

Central Ohio Technical College
Audited Financial Statements

June 30, 2008



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, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 2, 2009

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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

December 15, 2008

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, 2008 and 2007, 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, 2008 and 2007, 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 December 15, 2008, 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, 2008 and 2007

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, 2008, with comparative information for fiscal year 2007 and 2006. 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, 2008, with comparative information as of June 30, 2007 and 2006. 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 2008, with comparative information for fiscal year 2007 and 2006. 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, 2008 and 2007

The **Statement of Cash Flows** details how cash has increased (or decreased) during the fiscal year 2008. 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 2008 report net assets of \$31.9 million at June 30, 2008. This represents an increase of approximately \$2.9 million from the previous fiscal year. Below is a condensed version of the Statement of Net Assets followed by a discussion of the changes:

	June 30, 2008	June 30, 2007	June 30, 2006
<u>ASSETS</u>			
Current Assets	\$ 11,622,005	\$ 12,155,185	\$ 10,329,197
Capital Assets, net	23,564,336	20,597,846	18,309,552
Other non-current	5,158,565	4,786,380	2,340,447
Total Assets	<u>40,344,906</u>	<u>37,539,411</u>	<u>30,979,196</u>
<u>LIABILITIES</u>			
Current Liabilities	4,642,047	4,102,511	3,079,279
Non-current Liabilities	3,796,329	4,432,541	3,083,808
Total Liabilities	<u>8,438,376</u>	<u>8,535,052</u>	<u>6,163,087</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	19,570,656	17,703,986	16,197,333
Restricted			
Nonexpendable	1,080,430	1,082,728	967,357
Expendable	7,128,055	6,182,037	4,022,045
Unrestricted	<u>4,127,389</u>	<u>4,035,609</u>	<u>3,629,374</u>
Total Net Assets	<u>\$ 31,906,530</u>	<u>\$ 29,004,360</u>	<u>\$ 24,816,109</u>

CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008 and 2007

Assets As of June 30, 2008, the College's total assets are \$40.3 million, an increase of \$2.8 million over fiscal year 2007. Items accounting for this increase include recording final costs associated with the new administrative system for the college, the completion of Montgomery Hall for the Coshocton Campus and recording funds received in support of the John L. and Christine Warner Library and Student Union. These increases were in addition to the normal recording of asset purchases and depreciation.

Liabilities At June 30, 2008 the College's liabilities totaled \$8.4 million, a slight decrease from last fiscal year. Accounts payable, accrued liabilities and long-term debt decreased due to regular and timely processing of payments; deferred revenue increased as a result of recording revenues received for tuition but unearned until July 2008.

Net Assets Net assets at June 30, 2008 totaled approximately \$31.9 million. Net assets invested in capital assets totaled \$19.5 million, which represents 60% of total net assets. Total net assets increase \$2.9 million during the year ended June 30, 2008 due to the items mentioned above. Unrestricted net assets totaled \$4.1 million with net assets of \$6 million restricted for capital improvements.

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CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008 and 2007

Statement of Revenues, Expenses and Changes in Net Assets

Total operating revenues for fiscal year 2008 are \$10.8 million, a decrease of \$308,752 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, 2008	Year Ended June 30, 2007	Year Ended June 30, 2006
OPERATING REVENUES			
Tuition & Fees, net	\$ 7,294,680	\$ 7,711,734	\$ 7,381,556
Federal grants and contracts*	367,475	341,454	317,771
State & Private grants and contracts	2,107,473	2,005,787	1,695,434
Sales & srv of ed depts	471,138	504,643	528,488
Auxiliary enterprises	26,829	40,034	40,435
Other Operating revenues	<u>534,817</u>	<u>507,512</u>	<u>298,612</u>
Total Operating Revenues	10,802,412	11,111,164	10,262,296
OPERATING EXPENSES			
Education & General	22,688,852	21,349,060	19,791,373
Depreciation expense	1,552,638	979,530	944,702
Auxiliary Enterprises	<u>229</u>	<u>4,791</u>	<u>4,852</u>
Total Operating Expenses	<u>24,241,719</u>	<u>22,333,381</u>	<u>20,740,927</u>
Operating loss	(13,439,307)	(11,222,217)	(10,478,631)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	8,629,492	7,560,570	6,751,027
Federal Grants & Contracts - PELL	4,445,790	3,868,271	3,765,755
Investment income	(177,055)	287,414	151,289
Other revenues (expenses)	<u>(198,410)</u>	<u>(143,133)</u>	<u>(123,055)</u>
Net nonoperating revenues	12,699,817	11,573,122	10,545,016
Capital appropriation and gifts and grants	3,641,660	3,837,346	3,466,205
Increase in net assets	2,902,170	4,188,251	3,532,590
Net assets-beginning	<u>29,004,360</u>	<u>24,816,109</u>	<u>21,283,499</u>
Net assets-end of year	<u>\$ 31,906,530</u>	<u>\$ 29,004,360</u>	<u>\$ 24,816,109</u>
<i>* Federal grants restated for Pell Grant reclassified to Non-operating</i>			

