

**CENTRAL OHIO TECHNICAL COLLEGE**  
Newark, Ohio

**FINANCIAL STATEMENTS**  
June 30, 2012 and 2011





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Auditors* of the Central Ohio Technical College, Licking County, prepared by Crowe Horwath LLP, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 4, 2013

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CENTRAL OHIO TECHNICAL COLLEGE  
Newark, Ohio

FINANCIAL STATEMENTS  
June 30, 2012 and 2011

CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS.....	7
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS .....	8
STATEMENTS OF CASH FLOWS.....	9
NOTES TO FINANCIAL STATEMENTS .....	10
SUPPLEMENTAL INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	25
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	26
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	27
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	31
LICKING COUNTY APPOINTED OFFICIALS .....	33

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## REPORT OF INDEPENDENT AUDITORS

The President and Board of Trustees  
Central Ohio Technical College and  
David Yost, Auditor of State

We have audited the accompanying financial statements of the business-type activities of Central Ohio Technical College (the "College") as of and for the years ended June 30, 2012 and 2011 as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Central Ohio Technical College as of June 30, 2012 and 2011, and the respective changes in net assets and cash flows for the year 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 a report dated December 18, 2012, 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, 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 results of our audit.

Accounting principles generally accepted in the United States of America requires that the Management's Discussion and Analysis on page 3-6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



Crowe Horwath LLP

Columbus, Ohio  
December 18, 2012



CENTRAL OHIO TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the years ended June 30, 2012 and 2011

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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, 2012, with comparative information for fiscal year 2011. 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, 2012, with comparative information as of June 30, 2011. 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 2012, with comparative information for fiscal year 2011. 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.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the years ended June 30, 2012 and 2011

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The **Statement of Cash Flows** details how cash has increased (or decreased) during the fiscal year 2012. 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 the fiscal year report net assets of \$46.4 million at June 30, 2012. This represents a decrease of approximately \$198,000 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, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b><u>ASSETS</u></b>			
Current Assets	\$ 16,126,692	\$ 20,090,630	\$ 16,518,739
Capital Assets, net	32,271,425	31,467,851	30,678,940
Other non-current	<u>2,341,305</u>	<u>2,449,698</u>	<u>4,107,344</u>
Total Assets	<u>\$ 50,739,422</u>	<u>\$ 54,008,179</u>	<u>\$ 51,305,023</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities	\$ 3,917,671	6,242,897	5,776,795
Non-current Liabilities	<u>394,608</u>	<u>1,140,477</u>	<u>1,732,695</u>
Total Liabilities	<u>\$ 4,312,279</u>	<u>\$ 7,383,374</u>	<u>\$ 7,509,490</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, net of related debt	\$ 32,177,516	\$ 29,990,185	\$ 28,600,690
Restricted			
Nonexpendable	1,394,705	1,242,414	1,006,977
Expendable	1,359,968	4,197,984	5,030,996
Unrestricted	<u>11,494,954</u>	<u>11,194,222</u>	<u>9,156,870</u>
Total Net Assets	<u>\$ 46,427,143</u>	<u>\$ 46,624,805</u>	<u>\$ 43,795,533</u>

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CENTRAL OHIO TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the years ended June 30, 2012 and 2011

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**Assets** As of June 30, 2012, the College's total assets are \$50.7 million, a decrease of \$3.3 million from fiscal year 2011. The College made the decision to pay-off all long-term debt financing using current assets and the switch from quarters to semesters provided lower enrollment for the summer term resulting in lower student receivables. During this year the college also received the majority of the pledges, completed construction and capitalized Ariel Hall. Also attributing to the decrease is the normal and customary reduction to capital assets due to the recording of the annual accumulated depreciation. Please refer to the notes to the financial statements for more detailed information.

**Liabilities** At June 30, 2012 the College's liabilities totaled \$4.3 million, a \$3 million decrease from last fiscal year. Variances are due to timing in the regular processing of payments for payables and payroll accruals, as well as the college's retirement of all long-term debt, as reflected in more detail in the notes to the financial statements.

**Net Assets** Net Assets at June 30, 2012 totaled approximately \$46.4 million. Net assets invested in Capital and Expendable net assets both reflect changes related to the completion and recording of Ariel Hall renovations. The increase in Non-expendable net assets is a result of market value adjustments for the college's endowments. Unrestricted Net assets increased as a result of the positive operations of the college for fiscal year 2012.

