

**CENTRAL OHIO TECHNICAL COLLEGE**  
**ANNUAL REPORT**  
70645-77-3690-00  
COLUMBUS REGION, LICKING COUNTY  
SINGLE AUDIT  
JULY 1, 2002 THROUGH JUNE 30, 2003





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Central Ohio Technical College

We have reviewed the Independent Auditor's Report of the Central Ohio Technical College, Licking County, prepared by Crowe, Chizek and Company LLP, for the audit period July 1, 2002 through June 30, 2003. 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 "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 14, 2004

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CENTRAL OHIO TECHNICAL COLLEGE  
Licking County

ANNUAL REPORT  
June 30, 2003

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2003, with comparative information for the year ended June 30, 2002. 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, a two-year degree-granting institution, was chartered in 1971 to meet the need for technology training in the region. COTC offers degree programs in Business, Engineering, Health, and Public Service. Other offerings include certificates for Accounting Skills, Basic Police Academy, and State Tested Nurse Aide (STNA) to name a few.

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 four members and the Newark School Board appoints five members.

### About the New Financial Statements

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, 2003, with comparative information as of June 30, 2002. 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

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The **Statement of Revenues, Expenses and Changes in Net Assets** details how net assets have increased (or decreased) during fiscal year 2003, with comparative information for fiscal year 2002. 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.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the fiscal year 2003. 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 2003 report net assets of \$15.5 million at June 30, 2003. This represents an increase of approximately \$164 thousand from the previous fiscal year. Below is a condensed version of the Statement of Net Assets followed by a discussion of the variances:

	June 30, <u>2003</u>	June 30, <u>2002</u>
<b>ASSETS</b>		
Current assets	\$ 5,754,593	\$ 4,764,143
Capital assets, net	11,268,551	11,710,227
Other non-current	<u>1,583,453</u>	<u>1,582,215</u>
Total Assets	18,606,597	18,056,585
<b>LIABILITIES</b>		
Current liabilities	2,431,843	2,022,487
Non-current liabilities	<u>707,366</u>	<u>731,303</u>
Total Liabilities	3,139,209	2,753,790

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(Continued)

**NET ASSETS**

Invested in capital assets, net of related debt	10,891,784	11,275,914
Restricted		
Nonexpendable	811,062	791,502
Expendable	821,684	839,074
Unrestricted	<u>2,942,858</u>	<u>2,396,305</u>
 Total Net Assets	 \$ 15,467,388	 \$ 15,302,795

Assets: As of June 30, 2003, the college's total assets amount to \$18.6 million. Investment in capital assets, net of depreciation, represented the college's largest asset, totaling \$11.3 million or 60.6% of total assets. Capital assets decreased by approximately \$441 thousand as a result of recording depreciation for the fiscal year. Other receivables increased due to a change in the timing of disbursement of financial aid, whereby aid was dispersed earlier, creating a larger receivable at year end.

Liabilities: At June 30, 2003, the college's liabilities totaled \$3.1 million, a \$385 thousand increase over last fiscal year. Deferred revenue represents \$1.3 million or 42.9% of the total liabilities and increased approximately \$294 thousand due primarily to summer 2003 tuition and fee revenues.

Net Assets: Net assets at June 30, 2003 totaled approximately \$15.5 million, or 83.1% of total assets. Total net assets increased \$164 thousand during the year ended June 30, 2003. Net assets invested in capital totaled \$10.9 million, which represents 70.4% of total net assets. Unrestricted net assets totaled \$2.9 million with \$2.1 million representing primarily unrestricted operating funds and amounts designated for capital improvements.

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

Total operating revenues for fiscal year 2003 are \$10 million, an increase of \$2.5 million over last fiscal year. Below is the Statement of Revenues, Expenses and Changes in Net Assets followed by a discussion of the major variances:

	June 30, <u>2003</u>	June 30, <u>2002</u>
<b>OPERATING REVENUES</b>		
Tuition and fees, net	\$ 4,298,709	\$ 3,017,979
Federal grants and contracts	2,861,457	2,191,773
State contracts and grants	1,890,868	1,457,255
Sales and service of educational departments	767,452	414,243
Auxiliary enterprises	26,715	27,380
Other operating revenues	<u>155,714</u>	<u>331,191</u>
 Total Operating Revenues	 10,000,915	 7,439,821

(Continued)



