaks out the sources and uses of COTC cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

The **Notes to the Financial Statements** provide additional details on the numbers in the financial statements. In addition to the Summary of Significant Accounting Policies, the report includes notes on capital assets, long-term debt, and operating expenses by natural classification.

Financial Highlights

Statement of Net Assets

The College's financial statements for fiscal year 2009 report net assets of \$40.4 million at June 30, 2009. This represents an increase of approximately \$8.5 million from the previous fiscal year. Below is a condensed version of the Statement of Net Assets followed by a discussion of the changes:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<u>ASSETS</u>			
Current Assets	\$ 14,266,831	\$ 11,622,005	\$ 12,155,185
Capital Assets, net	31,029,102	23,564,336	20,597,846
Other non-current	3,613,769	5,158,565	4,786,380
Total Assets	<u>48,909,702</u>	<u>40,344,906</u>	<u>37,539,411</u>
<u>LIABILITIES</u>			
Current Liabilities	5,504,965	4,642,047	4,102,511
Non-current Liabilities	2,926,883	3,796,329	4,432,541
Total Liabilities	<u>8,431,848</u>	<u>8,438,376</u>	<u>8,535,052</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	28,020,607	19,570,656	17,703,986
Restricted			
Nonexpendable	922,668	1,080,430	1,082,728
Expendable	5,468,173	7,128,055	6,182,037
Unrestricted	<u>6,066,407</u>	<u>4,127,389</u>	<u>4,035,609</u>
Total Net Assets	<u>\$ 40,477,855</u>	<u>\$ 31,906,530</u>	<u>\$ 29,004,360</u>

CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009 and 2008

Assets As of June 30, 2009, the College's total assets are \$48.9 million, an increase of \$8.5 million over fiscal year 2008. The major item accounting for this increase includes recording final costs associated with the John L. and Christine Warner Library and Student Center. These increases were in addition to the normal recording of asset purchases and depreciation.

Liabilities At June 30, 2009 the College's liabilities totaled \$8.4 million, a slight decrease from last fiscal year. Accounts payable and accrued liabilities variances are due to timing in the regular processing of payments; long-term debt decreased due to regular payments and the campus also chose to pay off the balance of the note to the Roscoe Village Foundation; deferred revenue is higher than the previous year and is a result of recording the Summer 2009 instructional and general revenue.

Net Assets Net assets at June 30, 2009 totaled approximately \$40.4 million. Net assets invested in capital assets totaled \$28 million, which represents 69% of total net assets. Total net assets increase \$8.5 million during the year ended June 30, 2009 due to recording the John L. and Christine Warner Library and Student Center as mentioned above. Expendable net assets decreased as a result of expenditures for the Warner Center; additionally, \$4.6 million is earmarked for capital uses with the balance available to support scholarships. The decrease in Non-expendable net assets is a result of market value decreases for the college's endowments.

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CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009 and 2008

Statement of Revenues, Expenses and Changes in Net Assets

Total operating revenues for fiscal year 2009 are \$14.4 million, an increase of \$3,604,657 from last fiscal year. Below is the Statement of Revenues, Expenses and Changes in Net Assets followed by a discussion of the major variances:

	Year Ended June 30, 2009	Year Ended June 30, 2008	Year Ended June 30, 2007
OPERATING REVENUES			
Tuition & Fees, net	\$ 10,277,415	\$ 7,294,680	\$ 7,711,734
Federal grants and contracts	422,321	367,475	341,454
State & Private grants and contracts	2,738,253	2,107,473	2,005,787
Sales & srv of ed depts	577,794	471,138	504,643
Auxiliary enterprises	26,964	26,829	40,034
Other Operating revenues	364,322	534,817	507,512
Total Operating Revenues	<u>14,407,069</u>	<u>10,802,412</u>	<u>11,111,164</u>
OPERATING EXPENSES			
Education & General	28,412,474	22,688,852	21,349,060
Depreciation expense	1,810,268	1,552,638	979,530
Auxiliary Enterprises	732	229	4,791
Total Operating Expenses	<u>30,223,474</u>	<u>24,241,719</u>	<u>22,333,381</u>
Operating loss	(15,816,405)	(13,439,307)	(11,222,217)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	9,600,627	8,629,492	7,560,570
Federal Grants & Contracts - PELL	5,988,317	4,445,790	3,868,271
Investment income	(274,538)	(177,055)	287,414
Other revenues (expenses)	(142,021)	(198,410)	(143,133)
Net nonoperating revenues	<u>15,172,385</u>	<u>12,699,817</u>	<u>11,573,122</u>
Capital appropriation and gifts and grants	9,215,345	3,641,660	3,837,346
Increase in net assets	8,571,325	2,902,170	4,188,251
Net assets-beginning	<u>31,906,530</u>	<u>29,004,360</u>	<u>24,816,109</u>
Net assets-end of year	<u>\$ 40,477,855</u>	<u>\$ 31,906,530</u>	<u>\$ 29,004,360</u>

Operating revenues - Overall, tuition and fees increased \$2,982,735 in fiscal year 2009, a 33% increase over the previous year. As there were no increases to tuition fee rates in this fiscal year, this increase is primarily a result of a 20.6% increase in enrollment at the college as well as adjustments for the scholarship discounts.

CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2009 and 2008

Operating expenses for the campus increased for the year by approximately 24.6%. In addition to normal inflationary increases for the college, additional targeted investments were made by the college in compensation increases, as well as support for the increased enrollment on all campuses, which includes both instructional, administrative, and scholarship costs.

Items to note in the **Non-Operating Revenue (Expenses)** section include increases in State Appropriations in the amount of \$1 million and PELL funding in the amount of \$1.5 million. The decrease in Investment Income reflects a decrease of approximately 15% in market value of the Colleges Endowments. Capital appropriations, gifts and grants again include recording items related to the John L. and Christine Warner Library and Student Center.

Statement of Cash Flows

COTC's Statement of Cash Flows reflects stable cash flows for the fiscal years presented.

Cash Flow Summary	Year Ended June 30, 2009	Year Ended June 30, 2008	Year Ended June 30, 2007
Net cash used by operating activities	\$ (13,751,900)	\$ (11,873,815)	\$ (10,539,971)
Net cash provided by noncapital financing activities	15,588,943	13,075,282	11,428,841
Net cash (used) provided by capital financing activities	(942,749)	(595,502)	1,165,362
Net cash provided by capital investing activities	<u>76,525</u>	<u>74,295</u>	<u>76,617</u>
Net increase in cash	<u>\$ 970,819</u>	<u>\$ 680,260</u>	<u>\$ 2,130,849</u>

The overall change in COTC's cash balances in 2009 is due to the normal operations of the College.

Summary

The operating results for the year ended June 30, 2009 not only reflect a solid financial institution but also the strategic planning and vision the college holds for the future. Significant financial events this year include the capitalization of the John L. and Christine Warner Student Center. This facility reflects a focus on the quality of the academic experience and the generosity of the Newark campus community. The payoff of the facility debt for Montgomery Hall is indicative of the desire to position the college for the future. Progress continues on the development of the extended campuses. All of these investments have been made with a conscious effort to protect and preserve the viability of the campus for the future especially in light of the fiscal instability in the State of Ohio. The college's aggressive enrollment growth is perhaps the largest indicator that the college is meeting its mission of access and striving to achieve its goal of being the number one technical college in the State of Ohio.

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENT OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 7,571,947	\$ 5,380,404
Accounts receivable		
Students, net of allowance of \$516,594 and \$436,273 in 2009 and 2008, respectively	1,121,972	2,003,388
Ohio State University	224,981	148,301
Intergovernmental grants	1,882,243	491,992
Pledges	2,610,298	2,944,716
Other	539,202	330,669
Other Assets	316,187	322,535
Total Current Assets	14,266,831	11,622,005
Noncurrent Assets		
Restricted cash and cash equivalents	1,906,887	3,127,611
Endowment investments	1,706,882	2,030,954
Capital assets, net	31,029,102	23,564,336
Total noncurrent assets	34,642,872	28,722,901
Total Assets	48,909,702	40,344,906
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	663,442	391,946
Accrued liabilities	1,584,932	1,505,193
Deferred revenue	2,646,537	1,956,892
Current portion of long-term debt	610,054	788,016
Total current liabilities	5,504,965	4,642,047
Noncurrent liabilities		
Accrued liabilities	270,412	269,356
Deferred revenue	872,142	844,010
Long-term debt	1,784,328	2,682,963
Total noncurrent liabilities	2,926,883	3,796,329
Total Liabilities	8,431,848	8,438,376
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	28,020,607	19,570,656
Restricted		
Nonexpendable (True)		
Scholarships, fellowships, and research	922,668	1,080,430
Expendable (FF)		
Scholarships, fellowships, and research	800,882	967,045
Capital uses	4,667,291	6,161,010
Unrestricted	6,066,407	4,127,389
Total Net Assets	\$ 40,477,855	\$ 31,906,530

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

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the years ended June 30, 2009 and 2008

	2009	2008
REVENUES		
Operating Revenues		
Tuition & Fees (net of scholarship allowances of \$2,339,270 and \$3,136,949 in 2009 and 2008)	\$ 10,277,415	\$ 7,294,680
Federal grants and contracts	422,321	367,475
Private, state, and local gifts, contracts and grants	2,738,253	2,107,473
Sales and services of educational departments	577,794	471,138
Auxiliary enterprises	26,964	26,829
Other Operating revenues	364,322	534,817
Total Operating Revenues	14,407,069	10,802,412
 EXPENSES		
Operating Expenses		
Education & General		
Instructional	9,129,645	8,602,969
Public Service	286,220	300,184
Academic Support	2,727,245	2,833,485
Student Services	2,663,522	2,394,107
Institutional Support	3,764,038	3,219,469
Operation & Maintenance of Plant	3,782,818	2,154,658
Depreciation expense	1,810,268	1,552,638
Student Scholarship and Financial Aid	6,058,984	3,183,980
Auxiliary Enterprises	732	229
Total Operating Expenses	30,223,474	24,241,719
Operating Loss	(15,816,405)	(13,439,307)
 NONOPERATING REVENUES (EXPENSES)		
State Appropriations	9,600,627	8,629,492
Federal Grants and Contracts - Pell	5,988,317	4,445,790
Investment income (loss)	(274,538)	(177,055)
Interest on indebtedness	(110,670)	(68,372)
Other revenues (expenses)	(31,351)	(130,038)
Net nonoperating revenues	15,172,385	12,699,817
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(644,020)	(739,490)
Capital Appropriations	16	16
Capital Grants and Gifts	9,192,620	3,518,729
Additions to Permanent Endowments	22,709	122,915
Total Other Revenues	9,215,345	3,641,660
Increase(Decrease) in Net Assets	8,571,325	2,902,170
 NET ASSETS		
Net assets at beginning of the year	31,906,530	29,004,360
Net assets at end of year	\$ 40,477,855	\$ 31,906,530