**Statement of Revenues, Expenses and Changes in Net Assets**

Total operating revenues for fiscal year 2012 are \$13.1 million, a slight decrease from last fiscal year. Below are the Statement of Revenues, Expenses and Changes in Net Assets followed by a discussion of the major variances:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>OPERATING REVENUES</b>			
Tuition and Fees, Net	\$ 11,554,362	\$ 12,611,724	\$ 11,948,899
Other Operating Revenues	1,535,349	2,182,101	2,543,198
Total Operating Revenues	<u>\$ 13,089,711</u>	<u>\$ 14,793,825</u>	<u>\$ 14,492,097</u>
<b>OPERATING EXPENSES</b>			
Education and General	\$ 33,198,807	\$ 35,387,787	\$ 31,334,980
Depreciation Expense	1,873,445	1,737,407	1,734,460
Auxiliary Enterprises	6,132	2,560	4,006
Total Operating Expenses	<u>35,078,384</u>	<u>37,127,754</u>	<u>33,073,446</u>
Operating Loss	<u>\$ (21,988,673)</u>	<u>\$ (22,333,929)</u>	<u>\$ (18,581,349)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations	\$ 10,268,403	\$ 11,318,141	\$ 10,434,366
Federal Grants and Contracts - PELL	11,199,960	12,079,326	10,655,306
Other Revenue (Expenses)	(82,127)	307,185	118,305
Net Nonoperating Revenues	<u>21,386,236</u>	<u>23,704,652</u>	<u>21,207,978</u>
Capital Appropriation and Gifts and Grants	<u>404,775</u>	<u>1,458,550</u>	<u>33,635</u>
Increase (Decrease) in Net Assets	(197,662)	2,829,272	2,660,264
Net Assets-beginning	<u>46,624,805</u>	<u>43,795,533</u>	<u>41,135,269</u>
Net assets-end of year	<u>\$ 46,427,143</u>	<u>\$ 46,624,805</u>	<u>\$ 43,795,533</u>

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CENTRAL OHIO TECHNICAL COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the years ended June 30, 2012 and 2011

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**Operating revenues** - Overall, net tuition and fees decreased \$1 million from the previous year. The college's full-time equivalency (FTE) for the year was 6.2% below FTE in the previous year, which contributed to the decrease

**Operating expenses** for the campus decreased approximately \$2 million from the previous year. When the decreased enrollment was apparent, college leadership took targeted steps in Autumn quarter to address the revenue shortfall. These steps resulted in lowering overall expenditures for the fiscal year.

Items to note in the **Non-Operating Revenue (Expenses)** section include increases in State Appropriations in the amount of \$600,000 offset by elimination of the State Fiscal Stabilization funding (SFSF). The elimination of SFSF funding represented an overall approximate 9% decrease in State Appropriations for fiscal year 2012.

### Statement of Cash Flows

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Net cash used by operating activities	\$ (18,341,474)	\$ (21,566,545)	\$ (16,534,108)
Net cash provided by noncapital financing activities	21,468,363	23,397,467	21,089,672
Net cash (used) provided by capital financing activities	(2,974,885)	(1,428,659)	(1,353,752)
Net cash provided by capital investing activities	<u>212,846</u>	<u>108,847</u>	<u>242,983</u>
Net increase in cash	<u>\$ 364,850</u>	<u>\$ 511,110</u>	<u>\$ 3,444,795</u>

The overall change in COTC's cash balances in 2012 is due to the normal operations of the College.

### Summary

The operating results for the year ended June 30, 2012 reflect a proactive approach for dealing with challenges and positioning the college for the future. This fiscal year the college was met in the fall term with an enrollment decline from both the previous year as well as the budgeted projections. The college adjusted operations for both revenues and expenditures resulting in a positive return to the unrestricted fund balance. The financial statements also include the booking of Ariel Hall, an investment by the Knox County community in the future of the Knox campus of COTC, and the elimination of externally held debt. The college remains financially sound as it prepares for the future under the semester system of academic delivery.

CENTRAL OHIO TECHNICAL COLLEGE  
STATEMENTS OF NET ASSETS  
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 13,799,590	\$ 13,434,740
Accounts Receivable		
Students, Net of Allowance of \$1,259,997 and \$1,215,981 in 2012 and 2011, Respectively	814,154	1,245,414
Ohio State University	230,632	297,480
Intergovernmental Grants	589,496	1,776,518
Pledges	310,066	1,177,762
Other	235,040	1,801,441
Other Assets	<u>147,714</u>	<u>357,275</u>
Total Current Assets	16,126,692	20,090,630
Noncurrent Assets		
Endowment Investments	2,265,478	2,182,375
Pledges	75,827	267,323
Capital Assets, Net	<u>32,271,425</u>	<u>31,467,851</u>
Total Noncurrent Assets	<u>34,612,730</u>	<u>33,917,549</u>
Total Assets	<u>\$ 50,739,422</u>	<u>\$ 54,008,179</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 592,180	\$ 888,867
Accrued Liabilities	1,330,996	1,819,313
Deferred Revenue	1,970,531	2,880,215
Current Portion of Long-term Debt	-	654,502
Current Portion of Capital Leases	<u>23,964</u>	<u>-</u>
Total Current Liabilities	3,917,671	6,242,897
Noncurrent Liabilities		
Accrued Liabilities	324,662	317,313
Long-term Debt	-	823,164
Capital Leases	<u>69,946</u>	<u>-</u>
Total Noncurrent Liabilities	<u>394,608</u>	<u>1,140,477</u>
Total Liabilities	<u>\$ 4,312,279</u>	<u>\$ 7,383,374</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 32,177,516	\$ 29,990,185
Restricted		
Nonexpendable		
Scholarships, Fellowships, and Research	1,394,705	1,242,414
Expendable		
Scholarships, Fellowships, and Research	955,939	981,724
Capital Uses	404,029	3,216,260
Unrestricted	<u>11,494,954</u>	<u>11,194,222</u>
Total Net Assets	<u>\$ 46,427,143</u>	<u>\$ 46,624,805</u>