Overall, gross tuition and fees increased \$349 thousand in fiscal year 2008 (prior to applying the scholarship allowance). As there were no increases to tuition fees in this fiscal year, this increase is primarily a result of a 3.5% increase in enrollment at the college. Net tuition and fees actually came in below the prior year due to an increase in the amount of PELL and Ohio Instruction Grant dollars for students.

CENTRAL OHIO TECHNICAL COLLEGE
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2008 and 2007

Operating expenses for the campus increased for the year by approximately 8.5%. In addition to normal inflationary increases for the college, additional targeted investments were made by the college in compensation increases, support costs for the new administrative system and preparation for the re-accreditation self study; additionally, depreciation expense increased \$573 thousand mainly as a result of recording depreciation for both the new administrative system and Montgomery Hall.

Items to note in the **Non-Operating Revenue (Expenses)** section include increases in State Appropriations in the amount of \$1 million as well as reclassifying Pell revenue from Operating to Non-operating revenue in accordance with GASB. Capital grants and gifts include \$2.1 million in support of the John L. and Christine Warner Library and Student Union, which was completed and opened in September, 2008. The decrease in Investment Income reflects a decrease of approximately 6% in market value of the Colleges Endowments.

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, 2008	Year Ended June 30, 2007	Year Ended June 30, 2006
Net cash provided by operating activities	(11,873,815)	(10,539,971)	(9,666,922)
Net cash from noncapital financing activities	13,075,282	11,428,841	10,516,782
Net cash from capital financing activities	(595,502)	1,165,362	29,017
Net cash from capital investing activities	<u>74,295</u>	<u>76,617</u>	<u>88,475</u>
Net increase in cash	<u>\$ 680,260</u>	<u>\$ 2,130,849</u>	<u>\$ 967,352</u>

The overall change in COTC's cash balances in 2008 is due to the normal operations of the College.

Summary

The financial activity recorded in the financial statements for the year ended June 30, 2008 point to Central Ohio Technical College's preparation and vision for the future. Significant effort continues to be placed on the establishment of full-service extended campuses. The extended campuses will be foundational to increasing access and meeting the mission for the three county service district including Licking, Knox and Coshocton Counties. The significant investments made by the college in a new administrative system will adequately equip and support college faculty, staff and students well into the future. The investment and retention of top quality personnel remain a high priority for the college as well. All of these investments have been made with a conscious effort to protect the financial viability of the campus. Record setting enrollment continues to be served as the college grows from a small technical college to the goal of being the number one technical college in the State of Ohio.

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENT OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 5,380,404	\$ 5,200,765
Accounts receivable		
Students, net of allowance of \$436,273 and \$375,047 in 2008 and 2007, respectively	2,003,388	796,071
Ohio State University	148,301	362,222
Intergovernmental grants	491,992	1,311,885
Pledges	2,944,716	3,701,116
Other	330,669	345,283
Other assets	322,535	437,842
Total current assets	11,622,005	12,155,184
Noncurrent Assets		
Restricted cash and cash equivalents	3,127,611	2,626,990
Endowment investments	2,030,954	2,159,391
Capital assets, net	23,564,336	20,597,847
Total noncurrent assets	28,722,901	25,384,228
Total assets	40,344,906	37,539,412
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	391,946	543,754
Accrued liabilities	1,505,193	1,531,503
Deferred revenue	1,956,892	1,635,334
Current portion of long-term debt	788,016	391,920
Total current liabilities	4,642,047	4,102,511
Noncurrent liabilities		
Accrued liabilities	269,356	232,957
Deferred revenue	844,010	715,742
Long-term debt	2,682,963	3,483,842
Total noncurrent liabilities	3,796,329	4,432,541
Total liabilities	8,438,376	8,535,052
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	19,570,656	17,703,986
Restricted		
Nonexpendable		
Scholarships, fellowships, and research	1,080,430	1,082,728
Expendable		
Scholarships, fellowships, and research	967,045	1,093,184
Capital uses	6,161,010	5,088,853
Unrestricted	4,127,389	4,035,609
Total net assets	\$ 31,906,530	\$ 29,004,360