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

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENT OF CASH FLOWS
June 30, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & Fees	\$ 11,863,688	\$ 6,361,806
Grants & Contracts	2,116,613	3,923,107
Payments to Suppliers	(6,252,188)	(4,642,318)
Payments for Utilities	(635,184)	(490,336)
Payments to employees	(11,691,163)	(11,186,346)
Payments for benefits	(3,450,594)	(3,140,274)
Payments for scholarships	(6,098,718)	(3,183,980)
Auxiliary enterprise receipts	26,964	26,829
Sales & services	368,681	457,697
Net cash used by operating activities	(13,751,900)	(11,873,815)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	9,600,627	8,629,492
Gifts & Grants other than capital	5,988,317	4,445,790
Net cash provided by noncapital financing activities	15,588,943	13,075,282
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(1,002,303)	(4,011,039)
Principal paid on capital assets related debt	(1,076,597)	(404,782)
Interest on capital related debt	(110,670)	(68,372)
Capital appropriations	16	16
Capital grants and gifts	1,246,805	3,888,675
Net cash used by capital financing activities	(942,749)	(595,502)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	76,525	74,295
Net cash provided from investing activities	76,525	74,295
NET INCREASE IN CASH	970,819	680,260
CASH AND CASH EQUIVALENTS, beginning of year	8,508,015	7,827,755
CASH AND CASH EQUIVALENTS, end of year	\$ 9,478,834	\$ 8,508,015
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (15,816,405)	\$ (13,439,307)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation expense	1,810,268	1,552,638
Changes in assets and liabilities:		
Receivables, net	(794,048)	(149,803)
Prepays	6,348	(28,244)
Accounts Payable	271,496	(151,806)
Accrued Liabilities	80,795	10,090
Deferred Revenue	689,645	332,619
Net cash used by operating activities	\$ (13,751,900)	\$ (11,873,815)
NON-CASH TRANSACTIONS		
Contribution for Montgomery Hall Renovation	\$ -	\$ 509,857
Contribution of Warner Center	8,275,950	-

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

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Central Ohio Technical College (COTC) was established in 1971 and currently serves over 4,300 students annually. The college operates campuses in Newark, Coshocton, Knox, and Pataskala, and serves an increasing number of students via online classes. Currently, the college offers more than 40 associate degrees and certificates within: Arts and Sciences; Engineering, Industrial and Business Technologies; Health and Human Services; and Public Safety Technologies. At COTC, students enjoy a competitive tuition rate, a wide range of campus activities and organizations, and strong academic support services.

COTC shares its Newark campus with The Ohio State University at Newark, which results in a diverse campus setting that includes 135 acres of green space. For more information, please visit www.cotc.edu.

COTC is accredited by The Higher Learning Commission and is a member of the North Central Association. Phone: 312-263-0456. www.ncahl.org

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying 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). GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis —for Public Colleges and Universities* and subsequent pronouncements establish standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net assets categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted:**
 - Nonexpendable* — Net assets subject to externally imposed stipulations that the College maintain them permanently. Such assets include the College's permanent endowment funds.
 - 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.
- **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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual Basis

The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. The College reports as a Business Type Activity (BTA) as defined by GASB 35. BTAs are those activities that are financed in whole or part by fees charged to external parties for goods and services.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities That Uses Proprietary Fund Accounting*, the College is required to follow all applicable GASB pronouncements. In addition, the College should apply all applicable

Financial Accounting Standards Board (the "FASB") Statements and Interpretations, Accounting Principles Board (the "APB") Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The College has elected not to apply FASB statements and interpretations issued after November 30, 1989.

Cash and Cash Equivalents

This classification appears on the Statement of Net Assets and the Statement of Cash Flows and includes petty cash, cash of deposit with private bank accounts and savings accounts.

For purposes of the statement of cash flows and for presentation of the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the College are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments

Investments are stated at fair value.