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

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

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Operating Revenues		
Tuition and Fees (net of scholarship allowances of \$5,338,069 and \$4,485,912 in 2012 and 2011)	\$ 11,554,362	\$ 12,611,724
Federal Grants and Contracts	365,091	715,024
Private, State, and Local Gifts, Contracts and Grants	652,409	780,784
Sales and Services of Educational Departments	239,556	416,005
Auxiliary Enterprises	53,443	60,708
Other Operating Revenues	<u>224,850</u>	<u>209,580</u>
Total Operating Revenues	13,089,711	14,793,825
<b>Expenses</b>		
Operating Expenses		
Education and General		
Instructional	11,122,568	11,381,454
Public Service	124,103	173,584
Academic Support	2,871,690	3,220,789
Student Services	3,592,501	3,806,331
Institutional Support	5,206,235	5,280,042
Operation and Maintenance of Plant	3,750,320	3,176,781
Depreciation Expense	1,873,445	1,737,407
Student Scholarship and Financial Aid	6,531,390	8,348,806
Auxiliary Enterprise	<u>6,132</u>	<u>2,560</u>
Total Operating Expenses	35,078,384	37,127,754
Operating Loss	(21,988,673)	(22,333,929)
<b>Nonoperating revenues (expenses)</b>		
State Appropriations	10,268,403	9,668,474
State Appropriations - SFSF	-	1,437,585
State Appropriations - SFSF Gov't Services	-	212,082
Federal Grants and Contracts	11,199,960	12,079,326
Investment Income (Loss)	10,705	371,572
Interest on Indebtedness	(27,415)	(64,388)
Other Nonoperating Revenues (Expenses)	<u>(65,417)</u>	<u>-</u>
Net Nonoperating Revenues	21,386,236	23,704,651
Income before Other Revenues, Expenses, Gains, or Losses	(602,437)	1,370,724
Capital Appropriations	16	16
Capital Grants and Gift	262,142	1,416,237
Additions to Permanent Endowments	<u>142,617</u>	<u>42,297</u>
Total Other Revenues	404,775	1,458,550
Increase (Decrease) in Net Assets	(197,662)	2,829,272
<b>Net assets</b>		
Net Assets at beginning of the year	<u>46,624,805</u>	<u>43,795,533</u>
Net Assets at end of year	<u>\$ 46,427,143</u>	<u>\$ 46,624,805</u>

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

CENTRAL OHIO TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating Activities</b>		
Tuition and Fees	\$ 12,034,150	\$ 12,386,950
Grants and Contracts	2,532,119	780,371
Payments to Suppliers	(6,689,506)	(6,583,901)
Payments for Utilities	(724,179)	(699,778)
Payments to Employees	(15,753,590)	(15,075,978)
Payments for Benefits	(3,988,591)	(4,404,415)
Payments for Scholarships	(6,566,485)	(8,382,129)
Auxiliary Enterprise Receipts	53,443	60,708
Sales and Services	<u>761,165</u>	<u>351,627</u>
Net Cash Used in Operating Activities	(18,341,474)	(21,566,545)
<b>Cash Flows from noncapital financing activities</b>		
State Appropriations	10,268,403	11,318,141
Gifts and Grants Other than Capital	<u>11,199,960</u>	<u>12,079,326</u>
Net Cash from Noncapital Financing Activities	21,468,363	23,397,467
<b>Cash Flows from capital financing activities</b>		
Purchase of Capital Assets	(2,565,636)	(1,639,529)
Principal Paid on Capital Related Debt	(1,489,967)	(642,241)
Proceeds from Sale of Capital Assets	6,500	-
Interest on Capital Related Debt	(27,415)	(64,388)
Capital Appropriations	16	16
Capital Grants and Gifts	<u>1,101,617</u>	<u>917,483</u>
Net Cash Used in Capital Financing Activities	(2,974,885)	(1,428,659)
<b>Cash Flows from investing activities</b>		
Investment Income	<u>212,846</u>	<u>108,847</u>
Net Cash Provided from Investing Activities	212,846	108,847
<b>Net Increase in Cash</b>	364,850	511,110
<b>Cash and Cash Equivalents, beginning of year</b>	<u>13,434,740</u>	<u>12,923,630</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 13,799,590</u>	<u>\$ 13,434,740</u>
<b>Reconciliation of Net Operating Loss to Net Cash Provided from Operating Activities</b>		
Operating Loss	\$ (21,988,673)	\$ (22,333,929)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	1,873,445	1,737,407
Changes in Assets and Liabilities:		
Receivables, Net	3,251,532	(1,257,183)
Prepays	209,561	(187,307)
Accounts Payable	(296,687)	388,562
Accrued Liabilities	(480,968)	161,879
Deferred Revenue	<u>(909,684)</u>	<u>(75,974)</u>
Net Cash Used in Operating Activities	<u>\$ (18,341,474)</u>	<u>\$ (21,566,545)</u>
<b>Non Cash Transactions</b>		
Contribution for OBR and Donated Asset	\$ 176,799	\$ 886,791

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

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2012 and 2011

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**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](http://www.cotc.edu).