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, 2008 and 2007

	2008	2007
REVENUES		
Operating Revenues		
Tuition & Fees (net of scholarship allowances of \$3,136,949 and \$2,370,878 in 2008 and 2007)	\$ 7,294,680	\$ 7,711,734
Federal grants and contracts	367,475	341,454
Private, state, and local gifts, contracts and grants	2,107,473	2,005,787
Sales and services of educational departments	471,138	504,643
Auxiliary enterprises	26,829	40,034
Other Operating revenues	534,817	507,512
Total Operating Revenues	10,802,412	11,111,164
 EXPENSES		
Operating Expenses		
Education and general		
Instructional	8,602,969	8,040,744
Public service	300,184	365,299
Academic support	2,833,485	3,322,109
Student services	2,394,107	2,211,387
Institutional support	3,219,469	2,414,264
Operation and maintenance of plant	2,154,658	1,986,189
Depreciation expense	1,552,638	979,530
Student scholarship and financial aid	3,183,980	3,009,068
Auxiliary enterprises	229	4,791
Total operating expenses	24,241,719	22,333,381
Operating loss	(13,439,307)	(11,222,217)
 NONOPERATING REVENUES (EXPENSES)		
State Appropriations	8,629,492	7,560,570
Federal Grants and Contracts - Pell	4,445,790	3,868,271
Nongovernmental grants and contracts	0	0
Investment income	(177,055)	287,414
Interest on indebtedness	(68,372)	(17,959)
Other (expenses)	(130,038)	(125,174)
Net nonoperating revenues	12,699,817	11,573,122
Income before other revenues, expenses, gains, or losses	(739,490)	350,905
Capital appropriations	16	50,684
Capital grants and gifts	3,518,729	3,775,069
Additions to Permanent Endowments	122,915	11,593
Total other revenues	3,641,660	3,837,346
Increase in net assets	2,902,170	4,188,251
 NET ASSETS		
Net assets at beginning of the year	29,004,360	24,816,109
Net assets at end of year	\$ 31,906,530	\$ 29,004,360

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

CENTRAL OHIO TECHNICAL COLLEGE
STATEMENTS OF CASH FLOWS
June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & Fees	\$ 6,361,806	\$ 7,520,644
Grants & Contracts	3,923,107	2,710,249
Payments to Suppliers	(4,642,318)	(4,032,400)
Payments for Utilities	(490,336)	(399,500)
Payments to employees	(11,186,346)	(10,782,461)
Payments for benefits	(3,140,274)	(3,058,367)
Payments for scholarships	(3,183,980)	(3,009,068)
Auxiliary enterprise receipts	26,829	40,034
Sales & services	457,697	470,898
Net cash (used) by operating activities	(11,873,815)	(10,539,971)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	8,629,492	7,560,570
Gifts & Grants other than capital	4,445,790	3,868,271
Net cash provided by noncapital financing activities	13,075,282	11,428,841
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(4,011,039)	(2,077,340)
Proceeds from debt	0	2,111,456
Principal paid on capital assets	(404,782)	(347,913)
Interest on capital related debt	(68,372)	(17,959)
Capital appropriations	16	50,684
Capital grants and gifts	3,888,675	1,446,434
Net cash provided by capital financing activities	(595,502)	1,165,362
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	74,295	76,617
Net cash provided from investing activities	74,295	76,617
NET INCREASE IN CASH	680,260	2,130,849
CASH AND CASH EQUIVALENTS, beginning of year	7,827,755	5,696,906
CASH AND CASH EQUIVALENTS, end of year	\$ 8,508,015	\$ 7,827,755
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (13,439,307)	\$ (11,222,217)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation expense	1,552,638	979,530
Changes in assets and liabilities		
Receivables, net	(149,803)	(731,739)
Other assets	(28,244)	(44,071)
Accounts Payable	(151,808)	200,332
Accrued Liabilities	10,090	176,019
Deferred Revenue	332,619	102,175
Net cash provided (used) by operating activities	\$ (11,873,815)	\$ (10,539,971)
NON-CASH TRANSACTIONS		
Contribution for Montgomery Hall Renovation	\$ 509,857	
Contribution of Knox Campus building and land		\$ 850,000