Accounts Receivable

Accounts receivable represents the balance of unpaid student tuition charges, federal and state grants receivable, and other receivables owed to the College. The allowance for doubtful accounts related to student receivables is based on historical collection rates and management's analysis. Management reviews the accounts receivable annually and adjusts the allowance to correspond with the collection rates.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

The allowance for doubtful accounts is determined by management based on the College's historical losses, specific student circumstances, and general economic conditions. Periodically, management reviews accounts receivable and records an allowance for specific students based on current circumstances and charges off the receivable against the allowance when all attempts to collect the receivable have failed.

Pledges Receivable

The College has two capital campaigns that make up the pledge receivables. The two campaigns are Coshocton Capital Campaign to renovate the Montgomery Hall building in Roscoe Village, and the Knox Capital Campaign for renovation of Ariel Hall in Mount Vernon.

Pledge receivable as of June 30, 2009 and 2008 are summarized as follows:

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>
Coshocton Capital Campaign				
Pledge Receivable	\$ 1,256,890	\$ 0	\$ 506,795	\$ 750,095
Less: Allowance	<u>37,707</u>		<u>15,204</u>	<u>22,503</u>
Net Receivable - Coshocton	1,219,183	0	491,591	727,592
 Knox Capital Campaign				
Pledge Receivable	1,778,900	932,924	770,890	1,940,934
Less: Allowance	<u>53,367</u>	<u>4,861</u>		<u>58,228</u>
Net Receivable- Knox	<u>1,725,533</u>	<u>928,063</u>	<u>770,890</u>	<u>1,882,706</u>
 Total Pledge Receivable	 <u>\$ 2,944,716</u>	 <u>\$ 928,063</u>	 <u>\$ 1,262,481</u>	 <u>\$ 2,610,298</u>

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are primarily funds externally restricted for capital expenditures subject to bond or donor restrictions.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift. Equipment with a unit cost of \$2,500 or more and having an estimated useful life of greater than one year is capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 20 years for land improvements, 40 years for buildings, 5 - 10 years for fixed equipment and library books.

Cost Sharing Between Related Parties

The College shares campus facilities and staff, including senior administration with The Ohio State University at Newark. Jointly incurred costs are allocated between institutions based on student enrollment and utilization factors. Additionally, each institution may purchase certain services from each other.

Deferred Revenue

Deferred revenue consists primarily of summer school fees. The College has deferred amounts received for tuition and fees prior to June 30, 2009 and 2008 but relate to the subsequent accounting period.

Noncurrent Liabilities

Noncurrent liabilities include compensated absences that will not be paid within the next fiscal year.

Compensated Absences

The College had adopted GASB NO.16.

Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the employees earn the benefits if both of these conditions are met:

- a. The employee's right to receive compensation is attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For vacation leave the College posts a liability for 100% of accumulated vacation time up to the maximum allowed accrued benefit.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A liability for sick leave and other compensated absences with similar characteristics (hereinafter referred to as “sick leave”) should be accrued using one of the following termination approaches:

- a. The sick leave liability generally would be an estimate based on governmental entity’s past experience of making termination payments for sick leave, adjusted for the effects of changes in termination payment policy and other current factors. This approach is known as the termination payment method.
- b. The sick leave liability would be an accrual for those employees expected to become eligible in the near future based on assumptions concerning the probability that individual employees, classes, or groups of employees will become eligible to receive termination benefits. This accumulation should be reduced to the maximum amount allowed as a termination benefit. This approach is known as the vesting method.

For sick leave liability, the College uses the vesting method. The College posts a liability for any employee with ten years of service in the retirement system. These accumulations are reduced to the maximum amount allowed as a termination payment.

Scholarship Allowances

Student tuition and fees revenue and certain other revenues from College charges are reported net of scholarship allowances in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students’ behalf. Student financial assistance grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Assets. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance discount.

Budgetary Process

Annually, the Business Office develops a balanced budget for the College based on projected expenditures from department directors and anticipated revenue, including tuition and fees and the subsidy from the Ohio Board of Regents. The Board of Trustees approves the budget.

Income Taxes

Income taxes have not been provided on the general operations of the College because, as a state institution, its income is exempt from Federal income taxes under Section 115 of the Internal Revenue Code.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Asset Spending Policy

The College's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

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 services and goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state appropriations, PELL, grants, contracts, and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

Use of 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 period. Actual results could differ from those estimates.

Implementation of New Accounting Policies

For the year ended 2008, the College implemented GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*", GASB Statement No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*", GASB Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*", and GASB Statement No. 50, "*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*"

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, "*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*", and GASB Statement No. 27, "*Accounting for Pensions by State and Local Governmental Employers*", to conform with requirements of GASB Statement No. 43, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", and GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*".

Implementation of these GASB Statements did not affect the presentation of the financial statements of the College.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

State statutes classify monies held by the College into three categories.

Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained as cash in the College treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Trustees has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation or depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all uninsured public monies deposited with the institution.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the College, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College’s deposits may not be returned to it. All uninsured deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the College.

At fiscal year-end, cash on hand was \$5,106 and the carrying amount of the College’s deposits was \$4,948,023. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*,” as of June 30, 2009, \$4,356,981 of the College’s bank balance of \$5,409,657 was exposed to custodial credit risk as discussed above, while \$1,052,676 was covered by Federal Deposit Insurance Corporation.