COTC is accredited by The Higher Learning Commission and is a member of the North Central Association.

**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.

Restricted 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.

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CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**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 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.

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 The Next Generation Challenge and Premier Faculty/Staff Scholarship as part of pledge receivables. These will provide funding for future scholarships. The Coshocton Capital Campaign renovated the Montgomery Hall building in Roscoe Village and will be complete in fiscal year 2013. The Knox Capital Campaign funds the renovation of Ariel Hall in Mount Vernon and will be complete in the fiscal year 2016.

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, furniture, and library books with a unit cost of \$2,500 or more and having an estimated useful life of greater than one year are 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.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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, furniture, and library books. Depreciable leasehold improvements are depreciated over the lesser of the useful life or the lease term. Depreciation starts the month of purchase.

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, 2012 and 2011 but relate to the subsequent accounting period. With conversion to semesters and the earlier date of the term, the College elected to recognize summer tuition revenue prorated on the basis of class start dates.

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

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:

- The employee's right to receive compensation is attributable to services already rendered.
- 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:

- 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.
- The sick leave liability would be an accrual for those employees expected to become eligible in one year 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.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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, 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.

Newly Issued Accounting Pronouncements: – In fiscal year 2012, the provisions of the following GASB Statements became effective:

GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This pronouncement had no impact on the University's financial statements or disclosures.

GASB issued Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provision clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This pronouncement had no impact on the University's financial statements or disclosures.

Adoption of these Statements did not have a material impact on the University's financial position or results of operations.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Newly Issued Accounting Pronouncements – In addition to Statements No. 57 and 64, GASB has issued the following pronouncements which are listed by effective dates.

- GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, issued November 2010. The provisions of this Statement are effective for periods beginning after December 15, 2011. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership into which state and local governments are increasingly entering.
- GASB Statement No. 61, The Financial Reporting Entity: Omnibus, issued November 2010. The provisions of this Statement are effective for periods beginning after June 15, 2012. This Statement is designed to improve financial reporting for government entities by amending the requirements of Statement No. 14, The Financial Reporting Entity and Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments, to better meet user needs and to address reporting entity issues that have arisen since those Statements were issued in 1991 and 1999, respectively.
- GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements issued December 2010. The provisions of this Statement are effective for periods beginning after December 15, 2011. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance the previously could only be found in certain Financial Accounting Standards Board and American Institute of Certified Public Accountants pronouncements.
- GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, issued June 2011. The provisions of this Statement are effective for periods beginning after December 15, 2011. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transaction will continue to impact a government's financial statements in the future.
- GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, issued March 2012. The provisions of this Statement are effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, issued March 2012. The provisions of this Statement are effective for periods beginning after December 15, 2012. The objective of this Statements is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2012 and 2011

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

- GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, issued June 2012. The provisions of this Statement are effective for periods beginning after June 15, 2014. This Statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Management has not yet determined the impact these GASB Statements will have on the University's financial statements and disclosures.

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable as of June 30, 2012 and 2011 were temporarily restricted and due as follows:

	<u>2012</u>	<u>2011</u>
Within one year	\$ 318,977	\$ 1,221,307
One to five years	<u>75,827</u>	<u>267,323</u>
	394,804	1,488,630
Allowance	<u>8,912</u>	<u>43,545</u>
Total	<u>\$ 385,892</u>	<u>\$ 1,445,085</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The College invests in those instruments identified by state statute. Specifically, authorized investment instruments consist of obligations of the U. S. Treasury, agencies and instrumentalities of the U. S. Government, bonds and other obligations of the State of Ohio and its political subdivisions, collateralized certificates of deposit, and the State Treasury Asset Reserve of Ohio ("STAR Ohio"), which is managed by the State of Ohio. The College also has investment management agreements with the Common Fund and Mellon, as permitted by state statute. The agreements allow (within statute limits) investment in both debt and equity instruments.

**Deposits**

Custodial credit risk: At June 30, 2012, the carrying amount of the College's deposits was \$11,779,249 and the bank balance was \$12,244,679. The difference in the carrying amount and bank balance results primarily from outstanding checks. Of the bank balance, \$1,909,708 is covered by federal deposit insurance. Certificates of deposit of \$2,000,000 and \$16,572 STAR Ohio investments were also covered by federal deposit insurance of \$250,000 and \$16,572, respectively. At June 30, 2011, the carrying amount of the College's deposits was \$13,430,166 and the bank balance was \$12,365,473. The difference in the carrying amount and bank balance results from deposits in transit. Of the bank balance, \$250,000 is covered by federal deposit insurance. Certificates of deposit of \$2,000,000 and \$16,565 STAR Ohio investments were also covered by federal deposit insurance of \$250,000 and \$16,565, respectively. The remaining bank balance at June 30, 2012 and 2011 of approximately \$12,085,305 and \$13,865,473, respectively, is uninsured but collateralized by U.S. Treasuries held by the Federal Reserve Bank in "book entry" form in the name of the respective bank, and internally designates the securities as assigned to the College.