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, 2008 and 2007

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

Central Ohio Technical College (the College), was chartered by the Ohio Board of Regents in 1971, subject to the directives and constraints set forth by the Ohio General Assembly and the Ohio Board of Regents. The College was created in direct response to a demonstrated need for quality college-level technical education in Licking County. The service area was expanded to include Coshocton and Knox counties in the spring of 1980. In 1986, COTC established offices in both counties to offer off-campus courses.

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 they be maintained permanently by the College. 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.

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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to not 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.

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 started in January, 2007 for renovation of Ariel Hall in Mount Vernon.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledge receivable as of June 30, 2008 and 2007 are summarized as follows:

	June 30, 2007	Additions	Reductions	June 30, 2008
Cosh Cap Campaign				
Pledge Receivable	\$ 1,667,284	\$ 29,846	\$ 440,240	\$ 1,256,890
Less: Allowance	50,019		12,312	37,707
Net Receivable - Cosh	<u>1,617,265</u>	29,846	452,552	1,219,183
Knox Cap Campaign				
Pledge Receivable	2,148,300	150,150	519,550	1,778,900
Less: Allowance	64,449		11,082	53,367
Net Receivable- Knox	<u>2,083,851</u>	150,150	530,632	1,725,533
Total Pledge Receivable	<u>\$ 3,701,116</u>	<u>\$ 179,996</u>	<u>\$ 983,184</u>	<u>\$ 2,944,716</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.

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. Estimated useful lives are as follows: buildings is 40 years, improvements is 40 years and all other assets are 5 to 10 years.

Cost Sharing Between Related Parties: The College shares campus facilities and staff, including senior administration with the Ohio State University – Newark Campus. Jointly incurred costs are allocated between institutions based on student enrollment and utilization factors. Additionally, certain services are purchased by each institution 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, 2008 and 2007 but relate to the subsequent accounting period. The long term deferred revenue represents the cost share valuation for shared capital assets between the College and the Ohio State University.

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

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: The College had adopted GASB 16 “Accounting for Compensated Absences”. Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees 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.

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 or 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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, grants, contracts and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

In addition, the GASB Implementation Guide has indicated PELL grants should be considered non-operating revenues beginning in fiscal year 2008. The PELL grants for fiscal year 2007 have been reclassified for consistency in statement presentation.

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 has 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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 either 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, 2008 and 2007

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, 2008 and 2007

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 \$4,200 and the carrying amount of the College’s deposits was \$4,785,213. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” as of June 30, 2008, \$4,588,713 of the College’s bank balance of \$4,988,713 was exposed to custodial credit risk as discussed above, while \$400,000 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, are shown in the statement of net assets non-current. Investments, other than STAR Ohio, are contributed by donors and are maintained in an Endowment Investment Account.

As of June 30, 2008, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> (in years)	
		<u>< 1</u>	<u>1 - 5</u>
Fixed Income	\$ 751,713	\$ 100,367	\$ 651,346
Cash Equivalents	4,486	4,486	0
STAR Ohio	3,718,602	3,718,602	0
Equity funds	1,274,755	1,274,755	0
	<u>\$ 5,749,556</u>	<u>\$ 5,098,210</u>	<u>\$ 651,346</u>

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.