Investments

All investments are stated at fair value. Investments acquired by gift are stated at fair value at the date of gift if a fair value is available, and otherwise at an appraised or nominal value. Investments, other than STAR Ohio and certificates of deposit, are shown in the statement of net assets non-current. Investments, other than STAR Ohio and certificates of deposit, are contributed by donors and are maintained in an Endowment Investment Account.

As of June 30, 2009, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	Investment Maturities		
		(in years)		
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Fixed Income	\$ 618,691	\$ 101,295	\$ 415,615	\$ 101,781
Cash Equivalents	82,343	82,343	0	0
STAR Ohio	516,154	516,154	0	0
Certificates of Deposit	4,009,552	4,009,552		
Equity funds	1,005,848	1,005,848	0	0
	\$ 6,232,588	\$ 5,715,192	\$ 415,615	\$ 101,781

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College’s investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's investment policy limits investments in fixed income securities to government and agency issues and corporate issues in the top four quality rating of recognized credit services.

As of June 30, 2009, the College had the following investments and quality ratings:

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>
Cash Equivalents		\$ 82,343
STAR Ohio	AAA	516,154
Certificates of Deposit		4,009,552
Fixed Income		
US Treasury Bonds and Notes	AAA	50,719
US Gov't Agency/Exempt State	AAA	203,625
Corporate Bonds and Notes	AAA	51,990
	AA-	103,012
	A+	105,370
	A	103,975
Equity		
Common Stock		621,074
Mutual Funds		384,774
		<u>\$ 6,232,588</u>

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CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's investment policy limits investment in any single issuer other than U.S. Government securities to 10% of the total investment portfolio. The following table includes the percentage to total of each investment type held by the College at June 30, 2009.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Cash Equivalents	\$ 82,343	1.32%
STAR Ohio	516,154	8.28%
Certificates of Deposit	4,009,552	64.33%
US Treasury Bonds and Notes	50,719	0.81%
US Gov't Agency/Exempt State	203,625	3.27%
Corporate Bonds and Notes	364,347	5.85%
Common Stock	621,074	9.96%
Mutual Funds	384,774	6.17%
	<u>\$ 6,232,588</u>	<u>100.00%</u>

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CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 4 - CAPITAL ASSETS, NET

Capital assets as of June 30, 2009 and 2008 are summarized below.

	July 1, 2008 Balance	Additions	Reductions	June 30, 2009 Balance
Assets:				
Land	\$ 294,818	\$ 56,310	\$ -	\$ 351,128
Land Improvements	-	20,150		20,150
Buildings	25,907,460	8,355,118	-	34,262,578
Leasehold Improvements	144,088	43,113	-	187,201
Equipment, furniture, and library books	9,929,873	637,662	158,497	10,409,038
Construction in progress	38,883	165,900	-	204,783
	<u>36,315,122</u>	<u>9,278,253</u>	<u>158,497</u>	<u>45,434,878</u>
Accumulated Depreciation:				
Land Improvements	-	1,007		1,007
Buildings	6,057,106	856,564	-	6,913,670
Leasehold Improvements	101,509	40,590	-	142,099
Equipment, furniture, and library books	6,592,171	912,107	155,278	7,349,000
	<u>12,750,786</u>	<u>1,810,268</u>	<u>155,278</u>	<u>14,405,776</u>
Capital Assets, Net	<u>\$ 23,564,336</u>	<u>\$ 7,467,985</u>	<u>\$ 3,219</u>	<u>\$ 31,029,102</u>

	July 1, 2007 Balance - Restated	Additions	Reductions	June 30, 2008 Balance
Assets:				
Land	\$ 294,818	\$ -	\$ -	\$ 294,818
Buildings	21,508,389	4,399,071	-	25,907,460
Leasehold Improvements	144,088	-	-	144,088
Equipment, furniture, and library books	7,014,382	2,962,895	47,404	9,929,873
Construction in progress	2,879,952	138,297	2,979,366	38,883
	<u>31,841,629</u>	<u>7,500,263</u>	<u>3,026,770</u>	<u>36,315,122</u>
Accumulated Depreciation:				
Buildings	5,409,420	647,686	-	6,057,106
Leasehold Improvements	79,250	22,259	-	101,509
Equipment, furniture, and library books	5,755,112	882,693	45,634	6,592,171
	<u>11,243,782</u>	<u>1,552,638</u>	<u>45,634</u>	<u>12,750,786</u>
Capital Assets, Net	<u>\$ 20,597,847</u>	<u>\$ 5,947,625</u>	<u>\$ 2,981,136</u>	<u>\$ 23,564,336</u>

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at of June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Payable to vendors and contractors	<u>\$ 663,442</u>	<u>\$ 391,946</u>
Accrued expenses, primarily payroll and vacation leave	\$ 1,777,223	\$ 1,691,545
Employee withholdings and deposits payable to third parties	<u>78,121</u>	<u>83,004</u>
	1,855,344	1,774,549
Current	<u>1,584,932</u>	<u>1,505,193</u>
Noncurrent	<u>\$ 270,412</u>	<u>\$ 269,356</u>