(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

All investments are stated at fair value. Investments received 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.

As of June 30, 2012, the College had the following investments and maturities using the segmented time distribution method:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>
Fixed income	\$ 767,425	\$ 102,339	\$ 565,064	\$ 100,022
Cash equivalents	22,386	22,386	-	-
Certificates of deposit	2,000,000	2,000,000	-	-
Equity funds	1,475,667	1,475,667	-	-
STAR Ohio Funds	16,572	16,572	-	-
	<u>\$ 4,282,050</u>	<u>\$ 3,616,964</u>	<u>\$ 565,064</u>	<u>\$ 100,022</u>

As of June 30, 2011, the College had the following investments and maturities using the segmented time distribution method:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>
Fixed income	\$ 673,305	\$ -	\$ 673,305	\$ -
Cash equivalents	47,150	47,150	-	-
Certificates of deposit	2,000,000	2,000,000	-	-
Equity funds	1,461,920	1,461,920	-	-
STAR Ohio Funds	16,565	16,565	-	-
	<u>\$ 4,198,940</u>	<u>\$ 3,525,635</u>	<u>\$ 673,305</u>	<u>\$ -</u>

Investments at June 30, 2012 and 2011 are shown in the statement of net assets as current in the amount of \$2,016,572 and \$2,016,565, respectively, and as non-current in the amount of \$2,265,478 and \$2,182,375, respectively.

**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. Investments below investment grade and derivatives are specifically prohibited.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
 NOTES TO FINANCIAL STATEMENTS  
 For the Years Ended June 30, 2012 and 2011

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**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

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

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>
Cash Equivalents		\$ 22,386
STAR Ohio	AAA	16,572
Certificates of Deposit		2,000,000
Fixed Income		
US Gov't Agency/Exempt State	AA+	451,304
Corporate Bonds and Notes		
	AA+	54,405
	AA-	51,102
	A+	53,262
	A	51,237
	A-	106,115
Equity		
Common Stock		959,334
Mutual Funds		<u>516,333</u>
		<u>\$ 4,282,050</u>

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

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>
Cash Equivalents		\$ 47,150
STAR Ohio	AAA	16,565
Certificates of Deposit		2,000,000
Fixed Income		
US Gov't Agency/Exempt State	AAA	199,825
Corporate Bonds and Notes		
	AA+	100,920
	AA+	55,456
	AA-	52,832
	A+	54,431
	A	102,710
	A-	107,131
Equity		
Common Stock		878,822
Mutual Funds		<u>583,098</u>
		<u>\$ 4,198,940</u>

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 4 - DEPOSITS 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 issue other than U.S. government securities to 10% of the total investment portfolio.

**NOTE 5 - CAPITAL ASSETS, NET**

Capital assets as of June 30, 2012 and 2011 are summarized below.

	July 1, 2011			June 30, 2012
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Assets:				
Land	\$ 740,228	\$ -	\$ -	\$ 740,228
Land Improvements	124,560	35,705	-	160,265
Buildings	35,100,476	4,556,439	-	39,656,915
Leasehold Improvements	225,320	24,213	-	249,533
Equipment, furniture, and library books	7,914,031	412,607	526,315	7,800,323
Construction in progress	<u>2,288,732</u>	<u>-</u>	<u>2,288,732</u>	<u>-</u>
	46,393,347	5,028,964	2,815,047	48,607,264
Accumulated Depreciation:				
Land Improvements	8,848	8,013	-	16,861
Buildings	8,668,230	991,423	-	9,659,653
Leasehold Improvements	149,237	15,340	-	164,577
Equipment, furniture, and library books	<u>6,099,181</u>	<u>856,465</u>	<u>460,898</u>	<u>6,494,748</u>
	<u>14,925,496</u>	<u>1,871,241</u>	<u>460,898</u>	<u>16,335,839</u>
Capital Assets, Net	<u>\$ 31,467,851</u>	<u>\$ 3,157,723</u>	<u>\$2,354,149</u>	<u>\$ 32,271,425</u>

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(Continued)



CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

**NOTE 5 - CAPITAL ASSETS, NET (Continued)**

	July 1, 2010			June 30, 2011
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Assets:				
Land	\$ 740,228	\$ -	\$ -	\$ 740,228
Land Improvements	32,250	92,310	-	124,560
Buildings	35,081,886	18,590	-	35,100,476
Leasehold Improvements	187,201	38,119	-	225,320
Equipment, furniture, and library books	7,582,086	422,511	90,566	7,914,031
Construction in progress	<u>333,944</u>	<u>1,954,788</u>	<u>-</u>	<u>2,288,732</u>
	43,957,595	2,526,318	90,566	46,393,347
Accumulated Depreciation:				
Land Improvements	2,619	6,229	-	8,848
Buildings	7,790,717	877,513	-	8,668,230
Leasehold Improvements	142,099	7,138	-	149,237
Equipment, furniture, and library books	<u>5,343,220</u>	<u>846,527</u>	<u>90,566</u>	<u>6,099,181</u>
	<u>13,278,655</u>	<u>1,737,407</u>	<u>90,566</u>	<u>14,925,496</u>
Capital Assets, Net	<u>\$ 30,678,940</u>	<u>\$ 788,911</u>	<u>\$ -</u>	<u>\$ 31,467,851</u>

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable to vendors and contractors totaled \$592,180 and \$888,867 as of June 30, 2012 and 2011, respectively.