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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

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

As of June 30, 2008, the College had the following investments and quality ratings:

<u>Investment Type</u>	<u>Standard & Poors Rating</u>	<u>Fair Value</u>
Cash Equivalents		\$ 4,486
STAR Ohio	AAA	3,718,602
Fixed Income		
US Treasury Bonds and Notes	AAA	50,797
US Gov't Agency/Exempt State	AAA	200,484
Corporate Bonds and Notes	AAA	50,653
	AA+	50,146
	AA	100,367
	AA-	50,101
	A+	150,601
	A	98,564
Equity		
Common Stock		842,497
Mutual Funds		432,258
		<u>\$ 5,749,556</u>

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, 2008.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Cash Equivalents	\$ 4,486	0.08%
STAR Ohio	3,718,602	64.68%
US Treasury Bonds and Notes	50,797	0.88%
US Gov't Agency/Exempt State	200,484	3.49%
Corporate Bonds and Notes	500,432	8.70%
Common Stock	842,497	14.65%
Mutual Funds	432,258	7.52%
	<u>\$ 5,749,556</u>	<u>100.00%</u>

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 4 - CAPITAL ASSETS, NET

Capital assets as of June 30, 2008 and 2007 are summarized below.

	June 30, 2007			June 30, 2008
	Balance	Additions	Reductions	Balance
<u>Cost:</u>				
Land	\$ 294,818	\$ 0	\$ 0	\$ 294,818
Buildings	21,508,389	4,399,071	0	25,907,460
Leasehold Improvements	144,088	0	0	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>
<u>Accumulated Depreciation:</u>				
Buildings	5,409,420	647,686	0	6,057,106
Leasehold Improvements	79,250	22,259	0	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>

	June 30, 2006			June 30, 2007
	Balance	Additions	Reductions	Balance
<u>Cost:</u>				
Land	\$ 137,601	\$ 157,217	\$ 0	\$ 294,818
Buildings	20,782,611	725,778	0	21,508,389
Leasehold Improvements	89,096	54,992	0	144,088
Equipment, furniture, and library books	6,610,683	422,095	18,396	7,014,382
Construction in progress	970,898	1,909,054	0	2,879,952
	<u>28,590,889</u>	<u>3,269,136</u>	<u>18,396</u>	<u>31,841,629</u>
<u>Accumulated Depreciation:</u>				
Buildings	4,871,710	537,710	0	5,409,420
Leasehold Improvements	45,650	33,600	0	79,250
Equipment, furniture, and library books	5,363,977	408,220	17,085	5,755,112
	<u>10,281,337</u>	<u>979,530</u>	<u>17,085</u>	<u>11,243,782</u>
Capital Assets, Net	<u>\$ 18,309,552</u>	<u>\$ 2,289,606</u>	<u>\$ 1,312</u>	<u>\$ 20,597,847</u>

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	<u>2008</u>	<u>2007</u>
Payable to vendors and contractors	<u>\$ 391,946</u>	<u>\$ 543,753</u>
Accrued expenses, primarily payroll and vacation leave	\$ 1,691,545	\$ 1,701,138
Employee withholdings and deposits payable to third parties	<u>83,004</u>	<u>63,322</u>
	1,774,549	1,764,460
Current	<u>1,505,193</u>	<u>1,531,503</u>
Noncurrent	<u>\$ 269,356</u>	<u>\$ 232,957</u>

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CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 6 – LONG-TERM DEBT

	2008				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Roscoe Village Foundation					
Loan 0%	\$ 700,000	\$ 0	\$ (200,000)	\$ 500,000	\$ 200,000
CalFirst Loan	220,962	0	(65,007)	155,955	67,613
Revenue Bonds for					
Information System	1,454,800	0	(139,775)	1,315,025	145,403
Montgomery Hall Bond	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>375,000</u>
Total Long Term Debt	<u>\$ 3,875,762</u>	<u>\$ 0</u>	<u>\$ (404,782)</u>	<u>\$ 3,470,980</u>	<u>\$ 788,016</u>
	2007				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Child Development Center					
Mortgage Note	\$ 40,212	\$ 0	\$ (40,212)	\$ 0	\$ 0
Roscoe Village Foundation					
Loan 0%	900,000	0	(200,000)	700,000	200,000
CalFirst Loan	283,463	0	(62,501)	220,962	65,007
Revenue Bonds for					
Information System	888,544	611,456	(45,200)	1,454,800	126,913
Montgomery Hall Bond	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u>
Total Long Term Debt	<u>\$ 2,112,219</u>	<u>\$ 2,111,456</u>	<u>\$ (347,913)</u>	<u>\$ 3,875,762</u>	<u>\$ 391,920</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 is at zero interest and matures October 18, 2009. Annual payments are to be made beginning October 18, 2006 of \$200,000 with the final payment being \$300,000.