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CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 6 – LONG-TERM DEBT

	2009				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Roscoe Village Foundation Loan	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -
Cal First Loan	155,955	-	(67,614)	88,341	70,324
Information System Revenue Bonds	1,315,025	-	(133,984)	1,181,041	164,730
Montgomery Hall Bond	1,500,000	-	(375,000)	1,125,000	375,000
	<u>3,470,980</u>	<u>-</u>	<u>(1,076,598)</u>	<u>2,394,382</u>	<u>610,054</u>
Total Long Term Debt	<u>\$ 3,470,980</u>	<u>\$ -</u>	<u>\$ (1,076,598)</u>	<u>\$ 2,394,382</u>	<u>\$ 610,054</u>

	2008				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Roscoe Village Foundation Loan	\$ 700,000	\$ -	\$ (200,000)	\$ 500,000	\$ 200,000
Cal First Loan	220,962	-	(65,007)	155,955	67,613
Information System Revenue Bonds	1,454,800	-	(139,775)	1,315,025	145,403
Montgomery Hall Bond	1,500,000	-	-	1,500,000	375,000
	<u>3,875,762</u>	<u>-</u>	<u>(404,782)</u>	<u>3,470,980</u>	<u>788,016</u>
Total Long Term Debt	<u>\$ 3,875,762</u>	<u>\$ -</u>	<u>\$ (404,782)</u>	<u>\$ 3,470,980</u>	<u>\$ 788,016</u>

The Roscoe Village Foundation loan was for the purchase of a building to be used as classrooms in Roscoe Village, Coshocton, OH. This loan was at zero interest and paid in full during this fiscal year.

The Cal First loan is for the purchase of equipment for improvements to keep critical systems in operation. This loan is at 3.8725% and payable quarterly beginning January 1, 2006. The loan matures October 1, 2010.

The revenue bonds for the information system were issued March 3, 2006 at 4.59% until March 3, 2011 when an interest rate adjustment will occur. Bond payments are due annually beginning April 3, 2007 with a maturity date of April 3, 2016. The total amount of the bond at June 30, 2009 is \$1,181,041, and it is included in the payment schedule below at the current rate of interest.

The Montgomery Hall Renovation Bond for \$1,500,000 is a single, fully registered bond that commenced on March 1, 2007 at a fixed rate of 4.04% per annum. The bond matures in yearly installments beginning December 28, 2008 and matures on December 28, 2011.

CENTRAL OHIO TECHNICAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended June 30, 2009 and 2008

NOTE 6 – LONG-TERM DEBT (Continued)

Annual maturities of long-term debt are due as follows:

<u>Year Ending</u>	<u>Loans</u>		<u>Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 70,324	\$ 2,456	\$ 539,730	\$ 94,686	\$ 610,054	\$ 97,142
2011	18,017	178	534,634	67,355	552,651	67,533
2012			542,264	44,285	542,264	44,285
2013			175,259	28,570	175,259	28,570
2014			183,635	20,193	183,635	20,193
2015			192,413	11,416	192,413	11,416
2016			138,106	2,550	138,106	2,550
Total	<u>\$ 88,341</u>	<u>\$ 2,634</u>	<u>\$2,306,041</u>	<u>\$269,054</u>	<u>\$2,394,382</u>	<u>\$271,688</u>

Interest expense for the year ended June 30, 2009 and 2008 was \$110,670 and \$68,372 respectively.

NOTE 7 – OPERATING LEASE COMMITMENTS

The College leases certain office equipment, vehicles, and classroom space under operating leases. The following summarizes the approximate future minimum rental payments required under operating leases as of June 30, 2009:

2010	\$ 270,653
2011	151,924
2012	201,882
2013	111,601
2014	93,963
2015	6,756
	<u>\$ 836,779</u>

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 7 – OPERATING LEASE COMMITMENTS (Continued)

Rent expense was \$414,461 and \$681,578 for the years ended June 30, 2009 and 2008.

The majority of the lease expense is part of the cost share calculation with The Ohio State University-Newark Campus (Note 1).

NOTE 8 - PENSION PLANS

The College employees are covered by one of three retirement systems. The State Teachers Retirement System of Ohio (STRS Ohio) covers the College faculty. The Public Employees Retirement System of Ohio (OPERS) covers substantially all other employees. Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

State Teachers' Retirement System

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

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

DB Plan Benefits—Plan benefits are established by Chapter 3307 of the Ohio Revised Code. Any member may retire who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest years’ salaries. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit”

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 8 - PENSION PLANS (Continued)

calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual-retirement allowance.

DC Plan Benefits— Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

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

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

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

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

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

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 8 - PENSION PLANS (Continued)

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2009 were 10% of covered payroll for members and 14% for employers. Employer contributions by the College were \$903,771, \$869,340, and \$808,781 for the years ended June 30, 2009, 2008 and 2007, respectively. The College has made 100% of required contributions.