**OPERATING EXPENSES**

Education and general	13,421,047	10,418,996
Depreciation expense	661,265	688,753
Auxiliary enterprises	<u>5,112</u>	<u>7,276</u>
Total operating expenses	<u>14,087,424</u>	<u>1,115,025</u>
Operating loss	(4,086,509)	(3,675,204)

**NONOPERATING REVENUES (EXPENSES)**

State appropriations	4,170,400	4,082,786
Investment income (loss)	44,049	(160,022)
Other revenues (expenses)	<u>36,653</u>	<u>(51,207)</u>
Net operating revenues	<u>4,251,102</u>	<u>3,871,557</u>
Increase in net assets	\$ 164,593	\$ 196,353

Net **tuition and fees** increased \$1.3 million in fiscal year 2003. This increase is a result of a 19.4% increase in student full-time equivalency (FTE) and a 6% increase in the tuition and fees rate in Spring 2002 combined with a 4% increase in fees in Autumn 2002.

Net **grants and contracts** (federal and state) increased \$1.1 million, due mainly to increases in student aid programs, and, an Appalachia Grant in the amount of \$500,000 to start-up the Coshocton Educational Center.

For fiscal year 2003 **Educational and General** expenditures increased 28.8%, for a total of \$3 million. Additional details are provided below.

	June 30, <u>2003</u>	June 30, <u>2002</u>
Educational and General Expenses		
Instructional	\$ 4,245,627	\$ 3,615,769
Public Service	704,908	477,834
Academic Support	2,152,733	1,595,260
Student Services	1,414,236	1,105,701
Institutional Support	1,675,053	1,506,974
Operation & Maintenance of Plant	1,216,708	855,538
Scholarships & Financial Aid	<u>2,011,782</u>	<u>1,261,920</u>
Total	\$ 13,421,047	\$ 10,418,996

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(Continued)

Increases in **Instructional Support** are primarily due to the increased cost of instruction attributed to the Coshocton Educational Center (CEC), the expansion of the Nursing program and the boost in enrollment on the Newark Campus. The **Academic Support** area also realized increases in its expenditures over fiscal year 2002 due to the start-up costs associated with the CEC. Increases in the **Student Support** area were primarily caused by the expansion and improving of programs directly for students brought about by the increase in enrollment. **Operation and Maintenance** expenditures increased over to the previous fiscal year due mainly to a long winter and the need to rent outside space for classrooms. Additionally the unique association with the Ohio State University - Newark had an impact on the expenditures attributed to COTC. Because of the shift in enrollment between the two campuses, COTC held a higher percentage responsibility for expenditures made by the cost shared departments than in the previous fiscal year.

### Statement of Cash Flows

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

	June 30, <u>2003</u>	June 30, <u>2002</u>
<b>Cash Flow Summary</b>		
Net cash used by operating activities	\$ (3,440,163)	\$ (3,191,250)
Net cash from noncapital financing activities	4,204,428	4,112,028
Purchase of capital assets	(219,588)	(741,240)
Principal paid on capital assets	(44,521)	(39,378)
Interest on capital related debt	<u>(9,931)</u>	<u>(18,571)</u>
Net cash from financing activities	274,040	799,189
Net cash from investing activities	<u>76,839</u>	<u>83,018</u>
Net increase in cash	\$ 567,064	\$ 204,607

Total cash provided by the operating and noncapital financing activities decreased slightly, from \$920,778 in 2002 to \$764,265 in 2003. The overall increase in COTC's cash balances in 2003 is due to the normal operations of the college.

## Summary

Fiscal year 2003 has been a year of significant growth and expansion for COTC. Headcount for autumn quarter 2002 increased 252 students from the previous year, with an even more dramatic swing in the winter and spring quarters. Symbolic of this growth was the opening of the Coshocton Educational Center in winter quarter 2003. This educational center represented COTC's commitment to meeting the needs of this rural community despite the difficult state funding situation. The expansion of the nursing program, also in winter quarter 2003, was the result of the needs of the local community coupled with available and qualified students to enter into the program. The effect of these initiatives, along with increased enrollment throughout the college has resulted in unprecedented growth on the campus. This growth has been carefully managed to preserve and improve the fiscal position of the college.

The challenge facing the state of Ohio is finding the financial resources to adequately fund the increase of students seeking higher education in the state. Despite this challenge, Central Ohio Technical College will continue to seek opportunities to enhance its presence in the region. In this mindset, the college is conducting a curriculum and marketability study and simultaneously a third-stage facility master plan to prepare the campus to meet the challenges and demands of both central Ohio students as well as the workplace they are preparing to enter.

## REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

Board of Trustees  
Central Ohio Technical College  
Licking County  
Newark, Ohio

We have audited the accompanying statement of net assets of Central Ohio Technical College (the College), a component unit of the State of Ohio, as of June 30, 2003 and 2002 and the statements of revenue, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College, as of June 30, 2003 and 2002, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the College, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Management's Discussion and Analysis (MD&A) on pages 1 to 6 is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Crowe Chizek and Company LLC

Columbus, Ohio  
October 1, 2003

CENTRAL OHIO TECHNICAL COLLEGE  
STATEMENTS OF NET ASSETS  
JUNE 30, 2003 and June 30, 2002

<b>ASSETS</b>	<u>2003</u>	<u>2002</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,762,664	\$ 3,195,600
Accounts receivable		
Ohio State University	184,034	211,107
Intergovernmental grants	615,950	455,064
Other	1,063,162	798,807
Other assets	128,783	103,565
Total current assets	<u>5,754,593</u>	<u>4,764,143</u>
<b>Noncurrent assets</b>		
Endowment investments	1,583,453	1,582,215
Capital assets, net	11,268,551	11,710,227
Total noncurrent assets	<u>12,852,004</u>	<u>13,292,442</u>
<b>Total assets</b>	<u>\$ 18,606,597</u>	<u>\$ 18,056,585</u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 323,348	\$ 234,029
Accrued liabilities	716,994	694,750
Deferred revenue	1,345,828	1,051,744
Current portion of long term debt	45,673	41,964
Total current liabilities	<u>2,431,843</u>	<u>2,022,487</u>
<b>Noncurrent Liabilities</b>		
Accrued liabilities	376,273	338,954
Deferred revenue	189,940	202,965
Long-term debt	141,153	189,384
Total noncurrent liabilities	<u>707,366</u>	<u>731,303</u>
<b>Total liabilities</b>	<u>3,139,209</u>	<u>2,753,790</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	10,891,784	11,275,914
Restricted		
Nonexpendable		
Scholarships, fellowships, and research	811,062	791,502
Expendable		
Scholarships, fellowships, and research	821,684	839,074
Unrestricted	2,942,858	2,396,305
<b>Total net assets</b>	<u>\$ 15,467,388</u>	<u>\$ 15,302,795</u>

See accompanying notes to financial statements

CENTRAL OHIO TECHNICAL COLLEGE  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

REVENUES	<u>2003</u>	<u>2002</u>
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$1,310,582 and \$1,302,493 in 2003 and 2002 respectively)	\$ 4,298,709	\$ 3,017,979
Federal grants and contracts	2,861,457	2,191,773
Private, state and local gifts, grants and contracts	1,890,868	1,457,255
Sales and services of educational departments	767,452	414,243
Auxillary enterprises	26,715	27,380
Other operating revenues	<u>155,714</u>	<u>331,191</u>
Total operating revenues	<u>10,000,915</u>	<u>7,439,821</u>
EXPENSES		
Operating Expenses		
Educational and general		
Instructional	4,245,627	3,615,769
Public service	704,908	477,834
Academic support	2,152,733	1,595,260
Student services	1,414,236	1,105,701
Institutional support	1,675,053	1,506,974
Operation and maintenance of plant	1,216,708	855,538
Depreciation expense	661,265	688,753
Student federal financial aid	2,011,782	1,261,920
Auxiliary enterprises	<u>5,112</u>	<u>7,276</u>
Total operating expenses	<u>14,087,424</u>	<u>11,115,025</u>
Operating loss	<u>(4,086,509)</u>	<u>(3,675,204)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	4,170,400	4,082,786
Nongovernmental grants and contracts	34,028	29,242
Investment income (loss)	44,049	(160,022)
Interest on indebtedness	(9,931)	(18,571)
Other expenses	<u>12,556</u>	<u>(61,878)</u>
Net nonoperating revenues	<u>4,251,102</u>	<u>3,871,557</u>
Increase in net assets	164,593	196,353
NET ASSETS		
Net assets - beginning of year	<u>15,302,795</u>	<u>15,106,442</u>
Net assets- end of year	<u>\$ 15,467,388</u>	<u>\$ 15,302,795</u>