CENTRAL OHIO TECHNICAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended June 30, 2008 and 2007

NOTE 6 – LONG-TERM DEBT (Continued)

The CalFirst 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 and maturing February 3, 2016. The total amount of the bond at June 30, 2008 is \$1,315,025, 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.

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

<u>Year</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>
2009	\$ 267,613	\$ 5,167	\$ 520,403	\$ 111,887	\$ 788,016	\$ 117,054
2010	370,324	2,456	527,352	90,078	897,676	92,534
2011	18,017	178	534,635	67,355	552,652	67,533
2012	0	0	542,264	44,285	542,264	44,285
2013	0	0	175,259	28,570	175,259	28,570
2014-2016	0	0	515,113	34,159	515,113	34,159
Total	<u>\$ 655,954</u>	<u>\$ 7,801</u>	<u>\$2,815,026</u>	<u>\$ 376,334</u>	<u>\$3,470,980</u>	<u>\$ 384,135</u>

Interest expense for the year ended June 30, 2008 and 2007 was \$68,372 and \$17,959, respectively.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

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, 2008:

2009	\$	467,772
2010		546,006
2011		11,412
2012		1,682
		<hr/>
	\$	<u>1,026,872</u>

Rent expense was \$681,578 and \$569,347 for the years ended June 30, 2008 and 2007.

The lease expense is part of the cost share calculation with The Ohio State University-Newark Campus (Note 2).

NOTE 8 - PENSION PLANS

The College participates in the State Teachers' Retirement System (STRS) and the Ohio Public Employees' Retirement System (OPERS) retirement plans for academic and nonacademic personnel.

Ohio Public Employees' Retirement System: The College contributes to Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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, 2008 and 2007

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.

The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention Finance Director, 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 rates are established by the Public Employees Retirement Board upon recommendations of its consulting actuary, not to exceed statutory maximums. Contribution requirements for the fiscal years ended June 30, 2008 were 10% of covered payroll for employees and 14% for employers. Contribution requirements for the fiscal years ended June 30, 2007 were 9.5% of covered payroll for employees and 13.77% for employers, and June 30, 2006 were 9% of covered payroll for employees and 13.54% for employers. The payroll for employees covered by the System for the years ended June 30, 2008, 2007, and 2006 were approximately \$4,248,603, \$3,819,622, and \$3,079,367, respectively. Employer contributions by the College were \$588,752, \$521,613, and \$448,680 for the years ending June 30, 2008, 2007, and 2006, 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 2008, 2007, and 2006 the employer match was \$88,664, \$66,693, and \$45,596, respectively.

State Teachers' Retirement System: The State Teachers Retirement System of Ohio (STRS) 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.

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 Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 8 - PENSION PLANS (Continued)

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” 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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 8 - PENSION PLANS (Continued)

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

The Defined Benefit 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 Defined Benefit of 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.

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, 2008 were 10% of covered payroll for members and 14% for employers. Employer contributions by the College were \$869,340, \$808,781, and \$706,690 for the years ended June 30, 2008, 2007 and 2006, respectively. The College has made 100% of required contributions.

The amount of the employer's covered payroll for the years ended June 30, 2008, 2007 and 2006 were approximately \$6,212,287, \$5,600,328, and \$4,658,212, respectively.

STRS issues a stand-alone financial report. That report may be obtained after January 1, 2009 by writing to STRS, 275 E. Broad Street, Columbus, Ohio 43215-3371 or by 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 2008, 2007, and 2006 the employer match was \$28,024, \$20,662, and \$19,707, respectively.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The College provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System and to retired non-certified employees and their dependents through the Ohio Public Employees' Retirement System.

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

The R.C. 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.

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, 2008, 2007 and 2006. The 14% employer contribution rate is the maximum rate established under Ohio law. For fiscal years 2008, 2007 and 2006 the College's contributions to fund health care were \$62,123, \$56,003 and \$46,582, respectively. The College has made 100% of required contributions.

OPERS

A. Plan Description

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.