The College has covered payroll for the years ended June 30, 2009, 2008 and 2007 of approximately \$6,455,792, \$6,212,287, and \$5,600,328, respectively.

STRS Ohio issues a stand-alone financial report. Copies of the STRS Ohio 2008 *Comprehensive Annual Financial Report* may be obtained after January 1, 2009 by writing to STRS, 275 E. Broad Street, Columbus, Ohio 43215-3371, calling toll free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

State Teachers' Alternative Retirement Plan

The State of Ohio requires public institutions of higher education to offer an alternative retirement plan to those participating in the State Teachers Retirement System. The alternative retirement plan shall be a defined contribution plan, with the Ohio employer contribution rate of 10.5% towards the employee's account and 3.5% to State Teachers Retirement System administrative cost. The College has implemented the alternative retirement plan. In fiscal years 2009, 2008, and 2007 the employer match was \$29,820, \$28,024, and \$20,662, respectively.

Ohio Public Employees' Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan —a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan —a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan —a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 8 - PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Contribution requirements for the fiscal years ended June 30, 2009 and June 30, 2008 were 10% of covered payroll for employees and 14% for employers. Contribution requirements for the fiscal year ended June 30, 2007 were 9.5% of covered payroll for employees and 13.77% for employers. The payroll for employees covered by OPERS for the years ended June 30, 2009, 2008, and 2007 were approximately \$4,339,608, \$4,248,603, and \$3,819,622, respectively. Employer contributions by the College were \$607,545, \$588,7523, and \$521,613 for the years ending June 30, 2009, 2008, and 2007, respectively. The College has made 100% of required contributions.

Ohio Public Employees Alternative Retirement Plan

The State of Ohio requires public institutions of higher education to offer an alternative retirement plan to those participating in the Ohio Public Employees Retirement System. The alternative retirement plan shall be a defined-contribution plan, with the Ohio employer contribution rate of 13.23% towards the employee's account and .77% to Ohio Public Employees Retirement System to cover administrative cost. The College has implemented the alternative retirement plan. In fiscal years 2009, 2008, and 2007 the employer match was \$86,070, \$88,664, and \$66,693, respectively.

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The College provides comprehensive health care benefits to retired teachers and their dependents through the STRS Ohio and to retired non-certified employees and their dependents through OPERS.

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

STRS Ohio issues a stand-alone financial report. Interest parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care the years ended June 30, 2009, 2008 and 2007. The 14% employer contribution rate is the maximum rate established under Ohio law. For fiscal years 2009, 2008 and 2007 the College's contributions to fund health care were \$64,558, \$62,123 and \$56,003, respectively. The College has made 100% of required contributions.

Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, the College contributed at a rate of 14.00% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state employer units. Active members do not contribute to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008 (the latest information available), the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Payment amounts vary depending on the number of covered dependents and the coverage selected. The approximate amount for the College's contributions to fund health care for fiscal years 2009, 2008 and 2007 were \$303,722, \$254,916, and \$210,079 respectively. The College has made 100% of required contributions.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2009 and 2008

NOTE 10 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

The College's operating expenses by natural classification were as follows for the year ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Salaries and wages	\$ 11,776,840	\$ 11,494,380
Employee benefits	3,445,712	3,207,229
Supplies and other services	5,972,004	3,491,557
Utilities and minor equipment	635,184	767,268
Advertising	484,748	515,774
Depreciation	1,810,268	1,552,638
Student scholarships and financial aid	<u>6,098,718</u>	<u>3,212,873</u>
	<u>\$ 30,223,474</u>	<u>\$ 24,241,719</u>

NOTE 11 - RISK MANAGEMENT

Central Ohio Technical College is exposed to various risks of loss related to torts, theft of, damage to, and destructions of assets, errors, omissions, injuries to employees and natural disasters. The College contracts with Utica National Insurance Company for property and general liability insurance, including boiler and machinery coverage.

Vehicles are covered by Utica National Insurance Company and hold a \$250 deductible. Automobile liability coverage has a \$1,000,000 limit. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years and there has been no significant reduction in coverage from the prior year.

Central Ohio Technical College pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative cost.

Central Ohio Technical College provides life insurance to its employees.

Central Ohio Technical College obtains hospitalization coverage for its employee through the Ohio State University. The carrier for the hospitalization coverage is NGS American, Inc., Delta Dental for dental insurance, and Vision Service Plan for vision insurance. The College pays a composite rate per employee and the employees co-pay based on their insurance plan and level of coverage. Premiums are paid from the same funds that pay the employees' salaries.

Central Ohio Technical College is involved from time to time in routine litigation. Management does not believe that the ultimate resolution of this litigation will be material to its financial condition or results of operation.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

November 20, 2009

The Board of Trustees
Central Ohio Technical College
Newark, OH 43055

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

We have audited the basic financial statements of Central Ohio Technical College (the "College") as of and for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Central Ohio Technical 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 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 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.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the College in a separate letter dated November 20, 2009.