Accrued expense activity, which consists primarily of payroll and vacation leave, for the year ended June 30, 2012 and June 30, 2011, was as follows:

2012				
Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Current <u>Portion</u>
<u>\$ 2,136,626</u>	<u>\$10,999,101</u>	<u>\$10,518,133</u>	<u>\$1,655,658</u>	<u>\$1,330,996</u>
2011				
Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Current <u>Portion</u>
<u>\$ 1,974,746</u>	<u>\$15,127,457</u>	<u>\$14,965,577</u>	<u>\$2,136,626</u>	<u>\$1,819,313</u>

(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

**NOTE 7 – LONG-TERM LIABILITIES**

	<b>2012</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Grand Host East-Pataskala Campus	\$ 200,000	\$ -	\$ (200,000)	\$ -	\$ -
Revenue Bonds for Information System	866,752	-	(866,752)	-	-
Montgomery Hall Bond	375,000	-	(375,000)	-	-
Vehicle	35,914	-	(35,914)	-	-
Lease Obligations; 3.9 - 6.7%	<u>-</u>	<u>106,210</u>	<u>(12,300)</u>	<u>93,910</u>	<u>23,964</u>
Total Long-Term Liabilities	<u>\$ 1,477,666</u>	<u>\$ 106,210</u>	<u>\$ (1,489,966)</u>	<u>\$ 93,910</u>	<u>\$ 23,964</u>
	<b>2011</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Grand Host East-Pataskala Campus	\$ 300,000	\$ -	\$ (100,000)	\$ 200,000	\$ 100,000
Revenue Bonds for Information System	1,028,250	-	(161,498)	866,752	171,614
Montgomery Hall Bond	750,000	-	(375,000)	375,000	375,000
Vehicle	<u>-</u>	<u>41,657</u>	<u>(5,743)</u>	<u>35,914</u>	<u>7,888</u>
Total Long-Term Liabilities	<u>\$ 2,078,250</u>	<u>\$ 41,657</u>	<u>\$ (642,241)</u>	<u>\$ 1,477,666</u>	<u>\$ 654,502</u>

The Grand Host East loan was for the purchase of a building to be used as classroom in Pataskala, Ohio. This zero interest loan was payable annually beginning July 31, 2010 and was paid in full during 2012.

The Revenue Bonds for the information system were issued March 3, 2006 at 4.59% until March 3, 2011 when an interest rate was adjusted to 3.09%. Bond payments were due annually beginning April 3, 2007 and had a maturity date of April 3, 2016, but were paid in full during 2012.

The Montgomery Hall Renovation Bond for \$1,500,000 was 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 through December 28, 2011.

The vehicle loan was for the purchase of a vehicle to be used by the Campus president. This loan, with a 4.1% interest rate, originated October 4, 2010 and would have required monthly payments until maturity on October 3, 2015, but was paid in full during 2012.

Interest expense for the year ended June 30, 2012 and 2011 was \$27,415 and \$64,388, respectively.

During this fiscal year the College entered into several capital lease agreements for office equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital assets acquired by lease have been capitalized in the Statement of Net Assets in the amount of \$106,210. A corresponding long-term liability was recorded on the Statement of Net Assets. Accumulated amortization in fiscal year 2012 totaled \$12,978.

(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 7 – LONG-TERM LIABILITIES** (Continued)

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2012:

2013	\$ 27,671
2014	27,671
2015	27,671
2016	17,230
2017	<u>1,872</u>
Total Minimum Lease Payments	102,115
Less: Amount representing interest	<u>(8,205)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 93,910</u>

**NOTE 8 – 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, 2012:

2013	\$251,118
2014	221,713
2015	100,654
2016	2,124
2017	<u>1,062</u>
	 <u>\$576,671</u>

Rent expense was \$269,424 and \$446,655 for the years ended June 30, 2012 and 2011.

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

**NOTE 9 - RETIREMENT PLANS**

Employee retirement benefits are available for substantially all employees under contributory retirement plans administered by the Ohio Public Employees Retirement Systems ("OPERS") and the State Teachers Retirement System of Ohio ("STRS Ohio"). STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits for plan members.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 9 - RETIREMENT PLANS** (Continued)

Ohio Public Employees Retirement System (OPERS): Employees (except for teaching faculty) participate in OPERS, a cost-sharing multiple-employer public employee retirement system operated by the State. OPERS provides retirement and disability benefits, access to health care benefits based on eligible years of service to members and beneficiaries, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The three plans OPERS administers are the Traditional Pension Plan, Member-Directed Plan and Combined Plan. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10% and the employer contribution rate is 14%. The College's required and made contributions to OPERS for the years ending June 30, 2012, 2011, and 2010 were \$762,230, \$733,842, and \$736,110, respectively, which are equal to the required contributions for each year.