CENTRAL OHIO TECHNICAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

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

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, Attention: Finance Director, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

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 2007 (the latest information available), the College contributed at a rate of 13.77% for July through December 2007 and 14.00% for January through June 2008 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. Active members do not make contributions 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 2007 (the latest information available), the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. 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. The approximate amount for the College's contributions to fund health care for fiscal years 2008, 2007 and 2006 were \$254,916, \$210,079 and \$138,572, 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.

CENTRAL OHIO TECHNICAL COLLEGE
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended June 30, 2008 and 2007

NOTE 10 - OPERATING EXPENSES BY NATURAL CLASSIFICATION

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

	2008	2007
Salaries and wages	\$ 11,304,673	\$ 10,943,633
Employee benefits	3,689,230	3,087,165
Supplies and other services	3,199,263	3,113,639
Utilities and minor equipment	767,268	719,407
Advertising	515,774	480,939
Depreciation	1,552,638	979,530
Student scholarships and financial aid	3,212,873	3,009,068
	\$ 24,241,719	\$ 22,333,381

NOTE 11 - RISK MANAGEMENT

Central Ohio Technical College is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and 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.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal 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
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2008 and 2007

NOTE 11 - RISK MANAGEMENT (Continued)

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

December 15, 2008

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, 2008, and have issued our report thereon dated December 15, 2008. 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.

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
December 15, 2008
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

December 15, 2008

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, 2008. 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, 2008.

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
For the Year Ended June 30, 2008

	<u>Federal CFDA Number</u>	<u>Pass through Entity Identifying Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
<i>Direct Award</i>			
Student Financial Aid Cluster			
Federal Family Education Loan (Note 2)	84.032		\$ 10,770,269
Federal Pell Grant	84.063		4,445,790
Federal Supplemental Education Opportunity Grant (SEOG)	84.007		125,206
Federal Work Study	84.033		98,071
Academic Competitiveness Grant	84.375		<u>38,535</u>
Total Student Financial Aid Cluster			15,477,871
 <i>Passed Through State Department of Education</i>			
Perkins Grant			
Minority Recruiter			28,904
Disability Services			<u>69,183</u>
Total Perkins Grants	84.048	06507820-C2	98,087
 <i>Passed through Columbus State Community College</i>			
Technical Preparation Education			
Tech Prep Heart of Ohio			131,826
Tech Prep Expanded Enrollment Engineering			<u>12,951</u>
Total Technical Preparation Education	84.243	650783E-00	<u>144,777</u>
Total U.S. Department of Education			15,720,735
 <u>U.S. Department of Agriculture</u>			
<i>Passed through State Department of Education</i>			
Child and Adult Care Food Program	10.558	09765916-CC/21-ML	<u>18,010</u>
Total Expenditures of Federal Awards			<u>\$ 15,738,745</u>

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, 2008

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 2007 - 2008, the College certified need for \$10,770,269 in Guaranteed Student Loans and Supplemental Loans. The amount presented represents the value of new FFELs awarded during the fiscal year as follows:

Federal Stafford Loans	\$ 6,144,419
Federal Unsubsidized Stafford Loans	4,548,078
Plus Loans	<u>77,772</u>
Total FFELs	<u>\$ 10,770,269</u>

**CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2008**

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, 2008

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
Lee Wyse	2008	(2)	1,000,000

(1) School Board Caucus

(2) Utica National Insurance Group, Republic Franklin Insurance Company of New Hartford, New York. The College also has a \$10 million umbrella insurance policy with Utica National Insurance Group.

CENTRAL OHIO TECHNICAL COLLEGE
LICKING COUNTY
ADMINISTRATIVE PERSONNEL
June 30, 2008

<u>Name and Address</u>	<u>Title</u>	<u>Surety</u>	<u>Amount of Coverage</u>
Dr. Bonnie Coe	President Central Ohio Technical College	(1)	\$1 million
Mr. David Brillhart	VP Business & Finance	(1)	\$1 million
Mr. John Berry	VP Student Life	(1)	\$1 million
Dr. Richard Prystowsky	VP Academic Affairs	(1)	\$1 million
Ms. Jacqueline Parrill	VP Institutional Planning & HR Development	(1)	\$1 million

- (1) Utica National Insurance Group, Republic Franklin Insurance Company of New Hartford, New York. The College also has a \$10 million umbrella insurance policy with Utica National Insurance Group.



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 15, 2009**