The Board of Trustees
Central Ohio Technical College
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards
November 20, 2009
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Ohio Technical College's basic 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 not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Hea & Associates, Inc.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

November 20, 2009

The Board of Trustees
Central Ohio Technical College
Newark, OH 43055

**Independent Auditor's Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Central Ohio Technical College 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, 2009. Central Ohio Technical 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 Central Ohio Technical College's management. Our responsibility is to express an opinion on Central Ohio Technical 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 Circulars 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 Central Ohio Technical 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 Central Ohio Technical College's compliance with those requirements.

In our opinion, Central Ohio Technical 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, 2009.

Internal Control Over Compliance

The management of Central Ohio Technical 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 Central Ohio Technical 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 Central Ohio Technical College's internal control over compliance.

A *control deficiency* in an 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 a 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of 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 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 information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

	<u>Federal</u> CFDA <u>Number</u>	<u>Pass-</u> <u>Through</u> Entity <u>Number</u>	<u>Expenditures</u>
<u>United States Department of Education</u>			
<i>Direct Award</i>			
Student Financial Aid Cluster:			
Federal Family Education Loans (Note 2)	84.032		\$ 16,394,910
Federal Pell Grant	84.063		5,987,362
Federal Supplemental Education Opportunity Grant (SEOG)	84.007		106,550
Federal Work Study	84.033		115,357
Academic Competitiveness Grant	84.375		50,809
Total Student Financial Aid Cluster			22,654,988
 <i>Passed through State Department of Education</i>			
Perkins Grant:			
Minority Recruiter			28,257
Disability Services			99,033
Total Perkins Grant	84.048	06507820-C2	127,290
 <i>Passed through Columbus State Community College</i>			
Technical Preparation Education			
Tech Prep - Heart of Ohio			133,163
Tech Prep - Expanded Enrollment Engineering			12,951
Total Technical Preparation Education	84.243	650783E-00	146,114
Total U.S. Department of Education			22,928,392
 <u>United States Department of Health & Human Services</u>			
<i>Passed through State Department of Job and Family Services</i>			
Workforce Investment Act	17.259		955
 <u>United States Department of Agriculture</u>			
<i>Passed through State Department of Education</i>			
Child and Adult Care Food Program	10.558	09765916-CC / 21-ML	20,177
Total Expenditures of Federal Awards			\$ 22,949,524

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of these statements.

CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes 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 can differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 – OUTSTANDING LOANS

The College originates but does not make Federal Family Education Loans (FFELs). For the fiscal year 2008 – 2009, the College certified need for \$16,394,910 in Guaranteed Student Loan and Supplemental Loans. The amount presented represents the value of new FFELs awarded during the fiscal year as follows:

Federal Stafford Loans	\$ 7,889,876
Federal Unsubsidized Stafford Loans	8,463,340
Plus Loans	<u>41,694</u>
 Total FFELs	 <u><u>\$ 16,394,910</u></u>

**CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Student Financial Assistance Cluster: CFDA #84.063, 84.033, 84.032, 84.007, 84.375
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY
APPOINTED OFFICIALS
June 30, 2009

Board of Trustees:

<u>Title/Name</u>	<u>Term Expires</u>	<u>Surety</u>	<u>Amount of Coverage</u>
Chairperson/ Sarah R. Wallace (1)	2011	(2)	\$ 1,000,000
Vice-Chairperson/ Cheryl L. Snyder (1)	2009	(2)	1,000,000
<u>Members</u>			
Jill H. Griesse	2009	(2)	1,000,000
John F. Hinderer (1)	2011	(2)	1,000,000
Michael J. Menzer (1)	2009	(2)	1,000,000
Mark R. Ramser (1)	2010	(2)	1,000,000
Barry M. Riley (1)	2010	(2)	1,000,000
Edna Branstool	2011	(2)	1,000,000
Leland Wyse	2011	(2)	1,000,000

(1) School Board Caucus

(2) Liberty Mutual Group, Ohio Casualty Insurance Company of Fairfield, Ohio. The College also has a \$10 million umbrella insurance policy with Liberty Mutual Group, Ohio Casualty Insurance Company.

CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY
ADMINISTRATIVE PERSONNEL
June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Surety</u>	<u>Amount of Coverage</u>
Dr. Bonnie L. Coe	President	(1)	\$ 1,000,000
Mr. David Brillhart	Vice President for Business & Finance	(1)	1,000,000
Dr. John Berry	Vice President for Enrollment Management and Student Life	(1)	1,000,000
Mr. Joel Daniels II	Vice President for Extended Campuses and New Business Development	(1)	1,000,000
Dr. Richard Prystowsky	Vice President for Academic Affairs	(1)	1,000,000
Ms. Jacqueline Parrill	Vice President for Institutional Planning and Human Resource Development	(1)	1,000,000

(1) Liberty Mutual Group, Ohio Casualty Insurance Company of Fairfield, Ohio. The College also has a \$10 million umbrella insurance policy with Liberty Mutual Group, Ohio Casualty Insurance Company.



Mary Taylor, CPA
Auditor of State

CENTRAL OHIO TECHNICAL COLLEGE

LICKING 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 19, 2010**