See accompanying notes to financial statements

CENTRAL OHIO TECHNICAL COLLEGE  
STATEMENTS OF CASH FLOWS- DIRECT METHOD  
FOR THE YEARS ENDED JUNE 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 4,797,167	\$ 3,068,198
Grants, gifts and contracts	4,281,047	3,878,090
Payments to suppliers	(3,234,527)	(2,346,889)
Payments for utilities	(279,563)	(203,463)
Payments to employees	(6,211,085)	(5,370,520)
Payments for benefits	(1,574,718)	(1,526,371)
Payments for scholarships and fellowships	(2,011,782)	(1,261,920)
Auxillary enterprise receipts	26,715	27,380
Sales and service	610,869	213,054
Other resources	155,714	331,191
Net cash from operating activities	<u>(3,440,163)</u>	<u>(3,191,250)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	4,170,400	4,082,786
Gifts and grants other than capital	34,028	29,242
Net cash from noncapital financing activities	<u>4,204,428</u>	<u>4,112,028</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchases on capital assets	(219,588)	(741,240)
Principal paid on capital debt	(44,521)	(39,378)
Interest on capital assets related debt	(9,931)	(18,571)
Net cash from financing activities	<u>(274,040)</u>	<u>(799,189)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	76,839	83,018
Net cash from investing activities	<u>76,839</u>	<u>83,018</u>
<b>NET INCREASE IN CASH</b>	567,064	204,607
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>3,195,600</u>	<u>2,990,993</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,762,664</u>	<u>\$ 3,195,600</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (4,086,509)	\$ (3,675,204)
Adjustments to reconcile operating loss to net cash		
Depreciation expense	661,265	688,753
Changes in assets and liabilities		
Receivables, net	(432,654)	(234,473)
Prepays	(25,217)	(25,032)
Accounts Payable	89,319	(183,021)
Accrued Liabilities	59,552	(89,032)
Deferred revenue	294,081	326,759
Net cash from operating activities	<u>\$ (3,440,163)</u>	<u>\$ (3,191,250)</u>

See accompanying notes to financial statements



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Reporting 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.

**b. 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). Effective July 1, 2001, the College adopted GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*. GASB No. 35 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. 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.

**d. Other Accounts Receivable**

Other accounts receivable includes federal financial aid that has been expended to students and is received from the federal government on a reimbursement basis. These receivables also include funds generated from the Business and Industry program that provides training for various groups. As the majority of these receivables are under government agreements, no allowance for doubtful accounts is recorded.

**e. 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.

**f. Investments**

Investments are stated at fair value.

**g. 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.

**h. Deferred Revenue**

Deferred revenue consists primarily of summer school fees. The College has deferred amounts received for tuition and fees prior to June 30, 2003 but relate to the subsequent accounting period.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. 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.

**j. 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.

**k. 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.

**l. Reclassification**

Certain 2002 items have been reclassified to conform to the 2003 presentation.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The balance sheet classification "cash and cash equivalents" includes all readily available sources of cash such as petty cash, demand deposits, certificates of deposit and temporary investments in marketable securities with original maturities less than three months. At June 30, 2003 the carrying amount of the College's deposits was \$3,762,664 with a corresponding total bank balance of \$4,035,494. Of the bank balances, all amounts in excess of the amount covered by the Federal Depository Insurance Corporation were covered by collateral held by a qualified third party trustee in the name of the College.

The College's investments as of June 30, 2003 were all category 1 and have a carrying and market value of \$1,583,453.

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

*Category 1:* Insured or registered, or securities held by the University or its agent in the College's name.

*Category 2:* Uninsured and unregistered, with securities held by the counter party's trust department or agent in the College's name.

*Category 3:* Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the College's name.

Endowment Fund investments categorized for the year ended June 30, 2003:

	Risk Category			Cost	Market Value
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash	\$ 11,792			11,792	11,792
Equity mutual funds	992,834			992,834	1,061,245
Government bonds and notes	99,846			99,846	100,297
Unit investment trust	103,054			103,054	31,448
Corporate bonds and notes	<u>348,572</u>			<u>348,572</u>	<u>378,671</u>
Total	<u>\$ 1,556,098</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,556,098</u>	<u>\$ 1,583,453</u>

**NOTE 3 - CAPITAL ASSETS, NET**

Capital assets as of June 30, 2003 and 2002 are summarized as follows:

	June 30, 2002			June 30, 2003	
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	
<u>Cost</u>					
Buildings	\$ 13,036,174			\$ 13,036,174	
Leasehold improvements	21,071			21,071	
Equipment, furniture, and library books	4,991,142	\$ 219,588	\$ 27,840	5,182,890	
Construction in progress	<u>693,975</u>			<u>693,975</u>	
	18,742,362	219,588	27,840	18,934,110	
<u>Accumulated depreciation</u>					
Buildings	3,053,962	325,903		3,379,865	
Leasehold improvements	10,531	2,107		12,638	
Equipment, furniture, and library books	<u>3,967,642</u>	<u>333,254</u>	<u>27,840</u>	<u>4,273,056</u>	
	<u>7,032,135</u>	<u>661,264</u>	<u>27,840</u>	<u>7,665,559</u>	
Capital assets, net	<u>\$ 11,710,227</u>	<u>\$ (441,676)</u>	<u>\$ --</u>	<u>\$ 11,268,551</u>	

(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003 and 2002

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**NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities at of June 30, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Payable to vendors and contractors	323,348	234,029
Accrued expenses, primarily payroll and vacation leave	977,089	1,136,487
Employee withholdings and deposits payable to third parties	<u>116,178</u>	<u>100,182</u>
	<u>\$ 1,416,615</u>	<u>\$ 1,470,698</u>

**NOTE 5 - LONG-TERM DEBT**

Long-term debt at June 30, 2003 and 2002, consists of a mortgage note payable to bank, totaling \$186,826 and \$231,348, respectively, with interest at prime, due April 2007. It is collateralized by the Child Care Facility.

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

Year Ending	Principal	Interest	Total
2004	45,673	14,281	59,954
2005	49,710	10,244	59,954
2006	54,104	5,850	59,954
2007	<u>39,897</u>	<u>1,272</u>	<u>41,169</u>
	<u>\$ 189,384</u>	<u>\$ 31,647</u>	<u>\$ 221,031</u>

Interest expense for the year ended June 30, 2003 and 2002 was \$9,931 and \$18,571, respectively.

**NOTE 6 - 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, 2003:

2004	\$ 233,845
2005	190,833
2006	188,317
2007	159,743
2008	111,007
Thereafter	<u>89,166</u>
	<u>\$ 972,911</u>

Rent expense was \$362,462 and \$104,626 for the years ended June 30, 2003 and 2002.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

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

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

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**NOTE 7 - PENSION PLANS AND ACCRUED COMPENSATED ABSENCES**

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

**a. Public Employees' Retirement System**

The College contributes to the Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The 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) 466-2085 or 1-800-222-PERS (7377).

Employees are eligible for retirement benefits at age sixty with five or more years of service credit, at age fifty-five with twenty-five years of service credit, or at any age with thirty years of service credit. The annual 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 allowance is determined by multiplying final average salary by 2.5% for each year of Ohio contributing service in excess of thirty years and by 2.1% for all other years of credited service up to a maximum allowance of 100% of final average salary.

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, 2003, 2002, and 2001 were 8.5% of covered payroll for employees and 13.31% for employers. The payroll for employees covered by the System for the years ended June 30, 2003, 2002 and 2001 were approximately \$2,472,000, \$2,292,000 and \$2,368,000, respectively. Employer contributions by the College were \$328,974, \$304,160 and \$262,784 for the years ending June 30, 2003, 2002, and 2001, respectively.

The System allocates an amount equal to 4.2% of the employers' contribution to fund health care benefits. The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis and assess progress made in Employees Retirement Systems. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

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(Continued)

**NOTE 7 - PENSION PLANS AND ACCRUED COMPENSATED ABSENCES (Continued)**

**b. State Teachers' Retirement System**

The State Teachers Retirement System of Ohio (STRS) is a cost-sharing, multiple-employer public employee retirement system. STRS is a statewide retirement plan for certified 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. Any member 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 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 determined by multiplying final average salary by 2.5% for each year of Ohio contributing service in excess of 30 years and by 2.1% for all other years of credited service up to a maximum allowance of 100% of final average salary.

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.

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. Full-time faculties, with less than five years of service credit, have a one-time option to select an ARP instead of STRS Ohio. Employees hired after the ARP is established have 90 days from their hire 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 reemployed 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.

Retirement benefits are annually increased by the greater of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost of living increases, up to a maximum of 3% of the original benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.



CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

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**NOTE 7 - PENSION PLANS AND ACCRUED COMPENSATED ABSENCES (Continued)**

A member with five or more years of credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to the beneficiaries.

Benefits are established by Chapter 3307, Revised Code. 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, 2002 (date of most recent information available), were 9.3% of covered payroll for members and 14% for employers. Employer contributions by the College were \$422,643, \$385,088, and \$367,338 for the years ended June 30, 2003, 2002 and 2001, respectively.

The amount of the employer's covered payroll for the years ended June 30, 2003, 2002 and 2001 was approximately \$3,019,000, \$2,751,000, and \$2,695,000, respectively.

STRS issues a stand-alone financial report. That report may be obtained after January 1, 2002 by writing to STRS, 275 E. Broad Street, Columbus, Ohio 43215 or by calling (614) 227-4090.

**c. Alternative Retirement Plan**

The State of Ohio requires public institutions of higher education to offer an alternative retirement plan this option is an alternate to participating in the State Teachers Retirement System. The alternative retirement plan shall be a defined-contribution plan, with the Ohio employer contribution rate of 5.76%. The College has implemented the alternative retirement plan. In fiscal years 2003, 2002, and 2001 the employer match was \$41,139, \$45,373, and \$29,976, respectively.

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(Continued)

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

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**NOTE 8 - 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 Public Employees' Retirement System. Coverage includes hospitalization physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (RC), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The RC grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The board currently allocates employer contributions equal to 8.0% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are made. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2002 (the date of the most recent information available). The Health Care Reserve Fund allocation for the year ended June 30, 2001 and after will be 4.5% of covered payroll. The net health care costs paid by STRS were \$438,000,000 and \$283,137,000 at June 30, 2002 and 2001, respectively. There were 105,300 and 99,011 eligible benefit recipients at June 30, 2002 and 2001, respectively.

The Ohio Revised Code gives PERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2002 (the date of the most recent information available), the allocation rate was 8.45%. In addition, PERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2002 (the date of the most recent information available), the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer-contribution rate, provides for maintenance of the asset target level for the health care fund.

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

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**NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2002 (the date of the most recent information available) and 2001 were \$182.9 and \$161.4 million, respectively, and the target level was \$211 million. At June 30, 2002 (the date of the most recent information available), the PERS' net assets available for payment of health care benefits was \$335.7 million.

The number of participants currently receiving health care benefits is approximately 59,000.

The employer contributions used to fund post-employment benefits can be determined by multiplying actual employer contributions by .450, then adding the surcharge due as of June 30, 2002, as certified by PERS for our district.

**NOTE 9 - OPERATING EXPENSES BY NATURAL CLASSIFICATION**

The College's operating expenses by natural classification were as follows for the year ended June 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Salaries and wages	\$ 6,246,272	5,352,963
Employee benefits	1,609,641	1,444,147
Utilities and minor equipment	1,154,093	568,178
Supplies and other services	2,404,371	1,799,064
Depreciation	661,265	688,753
Student scholarships and financial aid	<u>2,011,782</u>	<u>1,261,920</u>
	<u>\$ 14,087,424</u>	<u>\$ 11,115,025</u>

**NOTE 10 - 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 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 four years.

CENTRAL OHIO TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003 and 2002

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**NOTE 10 - RISK MANAGEMENT** (Continued)

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 Central Benefits, 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.

**SUPPLEMENTARY INFORMATION**

CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended June 30, 2003

Federal Grantor Agency/ Pass-Through Agency/ <u>Grant Title</u>	<u>Federal CFDA Number</u>	Pass- Through Entity <u>Number</u>	<u>Disbursements</u>
<u>United States Department of Education</u>			
Student Financial Aid Cluster:			
Federal Family Education Loans (Note 2)	84.032		\$ 3,913,127
Federal Pell Grant	84.063		2,506,007
Federal Supplemental Education Opportunity Grant	84.007		86,400
Federal Work-Study	84.033		<u>84,502</u>
Total Student Financial Aid			6,590,036
Passed Through State Department of Education:			
Perkins Grant	84.048	06507820-C2	57,193
Technical Preparation Grant	84.243	0650783E-00	<u>275,284</u>
Total U.S. Department of Education			<u>6,922,513</u>
<u>United States Department of Agriculture/ by Ohio State Department of Education</u>			
Child and Adult Care Food Program	10.558	9769916-CC/ 21-ML	<u>20,744</u>
Total Federal Awards			<u>\$ 6,943,257</u>

See accompanying notes to the schedule of  
expenditures of federal awards.

CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2003

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**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 - OUTSTANDING LOANS**

The College originates but does not provide funding for Federal Family Education Loans. The amount presented represents the value of new Federal Family Education Loans processed by the government during the year ended June 30, 2003.

CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2003

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1. Summary of Auditor's Results

- a. An unqualified opinion was issued on the financial statements of Central Ohio Technical College for the year ended June 30, 2003.
- b. An unqualified opinion was issued to Central Ohio Technical College for compliance with major programs.
- c. The audit did not disclose any noncompliance that is material to the financial statements.
- d. There were no audit findings required to be disclosed under OMB Circular A-133 Section 510(a).
- e. Major programs identified:
  - Student Financial Aid Cluster:
    - Federal Supplemental Educational Opportunity Grant
    - Federal Work-Study
    - Federal Pell Grant
    - Federal Family Education Loans
- f. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- g. The auditee was considered a low-risk auditee.

2. Findings related to financial statements which are required to be reported in accordance with GAGAS:

None.

3. Findings and questioned costs for federal awards including audit findings as described in OMB Circular A-133 Section 510(a).

None.

**PRIOR YEAR FINDINGS**

No findings or questioned costs for federal awards, including audit findings as defined in OMB Circular A-133 Section 510(a), were reported in the prior audit period.



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

Board of Trustees  
Central Ohio Technical College  
Licking County  
Newark, Ohio

We have audited the financial statements of Central Ohio Technical College (College) as of and for the year ended June 30, 2003, and have issued our report thereon dated October 1, 2003. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or

operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

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

Crowe Chizek and Company LLC

Columbus, Ohio  
October 1, 2003

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

Board of Trustees  
Central Ohio Technical College  
Licking County  
Newark, Ohio

Compliance

We have audited the compliance of Central Ohio Technical College (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, 2003. 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. 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 on the College's compliance with those requirements.

In our opinion, the 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, 2003.

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(Continued)

## Internal Control Over Compliance

The management of the 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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider material weaknesses.

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

Crowe Chizek and Company LLC

Columbus, Ohio  
October 1, 2003

CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
APPOINTED OFFICIALS  
As of June 30, 2003

---

Board of Trustees:

<u>Title/Name</u>	<u>Term Expires</u>	<u>Surety</u>	<u>Amount of Coverage</u>
<u>Chairperson</u>			
Joseph J. Bernat	2003	(2)	\$1 million
<u>Vice-Chairpersons</u>			
Jill Harms Griesse - 1 <sup>st</sup>	2003	(2)	\$1 million
Robert B. Robinson - 2 <sup>nd</sup>	2004	(2)	\$1 million
<u>Members</u>			
Donna M. Alvarado	2003	(2)	\$1 million
William Andrews (1)	2003	(2)	\$1 million
Jane C. McConnell (1)	2003	(2)	\$1 million
Dennis R. McElroy (1)	2004	(2)	\$1 million
Micheal Menzer (1)	2003	(2)	\$1 million
Barry M. Riley (1)	2003	(2)	\$1 million

(1) School Board Caucus

(2) National Union Fire Insurance Company of Pittsburgh, Pennsylvania. The College also has a \$10 million umbrella insurance policy with Mt. Hawley Insurance Company.

CENTRAL OHIO TECHNICAL COLLEGE  
LICKING COUNTY  
ADMINISTRATIVE PERSONNEL  
As of June 30, 2003

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<u>Name</u>	<u>Title</u>	<u>Surety</u>	<u>Amount of Coverage</u>
Dr. Anne Cairns Federlein	President, Newark Campus	(1)	\$1 million
Mr. David Brillhart	Chief Financial Officer	(1)	\$1 million
Mr. John Berry	Director of Student Services	(1)	\$1 million
Dr. Bonnie Coe	Vice President and Dean of Faculty	(1)	\$1 million
Mr. Cal Roebuck	Assistant to the President	(1)	\$1 million
Mr. Tim Link	Chief Information Officer	(1)	\$1 million
Ms. Jackie Parrill	Director of Human Resources	(1)	\$1 million

(1) National Union Fire Insurance Company of Pittsburgh, Pennsylvania. The College also has a \$10 million umbrella insurance policy with Mt. Hawley Insurance Company.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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 27, 2004**