State Teachers Retirement System of Ohio (STRS Ohio): The College participates in STRS Ohio, a cost-sharing multiple employer public employee retirement system that is funded on a pay-as-you-go basis and administered by the State Teachers Retirement Board. STRS Ohio provides basic retirement benefits, disability, survivor, and access to health care benefits based on eligible service credit to members and beneficiaries. STRS Ohio issues a publicly available financial report that includes financial statements and required supplementary information for STRS Ohio. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Plan members are required to contribute 10% of their annual covered salary and the College is required to contribute 14%. The College's required and made contribution for pension obligations to STRS Ohio for the fiscal years ending June 30, 2012, 2011, and 2010 was \$1,174,827, \$1,136,158, and \$1,038,458, respectively. All required contributions have been made for the three fiscal years.

Alternative Retirement Plan (ARP): All newly hired full time administrative employees, classified support staff, and faculty are eligible to choose an Alternative Retirement Plan ("ARP") rather than the STRS Ohio or OPERS. Once an employee decides to enroll in an ARP or the state retirement plan, the decision is irrevocable during their employment with the College.

Effective July 1, 2004, an employee in a STRS Ohio eligible position contributes 10% of their earned income to their ARP account. The College contributes 14%. For the period July 1, 2011 through June 30, 2012, 10.5% of this amount was paid into the member's ARP account. The remaining 3.5% was paid to STRS Ohio, as required by state legislation, to cover un-funded liabilities. The employee receives no benefits from STRS Ohio for the 3.5% contributed by the employer.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 9 - RETIREMENT PLANS (Continued)**

An OPERS eligible employee contributes 10% of their earned income to their ARP account. The College contributes 14%. Effective January 2008, 13.23% of the College's contribution is paid into the member's ARP account. The remaining amount of .77% is paid to OPERS, a mitigating contribution implemented to offset the negative financial impact realized by OPERS by offering retirement plan options, such as an ARP. This mitigating rate is provided for by law, but the actual percentage is determined by the OPERS Retirement Board, upon the advice and counsel of the Retirement Board's Actuary, in conjunction with the Director of Finance.

As of June 30, 2012, there are approximately 12 active participants in an ARP. The College's contribution for employees enrolled in ARP accounts in STRS for fiscal year 2012, 2011, and 2010 was \$20,942, \$19,407, and \$24,699, respectively. The College's required and made contribution for employees enrolled in ARP accounts in OPERS for fiscal year 2012, 2011, and 2010 was \$80,787, \$91,544, and \$85,027, respectively.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System (OPERS): OPERS provides access to post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Access to health care coverage for disability recipients and primary survivor recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4% during the calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of the College's 2012, 2011, and 2010 contributions to OPERS used to fund post-retirement benefits was approximately \$217,769, \$262,055, and \$289,218. 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.

State Teachers Retirement System (STRS Ohio): 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. Pursuant to Chapter 3307 of the Ohio 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.

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of the covered payroll was allocated to post-employment health care for 2012, 2011, and 2010. The portion of the College's 2012, 2011, and 2010 contributions to STRS Ohio used to fund post-employment benefits was \$117,483, \$81,154, and \$74,176, respectively.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2012 and 2011

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**NOTE 11 - OPERATING EXPENSES BY NATURAL CLASSIFICATION**

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

	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 14,911,979	\$ 15,228,131
Employee benefits	4,346,633	4,415,958
Supplies and materials	2,829,345	2,372,861
Services	3,826,318	4,291,490
Utilities	724,179	699,778
Depreciation	1,873,445	1,737,407
Student scholarships and financial aid	<u>6,566,485</u>	<u>8,382,129</u>
	<u>\$ 35,078,384</u>	<u>\$ 37,127,754</u>

**NOTE 12 - 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 Wright Specialty Insurance and United Educators for property and general liability insurance, including boiler and machinery coverage. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. The College also carries a \$10,000,000 excess liability policy that provides coverage beyond the general liability. There has been no significant change in coverage from the prior year.

Vehicles are covered by Wright Specialty Insurance and hold a \$500 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 through the Ohio State University.

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.

**SUPPLEMENTAL INFORMATION**

CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

	Federal CFDA <u>Number</u>	Pass- Through Entity <u>Number</u>	<u>Expenditures</u>
<u>United States Department of Education</u>			
<i>Direct Award</i>			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268		\$ 21,674,796
Federal Pell Grant	84.063		11,199,960
Federal Supplemental Education Opportunity Grant (SEOG)	84.007		142,002
Federal Work Study	84.033		125,114
Academic Competitiveness Grant	84.375		<u>8,357</u>
Total Student Financial Aid Cluster			33,150,229
 <i>Passed through State Department of Education</i>			
Career and Technical Education - Perkins Grant:			
Minority Recruiter			22,449
Disability Services			<u>70,146</u>
Total Perkins Grant	84.048	06507820-C2	92,595
 <i>Passed through Columbus State Community College</i>			
Technical Preparation Education			
Tech Prep - Expanded Enrollment Engineering	84.243	650783E-00	<u>1,538</u>
 <i>Passed through Educational Service Center of Central Ohio</i>			
College Access Challenge Grant Program	84.378A	31-0914093	<u>25,000</u>
 Total U.S. Department of Education			 <u>33,269,362</u>
 <u>United States Department of Health and Human Services</u>			
<i>Passed through State Department of Education</i>			
Temporary Assistance for Needy Families			
TANF SEP Summer 2011 Grant	93.558		16,387
TANF SEP Summer 2012 Grant	93.558		<u>1,044</u>
Total Temporary Assistance for Needy Families			<u>17,431</u>
 <u>National Science Foundation</u>			
<i>Passed through Ohio State University Research Foundation</i>			
Computational Science Program for Ohio Community and Technical Colleges	47.076	DUE-0703087	<u>9,743</u>
 Total Expenditures of Federal Awards			 <u><b>\$ 33,296,536</b></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.



CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2012

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**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 Direct Student Loans (FDLs). For the fiscal year 2012, the College certified need for \$21,674,796 in Guaranteed Student Loan and Supplemental Loans. The amount presented represents the value of new FDLs awarded during the fiscal year as follows:

Federal Subsidized Loans	\$ 10,071,678
Federal Unsubsidized Loans	11,524,518
Plus Loans	<u>78,600</u>
Total FDL	<u>\$ 21,674,796</u>

REPORT OF INDEPENDENT AUDITORS 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*

To the President and Board of Trustees  
Central Ohio Technical College and  
David Yost, Auditor of State  
Newark, Ohio

We have audited the financial statements of the business-type activities of Central Ohio Technical College (the "College") as of and for the year ended June 30, 2012, and have issued our report thereon dated the same date as this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

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

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

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

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(Continued)

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the College in a separate letter dated December 18, 2012.

This report is intended for the information of the audit committee, Board of Trustees, management, federal awarding agencies and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe Horwath LLP

Columbus, Ohio  
December 18, 2012

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President and Board of Trustees  
Central Ohio Technical College and  
David Yost, Auditor of State  
Newark, Ohio

### **Compliance**

We have audited the Central Ohio Technical College's (the "College") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

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

### **Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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(Continued)

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

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

We noted certain matters that we reported to management of the College in a separate letter dated December 18, 2012.

This report is intended for the information of the audit committee, Board of Trustees, management, federal awarding agencies and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this report is solely to describe the scope of our testing over compliance and internal controls over compliance with the requirements that could have a direct and material effect on each major program and the results of that testing, and not to provide a legal determination of compliance with those requirements or an opinion on the effectiveness of internal control over compliance. Accordingly, this report is not suitable for any other purpose.



Crowe Horwath LLP

Columbus, Ohio  
December 18, 2012

CENTRAL OHIO TECHNICAL COLLEGE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 June 30, 2012

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**PART I: SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

	Yes	<u>    X    </u>		No
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Significant deficiencies identified not considered to be material weaknesses?

	Yes	<u>    X    </u>		None reported
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Noncompliance material to financial statements noted?

	Yes	<u>    X    </u>		No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?

	Yes	<u>    X    </u>		No
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Significant deficiencies identified not considered to be material weakness(es)?

	Yes	<u>    X    </u>		None reported
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Type of auditors' report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))?

	Yes	<u>    X    </u>		No
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(Continued)



CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY APPOINTED OFFICIALS (Unaudited)  
June 30, 2012

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Board of Trustees:

<u>Title/Name</u>	<u>Term Expires</u>	<u>Surety</u>	<u>Amount of Coverage</u>
Chairperson/ Cheryl L. Snyder (1)	2015	(2)	\$ 1,000,000
Vice-Chairperson/ John F. Hinderer (1)	2014	(2)	1,000,000
<u>Members</u>			
Billie Fiore	2013	(2)	1,000,000
Jill H. Griesse	2012	(2)	1,000,000
Michael J. Menzer (1)	2015	(2)	1,000,000
Mark R. Ramser (1)	2013	(2)	1,000,000
Barry M. Riley (1)	2013	(2)	1,000,000
Sarah R. Wallace (1)	2014	(2)	1,000,000
Leland Wyse	2014	(2)	1,000,000

(1) School Board Caucus

(2) Marsh USA, Wright Specialty Insurance, Uniondale, New York. The College also has a \$10 million umbrella insurance policy with United Educators. Chevy Chase, Maryland.

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(Continued)



CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY APPOINTED OFFICIALS (Unaudited)  
June 30, 2012

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

(1) Marsh USA, Wright Specialty Insurance, Uniondale, New York. The College also has a \$10 million umbrella insurance policy with United Educators, Chevy Chase, Maryland.

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# Dave Yost • 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 17, 2013